

No. 304

COMPANY ANNOUNCEMENT

10 May 2016

INTERIM REPORT FOR Q1 2016

PANDORA INCREASES REVENUE AND EBITDA MARGIN GUIDANCE FOR 2016

- Group revenue in Q1 2016 was DKK 4,740 million, an increase of 34% (35% increase in local currency), compared with Q1 2015:
 - Americas increased by 13% (13% increase in local currency)
 - EMEA increased by 47% (49% increase in local currency)
 - Asia Pacific increased by 58% (62% increase in local currency)
 - Revenue from concept stores increased by 61% and corresponded to 60% of the total revenue
- The gross margin increased to 74.6% in Q1 2016, compared with 71.1% in Q1 2015
- EBITDA increased by 35% to DKK 1,760 million in Q1 2016, corresponding to an EBITDA margin of 37.1%, compared with 36.8% in Q1 2015
- Net profit for the quarter was DKK 1,306 million, compared with a net profit of DKK 383 million in Q1 2015. Q1 2015 was negatively impacted by an additional tax expense of DKK 364 million as well as a higher financial costs
- Free cash flow increased 37% to DKK 1,356 million in Q1 2016 compared with DKK 990 million in Q1 2015
- During Q1 2016, PANDORA bought back 828,323 own shares at a total value of DKK 687 million as part of the ongoing DKK 4.0 billion share buyback programme, corresponding to 0.7% of the total share capital as of end Q1 2016
- Revenue guidance for 2016 increased to more than DKK 20 billion (from more than DKK 19 billion) and EBITDA margin guidance increased to more than 38% (from more than 37%).

In connection with the Q1 2016 results Anders Colding Friis, CEO of PANDORA, stated:

"We have had a very strong start to the year, with all geographic regions, as well as all product categories delivering double digit growth rates. Revenue growth was driven by growth in our existing stores, especially in EMEA and Asia Pacific, as well as continued expansion of the concept store network across all regions. Furthermore, we improved our profitability for the quarter, resulting in a continuing strong cash flow."

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 38 32 28 69

UK (International): +44(0) 20 3427 1916

US: +1 212 444 0896

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.

FINANCIAL CALENDAR

9 August 2016 Interim Report for the second quarter of 2016

1 November 2016 Interim Report for the third quarter of 2016

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 100 countries on six continents through approximately 9,000 points of sale, including more than 1,800 concept stores.

Founded in 1982 and headquartered in Copenhagen, Denmark, PANDORA employs more than 16,700 people worldwide of whom approximately 11,000 are located in Gemopolis, Thailand, where the Company manufactures its jewellery. PANDORA is publicly listed on the NASDAQ Copenhagen stock exchange in Denmark. In 2015, PANDORA's total revenue was DKK 16.7 billion (approximately EUR 2.2 billion).

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FINANCIAL HIGHLIGHTS

DKK million	Q1 2016	Q1 2015	FY 2015
Consolidated income statement			
Revenue	4,740	3,547	16,737
Gross profit	3,536	2,522	12,193
Earnings before interest, tax, depreciations and amortisations (EBITDA)	1,760	1,305	6,214
Operating profit (EBIT)	1,645	1,238	5,814
Net financials	9	-281	-469
Profit before tax	1,654	957	5,345
Net profit for the period	1,306	383	3,674
Consolidated balance sheet			
Total assets	13,502	11,396	13,311
Invested capital	7,972	6,235	8,255
Net working capital	615	126	925
Net interest-bearing debt (NIBD)	2,549	-330	1,718
Equity	5,302	6,433	6,139
Consolidated cash flow statement			
Cash flows from operating activities, net	1,567	1,164	3,384
Cash flows from investing activities, net	-246	-311	-1,296
Free cash flow	1,356	990	2,449
Cash flows from financing activities, net	-1,492	-1,372	-2,333
Net increase/decrease in cash	-171	-519	-245
Growth ratios			
Revenue growth, %	34%	37%	40%
Gross profit growth, %	40%	41%	45%
EBITDA growth, %	35%	39%	45%
EBIT growth, %	33%	40%	43%
Net profit growth, %	241%	-46%	19%
Margins			
Gross margin, %	74.6%	71.1%	72.9%
EBITDA margin, %	37.1%	36.8%	37.1%
EBIT margin, %	34.7%	34.9%	34.7%
Other ratios			
Effective tax rate, %	21.0%	60.0%	31.3%
Equity ratio, %	39.3%	56.4%	46.1%
NIBD to EBITDA ¹ , x	0.4	-0.1	0.3
Return on invested capital (ROIC), % ¹	78.0%	70.9%	70.4%
Capital expenditure (CAPEX), DKK million ²	274	167	1,109
Cash conversion, % ³	82.4%	80.0%	42.1%
Share information			
Dividend per share, DKK	-	-	13.00
Total payout ratio (incl. share buyback), % ³	-	-	135.8%
Earnings per share, basic, DKK	11.3	3.2	30.9
Earnings per share, diluted, DKK	11.2	3.1	30.7
Share price at end of period, DKK	857.5	633.5	872.0
Other key figures			
Average number of employees	16,740	11,945	13,971

1) Ratios are based on 12 months rolling EBITDA and EBIT, respectively

2) Capital expenditure includes additions to both tangible and intangible assets

3) The definition was changed in Q4 2015 – please refer to the Annual Report 2015

FINANCIAL GUIDANCE

Based on the strong performance in the first quarter PANDORA has decided to increase revenue guidance for 2016 to more than DKK 20 billion (previously more than DKK 19 billion). Growth is expected to be driven by growth in existing stores as well as expansion of the store network with the two growth drivers expected to contribute equally (previously the store network expansion was expected to contribute with two thirds). Assuming current exchange rates, PANDORA continues to expect a full year headwind effect from currencies on revenue of around 3% compared to 2015.

Furthermore, PANDORA increases the EBITDA margin expectation for 2016 to more than 38% (previously more than 37%). The increase is primarily driven by the higher revenue expectations as well as an expectation of a smaller impact from increased production complexity than initially anticipated. Due to costs, primarily related to the expansion in Asia, the EBITDA margin in the second half of the year is still expected to be higher than in the first half.

All expectations are based on current exchange rates.

	FY 2016 New guidance	FY 2016 Previous guidance	FY 2015 Actual
Revenue, DKK billion	> 20	>19	16.7
EBITDA margin, %	>38%	>37%	37.1%
CAPEX, DKK million	approx. 1,000	approx. 1,000	1,109
Effective tax rate, %	approx. 21%	approx. 21%	31.3%

PANDORA plans to continue to expand the store network and now expects to add more than 275 new concept stores in 2016 (previously expected more than 250).

IMPORTANT EVENTS IN Q1 2016

SHARE BUYBACK PROGRAMME FOR 2016

In connection with the Annual Report 2015, PANDORA launched a share buyback programme under which PANDORA expects to buy back own shares to a maximum consideration of DKK 4.0 billion. The programme will end no later than 31 December 2016.

As of 31 March 2016, a total of 828,323 shares had been bought back, corresponding to a transaction value of DKK 687 million. As of 31 March 2016, PANDORA held a total of 6,557,361 treasury shares, corresponding to 5.4% of the share capital.

SINGAPORE, MACAU AND THE PHILIPPINES

On 1 January 2016, PANDORA acquired the PANDORA store network in Singapore and Macau from the previous distributor Norbreeze Group (Norbreeze). The distribution agreements with Norbreeze for distributing PANDORA jewellery in Singapore, Macau and the Philippines expired on 31 December 2015. Distribution in the Philippines continues under a new agreement with the existing distributor, whereas the distribution in Singapore and Macau remain with PANDORA. PANDORA expects to pay a total amount of approximately DKK 166 million to Norbreeze depending on the value of the assets acquired.

