

**SIGNET**  
JEWELERS

KAY  
JEWELERS

JARED  
The Galleria Of Jewelry

ZALES  
THE DIAMOND STORE®

PIERCING  
Pagoda®

ERNEST JONES  
LOVE & LIFE

H.SAMUEL  
THE JEWELLER

PEOPLES  
CANADA'S #1 DIAMOND STORE

# Third Quarter Fiscal 2017 Results

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Tuesday, November 22, 2016

# Forward Looking Statements & Other Disclosure Matters

**Forward-Looking Statements** - This presentation contains 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 and expectations as well as on assumptions made by and data currently available to management, include statements regarding, among other things, Signet's results of operation, financial condition, liquidity, prospects, growth, strategies and the industry in which Signet operates. The 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, regulatory changes following the United Kingdom's announcement to exit from the European Union, risks relating to Signet being a Bermuda corporation, the merchandising, pricing and inventory policies followed by Signet, the reputation of Signet and its brands, the level of competition in the jewelry sector, the cost and availability of diamonds, gold and other precious metals, regulations relating to customer credit, seasonality of Signet's business, financial market risks, deterioration in customers' financial condition, exchange rate fluctuations, changes in Signet's credit rating, changes in consumer attitudes regarding jewelry, management of social, ethical and environmental risks, security breaches and other disruptions to Signet's information technology infrastructure and databases, inadequacy in and disruptions to internal controls and systems, changes in assumptions used in making accounting estimates relating to items such as extended service plans and pensions, the impact of the acquisition of Zale Corporation on relationships, including with employees, suppliers, customers and competitors, and our ability to successfully integrate Zale's operations and to realize synergies from the transaction. For a discussion of these and other risks and uncertainties which could cause actual results to differ materially from those expressed in any forward-looking statement, see the "Risk Factors" section of Signet's Fiscal 2016 Annual Report on Form 10-K and quarterly reports on Form 10-Q filed with the SEC on March 24, 2016. Signet undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events or circumstances, except as required by law.

**Non-GAAP Measures** - Certain financial measures 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 slide 9 and Signet's Fiscal 2016 Annual Report on Form 10-K available on Signet's website, [www.signetjewelers.com](http://www.signetjewelers.com).

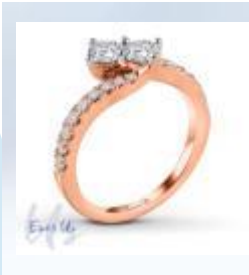
# Key Take-Aways

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1. Third quarter financials exceeded our expectations.
2. Solid expense and inventory management helps drive strong free cash generation.
3. Fourth quarter guidance formally initiated ...consistent with earlier implication.
4. Zale division wins: higher sales, lower inventory, on-plan integration/synergies.
5. Organization focused and prepared for holiday season.

# Third Quarter Sales Highlights

- **Diamond fashion jewelry:** Ever Us; bracelets and earrings.
- **Select bridal:** Led by Vera Wang and Neil Lane.
- **Omni-channel:** Clientelling, affiliate marketing, third-party product selection, responsive design, display improvements, personalization.
- **Other geographies & real estate types:** UK, outlets, Piercing Pagoda.



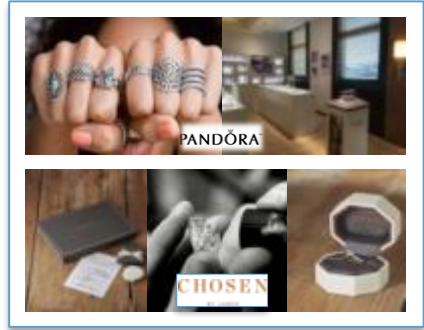
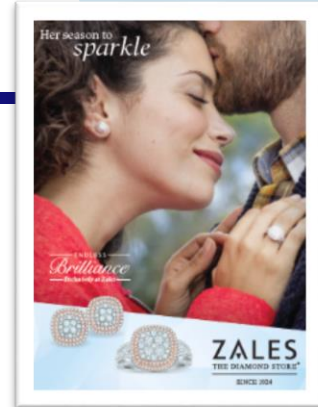
# Zale Integration Activity On Track

