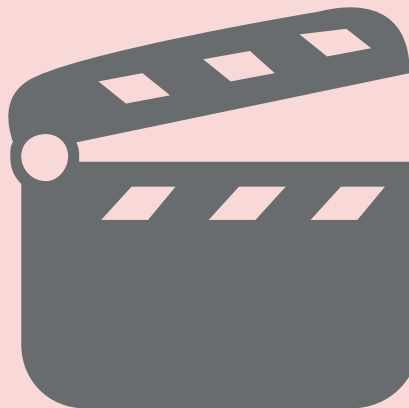


# Pandora Spring video



PANDÖRA

# ANNUAL GENERAL MEETING 2019

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COPENHAGEN, 13 MARCH, 2019



# Use of headsets during the Annual General Meeting



**For translation into Danish, channel 1**



**For translation into English, channel 2**

# 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.

# Speakers of today



**PEDER TUBORGH**

Chairman of the  
Board of Directors



**ANDERS BOYER**

Executive Vice President and Chief  
Financial Officer (CFO)



**JEREMY SCHWARTZ**

Executive Vice President and Chief  
Operating Officer (COO)

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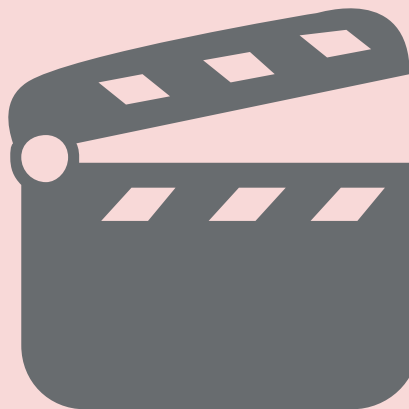
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# Pandora Reflexions video



# Key highlights 2018

Revenue growth

**3%**

Revenue

**22.8**

DKK billion

Total like-for-like

**-4%**

EBITDA margin

**32.5%**

Cash conversion

**86%**

Shareholder  
distribution

**6.0**

DKK billion



Launch of **2 new concepts**, Pandora Shine & Reflexions



Highest brand awareness in the industry of **85%**



More than **1 tonne** of silver used per week



**2,705** concept stores globally and **20** eSTOREs



Business analysis completed with a **28,000** consumer study



More than **900,000** charms sold per week



**Programme NOW** initiated



# After a tough 2018: Board has taken forceful actions to create a path towards sustainable growth



## A challenging 2018

- Capital Markets Day in January with primary focus on product newness and network expansion
- Unsatisfactory like-for-like growth and financial results
- Refreshing the product portfolio did not lift sales as expected



## ...has led to forceful actions

- Establishment of joint executive leadership
- Thorough health check of the business
- Programme NOW launched to make transformational changes to Pandora
- Network expansion strategy changed compared to CMD



## We will restore sustainable growth at industry-leading margins

- Execution of Programme NOW is running at full speed
- The fundamentals of Pandora remain firmly intact
- A new CEO was announced in February 2019, to start no later than 1 September 2019

# New CEO to join



**Alexander Lacik**  
Chief Executive Officer-elect

## Resume

**2018 – present**

**Britax Child Care Group**

CEO, 2018 Oct. – present

CCO, 2018 Apr. – September

**2017 – 2018**

**Kasthall Golv & Mattor AB**

Interim CEO, 2017 Nov. – 2018 Mar.

