



April 4, 2017

Hudson's Bay Company Reports Fourth Quarter and Fiscal 2016 Financial Results

- | **Fourth Quarter retail sales increased 2.5% to \$4.6 billion**
- | **Fourth Quarter comparable digital sales increased 13.3% on a constant currency basis, up 20.9% at HBC's department store banners**
- | **Fourth Quarter Adjusted EBITDAR of \$564 million and Adjusted EBITDA of \$404 million**
- | **Full year Adjusted EBITDAR and Adjusted EBITDA consistent with recent guidance**
- | **Fourth Quarter net loss of \$152 million, which includes a one-time non-cash goodwill impairment charge of \$116 million; Prior year quarter included \$333 million in net gains related to the sale of investments in joint ventures, which contributed to net earnings of \$370 million in that period**
- | **\$75 million in annualized savings expected from initiative announced as part of the Company's ongoing comprehensive operational review**

TORONTO & NEW YORK & COLOGNE, Germany--(BUSINESS WIRE)-- Hudson's Bay Company ("HBC" or the "Company") (TSX: [HBC](#)) today announced its fourth quarter financial results for the thirteen and fifty-two week periods ended January 28, 2017. Unless otherwise indicated, all amounts are expressed in Canadian dollars. Certain metrics, including those expressed on an adjusted, normalized, comparable and/or constant currency basis, are non-IFRS financial measures (for more information please refer to the "Supplemental Information" section of this press release and the reconciliation tables further below).

"In 2016 we took important steps to position all of our businesses for industry leadership. Our team remains focused on our all-channel model, anticipating our customers' evolving needs and adapting to our customers' expectations both in store and online. We executed on the organic growth of our existing store base and substantially increased our investment in digital. I am very proud of the hard work and dedication of all of our associates, who continue to focus on what matters most: our customers. We believe our winning model of combining world class real estate assets, which are less impacted by short-term trends, with our diverse retail businesses will continue to provide value for the Company and our shareholders." stated Richard Baker, HBC's Governor and Executive Chairman.

Jerry Storch, HBC's Chief Executive Officer, added, "The past year was a disruptive one for the retail industry. While the department store sector remains challenging, we are taking decisive action and making the tough decisions to ensure continued performance should the current environment persist. We are cutting expenses, rationalizing and reallocating our capital spending, strengthening our balance sheet, and taking other necessary actions. Rest assured, as we remain focused on the continued growth of our Company, we are aggressively positioning HBC to adapt to the changing retail environment."

Key actions:

- | **Cutting expenses:** Recently announced efficiency measures are expected to save \$75 million on an annualized basis, and management continues to work diligently to reduce overhead further and generate additional savings while continuing to focus on our customers. HBC is currently engaged in a cross-banner review of productivity enhancements designed to make improvements in the Company's operating model and to optimizing in-store operations, and expects to provide additional details on the progress of these initiatives in due course.
- | **Rationalizing and reallocating capital spend:** Net capital investments in Fiscal 2017 are expected to be between \$450 million and \$550 million, approximately \$150 million less than Fiscal 2016. The Company's capital investments in Fiscal 2017 will focus on in-progress and expected high-return projects, including growth in Europe and ongoing renovation programs across the world.
- | **Strengthening the balance sheet:** HBC took advantage of favourable lending conditions during the year to refinance its mortgage on the Lord & Taylor flagship and reduce the interest rate on its term loan. The Company ended the year with approximately the same amount of total debt on its balance sheet as at the beginning of Fiscal 2016.
- | **Other actions:** As part of the ongoing review of the businesses, the Company took the necessary step of writing

down the goodwill associated with HBC's Off Price business, though management still believes that both Saks OFF 5TH and Gilt have strong strategies in place with potential to generate long term profitable growth. In addition to focusing on a more elevated merchandise mix at Saks OFF 5TH, the Company expects to combine the inventory at Saks OFF 5TH and Gilt by the end of the year, allowing Saks OFF 5TH merchandise to be sold online through Gilt. At Hudson's Bay and Lord & Taylor, the Company is growing key product categories such as active, dress and home. Initiatives in Europe include new brand additions and merchandising improvements at GALERIA Kaufhof, as well as the introduction of Saks OFF 5TH and Hudson's Bay. Finally, Saks Fifth Avenue is expected to benefit from ongoing growth of digital and the introduction of buy online pickup in store later in the fall.

Fourth Quarter Summary

All comparative figures below are for the thirteen week period ended January 28, 2017 compared to the thirteen week period ended January 30, 2016. DSG refers, collectively, to the Lord & Taylor, Hudson's Bay and Home Outfitters banners. HBC Europe refers, collectively, to the GALERIA Kaufhof, Galeria INNO and Sportarena banners. HBC Off Price refers, collectively, to the Saks Fifth Avenue OFF 5TH ("Saks OFF 5TH") and Gilt banners.

HBC has now anniversaried the acquisition of HBC Europe, as well as the formation of the real estate joint ventures. Accordingly, reported results for the fourth quarter are largely comparable to the previous year, excluding the impact of the Gilt acquisition which closed on February 1, 2016, the beginning of Fiscal 2016.

Retail sales were \$4,600 million, an increase of \$114 million, or 2.5%, from the prior year. The increase was primarily driven by the addition of Gilt, which generated \$177 million in sales during the quarter, as well as the addition of five Saks Fifth Avenue and 32 Saks OFF 5TH stores, which contributed a total of \$123 million in sales during the quarter. These additions were partially offset by the combination of a negative \$110 million foreign exchange impact on the translation of U.S. dollar and Euro denominated sales and lower comparable sales of approximately \$42 million at the Company as a whole.

On a constant currency basis, comparable sales grew by 0.6% at DSG and 0.1% at Saks Fifth Avenue, offset by declines of 2.0% at HBC Europe and 5.9% at HBC Off Price, resulting in an overall consolidated comparable sales decline of 1.2%. Comparable sales during the quarter were impacted by a highly promotional environment across HBC's markets. Additionally, sales at Gilt continue to be impacted by lower traffic, while Saks OFF 5TH has experienced lower sales driven in part by the decision to introduce more moderately priced apparel during Fiscal 2016. Saks OFF 5TH is in the process of re-merchandising its product mix to have a higher concentration of products at the top end of its offering range, which is expected to drive increased traffic and conversion as well as a higher overall basket size. This updated product mix is expected to be fully implemented by the third quarter of Fiscal 2017.

