

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 5, 2019

SIGNET JEWELERS LIMITED

(Exact name of registrant as specified in its charter)

Commission File Number: 1-32349

Bermuda
(State or other jurisdiction of incorporation)

Not Applicable
(IRS Employer Identification No.)

Clarendon House
2 Church Street
Hamilton
HM11
Bermuda
(Address of principal executive offices, including zip code)

(441) 296 5872
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares of \$0.18 each	SIG	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition

On September 5, 2019, Signet Jewelers Limited issued a press release announcing results for the second quarter ended August 3, 2019. A copy of the press release is attached hereto as Exhibit 99.1 to this Form 8-K.

The information in this Current Report on Form 8-K is being furnished pursuant to Item 2.02 Results of Operations and Financial Condition. In accordance with General Instruction B.2 of Form 8-K, the information in this report shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly stated by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits

See Exhibit Index

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press Release of Signet Jewelers Limited, dated September 5, 2019

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: September 5, 2019

SIGNET JEWELERS LIMITED

By: /s/ Joan Hilson

Name: Joan Hilson

Title: Chief Financial Officer

Signet Jewelers Reports Second Quarter Fiscal 2020 Financial Results

HAMILTON, Bermuda--(BUSINESS WIRE)--September 5, 2019--Signet Jewelers Limited ("Signet") (NYSE:SIG), the world's largest retailer of diamond jewelry, today announced its results for the 13 weeks ended August 3, 2019 ("second quarter Fiscal 2020").

Summary:

Second Quarter Fiscal 2020

- Same store sales ("SSS") down 1.5%¹, with eCommerce sales up 4.4%
- GAAP diluted earnings per share ("EPS") of \$(0.86) including a goodwill impairment charge of \$0.91
- Non-GAAP diluted EPS of \$0.51²
- Net cash provided by operating activities of \$246.6 million year to date
- Free cash flow of \$194.4 million year to date²

Fiscal 2020 Guidance

- Fiscal 2020 same store sales down 2.5% to down 1.5% and total sales of \$6.0 billion - \$6.03 billion
- Fiscal 2020 GAAP operating income of \$142 - \$172 million and non-GAAP operating income of \$260 - \$280 million²
- Fiscal 2020 GAAP diluted EPS of \$0.87 - \$1.33 and non-GAAP diluted EPS of \$2.91 - \$3.23²

Refinancing

- Expects to refinance existing credit facilities by entering into new fully committed 5-year \$1.6 billion senior asset-based credit facilities which will extend maturities and increase liquidity

	Fiscal Q2'20 ¹	Fiscal Q2'19	YTD Fiscal 2020	YTD Fiscal 2019
Revenue (\$ in millions)	\$ 1,364.4	\$ 1,420.1	\$2,796.1	\$2,900.7
Same store sales % change ¹	(1.5)%	1.7%	(1.4)%	0.7%
GAAP				
Operating income (loss)	\$ (22.4)	\$ (58.1)	\$ (25.0)	\$ (632.3)
Operating income (loss) as % of sales	(1.6)%	(4.1)%	(0.9)%	(21.8)%
GAAP Diluted EPS	\$ (0.86)	\$ (0.56)	\$ (1.21)	\$ (9.27)
Non-GAAP⁽²⁾				
Non-GAAP operating income (loss)	\$ 53.1	\$ 48.6	\$ 77.3	\$ 72.7
Non-GAAP operating income (loss) as % of sales	3.9%	3.4%	2.8%	2.5%
Non-GAAP Diluted EPS	\$ 0.51	\$ 0.52	\$ 0.59	\$ 0.60

(1) Same store sales include physical store sales and eCommerce sales.

(2) See non-GAAP reconciliation page.

"We continue to gain traction on our transformation initiatives and delivered second quarter results that exceeded our same store sales, non-GAAP operating profit, and non-GAAP earnings per share expectations. Our continuing cost control and disciplined inventory management also led to improved adjusted free cash flow generation in both the second quarter as well as year to date. We remain on track to deliver our full year non-GAAP financial guidance," said Signet Chief Executive Officer Virginia C. Drosos.

“As we enter the competitive holiday season, we believe we are positioned to execute our product strategy by launching additional flagship brands, delivering relevant on-trend new merchandise and offering a highly competitive assortment for value-oriented shoppers. We remain focused on delivering our Path to Brilliance transformation designed to drive sustainable growth and create value for our shareholders over the long-term.”

