TELECONFERENCE
Q3 2015 FINANCIAL RESULTS

10:00 CET, 10 November 2015

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AGENDA

AGENDA

- Business highlights:
  - Key developments in Q3 2015
  - Market development and sales-out
  - Guidance 2015
- Financial review for Q3 2015
- Recap and Q&A

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DISCLAIMER

Certain statements in this presentation constitute forward-looking statements. Forward-looking statements are statements (other than statements of historical fact) relating to future events and our anticipated or planned financial and operational performance. The words “targets,” “believes,” “expects,” “aims,” “intends,” “plans,” “seeks,” “will,” “may,” “might,” “anticipates,” “would,” “could,” “should,” “continues,” “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 ongoing operational and strategic reviews, expansion into new markets, future product launches, points of sale and production facilities; and

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Q3 2015 SUMMARY

- Q3 2015 revenue was DKK 3,911 million, an increase of 37.5% or 28.0% in local currency compared to Q3 2014, driven by all geographic regions and product categories, impacted by:
    - Success of newly launched products – including the new Pre-Autumn and Autumn collections
    - Strategic changes or reductions in promotions in selected markets
    - Network expansion across all geographies, with 112 concept stores added during the quarter - revenue from concept stores increased 49.3% and generated more than 60% of total revenue
- All major markets saw a continued positive development in sales-out from concept stores (like-for-like)
- EBITDA was DKK 1,454 million, up 42.5% compared to Q3 2014, corresponding to an EBITDA margin of 37.2%
    - Including a gain of around 2pp on gross margin from lower commodity prices
- Free cash flow was DKK 263 million compared to DKK 567 million in Q3 2014
    - Cash conversion impacted by anticipated fluctuations in working capital
- Full year revenue guidance unchanged
- DKK 3.9 billion share buyback programme on track – DKK 3 billion bought back in 9M 2015

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REGIONAL REVENUE DEVELOPMENT

REVENUE BREAKDOWN BY GEOGRAPHY (DKKm)

	Q3 2015	Q3 2014	FY 2014	*Growth Q3/Q3*	*LC Growth Q3/Q3*	*Share of revenue (Q3 2015)*
US	1,057	839	3,629	*26.0%*	*5.7%*	*27.0%*
Other Americas	372	326	1,330	*14.1%*	*15.3%*	*9.5%*
Americas	**1,429**	**1,165**	**4,959**	***22.7%***	***8.3%***	***36.5%***
UK	626	416	1,654	*50.5%*	*37.0%*	*16.0%*
Germany	216	144	578	*50.0%*	*50.0%*	*5.6%*
Other Europe	1,037	775	3,072	*33.8%*	*32.9%*	*26.5%*
Europe	**1,879**	**1,335**	**5,304**	***40.7%***	***36.1%***	***48.1%***
Australia	208	153	806	*35.9%*	*45.1%*	*5.3%*
Other Asia Pacific	395	192	873	*105.7%*	*77.1%*	*10.1%*
Asia Pacific	**603**	**345**	**1,679**	***74.8%***	***62.9%***	***15.4%***
Total	**3,911**	**2,845**	**11,942**	***37.5%***	***28.0%***	***100.0%***

COMMENTS

- Growth in all regions lifted by favourable currency moves
- North America impacted by change in promotions
- Brazil continues the positive development
- Continued strong growth in Europe, driven by all major markets
- Growth in Asia Pacific in local currency of 62.9% driven primarily by Australia, Hong Kong and China
    - Conversion of distributor revenue to retail revenue added around DKK 70 million in China

