

FY19 Fourth Quarter



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GENESCO



Genesco Inc.

FY19 Q4 Earnings

Summary Results and Guidance

March 14, 2019



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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 the level and timing of promotional activity necessary to maintain inventories at appropriate levels; the timing and amount of any share repurchases by the Company; 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 the branded footwear market; 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; retained liabilities associated with divestitures of businesses including potential liabilities under leases as the prior tenant or as a guarantor of certain leases; 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 control or lower occupancy costs, and to conduct required remodeling or refurbishment on schedule and at expected expense levels; our ability to eliminate stranded costs associated with dispositions, including the sale of the Lids Sports Group business; our ability to realize anticipated cost savings; 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.



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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.



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Key Earnings Highlights Q4 FY19 ⁽¹⁾

	Three Months Ended February 2, 2019⁽²⁾	Three Months Ended February 3, 2018⁽²⁾
GCO Net Sales Change	(2)%	14%
Comparable Sales Without Lids	4%	8%
Comparable Sales With Lids	4%	1%
Gross Margin %	46.7%	46.0%
Selling and Admin. Expenses %	38.9%	38.1%
Operating Income (Loss) % ⁽³⁾		
GAAP	7.5%	7.0%
Non-GAAP	8.7%	7.9%
Earnings (Loss) per Diluted Share ⁽³⁾		
GAAP	\$1.53	\$2.51
Non-GAAP	\$2.18	\$1.85

⁽¹⁾ Ongoing operations shown here excludes Lids Sports Group unless otherwise noted.

⁽²⁾ 13 weeks in FY19 vs 14 weeks in FY18.

⁽³⁾ See GAAP to Non-GAAP adjustments in appendix.





Key Earnings Highlights FY19 (1)

	Twelve Months Ended February 2, 2019⁽²⁾	Twelve Months Ended February 3, 2018⁽²⁾
GCO Net Sales Change	3%	5%
Comparable Sales Without Lids	5%	3%
Comparable Sales With Lids	3%	0%
Gross Margin %	47.8%	47.5%
Selling and Admin. Expenses %	44.0%	43.7%
Operating Income (Loss) % ⁽³⁾		
GAAP	3.7%	3.5%
Non-GAAP	4.1%	3.9%
Earnings (Loss) per Diluted Share ⁽³⁾		
GAAP	\$2.63	\$1.90
Non-GAAP	\$3.28	\$2.67
Earnings per Diluted Share with Lids		
Non-GAAP	\$3.46	\$3.13

(1) Ongoing operations shown here excludes Lids Sports Group unless otherwise noted.

(2) 52 weeks in FY19 vs 53 weeks in FY18.

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



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Comparable Sales Q4 FY19 (1)

	Three Months Ended	
	Feb. 2, 2019	Feb. 3, 2018
Journeys Group	7%	11%
Schuh Group	(8)%	1%
Johnston & Murphy Group	4%	4%
Total Comparable Sales	4%	8%
Same Store Sales	3%	6%
Comparable Direct Sales	10%	21%
Lids Sports Group	2%	(14)%
Total Operations with Lids:		
Total Comparable Sales	4%	1%
Total Same Store Sales	3%	(1)%
Total Comparable Direct Sales	8%	15%

