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COMPANY ANNOUNCEMENT
17 February 2015

PANDORA ANNOUNCES FINANCIAL RESULTS FOR 2014

- Group revenue in 2014 was DKK 11,942 million compared with DKK 9,010 million in 2013, corresponding to an increase of 32.5%:
  - Americas increased by 19.3% (20.6% increase in local currency)
  - Europe increased by 41.1% (38.8% increase in local currency)
  - Asia Pacific increased by 53.5% (58.1% increase in local currency)
  - Revenue from concept stores was 56.4% of revenue and increased 51.4% compared to 2013

- Gross margin was 70.5% in 2014 compared with 66.6% in 2013

- EBITDA increased by 49.0% to DKK 4,294 million in 2014, corresponding to an EBITDA margin of 36.0%, compared with 32.0% in 2013

- EBIT increased by 51.9% to DKK 4,072 million in 2014, corresponding to an EBIT margin of 34.1% compared with 29.8% in 2013

- Reported net profit increased by 39.5% to DKK 3,098 million in 2014, compared with a net profit of DKK 2,220 million in 2013

- Free cash flow was DKK 3,868 million in 2014, compared with DKK 1,956 million in 2013, an increase of 97.8% and corresponding to a cash conversion of 124.9%

- For the financial year 2014, the Board of Directors proposes to increase the annual dividend by 38% compared to 2013 to a dividend of DKK 9.0 per share (approximately DKK 1,100 million) corresponding to a pay-out ratio of 35.5% and proposes cancellation of 5,818,651 shares equal to 4.5% of the total share capital

- Today PANDORA will initiate a new share buyback programme for up to DKK 3,900 million to be executed during 2015 with the primary purpose of reducing the Company's share capital at the Annual General Meeting in 2016. The size of the new programme corresponds to an increase of 63% compared to the share buyback programme executed in 2014.

In connection with the full year results Allan Leighton, CEO of PANDORA, said:
"The performance in the fourth quarter was our strongest ever, and resulted in 2014 being a very successful year for PANDORA. Again we increased our top-line to record high levels, driven by strong growth across all geographies and product groups. Revenue from charms and bracelets increased more than 25%, while revenue from Rings increased to more than DKK 1 billion. During the year we also opened our concept store number 1,400, as part of our continuous focus on increasing the share of revenue from our concept stores."

FINANCIAL GUIDANCE FOR 2015

In 2015, PANDORA will continue to focus on driving like-for-like growth in the existing stores, as well as expanding the store network in newer as well as in more penetrated markets. Revenue is expected to increase to more than DKK 14 billion, with these two growth drivers expected to contribute equally. The EBITDA margin is expected to increase from 36,0% in 2014 to approximately 37% in 2015. The increase includes an expected positive impact from lower hedged commodity prices compared to 2014, tempered by continued investments in infrastructure. Expectations are based on current exchange rates.

CAPEX for the year is expected to be approximately DKK 800 million. The expected level of investments includes development of the crafting facilities in Thailand, investments in the Company’s distribution network, including the announced accelerated expansion in Germany, China and Japan, as well as significant IT investments. CAPEX in the period 2016-2017 is expected to continue to stay at an elevated level similar to 2015, due to continued investments in the aforementioned areas.

	FY 2015 Guidance	FY 2014 Actual
Revenue, DKK billion	>14.0	11.9
EBITDA margin	approx. 37%	36.0%
CAPEX, DKK million	approx. 800	455
Effective tax rate	approx. 20%	20%

PANDORA plans to continue to expand the store network and expects to add more than 300 new concept stores in 2015, which include an expected opening of around 60 new owned and operated (O&O) concept stores in Germany following the recent take-over of up to 78 leaseholds in the country. The geographic split of the remaining concept store openings is expected to be similar to the concept store openings in 2014.

DIVIDEND

As previously communicated, the Board of Directors aims to increase the nominal dividend per share annually. Following a strong financial performance in 2014, the Board of Directors proposes a dividend of DKK 9.0 per share for the year, corresponding to an increase of 38% compared to last year, and equivalent to DKK 1,088 million, assuming 5,818,651 shares are cancelled at the annual general meeting in March 2015.

PANDORA shares are traded ex-dividend the day after the Annual General Meeting, which will be held on 18 March 2015. The dividend will be paid automatically via VP Securities on 23 March 2015.

SHARE BUYBACK 2014

In the 2013 Annual Report, PANDORA announced its intention to buy back own shares of up to DKK 2,400 million during 2014 in a share buyback programme. As of 31 December 2014, a total of 5,875,257 shares had been bought back, corresponding to a transaction value of DKK 2,400 million and an average purchase price of DKK 408.5. As of 31 December 2014, PANDORA owned a total of 7,216,058 treasury shares, corresponding to 5.6% of the share capital. The purpose of the programme is to reduce PANDORA’s share capital and to meet obligations arising from employee share option programmes. As of 31 December 2014, the total potential obligation amounted to 1,382,800 shares due to the annual allocation of the Company’s employee share option programme.

The Board of Directors will at the Annual General Meeting 2015 propose that the Company's share capital be reduced by a nominal amount of DKK 5,818,651 by cancellation of 5,818,651 own shares of DKK 1, equal to 4.5% of the Company's total share capital.

NEW SHARE BUYBACK PROGRAMME FOR 2015

The Board of Directors of PANDORA has decided to launch a share buyback programme in 2015, under which PANDORA expects to buy back own shares to a maximum consideration of DKK 3,900 million. This corresponds to an increase of 63% compared to the programme for 2014. The share buyback programme is subject to an approval of an extension of the current authorisation to acquire own shares on behalf of the Company on the Annual General Meeting on 18 March 2015. PANDORA has bought back own shares corresponding to 7.2% of the share capital under the current authorisation, which allows the Company to acquire own shares with a total nominal value of up to 10% of PANDORA's share capital.

The Board of Directors intends to propose to PANDORA's shareholders at the Annual General Meeting in 2016 that PANDORA's share capital be reduced by shares purchased under the programme. PANDORA may also use shares purchased under the programme to meet obligations arising from employee share option programmes issued in 2015. The total obligation for the 2015 programme is expected to be approximately 170,000 shares.

The share buyback programme is implemented in accordance with the provisions of the European Commission's regulation no. 2273/2003 of 22 December 2003 ('safe harbour'), which protects listed companies against violation of insider legislation in connection with share buybacks. The Programme will end no later than 31 December 2015.

PANDORA has appointed Nordea Bank Danmark A/S ('Nordea') as Lead Manager of the Programme. Nordea will, under a separate agreement with the Company, buy back shares on behalf of PANDORA and make trading decisions in respect of PANDORA shares independently of and without influence from PANDORA.

The Programme will be implemented under the authorisation and the following framework:

- The maximum total consideration for PANDORA shares bought back in the period of the programme is DKK 3,900 million
- The Programme will end no later than 31 December 2015.
- The maximum number of shares to be bought per daily market session will be the equivalent to 25% of the average daily volume of shares in the Company traded on NASDAQ Copenhagen during the preceding 20 business days
- Shares cannot be purchased at prices higher than the two following prices:
  a) The price of the latest independent trade
  b) The price of the highest independent bid on NASDAQ Copenhagen

PANDORA may terminate the Programme at any time. In the event such decision is taken, PANDORA shall give notice thereof, and Nordea shall consequently no longer be entitled to buy shares on behalf of PANDORA.

On a weekly basis the Company will issue an announcement in respect of transactions made under the programme.

ANNUAL REPORT 2014

PANDORA's Annual Report 2014 has been released today and is available for download in the investor section of www.pandoragroup.com.

CONFERENCE CALL

A conference call for investors and financial analysts will be held today at 10.00 CET and can be accessed online at www.pandoragroup.com. The presentation for the call will be available on the website one hour before the call.

The following numbers can be used by investors and analysts:
DK: +45 3272 8018
UK (International): +44 (0) 1452 555 131
US: +1 866 682 8490

To help ensure that the conference begins in a timely manner, please dial in 5 minutes prior to the scheduled starting time. Participants will have to quote confirmation code 55228503 when dialling into the conference.

ABOUT PANDORA

PANDORA designs, manufactures and markets hand-finished and modern jewellery made from genuine metals at affordable prices. PANDORA jewellery is sold in more than 90 countries on six continents through approximately 9,900 points of sale, including more than 1,400 concept stores.

Founded in 1982 and headquartered in Copenhagen, Denmark, PANDORA employs more than 11,400 people worldwide of whom approximately 7,900 are located in Gemopolis, Thailand, where the company manufactures its jewellery. PANDORA is publicly listed on the NASDAQ Copenhagen stock exchange in Denmark. In 2014, PANDORA's total revenue was DKK 11.9 billion (approximately EUR 1.6 billion). For more information, please visit www.pandoragroup.com.

