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PRESENTATION

Operator

Good day and welcome to the annual-report 2016 conference call. Today's conference is being recorded. At this time, I would like to turn the conference over to Mr. Magnus Jensen. Please go ahead, sir.

Magnus Jensen - *Pandora A/S - VP, Head of IR*

Thank you. Good day and welcome to PANDORA'S conference call in connection with our full-year 2016 results which we announced earlier today. My name is Magnus Jensen from PANDORA'S Investor Relations team and with me today I have PANDORA'S CEO Anders Colding Friis and CFO Peter Vekslund.

In accordance with the agenda on slide 2, Anders will present some of the highlights for the year before Peter will walk you through the numbers in more detail primarily focused on the Q4 numbers. Finally Anders will conclude the presentation and then we will be happy to take any questions you may have. Before handing over to Anders, I kindly ask you to pay attention to the disclaimer on page 3. Anders, please.

Anders Colding Friis - *Pandora A/S - President and CEO*

Good morning everyone. Please turn to slide number 4.

2016 was another great year for PANDORA and we ended the year with a revenue of more than DKK20 billion. Looking back in time, this actually means that we have now more than tripled our revenue since 2012. We increased top line with 21% or 24% in local currency, with the growth split equally between growth in existing store, and expansion of our store network.

In 2016, we surpassed 2,000 concept stores globally as we opened 336 new concept stores during the year. We also closed almost 2,000 multibranded stores to improve the quality of our brand and give our consumers a better shopping experience. We continued to maintain a strong margin and generated EBITDA for the year of DKK7.9 billion corresponding to a margin of 39.1%. This translated into a free cash flow of DKK5.4 billion which once again demonstrated the very cash-generative nature of our business.

Based on the strong cash flow, the Board of Directors has proposed to return DKK36 per share in dividend throughout 2017, and additionally we have to date initiated a new share buyback program for up to DKK1.8 billion. You will note that we almost tripled the total dividend compared to last year where we paid out DKK13. The increase is of course a token of our strong belief in the business, but also the outcome of a thorough assessment based on our shareholders' preferences.

Now please turn to slide number 5. Before turning to our regional performance, I will share a couple of words on our recent development in the United Kingdom. The UK continues to be our second-largest market and generated revenue of DKK2.7 billion in 2016, corresponding to 13% of Group revenue. Growth for the year was negatively impacted by the development in the British pound, but in local currency revenue in the UK increased 25% compared to 2015.

The increase was driven by continued strong performance in our established store base as well as the expansion of the British store network including 33 new concept stores to a total of 228 concept stores. In 2016, we saw the expected normalization of our like-for-like sales growth in the UK, going from 15 quarters in a row with double-digit growth to single-digit like-for-like growth in the third and fourth quarter of 2016.

This is a natural development. However, there is also another reason for the lower like-for-like. To get rid of queues and to improve the consumer experience in our stores, we've opened a number of stores in the proximity of others. This has resulted in limited cannibalization in some areas of the UK. To give an example of the dynamics behind how we operate, let me take a deep dive into our store base in Birmingham.

In 2015, we had 7 concept stores in Birmingham making average sales per store of DKK27 million. With the expansion in 2016, we increased the store base to 11 concept stores which had an average sales per store in 2016 of DKK24 million. Consequently the like-for-like growth was impacted and ended at 2% for 2016 versus 2015. But total revenue in Birmingham increased to 26% compared to 2015.

I believe this example illustrates how we work to improve the consumer experience by reducing queues, while we also increase our top line. We are committed to do what is right for PANDORA and our shareholders and we will continue to do so in the future.

Please turn to slide number 6 where I will now focus on the quarterly numbers for the regions. Revenue for fourth quarter was DKK6.6 billion and increased 16% or 19% in local currency. Growth was driven by continued strong development in EMEA and Asia-Pacific, while the positive development during the quarter in Americas was impacted by the closure of around 700 mainly multibranded stores in North America where we took back inventory, an important initiative to strengthen PANDORA for the future.

Excluding the store closures, all regions generated double-digit top line growth for the quarter. The store closings in North America in the fourth quarter had negative impact on revenue of around DKK350 million of which around DKK200 million was related to products returns. Excluding the impact from the closures, revenue in America increased 15% in local currency. The growth was driven mainly by a positive development in the US led by strong growth in the PANDORA eSTORE as well as the addition of 20 new -- 27 new concept stores in the last 12 months.

Furthermore, timing of shipments between quarters had a positive impact for the quarter compared to last year, the primary reason being a better inventory in our US distribution center which allowed us to ship products faster. The total impact compared to fourth quarter of 2015 is estimated to be around DKK150 million. This will consequently have a reverse effect for the first quarter of 2017.

The like-for-like sales growth in Americas was minus 3% or minus 1% including the eSTOREs and continues to be impacted by a difficult business environment in Brazil and the Caribbean islands. Like-for-like growth in the US including the eSTORE was 2% positive. However, excluding the eSTORE, like-for-like was negative, minus 2%. Following more than 30 quarters of positive like-for-like growth in the physical stores in the US, it was inevitable that we would see negative like-for-like in the US sooner or later, and furthermore as online is becoming an increasingly popular shopping channel, this of course also had an impact. More traffic continues to be weak in the US, but had a limited impact on our stores.

Revenue in EMEA increased 21% or 30% in local currency and was driven by growth across most markets. As highlighted, the UK continues to perform well, as are Italy and France with growth of around 40% and 60% respectively for the quarter. Revenue in Germany increased 5% as the growth was impacted by the closure of around 200 multibranded stores during last 12 months.

Like-for-like growth in EMEA was 4% or 7% including the eSTORE. France and Italy and Germany continues the strong momentum, while the UK as mentioned are normalizing and did 2% growth for the quarter. Russia continues to be a drag, and like-for-like growth excluding distributor markets was 9% in EMEA for the quarter.

Finally, revenue in Asia-Pacific increased 40% or 37% in local currency, again led by a strong momentum in Australia and China. Revenue in Australia was up around 30% for the quarter and China doubled. Revenue in Hong Kong decreased with around 10% due to the continued difficult regional environment in the market. Like-for-like sales growth in Asia-Pacific was 9% for the quarter or 11% including the eSTOREs. The normalization of like-for-like was primarily due to Australia going from 42% like-for-like in the fourth quarter of 2015 to 15% in the fourth quarter of 2016.

With that, I hand over to Peter.

Peter Vekslund - *Pandora A/S - EVP and CFO*

Yes. Thanks a lot Anders. And please turn to slide 7.