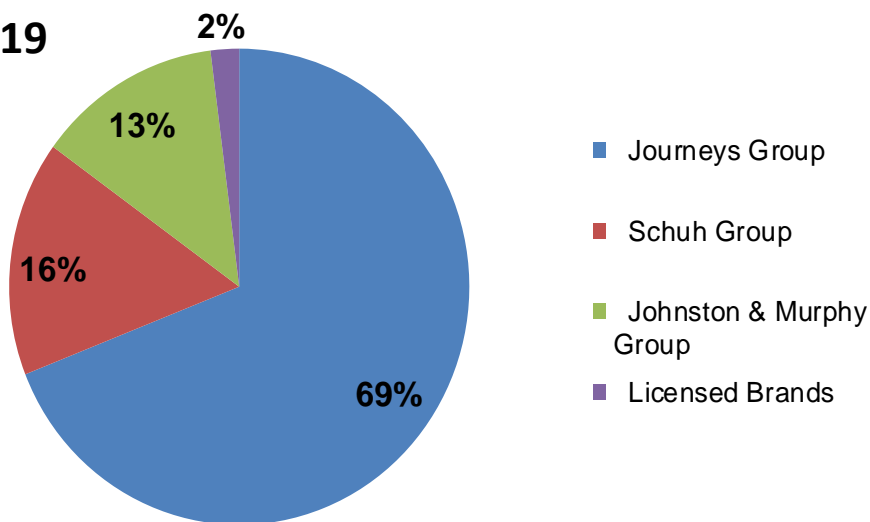
(1) Ongoing operations shown here excludes Lids Sports Group unless otherwise noted.



Sales by Segment Q4 FY19 and FY18 (1)

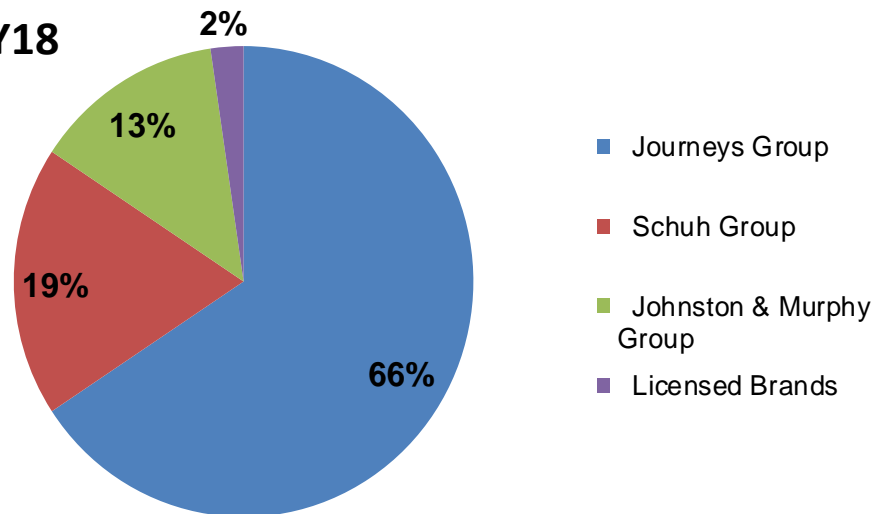
Net Sales \$675.5 million

FY19



Net Sales \$689.4 million

FY18

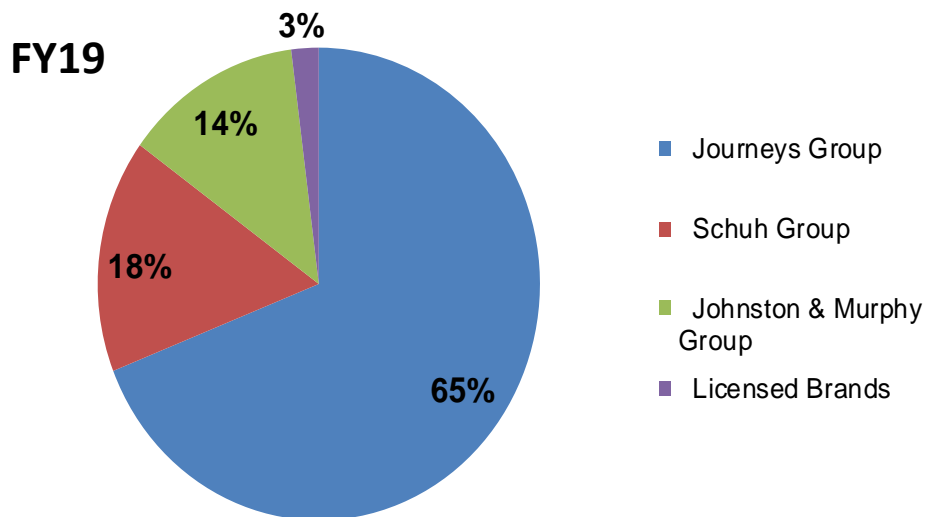


(1) Ongoing operations shown here excludes Lids Sports Group unless otherwise noted.

