

BUY						HOLD			SELL							BUY	RATING SINCE		12/04/2020
A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E+	E	E-	F		TARGET PRICE		 \$341.41
Annual Dividend Rate NA				Annual Dividend Yield NA			Beta 1.77			Market Capitalization \$16.7 Billion				52-Week Range \$124.05-\$310.49			Price as of 2/4/2021 \$295.59		

Sector: **Retail Trade** | Industry Group: **Health and Personal Care Stores**

ULTA BUSINESS DESCRIPTION

Ulta Beauty, Inc. operates as a beauty retailer in the United States.

STOCK PERFORMANCE (%)

	3 Mo.	1 Yr.	3 Yr (Ann)
Price Change	36.02	8.07	10.43

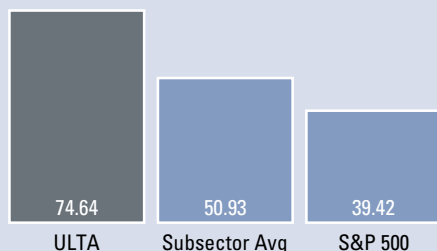
GROWTH (%)

	Last Qtr	12 Mo.	3 Yr CAGR
Revenues	-7.76	-13.28	4.23
Net Income	-42.36	-67.47	-22.48
EPS	-41.34	-66.67	-20.30

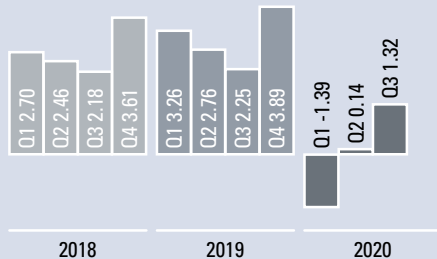
RETURN ON EQUITY (%)

	ULTA	Subsector Avg	S&P 500
Q3 2020	12.24	380.31	11.01
Q3 2019	37.78	82.55	14.94
Q3 2018	35.52	367.40	15.66

P/E COMPARISON

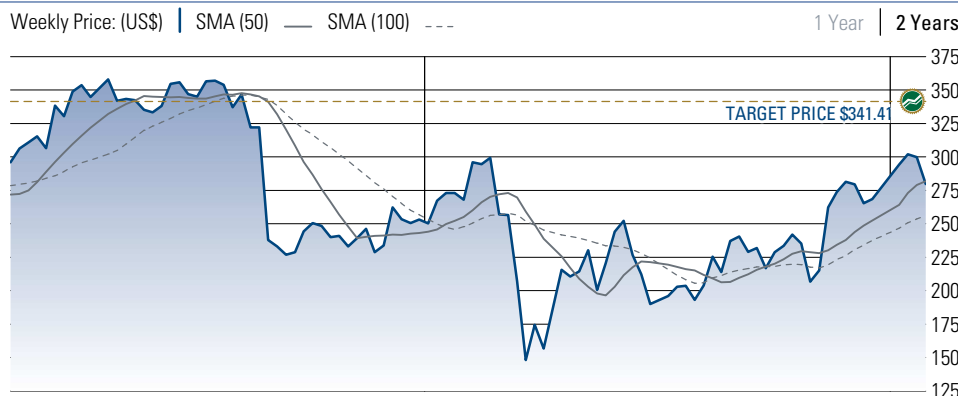


EPS ANALYSIS' (\$)



NA = not available NM = not meaningful

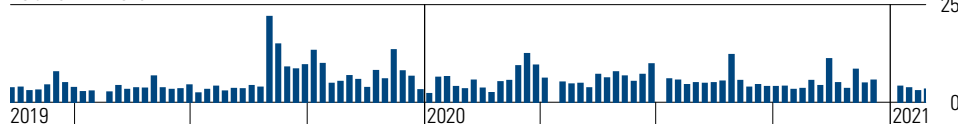
1 Compustat fiscal year convention is used for all fundamental data items.



Rating History



Volume in Millions



COMPUSTAT for Price and Volume, TheStreet Ratings, Inc. for Rating History

RECOMMENDATION

We rate ULTA BEAUTY INC (ULTA) a BUY. This is driven by a number of strengths, which we believe should have a greater impact than any weaknesses, and should give investors a better performance opportunity than most stocks we cover. The company's strengths can be seen in multiple areas, such as its good cash flow from operations, expanding profit margins and increase in stock price during the past year. We feel its strengths outweigh the fact that the company has had sub par growth in net income.

