

PANDORA CAPITAL MARKETS DAY

THAILAND, 7 JANUARY 2016



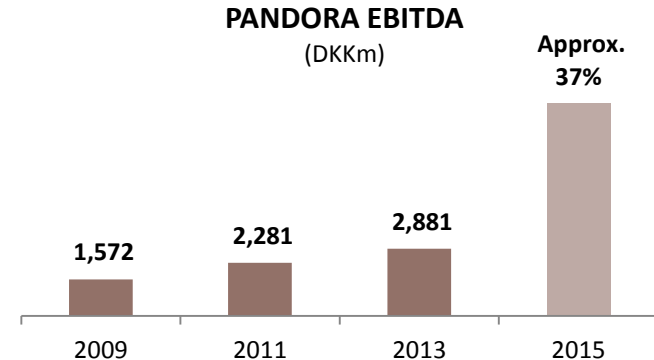
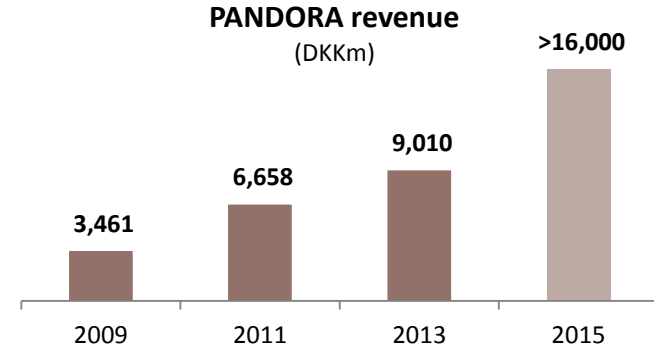
PANDORA
UNFORGETTABLE MOMENTS

AGENDA FOR THE DAY

Time	Topic	Speaker
8:00	Registration and breakfast	
9:00	Becoming a global jewellery brand	Anders Colding Friis, President & CEO
9:45	Australia – achieving growth in a developed market	David Allen, President EMEA
10:30	Coffee break	
10:45	Building a platform for growth in Asia	Kenneth Madsen, President Asia
12:00	Introduction to tour of crafting facilities	Thomas Touborg, SVP Group Operations
12:15	Transport	
12:45	Lunch at crafting facilities	
13:30	Tour of crafting facilities	
15:30	Transport	
16:00	Providing for an increasing global demand	Thomas Touborg, SVP Group Operations
17:00	Conclusions and final Q&A	Anders Colding Friis, President & CEO Peter Vekslund, CFO
18:30	Pre-dinner drinks	
19:00	Dinner	

WELCOME TO GEMOPOLIS IN THAILAND

- In 1989, Per Enevoldsen, founder of PANDORA, chose to start manufacturing jewellery in Thailand
- In 2005, the first large scale, fully owned production facility in Thailand was built
- In 2015, PANDORA shipped more than 100 million pieces of jewellery – all hand-finished in Gemopolis – to more than 90 countries around the globe



INTRODUCTION – ANDERS COLDING FRIIS

2015 -	CEO, PANDORA A/S
2006-2015	CEO, Scandinavian Tobacco Group
1999-2006	President, House of Prince
1998-1999	President, Schulstad A/S
1994-1998	Sales and marketing director, Schulstad A/S
1992-1994	Market manager, Estrella A/S
1987-1992	Product group manager, SCA

Current board positions:

IC Group A/S (deputy chairman)

Topdanmark A/S (member)

Dansk Industri (member)



PANDORA'S MANAGEMENT BOARD



Anders Colding
Friis, President &
CEO



David Allen,
President
PANDORA EMEA



Kenneth Madsen,
President
PANDORA Asia



Scott Burger,
President PANDORA
Americas



Peter Vekslund,
CFO



Stephen Fairchild,
SVP, Chief
Creative Officer



Thomas Touborg
SVP, Group
Operations

EXECUTING ON 10 HORIZONS – REVISITING CMD 2013

Focus on branded sales channels

- 76% of revenue from concept stores and shop-in-shops (2013: 68%)
- eSTOREs available in 14 markets (2013: 3)

Capitalise on product offering

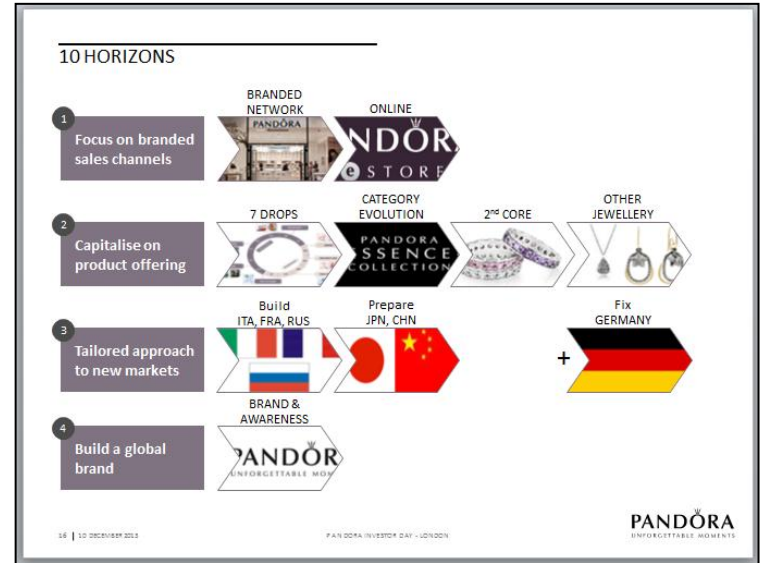
- 13% of revenue from rings (2013: 6%)
- Disney and PANDORA Rose collection launched

Tailored approach to new markets

- Revenue in France and Italy almost tripled
- Presence in China increased significantly
- Concept stores more than doubled in Germany

Build a global brand

- 73% of women in target group now know PANDORA (60% in 2013)



BECOMING A GLOBAL JEWELLERY BRAND

ANDERS COLDING FRIIS, CEO



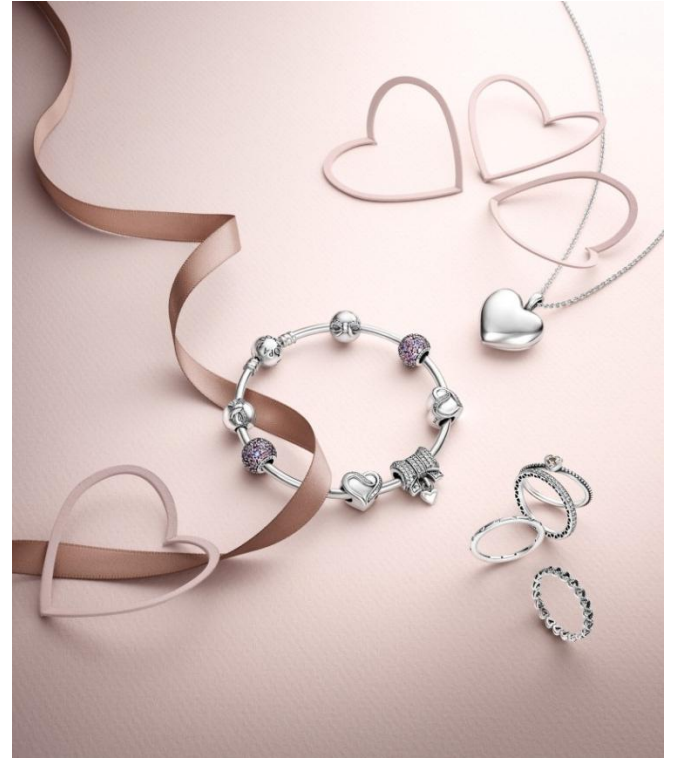
PANDORA
UNFORGETTABLE MOMENTS

THE UNIQUE CONNECTION



IT'S ALL ABOUT THE PRODUCT

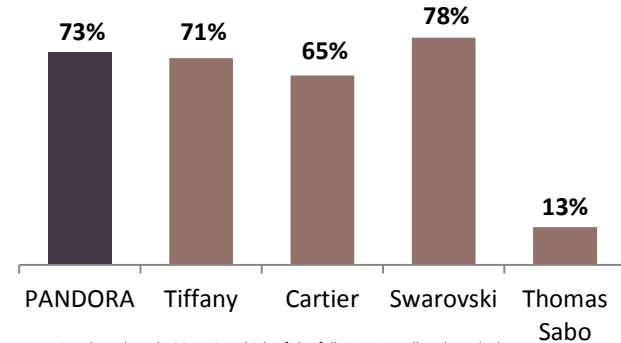
- PANDORA is built on a strong product offering
- The closest link between the consumer and PANDORA is the product
- Product and brand go hand in hand



FROM MOST RECOGNISED TO MOST LOVED

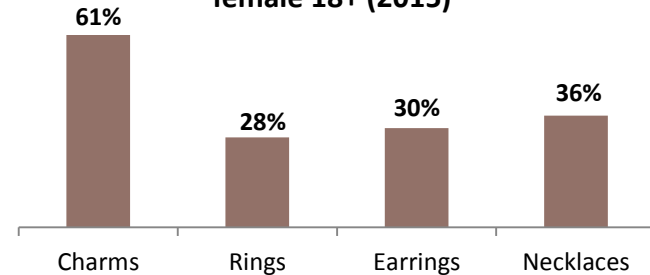
- A strong brand built on product quality, visibility and communication
- High brand recognition across key markets
- On a journey to become a full jewellery brand
- PANDORA's vision is to become the most loved jewellery brand in the world

Brand awareness female 18+ (2015)*



PANDORA brand track, 2015, Q: Which of the following jewellery brands do you know or have you ever heard of?

PANDORA assortment awareness female 18+ (2015)*



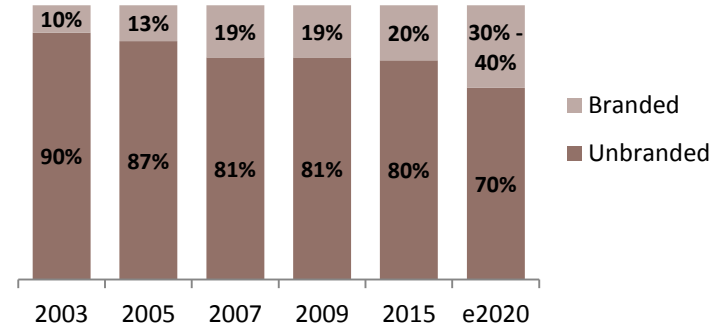
PANDORA brand track, 2015, Q: Which of these product categories does PANDORA offer?

*Based on data from 25 key markets: AUS, AUT, BEL, CAN, DK, FRA, DE, IE, IT, NL, PL, PT, ES, SWI, UK, US, BRA, GR, HK, ISR, NZ, RU, ZAF, KOR, TUR

A BRANDED APPROACH TO AN UNBRANDED INDUSTRY

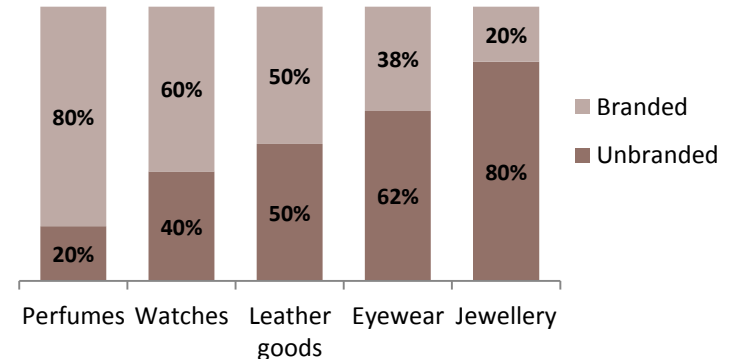
- PANDORA is building a branded position in an unbranded industry
- The branded share of the jewellery industry is expected to increase
- Limited competition for share of voice
- Concept stores drive awareness and “capture” new consumers in a unique store environment

Branded share of the jewellery industry



Source: McKinsey analysis

Branded vs. unbranded in various segments (2015)

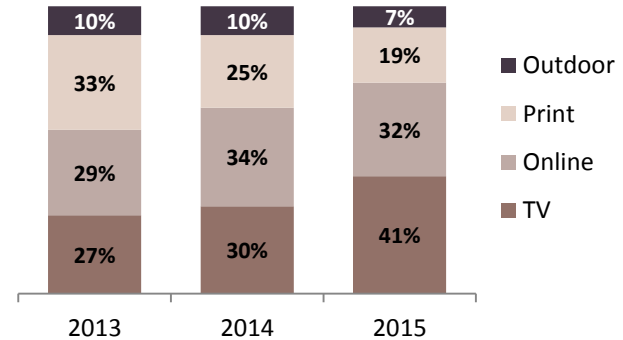


Source: McKinsey analysis

BUILDING THE BRAND

- Visible across all media platforms, including extensive presence on social media
- Around 1,800 concept stores supporting the brand
- Ambition to spend approx. 10% of revenue on marketing

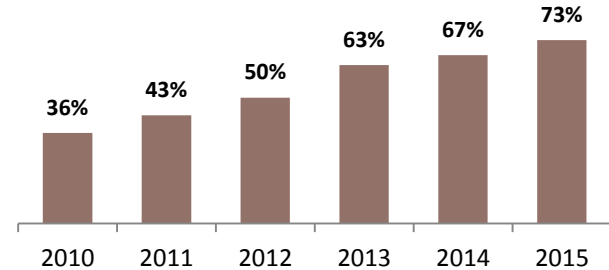
PANDORA marketing spend per media



HIGH BRAND AWARENESS

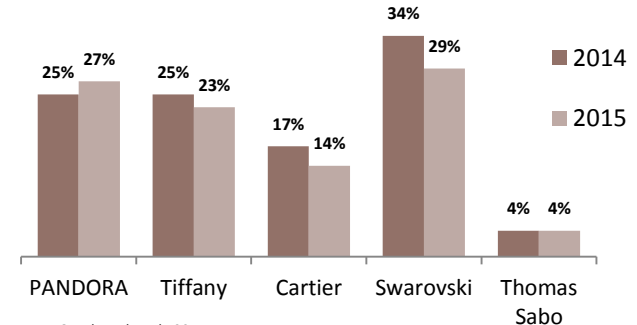
- Globally* 73% of women are aware of PANDORA, and 20% mention the brand spontaneously
- More than every fourth women considers to buy PANDORA jewellery
- 14% of men 18+ have bought PANDORA jewellery, and of those 80% would recommend PANDORA to others

PANDORA aided awareness (Women 18+)*



PANDORA brand track, 2015, Q: Do you know or have you ever heard of PANDORA?

Consider buying (women 18+)*



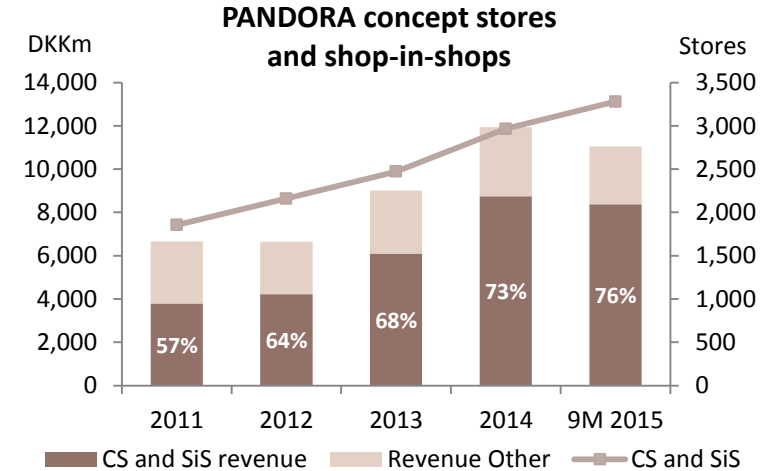
PANDORA brand track, 2015,

Q: If you were in the market to purchase jewellery for yourself, which of the following brands would you consider?

