



## Genesco Reports Fourth Quarter and Fiscal 2003 Sales and Earnings

March 5, 2003

NASHVILLE, Tenn., Mar 5, 2003 /PRNewswire-FirstCall via COMTEX/ -- Genesco Inc. (NYSE: GCO) today announced results of operations for the fourth quarter and fiscal year ended February 1, 2003. Earnings before discontinued operations, excluding certain previously announced items shown on the table following this announcement, were \$15.8 million, or \$0.62 per diluted share, for the quarter, compared to \$15.4 million, or \$0.60 per diluted share, for the previous year's fourth quarter, also excluding certain items in that period shown on the table.

The items in the fourth quarter of fiscal 2003 include the cost of recognizing the asset impairment in 14 under-performing retail stores identified as suitable for closing if acceptable lease terminations can be negotiated, the payments related to the termination of one of those leases, and severance payments. The majority of these items relate to the Johnston & Murphy division.

Earnings before discontinued operations for the fourth quarter (reported pursuant to Generally Accepted Accounting Principles and including the listed items) were \$14.2 million, or \$0.56 per diluted share, this year, compared to \$15.8 million, or \$0.61 per diluted share, for the fourth quarter of fiscal 2002. Net sales for the fourth quarter were \$250 million compared to \$222 million in the earlier period.

For the year ended February 1, 2003, earnings before discontinued operations were \$38.4 million, or \$1.55 per diluted share, excluding the items shown on the table, compared with \$38.0 million, or \$1.52 per diluted share, excluding the items shown on the table for fiscal 2002. Earnings before discontinued operations (reported pursuant to Generally Accepted Accounting Principles and including the listed items) for fiscal 2003 were \$36.4 million, or \$1.47 per diluted share, compared with \$38.3 million, or \$1.54 per diluted share, for the previous year. Net sales for fiscal 2003 increased 11% to \$828 million versus \$746 million the previous year.

Genesco President and Chief Executive Officer Hal N. Pennington, said, "Fiscal 2003 represented another good year for Genesco, with double-digit sales growth and solid earnings. We also continued to strengthen our balance sheet and ended the year with \$56 million in cash."

"We saw particular strength in our retail operations during the year," Pennington continued. "Total retail sales expanded 14% to \$702 million and overall same store sales increased 3%. We also opened 97 stores to end the year with 991 stores in 46 states and Puerto Rico. Although we experienced a period of retail weakness in the month of December, we finished the year on a positive note, with January giving us some of our strongest same store sales increases of the year.

"Journeys net sales increased 13% during the quarter and same store sales rose 1%. Unit comps for the quarter were up 4%. Journeys net sales for the year increased 14% to \$436 million and same store sales were flat, while unit comps for the full year increased 4% as well. We opened 12 Journeys stores during the quarter and 61 stores for the full year and ended fiscal 2003 with 579 stores in operation. In addition, we opened 21 Journeys Kidz stores for the full year and ended fiscal 2003 with 35 stores in operation. In a year of changing fashion, Journeys again benefited from its focus on understanding its customers and offering them the right product in the right shopping environment. Journeys remains the franchise footwear retailer for teenagers and we will continue to capitalize on our position in the market."

Pennington continued, "The Underground Station/Jarman Group had another strong quarter, with sales increasing 13% to \$48 million and overall same-store sales up 9%. For the year, total sales increased 23% to \$148 million and same-store sales rose 14%. We opened 4 Underground Station stores during the quarter to end the year with a total of 229 stores - 114 Underground Station stores and 115 Jarman stores, in operation. Given our success with this concept, based on understanding and serving an underserved customer, we see the potential to grow Underground Station to a 400-store chain in the future.

"Johnston & Murphy's net sales were \$43 million for the fourth quarter compared with \$42 million a year ago, and same-store sales declined 3%. For the full year, net sales were \$165 million and same-store sales were flat. Johnston & Murphy continued to be negatively impacted by a very promotional retail environment. We believe that we have put a strategy in place that will further Johnston & Murphy's strong brand equity and ultimately return the division to more acceptable levels of profitability."