Digital sales increased by 52.8% from the prior year, and comparable digital sales on a constant currency basis increased by 13.3%. Excluding Gilt, comparable digital sales on a constant currency basis increased by 20.9%, reflecting the Company's continued strategic focus on growing this channel.

For HBC overall, gross profit¹ as a percentage of retail sales was 40.2%, which improved by 50 basis points compared to the prior year. After adjusting for the \$69 million impact associated with the amortization of inventory related purchase accounting adjustments in the prior year, gross profit as a percentage of retail sales declined by 110 basis points. Reduced gross profit rates were the result of lower gross margins realized in the majority of HBC banners, largely driven by the highly promotional environment experienced during the quarter.

SG&A expenses were \$1,669 million compared to \$1,499 million in the prior year. The increase is primarily attributable to non-cash impairment charges of \$150 million and the addition of Gilt, which added \$77 million in SG&A during the quarter, as well as a reduction in the Company's ownership in its real estate joint ventures, which resulted in a \$10 million increase in net rent expense. Moreover, the shift to digital sales from traditional in-store sales during the quarter further contributed to higher SG&A expenses as a result of higher fulfillment costs. Profit margins on digital sales are expected to improve over time, as the Company continues to invest in its digital supply chain, reduces expenses related to its digital operations and introduces store centric all-channel delivery options.

These SG&A expense increases were partially offset by a decrease in non-recurring charges of \$52 million, a \$43 million favourable foreign exchange impact related to the translation of U.S. dollar and Euro denominated SG&A expenses.

Fourth quarter results include a non-cash goodwill impairment charge of \$116 million related to HBC Off Price. This charge was driven by recent sales weakness at Gilt and Saks OFF 5TH as described above, which resulted in management prudently lowering its future earnings expectations as compared to initial internal estimates.

Notwithstanding this charge, management continues to believe that both Saks OFF 5TH and Gilt have strong strategies in place with the potential to generate long term profitable growth for the Company. The acquisition of Gilt continues to provide

HBC with best in class digital capabilities and a strong online presence with the millennial audience. The Company expects to combine the inventory at Saks OFF 5TH and Gilt by the end of the year, allowing Saks OFF 5TH merchandise to be sold online through Gilt. To improve the customer experience at HBC Off Price, the Company is working on a number of other initiatives, including: expanded brand partnerships; refocusing on higher end core offerings; and, the ongoing roll out of technology enhancements related to enhanced website navigation, personalization and delivery options.

Adjusted SG&A¹ expenses were \$1,442 million or 31.3% of retail sales, compared to \$1,372 million or 30.6% in the prior year. The increase in SG&A expenses is primarily attributable to the addition of Gilt, the reduction in the Company's ownership in its real estate joint ventures, and the shift of in-store sales to online sales as described above. Partially offsetting this increase was a favourable foreign exchange impact of \$38 million related to the translation of U.S. dollar and Euro-denominated SG&A expenses. These factors, combined with the impacts associated with lower than expected comparable sales, resulted in an increased SG&A expense rate.

Adjusted EBITDAR¹ was \$564 million, a decrease of 9.9% compared to \$626 million in the prior year. The decline in Adjusted EBITDAR¹ can be primarily attributed to an increase in Adjusted SG&A¹ expenses as discussed above, combined with relatively flat gross profit dollars after excluding the impacts of purchase price accounting adjustments in the prior year.

Adjusted EBITDA¹ was \$404 million, a decrease of \$51 million compared to \$455 million in the prior year. This decline is largely consistent with the decline in Adjusted EBITDAR¹, offset by a smaller cash impact from the Company's joint ventures resulting from the distribution during the quarter of excess funds that had been reserved to pay taxes in Germany. HBS Global Properties expects to begin paying cash taxes in 2018, and will set aside approximately EUR 1.5 million per month beginning in July of 2017 for future amounts owed.

Net loss was \$152 million compared to net earnings of \$370 million in the prior year. This loss was driven in part by the impairment charges described above which had a combined after tax impact of \$136 million. Additionally, prior year earnings included net of tax gains of \$333 million on the sale of investments in the joint ventures and \$27 million on contribution of assets to the joint ventures. Normalized Net Earnings¹ were \$2 million compared to \$145 million in the prior year. This decrease is primarily a result of higher Adjusted SG&A¹, as described above, as well as increased depreciation and amortization expenses.

During the quarter the Company completed its purchase price allocation for Gilt. This included finalization of the amortization methodology related to customer lists. As a result, amortization expense in the quarter reflects a cumulative adjustment of approximately \$37 million.

Finance costs were \$43 million compared to \$60 million in the prior year. This decrease was largely driven by a \$32 million reduction in the write-off of deferred financing costs compared to the prior year, during which the Company repaid U.S. \$585 million on its term loan. This reduction was partially offset by lower non-cash finance income generated from mark-to-market adjustments associated with the valuation of outstanding common share purchase warrants. Interest paid in cash was \$46 million compared to \$40 million in the prior year.

Note:
1 These performance metrics have been identified by the Company as Non-IFRS measures. For the relevant definitions, please refer to the "Non-IFRS Measures" section of this release.

Year-to-Date Summary

All comparative figures below are for the fifty-two week period ended January 28, 2017 compared to the fifty-two week period ended January 30, 2016.

Retail sales were \$14.5 billion, an increase of 29.5% from the prior year. Approximately \$3 billion of this increase is related to the addition of HBC Europe and Gilt during the year. The remainder of the increase has been driven by the opening of five Saks Fifth Avenue and 32 Saks OFF 5TH stores during the year which contributed \$320 million in sales. There was also an additional \$26 million positive foreign exchange impact on the translation of U.S. dollar and Euro denominated sales. These positive sales impacts were partially offset by lower overall comparable sales of approximately \$164 million.

