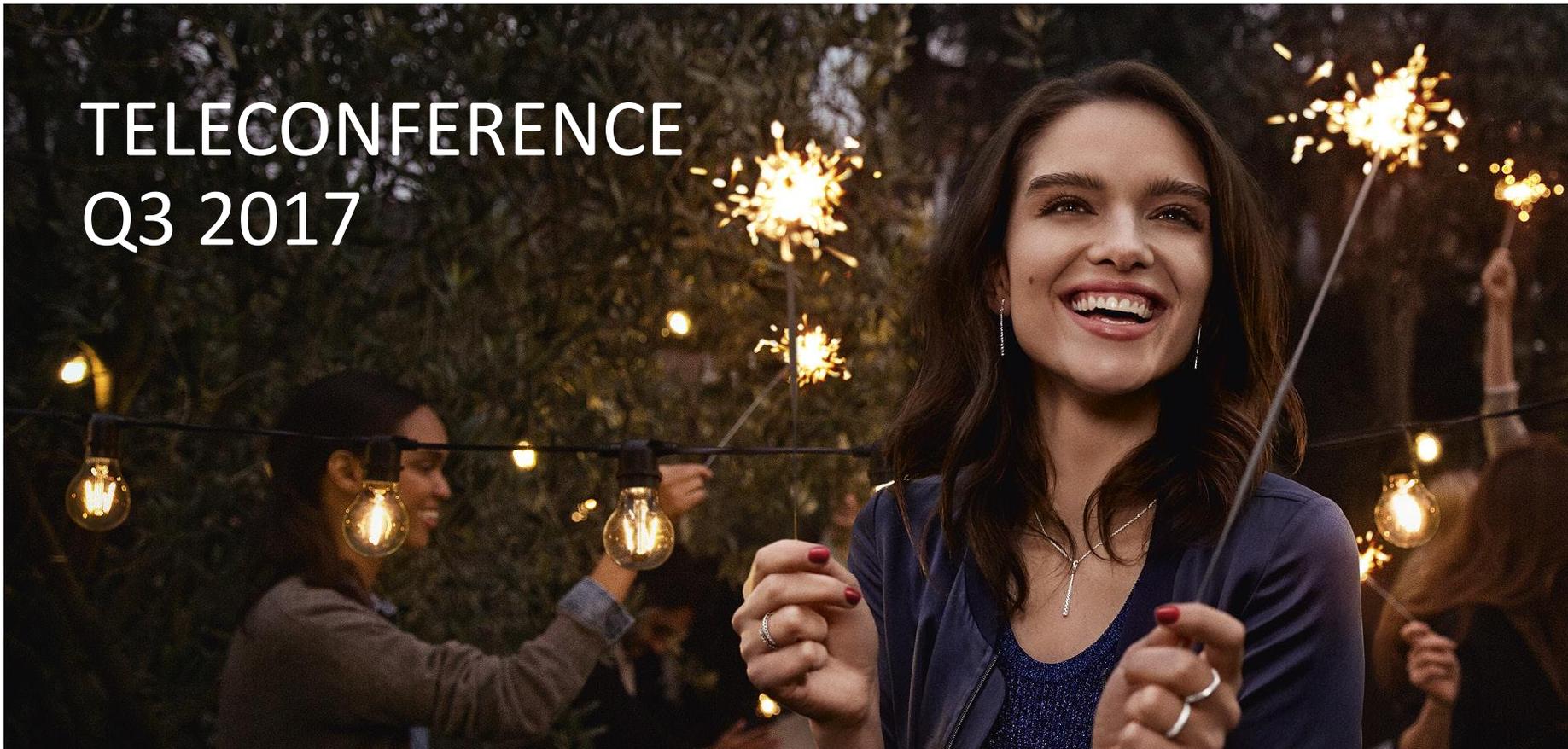


# TELECONFERENCE Q3 2017



PANDORA

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# AGENDA

BUSINESS HIGHLIGHTS Q3 2017

FINANCIAL REVIEW Q3 2017

QUESTIONS AND ANSWERS



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## DISCLAIMER

Certain statements in this presentation constitute forward-looking statements. Forward-looking statements are statements (other than statements of historical fact) relating to future events and our anticipated or planned financial and operational performance. The words “targets,” “believes,” “expects,” “aims,” “intends,” “plans,” “seeks,” “will,” “may,” “might,” “anticipates,” “would,” “could,” “should,” “continues,” “estimates” or similar expressions or the negatives thereof, identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements include, among other things, statements addressing matters such as our future results of operations; our financial condition; our working capital, cash flows and capital expenditures; and our business strategy, plans and objectives for future operations and events, including those relating to our ongoing operational and strategic reviews, expansion into new markets, future product launches, points of sale and production facilities; and