The acquisition has granted PANDORA the opportunity to enter Singapore and Macau directly and to add 15 PANDORA owned concept stores and 5 shop-in-shops located in the two countries to its retail chain. On 1 January 2016, PANDORA established a local office in

Singapore for the Singapore operation, whereas Macau and the Philippines are operated out of PANDORA's office in Hong Kong.

CAPITAL MARKETS DAY IN THAILAND

On 7 January 2016, PANDORA hosted a Capital Markets Day in Thailand for analysts, institutional investors and media. The purpose of the event was to give an update on PANDORA's strategy in the Asia Pacific as well as an insight into PANDORA's supply chain, including a tour of the Company's crafting facilities in Gemopolis.

As part of the presentations on the Capital Markets Day, as announced in Company announcement no. 280, the following forward looking statements were disclosed:

- PANDORA plans to add net 200-300 concept stores annually in 2016-2018, of which approximately 60% are expected to be opened in the EMEA region, 20% in Americas and 20% in Asia Pacific
- From January 2016, PANDORA's category focus will be expanded to include earrings in PANDORA's developed markets. The earring category represented around 3% of Group revenue for the first nine months of 2015
- Revenue in Australia and New Zealand is expected to increase more than 30% from 2015 to 2018
- Like-for-like sales-out growth in Australia is expected to be higher than 10% in 2016 and is expected to normalise to around 3-5% long term
- PANDORA expects to add net 5-10 concept stores annually in Australia until 2018
- PANDORA expects to add net approximately 30 concept stores in China in 2016, and net approximately 25 in 2017 and 2018, respectively
- PANDORA expects to add net approximately 10 concept stores and shop-in-shops annually in Japan until 2018
- PANDORA plans to invest around DKK 1.8 billion in capital expenditures in the period 2015-2019 related to production capacity expansion in Thailand
- The production capacity expansion programme is planned to potentially double the current production capacity in Thailand.

UPDATE ON LEGAL CASE

On 23 February 2016, the Eastern High Court in Copenhagen passed its verdict in the appeal case against PANDORA concerning potential breach of section 27(1) of the Securities Trading Act, cf. section 93(6), cf. subsection 1. PANDORA was acquitted on all accounts.

The verdict concerns a case dating back to 2011 and relates to Company Announcement No. 30 of 2 August 2011, when PANDORA announced its downward adjustment of its revenue growth expectations, two weeks earlier than the ordinary reporting date for the Q2 2011 results. In December 2014, the District Court in Glostrup found that the Company was obliged to announce a downward adjustment of the revenue growth expectations for 2011, no later than 18 July 2011. The verdict was then appealed by PANDORA.

CHANGES TO FINANCIAL REPORTING STRUCTURE

On 3 March 2016, PANDORA announced a change to the financial reporting structure starting with the Company's interim report for Q1 2016. The purpose of the new reporting structure is to offer a more transparent, balanced and relevant financial reporting, reflecting the

development in the Company in the years following PANDORA's initial public offering (IPO) in October 2010.

PANDORA's new financial reporting will have a more symmetric structure, centralised around the three already established regions: Americas, EMEA (previously Europe) and Asia Pacific.

Please refer to Company Announcement no. 290 for comparative figures provided for the last 8 quarters based on the new financial reporting structure.

ANNUAL GENERAL MEETING

On 16 March 2016, PANDORA hosted its Annual General Meeting, where the Annual Report for the period from 1 January 2015 - 31 December 2015 was adopted. Please refer to Company Announcement no. 292 for a full list of decisions made at the Annual General Meeting.

EVENTS AFTER THE REPORTING PERIOD

REDUCTION OF PANDORA A/S' SHARE CAPITAL

At the Company's Annual General Meeting on 16 March 2016, it was decided to reduce the share capital by a nominal amount of DKK 5,240,348 through cancellation of nominal 5,240,348 treasury shares of DKK 1.

On 15 April, the Board of Directors implemented the share capital reduction with final effect with the Danish Business Authority. After the reduction, PANDORA's share capital is nominally DKK 117,056,821 divided into shares of DKK 1.

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

FINANCIAL REVIEW

REVENUE

Total revenue for Q1 2016 was DKK 4,740 million, an increase of 34% (35% in local currency) compared with Q1 2015. Growth was mainly driven by an increase in volume. In general, prices on individual products towards the end-consumer were unchanged.

Revenue increased across all three geographical regions and was driven by a combination of growth in existing stores and expansion of the store network, with the two drivers contributing with roughly half of the growth each. The growth in revenue from existing stores was driven by a positive reception of the Valentine's Day and the Spring collection, launched in stores during Q1 2016, as well as a continued high demand for products launched in 2015. In Q1 2016, around 50% of sales were generated by products launched within the last 12 months, which is similar to Q1 2015. Products across all categories launched more than 12 months ago continue to support revenue growth.

Revenue per sales channel - Group

	Q1 2016	Q1 2015	Growth	Share of revenue
Concept stores	2,849	1,774	61%	60%
- hereof PANDORA owned	1,261	631	100%	27%
Shop-in-Shops	604	642	-6%	13%
- hereof PANDORA owned	155	76	104%	3%
Branded	3,453	2,416	43%	73%
Branded as % of total	73%	68%		
Multibranded	883	764	16%	19%
Total direct	4,336	3,180	36%	91%
3 rd party distributors	404	367	10%	9%
Total revenue	4,740	3,547	34%	100%

Revenue from concept stores (excluding 3rd party concept stores) increased 61% compared with Q1 2015, and represented 60% of revenue compared with 50% in Q1 2015. The increase was driven by continued growth in existing stores as well as the addition of net 359 new concept stores in the last 12 months, excluding new 3rd party concept stores.

Revenue from PANDORA owned stores, including all PANDORA eSTOREs, increased by 100% to DKK 1,416 million and corresponded to 30% of total revenue compared with 20% in Q1 2015. The growth in retail revenue was driven by a continued relevant product assortment and strong in-store execution resulting in positive like-for-like growth. Furthermore, PANDORA has added net 251 PANDORA owned stores in the last 12 months, including net 56 concept stores and 24 shop-in-shops, converted from franchisee stores, to a total of 511 concept stores and 119 shop-in-shops owned by PANDORA. For Q1 2016, the net effect of converting distributor and wholesale revenue from the franchisee stores to retail revenue was approximately DKK 150 million. The corresponding effect for Q1 2015 was approximately DKK 60 million. At the end of Q1 2016 PANDORA operated eSTOREs in 14 countries compared with 7 at the end of Q1 2015.

Revenue from multibranded stores was DKK 883 million and increased 16% compared with Q1 2015, despite the closure of net 1,131 multibranded stores in the last 12 months. The growth was driven by an increase in larger multibranded accounts, while primarily smaller accounts were closed or upgraded.

Revenue from 3rd party distributors was DKK 404 million, corresponding to an increase of 10% compared with Q1 2015. Revenue from 3rd party distributors was impacted by PANDORA's take-over of distribution in China, Singapore and Macau. Excluding the three countries, revenue from 3rd party distributors increased 45% compared with Q1 2015. Growth was primarily driven by a positive development in Spain and several East Asian countries, as well as revenue from Russia, which was relatively weak in Q1 2015 due to timing of shipments.

Concept stores* sales-out growth

	Q1 2016 vs. Q1 2015	Q4 2015 vs. Q4 2014	Q3 2015 vs. Q3 2014	Q2 2015 vs. Q2 2014	Q1 2015 vs. Q1 2014
Group	9%	13%	13%	12%	12%

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

Based on data from concept stores, which have been operating for more than 12 months, like-for-like sales-out for the Group increased 9%, driven by growth in all three regions. The positive development was driven by a successful product portfolio with continuous relevant

products, generally better in-store execution as well as increased awareness through marketing campaigns increasing store traffic in most stores.

