

PANDÖRA

CAPITAL MARKETS DAY 2018

COPENHAGEN, 16 JANUARY, 2018



BUILDING TO INSPIRE

Key messages of today

WHAT WE ARE

- Fantastic growth from 2013 to mid-2016 driven by reset of assortment and strong concepts
- Past 18 months challenging as:
 - ✓ Concept pipeline emptied with no organisation in place to rebuild pipeline
 - ✓ Business backbone not ready to scale
- Business re-shaped and stands stronger than ever (unmatched position in the industry)

WHERE WE ARE GOING

- Ample growth opportunities will transform the business towards 2022
 - ✓ From a charms specialist to a full jewellery brand
 - ✓ From mass marketing to personalised and digitalised consumer engagement
 - ✓ From wholesale-led model to retail
- Plan already in motion to yield first benefits of the business transformation in 2018
- Clear objective to continue to deliver strong financials – highly cash generative and profitable growth

The PANDORA investment case towards 2022

A UNIQUE INTEGRATED BUSINESS MODEL



**AFFORDABLE
JEWELLERY LEADER**



**LEADING POSITION IN
BRANDED
MANUFACTURING**



**WORLD'S MOST
RECOGNISED
JEWELLERY BRAND**



**LARGE AND PROFITABLE
DISTRIBUTION
NETWORK**

DELIVERING STRONG FINANCIALS



**SUSTAINABLE
GROWTH**

~7-10%
Revenue growth
(local currency)



**STRONG
MARGINS**

~35%
EBITDA margin



**ASSET
LIGHT**

~5%
CAPEX



**CASH
GENERATIVE**

**High
pay-out**

Introduction of today's presenters



ANDERS COLDING FRIIS

President & CEO



PETER VEKSLUND

EVP & CFO



MINNA PHILIPSON

SVP & Chief Marketing Officer



THOMAS TOUBORG

SVP, Group Operations



PEDER TUBORGH

Chairman of the Board



DAVID ALLEN

President, EMEA



STEPHEN FAIRCHILD

SVP & Chief Creative Officer



01 | 2017 PERFORMANCE

01

2017 PERFORMANCE

Anders Colding Friis, President & CEO

02

NEW STRATEGY TOWARDS 2022

Anders Colding Friis, President & CEO

03

INNOVATE AFFORDABLE JEWELLERY

Stephen Fairchild, SVP & Chief Creative Officer

04

AGILE MANUFACTURING

Thomas Touborg, SVP, Group Operations

05

DIGITALISED BRAND EXPERIENCE

Minna Philipson, SVP & Chief Marketing Officer

06

WINNING IN OMNI-CHANNEL RETAIL

David Allen, President, EMEA

07

FINANCIAL OUTLOOK TOWARDS 2022

Peter Vekslund, EVP & CFO

08

CLOSING REMARKS

Peder Tuborgh, Chairman of the Board



2017 revenue & EBITDA margin came in just short of guidance

Revenue

DKK **22.8** billion

(12% growth, 15% LC)

Guidance DKK 23-24 billion

EBITDA %

37.3 %

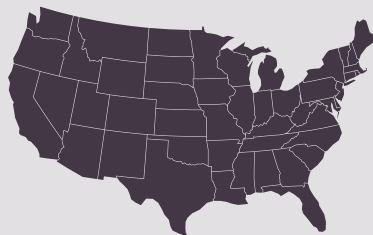
Guidance ~38%

2017 was more challenging than we expected going into the year

PRODUCT INNOVATION



US MARKET PERFORMANCE



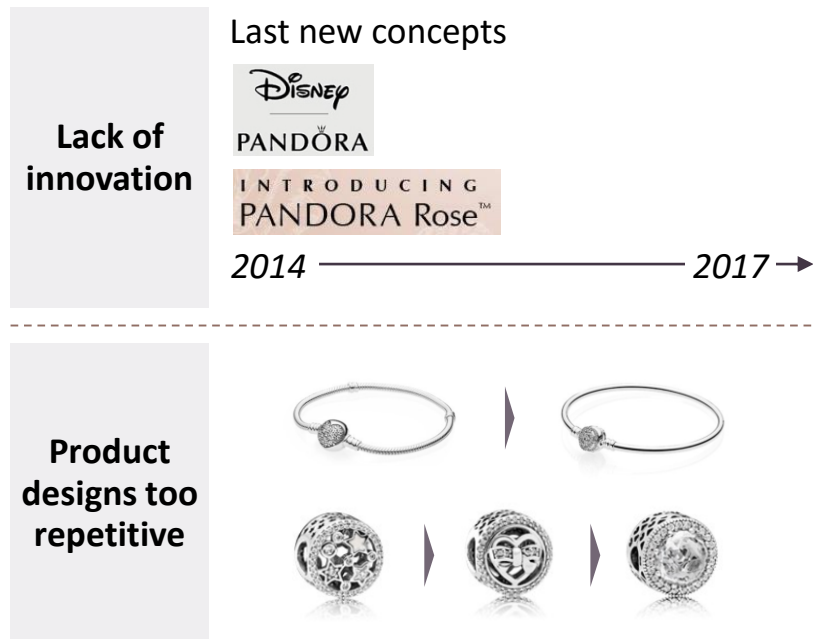
CURRENCY HEADWIND

DKK -800 million*

** Versus February 2017 guidance*

Lack of product innovation in 2016 and 2017 has impacted our business

Lack of innovation and repetitive product design...



Source: Internal PANDORA data

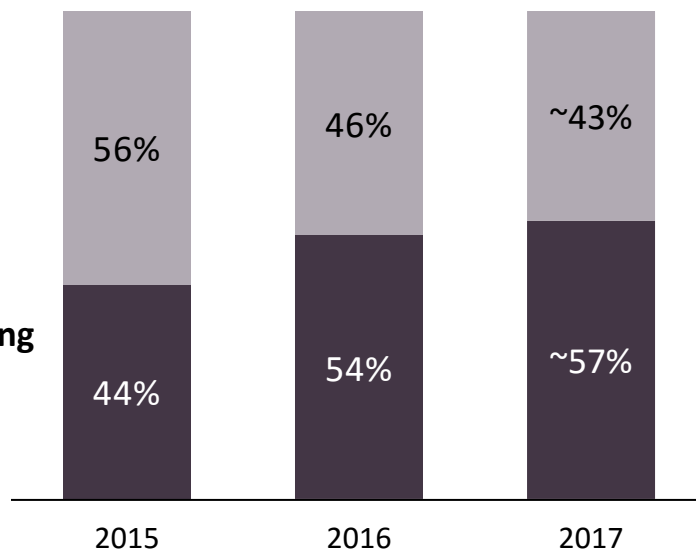
Note: New DV revenue within the first 12 month after launch

... have decreased share of revenue coming from new Design Variations (DVs)

Revenue composition

New DVs

Existing DVs



Lack of innovation was already evident and dealt with in 2016, but fixing it takes time

Product innovation challenges emerged in 2016



Design too repetitive



One-dimensional manufacturing
(lost wax only)



Non-ideal value-chain collaboration



Product development time too long



Actions undertaken which will show results starting Q1 2018

— Impact timing —

NEW DESIGN TEAM
(execution in H2 2016)

**Valentines
2018**

**PRODUCT DEVELOPMENT
PROCESS**
(execution in H1 2016)

**Valentines
2018**

INNOVATION CENTRE
(decision in H1 2016)

**New technologies
2017
+ New concept
launch in Q1 2018**

We fast-tracked innovative products and launched Disney in EMEA in 2017

Good performance from fast-tracked products...

**Open
bracelets**



#1 in Summer
collection in the
UK

**Mesh
bracelet**



#1 bestseller in
Autumn
collection in
EMEA

**New
charms**



Source: PANDORA data

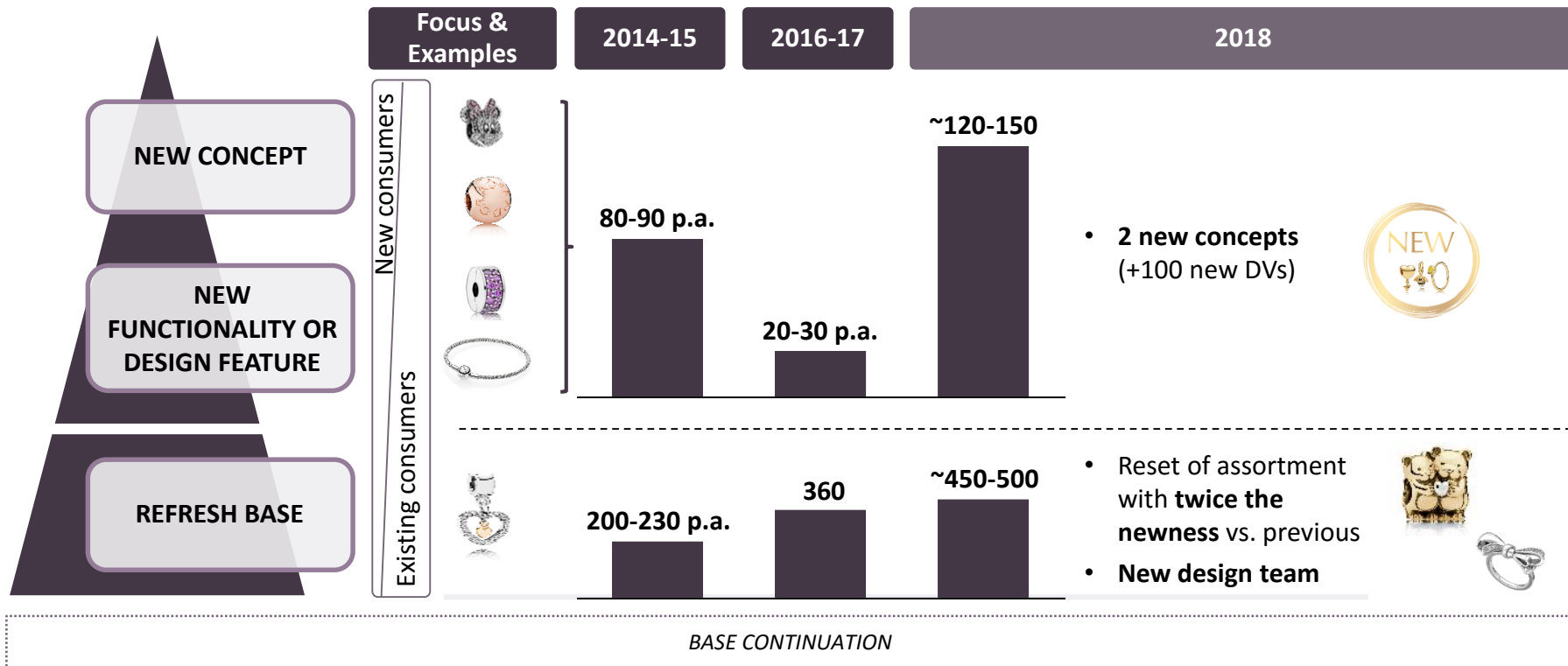
... and successful Disney launch in EMEA in Q4 2017





2018 will exceed the innovation and newness compared to previous years

PRODUCT NEWNESS, NUMBER OF NEW DESIGN VARIATIONS (DVs)

Significant newness push throughout

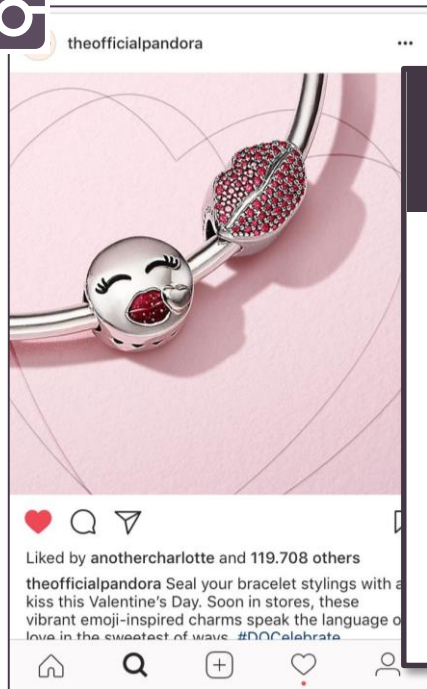


Significant product design newness is reflected in the first 2 collection of 2018

	2016	2017	2018
VALENTINE'S DROP PRODUCT EXAMPLES			
SPRING PRODUCT EXAMPLES			



Consumer feedback to collection from new design team very positive



Posted 10-01-18

Kiss emoji & lips charms
sneak peek on PANDORA's
Instagram account

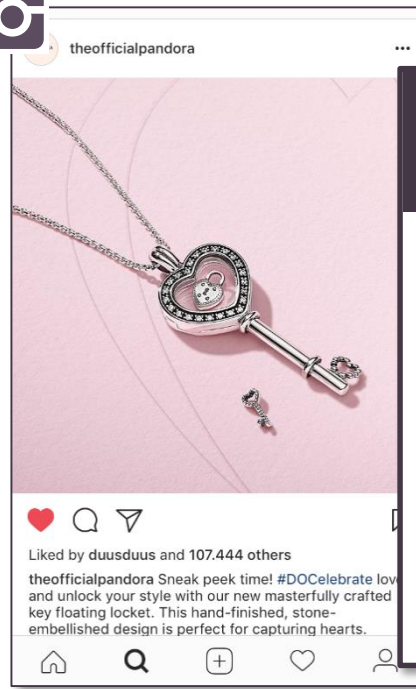
Highest Social Media
engagement ever



+120,000
likes



+1,800
comments



Posted 6-01-18

Floating Locket Heart Key
sneak peek on PANDORA's
Instagram account

2nd highest Social Media
engagement ever



+108,000
likes



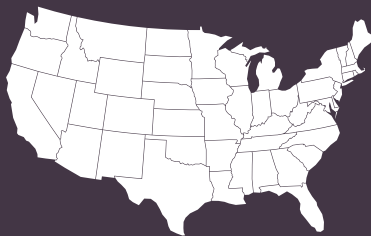
+1,200
comments

2017 was more challenging than we expected going into the year

PRODUCT INNOVATION



US MARKET PERFORMANCE



CURRENCY HEADWIND

DKK -800 million*

** Versus February 2017 guidance*

The US market has been the other significant challenge of 2017



US PERFORMANCE DRIVERS

**General weakening of the
US retail market, leading
to further deceleration of
growth**



**Most severe lack of
innovation
– no new concepts since
2014**



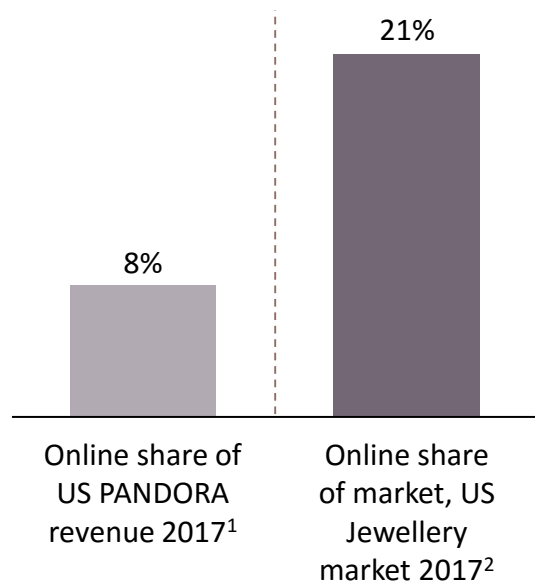
**Under penetration in
eCommerce
– missing out on growth**



Source: PANDORA Quarterly Reports 2017

We have a plan to accelerate the development of our US eSTORE

US PANDORA vs. Jewellery industry share of online



¹ Based on LTM Q3 2017

² Euromonitor Online share of Fine Jewellery revenue in USA

Four growth drivers to secure strong online sales growth in US

1

Digital marketing excellence

Drive more traffic and reduce customer acquisition costs

2

Improved shopping experience

Merge brand and eSTORE sites, optimise user journey and improve mobile experience

3

Omni-channel fulfilment and service

Provide more cross-channel fulfilment options

4

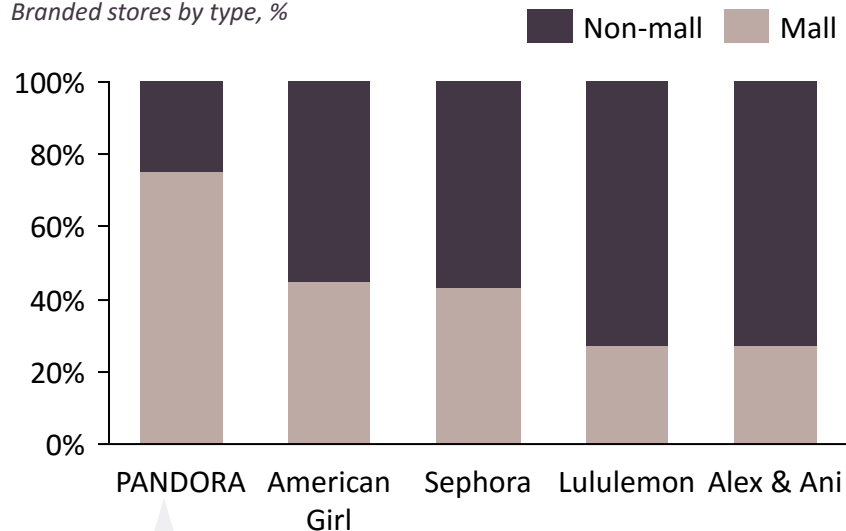
Personalisation

Enable 1:1 communication and personalised recommendation through email, website, social media and ads

We have heavy mall exposure, but ~70% of stores are in A-graded malls

HIGH DEGREE OF MALL EXPOSURE COMPARED TO RELEVANT ANALOGS...

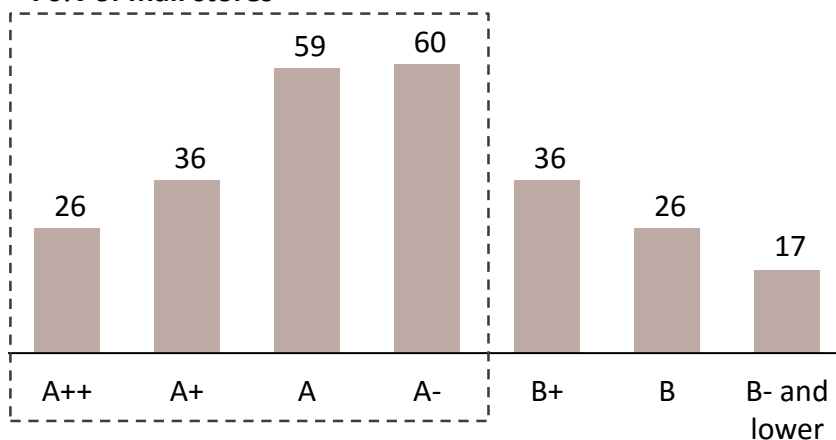
Branded stores by type, %



... BUT WITH LARGE SHARE PLACED IN STRONG MALLS (A-GRADED)

PANDORA stores per mall type

~70% of mall stores



Planned openings in non-mall locations in 2018

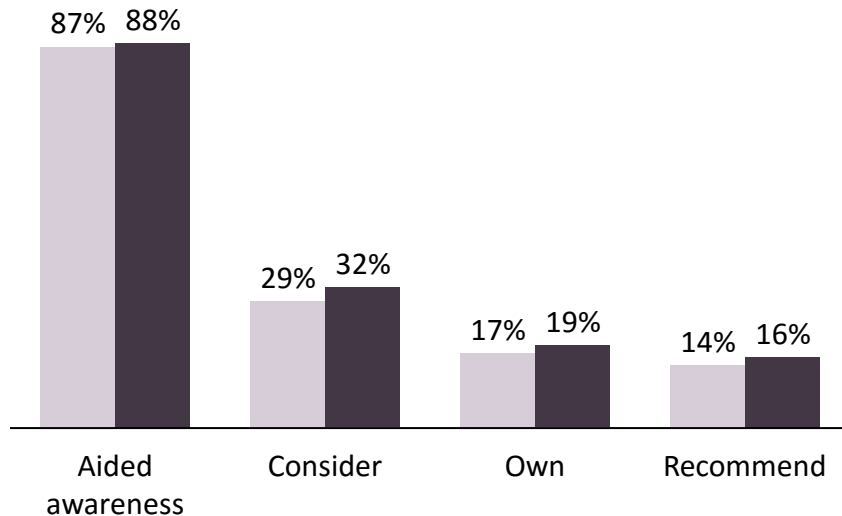
Source: BCG (numbers are as of summer 2017)

Our brand stands strong in US

BRAND FUNNEL IS INCREASING ON ALL PARAMETERS...

 **PANDORA US female brand performance**
2016-2017, %

2016
2017

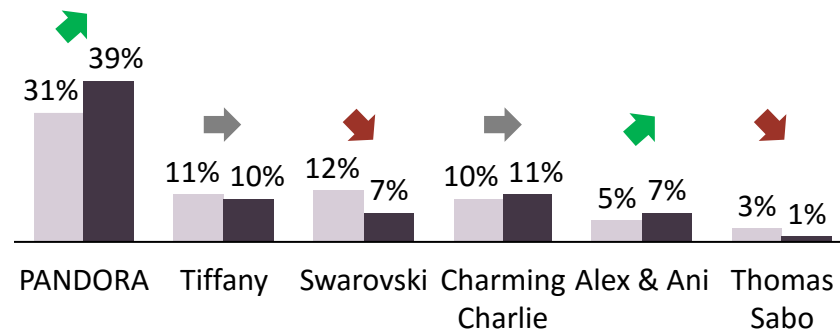


Source: US Annual Brand Tracker for PANDORA 2016 and 2017

... AND THERE IS NO INDICATION THAT PANDORA OWNERS ARE JUMPING TO COMPETITORS

PANDORA owners; "Which of the following brand have you bought for yourself in the last 12 months", % of respondents

2016
2017



02 | NEW STRATEGY TOWARDS 2022

01

2017 PERFORMANCE

Anders Colding Friis, President & CEO

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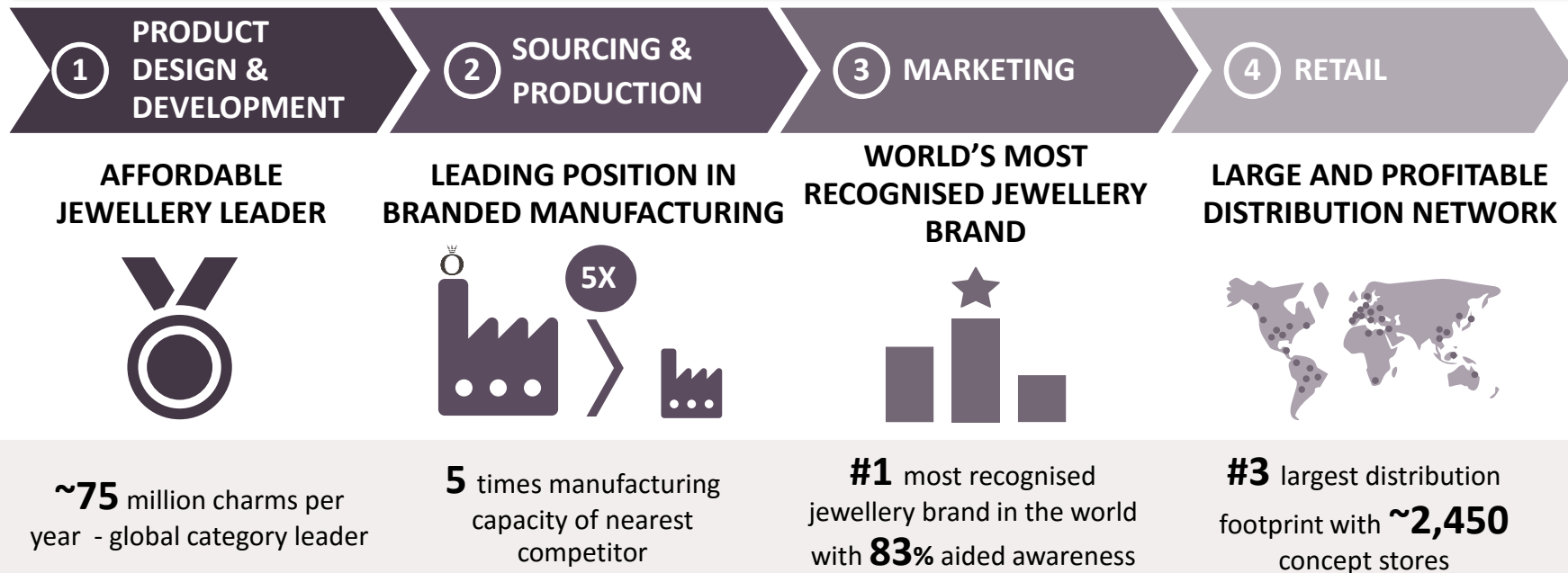
CLOSING REMARKS

Peder Tuborgh, Chairman of the Board



Looking ahead, PANDORA has a unique platform to build on with an integrated value chain

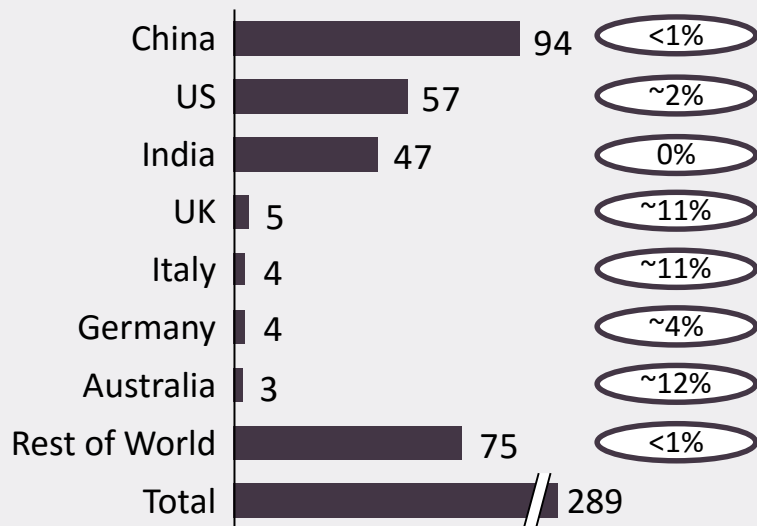
AFFORDABLE LUXURY LEADER WITH UNIQUE INTEGRATED BUSINESS MODEL



There are ample opportunities for growth

MARKET OPPORTUNITIES

MARKET SIZE IN EUR BILLION AND PANDORA MARKET SHARE, 2016

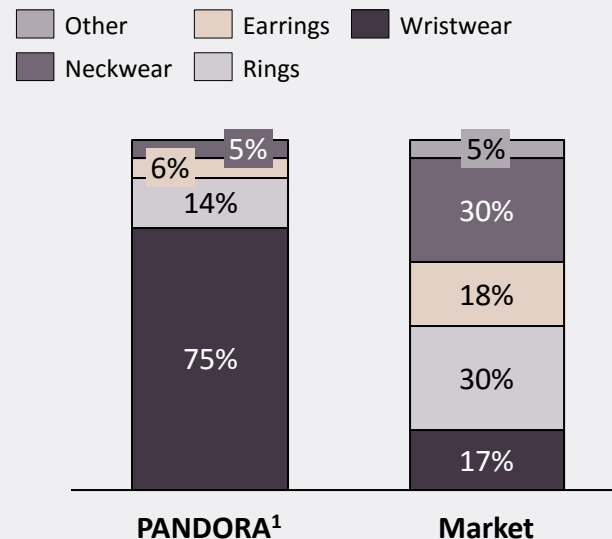


Source: Euromonitor, PANDORA data





¹ Based on LTM Q3 2017

CATEGORY GROWTH OPPORTUNITIES





(GLOBAL MARKET SIZE VS. PANDORA REVENUE)



We will transform PANDORA towards 2022...

