Pandora Full Year 2023 Results

Bilal, Aziz, VP, Investor Relations & Treasury: [00:00:00] Good morning, everyone, and welcome to the conference call for Pandora's full year 2023 results. I'm Bilal Aziz from the Investor Relations team, and I'm joined here by CEO Alexander Lacik, CFO Anders Boyer, and the IR team. As usual, there will be a Q&A session at the end of the call today. We do have a hard stop at 12:15 CET, so if you could limit yourself to two questions at a time, that would be great.

Bilal, Aziz, VP, Investor Relations & Treasury: [00:00:24] Please play notice to the disclaimer on slide two and turn to slide three. I will now turn to Alexander.

Alexander Lacik, CEO: [00:00:30] Thank you, Bilal, and welcome everyone. As I'm sure most of you are aware, following a strong Q4, we already pre-announced our results on Jan 7th where we gave some selective details. Here, I'm going to focus on the big picture of what we achieved through the year and dive into some of the drivers a bit more. First, we had a solid '23 with organic growth of 8% and like for like growth of 6%. We also ended the year on a good note with organic growth of 12% and like for like of 9%. You won't need reminding that the external environment remained challenging throughout the entire year. The reason we were able to deliver ahead of our previous guidance was simply that our investments into Phoenix, our strategy, are paying off. You can perhaps see that most clearly through the strengthening of our brand, we are clearly attracting more consumers. And the very strong growth you see in, for instance, Timeless is a testament to the ongoing transformation into becoming a full jewellery brand. Also in this inflationary

environment, we've continued to demonstrate a rock solid PnL structure. You'll see our gross margins reached another record high in Q4 and ended fully in 2023, above last year's. This clearly underpinned solid Ebit margins at 25%, in line with our guidance, whilst we scaled up investments into the business through the year. Finally, our asset light model helped convert this into cash as we delivered very strong cash conversion for the full year. Therefore, once again, we have announced today a sizable cash returns to our shareholders of 5.5 billion DKK. So, in conclusion, 2023 was a good example of where Phoenix is taking us solid growth, sustainably high margins, very strong cash flow, which comes back to our shareholders. Now let's move to slide four, please.

Alexander Lacik, CEO: [00:02:30] I'm proud to say that our financial performance goes hand in hand with driving our sustainability ambitions. We have quite an ambitious agenda, but we continue to make big strides across all aspects of the three major strategic priorities that you can see on this slide. I want to highlight one thing in particular within our circular innovation pledge, where we said we would shift completely to recycled silver and gold in the crafting of our jewellery by 2025. As some of you may have seen from the announcement last week, I'm proud to say that we have already achieved this target one year ahead of the plan. From December 23rd, we are only purchasing recycled gold and silver, which is an amazing achievement. You also would have noticed that this week we announced that once again we were awarded the highest A ranking from CDP. Clearly our sustainability does not stop here, and we look forward to making further progress on our agenda in the years to come. Slide five please.

Alexander Lacik, CEO: [00:03:33] For 2024. Our guidance is for organic growth of 6 to 9%. It is very early on in the year, and we've taken into consideration a number of factors as we've constructed this guidance. This includes our strong brand momentum, but equally the external environment, the

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latter still remains highly uncertain. So, we continue to remain mindful of a still fragile consumer environment. We will, as usual, update you as we move through the year. Our EBIT margin guidance is the same as it was in 2023, at around 25%. We can clearly see the increased investments we are making into the Phoenix strategy are yielding positive results. So, we will continue with this strategy of investing in future and current growth whilst maintaining our already high margins. I'll give a few words on current trading. We started Q1 well. In the first five weeks, our like for like is up high single digit percentage levels versus the same period last year. This is a good start, and we are still being helped by the strong brand momentum witnessed since mid of last year. However, I will repeat what I said in Q3 last year that over the past few quarters we have seen some benefit from, for example, even stronger execution on paid and earned media, elevated social media buzz, and better search engine execution. Whilst it's clearly part of our marketing strategy to drive that, you should not think of those aspects as being repeatable every single quarter. We will also not be afraid to dive into our business to continue the promotional detox, where we see an opportunity to further strengthen the brand for the long term. So, in that regard, I mentioned in Q3 that the underlying run rate of our like for like growth was probably closer to healthy mid-single digit levels. And this is also what we've included in our targets at the CMD in October of last year. When you take in the expected still weak macro environment, that's also what we have reflected in our full year guidance for 2024. And we should keep this in mind. Next slide please.

Alexander Lacik, CEO: [00:05:48] Now, before we talk a bit more about Q4 performance, I wanted to just recap on some promises we made just over two years ago at the Capital Markets Day back in '21. Some of you may remember that was the start of our Phoenix strategy, and we said we would target an organic growth CAGR of 5 to 7% until '23. We've ended up at delivering 7.5%, of which a healthy 5 percentage points come from like for like growth. This clearly comes across a very tough

macro backdrop. At the same time, we also met our EBIT margin target ending at 25%. This is despite the inflation environment and significantly scaling up investments into our business as we prepare for the next chapter of Phoenix. So, overall, this is a tangible reminder of what the strategy is delivering as we now enter the next phase of our journey. So, next slide please.

Alexander Lacik, CEO: [00:06:43] This brings me nicely onto the next leg of our journey. I'll expand on some aspects later, but the performance we delivered in '23, and particularly in the second half, is a reflection of the momentum we see across our four strategic pillars, which you can see depicted on the slide. Some of the initiatives are already having a positive impact. In Q4 in particular, all four pillars came together to drive strong performances across the key trading events of Black Friday and Christmas. I mentioned last year that those are very competitive occasions, and we certainly don't take anything for granted, but it was very pleasing to see how well we executed in our biggest and most important quarter of the year. Now let's get into some specifics of that next slide please.

Alexander Lacik, CEO: [00:07:29] Some of you may remember from last year how Mary Carmen, our Chief Marketing officer, spoke about being unmissable as a brand. Executing that across the busiest and most competitive period of the year is something that we are very proud of. Our like for, like performance in Q4 in large part was driven by consistent driving, good brand heat, which in turn drove a notable uptick in traffic across stores and online. You can see on the slide what some of that looked like. We were the lead sponsor at the British Fashion Awards in London, and also used various means to amplify our brand message across the globe. This included the sphere in Las Vegas with the stunning immersive display. Finally, Q4 was also the quarter where we launched our Loves, Unboxed holiday campaign. Some of you may remember that from the CMD last year, but

this was the new look and feel of the brand, which aims to significantly dial up the brand desirability. It was great to see a good reaction to the campaign, and that leads me nicely onto the next slide.