At the end of Q1 2016, sales return and warranty provisions corresponded to approximately 6% of 12 months' rolling revenue value, compared with 7% for Q4 2015 and 8% for Q1 2015. The decrease is mainly due to a decreasing share of revenue from the Americas region, to which the majority of PANDORA's sales return and warranty provisions is related.

Store network, number of points of sale – Group

	Number of PoS Q1 2016	Number of PoS Q4 2015	Number of PoS Q1 2015	Delta Q1 2016 and Q4 2015	Delta Q1 2016 and Q1 2015
Concept stores	1,852	1,802	1,447	50	405
- hereof PANDORA owned	511	474	292	37	219
- hereof 3 rd party distributors*	490	499	444	-9	46
Shop-in-shops	1,666	1,674	1,548	-8	118
- hereof PANDORA owned	119	116	87	3	32
- hereof 3 rd party distributors*	408	414	360	-6	48
Multibranded	5,508	5,795	6,639	-287	-1,131
- hereof 3 rd party distributors*	1,097	1,184	1,345	-87	-248
Total PoS	9,026	9,271	9,634	-245	-608

*Please refer to note 11 for changes to comparative figures for 3rd party distributor stores for the period Q1 2014-Q4 2015.

In the last 12 months PANDORA has added net 405 concept stores to the global store network, including 50 new stores in Q1 2016. The increase includes a net total of 219 new PANDORA owned concept stores, of which 56 has been taken over from franchisees or distributors. Please refer to note 10 for a detailed overview of concept stores per country.

REVENUE BREAKDOWN BY GEOGRAPHY

In Q1 2016, 37% of revenue was generated in Americas (44% in Q1 2015), 44% in EMEA (40% in Q1 2015) and 19% in Asia Pacific (16% in Q1 2015).

Revenue per region

DKK million	Q1 2016	Q1 2015	Growth	Growth in local currency
Americas	1,775	1,573	13%	13%
EMEA	2,085	1,417	47%	49%
Asia Pacific	880	557	58%	62%
Total	4,740	3,547	34%	35%

AMERICAS

Revenue for the first quarter in Americas was DKK 1,775 million, an increase of 13% (13% in local currency) compared with Q1 2015. The increase was primarily driven by revenue from concept stores in the region, which increased 37% compared with Q1 2015. Growth in revenue from concept stores was driven by growth in existing stores as well as the addition of 95 new concept stores in the region in the last 12 months. Revenue from shop-in-shops in Americas decreased 27%, despite adding net 10 shop-in-shops in the last 12 months. The decrease was among other due to the fact that Q1 2015 was positively impacted by initial sell-in ahead of the launch of the Disney collection in shop-in-shops in April 2015.

Revenue per sales channel - Americas

	Q1 2016	Q1 2015	Growth	Share of revenue
Concept stores	1,057	772	37%	60%
- hereof PANDORA owned	214	126	70%	12%
Shop-in-Shops	315	434	-27%	18%
- hereof PANDORA owned	-	-	-	-
Branded	1,372	1,206	14%	77%
Branded as % of total	77%	77%		
Multibranded	403	367	10%	23%
Total direct	1,775	1,573	13%	100%
3 rd party distributors	-	-	-	-
Total revenue	1,775	1,573	13%	100%

Revenue in the US was DKK 1,371 million, an increase of 13% compared with Q1 2015. Growth was driven by network expansion, including the launch of a PANDORA eSTORE in Q2 2015, as well as growth in existing stores. Furthermore, initial sell-in to Jared ahead of the planned upgrade of multibranded stores to shop-in-shops had a one-off sell-in effect of approximately DKK 50 million, reported as multibranded revenue. Revenue in Canada, which corresponded to around 10% of revenue from Americas, increased around 5% compared with Q1 2015. Revenue from Brazil increased around 10%, or around 50% in local currency compared with Q1 2015, despite being negatively impacted by the economic and political situation in the country. Growth was driven by a positive development in existing stores as well as the addition of net 29 new concept stores in the last 12 months. Brazil corresponded to less than 5% of revenue from Americas for the quarter.

Concept stores* sales-out growth

	Q1 2016 vs. Q1 2015	Q4 2015 vs. Q4 2014	Q3 2015 vs. Q3 2014	Q2 2015 vs. Q2 2014	Q1 2015 vs. Q1 2014
Americas	2%	7%	5%	10%	9%

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

Like-for-like sales-out growth in Americas in Q1 2016 was 2%, driven by single digit growth in the US, Canada and Brazil. Like-for-like sales out was flat to positive in all four US regions, including a positive development in the Northeast region.

Store network, number of points of sale – Americas

	Number of PoS Q1 2016	Number of PoS Q4 2015	Number of PoS Q1 2015	Delta Q1 2016 and Q4 2015	Delta Q1 2016 and Q1 2015
Concept stores	519	501	424	18	95
- hereof PANDORA owned	87	79	59	8	28
- hereof 3 rd party distributors	-	-	-	-	-
Shop-in-shops	682	681	672	1	10
- hereof PANDORA owned	-	-	-	-	-
- hereof 3 rd party distributors	-	-	-	-	-
Multibranded	1,783	1,838	2,171	-55	-388
- hereof 3 rd party distributors	-	-	-	-	-
Total PoS	2,984	3,020	3,267	-36	-283

EMEA

Revenue in EMEA, covering Europe, Middle East and Africa, was DKK 2,085 million in Q1 2016, an increase of 47% (49% in local currency) compared with Q1 2015. Revenue growth was driven by all store types, including 65% growth in revenue from concept stores.

Revenue per sales channel - EMEA

	Q1 2016	Q1 2015	Growth	Share of revenue
Concept stores	1,199	726	65%	58%
- hereof PANDORA owned	603	326	85%	29%
Shop-in-Shops	202	172	17%	10%
- hereof PANDORA owned	91	69	32%	4%
Branded	1,401	898	56%	67%
Branded as % of total	67%	63%		
Multibranded	422	352	20%	20%
Total direct	1,823	1,250	46%	87%
3 rd party distributors	262	167	57%	13%
Total revenue	2,085	1,417	47%	100%

Revenue in the UK increased around 30% in Q1 2016, and contributed around 30% of revenue in EMEA. Growth was driven by a positive sales-out development, as well as the expansion of the store network, including net 38 new concept stores opened since Q1 2015, to a total of 198 concept stores. Italy and France continues to support the growth in the region with revenue in both countries increasing approximately 70% in the quarter. Italy and France represented around 20% and 10%, respectively, of revenue from EMEA in Q1 2016. Revenue from Germany increased almost 50%, primarily driven by the addition of net 68 new PANDORA owned concept stores in the last 12 months, as well as continued positive like-for-like growth. Revenue from Germany represents around 10% of revenue from EMEA.

Concept stores* sales-out growth

	Q1 2016 vs. Q1 2015	Q4 2015 vs. Q4 2014	Q3 2015 vs. Q3 2014	Q2 2015 vs. Q2 2014	Q1 2015 vs. Q1 2014
EMEA	11%	13%	15%	11%	15%

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

Like-for-like sales-out growth in EMEA in Q1 2016 was 11%. Growth was driven by strong development in most markets in the region, including double digit growth in UK, Italy, Germany and France. Like-for-like sales-out growth in EMEA adjusted for concept stores in distributor markets, incl. Russia which continued to experience negative like-for-like growth, was around 20%.

