

TELECONFERENCE PRESENTATION

Q3 2012

6 November 2012



PANDORA
UNFORGETTABLE MOMENTS

AGENDA



AGENDA

- Important events in Q3 2012
- Financial highlights
- Q&A

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Certain statements in this presentation constitute forward-looking statements. Forward-looking statements are statements (other than statements of historical fact) relating to future events and our anticipated or planned financial and operational performance. The words “targets,” “believes,” “expects,” “aims,” “intends,” “plans,” “seeks,” “will,” “may,” “might,” “anticipates,” “would,” “could,” “should,” “continues,” “estimate” or similar expressions or the negatives thereof, identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements include, among other things, statements addressing matters such as our future results of operations; our financial condition; our working capital, cash flows and capital expenditures; and our business strategy, plans and objectives for future operations and events, including those relating to our ongoing operational and strategic reviews, expansion into new markets, future product launches, points of sale and production facilities.

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IMPORTANT EVENTS IN Q3 2012

CEO MESSAGE

- Guidance updated – revenue and EBITDA margin upgraded mainly as effect of FX
- Stock balancing campaign to improve quality of retailer's stock is largely completed
- Spring/Summer 12 and Autumn part of Autumn/Winter collection do very well in terms of sales-out
- Initial feedback from Christmas part of Autumn/Winter 12 collection very encouraging
- All major markets have improved their like-for-like sales out in the Concept stores
- Continuous investments in IT systems, warehouse consolidation and management processes

KEY FINANCIALS Q3 2012

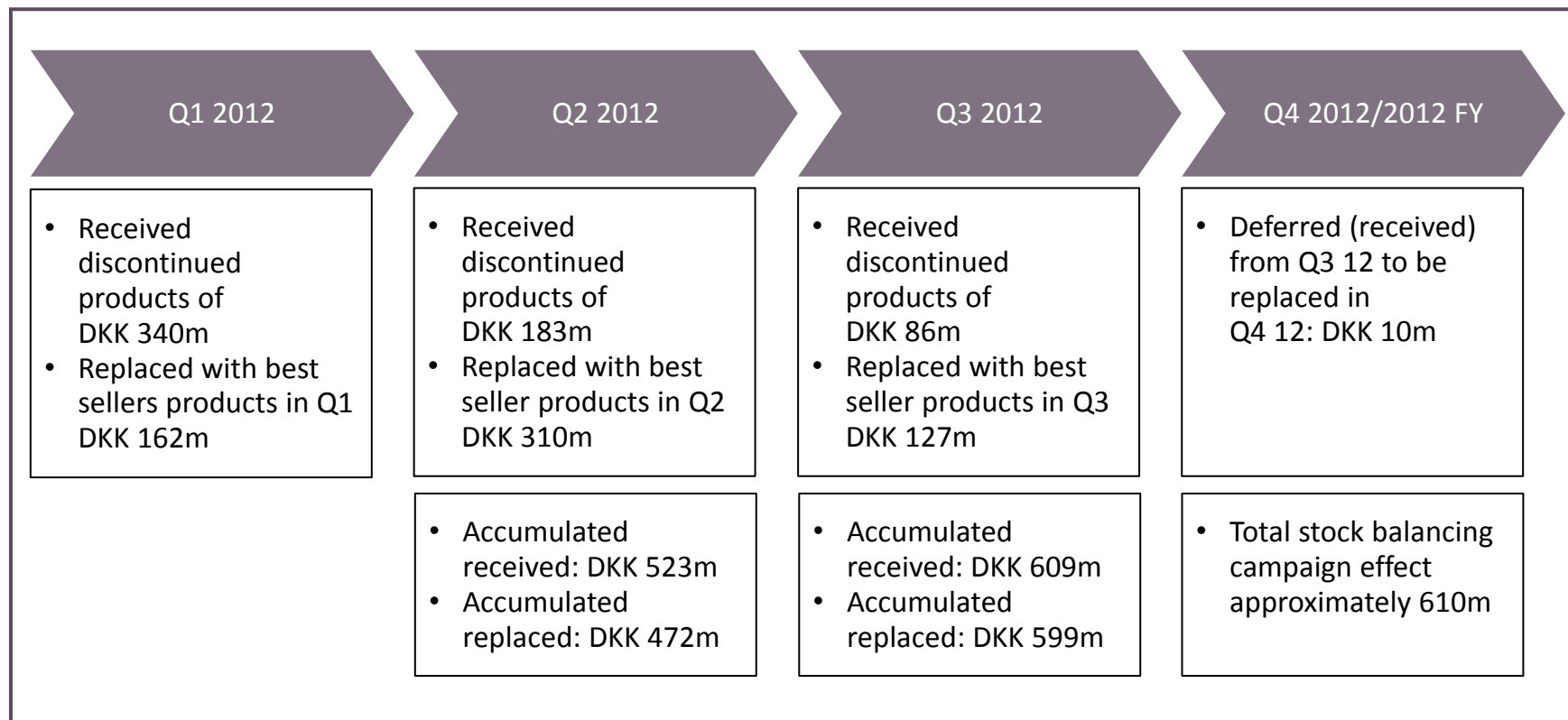
P&L, CF (% change Y/Y)	
	Q3 2012
Revenue (DKKk) Change	1,794 14.3%
EBITDA (DKKk) Change	503 -6.2%
Net Profit (DKKk) Change	380 11.4%
Free cash flow (DKKk)	-88

