PANDORA A/S
Hovedvejen 2 | DK-2600 Glostrup | Denmark
Tel. +45 3672 0044 | Fax +45 3672 0800
www.pandora.net

No. 239
COMPANY ANNOUNCEMENT
12 May 2015

INTERIM REPORT FOR Q1 2015
PANDORA INCREASES REVENUE WITH 36.8% DRIVEN BY A STRONG DEVELOPMENT ACROSS ALL REGIONS

- Group revenue in Q1 2015 was DKK 3,547 million, an increase of 36.8% or 22.3% in local currency, compared with Q1 2014:
  - Americas increased by 34.4% (12.8% increase in local currency)
  - Europe increased by 33.2% (28.5% increase in local currency)
  - Asia Pacific increased by 55.6% (34.9% increase in local currency)
  - Revenue from concept stores was 54.9% of revenue and increased 47.4%
- The gross margin increased to 71.1% in Q1 2015, compared with 69.1% in Q1 2014
- EBITDA increased by 39.3% to DKK 1,305 million for the quarter, corresponding to an EBITDA margin of 36.8%, compared with 36.1% in Q1 2014
- Net profit for the quarter was DKK 383 million, negatively impacted by additional tax expenses and finance costs of DKK 385 million, compared to a net profit of DKK 704 in Q1 2014
- Free cash flow was DKK 990 million in Q1 2015 compared with DKK 1,049 million in Q1 2014
- During Q1 2015, PANDORA bought back 943,668 own shares at a total value of DKK 569 million as part of the ongoing DKK 3.9 billion share buyback programme, corresponding to 0.7% of the total share capital.

FINANCIAL GUIDANCE FOR 2015

Primarily as a consequence of exchange rate changes, PANDORA has decided to increase revenue guidance to more than DKK 15.0 billion (previously guided more than DKK 14.0 billion) and CAPEX guidance to approximately DKK 900 million (previously guided approximately DKK 800 million). Assuming current exchange rates, PANDORA expects a tailwind from currencies on revenue of around 10% compared to 2014. This compares to a tailwind of 3-5% anticipated in February 2015 in connection with the announcement of the Annual report 2014. The EBITDA margin expectation is unchanged, and is expected to be approximately 37%. All expectations are based on current exchange rates.

Following a settlement made with the Danish Tax Authorities on 7 May 2015, cf. Company announcement no. 237, the effective tax rate for 2015 is expected to be approximately 30% versus previously guided approximately 20%. Excluding the additional tax expense of DK 364 million, related to the settlement, which concern the income years 2009-2014, the effective tax rate for 2015 is expected to be 22%.

	FY 2015 New guidance	FY 2014 Actual
Revenue, DKK billion	>15.0	11.9
EBITDA margin	approx. 37%	36.0%
CAPEX, DKK million	approx. 900	455
Effective tax rate	approx. 30%	20%

PANDORA plans to continue to expand the store network and now expects to add more than 325 new concept stores in 2015 versus previously expected more than 300.

In connection with the Q1 2015 results Anders Colding Friis, CEO of PANDORA, said:
"Once again we are off to a strong start to the year, with all geographic regions, as well as all product categories generating double digit growth rates. Revenue growth was driven by strong like-for-like sales-out growth in many markets as well as the continued expansion of our concept store network. Furthermore, the profitability in the company continues to be very healthy, which is also evident from the strong cash flow generation in the quarter."

CONFERENCE CALL
A conference call for investors and financial analysts will be held today at 10.00 CET and can be accessed online at www.pandoragroup.com. The presentation for the call will be available on the website one hour before the call.

The following numbers can be used by investors and analysts:
DK: +45 3272 8018
UK (International): +44 (0) 1452 555 131
US: +1 866 682 8490

To help ensure that the conference begins in a timely manner, please dial in 5 minutes prior to the scheduled starting time. Participants will have to quote confirmation code 31028798 when dialling into the conference.

ABOUT PANDORA
PANDORA designs, manufactures and markets hand-finished and modern jewellery made from genuine metals at affordable prices. PANDORA jewellery is sold in more than 90 countries on six continents through approximately 9,600 points of sale, including more than 1,400 concept stores.

Founded in 1982 and headquartered in Copenhagen, Denmark, PANDORA employs more than 12,400 people worldwide of whom approximately 8,600 are located in Gemopolis, Thailand, where the company manufactures its jewellery. PANDORA is publicly listed on the NASDAQ Copenhagen stock exchange in Denmark. In 2014, PANDORA's total revenue was DKK 11.9 billion (approximately EUR 1.6 billion). For more information, please visit www.pandoragroup.com.

CONTACT
For more information, please contact:

INVESTOR RELATIONS
Morten Eismark
VP Group Investor Relations
Phone +45 3673 8213
Mobile +45 3045 6719

Magnus Thorstholm Jensen
Investor Relations Officer
Phone +45 4323 1739
Mobile +45 3050 4402

MEDIA RELATIONS
Kristian Lysgaard
Director, Group Communications
Phone +45 4323 1774
Mobile +45 2556 8561

FINANCIAL HIGHLIGHTS

DKK million	Q1 2015	Q1 2014	FY 2014
Consolidated income statement			
Revenue	3,547	2,592	11,942
Gross profit	2,522	1,791	8,423
Earnings before interests, tax, depreciations and amortisations (EBITDA)	1,305	937	4,294
Operating profit (EBIT)	1,238	887	4,072
Net financials	-281	-8	-200
Profit before tax	957	879	3,872
Net profit	383	704	3,098
Consolidated balance sheet			
Total assets	11,396	9,192	10,556
Invested capital	6,235	5,666	6,080
Net working capital	126	660	434
Net interest-bearing debt (NIBD)	-330	-546	-1,121
Equity	6,433	6,160	7,032
Consolidated cash flow statement			
Cash flows from operating activities	1,164	1,107	4,322
Cash flows from investing activities	-311	-71	-632
Free cash flow	990	1,049	3,868
Cash flows from financing activities	-1,372	-1,152	-3,259
Net increase (decrease) in cash for the period	-519	-116	431
Growth ratios			
Revenue growth, %	36.8%	29.5%	32.5%
Gross profit growth, %	40.8%	36.3%	40.4%
EBITDA growth, %	39.3%	45.7%	49.0%
EBIT growth, %	39.6%	48.1%	51.9%
Net profit growth, %	-45.6%	60.7%	39.5%
Margins			
Gross margin, %	71.1%	69.1%	70.5%
EBITDA margin, %	36.8%	36.1%	36.0%
EBIT margin, %	34.9%	34.2%	34.1%
Other ratios			
Tax rate, %	60.0%	20.0%	20.0%
Equity ratio, %	56.4%	67.0%	66.6%
NIBD to EBITDA [1]	-0.1	-0.2	-0.3
Return on invested capital (ROIC), % [1]	70.9%	52.4%	67.0%
Capital expenditure (CAPEX), DKK million	167	58	455
Cash conversion, %	258.5%	149.0%	124.9%
Share information			
Dividend per share, DKK	-	-	9.00
Total payout ratio (incl. share buyback), %	-	-	112.7%
Earnings per share, basic, DKK	3.2	5.6	25.0
Earnings per share, diluted, DKK	3.1	5.5	24.7
Share price at end of period, DKK	633.5	358.5	504.5
Other key figures			
Average number of employees	11,945	8,798	9,957

[1] Ratios are based on 12 months rolling EBITDA and EBIT, respectively.

IMPORTANT EVENTS IN Q1 2015

SHARE BUYBACK PROGRAMME FOR 2015

In connection with the Annual Report 2014, PANDORA launched a share buyback programme under which PANDORA expects to buy back own shares to a maximum consideration of DKK 3,900 million. The share buyback programme is implemented in accordance with the provisions of the European Commission's regulation no. 2273/2003 of 22 December 2003 ('safe harbour'), which protects listed companies against violation of insider legislation in connection with share buybacks. The Programme will end no later than 31 December 2015.

As of 31 March 2015, a total of 943,668 shares had been bought back, corresponding to a transaction value of DKK 569 million. As of 31 March 2015, PANDORA held a total of 7,441,561 treasury shares, corresponding to 5.8% of the share capital, including the shares cancelled as part of the capital reduction described below.

PANDORA may use the shares purchased under the Programme to meet potential obligations arising from employee share option programmes. As of 31 March 2015, the total potential obligation amounted to 838,460 shares.

ORGANISATIONAL CHANGES

On 1 March 2015, Anders Colding Friis succeeded Allan Leighton as new CEO of PANDORA. Anders Colding Friis comes from a position as Group CEO of Scandinavian Tobacco Group, the world's largest manufacturer of cigars and pipe tobacco.

