



Genesco Reports First Quarter Fiscal 2014 Results

May 31, 2013

NASHVILLE, Tenn., May 31, 2013 /PRNewswire/ -- Genesco Inc. (NYSE: GCO) today reported earnings from continuing operations for the first quarter ended May 4, 2013, of \$18.5 million, or \$0.78 per diluted share, compared to earnings from continuing operations of \$20.8 million, or \$0.86 per diluted share, for the first quarter ended April 28, 2012.

Fiscal 2014 first quarter results reflect expenses of \$4.2 million, or \$0.16 per diluted share after tax, including \$2.9 million of expenses related to deferred purchase price payments in connection with the acquisition of Schuh Group Limited, which are required to be expensed as compensation because the payment is contingent upon the payees' continued employment; and \$1.3 million in asset impairment charges and network intrusion expenses. Fiscal 2013 first quarter results reflect expenses of \$3.1 million, or \$0.12 per diluted share after tax, primarily including deferred purchase price payments in connection with the acquisition of Schuh Group Limited.

Adjusted for the items described above in both periods, earnings from continuing operations were \$22.2 million, or \$0.94 per diluted share, for the first quarter of Fiscal 2014, compared to earnings from continuing operations of \$23.8 million, or \$0.98 per diluted share, for the first quarter of Fiscal 2013. For consistency with Fiscal 2014's previously announced earnings expectations and with previously reported adjusted results for the prior year period, the Company believes that the disclosure of the results from continuing operations adjusted for these items will be useful to investors. Additionally, the Company believes that the presentation of earnings from continuing operations before the compensation expense associated with the Schuh deferred purchase price will enable investors to understand the effect attributable to incorporating a continuing employment condition into the obligation to pay deferred purchase price. A reconciliation of earnings and earnings per share from continuing operations in accordance with U.S. Generally Accepted Accounting Principles with the adjusted earnings and earnings per share numbers presented in this paragraph is set forth on Schedule B to this press release.

Net sales for the first quarter of Fiscal 2014 decreased 1.5% to \$591 million from \$600 million in the first quarter of Fiscal 2013. Consolidated first quarter 2014 comparable sales, including same store sales and comparable e-commerce and catalog sales, decreased 4%, with a 2% decrease in the Journeys Group, a 6% decrease in the Lids Sports Group, an 11% decrease in the Schuh Group, and a 7% increase in the Johnston & Murphy Group.

Robert J. Dennis, chairman, president and chief executive officer of Genesco, said, "After a slow start in February, which we attribute primarily to delayed processing of federal income tax refunds, comparable sales improved for the balance of the quarter, despite continued headwinds from unseasonably cold weather. Strong gains in our direct channel helped partially offset soft retail traffic, which combined with well-controlled expenses allowed us to deliver earnings that were slightly ahead of expectations.

"The improved sales trends we experienced during the March - April period have accelerated during the second quarter so far with May comparable sales up 1% through May 25. We are encouraged by the recent momentum and optimistic about our prospects for the upcoming back to school season.

"Based on first quarter performance and current visibility, we remain comfortable with our previously issued guidance for adjusted Fiscal 2014 diluted earnings per share in the range of \$5.57 to \$5.67, a 10% to 12% increase over Fiscal 2013's adjusted earnings per share of \$5.06. Consistent with our previous guidance, these expectations do not include non-cash asset impairments and network intrusion expenses, which we estimate will be in the range of \$3.4 million to \$4.4 million pretax, or \$0.09 to \$0.12 per share, after tax, in Fiscal 2014. They also do not reflect compensation expense associated with the Schuh deferred purchase price as described above, which is currently estimated at approximately \$11.5 million, or \$0.49 per diluted share, for the full year. This guidance assumes a comparable sales increase in the low single digit range for the full fiscal year." A reconciliation of the adjusted financial measures cited in the guidance to their corresponding measures as reported pursuant to U.S. Generally Accepted Accounting Principles is included in Schedule B to this press release."

Dennis concluded, "We believe the investments we are making in our businesses, including improved e-commerce infrastructure and selective store openings, are delivering solid returns and positioning the Company for sustainable sales and earnings growth in the years ahead. Our teams continue to execute at a high level, and we remain on track to achieve our 5-year target of \$3.5 billion in sales and an operating margin of 9.5% by fiscal 2017."