Alexander Lacik, CEO: [00:08:36] As part of our refreshed marketing strategy presented last year, we highlighted how we would be looking to restate the brand early in this year. The core purpose of this is to really change the perception of the brand into a full jewellery brand. This is a step change of how we will be delivering our messages to consumers. Early this year we've already started that journey, and on this slide, you can see a small sample of our new and exciting ad campaign, which features some of our new global brand ambassadors. The new brand campaign centers around the banner of Be Love, and this will be a multi-season campaign. What you see here is just a small sample, but we will be driving consistent communication through the entire year to take our brand desirability to the next level. Do keep an eye out for our communication materials. Next slide please.

Alexander Lacik, CEO: [00:09:28] By collection, our core offering continued to be solid for the entire year and delivered a healthy 4% like for like growth in Q4. We spoke about the great performance of the studded chain through the entire year. And since September last year, we added new variations. These continued to drive solid incremental revenue into Q4 within our core. I pay close attention to our carriers, such as the studded chain, because this really underpins our future charm business due to its captive nature. The performance of the studded chain therefore reads encouragingly for the vast universe of our charms into the future. You can also see the breadth of our products we have in our core offering. In this slide. And they all perform particularly well over the holiday period. I wanted to highlight Pandora ME, which had a very successful year. Delivering solid 6% like for like in the quarter and double digit for the full year. Next slide please.

Alexander Lacik, CEO: [00:10:26] Now, as you can see on this slide, are filled with more strategy continues to work very well. We are bringing more consumers into the brand, and they are really exploring the full breadth of the beautiful jewellery we offer. After a very strong '23, Timeless is now nearly a fifth of our entire business. Momentum here continued to be strong in the quarter with 31% like for like growth. I know some of you may wonder what product exactly is driving that, but it's really quite broad based across categories where we still today have rather low market shares. Secondly, it's not really the way we think about the business we sell Timeless as a collection, an idea not only individual products, and the former is how you create a stronger brand. Now, of course, there will be products that create more buzz than others. And as you can see on the slide, the tennis bracelet went viral on social media channels, which drove good momentum for us in many markets. For Diamonds. We continue to be encouraged with the trend. So, let's talk about that on the next slide.

Alexander Lacik, CEO: [00:11:29] In Q3, you'll remember that we expanded our lab grown diamond assortment, which now spans across four collections and is available across six countries. Since then, we've continued to see good build up of momentum in the collection. This was the first full holiday season where we had our wide offering, and it was very encouraging to see that Pandora's lab grown diamonds is performing well on the key gifting occasions. To put this in context, across all our collections during peak trading times, we typically have one transaction every three minutes. The dynamics in diamond selling ceremony are, as you know, slightly different. So, in that context, we are also encouraged with the performance. We do have an ambition that by 2026, to generate at least a billion DKK of revenues from this segment. And with our expanded collection, we made a good start to this. Next slide please.

Alexander Lacik, CEO: [00:12:24] Once again, I want to quickly highlight our personalisation capabilities. They are continuously driving incremental like for like growth. And engraving is a fantastic example of that. You can see on the slide how much buzz was created through engraving in '23. We scaled up our offering quite quickly across nearly 850 stores. This is an instant service we offer in our stores and truly resonates with our brand ideology. jewellery with a meaning. It's obviously win win for us, and we're excited to expand our offering this year. Next slide please.

Alexander Lacik, CEO: [00:12:59] Now we ended the quarter with a strong like for like growth of 9%. Before I dive into the markets, I just want to take a step back and highlight our like for like growth trajectory. As you can see we've, been delivering mid-single digit like for like growth consistently when you look at it over a longer time frame. And that comes across a quite weak macroeconomic backdrop which we've been able to navigate really well. Clearly our strategy is working. When we lift our sight line of touch, we can see a long runway ahead of us for like for like growth opportunities. And we've listed some of them on this slide. We obviously don't control what happens in the broader macro. And whilst that can have short tum impacts, you can be assured that we will continue to look to grow our market share and look to drive growth in the branded jewellery category. I'll remind you that our global market share remains only around 1.3%, and we have built a strong, agile organisation which centers on the largest jewellery brand in the world. So, those are pretty good ingredients, and you will see us thrive through economic cycles to come. Now let's get into the markets for Q4.

Alexander Lacik, CEO: [00:14:09] Let's start with our biggest market, the US, which delivered 10% like for like another good sequential improvement. Like in Q3, the US continued to benefit from a brand initiatives driving increased traffic that also came through all our collections, which was great

to see. Overall performance continued to be way down, but that of our partner stores, and we continue obviously to work with them. Next slide please.

Alexander Lacik, CEO: [00:14:34] The performance in our key European market was broadly stable at 5% like for like. Germany continued to build on a very strong brand momentum and delivered a whopping 39% like for like growth. Again, this was broad based across all collections. This will naturally moderate at one point in time, but the underlying business remains in very good shape. And one of the good examples of the mid to longterm growth opportunities I was referring to in UK and Italy, the performance continued to remain resilient despite the weak consumer backdrop. We continue to believe we are building share despite staying broadly flat in like for like growth. Finally, in France, it was another solid quarter with the brand initiatives coming to the fore like in the US. Our overall performance in France continued to be weighed down by weakness in our partner channels. Next slide please.

Alexander Lacik, CEO: [00:15:26] Now in China, a performance of -11% like for like fell short of our expectations. Whilst we have seen some positive signs in Shanghai following the brand relaunch, the recovery has been modest and not helped by the macro environment. We've taken the next steps in our journey here and have appointed David Allen as the new GM of the region. Some of you may remember that David brings valuable longterm Pandora experience, so we will look to leverage that as we seek to build our brand even stronger. In Australia, we continue to be impacted by the weak consumer sentiment, which continues to impact the partner channels in particular. Finally, on the rest of Pandora, we delivered 16% like for like growth. And as expected, we saw some normalisation of growth of a very strong comparative base. And you should expect that to continue into 2024. However, as we've said, this is a collection of many countries with good runway ahead.

So, the fundamentals remain sound and solid. As a general comment, I will also highlight that we are truly global brand. That naturally means through the years you will see different growth pictures between our markets, with some naturally slowing whilst others accelerating. That's just part and parcel of having a wide and strong global portfolio. Next slide please.

