

FRAGRANCE AND PERSONAL CARE

## After fruitful 2016, Este Lauder forecasts 4pc sales gains for fiscal 2017

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*Este Lauder products*

By STAFF REPORTS

Beauty marketer Este Lauder Cos. finished out the fourth quarter and fiscal year 2016 with net sales increasing 5 percent and 4 percent, respectively.

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For the quarter, ended June 30, Este Lauder reported net sales of \$2.65 billion, compared to the year-ago earnings of \$2.52 billion. All product categories performed posted sales gains in all geographic regions, with the exception of Este Lauder Cos.' fragrances.

### Fiscal foundations

Este Lauder also benefited from the launch of innovative new products, saw double-digit growth from several emerging and developed markets and generated double-digit gains in travel and online retail.

The beauty brand's net earnings for the quarter were \$93.5 million, compared with \$153.0 million last year. The fiscal 2016 fourth quarter results were affected by internal restructuring and currency fluctuations.

By category, skincare, cosmetics, fragrance and hair care would have increased/decreased 3 percent, 8 percent, 3 percent and 4 percent, respectively.

Este Lauder Cos.' skincare net sales decreased due to currency exchange rates. Contributing to sales were double-digit gains from La Mer, including its new releases such as The Serum Essence and The Renewal Oil.



*La Mer's Renewal Oil*

The brand's makeup posted "outstanding" net sales growth and was driven by double-digit increases from brands such as M.A.C, Smashbox, Tom Ford and gains from Bobbi Brown. Este Lauder's flagship brand also saw higher sales, especially in lipsticks and foundations.

Fragrance net sales increased due to double-digit gains from brands such as Jo Malone London, Tom Ford and recent acquisitions. Tom Ford's increased sales are reflective of the brand's success in the fragrance category, with the Tom Ford Noir and Neroli Portofino lines leading the way.

It has been estimated that Tom Ford Beauty sales reached \$500 million when the fiscal year ended June 30. If that trajectory continues through 2020, Este Lauder Cos. will have a brand with \$1 billion in sales within its stable ([see story](#)).



*Tom Ford's Soleil Color collection, summer 2016*

Looking outward to 2017, Este Lauder forecasts that global prestige beauty will remain vibrant. The conglomerate estimates that the category will continue to grow approximately 4 to 5 percent in fiscal 2017 during the first quarter and full year.

"We will also seek geographic and channel opportunities to reach even more consumers, while keeping a sharp focus on like-door growth," said Fabrizio Freda, president and chief Executive officer of Este Lauder, in a statement.

"We expect our new product launches, digital programs, social media engagement and focused M&A activities to drive constant currency net sales growth of 6 percent to 8 percent and double-digit EPS growth over the next three years, excluding restructuring and other charges, consistent with our long-term objectives," he said.

"For fiscal 2017, we are reflecting the significant external headwinds and volatility and forecasting constant currency sales growth of 6 percent to 7 percent. We will thoughtfully balance cost savings, sales leverage and reinvestment to position us to deliver constant currency double-digit EPS growth also this fiscal year."

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