Although we believe that the expectations reflected in these forward-looking statements are reasonable, such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause our actual results, performance or achievements or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include, among others: global and local economic conditions; changes in market trends and end-consumer preferences; fluctuations in the prices of raw materials, currency exchange rates, and interest rates; our plans or objectives for future operations or products, including our ability to introduce new jewellery and non-jewellery products; our ability to expand in existing and new markets and risks associated with doing business globally and, in particular, in emerging markets; competition from local, national and international companies in the United States, Australia, Germany, the United Kingdom and other markets in which we operate; the protection and strengthening of our intellectual property rights, including patents and trademarks; the future adequacy of our current warehousing, logistics and information technology operations; changes in Danish, E.U., Thai or other laws and regulations or any interpretation thereof, applicable to our business; increases to our effective tax rate or other harm to our business as a result of governmental review of our transfer pricing policies, conflicting taxation claims or changes in tax laws; and other factors referenced to in this presentation.

Should one or more of these risks or uncertainties materialise, or should any underlying assumptions prove to be incorrect, our actual financial condition, cash flows or results of operations could differ materially from that described herein as anticipated, believed, estimated or expected.

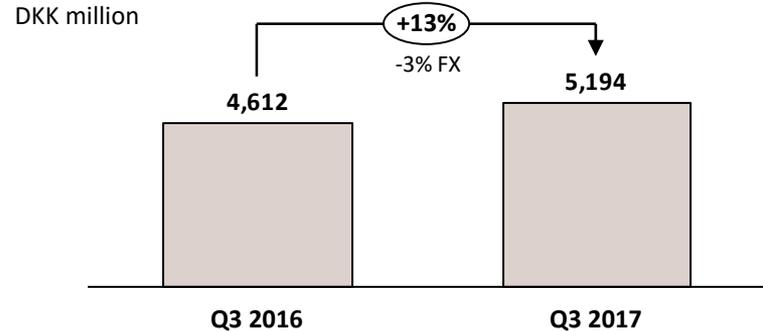
We do not intend, and do not assume any obligation, to update any forward-looking statements contained herein, except as may be required by law or the rules of Nasdaq Copenhagen. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this presentation.

# Q3 2017 HIGHLIGHTS

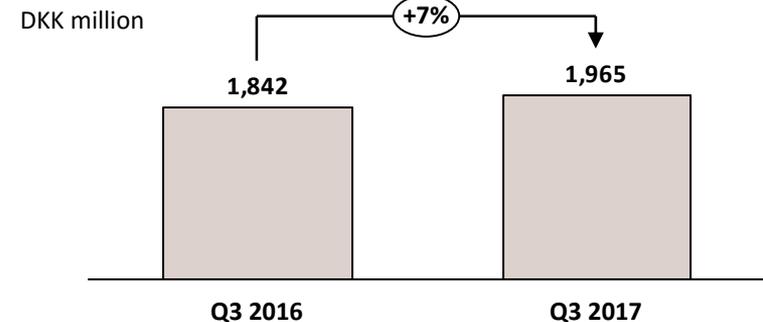
## Q3 2017 PERFORMANCE

- Total revenue was DKK 5,194 million, an increase of 16% in local currency
  - Revenue from **PANDORA owned retail increased 35%** and represented 38% of Group revenue
  - Wholesale revenue driven by concept store openings and sell-in of the Disney collection in EMEA
- Strong development across product categories
- **EBITDA increased with 7%** to DKK 1,965 million, corresponding to a margin of 37.8% (Q3 2016: 39.9%)
- **Free cash flow increased 10%** to DKK 637 million (Q3 2016: DKK 577 million)
- Quarterly dividend of DKK 9 per share (corresponding to DKK 1 billion)

