

WESTPEAK RESEARCH ASSOCIATION

Ulta Beauty, Inc. (NASDAQ: ULTA)

Consumer Cyclical – Specialty Retail

From Gloss to Gains

February 14, 2025

Ulta Beauty, Inc. is the largest specialty beauty retailer in the U.S., offering cosmetics, skin care, haircare, and salon services through over 1,437 standalone stores and 500 Target shop-in-shop locations. Its unique integration of retail and professional salon services and diverse product offerings drive convenience, cross-selling opportunities, and customer loyalty in a competitive market.

Industry Overview

The U.S. Beauty, Cosmetics & Fragrance Stores industry, valued at \$55.4 billion in 2024, is projected to grow at a 2.4% CAGR, driven by trends in wellness, sustainable beauty, and digital retail innovation, though lingering economic uncertainty tempers growth below pre-pandemic levels.

Thesis

Ulta Beauty is well-positioned to capitalize on specifically the skin care industry's 6.8% annual growth through personalized in-store services with Dermalogica, offering expert treatments and tailored product recommendations. While analysts largely view Ulta as a traditional beauty retailer, the market is underestimating the impact of its high-margin service model in differentiating it from competitors. Additionally, Ulta's plan to open 200 new standalone stores by 2027 will drive revenue growth, expand market share, and strengthen customer engagement, leveraging its proven success in prior expansions and the continued preference for in-store shopping.

Valuation

We initiate a BUY rating on Ulta Beauty, Inc., with a target share price of \$460.59, representing an implied upside of 27.4%. Our valuation is weighted 90% intrinsic (discounted cash flow analysis) and 10% extrinsic (comparable companies), reflecting Ulta's strong brand equity, growth trajectory, and unique business model.

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Equity Research	US
Price Target	USD \$460.59
Rating	Buy
Share Price (Feb.21 Close)	CAD\$ 361.54
Total Return	27.4%

Key Statistics	
52 Week H/L	\$574.76/\$318.17
Market Capitalization	\$19.3B
Average Daily Trading Volume	900k
Net Debt	\$2.1B
Enterprise Value	\$21.2B
Net Debt/EBITDA	5.1x
Diluted Shares Outstanding	\$47.1M
Free Float	96.5%

	2024E	2025E	2026E
Revenue	\$11.4B	\$12.4B	\$13.6B
EBITDA	\$1.9B	\$2.2B	\$2.4B
Net Income	\$1.2B	\$1.5B	\$1.6B
EPS	\$26.02	\$31.39	\$34.06
P/E	16.1x	13.4x	12.3x
EV/EBITDA	11.1x	8.9x	7.6x

