

# FY21 Second Quarter



September 3, 2020



LITTLE BURGUNDY

JOHNSTON & MURPHY



Bass

GENESCO



schuh



# Genesco Inc. FY21 Q2 Earnings Summary Results September 3, 2020



LITTLE  
BURGUNDY

schuh

JOHNSTON & MURPHY.

  
TRASK



*Bass*



# Safe Harbor Statement



This presentation contains forward-looking statements, including those regarding the performance outlook for the Company and its individual businesses (including, without limitation, those regarding back-to-school and holiday selling seasons and its ability to keep stores open, operate the stores safely and ensure the safety of customers and employees) and all other statements not addressing solely historical facts or present conditions. Actual results could vary materially from the expectations reflected in these statements. A number of factors could cause differences. These include adjustments to estimates and projections reflected in forward-looking statements, including as a result of the effects of COVID-19 on the Company's business including whether there are periods of increases in the number of COVID-19 cases in locations in which the Company operates, further closures of stores due to COVID-19, weakness in store and shopping mall traffic, restrictions on operations imposed by government entities and landlords, changes in public safety and health requirements, the Company's ability to adequately staff stores, limitations on the Company's ability to provide adequate personal protective equipment to employees, and the Company's ability to maintain social distancing requirements; stores closures and effects on the business as a result of civil disturbances; the level and timing of promotional activity necessary to maintain inventories at appropriate levels; the imposition of tariffs on products imported by the Company or its vendors as well as the ability and costs to move production of products in response to tariffs; the Company's ability to obtain from suppliers products that are in-demand on a timely basis and effectively manage disruptions in product supply or distribution, including disruptions as a result of COVID-19; unfavorable trends in fuel costs, foreign exchange rates, foreign labor and material costs, and other factors affecting the cost of products; the effects of the British decision to exit the European Union and other sources of weakness in the U.K. market; the effectiveness of the Company's omnichannel initiatives; costs associated with changes in minimum wage and overtime requirements; wage pressure in the U.S. and the U.K.; weakness in the consumer economy and retail industry; competition and fashion trends in the Company's markets; risks related to the potential for terrorist events; risks related to public health and safety events, including for example, the COVID-19 coronavirus; changes in buying patterns by significant wholesale customers; retained liabilities associated with divestitures of businesses including potential liabilities under leases as the prior tenant or as a guarantor of certain leases; and changes in the timing of holidays or in the onset of seasonal weather affecting period-to-period sales comparisons. Additional factors that could cause differences from expectations include the ability to renew leases in existing stores and control or lower occupancy costs, and to conduct required remodeling or refurbishment on schedule and at expected expense levels; the Company's ability to eliminate stranded costs associated with dispositions, including the sale of the Lids Sport Group business; the Company's ability to realize anticipated cost savings, including rent savings; deterioration in the performance of individual businesses or of the Company's market value relative to its book value, resulting in impairments of fixed assets, operating lease right of use assets or intangible assets or other adverse financial consequences and the timing and amount of such impairments or other consequences; unexpected changes to the market for the Company's shares or for the retail sector in general; costs and reputational harm as a result of disruptions in the Company's business or information technology systems either by security breaches and incidents or by potential problems associated with the implementation of new or upgraded systems; and the cost and outcome of litigation, investigations and environmental matters involving the Company. Additional factors are cited in the "Risk Factors," "Legal Proceedings" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of, and elsewhere in, the Company's SEC filings, copies of which may be obtained from the SEC website, [www.sec.gov](http://www.sec.gov), or by contacting the investor relations department of Genesco via the Company's website, [www.genesco.com](http://www.genesco.com). Many of the factors that will determine the outcome of the subject matter of this release are beyond Genesco's ability to control or predict. Genesco undertakes no obligation to release publicly the results of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Forward-looking statements reflect the expectations of the Company at the time they are made. The Company disclaims any obligation to update such statements.



# Non-GAAP Financial Measures



We report consolidated financial results in accordance with generally accepted accounting principles (“GAAP”). However, to supplement these consolidated financial results our presentation includes certain non-GAAP financial measures such as earnings and earnings per share and operating income. This supplemental information should not be considered in isolation as a substitute for related GAAP measures. We believe that disclosure of earnings and earnings per share from continuing operations and operating income adjusted for the items not reflected in the previously announced expectations will be meaningful to investors, especially in light of the impact of such items on the results. Reconciliations of the non-GAAP supplemental information to the comparable GAAP measures can be found in the Appendix.



