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PRESENTATION

Operator

Good afternoon. I am pleased to welcome all of you in the room and those joining us by the webcast and conference call. I am Terry Burman, Group Chief Executive. With me is Walker Boyd, our Group Finance Director. Sitting in the front row is Rob Anderson, our UK Jewelry Chief Executive. I will present an overview of the business and then Walker will summarize our financial results. We will then all be available to answer any questions that you may have. As we have U.S. investors attending, I will ask Walker to give our Safe Harbor statement.

Walker Boyd - *Signet Group plc - Group Finance Director*

(indiscernible) certain statements which are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based upon management's beliefs, as well as on assumptions made by and data currently available to management, and appear in a number of places throughout this presentation. They include statements regarding, among other things, our results of operation, financial condition, liquidity, prospects, growth strategies, and the industry in which the Company operates. These forward-looking statements are not guarantees of future performance and are subject to a number of risks and uncertainties which are more fully described on slide 2 of this preliminary results presentation and in the "Risk and Other Factors" section of the Company's 2002-3 (ph) annual report on Form 20-F, filed with the U.S. Securities and Exchange Commission on April 21, 2003, and other filings made by the Company with the Commission.

Actual results may differ materially from those anticipated in such forward-looking statements, even if experience of future changes make it clear that any projected results expressed or implied therein may not be realized. The company undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events or circumstances. Additionally, certain financial information 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 slides 52 and 53 of this preliminary results presentation or to the Company's earnings release, dated 24 (ph) March, 2004, available on the financial information section of the Company's Website at www.signetgroupplc.com.

Terry Burman - *Signet Group plc - Group Chief Executive*

Thanks, Walker. Before reviewing the year and some of our plans for the future, I would like to point out some themes behind Signet's success in leveraging our proven competitive advantages in the growing jewelry sector. The quality of our staff, merchandising, advertising, and real estate clearly differentiate us in the marketplace and is reflected in our results. Our culture of continuous improvement and excellence in execution drives us to profitably gain market share and implement practices to stay ahead of our competitors, resulting in our industry-leading operating ratios. Our performance generates strong cash flow to fund our consistent growth strategies and to lead appropriate industry consolidation in the U.S. We once again delivered in fiscal 2004.

Group results were driven by a good performance throughout the year with all four quarters again profitable. Strong performance offset the adverse movement of the U.S. dollar exchange rate, which accelerated during the latter part of the year and had a negative impact on our reported results. Total sales grew to 1.6 billion pounds, representing a 7.3 percent increase at constant exchange rates. Like-for-like sales were up by 4.9 percent. Profit before tax rose to 212 million pounds, up 13 percent in constant exchange rates. Earnings per share grew to 8p return on capital employed was 24.8 percent. The Board recommends a 20 percent increase in the final dividend, bringing the total for the year to 2.5p per share. Dividend cover of 3.2 times remains strong, with scope to continue the progressive dividend policy.

Putting the year's results in perspective, our consistent performance over the past five years is reflected in a 17.3 percent compound annual growth rate and earnings per share at constant exchange rates and 14.9 percent on a reported basis. A key factor in driving earnings per share has been the like-for-like sales performance. A 7 percent fourth-quarter increase lifted the full year figure to 4.9 percent, only a little below the 5.8 percent compounded annual growth of the last five years. The five-year growth in total and like-for-like sales, which puts Signet near the top of the UK retail sector, largely drives the equally strong earnings per share record over the same period.

Turning now to our U.S. business. The 8 percent increase in U.S. dollar sales is driven by the 4.6 percent like-for-like sales growth. The operating margin at 13.6 percent remained consistent with the last four years, reflecting like-for-like sales leverage, offsetting the impact of new space and the adverse movement in gross margin, primarily due to gold prices. Continuing to build on the growth trend of the last five years, operating profit grew by 7.1 percent to $254.4 million.