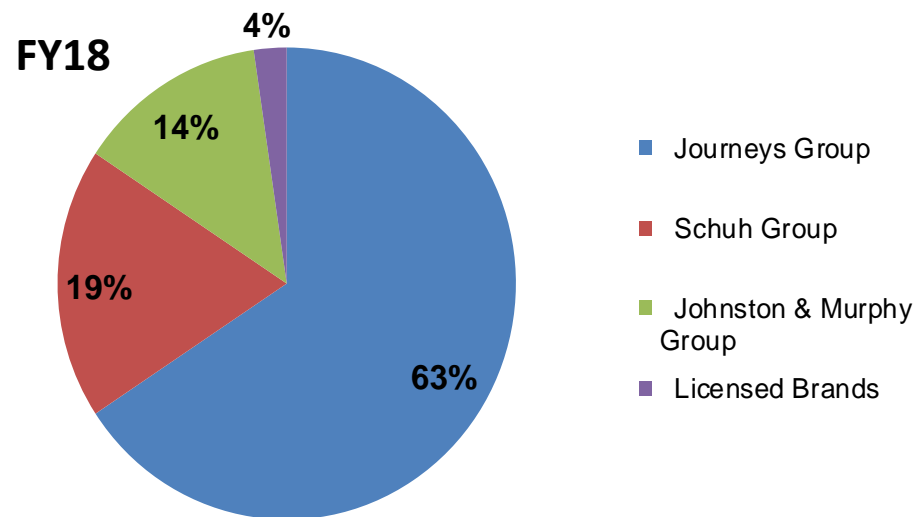


Sales by Segment FY19 and FY18 (1)

Net Sales \$2.189 billion



Net Sales \$2.128 billion



(1) Ongoing operations shown here excludes Lids Sports Group unless otherwise noted.



Adjusted Operating Income by Segment Q4 FY19⁽¹⁾ & (2)

(\$ in millions)

	Three Months Ended Feb. 2, 2019			Three Months Ended Feb. 3, 2018		
	Oper Inc (Loss)	Adjust	Adj Oper Inc (Loss)	Oper Inc (Loss)	Adjust	Adj Oper Inc (Loss)
Journeys Group	\$ 56.1	\$ -	\$ 56.1	\$ 46.0	\$ -	\$ 46.0
Schuh Group	4.1	-	4.1	9.2	-	9.2
Johnston & Murphy Group	9.7	-	9.7	9.3	(0.5)	8.8
Licensed Brands	(0.1)	-	(0.1)	(2.6)	0.3	(2.2)
Corporate and Other	(19.2)	7.9	(11.3)	(13.9)	6.5	(7.4)
Total Operating Income	\$ 50.6	\$ 7.9	\$ 58.5	\$ 48.1	\$ 6.3	\$ 54.4

⁽¹⁾ Ongoing operations shown here excludes Lids Sports Group unless otherwise noted.

⁽²⁾ See GAAP to Non-GAAP adjustments in appendix.



