# SIGNET JEWELERS

# Results Presentation

# Year Ended January 30, 2010

## March 25, 2010

KAY JEWELERS
Every kiss begins with Kay®

JARED®
The Galleria Of Jewelry

H.SAMUEL
THE JEWELLER

Ernest Jones
The Diamond & Watch Specialist

# Safe Harbor Statement

## (Private Securities Litigation Reform Act of 1995)

This presentation include statements which are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements, based upon management's beliefs as well as on assumptions made by and data currently available to management, appear in a number of places throughout this presentation and include statements regarding, among other things, our results of operation, financial condition, liquidity, prospects, growth, strategies and the industry in which the Group operates. Our use of the words "expects," "intends," "anticipates," "estimates," "predicts," "believes," "should," "potential," "may," "forecast," "objective," "plan" or "target," and other similar expressions are intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to a number of risks and uncertainties, including but not limited to general economic conditions, the merchandising, pricing and inventory policies followed by the Group, the reputation of the Group, the level of competition in the jewelry sector, the price and availability of diamonds, gold and other precious metals, seasonality of the Group's business and financial market risk.

For a discussion of these and other risks and uncertainties which could cause actual results to differ materially, see the "Risk and other factors" section of the Company's Fiscal 2009 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission on April 1, 2009 and other filings made by the Company with the Commission, which can be found on the Company's website at www.signetjewelers.com. Actual results may differ materially from those anticipated in such forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein may not be realized. The Company undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events or circumstances.

Certain financial information used during this presentation are considered to be 'non-GAAP financial measures'. For a reconciliation of these to the most directly comparable GAAP financial measures, please refer to the Company's release, dated March 25, 2010, available on the "Latest News" section of the Company's website at www.signetjewelers.com.



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# Fiscal 2010 Results Above January Expectations

- Same store sales little changed, down 0.4%
- Sales down 1.6%, up 0.6% at constant exchange rates
- $241.8 million income before income tax
  - up 13.7% on an underlying basis(1)
- Tax rate 32.1% (fiscal 2009: underlying 33.5%)
- EPS $1.92 (fiscal 2009: loss $4.62)
  - up 16.6% on an underlying basis(1)

(1) Underlying excludes change in US vacation entitlement policy in fiscal 2010 and goodwill impairment and relisting costs in fiscal 2009. Non-GAAP see slide 32

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# Factors Contributing to Above Expectations Performance

- January performance
  - sales exceeding expectations
- Fourth quarter gross merchandise margin benefit
- Expenses
  - net bad debt
  - other cost savings
- Favorable inventory count



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# Significantly Strengthened Balance Sheet

| | Fiscal 2010 | Fiscal 2009 |
|---|---|---|
| Free cash flow[1] | $471.9m | $51.1m |
| Decrease/(increase) in net debt[2] | $462.8m | $(96.1)m |
| Fixed charge cover | 2.04x | 1.93x |
| Interest cover | 8.1x | 7.9x[3] |
| Gearing | 0.4% | 29.2% |
| ROCE | 11.4% | 9.6%[4] |

(1) Cash flow from operations and investing activities, non-GAAP see slide 34
(2) Debt less cash & cash equivalents, non-GAAP see slide 33
(3) Excluding goodwill impairment and relisting fees, non-GAAP see slide 32
(4) Excluding goodwill



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# Sales Growth

| | US % | UK % | Group % |
|---|---|---|---|
| Same store sales | 0.2 | (2.4) | (0.4) |
| Change in space | 0.6 | 2.3 | 1.0 |
| At constant exchange rates | 0.8 | (0.1) | 0.6 |
| Exchange translation | - | (9.2) | (2.2) |
| Total sales growth | 0.8 | (9.3) | (1.6) |



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# Operating Margin Movement

| | US % | UK % | Group % |
|---|---|---|---|
| **Underlying fiscal 2009 margin[1]** | 6.8 | 8.8 | 6.9[2] |
| Gross merchandise margin | 0.4 | (0.2) | 0.2 |
| Expenses leverage / deleverage | 1.5 | (0.9) | 0.9 |
| **Underlying fiscal 2010 margin** | 8.7 | 7.7 | 8.0[2] |
| US vacation entitlement policy change | 0.5 | - | 0.4 |
| **Fiscal 2010 margin** | **9.2** | **7.7** | **8.4**[2] |