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FINANCIAL HIGHLIGHTS

DKK million	Q4 2014	Q4 2013	FY 2014	FY 2013
Consolidated income statement				
Revenue	3,961	2,822	11,942	9,010
Gross profit	2,835	1,918	8,423	5,999
Earnings before interests, tax, depreciation and amortisation (EBITDA)	1,444	946	4,294	2,881
Operating profit (EBIT)	1,381	891	4,072	2,681
Net financials	-122	23	-200	61
Profit before tax	1,259	914	3,872	2,742
Net profit	**1,007**	**739**	**3,098**	**2,220**
Consolidated balance sheet				
Total assets	10,556	9,275	10,556	9,275
Invested capital	6,080	5,976	6,080	5,976
Net working capital	434	1,009	434	1,009
Net interest-bearing debt (NIBD)	-1,121	-637	-1,121	-637
Equity	7,032	6,462	7,032	6,462
Consolidated cash flow statement				
Cash flows from operating activities	1,867	1,163	4,322	2,428
Cash flows from investing activities	-181	-133	-632	-543
Free cash flow	1,705	1,085	3,868	1,956
Cash flows from financing activities	-1,010	-545	-3,259	-1,524
Net increase (decrease) in cash for the period	676	485	431	361
Growth ratios				
Revenue growth, %	40.4%	29.8%	32.5%	35.4%
Gross profit growth, %	47.8%	36.7%	40.4%	35.4%
EBITDA growth, %	52.6%	77.2%	49.0%	73.8%
EBIT growth, %	55.0%	83.3%	51.9%	81.8%
Net profit growth, %	36.3%	75.5%	39.5%	84.7%
Margins				
Gross margin, %	71.6%	68.0%	70.5%	66.6%
EBITDA margin, %	36.5%	33.5%	36.0%	32.0%
EBIT margin, %	34.9%	31.6%	34.1%	29.8%
Other ratios				
Tax rate, %	20.0%	19.1%	20.0%	19.0%
Equity ratio, %	66.6%	69.7%	66.6%	69.7%
NIBD to EBITDA[1], x	-0.3	-0.2	-0.3	-0.2
Return on invested capital (ROIC)[1], %	67.0%	44.9%	67.0%	44.9%
Capital expenditure (CAPEX), DKK million	176	90	455	490
Cash conversion, %	169.3%	146.8%	124.9%	88.1%
Share information				
Dividend per share, DKK	-	-	9.00	6.50
Total payout ratio (incl. share buyback), %	-	-	112.7%	68.6%
Earnings per share, basic, DKK	8.2	5.7	25.0	17.2
Earnings per share, diluted, DKK	8.1	5.6	24.7	17.0
Share price at end of period, DKK	504.5	294.0	504.5	294.0
Other key figures				
Average number of employees	11,177	7,798	9,957	6,910

[1] Ratios are based on 12 months rolling EBITDA and EBIT, respectively.

HIGHLIGHTS FOR Q4 2014

- Group revenue in Q4 2014 was DKK 3,961 million, an increase of 40.4% or 35.2% in local currency, compared with Q4 2013:
  - Americas increased by 43.5% (35.2% increase in local currency)
  - Europe increased by 33.3% (30.8% increase in local currency)
  - Asia Pacific increased by 57.3% (52.0% increase in local currency)
  - Revenue from concept stores was 61.9% of revenue and increased 61.2%

- The gross margin increased to 71.6% in Q4 2014, compared with a gross margin of 68.0% in Q4 2013

- EBITDA increased by 52.6% to DKK 1,444 million for the quarter, corresponding to an EBITDA margin of 36.5%, compared with an EBITDA margin of 33.5% in Q4 2013

- EBIT increased by 55.0% to DKK 1,381 million for the quarter, corresponding to an EBIT margin of 34.9%, compared with an EBIT margin of 31.6% in Q4 2013

- Net profit for the quarter was DKK 1,007 million, compared with a net profit of DKK 739 million in Q4 2013

- Free cash flow was DKK 1,705 million in Q4 2014 compared with DKK 1,085 million in Q4 2013, corresponding to a cash conversion of 169.3%

- During Q4 2014, PANDORA bought back 1,283,523 own shares at a total value of DKK 610 million, and has now fully completed the DKK 2.4 billion share buyback programme. For the year, PANDORA has bought 5,875,257 own shares, corresponding to 4.6% of the total share capital.

PEDER TUBORGH NEW CHAIRMAN OF THE BOARD
At the Extraordinary General Meeting on 9 October 2014, Peder Tuborgh was elected as a new member of the Board of Directors and subsequently the Board of Directors constituted itself with Peder Tuborgh as new Chairman.

TREASURY SHARES EXCEED 5% OF SHARE CAPITAL
As of 15 October 2014, PANDORA owned a total of 6,428,833 treasury shares of nominally DKK 1 (in total nominally DKK 6,428,833) and hereby exceed 5% of the total share capital and the total voting rights in the Company.

INDICTMENT
In November, the District Court in Glostrup passed its verdict in a case against PANDORA concerning potential breach of section 27(1) of the Securities Trading Act, cf. section 93(6), cf. subsection 1. PANDORA was found to be in breach of this section in the Securities Trading Act and the Company was to pay a fine of DKK 2 million. PANDORA has appealed the verdict to the Eastern High Court.

The verdict concerned a case dating back to 2011 and relates to Company Announcement No. 30 of 2 August 2011, when the Company announced its downward adjustment of its revenue growth expectations, two weeks earlier than the ordinary reporting date for the Q2 2011 results. The District Court in Glostrup found that the Company was obliged to announce a downward adjustment of the revenue growth expectations for 2011, no later than 18 July 2011. As previously communicated, PANDORA's position is that:

- the Company acted properly during a swift and unexpected downturn in sales by making a timely and precise announcement adjusting its annual forecast in light of new information and based on an analysis of the changing market dynamics in July 2011,
- the Company has at all times been in full compliance with all relevant rules and regulations for issuers of shares.

EVENTS AFTER THE REPORTING PERIOD

GERMANY

In January 2015, PANDORA entered into an agreement with DHG GmbH (DHG) to take over up to 78 commercial leaseholds in Germany formerly trading under the BiBa name (a ladies fashion brand). PANDORA will pay a service fee to DHG for making the leaseholds available. All 78 leaseholds concern stand-alone stores located in prime locations in Germany that fit well with our existing concept store expansion strategy in Germany. During 2015, PANDORA will open owned and operated concept stores in the new locations, some of which will be a relocation of existing PANDORA-owned stores.

The total investment for the new owned and operated stores, including establishment and relocation of stores (including initial inventory in the stores), costs related to temporarily inactive stores in the transition period, service fees to DHG as well as all other costs related to store implementation, is expected to be around EUR 50 million (approximately DKK 370 million), of which the majority will be recognised as CAPEX and inventories. The funds will be spent over the course of 2015.

CHINA

In February 2015, PANDORA entered an agreement with Oracle Investment (Hong Kong) Limited ("Oracle") about joint distribution of PANDORA jewellery in China from 1 July 2015 to 31 December 2018. At the end of the agreement, PANDORA will take over the full distribution of PANDORA jewellery in China.

PANDORA plans, through the cooperation, to accelerate the store roll-out, enhance the retail focus and make significant marketing investments in the Chinese market. Oracle will contribute with its in-depth knowledge of the retail market and the Chinese consumer as well as their insight into the Chinese real estate market, which will aid PANDORA in securing the most attractive locations.

On 1 July 2015, PANDORA will, as part of the agreement with Oracle, purchase the majority of Oracle's assets in China. The total amount to be paid to Oracle will depend on the realised revenue in 2018 and part of the payment will be delayed to end of the term of the agreement. The initial payment to Oracle is expected to be approximately HKD 120 million (or approximately DKK 100 million), depending on the value of the assets at the time of the completion of the agreement. The total payment will be in the range of HKD 200-500 million (or approximately DKK 170-420 million). The agreement is subject to certain conditions to be fulfilled.

MAJOR SHAREHOLDER

On 16 February 2015 PANDORA was notified by BlackRock Investment Management (UK) Limited that BlackRock, Inc. has increased its holding of shares in PANDORA A/S at 13 February 2015 to 6,434,446 shares, corresponding to 5.02% of the share capital and the voting rights.

REVENUE DEVELOPMENT

Total revenue for Q4 2014 was DKK 3,961 million, an increase of 40.4% compared with Q4 2013, including a positive impact from currency of 5.2 percentage points, primarily due to a favourable currency fluctuations in the USD.

Volumes increased by 22.1% compared with Q4 2013. In Q4 2014, the average sales price (ASP) recognised by PANDORA was DKK 145, compared with DKK 126 in Q4 2013. The increase in ASP was mainly driven by a higher share of revenue from Rings, which are sold at higher average prices relative to individual charms, as well as a proportionally higher share of revenue from PANDORA owned and operated stores. Prices for each individual product were virtually unchanged compared with Q4 2013.

