

FRAGRANCE AND PERSONAL CARE

Este Lauder's skincare sales drive record quarter

February 5, 2019



La Mer saw double-digit growth. Image credit: La Mer

By STAFF REPORTS

Beauty group Este Lauder Companies' quarterly sales topped \$4 billion for the first time in the second quarter of the 2019 fiscal year.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

Esté Lauder's revenues grew 7 percent year-over-year in the three months ended Dec. 31, and skincare outperformed the average with 16 percent sales growth. Other areas of growth surrounded the flagship Esté Lauder brand, niche fragrances, online and travel retail.

"We delivered an excellent performance in our fiscal second quarter," said Fabrizio Freda, president and CEO of Esté Lauder, in a statement. "Importantly, this was our eighth consecutive quarter of impressive net sales growth that met or exceeded our long-term goal, all while navigating many global macro issues.

"Our sustained progress is the result of our multiple engines of growth strategy, and demonstrates our agility in moving resources to the best global opportunities," he said. "Our earnings per share in the second quarter grew more than twice the rate of net sales in constant currency, delivering an impressive first-half performance."

Beauty sales

Esté Lauder's revenues for the quarter were \$4.01 billion. Skincare was the largest category by sales volume, with net sales of \$1.73 billion.

Following skincare was makeup, with net sales of \$1.56 billion. Cosmetics saw a smaller bump from 2017, with sales up 3 percent year-over year.

The flagship Esté Lauder brand saw growth across all regions. It was also one of the main brands driving skincare sales.

La Mer also saw double-digit growth, with sale up across regions and channels.

Fragrances saw a 5 percent decrease in net sales. Esté Lauder attributes this drop to a change in promotional strategy for its eponymous brand during the holidays.

Designer fragrances moved more slowly, while luxury and niche fragrance brands such as Tom Ford and By Kilian saw sales growth.



Tom Ford's Black Orchid fragrance. Image credit: Tom Ford

Este Lauder expects that prestige beauty will grow 5 to 6 percent during this fiscal year.

Despite this positive projection, the company is also facing upcoming challenges, including Brexit, raised tariffs in China and department store closings.

"Despite a volatile and challenging backdrop, we are optimistic about our company's long-term outlook," Mr. Freda said. "We are very well-positioned to build share in global prestige beauty.

"Leveraging savings generated by our Leading Beauty Forward initiative, we plan to increase our investments during the next six months behind our successful innovations, high-quality products, compelling digital advertising and effective commercial execution, while also enhancing our capabilities to strengthen our industry leadership and deliver long-term profitable growth," he said.

Consumers today are placing a greater importance on taking care of their skin, turning to makeup that offers more than just cosmetic benefits.

NPD Group's "2018 Makeup In-Depth Consumer Report" found that nine in 10 U.S. women that use makeup have applied cosmetics infused with skincare. Consumers are taking a more proactive approach to beauty, looking for products that will help them achieve healthier skin instead of using makeup as a means to conceal issues ([see story](#)).