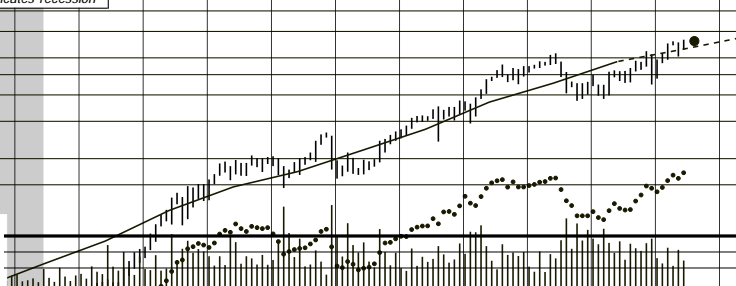


# ULTA BEAUTY NDQ-ULTA

RECENT PRICE **360.54** P/E RATIO **27.8** (Trailing: 31.3; Median: 30.0) RELATIVE P/E RATIO **1.63** DIV'D YLD **Nil** VALUE LINE

TIMELINESS <b>2</b> Raised 3/2/18	High: 17.1	19.3	37.2	75.7	103.5	132.7	134.5	188.5	278.6	314.9	322.5	365.5		Target Price Range
SAFETY <b>3</b> Raised 2/3/12	Low: 5.6	4.1	17.0	33.7	63.4	72.5	80.4	120.4	146.8	188.0	191.7	239.3		2022 2023 2024
TECHNICAL <b>2</b> Lowered 7/26/19	<b>LEGENDS</b> — 18.0 x "Cash Flow" p sh ···· Relative Price Strength Options: Yes Shaded area indicates recession													
BETA 1.00 (1.00 = Market)	<b>2022-24 PROJECTIONS</b> Ann'l Total Return High Price <b>615</b> Gain <b>(+70%)</b> <b>14%</b> Low Price <b>410</b> Gain <b>(+15%)</b> <b>3%</b>													
<b>Insider Decisions</b> S O N D J F M A M to Buy 0 0 0 0 0 0 0 0 0 0 Options 1 0 0 0 0 0 6 5 0 to Sell 3 0 0 0 0 0 8 1 0														
<b>Institutional Decisions</b> 3Q2018 4Q2018 1Q2019 to Buy 304 323 397 to Sell 309 333 302 Hld's(000) 53464 53284 52002													Percent shares traded 45/30/15	