(1) Excludes goodwill impairment and relisting costs, non-GAAP see slide 32
(2) Includes unallocated costs, principally central expenses



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# Cash Inflow More Than Double Fiscal 2010 Objective

| Fiscal | 2010 | 2009 |
|---|---|---|
| Net income adjusted for non-cash items[1] | 293.9 | 259.8 |
| Change in operating assets and liabilities | | |
| Underlying (ex US space growth) | 250.4 | 20.7 |
| US space growth | (28.2) | (66.5) |
| Forex impact on currency swaps | (0.7) | (49.6) |
| | 221.5 | (95.4) |
| Net cash from operating activities | 515.4 | 164.4 |
| Investing activities | | |
| Underlying (ex US space growth) | (33.4) | (74.3) |
| US space growth | (10.1) | (39.0) |
| Free cash flow[2] | 471.9 | 51.1 |

(1) Non-GAAP measure see slide 32
(2) Net cash flow before financing activities, non-GAAP see slide 34

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# Substantially Eliminated Net Debt of $470 Million

| Fiscal | 2010 | 2009 |
|---|---|---|
| **Opening net debt[1]** | **(470.7)** | **(374.6)** |
| Free cash flow[2] | 471.9 | 51.1 |
| Net shareholder distribution[3] | - | (123.8) |
| Net change in common shares | 1.0 | 0.1 |
| Facility amendment fees | (9.3) | - |
| | (7.1) | (447.2) |
| Foreign exchange impact | (0.8) | (23.5) |
| **Closing net debt[1]** | **(7.9)** | **(470.7)** |

(1) Non-GAAP see slide 33
(2) Non-GAAP see slide 34
(3) Dividends, share repurchases and equity issued

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# Changes In Borrowing Structure

- $50.9 million prepayment at par to note holders
  - $229.1 million remains outstanding
- Revolving credit facility reduced to $300 million from $370 million
- Maintain considerable financial flexibility
- Reduce expected financing costs during fiscal 2011



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# Fiscal 2010
# Operating Review



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# Consistent Gains in US Market Share[1]

| | 1999 | 2004 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| Signet | 4.9% | 7.5% | 9.0% | 9.0% | 9.4% |
| Zale[2] | 6.4% | 7.8% | 6.5% | 5.8% | 5.1% |
| Tiffany | 2.8% | 3.9% | 4.9% | 5.2% | 4.7% |
| Blue Nile | 0.1% | 0.6% | 1.0% | 0.9% | 1.0% |
| Finlay[2] | nil | nil | 0.7% | 1.1% | Liquidated |
| Friedman | 1.2% | 1.5% | na | Liquidated | - |
| Whitehall | 1.1% | 1.1% | 0.9% | Liquidated | - |

(1) Share of US specialty jewelry market based on SEC filing

(2) Acquired Bailey, Banks & Biddle in November 2007 from Zales
Congress Jewelers in November 2006 & Carlye Jewelers in May 2005

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# US Performance Drivers

- Gained profitable market share
  - superior customer service
  - successful merchandising initiatives
  - focus on TV advertising
- Achieved gross merchandise margin target
  - further rise in gold costs offset by lower diamond prices
  - more differentiated merchandise balanced by increase in “value items”
- $100m cost saving program implemented



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# Accounts Receivable Performance

- Driven by macro-economic factors
  - Signet's credit standards unchanged
  - initial signs of stabilization
- Fiscal 2010 performance
  - participation up 30bpts to 53.5%
  - net bad debt to total sales up 0.7% to 5.6%
  - collection rate down 60 bpts to 12.5% per month
  - acceptance rate up by 210 bpts
- Increased competitive advantage
  - constrained alternative sources available to consumer
  - increased third party costs to other jewelers

