

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): August 31, 2017 (August 31, 2017)

GENESCO INC.

(Exact Name of Registrant as Specified in Charter)

Tennessee

(State or Other
Jurisdiction of
Incorporation)

1-3083

(Commission
File Number)

62-0211340

(I.R.S. Employer
Identification No.)

1415 Murfreesboro Road
Nashville, Tennessee
(Address of Principal Executive Offices)

37217-2895
(Zip Code)

(615) 367-7000

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On August 31, 2017, Genesco Inc. issued a press release announcing results of operations for the second fiscal quarter ended July 29, 2017. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

On August 31, 2017, Genesco Inc. also posted on its website, www.genesco.com, commentary by its chief financial officer on the quarterly results. A copy of the commentary is furnished as Exhibit 99.2 to this Current Report on Form 8-K.

In addition to disclosing financial results calculated in accordance with United States generally accepted accounting principles (GAAP), the press release and commentary furnished herewith contain non-GAAP financial measures, including adjusted selling, general and administrative expense, operating earnings, pretax earnings, earnings from continuing operations and earnings per share from continuing operations, as discussed in the text of the release and commentary and as detailed on the reconciliation schedule attached to the press release and commentary. For consistency and ease of comparison with Fiscal 2018's previously announced earnings expectations and the adjusted results for the prior period announced last year, the Company believes that disclosure of the non-GAAP measures will be useful to investors.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits

The following exhibits are furnished herewith:

| Exhibit Number | Description |
|-----------------------|--|
| 99.1 | Press Release dated August 31, 2017, issued by Genesco Inc. |
| 99.2 | Genesco Inc. Second Fiscal Quarter Ended July 29, 2017 Chief Financial Officer's Commentary |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

GENESCO INC.

Date: August 31, 2017

| | |
|--------|---|
| By: | /s/ Roger G. Sisson |
| Name: | Roger G. Sisson |
| Title: | Senior Vice President, Secretary and General Counsel |

EXHIBIT INDEX

| <u>No.</u> | <u>Exhibit</u> |
|------------|--|
| 99.1 | Press Release dated August 31, 2017 |
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Media Contact: Claire S. McCall (615) 367-8283

GENESCO REPORTS SECOND QUARTER FISCAL 2018 RESULTS

NASHVILLE, Tenn., Aug. 31, 2017 -- Genesco Inc. (NYSE: GCO) today reported a loss from continuing operations for the second quarter ended July 29, 2017, of \$3.9 million, or (\$0.20) per diluted share, compared to earnings from continuing operations of \$14.5 million, or \$0.72 per diluted share, for the second quarter ended July 30, 2016. Fiscal 2018 second quarter results reflect the negative impact from new accounting guidelines for share-based payments totaling \$2.2 million, or \$0.11 per diluted share after-tax, and a pre-tax charge of \$0.3 million, or \$0.01 per diluted share after-tax in acquisition transition expenses, partially offset by after-tax gain of \$0.5 million, or \$0.02 per diluted share from income tax matters. Fiscal 2017 second quarter results reflect a pretax gain of \$10.4 million, or \$0.34 per diluted share after tax, including an \$8.9 million gain on network intrusion expenses as a result of a litigation settlement, and a \$2.5 million gain on the sale of Lids Team Sports, partially offset by \$1.0 million for asset impairment charges, plus an after-tax gain of \$0.9 million, or \$0.04 per diluted share from income tax matters.

Adjusted for the items described above in both periods, the loss from continuing operations was \$2.0 million, or (\$0.10) per diluted share, for the second quarter of Fiscal 2018, compared to earnings from continuing operations of \$6.9 million, or \$0.34 per diluted share, for the second quarter of Fiscal 2017. For consistency with Fiscal 2018'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. 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 second quarter of Fiscal 2018 decreased 1.4% to \$617 million from \$626 million in the second quarter of Fiscal 2017. Without the sale in December of the SureGrip business and the impact of foreign exchange, revenue would have been flat. Consolidated second quarter 2018 comparable sales, including same store sales and comparable e-commerce and catalog sales, were flat, with a 1% increase in the Journeys Group, a 2% decrease in the Lids Sports Group, a 3% increase in the Schuh Group, and a 1% decrease in the Johnston & Murphy Group. Comparable sales for the Company included a 2% decrease in same store sales and a 30% increase in e-commerce sales.

Robert J. Dennis, chairman, president and chief executive officer of Genesco, said, "The second quarter was a bit more challenging than we expected, as positive momentum at Journeys was offset by increasing headwinds at Lids. Journeys comps improved significantly, as we emerged from the latest fashion cycle. We also continued to experience a more dramatic shift in consumer shopping away from stores to digital across our divisions which pressured profitability, as we deleveraged our fixed expenses on negative store comps. As a result of the overall flat comp and these factors, combined with gross margin headwinds, primarily from higher e-commerce sales, product mix shifts, and increased promotional activity, earnings were considerably lower than last year and slightly below our internal forecasts.