Key elements	Today	2022
 Product	<ul style="list-style-type: none">• Charms and bracelets	<ul style="list-style-type: none">• Balanced full jewellery offering• Innovative product newness
 Brand	<ul style="list-style-type: none">• Mass marketing	<ul style="list-style-type: none">• Digital Brand reach• Personalised consumer communication
 Distribution	<ul style="list-style-type: none">• Wholesale	<ul style="list-style-type: none">• Retail• eSTORE with omni-channel integration
 Manufacturing	<ul style="list-style-type: none">• Lost wax manufacturing	<ul style="list-style-type: none">• Expanded manufacturing capabilities• Efficient manufacturing

... guided by four strategic pillars

Key elements	Today	2022
 Product	<ul style="list-style-type: none">• Charms and bracelets	INNOVATE AFFORDABLE JEWELLERY
 Brand	<ul style="list-style-type: none">• Mass Marketing	DIGITALISED BRAND EXPERIENCE
 Distribution	<ul style="list-style-type: none">• Wholesale	WINNING IN OMNI-CHANNEL RETAIL
 Manufacturing	<ul style="list-style-type: none">• Lost wax manufacturing	AGILE MANUFACTURING

PANDORA will look different in 2022



INNOVATE AFFORDABLE JEWELLERY

~50% New categories

10 Drops and +500 new products per year

1 New concept per year



DIGITALISED BRAND EXPERIENCE

#1 Industry leading digital consumer experience*

~8% Marketing spend

~60% Spend on digital media



WINNING IN OMNI-CHANNEL RETAIL

~3,500 Concept stores

~65% O&O share (# of stores)

~10-15% eSTORE share of revenue



AGILE MANUFACTURING

4 weeks manufacturing lead time

4 months new product launch (fast track)

200 million units in total production capacity

* L2 benchmark

We are setup to success based on previous 2 years' reshape of the business



INNOVATE AFFORDABLE JEWELLERY

- ✓ Design organisation expanded and strengthened
- ✓ Time to market reduced from 14 to 11 months
- ✓ Product development process redesigned (capacity doubled)
- ✓ Innovation pipeline built



DIGITALISED BRAND EXPERIENCE

- ✓ Social Media follower base increased from 9 to 16 million and reach expanded from 300 to 400+ people
- ✓ Global CRM system in place
- ✓ Digital media technology and execution strengthened



WINNING IN OMNI-CHANNEL RETAIL

- ✓ Significant O&O footprint
- ✓ Consolidation of POS systems – standardised to integrate with eSTORE
- ✓ Roll-out of eSTORE footprint



AGILE MANUFACTURING

- ✓ 2 new manufacturing sites in production
- ✓ Lean/flow principles implemented
- ✓ Innovation centre established
- ✓ New manufacturing techniques under implementation (plating and plastic injection)

* L2 benchmark

Towards 2022 PANDORA is

BUILDING TO INSPIRE OUR CONSUMERS



INNOVATE AFFORDABLE JEWELLERY

Key Success Factors

- *Category expansion*
- *Innovation and newness*



DIGITALISED BRAND EXPERIENCE



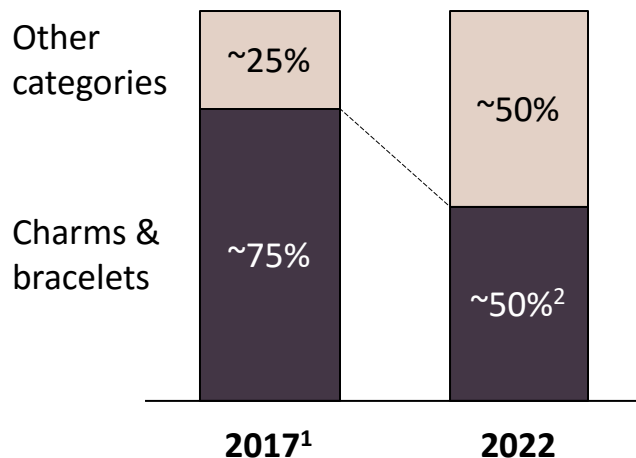
WINNING IN OMNI-CHANNEL RETAIL



AGILE MANUFACTURING

WHERE WE ARE GOING | INNOVATE AFFORDABLE JEWELLERY

Grow the other categories



Balanced product mix a core component of our strategy as we aim to:

- Maintain and develop position as Charms category leader
- Capture growth opportunities in other categories
- Reduce dependency on a single product category

¹ Based on LTM Q3 2017

² Indicative direction, not specific target (e.g. might be 55% Charms and Bracelets)

OUR RECIPE FOR GROWTH | INNOVATE AFFORDABLE JEWELLERY



Lead & innovate the charms category

- Continuously refresh Moments offering
- Develop new charm/bracelet platforms



Win the other categories

- Add net 400 products in Rings, Earrings and Necklaces & Pendants (to 800 in total)
- Broaden design style (new designs and materials)



Fast, timely & wide design newness

- 10 drops per year (up from 7)
- ~550 new product annually (up from 400)
- Reduce new product time to market – as fast as 4 months



Concept innovation

- Launch minimum 1 new concept annually
- Design and innovation team linked to manufacturing

Charms continues to be an attractive category with long-term potential

Charms is a broad category with many different expressions

1 Many different users of charms – also celebrities



Dolce & Gabbana *Jill Sander* *Coach*



2 Widely used with different looks

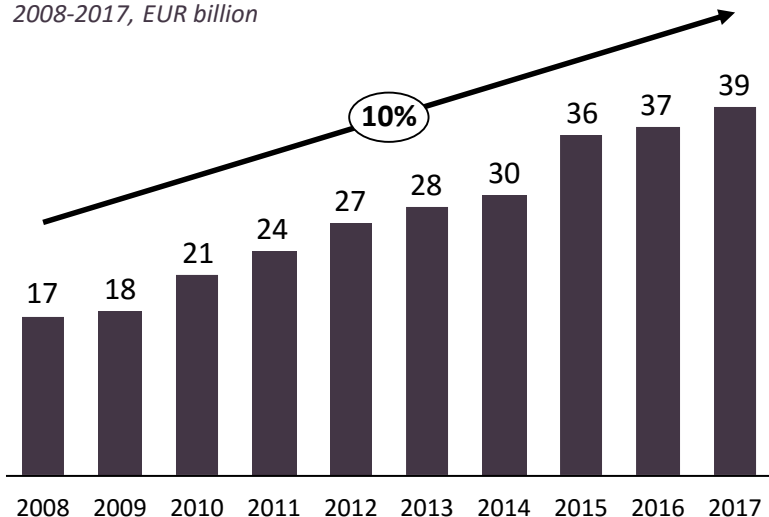


3 Charms expanding into other jewellery categories (Necklaces)

Wristwear growth sustainable in the long term

Global wristwear revenue

2008-2017, EUR billion



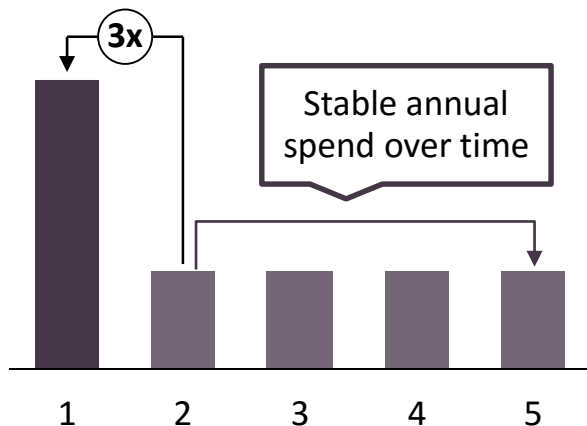
Source: Euromonitor, Media articles

The dynamics of the charms category imply a stabilisation of growth as markets develop

CHARMS CATEGORY DYNAMICS

High value of new consumers, but highly loyal and stable in following years

Consumer spend by 'age' in brand

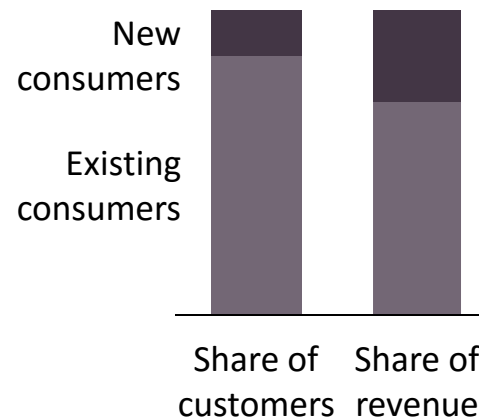


Source: PANDORA Brand Tracker 2017

IMPLICATION ON REVENUE GROWTH

New consumer acquisition highly important for revenue growth on top of a stable revenue base

Revenue composition



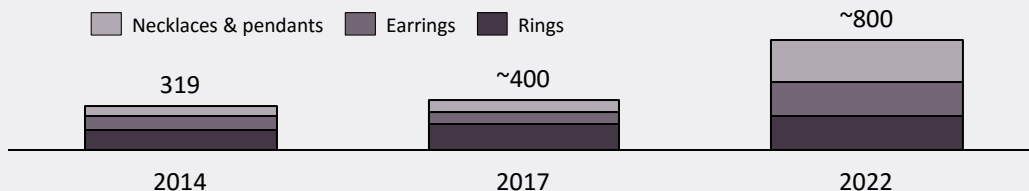
Growth levers

- Launch new charms platforms to cater for broader consumer base
- Continuously refresh Moments platform to drive repetitive purchase from loyal consumers

We will expand our offering and drive awareness to grow sales in the other categories

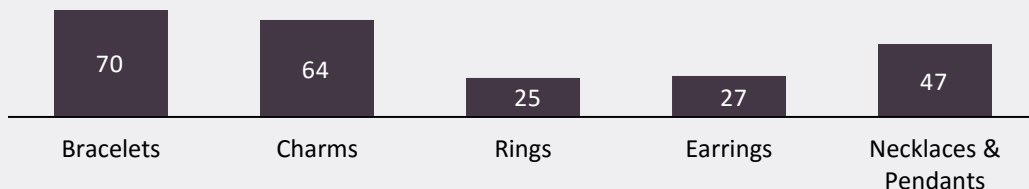
LAUNCH MORE PRODUCTS ACROSS CATEGORIES

Active design variations in portfolio



DRIVE AWARENESS OF OTHER CATEGORIES

Category awareness among non-owners (%)



CROSS-SELL TO EXISTING CONSUMERS



Source: PANDORA analysis, PANDORA brand tracker 2017, top 25 markets

Our strategy will generate sustainable long-term growth with a ~2% reduction of EBITDA margin

Strategic pillar elements

Lead & innovate the charms category

Win the other categories

Fast, timely & wide design newness

Concept innovation

TOTAL

Revenue implications



Today¹

2022

EBITDA margin impact

~0%

~-2%

Due to innovations in new materials, concepts and styles with higher production costs

~-2%

¹ Based on LTM Q3 2017

Towards 2022 PANDORA is

BUILDING TO INSPIRE OUR CONSUMERS



**INNOVATE AFFORDABLE
JEWELLERY**



**DIGITALISED BRAND
EXPERIENCE**



**WINNING IN
OMNI-CHANNEL RETAIL**



AGILE MANUFACTURING

Key Success Factors

- *New manufacturing techniques*
- *Efficiency gains and lead time reduction*

We continue to curiously develop the future of jewellery manufacturing

MANUFACTURING CAPABILITY EXPANSION

From lost wax casting only...



...to new manufacturing capabilities enabling a wider product offering



NEXT LEVEL PRODUCT INNOVATION

New innovation centre



Form



Functionality



Material



Expression

Towards 2022 PANDORA is

BUILDING TO INSPIRE OUR CONSUMERS



INNOVATE AFFORDABLE JEWELLERY



DIGITALISED BRAND EXPERIENCE

Key Success Factors

- *Extensive digital brand reach*
- *Personalised consumer experience*

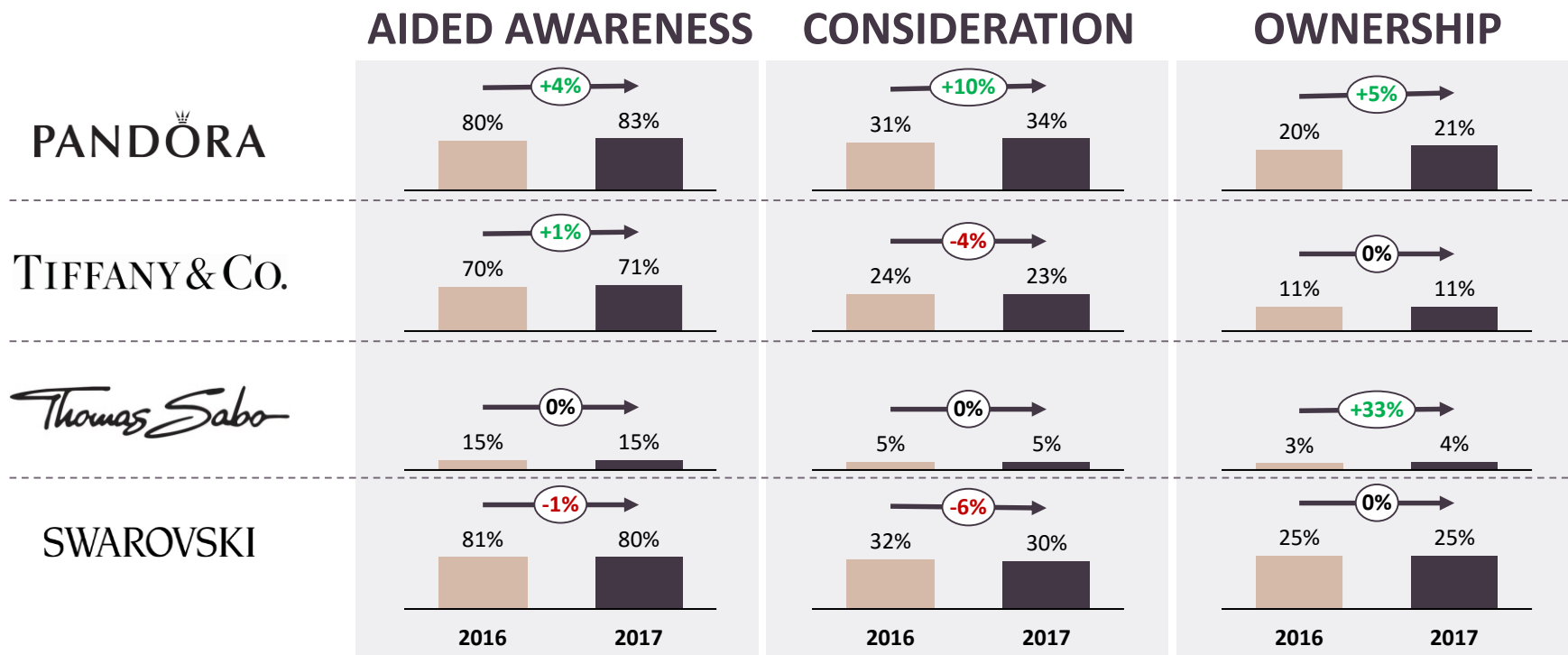


WINNING IN OMNI-CHANNEL RETAIL



AGILE MANUFACTURING

Our brand outperforms most competitors and is still growing stronger



Source: PANDORA Global Brand Tracker 2016 & 2017 (Top-25 markets)

OUR RECIPE FOR GROWTH | DIGITALISED BRAND EXPERIENCE



Marketing reach & efficiency

- ~8% marketing to revenue ratio in 2022 (DKK >2.5 billion)
- Marketing efficiency increase by 15-20%



Winning brand position

- Awareness of other categories of >50%
- Maintain #1 brand position



1:1 digital marketing

- ~60% spend on digital marketing in 2022
- Automated & personalised marketing model



Acquiring new consumers

- Increase social media presence
- Spend on influencer marketing

Towards 2022 PANDORA is

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**INNOVATE AFFORDABLE
JEWELLERY**



**DIGITALISED BRAND
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**WINNING IN
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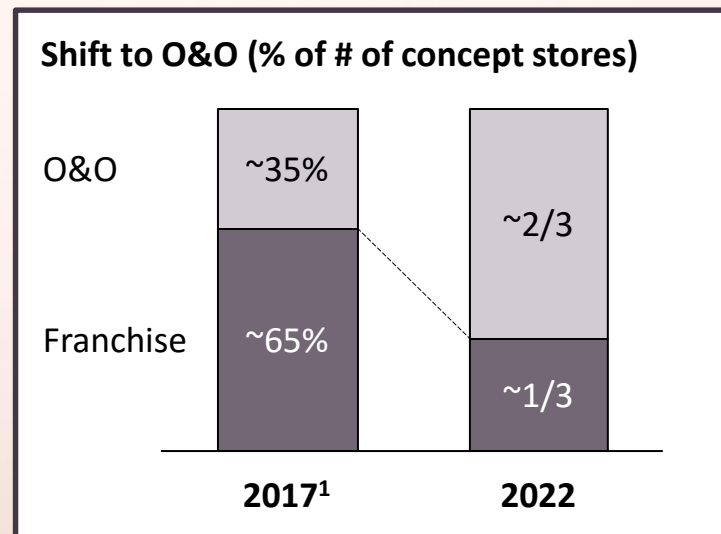
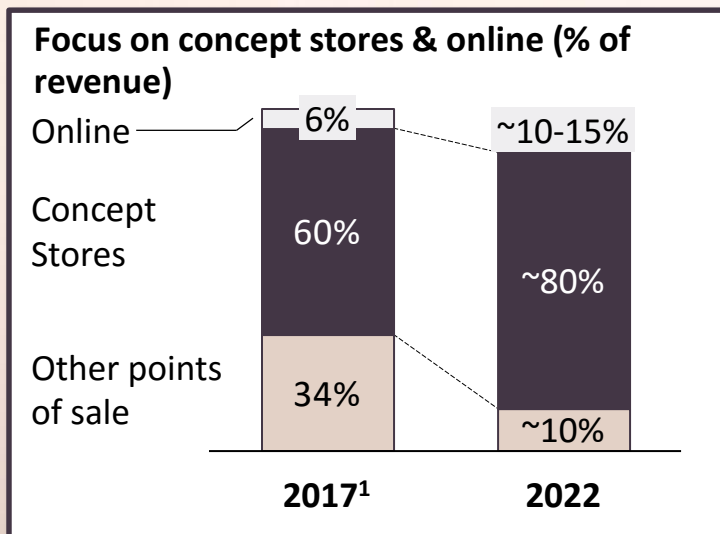
Key Success Factors

- *eCommerce growth*
- *Omni-channel integration*
- *Retail expansion*



AGILE MANUFACTURING

WHERE WE ARE GOING | WINNING IN OMNI-CHANNEL RETAIL



¹ Based on LTM Q3 2017

OUR RECIPE FOR GROWTH | WINNING IN OMNI-CHANNEL RETAIL



Expand & balance O&O footprint

- Open net 200 concept store annually (2/3 O&O)
- Take over 75-150 franchise stores annually
- Upgrade multi-brand network to branded points of sale



eCommerce growth

- eSTORE platform development
- eSTORE trading optimisation



Retail excellence

- Global retail excellence programme
- Evolution of concept store format



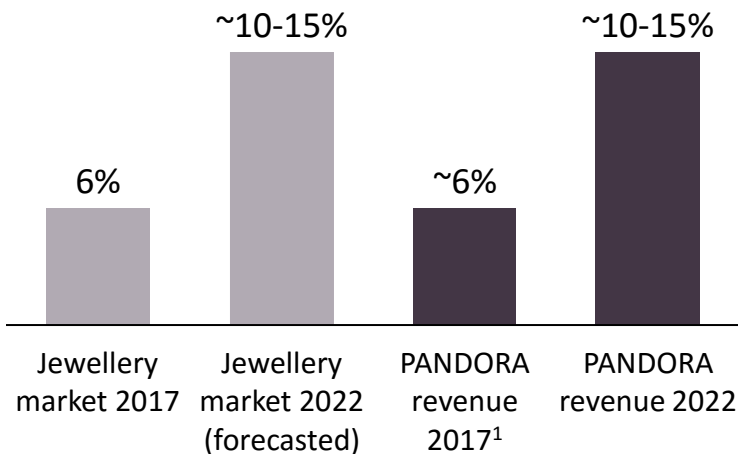
Omni-channel fulfilment & experience

- Omni-channel fulfilment and service expansion
- In-store digital enabled shopping

eSTORE to grow in line with market, but stores remain as our main distribution channel

PANDORA vs. Jewellery industry share of online

Online sales of fine jewellery in market and PANDORA,
% of sales



>

Physical distribution dominant, but strongly supplemented by eSTORE

20% of in-store purchases preceded by online research

2/3 of consumers purchasing online use a physical store before or after the transaction

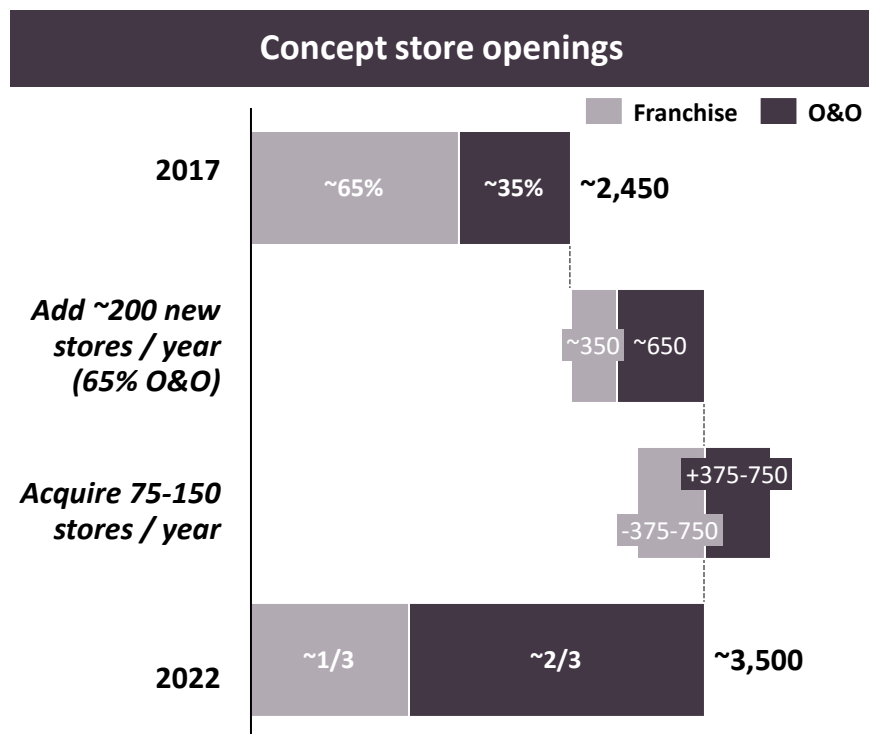
~70% of consumers prefer online shops combined with physical stores



Source: ECC, Euromonitor, PANDORA analysis

¹ Based on LTM Q3 2017

We will continue our network expansion towards 2022, increasing the O&O base



Rationale for increasing O&O share of business

Financial strong case

- **~2 x** Revenue
- **~1.8 x** EBITDA
- High return on invested capital

Other benefits

- Ease omni-channel integration
- Commercial flexibility

O&O expansion will generate high EBITDA growth, but imply 2% EBITDA margin reduction

Strategic pillar elements

Expand & balance O&O footprint

eCommerce growth

Omni-channel fulfilment & experience

Retail excellence

Revenue implications

200 store openings/year

75-150 franchise acq./year
eSTORE growth (~10-15% of revenue)

LfL growth
Closure of unbranded points of sales

Margin impact

~-2%
(incl. 1-2% leverage)

~0%

~0%

~0%

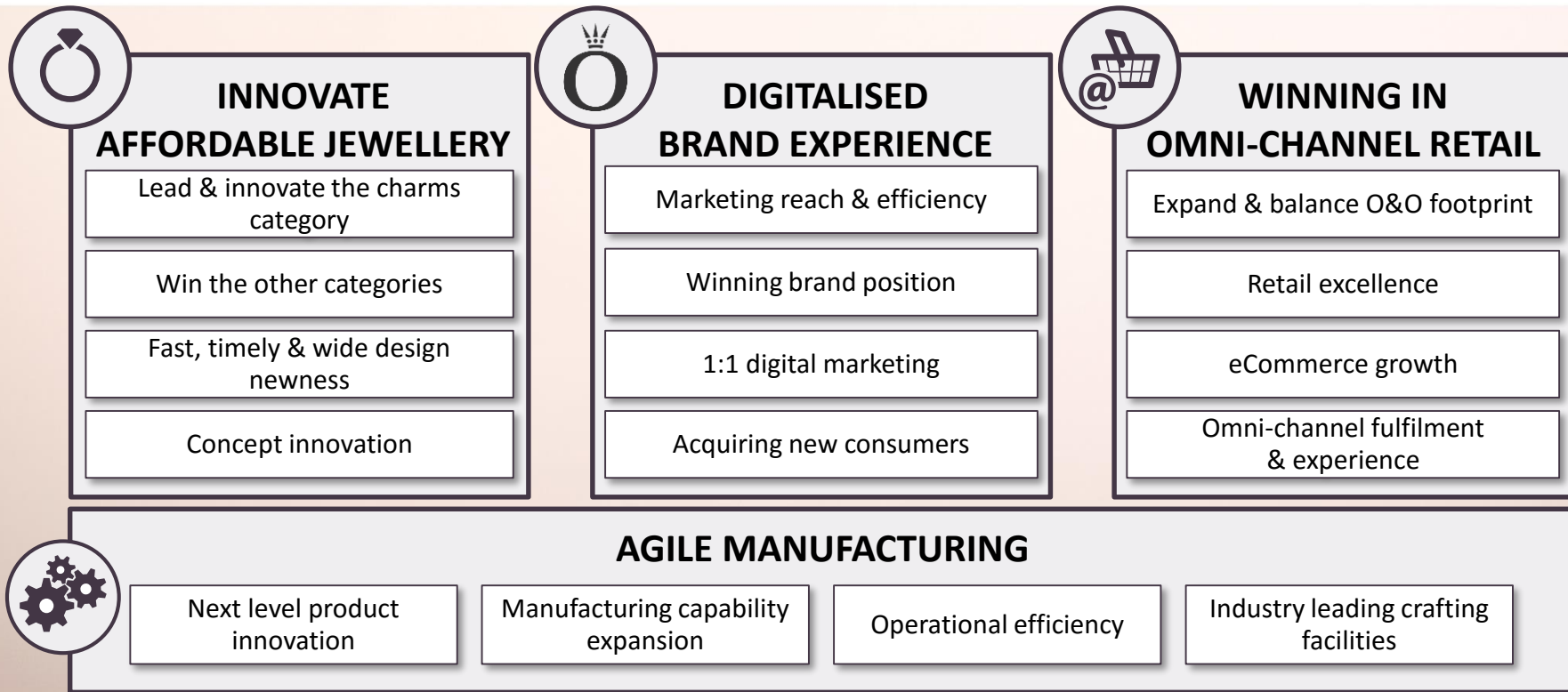
TOTAL

~-2%

Today

2022

OUR TRANSFORMATIONAL JOURNEY TOWARDS 2022



In 2018, we plan to deliver on all pillars



INNOVATE AFFORDABLE JEWELLERY

- 2 new concepts coming in 2018 – hereof 1 new charm platform
- 550 new products in 2018 (hereof 50% other jewellery categories)
- Fast track launch down to 4 months ready in Q1 2018



