

May 22, 1992

## Losses at Zellers first since 1987

Kitchener-Waterloo Record

(CP) - Retailer Hudson's Bay Co. reported sharply reduced first- quarter losses Thursday, but its top-performing Zellers division posted its first drop in earnings since 1987.

Hudson's Bay reported a net loss of \$4.5 million for the period ended April 30, compared with a net loss of \$23.1 million a year earlier. Sales slid two per cent to \$1.03 billion.

The latest results were boosted by a \$12.3-million profit from the sale of the company's investment in North West Co. and a \$3.2- million reduction in interest costs.

Zellers, regarded as the cash-cow at Hudson's Bay, saw its operating profit tumble nine per cent to \$25.6 million from a record \$28.2 million a year earlier. Zellers sales climbed three per cent to \$610 million.

It was the first drop in earnings for Zellers since the second quarter of 1987.

Paul Walters, president of the 272-store Zellers chain, said after the Hudson's Bay annual meeting in Toronto that Zellers has picked up market share.

But he also said results will continue to be affected by competition from aggressive rivals.

"It will be a real dog fight for sales," he said.

**Walters said Zellers benefited last year because it received discounts from suppliers to stock the 47 Towers-Bonimart stores acquired from Oshawa Group Ltd.**

There was encouraging news at The Bay as operating losses were reduced to \$10.8 million from \$28.7 million. Sales fell eight per cent to \$394.2 million.

Last year, The Bay's results were hurt by a \$10.3-million restructuring charge.

Hudson's Bay recently cut 60 full-time employees at The Bay stores in Toronto, citing the recession and the ban on Sunday shopping in Ontario.

The company, which employs 3,000 people in Ontario, warned there will be more cuts if the problem is not resolved.

HBC said it loses sales of more than \$100 million a year because the Retail Business Holidays Act allows only stores in tourist areas and smaller outlets to open.

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