



Macy's, Inc. Announces November/December 2018 Sales Results

Reports Positive Holiday Comparable Sales for the Second Consecutive Year

Revises Annual Sales and Earnings Guidance Down

CINCINNATI—January 10, 2019-- Macy's, Inc. (NYSE: M) is announcing sales results for the months of November and December 2018. The company is also providing updated annual guidance and additional detail on anticipated fiscal 2018 performance.

“We delivered our second consecutive year of positive holiday comparable sales, driven largely by the traction of our strategic initiatives: Backstage, Vendor Direct, Store Pickup, Loyalty and Growth50. We experienced another period of double-digit growth in our digital business and continued strength in the Growth50 stores. The holiday season began strong – particularly during Black Friday and the following Cyber Week, but weakened in the mid-December period and did not return to expected patterns until the week of Christmas,” said Jeff Gennette, chairman and chief executive officer of Macy's, Inc. “In the holiday period, we saw strong performance across a number of categories (fine jewelry, women's shoes, fragrance, dresses, outerwear, active and home). This sales growth was largely offset by: underperformance of other categories (women's sportswear, seasonal sleepwear, fashion jewelry, fashion watches and cosmetics); temporary fulfillment challenges following the fire in our West Virginia distribution center; and underestimation of the impact of changes to our pre-Christmas earn & redeem promotional event.”

“We are revising the guidance we provided in November and will continue to take the necessary steps in January to ensure a clean inventory position as we enter fiscal 2019,” Gennette continued. “Looking back at 2018, we met our goal of returning the company to growth. Our revised guidance is above the expectations we set at the start of the fiscal year, and we expect to deliver our fifth consecutive quarter of positive comparable sales, including ‘comping the comp’ of the 2017 holiday season. The North Star Strategy is gaining traction, and the entire organization is engaged and motivated to continue improving our performance in 2019.”

November/December 2018 Comparable Sales

	November/December 2018
Comparable sales (owned)	0.7%
Comparable sales (owned plus licensed)	1.1%

2018 Annual Guidance

Macy's, Inc. is revising sales and earnings guidance. The company is also providing additional detail on the company's anticipated annual performance for fiscal 2018, noting that there are several weeks left in

the quarter. As the company has not completed its quarter close, the data presented in this press release may change.

	Annual Guidance Provided on 2/27/18	Annual Guidance Provided on 11/14/18	Revised Annual Guidance on 1/10/19
Comparable sales (owned plus licensed)	Flat to +1.0%	+2.3% to +2.5%	Approx. +2.0%
Comparable sales, 53 rd Week Shifted Calendar (owned plus licensed)	Not given	Not given	Approx. +2.3%
Comparable sales (owned)	Flat to +1.0%	20-30 basis points below comparable sales on an owned plus licensed basis	No change
Net sales	(2.0)% to (0.5)%	+0.3% to +0.7%	Approx. flat
Credit revenue	\$645 to \$665 million	\$740 to \$755 million	\$755 to \$765 million
Gross margin rate	Flat to up slightly	Up slightly	Down slightly
SG&A dollars excluding asset sale gains	Flat to up slightly	Up slightly	No change
SG&A rate	Not given	Flat	Up slightly
Diluted EPS excluding settlement charges, impairment and other	\$3.55 to \$3.75	\$4.10 to \$4.30	\$3.95 to \$4.00
Asset sale gains	\$300 to \$325 million	No change	Approx. \$360 million
Inventory position	Not given	Down	No change

Annual diluted EPS guidance includes 37 cents, or approximately \$155 million, from the gain on the anticipated sale of the former I. Magnin building in San Francisco. However, the completion of this transaction may shift into fiscal 2019.

Net sales guidance is provided on a 52-week basis in 2018 compared to a 53-week basis in 2017. Comparable sales guidance is provided on a 52-week basis in both 2018 and 2017. In addition, the company's 2018 results and guidance for fiscal 2018 reflect the new accounting standards related to revenue recognition and retirement benefits. Macy's, Inc. has recast its quarterly income statements and balance sheets for 2016 and 2017 to reflect adoption of these new standards. These documents can be found on the investor relations page at www.macysinc.com.

