

ESTÉE LAUDER COMPANIES  
INVESTOR DAY  
*2019*



*FUELING*  
LONG-TERM  
GROWTH

*TRACEY TRAVIS*  
*EXECUTIVE VICE PRESIDENT*  
*AND CHIEF FINANCIAL OFFICER*

# *FORWARD-LOOKING INFORMATION AND NON-GAAP DISCLOSURES*

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Statements in the Investor Day presentations, including remarks by the CEO and other members of management, may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements may address our expectations regarding sales, earnings or other future financial performance and liquidity, product introductions, entry into new geographic regions, information technology initiatives, new methods of sale, our long-term strategy, restructuring and other charges and resulting cost savings, and future operations or operating results. These statements may contain words like “expect,” “will,” “will likely result,” “would,” “believe,” “estimate,” “planned,” “plans,” “intends,” “may,” “should,” “could,” “anticipate,” “estimate,” “project,” “projected,” “forecast,” and “forecasted” or similar expressions. Factors that could cause actual results to differ materially from our forward-looking statements are described in our Investor Day materials as well as the Company’s filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the fiscal year ended June 30, 2018. The Company assumes no responsibility to update forward-looking statements made herein or otherwise.

Our Investor Day materials also include non-GAAP financial measures. We use certain non-GAAP financial measures, among other financial measures, to evaluate our operating performance, which represent the manner in which we conduct and view our business. Management believes that excluding certain items that are not comparable from period to period, or do not reflect our underlying ongoing business, provides transparency for such items and helps investors and others compare and analyze operating performance from period to period. Our non-GAAP financial measures may not be comparable to similarly titled measures used by, or determined in a manner consistent with, other companies. While we consider the non-GAAP measures useful in analyzing our results, they are not intended to replace, or act as a substitute for, any presentation included in the consolidated financial statements prepared in conformity with U.S. GAAP. Information about GAAP and non-GAAP financial measures, including reconciliation information, is included in our Investor Day materials as well as on the Investors area of the Company’s website, [www.elcompanies.com](http://www.elcompanies.com), under the heading “GAAP Reconciliation.”

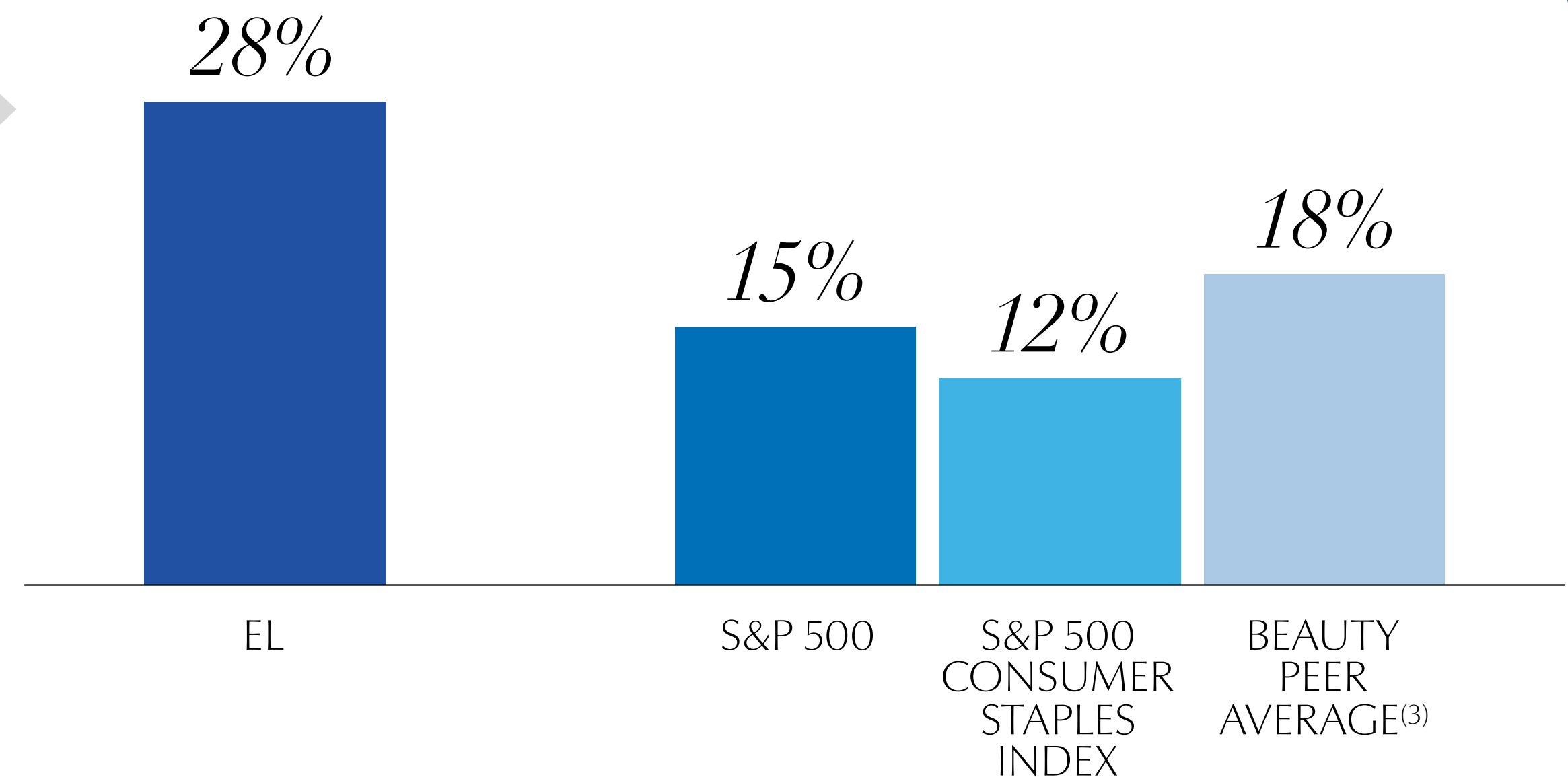
# *DELIVERING* OUTSTANDING RESULTS

10 Years Ending FY19E

Average Annual Sales Growth	+8% <sup>(1)</sup>
Operating Margin Improvement	~+1,000 BPS
EPS Growth	~21% CAGR <sup>(1)</sup>
Operating Cash Flow	\$16B
Cash Returned to Stockholders	+\$10B



