

FRAGRANCE AND PERSONAL CARE

Esté Lauder sees better-than-expected Q1

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Esté Lauder's earnings show that skincare has become the dominant beauty category. Image credit: Esté Lauder

By STAFF REPORTS

Beauty maker Esté Lauder Companies is one of the many luxury groups who have seen positive sales reports thanks to increased demand in China.

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For its first quarter of the 2019 fiscal year ended on Sept. 30, Esté Lauder saw a net sales increase of 8 percent, beating its estimates. Before the opening bell, its shares rose 7.3 percent to \$140.74.

Growth and demand

The group saw a revenue rise of 17 percent to \$500 million, up from \$427 million this time last year.

While many experts were concerned about what impact the continued rift between China and the United States over tariffs would have on luxury brands, the Chinese consumer is still driving significant growth.

"Our fiscal year is off to an excellent start," said Fabrizio Freda, president and CEO of Esté Lauder. "Our sales and earnings per share grew double digits, reflecting multiple engines of global growth throughout our product categories, brands, regions and channels.

"Our creative innovations and high-quality products resonated strongly," he said. "We attracted new consumers and increased engagement with existing ones through successful digital advertising and influencer activities.

"Our top growth drivers were skincare globally, the Asia-Pacific region and emerging markets, the global online and travel retail channels and most brands, including Esté Lauder, M.A.C, La Mer, Tom Ford and Origins. In addition, in the United States, excluding Bon-Ton closures, our performance among department stores turned positive."



Este Lauder enlisted Korean-American Irene Kim as a brand ambassador. Image credit: Este Lauder

The beauty group's fiscal year 2018 results showed a marked improvement in sales driven by strong online and travel retail growth.

Este Lauder saw an overall 14 percent increase in net sales over the fourth quarter of the 2018 fiscal year. Este Lauder's large share of the beauty market means that its earnings are a good barometer of the health of the beauty business as a whole ([see story](#)).

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