

WESTPEAK RESEARCH ASSOCIATION

The Estée Lauder Companies Inc. (NYSE: EL) [Consumer Staples – Prestige Beauty]

A Makeover in the Making

January 29, 2026

The Estée Lauder Companies Inc. (EL) is a global leader in prestige beauty, managing a portfolio of over 20 iconic brands, including Clinique, The Ordinary, and MAC, across 135 countries. Its multi-channel model integrates high-end skincare, makeup, and fragrance sales through luxury department stores, travel retail, and a growing direct-to-consumer digital presence.

Industry Overview

The global beauty industry is a \$450B market, with Prestige Beauty specifically growing at a 6.3% CAGR. Growth is increasingly digital across the beauty industry, with online sales projected to account for a third of the market by 2030. This shift is driven by social commerce on platforms such as TikTok and Instagram, where viral trends now shape consumer demand for products.

Thesis

EL is positioned for an earnings recovery by expanding its entry-prestige brands to Amazon and TikTok Shop and increasing advertising to capture younger North American consumers. Simultaneously, the market is underappreciating EL's resilience among high-income consumers and brand equity in China. Lastly, the market is underestimating EL's significant operating inflection as the Profit Recovery and Growth Plan streamlines its costs through FY27.

Valuation

We initiate a BUY rating on The Estée Lauder Companies Inc. with a price target of \$137.35. Our valuation is derived from a weighted blend of 80% intrinsic valuation (even distribution on Perpetuity Growth and EV/EBITDA Exit Multiple DCF methods) and 20% relative valuation (even distribution on P/E and EV/EBITDA Implied Price methods) based on peer group comparables.

Analyst: Ellie Yen, BCom. '28
contact@westpeakresearch.com

| Equity Research | Canada/US |
|-----------------------------|------------|
| Price Target | US\$137.35 |
| Rating | BUY |
| Share Price (Jan. 29 Close) | US\$115.21 |
| Total Return | 21.0% |

| Key Statistics | |
|------------------------------|------------------|
| 52 Week H/L | \$120.34/\$48.37 |
| Market Capitalization | \$41.52B |
| Average Daily Trading Volume | \$3.54M |
| Net Debt | \$7.20B |
| Enterprise Value | \$48.73B |
| Net Debt/EBITDA | 3.7x |
| Diluted Shares Outstanding | 360.40M |
| Free Float | 67.9% |
| Dividend Yield | 1.2% |

| Analyst Forecast | | | |
|------------------|----------|---------|---------|
| | 2025A | 2026E | 2027E |
| Revenue | \$14.3B | \$15.3B | \$16.3B |
| EBITDA | \$2.0B | \$2.0B | \$3.3B |
| Net Income | (\$1.1B) | \$0.3B | \$1.6B |
| EPS | (\$3.2) | \$1.5 | \$4.6 |
| P/E | NM | 75.7x | 25.0x |
| EV/EBITDA | 24.7x | 25.4x | 15.0x |



Company Overview

Company Overview

Founded in 1946 and headquartered in New York City, The Estée Lauder Companies Inc. (EL) has established itself as a global leader in the prestige beauty sector. The company portfolio is one of the world's largest beauty conglomerates, housing 20+ brands and selling in over 135 countries and territories. EL's business model centers on multi-brand, multi-channel operations: distributing its portfolio of brands through wholesale channels, including department stores, specialty-beauty retailers (like Sephora and Ulta), and global travel retail (duty-free locations in airports and stores). They also sell directly to consumers through each brand's websites and third-party online platforms (like Amazon and TikTok Store).

ESTÉE
LAUDER
COMPANIES

CLINIQUE

MAC

The
Ordinary.

LA MER

JO MALONE
LONDON

EL's top brands include:

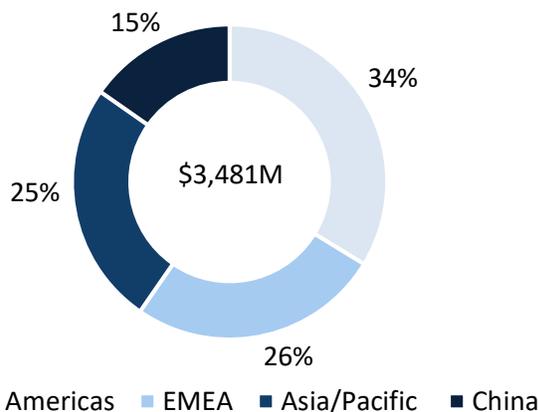
- **Estée Lauder**, its flagship brand, focusing on sophisticated, high-performance skincare, makeup, and fragrances.
- **Clinique**, a dermatologist-developed and allergy-tested brand, centered around its simple 3-Step skincare system.
- **MAC**, known for its professional makeup artistry brand that embraces bold self-expression and inclusivity.
- **The Ordinary**, which offers effective, single-ingredient-focused products at highly affordable prices.
- **La Mer**, a luxury skincare brand, built around its sea-kelp-derived "Miracle Broth," which is in all its products.
- **Jo Malone London**, renowned for its unique colognes and elegant scents.