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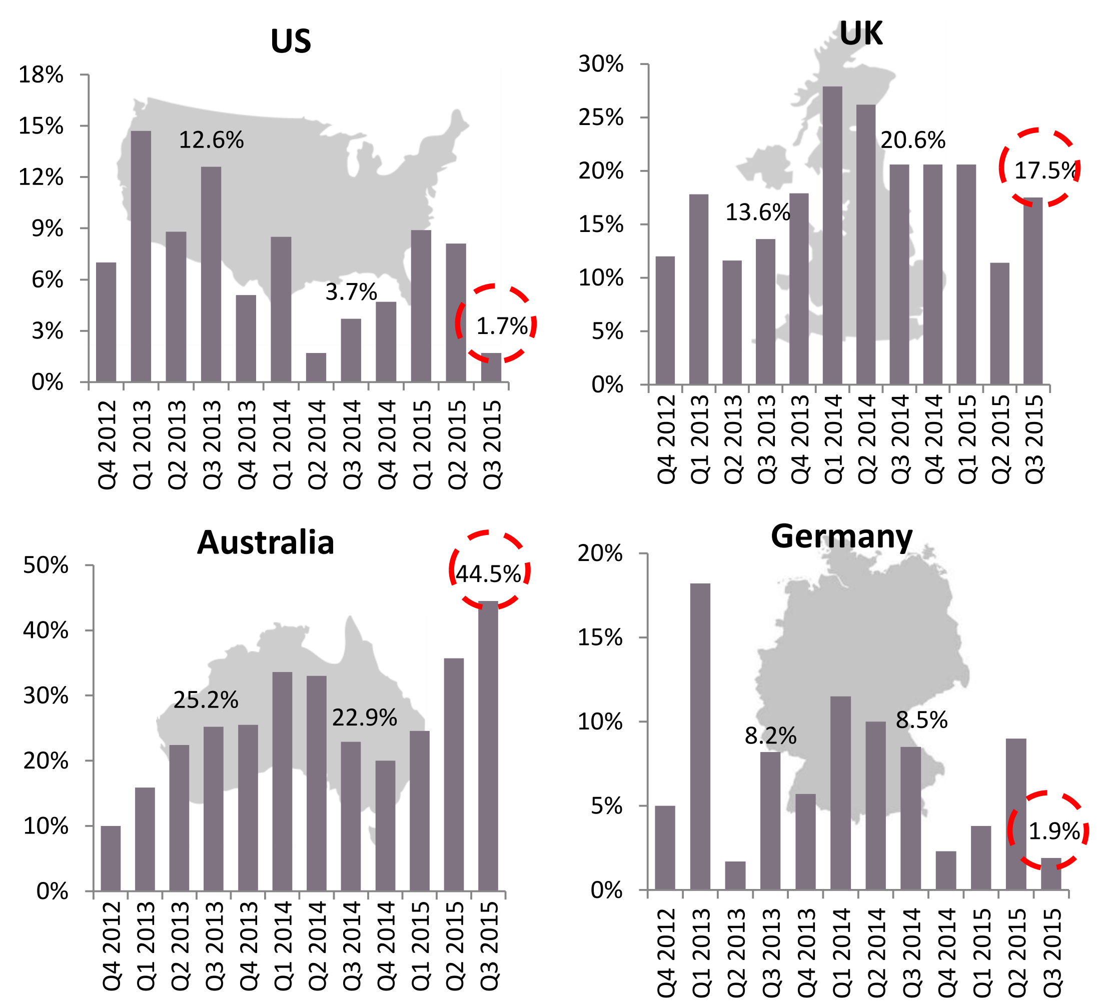
SALES-OUT POSITIVE IN ALL MAJOR MARKETS

LIKE-FOR-LIKE CONCEPT STORES – SALES-OUT DEVELOPMENT (Y/Y GROWTH)



COMMENTS

- Continued positive like-for-like growth across all four major markets
- US sales-out growth impacted by change in promotions
- UK and Australia driven by improved in-store execution and high brand awareness
- Like-for-like sales-out in Germany positive despite network almost doubling compared to Q3 2014

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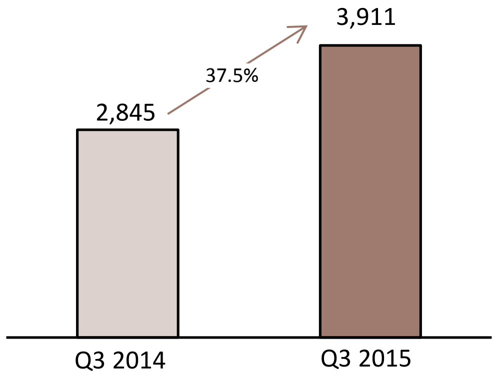
2015 FINANCIAL EXPECTATIONS

2015 FINANCIAL EXPECTATIONS

- Revenue of more than DKK 16 billion
- EBITDA margin of approx. 37%
- CAPEX of approx. DKK 1,000 million (previously expected DKK 900 million)
- Effective tax rate of approx. 30%
    - Excluding additional tax expenses related to the settlement, the tax rate is expected to be 22%
- During 2015, PANDORA expects to open more than 375 concept stores

