

# INVESTOR PRESENTATION Q2 2016



PANDORA

---

# AGENDA

FINANCIAL HIGHLIGHTS Q2 2016

FINANCIAL EXPECTATIONS 2016

FINANCIAL REVIEW Q2 2016

APPENDIX



---

# DISCLAIMER

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

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 rights, 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 regulations 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 to in this presentation.

Should one or more of these risks or uncertainties materialise, 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 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 presentation.

# FINANCIAL HIGHLIGHTS Q2 2016

## HIGHLIGHTS

- Revenue in Q2 2016 was DKK 4,327 million, an increase of 20% (25% in local currency) compared to Q2 2015, driven by the three geographic regions impacted by:
  - Strong product launches and category diversity in all regions
  - 68 new concept stores opened in Q2 2016, and 366 in the last 12 months. Revenue from concept stores increased 39% and represented 63% of revenue compared with 54% in Q2 2015
  - eSTORE revenue contributed with around 4% of group revenue in Q2 2016 compared with around 2.5% in Q2 2015
- Continued relevant product offering resulting in 7% like-for-like growth in concept stores for the Group (excluding US eSTORE)
  - Continued double digit like-for-like growth in EMEA and Asia Pacific
  - Americas like-for-like was -1%, the US increased 2%
- EBITDA for Q2 2016 was DKK 1,609 million, up 23% compare with Q2 2015, corresponding to an EBITDA margin of 37.2%
- Free cash flow was DKK 576 million compared with DKK -268 million in Q2 2015
  - Q2 2015 was impacted negatively by DKK 642 million from a settlement with the Danish tax authorities
- DKK 4.0 billion share buyback programme on track – DKK 1.5 billion share buyback in Q2 2016

# 2016 FINANCIAL EXPECTATIONS

## FINANCIAL GUIDANCE 2016

	2016	2016	2015
	GUIDANCE (new)	GUIDANCE (previous)	ACTUAL
Revenue, DKK billion	>20	>20	16.7
<i>EBITDA margin</i>	>38%	>38%	37.1%
CAPEX, DKK billion	<b>Approx. 1.2</b>	<b>Approx. 1.0</b>	1.1
<i>Effective tax rate</i>	<b>Approx. 21%</b>	<b>Approx. 21%</b>	31.3%
Concept store, net openings	>300	>275	392



## COMMENTS

- Revenue and EBITDA margin full year guidance maintained
  - Revenue of more than DKK 20 billion including a -3% impact from currency
  - EBITDA margin of more than 38%
- CAPEX is now expected to be DKK 1.2 billion
- Effective tax rate of approximately 21%
- Full year concept store openings upgraded to more than 300
  - Approx. 50% in EMEA; 25% in Americas; 25% in Asia Pacific

# US PERFORMED WELL WITH 2% LIKE-FOR-LIKE AND A STRONG ESTORE DEVELOPMENT IN SPITE OF A GENERAL CHALLENGING RETAIL ENVIRONMENT

## US PERFORMANCE IN LINE WITH EXPECTATIONS

### POSITIVE LIKE-FOR-LIKE AND ESTORE DEVELOPMENT



8% (11% LC)  
revenue increase  
2% like-for-like growth



Strong performance  
Traffic up 100% y/y

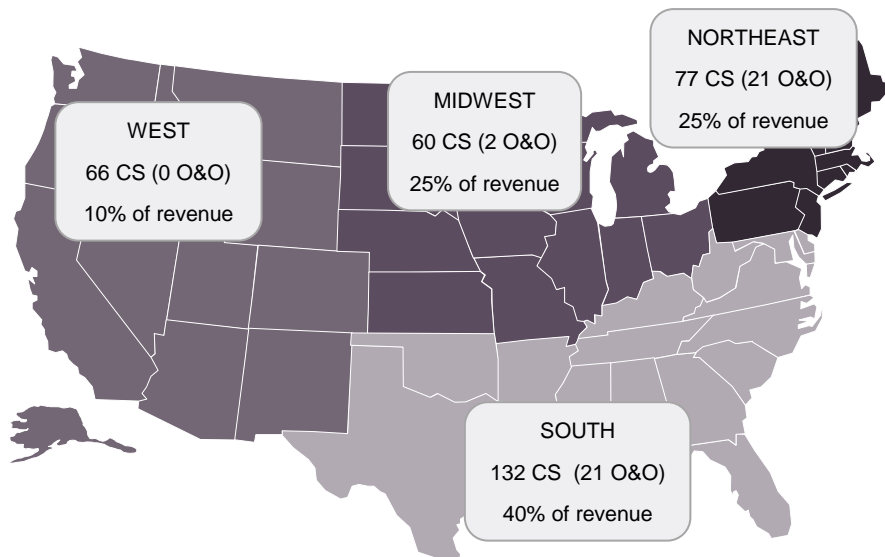


Rings share around Group level  
Earrings double revenue



Network development in Q2:  
7 concept stores (2 O&O)  
111 shop-in-shops (98 Jared)  
-388 multibranded stores

### REGIONAL VIEW



# REGIONAL DEVELOPMENT

## REVENUE BREAKDOWN BY REGION

DKK million	Q2 2016	Growth Q2/Q2	Growth in local currency
Americas	1,662	5%	10%
EMEA	1,873	28%	32%
Asia Pacific	792	43%	51%
<b>Total</b>	<b>4,327</b>	<b>20%</b>	<b>25%</b>

## LIKE-FOR-LIKE SALES DEVELOPMENT (Y/Y GROWTH)

Concept stores (excluding eSTOREs) that have been operating for more than 12 months

	Q2 2016	Q2 2015	FY 2015
Americas	-1%	10%	7%
EMEA	10%	11%	14%
Asia Pacific	16%	18%	22%
<b>Group</b>	<b>7%</b>	<b>12%</b>	<b>13%</b>

## COMMENTS

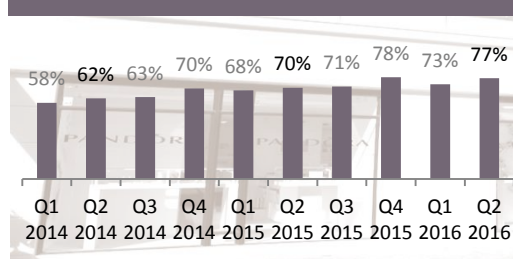
- 20% revenue growth driven by one third organic growth and two thirds network growth
  - 5pp negative impact from currency
- Americas revenue increase driven by the US
  - 2% like-for-like growth in the US
  - US eSTORE important revenue driver
- Continued strong growth in EMEA
  - Italy and France increased revenue with around 40% and 70% respectively with high double digit like-for-like growth
  - UK and Germany increased with low double digit like-for-like growth
- Asia Pacific growth driven by China and Pacific

# REVENUE DEVELOPMENT PER SALES CHANNEL

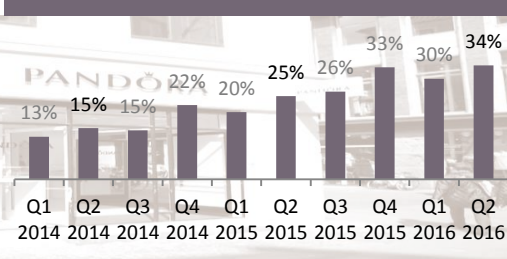
## REVENUE PER SALES CHANNEL

DKK million	Q2 2016	Growth Q2/Q2	Share of revenue
Concept stores	2,716	39%	63%
- hereof PANDORA owned	1,324	65%	31%
Shop-in-shops	626	11%	14%
- hereof PANDORA owned	143	64%	3%
<b>Branded</b>	<b>3,342</b>	<b>33%</b>	<b>77%</b>
<b>Multibranded</b>	<b>703</b>	<b>-1%</b>	<b>16%</b>
<b>Total direct</b>	<b>4,045</b>	<b>25%</b>	<b>93%</b>
3 <sup>rd</sup> party distributors	282	-24%	7%
<b>Total revenue</b>	<b>4,327</b>	<b>20%</b>	<b>100%</b>

