



## Investors Should Ignore the Noise: Hudson's Bay Co. Is a Good Buy

### Description

**Hudson's Bay Co.** (TSX:HBC) has been under fire for months from activist investor Land & Buildings, which owns less than 5% of the company, to sell its high-value retail properties to increase the value of the stock.

Last month, Hudson's Bay succumbed to some of those pressures with the [sale of the company's iconic Lord & Taylor building](#) in New York. The deal netted the company \$1.1 billion, which was going to be used primarily to reduce its debt load.

Hudson's Bay went even further when it hung a "for sale" sign outside its downtown Vancouver store, another flagship location that is designated by the city as a historical landmark. With another big store up for sale, I thought this would surely have calmed and appeased investors looking for the company to shed some of its prized assets.

However, the opposite happened when Hudson's Bay received an unsolicited offer on its department store chain in Germany, Kaufhof. The offer came from an Austrian company Signa Holding for \$3.5 billion.

Hudson's Bay acquired the chain back in 2015 and says the offer that it received from Signa was incomplete and had "no evidence of financing." That didn't stop Land & Buildings from putting the pressure on Hudson's Bay to consider the offer and sell a big part of the company's European operations.

### What does this mean for investors?

Hudson's Bay recently released a statement asking for Land & Buildings to stop misleading shareholders, and the company has shown that despite the recent sale of its Lord & Taylor building, it won't be pressured into selling assets that are part of its core operations.

Although Hudson's Bay did not have a terribly strong Q2, it wasn't awful, and the stock is still [a very good buy](#). Hudson's Bay is not another Sears Canada; in fact, Hudson's Bay has seen its sales almost triple in just three years. Although it posted a net loss this past year, the previous two years finished in

the black.

With expansion into Europe and the company recently launching a store in the Netherlands, there will be costs and expenses that will inevitably drive down profits in the short term.

However, Hudson's Bay is setting itself up for strong growth down the road, and investors should be careful not to be swayed by an activist investor that might have an agenda.

### **Should investors buy Hudson's Bay?**

The company's share price has been on a big decline the past 12 months, losing over 25% of its value during that time. A lot of the pessimism and negativity surrounding the stock could likely be attributed to not just the company's unprofitable quarters, but the overall negative outlook for retail, especially in this country.

Many investors are likely concerned about which company may be next to file for bankruptcy, and with strong real estate assets, Hudson's Bay is not in any imminent danger.

Hudson's Bay is making smart decisions that will benefit its future, and in the long term, investors could see considerable returns from buying this stock at a low.

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djagielski

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