Change from previous year

Second Quarter Fiscal 2020	Same store sales	Non-same store sales, net	Total sales at constant exchange rate	Exchange translation impact	Total sales as reported	Total sales (in millions)
Kay	(2.7)%	(0.4)%	(3.1)%	na	(3.1)%	\$ 528.9
Zales	2.0%	(2.9)%	(0.9)%	na	(0.9)%	\$ 275.9
Jared	(3.5)%	(2.6)%	(6.1)%	na	(6.1)%	\$ 254.6
Piercing Pagoda	11.4%	(1.6)%	9.8%	na	9.8%	\$ 74.2
James Allen	(1.5)%	— %	(1.5)%	na	(1.5)%	\$ 53.6
Peoples	(0.9)%	(2.1)%	(3.0)%	(1.6)%	(4.6)%	\$ 45.5
Regional banners	(10.0)%	(50.8)%	(60.8)%	(0.2)%	(61.0)%	\$ 8.3
North America segment	(1.0)%	(2.5)%	(3.5)%	(0.1)%	(3.6)%	\$ 1,241.0
International segment	(7.0)%	(1.9)%	(8.9)%	(4.4)%	(13.3)%	\$ 113.9
Other(1)	na	400.0%	400.0%	—%	400.0%	\$ 9.5
Signet	(1.5)%	(1.9)%	(3.4)%	(0.5)%	(3.9)%	\$ 1,364.4

(1)Includes sales from Signet’s diamond sourcing initiative.

GAAP Operating income (loss) in millions	Second quarter Fiscal 2020		Second quarter Fiscal 2019	
	\$	% of sales	\$	% of sales
North America segment	\$ 24.2	2.0%	\$ (4.2)	(0.3)%
International segment	(1.0)	(0.9)%	(6.1)	(4.6)%
Other	(45.6)	nm	(47.8)	nm
Total GAAP operating income (loss)	\$ (22.4)	(1.6)%	\$ (58.1)	(4.1)%

Non-GAAP Operating income (loss) in millions	Second quarter Fiscal 2020		Second quarter Fiscal 2019	
	\$	% of sales	\$	% of sales
North America segment	\$ 73.6	5.9%	\$ 68.9	5.4%
International segment	(1.0)	(0.9)%	(2.3)	(1.7)%
Other	(19.5)	nm	(18.0)	nm
Total Non-GAAP operating income (loss)	\$ 53.1	3.9%	\$ 48.6	3.4%

Signet Path to Brilliance Expected Savings and Restructuring Costs

In Fiscal 2020, the company expects net cost savings of \$70 million - \$80 million. The company expects its transformation plan to deliver \$200 million - \$225 million of net cost savings in Fiscal Years 2019-2021, inclusive of the \$85 million achieved in Fiscal 2019.

In Fiscal 2020, the Company's preliminary estimate for pre-tax charges related to cost reduction activities ranges from \$60 million - \$70 million, of which \$46 million - \$58 million are expected to be cash charges. The company's estimate for pre-tax charges in Fiscal Years 2019 - 2021 is a range of \$200 million - \$220 million, of which \$105 million - \$115 million are expected to be cash charges.

In Fiscal 2020, the company expects to close approximately 150 stores, with 66 closures in the fiscal year to date and limited new store openings for the full year. The company expects it will have reduced its store base by approximately 13% over the three-year period from Fiscal Years 2018 - 2020, materially reducing its exposure to lower grade malls and simplifying the portfolio by exiting most of its regional banners.

Refinancing

Signet announced today that it expects to enter into new fully-committed 5-year \$1.6 billion senior asset-based credit facilities to refinance all outstanding amounts under its existing senior credit facilities that mature in July 2021, to finance a tender offer for its outstanding senior notes due in 2024, to pay related fees and expenses, and for general corporate purposes.

The new credit facilities are subject to final documentation and customary closing conditions. Please see the separate press release issued today for further details of the tender offer.

These new senior asset-based credit facilities improve financial flexibility as they are expected to be leverage neutral, extend Signet's debt maturity profile and increase available liquidity. These facilities are expected to have a slightly lower interest expense versus the company's existing capital structure.

Goodwill and Intangible Asset Impairment

During the second quarter of Fiscal 2020 a non-cash immaterial out of period adjustment was recognized related to the calculation of goodwill impairment during Fiscal 2019. The amount of the goodwill adjustment recognized was \$47.7 million, with \$35.2 million related to Zales goodwill and \$12.5 million related to R2Net goodwill.

Second Quarter 2020 Financial Highlights

Signet's total sales were \$1.36 billion, down 3.9%, in the 13 weeks ended August 3, 2019 on a reported basis and down 3.4% on a constant currency basis. Total same store sales performance decreased 1.5% year-over-year, inclusive of: 1) an unfavorable 40 bps impact related to a timing shift of service plan revenue recognized and 2) an unfavorable 35 bps impact due to a planned shift in timing of promotions at Jared.

