

RECONCILIATIONS OF FINANCIAL RESULTS

The following tables present a reconciliation of the Company's financial results for the three months ended December 31, 2025 and 2024 and for the fiscal years ended June 30, 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010 and 2009 as reported in conformity with generally accepted accounting principles in the United States ("GAAP") and those results adjusted to exclude certain charges described above each table. The following is a reconciliation between the non-GAAP financial measures and the most directly comparable GAAP measures for certain consolidated statements of earnings accounts before and after these items. The Company uses certain non-GAAP financial measures, among other financial measures, to evaluate its operating performance, which represent the manner in which the Company conducts and views its business. Management believes that excluding certain items that are not comparable from period-to-period, or do not reflect the Company's underlying ongoing business, provides transparency for such items and helps investors and others compare and analyze operating performance from period-to-period. In the future, the Company expects to incur charges or adjustments similar in nature to those presented herein; however, the impact to the Company's results in a given period may be highly variable and difficult to predict. The Company's non-GAAP financial measures may not be comparable to similarly titled measures used by, or determined in a manner consistent with, other companies. While the Company considers the non-GAAP measures useful in analyzing its 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.

The Company operates on a global basis, with the majority of its net sales generated outside the United States. Accordingly, fluctuations in foreign currency exchange rates can affect the Company's results of operations. Therefore, the Company presents certain net sales, operating results, provision for income taxes and diluted net (loss) earnings per common share information excluding the effect of foreign currency rate fluctuations to provide a framework for assessing the performance of its underlying business outside the United States. Constant currency information compares results between periods as if exchange rates had remained constant period-over-period. The Company calculates constant currency information by translating current-period results using prior-year period monthly average foreign currency exchange rates and adjusting for the period-over-period impact of foreign currency cash flow hedging activities.

Organic net sales represents net sales excluding returns associated with restructuring and other activities; non-comparable impacts of acquisitions, divestitures and brand closures; as well as the impact of foreign currency translation. The Company believes that the Non-GAAP measure of organic net sales growth provides year-over-year sales comparisons on a consistent basis.

FISCAL 2026 Q2

FISCAL 2026 SECOND QUARTER SELECT FINANCIAL RESULTS (unaudited)^{1,2,3}

	Three Months Ended December 31		Percentage Change
	2025	2024	
<i>(\$ in millions, except per share data)</i>			
Net Sales	\$ 4,229	\$ 4,004	6 %
Organic Net Sales, Non-GAAP ^{1,2}	\$ 4,155	\$ 4,004	4 %
Other Financial Results:			
Gross Profit	\$ 3,235	\$ 3,047	6 %
<i>Gross Margin</i>	76.5 %	76.1 %	
Adjusted Gross Profit, Non-GAAP ^{1,3}	\$ 3,235	\$ 3,047	6 %
<i>Adjusted Gross Margin, Non-GAAP^{1,3}</i>	76.5 %	76.1 %	
Operating Income (Loss)	\$ 401	\$ (580)	100+%
<i>Operating Margin</i>	9.5 %	(14.5) %	
Adjusted Operating Income, Non-GAAP ^{1,3}	\$ 608	\$ 462	32 %
<i>Adjusted Operating Margin, Non-GAAP^{1,3}</i>	14.4 %	11.5 %	
Diluted Net Earnings (Loss) Per Common Share	\$.44	\$ (1.64)	100+%
Adjusted Diluted Net Earnings Per Common Share, Non-GAAP ^{1,3}	\$.89	\$.62	43 %

¹See pages 18 and 19 for reconciliation between GAAP and Adjusted Non-GAAP measures.

²Organic net sales represents net sales excluding returns associated with restructuring and other activities; non-comparable impacts of acquisitions, divestitures and brand closures; as well as the impact from foreign currency translation. The Company believes that the Non-GAAP measure of organic net sales growth provides year-over-year sales comparisons on a consistent basis.

³Adjusted Non-GAAP measures are calculated based on Net Sales adjusted only for Returns associated with restructuring and other activities.

**Results by Product Category
(Unaudited)**

Three Months Ended December 31								
Net Sales		Percentage Change ¹			Operating Income (Loss)		Percentage Change	
2025	2024	Reported Basis	Impact of Foreign Currency Translation	Organic Net Sales (Non-GAAP)	2025	2024	Reported Basis	
<i>(\$ in millions)</i>								
Skin Care	\$ 2,054	\$ 1,921	7 %	(1) %	6 %	\$ 454	\$ 306	48 %
Makeup	1,164	1,150	1	(2)	(1)	18	(211)	100+
Fragrance	812	744	9	(3)	6	105	(446)	100+
Hair Care	168	159	6	(1)	5	18	(3)	100+
Other	31	30	3	—	3	13	(45)	100+
Subtotal	\$ 4,229	\$ 4,004	6 %	(2) %	4 %	\$ 608	\$ (399)	100+ %
Returns/charges associated with restructuring and other activities	—	—				(207)	(181)	
Total	\$ 4,229	\$ 4,004	6 %	(2) %	4 %	\$ 401	\$ (580)	100+ %
Non-GAAP Adjustments to As Reported Operating Income (Loss):								
Returns/charges associated with restructuring and other activities						207	181	
Makeup - Goodwill and other intangible asset impairments						—	258	
Fragrance - Other intangible asset impairments						—	549	
Other - Other intangible asset impairments						—	54	
Adjusted Operating Income - Non-GAAP						\$ 608	\$ 462	32 %

¹Percentages are calculated on an individual basis.

**Results by Product Category
(Unaudited)**

Six Months Ended December 31								
Net Sales		Percentage Change ¹			Operating Income (Loss)		Percentage Change	
2025	2024	Reported Basis	Impact of Foreign Currency Translation	Organic Net Sales (Non-GAAP)	2025	2024	Reported Basis	
<i>(\$ in millions)</i>								
Skin Care	\$ 3,629	\$ 3,450	5 %	(1) %	4 %	\$ 641	\$ 423	52 %
Makeup	2,194	2,188	—	(2)	(1)	3	(396)	100+
Fragrance	1,533	1,374	12	(2)	10	191	(386)	100+
Hair Care	297	298	—	—	(1)	6	(21)	100+
Other	56	55	2	—	2	22	(34)	100+
Subtotal	\$ 7,709	\$ 7,365	5 %	(1) %	3 %	\$ 863	\$ (414)	100+ %
Returns/charges associated with restructuring and other activities	1	—				(293)	(287)	
Total	\$ 7,710	\$ 7,365	5 %	(1) %	3 %	\$ 570	\$ (701)	100+ %
Non-GAAP Adjustments to As Reported Operating Income (Loss):								
Returns/charges associated with restructuring and other activities						293	287	
Makeup - Goodwill and other intangible asset impairments						—	258	
Fragrance - Other intangible asset impairments						—	549	
Other - Other intangible asset impairments						—	54	
Makeup - Talcum litigation settlement agreements						—	159	
Adjusted Operating Income - Non-GAAP						\$ 863	\$ 606	42 %

¹Percentages are calculated on an individual basis.

**Results by Geographic Region
(Unaudited)**

	Three Months Ended December 31							
	Net Sales		Percentage Change ¹			Operating Income (Loss) ²		Percentage Change
	2025	2024	Reported Basis	Impact of Foreign Currency Translation	Organic Net Sales (Non-GAAP)	2025	2024	Reported Basis
<i>(\$ in millions)</i>								
The Americas	\$ 1,218	\$ 1,209	1 %	— %	— %	\$ 104	\$ (771)	100+%
EUKEM	1,183	1,085	9	(7)	2	156	145	8
Asia/Pacific	900	888	1	1	2	200	152	32
Mainland China	928	822	13	—	13	148	75	97
Subtotal	\$ 4,229	\$ 4,004	6 %	(2)%	4 %	\$ 608	\$ (399)	100+%
Returns/charges associated with restructuring and other activities	—	—				(207)	(181)	
Total	\$ 4,229	\$ 4,004	6 %	(2)%	4 %	\$ 401	\$ (580)	100+%
Non-GAAP Adjustments to As Reported Operating Income (Loss):								
Returns/charges associated with restructuring and other activities						207	181	
The Americas - Goodwill and other intangible asset impairments						—	861	
Adjusted Operating Income - Non-GAAP						\$ 608	\$ 462	32 %

¹Percentages are calculated on an individual basis.

²As previously disclosed, operating results by geographic region for the fiscal 2025 second quarter (quarter-to-date period) have been adjusted to reflect the correction of a regional misclassification in the amounts furnished in the Form 8-K on October 2, 2025 related to a one-time charge during the fiscal 2025 first quarter. The misclassification was offset in the fiscal 2025 first quarter furnished amounts. No other periods were impacted and there is no impact on the consolidated financial results or results by product category.

**Results by Geographic Region
(Unaudited)**

	Six Months Ended December 31							
	Net Sales		Percentage Change ¹			Operating Income (Loss)		Percentage Change
	2025	2024	Reported Basis	Impact of Foreign Currency Translation	Organic Net Sales (Non-GAAP)	2025	2024	Reported Basis
<i>(\$ in millions)</i>								
The Americas	\$ 2,392	\$ 2,406	(1) %	— %	(1) %	\$ 191	\$ (856)	100+%
EUKEM	2,084	1,953	7	(5)	1	162	155	5
Asia/Pacific	1,773	1,694	5	1	5	350	228	54
Mainland China	1,460	1,312	11	—	11	160	59	100+
Subtotal	\$ 7,709	\$ 7,365	5 %	(1)%	3 %	\$ 863	\$ (414)	100+%
Returns/charges associated with restructuring and other activities	1	—				(293)	(287)	
Total	\$ 7,710	\$ 7,365	5 %	(1)%	3 %	\$ 570	\$ (701)	100+%
Non-GAAP Adjustments to As Reported Operating Income (Loss):								
Returns/charges associated with restructuring and other activities						293	287	
The Americas - Goodwill and other intangible asset impairments						—	861	
The Americas - Talcum litigation settlement agreements						—	159	
Adjusted Operating Income - Non-GAAP						\$ 863	\$ 606	42 %

¹Percentages are calculated on an individual basis.

**Reconciliation between GAAP and Non-GAAP - Net Sales Growth
(Unaudited)**

	Twelve Months Ending June 30, 2026⁽¹⁾
As Reported - GAAP	3% - 5%
Impact of foreign currency translation	2
Returns associated with restructuring and other activities ⁽²⁾	—
Organic, Non-GAAP	1% - 3%

⁽¹⁾ Represents forecast, using spot rates as of December 31, 2025.

⁽²⁾ The net sales growth impact of returns associated with restructuring and other activities includes approvals to date. Additional returns associated with restructuring and other activities are anticipated as initiatives are approved in fiscal 2026.

**Reconciliation between GAAP and Non-GAAP - Diluted Net Earnings (Loss) Per Common Share ("EPS")
(Unaudited)**

	Twelve Months Ending		
	June 30		
	2026⁽¹⁾	2025	Growth
Forecasted/As Reported EPS - GAAP	\$.98 - \$1.22	\$ (3.15)	100+%
<u>Non-GAAP</u>			
Restructuring and other charges ⁽²⁾	1.03 - 1.07	1.06	
Goodwill and other intangible asset impairments	—	2.78	
U.S. deferred tax asset valuation allowance adjustment	—	.48	
Talcum litigation settlement agreements ⁽³⁾	—	.34	
Forecasted/Adjusted EPS - Non-GAAP	\$2.05 - \$2.25	\$ 1.51	36% - 49%
Impact of foreign currency translation	(.02)		
Forecasted/Adjusted Constant Currency EPS - Non-GAAP	\$2.03 - \$2.23	\$ 1.51	35% - 48%

⁽¹⁾ Represents forecast, using spot rates as of December 31, 2025.

⁽²⁾ The diluted net earnings per common share impact of restructuring and other charges includes approvals to date. Additional restructuring and other charges are anticipated as initiatives are approved in fiscal 2026.

⁽³⁾ No assumptions included in the fiscal 2026 forecast.

**Reconciliation between GAAP and Non-GAAP Net Sales
(Unaudited)**

(\$ in millions)	Three Months Ended December 31		Percentage Change	Six Months Ended December 31		Percentage Change
	2025	2024		2025	2024	
Net Sales	\$ 4,229	\$ 4,004	6 %	\$ 7,710	\$ 7,365	5 %
<u>Non-GAAP Adjustments</u>						
Returns associated with restructuring and other activities	—	—		(1)	—	
Adjusted Net Sales, Non-GAAP	4,229	4,004		7,709	7,365	
Impact of foreign currency translation	(74)	—		(99)	—	
Organic Net Sales, Non-GAAP	\$ 4,155	\$ 4,004	4 %	\$ 7,610	\$ 7,365	3 %

**Reconciliation of Certain Consolidated Statements of Earnings (Loss) Accounts
Before and After Returns, Charges and Other Adjustments
(Unaudited)¹**

(\$ in millions, except per share data)	Three Months Ended December 31		Percentage Change	Six Months Ended December 31		Percentage Change
	2025	2024		2025	2024	
Gross Profit	\$ 3,235	\$ 3,047	6 %	\$ 5,789	\$ 5,480	6 %
<u>Non-GAAP Adjustments</u>						
Restructuring and other activities	—	—		(3)	9	
Adjusted Gross Profit, Non-GAAP	3,235	3,047	6 %	5,786	5,489	5 %
Impact of foreign currency translation	(51)	—		(69)	—	
Adjusted Gross Profit, Non-GAAP constant currency	\$ 3,184	\$ 3,047	4 %	\$ 5,717	\$ 5,489	4 %
Gross Margin	76.5 %	76.1 %		75.1 %	74.4 %	
<u>Non-GAAP Adjustments</u>						
Restructuring and other activities	—	—		—	0.1	
Adjusted Gross Margin, Non-GAAP	76.5 %	76.1 %		75.1 %	74.5 %	
Operating Income (Loss)	\$ 401	\$ (580)	100+%	\$ 570	\$ (701)	100+%
<u>Non-GAAP Adjustments</u>						
Restructuring and other charges	207	181		293	287	
Goodwill and other intangible asset impairments	—	861		—	861	
Talcum litigation settlement agreements	—	—		—	159	
Adjusted Operating Income, Non-GAAP	608	462	32 %	863	606	42 %
Impact of foreign currency translation	(11)	—		(8)	—	
Adjusted Operating Income, Non-GAAP constant currency	\$ 597	\$ 462	29 %	\$ 855	\$ 606	41 %
Operating Margin	9.5 %	(14.5) %		7.4 %	(9.5) %	
<u>Non-GAAP Adjustments</u>						
Restructuring and other charges	4.9	4.5		3.8	3.9	
Goodwill and other intangible asset impairments	—	21.5		—	11.7	
Talcum litigation settlement agreements	—	—		—	2.2	
Adjusted Operating Margin, Non-GAAP	14.4 %	11.5 %		11.2 %	8.2 %	
Provision (benefit) for Income Taxes	\$ 171	\$ (60)	100+%	\$ 233	\$ (84)	100+%
Effective Tax Rate ("ETR")	51.4 %	9.2 %		52.7 %	10.1 %	
<u>Tax Impact on Non-GAAP adjustments</u>						
Restructuring and other charges	44	40		61	62	
Goodwill and other intangible asset impairments	—	187		—	187	
Talcum litigation settlement agreements	—	—		—	35	
Adjusted Provision for Income Taxes, Non-GAAP	\$ 215	\$ 167		\$ 294	\$ 200	
Adjusted ETR, Non-GAAP	39.8 %	42.6 %		40.0 %	41.9 %	
Diluted Net Earnings (Loss) Per Common Share	\$.44	\$ (1.64)	100+%	\$.57	\$ (2.07)	100+%
<u>Non-GAAP Adjustments</u>						
Restructuring and other charges	.45	.39		.64	.63	
Goodwill and other intangible asset impairments	—	1.87		—	1.87	
Talcum litigation settlement agreements	—	—		—	.34	
Adjusted Diluted Net Earnings Per Common Share, Non-GAAP ²	\$.89	\$.62	43 %	\$ 1.21	\$.77	58 %
Impact of foreign currency translation	(.02)	—		(.01)	—	
Adjusted Diluted Net Earnings Per Common Share, Non-GAAP constant currency²	\$.87	\$.62	40 %	\$ 1.20	\$.77	56 %

¹ Percentages are calculated on an individual basis.

² For the three and six months ended December 31, 2024 the effects of potentially dilutive stock options, performance share units, and restricted stock units of approximately 1.1 million shares and 1.2 million shares, respectively, were excluded from the computation of As Reported and adjustments to Non-GAAP diluted loss per common share as they were anti-dilutive due to the net loss incurred during the periods. These shares were added to the weighted-average common shares outstanding to calculate Non-GAAP diluted earnings per common share.

FISCAL 2025 Q2

FISCAL 2025 SECOND QUARTER SELECT FINANCIAL RESULTS (unaudited)^{1,2}

(\$ in millions, except per share data)	Three Months Ended December 31		Percentage Change
	2024	2023	
Net Sales	\$ 4,004	\$ 4,279	(6)%
Organic Net Sales, Non-GAAP ¹	\$ 4,022	\$ 4,280	(6)%
Other Financial Results:			
Gross Profit	\$ 3,047	\$ 3,125	(2)%
<i>Gross Margin</i>	76.1 %	73.0 %	
Adjusted Gross Profit, Non-GAAP ^{1,2}	\$ 3,047	\$ 3,126	(3)%
<i>Adjusted Gross Margin, Non-GAAP^{1,2}</i>	76.1 %	73.0 %	
Operating Income (Loss)	\$ (580)	\$ 574	(100+)%
<i>Operating Margin</i>	(14.5)%	13.4 %	
Adjusted Operating Income, Non-GAAP ^{1,2}	\$ 462	\$ 577	(20)%
<i>Adjusted Operating Margin, Non-GAAP^{1,2}</i>	11.5 %	13.5 %	
Diluted Net Earnings (Loss) Per Common Share	\$ (1.64)	\$.87	(100+)%
Adjusted Diluted Net Earnings Per Common Share, Non-GAAP ^{1,2}	\$.62	\$.88	(29)%

¹See pages 17 and 18 for reconciliation between GAAP and Adjusted Non-GAAP measures.

²Adjusted Non-GAAP measures are calculated based on Net Sales adjusted only for Returns associated with restructuring and other activities.

**Results by Product Category
(Unaudited)**

	Three Months Ended December 31							
	Net Sales		Percentage Change¹			Operating Income (Loss)		Percentage Change
	2024	2023	Reported Basis	Impact of Foreign Currency Translation	Organic Net Sales (Non-GAAP)	2024	2023	Reported Basis
<i>(\$ in millions)</i>								
Skin Care	\$ 1,921	\$ 2,173	(12)%	— %	(12)%	\$ 306	\$ 415	(26)%
Makeup	1,150	1,167	(1)	1	(1)	(211)	30	(100+)
Fragrance	744	737	1	1	2	(446)	131	(100+)
Hair Care	159	173	(8)	—	(8)	(3)	(3)	—
Other	30	30	—	—	—	(45)	9	(100+)
Subtotal	\$ 4,004	\$ 4,280	(6)%	— %	(6)%	\$ (399)	\$ 582	(100+)%
Returns/charges associated with restructuring and other activities	—	(1)				(181)	(8)	
Total	\$ 4,004	\$ 4,279	(6)%	— %	(6)%	\$ (580)	\$ 574	(100+)%
Non-GAAP Adjustments to As Reported Operating Income (Loss):								
Returns/charges associated with restructuring and other activities						181	8	
Makeup - Goodwill and other intangible asset impairments						258	—	
Fragrance - Other intangible asset impairments						549	—	
Other - Other intangible asset impairments						54	—	
Skin Care - Change in fair value of DECIEM acquisition-related stock options						—	(5)	
Adjusted Operating Income - Non-GAAP						\$ 462	\$ 577	(20)%

¹Percentages are calculated on an individual basis.

**Results by Product Category
(Unaudited)**

	Six Months Ended December 31							
	Net Sales		Percentage Change¹			Operating Income (Loss)		Percentage Change
	2024	2023	Reported Basis	Impact of Foreign Currency Translation	Organic Net Sales (Non-GAAP)	2024	2023	Reported Basis
<i>(\$ in millions)</i>								
Skin Care	\$ 3,450	\$ 3,813	(10)%	— %	(10)%	\$ 423	\$ 452	(6)%
Makeup	2,188	2,229	(2)	—	(1)	(396)	(10)	(100+)
Fragrance	1,374	1,373	—	—	—	(386)	238	(100+)
Hair Care	298	321	(7)	—	(7)	(21)	(25)	16
Other	55	62	(11)	—	(11)	(34)	27	(100+)
Subtotal	\$ 7,365	\$ 7,798	(6)%	— %	(6)%	\$ (414)	\$ 682	(100+)%
Returns/charges associated with restructuring and other activities	—	(1)				(287)	(10)	
Total	\$ 7,365	\$ 7,797	(6)%	— %	(6)%	\$ (701)	\$ 672	(100+)%
Non-GAAP Adjustments to As Reported Operating Income (Loss):								
Returns/charges associated with restructuring and other activities						287	10	
Makeup - Goodwill and other intangible asset impairments						258	—	
Fragrance - Other intangible asset impairments						549	—	
Other - Other intangible asset impairments						54	—	
Makeup - Talcum litigation settlement agreements						159	—	
Skin Care - Change in fair value of DECIEM acquisition-related stock options						—	3	
Adjusted Operating Income - Non-GAAP						\$ 606	\$ 685	(12)%

¹Percentages are calculated on an individual basis.

**Results by Geographic Region
(Unaudited)**

	Three Months Ended December 31							
	Net Sales		Percentage Change¹			Operating (Loss) Income		Percentage Change
	2024	2023	Reported Basis	Impact of Foreign Currency Translation	Organic Net Sales (Non-GAAP)	2024	2023	Reported Basis
<i>(\$ in millions)</i>								
The Americas	\$ 1,209	\$ 1,239	(2)%	1%	(1)%	\$ (771)	\$ 145	(100+)%
EUKEM	1,085	1,064	2	-	2	145	103	41
Asia/Pacific	888	1,069	(17)	1	(16)	152	214	(29)
Mainland China	822	908	(9)	(1)	(10)	75	120	(38)
Subtotal	\$ 4,004	\$ 4,280	(6)%	-%	(6)%	\$ (399)	\$ 582	(100+)%
Returns/charges associated with restructuring and other activities	-	(1)				(181)	(8)	
Total	\$ 4,004	\$ 4,279	(6)%	-%	(6)%	\$ (580)	\$ 574	(100+)%
Non-GAAP Adjustments to As Reported Operating (Loss) Income:								
Returns/charges associated with restructuring and other activities						181	8	
The Americas - Goodwill and other intangible asset impairments						861	-	
The Americas - Change in fair value of DECIEM acquisition-related stock options						-	(5)	
Adjusted Operating Income - Non-GAAP						\$ 462	\$ 577	(20)%

¹ Percentages are calculated on an individual basis.

**Results by Geographic Region
(Unaudited)**

	Six Months Ended December 31							
	Net Sales		Percentage Change¹			Operating (Loss) Income		Percentage Change
	2024	2023	Reported Basis	Impact of Foreign Currency Translation	Organic Net Sales (Non-GAAP)	2024	2023	Reported Basis
<i>(\$ in millions)</i>								
The Americas	\$ 2,406	\$ 2,456	(2)%	1%	(1)%	\$ (856)	\$ 128	(100+)%
EUKEM	1,953	1,889	3	(1)	2	155	107	45
Asia/Pacific	1,694	1,974	(14)	1	(13)	228	326	(30)
Mainland China	1,312	1,479	(11)	(1)	(12)	59	121	(51)
Subtotal	\$ 7,365	\$ 7,798	(6)%	-%	(6)%	\$ (414)	\$ 682	(100+)%
Returns/charges associated with restructuring and other activities	-	(1)				(287)	(10)	
Total	\$ 7,365	\$ 7,797	(6)%	-%	(6)%	\$ (701)	\$ 672	(100+)%
Non-GAAP Adjustments to As Reported Operating (Loss) Income:								
Returns/charges associated with restructuring and other activities						287	10	
The Americas - Goodwill and other intangible asset impairments						861	-	
The Americas - Talcum litigation settlement agreements						159	-	
The Americas - Change in fair value of DECIEM acquisition-related stock options						-	3	
Adjusted Operating Income - Non-GAAP						\$ 606	\$ 685	(12)%

¹ Percentages are calculated on an individual basis.

**Reconciliation between GAAP and Non-GAAP - Net Sales Growth
(Unaudited)**

	Three Months Ending
	March 31, 2025^(f)
As Reported - GAAP	(12%) - (10%)
Impact of foreign currency translation	2
Returns associated with restructuring and other activities ⁽¹⁾	—
Organic, Non-GAAP	(10%) - (8%)

^(f)Represents forecast

⁽¹⁾The net sales growth impact of returns associated with restructuring and other activities includes approvals to date. Additional returns associated with restructuring and other activities are anticipated as initiatives are approved throughout fiscal 2025.

**Reconciliation between GAAP and Non-GAAP - Diluted Net Earnings Per Common Share ("EPS")
(Unaudited)**

	Three Months Ending		
	March 31		Growth
	2025^(f)	2024	
Forecasted/As Reported EPS - GAAP	\$.04 - \$.17	\$.91	(96%) - (81%)
<u>Non-GAAP</u>			
Restructuring and other charges ⁽¹⁾	.13 - .16	.04	
Change in fair value of DECIEM acquisition-related stock options (less the portion attributable to redeemable noncontrolling interest)	—	.02	
Forecasted/Adjusted EPS - Non-GAAP	\$.20 - \$.30	\$.97	(79%) - (69%)
Impact of foreign currency translation	.04		
Forecasted/Adjusted Constant Currency EPS - Non-GAAP	\$.24 - \$.34	\$.97	(75%) - (65%)

^(f)Represents forecast.

⁽¹⁾The diluted net earnings per common share impact of restructuring and other charges includes approvals to date. Additional restructuring charges are anticipated as initiatives are approved throughout fiscal 2025.