"The positive sales trends we experienced at Journeys and Schuh during the second quarter accelerated nicely during August in the important back-to-school selling period, and we believe that both

businesses are in stronger merchandise positions heading into the holiday season compared with a year ago. Unfortunately, current trends at Lids continue to run well below our expectations which will make it more difficult to lap the tough comparisons we face beginning in October from last year's Cubs World Series win. In addition, we have adopted a more conservative outlook for store-based sales given the anemic level of mall traffic year-to-date and the more pronounced shift in consumer spending away from stores to online. Therefore, we now expect adjusted diluted earnings per share for the year in the range of \$3.35 to \$3.65, compared to our previously issued guidance range of \$3.90 to \$4.05, a wider range than usual given some of the opportunities and challenges in our business." These expectations do not include expected non-cash asset impairments and other charges, estimated in the range of \$4.7 million to \$5.8 million pretax, or \$0.16 to \$0.20 per share after tax, for the full fiscal year. They also do not include certain tax effects related to equity grants pursuant to the newly effective ASU 2016-09, estimated at \$0.11 per share after tax. This guidance assumes comparable sales in the range of -1% to 1% for the full 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, "While we are disappointed with our reduced outlook, we believe we have established new ranges for sales and earnings that better reflect the current operating environment. I believe that our approach to managing the business strikes the right balance between protecting near-term profitability and executing our long range plans, and we expect our concepts to emerge from the ongoing retail transformation in even stronger strategic positions."

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 August 31, 2017 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, expenses, margins, growth 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 timing and amount of non-cash asset impairments related to retail store fixed assets and intangible assets of acquired businesses, especially in view of the Company's recent market valuation; the effectiveness of the Company's omnichannel initiatives; costs associated with changes in minimum wage and overtime requirements; the level of chargebacks from credit card users for fraudulent purchases or other reasons; weakness in the consumer economy and retail industry; effects on local consumer demand or on the national economy related to Hurricane Harvey; competition in the Company's markets, including online; 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, including weakness related to planned closings of anchor and department stores and other stores or other factors; the imposition of tariffs on imported products; 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; 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 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 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 in 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; unexpected changes to the market for the Company's shares; variations from expected pension-related charges caused by conditions in the financial markets; disruptions in the Company's information technology systems either by security breaches and incidents or by potential problems associated with the implementation of new or upgraded systems; 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.

About Genesco Inc.

Genesco Inc., a Nashville-based specialty retailer, sells footwear, headwear, sports apparel and accessories in more than 2,740 retail stores and leased departments throughout the U.S., Canada, the United Kingdom, the Republic of Ireland and Germany, principally under the names Journeys, Journeys Kidz, Shi by Journeys, Schuh, Schuh Kids, Little Burgundy, Lids, Locker Room by Lids, Lids Clubhouse, Johnston & Murphy, and on internet websites www.journeys.com, www.journeyskidz.com, www.journeys.ca, www.shibyjourneys.com, www.schuh.co.uk, www.littleburgundyshoes.com, www.johnstonmurphy.com, www.lids.com, www.lids.ca, www.lidslockerroom.com, www.lidsclubhouse.com, www.neweracap.com, www.trask.com, and www.dockersshoes.com. The Company's Lids Sports Group division operates the Lids headwear stores, the Locker Room by Lids and other team sports fan shops and single team clubhouse stores. In addition, Genesco sells wholesale footwear under its Johnston & Murphy brand, the Trask brand, the licensed Dockers brand, G.H. Bass & Co., and other brands. For more information on Genesco and its operating divisions, please visit www.genesco.com.

GENESCO INC.

Consolidated Earnings Summary

| In Thousands | Three Months Ended | | Six Months Ended | |
|---|--------------------|------------------|-------------------|------------------|
| | July 29, 2017 | July 30, 2016 | July 29, 2017 | July 30, 2016 |
| Net sales | \$ 616,506 | \$ 625,557 | \$ 1,259,874 | \$ 1,274,350 |
| Cost of sales | 309,999 | 310,820 | 634,454 | 629,916 |
| Selling and administrative expenses | 308,459 | 302,662 | 624,459 | 610,905 |
| Asset impairments and other, net | 58 | (7,945) | 177 | (4,388) |
| Earnings from operations | (2,010) | 20,020 | 784 | 37,917 |
| Gain on sale of Lids Team Sports | — | (2,485) | — | (2,485) |
| Interest expense, net | 1,249 | 1,306 | 2,426 | 2,443 |
| Earnings (loss) from continuing operations | | | | |
| before income taxes | (3,259) | 21,199 | (1,642) | 37,959 |
| Income tax expense | 616 | 6,695 | 1,236 | 12,891 |
| Earnings (loss) from continuing operations | (3,875) | 14,504 | (2,878) | 25,068 |
| Provision for discontinued operations | (73) | 74 | (185) | (80) |
| Net Earnings (Loss) | \$ (3,948) | \$ 14,578 | \$ (3,063) | \$ 24,988 |

Earnings Per Share Information

| In Thousands (except per share amounts) | Three Months Ended | | Six Months Ended | |
|---|--------------------|------------------|------------------|------------------|
| | July 29, 2017 | July 30, 2016 | July 29, 2017 | July 30, 2016 |
| Average common shares - Basic EPS | 19,152 | 20,195 | 19,171 | 20,505 |
| Basic earnings (loss) per share: | | | | |
| Before discontinued operations | \$ (0.20) | \$ 0.72 | \$ (0.15) | \$ 1.22 |
| Net earnings (loss) | \$ (0.21) | \$ 0.72 | \$ (0.16) | \$ 1.22 |
| Average common and common equivalent shares - Diluted EPS | 19,152 | 20,244 | 19,171 | 20,617 |
| Diluted earnings (loss) per share: | | | | |
| Before discontinued operations | \$ (0.20) | \$ 0.72 | \$ (0.15) | \$ 1.22 |
| Net earnings (loss) | \$ (0.21) | \$ 0.72 | \$ (0.16) | \$ 1.21 |

GENESCO INC.

