



Lids Sports Group



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FY19 Third Quarter

Genesco Inc.

FY19 Q3 Earnings

Summary Results and Guidance

December 6, 2018



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Safe Harbor Statement

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 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 Company's ability to complete the sale of the Lids Sports Group business on acceptable terms and the timing of any sale transaction; the imposition of tariffs on imported products or the disallowance of tax deductions on imported products; 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 effectiveness of the Company's omnichannel initiatives; costs associated with changes in minimum wage and overtime requirements; cost associated with wage pressure associated with a full employment environment in the U.S. and the U.K.; weakness in the consumer economy and retail industry for the products we sell; competition in the Company's markets, including online and including competition from some of the Company's vendors in both the licensed sports and branded footwear markets; fashion trends, including the lack of new fashion trends or products, 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, related to planned closings of department stores or other factors and the extent and pace of growth of online shopping; the effects of the implementation of federal tax reform on the estimated tax rate reflected in certain forward-looking statements; 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; 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 NBA finals, Super Bowl, World Series, and College Football Playoffs, 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 or lower 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 and the timing and amount of such impairments or other consequences; unexpected changes to the market for the Company's shares or for the retail sector in general; costs and reputational harm as a result of disruptions in the Company's business or 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.



Non-GAAP Financial Measures

The Company reports consolidated financial results in accordance with generally accepted accounting principles (“GAAP”). However, to supplement these consolidated financial results the Company’s presentation includes certain non-GAAP financial measures such as earnings and earnings per share. This supplemental information should not be considered in isolation as a substitute for related GAAP measures. 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. Reconciliations of the non-GAAP supplemental information to the comparable GAAP measures can be found in the Appendix.





Key Earnings Highlights Q3 FY19

	Three Months Ended November 3, 2018	Three Months Ended October 28, 2017
GCO Net Sales Change	(1)%	1%
Comparable Sales	4%	1%
Gross Margin %	49.5%	49.4%
Selling and Admin. Expenses %	45.9%	45.0%
Operating Income (Loss) % ⁽¹⁾		
GAAP	2.7%	(21.3)%
Non-GAAP	3.7%	4.4%
Earnings (Loss) per Diluted Share ⁽¹⁾		
GAAP	\$0.74	\$(8.55)
Non-GAAP	\$0.95	\$1.02

⁽¹⁾ See GAAP to Non-GAAP adjustments in appendix.



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Key Earnings Highlights FY19 YTD

	Nine Months Ended November 3, 2018	Nine Months Ended October 28, 2017
GCO Net Sales Change	2%	0%
Comparable Sales	2%	0%
Gross Margin %	49.5%	49.5%
Selling and Admin. Expenses %	48.1%	47.9%
Operating Income (Loss) % ⁽¹⁾		
GAAP	0.9%	(7.7)%
Non-GAAP	1.4%	1.6%
Earnings (Loss) per Diluted Share ⁽¹⁾		
GAAP	\$0.63	\$(8.73)
Non-GAAP	\$0.94	\$0.98

⁽¹⁾ See GAAP to Non-GAAP adjustments in appendix.



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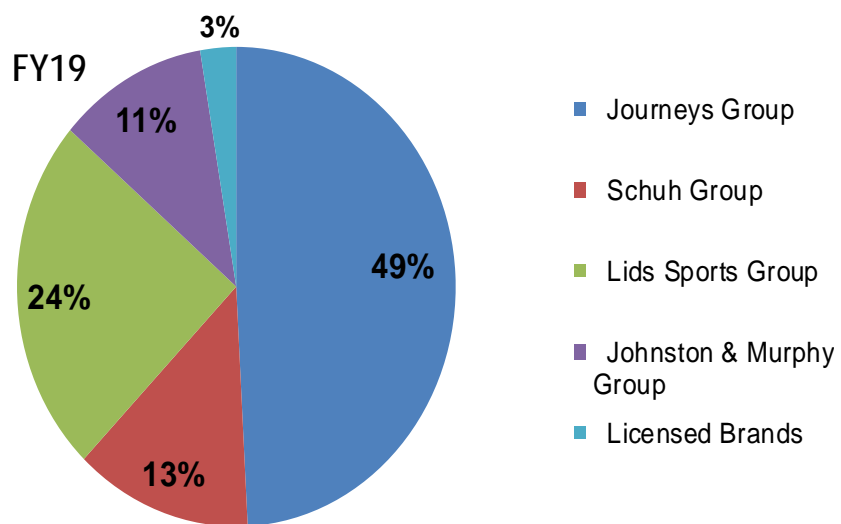
Comparable Sales Q3 FY19

