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No. 255
COMPANY ANNOUNCEMENT
11 August 2015

INTERIM REPORT FOR Q2 2015

PANDORA INCREASES REVENUE WITH 41.4% DRIVEN BY A STRONG DEVELOPMENT ACROSS ALL REGIONS

- Group revenue in Q2 2015 was DKK 3,598 million, an increase of 41.4% or 25.8% in local currency, compared with Q2 2014:
    - Americas increased by 43.8% (19.4% increase in local currency)
    - Europe increased by 38.0% (32.0% increase in local currency)
    - Asia Pacific increased by 44.1% (26.9% increase in local currency)
    - Revenue from concept stores increased by 54.7% and corresponded to 59.3% of the total revenue
- The gross margin increased to 71.5% in Q2 2015, compared with 70.7% in Q2 2014
- EBITDA increased by 46.8% to DKK 1,311 million in Q2 2015, corresponding to an EBITDA margin of 36.4%, compared with 35.1% in Q2 2014
- Net profit for the quarter was DKK 910 million, compared to a net profit of DKK 662 million in Q2 2014
- Free cash flow was DKK -268 million in Q2 2015 (or DKK 374 million excluding tax and interest expenses of DKK 642 million relating to settlement of transfer pricing audit) compared with DKK 547 million in Q2 2014
- During Q2 2015, PANDORA bought back 1,433,607 own shares at a total value of DKK 982 million as part of the ongoing DKK 3.9 billion share buyback programme, corresponding to 1.2% of the total share capital.

FINANCIAL GUIDANCE FOR 2015

Based on the strong performance in the second quarter, as well as favourable exchange rate fluctuations, PANDORA has decided to increase revenue guidance to more than DKK 16.0 billion (previously more than DKK 15.0 billion). Growth will be driven by like-for-like growth in existing stores as well as expansion of the store network, with network expansion contributing slightly more to growth (previously expected to contribute equally). Assuming current exchange rates, PANDORA expects a full year tailwind effect from currencies on revenue of around 12% compared to 2014. This compares to a tailwind of around 10% anticipated in May 2015 in connection with the announcement of the Q1 2015 interim report. The EBITDA margin expectation is unchanged, and is expected to be approximately 37%. All expectations are based on current exchange rates.

	FY 2015 New guidance	FY 2015 Previous guidance	FY 2014 Actual
Revenue, DKK billion	>16.0	>15.0	11.9
EBITDA margin	approx. 37%	approx. 37%	36.0%
CAPEX, DKK million	approx. 900	approx. 900	455
Effective tax rate	approx. 30%	approx. 30%	20%

PANDORA plans to continue to expand the store network and now expects to add more than 375 new concept stores in 2015 (versus previously expected more than 325).

In connection with the Q2 2015 results Anders Colding Friis, CEO of PANDORA, stated:
"We are very pleased to report yet another strong quarter, both in terms of top line development and profitability. All major regions once again delivered double digit revenue growth and our focus on concept stores continues to pay off, with revenue growth in the quarter of more than 50%. Growth was driven by a combination of network expansion and strong like-for-like growth, supported by revenue enhancing initiatives such as the continued roll out of our eSTORE and our collaboration with Disney."

CONFERENCE CALL
A conference call for investors and financial analysts will be held today at 10.00 CET and can be joined online at www.pandoragroup.com. The presentation for the call will be available on the website one hour before the call.

The following numbers can be used by investors and analysts:
DK: +45 3271 1659
UK (International): +44 (0) 2034 271 901
US: +1 212 444 0412

To help ensure that the conference begins in a timely manner, please dial in 5 minutes prior to the scheduled starting time. Participants will have to quote confirmation code "Pandora" when dialling into the conference.

ABOUT PANDORA
PANDORA designs, manufactures and markets hand-finished and contemporary jewellery made from high-quality materials at affordable prices. PANDORA jewellery is sold in more than 90 countries on six continents through approximately 9,500 points of sale, including more than 1,500 concept stores.

Founded in 1982 and headquartered in Copenhagen, Denmark, PANDORA employs more than 14,200 people worldwide of whom approximately 10,000 are located in Gemopolis, Thailand, where the company manufactures its jewellery. PANDORA is publicly listed on the NASDAQ Copenhagen stock exchange in Denmark. In 2014, PANDORA's total revenue was DKK 11.9 billion (approximately EUR 1.6 billion).

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FINANCIAL HIGHLIGHTS

DKK million	Q2 2015	Q2 2014	H1 2015	H1 2014	FY 2014
Consolidated income statement					
Revenue	3,598	2,544	7,145	5,136	11,942
Gross profit	2,573	1,798	5,095	3,589	8,423
Earnings before interest, tax, depreciations and amortisations (EBITDA)	1,311	893	2,616	1,830	4,294
Operating profit (EBIT)	1,235	841	2,473	1,728	4,072
Net financials	-69	-13	-350	-21	-200
Profit before tax	1,166	828	2,123	1,707	3,872
Net profit	910	662	1,293	1,366	3,098
Consolidated balance sheet					
Total assets	11,781	9,231	11,781	9,231	10,556
Invested capital	7,359	5,851	7,359	5,851	6,080
Net working capital	939	729	939	729	434
Net interest-bearing debt (NIBD)	1,030	-440	1,030	-440	-1,121
Equity	6,097	6,274	6,097	6,274	7,032
Consolidated cash flow statement					
Cash flows from operating activities	-93	637	1,071	1,744	4,322
Cash flows from investing activities	-330	-92	-641	-163	-632
Free cash flow	-268	547	722	1,596	3,868
Cash flows from financing activities	419	-662	-953	-1,814	-3,259
Net increase (decrease) in cash for the period	-4	-117	-523	-233	431
Growth ratios					
Revenue growth, %	41.4%	31.7%	39.1%	30.6%	32.5%
Gross profit growth, %	43.1%	41.1%	42.0%	38.7%	40.4%
EBITDA growth, %	46.8%	68.5%	43.0%	56.0%	49.0%
EBIT growth, %	46.8%	74.1%	43.1%	59.7%	51.9%
Net profit growth, %	37.5%	53.6%	-5.3%	57.2%	39.5%
Margins					
Gross margin, %	71.5%	70.7%	71.3%	69.9%	70.5%
EBITDA margin, %	36.4%	35.1%	36.6%	35.6%	36.0%
EBIT margin, %	34.3%	33.1%	34.6%	33.6%	34.1%
Other ratios					
Tax rate, %	22.0%	20.0%	39.1%	20.0%	20.0%
Equity ratio, %	51.8%	68.0%	51.8%	68.0%	66.6%
NIBD to EBITDA *	0.2	-0.1	0.2	-0.1	-0.3
Return on invested capital (ROIC), %*	65.5%	56.9%	65.5%	56.9%	67.0%
Capital expenditure (CAPEX), DKK million	239	86	406	144	455
Cash conversion, %	-29.5%	82.6%	55.8%	116.8%	124.9%
Share information					
Dividend per share, DKK	-	-	-	-	9.00
Total payout ratio (incl. share buyback), %	-	-	-	-	112.7%
Earnings per share, basic, DKK	7.6	5.3	10.8	10.9	25.0
Earnings per share, diluted, DKK	7.5	5.3	10.7	10.8	24.7
Share price at end of period, DKK	719.0	417.5	719.0	417.5	504.5
Other key figures					
Average number of employees	13,378	9,514	12,661	9,156	9,957

* Ratios are based on 12 months rolling EBITDA and EBIT, respectively.

IMPORTANT EVENTS IN Q2 2015

SHARE BUYBACK PROGRAMME FOR 2015

In connection with the Annual Report 2014, PANDORA launched a share buyback programme under which PANDORA expects to buy back own shares to a maximum consideration of DKK 3,900 million. The share buyback programme is implemented in accordance with the provisions of the European Commission's regulation no. 2273/2003 of 22 December 2003 ('safe harbour'), which protects listed companies against violation of insider legislation in connection with share buybacks. The programme will end no later than 31 December 2015.

As of 30 June 2015, a total of 2,377,275 shares had been bought back, corresponding to a transaction value of DKK 1,552 million. As of 30 June 2015, PANDORA held a total of 3,056,517 treasury shares, corresponding to 2.5% of the share capital.

PANDORA may use the shares purchased under the programme to meet potential obligations arising from employee share option programmes. As of 30 June 2015, the total potential obligation under these programmes amounted to 838,447 shares.

US eSTORE

On 21 April 2015, PANDORA launched an e-commerce platform in the US (estore-us.pandora.net). The launch is part of the Company's aim to offer PANDORA jewellery online globally.

REDUCTION OF PANDORA A/S' SHARE CAPITAL

At the Company's Annual General Meeting on 18 March 2015, it was decided to reduce the share capital by a nominal amount of DKK 5,818,651 through cancellation of a nominal amount of DKK 5,818,651 treasury shares of DKK 1. After reduction of the share capital, the Company's share capital is nominally DKK 122,297,169 divided into shares of DKK 1.

Following the share capital reduction, PANDORA owns less than 5% of the total share capital and the total voting rights in the Company.

