



# Third Quarter Results 2020

TELECONFERENCE – 03 NOVEMBER 2020

# Agenda of today

---

## EXECUTIVE SUMMARY

COVID-19 status

Update on Programme NOW

Q3 2020 financial performance

Full year 2020 guidance

---

### DISCLAIMER

This presentation contains forward-looking statements, which include estimates of financial performance and targets. These statements are not guarantees of future performance and involve certain risks and uncertainties. Therefore, actual future results and trends may differ materially from what is forecast in this report due to a variety of factors.

---

**STAR  
WARS** × PANDORA



THE  
**MANDALORIAN**

# Brand momentum drives strong underlying performance

- Recent COVID-19 escalation creates new uncertainty to the peak season trading



Well-executed commercial comeback drives further brand improvement in re-opening phase



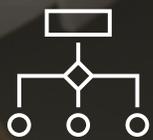
Digital initiatives drives strong online growth of +89%



Sell-out growth positive in 5 out of 7 key markets – US with positive sell-out growth across channels

# Programme NOW continues to deliver results

- additional cost reduction potential identified - run-rate target upgraded to DKK 1.6 billion



New operating model drives efficiency with positive business impact



Focus on data-driven growth yielding positive results



11 operational initiatives on top of Programme NOW to cope with social distancing

# Agenda of today

---

Executive summary

## COVID-19 STATUS

Update on Programme NOW

Q3 2020 financial performance

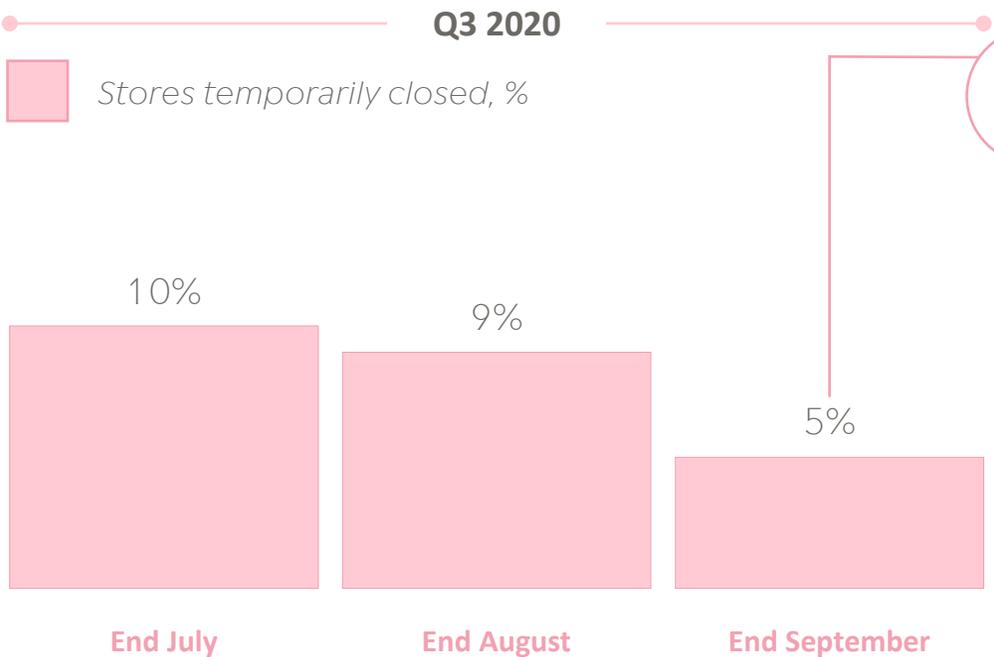
Full year 2020 guidance

**STAR  
WARS** × PANDORA

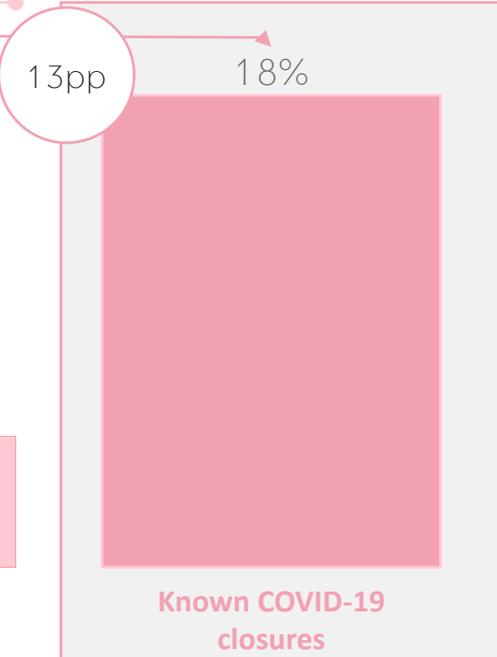


THE  
**MANDALORIAN**

# Good recovery in Q3 - new COVID-19 lockdowns escalating



- New surges of COVID-19 led to temporary closures in Australia
- However, the impact on the recovery phase was limited and reopening continued as planned



- COVID-19 wave 2 impacting most of Europe with France and the UK in total lockdown mode of non-essential stores until at least 1 December. Outside of top 7 key markets, lockdowns also are in effect in Ireland, Belgium etc.
- Many markets are imposing severe restrictions ranging from social distancing measures in Germany to curfew in Spain

### Q4 STORE OPERATION SITUATION

- 58%** of stores open 100%
- 24%** of stores w/ reduced opening hours
- 18%** of stores are temporarily closed

# Commercial comeback has been strong – preparing for peak season

## THE STRONG COMMERCIAL COMEBACK IS ENABLED BY PROGRAMME NOW AND BOOSTED BY A NUMBER OF ADDITIONAL INITIATIVES



### STRICT COST MANAGEMENT

across the business to ensure healthy liquidity and financial firepower for the commercial comeback initiatives



### PROTECTING SALES STAFF

paying salary despite of stores being temporarily closed which has led to a highly-motivated sales team



### QUICK STORE READINESS

Standing out in malls with quick re-opening and fresh product assortment



### INCREASED MEDIA PUSH

across markets. Utilised the financial strength to push national TV campaigns in key markets

## PREPARING FOR PEAK TRADING SEASON

Various commercial and operational initiatives made ahead of peak trading season to deliver a good consumer experience despite of social distancing:

- Doubled the eCommerce capacity in Europe and the US
- Secured more media spots
- Inventory build-up of best sellers
- Virtual and in-store retail measures to cope with social distancing

# PREPARING FOR THE PEAK SEASON IN Q4

*11 operational initiatives to cope with social distancing will be implemented ahead of Black Friday to ensure a safe shopping environment for customers*

## EXAMPLES FROM THE SOCIAL DISTANCING BATTLE PLAN FOR PEAK TRADING SEASON

### VIRTUAL TRY ON

Enabling customers to virtually inspect items outside of the store: using simulated try-on

### JOIN A VIRTUAL QUEUE

Customers join a virtual queue, allowing them to wait in line whilst doing other activities

### REMOTE SHOPPING ASSISTANT

The US and the UK are currently piloting booking of online appointments and assistance via a chat

### POP-UP SHOPS

Temporarily open around 150 pop-up shops in key cities to minimise queues and traffic

### REDIRECT TRAFFIC

In campaigns and in queues in front of stores, Pandora will promote the Online store and the omni-channel service "Endless Aisle"

### STRETCHING PEAK TRADING PERIODS

Pandora will use promotional tactics and media planning to stretch the peak trading periods over longer time

# Agenda of today

---

Executive summary

COVID-19 status

**UPDATE ON PROGRAMME NOW**

Q3 2020 financial performance

Full year 2020 guidance

**STAR  
WARS** × PANDORA



THE  
**MANDALORIAN**

# Programme NOW yielding desired results

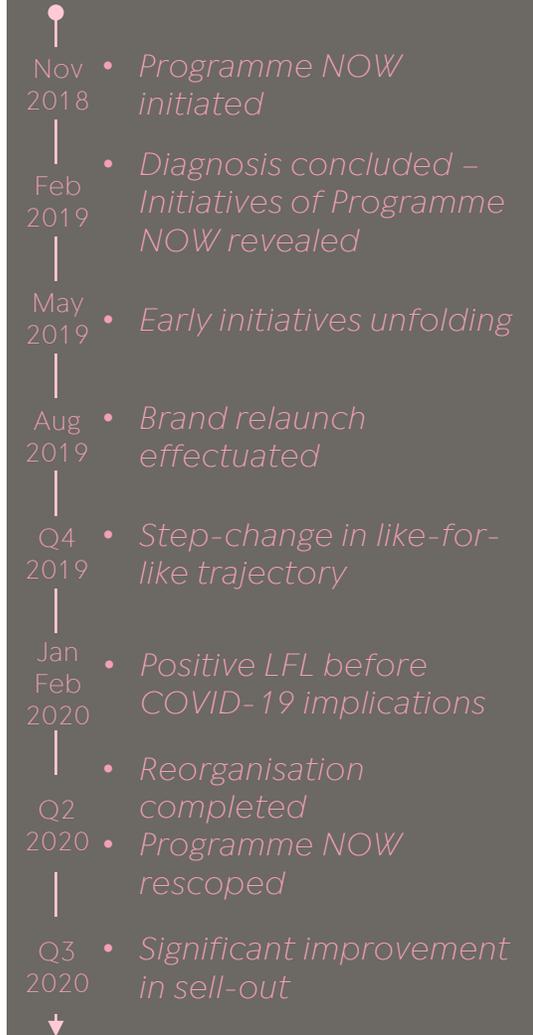


Turnaround objectives

Initiatives

<p><b>Brand Relevance</b></p>	<p><b>Data-driven growth and personalisation</b></p> <ul style="list-style-type: none"> <li>Digital spend optimised and increased to reach a targeted audience</li> <li>Step-changing the way Pandora does e-mail marketing by utilising the Pandora Club to personalise e-mails – material performance improvement both in terms of sales and conversion rate</li> </ul>
	<p><b>Win in China</b></p> <ul style="list-style-type: none"> <li>New Chinese management team finally onboarded during Q3</li> <li>Current focus is on fixing the fundamentals</li> <li>Physical stores improved performance sequentially in Q3</li> </ul>
<p><b>Brand Access</b></p>	<p><b>Omnichannel capabilities</b></p> <ul style="list-style-type: none"> <li>“Click-and-collect” rolled out to more than 275 concept stores in the US and roll-out has begun in the UK</li> <li>Endless Aisle being implemented in all European markets ready for Black Friday</li> </ul>
	<p><b>New store concept</b></p> <ul style="list-style-type: none"> <li>Newly established team with operational focus to drive the next steps and development of the new store concept.</li> </ul>
<p><b>Cost Reset</b></p>	<p><b>Cost Reset continuation</b></p> <ul style="list-style-type: none"> <li>Cost reduction target upgraded from DKK 1.4 billion to DKK 1.6 billion (run rate end 2020)</li> <li>The Cost Reset organisation will remain in place after Programme NOW to continue to leverage cost reduction opportunities</li> </ul>