	Three Months Ended	
	Nov. 3, 2018	Oct. 28, 2017
Journeys Group	9%	4%
Schuh Group	(4)%	4%
Lids Sports Group	(2)%	(6)%
Johnston & Murphy Group	10%	(1)%
Total Comparable Sales	4%	1%
Same Store Sales	4%	(2)%
Comparable Direct Sales	9%	24%

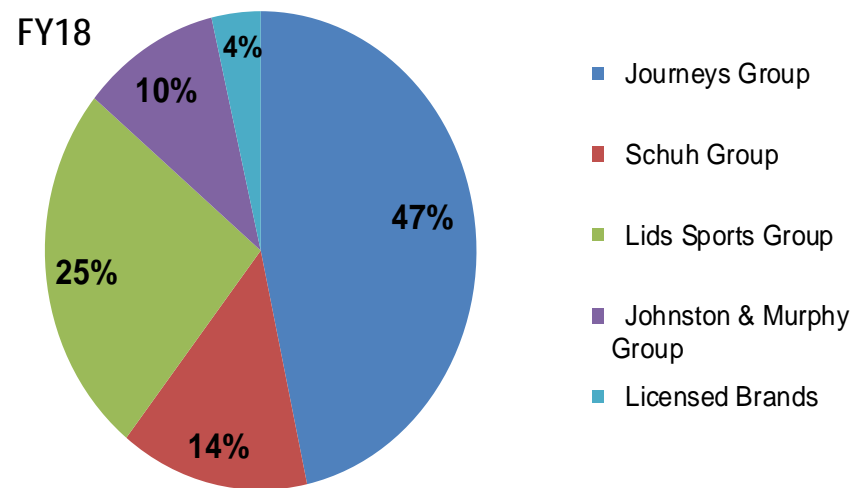


Sales by Segment Q3 FY19 and FY18

Net Sales \$713.1 million

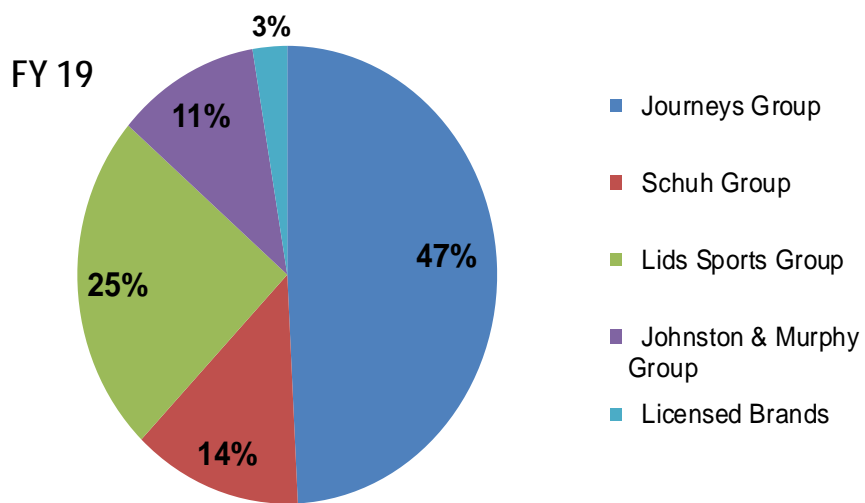


Net Sales \$716.8 million

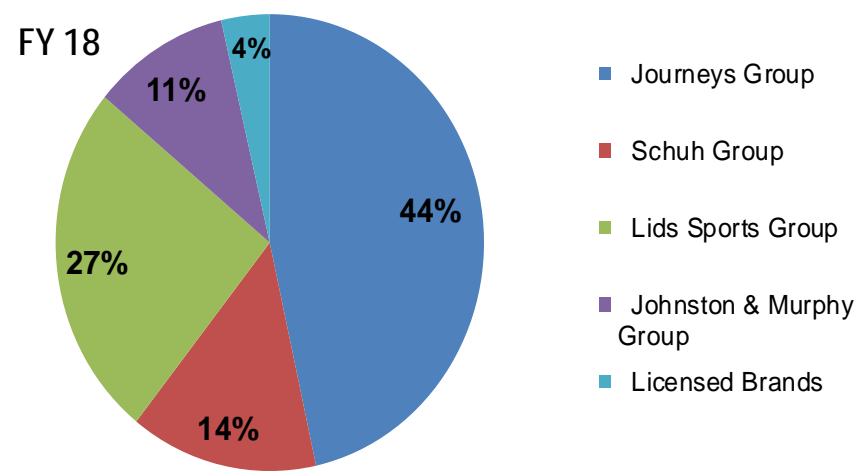


Sales by Segment YTD FY19 and FY18

Net Sales \$2.012 billion



Net Sales \$1.977 billion





Adjusted Operating Income by Segment Q3 FY19 ⁽¹⁾

\$ in millions

	Three Months Ended Nov. 3, 2018			Three Months Ended Oct. 28, 2017		
	Oper Inc (Loss)	Adjust	Adj Oper Inc (Loss)	Oper Inc (Loss)	Adjust	Adj Oper Inc (Loss)
Journeys Group	\$ 25.2	\$ -	\$ 25.2	\$ 24.3	\$ -	\$ 24.3
Schuh Group	4.2	-	4.2	7.1	-	7.1
Lids Sports Group	(0.4)	-	(0.4)	2.0	-	2.0
Johnston & Murphy Group	5.2	-	5.2	5.3	-	5.3
Licensed Brands	(0.2)	-	(0.2)	1.2	-	1.2
Goodwill impairment charge	-	-	-	(182.2)	182.2	-
Corporate and Other	(14.6)	6.5	(8.0)	(9.9)	1.4	(8.5)
Total Operating Income (Loss)	\$ 19.5	\$ 6.5	\$ 26.0	\$ (152.4)	\$ 183.7	\$ 31.3

⁽¹⁾ See GAAP to Non-GAAP adjustments in appendix.



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Adjusted Operating Income by Segment YTD FY19 ⁽¹⁾

\$ in millions

	Nine Months Ended Nov. 3, 2018			Nine Months Ended Oct. 28, 2017		
	Oper Inc (Loss)	Adjust	Adj Oper Inc (Loss)	Oper Inc (Loss)	Adjust	Adj Oper Inc (Loss)
Journeys Group	\$ 46.5	\$ -	\$ 46.5	\$ 29.6	\$ 0.3	\$ 29.8