1-Year Price Performance



Company Overview

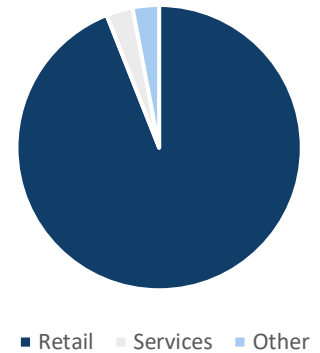


Company Overview

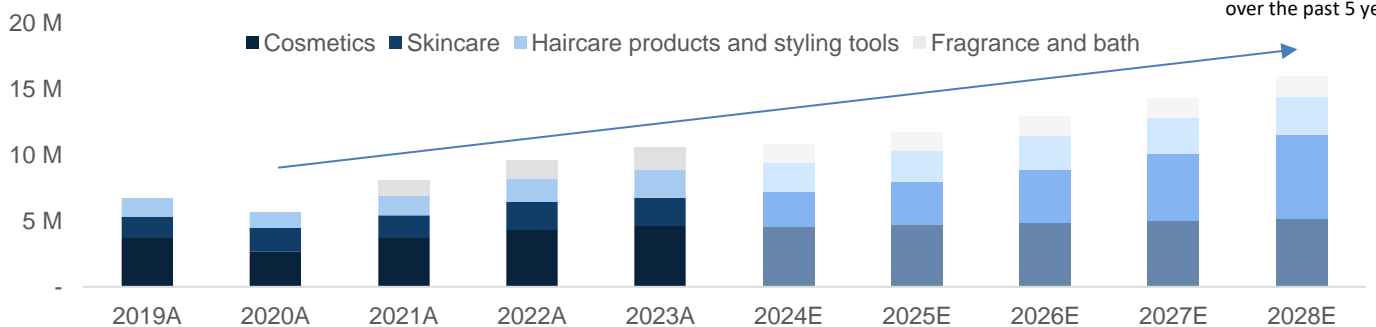
Ulta Beauty, Inc. (“Ulta” or “Ulta Beauty”) is a prominent beauty retailer in the United States, specializing in cosmetics, fragrance, skin care, and hair care products, as well as salon services. Founded in 1990 and headquartered in Bolingbrook, Illinois, Ulta has grown to become the largest specialty beauty retailer in the country, with over 1,437 standalone stores across all 50 states and has a strategic partnership with Target, featuring shop-in-shop Ulta Beauty locations in 500 Target stores. Unlike many competitors, which either lack in-store salon services or segregate them from retail operations, Ulta uniquely integrates retail and salon services. This approach creates a one-stop destination where customers can seamlessly transition from professional beauty services, such as haircuts and facials, to shopping for premium and drugstore beauty products used during their appointments, fostering convenience and a comprehensive beauty experience. This integration not only enhances customer convenience but also drives higher in-store traffic and cross-selling opportunities, setting Ulta apart in a competitive market. By offering an extensive selection of high-end and mass-market beauty brands and catering to a broad and increasingly diverse customer base, Ulta maintains a strong market presence while staying at the forefront of industry trends.

Revenue Breakdown

Ulta Beauty's Retail segment encompasses a wide range of products, accounting for 94% of total revenue. This includes cosmetics (41%), skin care (19%), haircare (19%), and fragrance (15%). The remaining 6% of total revenue is split evenly between royalties from the Target Corporation partnership and in-store salon services. While only making up 3% of total revenue, salon services enhance the customer experience and drive repeat visits, making the segment an important driver of their business. While Ulta generates most of its revenue from standalone stores, the Target partnership enhances its footprint with cost-effective expansion and provides access to Target's drive-up and pick-up services, boosting customer convenience. Additionally, this category includes deferred revenue from the loyalty program and gift card breakage, and revenue from private label and co-branded credit card programs.



Revenue Segment Chart



Skin care segment has grown at a 17% CAGR over the past 5 years.

Growth Strategies

Product Curation and Innovation: Ulta Beauty plans to curate a diverse selection of beauty and wellness products, investing in both exclusive and emerging brands, including its Ulta Beauty Collection, to attract a wider audience and accelerate product innovation. For instance, Ulta offers exclusive partnerships with emerging brands like Kylie Cosmetics and ColourPop, which appeal to younger demographics and social media-savvy consumers. Additionally, it features luxury lines such as Lancôme and Estée Lauder, catering to premium shoppers, alongside drugstore staples like Maybelline and NYX, ensuring affordability and accessibility.

Expansion of Store Footprint: Ulta Beauty is committed to expanding its physical presence by opening 200 new stores by 2027, aiming for a long-term target of over 1,800 locations. During the first nine months of fiscal 2024, the Company opened 57 new stores, relocated 2 stores, remodelled 36 stores, and closed 5 stores. At the end of the third quarter of fiscal 2024, the Company operated 1,437 stores totalling 15.0 million square feet.



Industry Analysis

Industry Overview

The US Beauty, Cosmetics & Fragrance Stores industry is valued at \$55.4 billion in 2024 and is projected to grow at a steady CAGR of 2.4% over the next five years. The cyclical nature of the industry stems from its reliance on consumer disposable income and discretionary spending patterns. However, major players like Ulta Beauty, which holds 19.9% market share, and Sephora, holding a 6.6% share, have leveraged their broad product range, specialized expertise, and loyalty programs to sustain customer engagement. Historically, the industry's CAGR averaged 3-4% pre-pandemic, but COVID-19 and inflation reshaped consumer spending, causing a sharp decline in cosmetics demand and a shift toward self-care products like skin care and haircare.