Alexander Lacik, CEO: [00:16:44] I just wanted to give a quick word on our network expansion plans. We met our guidance for net openings and saw a 4% positive revenue impact from our new stores in 2023. The financial KPIs of the stores are in line with what we've always expected, and this continues to be a very accretive revenue stream. Therefore, you should not be surprised to see that we will push ahead again further in 2024 and target 100 to 175 openings as we begin our journey of opening a total of 4 to 500 stores between now and 2026. This is through a combination of concept stores and shopping shops. Next slide, please.

Alexander Lacik, CEO: [00:17:26] Tied to our network, we open 55 stores of our new store concept Evoke 2.0. For those of you who might not have seen this yet, it's a fundamental redesign of the classic Pandora store, with a vision of presenting Pandora as a full jewellery brand and elevating brand desirability. I strongly recommend you visit to see the difference for yourself. I always said we had to test the new store concept over peak trading periods, and I'm very happy to report that over Black Friday and Christmas we saw very good performance across the new stores. This was an important milestone and we will continue to move ahead with our ambitious rollout plans here in 2024 with further openings. And on that note, I'll hand it over to Anders for a closer look at the numbers.

Anders Boyer, CFO: [00:18:13] Thank you, Alexander, and good morning, everyone. And please turn to slide 22. Alexander has already commented on our top line performance, but what you can see here on this slide is that how the good top line performance feeds nicely down through our PnL and all the way down to cash flow and the other financial KPIs. Once again, I'll highlight our strong gross margin. It was almost 80% in Q4 and reaching another record high of 79.3%. And I might be repeating myself from prior quarters, but again, this is driven by strong underlying foundations. There's no one offs that makes the gross margin so high. It's just a continuation of our gross margin journey over the past few years where we've continuously been able to drive improvements. You'll hear Alexander shortly inviting you to a site visit at our crafting facilities in Thailand, and I strongly recommend you to join the visit to really understand some of the driving forces behind why we can operate at this high gross margin level. You can also see in the table that our working capital position improved from last year, ending at just under 2% of revenue. As expected, this was helped by our inventory, which entered the year broadly flat in absolute terms and thereby down one percentage point when you measure it in percent of revenue. And we are very satisfied with the inventory position going out of 2023, both in terms of composition and in terms of the inventory level measured as a percent of revenue. And of course, a flat inventory in a growing business helps the cash conversion, which ended 2023, in a strong position at 78%. And as expected, after peaking in the third quarter, our leverage fell back towards the midpoint of our targeted year end net debt to EBITDA range of between half a turn and 1.5 turns. In 2024, you should expect a similar pattern for our leverage, which will again peak as we exit the third quarter before falling back in Q4 due to normal seasonality. And next slide, please.

Anders Boyer, CFO: [00:20:43] Now here on slide 23, let's take a closer look at the revenue performance in the quarter. Alexander has already covered the like for like growth. So, I'll just cover

some other aspects. First of all we saw another strong contribution of four points from network expansion in the quarter. And this takes the total revenue growth from network expansion to around 1 billion kroner in 2023. And this is profitable growth. As you know, the annual EBIT margin on this incremental revenue continue to be north of 30% EBIT margin already in the first year of the life of the new stores. Secondly, we continue to see a small drag in our growth of minus one point from the bucket that we called Sell-in & Other that's in line with our expectations and in line with the third quarter. This includes, among others, a low sell-in to partners, other points of sale, including multi-brand stores, which keeps performing relatively weaker. And then go to the next slide, please.

Anders Boyer, CFO: [00:21:52] On the EBIT margin, our performance played out as we expected, both for Q4 and for the full year. And as you can see from the bridge, the Q4 margin benefited from cost phasing. And that's the largest of the grey buckets in the bridge. And as you will remember, this was a drag on the performance in the first three quarters of the year. The second grey bucket from the left is plus 20 basis points. And it includes the net effect of operating leverage and the investments that we are making. As we highlighted at the CMD, we are investing in current and future growth opportunities as part of the Phoenix strategy. And as you can see on the top line, it's playing out quite well. For the full year, our margin ended at 25%, and that's in line with the guidance for the year. Now then let's move on to slide 26 and the guidance for 2024.

Anders Boyer, CFO: [00:22:55] We are targeting another year of solid growth with an organic growth between 6 and 9%. And within this we are targeting a like for like growth of between 3 and 5%. But let me give you a few points that will help you frame our thinking about 2024. As Alexander showed early on the like for like CAGR in our business since 2021 has been around 5%. And looking

all the way back to 2019, we are at a 4% like for like CAGR. And in 2023, we clearly see good momentum across our strategic initiatives, and we got lots of growth opportunities ahead of us. So, we are going into '24 with a good track record. We're going into '24 with momentum and we're going into 2024 with a strong portfolio of growth initiatives. And as you've seen, we also started the year with good trading during the first five weeks. But this doesn't mean that you can just use the 9% like for like seen in Q3 and Q4 last year as the new base line or run rate of the company. There are three other factors which draw somewhat in the other direction and which we have also taken into account in our guidance. First of all, we saw a particularly strong brand momentum during the second half of 2023. There are several good drivers behind this but keeping such brand momentum is not a linear journey, and it's not something we assume can be repeated every quarter. And that's one of the things to keep in mind, particularly in the second half of 2024. Secondly, as Alexander also mentioned, then growth in the rest of Pandora will continue to normalise off for tougher comparatives. We have lots of growth opportunities in all the countries sitting in this bucket, but we cannot and do not expect to be able to grow at the 16% like for like level that we saw in 2023. And then finally, we are still conscious of the macroeconomic situation and the broader weak consumer backdrop and the low end of our guidance accounts for a weakening of the macroeconomic climate. So, if I sum up, our message is that we ended '23 with momentum. We started 2024 in a good place. And we have many growth initiatives in the pocket. So, we guide for another year with a solid 6 to 9% growth, despite the fact that the macro environment is not great, and consumers are likely to remain under pressure and then go to the next slide, please.

Anders Boyer, CFO: [00:25:53] On the EBIT margin, we are targeting for another year of strong profit, with an EBIT margin of around 25%. In this connection, I want to reiterate the message that we gave at the Capital Market Day last year. We have plenty of growth opportunities ahead of us,

and in order to capture these fully, we have been and will continue to scale up investments across the organisation. And this includes putting proper investments behind areas such as the restaging of the brand and the rollout of our Evoke 2.0 store concept. As always, our investments remain quite flexible, and we are able to adjust accordingly depending on the growth outcome. We have laid out the building blocks for the margin guidance on this slide, and we are, of course, happy to dive into that if you have any questions. There is one thing that we wanted to highlight regarding the quarterly phasing of our margins this year. As you know, the restating of our brand has already started, and the investment in this will impact the Q1 margin relative to last year due to the marketing spend which comes with the kickoff. And then go to the next slide, please.