MARGINS		
	Q3 2012	Q3 2011
Gross Margin	64.1%	73.6%
EBITDA Margin	28.0%	34.2%
EBIT Margin	25.8%	32.2%

CASH CONVERSION, ROIC, DEBT		
	Q3 2012	Q3 2011
Cash conversion	-23.2%	10.9%
ROIC	22.1%	37.4%
NIBD (DKKk)	829	1,118
NIBD to EBITDA	0.5	0.4

STOCK BALANCING CAMPAIGN LARGELY COMPLETED

TIME LINE STOCK BALANCING CAMPAIGN



Q3 REVENUE BASED ON GEOGRAPHY

REVENUE BREAKDOWN BY GEOGRAPHY (DKKm)

	Q3-2012	Q3-2011	% change	% LC change	Received Q3 2012	Replaced Q3 2012	Replaced in Q3 2012 as % of revenue
Americas	920	755	21.9%	9.5%	85	80	8.7%
US	711	614	15.8 %	2.6%	73	68	9.6%
Other	209	141	48.2%		12	12	5.7%
Europe	699	618	13.1%	11.0%	1	45	6.4%
UK	249	222	12.2%	0.0%	1	0	0.0%
Germany	130	173	-24.9%		0	4	3.1%
Other	320	223	43.5%		0	41	12.8%
Asia Pacific	175	196	-10.7%	-17.3%	0	2	1.1%
Australia	120	138	-13.0%	-24.0%	0	0	0.0%
Other	55	58	-5.2%		0	2	3.6%
Total	1,794	1,569	14.3%	6.8%	86	127	7.1%