Industry Trends

The current recovery, driven by a renewed emphasis on in-store shopping, increasing demand for skin care and science-backed beauty solutions. The beauty industry is experiencing a notable resurgence in in-store shopping, particularly within

the beauty and skin care sectors. This trend is driven by consumers' desire for personalized experiences, tactile engagement with products, and sensory satisfaction, elements that online shopping often cannot fully provide. A recent survey revealed that fewer than a third of respondents rely exclusively on online channels to research personal-care products, while up to half said they conduct their research solely in-store. This preference for physical locations extends to purchasing behaviors, with about 55% of shoppers in the US buying products only in-store.

The skin care sector, which accounts for 44% of the beauty market, has become a leading driver of growth as consumers prioritize products with clinically tested ingredients, dermatologist-backed formulations, and benefits targeting long-term skin health. This segment is projected to grow at an annual rate of 6% over the next 4 years, which stems from consumers embracing advanced, multi-step skin care routines, fueling demand for high-quality, premium products. Innovations in ingredients, such as neuropeptides, are anticipated to sustain this momentum, sparking consumer interest and driving demand for advanced, specialized formulations.

Investment Theses

Investment Thesis #1: Strategic Store Expansion to Drive Growth

Ulta Beauty's expansion strategy involves opening approximately 200 new standalone stores by 2027, targeting a total of over 1,800 locations. This plan allows Ulta to deepen its presence, driving incremental revenue growth through increased brand visibility, market share, and customer convenience. Sell-side analyst reports and earnings transcripts indicate the market is heavily discounting the payoffs of this strategy due to concerns over expansion costs and potential cannibalization risk, where new stores may dilute sales from existing locations rather than drive net new growth. However, given the company's historical success in market expansion, particularly in regions like Dallas-Fort Worth where store openings from 2019 to 2023 boosted market share by 450 basis points and grew its membership base by 20%, as well as the fact that nearly 70% of beauty enthusiasts prefer in-store shopping, we believe these concerns are unfounded and are leading to mispricing of the company's stock.

Investment Thesis #2: Capitalizing on Emerging Skin care Trends

Ulta Beauty is well-positioned to capitalize on the shift from makeup to skin care, a trend that is being mispriced by the market. While industry analysts often view makeup and skin care as complementary categories, consumer spending patterns suggest a substitution effect, with consumers increasingly prioritizing skin care over traditional cosmetics. This shift is evidenced by Ulta's 17% CAGR in skin care versus mid-single-digit growth in makeup, alongside broader industry data showing skin care's projected 6% annual growth through 2027. Ulta's partnership with Dermalogica enhances its competitive edge, offering exclusive in-store treatments such as the 30-minute Hydration Facial and Dermaflash-based skin resurfacing procedures. Unlike traditional beauty retailers that rely solely on product sales, Ulta integrates high-margin services, deepening customer engagement and driving repeat purchases. Nearly 70% of beauty shoppers prefer in-store experiences, making this differentiation underappreciated by the market. As Ulta's skin care expansion outpaces overall growth, the market appears to be undervaluing its long-term potential, presenting a mispricing opportunity.

Valuation

Revenue Projections

Ulta Beauty has demonstrated steady revenue growth over the years, with a notable increase in recent periods driven by strong consumer demand in the beauty and skin care industry. In FY2024, Ulta Beauty is projected to achieve an annual revenue growth of 2.0%, with modest YoY quarterly growth observed in the first quarter at 3.5%, the second quarter at 0.9%, and the third quarter at 1.7%. This reflects a period of stabilization following exceptional performance during the pandemic recovery. Looking ahead to FY2025, we project a more robust YoY growth rate of 8.3%, driven by the opening of 100 new stores in 2025, each averaging 10,000 square feet, with net sales of \$772 per square foot.