The jewelry market has outperformed the retail sector over the last five years and grew 6 percent in 2003. Signet's U.S. sales increases are shown in red, with growth exceeding that of jewelry and the other sectors in each year. Over the period since 1998, Signet has consistently outperformed the market. Our U.S. sales, including acquisitions, have increased by 97 percent, while the jewelry sector has increased by 32 percent. Our five year 6.6 percent compound annual growth rate and like-for-like sales leads the sector. We also lead again this year.

This growth has resulted in our mall stores being more productive than our competitors. The high average sales per store, which is the key to our operating margins, is achieved across all of our mall store portfolio, with both Kay and the regional brands continuing to deliver strong results. This performance has driven our industry-leading operating margin of 13.6 percent, despite Signet's much higher proportion of immature space.

In a year of economic uncertainty, the U.S. division was able to focus on building the competitive strengths of the business in order to execute our strategy within a culture of continuous improvement. The quality of the real estate portfolio was further improved with the refurbishment and relocation of 61 stores. Space increased 7 percent during the year and 66 percent over the past five years, including the Marks & Morgan acquisition in year 2000. Total sales growth enabled us to leverage both central overhead costs and marketing expenditure.

During the year, we continued to develop programs such as the Kay off-mall format, television advertising for Jared and the expansion of luxury watches. The thorough testing of these initiatives, which are rolled out over a number of years, gives us tools to help deliver future performance. One example is the Leo Diamond, which was first introduced in year 2000 and offers more opportunity. Three-stone diamond merchandise ranges continue to be expanded. And a successful new initiative last year was the diamond right-hand ring, which will be further developed.

In Jared, we saw progress with luxury watch brands such as Rolex, Omega, and Tag Heuer, and we are at an early stage of testing designer jewelry brands, such as Hearts on Fire diamonds and Scott Kay jewelry. We continue to identify opportunities to make additional improvements in supply chain efficiencies in both diamonds and gold.

The competitive quality of our merchandise must be communicated to the consumer, and this requires a well-trained staff. Therefore, recruiting is fundamental and necessary to support our space growth. A central facility that (ph) has helped identify candidates was established to complement store-based recruiting.

In-store training remains a primary focus for developing the product knowledge and selling skills of sales associates. This was at a record level last year, with additional training modules developed for this year. In-store programs are supported by the training of store managers and supervisory field staff at the central facility in Akron. And our world-class store systems initiative, which allows staff more time for selling and customer service by reducing the time spent on administrative tasks, continued to provide good results. In 2004, this will include further improvements in our special orders capability, repairs tracking, and e-learning. Point-of-sale computers will be upgraded, which will enable additional improvements to be introduced in 2005 and beyond.

Marketing support is provided for all brands in proportion to their sales. For the regional stores, radio support was similar to last year. The number of Kay TV impressions was up by 8.5

percent and a Spanish-language ad was successfully tested. In the current year, the Kay television advertising budget is planned to increase, and over Christmas about 75 percent of Jared's sales were supported by TV advertising, and this successful initiative will be expanded in 2004, with over 90 percent of Jared Christmas sales to benefit from TV advertising. Now I would like to show you one of the Jared TV spots.

(TELEVISION COMMERCIAL VIDEO)

Turning to our investment plans for 2004, about 90 stores are scheduled for refurbishment or relocation, continuing the steady program to improve our real estate. We expect to be at the top end of our 6 to 8 percent space growth range. Openings will include approximately 29 new Kay stores net, 16 new regional stores, and the second phase of the Kay off-mall test. This is producing some encouraging results, but is still at a very early stage of development -- I'm sorry -- I misspoke -- I said net new Kay stores and it's gross new Kay stores.

There will also be a step up in the Jared opening program to 15. Jared is the only national off-mall destination jewelry store. It now has sales of over $300 million, and in space terms is equivalent to about 340 mall stores. Jared is in a strong position because it has access to leading best practice, the ability to leverage U.S. infrastructure, the strength of the group balance sheet, and the benefit of 10 years experience in developing and refining the format. In about two years, Jared will reach the critical mass to consider national television advertising, which will give it another significant competitive advantage.