Revenue growth continued across all three major regions for the quarter, with all reported geographies, except for Germany, showing double-digit growth rates or more. Growth was driven by a combination of strong like-for-like growth across most markets as well as the continued expansion of the store network, including net 310 new concept store openings over the last 12 months. The like-for-like growth was among other things driven by a positive reception of the Christmas collection as well as continued positive demand for the recently launched Autumn collection. Furthermore, the 41 new Disney products, which were launched in 372 concept stores in Americas as well as in the Disney theme parks, were positively received by consumers. For the quarter, around 50% of sales were generated by products launched within the last 12 months, which is similar to Q4 2013. Products across all categories launched more than 12 months ago continue to support revenue growth.

Revenue from PANDORA’s owned and operated stores, including all PANDORA eSTOREs, increased 85% compared to the same quarter last year and corresponded to 22% of Group revenue compared to around 17% a year ago. The growth in retail revenue was driven by strong in store execution resulting in positive like-for-like growth as well as the addition of 115 new owned and operated stores in 2014 to a total of 251 concept stores and 70 shop-in-shops owned and operated by PANDORA. Due to seasonality, Q4 traditionally has a higher share of revenue from owned and operated stores. For the full year 2014, revenue from owned and operated stores corresponded to 17% of revenue, compared to 12% in 2013.

At the end of Q4 2014, sales return provisions corresponded to approximately 8% of 12 months rolling revenue value, compared to 7% and 8% for Q3 2014 and Q4 2013, respectively.

Based on data from concept stores, which have been operating for more than 12 months, like-for-like sales-out in PANDORA’s four major markets, the US, UK, Germany and Australia, continued to be positive. The positive development was driven by a successful product portfolio with continuous relevant products, increased awareness through regional marketing campaigns as well as generally better in-store execution, increasing store traffic in most stores.

REVENUE BREAKDOWN BY GEOGRAPHY

In Q4 2014, 38.6% of revenue was generated in Americas (37.7% in Q4 2013), 46.4% in Europe (48.9% in Q4 2013) and 15.0% in Asia Pacific (13.4% in Q4 2013).

Distribution of revenue

DKK million	Q4 2014	Q4 2013	*Growth*	*Growth in local currency*	FY 2014	FY 2013	*Growth*	*Growth in local currency*
US	1,090	838	*30.1%*	*20.0%*	3,629	3,201	*13.4%*	*13.0%*
Other Americas	437	226	*93.4%*	*90.7%*	1,330	955	*39.3%*	*46.1%*
Americas	**1,527**	**1,064**	***43.5%***	***35.2%***	**4,959**	**4,156**	***19.3%***	***20.6%***
UK	654	482	*35.7%*	*28.2%*	1,654	1,158	*42.8%*	*36.1%*
Germany	206	200	*3.0%*	*3.0%*	578	544	*6.3%*	*6.3%*
Other Europe	981	699	*40.3%*	*40.3%*	3,072	2,058	*49.3%*	*48.9%*
Europe	**1,841**	**1,381**	***33.3%***	***30.8%***	**5,304**	**3,760**	***41.1%***	***38.8%***
Australia	328	250	*31.2%*	*30.4%*	806	681	*18.4%*	*25.6%*
Other Asia Pacific	265	127	*108.7%*	*94.5%*	873	413	*111.4%*	*111.9%*
Asia Pacific	**593**	**377**	***57.3%***	***52.0%***	**1,679**	**1,094**	***53.5%***	***58.1%***
Total	**3,961**	**2,822**	***40.4%***	***35.2%***	**11,942**	**9,010**	***32.5%***	***32.7%***

AMERICAS

Revenue for the fourth quarter in Americas was DKK 1,527 million, an increase of 43.5% or 35.2% in local currency compared with Q4 2013. The increase was driven by the US, which recorded the highest quarterly revenue ever, as well as Other Americas, which benefitted from the inclusion of Brazil in the region from Q1 2014. In November 2014, the Disney collection was launched in North America, and the products have been very well received by both retailers and consumers.

US revenue was DKK 1,090 million, an increase of 30.1% or 20.0% in local currency compared with Q4 2013. Growth was primarily driven by network expansion as well as regional strong like-for-like growth rates. During 2014, 38 new concept stores were opened in the US, to a total of 315 concept stores. The focus on Rings in the US continues to support growth as revenue from the category increased significantly compared to Q4 2013. In September 2014, 22 concept stores in the US were acquired from former franchisee Hannoush and are now categorized as owned and operated stores (the transaction included 27 stores in total, of which five stores have been sold to an existing franchisee). The impact of converting wholesale revenue to retail revenue has added around DKK 50 million to revenue in the US for the quarter.

Like-for-like sales-out in Q4 2014, based on concept stores in the US - which have been operating for more than 12 months - increased by 4.7% compared with Q4 2013. Growth in the Northeast region, where a process to refresh the network is on-going, has improved but continues to be negative, whereas all other major US regions grew with high-single digit like-for-like rates or more.

Concept stores[1] sales-out growth

	Q4 2014 vs. Q4 2013	Q3 2014 vs. Q3 2013	Q2 2014 vs. Q2 2013	Q1 2014 vs. Q1 2013	Q4 2013 vs. Q4 2012
US	4.7%	3.7%	1.7%	8.5%	5.1%

[1] Concept stores that have been operating for more than 12 months

Revenue from Other Americas was DKK 437 million, an increase of 93.4% compared with the same quarter last year. The increase was primarily driven by a positive development in Canada with revenue growth of 64% for the quarter, which benefitted from strong development in revenue from Rings. Revenue in Canada corresponded to around 65% of revenue in Other Americas for the quarter. Furthermore, revenue was impacted by revenue from Brazil now being recognised as part of Other Americas (previously Other Europe) following the take-over of distribution in Brazil in

2013. The change has taken place from Q1 2014 and the impact of converting third party revenue to retail revenue has added around DKK 74 million to revenue in Other Americas for the quarter.

Store network, number of points of sales - Americas

	Number of PoS Q4 2014	Number of PoS Q3 2014	Number of PoS Q4 2013	Growth Q4 2014 /Q3 2014	Growth Q4 2014 /Q4 2013
Concept stores	414	391	332	23	82
- hereof PANDORA owned	51	48	5	3	46
Shop-in-shops	683	649	572	34	111
- hereof PANDORA owned	2	2	-	-	2
Gold	881	864	849	17	32
Branded	**1,978**	**1,904**	**1,753**	**74**	**225**
Branded as % of total	**58.5%**	**57.1%**	**54.2%**		
Silver	1,094	1,098	1,056	-4	38
White and travel retail	308	334	426	-26	-118
Total PoS	**3,380**	**3,336**	**3,235**	**44**	**145**

PANDORA continues to expand the branded store network and during Q4 2014, the number of branded points of sale (PoS) in the Americas increased by 74 stores. PANDORA owned and operated stores in Americas increased to 53 at the end of Q4 2014. The increase compared to Q4 2013 was mainly due to the inclusion of the network in Brazil (previously a part of Europe) as well as the acquisition of 22 (net) concept stores from Hannoush to PANDORA in Q3 2014, which is now categorised as owned and operated stores.

EUROPE

Revenue in Europe was DKK 1,841 million for the quarter, an increase of 33.3% or 30.8% in local currency compared with Q4 2013. The growth was primarily driven by the UK as well as Italy, Russia and France.

Revenue in the fourth quarter in the UK was DKK 654 million, an increase of 35.7% or 28.2% in local currency compared with the same quarter last year. Growth was driven by a positive sales-out development, the continued success of the PANDORA eSTORE, as well as the expansion of the store network, including 32 new concept stores opened in 2014, to a total of 156 concept stores. Furthermore, the enhanced focus on the Rings category continues to drive growth with revenue from the category increasing by more than 100% compared to Q4 2013. For the quarter more than 15% of revenue was generated by Rings.

Like-for-like sales-out in Q4 2014, based on concept stores in the UK - which have been operating for more than 12 months - increased by 20.6% compared with Q4 2013. The strong growth is a result of newness in the overall product assortment and targeted market campaigns driving a significant increase in transactions as well as the continued focus on rings.

Concept stores[1] sales-out growth

	Q4 2014 vs. Q4 2013	Q3 2014 vs. Q3 2013	Q2 2014 vs. Q2 2013	Q1 2014 vs. Q1 2013	Q4 2013 vs. Q4 2012
UK	20.6%	20.6%	26.2%	27.9%	17.9%

[1] Concept stores that have been operating for more than 12 months

Revenue in the fourth quarter in Germany was DKK 206 million, an increase of 3.0% compared with Q4 2013. The improvement of the store network in Germany is on-going and PANDORA continues the work to improve store execution across the country. In January 2015, PANDORA entered an agreement to assume up to 78 commercial leaseholds in Germany. During 2015, PANDORA will open owned and operated concept stores in the new locations, some of which will be a relocation of already existing PANDORA-owned stores. PANDORA believes that this will over time transform the performance of the German business.

