

ESTEE LAUDER COMPANIES INC
Form 10-Q
November 02, 2015
[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549-1004

FORM 10-Q

(Mark One)-

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2015

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from to

Commission file number: 1-14064

The Estée Lauder Companies Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

11-2408943

(I.R.S. Employer Identification No.)

767 Fifth Avenue, New York, New York
(Address of principal executive offices)

10153
(Zip Code)

212-572-4200

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

At October 26, 2015, 222,578,287 shares of the registrant's Class A Common Stock, \$.01 par value, and 146,658,737 shares of the registrant's Class B Common Stock, \$.01 par value, were outstanding.

Table of Contents

THE ESTÉE LAUDER COMPANIES INC.

INDEX

	Page
<u>Part I. Financial Information</u>	
<u>Item 1. Financial Statements (Unaudited)</u>	
<u>Consolidated Statements of Earnings Three Months Ended September 30, 2015 and 2014</u>	2
<u>Consolidated Statements of Comprehensive Income (Loss) Three Months Ended September 30, 2015 and 2014</u>	3
<u>Consolidated Balance Sheets September 30, 2015 and June 30, 2015 (Audited)</u>	4
<u>Consolidated Statements of Cash Flows Three Months Ended September 30, 2015 and 2014</u>	5
<u>Notes to Consolidated Financial Statements</u>	6
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	26
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	40
<u>Item 4. Controls and Procedures</u>	40
<u>Part II. Other Information</u>	
<u>Item 1. Legal Proceedings</u>	40
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	40
<u>Item 6. Exhibits</u>	42
<u>Signatures</u>	43

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements.****THE ESTÉE LAUDER COMPANIES INC.****CONSOLIDATED STATEMENTS OF EARNINGS****(Unaudited)**

	Three Months Ended September 30	
	2015	2014
	(In millions, except per share data)	
Net Sales	\$ 2,834.7	\$ 2,631.0
Cost of Sales	577.2	536.6
Gross Profit	2,257.5	2,094.4
Operating Expenses		
Selling, general and administrative	1,804.3	1,746.4
Operating Income	453.2	348.0
Interest expense	17.1	14.8
Interest income and investment income, net	3.0	1.6
Earnings before Income Taxes	439.1	334.8
Provision for income taxes	128.3	105.6
Net Earnings	310.8	229.2
Net earnings attributable to noncontrolling interests	(1.5)	(1.1)
Net Earnings Attributable to The Estée Lauder Companies Inc.	\$ 309.3	\$ 228.1
Net earnings attributable to The Estée Lauder Companies Inc. per common share		
Basic	\$.83	\$.60
Diluted	\$.82	\$.59
Weighted-average common shares outstanding		
Basic	372.5	381.8
Diluted	379.0	388.2
Cash dividends declared per common share	\$.24	\$.20

See notes to consolidated financial statements.

Table of Contents**THE ESTÉE LAUDER COMPANIES INC.****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)****(Unaudited)**

	Three Months Ended September 30	
	2015	2014
	(In millions)	
Net earnings	\$ 310.8	\$ 229.2
Other comprehensive income (loss):		
Net unrealized investment gain (loss)	0.5	0.1
Net derivative instrument gain (loss)	11.2	33.8
Amounts included in net periodic benefit cost	6.4	6.6
Translation adjustments	(79.2)	(129.9)
Benefit (provision) for deferred income taxes on components of other comprehensive income	(6.7)	(16.0)
Total other comprehensive income (loss)	(67.8)	(105.4)
Comprehensive income (loss)	243.0	123.8
Comprehensive (income) loss attributable to noncontrolling interests:		
Net earnings	(1.5)	(1.1)
Translation adjustments	(0.1)	1.6
	(1.6)	0.5
Comprehensive income attributable to The Estée Lauder Companies Inc.	\$ 241.4	\$ 124.3

See notes to consolidated financial statements.

Table of Contents

THE ESTÉE LAUDER COMPANIES INC.

CONSOLIDATED BALANCE SHEETS

	September 30 2015 (Unaudited)	June 30 2015
	(\$ in millions)	
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 408.5	\$ 1,021.4
Short-term investments		