

Pandora Annual General Meeting 2018

Thank you for the floor. My name is Charles Mikkelsen, and I represent Industriens Pension.

First of all, thank you to the chairman and the CEO for their reports and the presentation of the 2017 results.

It is evident that Pandora continues to grow its business worldwide and that we here are witnessing the formation of a major global brand within affordable jewelry. It is also clear that Pandora has a unique production platform, which has recently even been improved for more agility. Furthermore, Pandora continues to successfully roll out and expand its store network. Pandora has altogether delivered a good overall financial performance the past 5 years. This is all very impressive.

As an investor we are first and foremost focused on trying to understand the nature and progress of the underlying business as it forms the core of our analysis. And we are well aware as a long-term investor, that the creative nature of the business can result in fluctuations across quarters and that the quarterly results should be judged with care.

However, with the current disclosure policy, we find it challenging to track the development in the underlying business and we are interested to learn more. In other words, reporting the revenue excluding acquisitions and network expansion, in terms of a like-for-like sell-out number across the business could be of value to us and deepen our understanding of the underlying business.

While we acknowledge that a like-for-like figure is reported for the owned network as a whole, it covers large disparities in growth across countries and sales channels. For example, the owned network grew by 15% like-for-like in q4 2017, but this was mainly a result of growth in the online channel.

Just as importantly, the wholesale division accounts for 50% of revenue in 2017 and there is limited information regarding the like-for-like sell-out development. We find that the development in the wholesale division is equally relevant, especially considering its size, and that it also here would be beneficial to get more granular insight into the business.

Overall, we would like to pose the following questions to the company:

1. Will management consider disclosing like-for-like sell-out figures on a regional or country basis?
2. Will management consider disclosing the like-for-like sell-out figures in the wholesale division?
3. Management recently reduced the EBITDA margin guidance for the period 2018 and going forward. One major factor behind this is the increasing share of owned stores. Is there any risk that margins potentially will decline further in light of the planned expansion of the owned and operated network in Pandora's 2018 to 2022 plan?

Finally, we wish management and the Pandora employees the best of luck with achieving a good set of results in 2018.

Thank You