
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): March 12, 2015

ULTA SALON, COSMETICS & FRAGRANCE, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-33764
(Commission
File Number)

36-3685240
(IRS Employer
Identification No.)

**1000 Remington Blvd., Suite 120
Bolingbrook, Illinois 60440**
(Address of Principal Executive Offices)
(Zip Code)

Registrant's telephone number, including area code: (630) 410-4800

Not Applicable
(Former Name or Former Address, if Changed Since Last Report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On March 12, 2015, Ulta Salon, Cosmetics & Fragrance, Inc. (the “Company”) issued a press release regarding its consolidated financial results for the fourth quarter and fiscal year ended January 31, 2015. A copy of the press release is furnished as Exhibit 99.1 to this report.

The information in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1 attached hereto, is intended to be furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b) On March 9, 2015, Janet Taake informed Ulta Salon, Cosmetics & Fragrance, Inc. (the “Company”) that she will retire from her position as Chief Merchandising Officer of the Company effective May 1, 2015.

Item 9.01 Financial Statements and Exhibits.**(d) Exhibits**

| <u>Exhibit No.</u> | <u>Description</u> |
|------------------------|--|
| 99.1 | Press release issued by Ulta Salon, Cosmetics & Fragrance, Inc. on March 12, 2015 announcing consolidated financial results for the fourth quarter and fiscal year ended January 31, 2015 furnished herewith |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ULTA SALON, COSMETICS & FRAGRANCE, INC.

Date: March 12, 2015

By: /s/ Robert S. Guttman
Robert S. Guttman
Senior Vice President, General Counsel
and Secretary

EXHIBIT INDEX

Exhibit
No.

Description

99.1

Press release issued by Ulta Salon, Cosmetics & Fragrance, Inc. on March 12, 2015 announcing consolidated financial results for the fourth quarter and fiscal year ended January 31, 2015 furnished herewith



Company Contacts:
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Chief Financial Officer
(630) 410-4807

Laurel Lefebvre
Vice President, Investor Relations
(630) 410-5230

Karen May
Director, Public Relations
(630) 410-5457

ULTA BEAUTY ANNOUNCES FOURTH QUARTER 2014 RESULTS

Total Sales Increased 20.7%
Comparable Sales Increased 11.1%
Diluted EPS Increased 23.9% to \$1.35

Bolingbrook, IL – March 12, 2015 – ULTA Beauty [NASDAQ:ULTA] today announced financial results for the thirteen week period (“Fourth Quarter”) and fifty-two week period (“Fiscal Year”) ended January 31, 2015, which compares to the same periods ended February 1, 2014.

“ULTA Beauty wrapped up a very strong year of sales and profit growth with an excellent fourth quarter, which we are proud to celebrate as our first billion dollar sales quarter,” said Mary Dillon, Chief Executive Officer. “Our best comparable sales increase of the year was driven by accelerating traffic growth, continued strength in prestige and mass color cosmetics, a successful holiday selling season, execution of more effective marketing and CRM strategies, a double-digit comp in our salon business, and a 55% comparable sales increase in our e-commerce business.”

For the Fourth Quarter

- Net sales increased 20.7% to \$1,047.6 million from \$868.1 million in the fourth quarter of fiscal 2013;
- Comparable sales (sales for stores open at least 14 months and e-commerce sales) increased 11.1% compared to an increase of 9.2% in the fourth quarter of fiscal 2013. The 11.1% same store sales increase was driven by 7.7% growth in transactions and 3.4% growth in average ticket;
- E-commerce sales grew 55.2%, representing 230 basis points of the total company same store sales increase of 11.1%;

