

L'Oréal and Estée Lauder Annual Report

2020-2021



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About The Company

L'ORÉAL

A Brief History of The Company

For more than 110 years, L'Oréal has devoted their energy and competencies solely to one business: beauty. They are committed to fulfilling this mission of meeting diversity and beauty desires both ethically and responsibly. Beauty is the DNA of L'Oréal, the company has been a leader in the beauty sector worldwide for decades.

L'Oréal has chosen a unique strategy: Universalization. It means globalization that captures, understands and respects differences. Differences in desires, needs and traditions. To offer tailor-made beauty, and meet the aspirations of consumers in every part of the world. L'Oréal is driven by this vision of the world.

For L'Oréal, universalization is about having a truly global presence through a unique organization. We are strategically concentrated yet operationally decentralized. That means also creating and producing cosmetics at a local level, so that our formulations are perfectly adapted to the needs of our consumers, wherever they live. To achieve that, we have developed a worldwide network of Research & Innovation and marketing hubs, one for each of our strategic markets: the United States, Japan, Brazil, China, India and South Africa. To complement their work in development, L'Oréal also has a global industrial presence, so that these innovations can be brought to market quickly and efficiently.

About The Company

ESTÉE LAUDER

A Brief History of The Company

Estée Lauder founded her company with her husband Joseph with a mission to find beauty in every woman with four original products. The Lauder family values created a prominent foundation of the company, with generations of the family contributing to the company's expansion.

The company has grown to become one of the world's leading manufacturers, marketers, and sellers of fragrance, skincare, makeup, and hair care. The company offers brands like La Mer, Bobbi Brown, Jo Malone London, Aveda, TOM FORD BEAUTY, Smashbox, GLAMGLOW, and more in over 150 countries in Asia/Pacific, Europe, The Middle East and Africa, and The Americas.

Estée Lauder values and prioritizes creativity and innovation to help their customers express their individual beauty. The company uses modern technology to stay ahead of trends in product development, marketing, and merchandising. Innovation is defined broadly to capture the imagination of consumers, whether it be through retail, online, or on mobile. "We want to deliver breakthrough products that benefit the consumer and continue to invent the unexpected."

Trend Analysis

The horizontal analysis demonstrates change, whether in amount or percentage, over time. The trend analysis (aka horizontal analysis) helps determine how the company performed over time and how well managers are executing the desired strategy over time.



Formula Used:

The base amount is the prior year, which is the fiscal year of 2020 for the balance sheet and income statement.

Change in Amount

=

Current year - Base year

Percent Change

=

Current year - Base year

x 100

Base Year

Significant Changes:

In 2021, L'Oréal purchased back a significant portion of their own shares, which is reflected in the large change in the treasury shares line item. Reflecting a \$8.9 billion increase in treasury share expenses from 2020 to 2021. In order to cover this cost, the company used cash and debt borrowing. The fair value of borrowings and debt amounted to €6,300.4 million at 31 December 2021 compared with €2,546.5 million at 31 December 2020. At 31 December 2021, L'Oréal and its subsidiaries had €5,000 million of confirmed undrawn credit lines, compared with €5,363.0 million at 31 December 2020. This resulted in a 57.6% decrease in their cash and cash equivalents as well as a 439.4% increase in their current borrowings and debt liabilities. To increase support their cash equivalents, L'Oréal supported the purchase of shares with marketable securities consisting of SICAV money-market funds. The Group also took out bank loans to cover its medium-term financing needs and issued short-term marketable instruments in France and commercial paper in the US to cover its financing needs in the short term.

The maturities of the credit lines at 31 December 2021 are broken down as follows:

- €0 million at less than one year;
- €2,500.0 million between one and four years;
- €2,500.0 million at more than five years.

Shares and Capital:

Share capital consists of 557,672,360 shares with a par value of €0.20 at 31 December 2021 following the exercise of subscription options for 52,397 shares, the issue of 5,327 shares for the employee shareholding plan in the UK, 743,056 free shares and the cancellation of 3,000,000 shares. Share capital consists of 559,871,580 shares with a par value of €0.20 at 31 December 2020 following the exercise of subscription options for 465,796 shares, the issue of 452,979 shares for the employee shareholding plan and 835,600 free shares. On 31 December 2021, 338,664,185 shares had been held in registered form for two years making them eligible for the 10% preferential dividend. This accounts for the 20.87% increase in earnings per share attributable to owners of the company (excluding non-recurring items) and an overall 29% increase in net profit attributable to owners of the company.

All potential ordinary shares are included in the calculation of earnings per share since all stock option plans have a dilutive impact on the periods presented. At 31 December 2021, 338,664,185 shares had been held in registered form for two years making them eligible for the 10% preferential dividend.

Non-Current Financial Assets:

Loreal's value of their stake in Safoni decreased from 2020 to 2021 from €10.5 billion to €9.3 billion, with an acquisition cost of €4 billion, reflecting a 1.6% increase in dividends. Loreal also invested in biotech start-ups. This accounts for the 13.7% (€1315.4 million) increase in non-current financial assets.

Loreal made strategic investments in investment funds which lead to a 33.3% increase, partially accounted for by the gain of 50 million subscribers in the L'Oréal fund for the regeneration of nature, as well as the deconsolidation of subsidiaries in Venezuela for €94.4 million fully written down.

Provisions for employee retirement obligations and related benefits:

L'Oréal finalized in 2021 the implementation of a replacement scheme for acquired rights in accordance with a new law that affects employment periods starting 1 January 2020, following publication of the circular on 23 December 2020. Contributions to defined contribution schemes recognised as an expense for 2021 and 2020 amounted to €559.3 million and €511.3 million respectively, a decrease of 64% from the previous year.

Other Income and Expenses:

Despite the cost of goodwill of IT Cosmetics (-€254,7 million) and the brand Magic (-€82,8 million) as well as the ongoing restructuring of the organization and distribution of the Luxe and Professional Divisions in Europe (€60.8 million), the reorganization of the Consumer Products Division's sales forces in North Asia (€29 million), the restructuring of an industrial activity in Eastern Europe (€10 million), the restructuring of production in Germany (€18.2 million), and the reorganization of Urban Decay's distribution structures in 17 countries (€9.2 million), there was a 39% decrease in income and expenses due to the financial hit taken by the company during the Covid-19 pandemic.

*In 2020, certain specific and identifiable costs relating to the consequences of the public health crisis borne during the first half of the year including €27 million in additional health costs (additional hygiene measures, protective measures for employees, thermal cameras, etc.) and the costs incurred by a total and sudden suspension of activity over clearly defined lockdown periods imposed by local authorities. These include €43 million relating to own points of sales (mainly the salaries of beauty advisers and costs relating to the amortization of store rights-of-use net of any subsidies received from lessors) and €70 million mainly corresponding to the salaries of the Professional Products Division's sales force, the Luxe Division's beauty advisers in Department stores and the Medical Doctors' sales forces which were prohibited from visiting the United States. Acquisition-related costs (€24 million) and disputes related to intellectual property (€20 million).

ESTÉE LAUDER

Goodwill: In December 2019, the company aired Have & Be, this added to the goodwill by \$346 million. The asset is amortizable by \$937 million with a period from 7.5-17.5 years. The company made this purchase for future revenue growth opportunities in the skin care industry, and the value of the company's assembled workforce. The acquisition and accounting was finalized on June 30th 2020. In may 2021 the company increased its investment in DECIEM which raised the goodwill by \$1,283 billion and amortizable intangible assets by \$701 million between 7-14 years, and non-amortizable assets (trademarks) by \$1,216 million. This Goodwill occurred in order for growth in future revenue within the skin care category.

Intangible Assets: The company's intangible assets such as customer lists and license agreements accumulated amortization and therefore had a higher value from 2020 to 2021 (ex: \$544 accumulated amortization for customer lists and \$587 for license agreements)

"Other intangible assets (e.g., customer lists) are amortized on a straight-line basis over their expected period of benefit, approximately 5 years to 20 years. Intangible assets related to license agreements were amortized on a straight-line basis over their useful lives based on the terms of the respective agreements."

Accounts Receivable: The company's largest customer occurred on June 30, 2021 in China travel retail. "This customer accounted for \$179 million, or 10%, and \$297 million, or 24%, of the Company's accounts receivable at June 30, 2021 and 2020, respectively." (85) During fiscal 2021, Estée lauder changed their accounting rule to account for when they made the sale, so account receivable increased because its sales are recognized under a new accounting standard.

Debt: The total Debt decreased to 48% by June 2021 from 61% during June 30, 2020, which is primarily a result of an increase in net earnings offset by a high treasury stock balance. The total debt decreased also due to fiscal 2021 repayments of the \$750 million of the \$1.5 billion outstanding balance.

Other Non-Current Liabilities: The June 30, 2021 non-current liabilities included \$849 million of of deferred tax liabilities, whereas the June 30, 2021 non-current liabilities only included \$399 million of deferred tax liabilities. The DECIDEM stock options of \$141 million in 2021 were also classified under other non-current liabilities as stock option liabilities. "The stock options (141 million) and deferred tax liabilities (399 million) of DECIEM are included in other non current liabilities."

Stockholder's Equity: In February 2020, Estée Lauder temporarily suspended their repurchase of shares of their Class A Common Stock due to market conditions, which resulted in a decrease in stockholder's equity. The repurchasing was resumed in March 2021, and 1.3 million shares of their shares as a part of their publicly announced program were purchased.

Operating Income : The percent change in operating income in 2021 can be credited to the impact of goodwill, other intangible assets, and long lived asset impairments. Operating income pertaining to skin care increased \$1.2 billion due to higher results from Estée Lauder, La Mer, and Clinique. Makeup operating results increased by \$1.1 billion primarily due to increased sales by Too Faced, BECCA, and Smashbox. Fragrance operating results increased in 2021 by \$183 million primarily due to Tom Ford Beauty and Jo Malone London. Operating Results reportedly increased in the American by \$1.2 billion in 2021 due to favorable goodwill and higher inter company income from travel retail business and brick and mortar locations. Operating Result in Europe, the Middle east, and Africa increased by \$247 million in France, \$56 million in Asia/Pacific, and \$227 million in China and Korea in 2021. The primary cause of this increase in operating income is the spike in sales as a result in the decline of COVID-19.

EBT: The tax rate in 2021 decreased approximately 1,980 basis points, due to a lower effective tax rate on foreign operations of 920 basis points. The drastic increase in Earnings Before Income Taxes can be attributed to the increase in income that occurred due to the decrease in COVID-19.

Total Operating Expenses: In March 2021, Estée Lauder paid out \$600 million aggregate principal of its 2031 senior notes."In April 2021, the Company repaid \$450 million aggregate principal amount of its 1.700% Senior Notes due May 10, 2021 in full, partially from the net proceeds of the 2031 Senior Notes issued and cash on hand, and the corresponding interest rate swaps were settled." Additionally, a large component of fiscal year of 2021 was the goodwill impairment that came with the acquisition of DECIEM. The Decrease in operating expenses was primarily caused by a favorable comparison of goodwill, and other intangible and long term assets impairment of \$1.2 billion and a decrease in selling expenses, due to the closures of brick and mortar locations/expenses from COVID-19.

Comparison

L'Oréal

Estée Lauder

Goodwill

Loreal assumed the cost of goodwill of IT Cosmetics (€254,7 million) and the brand Magic (€82,8 million) in 2021

The 2021 acquisition of DECIEM increased goodwill by \$1.3 billion

Equity

Loreal purchased back a significant portion of their own shares, which is reflected in the large change in the treasury shares line item. Reflecting a €8.9 billion increase in treasure share expenses from 2020 to 2021.

