

January 21, 2015

THE MICHAELS COS. INC. NYSE: MIK

■ The Michaels Companies has announced a registered offering of 16 million common shares, with an option for the underwriters to purchase up to an additional 2.4 million shares.

■ The company will not receive any proceeds from the sale. The stock is being sold by existing shareholders Bain Capital, Blackstone Group and Highfields Capital Management.

■ JPMorgan, Goldman Sachs, Barclays, Deutsche Bank, BofA Merrill Lynch, Credit Suisse, Morgan Stanley and Wells Fargo Securities are among the underwriters.

■ After the secondary offering, Bain and Blackstone will own 35.9% of the outstanding shares, and Highfields will own 4.2%.

■ MIK management has also raised its sales guidance for 4Q14.

■ Street estimates for MIK have been trending higher over the past 90 days. Current valuations appear attractive, compared to the peer group.



Chart Courtesy of Google.com

COMPARABLES

Company	Close	52-Wk Hi	52-Wk Lo	3M Ret.	Mkt. Cap (mil.)	Rev Fcst (mil.)	Rev Gr.	EPS	EPS Gr.	P/E	P/S	Yield
MIK	\$22.89	\$25.60	\$14.51	21.7%	\$4,560	\$4,940	5%	\$1.70	17%	13.5	0.9	0.0%
PETM	\$81.46	\$81.97	\$55.00	17.7%	\$8,080	\$7,320	3%	\$4.98	13%	16.4	1.1	1.0%
DKS	\$53.11	\$57.85	\$41.30	17.6%	\$6,340	\$7,420	6%	\$3.19	14%	16.6	0.9	0.5%
DLTR	\$66.71	\$71.53	\$49.59	15.6%	\$13,830	\$9,370	9%	\$3.57	15%	18.7	1.5	0.0%

TOP 10 HOLDERS

Company	Shares
BLACKSTONE GROUP L.P.	81,455,630
BAIN CAPITAL INVESTORS, LLC	81,455,630
HIGHFIELDS CAPITAL MANAGEMENT L.P.	10,823,877
AMERIPRISE FINANCIAL, INC.	3,453,824
CAXTON ASSOCIATES, L.L.C.	2,719,300
PRICE (T.ROWE) MID CAP GROWTH FUND	2,700,000
CITADEL ADVISORS LLC	2,109,916
COLUMBIA WANGER ASSET MGT. L.P.	2,033,418
PUTNAM INVESTMENTS LLC	2,031,070
TIGER CONSUMER MANAGEMENT, LLC	1,387,982

TOP 10 BUYERS

Company	Shares
BLACKSTONE GROUP L.P.	81,455,630
BAIN CAPITAL INVESTORS, LLC	81,455,630
HIGHFIELDS CAPITAL MANAGEMENT L.P.	10,823,877
CAXTON ASSOCIATES, L.L.C.	2,719,300
CITADEL ADVISORS LLC	2,109,916
PUTNAM INVESTMENTS LLC	2,031,070
TIGER CONSUMER MANAGEMENT, LLC	1,387,982
COLUMBIA FDS SER TR I-COLUMBIA CONTRAR. CORE	1,127,744
WELLINGTON MANAGEMENT COMPANY, LLP	1,032,300
ALLSTATE CORPORATION	896,000

TOP 10 SELLERS

Company	Shares
IVY HIGH INCOME FUND	-1567005
WADDELL & REED ADVISORS-HIGH INC. FUND	-307200
BUCKINGHAM CAPITAL MANAGEMENT	-275000
MERIDIAN GROWTH FUND	-240102
JNL/PPM AMERICA HIGH YIELD FUND	-200000
MIS TRUST-T. ROWE PRICE MID CAP GR. PORT	-182500
AMERICAN CENTURY LARGE CO VALUE FUND	-106785
PACIFIC SELECT FUND-HIGH YIELD BOND PORT	-92310
AMERICAN CENTURY SMALL CAP VALUE FUND	-65000
VANGUARD EXPLORER FUND, INC.	-59898

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