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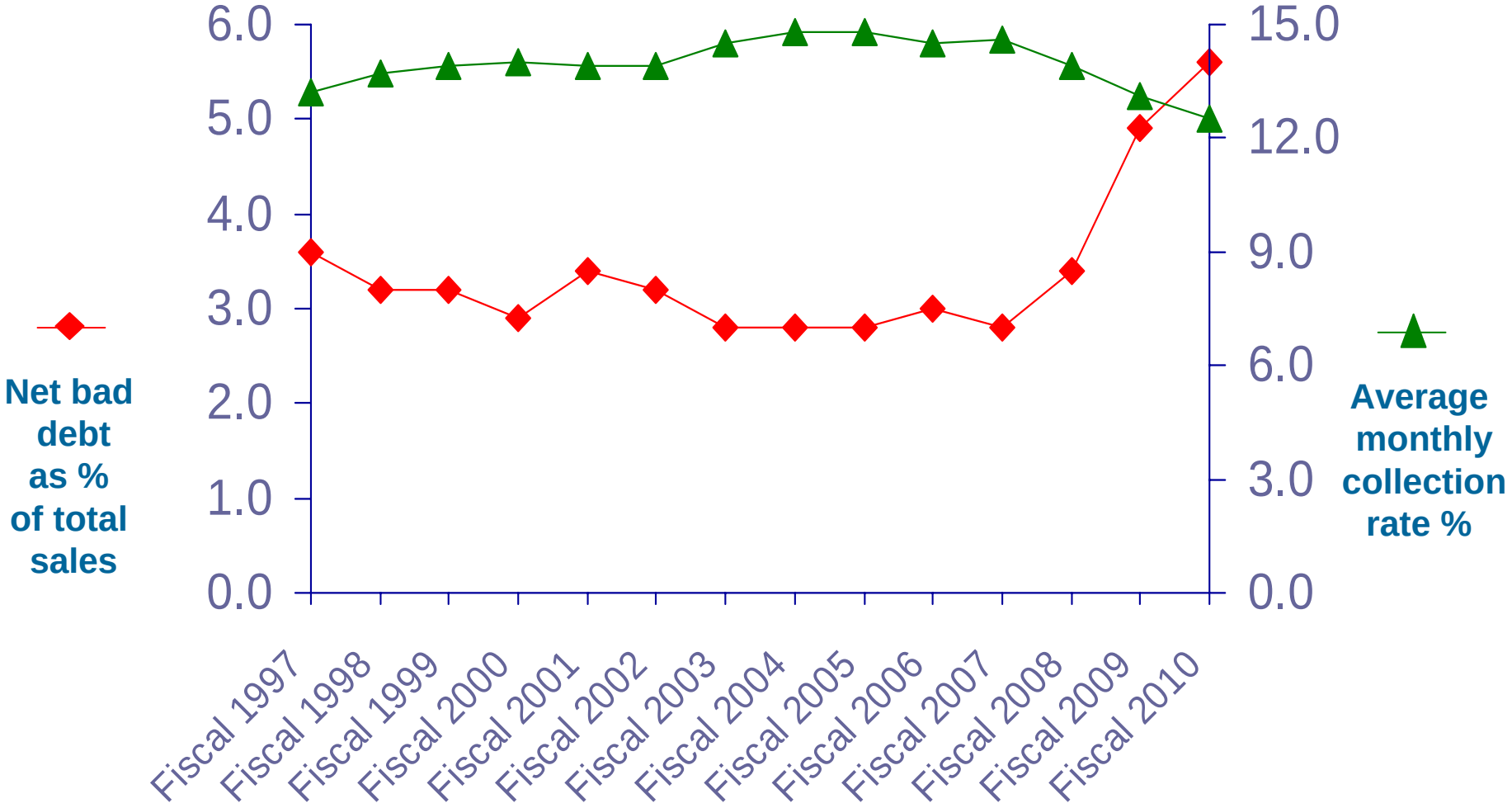
# US Receivables Performance

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# UK Performance Drivers

- Maintained pound sterling sales
  - focus on staff training
  - successful merchandising initiatives
  - customer relationship marketing increased
- Exceeded gross merchandise margin target
  - prices increases largely offset higher cost of goods
- Pound sterling expenses slightly above target
  - property rationalization costs



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# Operating Strategy for Fiscal 2011



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# Broadly Maintain Successful Group Strategy

- Enhance position as strongest middle market specialty retail jeweler
  - take advantage of capacity reduction
  - many firms less able to compete
  - focus on sustainable competitive advantages
- Reduce business risk
  - aim to improve store productivity
  - maintain financial strength & flexibility
- Focus on profit & cash flow maximization
  - tightly control gross merchandise margin, costs & inventory

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# US Specialty Sector Consolidation

- About 1,800 net stores closed in 2008
  - Friedman
  - Whitehall
- Estimate that 750 to 1,500 closed in 2009
  - Zales ~160
  - Finlay specialty ~108
  - Signet US 40
- Higher than normal level expected in 2010



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# US Differentiated Merchandise