Consolidated comparable sales at the Company decreased by 0.7%. On a constant currency basis, comparable sales grew 0.4% at DSG, offset by declines of 1.2% at HBC Europe, 2.8% at Saks Fifth Avenue, and 7.4% at HBC Off Price, resulting in an overall consolidated comparable sales decline of 1.7%. Comparable sales during the year were impacted by a highly promotional environment across HBC's markets. Additionally, sales at Gilt continue to be under pressure, while Saks OFF 5TH has experienced lower sales driven in part by the decision to introduce more moderately priced apparel during Fiscal

2016.

Digital sales increased by 69.6% from the prior year, and comparable digital sales on a constant currency basis increased by 8.1%. Excluding Gilt, comparable digital sales on a constant currency basis increased by 16.6%.

For HBC overall, gross profit¹ as a percentage of retail sales was 41.3%, an increase of 80 basis points from the prior year. This increase was primarily related to the addition of HBC Europe, which operates at relatively higher gross margin and SG&A rates. The positive impact associated with HBC Europe was offset by lower realized gross margins at the majority of HBC's other banners.

SG&A expenses were \$5,692 million compared to \$4,066 million in the prior year, primarily as a result of the addition of HBC Europe and Gilt, which drove approximately \$1.5 billion of this increase. Additionally, non-cash impairment charges increased by \$174 million, which includes impairment on goodwill as described above, and net rent expense related to the Company's joint ventures increased by \$127 million. These increases were partially offset by gains on sale of assets of \$33 million, a decline in other non-recurring expenses of \$19 million, an \$11 million favorable exchange rate impact related to the translation of U.S. dollar and Euro denominated SG&A expenses.

Adjusted SG&A¹ expenses were \$5,275 million or 36.5% of retail sales, compared to 33.9% in the prior year. This rate increase was primarily driven by the addition of HBC Europe and Gilt as discussed above, as well as lower comparable sales at the Company as a whole. The impact of net rent expense to the joint ventures was \$164 million for the fifty-two week period ended January 28, 2017, compared to \$37 million for the fifty-two week period ended January 30, 2016. Adjusting for this impact, Adjusted SG&A¹ as a percentage of retail sales is 35.4% for the fifty-two week period ended January 28, 2017 compared to 33.5% for the fifty-two week period ended January 30, 2016.

Adjusted EBITDAR¹ was \$1,353 million, an increase of 12.8% compared to \$1,200 million in the prior year, primarily as a result of the increase in gross profit dollars compared to the prior year offset by an increase in Adjusted SG&A¹ expenses as discussed above.

Adjusted EBITDA¹ was \$636 million, compared to \$781 million in the prior year. The joint ventures had a \$227 million impact on Adjusted EBITDA¹ in Fiscal 2016, compared to a \$76 million impact in the prior year. This increased joint venture impact, plus the rent expense associated with addition of HBC Europe and Gilt, drove the majority of the decline in Adjusted EBITDA¹ relative to Adjusted EBITDAR¹.

Net loss was \$516 million compared to net earnings of \$387 million in the prior year. Prior year earnings include total after tax gains of \$565 million related to the joint ventures, compared to \$44 million in the current year. Fiscal 2016 earnings also include after tax impairment expenses of \$150 million compared to nothing in the prior year. Normalized Net Loss¹ was \$313 million compared to earnings of \$55 million in the prior year, primarily driven by lower Adjusted EBITDA¹, the non-cash goodwill impairment charge outlined above, as well as increased depreciation and amortization expense.

Finance costs were \$192 million compared to \$188 million in the prior year. The majority of this increase is related to higher interest expense related to the Company's finance leases and pension and employee liabilities acquired as part of the GALERIA Kaufhof transaction, offset by a reduction in the write-off of deferred financing costs. Interest paid in cash was \$173 million, a \$26 million increase over the prior year.

Note:
1 These performance metrics have been identified by the Company as Non-IFRS measures. For the relevant definitions, please refer to the "Non-IFRS Measures" section of this release.

Inventory

Inventory at the end of the fourth quarter decreased by \$28 million compared to the prior year. This decrease was driven by foreign exchange movements and lower overall inventory at Saks Fifth Avenue, despite the opening of new stores. These decreases were partially offset by the acquisition of Gilt and slightly higher inventories at HBC Europe, Saks OFF 5TH and DSG. The increase in inventory at Saks OFF 5TH was driven predominantly by the opening of new stores.

Store Network

During the fourth quarter, the Company opened one Saks Fifth Avenue store in Miami, Florida, as well as one Saks OFF 5TH store in Braintree, Massachusetts. The Company closed two Saks OFF 5TH stores located in Folsom, California and

Kansas City, Kansas, one GALERIA Kaufhof store in Karlsruhe, Germany and three Home Outfitters stores located in Calgary, Alberta; Edmonton, Alberta and Langford, British Columbia.

<u>Store information as at January 28, 2017</u>	<u>Store Count⁽¹⁾</u>	<u>Gross Leasable Area ⁽¹⁾ / Square Footage (000s)</u>
Hudson's Bay	90	15,834
Lord & Taylor	50	6,898
Saks Fifth Avenue	41	5,148
Saks OFF 5TH	117	3,491
Home Outfitters	53	1,864
HBC Europe	129	28,566
Total	<u>480</u>	<u>61,801</u>

(1) HBC operates one Find @ Lord & Taylor store, one Hudson's Bay outlet, two Zellers clearance centres and two Lord & Taylor outlets that are excluded from the store count and gross leasable area.

Capital Investments

Capital investments, net of landlord incentives, during the fourth quarter totaled \$165 million, compared to \$116 million in the prior year. During the quarter the Company opened one Saks OFF 5TH store and one Saks Fifth Avenue store, both in the U.S. Additionally, the Company completed the renovation of its Garden City Lord & Taylor store, began work on its Hudson's Bay store in Quebec City, and signed an agreement to install robotic fulfillment technology in its Pottsville, Pennsylvania distribution centre. In Europe, HBC completed work on Germany's first Top Shop store within a store concept at the GALERIA Kaufhof in Berlin, and made progress on its renovation program at its Düsseldorf and Frankfurt stores. Work also continued on the major renovation at the Saks Fifth Avenue flagship store on 5th Avenue in New York.