Ulta Salon, Cosmetics & Fragrance, Inc. was founded in 1990 as a discount beauty retailer, eventually embarking on a multi-year expansion and transformation strategy. The company went public in October, 2007, issuing 7.7 million shares at an initial price of \$18 per share. At the time, the company also converted 41.5 million preferred shares into common stock. The lead underwriters for the deal were J.P. Morgan and Wachovia Securities.	<b>2009</b> 21.02 1.75 .66 5.03 58.17 18.6 1.24 1222.8 35.6% 10.7% 346 39.4 40.3% 3.2% 136.4 292.6 13.8% 13.5% 13.5%	<b>2010</b> 24.17 2.26 1.16 6.69 60.20 22.8 1.45 1454.8 37.7% 12.6% 389 71.0 39.9% 4.9% 241.0 402.5 17.6% 17.6% 17.6%	<b>2011</b> 28.55 3.15 1.90 9.40 62.21 31.4 1.97 1776.2 39.0% 15.3% 449 120.3 38.5% 6.8% 415.3 584.7 20.6% 20.6% 20.6%	<b>2012</b> 34.69 4.07 2.68 12.29 64.01 34.3 2.18 2220.3 39.3% 16.6% 550 172.5 38.3% 7.8% 568.2 786.9 21.9% 21.9% 21.9%	<b>2013</b> 41.58 4.81 3.15 15.62 64.23 31.7 1.78 2670.6 39.2% 16.2% 675 202.8 38.1% 7.6% 735.9 1003.1 20.2% 20.2% 20.2%	<b>2014</b> 50.50 6.06 3.98 19.44 64.18 26.1 1.37 3241.4 39.1% 16.7% 774 257.1 37.5% 8.2% 900.8 1247.5 20.6% 20.6% 20.6%	<b>2015</b> 61.76 7.63 4.98 22.71 63.54 32.4 1.63 3924.1 39.5% 17.1% 874 320.0 36.9% 8.2% 979.0 1442.9 22.2% 22.2% 22.2%	<b>2016</b> 78.14 10.28 6.52 24.95 62.13 35.4 1.86 4854.7 40.3% 18.2% 974 409.8 37.5% 8.4% 1006.9 1550.2 26.4% 26.4% 26.4%	<b>2017</b> 96.75 12.65 8.31 29.17 60.82 30.2 1.52 5884.5 39.9% 17.6% 1074 516.9 34.3% 8.8% 1051.5 1774.2 29.1% 29.1% 29.1%	<b>2018</b> 114.65 16.01 10.94 31.07 58.58 23.0 1.24 6716.6 40.0% 16.9% 1174 658.6 24.0% 9.8% 1091.2 1820.2 36.2% 36.2% 36.2%	<b>2019</b> <b>130.45</b> <b>18.25</b> <b>12.75</b> <b>38.70</b> <b>57.50</b> <b>30.2</b> <b>1.24</b> <b>7550</b> <b>40.5%</b> <b>17.5%</b> <b>1250</b> <b>750</b> <b>24.5%</b> <b>10.0%</b> <b>1375</b> <b>2225</b> <b>33.5%</b> <b>33.5%</b> <b>33.5%</b>	<b>2020</b> <b>148.25</b> <b>20.00</b> <b>15.00</b> <b>46.90</b> <b>56.50</b> <b>23.0</b> <b>1.24</b> <b>8375</b> <b>40.5%</b> <b>17.5%</b> <b>1325</b> <b>850</b> <b>24.5%</b> <b>10.1%</b> <b>1700</b> <b>2650</b> <b>32.0%</b> <b>32.0%</b> <b>32.0%</b>	Sales per sh <sup>A</sup> "Cash Flow" per sh Earnings per sh <sup>B</sup> Div'ds Decl'd per sh <sup>D</sup> Book Value per sh Common Shs Outst'g <sup>C</sup> Avg Ann'l P/E Ratio Relative P/E Ratio Avg Ann'l Div'd Yield Sales (\$mill) <sup>A</sup> Gross Margin Operating Margin Number of Stores Net Profit (\$mill) Income Tax Rate Net Profit Margin Working Cap'l (\$mill) Long-Term Debt (\$mill) Shr. Equity (\$mill) Return on Total Cap'l Return on Shr. Equity Retained to Com Eq All Div'ds to Net Prof	22-24 <b>221.70</b> <b>30.20</b> <b>22.25</b> <b>Nil</b> <b>82.10</b> <b>53.00</b> <b>23.0</b> <b>1.30</b> <b>Nil</b> <b>11750</b> <b>41.0%</b> <b>18.0%</b> <b>1550</b> <b>1200</b> <b>25.0%</b> <b>10.2%</b> <b>3350</b> <b>Nil</b> <b>4350</b> <b>27.5%</b> <b>27.5%</b> <b>27.5%</b> <b>Nil</b>
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**CAPITAL STRUCTURE as of 5/4/19**  
Total Debt None

Leases, Uncapitalized: Annual rentals \$334.5 mill.

No Defined Benefit Pension Plan

Common Stock 58,457,743 shs. as of 5/24/19

MARKET CAP: \$21.1 billion (Large Cap)

**CURRENT POSITION (\$MILL.)**

	2017	2018	5/4/19
Cash Assets	415.0	409.3	521.8
Receivables	88.6	136.2	110.1
Inventory (FIFO)	944.0	1214.3	1250.0
Other	88.6	155.1	137.4
Current Assets	1536.2	1914.9	2019.3
Accts Payable	259.5	404.1	407.3
Debt Due	--	--	--
Other	269.8	419.6	638.3
Current Liab.	529.3	823.7	1045.6

**ANNUAL RATES of change (per sh)**

	Past 10 Yrs.	Past 5 Yrs.	Est'd '16-'18 to '22-'24
Sales	18.5%	22.5%	15.0%
"Cash Flow"	41.0%	26.5%	15.0%
Earnings	34.0%	27.0%	17.0%
Dividends	--	--	Nil
Book Value	21.5%	18.0%	20.0%