First let me start by addressing a question that we have been asked a lot in the last quarter, namely what is the difference between the growth in our existing stores, that is all store types open for more than 12 month, and the like-for-like sales outgrowth from concept stores. As illustrated on the slide, these two measures are calculated in two very different ways and therefore not totally meaningful to reconcile. The like-for-like number is based only on concept stores, whereas the reported growth in existing stores is based on all PANDORA store types, including the eSTORE.

In the like-for-like growth, all concept stores are weighted according to their retail revenue in contrary to the reported growth where the different concept stores are weighted according to retail prices, wholesale prices, and distributor prices recognized by PANDORA, all as illustrated on the slide with very different weights, PANDORA-owned stores with index 240, franchised stores with index 100, and distributor stores with index 70. As an example of this is our 200 concept stores in Russia, which has a weight of 240 in the like-for-like calculation, but only weight index 70 in our reported numbers because they are all distributor stores.

Finally, the timing of shipments between quarters can have an impact on the organic growth, which is not the case for the sales-out measure. We hope this slide will give you a better understanding of why the reported numbers and the like-for-like does not necessarily follow each other and why they're very difficult to bridge.

And with this, please turn to slide 8. Revenue for the first quarter increased 19% in local currency to DKK6.6 billion. As illustrated in the chart, revenue from stores which has been open for more than 12 month contributed with roughly half the growth, while new stores contributed with around 45%. The remaining 5% was driven by forward integration, primarily related to the takeover of the distribution in Singapore and Macau in January 2015.

On the previous slide I explained the dynamics of the same-store growth and the like-for-like, and let me try to give you a couple of the building blocks on the actual numbers. When comparing the roughly 9% growth from existing stores with our like-for-like growth of 3% in our concept stores, you should of course factor in all of the just-mentioned factors. So the weight of the stores, the fact that the reported revenue include all store types, and timing of shipments. Getting from 3% to 9%, you should add around 2 percentage point from the eSTORE which leaves around 4 percentage point to be explained. This is roughly split 50-50 between timing of shipments and weighting.

The fact that the weight has a positive impact on reported revenue compared to the like-for-like is due to our own stores doing better on average compared to partner stores.

Revenue from PANDORA-owned stores increased 34% compared to Q4 2015 driven by a positive development in the existing stores, as well as an increasing contribution from our eSTOREs. Online generated 8% of total revenue for the quarter compared to 6.6% in Q4 2015, an increase driven primarily by a strong development in the US eSTORE. Revenue from our own channels now represent 38% of the revenue.

Please turn to slide 9. Revenue from charms increased 4% for the quarter and represented 56% of revenue. Growth in charms was impacted by the negative growth in North America, primarily due to the fact that products returned in connection with the store closures primarily consisted of charms. Revenue from charms in Asia-Pacific increased around 30% whereas charms in EMEA increased 10%.

Bracelets increased with 21% for the quarter and once again driven by a number of new bracelets introduced during the year, which has increased the total number of bracelets in our product assortment significantly.

Revenue from rings represented 13% of Group revenue and increased 33% compared to Q4 2015. Rings in EMEA and Asia-Pacific increased with around 40% and 70% respectively, while rings revenue in Americas for the quarter was impacted by the decision to focus on earrings in our campaigns instead of rings. This was done to be less predictive in our promotions and to drive sales in our new categories.

Revenue from other jewelry, which contained earrings and necklaces, increased with 81% for the quarter. As a consequence of our increased focus, revenue from earrings increased around 80% compared to Q4 2015 supported by, among other things, the earrings campaign in North America whereas revenue from earrings for the quarter corresponded to 6% of revenue. And finally, revenue from necklaces increased with 75%.

Please turn to slide 10. For the fourth quarter, the gross margin was 75.2% compared with 74% last year. The increase was mainly driven by tailwind from favorable raw material prices having a positive impact of roughly 1 percentage point, and an increase in revenue from own and operated stores also with a positive impact of 1 percentage point. Exchange rates had a negative impact of approximately 1 percentage point.

Sales and distribution expenses increased 13% to 17.9% of revenue compared to 18.5% one year ago. The increase was primarily driven by the increase in activity, as well as more owned and operated stores.

Marketing expenses increased to DKK716 million corresponding to 10.8%. As expected, the marketing spend for the fourth quarter almost doubled compared to Q3 driven by an increase in media spend related to the holiday season. Marketing cost for the full year was 9% of revenue.

Administrative expenses for the quarter decreased 8% to DKK510 million, equal to 7.7% of revenue. The decrease was primarily due to a one-off in Q4 of last year of around DKK75 million related to organizational changes in our new global office in Copenhagen.

Please turn to slide 11. The operating working capital at the end of the quarter corresponded to 13.7% of the preceding 12-month revenue, an improvement of 6 percentage point compared to the end of last quarter. We are happy with the level of operating working capital, and relative to revenue, it's an all-time low since the IPO in 2010.

Inventory relative to revenue decreased both compared to Q3 2016 and Q4 2015 primarily due to a strong demand from our franchise partners going into the holiday season. We believe our current inventories are healthy and of high quality, which is also the case at the partner level.

The increase in trade receivables compared to Q3 -- the decrease in trade receivables compared to end of Q3 2016 was due to a strong cash collection process particularly in the US, Italy, and UK. The extended credit term for selected markets and partners ahead of Christmas played out as expected and enabled our franchisees to hold the right inventory prior to the holidays and thus being able to offer the right products in the stores.

Trade payables increased compared to the end of Q3 2016 driven by higher activity across the Group specifically the increase in marketing across all markets as well as higher share of revenue from eSTOREs, which has related payables that is operated by our outsourcing partners.

CapEx investment for the quarter amounted to DKK249 million. The investment were primarily related to the opening of owned and operating stores, investment in Thailand, as well as IT projects.

Finally, we ended the year with a net interest-bearing debt to EBITDA of 0.3 which is unchanged compared to the end of 2015.

Now please turn to slide 12. Before I hand the word back to Andres, let me share a couple of words on our capital structure and proposed cash return.

Our capital structure remained unchanged and we continue to target a net interest-bearing debt to EBITDA ratio between 0 and 1, however, with addition that we aim to keep the ratio at the lower end of the range, with the interval giving us flexibility during the year. Our priority for cash allocation is prioritized as follows; repayment of debt if outside the capital structure; funding of value-creating business opportunities; and finally, to return the cash to shareholders.