North America payment plan participation rate, including both credit and leasing sales, was 51.4% versus 53.3% in the prior year second quarter.

eCommerce sales were \$156.9 million, up 4.4% year over year. eCommerce sales accounted for 11.5% of sales, up from 10.6% of total sales in the prior year quarter. Brick and mortar same store sales declined 2.3%.

By operating segment:

North America

- North America same store sales decreased 1.0%, inclusive of: 1) an unfavorable 45 bps impact related to a timing shift of service plan revenue recognized and 2) an unfavorable 40 bps impact due to a planned shift in timing of promotions at Jared (which had an unfavorable impact of 190 bps on Jared's same store sales). North America same store sales performance strengthened each month as we moved through the second quarter.
- Average transaction value ("ATV") increased 0.5% and the number of transactions decreased 1.6%.
- eCommerce sales increased 5.3%, and brick and mortar same store sales decreased 1.8%. Excluding James Allen, eCommerce sales increased 9.9%.
- Fashion category sales increased on a same store sales basis led by on trend collections including gold fashion jewelry, the Love+Be Loved collection and Disney. The bridal, watches and other categories declined on a same store sales basis. Enchanted Disney and Leo performed well within bridal while Ever Us and Tolokowsky declined. The other category performance primarily reflects declines in Pandora®.

International

- International same store sales decreased 7.0%. ATV was flat and the number of transactions decreased 6.8%. Sales declined across categories and continued to reflect a difficult operating environment in the UK.

GAAP gross margin was \$458.7 million, or 33.6% of sales, up 350 bps versus the prior year quarter. The prior year quarter included a \$63.2 million restructuring charge related to inventory that the company discontinued as part of its transformation plan. In the current year quarter, an additional charge of \$4.4 million was taken related to this inventory based on an estimate of a lower net realizable value. Excluding these charges, non-GAAP gross margin was 33.9%, down 60 bps versus prior year. Factors impacting gross margin rate include: 1) an unfavorable 65 bps impact related to higher diamond sales to third parties from our Botswana operations, 2) an unfavorable 25 bps impact related to a timing shift of revenue recognized on service plans; and 3) the favorable impact of transformation cost savings.

SGA was \$411.4 million, or 30.2% of sales, compared to \$444.8 million, or 31.3% of sales in the prior year. Decreases in SGA were driven by lower store staff costs primarily due to closed stores and transformation cost savings. These savings were partially offset by a \$5 million increase in credit costs related to the transition to an outsourced credit model.

GAAP operating income (loss) was \$(22.4) million or (1.6)% of sales, compared to \$(58.1) million, or (4.1)% of sales in the prior year second quarter. The operating income change reflected: 1) a prior year restructuring charge related to inventory of \$63.2 million compared to a \$4.4 million restructuring charge related to inventory in the current year, 2) a prior year loss of \$23.9 million related to non-prime receivables classified as held for sale, 3) a current year goodwill impairment charge of \$47.7 million related to Fiscal 2019; and 4) a \$3.8 million year over year increase in restructuring charges related to the Path to Brilliance transformation plan.

Non-GAAP operating income was \$53.1 million, or 3.9% of sales, compared to \$48.6 million, or 3.4% of sales in prior year second quarter. Non-GAAP operating income excluded a \$47.7 million goodwill impairment charge and \$27.8 million in restructuring charges related to the Path to Brilliance transformation plan in the current year quarter. The non-GAAP operating income change was primarily driven by transformation cost savings somewhat offset by lower sales. The outsourcing of credit had a \$3 million unfavorable impact on operating profit in the quarter.

Income tax expense was \$3.8 million compared to income tax benefit of \$44.0 million in the prior year second quarter. The current quarter GAAP effective tax rate was primarily driven by pre-tax earnings mix by jurisdiction and a non-tax deductible goodwill impairment. The prior year tax benefit was primarily driven by: 1) restructuring charges related to the transformation plan, 2) a loss recognized in the U.S. associated with the writedown of the non-prime receivables; and 3) pre-tax earnings mix by jurisdiction. On a non-GAAP basis, income tax expense was \$8.7 million for an effective tax rate of 20.1%, primarily driven by pre-tax earnings mix by jurisdiction.

GAAP EPS was \$(0.86), including a \$0.91 charge related to goodwill impairment and a \$0.46 charge related to the Path to Brilliance transformation plan. Excluding these charges, EPS was \$0.51 on a non-GAAP basis.

GAAP and non-GAAP EPS in the quarter are based on net income (loss) available to common shareholders as the preferred shares are anti-dilutive and excluded from the ending share count due to the level of second quarter net income (loss).

