
Q4 2020 – AIDE MEMOIRE

Pandora Investor Relations

Revenue

Full-year guidance: Organic growth confirmed to land between -14% to -17% on 7 December 2020. October sell-out growth was +8% and November sell-out growth was positive.

Quotes on Q4 quarter-to-date 2020 performance so far

- *“Q4 started in line with the trends from the second half of Q3. October sell-out growth was +8% and Organic growth was a bit better”*
- *“The sell-out growth and organic growth were both positive in November as strong online growth more than offset negative growth in the physical stores”*
- *“Pandora has deliberately sought to pull sales forward from Black Friday and Christmas earlier into November to be able to manage social distancing guidelines and online capacity for the remainder of the year. December trading is expected to be negatively impacted by these efforts as well as by lower consumer traffic into physical stores during the peak trading periods due to the COVID-19 restrictions. 10% of the physical store network was temporarily closed by the end of November due to COVID-19 restrictions”*

Profitability

Full-year guidance: EBIT margin excl. restructuring costs 17.5% to 19% (*updated on 3 November and confirmed 7 December 2020*)

Quote on profitability:

“the profitability will be skewed towards Q4 as usual but likely even more this year than in prior years and we would also like to emphasise that in this scenario with this guidance, we will continue to invest in the brand and we will continue to invest in building the organisation.”

Insights and quotes on FY 2020 guidance

- **Organic growth** Q3 Year-To-Date was -19%, which implies an implicit Q4 organic growth guidance of -4% to -13%.
- **EBIT margin** for Q3 Year-To-Date ended at 12.3%, which implies an implicit Q4 EBIT margin guidance of 25% to 29%

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- “[...] Pandora expects social distancing and other restrictions to negatively impact momentum besides potential further escalation of COVID-19”
- “Consequently, Pandora will closely evaluate the current trading and financial guidance on an ongoing basis. Due to these extraordinary circumstances, Pandora will also, when relevant, release current trading statements to the capital markets.”

Other building blocks for Full-year 2020 guidance updated on 3 November in connection with the Q3 2020 interim report and confirmed with the Trading update on 7 December 2020

- Total sell-out growth including temporarily closed stores to be similar to organic growth (FY guidance: -14% to -17%)
- Net concept store openings reduced to be “around 50 net closures” due to fewer store openings than planned (down from “25-50 net closures”)
- CAPEX to be around DKK 0.6 billion
- Restructuring costs changed to “DKK 1.2 billion” from “DKK 1.0 billion” and “DKK 1.3 billion” before COVID-19 wave 1
- Effective tax rate remains between 22-23%

Other topics

- In order to mitigate the impact of social distancing and lock-downs during the peak trading period, Pandora has been more promotional than usual during November and used media campaigns to impact consumer behaviour. Revenue has thereby been pulled forward into November

Notes

- Silent period will begin Saturday 1 January 2021
- Our Annual report for 2020 and Interim Financial Report for Q4 2020 will be released 4 February 2021
- Annual General meeting will be held 11 March 2021