Capital Expenditures

As Ulta Beauty continues to expand its store, we project capital expenditures as a percentage of beginning PP&E to reach 40% in FY2025. This marks a significant increase from the pre-pandemic level of 12.6% and reflects a steady upward trend from 34.1% in 2022 and 43.1% in 2023.

WACC

The Weighted Average Cost of Capital (WACC) was estimated at 8.9%, derived from a risk-free rate of 4.7%, an expected market return of 8%, and a raw beta of 1.28, which yielded a cost of equity of 8.9%. The pre-tax cost of debt was determined to be 6.5%, and with an effective tax rate of 24%, the overall cost of debt was calculated at 3.6%.

Catalysts

New Store Openings

Ulta's store expansion acts as a catalyst by accelerating revenue growth and enhancing market penetration, creating a tangible path to upside that the market is currently discounting. New store openings drive incremental sales rather than just redistributing existing demand, as evidenced by Ulta's historical market share gains in newly entered regions. Expanding physical locations also strengthens Ulta's omnichannel strategy, reinforcing in-store services and improving customer engagement, which online-only competitors cannot replicate. As the rollout progresses, stronger-than-expected performance from new stores could serve as a positive revaluation of the stock, correcting the market's mispricing.

Entry into the Mexican Market in 2025

Ulta Beauty's upcoming entry into the Mexican market in 2025 marks a significant milestone in its growth strategy, tapping into a beauty market valued at approximately \$9.46 billion. This move leverages an "asset-light" partnership model with Grupo Axo, a global brand operator with extensive experience managing over 30 brands across Latin America. Ulta's decision follows strong performance from its U.S. border stores and robust brand awareness among Mexican beauty enthusiasts, highlighting the market's potential.

Risks

Impact of International Tariffs

Trump-era tariffs on imported beauty products, particularly from South Korea and China, could raise Ulta's procurement costs for high-demand skin care brands like Laneige and COSRX, squeezing margins or forcing price increases that may dampen demand. Supply chain disruptions could lead to inventory shortages, pushing loyal customers toward competitors like Sephora or direct-to-consumer channels. To mitigate these risks, Ulta may need to shift sourcing strategies, increasing operational complexity and reducing flexibility in curating exclusive skin care offerings. Additionally, higher costs for specialized skin care tools used in in-store treatments could weaken Ulta's differentiation, posing a risk to its investment thesis on skin care.

Macroeconomic Headwinds

A slowdown in consumer spending due to economic downturns, inflationary pressures, or higher interest rates could dampen demand for discretionary beauty products, making new store openings less profitable. Ulta may see lower foot traffic and reduced sales volumes in newly opened locations, as customers tighten their budgets and prioritize essential purchases over non-essential beauty items. To offset this risk, Ulta has positioned its portfolio to address multiple price points, from mass to prestige, ensuring it can appeal to a broad range of customers even during periods of economic uncertainty.

Recommendation - Buy

Ulta Beauty's implied share price weighting is as follows:

- A 45% weighting on the Perpetuity Growth DCF method, which projects a share price of \$392.90.
- A 45% weighting on the Exit Multiple Implied Price DCF method, which projects a share price of \$530.73.
- A 5% weighting on the P/E Implied Price method, which projects a share price of \$593.40.
- A 5% weighting on the EV/EBITDA Implied Price method, which projects a share price of \$305.72.

The above weighting results in a target share price of \$460.59, representing an implied upside of 27.4%. We have allocated higher weightings to the Perpetuity Growth and Exit Multiple methods as these better reflect Ulta's intrinsic value and growth trajectory. Lower weightings have been assigned to valuation by industry multiples due to the company's distinct business model and limited direct comparables in the specialty beauty retail sector.