Balance Sheet and Statement of Cash Flows

Net cash provided by operating activities was \$246.6 million year to date and free cash flow was \$194.4 million year to date. Free cash flow benefited from significantly lower use of cash for inventory.

Cash and cash equivalents were \$271.5 million, compared to \$134.1 million at the prior year quarter-end. Total debt, including short-term and long-term debt and excluding operating lease liabilities, was \$682.4 million, compared to \$782.5 million at the prior year quarter-end.

Financial Guidance:**Fiscal 2020**

Same store sales	down 2.5% - down 1.5%
Total sales	\$6.0 billion - \$6.03 billion
GAAP operating income	\$142 million - \$172 million
Non-GAAP operating income	\$260 million - \$280 million
GAAP diluted EPS	\$0.87 - \$1.33
Non-GAAP diluted EPS	\$2.91 - \$3.23
Weighted average common shares - basic	51.8 million
GAAP tax rate	17.0% - 19.0%
Non-GAAP tax rate	16.0% - 17.0%
Capital expenditures	\$135 million - \$155 million
Net selling square footage	down 2.5% - down 3.5%

The above Fiscal 2020 guidance reflects the following assumptions:

- GAAP and non-GAAP operating profit and EPS guidance is now inclusive of recently announced U.S List 4 tariff impact enacted on September 1, 2019.
 - Same store sales guidance includes an unfavorable impact of 25 bps related to a timing shift of service plan revenue recognized.
 - Expected unfavorable \$190 million impact on revenues due to store closings.
 - Company plans to close approximately 150 stores in Fiscal 2020 and open 30 stores, for a net selling square footage decline of approximately 2.5% - 3.5%.
 - Credit outsourcing is expected to have an approximately flat year-over-year impact on operating profit.
 - Transformation program net savings goal of \$70 million - \$80 million.
 - Pre-tax charges of \$60 million - \$70 million related to the transformation plan.
 - Interest expense of \$41 million - \$43 million.
 - For purposes of calculating both GAAP and non-GAAP EPS, the company expects to use the basic share count for the first three quarters and the full year, and the diluted share count for the fourth quarter.
 - Non-GAAP EPS guidance of \$2.91 - \$3.23 excludes restructuring charges associated with the transformation plan, goodwill impairment charges, any potential gain or loss on early extinguishment of debt and fees on debt refinancing.
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Q3 Fiscal 2020

Same store sales	down 2.0% - down 1.0%
Total sales	\$1.14 billion - \$1.16 billion
GAAP operating income	(\$58) million - (\$45) million
Non-GAAP operating income	(\$50) million - (\$42) million
GAAP diluted EPS	(\$1.48) - (\$1.21)
Non-GAAP diluted EPS	(\$1.16) - (\$1.02)
Weighted average common shares - basic	51.7 million
GAAP tax rate	10.0% - 12.0%
Non-GAAP tax rate	15.0% - 15.5%

The above Q3 Fiscal 2020 guidance reflects the following assumptions:

- GAAP and non-GAAP operating profit and EPS guidance is inclusive of recently announced U.S List 4 tariff impact enacted on September 1, 2019.
 - Expected year-over-year advertising increase of approximately \$12 million related to the "Always On" media strategy.
 - Expected unfavorable \$35 million impact on revenues due to store closings.
 - Pre-tax charges of \$3 million - \$8 million related to the transformation plan.
 - Interest expense of \$10.5 million - \$11.5 million.
 - GAAP and non-GAAP EPS guidance is calculated by subtracting the preferred dividend from net income and applying basic share count.
 - Non-GAAP EPS guidance of (\$1.16) - (\$1.02) excludes restructuring charges associated with the transformation plan, any potential gain or loss on early extinguishment of debt and fees on debt refinancing.
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Quarterly Dividend:

Signet's Board of Directors declared a quarterly cash dividend of \$0.37 per share for the third quarter of Fiscal 2020, payable on November 29, 2019 to shareholders of record on November 1, 2019, with an ex-dividend date of October 31, 2019.

Conference Call:

A conference call is scheduled today at 8:30 a.m. ET and a simultaneous audio webcast is available at www.signetjewelers.com. The call details are:

Toll Free Dial-in: 833-245-9657

International Dial-in: +1 647-689-4229

Access code: 6073039

A replay and transcript of the call will be posted on Signet's website as soon as they are available and will be accessible for one year.

About Signet and Safe Harbor Statement:

Signet Jewelers Limited is the world's largest retailer of diamond jewelry. Signet operates approximately 3,300 stores primarily under the name brands of Kay Jewelers, Zales, Jared, H.Samuel, Ernest Jones, Peoples, Piercing Pagoda, and JamesAllen.com. Further information on Signet is available at www.signetjewelers.com. See also www.kay.com, www.zales.com, www.jared.com, www.hsamuel.co.uk, www.ernestjones.co.uk, www.peoplesjewellers.com, www.pagoda.com, and www.jamesallen.com.