- Demonstrated unique ability in mid market
  - Over 1,300 stores, sales of more than $2,500mn
  - national television advertising
  - built executional expertise
  - strong balance sheet
  - now “go to” retailer for vendors
- Advantages
  - stand out from competitors
  - less vulnerable to discounting
  - control execution
- Continue to develop differentiated sales



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# US Merchandise Margin Drivers

- Commodity costs
  - diamond prices up on Q1 fiscal 2010 but down on fiscal 2009
    - ~55% COGS
  - year to date gold costs up 23% calendar 2010 v calendar 2009
    - ~20% COGS
    - implementing price increases for selected merchandise
- Use balance sheet strength to our advantage
- Target is to at least maintain gross merchandise margin at last year's level

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# Tight Control of US Expenses

- Controllable expenses forecast to be broadly flat
  - benefit from net space reduction
- Adverse impact from:
  - absence of $13.4 million one-off benefit from change in vacation entitlement policy
  - direct adverse impact of TiLA in fiscal 2011 estimated as net $15-20 million
- Variable factors
  - sales related expenses
  - net bad debt performance

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# US Changes in Square Footage

| | Kay Mall | Kay Off Mall | Regionals | Jared* | Total | Change in Space |
|---|---|---|---|---|---|---|
| **Jan 2008** | **789** | **105** | **351** | **154** | **1,399** | **10%** |
| Opened | 27† | 30 | 3 | 17 | 77 | |
| Closed | (21) | (4) | (50)† | - | (75) | |
| **Jan 2009** | **795** | **131** | **304** | **171** | **1,401** | **4%** |
| Openings | 5† | 3 | 1 | 7 | 16 | |
| Closures | (6) | (5) | (45)† | - | (56) | |
| **Jan 2010** | **794** | **129** | **260** | **178** | **1,361** | **(1)%** |
| Openings (forecast) | 4 | 2 | - | 2 | 8 | |
| Closures (approx.) | (10) | (4) | (36) | - | (50) | |
| **Jan 2011 (forecast)** | **788** | **127** | **224** | **180** | **1,319** | **(2)%** |
| **Long term potential** | **~850** | **~500** | **100-200** | **300+** | **1,750+** | |

* A Jared store is equivalent to just over four mall stores in size
† Includes 14 rebranded stores in 2008 and 2 in 2009

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# Planned Increase in US Capital Expenditure

| $ million | Fiscal 2011 plan | **Fiscal 2010** | Fiscal 2009 |
|---|---|---|---|
| New stores | ~5 | **10.1** | 39.0 |
| Other stores | ~35 | **8.1** | 17.3 |
| Other | ~20 | **12.9** | 20.4 |
| Total | ~60 | **31.1** | 76.7 |

- Other store capex up ~$27m on fiscal 2010
  - 16 Jared remodels
  - 22 Kay remodels
- Return MIS spend to historic levels

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# UK Sales & Merchandise Margin

- Sales initiatives in fiscal 2011
  - maintain focus on training & customer service
  - test & develop new ranges, including differentiated ranges
  - continue development of customer relationship marketing
- Gross merchandise margin outlook
  - gold cost increases
  - impact of Value Added Tax (VAT) increase
  - increase prices as a result
  - continue to utilize scale, expertise & balance sheet
  - full year gross merchandise margin expected to be somewhat lower



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# UK Cost Initiatives

- Moderate underlying inflationary pressures
- Opportunities
  - improved store staff scheduling
  - reduced property costs
  - focus on major centers, close 15 stores
- Cost base targeted to be slightly lower in pounds sterling



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# Planned Increase in UK Capital Expenditure

| £ million | Fiscal 2011 plan | **Fiscal 2010** | Fiscal 2009 |
|---|---|---|---|
| Stores | ~8.5 | **6.7** | 18.4 |
| Other | ~5.0 | **1.2** | 3.4 |
| Total | ~13.5 | **7.9** | 21.8 |

- Store expenditure up £2m on fiscal 2010
  - 23 store refurbishments & resites planned
  - ~40 more store redecorations budgeted
- Increased investment in MIS

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# Free Cash Flow Objective Fiscal 2011

- Fiscal 2011 free cash inflow objective of between $150 million and $200 million
  - limited scope for a further substantial reduction in working capital
- Uncertain cash flow impact from amendments to Truth in Lending Act
- Capital expenditure planned to be ~$80 million
- No shareholder distributions in fiscal 2011