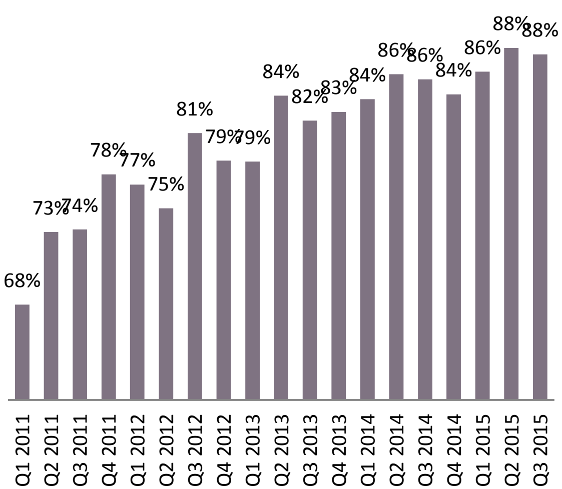
REVENUE DEVELOPMENT

REVENUE (DKKm)



- 28.0% growth in local currency
- Volume up 13.6%
- ASP DKK 175
  (vs. DKK 145 in Q3 2014)

SHARE OF BRANDED REVENUE



SHARE OF REVENUE PER CHANNEL

	Q3 2015	*Share of rev.*
Concept stores	2,372	*60.6%*
Shop-in-shops	564	*14.4%*
Gold	491	*12.6%*
Total branded	**3,427**	***87.6%***
Silver	169	*4.4%*
White & travel retail	153	*3.9%*
Total unbranded	**322**	***8.3%***
Total direct	**3,749**	***95.9%***
3rd party	162	*4.1%*
Total	**3,911**	***100.0%***

COMMENTS

- Total revenue increased by 37.5% driven network expansion (2/3) and like-for-like sales-in growth (1/3)
- ASP increase 21% driven by currency, product mix and an increased share of revenue from PANDORA owned stores
- Revenue from O&O stores increased 145% to DKK 1,019 million
- Branded distribution generated 88% of revenue compared to 86% in Q3 2014

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DEVELOPMENT IN THE DISTRIBUTION NETWORK

NUMBER OF STORES AND OPENINGS

	Number of stores				Net openings	
	Q3 2015	Q2 2015	Q3 2014	*Share of total (Q3 2015)*	Q3 2015 vs. Q2 2015	Q3 2015 vs. Q3 2014
Concept stores	1,666	1,554	1,307	*17.5%*	112	359
- hereof PANDORA owned	440	*357*	*218*	*4.6%*	83	222
Shop-in-shops	1,613	1,575	1,507	*16.9%*	38	106
- hereof PANDORA owned	117	96	64	*1.2%*	21	53
Gold	2,595	2,497	2,349	*27.2%*	98	246
Total branded	**5,874**	**5,626**	**5,163**	***61.6%***	**248**	**711**
Silver	2,314	2,448	2,761	*24.3%*	-134	-447
White and travel retail	1,345	1,488	1,917	*14.1%*	-143	-572
Total	**9,533**	**9,562**	**9,841**	***100.0%***	**-29**	**-308**

COMMENTS

- 248 branded points of sale opened in Q3 2015, including 112 concept store net openings
- 83 new O&O concept stores were added, including 29 in Germany and 38 in China
- Continued focus on global branded network – net 711 branded points of sale added since Q3 2014 including:
  - 359 concept stores
  - 106 shop-in-shops

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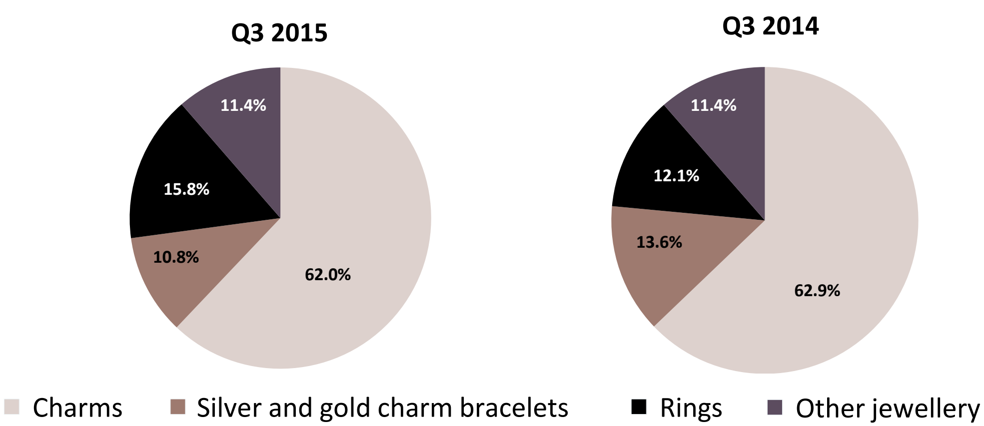
PRODUCT MIX