## BRANDED REVENUE SHARE



## O&O REVENUE SHARE



## COMMENTS

- O&O revenue from concept stores increased 65% and contributed with 31% of revenue
  - Total O&O share of revenue increased 9pp to 34%
- Concept store revenue driven by all regions
- Shop-in-shop revenue increased 11%, driven by high growth in EMEA and Asia Pacific, offset partially by Americas as Q2 2015 was impacted by sell-in of the Disney collection
- Branded share of total revenue increased by 7pp to 77%
- Multibranded revenue declined 1% due to the closing of 1,261 points of sale
- 3<sup>rd</sup> party distributor revenue decline impacted by integration of China, Singapore & Macau



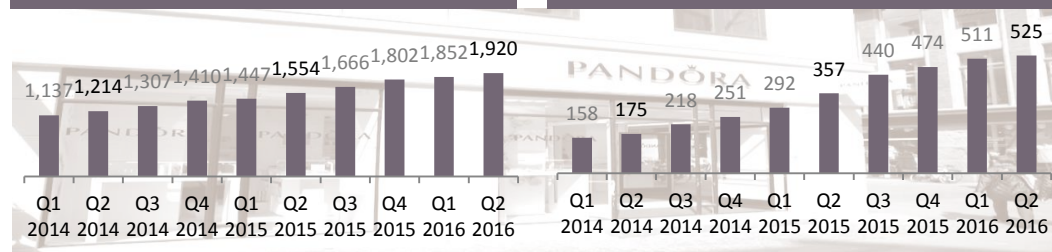
# STORE NETWORK DEVELOPMENT

## STORE NETWORK

	Number of stores Q2 2016	Share of total Q2 2016	Net openings	
			Q2 2016 vs. Q1 2016	Q2 2016 vs. Q2 2015
Concept stores	1,920	22%	68	366
- hereof PANDORA owned	525	6%	14	168
Shop-in-shops	1,827	20%	161	252
- hereof PANDORA owned	118	1%	-1	24
<b>Branded</b>	<b>3,747</b>	<b>42%</b>	<b>229</b>	<b>618</b>
<b>Multibranded</b>	<b>5,172</b>	<b>58%</b>	<b>-336</b>	<b>-1,261</b>
<b>Total PoS</b>	<b>8,919</b>	<b>100%</b>	<b>-107</b>	<b>-643</b>

## TOTAL CONCEPT STORES

## O&O CONCEPT STORES



## COMMENTS

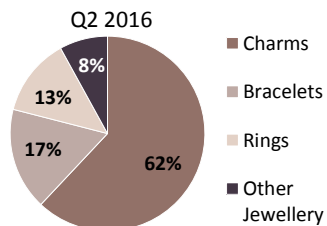
- 68 new concept stores opened in Q2 2016, to a total of 1,920 concept stores
  - Including the addition of 14 O&O concept stores in Q2 2016, to a total of 525 O&O concept stores
- Net opening of 161 shop-in-shops in Q2 2016, impacted by the collaboration with Jared by the upgrade of 98 multibranded stores to shop-in-shops
- 1,261 multibranded stores closed in the last 12 months, including Jared upgrades
  - Multibranded store closings primarily in the US, Italy, Germany, France and Spain

# PRODUCT CATEGORY DEVELOPMENT

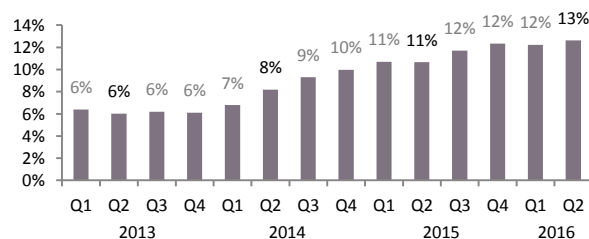
## REVENUE PER PRODUCT CATEGORY

DKK million	Q2 2016	Growth Q2/Q2	Share of revenue	Share of growth
Charms	2,697	10%	62%	33%
Bracelets	736	34%	17%	26%
- Hereof Moments and ESSENCE collections	587	63%	14%	31%
Rings	544	42%	13%	22%
Other jewellery	350	67%	8%	19%
<b>Total revenue</b>	<b>4,327</b>	<b>20%</b>	<b>100%</b>	<b>100%</b>

## CATEGORY SHARE % OF REVENUE



## RINGS SHARE OF REVENUE % OF LAST 12 MONTHS REVENUE



## COMMENTS

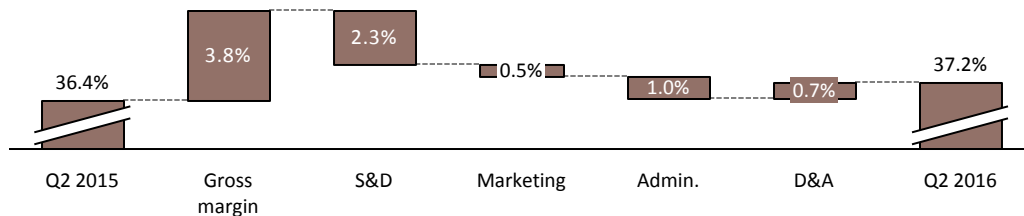
- Charms increased 10%, driven by Asia Pacific and EMEA partially offset by Americas
  - Flat revenue growth from Charms in the US, due to launch in shop-in-shops and multibranded stores of the Disney collection in Q2 2015
- Bracelets increased with 34% driven by 9 new bracelets launched in H1 2016
- Rings were up 42% and contributed with 13% of revenue for the quarter
- Earrings increased more than 80%, and generated around 4% of total revenue
- Necklaces increased close to 60%
- Rings, Earrings and Necklaces added more than 40% of the growth for Q2 2016

# P&L OVERVIEW

## COST AND PROFIT

DKK million	Q2 2016	Growth Q2/Q2	Share of revenue Q2 2016	Q2/Q2 (pp)	Share of revenue Q2 2015
Gross profit	3,260	27%	75.3%	3.8	71.5%
Operational expenses (incl. D&A)	1,772	32%	41.0%	3.8	37.2%
- hereof sales & distribution	894	35%	20.7%	2.3	18.4%
- hereof marketing	405	27%	9.4%	0.5	8.9%
- hereof administrative	473	32%	10.9%	1.0	9.9%
Depreciation and amortisation	121	59%	2.8%	0.7	2.1%
<b>EBITDA</b>	<b>1,609</b>	<b>23%</b>	<b>37.2%</b>	<b>0.8</b>	<b>36.4%</b>
Net financials	57				
Income tax expenses	324				
Net profit	1,221	34%	28.2%	2.9	25.3%

