



## Genesco Reports First Quarter Sales and Earnings

May 22, 2003

NASHVILLE, Tenn., May 22 /PRNewswire-FirstCall/ -- Genesco Inc. (NYSE: GCO) today reported net earnings of \$3.3 million, or \$0.15 per diluted share, for the first quarter ended May 3, 2003, compared with \$8.2 million, or \$0.33 per diluted share, for the first quarter last year. Net sales for the quarter were \$193 million compared to \$191 million for the first quarter of fiscal 2003.

Genesco President and Chief Executive Officer Hal N. Pennington, said, "Our results for the quarter reflect the general retail environment and a level of demand for seasonal merchandise that was behind both historical norms and our expectations. We were, however, pleased to see continued strength in our Underground Station stores and some signs of progress at Johnston & Murphy.

"Journeys same store sales declined 3% during the quarter, due primarily to weakness in seasonal footwear, with sales of sandals and other 'open' styles down more than 25% and average prices down 10% in the category. In response, we have accelerated our promotional activity in this product category and we intend to reduce inventories to seasonally appropriate levels by the end of the second quarter."

Pennington continued, "Underground Station posted another strong quarter, with same-store sales up 7% despite tough comparisons. We saw continued strength in women's and athletic footwear as well as apparel. We remain very optimistic about the growth potential of this concept. Unfortunately, Jarman stores felt the effects of the retail environment and same store sales fell 10%, giving the Underground Station/Jarman segment a combined same-store sales decrease of 2%. The relative performance of the two businesses reinforces our strategy of continuing Underground Station's expansion and opening no additional Jarman stores.

"We made solid progress with Johnston & Murphy in the quarter, giving us a heightened degree of confidence that the strategy we put in place last year to strengthen the business is working. Although retail same-store sales declined, our wholesale business came in above plan. We are focused on continuing to build on the brand's equity and improve its financial performance.

"Dockers Footwear's sales fell 19% during the quarter to \$19 million due to a combination of factors, including lower levels of at once orders associated with retailer conservatism and fewer close-out shipments than last year. We are pleased that Dockers operating margins improved, driven by increased gross margins. We will continue to focus on asset management and expense control as Dockers works its way through this slower sales period."

Pennington commented, "We see the second quarter unfolding as a continuation of first quarter trends. We continue to believe our prospects for the second half are good, as we move past the seasonal product issues and into what is historically the stronger part of the year for our retail businesses. Because of continuing economic uncertainty, we have built some additional conservatism into the lower end of our range of guidance for the second half. Any improvement in the retail climate would improve our prospects, as well."

The Company now expects second quarter sales to range between \$179 million to \$181 million and earnings per share to be breakeven. For the third quarter, the Company expects sales to range from \$224 million to \$233 million and earnings per share to range between \$0.41 to \$0.48. For the fourth quarter, the Company expects sales to range from \$266 million to \$278 million and earnings per share to range between \$0.72 to \$0.82. The Company also stated that for fiscal 2004 it expects sales to range between \$862 million to \$885 million and earnings per share to range between \$1.32 to \$1.50.

Pennington concluded, "The underlying fundamentals of our business are sound, our strategy is intact and our financial position is strong. We remain committed to capitalizing on the opportunities that lie ahead."

This release contains forward-looking statements, including those dealing with expectations for the Company's and each division's performance for the second quarter and thereafter. Any statements that do not reflect purely historical information involve a number of known and unknown risks and uncertainties. Actual results could be materially different. The factors that could cause materially different results include lower than expected consumer demand for the Company's products, whether caused by weakness in the overall economy or by changes in fashions or tastes that the Company fails to anticipate or respond appropriately to, changes in buying patterns by significant wholesale customers, disruptions in product supply or distribution, the inability to adjust inventory levels to sales and changes in business strategies by the Company's competitors. Other factors that could cause results to differ from expectations include the Company's ability 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, and investors should rely on them only as expressions of opinion about what may happen in the future and only at the time they are made. The Company undertakes no obligation to update any forward-looking statement.

The Company's live conference call on May 22, 2003, at 10:30 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 first quarter and its current expectations for the second quarter and fiscal year 2004, 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.

Genesco, based in Nashville, sells footwear and accessories in more than 1,000 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).