## Programme NOW timeline



# Conversion rate drives performance – traffic still impacted by COVID-19

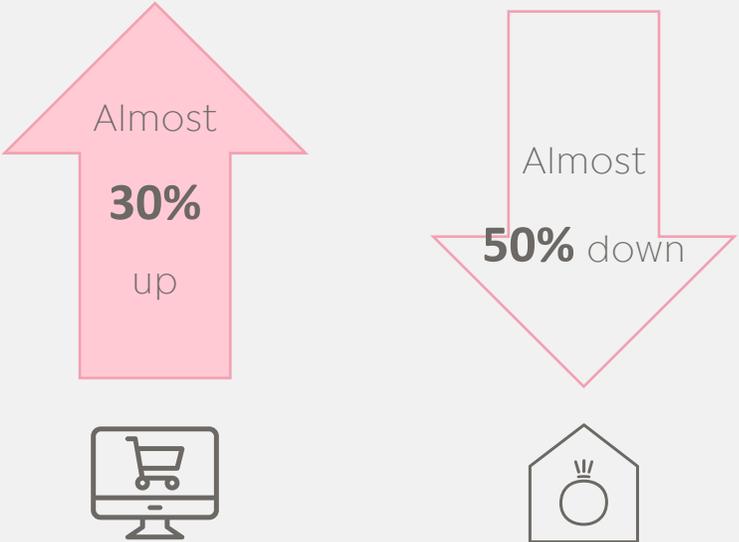


## TRAFFIC AND CONVERSION RATE HAVE CHANGED DRASTICALLY...

- In-store retail metrics such as Average selling price and Units per transactions remain flattish leading to almost unchanged basket size compared with last year
- Conversion rate and traffic are the metrics that have materially changed



## ...WITH TRAFFIC BEING VERY DIFFERENT ONLINE VS PHYSICAL STORES

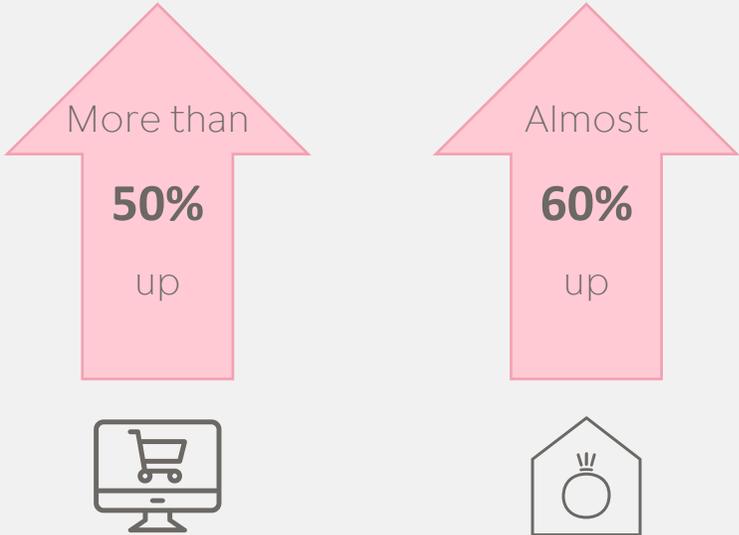


Online

O&O concept stores



## CONVERSION RATE MATERIALLY UP FOR BOTH CHANNELS



Online

O&O concept stores

# Positive sell-out growth in 5 out of 7 key markets

*Programme NOW is yielding visible results – a step-change in momentum for key markets*

## SELL-OUT DEVELOPMENT

Q3 2020

US	+18%
UK	+17%
Italy	+1%
France	0%
Germany	23%
China	-23%
Australia	6%
Group	-2%

# The reorganisation drives speed and supports performance



## THE “DIGITAL HUB” BEING RAMPED UP

- Our digital centre of excellence
- Fast-paced innovation
- Inhouse our capabilities - already employs +70 talents
- Accelerate roll-out of “Click-and-collect”
- Further upgrade of the Online store



## GLOBAL BUSINESS UNITS - A NEW WAY OF WORKING

- In collaboration with Merchandising and Product, the Global Business Units have been acting fast to adjust marketing campaigns due to COVID-19
- A new “launch and leverage”-approach was initiated for the first time to reactivate newer product platforms such as Pandora ME and the Harry Potter collaboration



## NEW CHINA MANAGEMENT IN PLACE

- Since the hire of Jacques Roizen, General Manager for China, in late March, a new management team has been established during Q3
- New management team focusing on functional execution and building the growth plan for China

# “Launch & leverage”-approach initiated to reactivate existing product platforms



## KEY OBJECTIVE

**“Launch & leverage”**-  
approach to properly  
leverage and invest in  
successful collections

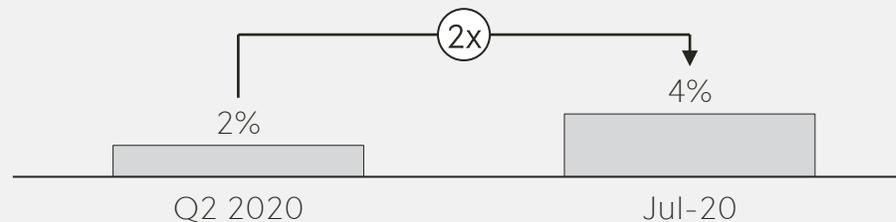


## PANDORA ME

*Reactivated in early July*

- Pandora ME reactivated with launch of new design variations faced by Millie Bobby Brown
- Good uplift in share of business during reactivation

■ Pandora ME, share of business

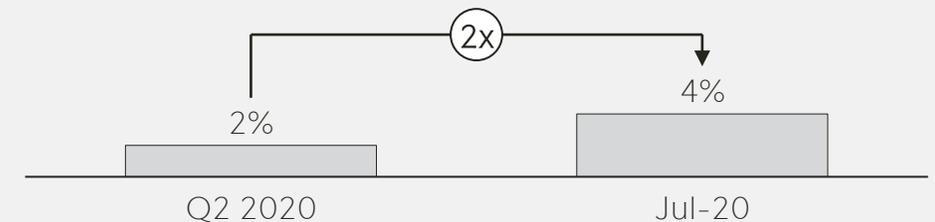


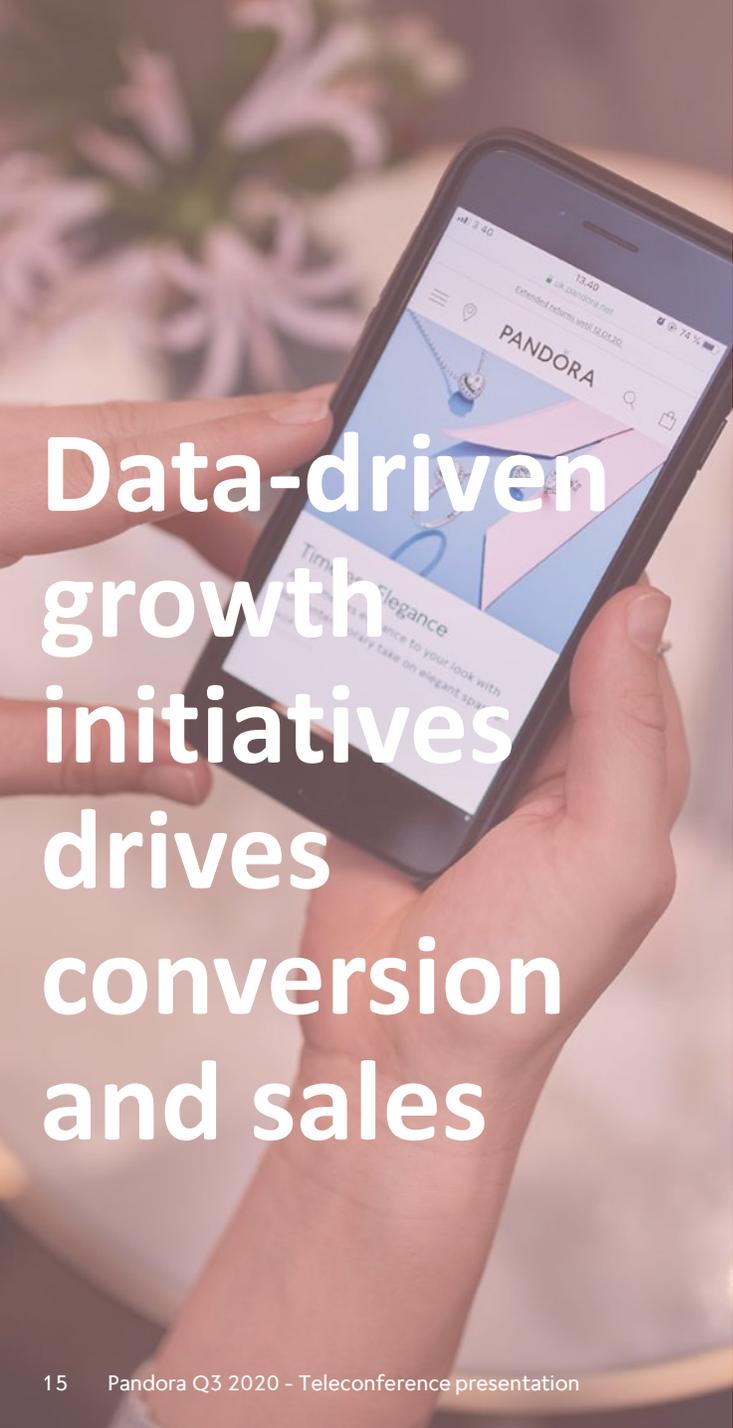
## HARRY POTTER x PANDORA

*Reactivated in late July*

- Focus on building on the collaboration with Warner Brothers and the successful launch in Dec 2019
- Despite the relative low number of design variations (19), good uplift in share of business

■ Harry Potter, share of business

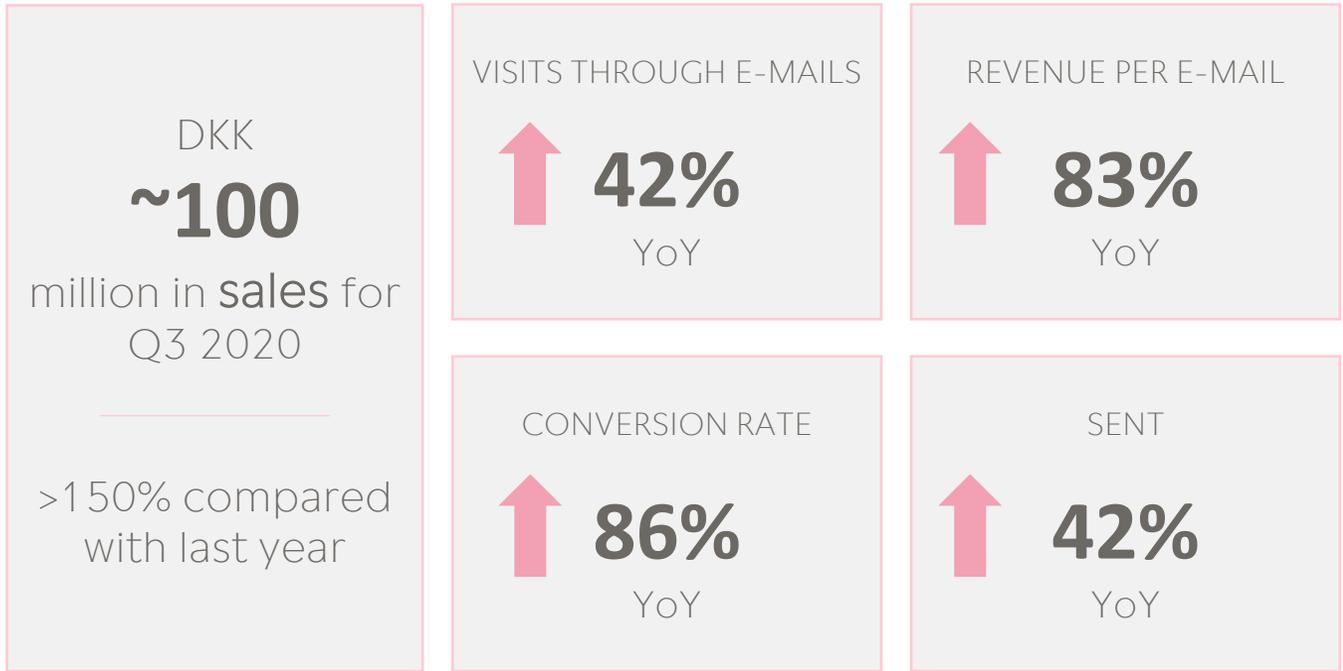




# Data-driven growth initiatives drives conversion and sales

## EXAMPLE | E-MAIL MARKETING AN IMPORTANT PART OF DATA-DRIVEN GROWTH

A combination of utilising the Pandora Club data, intensifying the focus and optimising the ways of working, e-mail marketing will continue to be an important driver of sales