The Company is dedicated to prudent capital management, and given the current retail environment, is focusing its capital investment program on in-progress and expected high-return projects. HBC currently expects total capital investments in Fiscal 2017, net of landlord incentives, to be between \$450 million and \$550 million. Gross capital investment is expected to be between \$1,025 million and \$1,125 million. Of this gross amount, approximately \$800 million is related to growth initiatives, with the remainder allocated towards maintenance projects. The Company remains focused on creating a best in class all-channel shopping experience, and will continue to invest in growth initiatives. This includes the Company's expansion of its Hudson's Bay banner into the Netherlands, the ongoing renovation of its Aachen, Düsseldorf, and Frankfurt stores in Germany, and the installation of automated fulfillment technology at the Pottsville distribution centre. Other areas of focus include store renovations in North America, the continued expansion of Saks OFF 5TH in the U.S., Canada and Germany, as well as the build out of increased all-channel capabilities both online and in-store for Fiscal 2017.

The above capital investment expectations reflect exchange rate assumptions of USD:CAD = 1:1.34 and EUR:CAD = 1:1.43. Any variation in these foreign exchange rate assumptions and/or other material assumptions and factors described in the "Forward-Looking Statements" section of this press release could impact the above outlook.

Debt Summary

As at January 28, 2017, the Company had the following outstanding loans and borrowings on its balance sheet (refer to note 14 of the consolidated financial statements for the year ended January 28, 2017):

<u>(millions of Canadian dollars, unless otherwise noted)</u>	<u>TOTAL (\$)</u>	<u>CAD (\$)</u>	<u>USD (\$)</u>	<u>EUR (€)</u>
Global ABL	434	45	296	—
U.S. Term Loan B	657	—	500	—
Lord & Taylor Mortgage	523	—	398	—
Saks Mortgage	1,642	—	1,250	—
Other loans	7	—	6	—
Total Outstanding Loans and Borrowings	<u>3,263</u>	<u>45</u>	<u>2,450</u>	<u>—</u>

Conference Call to Discuss Results

Richard Baker, HBC's Governor and Executive Chairman, Jerry Storch, HBC's Chief Executive Officer, and Paul Beesley, HBC's Chief Financial Officer, will discuss the fourth quarter financial results and other matters during a conference call on April 5, 2017 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.

Consolidated Financial Statements and Management's Discussion and Analysis

The Company's consolidated financial statements for the year ended January 28, 2017 and Management's Discussion and Analysis ("MD&A") thereon are available under the Company's profile on SEDAR at www.sedar.com.

Consolidated Financial Information

The following tables set out summary consolidated financial information and supplemental information for the periods indicated. The summary financial information set out below for the quarters ended January 28, 2017 and January 30, 2016 has been prepared on a basis consistent with our audited annual consolidated financial statements for Fiscal 2016 and Fiscal 2015, respectively. In the opinion of the Company's management, such unaudited financial data reflects all adjustments, consisting of normal and recurring adjustments, necessary for a fair presentation of the results for those periods. The results of operations for interim periods are not necessarily indicative of the results to be expected for a full year or any future period. The information presented herein does not contain disclosures required by IFRS and should be read in conjunction with the Company's audited annual consolidated financial statements for Fiscal 2016.

CONSOLIDATED STATEMENTS OF (LOSS) EARNINGS

(millions of Canadian dollars, except per share amounts)

	Fiscal Quarter Ended		Fiscal Year	
	Jan 28, 2017	Jan 30, 2016	Jan 28, 2017	Jan 30, 2016
Retail sales	4,600	4,486	14,455	11,162
Cost of sales	(2,752)	(2,704)	(8,481)	(6,638)
Selling, general and administrative expenses	(1,669)	(1,499)	(5,692)	(4,066)
Depreciation and amortization	(219)	(149)	(695)	(460)
Gain on contribution of assets to joint ventures	—	35	—	168
Gain on sale of investments in joint ventures	—	516	45	516
Operating (loss) income	(40)	685	(368)	682
Finance costs, net	(43)	(60)	(192)	(188)
Share of net loss in joint ventures	(54)	(68)	(158)	(139)
Dilution gains from investments in joint ventures	6	16	24	164
(Loss) earnings before income tax	(131)	573	(694)	519
Income tax (expense) benefit	(21)	(203)	178	(132)
Net (loss) earnings for the year	(152)	370	(516)	387
(Loss) earnings per common share				
Basic	(0.83)	2.03	(2.83)	2.13
Diluted	(0.83)	1.88	(2.83)	1.88

The following table shows additional summary supplemental information for the periods indicated:

	Fiscal Quarter Ended		Fiscal Year	
	Jan 28, 2017	Jan 30, 2016	Jan 28, 2017	Jan 30, 2016
Adjusted EBITDAR ⁽¹⁾	564	626	1,353	1,200
Adjusted EBITDA ⁽¹⁾	404	455	636	781
Adjusted SG&A ⁽¹⁾	1,442	1,372	5,275	3,779
Normalized net earnings (loss) for the period ⁽¹⁾	2	145	(313)	55
Normalized net earnings (loss) per Common Share — basic ⁽¹⁾	0.01	0.80	(1.72)	0.30
Normalized net earnings (loss) per Common Share — diluted ⁽¹⁾	0.01	0.79	(1.72)	0.30
Declared dividend per Common Share	0.05	0.05	0.20	0.20

(1) For a reconciliation of the non-IFRS measure to the corresponding reported measure, see tables in "Supplemental Information" in this press release and in the MD&A for the thirteen and fifty-two weeks ended January 28, 2017.