Store network, number of points of sale – EMEA

	Number of PoS Q1 2016	Number of PoS Q4 2015	Number of PoS Q1 2015	Delta Q1 2016 and Q4 2015	Delta Q1 2016 and Q1 2015
Concept stores	1,055	1,033	811	22	244
- hereof PANDORA owned	306	298	201	8	105
- hereof 3 rd party distributors*	433	425	349	8	84
Shop-in-shops	781	791	681	-10	100
- hereof PANDORA owned	83	85	76	-2	7
- hereof 3 rd party distributors*	323	322	260	1	63
Multibranded	3,482	3,710	4,203	-228	-721
- hereof 3 rd party distributors*	1,097	1,184	1,345	-87	-248
Total PoS	5,318	5,534	5,695	-216	-377

*Please refer to note 11 for changes to comparative figures for 3rd party distributor stores for the period Q1 2014-Q4 2015.

ASIA PACIFIC

Revenue in Asia Pacific was DKK 880 million in Q1 2016, an increase of 58% (62% in local currency) compared with Q1 2015. Growth was driven by a positive development in revenue from PANDORA owned stores, which increased 172% compared with Q1 2015. The increase was primarily driven by a strong development in China, as well as conversion effect from the take-over of distribution in China, Singapore and Macau. Excluding the positive one-off effect from converting distributor revenue to retail revenue in China, Singapore and Macau, total revenue from Asia Pacific increased 36% compared with Q1 2015.

Revenue per sales channel – Asia Pacific

	Q1 2016	Q1 2015	Growth	Share of revenue
Concept stores	592	276	114%	67%
- hereof PANDORA owned	444	179	148%	50%
Shop-in-Shops	87	36	142%	10%
- hereof PANDORA owned	64	8	700%	7%
Branded	679	312	118%	77%
Branded as % of total	77%	56%		
Multibranded	58	45	29%	7%
Total direct	737	357	106%	84%
3 rd party distributors	143	200	-29%	16%
Total revenue	880	557	58%	100%

Revenue in Australia increased almost 50% compared with Q1 2015, and represented around 30% of revenue from Asia Pacific. The growth was primarily driven by a continued strong sales-out growth, as well as net 12 new concept stores opened since Q1 2015, to a total of 103 concept stores in Australia. Revenue in China was positively impacted by converting distributor revenue to retail revenue, which added around DKK 75 million to revenue in Q1 2016 compared with Q1 2015. Like-for-like sales-out in China continues to increase with double digit growth rates, and during the last 12 months 29 new concept stores has been added to a total of 58 in China. Revenue from China represents around 20% of revenue from Asia Pacific. Revenue in Hong Kong increased around 10% in local currency, primarily driven by expansion of the store network and since Q1 2015, 10 new concept stores have been opened to a total of 26 concept stores in Hong Kong. Revenue from Hong Kong represents around 15% of revenue from Asia Pacific.

Concept stores* sales-out growth

	Q1 2016 vs. Q1 2015	Q4 2015 vs. Q4 2014	Q3 2015 vs. Q3 2014	Q2 2015 vs. Q2 2014	Q1 2015 vs. Q1 2014
Asia Pacific	21%	26%	24%	18%	12%

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

Like-for-like sales out-growth in Asia Pacific in Q1 2016 was 21%, and primarily driven by high double digit growth in China and Australia. Like-for-like in Hong Kong continues to be negative, impacted by the economic environment in the market as well as the increase in retail footprint in the last 12 months. However, total sales-out growth in Hong Kong continues to be positive.

Store network, number of points of sale – Asia Pacific

	Number of PoS Q1 2016	Number of PoS Q4 2015	Number of PoS Q1 2015	Delta Q1 2016 and Q4 2015	Delta Q1 2016 and Q1 2015
Concept stores	278	268	212	10	66
- hereof PANDORA owned	118	97	32	21	86
- hereof 3 rd party distributors*	57	74	95	-17	-38
Shop-in-shops	203	202	195	1	8
- hereof PANDORA owned	36	31	11	5	25
- hereof 3 rd party distributors*	85	92	100	-7	-15
Multibranded	243	247	265	-4	-22
- hereof 3 rd party distributors*	-	-	-	-	-
Total PoS	724	717	672	7	52

*Please refer to note 11 for changes to comparative figures for 3rd party distributor stores for the period Q1 2014-Q4 2015.

REVENUE BREAKDOWN BY PRODUCT CATEGORY

All product categories performed well during the quarter driven by continued newness as well as relevant promotions across the categories.

Product category development

DKK million	Q1 2016	Q1 2015	Growth	Share of total revenue
Charms	2,927	2,381	23%	62%
Bracelets	926	546	70%	20%
- hereof Moments and ESSENCE collections	719	422	70%	15%
Rings	532	405	31%	11%
Other jewellery	355	215	65%	7%
Total revenue	4,740	3,547	34%	100%

Revenue from Charms was DKK 2,927 million in Q1 2016, an increase of 23% compared with Q1 2015, while revenue from Bracelets increased by 70%. The increase in Bracelets was primarily due to a number of new bracelets introduced during the quarter, as well as successful Bracelet promotions in selected markets. The two categories represented 81% of total revenue in Q1 2016 compared with 83% in Q1 2015.

Revenue from Rings was DKK 532 million, an increase of 31% compared with Q1 2015. The category continues to do well, driven by continued use of revenue generating initiatives including more emphasis on rings in staff training, improved in-store focus, as well as successful promotions across all regions. The Rings category represented 11% of total revenue in Q1 2016, which is unchanged compared with Q1 2015.

Revenue from Other jewellery was DKK 355 million, an increase of 65% compared with Q1 2015. From January 2016, PANDORA has increased the focus on earrings, and as a result revenue from earrings increased around 70% compared with Q1 2015. Revenue from necklaces continues to perform well and increased around 50%. Other jewellery represented 7% of total revenue in Q1 2016 compared with 6% in Q1 2015.

Following a successful launch of the PANDORA Rose collection in the US (in 2014) and in the UK (in June 2015), PANDORA plans to launch the collection globally in Q3 2016.

INCOME STATEMENT

COSTS

Total costs in Q1 2016, including depreciation and amortisation, were DKK 3,095 million, an increase of 34% compared with Q1 2015. Total costs corresponded to 65.3% of revenue in Q1 2016 compared with 65.1% in Q1 2015.

Cost development

DKK million	Q1 2016	Q1 2015	Growth	Share of	Share of
				total revenue	total revenue
	Q1 2016	Q1 2015		Q1 2016	Q1 2015
Cost of sales	-1,204	-1,025	17%	25.4%	28.9%
Gross profit	3,536	2,522	40%	74.6%	71.1%
Sales and distribution expenses	-998	-599	67%	21.1%	16.9%
Marketing expenses	-346	-327	6%	7.3%	9.2%
Administrative expenses	-547	-358	53%	11.5%	10.1%
Total costs	-3,095	-2,309	34%	65.3%	65.1%

GROSS PROFIT

Gross profit in Q1 2016 was DKK 3,536 million corresponding to a gross margin of 74.6% compared with 71.1% in Q1 2015. The increase was mainly driven by tailwind from more favourable raw material prices (approx. 1.5 percentage points) and an increase in revenue from PANDORA owned stores (approx. 2 percentage points).

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 1,204/oz, USD 1,160/oz, USD 1,138/oz and USD 1,184/oz and for silver USD 15.46/oz, USD 14.71/oz, USD 15.23/oz and USD 14.82/oz. However, current inventory means a delayed impact of the hedged prices on cost of sales.

The average realised purchase price in Q1 2016 was USD 1,177/oz for gold and USD 15.61/oz for silver.