DIGITALISED BRAND EXPERIENCE

- US digital marketing efficiency improved during Q4 2017 and Q1 2018
- Point of sales data integration into CRM and automated e-mail campaigns in Q1 2018
- UK pilot on in-store digital tracking and advertising



WINNING IN OMNI- CHANNEL RETAIL





- Plans to acquire 75-150 concept stores in 2018
- Retail excellence programme in UK and Germany in H1 2018
- High double-digit growth in eSTORE 2017 – plans to strengthen platform in 2018
- One-site merge in Q1 2018
- Cross-channel refunds in H1 2018 and omni-channel fulfilment in selected US stores in H2 2018



AGILE MANUFAC- TURING

- Scaled capabilities for 3D printing, plaiting and plastic injection
- Procurement programme wave 1 delivering DKK 300 million in 2018
- Output per hour increased 15% and lead time reduced to 5 weeks

2018 will be the first year of the strategy period

	2017	Revenue 22.8bn	EBITDA ~37.3%	
	Product	<ul style="list-style-type: none"> Reset of assortment Phasing in of new products over the year 	<ul style="list-style-type: none"> 2 new concepts with lower margin 	~-1%
	Retail	<ul style="list-style-type: none"> Net ~200 concept stores 75-150 forward integrations 	<ul style="list-style-type: none"> Margin from many acquisitions in Q4 2017 and throughout 2018 	~-1%
	Marketing	<ul style="list-style-type: none"> High spend on launch of new concepts Upgrade of capabilities in digital marketing and platforms 	<ul style="list-style-type: none"> Limited material leverage on marketing in year 1 	~0%
	Manufacturing	<ul style="list-style-type: none"> Fast track – new products ready to launch in 4 months 	<ul style="list-style-type: none"> Scaling up new site Doubling number of new products launched 	~0%
	2018	2018 financials in line with 5 year strategy ambition –guidance on 6th Feb 7-10% growth in local currency ~35% EBITDA		

The PANDORA investment case towards 2022

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~35%
EBITDA margin



**ASSET
LIGHT**

~5%
CAPEX



**CASH
GENERATIVE**

**High
pay-out**

03 | INNOVATE AFFORDABLE JEWELLERY

01

2017 PERFORMANCE

Anders Colding Friis, President & CEO

02

NEW STRATEGY TOWARDS 2022

Anders Colding Friis, President & CEO

03

INNOVATE AFFORDABLE JEWELLERY

Stephen Fairchild, SVP & Chief Creative Officer

04

AGILE MANUFACTURING

Thomas Touborg, SVP, Group Operations

05

DIGITALISED BRAND EXPERIENCE

Minna Philipson, SVP & Chief Marketing Officer

06

WINNING IN OMNI-CHANNEL RETAIL

David Allen, President, EMEA

07

FINANCIAL OUTLOOK TOWARDS 2022

Peter Vekslund, EVP & CFO

08

CLOSING REMARKS

Peder Tuborgh, Chairman of the Board



INNOVATE AFFORDABLE JEWELLERY | Key takeaways

- 1 Unique edge in product: High quality craftsmanship, affordable prices and unique design DNA that allow women to express who they are
- 2 Making a step change and lead the industry on product newness and innovation
- 3 Charms category long-term sustainable and with firm plan for developing our offering, while objective to diversify across categories implies limited charms growth
- 4 Proven track record and fully capable to accelerate the growth in other jewellery categories

PANDORA offers affordable jewellery with timely and unique design for self-expression



AFFORDABLE REAL JEWELLERY



* PANDORA Planned pricing



TIMELY DESIGN





SELF- EXPRESSION



OUR RECIPE FOR GROWTH | INNOVATE AFFORDABLE JEWELLERY



Lead & innovate the charms category

- Continuously refresh Moments offering
- Develop new charm/bracelet platforms



Win the other categories

- Add net 400 products in Rings, Earrings and Necklaces & Pendants (to 800 in total)
- Broaden design style (new designs and materials)



Fast, timely & wide design newness

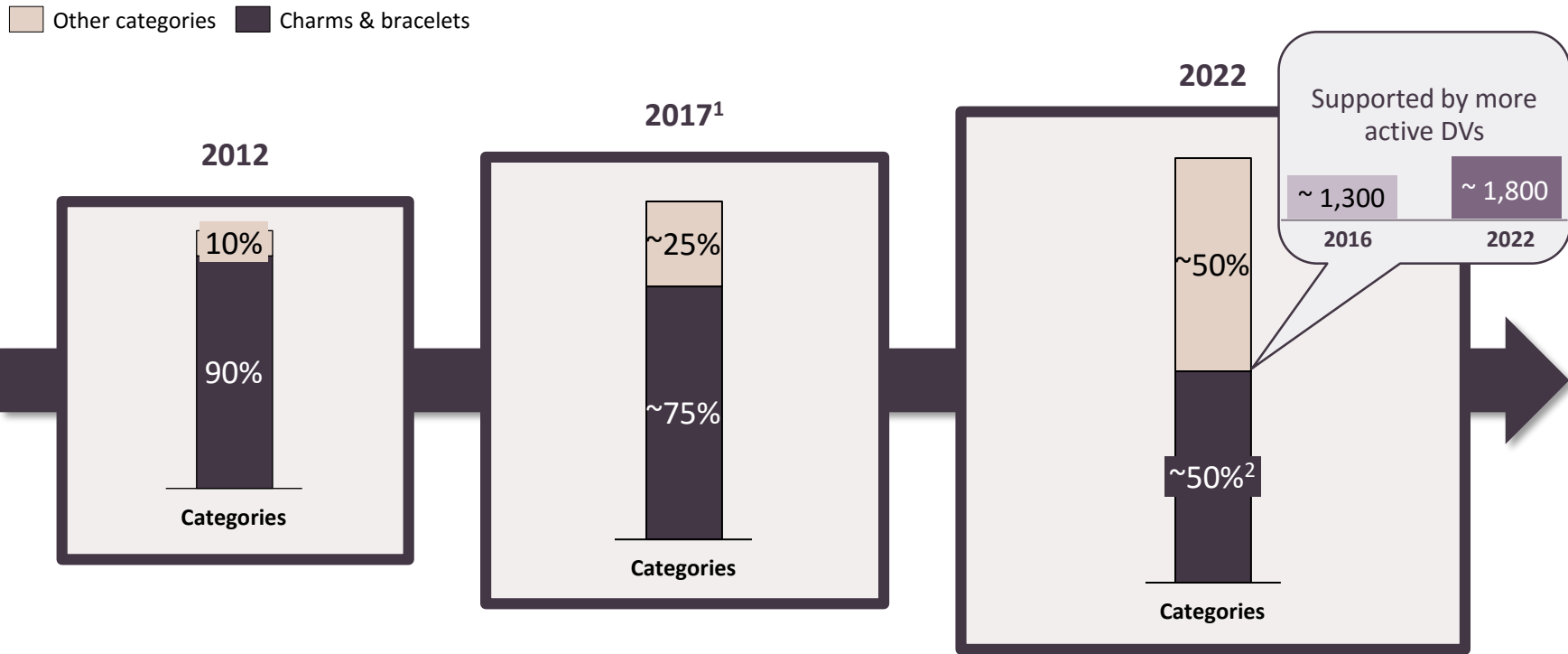
- 10 drops per year (up from 7)
- ~550 new product annually (up from 400)
- Reduce new product time to market – as fast as 4 months



Concept innovation

- Launch minimum 1 new concept annually
- Design and innovation team linked to manufacturing

PANDORA is a charms original that targets a balanced product revenue split



¹ Based on LTM Q3 2017
² Indicative direction, not specific target (e.g. might be 55% Charms and Bracelets)

Exceptionally high charms and bracelets volumes sold every day



~200,000

CHARMS SOLD PER DAY IN 2017

Source: PANDORA data

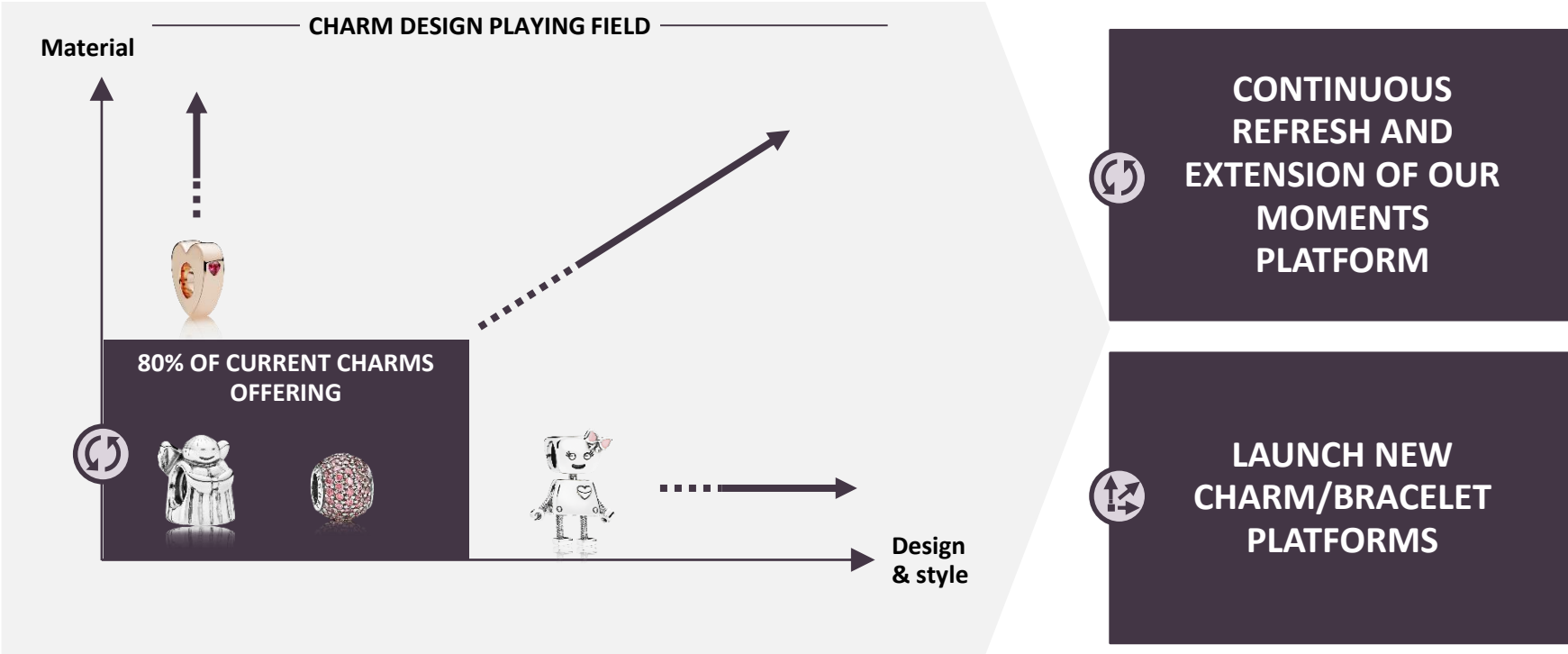
~40,000

BRACELETS SOLD PER DAY
IN 2017

Source: 2017 PANDORA preliminary numbers

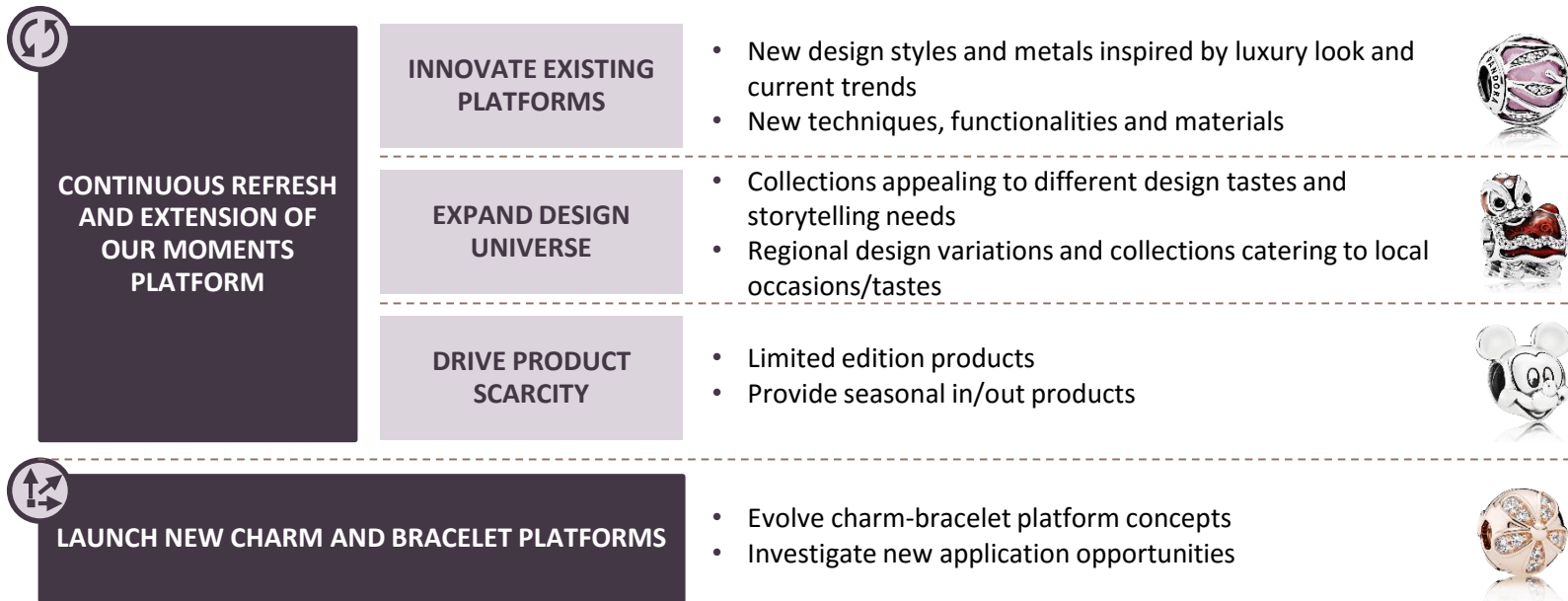


We will refresh our Moments platform as well as innovate the category by moving into new platforms

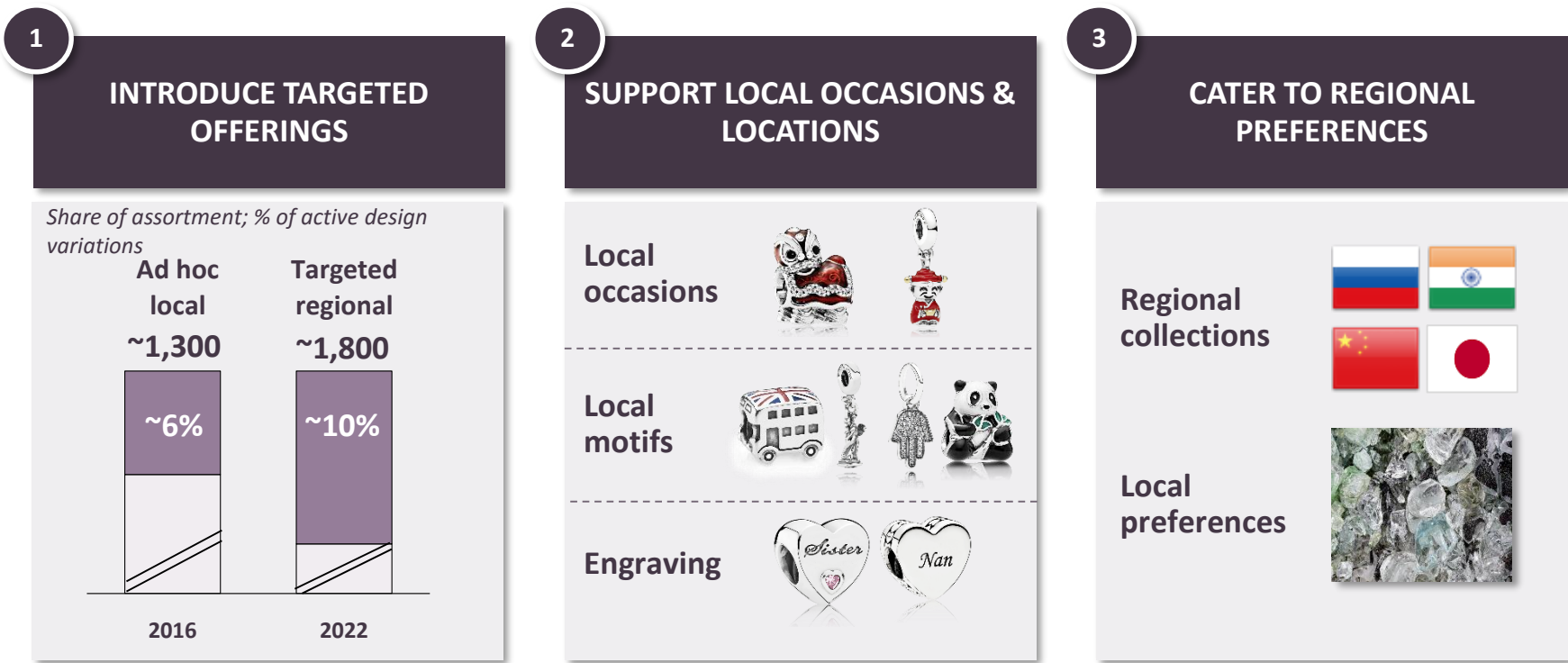


Source: PANDORA Charms Study

We will protect our leading position in the charms category through four areas

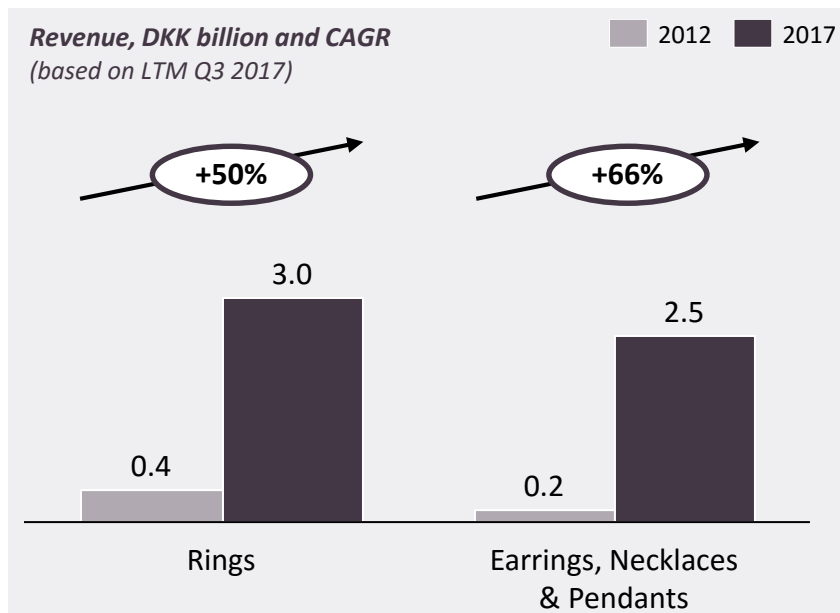


We will introduce more locally targeted offerings



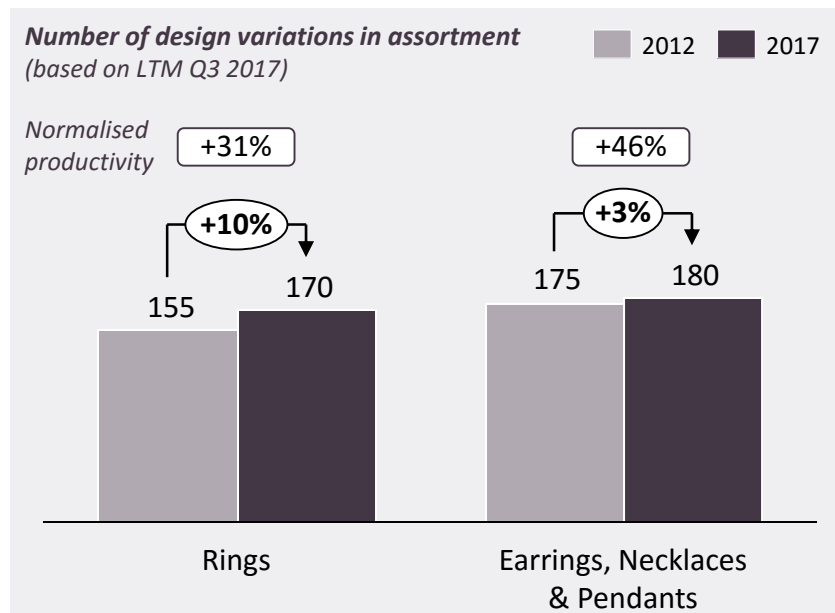
Historical great success in driving growth in other jewellery categories

SIGNIFICANT HISTORICAL GROWTH IN OTHER CATEGORIES



Source: PANDORA Global Brand Tracker, 2017

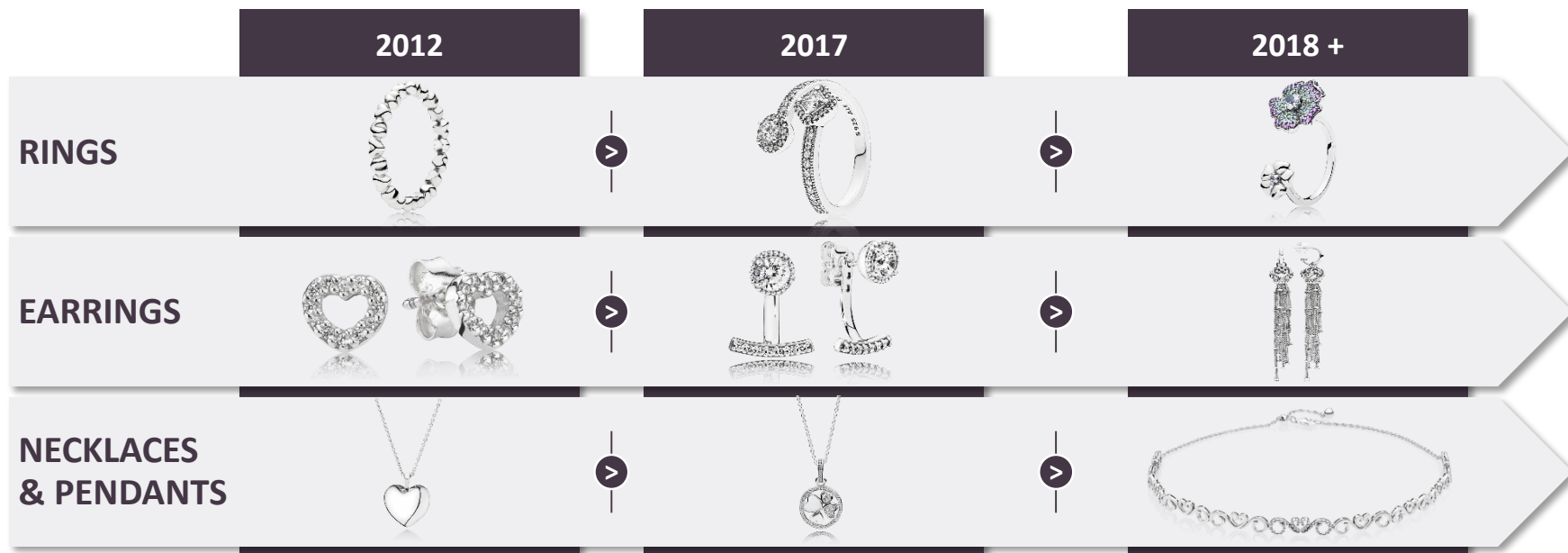
DRIVEN BY A SLIM AND HIGHLY PRODUCTIVE ASSORTMENT



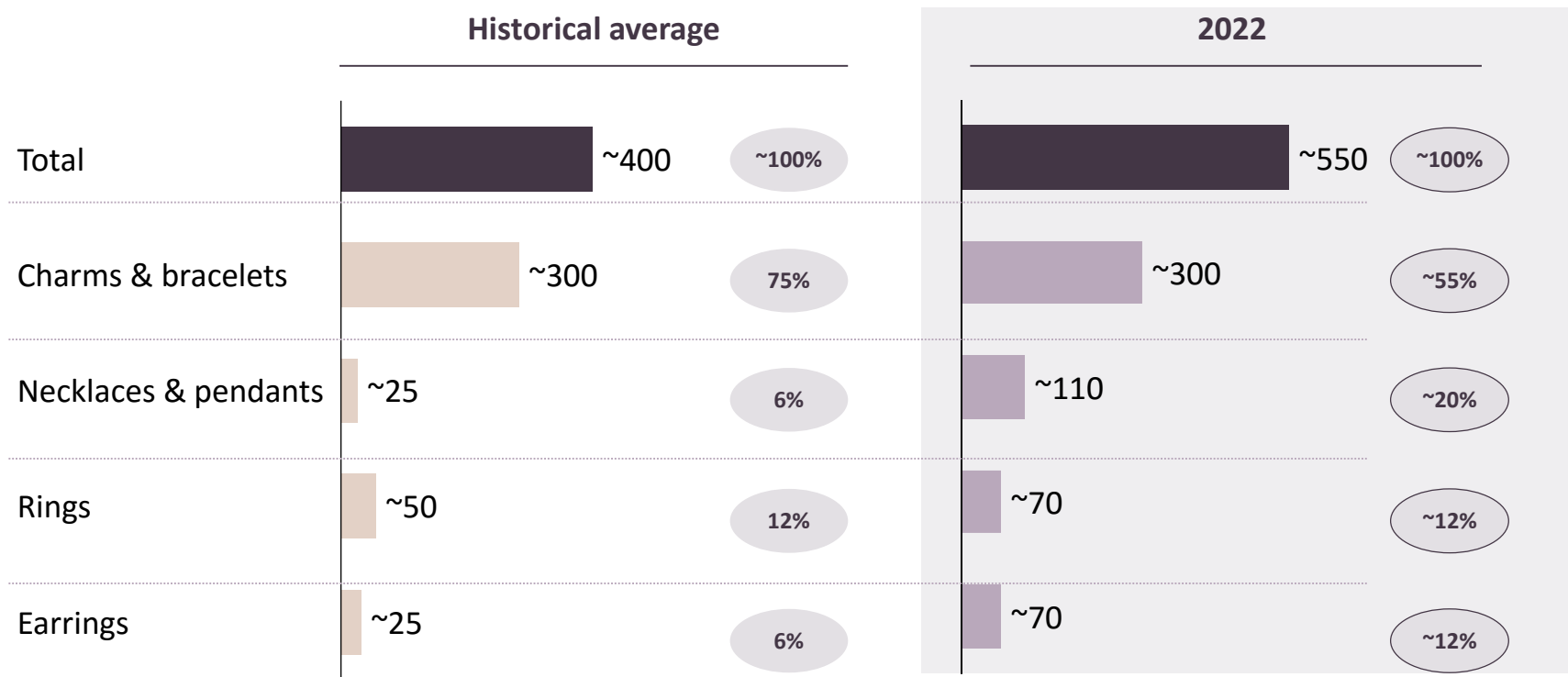
The design opportunities in the other categories are still vast