## REVENUE DEVELOPMENT



## EBITDA DEVELOPMENT



# 2017 FINANCIAL GUIDANCE

FINANCIAL GUIDANCE 2017		
	FY 2017	FY 2016
	GUIDANCE	ACTUAL
Revenue, DKK billion	23 – 24	20.3
EBITDA margin	Approx. 38%	39.1%
CAPEX, % share of revenue	Around 5%	5.9%
Effective tax rate	Approx. 21%	21.2%
Concept store, net openings	>300	336



COMMENTARY
<ul style="list-style-type: none"><li>• Revenue guidance maintained, while expected to be in the low end of the range<ul style="list-style-type: none"><li>- FX headwind of 2pp or an increased headwind of around DKK 700 million since guiding in February</li><li>- FY hurricane impact of around DKK 150 million</li><li>- Continued difficult retail environment in the US</li></ul></li><li>• EBITDA margin guidance maintained</li><li>• More than 300 concept stores to be added in 2017<ul style="list-style-type: none"><li>- More than 110 concept stores to be opened in Q4 2017</li></ul></li></ul>

# STRATEGIC UPDATE Q3 2017 – GOOD PROGRESS



## FULL JEWELLERY PRODUCT OFFERING

- Revenue from Rings, Earrings and Necklaces & Pendants increased 21% and **contributed with 27% of Group revenue**
- Strong performance from the **PANDORA Rose collection**
- Good performance of the **20 fast tracked products**
- **Disney well received in EMEA**



## BRANDED RETAIL EXCELLENCE

- **Spain acquired**, adding net 50 concept stores to the PANDORA owned network
- **16 concept stores in South Africa acquired** early in the quarter
- **53 franchise stores acquired**
- **In total, 154 PANDORA owned concept stores added** in the quarter – more than 35% of the concept store base now owned by PANDORA



## BALANCED GLOBAL BUSINESS

- **Asia Pacific increased revenue by 26%** and generated 21% of Group revenue
  - China increased revenue with 62%
- **Latin America network expanded** with 10 concept stores in the quarter, to a total of 178 concept stores
  - Revenue in Latin America increased around 20%



## US PERFORMANCE

- The retail environment in the US remained challenging with general **mall traffic down 4%**
- **Promotional activity inline** with last year's activities
- Strong eSTORE performance while underlying growth in the physical **store network was negative**
- **Christmas collection launched earlier** to support Q4 sales-out

# SALES GROWTH DRIVEN BY PANDORA OWNED RETAIL

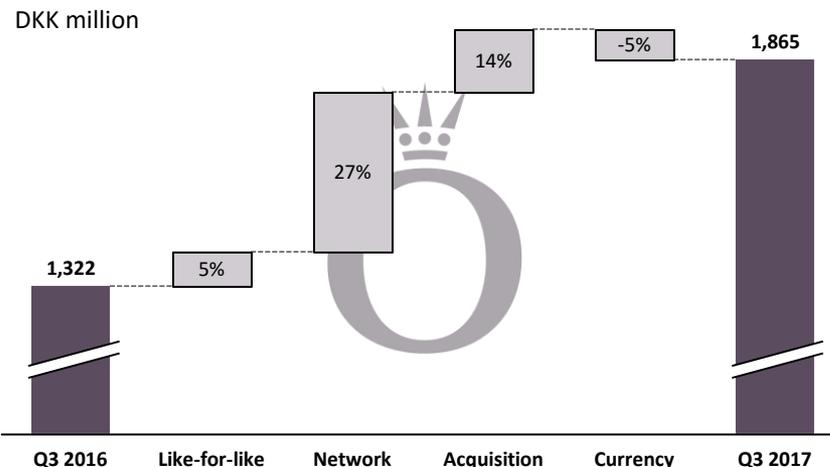
## STRONG RETAIL DEVELOPMENT INCLUDING ESTORE

DKK million	Q3 2017	Growth, Q3/Q3, LC	Q3 2017 share of revenue
<b>PANDORA owned retail</b>	<b>1,970</b>	<b>40%</b>	<b>38%</b>
- hereof PANDORA owned concept stores	1,865	46%	36%
- hereof eSTORE	264	94%	5%
<b>Wholesale</b>	<b>2,820</b>	<b>5%</b>	<b>54%</b>
- hereof franchise concept stores	1,589	7%	31%
<b>3<sup>rd</sup> party distribution</b>	<b>404</b>	<b>6%</b>	<b>8%</b>
<b>Total revenue</b>	<b>5,194</b>	<b>16%</b>	<b>100%</b>