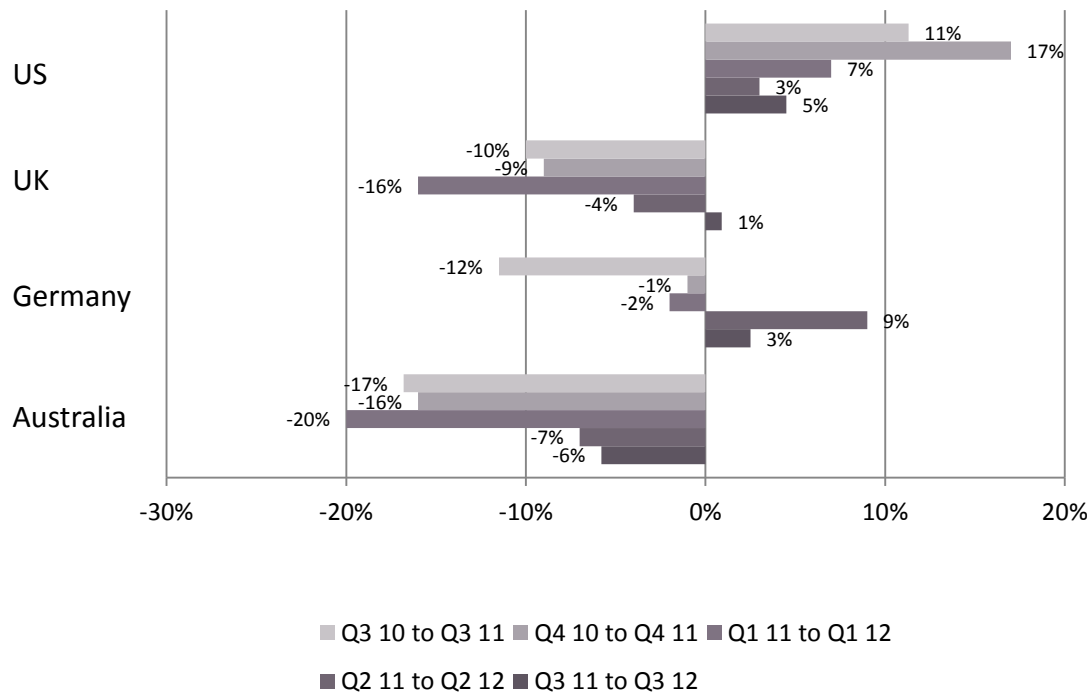
COMMENTS

- Significant impact from stock balancing campaign where replacements may have changed the retailers' purchasing patterns and thereby affecting the reported revenue negatively

ALL MAJOR MARKETS WITH POSITIVE OR IMPROVED LIKE FOR LIKE SALES OUT DEVELOPMENT IN CONCEPT STORES

LIKE FOR LIKE CONCEPT STORES – SALES-OUT DEVELOPMENT

Sales-out



COMMENTS

- Continued sales-out growth in the US
- UK moved into positive territory...
- ... Germany stayed in positive territory...
- ...Australia continued low single-digit declines

NEW PRODUCTS PERFORMING WELL

Autumn 2012



Christmas 2012



COMMENTS

- As part of the realignment of the price and product architecture PANDORA, during Q3 2012, launched the first part of the Autumn/Winter 2012 collection
- PANDORA continue to see all of our new 2012 collections perform very well – both in terms of sales-in, and but more importantly sales-out at our retailers – compared to the collections launched last year
- It is also encouraging to see that the major markets all show improvements in sales-out from Concept stores