At the general meeting in March 2015, Allan Leighton was elected to the Board of Directors as new Co-Deputy Chairman of the Board. At the same time, Torben Ballegaard and Nikolaj Vejlsgaard decided to step down from the Board of Directors.

On 1 January 2015, Peter Vekslund, former Senior Vice President, Head of Finance in PANDORA, succeeded Henrik Holmark as CFO of PANDORA.

GERMANY

In January 2015, PANDORA entered into an agreement with DHG GmbH (DHG) to take over up to 78 commercial leaseholds in Germany formerly trading under the BiBa name (a ladies fashion brand). PANDORA will pay a service fee to DHG for making the leaseholds available. All leaseholds concern stand-alone stores located in prime locations in Germany that fit well with PANDORA's existing concept store expansion strategy in Germany. During 2015, PANDORA will open owned and operated concept stores in the new locations, some of which will be a relocation of existing PANDORA owned stores. 77 leaseholds have now been secured. With this the transaction has been completed.

The total investment for the new owned and operated stores, including establishment (including inventory in the stores) and relocation of stores, costs related to temporarily inactive stores in the transition period, service fees to DHG as well as all other costs related to store implementation, is expected to be around EUR 50 million (approximately DKK 370 million), of which the majority will be recognised as CAPEX and inventories. The funds will be spent over the course of 2015.

CHINA

In February 2015, PANDORA entered an agreement with Oracle Investment (Hong Kong) Limited (Oracle) about joint distribution of PANDORA jewellery in China from 1 July 2015 to 31 December 2018. At the end of the agreement, PANDORA will take over the full distribution of PANDORA jewellery in China.

PANDORA plans, through the cooperation, to accelerate the store roll-out, enhance the retail focus and increase marketing investments in the Chinese market. Oracle will contribute with its in-depth knowledge of the retail market and the Chinese consumer as well as their insight into the Chinese real estate market, which will aid PANDORA in securing the most attractive locations.

On 1 July 2015, PANDORA will, as part of the agreement with Oracle, purchase the majority of Oracle's assets in China. The total amount to be paid to Oracle will depend on the realised revenue in 2018 and part of the payment will be delayed to end of the term of the agreement. The initial payment to Oracle is expected to be approximately HKD 120 million (approximately DKK 100 million), depending on the value of the assets at the time of the completion of the agreement. The total payment will be in the range of HKD 200-500 million (approximately DKK 170-420 million). The agreement is subject to certain conditions to be fulfilled.

EVENTS AFTER THE REPORTING PERIOD

US ESTORE

On 21 April 2015, PANDORA launched an e-commerce platform in the US (estore-us.pandora.net). The launch is part of the Company's aim to offer PANDORA jewellery online globally. With the introduction of a PANDORA owned eSTORE in the US, PANDORA now offers eSTOREs in eight countries.

REDUCTION OF PANDORA A/S' SHARE CAPITAL

At the Company's Annual General Meeting on 18 March 2015, it was decided to reduce the share capital by a nominal amount of DKK 5,818,651 through cancellation of a nominal amount of DKK 5,818,651 treasury shares of DKK 1.

The Board of Directors has implemented the share capital reduction with final effect with the Danish Business Authority. After reduction of the share capital, the Company's share capital is nominally DKK 122,297,169 divided into shares of DKK 1.

Following the share capital reduction, PANDORA owns less than 5% of the total share capital and the total voting rights in the Company.

TRANSFER PRICING TAX AUDIT CLOSED

On 7 May, PANDORA made a settlement with the Danish Tax Authorities (SKAT) regarding a transfer pricing audit for the period 2009 to 2014. SKAT and PANDORA did not agree on the applicable pricing methodology within the Group. Following a dialogue with SKAT, PANDORA decided to make a settlement whereby, PANDORA will recognise a higher proportion of the Group's profit in Denmark for 2009-2014 as well as going forward.

According to the settlement, PANDORA will pay a sum of DKK 995 million to SKAT covering tax payments and interest for the 6 year period. The full amount will be paid in 2015.

PANDORA accrues for estimated tax expenses, and had as of 31 December 2014 made accruals for DKK 610 million related to these specific payments. The additional DKK 364 million impact the income tax expenses for 2015 in the income statement in the first quarter, with a further financial item of DKK 21 million.

REVENUE DEVELOPMENT

Total revenue for Q1 2015 was DKK 3,547 million, an increase of 36.8% compared with Q1 2014, including a positive impact from currency of 14.5 percentage points, primarily due to favourable currency fluctuations in Americas and Asia Pacific.

Volumes increased by 5.6% compared with Q1 2014. In Q1 2015, the average sales price (ASP) recognised by PANDORA was DKK 169, compared with DKK 131 in Q1 2014. The increase in ASP was mainly driven by currency fluctuations; a higher share of revenue from Rings, which are sold at higher average prices relative to individual charms; as well as a proportionally higher share of revenue from PANDORA owned and operated stores. Prices for each individual product were virtually unchanged compared with Q1 2014.

Revenue growth continued across all three major regions for the quarter, with all reported geographies, showing double-digit growth rates. Growth was driven by a combination of like-for-like growth across most markets, which contributed with roughly 40% of the growth, as well as the continued expansion of the store network, which contributed with the remaining 60%. The like-for-like growth was among other things driven by a positive reception of the Valentine’s Day and the Spring collections, which were both launched in stores during the quarter. Furthermore, 60 new products were added to PANDORA’s Disney Collection, which continued to do well. For the quarter, around 50% of sales were generated by products launched within the last 12 months, which is similar to Q1 2014. Products across all categories launched more than 12 months ago continue to support revenue growth.

Revenue from PANDORA’s owned and operated stores, including all PANDORA eSTOREs, increased 115% to DKK 708 million and corresponded to 20% of Group revenue compared to around 13% in Q1 2014. The growth in retail revenue was driven by strong in-store execution resulting in positive like-for-like growth as well as the addition of 163 new owned and operated stores in the last 12 months, including net 47 concept stores and 16 shop-in-shops, which has been converted from franchisee stores, to a total of 292 concept stores and 89 shop-in-shops owned and operated by PANDORA. The net effect of converting wholesale revenue from the franchisee stores that is now owned and operated by PANDORA to retail revenue is approximately DKK 60 million.

At the end of Q1 2015, sales return provisions corresponded to approximately 8% of 12 months’ rolling revenue value, compared with 8% for Q4 2014 and Q1 2014, respectively.

Based on data from concept stores, which have been operating for more than 12 months, like-for-like sales-out in PANDORA’s four major markets, the US, UK, Germany and Australia, continued to be positive. The positive development was driven by a successful product portfolio with continuous relevant products, increased awareness through regional marketing campaigns as well as generally better in-store execution, increasing store traffic in most stores.

REVENUE BREAKDOWN BY GEOGRAPHY

In Q1 2015, 44.3% of revenue was generated in Americas (45.1% in Q1 2014), 40.0% in Europe (41.1% in Q1 2014) and 15.7% in Asia Pacific (13.8% in Q1 2014).

Distribution of revenue

DKK million	Q1 2015	Q1 2014	*Growth*	*Growth in local currency*	FY 2014
US	1,209	876	*38.0%*	*13.2%*	3,629
Other Americas	364	294	*23.8%*	*11.6%*	1,330
Americas	**1,573**	**1,170**	***34.4%***	***12.8%***	**4,959**
UK	464	299	*55.2%*	*41.5%*	1,654
Germany	151	121	*24.8%*	*24.8%*	578
Other Europe	802	644	*24.5%*	*23.1%*	3,072
Europe	**1,417**	**1,064**	***33.2%***	***28.5%***	**5,304**
Australia	194	142	*36.6%*	*28.2%*	806
Other Asia Pacific	363	216	*68.1%*	*39.4%*	873
Asia Pacific	**557**	**358**	***55.6%***	***34.9%***	**1,679**
Total	**3,547**	**2,592**	***36.8%***	***22.3%***	**11,942**

AMERICAS

Revenue for the first quarter in Americas was DKK 1,573 million, an increase of 34.4% or 12.8% in local currency compared with Q1 2014. The increase was driven mainly by a positive development in the US and Brazil, as well as continued high demand for the Disney collection, which was launched in North America in November 2014. During the quarter, the Disney collection was expanded with 60 new products, 10 of which are exclusive to the Disney Theme Parks. The new products included 4 earrings and 2 rings, which is an addition to the collection.

