Hudson's Bay Co Reports Impressive 4th-Quarter Results

Description

There are few retailers on the market that have as much history or have undergone as much transformation as **Hudson's Bay Co** (TSX:HBC). The company had a number of struggling brands and declining revenue; most importantly, the company was struggling from an identity crisis that had the retailer stuck somewhere between the brick-and-mortar store model and being an online merchant.

Hudson's Bay did manage to turn things around and has also expanded internationally. The company currently owns the Lord & Taylor, Saks Fifth Avenue, Off Fifth and Gilt Groupe.

A string of great quarterly results and management decisions also helped propel the company forward to the point where digital sales are now a significant part of results rather than an afterthought.

Let's take a look at how the company fared in the most recent quarter, and what the results mean for investors.

How did HBC do in the fourth quarter?

For the fourth quarter, the company posted a massive 70.4% increase in consolidated sales to $4.5 billion over the same period last year; comparable-store sales were also up by 1.8% on a constant-currency basis. The gross profit rate came in at 41.3%, representing a 30-basis-point increase over the same quarter last year.

Digital sales for the quarter saw a 61.6% increase over the same quarter last year with comparable-digital sales up by 22.8% on a constant-currency basis.

Net earnings for the quarter came in at $370 million, bettering the figure from the same quarter last year by $255 million, or more than 220%.

Hudson's Bay also reported a number of savings that were attained by the company. The integration of the Saks brand saw the company post savings of $4 million for the quarter, which, on an annual basis, is currently at $95 million in savings. The company did target $100 million in savings through the integration of the Saks brand and still believes the remaining savings can be realized during the fiscal

2016 calendar year.

Looking forward to the next fiscal year, Hudson's Bay executive chairman and governor Richard Baker noted that the recent acquisitions of Galeria Holding, which is the parent holding company for the German-based department chain Galeria Kaufhof and Belgium-based Galeria, would be able to propel company revenues up by 50%.

What does this mean to investors?

Hudson's Bay is a very different company than it was a few years ago. The company continues to evolve, expand, and deliver results to investors.

The company is well diversified into different geographical markets and consumer tastes, allowing it to prosper even if one market is underperforming.

In my opinion, Hudson's Bay remains a great option for investors looking to diversify their portfolios with a retail stock that has immense growth potential.

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