



February 23, 2017

Hudson's Bay Company Announces Comparable Sales Results for the Fourth Quarter Ended January 28, 2017

Provides Update on Comprehensive Operational Review

- | **Comparable Sales on a Constant Currency Basis Improved Over the Third Quarter at All Banners, Led by Positive Comparable Sales Growth at DSG and Saks Fifth Avenue**
- | **Efficiency Measures Announced Today Expected to Save \$75M annually**
- | **Announces Release Date for Fourth 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 fourth quarter ended January 28, 2017 and also provided an update on its operational review to streamline its business. Unless otherwise indicated, all amounts are expressed in Canadian dollars.

"We believe the all-channel model is the future of retail, and we are focused on combining best-in-class retail destinations and an advanced digital platform, which will allow our customers to shop whenever, wherever, and however they choose. On a constant currency basis, Digital Sales grew by 20.9% at our department store banners in the fourth quarter of 2016, and we remain excited about the future of our online business," commented Jerry Storch, Chief Executive Officer.

He continued: "As we mentioned in January, we have initiated a comprehensive review of our operations, and are continuously looking for opportunities to streamline our business to drive profitable growth. The efficiency initiative announced today, which focuses on reducing corporate overhead, is expected to save approximately \$75 million annually. Our operational review is ongoing, and we will continue to evaluate additional opportunities to improve productivity, enhance our operating model, and optimize in-store operations. We believe this cost reduction initiative will help us mitigate the pressures facing our Company and the department store industry as a whole, and expect to provide further updates on other initiatives when appropriate."

Comparable Sales⁽¹⁾

For the quarter beginning October 30, 2016 and ending January 28, 2017:

- | On a constant currency basis, consolidated comparable sales decrease of 1.2%
 - | DSG (Hudson's Bay, Lord & Taylor and Home Outfitters) comparable sales increase of 0.6%
 - | Saks Fifth Avenue comparable sales increase of 0.1%
 - | HBC Off Price (Saks OFF 5TH and Gilt) comparable sales decrease of 5.9%
 - | HBC Europe (GALERIA Kaufhof, Galeria INNO and Sportarena) comparable sales decrease of 2.0%
- | Total Digital Sales increase of 13.3% on a constant currency comparable basis. Excluding Gilt, total Digital Sales increase of 20.9% on a constant currency comparable basis.
- | Including the impacts of foreign exchange, consolidated comparable sales decrease of 3.7%.

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

Comprehensive operational review

Late in 2016, the Company launched a comprehensive review of its business operations to identify efficiencies, streamline processes and improve back of store productivity, while also enhancing customer service. Through this review, HBC expects to increase synergies across its portfolio of businesses, sharpen capabilities that give the Company a competitive edge and re-align its expenses to focus on what matters most: HBC's customers.

As part of this ongoing operational review, the Company has finalized an initiative to reduce expenses by rationalizing its corporate functions and overhead across North America. This is expected to result in a more efficient, agile organizational structure across HBC's banners and centers of excellence. Annualized savings from this initiative are expected to be approximately \$75 million, the majority of which are expected to be realized in 2017. In conjunction with this initiative, the Company anticipates incurring one-time severance charges approaching \$30 million.

These initial savings from the Company's ongoing comprehensive operational review are expected to offset some of the pressures facing the business in Fiscal 2017. These pressures include the channel shift from higher margin in-store sales to lower margin on-line sales. This margin pressure is expected to improve over time, as the Company continues to invest in its digital supply chain, reduces expenses related to its digital operations, adopts best in class technology and introduces store centric all-channel delivery options. Additionally, in Fiscal 2017, the Company expects to pay significantly more variable compensation to its associates when compared to Fiscal 2016.

Management continues to review and evaluate additional opportunities to identify efficiencies. Through this process, the Company expects to reinvest in customer-facing activities while reducing costs in back office and support areas. These cost reduction opportunities are currently expected to leverage 'best practices' to include more efficient inventory management, a reduction in total supply chain costs, and the optimization of scheduling practices to ensure associates are placed where they can most improve the customers' experiences. Over the coming months, the Company expects to provide additional details on these initiatives as work progresses.

Outlook

The Company refers readers to its previously disclosed financial outlook for Fiscal 2016 contained in its press release issued on January 9th, 2017. Additionally, as previously disclosed, the Company currently does not intend to provide financial outlook for Fiscal 2017.

Fourth Quarter and Fiscal Full Year 2016 Earnings Announcement

HBC intends to announce full financial results for the quarter and year ended January 28, 2017 after the market closes on April 4, 2017. 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 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.

Dividend

The Company also announced today that its Board of Directors has approved a quarterly dividend to be paid on April 14, 2017, to shareholders of record at the close of business on March 31, 2017. The dividend is in the amount of \$0.05 per Common Share and is designated as an "eligible dividend" for Canadian tax purposes.

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. 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 12 months, comparable sales change on a constant currency basis incorporates 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 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 ten 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 are forward-looking within the meaning of applicable securities laws, including with respect to the expected benefits of HBC's all-channel model, continued investment in HBC's digital business, opportunities to streamline HBC's operations and improve productivity, anticipated savings from initiatives resulting from rationalizing HBC's corporate functions and overhead across North America, expected severance charges, additional opportunities to increase savings and improve productivity, 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.

Although HBC believes that the forward-looking statements in this news release are based on information and assumptions that management believes 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. These factors - many of which are beyond our control and the effects of which can be difficult to predict - include, among others, ability to execute all-channel retail strategies, ability to achieve comparable sales growth, changing consumer preferences with regards to fashion and preferred shopping habits, marketing and advertising program success, damage to brands, changes in the current retail environment, changes in general economic conditions, ability to make successful acquisitions and investments, ability to successfully integrate any acquisitions, ability to realize synergies and growth from strategic acquisitions, successful inventory management, ability to successfully compete with competitors and other risks inherent in the Company's business and/or factors beyond the Company's 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. Readers are cautioned not to place undue reliance on these forward-looking statements.

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