SIGNET JEWELERS

“Competitive Advantages Reinforcing Sector Leadership”

UKSA June 2009

KAY JEWELERS
Every kiss begins with Kay®
kay.com

JARED®
The Galleria Of Jewelry
jared.com

H.SAMUEL
THE JEWELLER

Ernest Jones
The Diamond & Watch Specialist

World's Largest Specialty Jeweler

Group sales $3,344 million – 76% US / 24% UK



Kay Jewelers - #1 mid market brand
Sales: $1,439m Stores: 926 in 50 states



H.Samuel - #1 in UK
Sales: £250m Stores: 352



Jared - #1 Off-Mall "Category Killer"
Sales: $726m Stores: 171 in 35 states



Ernest Jones - #1 UK upper middle market
Sales: £208m Stores: 206

As at January 31, 2009

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Fiscal 2009 Results as Expected Before Goodwill Impairment

- Exceptional market conditions
- Same store sales down 8.2%
- Sales down 8.8%, down 5.7% at constant exchange rates
- $200.9 million income before income tax, impairment and relisting costs
  - impairment charge of $516.9 million
  - relisting cost $10.5 million
  - loss before income tax of $326.5 million
- Underlying tax rate 33.5% (fiscal 2008: 34.6%)
- EPS $(4.62), underlying $1.57

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Financial Overview

	Fiscal 2009	Fiscal 2008
Free cash flow[1]	$51.1m	$1.4m
Movement in net debt	$(96.1)m	$(141.4)m
Interest cover[2]	7.9 x	15.9 x
Original fixed charge cover	1.47 x	1.77 x
Gearing[3]	29.2%	21.2%
ROCE[3]	9.6%	17.3%

(1) Cash flow from operations and investing activities
(2) Excluding goodwill impairment and relisting fees
(3) Excluding goodwill

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Sales Growth

	US %	UK %	Group %
Same store sales	(9.7)	(3.3)	(8.2)
Change in space	3.4	(0.5)	2.5
At constant exchange rates	(6.3)	(3.8)	(5.7)
Exchange translation	-	(12.0)	(3.1)
Total sales growth	(6.3)	(15.8)	(8.8)

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Operating Margin Movement Before Impairment and Relisting Costs

	US %	UK %	Group %
Fiscal 2008 margin	9.8	11.4	9.8[(1)]
Gross merchandise margin	1.2	-	0.9
Expense deleverage	(3.8)	(2.6)	(3.5)
New space	(0.4)	-	(0.3)
Fiscal 2009 margin	**6.8**	**8.8**	**6.9[(1)]**

(1) Included unallocated costs, principally Group expenses

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Goodwill Impairment

- Fiscal 2008 year end
  - reported under IFRS, $30.6m of purchased goodwill
  - Move to NYSE and adoption of US GAAP, additional purchased goodwill of $486.3m
  - additional purchased goodwill relates to transactions prior to 1991
- Fiscal 2009 year end
  - annual review and triggering events
  - evaluation undertaken, resulting in an impairment charge of $516.9m, eliminating goodwill
  - no impact on borrowing agreements
  - no change to tangible net assets

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Amended Borrowing Agreements

- Key amendments
  - fixed charge cover reduced to 1.4x from c.1.85x
  - prepay $100m of Notes at par & accrued interest
  - revolver facility reduced to $370 million
  - fees & associated costs of $9.5 million
  - restrictions on shareholder distributions
- Key features
  - fixed charge covenant relief until January 2013
  - rebalancing of fixed and variable debt
  - increased interest costs, $3 - 5 million in fiscal 2010

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Group Strategy & Objectives

- Group Strategy
  - enhance position as strongest middle market specialty retail jeweler
  - focus on profit & cash flow maximization to further strengthen balance sheet
  - reduce business risk
- Group Financial Objectives in fiscal 2010
  - $100 million US cost saving program
  - c.$100 million inventory reduction
  - capital expenditure down to $55 million (fiscal 2009: $115 million)
  - c.$200 million net debt reduction at constant exchange rates

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US Jewelry

"Further growth from a proven strategy"

JARED®
The Galleria Of Jewelry
jared.com

KAY®
JEWELERS
Every kiss begins with Kay®
kay.com

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US Market Characteristics

- $65.8 billion total jewelry market
  - c.50% world diamond sales
- $28.3 billion specialty jewelry market
- Signet US
  - market leader with 9.0% share
  - 1.5x size of second largest operator
  - sales driven by bridal (45%-50%) and gift giving categories
  - c.75% of sales diamond jewelry
  - bridal more resilient than gift giving