## ANNUALIZED TOTAL SHAREHOLDER RETURN<sup>(2)</sup>



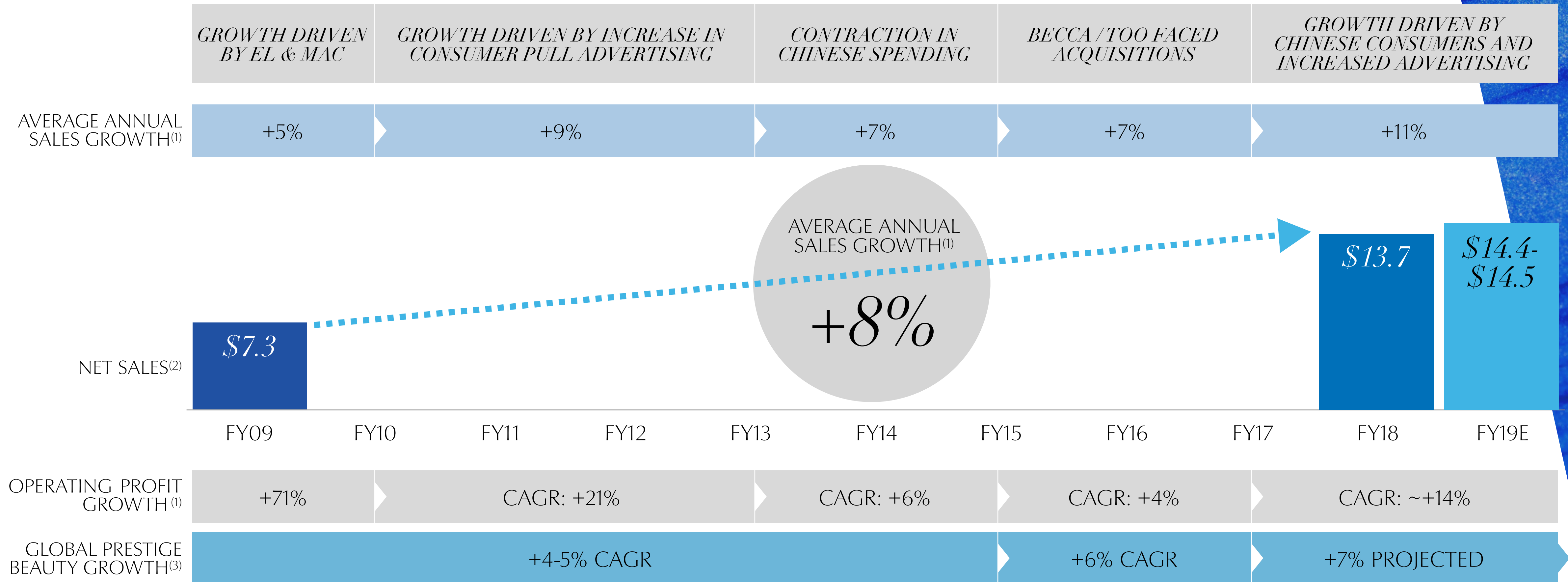
(1) Non-GAAP, adjusted for the adoption of the new revenue recognition standard ("ASC 606"); adjusted for charges associated with restructuring and other activities, goodwill and other intangible asset impairments, changes in the fair value of contingent consideration, the impacts relating to the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act, China deferred tax asset valuation allowance reversal for advertising and promotional expenses, impacts of SMI rollout, remeasurement of net monetary assets in Venezuela, interest expense on debt extinguishment and ASC 606. Net sales growth is in constant currency. See GAAP Reconciliation.

(2) Annualized TSR from June 30, 2009 through February 28, 2019

(3) Beauty Peers: L'Oreal, LVMH, Shiseido, Amore Pacific

# MANAGING INVESTMENTS WITH AGILITY

USD\$ billions, FY09-FY19E



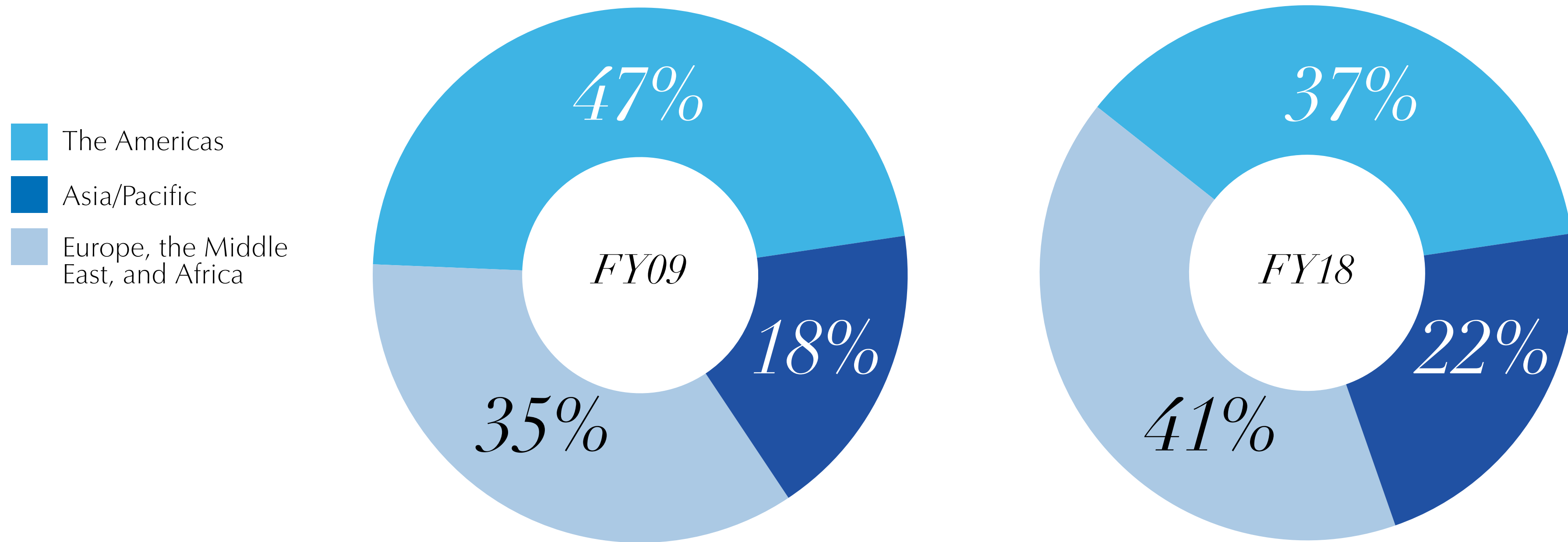
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(2) As Reported

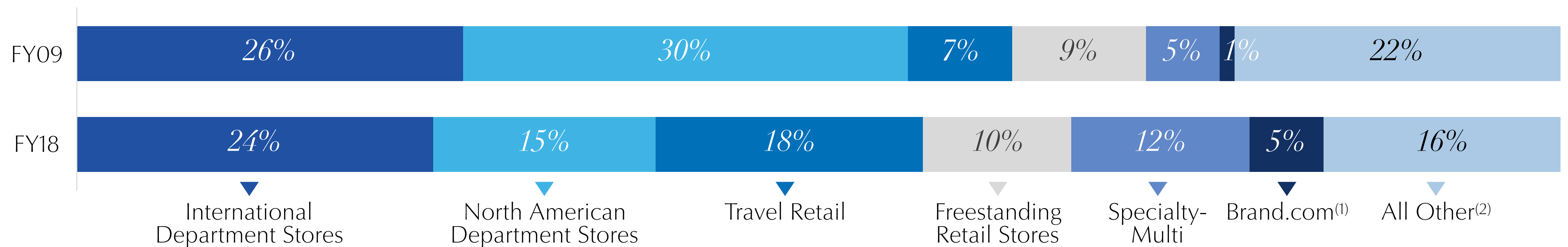
(3) Source: Euromonitor. Industry growth rates provided by calendar year.