Consolidated Earnings Summary

| In Thousands | Three Months Ended | | Six Months Ended | |
|---|--------------------|-------------------|---------------------|---------------------|
| | July 29, 2017 | July 30, 2016 | July 29, 2017 | July 30, 2016 |
| Sales: | | | | |
| Journeys Group | \$ 258,953 | \$ 252,134 | \$ 543,072 | \$ 546,355 |
| Schuh Group | 97,625 | 96,960 | 174,081 | 172,630 |
| Lids Sports Group | 180,230 | 188,912 | 357,131 | 368,288 |
| Johnston & Murphy Group | 64,860 | 65,151 | 137,653 | 135,126 |
| Licensed Brands | 14,697 | 22,100 | 47,707 | 51,566 |
| Corporate and Other | 141 | 300 | 230 | 385 |
| Net Sales | \$ 616,506 | \$ 625,557 | \$ 1,259,874 | \$ 1,274,350 |
| Operating Income (Loss): | | | | |
| Journeys Group(1) | \$ (2,194) | \$ 4,481 | \$ 5,278 | \$ 24,101 |
| Schuh Group | 4,538 | 5,693 | 3,851 | 3,032 |
| Lids Sports Group | 3,040 | 7,132 | 1,254 | 13,169 |
| Johnston & Murphy Group | 1,547 | 2,255 | 5,367 | 7,097 |
| Licensed Brands | (1,051) | 234 | 1,224 | 2,087 |
| Corporate and Other (2) | (7,890) | 225 | (16,190) | (11,569) |
| Earnings (loss) from operations | (2,010) | 20,020 | 784 | 37,917 |
| Gain on sale of Lids Team Sports | — | (2,485) | — | (2,485) |
| Interest, net | 1,249 | 1,306 | 2,426 | 2,443 |
| Earnings (loss) from continuing operations | | | | |
| before income taxes | (3,259) | 21,199 | (1,642) | 37,959 |
| Income tax expense | 616 | 6,695 | 1,236 | 12,891 |
| Earnings (loss) from continuing operations | (3,875) | 14,504 | (2,878) | 25,068 |
| Provision for discontinued operations | (73) | 74 | (185) | (80) |
| Net Earnings (Loss) | \$ (3,948) | \$ 14,578 | \$ (3,063) | \$ 24,988 |

(1) Includes a \$0.3 million charge for acquisition transition expenses.

(2) Includes a \$0.1 million charge and a \$0.2 million charge in the second quarter and first six months of Fiscal 2018, respectively, for asset impairments.

Includes a \$7.9 million gain in the second quarter of Fiscal 2017 which includes an \$8.9 million gain for network intrusion expenses as a result of a litigation settlement, partially offset by \$1.0 million for asset impairments. Includes a \$4.4 million gain for the first six months of Fiscal 2017 which includes an \$8.9 million gain for network intrusion expenses as a result of a litigation settlement, partially offset by \$4.4 million for asset impairments and \$0.1 million for other legal matters.

GENESCO INC.

Consolidated Balance Sheet

| In Thousands | July 29, 2017 | July 30, 2016 |
|---|---------------------|---------------------|
| Assets | | |
| Cash and cash equivalents | \$ 43,520 | \$ 41,466 |
| Accounts receivable | 39,411 | 46,469 |
| Inventories | 670,104 | 663,708 |
| Other current assets | 83,578 | 69,382 |
| Total current assets | 836,613 | 821,025 |
| Property and equipment | 362,304 | 321,231 |
| Goodwill and other intangibles | 364,488 | 366,186 |
| Other non-current assets | 34,108 | 70,216 |
| Total Assets | \$ 1,597,513 | \$ 1,578,658 |
| Liabilities and Equity | | |
| Accounts payable | \$ 242,729 | \$ 269,371 |
| Current portion long-term debt | 2,051 | 10,620 |
| Other current liabilities | 106,252 | 127,714 |
| Total current liabilities | 351,032 | 407,705 |
| Long-term debt | 188,823 | 124,981 |
| Pension liability | 5,989 | 9,487 |
| Deferred rent and other long-term liabilities | 134,772 | 149,566 |
| Equity | 916,897 | 886,919 |
| Total Liabilities and Equity | \$ 1,597,513 | \$ 1,578,658 |