*PANDORA brand track, 2015 - based on data from 25 key markets: AUS, AUT, BEL, CAN, DK, FRA, DE, IE, IT, NL, PL, PT, ES, SWI, UK, US, BRA, GR, HK, ISR, NZ, RU, ZAF, KOR, TUR

FOCUS ON CONCEPT STORE AND SHOP-IN-SHOP

- More than 75% of revenue is generated by concept stores and shop-in-shops
- Concept stores and shop-in-shops are the preferred store types across all regions
- Offer the customers a consistent brand experience
- Maintains full control of the PANDORA brand
- An efficient and uniform brand building tool

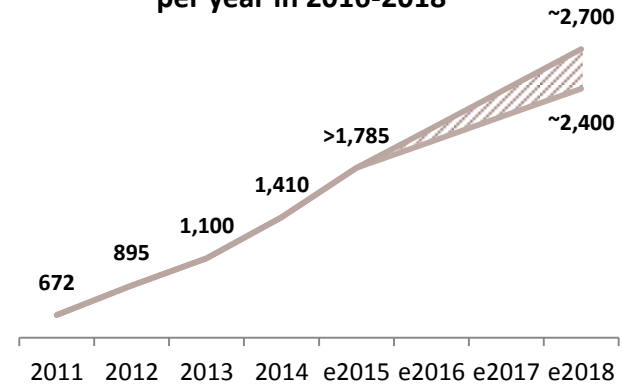


PANDORA stores	Multibranded stores
Light environment	Often darker environment
Prices shown	Often no price tags
Touch-and-feel displays	Jewellery hidden behind glass
Offer full jewellery assortment	Charms and bracelets only
PANDORA store staff	

FURTHER POTENTIAL FOR CONCEPT STORES

- PANDORA continues to see good potential for further expansion of the concept store network
- PANDORA expects to open between 200 and 300 new concept stores every year from 2016 to 2018
 - Approx. 60% in Europe
 - Approx. 20% in Americas
 - Approx. 20% in Asia Pacific
- In 2016, Jared will upgrade more than 200 stores to shop-in-shops
- PANDORA will continue to close unbranded stores where relevant

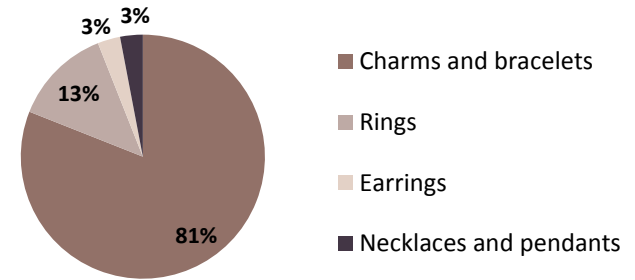
200-300 new concept stores
per year in 2016-2018



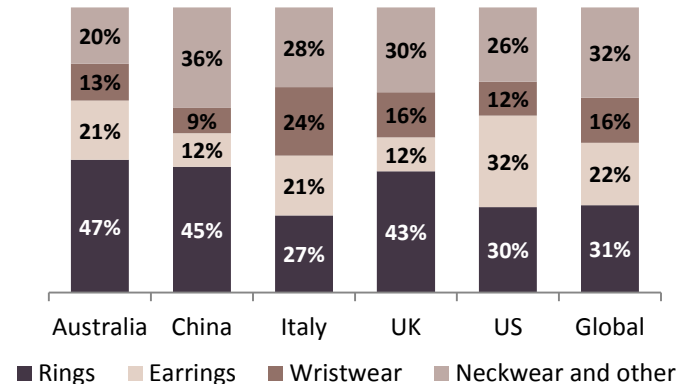
OFFERING THE FULL JEWELLERY ASSORTMENT

- PANDORA offers a full jewellery assortment in all concept stores and shop-in-shops
- Following a dedicated effort to promote rings, the category is now considered an established category, together with charms and bracelets
- While moving focus to new categories, already established categories will still be developed

PANDORA revenue 9M 2015



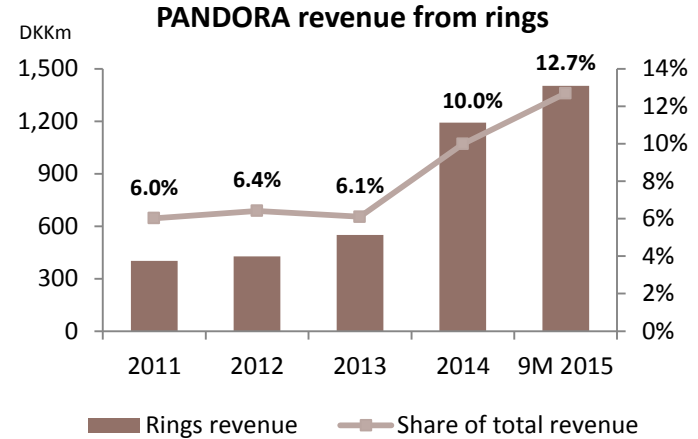
Real jewellery market split by retail value, 2014



Source: Euromonitor, 2015

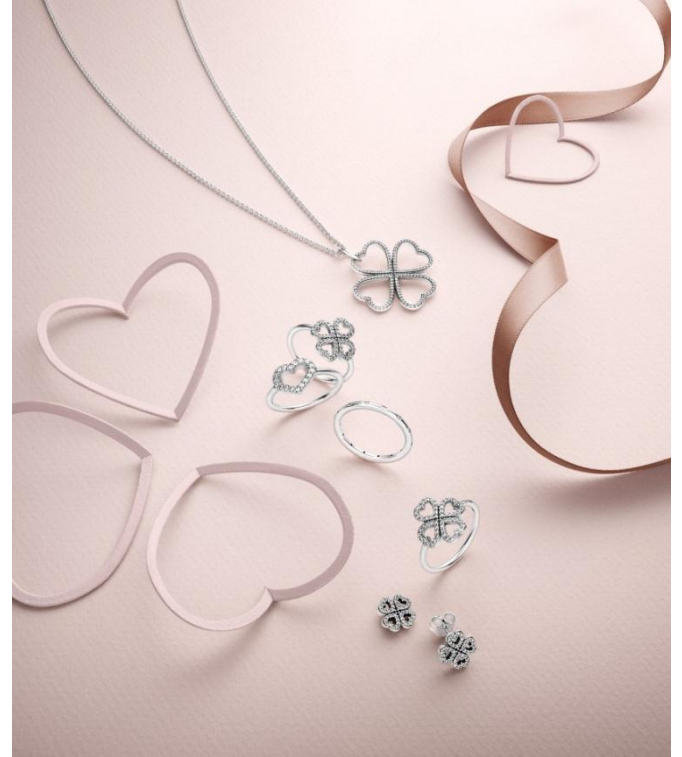
ACTIVATING NEW JEWELLERY CATEGORIES

- Design the right products
- Manufacture in PANDORA quality
- Position category in the “right” place in the store
- Educate the store staff to sell new categories
- Support category with advertising and targeted promotions
- Charms, bracelets and rings are in focus in all markets today
- From January 2016, the earrings category will be in focus in established markets
- Today, earrings accounts for around 3% of PANDORA’s total revenue



SUMMARY

- PANDORA is a strong brand built on high-quality products
- A high share of voice in an unbranded industry
- Focus on strengthening and expanding the branded store network, including 200-300 new concept stores annually from 2016 to 2018
- Charms, bracelets and rings are now established categories. Focus will include earrings from 2016
- On track to become a full jewellery brand





THANK YOU!

AUSTRALIA – ACHIEVING GROWTH IN A DEVELOPED MARKET

DAVID ALLEN, PRESIDENT PANDORA EMEA



PANDORA
UNFORGETTABLE MOMENTS

INTRODUCTION – DAVID ALLEN

- 2015 - President, PANDORA EMEA
- 2012 – 2015 President, PANDORA Australia and New Zealand
- 2011 – 2012 Vice President Sales, PANDORA Australia and New Zealand
- 2008 – 2011 General Manager Store Operations, Pretty Girl Fashion Group
- 2003 – 2008 Operations Manager, Dick Smith Electronics
- 2001 – 2003 National Operations Manager, Colorado Adventurewear
- 2000 – 2001 National Retail Manager, Bras N Things



AGENDA

- JEWELLERY MARKET IN AUSTRALIA

- BRAND REPRESENTATION – THE NEED FOR CHANGE

- THE BRAND TODAY

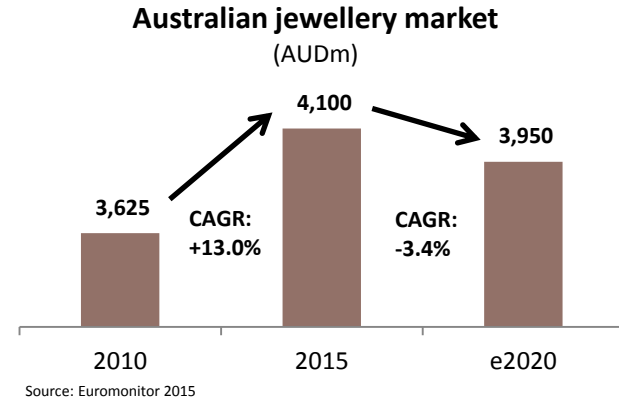
- CONTINUED FOCUS

- SUMMARY AND Q&A

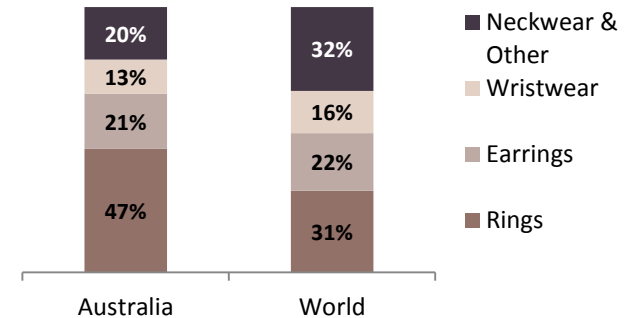


THE JEWELLERY MARKET IN AUSTRALIA

- Jewellery sales in Australia have grown 13% (CAGR) in value from 2010 to 2015
- Jewellery sales are anticipated to decline -3.4% (CAGR) from 2015 to 2020 to AUD 3.95 billion
- The online channel more than doubled its share since 2010 to be 7% share of jewellery retail sales in 2015
- Rings remains the most popular jewellery type, supported by the rising price of engagement rings and the trend of stacking rings

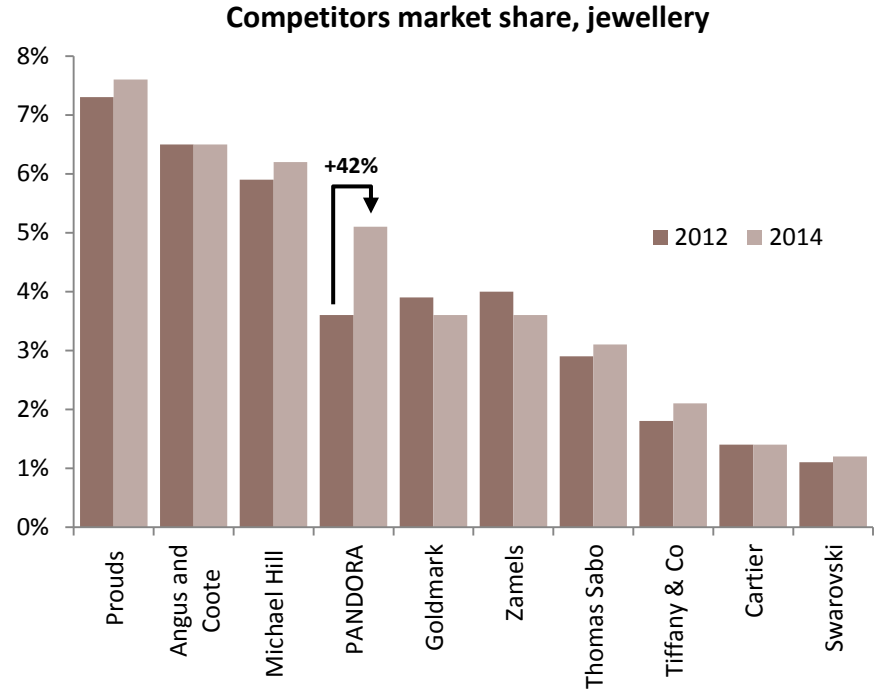


Australian market category split (2014)



THE COMPETITIVE LANDSCAPE

- Highly fragmented market
- Leading brands, Prouds, Angus & Coote and Michael Hill Jeweller, are local, while the remaining are a mix of local and international brands
- The majority of jewellery is unbranded, however the landscape is changing
- International brands PANDORA, Thomas Sabo and Swarovski are playing an increasingly significant role, increasing presence brand identity
- PANDORA has been one of the fastest growing brands increasing market share by +42% between 2012 and 2014

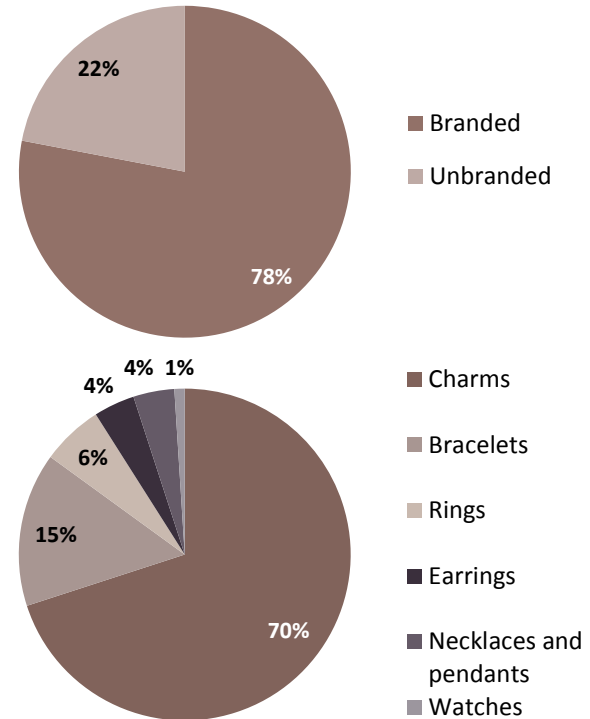


Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources
Note: Numbers include Australia and New Zealand

SUCCESSFUL START TO THE AUSTRALIAN MARKET

- In 2004, PANDORA was launched in Australia, and in 2005 in New Zealand
- 40 multi branded customers in the first year of operation
- Opened first owned and operated concept store in 2008 and first franchised concept store in 2009
- After only five years, revenue peaked in 2009 at AUD 184 million in close to 800 stores
- In 2010, 78% of the revenue was branded and of that 36% was from concept stores
- In 2010, charms and bracelets represented 85% of the revenue

