

TELECONFERENCE FY 2013 FINANCIAL RESULTS

10:00 CET, 18 February 2014



PANDORA
UNFORGETTABLE MOMENTS

AGENDA

AGENDA

- Business highlights:
 - Key developments in 2013
 - Market development and sales-out
 - Performance of newly launched products
 - Guidance 2014
- Financial review for Q4 2013
- Recap and Q&A



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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IMPORTANT EVENTS IN 2013

CEO MESSAGE

- Full year revenue was DKK 9,010 million, an increase of 35.4% or 39.6% in local currency, driven by all geographic regions, positively impacted by:
 - Seven successful product launches
 - Store network expansion across all geographies – including 205 new Concept stores compared to 2012
 - 2012 figures impacted by stock balancing campaign and change in provisions
- All four major markets experienced positive like-for-like growth in all four quarters driven by strong products and improved in-store execution
- EBITDA increased 73.8% to DKK 2,881 million – an EBITDA margin of 32.0%
 - Significant improvement in profitability in Europe and Asia Pacific
- Free cash flow was DKK 1,956 million corresponding to a cash conversion of 88.1%
- DKK 700 million share buyback programme successfully executed

REGIONAL REVENUE DEVELOPMENT

REVENUE BREAKDOWN BY GEOGRAPHY

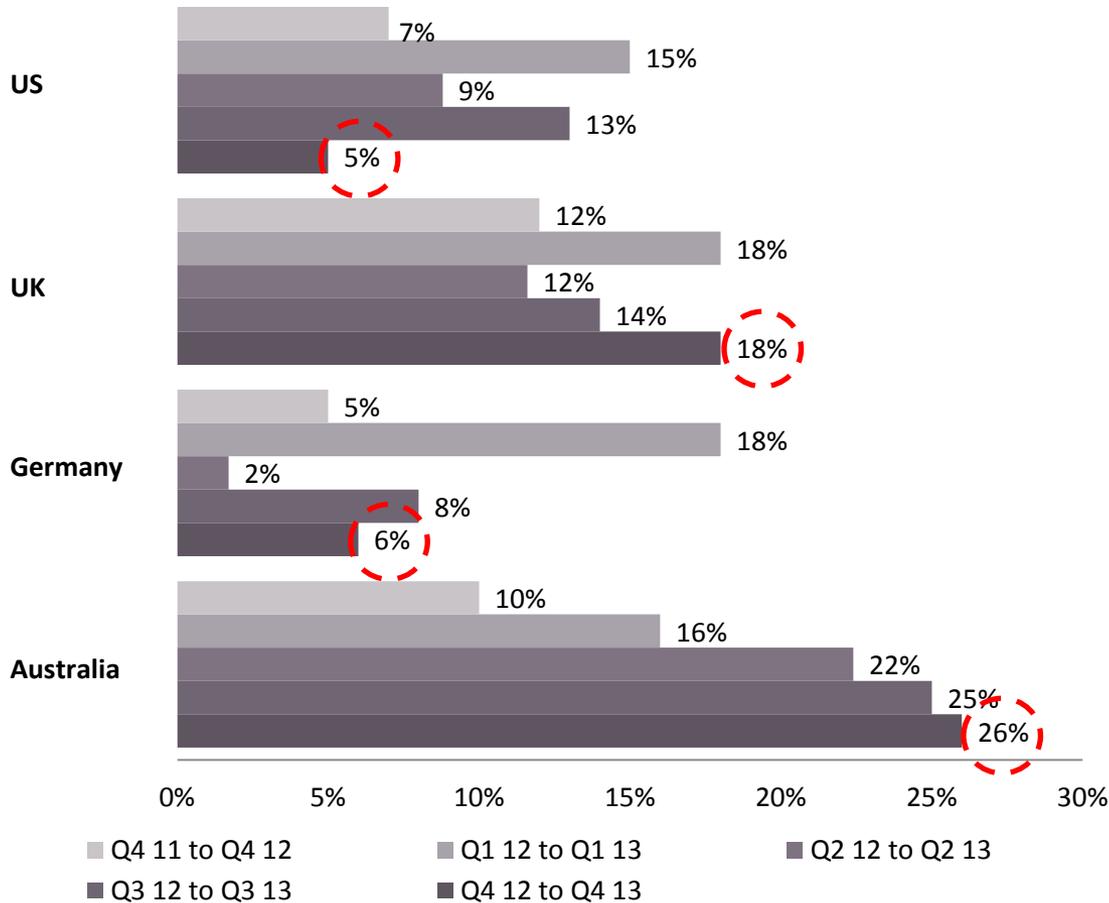
DKKkm	Q4 2013	Q4 2012	Growth	Growth in local currency	FY 2013	FY 2012	Growth	Growth in local currency
Americas	1,064	939	13.3%	20.0%	4,156	3,312	25.5%	30.0%
US	838	738	13.6%	19.5%	3,201	2,579	24.1%	28.2%
Other	226	201	12.4%		955	733	30.3%	
Europe	1,381	966	43.0%	45.3%	3,760	2,542	47.9%	49.9%
UK	482	384	25.5%	28.6%	1,158	869	33.3%	39.4%
Germany	200	154	28.6%	28.6%	544	469	16.0%	16.0%
Other	699	428	63.3%		2,058	1,204	70.9%	
Asia Pacific	377	269	40.1%	59.5%	1,094	798	37.1%	46.6%
Australia	250	243	2.9%	19.5%	681	618	10.2%	21.4%
Other	127	26	388.5%		413	180	129.4%	
Total	2,822	2,174	29.8%	36.2%	9,010	6,652	35.4%	39.6%