Last year, Jared sales overall were in line with investment projections. We are still in the early stage of the concept, with about 50 percent of the stores opened in the last 30 months. As expected, the sales performance of the more recent openings has improved as the economic environment has become stronger. And their sales levels have moved closer to their pro formas. The 15 stores that have traded for five full years comfortably exceed their target in the final year of their pro formas. Those 15 stores have achieved average sales of $5.8 million in their fifth full year of training (ph), a contribution rate similar to the average of the mall stores and are in line with the Jared investment model.

Fine-tuning of the concept continues. For example, the testing of branded jewelry and the luxury watch initiative, as well as the development of the Leo artisan range. We are expanding our infrastructure to support an increase in the planned level of openings to 15 to 18 next year and up to 20 in 2006. We have 47 Jared stores in the 25 largest target markets. This number can more than double as we fill in and enter major new regions. There are also plenty of opportunities in the next 75 markets. In addition, we are planning a density test to determine the number of Jareds that are appropriate for an established area, and we will also be conducting a smaller market test. Both of these may increase the potential number of Jared stores.

Moving onto the performance of our credit portfolio. The proportion of sales through the in-house credit card was slightly down at 49.3 percent, our credit offer remaining largely unchanged. Bad debt charge at 5.6 percent of credit sales again showed year-on-year improvement and was the best for at least eight years. This consistent performance is helped by a relatively low average account balance of just over $700 and the steady improvement in the monthly collection rate this year to 14.8 percent.

We have had a very encouraging start to the year, including a particularly strong performance over Valentine's Day, but we must remind you this is against soft comparisons last year because of the geopolitical situation. We continue to see many initiatives to build on our competitive advantages in all areas of the business, in line with our culture of continuous improvement. We are planning to be at the top end of our space expansion target, comfortably ahead of other leading operators in the specialty jewelry sector. Our growth allows us to leverage our expense base, and together with a tight control over cost and gross margin, this should allow us to continue to set industry-leading operating ratios.

And now turning to our UK business. The UK built on its strong growth record over the past five years. Like-for-like sales rose by 5.5 percent, which leveraged the cost base and resulted in operating margins of 15.3 percent. Operating profit rose by 18.4 percent. The five-year compound annual growth rate in operating profit is 19.9 percent and 6.7 percent in like-for-like sales.

Our performance has been underpinned by the successful focus on diamond jewelry, which grew last year to 26 percent of the division sales, compared to 20 percent in fiscal year 2000. The increase in diamonds has helped to drive the average selling price up to 52 pounds, which in turn has contributed to the uplift in sales per store to 824,000 pounds. The leverage gained from store productivity has been instrumental in achieving the operating margin improvement.

The strategy that delivered this performance remains in place, with much more to go for in the next several years. For example, in merchandising, the UK division has many initiatives to continue to expand the diamond category. Diamond earrings, necklaces, and bracelets were strong in 2003 and will be further expanded this year. The Forever diamond was stocked in 120 H.Samuel stores last Christmas, up from 50 in 2002. We plan to be in 200 for next Christmas.

In Ernest Jones, the Leo Diamond range was expanded and will be further developed this year. We continue to build the capability of the UK division to direct source diamonds, and are exploring joint sourcing possibilities with the U.S. And other merchandise initiatives include the development of fashion watch brands aimed at the H.Samuel customer and testing of designer-branded jewelry in Ernest Jones.

In 2003, we again took market share in diamond jewelry. The five-year compound annual growth rate and the value of UK diamond sales is estimated by DeBeers to have been about 9 percent, with an increase of some 7 percent in 2003. Since we began to focus on the diamond category in 1998, we have outperformed the market and increased sales by 14 percent per annum. In 2003, this outperformance widened, with Signet's diamond sales increasing by almost 13 percent.

