



Q2 2014 Investor Presentation





SAFE HARBOR STATEMENT

This presentation contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, or the Exchange Act (as amended), and the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, which reflect our current views with respect to, among other things, future events and financial performance. You can identify these forward-looking statements by the use of forward-looking words such as “outlook,” “believes,” “expects,” “plans,” “estimates,” or other comparable words. Any forward-looking statements contained in this presentation are based upon our historical performance and on current plans, estimates and expectations. The inclusion of this forward-looking information should not be regarded as a representation by us or any other person that the future plans, estimates or expectations contemplated by us will be achieved.

Such forward-looking statements are subject to various risks and uncertainties, which include, without limitation: the impact of weakness in the economy; changes in the overall level of consumer spending; changes in the wholesale cost of our products; the possibility that we may be unable to compete effectively in our highly competitive markets; the possibility that our continued opening of new stores could strain our resources and have a material adverse effect on our business and financial performance; the possibility that new store openings and existing locations may be impacted by developer or



co-tenant issues; the possibility that the capacity of our distribution and order fulfillment infrastructure may not be adequate to support our recent growth and expected future growth plans; the possibility of material disruptions to our information systems; weather conditions that could negatively impact sales; our ability to attract and retain key executive personnel; our ability to successfully execute and implement our common stock repurchase program; and other risk factors detailed in our public filings with the SEC. You are urged to carefully review the disclosures we make concerning the risks, uncertainties and assumptions that may affect our business and operating results, including, but not limited to, the risks, uncertainties and assumptions set forth in our most recent Annual Report on Form 10-K under the captions “Risk Factors,” “Business,” “Legal Proceedings” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and any of those made in our other reports filed with the SEC. Please consider our forward-looking statements in light of those risks, uncertainties and assumptions as you evaluate this presentation.

Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, forward-looking statements represent our management’s beliefs and assumptions only as of the date of the relevant document. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. We undertake no obligation to update any forward-looking statements after the date of this presentation, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws and regulations.



WHY INVEST IN ULTA?

- 1** Fast growth retailer targeting 1,200 stores in the US
- 2** Differentiated retail concept taking share in a fragmented market
- 3** Attractive beauty industry and favorable demographic shifts
- 4** Strong pipeline of “newness” in merchandising across categories
- 5** Well-defined growth strategies
- 6** Experienced team in place to deliver strategies
- 7** Strong operating cash flow enabling self-funded growth and free cash flow generation



WHO WE ARE

- 1** Only national beauty retailer of prestige, mass and salon products and services under one roof
- 2** 696 convenient locations in 46 states as of May 3, 2014
- 3** ~10,000 sq. ft. stores carry 20,000 SKUs, 500 brands
- 4** Rapidly growing e-commerce business
- 5** Compelling loyalty program with ~13.4 million active members





ONE-STOP SHOPPING FOR BEAUTY

IN CONVENIENT
LOCATIONS

- 1 One-Stop Shopping for Beauty
- 2 Compelling Value Proposition
- 3 Convenient Off-Mall Locations
- 4 Full-Service Salons

Mass	Haircare	Prestige
L'ORÉAL® PARIS	REDKEN	benefit SAN FRANCISCO
REVLON	Living proof.®	philosophy®
OLAY®	MATRIX	bareMinerals



