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EDITED TRANSCRIPT

Estee Lauder Companies Inc at Barclays Global Consumer Staples Conference

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Lauren Lieberman *Barclays - Analyst*

PRESENTATION

Lauren Lieberman *Barclays - Analyst*

I just want to also remind everyone to please refer to the slide being presented for Estée in terms of statement regarding forward-looking statements and non-GAAP disclosures. So Tracey, thank you so much for being here. And with your pending retirement, I wanted to get started on take a step back and reflect question.

QUESTIONS AND ANSWERS

Lauren Lieberman *Barclays - Analyst*

So you've been CFO at Estée Lauder for over 12 years, and so much has changed both at the company and in the industry since that time. Could you maybe share some perspective on some of the changes, these changes in one or two things that you think one should be aware of as we think about structural drivers that prestige beauty market over the next decade?

Tracey Travis *Estee Lauder Companies Inc - Chief Financial Officer, Executive Vice President*

Yeah. No, great question. Thank you, Lauren, and it's always great to be here at this conference, back to school time. One of the things that hasn't changed is prestige beauty is still a very desirable category. It's still grown quite strong over the last several years, grown faster than mass. And so that's one of the things that hasn't changed. And increasingly, consumers are even more engaged in the category that has certainly attracted not only a lot of new consumers, but also a lot of competitors.

And so one of the things that has changed is the competitive environment has changed, barriers to entry have lowered, and so there are more competitors in the category that certainly does allow for consumers to have more choice. But it also creates, obviously more competition for the larger beauty players that have been in the category for some time.

It's also because it is such an attractive category, the channels have expanded as well. So there are more channels carrying prestige beauty, important for us to expand our channel distribution, which we have been doing. And we'll continue to do as consumers increasingly look for prestige beauty in whether it's specialty multi or pharmacy or online.

The other thing that has changed, you're seeing consumers and certainly enabled by the Internet be more informed and so they are informing themselves on trends that they're interested in, benefits that

they're interested in, ingredients that they're interested in or not interested in. And so the consumer has become far more discerning because there's more information available to them. And so it's important for us as well as a company to make sure we too are informed in terms of what consumers are interested in and making sure our innovation programs are meeting the consumer with what they're interested in and actually influencing obviously the consumer in terms of what they might be interested in, in the future. And that's certainly a focus of ours as well.

And then I would say the other change, again enabled by technology is just how the consumer is researching products and what they're interested in. They are increasingly researching products online, whether it's on social media or on the Internet. And so when they come to a store or shop online, they're very well informed in terms of what they're looking for. It's very important for us to be able to activate and capture the consumer's interest online before they actually come to purchase and so that's changed the marketing model in the media mix quite dramatically over the last 10 years when you -- I think about -- when I started at Estée Lauder versus today, it has been just dramatic change in terms of the informed consumer, the ways to reach that consumer and the channels that that consumer is shopping in.

Lauren Lieberman *Barclays - Analyst*

Okay. great. I have to go short term, so we started (laughter) short term so we have to touch base on the fiscal '25 guidance. So first of all, if you could just discuss the components that are driving sales growth in '25 given the headwinds you've discussed in China and travel retail and maybe walk us through where you're expecting to see strength.

Tracey Travis *Estee Lauder Companies Inc - Chief Financial Officer, Executive Vice President*

So the guidance that we provided for this year, I think everyone is aware, is minus 1 to plus 2 in terms of our net sales growth for the year. And that follows a couple of years of sales declines as we were destocking the trade last year and so had the impact of that and some of the disruptions from the pandemic we experienced in China and Asia travel retail over the last couple of years.

As we certainly look at what we experienced last year and even towards the end of our last fiscal year, starting this fiscal year, we're still seeing softness in demand in terms of China and travel retail, which is heavily dependent on the Chinese traveling consumer. And so as we looked at this fiscal year at the start of the year, at least, we're not seeing that catalyst to change the trend. And so our guidance reflected that in terms of our full year guidance.

What we see in other markets, however, is growth and so when we look at our European market, excluding travel retail, [EMEA] includes our travel retail business, as you know, and or we look at our APAC market, excluding Mainland China. We do see growth in markets like Japan and our emerging markets. In North America, we are expecting growth given some of the actions that we've taken in North America and that's the combination of the declines which we expect in China and travel retail and the growth we're seeing in other markets are really what is the composition of our guidance for the year. Obviously, first quarter being a little bit weaker and progressing marginally through the balance of the year.

