



Lids Sports Group



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FY19 Second Quarter

Genesco Inc.

FY19 Q2 Earnings

Summary Results and Guidance

September 7, 2018



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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, sales, expenses, margins and earnings) 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 the level and timing of promotional activity necessary to maintain inventories at appropriate levels; the Company's ability to complete the sale of the Lids Sports Group business on acceptable terms and the timing of any sale transaction; the imposition of tariffs on imported products or the disallowance of tax deductions on imported products; disruptions in product supply or distribution; 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, including potential effects on consumer demand, currency exchange rates, and the supply chain; the effectiveness of the Company's omnichannel initiatives; costs associated with changes in minimum wage and overtime requirements; costs associated with wage pressure associated with a full employment environment in the U.S. and the U.K.; weakness in the consumer economy and retail industry; competition in the Company's markets, including online and including competition from some of the Company's vendors in both the licensed sports and branded footwear markets; fashion trends that affect the sales or product margins of the Company's retail product offerings; weakness in shopping mall traffic and challenges to the viability of malls where the Company operates stores, related to planned closings of department stores or other factors; risks related to the potential for terrorist events, especially in malls and shopping districts; the effects of the implementation of federal tax reform on the estimated tax rate reflected in certain forward-looking statements; changes in buying patterns by significant wholesale customers; bankruptcies or deterioration in financial condition of significant wholesale customers or the inability of wholesale customers or consumers to obtain credit; the Company's ability to continue to complete and integrate acquisitions, expand its business and diversify its product base; changes in the timing of holidays or in the onset of seasonal weather affecting period-to-period sales comparisons; and the performance of athletic teams, the participants in major sporting events such as the NBA finals, Super Bowl and World Series, developments with respect to certain individual athletes, and other sports-related events or changes that may affect period-to-period comparisons in the Company's Lids Sports Group retail businesses. Additional factors that could affect the Company's prospects and cause differences from expectations include the ability to build, open, staff and support additional retail stores and to renew leases for existing stores and control occupancy costs, and to conduct required remodeling or refurbishment on schedule and at expected expense levels; 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 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; variations from expected pension-related charges caused by conditions in the financial markets; 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; the Company's ability to execute its cost-reduction initiatives and to achieve acceptable levels of expense in a changing retail environment; 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, our SEC filings, copies of which may be obtained from the SEC website, www.sec.gov, or by contacting the investor relations department of Genesco via our website, 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

The Company reports consolidated financial results in accordance with generally accepted accounting principles (“GAAP”). However, to supplement these consolidated financial results the Company’s presentation includes certain non-GAAP financial measures such as earnings and earnings per share. This supplemental information should not be considered in isolation as a substitute for related GAAP measures. The Company believes that disclosure of earnings and earnings per share from continuing operations 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 FY19

	Three Months Ended August 4, 2018	Three Months Ended July 29, 2017
GCO Net Sales Change	6%	(1)%
Comparable Sales	3%	0%
Gross Margin %	49.2%	49.7%
Selling and Admin. Expenses %	48.8%	50.0%
Operating Income (Loss) % ⁽¹⁾		
GAAP	0.2%	(0.3)%
Non-GAAP	0.4%	(0.3)%
Earnings (Loss) per Diluted Share ⁽¹⁾		
GAAP	\$0.01	\$(0.20)
Non-GAAP	\$0.04	\$(0.10)

⁽¹⁾ See GAAP to Non-GAAP adjustments in appendix.



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Key Earnings Highlights FY19 YTD

	Six Months Ended August 4, 2018	Six Months Ended July 29, 2017
GCO Net Sales Change	3%	(1)%
Comparable Sales	1%	0%
Gross Margin %	49.5%	49.6%
Selling and Admin. Expenses %	49.4%	49.6%
Operating Income (Loss) % ⁽¹⁾		
GAAP	0.0%	0.1%
Non-GAAP	0.2%	0.1%
Earnings (Loss) per Diluted Share ⁽¹⁾		
GAAP	\$(0.11)	\$(0.15)
Non-GAAP	\$(0.02)	\$(0.05)

⁽¹⁾ See GAAP to Non-GAAP adjustments in appendix.