Like-for-like sales-out in Q4 2014, based on concept stores in Germany - which have been operating for more than 12 months - increased by 2.3% compared with Q4 2013. The positive development was primarily driven by a strong performance by PANDORA's owned and operated stores, with like-for-like sales-out increasing 6% compared to Q4. In Germany, the owned and operated stores are performing significantly better than franchisee owned concept stores. As part of the on-going effort to improve the store network, PANDORA opened 10 new owned and operated concept stores in Germany during the quarter. At the end of Q4 2014, PANDORA owned and operated 61 concept stores out of a total of 84 concept stores in Germany.

Concept stores[1] sales-out growth

	Q4 2014 vs. Q4 2013	Q3 2014 vs. Q3 2013	Q2 2014 vs. Q2 2013	Q1 2014 vs. Q1 2013	Q4 2013 vs. Q4 2012
Germany	2.3%	8.5%	10.0%	11.5%	5.7%

[1] Concept stores that have been operating for more than 12 months

Revenue from Other Europe was DKK 981 million for the quarter, an increase of 40.3% compared with Q4 2013. Revenue from Other Europe was primarily driven by a positive development in Italy, France and Russia. Revenue from Italy and France increased around 50% and for the quarter the two countries represented around 25% and 15% respectively of revenue from Other Europe. Revenue from Russia, which represents around 15% of revenue from Other Europe, increased 34% for the quarter. PANDORA continues to invest in growing the market share in Russia and during the quarter opened 10 new concept stores. However, like-for-like sales-out growth continue to be low, as store traffic is impacted by the unstable financial situation in the country.

Store network, number of points of sales - Europe

	Number of PoS Q4 2014	Number of PoS Q3 2014	Number of PoS Q4 2013	Growth Q4 2014 /Q3 2014	Growth Q4 2014 /Q4 2013
Concept stores	786	721	602	65	184
- hereof PANDORA owned	169	143	115	26	54
Shop-in-shops	677	673	628	4	49
- hereof PANDORA owned	68	62	60	6	8
Gold	1,380	1,341	1,332	39	48
Branded	**2,843**	**2,735**	**2,562**	**108**	**281**
Branded as % of total	**48.6%**	**46.8%**	**39.9%**		
Silver	1,577	1,594	2,058	-17	-481
White and travel retail	1,431	1,517	1,794	-86	-363
Total PoS[1]	**5,851**	**5,846**	**6,414**	**5**	**-563**

[1] Includes for Q4 2014 relating to 3rd party distributors: 134 concept stores, 195 shop-in-shops, 356 gold, 264 silver and 626 white stores.

During Q4 2014, the number of branded stores in Europe increased by 108 stores to a total of 2,843 stores, in line with PANDORA's overall strategy to increase branded sales. 65 new concept stores were opened in Q4, primarily in France (12), UK (12) and Russia (10).

PANDORA offers eSTOREs in Austria, France, Germany, Italy, the Netherlands, Poland and the UK.

ASIA PACIFIC

Revenue in Asia Pacific was DKK 593 million for the quarter, an increase of 57.3% or 52.0% in local currency compared with the same period last year.

Revenue in Australia was DKK 328 million, an increase of 31.2% or an increase of 30.4% in local currency compared with Q4 2013. The growth was driven by a continued strong sales-out growth, as well as 12 new concept stores opened in 2014, to a total of 90 concept stores in Australia. The Rings category continued to do well in Australia and revenue from the category was up 80% compared to Q4 2013. The category represented around 16% of revenue for the quarter compared to 12% of revenue in Q4 2013 and 25% of revenue for Q3 2014. The fourth quarter traditionally has a lower share of revenue from Rings, as rings are less preferred as Christmas gifts compared to charms and bracelets.

Like-for-like sales-out in Q4 2014, based on concept stores in Australia - which have been operating for more than 12 months - increased by 20.0% compared with Q4 2013. The increase is primarily due to an increase in store traffic driven by newness in the stores, as consumer demand remains high for newly launched products.

Concept stores[1] sales-out growth

	Q4 2014 vs. Q4 2013	Q3 2014 vs. Q3 2013	Q2 2014 vs. Q2 2013	Q1 2014 vs. Q1 2013	Q4 2013 vs. Q4 2012
Australia	20.0%	22.9%	33.0%	33.6%	25.5%

[1]Concept stores that have been operating for more than 12 months

Revenue from Other Asia Pacific was DKK 265 million for the quarter, corresponding to an increase of 108.7% compared with the same quarter last year. The increase was primarily driven by continued positive development in Hong Kong with revenue growth of more than 100% for the quarter. The growth in Hong Kong was driven by a combination of strong like-for-like growth in existing stores and the addition of eight new owned and operated concept stores during 2014, to a total of 16 concept stores. Revenue from Malaysia, South Korea, Taiwan as well as China, contributed further to growth.

Store network, number of points of sales – Asia Pacific

	Number of PoS Q4 2014	Number of PoS Q3 2014	Number of PoS Q4 2013	Growth Q4 2014 /Q3 2014	Growth Q4 2014 /Q4 2013
Concept stores	210	195	166	15	44
- hereof PANDORA owned	31	27	26	4	5
Shop-in-shops	195	185	172	10	23
- hereof PANDORA owned	-	-	-	-	-
Gold	139	144	148	-5	-9
Branded	**544**	**524**	**486**	**20**	**58**
Branded as % of total	**80.6%**	**79.5%**	**77.1%**		
Silver	73	69	73	4	-
White and travel retail	58	66	71	-8	-13
Total PoS	**675**	**659**	**630**	**16**	**45**

At the end of Q4 2014, PANDORA had 544 branded stores in Asia Pacific compared with 524 in Q3 2014.

SALES CHANNELS

PANDORA’s focus on expanding the concept store network continues and in Q4 2014, PANDORA opened net 103 new concept stores, including 23 in Americas, 65 in Europe and 15 in Asia Pacific. During the quarter PANDORA added 33 owned and operated concept stores to the network, including 10 in Germany, 8 in France and 4 in Hong Kong.

PANDORA has increased the branded store network by 564 points of sale since the end of Q4 2013. Underperforming unbranded stores, across all regions, are being closed in order to improve the quality of revenue and focus on branded store performance, and as a consequence the number of unbranded points of sale was reduced by 937 stores.

At the end of Q4 2014, the total number of points of sale was 9,906, a decrease of 373 compared with Q4 2013.

Store network, number of points of sales – Group

	Number of PoS Q4 2014	Number of PoS Q3 2014	Number of PoS Q4 2013	Growth Q4 2014 /Q3 2014	Growth Q4 2014 /Q4 2013
Concept stores	1,410	1,307	1,100	103	310
- hereof PANDORA owned	251	218	146	33	105
Shop-in-shops	1,555	1,507	1,372	48	183
- hereof PANDORA owned	70	64	60	6	10
Gold	2,400	2,349	2,329	51	71
Branded	**5,365**	**5,163**	**4,801**	**202**	**564**
Branded as % of total	**54.2%**	**52.5%**	**46.7%**		
Silver	2,744	2,761	3,187	-17	-443
White and travel retail	1,797	1,917	2,291	-120	-494
Total PoS[1]	**9,906**	**9,841**	**10,279**	**65**	**-373**

[1] Includes for Q4 2014 relating to 3rd party distributors: 134 concept stores, 195 shop-in-shops, 356 gold, 264 silver and 626 white stores.

The expansion of the store network in PANDORA's new markets continued and in Q4 2014 the network in new markets increased by 40 concept stores, of which 12 were opened in France, 10 in Russia and 5 in Brazil.

Store network – New markets (end of 2014)

	Brazil	Russia	France	Italy	China	Japan	Rest of Asia	Total	Net openings Q4 2014	Net openings Q3 2014
Concept stores	35	174	40	36	29	1	81	396	40	37
Shop-in-shops	2	56	41	7	20	9	79	214	28	12
Total	**37**	**230**	**81**	**43**	**49**	**10**	**160**	**610**	**68**	**49**

Revenue from concept stores increased by almost DKK 1 billion or by 61.2% to DKK 2,452 million, and constituted 61.9% of revenue for the quarter compared to 53.9% in Q4 2013. The increase was driven by better in-store execution as well as the addition of net 310 new concept stores, including 105 new owned and operated concept stores.

Branded revenue for the quarter increased 45.2% to DKK 3,407 million and accounted for 86.0% of revenue compared with 83.2% in Q4 2013. The increase was driven by an increasing share of branded points of sale, including owned and operated stores, as well as relative higher revenue in existing branded stores.