Anders Boyer, CFO: [00:27:14] On this slide, we have shown some of the other guidance parameters for '24. Alexander has already covered the store openings. I just want to highlight our effective tax rate, which we expect to be between 24 and 25% and the increase from 24% last year reflects, among others, the introduction of the new OECD minimum tax rules, which I believe you are all aware of. Finally, we expect our net financial expenses to land somewhere between 950 million and 1 billion Danish kroner, and that's an increase of around 200 million kroner versus last year. And that's mainly a function of higher interest rates on a slightly higher debt in absolute terms, as well as a higher interest element of our store leases. Then please go to the next slide.

Anders Boyer, CFO: [00:28:12] I'll finish off talking a little bit about cash returns. You'll know that we have quite fundamentally changed how we run Pandora over the past five years. But that's one thing that has remained constant at Pandora all the way back from the beginning. And that's the cash generating ability of the business. And our approach in returning all of that back to shareholders. And one way to illustrate how much cash Pandora has generated for the last ten

years is what you see at the bottom of the slide here. And here we have shown the evolution of the share count since 2012, and you can see that we have bought back and cancelled nearly 35% of the share capital since 2012. So, it should come as no surprise that we will continue to be consistent and return significant cash again here in 2024. For '24, we are announcing a total cash returns of 5.5 billion, and that includes an increased dividend per share of 18 kroner per share and a newly announced share buyback of 4 billion, which is starting tomorrow. And with that, I'll hand it back to Alexander.

Alexander Lacik, CEO: [00:29:34] Thanks, Anders. Now, before I wrap up, I want to come back to the site visit that Anders just mentioned. So, last year at the Capital Markets Day, we mentioned that one of our major competitive advantages was our manufacturing sophistication and scale. And to bring that to life and show you exactly what we meant by that, we would like to invite you to our crafting facilities in Thailand in June to really get your head around why we have been able to carve out a competitive edge and sustain industry leading gross margins. I really recommend you to join us if you have an opportunity. We'll follow up in more details in due course but do get in touch with Bilal or the IR team if you have any questions.

Alexander Lacik, CEO: [00:30:17] Now then to finally wrap up. So, we're seeing a good momentum around all our strategic initiatives, none more so than our brand, which is really resonating with consumers. This, of course, helped us deliver very strong 2023 and in particular with a strong performance over Q4. We have completed the shift to 100% recycled silver and gold and set the bar for sustainability in our industry. For 2024 we look ahead with confidence and target another year of solid and profitable growth. Um, a core part of our equity story is consistent cash returns like

Anders just spoke about. We've stuck to that with the announcement of another sizable return. And with that, I think we can move to Q&A.

Operator: [00:31:05] We will now start the question and answer session. If you do wish to ask questions, please press five star on your telephone keypad. If you wish to withdraw it, you may do so by pressing five star again. There will be a brief pause while questions are being registered. The first question will be from the line of Grace Smalley from Morgan Stanley. Please go ahead. Your line will be unmuted.

Grace Smalley, Morgan Stanley: [00:31:34] Hi. Good morning. Thank you very much for taking my questions. I guess first, Alexander, on marketing with the new 2024 brand campaign now launch, could you maybe comment on the initial reaction you've seen from consumers from the new campaign? I know it's early, so maybe even commenting on some of the feedback you got when you were testing the campaign and how that feedback varied between your core consumer and a new consumer that you're trying to recruit to the brand. And then secondly, my follow up would just be given these marketing investments nearterm. And as what does the guidance embed for marketing as a percentage of sales for both the full year and also for Q1? And given the brand restaging and the strong marketing investments in Q1, what is the kind of level of margin contraction we should expect in Q1 EBIT margin? Thank you very much.

Alexander Lacik, CEO: [00:32:24] Hi, Grace. I think it's a week that it's been up, so, it's probably a little bit on the early side and we pick up a few commentaries on social media and so forth, but it's really not something to comment broadly on. More importantly, though, the qualification of the campaign obviously was very, very strong. We do a thorough job before we put these things out

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there. And in particular this time around, it's not just the run of the mill ad campaign. This is about restaging the brand. So, it took almost a year to actually get us to this point. So, it's tested very, very well. And in particular, what we're focused on is to drive consideration on the brand. So, as I've spoken to some of you in the past, it's easy to shout, I get I notice you, but it doesn't mean I like you. So, what we already have a very high aided brand awareness. I mean, typically it's 90, 95% in most markets. So, we're trying to drive that into actually considering the brand versus just knowing about the brand. And those scores were very encouraging when we did the testing.

Anders Boyer, CFO: [00:33:43] Yeah. And thanks, Grace, for the question on marketing. A couple of thoughts there. It will be quite visible in Q1. There will be a couple of points of increase in the marketing as a percent of revenue. So, in percentage terms, that means a significant double digit increase in marketing spending in Q1. But that is not going to, sort of, flow through fully, to an equivalent impact on the EBIT margin because there will be a somewhat better gross margin, some operating leverage. But net net that will still be an EBIT margin decline of a size that we thought it was worthwhile mentioning it up front, but not the full, let's call it 300 basis points of increase in the marketing as a percent of revenue. For the full year, it would be much more balanced, but you should still expect the marketing to increase more than revenue for the full year still. Depending on how the year plays out, but just to give you some direction of how it could play out, let's think about a marketing that could be 30, 40 basis points higher as a percentage of revenue for the full year. That's so not dramatic, but still something.

Grace Smalley, Morgan Stanley: [00:35:17] Okay. Very helpful. Thank you.

Operator: [00:35:22] Thank you, Grace. The next question will be from the line of Thomas Joubert from Citi. Your line will now be unmuted.

Thomas Joubert, Citi: [00:35:30] Good morning, Alexander and Anders. Two questions please. The first one on the margin bridge for 2024. Thanks for presenting that very useful slide. The 30 bips margin compression from OpEx leverage net of investment, which explains why margins are not expanding this year. Um, is it based on the midpoint of your 3 to 5%, like, for like, guidance plus 4% and would plus 3 or plus 5%, or hopefully you'll do much more than 5 uh for the year leads to materially different outcomes. Secondly on Timeless. Alexander, you explain how excited you are about this segment. Just over 15% of group sales, they contributed to about half of your 6% group LfL last year. Would you expect Timeless to outperform even more? This year, given all the product initiatives that the restaging of the brand into a full jewellery offering? And how do you ensure that the success of Timeless doesn't end up cannibalising Moments LfL? Which as we all know, is growing, but it was a relatively modest growth last year. Thank you.