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Comparable Sales Q2 FY19

	Three Months Ended	
	Aug. 4, 2018	July 29, 2017
Journeys Group	10%	1%
Schuh Group	(7)%	3%
Lids Sports Group	(5)%	(2)%
Johnston & Murphy Group	8%	(1)%
Total Comparable Sales	3%	0%
Same Store Sales	2%	(2)%
Comparable Direct Sales	7%	30%



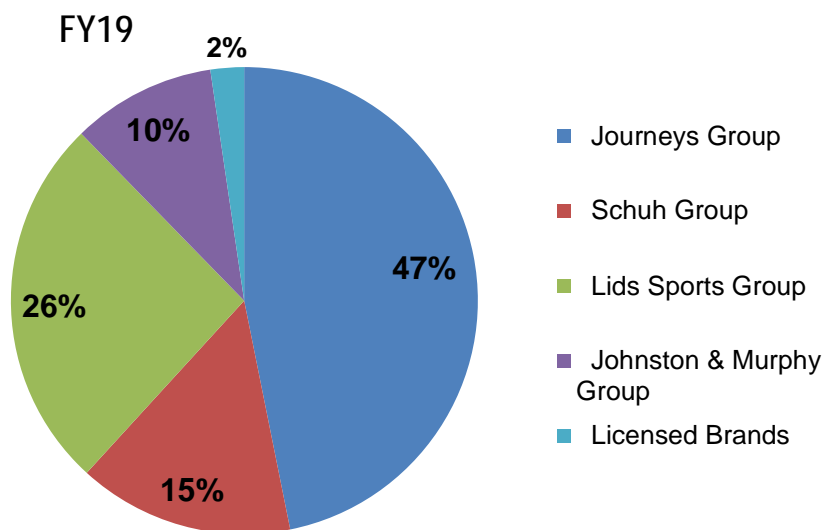
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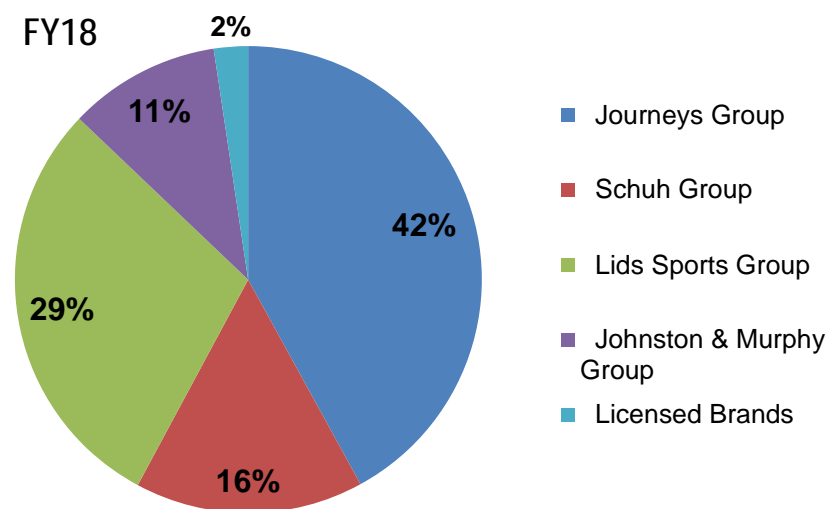
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Sales by Segment Q2 FY19 and FY18