Appendix 1: Model Summary

Summary Page										
	01-Feb-20	30-Jan-21	29-Jan-22	28-Jan-23	03-Feb-24	02-Feb-25	01-Feb-26	31-Jan-27	30-Jan-28	29-Jan-29
(all figures in 000's USD)	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
Income Statement										
Revenue	7,398,068	6,151,953	8,630,889	10,208,580	11,207,303	11,426,692	12,368,595	13,576,943	15,006,988	16,710,473
EBITDA	1,196,693	534,592	1,565,952	1,879,982	1,921,869	1,857,279	2,213,979	2,430,273	2,686,251	2,991,175
Net Income	705,945	175,835	985,837	1,242,408	1,291,005	1,130,041	1,472,982	1,598,069	1,746,330	1,923,562
Earnings Per Share	\$ 12.21	\$ 3.12	\$ 18.09	\$ 24.17	\$ 26.18	\$ 24.08	\$ 31.38	\$ 34.05	\$ 37.21	\$ 40.98
Cash Flow Statement										
Capital Expenditures	(298,534)	(151,866)	(172,187)	(312,126)	(435,267)	(427,842)	(523,520)	(616,590)	(726,206)	(855,310)
Balance Sheet										
Current Assets	2,055,317	2,514,777	2,281,183	2,709,304	2,836,518	3,393,824	4,433,666	5,865,238	7,416,084	9,111,119
Non Current Assets	2,808,555	2,575,192	2,483,196	2,661,107	2,870,493	3,048,005	3,280,681	3,554,721	3,877,479	4,257,617
Assets	4,863,872	5,089,969	4,764,379	5,370,411	5,707,011	6,441,829	7,714,347	9,419,959	11,293,563	13,368,735
Current Liabilities	1,137,261	1,343,713	1,558,010	1,681,775	1,658,191	1,977,557	1,777,093	1,884,636	2,011,910	2,163,520
Non-Current Liabilities	1,824,517	1,746,707	1,670,996	1,728,825	1,769,492	1,813,070	1,813,070	1,813,070	1,813,070	1,813,070
Liabilities	2,961,778	3,090,420	3,229,006	3,410,600	3,427,683	3,790,627	3,590,163	3,697,706	3,824,980	3,976,590
Shareholders' Equity	1,902,094	1,999,549	1,535,373	1,959,811	2,279,328	2,651,202	4,124,184	5,722,253	7,468,583	9,392,145
Cash	392,325	1,046,051	431,560	737,877	766,594	693,788	2,119,823	3,331,476	4,622,053	6,007,053
Debt	-	1,896,800	1,846,800	-	1,911,100	2,141,000	2,141,000	2,141,000	2,141,000	2,141,000
Net Debt	(392,325)	850,749	1,415,240	199,422	1,144,506	1,447,212	21,177	(1,190,476)	(2,481,053)	(3,866,053)
Debt/EBITDA	n/a	1.6 x	0.9 x	1,603,451	0.6 x	0.8 x	0.0 x	n/a	n/a	n/a
Valuation Metrics										
