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Estee Lauder Cos. goes to market for \$700M in borrowings

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Estee Lauder Companies is donating 2 million surgical masks for those on the front lines in New York as part of its efforts toward COVID-19 relief. Image credit: Estee Lauder Companies

By LUXURY DAILY NEWS SERVICE

Estee Lauder Companies is looking to borrow \$700 million from the market as the beauty giant, like its counterparts across industry sectors, looks to shore up its balance sheet with the COVID-19 global lockdowns continuing to take their toll on revenue.

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The New York-based company will issue the senior notes at 2.6 percent due 2030. The company is known for such beauty brands as its eponymous Estee Lauder, La Mer, Clinique and Bobbi Brown.

"The company intends to use the net proceeds of the offering for general corporate purposes, which may include operating expenses, working capital, capital expenditures and redemption and repayment of short-term or long-term borrowings, including outstanding commercial paper as it matures," Estee Lauder Cos. said in a statement.

"Pending any specific application, it may initially invest funds in short-term marketable securities."

Priority debt

Senior notes are bonds that must be repaid before most other debts in case the issuer declares bankruptcy. That makes senior notes more secure than other bonds, but with lower interest rates given the greater level of safety.

The offering was made after **Estee Lauder Cos.** filed an effective registration statement with the U.S. Securities and Exchange Commission and effective as of May 21, 2018.

The closing of the offering is expected to occur on or about April 13.

Giving as well

Estee Lauder Cos. and its corporate foundation, the Estee Lauder Companies Charitable Foundation, have chipped in to contribute toward limiting the spread of the COVID-19 coronavirus.

The U.S. cosmetics giant and its charity have funded several international organizations in its home town of New York. New York has become the epicenter of the COVID-19 outbreak in the United States, with more than 25,000

diagnosed cases.

"The Este Lauder Companies is proud to contribute to the broader COVID-19 relief efforts by reopening our Melville [New York] manufacturing facility this week to produce hand-sanitizer for high-need groups and populations, including front-line medical staff," Este Lauder Companies said in a March 25 statement.

"We are grateful to our employees who have worked tirelessly to make this possible. Compensated, employee volunteers will support this vital, meaningful effort."

More than skin deep

Este Lauder two weeks ago awarded a \$2 million grant to **Doctors Without Borders/Mdecins Sans Frontires** to support the organization's work worldwide and in under-resourced and highly impacted countries ([see story](#)).

In New York, a grant was given to support the establishment of **The NYC COVID-19 Response & Impact Fund**, administered by the New York Community Trust.

The NYC COVID-19 Response & Impact Fund brings together multiple philanthropic partners in a joint effort to address the current coronavirus health crisis, the company said.

The new \$75 million fund will offer critical support for New York's vital social services and cultural community organizations.

In China, a key market for Este Lauder, the company donated more than \$800,000 to relief efforts. The donation will support the Red Cross Society of China, Shanghai Charity Foundation and Give2Asia.

Also, Este Lauder provided \$1.4 million worth of in-kind donations to the China Women's Development Foundation to support frontline medical staff.

As the COVID-19 crisis evolves, ELC will continue to align its philanthropic resources based on emerging needs, prioritizing food, medical and emergency assistance, the company said.