Loyalty Program	Exclusive Product	Promotions/Events



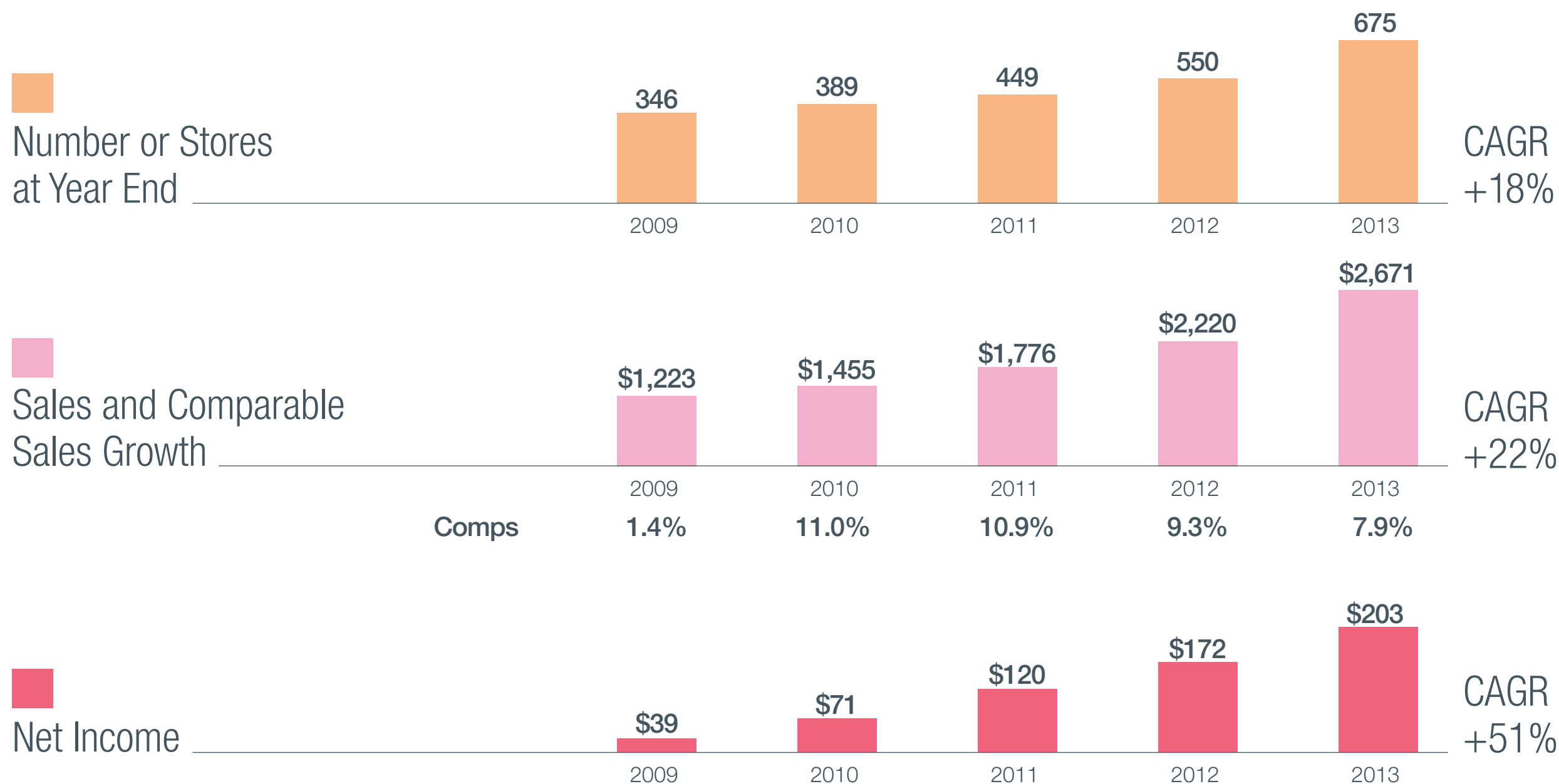
AN INVITING SPECIALTY **STORE EXPERIENCE**

- 1** Exciting Modern Store Design
- 2** Experiential Boutiques and Testers
- 3** Licensed Stylists and Estheticians
- 4** Friendly, Well-Trained, Non-Commissioned Beauty Advisors





