



Genesco Reports First Quarter Sales Increase 17%, EPS Up 31% to \$0.34 vs. \$0.26 Last Year

May 23, 2001

NASHVILLE, Tenn., May 23 /PRNewswire/ -- Genesco Inc. (NYSE: GCO) today reported earnings before discontinued operations of \$8.3 million, or \$0.34 per diluted share, for the first quarter ended May 5, 2001, compared with earnings before discontinued operations of \$6.2 million, or \$0.26 per diluted share, for the first quarter last year. Net sales for the quarter increased 17.2% to \$171.9 million from \$146.6 million in the first quarter a year ago.

Genesco Chairman and Chief Executive Officer Ben T. Harris said, "The strong overall performance reflected in these results illustrates the power and resiliency of Genesco's business model. Journeys and Dockers Footwear turned in exceptional results and Underground Station's performance was solid, while sales in Johnston & Murphy and the rest of the Jarman group proved more sensitive to the quarter's economic tone. Our consistent record of outperforming internal and external expectations, even in a tumultuous retail environment, underscores the value of combining a strong portfolio of diversified businesses, superior knowledge of our customers and an emphasis on excellence in execution."

"The Journeys division's net sales increased by 38% during the quarter, and same store sales rose 11% against a strong 21% comparison for the same period last year. We opened 22 Journeys stores during the quarter and now have 447 stores in operation across the country. We expect to end the year with approximately 525 stores. Journeys is in an enviable position, operating in a large and growing market with little competition, making it the leading teen footwear retailer in the mall today."

"Underground Station posted a 5% same store sales gain against a 37% comparison last year. These solid results partially offset a weaker top line performance in the remainder of the Jarman group. Overall, the division's same store sales declined by 3%, but its operating margin improved slightly. We believe the quarter's performance validates our strategy of concentrating the group's resources on growing Underground Station. We opened 10 Underground Station stores during the quarter and converted three Jarman stores to Underground Station and currently have 70 Underground Station stores in operation."

Harris continued, "Johnston & Murphy's net sales were \$42 million for the first quarter and same stores sales in the Johnston & Murphy shops declined 8%, reflecting a difficult high-end men's market, which we believe was associated with the economic slowdown. We believe this will have only a short-term effect, and are cautiously optimistic that Johnston & Murphy is through the most difficult period."

"The Licensed Brands segment's net sales grew by 7% during the quarter. Dockers had another strong quarter as sales increased 34% to \$21 million versus \$15 million last year. These results were particularly encouraging because they came on top of a 35% sales gain last year. Dockers' continued success is a function of providing the marketplace with updated, traditional footwear with a powerful brand name at a great value."

"Overall inventories grew somewhat faster than sales in the quarter, primarily reflecting the variance between Johnston & Murphy's actual and planned sales and the fact that Dockers inventory was low relative to sales in the first half of last year. We believe that the Johnston & Murphy inventory is not particularly fashion-sensitive or seasonal and that we have adequate measures in place to bring inventories better in line with sales expectations."

Genesco also announced that James C. Estepa, a senior vice president of the Company, is assuming responsibility for the Underground Station and Jarman retail operations in addition to his present duties as president of the Journeys division. "Jim Estepa's experience and record of success in managing the dramatic growth of Journeys over the past two years make him ideally suited to lead our efforts to realize the potential we see in Underground Station," Harris said.

He added that the Journeys and Jarman-Underground Station divisions would maintain their separate operational and merchandising organizations, consistent with the Company's strategic commitment to serve the distinctive lifestyle of each division's target customer.

The Company stated that it remains comfortable with consensus estimates for the remainder of the year, raising the current consensus estimate of \$1.70 for the full fiscal year to \$1.74 to reflect the first quarter's outperformance. It also reiterated its previously stated expectation of 15% to 20% sales growth for the full fiscal year.

The forward-looking statements in this release involve a number of risks and uncertainties. Such statements are all those that do not involve historical facts, including the entire paragraph regarding performance expectations for the remainder of the fiscal year and Mr. Harris' various statements regarding anticipated store openings, the performance outlook of the Company's various businesses and expectations concerning the impact of current inventory levels. Actual results could be materially different. The factors that could cause materially different results include changes in consumer demand or tastes that affect sales at retail or wholesale, including demand changes related to actual or perceived economic disruptions or resulting from the failure correctly to anticipate consumer trends, changes in buying patterns by significant wholesale customers, disruptions in product supply or distribution, 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 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 May 23, 2001, at 10:00 a.m. (Central time) may be accessed through the Company's internet website, www.genesco.com. The Company expects to discuss results from the first quarter and its current expectations for the second quarter and fiscal year ending February 2, 2002, 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 for 14 days.