**2004 – 2017**

**Reckitt Benckiser Group Ltd.**

President of North America, 2013 – 2017

Senior Vice President, 2010 – 2013

General Marketing Manager, 2007 – 2010

General Manager, Hellas S.A., 2004 – 2007

**1994 – 2004**

**Procter & Gamble**

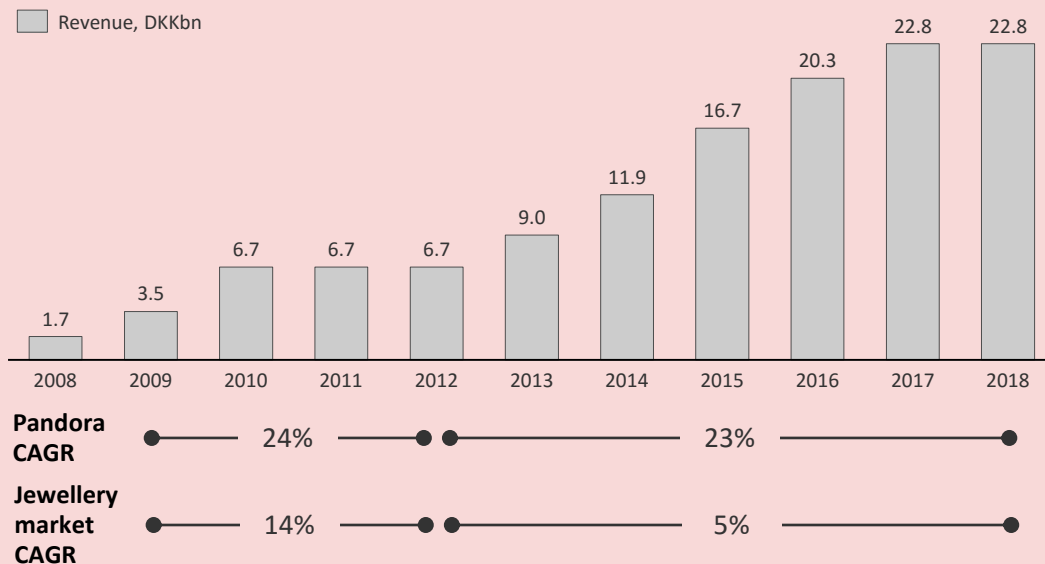
Marketing Director, 2003 – 2004

Marketing Manager, 2000 – 2003

Country Sales Director of Sweden, 1997 – 2000

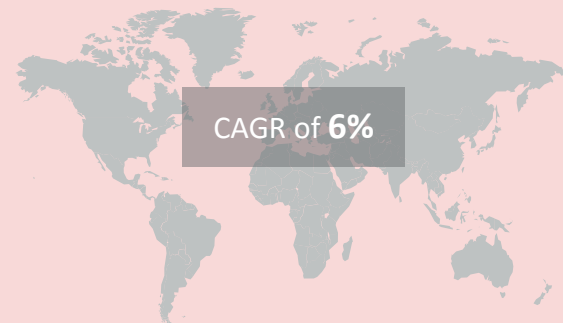
# Pandora operates in a growing industry