TRACK RECORD OF SALES & EARNINGS GROWTH



Note: \$ in millions; comps include **ulta.com** in 2012 and 2013

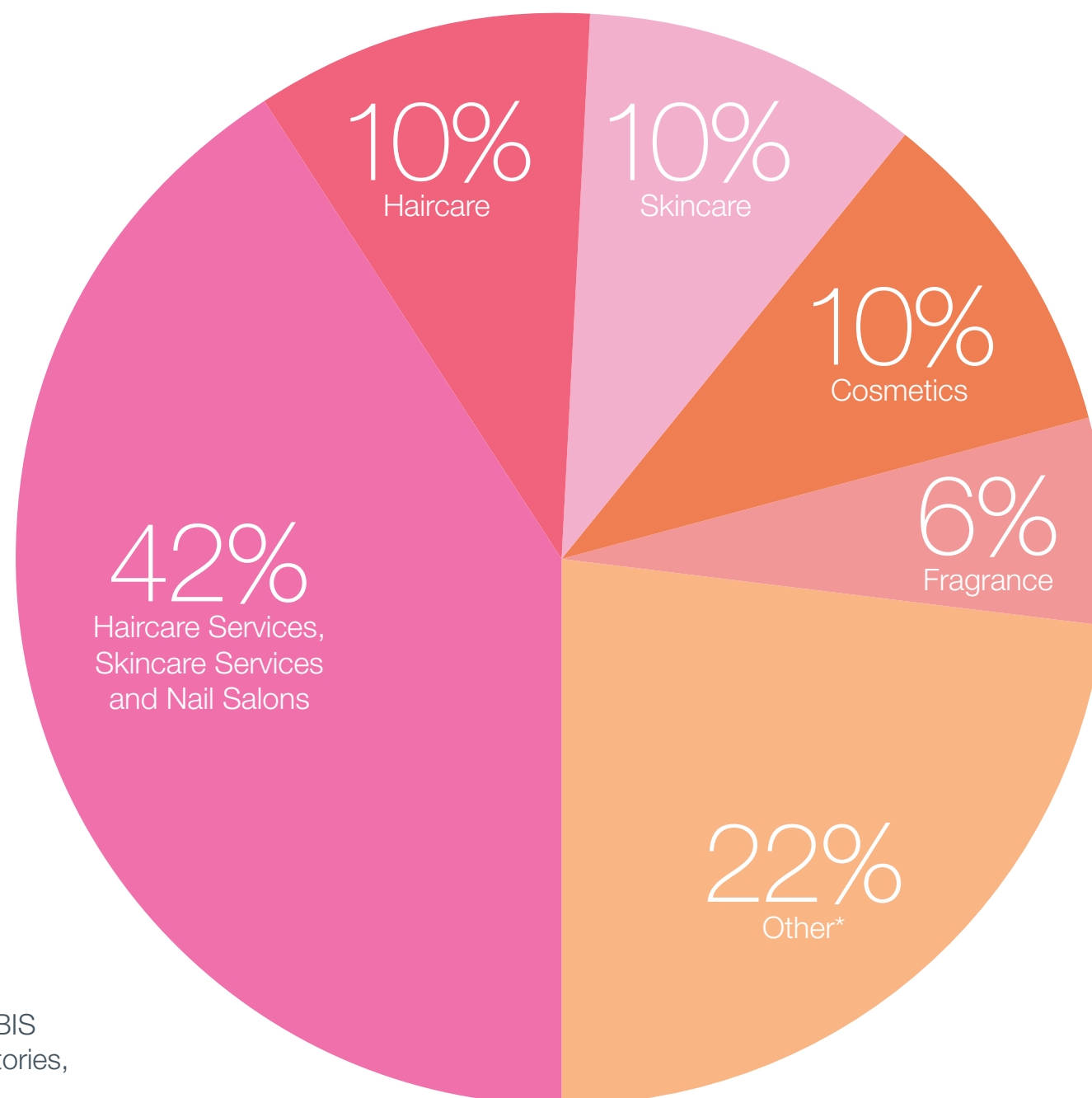


SIGNIFICANT MARKET SHARE OPPORTUNITY

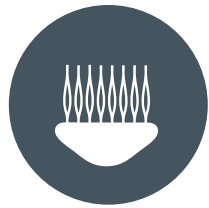
ULTA has ~2% share of the
>\$113 Billion U.S. Market

\$65 Billion
Beauty Products
Market

\$48 Billion
Salon Services
Market



Source: 2013 data from July 2013 Euromonitor and October 2013 IBIS World reports.*Other includes: bath and shower, deodorants, depilatories, men's grooming, oral care and sun care products.