COMMENTS

- All regions supported by strong Christmas launch
- Americas increase 13% driven by US and Canada
- Positive development across most markets in Europe, including UK, Germany, France, Italy and Russia
- Strong growth in Australia significantly impacted by exchange rates
- Continued strong development in Other Asia Pacific
- All regions impacted by provisions in Q4 2012, including DKK 38 million related to Verite in Japan

SALES-OUT POSITIVE IN ALL MAJOR MARKETS

LIKE FOR LIKE CONCEPT STORES – SALES-OUT DEVELOPMENT



COMMENTS

- Significant like-for-like growth across all four major markets
- Improved product assortment and newness in stores continue to drive growth
- Positive reception of the Christmas collection, the PANDORA ESSENCE COLLECTION, and continued success of the silver bangle
- Like-for-like growth outside the four markets continues to be high in new markets (Italy, Russia, France, Hong Kong, etc.)

PERFORMANCE OF NEWLY LAUNCHED PRODUCTS



COMMENTS

- The PANDORA ESSENCE COLLECTION launched in November in Concept stores in selected countries, with positive initial feedback
- Christmas collection successfully launched during the quarter
- All 2013 collections continues to do well
- Products launched within the last 12 months continues to do well and represented roughly one third of sales-out for the quarter

DIVIDEND AND SHARE BUYBACK PROGRAMME

DIVIDEND OF DKK 6.5 PER SHARE AND DKK 2,400m SHARE BUYBACK

- Board of Directors proposes a dividend of DKK 6.50 per share for 2013 (2012: DKK 5.50)
- Share buyback programme of up to DKK 2,400 million during 2014 (2013: DKK 700 million)
 - Major shareholders have undertaken to participate in the programme on a pro rata basis, to secure that current free float is not reduced
 - The programme is being implemented under the Safe Harbour regulations (EC no. 2273/2003)
- Following the share buyback programme for 2013, the Board proposes cancellation of 2,027,438 shares equal to 1.6% of the total share capital
- Unchanged capital structure ratio target of 0–1x NIBD/EBITDA

2014 FINANCIAL EXPECTATIONS



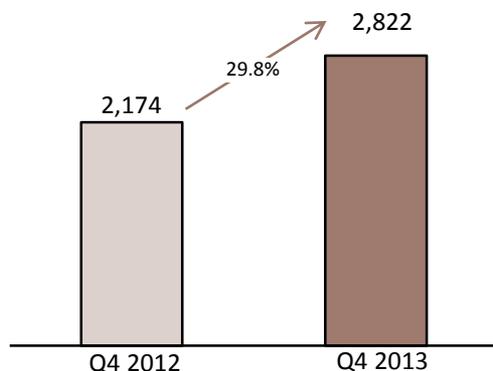
2014 FINANCIAL EXPECTATIONS

- Revenue of more than DKK 10.0 billion
- EBITDA margin of approx. 35%
- CAPEX of approx. DKK 550 million (includes expansion of the production facilities in Thailand)
- Effective tax rate of approx. 20%