"Dockers sales were up 33% for the quarter to \$19 million, and increased 11% for the year to \$78 million. We continue to see positive results from new introductions such as Gortex and our Air Cushion System (ACS) product line. Dockers Footwear combines a strong brand and a superlative product offering for a price / value relationship that we believe is the best in its market today."

Pennington concluded, "Genesco is a highly diversified footwear business, supported by powerful concepts and brands that occupy leadership positions within their respective markets. We are committed to executing a strategy that will result in long-term growth and increased shareholder value."

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 continuing weakness in consumer demand for products sold by the Company, which could lead to lower than expected sales and product margins and, consequently, profits. They also include 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, 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.

Genesco, based in Nashville, sells footwear and accessories in more than 990 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.

Consolidated Earnings Summary

In Thousands	Fourth Quarter		Fiscal Year Ended	
	2003	2002*	2003	2002*
Net sales	\$249,715	\$222,477	\$828,307	\$746,157
Cost of sales	133,477	119,014	438,231	396,891
Selling and administrative expenses	88,744	76,318	320,833	280,712
Restructuring and other charges(1)	2,549	5,395	2,549	5,126
Earnings from operations before interest	24,945	21,750	66,694	63,428
Interest expense, net	2,114	1,982	7,870	7,564
Pretax earnings	22,831	19,768	58,824	55,864
Income tax expense	8,658	3,957	22,379	17,541
Earnings before discontinued operations	14,173	15,811	36,445	38,323
Provision for discontinued operations, net	(165)	(545)	(165)	(1,253)
Net Earnings	\$14,008	\$15,266	\$36,280	\$37,070

Earnings Per Share Information

In Thousands (except per share amounts)	Fourth Quarter		Fiscal Year Ended	
	2003	2002	2003	2002
Preferred dividend requirements	\$73	\$74	\$294	\$294
Average common shares - Basic EPS	21,710	21,810	21,821	21,881
Basic earnings per share:				
Before discontinued operations	\$0.65	\$0.72	\$1.66	\$1.74
Net earnings	\$0.64	\$0.70	\$1.65	\$1.68
Average common and common equivalent shares - Diluted EPS	26,988	27,171	27,152	27,293
Diluted earnings per share:				
Before discontinued operations	\$0.56	\$0.61	\$1.47	\$1.54
Net earnings	\$0.55	\$0.59	\$1.47	\$1.49

(1) Restructuring and other charges includes \$0.3 million of inventory write-down in Fiscal 2002.

\* Certain amounts have been reclassified to conform to current presentation.

GENESCO INC.

Consolidated Earnings Summary

Fourth Quarter      Fiscal Year Ended

In Thousands	2003	2002	2003	2002
Sales:				
Journeys	\$139,566	\$123,198	\$436,498	\$381,736
Underground Station/Jarman Group	48,129	42,623	147,926	120,242
Johnston & Murphy	43,000	42,376	165,269	167,488
Licensed Brands(1)	18,979	14,280	78,497	76,691
Corporate and Other	41	--	117	--
Net Sales	\$249,715	\$222,477	\$828,307	\$746,157
Pretax Earnings (Loss):				
Journeys	\$22,050	\$19,854	\$53,214	\$51,925
Underground Station/Jarman Group	5,656	5,684	12,096	5,319
Johnston & Murphy	2,806	2,655	9,270	14,125
Licensed Brands(2)	1,089	1,005	8,506	8,001
Corporate and Other	(4,100)	(2,470)	(13,205)	(10,782)
Other charges(3)	(2,556)	(4,978)	(3,187)	(5,160)
Operating income	24,945	21,750	66,694	63,428
Interest, net	2,114	1,982	7,870	7,564
Total Pretax Earnings	22,831	19,768	58,824	55,864
Income tax expense	8,658	3,957	22,379	17,541
Earnings before discontinued operations	14,173	15,811	36,445	38,323
Provision for discontinued operations	(165)	(545)	(165)	(1,253)
Net Earnings	\$14,008	\$15,266	\$36,280	\$37,070

(1) Includes Nautica sales of \$6.1 million for Fiscal 2002.