Pandora has outperformed the global jewellery market since 2009

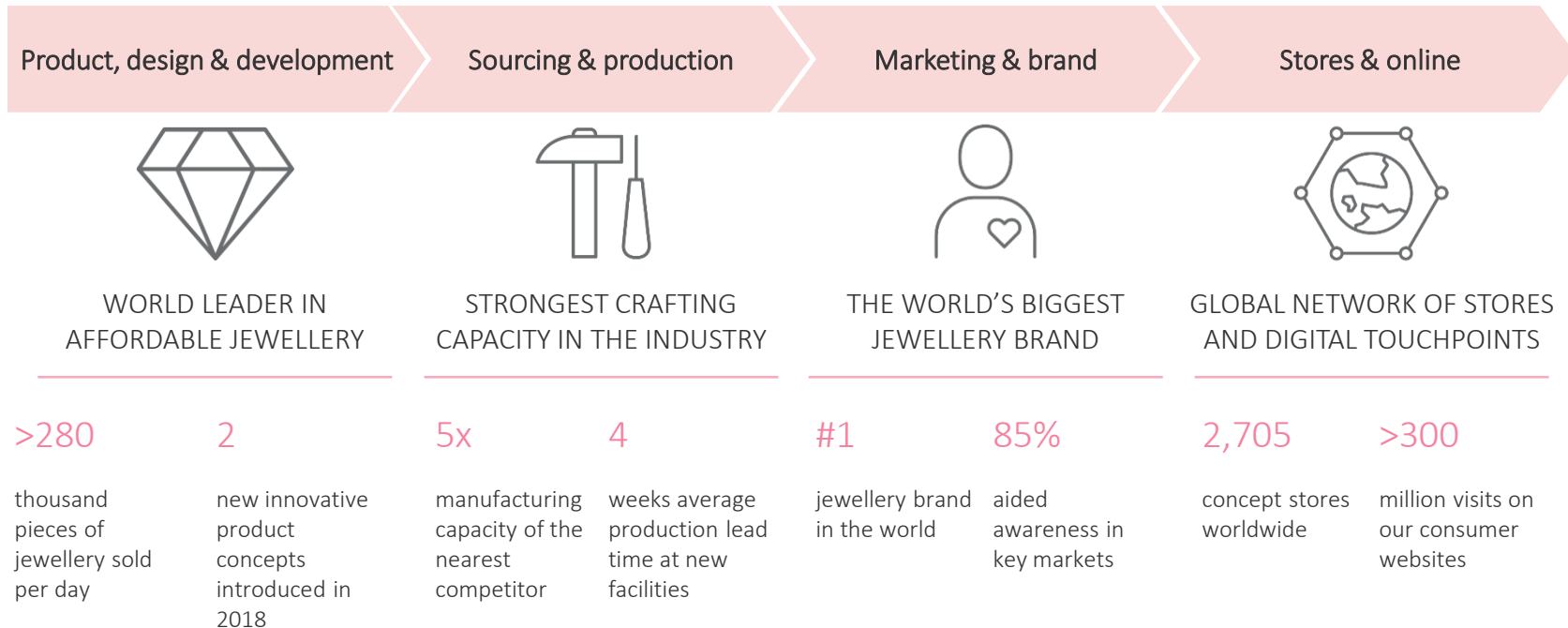


Source: Euromonitor

The global jewellery market's expected growth towards 2022



# The Pandora business model



[illegible]

# We craft jewellery at high ethical standards made from ethically sourced materials



*At the heart of Pandora's business is the belief that high ethical standards and high-quality jewellery go hand in hand*

## PRODUCT



**1.7 billion stones** used where **99.96%** were man-made stones



**88%** recycled silver grains & **100%** recycled gold grains



**30 pairs of hands** on average contribute to creating one piece of jewellery

## PEOPLE



**7.7%** employee turnover in Thailand



**One Pandora thai crafting employee's salary** sustains an average household



**Highest ranking company** in Morgan Stanley Capital International annual ESG rating of the fashion industry

## PLANET

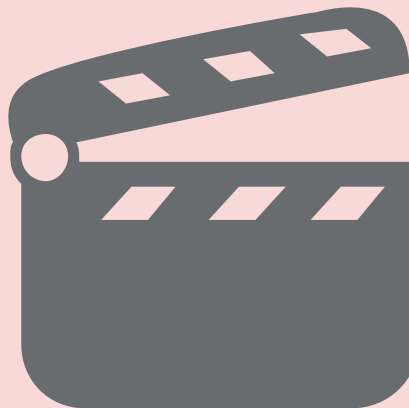


**89%** of crafting waste was recycled at our crafting facilities



**100%** paper bags and gift wrapping paper originate from wood from sustainable forestry

# Pandora Thailand



# Why are we seeing a decline?

Our analysis identified four key issues



Blurred brand experience

---



Weak initiatives on charms collecting

---



Over push

---



Executorial inconsistency



# Programme NOW: A 2-year roadmap to restore sustainable growth

Today

Q4 2019

2020

**COMMERCIAL RESET**

**"BIGGER & BETTER"**

**20<sup>TH</sup> ANNIVERSARY**



**COMMERCIAL RESET**



**REIGNITE A PASSION FOR PANDORA**



**REDUCE COSTS**

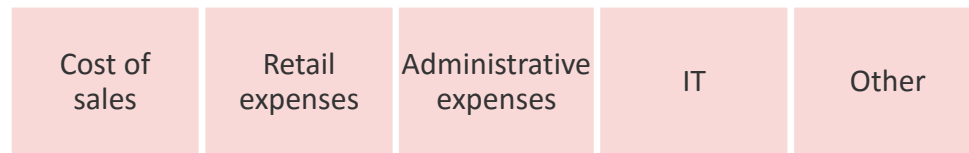


**IMPLEMENT NEW WAYS OF WORKING**

# We have identified significant cost opportunities

## WHY?

- Fund the growth initiatives
- Support industry-leading margins
- Enhance the cost culture
- Treat cash as a scarce resource



