

PANDORA



PHOENIX STRATEGY

# A NEW CHAPTER OF GROWTH

CAPITAL MARKETS DAY 2021

# DISCLAIMER

---

## 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.

---



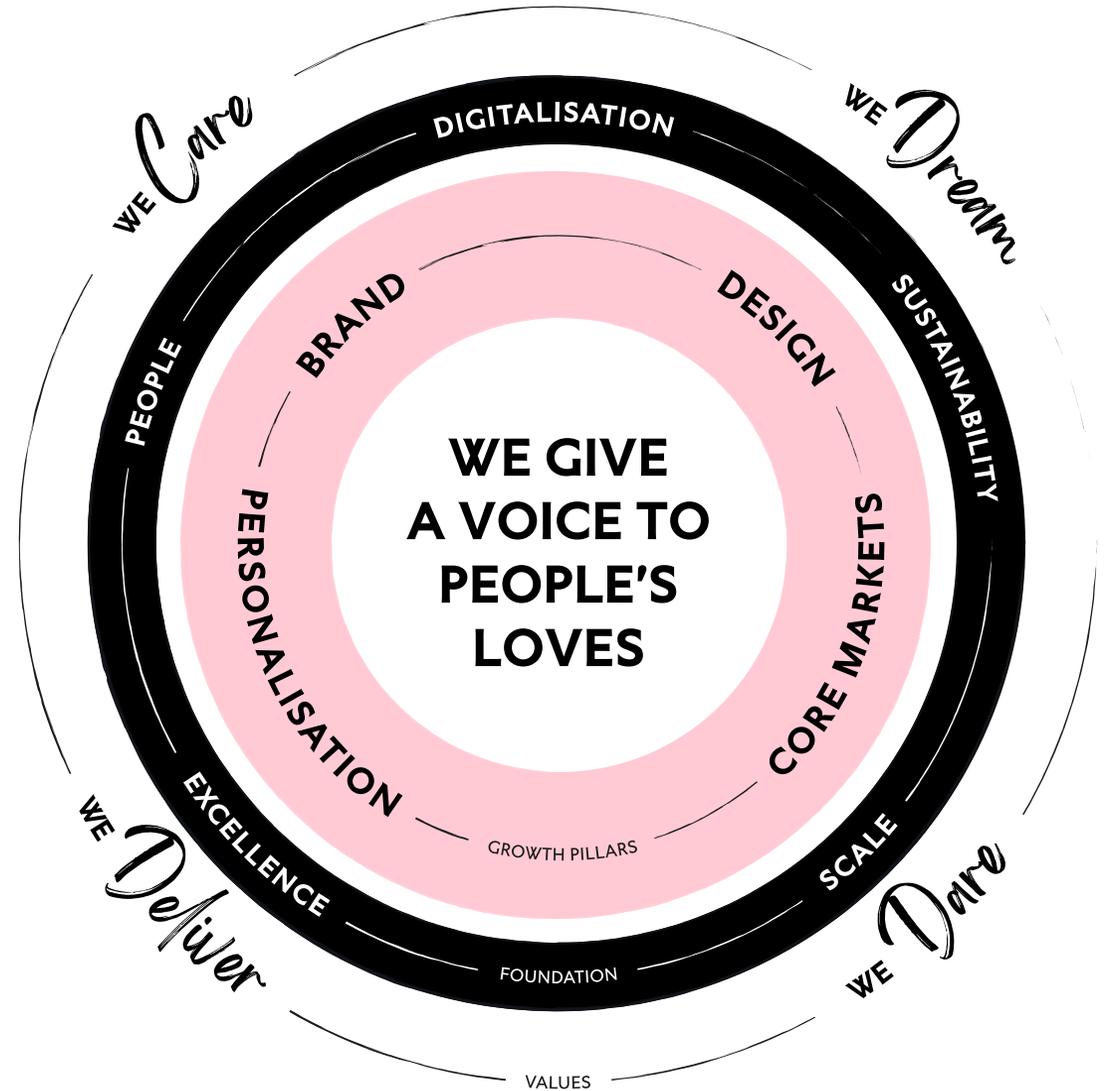


# TODAY'S **AGENDA & PRESENTERS**

TIME	PRESENTER	CONTENT	PAGE
13:00	ALEXANDER LACIK	<a href="#">A new chapter of growth</a>	4
	ERIK SCHMIDT	<a href="#">Investing in our people and sustainability</a>	18
	JEERASAGE PURANASAMRIDDHI	<a href="#">Crafting at scale</a>	25
	DAVID WALMSLEY	<a href="#">Building for a digital future</a>	30
13:55-14:05	BREAK		
	CARLA LIUNI & STEPHEN FAIRCHILD	<a href="#">Fueling brand and design</a>	39
	MARTINO PESSINA	<a href="#">Personalising the customer experience</a>	69
14:55-15:05	BREAK		
	MARTINO PESSINA	<a href="#">Growing our core markets</a>	78
	ANDERS BOYER	<a href="#">Financial targets</a>	88
	ALEXANDER LACIK	<a href="#">Recap</a>	106
15:45	Q&A	Q&A to all presentations	
16:55	ALEXANDER LACIK	Closing remarks	

# A NEW CHAPTER OF GROWTH

ALEXANDER LACIK



# THE JEWELLERY MARKET & PANDORA'S POSITION

**1,375**  
DKK billion Pandora top-10  
markets jewellery market size<sup>1</sup>

**4.0%**  
Jewellery market growth  
p.a. the past 10 years<sup>2</sup>

**21%**  
Top-10 companies  
market share in 2020<sup>3</sup>



**8 OF 10**  
women know our brand  
(Global aided brand awareness<sup>4</sup>)

**~100**  
million pieces of jewellery  
expected to be sold in 2021

**20.4%**  
2020 EBIT margin  
excl. restructuring

**~70%**  
of revenue comes from  
Pandora Moments

Note: <sup>1</sup>Euroonitor data, 2019 (Pre-covid), <sup>2</sup>Euroonitor data 2009-2019 – weighted market development with Pandora sales for top-10 markets, <sup>3</sup>Pandora Top-10 markets <sup>4</sup>Global Brand Tracker 2020 report

# PANDORA IS A UNIQUE JEWELLERY COMPANY WITH A STRONG **COMPETITIVE POSITION**



## **BRAND**

Unmatched brand awareness

Affordable luxury

## **NETWORK**

>6,700 point of sales in more than 100 countries

## **CRAFTING**

In-house product development, scalability, high quality

## **PEOPLE**

Dedicated & experienced team

## **SUSTAINABILITY**

Category thought leader

# THE JOURNEY OF PANDORA

**MOMENTS PLATFORM**



**GLOBAL RETAILER**



**BRAND DEVELOPMENT**





# PROGRAMME NOW BUILT IMPORTANT FOUNDATIONS

REVITALISED  
BRAND  
MOMENTUM

ENHANCED  
DIGITAL  
CAPABILITIES

STRENGTHENED  
PRODUCT  
PORTFOLIO

ORGANISATIONAL  
TRANSFORMATION

OPTIMISED  
COSTS



# MOVING INTO OUR NEXT CHAPTER OF **GROWTH**



# WHAT OUR CUSTOMERS SAY ABOUT PANDORA



VIDEO

OUR PURPOSE

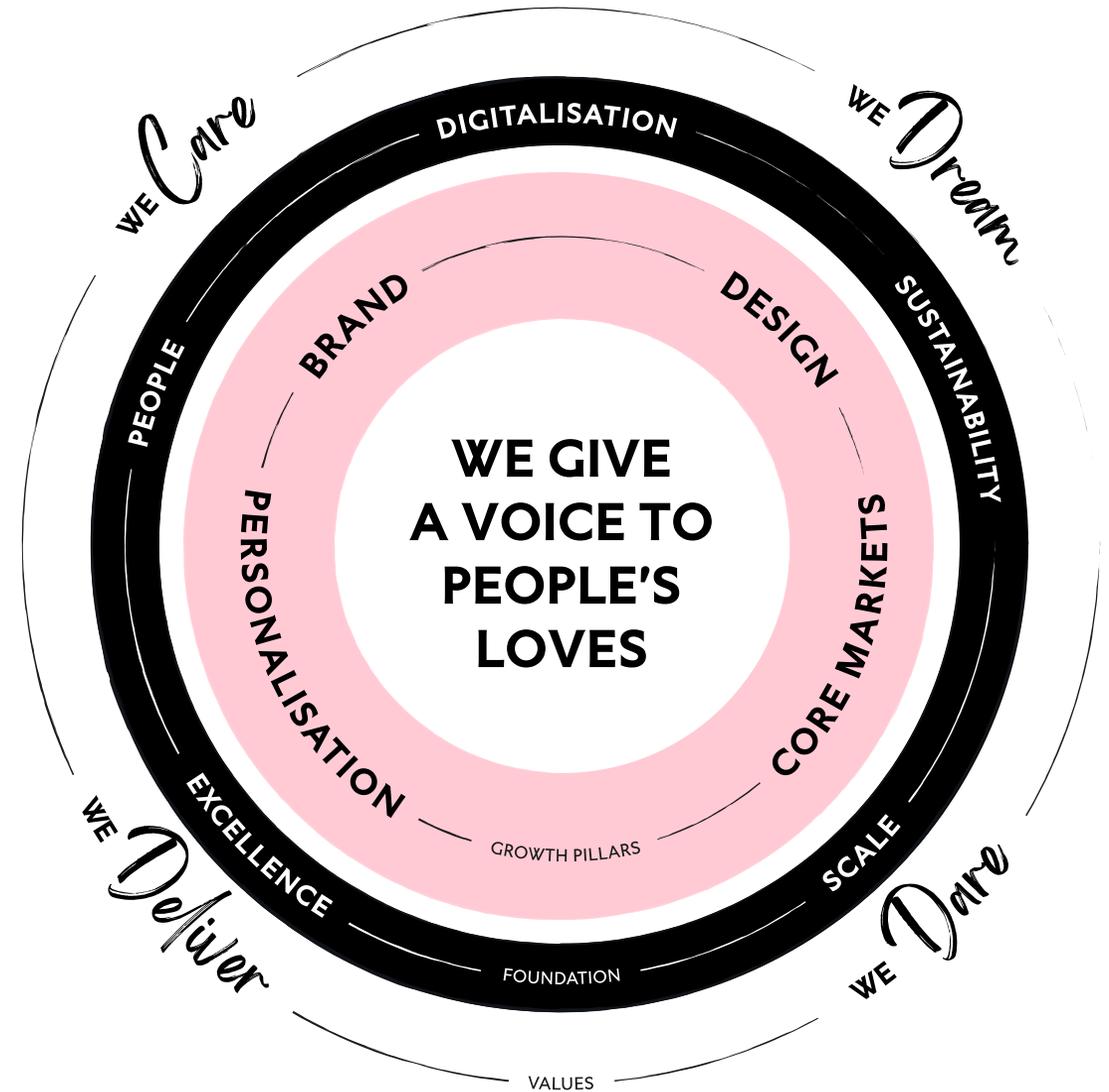
**WE GIVE A VOICE  
TO PEOPLE'S  
LOVES**



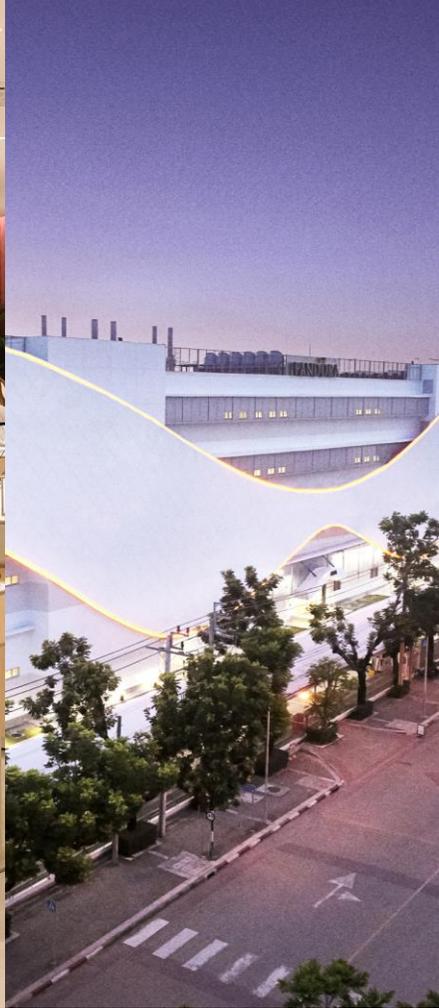
# PHOENIX STRATEGY

## OBJECTIVE

BE THE LARGEST  
AND MOST  
DESIRABLE BRAND IN  
THE AFFORDABLE  
JEWELLERY MARKET



# FOUNDATION



**PEOPLE**

**SUSTAINABILITY**

**DIGITALISATION**

**EXCELLENCE**

**SCALE**

TO SUCCEED WITH OUR GROWTH PILLARS, WE BUILD ON OUR **STRONG FOUNDATION.**

# GROWTH PILLARS

## BRAND

Fuel our brand desirability & reach



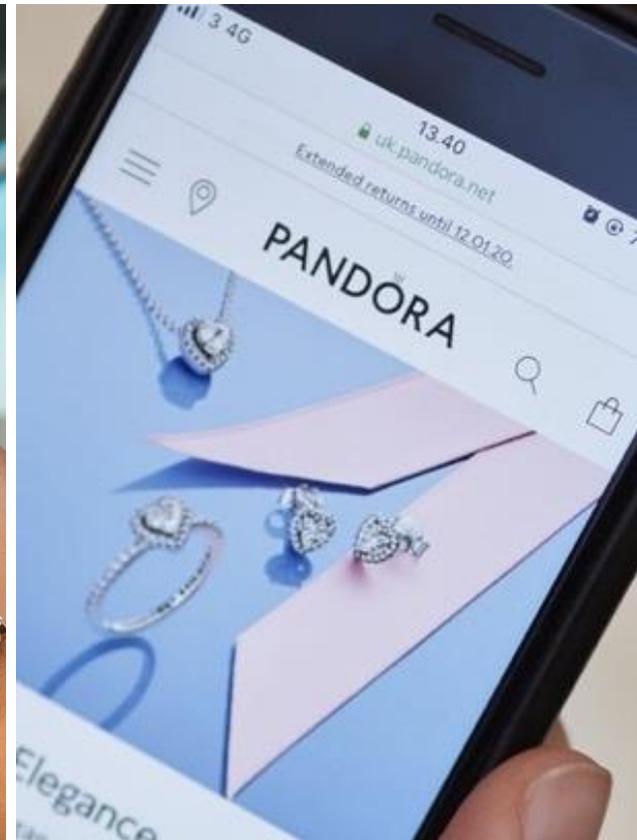
## DESIGN

Create consumer-centric innovation



## PERSONALISATION

Personalise the customer experience



## CORE MARKETS

Grow our core markets



# TODAY'S AGENDA & PRESENTERS



**ALEXANDER LACIK**  
Chief Executive Officer (CEO)



**ERIK SCHMIDT**  
Chief HR Officer (CHRO)



**JEERASAGE PURANASAMRIDDHI  
(K. AUSSIE)**  
Chief Supply Officer (CSO)



**DAVID WALMSLEY**  
Chief Digital & Technology  
Officer (CDTO)



**CARLA LIUNI**  
Chief Marketing Officer (CMO)



**STEPHEN FAIRCHILD**  
Chief Product Officer (CPO)



**MARTINO PESSINA**  
Chief Commercial Officer (CCO)



**ANDERS BOYER**  
Chief Financial Officer (CFO)



## TODAY'S **AGENDA & PRESENTERS**

TIME	PRESENTER	CONTENT
<b>13:00</b>	ALEXANDER LACIK	A new chapter of growth
	ERIK SCHMIDT	Investing in our people and sustainability
	JEERASAGE PURANASAMRIDDHI	Crafting at scale
	DAVID WALMSLEY	Building for a digital future
<b>13:55-14:05</b>	BREAK	
	CARLA LIUNI & STEPHEN FAIRCHILD	Fueling brand and design
	MARTINO PESSINA	Personalising the customer experience
<b>14:55-15:05</b>	BREAK	
	MARTINO PESSINA	Growing our core markets
	ANDERS BOYER	Financial targets
	ALEXANDER LACIK	Recap
<b>15:45</b>	Q&A	Q&A to all presentations
<b>16:55</b>	ALEXANDER LACIK	Closing remarks



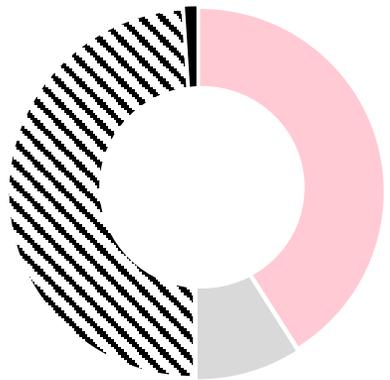
# INVESTING IN OUR PEOPLE AND SUSTAINABILITY

ERIK SCHMIDT

# WE ARE PANDORA

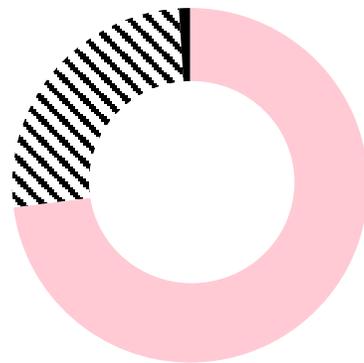
EVERYTHING WE DO IS MADE POSSIBLE BY  
OUR 26,000 EMPLOYEES





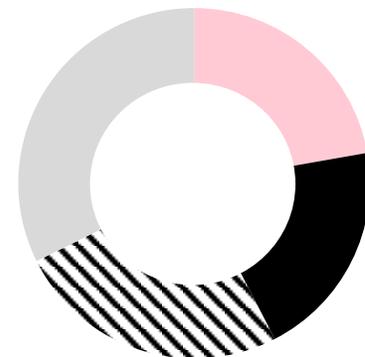
### JOB TYPE

- Retail (41%)
- Office (9%)
- ▨ Production (49%)
- Distribution centres (1%)



