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FRAGRANCE AND PERSONAL CARE

Este Lauder increases stake in $1B Deciem deal

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The Ordinary Balance Set. Image credit: Deciem

By LUXURY DAILY NEWS SERVICE

Beauty group Este Lauder Companies Inc. has agreed to increase its investment in Canadian-based multi-brand company Deciem Beauty Group by 47 percent.

Este Lauder is raising its stake in Deciem from 29 percent to 76 percent, and is set to pay approximately $1 billion for the beauty company at closing, reflecting a total enterprise value of $2.2 billion. Este Lauder has agreed to purchase the remaining interest in Deciem after a three-year period.

"Over the last four years, we have built a truly special long-term partnership with the incredible Deciem team, and we are excited for what the future holds," said Fabrizio Freda, president and CEO Este Lauder Companies Inc., in a statement. "Deciem is an exceptional company.

"Nicola and her team have built and cultivated authentic brands with highly effective, must-have products using a vertically integrated model, and have fostered a uniquely transparent and engaging communication style," he said. "The company's hero products, desirable innovation and digital- and consumer-first high-touch approach have been instrumental to its success."

Business of beauty

Deciem was founded in 2013 by the late Brandon Truaxe, an entrepreneur who set out to change the beauty industry through authenticity and transparency. He developed the company alongside founder Pasquale Cusano and cofounder Nicola Kilner.

Ms. Kilner now leads Deciem as CEO, working closely with chief scientific officer Prudvi Kaka and chief operating officer Stephen Kaplan.

Este Lauder Futurist Hydra Rescue Moisturizing Makeup. Image credit: Este Lauder

Deciem's portfolio currently encompasses six brands, including The Ordinary, an internationally popular skin care brand with referral-driven buzz reflecting an authentic connection with its global consumer base.

Deciem's range of "functional beauty" brands and products are sold primarily through Deciem-owned and retailer ecommerce sites and specialty stores, as well as its own freestanding stores, primarily in the United States, United Kingdom and Canada.

Since Este Lauder's initial investment in June 2017, Deciem has grown rapidly, achieving net sales of nearly $460 million for the 12 months ended Jan. 31, 2021.

The acquisition is subject to certain conditions, including regulatory approvals and is expected to close by June 30, 2021. The purchase price for the remaining interest will be determined based on the future performance of Deciem.

Earlier this month, Este Lauder reported net sales of $4.85 billion for its second quarter, largely due to growth from its skincare and fragrance brands. Despite the effects of COVID-19, the group saw substantial growth in the Asia-Pacific region, travel retail and global online net sales.

The company reported net earnings of $873 million, compared with $557 million in the prior-year period (see story).