



Genesco Reports First Quarter Results

May 26, 2004

--Diluted Earnings Per Share Increase 73% to \$0.26 on 17% Sales Rise--

--Raises Fiscal 2005 Guidance--

NASHVILLE, Tenn., May 26 /PRNewswire-FirstCall/ -- Genesco Inc. (NYSE: GCO) today reported net earnings of \$5.8 million, or \$0.26 per diluted share, for the first quarter ended May 1, 2004. This compares with net earnings of \$3.3 million, or \$0.15 per diluted share, for the first quarter last year. Net sales for the first quarter of fiscal 2004 were \$226 million compared to \$193 million for the first quarter of fiscal 2004.

Genesco President and Chief Executive Officer Hal N. Pennington, said, "These strong results represent a great start for the new fiscal year and underscore the improvements we have made across our businesses. Our positive momentum has given us a heightened degree of confidence about our prospects, enabling us to increase guidance for the year.

"Journeys' same store sales increased 9%, footwear unit comparable sales rose 9% and margins came in above plan, due primarily to lower than anticipated markdowns. Our better than expected sales were driven by solid gains in footwear units, growth in accessories, and moderation in the decline in average selling price. We are very excited about these developments and we remain committed to further capitalizing on Journeys' leadership position in the market.

"Comparable store sales for the Underground Station Group declined 3% for the quarter, but operating margin increased due to improved gross margin. Comparable store sales in the Underground Station stores declined 2%, compared to an increase of more than 7% last year. Much like what happened at Journeys last year, we believe Underground Station is being impacted by a lack of any distinctive fashion trends and a decline in average selling prices. On the positive side, footwear unit comps for the Underground Station stores were up 2.7%. While we do not expect to see much sales improvement in the second quarter in the Underground Station stores, we are optimistic about the second half of the year as comparisons improve from both a same store sales and a merchandising perspective.

"Total sales at Johnston & Murphy were \$41 million and same store sales increased 8%, driven by increases in average price per pair in the Johnston & Murphy shops. We were also pleased to achieve some significant operating margin expansion at Johnston & Murphy during the quarter, despite the ongoing effects of a stronger euro. The strategic plan to reposition the Johnston & Murphy brand that we implemented over a year ago appears to be working well.

"Dockers Footwear registered operating income as a percent of sales of 10% on sales of \$17.5 million in the first quarter. Based on current trends, we believe that we will see top line improvement in the Dockers business during our second fiscal quarter, which is earlier than we previously expected.

"Hat World, which we acquired on April 1, 2004, outperformed plan in both sales and operating margin. Hat World reported a same store sales gain of 23% for the first quarter and 20% for the month of April. These excellent results, which came against difficult comparisons to a strong quarter last year, were driven by a number of favorable trends in the merchandise mix. The integration process since the acquisition has been very smooth; the Hat World business continues to be strong and we are excited about the growth opportunities this business represents."

Genesco also stated that it is revising upward its fiscal 2005 guidance. The Company now expects sales for the year of approximately \$1.1 billion and earnings per share to range from \$1.74 to \$1.80, including previously announced charges of approximately \$0.09 per share associated with the planned closing of Jarman and other underperforming stores in fiscal 2005.

Pennington concluded, "It is gratifying to see the positive results of all of our hard work over the past several quarters. We believe that our in-depth knowledge of our customers, our branded lifestyle focus and our ability to react quickly and execute our strategy set us apart from our peers. We will continue to draw on these strengths as we seek long-term growth and profitability."

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 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 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 integration of the Hat World acquisition, 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. The Company's diluted earnings per share outlook is based upon the number of common shares currently treated as outstanding pursuant to applicable accounting rules. That number will increase if the Company's 4.125% convertible debentures become convertible under circumstances including the trading price of the Company's common stock reaching \$26.54 for 10 of the last 30 trading days in any fiscal quarter. The debentures' becoming convertible would add approximately 3.9 million shares to shares deemed outstanding for calculation of diluted earnings per share. 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 26, 2004, at 7:30 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 fiscal year ending January 29,

2005, during the call. 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 1,500 retail stores in the United States, principally under the names Journeys, Journeys Kidz, Johnston & Murphy, Underground Station, Hatworld, Lids, Hat Zone and Cap Factory, and on internet websites www.journeys.com, www.johnstonmurphy.com, www.lids.com, www.hatworld.com, and 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 www.genesco.com.

GENESCO INC.