# Key Earnings Highlights Q2 FY21



	Quarter 2 August 1, 2020	Quarter 2 August 3, 2019
Total Net Sales Change	<b>-20%</b>	0%
Comparable Sales	<b>NA <sup>(1)</sup></b>	3%
Gross Margin %	<b>42.7%</b>	48.6%
Selling and Admin. Expenses %	<b>47.9%</b>	47.6%
Operating Income (Loss) % <sup>(2)</sup>		
GAAP	<b>-5.6%</b>	0.6%
Non-GAAP	<b>-5.3%</b>	1.0%
Earnings (Loss) per Diluted Share <sup>(2)</sup>		
GAAP	<b>\$(1.33)</b>	\$0.05
Non-GAAP	<b>\$(1.23)</b>	\$0.15

<sup>(1)</sup> As a result of the store closures in response to COVID-19, the Company has not included second quarter Fiscal 2021 comparable sales as it believes that overall sales is a more meaningful metric during this period.

<sup>(2)</sup> See GAAP to Non-GAAP adjustments in appendix.



# Key Earnings Highlights YTD FY21



	<b>Six Months Ended August 1, 2020</b>	Six Months Ended August 3, 2019
Total Net Sales Change	<b>-32%</b>	1%
Comparable Sales	<b>NA <sup>(1)</sup></b>	4%
Gross Margin %	<b>42.8%</b>	49.0%
Selling and Admin. Expenses %	<b>56.1%</b>	47.7%
Operating Income % <sup>(2)</sup>		
GAAP	<b>-26.6%</b>	1.2%
Non-GAAP	<b>-13.5%</b>	1.3%
Earnings per Diluted Share <sup>(2)</sup>		
GAAP	<b>\$(10.86)</b>	\$0.43
Non-GAAP	<b>\$(4.87)</b>	\$0.49

<sup>(1)</sup> As a result of the store closures in response to COVID-19, the Company has not included year to date Fiscal 2021 comparable sales as it believes that overall sales is a more meaningful metric during this period.

<sup>(2)</sup> See GAAP to Non-GAAP adjustments in appendix.



# Total and Comparable Sales Q2 FY21

	Quarter 2	Quarter 2	
	Total Sales	Comparable Sales	
	August 1,	August 1,	August 3,
	2020	2020 <sup>(1)</sup>	2019
Journeys Group	-12%	NA	4%
Schuh Group	-22%	NA	0%
Johnston & Murphy Group	-64%	NA	1%
Licensed Brands	62%	NA	NA
Total Sales/ Comparable Sales	-20%	NA	3%
Same Store Sales		NA	1%
Comparable Direct Sales		144%	20%

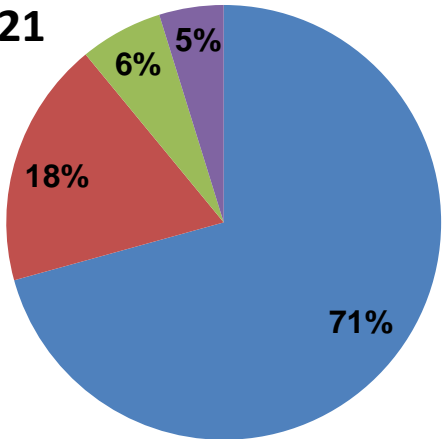
<sup>(1)</sup> As a result of the store closures in response to COVID-19, the Company has not included second quarter Fiscal 2021 comparable sales, except for comparable direct sales, as it believes that overall sales is a more meaningful metric during this period.