Excluding hedging and the time lag effect from the inventory, the underlying gross margin would have been approximately 76% based on the average gold (USD 1,183/oz) and silver (USD 14.85/oz) market prices in Q1 2016. Under these assumptions, a 10% deviation in quarterly average gold and silver prices would impact our gross margin by approximately +/- 1 percentage point.

OPERATING EXPENSES

Operating expenses in Q1 2016 were DKK 1,891 million compared with DKK 1,284 million in Q1 2015, representing 39.9% of revenue in Q1 2016 compared with 36.2% in Q1 2015.

Sales and distribution expenses were DKK 998 million in Q1 2016, an increase of 67% compared with Q1 2015, and corresponding to 21.1% of revenue compared with 16.9% in Q1 2015. 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 379 in Q1 2015 to 630 in Q1 2016). The higher costs in PANDORA owned stores are mainly related to property and employee expenses, having a negative impact of around 4 percentage points compared with Q1 2015. Furthermore, sales and distribution expenses were impacted by an increase in

depreciation and amortisation primarily related to the acquisition of store leases in Germany. In Q1 2016, depreciation and amortisation related to sales and distribution costs was DKK 72 million compared with DKK 34 million in Q1 2015.

Marketing expenses were DKK 346 million in Q1 2016 compared with DKK 327 million in Q1 2015, corresponding to 7.3% of revenue, compared with 9.2% in Q1 2015. The nominal increase in marketing expenses was driven by an increase in PR and media costs. The decreasing share of revenue was primarily a result of higher revenue.

Administrative expenses in Q1 2016 increased by 53% to DKK 547 million, representing 11.5% of revenue, compared with 10.1% of Q1 2015 revenue. The increase was primarily due to an increase in employee expenses as well as one-off costs related to organisational changes related to project Agility impacting administrative expenses as a percentage of revenue with roughly 1 percentage point.

EBITDA

EBITDA for Q1 2016 increased by 35% to DKK 1,760 million resulting in an EBITDA margin of 37.1% compared with 36.8% in Q1 2015.

Regional EBITDA

DKK million	Q1 2016	Q1 2015	Growth	EBITDA margin Q1 2016	EBITDA margin Q1 2015
Americas	680	537	27%	38.3%	34.1%
EMEA	769	525	46%	36.9%	37.1%
Asia Pacific	311	243	28%	35.3%	43.6%
Group	1,760	1,305	35%	37.1%	36.8%

The EBITDA margin for Americas increased to 38.3% in Q1 2016 compared with 34.1% in Q1 2015. The increase was primarily due to an improved gross margin and the fact that the EBITDA margin for Q1 2015 included a negative one-off of approximately minus 2 percentage points related to the acquisition of 22 concept stores in the US.

The EBITDA margin for EMEA decreased to 36.9% in Q1 2016 compared with 37.1% in Q1 2015. The decrease was primarily related to costs related to project Agility, which more than offset the improved gross margin.

The EBITDA margin for the Asia Pacific region decreased to 35.3% compared with 43.6% in Q1 2015. The decrease was primarily due to an expected increase in costs related to the expansion in China, Japan and Singapore, which had a negative impact of around 7 percentage points for the quarter. This includes an impact of around 2.5 percentage points on the gross margin for Asia Pacific due to the takeover of the distribution in Singapore and Macau, where initial inventory in the stores was taken over at distributor prices.

EBIT

EBIT for Q1 2016 increased to DKK 1,645 million, an increase of 33% compared with Q1 2015, resulting in an EBIT margin of 34.7% for Q1 2016 compared with 34.9% in Q1 2015.

NET FINANCIALS

In Q1 2016, net financials amounted to a gain of DKK 9 million, compared with a net financial loss of DKK 281 million in Q1 2015. The difference is primarily due to an exchange rate loss of

DKK 230 million in Q1 2015, mainly related to unrealised losses on intercompany loans in US dollars.

INCOME TAX EXPENSES

Income tax expenses were DKK 348 million in Q1 2016. The effective tax rate in Q1 2016 was 21.0% compared with 60.0% for Q1 2015. Tax expenses for Q1 2015 were impacted by a settlement with the Danish Tax Authorities, which had an impact of DKK 364 million for the quarter.

NET PROFIT

Net profit in Q1 2016 increased to DKK 1,306 million from DKK 383 million in Q1 2015. The increase was primarily due to an increase in EBIT, as well as the additional tax expense of DKK 364 million and higher finance costs in Q1 2015.

BALANCE SHEET AND CASH FLOW

In Q1 2016, PANDORA generated free cash flow of DKK 1,356 million compared with DKK 990 million in Q1 2015. The increase was primarily due to an increase in profits.

Operating working capital (defined as inventory and trade receivables less trade payables) at the end of Q1 2016 corresponded to 14.4% of the last twelve months revenue, compared with 16.0% at the end of Q1 2015 and 14.3% at the end of Q4 2015.

Operating working capital as a percentage of revenue

	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Inventory	13.8%	14.1%	17.2%	15.5%	14.9%
Trade receivables	7.6%	8.1%	9.3%	7.2%	8.5%
Trade payables	7.0%	7.9%	6.9%	7.0%	7.4%
Operating working capital	14.4%	14.3%	19.6%	15.7%	16.0%

Inventory was DKK 2,474 million at the end of Q1 2016, corresponding to 13.8% of preceding 12 months revenue compared with DKK 1,925 million in Q1 2015 corresponding to 14.9% of revenue. The nominal increase was mainly due to higher activity, an increase in PANDORA owned stores as well as currency development. Compared with Q1 2015, gold and silver prices affected inventory value with a decrease of approximately 14%.

Trade receivables increased to DKK 1,361 million at the end of Q1 2016 (7.6% of preceding 12 months revenue) compared with DKK 1,093 million at the end of Q1 2015 (8.5% of the preceding 12 months revenue) and DKK 1,360 million at the end of Q4 2015 (8.1% of preceding 12 months revenue). The relative decrease in trade receivables was primarily due to a continued strong cash collection, as well as an increase in share of retail revenue.

Trade payables at the end of the quarter were DKK 1,259 million compared with DKK 954 million at the end of Q1 2015 and DKK 1,329 million at the end of Q4 2015. The increase compared with Q1 2015 is primarily due to the increased activity.

CAPEX was DKK 274 million in Q1 2016 compared with DKK 167 million in Q1 2015. The increase in CAPEX was mainly related to an increase in opening of PANDORA owned stores and an acceleration of investments in the production facilities in Thailand. In Q1 2016, CAPEX represented 5.8% of revenue.

During the quarter, a total of DKK 687 million was used to purchase own shares related to the

share buyback programme for 2016. As of 31 March 2016, PANDORA held a total of 6,557,361 treasury shares, corresponding to 5.4% of the share capital.

At the Annual General Meeting in March 2016, the proposed dividend for 2015 of DKK 13 per share, corresponding to DKK 1.5 billion, was approved. The dividend was paid out on 21 March 2016.

Total interest-bearing debt was DKK 3,252 million at the end of Q1 2016, compared with DKK 314 million at the end of Q1 2015, and cash amounted to DKK 703 million compared with DKK 644 million at the end of Q1 2015.

Net interest-bearing debt (NIBD) at the end of Q1 2016 was DKK 2,549 million corresponding to a NIBD/EBITDA of 0.4x of the last twelve months EBITDA, compared with DKK -330 million at the end of Q1 2015 corresponding to a NIBD/EBITDA of -0.1x.

