



TELECONFERENCE Q1 2016 FINANCIAL RESULTS

10:00 CET, 10 MAY 2016

PANDORA

AGENDA

FINANCIAL HIGHLIGHTS Q1 2016

FINANCIAL EXPECTATIONS 2016

FINANCIAL REVIEW Q1 2016

SUMMARY



DISCLAIMER

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FINANCIAL HIGHLIGHTS Q1 2016

HIGHLIGHTS

- Revenue in Q1 2016 was DKK 4,740 million, an increase of 34% (35% in local currency) compared to Q1 2015, driven by the three geographic regions impacted by:
 - Strong product launches and successful promotions across all geographies
 - Continued strong in-store execution resulting in 9% like-for-like sales-out growth in concept stores for the group
 - 50 new concept stores opened in Q1 2016, and 405 in the last 12 months. Revenue from concept stores increased 61% and represented 60% of revenue compared to 50% in Q1 2015
- Continued positive like-for-like sales-out growth in all regions
- EBITDA for Q1 was DKK 1,760 million, up 35% vs. Q1 2015, corresponding to an EBITDA margin of 37.1%
 - Including tailwind of approx. 1.5pp from favourable raw material prices
- Free cash flow was DKK 1,356 million compared to DKK 990 in Q1 2015
- DKK 4.0 billion share buyback programme on track – DKK 0.7 billion share buyback and DKK 1.5 billion in dividend paid in Q1 2016

2016 FINANCIAL GUIDANCE

NEW GUIDANCE FOR FULL YEAR 2016

	2016		2015
	NEW GUIDANCE	PREVIOUS GUIDANCE	ACTUAL
Revenue (DKK billion)	>20	>19	16.7
EBITDA margin	>38%	>37%	37.1%
CAPEX (DKK billion)	Approx. 1.0	Approx. 1.0	1.1
Effective tax rate	Approx. 21%	Approx. 21%	31.3%
Concept store, net openings	>275	>250	392



COMMENTS

- Full year revenue of more than DKK 20 billion (previously more than DKK 19 billion)
 - Driven equally by growth in existing stores and expansion of the store network
- EBITDA margin of more than 38% (previously more than DKK 37%)
 - Including tailwind of 1-2 percentage points from favourable raw material prices
- More than 275 concept store openings (previously more than 250 concept store openings)

A QUARTER WITH TWO SUCCESSFUL DROPS AND STRONG IN-STORE EXECUTION

SUCCESSFUL DROPS



NEW INITIATIVES

GLOBAL ROLL-OUT OF PANDORA ROSE



NEW APPROACH TO THE PANDORA ESSENCE COLLECTION



REGIONAL DEVELOPMENT

REVENUE BREAKDOWN BY REGION

DKKm	Q1 2016	Growth Q1/Q1	Growth in local currency
Americas	1,775	13%	13%
EMEA	2,085	47%	49%
Asia Pacific	880	58%	62%
Total	4,740	34%	35%

LIKE-FOR-LIKE SALES-OUT DEVELOPMENT (Y/Y GROWTH)

Covers concept stores that has been open for more than 12 months

	Q1 2016	Q1 2015	FY 2015
Americas	2%	9%	7%
EMEA	11%	15%	14%
Asia Pacific	21%	12%	22%
Group	9%	12%	13%

COMMENTS

- Double digit revenue growth in all regions
 - No significant impact from currency moves
- Americas revenue primarily driven by network expansion
 - All regions in the US had flat to positive like-for-like
- The strong growth continued in EMEA
 - Italy and France both increased revenue with around 70%
 - Italy, France, UK and Germany all saw double digit like-for-like growth
- Asia Pacific driven by strong growth in China and Australia

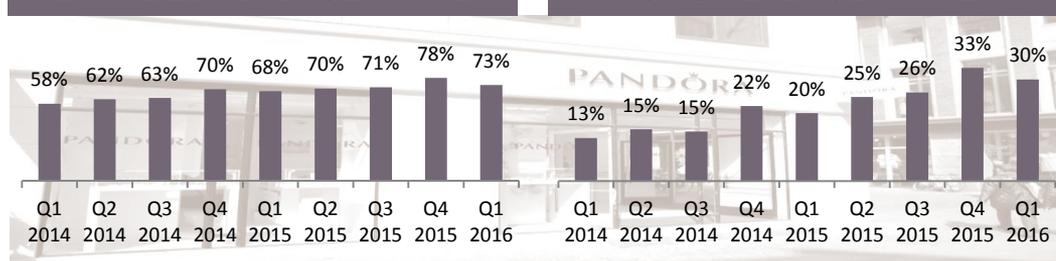
REVENUE DEVELOPMENT PER SALES CHANNEL

REVENUE BY CHANNEL

DKKm	Q1 2016	Growth Q1/Q1	Share of revenue
Concept stores	2,849	61%	60%
- hereof PANDORA owned	1,261	100%	27%
Shop-in-shops	604	-6%	13%
- hereof PANDORA owned	155	104%	3%
Total branded	3,453	43%	73%
Multibranded	883	16%	19%
Total direct	4,336	36%	91%
3 rd party distributors	404	10%	9%
Total	4,740	34%	100%