Comparable Sales Shift

Macy's, Inc. is also providing additional detail on the impact of the 53rd week on its reported comparable sales for fiscal 2018.

	1Q18	2Q18	Spring	3Q18	Nov/Dec 2018
Comparable sales (owned)	3.9%	0.0%	1.9%	3.1%	0.7%
Comparable sales (owned plus licensed)	4.2%	0.5%	2.3%	3.3%	1.1%
53 rd week shifted calendar (owned plus licensed)	1.3%	2.3%	1.8%	4.1%	1.5%

Comparable sales adjusted for the impact of the 53rd week reflect a shift of the company's fiscal 2017 calendar to align with fiscal 2018 on a like-for-like basis. Additionally, as previously reported, the 53rd week in 2017 shifted the spring Friends and Family promotion, which positively impacted first quarter 2018 owned plus licensed comparable sales by approximately 250 basis points and negatively impacted second quarter 2018 owned plus licensed comparable sales by approximately 240 basis points.

Fourth Quarter Earnings Announcement

Macy's, Inc. is scheduled to report fourth quarter sales and earnings on February 26, 2019. Additional detail on financial performance will be provided at that time. The company will webcast a call with financial analysts and investors at 9:30 a.m. ET on February 26, 2019. Macy's, Inc.'s webcast is accessible to the media and general public via the company's website at www.macysinc.com. Analysts and investors may call in on 800-281-7973, passcode 2586485. A replay of the conference call can be accessed on the website or by calling 888-203-1112, passcode 2586485, about two hours after the conclusion of the call.

Important Information Regarding Financial Measures

Please see the final pages of this news release for important information regarding the calculation of the company's non-GAAP financial measures.

About Macy's, Inc.

Macy's, Inc. is one of the nation's premier retailers. With fiscal 2017 sales of \$24.837 billion and approximately 130,000 employees, the company operates approximately 690 department stores under the nameplates Macy's and Bloomingdale's, and more than 180 specialty stores that include Bloomingdale's The Outlet, Bluemercury, Macy's Backstage and STORY. Macy's, Inc. operates stores in 44 states, the District of Columbia, Guam and Puerto Rico, as well as macys.com, bloomingdales.com and bluemercury.com. Bloomingdale's stores in Dubai and Kuwait are operated by Al Tayer Group LLC under license agreements. Macy's, Inc. has corporate offices in Cincinnati, Ohio, and New York, New York.

All statements in this press release that are not statements of historical fact are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are based upon the current beliefs and expectations of Macy's management and are subject to significant risks and uncertainties. Actual results could differ materially from those expressed in or implied by the forward-looking statements contained in this release because of a variety of factors, including conditions to, or changes in the timing of, proposed real estate and other transactions, prevailing interest rates and non-recurring charges, the effect of federal tax reform, store closings, competitive pressures from specialty stores, general merchandise stores, off-price and discount stores, manufacturers' outlets, the Internet, mail-order catalogs and television shopping and general consumer spending levels, including the impact of the availability and level of consumer debt, the effect of weather and other factors identified in documents filed by the company with the Securities and Exchange Commission. Macy's disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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MACY'S, INC.

Important Information Regarding Non-GAAP Financial Measures

The company reports its financial results in accordance with U.S. generally accepted accounting principles ("GAAP"). However, management believes that certain non-GAAP financial measures provide users of the company's financial information with additional useful information in evaluating operating performance. Management believes that providing supplemental changes in comparable sales on an owned plus licensed basis and changes in comparable sales on an owned plus licensed basis adjusted for the 53rd week calendar shift, which include adjusting for growth in comparable sales of departments licensed to third parties, assists in evaluating the company's ability to generate sales growth, whether through owned businesses or departments licensed to third parties, and in evaluating the impact of changes in the manner in which certain departments are operated. In addition, management believes that excluding certain items from diluted earnings per share attributable to Macy's, Inc. shareholders that are not associated with the company's core operations and that may vary substantially in frequency and magnitude period-to-period provides useful supplemental measures that assist in evaluating the company's ability to generate earnings and to more readily compare these metrics between past and future periods.

