

SIGNET JEWELERS LTD

Form 10-Q

June 12, 2018

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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 May 5, 2018 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one).
Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company 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.

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

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

Common Shares, \$0.18 par value, 59,203,161 shares as of June 6, 2018

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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		Notes
	May 5, 2018	April 29, 2017	
Sales	\$1,480.6	\$1,403.4	6
Cost of sales	(995.8)	(912.2)	
Gross margin	484.8	491.2	
Selling, general and administrative expenses	(482.8)	(452.8)	
Credit transaction, net	(143.1)	—	4
Restructuring charges	(6.5)	—	7
Goodwill and intangible impairments	(448.7)	—	15
Other operating income, net	22.1	76.9	
Operating (loss) income	(574.2)	115.3	6
Interest expense, net	(8.9)	(12.6)	
Other non-operating income	0.6	—	
(Loss) income before income taxes	(582.5)	102.7	
Income taxes	85.9	(24.2)	12
Net (loss) income	\$(496.6)	\$78.5	
Dividends on redeemable convertible preferred shares	(8.2)	(8.2)	9
Net (loss) income attributable to common shareholders	\$(504.8)	\$70.3	
(Loss) earnings per common share:			
Basic	\$(8.48)	\$1.03	10
Diluted	\$(8.48)	\$1.03	10
Weighted average common shares outstanding:			
Basic	59.5	68.1	10
Diluted	59.5	68.2	10
Dividends declared per common share	\$0.37	\$0.31	9

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 May 5, 2018		April 29, 2017			
	Pre-tax amount	Tax (expense) benefit	After-tax amount	Pre-tax amount	Tax (expense) benefit	After-tax amount
Net income			\$ (496.6)			\$ 78.5
Other comprehensive income (loss):						
Foreign currency translation adjustments	\$ (21.7)	\$ —	(21.7)	\$ 0.5	\$ —	0.5
Available-for-sale securities:						
Unrealized (loss) gain ⁽¹⁾	(0.2)	—	(0.2)	0.3	(0.1)	0.2
Impact from adoption of new accounting pronouncements ⁽²⁾	(1.1)	0.3	(0.8)	—	—	—
Cash flow hedges:						
Unrealized gain	1.9	(0.4)	1.5	4.5	(1.8)	2.7
Reclassification adjustment for (gains) losses to net income	(0.5)	0.2	(0.3)	(1.9)	0.5	(1.4)
Pension plan:						
Reclassification adjustment to net income for amortization of actuarial losses	0.3	—	0.3	0.7	(0.1)	0.6
Reclassification adjustment to net income for amortization of net prior service credits	(0.1)	—	(0.1)	(0.4)	0.1	(0.3)
Total other comprehensive income (loss)	\$ (21.4)	\$ 0.1	\$ (21.3)	\$ 3.7	\$ (1.4)	\$ 2.3
Total comprehensive income			\$ (517.9)			\$ 80.8

During the 13 weeks ended May 5, 2018, amount represents unrealized losses related to the Company's

⁽¹⁾ available-for-sale debt securities. During the 13 weeks ended April 29, 2017, amount represents unrealized gains related to the Company's available-for-sale debt and equity securities.

⁽²⁾ Adjustment reflects the reclassification of unrealized gains related to the Company's equity security investments as of February 3, 2018 from AOCI into retained earnings associated with the adoption of ASU 2016-1.

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)	May 5, 2018	February 3, 2018	April 29, 2017	Notes
Assets				
Current assets:				
Cash and cash equivalents	\$153.9	\$225.1	\$99.7	
Accounts receivable, held for sale	484.6	—	—	4
Accounts receivable, net	6.8	692.5	1,726.3	13
Other receivables	83.6	87.2	88.6	
Other current assets	153.2	158.2	159.0	
Income taxes	55.2	2.6	1.8	
Inventories	2,429.0	2,280.5	2,432.4	14
Total current assets	3,366.3	3,446.1	4,507.8	
Non-current assets:				
Property, plant and equipment, net of accumulated depreciation of \$1,227.3, \$1,197.6 and \$1,093.9, respectively	847.2	877.9	829.8	
Goodwill	509.1	821.7	516.1	15
Intangible assets, net	343.2	481.5	411.9	15
Other assets	167.0	171.2	165.1	
Deferred tax assets	0.8	1.4	0.6	
Retirement benefit asset	39.3	39.8	33.9	
Total assets	\$5,272.9	\$5,839.6	\$6,465.2	
Liabilities and Shareholders' equity				
Current liabilities:				
Loans and overdrafts	\$72.3	\$44.0	\$131.5	18
Accounts payable	287.5	237.0	177.8	
Accrued expenses and other current liabilities	463.7	448.0	400.3	
Deferred revenue	284.9	288.6	272.1	3
Income taxes	—	19.6	34.2	
Total current liabilities	1,108.4	1,037.2	1,015.9	
Non-current liabilities:				
Long-term debt	679.7	688.2	1,311.6	18
Other liabilities	236.5	239.6	206.2	
Deferred revenue	667.5	668.9	658.6	3
Deferred tax liabilities	74.2	92.3	117.2	