GENESCO INC.**Retail Units Operated - Six Months Ended July 29, 2017**

| | Balance | | | Balance | | | Balance |
|---------------------------|--------------|-----------|------------|--------------|-----------|-----------|--------------|
| | 1/30/2016 | Open | Close | 1/28/2017 | Open | Close | 7/29/2017 |
| Journeys Group | 1,222 | 51 | 24 | 1,249 | 26 | 28 | 1,247 |
| Schuh Group | 125 | 7 | 4 | 128 | 3 | — | 131 |
| Lids Sports Group* | 1,332 | 15 | 107 | 1,240 | 9 | 61 | 1,188 |
| Johnston & Murphy Group | 173 | 8 | 4 | 177 | 2 | — | 179 |
| Total Retail Units | 2,852 | 81 | 139 | 2,794 | 40 | 89 | 2,745 |

Retail Units Operated - Three Months Ended July 29, 2017

| | Balance | | | Balance | | |
|---------------------------|--------------|-----------|-----------|--------------|----------|----------|
| | 4/29/2017 | Open | Close | 7/29/2017 | Open | Close |
| Journeys Group | 1,250 | 13 | 16 | 1,247 | — | — |
| Schuh Group | 129 | 2 | — | 131 | — | — |
| Lids Sports Group* | 1,199 | 4 | 15 | 1,188 | — | — |
| Johnston & Murphy Group | 178 | 1 | — | 179 | — | — |
| Total Retail Units | 2,756 | 20 | 31 | 2,745 | — | — |

*Includes 124 Locker Room by Lids in Macy's stores as of July 29, 2017.

Comparable Sales (including same store and comparable direct sales)

| | Three Months Ended | | Six Months Ended | |
|-------------------------------|--------------------|-------------|------------------|------------|
| | July 29, | July 30, | July 29, | July 30, |
| | 2017 | 2016 | 2017 | 2016 |
| Journeys Group | 1 % | (4)% | (2)% | (1)% |
| Schuh Group | 3 % | (1)% | 6 % | (3)% |
| Lids Sports Group | (2)% | — % | (1)% | 1 % |
| Johnston & Murphy Group | (1)% | 3 % | (2)% | 4 % |
| Total Comparable Sales | 0 % | (1)% | 0 % | 0 % |

Genesco Inc.
Adjustments to Reported Earnings (Loss) from Continuing Operations
Three Months Ended July 29, 2017 and July 30, 2016

| In Thousands (except per share amounts) | Three Months Ended | | | | | |
|---|---------------------------|-------------------|--------------------------|----------------------|-------------------|--------------------------|
| | July 29, 2017 | | | July 30, 2016 | | |
| | Pretax | Net of Tax | Per Share Amounts | Pretax | Net of Tax | Per share Amounts |
| Earnings (loss) from continuing operations, as reported | \$ (3,875) | | \$ (0.20) | \$ 14,504 | | \$ 0.72 |
| Pretax adjustments: | | | | | | |
| Impairment charges | \$ 58 | 44 | — | \$ 1,018 | 665 | 0.03 |
| Acquisition transition expenses | 288 | 199 | 0.01 | — | — | — |
| Sale of Lids Team Sports | — | — | — | (2,485) | (1,602) | (0.08) |
| Network intrusion expenses | — | — | — | (8,963) | (5,777) | (0.29) |
| Total adjustments | \$ 346 | 243 | 0.01 | \$ (10,430) | (6,714) | (0.34) |
| Tax impact for share-based awards | | 2,167 | 0.11 | | — | — |
| Resolution of income tax matters | | (520) | (0.02) | | (872) | (0.04) |
| Adjusted earnings (loss) from continuing operations (1) & (2) | \$ (1,985) | | \$ (0.10) | \$ 6,918 | | \$ 0.34 |

(1) The adjusted tax rate for the second quarter of Fiscal 2018 is 32.9% excluding a FIN 48 discrete item of less than \$0.1 million. The adjusted tax rate for the second quarter of Fiscal 2017 is 35.0% excluding a FIN 48 discrete item of \$0.1 million.

(2) EPS reflects 19.2 and 20.2 million share count for Fiscal 2018 and 2017, which includes common stock equivalents in 2017, but not 2018 due to loss.

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.

Genesco Inc.
Adjustments to Reported Operating Income (Loss)
Three Months Ended July 29, 2017 and July 30, 2016

| In Thousands | Three Months Ended July 29, 2017 | | |
|-------------------------------|----------------------------------|-----------|------------------|
| | Operating | Other Adj | Adj Operating |
| | Inc (Loss) | | Inc (Loss) |
| Journeys Group | \$ (2,194) | \$ 288 | \$ (1,906) |
| Schuh Group | 4,538 | — | 4,538 |
| Lids Sports Group | 3,040 | — | 3,040 |
| Johnston & Murphy Group | 1,547 | — | 1,547 |
| Licensed Brands | (1,051) | — | (1,051) |
| Corporate and Other | (7,890) | 58 | (7,832) |
| Total Operating Income (Loss) | \$ (2,010) | \$ 346 | \$ (1,664) |

| In Thousands | Three Months Ended July 30, 2016 | | |
|-------------------------|----------------------------------|------------|------------------|
| | Operating | Other Adj | Adj Operating |
| | Income | | Income |
| Journeys Group | \$ 4,481 | \$ — | \$ 4,481 |
| Schuh Group | 5,693 | — | 5,693 |
| Lids Sports Group | 7,132 | — | 7,132 |
| Johnston & Murphy Group | 2,255 | — | 2,255 |
| Licensed Brands | 234 | — | 234 |
| Corporate and Other | 225 | (7,945) | (7,720) |
| Total Operating Income | \$ 20,020 | \$ (7,945) | \$ 12,075 |

