



## Genesco Reports Second Quarter Results

August 21, 2002

NASHVILLE, Tenn., Aug 21, 2002 /PRNewswire-FirstCall via COMTEX/ -- Genesco Inc. (NYSE: GCO) today reported net earnings of \$4.0 million, or \$0.17 per diluted share, for the second quarter ended August 3, 2002, compared with \$6.2 million, or \$0.26 per diluted share, for the second quarter last year. Net sales for the quarter increased 5% to \$175 million from \$166 million in the second quarter a year ago.

Genesco President and Chief Executive Officer Hal N. Pennington said, "A challenging retail environment, particularly impacting Journeys in the last two weeks of July, affected our results for the quarter. As we head into our key back-to-school selling season and look toward the holiday season, we are encouraged about our prospects for the remainder of the year.

"Net sales in the Journeys division increased by 13.1% during the quarter to \$91.7 million and same store sales declined 3%, primarily because of a lower average selling price related to consumer product preference changes. Same store sales in pairs rose 4.5%, despite a slowdown in mall traffic during the last two weeks of the quarter. Because same store sales have improved since the beginning of August, we are confident that the July fall off was a temporary aberration. While we expect lower average selling prices to continue to be a factor at Journeys in the near term, as we move into the second half of the year our ability to offset the price issues should improve."

Pennington continued, "Once again, the Jarman Group outperformed expectations for the quarter. Net sales increased 31.5% to \$30.2 million and same store sales rose 20% for the total division, with Jarman up 20% and Underground Station up 19%. These results represent our fourth consecutive quarter of sequentially improving same store sales. As the new management team has implemented product and merchandising initiatives as well as operational disciplines, the business has experienced a significant turnaround. We feel very good about the progress we have made at Underground Station in particular, and believe we have the right elements in place to expand this concept.

"Johnston & Murphy continues to be a work in progress. Net sales were \$39.5 million for the quarter and same store sales declined 2%. Our wholesale business was primarily impacted by a highly promotional department store environment. Low levels of inventory also resulted in the inability to fill some orders. The second half of the year will see the introduction at retail of Johnston & Murphy's new extension of its product line. We are encouraged by the initial response, as the backlog of unfilled orders is up from last year. Despite the ongoing challenges in the marketplace, we are confident that Johnston & Murphy's brand equity remains strong and we are committed to serving the Johnston & Murphy customer.

"Finally, Dockers Footwear's sales were \$13.4 million compared to \$17.9 million in the same quarter last year. New product initiatives in the quarter last year resulted in unusually rapid sales growth, which made for a difficult comparison. This year we also experienced lower than expected reorders with one of our major accounts as it transitioned to new fall offerings. Finally, we saw certain sales planned for the second quarter shift into the third quarter because of a lack of inventory. As we move forward, comparisons get easier and, with the backlog of unfilled orders up compared to last year, we are enthusiastic about our prospects in the back half of the year."

The forward-looking statements in this release involve a number of risks and uncertainties. Actual results could be materially different. The factors that could cause materially different results include, among other factors: lower than expected consumer demand for the Company's products, whether caused by weakness in the overall economy, consumer reactions to unexpected events or changes in fashions or tastes that the Company fails to anticipate or respond appropriately to; greater than anticipated pricing pressure from product mix changes or competition; changes in buying patterns by significant wholesale customers; disruptions in product supply or distribution, including the impact of opening a new distribution center; the inability to adjust inventory levels to sales and changes in business strategies by the Company's competitors; the inability to open, staff and support additional retail stores on schedule and at acceptable expense levels; and the outcome of litigation and environmental matters involving the Company. Forward-looking statements reflect the expectations of the Company at the time they are made. The Company disclaims any obligation to update such statements.

The Company's live conference call on August 21, 2002, at 8:30 a.m. (Central time), may be accessed through the Company's internet website, [www.genesco.com](http://www.genesco.com). The Company expects to discuss results from the second quarter and its current expectations for the third quarter and fiscal year ending February 1, 2003, during the call. To listen live, please go to the website at least 15 minutes early to register, download and install any necessary software. A replay will be available shortly after the call for 14 days.

Genesco, based in Nashville, sells footwear and accessories in more than 960 retail stores in the U.S., principally under the names Journeys, Journeys Kidz, Johnston & Murphy, Jarman and Underground Station, and on internet websites [www.journeys.com](http://www.journeys.com) and [www.johnstonmurphy.com](http://www.johnstonmurphy.com). The Company also sells footwear at wholesale under its Johnston & Murphy brand and under the licensed Dockers brand. Additional information on Genesco and its operating divisions may be accessed at its website [www.genesco.com](http://www.genesco.com).

### GENESCO INC.

#### Consolidated Earnings Summary

In Thousands	Three Months Ended		Six Months Ended	
	August 3, 2002	August 4, 2001*	August 3, 2002	August 4, 2001*
Net sales	\$ 174,842	\$ 166,483	\$ 365,435	\$ 338,145
Cost of sales	91,991	88,242	192,436	178,063

Selling and administrative expenses	74,666	66,744	149,892	133,700
Restructuring credit(1)	--	(269)	--	(269)
Earnings from operations before interest	8,185	11,766	23,107	26,651
Interest expense, net	1,922	1,888	3,594	3,423
Pretax earnings	6,263	9,878	19,513	23,228
Income tax expense	2,300	3,695	7,348	8,707
Net Earnings	\$ 3,963	\$ 6,183	\$ 12,165	\$ 14,521

Earnings Per Share Information

In Thousands (except per share amounts)	Three Months Ended		Six Months Ended	
	August 3, 2002	August 4, 2001	August 3, 2002	August 4, 2001
Preferred dividend requirements	\$ 74	\$ 73	\$ 148	\$ 147
Average common shares - Basic EPS	21,914	21,962	21,895	21,904
Basic net earnings per share	\$ 0.18	\$ 0.28	\$ 0.55	\$ 0.66
Average common and common equivalent shares - Diluted EPS	22,416	27,455	27,318	27,383
Diluted net earnings per share	\$ 0.17	\$ 0.26	\$ 0.51	\$ 0.60

(1) Adjustment to Nautica closedown provision including a \$0.1 million reversal of inventory write-down.