- During 2014, PANDORA expects to open more than 175 Concept stores

REVENUE DEVELOPMENT IN Q4 2013

REVENUE (DKKm)

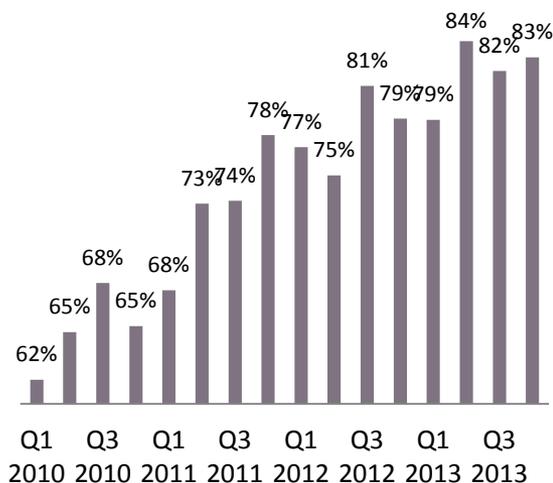


- 36.2% growth in local currency
- Volume up 23.9%
- ASP DKK 126 (vs. DKK 132 in Q4 2012)

COMMENTS

- Total revenue increased by 29.8% driven by newly launched products and store openings
- Revenue impacted by currency in the US and Australia in particular
- Branded distribution generating 83% of Q4 2013 revenue with Concept Stores as largest contributor
- Retail prices unchanged compared to Q4 2012, ASP decrease driven by mix

Share of branded revenue



REVENUE PER CHANNEL

	Q4 2013
Concept stores	53.9%
Shop-in-Shops	16.8%
Gold	12.5%
Total Branded	83.2%
Silver	6.3%
White & Travel retail	6.3%
Total unbranded	12.6%
Total Direct	95.8%
3rd party	4.2%
Total	100.0%

DEVELOPMENT IN STORE NETWORK

NUMBER OF STORES AND OPENINGS

	Number of stores				Net openings			
	Q4 2013	Q3 2013	Q4 2012	Share of total	Q4 2013	Q3 2013	Q4 2012	FY 2013
Concept stores	1,100	1,011	895	11%	89	62	72	205
Shop-in-Shop	1,372	1,349	1,265	13%	23	27	61	107
Gold	2,329	2,355	2,294	23%	-26	16	164	35
Total branded	4,801	4,715	4,454	47%	86	105	297	347
Silver	3,187	3,119	3,073	31%	68	-29	138	114
White	2,291	2,511	2,847	22%	-220	-68	-281	-556
Total	10,279	10,345	10,374	100%	-66	8	154	-95

NUMBER OF STORES, KEY NEW MARKETS

	End of Q4 2013							Net openings		
	Russia	China	Japan	Rest of Asia	France	Italy	Total	Q4 2013	Q3 2013	Q2 2013
Concept stores	121	27	1	51	22	25	247	31	24	22
Shop-in-shop	35	12	6	61	34	7	155	9	15	3
Total	156	39	7	112	56	32	402	40	39	25

COMMENTS

- 89 Concept stores and 23 Shop-in-shops opened in Q4 2013
- Continued focus on global branded network – 347 branded points of sale opened in 2013:
 - 205 Concept stores
 - 107 Shop-in-Shops
 - 35 Gold stores
- Net 95 unbranded doors closed in 2013
- 40 branded doors opened in new markets, primarily in France, Italy and Russia