US revenue was DKK 1,209 million, an increase of 38.0% or 13.2% in local currency compared with Q1 2014. Growth was primarily driven by network expansion as well as regional strong like-for-like growth rates; however growth for the quarter was negatively impacted by unfavourable timing of shipments compared to the same quarter last year. The focus on Rings in the US continues to support growth as revenue from the category increased significantly compared to Q1 2014, and is approaching 10% of US revenue. In September 2014, net 22 concept stores in the US were acquired from former franchisee Hannoush and are now categorized as owned and operated stores (the transaction included 27 stores in total, of which five stores have been sold to an existing franchisee). The impact of converting wholesale revenue to retail revenue has added around DKK 20 million to revenue in the US for the quarter.

Like-for-like sales-out in Q1 2015, based on concept stores in the US - which have been operating for more than 12 months - increased by 8.9% compared with Q1 2014. Growth in the Northeast region, where a process to refresh the network is on-going, has improved but was slightly negative for the quarter - all other major US regions grew with low-double digit like-for-like rates compared to Q1 2014.

Concept stores[1] sales-out growth

	Q1 2015 vs. Q1 2014	Q4 2014 vs. Q4 2013	Q3 2014 vs. Q3 2013	Q2 2014 vs. Q2 2013	Q1 2014 vs. Q1 2013
US	8.9%	4.7%	3.7%	1.7%	8.5%

[1] Concept stores that have been operating for more than 12 months

Revenue from Other Americas was DKK 364 million, an increase of 23.8% or 11.6% in local currency, compared with the same quarter last year. The increase was primarily driven by a strong development in Brazil, which experienced positive like-for-like growth and expanded the store network with 28 new concept stores in the last 12 months. Revenue in Canada was unchanged compared to Q1 2014, but decreased 8% in local currency. The decline was primarily due to phasing of revenue between quarters. The stores in Canada continue to perform well and the like-for-like sales-out growth was positive for the quarter. Revenue from Canada represented around 50% of revenue from Other Americas for the quarter.

Store network, number of points of sale - Americas

	Number of PoS Q1 2015	Number of PoS Q4 2014	Number of PoS Q1 2014	Growth Q1 2015 /Q4 2014	Growth Q1 2015 /Q1 2014
Concept stores	424	414	349	10	75
- hereof PANDORA owned	59	51	15	8	44
Shop-in-shops	672	683	585	-11	87
- hereof PANDORA owned	2	2	6	-	-4
Gold	874	881	848	-7	26
Branded	**1,970**	**1,978**	**1,782**	**-8**	**188**
Branded as % of total	***60.3%***	***58.5%***	***54.8%***		
Silver	1,023	1,094	1,068	-71	-45
White and travel retail	274	308	400	-34	-126
Total	**3,267**	**3,380**	**3,250**	**-113**	**17**

PANDORA continues to develop the branded store network and during Q1 2015, 10 new concept stores were opened in Americas. For the quarter the number of branded points of sale (PoS) in the region decreased by 8 stores. PANDORA owned and operated stores in Americas increased to 61 at the end of Q1 2015. The increase compared to Q1 2014 is mainly due to the acquisition of net 22 concept stores from Hannoush in Q3 2014, which is now categorised as owned and operated stores. As part of the continued focus on the branded part of the network, underperforming unbranded stores are being closed and during the quarter 105 unbranded stores, almost all located in the US, were closed in Americas.

EUROPE

Revenue in Europe was DKK 1,417 million for the quarter, an increase of 33.2% or 28.5% in local currency compared with Q1 2014. The growth was mainly driven by the UK, Germany, France and Italy, whereas revenue from Russia declined in the quarter.

Revenue in the UK was DKK 464 million, an increase of 55.2% or 41.5% in local currency compared with the same quarter last year. Growth was driven by a positive sales-out development, as well as the expansion of the store network, including 33 new concept stores opened in the last 12 months, to a total of 160 concept stores. Furthermore, the UK eSTORE continues to perform well and contributed around 10% to UK revenue for the quarter. The continued enhanced focus on the Rings category continues to support growth with revenue from the category increasing by more than 90% compared to Q1 2014. For the quarter more than 20% of revenue was generated by Rings.

Like-for-like sales-out in Q1 2015, based on concept stores in the UK - which have been operating for more than 12 months - increased by 20.6% compared with Q1 2014, and thereby experienced the fifth quarter in a row with more than 20% like-for-like sales-out growth. The strong growth was supported by all product categories, in particular Rings, Earrings and Necklaces.

Concept stores[1] sales-out growth

	Q1 2015 vs. Q1 2014	Q4 2014 vs. Q4 2013	Q3 2014 vs. Q3 2013	Q2 2014 vs. Q2 2013	Q1 2014 vs. Q1 2013
UK	20.6%	20.6%	20.6%	26.2%	27.9%

[1] Concept stores that have been operating for more than 12 months

Revenue in the quarter in Germany was DKK 151 million, an increase of 24.8% compared with Q1 2014. The improvement of the store network in Germany is on-going and PANDORA continues the work to improve store execution across the country. In January 2015, as part of this effort, PANDORA entered into an agreement to assume up to 78 commercial leaseholds in Germany, of which 77 have now been secured. With this the transaction has been completed. PANDORA will open owned and operated concept stores in the new locations and during the quarter eight owned and operated stores were opened on the mentioned locations. In total, 17 owned and operated concept stores were added in Germany during the quarter, of which nine was acquired from franchisees. At the end of Q1 2015, PANDORA owned and operated 78 concept stores out of a total of 91 concept stores in Germany.

Like-for-like sales-out in Q1 2015, based on concept stores in Germany - which have been operating for more than 12 months - increased by 3.8% compared with Q1 2014. The positive development was primarily driven by a strong performance by PANDORA’s owned and operated stores, with like-for-like sales-out increasing 5.0% compared to Q1.

Concept stores[1] sales-out growth

	Q1 2015 vs. Q1 2014	Q4 2014 vs. Q4 2013	Q3 2014 vs. Q3 2013	Q2 2014 vs. Q2 2013	Q1 2014 vs. Q1 2013
Germany	3.8%	2.3%	8.5%	10.0%	11.5%

[1] Concept stores that have been operating for more than 12 months

Revenue from Other Europe was DKK 802 million for the quarter, an increase of 24.5% compared with Q1 2014. Revenue from Other Europe was primarily driven by a positive development in Italy and France, with revenue from the two countries increasing around 50% for the quarter. Italy and France represented around 30% and 15% respectively of revenue for the quarter from Other Europe. Revenue from Russia decreased 75% for the quarter, which was primarily due to phasing of revenue, as well as a strong Q1 last year. The concept stores in Russia are performing relatively well given the difficult financial climate in the country, and like-for-like sales-out was roughly unchanged compared to the first quarter last year. Revenue from Russia represented around 5% of revenue from Other Europe for the quarter. Furthermore, revenue from Other Europe was positively impacted by converting third party revenue to retail revenue in the Middle East following the acquisition of the local distributor.

Store network, number of points of sale - Europe

	Number of PoS Q1 2015	Number of PoS Q4 2014	Number of PoS Q1 2014	Growth Q1 2015 /Q4 2014	Growth Q1 2015 /Q1 2014
Concept stores	811	786	617	25	194
- hereof PANDORA owned	201	169	119	32	82
Shop-in-shops	681	677	628	4	53
- hereof PANDORA owned	76	68	54	8	22
Gold	1,369	1,380	1,330	-11	39
Branded	**2,861**	**2,843**	**2,575**	**18**	**286**
Branded as % of total	***50.2%***	***48.6%***	***41.6%***		
Silver	1,452	1,577	1,957	-125	-505
White and travel retail	1,382	1,431	1,658	-49	-276
Total*	**5,695**	**5,851**	**6,190**	**-156**	**-495**

* Includes for Q1 2015 relating to 3rd party distributors: 138 concept stores, 205 shop-in-shops, 350 gold, 262 silver and 566 white stores.

During Q1 2015, the number of branded stores in Europe increased by 18 stores to a total of 2,861 stores, in line with PANDORA's overall strategy to increase branded sales. Net 25 concept stores were opened in Q1, primarily in Germany (7), UK (4) and Italy (4). During the quarter, 32 owned and operated concept stores were added net, of which 17 were added in Germany and 14 was related to the acquisition of PANDORA's local distributor in UAE, Bahrain, Qatar and Oman, which was effective from January 2015 (11 were acquired and 3 were opened following the acquisition).

In Europe, PANDORA offers eSTOREs in Austria, France, Germany, Italy, the Netherlands, Poland and the UK.

ASIA PACIFIC

Revenue in Asia Pacific was DKK 557 million for the quarter, an increase of 55.6% or 34.9% in local currency compared with the same period last year.