HIGHLIGHTS

Net operating cash flow has significantly increased by 120.61% to \$243.06 million when compared to the same quarter last year. In addition, ULTA BEAUTY INC has also vastly surpassed the subsector average cash flow growth rate of 19.01%.

39.81% is the gross profit margin for ULTA BEAUTY INC which we consider to be strong. Regardless of ULTA's high profit margin, it has managed to decrease from the same period last year. Despite the mixed results of the gross profit margin, the net profit margin of 4.81% trails the subsector average.

The revenue fell significantly faster than the subsector average of 24.1%. Since the same quarter one year prior, revenues slightly dropped by 7.8%. Weakness in the company's revenue seems to have hurt the bottom line, decreasing earnings per share.

Compared to where it was 12 months ago, the stock is up, but it has so far lagged the appreciation in the S&P 500. The stock's price rise over the last year has driven it to a level which is somewhat expensive compared to the rest of its subsector. We feel, however, that other strengths this company displays justify these higher price levels.

ULTA BEAUTY INC's earnings per share declined by 41.3% in the most recent quarter compared to the same quarter a year ago. This company has reported somewhat volatile earnings recently. We feel it is likely to report a decline in earnings in the coming year. During the past fiscal year, ULTA BEAUTY INC increased its bottom line by earning \$12.16 versus \$10.95 in the prior year. For the next year, the market is expecting a contraction of 72.1% in earnings (\$3.39 versus \$12.16).

TheStreet Quant Ratings

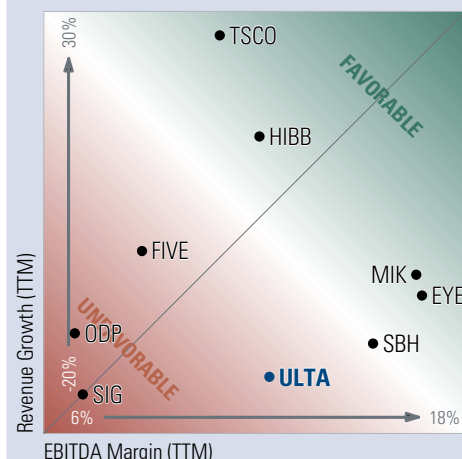
ULTA BEAUTY INC

Sector: Retail Trade | Health and Personal Care Stores

Annual Dividend Rate NA	Annual Dividend Yield NA	Beta 1.77	Market Capitalization \$16.7 Billion	52-Week Range \$124.05-\$310.49	Price as of 2/4/2021 \$295.59
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PEER GROUP ANALYSIS

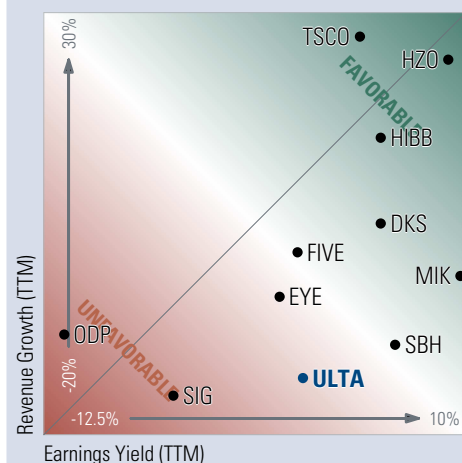
REVENUE GROWTH AND EBITDA MARGIN*



Companies with higher EBITDA margins and revenue growth rates are outperforming companies with lower EBITDA margins and revenue growth rates. Companies for this scatter plot have a market capitalization between \$970.4 Million and \$17 Billion. Companies with NA or NM values do not appear.

*EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization.

REVENUE GROWTH AND EARNINGS YIELD



Companies that exhibit both a high earnings yield and high revenue growth are generally more attractive than companies with low revenue growth and low earnings yield. Companies for this scatter plot have revenue growth rates between -15.4% and 27.2%. Companies with NA or NM values do not appear.

SUBSECTOR ANALYSIS

ULTA BEAUTY INC falls within the Retail Trade sector and the Health and Personal Care Stores industry group of the North American Industry Classification System or NAICS. More precisely, a significant portion of company activities involve Cosmetics, Beauty Supplies, and Perfume Stores.

