

TELECONFERENCE Q1 2017



PANDORA

AGENDA

FINANCIAL HIGHLIGHTS Q1 2017

FINANCIAL REVIEW Q1 2017

Q&A



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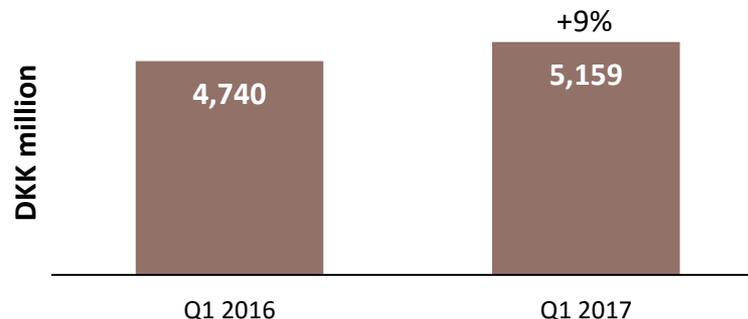
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9% REVENUE GROWTH AND STRONG PROFITABILITY

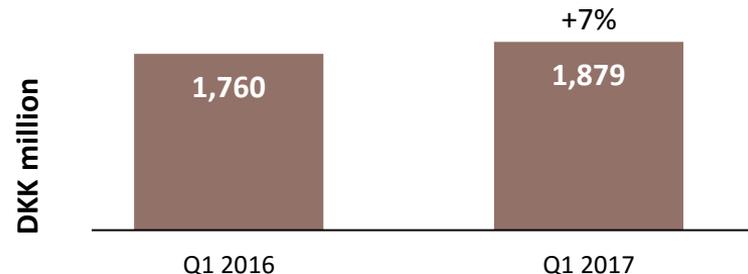
Q1 2017 PERFORMANCE

- Total revenue was DKK 5,159 million, an increase of 9%
 - Includes 1pp positive impact from currency
 - Revenue from PANDORA owned retail increased 39% and represented 38% of group revenue
- Continued network expansion, including 58 new concept stores, of which 19 were opened in China
- EBITDA at DKK 1,879 million corresponding to margin at 36.4% (Q1 2016: 37.1%)
- Free cash flow of DKK 1,182 million
- Full year guidance remains unchanged

REVENUE DEVELOPMENT



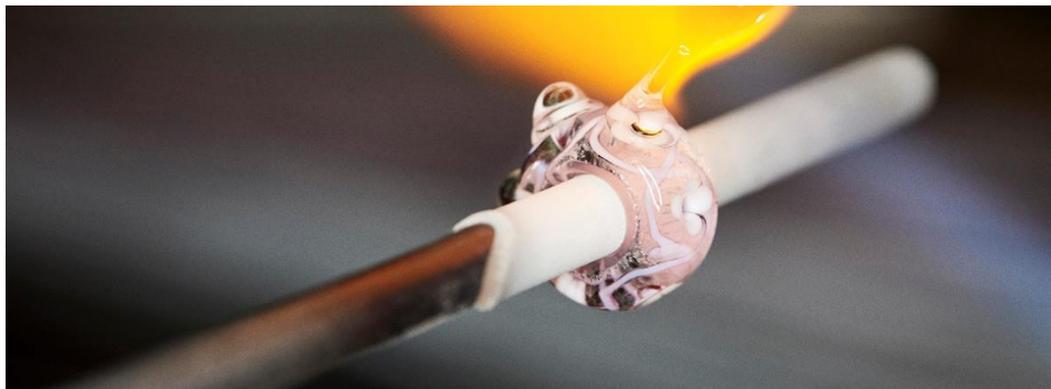
EBITDA DEVELOPMENT



2017 FINANCIAL EXPECTATIONS REMAINS UNCHANGED

FINANCIAL GUIDANCE 2017

	FY 2017	FY 2016
	GUIDANCE	ACTUAL
Revenue, DKK billion	23 – 24	20.3
<i>EBITDA margin</i>	<i>Approx. 38%</i>	39.1%
CAPEX, % share of revenue	Around 5%	5.9%
<i>Effective tax rate</i>	<i>Approx. 21%</i>	21.2%
Concept store, net openings	>275	336