This release 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, appear in a number of places throughout this document and include statements regarding, among other things, Signet's results of operation, financial condition, liquidity, prospects, growth, strategies, the industry in which Signet operates, the expected entry into new credit facilities and completion of the tender offer. 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 which could cause the actual results to not be realized, including, but not limited to: our ability to complete the tender offer, our ability to enter into the new credit facilities, market conditions, or other factors that relate to us, including our ability to implement Signet's transformation initiative; the effect of US federal tax reform and adjustments relating to such impact on the completion of our quarterly and year-end financial statements; changes in interpretation or assumptions, and/or updated regulatory guidance regarding the US federal tax reform; the benefits and outsourcing of the credit portfolio sale including technology disruptions, future financial results and operating results; deterioration in the performance of individual businesses or of the company's market value relative to its book value, resulting in impairments of fixed assets or intangible assets or other adverse financial consequences, including tax consequences related thereto, especially in view of the company's recent market valuation; our ability to successfully integrate Zale Corporation and R2Net's operations and to realize synergies from the Zale and R2Net transactions; general economic conditions; potential regulatory changes, global economic conditions or other developments related to the United Kingdom's announced intention to negotiate a formal exit from the European Union; a decline in consumer spending or deterioration in consumer financial position; the merchandising, pricing and inventory policies followed by Signet; Signet's relationships with suppliers and ability to obtain merchandise that customers wish to purchase; the failure to adequately address the List 4 tariff impact and or imposition of additional duties, tariffs, taxes and other charges or other barriers to trade; the reputation of Signet and its banners; the level of competition and promotional activity in the jewelry sector; the cost and availability of diamonds, gold and other precious metals; changes in the supply and consumer acceptance of gem quality lab created diamonds; regulations relating to customer credit; seasonality of Signet's business; the success of recent changes in Signet's executive management team; the performance of and ability to recruit, train, motivate and retain qualified sales associates; the impact of weather-related incidents on Signet's business, financial market risks; exchange rate fluctuations; changes in Signet's credit rating; changes in consumer attitudes regarding jewelry; management of social, ethical and environmental risks; the development and maintenance of Signet's OmniChannel retailing; the ability to optimize Signet's real estate footprint; 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 credit outsourcing fees, extended service plans and pensions; risks related to Signet being a Bermuda corporation; the impact of the acquisition of Zale Corporation on relationships, including with employees, suppliers, customers and competitors; Signet's ability to protect its intellectual property; changes in taxation benefits, rules or practices in the US and jurisdictions in which Signet's subsidiaries are incorporated, including developments related to the tax treatment of companies engaged in Internet commerce; and an adverse development in legal or regulatory proceedings or tax matters, any new regulatory initiatives or investigations, and ongoing compliance with regulations and any consent orders or other legal or regulatory decisions.

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 2019 Annual Report on Form 10-K filed with the SEC on April 3, 2019 and quarterly reports on Form 10-Q filed with the SEC. Signet undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events or circumstances, except as required by law.

GAAP to Non-GAAP Reconciliations

The following information provides reconciliations of the most comparable financial measures calculated and presented in accordance with accounting principles generally accepted in the U.S. (“GAAP”) to presented non-GAAP financial measures. The company believes that non-GAAP financial measures, when reviewed in conjunction with GAAP financial measures, can provide more information to assist investors in evaluating historical trends and current period performance. For these reasons, internal management reporting also includes non-GAAP measures. Items may be excluded from GAAP financial measures when the company believes this provides greater clarity to management and investors.

These non-GAAP financial measures should be considered in addition to, and not superior to or as a substitute for the GAAP financial measures presented in this earnings release and the company’s financial statements and other publicly filed reports. In addition, our non-GAAP financial measures may not be the same as or comparable to similar non-GAAP measures presented by other companies.

In discussing financial results, the company refers to free cash flow which is not in accordance with GAAP and is defined as the net cash provided by operating activities less purchases of property, plant and equipment. Management considers adjusted free cash flow, defined as free cash flow excluding proceeds from the sale of non-prime receivables, as helpful in understanding how the business is generating cash from its operating and investing activities that can be used to meet the financing needs of the business. Adjusted free cash flow is an indicator used by management frequently in evaluating its overall liquidity and determining appropriate capital allocation strategies. Free cash flow and adjusted free cash flow do not represent the residual cash flow available for discretionary expenditure.