TRANSFER PRICING TAX AUDIT CLOSED

On 7 May, PANDORA made a settlement with the Danish Tax Authorities (SKAT) regarding a transfer pricing audit for the period 2009 to 2014. SKAT and PANDORA did not agree on the applicable pricing methodology within the Group. Following a dialogue with SKAT, PANDORA decided to make a settlement whereby, PANDORA will recognise a higher proportion of the Group's profit in Denmark for 2009-2014 as well as going forward.

According to the settlement, PANDORA will pay a sum of DKK 995 million to SKAT covering tax payments and interest for the 6 year period. DKK 642 million has been paid in Q2 2015. The remaining amount will be paid in Q4 2015.

PANDORA accrues for estimated tax expenses, and had as of 31 December 2014 made an accrual for DKK 610 million related to these specific payments. The additional DKK 385 million impacted the income statement in Q1 2015, specified with 364 million as income tax expense and 21 million as financial expenses, respectively.

MAJOR SHAREHOLDER ANNOUNCEMENT

On 10 June, PANDORA announced that the Company had been notified by BlackRock Investment Management (UK) Limited that BlackRock, Inc. had increased its holding of shares in PANDORA A/S at 9 June 2015 to 6,234,764 shares, corresponding to 5.1% of the share capital and the voting rights.

EVENTS AFTER THE REPORTING PERIOD

TAKE OVER OF DISTRIBUTION IN SINGAPORE, MACAU AND THE PHILIPPINES

On 11 August, PANDORA made an agreement with Norbreeze Group (Norbreeze), to acquire its PANDORA store network in Singapore and Macau on 1 January 2016, when Norbreeze's distribution rights to PANDORA jewellery in the two countries expire. At the same time, PANDORA will regain ownership of the distribution rights in the Philippines, also currently owned by Norbreeze. PANDORA will pay a total amount of SGD 30 million (approximately DKK 149 million) to Norbreeze, related to the agreement. The agreement will be effective as of 1 January 2016 and is subject to certain conditions to be fulfilled.

REVENUE DEVELOPMENT

Total revenue for Q2 2015 was DKK 3,598 million, an increase of 41.4% (25.8% in local currency) compared with Q2 2014.

Volumes increased by 15.8% compared with Q2 2014 and the average sales price (ASP) recognised by PANDORA in Q2 2015 was DKK 168, compared with DKK 138 in Q2 2014. The increase in ASP was primarily driven by currency increases, which represented around 60% of the increase, as well as a proportionally higher share of revenue from PANDORA owned and operated stores. Prices in local currencies for each individual product were virtually unchanged compared with Q2 2014.

Revenue growth continued across the three major regions, with all geographies showing double-digit growth rates. Growth was driven by a combination of like-for-like growth across most markets, contributing with roughly 40% of the growth, as well as the continued expansion of the store network, contributing with the remaining 60%. The like-for-like growth was among other things driven by a continued high demand for the Spring collection, launched in Q1 2015, as well as a positive reception of the High Summer collection, launched in stores during Q2 2015. The Mother's Day collection, launched in most markets in April, was performing slightly weaker than last year, primarily due to around 25% less design variations compared to last year's collection. In Q2 2015, around 50% of sales were generated by products launched within the last 12 months, which is similar to Q2 2014. Products across all categories launched more than 12 months ago continue to support revenue growth.

Revenue from PANDORA's owned and operated stores, including all PANDORA eSTOREs, increased by 131% to DKK 891 million and corresponded to around 25% of total revenue compared to around 15% in Q2 2014. The growth in retail revenue was driven by strong in-store execution resulting in positive like-for-like growth as well as the addition of 219 new owned and operated stores in the last 12 months, including net 51 concept stores and 16 shop-in-shops, converted from franchisee stores, to a total of 357 concept stores and 96 shop-in-shops owned and operated by PANDORA. The net effect of converting wholesale revenue from the franchisee stores now owned and operated by PANDORA to retail revenue is approximately DKK 80 million compared to Q2 2014. Since Q2 2014, PANDORA has established eSTOREs in Italy, Poland, Sweden, and the US and now has eSTOREs in 9 countries in total.

At the end of Q2 2015, sales return provisions corresponded to approximately 7% of 12 months' rolling revenue value, compared with 8% and 7% for Q1 2015 and Q2 2014, respectively.

Based on data from concept stores, which have been operating for more than 12 months, like-for-like sales-out in four of PANDORA's major markets (the US, the UK, Germany and Australia) continued to be positive. The positive development was driven by a successful product portfolio with continuous relevant products, increased awareness through regional marketing campaigns as well as generally better in-store execution, increasing store traffic in most stores.

REVENUE BREAKDOWN BY GEOGRAPHY

In Q2 2015, 43.9% of revenue was generated in Americas (43.1% in Q2 2014), 40.8% in Europe (41.8% in Q2 2014) and 15.3% in Asia Pacific (15.1% in Q2 2014).

Distribution of revenue

DKK million	Q2 2015	Q2 2014	*Growth*	*Growth in local currency*	FY 2014
US	1,171	824	*42.1%*	*13.7%*	3,629
Other Americas	407	273	*49.1%*	*36.3%*	1,330
Americas	**1,578**	**1,097**	***43.8%***	***19.4%***	**4,959**
UK	418	285	*46.7%*	*31.2%*	1,654
Germany	110	107	*2.8%*	*2.8%*	578
Other Europe	940	672	*39.9%*	*37.2%*	3,072
Europe	**1,468**	**1,064**	***38.0%***	***32.0%***	**5,304**
Australia	247	183	*35.0%*	*29.0%*	806
Other Asia Pacific	305	200	*52.5%*	*25.0%*	873
Asia Pacific	**552**	**383**	***44.1%***	***26.9%***	**1,679**
Total	**3,598**	**2,544**	***41.4%***	***25.8%***	**11,942**

AMERICAS

Revenue for the second quarter in Americas was DKK 1,578 million, an increase of 43.8% (19.4% in local currency) compared with Q2 2014. The increase was driven by a positive development across main markets, including the US, Canada and Brazil. A high demand for the Disney collection, which was launched in North America in November 2014, continued to support growth. During the quarter, the distribution of the Disney collection was expanded to include shop-in-shops and gold stores.

Revenue in the US was DKK 1,171 million, an increase of 42.1% (13.7% in local currency) compared with Q2 2014. Growth was driven by network expansion (including the launch of a PANDORA eSTORE) as well as regional strong like-for-like growth rates, which was fuelled by the continued success of the PANDORA Disney products. Furthermore, the focus on Rings in the US continues to support growth as revenue from the category increased significantly compared to Q2 2014, and is approaching 10% of US revenue. Finally, converting wholesale revenue to retail revenue, from the 22 concept stores acquired from Hannoush Jewelers in September 2014, has added around DKK 30 million to revenue in the US in Q2 2015 compared to Q2 2014.

Like-for-like sales-out in Q2 2015, based on concept stores in the US - which have been operating for more than 12 months - increased by 8.1% compared with Q2 2014. Growth in the Northeast region, where a process to refresh the network is on-going, remained slightly negative for the quarter, while all other major US regions grew by high-single digit like-for-like rates or more compared to Q2 2014.

Concept stores* sales-out growth

	Q2 2015 vs. Q2 2014	Q1 2015 vs. Q1 2014	Q4 2014 vs. Q4 2013	Q3 2014 vs. Q3 2013	Q2 2014 vs. Q2 2013
US	8.1%	8.9%	4.7%	3.7%	1.7%

* Concept stores that have been operating for more than 12 months

Revenue from Other Americas was DKK 407 million in Q2 2015, an increase of 49.1% (36.3% in local currency) compared with the same quarter last year, with growth primarily driven by a positive development in Canada and Brazil. Revenue from Canada increased by

35% (around 20% in local currency) and represented around 50% of revenue from Other Americas in Q2 2015. Brazil continues to perform well, driven by double digit like-for-like growth rates as well as an expansion of the store network. PANDORA now has 51 concept stores in Brazil compared to 22 at the end of Q2 2014.

Store network, number of points of sale - Americas

	Number of PoS Q2 2015	Number of PoS Q1 2015	Number of PoS Q2 2014	Growth Q2 2015 /Q1 2015	Growth Q2 2015 /Q2 2014
Concept stores	447	424	369	23	78
- hereof PANDORA owned	69	59	20	10	49
Shop-in-shops	664	672	612	-8	52
- hereof PANDORA owned	2	2	2	-	-
Gold	913	874	859	39	54
Branded	**2,024**	**1,970**	**1,840**	**54**	**184**
Branded as % of total	***63.3%***	***60.3%***	***56.0%***		
Silver	932	1,023	1,054	-91	-122
White and travel retail	240	274	394	-34	-154
Total	**3,196**	**3,267**	**3,288**	**-71**	**-92**

PANDORA continues to develop the branded store network and during Q2 2015, 23 new concept stores were opened in Americas. In Q2 2015, the number of branded points of sale (PoS) in the region increased by 54 stores. PANDORA owned and operated concept stores in Americas increased by 10 to 69 at the end of Q2 2015. The increase compared to Q2 2014 is mainly due to PANDORA's acquisition of net 22 concept stores from Hannoush Jewelers in Q3 2014, as well as the addition of 17 owned and operated concept stores in Brazil. As part of the continued focus on the branded part of the network, unbranded stores are being closed and during the quarter 125 unbranded stores, almost all located in the US, were closed in Americas.

