

# Macy's, Inc. Announces Restructuring to Address Sales Impact from the COVID-19 Pandemic

- *Actions announced today anticipated to create approximately \$630 million per year in savings*
- *Eliminates approximately 3,900 corporate and management roles and is committed to maintaining a lower cost base*
- *Most remaining furloughed colleagues returning to work beginning July 5, 2020*

NEW YORK--(BUSINESS WIRE)-- Macy's, Inc. (NYSE:M) today announced details of a restructuring that will align its cost base with anticipated near-term sales as the business recovers from the impact of the COVID-19 pandemic, including the closure of stores from March 18 through May 4, 2020 and gradual re-opening.

The company will reduce corporate and management headcount by approximately 3,900. Additionally, Macy's, Inc. has reduced staffing across its stores portfolio, supply chain and customer support network, which it will adjust as sales recover.

"COVID-19 has significantly impacted our business. While the re-opening of our stores is going well, we do anticipate a gradual recovery of business, and we are taking action to align our cost base with our anticipated lower sales," said Jeff Gennette, chairman and chief executive officer of Macy's, Inc. "These were hard decisions as they impact many of our colleagues. I want to thank all of our colleagues – those who have been active and those on furlough – for helping us get through this difficult time, and I want to express my deep gratitude to the colleagues who are departing for their service and contributions. We look forward to welcoming back many of our furloughed colleagues the first week of July."

"We know that we will be a smaller company for the foreseeable future, and our cost base will continue to reflect that moving forward. Our lower cost base combined with the approximately \$4.5 billion in new financing will also make us a more stable, flexible company," Gennette continued.

## Financial Impact

The company expects the actions announced today to generate expense savings of approximately \$365 million in fiscal 2020 and approximately \$630 million on an annualized basis. These savings will be additive to the anticipated \$1.5 billion in annual expense savings announced in February, which the company expects to fully realize by year-end 2022.

For fiscal 2020, the company expects pre-tax costs of approximately \$180 million for these restructuring activities, the majority of which will be recorded in the second quarter and all of

which will be in cash.

## **First Quarter Earnings Call**

The company will release its final first quarter earnings results on July 1, 2020. A webcast of Macy's, Inc.'s call with analysts and investors will be held that day at 8:00 a.m. ET. The webcast, along with the associated presentation, is accessible to the media and general public via the company's investor relations website at [www.macysinc.com/investors](http://www.macysinc.com/investors). Analysts and investors may call in on 1-800-458-4148, passcode, 4021974. A replay of the conference call and slides can be accessed on the website or by calling 1-888-203-1112 (same passcode) about two hours after the conclusion of the call.

## **About Macy's, Inc.**

Macy's, Inc. (NYSE: M) is one of the nation's premier omni-channel fashion retailers. The company comprises three retail brands, Macy's, Bloomingdale's and Bluemercury. Macy's, Inc. is headquartered in New York, New York.

**Forward-Looking Statements** 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 the effects of the novel coronavirus (COVID-19) on customer demand, its supply chain as well as its consolidated results of operation, financial position and cash flows, Macy's ability to successfully implement its Polaris strategy and restructuring, including the ability to realize the anticipated benefits within the expected time frame or at all, conditions to, or changes in the timing of proposed real estate and other transactions, prevailing interest rates and non-recurring charges, the effect of potential changes to trade policies, store closings, competitive pressures from specialty stores, general merchandise stores, off-price and discount stores, manufacturers' outlets, the Internet, catalogs and television shopping and general consumer spending levels, including the impact of the availability and level of consumer debt, possible systems failures and/or security breaches, the potential for the incurrence of charges in connection with the impairment of intangible assets, including goodwill, Macy's reliance on foreign sources of production, including risks related to the disruption of imports by labor disputes, regional or global health pandemics, and regional political and economic conditions, the effect of weather and other factors identified in documents filed by the company with the Securities and Exchange Commission, including under the captions "Forward-Looking Statements" and "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended February 1, 2020 and "COVID-19 Risk Factor" in the Company's Current Report on Form 8-K filed on May 26, 2020. 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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