As we focus on diamonds to improve average transaction value, we aim to sell more diamonds to the existing customer base rather than by moving H.Samuel closer to Ernest Jones. In the last five years, we have increased diamonds in the sales mix and significantly raised the overall average selling price in both brands, so maintaining the different market positions of H.Samuel and Ernest Jones.

In order to sell more diamonds, we must also provide higher standards of customer service. This starts with improved recruitment and is complemented by better training. To meet these demands a new, more structured multi-year training program was introduced for sales associates and managers in 2003. And in parallel, systems for monitoring staff development with clear standards and goals have been established and communicated. These initiatives will be further advanced in 2004. We are also testing ways to increase the level of performance-based pay to improve enthusiasm and motivation.

Catalogs remain fundamental to the UK marketing program. We continue to improve their design and better target their distribution. The major new initiative in 2003 was the testing of television advertising for both brands. Following encouraging results, we will continue to develop the creative concept and extend the trial. Now we would like to show you two ads that ran last Christmas, one for H.Samuel and one for Ernest Jones.

(TELEVISION COMMERCIAL VIDEO)

Well, it will give us something to show you at the interims (ph).

(TELEVISION COMMERCIAL VIDEO)

To take better advantage of the initiatives in merchandising, customer service and marketing, it was necessary to redesign our store format for greater interaction between the salesperson and the customer. During 2003, this design will be implemented in a further 35 locations, bringing the total to 52, just under 10 percent of the estate. The results of the refurbished stores remain encouraging. They are outperforming the traditional stores of similar size and location, with the like-for-like sales uplift justifying the initial investment. Diamond participation and average transaction values continue to grow. The format will now be rolled out across the real estate portfolio as part of the normal refurbishment cycle, with about 80 stores planned to be converted in 2004, together with up to 10 new stores. A similar level of investment is planned for the following year.

This is an example of a refurbished mall site, which shows the dramatic difference in appearance. Diamond merchandise has much greater prominence and the whole store is transformed. This is an example of a refurbished High Street store, again a dramatic difference. The floor-to-ceiling windows provide views directly into the store, and here, too, the diamonds and jewelry are central to the merchandise offering.

As in the U.S., the sales performance in the first seven weeks of the current year has been very encouraging. We are still in the early stages of developing a number of major initiatives in our business. In merchandising there is an ongoing emphasis to further enhance the diamond offer. The new staff training procedures are in their second year and are improving customer service. New initiatives in marketing are driving footfall, and we are just beginning a major program to refurbish the stores. While focusing on improving store productivity and driving like-for-like sales, we will continue to maintain tight control of costs and gross margins, thereby providing further opportunity to leverage our cost base. And now I would like to turn the presentation over to Walker Boyd to present the financial review.

Walker Boyd - *Signet Group plc - Group Finance Director*

Good afternoon. The highlights for 2003 show a (indiscernible) solid increase in earnings per share to 8p despite the significant adverse impact of exchange translation. Against this backdrop, the Board continues its progressive dividend policy by recommending a 20 percent increase in final dividend. Even so, dividend cover is still a comfortable 3.2 times. Balance sheet ratios also continue their positive trends, with fixed charge cover improving to 2.2 times and gearing of 11 percent at year-end.

Group like-for-like sales for the year grew by 4.9 percent, underpinned by a strong fourth-quarter increase of 7 percent. Our strategy of opening new space in the U.S. saw additional sales growth of 3.4 percent, which along with the 4.6 percent like-for-like increase saw total sales up by 8 percent in dollar terms. The deterioration in exchange rate from 1.53 to 1.68 had a 9.6 adverse impact in Sterling terms.

In the UK, like-for-like growth of 5.5 percent was underpinned by another strong performance from Ernest Jones, with the division's average sales per store now in excess of 1.1 million pounds. Reported group pretax profits grew by 6 percent. Absent the impact of exchange translation, the growth was 13 percent. On a similar basis, U.S. jewelry shows a 7.1 percent increase and reflects continued tight control of expenses, as well as leverage of the like-for-like growth. The 18.4 percent increase in UK highlights the benefits of ongoing improved store productivity together with a gross margin increase. Interest charges at constant rates show a reduction of just over 2 million pounds, with the benefits of lower debt and interest rates more than offsetting a smaller credit from the UK pension scheme under FRS 17.