## EBITDA MARGIN DEVELOPMENT (Y/Y)



## COMMENTS

- Gross margin increased 3.8pp, driven by increased O&O share and favourable raw material prices
  - Gross margin impact of +/-1pp if 10% deviation on raw material prices
- Operational expenses were DKK 1,772 million, corresponding to 41% of revenue
  - S&D ratio increased 2.3pp driven primarily by higher revenue share from PANDORA owned stores
  - Marketing expenses was 9.4% of revenue, a 0.5pp increase, primarily driven by PR and media
  - Administrative expenses increased 32%, corresponding to 10.9% of revenue, impacted by the transition to a new IT service provider (1pp)

## REGIONAL AND GROUP EBITDA MARGINS

### REGIONAL EBITDA

DKK million	Q2 2016	Growth Q2/Q2	EBITDA margin Q2 2016	Q2/Q2 (pp)	EBITDA margin Q2 2015
Americas	670	11%	40.3%	2.0%	38.3%
EMEA	683	49%	36.5%	5.2%	31.3%
Asia Pacific	256	3%	32.3%	-12.6%	44.9%
<b>Group</b>	<b>1,609</b>	<b>23%</b>	<b>37.2%</b>	<b>0.8%</b>	<b>36.4%</b>



### COMMENTS

- Improved gross margin across all regions, driven by higher O&O share and lower hedged commodity prices
- EBITDA increased 23% to DKK 1,609 million driven by all regions
  - Americas' EBITDA margin increased 2pp primarily driven by a one-off due to reclaimed duty payments regarding prior years
  - EMEA's margin increased 5pp driven by increased operating leverage, while Q2 2015 was negatively impacted by a return provision in Germany (3pp)
  - Asia Pacific's margin decreased 13pp due to the expansion in China and Singapore

# BALANCE SHEET AND CASH FLOW

## WORKING CAPITAL AND CASH MANAGEMENT

DKK million	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Inventory	2,929	2,474	2,357	2,584	2,161
Trade receivables	1,253	1,361	1,360	1,392	1,009
Trade payables	1,239	1,259	1,329	1,036	979
<b>Operating working capital</b>	<b>2,943</b>	<b>2,576</b>	<b>2,388</b>	<b>2,940</b>	<b>2,191</b>
- Share of revenue (last 12 months)	15.8%	14.4%	14.3%	19.6%	15.7%
Free cash flow	576	1,356	1,464	263	-268
CAPEX	352	274	319	384	239
NIBD to EBITDA (LTM)	0.5x	0.4x	0.3x	0.4x	0.2x



## COMMENTS

- Operating working capital was 15.8% of revenue on par with Q2 2015 and increased compared to Q1 2016 primarily due to inventory build up ahead of the Autumn/Winter collection
- Free cash flow was DKK 576 million
- Increase in CAPEX investments was related to the production facilities in Thailand, a new HQ in Copenhagen, IT investments and new O&O stores
- NIBD to EBITDA ratio within capital structure policy

## Q2 2016 SUMMARY



### SUMMARY

- Revenue increased 20% (25% in local currency)
- Continued roll out of concept stores with the addition of 68 new concept stores during the quarter
- Gross margin was 75.3%
- EBITDA margin was 37.2%
- Free cash flow was DKK 576 million
- Revenue and EBITDA guidance maintained
  - CAPEX increased to approximately DKK 1.2 billion
  - Concept store openings increased to more than 300

---

## APPENDIX



# CONCEPT STORES PER MARKET

	Number of CS Q2 2016	Number of CS Q1 2016	Number of CS Q2 2015	Growth Q2 2016 /Q1 2016	Growth Q2 2016 /Q2 2015	Number of O&O Q2 2016	Growth O&O stores Q2 2016 /Q1 2016
US	335	328	299	7	36	44	2
Brazil	75	72	51	3	24	42	-1
Canada	73	72	66	1	7	2	-
Caribbean	20	19	18	1	2	-	-
Mexico	16	14	8	2	8	-	-
Rest of Americas	21	14	5	7	16	-	-
<b>Americas</b>	<b>540</b>	<b>519</b>	<b>447</b>	<b>21</b>	<b>93</b>	<b>88</b>	<b>1</b>
UK	205	198	169	7	36	9	-
Russia	200	203	179	-3	21	-	-
Germany	157	159	124	-2	33	144	-
France	60	58	44	2	16	23	-
Italy	59	53	45	6	14	20	1
Spain	47	38	32	9	15	-	-
Poland	40	40	37	-	3	17	-
South Africa	31	29	23	2	8	-	-
Belgium	24	24	24	-	-	-	-
Ireland	23	22	20	1	3	-	-
Ukraine	21	20	17	1	4	-	-
Netherlands	20	19	18	1	2	20	1
Portugal	18	17	16	1	2	-	-
Israel	17	16	12	1	5	-	-
United Arab Emirates	15	15	14	-	1	15	-
Czech Republic	14	14	11	-	3	10	-
Turkey	13	13	11	-	2	13	-
Greece	13	11	9	2	4	-	-
Austria	11	12	10	-1	1	4	-
Denmark	11	11	10	-	1	11	-
Rest of EMEA	87	83	57	4	30	23	1
<b>EMEA</b>	<b>1,086</b>	<b>1,055</b>	<b>882</b>	<b>31</b>	<b>204</b>	<b>309</b>	<b>3</b>
Australia	105	103	96	2	9	17	-
China	67	58	30	9	37	67	9
Hong Kong	26	26	20	-	6	24	-
Malaysia	25	25	21	-	4	-	-
Singapore	15	15	15	-	-	12	-
New Zealand	12	12	10	-	2	-	-
Philippines	10	8	8	2	2	-	-
Rest of Asia Pacific	34	31	25	3	9	8	1
<b>Asia Pacific</b>	<b>294</b>	<b>278</b>	<b>225</b>	<b>16</b>	<b>69</b>	<b>128</b>	<b>10</b>
<b>All Markets</b>	<b>1,920</b>	<b>1,852</b>	<b>1,554</b>	<b>68</b>	<b>366</b>	<b>525</b>	<b>14</b>

## COMMENTS

### Q2 2016

- 68 new concept stores in Q2 2016
  - Hereof 14 O&O stores

- Closed 336 multibranded stores

### End of Q2 2015 – end of Q2 2016

- A net total of 366 new concept store openings in the last 4 quarters
- Closed a net of 1,261 multibranded stores

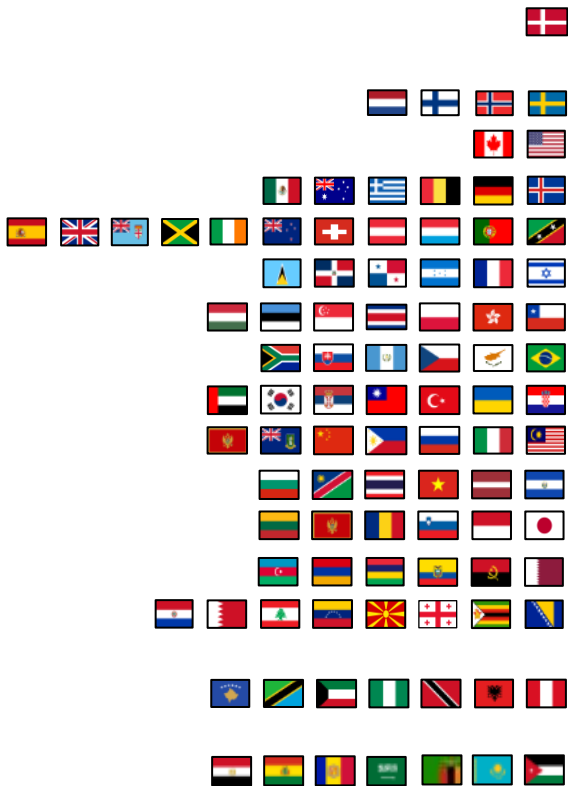


## PANDORA AT A GLANCE



- Founded in 1982 by Per and Winnie Enevoldsen
- The PANDORA charm bracelet was launched in 2000
- Present in more than 100 countries across six continents
- PANDORA's cornerstone product is the collectible charm bracelet, complemented by a range of other jewellery
- Positioned within the affordable luxury segment of fine jewellery
- Vertically integrated business model, from in-house design and production to global marketing and distribution