Consolidated Earnings Summary

In Thousands	Three Months Ended	
	May 3, 2003	May 4, 2002
Net sales	\$192,746	\$190,593
Cost of sales	104,654	100,445
Selling and administrative expenses	80,653	75,226
Earnings from operations before interest	7,439	14,922
Interest expense, net	2,032	1,672
Pretax earnings	5,407	13,250
Income tax expense	2,070	5,048
Net Earnings	\$3,337	\$8,202

Earnings Per Share Information

In Thousands (except per share amounts)	Three Months Ended	
	May 3, 2003	May 4, 2002
Preferred dividend requirements	\$74	\$74
Average common shares - Basic EPS	21,743	21,876
Basic net earnings per share	\$0.15	\$0.37
Average common and common equivalent shares - Diluted EPS	22,009	27,314
Diluted net earnings per share	\$0.15	\$0.33 GENESCO INC.

Consolidated Earnings Summary

In Thousands	Three Months Ended	
	May 3, 2003	May 4, 2002
Sales:		
Journeys	\$98,715	\$91,474
Underground Station/Jarman Group	34,573	33,199
Johnston & Murphy	40,216	42,365
Dockers	19,189	23,555
Corporate and Other	53	--
Net Sales	\$192,746	\$190,593
Pretax Earnings (Loss):		
Journeys	\$5,563	\$8,203
Underground Station/Jarman Group	1,560	2,650
Johnston & Murphy	1,800	4,107
Dockers	2,553	2,787
Corporate and Other	(4,037)	(2,825)
Operating income	7,439	14,922
Interest, net	2,032	1,672
Total Pretax Earnings	5,407	13,250
Income tax expense	2,070	5,048
Net Earnings	\$3,337	\$8,202 GENESCO INC.

Consolidated Balance Sheet

In Thousands	May 3, 2003	May 4, 2002
Assets		
Cash and short-term investments	\$57,671	\$44,266
Accounts receivable	19,394	22,513

Inventories	163,769	143,448
Other current assets	25,839	27,391
Total current assets	266,673	237,618
Plant, equipment and capital leases	126,979	125,419
Other non-current assets	22,332	13,440
Non-current assets of discontinued operations*	--	499
Total Assets	\$415,984	\$376,976
Liabilities and Shareholders' Equity		
Accounts payable	\$41,694	\$38,243
Other current liabilities	38,291	40,002
Total current liabilities	79,985	78,245
Long-term debt	103,245	103,245
Other long-term liabilities	46,210	24,507
Shareholders' equity	186,544	170,979
Total Liabilities and Shareholders' Equity	\$415,984	\$376,976

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

GENESCO INC.

Retail Units Operated

	Balance 02/02/02			Balance 02/01/03			Balance 05/03/03		
	02	Open	Conv	Close	03	Open	Conv	Close	03
Journeys Group	533	82	0	1	614	18	0	1	631
Journeys	519	61	0	1	579	16	0	1	594
Journeys Kidz	14	21	0	0	35	2	0	0	37
Underground Station/ Jarman Group	227	11	0	9	229	8	0	1	236
Underground Station	97	11	8	2	114	8	0	0	122
Jarman Retail	130	0	(8)	7	115	0	0	1	114
Johnston & Murphy	148	4	0	4	148	2	0	0	150
Shops	116	2	0	3	115	1	0	0	116
Factory Outlets	32	2	0	1	33	1	0	0	34
Total Retail Units	908	97	0	14	991	28	0	2	1,017

Constant Store Sales

	Three Months Ended	
	May 3, 2003	May 4, 2002
Journeys	-3%	-3%
Underground Station/Jarman Group	-2%	19%
Underground Station	7%	16%
Jarman Retail	-10%	21%
Johnston & Murphy	-7%	1%
Shops	-7%	-1%
Factory Outlets	-8%	8%
Total Constant Store Sales	-3%	2%

SOURCE Genesco Inc.

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/Company News On-Call:

<http://www.prnewswire.com/gh/cnoc/comp/352750.html> /

/Web site: <http://www.journeys.com> /

/Web site: <http://www.johnstonmurphy.com> /  
/Web site: <http://www.genesco.com> /  
(GCO)

CO: Genesco Inc.  
ST: Tennessee  
IN: TEX REA FAS  
SU: ERN ERP CCA

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