Anders Boyer, CFO: [00:36:59] Thomas, I can start out answering the first question on the margin. Yes, the -30 basis points is based on the midpoint of the guidance. And in a way, I could stop there, but I think I'll maybe just give a couple of more comments to that exact element of the EBIT margin bridge. If you go back to the CMD, there was a kind of a principle that we tried to communicate on how to think about operating leverage and just reiterating that the way to think about the EBIT margin for 2024. So, being flat versus 2023, is that we want to make sure that we have enough firepower to keep driving the top line, so enough firepower to drive across the growth vectors being that the brand heat restaging of the brand, making sure that we get, position as the go to brand for lab grown diamonds, the brand relaunch in China, the rollout of Evoke 2.0 and potentially also

putting some more power behind driving traffic into the stores and online. Should the, the macro turns out weaker than what it is, what it is today. On top of that, if I should have put a little bit more data behind the investments that we're doing in 2024, so it offsets the operating leverage, then as 3 or 4 buckets. One is Media that we just spoke about or think about that being, let's say, a 30-40 basis points of margin headwind for the year. Depreciation will be going up in 2024. Let's call that 150ish million Danish kroner. So, that's 50 basis points on the margin. And that comes as you. Some of you know that we have been doing very little on store refurbishment, basically all the way back since 2018. now Evoke 2.0 is ready and we're putting sort of full speed as fast as we can go behind that from a CapEx perspective. But given that we have done very little refurbishment for five years, there will be a depreciation impact in the PnL this year. Then we are investing behind the growth pillar that we call personalisation. That includes the strengthening of the online experience that we have. Let's call that 25-30 basis points of margin or investments that goes into that. And then finally on digital and sustainability. If I put that in there, that's another 25-30 basis points of sort of incremental investment. And that goes across our ERP preparations and early rollout mobile point of sale systems in the store workforce management system so we can manage our stores even better. Then there's also small incremental cost of driving ourselves forward on the sustainability agenda, including recycled silver. And you may have seen the announcement last week that the total annual cost that's not all incremental, but the total cost of being 100% recycled on silver and gold is to the tune of 10 million US. So, 70 million Danish kroner. That was a longer answer than maybe it was intended Thomas but hope it's helpful anyways.

Alexander Lacik, CEO: [00:41:00] And now we spoke for so long. I even forgot what the question was. Timeless.

Thomas Joubert, Citi: [00:41:06] Yes. The contribution of Timeless to group. And whether this will cannibalise Moments at some point if it becomes so successful.

Alexander Lacik, CEO: [00:41:16] Um, so if you remember way back when, when we talked about these kind of ECP or our segmentation model of the market, the one thing which we've been very particular about is when we enter additional collections, that we actually make sure that the collections fulfil a different consumer need. So, you're kind of trying to sort out a different occasion of usage. And that is kind of how we try to try to maximise the, the separation of that purchase act. So, one doesn't cannibalise the other. So, that's kind of strategically how we craft all of these collections to have enough separation while still kind of sit under the umbrella of the Pandora brand. So, if you think about Pandora ME is again, something quite different in not least from an aesthetic standpoint, timeless is a completely different type of jewellery occasions that you're trying to serve. So, that's at least the strategic intent. Can we print another 20-30% growth on Timeless? If I said yes, then you would immediately start doing back calculations saying everything else is going to decline and you're like for like is either rubbish or you're not saying. So, if you go back to the Capital Markets Day, we said that Moments would probably occur, would probably grow. You know, let's call it low single digit to mid single digit type of in the strategy period. Right. And then the other collections obviously then in order to get to this kind of group like for like that's higher will have to grow at the higher clip. So, now exactly what that is each year is, is dependent a bit on the initiative, focus, etc., etc. So yes, Timeless has to grow faster than Moments that was true last year and will have to be true going into this year as well and looking kind of what we have in the bag, then I'm quite confident that's going to be the case again. So, I hope that gives some some colour to your question.

Thomas Joubert, Citi: [00:43:26] Thank you. And can you say whether Timeless is still growing at 30% like for like, like in the fourth quarter in January against obviously a tougher comps. So, or is it normalising now.

Alexander Lacik, CEO: [00:43:38] No, I mean I don't think we've ever guided on particular collection. So then I would have to ask you to look at what we said at the Capital Markets Day that gives you a generic sense of how we think about it. Thank you.

Operator: [00:43:58] Thank you, Thomas. The next question will be from the line of Ben Rademadan from Goldman Sachs. Please go ahead. Your line will be unmuted.

Ben Rademaden, Goldman Sachs: [00:44:07] Good morning, Alexander and Anders. Thanks very much for the questions today. I just had two, if that's okay. My first one was just on gross margins. You guys have reached a record level during the period. And in the past, you've spoken about how you kind of see gross margins settling in around the high 70s. But I'm interested after the fourth quarter and some of the mixed benefits from the fuel with more segment, whether you think you can rebase margins more towards the 80% level. Um, if we look forward. Um, and then secondly, just on the US and the strong performance there, can you maybe just talk to the drivers of that performance, whether we think about market growth or, or kind of share gains? Thanks.

Anders Boyer, CFO: [00:44:49] Thanks for that. On the gross margin. It remains a very good story. I think we'll still point towards the sort of the very high end of the 70s as a good way to think about the gross margin going into this year, going into 2024. I think if eventually, if everything else remained constant, you might even get very close to 80%. But that, I think, would require that the

element of inventory buybacks when we buy back a store from a partner, there's a temporary drag on the gross margin. That was 50 basis points for the calendar year 2023. And you should expect pretty much the same level this year, maybe even a touch higher. But once that sort of cycles out, and that's not going to be this year, not next year either, then if everything else remained constant, you might even see 80% in some quarters.