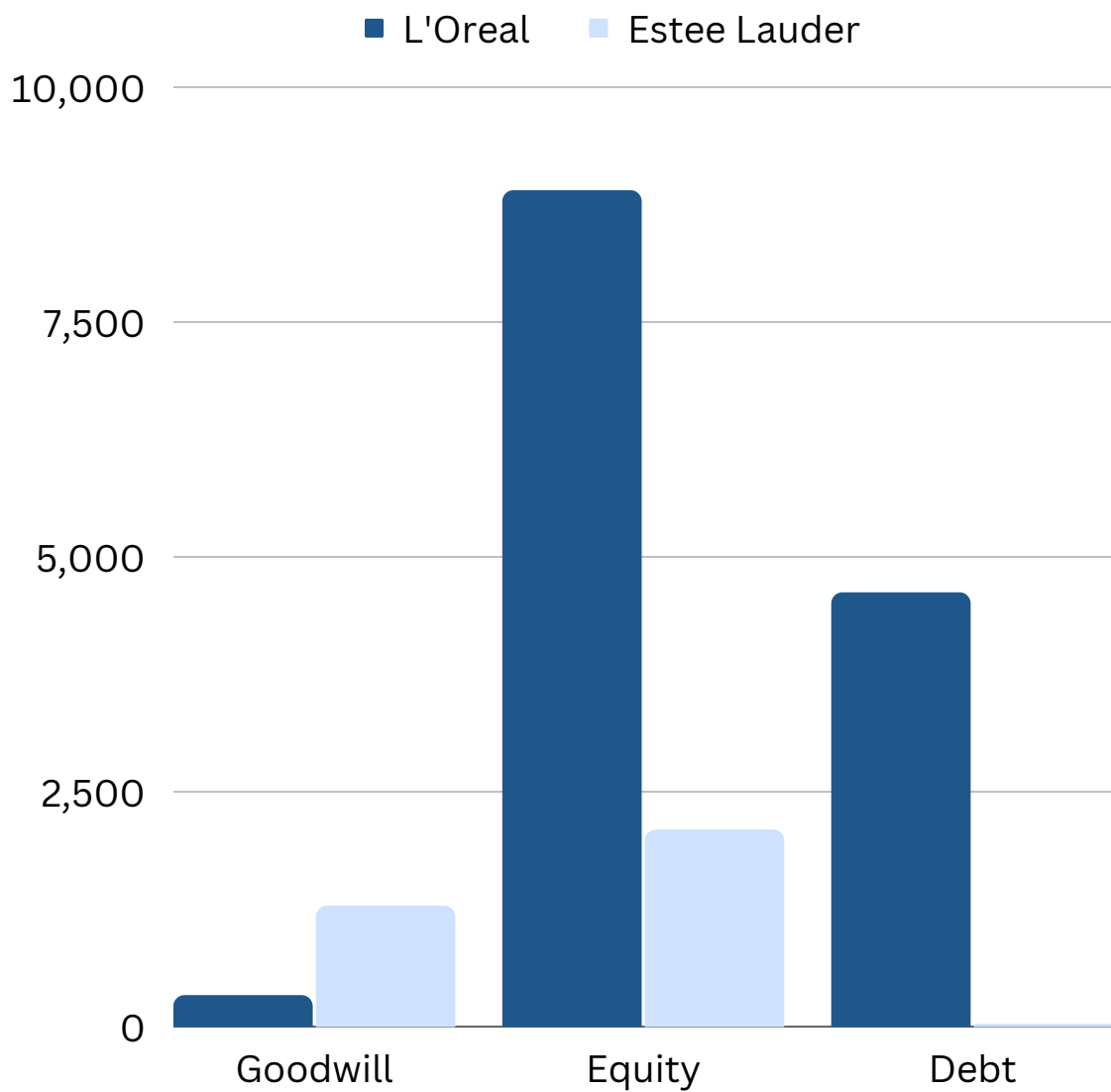
Shareholder's Equity increased in 2021 due to repurchasing of 1.3 million shares of class A common stock, (raised by \$2.1 Billion)

Debt Liabilities

Loreal had a 57.6% decrease in their cash and cash equivalents as well as a 439.4% increase in their current borrowings and debt liabilities.

Total debt decreased by 13% between June 2020 and June 2021 due to increases in net earnings and fiscal 2021 repayments

Through their acquisition of DECIEM in fiscal year 2021, Estée Lauder assumed a significantly larger amount of goodwill than L'Oreal, while L'Oreal increased their stockholder's equity significantly more than Estée Lauder. In fiscal year 2021, L'Oreal assumed far more debt, while Estée Lauder decreased their debt.



Vertical Analysis

Also called common-size analysis, is a technique that expresses each financial statement item as a percent of a base amount. Common size statements are particularly useful when comparing data from different companies of different sizes.



Formula Used:

The base amount is total assets for the balance sheet and sales revenue for the income statement.

$$\text{Percent} = \frac{\text{Analysis Amount}}{\text{Base Amount}}$$

L'ORÉAL

Advertising and Promotion:

In 2021, 32.8% of revenue was dedicated to advertising and promotion expenses in an attempt to recouperate from the losses of 2020 due to the impact of the COVID-19 pandemic.

Shareholders:

In 2021, 14% of revenue was attributed to the owners of the company, compared to 12.7% in 2020 due to a percentage of funds being diverted elsewhere in 2020 to help support company efforts during the COVID pandemic.

Depreciation and Amortization:

Depreciation and amortization of tangible and intangible assets included in operating expenses amounted to €1,459.1 million, including €405.6 million for right-of-use (IFRS 16), €1.6 billion, including €466.6 million for right-of-use (IFRS 16) and €1,616.8 million, including €445.1 million for right-of-use (IFRS 16) respectively, for 2021, 2020 and 2019.

Other Income and Expenses:

The reversal of a provision for disputes related to intellectual property (€45.6 million), the write-down of Earn-out Style Nanda and Atelier Cologne earn-out debts (€44.2 million), partially offset by charitable donations (€16 million) and acquisition costs (€14.3 million) accounted for 1.3% of overall revune being attributed to other income and expenses.

COGS: The cost of sales, or cost of goods sold, are steady and ensure a stable Gross profit in both fiscal year 2020 and 2021. During fiscal year 2020, the COGS were 27 dollars for every 100 dollars in sales, meaning that 73 dollars of gross profit was generated. In fiscal year 2021, similarly, the COGS were 26 dollars for every 100 dollars in sales, meaning that 74 dollars of gross profit was generated. Therefore, Loreal's average cost of sales represents roughly 26% of their total revenue.

Retained Earnings: During the fiscal year of 2020, for every 100 dollars in total assets, 43 dollars were retained earnings. Similarly, during the fiscal year 2021, for every 100 dollars in total assets, 44 dollars were retained earnings. Therefore, 44.4% of Loreal's total revenue is allocated as retained earnings.

ESTÉE LAUDER

Cash and Cash Equivalents: During fiscal year 2020, for every 100 dollars in total assets, 29 dollars were cash, whereas in 2021, for every 100 dollars in total assets, 23 dollars were cash. Cash and Cash Equivalents includes \$1.5 billion of short-term time deposits in 2021, versus just \$775 million of short-term deposits in 2020. These highly liquid investments are classified as such by Estée Lauder with original maturities of three months or less.

Retained Earnings: During the fiscal year of 2020, for every 100 dollars in total assets, 57 dollars were retained earnings. Similarly, during the fiscal year 2021, for every 100 dollars in total assets, 56 dollars were retained earnings. During the fiscal year of 2021 Estée Lauder adopted a new accounting policy ("ASC Topic 326") that measured credit losses based on their estimated expected losses rather than their incurred losses. This method more accurately accounts for future economic conditions and earlier recognition of allowances for credit losses. Because of this, Estée Lauder recorded a cumulative reduction adjustment of \$3 million in tax in the opening balance of retained earnings in fiscal year 2021.

Non Current Assets: During the fiscal year of 2020, for every 100 dollars in total assets, there were 50 in dollars non-current assets. However in fiscal year 2021, for every 100 dollars in total assets, there were 56 dollars in non-current assets. The operating margin for fiscal year 2021 increased by \$1.2 billion in other intangible assets/long term assets. This impairment was related to COVID-19. The increase in non-current assets also pertain to revenue recognition, inventory, pensions, and other post-retirement benefit costs, and other long term assets that pertain to the acquisition of DECIEM Beauty Group that took place in fiscal 2021.

Net income: In the year fiscal year of 2020, for every 100 dollars in sales, the company managed to generate 5 dollars in net income. In the fiscal year 2021, however, the company generated 17.7 dollars for every 100 dollars in sales. This can be credited to the drastic decrease in income that occurred during the peak of COVID-19 in 2020. Skin care, makeup, and fragrance were not a priority and even neglected during the pandemic, and therefore sales pertaining to this industry took a drastic hit.

COGS: The cost of sales, or cost of goods sold, are steady and ensure a stable Gross profit in both fiscal year 2020 and 2021. During fiscal year 2020, the COGS were 25 dollars for every 100 dollars in sales, meaning that 75 dollars of gross profit was generated. In fiscal year 2021, similarly, the COGS were 24 dollars for every 100 dollars in sales, meaning that 76 dollars of gross profit was generated.

Operating expenses: Fiscal year 2021 had a significant decrease in operating expenses. In fiscal year 2020 71 dollars were spent to generate every 100 dollars in sales, whereas in fiscal year 2021, 60 dollars were spent to generate every 100 dollars. This drop in operating expenses can primarily be attributed to favorable comparison of goodwill, and other intangible and long term assets impairment of \$1,238 million and a decrease in selling expenses, due to the closures of brick and mortar locations/expenses from COVID-19.

Operating income (profit): Estée Lauder had a significant increase in operating income during its fiscal year 2021. In fiscal year 2020, for every 100 dollars in sales, 4 dollars were made in profit, where in fiscal year 2021, for every 100 dollars in sales, 16 dollars were made in profit. As previously explained, the primary cause of this profit difference is the hit the Estée Lauder took in income and sales during the peak of COVID-19 in 2020.

Comparison

L'Oréal

Operating Expenses

1.3% of overall revenue is attributed to other income and expenses from operational profit.

Non-Current Assets

Depreciation and amortization of tangible and intangible assets amounted to €1,459.1 million. (Non-current assets were 72% of total assets in 2021)

COGS

Loreal's average cost of sales represents roughly 26% of their total revenue.

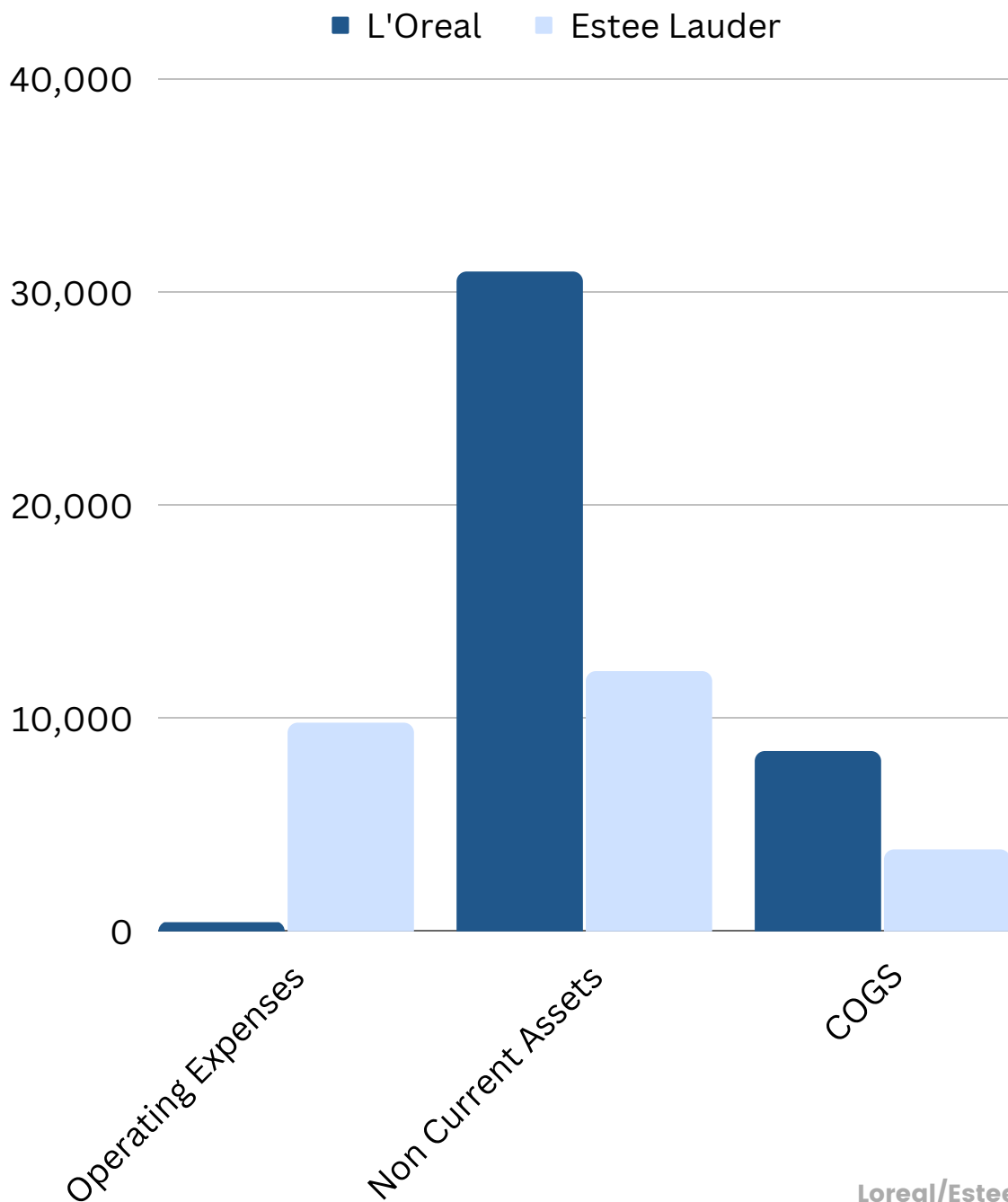
Estée Lauder

Operating expenses decreased by about 10% 2020 and 2021 due to a favorable comparison of goodwill, and other intangible and long term assets impairment and a decrease in selling expenses