Stock Price (High)	\$ 304.65	\$ 338.26	\$ 383.29	\$ 537.52	\$ 563.17	\$ 361.54	\$ 361.54	\$ 361.54	\$ 361.54	\$ 361.54
Stock Price (Low)	\$ 252.09	\$ 276.00	\$ 341.47	\$ 511.25	\$ 491.52	\$ 361.54	\$ 361.54	\$ 361.54	\$ 361.54	\$ 361.54
Stock Price (Average)	278	307	362	524	527	362	362	362	362	362
Diluted Shares Outstanding (Average)	58,105	56,539	54,830	51,745	49,597	47,117	47,117	47,117	47,117	47,117
Market Capitalization (Average)	16,174,689	17,364,700	19,869,166	27,134,532	26,154,630	17,034,513	17,034,513	17,034,513	17,034,513	17,034,513
Enterprise Value (Average)	15,782,364	18,215,449	21,284,406	27,333,954	27,299,136	18,481,725	17,055,690	15,844,037	14,553,460	13,168,459
P/E	22.8 x	98.4 x	20.0 x	21.7 x	20.1 x	15.0 x	11.5 x	10.6 x	9.7 x	8.8 x
EV/EBITDA	13.2 x	34.1 x	13.6 x	14.5 x	14.2 x	10.0 x	7.7 x	6.5 x	5.4 x	4.4 x
FCF Yield to Market Capitalization	3.0%	1.8%	2.9%	2.9%	2.3%	3.1%	8.3%	7.0%	7.5%	8.1%
FCF Yield to Enterprise Value	3.1%	1.7%	2.8%	2.9%	2.2%	2.8%	8.3%	7.6%	8.8%	10.4%
Free Cash Flow										
EBIT	901,094	236,820	1,297,492	1,638,610	1,678,029	1,591,016	1,923,134	2,087,723	2,282,803	2,516,003
Tax Expense	(200,205)	(55,250)	(309,992)	(401,136)	(404,646)	(381,844)	(461,552)	(501,053)	(547,873)	(603,841)
D&A	295,599	297,772	268,460	241,372	243,840	266,263	290,844	342,550	403,448	475,172
Capital Expenditures	(298,534)	(151,866)	(172,187)	(312,126)	(435,267)	(427,842)	(523,520)	(616,590)	(726,206)	(855,310)
Changes in NWC	(215,469)	(14,258)	(498,212)	(369,162)	(481,573)	(527,980)	185,729	(112,376)	(132,994)	(158,424)
Unlevered Free Cash Flow	482,485	313,218	585,561	797,558	600,383	519,613	1,414,635	1,200,253	1,279,178	1,373,600
Valuation Summary										
Current Price	\$ 361.54									
Target Price	\$ 460.59									
Total Return	27.4%									
Recommendation	BUY									
DCF Valuation										
Perpetuity Growth Implied Price	\$ 392.90									
Exit Multiple Implied Price	\$ 530.73									
Comps Valuation										
Comps - EV/EBITDA Implied Price	\$ 305.72									
Comps - P/E Implied Price	\$ 593.40									