Genesco Inc.
Adjustments to Reported Earnings (Loss) from Continuing Operations
Six Months Ended July 29, 2017 and July 30, 2016

| In Thousands (except per share amounts) | Six Months Ended | | | | | |
|---|------------------|------------|-------------------|---------------|------------|-------------------|
| | July 29, 2017 | | | July 30, 2016 | | |
| | Pretax | Net of Tax | Per Share Amounts | Pretax | Net of Tax | Per share Amounts |
| Earnings (loss) from continuing operations, as reported | \$ | (2,878) | \$ (0.15) | \$ | 25,068 | \$ 1.22 |
| Pretax adjustments: | | | | | | |
| Impairment charges | \$ | 177 | 122 | — | \$ 4,453 | 2,870 |
| Acquisition transition expenses | | 288 | 199 | 0.01 | — | — |
| Sale of Lids Team Sports | | — | — | — | (2,485) | (1,602) |
| Other legal matters | | — | — | — | 90 | 57 |
| Network intrusion expenses | | — | — | — | (8,931) | (5,756) |
| Total adjustments | \$ | 465 | 321 | 0.01 | \$ (6,873) | (4,431) |
| Tax impact for share-based awards | | | 2,167 | 0.11 | | — |
| Resolution of income tax matters | | | (496) | (0.02) | | (766) |
| Adjusted earnings (loss) from continuing operations (1) & (2) | \$ | (886) | \$ (0.05) | \$ | 19,871 | \$ 0.96 |

(1) The adjusted tax rate for the first six months of Fiscal 2018 is 31.1% excluding a FIN 48 discrete item of \$0.1 million. The adjusted tax rate for the first six months of Fiscal 2017 is 35.6% excluding a FIN 48 discrete item of \$0.2 million.

(2) EPS reflects 19.2 and 20.6 million share count for Fiscal 2018 and 2017, which includes common stock equivalents in 2017, but not 218 due to loss.

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.

Genesco Inc.
Adjustments to Reported Operating Income
Six Months Ended July 29, 2017 and July 30, 2016

| | Six Months Ended July 29, 2017 | | |
|-------------------------|--------------------------------|-----------|----------------------------|
| | Operating | Other Adj | Adj Operating Income |
| In Thousands | Income | Income | Income |
| Journeys Group | \$ 5,278 | \$ 288 | \$ 5,566 |
| Schuh Group | 3,851 | — | 3,851 |
| Lids Sports Group | 1,254 | — | 1,254 |
| Johnston & Murphy Group | 5,367 | — | 5,367 |
| Licensed Brands | 1,224 | — | 1,224 |
| Corporate and Other | (16,190) | 177 | (16,013) |
| Total Operating Income | \$ 784 | \$ 465 | \$ 1,249 |

| | Six Months Ended July 30, 2016 | | |
|-------------------------|--------------------------------|------------|----------------------------|
| | Operating | Other Adj | Adj Operating Income |
| In Thousands | Income | Income | Income |
| Journeys Group | \$ 24,101 | \$ — | \$ 24,101 |
| Schuh Group | 3,032 | — | 3,032 |
| Lids Sports Group | 13,169 | — | 13,169 |
| Johnston & Murphy Group | 7,097 | — | 7,097 |
| Licensed Brands | 2,087 | — | 2,087 |
| Corporate and Other | (11,569) | (4,388) | (15,957) |
| Total Operating Income | \$ 37,917 | \$ (4,388) | \$ 33,529 |

Genesco Inc.
Adjustments to Forecasted Earnings from Continuing Operations
Fiscal Year Ending February 3, 2018

| In Thousands (except per share amounts) | High Guidance Fiscal 2018 | | Low Guidance Fiscal 2018 | |
|---|------------------------------|---------|-----------------------------|---------|
| Forecasted earnings from continuing operations | \$ 65,152 | \$ 3.38 | \$ 58,629 | \$ 3.04 |
| Adjustments: (1) | | | | |
| Asset impairment and other charges | 3,061 | 0.16 | 3,774 | 0.20 |
| Tax impact for share-based awards | 2,167 | 0.11 | 2,167 | 0.11 |
| Adjusted forecasted earnings from continuing operations (2) | \$ 70,380 | \$ 3.65 | \$ 64,570 | \$ 3.35 |

(1) All adjustments are net of tax where applicable. The forecasted tax rate for Fiscal 2018 is approximately 35.2%.

(2) EPS reflects 19.3 million share count for Fiscal 2018 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.