# Sales by Segment Q2 FY21 and FY20

**Net Sales \$391.2 million**

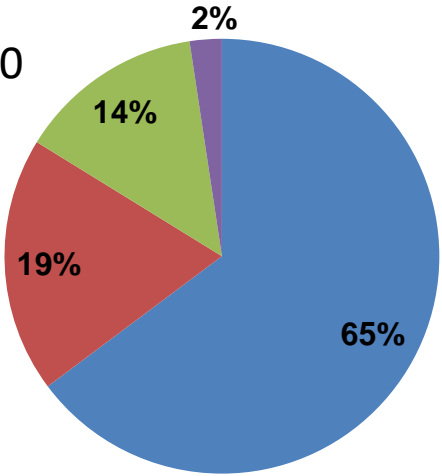
**FY21**



- Journeys Group
- Schuh Group
- Johnston & Murphy Group
- Licensed Brands

**Net Sales \$486.6 million**

**FY20**



- Journeys Group
- Schuh Group
- Johnston & Murphy Group
- Licensed Brands



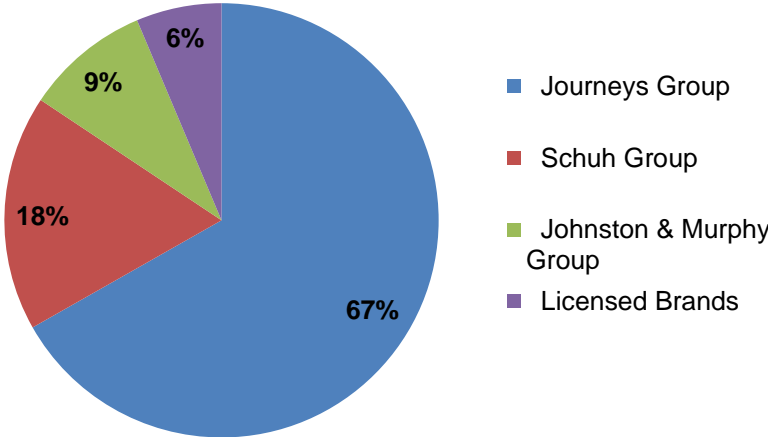


# Sales by Segment YTD FY21 and FY20

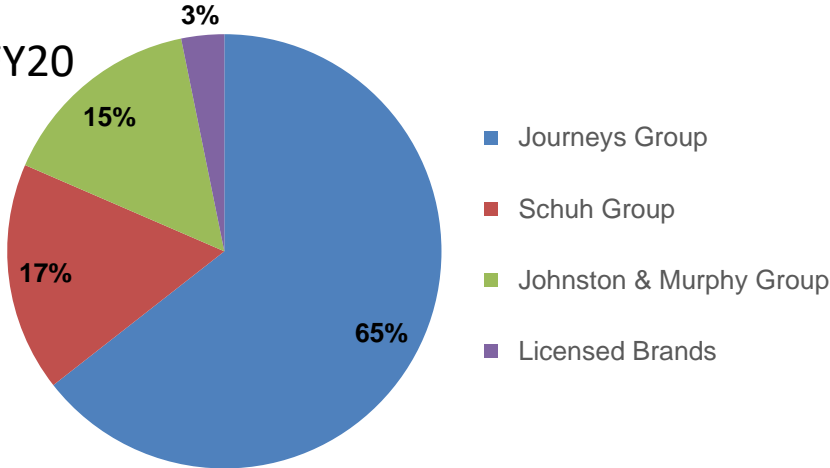
**Net Sales \$670.4 million**

**Net Sales \$982.2 million**

**FY21**



**FY20**



# Adjusted Operating Income (Loss) by Segment Q2 FY21<sup>(1)</sup>

(\$ in millions)



## Quarter 2 - August 1, 2020

	Oper Inc (Loss)	Adjust	Adj Oper Inc (Loss)
Journeys Group	\$ 10.2	\$ (0.3)	\$ 9.9
Schuh Group	(6.8)	-	(6.8)
Johnston & Murphy Group	(18.2)	(0.1)	(18.3)
Licensed Brands	(1.2)	-	(1.3)
Corporate and Other	(5.9)	1.5	(4.3)
<b>Total Operating Income (Loss)</b>	<b>\$ (22.0)</b>	<b>\$ 1.1</b>	<b>\$ (20.9)</b>
% of sales	-5.6%		-5.3%

## Quarter 2 - August 3, 2019

	Oper Inc (Loss)	Adjust	Adj Oper Inc (Loss)
Journeys Group	\$ 11.3	\$ -	\$ 11.3
Schuh Group	0.0	-	0.0
Johnston & Murphy Group	1.5	-	1.5
Licensed Brands	(0.3)	-	(0.3)
Corporate and Other	(9.7)	1.8	(7.9)
<b>Total Operating Income (Loss)</b>	<b>\$ 3.0</b>	<b>\$ 1.8</b>	<b>\$ 4.7</b>
% of sales	0.6%		1.0%

<sup>(1)</sup> See GAAP to Non-GAAP adjustments in appendix.