# *DIVERSIFIED NET SALES ENABLES* INDUSTRY LEADING GROWTH

BY  
REGION



BY  
CHANNEL



(1) Retailer.com net sales are included in separate retail channels and not included in Brand.com net sales.

(2) All other includes perfumeries and salons/spas.

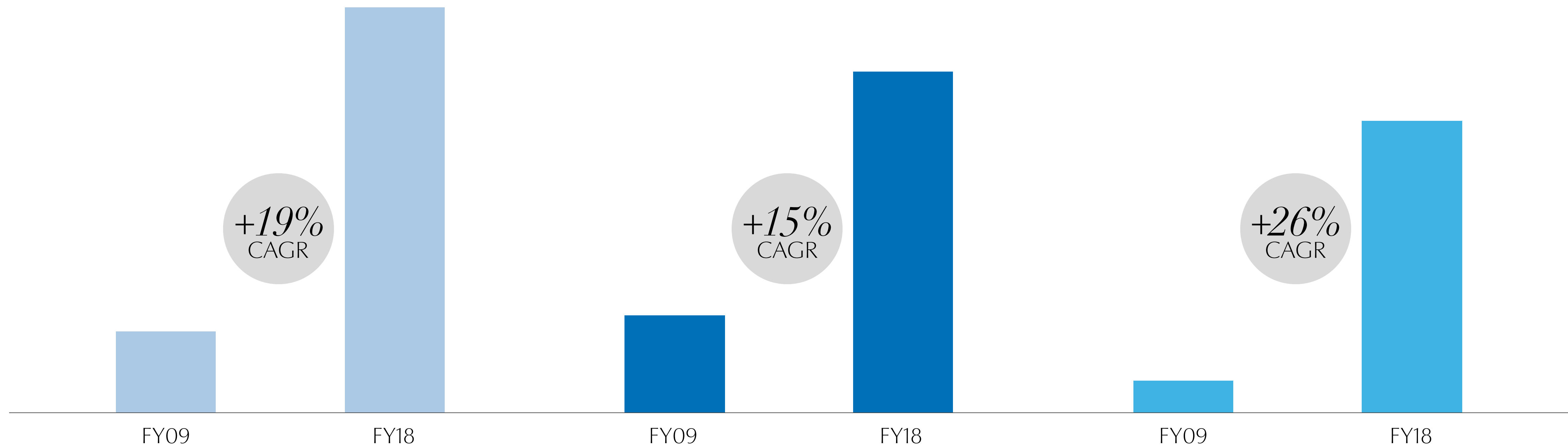
# *PIVOT TOWARDS* FAST GROWTH AREAS

## *NET SALES*

*TRAVEL RETAIL*

*EMERGING MARKETS<sup>(1)</sup>*

*ONLINE<sup>(2)</sup>*



(1) Emerging Markets include Brazil, Colombia, Mexico, Peru, Poland, Finland, Czech Republic, Hungary, Slovakia, India Affiliate, Middle East Affiliate, Russia, Commonwealth of Independent States, South Africa, Turkey, China, Indonesia, Philippines, and Vietnam

(2) Comprises net sales from brand sites, third-party sites and retailer sites

# OUR BUSINESS MODEL IS DESIGNED FOR CONTINUOUS SUSTAINABLE GROWTH...

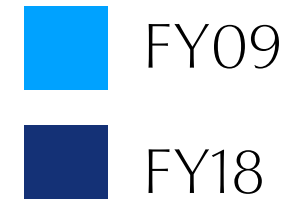


# *POSITIONED TO WIN* IN FASTEST GROWING CATEGORIES

*USD\$ billions, FY09-FY18*

## *INVESTING IN GROWTH*

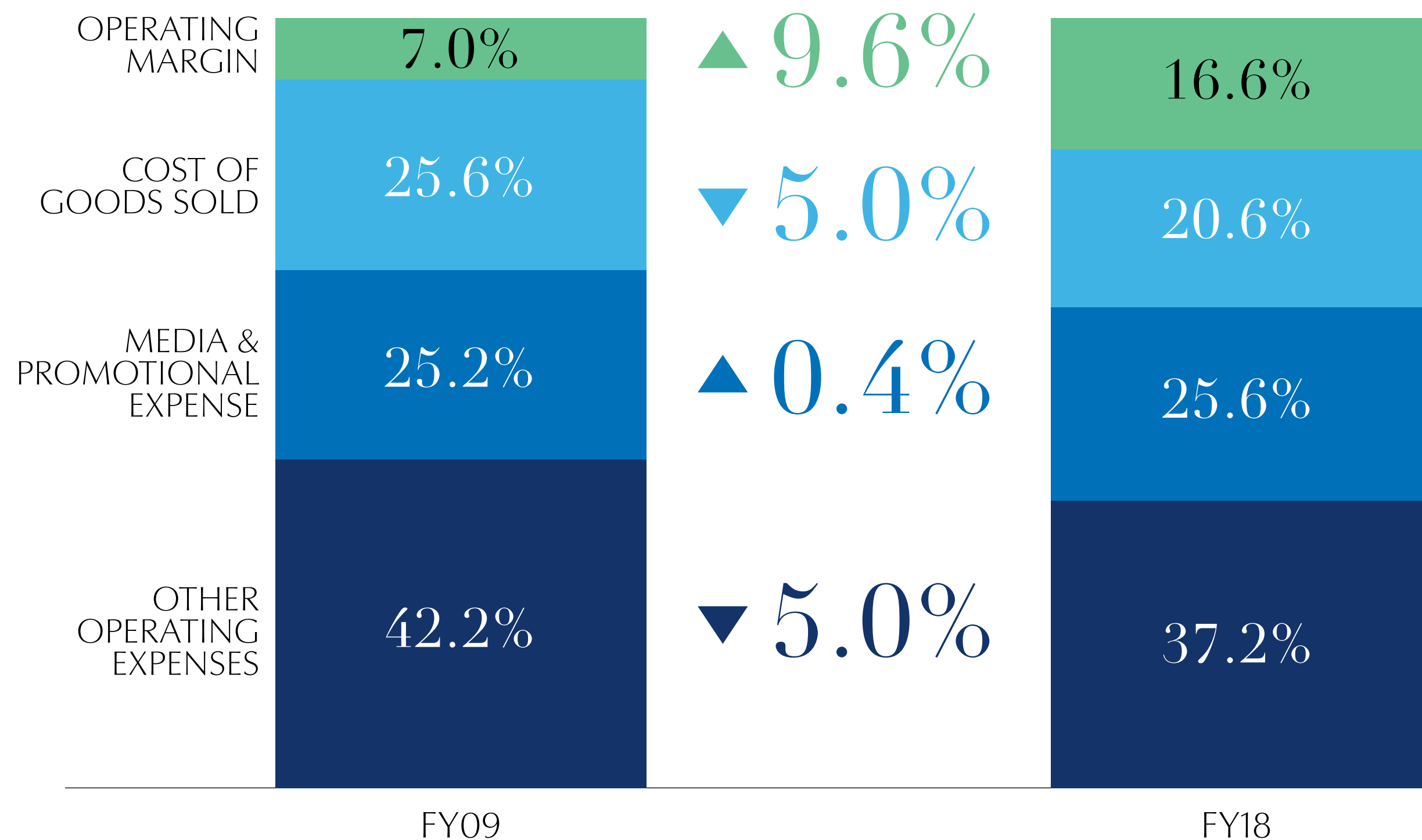
- Fast-growing Skin Care & Makeup subcategories
- Hero Franchises
- Artisanal & Luxury Fragrance
- Innovation