(in millions)	26 weeks ended	
	August 3, 2019	August 4, 2018
Net cash provided by operating activities	\$ 246.6	\$ 452.6
Purchase of property, plant and equipment	(52.2)	(56.1)
Free cash flow	\$ 194.4	\$ 396.5

(in millions)	26 weeks ended	
	August 3, 2019	August 4, 2018
Free cash flow	\$ 194.4	\$ 396.5
Proceeds from sale of in-house finance receivables	—	(445.5)
Adjusted free cash flow	\$ 194.4	\$ (49.0)

(in millions)	13 weeks ended		26 weeks ended	
	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018
Gross margin	\$ 458.7	\$ 427.0	\$ 958.1	\$ 911.8
Restructuring charges - cost of sales	4.4	\$ 63.2	4.4	\$ 63.2
Non-GAAP Gross Margin	\$ 463.1	\$ 490.2	\$ 962.5	\$ 975.0

(in millions)	13 weeks ended		26 weeks ended	
	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018
Total GAAP operating income (loss)	\$ (22.4)	\$ (58.1)	\$ (25.0)	\$ (632.3)
Charges related to transformation plan	27.8	82.8	54.6	89.3
Loss related to goodwill and intangible impairment	47.7	—	47.7	448.7
Loss related to sale of non-prime receivables	—	23.9	—	167.0
Total non-GAAP operating income (loss)	\$ 53.1	\$ 48.6	\$ 77.3	\$ 72.7

(in millions)	13 weeks ended		26 weeks ended	
	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018
North America segment GAAP operating income (loss)	\$ 24.2	\$ (4.2)	\$ 72.3	\$ (541.5)
Charges related to transformation plan	1.7	53.7	1.2	53.7
Loss related to goodwill and intangible impairment	47.7	—	47.7	448.7
Loss related to sale of non-prime receivables	—	19.4	—	160.4
North America segment non-GAAP operating income (loss)	\$ 73.6	\$ 68.9	\$ 121.2	\$ 121.3

(in millions)	13 weeks ended		26 weeks ended	
	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018
International segment GAAP operating income (loss)	\$ (1.0)	\$ (6.1)	\$ (9.0)	\$ (13.7)
Charges related to transformation plan	—	3.8	—	3.8
International segment non-GAAP operating income (loss)	\$ (1.0)	\$ (2.3)	\$ (9.0)	\$ (9.9)

(in millions)	13 weeks ended		26 weeks ended	
	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018
Other segment GAAP operating income (loss)	\$ (45.6)	\$ (47.8)	\$ (88.3)	\$ (77.1)
Charges related to transformation plan	26.1	25.3	53.4	31.8
Loss related to sale of non-prime receivables	—	4.5	—	6.6
Other segment non-GAAP operating income (loss)	\$ (19.5)	\$ (18.0)	\$ (34.9)	\$ (38.7)

	13 weeks ended	
	August 3, 2019	August 4, 2018
GAAP effective tax rate	(11.8)%	65.7%
Charges related to transformation plan	(7.1)%	(24.1)%
Loss related to goodwill and intangible impairment	39.0%	—%
Loss related to sale of non-prime receivables	—%	(23.2)%
GAAP quarterly impact of annual tax benefit ¹	—%	(11.9)%
Non-GAAP effective tax rate	20.1%	6.5%

	13 weeks ended	
	August 3, 2019	August 4, 2018
GAAP Diluted EPS	\$ (0.86)	\$ (0.56)
Charges related to transformation plan ¹	0.46	1.14
Loss related to goodwill and intangible impairment ¹	0.91	—
Loss related to sale of non-prime receivables ¹	—	0.10
GAAP quarterly impact of annual tax benefit	—	(0.16)
Non-GAAP Diluted EPS	\$ 0.51	\$ 0.52

	Fiscal 2020	Fiscal 2020
	Guidance Low	Guidance High
	End	End
2020 GAAP operating income	\$ 142.0	\$ 172.0
Charges related to transformation plan	70.0	60.0
Loss related to goodwill and intangible impairment	48.0	48.0
2020 Non-GAAP operating income	\$ 260.0	\$ 280.0

	Fiscal 2020 Guidance Low End	Fiscal 2020 Guidance High End
2020 GAAP Diluted EPS	\$ 0.87	\$ 1.33
Fees related to debt refinancing ¹	0.10	0.10
Charges related to transformation plan ¹	1.03	0.89
Loss related to goodwill and intangible impairment	0.91	0.91
2020 Non-GAAP Diluted EPS	<u>\$ 2.91</u>	<u>\$ 3.23</u>

