



“Competitive Advantages  
Reinforcing Sector Leadership”

Telsey Advisory Group April 2010



# 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 10-K filed with the U.S. Securities and Exchange Commission on March 30, 2010 and other filings made by the Company with the Commission, which can be found on the Company's website at [www.signetjewelers.com](http://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](http://www.signetjewelers.com).

# Why Invest in Signet?

- ⇒ Market leadership in US & UK
- ⇒ Effective strategy in tough environment
- ⇒ Strengthening significant competitive advantages
- ⇒ Gaining profitable market share in sector undergoing accelerated rationalization
- ⇒ Strong balance sheet and cash flow
- ⇒ Well positioned for recovery

# World's Largest Specialty Jeweler

Group sales \$3,290.7 million – 78% US/22% UK



**Kay Jewelers - #1 mid market brand**  
Sales: \$1,508.2 m Stores: 923 in 50 states



**H.Samuel - #1 in UK**  
Sales: £247.8m Stores: 347



**Jared - #1 Off-Mall "Category Killer"**  
Sales: \$722.5m Stores: 178 in 35 states



**Ernest Jones - #1 UK upper middle market**  
Sales: £209.8m Stores: 205

# Effective Strategy in Tough Market

- ⇒ Same store sales down 0.4% (Q4: up 5.2%)
  - ⇒ US up 0.2% (Q4: up 7.4%)
  - ⇒ UK down 2.4% (Q4: down 1.5%)
- ⇒ Income before taxes \$241.8m
  - ⇒ fiscal 2009: \$(326.5)m, underlying \$200.9m<sup>(1)</sup>
  - ⇒ underlying increase 14.0%<sup>(1)</sup>
- ⇒ Basic earnings per share \$1.92
  - ⇒ fiscal 2009: \$(4.62), underlying \$1.57<sup>(1)</sup>
  - ⇒ underlying increase 16.6%<sup>(1)</sup>
- ⇒ Net debt reduced by \$462.8m<sup>(1)</sup>
  - ⇒ year end net debt \$7.9 m<sup>(1)</sup>

(1) Non-GAAP financial measure, see announcement March 25, 2010

# Consistent Gains in US Market Share

	1999	2004	2007	2008	2009
Signet	4.9%	7.5%	9.0%	9.0%	9.4%
Zale <sup>(1,2,3)</sup>	6.4%	7.8%	6.5%	5.8%	5.1%
Tiffany <sup>(1)</sup>	2.8%	3.9%	4.9%	5.2%	4.7%
Blue Nile <sup>(1)</sup>	0.1%	0.6%	1.0%	0.9%	1.0%
Finlay <sup>(1,2)</sup>	nil	nil	0.7%	1.1%	Liquidated
Friedman <sup>(1)</sup>	1.2%	1.5%	na	Liquidated	-
Whitehall <sup>(1)</sup>	1.1%	1.1%	0.9%	Liquidated	-

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

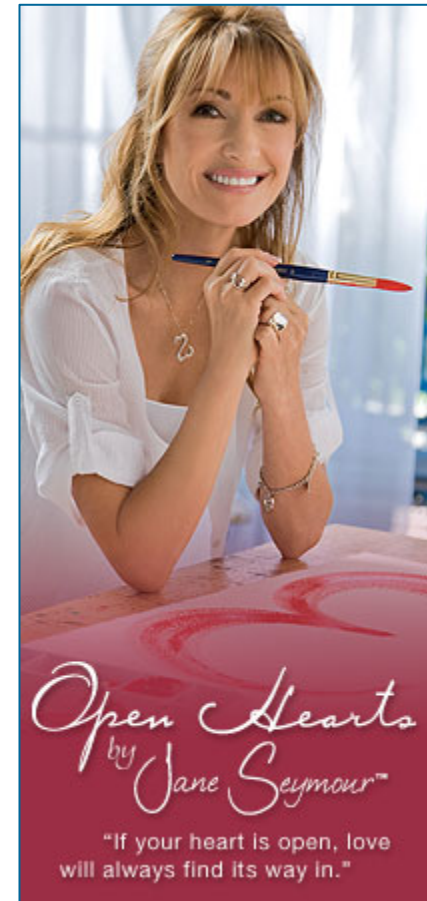
(2) Acquired Bailey, Banks & Biddle in November 2007 from Zales  
Congress Jewelers in November 2006 & Carlye Jewelers in May 2005

(3) 2009 based on earnings release February 24, 2010

# Strengths Driving Share Gains

- ⇒ Excellence in customer service
  - ⇒ staff training, development and incentivization programs
- ⇒ High quality real estate
  - ⇒ strict operational and financial criteria applied over time
- ⇒ Significant brand equity and awareness
  - ⇒ consistent high level of customer satisfaction
  - ⇒ national TV advertising
- ⇒ Superior merchandising
  - ⇒ leading middle market supply chain expertise and merchandising systems
  - ⇒ ability to successfully develop differentiated ranges

# Developed Differentiated Ranges



# Broadly Maintain Successful Strategy in Fiscal 2011

- ⇒ 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

# 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

# First 7 Weeks 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

Source: Announcement March 25, 2010

# Drivers of Medium Term Performance

- ⇒ Economic environment
- ⇒ Maintain disciplined investment
  - ⇒ little new space growth for at least next 18 months
- ⇒ Ability to leverage cost base to improve operating margins
- ⇒ Aim to win profitable market share in existing stores to drive sales
  - ⇒ utilize competitive strengths
  - ⇒ capacity withdrawal by competitors
- ⇒ Potential for US net bad debt to return to nearer lower historic levels