On the basis of this, we propose to return up to DKK5.8 billion to our shareholders in 2017. Based on feedback from our shareholders across the world, we propose to increase the dividend for 2017 to DKK4 billion compared with DKK1.5 billion in 2016. The dividend will be distributed through an ordinary dividend of DKK9 per share supplemented by three extraordinary quarterly dividends of also DKK9 per share, so a total of DKK36 per share.

Additionally, we intend to buy back own shares of up to DKK1.8 billion in the coming 12 month. This cash returns still leaves plenty of room for building the business including investments in factories, IT, and forward integration. So rest assured that we'll continue to develop the business.

And with this, I'll hand over to Anders who will give some flavor on our financial guidance for 2017.

Anders Colding Friis - *Pandora A/S - President and CEO*

Thank you very much Peter. For 2017 we expect to increase our revenue to DKK23 billion to DKK24 billion corresponding to around 13% to 18% growth. Going in to the first quarter, it is important to highlight that we expect single-digit revenue growth in the first quarter of the year. This is mainly due to the very strong performance of the first quarter last year which included a one-off of around DKK50 million related to Jared as well as the timing of shipments mentioned earlier.

Furthermore, the 700 stores that we closed in the US generated revenue of around DKK60 million in first quarter of 2016. This will of course not be repeated in the first quarter of 2017.

Assuming constant current exchange rate, PANDORA expects a full-year tailwind effect from currencies on revenue of 1 percentage point compared to 2016. In 2017, we expect an EBITDA margin of around 38%. This includes a headwind of around 0 to 1 percentage point from higher commodity prices and 1 percentage points headwind from FX.

We expect the margin to be positively impacted by increasing leverage on costs in our more developed markets, but this will be offset by expansion into newer markets including an increase in the PANDORA own stores and an increased focus on Latin America. As last year, EBITDA margin is expected to be lower in the first half of 2017 compared to the second half and will be even more skewed towards the second half of the year compared to 2016.

This includes a stronger focus on brand building in the first half of 2017 which will impact the first quarter negatively with 1 to 2 percentage points due to the phasing of marketing cost. For the full year, we expect marketing cost to be around 9% as in 2016. Administrative cost for 2017 is currently expected to be 9% to 10% of revenue whereas we expect sales and distribution cost to be 20% to 22% of revenue.

CapEx for the year is expected to be around 5% of revenue compared to 5.9% in 2016. The expected level of investment include development of the crafting facilities in Thailand, investments in own and operated stores, as well as continued IT investments.

Finally, we will continue to expand our store network in 2017 and we expect to add more than 275 concept stores. Around half of the stores is planned to be PANDORA-owned stores which is in line with our intention to increase our own retail footprint. In terms of distribution, roughly 50% of the stores are expected to be EMEA, 25% in Americas, and 25% in Asia-Pacific.

Now please turn to slide number 14. To sum up the year, we ended 2016 with a total growth in revenue of 21% while opening more than 300 concept stores to a total of 2,138 stores. We increased EBITDA to DKK7.9 billion resulting in a free cash flow of DKK5.4 billion and consequently we plan to return up to DKK5.8 billion to our shareholders.

For 2017, we will continue to grow our top line with double-digit growth rates while maintaining a healthy margin. Growth will be supported by our improved and increasingly branded store network which we plan to expand and improve even further in 2017. This includes an increased focus on the owned and operated part of the network which will constitute around half of the concept store openings for the year.

Geographically we will continue to improve our presence in our more developed markets, while we also increase focus on less explored markets for PANDORA including Latin America and India. All in all, we expect another exciting year for PANDORA.

This concludes the presentation and we will now open for any questions. Operator, please.

QUESTIONS AND ANSWERS

Operator

Thank you. (Operator Instructions) Chiara Battistini, J.P. Morgan.

Chiara Battistini - *J.P. Morgan - Analyst*

First on online and I was wondering as you grow online much faster than anything -- than any other channel in the Group, what are the margin implications of this channel mix? Then I was also wondering would you be able to give an indication on the like-for-like of your owned and operated stores versus the third-party stores and concept stores? And finally, just a clarification, how many doors did you close in Q4 also including other geographies besides North America and what is the total impact on total sales in Q4 please?

Anders Colding Friis - *Pandora A/S - President and CEO*

So the online, that's actually a very easy one to answer because the profitability of our online business is the same as an owned and operated concept stores, exactly the same. So the margin implications will be the same as we have for owned and operated stores which we've said previously a little bit of a drag on our EBITDA margin, but overall a very, very strong support for EBITDA earnings.

If we look at the like-for-like development versus the third party, we don't give any numbers on that split, but I think that it is worth saying, and we are also mentioning this when we talk about the weights, actually in P&L our owned and operated stores are doing a bit better than our third-party stores. Then I think Peter will take the last one.

Peter Vekslund - *Pandora A/S - EVP and CFO*

Yes, overall on the store closures, the multibranded closure, we announced the 700 stores that we did close in North America primarily in the US, but also in Canada. So in the last quarter, that is close to 800 stores we have closed. And in the last year it's around 1,200 stores being closed, all multibranded.

Chiara Battistini - *J.P. Morgan - Analyst*

But this is just for North America, right?

Peter Vekslund - *Pandora A/S - EVP and CFO*

Yes, for North America, it's 700 and apologies, for the multibranded for the 12 months that is around 1,800 stores.

Chiara Battistini - *J.P. Morgan - Analyst*

But this is in Q4 for the all -- for all your geographies because you also talk about closures in Germany if I'm correct?

Peter Vekslund - *Pandora A/S - EVP and CFO*

Yes, for the quarter for all markets it is 958 multibranded closures of which --

Chiara Battistini - *J.P. Morgan - Analyst*

And what is the total -- yes, and what is the total impact on sales from this 958?

Peter Vekslund - *Pandora A/S - EVP and CFO*

What we disclosed is the US or the North America store closures and we announced in connection with Q3 that it would have an impact of DKK300 million. It actually ended being DKK350 million being DKK200 million for taking back inventory from the multibranded dealers and DKK150 million in say lost sale-in toward those accounts. So DKK350 million impact in North America for the quarter.

Chiara Battistini - *J.P. Morgan - Analyst*

Okay, perfect. And just maybe a follow-up, is it fair to assume that as you open more and more owned and operated and we -- it's also fair to say like-for-like should accelerate given the higher weight?

Anders Colding Friis - *Pandora A/S - President and CEO*

I think that we are happy to see that our owned and operated stores in general are doing a bit better than the franchise stores, but to talk about an acceleration is probably exaggerating a little bit. But we see good opportunities also for our owned and operated stores.

Chiara Battistini - *J.P. Morgan - Analyst*

Okay, thank you.

