

FRAGRANCE AND PERSONAL CARE

Este Lauder Cos. sees net sales climb across regions, product categories

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Skincare continues to be the strongest category for Este Lauder Cos. Image credit: La Mer

By LUXURY DAILY NEWS SERVICE

U.S. beauty group Este Lauder Companies is raising its full year outlook as its bricks-and-mortar recovery sustains momentum and ecommerce continues to show strength.

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For the second quarter of fiscal year 2022 ended Dec. 31, Este Lauder Cos. saw its net sales climb 14 percent to \$5.54 billion. Net sales improved in every region and product category, led by Western markets.

"We achieved record sales and profitability in the second quarter of fiscal 2022, empowered by the timeless desirability of our brands and despite accelerated volatility and variability, as well as supply chain challenges, from the pandemic," said Fabrizio Freda, president/CEO at **Este Lauder Cos.**, in a statement. "Every category, region and major channel expanded, showcasing the strength of our multiple engines of growth strategy."

Sustaining growth

Shopping moments including 11.11 and the holidays helped propel organic net sales for an increase of 11 percent. The group also reported net earnings of \$1.09 billion, up from \$0.87 billion year-over-year.

COVID-19 continue to impact physical retail, particularly as the Omicron variant contributed to new government restrictions in key markets, as well as staffing shortages. Generally, however, consumer traffic remains below pre-pandemic levels even in areas where stores are open.

Similarly, supply chain issues exacerbated by the pandemic is likely to result in higher costs for the beauty group. Este Lauder Cos. expects to mitigate this through strategic price increases and other measures, including adapting product mixes and air freight.



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

Ongoing mask wearing and a prolonged decline in makeup usage occasions due to the pandemic continue to impact makeup sales. It is the only category below pre-pandemic levels, while skincare, fragrance and hair care have surpassed pre-pandemic figures.

Despite these challenges, makeup saw double-digit growth y-o-y and accounted for \$1.386 billion in net sales.

Skincare saw \$3.159 billion in net sales, up from \$2.819 billion in Q2 2021, with strong growth from La Mer and Clinique.

Luxury fragrances showed the most resilience in their respective category. Organic net sales for fragrance jumped 30 percent y-o-y on a constant basis to \$799 million.

Hair care net sales climbed to \$180 million, with organic growth of 18 percent.

The America saw double-digit growth and the beginning of a retail traffic recovery. Online sales in the region accounted for about 38 percent of sales.

EMEA also saw net sales grow in nearly every market, led by the United Kingdom. Notably, global travel retail sales grew by double-digits.

In Asia Pacific, net sales grew across bricks-and-mortar and online. Mainland China, Australia and southeast Asia drove most of the region's growth.

The group also continues to invest in sustainability.

During Q2, the group further solidified itself as a sustainability leader in the beauty industry by joining the S&P Dow Jones Indices' Dow Jones Sustainability Index (DJSI) ([see story](#)).

Looking ahead, Estée Lauder Cos. remains optimistic and is forecasting for double-digit growth in net sales.

"As we embark on the second half of fiscal 2022, our business is far bigger and more profitable than pre-pandemic with every region larger," Mr. Freda said. "This reinforces our confidence in our ability to navigate the impacts of the prolonged pandemic."

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