In FY25, EL's brand distribution is estimated to be led by its flagship brand at \$2.85B (~20%), followed by La Mer at \$2.10B (~15%). Clinique and MAC contribute \$1.95B (~14%) and \$1.65B (~12%) respectively, while The Ordinary accounts for \$1.05B (~7%). The remaining 32% of sales are distributed across the company's broader portfolio of smaller brands.

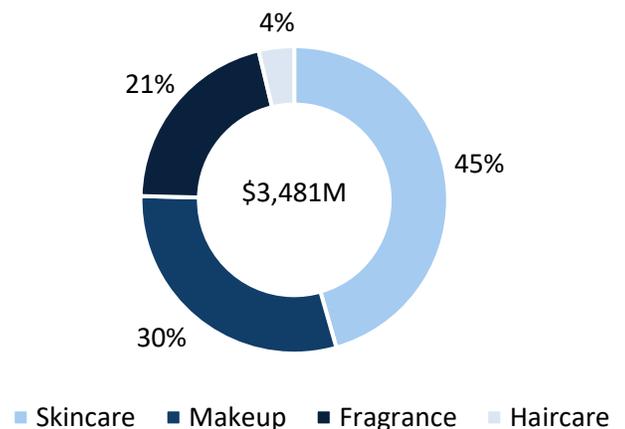
Revenue Segments

In FY26 Q1, EL's geographical revenue is led by the Americas with \$1,174M in sales, followed by EMEA at \$901M. Asia/Pacific contributes \$873M, while China accounts for \$532M. Regarding product categories, Skincare generates the highest at \$1,575M, followed by makeup at \$1,030M. Fragrance contributes \$721M, and haircare accounts for \$129M.

FY26 Q1 Geographical Breakdown



FY26 Q1 Revenue Breakdown



Additionally, travel retail is a global channel with a notable Chinese consumer base; it now accounts for ~15% of sales, down from its peak of ~28% in FY22. Online sales also reached ~31% of total sales, a record high, in FY25.

History of Impairment and Inventory

EL's journey from its high of ~\$370 in January 2022 to ~\$50 in April 2025 was a rational repricing after the weight of artificial demand and ill-timed leverage. This volatility was mostly driven by three factors:

1. **The "Daigou" Cycle:** During the pandemic, EL benefited from massive volume growth in Asia Travel Retail in Hainan and other areas, driven largely by "Daigou" resellers (shoppers buying tax-free goods to resell on the mainland). When China cracked down on this gray market in FY23/24, demand evaporated, leaving EL with a massive inventory glut that destroyed margins. This contraction in Mainland China also triggered a systemic slowdown that resonated across the entire global luxury landscape.
2. **Intangible Write-downs:** EL acquired brands like Dr. Jart+ and Tom Ford (the latter for \$2.8B) at peak valuations. As growth slowed, EL was forced to take massive non-cash impairment charges on these assets (\$471M for Dr. Jart+, \$773M for Tom Ford). The speed and scale of these write-downs rose doubts.
3. **Debt & Leverage:** To fund the Tom Ford acquisition in FY23, EL took on significant debt just as interest rates rose. Net Debt/EBITDA spiked from under 1.0x to over 3.5x, resulting in a dividend cut and suspending share buybacks.

Current Strategies

Under the leadership of new CEO Stéphane de La Faverie, who assumed the role in early 2025, the company has launched the "Beauty Reimagined" strategy (unveiled in February 2025) to modernize operations and restore sustainable growth. This pivot focuses on accelerating consumer coverage by expanding into high-growth channels, market tiers, and digital platforms. EL is prioritizing "transformative innovation": shifting from a perfectionist, slow launch cycle to a fast-to-market model. The goal is to capitalize more effectively on viral trends and evolving consumer demands. Furthermore, the Profit Recovery and Growth Plan (PRGP) targets \$1.10B - \$1.40B in net benefits through FY27. This is achieved through a global workforce reduction of approximately 3-5% of positions, supply chain regionalization to reduce shipping costs, and the closure of underperforming freestanding stores.

Industry Analysis

Industry Overview

EL operates globally across the beauty and personal care industry, encompassing cosmetics, skincare, fragrance, and personal care products. This industry is worth approximately \$450B, growing at 5.0% CAGR through 2030. Within that, premium beauty is the segment EL plays in most, valued at \$153B in 2023. The premium segment hit a wall in early 2025 as post-pandemic volume surges normalized and global price hikes met consumer resistance, leaving the market essentially flat for the first time since 2008 and 2020. While luxury giants struggled, mass-market entrants like E.L.F. Beauty thrived by capturing value-conscious consumers. However, the premium cosmetics market is stabilizing and is

projected to grow at 6.3% CAGR through 2030, outpacing the broader beauty category's 5.0% outlook. This growth is being driven by a shift toward soft luxury, with momentum supported by the "efficacy premium," as consumers prioritize clinically proven results over price, and the resilience of high-income demographics within the premium beauty sector.