Lauren Lieberman Barclays - Analyst

Okay. And just on Q1, is it fair to say the key reason for the top-line guide below market growth is because of destocking in Asia travel retail in the first quarter? And like what -- if that's the case, could that persist into the second quarter?

Tracey Travis Estee Lauder Companies Inc - Chief Financial Officer, Executive Vice President

Yeah. So what we spoke about on the call a couple of weeks ago now is the fact that we actually saw softening towards the end of the fiscal year, particularly in Hainan. Quite a surprise to us and to our retailers and others as it relates to Hainan. So especially given what we were anniversaring in Hainan. So it's been a bit the traffic pattern and the conversion pattern has been a bit erratic. And so we did end with inventory a bit higher than what we had initially targeted. So yes, in Q1, we are expecting to do some destocking and pull back on our shipments for Hainan and a couple of other areas within Asia to make sure we maintain the right inventory level throughout the year, which is very important for us. We're also seeing weakness as we spoke about on the call in China as well. So those are the two areas that are impacting more strongly our fiscal Q1 guidance.

Lauren Lieberman Barclays - Analyst

Okay. And then for Q2 like that thing, we should be mindful of a risk of further inventory destocking in 2Q.

Tracey Travis Estee Lauder Companies Inc - Chief Financial Officer, Executive Vice President

It really depends on retail trends and so if retail trends pickup then we won't see that. But if they don't, then we will. And so again, the retail trends have been a bit difficult to predict. We'll see in one month of pickup in retail and then the next month, we'll see down a [40] so I mean, the magnitude of the differences month to month have been a bit difficult for us to manage, especially given the supply chain that we have.

Lauren Lieberman Barclays - Analyst

Yes. Okay. Let me just move on to margins also sticking with the '25 conversation, so just curious to walk through puts and takes that drive the expansion of adjusted operating margin from 10.2% in fiscal '24 to the 11% to 11.5% outlook for '25. And just in particular things, you mentioned that are like the PR now -- PRGP, mix reinvestment. It's those key moving pieces.

Tracey Travis Estee Lauder Companies Inc - Chief Financial Officer, Executive Vice President

Yeah, so the bulk of the margin expansion we expect to get in fiscal '25. When you think about the top-line guidance that we've given, which is on average midpoint flattish is from the PRGP. And so we started taking actions, certainly given the soft volume performance we've had over the last couple of years, started taking actions pretty aggressively at the beginning of last fiscal year to pull back on inventory, pull back on our production so that in fiscal '25, we could realize benefits in our gross margin where we've seen the biggest hit over the last few years has been in our gross margin. And so if you look at our 10-Q or 10-K, you can see the increase we've seen in obsolescence and discounts, et cetera.

So we're expecting improvements in those areas based on some of the actions that we've taken under the PRGP to more dramatically pullback in some areas. We've taken pricing a bit in excess of inflation. So we're expecting more of that to flow through to the bottom line with less discounts given a better inventory position that we have both in house as well as in the bulk of our trade.

And some other actions that we've taken on freight and other material costs. So most of the PRGP benefits this year will impact [positively] our gross profit margin. And we also announced that there -- we are executing against the restructuring program. Some of those benefits will flow into this year. More of those benefits will flow into next year.

The profit, the PRGP, I'm going to call it not the profit recovery growth program, the PRGP, the net benefits that we expect to realize \$1.1 billion to \$1.4 billion over a two-year time horizon, much of that will come in gross margin this year and a bit more evenly split next year between gross profit and operating expenses, at least that's what we expect at this point in time. But because of the composition of the PRGP, there -- it is volume dependent. And so when you think about some of the savings that we're expecting in obsolescence, some of those savings we're expecting in discounts, et cetera, the cost savings are irrespective of volume, but certainly the other savings in gross margin will be somewhat dependent on volumes.

Lauren Lieberman Barclays - Analyst

Okay. And so knowing that the guidance, like you said, it's the midpoint is roughly flat is the assumption that volume is down slightly for the year (multiple speakers)--

Tracey Travis Estee Lauder Companies Inc - Chief Financial Officer, Executive Vice President

It's a [range] (multiple speakers)--

Lauren Lieberman Barclays - Analyst

It's a range, okay (multiple speakers)--

Tracey Travis Estee Lauder Companies Inc - Chief Financial Officer, Executive Vice President

It will be depending on -- in particular, depending on what happens in our eastern markets, it can be anywhere between minus 1 and plus 2.

