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SIG - SIGNET JEWELERS LTD HOLIDAY TRADING STATEMENT CONFERENCE CALL

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CORPORATE PARTICIPANTS

Tim Jackson *Signet Jewelers Limited - Director, IR*

Mike Barnes *Signet Jewelers Limited - CEO*

Ron Ristau *Signet Jewelers Limited - CFO*

CONFERENCE CALL PARTICIPANTS

Rick Patel *Bank of America-Merrill Lynch - Analyst*

Jennifer Davis *Lazard Capital Markets - Analyst*

Bob Drbul *Barclays Capital - Analyst*

Jeff Stein *Northcoast Research - Analyst*

Bill Armstrong *C.L. King & Associates - Analyst*

David Wu *Telsey Advisory Group - Analyst*

Rod Whitehead *Deutsche Bank - Analyst*

John Baillie *Societe Generale - Analyst*

PRESENTATION

Operator

Good day and welcome to the Signet Jewelers Holiday Trading Statement conference call. Today's conference is being recorded. At this time, I would like to turn the conference over to Tim Jackson. Please go ahead, sir.

Tim Jackson - *Signet Jewelers Limited - Director, IR*

Good morning and thank you, operator and welcome to all of those on the conference call. I am Tim Jackson, Investor Relations Director. With me are Mike Barnes, CEO and Ron Ristau, CFO. The presentation deck we will be talking to is available from the Webcast section of the Company's website, www.signetjewelers.com.

Before I hand over to Mike, I will give the Safe Harbor statement. Today's presentation will, in places, discuss Signet's business outlook and make certain forward-looking statements. Any statements that are not historical facts are subject to a number of risks and uncertainties and actual results may differ materially. We urge you to read the risk factors, cautionary language and other disclosures in the Annual Report on Form 10-K that was filed with the SEC on March 30, 2011. We also draw your attention to this slide. I will now hand over to Mike.

Mike Barnes - *Signet Jewelers Limited - CEO*

Thanks, Tim and happy new year to you all. We are very pleased with our holiday performance with the same-store sales up 7.8% for the nine weeks to December 31. We believe our strong performance in both the US and the UK for the holiday season and year-to-date is due to the exceptional execution by our teams in both divisions. I would like to thank all of them very much for their dedication and hard work.

Our performance is built on the long-term competitive strengths of the business. It starts with a great customer experience, which our teams deliver; second, the strength of our merchandise, including the branded, differentiated and exclusive ranges; next, our continued investment in advertising and digital media to support our store concepts and merchandise initiatives; and then our US customer finance programs, which are very effective at supporting our customers' jewelry purchases.

I will now hand it over to Ron to look at the sales in more detail and to take you through our guidance for fiscal 2012. I will then add a little more color to the divisional performance over the holiday period.

Ron Ristau - *Signet Jewelers Limited - CFO*

Thank you, Mike. As Mike indicated, fiscal 2012 holiday comp store sales were up 9.2% in the US and up 1.8% in the UK for a total comp of 7.8%. This compares to an increase of 8.1% in the prior year. For the nine-week holiday period, total Company sales were up 7.5% following a 6% increase last holiday season. For the 48 weeks to December 31, comp store sales were up 9.4% versus 6.6% in the prior year and our as-reported total sales for the 48-week period were up 9.6% this year compared to an increase of 4.8% last year.

Now turning to our guidance for fiscal 2012, as a result of our sales performance, income before income taxes is expected to range between $494 million and $501 million, which, after a forecasted tax rate of 35.4%, would result in diluted earnings per share of $3.67 to $3.72, up from $2.32 last year, an increase of 58% to 60%.

Please note that, in fiscal 2011, our results included a nonrecurring make-whole payment due to the pre-payment in full of our private placement notes of $47.5 million pretax, $29.5 million post-text, or $0.34 per share, which occurred in the fourth quarter of fiscal 2011. Our expected earnings growth, excluding this item, would be 38% to 40%.

Our free cash flow is now anticipated to be $230 million to $240 million and reflecting the Board's confidence in the strength of the business, our ability to invest in growth initiatives and the Board's commitment to building long-term shareholder value, a quarterly dividend of $0.10 was declared by our Board and announced today. And we would remind you of the previously announced $300 million share repurchase program that comes into effect on January 16, 2012 will be in effect for the following 24 months.