Industry Trends

Beauty is shifting in a few clear ways. First, more shopping happens online each year. Online shopping is on track to account for about one-third of sales by 2030, up from 26% in 2024. Physical stores, however, remain important for testing and discovery, while e-commerce is more convenient for repeat purchases. Another key shift is in discovery and purchasing, which have moved decisively to social platforms. Beauty content views on TikTok surged by 40% in 2025. This integration of content and commerce has a direct sales impact: TikTok Shop generated nearly \$1B in U.S. beauty sales and was named the UK's fastest-growing online retailer in 2024. There is nuance in how platforms are used: Instagram remains the top platform for shopping (used by 71% of social beauty buyers), while TikTok (53%) and Facebook (59%) are crucial parts of the new customer funnel for discovery and trendsetting.

Competitive Landscape

EL operates in a highly competitive industry, facing rivals ranging from global conglomerates to smaller companies. Major competitors include L'Oréal (the world's largest beauty company, with strong positions in luxury via Lancôme, YSL, Kiehl's, etc.), Shiseido (a leader in Asia), and LVMH (Dior, Givenchy, Benefit, Fenty). Additionally, numerous independent brands, often backed by celebrity founders or private equity firms, target the same consumers as Pat McGrath Labs and Glossier. Consumer bargaining power is increasing due to social media, as shoppers can quickly discover and switch to new brands if a product goes viral on TikTok or an influencer recommends an alternative.

Investment Theses

Investment Thesis #1: Digital Expansion to Capture Younger NA Consumers

EL's Beauty Reimagined strategy represents a deliberate effort to capture younger consumers in the U.S. by expanding its core "entry-prestige" brands into high-growth online marketplaces such as Amazon and TikTok Shop. While analysts have historically raised concerns regarding prestige dilution, these risks are being actively mitigated through a sophisticated brand segmentation framework. Under this model, ultra-luxury franchises like La Mer remain highly controlled to preserve exclusivity, while Clinique and The Ordinary have been selectively deployed into digital marketplaces to engage younger audiences who prefer the convenience of online repurchasing over traditional department stores. This shift is a critical response to the secular decline of brick-and-mortar retail; department stores now account for around less than 33% of EL's North American sales, a significant drop from approximately 50% in 2019. By pivoting toward TikTok Shop, which is projected to grow at a 7.8% CAGR through 2028, EL is effectively tapping into underappreciated growth potential in the channels where its target demographic actually shop.

To fuel this digital momentum, management has started aggressively scaling its consumer-facing investments in FY25, a move reflected in our model through an elevated advertising spend of 26.0% of sales in FY26 and FY27, compared to the

historical average in the low 20s. This will eventually taper to 23.0% by FY28 as the digital infrastructure matures. The proof of this strategy's incrementality is in the early performance data: Clinique achieved eight consecutive months of U.S. market share gains following its marketplace launch, with November 2025 sales up 14.0% YoY. Simultaneously, The Ordinary nearly doubled its November 2025 sales after launching on Amazon and TikTok Shop, securing a #6 ranking among all beauty brands on Amazon. These gains were supported by AI-driven media optimization, which improved North American marketing ROI by 31.0% in FY25, indicating that increased marketing spend is successfully driving new customer acquisition.

Consequently, we believe EL's top-line revenue growth in the Americas is poised to outperform expectations. We forecast a 6.8% YoY increase in FY26. This is derived by taking the 4.3% consensus organic growth and adding a 250 basis point "thesis delta" from capturing a larger market share of the premium beauty segment through its digital and advertising efforts. We project revenue growth to hit 5.7% (3.2% consensus + 2.5%) in FY27 as EL fully scales its digital presence. We then model a taper to 4.6% (3.1% consensus + 1.5%) by FY30, reflecting a shift from customer acquisition to a steady-state growth rate as the initial impact of the digital pivot stabilizes.

Investment Thesis #2: The China Resurgence

The market assumes that weak Chinese consumer confidence, which plummeted to historic lows in 2024 and remains low at 90.3 points as of late 2025, implies a sustainable impairment to EL's premium demand. However, this view misreads the composition of Chinese consumption and overlooks EL's unique position as an exception to the "C-beauty" surge.

Demand softness in China has been highly uneven across income cohorts and categories, with pressure concentrated in the discretionary and mass segments, while higher-income consumers continue to spend on prestige skincare and makeup (a category that has historically proven defensive in downturns). In 2025, prestige beauty emerged as the standout luxury performer with 7.0% growth, providing a stark contrast to the double-digit declines in 'hard luxury' categories like watches and jewelry in China. This is anchored by the "Lipstick Index," where consumers substitute large-scale luxury purchases for "micro-indulgences" during economic uncertainty. With 2026 macro-outlooks remaining subdued, EL's portfolio of 'micro-indulgences'—from the \$34 Clinique Black Honey lipstick to Estée Lauder's \$110 Serum to La Mer's \$256 Treatment Lotion—provides a strong defensive floor.

