
Q3 2020 – AIDE MEMOIRE

Pandora Investor Relations

Revenue

Full-year guidance: Organic growth -14% to -20% (reinstated on 17 Aug)

Quotes on Q3 2020 performance

- *“The global sell-out growth gradually improved since April to around -10% in Q3 quarter-to-date. However, the recent surges in COVID-19 and new, local lockdowns in August are impacting consumer behaviour and has stalled the improvement in sell-out.” Q2 2020 Interim Report*
- *“[...]the organic growth guidance is compared to a sell-out of revenue development so far in the third quarter of about -10 and should be seen in the light of the current stalling of the gradual improvement that we saw until July due to the renewed C-19 impact. July revenue development was slightly better than the -10 and August so far has been slightly worse” Q2 2020 teleconference call*
- *“So of the 10% negative sell-out in the first six weeks, it has an impact with 10% of the stores being closed. Then secondly, I think we should as we have touched upon just recently that China is an issue and was that in the second quarter as well and then if you then use that to dissect the -10% for the first six weeks, you will get towards a point where you say that means for the remaining markets which obviously include the seven big markets that we report on, you are getting to a better number that is not -10% but better than that” Q2 2020 teleconference call*
- *“We also said that we have seen very nice sell-in coming into July in the start of Q3 here and again, that is a pull from the partners and not something we are pushing in but a pull from the partners seeing that we have good brand momentum, saw the good brand momentum in Jan-Feb of this year but also seeing that we are actually doing better and doing quite well here coming out of the crisis in the second quarter” Q2 2020 teleconference call*

Quotes on FY 2020 organic growth guidance

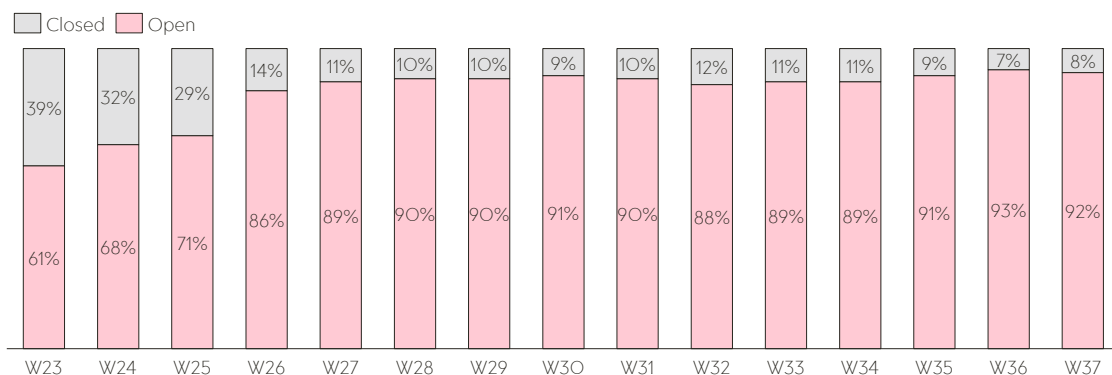
- *“The interesting component of the guidance is what the full-year guidance implies for the second half of the year. That is what we have shown here and organic growth is expected to be between -5 and -15 in the second half [...] and the organic growth guidance is compared to a sell-out of revenue development so far in the third quarter of about -10”*
Q2 2020 teleconference call

Assumptions behind the FY guidance as stated in the Q2 2020 Interim Report

- There will be no new material lockdowns
- There may be some local lockdowns (not nationwide) of physical stores as currently experienced in Victoria, Australia
 - The number of open stores will gradually improve from 90% by the end of July to around 100% by the end of Q3 2020
- No material deterioration of the general macroeconomic environment and consumer spending
- Social distancing requirements will have a negative impact on revenue, mainly in Q4 2020

Store reopening development

- Since Q2 announcement on 17 August, the reopening of the network has gradually improved as around 92% of the concept stores are open across markets
- Latin America and Victoria, Australia still being impacted by temporary closures



Building blocks updated on 17 August in connection with the Q2 2020 interim report

- Total sell-out growth including temporarily closed stores to be similar to organic growth guidance (FY -14% to -20%)
- Net concept store openings reduced to be “around 50 net closures” due to fewer store openings than planned (down from “25-50 net closures”)

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- CAPEX lowered to be around DKK 0.6 billion (down from DKK 0.7 billion)

Following building blocks maintained

- Restructuring costs to be around DKK 1 billion
- Effective tax rate remains between 22-23%

Profitability

Full-year guidance: EBIT margin excl. restructuring costs 16% to 19% (reinstated on 17 Aug)

Quote on profitability in Q3 2020

"the profitability will be skewed towards Q4 as usual but likely even more this year than in prior years and we would also like to emphasise that in this scenario with this guidance, we will continue to invest in the brand in the third and the fourth quarter and we will continue to invest in building the organisation during the last two quarters of the year. We would also like to mention that we see a high likelihood that our partners, our wholesale partners, will buy the Q4 stock as late as possible given the C-19 uncertainty and this may lead to a shift of revenue from the third quarter into the fourth quarter causing a phasing effect that will be negative for the third quarter and equally positive for the fourth quarter" Q2 2020 teleconference call

Quotes on FY 2020 EBIT margin guidance

"The interesting component of the guidance is what the full-year guidance implies for the second half of the year. [...] in the second half with an EBIT margin being between 20 and 24%" Q2 2020 teleconference call

Other topics

- On working capital *"For the remainder of the year, Pandora still expects an increase in inventories and a decrease of payables, which constitutes a drag on the cash conversion in H2 2020 as previously communicated"* Q2 2020 Interim Report
- *"[...]it is likely that we will keep updating the market as we progress and maybe also before the official Q3 trading statement is due in early November"* Q2 2020 teleconference call
- Star Wars jewellery collection to drop on 1 October 2020
<https://pandoragroup.com/investor/news-and-reports/press-releases/newsdetail?id=23811>

Notes

- Silent period will begin Friday 2 October end of business
- Financial Calendar for the rest of 2020