Conference Call and Management Commentary

The Company has posted detailed financial commentary in writing on its website, www.genesco.com, in the investor relations section. The Company's live conference call on May 31, 2013 at 7:30 a.m. (Central time), may be accessed through the Company's internet website, www.genesco.com. To listen live, please go to the website at least 15 minutes early to register, download and install any necessary software.

Cautionary Note Concerning Forward-Looking Statements

This release contains forward-looking statements, including those regarding the performance outlook for the Company and its individual businesses (including, without limitation, sales, 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 reflected in forward-looking statements, including the amount of required accruals related to the earn-out bonus potentially payable to Schuh management based on the achievement of certain performance objectives; the timing and amount of non-cash asset impairments related to retail store fixed assets or to intangible assets of acquired businesses; weakness in the consumer economy; competition in the Company's markets; inability of customers to obtain credit; fashion trends that affect the sales or product margins of the Company's retail product offerings; changes in buying patterns by significant wholesale customers; bankruptcies or deterioration in financial condition of significant wholesale customers; 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 Company's ability to continue to complete and integrate acquisitions, expand its business and diversify its product base; and changes in the timing of holidays or in the onset of seasonal weather affecting period-to-period sales comparisons. 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 in existing stores and maintain reductions in occupancy costs achieved in recent lease negotiations, 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; unexpected changes to the market for the Company's shares; variations from expected pension-related charges caused by conditions in the financial markets; and the 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.

About Genesco Inc.

Genesco Inc., a Nashville-based specialty retailer, sells footwear, headwear, sports apparel and accessories in more than 2,455 retail stores throughout the U.S., Canada, the United Kingdom and the Republic of Ireland, principally under the names Journeys, Journeys Kidz, Shi by Journeys, Underground by Journeys, Schuh, Lids, Locker Room by Lids, Johnston & Murphy, and on internet websites www.journeys.com, www.journeyskidz.com, www.shibyjourneys.com, www.undergroundbyjourneys.com, www.schuh.co.uk, www.johnstonmurphy.com, www.lids.com, www.lids.ca, www.lidslockerroom.com, www.lidsteamsports.com, www.lidsclubhouse.com, www.suregripfootwear.com and www.dockersshoes.com. In addition, the Company sells wholesale footwear under its Johnston & Murphy brand, the licensed Dockers brand, SureGrip, and other brands, and operates the Lids Team Sports team dealer business. For more information on Genesco and its operating divisions, please visit www.genesco.com.

GENESCO INC.

Consolidated Earnings Summary

| | Three Months Ended | |
|--|--------------------|-------------------|
| | May 4, 2013 | April 28, 2012 |
| In Thousands | | |
| Net sales | \$ 591,388 | \$ 600,144 |
| Cost of sales | 292,777 | 293,480 |
| Selling and administrative expenses* | 265,014 | 270,522 |
| Asset impairments and other, net | 1,329 | 135 |
| Earnings from operations | 32,268 | 36,007 |
| Interest expense, net | 1,039 | 1,117 |
| Earnings from continuing operations before income taxes | 31,229 | 34,890 |
| Income tax expense | 12,748 | 14,099 |
| Earnings from continuing operations | 18,481 | 20,791 |
| Provision for discontinued operations, net | (99) | (177) |
| Net Earnings | \$ 18,382 | \$ 20,614 |

* Includes \$2.9 million and \$3.0 million, respectively, in deferred payments related to the Schuh acquisition for the first quarter ended May 4, 2013 and April 28, 2012.

Earnings Per Share Information

| | Three Months Ended | |
|--|--------------------|-------------------|
| | May 4, 2013 | April 28, 2012 |
| In Thousands (except per share amounts) | | |
| Preferred dividend requirements | \$ 33 | \$ 46 |
| Average common shares - Basic EPS | 23,295 | 23,597 |
| Basic earnings per share: | | |
| Before discontinued operations | \$0.79 | \$0.88 |
| Net earnings | \$0.79 | \$0.87 |
| Average common and common equivalent shares - Diluted EPS | 23,732 | 24,231 |

Diluted earnings per share:

| | | |
|--------------------------------|---------------|--------|
| Before discontinued operations | \$0.78 | \$0.86 |
| Net earnings | \$0.77 | \$0.85 |

GENESCO INC.