### GENDER

- Female (73%)
- ▨ Male (26%)
- Other (1%)



### TENURE

- 0-1 yrs (22%)
- 1-3 yrs (20%)
- ▨ 3-5 yrs (25%)
- >5 yrs (32%)

# WE HAVE RADICALLY RE-ORGANISED FOR **GROWTH**

## CONSUMER AND MARKETING-LED

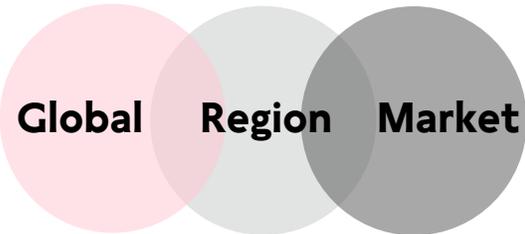
Two global business units

Moments

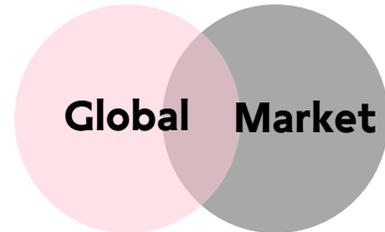
Style

## FEWER ORGANISATIONAL LAYERS

From



To



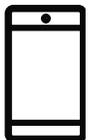
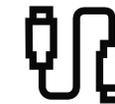
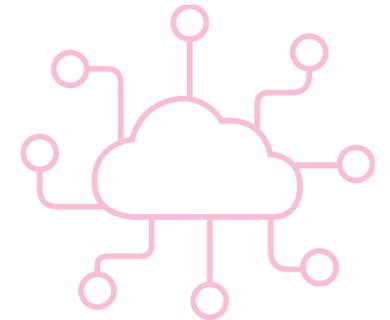
## LEAN AND FAST ORGANISATION

Matrix collaboration

9 CLUSTERS

Marketing	
Network & franchise	
Merchandising	
Omnichannel retail	
HR, Com & Sustainability	
Finance	
Supply chain	
Product	
Digital & tech	

## LEADING CAPABILITIES



# LEADERSHIP AND SUCCESSION TO FUTURE PROOF PANDORA

## RESOURCE THE NEW ORGANISATION

More than 1,800 new office hires in 2020/1

40% new at Vice President-level and above

## HIRE AND DEVELOP LEADERS

First ever Global Leadership Programme about to launch

Leadership effectiveness score established as key company KPI, currently at 8/10

200 top leaders enrolled into Chief Talent Officer Programme

500 promotions in 2020/1 or c. 20% of total white collar population

## BRING ONBOARD BEST-IN-CLASS CAPABILITIES



TIFFANY & CO.

VALENTINO

DE BEERS

Johnson & Johnson

BVLGARI



NORDSTROM



DIAGEO

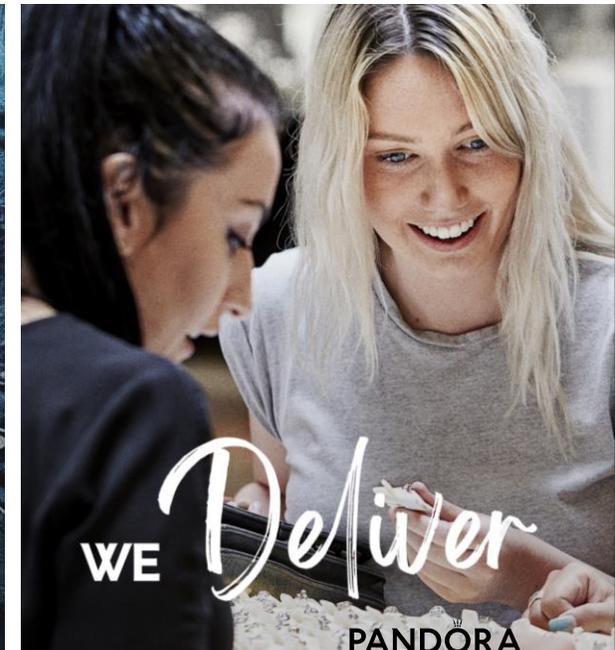
# RE-ENERGISING

# OUR CULTURE FOR GROWTH

DRIVEN BY NEW GLOBAL HR, COMMS  
& SUSTAINABILITY ORGANISATION

- **New company values**
- Listening setup for employee advocacy, **eNPS 38%\***
- **Global** performance approach, consistent Short Term Incentive Plans
- Long Term Incentive Plans aligned **to shareholder interest with EPS and ESG focus**

\*Calculated by subtracting the percentage of detractors from the percentage of promoters. The score can range from -100 to 100



# UNIQUE PLATFORM TO BECOME SUSTAINABILITY LEADER



## 01 LOW-CARBON BUSINESS

Become carbon neutral in **own operations** by 2025

**NEW** Reduce the total emissions across our own operations and value chain 50% by 2030

**NEW** Become **net zero** by 2040

## 02 CIRCULAR INNOVATION

Use only **recycled silver and gold** in our jewellery by 2025

Switch to **lab-created diamonds** now

## 03 INCLUSIVE & DIVERSITY

**NEW** 1/3 females in leadership by 2025, and full **gender parity** no later than 2030. Workforce with **proportionate share** of underrepresented groups\*

**NEW** **30%** of **advertising budget** with producers owned by women/ underrepresented groups

\* For geographies that allow diversity data registering



# CRAFTING AT SCALE

JEERASAGE PURANASAMRIDDHI

# LEVERAGE ECONOMIES OF SCALE

>1 00 MILLION PIECES P.A.

3 STATE OF THE ART CRAFTING FACILITIES

>1 2,000 SKILLED CRAFTSPEOPLE



Silver, gold & two-tone jewellery



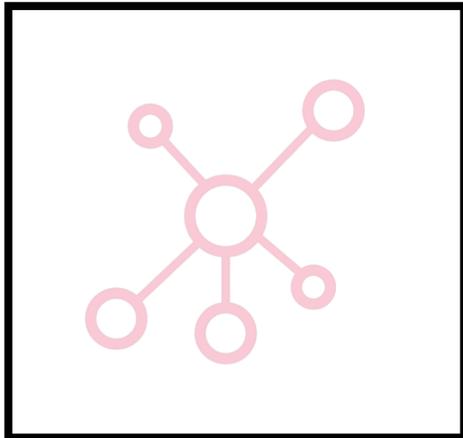
Silver jewellery



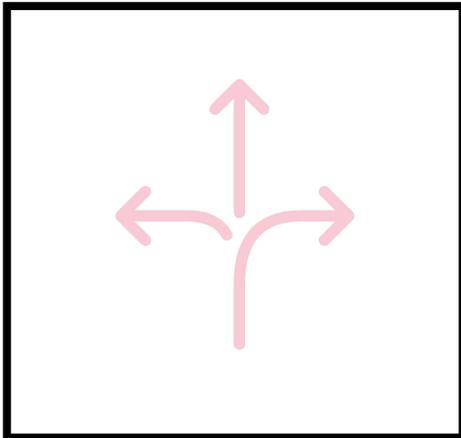
Plated jewellery

# STRENGTHEN **ROBUSTNESS** OF SUPPLY FOUNDATION

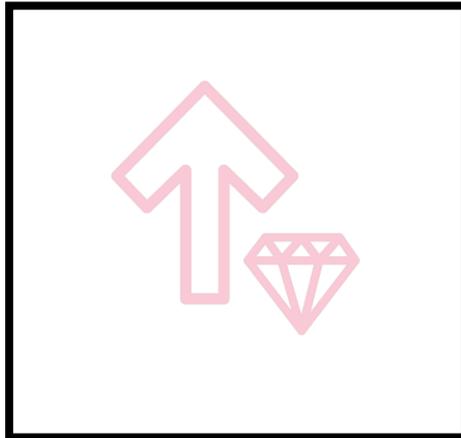
CRAFTING & SUPPLY STRATEGY 2026



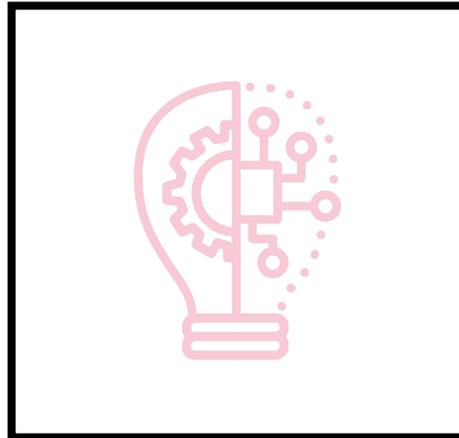
**RESILIENCE IN  
GLOBAL SUPPLY  
NETWORK**