Anders Colding Friis - *Pandora A/S - President and CEO*

You're welcome.

Operator

Elena Mariani, Morgan Stanley.

Elena Mariani - *Morgan Stanley - Analyst*

I'm going to start with your cautious statement on the first quarter. I appreciate the tough comp and also the timing of shipments, but perhaps could you share with us some comments about the development of the underlying revenues, and in particular about the sell-out? Are you seeing a slowdown there or is this slowdown just related to some exceptional items?

And secondly about your EBITDA guidance and the fact that you are expecting the margin to be significantly lower in the first half of the year, why are you trying to shift the expenses with regard to the marketing and what do you mean exactly with more stronger focus on brand building? If you could clarify that, it would be great. So overall the question would be what makes you confident in a pickup of growth in Q2, Q3, and Q4 versus what you are seeing right now?

And secondly, I also have a more like longer-term question on your strategy. As you develop more online and clearly you are having more and more cannibalization versus your franchise stores, how do you see your network evolving over the long term? I'm not talking about 2017, but like 10 years from now, how do you see your business and what the impact can be of the different expansions that you're having in -- across the three channels?

Anders Colding Friis - *Pandora A/S - President and CEO*

I'll do the second question and then Peter will talk about the first. So maybe you'll start, Peter.

Peter Vekslund - *Pandora A/S - EVP and CFO*

Yes, I can start out on the Q1 2017 revenue and we have announced that will be a single-digit growth and that is due to a couple of one-off items. We do not see any change in the underlying growth in the market. It's due to, first, a strong performance in Q1 of last year which also included a one-off shipment to Jared's when we converted the first shop-in-shops. It's a timing of shipments was around DKK150 million and then due to the store closures we did in Q4 in the North America, that will have an impact also in Q1. So overall these items will have a 5 percentage point impact on the growth in Q1.

Anders Colding Friis - *Pandora A/S - President and CEO*

And if we then --

Elena Mariani - *Morgan Stanley - Analyst*

Just one quick point on this, so the store closures will also have an impact in Q2 and Q3 I guess?

Peter Vekslund - *Pandora A/S - EVP and CFO*

It depends very much on how much of the revenue that is going over to other parts of the network and that is very difficult to assess. So --

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Anders Colding Friis - *Pandora A/S - President and CEO*

But if you look at it over time, what we expect is to capture this into our other parts of the network.

Peter Vekslund - *Pandora A/S - EVP and CFO*

And you are right, it will be DKK30 million to DKK40 million impact, so a pretty small impact in Q2 and Q3.

Elena Mariani - *Morgan Stanley - Analyst*

Thank you.

Anders Colding Friis - *Pandora A/S - President and CEO*

If you look at the EBITDA guidance and why we -- and the question is really why would we shift our marketing efforts into the first quarter, as I say, we've been very heavy, you can actually see that in the numbers for 2016. We've been very heavy on marketing in the last quarter, and our brand-building is not something which pays off directly, then it would be promotional, and as you know we have a strong focus on being less promotional in PANDORA and focus more on the long-term brand-building.

And that is actually one of the reasons why we've said we wanted to move some of the campaigns broader and spread it more over the year, and that is why we start the year with a bit more. There is actually also another reason because we would like to spend our marketing money as efficiently as possible, and there it is a good idea to try to spend it at times where you can get most value for money. So that is also one of the reasons. So it is about we want to make sure that we do the right things for the business and the right thing is to move some of the marketing into the first quarter of the year. If we then --

Elena Mariani - *Morgan Stanley - Analyst*

So are you planning to spend a little bit less in Q4 as well --

Peter Vekslund - *Pandora A/S - EVP and CFO*

Yes.

Elena Mariani - *Morgan Stanley - Analyst*

-- and can you -- do you see a scenario where potentially you decide to actually continue these efforts in terms of marketing spend also in the second half?

Anders Colding Friis - *Pandora A/S - President and CEO*

Yes, I think that what you can see is that now we are trying something different and we will of course evaluate this when the year has passed and see whether we got really all the value out of it that we thought, but if we look at the overall guidance we have on marketing or -- not guidance, but indication we have on marketing around 9% it is unchanged and clearly when we then put some more efforts into the first quarter it would have the opposite effect when we get to the last part of the year.

Elena Mariani - *Morgan Stanley - Analyst*

Thank you.

Anders Colding Friis - *Pandora A/S - President and CEO*

Then long-term, yes, if I knew exactly what was happening in 10 years from now I would be a very, very, very fortunate and happy guy, but if we look at what is happening, clearly we are balancing the development of eSTORE and our physical stores and the development of the two channels.

Now you asked about the cannibalization and clearly there's is a bit some and you can say that especially in the fourth quarter where we see a lot of queues, we will see a bit of cannibalization.

But we believe strongly that the two channels support each other and work well together and actually that by having both echannel and the physical stores, we make two plus two a little bit more than four. So that's the thinking we have behind it. We are cautiously moving forward. We have had from time to time questions on China, why don't we grow faster and into China, and the reason is that we want to make sure that the footprint we make on physical stores are the right -- is the right footprint for the long-term development of PANDORA.

Then we will all have to see what happens in 10 years. What we do see is that the eSTORE market is different in jewelry than it is in apparel. So in some markets, there are quite big differences and I think that if you are consumer and want to buy fine jewelry as we are selling in our stores, it is something that in a lot of places people would like to go to a physical store still.

Elena Mariani - *Morgan Stanley - Analyst*

Thank you.

Anders Colding Friis - *Pandora A/S - President and CEO*

You are welcome.

Operator

Antoine Belge, HSBC.

Antoine Belge - *HSBC - Analyst*

It's Antoine Belge of HSBC. Three questions. First of all could you maybe elaborate a little bit on your growth in Mainland China? I think you've mentioned the sort of doubling of sales, maybe could you mention the like-for-likes? Also how many stores you intend to open in 2017, what have been the key learnings in 2016, especially maybe in terms of brand awareness and any insights about Mainland China?

Second question is actually on India. I think you recently announced a new distribution agreement in that country which on paper is one of the largest jewelry markets. So what will be the potential in that region for short term and long term?

And finally on own retail, I think 38% of your sale in Q4, that was up from 22% two years ago. What's the end goal if any or if we talk maybe about the next two to three years, is it reasonable to think that PANDORA will be pretty much balanced between own store and the rest, so maybe 50% in two or three years down the road and what will be the implication on profitability?

Anders Colding Friis - *Pandora A/S - President and CEO*

Let me start with the growth in Mainland China. The like-for-like number for the fourth quarter was 25% and as we said, we doubled our business there. So we still see a very, very strong development in our business in China. We expect to open 40 stores in 2017 and we actually expect to continue that for the next couple of years.