**Reconciliation between GAAP and Non-GAAP Net Sales
(Unaudited)**

	Three Months Ended December 31		Percentage Change	Six Months Ended December 31		Percentage Change
	2024	2023		2024	2023	
<i>(\$ in millions, except per share data)</i>						
Net Sales	\$ 4,004	\$ 4,279	(6)%	\$ 7,365	\$ 7,797	(6)%
<u>Non-GAAP Adjustments</u>						
Returns associated with restructuring and other activities	—	1		—	1	
Adjusted Net Sales, Non-GAAP	4,004	4,280		7,365	7,798	
Impact of foreign currency translation	18	—		—	—	
Organic Net Sales, Non-GAAP ¹	\$ 4,022	\$ 4,280	(6)%	\$ 7,365	\$ 7,798	(6)%

¹Organic net sales represents net sales excluding returns associated with restructuring and other activities; non-comparable impacts of acquisitions, divestitures and brand closures; as well as the impact from foreign currency translation. The Company believes that the Non-GAAP measure of organic net sales growth provides year-over-year sales comparisons on a consistent basis.

**Reconciliation of Certain Consolidated Statements of Earnings (Loss) Accounts
Before and After Returns, Charges and Other Adjustments
(Unaudited)¹**

	Three Months Ended December 31		Percentage Change	Six Months Ended December 31		Percentage Change
	2024	2023		2024	2023	
<i>(\$ in millions, except per share data)</i>						
Gross Profit	\$ 3,047	\$ 3,125	(2)%	\$ 5,480	\$ 5,573	(2)%
<u>Non-GAAP Adjustments</u>						
Restructuring and other activities	—	1		9	2	
Adjusted Gross Profit, Non-GAAP	\$ 3,047	\$ 3,126	(3)%	\$ 5,489	\$ 5,575	(2)%
Gross Margin	76.1 %	73.0 %		74.4 %	71.5 %	
<u>Non-GAAP Adjustments</u>						
Restructuring and other activities	—	—		0.1	—	
Adjusted Gross Margin, Non-GAAP	76.1 %	73.0 %		74.5 %	71.5 %	
Operating Income (Loss)	\$ (500)	\$ 574	(100+)%	\$ (701)	\$ 672	(100+)%
<u>Non-GAAP Adjustments</u>						
Restructuring and other charges	181	8		287	10	
Goodwill and other intangible asset impairments	861	—		861	—	
Talcum litigation settlement agreements	—	—		159	—	
Change in fair value of DECIEM acquisition-related stock options	—	(5)		—	3	
Adjusted Operating Income, Non-GAAP	\$ 462	\$ 577	(20)%	\$ 606	\$ 685	(12)%
Operating Margin	(14.5)%	13.4 %		(9.5)%	8.6 %	
<u>Non-GAAP Adjustments</u>						
Restructuring and other charges	4.5	0.2		3.9	0.1	
Goodwill and other intangible asset impairments	21.5	—		11.7	—	
Talcum litigation settlement agreements	—	—		2.2	—	
Change in fair value of DECIEM acquisition-related stock options	—	(0.1)		—	—	
Adjusted Operating Margin, Non-GAAP	11.5 %	13.5 %		8.2 %	8.8 %	
Provision for Income Taxes	\$ (60)	\$ 195	(100+)%	\$ (84)	\$ 205	(100+)%
Effective Tax Rate ("ETR")	9.2 %	37.6 %		10.1 %	36.3 %	
<u>Tax Impact on Non-GAAP adjustments</u>						
Restructuring and other charges	40	2		62	2	
Goodwill and other intangible asset impairments	187	—		187	—	
Talcum litigation settlement agreements	—	—		35	—	
Adjusted Provision for Income Taxes, Non-GAAP	\$ 167	\$ 197		\$ 200	\$ 207	
Adjusted ETR, Non-GAAP	42.6 %	37.7 %		41.9 %	35.8 %	
Diluted Net Earnings (Loss) Per Common Share	\$ (1.64)	\$.87	(100+)%	\$ (2.07)	\$.95	(100+)%
<u>Non-GAAP Adjustments</u>						
Restructuring and other charges	.39	.02		.63	.02	
Goodwill and other intangible asset impairments	1.87	—		1.87	—	
Talcum litigation settlement agreements	—	—		.34	—	
Change in fair value of DECIEM acquisition-related stock options (less the portion attributable to redeemable noncontrolling interest)	—	(.01)		—	.01	
Adjusted Diluted Net Earnings Per Common Share, Non-GAAP ²	\$.62	\$.88	(29)%	\$.77	\$.98	(22)%

¹Percentages are calculated on an individual basis.

²For the three and six months ended December 31, 2024 the effects of potentially dilutive stock options, performance share units, and restricted stock units of approximately 1.1 million shares and 1.2 million shares, respectively, were excluded from the computation of As Reported and adjustments to Non-GAAP diluted loss per common share as they were anti-dilutive due to the net loss incurred during the periods. These shares were added to the weighted-average common shares outstanding to calculate Non-GAAP diluted earnings per common share.

FISCAL 2025

In February 2025, the Company announced the expansion of its PRGP, including the restructuring program. The restructuring program's main focus includes the reorganization and rightsizing of certain areas, simplification and acceleration of processes, outsourcing of select services and evolution of go-to-market footprint and selling models. The Company plans to substantially complete specific initiatives under the restructuring program through fiscal 2027. Relating specifically to the restructuring program component of the PRGP, once fully implemented, the Company expects to take restructuring and other charges of between \$1.2 billion and \$1.6 billion, before taxes, consisting of employee-related costs, asset-related costs, contract terminations and other costs associated with implementing these initiatives.

Reconciliation between GAAP and Non-GAAP Net Sales (Unaudited)

(\$ in millions)	Three Months Ended June 30		Percentage Change	Twelve Months Ended June 30		Percentage Change
	2025	2024		2025	2024	
Net Sales	\$ 3,411	\$ 3,871	(12)%	\$ 14,326	\$ 15,608	(8)%
<u>Non-GAAP Adjustments</u>						
Returns associated with restructuring and other activities	(3)	—		(3)	1	
Adjusted Net Sales, Non-GAAP	3,408	3,871		14,323	15,609	
Impact of foreign currency translation	(27)	—		28	—	
Organic Net Sales, Non-GAAP ¹	\$ 3,381	\$ 3,871	(13)%	\$ 14,351	\$ 15,609	(8)%

¹Organic net sales represents net sales excluding returns associated with restructuring and other activities; non-comparable impacts of acquisitions, divestitures and brand closures; as well as the impact from foreign currency translation. The Company believes that the Non-GAAP measure of organic net sales growth provides year-over-year sales comparisons on a consistent basis.

**Reconciliation of Certain Consolidated Statements of (Loss) Earnings Accounts
Before and After Returns, Charges and Other Adjustments
(Unaudited)¹**

	Three Months Ended June 30		Percentage Change	Twelve Months Ended June 30		Percentage Change
	2025	2024		2025	2024	
<i>(\$ in millions, except per share data)</i>						
Gross Profit	\$ 2,456	\$ 2,778	(12)%	\$ 10,597	\$ 11,184	(5)%
<u>Non-GAAP Adjustments</u>						
Restructuring and other activities	(4)	—		5	2	
Adjusted Gross Profit, Non-GAAP	\$ 2,452	\$ 2,778	(12)%	\$ 10,602	\$ 11,186	(5)%
Gross Margin	72.0 %	71.8 %		74.0 %	71.7 %	
<u>Non-GAAP Adjustments</u>						
Restructuring and other activities	(0.1)	—		—	—	
Adjusted Gross Margin, Non-GAAP	71.9 %	71.8 %		74.0 %	71.7 %	
Operating (Loss) Income	\$ (390)	\$ (233)	(67)%	\$ (785)	\$ 970	(100+)%
<u>Non-GAAP Adjustments</u>						
Restructuring and other charges	102	96		486	124	
Goodwill and other intangible asset impairments	425	471		1,286	471	
Talcum litigation settlement agreements	—	—		159	—	
Change in fair value of DECIEM acquisition-related stock options	—	15		—	23	
Adjusted Operating Income, Non-GAAP	\$ 137	\$ 349	(61)%	\$ 1,146	\$ 1,588	(28)%
Operating Margin	(11.4)%	(6.0)%		(5.5)%	6.2 %	
<u>Non-GAAP Adjustments</u>						
Restructuring and other charges	3.0	2.5		3.4	0.8	
Goodwill and other intangible asset impairments	12.5	12.2		9.0	3.0	
Talcum litigation settlement agreements	—	—		1.1	—	
Change in fair value of DECIEM acquisition-related stock options	—	0.4		—	0.1	
Adjusted Operating Margin, Non-GAAP	4.0 %	9.0 %		8.0 %	10.2 %	
Provision for Income Taxes	\$ 95	\$ 7	100+%	\$ 93	\$ 363	(74)%
Effective Tax Rate ("ETR")	(21.1)%	(2.5)%		(8.9)%	47.0 %	
<u>Tax Impact on Non-GAAP adjustments</u>						
Restructuring and other charges	21	21		105	27	
Goodwill and other intangible asset impairments	98	41		285	41	
U.S. deferred tax asset valuation allowance adjustment	(172)	—		(172)	—	
Talcum litigation settlement agreements	—	—		35	—	
Adjusted Provision for Income Taxes, Non-GAAP	\$ 42	\$ 69		\$ 346	\$ 431	
Adjusted ETR, Non-GAAP	55.3 %	22.8 %		38.8 %	31.0 %	
Diluted Net (Loss) Earnings Per Common Share	\$ (1.51)	\$ (.79)	(92)%	\$ (3.15)	\$ 1.08	(100+)%
<u>Non-GAAP Adjustments</u>						
Restructuring and other charges	.23	.21		1.06	.27	
Goodwill and other intangible asset impairments	.89	1.19		2.78	1.19	
U.S. deferred tax asset valuation allowance adjustment	.48	—		.48	—	
Talcum litigation settlement agreements	—	—		.34	—	
Change in fair value of DECIEM acquisition-related stock options (less the portion attributable to redeemable noncontrolling interest)	—	.03		—	.05	
Adjusted Diluted Net Earnings Per Common Share, Non-GAAP ²	\$.09	\$.64	(85)%	\$ 1.51	\$ 2.59	(42)%

¹Percentages are calculated on an individual basis.

²For the three and twelve months ended June 30, 2025 the effects of potentially dilutive stock options, performance share units, and restricted stock units of approximately 1.2 million shares were excluded from the computation of As Reported and adjustments to Non-GAAP diluted loss per common share as they were anti-dilutive due to the net loss incurred during the periods. These shares were added to the weighted-average common shares outstanding to calculate Non-GAAP diluted earnings per common share.

**Results by Product Category
(Unaudited)**

	Three Months Ended June 30							
	Net Sales		Percentage Change ¹			Operating (Loss) Income		Percentage Change
	2025	2024	Reported Basis	Impact of Foreign Currency Translation	Organic Net Sales (Non-GAAP)	2025	2024	Reported Basis
<i>(\$ in millions)</i>								
Skin Care	\$ 1,705	\$ 2,035	(16)%	(1)%	(17)%	\$ (210)	\$ (185)	(14)%
Makeup	982	1,105	(11)	(1)	(12)	(59)	37	(100+)
Fragrance	560	539	4	(1)	2	(24)	(2)	(100+)
Hair Care	141	165	(15)	—	(15)	(7)	(2)	(100+)
Other	20	27	(26)	—	(26)	12	15	(20)
Subtotal	\$ 3,408	\$ 3,871	(12)%	(1)%	(13)%	\$ (288)	\$ (137)	(100+)%
Returns/charges associated with restructuring and other activities	3	—				(102)	(96)	
Total	\$ 3,411	\$ 3,871	(12)%	(1)%	(13)%	\$ (390)	\$ (233)	(67)%
Non-GAAP Adjustments to As Reported Operating Loss:								
Returns/charges associated with restructuring and other activities						102	96	
Skin Care - Goodwill and other intangible asset impairments						375	471	
Makeup - Other intangible asset impairment						50	—	
Skin Care - Changes in fair value of DECIEM acquisition-related stock options inclusive of payroll tax						—	15	
Adjusted Operating Income - Non-GAAP						\$ 137	\$ 349	(61)%

¹Percentages are calculated on an individual basis.

**Results by Product Category
(Unaudited)**

	Year Ended June 30							
	Net Sales		Percentage Change ¹			Operating (Loss) Income		Percentage Change
	2025	2024	Reported Basis	Impact of Foreign Currency Translation	Organic Net Sales (Non-GAAP)	2025	2024	Reported Basis
<i>(\$ in millions)</i>								
Skin Care	\$ 6,962	\$ 7,908	(12)%	— %	(12)%	\$ 574	\$ 735	(22)%
Makeup	4,205	4,470	(6)	—	(5)	(441)	93	(100+)
Fragrance	2,491	2,487	—	—	—	(378)	265	(100+)
Hair Care	565	629	(10)	—	(10)	(41)	(52)	21
Other	100	115	(13)	—	(13)	(13)	53	(100+)
Subtotal	\$14,323	\$15,609	(8)%	— %	(8)%	\$ (299)	\$ 1,094	(100+)%
Returns/charges associated with restructuring and other activities	3	(1)				(486)	(124)	
Total	\$14,326	\$15,608	(8)%	— %	(8)%	\$ (785)	\$ 970	(100+)%
Non-GAAP Adjustments to As Reported Operating (Loss) Income:								
Returns/charges associated with restructuring and other activities						486	124	
Skin Care - Goodwill and other intangible asset impairments						375	471	
Makeup - Goodwill and other intangible asset impairments						308	—	
Fragrance - Other intangible asset impairment						549	—	
Other - Other intangible asset impairment						54	—	
Makeup - Talcum litigation settlement agreements						159	—	
Skin Care - Change in fair value of DECIEM acquisition-related stock options inclusive of payroll tax						—	23	
Adjusted Operating Income - Non-GAAP						\$ 1,146	\$ 1,588	(28)%

¹Percentages are calculated on an individual basis.

**Results by Geographic Region
(Unaudited)**

Three Months Ended June 30								
	Net Sales		Percentage Change ¹			Operating (Loss) Income		Percentage Change
	2025	2024	Reported Basis	Impact of Foreign Currency Translation	Organic Net Sales (Non-GAAP)	2025	2024	Reported Basis
<i>(\$ in millions)</i>								
The Americas	\$ 949	\$ 1,014	(6)%	1 %	(5)%	\$ 65	\$ 277	(77)%
Europe, the Middle East & Africa	1,293	1,652	(22)	(2)	(24)	(35)	11	(100+)
Asia/Pacific	1,166	1,205	(3)	(1)	(4)	(318)	(425)	25
Subtotal	\$ 3,408	\$ 3,871	(12)%	(1)%	(13)%	\$ (288)	\$ (137)	(100+)%
Returns/charges associated with restructuring and other activities	3	—				(102)	(96)	
Total	\$ 3,411	\$ 3,871	(12)%	(1)%	(13)%	\$ (390)	\$ (233)	(67)%
Non-GAAP Adjustments to As Reported Operating Loss:								
Returns/charges associated with restructuring and other activities						102	96	
The Americas - Other intangible asset impairments						50	—	
Asia/Pacific - Goodwill and other intangible asset impairments						375	471	
The Americas - Changes in fair value of DECIEM acquisition-related stock options inclusive of payroll tax						—	6	
Europe, the Middle East & Africa - Changes in fair value of DECIEM acquisition-related stock options inclusive of payroll tax						—	9	
Adjusted Operating Income - Non-GAAP						\$ 137	\$ 349	(61)%

¹Percentages are calculated on an individual basis.

**Results by Geographic Region
(Unaudited)**

Year Ended June 30								
	Net Sales		Percentage Change ¹			Operating (Loss) Income		Percentage Change
	2025	2024	Reported Basis	Impact of Foreign Currency Translation	Organic Net Sales (Non-GAAP)	2025	2024	Reported Basis
<i>(\$ in millions)</i>								
The Americas	\$ 4,411	\$ 4,581	(4)%	1 %	(3)%	\$ (918)	\$ 34	(100+)%
Europe, the Middle East & Africa	5,375	6,140	(12)	—	(13)	610	836	(27)
Asia/Pacific	4,537	4,888	(7)	—	(7)	9	224	(96)
Subtotal	\$14,323	\$15,609	(8)%	— %	(8)%	\$ (299)	\$ 1,094	(100+)%
Returns/charges associated with restructuring and other activities	3	(1)				(486)	(124)	
Total	\$14,326	\$15,608	(8)%	— %	(8)%	\$ (785)	\$ 970	(100+)%
Non-GAAP Adjustments to As Reported Operating (Loss) Income:								
Returns/charges associated with restructuring and other activities						486	124	
The Americas - Goodwill and other intangible asset impairments						911	—	
Asia/Pacific - Goodwill and other intangible asset impairments						375	471	
The Americas - Talcum litigation settlement agreements						159	—	
The Americas - Changes in fair value of DECIEM acquisition-related stock options inclusive of payroll tax						—	14	
Europe, the Middle East & Africa - Changes in fair value of DECIEM acquisition-related stock options inclusive of payroll tax						—	9	
Adjusted Operating Income - Non-GAAP						\$ 1,146	\$ 1,588	(28)%

¹Percentages are calculated on an individual basis.

Beginning with fiscal 2026, the Company is providing only an annual outlook. This approach gives the Company more agility and flexibility to navigate ongoing volatility while better aligning with its long-term value creation and strategic priorities.

**Reconciliation between GAAP and Non-GAAP - Net Sales Growth
(Unaudited)**

	Twelve Months Ending June 30, 2026 ^(F)
As Reported - GAAP	2% - 5%
Impact of foreign currency translation	2
Returns associated with restructuring and other activities ⁽¹⁾	—
Organic, Non-GAAP	0% - 3%

^(F)Represents forecast, using spot rates as of June 30, 2025.

⁽¹⁾The net sales growth impact of returns associated with restructuring and other activities includes approvals to date. Additional returns associated with restructuring and other activities are anticipated as initiatives are approved in fiscal 2026.

**Reconciliation between GAAP and Non-GAAP - Diluted Net Earnings (Loss) Per Common Share ("EPS")
(Unaudited)**

	Twelve Months Ending		
	June 30		
	2026 ^(F)	2025	Growth
Forecasted/As Reported EPS - GAAP	\$1.63 - \$1.87	\$ (3.15)	100+%
<u>Non-GAAP</u>			
Restructuring and other charges ⁽¹⁾	.23 - .27	1.06	
Goodwill and other intangible asset impairments	—	2.78	
U.S. deferred tax asset valuation allowance adjustment	—	.48	
Talcum litigation settlement agreements ⁽²⁾	—	.34	
Forecasted/Adjusted EPS - Non-GAAP	\$1.90 - \$2.10	\$ 1.51	26% - 39%
Impact of foreign currency translation	(.03)		
Forecasted/Adjusted Constant Currency EPS - Non-GAAP	\$1.87 - \$2.07	\$ 1.51	24% - 37%

^(F)Represents forecast, using spot rates as of June 30, 2025.

⁽¹⁾The diluted net earnings per common share impact of restructuring and other charges includes approvals to date. Additional restructuring and other charges are anticipated as initiatives are approved in fiscal 2026.

⁽²⁾No assumptions included in the fiscal 2026 forecast.

As the Company has done historically, it continues to develop its strategy, assess performance and allocate resources by product category and will continue to report results by product category. To enhance accountability and streamline operations within the organization, as well as to align with its recently announced leadership changes, the Company has reorganized its geographic regions. Beginning with the fiscal 2026 first quarter, the Company will be reporting its fiscal 2026 and comparable fiscal 2025 results by geographic region under the new regional structure.

The Company's four new geographic regions are:

- The Americas, including North America and Latin America
- Europe, the United Kingdom and Ireland and Emerging Markets ("EUKEM"), including the markets of the Company's previously reported EMEA region, as well as the Southeast Asian Emerging Markets, which were previously reported in its Asia/Pacific region—Indonesia, Malaysia, the Philippines, Thailand, and Vietnam
- Asia/Pacific, including the Company's global travel retail business, which was previously reported in the EMEA region
- Mainland China, which was previously reported in the Company's Asia/Pacific region, will now be reported as a separate region

Presented below are the fiscal 2025 and 2024 full-year and fourth quarter net sales results by geographic region under this new regional structure:

**Results by Geographic Region
(Unaudited)**

	Year Ended June 30				
	Net Sales		Percentage Change ¹		
	2025	2024	Reported Basis	Impact of Foreign Currency Translation	Organic Net Sales (Non-GAAP)
<i>(\$ in millions)</i>					
The Americas	\$ 4,410	\$ 4,579	(4) %	1 %	(3) %
EUKEM	3,566	3,539	1	(1)	(1)
Asia/Pacific	3,606	4,587	(21)	1	(21)
Mainland China	2,741	2,904	(6)	—	(6)
Subtotal	\$ 14,323	\$ 15,609	(8) %	— %	(8) %
Returns/charges associated with restructuring and other activities	3	(1)			
Total	\$ 14,326	\$ 15,608	(8) %	— %	(8) %

¹Percentages are calculated on an individual basis.

	Three Months Ended June 30				
	Net Sales		Percentage Change ¹		
	2025	2024	Reported Basis	Impact of Foreign Currency Translation	Organic Net Sales (Non-GAAP)
<i>(\$ in millions)</i>					
The Americas	\$ 941	\$ 994	(5) %	1 %	(4) %
EUKEM	828	814	2	(5)	(3)
Asia/Pacific	906	1,318	(31)	—	(31)
Mainland China	733	745	(2)	—	(1)
Subtotal	\$ 3,408	\$ 3,871	(12) %	(1) %	(13) %
Returns/charges associated with restructuring and other activities	3	—			
Total	\$ 3,411	\$ 3,871	(12) %	(1) %	(13) %

¹Percentages are calculated on an individual basis.

FISCAL 2024

As a component of the Profit Recovery Plan, now known as the Profit Recovery and Growth Plan, communicated on November 1, 2023, on February 5, 2024, the Company announced a two-year restructuring program. The restructuring program's main focus includes the reorganization and rightsizing of certain areas of the Company's business as well as simplification and acceleration of processes. The Company plans to substantially complete specific initiatives under the restructuring program through fiscal 2026. The Company expects that the restructuring program will result in restructuring and other charges totaling between \$500 million and \$700 million, before taxes, consisting of employee-related costs, contract terminations, asset write-offs and other costs associated with implementing these initiatives.

Reconciliation between GAAP and Non-GAAP Net Sales Growth (Unaudited)

	Year Ended June 30, 2024 ⁽¹⁾
As Reported-GAAP	(1.9)%
Impact of royalty revenue from the acquisition of the TOM FORD brand	(0.3)
Impact of foreign currency translation	0.7
Returns associated with restructuring and other activities	(0.2)
Organic, Non-GAAP	(1.7)%

⁽¹⁾Percentages are calculated on an individual basis

Reconciliation between GAAP and Non-GAAP - Diluted Net Earnings Per Common Share ("EPS") (Unaudited)

	Year Ended June 30		
	2024	2023	Growth
As Reported EPS - GAAP	\$ 1.08	\$ 2.79	(61)%
<u>Non-GAAP</u>			
Restructuring and other charges	.27	.18	
Change in fair value of DECIEM acquisition-related stock options inclusive of payroll tax (less the portion attributable to redeemable noncontrolling interest)	.05	.05	
Goodwill and other intangible asset impairments	1.19	.44	
Adjusted EPS - Non-GAAP	\$ 2.59	\$ 3.46	(25)%
Impact of foreign currency translation on earnings per share	.10		
Adjusted Constant Currency EPS - Non-GAAP	\$ 2.69	\$ 3.46	(22)%

**Results by Product Category
(Unaudited)**

	Three Months Ended June 30								
	Net Sales		Percentage Change ⁽¹⁾				Operating Income (Loss)		Percentage Change
	2024	2023	Reported Basis	Impact of Royalty Revenue from the Acquisition of the TOM FORD Brand	Impact of Foreign Currency Translation	Organic Net Sales (Non-GAAP)	2024	2023	Reported Basis
<i>(\$ in millions)</i>									
Skin Care	\$ 2,035	\$ 1,795	13 %	— %	2 %	15 %	\$ (185)	\$ 39	(100+)%
Makeup	1,105	1,108	—	—	1	1	37	(12)	100+
Fragrance	539	544	(1)	—	1	1	(2)	27	(100+)
Hair Care	165	164	1	—	2	2	(2)	(4)	50
Other	27	15	80	(40)	(7)	33	15	(3)	100+
Subtotal	\$ 3,871	\$ 3,626	7 %	— %	1 %	8 %	\$ (137)	\$ 47	(100+)%
Returns/charges associated with restructuring and other activities	—	(17)					(96)	(52)	
Total	\$ 3,871	\$ 3,609	7 %	— %	1 %	8 %	\$ (233)	\$ (5)	(100+)%
Non-GAAP Adjustments to As Reported Operating Income:									
Returns/charges associated with restructuring and other activities							96	52	
Skin Care - Changes in fair value of DECIEM acquisition-related stock options inclusive of payroll tax							15	24	
Skin Care - Goodwill and other intangible asset impairments							471	—	
Adjusted Operating Income - Non-GAAP							\$ 349	\$ 71	100+%

⁽¹⁾Percentages are calculated on an individual basis

**Results by Product Category
(Unaudited)**

	Year Ended June 30								
	Net Sales		Percentage Change ⁽¹⁾				Operating Income (Loss)		Percentage Change
	2024	2023	Reported Basis	Impact of Royalty Revenue from the Acquisition of the TOM FORD Brand	Impact of Foreign Currency Translation	Organic Net Sales (Non-GAAP)	2024	2023	Reported Basis
<i>(\$ in millions)</i>									
Skin Care	\$ 7,908	\$ 8,249	(4) %	— %	1 %	(3) %	\$ 735	\$ 1,277	(42) %
Makeup	4,470	4,532	(1)	—	—	(1)	93	(21)	100+
Fragrance	2,487	2,451	1	—	—	2	265	370	(28)
Hair Care	629	652	(4)	—	—	(4)	(52)	(36)	(44)
Other	115	53	100+	(100+)	—	15	53	4	100+
Subtotal	\$15,609	\$15,937	(2) %	— %	1 %	(2) %	\$ 1,094	\$ 1,594	(31) %
Returns/charges associated with restructuring and other activities	(1)	(27)					(124)	(85)	
Total	\$15,608	\$15,910	(2) %	— %	1 %	(2) %	\$ 970	\$ 1,509	(36) %
Non-GAAP Adjustments to As Reported Operating Income:									
Returns/charges associated with restructuring and other activities							124	85	
Skin Care - Changes in fair value of DECIEM acquisition-related stock options inclusive of payroll tax							23	22	
Skin Care - Goodwill and other intangible asset impairments							471	100	
Makeup - Other intangible asset impairments							—	107	
Adjusted Operating Income - Non-GAAP							\$ 1,588	\$ 1,823	(13) %

⁽¹⁾Percentages are calculated on an individual basis. Refer to the Reconciliation between GAAP and Non-GAAP Net Sales Growth on page 2 for additional detail on the organic impacts to reported net sales.