Alexander Lacik, CEO: [00:45:53] Yeah. And then if we move to the US. And the US, like many other markets, the key driver when you kind of let's say peel the onion is traffic. It's driven by traffic. And of course, part of this traffic is the underlying good work that we've been doing for quite some time. the other piece, is this a bit more topical? Uh, TikTok trends and whatnot. Part of it is we we've changed the methodology on how we try to win search, which is clearly working really well for us. There is a bit of Halo, probably from the investment on diamonds. Not everybody that that comes to the shop to buy the diamonds end up buying a diamond. But there we know that we drive more awareness and more consideration for the brand. When we've had the investments behind diamonds. It is not helped by the market conditions at all. So, the US market has been very tough in the back half. So, this is pure market share gain. And actually through the back end of the year we accelerated that delta versus the market. Based on the data points we've seen so far. I have not yet seen the December data, but up until November, that was certainly true. And given that we finished very strong, I have no doubt that it will have continued into December. But as I said, I don't have that data set in front of me yet.

Ben Rademaden, Goldman Sachs: [00:47:27] Excellent. Thanks very much.

Operator: [00:47:30] Thank you. Ben. The next question will be from the line of Lars Topholm from Carnegie. Please go ahead. Your line will be unmuted.

Lars Topholm, Carnegie: [00:47:41] Thanks. Congrats with a good quarter. Couple of questions on my side. One is on the store expansion. Where in your guidance, you attribute 3 to 4% growth from this? If I just take the phasing of your store openings last year and then assume 25 new concept stores per quarter this year and ten new shopping shops this year, and then assume average sales are completely flat, I get a number closer to 6%. And of course it could be because you are assuming a very back end loaded phasing. But I just wonder if you can put some comments on that. Then a second question. So, you have a situation where your stores are underperforming the Pandora owned stores, for several reasons, I'm sure. Wouldn't the logical conclusion be to roll up the entire franchise network simply by not extending franchise agreement when they come up for renewal? And if that is the case, can you put some comments to the maturity profile of your franchise agreements? If you pursue a complete roll up, when would you no longer have franchise stores? Thanks.

Anders Boyer, CFO: [00:49:03] Hi, Lars. And thank you for the question. I think it's well spotted that depending on the timing of the opening of the stores in '24, we might even get above the, the 3 to 4% range. You are probably also right that the 3% is if would assume that we would be very back end loaded. Maybe even the 4% would still assume that we'll be somewhat back end loaded in the phasing of the stores as we saw in 2023. We're trying to make it smoother this year because it is a fairly big time consumer for the organisation. So, it's better to do it a little bit smoother through the year. And if we succeed, then there might be an end, an upside to the network expansion top line.

Alexander Lacik, CEO: [00:50:02] Yeah. Just to build on that, there are plenty of markets where normally the change of contracts happens after the summer. So, that's typically historically the reason why we've been more back end loaded. Now we're trying to smooth it out as Anders said. But if you look through the years, well, when we've done this type of work, then it's more tilting towards the back half. So, that's one question. On your other question, as you know, we have always said that we don't have an aggressive or we don't have active acquisition policy. When the contracts come up for renewal, we'll take a look at it, if it makes sense, we'll take it back. If not, then we'll renew. But you would have noticed then in the last periods we have taken back more than we have renewed. If I think about the typical contract is five years, there are some which are longer and there are some which actually, given the local regulations, don't have any time frame on them. Because simply put, if the contract is fulfilled, then it renews automatically. And then you would have to get into a conversation with an active acquisition debate in order to buy them back, which so far we haven't really done. There's been instances where the franchise partners have knocked on our door and say that we want to engage in a conversation, and we always do. So, right now when they expire, we look at it. In the meantime, we try to motivate the franchise partners to you know, to perform better. So, that's as much as I would say now.

Lars Topholm, Carnegie: [00:51:48] Just a small follow up to that, Alexander. So, if you say the typical contract runs for five years, since you haven't renewed that many in recent years, is it fair to say the average maturity is a lot less than five years?

Alexander Lacik, CEO: [00:52:04] Well, arithmetically, yes.

Lars Topholm, Carnegie: [00:52:08] Okay. Thanks. Thanks for taking my questions.

Operator: [00:52:13] Thank you, Lars. The next question will be from the line of Antoine Belch from BNP. Your line will be unmuted.

Antoine Belch, BNP: [00:52:22] Yes. Hi, it's Antoine at BNP. Two questions. First of all, I would like to come back on the US market outlook. Do you expect the like for like to be above or below the average of the company in 2024? And if so in the 3 to 4% contribution from new store, how much of that will happen in the US and also a bit on what would be the share of the US in the forward in integration. And my second question is, is about the online business. How did you know, what are the trends, recently and you know, how do you see that business going forward? It seems to be a channel that I would say, generally speaking is a bit I would say consolidating and also comment about how its profitability has evolved. you know, versus the average of the company. Thank you.

Alexander Lacik, CEO: [00:53:25] Okay on we don't guide on individual markets. We did it what, two years ago? Uh, but there were some very particular reasons why. So, we're not getting into that conversation. I think the US market I mean, it continues to be a tough market, there is no doubt. We have been in a good position where we gained market share. But that's as much as I would say. Share of network expansion and forward integration.

Anders Boyer, CFO: [00:53:57] Yeah, I can take that one, Antoine, on the network expansion I'll probably divide it into the concept stores and shopping shop because it's quite a different picture on shopping shop, which is the easier one then. It's almost entirely a Latin America story. and with the store openings that we are planning, the 25 to 50 this year. On concept stores, it's much more balanced. It's on an individual country basis. US is the biggest, but we actually do see store openings

or planned store openings this year quite well across countries. Also, if you look at the Europe where there will be store openings in a number of different markets. They're also in some of the own markets and partner markets in Asia. You will see, see an opening. So, it's much more balanced on the concept stores. But again, just repeating the US is in absolute terms, the way we open up the most concept stores in '24. And on the forward integration. Yeah, it also to a quite an extent a North America store in US and Canada. But that will also be a number of other markets where we do it. But the bigger piece is in North America on forward integration. And then you had a question about the franchise and on franchise performance. You've seen the numbers. There's been quite a consistent difference for a long time in the like for like between our own stores and partner stores. We've taking quite a number of initiatives to try to narrow that gap. but it hasn't really moved the needle to a large extent. And you can see that in the Q4 numbers where we still have a seven points, like for like gap. Fortunately there, the partners have been in positive like for like both in Q3 and Q4 as a global number, which obviously helps. But it's still a seven point gap here in Q4, which of course hurts us a bit. We are spending quite some energy to try to narrow the gap, but I don't think you should expect that we can narrow it in '24 either or eliminating that gap.