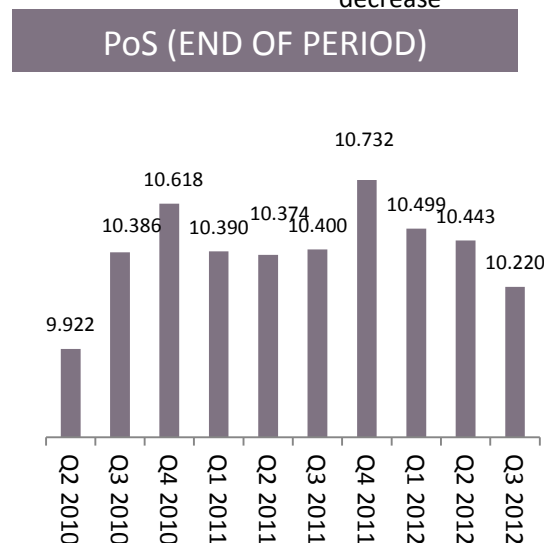
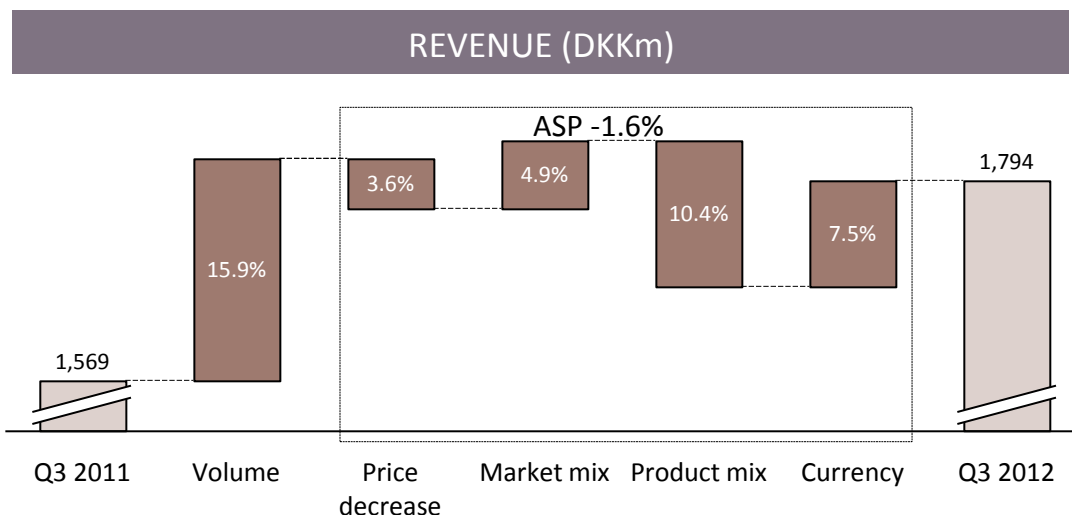
2012 FINANCIAL GUIDANCE



2012 FINANCIAL GUIDANCE

- Revenue above DKK 6.3 billion
- Gross margin in the mid 60's
- EBITDA margin in the mid 20's
- CAPEX around DKK 250 million
- Effective tax rate of 18%
- Expectation of approximately 200 new Concept stores

REVENUE DEVELOPMENT SLIGHTLY BETTER THAN PREVIOUSLY ANTICIPATED - DUE PRINCIPALLY TO POSITIVE FX DEVELOPMENTS



REVENUE PER CHANNEL

	Q3-2012
Concept stores	50.2%
SiS	17.2%
Gold	13.8%
Total Branded	81.2%
Silver	10.3%
White & TR	6.3%
Total unbranded	16.6%
Total Direct	97.9%
3rd party	2.1%
Total	100.0%

- COMMENTS**
- Total revenue increased by 14.3% positively impacted by FX
 - Negatively impacted from the derived effects of the stock balancing campaign initiated in February 2012
 - Branded distribution generating more than three-quarter of Q3 12 revenue with CS as largest contributor
 - Direct distribution accounts for more than 97% of revenue generated in Q3 12

MAJOR MARKETS DEVELOPMENT

REVENUE BREAKDOWN BY GEOGRAPHY (DKKm)

	Q3-2012	Q2-2012	Q1-2012	Q4-2011	Q3-2011	% change	% LC change
Americas	920	687	766	883	755	21.9%	9.5%
US	711	521	609	701	614	15.8%	2.6%
Other	209	166	157	182	141	48.2%	
Europe	699	403	474	779	618	13.1%	11.0%
UK	249	102	134	344	222	12.2%	0.0%
Germany	130	85	100	184	173	-24.9%	
Other	320	216	240	251	223	43.5%	
Asia Pacific	175	170	184	290	196	-10.7%	-17.3%
Australia	120	131	124	210	138	-13.0%	-24.0%
Other	55	39	60	80	58	-5.2%	
Total	1,794	1,260	1,424	1,952	1,569	14.3%	6.8%

COMMENTS

- Significant impact from stock balancing campaign where replacements may have changed the retailers' purchasing patterns and thereby affecting the reported revenue negatively
- Growth in Other Europe driven by Italy, Russia and France
- Americas, UK and Australia helped by positive currency development