PRODUCT MIX (DKKm)

	Q3 2015	Q3 2014	*Growth Q3/Q3*	*Share of total Q3 2015*	FY 2014
Charms	2,428	1,788	*35.8%*	*62.0%*	7,933
Silver and gold charm bracelets	422	388	*8.8%*	*10.8%*	1,427
Rings	616	344	*79.1%*	*15.8%*	1,192
Other jewellery	445	325	*36.9%*	*11.4%*	1,390
Total	**3,911**	**2,845**	***37.5%***	***100.0%***	**11,942**

PRODUCT SPLIT AS PERCENTAGE OF TOTAL REVENUE



COMMENTS

- Revenue from Bracelets in North America impacted by decision not to run traditional Q3 Bracelet promotion
  - Bracelets in all other major markets increased with double digit growth rates
- Revenue from Rings increased 79% driven by all regions
- Necklaces and Earrings increased by more than 80% respectively
- Charms and Bracelets share of revenue decreased to 72.8%, as Rings capture an increasing share of revenue

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GROSS MARGIN DEVELOPMENT

GROSS PROFIT (DKKm) AND GROSS MARGIN (%)

DKKm	Q3 2015	Q2 2015	Q3 2014	FY 2014
Revenue	3,911	3,598	2,845	11,942
Cost of sales	1,018	1,025	846	3,519
Gross profit	2,893	2,573	1,999	8,423
Gross margin	*74.0%*	*71.5%*	*70.3%*	*70.5%*

COMMENTS

- Gross margin increased 3.7 percentage points versus Q3 2014 driven mainly by raw materials (around +2 pp), channel and market mix (around +2 pp) and FX (around -1 pp)
- Excluding hedging and inventory time lag, underlying gross margin would have been approximately 76% based on average gold and silver spot prices in Q3 2015
- Gross margin impact of 1pp if 10% deviation on commodities

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OPEX DEVELOPMENT

OPEX & MARGINS

	Q3 2015	Q2 2015	Q3 2014	FY 2014
Gross profit				
Share of revenue	*74.0%*	*71.5%*	*70.3%*	*70.5%*
DKKm	2,893	2,573	1,999	8,423
Operational expenses				
Share of revenue	*39.7%*	*37.2%*	*36.4%*	*36.4%*
DKKm	1,554	1,338	1,036	4,351
Sales and distribution expenses				
Share of revenue	*20.6%*	*18.4%*	*15.5%*	*16.4%*
DKKm	807	662	440	1,957
Marketing expenses				
Share of revenue	*9.2%*	*8.9%*	*9.1%*	*9.6%*
DKKm	360	319	259	1,143
Administrative expenses				
Share of revenue	*9.9%*	*9.9%*	*11.9%*	*10.5%*
DKKm	387	357	337	1,251
EBIT				
EBIT margin	*34.2%*	*34.3%*	*33.8%*	*34.1%*
Depreciation and amortisation*	115	76	57	222
EBITDA				
EBITDA margin	*37.2%*	*36.4%*	*35.9%*	*36.0%*

*Excluding gains/losses from sale of assets

COMMENTS

- All cost lines negatively impacted by currency with a total effect of approximately DKK 80 million
- Increase in sales and distribution expenses driven by higher revenue as well as an increase in revenue from O&O stores (with an impact of 3.5pp on the S&D ratio)
- Marketing expenses were DKK 360 million corresponding to 9.2% of revenue compared to 9.1% in Q3 2014 primarily driven by higher media spend
- Administrative expenses were DKK 387 million corresponding to 9.9% of revenue and impacted by:
  - Increased headcount
  - Increase in IT spend

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REGIONAL EBITDA MARGINS

EBITDA MARGINS

	Q3 2015	Q2 2015	*Q3 2015 vs. Q2 2015 (% pts)*	Q3 2014	*Q3 2015 vs. Q3 2014 (% pts)*	FY 2014
Americas	41.6%	44.4%	*-2.8%*	41.3%	*0.3%*	41.4%
Europe	48.0%	38.6%	*9.4%*	47.8%	*0.2%*	43.3%
Asia Pacific	37.3%	51.3%	*-14.0%*	45.2%	*-7.9%*	49.5%
Unallocated costs[1]	-6.8%	-6.7%	*-0.1%*	-9.0%	*2.2%*	-7.4%
Group EBITDA margin	**37.2%**	**36.4%**	***0.8%***	**35.9%**	***1.3%***	**36.0%**

