

SIGNET JEWELERS LTD

Form 10-Q

November 29, 2016

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
for the quarterly period ended October 29, 2016 or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
for the transition period from to  
Commission file number 1-32349

SIGNET JEWELERS LIMITED

(Exact name of Registrant as specified in its charter)

Bermuda Not Applicable  
(State or other jurisdiction of incorporation) (I.R.S. Employer Identification No.)

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda  
(441) 296 5872  
(Address and telephone number including area code of principal executive offices)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one).

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the latest practicable date

Common Stock, \$0.18 par value, 69,580,711 shares as of November 25, 2016



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## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## SIGNET JEWELERS LIMITED

## CONDENSED CONSOLIDATED INCOME STATEMENTS

(Unaudited)

(in millions, except per share amounts)	13 weeks ended		39 weeks ended		Notes
	October 29, 2016	October 31, 2015	October 29, 2016	October 31, 2015	
Sales	\$1,186.2	\$1,216.4	\$4,138.5	\$4,157.6	3
Cost of sales	(836.2 )	(848.7 )	(2,723.2 )	(2,733.2 )	
Gross margin	350.0	367.7	1,415.3	1,424.4	
Selling, general and administrative expenses	(386.5 )	(395.0 )	(1,264.9 )	(1,301.0 )	
Other operating income, net	68.6	60.9	213.6	187.2	
Operating income	32.1	33.6	364.0	310.6	3
Interest expense, net	(12.7 )	(11.7 )	(36.4 )	(33.8 )	
Income before income taxes	19.4	21.9	327.6	276.8	
Income taxes	(2.4 )	(6.9 )	(81.9 )	(80.8 )	8
Net income	\$17.0	\$15.0	\$245.7	\$196.0	
Dividends on redeemable convertible preferred shares	(2.2 )	—	(2.2 )	—	5
Net income attributable to common shareholders	\$14.8	\$15.0	\$243.5	\$196.0	
Earnings per common share:					
Basic	\$0.20	\$0.19	\$3.19	\$2.46	6
Diluted	\$0.20	\$0.19	\$3.18	\$2.45	6
Weighted average common shares outstanding:					
Basic	73.5	79.3	76.4	79.7	6
Diluted	73.6	79.5	76.5	79.9	6
Dividends declared per common share	\$0.26	\$0.22	\$0.78	\$0.66	5

The accompanying notes are an integral part of these condensed consolidated financial statements.

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## SIGNET JEWELERS LIMITED

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited)

(in millions)	13 weeks ended October 29, 2016			October 31, 2015		
	Pre-tax amount	Tax (expense) benefit	After-tax amount	Pre-tax amount	Tax (expense) benefit	After-tax amount
Net income			\$ 17.0			\$ 15.0
Other comprehensive income (loss):						
Foreign currency translation adjustments	\$(28.9)	\$ —	(28.9 )	\$(4.2)	\$ —	(4.2 )
Available-for-sale securities:						
Unrealized gain (loss)	(0.4 )	0.2	(0.2 )	(0.1 )	—	(0.1 )
Cash flow hedges:						
Unrealized gain (loss)	1.9	—	1.9	2.2	(1.1 )	1.1
Reclassification adjustment for losses to net income	(0.2 )	0.1	(0.1 )	1.1	(0.2 )	0.9
Pension plan:						
Reclassification adjustment to net income for amortization of actuarial losses	0.4	—	0.4	0.9	(0.2 )	0.7
Reclassification adjustment to net income for amortization of net prior service credits	(0.5 )	0.1	(0.4 )	(0.6 )	0.1	(0.5 )
Total other comprehensive income (loss)	\$(27.7)	\$ 0.4	\$(27.3 )	\$(0.7)	\$ (1.4 )	\$ (2.1)
Total comprehensive income (loss)			\$ (10.3 )			\$ 12.9

(in millions)	39 weeks ended October 29, 2016			October 31, 2015		
	Pre-tax amount	Tax (expense) benefit	After-tax amount	Pre-tax amount	Tax (expense) benefit	After-tax amount
Net income			\$ 245.7			\$ 196.0
Other comprehensive income (loss):						
Foreign currency translation adjustments	\$(38.0)	\$ —	(38.0 )	\$(1.4)	\$ —	(1.4 )
Available-for-sale securities:						
Unrealized gain (loss)	0.3	(0.1 )	0.2	(0.4 )	—	(0.4 )
Cash flow hedges:						
Unrealized gain (loss)	11.2	(3.0 )	8.2	(15.0)	4.7	(10.3 )
Reclassification adjustment for losses to net income	2.4	(0.8 )	1.6	2.9	(0.7 )	2.2
Pension plan:						
Reclassification adjustment to net income for amortization of actuarial losses	1.2	(0.2 )	1.0	2.6	(0.5 )	2.1
Reclassification adjustment to net income for amortization of net prior service credits	(1.5 )	0.3	(1.2 )	(1.7 )	0.3	(1.4 )
Total other comprehensive income (loss)	\$(24.4)	\$ (3.8)	\$(28.2 )	\$(13.0)	\$ 3.8	\$ (9.2)
Total comprehensive income			\$ 217.5			\$ 186.8

The accompanying notes are an integral part of these condensed consolidated financial statements.

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SIGNET JEWELERS LIMITED  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Unaudited)

(in millions, except par value per share amount)      October 29, January 30, October 31, Notes  
2016                      2016                      2015

Assets