REVENUE BY CHANNEL AND IMPACT FROM STOCK BALANCING CAMPAIGN

REVENUE BREAKDOWN BY CHANNEL (DKKm)					
	Q3-2012	Q3-2011	Received Q3 2012	Replaced Q3 2012	Number of POS Q3 2012
Concept stores	901	440	18	9	745
SiS	309	371	28	28	1,063
Gold	249	344	27	59	1,873
Total Branded	1,459	1,155	73	96	3,681
Silver	185	235	13	-11	2,726
White & TR	113	123	-	3	2,044
Total unbranded	298	358	13	-8	4,770
Total Direct	1,757	1,513	86	88	8,451
3rd party	37	56	-	39	1,769
Total	1,794	1,569	86	127	10,220

COMMENTS
<ul style="list-style-type: none"> • Very positive feedback from retailers on stock balancing campaign • The requests for returns of discontinued products show a participation rate of approximately two-thirds amongst all points of sales in our distribution network • Participation rates for Concepts stores and SiS approximately 80%

DEVELOPMENT IN OUR DISTRIBUTION NETWORK

NUMBER OF STORES AND OPENINGS

	Number of stores				Net openings				
	Q3 2012	Q2 2012	Q3 2011	% of total	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011
Concept stores	823	766	568	8.0%	57	68	26	104	42
Shop-in-Shop	1,204	1,090	1,061	11.8%	114	2	-94	121	25
Gold	2,130	1,976	1,728	20.8%	154	-30	185	93	-17
Total branded	4,157	3,832	3,357	40.6%	325	40	117	318	50
Silver	2,935	3,043	2,672	28.7%	-108	86	259	26	152
White	3,128	3,568	4,371	30.7%	-440	-182	-609	-12	-218
Total	10,220	10,443	10,400	100%	-223	-56	-233	332	-16

NUMBER OF STORES, KEY NEW MARKETS

	End of Q3 2012							Net openings		
	Russia	China	Japan	Rest of Asia	France	Italy	Total	Q3 2012	Q2 2012	Q1 2012
Concept stores	53	22	4	46	8	6	139	16	27	7
Shop-in-shop	8	17	15	39	27	8	114	9	14	8
Total	61	39	19	85	35	14	253	25	41	15

COMMENTS

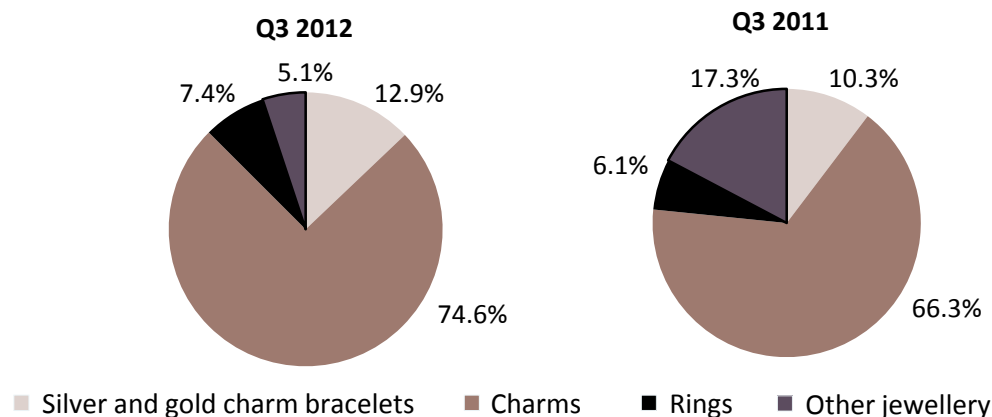
- 57 Concept store net openings in Q3 12 in line with expectations
- Openings in new markets affected by a more selective roll-out approach in Other Asia, as a consequence of our on-going business review of this region
- Total number of POS decline from continuous closing of unbranded POS, primarily in Germany and Australia

PRODUCT MIX – CORE CATEGORIES PERFORMING WELL

PRODUCT MIX (DKKm)						
	Q3-2012	Q3-2011	% change	% of total	Received Q3 2012	Replaced Q3 2012
Charms	1,340	1,040	28.8%	74.6%	29	94
Silver and gold charms bracelets	231	162	42.6%	12.9%	0	19
Rings	132	96	37.5%	7.4%	1	6
Other jewellery	91	271	-66.4%	5.1%	56	8
Total	1,794	1,569	14.3%	100.0%	86	127