FULL YEAR GUIDANCE UNCHANGED

- Insignificant impact on revenue from current FX rates (compared with an expected tailwind of around 1% in February 2017)
- EBITDA margin includes headwinds from commodity prices and foreign exchange
 - EBITDA margin for first half of 2017 expected to be significantly lower than second half
- Concept store openings of more than 275 of which around 50% will be PANDORA owned stores

CONTINUED EXECUTION OF STRATEGY - ON TRACK TO BECOME MOST LOVED JEWELLERY BRAND IN THE WORLD



STATE-OF-THE-ART PRODUCTION

- New crafting facility opened in Thailand
- Lead-time target reduced to 4 weeks (current level 6 weeks)
- 2015-capacity to be doubled by end-2019 to more than 200 million pieces



FULL JEWELLERY PRODUCT OFFERING

- Improved focus on Earrings drove 57% sales growth from the category
- Rings and Necklaces increased 42% and 56%
- In combination, the three categories has increased revenue more than 3 times since Q1 2014
- Now 25% of revenue



BRANDED RETAIL EXECUTION

- Net 58 concept stores opened in Q1 2017 (net 344 concept stores in the last 12 months)
- Revenue from PANDORA owned concept stores increased 46% (now 36% of revenue)
- More than 275 new concept stores in 2017
- Take-over of distribution in South Africa and Belgium from July 2017

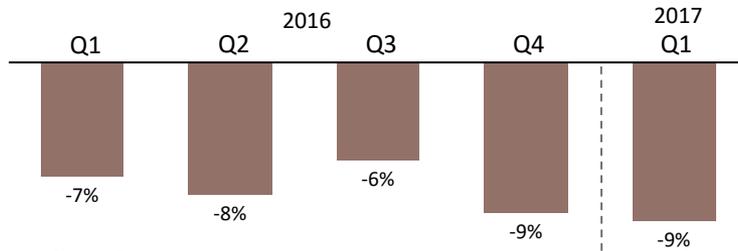


BALANCED GLOBAL BUSINESS

- More balanced regional revenue contribution:
 - Asia is now 17% of group revenue, compared with 4% in 2013
- Regional office established in Panama as hub for Latin America
- First concept store opened in India

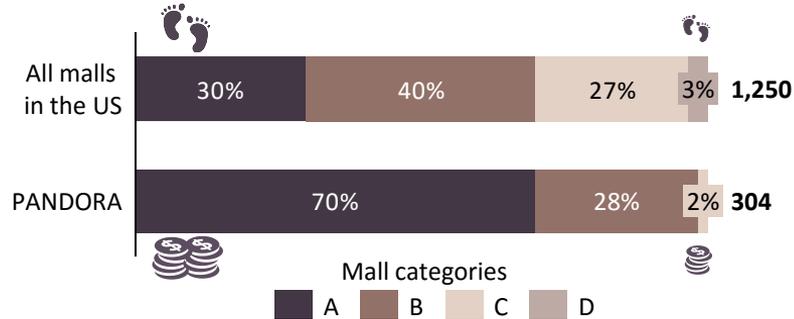
MEASURES TAKEN TO OUTPERFORM A CHALLENGING RETAIL ENVIRONMENT IN THE US

GENERAL US MALL TRAFFIC HAS BEEN DECLINING...



Source: ShopperTrak

... BUT CURRENT NETWORK IS POSITIONED IN THE "RIGHT" MALLS



Source: Green Street Advisors and own research

EXECUTION IS KEY IN THE US

- Revenue in the US decreased 10% in local currency. However, adjusted for "one-offs", the US increased revenue with single digit impacted by:

a) RETAIL ENVIRONMENT

- Impact from challenging mall traffic mitigated by:
 - Presence in the "right" malls
 - Selective approach to new stores
 - Improve online experience for consumers

b) PRODUCTS AND EXECUTION

- Less novelty in the Valentine's collection (particularly Charms)
 - Add innovative products to 2017 launch-plan
- Reduction of promotional activity in an increasingly promotion-driven environment was too much
 - Promotions to be more attractive
 - Marketing and promotion to include more Charms/Bracelets