*Data-driven growth initiatives such as e-mail marketing support strong online growth of 89% in Q3*

# Continued progress on cost savings

## - target up from DKK 1.4 billion to DKK 1.6 billion

COST CATEGORIES	COST INITIATIVES & IMPROVEMENTS	ANNUAL RUN RATE TARGET BY END 2020 (DKK billion)	SAVINGS ACHIEVED (RUN RATE END 2020)
Cost of sales	<ul style="list-style-type: none"> <li>Further manufacturing efficiencies are gained</li> <li>Structured review of product designs confirms opportunity to enhance designs for manufacturing efficiency and reduced complexity</li> </ul>	0.45-0.48	
Retail expenses	<ul style="list-style-type: none"> <li>Global Retail organisation is taking further lead on enhancing store labour productivity with local retail teams - supported by tools and analytics</li> <li>Newly established "Network and Franchise management" organisation has identified opportunities to lower rent levels further</li> </ul>	0.35-0.38	
Administrative expenses	<ul style="list-style-type: none"> <li>Travel spending structurally reduced following new ways of working after COVID-19</li> </ul>	0.25	
IT	<ul style="list-style-type: none"> <li>IT transformation completed</li> <li>Efficiencies and savings delivered as planned</li> </ul>	0.20	
Other	<ul style="list-style-type: none"> <li>Media buying is being tendered and professionalised further to yield more impact (higher return on investments)</li> </ul>	0.3-0.34	

# Agenda of today

---

Executive summary

COVID-19 status

Update on Programme NOW

## Q3 2020 FINANCIAL PERFORMANCE

Full year 2020 guidance

**STAR  
WARS** × PANDORA



THE  
**MANDALORIAN**

# Solid financial results despite continued negative COVID-19 impact

## Q3 2020 results

Revenue  
DKK **4.1** billion  
(-5% YoY growth in local currency)

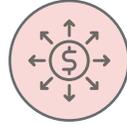
Sell-out growth incl.  
temporarily closed stores  
**-2%**  
(-11% in Q3 2019)

Organic growth  
**-5%**  
(-14% in Q3 2019)

EBIT margin excluding restructuring costs  
**17.2%**  
(20.2% in Q3 2019)

Free cash flow  
DKK **0.5** billion  
(DKK 0.8 billion in Q3 2019)

## Q3 2020 key highlights



- Material sequential organic growth improvement to -5% in the third quarter (-38% in Q2 2020)
- Online growth continues to be strong with +89% as both traffic and conversion rate are strong



- Five out of seven key markets delivered positive sell-out growth despite negative COVID-19 impact



- Higher than anticipated EBIT margin. Key drivers are improved top line performance and strong progress on the cost savings programme
- Gross margin remains strong – 1.5pp drag from raw materials and FX development compared to last year



- Cost saving target under Programme NOW increased from DKK 1.4 billion to DKK 1.6 billion

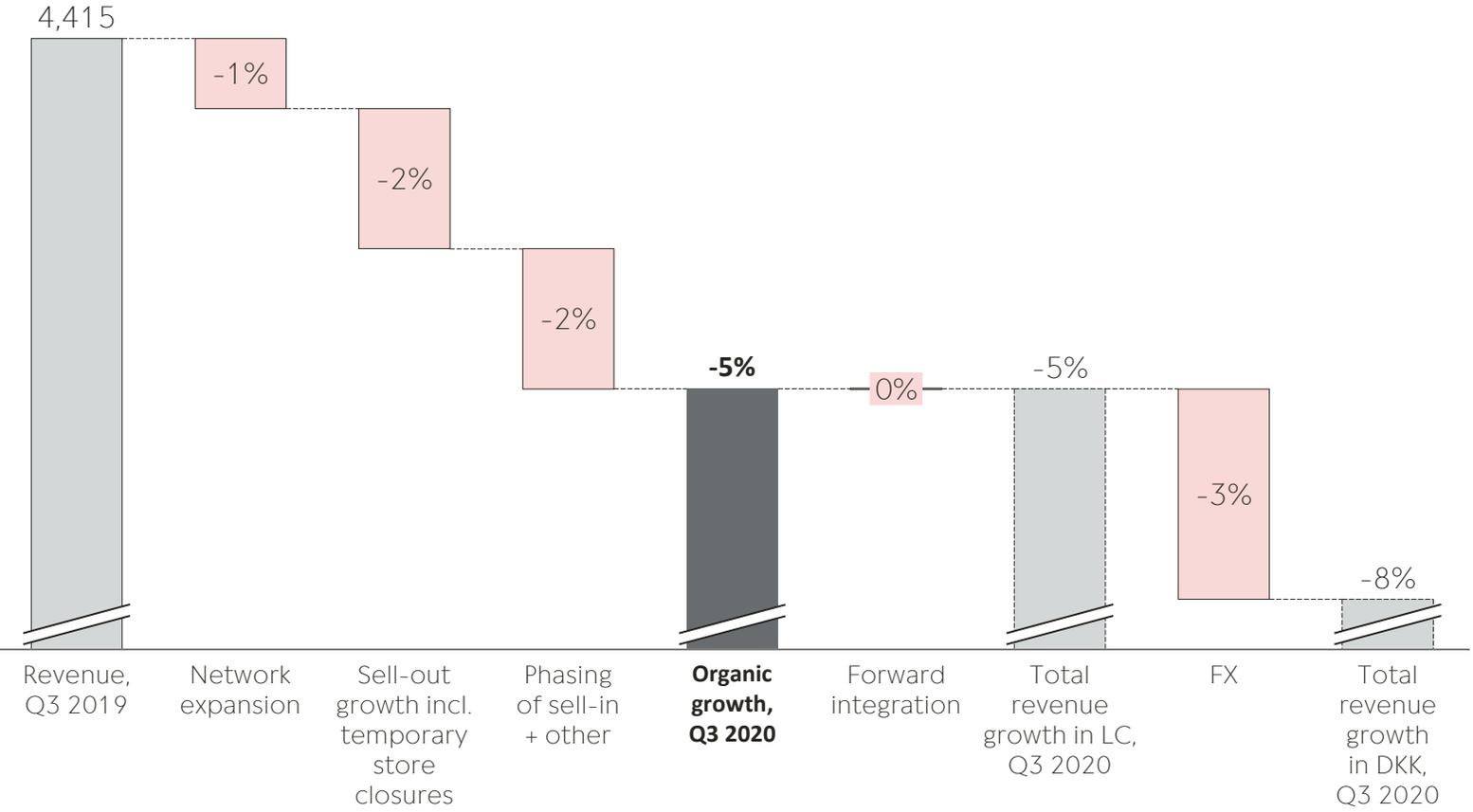


- Strong free cash flow due to continued low working capital levels
- Net working capital at around zero for the 4<sup>th</sup> quarter in a row

# Continued improvement during Q3 2020

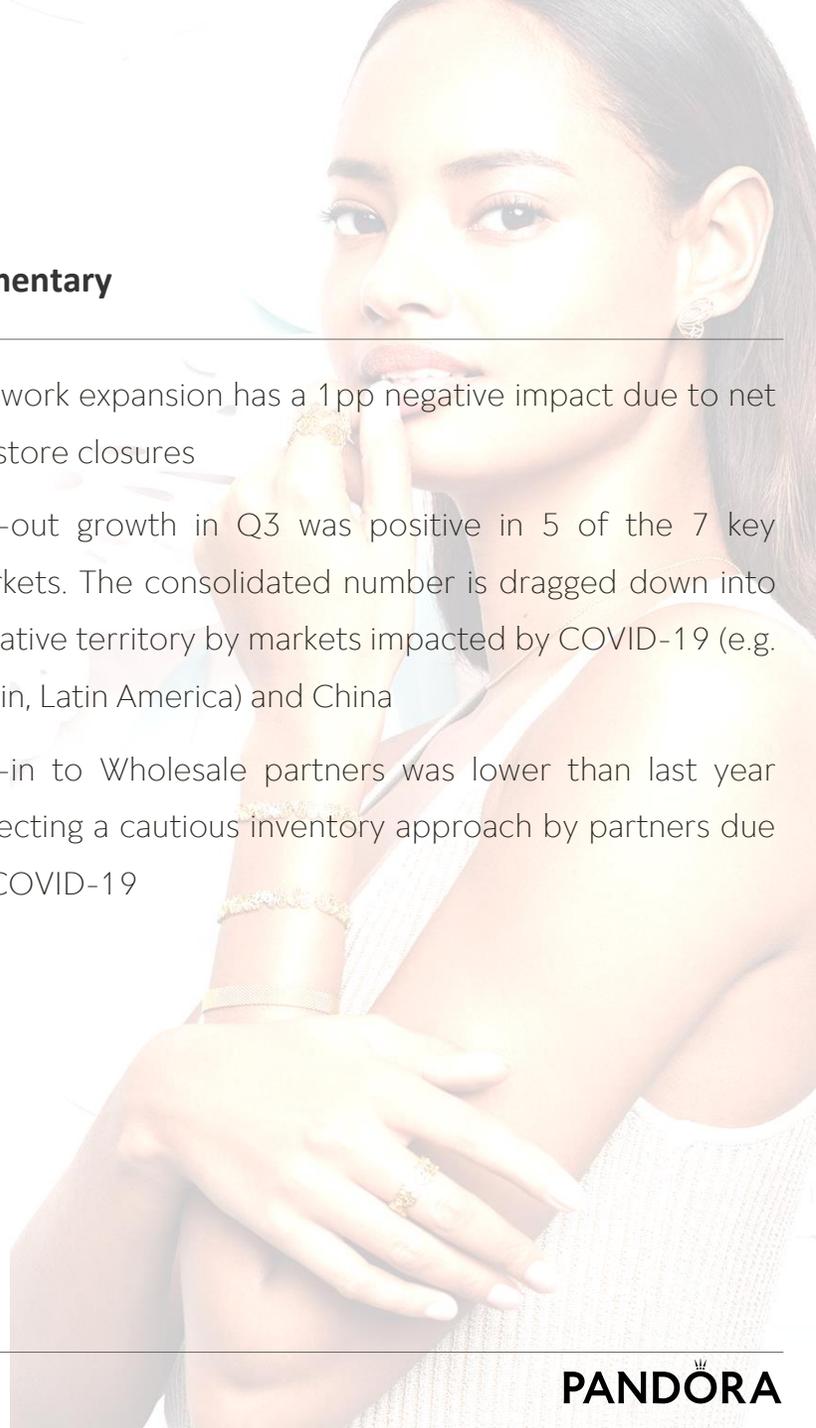
## Organic growth impacted by phasing of sell-in to wholesale partners