Net Sales \$654.0 million

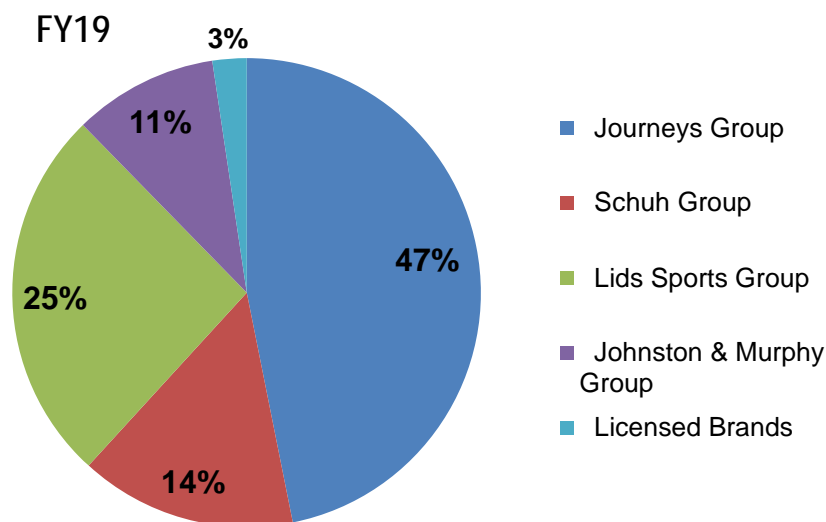


Net Sales \$617.0 million

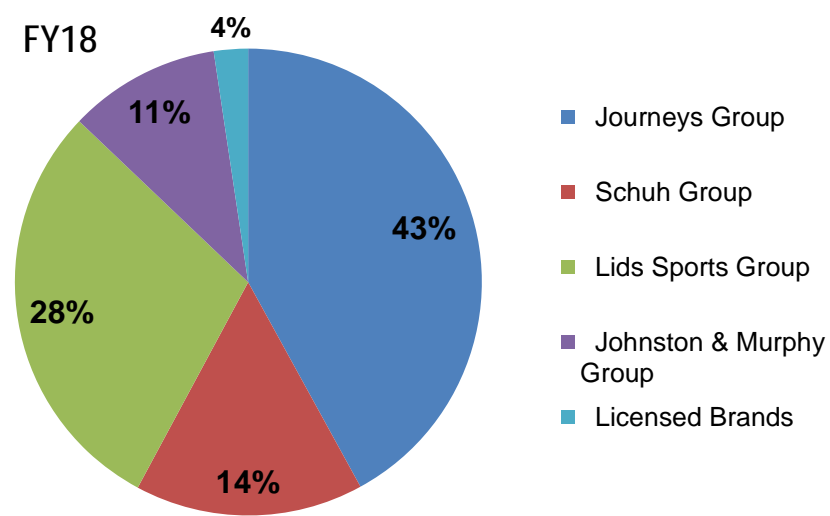


Sales by Segment YTD FY19 and FY18

Net Sales \$1.299 billion



Net Sales \$1.260 billion





Adjusted Operating Income by Segment Q2 FY19 ⁽¹⁾

\$ in millions

	Three Months Ended Aug. 4, 2018			Three Months Ended July 29, 2017		
	Oper Inc (Loss)	Adjust	Adj Oper Inc (Loss)	Oper Inc (Loss)	Adjust	Adj Oper Inc (Loss)
Journeys Group	\$ 7.7	\$ -	\$ 7.7	\$ (2.2)	\$ 0.3	\$ (1.9)
Schuh Group	1.1	-	1.1	4.5	-	4.5
Lids Sports Group	1.2	-	1.2	3.0	-	3.0
Johnston & Murphy Group	0.9	-	0.9	1.5	-	1.5
Licensed Brands	(0.4)	-	(0.4)	(1.0)	-	(1.0)
Corporate and Other	(9.1)	1.0	(8.0)	(7.9)	0.1	(7.8)
Total Operating Income (Loss)	\$ 1.4	\$ 1.0	\$ 2.4	\$ (2.0)	\$ 0.4	\$ (1.6)

⁽¹⁾ See GAAP to Non-GAAP adjustments in appendix.



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Adjusted Operating Income by Segment YTD FY19 ⁽¹⁾

\$ in millions

	Six Months Ended Aug. 4, 2018			Six Months Ended July 29, 2017		
	Oper Inc (Loss)	Adjust	Adj Oper Inc (Loss)	Oper Inc (Loss)	Adjust	Adj Oper Inc (Loss)
Journeys Group	\$ 21.3	\$ -	\$ 21.3	\$ 5.3	\$ 0.3	\$ 5.6
Schuh Group	(4.6)	-	(4.6)	3.9	-	3.9
Lids Sports Group	(4.2)	-	(4.2)	1.3	-	1.3
Johnston & Murphy Group	5.9	-	5.9	5.4	-	5.4
Licensed Brands	(0.1)	-	(0.1)	1.2	-	1.2
Corporate and Other	(18.9)	2.6	(16.3)	(16.1)	0.2	(16.0)
Total Operating Income (Loss)	\$ (0.5)	\$ 2.6	\$ 2.1	\$ 0.8	\$ 0.5	\$ 1.3

⁽¹⁾ See GAAP to Non-GAAP adjustments in appendix.



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Inventory/Sales Change by Segment Q2 FY19

\$ in millions

Segment Inventory/Sales	<u>Aug. 4, 2018</u>	<u>Q2 FY19</u>
	<u>Inventory</u>	<u>Sales</u>
Journeys Group	-11%	18%
Schuh Group ⁽¹⁾	5%	-2%
Lids Sports Group	-14%	-7%
Johnston & Murphy Group	6%	6%
Licensed Brands	-36%	4%
Total	\$ 607	\$ 654
% Change from prior year	-9%	6%

(1) On a constant currency basis.