Clinique "Almost Lipstick in Black Honey"



Estée Lauder "Advanced Night Repair"



La Mer "The Treatment Lotion"



Furthermore, EL has a unique position as an exception to the domestic "C-beauty" surge. While homegrown brands like Proya have captured the mass market, EL remains a dominant outlier due to its clinical efficacy and heritage prestige of

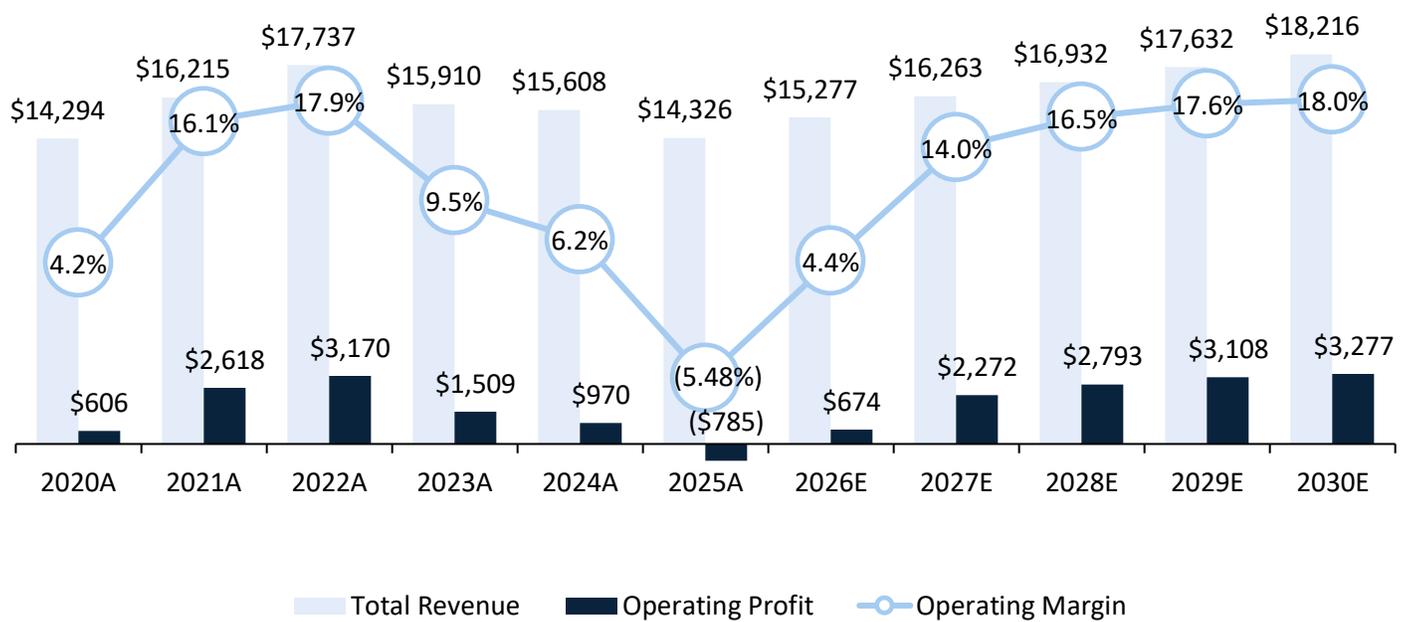
brands like La Mer and Estée Lauder. Recent Evercore ISI research confirms this resilience, ranking the Estée Lauder brand as the #2 beauty brand in China and La Mer at #6 overall by sales. Brand relevance remains strong, reflected in the Estée Lauder brand’s move into the top-tier 11.11 ranking, as well as sustained momentum in social commerce, including a #1 prestige beauty ranking on Douyin. This brand equity allowed EL to achieve 9.0% YoY sales growth in Mainland China in FY26 Q1.

We forecast that the resilience of the premium segment and the EL’s sustained brand equity in China will drive 9.4% YoY revenue growth (6.9% consensus + 2.5%) in China for FY26, tapering to a steady-state 5.8% (4.8% consensus + 1%) by FY30. We assume EL captures an incremental 250 basis points of growth through market share gains within the high-income cohort in FY26. We project growth to taper to a steady-state 5.8% by FY30 (representing a 100 basis point delta over the 4.8% consensus), as the market matures and the initial surge from the "Beauty Reimagined" pivot stabilizes.

Investment Thesis #3: Beauty Reimagined Operating Profit and Growth

The market is currently underestimating the bottom-line impact of EL’s high operating leverage as the PRGP moves from strategy to execution. FY26 represents a pivotal investment year, with margins bottoming out as EL front-loads 'Beauty Reimagined' outlays and absorbs peak restructuring costs before savings flow through in FY27. EL has historically maintained a significant fixed-cost base, particularly in its makeup category and legacy "high-touch" department store counters, which caused severe margin compression when volumes declined. However, by closing underperforming freestanding stores and department store counters (a core component of the PRGP that aligns with the "Beauty Reimagined" shift toward digital platforms), EL is aggressively lowering its break-even point.