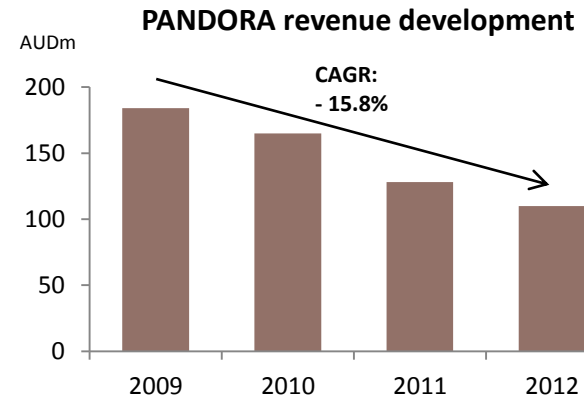
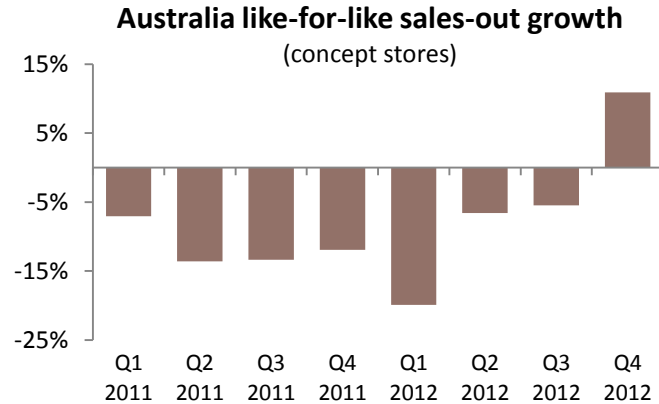
PANDORA revenue split 2010



Note: Numbers include Australia and New Zealand

THE NEED FOR CHANGE

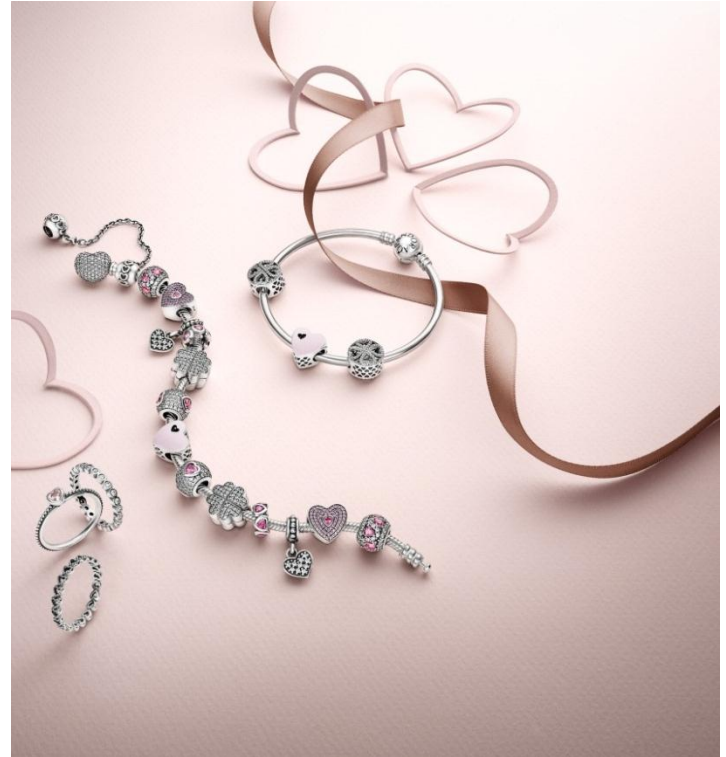
- The distribution was overcrowded and not planned
- PANDORA jewellery was too expensive
- Brand execution across large parts of the distribution was poor
- Consolidated revenue declined from AUD 184 million in 2009 to AUD 110 million by close of 2012 – a decline of 40%
- Like-for-like sales-out growth in 2011 and most of 2012 was negative



Note: Numbers include Australia and New Zealand

CORE FOCUS AREAS TO RE-IGNITE THE BUSINESS

- The distribution was overcrowded and we needed to reduce our multi-branded network
- A strong concept store network prioritising A-locations strengthening our branded presence
- Integrate commercial functions – merchandising, marketing and sales
- Improve consumer experience
- Tactical approach to marketing driving consumers into stores
- Maximise return on inventory
- Refocus the business on the core categories of charms and bracelets
- Realise the potential of rings



NEW COMMERCIAL FOCUS

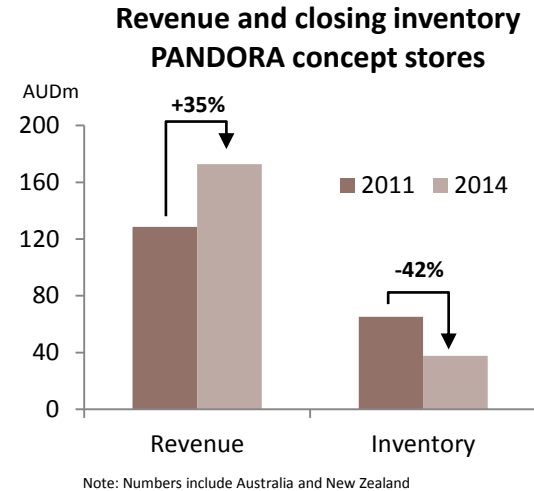
- The product category strategy is not a single function strategy – it is a collaborative integration of the merchandise, marketing and sales functions



- Create seamless alignment of clarity and purpose, enhancing execution
- Provide a great consumer experience

MAXIMISING THE RETURN ON INVENTORY

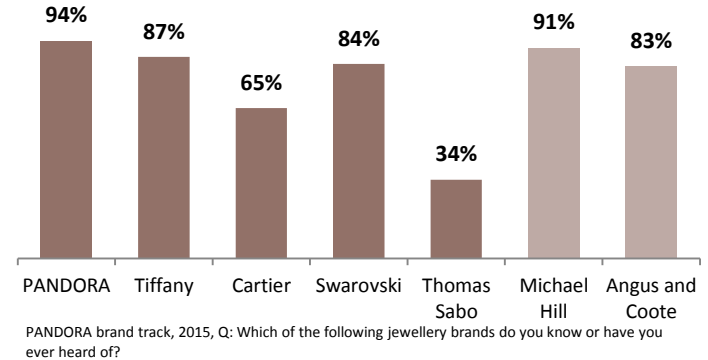
- Focus on what the PANDORA retailers sell out and on assisting them in buying better
- Investment in high quality people and technology, continually developing merchandising systems and processes
- Providing business intelligence, support and training helping our partners to buy better
- Focus on product and categories across the full lifecycle maximising performance and profitability
- From 2011 to 2014 revenue increased 35% and inventory across our concept store network decreased by 42%



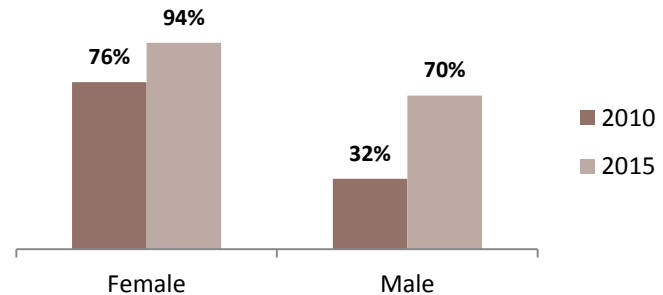
ENHANCING BRAND AWARENESS AND DRIVING SALES

- Focus on maintaining and building strong brand awareness
- Carefully planned promotional campaigns bring consumers into stores, driving stronger brand awareness and delivering sales
- Re-engage existing consumers and further build brand loyalty
- In 2015, PANDORA branded awareness for females (18+ years) was the highest for recognised international brands and local jewellery brands

Aided branded awareness female 18+ (2015)



PANDORA aided brand awareness Australia

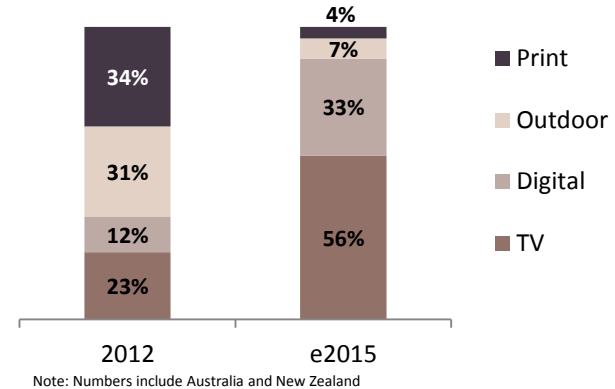


PANDORA brand track, 2015, Q: Do you know or have you ever heard of PANDORA?

CHANGE IN MARKETING FOCUS

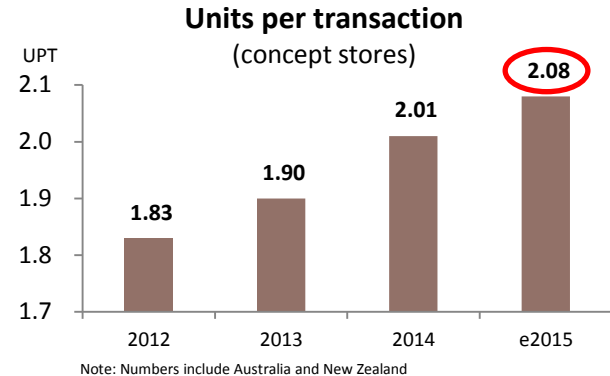
- Strong focus on TV and digital media moving away from the more traditional medium of print
- Further strengthening digital media strategies - +57% in visitors to PANDORA.net in 2015
- Maximising gifting potential – focus on key trading periods of Valentines, Mothers Day and also Christmas
- 80% of PANDORA customers believe that the brand is suitable for gifting

PANDORA media spend split



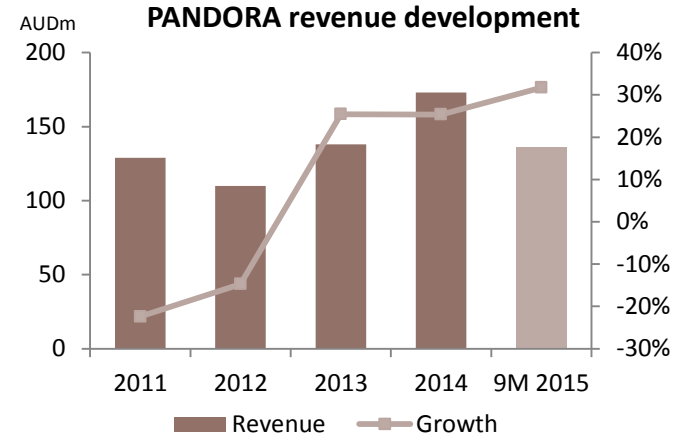
IMPROVING THE CUSTOMER EXPERIENCE

- Complete restructure – geographical approach as opposed to channel
 - *“The people who are accountable for the results must be responsible for the relationship”*
- Meticulous approach to building the store network – focus on location, format and partner
- Brand representation and retail execution
- Customer experience - what PANDORA customer’s see and how they feel
- Store operational improvement driving incremental revenue

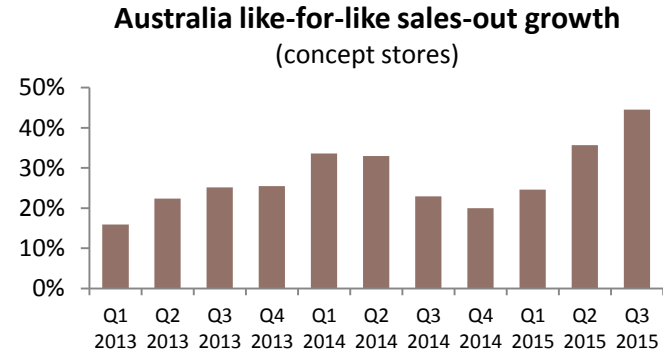


THE RESULTS OF THE CHANGE

- Consolidated revenue grew from \$110M in 2012 to \$173M in 2014 and to Q3 2015 is +34.2% YTD on 2014
- The business has had 11 straight quarters of uninterrupted LFL growth of > 15%



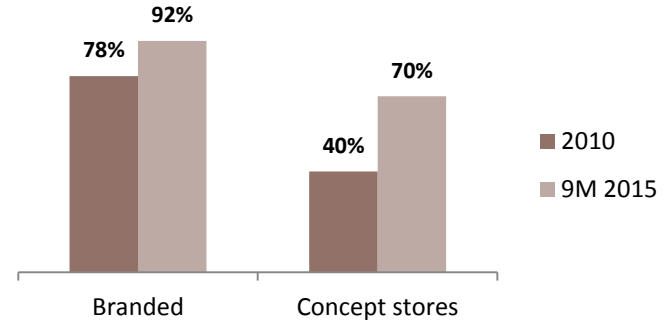
Note: Numbers include Australia and New Zealand



THE BRAND – TODAY

- End of Q3 2015 PANDORA had 109 concept stores – 94 franchise operated and 15 owned and operated
- Sales out of concept stores is over AUD 250 million
- 92% of the revenue is now branded
- 70% of the revenue now comes from concept stores
- The average turnover of PANDORA concept stores is >AUD 2.6 million
- Pitt Street and QVB in Sydney are number one and 3rd highest sales volume from PANDORA owned stores in the world

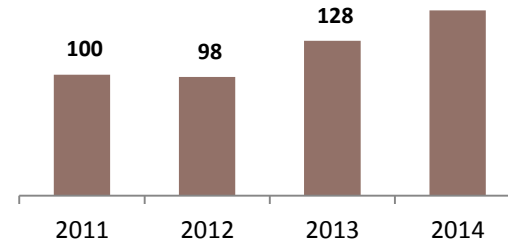
Branded share of revenue



Note: Numbers include Australia and New Zealand

Average revenue per concept store

(2011 = index 100)



Note: Numbers include Australia and New Zealand

A MORE DIVERSIFIED PRODUCT BUSINESS

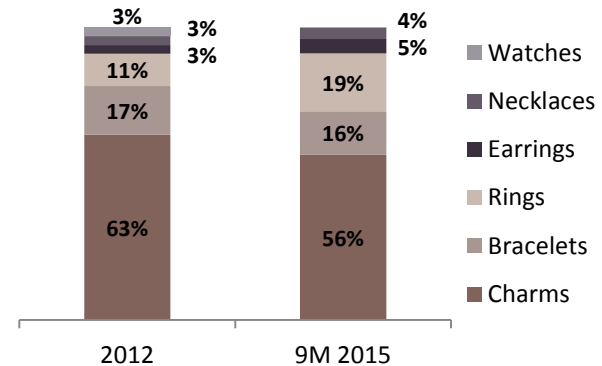
- All categories have had strong growth since 2012
- Focus on being a full jewellery brand and realising the potential of all categories
- Rings has shown significant growth since 2013 and today represents 19% of the consolidated revenue up from 11% in 2012
- Whilst the contribution landscape is changing, charms and bracelets are still performing very well with more than 30% growth in Q3 2015
- Earrings is becoming a stronger focus

PANDORA category growth

	2013	2014	9M 2015
Charms	14%	18%	31%
Bracelets	26%	31%	16%
Rings	63%	52%	33%
Earrings	116%	23%	45%
Necklaces	53%	27%	45%