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Retail Stores Summary Q2 FY19

	May 5, 2018	Open	Close	Aug. 4, 2018
Journeys Group	1,221	3	9	1,215
Journeys stores (U.S.)	891	3	5	889
Journeys stores (Canada)	46	-	-	46
Journeys Kidz stores	245	-	4	241
Little Burgundy	39	-	-	39
Schuh Group	136	-	1	135
Lids Sports Group	1,141	5	21	1,125
Lids hat stores (U.S.)	726	1	5	722
Lids hat stores (Canada)	114	-	1	113
Locker Room stores (U.S.)	130	-	2	128
Locker Room stores (Canada)	29	-	-	29
Clubhouse stores	20	-	4	16
Locker Room by Lids (Macy's)	122	4	9	117
Johnston & Murphy Group	182	-	-	182
Total Stores	2,680	8	31	2,657





Retail Square Footage Q2 FY19

Square feet in thousands

<u>Square Footage:</u>	July 29, 2017	Net Change	Aug. 4, 2018	% Change
Journeys Group	2,445	(56)	2,389	-2.3%
Schuh Group	645	14	659	2.2%
Lids Sports Group	1,405	(81)	1,324	-5.8%
Johnston & Murphy Group	339	7	346	2.1%
Total Square Footage	4,834	(116)	4,718	-2.4%



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FY19 Outlook⁽¹⁾

Note: See earnings call transcript for important details regarding changes in guidance assumptions

Non-GAAP EPS	\$3.05 - \$3.45 per share
Total Sales	(1)% to +1% <i>(52 weeks TY vs. 53 LY)</i>
Comparable Sales	+1 to +3%
FY19 Note	Shift of large volume back-to-school week out of Q3 into Q2
Gross Margin	~30 basis point improvement
SG&A Expense	40 to 60 basis points deleverage
Tax Rate	~27.5%
FX	Hurts earnings by ~(\$0.04)
CapEx	\$60 to \$65 million
Avg Shares Outstanding	19.5 million <i>(assumes no repurchases)</i>

⁽¹⁾ On a Non-GAAP basis, see GAAP to Non-GAAP adjustments in appendix





FY19 Comparable Sales Guidance

	Actual Q1	Actual Q2	Guidance Q3	Guidance Q4	Guidance FY19
Journeys Group	6%	10%	6 - 10%	1 - 4%	5 - 7%
Lids Sports Group	(7)%	(5)%	(3) - 1%	(1) - 4%	(4) - (1)%
Schuh Group	(13)%	(7)%	(7) - (5)%	(6) - (4)%	(8) - (7)%
Johnston & Murphy Group	7%	8%	4 - 5%	2 - 4%	5 - 6%
Total Genesco	(1)%	3%	2 - 5%	0 - 3%	1 - 3%



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FY19 Projected Retail Store Count

	Actual 2018	Proj Open	Proj Close	Proj 2019
Journeys Group	1,220	21	28	1,213
Journeys stores (U.S.)	893	10	21	882
Journeys stores (Canada)	46	-	-	46
Journeys Kidz stores	242	8	6	244
Little Burgundy	39	3	1	41
Schuh Group	134	7	5	136
Lids Sports Group	1,159	19	73	1,105
Lids hat stores (U.S.)	739	9	36	712
Lids hat stores (Canada)	114	3	7	110
Locker Room stores (U.S.)	134	1	14	121
Locker Room stores (Canada)	29	-	2	27
Clubhouse stores	21	-	5	16
Locker Room by Lids (Macy's)	122	6	9	119
Johnston & Murphy Group	181	4	-	185
Total Stores	2,694	51	106	2,639