FINANCIAL STATEMENTS

Consolidated income statement

DKK million	Notes	Q1 2016	Q1 2015	FY 2015
Revenue	3	4,740	3,547	16,737
Cost of sales		-1,204	-1,025	-4,544
Gross profit		3,536	2,522	12,193
Sales, distribution and marketing expenses		-1,344	-926	-4,722
Administrative expenses		-547	-358	-1,657
Operating profit		1,645	1,238	5,814
Finance income		24	2	84
Finance costs		-15	-283	-553
Profit before tax		1,654	957	5,345
Income tax expense		-348	-574	-1,671
Net profit for the period		1,306	383	3,674
Earnings per share, basic (DKK)		11.3	3.2	30.9
Earnings per share, diluted (DKK)		11.2	3.1	30.7

Consolidated statement of comprehensive income

DKK million	Q1 2016	Q1 2015	FY 2015
Net profit for the period	1,306	383	3,674
Items that might be reclassified to profit/loss for the period			
Exchange rate adjustments of investments in subsidiaries	-189	653	249
Fair value adjustment of hedging instruments	282	45	23
Tax on other comprehensive income, hedging instruments, income/(expense)	-63	2	22
Other comprehensive income, net of tax	30	700	294
Total comprehensive income for the period	1,336	1,083	3,968

Consolidated balance sheet

DKK million	2016 31 March	2015 31 March	2015 31 December
ASSETS			
Goodwill	2,486	2,303	2,424
Brand	1,057	1,057	1,057
Distribution network	208	239	216
Distribution rights	1,066	1,073	1,069
Other intangible assets	708	473	683
Total intangible assets	5,525	5,145	5,449
Property, plant and equipment	1,344	866	1,237
Deferred tax assets	905	399	879
Other financial assets	191	131	159
Total non-current assets	7,965	6,541	7,724
Inventories	2,474	1,925	2,357
Financial instruments	287	291	65
Trade receivables	1,361	1,093	1,360
Income tax receivable	23	259	113
Other receivables	689	643	803
Cash	703	644	889
Total current assets	5,537	4,855	5,587
Total assets	13,502	11,396	13,311
EQUITY AND LIABILITIES			
Share capital	122	128	122
Share premium	-	1,229	-
Treasury shares	-4,609	-2,984	-4,152
Reserves	1,053	1,429	1,023
Proposed dividend	-	-	1,511
Retained earnings	8,736	6,631	7,635
Total equity	5,302	6,433	6,139
Provisions	98	132	97
Loans and borrowings	3,200	250	2,350
Deferred tax liabilities	510	432	394
Other payables	257	-	249
Total non-current liabilities	4,065	814	3,090
Provisions	944	675	971
Loans and borrowings	52	64	257
Financial instruments	151	424	214
Trade payables	1,259	954	1,329
Income tax payable	337	1,114	306
Other payables	1,392	918	1,005
Total current liabilities	4,135	4,149	4,082
Total liabilities	8,200	4,963	7,172
Total equity and liabilities	13,502	11,396	13,311

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 2016	122	-	-4,152	1,134	-111	1,511	7,635	6,139
Net profit for the period	-	-	-	-	-	-	1,306	1,306
Exchange rate adjustments of investments in subsidiaries	-	-	-	-189	-	-	-	-189
Fair value adjustment of hedging instruments	-	-	-	-	282	-	-	282
Tax on other comprehensive income	-	-	-	-	-63	-	-	-63
Other comprehensive income, net of tax	-	-	-	-189	219	-	-	30
Total comprehensive income for the period	-	-	-	-189	219	-	1,306	1,336
Share-based payments	-	-	230	-	-	-	-209	21
Purchase of treasury shares	-	-	-687	-	-	-	-	-687
Dividend paid	-	-	-	-	-	-1,511	4	-1,507
Equity at 31 March 2016	122	-	-4,609	945	108	-	8,736	5,302
Equity at 1 January 2015	128	1,229	-2,679	885	-156	1,088	6,537	7,032
Net profit for the period	-	-	-	-	-	-	383	383
Exchange rate adjustments of investments in subsidiaries	-	-	-	653	-	-	-	653
Fair value adjustment of hedging instruments	-	-	-	-	45	-	-	45
Tax on other comprehensive income	-	-	-	-	2	-	-	2
Other comprehensive income, net of tax	-	-	-	653	47	-	-	700
Total comprehensive income for the period	-	-	-	653	47	-	383	1,083
Share-based payments	-	-	264	-	-	-	-289	-25
Purchase of treasury shares	-	-	-569	-	-	-	-	-569
Dividend paid	-	-	-	-	-	-1,088	-	-1,088
Equity at 31 March 2015	128	1,229	-2,984	1,538	-109	-	6,631	6,433

The "Share premium" is a distributable reserve under the Danish regulations and has therefore been transferred to "Retained earnings" in December 2015.

Consolidated cash flow statement

DKK million	Q1 2016	Q1 2015	FY 2015
Profit before tax	1,654	957	5,345
Finance income	-24	-2	-84
Finance costs	15	283	553
Depreciation, amortisation and impairment losses	115	67	400
Share-based payments	17	15	75
Change in inventories	-165	46	-431
Change in receivables	-151	-210	-560
Change in payables and other liabilities	89	706	1,139
Other non-cash adjustments	220	-455	-432
Interest etc. received	1	1	3
Interest etc. paid	-8	-6	-104
Income taxes paid	-196	-238	-2,520
Cash flows from operating activities, net	1,567	1,164	3,384
Acquisitions of subsidiaries and activities, net of cash acquired	-28	-161	-289
Divestment of businesses	-	29	29
Purchase of intangible assets	-73	-54	-402
Purchase of property, plant and equipment	-121	-113	-620
Change in other non-current assets	-26	-21	-49
Proceeds from sale of property, plant and equipment	2	9	35
Cash flows from investing activities, net	-246	-311	-1,296
Dividend paid	-1,507	-1,088	-1,088
Purchase of treasury shares	-687	-569	-3,900
Proceeds from loans and borrowings	1,140	304	4,658
Repayment of loans and borrowings	-438	-19	-2,003
Cash flows from financing activities, net	-1,492	-1,372	-2,333
Net increase/decrease in cash	-171	-519	-245
Cash at beginning of period	889	1,131	1,131
Exchange gains/losses on cash	-15	32	3
Net increase/decrease in cash	-171	-519	-245
Cash at end of period	703	644	889
Cash flows from operating activities, net	1,567	1,164	3,384
- Interest etc. received	-1	-1	-3
- Interest etc. paid	8	6	104
Cash flows from investing activities, net	-246	-311	-1,296
- Acquisition of subsidiaries and activities, net of cash acquired	28	161	289
- Divestment of businesses	-	-29	-29
Free cash flow	1,356	990	2,449
Unutilised credit facilities	2,419	3,579	3,089

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

NOTES

NOTE 1 – Accounting policies

This 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 2015 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 adopted by the EU and which are effective for the financial year beginning on 1 January 2016. The implementation of these new or amended standards had no material impact on the financial statements for Q1 2016.

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 2015. See descriptions in the individual notes to the consolidated financial statement in the Annual Report 2015.

NOTE 3 - Operating segment information

PANDORA's activities are segmented on the basis of geographical areas in accordance with the management reporting structure. In determining reporting segments, a number of segments have been aggregated. All segments derive their revenue from the types of products specified in Company Announcement no. 290.

The Group operates with two performance measures with EBITDA as the primary performance measure and EBIT as the secondary performance measure. Management monitors the segment profit of the operating segments separately for the purpose of making decisions about resource allocation and performance management. Segment results are measured as EBITDA, corresponding to 'operating profit' in the consolidated financial statements before depreciation, amortisation and impairment losses in respect of non-current assets. EBIT as a performance measure is only measured at Group level.