Note: Numbers include Australia and New Zealand

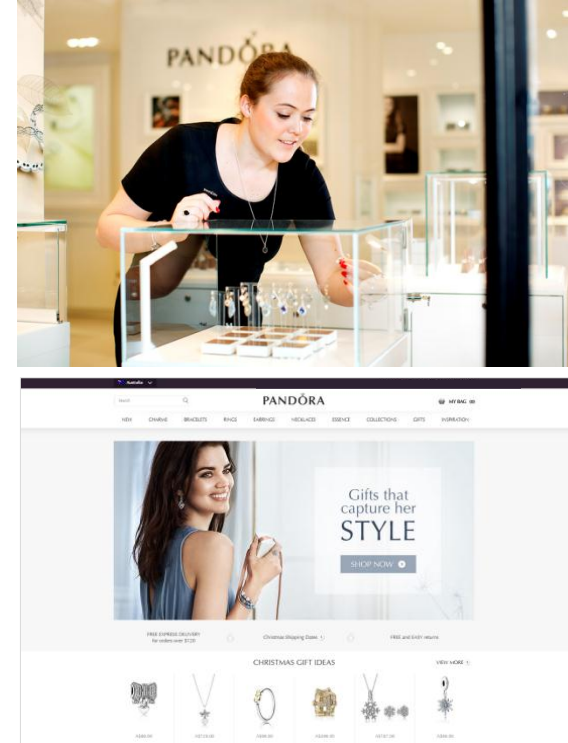
PANDORA category split



Note: Numbers include Australia and New Zealand

CURRENT FOCUS

- Next stage of growth of concept store network – regional locations
- eSTORE opened in September 2015 – a critical component of providing the complete experience for the consumer
- Improve consumer experience
- Operational performance of concept stores
- Continue the integration of commercial functions – merchandising, marketing and sales
- Marketing focused on improving the perception of the brand and driving sales
- Continuing to maximise the return on inventory
- To become a full jewellery brand – focus to include earrings in 2016



PANDORA AUSTRALIA PRINCIPLES OF DOING BUSINESS

- Make all of your decisions with the customer in mind
- Provide clarity and a clear sense of purpose and direction for retail partners and the PANDORA team

“*Beware the hubris of success*”

– It is when you are doing well that you must search for what can be done better

“*Get the right people on the bus*”

– The right people do not guarantee success but the wrong people do guarantee failure

“*Change the complex to simple*”

– Sometimes it takes real genius to see through all the clutter and grab the one, simple, unique thing that gives you the advantage

“*If you want to engage your customer you need to engage your team*”

– There is a direct relationship between the experience your customer gets and how your team feel about where they work

LOOKING AHEAD

- Revenue in Australia and New Zealand expected to increase more than 30% from 2015 to 2018
- Like-for-like sales-out growth is expected to be higher than 10% in 2016, and is expected to normalise to around 3-5% long term
- 5-10 concept stores to be added yearly until 2018 – unbranded will be reduced
- Concept store revenue expected to be more than 85% of revenue within the next 3 years
- Earrings expected to be around 8% of revenue in 2018



A close-up photograph of a hand holding a precision engraving tool, carefully working on a red heart-shaped bead on a Pandora necklace. The necklace features several red heart-shaped beads and silver-toned metal links. The background is dark and out of focus.

THANK YOU!

BUILDING A PLATFORM FOR GROWTH IN ASIA

KENNETH MADSEN, PRESIDENT PANDORA ASIA



PANDORA
UNFORGETTABLE MOMENTS

INTRODUCTION – KENNETH MADSEN

- 2012 - President, PANDORA Asia
- 2008 - 2012 Managing Director, PANDORA Central Eastern Europe & ME
- 2002 - 2008 Commercial Director, ECCO Shoes Central Eastern Europe & ME
- 1996 - 2002 EMI Capitol Music
- 1993 - 1996 Carlsberg Breweries



AGENDA

- PANDORA ASIA, INTRODUCTION AND HISTORY

- JEWELLERY MARKET, COMPETITORS AND PEERS

- DISTRIBUTION & BUSINESS UPDATE

- PRIORITY MARKET UPDATES

- HONG KONG

- CHINA

- JAPAN

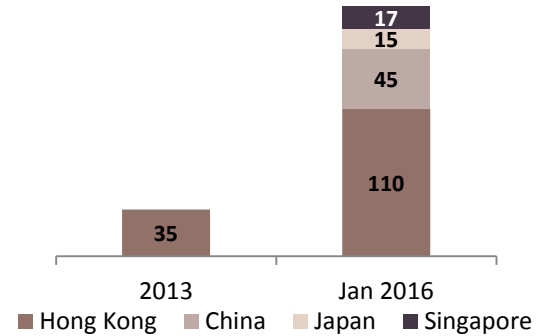
- SUMMARY AND Q&A



A FAST GROWING REGION

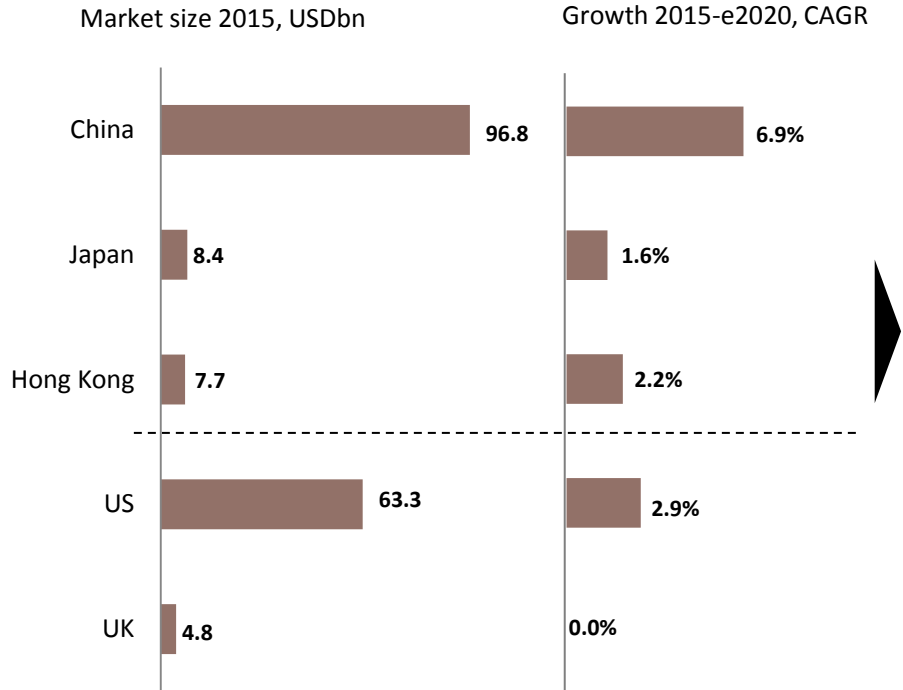
- Established in Hong Kong 2009
- Currently 110 employees in Hong Kong focused on front-end operations and back-end reporting/finance
- New office in Tokyo, Japan opened January 2015
- New office in Shanghai, China opened July 2015
- New office in Singapore opened January 2016

PANDORA employees Asia

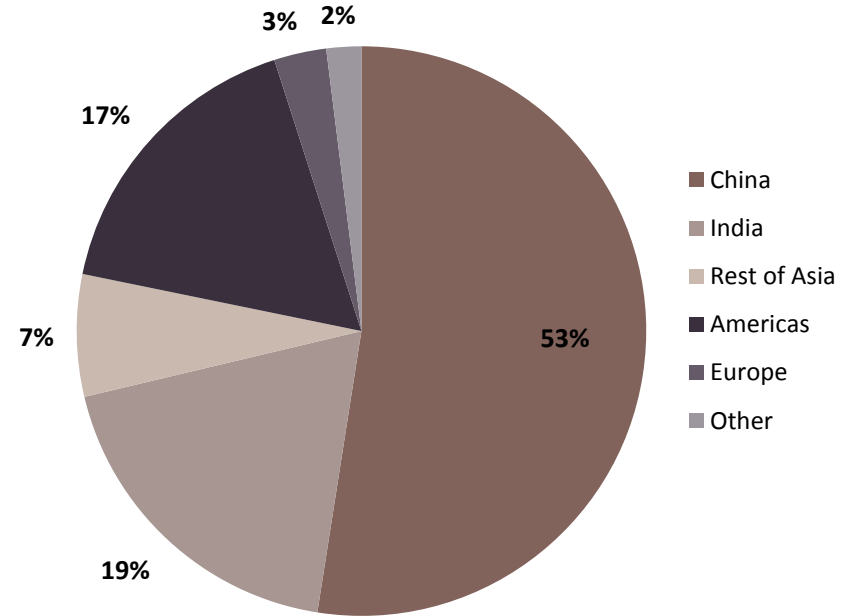


80% OF INDUSTRY VALUE GROWTH GENERATED IN ASIA

Market sizes and 2015-e2020 growth, constant prices



Jewellery industry value growth, 2015-e2020

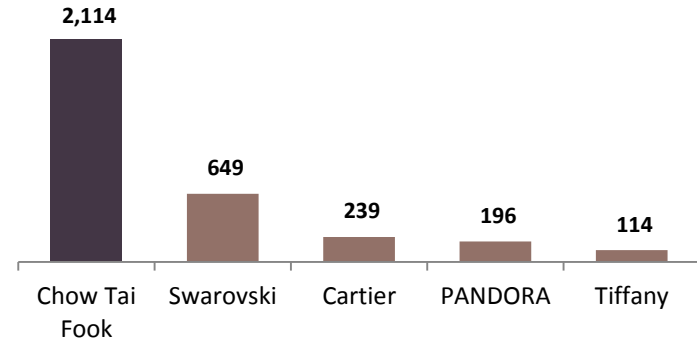


Source: Euromonitor 2015

COMPETITIVE & PEER LANDSCAPE

- Chow Tai Fook has more than 80 years of history in Hong Kong and China. Operated through a mix of franchise and own stores
- Swarovski has more than 20 years of history in Asia. Distributed through a mix of franchise and own stores
- Cartier has more than 40 years of history in Asia. Distributed through a mix of wholesale and own stores
- Tiffany & Co. has more than 40 years of history in Japan and 25 in Hong Kong and China. Exclusively operated through own stores

Concept stores in Asia vs. peers



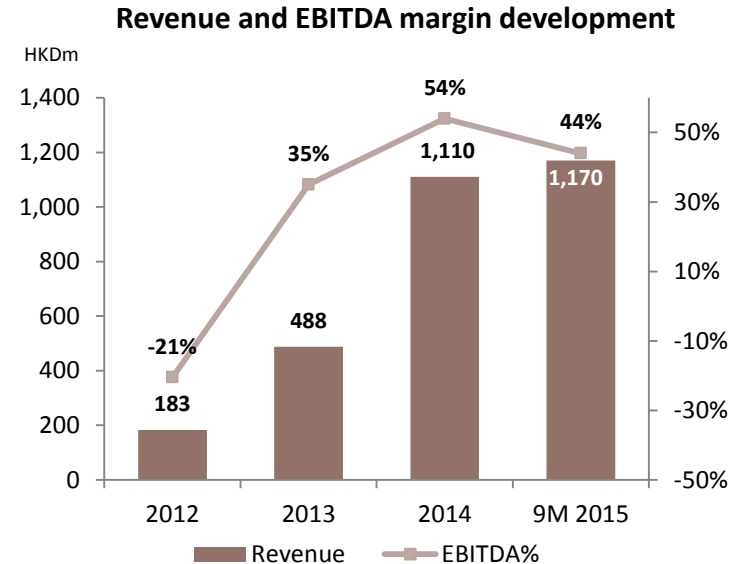
ESTABLISHING A PLATFORM FOR GROWTH

- Established in Hong Kong 2009
- Operating in 12 markets of which 5 are owned and operated (O&O)
- Offices in Hong Kong, Tokyo, Shanghai and Singapore
- In the past 1½ year focus has been on moving towards becoming a retailer by acquiring Japan, China, Singapore and Macau markets in addition to the Hong Kong market



REPORTED REVENUE & EBITDA DEVELOPMENT

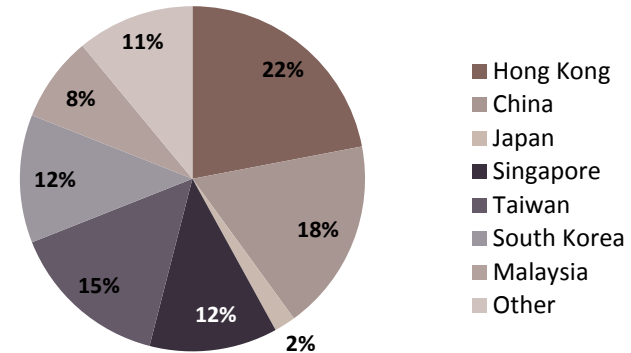
- Significant growth in Asia in recent years
- Business and organisation scaled for future growth
- All priority markets (China, Japan and Singapore) acquired either directly or through majority owned joint ventures (PANDORA controlled)
- EBITDA in 2015 is impacted by start-up cost in China and ramp-up in Japan
- Significant investments in China and Japan will add pressure on the short/medium term EBITDA margin



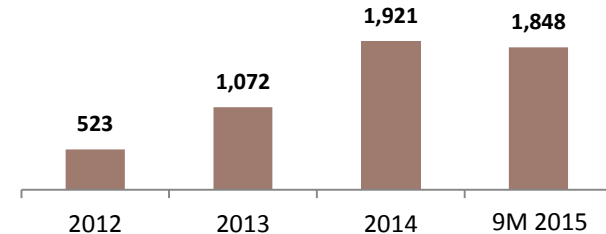
WELL-DIVERSIFIED SALES-OUT DISTRIBUTION

- Hong Kong (O&O) is the biggest revenue driver
- China (O&O) share of business increasing significantly
- Taiwan, Malaysia and South Korea are significant wholesale markets
- From a sales-out perspective the business across Asia is relatively balanced

PANDORA Asia sales-out split, 9M 2015



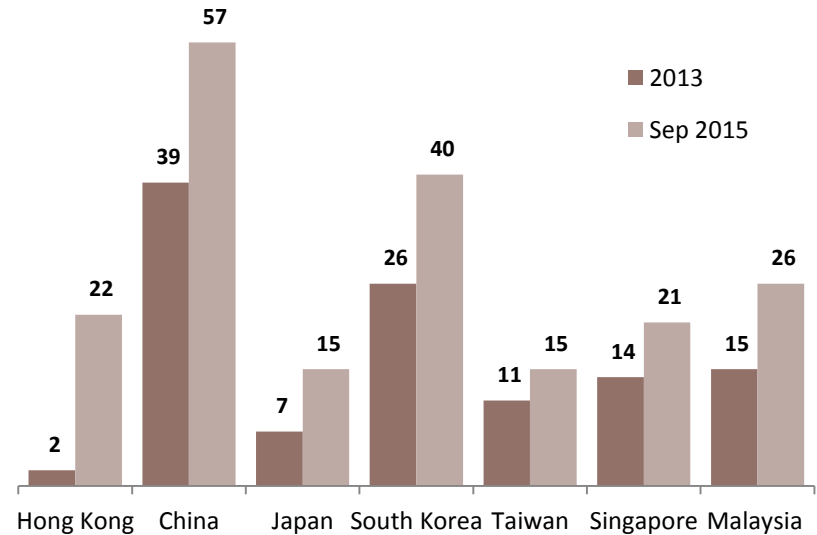
Sales-out development, Asia
(HKDm)



100% BRANDED DISTRIBUTION

- PANDORA is distributed exclusively through concept stores and shop-in-shops throughout Asia
- Distribution footprint significantly increased in the past two years
- Hong Kong, China, Taiwan, South Korea, Singapore and Malaysia main drivers
- Still a lot of potential for new stores in most markets