EUROPE

Revenue in Europe was DKK 1,468 million in Q2 2015, an increase of 38.0% (32.0% in local currency) compared with Q2 2014. The growth was mainly driven by the UK, France and Italy, whereas revenue from Russia declined in the quarter.

Revenue in the UK was DKK 418 million in Q2 2015, an increase of 46.7% (31.2% in local currency) compared with the same quarter last year. Growth was driven by a positive sales-out development, as well as the expansion of the store network, including 38 new concept stores opened since Q2 2014, to a total of 169 concept stores. Furthermore, growth was supported by the introduction of the PANDORA Rose collection in the UK stores during the quarter (as the only country in Europe), following the successful launch of the collection in the US last year. The Rings category continued to support growth with revenue from the category increasing by more than 20% compared to Q2 2014. For the quarter around 19% of revenue was generated by Rings. Finally, the UK eSTORE continues to perform well and contributed with around 10% to UK revenue in Q2 2015.

Like-for-like sales-out in Q2 2015, based on concept stores in the UK - which have been operating for more than 12 months - increased by 11.4% compared with Q2 2014. The growth was supported by all product categories, in particular Rings, Earrings and Necklaces, as well as the launch of PANDORA Rose.

Concept stores* sales-out growth

	Q2 2015 vs. Q2 2014	Q1 2015 vs. Q1 2014	Q4 2014 vs. Q4 2013	Q3 2014 vs. Q3 2013	Q2 2014 vs. Q2 2013
UK	11.4%	20.6%	20.6%	20.6%	26.2%

* Concept stores that have been operating for more than 12 months

Revenue in Germany was DKK 110 million corresponding to an increase of 2.8% compared with Q2 2014. As a consequence of the planned acceleration of the network optimisation in Germany, revenue in Q2 2015 was negatively impacted by a provision for returned goods of DKK 53 million related to the closure of a number of multibranded accounts, corresponding to around 275 stores. Excluding the provision, revenue in Germany increased by 53% compared with Q2 2014. As a part of the effort to improve the store network, PANDORA agreed in January 2015 to assume 77 commercial leaseholds in Germany, where PANDORA will open owned and operated concept stores. Including relocation of existing stores, the transaction is expected to add net 60 new concept stores in 2015. During the quarter, 25 owned and operated concept stores were opened to a total of 33 on the locations. In total, 32 owned and operated concept stores were added during the quarter. At the end of Q2 2015, PANDORA owned and operated 110 concept stores out of a total of 124 concept stores in Germany.

Like-for-like sales-out in Q2 2015, based on concept stores in Germany - which have been operating for more than 12 months - increased by 9.0% compared with Q2 2014. The growth was driven by a positive development across all product categories. The anticipated negative impact on the like-for-like growth from the above mentioned store openings has not materialised.

Concept stores* sales-out growth

	Q2 2015 vs. Q2 2014	Q1 2015 vs. Q1 2014	Q4 2014 vs. Q4 2013	Q3 2014 vs. Q3 2013	Q2 2014 vs. Q2 2013
Germany	9.0%	3.8%	2.3%	8.5%	10.0%

* Concept stores that have been operating for more than 12 months

Revenue from Other Europe was DKK 940 million in Q2 2015, an increase of 39.9% compared with Q2 2014. Revenue from Other Europe was primarily driven by a positive development in Italy and France, with increasing revenue in both countries of more than 50%. Italy and France represented around 30% and 15%, respectively, of revenue from Other Europe in Q2 2015. Revenue from Russia decreased 40% in Q2 2015 and represented around 8% of revenue from Other Europe in Q2 2015. The decrease was driven by low double digit negative like-for-like sales out growth in Q2 2015, impacted by the decreasing consumer spend in Russia, and consequently a more cautious purchasing behaviour from PANDORA’s local distributor in Russia. There is currently some uncertainty surrounding the long-term ownership of ZAO PanClub (PanClub), PANDORA’s local distributor in Russia. PanClub is performing relatively well in a difficult business environment. PANDORA is monitoring the situation closely, and it is PANDORA’s assessment that the uncertainty regarding the long-term ownership of PanClub has not had any impact on the daily operations of the stores in Russia. Finally, revenue from Other Europe was positively impacted by around DKK 15 million from converting third party revenue to retail revenue in the Middle East following the acquisition of the local distributor.

Store network, number of points of sale - Europe

	Number of PoS Q2 2015	Number of PoS Q1 2015	Number of PoS Q2 2014	Growth Q2 2015 /Q1 2015	Growth Q2 2015 /Q2 2014
Concept stores	882	811	663	71	219
- hereof PANDORA owned	250	201	130	49	120
Shop-in-shops	715	681	651	34	64
- hereof PANDORA owned	82	76	57	6	25
Gold	1,449	1,369	1,320	80	129
Branded	**3,046**	**2,861**	**2,634**	**185**	**412**
Branded as % of total	***53.6%***	***50.2%***	***43.1%***		
Silver	1,438	1,452	1,933	-14	-495
White and travel retail	1,204	1,382	1,545	-178	-341
Total*	**5,688**	**5,695**	**6,112**	**-7**	**-424**

* Includes for Q2 2015 relating to 3rd party distributors: 141 concept stores, 203 shop-in-shops, 381 gold, 262 silver and 465 white stores.

During Q2 2015, the number of branded stores in Europe increased by 185 stores to a total of 3,046 stores, in line with PANDORA's overall strategy to increase branded sales. Net 71 concept stores were opened in Q2, mainly in Germany (33), the UK (9), Spain (7), Italy (5), France (4), Russia (4) and Turkey (4). During the quarter, 49 owned and operated concept stores were added net, of which 32 were added in Germany.

In Europe, PANDORA offers eSTOREs in Austria, France, Germany, Italy, the Netherlands, Poland, Sweden (opened in Q2 2015) and the UK.

ASIA PACIFIC

Revenue in Asia Pacific was DKK 552 million in Q2 2015, an increase of 44.1% (26.9% in local currency) compared with Q2 2014.

Revenue in Australia was DKK 247 million in Q2 2015, an increase of 35.0% (29.0% in local currency) compared with Q2 2014. The growth was primarily driven by a continued strong sales-out growth, as well as 14 new concept stores opened since Q2 2014, to a total of 96 concept stores in Australia. Growth for the quarter was supported by all product categories, with Charms and Charm bracelets doing particular well. Revenue from the Rings category increased 23% compared to Q2 2014 and represented around 15% of revenue for the quarter similar to Q2 2014.

Like-for-like sales-out in Q2 2015, based on concept stores in Australia - which have been operating for more than 12 months - increased by 35.7% compared with Q2 2014, and Australia thereby experienced the ninth quarter in a row with more than 20% like-for-like growth rates. The positive development was a result of growth across all product categories driven by a continued strong retail execution.

Concept stores* sales-out growth

	Q2 2015 vs. Q2 2014	Q1 2015 vs. Q1 2014	Q4 2014 vs. Q4 2013	Q3 2014 vs. Q3 2013	Q2 2014 vs. Q2 2013
Australia	35.7%	24.6%	20.0%	22.9%	33.0%

*Concept stores that have been operating for more than 12 months

Revenue from Other Asia Pacific was DKK 305 million in Q2 2015, corresponding to an increase of 52.5% (25.0% in local currency) compared with Q2 2014. The growth was primarily driven by a positive development in Hong Kong and China. Revenue in Hong Kong increased around 50% in local currency, primarily driven by expansion of the store network. Since Q2 2014, 10 new concept stores have been opened to a total of 20 concept stores in Hong Kong. Revenue in China more than doubled compared to Q2 2014, however from low levels.

Store network, number of points of sale – Asia Pacific

	Number of PoS Q2 2015	Number of PoS Q1 2015	Number of PoS Q2 2014	Growth Q2 2015 /Q1 2015	Growth Q2 2015 /Q2 2014
Concept stores	225	212	182	13	43
- hereof PANDORA owned	38	32	25	6	13
Shop-in-shops	196	195	180	1	16
- hereof PANDORA owned	12	11	-	1	12
Gold	135	138	144	-3	-9
Branded	**556**	**545**	**506**	**11**	**50**
Branded as % of total	***82.0%***	***81.1%***	***78.3%***		
Silver	78	71	73	7	5
White and travel retail	44	56	67	-12	-23
Total	**678**	**672**	**646**	**6**	**32**

At the end of Q2 2015, PANDORA had 556 branded stores in Asia Pacific compared with 506 at the end of Q2 2014. During the quarter 13 new concept stores were added in the region, including 5 in Australia and 4 in Hong Kong.

PANDORA expects to launch the first eSTOREs in the Asia Pacific region in Australia and Hong Kong in the second half of 2015.