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Kay

		Fiscal 2005	**Fiscal 2009**
Sales	(million)	$1,174	**$1,439**
Stores at y.e.		742	**926**
Average sales per store	(,000)	$1,584	**$1,536**
Average selling price		$282	**$331**

- ⇨Customer's household income $35k to $100k
- ⇨Sales c.40% greater than No.2 mid market brand
- ⇨High store productivity
- ⇨Every store has a qualified diamontologist
- ⇨Successful development of off-mall formats

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Jared

		Fiscal 2005	**Fiscal 2009**
Sales	(million)	$415	**$726**
Stores at y.e.		93	**171**
Average sales per store	(,000)	$4,975	**$4,491**
Average selling price		$644	**$714**

- ⇨Customer's household income $50k to $150k
- ⇨Concept tested 1993 to 1997
- ⇨Third largest mid market brand
- ⇨National TV advertising since Christmas 2007
- ⇨At maturity store contribution rate and ROCE similar to mall brands

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Signet US Leading Performance

Average 2002 to 2007	Operating Margin	EBIT/Total Assets[a]
Signet US[b]	12.0%	14.9%
Zale Corp[c]	5.3%	8.8%
Typical US Specialty Jeweler[d]	5.5%	7.7%
Signet US 2008[e]	6.8%	7.5%
Zale Corp 2008[f]	(5.5)%	(8.8)%

a Total assets excludes goodwill
b To y.e. February 2, 2008
c To y.e. January 31, 2008 based on SEC Filings excluding goodwill impairment
d To y.e. December 31, 2007 based on JA Cost of Doing Business, sales data from US Census
e To y.e. January 31, 2009 excluding goodwill impairment
f To y.e. January 31, 2009 based on SEC Filings excluding goodwill impairment

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Outperformance of Sector

	Q4 Fiscal 09		Q1 Fiscal 10	
	Same Store Sales	Gross Margin	Same Store Sales	Gross Margin
Signet US	(16.1)%	c.+250 bpts[a]	(2.6)%	+90 bpts [a]
Zales (inc Canada)	(17.9)%	-530 bpts	(20.0)%	+260 bpts
Finlay specialty jewelry	c.(35.0)%	n/a	c.(20.0)%	n/a
Blue Nile (US) [b]	c.(28.0)%	c.-50 bpts[c]	(12.1)%	+140 bpts[c]
Birks & Mayors (US)	(28.0)%	-590 bpts[c]	n/a	n/a
Shane	(32.0)%[d]	n/a	n/a	n/a
Tiffany (US)	(35.0)%	n/a	(34.0)%	n/a

a Gross merchandise margin
b 13 week basis to calendar quarter end
c Group wide
d From Chapter 11 filing

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Drivers of Outperformance

- Excellence in customer service
  - staff training, development and incentivization programs
  - every store manager a diamontologist
- Superior merchandising
  - leading middle market supply chain expertise and merchandising systems
  - ability to develop differentiated ranges
- Strong brands and largest marketing spend
  - high marketing to sales ratio, c.7% v typically c.4%
  - Kay and Jared able to leverage national TV advertising
- High quality real estate
  - strict criteria consistently applied over time
- Consistent management

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Current Trading Environment

- Extremely challenging retail marketplace
  - lack of consumer confidence
  - highly promotional
- Jewelry sector & supply chain very fragmented
- Many competitors and suppliers in weak financial condition
- Industry consolidation expected to continue at accelerated level

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Accelerated Consolidation

	Sales $m			No. of stores		
Calendar	**2008**	**2007**	**2002**	**2008**	**2007**	**2002**
Kay[a]	1,439	1,490	1,011	926	894	676
Zales[ab]	1,554	1,089	1,004	1,045	789	757
Gordons[ab]		329	321		282	298
Jared[a]	726	756	259	171	154	67
Fred Meyer[de]	410	465	475	386	400	442
Helzberg[d]	400	500	550	235	268	254
Friedman's[cd]	n/a	300	674	Liquidated 2008		665
Finlay Speciality[abh]	310	224		Restructuring		nil
Shane[g]	c.210	270	n/a	In Chapter 11		n/a
Whitehall[af]	n/a	243	341	Liquidated 2008		378
Other Specialty	c.23,000	c.25,000	c.19,700	c.21,000	c.22,000	c.23,000

a Source: Accounts
b July 2002 or 2007 year end
c Includes Crescent
d Source: National Jeweler estimate
e Includes Littman's and departments in supermarkets
f Includes Lundstrom
g Chapter 11 filing
h Baily, Banks & Biddle; Carlyle; Congress