# TRANSFORMED OUR COST STRUCTURE TO SUPPORT GROWTH

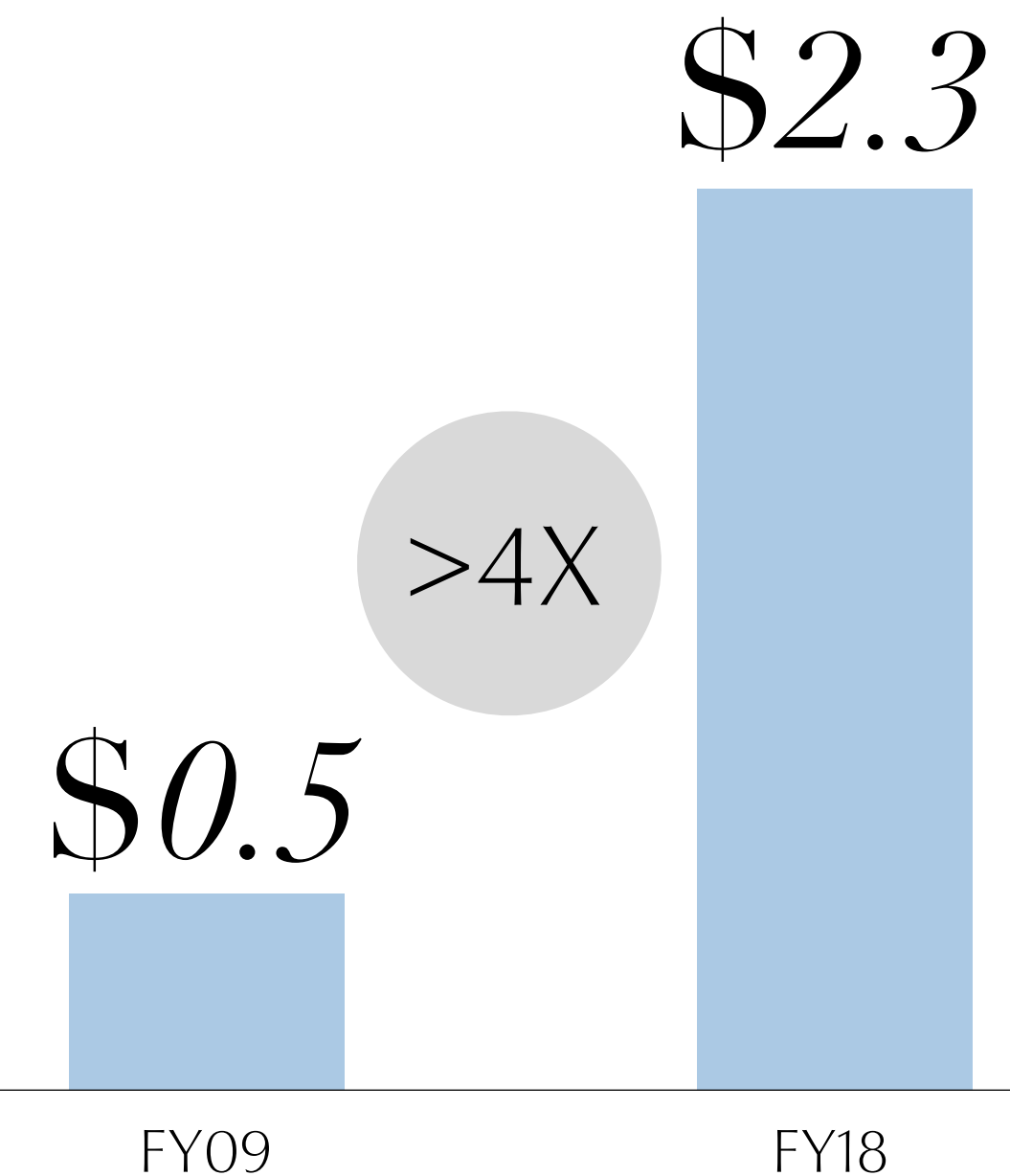
## OPERATING MARGIN & COST STRUCTURE

% of Net Sales, FY09 & FY18



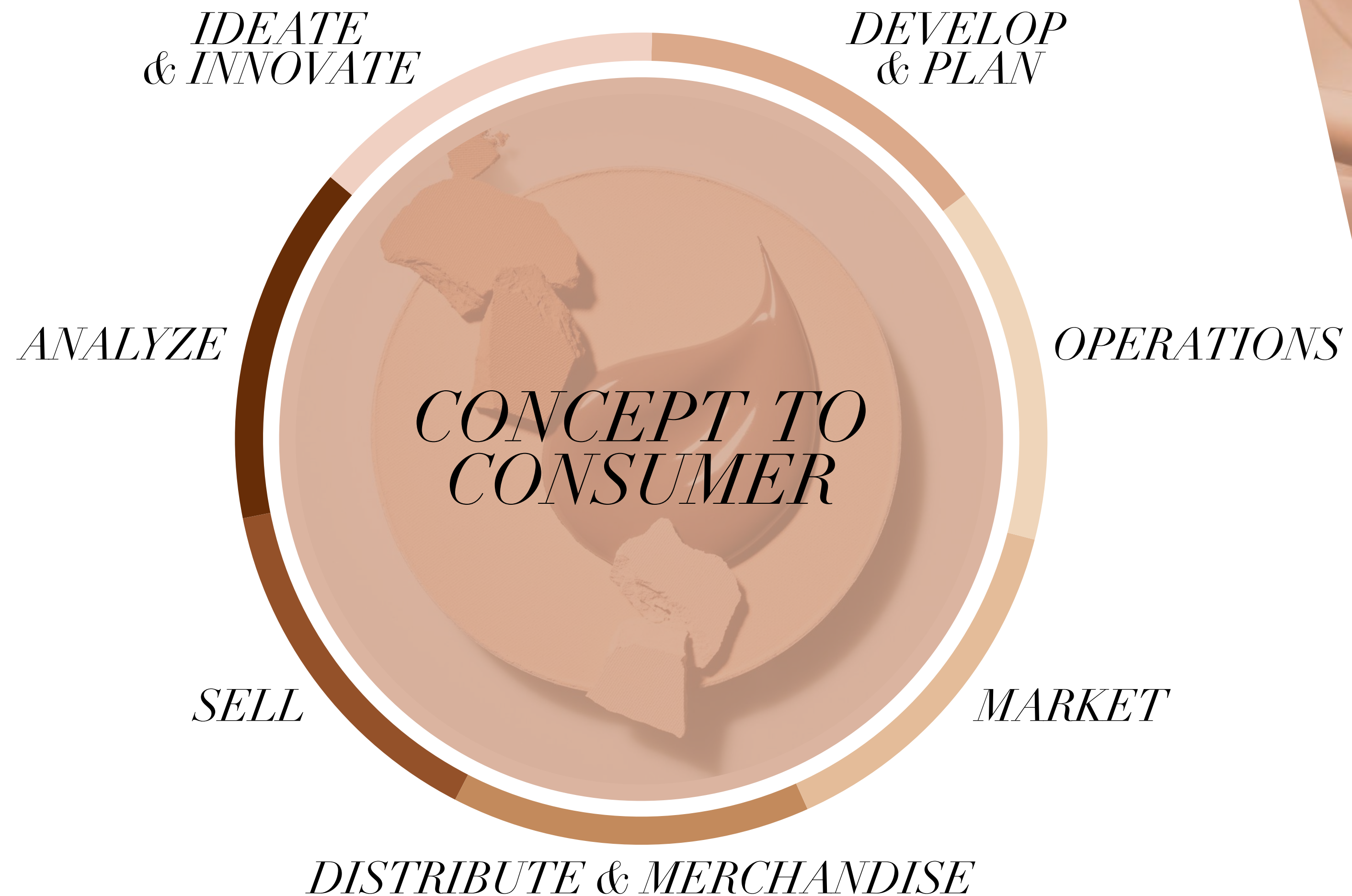
## OPERATING INCOME

USDS\$ billions, FY09 & FY18



Non-GAAP, adjusted for the adoption of the new revenue recognition standard ("ASC 606"); in constant currency and adjusted for charges associated with restructuring and other activities, goodwill and other intangible asset impairments, changes in the fair value of contingent consideration, the impacts relating to the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act, China deferred tax asset valuation allowance reversal for advertising and promotional expenses, impacts of SMI rollout, remeasurement of net monetary assets in Venezuela, interest expense on debt extinguishment and ASC 606. See GAAP Reconciliation.

*LEADING BEAUTY FORWARD*  
IS ENABLING FURTHER  
FLEXIBILITY...