SALES CHANNELS

PANDORA's focus on expanding the concept store network continues and in Q2 2015, PANDORA opened net 107 new concept stores, including 23 in Americas, 71 in Europe and 13 in Asia Pacific. During the quarter, PANDORA added 65 owned and operated concept stores to the network, including 32 in Germany and 7 in Brazil. Finally, 7 new owned and operated shop-in-shops were added during the quarter. Please refer to note 10 for a detailed overview of concept stores per country.

During the quarter, PANDORA opened eSTOREs in the US and Sweden and now offers eSTOREs in nine countries. Revenue from the eSTOREs is recognised as concept store revenue.

PANDORA has increased the branded store network by 646 points of sale since the end of Q2 2014. Underperforming unbranded stores, across all regions, are being closed in order to improve the quality of revenue and focus on branded store performance. As a consequence the number of unbranded points of sale was reduced by 1,130 stores in the last 12 months.

At the end of Q2 2015, the total number of points of sale was 9,562, a decrease of 484 compared with Q2 2014.

Store network, number of points of sale – Group

	Number of PoS Q2 2015	Number of PoS Q1 2015	Number of PoS Q2 2014	Growth Q2 2015 /Q1 2015	Growth Q2 2015 /Q2 2014
Concept stores	1,554	1,447	1,214	107	340
- hereof PANDORA owned	357	292	175	65	182
Shop-in-shops	1,575	1,548	1,443	27	132
- hereof PANDORA owned	96	89	59	7	37
Gold	2,497	2,381	2,323	116	174
Branded	**5,626**	**5,376**	**4,980**	**250**	**646**
Branded as % of total	***58.8%***	***55.8%***	***49.6%***		
Silver	2,448	2,546	3,060	-98	-612
White and travel retail	1,488	1,712	2,006	-224	-518
Total*	**9,562**	**9,634**	**10,046**	**-72**	**-484**

* Includes for Q2 2015 relating to 3rd party distributors: 141 concept stores, 203 shop-in-shops, 381 gold, 262 silver and 465 white stores.

Revenue from concept stores increased by 54.7% to DKK 2,132 million, and represented 59.3% of revenue in Q2 2015 compared to 54.2% in Q2 2014. Branded revenue in Q2 2015 increased by 44.8% to DKK 3,171 million and represented 88.2% of revenue compared with 86.1% in Q2 2014. The increase in branded sales is driven by an increasing share of branded points of sale, including owned and operated stores, as well as relative higher revenue in existing branded stores.

Revenue per sales channel

DKK million	Q2 2015	Q2 2014	*Growth*	*Share of total revenue*	FY 2014
Concept stores	2,132	1,378	54.7%	59.3%	6,741
Shop-in-shops	641	454	41.2%	17.8%	2,008
Gold	398	358	11.2%	11.1%	1,471
Total branded	**3,171**	**2,190**	**44.8%**	**88.2%**	**10,220**
Silver	216	175	23.4%	6.0%	791
White and travel retail	102	104	-1.9%	2.8%	538
Total unbranded	**318**	**279**	**14.0%**	**8.8%**	**1,329**
Total direct	**3,489**	**2,469**	**41.3%**	**97.0%**	**11,549**
3rd party	109	75	45.3%	3.0%	393
Total revenue	**3,598**	**2,544**	**41.4%**	**100.0%**	**11,942**

PRODUCT OFFERING

PANDORA's core categories Charms and Bracelets and Rings continue to perform well driven by continued newness across the categories, as well as tailor-made promotions, focusing on the core categories.

Product mix

DKK million	Q2 2015	Q2 2014	*Growth*	*Share of total revenue*	FY 2014
Charms	2,456	1,705	44.0%	68.3%	7,933
Silver and gold charm bracelets	360	262	37.4%	10.0%	1,427
Rings	382	273	39.9%	10.6%	1,192
Other jewellery	400	304	31.6%	11.1%	1,390
Total revenue	**3,598**	**2,544**	**41.4%**	**100.0%**	**11,942**

Revenue from Charms was DKK 2,456 million in Q2 2015, an increase of 44.0% compared with Q2 2014, while revenue from Silver and gold charm bracelets increased by 37.4%. The two categories represented 78.3% of total revenue in Q2 2015 compared with 77.4% in Q2 2014. Revenue from both categories was driven by a continued high demand for both new and existing products.

Revenue from Rings was DKK 382 million, an increase of 39.9% compared with Q2 2014. The category continues to do well, driven by continued use of revenue generating initiatives in most markets including more emphasis on rings in staff training, improved in-store focus on rings, as well as tailor-made rings campaigns. The Rings category represented 10.6% of total revenue in Q2 2015 compared with 10.7% in Q2 2014.

Revenue from Other jewellery was DKK 400 million, an increase of 31.6% compared with Q2 2014. The growth was driven by revenue from Earrings and Necklaces, increasing by around 70% and 80%, respectively, compared to Q2 2014. Revenue from Other bracelets was negatively impacted by the discontinuation of a number of products in the category and increased by 4% in Q2 2015. Other jewellery represented 11.1% of total revenue in Q2 2015 compared with 11.9% in Q2 2014.

COSTS

Total costs in Q2 2015, including depreciation and amortisation, were DKK 2,363 million, an increase of 38.8% compared with Q2 2014. Total costs corresponded to 65.7% of revenue in Q2 2015 compared with 66.9% in Q2 2014.

Cost development

DKK million	Q2 2015	Q2 2014	*Growth*	*Share of total revenue Q2 2015*	*Share of total revenue Q2 2014*	FY 2014
Cost of sales	1,025	746	37.4%	28.5%	29.3%	3,519
Gross profit	**2,573**	**1,798**	**43.1%**	**71.5%**	**70.7%**	**8,423**
Sales and distribution expenses	662	457	44.9%	18.4%	18.0%	1,957
Marketing expenses	319	219	45.7%	8.9%	8.6%	1,143
Administrative expenses	357	281	27.0%	9.9%	11.0%	1,251
Total costs	**2,363**	**1,703**	**38.8%**	**65.7%**	**66.9%**	**7,870**

GROSS PROFIT

Gross profit in Q2 2015 was DKK 2,573 million corresponding to a gross margin of 71.5% compared with 70.7% in Q2 2014. The increase was mainly driven by tailwind from more favourable raw material prices, market mix and an increase in revenue from owned and operated stores. The increase was partially offset by unfavourable currency rates.

COMMODITY HEDGING

It is PANDORA's policy to hedge approximately 100%, 80%, 60% and 40%, respectively, of expected gold and silver consumption in the following four quarters. The hedged prices for the following four quarters for gold are USD 1,214/oz, USD 1,187/oz, USD 1,204/oz and USD 1,186/oz and for silver USD 17.81/oz, USD 16.54/oz, USD 17.00/oz and USD 16.35/oz. However, current inventory means a delayed impact of the hedged prices on cost of sales.

The average realised purchase price in Q2 2015 was USD 1,215/oz for gold and USD 18.07/oz for silver.

Excluding hedging and the time lag effect from the inventory, the underlying gross margin would have been approximately 73% based on the average gold (USD 1,192/oz) and silver (USD 16.39/oz) market prices in Q2 2015. Under these assumptions, a 10% deviation in quarterly average gold and silver prices would impact our gross margin by approximately +/- 1 percentage points.

OPERATING EXPENSES

Operating expenses in Q2 2015 were DKK 1,338 million compared with DKK 957 million in Q2 2014, representing 37.2% of revenue in Q2 2015 compared with 37.6% in Q2 2014. All operating expenses were impacted in Q2 2015 by exchange rate fluctuations compared to Q2 2014 (primarily USD, GBP, AUD and THB), with a total negative impact of around DKK 100 million.

Sales and distribution expenses were DKK 662 million in Q2 2015, an increase of 44.9% compared with Q2 2014, and corresponding to 18.4% of revenue compared with 18.0% in Q2 2014. The increase in sales and distribution expenses was mainly driven by higher revenue, as well as an increase in the number of PANDORA owned stores (from 234 in Q2 2014 to 453 in Q2 2015). The higher costs in owned and operated stores are mainly related to property and employee expenses, having a negative impact of around 2 percentage points compared to Q2 2014. The increase in the sales and distribution ratio (sales and distribution expenses/revenue) was partially offset by improved cost efficiency in all store types.

Marketing expenses were DKK 319 million in Q2 2015 compared with DKK 219 million in Q2 2014, corresponding to 8.9% of revenue, compared with 8.6% in Q2 2014. The increase was mainly driven by higher PR and media expenses.

Administrative expenses in Q2 2015 increased by 27.0% to DKK 357 million, representing 9.9% of revenue, compared with 11.0% of Q2 2014 revenue. The absolute increase in administrative costs was primarily due to an increase in employee expenses.

EBITDA

EBITDA for Q2 2015 increased by 46.8% to DKK 1,311 million resulting in an EBITDA margin of 36.4% compared with 35.1% in Q2 2014. Compared to Q2 2014, the EBITDA margin for Q2 2015 was negatively impacted by around 0.5 percentage points from to exchange rate fluctuations. The overall improvement was mainly due to an improved gross margin.