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

NOTE 3 - Operating segment information, continued

DKK million	Americas	EMEA	Asia Pacific	Total Group
Q1 2016				
External revenue	1,775	2,085	880	4,740
Segment profit (EBITDA)	680	769	311	1,760
Amortisation, depreciation and impairment losses				-115
Consolidated operating profit (EBIT)				1,645
Q1 2015				
External revenue	1,573	1,417	557	3,547
Segment profit (EBITDA)	537	525	243	1,305
Amortisation, depreciation and impairment losses				-67
Consolidated operating profit (EBIT)				1,238

DKK million	Q1 2016	Q1 2015	FY 2015
Revenue per product group			
Charms	2,927	2,381	10,833
Bracelets	926	546	2,690
Rings	532	405	2,066
Other jewellery	355	215	1,148
Total revenue	4,740	3,547	16,737

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 with the disclosures in note 4.4 in the consolidated financial statement in the Annual Report 2015.

NOTE 6 – Derivative financial instruments

Derivative financial instruments are measured at fair value and in accordance with level 2 in the fair value hierarchy (IFRS 7), see note 4.5 to the consolidated financial statement in the Annual Report 2015.

NOTE 7 – Business combinations

Acquisitions in 2016

On 1 January 2016, PANDORA acquired the PANDORA store network in Singapore and Macau from Norbreeze Group (Norbreeze). The distribution agreements with Norbreeze for distributing PANDORA jewellery in Singapore, Macau and the Philippines was expired on 31 December 2015. Distribution in the Philippines continues under a new agreement with the existing distributor, whereas the distribution in Singapore and Macau remain with PANDORA. On 1 January 2016, PANDORA established a local office in Singapore for the Singapore operation, whereas Macau and the Philippines are operated out of PANDORA's office in Hong Kong.

According to the preliminary purchase price allocation, the purchase price of DKK 166 million was primarily related to non-current assets and inventories related to the acquired stores. Goodwill was DKK 101 million mainly related to the opportunity to enter Singapore and Macau directly and to add 15 PANDORA concept stores and 5 shop-in shops located in these two markets to its retail chain.

The remaining purchase price will be paid in full once the value of the net assets has been determined. DKK 7 million was prepaid in 2015. Transaction cost of DKK 3 million was recognised in the income

statement as administrative expenses. None of the goodwill recognised is deductible for income tax purposes.

Contribution from acquisitions in 2016 to Group revenue and net earnings for the period 1 January – 31 March 2016 was insignificant.

Acquisitions

DKK million	Q1 2016	Total 2015
Other intangible assets	-	69
Property, plant and equipment	6	23
Other non-current receivables	9	12
Receivables	2	30
Inventories	56	141
Cash	-	21
Assets acquired	73	296
Non-current liabilities	-	5
Payables	8	40
Other non-current liabilities	-	7
Liabilities assumed	8	52
Total identifiable net assets acquired	65	244
Goodwill arising from the acquisition	101	281
Purchase consideration	166	525
Cash movements on acquisition:		
Prepaid, previous year ¹	-7	-
Consideration transferred regarding previous years ²	28	-
Deferred payment (including earn-out)	-159	-222
Cash acquired	-	-21
Net cash flow on acquisition for the period	28	282
Prepayments, acquisitions ¹	-	7
Net cash flow on acquisitions	28	289
Cash flow from divestment of businesses ³	-	-29
Net cash flow from business combinations	28	260

¹ Prepayment in 2015, DKK 7 million, was regarding the acquisitions in Singapore, Macau and the Philippines on 1 January 2016.

² The consideration transferred in 2016 was the last payment for the transfer of assets regarding the acquisition in China in 2015, DKK 28 million.

³ Sale of businesses in 2015 included mainly inventories (DKK 18 million), assets related to stores and goodwill (DKK 9 million).

Acquisitions in 2015

Strategic alliance in Japan

On 1 January 2015, PANDORA acquired assets related to the distribution in Japan from Bluebell in a business combination. In addition to the reacquired distribution rights (DKK 30 million), assets related to branded stores – one concept store and nine shop-in-shops – and goodwill (DKK 20 million). 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 fair value of the earn-out is estimated at DKK 58 million.

Acquisition of PAN ME A/S

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

The purchase price of DKK 112 million was primarily related to non-current assets and inventories related to 11 concept stores and 3 shop-in-shops in the UAE and intangible assets comprising reacquired distribution rights (with a remaining lifespan of approximately one year) of DKK 5 million and goodwill of DKK 55 million.

UK

On 2 April 2015, PANDORA acquired 100% of the shares in four Evernal companies comprising concept stores in Liverpool, Blackpool, Trafford and Arndale. The purchase price was DKK 70 million. Assets acquired mainly consist of inventories and other assets and liabilities relating to the stores. Of the purchase price, DKK 74 million was allocated to goodwill.

China

On 1 July 2015, PANDORA acquired assets related to the distribution in China from Oracle Investment (Hong Kong) Limited in a business combination. In addition to the reacquired distribution rights (0.5 year remaining) (DKK 34 million), assets comprised inventories and assets related to 49 branded stores - 30 concept stores and 19 shop-in-shops and goodwill (DKK 94 million). The acquisition was part of a strategic alliance with Oracle in China to jointly distribute PANDORA jewellery in China until 31 December 2018.

The total price will be calculated based on revenue in 2018 and is expected to be DKK 208 million. The remaining payment - the earn-out – will be delayed until the distribution agreement ends in 2018.

Other business combinations in 2015

PANDORA acquired concept stores in the US and Germany in 2015. Assets acquired mainly consist of inventories and other assets relating to the stores. Of the purchase price, DKK 38 million was allocated to goodwill.

The text above regarding acquired businesses in 2015 has been reduced. The full text is available in the annual report for 2015.

NOTE 8 - Contingent liabilities

See note 5.2 to the consolidated financial statements in the Annual Report 2015. Leasing commitments increased by DKK 2 million in Q1 2016 to DKK 2,436 million at the end of Q1 2016.

NOTE 9 – Related parties

Related parties with significant interests

As of 9 June 2015, BlackRock, Inc. increased its holding of shares in PANDORA to 6,234,764 shares, which corresponded to 5.1% of the share capital and the voting rights.

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*

	Number of concept stores Q1 2016	Number of concept stores Q4 2015	Number of concept stores Q1 2015	Growth Q1 2016 /Q4 2015	Growth Q1 2016 /Q1 2015	Number of O&O Q1 2016	Growth O&O stores Q1 2016 /Q4 2015
US	328	324	290	4	38	42	4
Canada	72	71	63	1	9	2	-
Brazil	72	68	43	4	29	43	4
Mexico	14	14	7	-	7	-	-
Rest of Americas	33	24	21	9	12	-	-
Americas	519	501	424	18	95	87	8
UK	198	195	160	3	38	9	-
Germany	159	158	91	1	68	144	1
Russia	203	206	175	-3	28	-	-
France	58	55	40	3	18	23	1
Italy	53	52	40	1	13	19	1
Poland	40	39	37	1	3	17	-
Spain	38	35	25	3	13	-	-
South Africa	29	29	22	-	7	-	-
Belgium	24	24	24	-	-	-	-
Ireland	22	22	20	-	2	-	-
Ukraine	20	19	17	1	3	-	-
Netherlands	19	19	18	-	1	19	-
Portugal	17	16	15	1	2	-	-
Israel	16	13	11	3	5	-	-
United Arab Emirates	15	14	14	1	1	15	1
Czech Republic	14	13	10	1	4	10	1
Turkey	13	10	7	3	6	13	3
Austria	12	12	12	-	-	4	-
Greece	11	11	7	-	4	-	-
Denmark	11	11	9	-	2	11	-
Romania	10	10	5	-	5	7	-
Rest of EMEA	73	70	52	3	21	15	-
EMEA	1,055	1,033	811	22	244	306	8
Australia	103	101	91	2	12	17	-
China	58	53	29	5	29	58	5
Hong Kong	26	25	16	1	10	24	-
Malaysia	25	24	21	1	4	-	-
Singapore	15	15	15	-	-	12	12
New Zealand	12	12	9	-	3	-	-
Rest of Asia Pacific	39	38	31	1	8	7	4
Asia Pacific	278	268	212	10	66	118	21
All Markets	1,852	1,802	1,447	50	405	511	37

*Includes countries with 10 or more concept stores as of end Q1 2016

NOTE 11 – store network, updated comparative figures

The number of 3rd party stores was understated in the comparative figures disclosed in Company Announcement no. 290 – “PANDORA changes financial reporting structure”. Please find updated figures below.