## WHOLESALE PERFORMANCE

- Franchise concept stores increased 7%
  - Sell-in of the Disney collection in EMEA
  - Net 53 new franchise concept stores

## PANDORA OWNED CONCEPT STORE GROWTH OF 46%



**40%**  
TOTAL RETAIL REVENUE GROWTH

**5%**  
LIKE-FOR-LIKE

**302**  
ADDED O&O CONCEPT STORES (LTM)

**38%**  
SHARE OF GROUP REVENUE

# EMEA || REVENUE GROWTH OF 17% IN LOCAL CURRENCY IN Q3 2017

EMEA REVENUE DEVELOPMENT					
DKK million	Q3 2017	Growth Q3/Q3, DKK	Growth, Q3/Q3, LC	FY 2016	Growth, FY/FY, LC
UK	708	16%	22%	2,704	25%
Italy	716	26%	26%	2,004	54%
France	207	0%	0%	1,127	59%
Germany	236	26%	26%	974	17%
<b>EMEA total</b>	<b>2,555</b>	<b>15%</b>	<b>17%</b>	<b>9,556</b>	<b>33%</b>

COMMENTARY
<ul style="list-style-type: none"> <li>• <b>UK increased revenue by 22%</b> driven by launch of Disney, store network expansion and timing of shipments</li> <li>• <b>Italy continues to deliver double-digit revenue growth</b> driven by a strong concept store performance</li> <li>• <b>France was flat</b> impacted by a too aspirational brand positioning                             <ul style="list-style-type: none"> <li>- Positive development in the concept stores offset by negative development in other points of sale</li> <li>- New managing director in place</li> </ul> </li> <li>• <b>Germany increased 26%</b> driven by a strong performance on the eSTORE and in the concept store network</li> </ul>

<p><b>17%</b></p> <p>REVENUE GROWTH</p>	<p><b>49%</b></p> <p>REVENUE SHARE OF GROUP REVENUE</p>
<p><b>26</b></p> <p>NEW CONCEPT STORES IN Q3 2017</p>	<p><b>1,294</b></p> <p>CONCEPT STORES IN TOTAL</p>

**HIGHLIGHTS**

**EMEA**

*Germany delivered 26% growth and have shown double digit LfL growth for 8 consecutive quarters. Italy continued to deliver strong growth. Integrated South Africa in July and acquired Spain in late September.*

# AMERICAS || REVENUE INCREASED 6% IN LOCAL CURRENCY IN Q3 2017

AMERICAS REVENUE DEVELOPMENT					
DKK million	Q3 2017	Growth Q3/Q3, DKK	Growth, Q3/Q3, LC	FY 2016	Growth, FY/FY, LC
US	1,118	-2%	4%	5,157	5%
<b>Americas total</b>	<b>1,527</b>	<b>1%</b>	<b>6%</b>	<b>6,852</b>	<b>6%</b>

COMMENTARY
<ul style="list-style-type: none"> <li>• <b>US revenue increased 4%</b> in local currency:               <ul style="list-style-type: none"> <li>- <b>US like-for-like of 5%</b>, driven by the eSTORE</li> <li>- <b>Christmas collection launched earlier</b> (October) to support Q4 sales out</li> <li>- Net 4 new concept stores added in Q3 (net addition of 29 PANDORA owned concept stores)</li> </ul> </li> <li>• Revenue from <b>Latin America increased around 20%</b>, generating 13% of revenue from Americas</li> </ul>

<p><b>6%</b> REVENUE GROWTH</p>	<p><b>29%</b> REVENUE SHARE OF GROUP REVENUE</p>
<p><b>13</b> NEW CONCEPT STORES IN Q3 2017</p>	<p><b>618</b> CONCEPT STORES IN TOTAL</p>

**HIGHLIGHTS**

**AME**

*Strong US eSTORE performance throughout the quarter.*

*Latin America continued strong performance and increased revenue with around 40% excl. Caribbean islands.*