Revenue in Australia was DKK 194 million, an increase of 36.6% or 28.2% in local currency compared with Q1 2014. The growth was driven by a continued strong sales-out growth, as well as 12 new concept stores opened in the last 12 months, to a total of 91 concept stores in Australia. The Rings category continued to do well in Australia and revenue from the category was up 58% compared to Q1 2014. The category represented more than 20% of revenue for the quarter similar to Q1 2014.

Like-for-like sales-out in Q1 2015, based on concept stores in Australia - which have been operating for more than 12 months - increased by 24.6% compared with Q1 2014, and Australia thereby experienced the eighth quarter in a row with more than 20% like-for-like growth rates. The continued positive development was driven by all product categories.

Concept stores[1] sales-out growth

	Q1 2015 vs. Q1 2014	Q4 2014 vs. Q4 2013	Q3 2014 vs. Q3 2013	Q2 2014 vs. Q2 2013	Q1 2014 vs. Q1 2013
Australia	24.6%	20.0%	22.9%	33.0%	33.6%

[1]Concept stores that have been operating for more than 12 months

Revenue from Other Asia Pacific was DKK 363 million for the quarter, corresponding to an increase of 68.1%, or 39.4% in local currency, compared with the same quarter last year. The increase was primarily driven by continued positive development in Hong Kong with revenue growth of more than 100% for the quarter. The growth in Hong Kong was driven by a strong performance in new stores. Compared to the same quarter last year, eight new owned and operated concept stores have been opened, to a total of 16 concept stores in Hong Kong. Revenue from Malaysia, Taiwan and China contributed further to growth.

As announced in 2014, PANDORA has of 1 January 2015 initiated the strategic alliance with Bluebell about joint distribution of PANDORA jewellery in Japan. PANDORA plans, through the cooperation, to accelerate the store roll-out, enhance the retail focus and increase marketing investments in the Japanese market. Bluebell will contribute with its in-depth knowledge of the retail market and the Japanese consumer as well as their insight into the Japanese real estate market. As a consequence, 1 concept store and 11 shop-in-shops in Japan (9 were acquired and 2 were opened after acquisition) are now owned and operated by PANDORA.

Store network, number of points of sale – Asia Pacific

	Number of PoS Q1 2015	Number of PoS Q4 2014	Number of PoS Q1 2014	Growth Q1 2015 /Q4 2014	Growth Q1 2015 /Q1 2014
Concept stores	212	210	171	2	41
- hereof PANDORA owned	32	31	24	1	8
Shop-in-shops	195	195	175	-	20
- hereof PANDORA owned	11	-	-	11	11
Gold	138	139	145	-1	-7
Branded	**545**	**544**	**491**	**1**	**54**
Branded as % of total	***81.1%***	***80.6%***	***77.7%***		
Silver	71	73	73	-2	-2
White and travel retail	56	58	68	-2	-12
Total	**672**	**675**	**632**	**-3**	**40**

At the end of Q1 2015, PANDORA had 545 branded stores in Asia Pacific compared with 544 in Q4 2014.

SALES CHANNELS

PANDORA's focus on expanding the concept store network continues and in Q1 2015, PANDORA opened net 37 new concept stores, including 10 in Americas, 25 in Europe and 2 in Asia Pacific. During the quarter, PANDORA added 41 owned and operated concept stores to the network, including 17 in Germany, 14 in UAE, 4 in US and 4 in Brazil. Of the 41 new owned and operated concept stores net 25 existing stores were acquired from partners or franchisees (11 in the Middle East, 9 in Germany, 4 in the US and 1 in Japan). Please refer to note 10 for further geographical distribution of concept stores.

During the quarter PANDORA added 19 owned and operated shop-in-shops, which included a total of 16 stores acquired from partners or franchisees (9 in Japan, 4 in Germany and 3 in the Middle East), as well as net 2 store closings.

PANDORA has increased the branded store network by 528 points of sale since the end of Q1 2014, and underperforming unbranded stores, across all regions, are being closed in order to improve the quality of revenue and focus on branded store performance. As a consequence the number of unbranded points of sale was reduced by 966 stores in the last 12 months.

At the end of Q1 2015, the total number of points of sale was 9,634, a decrease of 438 compared with Q1 2014.

Store network, number of points of sale – Group

	Number of PoS Q1 2015	Number of PoS Q4 2014	Number of PoS Q1 2014	Growth Q1 2015 /Q4 2014	Growth Q1 2015 /Q1 2014
Concept stores	1,447	1,410	1,137	37	310
- hereof PANDORA owned	292	251	158	41	134
Shop-in-shops	1,548	1,555	1,388	-7	160
- hereof PANDORA owned	89	70	60	19	29
Gold	2,381	2,400	2,323	-19	58
Branded	**5,376**	**5,365**	**4,848**	**11**	**528**
Branded as % of total	***55.8%***	***54.2%***	***48.1%***		
Silver	2,546	2,744	3,098	-198	-552
White and travel retail	1,712	1,797	2,126	-85	-414
Total*	**9,634**	**9,906**	**10,072**	**-272**	**-438**

* Includes for Q1 2015 relating to 3rd party distributors: 138 concept stores, 205 shop-in-shops, 350 gold, 262 silver and 566 white stores.

Revenue from concept stores increased by 47.4% to DKK 1,949 million, and constituted 54.9% of revenue for the quarter compared to 51.0% in Q1 2014. The increase was driven by better in-store execution as well as the addition of net 310 new concept stores.

Branded revenue for the quarter increased 39.8% to DKK 3,058 million and accounted for 86.2% of revenue compared with 84.4% in Q1 2014. The increase was driven by an increasing share of branded points of sale, including owned and operated stores, as well as relative higher revenue in existing branded stores.

Revenue per sales channel

DKK million	Q1 2015	Q1 2014	*Growth*	*Share of total revenue*	FY 2014
Concept stores	1,949	1,322	47.4%	54.9%	6,741
Shop-in-shops	715	480	49.0%	20.2%	2,008
Gold	394	386	2.1%	11.1%	1,471
Total branded	**3,058**	**2,188**	**39.8%**	**86.2%**	**10,220**
Silver	173	207	-16.4%	4.9%	791
White and travel retail	195	111	75.7%	5.5%	538
Total unbranded	**368**	**318**	**15.7%**	**10.4%**	**1,329**
Total direct	**3,426**	**2,506**	**36.7%**	**96.6%**	**11,549**
3rd party	121	86	40.7%	3.4%	393
Total revenue	**3,547**	**2,592**	**36.8%**	**100.0%**	**11,942**

PRODUCT OFFERING

PANDORA's core categories Charms and Bracelets and Rings continue to perform well driven by continued newness across the categories, as well as tailor-made promotions, focused on the core categories.

Product mix

DKK million	Q1 2015	Q1 2014	*Growth*	*Share of total revenue*	FY 2014
Charms	2,381	1,784	*33.5%*	*67.1%*	7,933
Silver and gold charm bracelets	422	312	*35.3%*	*11.9%*	1,427
Rings	405	220	*84.1%*	*11.4%*	1,192
Other jewellery	339	276	*22.8%*	*9.6%*	1,390
Total revenue	**3,547**	**2,592**	***36.8%***	***100.0%***	**11,942**

Revenue from Charms was DKK 2,381 million for the quarter, an increase of 33.5% compared with Q1 2014, while revenue from Silver and gold charm bracelets increased 35.3%. The two categories represented 79.0% of total revenue in Q1 2015 compared with 80.9% in Q1 2014. Revenue from both categories was driven by a continued high demand for both new and existing products, with Bracelets in particular being driven by the introduction of a new version of the classic Moments bracelet, with the lock shaped as a heart. The PANDORA ESSENCE collection continues to perform well, and revenue from the collection increased with more than 100% compared to Q1 2014, albeit from low numbers. Growth was driven in particular by the UK, Italy, Germany and Asia Pacific. Finally, revenue from Charms was impacted by the introduction of 60 new Disney products, of which the vast majority was charms.

Revenue from Rings was DKK 405 million, an increase of 84.1% compared with Q1 2014. The category continues to do very well, driven by continued use of revenue generating initiatives in most markets including more emphasis on rings in staff training, improved in-store focus on rings, as well as tailor-made rings campaigns. The Rings category represented 11.4% of total revenue for the quarter compared with 8.5% in Q1 2014.

Revenue from Other jewellery was DKK 339 million, an increase of 22.8% compared with Q1 2014. The growth was driven by revenue from Earrings and Necklaces, increasing by around 60% and 70% respectively compared to the same quarter last year. Revenue from other bracelets decreased around 5%, due to lower revenue from leather bracelets. Other jewellery represented 9.6% of total revenue in Q1 2015 compared with 10.6% in Q1 2014.