**WE HAVE ADVANCED OUR OTHER
CATEGORIES BEYOND THE BASICS...**

**... BUT WE HAVE FAR FROM
EXHAUSTED THEIR POTENTIAL**

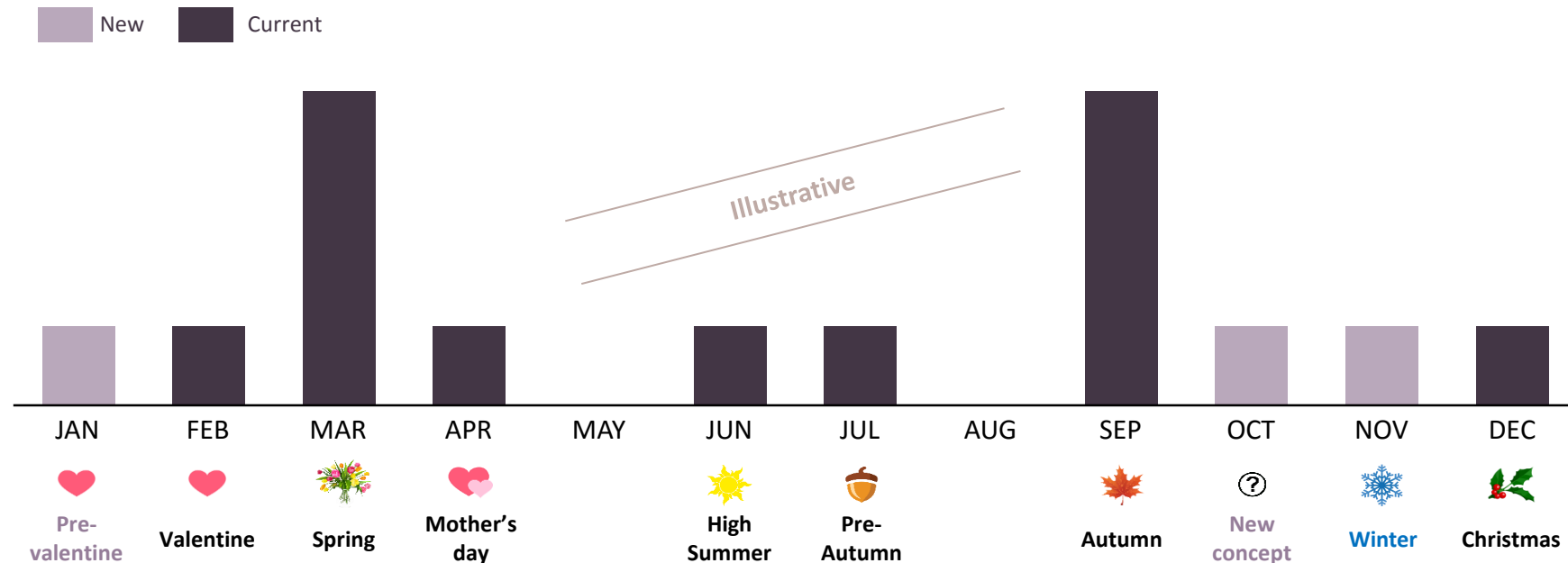


The annual design introductions will increase to ~550 to ensure broader assortment



We are going from 7 to 10 drops to drive a higher degree of newness

TWO LARGE DROPS AND EIGHT SMALLER DROPS THROUGHOUT THE YEAR



In 2018, the product assortment will include more innovation





In spring 2018, we will offer a new concept to our consumers named PANDORA SHINE

PANDORA SHINE IS A NEW CONCEPT...

- With a **strong platform** to build on joining the line-up of PANDORA Rose, Essence and Disney
- That will **support** the broadening of our jewellery offering
- That will provide **newness** to our product assortment
- Addressing the ~150 bn EUR gold market and making gold affordable

... WITH A CLEAR ROLL-OUT PLAN



Global launch exclusively in concept stores and the eSTOREs



In **March 2018**, PANDORA SHINE will be available to our consumers



1st drop will consist of **36 design variations**



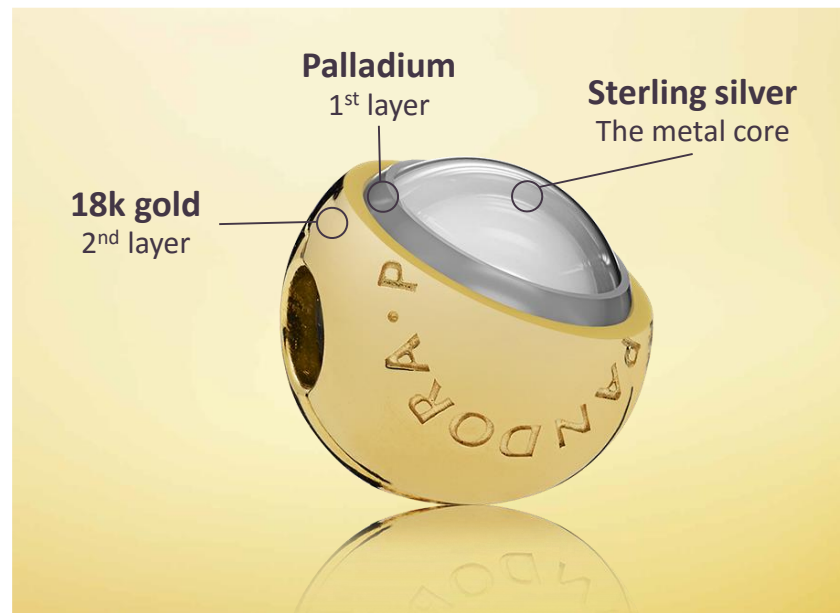
Affordable prices and high quality

PANDORA SHINE is high-quality gold plated jewellery

PANDORA SHINE IS OF HIGH QUALITY





- **Hand-finished** to perfection with an average of 30 pairs of skilled hands
- **High-quality plating solution** consisting of several layers
- **Great durability** due to the thickness of the gold plating
- **Fine jewellery with precious metals** throughout the product

COMPOSITION OF PANDORA SHINE





To summarise, we are taking multiple powerful steps towards 2022

Key elements	Today	2022
 Lead & innovate the charms category	<ul style="list-style-type: none">• One platform offering (Moments)	<ul style="list-style-type: none">• Continuously refresh our Moments offering• Develop new charm/bracelet platforms
 Win the other categories	<ul style="list-style-type: none">• ~75% Charms & bracelets• ~400 products in other categories	<ul style="list-style-type: none">• ~50/50 product category revenue split• ~800 products in other categories
 Fast, timely & wide design newness	<ul style="list-style-type: none">• ~500 products launched in 7 drops• 14 months new product time to market	<ul style="list-style-type: none">• ~550 products launched in 10 drops per year• Between 4 and 11 months new product time to market
 Concept innovation	<ul style="list-style-type: none">• No new concepts since 2014	<ul style="list-style-type: none">• Launch at least 1 new concept annually

04 | AGILE MANUFACTURING

01

2017 PERFORMANCE

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CLOSING REMARKS

Peder Tuborgh, Chairman of the Board



AGILE MANUFACTURING | Key takeaways

- 1 Step change made in product innovation that is unparalleled in the industry
- 2 Manufacturing capabilities and capacity in place to deliver on the product strategy
- 3 Scale and new manufacturing sites will drive efficiency improvements (cost and speed)



The AGILE MANUFACTURING recipe

Key elements



Next level product innovation

Description

- New innovation centre
- Stronger collaboration between designers, product teams & Manufacturing



Manufacturing capability expansion

- Expand manufacturing capabilities beyond lost wax process (casting) to support product strategy



Operational efficiency

- Increasing productivity
- Procurement savings programme

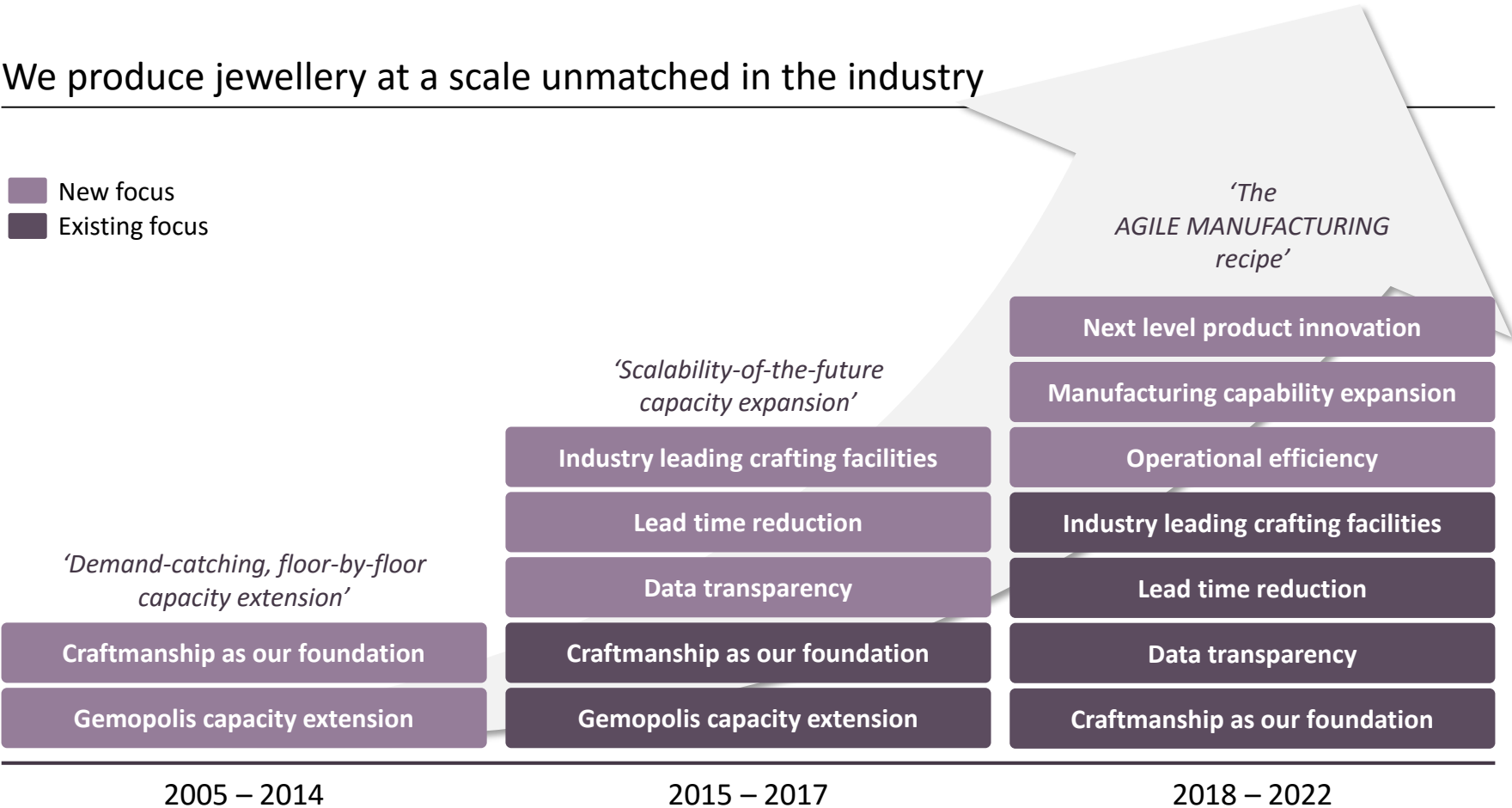


Industry leading crafting facilities

- Craftmanship as our heart
- Two new crafting facilities with increased data transparency
- Reducing lead time by 50% and capacity of up to ~200 million

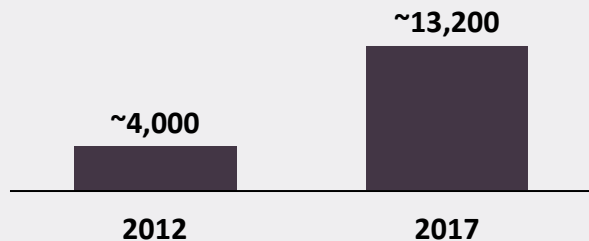
We produce jewellery at a scale unmatched in the industry

- New focus
- Existing focus

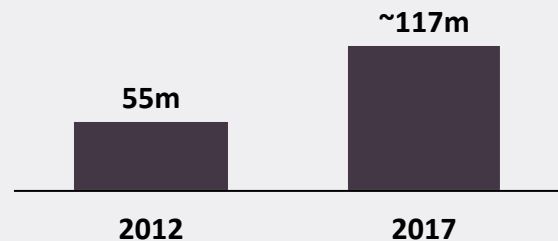


Skilled craftspeople are the heart in our agile manufacturing recipe

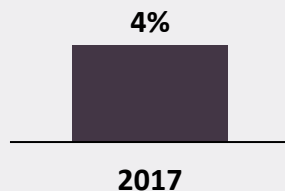
EMPLOYEES IN THAILAND



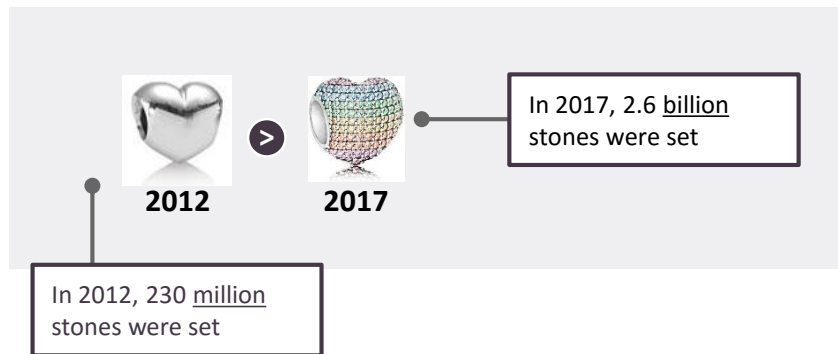
VOLUME SHIPPED FROM THAILAND



EMPLOYEE TURNOVER



PRODUCT EVOLUTION



We are socially responsible towards employees, the local community & the environment

GREEN CRAFTING FACILITIES



The only LEED gold certified jewellery facility in Thailand



Opening state of the art facility with green profile

LOCAL COMMUNITY ENGAGEMENT



Disabled organic farming project



11th My School Project - improving education in rural Thailand

GOOD WORKING ENVIRONMENT



Award winning working conditions & business practices



Strong focus on safety and development

RESPONSIBLE SOURCING



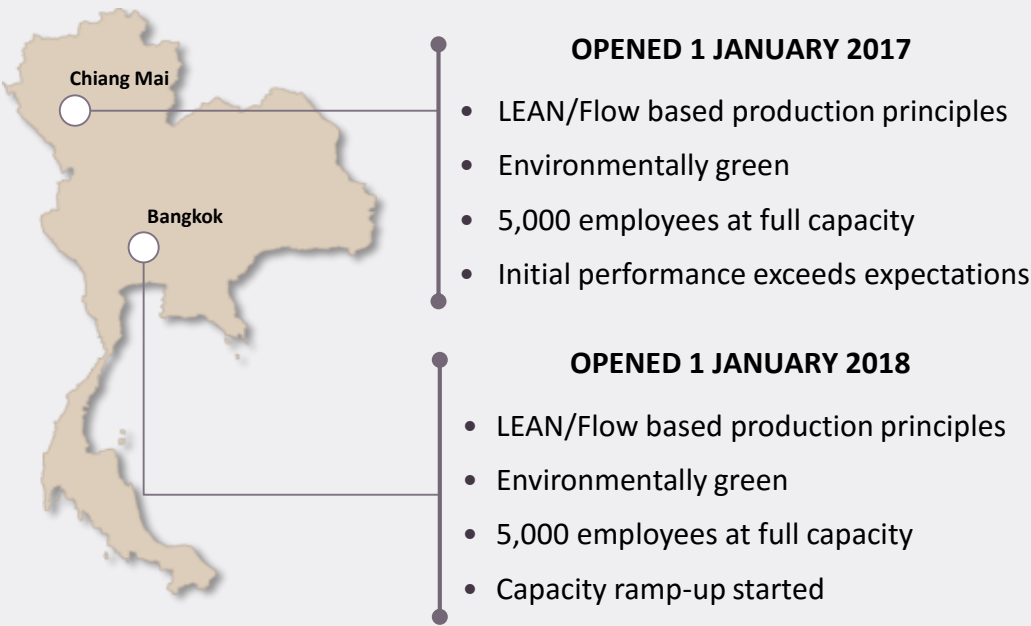
Proud RJC member
91% Silver and 86% Gold grains from recycled sources



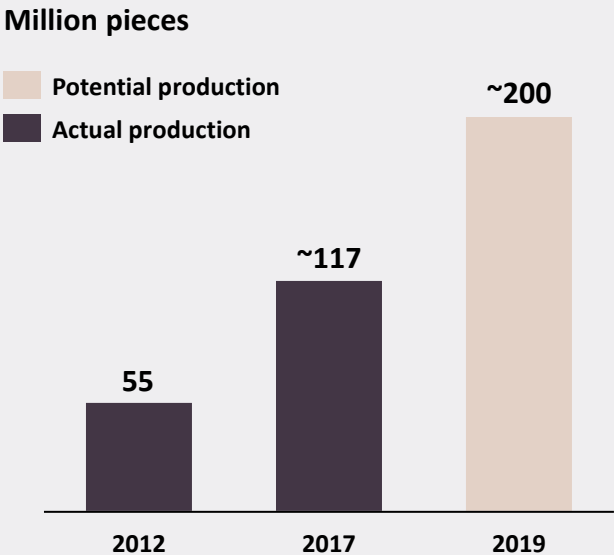
Responsible Supplier Programme

Our new facilities increase capacity to ~200 million pieces

2 NEW STATE OF THE ART PRODUCTION FACILITIES



INCREASING PRODUCTION CAPACITY

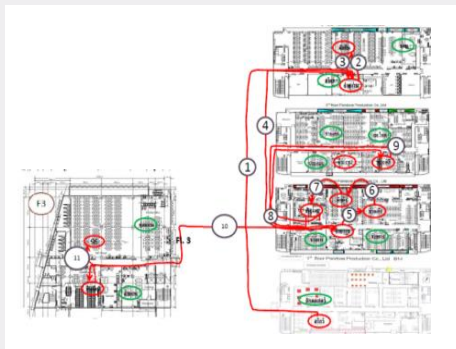


Creating flow reduces transport and waste to improve productivity and speed

FROM: LEGACY BANGKOK

Example of one charm being produced. It,

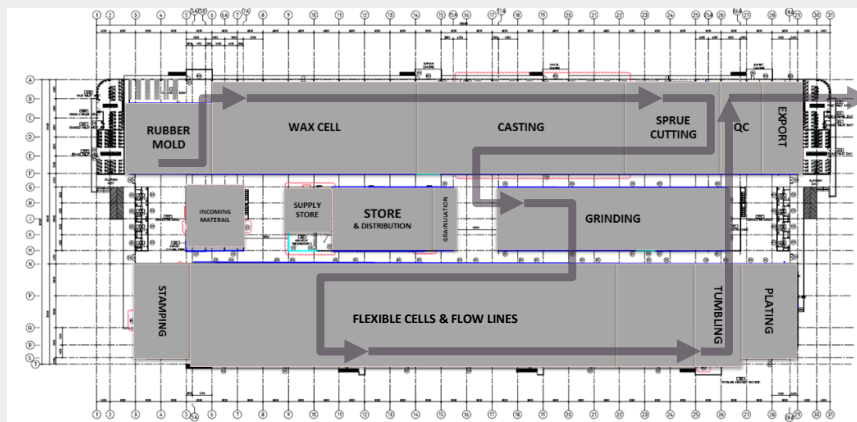
- Is transported +1,000 meters
- Spends ~40,000 minutes in transport and waiting



TO: CHIANG MAI FACILITY

Front end processes – Full control over processes!

Standardisation | Minimal variation | 6 sigma | Industry best practices



Finishing processes – Control, allowing for degrees of freedom

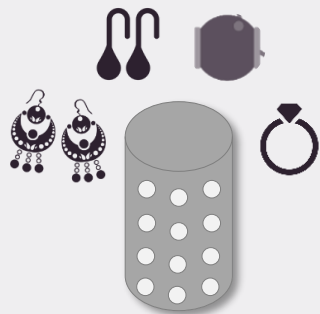
Hand-finished | Unique pieces | Some variation | Best way of working



Compared to the industry, our large volumes give us an efficiency edge

LOW VOLUME PRODUCTION

(INDUSTRY STANDARD)

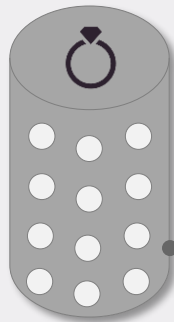


- Casting flasks not always full
- Several different SKU* per flask
- 'Compromise' casting conditions, e.g. temperature and duration, impacts cost and quality negatively

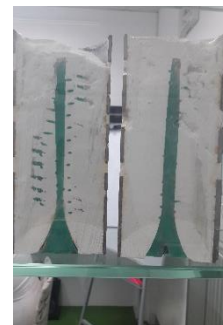
*SKU = Stock Keeping Units. One SKU equals one item number

HIGH VOLUME PRODUCTION

(PANDORA)



- +99% full casting flasks
- One SKU but many pieces per flask, and bigger flasks
- Optimal SKU-specific casting conditions increase quality and reduce cost

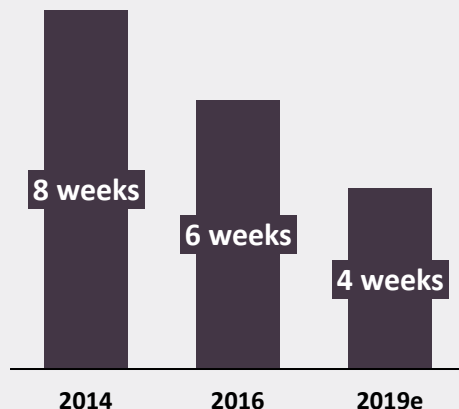


Reduced production lead time supports commercial success and cash conversion

WHAT

50% LEAD TIME REDUCTION BY 2019

Production order lead time

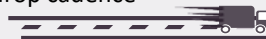


WHY

WHY IS IT IMPORTANT?

Top-line improvement

- Rapid response to demand spikes
- Bringing products faster to market
- Synchronisation to drop cadence



Reduced inventory

- Higher forecast accuracy on shorter horizons, reducing safety stock
- Faster replenishment reduces safety stock

Reduced production cost

- Faster detection of quality issues
- Less non-value-adding activities



HOW

TWO KEY REDUCTION LEVERS

Physical flow in production

Flexible cells

Flowlines

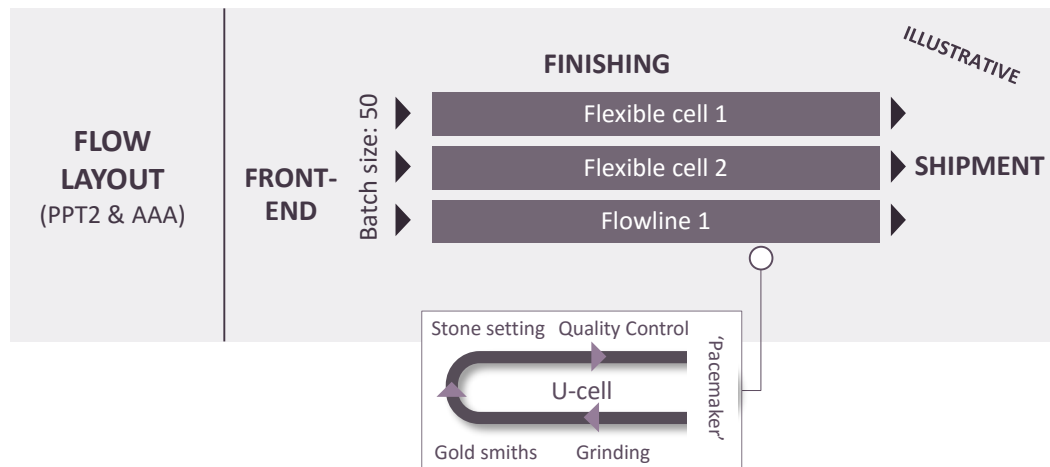
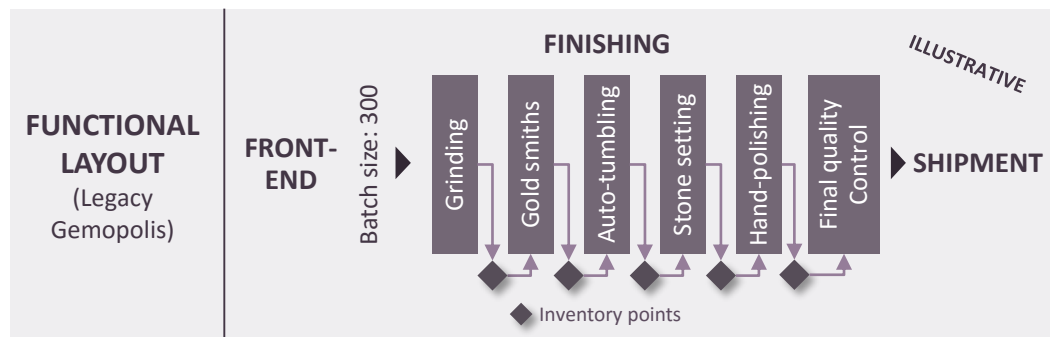
Factory flow

Production planning

Advanced planning & scheduling

Execution

Flow manufacturing contributes to significantly reducing lead time



By applying flow production layout, we have reduced lead-time in finishing by 80%



Reduced work-in-process inventory



Reduced queue / waiting



Reduced material handling e.g. transport and counting

Data transparency fuelled by replacing our legacy production system with ERP solution

DATA TRANSPARENCY ENABLERS



New Enterprise Resource Planning (ERP) implemented at all facilities securing end-to-end process & data transparency



Our new production facilities and -principles provide vast opportunities for capturing real-time performance data

REAL-TIME, DAILY, MONTHLY AND YEARLY DATA READILY AVAILABLE ON TABLETS

CASE A | MEDIUM- AND LONG-TERM PERFORMANCE IMPROVEMENTS



Production manager



Why is productivity generally lower on Fridays?

Why was reject rate on earrings higher last week?

Utilisation is constantly higher on flowline 16. What can the other lines learn?