Consolidated Earnings Summary

In Thousands	Three Months Ended	
	May 1, 2004	May 3, 2003
Net sales	\$225,526	\$192,746
Cost of sales	114,848	104,654
Selling and administrative expenses	99,230	80,653
Restructuring and other charges	(146)	-
Earnings from operations before interest	11,302	7,439
Interest expense, net	1,882	2,032
Pretax earnings	9,420	5,407
Income tax expense	3,596	2,070
Net Earnings	\$5,824	\$3,337

Earnings Per Share Information

In Thousands (except per share amounts)	Three Months Ended	
	May 1, 2004	May 3, 2003
Preferred dividend requirements	\$73	\$74
Average common shares - Basic EPS	21,763	21,743
Basic net earnings per share	\$0.26	\$0.15
Average common and common equivalent shares - Diluted EPS	22,227	22,009
Diluted net earnings per share	\$0.26	\$0.15

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Consolidated Earnings Summary

In Thousands	Three Months Ended	
	May 1, 2004	May 3, 2003
Sales:		
Journeys	\$114,241	\$98,715
Underground Station/Jarman Group	35,129	34,573
Hat World	18,085	-
Johnston & Murphy	40,541	40,216
Dockers	17,480	19,189
Corporate and Other	50	53
Net Sales	\$225,526	\$192,746

Pretax Earnings (Loss):

Journeys	\$9,272	\$5,563
Underground Station/Jarman Group	1,622	1,560
Hat World	1,597	-
Johnston & Murphy	2,341	1,800
Dockers	1,744	2,553
Corporate and Other	(5,274)	(4,037)
Operating income	11,302	7,439
Interest, net	1,882	2,032
Total Pretax Earnings	9,420	5,407
Income tax expense	3,596	2,070
Net Earnings	\$5,824	\$3,337

GENESCO INC.

Consolidated Balance Sheet

In Thousands	May 1, 2004	May 3, 2003
Assets		
Cash and cash equivalents	\$11,536	\$57,671
Accounts receivable	13,465	19,394
Inventories	215,190	163,769
Other current assets	24,567	23,001
Total current assets	264,758	263,835
Property, equipment and capital leases	146,319	126,979
Other non-current assets	164,052	25,077
Total Assets	\$575,129	\$415,891
Liabilities and Shareholders' Equity		
Accounts payable	\$67,207	\$41,694
Current portion - long-term debt	10,000	-
Other current liabilities	52,927	38,291
Total current liabilities	130,134	79,985
Long-term debt	180,250	103,245
Other long-term liabilities	42,659	46,117
Shareholders' equity	222,086	186,544
Total Liabilities and Shareholders' Equity	\$575,129	\$415,891

GENESCO INC.

Retail Units Operated - Three Months Ended May 1, 2004

	Balance 02/01/03	Open	Conv	Close	Balance 01/31/04
Journeys Group	614	55	0	4	665
Journeys	579	50	0	4	625
Journeys Kidz	35	5	0	0	40
Underground Station/Jarman Group	229	18	0	14	233
Underground Station	114	18	8	3	137
Jarman Retail	115	0	(8)	11	96
Hat World/Lids	0	0	0	0	0
Johnston & Murphy	148	7	0	7	148
Shops	115	5	0	5	115

Factory Outlets	33	2	0	2	33
Total Retail Units	991	80	0	25	1,046

	Acquisition				Balance 05/01/04
	04/01/04	Open	Conv	Close	
Journeys Group		13	0	1	677
Journeys		12	0	1	636
Journeys Kidz		1	0	0	41
Underground Station/Jarman Group		5	0	7	231
Underground Station		5	1	1	142
Jarman Retail		0	(1)	6	89
Hat World/Lids	486	6	0	0	492
Johnston & Murphy		2	0	3	147
Shops		0	0	3	112
Factory Outlets		2	0	0	35
Total Retail Units	486	26	0	11	1,547

Constant Store Sales

	Three Months Ended	
	May 1, 2004	May 3, 2003
Journeys	9%	-3%
Underground Station/Jarman Group	-3%	-2%
Underground Station	-2%	7%
Jarman Retail	-4%	-10%
Johnston & Murphy	8%	-7%
Shops	6%	-7%
Factory Outlets	14%	-8%
Total Constant Store Sales	6%	-3%

Hat World

Constant Store Sales
April 1, 2004 - May 1, 2004 20%

SOURCE Genesco Inc.

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05/26/2004

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/Company News On-Call: <http://www.prnewswire.com/comp/352750.html> /

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ST: Tennessee

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