# ...AND HELPS FUEL OUR INVESTMENT AND GROWTH MODEL

*Projected Results by FY 2021*

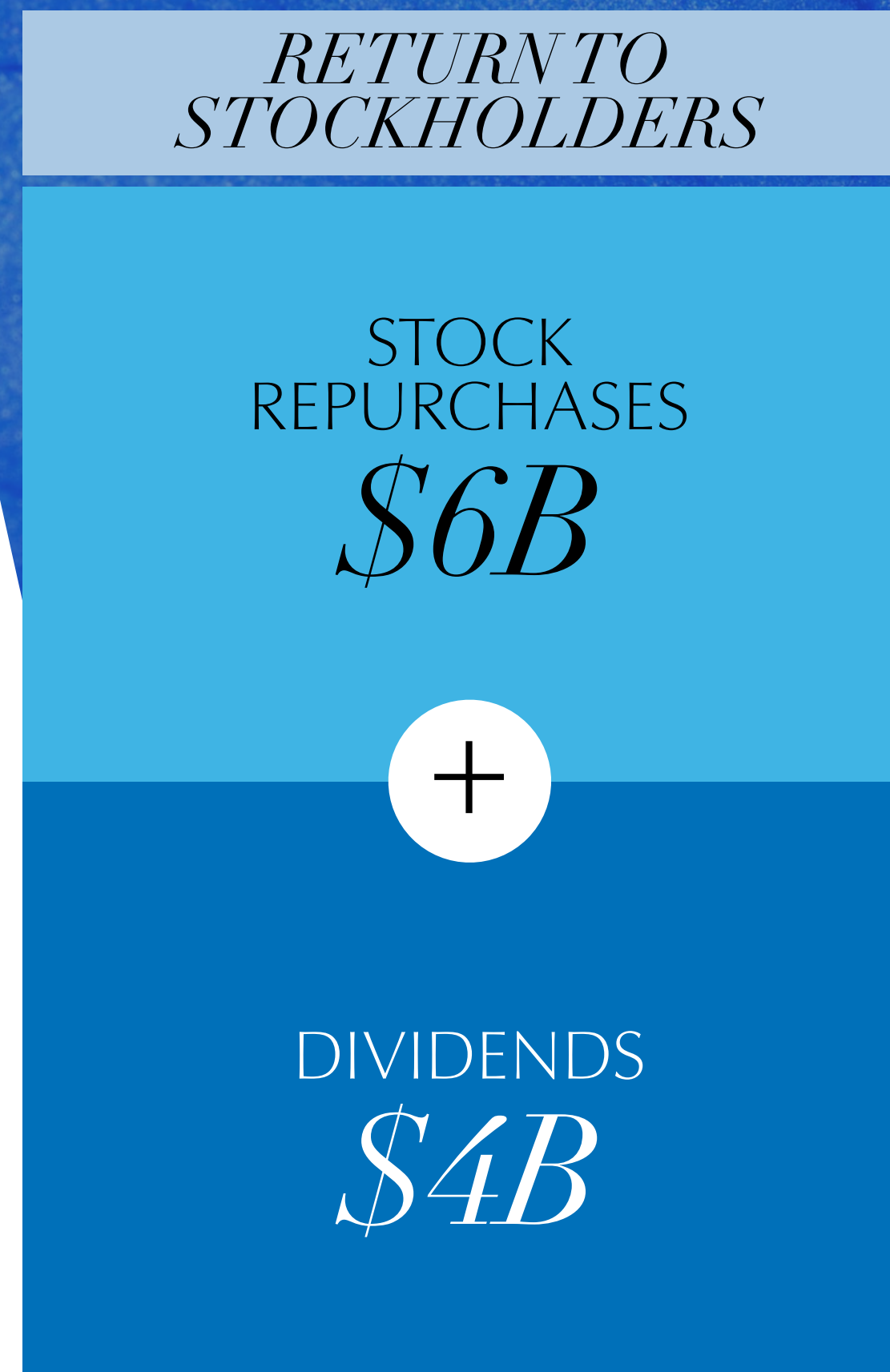
