

COMMERCE

Select prestige beauty brands shine as sales dip at Estée Lauder Cos.

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The conglomerate's operating cash flow dropped to \$1.27 billion from \$2.36 billion. Image credit: Estée Lauder Companies

By KIRAN GILL FOR LUXURY DAILY NEWS SERVICE

Sales are slipping at U.S. beauty group Estée Lauder Companies.

For the 12 months ended June 30, 2025, net sales fell 8 percent year-over-year on a reported basis. Estée Lauder Companies anticipates sales growth in fiscal 2026 but expects recently enacted tariffs to reduce profitability by about \$100 million.

"Having closed fiscal 2025 as expected, we remain wholly focused on continuing to execute our strategic vision of Beauty Reimagined with excellence," said Stéphane de La Faverie, president and CEO of [Estée Lauder Companies](#), in a statement.

"Despite continued volatility in the external environment, we embarked on fiscal 2026 with signs of momentum and confidence in our outlook to deliver organic sales growth this year after three years of declines and to begin rebuilding operating profitability in pursuit of a solid double-digit adjusted operating margin over the next few years."

Looking ahead

Regarding net sales, skin care fell by 12 percent y-o-y, closely followed by hair care, which was down by 10 percent and makeup, by 5 percent.

Fragrance net sales remained flat over the course of the last year, though a mid-single-digit increase from company-owned luxury brands in the category, including perfume maker Le Labo and the newly acquired Balmain Beauty ([see story](#)), lifted bottom lines slightly.

The company reported an increase in market share in mainland China, driven by high-end skincare brand La Mer and U.S. luxury brand Tom Ford ([see story](#)), as well as in Japan and the U.S.



The brand new role will be a part of the corporation's Executive Team. Image credit: Este Lauder Companies

Beginning fiscal 2026, the company will report its financial earnings by newly reorganized geographic regions. The four regions are the Americas; Europe, the United Kingdom and Ireland and emerging markets; Asia/Pacific and mainland China. In addition, Este Lauder expects prestige beauty to grow between 2 and 3 percent globally.

While the company expects profitability to be impacted by \$100 million as a result of tariffs, it is exploring potential strategies to mitigate the loss, such as possible pricing adjustments and supply chain management.

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