

FRAGRANCE AND PERSONAL CARE

## Este Lauder sees 16pc sales increase

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*Net sales grew 9 percent fiscal year-to-date compared to fiscal 2019. Image credit: Este Lauder Companies*

By LUXURY DAILY NEWS SERVICE

Beauty group Este Lauder Companies has reported net sales of \$3.86 billion for its third quarter ending March 31, 2021, a \$510 million increase year-over-year.

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The company saw sales growth in every region and in most product categories reflecting recovery in several areas. While net sales in makeup declined across nearly all of Este Lauder's brands, the skincare category saw a 31 percent increase in sales.

"We exceeded our sales and earnings expectations, even as several markets experienced increasing pressure from COVID-19 throughout the quarter," said Fabrizio Freda, president and CEO of Este Lauder Companies, in a statement. "Our growth engines of skin care and fragrance were incredibly powerful."

"Sales rose in every region, led by double-digit growth in Asia Pacific, where many markets contributed and sales growth in mainland China accelerated," he said. "Online thrived as a growth engine, with sales having increased strong double-digits around the world and travel retail excelled."

### Positive growth

Categorically, skin care net sales grew strongly, led by Este Lauder, La Mer and Clinique, as well as Dr. Jart+ and Origins. Este Lauder net sales grew double digits, led by increases in travel retail and in mainland China compared to the prior year where brick-and-mortar began to shut down in January 2020 due to COVID-19.

Net sales growth in skin care was primarily driven by Advanced Night Repair Synchronized Multi-Recovery Complex and strong demand for high-loyalty hero products in the Revitalizing Supreme+, Daywear and Re-Nutriv franchises.

Makeup sales rose slightly in the Asia-Pacific region, primarily in China where usage occasions are increasing. Additionally, makeup operating income improved, reflecting impairments of several brands in the prior-year period.

Fragrance net sales grew due to increases from Jo Malone London, Tom Ford Beauty, Kilian Paris and Este Lauder. Jo Malone London's net sales grew double digits with increases in every region.



Net sales increased 16 percent and diluted EPS improved to \$1.24 from a loss of \$0.02. Image credit: Este Lauder Companies

Growth primarily reflected strong holiday activations around Chinese New Year and Valentine's Day and the success of new product launches, including the new Blossoms Collection and Scarlet Poppy Cologne Intense.

Strong online sales more than offset the decline in brick-and-mortar stores.

Hair care net sales rose due to successful innovation, including Botanical Repair, as well as strong double-digit online growth at Aveda. Hair care operating income reflected higher results from Aveda, which were offset by the return of incentive compensation to pre-COVID-19 pandemic levels.

Regionally, net sales increased in North America compared to the prior year when bricks-and-mortar shut down. This was somewhat offset by declines in Latin America where many retail locations closed as the resurgence of COVID-19 led to increased government restrictions during the quarter.

Online sales grew double digits in the Americas.

In Europe, the Middle East and Africa, net sales grew, led by travel retail and online. Net sales from the company's global travel retail business increased year-over-year despite the absence of international passenger traffic in Europe, the Middle East and Africa and The Americas.

Net sales increased in mainland China, Australia, Korea and several smaller markets in the Asia-Pacific region. The company continued to focus its investments on digital marketing, which drove strong double-digit online sales growth. Department stores and freestanding stores grew double digits as well.

Este Lauder claims it is mindful of risks related to social, economic and political matters, including restructurings and bankruptcies in the retail industry, geopolitical tensions, regulatory developments, global security issues, currency volatility, general economic challenges and changes in consumer preferences that affect consumer spending in certain countries, channels and travel corridors.

In March, Este Lauder Companies announced an Equity and Engagement Center of Excellence (COE) division in line, signaling its investment in a focused and holistic approach to drive sustainable progress and advance the company's diverse talent through deep engagement, career advancement, development programs and hiring practices ([see story](#)).

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