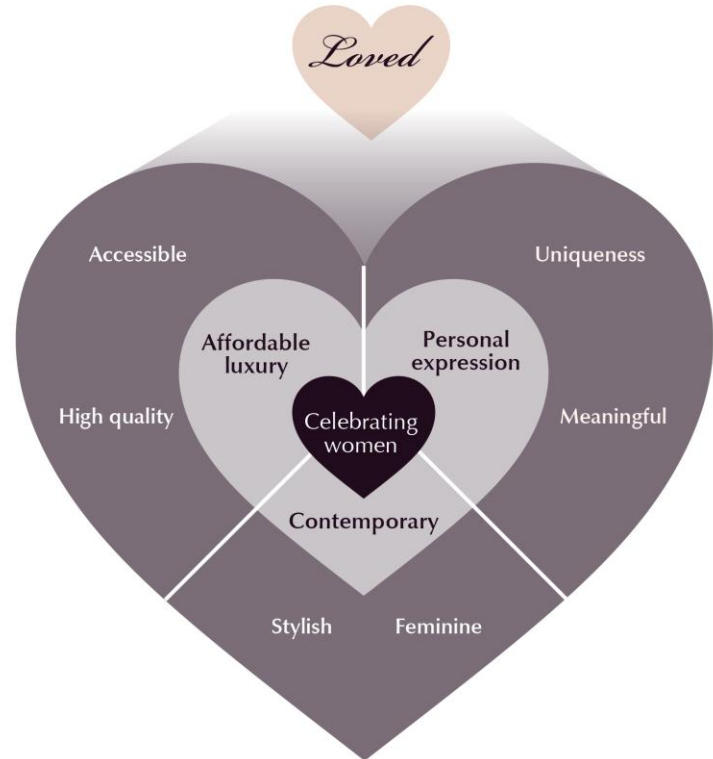
Concept stores and shop-in-shops by market



THE BRAND RESONATES WITH ASIAN CONSUMERS

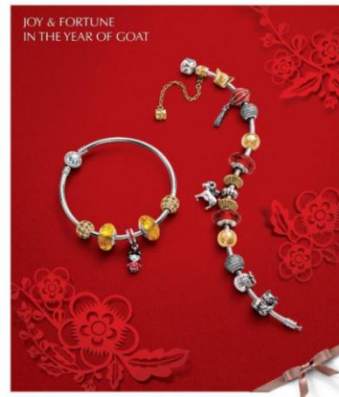
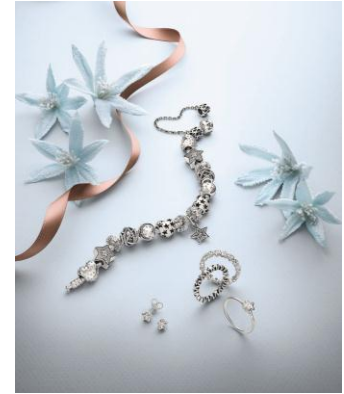
Facts from focus group studies in Hong Kong:

- The PANDORA brand is perceived as young and feminine
- The brand is seen as trendy, as new styles and colours are constantly being introduced
- Consumers find PANDORA a very stylish brand as it fits fashion colours
- Consumers appreciate that the brand offers a safe choice through recognition while the mix-and-match option allows for them to have their own unique product



A GLOBAL ASSORTMENT WITH A LOCAL RELEVANCE

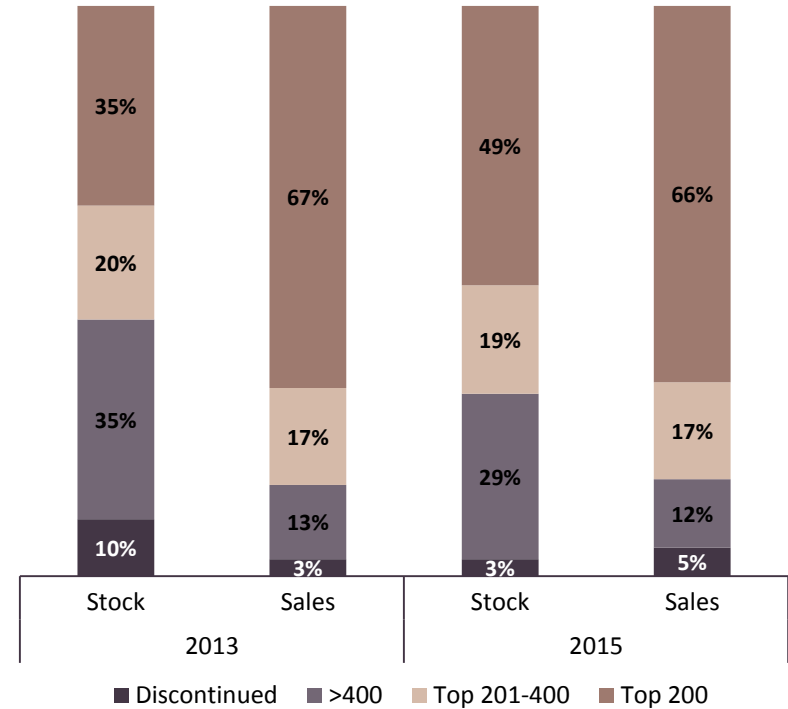
- Since 2014, PANDORA has launched several Asia exclusive charms developed for the Asian consumer
- 75% of products launched made it into the top 10 sales-out category for new products
- Asian products are supported by locally relevant campaigns such as Chinese New Year
- Going forward, PANDORA expects to do more regional products to increase brand and product relevancy



ENHANCING RETAIL OPERATION

- Getting closer to the customer enables optimising store operation based on customer behaviour
- Stock and product availability play an important role in PANDORA's expansion
- Stock quality in stores has improved significantly in recent years
- Having the right product available at the right time is the single most important in-store purchase driver
- Still room for improvement in top 200 products

Stock availability vs. sales



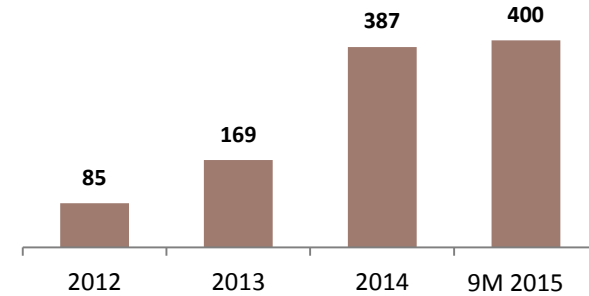
100% BRANDED DISTRIBUTION



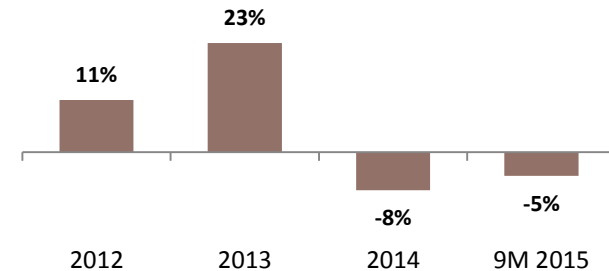
PANDORA HONG KONG: MODEL MARKET FOR REST OF ASIA

- First market to open in Asia in 2009
- Fully owned and operated concept store distribution
- Most developed distribution and brand in Asia. Average revenue per store is HKD 29 million
- Model market for rest of Asia
- Spearhead into mainland China
- PANDORA has grown more than 50% in 9M 2015 despite downturn in the Hong Kong jewellery market

PANDORA revenue Hong Kong
(HKDm)



Hong Kong jewellery retail sales, YoY change

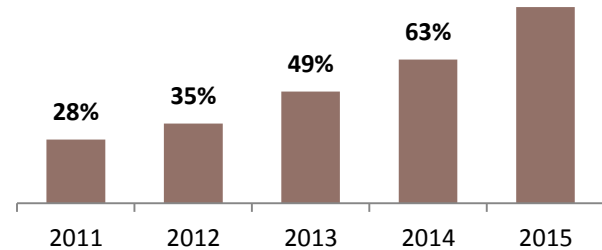


Source: Euromonitor 2015

SIGNIFICANT GROWTH IN AWARENESS

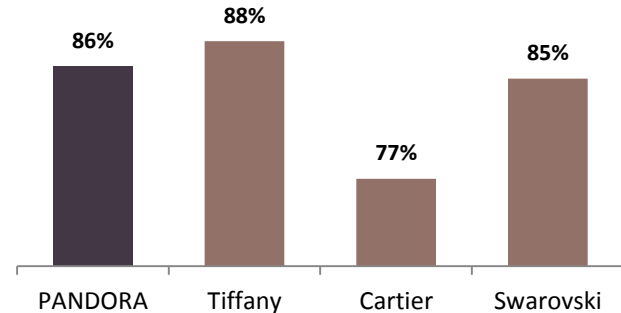
- Awareness has more than doubled from 2012 to 2015
- 86% of women in Hong Kong recognise the PANDORA brand ahead of Cartier and Swarovski
- 21% of women aged 18+ own a PANDORA bracelet

**PANDORA aided awareness female 18+
Hong Kong**



PANDORA brand track, 2015, Q: Do you know or have you ever heard of PANDORA?

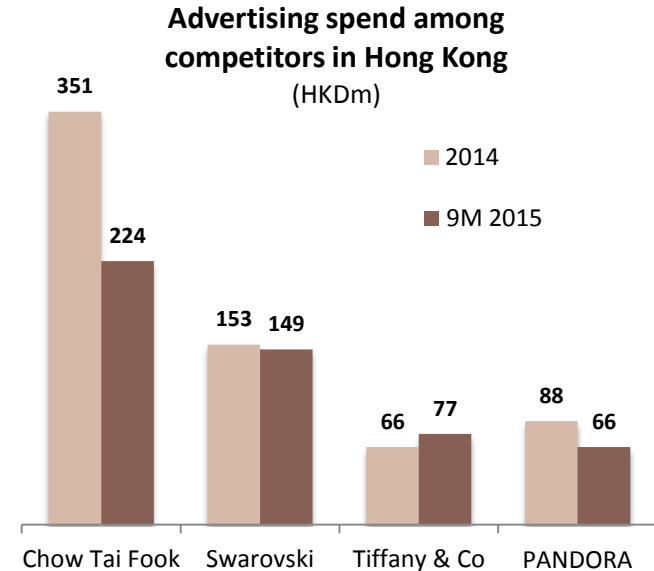
**Competitor awareness female 18+
Hong Kong (2015)**



PANDORA brand track, 2015, Q: Which of the following jewellery brands do you know or have you ever heard of?

AD SPEND IS RELATIVELY LOW COMPARED TO PEERS

- Even though awareness of the brand is increasing, PANDORA does not outspend competition
- PANDORA's advertising spend roughly on par with Tiffany
- Swarovski spends nearly twice as much and seems to be ramping up
- Chow Tai Fook historically a major spender but seem to be scaling back significantly
- Thomas Sabo, Chamilia and Links of London all have very little ad spend



Source: Admango, 2015

CONSUMER SOCIAL ENGAGEMENT VERY STRONG

- The excitement around PANDORA becomes evident on Facebook where PANDORA outgrows and outranks competition
- PANDORA fans' brand engagement is also much stronger and point to a winning formula
- The marketing strategy executed in Hong Kong is now being replicated in China, Japan and Singapore

(Hong Kong/ global)	PANDORA	SWAROVSKI ¹	Tiffany & Co. ¹	Thomas Sabo ¹	Coach ¹
Fans count ²	159k/4.03M	28k/3.62M	71k/8.06M	15k/ 959k	48k/ 5.97M
Fan growth in last 6 months ²	26k/593k	699/331k	5.7k/509K	861/ 99k	1,636/ 296k
Fan growth rate	19.6%/ 17%	2.4%/ 10%	8.1%/ 6.7%	6.3%/ 11.5%	3.6%/ 5.2%
Ranking in Hong Kong jewellery industry ²	1	11	4	27	n/a
Engagement level ³	0.49/ 0.13	0.07	0.07	0.18	0.02

Notes:

1) The brands do not have a local fan page in Hong Kong, so the number of "local fans" is filtered by geographic location, from Social Bakers.

2) Figures from Social Bakers 26 Nov 2015

3) Figures from Falcon 26 Nov 2015. Calculated as (Page Storytellers by Country / Page Fans by Country) * 100.

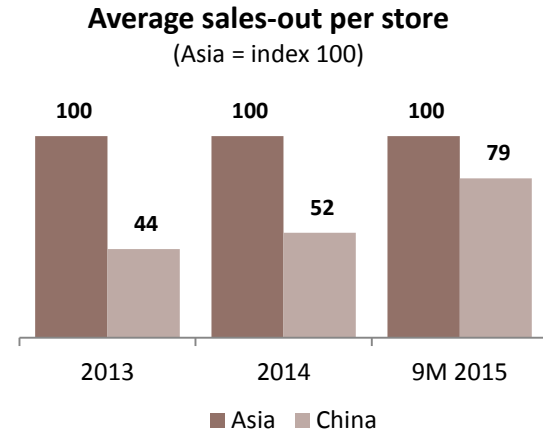
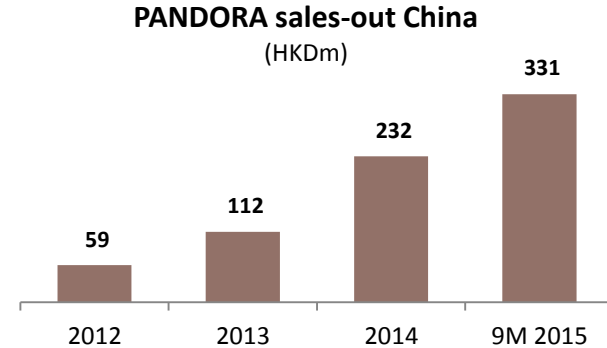
PANDORA CHINA: READY TO PENETRATE THE MARKET

- Six months since PANDORA entered China directly (majority-owned joint venture with Oracle)
- Dedicated organisation of 45 people located in Shanghai. Majority of team is local Chinese with 5-10 years of experience from major international brands
- Significant investments in marketing and retail operations (training) have accelerated sales-out
- PANDORA now have proof of concept from Beijing in the North to Shenzhen in the South. Several stores in tier 2 cities are performing on par (or even ahead) of tier 1



SIGNIFICANT GROWTH IN SALES-OUT

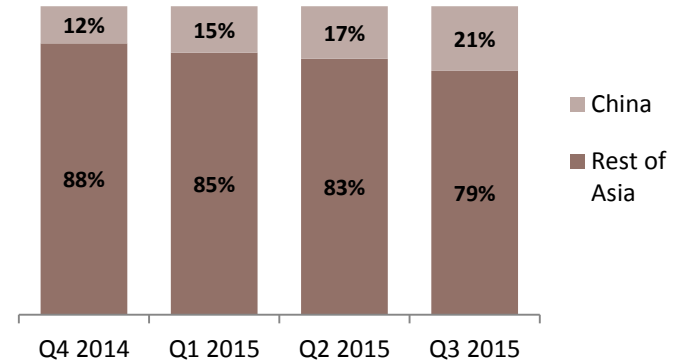
- Encouraging growth in 2014/15
- Average retail store sales-out has increased significantly in the last few years and quickly closing in on 'Asia Average'
- Presently, China is ramping up faster than any other market in Asia



CHINA IS INCREASINGLY IMPORTANT

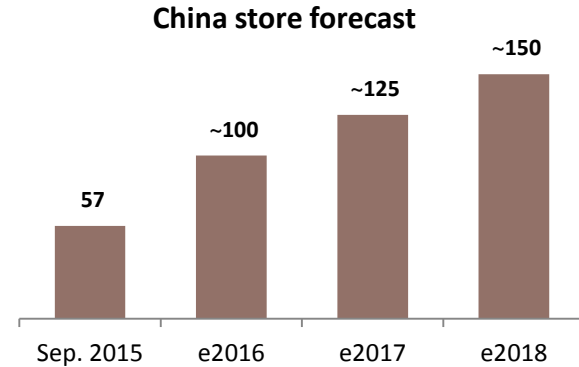
- China represented 21% of regional sell-out in Q3 2015.
- Transition from wholesale/distributor model to O&O Retail as of 1 July 2015
- Like-for-like sales-out growth and new store openings are major drivers
- Share of business expected to grow significantly in 2016 and beyond