Genesco, based in Nashville, sells footwear and accessories in 810 retail stores in the U.S., principally under the names Journeys, Johnston &

Murphy, Jarman and Underground Station, and on internet websites www.journeys.com and 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.

GENESCO INC.

Consolidated Earnings Summary

In Thousands	Three Months Ended	
	May 5, 2001	April 29, 2000
Net sales	\$ 171,918	\$ 146,644
Cost of sales	89,821	78,338
Selling and administrative expenses	67,212	56,434
Earnings from operations before interest	14,885	11,872
Interest expense, net	1,535	1,682
Earnings before income taxes and discontinued operations	13,350	10,190
Income tax expense	5,012	3,997
Earnings before discontinued operations	8,338	6,193
Discontinued operations (net of tax):		
Operating loss	--	(232)
Net Earnings	\$ 8,338	\$ 5,961

Earnings Per Share Information

In Thousands (except per share amounts)	Three Months Ended	
	May 5, 2001	April 29, 2000
Preferred dividend requirements	\$ 74	\$ 75
Average common shares - Basic EPS	21,846	21,587
Basic earnings per share:		
Before discontinued operations	\$ 0.38	\$ 0.28
Net earnings	\$ 0.38	\$ 0.27
Average common and common equivalent shares - Diluted EPS	27,324	26,993
Diluted earnings per share:		
Before discontinued operations	\$ 0.34	\$ 0.26
Net earnings	\$ 0.34	\$ 0.25

GENESCO INC.

Consolidated Earnings Summary

In Thousands	Three Months Ended	
	May 5, 2001	April 29, 2000
Sales:		
Journeys	\$ 80,348	\$ 58,096
Jarman	25,071	21,020
Johnston & Murphy	41,813	44,468
Licensed Brands(a)	24,686	23,060
Net Sales	\$ 171,918	\$ 146,644
Pretax Earnings (Loss):		

Journeys	\$ 10,075	\$ 6,512
Jarman	931	743
Johnston & Murphy	4,126	5,673
Licensed Brands(b)	2,935	1,633
Corporate and Other	(3,182)	(2,689)
Operating income	14,885	11,872
Interest, net	1,535	1,682
Total Pretax Earnings	13,350	10,190
Income tax expense	5,012	3,997
Earnings before discontinued operations	8,338	6,193
Discontinued operations (net of tax):		
Operating loss	--	(232)
Net Earnings	\$ 8,338	\$ 5,961

(a) Includes Nautica sales of \$4.2 million and \$7.8 million for the first quarter of Fiscal 2002 and 2001, respectively.

(b) Includes Nautica operating losses of \$0.3 million and \$0.4 million for the first quarter of Fiscal 2002 and 2001, respectively.

Consolidated Balance Sheet

In Thousands	May 5, 2001	April 29, 2000
Assets		
Cash and short-term investments	\$ 34,133	\$ 45,218
Accounts receivable	26,787	26,192
Inventories	146,960	109,081
Other current assets	26,612	23,804
Current assets of discontinued operations*	187	6,525
Total current assets	234,679	210,820
Plant, equipment and capital leases	90,028	71,485
Other non-current assets	19,987	17,176
Non-current assets of discontinued operations*	554	2,911
Total Assets	\$ 345,248	\$ 302,392
Liabilities and Shareholders' Equity		
Total current liabilities	78,794	72,777
Long-term debt	103,527	103,531
Other long-term liabilities	11,605	11,752
Shareholders' equity	151,322	114,332
Total Liabilities and Shareholders' Equity	\$ 345,248	\$ 302,392

- Current and non-current assets of discontinued operations include Volunteer Leather.

GENESCO INC.

Ongoing Retail Units Operated

	Balance				Balance				
	1/29/00	Open	Conv	Close	2/3/01	Open	Conv	Close	5/5/01
Journeys	323	101	1	0	425	22	0	0	447
Journeys Kidz	0	0	0	0	0	5	0	0	5
Jarman Group	161	53	3	10	207	10	0	4	213

Jarman Retail	140	21	(1)	10	150	0	(3)	4	143
Underground Station	21	32	4	0	57	10	3	0	70
Johnston & Murphy	143	15	1	12	147	0	0	2	145
Shops	114	10	0	9	115	0	0	2	113
Factory Outlets	29	5	1	3	32	0	0	0	32
Total Ongoing Retail Units	627	169	5	22	779	37	0	6	810

Constant Store Sales

	Three Months Ended	
	May 5, 2001	April 29, 2000
Journeys	11%	21%
Jarman Group	-3%	9%
Jarman Retail	-4%	5%
Underground Station	5%	37%
Johnston & Murphy	-9%	5%
Shops	-8%	6%
Factory Outlets	-14%	4%
Total Constant Store Sales	4%	14%

SOURCE Genesco Inc.

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