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COMPANY ANNOUNCEMENT

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PANDORA TRADING UPDATE FOR Q3 2020

Pandora hereby releases preliminary unaudited results for the third quarter of 2020 and updated financial guidance for 2020.

HIGHLIGHTS

- Strong underlying sales performance leading to -2% sell-out growth and -5% organic growth in Q3 2020
- Online organic growth was 89% in Q3 2020
- Q3 2020 EBIT margin excluding restructuring costs was around 17% and better than expected driven by the favourable revenue development
- Despite the continued uncertain and unpredictable macroeconomic environment caused by COVID-19, Pandora now expects organic growth and EBIT-margin for 2020 to end in the upper half of the previously announced guidance range:
 - Updated organic growth guidance: -14% to -17% (previous guidance: “-14% to -20%”)
 - Updated EBIT margin guidance: 17.5% to 19.0% (previous guidance: “16% to 19%”)

TRADING UPDATE

In the third quarter of 2020, the underlying brand momentum continued to develop strongly as Pandora experienced a further improvement in the majority of the main markets.

In markets where the physical store network is open, a high conversion rate and continued strong performance in the online channel largely offset reduced traffic into physical stores compared to the same quarter last year. Pandora continues to invest in the underlying brand momentum while preparing for the peak trading periods in Q4 2020. The financial performance is still impacted by temporary store closures and other COVID-19 restrictions including social distancing requirements and reduced opening hours in some physical stores.

On average, approximately 90% of the physical stores were open during Q3 2020. At the end of the quarter, around 95% of the stores were open.

UPDATED FINANCIAL GUIDANCE

Pandora continues to consider the macroeconomic environment and future COVID-19 development as uncertain and unpredictable. Despite the elevated uncertainty, Pandora today provides an updated financial guidance reflecting the preliminary results for Q3 2020. The underlying COVID-19 assumptions for the guidance are unchanged with one exception as the guidance now assumes up to 10% of the store network being closed during Q4 2020. It was previously assumed that all stores would be open in the fourth quarter.

Assumptions behind updated financial guidance

- There will be no new material lockdowns
 - There may be some local lockdowns (not nationwide) of physical stores
- Up to 10% of the physical stores will be temporarily closed for the rest of 2020
- No material deterioration of the general macroeconomic environment and consumer spending
- Social distancing requirements will have a negative impact on revenue in Q4 2020

Based on the above assumptions and an expected larger negative impact from COVID-19 restrictions in Q4 2020, Pandora now expects full-year organic growth and EBIT-margin to end in the upper half of the previously guided range.

Updated financial guidance for 2020

- Organic growth: -14% to -17% (previous guidance: “-14% to -20%”)
- EBIT margin: 17.5% to 19.0% (previous guidance: “16% to 19%”)

Total sell-out growth for 2020 is expected to be roughly equal to the organic growth. All other elements of the financial guidance are unchanged.

Pandora is in silent period and no additional details will be provided before the release of the Q3 Interim Financial Report on 3 November 2020.

ABOUT PANDORA

Pandora designs, manufactures and markets hand-finished jewellery made from high-quality materials at affordable prices. Pandora jewellery is sold in more than 100 countries through 7,400 points of sale, including more than 2,700 concept stores.

Headquartered in Copenhagen, Denmark, Pandora employs 28,000 people worldwide and crafts its jewellery at two LEED certified facilities in Thailand using mainly recycled silver and gold. The company plans to be carbon neutral by 2025 and has joined the Science Based Targets initiative to reduce emissions across its full value chain. Pandora is listed on the Nasdaq Copenhagen stock exchange and generated sales of DKK 21.9 billion (EUR 2.9 billion) in 2019.

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