# HOW WE GOT HERE



**1982** Per and Winnie Enevoldsen founded PANDORA (Populair Smykker)

**1989** PANDORA started manufacturing jewellery in Thailand

**2000** The signature charm bracelet was launched PANDORA got its current name

**2003** PANDORA entered the American and Canadian markets

**2004** PANDORA entered new, large markets, including Australia and Germany

**2005** First large scale, fully-owned production facility in Gemopolis

**2008** Private equity fund Axcel acquired 60% of PANDORA

**2009** Subsidiaries established in the UK, Hong Kong and Poland

**2010** Public listing on NASDAQ OMX stock exchange in Copenhagen  
Acquired full ownership of distribution in Australia and CWE

**2011** PANDORA took over distribution in France

**2012** PANDORA certified by the Responsible Jewellery Council

**2013** The PANDORA ESSENCE COLLECTION was launched  
Opened concept store no. 1,000

**2014** PANDORA signed a 10-year strategic alliance with The Walt Disney Company  
Ring sales reached 10% of Group revenue

**2015** PANDORA eStore operated in 14 countries. China and Japan distribution takeover

**2016** Global launch of the rose collection. Take over of Singapore and Macau. Increase focus on earrings

# PRODUCT DEVELOPMENT

## SIMPLE DESIGNS IN YEAR 2000



## EVOLVED AND SOPHISTICATED PRODUCTS TODAY

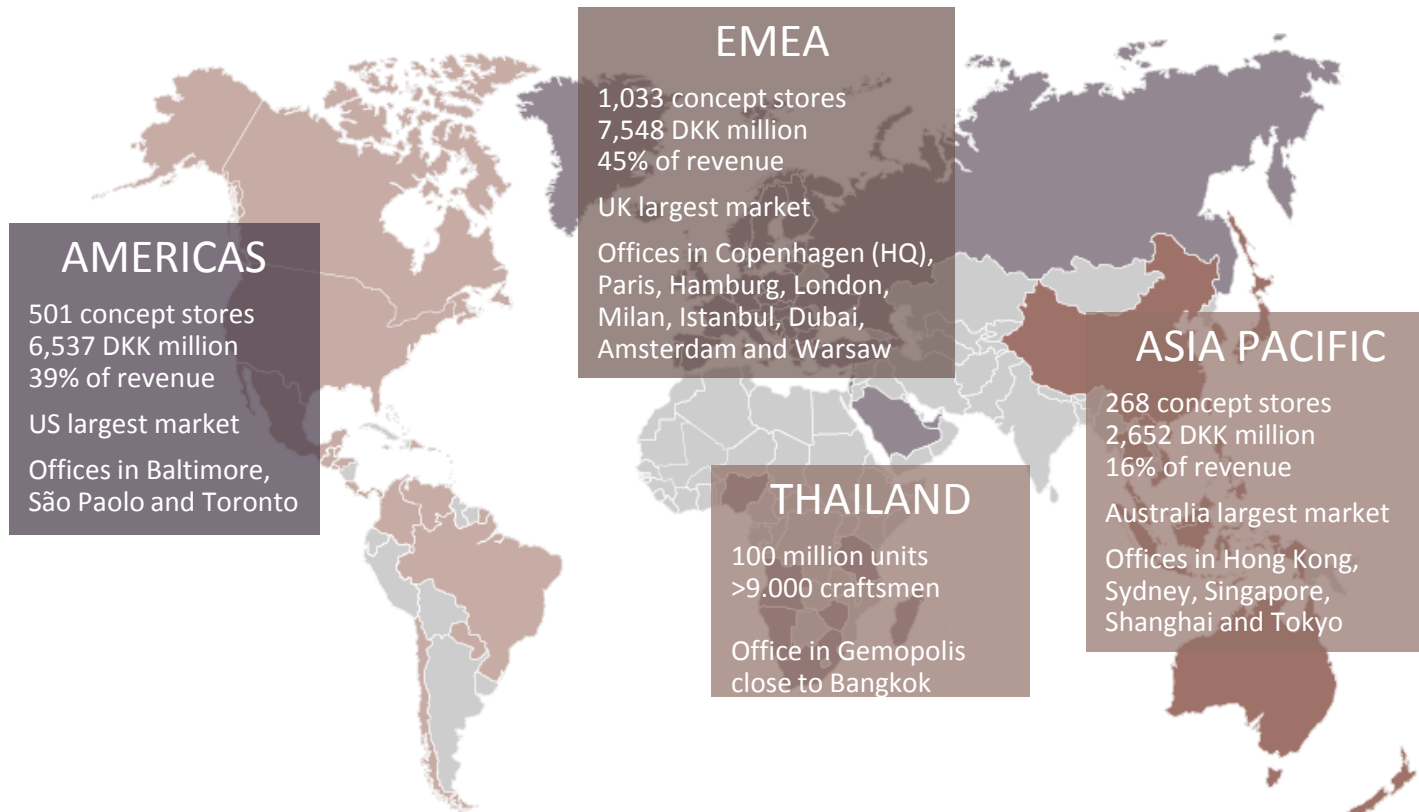


# VERTICALLY INTEGRATED BUSINESS MODEL

PANDORA operates and manages a vertically integrated business model, from in-house design and production to global marketing and direct distribution in most markets.