- Salon sales increased 20.9%, and comparable salon sales grew 11.0%, contributing 10 basis points to the retail comparable sales increase of 8.8%;
- Gross profit decreased 40 basis points to 33.4% from 33.8% in the fourth quarter of fiscal 2013, driven by increased costs associated with the ULTAmate Rewards loyalty program and the impact of a higher mix of e-commerce sales;
- Selling, general and administrative (SG&A) expense as a percentage of net sales decreased 40 basis points to 20.1% compared to 20.5% in the fourth quarter of 2013;
- Pre-opening expenses decreased to \$1.6 million, compared to \$1.8 million in the fourth quarter of fiscal 2013. Real estate activity in the fourth quarter of fiscal 2014 included 10 new stores compared to 11 new stores in the fourth quarter of fiscal 2013;
- Operating income increased 20.4% to \$137.5 million, or 13.1% of net sales, compared to \$114.1 million, or 13.1% of net sales, in the fourth quarter of fiscal 2013;
- Tax rate of 36.6% reflects a \$0.02 per diluted share benefit related to a non-recurring tax adjustment;
- Net income increased 23.5% to \$87.3 million compared to \$70.7 million in the fourth quarter of fiscal 2013. Net income increased 21.6% to \$86.0 million excluding the impact of a non-recurring tax adjustment; and
- Income per diluted share increased 23.9% to \$1.35 compared to \$1.09 in the fourth quarter of fiscal 2013. Income per diluted share includes a non-recurring tax adjustment of approximately \$0.02 resulting in a lower effective tax rate compared to the fourth quarter of fiscal 2013. Excluding this tax benefit, income per diluted share increased 22.0% to \$1.33.

For the Fiscal Year 2014

- Net sales increased 21.4% to \$3,241.4 million from \$2,670.6 million in fiscal 2013;
- Comparable sales (sales for stores open at least 14 months and e-commerce sales) increased 9.9% compared to an increase of 7.9% in fiscal 2013. The 9.9% same store sales increase was driven by 5.6% growth in transactions and 4.3% growth in average ticket;
- E-commerce sales grew 56.4%, representing 180 basis points of the total company same store sales increase of 9.9%;
- Salon sales increased 20.4%, and comparable salon sales grew 9.5%, contributing 10 basis points to the retail comparable sales increase of 8.1%;
- Gross profit decreased 10 basis points to 35.1% compared to 35.2% in fiscal 2013;
- SG&A expense as a percentage of net sales decreased 30 basis points to 22.0% compared to 22.3% in fiscal 2013;
- Pre-opening expense decreased to \$14.4 million compared to \$17.3 million in fiscal 2013. Real estate activity for fiscal 2014 included 100 new stores, 2 relocations and 9 remodels compared to 127 new stores, 4 relocations and 7 remodels in fiscal 2013;
- Operating income increased 25.3% to \$410.4 million, or 12.7% of net sales, compared to \$327.6 million, or 12.3% of net sales, in fiscal 2013;
- Tax rate of 37.5% reflects a \$0.02 per diluted share benefit related to a non-recurring deferred tax adjustment;
- Net income increased 26.8% to \$257.1 million compared to \$202.8 million in fiscal 2013. Net income increased 26.1% to \$255.8 million excluding the impact of a non-recurring tax adjustment; and
- Income per diluted share increased 26.3% to \$3.98 compared to \$3.15 in fiscal 2013. Income per diluted share includes a non-recurring tax adjustment of approximately \$0.02 resulting in a lower effective tax rate compared to fiscal 2013. Excluding this tax benefit, income per diluted share increased 25.7% to \$3.96.

Balance Sheet and Cash Flow

Merchandise inventories at the end of the fourth quarter of fiscal 2014 totaled \$581.2 million, compared to \$457.9 million at the end of the fourth quarter of fiscal 2013, representing an increase of \$123.3 million. This increase was driven by 99 net new stores as well as new brand additions. Average inventory per store increased 10.7% for the fourth quarter of fiscal 2014 compared to the fourth quarter of fiscal 2013. This increase was primarily driven by investments in inventory to ensure high in-stock levels to support strong sales growth, as well as inventory for new brands.

The Company generated \$148 million of free cash flow in fiscal 2014, compared to \$102 million in fiscal 2013 and ended the fiscal year 2014 with \$539 million in cash and short-term investments. Free cash flow is defined as net cash provided by operating activities less purchases of property and equipment.

Share Repurchase Program

During the fourth quarter, the Company repurchased 235,223 shares of its stock at a cost of approximately \$30 million under its 10b5-1 plan. As of January 31, 2015, \$260.1 million remained available under the \$300 million share repurchase program.