So we will continue the development. We've seen a very encouraging development in our awareness in China over the past year and now we have not a total survey over the full China, but if we look at Beijing, Shanghai, greater area where we do the research it has actually moved from around 30% to above 50% in the past year. So we see good development.

I think that maybe one addition is that we've now also targeted some of the, I can say, smaller cities in China, but there are no small cities yet in our portfolio, but we can also there is good traction there. So the geographic expansion we are doing in China is really working well. Now, it's very good to have the question about India right after that because India is a different kind of a market, and you should not expect us to see the same fast development as we are seeing now.

Now we've actually been in China for a number of years, first with distributors and it was only when we took a vow ourselves that we really moved forward. India is a different market and we do believe that it is important to have a local presence with some people who knows the local market and that's why we have chosen to open with a distributor in India. What you should expect is a somewhat slower development. We've said 30 stores over the coming three years and -- 50 stores over the coming three years, sorry, and that is the expectations.

Now we have to get into the market and see how response will be to PANDORA. What we've seen in India is -- and you're right, it is the second largest jewelry market in the world, but it is also a predominantly gold market, so we can see that there has been a development in the silver part of the market which has grown and grown well over the past few years, so we do expect that there is a good opportunity for PANDORA, but it is going to be something where we'll see the benefit of India over the long term. And then you ask about our retail and Peter will talk about that.

Peter Vekslund - *Pandora A/S - EVP and CFO*

Yes, on the O&O share of revenue, you are right, in Q4 2016 that was 38% and that was the highest we have recorded on that. Q4 is always a very high retail quarter. We are opening more than 275 stores in 2017 of which half are own and operate. So this year will increase. For 2017, it's going in the direction of around 40% and we have not set ourselves a target for any year after that. But it is a part of our strategy to expand the own and operate share.

Anders Colding Friis - *Pandora A/S - President and CEO*

And your question on the profitability, it is definitely -- as I said before, it is little bit of a drag on our EBITDA margin, but a very, very strong support on overall EBITDA.

Antoine Belge - *HSBC - Analyst*

Maybe just a follow-up on China, I think you mentioned like-for-like in the region of 25%. There seems to be a bit of slowdown versus the 40% you had in the previous quarter. Is it just that as the stores are getting bigger, there is a sort of normalization?

Anders Colding Friis - *Pandora A/S - President and CEO*

Yes, we do believe that like-for-like numbers of 25% is very good and clearly what you should expect also in China is that as we open more stores -- and remember the way we do it is that we go city by city, we don't open one store only per city, but we open a number and of course there is interaction between these stores, 25% like-for-like development we think is a good number.

Antoine Belge - *HSBC - Analyst*

Thank you.

Anders Colding Friis - *Pandora A/S - President and CEO*

You're welcome.

Operator

Lars Topholm, Carnegie.

Lars Topholm - *Carnegie - Analyst*

Yes, a couple of questions on my side. For 2017, are you planning to continue to cull your multibrand channel and I am particularly asking about the US? And also can you remind me what you are doing with the multibrand channel in the US, how does that compare to what you have previously done in UK, Australia, and Germany? And should we expect a similar outcome? I think the other three markets had actually ultimately led to a growth acceleration. So some comments on that.

Then a second question, what wholesale to retail contribution do you expect to sales in 2017 based on the transactions you have announced over the past month in Belgium and Africa? And then a third question if I may, your dividend policy going forward, should we assume the same split between dividends and buybacks as we are seeing now?

Anders Colding Friis - *Pandora A/S - President and CEO*

I'll take your first question Lars, and the third one, and then Peter will take the second question. If we look at our plans, we think that we really needed to do a good clean-up in the US and that was why we decided to take this big number, 700 stores in North America, Canada, and the US combined in the last quarter of last year. And you can say that it is kind of the same development that we've seen in some of the other markets where we've taken out quite a bit.

What our focus will be in the future is also to look can there be a few more? Yes, there can, but we think that we've taken a big chunk now. What we would like to do is to have our concept stores in the US and then supplement that with shop-in-shops and if you look at what we did with Jared where we transferred the gold dealers we had before into shop-in-shops, that would be a good indication of what you would see with some of the multibrand dealers also in the US. But we do believe that we cleaned it up very good, there will probably be a bit in the future, but we've taken a very, very big chunk.

If we look at our dividend policy, as you have probably recognized, we have changed it based also on some of the recommendations we've had, so that we've taken upon ourselves to take more dividend and a bit less share buyback. The way we have done it is actually to kind of have a little bit of the same distribution over the year, like the share buyback. That's why we're taking DKK1 billion per quarter. So as we kind of get our cash in, we can pay it out, the excess part of the cash.

I think the way you should look at it is that now we have this new regime and DKK1 billion per quarter, and then think probably a bit more in the direction of us topping up with share buyback on the base dividend that we think is a strong testament of our belief in the business.

Peter Vekslund - *Pandora A/S - EVP and CFO*

Yes, in terms of the conversion impact on 2017, it's around DKK300 million in revenue and that is a split between couple of franchise acquisitions also mentioned in the annual report and the Company announcement, as well as Belgium and South Africa, these acquisitions. So around DKK300 million.

Lars Topholm - *Carnegie - Analyst*

Okay. One final question if I may, we always have this discussion with like-for-like, sell-out growth, and organic growth and I know it's difficult for you to pinpoint exactly what your organic growth is because you don't have full visibility. But if we assume these indications you give, for instance that half the local currency growth is organic, is it then correct that the last three quarters would be organic growth of around 8% Q2, 10% Q3, and 9% for Q4, so pretty stable?

Peter Vekslund - *Pandora A/S - EVP and CFO*

Yes, so overall without being able to recalculate the numbers on the fly -- ballpark figures, it sounds right.

Lars Topholm - *Carnegie - Analyst*

Thank you.

Anders Colding Friis - *Pandora A/S - President and CEO*

You're welcome.

Operator

Hans Gregersen, Nordea.

Hans Gregersen - *Nordea - Analyst*

Could you give a little bit further insight into the assumption behind the revenue guidance on regional basis? That's the first question. Second question, you mentioned that you had a better shipping efficiency in the US equaled generating roughly DKK150 million sales in the quarter. Can you explain what that efficiency relates to and why you're doing it?

And in the same term, you argue you have lost DKK150 million sales due to the store platform restructuring, but couldn't it also be argued that a part of that revenue could have gone to existing stores as well? And then finally if we look on your strong performance in China which is in sharp contrast to Hong Kong, can you refer little bit to how you see the underlying market as such?