CONSOLIDATED BALANCE SHEETS

As at January 28, 2017 and January 30, 2016

(millions of Canadian dollars)

	January 28, 2017 (Fiscal 2016)	January 30, 2016 (Fiscal 2015) <i>restated</i> ⁽¹⁾
Assets		
Cash	122	507
Trade and other receivables	391	512
Inventories	3,376	3,404
Other current assets	176	194
Total current assets	4,065	4,617
Property, plant and equipment	5,284	5,156
Intangible assets and goodwill	1,786	1,779
Pensions and employee benefits	175	166
Deferred tax assets	301	253
Investments in joint ventures	581	658
Other assets	19	16
Total assets	12,211	12,645
Liabilities		
Loans and borrowings	418	451
Finance leases	24	25
Trade payables	1,653	1,494
Other payables and accrued liabilities	999	1,020
Deferred revenue	128	132
Provisions	167	153
Other liabilities	137	126
Total current liabilities	3,526	3,401
Loans and borrowings	2,744	2,729
Finance leases	499	502
Provisions	59	80
Pensions and employee benefits	662	681
Deferred tax liabilities	713	885
Investment in joint venture	9	27
Other liabilities	1,589	1,241
Total liabilities	9,801	9,546
Shareholders' equity		
Share capital	1,422	1,420
Retained earnings	477	1,029
Contributed surplus	117	86
Accumulated other comprehensive income	394	564
Total shareholders' equity	2,410	3,099
Total liabilities and shareholders' equity	12,211	12,645

(1) Subsequent to the acquisition of HBC Europe, the Company identified measurement period adjustments related to the acquisition based on new information relating primarily to inventories, intangible assets and provisions. Due to this change, certain previously reported figures have been restated. For more information, please refer to Note 5 of the Company's consolidated financial statements for the fifty-two week period ended January 28, 2017.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the 52 weeks ended January 28, 2017 and January 30, 2016

(millions of Canadian dollars)

	January 28, 2017 (Fiscal 2016)	January 30, 2016 (Fiscal 2015)
Operating activities		
Net (loss) earnings for the year	(516)	387
Income tax (benefit) expense	(178)	132
Dilution gains from investments in joint ventures	(24)	(164)
Share of net loss in joint ventures	158	139
Finance costs, net	192	188
Operating (loss) income	(368)	682
Net cash income taxes paid	(37)	(1)
Interest paid in cash	(173)	(147)
Distributions of earnings from joint ventures	221	114
Items not affecting cash flows:		
Depreciation and amortization	695	460
Impairment	174	—
Net defined benefit pension and employee benefits expense	19	17
Other operating activities	(24)	(11)
Share of rent expense to joint ventures	(367)	(188)
Gain on contribution of assets to joint ventures	—	(168)
Gain on sale of investments in joint ventures	(45)	(516)
Share based compensation	35	31
Settlement of share based compensation grants	(2)	(5)
Changes in operating working capital	184	(250)
Net cash inflow from operating activities	312	18
Investing activities		
Capital investments	(1,085)	(610)
Proceeds from landlord incentives	428	234
Capital investments less proceeds from landlord incentives	(657)	(376)
Proceeds from lease terminations and other non-capital landlord incentives	34	22
Proceeds from contribution of assets to joint ventures	—	1,134
Acquisition of Kaufhof, net of cash acquired	—	(745)
Investment in joint ventures	(10)	(299)
Proceeds on disposal of assets	85	—
Proceeds from sale of investments in joint ventures	65	712
Acquisition of Gilt Groupe Holdings Inc., net of cash acquired	(322)	—
Other investing activities	12	—
Net cash (outflow for) inflow from investing activities	(793)	448
Financing activities		
Long-term loans and borrowings:		
Issuance	522	1,453
Repayments	(328)	(1,626)
Borrowing costs	(16)	(60)
	178	(233)
Short-term loans and borrowings:		
Net (repayments) borrowings from asset-based credit facilities	(3)	158
Borrowing costs	(13)	—
Net decrease in other short-term borrowings	(2)	(2)
	(18)	156
Payments on finance leases	(35)	(25)
Dividends paid	(36)	(36)

Net cash inflow from (outflow for) financing activities	89	(138)
Foreign exchange gain on cash	<u>7</u>	<u>11</u>
(Decrease) increase in cash	(385)	339
Cash at beginning of year	507	168
Cash at end of year	122	507

Supplemental Information

The following table presents the reconciliation of net (loss) earnings to EBITDA, Adjusted EBITDA and to Adjusted EBITDAR:

(millions of Canadian dollars)	Fiscal Quarter Ended		Fiscal Year	
	January 28, 2017	January 30, 2016	2016	2015
	\$	\$	\$	\$
Net (loss) earnings for the period	(152)	370	(516)	387
Finance costs, net	43	60	192	188
Income tax expense (benefit)	21	203	(178)	132
Depreciation and amortization	<u>219</u>	<u>149</u>	<u>695</u>	<u>460</u>
EBITDA (1) (5)	131	782	193	1,167
Certain non-cash items ⁽²⁾	207	(492)	282	(665)
Normalization adjustments ⁽³⁾	68	189	224	318
Net rent expense to joint ventures ⁽⁴⁾	43	33	164	37
Cash rent to joint ventures	(114)	(112)	(448)	(190)
Cash distributions from joint ventures	<u>69</u>	<u>55</u>	<u>221</u>	<u>114</u>
Total adjustments	273	(327)	443	(386)
Adjusted EBITDA (5)	404	455	636	781
Rent adjustments				
Third party rent expense ⁽⁶⁾	115	114	490	343
Cash rent to joint ventures	114	112	448	190
Cash distributions from joint ventures	<u>(69)</u>	<u>(55)</u>	<u>(221)</u>	<u>(114)</u>
Adjusted EBITDAR (5)	564	626	1,353	1,200

Notes:

(1) EBITDA as previously reported has been redefined to exclude the add back for 'Certain non-cash items'. These add backs are summarized in footnote 2 and are now included as part of the adjustments to calculate Adjusted EBITDA. See the definition of EBITDA in the 'Non-IFRS measures' section of this release.