During the fiscal year of 2020, for every 100 dollars in total assets, there were 50 in dollars non-current assets. However in fiscal year 2021, for every 100 dollars in total assets, there were 56 dollars in non-current assets

During fiscal year 2020, the COGS were 25 dollars for every 100 dollars in sales, In fiscal year 2021, similarly, the COGS were 24 dollars for every 100 dollars in sales

In fiscal year 2021, both L'oreal and Estée Lauder experienced a decrease in operating expenses, however L'oreal's decreased 1.2%, while Estée Lauder by 10%. In fiscal year 2021, L'oreal's Non-Current Assets were 72% of total assets, while Estée Lauder's Non-Current Assets were 56% of total assets. L'oreal and Estée Lauder had a similar COGS in fiscal year 2021, at 26% and 24% of net sales.



Ratio Analysis

LIQUIDITY RATIOS

- Current Ratio
- Acid Test/Quick Ratio

ASSET MANAGEMENT RATIOS

- Inventory Turnover Ratio
- Days Sales Outstanding
- Total Assets Turnover Ratio

CAPITAL STRUCTURE RATIOS

- Debt to Total Assets
- Debt to Equity
- Times-Interest-Earned

PROFITABILITY RATIOS

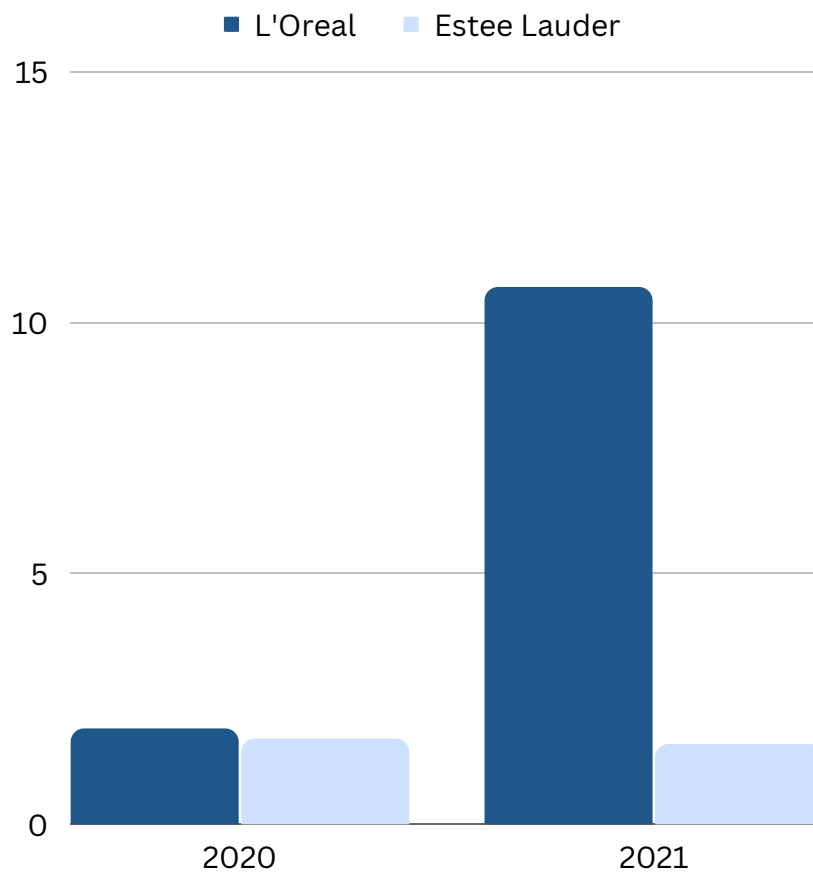
- Gross Profit Margin
- Net Profit Margin
- Basic Earning Power
- Return on Total Assets
- Return on Equity



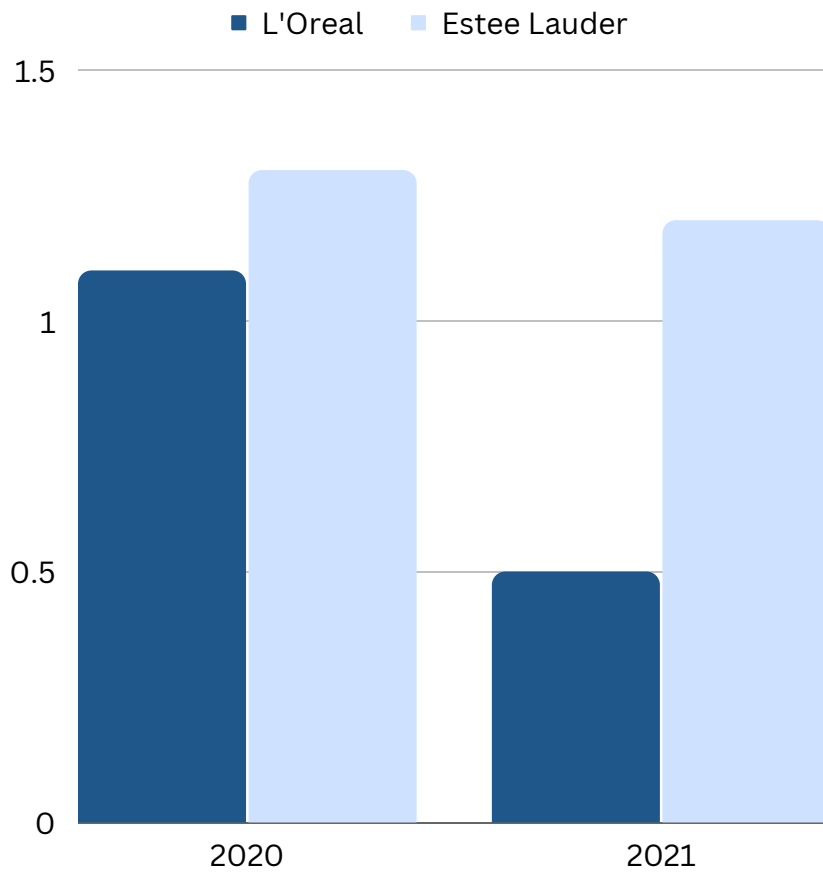
LIQUIDITY RATIOS

Liquidity Ratios measure a company's ability to meet its short term obligations (current liabilities) come due and to meet unexpected needs for cash.

Current Ratio	2020	2021
L'Oreal	1.9	10.7
Estée Lauder	1.7	1.6



Quick Ratio	2020	2021
L'Oreal	1.1	0.5
Estée Lauder	1.3	1.2



The current ratio measures how well a firm can meet its short term obligations come due. It is vital that a company has enough cash on hand to meet its short term liabilities

The quick ratio measures a firm's ability to pay off short term obligations without relying on the sale of inventories. It only includes the most liquid current assets, and is a more conservative version of the current ratio.

L'Oréal

In 2021, Loreal's current ratio was 10.7; however, the quick ratio was only 0.5. This indicates that almost 95% of their current assets are tied up in inventory. This could be a result of inventory left over from the 2020 fiscal year that was not sold amidst the coronavirus pandemic. The leftover inventory would carry over to the next year in addition to new inventory for the 2021 fiscal year.

Estée Lauder

Estée Lauder has a stable and similar current ratio in both fiscal 2020 and 2021. They are capable of paying off their obligations, however are not sitting on cash.

Estée Lauder has a stable and similar quick ratio in both fiscal 2020 and 2021 of 1.3 and 1.2. They are capable of paying off they obligations without being reliant on sales, however they are not sitting on cash and not a lot of their assets are tied up in inventory. The company maintained a 0.4 difference of inventory to current assets in 2020 and 2021.

Comparison

Estée Lauder is far more liquid of a company than, Loreal, as Loreal has more of its assets tied up in inventory than Estée Lauder.

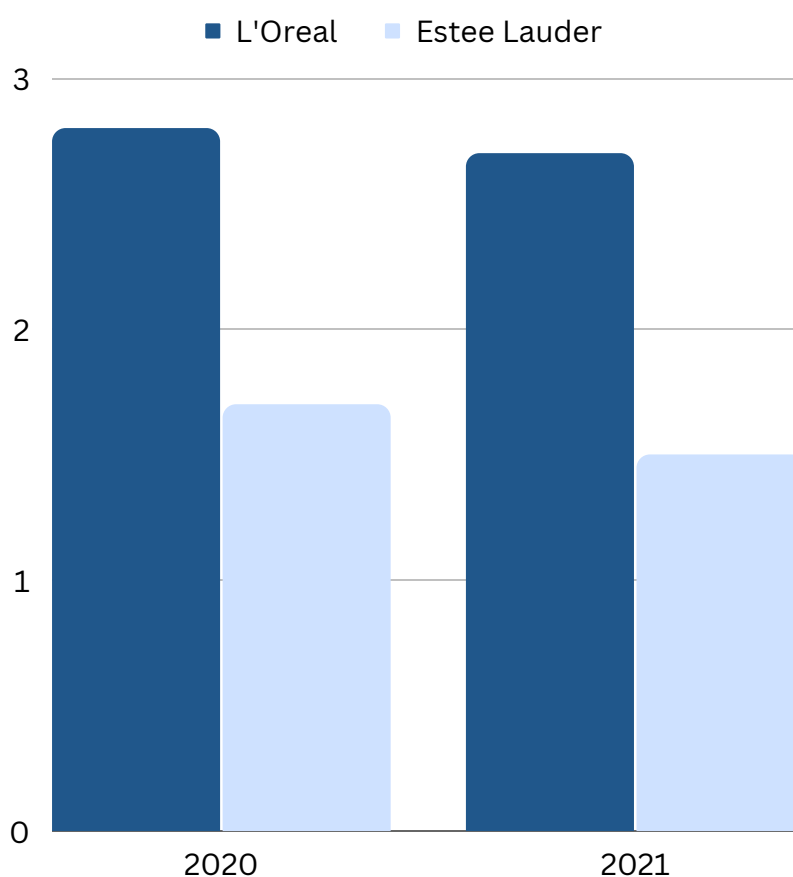
Industry Averages - 2021

L'Oreal	Estée Lauder	Ulta	Revlon
0.5x	1.2x	0.3x	0.4x

ASSET MANAGEMENT RATIOS

Asset Management Ratios measure how effectively the firm is managing its assets to generate sales and evaluates how efficiently certain key balance sheet assets and liabilities are managed. If a company can reduce inventory or speed up the collection of receivables, it will have a direct and immediate impact on the company's cash position.

Inventory Turnover Ratio (x)	2020	2021
L'Oreal	2.8x	2.7x
Estée Lauder	1.7x	1.5x



Inventory turnover ratio measures the firm's efficiency in turning inventory into sales

L'Oréal

There was a slight decrease (0.1x) in Loreal's inventory turnover from 2020 to 2021, indicating that the company was less effective at managing its inventory to generating sales in 2021. The company could improve their inventory turnover by reducing inventory.

