

Signet Sales Drop as US Retail Challenges Continue



Signet Jewelers' sales fell in the second fiscal quarter as middle America's spending slowed and engagements remained at depressed levels.

Revenue declined 8% year on year to \$1.61 billion for the three months that ended July 29, the [US retailer](#) reported Thursday. Signet shares rose 6% in early trading Thursday, as sales exceeded the company's forecast of \$1.53 billion to \$1.58 billion. Net profit slumped 48% to \$75.1 million.

Bridal sales dropped 7% to \$735.5 million, while revenue from fashion jewelry slipped 9% to \$569.7 million. The only segment that saw growth was services, with revenue up 4% at \$177.2 million.

A fall in dating during the Covid-19 pandemic has led to a lull in engagements, management reiterated — an explanation the company gave for its decline during the [first quarter](#), too.

The company cited a “continued impact of heightened inflationary pressure on consumers’ discretionary spending, as well as the decline in engagements during the first half.” The addition of Blue Nile following [Signet’s 2022 acquisition](#) of the online retailer offset the decrease.

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THE COMPANY'S KAY JEWELERS BANNER SAW SALES SLIDE 8% TO \$567.1 MILLION. REVENUE AT ZALES SLIPPED 12% TO \$279.4 MILLION, WITH JARED DOWN 13% TO \$265.2 MILLION. SALES AT DIGITAL BANNERS — INCLUDING BLUE NILE AND JAMES ALLEN — JUMPED 85% TO \$164.2 MILLION.

GROUP SALES FOR THE FIRST HALF OF THE FISCAL YEAR DECLINED 9% TO \$3.28 BILLION. NET PROFIT CLIMBED TO \$172.5 MILLION FROM \$61.9 MILLION A YEAR EARLIER, REFLECTING CHARGES RELATED TO A LEGAL SETTLEMENT IN THE PREVIOUS 12 MONTHS.

THE JEWELRY MAINTAINED ITS FULL-YEAR PREDICTION OF A 7% TO 9% DECLINE IN SALES FOR THE FULL FINANCIAL YEAR, PREDICTING TOTAL

REVENUE OF \$7.1 BILLION TO \$7.3 BILLION.

HOWEVER, IT EXPECTS THE CHALLENGES IN ENGAGEMENTS TO CONTINUE THROUGH THE CURRENT FISCAL YEAR, WHICH ENDS IN EARLY 2024, &LDQUO;WITH SOME EXPECTED RECOVERY IN ENGAGEMENTS BEGINNING LATER IN THE YEAR AND CONTINUING TO REBOUND OVER THE NEXT THREE YEARS.&RDQUO;

DISCRETIONARY SPENDING ON JEWELRY &LDQUO;WILL CONTINUE TO BE ADVERSELY IMPACTED BY RISING PRICES ON NECESSITIES SUCH AS GAS AND GROCERIES,&RDQUO; THE RETAILER ADDED.

MAIN IMAGE: A ZALES STORE IN WESLEY CHAPEL, FLORIDA. (SHUTTERSTOCK)