Total Asia/China sales-out split



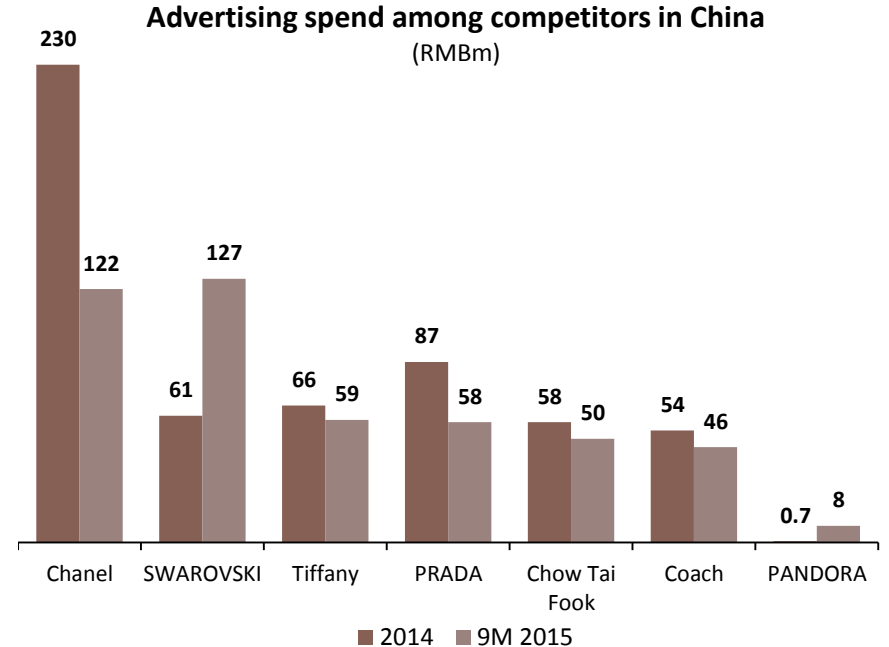
CONTROLLED STORE EXPANSION PLAN

- 2016 ramp-up year with focus on clustering in and around tier 1 and selected tier 2 cities
- 2016 important in terms of building infrastructure to support future growth (organisation and legal entities/branches)
- As a point of reference Swarovski has 253 stores in China today
- Many prime shopping malls and department store locations being offered to PANDORA



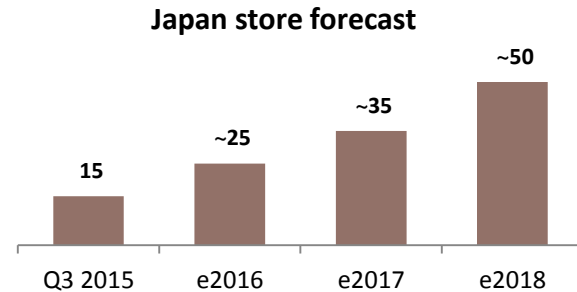
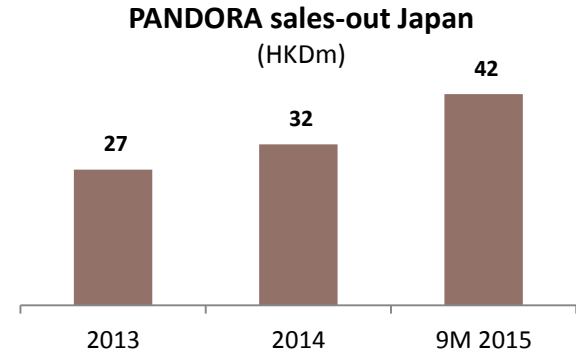
INVESTMENTS IN CHINA TO BE RAMPED UP

- Historically minimal marketing spend in China (distributor model)
- Slowly ramping up marketing investments in 2015
- In 2016, PANDORA will commit significant marketing resources to support existing and new stores



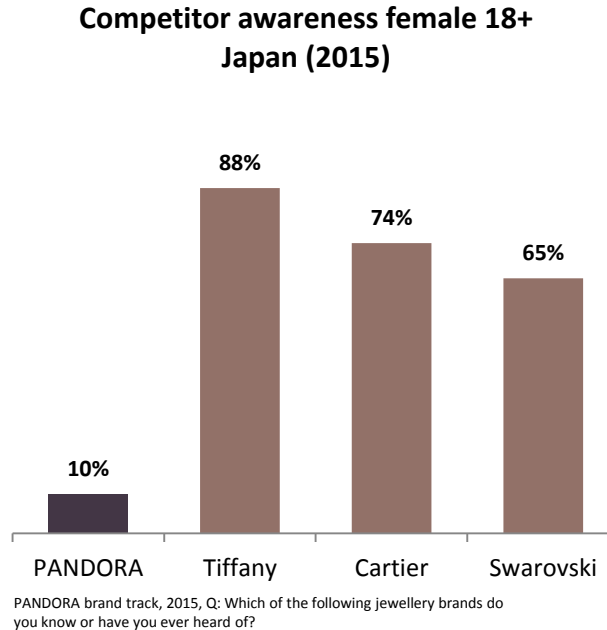
PANDORA JAPAN: MODERATE GROWTH

- One year since PANDORA entered Japan directly (majority-owned joint venture)
- Confidence in the brand has to be rebuilt both from a consumer and landlord point of view
- Progress slower than the rest of Asia
- PANDORA remain confident in Japan long-term, but short to mid-term, Japan will not be a major revenue driver



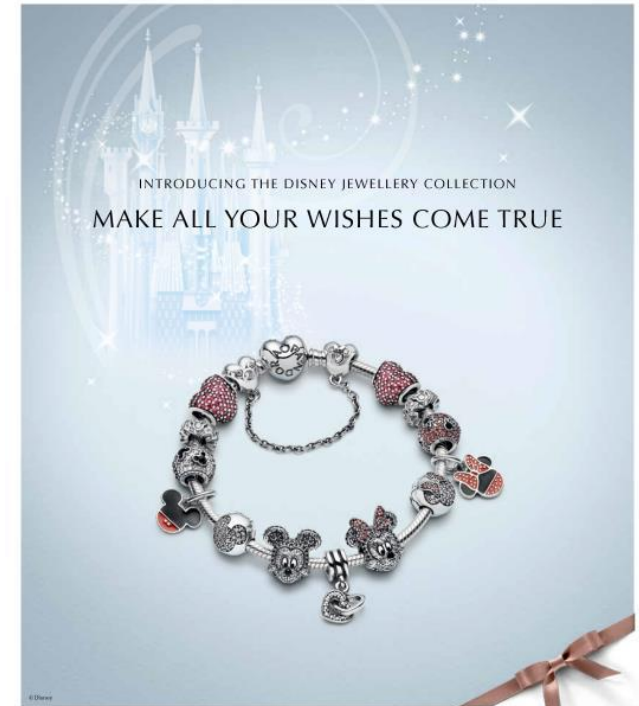
BRAND AWARENESS IS RELATIVELY WEAK IN JAPAN

- Historically minimal marketing spend in Japan (distributor model)
- Positive development within distribution and brand
- Flagship store opening in Ginza and upcoming opening in Omotesando has given the brand a major uplift
- Slowly ramping up marketing investments



PANDORA ASIA: DISNEY LAUNCH ENCOURAGING

- Disney collection launched across 13 markets in 300+ stores early November (including Australia)
- The collection has been positively received and performing according to the US launch
- 100,000+ pcs sold out of stores in the first 4 weeks
- Mickey & Minnie and Disney princesses strongest performers
- Initial consumer rush expected to normalise early 2016
- First Disney Park sales point opened in December 2015. Further openings planned for Q1/Q2 with total PANDORA distribution counting 3 in Hong Kong Disneyland and 3 in Shanghai Disney Resort



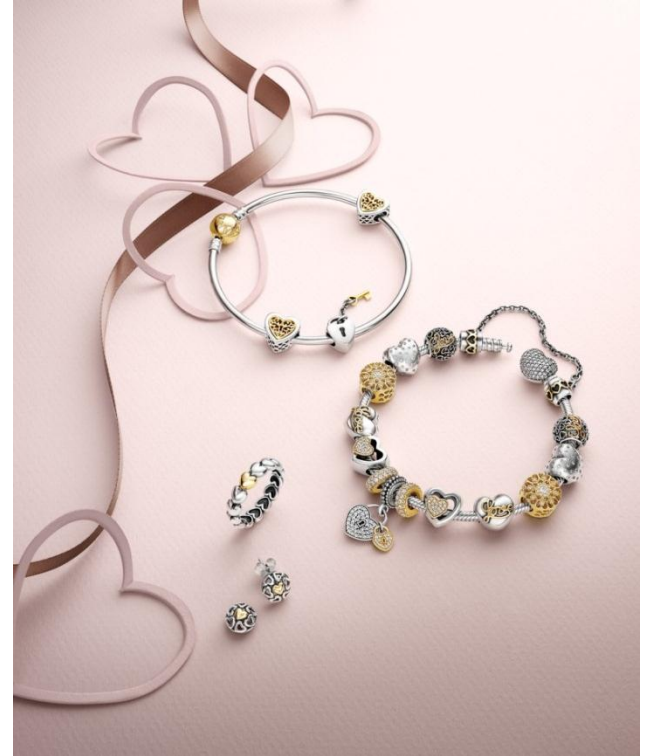
Disney | PANDORA

Available at your local PANDORA store.

PANDORA
UNFORGETTABLE MOMENTS

SUMMARY

- Strong revenue development in Asia
- New distribution structure and framework in place with direct ownership of priority markets
- Brand awareness and ownership developing fast - Hong Kong is the benchmark model
- Disney is performing very well and in line with expectations
- Big potential for new store openings across Asia and in particular within China





THANK YOU!

PROVIDING FOR AN INCREASING GLOBAL DEMAND

THOMAS TOUBORG, SVP, GROUP OPERATIONS



PANDORA
UNFORGETTABLE MOMENTS

INTRODUCTION - THOMAS TOUBORG

- 2015- SVP, Group Operations, PANDORA A/S
- 2011-14 SVP, Group Supply Chain, PANDORA A/S
- 2004-10 EVP, Supply Chain and Production, Fritz Hansen A/S
- 2002-04 Production Manager, Coloplast A/S
- 2001-02 Site Manager, Vitral A/S (VKR-group)
- 1996-01 Production and Logistic Manager, H+H A/S
- 1994-96 PTA-engineer, Lindab A/S

Current board positions:

Board of Directors, Danish Standards

Chairman, local community board



AGENDA

- DIFFERENT SUPPLY CHAINS SUPPORTING THE BUSINESS

- DONE GREAT IN THE PAST

- KEY FOCUS AREAS FOR HOW TO GEAR FOR THE FUTURE

- NEWBUILDS CRAFTING FACILITIES TO SUPPORT MARKET DEMAND

- SUMMARY AND Q&A



“From entrepreneurial scalability to scalability of the future”

Supported by three key focus areas:

Expansion of current
production capacity

Reduce lead-time from
raw material to
jewellery delivered

Increase data
transparency through-
out the value chain

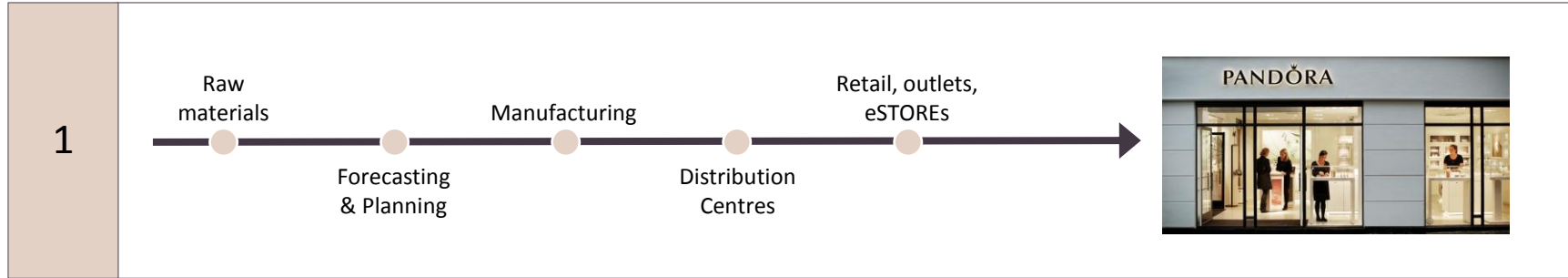
GROUP OPERATIONS SUPPORTS THE EXPANDING PANDORA BUSINESS

- Deliveries in more than 90 countries across six continents
- Deliveries to approx. 9,500 points of sale including around 1,800 concept stores
- Deliveries of more than 100 million pieces of jewellery annually anchored in seven annual drops plus special drops, i.e. Disney and PANDORA Rose, and around 1,300 design variations
- Group Operations represents more than 11,000 employees at the crafting facilities in Thailand and around 500 employees in other locations