As we saw in the previous slide, average dollar rates moved from 1.53 last year to 1.68 in fiscal 2004, adversely impacting PBT growth by 12.4 million pounds. Each one cent move at the rate of 1.68 would impact group profit before tax by 800,000 pounds. We continue to believe, however, that hedging our translation risk is not appropriate, given there is very little movement of cash between the two currencies. In the case of merchandise purchases by the UK, however, which partially offset the translation impact, we do take hedging positions, and we are currently fully hedged for fiscal 2005 UK dollar purchases.

Group operating margins was a further increase on the year to 13.7 percent. In the U.S., margin is largely in line with last year, despite the adverse impact from gross margin and new space. Expense leverage of 60 basis points from like-for-like sales growth compensates for these two factors. In the UK, gross margin saw a healthy increase, helped by a net benefit to cost of goods from the impact of gold and dollar movements. Despite investment in training and advertising, expense leverage added 80 basis points to margin, with improvement on stop-loss ratios giving additional benefit.

A number of factors impacted our U.S. gross margin last year, including sales mix and increases in the cost of gold. These are offset to a large degree by management initiatives, which we discussed last year. During 2003, we saw a little movement in selling prices, given the challenging economic conditions. For fiscal 2005, we would expect a similar impact on U.S. gross margins, with an adverse impact from sales mix, together with gold and some diamond cost increases. However, we have already seen selling increases in the market in 2004 and our sales adjusted (ph) a range of prices in the early part of this year.

Looking at pensions, an actuarial valuation of our UK defined benefit scheme, which we will close to new members on the fifth of April this year, was carried out in 2003. At that time, the market value of the scheme's assets of 82 million showed a deficit on accrued liabilities of 6.7 million. As a result, the group has recommenced contributions at a normal ongoing level, the full-year impact of which this year is likely to represent a cash injection of 3.7 million pounds.

With regard to FRS 17, which the group adopted for fiscal 2004, a prior-year adjustment of 18.1 million net of deferred tax has been made directly to reserves to write off the asset held under the previous accounting standards. The net impact to group PBT in 2003-4 was a charge of 1.9 million pounds, in contrast to a credit in the prior year of 200,000. As the market value of assets has recovered during the year, the scheme under FRS 17 shows a small surplus (ph) of 1.8 million pounds at 31 January, 2004.

Turning to the balance sheet, last year has seen a further paydown of debt, with closing debt at just under 80 million pounds, also reflecting the benefit of a weaker dollar. Exchange differences reduced debt by 17.5 million, but underlying cash inflows of 36.4 million were the main contributor to the decrease. Inflow from operations increased to 203.8 million during the year, reflecting the increased profitability of the group and a lower working capital injection from the prior year.

Capital spend was much in line with fiscal 2003, reflecting the 7 percent space growth in the U.S. and a lower level of store modernizations in the UK, as we completed the trial of the Millennium (indiscernible). Overall, the 36 million pounds net inflow means the group has paid down around 90 million pounds in debt from operations over the last three years. For fiscal 2005, we would expect to be closer to our objective of cash neutrality, defined as plus or minus 50 million pounds, given timing differences. We would anticipate, as Terry has indicated, being at the upper end of our target space growth in the U.S., and in the UK, we will move to a rollout of the Millennium concept, with around 80 stores planned. Group capital spend is therefore likely to be in the range of 80 million pounds.

Similarly for working capital, as well as underlying investment, new space, particularly 15 Jared store openings, will require additional working capital. Even so, and taking into account the proposed final dividend increase, we continue to anticipate funding these requirements from our operational cash generation. I will now hand back to Terry.