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Adjusted Operating Income by Segment FY19⁽¹⁾ & (2)

(\$ in millions)

	Twelve Months Ended Feb. 2, 2019			Twelve Months Ended Feb. 3, 2018		
	Oper Inc (Loss)	Adjust	Adj Oper Inc (Loss)	Oper Inc (Loss)	Adjust	Adj Oper Inc (Loss)
Journeys Group	\$ 100.8	\$ -	\$ 100.8	\$ 74.1	\$ 0.3	\$ 74.4
Schuh Group	3.8	-	3.8	20.1	-	20.1
Johnston & Murphy Group	20.4	-	20.4	19.4	(0.5)	18.9
Licensed Brands	(0.5)	-	(0.5)	(0.3)	0.3	-
Corporate and Other	(42.6)	8.9	(33.8)	(38.9)	7.8	(31.1)
Total Operating Income	\$ 81.8	\$ 8.9	\$ 90.7	\$ 74.4	\$ 7.9	\$ 82.3

⁽¹⁾ Ongoing operations shown here excludes Lids Sports Group unless otherwise noted.

⁽²⁾ See GAAP to Non-GAAP adjustments in appendix.



Inventory/Sales Change by Segment Q4 FY19⁽¹⁾

(\$ in millions)

Segment Inventory/Sales	<u>Feb. 2, 2019</u> <u>Inventory</u>	<u>Q4 FY19</u> <u>Sales⁽²⁾</u>
Journeys Group	-3%	7%
Schuh Group ⁽³⁾	-7%	-6%
Johnston & Murphy Group	5%	4%
Licensed Brands	-35%	0%
Total	\$ 369	\$ 675
% Change from prior year	-5%	4%

⁽¹⁾ Ongoing operations shown here excludes Lids Sports Group unless otherwise noted.

⁽²⁾ Sales for Q4 FY18 exclude the 14th week of sales to be comparable with Q4 FY19 sales.

⁽³⁾ On a constant currency basis.



Retail Stores Summary Q4 FY19⁽¹⁾

	Nov. 3, 2018	Open	Close	Feb. 2, 2019
Journeys Group	1,219	5	31	1,193
Journeys stores (U.S.)	889	3	25	867
Journeys stores (Canada)	46	-	-	46
Journeys Kidz stores	243	2	6	239
Little Burgundy	41	-	-	41
Schuh Group	134	2	-	136
Johnston & Murphy Group	184	1	2	183
Total Stores	1,537	8	33	1,512

⁽¹⁾ Ongoing operations shown here excludes Lids Sports Group unless otherwise noted.



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Retail Square Footage Q4 FY19⁽¹⁾

Square feet in thousands

<u>Square Footage:</u>	Nov. 3, 2018	Net Change	Feb. 2, 2019	% Change
Journeys Group	2,399	(52)	2,347	-2.2%
Schuh Group	652	12	664	1.8%
Johnston & Murphy Group	350	(3)	347	-0.9%
Total Square Footage	3,401	(43)	3,358	-1.3%

⁽¹⁾ Ongoing operations shown here excludes Lids Sports Group unless otherwise noted.



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

Non-GAAP EPS	\$3.35 - \$3.75 per share, expectations near mid-point
Total Sales	(1%) to flat
Comparable Sales	+1 to +2%
Gross Margin	10 to 20 basis point improvement
SG&A Expense	10 to 30 basis points deleverage
Tax Rate	~27%
CapEx	~ \$45 million
Avg Shares Outstanding	18.3 million <i>(assumes no further repurchases)</i>

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



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FY20 Comparable Sales Guidance

	Guidance Q1	Guidance Q2	Guidance Q3	Guidance Q4	Guidance FY20
Journeys Group	0 - 1%	1 - 2%	1 - 2%	1 - 2%	1 - 2%
Schuh Group	(3) - 1%	(4) - 0%	(4) - 0%	(3) - 0%	(4) - 0%
Johnston & Murphy Group	2 - 3%	2 - 3%	2 - 3%	2 - 3%	2 - 3%
Total Genesco	0 - 1%	0 - 2%	1 - 2%	1 - 2%	1 - 2%