Alexander Lacik, CEO: [00:56:40] And then on E-comm I think we were landed a touch above 20%. E-comm as a percent of our global business. If you go back and this is pre-pandemic, where you had a bit of a more stable backdrop, then it looked like it moved a few points every year. And that's probably how I would predict it for the future as well. After the pandemic, we now, of course, settled at a very, very different level. Before the pandemic, 13% of our business was done on E-comm. Now I think we landed at 22, if my memory serves me right. And that seems to have stabilised around that level. So, going forward, yeah, it may move a point or two annually. So draw out the line ten years from now. Yes. It's going to be a number closer to 30 than 20 for sure. But I don't see it

moving much faster than that. And part of the reason is, as we've said in the past, is people like to come down and look at the jewellery. They want to try it on, see if it fits. Ring sizes in particular, is a bit more cumbersome to order online, for instance. And a large portion of our customers are guys that simply need help with that gift purchase. So, and they predominantly go into the stores. So, I don't see that changing uh, radically at least. So, it's a quite slow uh, and then from a profitability standpoint, if you do the let's say vertical or channel PNL, if you may, it's not vastly different whether the transaction falls in in our e-commerce channel versus our retail channel. So, as we've always said, and we're fortunate versus many other people that have this situation that we're quite agnostic to where the transaction ends up falling. If you're a grocery retailer there, you have a very different point of view on this, of course, because it hurts quite a bit if you move it across to e-commerce trading. We don't massively care about that, I think as, as I've always said, the right question is how you get more people into the funnel then where you conclude the transaction, I think is a little bit less important in our case.

Antoine Belch, BNP: [00:58:56] Thank you very much.

Operator: [00:59:00] Thank you, Antoine. The next question will be from the line of Anna Laura Bismuth from HSBC. Please go ahead. Your line will be unmuted.

Anne-Laura Bismuth, HSBC: [00:59:11] Yes. Hi. Good morning, Alexander and Anders. So, two questions. The first one is about pricing. So, in the building blocks of the EBIT margin in 2024, it stated that the inflationary impact is expected to be offset through price increases in efficiency. So, do you plan to do another price increase in 2024 and by how much? And the second question is about the new store concept. So, the new Evoke 2.0. So, you open 55 stores in 2023. So, we know

the target for '26. But how many are planned for '24 please. And what is the sales uplift linked to the new Evoke 2.0 concept stores? Thank you.

Alexander Lacik, CEO: [00:59:55] Do you want to take the pricing one?

Anders Boyer, CFO: [00:59:57] Yeah, I can take that. I think high and low. The way to think about pricing in 2024 is along the lines of what we said at the capital market day was one between 1 and 2% price increase as an average across the portfolio. So, that's a 20 to 40 basis points of margin support based on an elasticity of one.

Alexander Lacik, CEO: [01:00:25] On Evoke, I think we're planning up to 175 POS, of which 75 to 125 are concept stores. The rest are kiosk, but they're all Evoke POS. maybe not in Latam. I need to take that step back. So, a few of the kiosks are going to be in Evolution. Actually but all the concept stores are going to be Evoke most certainly. So, between 75 and 125 for the year the sales uplift, I think it's a little bit early because we landed a lot of the 55 in Q4. So, have a very short period. but so far what we've seen is they're at least parity to what we would expect from an Evo store, and actually a little bit better. But I think the number of stores is still not enough to give you a big number because then immediately you're going to stick into your models and forward and tell me that my like for like numbers are too low. But it's a positive outcome so far.

Anne-Laura Bismuth, HSBC: [01:01:31] Thank you.

Operator: [01:01:35] Thank you. And Laura. The next question will be from the line of Michael Rasmussen from Danske Bank. Please go ahead. Your line will be unmuted.

Michael Rasmussen, Danske Bank: [01:01:45] Yeah. Thank you. Just a couple of quick follow ups here. So, you mentioned you had a good sequential momentum in the lab based during the fourth quarter. Can you add a bit more colour on that. More specifically was that just gifting or was it also self purchases driving that sequential improvement or was it simply the product availability? So that's my first question. My second question is on what happened in Germany. It seemed like it was very much your digital media model that contributing to the hyper growth in Germany. Are there any other markets where you can replicate this or was simply just the German market? So to say underinvested in digital. Thank you.

Alexander Lacik, CEO: [01:02:28] So on LGD. The way to think about it is that we initially, as you know, we had like 36 or 37 DVS. I'm talking about the US specifically now. and then essentially, we added another three collections on top of that. So, all of a sudden you had much more variation to choose from. And then what you can say, we see that the run rate more or less doubled from one day to the other. I think that's the main conclusion. I have not seen any data that would suggest that the split between self-purchase and gifting has changed from what we had in the past. So, we probably need to let it run for a few more months before we can say anything more conclusive on that. Germany is, first of all, I think it's important to remember that Germany still is what we would call low penetrated market from a Pandora standpoint. And therefore there is more runway than in a, let's say, Italy or UK where we've been present with high market shares for a much longer period of time. So, I think that's one thing. The other one is I would argue that the competitive context in Germany is a little bit less intense than France. As an example, there's more competition in let's say in the middle priced luxury where we play. Can we replicate this elsewhere? I mean, I think Turkey, if we kind of forget about this hyperinflation situation in Turkey, that is another market where I think

probably, we have a similar context in terms of not that many branded players in the middle, our brand seems to resonate super well. And clearly, we have not invested, um, properly in this market for many years. So, I think that that could be an interesting one. That's probably the one that comes closest to mind of, let's say, larger geographies. Brazil is interesting, but there we have a local competitor that is doing a good job. But we still think that that's an interesting one for us. Canada is probably another one where there could be quite some runway. this has been a market which we probably haven't put our full attention to up until, let's say, last year. So, that could hold quite some interesting prospects for the future. And then we have all of Asia the South Korea, Japan and India, whenever we get there, those will also be markets which would have similar characteristics to the one in Germany, I'd say. So, there's plenty to work with for the next 5 to 10 years for us to be worried about.

Michael Rasmussen, Danske Bank: [01:05:22] Great. Thank you very much. And well done guys. Thank you.

Operator: [01:05:28] Thank you, Michael. As a reminder, please press five star to ask questions. The next question will be from the line of Kristian Godiksen from SEB. Please go ahead. Your line will be unmuted.

Kristian Godiksen, SEB: [01:05:42] Thank you. So I'll start with the two questions. Firstly, could you comment on if you can give a split on growth that is coming from new customers and from existing customers where you get a higher share of wallet. That would be my first question. And then secondly, what are just interesting here? What are the key points you look at when you evaluate your performance on becoming the full jewellery brand. That is the ambition. Thank you.