Anders Colding Friis - *Pandora A/S - President and CEO*

Maybe I'll take -- do you want to start, Peter?

Peter Vekslund - *Pandora A/S - EVP and CFO*

Yes, I can start. So first on the floating of the multibranded, we say that will have an impact of DKK150 million. That is lost sell-in that we have disclosed. Of course some of that have flowed into other channels. It could be the eSTORE, it could also be our concept stores. It is impossible to measure and quantify that impact. But of course we do the multibrand closures to have that revenue captured in other store formats.

It could be -- it takes more than a quarter to -- in terms of the shipping, the DKK150 million (technical difficulty) -- first of all, it's a small number compared to DKK6 billion in revenue for the quarter, but we believe it was important to mention it because otherwise you would miss that number in some of your reconciliations in the details of our reporting.

Overall it was due to us having a better inventory and therefore being able to ship and replenish the inventories at franchise partners before year end.

Anders Colding Friis - *Pandora A/S - President and CEO*

Yes, and then there was a question on the guidance -- on the regional development and overall, we do not give a regional development under guidance. We have a total number which is the DKK223 million to DKK224 million. You had a question on China which was the underlying, what was that the underlying --

Hans Gregersen - *Nordea - Analyst*

Yes, I mean you are -- sorry, you have shown very strong organic growth in the quarter in China, but you're seeing a quiet negative development in Hong Kong. Is there any read across between those two markets?

Anders Colding Friis - *Pandora A/S - President and CEO*

Oh, yes, good question. I think that you have to look at it actually in a broader context. We can see that the retail revenues for Chinese tourists is suffering a bit. In Hong Kong, we still see a good base with the local community in Hong Kong and that's where that is. How much of that has gone into China, probably some. But we can also see in Australia we see a lot of Chinese tourists, so we do believe that some of the Chinese tourists is going there instead of Hong Kong. So we can't follow the consumers, but we do see a stronger development in Australia, but of course also a very strong development in China.

Hans Gregersen - *Nordea - Analyst*

Thank you.

Operator

Kristian Godiksen, SEB.

Kristian Godiksen - *SEB - Analyst*

Kristian Godiksen from SEB. A couple of questions. Could you please confirm that your guidance for 2017 for organic growth is 6.2% to 8.4% and if you were to adjust for the difference in weighting between the markets and assuming the same impact as you had in Q4 2016, i.e. the 2.25% and also adjust for the DKK150 million in shipments, is this -- should you then equal sales-out like-for-like growth of 5% to 7% for 2017?

My second question is that we have lot of discussions between the like-for-like and the organic growth due to the weightings which was around these so-called 2.25% in Q4 2016. Should we expect this to diminish as markets like UK and Australia will make up less of the mix going into 2017? And then thirdly, maybe just if you could clarify on the answer regarding the EBITDA margin, the eSTORE. I guess my assumption is that -- please confirm that the -- that due to the high operating leverage from the high share of fixed cost growth in existing eSTORE should be highly margin-accretive?

Anders Colding Friis - *Pandora A/S - President and CEO*

Well, let me start with the last one and say, well, the eSTORE we expect to be as an owned and operated store and that is as close as we can get to that. If we look at the like-for-like growth and you can say that the more owned and operated growth we have and the higher the shares, the more there is a direct link between our revenue in the quarter and our like-for-likes. So in general as we move forward and we get a bit more like owned and operated, of course there will be more of a direct link. And then the last question I'll leave to Peter.

Peter Vekslund - *Pandora A/S - EVP and CFO*

Yes, on the split between organic and network growth, what we guide for is roughly 50% organic and 50% on network. That is not a number to be translated into a number with decimals, that is overall rough numbers.

Kristian Godiksen - *SEB - Analyst*

Okay. But -- so when I do the rough numbers then, is that an equivalent to sales-out growth of 5% to 7% for 2017?

Peter Vekslund - *Pandora A/S - EVP and CFO*

We'll be happy to look into the calculations after the call. I believe it's a bit detailed for this.

Kristian Godiksen - *SEB - Analyst*

Okay. Fair enough. Thank you.

Operator

Michael Rasmussen, ABG.

Michael Rasmussen - *ABG - Analyst*

There's three questions from me also. First of all, in terms of kind of seasonality, I understand why Q1 is going to be difficult, I understand the one-offs. But can you please also explain what should we expect in terms of like-for-like during the course of 2017? I mean comps are fairly similar for the first half and fairly similar for the second half. Anything besides that in particularly i.e. especially new design, new collection launch or anything that should materialize during the course of 2017?

My second question goes on to store openings. You guide for above 275. Normally store openings are rather backend-loaded. Should this also be the case in 2017? And actually why are you doing this?

Final question on the product returns from North America, the DKK200 million, can you just remind us on potential margin impact from that?

Anders Colding Friis - *Pandora A/S - President and CEO*

Let me see, the seasonality -- the likes --

Peter Vekslund - *Pandora A/S - EVP and CFO*

I can start out on the store openings, the 275, and why they are backend-loaded. Q4 -- Q3 and Q4 is a -- usually a very big retail quarter and therefore our franchise partners, they tend to drive the store openings toward that. That is a key milestone to have a store opened just before the holiday shopping season, so that's the reason for that.

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Michael Rasmussen - *ABG - Analyst*

And a complicated 2017 then, Peter?

Peter Vekslund - *Pandora A/S - EVP and CFO*

We are not foreseeing any changes on that. And also on the like-for-like, no, it has been declining, the Group like-for-like and of course comps are getting a bit easier in the quarters to come. No big underlying changes foreseen in those numbers for 2017. We are, as we have disclosed earlier, going from Q1 to only disclose our like-for-like including eSTORE. So there will only be one like-for-like number per market going forward.

Michael Rasmussen - *ABG - Analyst*

And the final question on the product returns please from the --?

Peter Vekslund - *Pandora A/S - EVP and CFO*

On the product returns, you can use the Group COGS to calculate the EBITDA impact on that. So the DKK200 million in returns, that goes off revenue and then EBITDA impact would be calculated using the Group COGS.

Anders Colding Friis - *Pandora A/S - President and CEO*

And then of course we -- what we do with this -- with the products is that we send them back to the other stores, we sell them through the outlets we have to make sure that we capture as much of the value of it as possible.

Peter Vekslund - *Pandora A/S - EVP and CFO*

Yes, so only around 15% is expected to be [re-milled] off those returns.