**DKK 1.2 billion**  
as a run rate by the end of 2020

# We are fundamentally changing the way we operate



Sharper Global to Local execution



Build world-class merchandising capability



Rebuild 'partnership' approach with Franchisees and Multi-brand owners



Foster a strong performance culture



SVP, Chief Creative & Brand Officer  
**Stephen Fairchild**



SVP, Global Merchandising  
**Jason Morgan**



SVP, Chief Transformation officer  
**Rasmus Brix**



SVP, Chief Digital & Omni-channel Officer  
**David Walmsley**

**PANDORA**

# Focus on shareholder value creation - new guidance metrics

## Organic growth

(previously total revenue growth in local currency)

- Strengthen focus on like-for-like growth
- Exclude acquisitions

## EBIT margin

(previously EBITDA margin)

- EBIT stands for Earnings Before Interest and Tax
- It better expresses our ability to generate profits and cash as it includes indirect expenses
- A better measure following new accounting standards

## Full year 2019 guidance

**-3% to -7%**

**Organic revenue growth**, incl. negative one-offs of 3-5 percentage points from commercial reset.

**26-28%**

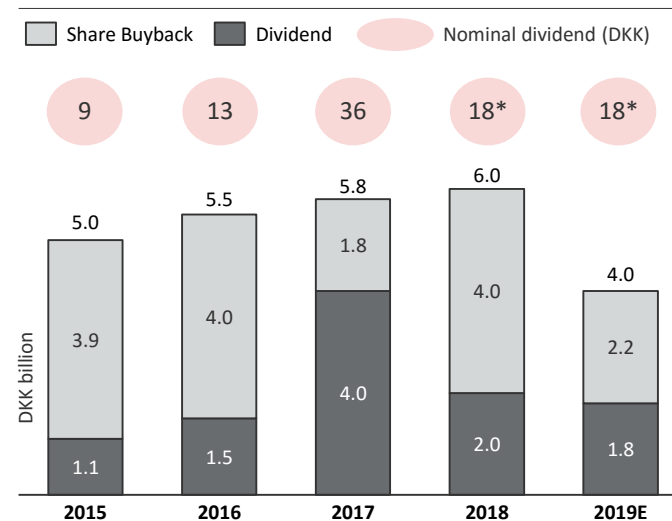
**EBIT margin** excl. restructuring costs of up to DKK 1.5 billion related to Programme NOW.

# Continued strong cash distribution to shareholders in 2019

## Cash distribution

- **2018 share buyback programme** of DKK 4.0 billion completed
- **2019 total cash return of DKK 4.0 billion**
  - **Share buyback programme** of DKK 2.2 billion
  - **Dividend payment maintained** at DKK 2 x 9 per share (DKK 1.8 billion)

## 5-year cash distribution development



\* The dividend in 2018 and 2019 is a combination of an ordinary dividend of DKK 9 per share, and an interim dividend at half year of DKK 9 per share

# The Pandora equity story: A turnaround opportunity with fundamentals intact

— Pandora has strong assets to build on —

— Return to sustainable growth and support industry-leading margins —



Cross-generational  
brand with  
unmatched  
recognition



Comprehensive  
global footprint  
across touchpoints



Magic DNA of  
innovative products



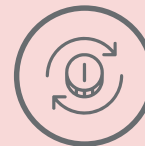
State-of-the art  
crafting facilities



Clear  
transformation  
roadmap towards  
restoring  
sustainable  
growth



Significant cost  
reduction  
potential to be  
executed before  
the end of 2020

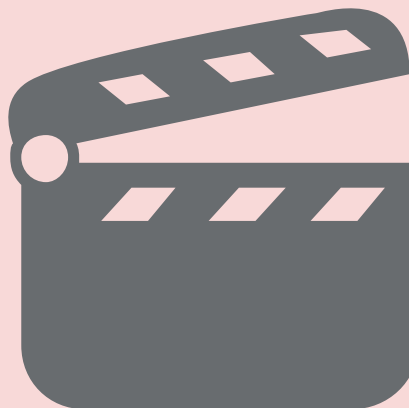


Continued strong  
cash generation  
during  
transformation  
period



Attractive cash  
pay-out policy

# Pandora Spring commercial



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## Remuneration for 2019 - Same as in 2018

Position	DKKt
Chairman of the Board	1,500
Deputy Chairman of the Board	750
Members of the Board	500
Chairman of committee	150
Member of committee	100

A number of committees have been established.