CASE B | DAY-TO-DAY, HOUR-BY-HOUR MONITORING AND ERROR CORRECTION



Flowline team lead



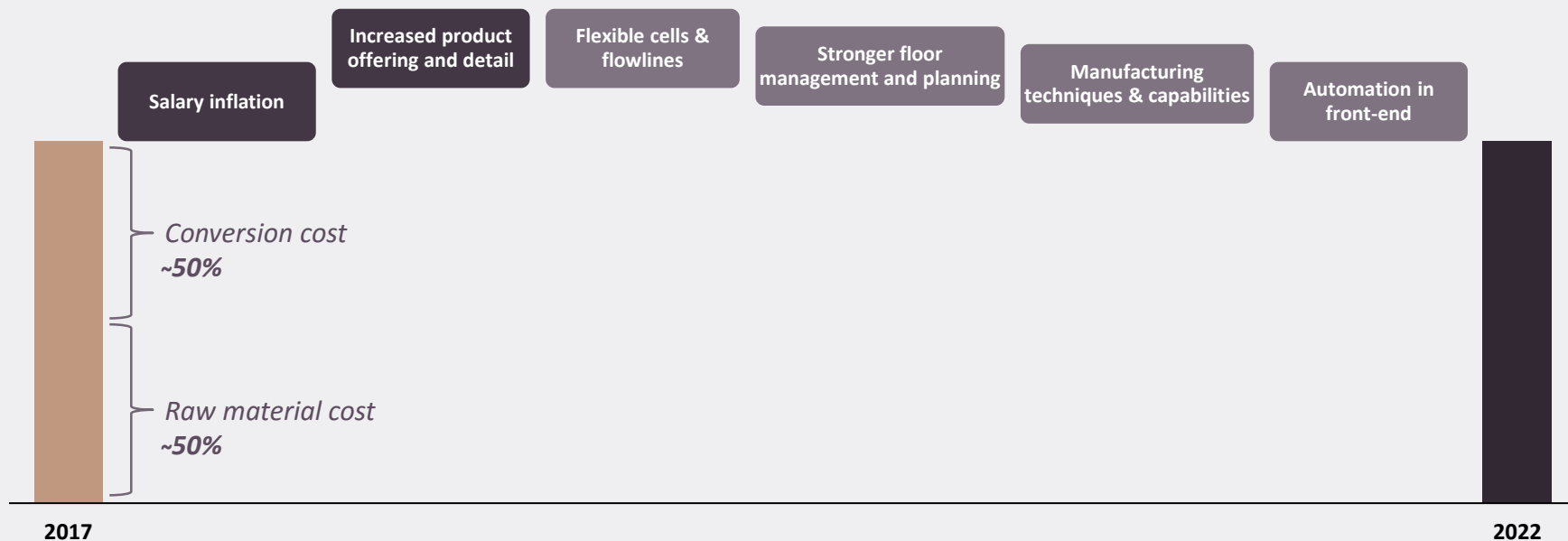
Productivity has dropped after lunch. A motivational speech is needed!

Operator 5 is fast with the new ring! She should show the others how

Operator 1 had a high reject rate yesterday

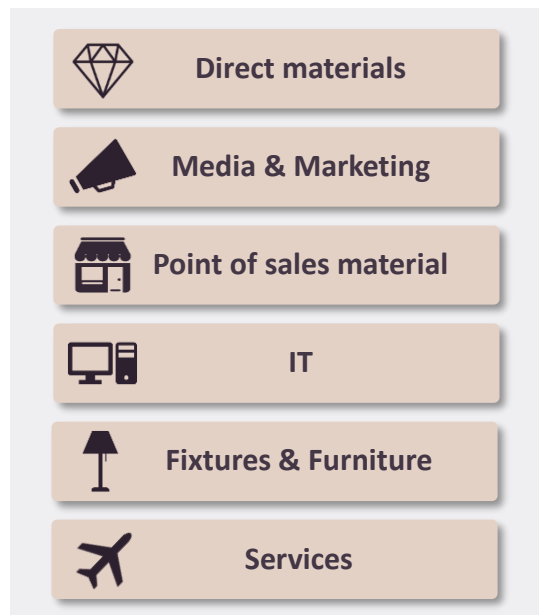
We have a solid roadmap in place to increase productivity

Manufacturing cost per unit

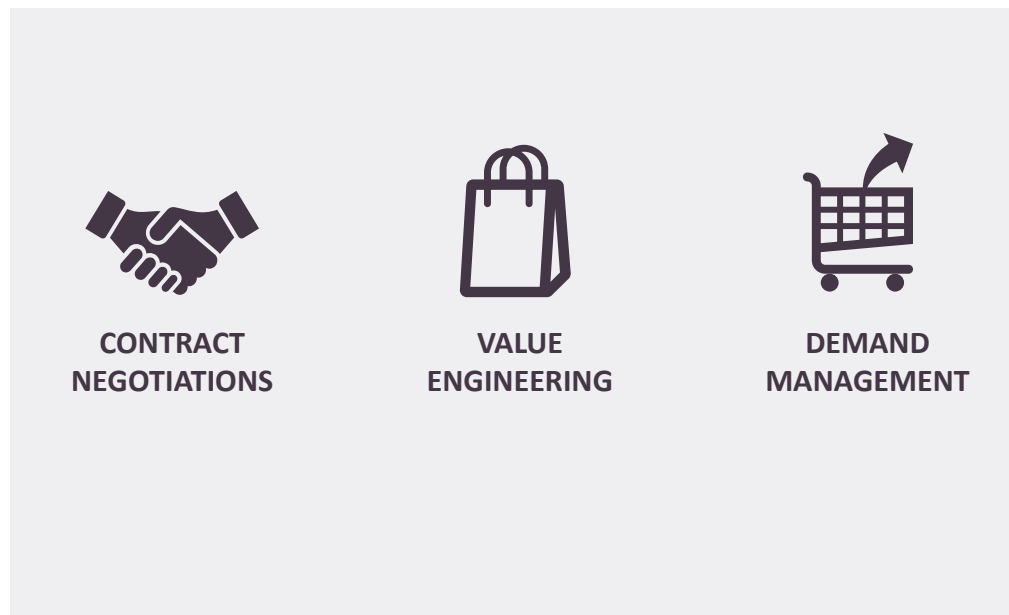
ILLUSTRATIVE

We have launched a procurement excellence programme to support funding the strategy

TARGETING OUR LARGEST CATEGORIES



...BY INCREASING FOCUS ON THREE SPEND REDUCTION LEVERS



We are expanding our in-house jewellery manufacturing capabilities

TRYING BEFORE BUILDING

CAPABILITIES BUILT ACCORDING TO COMMERCIAL LONGEVITY

TREND & TRY

We buy externally,
if no capabilities in place

CORE ASSORTMENT

We build capabilities,
if not already in place

Examples

Rose



Wood



Out

In

>

NEW CAPABILITIES

OUR 2022 MANUFACTURING CAPABILITIES



LOST WAX PROCESS

- Core competence today

PLASTIC INJECTION

- Substituting lost wax process, Increasing detail, precision and productivity



STAMPING

- Metal waste optimisation, less tarnishing, productivity



PLATING

- Adding color options



Jewellery 3D printing

- Speed & accuracy, designs not achievable by casting





New innovation centre will be key for product innovation as part of our product strategy

INNOVATION

SOURCES OF INNOVATION



Innovation at PANDORA is influenced both by internal and external sources

- **Competitive insights**
- **Consumer insights**
- **Product Management /merchants**
- **Retail insights**
- **Design trends**
- **Agencies**
- **Manufacturing R&D**



INNOVATION CENTRE

CROSS-FUNCTIONAL COLLABORATION



4TH FLOOR

Technical Development & Research and Quality Desktop



3RD FLOOR

Product Development Engine



2ND FLOOR

The test factory



1ST FLOOR

The playground



OUTPUT

PRODUCT INNOVATION



Innovating and developing new products and product features



Form



Functionality







Material



Expression

To summarise, we are taking powerful steps towards 2022

Key elements	Today	2022
 Next level product innovation	<ul style="list-style-type: none">• Scaling innovation• Physical frame for product innovation in place	<ul style="list-style-type: none">• World's largest R&D facility in finished goods jewellery
 Manufacturing capability expansion	<ul style="list-style-type: none">• World champion in lost wax casting process	<ul style="list-style-type: none">• Adding strong capabilities for plating, 3D printing, plastic injection and stamping to support product strategy
 Operational efficiency	<ul style="list-style-type: none">• Journey towards increased efficiency initiated on the back of the capacity expansion	<ul style="list-style-type: none">• Efficiency increases offset salary and product detail increase• Significant Procurement savings
 Industry leading crafting facilities	<ul style="list-style-type: none">• Two new crafting facilities just established• Production lead time of 6 weeks	<ul style="list-style-type: none">• Capacity of up to ~200 million units• Production lead time of 4 weeks

05 | DIGITALISED BRAND EXPERIENCE

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Peder Tuborgh, Chairman of the Board



DIGITALISED BRAND EXPERIENCE | Key takeaways

- 1 Highly loyal consumer base and brand that continue to be relevant to consumers across age, geography and income groups
- 2 The most recognised jewellery brand and ready to strengthen position further
- 3 Transforming marketing model from classical mass marketing to personalised consumer engagement across digital channels

Women's relationship with jewellery is driven by three demand drivers



- PANDORA scores above competitive performance
- PANDORA scores in line with competitive performance
- PANDORA scores below competitive performance

Source: Qualitative study commissioned by PANDORA, Global Brand Tracker 2017

We deliver on those demand drivers through our strong value proposition

WE OFFER CONSUMERS A LUXURY EXPERIENCE...

CRAFTSMANSHIP

Hand-finished jewellery

HIGH-QUALITY MATERIALS

14 carat gold, 925 sterling silver

LUXURY EXPERIENCE

Look and feel of boxes and sales materials



... WHILE KEEPING OUR PRODUCTS AFFORDABLE

AFFORDABLE

85% of DVs between 10-99€

ACCESSIBLE

*~2,450 Concept Stores
19 eSTOREs*

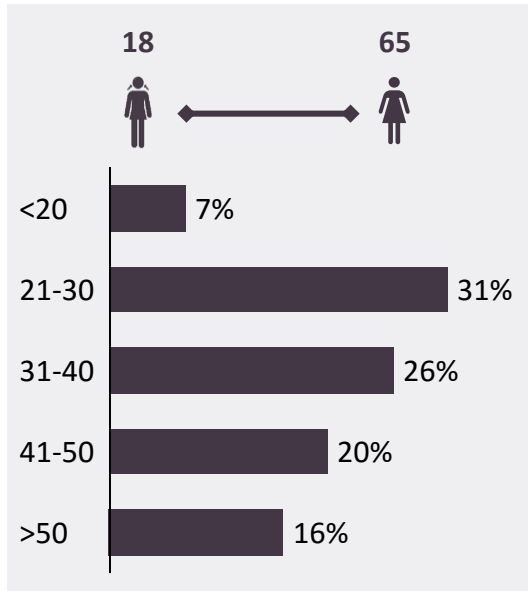
NEWNESS

7 drops, fast-track, 400 new DVs/year

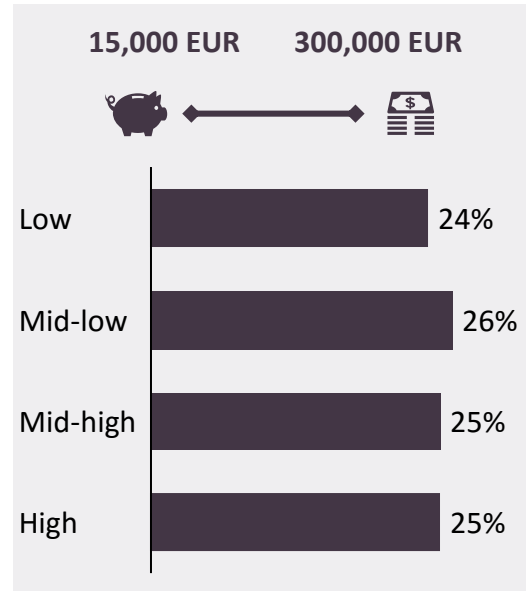
This proposition appeals to a wide range of consumers

DISTRIBUTION OF CONSUMERS WHO HAVE PURCHASED PANDORA WITHIN LAST 12 MONTHS

AGE



ANNUAL INCOME



GIFTERS



Source: PANDORA Global Brand Tracker 2017 (Top-25 markets)

Highest “share of heart” compared to global competitors

“SHARE OF HEART” IS AN IMPORTANT INDICATOR OF THE SHARE OF WALLET

Share of Heart shows how much consumers desire PANDORA relative to other brands measured by

- 1 *How close do you feel to the following brands?*
- 2 *How relevant do you find the following brands?*

The “Share of Heart” is more indicative for the intention to buy, relative to asking directly about purchase intent

PANDORA PERFORMS EXCEPTIONALLY WELL ACROSS FEMALES AND MALES

	♀	♂
PANDORA	21	21
SWAROVSKI	14	14
TIFFANY & CO.	11	11
Cartier	6	10
Thomas Sabo	3	2

Source: Ipsos Annual Brand Tracker for PANDORA 2017. Weighted global numbers based on top 10 markets.

OUR RECIPE FOR GROWTH | DIGITALISED BRAND EXPERIENCE



Marketing reach & efficiency

- ~8% marketing to revenue ratio (DKK >2.5 billion)
- Marketing efficiency increase by 15-20%



Winning brand position

- Awareness of other categories of >50%
- Maintain #1 brand position



1:1 digital marketing

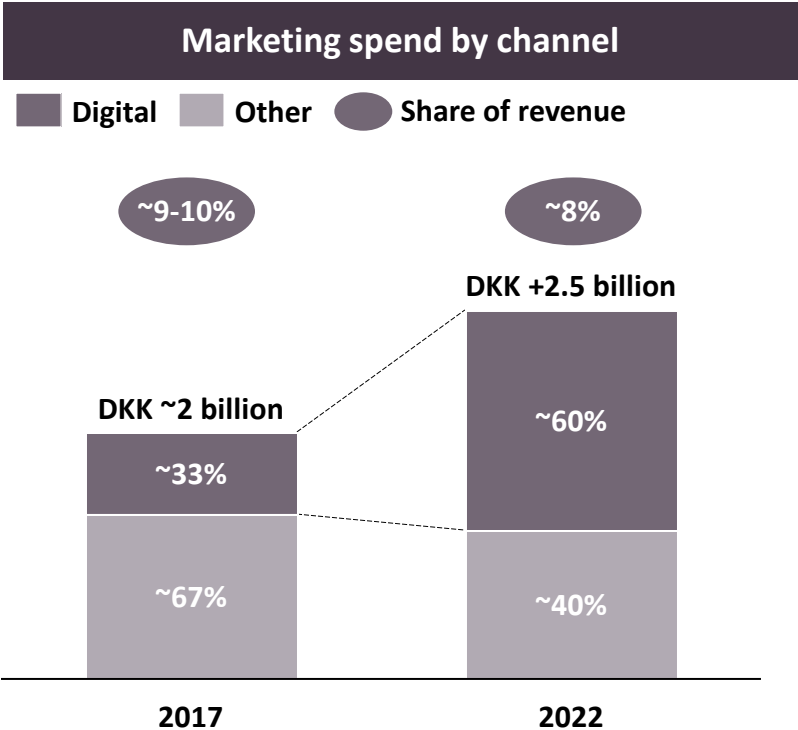
- ~60% spend on digital marketing
- Automated & personalised marketing model



Acquiring new consumers

- Increase social media presence
- Spend on influencer marketing

We will increase our marketing reach by growing spend and improving efficiency



- ### Improved spend efficiency
- Consolidate and re-negotiate media agency setup (from +15 to 2 global contracts)
 - Roll-out Return On Marketing Spend tools globally
 - Increase digital spend, tracking and follow-up

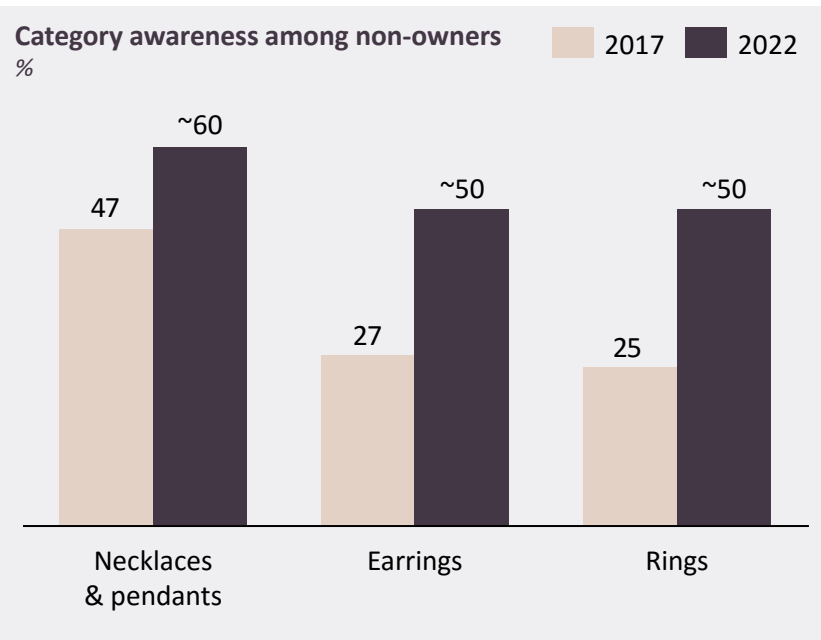
We will ensure that PANDORA is perceived as a full jewellery company

WE WILL POSITION OUR BRAND AS #1 ON FOUR KEY UNIQUE SELLING POINTS THROUGH OUR MESSAGING AND VISUAL EXPRESSION...

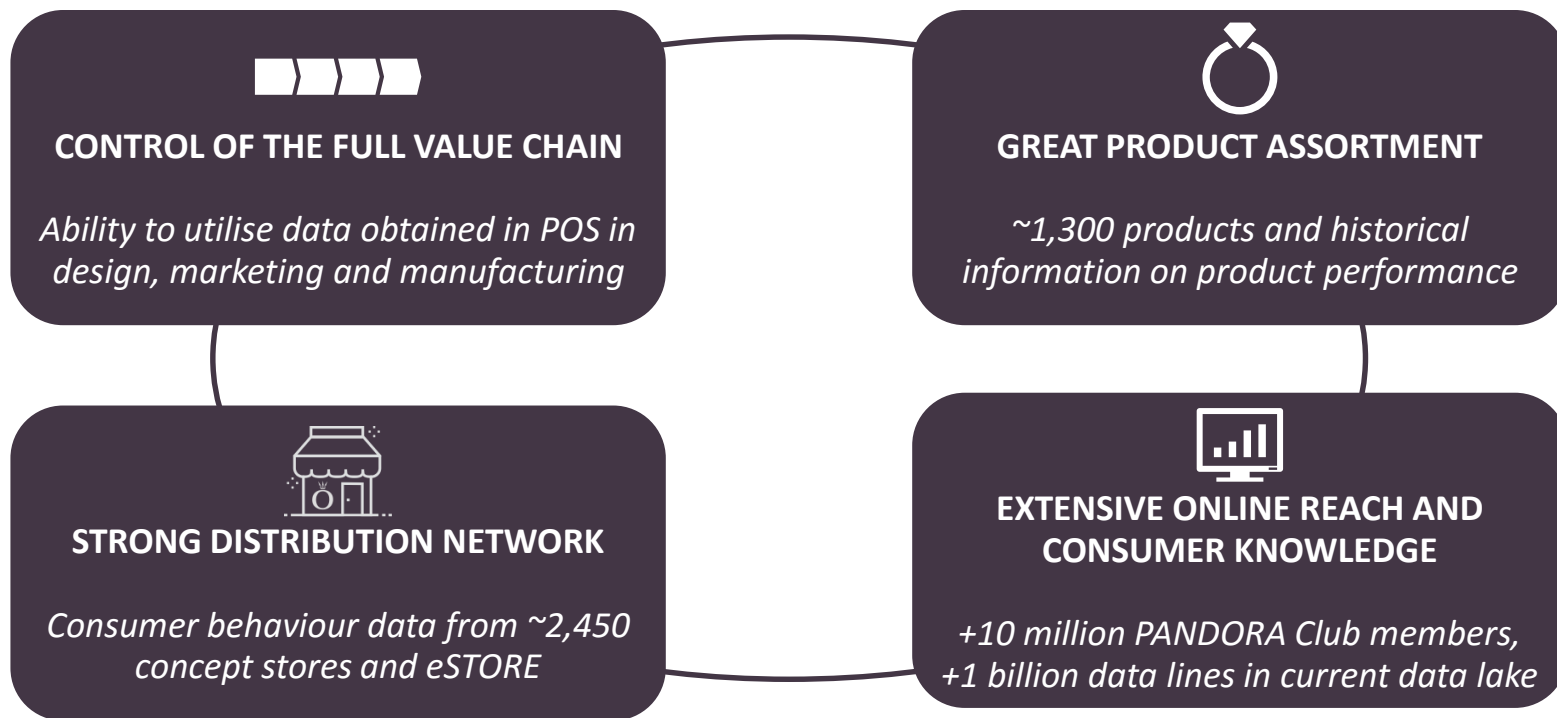


Source: PANDORA Brand Tracking 2017

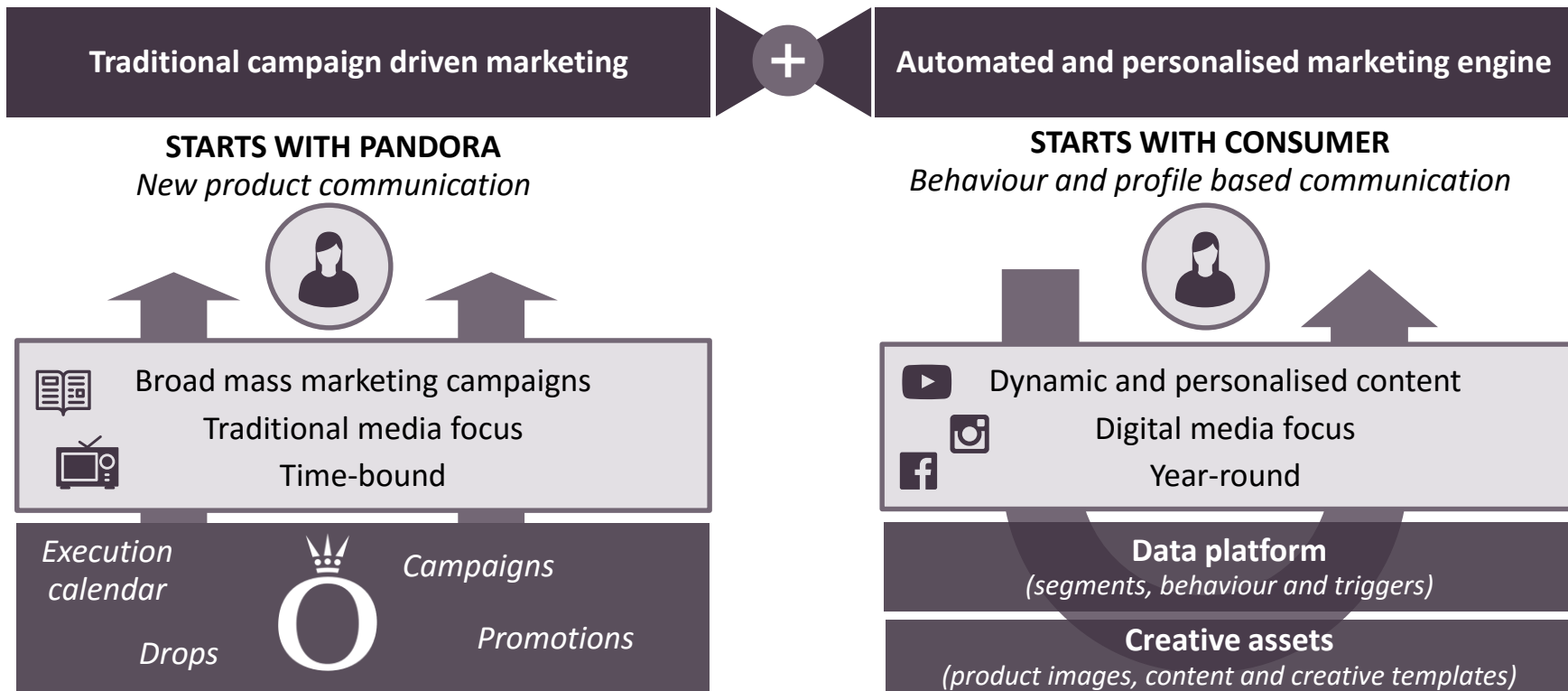
... WHILE EVOLVING OUR CONSUMER PERCEPTION TOWARDS A FULL JEWELLERY COMPANY



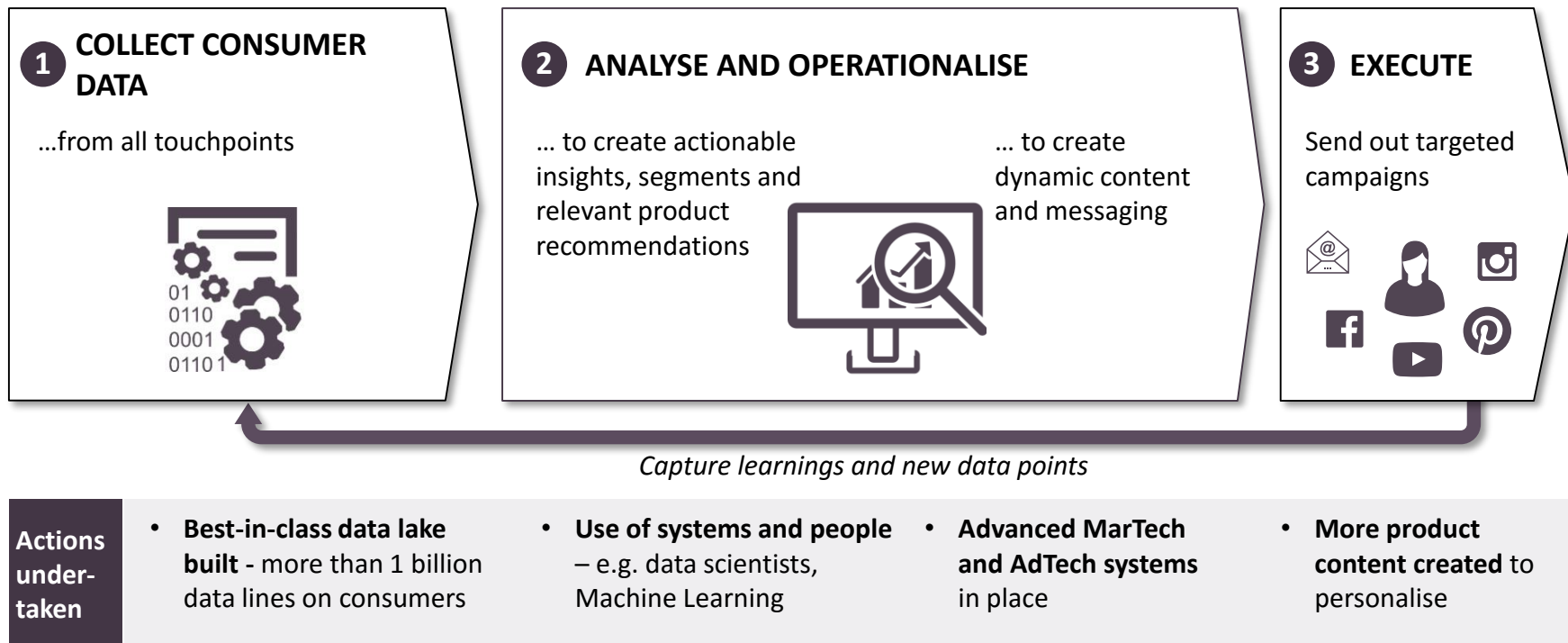
Leveraging our full value chain to drive data-driven marketing