Effective March 17, 2015, the Company's board of directors authorized an increase of \$100 million to the existing share repurchase program implemented in September of 2014.

Store Expansion

During the fourth quarter, the Company opened 10 stores located in Anaheim, CA; Bellevue, WA; Howell, NJ; Las Cruces, NM; Ontario, OH; Palm Coast, FL; Pflugerville, TX; Rocklin, CA; San Antonio, TX and Saratoga Springs, NY. In addition, the Company closed one store. The Company ended the fourth quarter with 774 stores and square footage of 8,182,404 which represents a 14% increase in square footage compared to the fourth quarter of fiscal 2013.

Outlook

For fiscal 2015, the Company plans to:

- achieve comparable sales growth of approximately 6% to 8%, including the impact of the e-commerce business;
- increase total sales in the mid-teens percentage range;
- grow e-commerce sales in the 40% range;
- expand square footage by approximately 13% with the opening of 100 net new stores;
- remodel four locations;
- deliver earnings per share growth in the range of 15% to 17%, including planned supply chain and system investments, excluding the \$0.02 non-recurring tax benefit in Q4 of 2014, and assuming continued share repurchases to offset dilution; and

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- incur capital expenditures in the \$300 million range in fiscal 2015, compared to \$249 million in fiscal 2014.

For the first quarter of fiscal 2015, the Company currently expects net sales in the range of \$833 million to \$847 million, compared to actual net sales of \$713.8 million in the first quarter of fiscal 2014. Comparable sales for the first quarter of 2015, including e-commerce sales, are expected to increase 7% to 9%. The Company reported a comparable sales increase of 8.7% in the first quarter of 2014.

Income per diluted share for the first quarter of fiscal 2015 is estimated to be in the range of \$0.88 to \$0.93. This compares to income per diluted share for the first quarter of fiscal 2014 of \$0.77.

Conference Call Information

A conference call to discuss fourth quarter results is scheduled for today, March 12, 2015, at 5:00 p.m. Eastern Time. Investors and analysts interested in participating in the call are invited to dial (877) 705-6003. The conference call will also be web-cast live at <http://ir.ulta.com> and remain available for 90 days. A replay of this call will be available until 11:59 p.m. (ET) on March 26, 2015 and can be accessed by dialing (877) 870-5176 and entering conference ID number 13602225.

About ULTA Beauty

ULTA Beauty (NASDAQ: ULTA) is the largest beauty retailer in the United States and the premier beauty destination for cosmetics, fragrance, skin, hair care products and salon services. Since opening its first store 25 years ago, ULTA Beauty has grown to become the top national retailer providing All Things Beauty, All in One Place™. The Company offers more than 20,000 products from over 500 well-established and emerging beauty brands across all categories and price points, including ULTA Beauty's own private label. ULTA Beauty also offers a full-service salon in every store featuring hair, skin and brow services. ULTA Beauty is recognized for its commitment to personalized service, fun and inviting stores and its industry-leading ULTAmate Rewards loyalty program. As of January 31, 2015 ULTA Beauty operates 774 retail stores across 47 states and also distributes its products through its website, which includes a collection of tips, tutorials and social content. For more information, visit www.ulta.com.

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, 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," "targets," "strategies" or other comparable words. Any forward-looking statements contained in this press release 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, targets, strategies 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; customer acceptance of our rewards programs and technological and marketing initiatives; 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 our common stock repurchase program or implement future common stock repurchase programs; our ability to sustain our growth plans and successfully implement our long-range financial and strategic plan; and other risk factors detailed in our public filings with the Securities and Exchange Commission (SEC), including risk factors contained in our Annual Report on Form 10-K for the fiscal year ended February 1, 2014. Our filings with the SEC are available at www.sec.gov. The Company does not undertake to publicly update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.