We thought it would be appropriate to look at our performance for the year we are projecting compared to key financial objectives that we set out at the start of the year. We established a goal to improve our gross margin ratio and we expect for the year that our gross margin ratio will be up by 200 to 210 basis points. We've said SG&A expense would be broadly similar to fiscal 2011 and we now expect that SG&A will improve 25 to 30 basis points as compared to last year after providing for substantially increased advertising support.

Our capital spending was targeted at $110 million to $130 million and we now expect capital investment driven by new stores, remodeling, Internet investment and IP infrastructure projects to range from $105 million to $110 million. Our originally targeted free cash flow of $150 million to $200 million, which we have raised to $175 million to $225 million in the second quarter, is now projected to range between $230 million and $240 million for the year. Our performance will exceed all of our established goals for the year due to excellent execution by all members of our team. I will now hand it back over to Mike.

Mike Barnes - *Signet Jewelers Limited - CEO*

Okay, thank you, Ron. In the US, same-store sales grew by 9.2% in the holiday period against an increase of 11.7% last year and 7.6% for holiday 2009. It is really an outstanding three-year comp. There was another strong performance by Kay, up 9.8% against a 10.6% increase last holiday season. Jared same-store sales were up by 10% against an increase of 18.7% in the comparable period. Our regional brands were also up 3.1% against a 1.4% increase last holiday season.

Same-store sales for the 48 weeks rose by 11.6% against an increase of 8.9% in the comparable period in fiscal 2011. Kay was up 12.2% against an increase of 6.8% in the last year's 48-week period and Jared was up 12.8% against an increase of 16% in the comparable period. The regional brands again were up 4.4% compared to a rise of 2% in the year-to-date last year. Our level of promotional activity and discounting this holiday was also similar to last year.

Our highly motivated and well-trained team did a great job and once again delivered a great customer experience. Our differentiated merchandise ranges performed strongly and for fiscal 2012 as a whole, our differentiated and exclusive merchandise is expected to account for about 26% of merchandise sales and that is up approximately 400 basis points.

We increased national television advertising impressions for both Kay and Jared with our highly recognized campaigns, which again were very effective. I hope you all had an opportunity to see them. We will be carefully examining the results of our consumer research while we are planning next year's marketing spend.

Our in-house customer finance program was again a competitive strength for us and the redesigned Kay and Jared websites performed very well and Internet sales were up 44% for the holiday season.

And now we'll take a look at the UK. In the UK, same-store sales increased by 1.8% in the holiday season compared to a decline of 4.2% in the comparable period last year, which was somewhat disrupted by adverse weather conditions. This was really a great result in the current economic environment. For the year-to-date, same-store sales are up 0.8% against a decline last year of 1.7%. As we expected, the UK consumer was very value-conscious this holiday season and this was reflected in our planning. As a result, the participation of our engineered promotional lines was up on last year.

In a very challenging marketplace, our UK team has done a great job in driving performance. The overall customer experience continues to be excellent, led by dedicated and well-trained staff. Over the holiday season, our success was led by watches and the bridal category, including gold rings. In jewelry, the branded merchandise performed well. We continued to drive both concepts through targeted increases in marketing using television advertising for H. Samuel and press ads for Ernest Jones. Also, the level of customer relationship marketing was up for both brands.

And finally, we are also very pleased with the results of our initiatives in digital media as we saw Internet sales increase by 24% and that is just a great result.

Having now worked with the Signet team throughout the year, I have been truly impressed by the performance and execution. And I would like to once again thank them for their contribution to what has been a very successful year to date. We would now be pleased to take any questions that you have.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Rick Patel, Bank of America.

Rick Patel - *Bank of America-Merrill Lynch - Analyst*

Thank you, good morning. Can you talk about your performance of bridal versus fashion jewelry during the holiday? Did one area meaningfully do better than the other? And then can you also dig a little bit deeper into the fashion side of it and perhaps talk about which brands or categories performed the best and also highlight which ones underperformed?

Ron Ristau - *Signet Jewelers Limited - CFO*

Well, the bridal category was up in the holiday trading period. Fashion jewelry, of course -- it is the time for fashion jewelry to shine, so it is up even more in the holiday timeframe. As Mike indicated, the overall performance of the branded and differentiated merchandise was very strong and for the year, we expect that to be up around 400 basis points. That trend was really driven by again what happened in the fourth quarter. So those brands were the drivers of the fourth quarter as they were the drivers of our first couple of quarters.