**Results by Geographic Region
(Unaudited)**

Three Months Ended June 30									
Net Sales		Percentage Change ⁽¹⁾				Operating Income (Loss)		Percentage Change	
2024	2023	Reported Basis	Impact of Royalty Revenue from the Acquisition of the TOM FORD Brand	Impact of Foreign Currency Translation	Organic Net Sales (Non-GAAP)	2024	2023	Reported Basis	
<i>(\$ in millions)</i>									
The Americas	\$ 1,014	\$ 1,071	(5)%	(1)%	— %	(5)%	\$ 277	\$ (20)	100+%
Europe, the Middle East & Africa	1,652	1,253	32	—	—	32	11	(76)	100+
Asia/Pacific	1,205	1,302	(7)	—	4	(4)	(425)	143	(100+)
Subtotal	\$ 3,871	\$ 3,626	7 %	— %	1 %	8 %	\$ (137)	\$ 47	(100+%)
Returns/charges associated with restructuring and other activities	—	(17)					(96)	(52)	
Total	\$ 3,871	\$ 3,609	7 %	— %	1 %	8 %	\$ (233)	\$ (5)	(100+%)
Non-GAAP Adjustments to As Reported Operating Income:									
Returns/charges associated with restructuring and other activities							96	52	
The Americas - Changes in fair value of DECIEM acquisition-related stock options inclusive of payroll tax							6	24	
Europe, the Middle East & Africa - Changes in fair value of DECIEM acquisition-related stock options inclusive of payroll tax							9	—	
Asia/Pacific - Goodwill and other intangible asset impairments							471	—	
Adjusted Operating Income - Non-GAAP							\$ 349	\$ 71	100+%

⁽¹⁾Percentages are calculated on an individual basis

**Results by Geographic Region
(Unaudited)**

Year Ended June 30									
Net Sales		Percentage Change ⁽¹⁾				Operating Income (Loss)		Percentage Change	
2024	2023	Reported Basis	Impact of Royalty Revenue from the Acquisition of the TOM FORD Brand	Impact of Foreign Currency Translation	Organic Net Sales (Non-GAAP)	2024	2023	Reported Basis	
<i>(\$ in millions)</i>									
The Americas	\$ 4,581	\$ 4,518	1 %	(1)%	— %	— %	\$ 34	\$ (73)	100+%
Europe, the Middle East & Africa	6,140	6,225	(1)	—	(1)	(2)	836	843	(1)
Asia/Pacific	4,888	5,194	(6)	—	3	(3)	224	824	(73)
Subtotal	\$15,609	\$15,937	(2)%	— %	1 %	(2)%	\$ 1,094	\$ 1,594	(31)%
Returns/charges associated with restructuring and other activities	(1)	(27)					(124)	(85)	
Total	\$15,608	\$15,910	(2)%	— %	1 %	(2)%	\$ 970	\$ 1,509	(36)%
Non-GAAP Adjustments to As Reported Operating Income:									
Returns/charges associated with restructuring and other activities							124	85	
The Americas - Changes in fair value of DECIEM acquisition-related stock options inclusive of payroll tax							14	22	
Europe, the Middle East & Africa - Changes in fair value of DECIEM acquisition-related stock options inclusive of payroll tax							9	—	
The Americas - Other intangible asset impairments							—	107	
Asia/Pacific - Goodwill and other intangible asset impairments							471	100	
Adjusted Operating Income - Non-GAAP							\$ 1,588	\$ 1,823	(13)%

⁽¹⁾Percentages are calculated on an individual basis. Refer to the Reconciliation between GAAP and Non-GAAP Net Sales Growth on page 2 for additional detail on the organic impacts to reported net sales.

**Reconciliation between GAAP and Non-GAAP - Net Sales Growth
(Unaudited)**

	Three Months Ending		Twelve Months Ending	
	September 30, 2024^(F)		June 30, 2025^(F)	
As Reported - GAAP	(5%) - (3%)		(1%) - 2%	
Impact of foreign currency translation	—		—	
Returns associated with restructuring and other activities	—		—	
Organic, Non-GAAP	(5%) - (3%)		(1%) - 2%	

^(F)Represents forecast

**Reconciliation between GAAP and Non-GAAP - Diluted Earnings Per Common Share ("EPS")
(Unaudited)**

	Three Months Ending			Twelve Months Ending		
	September 30		Growth	June 30		Growth
	2024^(F)	2023		2025^(F)	2024	
Forecasted/As Reported EPS - GAAP	\$(.09) - \$.00	\$.09	(100+)%	\$2.52 - \$2.76	\$ 1.08	100+%
<u>Non-GAAP</u>						
Restructuring and other charges	.10 - .11	—		.19 - .23	.27	
Change in fair value of DECIEM acquisition-related stock options inclusive of payroll tax (less the portion attributable to redeemable noncontrolling interest)	—	.02		—	.05	
Goodwill and other intangible asset impairments	—	—		—	1.19	
Forecasted/Adjusted EPS - Non-GAAP	\$.02 - \$.10	\$.11	(82%) - (10%)	\$2.75 - \$2.95	\$ 2.59	6% - 14%
Impact of foreign currency translation	(.01)			.03		
Forecasted/Adjusted Constant Currency EPS - Non-GAAP	\$.01 - \$.09	\$.11	(89%) - (17%)	\$2.78 - \$2.98	\$ 2.59	7% - 15%

^(F)Represents forecast

**Returns and Charges Associated With Restructuring and Other Activities and Other Adjustments
(Unaudited)**

	Three Months Ended June 30, 2024						
	Sales Returns	Cost of Sales	Operating Expenses		Total	After Redeemable Noncontrolling Interest and Tax	Diluted EPS
			Restructuring Charges	Other Charges/ Adjustments			
<i>(In millions, except per share data)</i>							
Leading Beauty Forward	\$ —	\$ —	\$ (1)	\$ —	\$ (1)	\$ (1)	\$ —
PCBA Program	—	—	(3)	2	(1)	(1)	—
Restructuring Program Component of Profit Recovery Plan	—	—	86	12	98	77	.21
Change in fair value of DECIEM acquisition-related stock options inclusive of payroll tax	—	—	—	15	15	11	.03
Goodwill and other intangible asset impairments	—	—	—	471	471	430	1.19
Total	\$ —	\$ —	\$ 82	\$ 500	\$ 582	\$ 516	\$ 1.43

	Year Ended June 30, 2024						
	Sales Returns	Cost of Sales	Operating Expenses		Total	After Redeemable Noncontrolling Interest and Tax	Diluted EPS
			Restructuring Charges	Other Charges/ Adjustments			
<i>(In millions, except per share data)</i>							
Leading Beauty Forward	\$ —	\$ —	\$ (1)	\$ —	\$ (1)	\$ (1)	\$ —
PCBA Program	1	1	1	7	10	8	.02
Restructuring Program Component of Profit Recovery Plan	—	—	92	23	115	90	.25
Change in fair value of DECIEM acquisition-related stock options inclusive of payroll tax	—	—	—	23	23	18	.05
Goodwill and other intangible asset impairments	—	—	—	471	471	430	1.19
Total	\$ 1	\$ 1	\$ 92	\$ 524	\$ 618	\$ 545	\$ 1.51

	Three Months Ended June 30, 2023						
	Sales Returns	Cost of Sales	Operating Expenses		Total	After Redeemable Noncontrolling Interest and Tax	Diluted EPS
			Restructuring Charges	Other Charges/ Adjustments			
<i>(In millions, except per share data)</i>							
Leading Beauty Forward	\$ —	\$ —	\$ —	\$ 3	\$ 3	\$ 1	\$ —
PCBA Program	17	4	23	5	49	40	.11
Change in fair value of DECIEM acquisition-related stock options	—	—	—	24	24	19	.05
Total	\$ 17	\$ 4	\$ 23	\$ 32	\$ 76	\$ 60	\$.16

	Year Ended June 30, 2023						
	Sales Returns	Cost of Sales	Operating Expenses		Total	After Redeemable Noncontrolling Interest and Tax	Diluted EPS
			Restructuring Charges	Other Charges/ Adjustments			
<i>(In millions, except per share data)</i>							
Leading Beauty Forward	\$ —	\$ —	\$ 1	\$ 7	\$ 8	\$ 6	\$.02
PCBA Program	27	3	35	12	77	60	.16
Change in fair value of DECIEM acquisition-related stock options	—	—	—	22	22	17	.05
Other intangible asset impairments	—	—	—	207	207	159	.44
Total	\$ 27	\$ 3	\$ 36	\$ 248	\$ 314	\$ 242	\$.67

**Reconciliation of Certain Consolidated Statements of Earnings Accounts
Before and After Returns, Charges and Other Adjustments
(Unaudited)**

<i>(\$ in millions, except per share data)</i>	Three Months Ended June 30									
	2024					2023			% Change	
	As Reported	Returns/ Charges/ Adjustments	Non- GAAP	Impact of Foreign Currency Translation	Non- GAAP, Constant Currency	As Reported	Returns/ Charges/ Adjustments	Non- GAAP	Non- GAAP	Non- GAAP, Constant Currency
Net sales	\$ 3,871	\$ —	\$ 3,871	\$ 51	\$ 3,922	\$ 3,609	\$ 17	\$ 3,626	7 %	8 %
Gross profit	2,778	—	2,778	41	2,819	2,446	21	2,467	13 %	14 %
Operating (loss) income	(233)	582	349	10	359	(5)	76	71	100+%	100+%
Diluted EPS	\$ (.79)	\$ 1.43	\$.64	\$.03	\$.67	\$ (.09)	\$.16	\$.07	100+%	100+%

**Reconciliation of Certain Consolidated Statements of Earnings Accounts
Before and After Returns, Charges and Other Adjustments
(Unaudited)**

<i>(\$ in millions, except per share data)</i>	Year Ended June 30									
	2024					2023			% Change	
	As Reported	Returns/ Charges/ Adjustments	Non- GAAP	Impact of Foreign Currency Translation	Non- GAAP, Constant Currency	As Reported	Returns/ Charges/ Adjustments	Non- GAAP	Non- GAAP	Non- GAAP, Constant Currency
Net sales	\$ 15,608	\$ 1	\$ 15,609	\$ 105	\$ 15,714	\$ 15,910	\$ 27	\$ 15,937	(2)%	(1)%
Gross profit	11,184	2	11,186	84	11,270	11,346	30	11,376	(2)%	(1)%
Operating income	970	618	1,588	50	1,638	1,509	314	1,823	(13)%	(10)%
Diluted EPS	\$ 1.08	\$ 1.51	\$ 2.59	\$.10	\$ 2.69	\$ 2.79	\$.67	\$ 3.46	(25)%	(22)%

FISCAL 2023 – As Previously Reported

In August 2020, the Company announced a two-year restructuring program, Post-COVID Business Acceleration Program (the “PCBA Program”), designed to realign its business to address the dramatic shifts to its distribution landscape and consumer behaviors in the wake of the COVID-19 pandemic. The PCBA Program will help improve efficiency and effectiveness by rebalancing resources to growth areas of prestige beauty. It will further strengthen the Company by building upon the foundational capabilities in which the Company has invested. The PCBA Program’s main areas of focus include accelerating the shift to online with the realignment of the Company’s distribution network reflecting freestanding store and certain department store closures, with a focus on North America and Europe, the Middle East & Africa; the reduction in brick-and-mortar point of sale employees and related support staff; and the redesign of the Company’s regional branded marketing organizations, plus select opportunities in global brands and functions. This program is expected to position the Company to better execute its long-term strategy while strengthening its financial flexibility. The Company approved specific initiatives under the PCBA Program through fiscal 2022 and has substantially completed those initiatives through fiscal 2023. As of June 30, 2023, the Company expects that the PCBA Program will result in related restructuring and other charges totaling between \$450 million and \$480 million, before taxes.

Reconciliation between GAAP and Non-GAAP Net Sales Growth (Unaudited)

	Year Ended June 30, 2023 ⁽¹⁾
As Reported-GAAP	(10)%
Impact of acquisitions, divestitures and brand closures, net	1
Impact of foreign currency translation	4
Returns associated with restructuring and other activities	—
Organic, Non-GAAP	(6)%

⁽¹⁾Percentages are calculated on an individual basis

Reconciliation between GAAP and Non-GAAP - Diluted Net Earnings Per Share (“EPS”) (Unaudited)

	Year Ended June 30		
	2023	2022	Growth
As Reported EPS - GAAP	\$ 2.79	\$ 6.55	(57)%
<u>Non-GAAP</u>			
Restructuring and other charges	.18	.31	
Change in fair value of acquisition-related stock options (less the portion attributable to redeemable noncontrolling interest)	.05	(.12)	
Other intangible asset impairments	.44	.50	
Adjusted EPS - Non-GAAP	\$ 3.46	\$ 7.24	(52)%
Impact of foreign currency translation on earnings per share	.26		
Adjusted Constant Currency EPS - Non-GAAP	\$ 3.72	\$ 7.24	(49)%

**Results by Product Category
(Unaudited)**

	Three Months Ended June 30								
	Net Sales		Percentage Change⁽¹⁾				Operating Income (Loss)		Percentage Change
	2023	2022	Reported Basis	Impact of Acquisitions, Divestitures and Brand Closures, Net	Impact of Foreign Currency Translation	Organic Net Sales (Non-GAAP)	2023	2022	Reported Basis
<i>(\$ in millions)</i>									
Skin Care	\$ 1,794	\$ 1,883	(5) %	— %	2 %	(3) %	\$ (3)	\$ 287	(100+)%
Makeup	1,108	993	12	—	2	13	14	(95)	100+
Fragrance	545	521	5	6	2	12	41	10	100+
Hair Care	164	156	5	—	1	6	(3)	(20)	85
Other	15	9	67	(100+)	—	(60)	(2)	(3)	33
Subtotal	\$ 3,626	\$ 3,562	2 %	— %	2 %	4 %	\$ 47	\$ 179	(74)%
Returns/charges associated with restructuring and other activities	(17)	(1)					(52)	(100)	
Total	\$ 3,609	\$ 3,561	1 %	— %	2 %	4 %	\$ (5)	\$ 79	(100+)%

⁽¹⁾ Percentages are calculated on an individual basis

**Results by Product Category
(Unaudited)**

	Year Ended June 30								
	Net Sales		Percentage Change⁽¹⁾				Operating Income (Loss)		Percentage Change
	2023	2022	Reported Basis	Impact of Acquisitions, Divestitures and Brand Closures, Net	Impact of Foreign Currency Translation	Organic Net Sales (Non-GAAP)	2023	2022	Reported Basis
<i>(\$ in millions)</i>									
Skin Care	\$ 8,202	\$ 9,886	(17) %	— %	3 %	(14) %	\$ 1,204	\$ 2,753	(56) %
Makeup	4,516	4,667	(3)	—	4	—	(22)	133	(100+)
Fragrance	2,512	2,508	—	9	4	14	440	456	(4)
Hair Care	653	631	3	—	3	6	(34)	(28)	(21)
Other	54	49	10	(28)	4	(13)	6	—	100
Subtotal	\$15,937	\$17,741	(10)%	1 %	4 %	(6)%	\$ 1,594	\$ 3,314	(52)%
Returns/charges associated with restructuring and other activities	(27)	(4)					(85)	(144)	
Total	\$15,910	\$17,737	(10)%	1 %	4 %	(6)%	\$ 1,509	\$ 3,170	(52)%

⁽¹⁾ Percentages are calculated on an individual basis

**Results by Geographic Region
(Unaudited)**

	Three Months Ended June 30								
	Net Sales		Percentage Change ⁽¹⁾				Operating Income (Loss)		Percentage Change
	2023	2022	Reported Basis	Impact of Acquisitions, Divestitures and Brand Closures, Net	Impact of Foreign Currency Translation	Organic Net Sales (Non-GAAP)	2023	2022	Reported Basis
<i>(\$ in millions)</i>									
The Americas	\$ 1,071	\$ 1,076	— %	— %	— %	— %	\$ (20)	\$ 115	(100+)%
Europe, the Middle East & Africa	1,253	1,480	(15)	1	—	(15)	(76)	(6)	(100+)
Asia/Pacific	1,302	1,006	29	—	6	36	143	70	100+
Subtotal	\$ 3,626	\$ 3,562	2 %	— %	2 %	4 %	\$ 47	\$ 179	(74)%
Returns/charges associated with restructuring and other activities	(17)	(1)					(52)	(100)	
Total	\$ 3,609	\$ 3,561	1 %	— %	2 %	4 %	\$ (5)	\$ 79	(100+)%

⁽¹⁾Percentages are calculated on an individual basis

**Results by Geographic Region
(Unaudited)**

	Year Ended June 30								
	Net Sales		Percentage Change ⁽¹⁾				Operating Income (Loss)		Percentage Change
	2023	2022	Reported Basis	Impact of Acquisitions, Divestitures and Brand Closures, Net	Impact of Foreign Currency Translation	Organic Net Sales (Non-GAAP)	2023	2022	Reported Basis
<i>(\$ in millions)</i>									
The Americas	\$ 4,518	\$ 4,623	(2)%	2 %	— %	— %	\$ (73)	\$ 1,159	(100+)%
Europe, the Middle East & Africa	6,225	7,681	(19)	1	3	(16)	843	1,360	(38)
Asia/Pacific	5,194	5,437	(4)	—	8	4	824	795	4
Subtotal	\$15,937	\$17,741	(10)%	1 %	4 %	(6)%	\$ 1,594	\$ 3,314	(52)%
Returns/charges associated with restructuring and other activities	(27)	(4)					(85)	(144)	
Total	\$15,910	\$17,737	(10)%	1 %	4 %	(6)%	\$ 1,509	\$ 3,170	(52)%

⁽¹⁾Percentages are calculated on an individual basis

**Reconciliation between GAAP and Non-GAAP - Net Sales Growth
(Unaudited)**

	Three Months Ending	Twelve Months Ending
	September 30, 2023 ^(F)	June 30, 2024 ^(F)
As Reported - GAAP	(12%) - (10%)	5% - 7%
Impact of acquisitions, divestitures and brand closures	—	—
Impact of foreign currency translation	—	1
Returns associated with restructuring and other activities	—	—
Organic, Non-GAAP	(12%) - (10%)	6% - 8%

^(F)Represents forecast

**Reconciliation between GAAP and Non-GAAP - Diluted Earnings Per Share ("EPS")
(Unaudited)**

	Three Months Ending			Twelve Months Ending		
	September 30		Growth	June 30		Variance
	2023 ^(F)	2022		2024 ^(F)	2023	
Forecasted/As Reported EPS - GAAP	\$ (.34) - \$ (.23)	\$ 1.35	(125%) - (117%)	\$ 3.43 - \$ 3.70	\$ 2.79	23% - 33%
<u>Non-GAAP</u>						
Restructuring and other charges	.02 - .03	.02		.05 - .07	.18	
Change in fair value of acquisition-related stock options (less the portion attributable to redeemable noncontrolling interest)	—	—		—	.05	
Other intangible asset impairments	—	—		—	.44	
Forecasted/Adjusted EPS - Non-GAAP	\$ (.31) - \$ (.21)	\$ 1.37	(123%) - (115%)	\$ 3.50 - \$ 3.75	\$ 3.46	1% - 8%
Impact of foreign currency translation	.02			.11		
Forecasted/Adjusted Constant Currency EPS - Non-GAAP	\$ (.29) - \$ (.19)	\$ 1.37	(121%) - (114%)	\$ 3.61 - \$ 3.86	\$ 3.46	4% - 12%

^(F)Represents forecast

**Returns and Charges Associated With Restructuring and Other Activities and Other Adjustments
(Unaudited)**

	Three Months Ended June 30, 2023						
	Sales Returns	Cost of Sales	Operating Expenses		Total	After Redeemable Noncontrolling Interest and Tax	Diluted EPS
			Restructuring Charges	Other Charges/ Adjustments			
<i>(In millions, except per share data)</i>							
Leading Beauty Forward	\$ —	\$ —	\$ —	\$ 3	\$ 3	\$ 1	\$ —
PCBA Program	17	4	23	5	49	40	.11
Change in fair value of acquisition-related stock options	—	—	—	24	24	19	.05
Total	\$ 17	\$ 4	\$ 23	\$ 32	\$ 76	\$ 60	\$.16

	Year Ended June 30, 2023						
	Sales Returns	Cost of Sales	Operating Expenses		Total	After Redeemable Noncontrolling Interest and Tax	Diluted EPS
			Restructuring Charges	Other Charges/ Adjustments			
<i>(In millions, except per share data)</i>							
Leading Beauty Forward	\$ —	\$ —	\$ 1	\$ 7	\$ 8	\$ 6	\$.02
PCBA Program	27	3	35	12	77	60	.16
Change in fair value of acquisition-related stock options	—	—	—	22	22	17	.05
Other intangible asset impairments	—	—	—	207	207	159	.44
Total	\$ 27	\$ 3	\$ 36	\$ 248	\$ 314	\$ 242	\$.67

	Three Months Ended June 30, 2022						
	Sales Returns	Cost of Sales	Operating Expenses		Total	After Redeemable Noncontrolling Interest and Tax	Diluted EPS
			Restructuring Charges	Other Charges/ Adjustments			
<i>(In millions, except per share data)</i>							
Leading Beauty Forward	\$ —	\$ —	\$ 1	\$ 3	\$ 4	\$ 3	\$.01
PCBA Program	1	7	85	3	96	76	.21
Change in fair value of acquisition-related stock options	—	—	—	3	3	3	.01
Other intangible asset impairments	—	—	—	25	25	19	.05
Total	\$ 1	\$ 7	\$ 86	\$ 34	\$ 128	\$ 101	\$.28

	Year Ended June 30, 2022						
	Sales Returns	Cost of Sales	Operating Expenses		Total	After Redeemable Noncontrolling Interest and Tax	Diluted EPS
			Restructuring Charges	Other Charges/ Adjustments			
<i>(In millions, except per share data)</i>							
Leading Beauty Forward	\$ —	\$ 2	\$ (1)	\$ 16	\$ 17	\$ 13	\$.04
PCBA Program	4	5	109	9	127	100	.27
Change in fair value of acquisition-related stock options	—	—	—	(55)	(55)	(43)	(.12)
Other intangible asset impairments	—	—	—	241	241	183	.50
Other income	—	—	—	(1)	(1)	(1)	—
Total	\$ 4	\$ 7	\$ 108	\$ 210	\$ 329	\$ 252	\$.69

**Reconciliation of Certain Consolidated Statements of Earnings Accounts
Before and After Returns, Charges and Other Adjustments
(Unaudited)**

	Three Months Ended June 30									
	2023					2022			% Change	
	As Reported	Returns/ Charges/ Adjustments	Non- GAAP	Impact of Foreign Currency Translation	Non- GAAP, Constant Currency	As Reported	Returns/ Charges/ Adjustments	Non- GAAP	Non- GAAP	Non- GAAP, Constant Currency
<i>(\$ in millions, except per share data)</i>										
Net sales	\$ 3,609	\$ 17	\$ 3,626	\$ 64	\$ 3,690	\$ 3,561	\$ 1	\$ 3,562	2 %	4 %
Gross profit	2,446	21	2,467	50	2,517	2,530	8	2,538	(3)%	(1)%
Operating (loss) income	(5)	76	71	18	89	79	128	207	(66)%	(57)%
Diluted EPS	\$ (.09)	\$.16	\$.07	\$.04	\$.11	\$.14	\$.28	\$.42	(82)%	(75)%

**Reconciliation of Certain Consolidated Statements of Earnings Accounts
Before and After Returns, Charges and Other Adjustments
(Unaudited)**

	Year Ended June 30									
	2023					2022			% Change	
	As Reported	Returns/ Charges/ Adjustments	Non- GAAP	Impact of Foreign Currency Translation	Non- GAAP, Constant Currency	As Reported	Returns/ Charges/ Adjustments	Non- GAAP	Non- GAAP	Non- GAAP, Constant Currency
<i>(\$ in millions, except per share data)</i>										
Net sales	\$ 15,910	\$ 27	\$ 15,937	\$ 629	\$ 16,566	\$ 17,737	\$ 4	\$ 17,741	(10)%	(7)%
Gross profit	11,346	30	11,376	492	11,868	13,432	11	13,443	(15)%	(12)%
Operating income	1,509	314	1,823	126	1,949	3,170	330	3,500	(48)%	(44)%
Diluted EPS	\$ 2.79	\$.67	\$ 3.46	\$.26	\$ 3.72	\$ 6.55	\$.69	\$ 7.24	(52)%	(49)%

FISCAL 2022 – As Previously Reported

In August 2020, the Company announced a two-year restructuring program, Post-COVID Business Acceleration Program (the “PCBA Program”), designed to realign its business to address the dramatic shifts to its distribution landscape and consumer behaviors in the wake of the COVID-19 pandemic. The PCBA Program will help improve efficiency and effectiveness by rebalancing resources to growth areas of prestige beauty. It will further strengthen the Company by building upon the foundational capabilities in which the Company has invested. The PCBA Program’s main areas of focus include accelerating the shift to online with the realignment of the Company’s distribution network reflecting freestanding store and certain department store closures, with a focus on North America and Europe, the Middle East & Africa; the reduction in brick-and-mortar point of sale employees and related support staff; and the redesign of the Company’s regional branded marketing organizations, plus select opportunities in global brands and functions. This program is expected to position the Company to better execute its long-term strategy while strengthening its financial flexibility. The Company plans to approve specific initiatives under the PCBA Program through fiscal 2022 and expects to substantially complete those initiatives through fiscal 2023. The Company expects that the PCBA Program will result in related restructuring and other charges totaling between \$500 million and \$515 million, before taxes.