[1] Unallocated costs includes HQ costs, central marketing costs and administration costs in Thailand

COMMENTS

- All regional margins positively impacted by the improved gross margin
- Americas’ margin impacted by increase in OPEX related to head count and new headquarter
- Europe’s margin negatively impacted by increased costs related to the accelerated network expansion in Germany, as well as declining revenue in Russia
- Asia Pacific decreased 7.9pp driven primarily by the expansion into China and Japan, which had a negative impact of around 10pp

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PROFIT DEVELOPMENT

FINANCIAL ITEMS, TAX AND NET PROFIT

DKKm	Q3 2015	Q3 2014	FY 2014
EBIT	**1,339**	**963**	**4,072**
Finance income	1	4	14
Finance costs	-36	-61	-214
Profit before tax	**1,304**	**906**	**3,872**
Income tax expense	-298	-181	-774
Effective tax rate	22.9%	20.0%	20.0%
Net profit	**1,006**	**725**	**3,098**

COMMENTS

- Net finance costs amounted to a net loss of DKK 35 million compared to a loss of DKK 57 million in Q3 2014
- Tax rate for the quarter was 22.9% impacted by the decision to recognise a higher proportion of profit in Denmark (as a consequence of the settlement with the Danish Tax Authorities)
- Net profit increased to DKK 1,006 million

WORKING CAPITAL DEVELOPMENT

WORKING CAPITAL AND CASH MANAGEMENT

DKKm	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
Inventory	2,584	2.161	1,925	1,684	2,126
Trade receivables	1,392	1.009	1,093	1,110	1,327
Trade payables	1,036	979	954	804	758
Operating working capital	**2,940**	**2.191**	**2,064**	**1,990**	**2,695**
Share of revenue[1]	*19.6%*	*15.7%*	*16.0%*	*16.7%*	*24.9%*
Other receivables	896	881	934	503	352
Tax receivables	308	236	259	52	94
Provisions	772	797	807	739	575
Income tax payable	1,178	838	1,114	643	995
Other payables	1.252	911	1,342	898	653
Net working capital including financial instruments	**942**	**762**	**-6**	**265**	**918**
Share of revenue[1]	*6.3%*	*5.5%*	*-0.1%*	*2.2%*	*8.5%*
Derivatives	182	177	132	169	188
Net working capital excluding financial instruments	**1,124**	**939**	**126**	**434**	**1,106**
Share of revenue[1]	*7.5%*	*6.7%*	*1.0%*	*3.6%*	*10.2%*
Free cash flow	**263**	**-268**	**990**	**1,705**	**567**
Cash conversion[2]	**26.1%**	**-29.5%**	**258.5%**	**169.3%**	**78.2%**
NIBD/EBITDA[3]	**0.4**	**0.2**	**-0.1**	**-0.3**	**0.0**
ROIC[4]	**65.9%**	**65.5%**	**70.9%**	**67.0%**	**54.6%**

COMMENTS

- Operating working capital was 19.6% of revenue at the end of Q3 2015, compared to 24.9% at the end of Q3 2014
- Inventory increased compared to Q3 2014 mainly driven by higher activity, currency and acquisition of stores
    - Decreased due to lower raw material prices
    - Increased compared to Q2 2015 driven by preparation for Christmas launch
- Trade receivables increased due to seasonally extended credit terms in some markets
- Decreased in free cash flow compared to Q3 2014 primarily due to higher CAPEX and unfavourable fluctuations in working capital compared to the Q3 2014

[1] % of revenue in relation to last 12 months revenue. DKK 15,017 m for the period ended 30 September 2015
[2] Calculated as free cash flow / net profit
[3] Calculated as last 12 months EBITDA
[4] Calculated as last 12 months EBIT / Invested capital (at end of period)

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Q3 2015 IN SUMMARY

SUMMARY

- Revenue increase 37.5%
- Continued roll out of stores with the addition of 112 new concept stores during the quarter
- Gross margin was 74.0%
- EBITDA margin was 37.2%
- Free cash flow was DKK 263 million
- Full year revenue guidance maintained at more than DKK 16 billion
- Share buyback of up to DKK 3.9 billion in 2015 on track

QUESTIONS AND ANSWERS

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