TheStreet Quant Ratings is currently tracking 165 companies in the Retail Trade sector that total around \$3,805 billion in market capitalization as well as \$3,147 billion in annual sales.

The Health and Personal Care Stores subsector accounts for 14.3% of those revenues.

Industries in the Health and Personal Care Stores subsector retail health and personal care merchandise from fixed point-of-sale locations. Establishments in this subsector are characterized principally by the products they retail, and some health and personal care stores may have specialized staff trained in dealing with the products. Staff may include pharmacists, opticians, and other professionals engaged in retailing, advising customers, and/or fitting the product sold to the customer's needs.

PEER GROUP: Health and Personal Care Stores

Ticker	Company Name	Recent Price (\$)	Market Cap (\$M)	Price/Earnings	Net Sales TTM (\$M)	Net Income TTM (\$M)
ULTA	ULTA BEAUTY INC	295.59	16,653	74.64	6,259.17	227.06
HIBB	HIBBETT SPORTS INC	59.63	990	18.24	1,355.85	56.33
HZO	MARINEMAX INC	43.84	970	11.02	1,617.07	89.18
DKS	DICKS SPORTING GOODS INC	74.05	4,868	18.24	9,067.36	380.46
EYE	NATIONAL VISION HLDGS INC	47.35	3,836	1,183.75	1,616.83	5.12
ODP	ODP CORP	46.75	2,501	NM	9,930.00	-282.00
SIG	SIGNET JEWELERS LTD	45.31	2,371	NM	5,193.70	-82.40
MIK	MICHAELS COS INC	15.42	2,277	10.28	5,076.88	221.51
SBH	SALLY BEAUTY HOLDINGS INC	15.67	1,768	15.99	3,514.33	113.25
TSCO	TRACTOR SUPPLY CO	146.24	17,037	22.92	10,620.35	748.96
FIVE	FIVE BELOW INC	186.55	10,423	95.67	1,790.75	109.80

The peer group comparison is based on Major Health and Personal Care Stores companies of comparable size.

Sector: Retail Trade | Health and Personal Care Stores

Annual Dividend Rate NA	Annual Dividend Yield NA	Beta 1.77	Market Capitalization \$16.7 Billion	52-Week Range \$124.05-\$310.49	Price as of 2/4/2021 \$295.59
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COMPANY DESCRIPTION

Ulta Beauty, Inc. operates as a beauty retailer in the United States. The company's stores offer cosmetics, fragrances, skincare and haircare products, bath and body products, and salon styling tools; professional hair products; salon services, including hair, skin, makeup, and brow services; and others, including nail products and accessories. It also provides private label products, such as the Ulta Beauty Collection branded cosmetics, skincare, and bath products, as well as Ulta Beauty branded products; and the Ulta Beauty branded gifts. As of May 2, 2020, the company operated 1,264 retail stores across 50 states. It also distributes its products through its Website, ulta.com. The company was formerly known as Ulta Salon, Cosmetics & Fragrance, Inc. and changed its name to Ulta Beauty, Inc. in January 2017. Ulta Beauty, Inc. was founded in 1990 and is based in Bolingbrook, Illinois.

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STOCK-AT-A-GLANCE

Below is a summary of the major fundamental and technical factors we consider when determining our overall recommendation of ULTA shares. It is provided in order to give you a deeper understanding of our rating methodology as well as to paint a more complete picture of a stock's strengths and weaknesses. It is important to note, however, that these factors only tell part of the story. To gain an even more comprehensive understanding of our stance on the stock, these factors must be assessed in combination with the stock's valuation. Please refer to our Valuation section on page 5 for further information.

FACTOR	SCORE					
Growth	2.5 out of 5 stars	★	★	☆	☆	☆
Measures the growth of both the company's income statement and cash flow. On this factor, ULTA has a growth score better than 40% of the stocks we rate.		weak				strong
Total Return	4.0 out of 5 stars	★	★	★	★	☆
Measures the historical price movement of the stock. The stock performance of this company has beaten 70% of the companies we cover.		weak				strong
Efficiency	4.5 out of 5 stars	★	★	★	★	☆
Measures the strength and historic growth of a company's return on invested capital. The company has generated more income per dollar of capital than 80% of the companies we review.		weak				strong
Price volatility	3.0 out of 5 stars	★	★	★	☆	☆
Measures the volatility of the company's stock price historically. The stock is less volatile than 50% of the stocks we monitor.		weak				strong
Solvency	5.0 out of 5 stars	★	★	★	★	★
Measures the solvency of the company based on several ratios. The company is more solvent than 90% of the companies we analyze.		weak				strong
Income	0.5 out of 5 stars	☆	☆	☆	☆	☆
Measures dividend yield and payouts to shareholders. This company pays no dividends.		weak				strong