\* Certain amounts have been reclassified to conform to current presentation.

GENESCO INC.

Consolidated Earnings Summary

In Thousands	Three Months Ended		Six Months Ended	
	August 3, 2002	August 4, 2001	August 3, 2002	August 4, 2001
Sales:				
Journeys	\$ 91,681	\$ 81,047	\$ 183,155	\$ 161,395
Jarman	30,183	22,956	63,382	48,027
Johnston & Murphy	39,541	42,733	81,906	84,300
Licensed Brands(1)	13,437	19,747	36,992	44,423
Net Sales	\$ 174,842	\$ 166,483	\$ 365,435	\$ 338,145
Pretax Earnings (Loss):				
Journeys	\$ 7,497	\$ 9,330	\$ 15,700	\$ 19,405
Jarman	1,153	(1,032)	3,803	(101)
Johnston & Murphy	1,365	4,532	5,472	8,658
Licensed Brands(2)	1,325	2,055	4,112	4,990
Corporate and Other	(2,702)	(2,938)	(5,527)	(6,120)
Nonrecurring charges(3)	(453)	(181)	(453)	(181)
Operating income	8,185	11,766	23,107	26,651
Interest, net	1,922	1,888	3,594	3,423
Total Pretax Earnings	6,263	9,878	19,513	23,228
Income tax expense	2,300	3,695	7,348	8,707
Net Earnings	\$ 3,963	\$ 6,183	\$ 12,165	\$ 14,521

- (1) Includes Nautica sales of \$1.8 million and \$6.0 million for the second quarter and six months of Fiscal 2002.
- (2) Includes Nautica operating losses of \$0.3 million and \$0.6 million for the second quarter and six months of Fiscal 2002.
- (3) Includes professional fees and severance charges in the second quarter and six months of Fiscal 2003 and litigation and severance charges in the second quarter and six months of Fiscal 2002 offset by an adjustment to the Nautica closedown provision of \$0.3 million.

GENESCO INC.

Consolidated Balance Sheet

In Thousands	August 3, 2002	August 4, 2001
<b>Assets</b>		
Cash and short-term investments	\$ 32,214	\$ 24,513
Accounts receivable	16,785	27,053
Inventories	202,062	182,216
Other current assets	19,552	26,665
Total current assets	270,613	260,447
Plant, equipment and capital leases	128,617	95,971
Other non-current assets	20,432	19,987
Non-current assets of discontinued operations*	499	605
Total Assets	\$ 420,161	\$ 377,010
<b>Liabilities and Shareholders' Equity</b>		
Total current liabilities	118,204	103,899
Long-term debt	103,271	103,272
Other long-term liabilities	23,979	11,198
Shareholders' equity	174,707	158,641
Total Liabilities and Shareholders' Equity	\$ 420,161	\$ 377,010

\* Non-current assets of discontinued operations include Volunteer Leather.

GENESCO INC.

Retail Units Operated - Six Months Ended August 3, 2002

	Balance 02/02/02	Open	Conversions	Close	Balance 08/03/02
Journeys Group	533	54	0	1	586
Journeys	519	40	0	1	558
Journeys Kidz	14	14	0	0	28
Jarman Group	227	6	0	4	229
Jarman Retail	130	0	(1)	3	126
Underground Station	97	6	1	1	103
Johnston & Murphy	148	1	0	0	149
Shops	116	1	0	0	117
Factory Outlets	32	0	0	0	32
Total Retail Units	908	61	0	5	964

Retail Units Operated - Three Months Ended August 3, 2002

	Balance 05/04/02	Open	Conversions	Close	Balance 08/03/02
--	---------------------	------	-------------	-------	---------------------

Journeys Group	564	22	0	0	586
Journeys	543	15	0	0	558
Journeys Kidz	21	7	0	0	28
Jarman Group	228	1	0	0	229
Jarman Retail	126	0	0	0	126
Underground Station	102	1	0	0	103
Johnston & Murphy	148	1	0	0	149
Shops	116	1	0	0	117
Factory Outlets	32	0	0	0	32
Total Retail Units	940	24	0	0	964

Constant Store Sales

	Three Months Ended		Six Months Ended	
	August 3,	August 4,	August 3,	August 4,
	2002	2001	2002	2001
Journeys	-3%	1%	-3%	6%
Jarman Group	20%	-11%	19%	-7%
Jarman Retail	20%	-12%	20%	-9%
Underground Station	19%	-4%	17%	1%
Johnston & Murphy	-2%	-9%	0%	-9%
Shops	-1%	-9%	-1%	-9%
Factory Outlets	-4%	-6%	2%	-10%
Total Constant Store Sales	1%	-3%	2%	0%

SOURCE Genesco Inc.

CONTACT: financial, James S. Gulmi, +1-615-367-8325, or media, Claire S. McCall, +1-615-367-8283, both of Genesco Inc.  
/Company News On-Call: <http://www.prnewswire.com/gh/cnoc/comp/352750.html>

URL: <http://www.journeys.com>  
<http://www.prnewswire.com>

Copyright (C) 2002 PR Newswire. All rights reserved.