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# Current Trading Update

- Encouraging start to the year
  - uncertain economic outlook, particularly in the UK
  - consumer expenditure remains constrained
- US same store sales up 7.8%
  - Jared performing especially strongly
  - weakened competition
- UK same store sales down 0.1%
  - better performance by Ernest Jones
  - impact of higher VAT unclear



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# Regulation G



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# Fiscal 2010 Sales

The Group has historically used constant exchange rates to compare period-to-period changes in certain financial data. This is referred to as 'at constant exchange rates' throughout this presentation and constitutes a "non GAAP financial measure". The Group considers this to be a useful measure for analysing and explaining changes and trends in the Group's results. The impact of the re-calculation of sales at constant exchange rates, including a reconciliation to the Group's GAAP results, is analysed below.

| | Fiscal 2010 as reported | Fiscal 2009 as reported | Change as reported | Impact of exchange rate movement | Fiscal 2009 at constant exchange rates (non-GAAP) | Change at constant exchange rates (non-GAAP) |
|---|---|---|---|---|---|---|
| | $m | $m | % | $m | $m | % |
| US | 2,557.5 | 2,536.1 | 0.8 | - | 2,536.1 | 0.8 |
| UK, Channel Islands & Republic of Ireland | 733.2 | 808.2 | (9.3) | (73.9) | 734.3 | (0.1) |
| | **3,290.7** | **3,344.3** | **(1.6)** | **(73.9)** | **3,270.4** | **0.6** |



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# Fiscal 2010 Results

The Group has historically used constant exchange rates to compare period-to-period changes in certain financial data. This is referred to as 'at constant exchange rates' throughout this presentation and constitutes a "non GAAP financial measure". The Group considers this to be a useful measure for analysing and explaining changes and trends in the Group's results. The impact of the re-calculation of operating income/losses and income before income taxes at constant exchange rates, and before in fiscal 2009 the impact of goodwill impairment and relisting costs and in fiscal 2010 the change in vacation entitlement policy, including a reconciliation to the Group's GAAP results, is analysed below.

| | Fiscal 2010 as reported | Fiscal 2009 as reported | Change as reported | Fiscal 2010 underlying (non-GAAP) | Fiscal 2009 underlying (non-GAAP) | Underlying change (non-GAAP) | Fiscal 2009 underlying at constant exchange rates (non-GAAP) | Fiscal 2010 underlying change at constant exchange rates (non-GAAP) |
|---|---|---|---|---|---|---|---|---|
| | $m | $m | % | $m | $m | % | $m | % |
| US | 235.8 | (236.4) | n/a | 222.4 | 171.6 | 29.6 | 171.6 | 29.6 |
| UK, Channel Islands & Republic of Ireland | 56.5 | (37.4) | n/a | 56.5 | 71.5 | (21.0) | 65.0 | (13.1) |
| Unallocated | (16.5) | (23.5) | n/a | (16.5) | (13.0) | (26.9) | (11.8) | (39.8) |
| Operating income/(loss) | **275.8** | **(297.3)** | **n/a** | **262.4** | **230.1** | **14.0** | **224.8** | **16.7** |
| Income/(loss) before income taxes | **241.8** | **(326.5)** | **n/a** | **228.4** | **200.9** | **13.7** | **195.3** | **16.9** |

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# Net Debt

Net debt is a "non GAAP financial measure". Management considers it to be a useful additional measure for analyzing and explaining changes and trends in Signet's financial position. It is calculated as set out below:

| | January 30, 2010 | January 31, 2009 |
|---|---|---|
| | $m | $m |
| Long-term debt | (280.0) | (380.0) |
| Loans & overdrafts | (44.1) | (187.5) |
| | (324.1) | (567.5) |
| Less | | |
| Cash & cash equivalents | 316.2 | 96.8 |
| Net debt | (7.9) | (470.7) |



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# Free Cash Flow

Free cash flow is a “non GAAP financial measure” defined as the net cash provided by operating activities less net cash flows used in investing activities. Management considers that this is helpful in understanding how the business generating cash from its operating and investing activities that can be used to meet the financing needs of the business. Free cash flow does not represent the residual cash flow available for discretionary expenditure.

| | Fiscal 2010 | Fiscal 2009 |
|---|---|---|
| | $million | $million |
| Net cash provided by operating activities | 515.4 | 164.4 |
| Net cash flows used in investing activities | (43.5) | (113.3) |
| Free cash flow | 471.9 | 51.1 |

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