

SIGNET JEWELERS LTD
Form 10-Q
August 27, 2010
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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 July 31, 2010 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
(State or other jurisdiction

of incorporation)

Not Applicable
(I.R.S. Employer

Identification No.)

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

(441) 296 5872

(Address and telephone number of principal executive offices)

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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.

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 Exchange 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, 85,681,911 shares as of July 31, 2010

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	13 weeks ended		26 weeks ended		Notes
	July 31, 2010	August 1, 2009	July 31, 2010	August 1, 2009	
	\$million	\$million	\$million	\$million	
Sales	722.8	710.8	1,532.8	1,473.4	2
Cost of sales	(483.0)	(489.3)	(996.7)	(996.4)	
Gross margin	239.8	221.5	536.1	477.0	
Selling, general and administrative expenses	(203.7)	(203.8)	(442.2)	(436.6)	
Other operating income, net	27.2	28.9	54.9	58.6	
Operating income, net	63.3	46.6	148.8	99.0	2
Interest income	0.2	0.1	0.3	0.7	
Interest expense	(6.2)	(8.2)	(15.0)	(19.8)	
Income before income taxes	57.3	38.5	134.1	79.9	
Income taxes	(16.6)	(10.9)	(41.4)	(26.0)	
Net income	40.7	27.6	92.7	53.9	
Earnings per share basic	\$ 0.47	\$ 0.32	\$ 1.08	\$ 0.63	5
diluted	\$ 0.47	\$ 0.32	\$ 1.07	\$ 0.63	5

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

Table of Contents**Unaudited condensed consolidated balance sheets**

	July 31, 2010 (Unaudited) \$million	January 30, 2010 (Audited) \$million	August 1, 2009 (Unaudited) \$million	Notes
Assets				
Current assets:				
Cash and cash equivalents	485.4	316.2	92.8	
Accounts receivable, net	797.2	858.0	766.2	
Other receivables	25.3	27.9	24.4	
Other current assets	49.4	58.4	51.8	
Deferred tax assets	1.8	2.2		
Inventories	1,126.2	1,173.1	1,279.2	6
Total current assets	2,485.3	2,435.8	2,214.4	
Non-current assets:				
Property, plant and equipment, net of accumulated depreciation of \$595.7 million, \$566.0 million and \$594.2 million, respectively	362.1	396.9	431.2	
Other intangible assets, net	24.6	24.2	23.6	
Other assets	9.8	12.6	11.6	
Retirement benefit asset	1.1			
Deferred tax assets	55.7	54.7	54.1	
Total assets	2,938.6	2,924.2	2,734.9	2
Liabilities and Shareholders equity				
Current liabilities:				
Loans and overdrafts	24.9	44.1	13.3	
Accounts payable	114.7	66.2	93.9	
Accrued expenses and other current liabilities	241.9	272.1	220.9	
Deferred revenue	108.8	120.1	103.4	7
Deferred tax liabilities	78.5	74.7	55.8	
Income taxes payable	34.2	44.1	43.6	
Total current liabilities	603.0	621.3	530.9	
Non-current liabilities:				
Long-term debt	229.1	280.0	280.0	
Other liabilities	76.9	79.6	76.9	
Deferred revenue	140.5	140.9	143.0	7
Retirement benefit obligation		4.8	11.4	
Total liabilities	1,049.5	1,126.6	1,042.2	
Commitments and contingencies (see note 10)				
Shareholders equity:				
Common shares of \$0.18 par value: authorized 500 million shares, 85.7 million shares issued and outstanding (January 30, 2010: 85.5 million shares issued and outstanding; August 1, 2009: 85.5 million shares issued and outstanding)	15.4	15.4	15.4	
Additional paid-in capital	174.8	169.9	167.6	
Other reserves	235.2	235.2	235.2	

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Treasury shares		(1.1)	(3.0)
Retained earnings	1,648.6	1,556.4	1,447.1
Accumulated other comprehensive loss	(184.9)	(178.2)	(169.6)
Total shareholders' equity	1,889.1	1,797.6	1,692.7
Total liabilities and shareholders' equity	2,938.6	2,924.2	2,734.9

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

Table of Contents**Unaudited condensed consolidated statements of cash flows**

	13 weeks ended		26 weeks ended	
	July 31, 2010	August 1, 2009	July 31, 2010	August 1, 2009
	\$million	\$million	\$million	\$million
Cash flows from operating activities				
Net income	40.7	27.6	92.7	53.9
Adjustments to reconcile net income to cash flows provided by operations:				
Depreciation of property, plant and equipment	21.1	25.2	43.5	49.4
Amortization of other intangible assets	2.0	2.1	4.0	3.5
Pension	(1.9)	(1.4)	(3.8)	(1.4)
Share-based compensation	2.2	2.4	4.5	3.1
Deferred taxation	(3.8)	4.7	2.5	2.1
Facility amendment fees included in net income	0.3		2.6	3.4
Other non-cash movements	(1.0)	(1.4)	(1.7)	7.9
(Gain)/loss on disposal of property, plant and equipment	(0.9)		(0.9)	0.4
Changes in operating assets and liabilities:				
Decrease in accounts receivable	4.6	4.3	59.7	59.6
Decrease in other receivables	0.5	38.9	4.2	55.8
(Increase)/decrease in other current assets	(1.2)	4.5	8.8	(13.9)
Decrease in inventories	1.4	73.4	40.3	116.6
Increase/(decrease) in accounts payable	9.6	(18.9)	48.1	47.0
Increase/(decrease) in accrued expenses and other liabilities	1.9	(42.4)	(31.7)	(63.0)
Decrease in deferred revenue	(9.8)	(10.3)	(11.6)	(17.3)
Increase/(decrease) in income taxes payable	3.4	(10.3)	(7.7)	(10.7)
Effect of exchange rate changes on currency swaps	1.3	(1.4)	1.1	(1.4)