Appendix 2: Discounted Cash Flow Analysis

Discounted Cash Flow Analysis																							
(All figures in 000's USD)	01-Feb-20	30-Jun-21	01-May-21	31-Jul-21	30-Oct-21	29-Jan-22	29-Jun-22	28-Sep-23	29-Apr-23	29-Jul-23	28-Oct-23	03-Feb-24	03-Feb-24	04-May-24	03-Aug-24	02-Nov-24	02-Feb-25	02-Feb-25	03-Feb-25	31-Jan-27	30-Jan-28	29-Jan-29	
	FY2019	FY2020	Q12021	Q22021	Q32021	Q42021	FY2021	FY2022	Q12023	Q22023	Q32023	Q42023	FY2023	Q12024	Q22024	Q32024	Q42024	FY2024	FY2025	FY2026	FY2027	FY2028	
WACC Calculations																							
Cost of Equity																							
Risk-free rate	4.7%																						
Expected market return	8.0%																						
Market Risk Premium	3.3%																						
Beta	1.28																						
Cost of Equity	8.9%																						
Cost of Debt																							
Pre-tax cost of debt	4.8%																						
Effective tax rate	24.0%																						
Cost of Debt	3.6%																						
WACC																							
Market value of equity	17,034,513																						
Market value of debt	199,700																						
Total Capitalization	17,234,213																						
Cost of equity	8.9%																						
Cost of debt	3.6%																						
WACC	8.9%																						
Free Cash Flow																							
EBIT	901,094	236,820	305,324	332,307	284,239	375,622	1,297,492	1,638,610	442,070	391,642	327,227	517,090	1,678,029	400,948	329,201	318,502	542,365	1,591,016	1,923,134	2,087,723	2,282,803	2,516,003	
Less: Tax expense	(200,205)	(55,250)	(74,677)	(80,989)	(68,537)	(85,789)	(309,992)	(401,136)	(102,367)	(95,989)	(80,241)	(126,049)	(404,646)	(94,735)	(81,171)	(76,440)	(130,168)	(381,844)	(461,552)	(501,053)	(547,873)	(603,841)	
Add: Depreciation and amortization	295,599	297,772	70,599	68,978	65,157	63,726	268,460	241,372	57,949	61,913	61,411	62,567	243,840	64,739	65,314	67,022	69,188	266,263	290,844	342,550	403,448	475,172	
Less: Capital expenditures	(298,534)	(351,866)	(34,563)	(22,742)	(51,113)	(63,769)	(172,187)	(312,126)	(109,766)	(94,982)	(106,282)	(124,237)	(435,267)	(91,024)	(95,277)	(114,235)	(127,306)	(427,842)	(523,520)	(616,590)	(726,206)	(855,310)	
Less: Change in net working capital	(215,469)	(4,258)	(60,893)	(125,950)	(359,004)	217,636	(698,212)	(369,167)	(188,893)	(328,264)	(676,828)	512,412	(461,578)	(313,142)	(214,198)	(452,271)	451,631	(527,980)	185,729	(152,376)	(132,394)	(158,024)	
Unlevered Free Cash Flow	482,485	313,218	215,790	(28,396)	(129,258)	527,425	585,561	797,558	98,993	(65,680)	(74,713)	841,783	600,383	(33,214)	3,869	(257,422)	805,710	519,613	1,414,635	1,200,253	1,279,178	1,373,600	
Discount factor															0.25	0.50	1.00	1.50	2.50	3.50	4.50		
Present Value of Unlevered Free Cash Flow																	772,188	497,994	1,245,309	970,497	950,037	937,041	
Discounted Cash Flow Valuations																							
Perpetuity Growth Method																							
Perpetuity Growth Rate	2.0%																						
PV sum of unlevered FC	4,623,062																						
Terminal value	13,910,752																						
Enterprise Value	18,533,814																						
Add: Cash	177,782																						
Less: Debt	199,700																						
Less: Other EV adjustments	0																						
Equity Value	18,511,896																						
Shares outstanding	47,117																						
Implied Share Price	\$ 392.90																						
Current Price	\$361.34																						
Implied Price	\$ 392.90																						
Total Return	8.67%																						
Exit Multiple Method																							
Terminal EV/EBITDA Multiple	10.0x																						
PV sum of unlevered FC	4,623,062																						
Terminal value	20,405,166																						
Enterprise Value	25,028,228																						
Add: Cash	177,782																						
Less: Debt	199,700																						
Less: Other EV adjustments	0																						
Equity Value	25,006,310																						
Shares outstanding	47,117																						
Implied Share Price	\$ 530.73																						
Current Price	\$361.34																						
Implied Price	\$ 530.73																						
Total Return	46.80%																						
WACC																							
Perpetuity Growth Rate		7.8%	7.3%	6.8%	6.3%	5.8%																	
	1.0%	\$ 409.07	\$ 441.88	\$ 480.35	\$ 526.09	\$ 581.37																	
	1.5%	\$ 435.23	\$ 473.05	\$ 518.02	\$ 572.36	\$ 639.34																	
	2.0%	\$ 465.90	\$ 510.11	\$ 563.53	\$ 629.38	\$ 712.58																	
	2.5%	\$ 502.36	\$ 554.88	\$ 619.63	\$ 701.42	\$ 808.00																	
3.0%	\$ 546.42	\$ 610.07	\$ 690.49	\$ 795.28	\$ 937.50																		
Terminal EV Multiple		7.8%	7.3%	6.8%	6.3%	5.8%																	
	9.0x	\$ 507.75	\$ 517.61	\$ 527.72	\$ 538.09	\$ 548.72																	
	9.5x	\$ 530.38	\$ 540.73	\$ 551.33	\$ 562.20	\$ 573.35																	
	10.0x	\$ 553.02	\$ 563.84	\$ 574.94	\$ 586.32	\$ 597.98																	
	11.0x	\$ 598.30	\$ 610.08	\$ 622.16	\$ 634.54	\$ 647.24																	
12.0x	\$ 643.58	\$ 656.31	\$ 669.37	\$ 682.76	\$ 696.50																		