(2) Includes Nautica operating losses of \$0.1 million and \$0.6 million for the fourth quarter and year of Fiscal 2002.

(3) Includes impairment and other charges of \$2.6 million in the fourth quarter and year of Fiscal 2003 and \$0.6 million of professional fees, severance and litigation in Fiscal 2003. Included in the fourth quarter of Fiscal 2002 is a restructuring charge of \$5.4 million offset by unusual credits for litigation, severance and insurance of \$0.4 million. Included in Fiscal 2002 is a restructuring charge of \$5.1 million, litigation and severance charges of \$0.4 and an unusual credit of \$0.3 million for life insurance proceeds.

#### GENESCO INC.

#### Consolidated Balance Sheet

In Thousands	February 1, 2003	February 2, 2002
Assets		
Cash and short-term investments	\$55,929	\$46,384
Accounts receivable	19,412	19,857
Inventories	168,622	142,856
Other current assets	18,295	20,659
Total current assets	262,258	229,756
Plant, equipment and capital leases	127,542	112,550
Other non-current assets	29,414	20,749
Non-current assets of discontinued operations*	--	499
Total Assets	\$419,214	\$363,554
Liabilities and Shareholders' Equity		
Accounts payable	\$43,660	\$26,112
Other current liabilities	44,606	48,114
Total current liabilities	88,266	74,226

Long-term debt	103,245	103,245
Other long-term liabilities	44,924	24,896
Shareholders' equity	182,779	161,187
Total Liabilities and Shareholders' Equity	\$419,214	\$363,554

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

GENESCO INC.

Retail Units Operated - Twelve Months Ended February 1, 2003

	Balance 02/02/02	Open	Conversions	Close	Balance 02/01/03
Journeys Group	533	82	0	1	614
Journeys	519	61	0	1	579
Journeys Kidz	14	21	0	0	35
Underground Station/ Jarman Group	227	11	0	9	229
Underground Station	97	11	8	2	114
Jarman Retail	130	0	(8)	7	115
Johnston & Murphy	148	4	0	4	148
Shops	116	2	0	3	115
Factory Outlets	32	2	0	1	33
Total Retail Units	908	97	0	14	991

Retail Units Operated - Three Months Ended February 1, 2003

	Balance 11/02/02	Open	Conversions	Close	Balance 02/01/03
Journeys Group	601	13	0	0	614
Journeys	567	12	0	0	579
Journeys Kidz	34	1	0	0	35
Underground Station/ Jarman Group	228	4	0	3	229
Underground Station	108	4	3	1	114
Jarman Retail	120	0	(3)	2	115
Johnston & Murphy	151	0	0	3	148
Shops	117	0	0	2	115
Factory Outlets	34	0	0	1	33
Total Retail Units	980	17	0	6	991

Constant Store Sales

	Three Months Ended		Twelve Months Ended	
	February 1, 2003	February 2, 2002	February 1, 2003	February 2, 2002
Journeys	1%	3%	0%	6%
Underground Station/ Jarman Group	9%	-2%	14%	-4%
Underground Station	17%	-5%	18%	-3%
Jarman Retail	3%	0%	12%	-4%
Johnston & Murphy	-3%	-4%	0%	-9%
Shops	-2%	-7%	0%	-10%
Factory Outlets	-7%	9%	-1%	-4%
Total Constant Store Sales	2%	1%	3%	1%

GENESCO INC.

Earnings Per Share Information

Fourth Quarter - Fiscal 2003

In Thousands (except per share amounts)

	Income	Shares	Amount
Basic earnings per share:			
Earnings before discontinued operations as reported	\$14,173	21,710	\$ 0.65(1)
Unusual items:			
Impairments and other charges (net of tax)	1,580	21,710	0.07
Other adjustments (net of tax)	4	21,710	0.00
Adjusted totals	\$15,757	21,710	\$ 0.72

(1) Includes adjustment of \$73,000 for preferred dividends in the fourth quarter of Fiscal 2003.