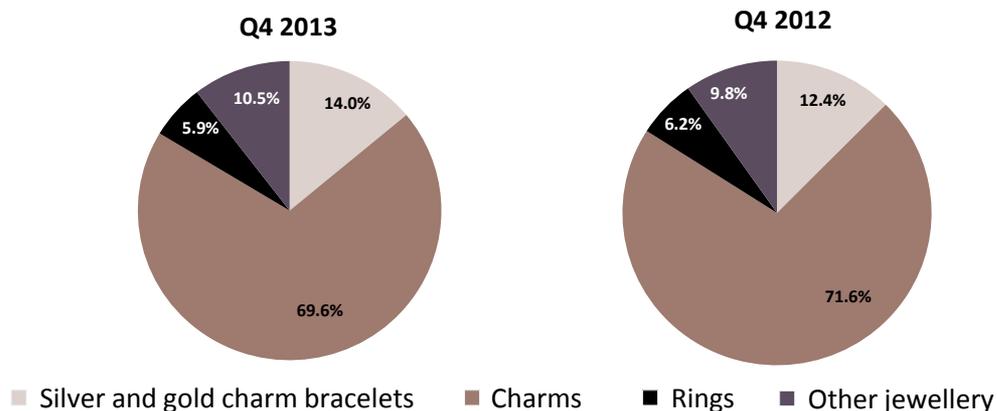
PRODUCT MIX IN Q4 2013

PRODUCT MIX						
DKKm	Q4 2013	Q4 2012	Growth	Share of total	Received Q4 2012	Replaced Q4 2012
Charms	1,966	1,557	26.3%	69.6%	0	4
Silver and gold charms bracelets	394	270	45.9%	14.0%	0	4
Rings	167	135	23.7%	5.9%	0	1
Other jewellery	295	212	39.2%	10.5%	0	1
Total	2,822	2,174	29.8%	100%	0	10

COMMENTS

- Charms increased by 26.3% and Silver and gold charms bracelets increased by 45.9%, generating 83.6% of revenue for the quarter
- The PANDORA ESSENCE COLLECTION included in Charms and Silver and gold charms bracelets
- Ring collection continues to sell well, increasing by 23.7%, driven by improved commercial offering
- Other Jewellery increased by 39.2%, driven by all sub categories, incl. the silver bangle

PRODUCT SPLIT AS PERCENTAGE OF TOTAL REVENUE



GROSS MARGIN DEVELOPMENT IN Q4 2013

GROSS PROFIT AND GROSS MARGIN

DKKm	Q4 2013	Q4 2012	FY 2013	FY 2012
Revenue	2,822	2,174	9,010	6,652
Cost of sales	-904	-771	3,011	-2,223
Gross profit	1,918	1,403	5,999	4,429
Gross margin	68.0%	64.5%	66.6%	66.6%

COMMENTS

- Gross margin up 3.5 percentage points vs. Q4 2012 impacted by:
 - Lower raw material prices
 - +2 percentage points from reversal of accruals (one-off)
- Excluding hedging and inventory time lag, underlying gross margin would have been approximately 72% based on average gold and silver spot prices in Q4 2013
- Gross margin impact of 1-2pp if 10% deviation on commodities



OPEX DEVELOPMENT IN Q4 2013

OPEX, EBITDA AND MARGIN				
DKKm	Q4 2013	Q4 2012	FY 2013	FY 2012
Gross margin				
Share of revenue	68.0%	64.5%	66.6%	66.6%
DKKm	1,918	1,403	5,999	4,429
Operational expenses				
Share of revenue	36.4%	42.1%	36.8%	44.4%
DKKm	1,027	917	3,318	2,954
Sales & distribution expenses				
Share of revenue	17.4%	18.1%	16.8%	19.0%
DKKm	491	393	1,517	1,261
Marketing expenses				
Share of Revenue	9.7%	13.5%	9.8%	12.4%
DKKm	273	293	880	823
Administrative expenses				
Share of revenue	9.3%	10.6%	10.2%	13.1%
DKKm	263	231	921	870
EBIT				
EBIT margin	31.6%	22.4%	29.8%	22.2%
Depreciation and amortisation*	55	44	200	180
EBITDA				
EBITDA margin	33.5%	24.6%	32.0%	24.9%

*Including gains/losses from sale of assets

COMMENTS
<ul style="list-style-type: none"> • Increase in sales and distribution expenses driven by higher revenue and expansion of e-commerce platform • Marketing expenses was DKK 273 million corresponding to 9.7% and includes PANDORA's first national TV-campaign in the US • Administrative expenses was DKK 263 million, an increase of 14% compared to Q4 2012, impacted by: <ul style="list-style-type: none"> • Cost related to acquisition of distribution in Brazil • Costs related to relocation of the Australian and Italian headquarters