The chairman of a committee will receive a fixed fee of DKK 150,000 and a committee member will receive a fixed fee of DKK 100,000.

The chairman and members of the Audit Committee shall, however, each receive an additional fee of DKK 50,000.

The Chairman of the Board of Directors will not receive any committee fee.

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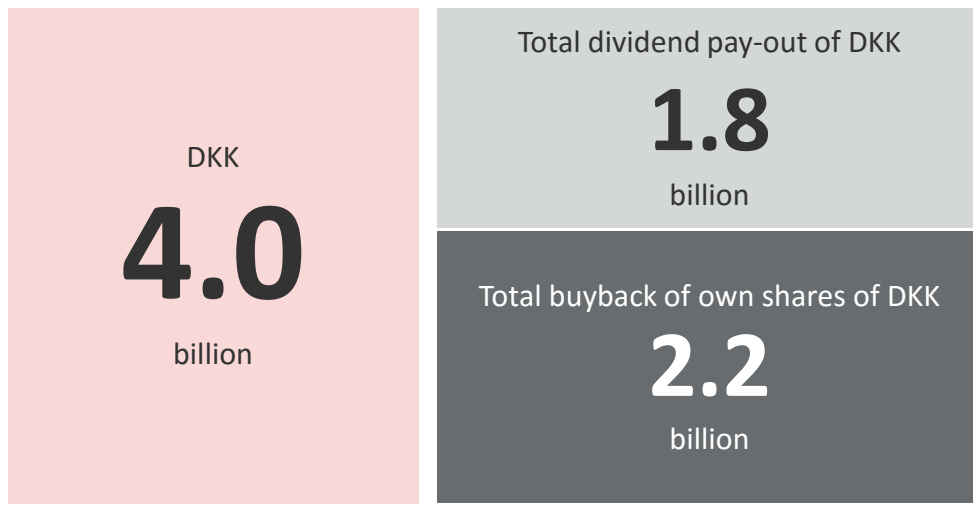
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# Proposed cash distribution to shareholders in 2019



- Ordinary dividend of DKK 9 per share
- Interim dividend for H1 2019 of DKK 9 per share
- Share buyback programme will run for one year and commence on 14 March 2019 if proposal 8.4 is approved

**Total cash return**

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# Evaluation and development of board competencies

## **The Board wants to widen the skillset and experience level of the current Board**

- Retail experience
- Consumer experience
- Capital markets experience



The Nomination Committee with full support from the Board recommends **2 new board candidates**

# New board candidates up for election

## ISABELLE PARIZE



**ISABELLE PARIZE**  
Board member candidate

### *Board experience*

- |                |  |
|----------------|--|
| 2018 – present | Member, ELSEY Paris                    |
| 2018 – present | Member, Robertet SA                    |
| 2014 – present | Member, Air France-KLM SA              |
| 2018 – 2019    | Member, Auchan Retail International SA |
| 2014 – 2016    | Member, Beiersdorf AG                  |

## SIR JOHN PEACE



**SIR JOHN PEACE**  
Board member candidate

### *Board experience*

- |                |                                  |
|----------------|----------------------------------|
| 2017 – present | Chairman, Octo Telematics Ltd.   |
| 2002 – 2018    | Chairman, Burberry Plc           |
| 2009 – 2016    | Chairman, Standard Chartered Plc |
| 2006 – 2014    | Chairman, Experian Plc           |

# Presentation of the Board of Directors

Board members up for re-election



**PEDER TUBORGH**

Chairman



**CHRISTIAN FRIGAST**

Deputy Chairman



**ANDREA ALVEY**

Board member



**BIRGITTA STYMNE  
GÖRANSSON**

Board member



**PER BANK**

Board member



**RONICA WANG**

Board member

New candidates up for election



**ISABELLE PARIZE**

Board member candidate



**SIR JOHN PEACE**

Board member candidate

**PANDORA**



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# Proposals by the Board of Directors

**8.1 Reduction of the Company's share capital**

**8.2 Language of company announcements**

**8.3 Language of internal documents relating to the Company's general meetings**

**8.4 Authority to the Board of Directors to let the Company buy back treasure shares**

**8.5 Authority to the Board of Directors to distribute extraordinary dividend**

**8.6 Authority to the chairman of the Annual General Meeting**

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THANK YOU