Schuh Group	(0.4)	-	(0.4)	10.9	-	10.9
Lids Sports Group	(4.6)	-	(4.6)	3.2	-	3.2
Johnston & Murphy Group	11.1	-	11.1	10.7	-	10.7
Licensed Brands	(0.3)	-	(0.3)	2.4	-	2.4
Goodwill impairment charge	-	-	-	(182.2)	182.2	-
Corporate and Other	(33.5)	9.1	(24.3)	(26.1)	1.6	(24.4)
Total Operating Income (Loss)	\$ 19.0	\$ 9.1	\$ 28.1	\$ (151.5)	\$ 184.1	\$ 32.6

⁽¹⁾ See GAAP to Non-GAAP adjustments in appendix.



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Inventory/Sales Change by Segment Q3 FY19

\$ in millions

Segment Inventory/Sales	<u>Nov. 3, 2018</u>	<u>Q3 FY19</u>
	<u>Inventory</u>	<u>Sales</u>
Journeys Group	-5%	4%
Schuh Group ⁽¹⁾	-8%	-4%
Lids Sports Group	-5%	-4%
Johnston & Murphy Group	7%	8%
Licensed Brands	-26%	-28%
Total	\$ 666	\$ 713
% Change from prior year	-5%	-1%

(1) On a constant currency basis.



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Retail Stores Summary Q3 FY19

	Aug. 4, 2018	Open	Close	Nov. 3, 2018
Journeys Group	1,215	8	4	1,219
Journeys stores (U.S.)	889	3	3	889
Journeys stores (Canada)	46	-	-	46
Journeys Kidz stores	241	3	1	243
Little Burgundy	39	2	-	41
Schuh Group	135	-	1	134
Lids Sports Group	1,125	7	16	1,116
Lids hat stores (U.S.)	722	3	8	717
Lids hat stores (Canada) ⁽¹⁾	113	2	3	112
Locker Room stores (U.S.)	128	-	2	126
Locker Room stores (Canada) ⁽¹⁾	29	-	3	26
Clubhouse stores	16	-	-	16
Locker Room by Lids (Macy's)	117	2	-	119
Johnston & Murphy Group	182	2	-	184
Total Stores	2,657	17	21	2,653

⁽¹⁾ Open stores in Lids Canada include two conversions from Locker Room Canada stores.