Terry Burman - *Signet Group plc - Group Chief Executive*

So now we would be happy to take questions from the audience. We will start with questions from the room, and then those who are joining us by the conference call, and then back to any final questions in the room. We would request that you would please identify yourself and your organization, and wait for the microphone before you begin to ask your question.

QUESTIONS AND ANSWERS

Richard Ratner - *Seymour Pierce - Analyst*

Richard Ratner from Seymour Pierce. Terry, could I ask you, looking at your mix of watches has actually gone down in America, and yet constant (technical difficulty) watch brands to Jared, just what sort of percentage you would think would be right in your mix to have watches? Also, could you maybe tell us a little about watch selling (technical difficulty)? It seems to me from only having 6 (technical difficulty) -- it seems to be cutting out -- are you hearing me at the moment?

Terry Burman - *Signet Group plc - Group Chief Executive*

I am.

Richard Ratner - *Seymour Pierce - Analyst*

Fine. It seems a much lower portion within UK jewelers. How are watches actually sold in America? Surely we don't all rely on sundials or things like that.

Terry Burman - *Signet Group plc - Group Chief Executive*

You made me lose my train of thought, Richard. In terms of watches and the potential, we really have to divide it between the mall and Jared, because it's a different product offering. So in the mall stores, we are more along branded lines, such as Seiko, Citizen, Bulova, and Movado, and there isn't the space to carry the comprehensive kind of watch offering that you would get in a Jared store, that has a much bigger space. Actually, watch sales and the watch penetration reduced slightly in the mall stores last year, but we saw -- because there's some new initiatives that we brought forward in the last quarter, it was actually up a bit. So we think we have some strategies for improving the watch mix.

In terms of Jared, the watch mix improved by about 150 basis points last year, and was significantly higher than the watch mix in the mall stores. The watch mix in Jared was about -- if my memory serves me right -- about 12.5 percent, and as I said, showed about 150 basis point increase. We think that the potential in Jared over time is for about a 20 percent watch mix. And in the mall stores and we think it's higher, maybe something approaching the -- something in the 8 to 10 percent range.

We gave up on the sundials, but watches have traditionally been sold in department stores have had the major share of the watch mix in terms of the jewelry market. And why that is, it may be a historical base, but it's just a fact that specialty jewelers, especially middle market specialty jewelers, have not traditionally had a high watch mix. I think we have shown potential to increase -- a great potential to increase our watch mix in Jared. We are making further progress again this year and we would expect to do so. A little harder to crack through in the mall division, as you can see from the amount of potential that I said that we have. But we do stand to improve the watch mix in the mall stores also.

Andy Hughes - *UBS Warburg - Analyst*

Andy Hughes from UBS. You have noted that there is going to be perhaps a more rapid rollout of Jared new stores. Can you say in particular what has changed to prompt the more rapid rollout -- any one particular factor which has changed? And as a follow-up, would you consider opening smaller-sized Jared stores in smaller markets?

Terry Burman - *Signet Group plc - Group Chief Executive*

In terms of what has changed, it's just, again, we have continued to refine the operation. We have convinced ourselves -- over time, our confidence has grown in terms of the concept. And our infrastructure, which is one of the things that can hold you back, we decided to further develop so that we could expand at a greater rate and be sure to maintain the quality of our existing operation. So it's just a determination that the potential is there. We ought to get on with it at a little faster rate. And the only question was -- well, there are two questions, obviously. One is, can you find enough sites; and two, can you handle it operationally without any deteriorating effect on your existing operations? As long as we build the infrastructure behind it, then we are convinced that we can handle it, because we are handling the 12 to 15 just fine.

In terms of smaller stores, we are not focused on a smaller store offering as yet. The whole advertising concept and everything about that which we say and present is it doesn't really fit -- as it is currently being implemented, doesn't fit in a smaller store design with a lesser product offering. Might we get to that at one time or another? We have we talked about it, but we don't think it's necessary to do that right now, because we can continue our rollout with that which we know works.