Lauren Lieberman Barclays - Analyst

Okay. But that fits in with the PRGP net benefit (multiple speakers) okay, great.

Let's switch gears and focus more specifically on China. (inaudible) mentioned a few times already, but now that we've got the Chinese consumer traveling outside of China, how should we think about the growth of the Chinese consumer growth from the Chinese consumers globally over the next year and beyond?

Because on the call, I feel like there was a change in tone and the potential for growth within Mainland China over the medium term versus maybe what you've spoken to before, so mid-single digit range? And when I think about the 10-year compass, like how does that adjust if China looks more like a developed market in terms of that longer-term growth algorithm?

Tracey Travis *Estee Lauder Companies Inc - Chief Financial Officer, Executive Vice President*

Yeah. No, it's a great question. I think we did say that our -- we would expect to be able to return to more mid-single growth if China stabilizes and returns to growth and the growth that we would expect to see in China is more in the mid-single digit range. So yes, China is based on all of the information that we've seen and certainly some of the macro information that has come out with what's happening in terms of the aging of the consumer, et cetera, which is an opportunity. But we would expect that China would not grow and return to double-digit growth, which it was pre-pandemic, but be more in a mature market growth range of 5% to 6% once it stabilizes and returns to growth. That's still very good growth.

And we see our other mature markets. I mean, the North American market, which I'm sure we'll talk about, was growing double digits at the beginning of our fiscal year. So mature markets can grow fast. But by and large, they tend to grow along with the average of prestige beauty that we've seen over the last several years, which has been more in the 5% to 6% range. So we would expect that China would be able to return at least to that level of growth.

Lauren Lieberman *Barclays - Analyst*

Okay. Is that where you take the Chinese consumer globally? We should think about the whole cohort as a mid-single digit range once stabilized?

Tracey Travis *Estee Lauder Companies Inc - Chief Financial Officer, Executive Vice President*

Yeah, I mean, I think I believe the number of Chinese consumers now that have passports that actually can shop globally is north of 10%, but below 15%. So somewhere in the 10% to 15% range. And so 85% are still shopping in Mainland or in Hainan travel retail or other areas within China in terms of more domestic travel retail. So yes, I think on average, we would expect that the consumer is shopping increasingly more as we've expanded our distribution in China, particularly across online platforms is shopping more domestically. We're seeing less shopping other than in markets where there's a currency benefit like Japan for the moment.

But by and large the consumer is shopping more domestically, including in the travel retail channel domestically and less shopping in some of their overseas trips, so we are seeing lower conversion on some of those trips. Now that may be a post-pandemic phenomena because we're seeing -- and we saw this with other groups that once the pandemic restrictions were lifted and people started traveling more, they were spending more on experiences and dining and less on consumer goods. And so we're certainly seeing that even with Chinese consumers that are back to traveling now other than when there's a very big price advantage.

Lauren Lieberman *Barclays - Analyst*

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Okay, great. And then over the past year, you've been working to improve the brand equity, the Estée Lauder franchise within luxury skincare in China with Re-Nutriv, so can you talk about how this has gone versus expectations? Like how big is the Re-Nutriv opportunity in China?

Tracey Travis *Estee Lauder Companies Inc - Chief Financial Officer, Executive Vice President*

It's very big. We're very excited about Re-Nutriv and some of the early indications we've had from some of the new launches that we've had in Re-Nutriv. The Estée Lauder brand is still a very well regarded brand. All of the brand equity studies that we have done in China shows that Estée Lauder is still a very well respected brand, Advanced Night Repair obviously is the leading franchise for Estée Lauder in China, but Re-Nutriv has been growing. We launched a new product in the second half of last year, that's doing incredibly well.

What we're seeing right now in China is a bit of a bifurcation in the market. Luxury skin care, La Mer continues to do quite well. Luxury skin care is doing incredibly well. Luxury fragrances are doing well. And obviously, we've launched and expanded our Le Labo franchise. And TOM FORD and Jo Malone also have great promise along with Frederic Malle and Kilian.

And then luxury makeup also is doing incredibly well. So Re-Nutriv, the early signs are great. We actually even in a down market in the fourth quarter, gained share in skin care in China. And that was very much attributable to Estée Lauder and La Mer in terms of the new franchises -- of the new products that we've launched with those two brands.

Lauren Lieberman *Barclays - Analyst*

Okay. Great. Let's talk about emerging market. So the focus emerging markets have been growing much faster than the corporate average, but I think are still less than 10% of sales--

Tracey Travis *Estee Lauder Companies Inc - Chief Financial Officer, Executive Vice President*

Around 10%.