Group	Number of PoS Q4 2015	Number of PoS Q3 2015	Number of PoS Q2 2015	Number of PoS Q1 2015	Number of PoS Q4 2014	Number of PoS Q3 2014	Number of PoS Q2 2014	Number of PoS Q1 2014
Concept stores	1,802	1,666	1,554	1,447	1,410	1,307	1,214	1,137
- hereof PANDORA owned	474	440	357	292	251	218	175	158
- hereof 3 rd party distributors	499	457	466	444	435	404	370	337
Shop-in-shops	1,674	1,613	1,575	1,548	1,555	1,507	1,443	1,388
- hereof PANDORA owned	116	115	94	87	68	62	57	54
- hereof 3 rd party distributors	414	380	381	360	358	320	312	298
Multibranded	5,795	6,254	6,433	6,639	6,941	7,027	7,389	7,547
- hereof 3 rd party distributors	1,184	1,244	1,256	1,345	1,392	1,452	1,475	1,498
Total PoS	9,271	9,533	9,562	9,634	9,906	9,841	10,046	10,072

Americas	Number of PoS Q4 2015	Number of PoS Q3 2015	Number of PoS Q2 2015	Number of PoS Q1 2015	Number of PoS Q4 2014	Number of PoS Q3 2014	Number of PoS Q2 2014	Number of PoS Q1 2014
Concept stores	501	466	447	424	414	391	369	349
- hereof PANDORA owned	79	72	69	59	51	48	20	15
- hereof 3 rd party distributors	-	-	-	-	-	-	-	-
Shop-in-shops	681	670	664	672	683	649	612	585
- hereof PANDORA owned	-	-	-	-	-	-	-	-
- hereof 3 rd party distributors	-	-	-	-	-	-	-	-
Multibranded	1,838	1,988	2,085	2,171	2,283	2,296	2,307	2,316
- hereof 3 rd party distributors	-	-	-	-	-	-	-	-
Total PoS	3,020	3,124	3,196	3,267	3,380	3,336	3,288	3,250

EMEA	Number of PoS Q4 2015	Number of PoS Q3 2015	Number of PoS Q2 2015	Number of PoS Q1 2015	Number of PoS Q4 2014	Number of PoS Q3 2014	Number of PoS Q2 2014	Number of PoS Q1 2014
Concept stores	1,033	963	882	811	786	721	663	617
- hereof PANDORA owned	298	289	250	201	169	143	130	119
- hereof 3 rd party distributors	425	390	369	349	340	315	289	262
Shop-in-shops	791	744	715	681	677	673	651	628
- hereof PANDORA owned	85	84	82	76	68	62	57	54
- hereof 3 rd party distributors	322	294	280	260	250	222	220	214
Multibranded	3,710	4,015	4,091	4,203	4,388	4,452	4,798	4,945
- hereof 3 rd party distributors	1,184	1,244	1,256	1,345	1,392	1,452	1,475	1,498
Total PoS	5,534	5,722	5,688	5,695	5,851	5,846	6,112	6,190

Asia Pacific	Number of PoS Q4 2015	Number of PoS Q3 2015	Number of PoS Q2 2015	Number of PoS Q1 2015	Number of PoS Q4 2014	Number of PoS Q3 2014	Number of PoS Q2 2014	Number of PoS Q1 2014
Concept stores	268	237	225	212	210	195	182	171
- hereof PANDORA owned	97	79	38	32	31	27	25	24
- hereof 3 rd party distributors	74	67	97	95	95	89	81	75
Shop-in-shops	202	199	196	195	195	185	180	175
- hereof PANDORA owned	31	31	12	11	-	-	-	-
- hereof 3 rd party distributors	92	86	101	100	108	98	92	84
Multibranded	247	251	257	265	270	279	284	286
- hereof 3 rd party distributors	-	-	-	-	-	-	-	-
Total PoS	717	687	678	672	675	659	646	632

Quarterly overview

DKK million	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Consolidated income statement					
Revenue	4,740	5,681	3,911	3,598	3,547
Gross profit	3,536	4,205	2,893	2,573	2,522
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1,760	2,144	1,454	1,311	1,305
Operating profit (EBIT)	1,645	2,002	1,339	1,235	1,238
Net financials	9	-84	-35	-69	-281
Profit before tax	1,654	1,918	1,304	1,166	957
Net profit for the period	1,306	1,375	1,006	910	383
Consolidated balance sheet					
Total assets	13,502	13,311	12,919	11,781	11,396
Invested capital	7,972	8,255	7,879	7,359	6,235
Net working capital	615	925	1,124	939	126
Net interest-bearing debt (NIBD)	2,549	1,718	2,175	1,030	-330
Equity	5,302	6,139	5,465	6,097	6,433
Consolidated cash flow statement					
Cash flows from operating activities, net	1,567	1,719	594	-93	1,164
Cash flows from investing activities, net	-246	-323	-332	-330	-311
Free cash flow	1,356	1,464	263	-268	990
Cash flows from financing activities, net	-1,492	-1,060	-320	419	-1,372
Net increase/decrease in cash	-171	336	-58	-4	-519
Growth ratios					
Revenue growth, %	34%	43%	37%	41%	37%
Gross profit growth, %	40%	48%	45%	43%	41%
EBITDA growth, %	35%	48%	43%	47%	39%
EBIT growth, %	33%	45%	39%	47%	40%
Net profit growth, %	241%	37%	39%	37%	-46%
Margins					
Gross margin, %	74.6%	74.0%	74.0%	71.5%	71.1%
EBITDA margin, %	37.1%	37.7%	37.2%	36.4%	36.8%
EBIT margin, %	34.7%	35.2%	34.2%	34.3%	34.9%
Other ratios					
Effective tax rate, %	21.0%	28.3%	22.9%	22.0%	60.0%
Equity ratio, %	39.3%	46.1%	42.3%	51.8%	56.4%
NIBD to EBITDA, x ¹	0.4	0.3	0.4	0.2	-0.1
Return on invested capital (ROIC), % ¹	78.0%	70.4%	65.9%	65.5%	70.9%
Capital expenditure (CAPEX), DKK million ²	274	319	384	239	167
Cash conversion, % ³	82.4%	73.1%	19.6%	-21.7%	80.0%
Other key figures					
Average number of employees	16,740	15,898	14,662	13,378	11,945

1) Ratios are based on 12 months rolling EBITDA and EBIT, respectively

2) Capital expenditure includes additions to both tangible and intangible assets

3) The definition was changed in Q4 2015 – please refer to the Annual Report 2015

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 – 31 March 2016.

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 31 March 2016, and of the results of the PANDORA Group's operations and cash flow for the period 1 January - 31 March 2016.

Further, in our opinion the Management's review p. 1-27 gives a true and fair view 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, 10 May 2016

EXECUTIVE BOARD

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Chief Financial Officer

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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 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.