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PANDORA MAKES MAJOR STRATEGIC MOVE IN GERMANY IN AGREEMENT TO ASSUME UP TO 78 STORE LEASES

PANDORA's reset strategy for Germany has been to focus on creating the optimum refreshed network through expansion of concept stores in quality locations. In a quantum leap of that strategy, the Company has today entered into an agreement with DHG GmbH (DHG) to assume up to 78 commercial leaseholds in Germany currently trading under the BiBa name (a ladies fashion brand) by the 31st January 2015, when negotiations with landlords are expected to be finalised.

PANDORA will pay a service fee to DHG for making the leaseholds available to PANDORA. The amount of this fee will be dependent on the number of leases successfully assigned.

Allan Leighton, CEO at PANDORA, said: "We have carefully mapped the German market, in terms of how an ideal concept store network would look in the country. With this agreement, we have now in one strategic move gained immediate access to a very large proportion of the desired locations."

Niels Møller, President PANDORA Central Western Europe, said: "This will be a significant strategic step for PANDORA in Germany, which accelerates our strategic plan for this market."

All commercial leaseholds concern stand-alone stores all located at prime locations in Germany fitting well into PANDORA's existing concept store expansion strategy in Germany. PANDORA will in the coming year open owned and operated concept stores in the new locations, some of which will be a relocation of already existing PANDORA owned stores. A number of these stores over time may move back to franchise stores, as PANDORA's operations in Germany strengthens.

The total investment for the new O&O stores, including establishment and relocation of stores (including initial stock in the stores), costs related to temporarily inactive stores in the transition period, service fees to DHG as well as all other costs related to the store implementation, is expected to be around EUR 50 million (approx. DKK 370 million), of which the majority will be booked as CAPEX and inventory. The amount will be spent over the course of 2015. The impact from the transaction on revenue and EBITDA in 2015 is expected to be limited due to the gradual roll-out of the stores.

Germany is one of PANDORA's core markets and generated revenue of DKK 372 million in the first nine months of 2014, corresponding to an increase of 8.1% compared to the same period in 2013. As of today, PANDORA owns and operates 61 concept stores in Germany out of a total of 83 concept stores in the country. The German jewellery market is one of the largest in Europe and in 2013 had a value of EUR 3.9 billion (approx. DKK 29 billion)¹.

¹ Euromonitor 2014

The content of this release will have no impact on PANDORA's outlook for 2014, as latest communicated to the market in Company Announcement No.202.

ABOUT PANDORA

PANDORA designs, manufactures and markets hand-finished and modern jewellery made from genuine materials at affordable prices. PANDORA jewellery is sold in more than 80 countries on six continents through approximately 9,800 points of sale, including more than 1,300 concept stores.

Founded in 1982 and headquartered in Copenhagen, Denmark, PANDORA employs more than 11,000 people worldwide of whom approximately 7,800 are located in Gemopolis, Thailand, where the company manufactures its jewellery. PANDORA is publicly listed on the NASDAQ OMX Copenhagen stock exchange in Denmark. In 2013, PANDORA's total revenue was DKK 9.0 billion (approximately EUR 1.2 billion). For more information, please visit www.pandoragroup.com.

CONTACT

For more information, please contact:

INVESTOR RELATIONS

Morten Eismark
VP Group Investor Relations
Phone +45 3673 8213
Mobile +45 3045 6719

MEDIA RELATIONS

Jakob Risom Langelund
Press Officer
Phone +45 3673 0634
Mobile +45 6165 6540

Magnus Thorstholm Jensen
Investor Relations Officer
Phone +45 4323 1739
Mobile +45 3050 4402