COSTS

Total costs for the quarter, including depreciation and amortisation, were DKK 2,309 million, an increase of 35.4% compared with Q1 2014. Total costs corresponded to 65.1% of revenue for the quarter compared with 65.8% in Q1 2014.

Cost development

DKK million	Q1 2015	Q1 2014	*Growth*	*Share of total revenue Q1 2015*	*Share of total revenue Q1 2014*	FY 2014
Cost of sales	1,025	801	28.0%	28.9%	30.9%	3,519
Gross profit	**2,522**	**1,791**	40.8%	71.1%	69.1%	**8,423**
Sales and distribution expenses	599	415	44.3%	16.9%	16.0%	1,957
Marketing expenses	327	210	55.7%	9.2%	8.1%	1,143
Administrative expenses	358	279	28.3%	10.1%	10.8%	1,251
Total costs	**2,309**	**1,705**	35.4%	65.1%	65.8%	**7,870**

GROSS PROFIT

Gross profit for the quarter was DKK 2,522 million corresponding to a gross margin of 71.1% compared with 69.1% in Q1 2014. The increase in gross margin for the quarter was mainly due to lower prices for gold and silver, as well as a higher share of revenue from PANDORA owned and operated stores, which has a higher gross margin compared to wholesale revenue. The increase was partially offset by currency impact on labour and raw materials, as well as the acquisition of net 22 concept stores in the US last year, where the inventory was acquired at wholesale prices, and consequently had a short term negative impact on margins in Americas.

COMMODITY HEDGING

It is PANDORA's policy to hedge approximately 100%, 80%, 60% and 40% of expected gold and silver consumption in the following four quarters. The hedged prices for the following four quarters for gold are USD 1,254/oz, USD 1,214/oz, USD 1,189/oz and USD 1,227/oz and for silver USD 18.62/oz, USD 17.93/oz, USD 16.48/oz and USD 17.02/oz. However, current inventory means a delayed impact of the hedged prices on cost of sales.

The average realised purchase price in Q1 2015 was USD 1,290/oz for gold and USD 18.85/oz for silver.

Excluding hedging and the time lag effect from the inventory, the underlying gross margin would have been approximately 73% based on the average gold (USD 1,218/oz) and silver (USD 16.71/oz) market prices in Q1 2015. Under these assumptions, a 10% deviation in quarterly average gold and silver prices would impact our gross margin by approximately +/- 1 percentage points.

OPERATING EXPENSES

Operating expenses for the quarter were DKK 1,284 million compared with DKK 904 million in Q1 2014, representing 36.2% of revenue in Q1 2015 compared with 34.9% in Q1 2014. All operating expenses were impacted for the quarter by unfavourable exchange rate fluctuations compared to Q1 2014 (primarily USD, GBP, AUD and THB), with a total impact of around DKK 100 million.

Sales and distribution expenses were DKK 599 million, an increase of 44.3% compared with Q1 2014, and corresponding to 16.9% of revenue compared with 16.0% in Q1 2014. The increase in sales and distribution expenses was mainly driven by higher revenue, as well as an increase in number of PANDORA owned stores (from 218 in Q1 2014 to 381 in Q1 2015). The higher costs in owned and operated stores are mainly related to property and employee expenses. The increase in the sales and distribution ratio (sales and distribution expenses/revenue) was partially offset by improved cost efficiency in all store types.

Marketing expenses were DKK 327 million compared with DKK 210 million in Q1 2014, corresponding to 9.2% of revenue, compared with 8.1% in Q1 2014. The increase was mainly driven by higher media spend, with particular focus on digital media.

Administrative expenses for the quarter increased 28.3% to DKK 358 million, representing 10.1% of revenue, compared with 10.8% of Q1 2014 revenue. The increase in administrative costs was primarily due to higher IT expenses, reflecting an increase in number of IT projects, as well as an increase in employee expenses.

EBITDA

EBITDA for Q1 2015 increased by 39.3% to DKK 1,305 million resulting in an EBITDA margin of 36.8% compared with 36.1% in Q1 2014. Compared to Q1 2014, the EBITDA margin for Q1 2015 was negatively impacted by around 1.5 percentage points due to exchange rate movements. The overall improvement was mainly due to an improved gross margin.

Regional EBITDA margins

	Q1 2015	Q1 2014	*Q1 2015 vs. Q1 2014 (%-pts)*
Americas	42.3%	44.3%	-2.0%
Europe	43.5%	39.8%	3.7%
Asia Pacific	50.3%	50.3%	0.0%
Unallocated costs	-7.2%	-7.1%	-0.1%
Group EBITDA margin	**36.8%**	**36.1%**	**0.7%**

The EBITDA margin for Americas for the quarter was 42.3%, and down 2.0 percentage point compared to the same quarter last year. Americas' gross margin for the quarter was impacted with approximately minus two percentage points due to the acquisition of net 22 concept stores from Hannoush in the US. The inventory in the stores was acquired by PANDORA in wholesale prices, which has a short term negative impact on margins. Furthermore, the margin was impacted by higher operational costs, mainly driven by higher marketing expenses.

The EBITDA margin for Europe increased from 39.8% in Q1 2014 to 43.5% for the current quarter, primarily driven by the improved gross margin.

EBITDA margin for the Asia Pacific region was stable at 50.3% compared with Q1 2014. The increase in gross margin for the quarter was offset by an increase in operating expenses, primarily related to marketing and administration.

EBIT

EBIT for Q1 2015 increased to DKK 1,238 million, an increase of 39.6% compared with the same quarter in 2014, resulting in an EBIT margin of 34.9% for Q1 2015 versus 34.2% in Q1 2014.

NET FINANCIALS

In Q1 2015, net financials amounted to a loss of DKK 281 million, of which DKK 276 million is non-cash related. Of the total amount, DKK 230 million is an exchange rate loss, mainly related to unrealised losses on intercompany loans in US dollars. DKK 51 million was net interest expenses and other costs, including loss on commodity and foreign exchange rate contracts. This compared with a net financial loss of DKK 8 million in Q1 2014.

INCOME TAX EXPENSES

Income tax expenses were DKK 574 million in Q1 2015. Tax expenses for the quarter were impacted by the aforementioned settlement with the Danish Tax Authorities, which had an impact of DKK 364 million for the quarter. The effective tax rate for the quarter was 60.0%. Excluding the additional expense, the effective tax rate would have been 22.0%, compared with 20.0% for Q1 2014.

NET PROFIT

Net profit for the quarter decreased to DKK 383 million from DKK 704 million in Q1 2014. The decrease was due to the additional tax expense of DKK 364 million as well as higher finance costs.

BALANCE SHEET AND CASH FLOW

In Q1 2015, PANDORA generated free cash flow of DKK 990 million compared with DKK 1,049 million in Q1 2014, which was positively impacted by an extraordinary repayment related to quarterly paid VAT in Germany of DKK 259 million. The cash conversion for Q1 2015 was 258.5%.

Operating working capital (defined as inventory and trade receivables less trade payables) at the end of Q1 2015 corresponded to 16.0% of the last twelve months revenue, compared with 19.3% at the end of Q1 2014 and 16.7% at the end of Q4 2014.

Inventory was DKK 1,925 million at the end of Q1 2015, corresponding to 14.9% of preceding 12 months revenue compared to 16.4% in Q1 2014 and 14.1% in Q4 2014. The increase compared to Q4 2014 was mainly due to a lift in inventories following Christmas. The nominal increase compared to Q1 2014 was mainly due to higher activity, acquisition of stores and currency development. Compared with Q1 2014, gold and silver prices affected inventory value with a decrease of approximately 15%.

Inventory development

DKK million	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Inventory	1,925	1,684	2,126	1,684	1,574
Share of the last 12 months' revenue	14.9%	14.1%	19.7%	16.5%	16.4%

Trade receivables increased to DKK 1,093 million at the end of Q1 2015 (8.5% of preceding 12 months revenue) compared with DKK 889 million at the end of Q1 2014 (9.3% of the preceding 12 months revenue) and DKK 1,110 million at the end of Q4 2014 (9.3% of preceding 12 months revenue). The relative decrease in trade receivables was primarily due to a continued strong cash collection.

Trade payables at the end of the quarter were DKK 954 million compared with DKK 613 million at the end of Q1 2014 and DKK 804 million at the end of Q4 2014. The increase is primarily due to increasing activity.

