

FRAGRANCE AND PERSONAL CARE

Este Lauder shows signs of recovery with Q2 results

February 5, 2021



Este Lauder Companies releases Q2 FY21 financial results: Este Lauder

By LUXURY DAILY NEWS SERVICE

Beauty group Este Lauder Companies has reported net sales of \$4.85 billion for its second quarter, largely due to growth from its skincare and fragrance brands.

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Despite the effects of COVID-19, the group saw substantial growth in the Asia-Pacific region, travel retail and global online net sales. Este Lauder Companies reported net earnings of \$873 million, compared with \$557 million in the prior-year period.

"We are proud to have returned to growth in our second quarter, earlier than we anticipated, demonstrating the enduring success of our multiple engines of growth strategy," said Fabrizio Freda, president and CEO of Este Lauder Companies. "The powerful engines of skincare, fragrance, Asia-Pacific, travel retail in Asia and global online fueled our performance despite the increasing complexity of the pandemic.

"Ten of our brands grew, signifying the broad-based strength of our portfolio, hero products and innovation, led by double-digit sales growth from the Este Lauder and La Mer brands," he said. "For holiday and key shopping events, we welcomed new consumers and deepened relationships with existing consumers."

Seeing results

Skincare net sales grew strongly, led by Este Lauder, La Mer and Clinique, while Dr. Jart+ contributed nearly 7 percent of skincare net sales growth after the group acquired the brand in December 2019. Este Lauder delivered double-digit growth, led by mainland China and travel retail.

In China, Este Lauder was the top-selling beauty brand on Tmall's 11.11 Global Shopping Festival. The launch of the new Advanced Night Repair Synchronized Multi-Recovery Complex and consumer demand for other high-loyalty hero products drove net sales growth.



Este Lauder Cos.' Gennaisance de La Mer collection. Image credit: La Mer

In fragrance, net sales grew, primarily due to increases from Tom Ford Beauty, Jo Malone London, Clinique and Le Labo. Kilian Paris and Editions de Parfums Frdric Malle also contributed to growth.

Tom Ford Beauty delivered double-digit growth, reflecting the success of hero products, including Oud Wood and Ombre Leather, as well as the extension of the Black Orchid hero franchise with the Black Orchid Perfume launch.

The effects of COVID-19 disproportionately impacted makeup usage in most markets, therefore net sales in makeup declined with all Este Lauder brands. Haircare net sales also declined, reflecting a decrease at Bumble as well as temporary retail and salon closures due to COVID-19.

As the global recovery from the COVID-19 pandemic progresses, the Este Lauder plans to accelerate its investment in the recovery of categories that were most affected by the pandemic. The company also forecasts a 13 to 14 percent year-over-year increase in net sales for the third quarter.

Last month, Este Lauder unveiled new sustainability goals, keeping in mind that affluent consumers are showing more interest in brands' environmental policies.

The new sustainability strategy is specific to Este Lauder Cos.' travel retail unit, which includes duty-free environments such as airports, cruises and more. While the sector has taken a hit amid the COVID-19 pandemic, it is one of the group's highest growth channels and serves more than 1 billion shoppers annually ([see story](#)).