Income Statement Forecast



EL has demonstrated its ability to execute this type of cost reset before. Prior initiatives such as “Leading Beauty Forward” from 2016 to 2019 was considered a wide success, delivering ~\$450M in annual net benefits. During this period, EL successfully expanded its adjusted operating margin by 200 basis points (rising from 15.5% to 17.5%), providing a clear precedent for the current Beauty Reimagined.

As physical retail intensity declines and overhead is rationalized, SG&A can realistically step down from 32.0% in FY26 toward 30.0% by FY30 (levels already achieved by more digitally oriented peers such as L’Oréal). Similarly, gross margins are already rebounding to 74.0% in FY25 from 71.7% in FY24 and are projected to expand toward 76.0% over the next several years, consistent with EL’s pre-COVID high-70s margin profile. Our model reflects a step change in FY27 rather than a gradual recovery, given that most restructuring charges were incurred in FY25/26 and the PRGP plans to reach substantial completion by the end of FY27. Management has guided Capex to 4.0% of sales, shifting spend from physical storefronts to digital infrastructure to accelerate free cash flow conversion.

This is projected to help lift operating margins from a 4.9% in Q1 FY26 to 14.0% by FY27. As legacy fixed costs are removed, each incremental dollar of sales recruitment from younger demographics flows directly to the bottom line, positioning EL for an earnings recovery that exceeds current consensus expectations.

Valuation

Discounted Cash Flow

The Weighted Average Cost of Capital (WACC) is estimated at 8.0%. This value is derived from a risk-free rate of 4.2%, an expected market return of 8.0%, and a levered beta of 1.2x, which resulted in a cost of equity of 8.6%. We utilized a pre-tax cost of debt of 5.5% and an effective tax rate of 21% to arrive at a cost of debt of 4.3%.

A perpetuity growth rate of 3.5% was applied, considering a premium beauty industry CAGR of 6.3% through 2030, a risk-free rate of 4.2%, and inflation rates. We utilize an exit multiple of 16.9x, representing a conservative 16.7% discount to the company’s 10-year historical average of 20.3x (accounting for potential loss of market share to indie brands and the increased cost of customer acquisition in a fragmented digital landscape). While this exceeds the broad peer mean of 12.8x, we believe the lower benchmark is skewed by mass-market players and specialized retailers that lack EL’s prestige positioning and conglomerate scale. By anchoring our terminal valuation to L’Oréal—the most direct comparable in terms of global prestige leadership—the 16.9x multiple reflects a normalized ‘floor’ that captures the operational turnaround and margin recovery anticipated by FY27.

Comparable Companies Analysis

Our comparable companies encompass a broad spectrum of the beauty and personal care landscape, ranging from specialized distribution partners like Ulta Beauty to high-growth mass-market disruptors like E.L.F Beauty. We also include regional turnaround peers like Shiseido and diversified luxury conglomerates like LVMH. While these companies provide necessary industry context, they often operate under fundamentally different business models, through non-beauty pharmaceutical segments, retail storefront overhead, and more. Consequently, we believe L’Oréal is the only true peer

for EL, mirroring EL's dedicated focus as a beauty pure-play and its global reach.

Due to the ongoing operational turnaround and temporary margin compression in FY25 and FY26, EL's current earnings aren't yet normalized. Consequently, a 2027E Forward Valuation, with 2027E EV/EBITDA and P/E Multiples, was utilized to capture the company's expected return to steady-state profitability.

The 25.2x P/E multiple is anchored to the 2027E peer high (L'Oréal), reflecting EL's return to best-in-class operational status, with a normalized 2027E earnings yield of 4.4% and a 76.0% gross margin profile that exceeds the peer average. This target represents a 22.7% discount to the company's 10-year historical NTM P/E average of 32.6x. By benchmarking against a normalized NTM base and excluding the non-representative FY26 earnings trough, the valuation remains grounded in the company's long-term identity as a premium pure play conglomerate.

Operating Model

Key assumptions in the operating model include:

- Projecting revenue out through geographical segments (US + China/APAC), overall forecasting a YoY increase of 6.6% in FY26, 6.5% in FY27, 4.1% in FY28, 4.1% in FY29, and slowing down to 3.3% in FY30.
- Ad Spend and Consumer Facing Investments to peak at 26% of sales in FY26 to drive the "Beauty Reimagined" pivot, gradually slowing down to 23% by FY30 as brand equity stabilizes.
- Capex is modelled at 4.0% of revenue, consistent with the MD&A, as the company shifts investment from physical department stores to digital infrastructure.
- SG&A and COGS expenses are forecasted in line with management's long-term operating margin expansion targets under the PRGP to achieve "solid double-digit adjusted operating margins" and historical figures.
- \$275M in annual impairment charges are included to reflect EL's pre-crisis baseline; in a 20-brand, trend-driven portfolio, a perfectly clean balance sheet is unrealistic, so recovery projections aren't overly aggressive while accounting for necessary brand optimization.

