

The Michaels Companies to Host Virtual Investor Day Detailing Progress on Growth Initiatives

IRVING, Texas--(BUSINESS WIRE)-- The Michaels Companies, Inc. (NASDAQ: MIK) will host its 2020 Virtual Investor Day this morning to provide an overview of its strategic plan and an update on the Company's go-to-market transformation to better serve the needs of its Maker customers. The Company will also provide a long-term financial algorithm outlining plans to drive sustainable sales and profit growth. Michaels Chief Executive Officer, Ashley Buchanan, will be hosting today's Investor Day, joined by Chief Financial Officer, Mike Diamond, and other members of the Michaels executive team. Following the executive presentations, the Company will host a live question and answer session.

Today's event will include a broader discussion of Michaels Maker Strategy, underpinned by three key pillars:

1. Strengthening the Company's retail foundation and execution;
2. Modernizing the omni-channel experience for Makers; and
3. Re-establishing Michaels as the expert brand for Makers;

Long-term financial algorithm:

Michaels expects that its continued progress in executing this strategy will create sustainable long-term sales and EPS growth while generating significant free cash flow over the next five years. As part of today's event, management will provide greater details on a long-term financial algorithm, which spans a 5-year period ending fiscal 2024 and uses fiscal 2019 as its base year. Key elements of this financial algorithm include:

- Average annual top-line growth in the range of 1.5% to 2.5%, driven by positive contributions across the Company's stores and omni-channel business;
- Operating profit driven by strategic initiatives, improvements, and cost optimization efforts leading to low double-digit EPS growth in fiscal year 2022 and beyond;
- Cumulative Free cash flow generation between fiscal 2020 and the end of fiscal year 2024 approaching \$2 billion dollars;
- Balanced and disciplined capital model: The Company's priorities for the use of its strong expected free cash flow include investing in the business for growth, de-levering the balance sheet, and repurchasing shares to offset dilution and additional shares as appropriate, and evaluate potential M&A opportunities on a case-by-case basis.
 - Near-term, Michaels plans to proactively pay down \$150 million of its outstanding term loan as part of its proposed refinancing, which is expected to result in lower leverage ratios. Longer-term, Michaels plans to further improve its capital structure as it targets a gross debt to adjusted EBITDA ratio of well below 3 times.

Maker Ecosystem

Management will also unveil its longer-term plans for the Maker Ecosystem, continuing Michaels transformation from a transaction-focused arts & crafts specialty retailer into an integrated ecosystem connecting Makers, Content, Commerce, and Community.

Ashley Buchanan, Michaels Chief Executive Officer commented, "As a market-leading specialty retailer with a results-oriented management team, considerable financial flexibility, and strong omni-channel capabilities, I believe Michaels is well-positioned to serve the unmet needs of our Makers. We are excited about what we have accomplished so far and remain committed to educating, inspiring, and empowering Makers. Looking ahead, we see additional growth opportunities and upside across an expanded addressable market. By strengthening our execution and ability to capture and monetize these newly-identified opportunities, we believe that Michaels can deliver sustainable sales and operating income growth as well as drive strong shareholder value in the future."

The event will begin at 8:00 a.m. Central Time (9:00 a.m. Eastern Time). The event may be accessed through the Investor Relations section of the Michaels website at <https://investors.michaels.com>. Presentation materials and an archived replay will be available on the website shortly after the event concludes.

The Michaels Companies Virtual Analyst Day

- When: Thursday, September 24, 2020
- Time: 8:00 a.m. CT (9:00 a.m. ET)
- Webcast: <https://investors.michaels.com>; replay will also be archived on this website
- Those interested in participating in the day, are invited to pre-register via the link available on <https://investors.michaels.com>

For additional information, please feel free to contact Investor Relations at investorrelations@michaels.com.

About The Michaels Companies, Inc.:

The Michaels Companies, Inc. is North America's largest specialty provider of arts, crafts, framing, floral, wall décor, and seasonal merchandise for Makers and do-it-yourself home decorators. The Company operates more than 1,275 Michaels stores in 49 states and Canada. Additionally, the Company serves customers through digital platforms including Michaels.com and Canada.michaels.com. The Michaels Companies, Inc., also owns Artistree, a manufacturer of high-quality custom and specialty framing merchandise. For a list of store locations or to shop online, visit www.michaels.com or download the Michaels app.

Forward-Looking Statements

Certain statements in this press release are forward-looking statements. These forward-looking statements reflect management's current views and estimates regarding the Company's industry, addressable market, business strategy, and goals, the completion of the Company's refinancing of its existing term loan, and expectations concerning its market position, future operations, and other financial operation information such as sales, operating income, EPS, and omni-channel and store growth and capital allocation. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this news release. The Company cannot assure investors that future developments affecting the Company will be those that it has anticipated. Actual results may differ materially from these expectations due to risks relating to the adverse effect of the ongoing COVID-19 outbreak; economic uncertainty; substantial changes to fiscal and tax policies; our reliance on foreign suppliers; regulatory changes; the seasonality of our business; changes in customer demand; damage to the reputation of the Michaels brand or our private and exclusive brands; unexpected or unfavorable consumer responses to our promotional or merchandising programs; our failure to adequately maintain security and prevent unauthorized access to electronic and other confidential information; increased competition including internet-

based competition from other retailers; and the impact of tariffs on certain products that we import from China. Other risks and uncertainties are more fully described in the Company's filings with the Securities and Exchange Commission, including the "Risk Factors" section of the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 2020 and Quarterly Reports on Form 10-Q for the quarters ended May 2, 2020 and August 1, 2020. If one or more of these risks or uncertainties materialize, or if any of the Company's assumptions prove incorrect, the Company's actual results may vary in material respects from those projected in these forward-looking statements. We intend these forward-looking statements to speak only as of the time of this release and do not undertake to update or revise them as more information becomes available, except as otherwise required by law.

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