

COMMERCE

## Estee Lauder Cos. to continue Leading Beauty Forward after strong Q3 results

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*Image from Estee Edit Instagram*

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By STAFF REPORTS

For the third quarter of 2016, beauty marketer Estee Lauder Cos. has reported net sales of \$2.66 billion, an increase of 3 percent compared to the year-ago period of \$2.58 billion.

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Estee Lauder has also reported net earnings of \$265.6 million, compared to \$272.1 million for 2015, due to the negative impact of foreign currency fluctuations. When not taking the fluctuations into account, Estee Lauder saw net sales increase by 6 percent and diluted net earnings per common share rising by 4 percent.

### Beautiful results

For the third quarter, which closed March 31, Estee Lauder saw net sales and operating income of its product categories unfavorably impacted by the strength of the United States Dollar in relation to other currencies.

Its skin care brands, which include Creme de La Mer and its flagship line, Estee Lauder, saw net sales decrease. But, the brand also saw double-digit gains from its online platforms and from La Mer's latest product release Genaissance de La Mer The Serum Essence.



*Creme de La Mer product range*

For cosmetics, the brand's results were driven by strong growth by M.A.C, Smashbox and designer licensee Tom Ford. Currently, Estée Lauder's cosmetics category is experiencing strong growth in products such as lipsticks and foundations and geographic growth in markets such as the United Kingdom.

In fragrance, Estée Lauder also posted double-digit gains from luxury brands such as Tom Ford and Jo Malone London, as well as its recent acquisitions, which include Le Labo and By Killian. The category as a whole saw operating income decreased due to lower designer sales, but the success of Jo Malone London's fragrance partially offset these results.

Marketwise, Estée Lauder saw growth in the Americas and emerging markets such as the Middle East, Central Europe, South Africa and Russia. In Asia Pacific, with the exception of Hong Kong, Estée Lauder reported growth in South Korea, Japan, Australia and Taiwan as well as currency sales gains in China and Thailand.



*Tom Ford Black Orchid fragrance advertisement*

Given the beauty brand's successful quarter, Estée Lauder has launched a multi-year initiative called "Leading Beauty Forward." The initiative will work to better leverage its cost structure to free up resources for investment including its go-to-market capabilities to reinforce its position and status in the sector.

"We are launching this initiative from a position of exceptional strength," said Fabrizio Freda, president/CEO of Estée Lauder Cos., in a statement. "With the aid of our 10-year compass, we are proactively anticipating long-term industry trends and positioning our brands in more promising and faster growing areas.

"Leading Beauty Forward should further position us better to continue winning on a complex global stage and

generate savings to help sustain our long-term sales growth and margin progress," he said. "This initiative is expected to provide further resources to invest in brand growth, increase speed-to-market and flexibility in resource allocation and better leverage growth for continued profitability improvement."

Estee Lauder Cos., for instance, strengthened its presence in South Korea by purchasing an interest in Have & Be Co. Ltd's Dr. Jart+ and Do The Right Thing.

The investment in South Korean skincare brands will keep Estee Lauder on the cutting edge of the country's beauty innovation and trends. The investment will also help Estee Lauder increase its presence in Asia and capitalize on a growing South Korean beauty wave ahead of a potential global flourish ([see story](#)).

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