	Q3 Fiscal 2020 Guidance Low End	Q3 Fiscal 2020 Guidance High End
Q3 2020 GAAP operating profit	\$ (58.0)	\$ (45.0)
Charges related to transformation plan	8.0	3.0
Q3 2020 Non-GAAP operating profit	<u>\$ (50.0)</u>	<u>\$ (42.0)</u>

	Fiscal Q3'20 Guidance Low End	Fiscal Q3'20 Guidance High End
Q3 GAAP Diluted EPS	\$ (1.48)	\$ (1.21)
Fees related to debt refinancing ¹	0.10	0.10
Charges related to transformation plan ¹	0.22	0.09
Q3 Non-GAAP Diluted EPS	<u>\$ (1.16)</u>	<u>\$ (1.02)</u>

¹Reconciliation of GAAP and non-GAAP charges and losses includes related tax impact.

Condensed Consolidated Income Statements (Unaudited)

(in millions, except per share amounts)	13 weeks ended		26 weeks ended	
	August 3, 2019	August 4, 2018	August 3, 2019	August 4, 2018
Sales	\$ 1,364.4	\$ 1,420.1	\$ 2,796.1	\$ 2,900.7
Cost of sales	(901.3)	(929.9)	(1,833.6)	(1,925.7)
Restructuring charges - cost of sales	(4.4)	(63.2)	(4.4)	(63.2)
Gross margin	458.7	427.0	958.1	911.8
Selling, general and administrative expenses	(411.4)	(444.8)	(886.6)	(927.6)
Credit transaction, net	—	(23.9)	—	(167.0)
Restructuring charges	(23.4)	(19.6)	(50.2)	(26.1)
Goodwill and intangible impairments	(47.7)	—	(47.7)	(448.7)
Other operating income, net	1.4	3.2	1.4	25.3
Operating income (loss)	(22.4)	(58.1)	(25.0)	(632.3)
Interest expense, net	(10.1)	(9.4)	(19.3)	(18.3)
Other non-operating income	0.2	0.5	0.5	1.1
Income (loss) before income taxes	(32.3)	(67.0)	(43.8)	(649.5)
Income taxes	(3.8)	44.0	(2.3)	129.9
Net income (loss)	\$ (36.1)	\$ (23.0)	\$ (46.1)	\$ (519.6)
Dividends on redeemable convertible preferred shares	(8.2)	(8.2)	(16.4)	(16.4)
Net income (loss) attributable to common shareholders	\$ (44.3)	\$ (31.2)	\$ (62.5)	\$ (536.0)
Earnings (loss) per common share:				
Basic	\$ (0.86)	\$ (0.56)	\$ (1.21)	\$ (9.27)
Diluted	\$ (0.86)	\$ (0.56)	\$ (1.21)	\$ (9.27)
Weighted average common shares outstanding:				
Basic	51.7	56.1	51.6	57.8
Diluted	51.7	56.1	51.6	57.8
Dividends declared per common share	\$ 0.37	\$ 0.37	\$ 0.74	\$ 0.74

Condensed Consolidated Balance Sheets (Unaudited)

(in millions, except par value per share amount)	August 3, 2019	February 2, 2019	August 4, 2018
Assets			
Current assets:			
Cash and cash equivalents	\$ 271.5	\$ 195.4	\$ 134.1
Accounts receivable	21.8	23.7	11.1
Other current assets	190.6	244.0	239.3
Income taxes	2.6	5.8	119.2
Inventories	2,272.1	2,386.9	2,363.8
Total current assets	2,758.6	2,855.8	2,867.5
Non-current assets:			
Property, plant and equipment, net of accumulated depreciation of \$1,338.3, \$1,282.8 and \$1,249.2, respectively	750.2	800.5	820.1
Operating lease right-of-use assets	1,729.3	—	—
Goodwill	248.8	296.6	509.0
Intangible assets, net	264.3	265.0	341.3
Other assets	194.7	181.2	200.7
Deferred tax assets	19.7	21.0	2.2
Total assets	\$5,965.6	\$ 4,420.1	\$4,740.8
Liabilities and Shareholders' equity			
Current liabilities:			
Loans and overdrafts	\$ 54.2	\$ 78.8	\$ 111.4
Accounts payable	224.1	153.7	236.7
Accrued expenses and other current liabilities	418.0	502.8	440.4
Deferred revenue	265.4	270.0	276.3
Operating lease liabilities, current	324.8	—	—
Income taxes	25.1	27.7	—
Total current liabilities	1,311.6	1,033.0	1,064.8
Non-current liabilities:			
Long-term debt	628.2	649.6	671.1
Operating lease liabilities, non-current	1,499.0	—	—
Other liabilities	122.7	224.1	236.1
Deferred revenue	699.8	696.5	663.3
Deferred tax liabilities	—	—	91.0
Total liabilities	4,261.3	2,603.2	2,726.3
Commitments and contingencies			
Series A redeemable convertible preferred shares of \$.01 par value: authorized 500 shares, 0.625 shares outstanding (February 2, 2019 and August 4, 2018: 0.625 shares outstanding)	616.1	615.3	614.4
Shareholders' equity:			
Common shares of \$0.18 par value: authorized 500 shares, 52.3 shares outstanding (February 2, 2019 and August 4, 2018: 51.9 outstanding)	12.6	12.6	15.7
Additional paid-in capital	236.3	236.5	287.6
Other reserves	0.4	0.4	0.4
Treasury shares at cost: 17.7 shares (February 2, 2019: 18.1 shares; August 4, 2018: 35.3 shares)	(993.0)	(1,027.3)	(2,418.0)
Retained earnings	2,154.2	2,282.2	3,820.7
Accumulated other comprehensive loss	(322.3)	(302.8)	(306.3)
Total shareholders' equity	1,088.2	1,201.6	1,400.1
Total liabilities, redeemable convertible preferred shares and shareholders' equity	\$5,965.6	\$ 4,420.1	\$4,740.8