Our marketing model will become more digital and consumer centric



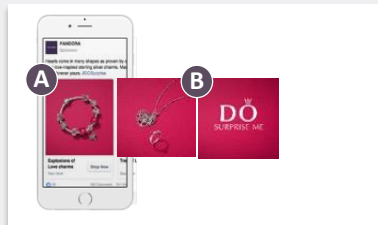
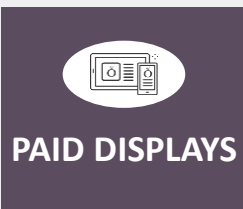
We will build an effective 1:1 data driven marketing approach



We will deliver truly personal activations with the 1:1 digital marketing approach

FOCUS AREAS

Examples (*non-exhaustive*)



- A** Dynamic image space based on segment profile (demographics, collection or product preference)
- B** Relevant messaging based on life stage / event



- C** Gifting-related creative and messaging
- D** Personal call to action: "Give her the gift..."
- E** Pre-allocated gifting set to ease the choice



- F** Personal recognition based on consumer data – *"Dear Jennifer, get the perfect BIRTHDAY gift"*
- G** Targeted product recommendations based on previous purchases and wishlist

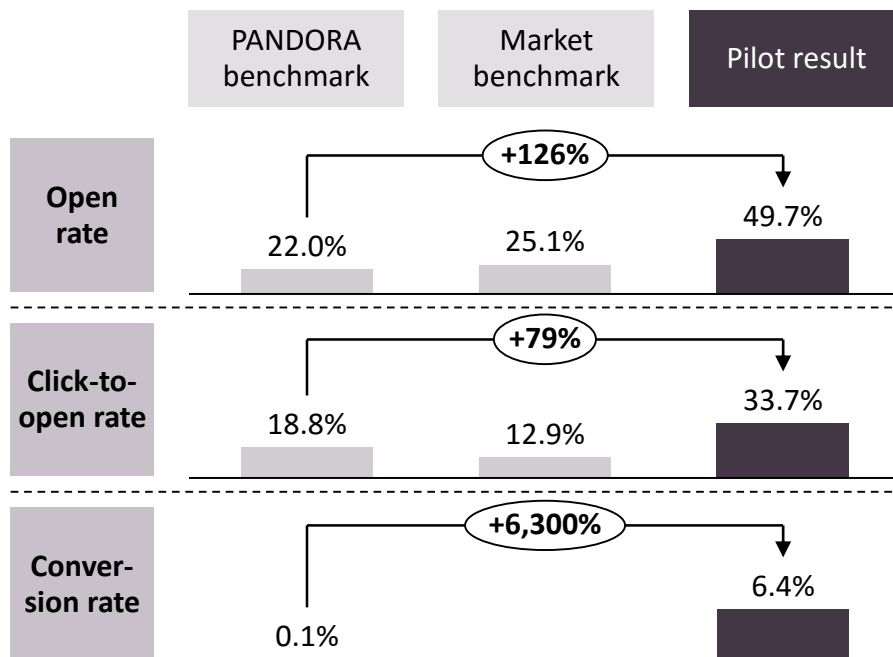
Targeted emails will significantly increase repurchases

E-mail from pilot (sent to ~7,000 consumers)




- 1 Specific products from the recipients PANDORA wishlist
- 2 Greeting the recipient by name
- 3 Stating that it is a very limited offer, only available for PANDORA's most loyal consumers

Pilot results



We leverage in-store beacons to measure and optimise the impact of digital marketing

 *In-store Bluetooth beacons installed in almost all UK stores*



NOW (UK PILOT)

PHASE 1

- **Precise tracking of in-store footfall** combining beacons and google location data
- Matching footfall to digital marketing activity (for logged-in users) – e.g. **prove effectiveness of advertising spend on search beyond just online traffic**

TIMING TBD

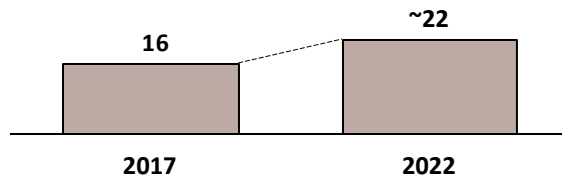
PHASE 2

- **In-store activation:** communicating directly with customers, while in-store
- **Location-based re-targeting:** communicating relevant information when near PANDORA store (e.g. 'We miss you, drop in to see the latest charms from your favourite collection')

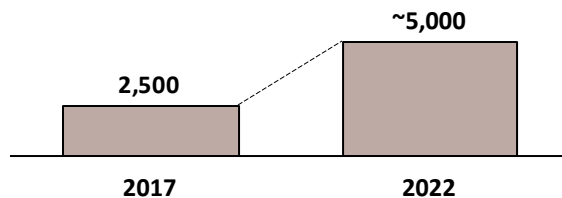
Social media's role is to spark consumer desire and acquire new consumers to the brand

KEY FACTS AND TARGETS

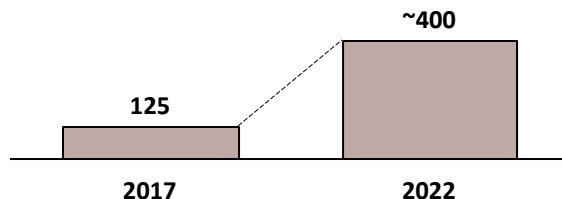
of followers
million



Paid reach
million
impressions



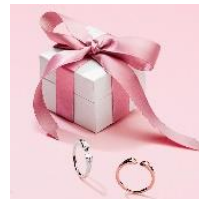
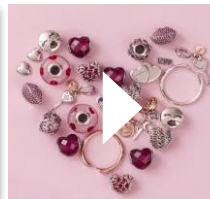
Engagements
million
engagements with
content



SOCIAL MEDIA STRATEGY

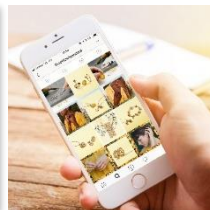
Social paid ads

- Personalised targeting
- Social commerce
- 70% video



Own PANDORA pages

- Customer service
- Inspirational storytelling
- Creative consistency



Social influencers

- Trend & style
- Local approach



PANDORA will leverage influencers to attract new consumers

PANDORA's influencer strategy



WHO IS A PANDORA INFLUENCER

- Female focused (fashion + lifestyle, mummy)
- Logical extension of PANDORA brand
- Follower base of 100K+
- Inspires her followers to behave in a certain way

PRINCIPLES OF INFLUENCER COLLABORATIONS

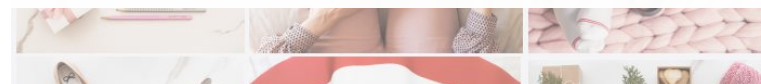
- Strongest focus on Social Media
- Build long-lasting relationship
- Consistent approach across markets
- Focus on local smaller scale influencers



EXAMPLE: Fashion & lifestyle local influencer collaboration



Multiple posts over a year – long-term engagement



Inspirational / lifestyle content, focused on product inspiration & storytelling, aligned with PANDORA guidance



Assessment after each campaign (followers gained, reach, engagement)



To summarise, the key takeaways are...

Key elements



Marketing reach & efficiency

Today

- ~9-10% marketing spend (DKK ~2 billion)
- Fragmented media spend across agencies

2022

- ~8% marketing spend (DKK >2.5 billion)
- ~15-20% efficiency gains through spend consolidation



Winning brand position

- Known as charms and bracelet brand
- Most recognised jewellery brand

- +50% awareness of other categories
- Strengthened #1 position



1:1 digital marketing

- Highly classical marketing spend
- Same message for everyone

- ~60% digital spend
- Automated & personalised marketing model



Acquiring new consumers

- Recruiting new consumers through classical media

- Recruiting consumers through social media and influencers

06 | WINNING IN OMNI-CHANNEL RETAIL

01

2017 PERFORMANCE

Anders Colding Friis, President & CEO

02

NEW STRATEGY TOWARDS 2022

Anders Colding Friis, President & CEO

03

INNOVATE AFFORDABLE JEWELLERY

Stephen Fairchild, SVP & Chief Creative Officer

04

AGILE MANUFACTURING

Thomas Touborg, SVP, Group Operations

05

DIGITALISED BRAND EXPERIENCE

Minna Philipson, SVP & Chief Marketing Officer

06

WINNING IN OMNI-CHANNEL RETAIL

David Allen, President, EMEA

07

FINANCIAL OUTLOOK TOWARDS 2022

Peter Vekslund, EVP & CFO

08

CLOSING REMARKS

Peder Tuborgh, Chairman of the Board



WINNING IN OMNI-CHANNEL RETAIL | Key takeaways

1 On track to drive financial and consumer value by transforming network to O&O

2 Capable retailer with plan in place to strengthen execution further

3 Foundation built for execution of pragmatic plan to grow eSTORE and deliver improved omni-channel experience

Today, PANDORA has concept stores, other points of sale and online

CONCEPT STORES



OTHER POINTS OF SALE



ONLINE



NO. OF
STORES
(2017)

~1,000
OWNED &
OPERATED

~1,450
FRANCHISE
STORES

~3,000
MULTI-BRANDED

~2,400
SHOP-IN SHOPS

19
MARKETS WITH
eSTORE

We have built a strong and profitable PANDORA concept store

The PANDORA O&O Concept Store



~55 m² stores



~88,000 visitors a year



~14,500 buying customers a year



~174,000 DKK sales/m² a year



~660 DKK per customer transaction

Incl. all O&O concept stores that has been open from Jan '17 – Dec '17 (incl. acquired stores)

The key strength



Consumers

- **Open and inclusive**
- **Friendly** with store team that **love the brand**
- **Touch and feel** units

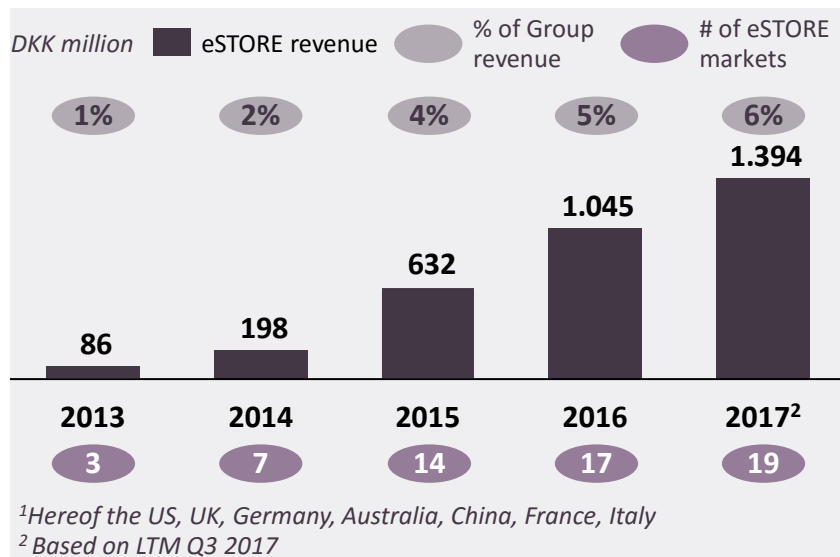


Financials

- Small store format, i.e. **low cost**
- **Attractive brand** → good location
- **Low risk** (3-5 year leases)

We have launched 19 eSTOREs with proven solid sales and strong profitability

ONLINE PRESENCE IN ALL MAJOR MARKETS¹



PANDORA eSTORE FACTS



More than **120 million visits** on the PANDORA eSTOREs this year



Around **2 million orders** made in 2017



Average **UPT and category split** roughly on par with Concept Stores



Conversion rate of ~1-1.5% (below industry benchmark of 2%)



Low return rate of ~5% (Industry ~20%)

Source: PANDORA data and industry benchmark

The eSTORE has a strong profitability in line with O&O Concept Stores

Stores will continue to play a crucial role although online is growing



CONSUMERS PREFER TO BUY JEWELLERY IN-STORE

- Only 30% of consumers consider buying jewellery online
- Consumers prefer to touch and feel jewellery before buying



PANDORA CONCEPT STORES ARE A STRONG MARKETING TOOL

- Significant increase in online ordering, when physical stores open in new cities
- ~70% of consumers prefer online shops with physical stores



STRONG SYNERGIES BETWEEN THE TWO CHANNELS

- 20% of in-store buyers have found inspiration online
- 2/3 of consumers purchasing online use a physical store before or after the transaction

Source: PANDORA analysis, GfK, ECC, Euromonitor

OUR RECIPE FOR GROWTH | WINNING IN OMNI-CHANNEL RETAIL



Expand & balance O&O footprint

- Open net 200 concept store annually (2/3 O&O)
- Take over 75-150 franchise stores annually
- Upgrade multi-brand network to branded points of sale



Retail excellence

- Global retail excellence programme
- Evolution of concept store format



eCommerce growth

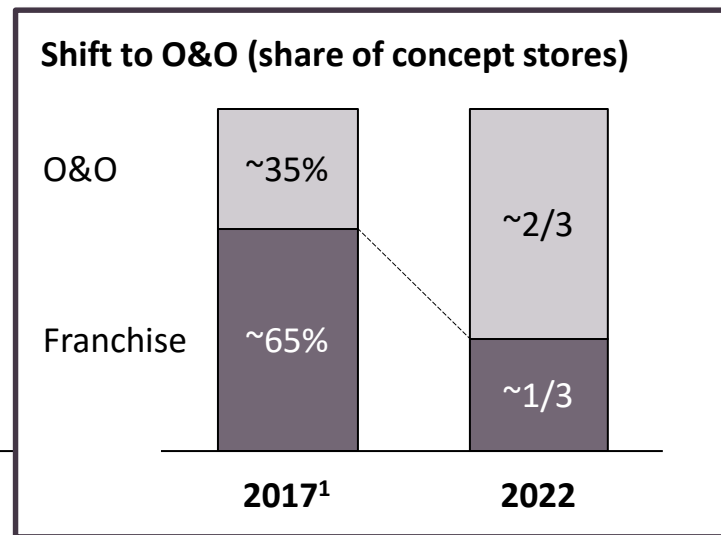
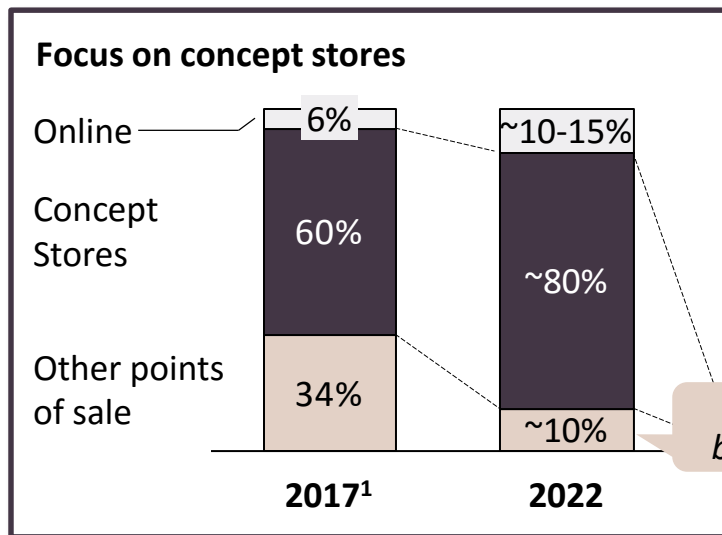
- eSTORE platform development
- eSTORE trading optimisation



Omni-channel fulfilment & experience

- Omni-channel fulfilment and service expansion
- In-store digital enabled shopping

In 2022, we have a fully branded presence with a strong online business



¹ Based on LTM from Q3 2017

Strong commercial and financial rationale by going more O&O



COMMERCIAL



- **Full control** of consumer in-store experience
- **Enable omni-channel** integration
- **Commercial flexibility** – operational control and faster to market



FINANCIAL



- **2x revenue and 1.8x EBITDA and high ROIC**
- **Performance above** franchise stores on conversion and basket size
- **Limited financial risk** with lease contracts generally 3-5 years often with variable rent and low minimum rent

Branded points of sale ensure the best consumer experience

UNBRANDED POINT OF SALE



BRANDED POINT OF SALE (SiS)



Located within multi-branded or department stores

Characteristics

- Limited jewellery offering
- < 5 m²
- No trained sales team

- Full jewellery offering
- > 10 m²
- Trained sales team

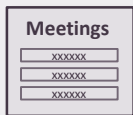
A global retail excellence programme is made to ensure continuous LFL growth

IN-STORE EXECUTION



- Improve store operations
- Enhance selling skills
- Enhance visual merchandising – commercial focus
- Optimise inventory performance through merchandising
- Train and develop our store people

OPERATING MODEL



- Right set-up, meetings, reporting, discussions and actions – to improve commercial execution
- Incentivise teams to support plans and actions
- Support the store manager - *minimise the time spent on non-consumer facing activities*



STORE CONCEPT & FORMAT

- Optimise to cater for our full jewellery offering
- Maximise the customer experience
- Develop and innovate the concept store format for the future of retail



We will optimise our in-store execution in four areas

STORE OPERATIONS



- Labour management
- Tools (mobile POS, stock check)
- Reporting
- Incentives

VISUAL MERCHANDISING



- Zoning optimisation
- Bestseller placement
- Windows and campaign execution

MERCHANDISING & INVENTORY



- Right product in right store at right time
- Product lifecycle management - activation, discontinuation, clearance

PEOPLE



- Selling skills training
- Product training
- Learning and development for field based sales teams

Labour management is crucial to offer best-in-class in-store experience and grow sales

KEY FOCUS AREAS ON LABOUR MANAGEMENT



Labour will become one of our largest cost lines



Roster optimisation ensures the right amount of hours at the right time with the right people

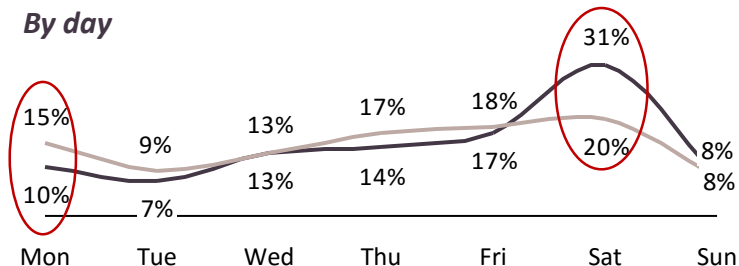


Direct link between an effective roster and the in-store experience

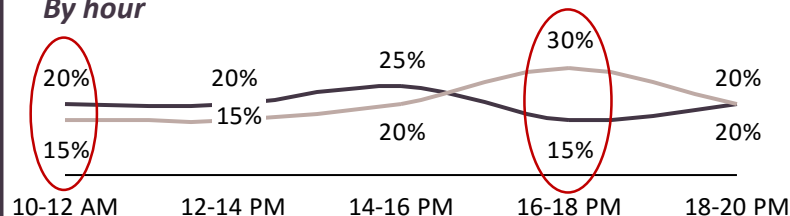
DISTRIBUTION OF SALES VS. HOURS ROSTERED

— Sales — Hours rostered

By day



By hour



Pilot store test on Roster optimisation:

Conversion:
from 29% to 35%

ATV*:
from £59.9 to £63.2

* ATV = Average Transaction Value

People are key to our success and our store managers are the most influential people in our business

PEOPLE IS THE KEY TO OUR SUCCESS



We hire people

who love our brand with the right attitude and skill set



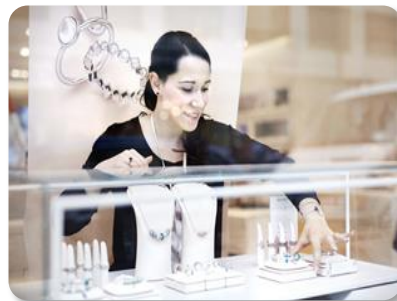
We develop and train

them to deliver a personalised and inspirational consumer experience and to sell



We treat them really well

and offer opportunities for progression, advancement and promotions



Our commercial execution is centred around three core activities

1

CAMPAIGNS & COLLECTIONS

Overarching and new product launches

V



2

PROMOTIONS

In-store and online activity to support campaigns and collections to drive sales

V



3

ACTIVATIONS

Key products or concepts to be called out in-store and online

V



CAMPAIGNS | Aligned effort between departments to go-live across channels

CAMPAIGN LAUNCH

Marketing

	SEP	OCT	NOV	DEC	JAN
13 Aug 27 Sep	27 Sep 31 Oct	27 Nov 30 Nov	30 Nov 20 Dec	20 Dec 31 Jan	
BOARD	Campaign performance at product launch				
Range	Group 5				
Priority 1	New collection (New arrivals)				
Priority 2	New collection (New arrivals)				
Priority 3	New collection (New arrivals)				
Promotions	New collection (New arrivals)				

Products

FALL/WINTER 2017

	SEP	OCT	NOV	DEC	JAN
13 Aug 27 Sep	27 Sep 31 Oct	27 Nov 30 Nov	30 Nov 20 Dec	20 Dec 31 Jan	
BOARD	Campaign performance at product launch				
Range	Group 5				
Priority 1	New collection (New arrivals)				
Priority 2	New collection (New arrivals)				
Priority 3	New collection (New arrivals)				
Promotions	New collection (New arrivals)				

In-store launch



MARKETING

*Visuals in-store and online
Visual merchandising execution*

PRODUCT

*Plans and assortment
In-store activation of key products*

STORES

*Product training
Incentives*

PROMOTIONS | We prepare 12 month plans with opportunity for flexibility

Rationale for doing promotions

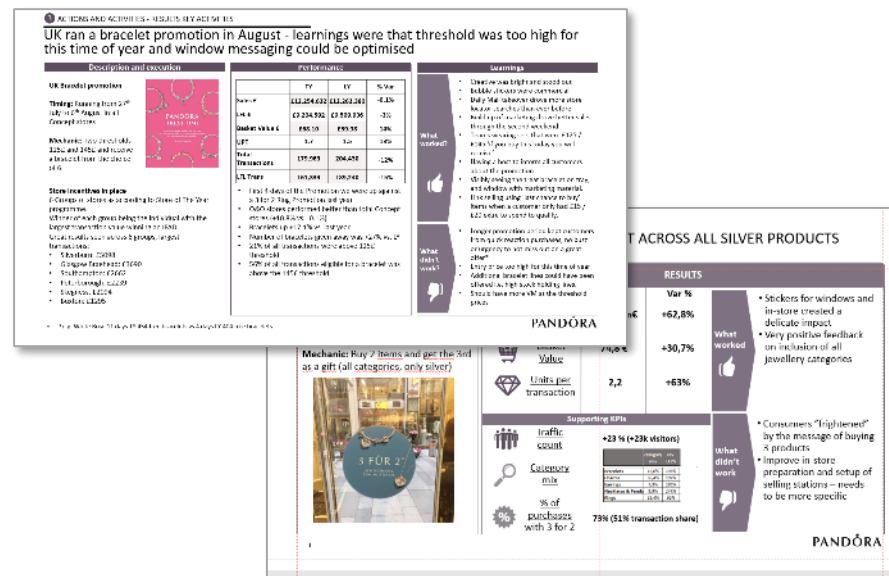


DRIVE SALES, PROFIT & TRAFFIC TO THE STORES



BE RELEVANT TO CONSUMERS

Post mortems after each promotion to capture learnings



PROMOTIONS | We conduct post mortems on all promotions (I/II)

UK
EXAMPLE

EXECUTION

VISUAL



TIMING

- 10 days in all concept stores and eSTORE

MECHANIC

- Spend more than 99 £ and receive a limited edition bangle as your gift

STORE INCENTIVE

- n/a

>

KPI PERFORMANCE DURING THE PROMOTION



Like-for-like

+102%



Basket Value

+20%



Units per transaction

+47%



Traffic

+19%



% of purchases with limited edition bangle

+47%

PROMOTIONS | We conduct post mortems on all promotions (II/II)

UK
EXAMPLE

SOCIAL MEDIA COMMENTS DURING THE PROMOTIONS...



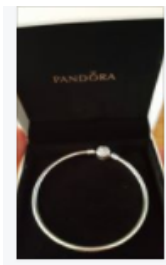
'Love it. It's a lovely free gift



'...Got mine today along with the bangle I wanted last year love them'



'Perfect that's one very nice present sorted'



... SHOWS THE RELEVANCE OF THE PROMOTION TOWARDS THE CONSUMER

I received 2 bangles spent 100£ both Friday and Saturday both online – does say limited but they have gone very quick. I'm happy just waiting for my orders😊

*Tracked down stock today of the bangle in Macclesfields so took a trip there with my momma.Had everything in stock we wanted, **girls were super helpful and friendly.** Definitely our new go to Pandora.*

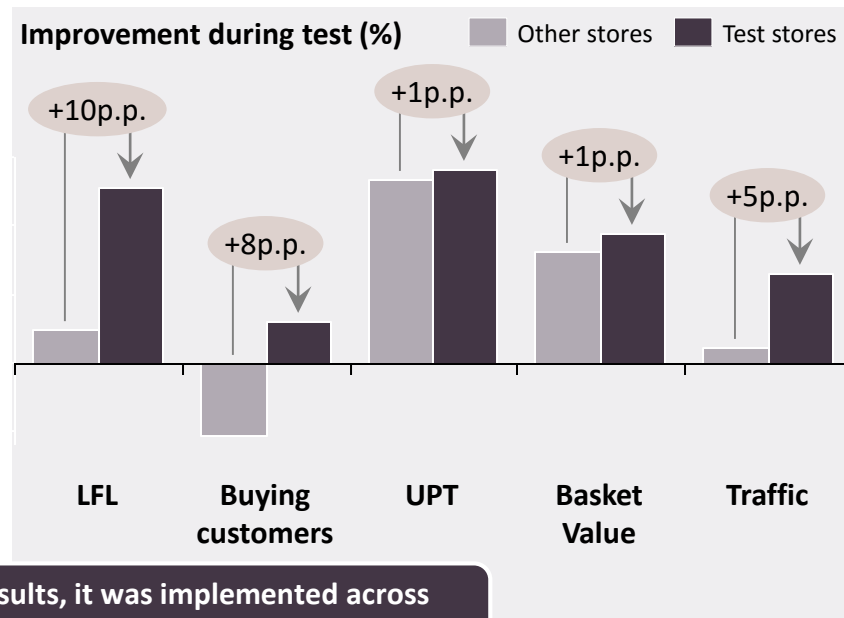
Just visited the .. Store and received this lovely gift after spending 135£. It's lovely thanks Pandora think I'll keep this one for me!