Lauren Lieberman *Barclays - Analyst*

Around 10, okay. So I'm curious which markets are of a particular focus and how do you think about executing a strategy to grow these markets relative to the playbook that you had pursued in China. And I was also (inaudible) with the impact the profitability of these smaller markets -- fast growth, but smaller market.

Tracey Travis *Estee Lauder Companies Inc - Chief Financial Officer, Executive Vice President*

yeah. No, we're fortunate that we have a broad brand portfolio and we have a playbook that's worked pretty well for us in terms of growing our emerging markets. So I'll start by saying our emerging markets are profitable and in many cases, more profitable than some of our mature markets because there's less brick-and-mortar distribution, so there's less lower productive brick-and-mortar distribution than perhaps in some of our more mature markets. It allows us to build the market with the right, the brands that are really attractive in the categories that are really attractive in that particular market.

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So take a market like India, which is one of our top emerging markets that we are focused on. India is very much a makeup market. MAC does incredibly well in India. We typically have used some of our entry price point brands, i.e., MAC, Clinique, The Ordinary to recruit consumers from mass to prestige. India is still a large mass market. But prestige is growing faster than mass.

We partner with local consumers in the market to build the distribution. And so we are very much focused on anchoring with a brick-and-mortar point of distribution or points of distribution, but really taking advantage of online, whether it's pure play or retailers that have an online presence to reach a broader array of consumers. And that in China allowed us to actually place brick-and-mortar distribution where we saw the biggest demand for the brands that had the most appeal. We're following that same playbook in other emerging markets as well.

We're focused on -- Mexico is a great market for us in Latin America, Brazil. In EMEA, in addition to India, the Middle East, Turkey are areas that are focuses for us. South Africa continues to be a focus for us as well. And then Southeast Asia, markets like Malaysia and Indonesia and Thailand, our all markets that have shown incredible promise for us. Some of them are largely skin care markets. Some are more makeup market, some are fragrance markets. And so depending on what the dominant category is in that market, we'll use our playbook in terms of our brand portfolio to enter the market and then build up from there, so.

Lauren Lieberman Barclays - Analyst

Okay. Great. Let's turn to your home market. You knew we talked (multiple speakers)--

Tracey Travis Estee Lauder Companies Inc - Chief Financial Officer, Executive Vice President

I know it's coming, yes, yes (laughter) (multiple speakers)--

Lauren Lieberman Barclays - Analyst

So last August, we reached to talk about a turnaround plan for North America and we spent a lot of time talking about here at the conference. The growth has been subpar and I know you referenced the beginning of the year was quite strong but last quarter it was down 5%. So just you've been working to lean in on the [derma trend], you've added the brands on Amazon, you've launched on TikTok shop. So I guess where do you think -- what does it take to return to sustainable revenue growth and growth in line with the market because it feels like it's been fits and starts.

Tracey Travis Estee Lauder Companies Inc - Chief Financial Officer, Executive Vice President

Yeah. No, when I said it started quite strong. I was talking about the market and we've done an awful lot in North America to your point, Lauren, over the last couple of years to really expand our distribution to areas that represented faster growth in terms of distribution expansion. And that culminated in towards the end of the year, launching Clinique and a couple of other brands on the Amazon platform.

What we're seeing in the US is increasingly faster growth in specialty-multi channels like Ulta and

Sephora and Ulta inside Target and Sephora inside Kohl's. Online is a very fast-growth channel, and that includes Amazon now that they've stood up their prestige beauty platform, which we are participating on. And the other thing that we're focused on as we look at what benefits consumers are looking for and what categories consumers are most interested in, in the US.

Derma is a category that is really has been a category that Clinique basically launched first in terms of their positioning. They developed a lot of their initial products with dermatologists. So they are the OG, if you will, of derma brands and had lost that positioning a bit. And so recapture that positioning and Clinique is doing that not only for skin care, but also having some success in terms of their makeup in North America. So we talked about a couple of weeks ago our strategy reset and it's really the reset for global, but certainly has implications in North America as well and that's really reigniting skincare.

And so in particular, in North America, I would say we have focused more on makeup and fragrance and a bit less on skin care. Estée Lauder has opportunities in North America. The Ordinary is doing incredibly well in North America. Clinique, now that we've expanded the distribution on Amazon and repositioned it, it's starting to gain a bit of share in skin care in North America as well. And so we're very much focused on that opportunity in North America with the right channels of distribution and the right positioning.