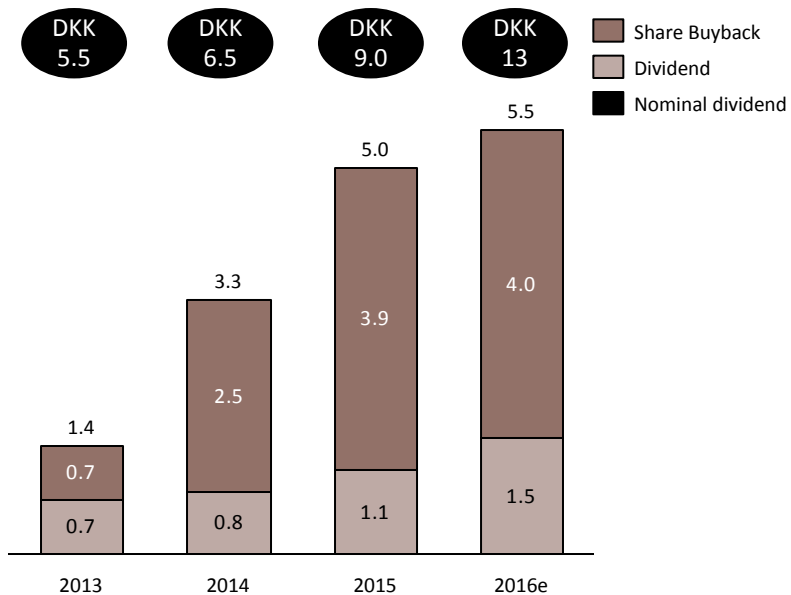


# PANDORA OVERVIEW (FY 2015)



# DIVIDEND AND SHARE BUYBACK PROGRAMME

## DIVIDEND AND SHARE BUYBACK (DKKbn)

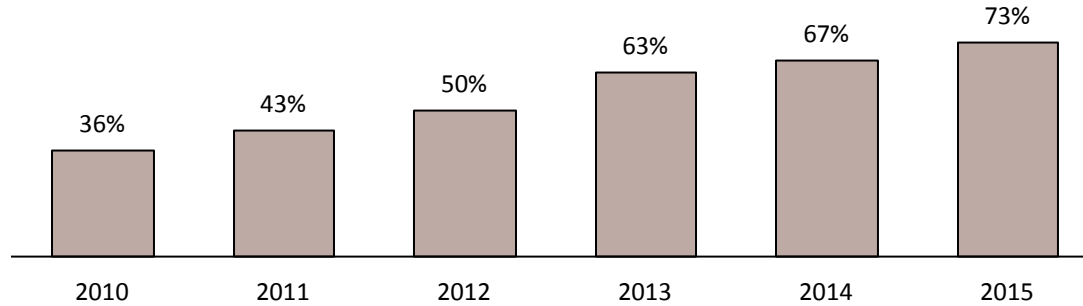


## DISTRIBUTION OF CASH

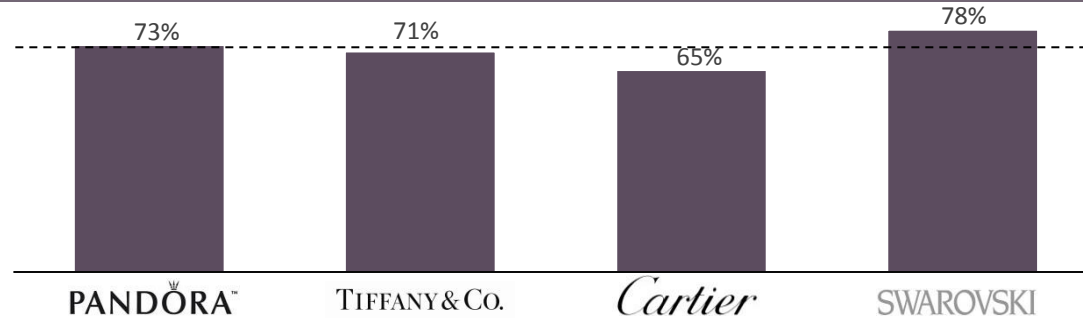
- Capital structure ratio of 0–1x NIBD to EBITDA
  - End Q2 2016: 0.5x
  - Excess cash paid out
- Annually increase the nominal dividend per share
  - Dividend of DKK 13 per share for 2015 (2014: DKK 9)
- Share buyback programme of up to DKK 4.0 billion during 2016 (2015: DKK 3.9 billion)
  - The programme is being implemented under the Safe Harbour regulations

# BUILD A GLOBAL BRAND

## AIDED BRAND AWARENESS

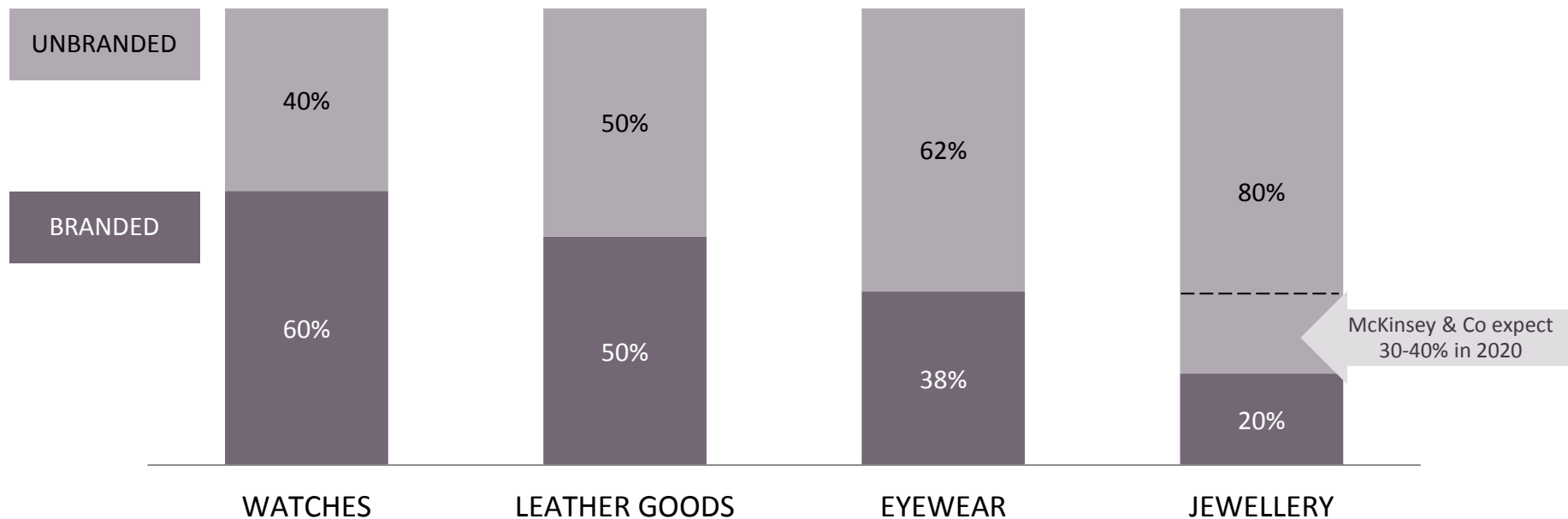


## NOW THE 2<sup>nd</sup> HIGHEST GLOBALLY



Based on brand tracking analysis carried out by Ipsos among women aged 18+ (previously carried out by IUM 2010-2013). Between 1,000 and 2,000 web interviews per country. Markets included: 2010 (16 markets), 2011 (26 markets), 2012 (28 markets), 2013-2015 (25 markets) = Australia, Austria, Belgium, Brazil, Canada, Denmark, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, New Zealand, Poland, Portugal, Russia, South Africa, South Korea, Spain, Switzerland, the Netherlands, Turkey, United Kingdom and the USA. Sample in 2014 has been weighted with a 50% SSI sample in the US – Aided Awareness was 65% unweighted in 2014.