GENESCO INC.
CHIEF FINANCIAL OFFICER'S COMMENTARY
FISCAL YEAR 2018
SECOND QUARTER ENDED JULY 31, 2017

Consolidated Results

Second Quarter

Sales

Second quarter net sales decreased 1.4% to \$617 million in Fiscal 2018 from \$626 million in Fiscal 2017. Excluding last year's sales from SureGrip, which the Company sold in the fourth quarter of Fiscal 2017, and the impact of the Pound devaluing vs. the dollar, the Company's sales would have been flat for the second quarter. Comparable sales for Genesco and each of its business segments, including both same store sales and comparable sales from the Company's direct (e-commerce and catalog) businesses for the quarter, were as follows:

| | Comparable Sales | |
|--|-------------------------|-------------------------|
| Same Store and Comparable Direct Sales: | 2nd Qtr FY18 | 2nd Qtr FY17 |
| Journeys Group | 1% | (4)% |
| Schuh Group | 3% | (1)% |
| Lids Sports Group | (2)% | 0% |
| Johnston & Murphy Group | (1)% | 3% |
| Total Genesco | 0% | (1)% |

The Company's same store sales decreased 2% while comparable direct sales increased 30% for the second quarter of Fiscal 2018 compared to a 2% decrease in same store sales and a 1% decrease in comparable direct sales in the same period last year.

Gross Margin

Second quarter gross margin was 49.7% this year compared with 50.3% last year, primarily reflecting lower gross margin in Journeys Group, Lids Sports Group and Licensed Brands.

SG&A

Selling and administrative expense for the second quarter this year was 50.0% compared to 48.4% of sales last year. The increase in expenses as a percentage of sales reflects increased expenses in all of the Company's business segments, except Licensed Brands, while Corporate expense remained flat. Included in this year's expense are \$0.3 million of transition expenses associated with the acquisition of Little Burgundy. Excluding these transition expenses, SG&A expense as a percent of sales still increased to 50.0% compared to 48.4% last year. A reconciliation of non-GAAP financial measures to the most directly comparable GAAP measure is posted on the Company's website in conjunction with this document.

Asset Impairment and Other Items

The asset impairment and other charge for the second quarter of Fiscal 2018 is \$0.1 million in asset impairments. The previous year's second quarter asset impairment and other gain of \$7.9 million included an \$8.9 million gain on network intrusion expenses resulting from a litigation settlement, partially offset by asset impairments of \$1.0 million. The asset impairment and other charge/gain and the transition expenses are collectively referred to as "Excluded Items" in the discussion below.

Operating Income (Loss)

Genesco's operating loss for the second quarter was (\$2.0) million this year compared with operating earnings of \$20.0 million last year. Adjusted for the Excluded Items in both periods, the operating loss for the second quarter was (\$1.7) million this year compared with operating earnings of \$12.1 million last year. Adjusted operating margin was (0.3%) of sales in the second quarter of Fiscal 2018 and 1.9% last year. A reconciliation of non-GAAP financial measures to the most directly comparable GAAP measure is posted on the Company's website in conjunction with this document.

Interest Expense

Net interest expense for the quarter was \$1.2 million, compared with \$1.3 million for the same period last year.

Pretax Earnings (Loss)

The pretax loss for the quarter was (\$3.3) million in Fiscal 2018 compared to pretax earnings of \$21.2 million last year. Included in last year's pretax earnings is a gain on the sale of the Lids Team Sports business of \$2.5 million primarily related to final working capital adjustments. Adjusted for the Excluded Items in both years and the Lids Team Sports gain last year, the pretax loss for the quarter was (\$2.9) million in Fiscal 2018 compared to pretax earnings of \$10.8 million last year. A reconciliation of non-GAAP financial measures to the most directly comparable GAAP measure is posted on the company's website in conjunction with this document.

Taxes

The effective tax rate for the quarter was (18.9%) in Fiscal 2018 compared to 31.6% last year. Included in taxes for the quarter was the impact of ASU 2016-09 related to the vesting of equity grants resulting in \$2.2 million of additional tax expense. The adjusted tax rate, reflecting the exclusion of the Excluded Items, the \$2.2 million discussed above and the gain on the sale of Lids Team Sports last year, was 31.8% in Fiscal 2018 compared to 35.8% last year. The lower adjusted tax rate for this year reflects higher weighting of foreign income and lower discrete items. A reconciliation of non-GAAP financial measures to the most directly comparable GAAP measure is posted on the company's website in conjunction with this document.

Earnings (Loss) From Continuing Operations After Taxes

The loss from continuing operations was (\$3.9) million, or (\$0.20) per diluted share, in the second quarter of Fiscal 2018, compared to earnings of \$14.5 million, or \$0.72 per diluted share, in the second quarter last year. Adjusted for the Excluded Items in both periods and the gain on the sale of Lids Team Sports last year and using the adjusted tax rates, the second quarter loss from continuing operations was (\$2.0) million, or (\$0.10) per diluted share in Fiscal 2018, compared with earnings of \$6.9 million, or \$0.34 per diluted share, last year. A reconciliation of non-GAAP financial measures to the most directly comparable GAAP measure is posted on the company's website in conjunction with this document.

Segment Results**Lids Sports Group**

Lids Sports Group's sales for the second quarter decreased 4.6% to \$180 million from \$189 million last year, reflecting a decrease in the Group's store count of over 80 stores in the last year and negative comparable sales. Comparable sales, including both same store and comparable direct sales, decreased 2% this year compared to flat comparable sales last year.

The Group's gross margin as a percent of sales decreased 80 basis points primarily reflecting increased promotional activity and increased shipping and warehouse expense. SG&A expense as a percent of sales

increased 120 basis points, reflecting increased e-commerce related expenses, increased professional fees due to the installation of software-as-a-service systems, and the inability to leverage expenses due to the negative comparable sales for the quarter.