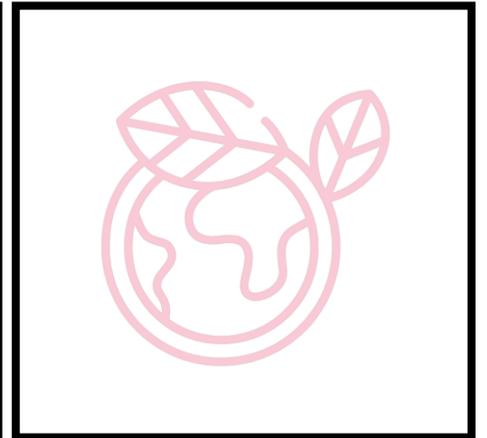
**FLEXIBILITY  
& AGILITY**



**CONSUMER  
CENTRIC PRODUCT  
QUALITY**



**NETWORK WIDE  
INNOVATION  
CULTURE**



**SUSTAINABILITY  
LEADER IN THE  
INDUSTRY**

# EVOLVE INTO **DIVERSIFIED** GLOBAL SUPPLY NETWORK



## THAILAND

Expand capacity with ~20M pieces by 2023



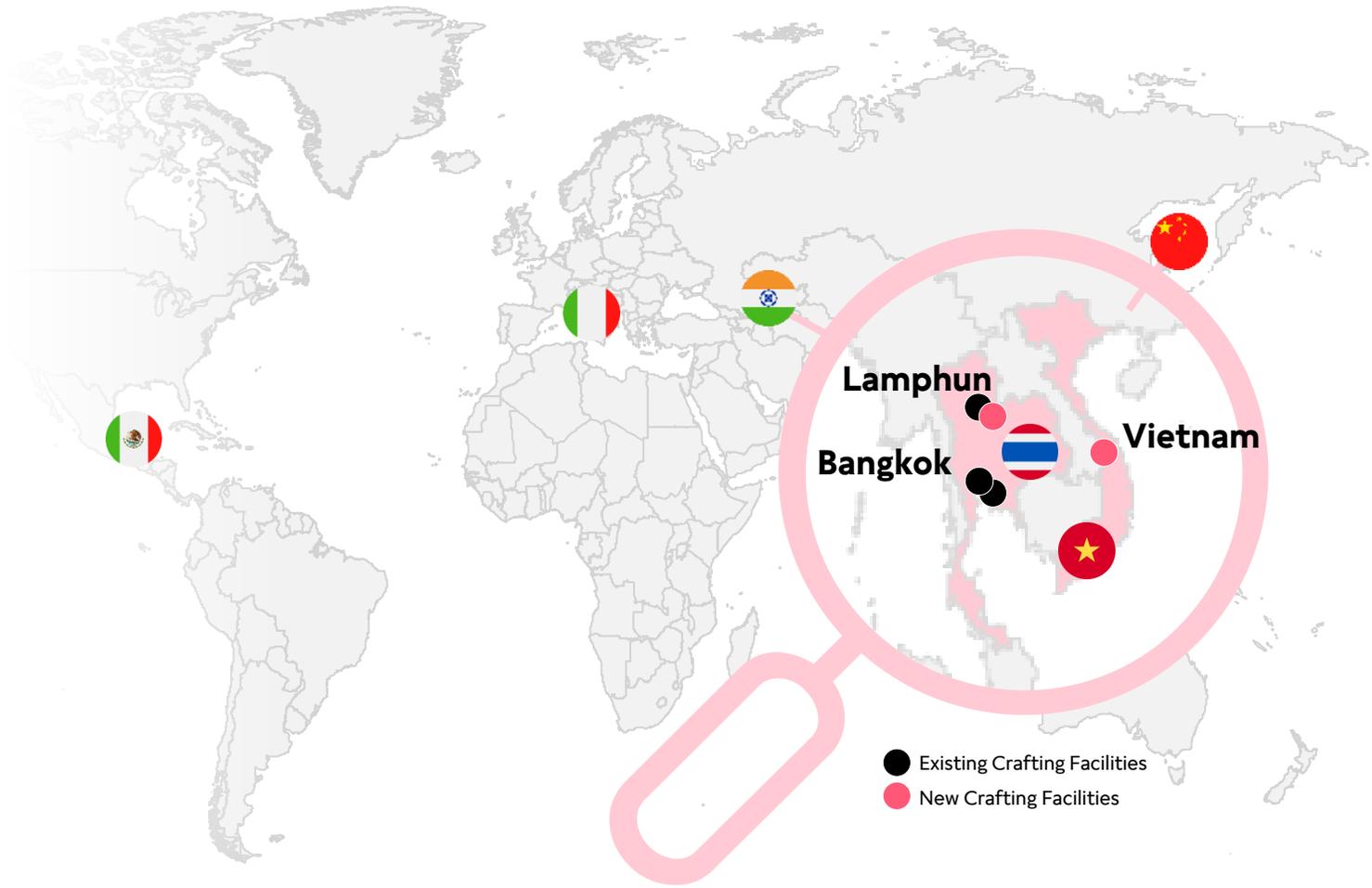
## VIETNAM

Add ~60M pieces of capacity towards 2026



## GLOBAL SUPPLY PARTNERS

Continue to expand our global network of supply partners



# KEY TAKEAWAYS CRAFTING & SUPPLY AT SCALE



01

## UNIQUE SCALE

Competitive advantage from unrivalled scale

02

## BCP<sup>1</sup> & CAPACITY EXPANSION

To mitigate supply risks and deliver growth ambitions

03

## DIVERSIFIED SUPPLY

Expand our supply network to support Phoenix Strategy

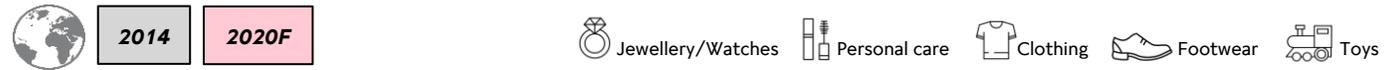
# BUILDING FOR A DIGITAL FUTURE

DAVID WALMSLEY

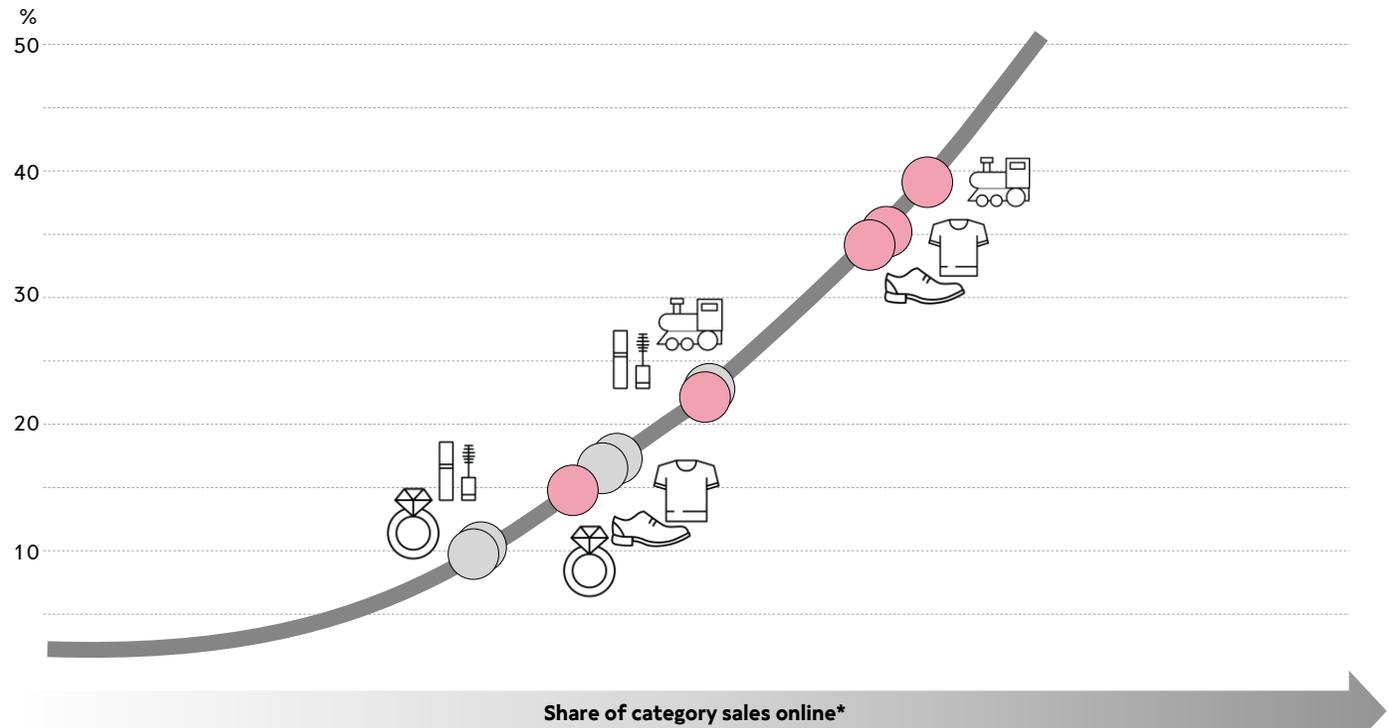




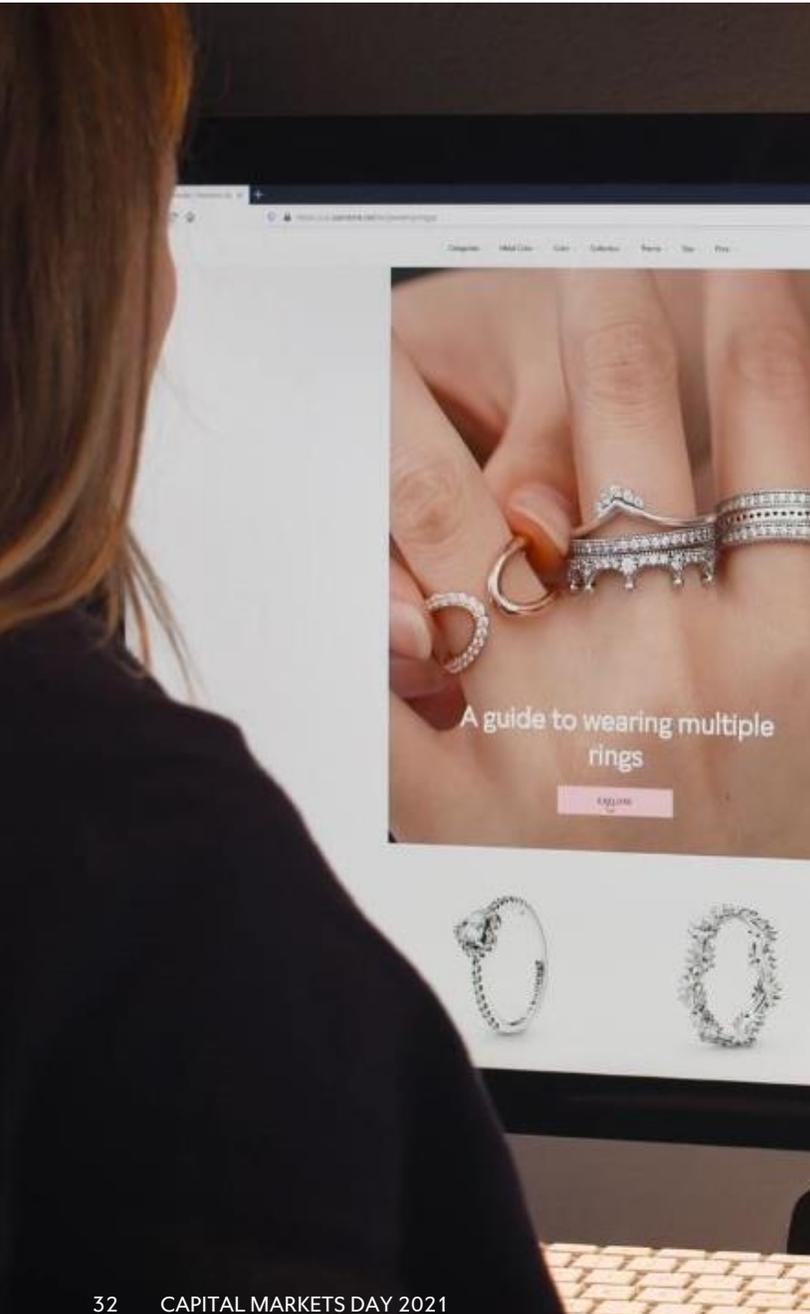
# WE ARE FACING A RAPIDLY ACCELERATING DIGITAL FUTURE IN THE NEW POST COVID-19 REALITY



Includes Western Europe, USA, China and Australia



\*Unweighted average across: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and UK; \*\* x axis and y axis reflect same metric – enables normalized view of categories' e-commerce journey over time given different starting points to enable comparison between categories; Source: Forester (Market data); Bain analysis



# THE PRIORITY OF DIRECT-TO-CONSUMER IS A CLEAR, GLOBAL TREND



**E-commerce is growing as % of retail**



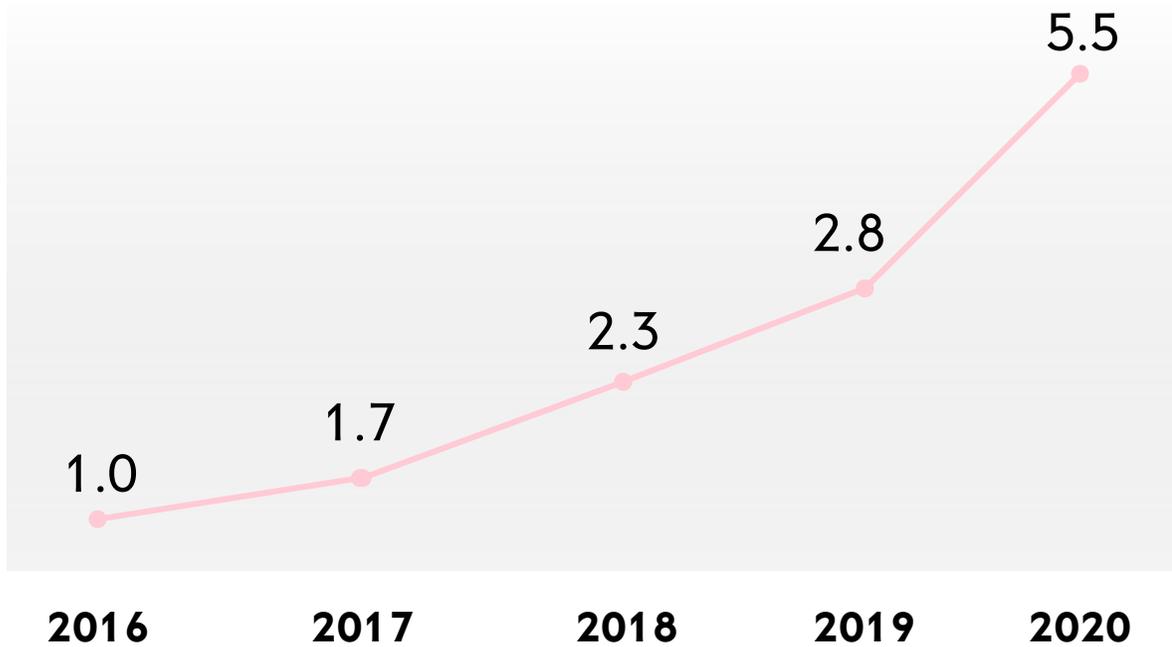
**DTC has grown 40% in the past 4 years**



**We are already ahead with 75% of our transactions through DTC**

# WE HAVE PROVEN WE CAN DELIVER **TRANSFORMATION** **WITHIN DIGITAL SPACE**

Pandora online revenue, DKK billion



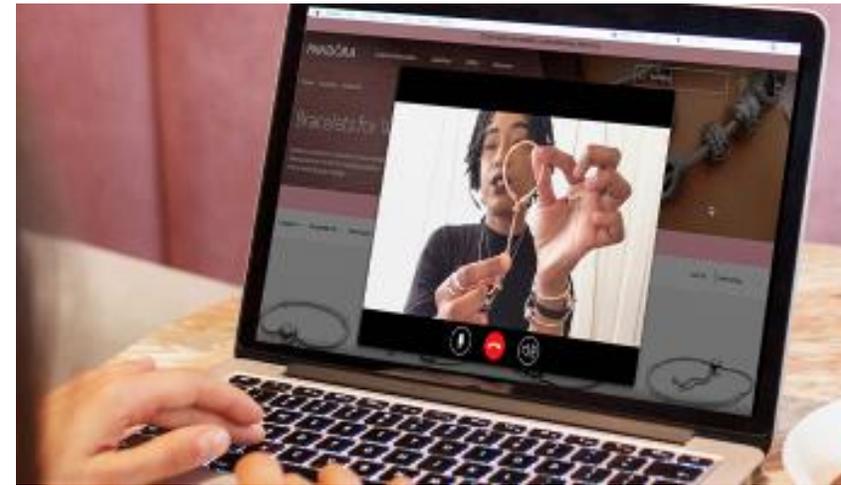


# AND WE NOW HAVE A **BOLD VISION FOR THE NEXT STAGE**

Become the leading jewellery brand using digital to create the **most personalised experience** for our customers **by 2026**