Gross profit is earned every time inventory is turned over; therefore, the faster the business turns over inventory, the better, because less cash is tied up.

Estée Lauder

Estée Lauder's inventory turnover ratio is fitting to its level of luxury beauty. It makes sense that inventory turnover would not be as high as affordable/fast beauty brands. That have more inventory and more sales. The inventory turnover was slightly lower in 2021, because there was less inventory that year.

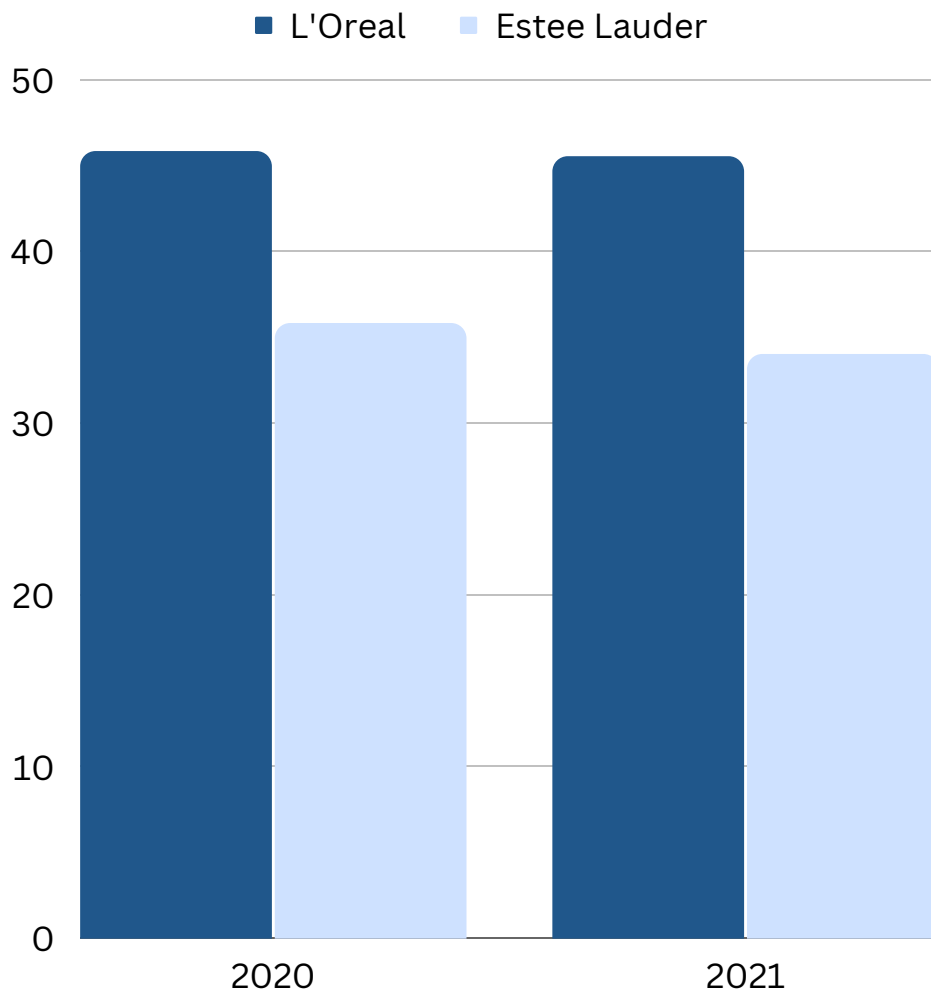
Comparison

Estée Lauder is considered to be more of a high end beauty company than Loreal, and it is therefore consistent with the brand identity that the inventory turnover ratio for Estée Lauder was lower than that of Loreal's in both 2020 and 2021.

Industry Averages - 2021

L'Oreal	Estée Lauder	Ulta	Revlon
2.7x	1.3x	2.7x	1.8x

Day Sales Outstanding (Days)	2020	2021
L'Oreal	45.8	45.5
Estée Lauder	35.8	34.0



The DSO measures how well a company manages its accounts receivables, representing the number of days between making a sale and receiving the cash. The faster a company collects cash from the customer, the better; therefore the lower the DSO, the better for the company because a high DSO represents more receivables still left to collect. L'oreal's DSO is consistent from 2020 to 2021, maintaining a value of approximately 45 days between sale and receivables.

L'Oréal

Loreal's DSO is consistent from 2020 to 2021, maintaining a value of approximately 45 days between sale and receivables.

Estée Lauder

Estée Lauder is consistent from 2020 to 2021, maintaining a value of approximately 35 days in between sales and receivables.

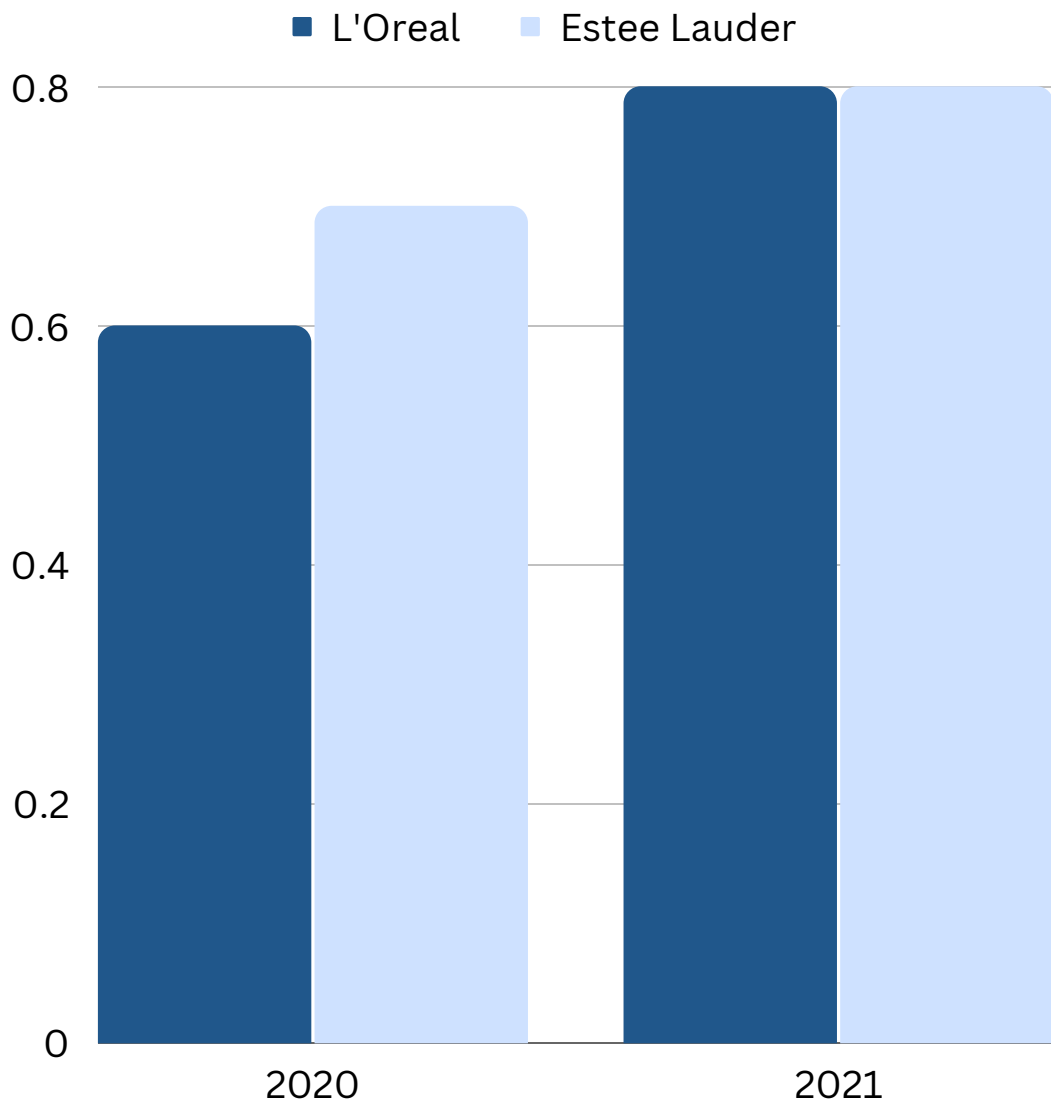
Comparison

Both Estée Lauder and L'oreal maintained similar DSO ratios in fiscal year 2020 and 2021, with a ten day difference in between sales and receivables. This difference is moderate however no highly effective on their receivables.

Industry Averages - 2021

L'Oreal	Estée Lauder	Ulta	Revlon
45.5	34	7	65

Total Assets Turnover Ratio	2020	2021
L'Oreal	0.6	0.8
Estée Lauder	0.7	0.8



The Total Assets Turnover Ratio measures how efficiently a company is using its total assets to generate sales. It indicates whether the company invested the right amount of total assets relative to its sales.

The company will lose sales if it doesn't have enough invested, and if it invests too much (and is left with too little liquid assets) then the company cannot make sales/revenue, and the operating capital will be too high.

L'Oréal

L'oreal experienced a slight increase in total assets turnover (0.2) from the 2020 to 2021 fiscal year; therefore, the company is improving its efficiency in generating sales from assets.

Estée Lauder

Estée Lauder experienced a slight increase in total assets turnover (0.1) because both the net sales were by \$1,921 billion in 2021, however their total asset turnover ratio is stable and the company is using their assets properly to generate sales.

Comparison

Both companies maintained similar total asset turnover ratios in both fiscal years 2020 and 2021, meaning that both companies similarly used their assets properly to generate sales

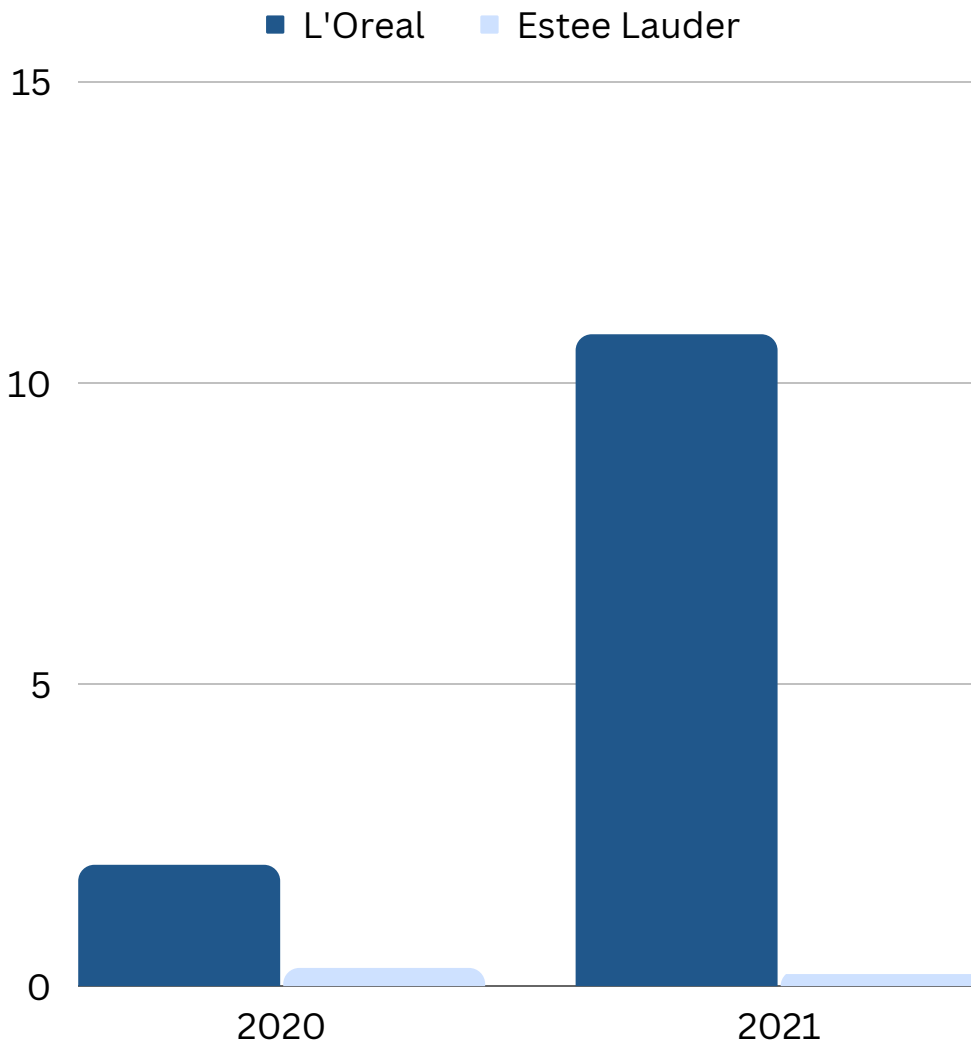
Industry Averages - 2021

L'Oréal	Estée Lauder	Ulta	Revlon
0.8x	0.8x	1.8x	0.8x

CAPITAL STRUCTURE RATIOS

Capital Structure Ratios, aka Debt Management Ratios, measure the extent to which a firm uses debt financing, or financial leverage.

