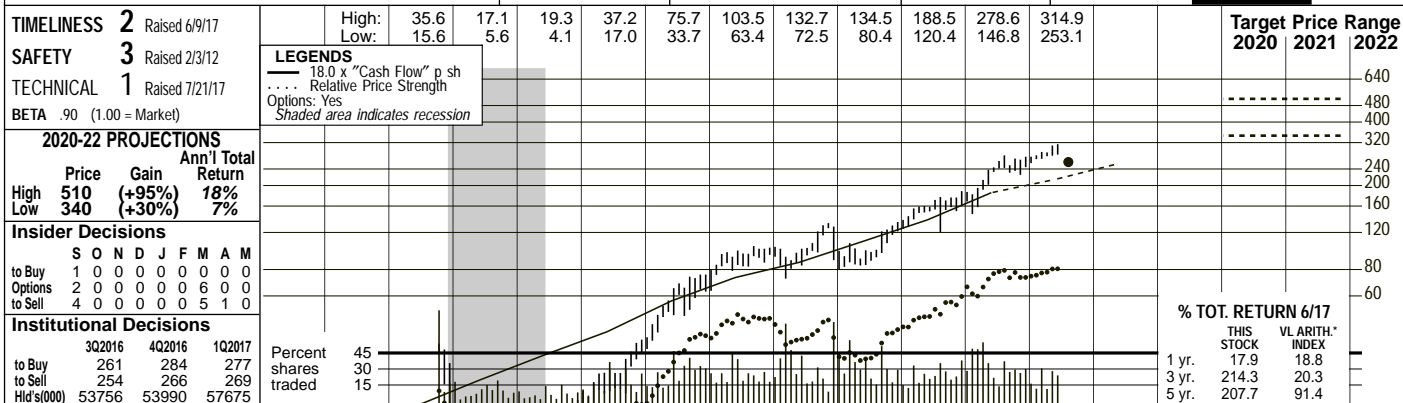


ULTA BEAUTY NDQ-ULTA

RECENT PRICE **258.75** P/E RATIO **31.3** (Trailing: 36.3 Median: 31.0) RELATIVE P/E RATIO **1.58** DIV'D YLD **Nil** VALUE LINE



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	© VALUE LINE PUB. LLC	20-22
Price	16.03	18.79	21.02	24.17	28.55	34.69	41.58	50.50	61.76	78.14	95.10	110.75	Sales per sh ^A	178.25
d.50	1.33	1.75	2.26	3.15	4.07	4.81	6.06	7.63	10.28	12.60	14.95	"Cash Flow" per sh	21.90	
.48	.43	.66	1.16	1.90	2.68	3.15	3.98	4.98	6.52	8.25	9.95	Earnings per sh ^B	16.00	
---	---	---	---	---	---	---	---	---	---	---	---	---	Div'ds Decl'd per sh ^D	Nil
3.72	4.24	5.03	6.69	9.40	12.29	15.62	19.44	22.71	24.95	30.50	36.80	Book Value per sh	60.85	
56.91	57.74	58.17	60.20	62.21	64.01	64.23	64.18	63.54	62.13	61.50	60.50	Common Shs Outst'g ^C	57.50	
51.6	27.0	18.6	22.8	31.4	34.3	31.7	26.1	32.4	35.4	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	26.5	
2.74	1.62	1.24	1.45	1.97	2.18	1.78	1.37	1.63	1.88			Relative P/E Ratio	1.65	
---	---	---	---	---	---	---	---	---	---			Avg Ann'l Div'd Yield	Nil	
912.1	1084.6	1222.8	1454.8	1776.2	2220.3	3241.4	3924.1	4854.7	5850	6700	Sales (\$mill) ^A	10250		
35.4%	35.0%	35.6%	37.7%	39.0%	39.3%	39.2%	39.1%	39.5%	40.3%	40.5%	40.5%	Gross Margin	41.0%	
9.5%	9.0%	10.7%	12.6%	15.3%	16.6%	16.2%	16.7%	17.1%	18.2%	18.5%	18.5%	Operating Margin	19.0%	
249	311	346	389	449	550	675	774	874	974	1050	1125	Number of Stores	1275	
25.3	25.3	39.4	71.0	120.3	172.5	202.8	257.1	320.0	409.8	515	625	Net Profit (\$mill)	950	
39.9%	40.3%	40.3%	39.9%	38.5%	38.3%	38.1%	37.5%	36.9%	37.5%	34.0%	36.0%	Income Tax Rate	37.5%	
2.8%	2.3%	3.2%	4.9%	6.8%	7.8%	7.6%	7.9%	8.2%	8.4%	8.8%	9.3%	Net Profit Margin	9.3%	
117.0	159.7	136.4	241.0	415.3	568.2	735.9	900.8	979.0	1006.9	1125	1275	Working Cap'l (\$mill)	2100	
74.8	88.0	---	---	---	---	---	---	---	---	Nil	Nil	Long-Term Debt (\$mill)	Nil	
211.5	245.0	292.6	402.5	584.7	786.9	1003.1	1247.5	1442.9	1550.2	1875	2225	Shr. Equity (\$mill)	3500	
9.8%	8.2%	13.8%	17.6%	20.6%	21.9%	20.2%	20.6%	22.2%	26.4%	27.5%	28.0%	Return on Total Cap'l	27.0%	
12.0%	10.3%	13.5%	17.6%	20.6%	21.9%	20.2%	20.6%	22.2%	26.4%	27.5%	28.0%	Return on Shr. Equity	27.0%	
NMF	10.3%	13.5%	17.6%	20.6%	21.9%	20.2%	20.6%	22.2%	26.4%	27.5%	28.0%	Retained to Com Eq	27.0%	
NMF	---	---	---	---	---	---	---	---	---	Nil	Nil	All Div'ds to Net Prof	Nil	

CAPITAL STRUCTURE as of 4/29/17
Total Debt None

Leases, Uncapitalized: Annual rentals \$270.7 mill.