*Synergy examples that will help deliver 3-year cumulative synergies of \$225M - \$250M*

- In-sourcing repair
- Discount controls
- Cross-selling brands
- Centralized diamond procurement (direct sourcing)
- Non-merchandise procurement (indirect sourcing)
- Licensor contracts
- Inventory turn improvement
- Organization design changes
- 2nd look credit
- Digital marketing optimization
- Centralized real estate and rent savings
- Distribution center operations
- Special events
- Corporate expenses
- Store ops and compensation

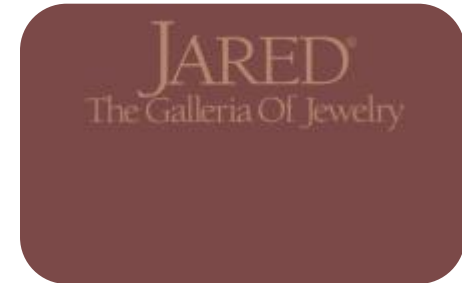
# Holiday Season Business Drivers

- Ever Us line extensions
- Vera Wang Love fashion jewelry
- Bracelet and earring categories
- Jared: Pandora initiatives; Chosen diamond
- Targeted marketing: new TV creative; Kay Jewelers 100<sup>th</sup> anniversary events



# In-House Credit Strategic Review Update

- *Retain and optimize portfolio.* Increase leverage against it while expanding credit reporting and disclosure. Or,
- *Monetize portfolio.* Utilize partner to continue doing business with customers. Preserve economics and free-up working capital for Signet.
- Moving as quickly and prudently as possible.
- Expect shareholder value to be delivered under any scenario.



# Sales Performance

	Change in same store sales <sup>1</sup>	Total sales at constant exchange rate <sup>2</sup>	Exchange translation impact	Change in total sales	Total sales (in millions)
Kay	(2.9)%	(1.4)%	-%	(1.4)%	\$456.5
Jared	(4.6)%	(2.5)%	-%	(2.5)%	\$226.6
Regional brands	(10.5)%	(22.8)%	-%	(22.8)%	\$29.4
<b>Sterling Jewelers division</b>	<b>(3.8)%</b>	<b>(2.9)%</b>	<b>-%</b>	<b>(2.9)%</b>	<b>\$712.5</b>
Zales Jewelers	(1.0)%	2.2%	-%	2.2%	\$225.3
Gordon's Jewelers	(11.6)%	(29.5)%	-%	(29.5)%	\$9.8
<b>Zale US Jewelry</b>	<b>(1.5)%</b>	<b>0.3%</b>	<b>-%</b>	<b>0.3%</b>	<b>\$235.1</b>
Peoples Jewelers	(1.0)%	(0.5)%	1.2%	0.7%	\$41.2
Mappins	-%	(9.0)%	1.4%	(7.6)%	\$6.1
<b>Zale Canada Jewelry</b>	<b>(0.9)%</b>	<b>(1.7)%</b>	<b>1.3%</b>	<b>(0.4)%</b>	<b>\$47.3</b>
<b>Zale Jewelry</b>	<b>(1.4)%</b>	<b>-%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>\$282.4</b>
Piercing Pagoda	9.5%	11.3%	-%	11.3%	\$53.4
<b>Zale division</b>	<b>0.2%</b>	<b>1.6%</b>	<b>0.2%</b>	<b>1.8%</b>	<b>\$335.8</b>
H.Samuel	1.5%	2.1%	(16.7)%	(14.6)%	\$62.8
Ernest Jones	5.7%	6.3%	(17.4)%	(11.1)%	\$67.5
<b>UK Jewelry division</b>	<b>3.6%</b>	<b>4.2%</b>	<b>(17.0)%</b>	<b>(12.8)%</b>	<b>\$130.3</b>
<b>Other</b>	<b>-%</b>	<b>111.1%</b>	<b>-%</b>	<b>111.1%</b>	<b>\$7.6</b>
<b>Signet</b>	<b>(2.0)%</b>	<b>(0.5)%</b>	<b>(2.0)%</b>	<b>(2.5)%</b>	<b>\$1,186.2</b>
Adjusted Signet <sup>3</sup>				<b>(2.7)%</b>	<b>\$1,189.2</b>