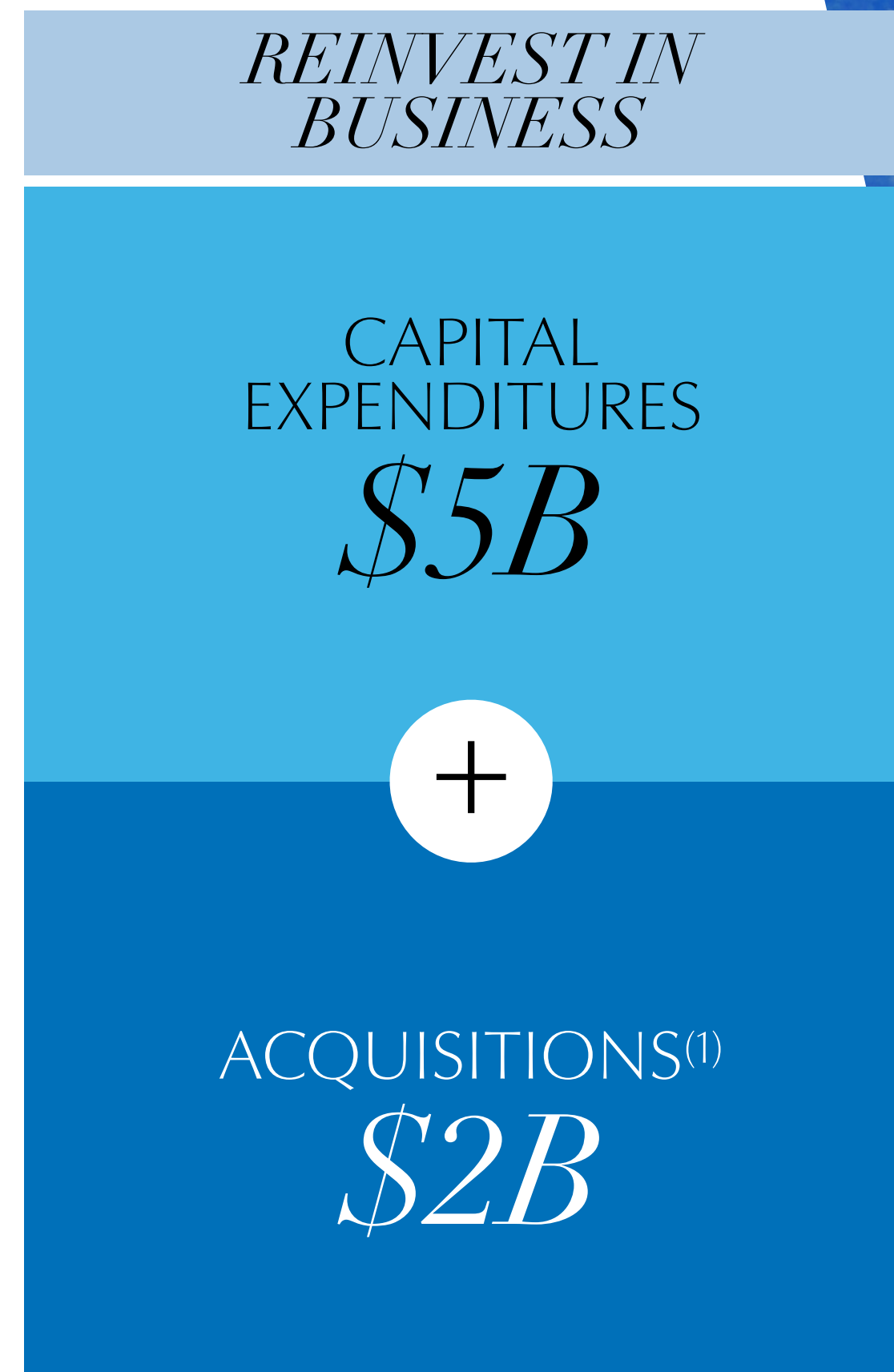
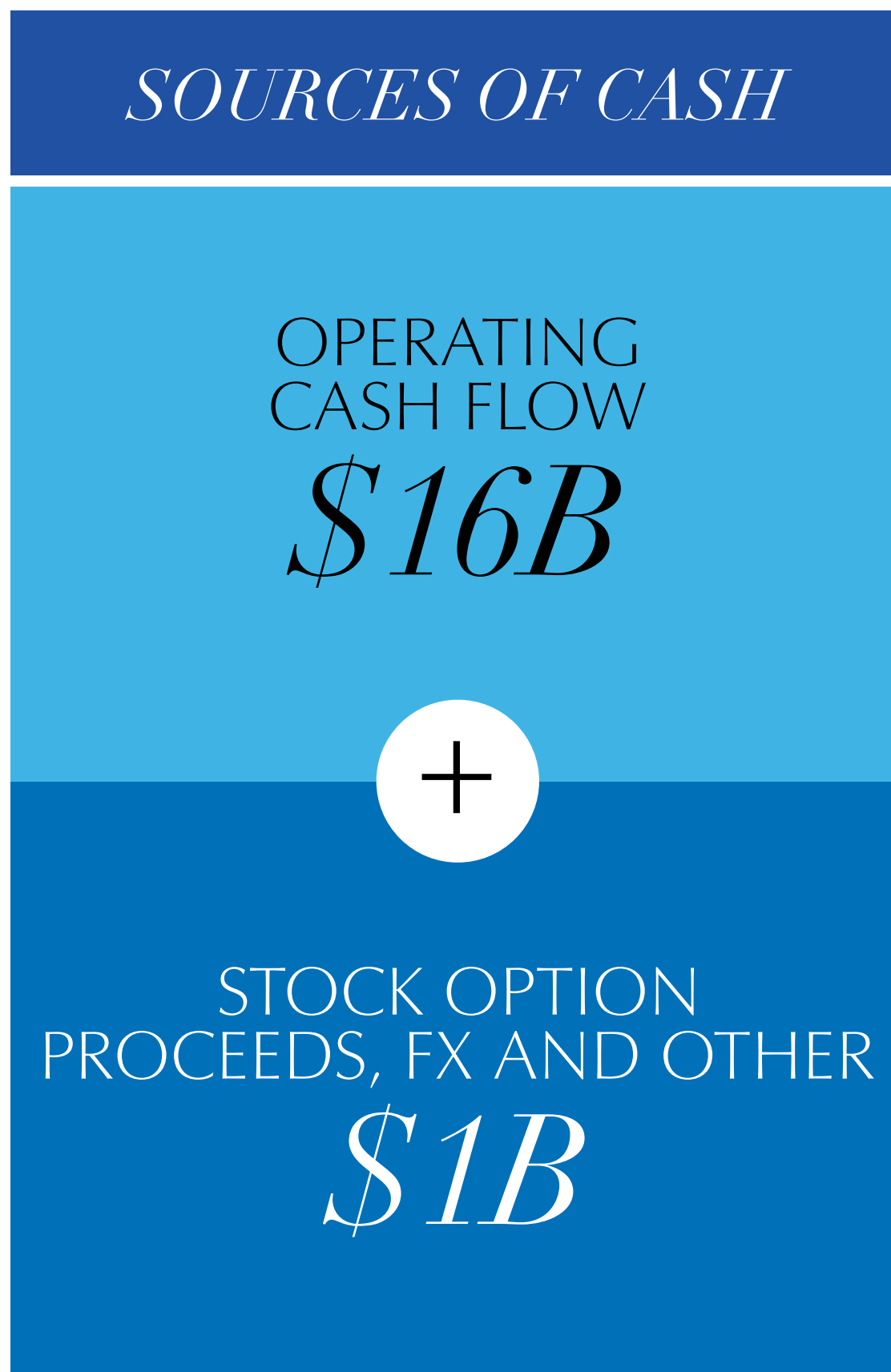
2016 ESTIMATE