Debt to Total Assets	2020	2021
L'Oreal	2.0%	10.8%
Estée Lauder	0.4%	0.3%



The Debt to Total Assets, aka the Debt ratio measures how much of the company's assets are financed by borrowing.

L'Oréal

There was a significant increase of 8% in L'oreal's Debt to Total Assets Ratio from 2020 to 2021, this can be accounted for by their large assumption of debt in 2021 to cover the repurchasing of their shares.

Estée Lauder

Estee Lauders's Debt Ratio low, because they do not engage in much borrowing activity to finance the company. If they do not borrow heavily, there is little financial leverage opportunity. The company also paid off the majority of its longterm debt from 2019-2021.

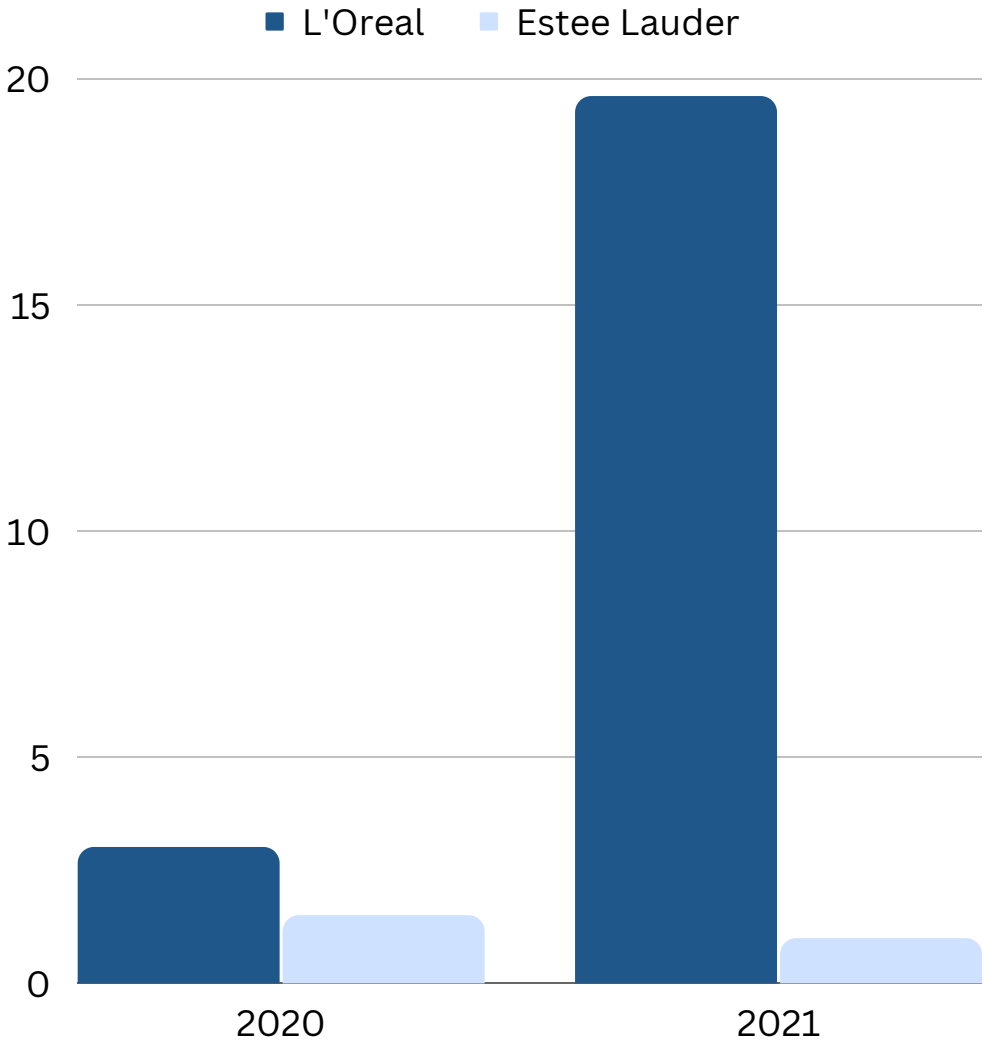
Comparison

Estee Lauders's Debt Ratio is far lower than L'oreal's, because they do not engage in much borrowing activity to finance the company, unlike L'oreal who assumed a large amount of debt 2021, because they engaged in borrowing activity to purchase back their shares.

Industry Averages - 2021

L'Oréal	Estée Lauder	Ulta	Revlon
10.8%	0.3%	35.6%	159.9%

Debt to Equity	2020	2021
L'Oreal	3.0%	19.6%
Estée Lauder	1.5%	1.0%



The debt-to-equity ratio measures a company's total debt compared to the amount invested by the owners and the earnings that have been retained over time.

L'Oréal

Due to the increase in L'Oréal's borrowing debt accounted for by the assumption of loans in 2021, their debt to equity ratio increased by more than 16% from 2020 to 2021.

Estée Lauder

Estée Lauder's Debt to Equity ratio is relatively stable as the norm is from 1-2. A large portion of the company's liabilities is not in debt, but in lease obligations, which reflects the company's lack of debt. The company's overall debt also decreased to 48% from 61% in fiscal year 2021, which reflects the ratio decrease.

Comparison

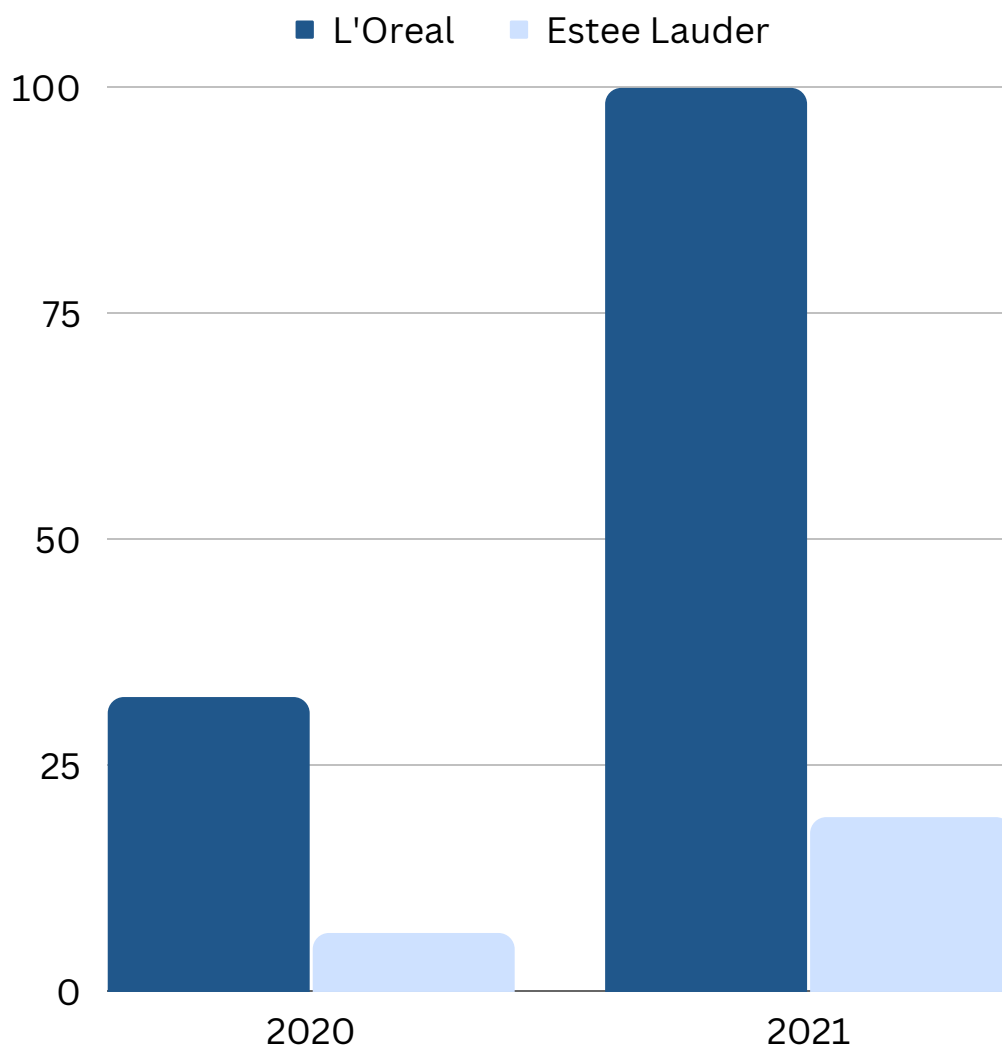
L'Oréal's Debt to Equity ratio is significantly higher than Estée Lauder's. While fiscal year 2021's debt is astronomically high due to their higher borrowing activity that year, fiscal year 2020 is also slightly high, as the stable norm is from 1-2.

Industry Averages - 2021

L'Oréal	Estée Lauder	Ulta	Revlon
19.6%	1%	98.7%	-161.4%

The times interest earned (TIE) ratio indicates the company's ability to meet its debt obligations based on its current income

Times Interest Earned	2020	2021
L'Oreal	32.5	99.8
Estée Lauder	6.5	19.3



Times Interest Earned measures whether a business can make interest payments on its outstanding debt on a pretax basis. This ratio is a tool for assessing a company's long term solvency by examining its ability to cover interest expense on debt, typically on long term debt.

L'Oréal

Loreal's TIE increased greatly from 2020 to 2021, with a value of 99.8x in 2021, indicating that they are more than capable of making interest payments on its outstanding debt on a pretax basis. The company's long term solvency is at a positive level as it is able to cover interest expense on debt.

Estée Lauder

Estée Lauder has accumulate very little debt in the first place, which reflects why the TIE ratio is higher. The mature company has generated enough income from operating activities which allows them to borrow money minimally to grow the business. Their maturity also means that they do not need to open more PPE, which also minimizes borrowing necessities.

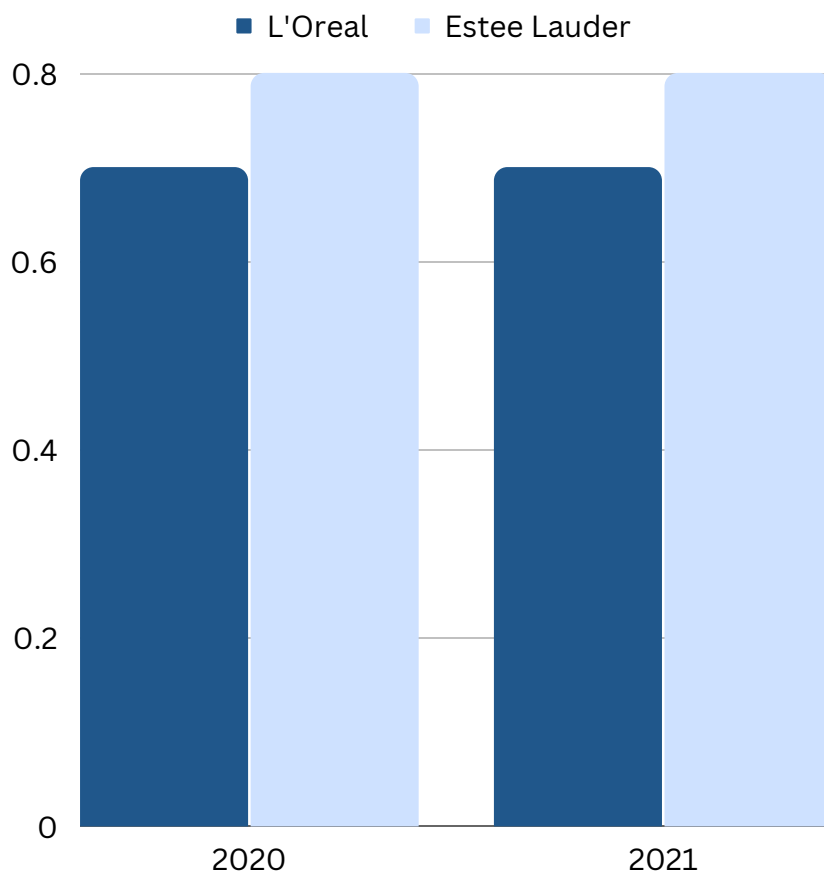
Comparison

Estée Lauder and Loreal had disparate TIE ratios, however, regardless of the fact that that Loreal engaged in far more borrowing activity than Estée Lauder, both companies are able to meet their debt and financial obligations.