The Group's second quarter operating earnings for Fiscal 2018 were \$3.0 million, or 1.7% of sales, down from \$7.1 million, or 3.8% of sales, last year.

Journeys Group

Journeys Group's sales for the quarter increased 2.7% to \$259 million from \$252 million last year.

Combined comparable sales increased 1% for the second quarter of Fiscal 2018 compared with a 4% decrease last year.

Gross margin for the Journeys Group decreased 110 basis points in the quarter due primarily to lower initial margins due to changes in product mix and higher shipping and warehouse expenses. The Journeys Group's adjusted SG&A expense increased 140 basis points as a percent of sales for the second quarter, reflecting increased store related expenses, primarily increased rent expense and selling salaries.

The Journeys Group's adjusted operating loss for the second quarter of Fiscal 2018 was (\$1.9) million, or (0.7%) of sales, compared to operating earnings of \$4.5 million, or 1.8% of sales, last year. A reconciliation of non-GAAP financial measures to the most directly comparable GAAP measure is posted on the company's website in conjunction with this document.

Schuh Group

Schuh Group's sales for the quarter increased 0.7% to \$98 million, compared to \$97 million last year. Even with the increase in sales, Schuh Group sales were impacted by declines in exchange rates which decreased sales \$6.8 million in the second quarter this year compared to the same period last year. Total comparable sales increased 3% compared to a 1% decrease last year.

Schuh Group's gross margin was up 40 basis points in the quarter due primarily to improved margins from certain product categories partially offset by increased shipping and warehouse expense. Schuh Group's SG&A expense increased 170 basis points due to foreign exchange gains in the prior year and increased store related expenses, primarily increases in rent expense and selling salaries, partially offset by decreased depreciation and bonus expense.

Schuh Group's operating earnings for the second quarter of Fiscal 2018 were \$4.5 million, or 4.6% of sales compared with \$5.7 million, or 5.9% of sales last year.

Johnston & Murphy Group

Johnston & Murphy Group's second quarter sales decreased 0.4%, to \$65 million, compared to \$65 million in the second quarter last year.

Johnston & Murphy wholesale sales decreased 6% for the quarter. Combined comparable sales decreased 1% for the second quarter of Fiscal 2018 compared to a 3% increase last year.

Johnston & Murphy's gross margin for the Group increased 160 basis points in the quarter primarily due to changes in sales mix, reflecting decreased wholesale sales, which carry lower gross margins, improved initial margins due to higher selling prices and decreased markdowns. SG&A expense as a percent of sales increased 260 basis points, due to increased store related expenses, primarily rent expense and selling salaries, reflecting the impact of negative leverage from the negative comparable sales, and increased compensation and marketing expenses, partially offset by decreased bonus expense.

The Group's operating income for the second quarter of Fiscal 2018 was \$1.5 million or 2.4% of sales, compared to \$2.3 million, or 3.5% of sales last year.

Licensed Brands

Licensed Brands' sales decreased 33.5% to \$15 million in the second quarter of Fiscal 2018, compared to \$22 million in the second quarter last year. Over half of the decreased sales are due to the loss of SureGrip Footwear, which was sold in the fourth quarter of Fiscal 2017, and the remaining decrease was primarily due to decreased sales of Dockers Footwear, reflecting the difficult retail environment for dress casual and casual shoes as wholesale customers are favoring athletic products, and the expiration of a small footwear license.

Gross margin was down 860 basis points due to lower initial margins, reflecting the sale of SureGrip Footwear, which carried the group's highest gross margin, and reduced margins obtained on the sell-off of the remaining inventory on an expired license plus increased margin assistance compared to last year due to the difficult retail environment for casual shoes.

SG&A expense as a percent of sales was down 40 basis points due to the sale of SureGrip Footwear, which had higher expenses as a percentage of sales than the remaining Licensed Brands Group, which is partially offset by an increase in SG&A as a percent of sales in the remaining business as a result of deleveraging on lower sales.

The operating loss for the second quarter of Fiscal 2018 was (\$1.1) million or (7.2%) of sales, compared with earnings of \$0.2 million, or 1.1% of sales, last year.

Corporate

Corporate expenses were \$7.9 million or 1.3% of sales for the second quarter of Fiscal 2018, compared with corporate earnings of \$0.2 million or 0.0% of sales, last year. Adjusted for the applicable Excluded Items, corporate expenses were \$7.8 million compared to \$7.7 million last year, reflecting increased professional fees, mostly offset by decreased foreign exchange losses and other corporate expenses. A reconciliation of non-GAAP financial measures to the most directly comparable GAAP measures is posted on the Company's website in conjunction with this document.

Balance Sheet

Cash

Cash at the end of the second quarter was \$44 million compared with \$41 million last year. We ended the quarter with \$29 million in U.K. debt, compared with \$41 million in U.K. debt last year. Domestic revolver borrowings were \$162 million at the end of the second quarter this year compared to \$94 million for the second quarter last year. The domestic revolver borrowings included \$21 million related to Genesco (UK) Limited and \$44 million related to GCO Canada, with \$97 million in U.S. dollar borrowings at the end of the second quarter of Fiscal 2018.