DKK million, %-p growth (approximately)



## Commentary

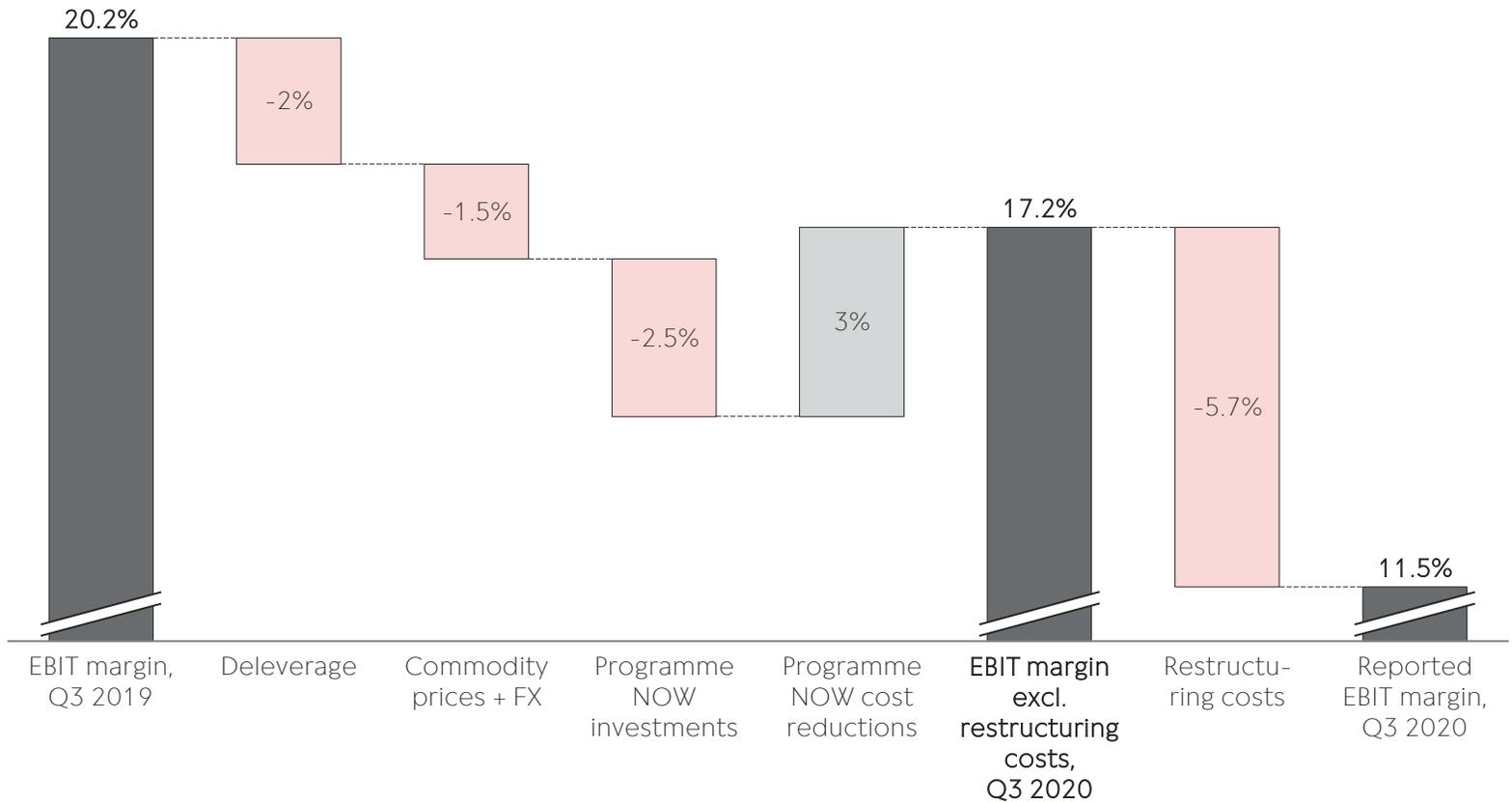
- Network expansion has a 1pp negative impact due to net 32 store closures
- Sell-out growth in Q3 was positive in 5 of the 7 key markets. The consolidated number is dragged down into negative territory by markets impacted by COVID-19 (e.g. Spain, Latin America) and China
- Sell-in to Wholesale partners was lower than last year reflecting a cautious inventory approach by partners due to COVID-19



# EBIT margin better than expected

## EBIT margin 1.5pp below Q3 2019 excluding FX and commodity impact

%-p growth (approximately)

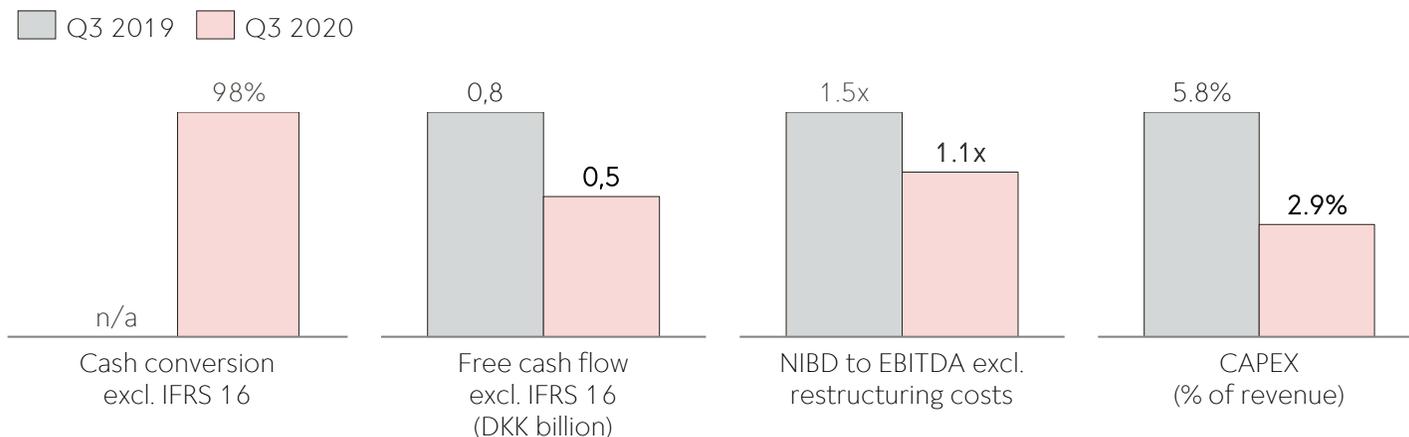


## Commentary

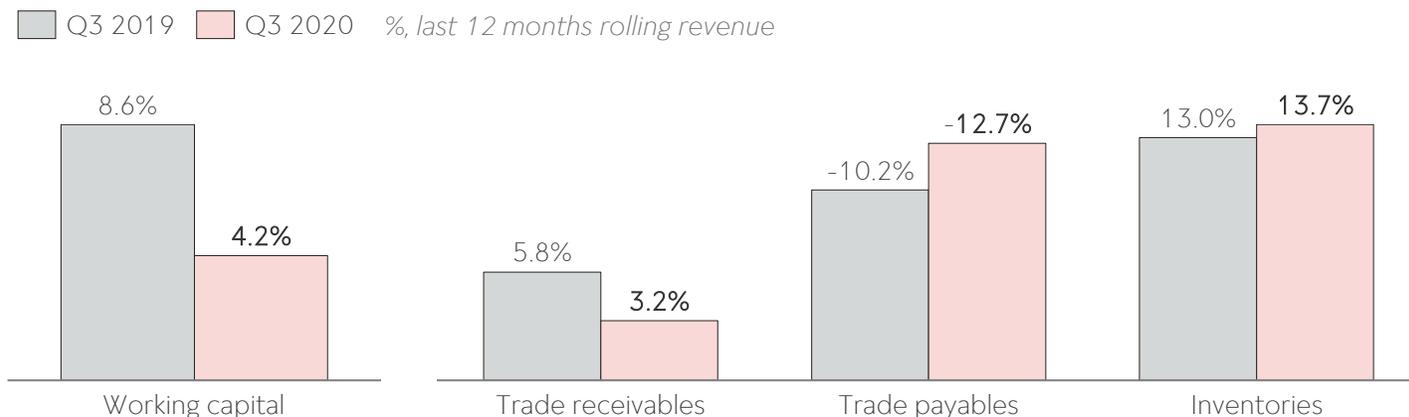
- Profitability impacted by -1.5pp due to the increase in silver prices in 2019 (not related to the current silver price development) and foreign exchange development
- Adjusting for foreign exchange and commodity prices, the EBIT margin is only 1.5pp below Q3 2019 despite COVID-19 impact
- Majority of the realised cost savings were reinvested into driving top line performance, mainly through media, strengthening of the organisation and initiatives to accommodate COVID-19 restrictions
- DKK 0.2 billion restructuring costs are mainly related to the execution of cost reduction projects and consultancy expenses

# Strong cash flow despite inventory build-up ahead of peak trading season

## Strong cash flow and healthy leverage ratio



## Operating working capital continues to be at a low level despite inventory build-up



## Commentary

### Strong free cash flow

- Strong cash conversion in Q3 2020 – +98% in Q3 2020 and +239% for the first 9 months of 2020
- CAPEX down by more than 50% compared to Q3 2019 as store openings/refurbishments have been paused due to COVID-19
- NIBD to EBITDA excl. restructuring costs materially below the covenant threshold and well within the capital structure policy
  - The liquidity situation is healthy and available loan facilities amount to DKK 7.5 billion by the end of the quarter

### Working capital significantly reduced by 4.4pp YoY to 4.2%

- Low working capital driven by low receivables partly offset by inventory build-up ahead of peak trading season
  - Health and quality of inventory is good

Net working capital remained at around zero in Q3 2020 – for the 4<sup>th</sup> quarter in a row