(2) Certain non-cash items consist of:

Share of net loss in joint ventures	54	68	158	139
Gain on sale of investments in joint ventures	—	(516)	(45)	(516)
Gain on contribution of assets to joint ventures	—	(35)	—	(168)
Dilution gains from investments in joint ventures ⁽ⁱ⁾	(6)	(16)	(24)	(164)
Non-cash pension expense	(4)	(3)	19	17
Impairment and other non-cash items ⁽ⁱⁱ⁾	145	5	129	5
Share based compensation	<u>18</u>	<u>5</u>	<u>45</u>	<u>22</u>
	207	(492)	282	(665)

(i) Represents gains realized as a result of the changes in ownership related to the Company's investments in the joint ventures.

(ii) Includes impairment expenses of \$150 million and \$174 million for the thirteen and fifty-two week periods ended January

28, 2017, respectively, and gain on the sale of the Company's leasehold interest in a Saks Fifth Avenue store at Short Hills mall in New Jersey during the third quarter of Fiscal 2016 of \$25 million.

(3) Normalization adjustments consist of:

Acquisition and integration related expenses ⁽ⁱ⁾	10	32	51	133
Lease guarantee provision ⁽ⁱⁱ⁾	(2)	—	12	—
Joint ventures transaction costs	—	11	—	46
Amortization of inventory purchase price accounting adjustments	—	69	—	75
Home Outfitters onerous lease provision	—	2	—	2
Foreign exchange adjustment ⁽ⁱⁱⁱ⁾	21	51	29	4
Restructuring ^(iv)	17	14	64	48
Credit card chargeback expense ^(v)	2	—	13	—
European expansion ^(vi)	20	—	28	—
Other ^(vii)	—	10	27	10
	<u>68</u>	<u>189</u>	<u>224</u>	<u>318</u>

(i) Includes acquisition and integration expenses related to the acquisitions of Saks, Kaufhof and Gilt.

(ii) Represents the Company's expected share of costs associated with default on subleases guaranteed by the Company.

(iii) Represents the impact of unrealized gains/losses related to the translation of U.S. dollar and Euro denominated monetary asset and liability balances related to the overall tax and legal structure of the Company.

(iv) Restructuring includes preliminary costs associated with programs initiated by HBC Europe to optimize operating efficiencies and additional costs associated with the North American realignment program announced in the third quarter of Fiscal 2015.

(v) Represents additional non-recurring credit card chargeback expenses attributed to industry legal liability changes effective October 2015.

(vi) Includes one-time start-up and expansion costs related to HBC Europe's opening of Hudson's Bay and Saks OFF 5TH stores in the Netherlands and Germany.

(vii) Primarily represents duplicative costs associated with the U.S. office consolidation of \$5 million and \$42 million for the thirteen and fifty-two week periods ended January 28, 2017, respectively, offset by other smaller items totaling a net of \$2 million and \$4 million for the thirteen and fifty-two week periods ended January 28, 2017 respectively, and share based compensation expense adjustment of \$3 million and \$11 million for the thirteen and fifty-two week periods ended January 28, 2017 (see note 19 to the Company's audited consolidated financial statements for the fifty-two week period ended January 28, 2017).

(4) Rent expense to the joint ventures net of reclassification of rental income related to the Company's ownership interest in the joint ventures (see note 13 to the Company's audited consolidated financial statements for the fifty-two week period ended January 28, 2017).

(5) These performance metrics have been identified by the Company as Non-IFRS measures. For the relevant definitions, please refer to the "Non-IFRS Measures" section of this release.

(6) Previously included rent expense related to leases at Home Outfitters that have been classified as onerous lease contracts. As of the second quarter of Fiscal 2016, amounts related to these onerous lease contracts have been removed and any previously reported amounts impacted by this adjustment have been restated.

The following table presents the reconciliation of SG&A to Adjusted SG&A:

(millions of Canadian dollars)	Fiscal Quarter Ended		Fiscal Year	
	January 28, 2017	January 30, 2016	2016	2015
	\$	\$	\$	\$
SG&A	1,669	1,499	5,692	4,066
Certain non-cash items ⁽¹⁾	(159)	(7)	(193)	(44)
Normalization adjustments ⁽²⁾	(68)	(120)	(224)	(243)
Total adjustments	<u>(227)</u>	<u>(127)</u>	<u>(417)</u>	<u>(287)</u>
Adjusted SG&A ⁽³⁾	1,442	1,372	5,275	3,779
Adjusted SG&A as a percentage of retail sales	31.3%	30.6%	36.5%	33.9%

Notes:

(1) Certain non-cash items consist of:

Non-cash pension expense	4	3	(19)	(17)
Impairment and other non-cash items ⁽ⁱ⁾	(145)	(5)	(129)	(5)
Share based compensation	<u>(18)</u>	<u>(5)</u>	<u>(45)</u>	<u>(22)</u>
	(159)	(7)	(193)	(44)

(i) For details refer to footnote 2 to the reconciliation of net (loss) earnings to EBITDA, Adjusted EBITDA and to Adjusted EBITDAR table above.

(2) Normalization adjustments consist of:

Acquisition and integration related expenses ⁽ⁱ⁾	(10)	(32)	(51)	(133)
Lease guarantee provision ⁽ⁱ⁾	2	—	(12)	—
Joint ventures transaction costs	—	(11)	—	(46)
Home Outfitters onerous lease provision	—	(2)	—	(2)
Foreign exchange adjustment ⁽ⁱ⁾	(21)	(51)	(29)	(4)
Restructuring ⁽ⁱ⁾	(17)	(14)	(64)	(48)
Credit card chargeback expense ⁽ⁱ⁾	(2)	—	(13)	—
European expansion	(20)	—	(28)	—
Other ⁽ⁱ⁾	<u>—</u>	<u>(10)</u>	<u>(27)</u>	<u>(10)</u>
	(68)	(120)	(224)	(243)

(i) For details refer to footnote 3 to the reconciliation of net (loss) earnings to EBITDA, Adjusted EBITDA and to Adjusted EBITDAR table above.

(3) This performance metric has been identified by the Company as a Non-IFRS measure. For the relevant definition, please refer to the "Non-IFRS Measures" section of this release.