We are testing, however, as I said in the presentation, we are testing a density test, and that's just simply can we get stores closer together than we had thought that we could? Right now, we keep them, as a general rule, about 10 miles apart from each other. But obviously, you might have a city like Chicago that might have density within a 20 mile radius of 2 million people. You have another city like Cleveland that might have a density in a 20 mile radius of half that of Chicago or a third of that of Chicago. So we feel that there has got to be a difference there, and there's a difference also within -- you have to also monitor the competitive set. But within that, we think that there are some opportunities and we just need to test and figure out what they are.

The other test that we are considering is a smaller market test. We had a minimum population base in which we would open a new store, and we have decided to test a little lower population base, depending on the incomes, to see if we can find some more potential sites for Jared in some of these smaller markets that might be viable for us.

Andy Hughes - *UBS Warburg - Analyst*

Just while I have the mic, on the off-mall stores, (indiscernible) you said in your statement some encouraging signs. Can you perhaps take us through what were the more encouraging parts and what were the less encouraging parts of the trial?

Terry Burman - *Signet Group plc - Group Chief Executive*

Well, some of the things that we know are working, we're finding that in the more successful stores, they are actually more in a little higher income area rather than the lower income areas. We are finding the kind of co-tenants -- and I do not want to be specific on some of this, because I do not want to give learning to our competitors -- but we have learned about the type of co-tenants that we like to find in the stores. Let us just say that the more fashion-oriented tenants are helpful for us. Not a big surprise, but again we are testing some other formats.

In terms of geography, we're finding that it doesn't matter warm weather or cold weather. And in terms of distance from existing stores, we are not finding any cannibalization between the closer and the further ones -- actually I'm probably saying more than I want to say at this point, so I think I am just going to stop right here.

We would stress, though, it's early days -- the total amount of sales done by all these stores. And some of them are in brand-new centers that have yet to attract a full range of customers as a mature center would do in a local area. So there is a lot of learning still to do here. But we become more convinced that there is some potential for additional growth within this format, but it is figuring out which format -- we can roll out a lot of stores or we can wait and see what works and then roll them out into places that do work, and be left with fewer problems to deal with by the time we get to the rollout, and that's the path that we choose to take.

Andy Hughes - *UBS Warburg - Analyst*

Okay, thank you.

Jamie Isenwater - *Dresdner Kleinwort Wasserstein - Analyst*

Jamie Isenwater from Dresdner. Two questions, please. Firstly, in the UK, I think towards the end of last year, Rolex was talking about cutting the number of licenses in the country. Have you seen that happen and has that had any effect on Signet. And secondly, in the U.S., the chart on page 20 with the Jared sales progression has shown that year four has started to underperform, which I think was outperforming last year. Could you please expand on why you think that has happened?

Terry Burman - *Signet Group plc - Group Chief Executive*

Let me take the second question first. Year four was year three last year. The year three stores were slightly underperforming. They are underperforming less this year. The year three stores now move to year four on this year's chart, right? So those stores are underperforming. They closed the gap a bit, as we said in the presentation. You're looking at me quizzically. Are we in synch here?

Jamie Isenwater - *Dresdner Kleinwort Wasserstein - Analyst*

Yes, I think --

Terry Burman - *Signet Group plc - Group Chief Executive*

If you look at last year's chart, the year three stores' gap would have been so much, and this year's year four stores is less than that, right? In terms of Rolex, in terms of our Rolex agencies, they are the same as they were last year. In terms of the marketplace, Rob, have you seen any --?

Rob Anderson - *Signet Group plc - UK Jewelry Chief Executive*

Good afternoon. I think in terms of the last 12 months, there hasn't been any erosion in terms of the number of total Rolex agencies, but I think there has been some swapping between locations. But I do know that it is the long-term strategy of Rolex UK to slowly reduce the number of doors that they currently have.

Jamie Isenwater - *Dresdner Kleinwort Wasserstein - Analyst*

Thank you.