# Agenda of today

---

Executive summary

COVID-19 status

Update on Programme NOW

Q3 2020 financial performance

**FULL YEAR 2020 GUIDANCE**

**STAR  
WARS** × PANDORA



THE  
**MANDALORIAN**

# FINANCIAL GUIDANCE 2020

- Recent COVID-19 escalation creates significant uncertainty

## ORGANIC GROWTH

**-14% to -17%**

## EBIT MARGIN EXCL. RESTRUCTURING COSTS

**17.5% to 19%**

## FINANCIAL GUIDANCE CONDITIONS

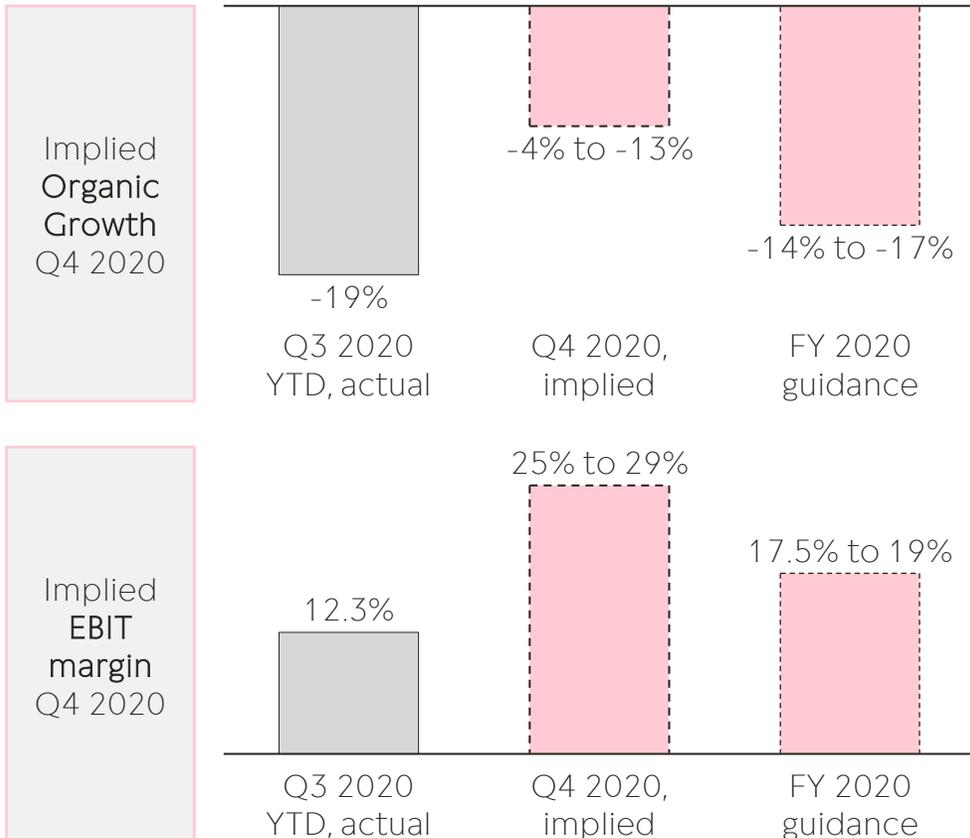
It has previously been communicated that the guidance is conditioned on certain COVID-19 assumptions. These no longer hold true:

- No new material lockdowns (now: UK and France in lockdown)
- Less than 10% of the physical stores will be temporarily closed for the rest of 2020 (now: 18% of stores closed)
- At this point in time, it is not meaningful to update the assumptions due to the uncertain COVID-19 environment
- No changes to guidance, but the recent escalation and potential further escalation of COVID-19 represents a clear downside risk

# Implicit guidance implications for Q4 and updated building block



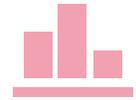
## IMPLIED Q4 2020 GUIDANCE



## ONE BUILDING BLOCK UPDATED – REST REMAINS UNCHANGED

Summary of building blocks for the guidance

- **Restructuring costs** changed to “DKK 1.2 billion” from “DKK 1.0 billion” and “DKK 1.3 billion” before COVID-19 wave 1
- **Total sell-out growth** similar range as the Organic Growth guidance
- **Net concept store openings** remain at “around net 50 closures”
- **CAPEX** still around “DKK 0.6 billion”
- **Effective tax rate** remains at “22-23%”
- **Cash distribution** continues to be suspended



## OCTOBER OFF TO A GOOD START, BUT...

...from Black Friday and onwards, Pandora expects social distancing and other restrictions to negatively impact momentum besides potential further escalation of COVID-19

# Exciting product line-up for peak trading season and next year

October 2020

## STAR WARS x PANDORA



November/December 2020

## CHRISTMAS COLLECTION



January 2021

## PANDORA COLOURS



# Closing remarks



Material improvement in Q3 –  
preparing for peak trading  
season



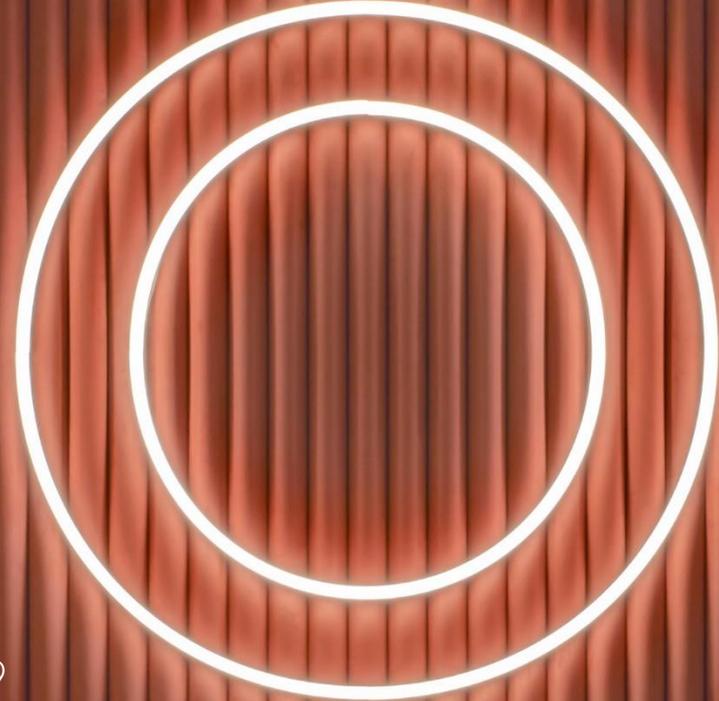
Cost Reset programme  
upgraded to DKK 1.6 billion  
from DKK 1.4 billion



Programme NOW continues  
to deliver positive  
results



Positive sell-out growth in  
October – but recent COVID-19  
escalations significantly increases  
uncertainty on guidance



# Q&A

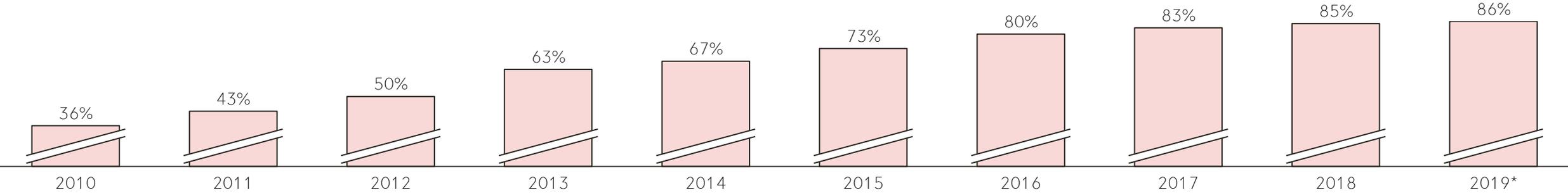


# APPENDIX

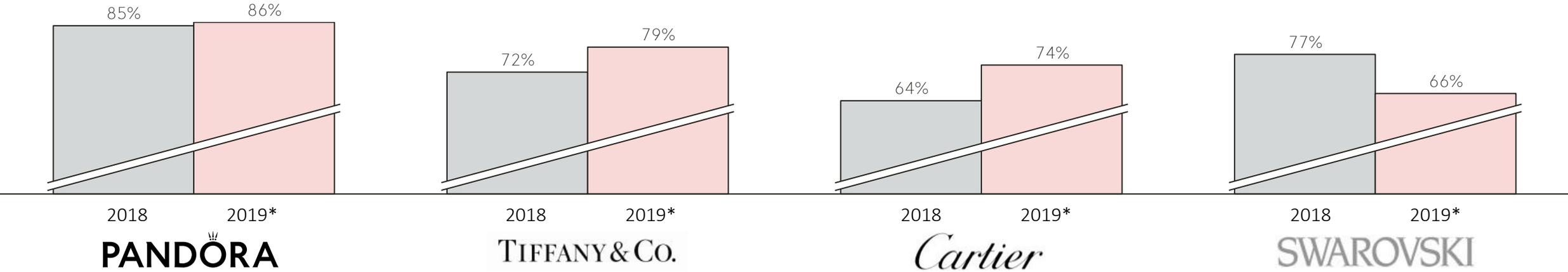


# Pandora is the world's most recognised jewellery brand

Aided brand awareness development



Aided brand awareness across selected jewellery companies

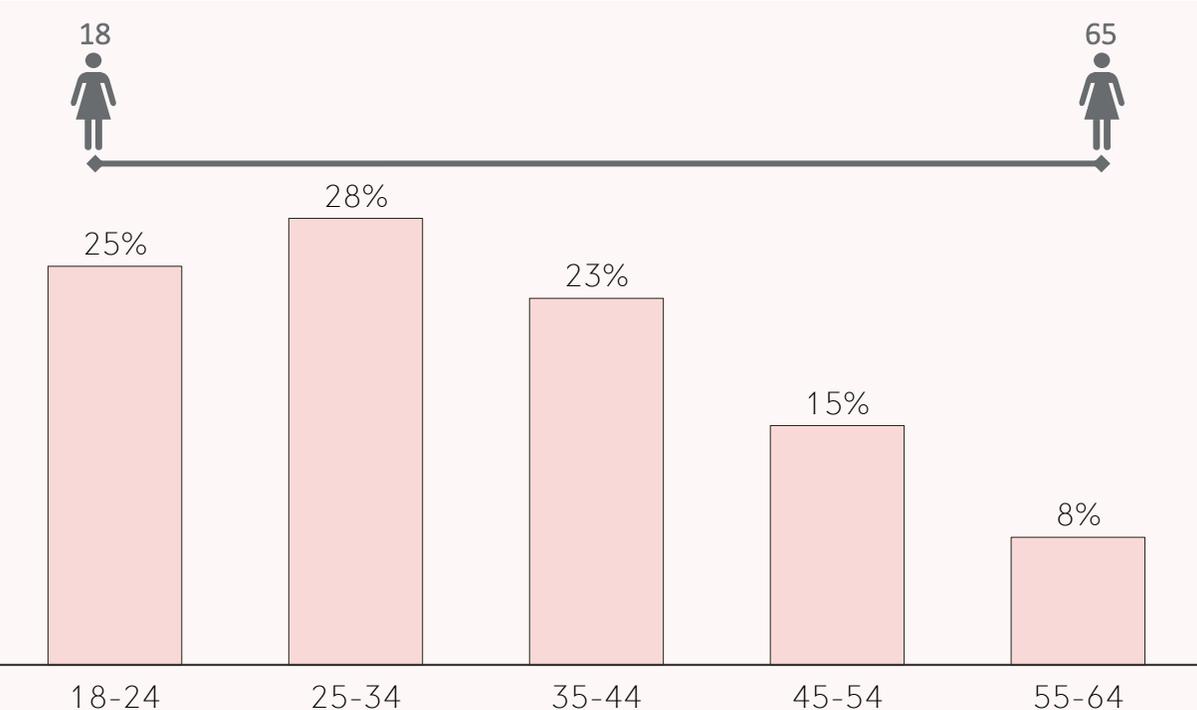


Source: Pandora Brand Tracker 2019 (n=5,874)  
 Markets include AU, CN, FR, IT, UK, US  
 \*Research methodology was changed in 2019 to focus on key markets