We did not repurchase any shares in the second quarter of Fiscal 2018. As of the end of the second quarter of Fiscal 2018, we still have about \$24 million remaining under the most recent buyback authorization. We repurchased 309,000 shares in the second quarter of Fiscal 2017 for a cost of \$20.0 million at an average price of \$64.72.

Inventory

Inventories increased 1% in the second quarter of Fiscal 2018 on a year-over-year basis. Retail inventory per square foot increased 3%.

Capital Expenditures and Store Count

For the second quarter, capital expenditures were \$37 million and depreciation and amortization was \$19 million. During the quarter, we opened 20 new stores and closed 31 stores. Excluding Locker Room by Lids in Macy's stores, we ended the quarter with 2,621 stores compared with 2,655 stores at the end of the second quarter last year, or a decrease of 1%. Square footage was flat on a year-over-year basis, including and excluding the Macy's locations. The store count as of July 29, 2017 included:

| | |
|--|--------------|
| Lids stores (including 113 stores in Canada) | 866 |
| Lids Locker Room Stores (including 32 stores in Canada) | 175 |
| Lids Clubhouse stores | 23 |
| Journeys stores (including 46 stores in Canada) | 936 |
| Little Burgundy | 36 |
| Journeys Kidz stores | 240 |
| Shi by Journeys stores | 35 |
| Schuh Stores | 131 |
| Johnston & Murphy Stores and Factory stores (including 7 stores in Canada) | 179 |
| Total Stores | 2,621 |
| Locker Room by Lids in Macy's stores | 124 |
| Total Stores and Macy's Locations | 2,745 |

For Fiscal 2018, we are forecasting capital expenditures in the range of \$135 to \$140 million and depreciation and amortization of about \$80 million. Projected square footage is expected to be down approximately 1% for Fiscal 2018. Our current store openings and closing plans by chain are as follows:

| | Actual Jan 2017 | Projected New | Projected Conversions | Projected Closings | Projected Jan 2018 |
|------------------------------------|-----------------|---------------|-----------------------|--------------------|--------------------|
| Journeys Group | 1,249 | 45 | 0 | (51) | 1,243 |
| Journeys stores (U.S.) | 900 | 14 | 0 | (26) | 888 |
| Journeys stores (Canada) | 44 | 2 | 0 | 0 | 46 |
| Little Burgundy | 36 | 4 | 0 | 0 | 40 |
| Journeys Kidz stores | 230 | 25 | 0 | (5) | 250 |
| Shi by Journeys | 39 | 0 | 0 | (20) | 19 |
| Johnston & Murphy Group | 177 | 6 | — | (5) | 178 |
| Schuh Group | 128 | 7 | — | (2) | 133 |
| Lids Sports Group | 1,240 | 24 | — | (87) | 1,177 |
| Lids hat stores (U.S.) | 770 | 17 | 0 | (27) | 760 |
| Lids hat stores (Canada) | 112 | 6 | 1 | (4) | 115 |
| Locker Room stores (U.S.) | 146 | 1 | 2 | (21) | 128 |
| Locker Room stores (Canada) | 35 | 0 | (1) | (5) | 29 |
| Clubhouse stores | 26 | 0 | (2) | (3) | 21 |
| Locker Room by Lids (Macy's) | 151 | 0 | 0 | (27) | 124 |
| Total Stores | 2,794 | 82 | 0 | (145) | 2,731 |

Comparable Sales Assumptions in Fiscal 2018 Guidance

Our guidance for Fiscal 2018 assumes comparable sales (including both same store sales and comparable direct sales) for each retail segment by quarter as follows:

| | Actual | Actual | Guidance | Guidance | |
|-------------------------|---------------|---------------|-----------------|-----------------|-----------------|
| | Q1 | Q2 | Q3 | Q4 | FY18 |
| Journeys Group | (5)% | 1% | 2 - 3% | 3 - 4% | 0 - 1% |
| Lids Sports Group | 1% | (2)% | (5) - (4)% | (6) - (5)% | (4) - (3)% |
| Schuh Group | 10% | 3% | 3 - 4% | 4 - 5% | 4 - 5% |
| Johnston & Murphy Group | (3)% | (1)% | (1) - 2% | 2 - 3% | 0 - 1% |
| Total Genesco | (1)% | 0% | 0 - 1% | 0 - 1% | (1) - 1% |

Cautionary Note Concerning Forward-Looking Statements

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, growth 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 timing and amount of non-cash asset impairments related to retail store fixed assets and intangible assets of acquired businesses, especially in view of the Company's recent market valuation; the effectiveness of the Company's omnichannel initiatives; costs associated with changes in minimum wage and overtime requirements; the level of chargebacks from credit card users for fraudulent purchases or other reasons; weakness in the consumer economy and retail industry; effects on local consumer demand or on the national economy related to Hurricane Harvey; competition in the Company's markets, including online; 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, including weakness related to planned closings of anchor and department stores and other stores or other factors; the imposition of tariffs on imported products; 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; 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 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 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 in 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; unexpected changes to the market for the Company's shares; variations from expected pension-related charges caused by conditions in the financial markets; disruptions in the Company's information technology systems either by security breaches and incidents or by potential problems associated with the implementation of new or upgraded systems; 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 presentation 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.