Catalysts

- **PRGP Savings Flow-Through:** While there was skepticism regarding the multi-year turnaround, consensus has turned to cautious and guarded optimism. The catalyst will be the upcoming FY26 and FY27 earnings reports, where we expect to see further operating margin expansion driven by the following waves of PRGP savings. Evidence that these savings are dropping to the bottom will validate the \$1.10B+ net benefits target.
- **Strategic Channel Expansion:** Key upcoming milestones for EL diversifying its distribution include MAC entering Sephora in early 2026, Amazon Mexico launch (with brands like Clinique, The Ordinary, and Estee Lauder), and more.

Risks

- **Indie Brand Disruption:** The rapid growth of agile, mission-driven independent brands could continue to erode market share at disruptive rates. These competitors leverage direct-to-consumer models and influencer culture to disrupt traditional prestige brand loyalty.

- **Tariff Wars:** Potential new trade tariffs pose a significant threat, given the heightened U.S.-China tensions and EL’s integrated manufacturing footprint. A renewed trade war could force immediate losses, stalling the recovery of the APAC segment.
- **Macroeconomic Headwinds:** EL’s elevated leverage profile, especially following the Tom Ford acquisition, remains sensitive to high interest rates.
- **Execution Risk in "Beauty Reimagined":** Any execution failure, such as a breakdown in the new supply chain regionalization or a failure to convert higher marketing spend into sales, would be potentially leading to a significant downward revision of our valuation targets.

Recommendation

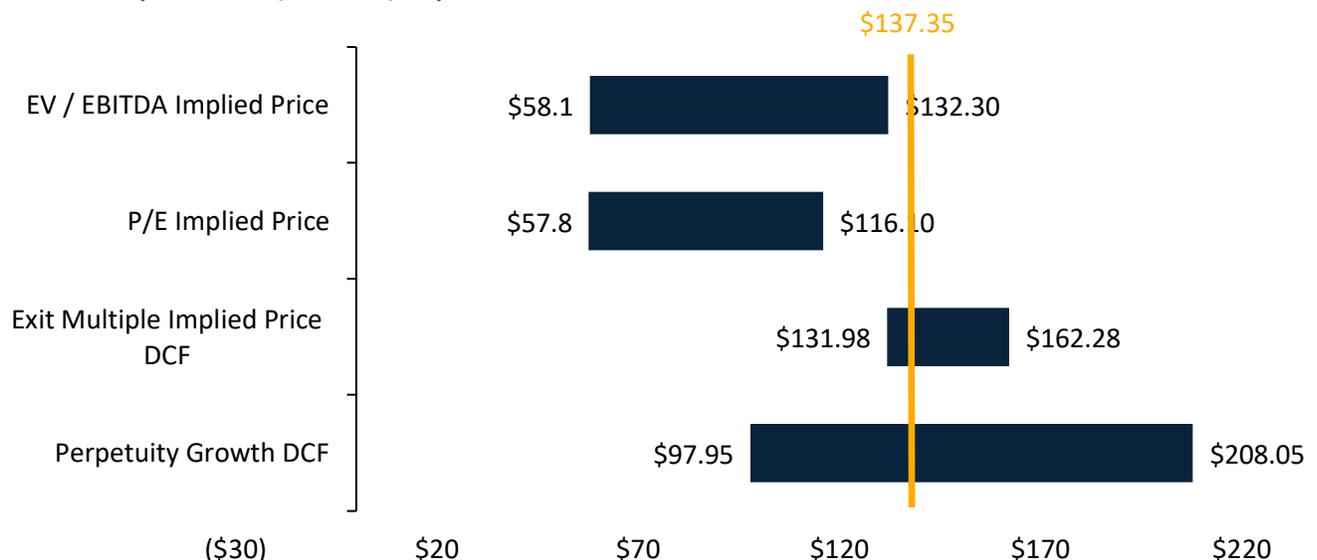
We recommend a **BUY** for The Estée Lauder Companies Inc. (NYSE: EL) at a **target price of \$137.35**, with an 18-month investment horizon. This timeline accounts for the execution of Beauty Reimagined, PRGP strategy, and the market rerating following the second half of the FY27 margin inflection. Our target implies a total return of 21.0% (19.2% price appreciation + 1.8% cumulative dividend yield), with an expected IRR of 13.7%.

Valuation methodologies were weighted as follows:

- 40% weighting on the Perpetuity Growth DCF method, which projects a share price of \$134.60.
- 40% weighting on the Exit Multiple Implied Price DCF method, which projects a share price of \$146.57.
- 10% weighting on the P/E Implied Price method, which projects a share price of \$116.09.
- 10% weighting on the EV/EBITDA Implied Price method, which projects a share price of \$132.26.

