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

First Quarter Fiscal 2017 Results

Thursday, May 26, 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, 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 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.

Key Take-Aways

1. Record first quarter EPS
   - Operating income, net income, EPS were all up over 20%; and in-line with expectations
   - Solid expense management and credit portfolio performance
   - Compares favorably with retail industry's first quarter results
2. Solid first quarter sales. Though below expectations, strong enough to deliver on earnings and gain profitable market share.
3. Square footage growth
4. Annual earnings guidance reaffirmed
   - Continued high confidence in FY17 synergy delivery, merchandise tests, marketing efficacy
   - Commitment to stock repurchase
5. Initiated strategic evaluation of credit portfolio to optimize operating model

Financial Highlights

- Good top line growth
- Expansion of operating margin – including SG&A leverage
- Meaningful stock repurchase
- Record EPS. Double-digit increases.
- Sound cash position and balance sheet



Sales Highlights

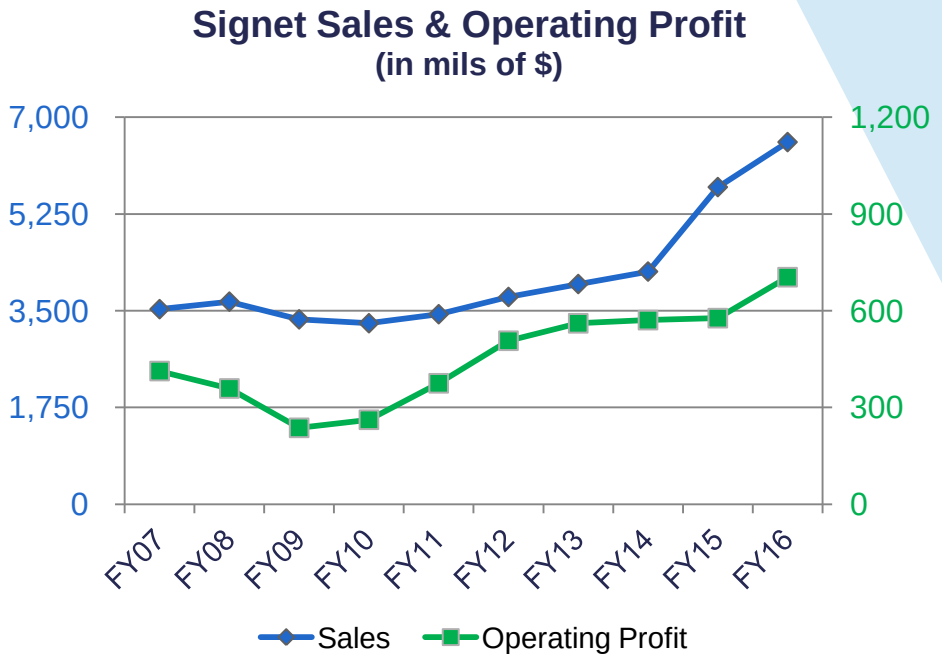
- **Ever Us**: Solid Q1 results; promising line extensions in test.
- **Bracelets and earrings**: Bolo, bangles, stackables; studs, climbers, diamond fashion.
- **Select branded bridal**: Led by Vera Wang Love, Neil Lane; Vera fashion collection test just underway.



Consistently the Leader in Growing Industry

	Latest Annual	3 YR CAGR	5 YR CAGR	10 YR CAGR
Signet	**$6.6B**	**18.0%**	**13.8%**	**7.6%**
Total Jewelry & Watch Market	$75.6B	1.5%	3.9%	2.4%
Total Retail Market	$5,211.5B	4.3%	5.1%	3.1%

- Total sales growth of Signet consistently exceeds that of jewelry and retail overall
- Even Signet *comp* sales growth is typically faster than jewelry market *total* sales growth
- Consolidating jewelry industry
  - 2.5% of jewelry stores closed last year
  - First quarter y-o-y industry lost 700 jewelers



Sources: US Census Bureau, US Bureau of Economic Analysis, Jewelers Board of Trade.
Note: Latest total retail market data available is as of year-end 2014.

Investment Merits of Signet

- Leading market position
- Promising store growth prospects near term and post-synergies (long term). Industry is consolidating.
- High quality financial results (e.g. P&L flow-through, A/R) which compare favorably to retail peers.
- Confidence in delivering on FY17 earnings guidance.
  - Merchandise line extensions and successful tests.
  - ‘Clienteling’ (a.k.a. systematically communicating with customers as key events approach)
- Acquisition integration and synergies progressing well.
- Initiatives to stimulate results at Jared late this year around merchandising (Pandora), marketing (new events), and store operations (x-dept selling).
- Shareholder-friendly capital allocation. Favorable valuation.



Sales Performance

	Change in same store sales[1]	Total sales at constant exchange rate[2]	Exchange translation impact	Change in total sales	Total sales (in millions)
Kay	4.7%	6.4%	0.0%	6.4%	$ 634.5
Jared	- 1.7%	1.6%	0.0%	1.6%	$ 300.2
Regional brands	-3.6%	-12.3%	0.0%	-12.3%	$ 45.7
Sterling Jewelers division	**2.3%**	**3.8%**	**0.0%**	**3.8%**	**$ 980.4**
Zales Jewelers	3.1%	5.3%	0.0%	5.3%	$ 313.1
Gordon's Jewelers	- 9.3%	-18.8%	0.0%	-18.8%	16.9
Zale US Jewelry	**2.4%**	**3.7%**	**0.0%**	**3.7%**	**330.0**
Peoples Jewelers	-0.5%	1.1%	-6.4%	-5.3%	44.7
Mappins	-1.6%	-5.6%	-6.2%	-11.8%	6.7
Zale Canada Jewelry	**- 0.6%**	**0.2%**	**-6.4%**	**-6.2%**	**51.4**
Zale Jewelry	**2.0%**	**3.2%**	**-0.9%**	**2.3%**	**381.4**
Piercing Pagoda	5.6%	7.5%	0.0%	7.5%	69.0
Zale division	**2.5%**	**3.9%**	**-0.9%**	**3.0%**	**450.4**
H.Samuel	2.7%	2.3%	-5.8%	-3.5%	72.2
Ernest Jones	4.0%	5.9%	-5.8%	0.1%	71.8
UK Jewelry division	**3.4%**	**4.0%**	**-5.7%**	**-1.7%**	**144.0**
Other	0.0%	46.4%	0.0%	**46.4%**	4.1
Signet	**2.4%**	**3.9%**	**-0.7%**	**3.2%**	**1,578.9**
Adjusted Signet[3]				**2.9%**	1,583.1

