

Update on financial expectations for 2011 - CEO departs

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COMPANY ANNOUNCEMENT

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The Board of Directors has decided to update financial expectations for 2011 based on a review of financial results for Q2 2011 and preliminary revenue for July 2011, given a sharp revenue deterioration in late Q2 and a worsening of trading conditions in July, where revenue declined by approximately 30% year-on-year.

Based on this knowledge, our guidance has changed from expecting a revenue growth of no less than 30% for 2011 and an EBITDA margin of minimum 40% to revenue in 2011 in line with 2010 and EBITDA margins in the low thirties for 2011. We expect CAPEX to amount to approximately DKK 230 million and the effective tax rate to be approximately 18%.

Furthermore:

- CEO Mikkel Vendelin Olesen has resigned from the Company with immediate effect.
- Current Board Member Marcello Bottoli will become interim CEO and the Company will embark on recruitment for a new CEO.
- Our growth has been impacted by the cumulative effect of substantial price increases in the light of soaring commodity price increases.
- In addition our sales, marketing and operational execution has been poor in many cases and is as big a contributory factor.
- The re-set of our affordable luxury positioning, improved operational execution and restoring growth trajectory is now the focus of our company.
- This re-set will take up to 18 months to see through.

- In addition, the company has instigated a strategic review to test or confirm certain elements of the company strategy.

The Board of Directors has further decided to bring forward the release of a condensed financial report for the second quarter 2011 - previously expected to be released on Tuesday 16 August 2011. The Q2 financial report will be released subsequently to this release and a conference call for investors and financial analysts will be held today at 10.00 CET.

Allan Leighton, Chairman of the Board said: "Although our price increases combined with some destocking are significant contributors to our slowdown in sales and profitability, our own inadequate operational sales, and marketing execution is as big a factor."

BACKGROUND FOR CHANGE IN FINANCIAL EXPECTATIONS FOR 2011

The cumulative effect of our recent global price increases of approximately 15% on top of price increases already implemented in USA and UK in 2010 has had a negative volume impact on our sales-out in an environment where consumers are becoming increasingly value conscious.

In addition, our sales-in has been impacted negatively by some retailers' destocking, due to lower sales-out and uncertain economic outlook, on top of already high levels of PANDORA inventory.

The volume impact of our cumulative price increases has been more substantial than forecasted. Our revenue increased by only 3.6% (10.2% in local currency) to DKK 1,392 million and our EBITDA decreased by 6.2% to DKK 512 million in Q2 2011 against the same period last year.

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