Condensed Consolidated Statements of Cash Flows (Unaudited)

(in millions)	26 weeks ended	
	August 3, 2019	August 4, 2018
Cash flows from operating activities		
Net income (loss)	\$ (46.1)	\$ (519.6)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Amortization of operating lease assets	175.2	—
Depreciation and amortization	85.8	93.7
Amortization of unfavorable leases and contracts	(2.7)	(4.1)
Share-based compensation	8.3	8.2
Deferred taxation	(0.4)	(0.3)
Credit transaction, net	—	160.4
Goodwill and intangible impairments	47.7	448.7
Restructuring charges	14.0	77.4
Other non-cash movements	(0.4)	(2.9)
Changes in operating assets and liabilities:		
Decrease in accounts receivable	1.5	58.6
Proceeds from sale of in-house finance receivables	—	445.5
Decrease in other assets and other receivables	19.3	9.8
Decrease (increase) in inventories	96.8	(170.9)
Increase in accounts payable	74.7	3.6
Decrease in accrued expenses and other liabilities	(44.6)	(2.0)
Change in operating lease liabilities	(177.1)	—
Decrease in deferred revenue	(1.1)	(17.0)
Decrease in income taxes payable	(1.1)	(134.9)
Pension plan contributions	(3.2)	(1.6)
Net cash provided by operating activities	<u>246.6</u>	<u>452.6</u>
Investing activities		
Purchase of property, plant and equipment	(52.2)	(56.1)
Proceeds from sale of assets	—	5.5
Purchase of available-for-sale securities	(11.7)	(0.6)
Proceeds from sale of available-for-sale securities	0.5	8.5
Net cash used in investing activities	<u>(63.4)</u>	<u>(42.7)</u>
Financing activities		
Dividends paid on common shares	(38.5)	(40.6)
Dividends paid on redeemable convertible preferred shares	(15.6)	(15.6)
Repurchase of common shares	—	(485.0)
Repayments of term loans	(17.9)	(13.4)
Proceeds from revolving credit facility	—	308.0
Repayments of revolving credit facility	—	(237.0)
Repayments of bank overdrafts	(29.1)	(8.1)
Other financing activities	(0.6)	(2.1)
Net cash used in financing activities	<u>(101.7)</u>	<u>(493.8)</u>
Cash and cash equivalents at beginning of period	195.4	225.1
Increase (decrease) in cash and cash equivalents	81.5	(83.9)
Effect of exchange rate changes on cash and cash equivalents	(5.4)	(7.1)
Cash and cash equivalents at end of period	<u>\$ 271.5</u>	<u>\$ 134.1</u>

Real Estate Portfolio:

Signet has a diversified real estate portfolio. On August 3, 2019, Signet had 3,284 stores totaling 4.7 million square feet of selling space. In the second quarter, store count decreased by 16 and square feet of selling space decreased 0.4%. Compared to year end Fiscal 2019, store count decreased by 50 and square feet of selling space decreased 1.3%.

Store count by banner	February 2, 2019	Openings	Closures	August 3, 2019
Kay	1,214	12	(28)	1,198
Zales	658	3	(8)	653
Peoples	123	—	(4)	119
Jared	256	1	(7)	250
Piercing Pagoda	574	—	(7)	567
Regional banners	32	—	(4)	28
North America segment	2,857	16	(58)	2,815
H.Samuel	288	—	(4)	284
Ernest Jones	189	—	(4)	185
International segment	477	—	(8)	469
Signet	3,334	16	(66)	3,284

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