Notes: 1=For stores open for at least 12 months. 2=For stores not open in the last 12 months. 3=Non-GAAP measure.

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

		Adjustments		
	Signet	Purchase Accounting	Integration Costs	Adjusted Signet
Sales	1,578.9	(4.2)	-	1,583.1
Cost of sales	(978.5)	0.2	-	(978.7)
Gross margin	600.4	(4.0)	-	604.4
SG&A	(462.7)	(1.3)	(5.3)	(456.1)
Other operating income, net	74.3	-	-	74.3
Operating income	212.0	(5.3)	(5.3)	222.6
Interest expense, net	(11.8)	-	-	(11.8)
Income before income taxes	200.2	(5.3)	(5.3)	210.8
Income taxes	(53.4)	2.0	2.0	(57.4)
Net income	146.8	(3.3)	(3.3)	153.4
Earnings per share – diluted	1.87	(0.04)	(0.04)	1.95

Adjusted Income Statement Highlights

150 basis points of adjusted operating margin expansion

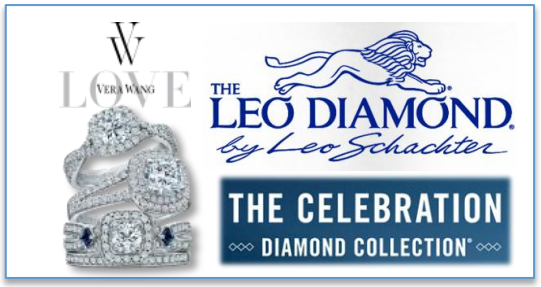
	1Q Fiscal 2017	1Q Fiscal 2016	Difference
Adjusted gross margin	38.2%	37.8%	40 bps
Adjusted SG&A	(28.8%)	(29.3%)	50 bps
Other operating income	4.7%	4.1%	60 bps
Adjusted operating income Q1 2017	**14.1%**	**12.6%**	**150 bps**
Adjusted earnings per share	$1.95	$1.62	$0.33

Non-GAAP measures. See slide 9.

Inventory

- Inventory of $2.51 billion increased 1.0%.
- Total sales increased 3.2%.
- Sound inventory management especially:
  - Zale
  - Branded bridal
- Clean inventory well-positioned for quarters ahead





Sterling Division Credit Metrics (in millions except percentages)

	Q1 2017	Q1 2016	Difference
Accounts receivable (A/R), net	$1,654.3	$1,489.4	$164.9
Credit participation	61.7%	60.7%	100 bps
Average monthly payment collection rate	12.3%	12.6%	-30 bps
Interest income from in-house finance program	$72.8	$64.4	$8.4
Net bad debt	$33.6	$28.1	$5.5
Net Impact	**$39.2**	**$36.3**	**$2.9**

Sterling Division Allowance Metrics

	1Q Fiscal 2017	Fiscal YE 2016	1Q Fiscal 2016	Fiscal YE 2015
Total valuation allowance as % of gross receivables	**6.6%**	40 bps better	6.5%	30 bps better	6.8%
Non-performing receivables[1] as % of gross receivables	**3.6%**	40 bps better	3.5%	30 bps better	3.8%

- Sequentially, fourth quarter to first quarter, year-over-year, allowance and non-performing receivable ratios improved.
- Allowance and non-performing receivable ratios up just 10 bps year-over-year.

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

Capital Allocation

- Maintain strong balance sheet that provides flexibility. Extended $600M asset-backed securitization one year (May 2018).
  - Invest in business; support execution of strategic priorities
  - Return excess cash to shareholders; ensure adequate liquidity
- Maintain investment grade rating
- Goal for leverage ratio ‘Adjusted Debt / Adjusted EBITDAR’ at or below 3.5x
- Distribute 70% - 80% of annual free flow cash to shareholders through combination of growth in dividends and share repurchase
- Stock repurchase authorization of $761 million as of May 2. Anticipate authorization lasting two to three years. Repurchased $125 million of SIG stock in first quarter.

Financial Guidance

Second Quarter Fiscal 2017	
Same store sales	1% to 2%
EPS	$1.39 to $1.46
Adjusted EPS	$1.49 to $1.54

Cumulative Net Synergies	
Fiscal 2017 (Fiscal 2016 plus Fiscal 2017)	$158 million to $175 million
Fiscal 2018 (Fiscal 2016 plus Fiscal 2017 plus Fiscal 2018)	$225 million to $250 million

Fiscal 2017	
Same store sales	2.0% to 3.5%
EPS	$7.88 to $8.23
Adjusted EPS	$8.25 to $8.55
Effective tax rate	27% to 28%
Capital expenditures	$315 million to $365 million
Net selling sq. footage growth	3.0% to 3.5%



Signet Jewelers, Ltd.