The Company substantially completed initiatives approved under the Leading Beauty Program (the “LBF Program”) through fiscal 2021. Additional information about the LBF Program is included in the notes to consolidated financial statements in the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2021.

Reconciliation between GAAP and Non-GAAP Net Sales Growth (Unaudited)

	Year Ended June 30, 2022
As Reported - GAAP⁽¹⁾	9 %
Organic, Non-GAAP⁽²⁾	8 %
Impact of acquisitions, divestitures and brand closures, net	2
Impact of foreign currency translation	(1)
Returns associated with restructuring and other activities	—
As Reported - GAAP⁽¹⁾	9 %

⁽¹⁾Includes returns associated with restructuring and other activities

⁽²⁾Organic net sales growth represents net sales growth excluding returns associated with restructuring and other activities; non-comparable impacts of acquisitions, divestitures and brand closures (notably DECIEM and BECCA); as well as the impact of currency translation.

**Reconciliation between GAAP and Non-GAAP - Diluted Earnings Per Share ("EPS")
(Unaudited)**

	Year Ended June 30		
	2022	2021	Growth
As Reported EPS - GAAP⁽¹⁾	\$ 6.55	\$ 7.79	(16)%
<u>Non-GAAP</u>			
Restructuring and other charges	.31	.48	
Changes in fair value of contingent consideration	—	(.01)	
Change in fair value of acquisition-related stock options (less the portion attributable to redeemable noncontrolling interest)	(.12)	.09	
Goodwill, other intangible and long-lived asset impairments	.50	.40	
Other income	—	(2.30)	
Adjusted EPS - Non-GAAP	\$ 7.24	\$ 6.45	12 %
Impact of foreign currency translation on earnings per share	(.04)		
Adjusted Constant Currency EPS - Non-GAAP	\$ 7.20		12 %

⁽¹⁾Includes restructuring and other charges and adjustments

**Results by Product Category
(Unaudited)**

	Three Months Ended June 30						
	Net Sales		Percentage Change		Operating Income (Loss)		Percentage Change
	2022	2021	Reported Basis	Constant Currency	2022	2021	Reported Basis
<i>(\$ in millions)</i>							
Skin Care	\$ 1,883	\$ 2,371	(21)%	(18)%	\$ 287	\$ 583	(51)%
Makeup	993	960	3	7	(95)	(269)	65
Fragrance	521	448	16	22	10	(33)	100+
Hair Care	156	153	2	5	(20)	(9)	(100+)
Other	9	8	13	13	(3)	(1)	(100+)
Subtotal	\$ 3,562	\$ 3,940	(10)%	(7)%	\$ 179	\$ 271	(34)%
Returns/charges associated with restructuring and other activities	(1)	(4)			(100)	(37)	
Total	\$ 3,561	\$ 3,936	(10)%	(7)%	\$ 79	\$ 234	(66)%

Organic Net Sales Growth - Reconciliation to GAAP (Unaudited)				
	Three Months Ended June 2022 vs. 2021			
	Organic Net Sales Growth (Non-GAAP) ⁽¹⁾	Impact of Acquisitions, Divestitures and Brand Closures, Net	Impact of Foreign Currency Translation	Net Sales Growth (GAAP)
Skin Care	(21)%	3 %	(3)%	(21)%
Makeup	8	(1)	(4)	3
Fragrance	22	—	(6)	16
Hair Care	5	—	(3)	2
Other	13	—	—	13
Subtotal	(8)%	1 %	(3)%	(10)%
Returns associated with restructuring and other activities				—
Total	(8)%	1 %	(3)%	(10)%

⁽¹⁾Organic net sales growth represents net sales growth excluding returns associated with restructuring and other activities; non-comparable impacts of acquisitions, divestitures and brand closures (notably DECIEM and BECCA); as well as the impact of currency translation.

**Results by Product Category
(Unaudited)**

(\$ in millions)	Year Ended June 30						
	Net Sales		Percentage Change		Operating Income (Loss)		Percentage Change
	2022	2021	Reported Basis	Constant Currency	2022	2021	Reported Basis
Skin Care	\$ 9,886	\$ 9,484	4 %	4 %	\$ 2,753	\$ 3,036	(9) %
Makeup	4,667	4,203	11	12	133	(384)	100+
Fragrance	2,508	1,926	30	32	456	215	100+
Hair Care	631	571	11	12	(28)	(19)	(47)
Other	49	45	9	9	—	(2)	100
Subtotal	\$ 17,741	\$ 16,229	9 %	10 %	\$ 3,314	\$ 2,846	16 %
Returns/charges associated with restructuring and other activities	(4)	(14)			(144)	(228)	
Total	\$ 17,737	\$ 16,215	9 %	10 %	\$ 3,170	\$ 2,618	21 %

Organic Net Sales Growth - Reconciliation to GAAP (Unaudited)				
	Year Ended June 30 2022 vs. 2021			
	Organic Net Sales Growth (Non-GAAP) ⁽¹⁾	Impact of Acquisitions, Divestitures and Brand Closures, Net	Impact of Foreign Currency Translation	Net Sales Growth (GAAP)
Skin Care	— %	4 %	— %	4 %
Makeup	12	—	(1)	11
Fragrance	32	—	(2)	30
Hair Care	12	—	(1)	11
Other	4	5	—	9
Subtotal	8 %	2 %	(1) %	9 %
Returns associated with restructuring and other activities				—
Total	8 %	2 %	(1) %	9 %

⁽¹⁾Organic net sales growth represents net sales growth excluding returns associated with restructuring and other activities; non-comparable impacts of acquisitions, divestitures and brand closures (notably DECIEM and BECCA); as well as the impact of currency translation.

**Results by Geographic Region
(Unaudited)**

(\$ in millions)	Three Months Ended June 30						
	Net Sales		Percentage Change		Operating Income (Loss)		Percentage Change
	2022	2021	Reported Basis	Constant Currency	2022	2021	Reported Basis
The Americas	\$ 1,076	\$ 960	12 %	11 %	\$ 115	\$ 262	(56) %
Europe, the Middle East & Africa	1,480	1,670	(11)	(7)	(6)	(94)	94
Asia/Pacific	1,006	1,310	(23)	(19)	70	103	(32)
Subtotal	\$ 3,562	\$ 3,940	(10) %	(7) %	\$ 179	\$ 271	(34) %
Returns/charges associated with restructuring and other activities	(1)	(4)			(100)	(37)	
Total	\$ 3,561	\$ 3,936	(10) %	(7) %	\$ 79	\$ 234	(66) %

Organic Net Sales Growth - Reconciliation to GAAP (Unaudited)				
	Three Months Ended June 30 2022 vs. 2021			
	Organic Net Sales Growth (Non-GAAP) ⁽¹⁾	Impact of Acquisitions, Divestitures and Brand Closures, Net	Impact of Foreign Currency Translation	Net Sales Growth (GAAP)
The Americas	9 %	2 %	1 %	12 %
Europe, the Middle East & Africa	(9)	2	(4)	(11)
Asia/Pacific	(19)	—	(4)	(23)
Subtotal	(8) %	1 %	(3) %	(10) %
Returns associated with restructuring and other activities				—
Total	(8) %	1 %	(3) %	(10) %

⁽¹⁾Organic net sales growth represents net sales growth excluding returns associated with restructuring and other activities; non-comparable impacts of acquisitions, divestitures and brand closures (notably DECIEM and BECCA); as well as the impact of currency translation.

**Results by Geographic Region
(Unaudited)**

(\$ in millions)	Year Ended June 30						
	Net Sales		Percentage Change		Operating Income		Percentage Change
	2022	2021	Reported Basis	Constant Currency	2022	2021	Reported Basis
The Americas	\$ 4,623	\$ 3,797	22 %	21 %	\$ 1,159	\$ 518	100+ %
Europe, the Middle East & Africa	7,681	6,946	11	12	1,360	1,335	2
Asia/Pacific	5,437	5,486	(1)	(1)	795	993	(20)
Subtotal	\$17,741	\$16,229	9 %	10 %	\$ 3,314	\$ 2,846	16 %
Returns/charges associated with restructuring and other activities	(4)	(14)			(144)	(228)	37
Total	\$17,737	\$16,215	9 %	10 %	\$ 3,170	\$ 2,618	21 %

**Organic Net Sales Growth - Reconciliation to GAAP
(Unaudited)**

	Year Ended June 30 2022 vs. 2021			
	Organic Net Sales Growth (Non-GAAP) ⁽¹⁾	Impact of Acquisitions, Divestitures and Brand Closures, Net	Impact of Foreign Currency Translation	Net Sales Growth (GAAP)
The Americas	16 %	5 %	1 %	22 %
Europe, the Middle East & Africa	10	2	(1)	11
Asia/Pacific	(2)	1	—	(1)
Subtotal	8 %	2 %	(1) %	9 %
Returns associated with restructuring and other activities				—
Total	8 %	2 %	(1) %	9 %

⁽¹⁾Organic net sales growth represents net sales growth excluding returns associated with restructuring and other activities; non-comparable impacts of acquisitions, divestitures and brand closures (notably DECIEM and BECCA); as well as the impact of currency translation.

**Reconciliation between GAAP and Non-GAAP - Net Sales Growth
(Unaudited)**

	Three Months Ending		Twelve Months Ending	
	September 30, 2022 ^(f)		June 30, 2023 ^(f)	
As Reported - GAAP⁽¹⁾	(10%) - (8%)		3% - 5%	
Organic, Non-GAAP⁽²⁾	(6%) - (4%)		7% - 9%	
Impact of acquisitions, divestitures and brand closures	(1)		(1)	
Impact of foreign currency translation	(3)		(3)	
Returns associated with restructuring and other activities	—		—	
As Reported - GAAP⁽¹⁾	(10%) - (8%)		3% - 5%	

⁽¹⁾Includes returns associated with restructuring and other activities

⁽²⁾Organic net sales growth represents net sales growth excluding returns associated with restructuring and other activities; non-comparable impacts of already announced acquisitions, divestitures and brand closures (i.e., certain of our designer fragrances); as well as the impact of currency translation.

^(f)Represents forecast

**Reconciliation between GAAP and Non-GAAP - Diluted Earnings Per Share ("EPS")
(Unaudited)**

	Three Months Ending			Twelve Months Ending		
	September 30		Growth	June 30		Variance
	2022 ^(f)	2021		2023 ^(f)	2022	
Forecasted/As Reported EPS - GAAP⁽¹⁾	\$1.16 - \$1.28	\$ 1.88	(38%) - (32%)	\$7.11 - \$7.33	\$ 6.55	9% - 12%
<u>Non-GAAP</u>						
Restructuring and other charges	.04 - .06	.01		.21 - .28	.31	
Change in fair value of acquisition-related stock options (less the portion attributable to redeemable noncontrolling interest)	—	—		—	(.12)	
Other intangible and long-lived asset impairments	—	—		—	.50	
Forecasted/Adjusted EPS - Non-GAAP	\$1.22 - \$1.32	\$ 1.89	(36%) - (30%)	\$7.39 - \$7.54	\$ 7.24	2% - 4%
Impact of foreign currency translation	.04			.20		
Forecasted Adjusted Constant Currency EPS - Non-GAAP	\$1.26 - \$1.36		(34%) - (28%)	\$7.59 - \$7.74		5% - 7%

⁽¹⁾Includes restructuring and other charges and adjustments

^(f)Represents forecast

**Returns and Charges Associated With Restructuring and Other Activities and Other Adjustments
(Unaudited)**

	Three Months Ended June 30, 2022						
	Sales Returns	Cost of Sales	Operating Expenses		Total	After Redeemable Noncontrolling Interest and Tax	Diluted EPS
			Restructuring Charges	Other Charges/ Adjustments			
<i>(In millions, except per share data)</i>							
Leading Beauty Forward	\$ —	\$ —	\$ 1	\$ 3	\$ 4	\$ 3	\$.01
PCBA Program	1	7	85	3	96	76	.21
Change in fair value of acquisition-related stock options				3	3	3	.01
Other intangible asset impairments				25	25	19	.05
Total	\$ 1	\$ 7	\$ 86	\$ 34	\$ 128	\$ 101	\$.28

	Year Ended June 30, 2022						
	Sales Returns	Cost of Sales	Operating Expenses		Total	After Redeemable Noncontrolling Interest and Tax	Diluted EPS
			Restructuring Charges	Other Charges/ Adjustments			
<i>(In millions, except per share data)</i>							
Leading Beauty Forward	\$ —	\$ 2	\$ (1)	\$ 16	\$ 17	\$ 13	\$.04
PCBA Program	4	5	109	9	127	100	.27
Change in fair value of acquisition-related stock options				(55)	(55)	(43)	(.12)
Other intangible asset impairments				241	241	183	.50
Other income				(1)	(1)	(1)	—
Total	\$ 4	\$ 7	\$ 108	\$ 210	\$ 329	\$ 252	\$.69

	Three Months Ended June 30, 2021						
	Sales Returns	Cost of Sales	Operating Expenses		Total	After Redeemable Noncontrolling Interest and Tax	Diluted EPS
			Restructuring Charges	Other Charges/ Adjustments			
<i>(In millions, except per share data)</i>							
Leading Beauty Forward	\$ —	\$ 4	\$ (8)	\$ 5	\$ 1	\$ 1	\$ —
PCBA Program	4	(3)	34	1	36	26	.07
Changes in fair value of contingent consideration				—	—	—	—
Acquisition-related stock option expense				40	40	31	.09
Goodwill, other intangible and long-lived asset impairments				74	74	58	.16
Other income				(847)	(847)	(847)	(2.30)
Total	\$ 4	\$ 1	\$ 26	\$ (727)	\$ (696)	\$ (731)	\$ (1.98)

	Year Ended June 30, 2021						
	Sales Returns	Cost of Sales	Operating Expenses		Total	After Redeemable Noncontrolling Interest and Tax	Diluted EPS
			Restructuring Charges	Other Charges/ Adjustments			
<i>(In millions, except per share data)</i>							
Leading Beauty Forward	\$ —	\$ 8	\$ (15)	\$ 14	\$ 7	\$ 6	\$.02
PCBA Program	14	2	201	4	221	170	.46
Changes in fair value of contingent consideration				(2)	(2)	(2)	(.01)
Acquisition-related stock option expense				40	40	31	.09
Goodwill, other intangible and long-lived asset impairments				188	188	148	.40
Other income				(847)	(847)	(847)	(2.30)
Total	\$ 14	\$ 10	\$ 186	\$ (603)	\$ (393)	\$ (494)	\$ (1.34)

**Reconciliation of Certain Consolidated Statements of Earnings Accounts
Before and After Returns, Charges and Other Adjustments
(Unaudited)**

<i>(\$ in millions, except per share data)</i>	Three Months Ended June 30									
	2022					2021			% Change	
	As Reported	Returns/ Charges/ Adjustments	Non- GAAP	Impact of Foreign Currency Translation	Non- GAAP, Constant Currency	As Reported	Returns/ Charges/ Adjustments	Non- GAAP	Non- GAAP	Non- GAAP, Constant Currency
Net sales	\$ 3,561	\$ 1	\$ 3,562	\$ 120	\$ 3,682	\$ 3,936	\$ 4	\$ 3,940	(10) %	(7) %
Cost of sales	1,031	(7)	1,024	33	1,057	986	(1)	985		
Gross profit	2,530	8	2,538	87	2,625	2,950	5	2,955	(14) %	(11) %
<i>Gross margin</i>	<i>71.0 %</i>		<i>71.3 %</i>		<i>71.3 %</i>	<i>74.9 %</i>		<i>75.0 %</i>		
Operating expenses	2,451	(120)	2,331	85	2,416	2,716	(146)	2,570	(9) %	(6) %
<i>Operating expense margin</i>	<i>68.8 %</i>		<i>65.4 %</i>		<i>65.6 %</i>	<i>69.0 %</i>		<i>65.2 %</i>		
Operating income	79	128	207	2	209	234	151	385	(46) %	(46) %
<i>Operating income margin</i>	<i>2.2 %</i>		<i>5.8 %</i>		<i>5.7 %</i>	<i>5.9 %</i>		<i>9.8 %</i>		
Other income	—	—	—	—	—	847	(847)	—	— %	— %
Provision(benefit) for income taxes	(2)	27	25	1	26	35	26	61	(59) %	(57) %
Net earnings attributable to The Estée Lauder Companies Inc.	\$ 52	\$ 101	\$ 153	\$ 2	\$ 155	\$ 1,018	\$ (731)	\$ 287	(47) %	(46) %
Diluted EPS	\$.14	\$.28	\$.42	\$.01	\$.43	\$ 2.76	\$ (1.98)	\$.78	(46) %	(45) %

**Reconciliation of Certain Consolidated Statements of Earnings Accounts
Before and After Returns, Charges and Other Adjustments
(Unaudited)**

<i>(\$ in millions, except per share data)</i>	Year Ended June 30									
	2022					2021			% Change	
	As Reported	Returns/ Charges/ Adjustments	Non- GAAP	Impact of Foreign Currency Translation	Non- GAAP, Constant Currency	As Reported	Returns/ Charges/ Adjustments	Non- GAAP	Non- GAAP	Non- GAAP, Constant Currency
Net sales	\$ 17,737	\$ 4	\$ 17,741	\$ 88	\$ 17,829	\$ 16,215	\$ 14	\$ 16,229	9 %	10 %
Cost of sales	4,305	(7)	4,298	29	4,327	3,834	(10)	3,824		
Gross profit	13,432	11	13,443	59	13,502	12,381	24	12,405	8 %	9 %
<i>Gross margin</i>	<i>75.7 %</i>		<i>75.8 %</i>		<i>75.7 %</i>	<i>76.4 %</i>		<i>76.4 %</i>		
Operating expenses	10,262	(319)	9,943	80	10,023	9,763	(430)	9,333	7 %	7 %
<i>Operating expense margin</i>	<i>57.9 %</i>		<i>56.0 %</i>		<i>56.2 %</i>	<i>60.2 %</i>		<i>57.5 %</i>		
Operating income	3,170	330	3,500	(21)	3,479	2,618	454	3,072	14 %	13 %
<i>Operating income margin</i>	<i>17.9 %</i>		<i>19.7 %</i>		<i>19.5 %</i>	<i>16.1 %</i>		<i>18.9 %</i>		
Other income	1	(1)	—	—	—	847	(847)	—	— %	— %
Provision for income taxes	628	89	717	(5)	712	456	92	548	31 %	30 %
Net earnings attributable to The Estée Lauder Companies Inc.	\$ 2,390	\$ 252	\$ 2,642	\$ (14)	\$ 2,628	\$ 2,870	\$ (494)	\$ 2,376	11 %	11 %
Diluted EPS	\$ 6.55	\$.69	\$ 7.24	\$ (.04)	\$ 7.2	\$ 7.79	\$ (1.34)	\$ 6.45	12 %	12 %

FISCAL 2021

In May 2016, the Company announced a multi-year initiative (“Leading Beauty Forward”) to build on its strengths and better leverage its cost structure to free resources for investment to continue its growth momentum. Leading Beauty Forward was designed to enhance the Company’s go-to-market capabilities, reinforce its leadership in global prestige beauty and continue creating sustainable value. As of June 30, 2019, the Company concluded the approvals of all major initiatives under Leading Beauty Forward related to the optimization of select corporate functions, supply chain activities, and corporate and regional market support structures, as well as the exit of underperforming businesses, and expects to substantially complete those initiatives through fiscal 2021. Inclusive of approvals from inception through June 30, 2019, the Company estimates that Leading Beauty Forward may result in related restructuring and other charges totaling between \$950 million and \$990 million, before taxes, consisting of employee-related costs, asset write-offs and other costs to implement these initiatives. After its full implementation, the Company expects Leading Beauty Forward to yield annual net benefits, primarily in Selling, general and administrative expenses and, to a lesser extent, Cost of sales, of between \$425 million and \$475 million, before taxes. These savings can be used to improve margin, mitigate risk and invest in future growth initiatives.

Reconciliation between GAAP and Non-GAAP (Unaudited)

	Three Months Ended June 30, 2021				Three Months Ended June 30	
	Net Sales		Diluted EPS		Diluted EPS	
	% Change	% Change, Constant Currency	% Change	% Change, Constant Currency	2021	2020
As Reported Results ⁽¹⁾	62 %	56 %	100+	100+	\$ 2.76	\$ (1.28)
Restructuring and other charges					.07	.05
Changes in fair value of contingent consideration					—	(.02)
Acquisition-related stock option expense					.09	—
Goodwill, other intangible and long-lived asset impairments					.16	.70
Other income, net					(2.30)	.02
Non-GAAP		56 %	100+		\$.78	\$ (.53)
Impact of foreign currency on earnings per share					(.02)	
Non-GAAP, constant currency earnings per share				100+	\$.76	

⁽¹⁾Represents GAAP, except Constant Currency percentages

**Reconciliation between GAAP and Non-GAAP
(Unaudited)**

	Year Ended June 30, 2021				Year Ended June 30	
	Net Sales		Diluted Earnings Per Share ("EPS")		Diluted EPS	
	% Change	% Change, Constant Currency	% Change	% Change, Constant Currency	2021	2020
As Reported Results ⁽¹⁾	13 %	11 %	100+ %	100+ %	\$ 7.79	\$ 1.86
Restructuring and other charges					.48	.19
Changes in fair value of contingent consideration					(.01)	(.04)
Acquisition-related stock option expense					.09	—
Goodwill, other intangible and long-lived asset impairments					.40	3.31
Other income, net ⁽²⁾					(2.30)	(1.20)
Non-GAAP		11 %	57 %		\$ 6.45	\$ 4.12
Impact of foreign currency on earnings per share					(.11)	
Non-GAAP, constant currency earnings per share				54 %	\$ 6.34	

⁽¹⁾ Represents GAAP, except Constant Currency percentages

**Returns and Charges Associated With Restructuring and Other Activities and Other Adjustments
(Unaudited)**

<i>(In millions, except per share data)</i>	Three Months Ended June 30, 2021						
	Sales Returns	Cost of Sales	Operating Expenses		Total	After Tax	Diluted EPS
			Restructuring Charges	Other Charges/ Adjustments			
Leading Beauty Forward	\$ —	\$ 4	\$ (8)	\$ 5	\$ 1	\$ 1	\$ —
PCBA Program	4	(3)	34	1	36	26	.07
Changes in fair value of contingent consideration				—	—	—	—
Acquisition-related stock option expense				40	40	31	.09
Goodwill, other intangible and long-lived asset impairments				74	74	58	.16
Other income, net				(847)	(847)	(847)	(2.30)
Total	\$ 4	\$ 1	\$ 26	\$ (727)	\$ (696)	\$ (731)	\$ (1.98)

<i>(In millions, except per share data)</i>	Year Ended June 30, 2021						
	Sales Returns	Cost of Sales	Operating Expenses		Total	After Tax	Diluted EPS
			Restructuring Charges	Other Charges/ Adjustments			
Leading Beauty Forward	\$ —	\$ 8	\$ (15)	\$ 14	\$ 7	\$ 6	\$.02
PCBA Program	14	2	201	4	221	170	.46
Changes in fair value of contingent consideration				(2)	(2)	(2)	(.01)
Acquisition-related stock option expense				40	40	31	.09
Goodwill, other intangible and long-lived asset impairments				188	188	148	.40
Other income, net				(847)	(847)	(847)	(2.30)
Total	\$ 14	\$ 10	\$ 186	\$ (603)	\$ (393)	\$ (494)	\$ (1.34)

<i>(In millions, except per share data)</i>	Three Months Ended June 30, 2020						
	Sales Returns	Cost of Sales	Operating Expenses		Total	After Tax	Diluted EPS
			Restructuring Charges	Other Charges/ Adjustments			
Leading Beauty Forward	\$ —	\$ 1	\$ 14	\$ 5	\$ 20	\$ 17	\$.05
Changes in fair value of contingent consideration				(8)	(8)	(8)	(.02)
Goodwill, other intangible and long-lived asset impairments				303	303	254	.70
Other income, net				19	19	9	.02
Total	\$ —	\$ 1	\$ 14	\$ 319	\$ 334	\$ 272	\$.75

<i>(In millions, except per share data)</i>	Year Ended June 30, 2020						
	Sales Returns	Cost of Sales	Operating Expenses		Total	After Tax	Diluted EPS
			Restructuring Charges	Other Charges/ Adjustments			
Leading Beauty Forward	\$ —	\$ 10	\$ 34	\$ 39	\$ 83	\$ 68	\$.19
Changes in fair value of contingent consideration				(17)	(17)	(16)	(.04)
Goodwill, other intangible and long-lived asset impairments				1,426	1,426	1,215	3.31
Other income, net				(557)	(557)	(441)	(1.20)
Total	\$ —	\$ 10	\$ 34	\$ 891	\$ 935	\$ 826	\$ 2.26

**Results by Product Category
(Unaudited)**

	Three Months Ended June 30						
	Net Sales		Percentage Change		Operating Income (Loss)		Percentage Change
	2021	2020	Reported Basis	Constant Currency	2021	2020	Reported Basis
<i>(\$ in millions)</i>							
Skin Care	\$ 2,371	\$ 1,612	47 %	42 %	\$ 583	\$ 303	92 %
Makeup	960	545	76	70	(269)	(648)	58
Fragrance	448	171	100+	100+%	(33)	(146)	77
Hair Care	153	98	56	52	(9)	(29)	69
Other	8	4	100	100	(1)	(3)	67
Subtotal	3,940	2,430	62	56	271	(523)	100+
Returns/charges associated with restructuring and other activities	(4)				(37)	(20)	
Total	\$ 3,936	\$ 2,430	62 %	56 %	\$ 234	\$ (543)	100+%