**QUARTERLY SALES (\$ mill.)<sup>A</sup>**

Fiscal Year Begins	Apr.Per	Jul.Per	Oct.Per	Jan.Per	Full Fiscal Year
2016	1073.7	1069.2	1131.2	1580.6	4854.7
2017	1314.9	1289.8	1342.2	1937.6	5884.5
2018	1543.7	1488.2	1560.0	2124.7	6716.6
2019	1743.0	1675	1750	2382	7550
2020	1950	1875	1900	2650	8375

**EARNINGS PER SHARE<sup>AB</sup>**

Fiscal Year Begins	Apr.Per	Jul.Per	Oct.Per	Jan.Per	Full Fiscal Year
2016	1.45	1.43	1.40	2.24	6.52
2017	2.05	1.83	1.70	2.75	8.31
2018	2.70	2.46	2.18	3.61	10.94
2019	3.26	2.84	2.60	4.25	12.95
2020	3.60	3.40	3.00	5.00	15.00

**QUARTERLY DIVIDENDS PAID<sup>D</sup>**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2015					
2016					
2017					
2018					
2019					

NO CASH DIVIDENDS BEING PAID

**BUSINESS:** Ulta Beauty, Inc., formerly Ulta Salon, operates specialty retail stores selling cosmetics, fragrance, haircare, and skincare products, and related accessories and services. It offers a broad assortment of over 25,000 prestige and mass beauty products. The company has approximately 1,174 stores in 50 states, primarily located in off-mall locations, with an average store size of more than 10,000 square feet, including 950 square feet dedicated to full-service salons. Has about 16,000 employees. Officers & directors own 4.2% of common stock; Vanguard, 9.9%; BlackRock, 6.7%; AllianceBernstein, 5.2% (4/19 Proxy). CEO: Mary Dillon. Inc.: Delaware. Address: 1000 Remington Blvd., Suite 120, Bolingbrook, IL 60440. Telephone: 630-410-4800. Internet: www.ulta.com.

**Ulta continues to chug along in strong fashion.** In what is becoming a common trend, the company reported another earnings beat for the first quarter. (Fiscal 2019 ends February 1, 2020.) Share net came in at \$3.26, 21% over the year-earlier tally and \$0.21 ahead of our and the Wall Street consensus estimate. Net sales increased 12.9%, to \$1743.0 million, on a 7.0% comparable-stores gain, thanks to 4.3% transaction growth and 2.7% higher average tickets. Management was able to hold the operating margin relatively steady despite continued aggressiveness on the store-expansion front, while a lower-than-expected tax rate and share repurchases were further boons.

**Guidance suggests that the story will remain very much the same for the remainder of the year.** Management reiterated its low double-digit full-year sales growth forecast, pointing to a 6%-7% comp-sales increase, including a 20%-30% uptick in e-commerce sales and the introduction of about 80 new locations. However, it upped its share-net estimate to between \$12.83 and \$13.03, up \$0.18 at both ends. The midpoint of the revised range

implies an 18% advance, up a percentage point from the previous assumption. Leadership also pointed to the likelihood of \$700 million in share repurchases and an increase in the effective tax rate, to 24% for all of fiscal 2019. While we have left intact our \$7.55 billion top-line call, we have tacked \$0.20 onto our earnings-per-share estimate, to \$12.95, to account for the April-quarter beat.

**Our fiscal 2020 financial presentation remains firmly intact.** We continue to expect Ulta to earn \$15.00 a share, on an 11% top-line gain. Store rollouts and growth initiatives aimed at attracting customers and retention ought to continue to resonate with shoppers, in our view.

**This stock has held fairly steady since our April review and remains timely for year-ahead relative price performance.** That said, would-be investors should be careful here as the issue holds slightly below-average three- to five-year appreciation potential. News that Amazon.com has launched a beauty products store aimed at licensed professionals adds some uncertainty.

Andre J. Costanza July 26, 2019

(A) Fiscal year ends last Saturday in January of the following calendar year. Quarterly eggs may not add due to rounding. Excludes non-recurring gain of \$0.65 in 2017.  
 (B) Diluted earnings per share. Next earnings report due late Aug. Quarterly eggs. may not add due to rounding.  
 (C) In millions.  
 (D) Paid \$93.0 million special div. in 2007.

Company's Financial Strength	A
Stock's Price Stability	50
Price Growth Persistence	90
Earnings Predictability	100

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