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US Initiatives

- Support store staff
  - maintain focus on training
- Merchandising
  - offer superior value in unbranded ranges
  - further develop differentiated collections
  - target to at least maintain gross merchandise margin
- Focus on network television advertising
- $100 million expense savings planned
- $90 million inventory reduction target
- Capital expenditure budget reduced by more than 50% to $35 million
  - new stores $15 million
  - other $20 million

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Reduce US Space Growth

	Kay Mall	Kay Off Mall	Regionals	Jared	Total	Change in Space
Jan 2007	**772**	**60**	**341**	**135**	**1,308**	**11%**
Opened	23	45	21	19	108	
Closed	(6)	-	(11)	-	(17)	
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 (forecast)	5†	3	1	7	16	
Closures (approx.)	(14)	(3)	(60)†	-	c.(77)	
Jan 2010 (forecast)	**786**	**131**	**245**	**178**	**c.1,340**	**(2)%**

* 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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Profitable Market Share Opportunity

- Fragmented and weak competition
- Sector rationalization accelerating
- Signet's sustainable competitive advantages becoming greater
- Benefits of market share gain through existing stores
  - improved operational leverage
  - limited additional investment required
  - strong cash flow generation

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UK Jewelry

"Making existing space work harder"

H.SAMUEL
THE JEWELLER

ERNEST JONES
THE DIAMOND & WATCH SPECIALIST

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UK Market Characteristics

- Market size c.£5.5 billion
- Signet market share c.10%
  - bigger than next 5 UK specialty competitors combined
  - c.60% larger than 3rd largest US mid market jeweler
- Signet UK's merchandise mix broader than US
- Market condition & outlook very similar to US

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H.Samuel

		Fiscal 2005	**Fiscal 2009**
Sales	(million)	£282	**£250**
Stores at y.e.		398	**352**
Average sales per store	(,000)	£723	**£718**
Average selling price		£37	**£48**
Merchandise mix			
Gold jewelry		32%	30%
Diamond jewelry		19%	22%
Watches		24%	26%

- ⇨Customer's household income £15k to £40k
- ⇨Leading middle market brand in UK
- ⇨Only specialty jeweler using national TV advertising

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Ernest Jones

		Fiscal 2005	**Fiscal 2009**
Sales	(million)	£221	**£208**
Stores at y.e.		204	**206**
Average sales per store	(,000)	£1,150	**£1,047**
Average selling price		£141	**£202**
Merchandise mix			
Gold jewelry		25%	25%
Diamond jewelry		36%	33%
Watches		31%	35%

⇨Customer's household income £30k to £50k

⇨Leading upper middle market brand in UK

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Industry Leader in UK

Average 2002 to 2007	Operating Margin	EBIT/Total Assets[a]
Signet UK[b]	12.7%	23.5%
Typical UK Specialty Jewelers[c]	7.1%	10.3%
Signet UK 2008[d]	8.8%	20.8%

a Total assets excludes goodwill
b To y.e. February 2, 2008
c Based on latest Companies House filings for 5 largest specialty jewelers excluding Signet
d To y.e. January 31, 2009 excluding goodwill write-off

- ⇨Sustainable advantages in fragmented market
  - ⇨staff training & development
  - ⇨supply chain & merchandising expertise
  - ⇨ability to use sophisticated marketing techniques
  - ⇨leading operator in regional malls
- ⇨Utilization of US best practice

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UK Initiatives

- Focus on training and improving customer service
- Increase key volume lines
- Expand customer relationship marketing and increase proportion of 10 second TV adverts
- Target gross merchandise margin somewhat down
- Budget a stable cost base
- Reduce inventory by c.$15 million
- Cut capex by $24m to c.$15 million

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Fiscal 2010 Update

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Q1 Results

- Significant progress made towards achieving financial objectives for fiscal 2010
- Same store sales down 2.9%
  - US down 2.6%
  - UK down 4.2%
- Income before tax up 3.2% to $41.4m
- Free cash inflow of $181.2m (Q1 fiscal 2009: outflow $3.4m)
  - net debt at end Q1 $290.2m (end Q1 fiscal 2009: $377.0m)
  - now expected to be towards top end of $175m to $225m range for full year

