



## Genesco Reports Second Quarter Sales and Earnings

August 21, 2003

NASHVILLE, Tenn., Aug. 21 /PRNewswire-FirstCall/ -- Genesco Inc. (NYSE: GCO) today reported a net loss of \$891,000, or (\$0.04) per share, for the second quarter ended August 2, 2003, compared with net earnings of \$4.0 million, or \$0.17 per diluted share, for the second quarter last year. These results, which were better than expectations, include a net loss of \$0.08 per diluted share related to the redemption of \$103 million of Convertible Subordinated Notes during the quarter. Excluding the refinancing-related expenses, the Company reported earnings per diluted share of \$0.03 (see Table 3). Net sales for the quarter were \$179 million compared to \$175 million for the second quarter of fiscal 2003.

The notes were called for redemption on June 24, 2003, upon completion of the sale by the Company of \$86 million of Convertible Subordinated Debentures due 2023. The Company previously announced that the incremental net interest expense while both issues were outstanding during the 30-day call period for the Notes, and the loss on early retirement of the Notes (consisting of unamortized deferred note expense and redemption premium) would reduce diluted earnings per share for the quarter by \$0.08.

Genesco President and Chief Executive Officer Hal N. Pennington, said, "Our better than expected results for the quarter were primarily driven by stronger comps at Journeys and a continued robust performance at Underground Station. Both of these chains had a solid start on back-to-school, and their positive momentum late in the quarter has continued into August. Journeys' same store sales declined 1% for the quarter, which was better than the 3% decline we had expected. Underground Station posted a 9% same store sales increase, on top of 19% in the second quarter last year. We believe that both these businesses are well positioned for the second half.

"Although Johnston & Murphy faces continuing short-term challenges, we saw in the second quarter some encouraging indications that the turnaround there is working. Same store sales in Johnston & Murphy retail increased 2% for the quarter.

"Both the Jarman retail stores and Dockers Footwear performed below expectations. Jarman's same store sales declined 14%, reflecting its inability to participate in the women's and fashion athletic trends that are leading both Journeys' and Underground Station's strong early season performance. Dockers' performance continues to reflect conditions in its market segment as well as lower than expected sell-throughs in one of its product lines. Primarily because of these businesses and the continuing challenges at Johnston & Murphy, we believe it is prudent to adopt a more conservative outlook for the second half of the year."

The Company now expects third quarter sales to range from \$222 million to \$226 million and earnings per share to range from \$0.40 to \$0.43. For the fourth quarter, the Company expects sales to range from \$265 million to \$269 million and earnings per share to range from \$0.83 to \$0.89. For fiscal 2004, it expects sales to range from \$859 million to \$867 million and earnings per share to range from \$1.42 to \$1.50, excluding the loss on early retirement of debt associated with the second quarter refinancing, or from \$1.34 to \$1.42 per share, including the loss on early retirement. The Company's earnings per share expectations for both quarters and for the year reflect changes in the number of shares deemed to be outstanding due to the issuance of the Convertible Subordinated Debentures.

Pennington concluded, "We move into the second half of the year with a strong balance sheet and positive momentum at Journeys and Underground Station, and while we still have work to do at Johnston & Murphy, we believe our strategies are sound and we continue to see progress. At the same time, we are responding to the current challenges we are facing in our Jarman stores and at Dockers and we are committed to improving those businesses. We remain focused on long-term growth and profitability in all of these divisions."

This release contains forward-looking statements, including those regarding the Company's sales and earnings outlook and all other statements not addressing solely historical facts or present conditions. Actual results could turn out materially different from the expectations reflected in these statements. A number of factors could cause differences. These include weakness in consumer demand for products sold by the Company, fashion trends that affect the sales or product margins of the Company's retail product offerings, changes in buying patterns by significant wholesale customers, disruptions in product supply or distribution, further unfavorable trends in foreign exchange rates and other factors affecting the cost of products, changes in business strategies by the Company's competitors, the Company's ability to open, staff and support additional retail stores on schedule and at acceptable expense levels and to renew leases in existing stores on schedule and at acceptable expense levels, variations from expected pension-related charges caused by conditions in the financial markets, 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, 2003, at 10:00 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 January 31, 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.

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).

GENESCO INC.

Table 1

In Thousands	Three Months Ended		Six Months Ended	
	August 2, 2003	August 3, 2002	August 2, 2003	August 3, 2002
Net sales	\$179,478	\$174,842	\$372,224	\$365,435
Cost of sales	95,989	91,991	200,643	192,436
Selling and administrative expenses	80,271	74,666	160,924	149,892
Restructuring adjustment (gain)	(139)	--	(139)	--
Earnings from operations before interest and other	3,357	8,185	10,796	23,107
Loss on early retirement of debt	2,581	--	2,581	--
Interest expense, net*	2,149	1,922	4,181	3,594
Pretax earnings (loss)	(1,373)	6,263	4,034	19,513
Income tax expense (benefit)	(482)	2,300	1,588	7,348
Net Earnings (Loss)	\$(891)	\$3,963	\$2,446	\$12,165

#### Earnings Per Share Information

In Thousands (except per share amounts)	Three Months Ended		Six Months Ended	
	August 2, 2003	August 3, 2002	August 2, 2003	August 3, 2002
Preferred dividend requirements	\$73	\$74	\$147	\$148
Average common shares - Basic EPS	21,754	21,914	21,748	21,895
Basic net earnings (loss) per share	(\$0.04)	\$0.18	\$0.11	\$0.55
Average common and common equivalent shares - Diluted EPS	21,754	22,416	22,041	27,318
Diluted net earnings (loss) per share	(\$0.04)	\$0.17	\$0.10	\$0.51

\*Includes \$0.2 million additional net interest expense due to early retirement of debt.