OUR GOAL

# MEANINGFUL CONVERSATIONS WITH OUR CUSTOMERS AT EVERY STAGE OF THEIR PANDORA JOURNEY



## MEDIA

Contactable customer base  
doubled from 20 to 40 million

Media targeting using  
our first party data

## CHANNEL

In-store personalised  
experience

Digital channels tailored  
to each customer

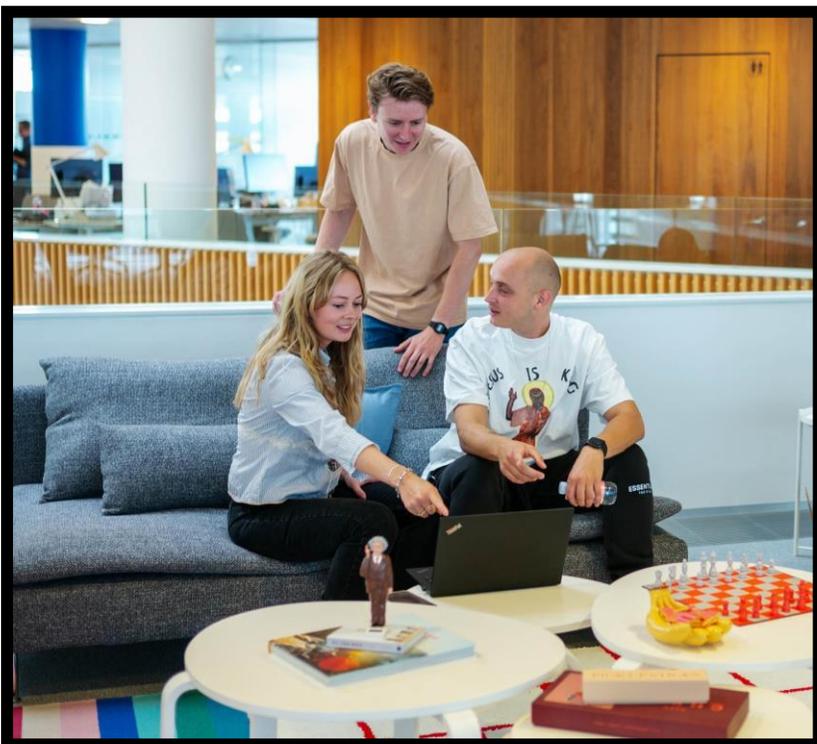
## SERVICE & CRM

Global loyalty programme

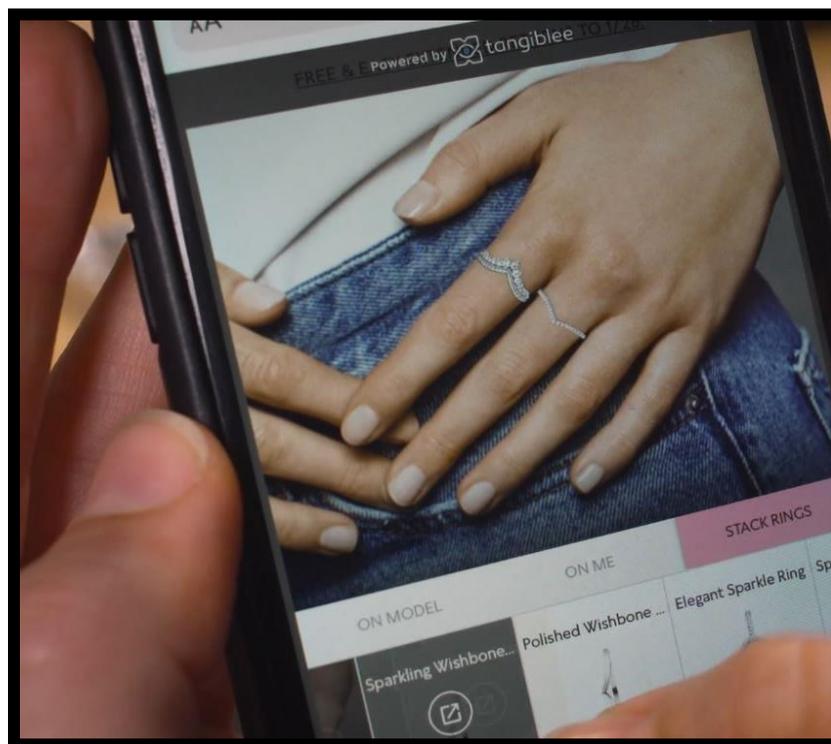
Clientelling

# TO SUCCEED ON THIS MISSION, WE NEED A **STRONG MACHINE**

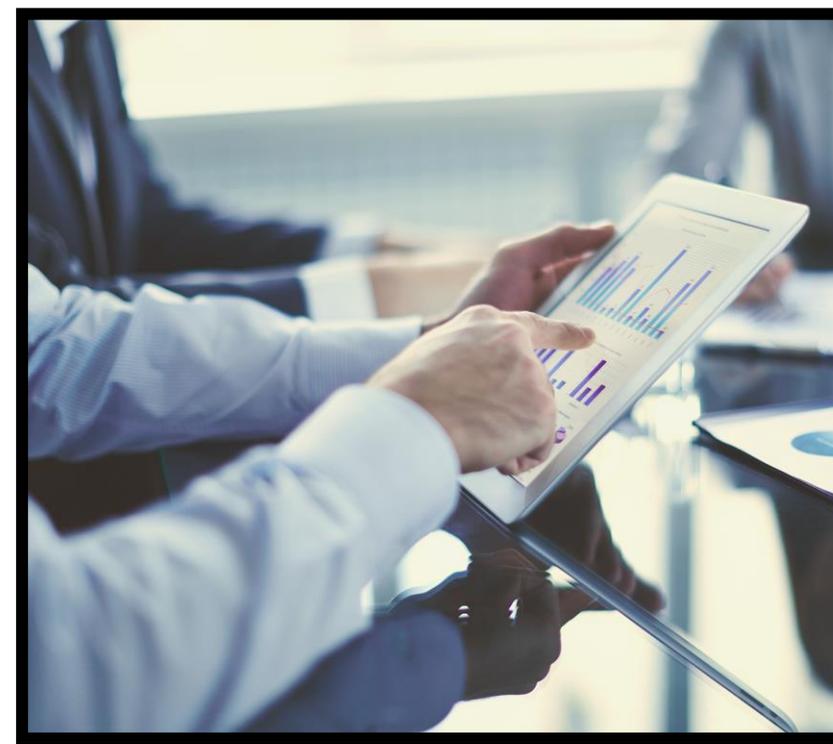
**TALENT**



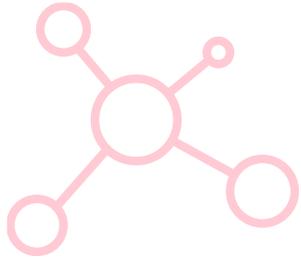
**TECH FOUNDATION**



**DATA**

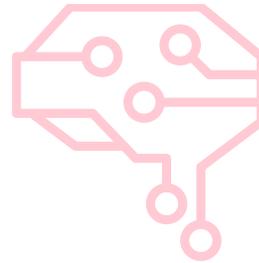


# LEVERAGING CUSTOMER DATA IS THE FUEL FOR **PANDORA'S NEXT STAGE OF GROWTH**



## **CONSUMER DATA**

More than 500 dynamic  
customer segments



## **PREDICTIVE ANALYTICS**

18 use cases  
developed and scaled

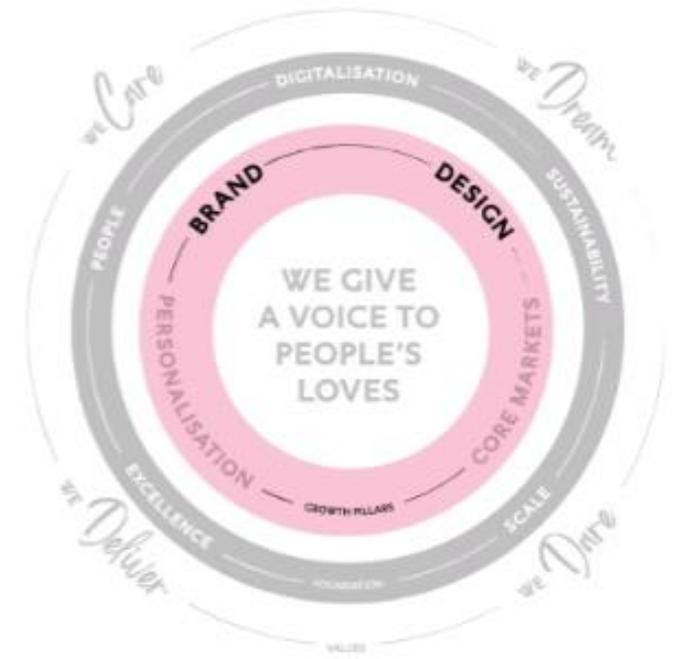


## **LOYALTY PROGRAMME**

Deployed in China  
Rolling out from 2022



OUR FOCUS IS TO USE  
TECHNOLOGY TO  
CREATE **DEEPER,**  
**MORE CONNECTED,**  
RELATIONSHIPS WITH  
OUR CUSTOMERS



# FUELING BRAND & DESIGN

CARLA LIUNI & STEPHEN FAIRCHILD

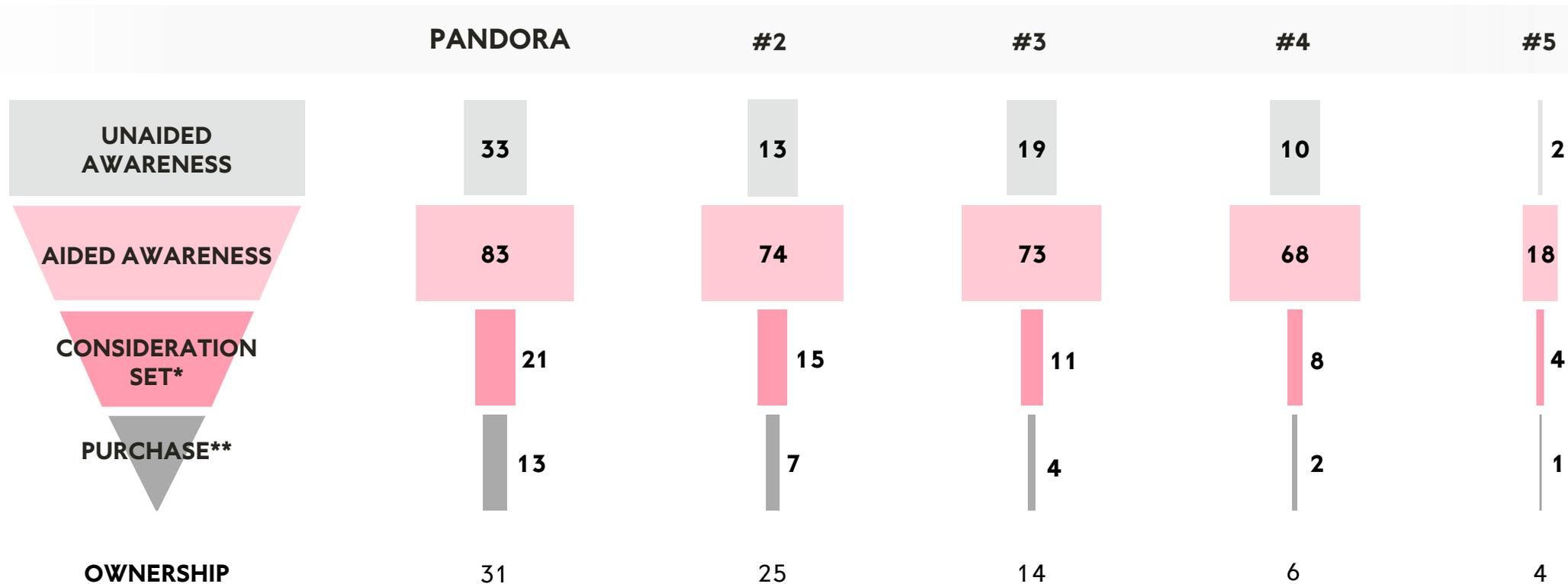
PANDORA EXISTS  
TO CREATE **AFFORDABLE,**  
HIGH QUALITY, DESIRABLE  
JEWELLERY EMPOWERING  
**SELF-EXPRESSION** AND  
**COLLECTABILITY**



# PANDORA LEADS ON ALL BRAND METRICS

## – MOST RECOGNISABLE JEWELLERY BRAND

### FEMALE FUNNEL | COMPETITORS, GLOBAL OVERVIEW



\*Considered: Female self-purchaser or gifter who either considered or purchased the brand in the P12M

\*\*P12M: Female self-purchasers or gifter who purchased the brand in the P12M

Source: Global Brand Tracker (Q2 2021 April – June 2021), incl AU, CA, DE, ES, FR, IT, UK and US. Base size: All women (n= 7,753)

# ... WITH A **STRONG PERCEIVED POSITIONING** AND KEY BRAND ATTRIBUTE OWNERSHIP

## TOP CATEGORY DRIVERS OF DESIRE

(Pandora over index vs. category average)

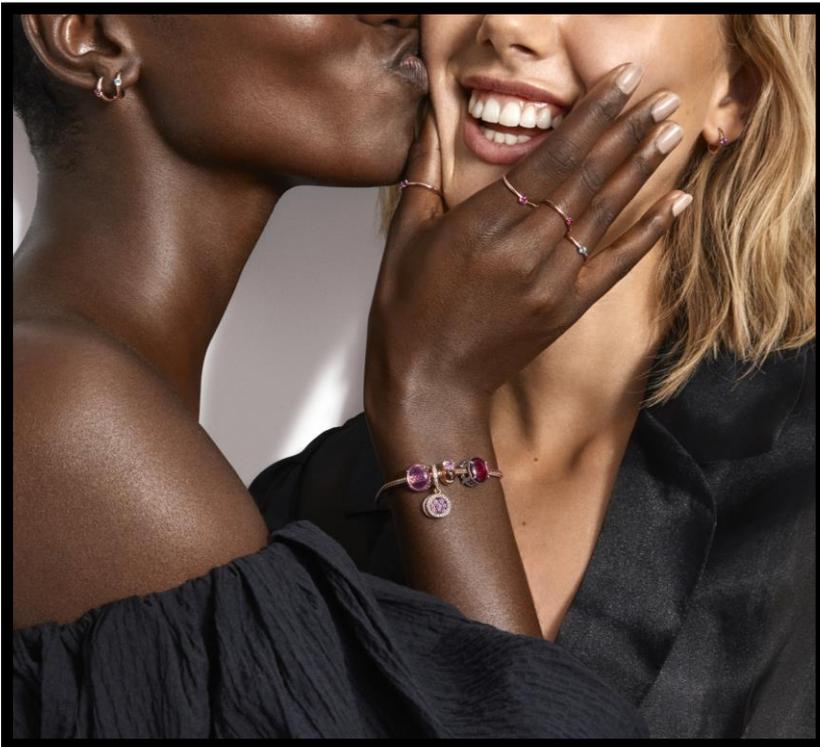
"Has a special meaning to me"	(119)
"Helps me express my personality"	(121)
"Makes me feel I belong"	(116)
"Reminds me of special moments or people I care for"	(131)
"Makes me feel unique, special"	(105)



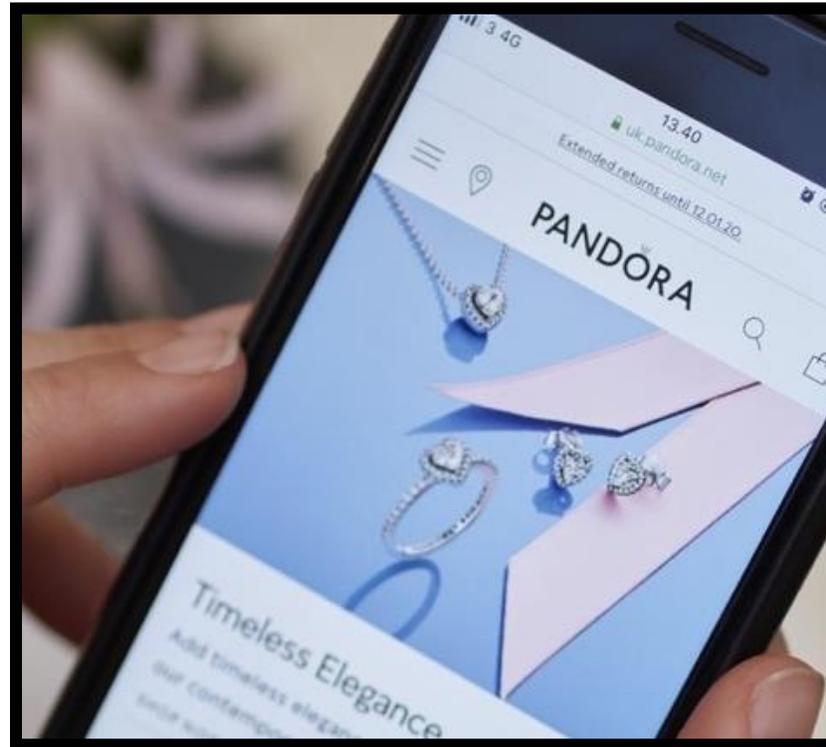
Source: Global Brand Tracker 2020, incl. AU, CA, CN, DE, ES, FR, IT, RU, UK and US (n= 4,025)

# AMBITION TO **FUEL OUR BRAND** **DESIRABILITY** AND REACH

**INCREASE BRAND RELEVANCE**



**360 COMMUNICATION STRATEGY**

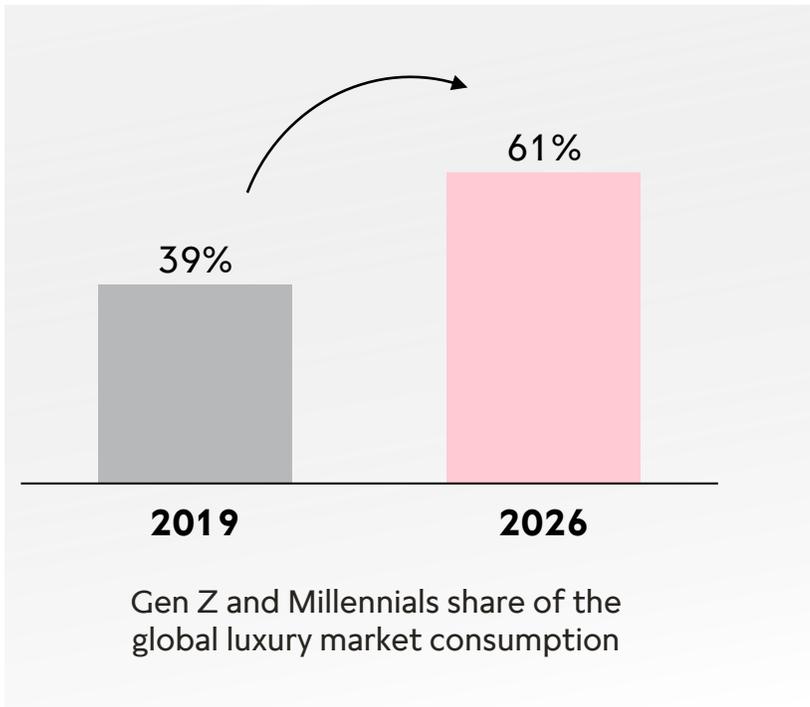


**WIN WITH GEN Z & MILLENNIALS**



# FOCUS TO **WIN WITH MILLENNIALS & GEN Z**

**GEN Z & MILLENNIALS ARE PROJECTED TO MAKE UP >60% OF THE LUXURY MARKET**



**PANDORA BRAND TO BECOME MORE RELEVANT ACROSS 5 KEY BEHAVIOURS ...**

<b>DIGITAL NATIVE</b>	TECH IS A GIVEN
<b>INCLUSIVE</b>	ACCEPT & EMBRACE differences
<b>PRAGMATIC</b>	MONEY & TIME conscious
<b>SOCIALLY-CONSCIOUS</b>	AWARE & INVOLVED in social and environmental issues
<b>CREATIVE</b>	CRAVE TO EXPRESS own individuality

**... WHILE RETAINING OUR CORE PANDORA VALUES TO KEEP OUR BRAND CLEAR**

	AFFORDABILITY
	SELF-EXPRESSION
	COLLECTABILITY

Millennials are persons born between 1981 -1994/6; Gen Z is persons born between 1997 and 2012/15. Source: BCG Luxury Market Model, Altagamma

# SUSTAINABLE GROWTH STRATEGY

WE GO TO MARKET WITH THREE CLEAR PRIORITIES

**DRIVE  
THE CORE**



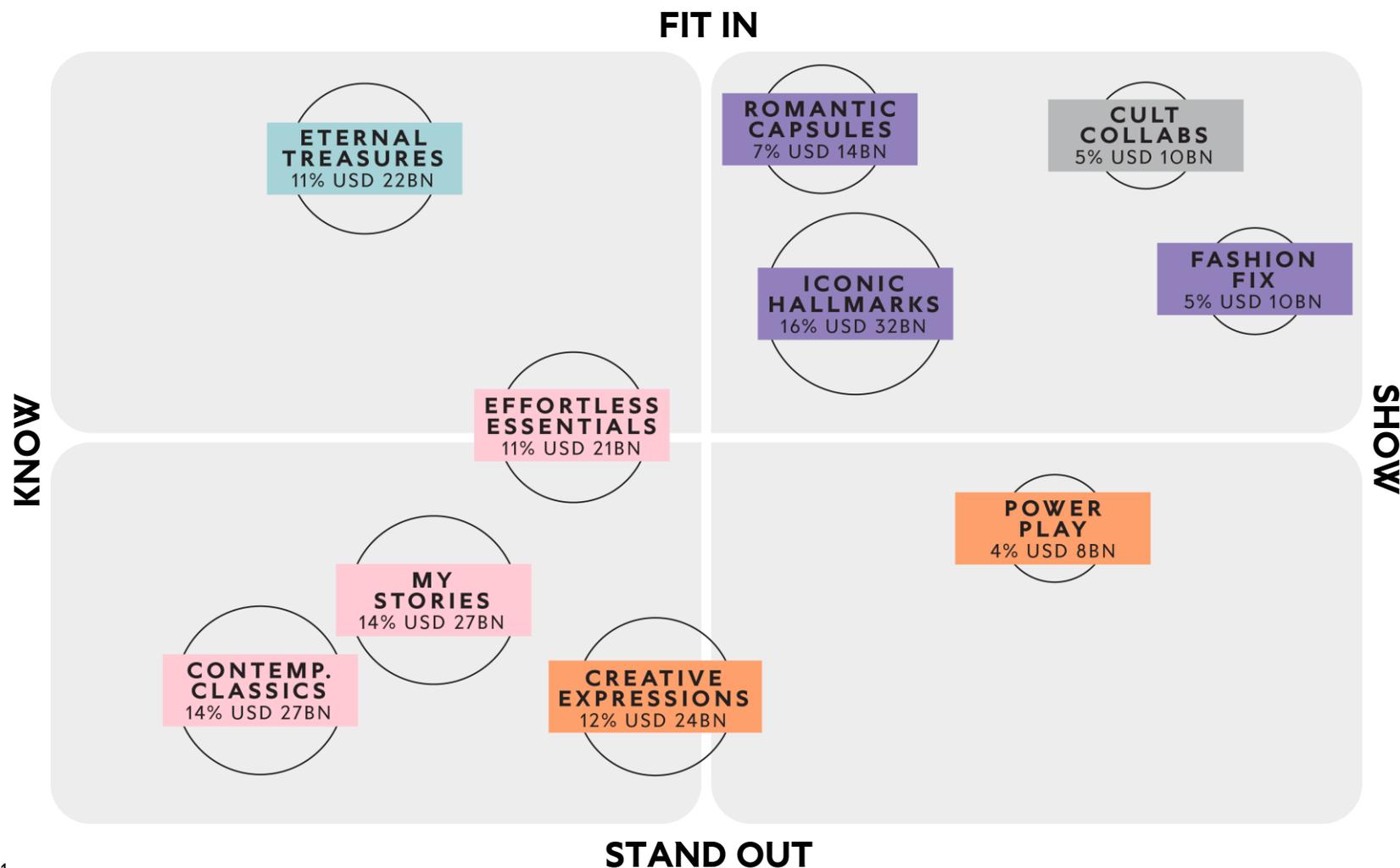
**FUEL THE  
BRAND WITH MORE**



**DEDICATED SUPPORT  
MODEL**

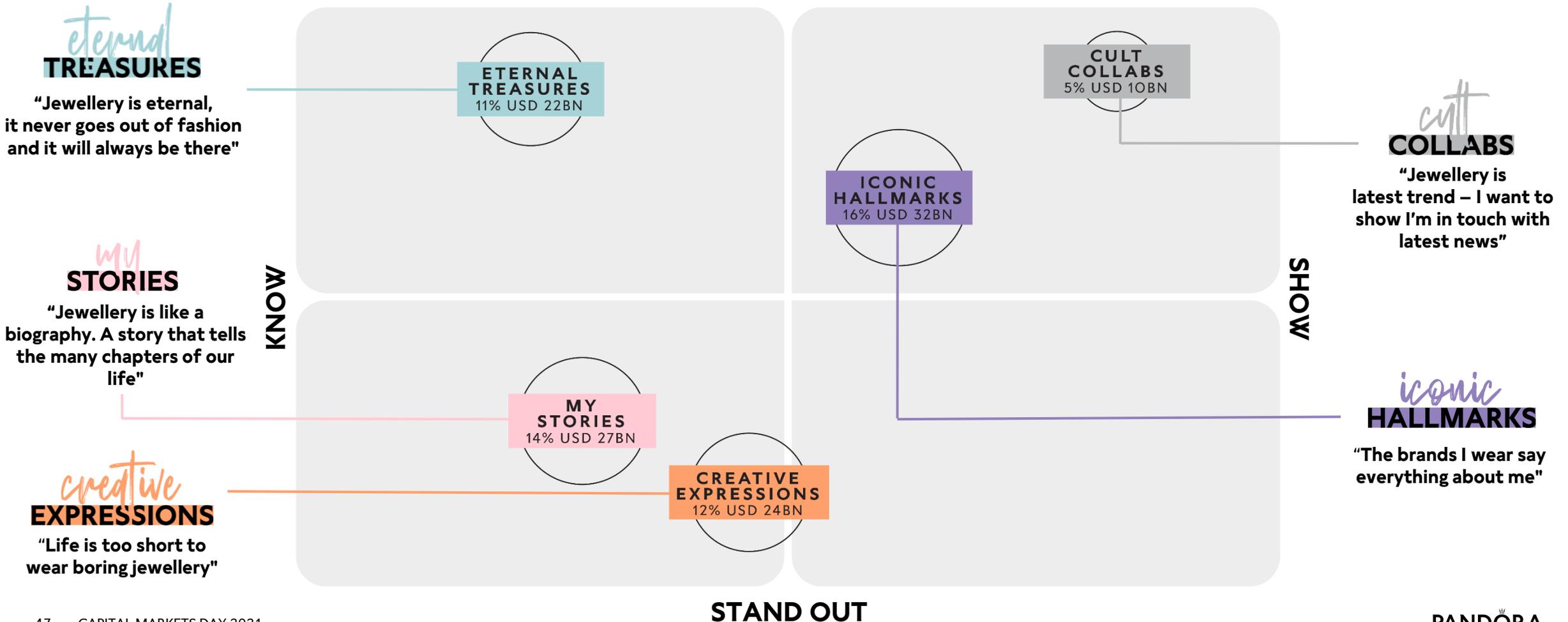
# THE JEWELLERY MARKET SEGMENTATION

IDENTIFIED 10 SEGMENTS - "ENDURING CONCEPT PLATFORMS (ECP's)"