Notes: 1=For stores open for at least 12 months. 2=Non-GAAP measure.



## Non-GAAP Reconciliation (in millions of \$ except per share data)

	Signet	Adjustments		Adjusted Signet
		Purchase Accounting	Integration Costs	
Sales	1,186.2	(3.0)	-	1,189.2
Cost of sales	(836.2)	0.5	-	(836.7)
Gross margin	350.0	(2.5)	-	352.5
SG&A	(386.5)	(1.3)	(7.9)	(377.3)
Other operating income, net	68.6	-	-	68.6
Operating income	32.1	(3.8)	(7.9)	43.8
Interest expense, net	(12.7)	-	-	(12.7)
Income before income taxes	19.4	(3.8)	(7.9)	31.1
Income taxes	(2.4)	1.4	3.0	(6.8)
Net income	17.0	(2.4)	(4.9)	24.3
Earnings per share – diluted	0.20	(0.03)	(0.07)	0.30

# Adjusted Highlights

	3Q Fiscal 2017	3Q Fiscal 2016	Difference
Adjusted gross margin	29.6%	30.6%	(100) bps
Adjusted SG&A	31.7%	31.7%	0 bps
Other operating income <sup>1</sup>	5.8%	5.0%	80 bps
Adjusted operating income	3.7%	3.9%	(20) bps
Adjusted earnings per share	\$0.30	\$0.33	(\$0.03)

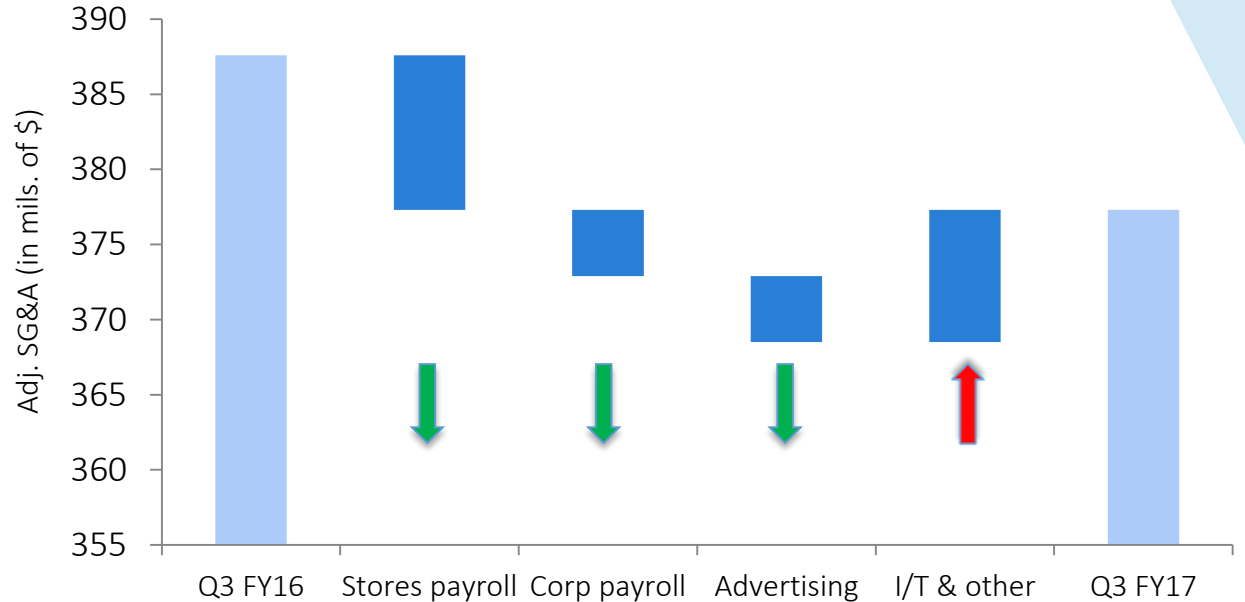
<sup>1</sup> Other operating income is a GAAP measure.