ULTA BEAUTY CUSTOMER PROFILE

- 1** Broad-based: format appeals to women of all ages, from teenagers to mature women
- 2** Suburban: 75% of ULTA Beauty stores in trade areas with <\$150K households
- 3** Affluent: average household income >\$70K
- 4** Fashion and style conscious
- 5** Appreciates convenience of one-stop shopping
- 6** Values “newness”
- 7** Prefers welcoming, friendly environment to high pressure, commissioned sales environment
- 8** Embraces technology: researches products and tips online, engages social communities



5-POINT MULTI-YEAR GROWTH STRATEGY

- 1** Roll out 1,200 store plan in the U.S.
- 2** Expand offering with new products, services and brands
- 3** Enhance successful loyalty program
- 4** Broaden marketing reach to drive awareness & acquire new guests
- 5** Grow E-Commerce business and digital presence





GROWTH PLAN TARGETS

1,200 US STORES

1

696 stores in 46 states

2

Rapid new store growth

- Expanded square footage by
 - 16% in 2011
 - 23% in 2012
 - 22% in 2013
- Opening 100 Stores in 2014 for ~15% square footage growth
 - 2/3 in existing centers
 - 1/3 in new shopping centers
 - ~40% in new markets
 - ~60% in fill-in markets





COMPELLING NEW STORE ECONOMICS

STORE SIZE		10,000 Square Feet		
NEW STORE INVESTMENT	Leasehold and Fixtures	<i>Gross</i> \$1.0	<i>Landlord Allowance</i> \$0.6	<i>Net</i> \$0.4
	Inventory	<i>Gross</i> \$0.8	<i>Accounts Payable</i> \$0.3	\$0.5
	Pre-Opening Expenses	\$0.1	–	\$0.1
	Total Initial Investment	\$1.9	\$0.9	\$1.0
UNIT ECONOMICS		Year One	Year Three	Year Five
	Sales	\$2.8	\$3.5	\$4.0
	Sales Growth ⁽¹⁾		11%	6%
	Sales as % of Year 5 Sales	70%	87%	100%
	Store-Level Cash Flow	\$0.4	\$0.9	\$1.0
	Sales Per Square Foot	\$280	\$350	\$400
	Cumulative Cash-on-Cash Return	40%	168%	340%
	Payback Period	2 YEARS		

Note: \$ millions except for sales per square foot data. (1) Sales growth from preceding year.



PROVEN ABILITY TO ADD NEW BRANDS

65 Significant New Brands Added from 2009 to 2012

2009

benefit
SAN FRANCISCO

 **KORRES**

PHYTO

COSMEDICINE™

OSCAR BLANDI®

2010

COACH

tarte™

bliss®

philosophy®

Hydroxatone®

2011

butter™
LONDON

Ouidad
THE CURL EXPERTS®

LAURA GELLER BEAUTY


THE ART of
SHAVING®

Living proof.®

2012



Carol's Daughter®

dr.
brandt®



25 Significant New Brands Added in 2013

2013

m a i l y

ST.TROPEZ

SARAH MCNAMARA
BEAUTY | NEW YORK

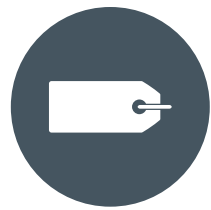
it COSMETICS

Meaningful Beauty®
Cindy Crawford

Exclusive Brands to ULTA

ck
one

JAPONESQUE®



PRESTIGE “BRAND BOUTIQUES”