No Defined Benefit Pension Plan

Common Stock 62,032,502 shs. as of 5/26/17

MARKET CAP: \$16.1 billion (Large Cap)

CURRENT POSITION (\$MILL.)	2015	2016	4/29/17
Cash Assets	475.8	415.0	471.7
Receivables	65.0	88.6	62.9
Inventory (FIFO)	761.8	944.0	1048.4
Other	72.6	88.6	90.0
Current Assets	1375.2	1536.2	1673.0
Accts Payable	196.2	259.5	319.4
Debt Due	---	---	---
Other	200.0	269.8	264.9
Current Liab.	396.2	529.3	584.3

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 20,000 prestige and mass beauty products. The company has approximately 974 stores in 48 states, primarily located in off-mall locations, with an average store size of

10,000 square feet, including 950 square feet dedicated to full-service salons. Has about 11,600 employees. Officers & directors own 5.2% of common stock; Vanguard, 8.7%; Capital World Investors, 7.9% (4/17 Proxy). CEO : Mary Dillon. Incorporated: Delaware. Address: 1000 Remington Blvd., Suite 120, Bolingbrook, IL 60440. Telephone: 630-410-4800. Internet: www.ulta.com.

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '14-'16 to '20-'22

Sales -- 21.0% 19.0%

"Cash Flow" -- 27.5% 19.0%

Earnings -- 33.0% 21.0%

Dividends -- -- Nil

Book Value -- 26.0% 16.0%

Fiscal Year Begins	QUARTERLY SALES (\$ mill.) ^A				Full Fiscal Year
	Apr.Per	Jul.Per	Oct.Per	Jan.Per	
2014	713.9	734.2	745.7	1047.6	3241.4
2015	868.1	877.0	910.7	1268.3	3924.1
2016	1073.7	1069.2	1131.2	1580.6	4854.7
2017	1314.9	1275	1350	1910.1	5850
2018	1500	1450	1575	2175	6700

Fiscal Year Begins	EARNINGS PER SHARE ^{AB}				Full Fiscal Year
	Apr.Per	Jul.Per	Oct.Per	Jan.Per	
2014	.77	.94	.91	1.33	3.98
2015	1.04	1.15	1.11	1.69	4.98
2016	1.45	1.43	1.40	2.24	6.52
2017	2.05	1.80	1.70	2.70	8.25
2018	2.40	2.20	2.10	3.25	9.95

Calendar	QUARTERLY DIVIDENDS PAID				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2013					
2014					
2015					
2016					
2017					

NO CASH DIVIDENDS BEING PAID

Ulta shares have been on a steady decline since the start of the summer. They have lost nearly 20% of their value after peaking at nearly \$315 a share in early June. The slide is a distinct about face for the equity, which had been on a steep and steady incline ever since debuting nearly 10 years ago. The turn in Wall Street sentiment followed the release of the company's fiscal first-quarter (ended April 29th) results, which at first blush appeared healthy. Indeed, sales and earnings both handily outpaced expectations, with the latter coming in at \$2.05 a share, 14% better than what were anticipating and 41% ahead of the year-earlier tally. Sales, meanwhile, were up 22% on a year-over-year basis, on a 14% higher same-store comparison. E-commerce sales continued to impress, improving nearly 71%. That said, the investment community has become extremely critical in recent months given the soft overall retail environment. This is particularly true about Ulta given its meteoric rise. We think the main point of contention was that same-store sales were down a percentage point, leading some to worry that the ride may be coming

to an end. **We think that the recent pullback presents a buying opportunity.** Management upped its comp-sales growth forecast range by a percentage point at both ends, to 9% to 11%, and its e-commerce growth assumption by 25%, to 50%. It also raised its share-net growth expectation to a mid-twenties range, from its previous low-twenties range. All things considered, we've ratcheted up our earnings-per-share estimate by \$0.25 for this year and next, to \$8.25 and \$9.95, respectively. We continue to think that the company's multichannel business model, move in to e-commerce, and rewards program will resonate with consumers, thereby driving healthy gains for the foreseeable future. Adding it all up, we think that this stock holds worthwhile 3- to 5-year price recovery potential. In the interim, it has moved up a notch on our Timeliness Ranking System, and is now an Above-Average selection for the coming six to 12 months. The current valuation, meanwhile, has come back down to a more justifiable level. The company's finances are another boon.

Andre J. Costanza
July 28, 2017

(A) Fiscal year ends last Saturday in January of the following calendar year. Quarterly eggs. may not add due to rounding. (B) Diluted earnings per share. Next earnings report due August 24th. 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	35
Price Growth Persistence	85
Earnings Predictability	90

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