CURRENT ESTIMATE

Net Benefit Target	<i>\$200-300M</i>		<i>\$350-450M</i>
One-Time Costs	<i>\$600-700M</i>		<i>\$900-950M</i>
Projected Workforce Impact	<i>900-1,200</i>		<i>1,800-2,000</i>
Average Payback Period (Years)	<i>2.6</i>		<i>2.2</i>
Initiatives	<i>40+</i>		<i>55+</i>

# *DISCIPLINED* capital allocation has supported SUPERIOR RETURNS

USD\$ billions, FY10-FY19E

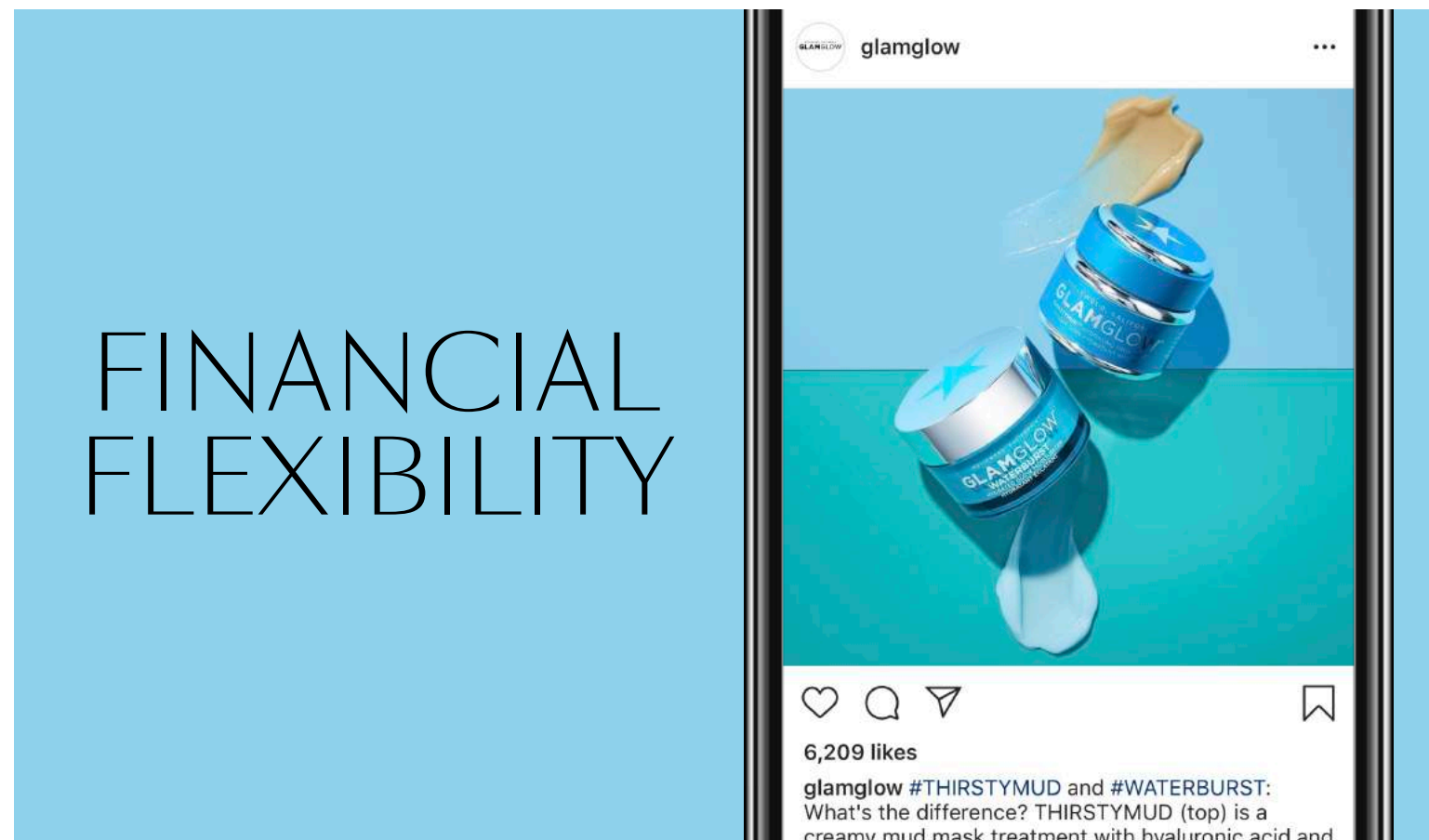


TSR<sup>(2)</sup>:  
**983%**

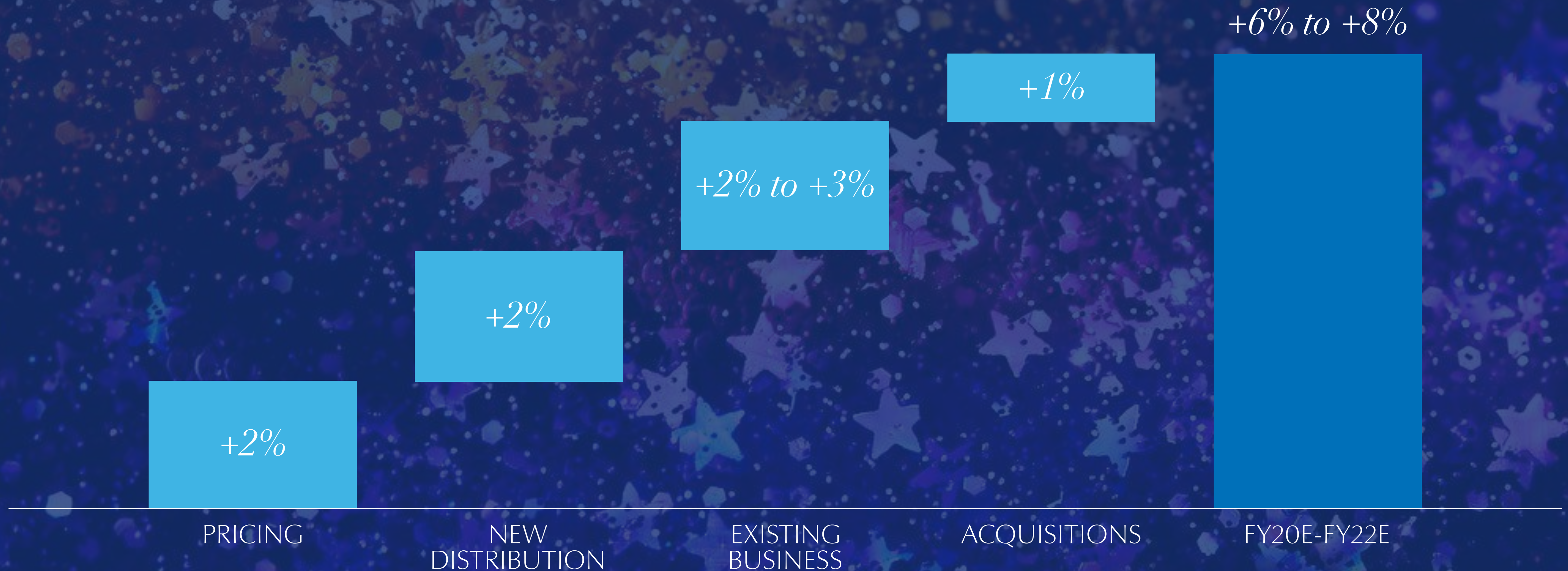
(1) Includes payments for acquired businesses, net of cash acquired and payments of contingent consideration

(2) Cumulative TSR from June 30, 2009 through February 28, 2019

# POSITIONED FOR CONTINUED PROFITABLE GROWTH



# *FUTURE SALES GROWTH REMAINS BALANCED ACROSS ALL DRIVERS*



The long-term targets are non-GAAP measures that cannot be reconciled to Net sales, Earnings per share and Operating margin, their most directly comparable GAAP financial measures, without unreasonable effort primarily due to the uncertainties involved in estimating long-term adjustments necessary to reconcile to GAAP. See GAAP Reconciliation for further detail relating to the Company's non-GAAP adjustments.