GOOD SALES GROWTH DRIVEN BY STRONG RETAIL DEVELOPMENT

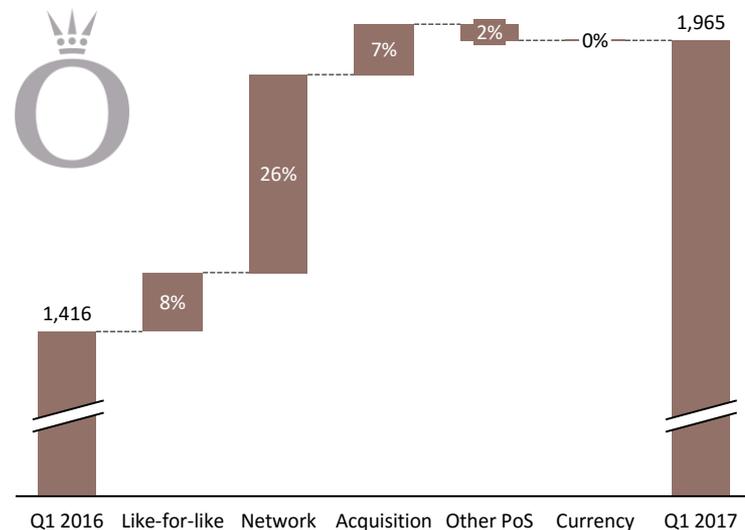
SALES GROWTH OF 9% DRIVEN BY STRONG RETAIL DEVELOPMENT

DKK million	Q1 2017	Growth, Q1/Q1, LC	Q1 2017 share of revenue
PANDORA owned retail	1,965	39%	38%
- hereof PANDORA owned concept stores	1,843	46%	36%
- hereof eSTORE	304	66%	6%
Wholesale	2,723	-7%	53%
- hereof franchise concept stores	1,492	-6%	29%
3rd party distribution	471	16%	9%
Total revenue	5,159	8%	100%

WHOLESALE AND 3RD PARTY DISTRIBUTION

- Wholesale revenue decreased 7%
 - Difficult retail environment in US and UK
- Revenue from 3rd party distribution increased 16%, positively impacted by Spain and several distributor markets in Asia

RETAIL REVENUE GROWTH OF 39% IN Q1 2017



39%
RETAIL REVENUE GROWTH

8%
LIKE-FOR-LIKE

149
ADDED O&O CONCEPT STORES (LTM)

38%
SHARE OF GROUP REVENUE

EMEA: REVENUE GROWTH OF 9% IN LOCAL CURRENCY IN Q1 2017

REVENUE PER REGION

DKK million	Q1 2017	Growth, Q1/Q1, DKK	Growth, Q1/Q1, LC	FY 2016	Growth, FY/FY, LC
UK	547	-9%	2%	2,704	25%
Italy	531	23%	23%	2,004	54%
France	248	14%	15%	1,127	59%
Germany	208	-7%	-6%	974	17%
EMEA total	2,198	5%	9%	9,556	33%

COMMENTS

- 9% local currency revenue growth
 - 4pp negative impact from currency
- UK increased revenue with 2% driven by network expansion, negatively impacted by difficult retail climate
- Italy and France again delivered double digit revenue growth driven by continued positive momentum
- Germany revenue decreased 6% driven by the closure of around 170 other points of sale
 - Concept store revenue increased 6%

9%

REVENUE GROWTH

43%

REVENUE SHARE OF GROUP REVENUE

HIGHLIGHTS

EMEA

Italy and France continued the positive revenue development, driven by a strong branded network and an increasing consumer demand

29

NEW CONCEPT STORES

1,235

CONCEPT STORES

AMERICAS: REVENUE DECLINED 9% IN LOCAL CURRENCY IN Q1 2017

REVENUE PER REGION

DKK million	Q1 2017	Growth Q1/Q1, DKK	Growth, Q1/Q1, LC	FY 2016	Growth, FY/FY, LC
US	1,274	-7%	-10%	5,157	5%
Americas total	1,693	-5%	-9%	6,852	6%

COMMENTS

- Revenue declined 9% in local currency
 - 4pp positive impact from currency
- US revenue declined 10%, driven primarily by network restructuring and timing of shipments
 - Closure of 700 other points of sale in North America
 - DKK 50 million sell-in to Jared in Q1 2016
- The retail environment in US continues to be difficult
 - -3% like-for-like in PANDORA owned concept stores in the US (incl. eSTORE)