Revenue per sales channel

DKK million	Q4 2014	Q4 2013	*Growth*	*Share of total revenue*	FY 2014	FY 2013	*Growth*	*Share of total revenue*
Concept stores	2,452	1,521	*61.2%*	*61.9%*	6,741	4,451	*51.4%*	*56.4%*
Shop-in-shops	592	473	*25.2%*	*14.9%*	2,008	1,648	*21.8%*	*16.8%*
Gold	363	353	*2.8%*	*9.2%*	1,471	1,314	*11.9%*	*12.3%*
Total branded	**3,407**	**2,347**	***45.2%***	***86.0%***	**10,220**	**7,413**	***37.9%***	***85.6%***
Silver	250	178	*40.4%*	*6.3%*	791	749	*5.6%*	*6.6%*
White and travel retail	173	178	*-2.8%*	*4.4%*	538	575	*-6.4%*	*4.5%*
Total unbranded	**423**	**356**	***18.8%***	***10.7%***	**1,329**	**1,324**	***0.4%***	***11.1%***
Total direct	**3,830**	**2,703**	***41.7%***	***96.7%***	**11,549**	**8,737**	***32.2%***	***96.7%***
3rd party	131	119	*10.1%*	*3.3%*	393	273	*44.0%*	*3.3%*
Total revenue	**3,961**	**2,822**	***40.4%***	***100.0%***	**11,942**	**9,010**	***32.5%***	***100.0%***

PRODUCT OFFERING

PANDORA's core categories Charms and Bracelets and Rings continue to perform well driven by continued newness across the categories, as well as tailor-made promotions, focused on the core categories.

Product mix

DKK million	Q4 2014	Q4 2013	Growth	Share of total revenue	FY 2014	FY 2013	Growth	Share of total revenue
Charms	2,656	1,966	35.1%	67.1%	7,933	6,293	26.1%	66.5%
Silver and gold charm bracelets	465	394	18.0%	11.7%	1,427	1,157	23.3%	11.9%
Rings	355	167	112.6%	9.0%	1,192	550	116.7%	10.0%
Other jewellery	485	295	64.4%	12.2%	1,390	1,010	37.6%	11.6%
Total revenue	**3,961**	**2,822**	**40.4%**	**100.0%**	**11,942**	**9,010**	**32.5%**	**100.0%**

Revenue from Charms was 2,656 million for the quarter, an increase of 35.1% compared with Q4 2013, while revenue from Silver and gold charm bracelets increased 18.0%. The categories represented 78.8% of total revenue in Q4 2014 compared with 83.6% in Q4 2013. In November, the Disney collection was launched in North America, and was positively received by the consumers. The 41 new Disney products are sold in 372 concept stores as well as in Disney theme parks.

Revenue from Rings was DKK 355 million, an increase of 112.6% compared with Q4 2013. The category continues to do very well, driven by the improved offering, as well as several revenue generating initiatives made during 2014. This includes more emphasis on rings in staff training, improved in-store focus on rings, as well as tailor-made rings campaigns in several markets. The Rings category represented 9.0% of total revenue for the quarter compared with 5.9% in Q4 2013 and 12.1% in Q3 2014. The decrease compared to Q3 2014 is due to the fact that Q4 traditionally has a lower share of revenue from Rings, as they are less preferred as Christmas gifts compared to charms and bracelets.

Revenue from Other jewellery was DKK 485 million, an increase of 64.4% compared with Q4 2013. The growth was driven by most subcategories, including revenue from Earrings and Necklaces, both increasing around 50% compared to the same quarter last year. Other Bracelets increased around 80% driven by several new bracelets launched in the second half of 2014. Other jewellery represented 12.2% of total revenue in Q4 2014 compared with 10.5% in Q4 2013.

COSTS

Total costs for the quarter, including depreciation and amortisation, were DKK 2,580 million, an increase of 33.6% compared with Q4 2013. Total costs corresponded to 65.1% of revenue for the quarter compared with 68.4% in Q4 2013.

Cost development

DKK million	Q4 2014	Q4 2013	Growth	Share of total revenue	FY 2014	FY 2013	Growth	Share of total revenue
Cost of sales	1,126	904	24.6%	28.4%	3,519	3,011	16.9%	29.5%
Gross profit	**2,835**	**1,918**	**47.8%**	**71.6%**	**8,423**	**5,999**	**40.4%**	**70.5%**
Sales and distribution expenses	645	491	31.4%	16.3%	1,957	1,517	29.0%	16.4%
Marketing expenses	455	273	66.7%	11.5%	1,143	880	29.9%	9.6%
Administrative expenses	354	263	34.6%	8.9%	1,251	921	35.8%	10.5%
Total costs	**2,580**	**1,931**	**33.6%**	**65.1%**	**7,870**	**6,329**	**24.3%**	**65.9%**

GROSS PROFIT

Gross profit for the quarter was DKK 2,835 million corresponding to a gross margin of 71.6% compared with 68.0% in Q4 2013. The increase in gross margin for the quarter was mainly due lower prices for gold and silver, as well as a higher share of revenue from PANDORA owned and operated stores, which has a higher gross margin compared to wholesale revenue.

COMMODITY HEDGING

It is PANDORA's policy to hedge approximately 100%, 80%, 60% and 40% of expected gold and silver consumption in the following four quarters. The hedged prices for the following four quarters for gold are USD 1,271/oz, USD 1,246/oz, USD 1,216/oz and USD 1,182/oz and for silver USD 19.41/oz, USD 19.03/oz, USD 18.32/oz and USD 16.19/oz. However, current inventory means a delayed impact of the hedged prices on cost of sales.

The average realised purchase price in Q4 2014 was USD 1,273/oz for gold and USD 20.12/oz for silver.

Excluding hedging and the time lag effect from the inventory, the underlying gross margin would have been approximately 74% based on the average gold (USD 1,201/oz) and silver (USD 16.50/oz) market prices in Q4 2014. Under these assumptions, a 10% deviation in quarterly average gold and silver prices would impact our gross margin by approximately +/- 1 percentage points.

OPERATING EXPENSES

Operating expenses for the quarter were DKK 1,454 million compared with DKK 1,027 million in Q4 2013, representing 36.7% of revenue in Q4 2014 compared with 36.4% in Q4 2013.

Sales and distribution expenses were DKK 645 million, an increase of 31.4% compared with Q4 2013, and corresponding to 16.3% of revenue compared with 17.4% in Q4 2013. The absolute increase in sales and distribution expenses was mainly driven by higher sales, an increase in number of PANDORA owned and operated stores (from 206 in Q4 2013 to 321 in Q4 2014), as well as costs related to expansion of the e-commerce platform.

Marketing expenses were DKK 455 million compared with DKK 273 million in Q4 2013, corresponding to 11.5% of revenue, compared with 9.7% in Q4 2013. This was driven by targeted investments in more media activity, with TV, digital and newspapers and magazines being the largest contributors.

Administrative expenses for the quarter increased 34.6% to DKK 354 million, representing 8.9% of revenue, compared with 9.3% of Q4 2013 revenue. The increase in administrative costs was primarily due to an increase in head count. Compared to Q4 2013, PANDORA has increased administrative personnel, excluding Thailand production, with more than 100 employees. Furthermore, the quarter was impacted by an increase in IT-expenses.

EBITDA

EBITDA for Q4 2014 increased by 52.6% to DKK 1,444 million resulting in an EBITDA margin of 36.5% compared with 33.5% in Q4 2013. The improvement was primarily due to the improved gross margin.

Regional EBITDA margins

	Q4 2014	Q4 2013	*2014 vs. 2013 (%-pts)*
Americas	35.8%	37.7%	*-1.9%*
Europe	44.5%	40.4%	*4.1%*
Asia Pacific	53.3%	38.7%	*14.6%*
Unallocated costs	-6.0%	-5.6%	*-0.4%*
Group EBITDA margin	**36.5%**	**33.5%**	***3.0%***

The EBITDA margin for Americas for the quarter was 35.8%, and down 1.9 percentage point compared to the same quarter last year. Americas' gross margin for the quarter was impacted with approximately minus two percentage points due to the acquisition of the 22 concept stores from Hannoush in the US. The initial inventory in the stores was acquired by PANDORA in wholesale prices, which has a short term negative impact on margins. Furthermore, the margin was impacted by higher operational costs, mainly driven by higher marketing expenses, as well as the inclusion of Brazil in Other Americas (previously included in Other Europe), which had a diluting effect on margins of approximately one percentage point.

The EBITDA margin for Europe increased from 40.4% in Q4 2013 to 44.5% for the current quarter, driven by the improved gross margin. EBITDA margin for the Asia Pacific region improved 14.6 percentage points to 53.3%. The increase was driven by leverage on the cost base from an increase in revenue as well as the improved gross margin.

EBIT

EBIT for Q4 2014 increased to DKK 1,381 million, an increase of 55.0% compared with the same quarter in 2013, resulting in an EBIT margin of 34.9% for Q4 2014 versus 31.6% in Q4 2013.

NET FINANCIALS

In Q4 2014, net financials amounted to a loss of DKK 122 million. Of the total amount, DKK 29 million relates to exchange rate loss, mainly related to unrealised losses on intercompany loans in US dollars. DKK 93 million was interest expenses and other costs, including loss on commodity and foreign exchange rate contracts. This compared with a net financials gain of DKK 23 million in Q4 2013.

INCOME TAX EXPENSES

Income tax expenses were DKK 252 million in Q4 2014, implying an effective tax rate of 20.0% for Q4 2014 compared with 19.1% for Q4 2013. '

NET PROFIT

In Q4 2014, net profit increased to DKK 1,007 million from DKK 739 million in Q4 2013.