Consolidated Earnings Summary

| In Thousands | May 4, 2013 | Three Months Ended April 28, 2012 |
|--|-------------------|---|
| Sales: | | |
| Journeys Group | \$ 257,143 | \$ 263,840 |
| Schuh Group | 68,323 | 70,312 |
| Lids Sports Group | 177,905 | 183,136 |
| Johnston & Murphy Group | 58,425 | 51,413 |
| Licensed Brands | 29,355 | 31,266 |
| Corporate and Other | 237 | 177 |
| Net Sales | \$ 591,388 | \$ 600,144 |
| Operating Income (Loss): | | |
| Journeys Group | \$ 23,631 | \$ 25,282 |
| Schuh Group(1) | (3,026) | (2,951) |
| Lids Sports Group | 12,509 | 19,168 |
| Johnston & Murphy Group | 3,852 | 4,009 |
| Licensed Brands | 2,915 | 3,365 |
| Corporate and Other(2) | (7,613) | (12,866) |
| Earnings from operations | 32,268 | 36,007 |
| Interest, net | 1,039 | 1,117 |
| Earnings from continuing operations before income taxes | 31,229 | 34,890 |
| Income tax expense | 12,748 | 14,099 |
| Earnings from continuing operations | 18,481 | 20,791 |
| Provision for discontinued operations, net | (99) | (177) |
| Net Earnings | \$ 18,382 | \$ 20,614 |

(1) Includes \$2.9 million and \$3.0 million, respectively, in deferred payments related to the Schuh acquisition for the first quarter ended May 4, 2013 and April 28, 2012.

(2) Includes a \$0.1 million charge in the first quarter of Fiscal 2013 primarily for network intrusion expenses. Includes a \$1.3 million charge in the first quarter of Fiscal 2014 which includes \$1.2 million in asset impairments and \$0.1 million for network intrusion expenses. Includes a \$0.1 million charge in the first quarter of Fiscal 2013 primarily for network intrusion expenses.

GENESCO INC.

Consolidated Balance Sheet

| In Thousands | May 4, 2013 | April 28, 2012 |
|-------------------------------------|---------------------|---------------------|
| Assets | | |
| Cash and cash equivalents | \$ 39,668 | \$ 54,824 |
| Accounts receivable | 44,193 | 47,733 |
| Inventories | 509,100 | 445,245 |
| Other current assets | 64,464 | 65,761 |
| Total current assets | 657,425 | 613,563 |
| Property and equipment | 241,534 | 228,161 |
| Other non-current assets | 408,260 | 418,649 |
| Total Assets | \$ 1,307,219 | \$ 1,260,373 |
| Liabilities and Equity | | |
| Accounts payable | \$ 117,923 | \$ 153,436 |
| Current portion long-term debt | 5,576 | 10,290 |
| Other current liabilities | 123,610 | 135,509 |
| Total current liabilities | 247,109 | 299,235 |
| Long-term debt | 47,745 | 25,372 |
| Other long-term liabilities | 194,453 | 183,996 |
| Equity | 817,912 | 751,770 |
| Total Liabilities and Equity | \$ 1,307,219 | \$ 1,260,373 |

GENESCO INC.

Retail Units Operated - Three Months Ended May 4, 2013

| | Balance | | Acquisitions | | Balance | | Balance | |
|-------------------------|----------|----------|--------------|----------|----------|----------|----------|----------|
| | 01/28/12 | 02/01/12 | 02/01/13 | 02/02/13 | 02/01/13 | 02/02/13 | 05/04/13 | 05/04/13 |
| Journeys Group | 1,154 | 0 | 32 | 29 | 1,157 | 5 | 6 | 1,156 |
| Journeys | 812 | 0 | 22 | 14 | 820 | 3 | 1 | 822 |
| Underground by Journeys | 137 | 0 | 0 | 7 | 130 | 0 | 4 | 126 |
| Journeys Kidz | 152 | 0 | 9 | 5 | 156 | 2 | 1 | 157 |
| Shi by Journeys | 53 | 0 | 1 | 3 | 51 | 0 | 0 | 51 |
| Schuh Group | 78 | 0 | 16 | 2 | 92 | 3 | 4 | 91 |
| Schuh UK* | 56 | 0 | 15 | 1 | 70 | 3 | 2 | 71 |
| Schuh ROI | 8 | 0 | 1 | 0 | 9 | 0 | 0 | 9 |
| Schuh Concessions* | 14 | 0 | 0 | 1 | 13 | 0 | 2 | 11 |
| Lids Sports Group | 1,002 | 33 | 47 | 29 | 1,053 | 9 | 8 | 1,054 |
| Johnston & Murphy Group | 153 | 0 | 9 | 5 | 157 | 1 | 1 | 157 |
| Shops | 103 | 0 | 4 | 5 | 102 | 1 | 1 | 102 |
| Factory Outlets | 50 | 0 | 5 | 0 | 55 | 0 | 0 | 55 |
| Total Retail Units | 2,387 | 33 | 104 | 65 | 2,459 | 18 | 19 | 2,458 |
| Permanent Units* | | | | | 2,446 | 17 | 17 | 2,446 |

*Excludes Schuh Concessions, which are expected to close this year and temporary "pop-up" locations.