# *POSITIONED TO IMPROVE OPERATING MARGIN WHILE FUNDING FUTURE GROWTH*



The long-term targets are non-GAAP measures that cannot be reconciled to Net sales, Earnings per share and Operating margin, their most directly comparable GAAP financial measures, without unreasonable effort primarily due to the uncertainties involved in estimating long-term adjustments necessary to reconcile to GAAP. See GAAP Reconciliation for further detail relating to the Company's non-GAAP adjustments.

# *INVEST TO SUPPORT* PROFITABLE GROWTH

## *INVESTMENTS*

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SUSTAINABILITY INITIATIVES

EXPAND CONSUMER REACH FOR  
NEW / SMALLER BRANDS

TECHNOLOGY ENHANCEMENTS

REGULATORY / TARIFFS

SUPPLY CHAIN CAPACITY AND AGILITY

R&D & INNOVATION CAPABILITIES

## *RESOURCES*

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LEADING BEAUTY FORWARD SAVINGS

PRODUCTIVITY

POSITIVE MIX AND MARGIN

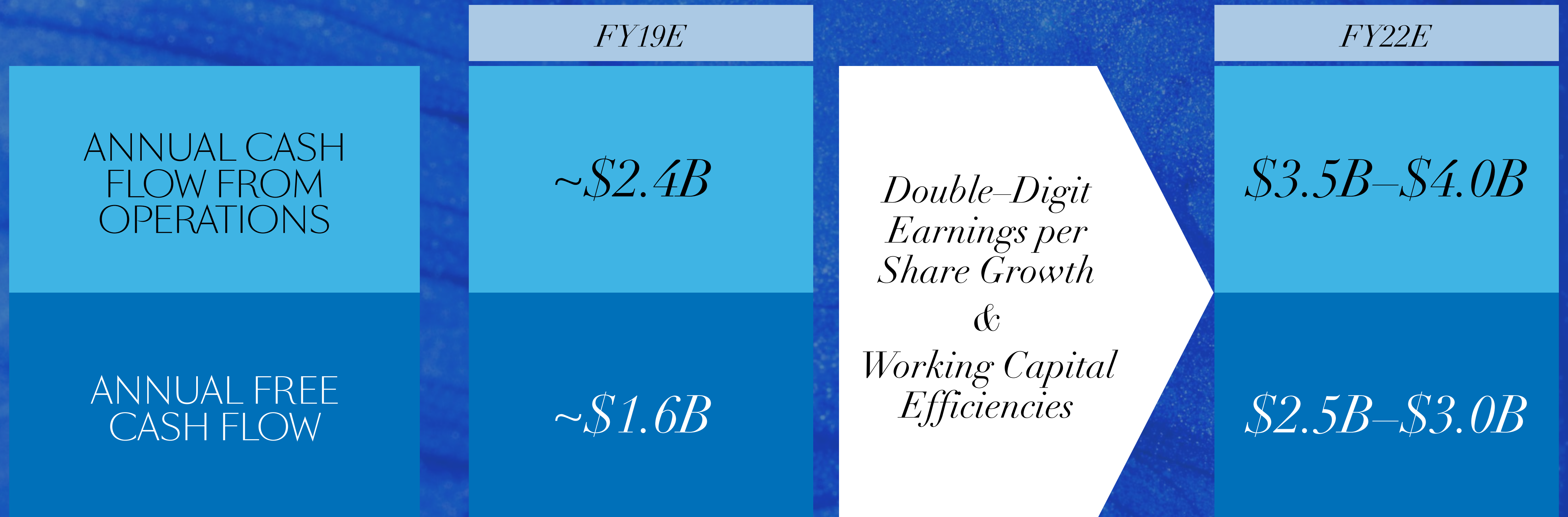
PRICING

INNOVATION

WASTE ELIMINATION /  
OPERATIONAL EFFICIENCY



# CASH GENERATION POWER



# *DISCIPLINED CAPITAL ALLOCATION STRATEGY* TO DRIVE LONG-TERM STOCKHOLDER VALUE

## *Capital Allocation Priorities*

INVEST IN  
ORGANIC  
BUSINESS  
GROWTH

M&A

RETURN  
EXCESS CASH  
TO STOCK-  
HOLDERS

*STRONG SINGLE-A RATING*

TARGET LEVERAGE<sup>(1)</sup> : 1.5X–2.0X

(1) Moody's Adjusted Leverage = Debt to EBITDA adjusted for operating leases and pension obligations

# *EXPECT STRONG SALES AND DOUBLE-DIGIT EPS GROWTH TO CONTINUE*

*THIRD QUARTER  
FISCAL 2019  
ESTIMATE*

*FISCAL 2019  
ESTIMATE*

*LONG-TERM  
TARGETS<sup>(2)</sup>*

Net Sales Growth in Constant Currency <sup>(1)</sup>	<i>+8% to +9%</i>	<i>+8% to +9%</i>	<i>+6% to +8%</i>
Operating Margin <sup>(1)</sup>	<i>—</i>	<i>~+50 Basis Points</i>	<i>~+50 Basis Points Per Year</i>
Diluted Earnings Per Share <sup>(1)</sup>	<i>\$1.26 to \$1.28</i>	<i>\$4.92 to \$5.00</i>	<i>—</i>
Earnings Per Share Growth In Constant Currency <sup>(1)</sup>	<i>+1 to +2%</i>	<i>+14% to +16%</i>	<i>+Double-Digits</i>

(1) Non-GAAP, adjusted for the adoption of ASC 606; adjusted for charges associated with restructuring and other activities, goodwill and other intangible asset impairments, changes in the fair value of contingent consideration and the impacts relating to the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act. See GAAP Reconciliation

(2) The long-term targets are non-GAAP measures that cannot be reconciled to Net sales, Earnings per share and Operating margin, their most directly comparable GAAP financial measures, without unreasonable effort primarily due to the uncertainties involved in estimating long-term adjustments necessary to reconcile to GAAP. See GAAP Reconciliation for further detail relating to the Company's non-GAAP adjustments.



BEST  
DIVERSIFIED  
*PURE PLAY*