## 20% OF THE GLOBAL JEWELLERY MARKET IS BRANDED – AND SHARE IS GROWING

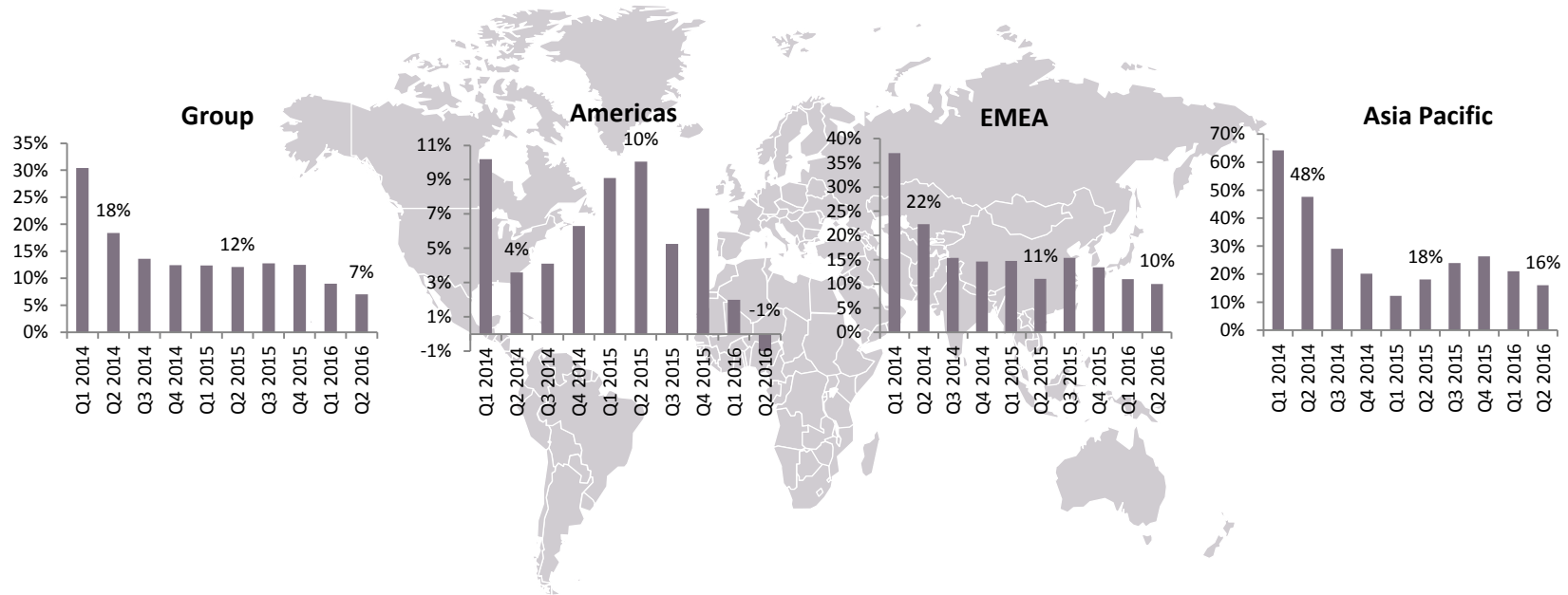


Based on PANDORA's analysis of multiple sources, including a market study commissioned by PANDORA from Bain & Company and information otherwise obtained from McKinsey, Verdict, A&M Mindpower Solutions and IBIS World.  
Source: McKinsey projection in 'A multifaceted future: The jewellery industry in 2020'. February 2014

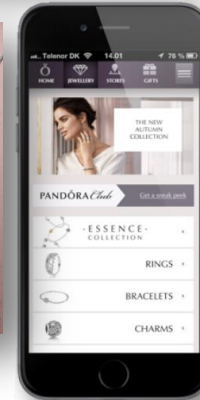
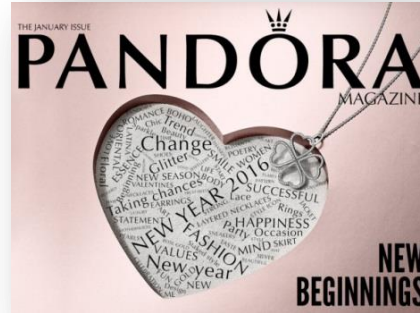
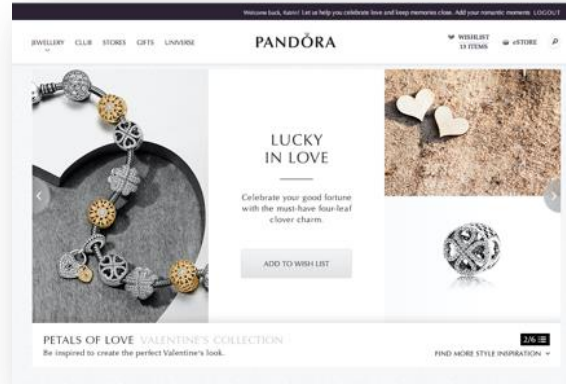
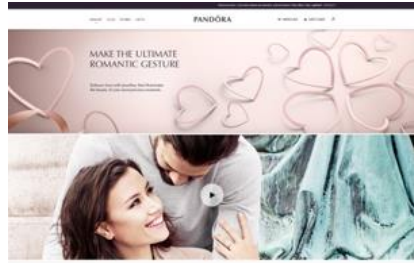


# LIKE-FOR-LIKE SALES DEVELOPMENT BY REGION

## LIKE-FOR-LIKE SALES DEVELOPMENT (Y/Y GROWTH)



# PANDORA ONLINE



## ONLINE PLATFORMS

**PANDORA eSTOREs** available in 14 countries across the three regions, incl. Australia, Hong Kong, Italy, the UK, the US etc. (Q2 2016)

**+8.8 million Facebook fans**

**+ 8.7 million (3.6 million have a wish list) PANDORA Club members**

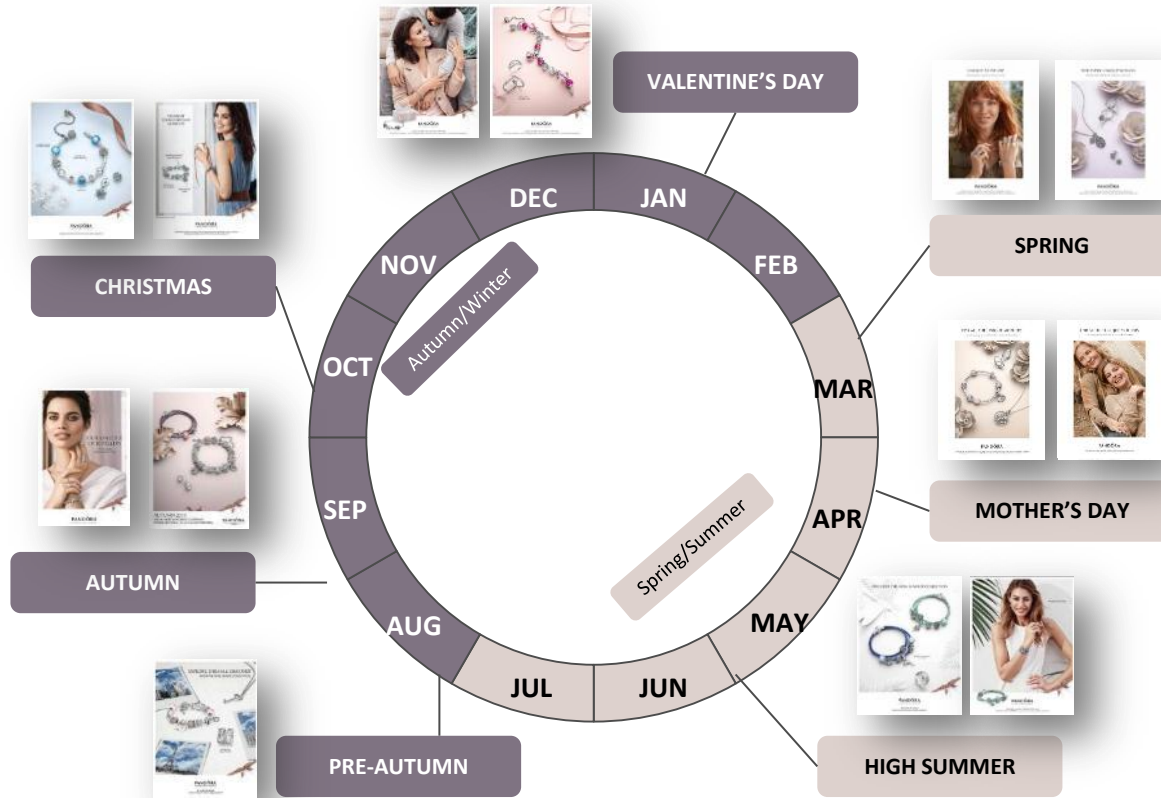
**2.4 million visits to PANDORA magazine in 2015**