THESTREET QUANT RATINGS RESEARCH METHODOLOGY

TheStreet Quant Ratings' stock model projects a stock's total return potential over a 12-month period including both price appreciation and dividends. Our Buy, Hold or Sell ratings designate how we expect these stocks to perform against a general benchmark of the equities market and interest rates. While our model is quantitative, it utilizes both subjective and objective elements. For instance, subjective elements include expected equities market returns, future interest rates, implied industry outlook and forecasted company earnings. Objective elements include volatility of past operating revenues, financial strength, and company cash flows.

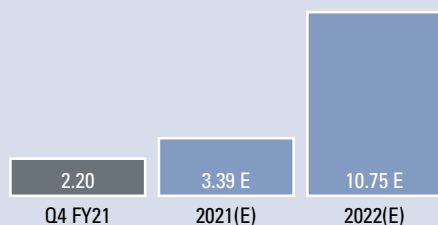
Our model gauges the relationship between risk and reward in several ways, including: the pricing drawdown as compared to potential profit volatility, i.e. how much one is willing to risk in order to earn profits; the level of acceptable volatility for highly performing stocks; the current valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's performance. These and many more derived observations are then combined, ranked, weighted, and scenario-tested to create a more complete analysis. The result is a systematic and disciplined method of selecting stocks.

Sector: Retail Trade | Health and Personal Care Stores

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Consensus EPS Estimates² (\$)

IBES consensus estimates are provided by Thomson Financial



INCOME STATEMENT

	Q3 FY20	Q3 FY19
Net Sales (\$mil)	1,552.03	1,682.51
EBITDA (\$mil)	192.83	242.04
EBIT (\$mil)	120.47	167.78
Net Income (\$mil)	74.80	129.75

BALANCE SHEET

	Q3 FY20	Q3 FY19
Cash & Equiv. (\$mil)	560.90	208.84
Total Assets (\$mil)	4,870.99	4,928.85
Total Debt (\$mil)	1,913.92	1,929.43
Equity (\$mil)	1,854.44	1,847.16

PROFITABILITY

	Q3 FY20	Q3 FY19
Gross Profit Margin	39.81%	41.47%
EBITDA Margin	12.42%	14.38%
Operating Margin	7.76%	9.97%
Sales Turnover	1.28	1.46
Return on Assets	4.66%	14.15%
Return on Equity	12.24%	37.78%

DEBT

	Q3 FY20	Q3 FY19
Current Ratio	1.82	1.67
Debt/Capital	0.51	0.51
Interest Expense	1.38	NA
Interest Coverage	87.11	NA

SHARE DATA

	Q3 FY20	Q3 FY19
Shares outstanding (mil)	56	57
Div / share	0.00	0.00
EPS	1.32	2.25
Book value / share	32.92	32.25
Institutional Own %	NA	NA
Avg Daily Volume	969,046	988,267

² Sum of quarterly figures may not match annual estimates due to use of median consensus estimates.

FINANCIAL ANALYSIS

ULTA BEAUTY INC's gross profit margin for the third quarter of its fiscal year 2020 is essentially unchanged when compared to the same period a year ago. Sales and net income have dropped, underperforming the average competitor within its subsector. ULTA BEAUTY INC has weak liquidity. Currently, the Quick Ratio is 0.57 which shows a lack of ability to cover short-term cash needs. The company's liquidity has increased from the same period last year, indicating improving cash flow.

During the same period, stockholders' equity ("net worth") has remained unchanged from the same quarter last year. Overall, the key liquidity measurements indicate that the company is in a position in which financial difficulties could develop in the future.

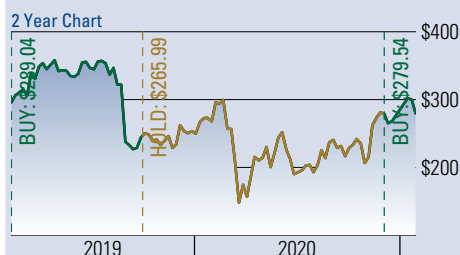
STOCKS TO BUY: TheStreet Quant Ratings has identified a handful of stocks that can potentially TRIPLE in the next 12-months. To learn more visit www.TheStreetRatings.com.