PROFITABILITY RATIOS

Profitability Ratios reflect the results of management policies and decisions by indicating the financial impacts of these decisions through key indicators such as Gross Profit and Return on Total Assets.

Gross Profit Margin	2020	2021
L'Oreal	0.7	0.7
Estée Lauder	0.8	0.8



The Gross Profit Margin measures the gross profit per dollar of sales.

L'Oréal

Loreal's gross profit margin is stable as it remains at 70% for both 2020 and 2021, indicating that the gross profit per dollar remains at \$70 in profit for each \$100 in sales.

Estée Lauder

Estée Lauder's gross profit margin is stable and similar both years, as well as similar to that of Loreal's. It indicates that for every \$100 in sales, the company makes about \$75 in profit

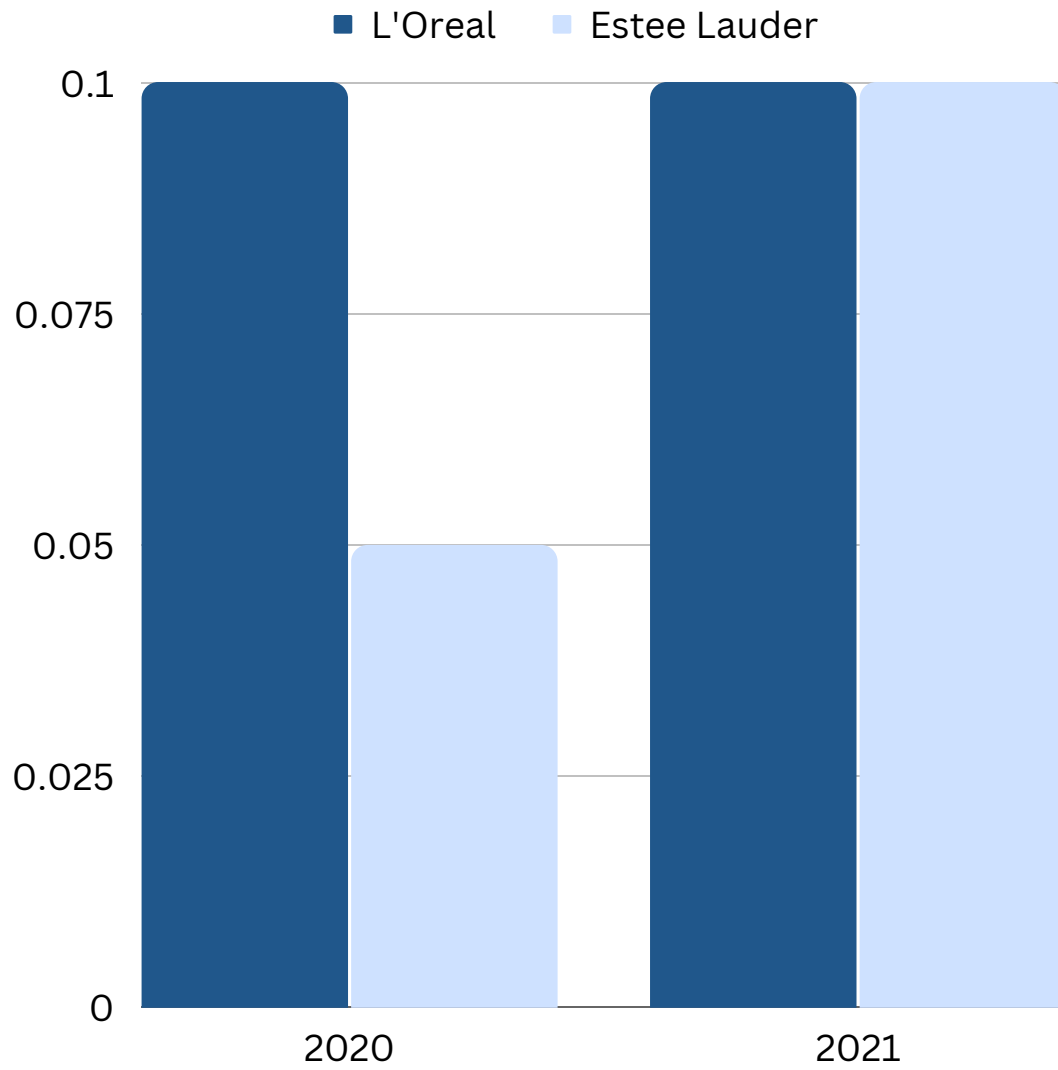
Comparison

Loreal's and Estée Lauder's gross profit margins are similarly stable and similar both years, they indicate a high gross profit margin of 70-75 dollars per 100 dollars in net sales.

Industry Averages - 2021

L'Oreal	Estée Lauder	Ulta	Revlon
70%	80%	43.7%	58.3%

Net Profit Margin	2020	2021
L'Oreal	0.1	0.1
Estée Lauder	0.05	0.1



The Net Profit Margin measures the net profit per dollar of sales.

L'Oréal

Loreal's net profit margin remains consistent at 10% in 2020 and 2021, with \$10 of net profit for every \$100 in sales.

Estée Lauder

Estée Lauder's net profit margin is dramatically lower than that of Estée Lauder in 2020. This can be attributed to the cause of operating expenses and a result of a decrease in net earnings due to COVID-19.

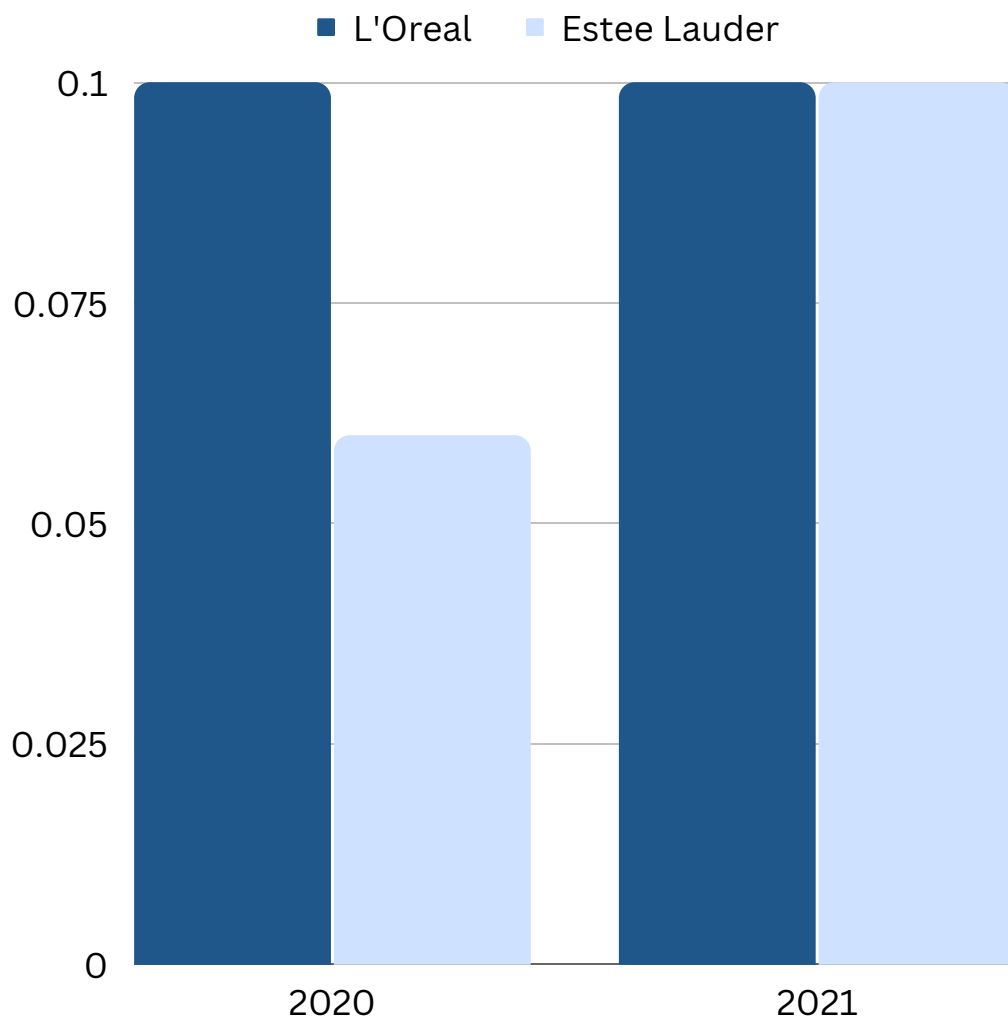
Comparison

Estée Lauder's net profit margin was dramatically lower than that of L'Oréal's in fiscal year 2020, due to Estée Lauder's low net profit margin in 2020. They are identical in fiscal year 2021, however.

Industry Averages - 2021

L'Oréal	Estée Lauder	Ulta	Revlon
10%	10%	12.3%	-24.2%

Basic Earning Power	2020	2021
L'Oreal	0.1	0.1
Esée Lauder	0.06	0.1



BEP is determines how effectively a firm uses its assets to generate income. The BEP is found by dividing EBIT by total assets . The higher the BEP ratio, the more effective a company is at generating income from its assets.

L'Oréal

Loreal's basic earning power remains consistent at 10% in both 2020 and 2021, maintaining the same level of efficiency and effectiveness and turning assets into income.

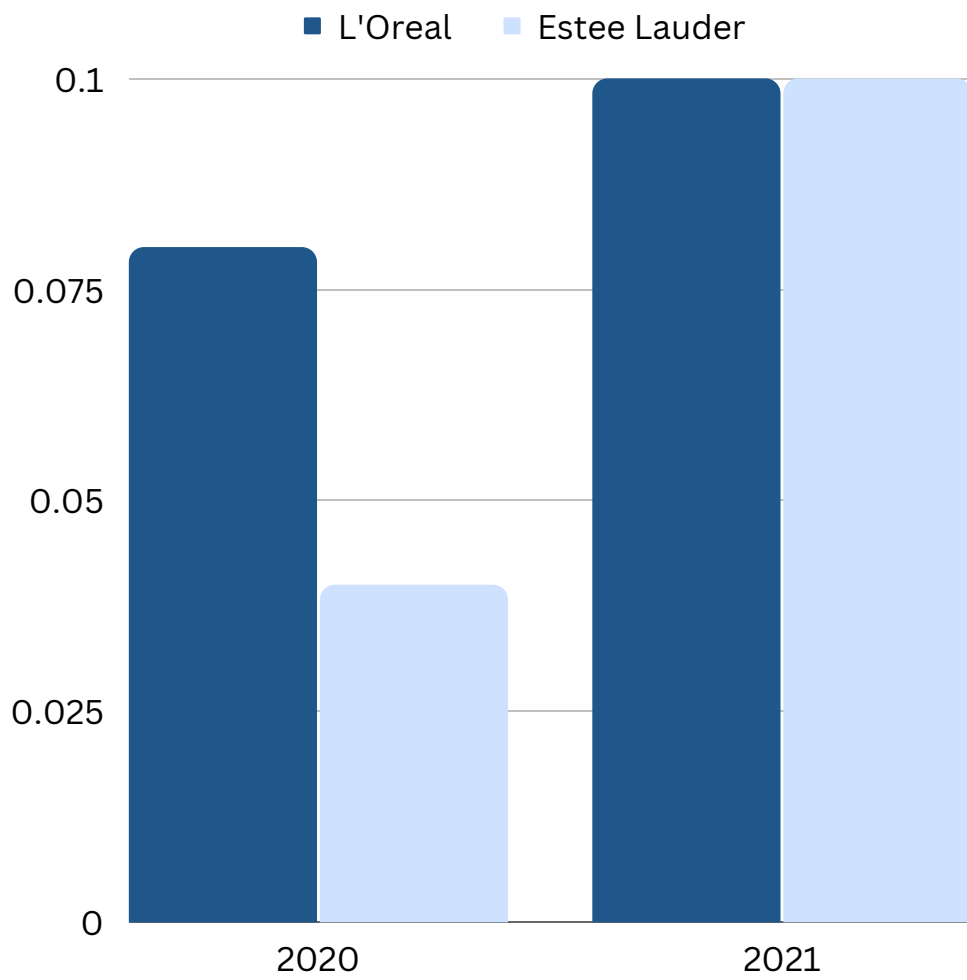
Estée Lauder

Estée Lauder's BEP increase in fiscal year 2021 can be explained because of the decrease in income and therefore EBIT (earnings before interest and taxes) due to the effects of COVID-19. The company's regained its sales in 2021 as COVID-19 was mitigated, and the EBIT and therefore BEP rose.