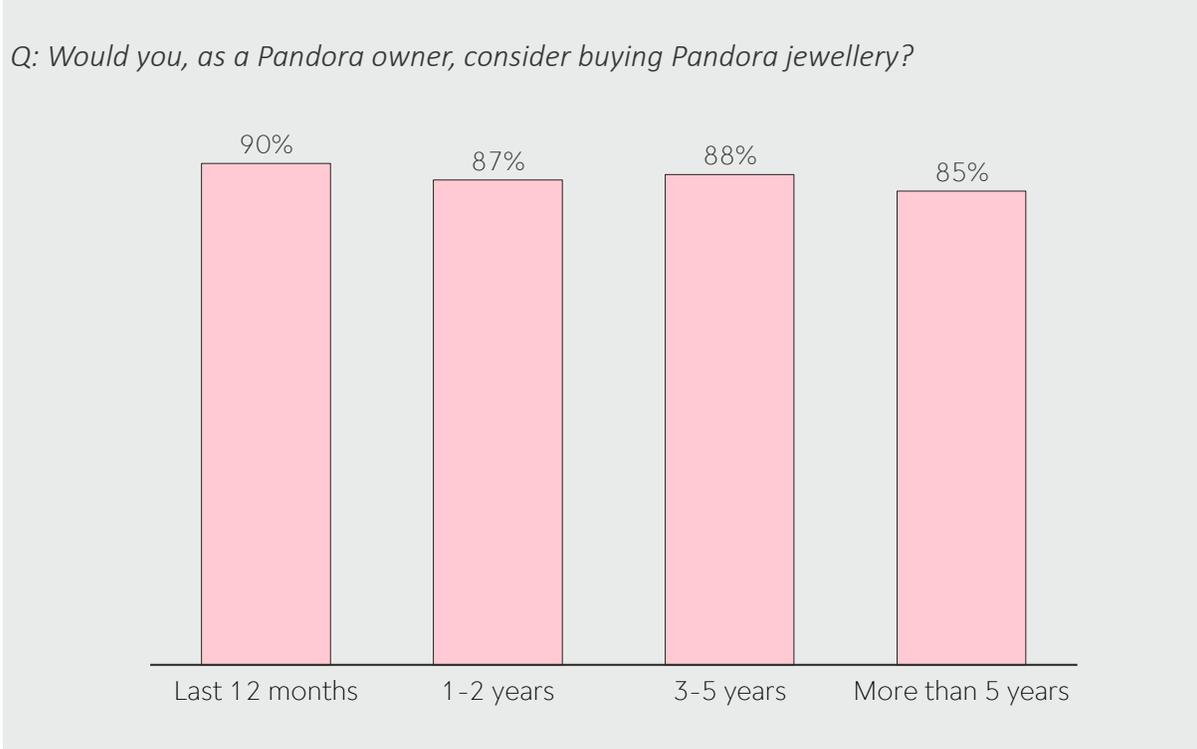
# Pandora consumers are across generations and stay loyal

Age distribution of our consumers who have purchased Pandora within the last 12 months



Source: Pandora Brand Tracker 2019 (n=957|n=1416)  
 Note: Markets include AU, CN, FR, IT, UK, US

Pandora owners highly consider to buy Pandora jewellery unrelated to time of ownership



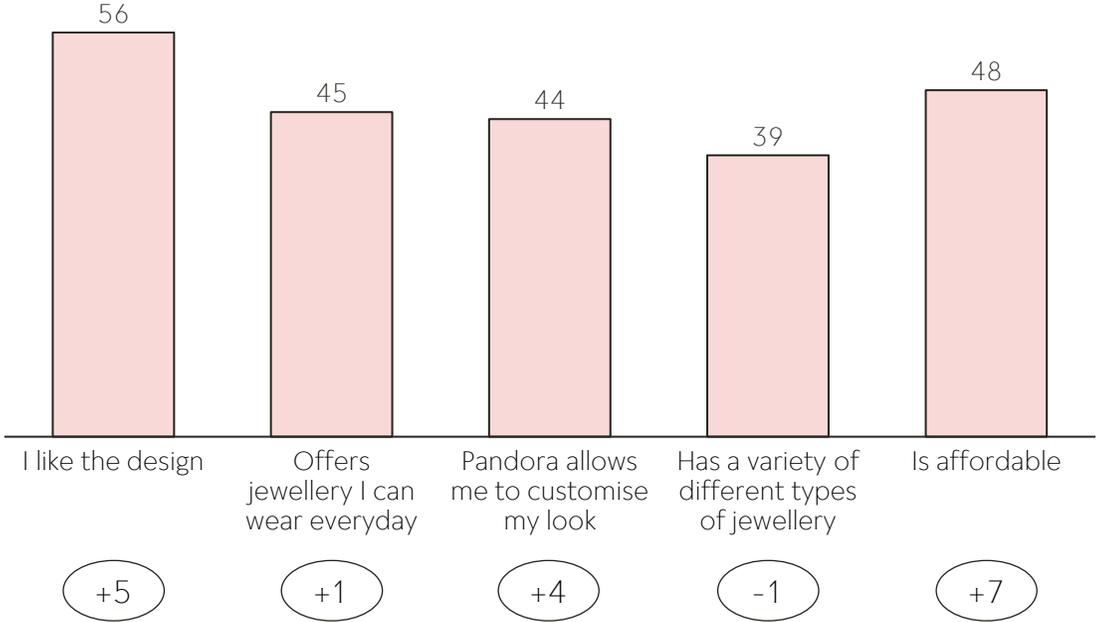
\*Survey-data allows for the possibility that share of repurchasers can be slightly higher than previous years active owner-base  
 \*\*Deviation in Awareness from funnel-slides caused by different market filters in order to compare to 2014 (excludes CN, CZ, JP, SG and AE)

# Pandora consumers have a wide-range of purchase criteria

○ Development 2017-2019, %-point

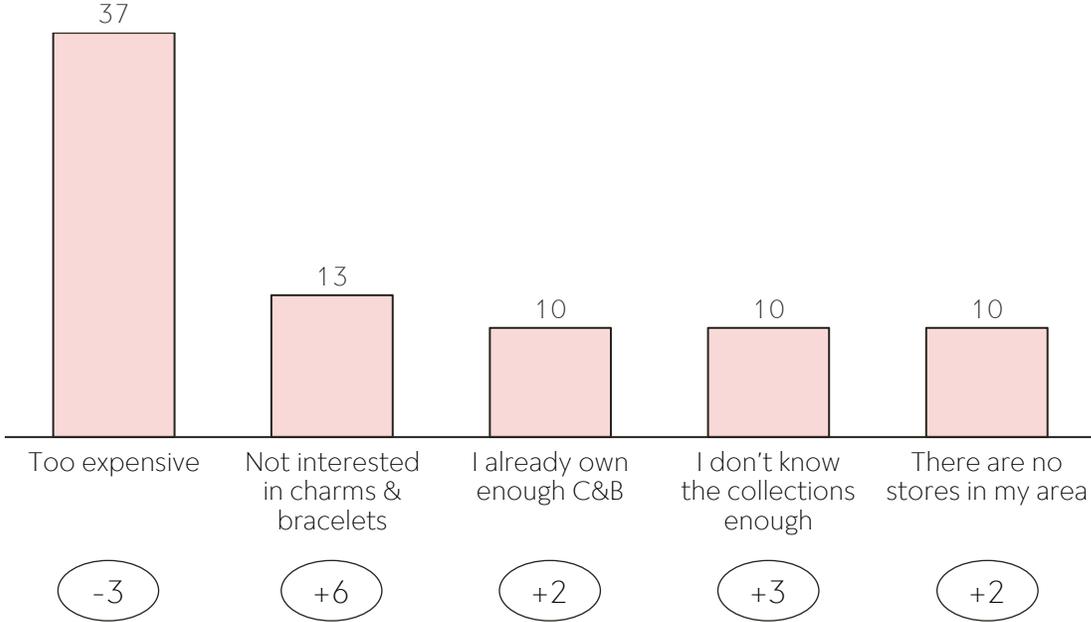
## Pandora top 5 purchase drivers

Share of Active Pandora Owners\* (n=1,092), %



## Pandora top 5 purchase barriers

Women that consider buying Pandora for themselves but haven't bought in 2019 (n=1,573), %



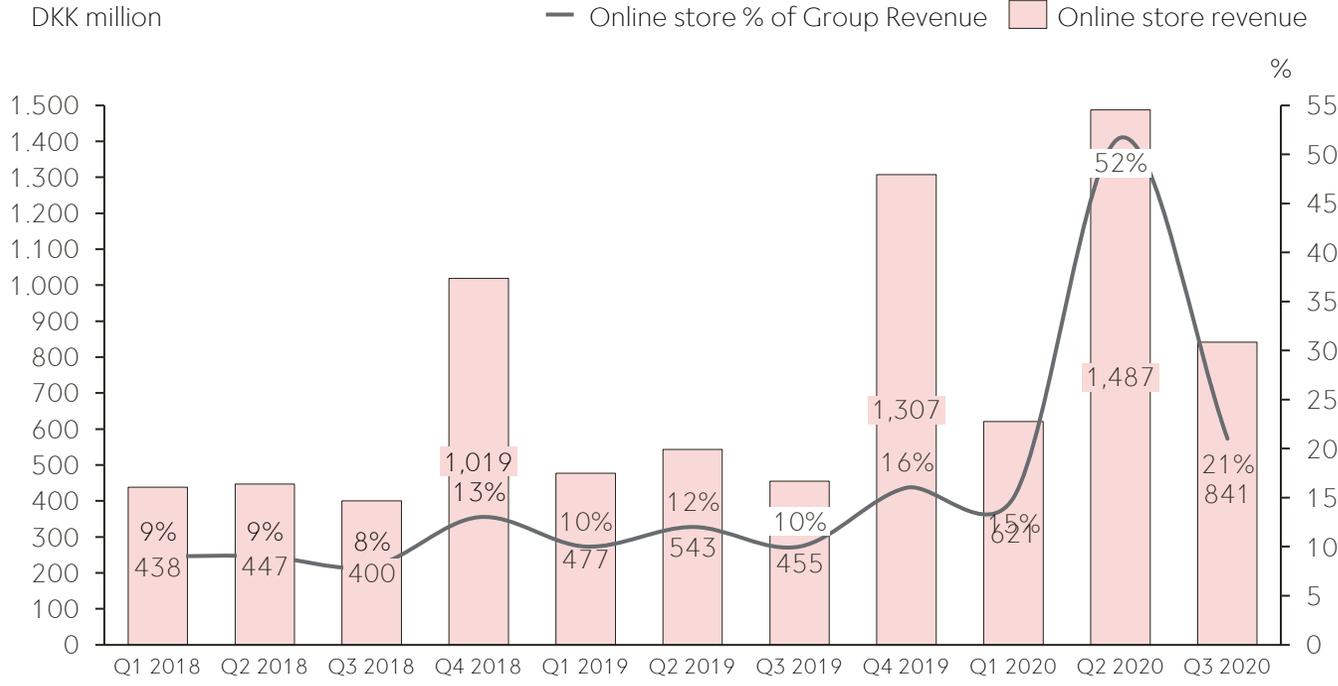
Source: Pandora Brand Tracker 2019

Note: Markets include AU, CN, FR, IT, UK, US

\*Active Owners include owners who have purchased past 12 months and/or received past 12 months

# Pandora's online business & presence

## Online store development



## Online platforms



Pandora online stores available in 20 markets across all regions, incl. China (own and Tmall distribution), Australia, Italy, the UK, the US etc.