BALANCE SHEET AND CASH FLOW

In Q4 2014, PANDORA generated free cash flow of DKK 1,705 million compared with DKK 1,085 million in Q4 2013, corresponding to a cash conversion of 169.3%. The improved cash flow was primarily driven by increasing profits, as well as a favourable movement in working capital.

Operating working capital (defined as inventory and trade receivables less trade payables) at the end of Q4 2014 corresponded to 16.7% of the last twelve months revenue, compared with 20.5% at the end of Q4 2013 and 24.9% at the end of Q3 2014.

Inventory was DKK 1,684 million at the end of Q4 2014, corresponding to 14.1% of preceding 12 months revenue compared to 16.5% in Q4 2013. This compared to DKK 2,126 million at the end of Q3 2014 and DKK 1,490 million in Q4 2013. The increase compared to Q4 2013 was mainly due to higher revenue, as well as higher inventories in owned and operated stores, due to an increase in number of PANDORA owned and operated stores. The decrease compared to Q3 2014 was mainly due to stock building towards Christmas in Q3. Compared with Q4 2013, gold and silver prices affected inventory value with a decrease of approximately 17%. Inventory as a percentage of revenue at the end of Q4 2014 was at historically low levels and is expected to increase going into 2015.

Inventory development

DKK million	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Inventory	1,684	2,126	1,684	1,574	1,490
Share of last 12 months revenue	14.1%	19.7%	16.5%	16.4%	16.5%

Trade receivables increased to DKK 1,110 million at the end of Q4 2014 (9.3% of preceding 12 months revenue) compared with DKK 895 million at the end of Q4 2013 (9.9% of the preceding 12 months revenue) and DKK 1,327 million at the end of Q3 2014 (12.3% of preceding 12 months revenue). The increase compared to Q4 2013 is mainly due to higher revenue, while the decrease compared to Q3 2014 is primarily due to strong cash collection following Christmas sales-in.

Trade payables at the end of the quarter were DKK 804 million compared with DKK 539 million at the end of Q4 2013 and DKK 758 million at the end of Q3 2014. The increase is primarily due to increasing activity.

In Q4 2014, PANDORA’s CAPEX was DKK 176 million primarily related to establishment of owned and operated stores, a new office in the US, as well as investments in intangible assets of DKK 60 million mainly related to global IT projects. CAPEX constituted 4.4% of Q4 2014 revenue.

During the quarter, a total of DKK 610 million was used to purchase own shares related to the share buyback programme for 2014. As of 31 December 2014, PANDORA held a total of 7,216,058 treasury shares, corresponding to 5.6% of the share capital.

Total interest-bearing debt was DKK 10 million at the end of Q4 2014, compared with DKK 49 million at the end of Q4 2013. Cash amounted to DKK 1,131 million at the end of Q4 2014, compared with DKK 686 million at the end of Q4 2013.

Net interest-bearing debt (NIBD) at the end of Q4 2014 was DKK -1,121 million corresponding to a NIBD/EBITDA of -0.3x of the last twelve months EBITDA, compared with DKK -637 million at the end of Q4 2013 corresponding to a NIBD/EBITDA of -0.2x.

MANAGEMENT STATEMENT

The Board of Directors and the Executive Board have reviewed and approved the interim report of PANDORA A/S for the period 1 January – 31 December 2014.

The interim report, which has not been audited or reviewed by the Company's auditor, has been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the EU, and additional Danish interim reporting requirements for listed companies.

In our opinion, the interim report gives a true and fair view of the PANDORA Group's assets, liabilities and financial position at 31 December 2014, and of the results of the PANDORA Group's operations and cash flow for the period 1 January – 31 December 2014.

Further, in our opinion the Management's review p. 1-17 gives a true and fair review of the development in the Group's operations and financial matters, the result of the PANDORA Group for the period and the financial position as a whole, and describes the significant risks and uncertainties pertaining to the Group.

Copenhagen, 17 February 2015

EXECUTIVE BOARD

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Chief Executive Officer

Peter Vekslund
Chief Financial Officer

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Bjørn Gulden

Michael Hauge Sørensen

Nikolaj Vejlsgaard

Ronica Wang

FINANCIAL STATEMENT

Consolidated income statement

DKK million	Notes	Q4 2014	Q4 2013	FY 2014	FY 2013
Revenue	3	3,961	2,822	11,942	9,010
Cost of sales		-1,126	-904	-3,519	-3,011
Gross profit		**2,835**	**1,918**	**8,423**	**5,999**
Sales, distribution and marketing expenses		-1,100	-764	-3,100	-2,397
Administrative expenses		-354	-263	-1,251	-921
Operating profit		**1,381**	**891**	**4,072**	**2,681**
Finance income		1	58	14	167
Finance costs		-123	-35	-214	-106
Profit before tax		**1,259**	**914**	**3,872**	**2,742**
Income tax expense		-252	-175	-774	-522
Net profit for the period		**1,007**	**739**	**3,098**	**2,220**
Earnings per share, basic (DKK)		8.2	5.7	25.0	17.2
Earnings per share, diluted (DKK)		8.1	5.6	24.7	17.0

Consolidated statement of comprehensive income

DKK million	Q4 2014	Q4 2013	FY 2014	FY 2013
Net profit for the period	**1,007**	**739**	**3,098**	**2,220**
Exchange rate differences on translation of foreign subsidiaries	145	-189	537	-355
Value adjustment of hedging instruments	17	-28	-18	-98
Tax on other comprehensive income	-4	7	5	6
Other comprehensive income, net of tax	**158**	**-210**	**524**	**-447**
Total comprehensive income for the period	**1,165**	**529**	**3,622**	**1,773**

Consolidated balance sheet

DKK million	2014 31 December	2013 31 December
ASSETS		
Goodwill	2,080	1,904
Brand	1,053	1,053
Distribution network	268	300
Distribution rights	1,047	1,042
Other intangible assets	411	318
Total intangible assets	**4,859**	**4,617**
Property, plant and equipment	711	497
Deferred tax assets	407	276
Other non-current financial assets	99	48
Total non-current assets	**6,076**	**5,438**
Inventories	1,684	1,490
Financial instruments	99	-
Trade receivables	1,110	895
Tax receivable	52	35
Other receivables	404	731
Cash	1,131	686
Total current assets	**4,480**	**3,837**
Total assets	**10,556**	**9,275**
EQUITY AND LIABILITIES		
Share capital	128	130
Share premium	1,229	1,248
Treasury shares	-2,679	-738
Reserves	729	205
Proposed dividend	1,088	823
Retained earnings	6,537	4,794
Total equity	**7,032**	**6,462**
Provisions	61	35
Deferred tax liabilities	430	471
Other non-current liabilities	-	3
Total non-current liabilities	**491**	**509**
Provisions	678	471
Loans and borrowings	10	49
Financial instruments	268	148
Trade payables	804	539
Income tax payable	643	546
Other payables	630	551
Total current liabilities	**3,033**	**2,304**
Total liabilities	**3,524**	**2,813**
Total equity and liabilities	**10,556**	**9,275**

Consolidated statement of changes in equity

DKK million	Share capital	Share premium	Treasury shares	Translation reserve	Hedging	Proposed dividend	Retained earnings	Total equity
Equity at 1 January 2014	**130**	**1,248**	**-738**	**348**	**-143**	**823**	**4,794**	**6,462**
Net profit for the period	-	-	-	-	-	-	3,098	3,098
Exchange rate differences on translation of foreign subsidiaries	-	-	-	537	-	-	-	537
Value adjustment of hedging instruments	-	-	-	-	-18	-	-	-18
Tax on other comprehensive income	-	-	-	-	5	-	-	5
Other comprehensive income, net of tax	**-**	**-**	**-**	**537**	**-13**	**-**	**-**	**524**
Comprehensive income for the period	**-**	**-**	**-**	**537**	**-13**	**-**	**3,098**	**3,622**
Share-based payments	-	-	36	-	-	-	134	170
Purchase of treasury shares	-	-	-2,400	-	-	-	-2	-2,402
Reduction of share capital	-2	-19	423	-	-	-	-402	-
Dividend paid	-	-	-	-	-	-823	3	-820
Proposed dividend	-	-	-	-	-	1,088	-1,088	-
Equity at 31 December 2014	**128**	**1,229**	**-2,679**	**885**	**-156**	**1,088**	**6,537**	**7,032**