Other payables were DKK 918 million at the end of the quarter compared with DKK 630 million at the end of Q4 2014. The increase was primarily due to withholding taxes of DKK 251 million related to the annual dividend paid in Q1 2015.

CAPEX was DKK 167 million for the quarter compared to DKK 58 million in Q1 2014. The increase was primarily due to US investments related to refitting of the stores acquired from Hannoush, preparation for a US eSTORE (launched in April) and new headquarters. Furthermore, CAPEX was impacted by the launch of 17 new owned and operated stores in Germany. For the quarter, CAPEX constituted 4.7% of revenue.

Acquisitions of subsidiaries and activities, net, were DKK 132 million for the quarter, compared to DKK 3 million in Q1 2014. The amount was primarily related to the acquisition of the distributor in the Middle East (DKK 91 million) and net 4 concept stores in the US, including inventories (DKK 33 million). See note 7 for further information on business combinations.

At the Annual General Meeting in March 2015, the proposed dividend for 2014 of DKK 9 per share, corresponding to DKK 1,088 million, was approved. The dividend was paid on 23 March 2015.

During the quarter, a total of DKK 569 million was used to purchase own shares related to the share buyback programme for 2015. As of 31 March 2015, PANDORA held a total of 7,441,561 treasury shares, corresponding to 5.8% of the share capital.

Total interest-bearing debt was DKK 314 million at the end of Q1 2015, compared with DKK 25 million at the end of Q1 2014, and cash amounted to DKK 644 million compared with DKK 571 million at the end of Q1 2014.

Net interest-bearing debt (NIBD) at the end of Q1 2015 was DKK -330 million corresponding to a NIBD/EBITDA of -0.1x of the last twelve months EBITDA, compared with DKK -546 million at the end of Q1 2014 corresponding to a NIBD/EBITDA of -0.2x.

MANAGEMENT STATEMENT

The Board of Directors and the Executive Board have reviewed and approved the interim report of PANDORA A/S for the period 1 January – 31 March 2015.

The interim report, which has not been audited or reviewed by the Company's auditor, has been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the EU, and additional Danish interim reporting requirements for listed companies.

In our opinion, the interim report gives a true and fair view of the PANDORA Group's assets, liabilities and financial position at 31 March 2015, and of the results of the PANDORA Group's operations and cash flow for the period 1 January – 31 March 2015.

Further, in our opinion the Management's review p. 1-17 gives a true and fair review of the development in the Group's operations and financial matters, the result of the PANDORA Group for the period and the financial position as a whole, and describes the significant risks and uncertainties pertaining to the Group.

Copenhagen, 12 May 2015

EXECUTIVE BOARD

Anders Colding Friis
Chief Executive Officer

Peter Vekslund
Chief Financial Officer

BOARD OF DIRECTORS

Peder Tuborgh
Chairman

Christian Frigast
Deputy Chairman

Allan Leighton
Deputy Chairman

Andrea Alvey

Per Bank

Anders Boyer-Søgaard

Bjørn Gulden

Michael Hauge Sørensen

Ronica Wang

FINANCIAL STATEMENTS

Consolidated income statement

DKK million	Notes	Q1 2015	Q1 2014	FY 2014
Revenue	3	3,547	2,592	11,942
Cost of sales		-1,025	-801	-3,519
Gross profit		**2,522**	**1,791**	**8,423**
Sales, distribution and marketing expenses		-926	-625	-3,100
Administrative expenses		-358	-279	-1,251
Operating profit		**1,238**	**887**	**4,072**
Finance income		2	8	14
Finance costs		-283	-16	-214
Profit before tax		**957**	**879**	**3,872**
Income tax expense		-574	-175	-774
Net profit for the period		**383**	**704**	**3,098**
Earnings per share				
Earnings per share, basic (DKK)		3.2	5.6	25.0
Earnings per share, diluted (DKK)		3.1	5.5	24.7

Consolidated statement of comprehensive income

DKK million	Q1 2015	Q1 2014	FY 2014
Net profit for the period	**383**	**704**	**3,098**
Exchange rate differences on translation of foreign subsidiaries	653	24	537
Value adjustment of hedging instruments	45	101	-18
Tax on other comprehensive income	2	-4	5
Other comprehensive income, net of tax	**700**	**121**	**524**
Total comprehensive income for the period	**1,083**	**825**	**3,622**

Consolidated balance sheet

DKK million	2015 31 March	2014 31 March	2014 31 December
ASSETS			
Goodwill	2,303	1,916	2,080
Brand	1,057	1,053	1,053
Distribution network	239	291	268
Distribution rights	1,073	1,043	1,047
Other intangible assets	473	325	411
Total intangible assets	**5,145**	**4,628**	**4,859**
Property, plant and equipment	866	515	711
Deferred tax assets	399	369	407
Other non-current financial assets	131	57	99
Total non-current assets	**6,541**	**5,569**	**6,076**
Inventories	1,925	1,574	1,684
Financial instruments	291	-	99
Trade receivables	1,093	889	1,110
Tax receivable	259	41	52
Other receivables	643	548	404
Cash	644	571	1,131
Total current assets	**4,855**	**3,623**	**4,480**
Total assets	**11,396**	**9,192**	**10,556**
EQUITY AND LIABILITIES			
Share capital	128	130	128
Share premium	1,229	1,248	1,229
Treasury shares	-2,984	-1,020	-2,679
Reserves	1,429	326	729
Proposed dividend	-	-	1,088
Retained earnings	6,631	5,476	6,537
Total equity	**6,433**	**6,160**	**7,032**
Provisions	132	76	61
Loans and borrowings	250	-	-
Deferred tax liabilities	432	563	430
Other non-current liabilities	-	3	-
Total non-current liabilities	**814**	**642**	**491**
Provisions	675	525	678
Loans and borrowings	64	25	10
Financial instruments	424	49	268
Trade payables	954	613	804
Income tax payable	1,114	651	643
Other payables	918	527	630
Total current liabilities	**4,149**	**2,390**	**3,033**
Total liabilities	**4,963**	**3,032**	**3,524**
Total equity and liabilities	**11,396**	**9,192**	**10,556**

Consolidated statement of changes in equity

DKK million	Share capital	Share premium	Treasury shares	Translation reserve	Hedge reserve	Proposed dividend	Retained earnings	Total equity
Equity at 1 January 2015	**128**	**1,229**	**-2,679**	**885**	**-156**	**1,088**	**6,537**	**7,032**
Net profit for the period	-	-	-	-	-	-	383	383
Exchange rate differences on translation of foreign subsidiaries	-	-	-	653	-	-	-	653
Value adjustment of hedging instruments	-	-	-	-	45	-	-	45
Tax on other comprehensive income	-	-	-	-	2	-	-	2
Other comprehensive income, net of tax	**-**	**-**	**-**	**653**	**47**	**-**	**-**	**700**
Total comprehensive income for the period	**-**	**-**	**-**	**653**	**47**	**-**	**383**	**1,083**
Share-based payments	-	-	264	-	-	-	-289	-25
Purchase of treasury shares	-	-	-569	-	-	-	-	-569
Dividend paid	-	-	-	-	-	-1,088	-	-1,088
Proposed dividend	-	-	-	-	-	-	-	-
Equity at 31 March 2015	**128**	**1,229**	**-2,984**	**1,538**	**-109**	**-**	**6,631**	**6,433**
Equity at 1 January 2014	**130**	**1,248**	**-738**	**348**	**-143**	**823**	**4,794**	**6,462**
Net profit for the period	-	-	-	-	-	-	704	704
Exchange rate differences on translation of foreign subsidiaries	-	-	-	24	-	-	-	24
Value adjustment of hedging instruments	-	-	-	-	101	-	-	101
Tax on other comprehensive income	-	-	-	-	-4	-	-	-4
Other comprehensive income, net of tax	**-**	**-**	**-**	**24**	**97**	**-**	**-**	**121**
Total comprehensive income for the period	**-**	**-**	**-**	**24**	**97**	**-**	**704**	**825**
Transfer to retained earnings	-	-	-	-	-	-3	3	-
Share-based payments	-	-	35	-	-	-	-25	10
Purchase of treasury shares	-	-	-317	-	-	-	-	-317
Dividend paid	-	-	-	-	-	-820	-	-820
Proposed dividend	-	-	-	-	-	-	-	-
Equity at 31 March 2014	**130**	**1,248**	**-1,020**	**372**	**-46**	**-**	**5,476**	**6,160**