More than 320 million visits on the Pandora online stores in 2019



More than 13 million Pandora club members worldwide



16.6 million Facebook followers



8.1 million followers on Instagram

**89%**  
ORGANIC  
GROWTH IN  
Q3 '20

**21%**  
REVENUE SHARE OF  
GROUP REVENUE IN  
Q3 '20

**20**  
MARKETS

**SINGLE**  
DIGIT RETURN  
RATES

**STRONG**  
PROFITABILITY

# Revenue development by channel and by product category

## Channel development

DKK million	Q3 2020	Growth, Q3 2020 Q3/Q3, share of LC revenue		FY 2019	Growth, FY 2019 FY/FY, share of LC revenue	
Pandora owned retail	2,799	4%	69%	14,181	8%	65%
- of which concept stores	1,836	-12%	45%	10,619	5%	49%
- of which online stores	841	89%	21%	2,782	18%	13%
- of which other points of sale	122	-19%	3%	780	22%	4%
Wholesale	1,113	-17%	27%	6,725	-24%	31%
- of which franchise concept stores	640	-13%	16%	3,843	-25%	18%
- of which other points of sale	473	-22%	12%	2,882	-22%	13%
Third-party distribution	158	-34%	4%	962	-26%	4%
<b>Total revenue</b>	<b>4,070</b>	<b>-5%</b>	<b>100%</b>	<b>21,868</b>	<b>-6%</b>	<b>100%</b>

## Product category development

DKK million	Q3 2020	Growth, Q3 2020 Q3/Q3, share of LC revenue		FY 2019	Growth, FY 2019 FY/FY, share of LC revenue	
Charms	2,062	-8%	51%	11,395	-8%	52%
Bracelets	801	-3%	20%	4,216	-6%	19%
Rings	591	-3%	15%	3,113	-4%	14%
Earrings	280	1%	7%	1,487	-1%	7%
Necklaces & Pendants	337	8%	8%	1,658	0%	8%
<b>Total revenue</b>	<b>4,070</b>	<b>-5%</b>	<b>100%</b>	<b>21,868</b>	<b>-6%</b>	<b>100%</b>

# Key markets revenue and total like-for-like overview

DKK million	Q3 2020	Growth Q3/Q3, LC	Sell-out growth incl. temporarily closed stores	Share of revenue, Q3 2020	FY 2019	Growth FY/FY, LC	Like-for-like FY 2019	Share of revenue, FY 2019
EMEA	2,170	3%	-	53%	10,740	-4%	-7%	49%
- of which the UK	617	19%	17%	15%	2,861	2%	-7%	13%
- of which Italy	484	3%	1%	12%	2,272	-8%	-7%	10%
- of which France	222	10%	0%	5%	1,169	-7%	-11%	5%
- of which Germany	233	24%	23%	6%	963	-8%	-5%	4%
AMERICAS	1,147	-7%	-	28%	6,772	-5%	-5%	31%
- of which the US	901	9%	18%	22%	4,677	-9%	-5%	21%
ASIA PACIFIC	754	-19%	-	19%	4,356	-11%	-15%	20%
- of which Australia	225	16%	6%	6%	1,118	-16%	-17%	5%
- of which China	350	-26%	-23%	9%	1,970	-1%	-11%	9%
<b>Group</b>	<b>4,070</b>	<b>-5%</b>	<b>-2%</b>	<b>100%</b>	<b>21,868</b>	<b>-6%</b>	<b>-8%</b>	<b>100%</b>

# Store network development

Number of points of sale	Net openings		
	Q3 2020	Q3 2020 vs Q2 2020	Q3 2020 vs Q3 2019
<b>Concept stores</b>	<b>2,689</b>	<b>-25</b>	<b>-32</b>
- of which Pandora owned	1,379	6	-
- of which franchise owned	809	-19	-24
- of which third-party distribution	501	-12	-8
<b>Other points of sale</b>	<b>4,463</b>	<b>-76</b>	<b>-266</b>
- of which Pandora owned	232	5	35
- of which wholesale	3,655	-51	-244
- of which third-party distribution	576	-30	-57
<b>Total points of sale</b>	<b>7,152</b>	<b>-101</b>	<b>-298</b>

# Concept stores per market

	Number of concept stores Q3 2020	Number of concept stores Q2 2020	Number of concept stores Q3 2019	Growth Q3 2020 /Q2 2020	Growth Q3 2020 /Q3 2019	Number of O&O Q3 2020	Number of O&O Q2 2020	Number of O&O Q3 2019	Growth O&O stores Q3 2020 /Q2 2020	Growth O&O stores Q3 2020 /Q3 2019
UK	217	216	231	1	-14	139	127	127	12	12
Russia	173	182	186	-9	-13	0	0	0	0	0
Germany	139	138	148	1	-9	135	133	142	2	-7
Italy	146	146	148	0	-2	107	107	107	0	0
France	121	121	120	0	1	77	77	75	0	2
Spain	90	88	83	2	7	70	70	69	0	1
Poland	52	52	49	0	3	37	37	37	0	0
South Africa	30	30	30	0	0	28	28	28	0	0
Turkey	30	30	29	0	1	30	30	29	0	1
Ireland	26	26	28	0	-2	21	21	23	0	-2
Netherlands	25	25	27	0	-2	25	25	27	0	-2
Ukraine	31	30	28	1	3	0	0	0	0	0
Portugal	26	26	26	0	0	0	0	0	0	0
Belgium	23	23	25	0	-2	14	14	15	0	-1
Romania	23	23	22	0	1	12	12	12	0	0
United Arab Emirates	18	18	19	0	-1	18	18	19	0	-1
Czech Republic	19	19	19	0	0	10	10	10	0	0
Israel	17	17	17	0	0	0	0	0	0	0
Austria	11	11	14	0	-3	9	9	9	0	0
Greece	11	13	14	-2	-3	0	0	0	0	0
Denmark	7	7	12	0	-5	7	7	12	0	-5
Saudi Arabia	13	12	12	1	1	0	0	0	0	0
Sweden	10	10	11	0	-1	10	10	11	0	-1
Nigeria	8	8	10	0	-2	0	0	0	0	0
Rest of EMEA	147	145	138	2	9	22	21	19	1	3
<b>EMEA</b>	<b>1,413</b>	<b>1,416</b>	<b>1,446</b>	<b>-3</b>	<b>-33</b>	<b>771</b>	<b>756</b>	<b>771</b>	<b>15</b>	<b>0</b>
USA	401	403	396	-2	5	153	156	154	-3	-1
Brazil	87	91	94	-4	-7	54	54	56	0	-2
Canada	78	79	79	-1	-1	23	23	23	0	0
Mexico	77	76	67	1	10	48	47	41	1	7
Caribbean	26	26	27	0	-1	0	0	0	0	0
Rest of Americas	75	81	68	-6	7	13	13	13	0	0
<b>Americas</b>	<b>744</b>	<b>756</b>	<b>731</b>	<b>-12</b>	<b>13</b>	<b>291</b>	<b>293</b>	<b>287</b>	<b>-2</b>	<b>4</b>
China	236	236	234	0	2	225	225	223	0	2
Australia	123	123	127	0	-4	37	38	38	-1	-1
Philippines	34	35	36	-1	-2	0	0	0	0	0
Malaysia	28	31	31	-3	-3	0	0	0	0	0
Hong Kong	23	28	27	-5	-4	21	26	25	-5	-4
Thailand	21	21	18	0	3	0	0	0	0	0
New Zealand	18	18	18	0	0	9	9	9	0	0
Singapore	11	11	15	0	-4	11	11	11	0	0
Rest of Asia Pacific	38	39	38	-1	0	14	15	15	-1	-1
<b>Asia Pacific</b>	<b>532</b>	<b>542</b>	<b>544</b>	<b>-10</b>	<b>-12</b>	<b>317</b>	<b>324</b>	<b>321</b>	<b>-7</b>	<b>-4</b>
<b>All markets</b>	<b>2,689</b>	<b>2,714</b>	<b>2,721</b>	<b>-25</b>	<b>-32</b>	<b>1,379</b>	<b>1,373</b>	<b>1,379</b>	<b>6</b>	<b>0</b>

# Profitability development

DKK million	Q3 2020 reported	Q3 2020 Restructuring costs	Q3 2020 excl. restructuring costs	Q3 2019 reported
Revenue	4,070	-	4,070	4,415
Cost of sales	-888	4	-892	-1,668
<b>Gross profit</b>	<b>3,183</b>	<b>4</b>	<b>3,178</b>	<b>2,747</b>
<i>Gross margin</i>	78.2%	-	78.1%	62.2%
Operating expenses (incl. D&A)	-2,715	-239	-2,476	-2,945
- of which sales, distribution and marketing expenses	-2,094	-30	-2,064	-2,261
- of which administrative expenses	-621	-209	-412	-684
<b>EBIT</b>	<b>11.5%</b>	<b>-</b>	<b>17.2%</b>	<b>-4.5%</b>
<i>EBIT margin</i>				

DKK million	FY 2019 reported	FY 2019 Restructuring costs	FY 2019 excl. restructuring costs	FY 2018 <sup>1</sup>
Revenue	21,868	-	21,868	22,806
Cost of sales	-5,966	-1,016	-4,950	-5,864
<b>Gross profit</b>	<b>15,903</b>	<b>-1,016</b>	<b>16,919</b>	<b>16,942</b>
<i>Gross margin</i>	72.7%		77.4%	74.3%
Operating expenses (incl. D&A)	-6,457	-198	-6,259	-6,080
- of which sales, distribution and marketing expenses	-2,847	-151	-2,696	-2,142
- of which administrative expenses	-2,770	-660	-2,110	-2,289
<b>EBIT</b>	<b>3,829</b>	<b>-2,025</b>	<b>5,854</b>	<b>6,431</b>
<i>EBIT margin</i>	17.5%		26.8%	28.2%

<sup>1</sup>Comparison figures have not been restated following the implementation of IFRS 16 Leases