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Strong Free Cash Flow Trend

$ million	Fiscal 2008	Fiscal 2009	Consensus Fiscal 2010
Adjusted net income[1]	**333.6**	**259.8**	**c.215**
Change in operating assets & liabilities (ex new US stores)	(74.1)	(28.9)	c.85
Investing activities (ex new US stores)	(79.3)	(74.3)	c.(45)
Investment in new US stores[2]	(178.9)	(105.5)	c.(40)
Free cash flow[3]	**1.4**	**51.1**	**c.215**

- ⇨ Lower net income balanced by release of working capital
- ⇨ Significantly reduced investment in US space growth

1) Net income adjusted for non-cash items
2) Including fixed and working capital
3) Cash flow from operating activities less cash used in investing activities and amendment fees

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Outlook

- Economic outlook remains very uncertain
- Further significant capacity reductions from competitors
- Opportunity to increase sector leadership by
  - focusing on reinforcing competitive advantages
  - gaining profitable market share in existing stores
  - quickly responding to changing conditions
  - rebuilding sustainable ROCE
- Use strong cash flow to strengthen balance sheet
- Well positioned when the consumer recovers

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Regulation G

Fiscal 2009 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 2009 as reported $m	Fiscal 2008 as reported $m	Change as reported %	Impact of exchange rate movement $m	Fiscal 2008 at constant exchange rates (non-GAAP) $m	Change at constant exchange rates (non-GAAP) %
US	2,536.1	2,705.7	(6.3)	-	2,705.7	(6.3)
UK, Channel Islands & Republic of Ireland	808.2	959.6	(15.8)	(119.9)	839.7	(3.8)
	3,344.3	**3,665.3**	**(8.8)**	**(119.9)**	**3,545.4**	**(5.7)**

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Fiscal 2009 Operating Loss

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	Fiscal 2009 as reported	Fiscal 2008 as reported	Change as reported	Impact of goodwill impairment and relisting	Fiscal 2009 re-calculated (non-GAAP)	Impact of exchange rate movement	Fiscal 2008 at constant exchange rates (non-GAAP)	Change at constant exchange rates (non-GAAP)
	$m	$m	%	$m	$m	$m	$m	%
US	(236.4)	265.2	n/a	408.0	171.6	-	265.2	(35.3)
UK, Channel Islands & Republic of Ireland	(37.4)	109.3	n/a	108.9	71.5	(13.7)	95.6	(25.2)
Unallocated	(23.5)	(15.8)	48.7	10.5	(13.0)	2.0	(13.8)	(5.8)
	(297.3)	**358.7**	**n/a**	**527.4**	**230.1**	**(11.7)**	**347.0**	**(33.7)**

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Fiscal 2010 Q1 Sales

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	13 weeks to May 2, 2009 as reported	13 weeks to May 3, 2008 as reported	Change as reported	Impact of exchange rate movement	At constant exchange rates (non-GAAP)	Change at constant exchange rates (non-GAAP)
	$m	$m	%	$m	$m	%
US	624.8	631.1	(1.0)	-	631.1	(1.0)
UK, Channel Islands & Republic of Ireland	137.8	191.4	(28.0)	(51.2)	140.2	(1.7)
	762.6	**822.5**	**(7.3)**	**(51.2)**	**771.3**	**(1.1)**

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Fiscal 2010 Q1 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 sales at constant exchange rates, including a reconciliation to the Group's GAAP results, is analysed below.

	13 weeks to May 2, 2009 as reported	13 weeks to May 3, 2008 as reported	Change as reported	Impact of exchange rate movement	At constant exchange rates (non-GAAP)	Change at constant exchange rates (non-GAAP)
	$m	$m	%	$m	$m	%
Operating Income, net						
US	56.4	46.7	20.8%	-	46.7	20.8%
UK	(1.3)	3.5	n/a	(0.9)	2.6	n/a
Unallocated	(2.7)	(4.3)	-37.2%	1.2	(3.1)	-12.9%
Operating Income	**52.4**	**45.9**	**14.2%**	**0.3**	**46.2**	**13.4%**
Income before income taxes	**41.4**	**40.1**	**3.2%**	**(0.1)**	**40.0**	**3.5%**
Earnings per share - basic	**$0.31**	**$0.30**	**3.3%**	**-**	**$0.30**	**3.3%**

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