

FRAGRANCE AND PERSONAL CARE

Este Lauder sales rise 3pc while earnings see decline in Q2 2017

February 2, 2017



Este Lauder products

By STAFF REPORTS

Beauty marketer Este Lauder Cos. reported net sales of \$3.21 billion for the second quarter of fiscal 2017 ended Dec. 31, 2016, for an increase of 3 percent from the year-ago.

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The conglomerate, which holds licenses for Tom Ford and Michael Kors, saw net earnings drop from \$447 million last year to \$428 million for the second quarter of fiscal 2017. Este Lauder is in the midsts of its Leading Beauty Forward initiative, announced in May 2016, an effort that will see internal restructuring and a transformation of its global technology infrastructure to become more efficient ([see story](#)).

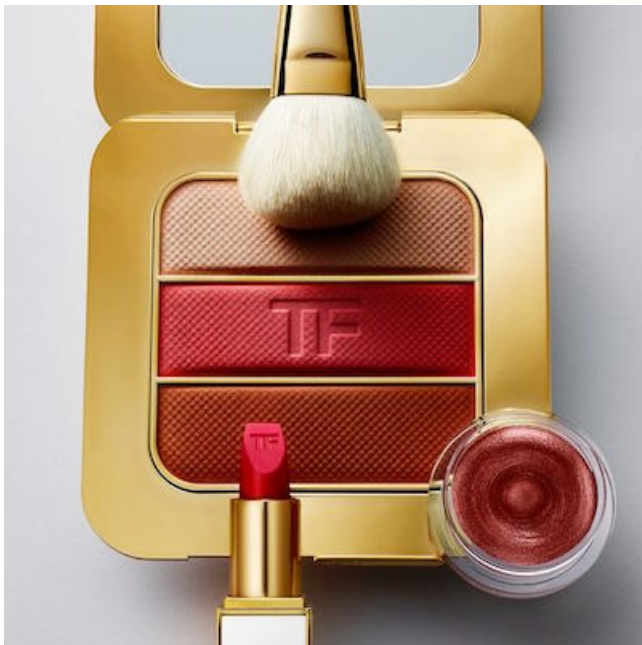
Beauty or bust

Este Lauder's skincare brands saw net sales increase with strong double-digit gains in every region from La Mer. The cult-favorite skincare brand's gains were driven by new products and an expansion of target consumer reach.

Makeup sales increased, driven by double-digit increases from Tom Ford as well as Este Lauder's flagship brand and La Mer's new cosmetics, the Skin Color Collection. Tom Ford's lip products also saw increased sales.

Este Lauder purchase of Too Faced in the second quarter also resulted in incremental sales. The conglomerate acquired the cosmetics label for \$1.45 billion, Este Lauder's largest acquisition in its history ([see story](#)).

Fragrances produced by Este Lauder also saw net sales increase due to strong double-digit gains by its luxury perfumers such as Jo Malone London, Tom Ford, Le Labo and Frederic Malle, as well as incremental sales from By Kilian.



Tom Ford Beauty is one of Este Lauder's best-performing lines

By region, most of Este Lauder Cos.' brands generated sales growth in North America. This was led by double-digit gains from Tod Ford, La Mer and Smashbox while the Este Lauder brand grew by low single digits.

Sales in Europe, the Middle East and Africa were led by Russia, India, Italy, France, Central Europe and the Balkans. Germany also recorded strong growth.

The travel sector in these regions recorded strong double-digit growth generated by new launches, airline passenger traffic growth and new consumer coverage. Tom Ford, Jo Malone London and La Mer contributed sharply to the travel retail sales gains.

In Asia Pacific, net sales increased due to double-digit growth in Japan and the Philippines. Sales in Hong Kong have declined due to low Chinese tourist traffic, impacting the Este Lauder, Clinique and La Mer brands.

"Our second quarter sales growth accelerated as planned, reflecting the benefits of our portfolio diversity by brand, channel, product category and country," said Fabrizio Freda, president and CEO of Este Lauder Cos., in a statement. "Our small, mid-sized and luxury brands continued to lead growth, contributing strong sales increases, and recent acquisitions added incremental sales.

"We achieved strong double-digit growth in our most profitable channels including travel retail, online and specialty-multi," he said. "Sales growth accelerated in most product categories and every geographic region in constant currency.

"We have strategically invested in these growth engines to produce strong results, as well as position us for the continued future success. For the quarter, our profits were higher than expected, reflecting our ability to leverage sales growth and manage expenses."