COMMENTS
<ul style="list-style-type: none"> Product mix highly affected by stock balancing campaign Main trend in stock balancing campaign is discontinued items within... <ul style="list-style-type: none"> Gold products (including charms) Other jewelry ... which are replaced with bestsellers, especially silver charms New ring collection selling well

PRODUCT SPLIT AS PERCENTAGE OF TOTAL REVENUE



GM IMPACTED BY INCREASING RAW MATERIAL PRICES

GROSS PROFIT (DKKkM) AND GROSS MARGIN (%)				
	Q3 2012	Q3 2011	FY 2011	FY 2010
Gross Profit	1,150	1,155	4,860	4,725
Gross Margin %	64.1%	73.6%	73.0%	70.9%
Adjustments				
Unrealised losses/(gains) on Commodity Derivatives				
Reversal of Internal Profit on Inventory from Australia				
Reversal of Internal Profit on Inventory from former Dutch Distributor				
IPO Salary bonus production				10
Reversal of Internal Profit on Inventory from CWE				50
Adj. Gross Profit	1,150	1,155	4,860	4,785
Adj. Gross Margin	64.1%	73.6%	73.0%	71.8%

COMMENTS
<ul style="list-style-type: none"> Gross margin negatively impacted by increasing raw material prices (-7.4%), price and mix changes (-1.0%) and currencies (-1.1%) No impact from stock campaign Excluding hedging and inventory time lag, underlying gross margin would have been approximately 67% based on average gold and silver prices in Q3 2012 Gross margin impact of approx. 2% if 10% deviation on commodities

SLIGHTLY HIGHER COST PRIMARILY FROM BUILD-UP IN NEW MARKETS

OPEX, EBITDA (DKKm) AND MARGIN (%)				
	Q3 2012	Q3 2011	FY 2011	FY 2010
Gross margin				
% of revenue	64.1%	73.6%	73.0%	70.9%
DKKm	1,150	1,155	4,860	4,725
Operational expenses				
% of revenue	38.3%	41.4%	42.1%	34.6%
DKKm	687	649	2,802	2,309
Distribution costs				
% of revenue	26.6%	28.8%	30.9%	26.1%
DKKm	477	452	2,053	1,733
<i>Of which marketing costs</i>				
% of Revenue	10.6%	14.0%	14.6%	11.1%
DKKm	190	220	973	743
Administrative costs				
% of revenue	11.7%	12.6%	11.2%	8.6%
DKKm	210	197	749	576
D&A*	40	30	223	268
EBITDA	503	536	2,281	2,684
% of revenue	28.0%	34.2%	34.3%	40.3%

COMMENTS
<ul style="list-style-type: none"> • Distribution costs impacted by building organisations in new markets • Increase in Administrative costs related to... <ul style="list-style-type: none"> • Organisations in new markets • Increased personnel headcount in HQ • IT infrastructure

*Including gains/losses from sale of assets

GROUP EBITDA MARGIN AT 28%, BUT SIGNIFICANT DIVERGENCE IN EBITDA MARGIN BY REGION

EBITDA MARGIN							
	Q3 2012	Q2 2012	Q1 2012*	Q3 2012 vs. Q2 2012 (% pts)	Q3 2011	Q2 2011	Q3 2012 vs. Q3 2011 (% pts)
Americas	42.7%	44.0%	49.9%	-1.3%	53.8%	55.9%	-11.1%
Europe	34.3%	5.0%	16.0%	+29.3%	30.3%	25.5%	+4.0%
Asia Pacific	19.4%	13.5%	27.2%	+5.9%	36.7%	33.5%	-17.3%
Unallocated costs ¹	-9.1%	-9.9%	-7.5%	+0.8%	-8.2%	-5.6%	-0.9%
Group EBITDA margin	28.0%	17.5%	28.2%	+10.5%	34.2%	36.8%	-6.2%

* In the Q1 2012 report, the reported regional EBITDA margins were: 51.8% for Americas, 14.1% for Europe and 23.9% for Asia. In the above table, the regional EBITDA margins for Q1 12 has been recalculated incorporating the difference between volumes received and volumes returned in Q1 2012 in connection with the global stock balancing campaign based on standard cost in order to isolate the effect from deferred volumes from one quarter to the next.