# ASIA PACIFIC | REVENUE INCREASED 32% IN LOCAL CURRENCY IN Q3 2017

ASIA PACIFIC REVENUE DEVELOPMENT					
DKK million	Q3 2017	Growth Q3/Q3, DKK	Growth, Q3/Q3, LC	FY 2016	Growth, FY/FY, LC
Australia	329	20%	21%	1,529	37%
China	414	54%	62%	910	191%
<b>Asia Pacific total</b>	<b>1,112</b>	<b>26%</b>	<b>32%</b>	<b>3,873</b>	<b>48%</b>

COMMENTARY
<ul style="list-style-type: none"> <li>• <b>Australia increased 21%</b> driven by a strong branded network and a continued support from China consumers                             <ul style="list-style-type: none"> <li>- 11 new concept stores added in the last 12 months</li> </ul> </li> <li>• <b>China increased revenue by 62%</b> and contributed with around 8% of group revenue                             <ul style="list-style-type: none"> <li>- Net 62 new concept stores added during the last 12 months to a total of 143 concept stores</li> </ul> </li> </ul>

<p><b>32%</b> REVENUE GROWTH</p>	<p><b>21%</b> REVENUE SHARE OF GROUP REVENUE</p>
<p><b>23</b> NEW CONCEPT STORES IN Q3 2017</p>	<p><b>416</b> CONCEPT STORES IN TOTAL</p>

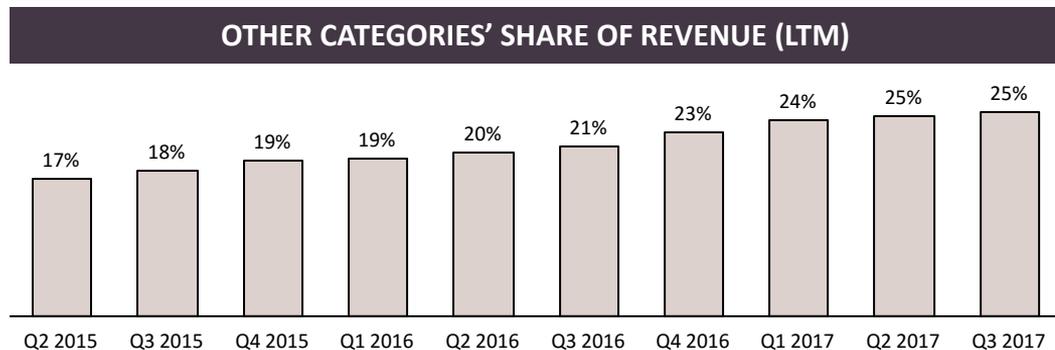
**HIGHLIGHTS**

**ASIA PACIFIC**

*China performed well with eCommerce contributing around 10% of revenue.*

# GROWTH ACROSS ALL PRODUCT CATEGORIES

REVENUE PER PRODUCT CATEGORY						
DKK million	Q3 2017	Growth Q3/Q3, DKK	Growth Q3/Q3, LC	Share of revenue Q3 2017	FY 2016	Share of revenue FY 2016
Charms	2,892	9%	12%	56%	11,991	59%
Bracelets	877	13%	16%	17%	3,672	18%
Rings	789	15%	19%	15%	2,643	13%
Earrings	353	26%	31%	7%	1,052	5%
Necklaces & Pendants	283	36%	39%	5%	923	5%
<b>Total revenue</b>	<b>5,194</b>	<b>13%</b>	<b>16%</b>	<b>100%</b>	<b>20,281</b>	<b>100%</b>



**COMMENTARY**

- **Charms and Bracelets, increased revenue by 12% and 16%, respectively**
  - Charms growth driven by Asia Pacific as well as EMEA
  - Bracelets growth supported by a **strong reception of the fast tracked bracelets**
- In combination revenue from **Rings, Earrings and Necklaces & Pendants increased 21%** representing 27% of group revenue in the quarter