We have allocated higher weightings to the Perpetuity Growth and Exit Multiple methods as these better reflect EL’s intrinsic value and long-term recovery trajectory following the “Beauty Reimagined” and PRGP pivot. Lower weightings have been assigned to valuation by industry multiples due to the current lack of comparable peers and EL’s unique position as a global prestige conglomerate.

Estée Lauder Companies Inc. (NYSE: EL) Implied Share Price



Appendix

DCF Summary

Discounted Cash Flow Analysis

Discount Rate Calculation

All Figures in mm USD

| Cost of Equity | |
|----------------------------|-------------|
| Risk-free Rate | 4.2% |
| Expected Market Return | 8.0% |
| Market Risk Premium | 3.8% |
| Levered Beta | 1.2x |
| Cost of Equity | 8.6% |

| Cost of Debt | |
|----------------------|-------------|
| Pre-tax Cost of Debt | 5.5% |
| Effective Tax Rate | 21.0% |
| Cost of Debt | 4.3% |

| WACC | |
|-----------------------------|---------------|
| Market Value of Equity | 41,464 |
| Market Value of Debt | 6,794 |
| Total Capitalization | 48,258 |
| Cost of Equity | 8.6% |
| Cost of Debt | 4.3% |
| WACC | 8.0% |

Free Cash Flow

| All Figures in mm USD | 30-Jun-20 | 30-Jun-21 | 30-Jun-22 | 30-Jun-23 | 30-Jun-24 | 30-Jun-25 | 30-Jun-26 | 30-Jun-27 | 30-Jun-28 | 30-Jun-29 | 30-Jun-30 |
|--|--------------|--------------|--------------|------------|--------------|------------|------------|--------------|--------------|--------------|--------------|
| | 2020A | 2021A | 2022A | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E | 2029E | 2030E |
| EBIT | 2,105 | 3,010 | 3,544 | 1,771 | 1,563 | 1,141 | 1,223 | 2,633 | 3,079 | 3,383 | 3,552 |
| Less: Tax Expense | (350) | (456) | (628) | (387) | (363) | (93) | (106) | (416) | (525) | (591) | (627) |
| Add: Depreciation and Amortization | 611 | 651 | 727 | 744 | 825 | 829 | 699 | 620 | 645 | 672 | 729 |
| Less: Capital Expenditures | (623) | (637) | (1,040) | (1,003) | (919) | (602) | (568) | (651) | (677) | (705) | (729) |
| Less: Change in Net Working Capital | (11) | 554 | (554) | (356) | 631 | (716) | (721) | 273 | (102) | (106) | (69) |
| Unlevered Free Cash Flow | 1,732 | 3,122 | 2,049 | 769 | 1,737 | 559 | 526 | 2,459 | 2,421 | 2,652 | 2,857 |
| Discount Period | | | | | | | 1 | 2 | 3 | 4 | 5 |
| Stub | | | | | | | 0.35 | | | | |
| Stub Adjusted UFCF | | | | | | | 184 | 2,459 | 2,421 | 2,652 | 2,857 |
| Discount Factor | | | | | | | 0.93 | 0.86 | 0.79 | 0.74 | 0.68 |
| Present Value of Unlevered Free Cash Flow | | | | | | | 171 | 2,109 | 1,923 | 1,951 | 1,946 |

Valuation

| Perpetuity Growth Rate | |
|----------------------------|---------------|
| Perpetuity Growth Rate | 3.5% |
| PV Sum of UFCF | 8,100 |
| Terminal Value | 44,973 |
| Enterprise Value | 53,074 |
| Add: Cash | 2,219 |
| Less: Debt | (6,794) |
| Less: Other EV Adjustments | |
| Equity Value | 48,498 |
| Shares Outstanding | 360 |
| Implied Share Price | 134.57 |
| Current Share Price | 115.21 |
| Total Return | 16.8% |

| Exit Multiple Method | |
|----------------------------|---------------|
| Exit Multiple | 16.9x |
| PV Sum of UFCF | 8,100 |
| Terminal Value | 49,286 |
| Enterprise Value | 57,386 |
| Add: Cash | 2,219 |
| Less: Debt | (6,794) |
| Less: Other EV Adjustments | |
| Equity Value | 52,811 |
| Shares Outstanding | 360 |
| Implied Share Price | 146.53 |
| Current Share Price | 115.21 |
| Total Return | 27.2% |

| | | WACC | | | | |
|------------------------|-------|--------|--------|--------|--------|--------|
| | | 6.0% | 7.0% | 8.0% | 9.0% | 10.0% |
| Perpetuity Growth Rate | 2.5% | 185.97 | 139.98 | 110.81 | 90.67 | 75.94 |
| | 3.0% | 216.29 | 156.96 | 121.49 | 97.92 | 81.13 |
| | 3.5% | 258.84 | 178.82 | 134.57 | 106.50 | 87.12 |
| | 4.0% | 322.90 | 208.02 | 150.93 | 116.80 | 94.11 |
| | 4.5% | 430.28 | 249.00 | 171.99 | 129.40 | 102.38 |
| | | WACC | | | | |
| | | 6.0% | 7.0% | 8.0% | 9.0% | 10.0% |
| Exit Multiple Method | 14.9x | 143.65 | 136.82 | 130.35 | 124.22 | 118.42 |
| | 15.9x | 152.54 | 145.30 | 138.44 | 131.95 | 125.80 |
| | 16.9x | 161.42 | 153.77 | 146.53 | 139.68 | 133.18 |
| | 17.9x | 170.31 | 162.25 | 154.63 | 147.41 | 140.56 |
| | 18.9x | 179.19 | 170.73 | 162.72 | 155.13 | 147.95 |