**124 million visits on www.pandora.net in 2015**

**PANDORA iPhone and Android apps** downloaded more than 4.6 million times

**Other social media platforms**  
Instagram, YouTube, Pinterest, Twitter and more

# SEVEN LAUNCHES (DROPS) EACH YEAR



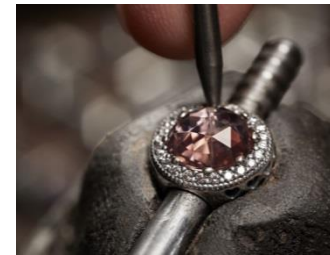
# PRODUCTION IN THAILAND

## PANDORA IN THAILAND

- PANDORA has produced jewellery in Thailand since 1989
- Highly skilled workforce – more than 9,000 in-house trained craftspeople
- Standardised production processes combining modern production techniques with centuries-old craftsmanship traditions
- Scalable production – state-of-the-art crafting facilities

## WHY CRAFTING IN THAILAND?

- One of the world's largest jewellery exporting countries
- Long tradition for high-quality jewellery production
- Good infrastructure for jewellery production and easy access to raw material suppliers
- High-quality craftsmanship from skilled, engaged workers at competitive salary levels



# CORPORATE SOCIAL RESPONSIBILITY

PANDORA is committed to advancing responsible business practices from the sourcing of gemstones, precious metals and other materials to the crafting and marketing of our jewellery. We ensure this through:

- **United Nations Global Compact**
  - Commitment to ten principles for responsible business practices
- **Responsible Jewellery Council**
  - PANDORA Group RJC Certified in August 2012
  - Engaged in RJC's Standards Committee
- **Supplier Standards**
  - One Code of Conduct for all PANDORA suppliers
  - CSR Supplier programme to ensure ethical sourcing
- **PANDORA CSR Reports**
  - We communicate regularly on our progress in advancing responsible business practices
- **PANDORA Ethics**
  - A comprehensive CSR programme that help us define and implement our ethical policies, tools and guidelines
- **CSR site on [www.pandoragroup.com/csr](http://www.pandoragroup.com/csr)**
  - Learn more about PANDORA's CSR Policy and approach



# BUSINESS STRATEGY WITH COMPELLING GROWTH DRIVERS



## FULL JEWELLERY PRODUCT OFFERING

- Offer affordable luxury jewellery
- Further activate existing assortment
- Protect and develop charms and bracelets categories
- Continue our move into other jewellery categories



## ONE BRAND – TARGETED SEGMENTS

- Strengthen the perception of PANDORA as a jewellery brand
- One brand – across the globe
- Employ a segmented approach



## BRANDED RETAIL EXCELLENCE

- Focus on concept stores – franchise is our preferred model
- Develop e-commerce and build omni-channel capabilities
- Deliver consistent consumer experience and excellent retail executions



## BALANCED GLOBAL BUSINESS

- Seek growth opportunities by expanding in new and emerging markets
- Further penetrate and realise potential in developed markets

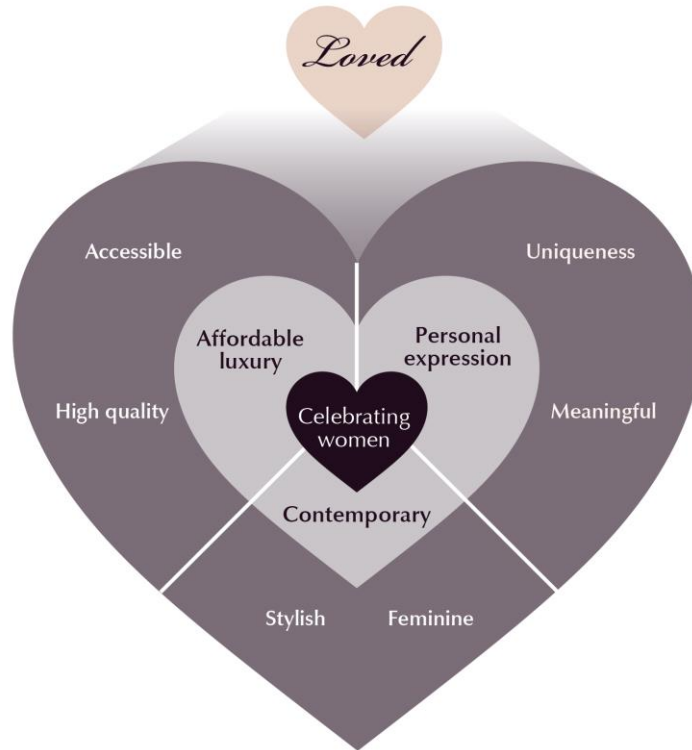
# PANDORA BRAND DNA

PANDORA jewellery is accessible to a wide target audience due to broad pricing and distribution.

Step-by-step buying allows every woman to evolve her personal collection and trade up over time

PANDORA jewellery is hand-finished and made from genuine metals to ensure long-lasting jewellery

PANDORA's designs are timeless, yet constantly renewed to appear modern in the eyes of consumers. PANDORA jewellery uses romantic design elements to create a rich universe with strong associations to love and family life



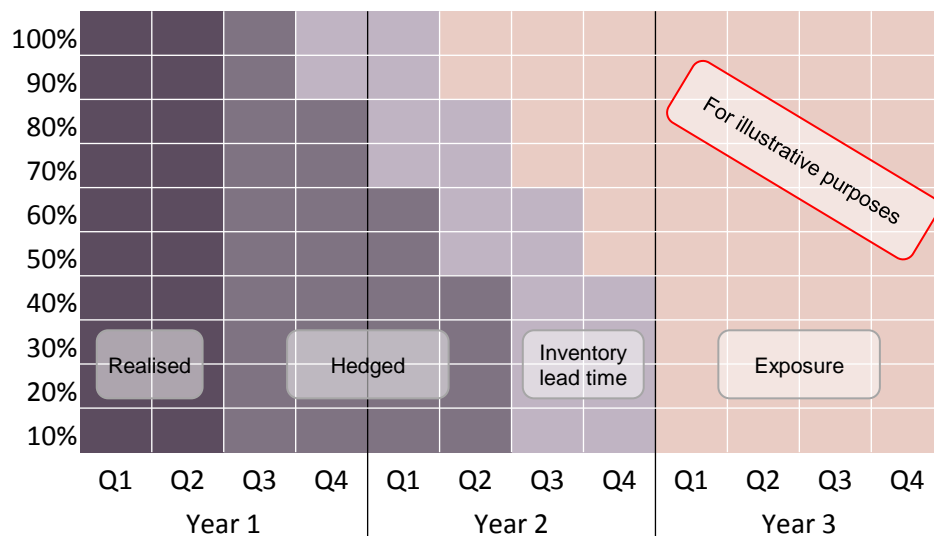
PANDORA jewellery can be mixed and matched to create a personal look for any occasion, blending the casual and formal based on the mood of the moment