The following table presents the reconciliation of net (loss) earnings to Normalized net earnings (loss):

(millions of Canadian dollars)	Fiscal Quarter Ended		Fiscal Year	
	January 28, 2017	January 30, 2016	2016	2015
	\$	\$	\$	\$
Net (loss) earnings for the period	(152)	370	(516)	387
Certain non-cash items ⁽¹⁾	113	(367)	72	(565)
Normalization adjustments ⁽²⁾	38	105	131	184
Financing related adjustments	(1)	24	1	37
Adjustments to share of net loss in joint ventures ⁽³⁾	4	13	(1)	32
Tax related adjustments	<u>—</u>	<u>—</u>	<u>—</u>	<u>(20)</u>
Total adjustments ⁽⁴⁾	154	(225)	203	(332)
Normalized net earnings (loss) ⁽⁵⁾	2	145	(313)	55

Notes:

(1) Certain non-cash items consist of:

Impairment of goodwill	116	—	116	—
Gain on contribution of assets to joint ventures	—	(27)	—	(134)
Gain on sale of investments in joint ventures	—	(333)	(28)	(333)
Dilution gains from investments in joint ventures	<u>(3)</u>	<u>(7)</u>	<u>(16)</u>	<u>(98)</u>

(2) Normalization adjustments consist of:

Acquisition and integration related expenses and finance costs ⁽ⁱ⁾	(4)	(2)	10	73
Joint ventures transaction costs	—	8	—	31
Restructuring ⁽ⁱⁱ⁾	11	9	43	30
Amortization of inventory purchase price accounting adjustments	—	49	—	53
Home Outfitters onerous lease provision	—	1	—	1
Foreign exchange adjustment ⁽ⁱⁱⁱ⁾	16	35	26	(9)
Lease guarantee provision ^(iv)	(1)	—	9	—
Credit card chargeback expense ^(v)	1	—	8	—
European expansion ^(vi)	15	—	19	—
Other ^(vii)	—	5	16	5
	<u>38</u>	<u>105</u>	<u>131</u>	<u>184</u>

(i) Includes acquisition and integration expenses related to the acquisitions of Saks, Kaufhof and Gilt. In addition, includes the recognition of non-cash finance income related to Common Share purchase warrants of \$11 million and \$26 million for the thirteen and fifty-two week periods ended January 28, 2017, respectively (the thirteen and fifty-two week periods ended January 30, 2016: \$25 million and \$37 million, respectively).

(ii) Restructuring includes preliminary expected costs associated with programs initiated by HBC Europe to optimize operating efficiencies and additional costs associated with the North American realignment program announced in the third quarter of Fiscal 2015.

(iii) Represents the impact of unrealized losses (gains) on the translation of U.S. dollar and Euro denominated monetary asset and liability balances related to the overall tax and legal structure of the Company.

(iv) Represents the Company's expected share of costs associated with default on subleases guaranteed by the Company.

(v) Represents additional non-recurring credit card chargeback expenses attributed to industry legal liability changes effective October 2015.

(vi) Includes one-time start-up and expansion costs related to HBC Europe's opening of Hudson's Bay and Saks OFF 5TH stores in the Netherlands and Germany.

(vii) Primarily represents duplicative costs associated with the U.S. office consolidation of \$3 million and \$25 million for the thirteen and fifty-two week periods ended January 28, 2017, respectively, offset by other smaller items totaling \$2 million for the thirteen and fifty-two week periods ended January 28, 2017, respectively, and share based compensation expense adjustment of \$1 million and \$7 million for the thirteen and fifty-two week periods ended January 28, 2017, respectively (see note 19 to the Company's audited consolidated financial statements for the fifty-two week period ended January 28, 2017).

(3) Relates to the Company's share of net non-recurring items incurred by HBS Global Properties.

(4) All adjustments are tax-effected as appropriate.

(5) This performance metric has been identified by the Company as a Non-IFRS measure. For the relevant definition, please refer to the "Non-IFRS Measures" section of this release.

Non-IFRS Measures

Gross profit, EBITDA, Adjusted EBITDA, Adjusted EBITDAR, Normalized net earnings (loss) and Adjusted SG&A are non-IFRS measures that the Company uses to assess its operating performance. Gross profit is defined as retail sales less cost of sales. EBITDA is defined as net earnings (loss) before net finance costs, income tax expense (benefit) and depreciation and amortization expense. EBITDA as previously reported has now been defined to exclude the add back for 'certain non-cash items'. These add backs are summarized below and in note 2 to the reconciliation of net earnings (loss) to EBITDA, Adjusted EBITDA and Adjusted EBITDAR in the "Supplemental Information" section of this press release. As a result of this change, previous references to EBITDA have been updated to conform to this basis.

EBITDAR is defined as EBITDA before rent expense to third parties and net rent expense to joint ventures.

Adjusted EBITDA is defined as EBITDA adjusted to exclude: (A) certain non-cash items which include: (i) share of net loss in joint ventures, (ii) gain on contribution of assets to joint ventures, (iii) gain on sale of investments in joint ventures, (iv) dilution gains from investments in the joint ventures, (v) non-cash pension expense, (vi) impairment and other non-cash items and (vii) non-cash share based compensation expense; (B) normalization adjustments which include: (i) business and organization restructuring/realignment charges, (ii) merger/acquisition costs and expenses and (iii) adjustments, including those related to purchase accounting, if any, related to transactions that are not associated with day-to-day operations and

joint venture adjustments. Adjusted EBITDAR is defined as Adjusted EBITDA before third party rent expense, cash rent to joint ventures and cash distributions from joint ventures. Adjusted SG&A is defined as selling general & administrative expenses adjusted to exclude: (A) certain non-cash items which include: (i) non-cash pension expense, (ii) impairment and other non-cash items and (iii) non-cash share based compensation expense, and (B) normalization adjustments which include: (i) business and organization restructuring/realignment charges and (ii) merger/acquisition costs and expenses and (iii) adjustments, if any, related to transactions that are not associated with day-to-day operations. Normalized net earnings (loss) is defined as net earnings (loss) adjusted to exclude: (A) certain non-cash items which include: (i) impairment of goodwill, (ii) gain on contribution of assets to joint ventures, (iii) gain on sale of investments in joint ventures and (iv) dilution gains from investments in joint ventures; (B) normalization adjustments which include: (i) business and organization restructuring/realignment charges; (ii) merger/acquisition costs and expenses and (iii) adjustments, including those related to purchase accounting, if any, related to transactions that are not associated with day-to-day operations and financing related adjustments, adjustments to share of net loss in joint ventures and tax related adjustments. For further clarity, please refer to the detailed tables reconciling net (loss) earnings to Adjusted EBITDA and to Adjusted EBITDAR, reported SG&A to Adjusted SG&A and net (loss) earnings to Normalized net earnings (loss).