-9%

REVENUE
GROWTH

33%

REVENUE SHARE OF
GROUP REVENUE

4

NEW CONCEPT
STORES

592

CONCEPT
STORES

HIGHLIGHTS

AME

New regional office established in Panama to drive the emerging activities in Latin America, a medium and long term growth driver for PANDORA

ASIA PACIFIC: REVENUE INCREASED 40% IN LOCAL CURRENCY IN Q1 2017

REVENUE PER REGION

DKK million	Q1 2017	Growth Q1/Q1, DKK	Growth, Q1/Q1, LC	FY 2016	Growth, FY/FY, LC
Australia	360	27%	18%	1529	37%
China	427	121%	125%	910	191%
Asia Pacific total	1,268	44%	40%	3,873	48%

COMMENTS

- 40% local currency revenue growth
 - 4pp positive impact from currency
- Australia increased 18% driven by a continued strong momentum across the network
 - 11 new concept stores added in the last 12 months
- China increased revenue with 125% and contributed with more than 8% of group revenue
 - More than a doubling of the concept store network in the last 12 months
 - Strong contribution from online sales

40%

REVENUE
GROWTH

25%

REVENUE SHARE OF
GROUP REVENUE

25

NEW CONCEPT
STORES

369

CONCEPT
STORES

HIGHLIGHTS

ASIA
PACIFIC

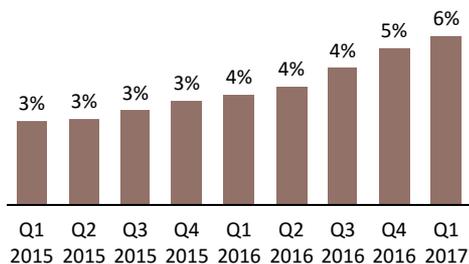
Due to a strong development in the network expansion in Q1 in China, PANDORA now expect a full year effect of around net 50 new concept stores

SUCCESSFUL PRODUCT DIVERSIFICATION DRIVES GROWTH

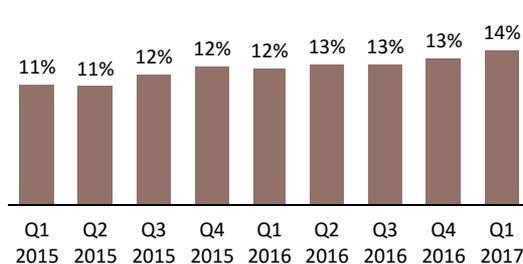
REVENUE PER PRODUCT CATEGORY

DKK million	Q1 2017	Growth Q1/Q1, DKK	Growth Q1/Q1, LC	Share of revenue Q1 2017	FY 2016	Share of revenue FY 2016
Charms	2,976	2%	1%	58%	11,991	59%
Bracelets	873	-6%	-7%	17%	3,672	18%
Rings	753	42%	41%	15%	2,643	13%
Earrings	285	57%	57%	6%	1,052	5%
Necklaces and Pendants	272	56%	57%	5%	923	5%
Total revenue	5,159	9%	8%	100%	20,281	100%

EARRINGS' SHARE OF REVENUE (LTM)



RINGS' SHARE OF REVENUE (LTM)



COMMENTS

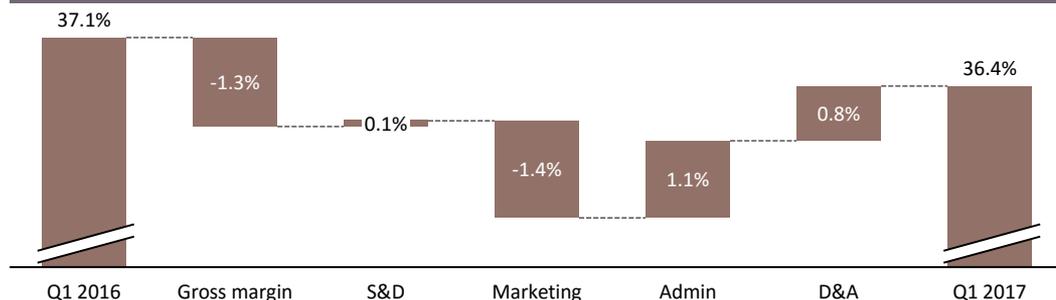
- The focus on other categories and less novelty in the Valentine's Day collection impacted Charms and Bracelets
 - Charms revenue increased 1% in local currency, driven by Asia Pacific, offset by the development in EMEA and Americas
 - Bracelets revenue declined 7% due to a tough comparable, as a lot of novelty was introduced in the category last year (Q1 2016 grew 70%)
- The increased focus on Rings, Earrings and Necklaces and Pendants in the quarter ensured strong growth of more than 40%