ACTIVATIONS PRODUCT | Aligned execution to commercially focus on a key product

HOW WE ACTIVATED THE MESH BRACELET



SPLIT TEST SHOWED STRONG RESULTS



Tested in Germany and after test results, it was implemented across markets

ACTIVATIONS CONCEPT | Disney activation in EMEA has been successful

DISNEY LAUNCH IN EMEA



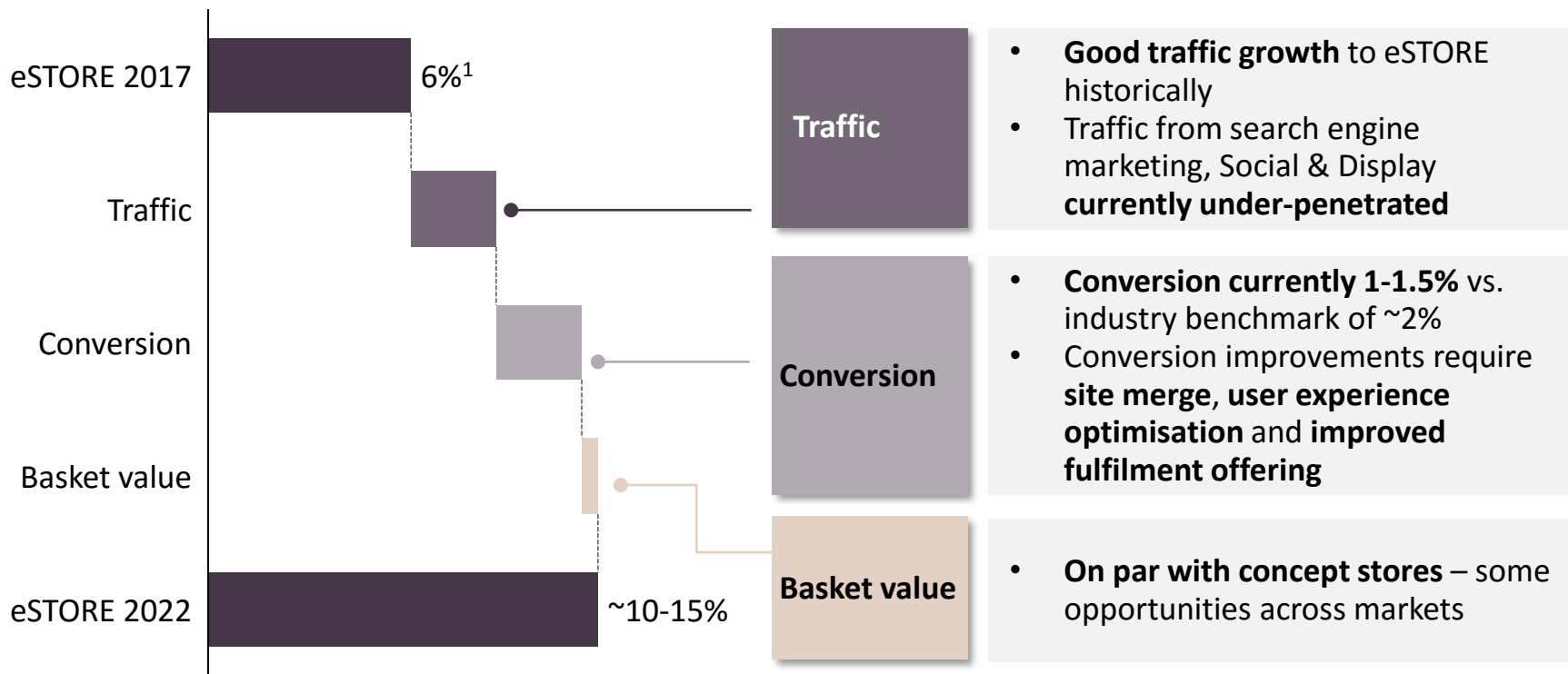
THE FOCUS HAS SHOWN STRONG RESULTS

Double-digit share of sell out the first month after launch of Disney in EMEA

The **first 10 days** after launch, we sold **103,000 units** of Disney products through our Concept Stores
The **first month** after launch, we had sold **375,000 units** of Disney products

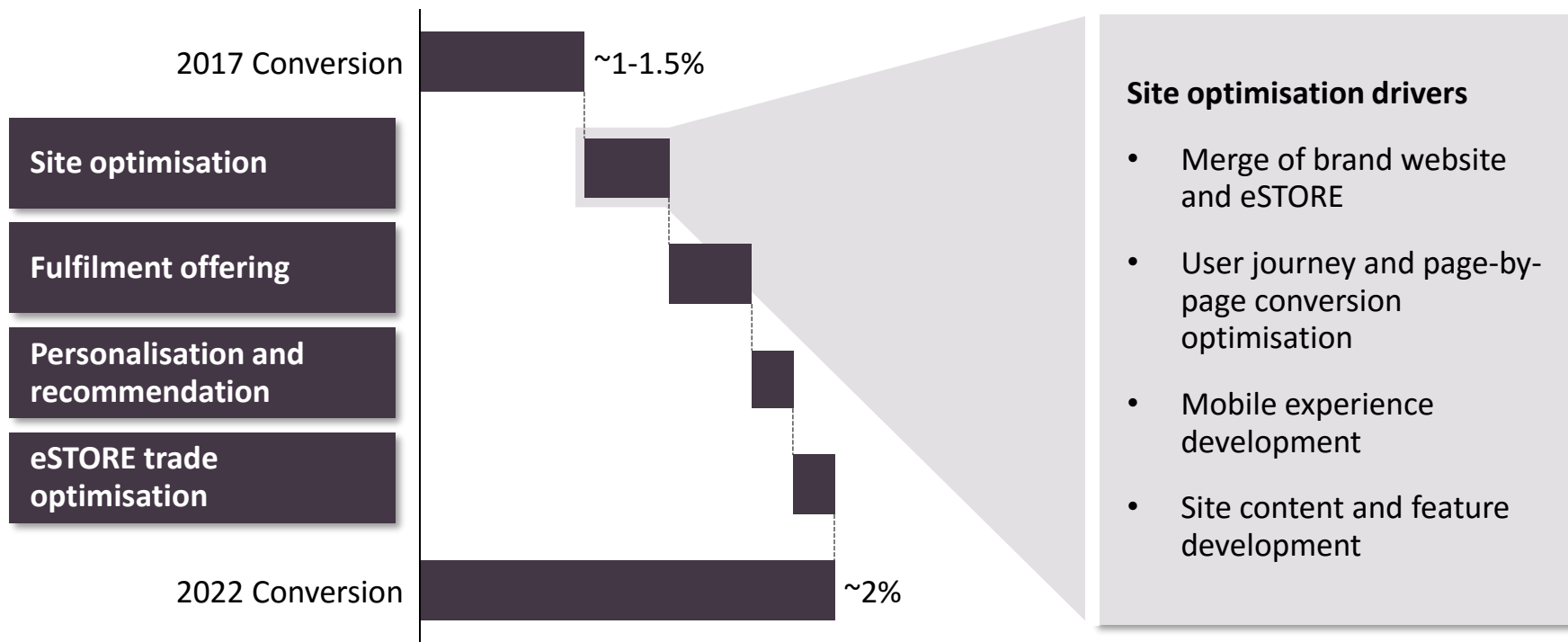
Minnie Mouse charm was the best performing product with almost **50,000 units sold** within the first month after launch

eSTORE growth mainly to be driven by traffic and conversion optimisation



¹ share of Group revenue based on LTM Q3 2017

Site optimisation and fulfilment will drive majority of uptake in conversion



What does omni-channel mean for PANDORA?

1

Integrated fulfilment across channels

- Store inventory visibility online
- Fulfilment service level (delivery speed and specification of delivery date)
- Cross-channel fulfilment options (click & collect, order in-store ship to home)
- Exchange and return products for cash across channels

2

Service across channels

- Always on service across channels (store, phone, mail, social)
- Cross-channel service – single customer view

3

Seamless journey across channels







- Use preferred channels and devices across stages
- Start, pause and resume purchase across devices

4

Digitally enabled in-store experience

- Digital in-store experience, with online consumers recognised
- Shop assistants helped with technology to ease guided selling process
- Experience and purchase products digitally in-store

Current fulfilment offering in the middle of the pack, but plans in place to close gap

 US example	Return		Cross-channel fulfilment		Delivery	
	Free returns	Return in-store & refund	Click-and-collect	Online in-store stock visibility	Free delivery	Delivery speed (24 hour etc.)
PANDORA 	✓ Within 30 days	✗	✗	✗	✓ 4-5 days	✗
TIFFANY & CO. 	✓ Within 30 days	✓	✗ Only Fifth Avenue	✓	✓ 4-5 days	✗
ALEX AND ANI 	✓ Within 30 days	✗	✗	✓	✓ Free above 75\$	✗
 SWAROVSKI	✓ Within 14 days	✗	✓ Ship-to-store 3-7d.	✗	✓ Free above 75\$	✗
 KENDRA SCOTT	✓ Within 10 days	✗	✗	✗	✓ 3-5 days	✗

Source: PANDORA online research of competitor sites

Clear plan in place:

H1 2018:

- Return in-store & refunds

H2 2018: Pilot in US (roll-out in US 2019)





- Click-and-collect, in-store stock visibility, reserve and buy-in-store

2019 ->

- Strengthened service level delivery

>

To summarise, the key takeaways are...

Key elements	Today	2022
 Expand & balance O&O footprint	<ul style="list-style-type: none">• Franchise as the preferred model• An unbranded wholesale network	<ul style="list-style-type: none">• Owned & Operated concept store preferred• ~200 concept stores per year - ~65% O&O• Fully branded network
 Retail excellence	<ul style="list-style-type: none">• Great personal in-store experience• Partly static promotional plan	<ul style="list-style-type: none">• Retail excellence focusing on in-store experience and inventory management• Strengthen trade and promotional planning and agility
 eCommerce growth	<ul style="list-style-type: none">• Online sales below jewellery industry average	<ul style="list-style-type: none">• ~10-15% of revenue is coming from the online channel
 Omni-channel fulfilment & experience	<ul style="list-style-type: none">• Limited omni-channel capabilities	<ul style="list-style-type: none">• Industry-leading omni-channel player within jewellery

07 | FINANCIAL OUTLOOK TOWARDS 2022

01

2017 PERFORMANCE

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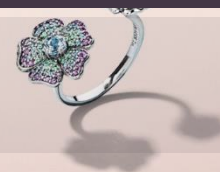
FINANCIAL OUTLOOK TOWARDS 2022

Peter Vekslund, EVP & CFO

08

CLOSING REMARKS

Peder Tuborgh, Chairman of the Board



FINANCIAL OUTLOOK TOWARDS 2022 | Key takeaways

- 1 Investment case is a unique combination of sustainable growth and strong margins
- 2 Asset light, cash generative with high pay-out to shareholders
- 3 Business model transformation underway delivering higher EBITDA, although at lower percent
- 4 Strategy prepared and robust plans for execution in place

The PANDORA investment case towards 2022

A UNIQUE INTEGRATED BUSINESS MODEL



**AFFORDABLE
JEWELLERY LEADER**



**LEADING POSITION IN
BRANDED
MANUFACTURING**



**WORLD'S MOST
RECOGNISED
JEWELLERY BRAND**



**LARGE AND PROFITABLE
DISTRIBUTION
NETWORK**

DELIVERING STRONG FINANCIALS



**SUSTAINABLE
GROWTH**

~7-10%
Revenue growth
(local currency)



**STRONG
MARGINS**

~35%
EBITDA margin



**ASSET
LIGHT**

~5%
CAPEX



**CASH
GENERATIVE**

**High
pay-out**

TOP LINE | Sustainable growth



SUSTAINABLE
GROWTH

~7-10%
Revenue growth
(local currency)



STRONG
MARGINS

~35%
EBITDA margin



ASSET
LIGHT

~5%
CAPEX



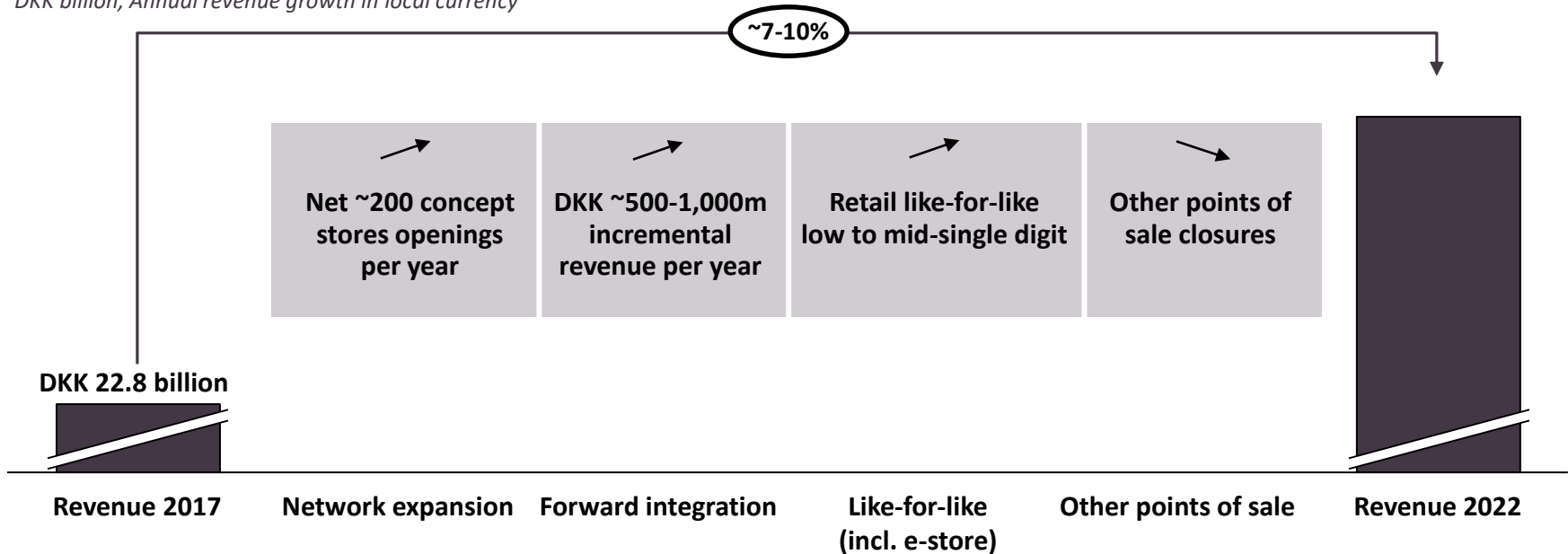
CASH
GENERATIVE

**High
pay-out**



Annual revenue growth ambition of 7-10% in local currency towards 2022

DKK billion, Annual revenue growth in local currency



Our network will consist of ~3,500 concept stores in 2022 – ~2/3 O&O

CLEAR PLAN FOR CONCEPT STORE ROLL-OUT



~200 CS openings per year

| ~65% O&O | ~5% Franchise | ~30% Distributor |
| ~25% Americas | ~50% EMEA | ~25% Asia Pacific |

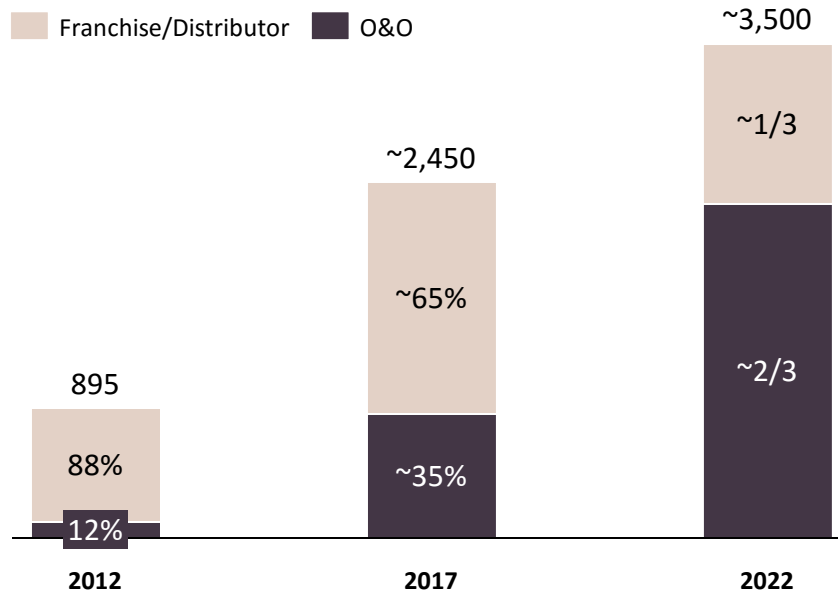


DKK ~500-1,000 million Incremental revenue

from ~75-150 forward integrations
per year

CONCEPT STORE DEVELOPMENT TOWARDS 2022

Number of Concept stores, 2012-2022



New concept stores will have strong EBITDA %, but lower revenue

NEW CONCEPT STORES WILL HAVE LOWER REVENUE

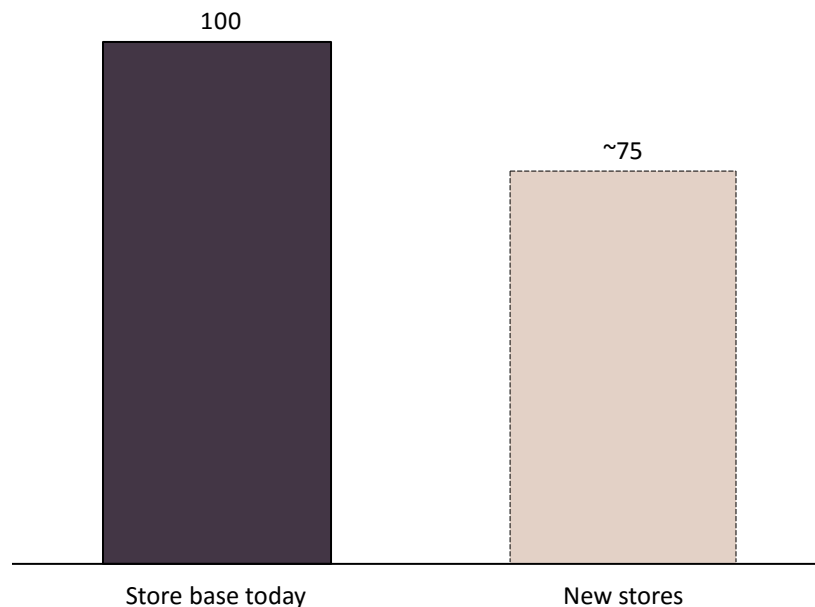
New concept stores in more mature markets
will be opened in areas with less traffic

New concept stores in newer markets
generates less average sell-out per store compared to more mature markets

New stores will carry the same EBITDA %
as existing stores driven by lower rent and number of store people

AVERAGE RETAIL REVENUE LOWER THAN EXISTING STORES

Group weighted average retail revenue per store (indexed)



Strong financial rationale of acquiring franchise stores

CONVERTING FRANCHISE TO O&O DOUBLES REVENUE

Illustrative Group P/L impact, DKK million

	PANDORA P&L when store is franchise		Retail
Revenue	100	2x	200
EBITDA*	37	1.8x	67
EBITDA %	~37%		~34%








~2x revenue and ~1.8x EBITDA cash when converting

* Total OPEX includes non-store overhead allocated based on units sold and direct store OPEX

FIVE ELEMENTS WHEN TAKING OVER FRANCHISEES

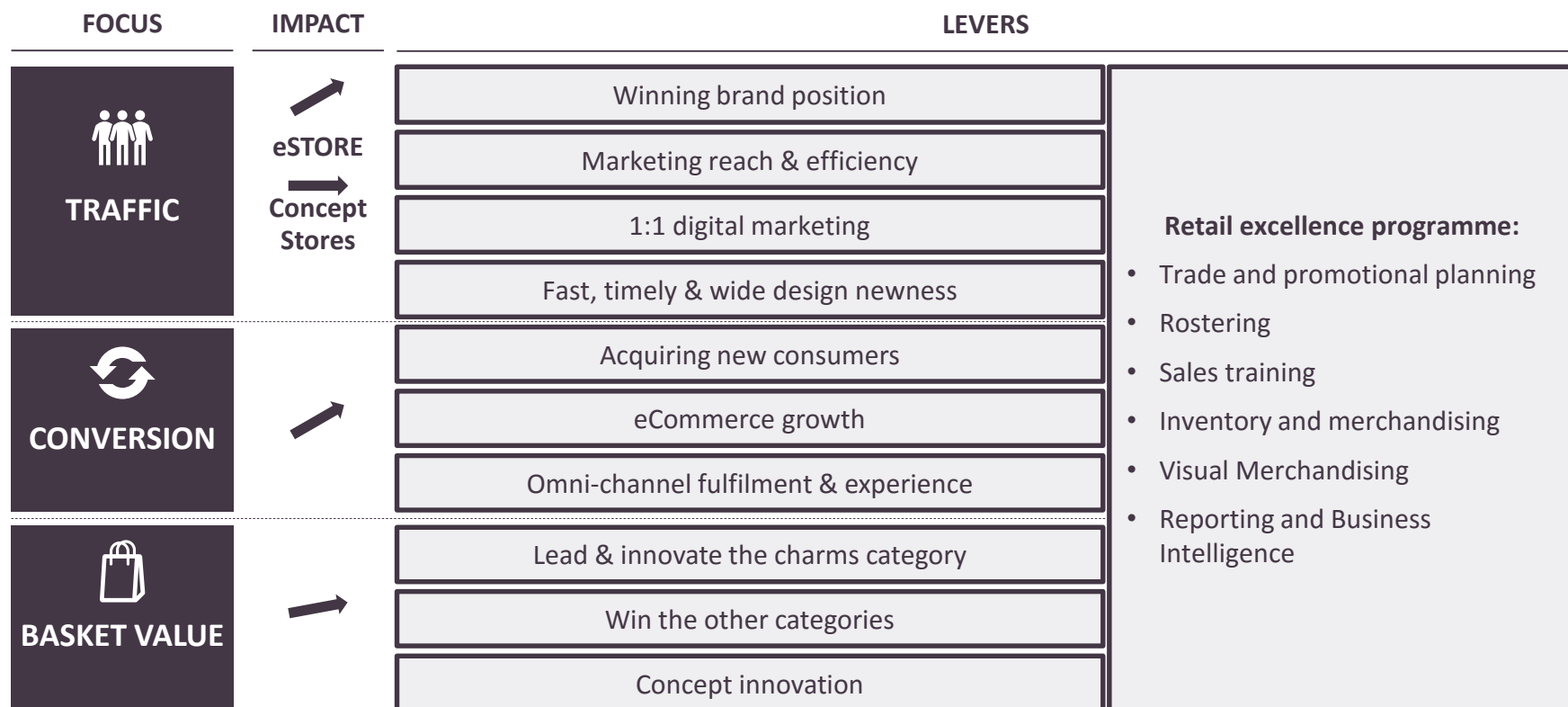
- Purchase price**
 - between 1-2x franchisee EBITDA (excl. inventory)
- Return On Invested Capital (ROIC)**
 - Accretive
- Cash pay back**
 - Period ~2 years (excl. inventory)
- Gross margin temporarily lower**
 - Due to inventory buyback at wholesale prices

The network transformation will heavily impact our reported revenue figures

Reporting	Open concept store @8 mn retail sales out		Acquire franchise store @ 14mn retail sales out		Acquire distributor with 100mn retail sales		Close multi-brand account
	Revenue	Revenue/store	Revenue	Revenue/store	Revenue	Revenue/store	Revenue
Retail	+8	 Lower traffic area or new market	+14	 Attractive stores acquired	+50*	 Remaining distributors less attractive	+0 to +0.5
Wholesale	+4	 Lower traffic area or new market	-7	 Attractive stores acquired	+25*	 Remaining distributors less attractive	-1
3 rd party and distributors	+3	 Lower traffic area or new market	N/A		-35		N/A

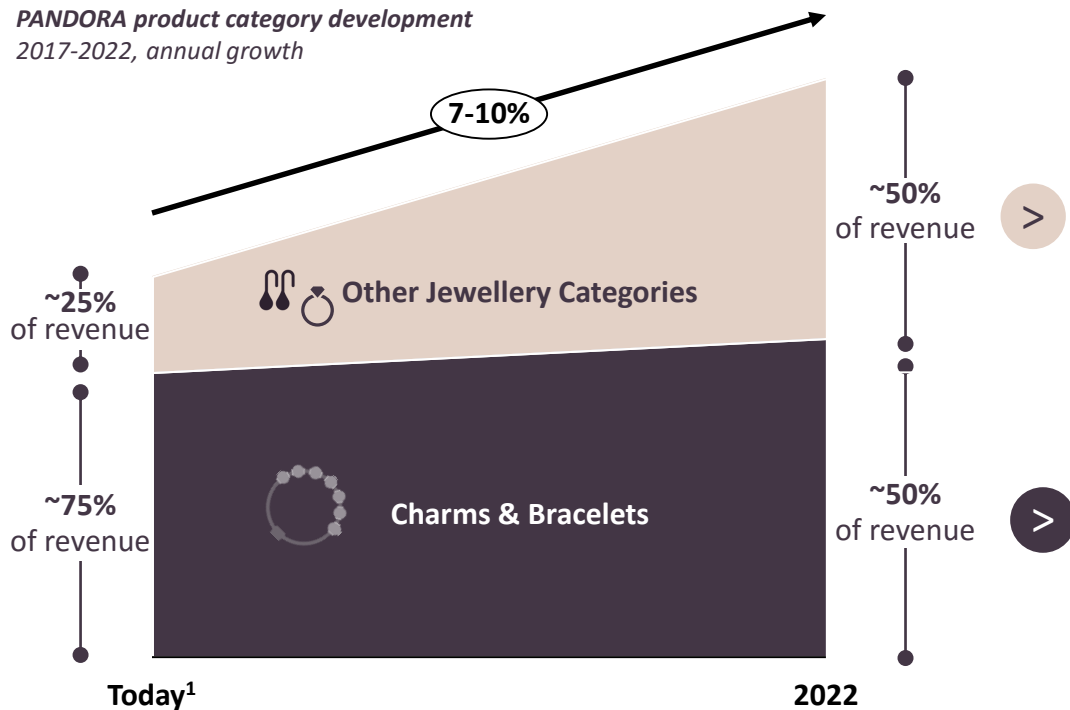
* Assuming 50% O&O and 50% franchised

The levers for driving Like-for-Like in low to mid-single digit towards 2022



Other categories drive growth with stability in charms and bracelets

PANDORA product category development
2017-2022, annual growth



¹ Based on LTM Q3 2017

- Revenue growth to come from other categories driven by:
 - Larger assortment
 - Balanced marketing focus
 - Concept stores

- Growth in charms and bracelets will be supported by:
 - New concepts
 - Network expansion
 - Acquisitions

All other points of sale to become branded by 2022

UNBRANDED OTHER POS WILL BE UPGRADED TO BRANDED



Broad product assortment
to cater for both consumers interested in
charm/bracelets and the other categories