The Company uses these non-IFRS measures to provide investors and others with supplemental measures of its operating performance. The Company believes these non-IFRS measures are important supplemental measures of operating performance because they eliminate items that have less bearing on the Company's operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. The Company also believes that securities analysts, investors, rating agencies and other interested parties frequently use these non-IFRS measures in the evaluation of issuers, many of which present similar metrics when reporting their results. The Company's management also uses Adjusted EBITDAR in order to facilitate retail business operating performance comparisons from period to period, prepare annual operating budgets and assess the Company's ability to meet its future debt service, capital expenditure and working capital requirements and the Company's ability to pay dividends on its Common Shares. As other companies may calculate these non-IFRS measures differently than the Company, these metrics may not be comparable to similarly titled measures reported by other companies.

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 thirteen months and includes digital sales and clearance store sales. In calculating the 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. The Company calculates comparable inventory levels on a year-over-year constant currency basis and does not include (i) acquisitions not closed prior to the end of the same comparable quarter of the prior fiscal year and (ii) new store openings after the end of the same comparable quarter of the prior fiscal year. Definitions and calculations of comparable sales financial results 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 respective acquisition date.

For further discussion of the Company's financial and operating results, please refer to the MD&A of Financial Condition and Results of Operations for the thirteen and fifty-two week periods ended January 28, 2017.

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 growing through acquisitions, driving the performance of high quality stores and their all-channel offerings and unlocking the value of real estate holdings. Founded in 1670, HBC is the oldest company in North America. HBC's portfolio today includes nine banners, in formats ranging from luxury to premium department stores to off price fashion shopping destinations, with more than 480 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 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, including, but not limited to, the benefits of the Company's model of

combining world class real estate assets with diverse retail businesses, the anticipated benefits and annualized savings from the Company's operational review and potential additional productivity enhancements, management's belief in the potential for HBC Off Price to generate long term capital growth, the benefits and timing for combining inventory at Saks OFF 5TH and Gilt by the end of the year and other integration initiatives, the Company's anticipated gross capital investments and capital investments, net of landlord incentives, for Fiscal 2017, and the intended use of such capital investments, including expansion into the Netherlands, ongoing store renovations and the installation of automated fulfillment technology at the Pottsville distribution centre, and other statements that are not historical facts, are forward-looking. 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.

Implicit in forward-looking statements in respect of capital investments, including, among others, the Company's anticipated Fiscal 2017 total capital investments, net of landlord incentives, between \$450 million and \$550 million, are certain assumptions regarding, among others, the overall retail environment and currency exchange rates for Fiscal 2017. Gross capital investment is expected to be between \$1,025 million and \$1,125 million, of which approximately \$800 million is related to growth initiatives. Specifically, the Company has assumed the following exchange rates for Fiscal 2017: USD:CAD = 1:1.34 and EUR:CAD = 1:1.43. These current assumptions, although considered reasonable by the Company at the time of preparation, may prove to be incorrect. Readers are cautioned that actual capital investments could differ materially from what is currently expected and are subject to a number of risks and uncertainties, including, among others described below, general economic, geo-political, market and business conditions, changes in foreign currency rates from those assumed, the risk of unseasonal weather patterns and the risk that the Company may not achieve overall anticipated financial performance.

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 the Company's actual results, level of activity, performance, achievements, future events or developments to differ materially from management's expectations and plans as set forth in such forward-looking statements, including, without limitation, the following factors, many of which are beyond HBC's control and the effects of which can be difficult to predict: ability to execute retailing growth strategies, ability to continue comparable sales growth, changing consumer preferences, marketing and advertising program success, damage to brands, dependence on vendors, ability to realize synergies and growth from strategic acquisitions, ability to make successful acquisitions and investments, successful inventory management, loss or disruption in centralized distribution centres, ability to upgrade and maintain the Company's information systems to support the organization and protect against cyber-security threats, privacy breach, risks relating to the Company's size and scale, loss of key personnel, ability to attract and retain qualified employees, deterioration in labour relations, ability to maintain pension plan surplus, funding requirement of Saks' pension plan, funding requirement of the HBC Europe pension plan, limits on insurance policies, loss of intellectual property rights, insolvency risk of parties which the Company does business with or their unwillingness to perform their obligations, exposure to changes in the real estate market, successful operation of the joint ventures to allow the Company to realize the anticipated benefits, loss of flexibility with respect to properties in the joint ventures, exposure to environmental liabilities, changes in demand for current real estate assets, increased competition, change in spending of consumers including the impact of unfavourable or unstable political conditions and terrorism, international operational risks, fluctuations in the U.S. dollar, Canadian dollar, Euro and other foreign currencies, increase in raw material costs, seasonality of business, extreme weather conditions or natural disasters, ability to manage indebtedness and cash flow, risks related with increasing indebtedness, restrictions of existing credit facilities reducing flexibility, ability to maintain adequate financial processes and controls, ability to maintain dividends, ability of a small number of shareholders to influence the business, uncontrollable sale of the Company's Common Shares by significant shareholders could affect share price, constating documents discouraging favorable takeover attempts, increase in regulatory liability, increase in product liability or recalls, increase in litigation, developments in the credit card and financial services industries, changes in accounting standards, other risks inherent to the Company's business and/or factors beyond its control which could have a material adverse effect on the Company.

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, except as required by applicable securities law. Readers are cautioned not to place undue reliance on these forward-looking statements.

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