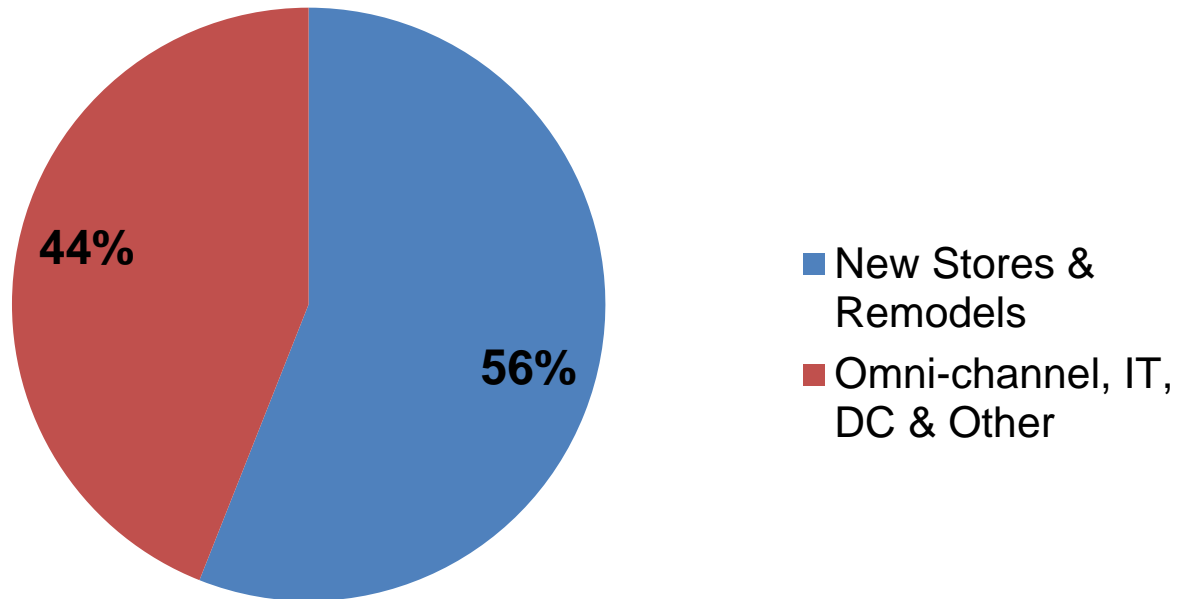


FY20 Projected Retail Store Count

	Actual 2019	Proj Open	Proj Close	Proj 2020
Journeys Group	1,193	20	27	1,186
Journeys stores (U.S.)	867	8	24	851
Journeys stores (Canada)	46	-	-	46
Journeys Kidz stores	239	12	3	248
Little Burgundy	41	-	-	41
Schuh Group	136	3	8	131
Johnston & Murphy Group	183	8	5	186
Total Stores	1,512	31	40	1,503



Plan FY20 CapEx \$45 million



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Non-GAAP Reconciliation – Q4 FY19

	Three Months Ended					
	February 2, 2019			February 3, 2018		
	Pretax	Net of Tax	Per Share Amounts	Pretax	Net of Tax	Per Share Amounts
In Thousands (except per share amounts)						
Earnings from continuing operations, as reported		\$ 29,699	\$ 1.53		\$ 48,424	\$ 2.51
Pretax adjustments:						
Impairment charges	\$ 2,099	1,521	0.08	\$ 1,256	849	0.04
Bonus related to sale of Lids Sports Group	5,707	4,136	0.21	-	-	-
(Gain) loss on Hurricane Maria	-	-	-	7	5	-
Other hurricane losses	45	33	-	-	-	-
Loss on early retirement of debt	597	433	0.02	-	-	-
Licensing termination	-	-	-	5,374	3,631	0.19
Reduction in force expense	-	-	-	179	121	0.01
License cancellation income	-	-	-	(500)	(338)	(0.02)
Total adjustments	\$ 8,448	6,123	0.31	\$ 6,316	4,268	0.22
Other tax items		6,537	0.34		(16,960)	(0.88)
Adjusted earnings from continuing operations ^{(1) and (2)}		\$ 42,359	\$ 2.18		\$ 35,732	\$ 1.85

⁽¹⁾ The adjusted tax rate for the fourth quarter of Fiscal 2019 is 27.5% including a FIN 48 discrete item of less than \$0.1 million. The adjusted tax rate for the fourth quarter of Fiscal 2018 is 32.5% including a FIN 48 discrete item of less than \$0.1 million.