Comparison

Loreal's and Estée Lauder's BEP were similar in fiscal year 2021, however different in fiscal year 2020, due to Estée Lauder's low operating income due to COVID-19.

Return on Total Assets	2020	2021
L'Oreal	0.08	0.1
Estée Lauder	0.04	0.1



The return on total assets is found by dividing a company's net earnings by its total assets. This profitability ratio helps you determine how your company generates its earnings and how you compare to your competitors.

L'Oréal

Loreal's ROA had a slight increase of 0.02 from 2020 to 2021, indicating that the company became slightly more profitable with their returns on assets. For every \$100 of total assets, Loreal generated \$10 in net earnings.

Estée Lauder

Estée Lauder's low return on total assets in fiscal year 2020 can be explained by its low net income of \$696 million versus \$2.9 billion in fiscal year 2021. This significant difference is credited to the decrease in sales that took place during the height of COVID-19.

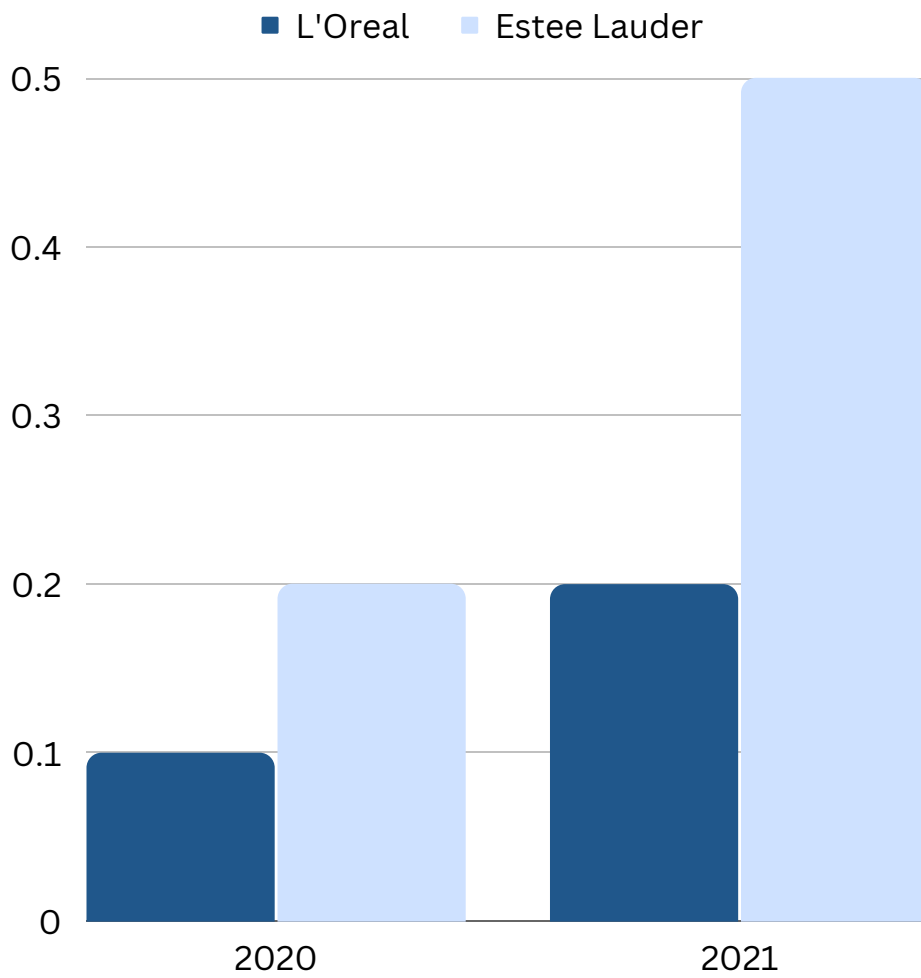
Comparison

Loreal and Estée Lauder both had low lower return on total assets in fiscal year 2020, however Estée Lauder's was significantly lower due to a decrease in sales during COVID-19. In fiscal year 2021, they has the same stable return on total assets.

Industry Averages - 2021

L'Oreal	Estée Lauder	Ulta	Revlon
10%	10%	22.4%	-19.5%

Return on Equity	2020	2021
L'Oreal	0.1	0.2
Estee Lauder	0.1	0.5



ROE is found by dividing the company's net income by its shareholders' equity. ROE determines a company's profitability efficiency in generating profit. The higher the ROE, the better a company is at converting its equity financing into profits.

L'Oréal

Loreal's profitability efficiency in generating profit increased from 2020 to 2021 by 10%, indicating that the company is improving at converting its equity financing into profits.

Estée Lauder

Estée Lauder's drastic increase in ROE in 2021 can be credited to the rise in net income that took place due to the recovery from a loss of sales during the peak of COVID-19 in 2020

Comparison

Loreal and Estée Lauder's both experienced a rise in ROE that was credited to the rise in sales that occurred during the recovery from COVID-19

Industry Averages - 2021

L'Oreal	Estée Lauder	Ulta	Revlon
20%	50%	60.9%	N/A

Dupont's Equation

L'ORÉAL

ROE = Operating Efficiency x Asset Management Efficiency x Capital Structure

Loreal's ROE increased from 2020 to 2021 maintaining the same relative operating efficiency with the net profit margin remaining around 0.1, while both the asset management efficiency (measured by total asset turnover) and capital structure of debt leverage (measured by the equity multiplier) increased.

2020

Artificial Intelligence
+75%

$$0.1 = 0.13 \times 0.6 \times 1.5$$

2021

$$0.2 = 0.1 \times 0.7 \times 1.8$$

Dupont's Equation

ESTÉE LAUDER

ROE = Operating Efficiency x Asset Management Efficiency x Capital Structure

Estée Lauder's ROE increased from fiscal year 2020 to fiscal year 2021 primarily due to its rise in operating efficiency and due to a minimal rise in asset management efficiency.

2020

Artificially inflated
+7%

$$0.2 = 0.05 \times 0.7 \times 4.5$$

2021

$$0.5 = 0.2 \times 0.8 \times 3.6$$

Company Overview

Significant Summary Points

L'Oreal suffered many financial depletions in the 2021 fiscal year that can be attributed to their debt financing activities which account for the most prominent changes in their balance sheet and income statement reports.

The company has a decent liquidity position, however they must be cautious about having too much of their assets tied up in inventory. Their asset management efficiency and profitability are steady and their capital structure strategy is strong; however, they must remain attentive to the effect of leveraging and the risk associated with debt financing.



Major Moves

Loreal took a large hit to their cash and cash equivalents byline in order to partially finance their repurchasing of equity and shares in their own company.

L'Oréal also assumed a large quantity of debt in order to account for the rest of their financing of share purchases and other investing as well as operational activities.

Executive Summary

Recommendations

Compared to its industry competitors, L'Oréal has fair overall financial health with a leveraged capital structure that relies heavily on debt financing. Although Estée Lauder does not finance through debt like L'Oréal, L'Oréal appears to have not taken as much of a hit from the COVID-19 pandemic as Estée Lauder. The current position of the company indicates that it is preparing to grow largely in the next few years as the company recently reinvested in their own stock positions by buying back their shares. The strengths of the company lie in their total asset turnover and debt to equity whereas they could improve their positions in inventory and basic earning power.

Although L'Oréal appears to be in a declining financial position at first glance, upon further investigation, it is a company in a good position for investment. Investing in L'Oréal is a beneficial financial decision considering the company itself repurchased their own shares, indicating the share price is lower than it should be; therefore, they want to have more ownership in their company to reap the benefits of growth. Normally, the stock price of the company goes up after this strategic move, making it a good opportunity for investment.

L'ORÉAL
PARIS

Company Overview

Significant summary points

Estée Lauder proves its company maturity and self sufficiency in its assets, minimal debt, and ability to bounce back from futile fiscal years.

Balance Sheet

In fiscal year 2021, the company raised its goodwill, assets, accounts receivables, liabilities and stockholder's equity, while decreasing its debt.

Income Statement

In fiscal year 2021, the company raised its net income, operating income, net sales, and gross profit, while decreasing its operating expenses

Executive Summary

Recommendations For Estée Lauder

Estée Lauder has done an admirable job of keeping their company afloat during the pandemic that caused consumers to put the purchasing of beauty products on hold. Their ability to bounce back in the fiscal year of 2021, is even more admirable. I have little recommendations for change in their business operations during this uncertain time, as they were carried out strategically and effectively. The only counseling I may offer is that since the company's debt is so low, and such a large percentage of their long term liabilities are in leases, it would benefit them borrow money in order to finance the purchasing rather than leasing of properties. This can financially leverage their income in the future.

ESTÉE
LAUDER

L'Oréal

- Took less of a financial hit on income and profit during COVID-19 (fiscal year 2020)
- Assumes far more debt and engages in far more borrowing activity than Estée Lauder
- Leverages Capital structure
- More non-current assets

Estée Lauder

- Took a significantly larger financial hit on income and profit during COVID-19 (fiscal year 2020)
- Assumes far less debt and engages in far less borrowing activity than L'Oréal
- Unleveraged Capital Structure
- Less non-current assets

APPENDIX

Spreadsheets for further analysis and reference

No. 01 – Balance Sheet – L'Oréal

Include a brief description, rationale and intended impact.
It helps to keep it concise yet concrete!

No. 02 – Balance Sheet – Estée Lauder

Include a brief description, rationale and intended impact.
It helps to keep it concise yet concrete!

No. 03 – Income Statement – L'Oréal

Include a brief description, rationale and intended impact.
It helps to keep it concise yet concrete!

No. 04 – Income Statement- Estée Lauder

Include a brief description, rationale and intended impact.
It helps to keep it concise yet concrete!