# Adjusted Operating Income (Loss) by Segment YTD FY21<sup>(1)</sup>

(\$ in millions)



	Six Months Ended - August 1, 2020			Six Months Ended - August 3, 2019		
	Oper Inc (Loss)	Adjust	Adj Oper Inc (Loss)	Oper Inc (Loss)	Adjust	Adj Oper Inc (Loss)
Journeys Group	\$ (26.9)	\$ (0.5)	\$ (27.4)	\$ 30.3	\$ -	\$ 30.3
Schuh Group	(21.9)	-	(21.9)	(5.4)	-	(5.4)
Johnston & Murphy Group	(27.8)	(0.2)	(28.0)	6.6	-	6.6
Licensed Brands	(3.7)	(0.1)	(3.8)	0.2	-	0.2
Corporate and Other	(97.6)	88.4	(9.2)	(19.7)	1.0	(18.6)
<b>Total Operating Income (Loss)</b>	<b>\$ (178.0)</b>	<b>\$ 87.6</b>	<b>\$ (90.4)</b>	<b>\$ 12.0</b>	<b>\$ 1.0</b>	<b>\$ 13.1</b>
% of sales						
			<b>-26.6%</b>			<b>1.2%</b>
						<b>1.3%</b>

<sup>(1)</sup> See GAAP to Non-GAAP adjustments in appendix.



LITTLE  
BURGUNDY

schuh

JOHNSTON & MURPHY.



Bass



# Inventory/Sales Change by Segment Q2 FY21

(\$ in millions)



Segment Inventory/Sales	Aug. 1, 2020	Q2 FY21
	Inventory	Sales
Journeys Group	-22%	-12%
Schuh Group <sup>(1)</sup>	-20%	-22%
Johnston & Murphy Group	-11%	-64%
Licensed Brands	26%	62%
Total	\$ 365	\$ 391
% Change from prior year	-18%	-20%

<sup>(1)</sup> On a constant currency basis.



# Retail Stores Summary Q2 FY21



	May 2, 2020	Open	Close	Aug. 1, 2020
Journeys Group	1,171	2	4	<b>1,169</b>
Journeys stores (U.S.)	853	1	2	<b>852</b>
Journeys stores (Canada)	46	1	-	<b>47</b>
Journeys Kidz stores	233	-	1	<b>232</b>
Little Burgundy	39	-	1	<b>38</b>
Schuh Group	127	1	1	<b>127</b>
Johnston & Murphy Group	181	-	1	<b>180</b>
Total Stores	1,479	3	6	<b>1,476</b>



# Retail Square Footage Q2 FY21



Square feet in thousands

<u>Square Footage:</u>	May 2, 2020	Net Change	Aug. 1, 2020	% Change
Journeys Group	2,318	(2)	<b>2,316</b>	<b>-0.1%</b>
Schuh Group	618	(2)	<b>616</b>	<b>-0.3%</b>
Johnston & Murphy Group	344	(2)	<b>342</b>	<b>-0.6%</b>
<b>Total Square Footage</b>	<b>3,280</b>	<b>(6)</b>	<b>3,274</b>	<b>-0.2%</b>

Year over year change in retail  
inventory per square foot

7%

**-18%**



LITTLE  
BURGUNDY

schuh

JOHNSTON & MURPHY.

TRASK



Bass



# FY21 Projected Retail Store Count

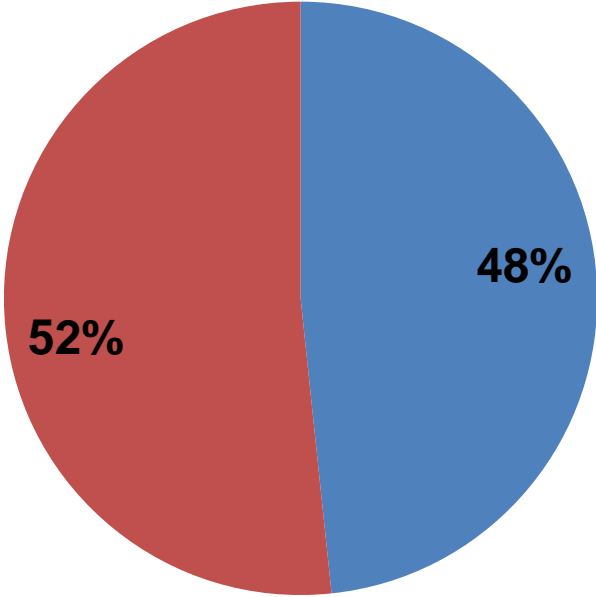


	Actual 2020	Proj Open	Proj Close	Proj 2021
Journeys Group	1,171	10	12	<b>1,169</b>
Journeys stores (U.S.)	853	6	7	<b>852</b>
Journeys stores (Canada)	46	1	1	<b>46</b>
Journeys Kidz stores	233	3	3	<b>233</b>
Little Burgundy	39	-	1	<b>38</b>
Schuh Group	129	1	4	<b>126</b>
Johnston & Murphy Group	180	3	4	<b>179</b>
Total Stores	1,480	14	20	<b>1,474</b>
Estimated change in square feet				<b>-1%</b>