Ulta Salon, Cosmetics & Fragrance, Inc.
Consolidated Statements of Income
(In thousands, except per share amounts)

| | <u>13 Weeks Ended</u> | | <u>13 Weeks Ended</u> | |
|--|-----------------------|--------------|-----------------------|--------------|
| | <u>January 31,</u> | | <u>February 1,</u> | |
| | <u>2015</u> | | <u>2014</u> | |
| | <u>(Unaudited)</u> | | <u>(Unaudited)</u> | |
| Net sales | \$1,047,641 | 100.0% | \$868,082 | 100.0% |
| Cost of sales | <u>697,904</u> | <u>66.6%</u> | <u>574,521</u> | <u>66.2%</u> |
| Gross profit | 349,737 | 33.4% | 293,561 | 33.8% |
| Selling, general and administrative expenses | 210,702 | 20.1% | 177,636 | 20.5% |
| Pre-opening expenses | <u>1,568</u> | <u>0.1%</u> | <u>1,787</u> | <u>0.2%</u> |
| Operating income | 137,467 | 13.1% | 114,138 | 13.1% |
| Interest income, net | <u>(231)</u> | <u>0.0%</u> | <u>(69)</u> | <u>0.0%</u> |
| Income before income taxes | 137,698 | 13.1% | 114,207 | 13.2% |
| Income tax expense | <u>50,434</u> | <u>4.8%</u> | <u>43,525</u> | <u>5.0%</u> |
| Net income | <u>\$ 87,264</u> | <u>8.3%</u> | <u>\$ 70,682</u> | <u>8.1%</u> |
| Net income per common share: | | | | |
| Basic | \$ 1.36 | | \$ 1.10 | |
| Diluted | \$ 1.35 | | \$ 1.09 | |
| Weighted average common shares outstanding: | | | | |
| Basic | 64,300 | | 64,232 | |
| Diluted | 64,657 | | 64,607 | |

Ulta Salon, Cosmetics & Fragrance, Inc.
Consolidated Statements of Income
(In thousands, except per share amounts)

| | <u>52 Weeks Ended</u> | | <u>52 Weeks Ended</u> | |
|--|-----------------------|--------------|-----------------------|--------------|
| | <u>January 31,</u> | | <u>February 1,</u> | |
| | <u>2015</u> | | <u>2014</u> | |
| | (Unaudited) | | | |
| Net sales | \$3,241,369 | 100.0% | \$2,670,573 | 100.0% |
| Cost of sales | <u>2,104,582</u> | <u>64.9%</u> | <u>1,729,325</u> | <u>64.8%</u> |
| Gross profit | 1,136,787 | 35.1% | 941,248 | 35.2% |
| Selling, general and administrative expenses | 712,006 | 22.0% | 596,390 | 22.3% |
| Pre-opening expenses | <u>14,366</u> | <u>0.4%</u> | <u>17,270</u> | <u>0.6%</u> |
| Operating income | 410,415 | 12.7% | 327,588 | 12.3% |
| Interest income, net | <u>(894)</u> | <u>0.0%</u> | <u>(118)</u> | <u>0.0%</u> |
| Income before income taxes | 411,309 | 12.7% | 327,706 | 12.3% |
| Income tax expense | <u>154,174</u> | <u>4.8%</u> | <u>124,857</u> | <u>4.7%</u> |
| Net income | <u>\$ 257,135</u> | <u>7.9%</u> | <u>\$ 202,849</u> | <u>7.6%</u> |
| Net income per common share: | | | | |
| Basic | \$ 4.00 | | \$ 3.17 | |
| Diluted | \$ 3.98 | | \$ 3.15 | |
| Weighted average common shares outstanding: | | | | |
| Basic | 64,335 | | 63,992 | |
| Diluted | 64,651 | | 64,461 | |

Ulta Salon, Cosmetics & Fragrance, Inc.
Condensed Consolidated Balance Sheets
(In thousands)