Mike Barnes - *Signet Jewelers Limited - CEO*

Yes, we had some strong brands during the quarter, Rick. It was really very successful indicated by the increase in our differentiated and exclusive brands that we talked about. I really don't want to get into too much detail on exactly which brands performed and how they performed, but I would say that we had newer brands coming online that did perform very well in both the bridal categories and then we also had great performance from some of our fashion category brands. But I'd -- for competitive reasons, I really don't want to get into calling out exact brands at this time.

Operator

Jennifer Davis, Lazard Capital Markets.

Jennifer Davis - *Lazard Capital Markets - Analyst*

Hey, guys, congratulations on a very strong holiday. I was wondering -- maybe digging a little into Rick's question, with the branded merchandise up about 400 basis points this year, I assume most of that came from bridal. So could you maybe talk about what percent of sales bridal is now? And then expanding on that a little, if you look at ASPs as bridal, I assume, is becoming a larger part of the mix and I assume that that also helps drive up the ASPs, so could you talk a little bit about how much an increase in ASP is due to increased prices and how much is from higher price point items or mix? Thanks.

Mike Barnes - *Signet Jewelers Limited - CEO*

Thank you, Jennifer. Bridal, obviously, a very important part of our business. It still remains right around the 50% mark in terms of share of mix of our business. Bridal is not -- it had a good quarter to date through the holiday season, but bridal is not particularly the strongest part of the holiday gift-giving season. So it was still very, very strong and you are right. Some of the newer brands that we have in bridal helped to drive that and helped to drive the ASPs and we expect to see that continue as we go forward because some of these brands are in the very early stages right now and some have just been rolled out to all doors even recently.

As far as the fashion brands, also very strong performance from a lot of those brands as well and we expect to see that continue. It is a strong part of our business right now and it has been all year long, as you know. And based upon the share of mix that we have with some of these brands now, you can see how much stronger it is becoming even year-over-year.

The ASPs were higher. We didn't release an ASP increase number mainly because we are not in a financial, full financial reporting period such as a quarter or year-to-date and so we prefer to release that number at the end of our fourth quarter during our fourth-quarter earnings announcement, but the ASPs were up pretty substantially. There were price increases, obviously, in there that were made earlier in the year and as we have said, we plan to continue to try and price to at least maintain our gross merchandise margins as we move forward as well.

Jennifer Davis - *Lazard Capital Markets - Analyst*

Great, thanks. And then can I just ask -- Zales said that they saw a slowdown from about 10% in November to about 4% in December. I assume that you guys saw a similar kind of rate based on your comments from November. I was just wondering if you could talk a little bit about how the compares were last year and if you think that that means anything for Valentine's Day. Do you think that sales are slowing down a little bit or do you think that it is partly due to just comparisons? Thanks.

Ron Ristau - *Signet Jewelers Limited - CFO*

Well, first thing we would say is that was not our experience that our comps in November and December were broadly similar, increasing in Kay. They were down a little bit in Jared. In H. Samuel and Ernest Jones, our comps were both up. So our comp November/December did not decline precipitously as you are indicating other competitors have talked about. That was not our experience.

We believe we are well-positioned for the Valentine's Day timeframe and we would expect to have a good sales result. We see nothing in our sales numbers that leads us to believe that there are any sorts of substantial decelerations in anything related to our business.

Jennifer Davis - *Lazard Capital Markets - Analyst*

Great, that's good to hear. Thanks a lot.

Operator

Bob Drbul, Barclays Capital.

Bob Drbul - *Barclays Capital - Analyst*

Hi, good morning. Just a couple quick questions. First, on the UK, the positive number in the UK, can you elaborate a little bit more on the composition there and sort of the trends in how you were able to do that especially given the environment in the UK?

Mike Barnes - *Signet Jewelers Limited - CEO*

Well, we were very pleased with seeing that comp, obviously. Now we were up against a holiday trading period last year that was somewhat disrupted, as I said in my prepared remarks, with weather, but it was still something very positive for us to see. I think that it is the fact that we have stayed behind our business and supported it. I also mentioned that we increased marketing in the UK as well; it wasn't just in the US. We increased our television advertising at H. Samuel and we increased our press advertising with Ernest Jones and we continue to be innovative and drive new merchandise into the stores. I think that was a big part of it because I think when the economy is tough, the consumer is looking for something new and innovative and fashionable. And I think all of that helped to drive our business to the positive results we saw. And compared to most of the other nonfood retailers in the UK, we are extremely pleased with those numbers.