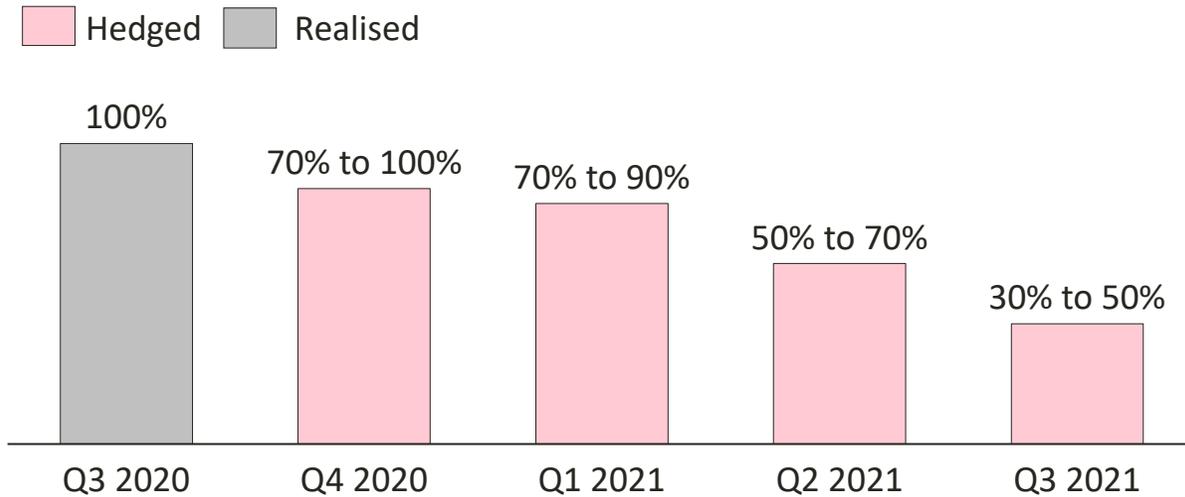
# Working capital and cash management

DKK million	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Inventory	2,619	2,250	2,155	2,137	2,835
- Share of revenue (last 12 months)	13.7%	11.6%	10.1%	9.8%	13.0%
Trade receivables	607	602	1,081	1,643	1,256
- Share of revenue (last 12 months)	3.2%	3.1%	5.1%	7.5%	5.8%
Trade payables	-2,425	-2,316	-2,337	-3,095	-2,222
- Share of revenue (last 12 months)	-12.7%	-11.9%	-11.0%	-14.2%	-10.2%
<b>Operating working capital</b>	<b>801</b>	<b>535</b>	<b>899</b>	<b>684</b>	<b>1,869</b>
- Share of revenue (last 12 months)	4.2%	2.8%	4.2%	3.1%	8.6%
Free cash flow excl. IFRS16	457	943	-272	2,760	758
CAPEX	117	121	129	184	254
% of revenue	2.9%	4.2%	3.2%	2.3%	5.8%
NIBD to EBITDA excl. restructuring costs (last 12 months)	1.1x	1.1x	1.3x	1.5x	1.8x
<b>Selected KPIs</b>					
Days Sales of Inventory - last 6 months of COGS (183 days)	288	228	134	109	182
Days Sales of Outstanding - last 3 months of wholesale and third-party distribution revenue (90 days)	30	89	46	36	49

# Hedging policy and raw materials share of production costs

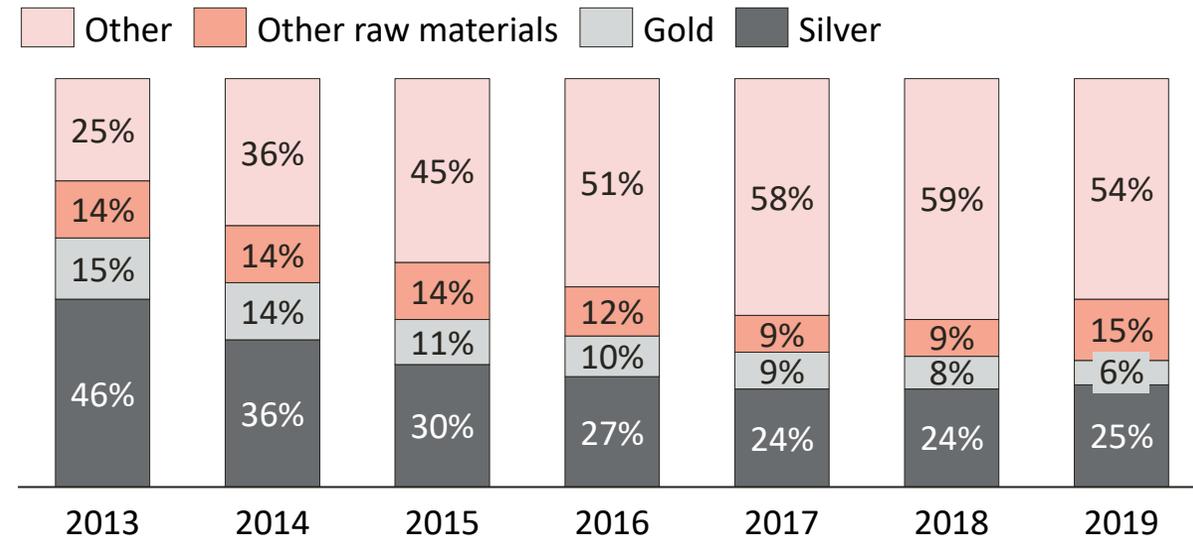
Commodity hedging policy is to hedge around 70% of future 12 months use in production

*For illustrative purposes*



- With an additional 2-4 months time lag from production to sale of the product and effect on the income statement, the impact of the recent increase in metal prices will not be seen until mid-2021

Raw material share of cost of goods sold



- Other in 2019 consists of ~35% labour, ~15% cost to third-party set-ups (i.e. plating) and ~50% licence, customs, remelt and minor provisions
- From 2019 inhouse plating is considered part of 'Other raw materials', having previously been part of 'Other'.

# Overview of the global jewellery market

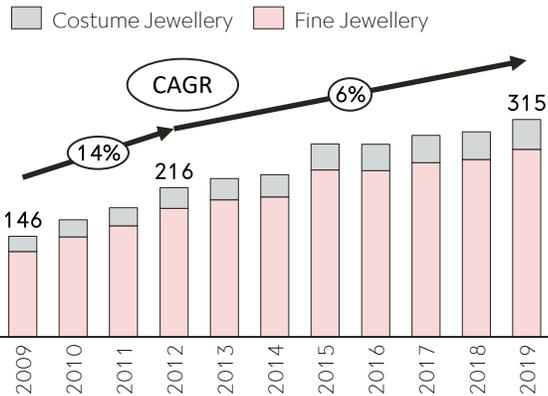
MARKET DEVELOPMENT

Fine jewellery market 2020-2024



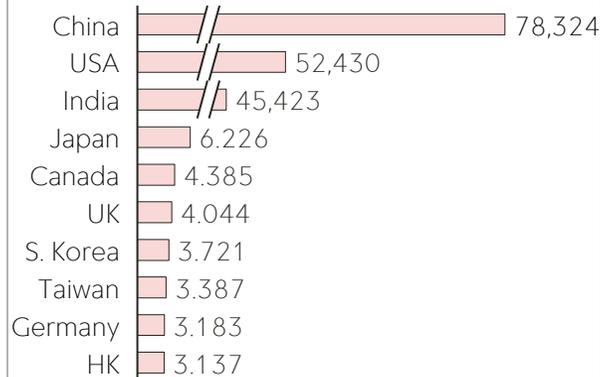
Jewellery market development

10 years, EUR billion



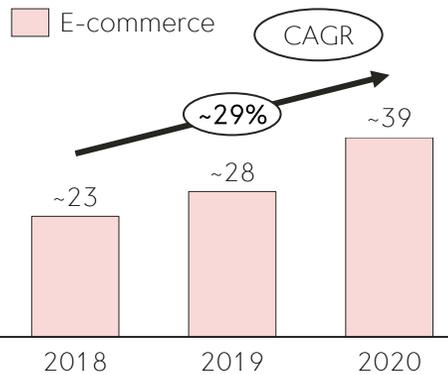
10 largest jewellery markets

2020, EUR million



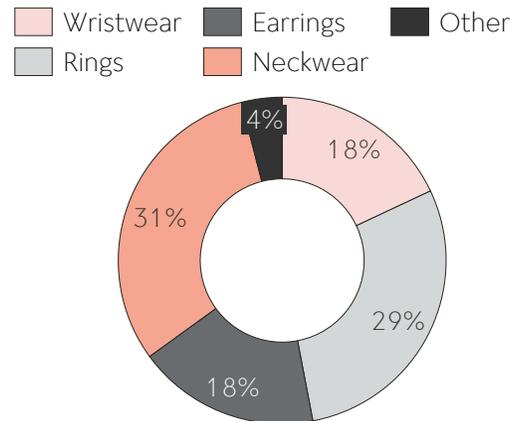
Jewellery eCOM development

EUR billion

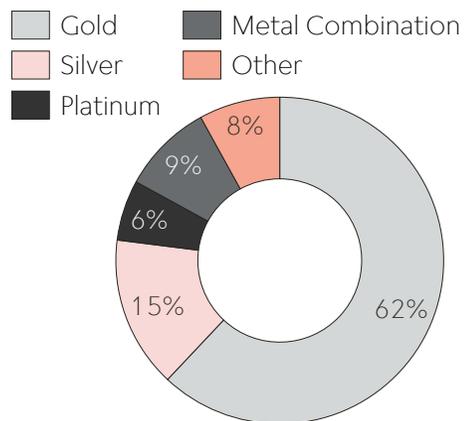


JEWELLERY DEVELOPMENT

Global category share (2020)



Fine jewellery metal split (2020)



World's 10 largest jewellery brands (2019)



Source: Euromonitor

# Sustainability

We believe high-quality jewellery, superior business performance and high ethical standards go hand in hand, and we craft our jewellery with respect for resources, environment and people. We will become carbon neutral in our operations by 2025 and have committed to set Science Based Targets for reducing greenhouse gas emissions across the full value chain.

We are committed signatories of the United Nations Global Compact and certified member of the Responsible Jewellery Council since 2012.



Pandora supports the UN Sustainable Development Goals. Four goals in particular guide our strategy as this is where we can contribute the most.



**Frontrunner in ESG Investment Performance**  
For the fourth consecutive year, we received the top rating of AAA in the MSCI ESG Ratings assessment.

## Climate and environment

As the world's largest jewellery maker, we are determined to reduce our climate footprint and help set an example for the wider industry.



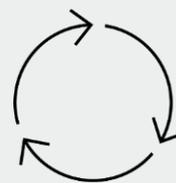
**Carbon neutral**  
in own operations  
by 2025



**100% renewable energy**  
at our crafting facilities  
by 2020



**Committed to set Science Based Targets**  
to reduce emissions  
across full value chain



**88%**  
of waste was  
recycled at our  
crafting facilities



Our two largest crafting facilities and global office are Leadership in Energy and Environmental Design (LEED) Certified.

## Sustainable products



**98%**  
recycled silver grains

**100%**  
recycled gold grains

**97%**  
of all stones are man-made



**100% certified**  
silver and gold grain suppliers



### Responsible Sourcing Programme

Pandora is committed to ensuring that our business practices, including our suppliers, live up to high social and environmental standards.

## Workplace and society



### Inclusive workspace

At Pandora, we are committed to fostering a culture of diversity and inclusion in and beyond our own operations. We will not tolerate any form of discrimination and are committed to gender diversity in our organisation. We will continue to advance our approach to diversity and inclusion.



**PANDORA** for **unicef** 

**Partnering with UNICEF to empower young people**  
Pandora and UNICEF have launched a global partnership to support the most vulnerable children, especially girls, around the world to lead healthier and safer lives and fulfil their potential. Through sale of Jewellery and other initiatives, Pandora will raise funds for UNICEF's important work.

**50/50**

gender split in our Board of Directors

**26%**

of Senior management are women and **74%** are men

# Investor Relations contact details

## Investor Relations team

**Michael Bjergby**  
 VP, Investor Relations, Tax & Treasury  
 +45 7219 5387  
 miby@pandora.net



**Christian Møller**  
 Investor Relations Officer  
 +45 7219 5361  
 chmo@pandora.net



## Share information

Trading symbol	PNDORA
Identification number/ISIN	DK0060252690
GICS	25203010
Number of shares	100,000,000
Sector	Apparel, Accessories & Luxury Goods
Share capital	100,000,000
Nominal value, DKK	1
Free float (incl. treasury shares)	100%

## ADR information

ADR trading symbol	PANDY
Programme type	Sponsored level 1 programme (J.P. Morgan)
Ratio (ADR:ORD)	4 ADRs : 1 ordinary share (4:1)
ADR ISIN	US 698 341 2031