BRANDED REVENUE SHARE

O&O REVENUE SHARE



COMMENTS

- O&O revenue from concept stores increased 100% and contributed with 27% of revenue
 - Total O&O share of revenue increased 10pp to 30%
- Growth in existing stores driven by strong Valentine's Day and Spring collections in addition to the existing base assortment
- Shop-in-shops revenue declined 6% primarily due to tough comparisons in Q1 2015 where Disney was sold into shop-in-shops in North America
- Branded share of total revenue increased by 5pp to 73%
- Revenue growth was driven by network expansion (1/2) and like-for-like growth (1/2)

STORE NETWORK DEVELOPMENT

STORE NETWORK

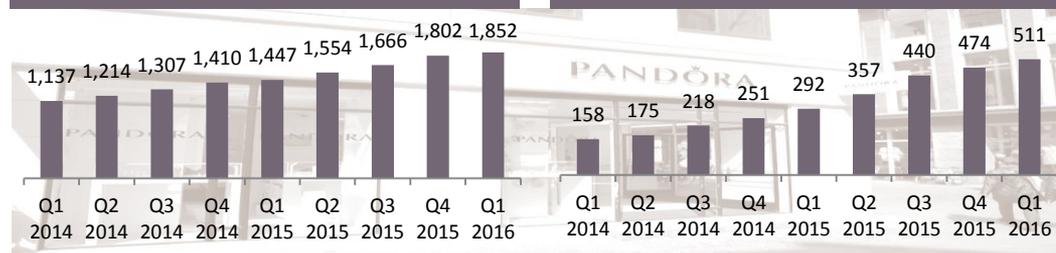
	Number of stores Q1 2016	Share of Total Q1 2016	Net openings	
			Q1 2016 vs. Q4 2015	Q1 2016 vs. Q1 2015
Concept stores	1,852	21%	50	405
- hereof PANDORA owned	511	6%	37	219
Shop-in-shops	1,666	18%	-8	118
- hereof PANDORA owned	119	1%	3	32
Total branded	3,518	39%	42	523
Multibranded	5,508	61%	-287	-1,131
Total	9,026	100%	-245	-608

COMMENTS

- 50 new concept stores opened in Q1, to a total of 1,852 concept stores
 - Including the addition of 37 O&O concept stores in Q1 2016, to a total of 511 O&O concept stores
- A net close of 8 shop-in-shops for the quarter were primarily due to the closing of shop-in-shops in the UK and Australia as a part of upgrading the store network
 - Jared upgrade will take effect from Q2 2016
- 1,131 multibranded stores closed in the last 12 months

TOTAL CONCEPT STORES

O&O CONCEPT STORES



PRODUCT CATEGORY DEVELOPMENT

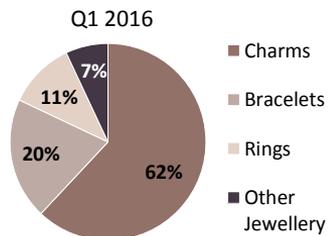
REVENUE PER PRODUCT CATEGORY

DKKm	Q1 2016	Growth Q1/Q1	Share of revenue	Share of Growth
Charms	2,927	23%	62%	46%
Bracelets	926	70%	20%	32%
- Hereof Moments and ESSENCE collections	719	70%	15%	25%
Rings	532	31%	11%	11%
Other jewellery	355	65%	7%	12%
Total	4,740	34%	100%	100%

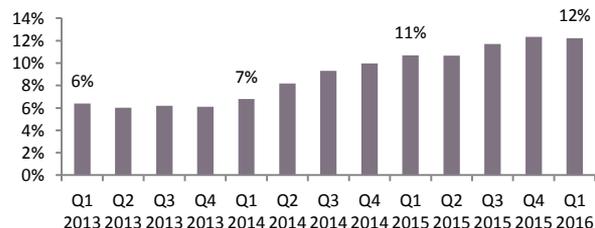
COMMENTS

- Double digit growth in all product categories
 - Rings are up 31% and contributed with more than 11% of revenue for the quarter
 - Earrings revenue growth was around 70%, in total around 4% of total revenue
 - Necklaces increased around 50%
- Charms and bracelets' share of revenue was 81%, down from 83% of revenue in Q1 2015
 - Growth in Charms and Bracelets contributed with 78% of total revenue growth and remain the largest drivers of growth