Bob Drbul - *Barclays Capital - Analyst*

Great. And Ron, in terms of the customer finance programs, any big callouts around the programs or the credit that you extended or maybe any commentary around the bad debt that you are assuming from coming out of the fourth quarter?

Ron Ristau - *Signet Jewelers Limited - CFO*

No, what I would say is the performance of the consumer finance team and consumer finance in general was very strong. We noticed that, during the fourth quarter, our penetration to the credit business increased so that it was strongly supporting the business. Our offers were very consistent with those that we have given other times of the year and other holiday timeframes, so no significant callouts there. We would expect the bad debt performance, which has been very good all year, to be continuing into the fourth quarter and we would expect to be below the 3.5% of sales kind of benchmark that we set for ourselves as we end the fiscal year.

So everything at credit has been very good. The portfolio continues to perform very well; consumers continue to perform strongly; and it is doing its job in supporting the purchase of jewelry in an efficient manner for our customers.

Bob Drbul - *Barclays Capital - Analyst*

Great. And then my last question is on the US, any color around the different regions or regional performances that you would make on the results?

Ron Ristau - *Signet Jewelers Limited - CFO*

No significant differences.

Bob Drbul - *Barclays Capital - Analyst*

Great. Thanks very much.

Ron Ristau - *Signet Jewelers Limited - CFO*

(multiple speakers) more of our performance across the regions has been very consistent. We've answered that question I think pretty consistently quarter in and quarter out that regional distortions have been really de minimis, which is good to see.

Bob Drbul - *Barclays Capital - Analyst*

Great. Thank you.

Operator

Jeff Stein, Northcoast Research.

Jeff Stein - *Northcoast Research - Analyst*

Good morning, guys. I was wondering if, within the categories, if you did see tradedown by consumers over the holiday selling period.

Mike Barnes - *Signet Jewelers Limited - CEO*

I would say in the US especially no. I think that it was the great merchandise and offerings that drove what the consumers were buying and that, if anything, in certain instances, they were reaching up for great merchandise as opposed to trading down.

In the UK, I think it was a little bit more of a promotional customer. They were looking for the bargains; they were seeking them out. And so they were gravitating a little bit more towards what they saw on promotion in that economic environment over there.

Jeff Stein - *Northcoast Research - Analyst*

Okay. And two other ones real quickly. Mike, wondering if you could comment on the performance of the charm category. And then, Ron, can you talk a little bit about approval rates in your credit business?

Mike Barnes - *Signet Jewelers Limited - CEO*

The charms altogether did very well for us again, especially the Charmed Memories did very well. The Pandora business, which is our Jared brand, obviously, did well also. And so we were very pleased with the business that we saw in there, especially since it has become a fully comped business now in both the US markets in both of our concept stores and also in the UK market. So it is good to see that it is still strong.

Ron Ristau - *Signet Jewelers Limited - CFO*

And our approval ratios were consistent with previous year fourth quarter, so we saw no real change in our approval ratios, but our penetrations did go up substantially in the receivable sales by about somewhere in the neighborhood of 200 basis points. So receivable penetration was up, but approval rates were consistent.

Jeff Stein - *Northcoast Research - Analyst*

Great, thank you.

Operator

Bill Armstrong, CL King & Associates.

Bill Armstrong - *C.L. King & Associates - Analyst*

Good morning. Tiffany said that they saw sales weaken markedly in the holiday period in both US and Europe. I know you don't necessarily compete directly with them, but there is some overlap, obviously. I was wondering if you saw any weakness in any categories or any pockets of the market that you might have identified.

Mike Barnes - *Signet Jewelers Limited - CEO*

No, I think, as Ron just mentioned a few moments ago, that we saw very similar comps between November and December and continued strength out there. We were up against some pretty powerful comps last year too and even the year before. So in many ways, it was a great performance in that regard.

As far as categorically, I would say it was very broad-based success that we saw out there. Our bridal categories, our bridal brands did well; our fashion brands did well. In just about every category across the board, we saw mostly success, not a lot of drop-off.

Bill Armstrong - *C.L. King & Associates - Analyst*

Okay. In the third quarter, Jared, obviously, got a big boost from the Rolex liquidations. Was there any -- what was the comp impact during the holiday period from the Rolex liquidation sales?