DKK million	Share capital	Share premium	Treasury shares	Translation reserve	Hedging	Proposed dividend	Retained earnings	Total equity
Equity at 1 January 2013	**130**	**1,248**	**-38**	**703**	**-51**	**715**	**3,331**	**6,038**
Net profit for the period	-	-	-	-	-	-	2,220	2,220
Exchange rate differences on translation of foreign subsidiaries	-	-	-	-355	-	-	-	-355
Value adjustment of hedging instruments	-	-	-	-	-98	-	-	-98
Tax on other comprehensive income	-	-	-	-	6	-	-	6
Other comprehensive income, net of tax	**-**	**-**	**-**	**-355**	**-92**	**-**	**-**	**-447**
Comprehensive income for the period	**-**	**-**	**-**	**-355**	**-92**	**-**	**2,220**	**1,773**
Share-based payments	-	-	-	-	-	-	64	64
Purchase of treasury shares	-	-	-700	-	-	-	-	-700
Dividend paid	-	-	-	-	-	-715	2	-713
Proposed dividend	-	-	-	-	-	823	-823	-
Equity at 31 December 2013	**130**	**1,248**	**-738**	**348**	**-143**	**823**	**4,794**	**6,462**

Consolidated cash flow statement

DKK million	Q4 2014	Q4 2013	FY 2014	FY 2013
Profit before tax	1,259	914	3,872	2,742
Finance income	-1	-58	-14	-167
Finance costs	123	35	214	106
Amortisation, depreciation and impairment losses	63	55	222	200
Share-based payments	17	12	71	64
Change in inventories	478	108	91	-292
Change in receivables	66	86	63	-215
Change in payables and other liabilities	495	94	795	182
Other non-cash adjustments	-99	93	-208	169
Interests etc. received	1	-	7	3
Interests etc. paid	-8	-14	-30	-29
Income tax paid	-527	-162	-761	-335
Cash flows from operating activities	**1,867**	**1,163**	**4,322**	**2,428**
Acquisitions of subsidiaries and activities, net of cash acquired	-12	-41	-174	-45
Divestment of businesses	-	-	19	-
Purchase of intangible assets	-60	-23	-164	-312
Purchase of property, plant and equipment	-116	-67	-291	-178
Change in other non-current assets	-14	-7	-45	-25
Proceeds from sale of property, plant and equipment	21	5	23	17
Cash flows from investing activities	**-181**	**-133**	**-632**	**-543**
Dividend paid	-	-	-820	-713
Purchase and disposal of treasury shares	-610	-209	-2,402	-700
Proceeds from loans and borrowings	300	-189	560	41
Repayment of loans and borrowings	-700	-147	-597	-152
Cash flows from financing activities	**-1,010**	**-545**	**-3,259**	**-1,524**
Net increase (decrease) in cash	**676**	**485**	**431**	**361**
Cash at beginning of period	455	208	686	341
Net exchange differences	0	-7	14	-16
Net increase (decrease) in cash	676	485	431	361
Cash at end of period	**1,131**	**686**	**1,131**	**686**
Cash flows from operating activities	1,867	1,163	4,322	2,428
- Interests etc. received	-1	-	-7	-3
- Interests etc. paid	8	14	30	29
Cash flows from investing activities	-181	-133	-632	-543
- Acquisition of subsidiaries and activities, net of cash acquired	12	41	174	45
- Divestment of businesses	-	-	-19	-
Free cash flow	**1,705**	**1,085**	**3,868**	**1,956**
Unutilised credit facilities, including cash	3,677	2,716	3,677	2,716

The above cannot be derived directly from the income statement and the balance sheet.

NOTES

NOTE 1 – Accounting policies
The present unaudited interim financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting' as endorsed by the European Union and accounting policies set out in the Annual Report 2014 of PANDORA.

Furthermore, the interim financial report and Management's review are prepared in accordance with additional Danish disclosure requirements for interim reports of listed companies.

PANDORA has adopted all new or amended standards (IFRS) and interpretations (IFRIC) as endorsed by the EU and which are effective for the financial year 2014. These IFRSs have not had any significant impact on the Group's interim financial report.

NOTE 2 – Significant accounting estimates and judgements
In preparing the consolidated financial statements, Management makes various accounting estimates and assumptions, which form the basis of presentation, recognition and measurement of PANDORA's assets and liabilities.

All significant accounting estimates and judgements are consistent with the description in the Annual Report 2014. See descriptions in the individual notes to the consolidated financial statement in the Annual Report 2014.

NOTE 3 - Operating segment information
PANDORA's activities are segmented on the basis of geographical areas in accordance with Management's reporting structure. In determining the reporting segments, a number of operating segments have been aggregated. All segments derive their revenues from the types of products shown in the product information provided below.

Management monitors the segment profit of the operating segments separately for the purpose of making decisions about resource allocation and performance management. Segment profit is measured consistently with the operating profit in the consolidated financial statements before non-current assets are amortised/depreciated (EBITDA).

NOTE 3 - Operating segment information, continued

DKK million	Americas	Europe	Asia Pacific	Unallocated costs	Total Group
Q4 2014					
External revenue	1,527	1,841	593	-	3,961
Segment profit (EBITDA)	546	819	316	-237	1,444
Amortisation, depreciation and impairment losses					-63
Consolidated operating profit (EBIT)					**1,381**
Q4 2013					
External revenue	1,064	1,381	377	-	2,822
Segment profit (EBITDA)	401	558	146	-159	946
Amortisation, depreciation and impairment losses					-55
Consolidated operating profit (EBIT)					**891**

DKK million	Americas	Europe	Asia Pacific	Unallocated costs	Total Group
FY 2014					
External revenue	4,959	5,304	1,679	-	11,942
Segment profit (EBITDA)	2,053	2,298	831	-888	4,294
Amortisation, depreciation and impairment losses					-222
Consolidated operating profit (EBIT)					**4,072**
FY 2013					
External revenue	4,156	3,760	1,094	-	9,010
Segment EBITDA	1,772	1,359	414	-664	2,881
Amortisation, depreciation and impairment losses					-200
Consolidated operating profit (EBIT)					**2,681**

DKK million	Q4 2014	Q4 2013	FY 2014	FY 2013
Revenue per product group				
Charms	2,656	1,966	7,933	6,293
Silver and gold charm bracelets	465	394	1,427	1,157
Rings	355	167	1,192	550
Other jewellery	485	295	1,390	1,010
Total revenue	**3,961**	**2,822**	**11,942**	**9,010**

NOTE 4 – Seasonality of operations
Due to the seasonal nature of the jewellery business, higher revenue is historically realised in the second half of the year.

NOTE 5 – Financial risks
Financial risks, including risks related to commodity prices, foreign currency, credit, liquidity and interest rate, are addressed in the notes to the consolidated accounts, ref. annual report 2014.

NOTE 6 – Financial instruments
Financial instruments are measured at fair value and in accordance with level 2 in the fair value hierarchy (IFRS 7), ref. annual report 2014.

NOTE 7 - Business combinations

Acquisitions in 2014
Acquisition of net total 22 concept stores from Hannoush
On 22 September 2014, PANDORA acquired 27 stores from US jeweller Hannoush in a business combination. With the acquisition of the 27 stores PANDORA will execute its strategy to refresh its network in the Northeast region of the US.

The purchase consideration was DKK 162 million and was paid in cash. There were no other significant terms or payments related to the acquisition. The transaction costs, DKK 1 million, have been recognised as administrative expenses in profit or loss for 2014.

Five of the acquired stores located outside the Northeast region were re-sold to an existing franchisee on 22 September 2014. The sale does not have any effect on profit or loss. The net cash effect from the Hannoush acquisition was an outflow of DKK 143 million.

Assets acquired and liabilities assumed mainly comprise inventories, equipment and obligations to restore the leased premises. Inventories have been measured at market value based on the saleability of the individual items. Goodwill from the acquisition amounted to DKK 81 million (excluding goodwill of DKK 6 million related to the five stores that were re-sold), and is attributable to the expected synergies from an increased presence in the region, including the effect from a refreshed network. None of the goodwill recognised is deductible for income tax purposes.

The 22 stores contributed with approximately DKK 95 million revenue and DKK 22 million in net profit since the acquisition on 22 September 2014. Had the stores been acquired on 1 January 2014 revenue and net profit would have been DKK 115 million and DKK 4 million higher.

Other business combinations in 2014
PANDORA acquired concept stores in the UK, Germany and the Netherlands in 2014. These were accounted for as business combinations. Assets acquired mainly consist of key money and other assets relating to the stores. Of the purchase price, DKK 6 million was allocated to goodwill. None of the goodwill recognised is deductible for income tax purposes.

The impact on revenue and net profit for 2014 from the acquired stores was insignificant. If the stores had been owned from the beginning of the year, the impact on PANDORA's revenue and net profit would have been equally insignificant.

