November 10, 2016

Hudson's Bay Company Announces Comparable Sales Results for the Third Quarter Ended October 29, 2016 and Provides Update on Fiscal 2016 Outlook

TORONTO & NEW YORK--(BUSINESS WIRE)-- Hudson's Bay Company ("HBC" or the "Company") (TSX:HBC) today announced its comparable sales results and release date for financial results for the third quarter ended October 29, 2016.

Jerry Storch, Chief Executive Officer, HBC commented, "The apparel retail environment continued to be challenging through the third quarter. We remain optimistic about this year's upcoming extended holiday season following last year's tough fourth quarter which was impacted by warm weather, and are focused on executing our all channel strategy for long term growth and increased profitability. We continue to invest in our operations both in store and online and recently completed the installation of a highly innovative, best in class robotic fulfillment system in our Toronto Distribution Center, which will support our growing digital business in Canada. Our investments in technology are continuing to pay off, with digital sales up across all of our department store banners. We believe that HBC is well positioned heading into the holiday season and we are excited about the offerings we have for our customers across all our banners and geographies."

Comparable Sales

For the quarter beginning July 31, 2016 and ending October 29, 2016(1)

- On a constant currency basis, consolidated comparable sales decrease of 3.6% following last year's increase of 2.0%. Excluding Gilt, consolidated comparable sales decreased 3.2% on a constant currency basis.
  - DSG comparable sales decrease of 2.4%
  - HBC Off Price (Saks OFF 5TH and Gilt) comparable sales decrease of 8.4%
  - Saks Fifth Avenue comparable sales decrease of 4.6%
  - HBC Europe (GALERIA Kaufhof, Galeria INNO and Sportarena) comparable sales decrease of 2.2%
- Total Digital Sales, which include Gilt on a pro forma basis, increase of 5.4% on a constant currency comparable basis. Excluding Gilt, total Digital Sales increase of 13.5% on a constant currency comparable basis.
- Including the impacts of foreign exchange, consolidated comparable sales decrease of 4.0% following last year's increase of 12.9%

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

Outlook

The following outlook is fully qualified by the "Forward-Looking Statements" section of this press release

The Company's previously disclosed Fiscal 2016 outlook was based on management's expectations of an improvement in comparable sales during the second half of Fiscal 2016. Given that this has not yet transpired, and the overall uncertainty in the environment, management believes that it would be prudent to revise its Sales, Adjusted EBITDAR and Adjusted EBITDA outlooks for Fiscal 2016. This outlook reflects, among other things, the Company's performance to date and assumes flat to low single digit overall comparable sales growth, calculated on a constant currency basis, during the remainder of the fiscal year.

(Canadian dollars)	Fiscal 2016
Sales	$14.5 to $14.9 billion
Adjusted EBITDAR	$1,440 to $1,525 million
Adjusted EBITDA	$700 to $785 million

The Company is lowering its capital expenditure forecast for Fiscal 2016, and now expects total capital investments, net of landlord incentives, to be between $700 million and $750 million, which is approximately 4.8%-5.1% of the midpoint of the Sales outlook. Included in these amounts is the capital expenditure associated with the Company's recent acquisitions: HBC Europe and Gilt Groupe.

The above outlook reflects exchange rate assumptions of USD:CAD = 1:1.32 and EUR:CAD = 1:1.50. 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.

Release date for Third Quarter Fiscal 2016 Results

HBC intends to announce full financial results for the quarter ended October 29, 2016 after the market closes on December 5, 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 December 6, 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

EBITDA and EBITDAR are non-IFRS measures that we use to assess our operating performance. EBITDA is defined as Net (Loss) Earnings before finance costs, income tax benefit, share of net loss in the Company's two real estate joint ventures (the "Joint Ventures"), gain on contribution of assets to Joint Ventures, gain on sale of investments in joint ventures, dilution gains from investments in the Joint Ventures, non-cash pension expense, depreciation and amortization expense, impairment and other non-cash expenses and non-cash share based compensation expense. 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: (i) business and organization restructuring/realignment charges; (ii) merger/acquisition costs and expenses; and (iii) normalization and joint venture adjustments, including those related to purchase accounting, if any, related to transactions that are not associated with day-to-day operations. Adjusted EBITDAR is defined as Adjusted EBITDA excluding third party rent expense, cash rent to Joint Ventures and cash distributions from Joint Ventures.

We have included EBITDA, Adjusted EBITDA and Adjusted EBITDAR to provide investors and others with supplemental measures of our operating performance. We believe EBITDA, Adjusted EBITDA and Adjusted EBITDAR are important supplemental measures of operating performance because they eliminate items that have less bearing on our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. We also believe that securities analysts, investors, rating agencies and other interested parties frequently use EBITDA, Adjusted EBITDA and Adjusted EBITDAR in the evaluation of issuers, many of which present similar metrics when reporting their results. Our management also uses Adjusted EBITDAR in order to facilitate retail business operating performance comparisons from period to period, prepare annual operating budgets and assess our ability to meet our future debt service, capital expenditure and working capital requirements and our ability to pay dividends on our Common Shares. As other companies may calculate EBITDA, Adjusted EBITDA or Adjusted EBITDAR differently than we do, 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 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 470 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, among others, with respect to HBC's strategy designed to deliver long term growth and increased profitability, the benefits of the Company's new fulfillment system in its Toronto Distribution Center for its growing digital business in Canada, the benefits of the Company's investment in technology for its digital business, management's expectations regarding this year's extended holiday season, specifically expectations for flat to low single digit overall comparable sales growth, calculated on a constant currency basis, during the remainder of this fiscal year, and revised Fiscal 2016 outlooks for Sales, Adjusted EBITDA and Adjusted EBITDAR. 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 Sales, Adjusted EBITDA, and Adjusted EBITDAR, are certain current assumptions, including, among others, the Company achieving flat to low single digit overall comparable sales growth, calculated on a constant currency basis, during the remainder of this fiscal year, the Company achieving additional savings from operational initiatives, the Company's anticipated total capital investments, net of landlord incentives, between $700 million and $750 million, the Company opening new stores in North America, the Company maintaining a significant ownership interest in the HBS Joint Venture and the RioCan-HBC JV, and assumptions regarding the overall retail environment and currency exchange rates for Fiscal 2016. Specifically, we have assumed the following exchange rates for Fiscal 2016: USD:CAD = 1:1.32 and EUR:CAD = 1:1.50. These current assumptions, although considered reasonable by the Company at the time of preparation, may prove to be incorrect. Readers are cautioned that actual future operating results and economic performance of the Company, including with respect to our anticipated Sales, Adjusted EBITDA, and Adjusted EBITDAR, 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, the risk that the Company may not achieve flat to low single digit overall comparable sales growth, calculated on a constant currency basis, during the remainder of this fiscal year and the risk that the Company may not achieve the contemplated cost savings and synergies as described above, and could differ materially from what is currently expected as set out above.

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.

Hudson's Bay Company

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