Consolidated cash flow statement

DKK million	Q1 2015	Q1 2014	FY 2014
Profit before tax	957	879	3,872
Finance income	-2	-8	-14
Finance costs	283	16	214
Amortisation, depreciation and impairment losses	67	50	222
Share-based payments	15	11	71
Change in inventories	46	-77	91
Change in receivables	-210	195	63
Change in payables and other liabilities	706	86	795
Other non-cash adjustments	-455	43	-208
Interests etc. received	1	-	7
Interests etc. paid	-6	-10	-30
Income tax paid	-238	-78	-761
Cash flows from operating activities	**1,164**	**1,107**	**4,322**
Acquisitions of subsidiaries and activities, net of cash acquired	-161	-3	-174
Divestment of businesses	29	-	19
Purchase of intangible assets	-54	-23	-164
Purchase of property, plant and equipment	-113	-35	-291
Change in other non-current assets	-21	-10	-45
Proceeds from sale of property, plant and equipment	9	-	23
Cash flows from investing activities	**-311**	**-71**	**-632**
Dividend paid	-1,088	-820	-820
Purchase of treasury shares	-569	-317	-2,402
Proceeds from loans and borrowings	250	10	560
Repayment of loans and borrowings	35	-25	-597
Cash flows from financing activities	**-1,372**	**-1,152**	**-3,259**
Net increase (decrease) in cash	**-519**	**-116**	**431**
Cash at beginning of period	1,131	686	686
Net exchange differences	32	1	14
Net increase (decrease) in cash	-519	-116	431
Cash at end of period	**644**	**571**	**1,131**
Cash flows from operating activities	1,164	1,107	4,322
- Interests etc. received	-1	-	-7
- Interests etc. paid	6	10	30
Cash flows from investing activities	-311	-71	-632
- Acquisition of subsidiaries and activities, net of cash acquired	161	3	174
- Divestment of businesses	-29	-	-19
Free cash flow	**990**	**1,049**	**3,868**
Unutilised credit facilities	3,579	3,905	3,677

The above cannot be derived directly from the income statement and the balance sheet.

NOTES

NOTE 1 – Accounting policies

The present unaudited interim financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting' as endorsed by the European Union and accounting policies set out in the Annual Report 2014 of PANDORA.

Furthermore, the interim financial report and Management's review are prepared in accordance with additional Danish disclosure requirements for interim reports of listed companies.

PANDORA has adopted all new or amended standards (IFRS) and interpretations (IFRIC) as endorsed by the EU and which are effective for the financial year 2015. These IFRSs have not had any significant impact on the Group's interim financial report.

NOTE 2 – Significant accounting estimates and judgements

In preparing the consolidated financial statements, Management makes various accounting estimates and assumptions, which form the basis of presentation, recognition and measurement of PANDORA's assets and liabilities.

All significant accounting estimates and judgements are consistent with the description in the Annual Report 2014. See descriptions in the individual notes to the consolidated financial statement in the Annual Report 2014.

NOTE 3 - Operating segment information

PANDORA's segment reporting is based on geography. The three reporting segments are Americas, Europe and Asia Pacific. Europe includes export to countries in Africa, India and the Middle East.

Each country in which PANDORA has an office is an operating segment. Based on the management structure the operating segments have been aggregated into three reporting segments. In all segments PANDORA sell jewellery for women crafted in the Thai facilities and use franchises and/or distributors as appropriate. The operating segments within each reporting segment are deemed to have similar economic characteristics i.e. are expected to have similar average gross margins in the long term.

For information on revenue from the different products and sale channels reference is made to the Management Review.

Management monitors the segment profit of the operating segments separately for the purpose of making decisions about resource allocation and performance management. Segment profit is measured consistently with the operating profit in the consolidated financial statements before non-current assets are amortised/depreciated (EBITDA).

NOTE 3 - Operating segment information, continued

DKK million	Americas	Europe	Asia Pacific	Unallocated costs	Total Group
Q1 2015					
External revenue	1,573	1,417	557	-	3,547
Segment profit (EBITDA)	665	617	280	-257	1,305
Amortisation, depreciation and impairment losses					-67
Consolidated operating profit (EBIT)					**1,238**
Q1 2014					
External revenue	1,170	1,064	358	-	2,592
Segment profit (EBITDA)	518	423	180	-184	937
Amortisation, depreciation and impairment losses					-50
Consolidated operating profit (EBIT)					**887**

DKK million	Q1 2015	Q1 2014	FY 2014
Revenue per product group			
Charms	2,381	1,784	7,933
Silver and gold charm bracelets	422	312	1,427
Rings	405	220	1,192
Other jewellery	339	276	1,390
Total revenue	**3,547**	**2,592**	**11,942**

NOTE 4 – Seasonality of operations

Due to the seasonal nature of the jewellery business, higher revenue is historically realised in the second half of the year.

NOTE 5 – Financial risks

Financial risks, including risks related to commodity prices, foreign currency, credit, liquidity and interest rate, are addressed in the notes to the consolidated accounts, see note 4.4 to the consolidated financial statement in the Annual Report 2014.

NOTE 6 – Financial instruments

Financial instruments are measured at fair value and in accordance with level 2 in the fair value hierarchy (IFRS 7), see note 4.3 to the consolidated financial statement in the Annual Report 2014.

NOTE 7 - Business combinations

Acquisitions in 2015

Japan

On 1 January 2015, PANDORA acquired assets related to the distribution of PANDORA jewellery in Japan from Bluebell in a business combination. In addition to the distribution rights, assets included 1 concept store and 9 shop-in-shops. The acquisition was part of a strategic alliance with Bluebell in Japan with the intent to jointly distribute PANDORA jewellery in Japan.

The agreement initially has a five-year term. On termination of the agreement, PANDORA will take over the full distribution of PANDORA jewellery in Japan. The total amount to be paid to Bluebell will depend on the realised revenue in 2019. The discounted fair value of the earn-out is DKK 58 million.

Intangible assets comprise reacquired distribution rights (with remaining lifespan of approximately three years) of DKK 30 million. The fair value is based on comparison of peer markets similar to the Japanese market and the EBITDA that can be expected from similar stores in these markets.

Inventories of DKK 6 million have been measured at market value based on the saleability of the individual items. Goodwill, DKK 20 million, is attributable to the expected synergies from combining PANDORA's willingness and ability to invest in the Japanese market with Bluebell's in-depth knowledge of the Japanese retail market, Japanese consumers and insight into the Japanese real estate market, to build a considerable presence in Japan. None of the goodwill recognised is deductible for income tax purposes.

Middle East
On 16 January 2015, PANDORA acquired 100% of the shares in Pan Me A/S. Pan Me A/S holds the rights to distribute PANDORA jewellery in the UAE, Bahrain, Qatar and Oman.

PANDORA has paid the purchase price of DKK 112 million primarily related to the rights to distribute PANDORA jewellery in the UAE, Bahrain, Qatar and Oman, as well as non-current assets and inventories related to 11 concept stores and 3 shop-in-shops in the UAE.

Intangible assets comprise reacquired distribution rights (with a remaining lifespan of approximately one year) of DKK 5 million. The fair value is based on comparison of peer markets and the EBITDA that can be expected from similar stores in these markets.

Inventories of DKK 25 million have been measured at market value based on the salability of the individual items. Receivables mainly consist of prepayments and receivables from sales which are recognised at the value of the expected cash inflow. Goodwill, DKK 54 million, is attributable to the expected synergies from PANDORA's direct involvement in the region and establishing Dubai as the future hub for PANDORA's activities in the Middle East and North Africa. None of the goodwill recognised is deductible for income tax purposes.

Other business combinations in 2015
PANDORA acquired concept stores in the US and Germany in 2015. These were accounted for as business combinations. Assets acquired mainly consist of inventory and other assets relating to the stores. Of the purchase price, DKK 35 million was allocated to goodwill. None of the goodwill recognised is deductible for income tax purposes.

The impact on revenue and net profit for 2015 from the acquired stores was insignificant. If the stores had been owned from the beginning of the year, the impact on PANDORA's revenue and net profit would have been equally insignificant.