**Results by Product Category
(Unaudited)**

	Year Ended June 30						
	Net Sales		Percentage Change		Operating Income (Loss)		Percentage Change
	2021	2020	Reported Basis	Constant Currency	2021	2020	Reported Basis
<i>(\$ in millions)</i>							
Skin Care	\$ 9,484	\$ 7,382	28 %	25 %	\$ 3,036	\$ 2,125	43 %
Makeup	4,203	4,794	(12)	(14)	(384)	(1,438)	73
Fragrance	1,926	1,563	23	21	215	17	100+
Hair Care	571	515	11	9	(19)	(19)	—
Other	45	40	13	10	(2)	4	(100+)
Subtotal	16,229	14,294	14	11	2,846	689	100+
Returns/charges associated with restructuring and other activities	(14)	—			(228)	(83)	
Total	\$ 16,215	\$ 14,294	13 %	11 %	\$ 2,618	\$ 606	100+%

**Results by Geographic Region
(Unaudited)**

<i>(\$ in millions)</i>	Three Months Ended June 30						
	Net Sales		Percentage Change		Operating Income (Loss)		Percentage Change
	2021	2020	Reported Basis	Constant Currency	2021	2020	Reported Basis
The Americas	\$ 960	\$ 516	86 %	86 %	\$ 262	\$ (473)	100+%
Europe, the Middle East & Africa	1,670	981	70	65	(94)	(87)	(8)
Asia/Pacific	1,310	933	40	30	103	37	100+
Subtotal	3,940	2,430	62	56	271	(523)	100+
Returns/charges associated with restructuring and other activities	(4)				(37)	(20)	
Total	\$ 3,936	\$ 2,430	62 %	56 %	\$ 234	\$ (543)	100+%

**Results by Geographic Region
(Unaudited)**

<i>(\$ in millions)</i>	Year Ended June 30						
	Net Sales		Percentage Change		Operating Income (Loss)		Percentage Change
	2021	2020	Reported Basis	Constant Currency	2021	2020	Reported Basis
The Americas	\$ 3,797	\$ 3,794	— %	1 %	\$ 518	\$(1,044)	100+%
Europe, the Middle East & Africa	6,946	6,262	11	9	1,335	997	34
Asia/Pacific	5,486	4,238	29	22	993	736	35
Subtotal	16,229	14,294	14	11	2,846	689	100+
Returns/charges associated with restructuring and other activities	(14)	—			(228)	(83)	(100+)
Total	\$16,215	\$14,294	13 %	11 %	\$ 2,618	\$ 606	100+%

**Reconciliation of Certain Consolidated Statements of Earnings (Loss) Accounts
Before and After Returns, Charges and Other Adjustments
(Unaudited)**

<i>(\$ in millions, except per share data)</i>	Three Months Ended June 30									
	2021					2020			% Change	
	As Reported	Returns/ Charges/ Adjustments	Non- GAAP	Impact of Foreign Currency Translation	Non- GAAP, Constant Currency	As Reported	Returns/ Charges/ Adjustments	Non- GAAP	Non- GAAP	Non- GAAP, Constant Currency
Net sales	\$ 3,936	\$ 4	\$ 3,940	\$ (146)	\$ 3,794	\$ 2,430	\$ —	\$ 2,430	62 %	56 %
Cost of sales	986	(1)	985	(36)	949	767	(1)	766		
Gross profit	2,950	5	2,955	(110)	2,845	1,663	1	1,664	78 %	71 %
<i>Gross margin</i>	<i>74.9 %</i>		<i>75.0 %</i>		<i>75.0 %</i>	<i>68.4 %</i>		<i>68.5 %</i>		
Operating expenses	2,716	(146)	2,570	(103)	2,467	2,206	(314)	1,892	36 %	30 %
<i>Operating expense margin</i>	<i>69.0 %</i>		<i>65.2 %</i>		<i>65.0 %</i>	<i>90.8 %</i>		<i>77.9 %</i>		
Operating income (loss)	234	151	385	(7)	378	(543)	315	(228)	100+%	100+%
<i>Operating income (loss) margin</i>	<i>5.9 %</i>		<i>9.8 %</i>		<i>10.0 %</i>	<i>(22.3)%</i>		<i>(9.4)%</i>		
Other income (loss), net	847	(847)	—	—	—	(19)	19	—	— %	— %
Provision (benefit) for income taxes	35	26	61	(2)	59	(146)	62	(84)	100+%	100+%
Net earnings (loss) attributable to The Estée Lauder Companies Inc.	\$ 1,018	\$ (731)	\$ 287	\$ (6)	\$ 281	\$ (462)	\$ 272	\$ (190)	100+%	100+%
Diluted EPS	\$ 2.76	\$ (1.98)	\$.78	\$ (.02)	\$.76	\$ (1.28)	\$.75	\$ (.53)	100+%	100+%

**Reconciliation of Certain Consolidated Statements of Earnings Accounts
Before and After Returns, Charges and Other Adjustments
(Unaudited)**

<i>(\$ in millions, except per share data)</i>	Year Ended June 30									
	2021					2020			% Change	
	As Reported	Returns/ Charges/ Adjustments	Non- GAAP	Impact of Foreign Currency Translation	Non- GAAP, Constant Currency	As Reported	Returns/ Charges/ Adjustments	Non- GAAP	Non- GAAP	Non- GAAP, Constant Currency
Net sales	\$ 16,215	\$ 14	\$16,229	\$ (357)	\$15,872	\$14,294	\$ —	\$ 14,294	14 %	11 %
Cost of sales	3,834	(10)	3,824	(79)	3,745	3,552	(10)	3,542		
Gross profit	12,381	24	12,405	(278)	12,127	10,742	10	10,752	15 %	13 %
<i>Gross margin</i>	<i>76.4 %</i>		<i>76.4 %</i>		<i>76.4 %</i>	<i>75.2 %</i>		<i>75.2 %</i>		
Operating expenses	9,763	(430)	9,333	(230)	9,103	10,136	(1,482)	8,654	8 %	5 %
<i>Operating expense margin</i>	<i>60.2 %</i>		<i>57.5 %</i>		<i>57.4 %</i>	<i>70.9 %</i>		<i>60.5 %</i>		
Operating income	2,618	454	3,072	(48)	3,024	606	1,492	2,098	46 %	44 %
<i>Operating income margin</i>	<i>16.1 %</i>		<i>18.9 %</i>		<i>19.1 %</i>	<i>4.2 %</i>		<i>14.7 %</i>		
Other income, net	847	(847)	—	—	—	557	(557)	—	— %	— %
Provision for income taxes	456	92	548	(10)	538	350	109	459	19 %	17 %
Net earnings attributable to The Estée Lauder Companies Inc.	\$ 2,870	\$ (494)	\$ 2,376	\$ (41)	\$ 2,335	\$ 684	\$ 826	\$ 1,510	57 %	55 %
Diluted EPS	\$ 7.79	\$ (1.34)	\$ 6.45	\$ (.11)	\$ 6.34	\$ 1.86	\$ 2.26	\$ 4.12	57 %	54 %

**Reconciliation between GAAP and Non-GAAP - Net Sales Growth
(Unaudited)**

	Three Months Ending	Twelve Months Ending
	September 30, 2021 ^(F)	June 30, 2022 ^(F)
As Reported - GAAP⁽¹⁾	17% - 19%	13% - 16%
Organic, Non-GAAP	11% - 13%	9% - 12%
Impact of acquisitions, divestitures and brand closures	3%	3%
Impact of foreign currency	3%	1%
Returns associated with restructuring and other activities	—%	—%
As Reported - GAAP⁽¹⁾	17% - 19%	13% - 16%

⁽¹⁾Includes returns associated with restructuring and other activities

^(F)Represents forecast

**Reconciliation between GAAP and Non-GAAP - Diluted Earnings Per Share ("EPS")
(Unaudited)**

	Three Months Ending			Twelve Months Ending		
	September 30		Growth	June 30		Variance
	2021 ^(F)	2020		2022 ^(F)	2021	
Forecasted/Actual EPS - GAAP⁽¹⁾	\$1.49 - \$1.61	\$ 1.42	5% - 13%	\$7.04 - \$7.26	\$ 7.79	(10%) - (7%)
<u>Non-GAAP</u>						
Restructuring and other charges	.04 - .06	.02		.12 - .19	.48	
Changes in fair value of contingent consideration	—	—		—	(.01)	
Acquisition-related stock option expense	—	—		—	.09	
Goodwill, other intangible and long-lived asset impairments	—	—		—	.40	
Other income	—	—		—	(2.30)	
Forecasted/Actual EPS - Non-GAAP	\$1.55 - \$1.65	\$ 1.44	7% - 14%	\$7.23 - \$7.38	\$ 6.45	12% - 15%
Impact of foreign currency	(.05)			(.19)		
Forecasted Constant Currency EPS - Non-GAAP	\$1.50 - \$1.60		4% - 11%	\$7.04 - \$7.19		9% - 12%

⁽¹⁾Includes restructuring and other charges and adjustments

^(F)Represents forecast

FISCAL 2020
**Reconciliation between GAAP and Non-GAAP
(Unaudited)**

	Three Months Ended June 30, 2020				Three Months Ended June 30	
	Net Sales		Diluted EPS		Diluted EPS ⁽²⁾	
	% Change	% Change, Constant Currency	% Change	% Change, Constant Currency	2020	2019
As Reported Results⁽¹⁾	(32)%	(31)%	(100+)	(100+)	\$ (1.28)	\$.43
Restructuring and other charges					.05	.25
Changes in fair value of contingent consideration					(.02)	(.04)
Goodwill, other intangible and long-lived asset impairments					.70	—
Other income, net					.02	—
Non-GAAP		(31)%	(100+)		\$ (.53)	\$.64
Impact of foreign currency on earnings per share					.03	
Non-GAAP, constant currency earnings per				(100+)	\$ (.50)	

⁽¹⁾ Represents GAAP, except Constant Currency percentages

**Reconciliation between GAAP and Non-GAAP
(Unaudited)**

	Year Ended June 30, 2020				Year Ended June 30	
	Net Sales		Diluted Earnings Per Share ("EPS")		Diluted EPS	
	% Change	% Change, Constant Currency	% Change	% Change, Constant Currency	2020	2019
As Reported Results⁽¹⁾	(4)%	(3)%	(61)%	(60)%	\$ 1.86	\$ 4.82
Restructuring and other charges					.19	.51
Changes in fair value of contingent					(.04)	(.08)
Goodwill, other intangible and long-lived asset impairments					3.31	.23
Other income, net					(1.20)	(.15)
Transition Tax resulting from the TCJA					—	(.03)
Remeasurement of U.S. net deferred tax assets as of the TCJA enactment date					—	.02
Net deferred tax liability related to foreign withholding taxes on certain foreign earnings resulting from the TCJA					—	.02
Non-GAAP		(3)%	(23)%		\$ 4.12	\$ 5.34
Impact of foreign currency on earnings per					.04	
Non-GAAP, constant currency earnings per				(22)%	\$ 4.16	

⁽¹⁾ Represents GAAP, except Constant Currency percentages

**Results by Product Category
(Unaudited)**

	Three Months Ended June 30						
	Net Sales		Percentage Change		Operating Income (Loss)		Percentage Change
	2020	2019	Reported Basis	Constant Currency	2020	2019	Reported Basis
<i>(\$ in millions)</i>							
Skin Care	\$ 1,612	\$ 1,589	1 %	3 %	\$ 303	\$ 301	1 %
Makeup	545	1,433	(62)	(61)	(648)	40	(100+)
Fragrance	171	401	(57)	(56)	(146)	(16)	(100+)
Hair Care	98	151	(35)	(35)	(29)	12	(100+)
Other	4	17	(76)	(76)	(3)	3	(100+)
Subtotal	2,430	3,591	(32)	(31)	(523)	340	(100+)
Returns associated with restructuring and other activities	—	(1)			(20)	(124)	
Total	\$ 2,430	\$ 3,590	(32)%	(31)%	\$ (543)	\$ 216	(100+)%

**Results by Product Category
(Unaudited)**

	Year Ended June 30						
	Net Sales		Percentage Change		Operating Income (Loss)		Percentage Change
	2020	2019	Reported Basis	Constant Currency	2020	2019	Reported Basis
<i>(\$ in millions)</i>							
Skin Care	\$ 7,382	\$ 6,551	13 %	14 %	\$ 2,125	\$ 1,925	10 %
Makeup	4,794	5,860	(18)	(17)	(1,438)	438	(100+)
Fragrance	1,563	1,802	(13)	(12)	17	140	(88)
Hair Care	515	584	(12)	(11)	(19)	39	(100+)
Other	40	69	(42)	(42)	4	12	(67)
Subtotal	14,294	14,866	(4)	(3)	689	2,554	(73)
Returns/ charges associated with restructuring and other activities	—	(3)			(83)	(241)	
Total	\$14,294	\$14,863	(4)%	(3)%	\$ 606	\$ 2,313	(74)%

**Results by Geographic Region
(Unaudited)**

	Three Months Ended June 30						
	Net Sales		Percentage Change		Operating Income (Loss)		Percentage Change
	2020	2019	Reported Basis	Constant Currency	2020	2019	Reported Basis
<i>(\$ in millions)</i>							
The Americas	\$ 516	\$ 1,132	(54)%	(54)%	\$ (473)	\$ 89	(100+)%
Europe, the Middle East & Africa	981	1,627	(40)	(39)	(87)	213	(100+)
Asia/Pacific	933	832	12	16	37	38	(3)
Subtotal	2,430	3,591	(32)	(31)	(523)	340	(100+)
Returns associated with restructuring and other activities	—	(1)			(20)	(124)	
Total	\$ 2,430	\$ 3,590	(32)%	(31)%	\$ (543)	\$ 216	(100+)%

**Results by Geographic Region
(Unaudited)**

	Year Ended June 30						
	Net Sales		Percentage Change		Operating Income (Loss)		Percentage Change
	2020	2019	Reported Basis	Constant Currency	2020	2019	Reported Basis
<i>(\$ in millions)</i>							
The Americas	\$ 3,794	\$ 4,741	(20)%	(20)%	\$(1,044)	\$ 672	(100+)%
Europe, the Middle East & Africa	6,262	6,452	(3)	(2)	997	1,153	(14)
Asia/Pacific	4,238	3,673	15	18	736	729	1
Subtotal	14,294	14,866	(4)	(3)	689	2,554	(73)
Returns/ charges associated with restructuring and other activities	—	(3)			(83)	(241)	66
Total	\$14,294	\$14,863	(4)%	(3)%	\$ 606	\$2,313	(74)%

**Reconciliation between GAAP and Non-GAAP
(Unaudited)**

	Three Months Ending September 30, 2020 ^(F)				Three Months Ending September 2019	
	Net Sales Growth		Diluted EPS Growth		Diluted EPS	
	%	%, Constant Currency	%	%, Constant Currency	2020 ^(F)	2019
Forecast / Actual Results ⁽¹⁾	(13%)-(12%)	(12%)-(11%)	(54%)-(51%)	(53%)-(50%)	\$.77-\$.83	\$ 1.61
<u>Non-GAAP</u>						
Restructuring and other charges					.02-.03	.06
Non-GAAP			(52%)-(49%)		\$.80-\$.85	\$ 1.67
Impact of foreign currency on earnings per share					.01	
Forecasted constant currency net sales growth and earnings per share		(12%)-(11%)		(51%)-(48%)	\$.81-\$.86	

⁽¹⁾Represents GAAP, except Constant Currency percentages; includes restructuring and other charges

^(F)Represents forecast

**Returns and Charges Associated With Restructuring and Other Activities and Other Adjustments
(Unaudited)**

	Three Months Ended June 30, 2020						
	Sales Returns	Cost of Sales	Operating Expenses		Total	After Tax	Diluted EPS
			Restructuring Charges	Other Charges/ Adjustments			
<i>(In millions, except per share data)</i>							
Leading Beauty Forward	\$ —	\$ 1	\$ 14	\$ 5	\$ 20	\$ 17	\$.05
Changes in fair value of contingent consideration				(8)	(8)	(8)	(.02)
Goodwill, other intangible and long-lived asset impairments				303	303	254	.70
Other income, net				19	19	9	.02
Total	\$ —	\$ 1	\$ 14	\$ 319	\$ 334	\$ 272	\$.75

	Year Ended June 30, 2020						
	Sales Returns	Cost of Sales	Operating Expenses		Total	After Tax	Diluted EPS
			Restructuring Charges	Other Charges/ Adjustments			
<i>(In millions, except per share data)</i>							
Leading Beauty Forward	\$ —	\$ 10	\$ 34	\$ 39	\$ 83	\$ 68	\$.19
Changes in fair value of contingent consideration				(17)	(17)	(16)	(.04)
Goodwill, other intangible and long-lived asset impairments				1,426	1,426	1,215	3.31
Other income, net				(557)	(557)	(441)	(1.20)
Total	\$ —	\$ 10	\$ 34	\$ 891	\$ 935	\$ 826	\$ 2.26

	Three Months Ended June 30, 2019						
	Sales Returns	Cost of Sales	Operating Expenses		Total	After Tax	Diluted EPS
			Restructuring Charges	Other Charges/ Adjustments			
<i>(In millions, except per share data)</i>							
Leading Beauty Forward	\$ 1	\$ 6	\$ 102	\$ 15	\$ 124	\$ 95	\$.25
Changes in fair value of contingent consideration				(19)	(19)	(16)	(.04)
Total	\$ 1	\$ 6	\$ 102	\$ (4)	\$ 105	\$ 79	\$.21

	Year Ended June 30, 2019						
	Sales Returns	Cost of Sales	Operating Expenses		Total	After Tax	Diluted EPS
			Restructuring Charges	Other Charges/ Adjustments			
<i>(In millions, except per share data)</i>							
Leading Beauty Forward	\$ 3	\$ 22	\$ 133	\$ 83	\$ 241	\$ 190	\$.51
Changes in fair value of contingent consideration				(37)	(37)	(31)	(.08)
Goodwill and other intangible asset impairments				90	90	85	.23
Other income, net				(71)	(71)	(57)	(.15)
Transition Tax resulting from the TCJA						(12)	(.03)
Remeasurement of U.S. net deferred tax assets as of the TCJA enactment date						8	.02
Net deferred tax liability related to foreign withholding taxes on certain foreign earnings resulting from the TCJA						9	.02
Total	\$ 3	\$ 22	\$ 133	\$ 65	\$ 223	\$ 192	\$.52

**Reconciliation of Certain Consolidated Statements of Earnings (Loss) Accounts
Before and After Returns, Charges and Other Adjustments
(Unaudited)**

	Three Months Ended June 30									
	2020					2019			% Change	
	As Reported	Returns/ Charges/ Adjustments	Non-GAAP	Impact of Foreign Currency Translation	Non-GAAP, Constant Currency	As Reported	Returns/ Charges/ Adjustments	Non-GAAP	Non-GAAP	Non-GAAP, Constant Currency
<i>(In millions, except per share data)</i>										
Net sales	\$ 2,430	\$ —	\$ 2,430	\$ 48	\$ 2,478	\$ 3,590	\$ 1	\$ 3,591	(32)%	(31)%
Cost of sales	767	(1)	766	12	778	835	(6)	829		
Gross profit	1,663	1	1,664	36	1,700	2,755	7	2,762	(40)%	(38)%
Gross margin	68.4 %		68.5 %		68.6 %	76.7 %		76.9 %		
Operating expenses	2,206	(314)	1,892	29	1,921	2,539	(98)	2,441	(22)%	(21)%
Operating expense margin	90.8 %		77.9 %		77.5 %	70.7 %		68.0 %		
Operating income (loss)	(543)	315	(228)	7	(221)	216	105	321	(100+)%	(100+)%
Operating income (loss) margin	(22.3)%		(9.4)%		(8.9)%	6.0 %		8.9 %		
Other income (loss), net	(19)	19	—	—	—	—	—	—	—%	—%
Provision (benefit) for income taxes	(146)	62	(84)	(1)	(85)	41	27	68	(100+)%	(100+)%
Net earnings (loss) attributable to The Estée Lauder Companies Inc.	\$ (462)	\$ 272	\$ (190)	\$ 8	\$ (182)	\$ 157	\$ 78	\$ 235	(100+)%	(100+)%
Diluted EPS	\$ (1.28)	\$.75	\$ (.53)	\$.03	\$ (.50)	\$.43	\$.21	\$.64	(100+)%	(100+)%

**Reconciliation of Certain Consolidated Statements of Earnings Accounts
Before and After Returns, Charges and Other Adjustments
(Unaudited)**

	Year Ended June 30											
	2020					2019					% Change	
	As Reported	Returns/ Charges/ Adjustments	Non-GAAP	Impact of Foreign Currency Translation	Non- GAAP, Constant Currency	As Reported	Returns/ Charges/ Adjustments	Non-GAAP	Non- GAAP	Non- GAAP, Constant Currency		
<i>(\$ in millions, except per share data)</i>												
Net sales	\$ 14,294	\$ —	\$ 14,294	\$ 154	\$ 14,448	\$ 14,863	\$ 3	\$ 14,866	(4)%	(3)%		
Cost of sales	3,552	(10)	3,542	38	3,580	3,387	(22)	3,365				
Gross profit	10,742	10	10,752	116	10,868	11,476	25	11,501	(7)%	(6)%		
<i>Gross margin</i>	<i>75.2 %</i>		<i>75.2 %</i>		<i>75.2 %</i>	<i>77.2 %</i>		<i>77.4 %</i>				
Operating expenses	10,136	(1,482)	8,654	94	8,748	9,163	(269)	8,894	(3)%	(2)%		
<i>Operating expense margin</i>	<i>70.9 %</i>		<i>60.5 %</i>		<i>60.5 %</i>	<i>61.6 %</i>		<i>59.8 %</i>				
Operating income	606	1,492	2,098	22	2,120	2,313	294	2,607	(20)%	(19)%		
<i>Operating income</i>	<i>4.2 %</i>		<i>14.7 %</i>		<i>14.7 %</i>	<i>15.6 %</i>		<i>17.5 %</i>				
Other income, net	557	(557)	—	—	—	71	(71)	—	— %	— %		
Provision for income taxes	350	109	459	4	463	513	31	544	(16)%	(15)%		
Net earnings attributable to The Estée Lauder Companies Inc.	\$ 684	\$ 826	\$ 1,510	\$ 18	\$ 1,528	\$ 1,785	\$ 192	\$ 1,977	(24)%	(23)%		
Diluted EPS	\$ 1.86	\$ 2.26	\$ 4.12	\$.04	\$ 4.16	\$ 4.82	\$.52	\$ 5.34	(23)%	(22)%		

FISCAL 2019

In May 2016, the Company announced a multi-year initiative (“Leading Beauty Forward,” or the “Program”) to build on its strengths and better leverage its cost structure to free resources for investment to continue our growth momentum. Leading Beauty Forward is designed to enhance the Company’s go-to-market capabilities, reinforce its leadership in global prestige beauty and continue creating sustainable value. As of June 30, 2019, the Company concluded the approvals of all major initiatives under Leading Beauty Forward related to the optimization of select corporate functions, supply chain activities, and corporate and regional market support structures, as well as the exit of underperforming businesses, and expect to substantially complete those initiatives through fiscal 2021. The Company previously estimated that Leading Beauty Forward would result in related restructuring and other charges totaling between \$900 million and \$950 million, before taxes. After concluding the final approvals and reviewing the progress of previously approved initiatives under Leading Beauty Forward that are being implemented, the Company revised its estimates for cost approvals under the Program. Inclusive of approvals from inception through June 30, 2019, the Company now estimate that Leading Beauty Forward may result in related restructuring and other charges totaling between \$950 million and \$990 million, before taxes, consisting of employee-related costs, asset write-offs and other costs to implement these initiatives. As many of the previously approved Leading Beauty Forward initiatives are progressing through their implementation stages, the Company is revising its previous estimate of annual net benefits of between \$350 million and \$450 million, before taxes. After its full implementation, it now expects Leading Beauty Forward to yield annual net benefits, primarily in Selling, general and administrative expenses and, to a lesser extent, Cost of sales, of between \$425 million and \$475 million, before taxes. These savings can be used to improve margin, mitigate risk and invest in future growth initiatives.

The Company recorded \$19 million and \$37 million of income within Selling, general and administrative expenses for the three and twelve months ended June 30, 2019, respectively to reflect changes in the fair value of its contingent consideration related to certain of its fiscal 2015 and 2016 acquisitions. During the three and twelve months ended June 30, 2018, the Company recorded income of \$37 million and \$43 million, respectively.

The Company recorded \$90 million of goodwill and other intangible asset impairments with an impact of \$.23 per common share for the twelve months ended June 30, 2019 related to its Smashbox reporting unit. During 2019, Smashbox made revisions to its internal forecasts reflecting the slowdown of its makeup business driven by ongoing competitive activity and lower than expected growth in key retail channels for the brand.

The Tax Cuts and Jobs Act (the "TCJA"), which was enacted on December 22, 2017, presented us with opportunities to manage cash and investments more efficiently on a global basis. Accordingly, during the third quarter of fiscal 2019, as part of the assessment of those opportunities, we sold our available-for-sale securities, which liquidated our investment in the foreign subsidiary that owned those securities. As a result, we recorded a realized net gain on liquidation of our investment in a foreign subsidiary of \$71 million (\$57 million after tax), for a net impact of \$.15 per common share.

During the twelve months ended June 30, 2019, the Company recorded a net charge of \$5 million equal to \$.01 per common share to reflect the finalization of the TCJA provisional charges recorded in fiscal 2018. For the twelve months ended June 30, 2018, the Company recorded provisional charges resulting from the enactment of the TCJA totaling \$427 million, equal to \$1.14 per common share.

