



Genesco Reports Fourth Quarter and Fiscal 2005 Results

March 3, 2005

--Company Reports Diluted EPS Before Discontinued Operations of \$0.97 for Fourth Quarter, \$1.93 for Fiscal Year--

--Announces Lease Accounting Review--

--Raises Fiscal 2006 Guidance--

NASHVILLE, Tenn., March 3 /PRNewswire-FirstCall/ -- Genesco Inc. (NYSE: GCO) today reported earnings before discontinued operations of \$25.5 million, or \$0.97 per diluted share, for the fourth quarter ended January 29, 2005. Earnings before discontinued operations were \$17.8 million, or \$0.71 per diluted share, for the fourth quarter ended January 31, 2004. Net sales for the fourth quarter of fiscal 2005 increased 40% to \$352.8 million compared to \$252.7 million for the fourth quarter of fiscal 2004.

For the fiscal year ended January 29, 2005, the Company reported earnings before discontinued operations of \$48.6 million, or \$1.93 per diluted share. Earnings before discontinued operations were \$29.6 million, or \$1.26 per diluted share, for the previous year. Earnings reflected favorable tax provision adjustments of \$0.5 million, or \$0.02 per diluted share, in the fourth quarter of fiscal 2005 and \$1.0 million, or \$0.04 per diluted share, for the full year.

Net sales for fiscal 2005 increased 33% to \$1.1 billion compared to \$837.4 million for fiscal 2004. Reported results for the fourth quarter and fiscal year ended January 29, 2005, are preliminary, unaudited and subject to adjustment pending completion of the Company's review of its accounting for certain aspects of retail store leases, discussed below, and of year-end audit procedures.

Genesco Chairman, President and Chief Executive Officer Hal N. Pennington, said, "Our better than expected fourth quarter performance was driven by ongoing improvements in all of our businesses, validating the strategic initiatives we put in place early last year. These results, our confidence in our direction as a company, and the positive tone of the business at the beginning of the new fiscal year have raised our expectations for fiscal 2006.

"Net sales at Journeys increased 8% to approximately \$164 million in the fourth quarter, same store sales rose 4% and footwear unit comps increased 6%. Fashion athletic, skateboard, and eurocasual styles, all categories we consider to be particularly strong for Journeys, accounted for much of the quarter's gains, and we expect them to remain strong in the first half of fiscal 2006.

"Same store sales at the Underground Station Group, which includes the Jarman stores, rose 3% during the quarter. We were particularly pleased with the Underground Station stores which posted a 5% gain in same store sales, primarily driven by continued increases in average selling prices. Throughout the year we implemented a number of product, merchandising and operational changes to improve this business and it is encouraging to see improved results.

"Hat World registered another strong quarter, with total sales up 17% and same store sales up 6%, due to increased demand for core sports product, as well as ongoing strength in the fashion and branded cap businesses. Given the flexible retail opportunities that exist for Hat World, not only in malls, but in airports, outlets, kiosks and street locations, we continue to be confident about Hat World's significant growth potential. We plan to open 90 new Hat World and Lids locations in fiscal 2006 and we believe we can ultimately grow this business from the 552 locations at year-end to more than 900 U.S. locations.

"We were also very pleased with Johnston & Murphy's fourth quarter results. Net sales increased to \$44 million, same store sales rose 3% and operating margin increased 420 basis points to 8%. Our focus has been on profitable sales and margin improvement. We now look to further enhance the Johnston & Murphy brand name and to grow sales by increasing our investment in marketing and advertising beginning in the first quarter.

"Dockers Footwear's sales rose 10% during the quarter to approximately \$13.5 million, with an operating margin of 6.5%. For the full year, operating margin was 9.6%. While we still have work to do, we are pleased with the direction of the Dockers Footwear business."

Convertible Subordinated Debentures

The Company noted that the earnings per share for the fourth quarter and fiscal 2005 as well as the prior-year periods, reflect the previously-announced effect of accounting changes requiring that the shares underlying its 4 1/8% Convertible Subordinated Debentures due 2023 be included in diluted shares outstanding. The Company also noted that the Debentures became convertible on January 31, 2005. The convertibility of the Debentures was contingent on the shares of the Company's common stock closing at or above \$26.54 for 10 of the last 30 trading days in the immediately preceding fiscal quarter. The contingency was satisfied in January. The Debentures are convertible at the rate of 45.2080 shares of common stock for each \$1,000 in principal amount of Debentures.