Regional EBITDA margins

	Q2 2015	Q2 2014	*Q2 2015 vs. Q2 2014 (%-pts)*
Americas	44.4%	46.3%	-1.9%
Europe	38.6%	39.3%	-0.7%
Asia Pacific	51.3%	46.7%	4.6%
Unallocated costs	-6.7%	-8.3%	1.6%
Group EBITDA margin	**36.4%**	**35.1%**	**1.3%**

The EBITDA margin for Americas in Q2 2015 decreased from 46.3% to 44.4%. The improvement in the gross margin was more than offset by market mix, as well as an increase in number of employees, primarily related to the increase in owned and operated stores in the region.

The EBITDA margin for Europe decreased from 39.3% in Q2 2014 to 38.6% in Q2 2015. The margin in Europe was negatively impacted by the decision to close down a number of multibranded accounts in Germany and the negative revenue development in Russia, which more than offset the improved gross margin.

EBITDA margin for the Asia Pacific region increased to 51.3% compared with 46.7% in Q2 2014. The improvement was primarily driven by increasing revenue in the region as well as the improved gross margin.

EBIT

EBIT for Q2 2015 increased to DKK 1,235 million, an increase of 46.8% compared with Q2 2014, resulting in an EBIT margin of 34.3% for Q2 2015 compared to 33.1% in Q2 2014.

NET FINANCIALS

In Q2 2015, net financials amounted to a loss of DKK 69 million. Of the total amount, DKK 44 million is a net exchange rate gain, mainly related to unrealised gain on intercompany loans in US dollars. Net interest expenses and other costs were DKK 113 million, including loss on commodity and foreign exchange contracts. This compared with a net financial loss of DKK 13 million in Q2 2014.

INCOME TAX EXPENSES

Income tax expenses were DKK 256 million in Q2 2015. The effective tax rate in Q2 2015 was 22.0% compared with 20.0% for Q2 2014. The increase was due to the settlement made in May with the Danish Tax Authorities, according to which PANDORA will recognise a higher proportion of the Group's profit in Denmark.

NET PROFIT

Net profit in Q2 2015 increased to DKK 910 million from DKK 662 million in Q2 2014.

BALANCE SHEET AND CASH FLOW

In Q2 2015, PANDORA generated free cash flow of DKK -268 million compared with DKK 547 million in Q2 2014. Free cash flow for the period was negatively impacted by tax and interest expenses of DKK 642 million related to a settlement made with the Danish Tax Authorities regarding the period 2009 to 2014, cf. Company announcement no. 237. Excluding the one-off impact free cash flow was DKK 374 million in Q2 2015.

Operating working capital (defined as inventory and trade receivables less trade payables) at the end of Q2 2015 corresponded to 15.7% of the last twelve months revenue, compared with 18.0% at the end of Q2 2014 and 16.0% at the end of Q1 2015.

Inventory was DKK 2,161 million at the end of Q2 2015, corresponding to 15.5% of preceding 12 months revenue compared to 16.5% in Q2 2014 and 14.9% in Q1 2015. The increase compared to Q1 2015 was mainly due to inventory build-up ahead of the launch of the Pre-autumn and the Autumn collections. The nominal increase compared to Q2 2014 was mainly due to higher activity, acquisition of stores and currency development. Compared with Q2 2014, gold and silver prices affected inventory value with a decrease of approximately 14%.

Inventory development

DKK million	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Inventory	2,161	1,925	1,684	2,126	1,684
Share of the last 12 months' revenue	15.5%	14.9%	14.1%	19.7%	16.5%

Trade receivables increased to DKK 1,009 million at the end of Q2 2015 (7.2% of preceding 12 months revenue) compared with DKK 792 million at the end of Q2 2014 (7.8% of the preceding 12 months revenue) and DKK 1,093 million at the end of Q1 2015 (8.5% of preceding 12 months revenue). The relative decrease in trade receivables was primarily due to a continued strong cash collection as well as the increase in revenue from owned and operated stores, where no trade receivables are recognised.

Trade payables at the end of the quarter were DKK 979 million compared with DKK 633 million at the end of Q2 2014 and DKK 954 million at the end of Q1 2015. The increase is primarily due to increasing activity.

Other payables were DKK 626 million at the end of the quarter compared with DKK 918 million at the end of Q1 2015. The decrease was primarily due to withholding taxes of DKK 251 million paid out in Q2 2015 related to the annual ordinary dividend paid in Q1 2015.

CAPEX was DKK 239 million in Q2 2015 compared to DKK 86 million in Q2 2014. The increase in CAPEX was mainly related to an increase in opening of owned and operated stores and an acceleration of investments in the production facilities in Thailand. In Q2 2015, CAPEX represented 6.6% of revenue.

During the quarter, a total of DKK 982 million was used to purchase own shares related to the share buyback programme for 2015. As of 30 June 2015, PANDORA held a total of 3,056,517 treasury shares, corresponding to 2.5% of the share capital.

Total interest-bearing debt was DKK 1,641 million at the end of Q2 2015, compared with DKK 17 million at the end of Q2 2014, and cash amounted to DKK 611 million compared with DKK 457 million at the end of Q2 2014. The increase in debt was primarily due to the ongoing share buyback programme, inventory build-up and the above mentioned payment to the Danish Tax Authorities.

Net interest-bearing debt (NIBD) at the end of Q2 2015 was DKK 1,030 million corresponding to a NIBD/EBITDA of 0.2x of the last twelve months EBITDA, compared with DKK -440 million at the end of Q2 2014 corresponding to a NIBD/EBITDA of -0.1x.

DEVELOPMENT IN FIRST HALF 2015

For detailed comments on Q1 2015 development, refer to the Q1 2015 interim report.

REVENUE

Total revenue increased by 39.1% to DKK 7,145 million in H1 2015 compared to H1 2014. Excluding foreign exchange movements the underlying revenue growth was 24.0%.

The geographical distribution of revenue in H1 2015 was 44.1% for Americas (44.2% in H1 2014), 40.4% for Europe (41.4% in H1 2014) and 15.5% for Asia Pacific (14.4% in H1 2014).

COSTS

Gross profit was DKK 5,095 million in H1 2015 compared to DKK 3,589 million in H1 2014, resulting in a gross margin of 71.3% in H1 2015 compared to 69.9% in H1 2014.

Sales, distribution and marketing expenses increased to DKK 1,907 million in H1 2015 compared to DKK 1,301 million in H1 2014, corresponding to 26.7% of revenue in H1 2015 and 25.3% in H1 2014. Administrative expenses amounted to DKK 715 million in H1 2015 versus DKK 560 million H1 2014, representing 10.0% compared to 10.9% of H1 2015 and H1 2014 revenue, respectively.

EBITDA

EBITDA for H1 2015 increased by 43.0% to DKK 2,616 million resulting in an EBITDA margin of 36.6% in H1 2015 versus 35.6% in H1 2014.

Regional EBITDA margins for H1 2015 before allocation of central costs were 43.4% in Americas (45.3% in H1 2014), 41.0% in Europe (39.5% in H1 2014) and 50.8% in Asia Pacific (48.4% in H1 2014). Unallocated costs were 7.0% of revenue in H1 2015 (7.7% in H1 2014).

EBIT

EBIT for H1 2015 was DKK 2,473 million – an increase of 43.1% compared to H1 2014, resulting in an EBIT margin of 34.6% in H1 2015 versus 33.6% in H1 2014.

NET FINANCIALS

Net financials amounted to a loss of DKK 350 million in H1 2015 versus DKK 21 million in H1 2014.

INCOME TAX EXPENSES

Income tax expenses were DKK 830 million in H1 2015, implying an effective tax rate for the Group of 39.1% for H1 2015. Tax expenses for the first half were impacted by the earlier mentioned settlement with the Danish Tax Authorities, which had an impact of DKK 364 million in the first quarter. Excluding the additional expense, the effective tax rate would have been 22.0%, compared with 20.0% for H1 2014.

NET PROFIT

Net profit in H1 2015 was DKK 1,293 million compared to DKK 1,366 million in H1 2014.

CASH FLOW ITEMS

In H1 2015, PANDORA generated free cash flow of DKK 722 million corresponding to a cash conversion of 55.8% compared to 116.8% in H1 2014.

MANAGEMENT STATEMENT

The Board of Directors and the Executive Board have reviewed and approved the interim report of PANDORA A/S for the period 1 January - 30 June 2015.

The interim report, which has not been audited or reviewed by the Company's auditor, has been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the EU, and additional Danish interim reporting requirements for listed companies.

In our opinion, the interim report gives a true and fair view of the PANDORA Group's assets, liabilities and financial position at 30 June 2015, and of the results of the PANDORA Group's operations and cash flow for the period 1 January - 30 June 2015.

Further, in our opinion the Management's review p. 1-17 gives a true and fair review of the development in the Group's operations and financial matters, the result of the PANDORA Group for the period and the financial position as a whole, and describes the significant risks and uncertainties pertaining to the Group.