Retail Square Footage Q3 FY19

Square feet in thousands

<u>Square Footage:</u>	Oct. 28, 2017	Net Change	Nov. 3, 2018	% Change
Journeys Group	2,424	(25)	2,399	-1.0%
Schuh Group	650	2	652	0.3%
Lids Sports Group	1,392	(79)	1,313	-5.7%
Johnston & Murphy Group	343	7	350	2.0%
Total Square Footage	4,809	(95)	4,714	-2.0%



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FY19 Outlook⁽¹⁾

Note: See earnings call transcript for important details regarding changes in guidance assumptions

Non-GAAP EPS	\$3.10 - \$3.40 per share
Total Sales	(1%) to +1% <i>(52 weeks TY vs. 53 LY)</i>
Comparable Sales	+2 to +3%
FY19 Note	13 weeks TY in Q4 vs. 14 weeks LY
Gross Margin	~20 basis point improvement
SG&A Expense	30 to 50 basis points deleverage
Tax Rate	~27%
FX	Hurts earnings by ~(\$0.04)
CapEx	~ \$60 million
Avg Shares Outstanding	19.5 million <i>(assumes no repurchases)</i>

⁽¹⁾ On a Non-GAAP basis, see GAAP to Non-GAAP adjustments in appendix





FY19 Comparable Sales Guidance

	Actual Q1	Actual Q2	Actual Q3	Guidance Q4	Guidance FY19
Journeys Group	6%	10%	9%	5 - 7%	7 - 8%
Lids Sports Group	(7)%	(5)%	(2)%	(1) - 4%	(4) - (2)%
Schuh Group	(13)%	(7)%	(4)%	(9) - (7)%	(8) - (7)%
Johnston & Murphy Group	7%	8%	10%	4 - 5%	6 - 7%
Total Genesco	(1)%	3%	4%	1 - 4%	2 - 3%



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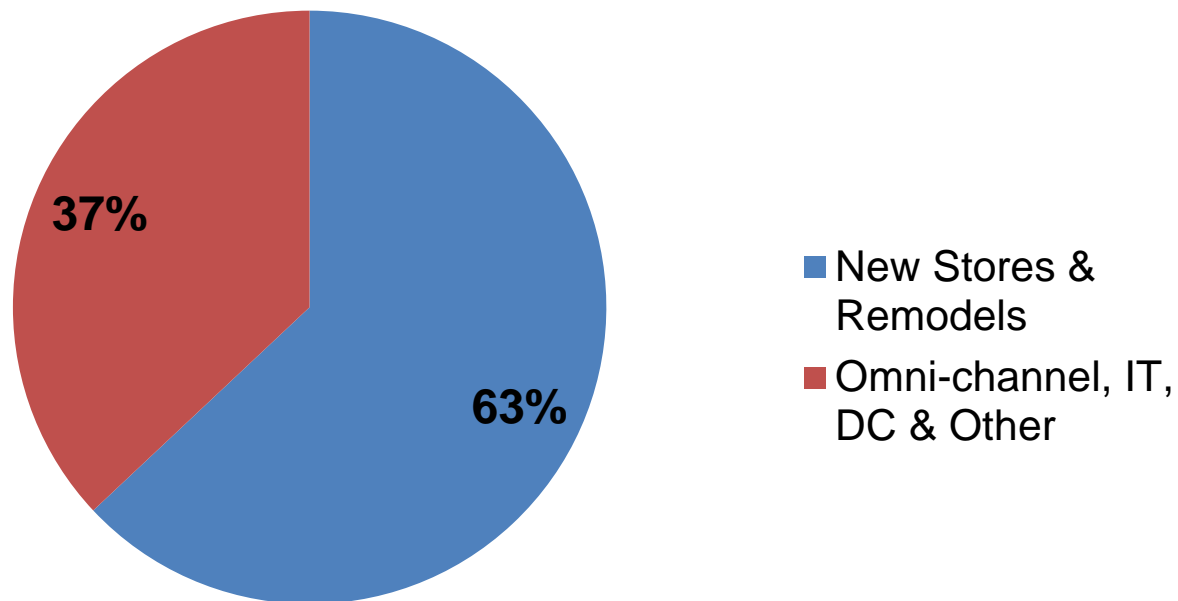
FY19 Projected Retail Store Count