Review of Lease Accounting

The staff of the Securities and Exchange Commission has recently announced interpretations of certain issues involving the accounting treatment of retail store leases which differ in some respects from the Company's historical accounting treatment. The Company believes that these interpretations affect the Company's classification of certain items on the balance sheets and statements of cash flows related to accounting for construction allowances received from landlords for the relevant periods. These interpretations may also affect the Company's analysis of impairments of fixed assets and the amortization of leasehold improvements in a limited number of stores and result in a slight lengthening of the period over which rent

expense is amortized under all leases. The Company does not believe that any of the changes will affect net cash flow for any period. The Company is currently assessing the quantitative effect of changes to its accounting treatment required by the interpretations. If such changes are material to the financial statements for any of fiscal years 2002 through 2004 or for any quarter in fiscal 2005, restatement of such periods will be required. If the changes are immaterial for all such periods and in the aggregate, they will be corrected in the fourth quarter ended January 29, 2005. A fourth quarter correction or restatement would result in changes to the preliminary results reported in this release.

Fiscal 2006 Outlook

Genesco also stated that it is revising upward its fiscal 2006 guidance. The Company now expects sales in the range of approximately \$1.26 billion to \$1.28 billion and diluted earnings per share in the range of \$2.14 to \$2.18 for the year.

Pennington concluded, "Fiscal 2005 was an outstanding year for Genesco on many different levels. Strategically, we see the acquisition of Hat World as having given us another powerful growth vehicle with significant expansion opportunities. Operationally, we effectively responded to market conditions and implemented a series of changes that we believe helped to enhance our platform and better position us for the future. Financially, we consistently outperformed expectations in every quarter throughout the year. We are encouraged about what lies ahead and remain committed to further capitalizing on our leadership position in the marketplace."

Factors Potentially Affecting Forward-Looking Statements

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. Because the results discussed in this release are preliminary, unaudited and subject to adjustment, they also represent the Company's current expectations as to the data that will be reported in the Company's audited financial statements (without giving effect to the impact of any changes regarding the Company's lease accounting), and also constitute forward-looking statements. Actual results could vary materially from the expectations reflected in these statements. A number of factors could cause differences, including adjustments due to certain events occurring between the date of this release and the filing of the Company's annual report on Form 10-K, the impact of lease changes, and adjustments or corrections to reported data occurring in the course of the completion of the audit of the Company's fiscal 2005 financial statements. Moreover, factors including 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 the timing of holidays or in the onset of seasonal weather affecting period to period sales comparisons, 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 (including pricing and promotional discounts), the 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, could also cause differences from current expectations. Forward-looking statements reflect the expectations of the Company at the time they are made. The Company disclaims any obligation to update such statements.

Conference Call

The Company's live conference call on March 3, 2005, at 7:30 a.m. (Central time) may be accessed through the Company's internet website, <http://www.genesco.com>. To listen live, please go to the website at least 15 minutes early to register, download and install any necessary software.

Genesco Inc., a Nashville-based specialty retailer, sells footwear, headwear and accessories in more than 1,600 retail stores in the United States and Canada, principally under the names Journeys, Journeys Kidz, Johnston & Murphy, Underground Station, Hatworld, Lids, Hat Zone, Cap Factory, Head Quarters and Cap Connection, and on internet websites <http://www.journeys.com>, <http://www.journeyskidz.com>, <http://www.undergroundstation.com>, <http://www.johnstonmurphy.com>, <http://www.lids.com>, <http://www.hatworld.com>, and <http://www.lidscyo.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 <http://www.genesco.com>.

GENESCO INC.

Consolidated Earnings Summary

In Thousands	Fourth Quarter		Fiscal Year Ended	
	2005	2004	2005	2004
Net sales	\$352,818	\$252,672	\$1,112,681	\$837,379
Cost of sales	177,669	134,603	561,597	448,601
Selling and administrative expenses	130,939	89,324	461,535	332,674
Restructuring and other, net	570	1,040	1,197	901
Earnings from operations before interest and other	43,640	27,705	88,352	55,203

Loss on early retirement of debt	-	-	-	2,581
Interest expense, net	3,046	1,598	10,962	7,289
Earnings before income taxes from continuing operations	40,594	26,107	77,390	45,333
Income tax expense	15,110	8,347	28,778	15,715
Earnings from continuing operations	25,484	17,760	48,612	29,618
Provision for discontinued operations, net	250	(888)	(211)	(888)
Net Earnings	\$25,734	\$16,872	\$48,401	\$28,730

Earnings Per Share Information

In Thousands (except per share amounts)	Fourth Quarter		Fiscal Year Ended	
	2005	2004	2005	2004
Preferred dividend requirements	\$73	\$73	\$292	\$294
Average common shares - Basic EPS	22,326	21,721	22,008	21,742
Basic earnings per share:				
Before discontinued operations	\$1.14	\$0.81	\$2.20	\$1.35
Net earnings	\$1.15	\$0.77	\$2.19	\$1.31
Average common and common equivalent shares - Diluted EPS	26,833	25,997	26,377	24,399
Diluted earnings per share:				
Before discontinued operations	\$0.97	\$0.71	\$1.93	\$1.26
Net earnings	\$0.98	\$0.67	\$1.92	\$1.23

GENESCO INC.