Copenhagen, 11 August 2015

EXECUTIVE BOARD

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Chief Executive Officer

Peter Vekslund
Chief Financial Officer

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Per Bank

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FINANCIAL STATEMENTS

Consolidated income statement

DKK million	Notes	Q2 2015	Q2 2014	H1 2015	H1 2014	FY 2014
Revenue	3	3,598	2,544	7,145	5,136	11,942
Cost of sales		-1,025	-746	-2,050	-1,547	-3,519
Gross profit		**2,573**	**1,798**	**5,095**	**3,589**	**8,423**
Sales, distribution and marketing expenses		-981	-676	-1,907	-1,301	-3,100
Administrative expenses		-357	-281	-715	-560	-1,251
Operating profit		**1,235**	**841**	**2,473**	**1,728**	**4,072**
Finance income		44	1	46	9	14
Finance costs		-113	-14	-396	-30	-214
Profit before tax		**1,166**	**828**	**2,123**	**1,707**	**3,872**
Income tax expense		-256	-166	-830	-341	-774
Net profit for the period		**910**	**662**	**1,293**	**1,366**	**3,098**
Earnings per share						
Earnings per share, basic (DKK)		7.6	5.3	10.8	10.9	25.0
Earnings per share, diluted (DKK)		7.5	5.3	10.7	10.8	24.7

Consolidated statement of comprehensive income

DKK million	Q2 2015	Q2 2014	H1 2015	H1 2014	FY 2014
Net profit for the period	**910**	**662**	**1,293**	**1,366**	**3,098**
Exchange rate differences on translation of foreign subsidiaries	-261	54	392	78	537
Value adjustment of hedging instruments	-47	37	-2	138	-18
Tax on other comprehensive income	8	5	10	1	5
Other comprehensive income, net of tax	**-300**	**96**	**400**	**217**	**524**
Total comprehensive income for the period	**610**	**758**	**1,693**	**1,583**	**3,622**

Consolidated balance sheet

DKK million	2015 30 June	2014 30 June	2014 31 December
ASSETS			
Goodwill	2,335	1,933	2,080
Brand	1,057	1,053	1,053
Distribution network	231	284	268
Distribution rights	1,069	1,042	1,047
Other intangible assets	514	335	411
Total intangible assets	**5,206**	**4,647**	**4,859**
Property, plant and equipment	941	556	711
Deferred tax assets	592	411	407
Other non-current financial assets	144	64	99
Total non-current assets	**6,883**	**5,678**	**6,076**
Inventories	2,161	1,684	1,684
Financial instruments	109	11	99
Trade receivables	1,009	792	1,110
Tax receivable	236	49	52
Other receivables	772	560	404
Cash	611	457	1,131
Total current assets	**4,898**	**3,553**	**4,480**
Total assets	**11,781**	**9,231**	**10,556**
EQUITY AND LIABILITIES			
Share capital	122	128	128
Share premium	1,173	1,229	1,229
Treasury shares	-1,804	-1,255	-2,679
Reserves	1,129	422	729
Proposed dividend	-	-	1,088
Retained earnings	5,477	5,750	6,537
Total equity	**6,097**	**6,274**	**7,032**
Provisions	134	58	61
Loans and borrowings	1,350	-	-
Deferred tax liabilities	463	556	430
Other non-current liabilities	55	4	-
Total non-current liabilities	**2,002**	**618**	**491**
Provisions	663	532	678
Loans and borrowings	291	17	10
Financial instruments	285	24	268
Trade payables	979	633	804
Income tax payable	838	769	643
Other payables	626	364	630
Total current liabilities	**3,682**	**2,339**	**3,033**
Total liabilities	**5,684**	**2,957**	**3,524**
Total equity and liabilities	**11,781**	**9,231**	**10,556**

Consolidated statement of changes in equity

DKK million	Share capital	Share Premium	Treasury shares	Translation reserve	Hedge reserve	Proposed dividend	Retained earnings	Total equity
Equity at 1 January 2015	**128**	**1,229**	**-2,679**	**885**	**-156**	**1,088**	**6,537**	**7,032**
Net profit for the period	-	-	-	-	-	-	1,293	1,293
Exchange rate differences on translation of foreign subsidiaries	-	-	-	392	-	-	-	392
Value adjustment of hedging instruments	-	-	-	-	-2	-	-	-2
Tax on other comprehensive income	-	-	-	-	10	-	-	10
Other comprehensive income, net of tax	**-**	**-**	**-**	**392**	**8**	**-**	**-**	**400**
Total comprehensive income for the period	**-**	**-**	**-**	**392**	**8**	**-**	**1,293**	**1,693**
Share-based payments	-	-	266	-	-	-	-254	12
Purchase of treasury shares	-	-	-1,552	-	-	-	-	-1,552
Reduction of share capital	-6	-56	2,161	-	-	-	-2,099	-
Dividend paid	-	-	-	-	-	-1,088	-	-1,088
Equity at 30 June 2015	**122**	**1,173**	**-1,804**	**1,277**	**-148**	**-**	**5,477**	**6,097**
Equity at 1 January 2014	**130**	**1,248**	**-738**	**348**	**-143**	**823**	**4,794**	**6,462**
Net profit for the period	-	-	-	-	-	-	1,366	1,366
Exchange rate differences on translation of foreign subsidiaries	-	-	-	78	-	-	-	78
Value adjustment of hedging instruments	-	-	-	-	138	-	-	138
Tax on other comprehensive income	-	-	-	-	1	-	-	1
Other comprehensive income, net of tax	**-**	**-**	**-**	**78**	**139**	**-**	**-**	**217**
Total comprehensive income for the period	**-**	**-**	**-**	**78**	**139**	**-**	**1,366**	**1,583**
Share-based payments	-	-	35	-	-	-	-11	24
Purchase of treasury shares	-	-	-975	-	-	-	-	-975
Reduction of share capital	-2	-19	423	-	-	-	-402	-
Dividend paid	-	-	-	-	-	-823	3	-820
Equity at 30 June 2014	**128**	**1,229**	**-1,255**	**426**	**-4**	**-**	**5,750**	**6,274**

Consolidated cash flow statement

DKK million	Q2 2015	Q2 2014	H1 2015	H1 2014	FY 2014
Profit before tax	1,166	828	2,123	1,707	3,872
Finance income	-44	-1	-46	-9	-14
Finance costs	113	14	396	30	214
Amortisation, depreciation and impairment losses	76	52	143	102	222
Share-based payments	23	13	38	24	71
Change in inventories	-335	-91	-289	-168	91
Change in receivables	106	84	-104	279	63
Change in payables and other liabilities	-504	-205	202	-119	795
Other non-cash adjustments	117	47	-338	90	-208
Interest etc. received	-	1	1	1	7
Interest etc. paid	-77	-3	-83	-13	-30
Income tax paid	-734	-102	-972	-180	-761
Cash flows from operating activities	**-93**	**637**	**1,071**	**1,744**	**4,322**
Acquisitions of subsidiaries and activities, net of cash acquired	-78	-	-239	-3	-174
Divestment of businesses	-	-	29	-	19
Purchase of intangible assets	-82	-24	-136	-47	-164
Purchase of property, plant and equipment	-157	-62	-270	-97	-291
Change in other non-current assets	-16	-7	-37	-17	-45
Proceeds from sale of property, plant and equipment	3	1	12	1	23
Cash flows from investing activities	**-330**	**-92**	**-641**	**-163**	**-632**
Capital increase including share premium, net	1	-	1	-	-
Dividend paid	-	-	-1,088	-820	-820
Purchase of treasury shares	-983	-658	-1,552	-975	-2,402
Proceeds from loans and borrowings	1,554	-	1,804	10	560
Repayment of loans and borrowings	-153	-4	-118	-29	-597
Cash flows from financing activities	**419**	**-662**	**-953**	**-1,814**	**-3,259**
Net increase (decrease) in cash	**-4**	**-117**	**-523**	**-233**	**431**
Cash at beginning of period	644	571	1,131	686	686
Net exchange differences	-29	3	3	4	14
Net increase (decrease) in cash	-4	-117	-523	-233	431
Cash at end of period	**611**	**457**	**611**	**457**	**1,131**
Cash flows from operating activities	-93	637	1,071	1,744	4,322
- Interest etc. received	-	-1	-1	-1	-7
- Interest etc. paid	77	3	83	13	30
Cash flows from investing activities	-330	-92	-641	-163	-632
- Acquisition of subsidiaries and activities, net of cash acquired	78	-	239	3	174
- Divestment of businesses	-	-	-29	-	-19
Free cash flow	**-268**	**547**	**722**	**1,596**	**3,868**
Unutilised credit facilities	**3,937**	**3,919**	**3,937**	**3,919**	**3,677**

The above cannot be derived directly from the income statement and the balance sheet.

NOTES

NOTE 1 – Accounting policies

The present unaudited interim financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting' as endorsed by the European Union and accounting policies set out in the Annual Report 2014 of PANDORA.

Furthermore, the interim financial report and Management's review are prepared in accordance with additional Danish disclosure requirements for interim reports of listed companies.

PANDORA has adopted all new or amended standards (IFRS) and interpretations (IFRIC) as endorsed by the EU and which are effective for the financial year 2015. These IFRSs have not had any significant impact on the Group's interim financial report.