Note: Adjusted measures are non-GAAP and reconciled on slide 9.

# Adjusted SG&A Expense Deeper Dive

*Third quarter year-over-year changes*

- Continued focus on operating expenses in lower sales environment
- Synergy expense savings included



Non-GAAP measure. See slide 9.

# Inventory

- Inventory of \$2.6 billion decreased 2.8% over prior year
- Inventory change 30 bps favorable to total sales change
- Sound inventory management particularly Zale
- F/X benefit



# Sterling Division Credit Metrics (in millions except percentages)

	Q3 2017	Q3 2016	Difference
Credit sales	\$476	\$487	(\$11)
In-house credit participation	66.8%	66.4%	40 bps
Average monthly payment collection rate	10.6%	11.1%	(50) bps
Accounts receivable	\$1,546	\$1,437	\$109
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Interest income from in-house finance program	\$67.0	\$61.3	\$5.7
Net bad debt	\$57.2	\$53.1	\$4.1
<b>Net Impact</b>	<b>\$9.8</b>	<b>\$8.2</b>	<b>\$1.6</b>

# Sterling Division Allowance Metrics

	3Q Fiscal 2017	2Q Fiscal 2017	3Q Fiscal 2016	2Q Fiscal 2016
Total valuation allowance as % of gross receivables	7.9%	7.4%	7.8%	7.3%
	50 bps difference		50 bps difference	
Non-performing receivables <sup>1</sup> as % of gross receivables	4.9%	4.4%	4.9%	4.3%
	50 bps difference		60 bps difference	

- Sequentially, third quarter compared to second quarter:
  - Allowance ratio difference remained same year-over-year
  - Non-performing receivable improved 10 bps year-over-year
- Year-over-year, allowance ratio up 10 bps; non-performing receivable ratio flat

1 = In-house finance receivables past due, aged more than 90 days

# Capital Considerations

- **Share Buyback.** YTD repurchased 9.9M shares for \$842M partly to offset dilution from preferred offering inclusive of \$525M ASR program. Remaining authorization \$511M.
- **Cash & Borrowings.** Cash from operations less capital expenditures was \$165.3 million year-to-date, up \$247.4 million. Utilizing \$259M of revolver for seasonal working capital needs as of Q3-end.
- **Capital Allocation.** Tenets of strategy remain unchanged: strong balance sheet that provides flexibility; maintain investment grade; adjusted leverage ratio goal  $\leq 3.5x$ ; distribute 70%-80% of free cash flow in form of dividends and buybacks.

# Financial Guidance

## Fourth Quarter Fiscal 2017

Same store sales	(4.0%) to (2.0%)
EPS	\$3.91 to \$4.13
Adjusted EPS	\$4.00 to \$4.20
Weighted average common shares	Approximately 76 million

## Fiscal 2017

Same store sales	(2.5%) to (1.0%)
EPS	\$7.03 to \$7.25
Adjusted EPS	\$7.38 to \$7.58
Effective tax rate	25% to 26%
Cumulative Fiscal 2017 (Fiscal 2016 plus Fiscal 2017)	\$158 million to \$175 million
Cumulative Fiscal 2018 (Fiscal 2016 plus Fiscal 2017 plus Fiscal 2018)	\$225 million to \$250 million



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