The second is fragrance. And so fragrance continues to represent a great opportunity. And our fragrance brands have done incredibly well, Jo Malone, Le Labo, TOM FORD, and we just launched BALMAIN, which we're very excited about as well, small, but will grow over time as we grow the TOM FORD brand over time. And so we're excited about that along with our other fragrance brands. So that's a big focus for us globally. And certainly that has opportunity in North America as well.

Making sure we're in the right distribution channels, the faster growing distribution channels, we've seen the consumer shift preferences, particularly as you think about we were talking the other day about Gen X, millennials, and Gen Z. And when you think about the bulk of the population below 50 now, they've grown up with the Internet. And so they've really grown up influence digitally and are far more comfortable in terms of shopping for beauty products initially online first, although they still enjoy an in-store experience, but making sure that we recognize that and are positioning ourselves strongly in the channels of distribution that are increasingly appealing to the consumers now that have very strong spending authority.

Accretive innovation, one of the things we did under the PRGP is really take a look at a broader look and a harsher look at our product portfolio, not only eliminating some of the underperforming SKUs, but more importantly, looking at our innovation pipeline over the next three years and cutting out some of the innovation that we felt was not going to be accretive to the overall portfolio or represent the size of growth that we actually expected it to do in various markets. And so that's been important.

And then the last and I mentioned this at the beginning, Lauren, how you communicate and market to consumers today is very different than it was 10 years ago. And we have invested even over these last few years in quite a few capabilities, whether it's our consumer data platform, investing in other digital

technologies, investing in consumer insights data, investing in trend data, all of the things that are necessary in order to really activate and connect real-time with consumers. Read and react and respond in a more agile way and so leveraging the things that we've invested in over the last few years in a faster way is certainly part of the focus for us as an overall organization and will accrue to having quite a few benefits in the North American market, which is a very fast pace market with all of the indie brands that are in out of the market over the years.

Lauren Lieberman Barclays - Analyst

Let's switch and talk a little bit about margins and profitability. So I think the company has a very well established pattern of investing ahead of sales growth. And we know that the PRGP plan is net of reinvestments. But I'd love to get a sense for how much of a stepped-up investment is consumer facing and like near term ROI versus longer pipeline, things like R&D or this harsher look at the innovation pipeline, IT infrastructure, and so on.

Tracey Travis Estee Lauder Companies Inc - Chief Financial Officer, Executive Vice President

Yeah, most of it certainly within the next year or so is on consumer facing. And so when we talked about the PRGP, the \$1.1 billion to \$1.4 billion again net, so our targets are actually higher and the program is designed to be self-funding. Self-funding in the sense of we're funding the administration for the program, not the restructuring program, but the administration of the PRGP program. And the savings as we generate savings through the program in excess of the \$1.1 billion to \$1.4 billion, we are looking to reinvest that in particular back in consumer-facing activities.

Now even within our guidance for the year, we protected some investment as it relates to advertising, distribution expansion for the brands that are growing faster, and some selling expense that we needed to add back to certain channels in certain markets. So we are very much focused on activating consumer facing investments. That combined with the precision marketing capability to make sure that we're getting the right return on that investment is really what we are particularly focused on but making sure that we have the right investment for markets that are growing and to make sure that we can capitalize on that growth is a big priority for us as an organization.

Lauren Lieberman Barclays - Analyst

Part of the PRGP, one of the initiatives is the quote future of a brand-led -- of the brand-led model. And I'm just curious like what does that mean? And what was it before? So beyond net workforce reduction, are there changes that are being made to the org structure because I think the matrix, the geographic and brand it's not quite clear so, where we've been and where we're going?

Tracey Travis Estee Lauder Companies Inc - Chief Financial Officer, Executive Vice President

Yeah, I think one of the historic strengths of the company is the fact that we've been very clear on the fact that we are a brand-led company and what that has allowed us to do with 20-plus brands is have each brand have its own distinctive character, it has its own strategy, it has its own marketing. They are different consumer groups and consumer need states that our various brands appeal to. And so that's been important for us when you think about what, in particular, Leonard Lauder years ago wanting to

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make sure that he captured share of wallet, the broader share of wallet of an individual consumers beauty purchases.