Michael Rasmussen - *ABG - Analyst*

Okay. Thank you so much guys.

Operator

Frans Hoyer, Jyske Bank.

Frans Hoyer - *Jyske Bank - Analyst*

Yes, a couple of questions from me. You mentioned the new factory in Thailand. How is that going to affect your numbers, cost items and so on? Is there going to be any effect of that? Is it just a capacity expansion or is there something else in that factory?

Also you mention a negative EBITDA margin effect of FX in 2017, I think around 100 basis points. Can you just explain the mechanics of that? And then with regard to India and China both being quiet heavy on gold, what are the pros and cons for considering another try, so to speak, for PANDORA to get more involved in gold products?

And then finally a question on marketing. You mentioned 9% of sales to marketing. That's -- is that the right number? Is that not a number that you should be expanding -- going I'm thinking a little bit further out than 2017? But given your scale, your relative scale, isn't that a competitive parameter that you ought to be capitalizing more on?

Anders Colding Friis - *Pandora A/S - President and CEO*

First the new factory in Lamphun, we had little bit of a implication of that in the fourth quarter, but going forward from this year we expect it to perform like the other factories. That can be small things, but it's nothing that you would be able to pick up on. It is actually up and we are running and it is working out pretty good. I think Peter will give the value, I mean, you can take the EBIT now.

Peter Vekslund - *Pandora A/S - EVP and CFO*

Yes, in terms of the factory in Lamphun, it will have an insignificant impact on the overall numbers for 2017. There is a -- there will be a bit of depreciation kicking in around DKK30 million in 2017, and then there was another small impact in Q4, but overall insignificant.

Frans Hoyer - *Jyske Bank - Analyst*

Okay.

Peter Vekslund - *Pandora A/S - EVP and CFO*

In terms of the -- in terms of the exchange rate impact on the EBITDA margin, we have actually included a small table on page 69 in our annual report explaining the dynamics and this is primarily due to the US dollar and the British pound, and of course the Thai baht. Historically, the US dollar and the Thai baht have almost given us a natural hedge on that, but now we're actually having an impact -- negative impact on EBITDA, but 69 in the annual report.

Anders Colding Friis - *Pandora A/S - President and CEO*

Then if you look at India and China and getting more involved in the gold market, clearly we have gold in our stores. It is, as you know, a very small part of our total business and we have to say that PANDORA'S sweet spot price-wise correlates a lot better with silver. Does that mean that we can't do a bit more on gold? No, it doesn't, but we do believe that also in the future our primary focus would be silver products.

And then the question on marketing, is 9% the right number? I don't believe in a number actually at all. I would say it is based on the activities and that's the way we should look at it. In general with the size we have, we have a good, what you call, sales voice or presence from a marketing perspective in the markets. So we do believe this is right.

Can we come up with great things which will work even better? We are looking for it every single day, so I wouldn't rule out that we would be able to do more. But the 9% of sales is actually a good number and we have kept about 9% to 10% over a period of time where we've also grown our business, so we have a very, very strong platform on this and we do have the competitive scale. And there are two things that we're looking at as we can look at efficiencies in the Company in general, we can also look at efficiency in marketing, and of course that's also something that we consider.

Frans Hoyer - *Jyske Bank - Analyst*

Thanks very much.

Operator

Klaus Kehl, Nykredit Markets.

Klaus Kehl - *Nykredit Markets - Analyst*

I'm Klaus Kehl from Nykredit Markets with two questions. The first question is related to your guidance for 2017 and I guess a lot of us are thinking about this guidance and especially given that you have raised guidance for the last five years in a row I guess. So could you talk a little bit about, yes, the biggest upsides and downsides you see through this guidance for 2017?

And then my second question would be that you have highlighted a couple of times that growth in Q1 should probably be a bit weak, but -- and all the reasons seems to be related to the US. At the same time, you have said that you haven't seen any underlying deterioration in growth in Q1. So would it then be fair to assume that all markets, excluding the US, ought to be fairly solid in Q1 or at least that is what you can see so far of 2017? That would be my question.

Anders Colding Friis - *Pandora A/S - President and CEO*

I think when you look at our guidance overall, what we did was the last time we upgraded this was after the first quarter of last year where we saw a very strong quarter. Since then, we've kept our guidance. And one of our objectives has been to get a better transparency and understanding of exactly how the business is going to develop. I think you should look at our guidance of between DKK23 billion and DKK24 billion in that light. So this is what we believe is a prudent number for our expectation for -- or the right number for putting our expectations for 2017.

Peter Vekslund - *Pandora A/S - EVP and CFO*

And in terms of the like-for-likes, you're right that the one-offs are primarily related to North America. Other markets we see a solid development in those. However, we will see the normalization of like-for-likes which where explained now for a couple of quarters, but overall solid numbers.

Klaus Kehl - *Nykredit Markets - Analyst*

Okay. Thank you.

Operator

Peter Testa, One Investments.

Peter Testa - *One Investments - Analyst*

Three topics, one on North America, I was wondering if you could help us understand what proportion of the business post-reorganization of the network is dealer-based still and how much of that is gold dealers? And then within your investment in concept stores, the extent to which you have a higher level of investment in North America expected this year as you sort of phase and recapture that?

Then on the UK, you gave a good example on density, and I was wondering given your sort of perspective on that market having more density now in driven opening, the extent to which in aggregate you think the space growth in UK will change versus what we've seen historically?

And then lastly just on Australia, if you could give some sort of sense as to how much of that is just continued like-for-like growth is tourism-led and maybe whether you have views on that normalizing since your footprint in China is developing strongly?

Anders Colding Friis - *Pandora A/S - President and CEO*

I'll try to start from the backend, and then Peter will kick in, in the front-end. If we look at the Australia development, we can see Chinese consumers in the stores, but we cannot measure how much of the like-for-like sales is there. But we do believe there is some and the reason why we are saying is that we see the Chinese consumers preference for traveling changing and they went from Hong Kong and now bit more to Australia, so that's what we can see, but we cannot quantify that. Then density, what was that, that was about?

Peter Vekslund - *Pandora A/S - EVP and CFO*

Yes, I can -- I think the question around concept store openings, we expect more than 275 concept store openings in 2017 of which 25% will be in Americas. Part of those of course would be in the US, but will also build a concept store network in Latin America. Overall in the US, we have around 750 multibrand dealers left with around 500 of those being gold accounts. So there is around 200, 250 white and silver dealers left in the US.

