



August 11, 2016

Hudson's Bay Company Announces Comparable Sales Results for the Second Quarter Ended July 30, 2016

- | **Consolidated Comparable Sales Grew 1.9%, Down 1.3% on a Constant Currency Basis**
- | **Comparable Sales at Department Store Group ("DSG") Grew 2.6%, Up 1.1% on a Constant Currency Basis Led by Strength at the Hudson's Bay Banner**
- | **Comparable Sales at Saks Fifth Avenue improved considerably, Up 2.7%; Down 1.3% on a Constant Currency Basis**
- | **Announces Release Date for Second Quarter Fiscal 2016 Results**

TORONTO & NEW YORK--(BUSINESS WIRE)-- Hudson's Bay Company ("HBC" or the "Company") (TSX:[HBC](#)) today announced its comparable sales results for the second quarter ended July 30, 2016.

Jerry Storch, Chief Executive Officer, HBC commented, "During the second quarter, we continued to innovate and to execute our strategy, which we believe differentiates us from other retailers. Our results reflect our diversification across both geography and retail concepts. DSG had solid performance during the quarter led by the ongoing strength of Hudson's Bay in Canada. HBC Europe performed well amidst an increasingly tumultuous geo-political environment. Saks Fifth Avenue improved considerably despite the continued decline in tourism. At Saks OFF 5TH, as discussed last quarter, we significantly reduced promotional activity compared to the prior year, which has increased margins substantially while reducing sales. In addition, at Gilt, which is included in the HBC Off Price business and is a major component of our digital comparisons, we enhanced the return policy. We believe this liberalized policy will enable us to forge longer and stronger relationships with our customers over the long term but will reduce reported net comparable sales in the short term. These two dynamics at HBC Off Price reduced comparable sales in the quarter, but we believe they are the right things to do and we continue to be excited about growth prospects at both Saks OFF 5TH and across all of our digital platforms. As we look to the second half of the year, we expect the execution of our all-channel strategy combined with overall improvements in the retail environment to drive comparable sales growth."

For the quarter beginning May 1, 2016 and ending July 30, 2016⁽¹⁾

- | Consolidated comparable sales increase of 1.9%
- | On a constant currency basis, consolidated comparable sales decrease of 1.3%
 - | DSG comparable sales increase of 1.1%
 - | HBC Off Price (Saks OFF 5TH and Gilt) comparable sales decrease of 11.4%, cycling against an increase of 12.7% reported in the prior year
 - | Saks Fifth Avenue comparable sales decrease of 1.3%
 - | HBC Europe (GALERIA Kaufhof, Galeria INNO and Sportarena) comparable sales decrease of 0.9%
- | Total Digital Sales increase of 1.4% on a constant currency comparable basis. Excluding HBC Off Price, total Digital Sales increase of 17.3% on a constant currency comparable basis.

(1) For the definition of comparable sales results expressed on a constant currency comparable basis, see "Non-IFRS Measures" below.

HBC intends to announce full financial results for the quarter ended July 30, 2016 after the market closes on September 6, 2016. Richard Baker, Governor and Executive Chairman, Jerry Storch, Chief Executive Officer, and Paul Beesley, Chief Financial Officer, will discuss financial results and other matters during a conference call on September 7, 2016 at 8:30 AM EST.

The conference call will be accessible by calling the participant operator assisted toll-free dial-in number (800) 535-7056 or international dial-in number (253) 237-1145. A live webcast of the conference call will be accessible on HBC's website at: <http://investor.hbc.com/events.cfm>. The audio replay also will be available via this link.

Non-IFRS Measures

This press release makes reference to certain comparable financial results expressed on a constant currency basis, including comparable sales and comparable digital sales. The Company calculates comparable sales on a year-over-year basis from stores operating for at least 13 months and includes digital sales and clearance store sales. Stores undergoing remodeling remain in the comparable sales calculation base unless the store is closed for a significant period of time. In calculating the comparable sales change, including Digital Sales, on a constant currency basis, prior year foreign exchange rates are applied to both current year and prior year comparable sales. Additionally, where an acquisition closed in the previous twelve months, comparable sales change on a constant currency basis incorporate results from the pre-acquisition period. This enhances the ability to compare underlying sales trends by excluding the impact of foreign currency exchange rate fluctuations as well as by reflecting new acquisitions. Definitions and calculations of comparable sales differ among companies in the retail industry. The Company notes that results from acquisitions are only incorporated in the Company's reported consolidated financial results from and after the acquisition date.

About Hudson's Bay Company

Hudson's Bay Company is one of the fastest-growing department store retailers in the world, based on its successful formula of driving the performance of high quality stores and their all-channel offerings, unlocking the value of real estate holdings and growing through acquisitions. Founded in 1670, HBC is the oldest company in North America. HBC's portfolio today includes ten banners, in formats ranging from luxury to premium department stores to off-price fashion shopping destinations, with more than 460 stores and 66,000 employees around the world.

In North America, HBC's leading banners include Hudson's Bay, Lord & Taylor, Saks Fifth Avenue, Gilt, and Saks OFF 5TH, along with Find @ Lord & Taylor and Home Outfitters. In Europe, its banners include GALERIA Kaufhof, the largest department store group in Germany, Belgium's only department store group Galeria INNO, as well as Sportarena.

HBC has significant investments in real estate joint ventures. It has partnered with Simon Property Group Inc. in the HBS Global Properties Joint Venture, which owns properties in the United States and Germany. In Canada, it has partnered with RioCan Real Estate Investment Trust in the RioCan-HBC Joint Venture.

Forward-Looking Statements

Certain statements made in this news release are forward-looking within the meaning of applicable securities laws, including with respect to HBC's execution of its all-channel strategy, benefits of diversification across both geography and retail concepts, expectations for HBC Off Price, benefits of reduced promotional activity at OFF 5TH and an enhanced return policy at Gilt, and expectations for improvements in the retail environment to drive comparable sales growth in the second half of Fiscal 2016. Often but not always, forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology.

Although HBC believes that the forward-looking statements in this news release are based on information and assumptions that are current, reasonable and complete, these statements are by their nature subject to a number of factors that could cause actual results to differ materially from management's expectations and plans as set forth in such forward-looking statements for a variety of reasons. Some of the factors - many of which are beyond our control and the effects of which can be difficult to predict - including, among others the ability of HBC to build its digital capabilities and further integrate its brick and mortar and e-commerce businesses.

HBC cautions that the foregoing list of important factors and assumptions is not exhaustive and other factors could also adversely affect its results. For more information on the risks, uncertainties and assumptions that could cause HBC's actual results to differ from current expectations, please refer to the "Risk Factors" section of HBC's annual information form dated April 28, 2016, as well as HBC's other public filings, available at www.sedar.com and at www.hbc.com.

The forward-looking statements contained in this news release describe HBC's expectations at the date of this news release and, accordingly, are subject to change after such date. Except as may be required by applicable Canadian securities laws, HBC does not undertake any obligation to update or revise any forward-looking statements contained in this news release, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on these forward-looking statements.

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Hudson's Bay Company

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