Returns and Charges Associated With Restructuring and Other Activities and Other Adjustments

(Unaudited; \$ in millions, except per share data)

	Operating Expenses				Total	After Tax	Diluted Earnings Per Share
	Sales Returns	Cost of Sales	Restructuring Charges	Other Charges/ Adjustments			
Three Months Ended June 30, 2019							
Leading Beauty Forward	\$ 1	\$ 6	\$ 102	\$ 15	\$ 124	\$ 95	\$.25
Contingent consideration			(19)	(19)	(19)	(16)	(.04)
Total	\$ 1	\$ 6	\$ 102	\$ (4)	\$ 105	\$ 79	\$.21
Year Ended June 30, 2019							
Leading Beauty Forward	\$ 3	\$ 22	\$ 133	\$ 83	\$ 241	\$ 190	\$.51
Contingent consideration				(37)	(37)	(31)	(.08)
Gain on liquidation of an investment in a foreign subsidiary, net				(71)	(71)	(57)	(.15)
Goodwill and other intangible asset impairments				90	90	85	.23
Transition Tax resulting from the TCJA						(12)	(.03)
Remeasurement of U.S. net deferred tax assets as of the TCJA enactment date						8	.02
Net deferred tax liability related to foreign withholding taxes on certain foreign earnings resulting from the TCJA						9	.02
Total	\$ 3	\$ 22	\$ 133	\$ 65	\$ 223	\$ 192	\$.52

(Unaudited; \$ in millions, except per share data)

	Operating Expenses				Total	After Tax	Diluted Earnings Per Share
	Sales Returns	Cost of Sales	Restructuring Charges	Other Charges/ Adjustments			
Three Months Ended June 30, 2018							
Leading Beauty Forward	\$ 8	\$ 9	\$ 2	\$ 31	\$ 50	\$ 37	\$.10
Contingent consideration				(37)	(37)	(29)	(.08)
Transition Tax resulting from the TCJA						19	.05
Remeasurement of U.S. net deferred tax assets as of the TCJA enactment date						(12)	(.03)
Net deferred tax liability related to foreign withholding taxes on certain foreign earnings resulting from the TCJA						28	.07
Total	\$ 8	\$ 9	\$ 2	\$ (6)	\$ 13	\$ 43	\$.11
Year Ended June 30, 2018							
Leading Beauty Forward	\$ 8	\$ 18	\$ 127	\$ 104	\$ 257	\$ 193	\$.51
Contingent consideration				(43)	(43)	(33)	(.09)
Transition Tax resulting from the TCJA						351	.94
Remeasurement of U.S. net deferred tax assets as of the TCJA enactment date						30	.08
Net deferred tax liability related to foreign withholding taxes on certain foreign earnings resulting from the TCJA						46	.12
Total	\$ 8	\$ 18	\$ 127	\$ 61	\$ 214	\$ 587	\$ 1.56

Reconciliation between GAAP and Non-GAAP

	Three Months Ended June 30, 2019				Three Months Ended June 30	
	Net Sales Growth		Diluted EPS Growth		Diluted Earnings Per Share	
	Reported Basis ⁽¹⁾	Constant Currency	Reported Basis ⁽¹⁾	Constant Currency	2019	2018
<i>(Unaudited)</i>						
As Reported Results	9 %	11 %	(14) %	(11) %	\$.43	\$.49
Restructuring and other charges					.25	.10
Contingent consideration					(.04)	(.08)
Transition Tax resulting from the TCJA					-	.05
Remeasurement of U.S. net deferred tax assets as of the TCJA enactment date					-	(.03)
Net deferred tax liability related to foreign withholding taxes on certain foreign earnings resulting from the TCJA					-	.07
Non-GAAP		11 %		8 %	\$.64	\$.61
Impact of adoption of ASC 606		1 %			.04	
Non-GAAP, excluding impact of adoption of ASC 606		12 %			.68	
Impact of foreign currency on earnings per share					.02	
Non-GAAP, constant currency earnings per share, excluding the impact of adoption of ASC 606				15 %	\$.70	

⁽¹⁾ Represents GAAP

Amounts may not sum due to rounding.

	Year Ended June 30, 2019				Year Ended June 30	
	Net Sales Growth		Diluted EPS Growth		Diluted Earnings Per Share	
	Reported Basis ⁽¹⁾	Constant Currency	Reported Basis ⁽¹⁾	Constant Currency	2019	2018
<i>(Unaudited)</i>						
As Reported Results	9 %	11 %	63 %	70 %	\$ 4.82	\$ 2.95
Restructuring and other charges					.51	.51
Contingent consideration					(.08)	(.09)
Gain on liquidation of an investment in a foreign subsidiary, net					(.15)	-
Goodwill and other intangible asset impairments					.23	-
Transition Tax resulting from the TCJA					(.03)	.94
Remeasurement of U.S. net deferred tax assets as of the TCJA enactment date					.02	.08
Net deferred tax liability related to foreign withholding taxes on certain foreign earnings resulting from the TCJA					.02	.12
Non-GAAP		11 %		22 %	5.34	\$ 4.51
Impact of adoption of ASC 606		- %			(.04)	
Non-GAAP, excluding impact of adoption of ASC 606		12 %			5.29	
Impact of foreign currency on earnings per share					.19	
Non-GAAP, constant currency earnings per share, excluding the impact of adoption of ASC 606				21 %	\$ 5.48	

⁽¹⁾ Represents GAAP

Amounts may not sum due to rounding.

Results by Product Category

Three Months Ended June 30								
Net Sales		Percent Change			Operating Income (Loss)		Percent Change	
2019	2018	Reported Basis	Constant Currency	Constant Currency, excl ASC 606	2019	2018	Reported Basis	
<i>(Unaudited; \$ in millions)</i>								
Skin Care	\$ 1,589	\$ 1,379	15 %	18 %	19 %	\$ 301	\$ 293	3 %
Makeup	1,433	1,358	6	8	8	40	35	14
Fragrance	401	403	-	2	3	(16)	(19)	16
Hair Care	151	151	-	1	1	12	19	(37)
Other	17	12	42	42	42	3	-	-
Subtotal	3,591	3,303	9	11	12	340	328	4
Returns/charges associated with restructuring and other activities	(1)	(8)				(124)	(50)	
Total	\$ 3,590	\$ 3,295	9 %	11 %	12 %	\$ 216	\$ 278	(22) %

Results by Geographic Region

Three Months Ended June 30								
Net Sales		Percent Change			Operating Income (Loss)		Percent Change	
2019	2018	Reported Basis	Constant Currency	Constant Currency, excl ASC 606	2019	2018	Reported Basis	
<i>(Unaudited; \$ in millions)</i>								
The Americas	\$ 1,132	\$ 1,197	(5) %	(5) %	(4) %	\$ (137)	\$ (20)	<(100) %
Europe, the Middle East & Africa	1,627	1,398	16	19	20	439	330	33
Asia/Pacific	832	708	18	23	23	38	18	>100
Subtotal	3,591	3,303	9	11	12	340	328	4
Returns/charges associated with restructuring and other activities	(1)	(8)				(124)	(50)	
Total	\$ 3,590	\$ 3,295	9 %	11 %	12 %	\$ 216	\$ 278	(22) %

Net sales and operating income in the Company's product categories and regions for the three months ended June 30, 2019 were unfavorably impacted by a stronger U.S. dollar in relation to most currencies and by the adoption of ASC 606. Total reported operating income was \$216 million, a 22% decrease from \$278 million in the prior year quarter. Operating income increased 20% excluding (1) the adoption of ASC 606 that decreased operating income by \$20 million, (2) restructuring and other charges and adjustments of \$105 million compared to \$13 million in the prior-year period, and (3) the unfavorable impact of currency translation of \$8 million.

Results by Product Category

	Year Ended June 30							
	Net Sales		Percent Change			Operating Income (Loss)		Percent Change
	2019	2018	Reported Basis	Constant Currency	Constant Currency, excl ASC 606	2019	2018	Reported Basis
<i>(Unaudited; \$ in millions)</i>								
Skin Care	\$ 6,551	\$ 5,595	17 %	20 %	21 %	\$ 1,925	\$ 1,514	27 %
Makeup	5,860	5,633	4	7	7	438	549	(20)
Fragrance	1,802	1,826	(1)	1	2	140	176	(20)
Hair Care	584	570	2	4	4	39	64	(39)
Other	69	67	3	4	-	12	9	33
Subtotal	14,866	13,691	9	11	12	2,554	2,312	10
Returns/charges associated with restructuring and other activities	(3)	(8)				(241)	(257)	
Total	\$ 14,863	\$ 13,683	9 %	11 %	12 %	\$ 2,313	\$ 2,055	13 %

Results by Geographic Region

	Year Ended June 30							
	Net Sales		Percent Change			Operating Income (Loss)		Percent Change
	2019	2018	Reported Basis	Constant Currency	Constant Currency, excl ASC 606	2019	2018	Reported Basis
<i>(Unaudited; \$ in millions)</i>								
The Americas	\$ 4,741	\$ 5,015	(5) %	(5) %	(4) %	\$ (194)	\$ 211	<(100) %
Europe, the Middle East & Africa	6,452	5,634	15	18	18	2,019	1,526	32
Asia/Pacific	3,673	3,042	21	25	25	729	575	27
Subtotal	14,866	13,691	9	11	12	2,554	2,312	10
Returns/charges associated with restructuring and other activities	(3)	(8)				(241)	(257)	
Total	\$ 14,863	\$ 13,683	9 %	11 %	12 %	\$ 2,313	\$ 2,055	13 %

Net sales and operating income in the Company's product categories and regions were impacted by a stronger U.S. dollar in relation to most currencies, as well as the adoption of ASC 606. The discussion of the Company's net sales and operating results is based on specific markets in commercially concentrated locations, which may include separate discussions on territories within a country.

Total reported operating income was \$2.31 billion, a 13% increase from \$2.06 billion in the prior year. Operating income increased 18% excluding (1) the adoption of ASC 606 that increased operating income by \$21 million, (2) restructuring and other charges and adjustments of \$204 million compared to \$214 million in the prior-year period, (3) goodwill and other intangible asset impairments related to Smashbox of \$90 million and (4) the unfavorable impact of currency translation of \$89 million. The improvement in operating income largely reflected higher net sales and disciplined expense management throughout the business.

Reconciliation of Certain Consolidated Statements of Earnings Accounts Before and After Returns, Charges and Other Adjustments

	Three Months Ended June 30, 2019							Three Months Ended June 30, 2018			% Change Non-GAAP	% Change Non-GAAP, Constant Currency-Adjusted
	As Reported	Returns/Charges/Adjustments	Non-GAAP	Impact of adoption of ASC 606	Non-GAAP, excluding impact of adoption of ASC 606	Impact of foreign currency translation	Non-GAAP, Constant Currency-Adjusted	As Reported	Returns/Charges/Adjustments	Non-GAAP		
<i>(Unaudited; \$ in millions, except per share data and percentages)</i>												
Net Sales	\$ 3,590	\$ 1	\$ 3,591	\$ 21	\$ 3,612	\$ 83	\$ 3,695	\$ 3,295	\$ 8	\$ 3,303	9 %	12 %
Cost of sales	835	(6)	829	(81)	748	20	768	697	(9)	688		
Gross Profit	2,755	7	2,762	102	2,864	63	2,927	2,598	17	2,615	6 %	12 %
Gross Margin	76.7 %		76.9 %		79.3 %		79.2 %	78.8 %		79.2 %		
Operating expenses	2,539	(98)	2,441	82	2,523	55	2,578	2,320	4	2,324	5 %	11 %
Operating Expense Margin	70.7 %		68.0 %		69.9 %		69.8 %	70.4 %		70.4 %		
Operating Income	216	105	321	20	341	8	349	278	13	291	10 %	20 %
Operating Income Margin	6.0 %		8.9 %		9.4 %		9.4 %	8.4 %		8.8 %		
Provision for income taxes	41	27	68	4	72	(1)	71	73	(30)	43	58 %	65 %
Net Earnings Attributable to The Estée Lauder Companies Inc.	\$ 157	\$ 78	\$ 235	\$ 16	\$ 251	\$ 8	\$ 259	\$ 186	\$ 43	\$ 229	3 %	13 %
Diluted net earnings attributable to The Estée Lauder Companies Inc. per common share	\$.43	\$.21	\$.64	\$.04	\$.68	\$.02	\$.70	\$.49	\$.12	\$.61	5 %	15 %

Reconciliation of Certain Consolidated Statements of Earnings Accounts Before and After Returns, Charges and Other Adjustments

	Year Ended June 30, 2019							Year Ended June 30, 2018			% Change Non-GAAP	% Change Non-GAAP, Constant Currency-Adjusted
	As Reported	Returns/Charges/Adjustment	Non-GAAP	Impact of adoption of ASC 606	Non-GAAP, excluding impact of adoption of ASC 606	Impact of foreign currency translation	Non-GAAP, Constant Currency-Adjusted	As Reported	Returns/Charges/Adjustment	Non-GAAP		
<i>(Unaudited; \$ in millions, except per share data and percentages)</i>												
Net Sales	\$ 14,863	\$ 3	\$ 14,866	\$ 49	\$ 14,915	\$ 371	\$ 15,286	\$ 13,683	\$ 8	\$ 13,691	9 %	12 %
Cost of sales	3,387	(22)	3,365	(300)	3,065	87	3,152	2,844	(18)	2,826		
Gross Profit	11,476	25	11,501	349	11,850	284	12,134	10,839	26	10,865	6 %	12 %
Gross Margin	77.2 %		77.4 %		79.5 %		79.4 %	79.2 %		79.4 %		
Operating expenses	9,163	(269)	8,894	370	9,264	195	9,459	8,784	(188)	8,596	3 %	10 %
Operating Expense Margin	61.6 %		59.8 %		62.1 %		61.9 %	64.2 %		62.8 %		
Operating Income	2,313	294	2,607	(21)	2,586	89	2,675	2,055	214	2,269	15 %	18 %
Operating Income Margin	15.6 %		17.5 %		17.3 %		17.5 %	15.0 %		16.6 %		
Other income, net	71	(71)	-	-	-	-	-	-	-	-	-	-
Provision for income taxes	513	31	544	(5)	539	20	559	863	(373)	490	11 %	14 %
Net Earnings Attributable to The Estée Lauder Companies Inc.	\$ 1,785	\$ 192	\$ 1,977	\$ (16)	\$ 1,961	\$ 69	\$ 2,030	\$ 1,108	\$ 587	\$ 1,695	17 %	20 %
Diluted net earnings attributable to The Estée Lauder Companies Inc. per common share	\$ 4.82	\$.52	\$ 5.34	\$ (.04)	\$ 5.29	\$.19	\$ 5.48	\$ 2.95	\$ 1.56	\$ 4.51	18 %	21 %

Amounts may not sum due to rounding.

Reconciliation between GAAP and non-GAAP

	Three Months Ending September 30, 2019 (F)				Three Months September 30	
	Net Sales Growth		Diluted EPS Growth		Diluted Earnings Per Share	
	Reported Basis	Constant Currency	Reported Basis	Constant Currency	2019 (F)	2018
<i>(Unaudited)</i>						
Forecast / actual results including restructuring and other charges and adjustments	9%-10% ⁽¹⁾	9%-10%	10%-13% ⁽¹⁾	10%-13%	\$1.48-\$1.52 ⁽¹⁾	\$ 1.34 ⁽¹⁾
<u>Non-GAAP</u>						
Restructuring and other charges					.07 - .08	.10
Contingent Consideration					-	(.02)
TCJA Impacts					-	(.01)
Non-GAAP			11%-13%		\$1.56-\$1.59	\$ 1.41
Impact of foreign currency on earnings per share					(.01)	
Forecasted constant currency net sales growth and earnings per share		9%-10%		10%-12%	\$1.55-\$1.58	

	Year Ending June 30, 2020 (F)				Twelve Months June 30	
	Net Sales Growth		Diluted EPS Growth		Diluted Earnings Per Share	
	Reported Basis	Constant Currency	Reported Basis	Constant Currency	2020 (F)	2019
<i>(Unaudited)</i>						
Forecast / actual results including restructuring and other charges and adjustments	7%-8% ⁽¹⁾	7%-8%	17%-19% ⁽¹⁾	16%-18%	\$5.62-\$5.74 ⁽¹⁾	\$ 4.82 ⁽¹⁾
<u>Non-GAAP</u>						
Restructuring and other charges					.24 - .28	.51
Contingent Consideration					-	(.08)
Gain on liquidation of an investment in a foreign subsidiary, net					-	(.15)
Intangible Asset Impairments					-	.23
TCJA Impacts					-	.01
Non-GAAP			10%-12%		\$5.90-\$5.98	\$ 5.34
Impact of foreign currency on earnings per share					(.05)	
Forecasted constant currency net sales growth and earnings per share		7%-8%		9%-11%	\$5.85-\$5.93	

⁽¹⁾ Represents GAAP
(F) Represents forecast

The following table details the impacts of ASC 606 on the Company's Consolidated Balance Sheet as of June 30, 2019.

CONSOLIDATED BALANCE SHEET IMPACT FROM ASC 606

<i>(Unaudited; \$ in millions)</i>	As Reported	Adjustments	Prior to the Adoption of ASC 606
Accounts receivable, net	\$ 1,831	\$ (202)	\$ 1,629
Inventory and promotional merchandise, net	2,006	(21)	1,985
Other Assets	628	(65)	563
Total Assets	\$ 13,156	\$ (288)	\$ 12,868
Other accrued liabilities	2,599	(452)	2,147
Other noncurrent liabilities	1,244	(47)	1,197
Total Liabilities	\$ 8,745	\$ (499)	\$ 8,246
Total Equity	\$ 4,411	\$ 211	\$ 4,622

Fiscal 2018

The Company recorded \$37 million and \$43 million of income within selling, general and administrative expenses for the three and twelve months ended June 30, 2018, respectively, to reflect changes in the fair value of its contingent consideration related to certain of its fiscal 2015 and 2016 acquisitions. During the three and twelve months ended June 30, 2017, the Company recorded \$58 million and \$57 million of income, respectively.

The three and twelve months ended June 30, 2018 reflects the reduction of the U.S. statutory tax rate, as well as provisional amounts for the impact of the TCJA. During the fourth quarter, the Company recorded a net \$58 million charge representing adjustments to the provisional TCJA amounts it recorded in the fiscal 2018 second and third quarters. For the year ended June 30, 2018, the TCJA related impacts totaled \$450 million, equal to \$1.20 per share. Certain calculations included in these amounts remain provisional and may require adjustments as anticipated guidance is issued and as additional analysis of the provisions of the TCJA is completed. Any such adjustments will be finalized within the allowable one year measurement period.

Reconciliation between GAAP and non-GAAP	Year Ended June 30, 2018				Year Ended June 30	
	Net Sales Growth		Diluted EPS Change		Diluted Earnings Per Share	
	Reported Basis	Constant Currency	Reported Basis	Constant Currency	2018	2017
(Unaudited)						
Results including restructuring and other charges and adjustments.....	16% ⁽¹⁾	13%	(12%) ⁽¹⁾	(18%)	\$2.95 ⁽¹⁾	\$3.35 ⁽¹⁾
<u>Non-GAAP</u>						
Restructuring and other charges ⁽²⁾51	.38
Contingent consideration.....					(.09)	(.12)
Transition tax resulting from the TCJA					.94	—
Remeasurement of U.S. net deferred tax assets as of the TCJA enactment date					.08	—
Net deferred tax liability related to foreign withholding taxes on certain foreign earnings resulting from the TCJA.....					.12	—
Intangible asset impairments.....					—	.06
China deferred tax asset valuation allowance reversal.....					—	(.20)
Adjusted results.....	<u>16%</u>	<u>13%</u>	<u>30%</u>	<u>24%</u>	4.51	<u>\$3.47</u>
Impact of currency translation on earnings per share.....					(.20)	
Constant currency earnings per share.....					<u>\$4.31</u>	

⁽¹⁾ Represents GAAP.

⁽²⁾ Includes charges associated with Leading Beauty Forward. Amounts may not sum due to rounding.

Reconciliation between GAAP and non-GAAP	Year Ending June 30, 2019 (F)				Twelve Months June 30	
	Net Sales Growth		Diluted EPS Growth		Diluted Earnings Per Share	
	Reported Basis	Constant Currency	Reported Basis	Constant Currency	2019 (F)	2018
(Unaudited)						
Forecast / actual results including charges / adjustments.....	4-5% ⁽¹⁾	6-7%	49-53% ⁽¹⁾	55-60%	\$4.38 - \$4.51 ⁽¹⁾	\$2.95 ⁽¹⁾
<u>Non-GAAP</u>						
Restructuring and other charges20 -.24	.51
Contingent consideration.....						(.09)
Transition tax resulting from the TCJA...						.94
Remeasurement of U.S. net deferred tax assets as of the TCJA enactment date.....						.08
Net deferred tax liability related to foreign withholding taxes on certain foreign earnings resulting from the TCJA.....						.12
Forecast / actual results adjusted.....	4-5%	6-7%	2-4%	7-9%	\$4.62 - \$4.71	<u>\$4.51</u>
Impact from adoption of revenue recognition accounting standard.....	1%	1%	2%	2%	.10	
Forecast results excluding adoption of revenue recognition accounting standard.	<u>5-6%</u>	<u>7-8%</u>	<u>5-7%</u>	<u>9-11%</u>	<u>\$4.72 - \$4.81</u>	
Impact of currency translation on earnings per share.....					.20	
Forecasted constant currency earnings per share.....					<u>\$4.92 - \$5.01</u>	

⁽¹⁾ Represents GAAP.

(F) Represents forecast

THE ESTÉE LAUDER COMPANIES INC.
Reconciliation of Certain Consolidated Statements of Earnings Accounts
Before and After Returns, Charges and Other Adjustments
(Unaudited; In millions, except per share data and percentages)

	Year Ended June 30, 2018					Year Ended June 30, 2017			% Change versus Prior Year Before Charges	% Change Constant Currency
	As Reported	Returns/ Charges/ Adjust- ments	Adjusted	Impact of currency translation	Constant Currency	As Reported	Returns/ Charges/ Adjust- ments	Adjusted		
Net Sales.....	\$13,683	\$8	\$13,691	(\$325)	\$13,366	\$11,824	\$2	\$11,826	16%	13%
Cost of sales.....	2,844	(18)	2,826			2,437	(15)	2,422		
Gross Profit.....	10,839	26	10,865			9,387	17	9,404	16%	
Gross Margin.....	79.2%		79.4%			79.4%		79.5%		
Operating expenses.....	8,787	(188)	8,599			7,695	(169)	7,526	14%	
Operating Expense Margin.....	64.2%		62.8%			65.1%		63.6%		
Operating Income.....	2,052	214	2,266			1,692	186	1,878	21%	
Operating Income Margin.....	15.0%		16.6%			14.3%		15.9%		
Provision (benefit) for income taxes.....	863	(373)	490			361	139	500		
Net Earnings Attributable to The Estée Lauder Companies Inc....	1,108	587	1,695			1,249	47	1,296	31%	
Diluted net earnings attributable to The Estée Lauder Companies Inc. per common share.....	2.95	1.56	4.51	(.20)	4.31	3.35	.12	3.47	30%	24%

Amounts may not sum due to rounding.

THE ESTÉE LAUDER COMPANIES INC.

Total returns and charges associated with restructuring activities and other adjustments included in net earnings for the three months and year ended June 30, 2018 and 2017 were:

<u>(Unaudited)</u>	<u>Operating Expenses</u>						<u>Diluted Earnings Per Share</u>
	<u>Sales Returns</u>	<u>Cost of Sales</u>	<u>Restructuring Charges</u>	<u>Other Charges/ Adjustments</u>	<u>Total</u>	<u>After Tax</u>	
<u>(In millions, except per share data)</u>							
Three Months Ended June 30, 2018							
Leading Beauty Forward.....	\$ 8	\$ 9	\$ 2	\$ 31	\$ 50	\$ 37	\$.10
Contingent consideration.....	—	—	—	(37)	(37)	(29)	(.08)
Transition tax resulting from the TCJA...						19	.05
Remeasurement of U.S. net deferred tax assets as of the TCJA enactment date...						(12)	(.03)
Net deferred tax liability related to foreign withholding taxes on certain foreign earnings resulting from the TCJA						28	.07
Total.....	<u>\$ 8</u>	<u>\$ 9</u>	<u>\$ 2</u>	<u>\$ (6)</u>	<u>\$ 13</u>	<u>\$ 43</u>	<u>\$.11</u>
Year Ended June 30, 2018							
Leading Beauty Forward.....	\$ 8	\$ 18	\$ 127	\$ 104	\$ 257	\$ 193	\$.51
Contingent consideration.....	—	—	—	(43)	(43)	(33)	(.09)
Transition tax resulting from the TCJA....						351	.94
Remeasurement of U.S. net deferred tax assets as of the TCJA enactment date						30	.08
Net deferred tax liability related to foreign withholding taxes on certain foreign earnings resulting from the TCJA...						46	.12
Total.....	<u>\$ 8</u>	<u>\$ 18</u>	<u>\$ 127</u>	<u>\$ 61</u>	<u>\$ 214</u>	<u>\$ 587</u>	<u>\$ 1.56</u>

<u>(Unaudited)</u>	<u>Operating Expenses</u>						<u>Diluted Earnings Per Share</u>
	<u>Sales Returns</u>	<u>Cost of Sales</u>	<u>Restructuring Charges</u>	<u>Other Charges/ Adjustments</u>	<u>Total</u>	<u>After Tax</u>	
<u>(In millions, except per share data)</u>							
Three Months Ended June 30, 2017							
Leading Beauty Forward.....	\$ —	\$ 5	\$ 52	\$ 21	\$ 78	\$ 55	\$.15
Contingent consideration.....	—	—	—	(58)	(58)	(42)	(.11)
Intangible asset impairments.....	—	—	—	31	31	23	.06
China deferred tax asset valuation allowance reversal.....	—	—	—	—	—	(75)	(.20)
Total.....	<u>\$ —</u>	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ (6)</u>	<u>\$ 51</u>	<u>\$ (39)</u>	<u>\$ (.10)</u>
Year Ended June 30, 2017							
Leading Beauty Forward.....	\$ 2	\$ 15	\$ 122	\$ 73	\$ 212	\$ 143	\$.38
Contingent consideration.....	—	—	—	(57)	(57)	(44)	(.12)
Intangible asset impairments.....	—	—	—	31	31	23	.06
China deferred tax asset valuation allowance reversal.....	—	—	—	—	—	(75)	(.20)
Total.....	<u>\$ 2</u>	<u>\$ 15</u>	<u>\$ 122</u>	<u>\$ 47</u>	<u>\$ 186</u>	<u>\$ 47</u>	<u>\$.12</u>

THE ESTÉE LAUDER COMPANIES INC.
Reconciliation of Certain Consolidated Statements of Earnings Accounts
Before and After Returns, Charges and Other Adjustments
(Unaudited; In millions, except per share data and percentages)

	Year Ended June 30, 2018					Year Ended June 30, 2017			% Change versus Prior Year Before Charges	% Change Constant Currency
	As Reported	Returns/ Charges/ Adjust- ments	Adjusted	Impact of currency translation	Constant Currency	As Reported	Returns/ Charges/ Adjust- ments	Adjusted		
Net Sales.....	\$13,683	\$8	\$13,691	(\$325)	\$13,366	\$11,824	\$2	\$11,826	16%	13%
Cost of sales.....	2,844	(18)	2,826			2,437	(15)	2,422		
Gross Profit.....	10,839	26	10,865			9,387	17	9,404	16%	
Gross Margin.....	79.2%		79.4%			79.4%		79.5%		
Operating expenses.....	8,787	(188)	8,599			7,695	(169)	7,526	14%	
Operating Expense Margin.....	64.2%		62.8%			65.1%		63.6%		
Operating Income.....	2,052	214	2,266			1,692	186	1,878	21%	
Operating Income Margin.....	15.0%		16.6%			14.3%		15.9%		
Provision (benefit) for income taxes.....	863	(373)	490			361	139	500		
Net Earnings Attributable to The Estée Lauder Companies Inc....	1,108	587	1,695			1,249	47	1,296	31%	
Diluted net earnings attributable to The Estée Lauder Companies Inc. per common share.....	2.95	1.56	4.51	(.20)	4.31	3.35	.12	3.47	30%	24%

Amounts may not sum due to rounding.