ENHANCE SHOPPING EXPERIENCE



- 1 Most stores offer 4-6 prestige brand boutiques
- 2 BareMinerals boutiques in 637 stores
- 3 Benefit boutiques in 489 stores
- 4 Lancôme boutiques in 105 stores
- 5 Clinique boutiques in 100 stores





ENHANCE SUCCESSFUL LOYALTY PROGRAM

- 1** Over 13.4 million active loyalty program members
 - Represents approximately 80% of sales
 - Higher shopping frequency and spending vs. non-members
- 2** All customers on points-based “ULTAmate Rewards” program as of February 2014
- 3** Fully leveraging robust CRM platform
 - Enables more sophisticated segmentation based on customer behaviors
 - Facilitates tailored, one-on-one marketing initiatives to customers



ULTAmate
REWARDS



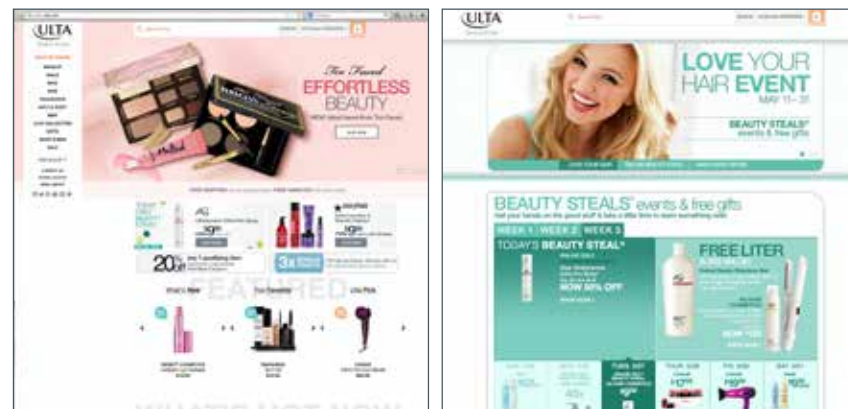
BROADEN MARKETING REACH

- 1 Optimizing the extensive reach of print advertising
- 2 Building stronger digital marketing presence
- 3 Expanding development of beauty focused content and social media
- 4 Testing new media vehicles to build the ULTA brand and acquire new customers

Print



Digital



Social





BUILDING E-COMMERCE CAPABILITIES

- 1 Significant growth opportunity from ~4% of total sales today
 - ~\$96 million in e-commerce sales in FY2013, contributing 180 basis points to total company comparable sales growth
 - 74% growth in FY2013; expect 50%-60% growth in FY2014
- 2 Launched new e-commerce platform in October 2013 featuring Responsive Web Design
- 3 Expanding on-line assortment
- 4 Increasing digital marketing presence
- 5 Expanded E-Commerce fulfillment capabilities in Northeast DC in late 2013





Q1 2014 PERFORMANCE HIGHLIGHTS

- 1** Opened 21 stores
- 2** Achieved total sales growth of 22.5%
- 3** Drove comp growth of 8.7% driven by 2.5% transaction growth and 6.2% ticket growth, with retail only transactions turning positive
- 4** Grew E-Commerce sales 72.3% contributing 190 basis points to the total comp
- 5** Delivered earnings per share of \$0.77 representing 18.5% growth
- 6** Completed conversion of loyalty program members to ULTAmate Rewards
- 7** Managed inventory very well, with inventory per store declining 50 basis points vs. the prior year



FY 2014 OUTLOOK

- 1** Achieve Comparable Sales Growth of 4% to 6%
- 2** Increase Total Sales in the Mid-Teens Percentage Range
- 3** Open 100 New Stores; Remodel 12 Stores
- 4** Deliver EPS in the Mid-Teens Percentage Range, Including \$0.10 of EPS Impact for Investments to Fund Brand Awareness and Guest Experience Initiatives
- 5** Invest \$265 Million of Capital
- 6** Generate Free Cash Flow in Excess of \$100 Million

