Results of Operations—Fiscal 2019 Compared to Fiscal 2018

The Company’s net sales for Fiscal 2019 (52 weeks) increased 2.9% to $2.19 billion from $2.13 billion in Fiscal 2018 (53 weeks). The increase in net sales was a result of increased sales in Journeys Group and Johnston & Murphy Group, partially offset by decreased sales in Schuh Group and Licensed Brands. Gross margin increased 3.5% to $1.047 billion in Fiscal 2019 from $1.011 billion in Fiscal 2018, and increased as a percentage of net sales from 47.5% in Fiscal 2018 to 47.8% in Fiscal 2019, primarily reflecting increased gross margin as a percentage of net sales in all of the Company's business segments except Schuh Group. Selling and administrative expenses in Fiscal 2019 increased 3.5% from Fiscal 2018 and increased as a percentage of net sales from 43.7% to 44.0%, primarily reflecting expense increases as a percentage of sales in Schuh Group, Licensed Brands and Corporate, partially offset by decreased expenses in Journeys Group and Johnston & Murphy Group. The Company records buying and merchandising and occupancy costs in selling and administrative expense. Because the Company does not include these costs in cost of sales, the Company’s gross margin and selling and administrative expense are not comparable to other retailers that include these costs in the calculation of gross margin. Explanations of the changes in results of operations are provided by business segment in discussions following these introductory paragraphs.

Earnings from continuing operations before income taxes (“pretax earnings”) for Fiscal 2019 were $78.3 million, compared to $69.0 million for Fiscal 2018. Pretax earnings for Fiscal 2019 included an asset impairment and other charge of $3.2 million for retail store asset impairments, other legal matters and hurricane losses, partially offset by a gain from Hurricane Maria. In addition, pretax earnings included a $0.6 charge for loss on early retirement of debt. Pretax earnings for Fiscal 2018 included an asset impairment and other charge of $7.8 million for licensing termination expenses, retail store asset impairments and hurricane losses.

The net loss for Fiscal 2019 was $(51.9) million ($2.66 diluted loss per share) compared to $(111.8) million ($5.80 diluted loss per share) for Fiscal 2018. The net loss for Fiscal 2019 included a net loss from discontinued operations of $103.2 million ($5.29 diluted loss per share). Included in Fiscal 2019 discontinued operations was a $126.3 million pretax loss on the sale of Lids Sports Group as well as a pretax charge of $0.7 million primarily for anticipated costs of environmental remedial alternatives related to former facilities operated by the Company. The net earnings for Fiscal 2018 included a net loss from discontinued operations of $148.5 million ($7.70 diluted loss per share). Included in Fiscal 2018 discontinued operations was a pretax goodwill impairment charge of $182.2 million as well as a pretax charge of $0.6 million primarily for anticipated costs of environmental remedial alternatives related to former facilities operated by the Company. The Company recorded an effective income tax rate of 34.5% for Fiscal 2019 compared to 46.8% for Fiscal 2018. The effective tax rate for Fiscal 2019 was lower compared to Fiscal 2018 due to the lower U.S. federal corporate income tax rate following the passage of the Act, partially offset by the inability to recognize a tax benefit for certain foreign losses. See Item 8, Note 9, "Income Taxes", to the Company's Consolidated Financial Statements included in this Annual Report on Form 10-K for additional information.

Journeys Group

	Fiscal Year Ended		%
	2019	2018	Change
	(dollars in thousands)		
Net sales	**$ 1,419,993**	$ 1,329,460	6.8%
Earnings from operations	**$ 100,799**	$ 74,114	36.0%
Operating margin	**7.1%**	5.6%	

Net sales from Journeys Group increased 6.8% to $1.42 billion for Fiscal 2019 compared to $1.33 billion for Fiscal 2018. The increase reflected an 8% increase in comparable sales partially offset by a 2% decrease in average Journeys stores operated (i.e. the sum of the number of stores open on the first day of the fiscal year and the last day of each fiscal month during the year divided by thirteen) for Fiscal 2019. The comparable sales increase reflected a 6% increase in footwear unit comparable sales and the average price per pair of shoes increased 2%. The store count for Journeys Group was 1,193 stores at the end of Fiscal 2019, including 239 Journeys Kidz stores, 46 Journeys stores in Canada and 41 Little Burgundy stores in Canada, compared to 1,220 stores at the end of Fiscal 2018, including 242 Journeys Kidz stores, 46 Journeys stores in Canada and 39 Little Burgundy stores in Canada.

Journeys Group earnings from operations for Fiscal 2019 increased 36.0% to $100.8 million, compared to $74.1 million for Fiscal 2018. The increase in earnings from operations was primarily due to (i) increased net sales, (ii) increased gross margin as a percentage of sales, reflecting decreased markdowns, partially offset by higher shipping and warehouse expenses