FISCAL 2017

In June 2017, the Company revised and approved financial projections for certain of its fiscal 2015 and 2016 acquisitions. In the process, the Company noted that actual results and the most recent projections were lower during their respective earn-out measurement periods than the financial targets made at June 30, 2016 and it reassessed the likelihood of achieving those targets. As a result, the Company recognized a \$58 million gain within selling, general and administrative expenses, to reflect the adjusted fair value of its contingent consideration, primarily related to the acquisitions of GLAMGLOW, Editions de Parfums Frédéric Malle and Le Labo as of June 30, 2017. The gain recognized for the 2017 full fiscal year was \$57 million.

The Company performs annual impairment tests for each of its reporting units. In addition, the Company may perform interim impairment tests as a result of changes in circumstances and certain financial indicators. Such tests may conclude that the carrying value of certain assets exceed their estimated fair values, resulting in the recognition of impairment charges. During the fourth quarter of fiscal 2017, the Company recorded goodwill impairment charges related to the Editions de Parfums Frédéric Malle and RODIN olio lusso reporting units of \$22 million and \$6 million, respectively. Additionally, during the fourth quarter of fiscal 2017, the Company recognized impairment charges related to the RODIN olio lusso trademark, customer relationship and persona intangible assets of \$3 million.

In the fourth quarter of fiscal 2017, China enacted a favorable change to its tax law that expanded the corporate income tax deduction allowance for advertising and promotional expenses. As a result of the new law, in the fourth quarter of fiscal 2017, the Company released into income its previously established deferred tax asset valuation allowance of approximately \$75 million related to its accumulated carryforward of excess advertising and promotional expenses.

THE ESTÉE LAUDER COMPANIES INC.

Total returns and charges associated with restructuring activities and other adjustments included in net earnings for the three months and year ended June 30, 2017 and 2016 were:

(Unaudited)	<u>Operating Expenses</u>						Diluted Earnings Per Share
(In millions, except per share data)	Sales Returns	Cost of Sales	Restructuring Charges	Other Charges/ Adjust- ments	Total	After Tax	
Three Months Ended June 30, 2017							
Leading Beauty Forward.....	\$ —	\$ 5	\$52	\$ 21	\$ 78	\$ 55	\$.15
Contingent consideration.....	—	—	—	(58)	(58)	(42)	(.11)
Intangible asset impairments.....	—	—	—	31	31	23	.06
China deferred tax asset valuation allowance reversal.....	—	—	—	—	—	(75)	(.20)
Total.....	<u>\$ —</u>	<u>\$ 5</u>	<u>\$52</u>	<u>\$ (6)</u>	<u>\$ 51</u>	<u>\$ (39)</u>	<u>\$(.10)</u>
Year Ended June 30, 2017							
Leading Beauty Forward.....	\$ 2	\$15	\$ 122	\$ 73	\$212	\$143	\$.38
Contingent consideration.....	—	—	—	(57)	(57)	(44)	(.12)
Intangible asset impairments.....	—	—	—	31	31	23	.06
China deferred tax asset valuation allowance reversal.....	—	—	—	—	—	(75)	(.20)
Total.....	<u>\$ 2</u>	<u>\$15</u>	<u>\$122</u>	<u>\$ 47</u>	<u>\$186</u>	<u>\$ 47</u>	<u>\$.12</u>

(Unaudited)	<u>Operating Expenses</u>						Diluted Earnings Per Share
(In millions, except per share data)	Sales Returns	Cost of Sales	Restructuring Charges	Other Charges/ Adjust- ments	Total	After Tax	
Three Months Ended June 30, 2016							
Global Technology Infrastructure.....	\$—	\$—	\$17	\$ 3	\$ 20	\$12	\$.03
Leading Beauty Forward.....	1	—	75	4	80	56	.15
Contingent consideration.....	—	—	—	(8)	(8)	(4)	(.01)
Total.....	<u>\$ 1</u>	<u>\$—</u>	<u>\$92</u>	<u>\$ (1)</u>	<u>\$ 92</u>	<u>\$64</u>	<u>\$.17</u>
Year Ended June 30, 2016							
Global Technology Infrastructure.....	\$—	\$—	\$ 46	\$ 7	\$ 53	\$34	\$.09
Leading Beauty Forward.....	1	—	75	5	81	56	.15
Contingent consideration.....	—	—	—	8	8	8	.02
Total.....	<u>\$ 1</u>	<u>\$—</u>	<u>\$121</u>	<u>\$20</u>	<u>\$142</u>	<u>\$98</u>	<u>\$.26</u>

THE ESTÉE LAUDER COMPANIES INC.
Reconciliation of Certain Consolidated Statements of Earnings Accounts
Before and After Returns, Charges and Other Adjustments
(Unaudited; In millions, except per share data and percentages)

	Three Months Ended June 30, 2017					Three Months Ended June 30, 2016					
	As Reported	Returns/ Charges/ Adjust- ments	Adjusted	Impact of foreign currency translation	Constant Currency	As Reported	Returns/ Charges/ Adjust- ments	Adjusted	% Change versus Prior Year Before Charges	% Change Constant Currency	
	Net Sales.....	\$2,894	\$—	\$2,894		\$43	\$2,937	\$2,646	\$1	\$2,647	9%
Cost of sales.....	613	(5)	608				511	—	511		
Gross Profit.....	2,281	5	2,286				2,135	1	2,136	7%	
Gross Margin.....	78.8%		79.0%				80.7%		80.7%		
Operating expenses.....	2,051	(46)	2,005				1,992	(91)	1,901	5%	
Operating Expense Margin.....	70.9%		69.3%				75.3%		71.8%		
Operating Income.....	230	51	281				143	92	235	20%	
Operating Income Margin.....	7.9%		9.7%				5.4%		8.9%		
Provision (benefit) for income taxes.....	(23)	90	67				35	28	63		
Net Earnings Attributable to The Estée Lauder Companies Inc....	229	(39)	190				94	64	158	20%	
Diluted net earnings attributable to The Estée Lauder Companies Inc. per common share.....	.61	(.10)	.51	.01	.52		.25	.17	.42	21%	25%

	Year Ended June 30, 2017					Year Ended June 30, 2016					
	As Reported	Returns/ Charges/ Adjust- ments	Adjusted	Impact of foreign currency translation	Constant Currency	As Reported	Returns/ Charges/ Adjust- ments	Adjusted	% Change versus Prior Year Before Charges	% Change Constant Currency	
	Net Sales.....	\$11,824	\$2	\$11,826		\$187	\$12,013	\$11,262	\$1	\$11,263	5%
Cost of sales.....	2,437	(15)	2,422				2,181	—	2,181		
Gross Profit.....	9,387	17	9,404				9,081	1	9,082	4%	
Gross Margin.....	79.4%		79.5%				80.6%		80.6%		
Operating expenses.....	7,695	(169)	7,526				7,471	(141)	7,330	3%	
Operating Expense Margin.....	65.1%		63.6%				66.3%		65.0%		
Operating Income.....	1,692	186	1,878				1,610	142	1,752	7%	
Operating Income Margin.....	14.3%		15.9%				14.3%		15.6%		
Provision for income taxes.....	361	139	500				434	44	478		
Net Earnings Attributable to The Estée Lauder Companies Inc....	1,249	47	1,296				1,115	98	1,213	7%	
Diluted net earnings attributable to The Estée Lauder Companies Inc. per common share.....	3.35	.12	3.47	.12	3.59		2.96	.26	3.22	8%	11%

THE ESTÉE LAUDER COMPANIES INC.

The impact on operating results for the adjustments related to the changes in fair value of contingent consideration and the goodwill and other intangible asset impairments by product category and geographic region for the three months and year ended June 30, 2017 and 2016 is as follows:

(Unaudited; In millions)	Operating Results							Three Months Ended June 30, 2016	Year Ended June 30, 2016
	Three Months Ended June 30, 2017			Year Ended June 30, 2017					
	Contingent Consideration	Intangible Asset Impairments	Net Impact	Contingent Consideration	Intangible Asset Impairments	Net Impact	Contingent Consideration		
By Product Category:									
Skin Care.....	\$ (31)	\$ 9	\$ (22)	\$ (24)	\$ 9	\$ (15)	\$ (14)	\$ (5)	
Fragrance.....	<u>(27)</u>	<u>22</u>	<u>(5)</u>	<u>(33)</u>	<u>22</u>	<u>(11)</u>	<u>6</u>	<u>13</u>	
Total.....	<u>\$ (58)</u>	<u>\$ 31</u>	<u>\$ (27)</u>	<u>\$ (57)</u>	<u>\$ 31</u>	<u>\$ (26)</u>	<u>\$ (8)</u>	<u>\$ 8</u>	
By Geographic Region:									
The Americas.....	\$ (46)	\$ 17	\$ (29)	\$ (43)	\$ 17	\$ (26)	\$ (12)	\$ —	
Europe, the Middle East & Africa.....	<u>(12)</u>	<u>14</u>	<u>2</u>	<u>(14)</u>	<u>14</u>	<u>—</u>	<u>4</u>	<u>8</u>	
Total.....	<u>\$ (58)</u>	<u>\$ 31</u>	<u>\$ (27)</u>	<u>\$ (57)</u>	<u>\$ 31</u>	<u>\$ (26)</u>	<u>\$ (8)</u>	<u>\$ 8</u>	

Excluding the impact of the charges associated with restructuring and other activities, the changes in fair value of contingent consideration and the goodwill and other intangible asset impairments, operating results for the three months and year ended June 30, 2017 would have increased/(decreased) as follows:

(Unaudited)	Operating Results	
	Three Months Ended June 30, 2017	Year Ended June 30, 2017
By Product Category:		
Skin Care.....	29%	19%
Fragrance.....	(100)+%	4%
By Geographic Region:		
The Americas.....	(21)%	(25)%
Europe, the Middle East & Africa.....	32%	16%

Total operating income in constant currency for the three months and year ended June 30, 2017, excluding the impact of the above adjustments, increased 24% and 11%, respectively.

THE ESTÉE LAUDER COMPANIES INC.

Outlook for Fiscal 2018 First Quarter and Full Year

Reconciliation between GAAP and non-GAAP	Three Months Ending September 30, 2017 (F)				Three Months September 30	
	Net Sales Growth		Diluted EPS Growth		Diluted Earnings Per Share	
	Reported Basis	Constant Currency	Reported Basis	Constant Currency	2017 (F)	2016
(Unaudited)						
Forecast / actual results including charges...	9-10% ⁽¹⁾	9-10%	8-13% ⁽¹⁾	8-13%	\$.85- \$.89 ⁽¹⁾	\$.79 ⁽¹⁾
<u>Non-GAAP</u>						
Restructuring and other charges08 -.09	.05
Forecast / actual results excluding charges..	<u>9-10%</u>	<u>9-10%</u>	<u>12-15%</u>	<u>12-15%</u>	\$.94 - \$.97	<u>\$.84</u>
Impact of foreign currency on earnings per share.....					—	
Forecasted constant currency earnings per share.....					<u>\$.94 - \$.97</u>	

⁽¹⁾ Represents GAAP.

(F) Represents forecast

Reconciliation between GAAP and non-GAAP	Year Ending June 30, 2018 (F)				Twelve Months June 30	
	Net Sales Growth		Diluted EPS Growth		Diluted Earnings Per Share	
	Reported Basis	Constant Currency	Reported Basis	Constant Currency	2018 (F)	2017
(Unaudited)						
Forecast / actual results including charges / adjustments.....	8-9% ⁽¹⁾	7-8%	7-10% ⁽¹⁾	5-8%	\$3.60 - \$3.70 ⁽¹⁾	\$3.35 ⁽¹⁾
<u>Non-GAAP</u>						
Restructuring and other charges24 -.27	.38
Contingent consideration.....						(.12)
Intangible asset impairments.....						.06
China deferred tax asset valuation allowance reversal.....						(.20)
Forecast / actual results adjusted.....	<u>8-9%</u>	<u>7-8%</u>	<u>11-13%</u>	<u>9-11%</u>	\$3.87 - \$3.94	<u>\$3.47</u>
Impact of foreign currency on earnings per share.....					(.09)	
Forecasted constant currency earnings per share.....					<u>\$3.78 - \$3.85</u>	

⁽¹⁾ Represents GAAP.

(F) Represents forecast

FISCAL 2016

As part of SMI, the Company implemented the last major wave of SAP-based technologies in July 2014. As a result, and consistent with prior waves, the Company experienced a shift in its sales and operating results from accelerated orders from certain of its retailers to provide adequate safety stock and to mitigate any potential short-term business interruption associated with the July 2014 SMI rollout. In particular, approximately \$178 million of accelerated orders were recorded as net sales in the fiscal 2014 fourth quarter that would have occurred in the fiscal 2015 first quarter.

This action created a favorable comparison between the fiscal 2016 and fiscal 2015 twelve months of approximately \$178 million in net sales and approximately \$127 million in operating income, equal to \$.21 per diluted common share and impacted the Company's operating margin comparisons. The Company believes the presentation of certain comparative information in the discussions in this release that exclude the impact of the timing of these orders is useful in analyzing the net sales performance and operating results of its business.

Reconciliation of Certain Consolidated Statements of Earnings Accounts Before and After Charges, and Accelerated Orders Associated with the Company's Implementation of SMI (Unaudited; In millions, except per share data and percentages)

	Year Ended June 30, 2016					Year Ended June 30, 2015					% Change versus Prior Year Before Charges/SMI	% Change Constant Currency
	As Reported	Charges	Before Charges	Impact of foreign currency translation	Constant Currency	As Reported	Charges	SMI Adjust- ments	Before Charges/ SMI			
Net Sales.....	\$11,262.3	\$1.4	\$11,263.7	\$487.5	\$11,751.2	\$10,780.4	\$—	\$178.3	\$10,958.7	3%	7%	
Cost of sales.....	2,181.1	(0.2)	2,180.9			2,100.6	—	35.1	2,135.7			
Gross Profit.....	9,081.2	1.6	9,082.8			8,679.8	—	143.2	8,823.0	3%		
Gross Margin.....	80.6%		80.6%			80.5%			80.5%			
Operating expenses.....	7,470.9	(133.1)	7,337.8			7,073.5	(5.3)	16.0	7,084.2	4%		
Operating Expense Margin.....	66.3%		65.1%			65.6%			64.6%			
Operating Income.....	1,610.3	134.7	1,745.0			1,606.3	5.3	127.2	1,738.8	0%		
Operating Income Margin.....	14.3%		15.5%			14.9%			15.9%			
Provision for income taxes...	434.4	43.4	477.8			467.2	—	45.3	512.5			
Net Earnings Attributable to The Estée Lauder Companies Inc.....	1,114.6	91.3	1,205.9			1,088.9	5.3	81.9	1,176.1	3%		
Diluted net earnings attributable to The Estée Lauder Companies Inc. per common share.....	2.96	.24	3.20	.26	3.46	2.82	.01	.21	3.05	5%	13%	

Amounts may not sum due to rounding.

Total charges associated with restructuring activities included in operating income for the year ended June 30, 2016 were:

Year Ended June 30, 2016 (Unaudited) (In millions, except per share data)	Operating Expenses				Total	After Tax	Diluted Earnings Per Share
	Sales Returns	Cost of Sales	Restructuring Charges	Other Charges			
Global Technology Infrastructure.....	\$ —	\$ —	\$ 46.0	\$ 7.6	\$ 53.6	\$34.6	\$.09
Leading Beauty Forward.....	1.4	0.2	75.4	4.1	81.1	56.7	.15
Total.....	<u>\$1.4</u>	<u>\$0.2</u>	<u>\$ 121.4</u>	<u>\$ 11.7</u>	<u>\$134.7</u>	<u>\$91.3</u>	<u>\$.24</u>

Reconciliation between GAAP and non-GAAP	Year Ended June 30, 2016				Year Ended June 30	
	Net Sales Growth		Diluted EPS Growth		Diluted Earnings Per Share	
	Reported Basis	Constant Currency	Reported Basis	Constant Currency	2016	2015
(Unaudited)						
Results including charges and the fiscal 2015 accelerated retailer orders.....	4% ⁽¹⁾	9%	5% ⁽¹⁾	14%	\$2.96 ⁽¹⁾	\$2.82 ⁽¹⁾
Non-GAAP						
Restructuring and other charges.....	—	—	8%	8%	.24	—
Venezuela charge.....	—	—	—	—	—	.01
Impact of fiscal 2015 accelerated orders.	~(2)%	~(2)%	~(8)%	~(9)%	—	.21
Results excluding charges and the fiscal 2015 accelerated retailer orders.....	<u>3%</u>	<u>7%</u>	<u>5%</u>	<u>13%</u>	\$3.20	<u>\$3.05</u>
Impact of foreign currency on earnings per share.....					.26	
Constant currency earnings per share.....					<u>\$3.46</u>	

⁽¹⁾ Represents GAAP.

Amounts may not sum due to rounding.

THE ESTÉE LAUDER COMPANIES INC.

The impact on net sales and operating results of the accelerated orders from certain retailers associated with the Company's implementation of SMI by product category and geographic region is shown below. Additionally, excluding the impact of the shift in orders, the charges associated with restructuring activities and the Venezuela remeasurement charge, net sales and operating results for the year ended June 30, 2016, increased/(decreased) as follows:

(Unaudited; Dollars in millions)	Year Ended June 30, 2015			Year Ended June 30, 2016		
	Accelerated Sales Orders		Venezuela	Net Sales Growth		Change In
	Net Sales	Operating Results	Remeasurement Charge Oper- ating Results	As Adjusted		
				Reported Basis	Constant Currency	
Product Category:						
Skin Care.....	\$ 91	\$ 72	\$2	(3)%	1%	(7)%
Makeup.....	65	41	2	8	13	8
Fragrance.....	21	14	1	3	9	(11)
Hair Care.....	1	—	—	4	7	36
Other.....	—	—	—	48	54	100+
Total.....	\$178	\$127	\$5	3%	7%	0%
Geographic Region:						
The Americas.....	\$ 84	\$ 53	\$5	2%	5%	(4)%
Europe, the Middle East & Africa..	68	53	—	5	12	3
Asia/Pacific.....	26	21	—	(2)	4	(3)
Total.....	\$178	\$127	\$5	3%	7%	0%

Total operating income in constant currency for the year ended June 30, 2016, before charges and the impact of the shift in orders, increased 8%.

The accelerated sales orders in the prior year created an unfavorable comparison in net cash flows provided by operating activities, primarily in certain working capital components. Excluding the impact of the shift in orders, cash flows from operating activities for the year ended June 30, 2016, increased 1%.

Reconciliation between GAAP and non-GAAP	Net Cash Flows Provided By Operating Activities		
	Year Ended June 30		Percent Change
	2016	2015	
(Unaudited; Dollars in millions)			
Results as reported.....	\$1,788.7 ⁽¹⁾	\$1,943.3 ⁽¹⁾	(8)%
Non-GAAP			
Impact of fiscal 2015 accelerated orders.....	—	(173.4)	
Results excluding the fiscal 2015 accelerated retailer orders.....	\$1,788.7	\$1,769.9	1%

⁽¹⁾ Represents GAAP.

Fiscal 2015

The following are reconciliations between the non-GAAP financial measures and the most directly comparable GAAP measures for certain consolidated statements of earnings accounts before and after these items. The Company uses these non-GAAP financial measures, among other financial measures, to evaluate its operating performance, and the measures represent the manner in which the Company conducts and views its business. Management believes that excluding these items that are not comparable from period to period helps investors and others compare operating performance between two periods. While the Company considers the non-GAAP measures useful in analyzing its 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 GAAP.

In the fiscal 2014 fourth quarter some retailers accelerated sales orders in advance of the Company's July 2014 implementation of its Strategic Modernization Initiative (SMI) in certain of its largest remaining locations of approximately \$178 million. These orders would have occurred in the Company's fiscal 2015 first quarter ended September 30, 2014. This amounted to approximately \$127 million in operating income, equal to approximately \$.21 per diluted common share. The impact of this shift is reflected in the consolidated statements of earnings for the year ended June 30, 2015.

During the third quarter of fiscal 2014, based on changes to Venezuela's foreign currency exchange rate regulations made at that time, the Company changed the exchange rate used to remeasure its Venezuelan net monetary assets to a newly enacted SICAD II rate. Accordingly, the Company recorded a remeasurement charge of \$38.3 million, both before and after tax, equal to approximately \$.10 per diluted common share.

During the fiscal 2015 third quarter, the Venezuelan government introduced a new open market foreign exchange system, SIMADI, which effectively replaced the SICAD II mechanism. As a result, the Company changed the exchange rate used to remeasure the net monetary assets of its Venezuelan subsidiary to the SIMADI rate. Accordingly, the Company recorded a remeasurement charge of \$5.3 million, both before and after tax, equal to approximately \$.01 per diluted share.

THE ESTÉE LAUDER COMPANIES INC.
Reconciliation of Certain Consolidated Statements of Earnings Accounts Before and After
Returns and Charges and Accelerated Orders Associated with the Company's Implementation of SMI
(Unaudited; In millions, except per share data and percentages)

	Year Ended June 30, 2015						Year Ended June 30, 2014					
	As Reported	Returns/ Charges	SMI Adjust- ments	Before Charges /SMI	Impact of foreign currency transla- tion	Constant Currency	As Reported	Returns/ Charges	SMI Adjust- ments	Before Charges /SMI	% Change versus Prior Year Before Charges/SMI	% Change Constant Currency
Net Sales.....	\$10,780.4	\$ 0.0	\$178.3	\$10,958.7	\$519.8	\$11,478.5	\$10,968.8	\$(0.1)	\$(178.3)	\$10,790.4	2%	6%
Cost of sales.....	2,100.6	0.0	35.1	2,135.7			2,158.2	(0.1)	(35.1)	2,123.0		
Gross Profit.....	8,679.8	0.0	143.2	8,823.0			8,810.6	0.0	(143.2)	8,667.4	2%	
Gross Margin.....	80.5%			80.5%			80.3%			80.3%		
Operating expenses	7,073.5	(5.3)	16.0	7,084.2			6,983.0	(35.4)	(16.0)	6,931.6	2%	
Operating Expense Margin	65.6%			64.6%			63.6%			64.2%		
Operating Income...	1,606.3	5.3	127.2	1,738.8			1,827.6	35.4	(127.2)	1,735.8	0%	
Operating Income Margin.....	14.9%			15.9%			16.7%			16.1%		
Provision for income taxes.....	467.2	0.0	45.3	512.5			567.7	(1.1)	(45.3)	521.3		
Net Earnings												
Attributable to The Estée Lauder Companies Inc.....	1,088.9	5.3	81.9	1,176.1			1,204.1	36.5	(81.9)	1,158.7	2%	
Diluted net earnings attributable to The Estée Lauder Companies Inc. per common share.....	2.82	.01	.21	3.05	.24	3.29	3.06	.09	(.21)	2.95	3%	12%

Amounts may not sum due to rounding.

THE ESTÉE LAUDER COMPANIES INC.

The impact on net sales and operating results of accelerated orders from certain retailers associated with the Company's implementation of SMI, as well as the impact of the Venezuela remeasurement charges by product category and geographic region is as follows:

(Unaudited; In millions)	<u>Accelerated Sales Orders</u>		<u>Venezuela Remeasurement Charges</u>	
	<u>Three Months and Year Ended June 30, 2015</u>		<u>Operating Results Year Ended June 30</u>	
	<u>Net Sales</u>	<u>Operating Results</u>	<u>2015</u>	<u>2014</u>
Product Category:				
Skin Care.....	\$ 91	\$ 72	\$ 2	\$ 12
Makeup.....	65	41	2	16
Fragrance.....	21	14	1	10
Hair Care.....	1	—	—	—
Other.....	—	—	—	—
Total.....	<u>\$ 178</u>	<u>\$ 127</u>	<u>\$ 5</u>	<u>\$ 38</u>
Geographic Region:				
The Americas.....	\$ 84	\$ 53	\$ 5	\$ 38
Europe, the Middle East & Africa.....	68	53	—	—
Asia/Pacific.....	26	21	—	—
Total.....	<u>\$ 178</u>	<u>\$ 127</u>	<u>\$ 5</u>	<u>\$ 38</u>

Excluding the impact of the shift in orders, the adjustments associated with restructuring activities and, for the full fiscal year, the Venezuela remeasurement charges, net sales and operating results for the three months and year ended June 30, 2015 would have increased/(decreased) as follows:

(Unaudited)	<u>Three Months Ended June 30, 2015</u>			<u>Year Ended June 30, 2015</u>		
	<u>Net Sales As Adjusted</u>		<u>Operating Results As Adjusted</u>	<u>Net Sales As Adjusted</u>		<u>Operating Results As Adjusted</u>
	<u>Reported Basis</u>	<u>Constant Currency</u>		<u>Reported Basis</u>	<u>Constant Currency</u>	
Product Category:						
Skin Care.....	(9)%	(2)%	(15)%	(2)%	2%	(1)%
Makeup.....	3	10	10	5	10	2
Fragrance.....	17	26	(100)+	2	8	(2)
Hair Care.....	4	10	35	3	7	13
Other.....	7	14	100	4	9	(28)
Total.....	<u>(1)%</u>	<u>7%</u>	<u>(9)%</u>	<u>2%</u>	<u>6%</u>	<u>0%</u>
Geographic Region:						
The Americas.....	7%	12%	(78)%	2%	6%	(31)%
Europe, the Middle East & Africa.....	(8)	3	1	1	8	13
Asia/Pacific.....	(2)	4	100	0	4	16
Total.....	<u>(1)%</u>	<u>7%</u>	<u>(9)%</u>	<u>2%</u>	<u>6%</u>	<u>0%</u>

Total operating income in constant currency for the three months and year ended June 30, 2015, excluding the impact of the shift in orders, the adjustments associated with restructuring activities and, for the full fiscal year, the Venezuela remeasurement charges, increased 6% and 8%, respectively.