CONTINUED STRONG EBITDA MARGIN

COST OF SALES AND GROSS PROFIT

DKK million	Q1 2017	Share of revenue Q1 2017	Share of revenue Q1 2016	FY 2016	Share of revenue FY 2016
Gross profit	3,781	73.3%	74.6%	15,223	75.1%
Operating expenses (incl. D&A)	2,065	40.0%	39.9%	7,819	38.6%
- hereof sales & distribution	1,084	21.0%	21.1%	4,011	19.8%
- hereof marketing	447	8.7%	7.3%	1,827	9.0%
- hereof administrative	534	10.4%	11.5%	1,981	9.8%
Depreciation and amortisation	163	3.2%	2.4%	518	2.6%
EBITDA	1,879	36.4%	37.1%	7,922	39.1%

EBITDA MARGIN DEVELOPMENT Q1 2017 (Y/Y)



COMMENTS

- Gross margin decreased 1.3pp
 - Negatively impacted by FX and product mix, mainly due to increasing share of revenue from PANDORA Rose (not category related)
 - Positively impacted by an increasing share of revenue from PANDORA owned retail
- S&D flat despite increasing share of revenue from PANDORA owned stores
- Focus on brand building activities increased marketing expenses to 8.7% of revenue
- Administrative costs improved by 1.1pp, primarily due to Q1 2016 being negatively impacted by organisational changes
- EBITDA margin was consequently 36.4%

STRONG CASH GENERATION AND HEALTHY BALANCE SHEET

WORKING CAPITAL AND CASH MANAGEMENT

DKK million	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Inventory	2,905	2,729	3,166	2,929	2,474
- Share of revenue (last 12 months)	14.0%	13.5%	16.4%	15.7%	13.8%
Trade receivables	1,500	1,673	1,976	1,253	1,361
- Share of revenue (last 12 months)	7.2%	8.2%	10.2%	6.7%	7.6%
Trade payables	1,462	1,622	1,309	1,239	1,259
- Share of revenue (last 12 months)	7.1%	8.0%	6.8%	6.6%	7.0%
Operating working capital	2,943	2,780	3,833	2,943	2,576
- Share of revenue (last 12 months)	14.2%	13.7%	19.8%	15.8%	14.4%
Free cash flow	1,182	2,849	577	576	1,356
CAPEX	210	249	324	352	274
NIBD to EBITDA (last 12 months)	0.4x	0.3x	0.6x	0.5x	0.4x
Selected KPIs					
Days Sales of Inventory					
- last 6 months of COGS (183 days)	176	179	262	236	169
Days Sales of Outstanding					
- last 3 months of wholesale revenue (90 days)	42	37	56	39	37



SUMMARY

Q1 2017 FINANCIALS



REVENUE

DKK 5.2bn
(9% growth)

\$%

EBITDA

36.4%
(DKK 1.2bn
free cash flow)



DIVIDEND

DKK 1.0bn
(DKK 0.3bn
share buyback)

REVENUE GUIDANCE

DKK 23-24bn
(Guidance unchanged)

EBITDA GUIDANCE

~38%
(Guidance unchanged)

CONCEPT STORES

2,196
(58 new concept stores)

Q1 2017 MILESTONES

- Continued execution of strategy
- Balanced global business:
 - Opened the first store in India
 - Agreed to take over distribution in both South Africa and Belgium
 - Latin American head office established in Panama
- State-of-the-art production
 - Opened the second factory in Thailand
- Full jewellery offering and retail excellence
 - Rings, Earrings and Necklaces and Pendants increased revenue by more than 40%
 - Network improvement (+58 concept stores and -300 other points of sale)

THANK YOU

