

FRAGRANCE AND PERSONAL CARE

## Este Lauder Cos. sales jump double-digits in Q1 2022

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*Este Lauder Cos.'s skincare sales grew across every region, led by La Mer. Image credit: La Mer*

By LUXURY DAILY NEWS SERVICE

Beauty group Este Lauder Companies is seeing its bricks-and-mortar business recover, as all regions and product categories recorded a jump in net sales during the first quarter of fiscal year 2022.

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For the first quarter ended Sept. 30, Este Lauder Cos. recorded net sales of \$4.39 billion, up 23 percent year-over-year from \$3.56 billion in Q1 2021. While global supply chain issues are expected to impact sales and expenses for the remainder of the fiscal year, the beauty group is well-positioned for a strong holiday season.

"We delivered excellent performance to begin fiscal 2022, despite the increased volatility and variability globally during the quarter, by virtue of our dynamic multiple engines of growth strategy," said Fabrizio Freda, president/CEO at **Este Lauder Cos.**, in a statement.

### Strong start

Este Lauder Cos. reported net earnings of \$692 million, up from \$523 million in the prior-year period for 32 percent growth y-o-y.

Organic net sales grew 18 percent, with 13 brands seeing double-digit organic sales growth y-o-y.

The Este Lauder brand and MAC led the makeup category, while La Mer and Clinique were the best-performing brands in skincare. Fragrance, which saw double-digit improvements in each region, was led by Tom Ford Beauty and Jo Malone London.



*Makeup sales, including lipsticks, are starting to recover but are not at pre-pandemic levels. Image credit: Estee Lauder*

Makeup sales have improved, but it is the sole category below pre-pandemic sales as makeup wearing occasions remain limited and mask wearing continues. Face and eye products are showing strength, while Estee Lauder successfully launched Double Wear Sheer Long-Wear Foundation and Pure Color Whipped Matte Lip Color.

Skincare, fragrance and hair care have all improved from pre-pandemic levels.

Western markets bolstered the group's physical retail sales, both at department stores and company operated locations, especially as travel restrictions were eased during the summer travel season. The COVID-19 pandemic, however, continues to impact retail stores leading to intermittent closures in Europe, Latin America and most of Asia Pacific.

While foot traffic has not returned to pre-pandemic levels, even where stores are open, ecommerce is more than making up for the difference. Online sales were almost double that of Q1 FY 2020, ended Sept. 30, 2019.



*Fragrances and skincare sales are up double digits. Image courtesy of Estee Lauder*

Looking to the rest of the fiscal year, Estee Lauder Cos. expects global volatility to continue, including COVID-19 restrictions, supply chain disruptions and inflation. The group anticipates that makeup sales will continue to recovery, as will bricks-and-mortar sales.

To mitigate impacts from supply chain issues, Estee Lauder Cos. plans to introduce strategic price increases, use air freight and less congested ports and implement cost savings in other areas.

#### SI&S progress

Estee Lauder Cos. also released its fiscal year 2021 social impact and sustainability (SI&S) report, "Beauty Inspired, Values Driven."

For FY 2021, 82 percent of the company's global workforce is female, and 46 percent of its U.S. workforce is BIPOC. More than half of global vice president positions and above are held by women, who also account for 44 percent of the Board of Directors.

Climate highlights include being named to the 2020 CDP Climate A List, achieved by 5 percent of more than 5,800 companies evaluated, and expanding its renewable energy portfolio with solar power.

Estee Lauder Cos. also introduced more ambitious sustainable packaging goals ([see story](#)) and is investing in "green chemistry" to make product formulation more environmentally friendly.

The group has also increased its commitment to girls' education and women's advancement through the Esté Lauder Companies Charitable Foundation ([see story](#)).

"Despite the pandemic, we remained steadfast in prioritizing the health and wellbeing of our employees, consumers and communities around the world, while delivering on our long-term commitments," Mr. Freda said. "Doubling down on our social impact and sustainability strategy is an important part of our goal to continue delivering long-term value and remain the global leader of prestige beauty."

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