# SOLID PROFITABILITY

## GROSS PROFIT AND OPERATING EXPENSES INCL. D&A

DKK million	Q3 2017	Share of revenue Q3 2017	Share of revenue Q3 2016	FY 2016	Share of revenue FY 2016
Gross profit	3,853	74.2%	75.1%	15,223	75.1%
Operating expenses (incl. D&A)	-2,053	39.5%	37.8%	-7,819	38.6%
- hereof sales & distribution	-1,077	20.7%	20.3%	-4,011	19.8%
- hereof marketing	-470	9.0%	7.8%	-1,827	9.0%
- hereof administrative	-506	9.7%	9.8%	-1,981	9.8%
Depreciation and amortisation	165	3.2%	2.7%	518	2.6%
<b>EBITDA</b>	<b>1,965</b>	<b>37.8%</b>	<b>39.9%</b>	<b>7,922</b>	<b>39.1%</b>



## COMMENTARY

- **Gross margin decreased 0.9pp**
  - Positively impacted by increasing share of PANDORA owned retail revenue
  - Negatively impacted by FX and metal mix
- **Operating expenses increased 1.7pp**
  - **S&D increased** due to the increasing share of revenue from PANDORA owned stores (offset by higher gross margin)
  - **Marketing expenses increased 1.2pp** due to a decision to phase brand building activities more evenly over the year
  - **Administrative expenses roughly unchanged** from last year

# BALANCE SHEET – IMPROVED WORKING CAPITAL

WORKING CAPITAL AND CASH MANAGEMENT					
DKK million	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Inventory	3,232	3,021	2,905	2,729	3,166
- Share of revenue (last 12 months)	14.8%	14.3%	14.0%	13.5%	16.4%
Trade receivables	2,268	1,232	1,500	1,673	1,976
- Share of revenue (last 12 months)	10.4%	5.8%	7.2%	8.2%	10.2%
Trade payables	1,375	1,352	1,462	1,622	1,309
- Share of revenue (last 12 months)	6.3%	6.4%	7.1%	8.0%	6.8%
<b>Operating working capital</b>	<b>4,125</b>	<b>2,901</b>	<b>2,943</b>	<b>2,780</b>	<b>3,833</b>
- Share of revenue (last 12 months)	18.9%	13.7%	14.2%	13.7%	19.8%
Free cash flow	637	556	1,182	2,849	577
CAPEX	380	296	210	249	324
NIBD to EBITDA (last 12 months)	0.7x	0.5x	0.4x	0.3x	0.6x
<b>Selected KPIs</b>					
Days Sales of Inventory - last 6 months of COGS (183 days)	228	210	176	179	262
Days Sales of Outstanding - last 3 months of wholesale and 3 <sup>rd</sup> party distribution revenue (90 days)	63	39	42	37	56

COMMENTARY
<ul style="list-style-type: none"> <li>• <b>Inventory decrease to 14.8% of revenue</b> <ul style="list-style-type: none"> <li>- Continued optimisation of inventories</li> <li>- Earlier launch of the Christmas collection in the US</li> </ul> </li> <li>• <b>Trade receivables flat at 10.4% of revenue</b> with DSO of 63 days, impacted by:           <ul style="list-style-type: none"> <li>- Disney sell-in in EMEA ahead of launch in October</li> <li>- Acquisition of PANDORA Spanish distributor</li> <li>- Extended credit terms in Italy and the UK</li> </ul> </li> <li>• <b>Free cash flow increase to DKK 637 million</b></li> </ul>

# SUMMARY OF Q3 2017

## Q3 2017 FINANCIALS

### REVENUE



**DKK 5.2bn**  
(13% growth)

### EBITDA %



**37.8%**  
(DKK 0.6bn in free cash flow)

### DIVIDEND



**DKK 1.0bn**  
(DKK 0.7bn in share buyback)

## GUIDANCE MAINTAINED

### REVENUE GUIDANCE

**DKK 23-24bn**  
(low end of range)

### EBITDA GUIDANCE

**Approx. 38%**

### CONCEPT STORE GUIDANCE

**> 300**

## BUSINESS HIGHLIGHTS

- **Full jewellery product offering:**
  - 27% revenue contribution from the other categories
  - Disney launched in EMEA
  - Strong PANDORA Rose contribution
- **Branded retail excellence:**
  - PANDORA owned retail 38% of revenue in Q3
  - Net 62 new concept stores opened in Q3 2017
- **Balanced global business**
  - South Africa and Belgium integrated
  - Spain acquired
  - Rollout of brand and network in Latin America

XXX

**THANK YOU!**