

COMMERCE

Este Lauder Cos.' annual sales dip as CEO announces retirement

August 19, 2024



Nearly all of the corporation's business sectors and regions experienced declining returns. Image credit: Jo Malone London

By ZACH JAMES FOR LUXURY DAILY NEWS SERVICE

U.S. beauty group **Este Lauder Companies'** 2024 fiscal year, which ended June 30, 2024, closed with a whimper.

Over the year-long period, the company generated \$15.61 billion in net sales, a 2 percent year-over-year drop on a reported basis. Alongside the decreased cash flow, the corporation will also be losing its longtime leader soon, as president and CEO Fabrizio Freda will retire at the end of the 2025 fiscal calendar.

"In fiscal 2024's fourth quarter, we achieved our organic sales outlook and exceeded expectations for profitability, closing a difficult year," said Mr. Freda, in a statement.

"Organic sales and adjusted EPS returned to growth in the second half," he said. "For fiscal 2025, we anticipate continued declines in the prestige beauty segment in China, mainly reflecting persistent weak sentiment among Chinese consumers.

"We intend to drive share gains in a market that continues to hold strong long-term promise."

Waves of change

Among Este Lauder Companies' various business segments, only its revenues derived from fragrances increased, with the Jo Malone London and Le Labo brands leading the way.

Rising by 1 percent y-o-y on a reported basis, the fragrance market outperformed skincare, makeup and haircare, each of which dipped in low-single-digit percentages. Following a similar trend in FY23 ([see story](#)), the Americas was the only region to see increased consumer demand, with EMEA and APAC slightly declining compared to the previous year.



During the period, the conglomerate's operating income fell by 31 percent compared to FY23. Image credit: Este Lauder Companies

While sales in Latin America, particularly in Mexico, jumped by double digits y-o-y, North America stagnated financially, reporting no meaningful gains or losses.

Meanwhile, EMEA witnessed a 1 percent decrease in revenues due to challenges in travel retail; this struggle was exacerbated in Asia. Within the greater APAC market, sales fell by 6 percent, with Chinese demand falling.

Double-digit surges of activity in Hong Kong and Japan ([see story](#)), respectively, helped to offset what would have been a greater loss, according to the company.



Mr. Freda was appointed CEO in 2009. Image credit: Este Lauder Companies

Looking forward to the 2025 fiscal year, the company expects sales to hover between a 1 percent y-o-y decrease and a 2 percent jump. This will be the final year of Mr. Freda's leadership, ending a nearly 16-year-long period as president and CEO.

A successor will be named in due course, with Mr. Freda working closely with the selected executive to ensure a smooth transition. He will work as an advisor beginning with the 2026 fiscal year.

"On behalf of the entire Board of Directors and the Lauder family, we wish to extend our sincere gratitude to Fabrizio for over sixteen years of devoted service to the Company," said William P. Lauder, executive chairman of Este Lauder Companies, in a statement.

"We look forward to celebrating Fabrizio's many amazing accomplishments as his formal retirement date nears," Mr. Lauder said. "Until then, the Board, Fabrizio and the entire leadership team are laser-focused on navigating the current challenges faced by the Company."