Comparable Sales (including same store and comparable direct sales)

| | Three Months Ended | |
|-------------------------|--------------------|-------------------|
| | May 4, 2013 | April 28, 2012 |
| Journeys Group | -2% | 12% |
| Schuh Group | -11% | - |
| Lids Sports Group | -6% | 3% |
| Johnston & Murphy Group | 7% | 6% |
| Total Comparable Sales | -4% | 8% |

Schedule B

Genesco Inc.

Adjustments to Reported Earnings from Continuing Operations
First Quarter Ended May 4, 2013 and April 28, 2012

| In Thousands (except per share amounts) | First Quarter Apr 2013 | Impact on Diluted EPS | First Quarter Apr 2012 | Impact on Diluted EPS |
|--|------------------------------|-----------------------------|------------------------------|-----------------------------|
| Earnings from continuing operations, as reported | \$ 18,481 | \$ 0.78 | \$ 20,791 | \$ 0.86 |

| | | | | |
|--|------------------|----------------|-----------|---------|
| Adjustments: (1) | | | | |
| Impairment charges | 760 | 0.04 | 29 | - |
| Deferred payment - Schuh acquisition | 2,851 | 0.12 | 2,955 | 0.12 |
| Other legal matters | (13) | - | - | - |
| Network intrusion expenses | 89 | - | 56 | - |
| Higher (lower) effective tax rate | 79 | - | (12) | - |
| Adjusted earnings from continuing operations (2) | \$ 22,247 | \$ 0.94 | \$ 23,819 | \$ 0.98 |

(1) All adjustments are net of tax where applicable. The tax rate for the first quarter of Fiscal 2014 is 37.1% excluding a FIN 48 discrete item of less than \$0.1 million. The tax rate for the first quarter of Fiscal 2013 is 37.0% excluding a FIN 48 discrete item of \$0.1 million.

(2) EPS reflects 23.7 million and 24.2 million share count for Fiscal 2014 and 2013, respectively, which includes common stock equivalents in both years.

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.

Schuh Group
Adjustments to Reported Operating Income (Loss)
First Quarter Ended May 4, 2013 and April 28, 2012

| | | |
|--------------------------------------|-------------------------------|-----------------------|
| In Thousands | First Qtr Apr 2013 | First Qtr Apr 2012 |
| Operating loss | \$ (3,026) | \$ (2,951) |
| Adjustments: | | |
| Deferred payment - Schuh acquisition | 2,851 | 2,955 |
| Adjusted operating income (loss) | \$ (175) | \$ 4 |

Schedule B

Genesco Inc.
Adjustments to Forecasted Earnings from Continuing Operations
Fiscal Year Ending February 1, 2014

| | | | | |
|---|------------------------------|---------|-----------------------------|---------|
| In Thousands (except per share amounts) | High Guidance Fiscal 2014 | | Low Guidance Fiscal 2014 | |
| Forecasted earnings from continuing operations | \$ 120,496 | \$ 5.09 | \$ 118,128 | \$ 4.99 |
| Adjustments: (1) | | | | |
| Impairment | 2,137 | 0.09 | 2,137 | 0.09 |
| Deferred payment - Schuh acquisition | 11,518 | 0.49 | 11,518 | 0.49 |
| Adjusted forecasted earnings from continuing operations (2) | \$ 134,151 | \$ 5.67 | \$ 131,783 | \$ 5.57 |

(1) All adjustments are net of tax where applicable. The forecasted tax rate for Fiscal 2014 is approximately 37.1% excluding a FIN 48 discrete item of \$0.2 million.

(2) EPS reflects 23.7 million share count for Fiscal 2014 which includes common stock equivalents.

This reconciliation reflects estimates and current expectations of future results. Actual results may vary materially from these expectations and estimates, for reasons including those included in the discussion of forward-looking statements elsewhere in this release. The Company disclaims any obligation to update such expectations and estimates.

SOURCE Genesco Inc.

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