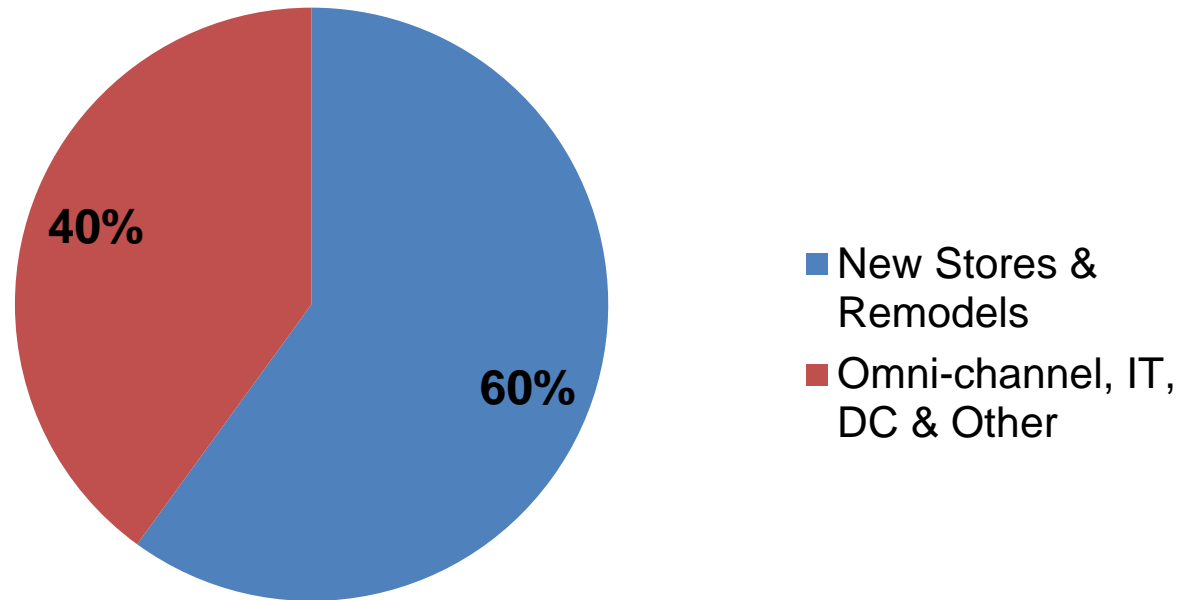
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FY19 Projected Capital Spending

Projected FY19 CapEx \$60 to \$65 million



Appendix



Non-GAAP Reconciliation – Q2 FY19

	Three Months Ended					
	August 4, 2018			July 29, 2017		
	Pretax	Net of Tax	Per Share Amounts	Pretax	Net of Tax	Per Share Amounts
In Thousands (except per share amounts)						
Earnings (loss) from continuing operations, as reported		\$ 167	\$ 0.01		\$(3,875)	\$ (0.20)
Pretax adjustments:						
Impairment charges	\$ 928	591	0.03	\$ 58	44	-
Other legal matters	614	429	0.02	-	-	-
Gain on Hurricane Maria	(503)	(369)	(0.02)	-	-	-
Acquisition transition expenses	-	-	-	288	199	0.01
Total adjustments	\$1,039	651	0.03	\$ 346	243	0.01
Tax impact for share-based awards		452	0.02		2,167	0.11
Other tax items		(460)	(0.02)		(520)	(0.02)
Adjusted earnings (loss) from continuing operations ⁽¹⁾ and ⁽²⁾		\$ 810	\$ 0.04		\$(1,985)	\$ (0.10)

⁽¹⁾ The adjusted tax rate for the second quarter of Fiscal 2019 is 37.6% including a FIN 48 discrete item of less than \$0.1 million. The adjusted tax rate for the second quarter of Fiscal 2018 is 31.9% including a FIN 48 discrete item of less than \$0.1 million.

⁽²⁾ EPS reflects 19.4 million and 19.2 million share count for Fiscal 2019 and 2018, respectively, which includes common stock equivalents in only Fiscal 2019.



Non-GAAP Reconciliation – YTD FY19

	Six Months Ended					
	August 4, 2018			July 29, 2017		
	Pretax	Net of Tax	Per Share Amounts	Pretax	Net of Tax	Per Share Amounts
In Thousands (except per share amounts)						
Earnings (loss) from continuing operations, as reported		\$ (2,141)	\$ (0.11)		\$ (2,878)	\$ (0.15)
Pretax adjustments:						
Impairment charges	\$ 2,202	1,652	0.08	\$ 177	122	-
Other legal matters	992	744	0.04	-	-	-
Gain on Hurricane Maria	(603)	(452)	(0.02)	-	-	-
Acquisition transition expenses	-	-	-	288	199	0.01
Total adjustments	\$ 2,591	1,944	0.10	\$ 465	321	0.01
Tax impact for share-based awards		452	0.02		2,167	0.11
Other tax items		(585)	(0.03)		(496)	(0.02)
Adjusted earnings (loss) from continuing operations ⁽¹⁾ and ⁽²⁾		\$ (330)	\$ (0.02)		\$ (886)	\$ (0.05)

⁽¹⁾ The adjusted tax rate for the first six months of Fiscal 2019 is 618% including a FIN 48 discrete item of less than \$0.1 million. The adjusted tax rate for the first six months of Fiscal 2018 is 24.7% including a FIN 48 discrete item of less than \$0.1 million.

⁽²⁾ EPS reflects 19.3 million and 19.2 million share count for Fiscal 2019 and 2018, respectively, which includes common stock equivalents in both years.