Diluted earnings per share:			
Earnings before discontinued operations as reported	\$14,173	26,988	\$ 0.56(2)
Unusual items:			
Impairments and other charges (net of tax)	1,580	26,988	0.06
Other adjustments (net of tax)	4	26,988	0.00
Adjusted totals	\$15,757	26,988	\$ 0.62

(2) Includes adjustments of \$73,000 for preferred dividends and \$968,000 for interest add back in the fourth quarter of Fiscal 2003.

Fourth Quarter - Fiscal 2002

In Thousands (except per share amounts)

	Income	Shares	Amount
Basic earnings per share:			
Earnings before discontinued operations as reported	\$15,811	21,810	\$ 0.72(1)
Unusual items:			
Restructuring and other charges (net of tax)	3,373	21,810	0.15
Insurance proceeds	(326)	21,810	(0.01)
Other adjustments (net of tax)	(56)	21,810	0.00
Adjustment of tax liability	(3,452)	21,810	(0.16)
Adjusted totals	\$15,350	21,810	\$ 0.70

(1) Includes adjustment of \$74,000 for preferred dividends in the fourth quarter of Fiscal 2002.

Diluted earnings per share:			
Earnings before discontinued operations as reported	\$15,811	27,171	\$ 0.61(2)
Unusual items:			
Restructuring and other charges (net of tax)	3,373	27,171	0.13
Insurance proceeds	(326)	27,171	(0.01)
Other adjustments (net of tax)	(56)	27,171	0.00
Adjustment of tax liability	(3,452)	27,171	(0.13)
Adjusted totals	\$15,350	27,171	\$ 0.60

(2) Includes adjustments of \$74,000 for preferred dividends and \$968,000 for interest add back in the fourth quarter of Fiscal 2002.

GENESCO INC.

Earnings Per Share Information

Fiscal 2003

In Thousands (except per share amounts)	Income	Shares	Amount
Basic earnings per share:			

Earnings before discontinued operations as reported	\$36,445	21,821	\$ 1.66(1)
Unusual items:			
Impairments and other charges (net of tax)	1,580	21,821	0.07
Other adjustments (net of tax)	396	21,821	0.02
Adjusted totals	\$38,421	21,821	\$ 1.75

(1) Includes adjustment of \$294,000 for preferred dividends in Fiscal 2003.

Diluted earnings per share:			
Earnings before discontinued operations as reported	\$36,445	27,152	\$ 1.47(2)
Unusual items:			
Impairments and other charges (net of tax)	1,580	27,152	0.06
Other adjustments (net of tax)	396	27,152	0.01
Adjusted totals	\$38,421	27,152	\$ 1.55

(2) Includes adjustments of \$294,000 for preferred dividends and \$3,871,000 for interest add back in Fiscal 2003.

#### Fiscal 2002

In Thousands (except per share amounts)	Income	Shares	Amount
Basic earnings per share:			
Earnings before discontinued operations as reported	\$38,323	21,881	\$ 1.74(1)
Unusual items:			
Restructuring and other charges (net of tax)	3,200	21,881	0.15
Insurance proceeds	(326)	21,881	(0.02)
Other adjustments (net of tax)	225	21,881	0.01
Adjustment of tax liability	(3,452)	21,881	(0.16)
Adjusted totals	\$37,970	21,881	\$ 1.72

(1) Includes adjustment of \$294,000 for preferred dividends in Fiscal 2002.

Diluted earnings per share:			
Earnings before discontinued operations as reported	\$38,323	27,293	\$ 1.54(2)
Unusual items:			
Restructuring and other charges (net of tax)	3,200	27,293	0.12
Insurance proceeds	(326)	27,293	(0.01)
Other adjustments (net of tax)	225	27,293	0.01
Adjustment of tax liability	(3,452)	27,293	(0.13)
Adjusted totals	\$37,970	27,293	\$ 1.52

(2) Includes adjustments of \$294,000 for preferred dividends and \$3,875,000 for interest add back in Fiscal 2002.

#### SOURCE Genesco Inc.

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