Anders Colding Friis - *Pandora A/S - President and CEO*

I think the density was the question about the US and the development of own and operated in that space, if I remember rightly and --

Peter Testa - *One Investments - Analyst*

It was actually about UK, excuse me, it was about UK to see you give a good example, and then also this -- on the US I was trying to understand you've taken out the dealers, and I was wondering if you look at your phasing of concept stores in behind the recapture, whether you could give any sense on how you felt you are reorienting your own and concept store opening to get the recapture rate?

Anders Colding Friis - *Pandora A/S - President and CEO*

And recapture rate, with that you mean how much we do own and operated and how much we do franchise, is that the question?

Peter Testa - *One Investments - Analyst*

Well, recapturing the sales lost with the closure of the dealers?

Anders Colding Friis - *Pandora A/S - President and CEO*

Okay. Yes, it is impossible to give a number of that, but clearly we believe that over time we will recapture it, because otherwise we wouldn't be doing the right things for the business. So the question is how fast and where it goes. So that in general is our view that over time we will get it back. When we look at the UK and the density there, we are getting to a point where we believe that we have more or less the right number of stores.

We still have a few needles in the map, so if they come, we will take them and clearly if we see as we have done in some areas of the UK that we run out of retail capacity, we will of course also look at that. But we do believe that we have a strong network in the UK, so you shouldn't expect a very big development in the network in the year to come.

Peter Testa - *One Investments - Analyst*

Okay. Now thanks for the answers.

Anders Colding Friis - *Pandora A/S - President and CEO*

You're welcome.

Operator

Kristian Godiksen, SEB.

Kristian Godiksen - *SEB - Analyst*

Yes, just a couple of follow-ups from my part. Could you tell us what the decline in charms in Americas was if you adjust for the return from the store closures? And then secondly, if you could, I saw that necklaces grew 75% in Q4, are you beginning to put a bit more focus on that and maybe elaborate a bit more on that please?

And then thirdly, could you tell us what the margin impact we should expect from the more owned store openings in the mix in 2017?

Anders Colding Friis - *Pandora A/S - President and CEO*

If you look at the necklaces, what we do is that we put a total assortment covering all the different jewelry categories into the assortment. We launched a locket in by the end of last year which actually has proven to be very, very successful and that has been a driver for the development of necklaces. I think that the way you should think of our assortment, we have historically announced categories and put more emphasis behind that. In the future we're going to look at the development of the total assortment and that's the way that you should think of that. But it has been a great addition to our assortment and works a little bit more like the charms and bracelets.

Peter Vekslund - *Pandora A/S - EVP and CFO*

Yes, and --

Kristian Godiksen - *SEB - Analyst*

Another -- sorry, another just if I may, just so how we should interpret is that that you say that you have the full product assortment within necklaces now or how should --?

Anders Colding Friis - *Pandora A/S - President and CEO*

No, no, no. No, no, we'll continue developing, but it's not like -- my point was last year we announced that we would focus more on the earrings and we have done that. Now we believe we have a balance and what we will do is find great things across all the different jewelry categories, also the necklaces and pendants.

Kristian Godiksen - *SEB - Analyst*

Okay.

Peter Vekslund - *Pandora A/S - EVP and CFO*

Okay. And on your question on charms, US charms revenue in Q4 was minus 20%. If you exclude the store closures, it would be negative single-digit. But also remember that last year we had pretty strong Disney sales including, so a tough comp on that category. On the margin impact on 2017 there will be a small negative impact of between 0 and 1 percentage point on the margin.

Kristian Godiksen - *SEB - Analyst*

Okay. Thanks a lot.

Peter Vekslund - *Pandora A/S - EVP and CFO*

You are welcome.

Operator

Hans Gregersen, Nordea.

Hans Gregersen - *Nordea - Analyst*

Just two quick follow-up questions. You mentioned that in terms of future reporting that you would change like-for-like to include eSTORE. Do you anticipate any sort of changes from Q1 and going forward in the way you report on a quarterly basis? That's the first question.

Secondly, I fully understand that the top line guidance you said is accurate, but if we are to look on positive drivers or potential surprises, could you give a few examples of what that potential could be?

Anders Colding Friis - *Pandora A/S - President and CEO*

I think it's a little bit difficult to go in positive drivers. We have positive drivers across the business and that is why we also expect to see a good growth in 2017. It is if you want it in rough terms we see opportunities in developing our jewelry further and we also see good opportunities. But we do believe we captured that in our guidance.

Peter Vekslund - *Pandora A/S - EVP and CFO*

In terms of our disclosure format, you will notice that in Q4 we have done some small calibrations based on impact and that of course we will continue to do over Q1 and the quarters now, either now, or maybe two quarters ago that we would start including the eSTORE in the like for like and after two quarters with both figures we will now only be reporting including eSTORE going forward. But overall we expect the same format and then we'll do some calibrations as we go towards Q1.

Hans Gregersen - *Nordea - Analyst*

Well, and will you provide more detail data on a country level than you're doing today?

Peter Vekslund - *Pandora A/S - EVP and CFO*

It depends. We will evaluate and then we'll get back to you with our decision on that.

Hans Gregersen - *Nordea - Analyst*

Thank you.

Operator

Chiara Battistini, J.P. Morgan.

Chiara Battistini - *J.P. Morgan - Analyst*

Sorry, just to clarify on this point on the disclosure, the only change that you're planning for at the moment is the -- is to include the online in the like-for-like or are you also planning to report like-for-likes in a different fashion please?

Peter Vekslund - *Pandora A/S - EVP and CFO*

As I said the change on the eSTORE was something we announced two quarters ago. And for the sake of transparency we have disclosed both numbers on our two quarters. And other changes we will evaluate towards Q1 and could be we'll do some calibrations. We believe we already now provide a ton of detail in our reporting, so we are trying and will strive to find the balance between providing more details and then giving investors a great overview of the PANDORA business model.

Chiara Battistini - *J.P. Morgan - Analyst*

Or maybe details to show in a different way maybe and replacing some of the current disclosure with some other --?

Peter Vekslund - *Pandora A/S - EVP and CFO*

Well, (technical difficulty) -- meet in connection with the roadshow.

Chiara Battistini - *J.P. Morgan - Analyst*

Okay. Thank you.

Anders Colding Friis - *Pandora A/S - President and CEO*

Thank you.

Operator

We have no further questions via the telephone at this time.

Anders Colding Friis - *Pandora A/S - President and CEO*

Thank you very much for participating. Very happy to -- for having you here on our first -- fourth quarter announcement and our full year of 2016. Have a great day.

Operator

Ladies and gentlemen, that will conclude the PANDORA annual-report 2016 conference call. Thank you very much for your participation. You may now disconnect.