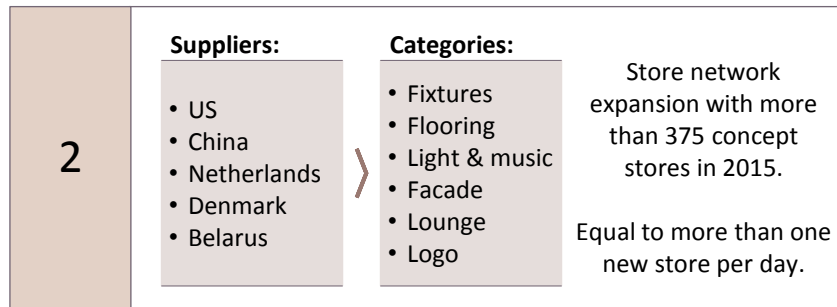


THREE DIFFERENT SUPPLY CHAINS SUPPORTING THE BUSINESS MODEL

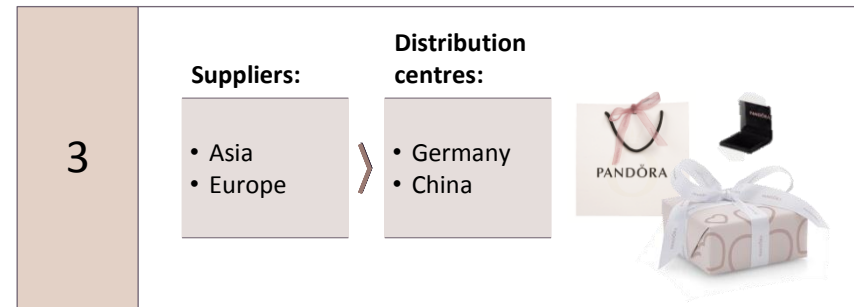
Jewellery supply chain



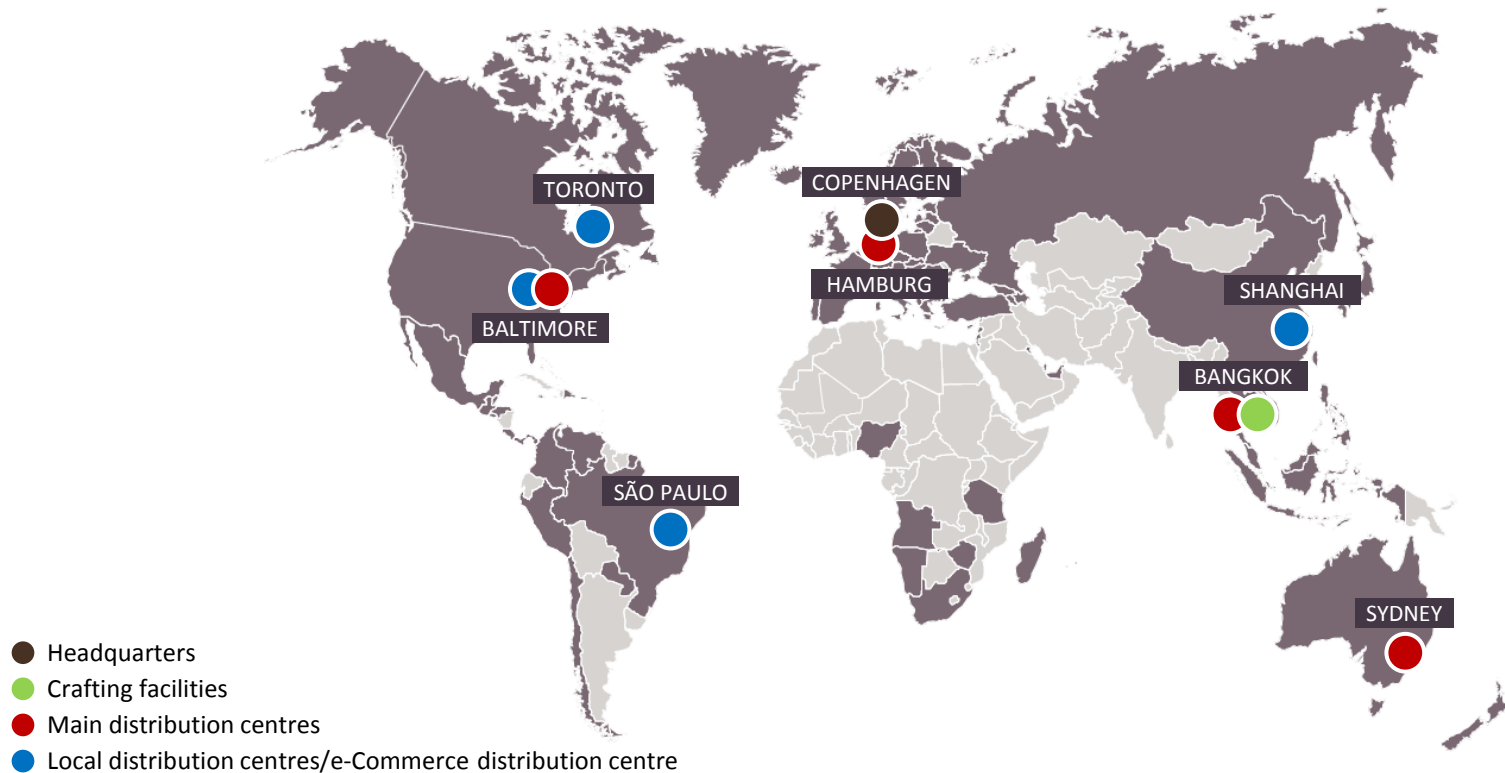
Fixtures & furniture supply chain



Point-of-sale materials supply chain



GLOBAL OPERATIONS JEWELLERY FOOTPRINT



THE PANDORA JEWELLERY SUPPLY CHAIN

THE JEWELLERY SUPPLY CHAIN

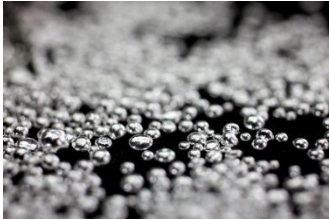
Raw materials

Forecasting & planning

Manufacturing

Distribution centres

PANDORA sales channels



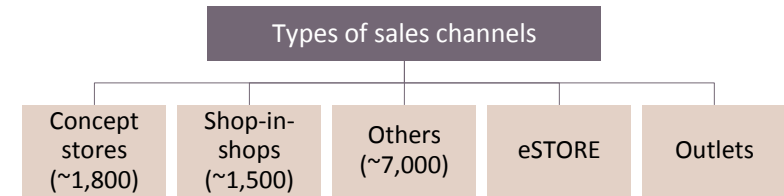
~9,500 points of sale:

- Concept stores
- Shop-in-shops
- Others (gold, silver, white)
- eSTORE
- Outlets

VALUE PROPOSITIONS IN OUR VALUE CHAIN

- Approx. 80% of all orders globally are captured through an online ordering system for retailers
- Shipping from distribution centre to customer location within two days of receiving order
- Picking accuracy at the distribution centres improved to a robust level above 99.5%
- Value-adding retail services, i.e. deliveries to stores with displays and trays ready to be placed into the sales area without further in-store handling
- Efficient return logistics processes, i.e. permanent stock balancing programme in the US

Supporting different types of PANDORA sales channels



Strong brand DNA profile in concept stores



THE PANDORA JEWELLERY SUPPLY CHAIN

THE JEWELLERY VALUE CHAIN

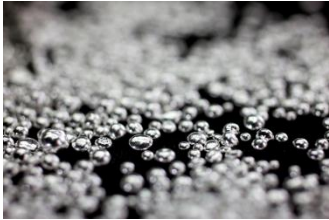
Raw materials

Forecasting & planning

Manufacturing

Distribution centres

PANDORA sales channels



- 4 main distribution centres
- 4 local/eSTORE distribution centres

FOOTPRINT CONSOLIDATION FOCUSING ON CUSTOMER VALUE AND OPERATING COSTS

- Footprint 2010 is characterised by more than 20 local warehouses and inefficient scalability impacting cost to inventory carried
- Footprint 2010 has been consolidated to align structure to reflect business requirements and gain benefits of scale
- Footprint 2015 supports a global and effective supply of jewellery with short replenishment lead-time
- Ease and speed of implementation of improvements much easier with four main distribution centres
- Prepared for business needs and opportunities for further development of eSTORE

Footprint 2010

Manufacturing

Bangkok

20+ local warehouses

Central Western Europe
Australia
US
Nordic
Hong Kong
UK
Eastern Europe
10+ distributors

Footprint 2015

Manufacturing

Bangkok

Chiang Mai

3rd party suppliers

Main distribution centres

Bangkok

Hamburg

Baltimore

Sydney

Local centres

Shanghai

E-com EU

São Paulo

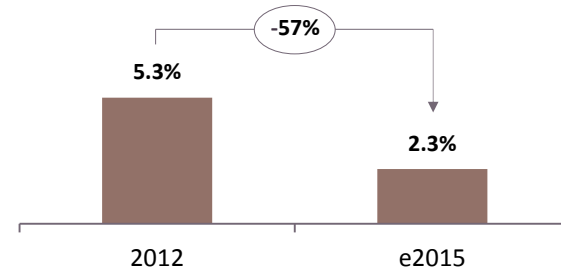
Toronto

E-com US

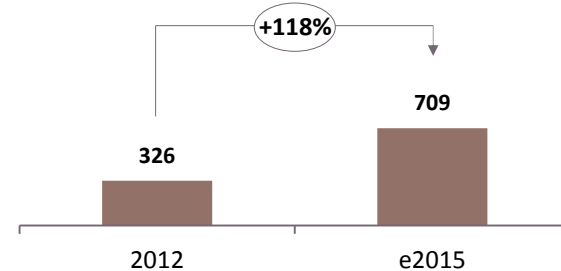
BENEFITS FROM CONSOLIDATION OF FOOTPRINT FOR DISTRIBUTION CENTRES

- Higher product availability compared to demand from markets due to four main distribution centres strategically placed
- Higher transparency of operations giving the simplified structure
- Efficient processes and scale of business have significantly reduced the operational costs of distribution centres:
 - Logistic cost in percentage of revenue improved by 57% from 2012 to 2015
 - Productivity improved by 118% from 2012 to 2015

Continue to take out logistic costs as a percentage of revenue...



...and improve pick-per-hour at distribution centres



THE PANDORA JEWELLERY SUPPLY CHAIN

THE JEWELLERY VALUE CHAIN

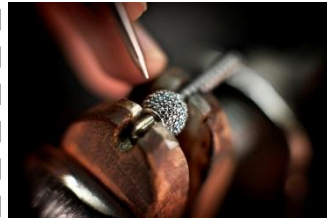
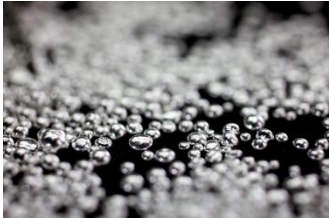
Raw materials

Forecasting & planning

Manufacturing

Distribution centres

PANDORA sales channels

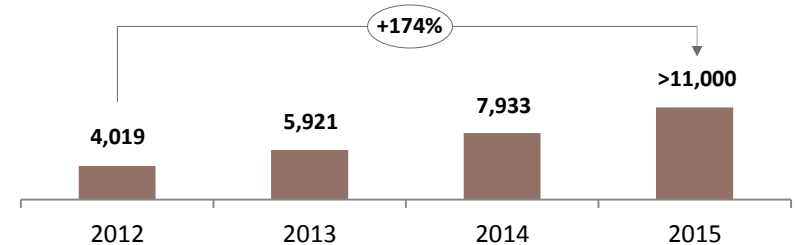


- 1 manufacturing plant in Gemopolis, Bangkok
- 2 new manufacturing plants to be constructed
- 3rd party suppliers

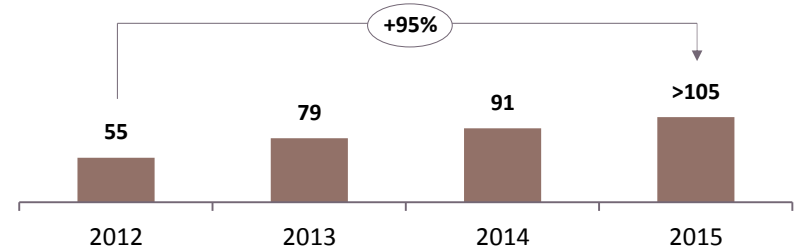
A TRUE MASS-PRODUCTION SETUP BASED ON HIGHLY SKILLED CRAFTSMANSHIP

- All manufacturing processes are today clustered within Gemopolis using 16 buildings and 61 floors to the entire PANDORA business
- Increasing market demand is reflected in a growing number of specialised craftspeople to the hand-finished jewellery production
- Manufacturing has reached the milestone of producing and shipping more than 100 million pieces of jewellery in one year

Number of employees in Thailand has grown significantly

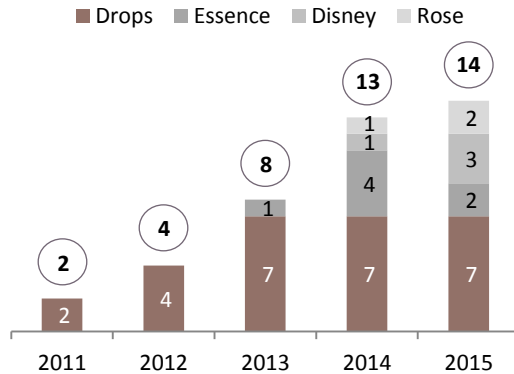


Shipped units from Thailand have almost doubled between 2012 and 2015 (million units)

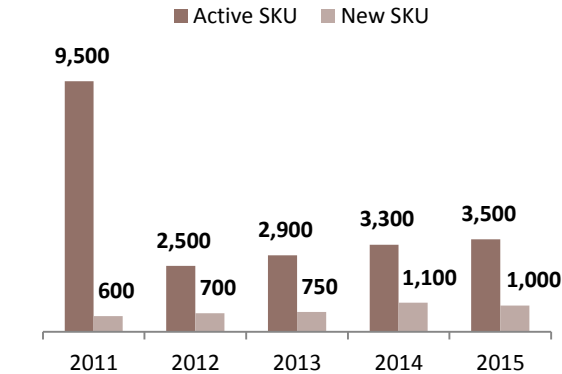


NEWNESS ABSORBED BY SCALE, STREAMLINING NO. OF STOCK KEEPING UNITS AND HIGHLY SKILLED CRAFTSPEOPLE

More complexity due to increased number of collections

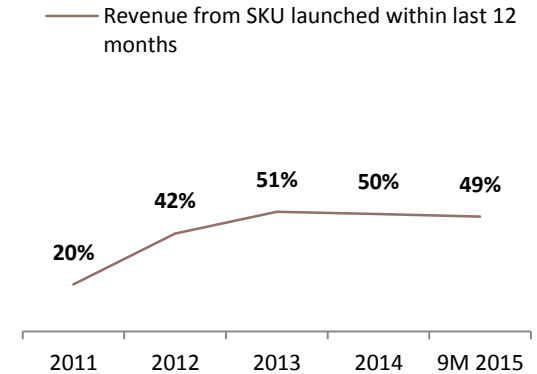


The last years show balance between active and new stock keeping units (SKU)



Note: Currently PANDORA operates with approx. 1,300 design variations

Rapid production introductions have significant impact on revenue



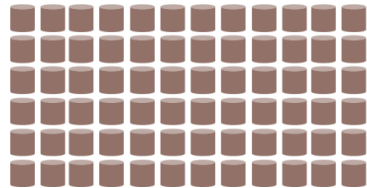
PRODUCTIVITY GAINS ARE USED TO CAPTURE INCREASING PRODUCT COMPLEXITY SUCCESSFULLY

The new silver bangle version requires more casting flasks

2013



2015



Numbers of casting flasks required to produce 1,000 pcs of:

- Year 2013 silver bangle is 8 casting flasks
- Year 2015 silver bangle with cubic zirconia is 72 casting flasks

The new silver ring version requires more craftspeople

2007



2014



Manpower required per day to produce 1,000 pcs of:

- Year 2007 silver ring, Mother of Pearl is 40 craftspeople
- Year 2014 lace silver ring is 158 craftspeople

THE MANUFACTURING MODEL OFFERS A COMPETITIVE ADVANTAGE TOWARDS COMPETITORS

- Scale of the operational model elevates market entry barriers
- Solid integration of product development activities throughout the value chain
- Product complexity and delicate styles require highly skilled craftspeople with the Thai sense of quality and aesthetics
- Each piece of jewellery passes through 25-75 pairs of hands depending on complexity and process



Recruiting craftspeople to open positions: *Open positions in Thailand in March 2015 where 8,000 people showed up for an interview*

THE FOUNDATION OF THE MANUFACTURING MODEL IS THE TALENTED CRAFTSPEOPLE

- Employee turnover of craftspeople of around 3.7% helped by stable jobs, high safety/health standards and extensive skills training
- Certified within Environment (ISO 14001), Health & Safety (OHSAS 18001), Energy (ISO 50001) and a certified leading member of the Responsible Jewellery Council
- Relevant and fun benefits i.e. pension/health schemes, PANDORA Got Talent, Family Day and Beach Day which are central in Thai culture
- More than 1,000,000 km driven by 120 busses transporting people to and from work
- PANDORA radio and TV station with employees as DJs
- Pregnant employee benefits include extra breaks and maternity classes