Acquisitions

DKK million	Japan	FY 2015 Middle East	Other	Total
Other intangible assets	30	5	-	35
Property, plant and equipment	2	7	2	11
Other non-current receivables	-	3	-	3
Receivables	-	25	9	34
Inventories	6	25	38	69
Cash	-	21	-	21
Assets acquired	**38**	**86**	**49**	**173**
Non-current liabilities	-	1	1	2
Payables	-	27	5	32
Other non-current liabilities	-	-	8	8
Liabilities assumed	**-**	**28**	**14**	**42**
Total identifiable net assets acquired	**38**	**58**	**35**	**131**
Goodwill arising from the acquisition	20	54	35	109
Purchase consideration	**58**	**112**	**70**	**240**
Cash movements on acquisition:				
Purchase consideration transferred	-58	-112	-70	-240
Deferred payment (earn out)	58	-	-	58
Cash acquired	-	21	-	21
Net cash flow on acquisition	**-**	**-91**	**-70**	**-161**
Cash flow from sale of businesses *	-	-	29	29
Net cash flow from business combinations	**-**	**-91**	**-41**	**-132**

* The sale of business included mainly inventories and goodwill

Acquisitions after the reporting period

China

In February 2015, PANDORA entered an agreement with Oracle Investment (Hong Kong) Limited (Oracle) about joint distribution of PANDORA jewellery in China from 1 July 2015 to 31 December 2018. At the end of the agreement, PANDORA will take over the full distribution of PANDORA jewellery in China. On 1 July 2015, PANDORA will, as part of the agreement with Oracle, purchase the majority of Oracle's assets in China. The agreement is subject to certain conditions to be fulfilled.

Due to the subsequent closing date, it is not possible to prepare the accounting for the business combination. The purchase price allocation for the acquisition will be included in the interim financial report for the second quarter of 2015.

UK

On 1 April 2015, PANDORA acquired 100% of the shares in four Evernal companies. The Evernal companies comprise concept stores in Liverpool, Blackpool, Trafford and Arndale. PANDORA has paid the purchase price of DKK 70 million primarily related to goodwill. Due to the late closing of the acquisition, it has not been practically possible to prepare the initial accounting for the business combination. The purchase price allocation for the acquisition will be included in the interim financial report for the second quarter of 2015.

NOTE 8 - Contingent liabilities

See note 5.2 to the consolidated financial statements in the Annual Report 2014.

NOTE 9 – Related parties

Related parties with significant interests

On 31 March 2015, treasury shares accounted for 5.8% of the share capital. No other shareholders held more than 5% of the share capital.

Other related parties of PANDORA with significant influence include the Boards of Directors and the Executive Boards of these companies and their close family members. Related parties also include companies in which the aforementioned persons have control or significant interests.

Transactions with related parties

PANDORA did not enter into any significant transactions with members of the Board of Directors or the Executive Board, except for compensation and benefits received as a result of their membership of the Board of Directors, employment with PANDORA or shareholdings in PANDORA.

Note 10 – concept store development per country*

	Number of CS Q1 2015	Number of CS Q4 2014	Number of CS Q1 2014	Growth Q1 2015 /Q4 2014	Growth Q1 2015 /Q1 2014	Number of O&O Q1 2015	Growth O&O stores Q1 2015 /Q4 2014
USA	318	315	278	*3*	*40*	*34*	*4*
Canada	63	64	56	*-1*	*7*	*1*	-
Brazil	43	35	15	*8*	*28*	*24*	*4*
Americas	**424**	**414**	**349**	***10***	***75***	***59***	***8***
Australia	91	90	79	*1*	*12*	*15*	-
China	29	29	26	-	*3*	-	-
Malaysia	21	21	12	-	*9*	-	-
Hong Kong	16	16	8	-	*8*	*16*	-
Singapore	15	15	11	-	*4*	-	-
Other Asia Pacific	40	39	35	*1*	*5*	*1*	*1*
Asia-Pacific	**212**	**210**	**171**	***2***	***41***	***32***	***1***
Russia	175	174	134	*1*	*41*	-	-
UK	160	156	127	*4*	*33*	*5*	-
Germany	91	84	72	*7*	*19*	*78*	*17*
France	40	40	24	-	*16*	*20*	-
Italy	40	36	26	*4*	*14*	*14*	*1*
Poland	37	37	37	-	-	*16*	-
Spain	25	24	15	*1*	*10*	-	-
Belgium	24	24	23	-	*1*	-	-
South Africa	22	21	14	*1*	*8*	-	-
Ireland	20	20	16	-	*4*	-	-
Netherlands	18	18	11	-	*7*	*18*	-
Ukraine	17	17	15	-	*2*	-	-
Portugal	15	15	14	-	*1*	-	-
United Arab Emirates	14	11	10	*3*	*4*	*14*	*14*
Austria	12	12	11	-	*1*	*2*	-
Israel	11	10	8	*1*	*3*	-	-
Czech Republic	10	10	7	-	*3*	*7*	-
Other Europe	80	77	53	*3*	*27*	*27*	-
Europe	**811**	**786**	**617**	***25***	***194***	***201***	***32***
All Markets	**1,447**	**1,410**	**1,137**	***37***	***310***	***292***	***41***

*Includes countries with 10 or more concept stores as of Q1 2015.

Quarterly overview

DKK million	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Consolidated income statement					
Revenue	3,547	3,961	2,845	2,544	2,592
Gross profit	2,522	2,835	1,999	1,798	1,791
Earnings before interests, tax, depreciation and amortisation (EBITDA)	1,305	1,444	1,020	893	937
Operating profit (EBIT)	1,238	1,381	963	841	887
Net financials	-281	-122	-57	-13	-8
Profit before tax	957	1,259	906	828	879
Net profit	383	1,007	725	662	704
Consolidated balance sheet					
Total assets	11,396	10,556	10,354	9,231	9,192
Invested capital	6,235	6,080	6,558	5,851	5,666
Net working capital	126	434	1,106	729	660
Net interest-bearing debt (NIBD)	-330	-1,121	9	-440	-546
Equity	6,433	7,032	6,361	6,274	6,160
Consolidated cash flow statement					
Cash flows from operating activities	1,164	1,867	711	637	1,107
Cash flows from investing activities	-311	-181	-288	-92	-71
Free cash flow	990	1,705	567	547	1,049
Cash flows from financing activities	-1,372	-1,010	-435	-662	-1,152
Net increase (decrease) in cash	-519	676	-12	-117	-116
Growth ratios					
Revenue growth, %	36.8%	40.4%	26.2%	31.7%	29.5%
Gross profit growth, %	40.8%	47.8%	33.9%	41.1%	36.3%
EBITDA growth, %	39.3%	52.6%	33.8%	68.5%	45.7%
EBIT growth, %	39.6%	55.0%	36.0%	74.1%	48.1%
Net profit growth, %	-45.6%	36.3%	18.5%	53.6%	60.7%
Margins					
Gross margin, %	71.1%	71.6%	70.3%	70.7%	69.1%
EBITDA margin, %	36.8%	36.5%	35.9%	35.1%	36.1%
EBIT margin, %	34.9%	34.9%	33.8%	33.1%	34.2%
Other ratios					
Tax rate, %	60.0%	20.0%	20.0%	20.0%	20.0%
Equity ratio, %	56.4%	66.6%	61.4%	68.0%	67.0%
NIBD to EBITDA*, x	-0.1	-0.3	0.0	-0.1	-0.2
Return on invested capital (ROIC)*, %	70.9%	67.0%	54.6%	56.9%	52.4%
Capital expenditure (CAPEX), DKK million	167	176	135	86	58
Cash conversion, %	258.5%	169.3%	78.2%	82.6%	149.0%
Other key figures					
Average number of employees	11,945	11,177	10,340	9,514	8,798

* Ratios are based on 12 months rolling EBITDA and EBIT, respectively.

Disclaimer

Certain statements in this company announcement 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 on-going operational and strategic reviews, expansion into new markets, future product launches, points of sale and production facilities; and

Although we believe that the expectations reflected in these forward-looking statements are reasonable, such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause our actual results, performance or achievements or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include, among others: global and local economic conditions; changes in market trends and end-consumer preferences; fluctuations in the prices of raw materials, currency exchange rates, and interest rates; our plans or objectives for future operations or products, including our ability to introduce new jewellery and non-jewellery products; our ability to expand in existing and new markets and risks associated with doing business globally and, in particular, in emerging markets; competition from local, national and international companies in the United States, Australia, Germany, the United Kingdom and other markets in which we operate; the protection and strengthening of our intellectual property, including patents and trademarks; the future adequacy of our current warehousing, logistics and information technology operations; changes in Danish, E.U., Thai or other laws and regulation or any interpretation thereof, applicable to our business; increases to our effective tax rate or other harm to our business as a result of governmental review of our transfer pricing policies, conflicting taxation claims or changes in tax laws; and other factors referenced in this company announcement.

Should one or more of these risks or uncertainties materialize, or should any underlying assumptions prove to be incorrect, our actual financial condition, cash flows or results of operations could differ materially from that described herein as anticipated, believed, estimated or expected.

We do not intend, and do not assume any obligation, to update any forward-looking statements contained herein, except as may be required by law or the rules of NASDAQ OMX Copenhagen. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this company announcement.