Ron Ristau - *Signet Jewelers Limited - CFO*

Virtually no impact from the Rolex sales in the fourth quarter. It was really more a third-quarter event. Our watch business overall was very strong in the fourth quarter, but Rolex, while an important brand and a good performer, was not -- there was no unusual comp associated with it. The majority of that was associated in the third quarter when we first went on some additional discounts and customers quickly reacted. In the fourth quarter, with our inventories again being down a little bit, we did not realize any significant impact to the comp that we would call out.

Bill Armstrong - *C.L. King & Associates - Analyst*

Okay. Just two other questions. CapEx, you lowered by, it looks like, about $15 million to $20 million. Were some projects canceled or was this an issue of some things pushing out into the next fiscal year?

Ron Ristau - *Signet Jewelers Limited - CFO*

It is primarily a function of things pushing out. We like sometimes get too aggressive on the things we think we can get done in the fiscal year. So the majority of it is items, which are going to push out into next year. It is not like we have backed off of any of our spending; it is just some things we were not able to get to versus our original annual expectation. Maybe when we get into it next year as a result of that, our capital spending will be up again next year to support some of the carryover projects and also some new initiatives we have going on. So we have a very strong program going on, continuing along the line.

As we indicated at our Investor Day earlier this year, our new stores will be up next year; our remodeling program will be strong; we will continue to build out our infrastructure for the Internet and other associated IT projects and also our supply chain. So capital spending next year will be good because we see good return on investment on these programs and want to continue to drive the business forward.

Bill Armstrong - *C.L. King & Associates - Analyst*

Got it. And then finally, your free cash flow projection now was increased. That is partially explained by the lower CapEx. Where is the remainder of the increase coming from relative to your previous expectations?

Ron Ristau - *Signet Jewelers Limited - CFO*

(multiple speakers) better performance in inventory and certain other categories of the business, but the majority of it is driven by the shift in timing of capital spending.

Bill Armstrong - *C.L. King & Associates - Analyst*

Okay. So we are looking at more of a working capital shift rather than increased earnings relative to what was previously assumed?

Ron Ristau - *Signet Jewelers Limited - CFO*

Our earnings are in range. I mean there is a slight benefit from additional earnings, but the majority of it in looking at cash is really working capital management.

Bill Armstrong - *C.L. King & Associates - Analyst*

Got it. Okay, great. Thanks very much.

Ron Ristau - *Signet Jewelers Limited - CFO*

It is really all three working together to tell you the truth. It is the capital spending, working capital and some incremental earnings.

Bill Armstrong - *C.L. King & Associates - Analyst*

Right, okay, thanks.

Operator

(Operator Instructions). David Wu, Telsey Advisory Group.

David Wu - *Telsey Advisory Group - Analyst*

Hi, good morning, everyone. First, can you talk about whether promotional levels were more or less the same as last year and if they were in line with your plan?

Mike Barnes - *Signet Jewelers Limited - CEO*

Good morning, David. They were in line with our plan in the United States. It was similar promotional activity to what we saw last year, so nothing unusual at all. In the UK, we knew the consumers were going to be cost-conscious and so we made sure that we planned for that in advance and made sure that we did have an appropriate amount of promotional goods available for them. And then the consumer -- we tended to be right. They seemed to kind of gravitate towards those promotional opportunities once they did see them out there. So it was a little bit more in the UK probably.

David Wu - *Telsey Advisory Group - Analyst*

Great. In terms of store growth next year, are you still expecting to open around 40 to 50 new stores and close around 30 to 35 locations in the US?

Mike Barnes - *Signet Jewelers Limited - CEO*

Yes, yes and the exciting thing about that is opening 40 to 50 new stores means that we are going to be growing our real estate for our major brands of the Kay and the Jared stores and then mostly closing the underperforming regional stores out there. So not only are we going to see some real estate growth for Kay and Jared, some pretty nice real estate growth, but we are also really just improving the overall health of the portfolio that we have got working for us next year.