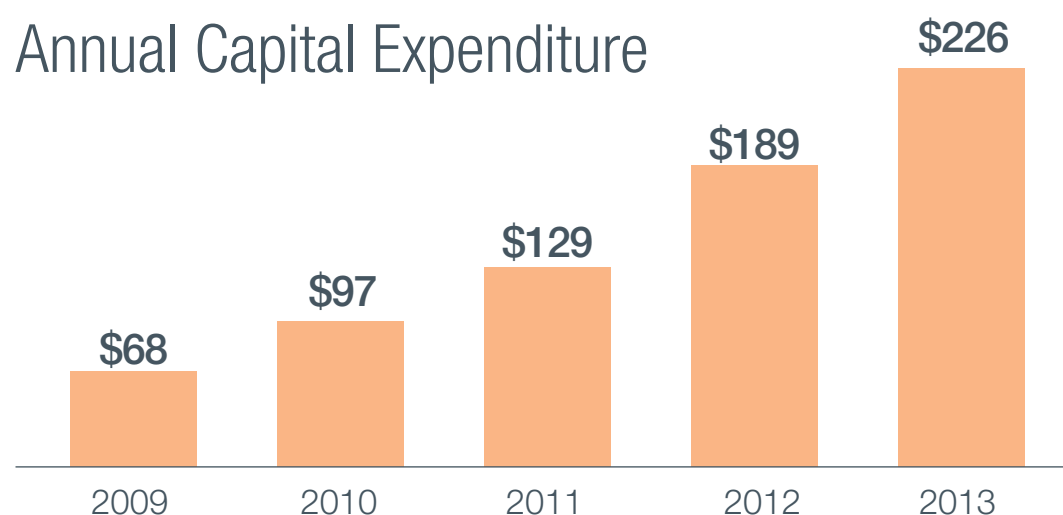


DEBT-FREE BALANCE SHEET &

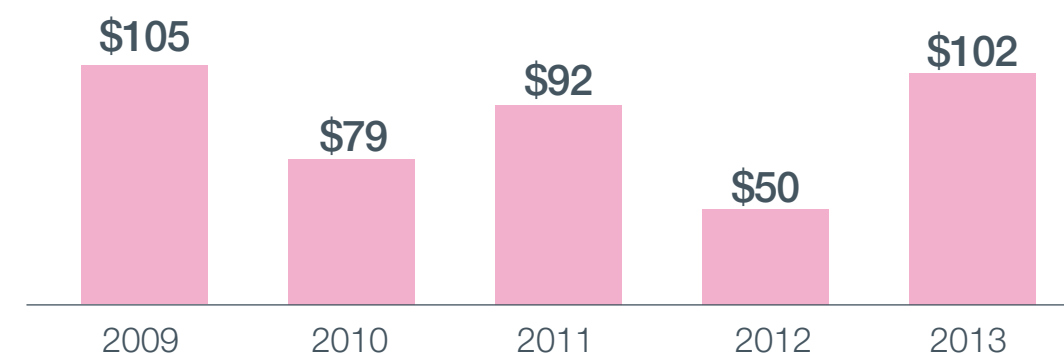
STRONG CASH FLOW GENERATION



Annual Capital Expenditure



Free Cash Flow*



Strong Financial Position

- Growth in capital expenditures primarily driven by new store growth
- Net cash position of \$420 million as of fiscal 2013 year-end, no debt
- Strong liquidity supported by undrawn revolving credit facility of \$200 million
- Paid \$1 per share special dividend to shareholders of record in May, 2012
- Authorized \$150 million share repurchase program in March, 2013, \$113 million remaining
- Expect to continue to organically fund growth needs and generate free cash flow

Note: \$ in millions.

*Cash provided by operating activities less purchases of property and equipment. Free cash flow is a non-GAAP measure and is not intended to supersede or replace the Company's GAAP results. For GAAP reconciliation to free cash flow, refer to statement of cash flow included in financial statements included on Form 10K.

Q&A