Alexander Lacik, CEO: [01:06:15] Let's start with the second one. I mean ultimately, it's about delivering total growth for the brand. Right. So, the guidance that we have given you for the years to come that including the composition of that growth, as I mentioned, what we believe to be coming from the core versus the others. I think you have it all wrapped in that. And that's really what we're looking at. I'd be looking at things like overall brand penetration. Then where did they come in on Timeless or Moments ultimately doesn't really matter that much. Of course, we have to be very, very precise in order not to drop the ball on the core. So, that's why we always say internally when we kind of speak to our troops here is like Moments first and then sequential growth on the other stuff is really the way you need to go. Also not to repeat the mistakes from the past. I think those are the main points. And then of course then we have some metrics around the brand, but now we're getting into to very detailed conversations around brand awareness, consideration. Desire as such is quite difficult to measure. I think that's a composition of a number of different things. And then the other question was around split on new versus existing. Yeah. So, the data set we have is essentially a third can be identified as new. And the way we qualify that is that somebody that hasn't purchased for the last 12 months, and then of course it falls in the bucket of a repeat customer. So, they've been in there done the last 12 months. and then we have unidentified. And the data we have now is a third, a third and a third. So, it's difficult to make bombastic statements on one way or the other because of that last third, which is unidentified. But roughly half and half is new versus, as I said, people that are repeating within the year. Then the way they behave is pretty much the way our portfolio splits. So, because the large proportion of our business is in core, that's also where in absolute terms they come in at a similar clip. Now percentage wise, of course, you will get very different rates. But in absolutes. And this is not you know, that's as expected somehow. So, if you have a large base you need to cycle that. Then percentage wise it's not going to grow that

much. But in absolute it's important for the total growth of the business. So, I don't know if that's helpful, but that's kind of what I have.

Kristian Godiksen, SEB: [01:09:11] No, definitely it was maybe just follow up on both of them I think maybe lastly. So, on the latter point. So, how this evolved, do you have data on and is this as expected based on the new marketing campaigns and also on the on the new product designs? And maybe following up on that when you mentioned that the becoming the full jewellery brand, you didn't mention that you looked at the split of the product categories you mentioned in the report that rings accounted for nearly half of the sales during the quarter? Is that not a data point you're looking at?

Alexander Lacik, CEO: [01:09:58] That is a very sophisticated question and would take a bit more time to untangle. I think the key point for me is that I keep an eye on the total brand penetration. That's really what matters if I can't grow my brand penetration, that suggests´ that I'm just switching people from one thing to the other, and I'm not getting the incremental revenue growth, that would be a bad outcome. So, last year, for instance, we saw that brand penetration grew across all our key markets, which is then of course then that that traffic increase translates into incremental growth. And that's really what the strategy is all about. So, for me, that's the one measure which I look at more than anything else. The other ones are more like diagnostics that I look at. But so for instance, there's a big debate here historically to talk about share of business. So, if you use the share of business as a success metric, you could indeed see that, well, share our business on Timeless went up, but it came at the expense in absolute on something else. And that is a bad outcome. That's why looking at this growth in absolute revenue growth is really the way to

look at it. So, yeah. So, I look at brand penetration. I look at the growth by collection in absolute. That's what success looks like.

Kristian Godiksen, SEB: [01:11:23] Makes sense. And maybe on a later point. So, is it as expected on the split on the existing customers and new customers? Is that as you as had expected?

Alexander Lacik, CEO: [01:11:35] As I said, when you have such a big anchor as Moments in your brand, promise you will get the if I get ten customers coming in, yeah, I will get 5 or 6 of them to come in on Moments and then the rest is going to split on the other ones. So, it kind of follows that logic. And that's a good thing. Just to be clear.

Kristian Godiksen, SEB: [01:11:59] Yeah.

Operator: [01:12:02] Thank you. Thank you, Kristian. The next question will be from the line of Turrell Dadania from RBC. Your line will be unmuted.

Turrell Dadania, RBC: [01:12:13] Okay. Thank you, um, for squeezing me in at the end. I have two please. The first is just around regional growth contribution. Well, looking ahead, the 6 to 9% organic growth, do you have any foresight in terms of which regions you expect to grow faster than others? If we look at the '23 performance the growth was led predominantly by the rest of Pandora markets as well as Germany. And then the US would be the top three. Just curious about how you see that the regional growth progressing in 2024. And then the second question is just a clarification point, I think, Anders, you said that the year one EBIT margin of new stores for EBIT margin is 30%. So, they ramp up very quickly from a profitability perspective. Could you just remind us of what the EBIT

margin is for the for the existing portfolio on a steady state basis, the EBIT margin, just so we can do some maths around that. Thank you.

Anders Boyer, CFO: [01:13:11] Thanks, Turrell. I'll start with the with the last question first. I did say north of 30. But and if you go back to the was it the CMD or maybe earlier quarter? Can't remember. We also said that you would see the run rate of the new stores getting to 35 to 40%. But if you look at the existing store network, we are in the mid 40s, and that goes both for '22 and '23, mid 40% EBIT margin. If we take everything, all existing stores and store formats within our own network at mid 40s in terms of EBIT margin. So, the new stores start at 30, gets to 35 to 40 as a run rate on average. So, there is a pickup to come. On the regional growth, I think a couple of things to call out and just repeating what we've said already. Germany and rest of Pandora have obviously been big growth drivers in 2023. We expect both of them still to add to the growth. But I must say, obviously not to the point or to the extent that they've done in 2023 with very, very high double digit growth rates. On the other hand, if you look back at 2023, we had US being uh quite low growth rate in the first half of the year. That, of course, gives an easier comp in the first half of 2024. And similarly, we've seen, as you know, some of the other key markets had a difficult start of the year being in negative like for like Italy, Australia and France as well actually during the first couple of quarters. So, the composition of the growth will be somewhat different in 2024 compared to what we saw last year. I hope that's helpful.

Turrell Dadania, RBC: [01:15:30] Yes. Thank you.

Bilal, Aziz, VP, Investor Relations & Treasury: [01:15:35] And we now conclude. Thank you very much, everyone, for the time. Any concluding remarks, Alexander?

Alexander Lacik, CEO: [01:15:39] No, I mean, as I said, we're very proud and pleased with what we delivered last year and looking forward for another interesting year. So, thank you for the attention.