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

COMMENTS

- The Americas region EBITDA margin remained above Group average, despite the significant impact from the on-going stock balancing campaign.
- The EBITDA margin in Europe rebounds after completing the stock balancing campaign.
- The EBITDA margin in Asia Pacific no longer impacted by the stock balancing campaign, but still impacted by the decrease in revenue in Australia and start-up costs related to the development of new markets in Asia.

FINANCIAL ITEMS, TAX AND NET PROFIT

INTEREST, TAX AND MINORITIES (DKKm)				
DKKm	Q3 2012	Q3 2011	FY 2011	FY 2010
EBIT	463	506	2,058	2,416
Financial income	5	22	642	54
Financial expenses	-4	-112	-331	-218
Profit before tax	464	416	2,369	2,252
Income tax expenses	-84	-75	-332	-381
Effective tax rate	18.1%	18.0%	14.0%	16.9%
Group net profit	380	341	2,037	1,871
Minority interests	-	-	-	-25
Net profit attributable to shareholders	380	341	2,037	1,846

COMMENTS
<ul style="list-style-type: none"> • Net financial income amounted to DKK 1 million in Q3 2012 • Financial items in Q3 2011 were significantly impacted by unrealised FX loss • Effective tax rate 18.1%

WORKING CAPITAL

WORKING CAPITAL					
DKKm	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011
Inventory	1,922	1,925	1,668	1,609	1,964
Trade receivables	982	543	704	900	984
Trade payables	174	185	143	288	179
Operating working capital	2,730	2,283	2,229	2,221	2,769
% of revenue ¹	42.3%	36.8%	35.2%	33.4%	39.5%
Other receivables	505	320	302	177	206
Tax receivables	46	45	43	41	48
Provisions ⁴	283	280	248	243	155
Income tax payable	324	295	378	344	618
Other payables	576	648	616	775	489
Net working capital including derivatives	2,098	1,425	1,332	1,077	1,761
% of revenue ¹	32.5%	23.0%	21.0%	16.2%	25.1%
Derivatives	-61	205	68	250	139
Net working capital excluding derivatives	2,037	1,630	1,400	1,327	1,900
% of revenue ¹	31.5%	26.3%	22.1%	19.9%	27.1%
Free cash flow	-88	91	118	930	37
Cash conversion²	-23.6%	144.4%	34.9%	167.6%	10.9%
ROIC³	22.0%	24.2%	29.9%	34.7%	37.4%

COMMENTS

- Operating working capital was flat y/y
- Inventory at the end of Q3 2012 reflects improved inventory management offset by increased commodity prices as well as temporary increase from products returned under the stock balancing program.
 - Gold and silver prices up approximately 34%
 - DKK 135 million in inventory caused by take back from the stock balancing campaign
- In Q3 trade receivables was up and free cash flow was down - both due to seasonality.

¹% of revenue in relation to last twelve months' revenue. DKK 6,430m for the period ended 30 September 2012

² Calculated as free cash flow / net profit

³ Calculated as last 12 months' EBIT / Invested capital (at end of period)

⁴ Excluding earn-out

Q3 2012 IN SUMMARY



- Group revenue was DKK 1,794 million
- Gross margin of 64.1%
- EBITDA was DKK 503 million (margin of 28.0%)
- The quarter progressed slightly better than previously anticipated due principally to positive FX
- Stock balancing campaign largely completed
- Launch of Autumn/Winter 2012 collection on track
- Full year guidance 2012 updated
- Main focus continues to be on the consumer, the product and sales-out

QUESTIONS AND ANSWERS