# 5 ECP'S DEFINE UNIQUE CONSUMER SPACE FOR **INCREMENTAL GROWTH**

FIT IN



# DRIVE THE CORE

*my*  
**STORIES**



**PANDORA MOMENTS**

*creative*  
**EXPRESSIONS**



**PANDORA ME**

*iconic*  
**HALLMARKS**



**PANDORA BRILLIANCE**

VIDEO

**CREATING**

DRIVE THE CORE

# MOMENTS COLLECTION

*my*  
STORIES

## WHY

Building on our strengths

## WHO

Designed for 'MY STORIES' ECP

## WHAT

A platform for self-expression, collectability and affordability

## HOW

Accessibility, broad awareness & key trading period dominance



DRIVE THE CORE

# MOMENTS ROADMAP FOR GROWTH

*my*  
STORIES



**CHARMS  
& CHARM HOLDERS**



**PERSONALISATION**



**COLLABORATIONS**

DRIVE THE CORE

# MOMENTS WEARING OCCASIONS

IT'S YOUR *story*,  
WEAR IT YOUR WAY



**BRACELETS**



**JEWELLERY BEYOND THE WRIST**



**JEWELLERY ACCESSORIES**

DRIVE THE CORE

# MOMENTS ROADMAP FOR GROWTH

*my*  
STORIES



**CHARMS  
& CHARM HOLDERS**



**PERSONALISATION**

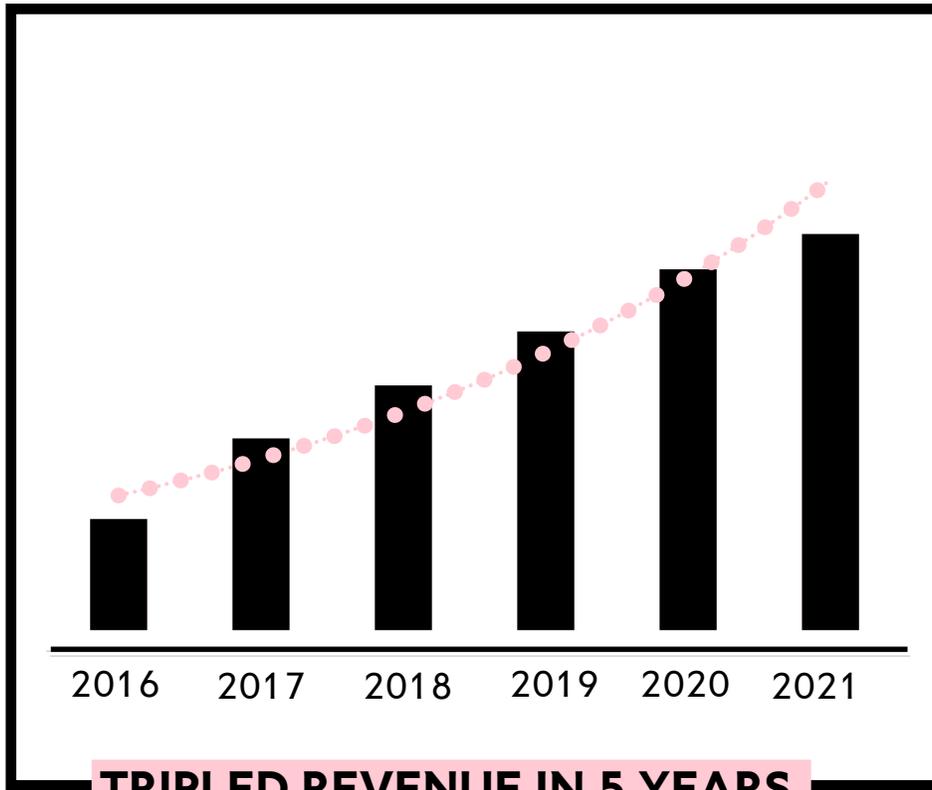


**COLLABORATIONS**

DRIVE THE CORE

# COLLABORATIONS AT A GLANCE TODAY

*my*  
STORIES



**TRIPLED REVENUE IN 5 YEARS**



**BEST SELLERS H1 2021**

DRIVE THE CORE

# COLLABORATIONS ROADMAP FOR GROWTH

*my*  
STORIES



## VOLUME DRIVERS COLLABS

Tap into Moments playful universes and movies' icons

*cult*  
**COLLABS**

## BRAND BUILDERS CO-CREATION

**Cult Collabs** stretching the brand into new territories (art, fashion, music)



## PURPOSE DRIVERS SUPPORTING A CAUSE

**UNICEF Partnership** reinforcing the brand's purpose

# FUEL WITH MORE

*my*  
STORIES



PANDORA MOMENTS

*creative*  
EXPRESSIONS



PANDORA ME

*iconic*  
HALLMARKS



PANDORA BRILLIANCE



# A **NEW GENERATION** OF JEWELLERY

# FUEL WITH MORE **PANDORA ME**

*creative*  
**EXPRESSIONS**

## WHY

Create incremental growth  
– new pillar

## WHO

Design for Gen Z – 'CREATIVE  
EXPRESSION' ECP

## WHAT

A platform for self-expression,  
personalisation and affordability

## HOW

Social first, culturally relevant,  
launch & leverage



FUEL WITH MORE

# GEN Z CAMPAIGN – SOCIAL MEDIA FIRST

*creative*  
**EXPRESSIONS**

## NO.1 AUDIENCE PASSION POINT

Music - 81%  
Films - 74%  
Fashion - 72%

**MUSIC AS CREATIVE  
CATALYST FOR CAMPAIGN**



**PANDORA ME TRIBE TO DRIVE  
CREDIBILITY AND GLOBAL REACH**



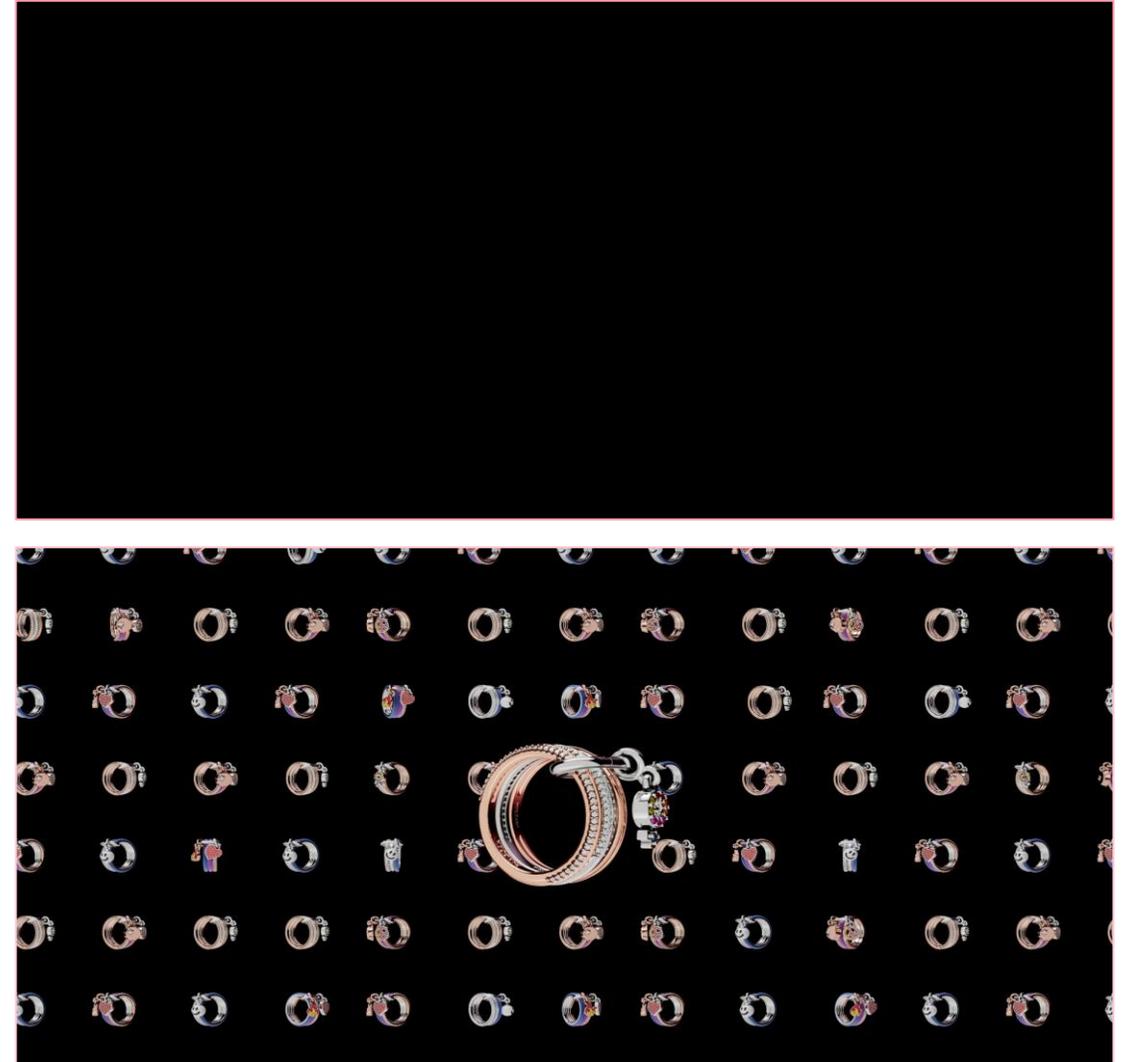
**PRODUCT HEROING**

FUEL WITH MORE

# PRODUCT HEROING – SOCIAL MEDIA FIRST

*creative*  
**EXPRESSIONS**

**GLORIFY  
EDUCATE  
CUSTOMISE**



FUEL WITH MORE

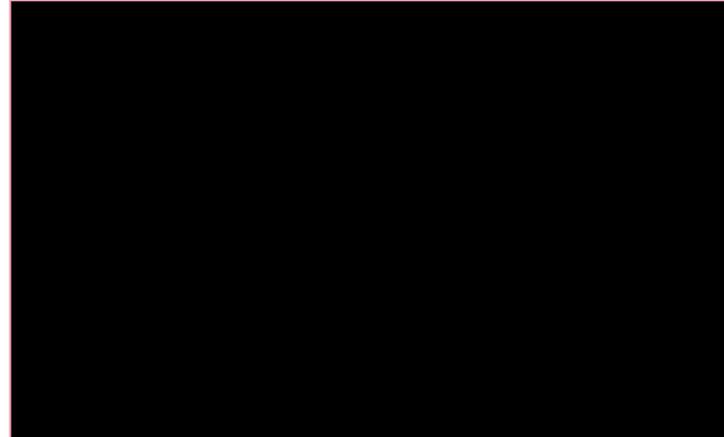
# LAUNCH & LEVERAGE WITH CUSTOMISED CONTENT

*creative*  
**EXPRESSIONS**



## **AWARENESS**

GRAB ATTENTION  
& CREATE BUZZ



## **CONSIDERATION**

INSPIRE & EDUCATE



## **CONVERSION**

DRIVE PURCHASE  
ON- & OFFLINE

# FUEL WITH MORE

*my*  
STORIES



PANDORA MOMENTS

*creative*  
EXPRESSIONS



PANDORA ME

*iconic*  
HALLMARKS



PANDORA BRILLIANCE

---

VIDEO

---



FUEL WITH MORE

# DIAMONDS ARE FOR EVERYONE

*iconic*  
**HALLMARKS**

## WHY

Tap into DKK >500 billion global diamond market & signal commitment to **sustainability**

## WHO

Develop our 'ICONIC HALLMARK' ECP

## WHAT

Lab created diamonds, identical to mined, but at a price point that is more accessible

## HOW

Broad awareness, affordable diamond price points, aspirational ambassadors



FUEL WITH MORE

**LAUNCHED IN UK ON 6 MAY**

36 PRODUCTS

6 DIFFERENT CARATS

SILVER + 14K YELLOW/WHITE GOLD

PRICE POINT: £250 – £1,290

*iconic*  
**HALLMARKS**



FUEL WITH MORE

# WHAT WE HAVE LEARNED FROM THE UK PILOT

Pandora can **stretch to higher price points**  
with a strong value equation

Brilliance delivers **incremental business**

Consumers will buy diamonds **online**

A&B stores outperform C&D stores

**Rings** are the leading category

Campaign drives **strong awareness and appeal**



FUEL WITH MORE

## WHAT TO LEARN NEXT

**Gifting** with dedicated efforts

Strengthen A&B store productivity  
- C&D efficiency

Drive further **consideration** into purchase -  
education

**Expand assortment** in key categories/metals

Test "**all year round**" in-store support  
model



# SUSTAINABLE GROWTH STRATEGY

**DRIVE  
THE CORE**



**FUEL THE  
BRAND WITH MORE**



**DEDICATED SUPPORT  
MODEL**

# PERSONALISING THE CUSTOMER EXPERIENCE

MARTINO PESSINA





PERSONALISING THE CUSTOMER EXPERIENCE

# CREATING A JEWELLERY EXPERIENCE AS unique AS YOU

## OBJECTIVES

---

QUALITY  
REACH

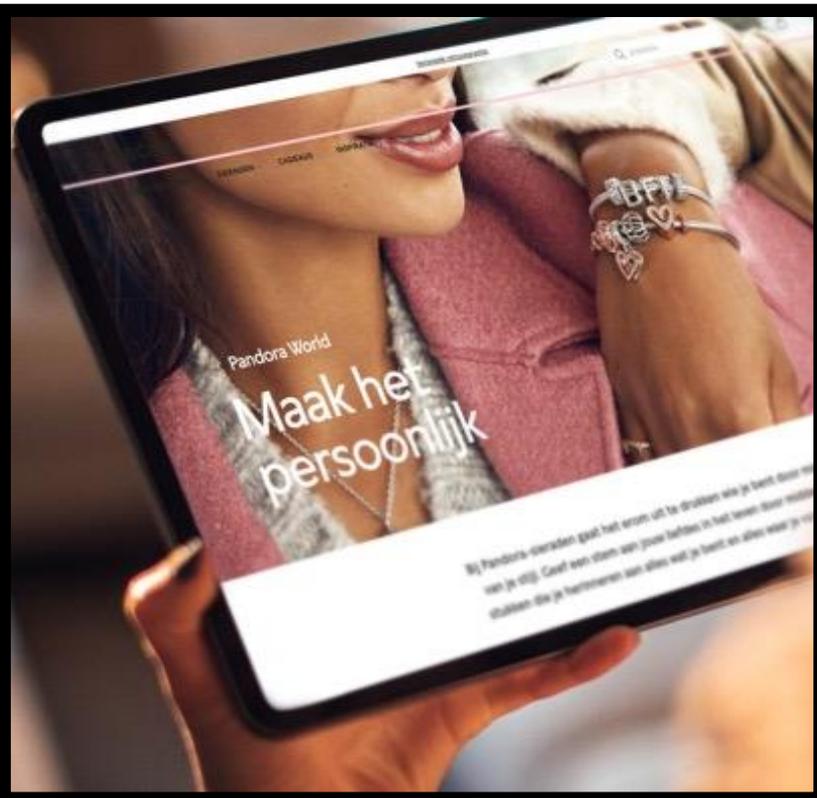
**BETTER OMNI  
CHANNEL  
EXPERIENCE**

UNBREAKABLE  
CUSTOMER  
RELATIONSHIPS

RICHER  
CUSTOMER  
DATA

# PERSONALISING THE CUSTOMER EXPERIENCE

## OMNI CHANNEL JOURNEY



## NEW STORE CONCEPT



## OUR PEOPLE



# EVOLVING CUSTOMER EXPECTATIONS REQUIRE PANDORA TO OFFER A TRUE OMNI CHANNEL JOURNEY



WE WANT TO MAKE IT EASY FOR OUR CUSTOMERS TO **DISCOVER, EXPLORE AND PURCHASE** OUR PRODUCTS **WHEREVER AND WHENEVER THEY WANT**

# IMPLEMENTING OMNI CHANNEL CAPABILITIES AND FEATURES TO **ENHANCE OUR CUSTOMERS' EXPERIENCE**

## OMNI CHANNEL CAPABILITIES

## OMNI CHANNEL FEATURES



Buy Online Pick Up In-store



Coming soon H2 2021



Endless Aisle: Order In-store Ship from Warehouse



Coming soon H2 2021



Buy Online Return In-store  
Buy Online and Ship from Store

Coming in 2022 - 2023



Website Optimisation Features:  
Virtual Try-on, Bracelet Builder,  
Remote Shopping Assistant,  
Personalised Gift Notes (online)



Features vary by country

VIDEO

# NEW STORE CONCEPT



# ACTIVATING OUR PASSIONATE STORE ASSOCIATES TO DELIVER A PERSONALISED EXPERIENCE



**10.6K<sup>1</sup>**  
STORE EMPLOYEES

RE-DEVELOPING OUR  
**SELLING CEREMONY**

**UPSKILLING OUR STORE  
COLLEAGUES**



**~2.6K<sup>1</sup>**  
CONCEPT STORES

INVESTING IN TECHNOLOGY  
TO **EMPOWER OUR STORE  
COLLEAGUES**

<sup>1</sup>Concept stores include O&O, Franchise and Distributor concept stores while number of store employees only relate to store employees in Pandora owned stores