THE PANDORA JEWELLERY SUPPLY CHAIN

THE JEWELLERY VALUE CHAIN

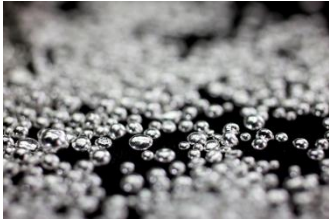
Raw materials

Forecasting & planning

Manufacturing

Distribution centres

PANDORA sales channels



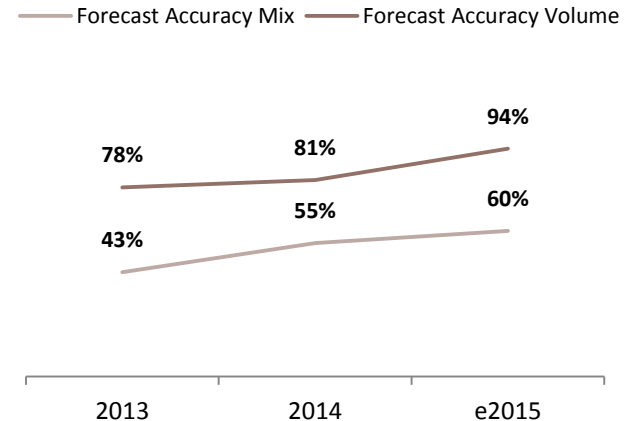
- Demand & Supply Planning
- Sales & Operations Planning
- Inventory planning
- Logility and AX Planning



HIGH PRODUCT AVAILABILITY RELIES ON SOLID INFRASTRUCTURE AND ORGANISATION

- Established a Demand Planning department ensuring conversion of market demand into manufacturing
- Established Sales & Operations Planning process, anchored across functional areas in the organisation
- Implemented an advanced IT planning system to support forecasting processes
- Strong hierarchy of metrics within forecasting and planning

PANDORA has built a strong organisation and processes resulting in true benefits



CLEAR BUSINESS BENEFITS FROM IMPROVED FORECAST ACCURACY

- High product availability at retail level and less stock outs
- High transparency and accuracy in demand from markets strengthen the processes between planning and manufacturing regarding the needed product mix
- More stable planning of production resulting in reduced fluctuations especially upstream in the value chain
- Inventory reduced significantly from 33% to 17% of revenue between 2011 and 2014



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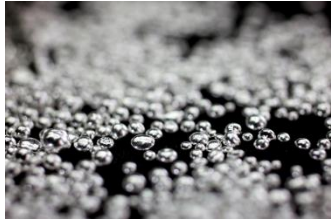
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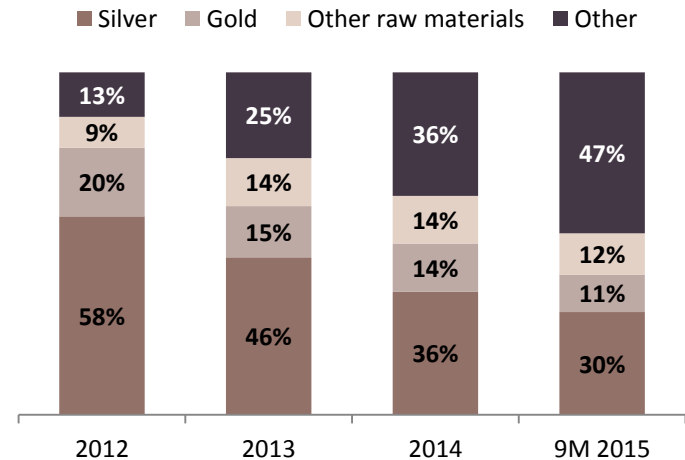
- Silver
- Gold
- Gem stones
- Glass
- Others



RESPONSIBLE BUSINESS PRACTICES THROUGHOUT THE VALUE CHAIN IS A FOUNDING PRINCIPLE FOR PANDORA

- PANDORA benefits from a large, strong and segmented network of suppliers
- In 2015, PANDORA invited 150 key suppliers to the Thai crafting facilities to showcase ethical aspirations and best practice solutions
- 100% recycling of gypsum, rubber, murano glass and wax
- 99% of the silver and 90% of the gold entering PANDORA originated from recycling
- Man-made stones provide traceability and low environmental impact
- Diamond, gold and silver suppliers are certified responsible

Raw materials share of PANDORA's production costs



MAJORITY OF THE PRODUCTS ARE MADE OF SILVER OR GOLD DECORATED WITH GEMSTONES OR STONES

The manufacturing setup in 2015

- ~2.5 billion cubic zirconia stones (1.3 billion stones in 2014)
- 225 tonnes of silver shipped yearly
- 1.4 tonnes of gold shipped yearly
- Mixing more than 4 tonnes of enamel per year



The high-level numbers

Hand-set cubic zirconia stones equal to:

- ~6.8 million stones per day every single day for 365 days
- ~300,000 stones per hour 24 hours per day for 365 days



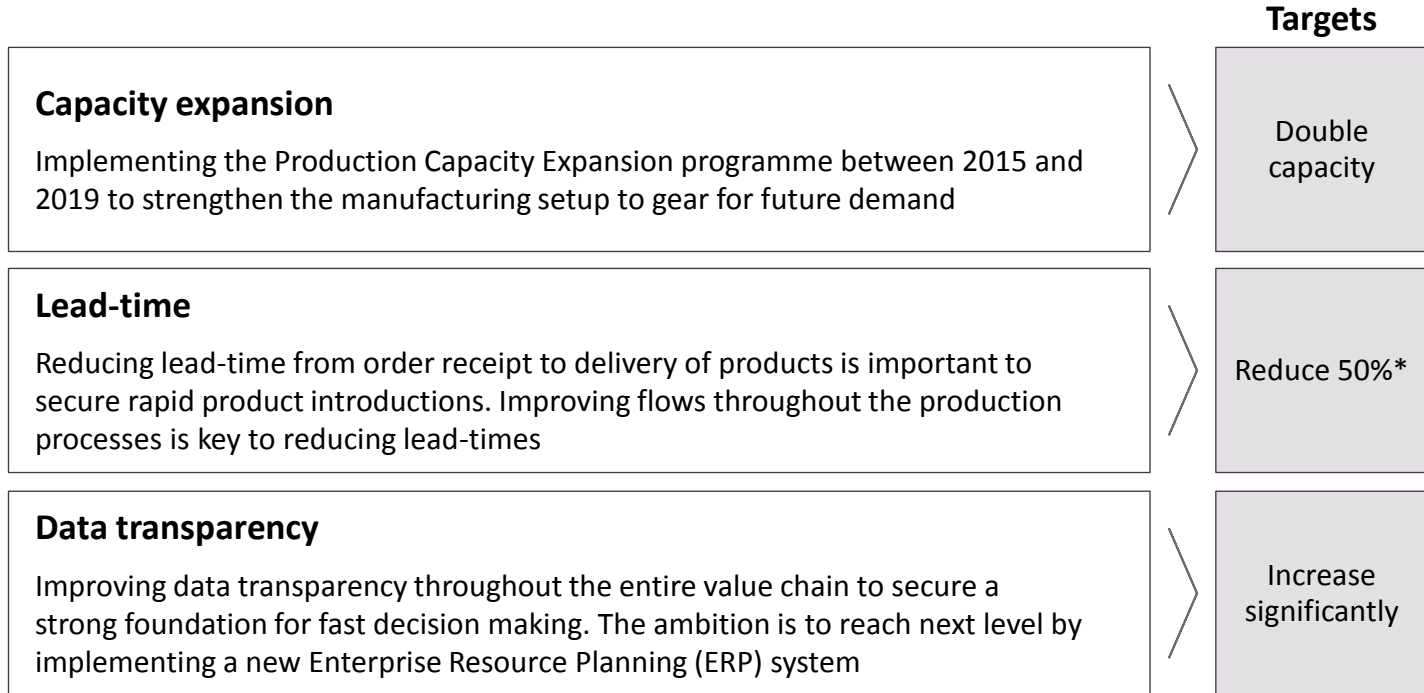
SUMMARY OF REPLENISHMENT LEAD-TIMES THROUGHOUT THE VALUE CHAIN

Time to replenish out of stock situations:

- Retail stores will have their orders shipped within 48 hours from the associated centre
- Distribution centres receive products from the crafting facilities after 3-7 weeks depending on the type of product
- Excess share between distribution centres is also an opportunity



THREE KEY FOCUS AREAS SUPPORTING SCALABILITY OF THE FUTURE



* With current product mix

WHY THAILAND?

- From a skill-set and cultural perspective, Thailand has a strong history in fine jewellery manufacturing and especially within sterling silver jewellery
- Thailand exported fine jewellery, diamonds, coloured stones, etc. for more than USD 10 billion globally
- Tax privilege status
- Transferring of employees from Bangkok to Chiang Mai to ensure a high skill-set from day one
- Mitigating for natural disasters by having two manufacturing clusters

Manufacturing clusters



* Source: The Customs Department, data calculation by The Gem and Jewelry Institute of Thailand, 2014

THE PRODUCTION CAPACITY EXPANSION IS AN IMPORTANT INVESTMENT FOR PANDORA

- The production capacity expansion programme includes an investment of DKK 1.8 billion
- Two new crafting facilities:
Lamphun, Chiang Mai
Gemopolis, Bangkok
- Optimisation of existing crafting facilities in Gemopolis
- Approximately 700 km between the two manufacturing clusters
- All facilities located close to international airports

Production capacity expansion programme

LAMPHUN FACILITY

Lamphun, Chiang Mai

- Factory construction started in October 2015
- Commercial operation from Q1 2017
- Employees: 5,000

GEMOPOLIS NEW

Gemopolis, Bangkok

- Factory construction starts in May 2016
- Commercial operation from Q1 2018
- Employees: 5,000

GEMOPOLIS EXISTING

Gemopolis, Bangkok

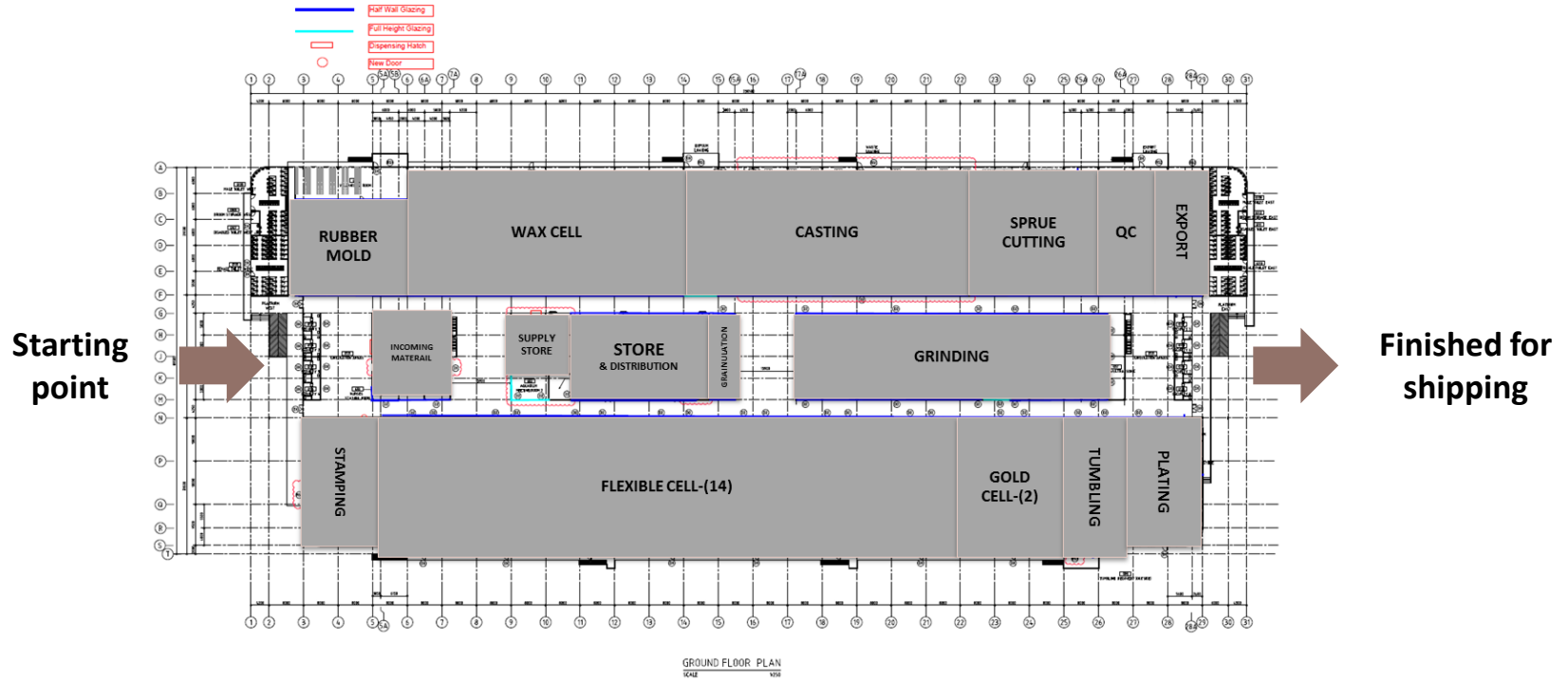
- Ongoing optimisation within the period 2015-2019
- Employees: 8,000

FACTS ON THE LAMPHUN FACILITY

- Land area is ~75,000 m² and building area is ~25,000 m²
- Production setup designed on flow principles to reduce lead-time
- Semi-automation of areas i.e. casting and burnout
- Green building standards and principles
- Optimised primarily for rings, earrings and more complex and sophisticated products
- Built for a maximum of 5,000 employees



THE ARCHITECTURAL DRAWING OF THE NEW FACILITY IN LAMPHUN



LEARNINGS FROM LAMPHUN WILL BE USED IN GEMOPOLIS

- The new Gemopolis facility (2nd new facility) will be based on learnings and experience from Lamphun
- This includes flow principles for how the production is planned and executed
- Existing facilities in Gemopolis will be optimised and streamlined according to the standards from the two new facilities
- New Enterprise Resource Planning (ERP) system will be implemented at all facilities to support data transparency and fast decision making



FUTURE SITUATION IS BASED ON PANDORA'S THREE KEY FOCUS AREAS

LAMPHUN FACILITY
Lamphun, Chiang Mai

GEMOPOLIS NEW
Gemopolis, Bangkok

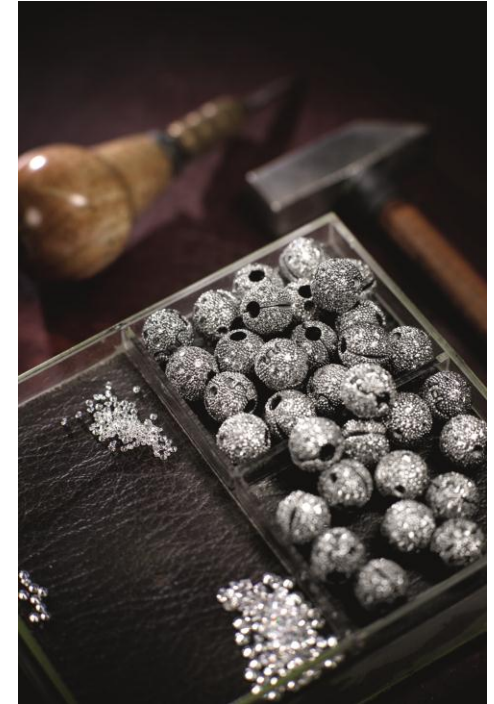
GEMOPOLIS EXISTING
Gemopolis, Bangkok



- Potentially double the production capacity to 200+ million pieces of jewellery
- Shorten lead-time with 50% as a result of flow principles in production including an agile orchestration
- Increased data transparency by implementing a new Enterprise Resource Planning (ERP) system

SUMMARY

- Reached the milestone of producing and shipping more than 100 million pieces of jewellery in 2015
- Employing more than 11,000 craftspeople in Thailand
- Solid footprint of distribution centres including a strong forecasting and planning organisation
- Start-up of new crafting facilities on time which will provide another dimension of scalability based on efficient processes
- Future production capacity to potentially double to support the growing PANDORA business



THANK YOU!

