

FRAGRANCE AND PERSONAL CARE

Esté Lauder's net sales rose 11pc in Q3

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Esté Lauder Companies' sales were partly driven by its flagship brand. Image credit: Esté Lauder

By STAFF REPORT'S

Beauty group Esté Lauder Companies saw double-digit sales increases in the third quarter of fiscal 2019, with the Esté Lauder, La Mer and Tom Ford Beauty lines key drivers of growth.

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The company's sales totaled \$3.74 billion, up 11 percent year-over-year, or 15 percent on a constant currency basis. Along with its star brands, the group's growth was attributed to skincare and demand in Asia Pacific.

"We delivered terrific performance in our fiscal third quarter, driven by strategic investments in our best opportunities combined with creativity and data-driven insights that fueled exciting innovations," said Fabrizio Freda, president and CEO of Esté Lauder, in a statement. "These drivers strengthened loyalty to our brands and hero franchises and attracted new consumers globally.

"Our strongest growth engines were the Asia-Pacific region, the skin care category, our Esté Lauder, La Mer and Tom Ford Beauty brands, and travel retail and global online channels," he said.

Beauty sales

Esté Lauder's results saw a \$44 million impact due to a stronger U.S. dollar. However, the company saw a positive effect from the use of the new accounting principles specified in ASC 606.

Skincare was a key growth category for Esté Lauder this past quarter.

The Esté Lauder brand saw double-digit sales growth in skincare across most regions and retail channels, led by its existing collection. La Mer's lineup of established products similarly drove widespread double-digit growth.

Esté Lauder recently a limited-edition skincare collection with streetwear retailer Kith as the classic cosmetics label continues its push towards younger consumers ([see story](#)).

Makeup growth was driven by Tom Ford Beauty, Esté Lauder, La Mer and M.A.C.

While fragrance brands Esté Lauder, Jo Malone London, Tom Ford Beauty, Le Labo and By Kilian saw growth, other designer fragrance labels' sales were lower in the quarter.



Tom Ford Beauty was one of the growth engines for the third quarter. Image credit: Tom Ford Beauty

The company's sales decreased 2 percent in the Americas, but this decline was offset by 25 percent sales growth in Asia Pacific and a 15 percent bump in net sales in Europe, the Middle East and Africa.

Estée Lauder is expecting its sales to rise about 7 to 8 percent for the fiscal year, in line with the projected growth for the prestige beauty category. Looking ahead, the company sees potential challenges and costs due to Brexit and Chinese tariffs, as well as other geopolitical or economic events that could lessen purchases.

Responding to a softening U.S. bricks-and-mortar environment, Estée Lauder says it is investing more in the market in the fourth quarter to spur growth.

"We had anticipated a gradual moderation of growth in China and travel retail starting in the quarter, which didn't happen, and that contributed to our overachievement," Mr. Freda said. "We continue to see strength in several of our key engines of growth and, as a result, we are again raising our net sales and EPS guidance for the year.

"Long term, we are uniquely positioned in one of the most attractive consumer sectors and are oriented to the fastest growing areas," he said. "Favorable demographic trends make prestige beauty a desirable, growing industry and as the best diversified pure play, we are confident in our ability to lead and to gain global share."

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