	Actual 2018	Proj Open	Proj Close	Proj 2019
Journeys Group	1,220	25	30	1,215
Journeys stores (U.S.)	893	12	22	883
Journeys stores (Canada)	46	-	-	46
Journeys Kidz stores	242	10	7	245
Little Burgundy	39	3	1	41
Schuh Group	134	6	4	136
Lids Sports Group	1,159	19	77	1,101
Lids hat stores (U.S.)	739	7	40	706
Lids hat stores (Canada)	114	5	7	112
Locker Room stores (U.S.)	134	1	12	123
Locker Room stores (Canada)	29	-	4	25
Clubhouse stores	21	-	5	16
Locker Room by Lids (Macy's)	122	6	9	119
Johnston & Murphy Group	181	4	-	185
Total Stores	2,694	54	111	2,637



FY19 Projected Capital Spending

Projected FY19 CapEx approx. \$60 million



Appendix



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Non-GAAP Reconciliation – Q3 FY19

In Thousands (except per share amounts)	Three Months Ended					
	November 3, 2018			October 28, 2017		
	Pretax	Net of Tax	Per Share Amounts	Pretax	Net of Tax	Per Share Amounts
Earnings (loss) from continuing operations, as reported		\$14,519	\$ 0.74		\$ (164,806)	\$ (8.55)
Pretax adjustments:						
Impairment charges	\$ 1,522	1,072	0.05	\$ 510	332	0.02
Trademark impairment charge	5,736	4,196	0.21	-	-	-
Other legal matters	-	(18)	-	-	-	-
(Gain) loss on Hurricane Maria	(884)	(636)	(0.03)	936	619	0.03
Other hurricane losses	184	135	0.01	-	-	-
Goodwill impairment charge	-	-	-	182,211	156,924	8.13
Impact of additional dilutive shares	-	-	-	-	-	0.01
Total adjustments	\$ 6,558	4,749	0.24	\$ 183,657	157,875	8.19
Other tax items		(605)	(0.03)		26,632	1.38
Adjusted earnings from continuing operations ⁽¹⁾ and ⁽²⁾		\$18,663	\$ 0.95		\$ 19,701	\$ 1.02

⁽¹⁾ The adjusted tax rate for the third quarter of Fiscal 2019 is 25.9% including a FIN 48 discrete item of less than \$0.1 million. The adjusted tax rate for the third quarter of Fiscal 2018 is 33.9% including a FIN 48 discrete item of less than \$0.1 million.

⁽²⁾ EPS reflects 19.6 million and 19.3 million share count for Fiscal 2019 and 2018, respectively, which includes common stock equivalents in only Fiscal 2019.



Non-GAAP Reconciliation – YTD FY19

	Nine Months Ended					
	November 3, 2018			October 28, 2017		
	Pretax	Net of Tax	Per Share Amounts	Pretax	Net of Tax	Per Share Amounts
In Thousands (except per share amounts)						
Earnings (loss) from continuing operations, as reported		\$12,378	\$ 0.63		\$ (167,684)	\$ (8.73)
Pretax adjustments:						
Impairment charges	\$3,724	2,724	0.14	\$ 687	454	0.02
Trademark impairment charge	5,736	4,196	0.22	-	-	-
Other legal matters	992	726	0.04	-	-	-
(Gain) loss on Hurricane Maria	(1,487)	(1,088)	(0.06)	936	619	0.03
Other hurricane losses	184	135	0.01	-	-	-
Acquisition transition expenses	-	-	-	288	190	0.01
Goodwill impairment charge	-	-	-	182,211	156,924	8.15
Impact of additional dilutive shares	-	-	-	-	-	0.03
Total adjustments	\$9,149	6,693	0.35	\$184,122	158,187	8.24
Tax impact for share-based awards		452	0.02		2,167	0.11
Other tax items		(1,190)	(0.06)		26,145	1.36
Adjusted earnings (loss) from continuing operations ⁽¹⁾ and ⁽²⁾		\$18,333	\$ 0.94		\$ 18,815	\$ 0.98

⁽¹⁾ The adjusted tax rate for the first nine months of Fiscal 2019 is 27.1% including a FIN 48 discrete item of less than \$0.1 million. The adjusted tax rate for the first nine months of Fiscal 2018 is 34.3% including a FIN 48 discrete item of less than \$0.1 million.

⁽²⁾ EPS reflects 19.5 million and 19.3 million share count for Fiscal 2019 and 2018, respectively, which includes common stock equivalents in both years.