Consolidated Earnings Summary

In Thousands	Fourth Quarter		Fiscal Year Ended	
	2005	2004	2005	2004
Sales:				
Journeys	\$163,931	\$151,128	\$521,942	\$468,919
Underground Station Group	50,175	47,521	148,039	147,812
Hat World	80,752	-	216,270	-
Johnston & Murphy	44,389	41,727	162,599	160,095
Dockers	13,471	12,241	63,508	60,274
Corporate and Other	100	55	323	279
Net Sales	\$352,818	\$252,672	\$1,112,681	\$837,379
Pretax Earnings (Loss):				
Journeys	\$26,993	\$26,065	\$60,290	\$54,823
Underground Station Group	6,103	4,975	7,010	8,156
Hat World	13,955	-	30,722	-
Johnston & Murphy	3,530	1,589	9,022	4,018
Dockers	880	943	6,075	4,548
Corporate and Other*	(7,821)	(5,867)	(24,767)	(16,342)
Operating income	43,640	27,705	88,352	55,203
Loss on early retirement of debt	-	-	-	2,581

Interest, net	3,046	1,598	10,962	7,289
Total Pretax Earnings	40,594	26,107	77,390	45,333
Income tax expense	15,110	8,347	28,778	15,715
Earnings from continuing operations	25,484	17,760	48,612	29,618
Provision for discontinued operations	250	(888)	(211)	(888)
Net Earnings	\$25,734	\$16,872	\$48,401	\$28,730

* Includes \$0.6 million and \$1.2 million of other charges for asset impairment and lease terminations in the fourth quarter and year of Fiscal 2005 offset by a \$0.6 million pension curtailment gain in Fiscal 2005. Includes impairment of \$2.8 million and litigation of \$0.1 million offset by \$1.8 million excess restructuring provision in the fourth quarter and year of Fiscal 2004.

GENESCO INC.

Consolidated Balance Sheet

In Thousands	January 29, 2005	January 31, 2004
Assets		
Cash and cash equivalents	\$60,068	\$81,549
Accounts receivable	17,906	12,515
Inventories	207,197	167,234
Other current assets	25,934	22,468
Total current assets	311,105	283,766
Property and equipment	152,591	121,667
Other non-current assets	160,652	24,754
Total Assets	\$624,348	\$430,187
Liabilities and Shareholders' Equity		
Accounts payable	\$65,599	\$47,921
Current portion - long-term debt	-	-
Other current liabilities	75,977	44,521
Total current liabilities	141,576	92,442
Long-term debt	161,250	86,250
Other long-term liabilities	45,952	35,897
Shareholders' equity	275,570	215,598
Total Liabilities and Shareholders' Equity	\$624,348	\$430,187

GENESCO INC.

Retail Units Operated - Twelve Months Ended January 29, 2005

	Balance 01/31/04	Acquisi- tions	Open	Conversions	Close	Balance 01/29/05
Journeys Group	665		37	0	7	695
Journeys	625		35	0	6	654
Journeys Kidz	40		2	0	1	41
Underground Station Group	233		21	0	25	229
Underground Station	137		21	12	5	165
Jarman Retail	96		0	(12)	20	64
Hat World	0	503	55	0	6	552
Johnston & Murphy	148		7	0	13	142

Shops	115		3	0	11	107
Factory Outlets	33		4	0	2	35
Total Retail Units	1,046	503	120	0	51	1,618

Retail Units Operated - Three Months Ended January 29, 2005

	Balance 10/30/04	Open	Conversions	Close	Balance 01/29/05
Journeys Group	687	11	0	3	695
Journeys	646	10	0	2	654
Journeys Kidz	41	1	0	1	41
Underground Station Group	231	6	0	8	229
Underground Station	158	6	3	2	165
Jarman Retail	73	0	(3)	6	64
Hat World	543	12	0	3	552
Johnston & Murphy	142	3	0	3	142
Shops	106	3	0	2	107
Factory Outlets	36	0	0	1	35
Total Retail Units	1,603	32	0	17	1,618

Constant Store Sales

	Three Months Ended		Twelve Months Ended	
	January 29, 2005	January 31, 2004	January 29, 2005	January 31, 2004
Journeys	4%	0%	5%	-1%
Underground Station/Jarman Group	3%	-8%	-3%	-6%
Underground Station	5%	-7%	-2%	-1%
Jarman Retail	-2%	-9%	-6%	-11%
Johnston & Murphy	3%	-1%	3%	-1%
Shops	3%	-3%	2%	-3%
Factory Outlets	4%	9%	4%	4%
Total Constant Store Sales	4%	-2%	3%	-2%
Hat World	6%	-		
April 1, 2004 - January 29, 2005			11%	-

SOURCE Genesco Inc.

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/CONTACT: Financial, James S. Gulmi, +1-615-367-8325, or Media, Claire S. McCall, +1-615-367-8283, both of Genesco Inc./
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