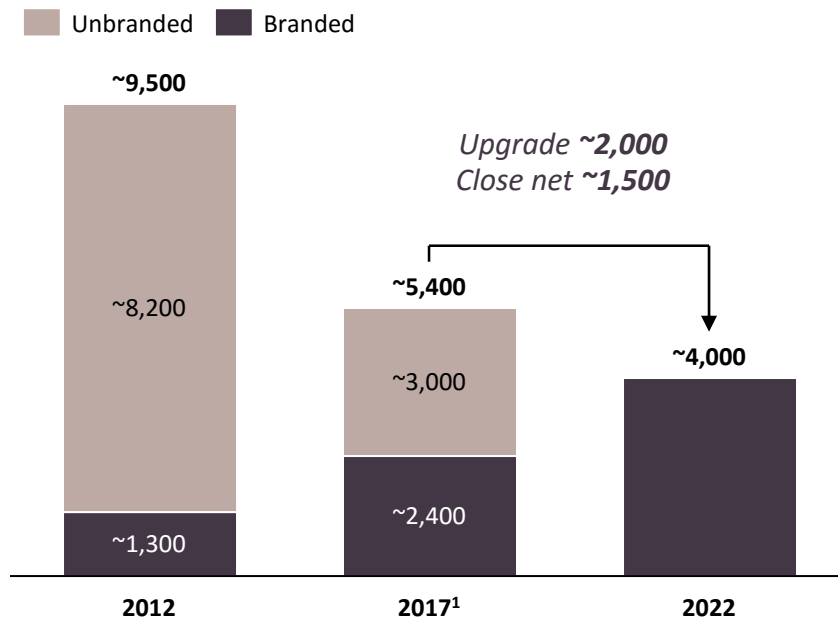
Dedicated PANDORA space
within multi-branded stores



A small negative revenue impact
due to closings

1 Based on LTM Q3 2017

WE WILL CONTINUE CLOSINGS OF OTHER POS



MARGIN | Strong margins driven by efficiency



SUSTAINABLE
GROWTH

~7-10%
Revenue growth
(local currency)



STRONG
MARGINS

~35%
EBITDA margin



ASSET
LIGHT

~5%
CAPEX



CASH
GENERATIVE

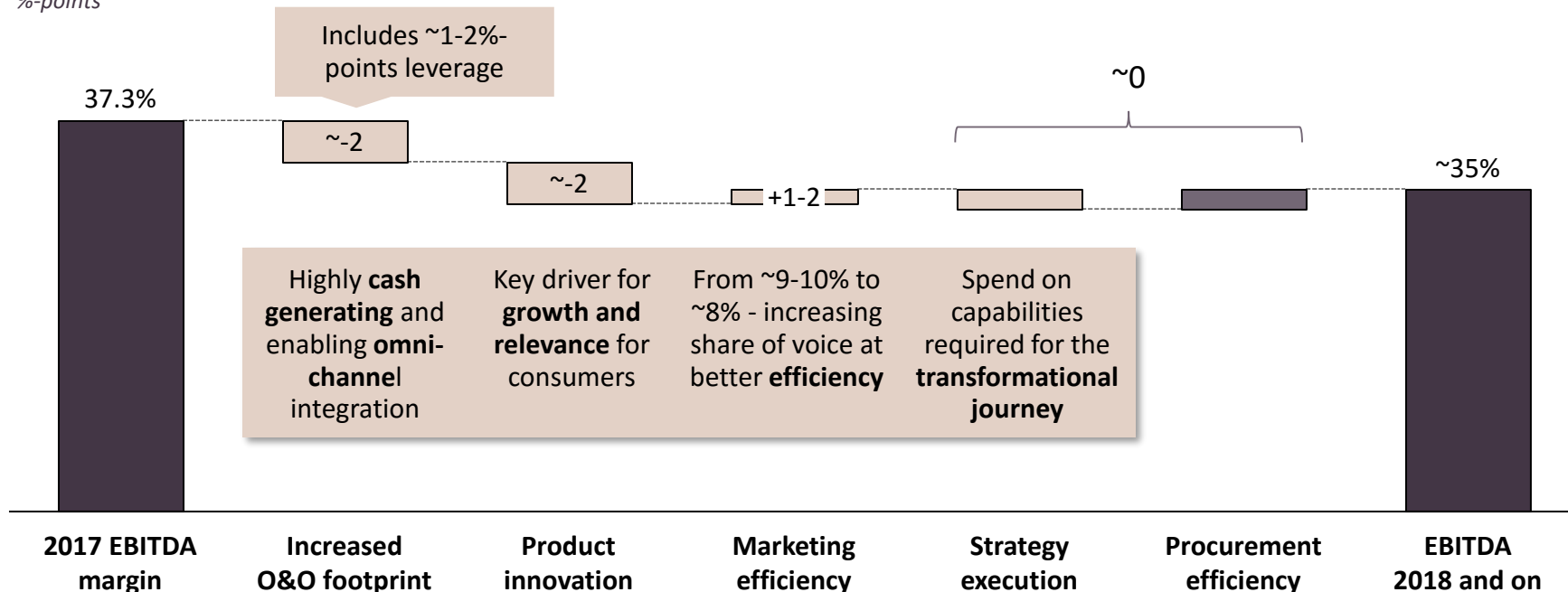
**High
pay-out**



EBITDA margin of ~35% going forward to deliver sustainable growth

Margin is impacted by product innovations, network mix and the transformational journey

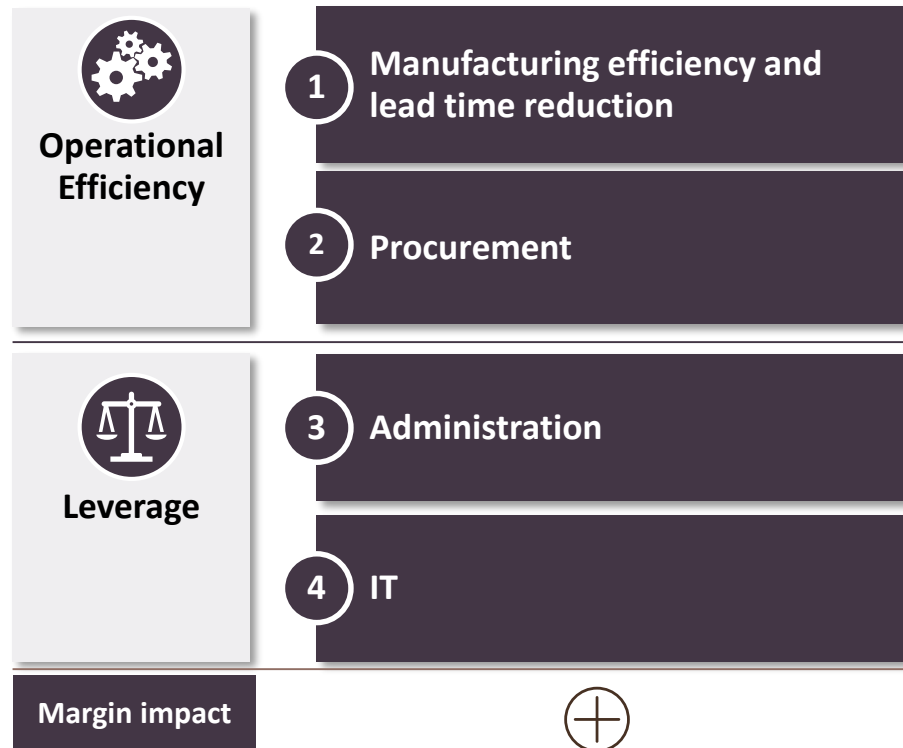
%-points



Note: Commodity prices as of end 2017

We have initiated an efficiency programme that will fund our strategy execution

Improving efficiency and obtaining leverage...



...to fund our transformation strategy



ASSET LIGHT | High ROIC and healthy working capital



SUSTAINABLE
GROWTH

~7-10%
Revenue growth
(local currency)



STRONG
MARGINS

~35%
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ASSET
LIGHT

~5%
CAPEX



CASH
GENERATIVE

**High
pay-out**



Still asset light model despite change in distribution mix



STAY WORLD LEADING BRANDED MANUFACTURER

- Invest in **manufacturing facilities and distribution centres**
- Continue investing in **innovation centre**



OPEN O&O CONCEPT STORES

- **Roll-out of O&O concept stores** requires fixtures, furniture and key money (Investment of DKK ~1.5 million per store)
- Concept stores will be **refurbished** every 3-5 years



BE INDUSTRY-LEADING OMNI-CHANNEL PLAYER

- Continue to grow our **eCommerce functionalities**
- Building an **omni-channel** to be industry leading
- **Maintenance** of current systems during and after transition



INVEST IN THE BUSINESS AS REQUIRED

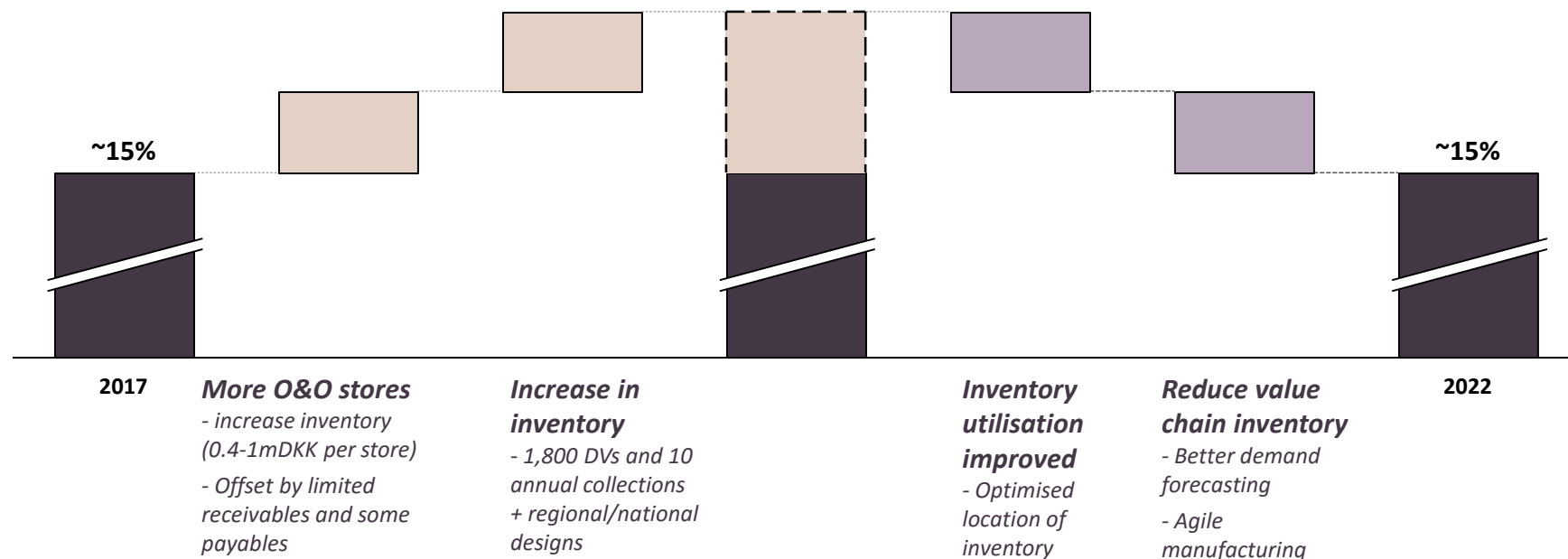
- Continue to invest in the business to continue **long-term sustainable growth**



~5% of revenue spend on CAPEX

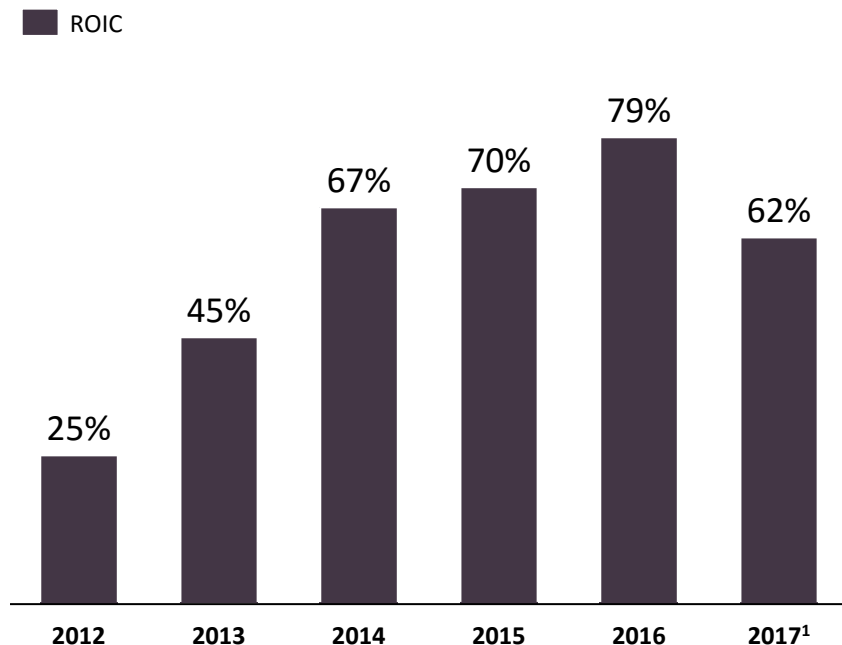
Operating working capital will remain stable at ~15%...

%, working capital as share of revenue



... And return on invested capital continues to be high

HIGH RETURN ON INVESTED CAPITAL...



¹ Year-to-date

... LOOKING AHEAD, FURTHER SUPPORTED BY...

New O&O concept stores
with high ROIC

Forward integrations

Cash out expected to be DKK ~5 billion over the next 5 years
with high ROIC

Working capital development

From 31% in 2012 to ~15% in 2017 and kept stable towards
2022

CAPITAL STRUCTURE | Highly cash generative and distribute all excess cash



SUSTAINABLE
GROWTH

~7-10%
Revenue growth
(local currency)



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CASH
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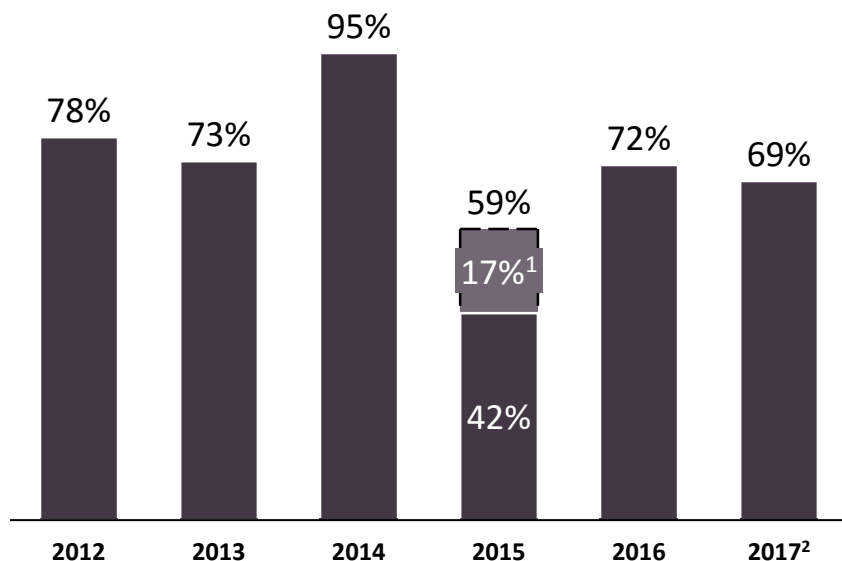
**High
pay-out**



Strong cash conversion and high pay-out ratio

STRONG CASH CONVERSION OF ~70%

Cash conversion, %

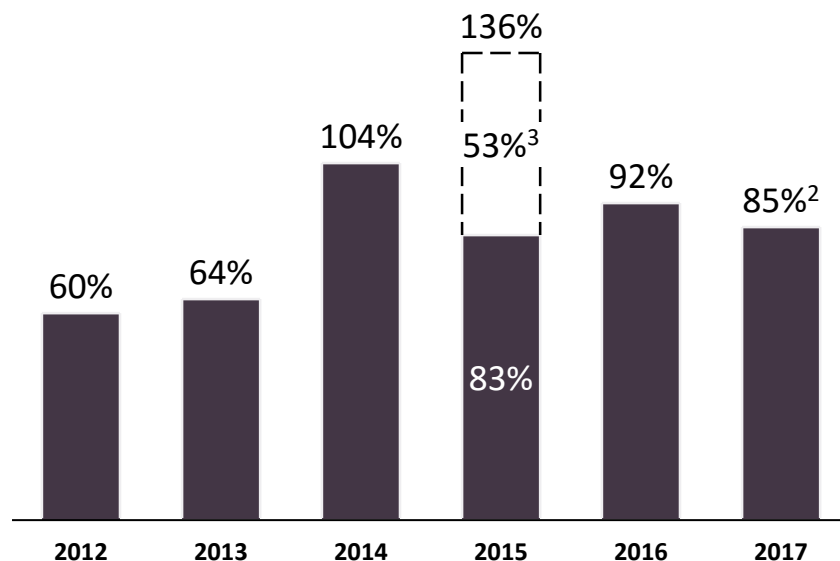


¹ 2015 was impacted by a settlement with the Danish Tax Authorities. Excluding the settlement, the cash conversion would have been 59%

² Year-to-date

ALL EXCESS CASH PAID OUT TO SHAREHOLDERS

Pay-out ratio, %



³ In 2015, positive net cash position was reduced to net debt position to follow the capital structure. If NIBD/EBITDA was only moved from -0.3 to 0, the pay-out ratio would have been 83% rather than 136%.

Highly cash generative profile with increasing free cash flow

FREE CASH FLOW ELEMENTS

Increased earnings after tax

- ~7-10% revenue growth (local currency)
- ~35% EBITDA
- ~21-22% tax rate

Forward integrations ~DKK 5 billion over 5 years

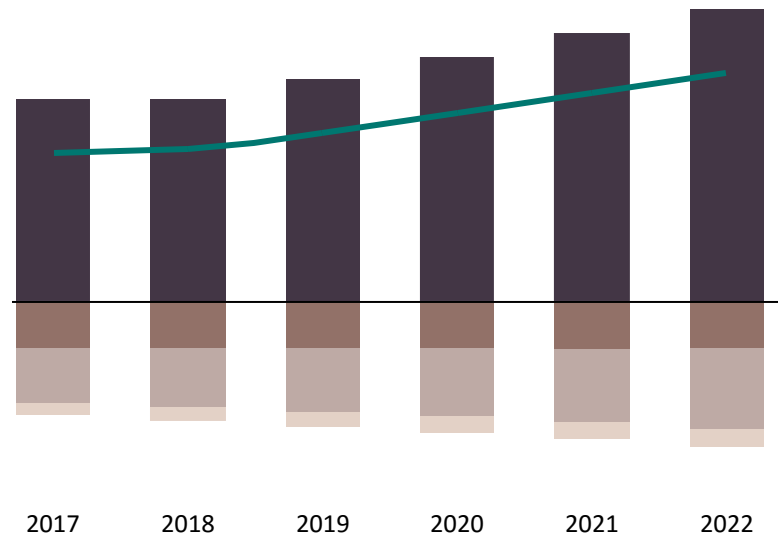
CAPEX ~5% of revenue

Working capital ~15% of revenue

INCREASING FREE CASH FLOW TOWARDS 2022...

Illustrative

Free cash flow



We will secure continued strong return of cash to shareholders

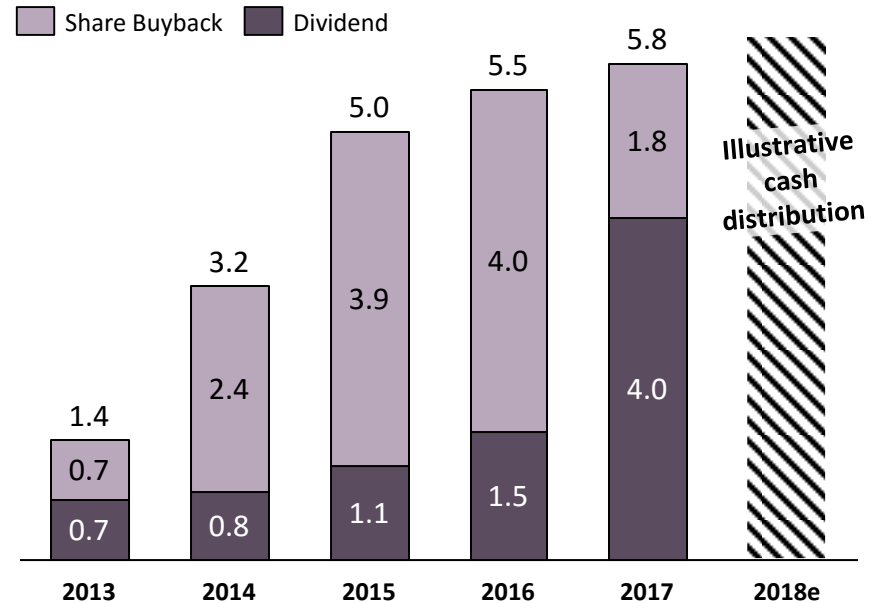
DISTRIBUTION OF CASH

- Capital structure ratio of 0–1x NIBD to EBITDA – Aim to be at the lower end of target interval
- Temporarily exceed range in case of larger acquisitions
 - Funding of value creating business opportunities
 - Repayment of interest-bearing debt if outside the capital structure policy
 - Distribution to shareholders
- Aspire to increase the total annual nominal dividend per share by cancelation of acquired shares
- Share buyback programme to supplement dividends



DIVIDEND AND SHARE BUYBACK

DKK billion



Key risks to realising our strategic ambition



INNOVATE AFFORDABLE JEWELLERY

- **Success of new concept** launches
- Ability to meet **consumers design preferences** in each collection



AGILE MANUFACTURING

- **Raw material** price increases and salary inflation
- **Stability** of production and supply chain



DIGITALISED BRAND EXPERIENCE

- **Digital talent** attraction
- **Responsibility** and sustainability



WINNING IN OMNI-CHANNEL RETAIL

- **Franchise partner relationships** and acquisition process
- **Macroeconomic** development and **regulatory** changes (incl. Tax)

The PANDORA investment case towards 2022

A UNIQUE INTEGRATED BUSINESS MODEL



**AFFORDABLE
JEWELLERY LEADER**



**LEADING POSITION IN
BRANDED
MANUFACTURING**



**WORLD'S MOST
RECOGNISED
JEWELLERY BRAND**



**LARGE AND PROFITABLE
DISTRIBUTION
NETWORK**

DELIVERING STRONG FINANCIALS



**SUSTAINABLE
GROWTH**

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Revenue growth
(local currency)



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**CASH
GENERATIVE**

**High
pay-out**

08 | CLOSING REMARKS

01

2017 PERFORMANCE

Anders Colding Friis, President & CEO

02

NEW STRATEGY TOWARDS 2022

Anders Colding Friis, President & CEO

03

INNOVATE AFFORDABLE JEWELLERY

Stephen Fairchild, SVP & Chief Creative Officer

04

AGILE MANUFACTURING

Thomas Touborg, SVP, Group Operations

05

DIGITALISED BRAND EXPERIENCE

Minna Philipson, SVP & Chief Marketing Officer

06

WINNING IN OMNI-CHANNEL RETAIL

David Allen, President, EMEA

07

FINANCIAL OUTLOOK TOWARDS 2022

Peter Vekslund, EVP & CFO



08

CLOSING REMARKS

Peder Tuborgh, Chairman of the Board

Key messages of today

WHAT WE ARE

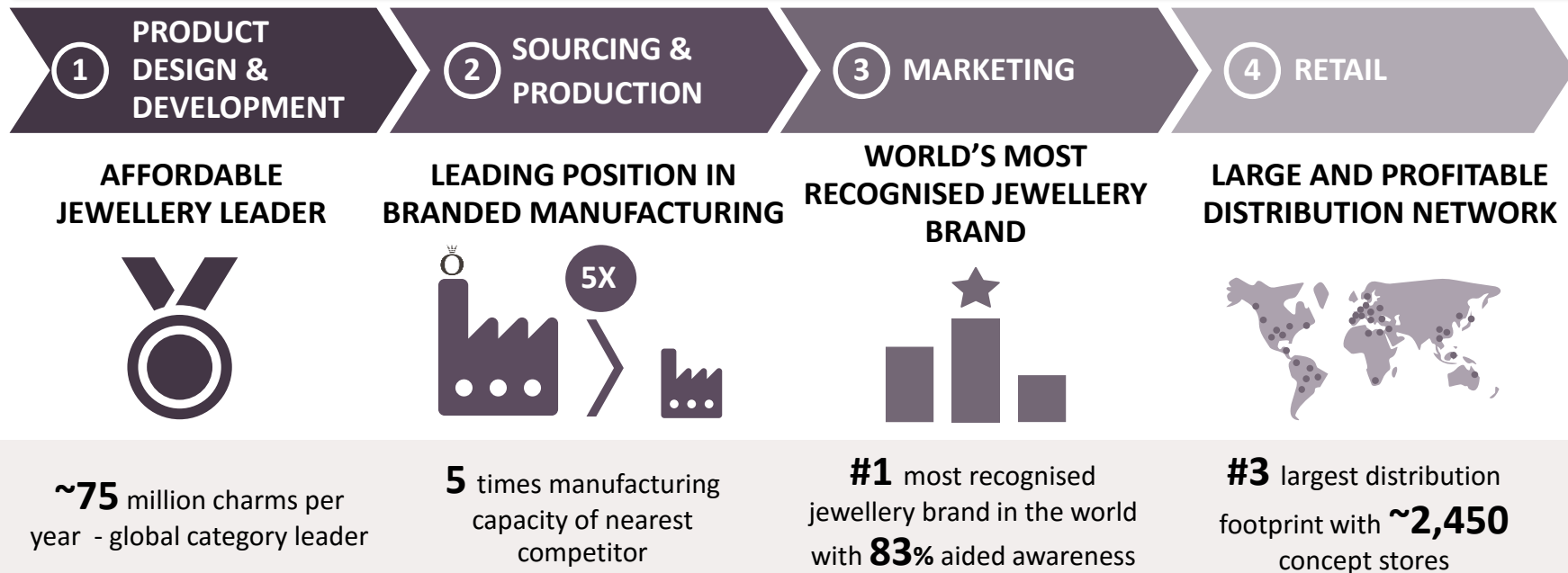
- Fantastic growth from 2013 to mid-2016 driven by reset of assortment and strong concepts
- Past 18 months challenging as:
 - ✓ Concept pipeline emptied with no organisation in place to rebuild pipeline
 - ✓ Business backbone not ready to scale
- Business re-shaped and stands stronger than ever (unmatched position in the industry)

WHERE WE ARE GOING

- Ample growth opportunities will transform the business towards 2022
 - ✓ From a charms specialist to a full jewellery brand
 - ✓ From mass marketing to personalised and digitalised consumer engagement
 - ✓ From wholesale-led model to retail
- Plan already in motion to yield first benefits of the business transformation in 2018
- Clear objective to continue to deliver strong financials – highly cash generative and profitable growth

Looking ahead, PANDORA has a unique platform to build on with an integrated value chain

AFFORDABLE LUXURY LEADER WITH UNIQUE INTEGRATED BUSINESS MODEL



PANDORA will look different in 2022



INNOVATE AFFORDABLE JEWELLERY

~50% New categories

10 Drops and +500 new products per year

1 New concept per year



DIGITALISED BRAND EXPERIENCE

#1 Industry leading digital consumer experience*

~8% Marketing spend

~60% Spend on digital media



WINNING IN OMNI-CHANNEL RETAIL

~3,500 Concept stores

~65% O&O share (# of stores)

~10-15% eSTORE share of revenue



AGILE MANUFACTURING

4 weeks manufacturing lead time

4 months new product launch (fast track)

200 million units in total production capacity

* L2 benchmark

The PANDORA investment case towards 2022

A UNIQUE INTEGRATED BUSINESS MODEL



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GENERATIVE**

**High
pay-out**

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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.

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