# FY21 Projected Capital Spending

## Projected FY21 Cap Ex \$25-\$30 million



- New Stores & Remodels
- Omni-channel, IT, DC & Other

FY21 Projected Depreciation & Amortization = \$49 million



LITTLE BURGUNDY

schuh

JOHNSTON & MURPHY

TRASK



Bass

Levi's



# Appendix



LITTLE  
BURGUNDY

schuh

JOHNSTON & MURPHY.

  
TRASK



*Bass*



# Non-GAAP Reconciliation – Q2 FY21



In Thousands (except per share amounts)	Quarter 2					
	August 1, 2020			August 3, 2019		
	Pretax	Net of Tax	Per Share Amounts	Pretax	Net of Tax	Per Share Amounts
Earnings (loss) from continuing operations, as reported		\$ (18,924)	\$ (1.33)		\$ 793	\$0.05
Asset impairments and other adjustments:						
Retail store asset impairment charges	\$ 1,733	1,313	0.09	\$ 731	451	0.03
Loss on lease terminations	-	-	0.00	1,044	717	0.04
Change in vacation policy	(616)	(463)	(0.03)	-	-	0.00
Gain on Hurricane Maria	-	-	0.00	-	2	0.00
Total asset impairments and other adjustments	\$ 1,117	850	0.06	\$ 1,775	1,170	0.07
Income tax expense adjustments:						
Tax impact share based awards		1,129	0.08		(54)	0.00
Other tax items		(471)	(0.04)		547	0.03
Total income tax expense adjustments		658	0.04		493	0.03
Adjusted earnings (loss) from continuing operations <sup>(1) and (2)</sup>		\$ (17,416)	\$ (1.23)		\$ 2,456	\$0.15

(1) The adjusted tax rate for the second quarter of Fiscal 2021 and 2020 is 23.0% and 45.2%, respectively.

(2) EPS reflects 14.2 million and 16.0 million share count for the second quarter of Fiscal 2021 and 2020, respectively, which excludes common stock equivalents in the second quarter of Fiscal 2021 due to the loss from continuing operations and includes common stock equivalents in the second quarter of Fiscal 2020.



# Non-GAAP Reconciliation – YTD FY21



In Thousands (except per share amounts)	Six Months Ended					
	August 1, 2020			August 3, 2019		
	Pretax	Net of Tax	Per Share Amounts	Pretax	Net of Tax	Per Share Amounts
Earnings (loss) from continuing operations, as reported		\$ (153,548)	\$ (10.86)		\$ 7,263	\$ 0.43
Asset impairments and other adjustments:						
Retail store asset impairment charges	\$ 4,775	3,541	0.25	\$ 1,038	663	0.04
Trademark impairment	5,260	5,153	0.36	-	-	0.00
Goodwill impairment	79,259	79,259	5.60	-	-	0.00
Loss on lease terminations	-	-	0.00	44	28	0.00
Release Togast earnout	(441)	(323)	(0.02)	-	-	0.00
Change in vacation policy	(1,232)	(914)	(0.06)	-	-	0.00
Gain on Hurricane Maria	-	-	0.00	(38)	(24)	0.00
Total asset impairments and other adjustments	\$87,621	86,716	6.13	\$ 1,044	667	0.04
Income tax expense adjustments:						
Tax impact for share-based awards		1,129	0.08		(54)	0.00
Other tax items		(3,161)	(0.22)		489	0.02
Total income tax expense adjustments		(2,032)	(0.14)		435	0.02
Adjusted earnings (loss) from continuing operations <sup>(1) and (2)</sup>		\$ (68,864)	\$ (4.87)		\$ 8,365	\$ 0.49

<sup>(1)</sup> The adjusted tax rate for the first six months of Fiscal 2021 and 2020 is 25.8% and 36.1%, respectively.

<sup>(2)</sup> EPS reflects 14.1 million and 16.9 million share count for the first six months of Fiscal 2021 and 2020, respectively, which excludes common stock equivalents in the first six months of Fiscal 2021 due to the loss from continuing operations and includes common stock equivalents in the first six months of Fiscal 2020.