Appendix 3: Comparable Company Analysis

Comparable Company Analysis														
<i>(In mm USD)</i>														
Company	Ticker	Share Price	Diluted Shares Outstanding	Equity Value	Cash	Debt	Other EV Adjustments	Enterprise Value	EV/EBITDA Multiple			P/E Multiple		
									2023A EV/EBITDA	2024E EV/EBITDA	2025E EV/EBITDA	2023A P/E	2024E P/E	2025E P/E
Sally Beauty Holdings	NYS:SBH	\$ 13.41	101.80	1,366.48	107.96	1,598.70	-	2,857.22	6.5 x	7.3 x	6.4 x	7.9 x	9.4 x	7.3 x
Nordstrom	NYS:JWN	\$ 22.87	164.20	3,755.25	679.00	4,232.00	-	7,308.25	6.4 x	6.3 x	6.5 x	15.1 x	27.9 x	12.1 x
The Estee Lauder Companies	NYS:EL	\$ 63.75	359.00	22,886.25	2,350.00	10,010.00	-	30,546.25	12.1 x	12.7 x	15.7 x	22.8 x	59.0 x	38.9 x
Coty	NYS:COTY	\$ 7.20	869.90	6,263.28	283.60	4,224.20	427.90	10,631.78	10.6 x	9.0 x	8.5 x	80.0 x	13.8 x	11.6 x
e.l.f. Beauty, Inc.	NYS:ELF	\$ 127.74	55.44	7,081.91	96.80	301.30	-	7,286.41	85.6 x	41.0 x	23.5 x	115.1 x	57.8 x	35.5 x
Olaplex Holdings	NAS:OLPX	\$ 1.75	662.90	1,160.08	538.80	651.80	-	1,273.08	7.6 x	10.3 x	10.0 x	19.4 x	15.9 x	14.6 x
Bath & Body Works	NYS:BBWI	\$ 31.54	219.10	6,910.41	514.00	5,364.00	1.00	11,761.41	7.6 x	7.7 x	7.4 x	8.2 x	9.9 x	8.9 x
Revvue Inc.	NYS:KVLV	\$ 21.00	1,917.30	40,263.30	1,057.00	8,827.00	-	48,033.30	13.5 x	12.9 x	12.4 x	23.3 x	18.4 x	17.2 x
CVS Health Corporation	NYS:CVS	\$ 45.78	1,258.40	57,609.55	9,680.00	82,704.00	-	130,633.55	7.1 x	9.0 x	8.3 x	7.1 x	8.7 x	7.5 x
L'Oréal	PAR:OR	\$ 345.18	535.00	184,671.30	2,878.30	9,693.10	-	191,486.10	20.1 x	17.7 x	16.7 x	28.4 x	26.6 x	24.6 x
ULTA Beauty	NAS:ULTA	\$361.54	46.40	16,775.46	177.80	2,141.00	-	18,738.66	10.0 x	9.8 x	10.7 x	13.9 x	15.1 x	11.6 x
Median									9.6 x	9.2 x		17.2 x	13.3 x	
Mean									13.4 x	11.5 x		24.7 x	17.8 x	
High									41.0 x	23.5 x		59.0 x	38.9 x	
Low									6.3 x	6.4 x		8.7 x	7.3 x	
Median									\$ 356.96	\$ 305.72		\$ 411.69	\$ 417.10	
Mean									\$ 305.72	\$ 392.61		\$ 593.40	\$ 556.81	
High									\$ 1,656.25	\$ 842.78		\$ 1,415.72	\$ 1,215.24	
Low									\$ 220.11	\$ 198.88		\$ 207.56	\$ 229.09	

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