David Wu - *Telsey Advisory Group - Analyst*

Great. And then the move to shift towards --

Ron Ristau - *Signet Jewelers Limited - CFO*

(multiple speakers) follow-up on -- just a quick follow-up on that just to make sure we are all clear that the 45 stores we are opening in the United States, let's call it 45, between 40 and 50, the closure of Kay and Jared stores would only be about 10, okay? The majority of it is regionals where we anticipate to close about 15 and primarily in the UK where we continue to cull out stores due to the movement of the business more to malls off of the individual local high streets where we will close about another 15 stores there. So the Kay/Jared business will experience square footage growth in fiscal 2013 of somewhere around 4%.

David Wu - *Telsey Advisory Group - Analyst*

Right. And then just in terms of the longer-term store expansion plans, you previously mentioned that Kay off-mall clearly a big opportunity for you. Can you talk about perhaps which locations you are looking at and which neighboring tenants that are ideal?

Mike Barnes - *Signet Jewelers Limited - CEO*

Well, what we have said on the Kay off-mall, yes, we think it is a big opportunity. We really try to gravitate towards very strong power centers that have a good destination-type anchor. Some of the really big box off-mall type stores that are out there are the ones that we really focus on.

David Wu - *Telsey Advisory Group - Analyst*

Great, thank you very much.

Operator

Rod Whitehead, Deutsche Bank.

Rod Whitehead - *Deutsche Bank - Analyst*

Congratulations on another good trading period. A couple of questions if I may. With exclusive products growing from 22% to 26%, that means they must have been up about 30%. That is high growth from the previous year at 25%. Would you expect some of that growth to flow through into next year or should we view the year just gone as a bit exceptional given that it had a full year of Charmed Memories and Neil Lane?

Mike Barnes - *Signet Jewelers Limited - CEO*

Yes, I think that we would still see strong growth going into the next year, but some of that growth that you mentioned was non-comp even in the holiday trading period. We were comping Charmed Memories by then. That is when Charmed Memories did comp was in the fourth quarter, but some of the other newer brands were still non-comp going into that period.

Rod Whitehead - *Deutsche Bank - Analyst*

Okay. And then the other question is just in terms of your input costs, obviously, there is a delayed impact with you buying forward gold and diamonds. So are your input costs, your average input costs, are those still rising and should that lead us to assume price increases in kind of the first half of the year?

Ron Ristau - *Signet Jewelers Limited - CFO*

Yes, our input costs do continue to rise and take place on a lagged basis of about 12 months. So commodity costs did increase throughout the second half of 2012, which we will feel in the first half of 2013, however. Nothing more than we are used to dealing with in the past. So we would expect that we would take pricing actions in the first half of the year in order to seek to maintain our merchandise margins. But those increases would be along the lines of past years and certainly well within the capabilities of our merchandising departments to plan and execute appropriately.

Rod Whitehead - *Deutsche Bank - Analyst*

All right. Thank you.

Ron Ristau - *Signet Jewelers Limited - CFO*

Hopefully, and one of the good things we have seen is that commodity prices at least right now seem to have abated somewhat in the sense that everyone knows the price of gold, which is pushing at the $2000 level, is coming back to $1600 and we have also seen some recent softening in diamond prices. And we are hoping that some of those trends would continue for a period of time so that we might be able to see a bit of a change in that cost-in pressure, but we will see how those markets develop as we move into 2013.

Rod Whitehead - *Deutsche Bank - Analyst*

Thanks.

Operator

John Baillie, Societe Generale.

John Baillie - *Societe Generale - Analyst*

Good morning to you. Just a question on the gross merchandise margin. Could you elaborate a little bit on that on the Q4 performance both in the US and the UK and also on maybe the exit rate for sales?

Ron Ristau - *Signet Jewelers Limited - CFO*

Sure. Well, first of all, the gross margin improved every quarter of fiscal year 2012 thus far -- I'm talking about the gross margin now. We expect for the year we are going to improve by 200 to 210 basis points and we will end somewhere around 38.1% to 38.2% of sales on the gross margin. We expect another improvement in our gross margins for the fourth quarter.

Our improvement will probably be a little bit lower than it was in the previous quarter primarily as the unusual impact of commodity pricing that we were just talking about works its way through and has the greatest effect in the fourth quarter of every year. Our merchandise margins, as we move from third quarter to fourth quarter, come down somewhat due to the level of discounting in the fourth quarter and also the impact of the higher commodity prices working their way through and having the most impact of the year in the fourth quarter.

