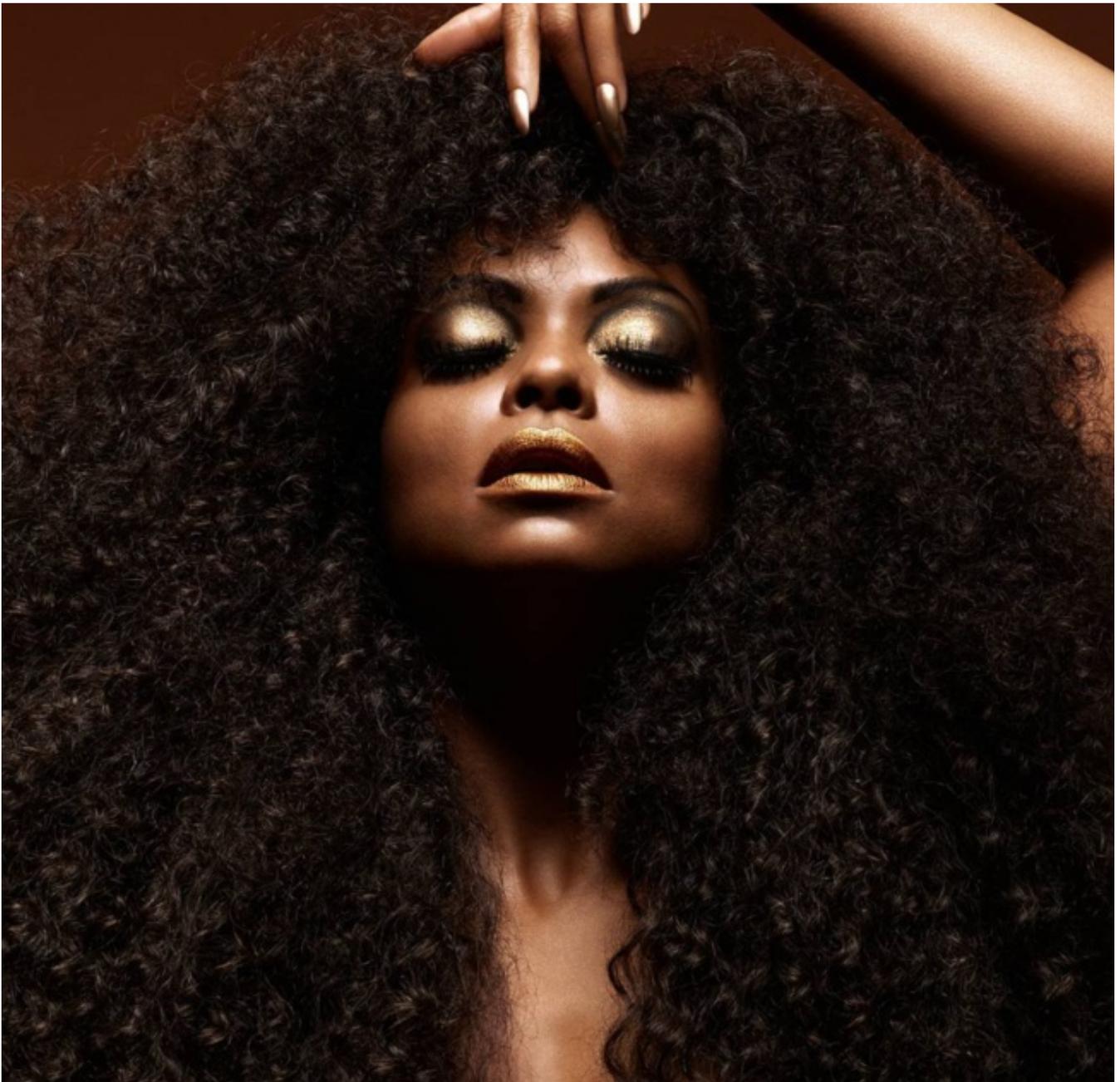


## MAC and Tom Ford give big boost to Estée Lauder

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Estée Lauder Cos Inc's stock hit a record high after it forecast full-year profit and sales ahead of Street views and posted higher-than-expected quarterly results as the cosmetics maker sold more products from brands such as M.A.C and Tom Ford.



*MAC Cosmetics*

Despite the challenges of declining foot traffic in U.S. department stores, Estée Lauder has been benefiting in global markets such as Italy and China, where more customers are visiting brick-and-mortar stores.

Sales in Europe, the Middle East and Africa, and in Asia-Pacific climbed 11.4 percent to \$1.72 billion in the fourth quarter ended June 30.

"Many international department stores continue to generate very healthy growth, especially those in high-traffic touristic destinations like Harrods," Chief Executive Fabrizio Freda said on Friday on a conference call with analysts.

Estée Lauder will also start selling products in LVMH's Sephora in most European countries, he added.

Sales in the makeup unit, the company's biggest business, surged 16 percent to \$1.31 billion. Revenue was boosted by the acquisition of Too Faced and BECCA Cosmetics late last year, which added about 3.5 percentage points to sales growth.

Coupled with that, double-digit growth in revenue in China and at duty-free stores at airports and online, helped total sales rise by 9 percent to \$2.89 billion.

Analysts on average had expected sales of \$2.85 billion, according to Thomson Reuters I/B/E/S.

The company is poised for growth due to its distribution to well-performing beauty retailers, such as ULTA Beauty, online players, and as demand for Estée Lauder's products from a growing middle class in China has been strengthening, Oppenheimer & Co analysts said in a pre-earnings client note.

Estée Lauder's results were in contrast to rival L'Oreal SA , which last month reported lower-than-expected quarterly sales and profit.

On Friday, Estée Lauder said it expects net sales for full-year 2018 of \$12.77 billion to \$12.88 billion and adjusted profit of \$3.87-\$3.94 per share.

Analysts on average estimated full-year profit of \$3.79 per share and sales of \$12.60 billion.

Net income attributable to Estée Lauder rose to \$229 million, or 61 cents per share, in the quarter, from \$94 million, or 25 cents per share, a year earlier.

Excluding items, the company earned 51 cents per share, beating estimates of 43 cents.

Shares of Estée Lauder, which said it would launch a second limited edition makeup collection from Victoria Beckham next month, touched a record high at \$105.96 in morning trading.