The PANDORA woman always carries her own personal story – each element reminds her of a special moment

PANDORA's design universe is feminine and light, with warm colours, targeting women with life experience, aged 25-49

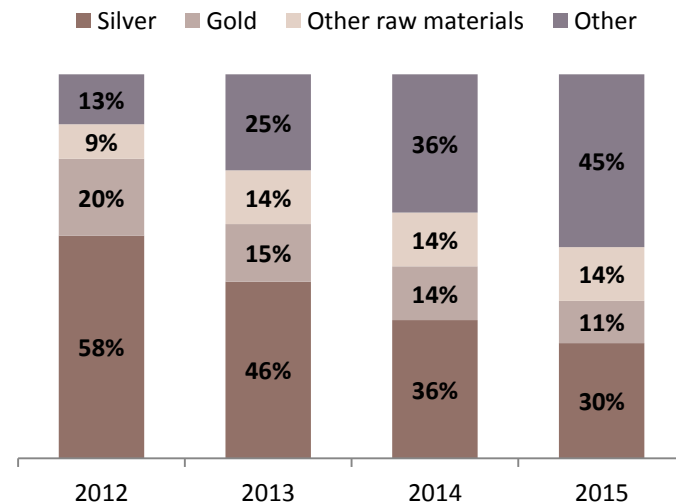
# HEDGING POLICY AND RAW MATERIALS SHARE OF PANDORA'S PRODUCTION COSTS

## COMMODITY HEDGING POLICY



- PANDORA hedging policy is to hedge approximately 100%, 80%, 60% and 40%, respectively, of expected gold and silver consumption in the following four quarters.

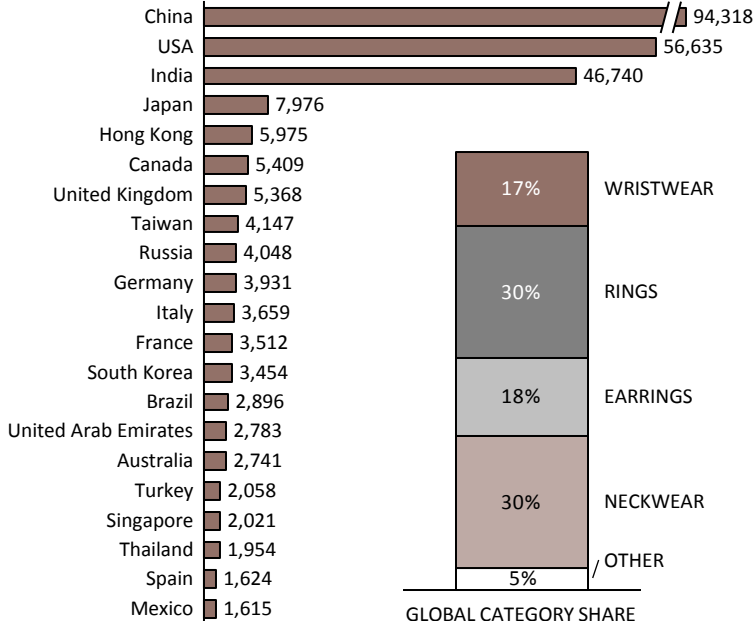
## RAW MATERIAL SHARE OF COST OF GOODS SOLD



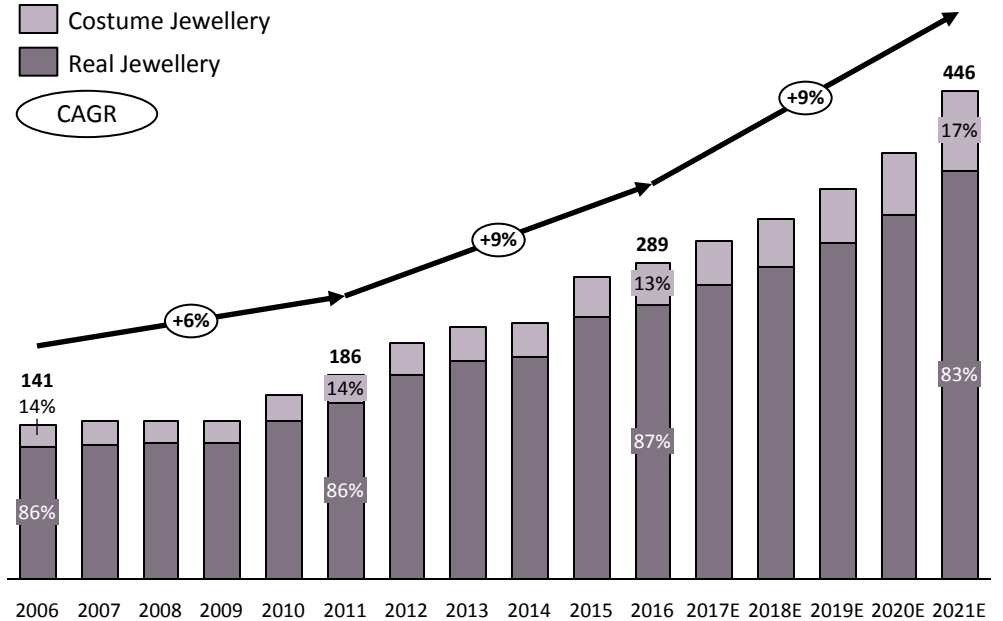


# GLOBAL JEWELLERY MARKET

## LARGEST JEWELLERY MARKETS (2016e: EURm)



## JEWELLERY MARKET EXPECTED TO INCREASE WITH A CAGR OF 9% (EURbn)



Note: All figures are based on current prices and year-on-year exchange rates  
 Source: EUROMONITOR RESEARCH

# STORE TYPES – GUIDING PRINCIPLES

## CONCEPT STORES



- Size: 40-80m2
- Full product assortment
- Dedicated PANDORA staff
- PANDORA facade, fixtures and furniture

## SHOP-IN-SHOPS



- Size: above 8m2 in defined area
- Full product assortment
- Dedicated PANDORA staff
- PANDORA fixtures and furniture

## MULTI-BRANDED STORES



- Size: up to 8m2
- Part of assortment
- No dedicated staff
- PANDORA display and optionally some fixtures and furniture

## LIKE-FOR-LIKE GROWTH DEFINITION

- Based on retail revenue in local currency
- Concept stores open for >12 months
- Includes retail value from O&O, franchisees and distributors, but excludes revenue from eSTOREs

## ORGANIC GROWTH DEFINITION

- Based on Pandora reported revenue
- All stores across sales channels (incl. eSTOREs) open >12 months
- Includes reported revenue (mix of sell-in and sell-out)

# CONTACT DETAILS

## INVESTOR RELATIONS

Magnus Thorstholm Jensen  
Vice President, Head of Investor Relations  
+45 3050 4402  
mtje@pandora.net



Brian Granberg  
Investor Relations Officer  
+45 6178 4884  
brgr@pandora.net



[www.investor.pandoragroup.com](http://www.investor.pandoragroup.com)



## SHARE INFORMATION

Trading symbol	PNDORA
Identification number/ISIN	DK0060252690
GICS	25203010
Number of shares	117,056,821
Sector	Apparel, Accessories & Luxury Goods
Segment	Large
Share capital	117,056,821
Nominal value	1
Free float (incl. treasury shares)	100%