REGIONAL EBITDA MARGINS

EBITDA MARGINS							
	Q4 2013	Q4 2012	Q4 2013 vs. Q4 2012	Q3 2013	Q4 2013 vs. Q3 2013	Q2 2013	Q1 2013
Americas	37.7%	36.0%	1.7%	44.2%	-6.5%	44.7%	44.1%
Europe	40.4%	26.8%	13.6%	39.6%	0.8%	23.1%	34.6%
Asia Pacific	38.7%	31.2%	7.5%	40.2%	-1.5%	36.1%	35.8%
Unallocated costs ¹	-5.6%	-6.8%	1.2%	-7.9%	2.3%	-9.0%	-7.6%
Group EBITDA margin	33.5%	24.6%	8.9%	33.8%	-0.3%	27.4%	32.1%

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



COMMENTS

- All regional margins positively impacted by improved gross margin
- Margins in Americas impacted by high marketing spend, incl. first national TV-campaign in the US
- The EBITDA margin in Europe increased by 13.6 percentage points driven by channel mix, leverage on costs in PANDORA's new markets and positive one-off on gross margin
- Margin in Asia Pacific increase driven by higher revenue and lower impact from provisions

PROFIT DEVELOPMENT Q4 2013

FINANCIAL ITEMS, TAX AND NET PROFIT				
DKKm	Q4 2013	Q4 2012	FY 2013	FY 2012
EBIT	891	486	2,681	1,475
Finance income	58	60	167	132
Finance expenses	-35	-20	-106	-128
Profit before tax	914	526	2,742	1,479
Income tax expenses	175	105	522	277
Effective tax rate	19.1%	20.0%	19.0%	18.7%
Net profit	739	421	2,220	1,202

COMMENTS

- Net financial income amounted to DKK 23 million in Q4 2013, significantly impacted by currency gains
- Effective tax rate 19.1% in Q4 2013

WORKING CAPITAL DEVELOPMENT

WORKING CAPITAL AND CASH MANAGEMENT

DKKm	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
Inventory	1,490	1.603	1,463	1,396	1,318
Trade receivables	895	1.017	687	724	940
Trade payables	539	481	184	174	219
Operating working capital	1,846	2,139	1,966	1,946	2,039
<i>Share of revenue¹</i>	20.5%	25.6%	24.9%	26.9%	30.7%
Other receivables	731	702	719	533	502
Tax receivables	35	128	163	140	138
Provisions ²	506	447	444	500	470
Income tax payable	546	478	394	337	283
Other payables	699	551	823	595	692
Net working capital including derivatives	861	1,493	1,187	1,187	1,234
<i>Share of revenue¹</i>	9.6%	17.9%	15.0%	16.4%	18.6%
Derivatives	148	109	274	56	43
Net working capital excluding derivatives	1,009	1,602	1,461	1,243	1,277
<i>Share of revenue¹</i>	11.2%	19.2%	18.5%	17.2%	19.2%
Free cash flow	1,085	363	102	406	1,030
Cash conversion³	146.8%	59.3%	23.7%	92.7%	244.7%
NIBD/EBITDA⁴	-0.2	0.1	0.1	0.1	-0.1
ROIC⁵	44.9%	35.5%	32.4%	28.0%	25.0%

COMMENTS

- Inventory decreased compared to Q3 2013 due to seasonality – the increase compared to Q4 2012 was due to increasing revenue
- Trade receivables decreased due to improved cash collection
- Trade payables/other payables compared to Q4 2012 impacted by reclassification of DKK 203 million
- Free cash flow was DKK 1,085 million corresponding to a cash conversion of 147%

¹ % of revenue in relation to last twelve months' revenue. DKK 9,010m for the period ended 31 December 2013

² Excluding earn-out

³ Calculated as free cash flow / net profit

⁴ Calculated as last 12 months' EBITDA

⁵ Calculated as last 12 months' EBIT / invested capital (at end of period)

FY 2013 IN SUMMARY



SUMMARY

- Revenue up 35%
- Strong performance from all seven annual launches
- Continued roll out of stores with the addition of 205 new Concept stores
- Gross margin was 66.6% and EBITDA margin was 32.0%
- Free cash flow was DKK 1,956 million
- Proposed dividend of DKK 6.50
- Share buyback of up to DKK 2,400m for 2014
- Guidance of more than DKK 10.0 billion with a EBITDA margin of approx. 35%

QUESTIONS AND ANSWERS