CATEGORY SHARE % OF REVENUE



RINGS SHARE OF REVENUE % OF LAST 12 MONTHS REVENUE

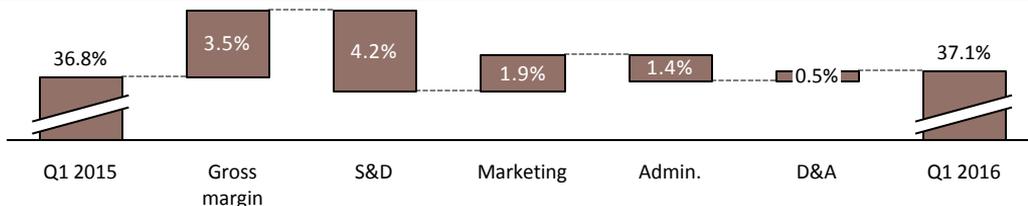


P&L OVERVIEW

COST AND PROFIT

DKKm	Q1 2016	Growth Q1/Q1	Share of revenue Q1 2016	Q1/Q1 (pp)	Share of revenue Q1 2015
Gross profit	3,536	40%	74.6%	3.5%	71.1%
Operational expenses (incl. D&A)	-1,891	47%	39.9%	3.7%	36.2%
- Hereof S&D	-998	67%	21.1%	4.2%	16.9%
- Hereof Marketing	-346	6%	7.3%	-1.9%	9.2%
- Hereof Administrative	-547	53%	11.5%	1.4%	10.1%
Depreciation and amortisation	115	72%	2.4%	0.5%	1.9%
EBITDA	1,760	35%	37.1%	0.3%	36.8%
Net financials	9	-103%			
Income tax expenses	-348	-39%			
Net profit	1,306	241%*	27.6%	16.8%	10.8%

EBITDA% DEVELOPMENT (Y/Y)



COMMENTS

- Gross margin increased 3.5pp, driven by increased O&O share and favourable raw material prices
 - Gross margin impact of +/-1pp if 10% deviation on raw material prices
- Operational expenses were DKK 1,891 million, corresponding to 39.9% of revenue
 - S&D expenses increased 4.2pp driven by increased O&O revenue share
 - Marketing expenses was 7.3% of revenue, with media and PR increasing more than 30%
 - Administrative expenses increased 53%, corresponding to 11.5% of revenue, impacted by Agility (1pp)

* Net profit in Q1 2015 was negatively impacted by an extraordinary tax payment of DKK 364 million related to the tax settlement in 2015

REGIONAL AND GROUP EBITDA MARGINS

REGIONAL EBITDA

DKKm	Q1 2016	Growth Q1/Q1	Share of regional revenue Q1 2016	Q1/Q1 (pp)	Share of regional revenue Q1 2015
Americas	680	27%	38.3%	4.2%	34.1%
EMEA	769	46%	36.9%	-0.2%	37.1%
Asia Pacific	311	28%	35.3%	-8.3%	43.6%
Group	1,760	35%	37.1%	0.3%	36.8%



COMMENTS

- All regions lifted by improved gross margins
- EBITDA increased 35% to DKK 1,760 million driven by all regions
 - Americas' margin increased 4.2pp driven by the positive gross margin development (Q1 2015 had a 2pp negative one-off related to the acquisition of 22 stores in the us)
 - EMEA decreased 0.2pp primarily related to costs related to project Agility, partially offset by the improved gross margin
 - Asia Pacific decreased 8.3pp primarily due to costs related to the expansion in China, Japan and Singapore, including the buy back of inventory from Singapore and Macao (2.5pp)

BALANCE SHEET AND CASH FLOW

WORKING CAPITAL AND CASH MANAGEMENT

DKKm	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Inventory	2,474	2,357	2,584	2,161	1,925
Trade receivables	1,361	1,360	1,392	1,009	1,093
Trade payables	1,259	1,329	1,036	979	954
Operating working capital	2,576	2,388	2,940	2,191	2,064
- Share of revenue (last 12 months)	14.4%	14.3%	19.6%	15.7%	16.0%
Free cash flow	1,356	1,464	263	-268	990
CAPEX	274	319	384	239	167
NIDB to EBITDA (LTM)	0.4x	0.3x	0.4x	0.2x	-0.1x



COMMENTS

- Operating working capital was 14.4% of revenue in line with Q4 2015 and decreased compared to Q1 2015 primarily due to strong cash collection and declining raw material prices
- Cash flow was DKK 1,356 million, primarily driven by higher profits
- Increase in CAPEX was mainly related to the opening of O&O stores, investments in the production facilities in Thailand and IT infrastructure development

Q1 2016 SUMMARY



SUMMARY

- Revenue increased 34%
- Continued roll out of stores with the addition of 50 new concept stores during the quarter
- Gross margin was 74.6%
- EBITDA margin was 37.1%
- Free cash flow was DKK 1.4 billion
- Payout of dividends of DKK 1.5 billion
- New guidance for full year 2016, with revenue of more than DKK 20 billion, EBITDA margin of more than 38% and more than 275 concept store openings

Q&A