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RATINGS HISTORY

Our rating for ULTA BEAUTY INC was recently upgraded from Hold to Buy on 12/4/2020. As of 2/4/2021, the stock was trading at a price of \$295.59 which is 4.8% below its 52-week high of \$310.49 and 138.3% above its 52-week low of \$124.05.



MOST RECENT RATINGS CHANGES

Date	Price	Action	From	To
12/4/20	\$279.54	Upgrade	Hold	Buy
10/1/19	\$265.99	Downgrade	Buy	Hold
2/4/19	\$289.04	No Change	Buy	Buy

Price reflects the closing price as of the date listed, if available

RATINGS DEFINITIONS & DISTRIBUTION OF THESTREET RATINGS

(as of 2/4/2021)

34.51% Buy - We believe that this stock has the opportunity to appreciate and produce a total return of more than 10% over the next 12 months.

33.82% Hold - We do not believe this stock offers conclusive evidence to warrant the purchase or sale of shares at this time and that its likelihood of positive total return is roughly in balance with the risk of loss.

31.67% Sell - We believe that this stock is likely to decline by more than 10% over the next 12 months, with the risk involved too great to compensate for any possible returns.

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VALUATION

BUY. ULTA BEAUTY INC's P/E ratio indicates a significant premium compared to an average of 58.78 for the Health and Personal Care Stores subsector and a significant premium compared to the S&P 500 average of 39.42. To use another comparison, its price-to-book ratio of 8.98 indicates a significant premium versus the S&P 500 average of 4.10 and a significant discount versus the subsector average of 81.04. The price-to-sales ratio is below both the S&P 500 average and the subsector average, indicating a discount.

Price/Earnings

1	2	3	4	5
premium				discount

ULTA 74.64

Peers 50.93

- Premium. A higher P/E ratio than its peers can signify a more expensive stock or higher growth expectations.
- ULTA is trading at a significant premium to its peers.

Price/Projected Earnings

1	2	3	4	5
premium				discount

ULTA 27.50

Peers 42.95

- Premium. A higher price-to-projected earnings ratio than its peers can signify a more expensive stock or higher future growth expectations.
- ULTA is trading at a significant premium to its peers.

Price/Book

1	2	3	4	5
premium				discount

ULTA 8.98

Peers 81.04

- Discount. A lower price-to-book ratio makes a stock more attractive to investors seeking stocks with lower market values per dollar of equity on the balance sheet.
- ULTA is trading at a significant discount to its peers.

Price/Sales

1	2	3	4	5
premium				discount

ULTA 2.66

Peers 3.09

- Discount. In the absence of P/E and P/B multiples, the price-to-sales ratio can display the value investors are placing on each dollar of sales.
- ULTA is trading at a discount to its subsector on this measurement.

Price/CashFlow

1	2	3	4	5
premium				discount

ULTA 20.64

Peers 18.50

- Premium. The P/CF ratio, a stock's price divided by the company's cash flow from operations, is useful for comparing companies with different capital requirements or financing structures.
- ULTA is trading at a premium to its peers.

Price to Earnings/Growth

1	2	3	4	5
premium				discount

ULTA NM

Peers 2.01

- Neutral. The PEG ratio is the stock's P/E divided by the consensus estimate of long-term earnings growth. Faster growth can justify higher price multiples.
- ULTA's negative PEG ratio makes this valuation measure meaningless.

Earnings Growth

1	2	3	4	5
lower				higher

ULTA -66.67

Peers -6.15

- Lower. Elevated earnings growth rates can lead to capital appreciation and justify higher price-to-earnings ratios.
- However, ULTA is expected to significantly trail its peers on the basis of its earnings growth rate.

Sales Growth

1	2	3	4	5
lower				higher

ULTA -13.28

Peers 6.53

- Lower. A sales growth rate that trails the subsector implies that a company is losing market share.
- ULTA significantly trails its peers on the basis of sales growth.

DISCLAIMER:

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NAICS is the North American Industry Classification System which provides the Sector, Subsector, and Industry Group structure used in this report. As many companies are diversified, the companies may also operate in other industry segments than the one listed.