BALANCE SHEET

5.3. COMPARED CONSOLIDATED BALANCE SHEETS

5.3. COMPARED CONSOLIDATED BALANCE SHEETS							
ASSETS							
€ millions	Notes	31.12.2021	31.12.2020	Trend Analysis \$	Trend Analysis %	vertical Analysis 2021 %	vertical Analysis 2020 %
Non-current assets		30,937.6	29,046.8	1,890.8	6.5%	71.9%	66.6%
Goodwill	7.1	11,074.5	10,514.2	560.3	5.3%	25.7%	24.1%
Other intangible assets	7.2	3,462.8	3,356.3	106.5	3.2%	8.1%	7.7%
Right-of-use assets	3.2	1,507.6	1,525.3	-17.7	-1.2%	3.5%	3.5%
Tangible assets	3.2	3,266.2	3,225.2	41.0	1.3%	7.6%	7.4%
Non-current financial assets	9.3	10,920.2	9,604.8	1,315.4	13.7%	25.4%	22.0%
Investments accounted for under the equity method	8	9.9	11.1	-1.2	-10.8%	0.0%	0.0%
Deferred tax assets	6.3	696.5	809.9	-113.4	-14.0%	1.6%	1.9%
Current assets		12,075.8	14,560.1	-2,484.3	-17.1%	28.1%	33.4%
Inventories	3.3	3,166.9	2,675.8	491.1	18.4%	7.4%	6.1%
Trade accounts receivable	3.3	4,021.0	3,511.3	509.7	14.5%	9.3%	8.1%
Other current assets	3.3	2,037.9	1,732.7	305.2	17.6%	4.7%	4.0%
Current tax assets		136.2	234.4	-98.2	-41.9%	0.3%	0.5%
Cash and cash equivalents	9.2	2,713.8	6,405.9	-3,692.1	-57.6%	6.3%	14.7%
TOTAL ASSETS		43,013.4	43,606.9	-593.5	-1.4%	100.0%	100.0%
EQUITY & LIABILITIES							
€ millions	Notes	31.12.2021	44,196.0			103.6%	101.4%
Equity	11	23,592.6	28,998.8	-5,406.2	-18.6%	54.8%	66.5%
Share capital		111.5	112.0	-0.5	-0.4%	0.3%	0.3%
Additional paid-in capital		3,265.6	3,259.8	5.8	0.2%	7.6%	7.5%
Other reserves		19,092.2	18,642.5	449.7	2.4%	44.4%	42.8%
Other comprehensive income		5,738.6	4,304.5	1,434.1	33.3%	13.3%	9.9%
Cumulative translation adjustments		-279.1	-889.2	610.1	-68.6%	-0.6%	-2.0%
Treasury shares		-8,940.2	0.0	-8,940.2		-20.8%	0.0%
Net profit attributable to owners of the company		4,597.1	3,563.4	1,033.7	29.0%	10.7%	8.2%
Equity attributable to owners of the company		23,585.7	28,993.0	-5,407.3	-18.7%	54.8%	66.5%
Non-controlling interests		6.9	5.8	1.1	19.0%	0.0%	0.0%
Non-current liabilities		2,837.6	3,478.0	-640.4	-18.4%	6.6%	8.0%
Provisions for employee retirement obligations and	5.4	360.6	1,013.5	-652.9	-64.4%	0.8%	2.3%
Provisions for liabilities and charges	12.1	63.8	56.8	7.0	12.3%	0.1%	0.1%
Non-current tax liabilities	6	344.8	397.9	-53.1	-13.3%	0.8%	0.9%
Deferred tax liabilities	6.3	810.3	706.6	103.7	14.7%	1.9%	1.6%
Non-current borrowings and debt	9.1	10.7	8.5	2.2	25.9%	0.0%	0.0%
Non-current lease debt	9.1	1,247.5	1,294.7	-47.2	-3.6%	2.9%	3.0%
Current liabilities		16,583.2	11,130.1	5,453.1	49.0%	38.6%	25.5%
Trade accounts payable		6,068.1	4,764.5	1,303.6	27.4%	14.1%	10.9%
Provisions for liabilities and charges	12.1	1,223.3	1,224.7	-1.4	-0.1%	2.8%	2.8%
Other current liabilities	3.4	3,980.8	3,682.5	298.3	8.1%	9.3%	8.4%
Income tax		268.9	215.1	53.8	25.0%	0.6%	0.5%
Current borrowings and debt	9.1	4,619.4	856.4	3,763.0	439.4%	10.7%	2.0%
Current lease debt	9.1	422.8	386.9	35.9	9.3%	1.0%	0.9%
TOTAL LIABILITIES AND OWNER'S EQUITY		43,013.4	43,606.9	-593.5	-1.4%	100.0%	100.0%

ESTÉE LAUDER

BALANCE SHEET

THE ESTÉE LAUDER COMPANIES INC. CONSOLIDATED BALANCE SHEETS

June 30

(In millions, except share data)

ASSETS	2021	2020	Trend Analysis \$	Trend Analysis %	Verical Analysis 2021	Verical Analysis 2020
Current assets						
Cash and cash equivalents	4,958	5,022	(64)	-1%	22.6%	28.2%
Accounts receivable, net	1,702	1,194	508	43%	7.7%	6.7%
Inventory and promotional merchandise	2,505	2,062	443	21%	11.4%	11.6%
Prepaid expenses and other current assets	603	614	(11)	-2%	2.7%	3.5%
Total current assets	9,768	8,892	876	10%	44.5%	50.0%
Property, plant and equipment, net	2,280	2,055	225	11%	10.4%	11.6%
Operating lease right-of-use assets	2,190	2,282	(92)	-4%	10.0%	12.8%
Goodwill	2,616	1,401	1,215	87%	11.9%	7.9%
Other intangible assets, net	4,095	2,338	1,757	75%	18.6%	13.1%
Other assets	1,022	813	209	26%	4.7%	4.6%
Total Non-Current Assets	12,203	8,889	3,314	37%	55.5%	50.0%
Total Assets	21,971	17,781	4,190	24%	100.0%	100.0%
Liabilities and Equity						
Current liabilities						
Current debt	32	1,222	(1,190)	-97%	0.1%	6.9%
Accounts payable	1,692	1,177	515	44%	7.7%	6.6%
Operating lease liabilities	379	375	4	1%	1.7%	2.1%
Other accrued liabilities	3,195	2,405	790	33%	14.5%	13.5%
Total current liabilities	5,928	5,179	749	14%	27.0%	29.1%
Non Current Liabilities					0.0%	0.0%
Long-term debt	5,537	4,914	623	13%	25.2%	27.6%
Long-term operating lease liabilities	2,151	2,278	(127)	-6%	9.8%	12.8%
Other noncurrent liabilities	2,037	1,448	589	41%	9.3%	8.1%
Total noncurrent liabilities	9,725	8,640	1,085	13%	44.3%	48.6%
Commitments and contingencies					0.0%	0.0%
Redeemable Noncontrolling Interest	857	-			3.9%	0.0%
Equity					0.0%	0.0%
Common Stock					0.0%	0.0%
June 30, 2020	6	6	-	0%	0.0%	0.0%
Paid-in capital	5,335	4,790	545	11%	24.3%	26.9%
Retained earnings	12,244	10,134	2,110	21%	55.7%	57.0%
Accumulated other comprehensive loss	(470)	(665)	195	-29%	-2.1%	-3.7%
Total	17,115	14,265	2,850	20%	77.9%	80.2%
Less: Treasury stock					0.0%	0.0%
Class A shares at June 30, 2020	(11,058)	(10,330)	(728)	7%	-50.3%	-58.1%
Total stockholders' equity – The Estée Lauder Companies Inc.	6,057	3,935	2,122	54%	27.6%	22.1%
Noncontrolling interests	34	27	7	26%	0.2%	0.2%
Total equity	6,091	3,962	2,129	54%	27.7%	22.3%
Total liabilities, redeemable						

INCOME STATEMENT

5.1. COMPA							
€ millions	Notes	2021	2020	Trend Analysis \$	Trend Analysis %	Vertical Analysis 2021	Vertical Analysis 2020
Net sales	3.1	32,287.6	27,992.1	4,295.5	15.35%	100.00%	100.00%
Cost of sales		-8,433.3	-7,532.3	-901.0	11.96%	-26.12%	-26.91%
Gross profit		23,854.3	20,459.8	3,394.5	16.59%	73.88%	73.09%
Research & Innovation expenses		-1,028.7	-964.4	-64.3	6.67%	-3.19%	-3.45%
Advertising and promotion expenses		-10,591.0	-8,647.9	-1,943.1	22.47%	-32.80%	-30.89%
Selling, general and administrative expenses		-6,074.2	-5,638.5	-435.7	7.73%	-18.81%	-20.14%
Operating profit	3.1	6,160.3	5,209.0	951.3	18.26%	19.08%	18.61%
Other income and expenses	4	-432.0	-709.0	277.0	-39.07%	-1.34%	-2.53%
Operational profit (EBIT)		5,728.3	4,500.0	1,228.3	27.30%	17.74%	16.08%
Finance costs on gross debt		-38.0	-79.2	41.2	-52.02%	-0.12%	-0.28%
Finance income on cash and cash equivalents		18.5	19.8	-1.3	-6.57%	0.06%	0.07%
Finance costs, net (interest)		-19.4	-59.4	40.0	-67.34%	-0.06%	-0.21%
Other financial income and	9.4	-40.2	-36.5	-3.7	10.14%	-0.12%	-0.13%
Sanofi dividends		378.3	372.4	5.9	1.58%	1.17%	1.33%
Profit before tax and associates		6,046.9	4,776.5	1,270.4	26.60%	18.73%	17.06%
Income tax	6	-1,445.4	-1,209.8	-235.6	19.47%	-4.48%	-4.32%
Share of profit in associates		0.6	0.9	-0.3	-33.33%	0.00%	0.00%
Net profit		4,602.2	3,567.6	1,034.6	29.00%	14.25%	12.75%
Attributable to:							
- owners of the company		4,597.1	3,563.4	1,033.7	29.01%	14.24%	12.73%
- non-controlling interests		5.1	4.2	0.9	21.43%	0.02%	0.02%
Earnings per share attributable to owners of		8.24	6.37	1.9	29.36%	0.03%	0.02%
Diluted earnings per share attributable to		8.21	6.34	1.9	29.50%	0.03%	0.02%
Earnings per share attributable to owners of the company, excluding non-recurring items	11.4	8.86	7.33	1.5	20.87%	0.03%	0.03%
Diluted earnings per share attributable to owners of the company, excluding non-recurring items	11.4	8.82	7.30	1.5	20.82%	0.03%	0.03%

ESTEE LAUDER

INCOME STATEMENT

CONSOLIDATED STATEMENTS OF EARNINGS						
Year Ended June 30						
(In millions, except per share data)	2021	2020	Trend Analysis \$	Trend Analysis %	Vertical Analysis 2021	Vertical Analysis 2020
Net sales	\$16,215	\$14,294	1921	13.4%	100.0%	100.0%
Cost of sales	3,834	3,552	282	2.0%	23.6%	24.8%
Gross profit	12,381	10,742	1639	11.5%	76.4%	75.2%
Operating expenses						
Selling, general and administrative	9,371	8,637	734	5.1%	57.8%	60.4%
Restructuring and other charges	204	73	131	0.9%	1.3%	0.5%
Goodwill impairment	54	812	-758	-5.3%	0.3%	5.7%
Impairments of other intangible and long-lived assets	134	614	-480	-3.4%	0.8%	4.3%
Total operating expenses	9,763	10,136	-373	-2.6%	60.2%	70.9%
Operating income (EBIT)	2,618	606	2012	14.1%	16.1%	4.2%
Interest expense	173	161	12	0.1%	1.1%	1.1%
Interest income and investment income, net	51	48	3	0.0%	0.3%	0.3%
Other components of net periodic benefit cost	12	4	8	0.1%	0.1%	0.0%
Other income, net	847	557	290	2.0%	5.2%	3.9%
Earnings before income taxes (EBT)	3,331	1,046	2285	16.0%	20.5%	7.3%
Provision for income taxes	456	350	106	0.7%	2.8%	2.4%
Net earnings (Net income)	2,875	696	2179	15.2%	17.7%	4.9%
Net earnings attributable to noncontrolling interests	-12	-12	0	0.0%	-0.1%	-0.1%
Net loss attributable to redeemable noncontrolling interest	7	0	7	0.0%	0.0%	0.0%
Net earnings attributable to The Estée Lauder Compan	\$2,870	\$684	2186	15.3%	17.7%	4.8%
Basic	\$7.91	\$1.90	6	0.0%	0.0%	0.0%
Diluted	\$7.79	\$1.86	6	0.0%	0.0%	0.0%
Weighted-average common shares outstanding			0	0.0%	0.0%	0.0%
Basic	362.9	360.6	2	0.0%	2.2%	2.5%
Diluted	368.2	366.9	1	0.0%	2.3%	2.6%
See notes to consolidated financial statements.						
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME						
Year Ended June 30						
(In millions)	2021	2020	1	0.0%	12.5%	14.1%
Net earnings	\$2,875	\$696	2179	15.2%	17.7%	4.9%