⁽²⁾ EPS reflects 19.4 million and 19.3 million share count for Fiscal 2019 and 2018, respectively, which includes common stock equivalents in both years.



Non-GAAP Reconciliation – FY19

Twelve Months Ended

In Thousands (except per share amounts)

Earnings from continuing operations, as reported

Pretax adjustments:

Impairment charges

Bonus related to sale of Lids Sports Group

Other legal matters

(Gain) loss on Hurricane Maria

Other hurricane losses

Loss on early retirement of debt

Acquisition transition expenses

Licensing termination

Reduction in force expense

License cancellation income

Total adjustments

Tax impact for share-based awards

Other tax items

Adjusted earnings from continuing operations ⁽¹⁾ and ⁽²⁾

	February 2, 2019			February 3, 2018		
	Pretax	Net of Tax	Per Share Amounts	Pretax	Net of Tax	Per Share Amounts
		\$51,224	\$ 2.63		\$ 36,708	\$ 1.90
Impairment charges	\$4,153	3,032	0.15	\$ 1,663	1,115	0.06
Bonus related to sale of Lids Sports Group	5,707	4,166	0.21	-	-	-
Other legal matters	270	197	0.01	-	-	-
(Gain) loss on Hurricane Maria	(1,419)	(1,036)	(0.05)	881	591	0.03
Other hurricane losses	160	117	0.01	-	-	-
Loss on early retirement of debt	597	436	0.02	-	-	-
Acquisition transition expenses	-	-	-	288	193	0.01
Licensing termination	-	-	-	5,374	3,603	0.19
Reduction in force expense	-	-	-	179	120	0.01
License cancellation income	-	-	-	(500)	(335)	(0.02)
Total adjustments	\$9,468	6,912	0.35	\$ 7,885	5,287	0.28
Tax impact for share-based awards		452	0.02		2,167	0.11
Other tax items		5,399	0.28		7,260	0.38
Adjusted earnings from continuing operations ⁽¹⁾ and ⁽²⁾		\$63,987	\$ 3.28		\$ 51,422	\$ 2.67

⁽¹⁾ The adjusted tax rate for Fiscal 2019 is 27.1% including a FIN 48 discrete item of less than \$0.1 million. The adjusted tax rate for Fiscal 2018 is 33.1% including a FIN 48 discrete item of \$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.



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Non-GAAP Reconciliation – FY19 With Lids

In Thousands (except per share amounts)
Earnings from continuing operations, as reported

Pretax adjustments:

Impairment charges

Bonus related to sale of Lids Sports Group

Other legal matters

(Gain) loss on Hurricane Maria

Other hurricane losses

Loss on early retirement of debt

Lids adjusted operating income

Total adjustments

Tax impact for share-based awards

Other tax items

Adjusted earnings ⁽¹⁾ and ⁽²⁾

Twelve Months Ended February 2, 2019		
Pretax	Net of Tax	Per Share Amounts
	\$51,224	\$ 2.63
\$ 4,153	3,032	0.15
5,707	4,166	0.21
270	197	0.01
(1,419)	(1,036)	(0.05)
160	117	0.01
597	436	0.02
4,584	3,357	0.17
\$14,052	10,269	0.52
	452	0.02
	5,603	0.29
	\$67,548	\$ 3.46

⁽¹⁾ The adjusted tax rate including Lids Sports Group for Fiscal 2019 is 26.8% including a FIN 48 discrete item of less than \$0.1 million.

⁽²⁾ EPS reflects 19.5 million share count for Fiscal 2019 which includes common stock equivalents.



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