NOTE 2 – Significant accounting estimates and judgements

In preparing the consolidated financial statements, Management makes various accounting estimates and assumptions, which form the basis of presentation, recognition and measurement of PANDORA's assets and liabilities.

All significant accounting estimates and judgements are consistent with the description in the Annual Report 2014. See descriptions in the individual notes to the consolidated financial statement in the Annual Report 2014.

NOTE 3 - Operating segment information

PANDORA's segment reporting is based on geography. The three reporting segments are Americas, Europe and Asia Pacific. Europe includes export to countries in Africa, India and the Middle East.

Each country in which PANDORA has an office is an operating segment. Based on the management structure the operating segments have been aggregated into three reporting segments. In all segments PANDORA sell jewellery for women crafted in the Thai facilities and use franchises and/or distributors as appropriate. The operating segments within each reporting segment are deemed to have similar economic characteristics i.e. are expected to have similar average gross margins in the long term.

For information on revenue from the different products and sale channels reference is made to the Management Review.

Management monitors the segment profit of the operating segments separately for the purpose of making decisions about resource allocation and performance management. Segment profit is measured consistently with the operating profit in the consolidated financial statements before non-current assets are amortised/depreciated (EBITDA).

NOTE 3 - Operating segment information, continued

DKK million	Americas	Europe	Asia Pacific	Unallocated costs	Total Group
Q2 2015					
External revenue	1,578	1,468	552	-	3,598
Segment profit (EBITDA)	701	567	283	-240	1,311
Amortisation, depreciation and impairment losses					-76
Consolidated operating profit (EBIT)					**1,235**
Q2 2014					
External revenue	1,097	1,064	383	-	2,544
Segment profit (EBITDA)	508	418	179	-212	893
Amortisation, depreciation and impairment losses					-52
Consolidated operating profit (EBIT)					**841**

DKK million	Americas	Europe	Asia Pacific	Unallocated costs	Total Group
Half year 2015					
External revenue	3,151	2,885	1,109	-	7,145
Segment profit (EBITDA)	1,366	1,184	563	-497	2,616
Amortisation, depreciation and impairment losses					-143
Consolidated EBIT					**2,473**
Half year 2014					
External revenue	2,267	2,128	741	-	5,136
Segment profit (EBITDA)	1,026	841	359	-396	1,830
Amortisation, depreciation and impairment losses					-102
Consolidated EBIT					**1,728**

DKK million	Q2 2015	Q2 2014	H1 2015	H1 2014
Revenue per product group				
Charms	2,456	1,705	4,837	3,489
Silver and gold charm bracelets	360	262	782	574
Rings	382	273	787	493
Other jewellery	400	304	739	580
Total revenue	**3,598**	**2,544**	**7,145**	**5,136**

NOTE 4 – Seasonality of operations

Due to the seasonal nature of the jewellery business, higher revenue is historically realised in the second half of the year.

NOTE 5 – Financial risks

PANDORA's overall risk exposure and financial risks, including risks related to commodity prices, foreign currency, credit, liquidity and interest rate, are unchanged compared to the disclosures in note 4.4 in the consolidated financial statement in the Annual Report 2014.

NOTE 6 – Financial instruments

Financial instruments are measured at fair value and in accordance with level 2 in the fair value hierarchy (IFRS 7), see note 4.3 to the consolidated financial statement in the Annual Report 2014.

NOTE 7 - Business combinations

Preliminary purchase price allocation has been prepared for the business combinations since 1 January 2015 and these might change as they are being finalised within the 12 months following the individual business combinations. No significant changes are expected.

Acquisitions in 2015

Japan

On 1 January 2015, PANDORA acquired assets related to the distribution of PANDORA jewellery in Japan from Bluebell in a business combination. In addition to the distribution rights, assets included 1 concept store and 9 shop-in-shops. The acquisition was part of a strategic alliance with Bluebell in Japan with the intent to jointly distribute PANDORA jewellery in Japan.

The agreement initially has a five-year term. On termination of the agreement, PANDORA will take over the full distribution of PANDORA jewellery in Japan. The total amount to be paid to Bluebell will depend on the realised revenue in 2019. The discounted fair value of the earn-out is DKK 58 million.

Intangible assets comprise reacquired distribution rights (with remaining lifespan of approximately three years) of DKK 30 million. The fair value is based on comparison of peer markets similar to the Japanese market and the EBITDA that can be expected from similar stores in these markets.

Inventories of DKK 6 million have been measured at market value based on the saleability of the individual items. Goodwill, DKK 20 million, is attributable to the expected synergies from combining PANDORA’s willingness and ability to invest in the Japanese market with Bluebell’s in-depth knowledge of the Japanese retail market, Japanese consumers and insight into the Japanese real estate market, to build a considerable presence in Japan. None of the goodwill recognised is deductible for income tax purposes.

Middle East

On 16 January 2015, PANDORA acquired 100% of the shares in Pan Me A/S. Pan Me A/S holds the rights to distribute PANDORA jewellery in the United Arab Emirates (UAE), Bahrain, Qatar and Oman.

PANDORA has paid the purchase price of DKK 112 million primarily related to the rights to distribute PANDORA jewellery in the UAE, Bahrain, Qatar and Oman, as well as non-current assets and inventories related to 11 concept stores and 3 shop-in-shops in the UAE.

Intangible assets comprise reacquired distribution rights (with a remaining lifespan of approximately one year) of DKK 5 million. The fair value is based on comparison of peer markets and the EBITDA that can be expected from similar stores in these markets.

Inventories of DKK 25 million have been measured at market value based on the saleability of the individual items. Receivables mainly consist of prepayments and receivables from sales which are recognised at the value of the expected cash inflow. Goodwill, DKK 54 million, is attributable to the expected synergies from PANDORA’s direct involvement in the region and establishing Dubai as the future hub for PANDORA’s activities in the Middle East and North Africa. None of the goodwill recognised is deductible for income tax purposes.

UK

On 1 April 2015, PANDORA acquired 100% of the shares in four Evernal companies. The Evernal companies comprise concept stores in Liverpool, Blackpool, Trafford and Arndale. PANDORA has paid the purchase price of DKK 70 million. Assets acquired mainly consist of inventory, and other assets and liabilities relating to the stores. Of the purchase price, DKK 74 million was allocated to goodwill. Goodwill is attributable to the increased margins from owning these already well performing stores. None of the goodwill recognised is deductible for income tax purposes.

Other business combinations in 2015

PANDORA acquired concept stores in the US and Germany in 2015. These were accounted for as business combinations. Assets acquired mainly consist of inventory and other assets relating to the stores. Of the purchase price, DKK 34 million was allocated to goodwill. None of the goodwill recognised is deductible for income tax purposes.

The impact on revenue and net profit for 2015 from the acquired stores was insignificant. If the stores had been owned from the beginning of the year, the impact on PANDORA's revenue and net profit would have been equally insignificant.

Acquisitions 2015

DKK million	Japan	Middle East	UK	Other	Total
Other intangible assets	30	5	-	-	35
Property, plant and equipment	2	7	-	2	11
Other non-current receivables	-	3	3	-	6
Receivables	-	25	5	10	40
Inventories	6	25	5	40	76
Cash	-	21	-	-	21
Assets acquired	**38**	**86**	**13**	**52**	**189**
Non-current liabilities	-	1	2	1	4
Payables	-	27	9	1	37
Other non-current liabilities	-	-	6	6	12
Liabilities assumed	**-**	**28**	**17**	**8**	**53**
Total identifiable net assets acquired	**38**	**58**	**-4**	**44**	**136**
Goodwill arising from the acquisition	20	54	74	34	182
Purchase consideration	**58**	**112**	**70**	**78**	**318**
Cash movements on acquisition:					
Purchase consideration transferred	-58	-112	-70	-78	-318
Deferred payment (earn out)	58	-	-	-	58
Cash acquired	-	21	-	-	21
Net cash flow on acquisition	**-**	**-91**	**-70**	**-78**	**-239**
Cash flow from sale of businesses *	-	-	-	29	29
Net cash flow from business combinations	**-**	**-91**	**-70**	**-49**	**-210**

* The sale of business included mainly inventories and goodwill

Acquisitions after the reporting period

China

On 1 July 2015, PANDORA initiated an agreement about joint distribution of PANDORA jewellery in China until 31 December 2018 with Oracle investment limited (Hong Kong). At the end of the agreement, PANDORA will take over the full distribution of PANDORA jewellery in China. Concurrently, the transfer of the existing business commenced. Some stores are operated by Oracle under consignment agreements until licenses and other sanctions are obtained and therefore transferable. Meanwhile, control resides by PANDORA.

Assets acquired are mainly inventories, the re-acquired distribution right (0.5 year remaining) and the stores, inventory and other tangible assets related to leaseholds. The total price is calculated based on the revenue in 2018 and is expected to be DKK 186 million. Assets and inventories acquired are paid when transferred. The remaining payment - the earn-out – will be delayed until the distribution agreement is ended in 2018. Due to the late closing of the acquisition, it has not been practically possible to prepare the initial accounting for the business combination. The purchase price allocation for the acquisition will be included in the interim financial report for the third quarter of 2015.