Fiscal 2014

The following are reconciliations between the non-GAAP financial measures and the most directly comparable GAAP measures for certain consolidated statements of earnings accounts before and after these items. The Company uses these non-GAAP financial measures, among other financial measures, to evaluate its operating performance, and the measures represent the manner in which the Company conducts and views its business. Management believes that excluding these items that are not comparable from period to period helps investors and others compare operating performance between two periods. While the Company considers the non-GAAP measures useful in analyzing its 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 GAAP.

During the second quarter of fiscal 2013, the Company closed its multi-faceted cost savings program implemented in February 2009 (the "Program") and has executed substantially all remaining initiatives as of June 30, 2014. The impact of returns, charges and adjustments related to the Program for each fiscal period are set forth in tables that follow these notes.

During the third quarter of fiscal 2014, based on then changes to Venezuela's foreign currency exchange rate regulations, the Company changed the exchange rate used to remeasure its Venezuelan net monetary assets to a newly enacted SICAD II rate. Accordingly, the Company recorded a remeasurement charge of \$38.3 million, both before and after tax, equal to approximately \$.10 per diluted common share.

In the first quarter of fiscal 2013, the Company redeemed \$230.1 million principal amount of its 7.75% Senior Notes due November 1, 2013. As a result, the Company recorded a pre-tax charge of \$19.1 million.

THE ESTÉE LAUDER COMPANIES INC. Reconciliation of Certain Consolidated Statements of Earnings Accounts Before and After Returns and Charges (Unaudited; In millions, except per share data and percentages)

	Year Ended June 30, 2014			Year Ended June 30, 2013			% Change versus Prior Year Before Returns/Charges
	As Reported	Returns/ Charges	Before Returns/ Charges	As Reported	Returns/ Charges	Before Returns/ Charges	
Net Sales.....	\$10,968.8	\$(0.1)	\$10,968.7	\$10,181.7	\$ 1.5	\$10,183.2	8%
Cost of sales.....	2,158.2	(0.1)	2,158.1	2,025.9	(1.2)	2,024.7	
Gross Profit.....	8,810.6	0.0	8,810.6	8,155.8	2.7	8,158.5	8%
Gross Margin.....	80.3%		80.3%	80.1%		80.2%	
Operating expenses.....	6,983.0	(35.4)	6,947.6	6,629.8	(15.1)	6,614.7	5%
Operating Expense Margin.....	63.6%		63.3%	65.1%		65.0%	
Operating Income.....	1,827.6	35.4	1,863.0	1,526.0	17.8	1,543.8	21%
Operating Income Margin.....	16.7%		17.0%	15.0%		15.2%	
Interest expense on debt extinguishment.....	—	—	—	19.1	(19.1)	—	
Provision for income taxes.....	567.7	(1.1)	566.6	451.4	13.0	464.4	
Net Earnings Attributable to The Estée Lauder Companies Inc.	1,204.1	36.5	1,240.6	1,019.8	23.9	1,043.7	19%
Diluted net earnings attributable to The Estée Lauder Companies Inc. per common share.....	3.06	.09	3.16	2.58	.06	2.64	19%

As part of the Company's Strategic Modernization Initiative (SMI), the Company implemented the last major wave of SAP-based technologies in July 2014. As a result, and consistent with prior waves, the Company experienced a shift in its sales and operating results from accelerated orders from certain of its retailers to provide adequate safety stock and to mitigate any potential short-term business interruption associated with the July 2014 SMI rollout. In particular, approximately \$178 million of accelerated orders were recorded as net sales in the fiscal 2014 fourth quarter that would normally have been expected to occur in the fiscal 2015 first quarter.

This action created a favorable comparison between the fiscal 2014 and fiscal 2013 fourth quarters and full years of approximately \$178 million in net sales and approximately \$127 million in operating income, equal to \$.21 per diluted common share and impacted the Company's operating margin comparisons. The Company believes the presentation of certain comparative information in the discussions in its communications that exclude the impact of the timing of these orders is useful in analyzing the net sales performance and operating results of its business.

	<u>Year Ended June 30, 2014</u>				<u>Year Ended June 30, 2013</u>				<u>% Change versus Prior Year Before Charges/SAP</u>
	<u>As Reported</u>	<u>Returns/ Charges</u>	<u>SAP Adjust- ments</u>	<u>Before Charges /SAP</u>	<u>As Reporte d</u>	<u>Returns/ Charges</u>	<u>SAP Adjust- ments</u>	<u>Before Charges /SAP</u>	
Net Sales.....	\$10,968.8	\$(0.1)	\$(178.3)	\$10,790.4	\$10,181.7	\$ 1.5	\$ —	\$10,183.2	6%
Cost of sales.....	<u>2,158.2</u>	<u>(0.1)</u>	<u>(35.1)</u>	<u>2,123.0</u>	<u>2,025.9</u>	<u>(1.2)</u>	<u>—</u>	<u>2,024.7</u>	
Gross Profit.....	8,810.6	0.0	(143.2)	8,667.4	8,155.8	2.7	—	8,158.5	6%
Gross Margin.....	80.3%			80.3%	80.1%			80.2%	
Operating expenses.....	<u>6,983.0</u>	<u>(35.4)</u>	<u>(16.0)</u>	<u>6,931.6</u>	<u>6,629.8</u>	<u>(15.1)</u>	<u>—</u>	<u>6,614.7</u>	5%
Operating Expense Margin..	63.6%			64.2%	65.1%			65.0%	
Operating Income.....	1,827.6	35.4	(127.2)	1,735.8	1,526.0	17.8	—	1,543.8	12%
Operating Income Margin...	16.7%			16.1%	15.0%			15.2%	
Interest expense on debt extinguishment.....	—	—	—	—	19.1	(19.1)	—	—	
Provision for income taxes.....	567.7	(1.1)	(45.3)	521.3	451.4	13.0	—	464.4	
Net Earnings Attributable to The Estée Lauder Companies Inc.....	1,204.1	36.5	(81.9)	1,158.7	1,019.8	23.9	—	1,043.7	11%
Diluted net earnings attributable to The Estée Lauder Companies Inc. per common share.....	3.06	.09	(.21)	2.95	2.58	.06	—	2.64	12%

THE ESTÉE LAUDER COMPANIES INC.

The impact on net sales and operating results of accelerated orders from certain retailers associated with the Company's implementation of SMI, as well as the impact of the Venezuela remeasurement charge by product category and geographic region is as follows:

(Unaudited; In millions)	<u>Accelerated Sales Orders</u>		<u>Venezuela</u>
	<u>Three Months and Year Ended June 30, 2014</u>		<u>Remeasurement Charge</u>
	<u>Net Sales</u>	<u>Operating Results</u>	<u>Year Ended June 30, 2014</u>
			<u>Operating Results</u>
Product Category:			
Skin Care.....	\$ 91	\$ 72	\$ 12
Makeup.....	65	41	16
Fragrance.....	21	14	10
Hair Care.....	1	—	—
Other.....	—	—	—
Total.....	<u>\$ 178</u>	<u>\$ 127</u>	<u>\$ 38</u>
Geographic Region:			
The Americas.....	\$ 84	\$ 53	\$ 38
Europe, the Middle East & Africa.....	68	53	—
Asia/Pacific.....	26	21	—
Total.....	<u>\$ 178</u>	<u>\$ 127</u>	<u>\$ 38</u>

Excluding the impact of the current-year period shift in orders associated with the Company's implementation of SMI, the returns and charges (adjustments) associated with restructuring activities and, for the full fiscal year, the Venezuela remeasurement charge, net sales and operating results for the three months and year ended June 30, 2014 would have increased/(decreased) as follows:

(Unaudited)	<u>Three Months Ended June 30, 2014</u>			<u>Year Ended June 30, 2014</u>		
	<u>Net Sales As Adjusted</u>		<u>Operating</u>	<u>Net Sales As Adjusted</u>		<u>Operating</u>
	<u>Reported</u>	<u>Constant</u>	<u>Results As</u>	<u>Reported</u>	<u>Constant</u>	<u>Results As</u>
	<u>Basis</u>	<u>Currency</u>	<u>Adjusted</u>	<u>Basis</u>	<u>Currency</u>	<u>Adjusted</u>
Product Category:						
Skin Care.....	5%	5%	82%	5%	6%	10%
Makeup.....	5	5	29	7	7	19
Fragrance.....	6	5	49	7	7	(17)
Hair Care.....	6	7	100+	5	6	26
Other.....	93	97	61	16	17	66
Total.....	<u>6%</u>	<u>5%</u>	<u>68%</u>	<u>6%</u>	<u>7%</u>	<u>12%</u>
Geographic Region:						
The Americas.....	3%	4%	28%	4%	5%	24%
Europe, the Middle East & Africa.....	9	6	37	9	7	9
Asia/Pacific.....	6	7	56	4	7	7
Total.....	<u>6%</u>	<u>5%</u>	<u>68%</u>	<u>6%</u>	<u>7%</u>	<u>12%</u>

Fiscal 2013

In February 2009, the Company announced the implementation of a multi-faceted cost savings program (the "Program") to position it to achieve long-term profitable growth. As of December 31, 2012, the Company closed the Program. As a result of the closure of the Program and evaluation of the initiatives that have been implemented as of June 30, 2013, the Company anticipates total cumulative restructuring charges and other costs to implement those initiatives to total between \$320 million and \$330 million, before taxes and that such charges have been substantially recorded through fiscal 2013. Since the inception of the Program, the Company approved cost savings initiatives to resize the organization, reorganize certain functions, turnaround or exit unprofitable operations and outsource certain services. The impact of returns, charges and adjustments related to the Program for each fiscal period are set forth in tables that follow these notes.

In the first quarter of fiscal 2013, the Company redeemed \$230.1 million principal amount of its 7.75% Senior Notes due November 1, 2013. As a result, the Company recorded a pre-tax charge to earnings of \$19.1 million (\$12.2 million after tax), for the impact of the extinguishment of debt, equal to \$.03 per diluted common share.

THE ESTÉE LAUDER COMPANIES INC.
Reconciliation of Certain Consolidated Statements of Earnings Accounts Before and After Returns and Charges
(Unaudited; In millions, except per share data and percentages)

	Year Ended June 30, 2013			Year Ended June 30, 2012			% Change versus Prior Year Before Returns/Charges
	As Reported	Returns/ Charges	Before Returns/ Charges	As Reported	Returns/ Charges	Before Returns/ Charges	
Net Sales.....	\$10,181.7	\$ 1.5	\$10,183.2	\$9,713.6	\$ 2.1	\$9,715.7	5%
Cost of sales.....	<u>2,025.9</u>	<u>(1.2)</u>	<u>2,024.7</u>	<u>1,995.8</u>	<u>(1.5)</u>	<u>1,994.3</u>	
Gross Profit.....	8,155.8	2.7	8,158.5	7,717.8	3.6	7,721.4	6%
Gross Margin.....	80.1%		80.2%	79.5%		79.5%	
Operating expenses.....	<u>6,629.8</u>	<u>(15.1)</u>	<u>6,614.7</u>	<u>6,406.1</u>	<u>(59.6)</u>	<u>6,346.5</u>	4%
Operating Expense Margin.....	65.1%		65.0%	66.0%		65.3%	
Operating Income.....	1,526.0	17.8	1,543.8	1,311.7	63.2	1,374.9	12%
Operating Income Margin.....	15.0%		15.2%	13.5%		14.2%	
Interest expense on debt extinguishment.....	19.1	(19.1)	—	—	—	—	
Provision for income taxes.....	451.4	13.0	464.4	400.6	19.1	419.7	
Net Earnings Attributable to The Estée Lauder Companies Inc.	1,019.8	23.9	1,043.7	856.9	44.1	901.0	16%
Diluted net earnings attributable to The Estée Lauder Companies Inc. per common share.....	2.58	.06	2.64	2.16	.11	2.27	16%

Fiscal 2012

In February 2009, the Company announced the implementation of a multi-faceted cost savings program (the "Program") to position it to achieve long-term profitable growth. The Company anticipates the Program will result in related restructuring and other charges, inclusive of cumulative charges recorded to date and through the remainder of the Program, totaling between \$350 million and \$450 million, before taxes. Since the inception of the Program, the Company approved cost savings initiatives to resize the organization, reorganize certain functions, turnaround or exit unprofitable operations and outsource certain services.

For the year ended June 30, 2012 and 2011, aggregate restructuring charges of \$53.6 million and \$41.1 million, respectively, were recorded in the Company's consolidated statements of earnings related to the Program. These charges primarily reflected employee-related costs, asset write-offs, contract terminations and other exit costs.

The Company recorded other charges in connection with the implementation of the Program for the year ended June 30, 2012 and 2011 of \$6.0 million and \$7.9 million, respectively, primarily related to consulting and other professional services. For the year ended June 30, 2012, the Company recorded \$2.1 million, reflecting sales returns (less a related cost of sales of \$0.3 million) and a write-off of inventory of \$1.8 million associated with exiting unprofitable operations. During the year ended June 30, 2011, the Company recorded \$4.6 million, reflecting sales returns (less a related cost of sales of \$1.2 million) and a write-off of inventory of \$7.0 million associated with turnaround operations, primarily related to the reformulation of Ojon brand products.

Total charges associated with restructuring activities included in operating income for the year ended June 30, 2012 and 2011, were \$63.2 million and \$59.4 million, respectively.

THE ESTÉE LAUDER COMPANIES INC.

Reconciliation of Certain Consolidated Statements of Earnings Accounts Before and After Returns and Charges (Unaudited; In millions, except per share data and percentages)

	Year Ended June 30, 2012			Year Ended June 30, 2011			% Change versus Prior Year Before Returns/Charges
	<u>As Reported</u>	<u>Returns/ Charges</u>	<u>Before Returns/ Charges</u>	<u>As Reported</u>	<u>Returns/ Charges</u>	<u>Before Returns/ Charges</u>	
Net Sales.....	\$9,713.6	\$ 2.1	\$9,715.7	\$8,810.0	\$ 4.6	\$8,814.6	10%
Cost of sales.....	<u>1,995.8</u>	<u>(1.5)</u>	<u>1,994.3</u>	<u>1,936.9</u>	<u>(5.8)</u>	<u>1,931.1</u>	
Gross Profit.....	7,717.8	3.6	7,721.4	6,873.1	10.4	6,883.5	12%
Gross Margin.....	79.5%		79.5%	78.0%		78.1%	
Operating expenses.....	<u>6,406.1</u>	<u>(59.6)</u>	<u>6,346.5</u>	<u>5,783.7</u>	<u>(49.0)</u>	<u>5,734.7</u>	11%
Operating Expense Margin.....	66.0%		65.3%	65.6%		65.1%	
Operating Income.....	1,311.7	63.2	1,374.9	1,089.4	59.4	1,148.8	20%
Operating Income Margin.....	13.5%		14.2%	12.4%		13.0%	
Provision for income taxes.....	400.6	19.1	419.7	321.7	17.7	339.4	
Net Earnings Attributable to The Estée Lauder Companies Inc.	856.9	44.1	901.0	700.8	41.7	742.5	21%
Diluted net earnings attributable to The Estée Lauder Companies Inc. per common share.....	2.16	.11	2.27	1.74	.10	1.85	23%

Fiscal 2011

In February 2009, the Company announced the implementation of a multi-faceted cost savings program (the "Program") to position it to achieve long-term profitable growth. The Company anticipates the Program will result in related restructuring and other special charges, inclusive of cumulative charges recorded to date and over the next few fiscal years, totaling between \$350 million and \$450 million, before taxes.

During the year ended June 30, 2011 and June 30, 2010, the Company approved cost savings initiatives to resize the organization, reorganize certain functions, turnaround or exit unprofitable operations and outsource certain services.

For the year ended June 30, 2011 and 2010, aggregate restructuring charges of \$41.1 million and \$48.8 million, respectively, were recorded in the Company's consolidated statements of earnings related to the Program. These charges primarily reflected employee-related costs, asset write-offs, contract terminations and other exit costs.

The Company recorded other special charges in connection with the implementation of the Program for the year ended June 30, 2011 and 2010 of \$7.9 million and \$12.3 million, respectively, related to consulting and other professional services and accelerated depreciation.

During the year ended June 30, 2011, the Company recorded \$4.6 million, reflecting sales returns (less a related cost of sales of \$1.2 million) and a write-off of inventory of \$7.0 million associated with turnaround operations, primarily related to the reformulation of Ojon brand products.

For the year ended June 30, 2010, the Company recorded \$15.7 million, reflecting sales returns (less a related cost of sales of \$2.5 million) and a write-off of inventory of \$10.4 million associated with exiting unprofitable operations.

Total charges associated with restructuring activities included in operating income for the year ended June 30, 2011 and 2010 were \$59.4 million and \$84.7 million, respectively.

THE ESTÉE LAUDER COMPANIES INC. Reconciliation of Certain Consolidated Statements of Earnings Accounts Before and After Returns and Charges (Unaudited; In millions, except per share data and percentages)

	Year Ended June 30, 2011			Year Ended June 30, 2010			% Change versus Prior Year Before Returns/Charges
	<u>As Reported</u>	<u>Returns/ Charges</u>	<u>Before Returns/ Charges</u>	<u>As Reported</u>	<u>Returns/ Charges</u>	<u>Before Returns/ Charges</u>	
Net Sales.....	\$8,810.0	\$ 4.6	\$8,814.6	\$7,795.8	\$ 15.7	\$7,811.5	13%
Cost of sales.....	<u>1,936.9</u>	<u>(5.8)</u>	<u>1,931.1</u>	<u>1,829.4</u>	<u>(7.9)</u>	<u>1,821.5</u>	
Gross Profit.....	6,873.1	10.4	6,883.5	5,966.4	23.6	5,990.0	15%
Gross Margin.....	78.0%		78.1 %	76.5%		76.7%	
Operating expenses.....	<u>5,783.7</u>	<u>(49.0)</u>	<u>5,734.7</u>	<u>5,176.5</u>	<u>(61.1)</u>	<u>5,115.4</u>	12%
Operating Expense Margin.....	65.6%		65.1 %	66.4%		65.5%	
Operating Income.....	1,089.4	59.4	1,148.8	789.9	84.7	874.6	31%
Operating Income Margin.....	12.4%		13.0 %	10.1%		11.2%	
Interest expense on debt extinguishment.....	—	—	—	27.3	(27.3)	—	
Provision for income taxes.....	321.7	17.7	339.4	205.9	38.6	244.5	
Net Earnings Attributable to The Estée Lauder Companies Inc.	700.8	41.7	742.5	478.3	73.4	551.7	35%
Diluted net earnings attributable to The Estée Lauder Companies Inc. per common share.....	3.48	.21	3.69	2.38	.37	2.75	34%

Fiscal 2010

The table below reconciles the results for the year ended June 30, 2010 before and after returns and charges associated with restructuring activities and the extinguishment of debt.

In February 2009, the Company announced the implementation of a multi-faceted cost savings program (the "Program") to position it to achieve long-term profitable growth. The Company anticipates the Program will result in related restructuring and other special charges over the next few fiscal years totaling between \$350 million and \$450 million before taxes. The Program includes organizational resizing and regional realignments which principally reflects the reduction of the workforce by approximately 2,000 employees.

During the year ended June 30, 2010, the Company approved cost savings initiatives to resize the organization, reorganize certain functions, turnaround or exit unprofitable operations and outsource certain services. For the year ended June 30, 2010, aggregate restructuring charges of \$48.8 million were recorded in the Company's consolidated statements of earnings related to the Program. These charges primarily reflected employee-related costs, asset write-offs, contract terminations and other exit costs.

The Company recorded other special charges in connection with the implementation of the Program for the year ended June 30, 2010 of \$12.3 million related to consulting, other professional services, and accelerated depreciation. For the year ended June 30, 2010, the Company recorded \$15.7 million, reflecting anticipated sales returns (less a related cost of sales of \$2.5 million) and a write-off of inventory associated with exiting unprofitable operations of \$10.4 million.

Total charges associated with restructuring activities included in operating income for the year ended June 30, 2010, were \$84.7 million.

In the fourth quarter of fiscal 2010, the Company completed a cash tender offer for \$199.9 million aggregate principal amount of Senior Notes due in 2012 and 2013. As a result, the Company recorded a pre-tax charge to earnings of \$27.3 million.

THE ESTÉE LAUDER COMPANIES INC.
Reconciliation of Certain Consolidated Statements of Earnings Accounts Before and After Returns and Charges
(Unaudited; In millions, except per share data and percentages)

	<u>Year Ended June 30, 2010</u>			<u>Year Ended June 30, 2009</u>			<u>% Change versus Prior Year Before Returns/Charges</u>
	<u>As Reported</u>	<u>Returns/ Charges</u>	<u>Before Returns/ Charges</u>	<u>As Reported</u>	<u>Returns/ Charges</u>	<u>Before Returns/ Charges</u>	
Net Sales.....	\$7,795.8	\$ 15.7	\$7,811.5	\$7,323.8	\$ 8.1	\$7,331.9	6.5%
Cost of sales.....	<u>1,829.4</u>	<u>(7.9)</u>	<u>1,821.5</u>	<u>1,881.6</u>	<u>(6.8)</u>	<u>1,874.8</u>	
Gross Profit.....	5,966.4	23.6	5,990.0	5,442.2	14.9	5,457.1	9.8%
Gross Margin.....	76.5%		76.7%	74.3%		74.5%	
Operating expenses.....	<u>5,176.5</u>	<u>(61.1)</u>	<u>5,115.4</u>	<u>5,023.8</u>	<u>(76.8)</u>	<u>4,947.0</u>	3.4%
Operating Expense Margin.....	66.4%		65.5%	68.6%		67.5%	
Operating Income.....	789.9	84.7	874.6	418.4	91.7	510.1	71.5%
Operating Income Margin.....	10.1%		11.2%	5.7%		7.0%	
Interest expense on debt extinguishment.....	27.3	(27.3)	—	—		—	
Provision for income taxes.....	205.9	38.6	244.5	115.9	30.0	145.9	
Net Earnings Attributable to The Estée Lauder Companies Inc.....	478.3	73.4	551.7	218.4	61.7	280.1	97.0%
Diluted net earnings attributable to The Estée Lauder Companies Inc. per common share.....	2.38	.37	2.75	1.10	.31	1.42	94.0%

Fiscal 2009

The table below reconciles the results for the year ended June 30, 2009 as reported and results prior to restructuring and special charges.

In February 2009, the Company announced the implementation of a multi-faceted cost savings program (the "Program") to position it to achieve long-term profitable growth. The Company anticipates the Program will result in related restructuring and other special charges over the next few fiscal years totaling between \$350 million and \$450 million before taxes. The Program includes organizational resizing and regional realignments which principally reflects the reduction of the workforce by approximately 2,000 employees.

During fiscal 2009, the Company approved cost savings initiatives to resize the organization, reorganize certain functions, exit unprofitable operations and outsource certain services. For the year ended June 30, 2009, aggregate restructuring charges of \$70.3 million were recorded in the Company's summary of consolidated results related to the Program. These charges primarily reflected employee-related costs, asset write-offs, contract terminations and other exit costs.

The Company incurred other special charges in connection with the implementation of the Program for the year ended June 30, 2009 of \$10.1 million related to consulting, other professional services, and accelerated depreciation. In addition to the other special charges, the Company recorded \$8.1 million reflecting sales returns (less a related cost of sales of \$1.2 million) and a write-off of inventory associated with exiting unprofitable operations of \$8.0 million.

During the year ended June 30, 2009, the Company recorded a gain of \$3.6 million related to excess accruals that were recorded as other special charges in prior years.

Total charges associated with restructuring activities included in operating income for the year ended June 30, 2009 were \$91.7 million.

	<u>Year Ended June 30, 2009</u>			<u>Year Ended June 30, 2008</u>			<u>% Change versus Prior Year Before Charges</u>
	<u>As Reported</u>	<u>Charges</u>	<u>Before Charges</u>	<u>As Reported</u>	<u>Charges</u>	<u>Before Charges</u>	
Net Sales	\$7,323.8	\$8.1	\$7,331.9	\$7,910.8	\$0.0	\$7,910.8	(7.3)%
Cost of Sales	<u>1,881.6</u>	<u>6.8</u>	<u>1,874.8</u>	<u>1,996.8</u>	<u>0.0</u>	<u>1,996.8</u>	
Gross Profit	5,442.2	14.9	5,457.1	5,914.0	0.0	5,914.0	(7.7)%
Gross Margin	74.3%		74.5%	74.8%		74.8%	
Operating Expenses	<u>5,023.8</u>	<u>76.8</u>	<u>4,947.0</u>	<u>5,103.3</u>	<u>0.4</u>	<u>5,102.9</u>	(3.1)%
Operating Expense Margin.....	68.6%		67.5%	64.5%		64.5%	
Operating Income	418.4	91.7	510.1	810.7	0.4	811.1	(37.1)%
Operating Income Margin	5.7%		7.0%	10.3%		10.3%	
Provision for income taxes.....	115.9	30.0	145.9	259.9	0.1	260.0	
Net Earnings.....	218.4	61.7	280.1	473.8	0.3	474.1	(40.9)%
Diluted net earnings per common share...	1.10	.31	1.42	2.40	.00	2.40	(41.1)%