Acquisitions

DKK million	Hannoush	FY 2014 Other	Total	FY 2013 Brazil
Other intangible assets	-	1	1	13
Property, plant and equipment	4	5	9	9
Receivables	2	-	2	3
Inventories	77	-	77	12
Other current assets	-	-	-	4
Assets acquired	**83**	**6**	**89**	**41**
Non-current liabilities	3	-	3	5
Payables	3	-	3	18
Other non-current liabilities	2	-	2	5
Deferred tax	-	-	-	3
Liabilities assumed	**8**	**-**	**8**	**31**
Total identifiable net assets acquired	**75**	**6**	**81**	**10**
Goodwill arising from the acquisition	87	6	93	30
Purchase consideration	**162**	**12**	**174**	**40**
Cash movements on acquisition:				
Purchase consideration transferred	162	12	174	40
Deferred payment	-	-	-	-2
Net cash flow on acquisition	**162**	**12**	**174**	**38**
Cash flow from sale of businesses *	19	-	19	-
Net cash flow from business combinations	**143**	**12**	**155**	**38**

*The sale of businesses included mainly inventories, DKK 12 million, assets related to stores, DKK 1 million, and goodwill, DKK 6 million.

Acquisitions in 2013

Acquisition of the distribution in Brazil

On 24 October 2013, PANDORA acquired 100% of the share capital in City Time do Brasil Comércio e Importação Ltda. (the name has subsequent been changed to PANDORA do Brasil Comércio e Importação Ltda.), based in Sao Paulo, obtaining control of the company. The company is a retail company with eight stores and an e-store operating in five cities in Brazil.

With the acquisition, PANDORA strengthens its presence in a country with great potential. A base in Brazil will provide PANDORA with the opportunity to directly affect distribution in Brazil and other South American markets.

The purchase price was DKK 40 million, of which DKK two million was deferred. The deferred payment was due on 1 January 2018. The amount was paid in full in 2014.

Acquisition-related costs of DKK 1 million have been recognised as administrative expenses in the consolidated income statement for the year ended 31 December 2013.

Assets and liabilities assumed mainly comprise key money, property, plant and equipment related to the acquired stores, inventories and accounts payable. The market value of key money is calculated annually by the centre operators and is deemed to have indefinite lives.

The goodwill of DKK 30 million arising from the acquisition is attributable to the expected synergies from a strengthened presence and increased opportunities to both the retail and wholesale markets in South America and maintain control of the PANDORA brand. None of the goodwill recognised is deductible for income tax purposes.

Other acquisitions in 2013

In 2013, PANDORA acquired concept stores that have been accounted for as business combinations and are also recognised in the line acquisition of subsidiaries.

Impact on the consolidated financial statements

The acquisitions have neither individually nor in combination had any significant impact on the Group´s revenue or net profit. If the acquired companies had been owned by the Group from the beginning of the year, there would have been no significant impact on Group revenue or Group net profit.

Acquisitions after the reporting period

Strategic alliance in Japan

On 1 January 2015, PANDORA acquired assets related to the distribution of PANDORA products in Japan from Bluebell in a business combination. In addition to the distribution rights, assets included branded stores – one concept store and nine shop-in-shops. The acquisition was part of a strategic alliance with Bluebell in Japan with the intent to jointly distribute PANDORA jewellery in Japan. The agreement initially has a five year term. On termination of the agreement, PANDORA will take over the full distribution of PANDORA jewellery in Japan. The total amount to be paid to Bluebell will depend on the realised revenue in 2019. The discounted fair value of the earn-out is DKK 55 million.

Intangible assets comprise reacquired distribution rights (remaining lifespan approximately 3 years) of DKK 29 million. The fair value is based on comparison of peer markets similar to the Japanese market and the EBITDA that can be expected from similar stores in these markets.

Inventories, DKK 6 million, have been measured at market value based on the saleability of the individual items. Goodwill is attributable to the expected synergies from combining PANDORA's willingness and ability to invest in the Japanese market with Bluebell's in-depth knowledge of the Japanese retail market, Japanese consumers and insight into the Japanese real estate market, to build a considerable presence in Japan. None of the goodwill recognised is deductible for income tax purposes.

Transaction costs, DKK 3 million, have been recognised as administrative expenses in profit or loss for 2014.

Acquisitions after the reporting period

DKK million	Japan
Other intangible assets	29
Property, plant and equipment	3
Inventories	6
Assets acquired	**38**
Total identifiable net assets acquired	**38**
Goodwill arising from the acquisition	17
Purchase consideration	**55**
Cash movements on acquisition:	
Earn-out	-55
Net cash flow from business combinations	-

Acquisition of Pan Me A/S

On 16 January 2015, PANDORA acquired 100% of the shares in Pan Me A/S. Pan Me A/S holds the rights to distribute PANDORA jewellery in the United Arab Emirates (UAE), Bahrain, Qatar and Oman.

PANDORA has paid the purchase price of DKK 110 million primarily related to the rights to distribute PANDORA jewellery in the UAE, Bahrain, Qatar and Oman, as well as non-current assets and inventories related to 11 concept stores and 3 shop-in-shops in the UAE. DKK 1 million is withheld until fulfilment of certain conditions related to inventories.

Due to the late closing date of the acquisition, it has not been practically possible to prepare the initial accounting for the business combination. The purchase price allocation for the acquisition will be included in the interim report for the first quarter of 2015.

NOTE 8 - Contingent liabilities
See note 5.2 to the consolidated financial statements in the Annual Report 2014.

NOTE 9 – Related party transactions
Related parties with significant interest
On 31 December 2014, treasury shares accounted for 5.6% of the share capital, see note 4.1 in the Annual report 2014. No other shareholders held more than 5% of the share capital.

Until June 2014, Axcel Management A/S exercised control over more than 5% of the shares in PANDORA through its controlling interest of the following PANDORA shareholders: Axcel III K/S 1, Axcel III K/S 2, Axcel III K/S 3.

Other related parties of PANDORA with significant influence include the Boards of Directors and the Executive Boards of these companies and their close family members. Related parties also include companies in which the aforementioned persons have control or significant interests.

Transactions with related parties
As part of the share buyback carried out in 2014, PANDORA has purchased own shares from majority shareholders. The shares were purchased at the volume weighted average purchase price of the shares purchased under the share buyback programme in the market on the relevant day of trading.

In the third quarter PANDORA included the full accrual of potential severance payments through to end of 2016 of DKK 34 million related to the agreement with the current CEO, Allan Leighton. Besides this severance payment, PANDORA did not enter into any significant transactions with members of the Board of Directors or the Executive Board, except for compensation and benefits received as a result of their membership of the Board of Directors, employment with PANDORA or shareholdings in PANDORA.

Quarterly overview

DKK million	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Consolidated income statement					
Revenue	3,961	2,845	2,544	2,592	2,822
Gross profit	2,835	1,999	1,798	1,791	1,918
Earnings before interests, tax, depreciation and amortisation (EBITDA)	1,444	1,020	893	937	946
Operating profit (EBIT)	1,381	963	841	887	891
Net financials	-122	-57	-13	-8	23
Profit before tax	1,259	906	828	879	914
Net profit	**1,007**	**725**	**662**	**704**	**739**
Consolidated balance sheet					
Total assets	10,556	10,354	9,231	9,192	9,275
Invested capital	6,080	6,558	5,851	5,666	5,976
Net working capital	434	1,106	729	660	1,009
Net interest-bearing debt (NIBD)	-1,121	9	-440	-546	-637
Equity	7,032	6,361	6,274	6,160	6,462
Consolidated cash flow statement					
Cash flows from operating activities	1,867	711	637	1,107	1,163
Cash flows from investing activities	-181	-288	-92	-71	-133
Free cash flow	1,705	567	547	1,049	1,085
Cash flows from financing activities	-1,010	-435	-662	-1,152	-545
Net increase (decrease) in cash	676	-12	-117	-116	485
Growth ratios					
Revenue growth, %	40.4%	26.2%	31.7%	29.5%	29.8%
Gross profit growth, %	47.8%	33.9%	41.1%	36.3%	36.7%
EBITDA growth, %	52.6%	33.8%	68.5%	45.7%	77.2%
EBIT growth, %	55.0%	36.0%	74.1%	48.1%	83.3%
Net profit growth, %	36.3%	18.5%	53.6%	60.7%	75.5%
Margins					
Gross margin, %	71.6%	70.3%	70.7%	69.1%	68.0%
EBITDA margin, %	36.5%	35.9%	35.1%	36.1%	33.5%
EBIT margin, %	34.9%	33.8%	33.1%	34.2%	31.6%
Other ratios					
Tax rate, %	20.0%	20.0%	20.0%	20.0%	19.1%
Equity ratio, %	66.6%	61.4%	68.0%	67.0%	69.7%
NIBD to EBITDA[1], x	-0.3	0.0	-0.1	-0.2	-0.2
Return on invested capital (ROIC)[1], %	67.0%	54.6%	56.9%	52.4%	44.9%
Capital expenditure (CAPEX), DKK million	176	135	86	58	90
Cash conversion, %	169.3%	78.2%	82.6%	149.0%	146.8%
Other key figures					
Average number of employees	11,177	10,340	9,514	8,798	7,798

[1] Ratios are based on 12 months rolling EBITDA and EBIT, respectively.

Disclaimer

Certain statements in this company announcement 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,” “estimate” 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 on-going 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, 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 regulation 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 in this company announcement.

Should one or more of these risks or uncertainties materialize, 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 OMX 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 company announcement.