# KEY TAKEAWAYS



## 01

### OUR VISION

Create a jewelry experience as unique as you



## 02

### OFFER A TRUE OMNI JOURNEY

Make it easier for our customers to purchase where and when they want



## 03

### RE-DESIGN OUR STORE EXPERIENCE

Make it more personal and seamless



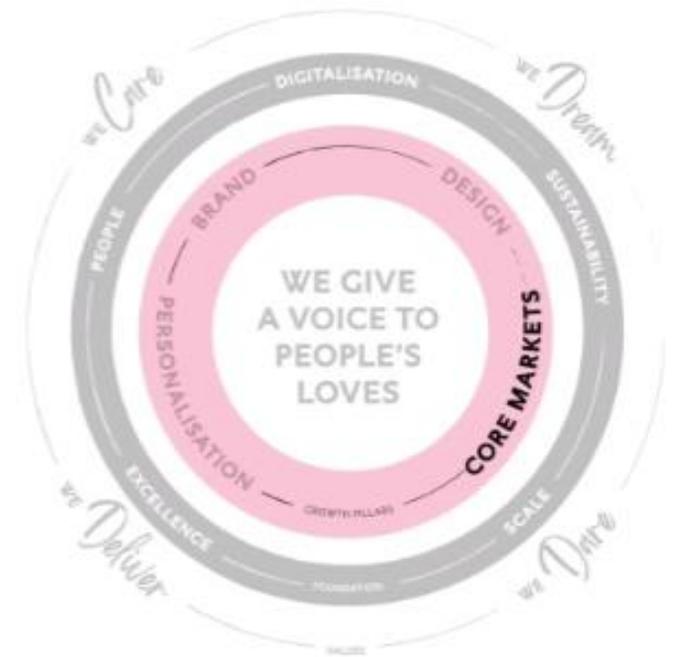
## 04

### INVEST IN OUR PEOPLE

Invest and support our store colleagues to play a key role in personalizing the experience

# GROWING OUR CORE MARKETS

MARTINO PESSINA



# GROWING OUR CORE MARKETS

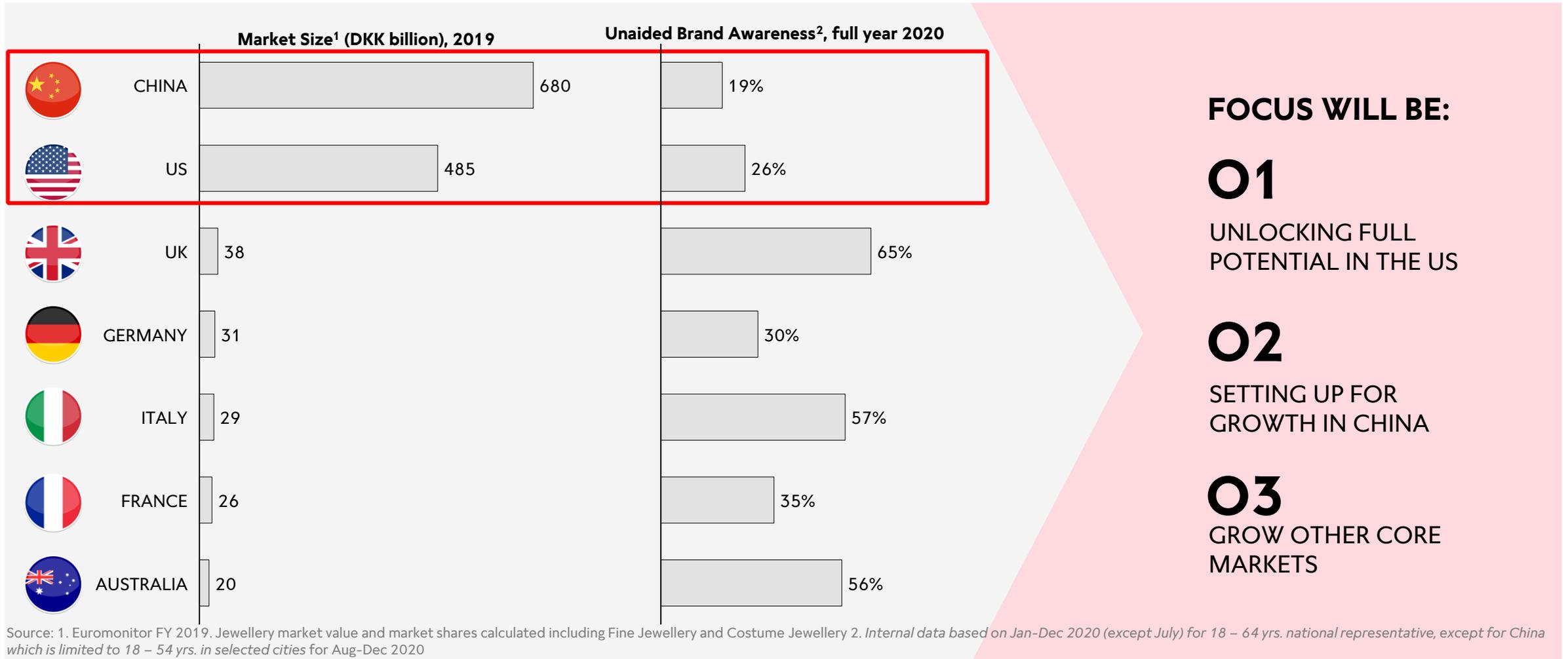
DRIVE HIGHER BRAND PENETRATION



GROW & OPTIMISE OUR NETWORK

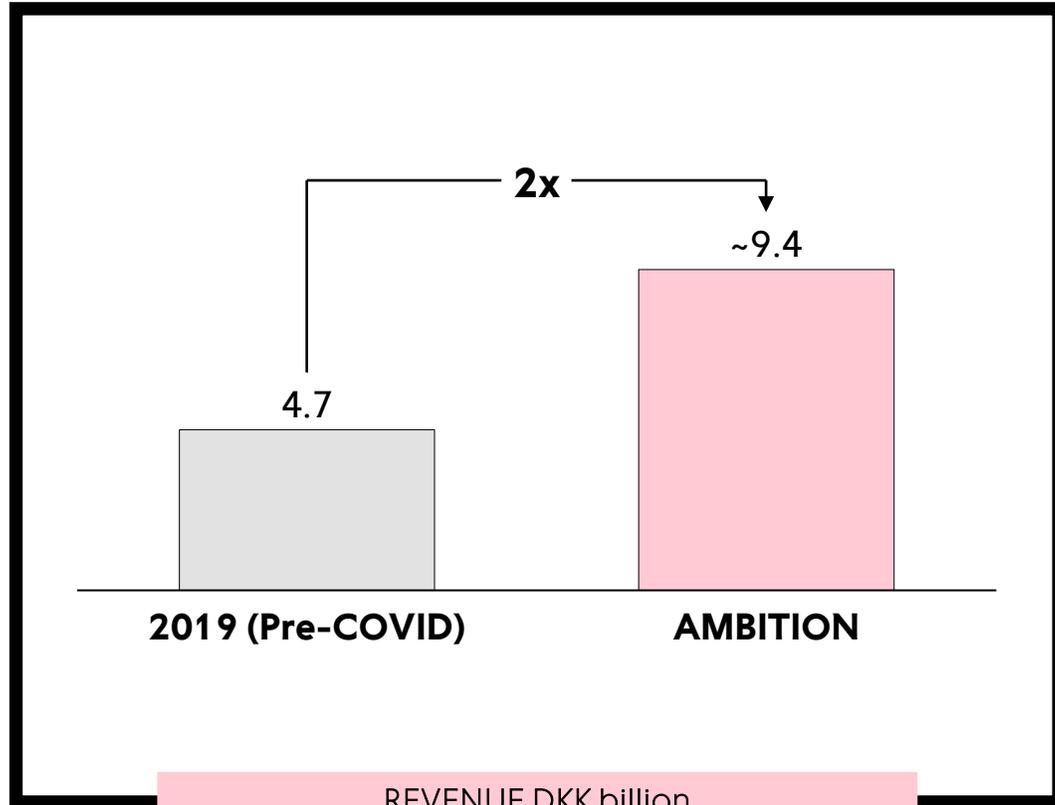


# THERE ARE GREAT OPPORTUNITIES IN EXISTING MARKETS TO DRIVE GROWTH VIA BRAND PENETRATION



# UNLOCKING THE **FULL POTENTIAL** IN THE US

**AMBITION:** DOUBLE THE US BUSINESS COMPARED TO PRE COVID-19



-  FUEL BRAND MOMENTUM
-  ENHANCE PRODUCT OFFERING
-  DRIVE STRATEGIC NETWORK EXPANSION
-  OMNI CHANNEL JOURNEY AND FULFILLMENT



## ANALYSIS

Not successful in establishing  
brand in China

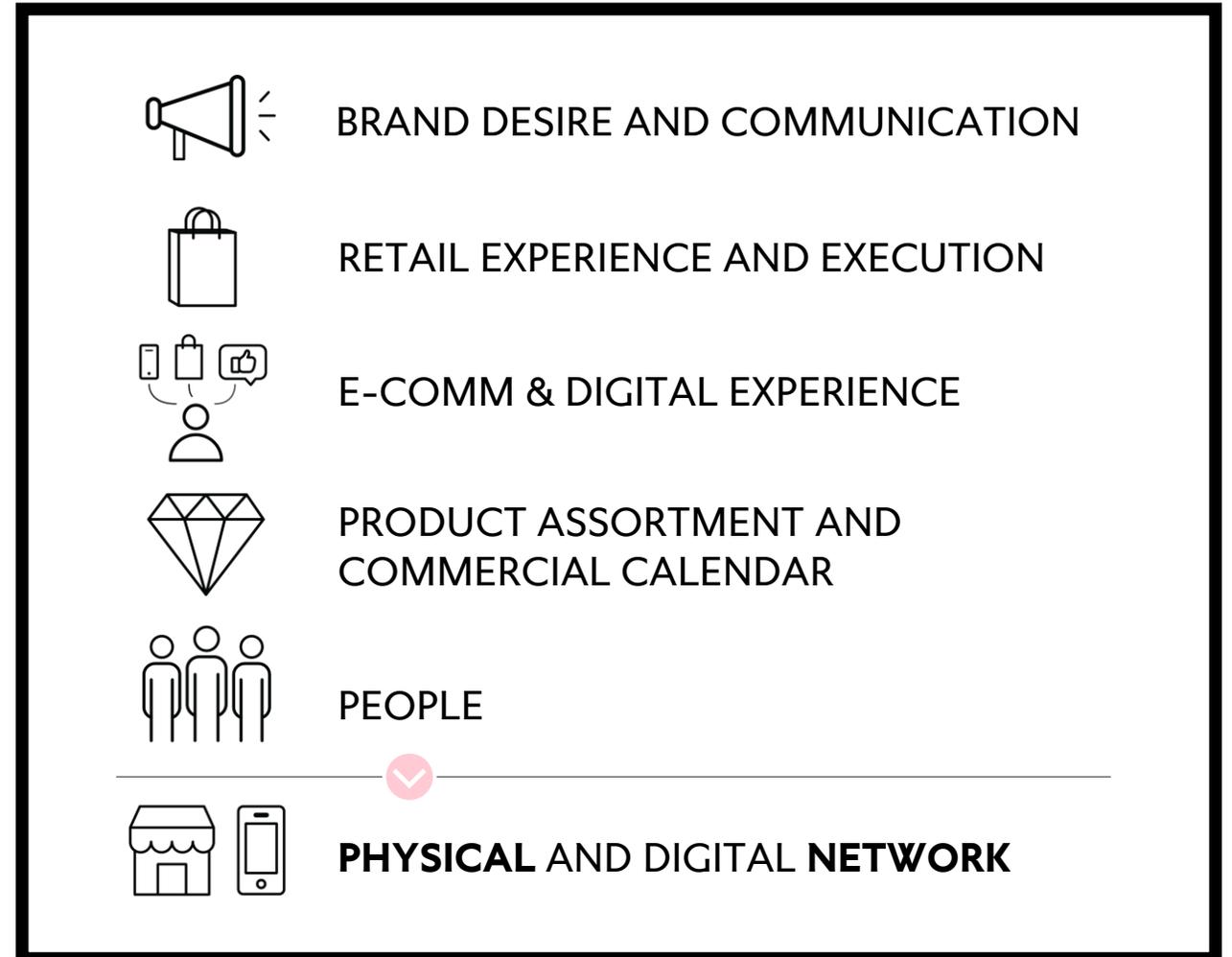
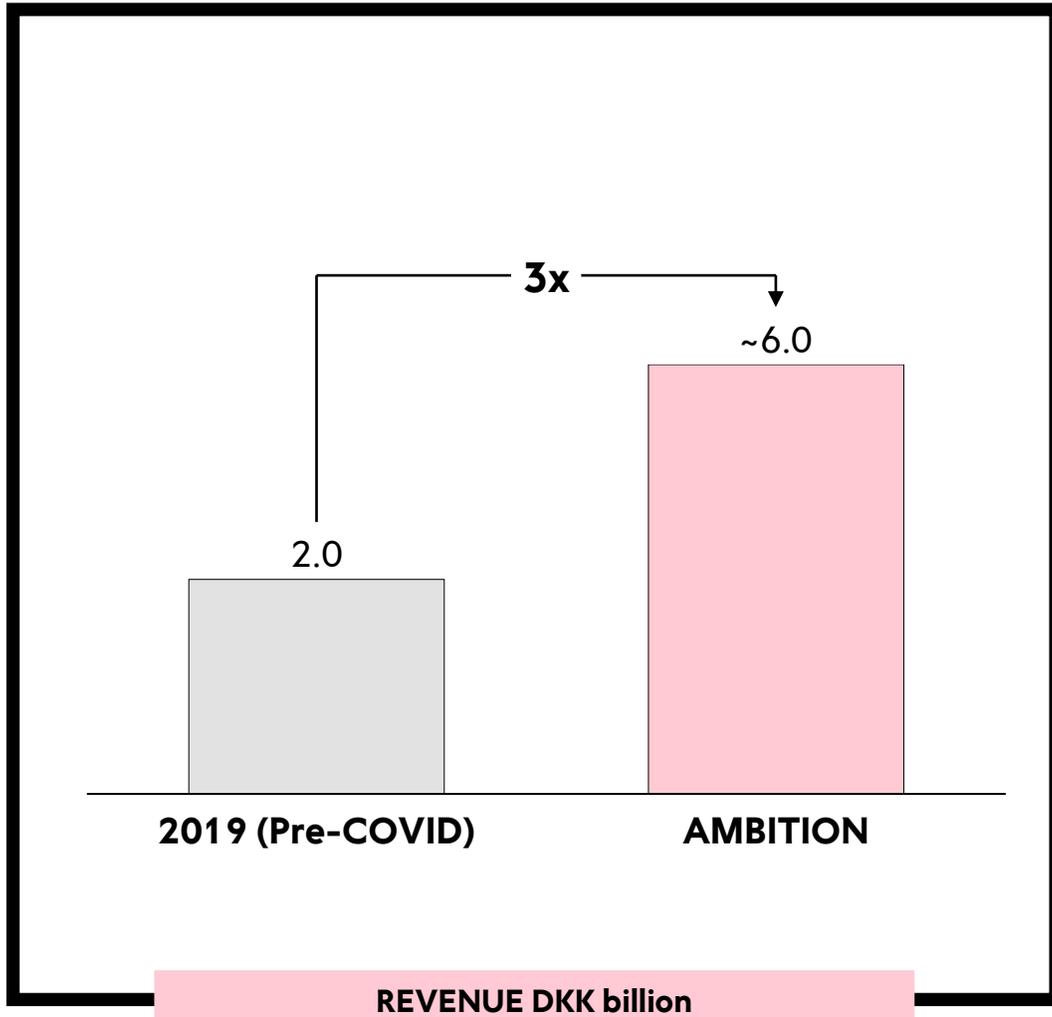
Low brand awareness

## CONCLUSION

Our **global brand attributes** and **core proposition** are **relevant to the Chinese consumer** and our plans are designed to address our core issues