The reconciliation of the forward-looking non-GAAP financial measure of changes in comparable sales on an owned plus licensed basis and changes in comparable sales on an owned plus licensed basis adjusted for the 53rd week calendar shift to GAAP comparable sales (i.e., on an owned basis) is in the same manner as illustrated below, except that the impact of growth in comparable sales of departments licensed to third parties is the only reconciling item. In addition, the company does not provide the most directly comparable forward-looking GAAP measure of diluted earnings per share attributable to Macy's, Inc. shareholders excluding certain items because the timing and amount of excluded items are unreasonably difficult to fully and accurately estimate.

Non-GAAP financial measures should be viewed as supplementing, and not as an alternative or substitute for, the company's financial results prepared in accordance with GAAP. Certain of the items that may be excluded or included in non-GAAP financial measures may be significant items that could impact the company's financial position, results of operations or cash flows and should therefore be considered in assessing the company's actual and future financial condition and performance. Additionally, the amounts received by the company on account of sales of departments licensed to third parties are limited to commissions received on such sales. The methods used by the company to calculate its non-GAAP financial measures may differ significantly from methods used by other companies to compute similar measures. As a result, any non-GAAP financial measures presented herein may not be comparable to similar measures provided by other companies.

MACY'S, INC.

Important Information Regarding Non-GAAP Financial Measures

Changes in Comparable Sales

	13 Weeks Ended May 5, 2018	13 Weeks Ended August 4, 2018	26 Weeks Ended August 4, 2018	13 Weeks Ended November 3, 2018	9 Weeks Ended January 5, 2019
Increase in comparable sales on an owned basis (Note 1)	3.9 %	0.0%	1.9 %	3.1%	0.7%
Comparable sales growth impact of departments licensed to third parties (Note 2)	0.3 %	0.5%	0.4 %	0.2%	0.4%
Increase in comparable sales on an owned plus licensed basis	4.2 %	0.5%	2.3 %	3.3%	1.1%
Impact of 53 rd Week Shifted Calendar	(2.9)%	1.8%	(0.5)%	0.8%	0.4%
53 rd Week Shifted Calendar comparable sales on an owned plus licensed basis (Note 3)	1.3 %	2.3%	1.8 %	4.1%	1.5%

Notes:

- (1) Represents the period-to-period percentage change in net sales from stores in operation throughout the year presented and the immediately preceding year and all online sales, excluding commissions from departments licensed to third parties. Stores impacted by a natural disaster or undergoing significant expansion or shrinkage remain in the comparable sales calculation unless the store, or material portion of the store, is closed for a significant period of time. Definitions and calculations of comparable sales differ among companies in the retail industry.
- (2) Represents the impact of including the sales of departments licensed to third parties occurring in stores in operation throughout the year presented and the immediately preceding year and all online sales in the calculation of comparable sales. The company licenses third parties to operate certain departments in its stores and online and receives commissions from these third parties based on a percentage of their net sales. In its financial statements prepared in conformity with GAAP, the company includes these commissions (rather than sales of the departments licensed to third parties) in its net sales. The company does not, however, include any amounts in respect of licensed department sales (or any commissions earned on such sales) in its comparable sales in accordance with GAAP (i.e., on an owned basis). The amounts of commissions earned on sales of departments licensed to third parties are not material to its net sales for the periods presented.
- (3) Represents comparable sales on an owned plus licensed basis that incorporates a shift of the company's fiscal 2017 calendar to align with fiscal 2018 on a like-for-like basis as a result of the 53rd week in fiscal 2017.