So this year, our impact from gross merchandise margin was probably about 35 basis points greater than that of our previous year primarily driven by the increase in the acceleration of commodity costs that occurred as we looked at the fourth quarter. Again, our overall discount strategy is broadly similar to last year; in the US, relatively consistent; in the UK, slightly more aggressive due to the reaction to market conditions. And I would say that our going-out sales, as we indicated, in November/December -- we will see how January turns out, but in November/December, we saw no substantial change in our comp rates going back and taking a look at it. It is up in Kay and it is up in HS and EJ. It's slightly down in Jared versus what it was in November, but overall nothing of any substance that we would call out from an overall consolidated comp level. So we will see what happens, but we are not seeing the business substantially fall off.

John Baillie - *Societe Generale - Analyst*

Okay. So just on that merchandise margin, it was up in the US in Q4. Is that right?

Ron Ristau - *Signet Jewelers Limited - CFO*

Let me be specific on that just in case it was hard to follow. The gross merchandise margin in the fourth quarter in the US will be down slightly. It is always down in the fourth quarter versus the third quarter.

John Baillie - *Societe Generale - Analyst*

Sorry. I mean Q4 against Q4, is it --?

Ron Ristau - *Signet Jewelers Limited - CFO*

Q4 against Q4, our merchandise margin will be down.

John Baillie - *Societe Generale - Analyst*

Are you able to quantify that in terms or give a broad steer?

Ron Ristau - *Signet Jewelers Limited - CFO*

No, we wouldn't quantify it. What I would say is that when we look at it year in and year out, last year, our decline in gross merchandise margin as we moved from third to fourth quarter was about 170 basis points third quarter to fourth quarter. This year, it is around 200 basis points. So it is about roughly 30 basis points higher than it was in previous years, but that was something that was built into our overall pricing and merchandise planning and we have known about that for quite some time.

As we come back now into the first quarter, we will then reset our merchandise margin and our pricing and be off to the races again for next year. So this is just the way these things work out in our annual timing. As the price increases flow through, the fourth quarter always has the greatest amount of commodity price inflation, as well as higher levels of discounting, which are included in our Christmas programs year in and year out.

Mike Barnes - *Signet Jewelers Limited - CEO*

I would just add to that one little comment and that is, with our pricing, as we have been doing, we are going to be consistent and our intention is to broadly maintain those gross merchandise margins.

John Baillie - *Societe Generale - Analyst*

Okay. It is all going to trend up with the increasing push for differentiating exclusive product or you are going to give some of that back to the consumer?

Ron Ristau - *Signet Jewelers Limited - CFO*

No, not necessarily. The margins on an item-for-item basis on our branded and differentiated merchandise are higher than non-branded merchandise, so that is positive for us. And when we actually -- that is not a situation that occurs. Our gross merchandise margins in the fourth quarter this year were down a touch versus what they declined on a relative basis the previous year. We will then adjust this again as we move forward to the next year. That is all.

John Baillie - *Societe Generale - Analyst*

Okay, thank you.

Operator

(Operator Instructions). Jennifer Davis, Lazard Capital Markets.

Jennifer Davis - *Lazard Capital Markets - Analyst*

Hi, guys. Two quick follow-ups, please. I think Neil Lane is in all stores now and Tolkowsky is in 600. Can you remind us what they were -- how many stores they were in for Valentine's Day last year? And then could you also comment on how much ad impressions were up at both Kay and Jared this year over the holidays?

Mike Barnes - *Signet Jewelers Limited - CEO*

I don't have the quantifying numbers on those stores in front of me here. We will have to address that later, Jennifer, but we can certainly get that and I'm sorry about that. We were up significantly with impressions for both Kay and Jared and I don't know if we have that number quantified.

Ron Ristau - *Signet Jewelers Limited - CFO*

It is in the mid-single digit level for our impressions being

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Jennifer Davis - *Lazard Capital Markets - Analyst*

Okay, great. Thanks.

Operator

As there are no further questions in the queue, I would like to turn the call back to Mr. Jackson for any additional or closing remarks.

Mike Barnes - *Signet Jewelers Limited - CEO*

Okay, thank you, operator and thank you all for taking part on this call. Our next scheduled call is on March 22 when we will review our full-year and fourth-quarter results. I would also like to remind you that we will be presenting at the ICR XChange conference tomorrow, which will be webcast on www.signetjewelers.com and will be available for subsequent replay. Thank you all very much.

Operator

Ladies and gentlemen, that will conclude today's conference call. Thank you for your participation. You may now disconnect.