John Baillie - *SG Securities - Analyst*

John Baillie from SG. A couple of unrelated questions. Firstly, on prices in the U.S., could you give some indication of how prices have moved in 2004 in this sector and at your stores? Secondly, could you maybe give us more of your thoughts on where the dividend cover will move to, what level you think (ph) would be acceptable in a two, three-year view?

Terry Burman - *Signet Group plc - Group Chief Executive*

In terms of the pricing move, let me say this. It is a general increase by retailers, and it is wide-ranging in terms of the percentage of SKUs within the stores. I don't want to sit here and give you a percentage increase in terms of the increase in pricing, but we will say that it will mostly offset the increase in gold prices -- possibly not fully, but it will certainly offset most of the impact of the increase in gold -- should offset most of the increase in the impact of gold prices. Do you have anything to add to that?

Walker Boyd - *Signet Group plc - Group Finance Director*

I have said that we would expect similar impact on gross margins in this current fiscal year as last year, which is, as Terry said, the price mostly offset in gold, but then probably some continued adverse mix impact from both Jared and also within the diamond category.

Terry Burman - *Signet Group plc - Group Chief Executive*

Some color around that maybe. In their public announcements, Zales, Findley (ph), the Thousand Store (ph) department store concessionaire, and Whitehall, I think yesterday, all announced general price increases or pretty wide-ranging price increases across a range of merchandise. So we have also done it. We have noticed our private competitors, pretty much across the board, prices are going up as opposed to last year, when they were pretty firm.

In terms of dividend cover, we have raised the final dividend two years in a row at 20 percent. Before that, it was about 15, in the mid-teens. We have said before that we have a progressive dividend policy and that we intend to continue that progressive dividend policy, keeping in mind our results, our cash flow, and the needs of the business. So the policy is to be progressive, but we always have to caveat that with the issues that I just enumerated.

John Baillie - *SG Securities - Analyst*

Is there any reason why it shouldn't move to a UK retail norm?

Terry Burman - *Signet Group plc - Group Chief Executive*

Depends on our results, our cash flow, and the needs of the business.

Lucy Sharma - *UBS Warburg - Analyst*

Lucy Sharma from UBS. You said in your presentation, Terry, about investigating joint sourcing of diamonds. What sort of benefit would that give? Is that just on the merchandise mix in the UK, or would it actually potentially feed through to a better gross margin?

Terry Burman - *Signet Group plc - Group Chief Executive*

It should not affect the merchandise mix, but it should give us-- obviously, there's going to be a benefit, and the benefit has got to come through in cost advantages. So it should be able to -- essentially how it works is the UK and the U.S. are buying some overlapping qualities but some different qualities. So any time you can -- the narrower you buy, the higher the price, because the diamond cutter and polisher has to deal with the ends (ph), so the broader you can get in the purchasing that you are doing, the better pricing you can get across the board for all the merchandise that you are purchasing.

There is also some collateral benefit. For instance, when we break out merchandise in the U.S., we have merchandise left over. Some of it is not our quality that we sell off at a loss to jewelry manufacturers. Some of that can be used by the UK, so if we can sell it to them, in the end, we wind up with a market price as opposed to selling at a loss there. So it should be a gross margin benefit. We are in the process -- you asked about time frame for that. We will go as fast as we can effectively implement. The study was done; it is completed. We believe that there's some advantages, and the teams are already starting to implement.

Any other questions? Okay, now we would like to ask if there's any questions from the conference call.

Operator

Thank you, sir. (OPERATOR INSTRUCTIONS) Sir, it appears that there are no questions at this time. I would like to hand the call back over to you.

Terry Burman - *Signet Group plc - Group Chief Executive*

Okay, one more chance. Any more questions from the room? We will be happy to take any further questions.

Okay. I would just like to say as a final reminder, Signet will be hosting an investor day on April 28th at our U.S. headquarters in Akron, Ohio, and please contact our investor relations department if you are interested in attending. So thank you once again for joining us and thank you for your continued interest in Signet Group.

Operator

Ladies and gentlemen, this will conclude today's conference call. We thank you for your participation and wish you a very good day.