It's also created some complexity in the organization as we've grown particularly geographically. And so when you see how fast moving markets and trends are today, that balance between brand-led and market driven has -- added some complexity to your point as it relates to the matrix. So part of what we are doing with the brand-led is making sure that we've got the brands very much focused on future innovation with the input from the market. Evolving our marketing strategy to really be 360, but also enabling our markets to be a bit more agile in terms of some of their decision making. And that's all part of the PRGP.

The PRGP is as I said a couple of weeks ago on our call focused on recovering our margins, it's focused on enabling growth. So creating more fuel for growth. And it's also focused on creating more agility and flexibility in the organization. And part of what we're looking at with the brand-led model we will still be brand-led, but we will make sure we are trying to make sure that we have a bit more agility in terms of decision making in some of our markets as it relates to our brands and that's an interesting journey for the company to go on.

But again, it's one that will be important when you think about local competing against local brands and local markets, indie brands or local brands in the US market. We have local brands and China markets as well and so the ability to innovate and capitalize on trends in our markets really makes it very important for us to be able to enable them to make -- take decisions faster.

Lauren Lieberman *Barclays - Analyst*

Okay. I feel like I need another like 45 minutes (laughter) if I were to take out what I think is the most salient point I think is that the markets will actually play a bigger role, not a smaller role going forward to be more agile. The market need to have more autonomy decision making rather than the backup and wait for the response (multiple speakers)--

Tracey Travis *Estee Lauder Companies Inc - Chief Financial Officer, Executive Vice President*

They need to have more information, which we are enabling them with in order to take decision. And we've -- they're enabled with technology as well as information to get the technology for their -- the information or technology to get the information for their local markets. They also will have a bit more autonomy in terms of decision making when there is a trend in a market and we've actually seen. I mean, this is not something that we're just ideating behind. We've actually seen in markets when they head that ability, their ability to activate and capitalize on the trend.

We have a broad portfolio. We've been in business for a long time. We have a broad portfolio of products. We have the ability to either capitalize on existing trends that are in market or create trends. But that has to be done at the market level. And we also have to activate big campaigns and innovation at the global level. And that blend of both of those is what will allow us to continue to grow in a environment where you've got a much broader set of competitors that are local that have a bit more

agility to operate than just a globally driven company.

Lauren Lieberman Barclays - Analyst

Okay. So just wrapping up, I think as we think back on your legacy as CFO of Estée Lauder (multiple speakers)--

Tracey Travis Estee Lauder Companies Inc - Chief Financial Officer, Executive Vice President

It sounds a little (multiple speakers)--

Lauren Lieberman Barclays - Analyst

I know. I actually like (laughter) but what are the some of the things that you're hoping you will leave the company with? And also what are maybe words of wisdom you would offer to Akhil because this is -- there will be a recording of this. He can go back to (laughter)--

Tracey Travis Estee Lauder Companies Inc - Chief Financial Officer, Executive Vice President

Well, Akhil should be listening right now. But look, I am incredibly proud of what we've accomplished over the last 12 years and incredibly proud of the company in general, obviously, the last couple of years have been challenging. But first and foremost, I'm proud of all my organization. So I leave the company with a very strong finance organization with an IT organization that has enabled the technological capability that the company needs to leverage going forward to be successful and grow in this market.

I lead the company with the shared services organization, which we will leverage more under the PRGP to actually help the company standardize a bit more of some of the processes and leverage expenses a bit more as well. My M&A group has done a terrific job of acquiring brands like DECIEM and obviously, TOM FORD, we've had some -- the artisanal fragrance category as well with Le Labo and Kilian and Frederic Malle. We've had some misses, but we've had a lot of hits and you're going to have that in M&A.

So I'm really proud of the talent that I leave behind at the company and what we've accomplished. We've done restructuring programs before leading beauty forward is actually where we made a lot of the changes to our finance organization created shared services. And so I have every confidence that the organization can execute the PRGP given the experience that we have had in the past that was quite successful.

I hired Akhil almost 10 years ago. He is part of the development that I've done with the finance organization. And I have every confidence that he can lead the finance organization going forward. So I don't have any words of wisdom to him. I actually will -- we talk all the time and I will be an advisor to him throughout the end of the fiscal year.

Lauren Lieberman Barclays - Analyst

Okay. Well, Tracey, thank you so much for your support being at this conference so many times over the year.

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Tracey Travis *Estee Lauder Companies Inc - Chief Financial Officer, Executive Vice President*

Thank you. I've enjoyed this conference very much so and the interaction with all of you, so thank you.

Lauren Lieberman *Barclays - Analyst*

So thank you.

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