# AMBITION TO TRIPLE **THE BUSINESS IN CHINA**

## LONG TERM OPPORTUNITY



# GROWING OUR CORE MARKETS

DRIVE HIGHER BRAND PENETRATION



GROW & OPTIMISE OUR NETWORK



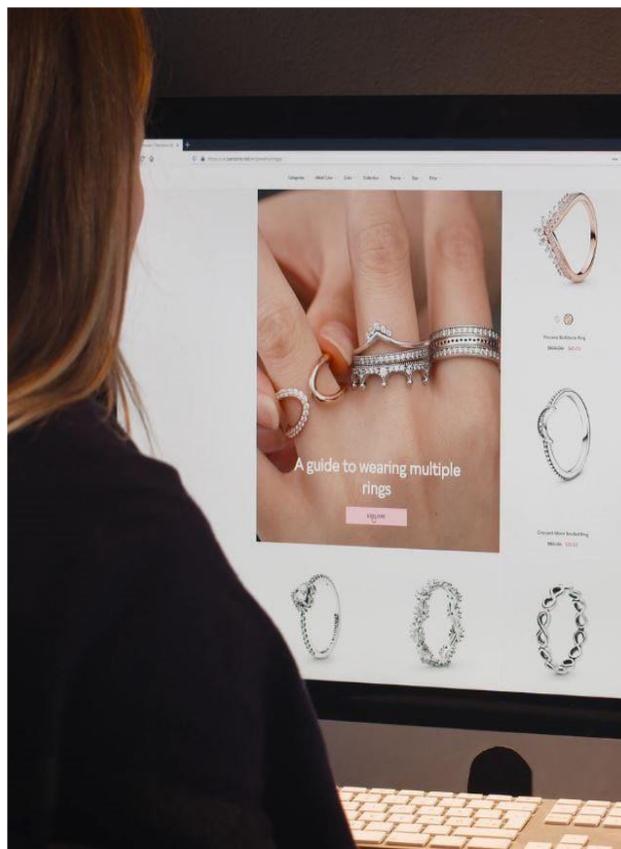
# WE CAN CONTINUE TO GROW AND OPTIMISE THROUGH OUR FOUR EXISTING CHANNELS

## PHYSICAL STORES:

O&O, FRANCHISEES & SHOP-IN-SHOP



## PANDORA.NET



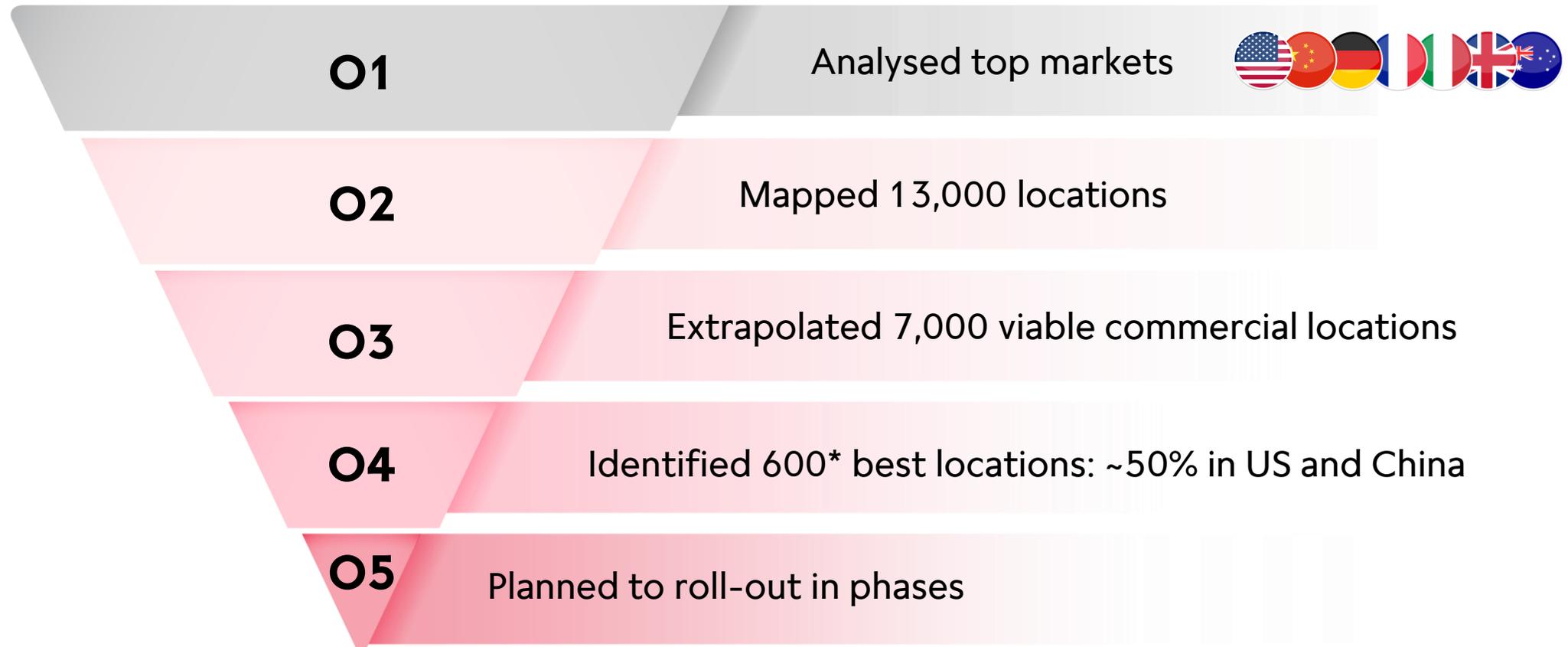
## MARKETPLACES



## MULTI-BRANDS



# ANALYSIS SHOWS **GREAT POTENTIAL** IN OUR KEY MARKETS



\*Included in the 600 locations is ~80% concept stores and ~20% kiosks

# KEY TAKEAWAYS



## 01

### **BOLD GROWTH AMBITIONS**

2x revenue in US and 3x revenue in China long term



## 02

### **GROW OUR REACH**

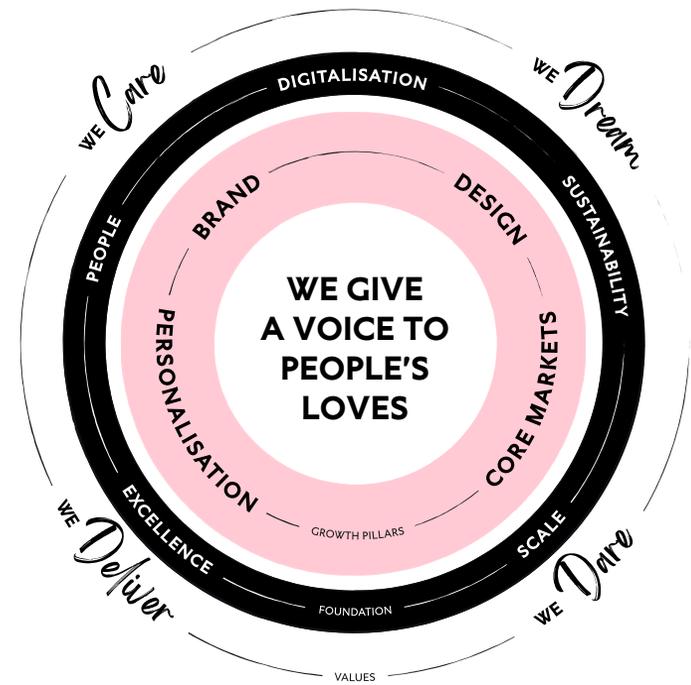
Grow the quality and size of our network



## 03

### **RECRUIT WORLD CLASS TALENT**

Invest in world class talents to deliver our plans with success



# FINANCIAL TARGETS

ANDERS BOYER

# INVESTMENT CASE - IN BRIEF

01 SIGNIFICANT UNTAPPED GROWTH OPPORTUNITIES

02 EBIT MARGIN EXPANSION

03 CONTINUED STRONG CASH GENERATION

04 CATEGORY LEADER IN SUSTAINABILITY



**SIGNIFICANT VALUE CREATION**



# FINANCIAL TARGETS

**ORGANIC  
GROWTH**

**5-7% CAGR  
(2021-2023)**

**EBIT  
MARGIN**

**25-27%  
(in 2023)**

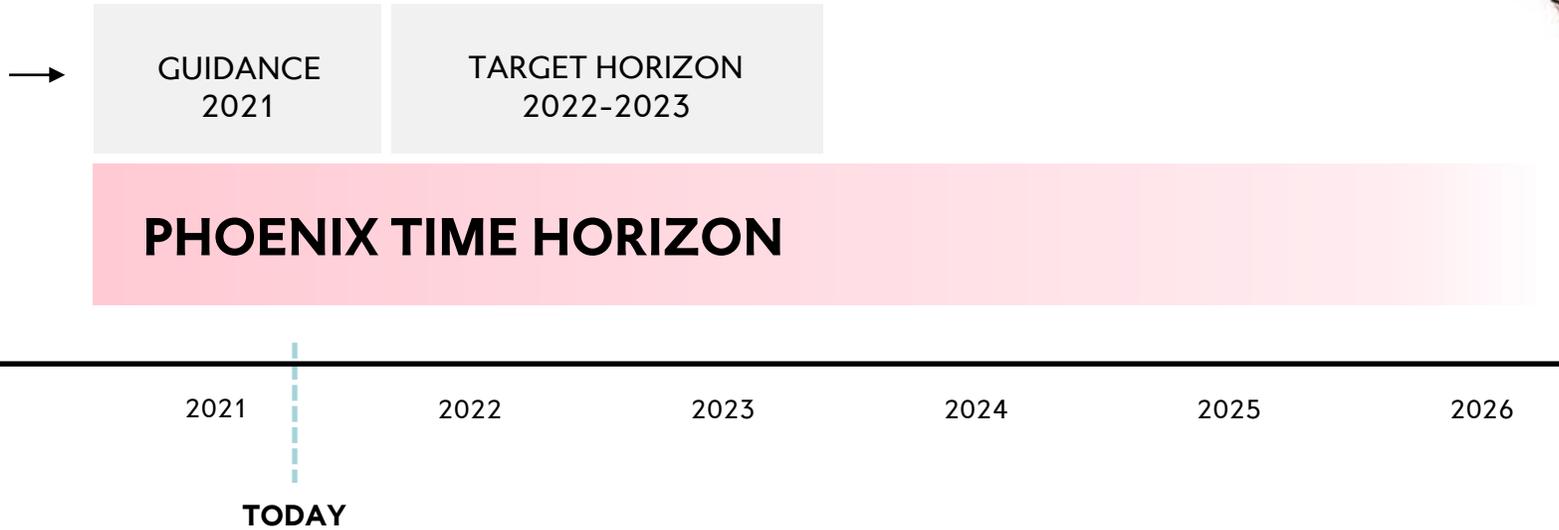


# INVESTMENT CASE – IN FULL

CORE ASSETS	PHOENIX STRATEGY – DRIVING SUSTAINABLE GROWTH BY LEVERAGING CORE ASSETS						BEYOND PHOENIX
	2021	2022	2023	2024	2025	2026	
<p><b>ENABLERS FOR GROWTH</b></p> <ul style="list-style-type: none"> <li>World’s most recognised jewellery brand</li> <li>Unrivalled direct to consumer distribution</li> <li>State-of-the-art crafting facilities</li> <li>Vertically integrated</li> <li>Category leader in sustainability</li> <li>Our people</li> </ul>	<p><b>VALUE CREATION DRIVERS</b></p> <ul style="list-style-type: none"> <li>Significant untapped opportunities to grow – within existing core</li> <li>Gross growth opportunities are well above the 2023 targets</li> <li>EBIT margin expansion - leverage on existing infrastructure</li> <li>Continued strong cash generation</li> </ul> <p><b>2023 TARGETS</b></p> <ul style="list-style-type: none"> <li>5-7% organic growth CAGR</li> <li>EBIT margin expansion to 25-27%</li> </ul>						<p><b>MORE GROWTH AVENUES</b></p> <ul style="list-style-type: none"> <li>Geographic opportunities – incl. India, Japan</li> <li>Other product categories</li> <li>M&amp;A</li> </ul>

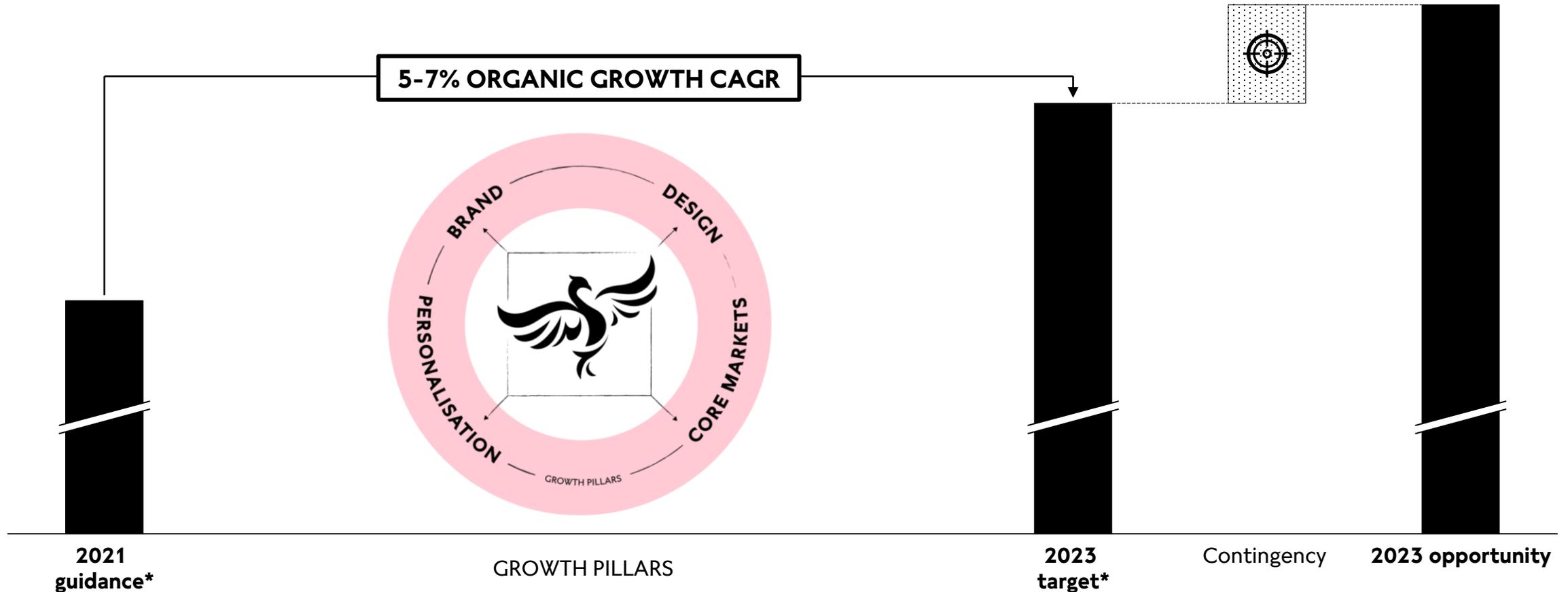
# TIME HORIZON PHOENIX

The 2021 guidance is the baseline for the 2023 targets



# SIGNIFICANT **GROWTH OPPORTUNITY**

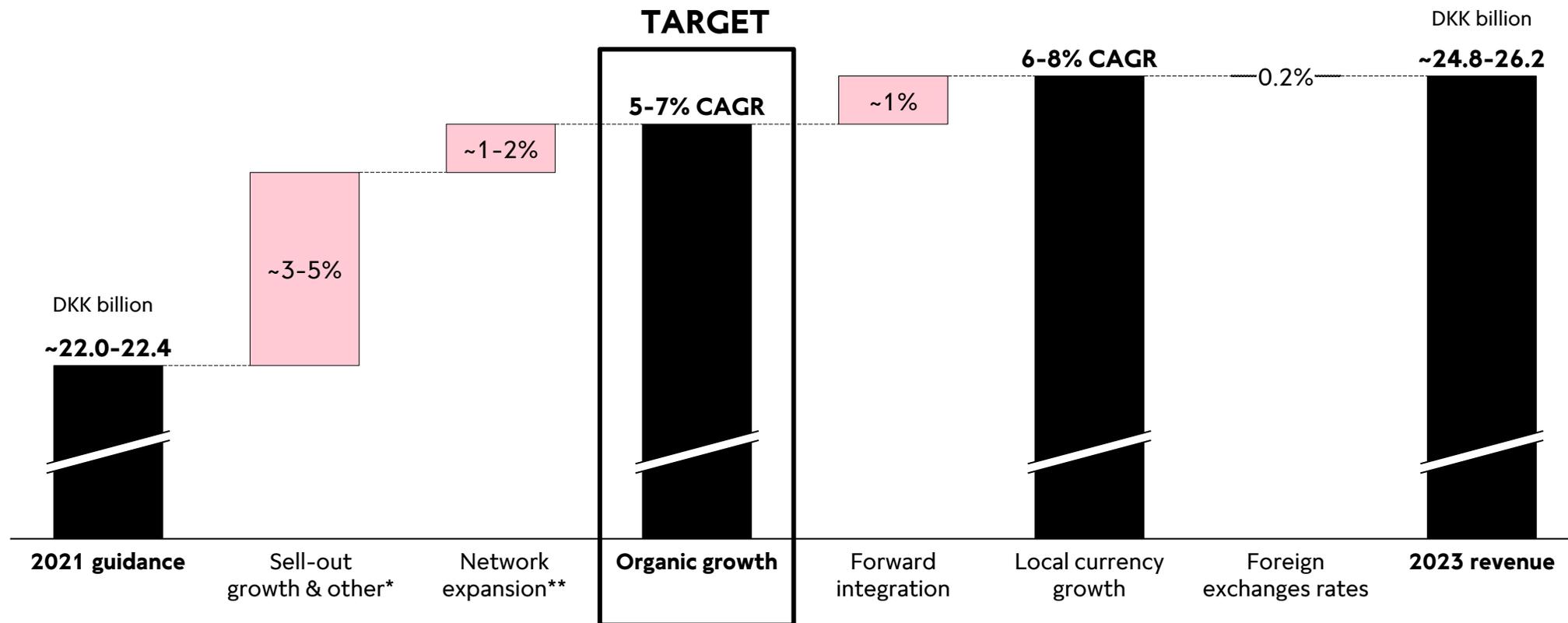
PANDORA IS BACK ON A GROWTH TRACK



\*The 2021 guidance is impacted by two non-recurring elements. i) Negative impact due to temporary store closures due to COVID-19 and ii) positive impact from US stimulus packages. The net impact hereof on 2021 revenue and thereby the 5-7% growth target is obviously associated with high uncertainty.