| | <u>January 31,</u> <u>2015</u> (Unaudited) | <u>February 1,</u> <u>2014</u> |
|---|--|-----------------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 389,149 | \$ 419,476 |
| Short-term investments | 150,209 | — |
| Receivables, net | 52,440 | 47,049 |
| Merchandise inventories, net | 581,229 | 457,933 |
| Prepaid expenses and other current assets | 66,548 | 55,993 |
| Deferred income taxes | 20,780 | 22,246 |
| Total current assets | <u>1,260,355</u> | <u>1,002,697</u> |
| Property and equipment, net | 717,159 | 595,736 |
| Deferred compensation plan assets | 5,656 | 4,294 |
| Total assets | <u>\$1,983,170</u> | <u>\$1,602,727</u> |
| Liabilities and stockholders' equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 190,778 | \$ 148,282 |
| Accrued liabilities | 149,412 | 103,180 |
| Accrued income taxes | 19,404 | 15,349 |
| Total current liabilities | <u>359,594</u> | <u>266,811</u> |
| Deferred rent | 294,127 | 261,630 |
| Deferred income taxes | 74,498 | 66,718 |
| Other long-term liabilities | 7,442 | 4,474 |
| Total liabilities | <u>735,661</u> | <u>599,633</u> |
| Commitments and contingencies | | |
| Total stockholders' equity | <u>1,247,509</u> | <u>1,003,094</u> |
| Total liabilities and stockholders' equity | <u>\$1,983,170</u> | <u>\$1,602,727</u> |

Ulta Salon, Cosmetics & Fragrance, Inc.
Consolidated Statements of Cash Flows
(In thousands)

| | <u>52 Weeks Ended</u> <u>January 31,</u> <u>2015</u> <u>(Unaudited)</u> | <u>52 Weeks Ended</u> <u>February 1,</u> <u>2014</u> |
|---|--|--|
| Operating activities | | |
| Net income | \$ 257,135 | \$ 202,849 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 131,764 | 106,283 |
| Deferred income taxes | 9,246 | 3,868 |
| Non-cash stock compensation charges | 14,923 | 16,003 |
| Excess tax benefits from stock-based compensation | (3,229) | (13,378) |
| Loss on disposal of property and equipment | 4,468 | 3,902 |
| Change in operating assets and liabilities: | | |
| Receivables | (5,391) | (5,534) |
| Merchandise inventories | (123,296) | (96,808) |
| Prepaid expenses and other current assets | (10,555) | (5,541) |
| Income taxes | 7,284 | 18,673 |
| Accounts payable | 42,496 | 29,396 |
| Accrued liabilities | 37,644 | 14,215 |
| Deferred rent | 32,497 | 53,627 |
| Other assets and liabilities | 1,606 | 170 |
| Net cash provided by operating activities | 396,592 | 327,725 |
| Investing activities | | |
| Purchases of short-term investments | (200,209) | — |
| Proceeds from short-term investments | 50,000 | — |
| Purchases of property and equipment | (249,067) | (226,024) |
| Net cash used in investing activities | (399,276) | (226,024) |
| Financing activities | | |
| Repurchase of common shares | (39,923) | (37,337) |
| Stock options exercised | 10,639 | 21,890 |
| Excess tax benefits from stock-based compensation | 3,229 | 13,378 |
| Purchase of treasury shares | (1,588) | (631) |
| Net cash used in financing activities | (27,643) | (2,700) |
| Net (decrease) increase in cash and cash equivalents | (30,327) | 99,001 |
| Cash and cash equivalents at beginning of period | 419,476 | 320,475 |
| Cash and cash equivalents at end of period | <u>\$ 389,149</u> | <u>\$ 419,476</u> |

2014 Store Expansion

| Fiscal 2014 | Total stores open at beginning of the quarter | Number of stores opened during the quarter | Number of stores closed during the quarter | Total stores open at end of the quarter |
|-------------------------|--|---|---|--|
| 1 st Quarter | 675 | 21 | 0 | 696 |
| 2 nd Quarter | 696 | 19 | 0 | 715 |
| 3 rd Quarter | 715 | 50 | 0 | 765 |
| 4 th Quarter | 765 | 10 | 1 | 774 |

| Fiscal 2014 | Total gross square feet at beginning of the quarter | Gross square feet for stores opened or expanded during the quarter | Gross square feet for stores closed during the quarter | Total gross square feet at end of the quarter |
|-------------------------|--|---|---|--|
| 1 st Quarter | 7,158,286 | 216,984 | 0 | 7,375,270 |
| 2 nd Quarter | 7,375,270 | 199,966 | 0 | 7,575,236 |
| 3 rd Quarter | 7,575,236 | 514,380 | 0 | 8,089,616 |
| 4 th Quarter | 8,089,616 | 102,806 | 10,018 | 8,182,404 |