#### GENESCO INC.

##### Consolidated Earnings Summary

In Thousands	Three Months Ended		Six Months Ended	
	August 2, 2003	August 3, 2002	August 2, 2003	August 3, 2002
Sales:				
Journeys	\$97,474	\$91,681	\$196,189	\$183,155
Underground Station/Jarman Group	30,722	30,183	65,295	63,382
Johnston & Murphy	39,392	39,541	79,608	81,906
Dockers	11,821	13,437	31,010	36,992
Corporate and Other	69	--	122	--
Net Sales	\$179,478	\$174,842	\$372,224	\$365,435
Pretax Earnings (Loss):				
Journeys	\$6,711	\$7,497	\$12,274	\$15,700
Underground Station/Jarman Group	231	1,153	1,791	3,803
Johnston & Murphy	174	1,365	1,974	5,472
Dockers	(263)	1,325	2,290	4,112

Corporate and Other*	(3,496)	(3,155)	(7,533)	(5,980)
Operating income	3,357	8,185	10,796	23,107
Loss on early retirement of debt	2,581	--	2,581	--
Interest, net	2,149	1,922	4,181	3,594
Total Pretax Earnings (Loss)	(1,373)	6,263	4,034	19,513
Income tax expense (benefit)	(482)	2,300	1,588	7,348
Net Earnings (Loss)	\$(891)	\$3,963	\$2,446	\$12,165

\*Includes a \$0.1 million restructuring adjustment in the second quarter and six months of Fiscal 2004 and \$0.5 million of professional fees and severance charges in the second quarter and six months of Fiscal 2003.

GENESCO INC.

Consolidated Balance Sheet

In Thousands	August 2, 2003	August 3, 2002
<b>Assets</b>		
Cash and short-term investments	\$32,968	\$32,214
Accounts receivable	14,579	16,785
Inventories	213,440	202,062
Other current assets	24,910	26,670
Total current assets	285,897	277,731
Plant, equipment and capital leases	125,865	128,617
Other non-current assets	24,507	13,314
Non-current assets of discontinued operations*	--	1,085
Total Assets	\$436,269	\$420,747
<b>Liabilities and Shareholders' Equity</b>		
Accounts payable	\$80,074	\$82,305
Other current liabilities	36,750	35,899
Total current liabilities	116,824	118,204
Long-term debt	86,275	103,271
Other long-term liabilities	47,317	24,565
Shareholders' equity	185,853	174,707
Total Liabilities and Shareholders' Equity	\$436,269	\$420,747

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

GENESCO INC.

Table 2

Retail Units Operated - Six Months Ended August 2, 2003

	Balance 02/01/03	Conver- Open	Close	Balance 08/02/03	
Journeys	614	28	0	1	641
Journeys	579	25	0	1	603
Journeys Kidz	35	3	0	0	38
Underground Station/Jarman Group	229	10	0	4	235
Underground Station	114	10	3	2	125
Jarman Retail	115	0	(3)	2	110
Johnston & Murphy	148	4	0	0	152
Shops	115	2	0	0	117
Factory Outlets	33	2	0	0	35
Total Retail Units	991	42	0	5	1,028

Retail Units Operated - Three Months Ended August 2, 2003

	Balance 05/03/03	Open	Conver- sions	Close	Balance 08/02/03
Journeys	631	10	0	0	641
Journeys	594	9	0	0	603
Journeys Kidz	37	1	0	0	38
Underground Station/Jarman Group	236	2	0	3	235
Underground Station	122	2	3	2	125
Jarman Retail	114	0	(3)	1	110
Johnston & Murphy	150	2	0	0	152
Shops	116	1	0	0	117
Factory Outlets	34	1	0	0	35
Total Retail Units	1,017	14	0	3	1,028

Constant Store Sales

	Three Months Ended August 2, August 3,		Six Months Ended August 2, August 3,	
	2003	2002	2003	2002
Journeys	-1%	-3%	-2%	-3%
Underground Station/Jarman Group	-3%	20%	-2%	19%
Underground Station	9%	19%	8%	17%
Jarman Retail	-14%	20%	-12%	20%
Johnston & Murphy	2%	-2%	-3%	0%
Shops	1%	-1%	-3%	-1%
Factory Outlets	8%	-4%	0%	2%
Total Constant Store Sales	-1%	1%	-2%	2%

Table 3

Genesco Inc.  
Reconciliation of Actual EPS to EPS Excluding Redemption  
Related Expenses  
Second quarter ended August 2, 2003  
(In thousands, except per share amounts)

	Earnings	Shares	EPS
Net loss as reported	\$(891)		
Dividends	(73)		
Loss available to common shareholders	\$(964)		
Shares as reported		21,754	
Diluted EPS as reported			\$(0.04)
Adjustments: (net of tax)			
Loss on early retirement of debt	\$1,600		\$0.07
Additional net interest during 30-day call period	128		\$0.01
Total adjustments, net of tax	\$1,728		\$0.08
Adjusted earnings available to common shareholders	\$764		
Adjusted shares for earnings*		22,074	
Adjusted diluted EPS			\$0.03

\*Shares include options of 320 that were excluded from the  
loss per share calculation.

SOURCE Genesco Inc.

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/Company News On-Call:

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

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(GCO)

CO: Genesco Inc.

ST: Tennessee

IN: TEX REA

SU: ERN ERP CCA

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