With the acquisition PANDORA will be able to accelerate the store roll-out, enhance the retail focus and make significant marketing investments in the Chinese market. Oracle will contribute with its in-depth knowledge of the retail market and the Chinese consumer as well as their insight into the Chinese real estate market, which will aid PANDORA in securing the most attractive locations.

Distribution in Singapore, Macau and the Philippines
In August 2015, PANDORA entered an agreement with Norbreeze Group (“Norbreeze”) to acquire its PANDORA store network in Singapore and Macau on 1 January 2016 at the end of the current distribution agreement. Through the addition of 15 PANDORA concept stores and 5 shop-in-shops in the two countries, PANDORA have the opportunity to enter Singapore and Macau directly.

PANDORA will at the same time assume the distribution in the Philippines, which will continue to be operated by a local master franchisee. The payment for the acquisition is SGD 30.1 million (approximately DKK 149 million). The agreement is subject to certain conditions to be fulfilled. Due to the subsequent closing date, it is not possible to prepare the accounting for the business combination.

NOTE 8 - Contingent liabilities
See note 5.2 to the consolidated financial statements in the Annual Report 2014. Leasing commitments increased by DKK 549 million in the first half of 2015 mainly related to new own and operated concept stores including the new stores in Germany. Other contingent liabilities are unchanged.

NOTE 9 – Related parties
Related parties with significant interests
As of 9 June 2015, BlackRock, Inc. has increased its holding of shares in PANDORA to 6,234,764 shares, corresponding to 5.1% of the share capital and the voting rights.

On 30 June 2015, treasury shares represented 2.5% of the share capital.

Other related parties of PANDORA with significant influence include the Boards of Directors and the Executive Boards of these companies and their close family members. Related parties also include companies in which the aforementioned persons have control or significant interests.

Transactions with related parties
PANDORA did not enter into any significant transactions with members of the Board of Directors or the Executive Board, except for compensation and benefits received as a result of their membership of the Board of Directors, employment with PANDORA or shareholdings in PANDORA.

Note 10 – concept store development per country*

	Number of concept stores Q2 2015	Number of concept stores Q1 2015	Number of concept stores Q2 2014	*Growth Q2 2015 /Q1 2015*	*Growth Q2 2015 /Q2 2014*	*Number of O&O Q2 2015*	*Growth O&O stores Q2 2015 /Q1 2015*
USA	299	290	266	*9*	*33*	*36*	*2*
Canada	66	63	59	*3*	*7*	*2*	*1*
Brazil	51	43	22	*8*	*29*	*31*	*7*
Rest of Americas	31	28	22	*3*	*9*	-	-
Americas	**447**	**424**	**369**	***23***	***78***	***69***	***10***
Russia	179	175	150	*4*	*29*	-	-
UK	169	160	131	*9*	*38*	*9*	*4*
Germany	124	91	72	*33*	*52*	*110*	*32*
Italy	45	40	29	*5*	*16*	*16*	*2*
France	44	40	27	*4*	*17*	*21*	*1*
Poland	37	37	37	-	-	*17*	*1*
Spain	32	25	18	*7*	*14*	-	-
Belgium	24	24	22	-	*2*	-	-
South Africa	23	22	17	*1*	*6*	-	-
Ireland	20	20	16	-	*4*	-	-
Netherlands	18	18	13	-	*5*	*18*	-
Ukraine	17	17	14	-	*3*	-	-
Portugal	16	15	14	*1*	*2*	-	-
United Arab Emirates	14	14	10	-	*4*	*14*	-
Israel	12	11	10	*1*	*2*	-	-
Czech Republic	11	10	10	*1*	*1*	*8*	*1*
Turkey	11	7	5	*4*	*6*	*11*	*4*
Austria	10	12	11	*-2*	*-1*	*2*	-
Denmark	10	9	7	*1*	*3*	*10*	*1*
Rest of Europe	66	64	50	*2*	*16*	*14*	*3*
Europe	**882**	**811**	**663**	***71***	***219***	***250***	***49***
Australia	96	91	82	*5*	*14*	*16*	*1*
China	30	29	28	*1*	*2*	-	-
Malaysia	21	21	17	-	*4*	-	-
Hong Kong	20	16	10	*4*	*10*	*20*	*4*
Singapore	15	15	11	-	*4*	-	-
New Zealand	10	9	9	*1*	*1*	-	-
Rest of Asia Pacific	33	31	25	*2*	*8*	*2*	*1*
Asia Pacific	**225**	**212**	**182**	***13***	***43***	***38***	***6***
All Markets	**1,554**	**1,447**	**1,214**	***107***	***340***	***357***	***65***

*Includes countries with 10 or more concept stores as of Q2 2015.

Quarterly overview

DKK million	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Consolidated income statement					
Revenue	3,598	3,547	3,961	2,845	2,544
Gross profit	2,573	2,522	2,835	1,999	1,798
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1,311	1,305	1,444	1,020	893
Operating profit (EBIT)	1,235	1,238	1,381	963	841
Net financials	-69	-281	-122	-57	-13
Profit before tax	1,166	957	1,259	906	828
Net profit	910	383	1,007	725	662
Consolidated balance sheet					
Total assets	11,781	11,396	10,556	10,354	9,231
Invested capital	7,359	6,235	6,080	6,558	5,851
Net working capital	939	126	434	1,106	729
Net interest-bearing debt (NIBD)	1,030	-330	-1,121	9	-440
Equity	6,097	6,433	7,032	6,361	6,274
Consolidated cash flow statement					
Cash flows from operating activities	-93	1,164	1,867	711	637
Cash flows from investing activities	-330	-311	-181	-288	-92
Free cash flow	-268	990	1,705	567	547
Cash flows from financing activities	419	-1,372	-1,010	-435	-662
Net increase (decrease) in cash	-4	-519	676	-12	-117
Growth ratios					
Revenue growth, %	41.4%	36.8%	40.4%	26.2%	31.7%
Gross profit growth, %	43.1%	40.8%	47.8%	33.9%	41.1%
EBITDA growth, %	46.8%	39.3%	52.6%	33.8%	68.5%
EBIT growth, %	46.8%	39.6%	55.0%	36.0%	74.1%
Net profit growth, %	37.5%	-45.6%	36.3%	18.5%	53.6%
Margins					
Gross margin, %	71.5%	71.1%	71.6%	70.3%	70.7%
EBITDA margin, %	36.4%	36.8%	36.5%	35.9%	35.1%
EBIT margin, %	34.3%	34.9%	34.9%	33.8%	33.1%
Other ratios					
Tax rate, %	22.0%	60.0%	20.0%	20.0%	20.0%
Equity ratio, %	51.8%	56.4%	66.6%	61.4%	68.0%
NIBD to EBITDA*, x	0.2	-0.1	-0.3	0.0	-0.1
Return on invested capital (ROIC)*, %	65.5%	70.9%	67.0%	54.6%	56.9%
Capital expenditure (CAPEX), DKK million	239	167	176	135	86
Cash conversion, %	-29.5%	258.5%	169.3%	78.2%	82.6%
Other key figures					
Average number of employees	13,378	11,945	11,177	10,340	9,514

* Ratios are based on 12 months rolling EBITDA and EBIT, respectively.

Disclaimer

Certain statements in this company announcement constitute forward-looking statements. Forward-looking statements are statements (other than statements of historical fact) relating to future events and our anticipated or planned financial and operational performance. The words “targets,” “believes,” “expects,” “aims,” “intends,” “plans,” “seeks,” “will,” “may,” “might,” “anticipates,” “would,” “could,” “should,” “continues,” “estimate” or similar expressions or the negatives thereof, identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements include, among other things, statements addressing matters such as our future results of operations; our financial condition; our working capital, cash flows and capital expenditures; and our business strategy, plans and objectives for future operations and events, including those relating to our on-going operational and strategic reviews, expansion into new markets, future product launches, points of sale and production facilities; and

Although we believe that the expectations reflected in these forward-looking statements are reasonable, such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause our actual results, performance or achievements or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include, among others: global and local economic conditions; changes in market trends and end-consumer preferences; fluctuations in the prices of raw materials, currency exchange rates, and interest rates; our plans or objectives for future operations or products, including our ability to introduce new jewellery and non-jewellery products; our ability to expand in existing and new markets and risks associated with doing business globally and, in particular, in emerging markets; competition from local, national and international companies in the United States, Australia, Germany, the United Kingdom and other markets in which we operate; the protection and strengthening of our intellectual property, including patents and trademarks; the future adequacy of our current warehousing, logistics and information technology operations; changes in Danish, E.U., Thai or other laws and regulation or any interpretation thereof, applicable to our business; increases to our effective tax rate or other harm to our business as a result of governmental review of our transfer pricing policies, conflicting taxation claims or changes in tax laws; and other factors referenced in this company announcement.

Should one or more of these risks or uncertainties materialize, or should any underlying assumptions prove to be incorrect, our actual financial condition, cash flows or results of operations could differ materially from that described herein as anticipated, believed, estimated or expected.

We do not intend, and do not assume any obligation, to update any forward-looking statements contained herein, except as may be required by law or the rules of NASDAQ OMX Copenhagen. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this company announcement.