# UNPACKING REVENUE GROWTH

SELL-OUT TO DRIVE FUTURE GROWTH SUPPORTED BY NETWORK EXPANSION



\*Other includes phasing of sell-in and sell-out, inventory changes in the partner channel, online freight and performance in other points of sales than concept stores

\*\*Network expansion of ~1-2% include new store openings in 2022 and 2023 as well as the part of transactions where Pandora take over franchise partners without payment of goodwill

# FUTURE NETWORK OPPORTUNITIES

SIGNIFICANT WHITE SPACE OPPORTUNITIES

## ~1-2% P.A.

**NETWORK EXPANSION**

- Target includes 100-150 net concept store openings during 2022-2023
  - Mainly in US and China
  - Significant white space – more expansion potential
- The 1-2% p.a. target also includes takeover of franchise partners to the extent Pandora do not pay goodwill
- Store openings are EBIT margin accretive
- Short payback - around 1 year

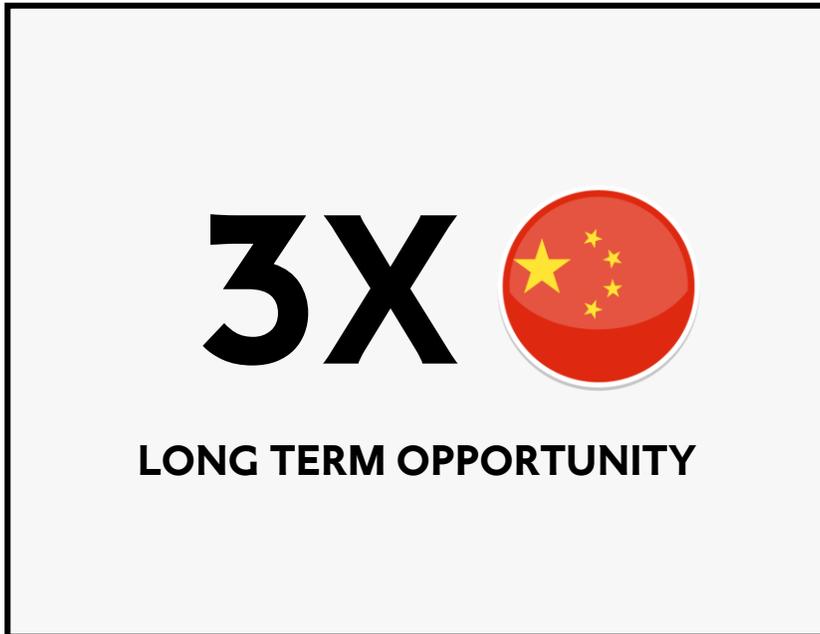
## ~1% P.A.

**FORWARD INTEGRATION**

- Pandora continues to assess potential takeovers based on potential, performance, operational set-up and scale
- Revenue markup of around 1.8 to 2
- Slightly EBIT margin diluting
- Temporary drag on gross margin from inventory buybacks

# CORE MARKETS TO DRIVE GROWTH

AMPLE GROWTH OPPORTUNITIES WITHIN KEY MARKETS



**PANDORA  
REVENUE 2019**  
DKK 2.0 billion

**RETAIL MARKET  
SIZE\***  
DKK 680 billion



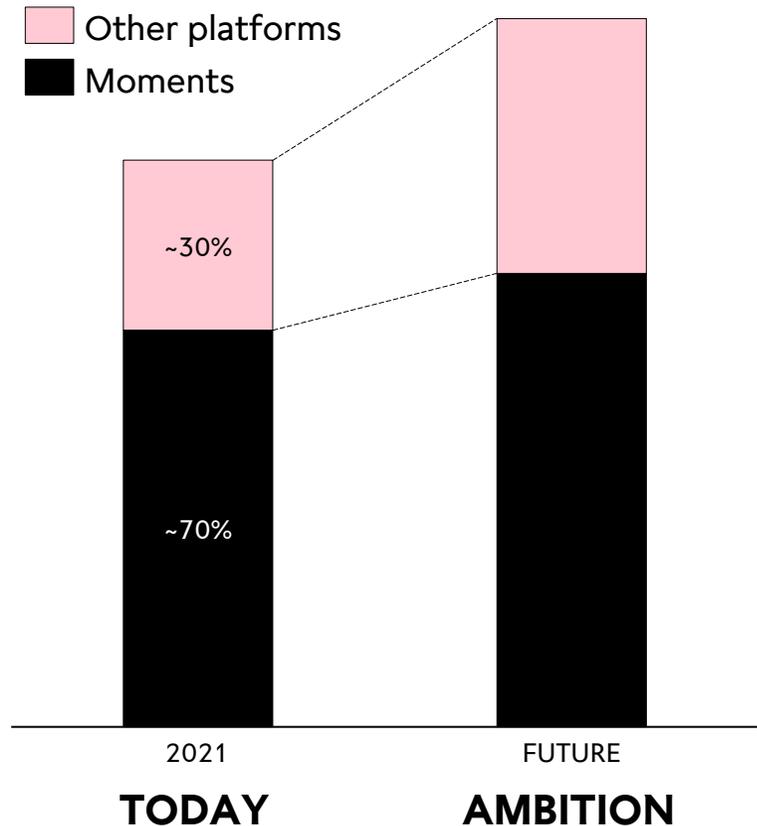
**PANDORA  
REVENUE 2019**  
DKK 4.7 billion

**RETAIL MARKET  
SIZE\***  
DKK 485 billion

Source: Euromonitor FY 2019. Jewellery market size calculated including Fine Jewellery and Costume Jewellery

# LAUNCH & LEVERAGE **NEW PLATFORMS**

CREATE NEW PLATFORMS NEXT TO MOMENTS



**2020**

**Strategic reorganisation in place** supporting the GBU structure

**2021**

Test launch of **Pandora Brilliance** and relaunch of **Pandora ME**

**FUTURE**

**More platforms** to be launched

A platform need to be at least **>5% of revenue to be meaningful**

✓ New platforms are **build on the existing infrastructure**

✓ New GBU **support model from design to store**

✓ New platforms are **low risk opportunities**

✓ Test → adjust → scale (or stop)

✓ Potential to be large **incremental revenue drivers**

EBIT MARGIN EXPANSION

**THROUGH  
OPERATING  
LEVERAGE**



# EBIT MARGIN EXPANSION

## OPERATING LEVERAGE TO DRIVE EBIT MARGIN UPWARDS

Phoenix is a growth strategy based on existing core assets



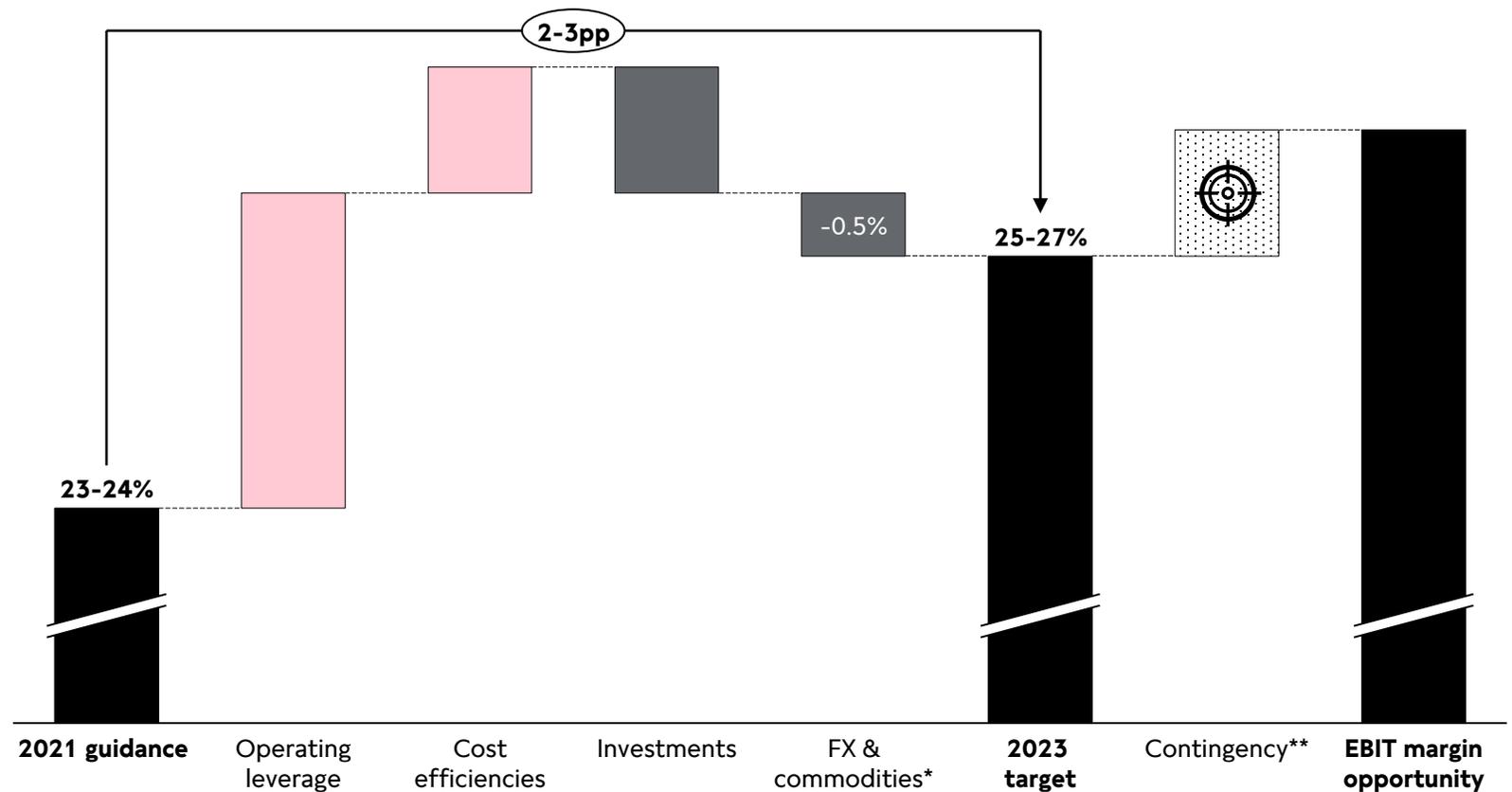
This drives operating leverage ...



... and EBIT margin expansion



The gross EBIT margin opportunity is above the 2023 target



\*Denmark's central bank FX fixings and LBMA precious metal prices (Silver USD 24.0/Oz) pr. 1 September 2021. Net impact consists of +0.3pp from FX and -0.8pp from commodities.

\*\*Contingency is mainly related to the level of revenue growth and thereby operating leverage

STRONG CASH GENERATION:

**CAPITAL**

**EFFICIENCY**



# ASSET LIGHT + HIGH CASH GENERATION

**>45%**

- EXPECTED IN 2021
- EXPANSION POTENTIAL DURING PHOENIX

**RETURN ON INVESTED CAPITAL**

**~70-75%**

- EBIT WILL ESSENTIALLY TURN INTO CASH, APART FROM TAXES PAID

**LONG TERM AVERAGE CASH CONVERSION POTENTIAL \***

\*including lease payments

# CAPEX

## PHOENIX LEVERAGES CORE ASSETS

PANDORA WILL CONTINUE TO BE ASSET LIGHT

- CAPEX TO BE ~6-7% OF REVENUE IN 2022 AND 2023
- LONG-TERM SUSTAINABLE LEVEL AT AROUND 5%



### STORES (~40-50%)

Network expansion  
New store concept  
Backlog of refurbishments after COVID-19



### PRODUCTION (~20-30%)

Capacity expansion / risk diversification  
Maintenance



### DIGITAL AND IT (~30-40%)

Digital growth opportunities  
ERP

# USE OF CASH - PRIORITISATION

## 01 FINANCIAL STABILITY

Cash to meet leverage and liquidity objectives

Maintain investment grade rating

## 02 INVESTMENTS INTO SUSTAINABLE GROWTH

Support execution of Phoenix

CAPEX 6-7% of revenue + forward integration opportunities

## 03 DIVIDENDS

Stable dividend at a competitive level vs peers

Dividend yield at around 2%

## 04 SHARE BUYBACKS

Additional cash returns to shareholders

Pay out surplus cash within capital structure policy

# CASH RETURNS & EARNINGS PER SHARE

CONTINUED STRONG SHAREHOLDER RETURNS - EPS EXPANSION OPPORTUNITY

FREE CASH FLOW 2021-2023

**DKK 11.5 billion**

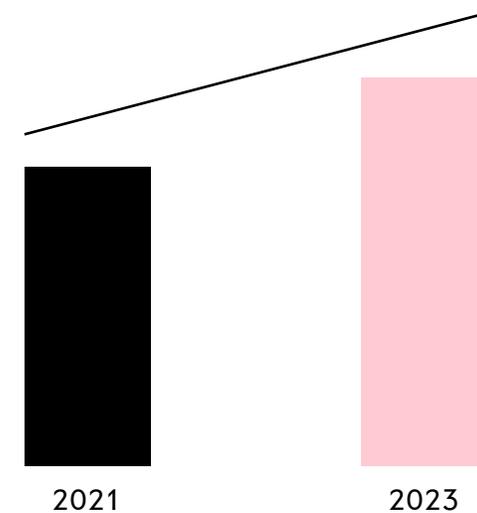
PERCENTAGE OF CURRENT MARKET CAP

**>15%**

## FREE CASH FLOW

- **Additional** share buyback of DKK 2.5 billion initiated today
- Intended total cash returns of DKK 5.5 billion from Q2 2021 - Q1 2022
- Continued strong free cash flow leaves room for further cash returns in 2022-2023

HIGH TEENS GROWTH



## EARNINGS PER SHARE

- Topline growth, EBIT margin expansion and share buybacks translate into EPS growth
- EPS CAGR potential in the high teens during 2021-2023

# INVESTMENT CASE - IN BRIEF

01 SIGNIFICANT UNTAPPED GROWTH OPPORTUNITIES

02 EBIT MARGIN EXPANSION

03 CONTINUED STRONG CASH GENERATION

04 CATEGORY LEADER IN SUSTAINABILITY



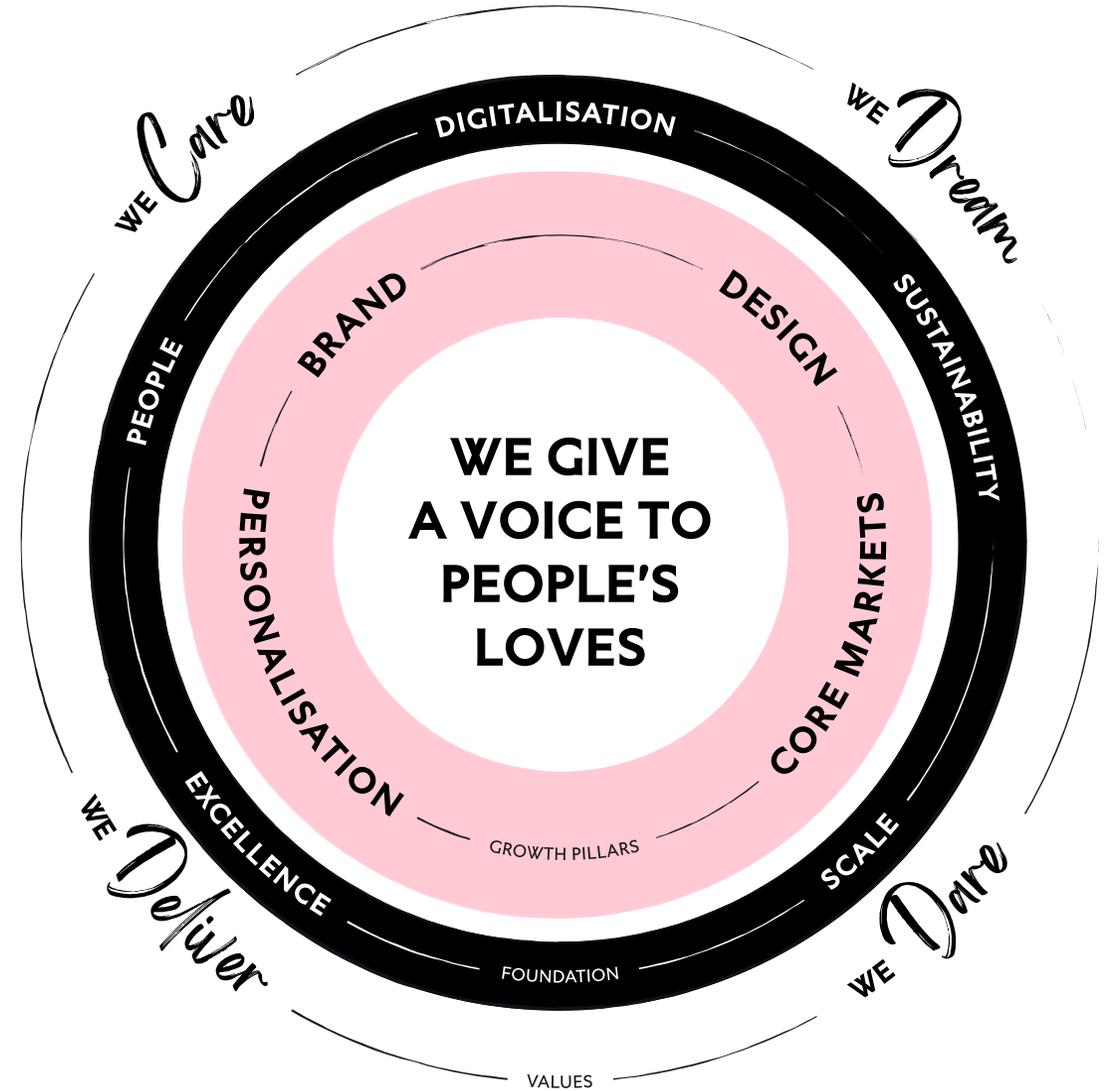
## SIGNIFICANT VALUE CREATION



# RECAP

ALEXANDER LACIK

# MOVING INTO OUR NEXT CHAPTER OF **GROWTH**



PANDORA



PHOENIX STRATEGY

# A NEW CHAPTER OF GROWTH

CAPITAL MARKETS DAY 2021