Peer Companies Analysis

Comparable Company Analysis

All Figures in mm USD

| Company | Ticker | Balance Sheet Data | | EV / EBITDA | | | | Price / Earnings | | | |
|--|----------------|--------------------|------------------|-----------------|-----------------|-----------------|-----------------|------------------|----------------|--------------|--------------|
| | | Equity Value | Enterprise Value | 2024A EV/EBITDA | 2025A EV/EBITDA | 2026E EV/EBITDA | 2027E EV/EBITDA | 2024A P/E | 2025A P/E | 2026E P/E | 2027E P/E |
| LVMH Moët Hennessy | (MC.PA) | 374,649 | 408,655 | 15.7x | 17.1x | 13.8x | 12.5x | 25.6x | 29.9x | 26.6x | 24.0x |
| L'Oréal S.A. | (ENXTPA:OR) | 228,396 | 233,104 | 19.0x | 18.9x | 18.0x | 16.9x | 32.0x | 28.9x | 27.1x | 25.2x |
| Ulta Beauty | (NASDAQ: ULTA) | 27,282 | 29,652 | 15.4x | 16.2x | 16.2x | 15.2x | 23.8x | 24.5x | 24.3x | 21.8x |
| Puig Brands, S.A. | (BME:PUIG) | 9,818 | 11,615 | 13.3x | 9.7x | 9.3x | 8.9x | 15.2x | 7.8x | 13.2x | 12.5x |
| Shiseido Company, Limited | (TSE:4911) | 5,809 | 7,556 | 18.1x | 12.9x | 9.4x | 8.7x | (85.5x) | (23.1x) | 24.6x | 20.2x |
| E.L.F. Beauty | (NYSE:ELF) | 4,637 | 5,361 | 31.2x | 29.7x | 17.6x | 14.5x | 35.2x | 40.5x | 27.3x | 22.2x |
| The Estée Lauder Compan (NYSE:EL) | | 41,522 | 48,725 | 20.4x | 24.7x | 25.4x | 15.0x | 106.7x | (36.6x) | 75.7x | 25.0x |
| High | | 374,649 | 408,655 | 31.2x | 29.7x | 18.0x | 16.9x | 35.2x | 40.5x | 27.3x | 25.2x |
| 75th Percentile | | 264,959 | 276,992 | 22.1x | 21.6x | 17.7x | 15.6x | 32.8x | 32.5x | 27.1x | 24.3x |
| Median | | 18,550 | 20,633 | 16.9x | 16.7x | 15.0x | 13.5x | 24.7x | 26.7x | 25.6x | 22.0x |
| Mean | | 108,432 | 115,990 | 18.8x | 17.4x | 14.0x | 12.8x | 7.7x | 18.1x | 23.9x | 21.0x |
| 25th Percentile | | 5,516 | 7,007 | 14.9x | 12.1x | 9.4x | 8.8x | (10.0x) | 0.1x | 21.5x | 18.3x |
| Low | | 4,637 | 5,361 | 13.3x | 9.7x | 9.3x | 8.7x | (85.5x) | (23.1x) | 13.2x | 12.5x |

| | EV / EBITDA Implied Price | | | P / E Implied Price | | |
|-----------------|---------------------------|---------------|----------------|---------------------|---------------|----------------|
| | | | | | | |
| High | \$142.6 | \$75.9 | \$132.3 | (\$127.7) | \$41.6 | \$116.1 |
| 75th Percentile | \$98.2 | \$74.3 | \$121.1 | (\$102.4) | \$41.3 | \$111.8 |
| Median | \$71.0 | \$60.1 | \$101.9 | (\$84.0) | \$39.0 | \$101.5 |
| Mean | \$75.3 | \$54.9 | \$95.3 | (\$56.9) | \$36.3 | \$96.7 |
| 75th Percentile | \$46.3 | \$29.9 | \$59.8 | (\$0.2) | \$32.7 | \$84.2 |
| Low | \$33.1 | \$29.8 | \$58.1 | \$72.7 | \$20.1 | \$57.8 |

Operating Model: Income Statement

| | 30-Jun-20 | 30-Jun-21 | 30-Jun-22 | 30-Jun-23 | 30-Jun-24 | 30-Jun-25 | 30-Jun-26 | 30-Jun-27 | 30-Jun-28 | 30-Jun-29 | 30-Jun-30 |
|--|---------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|---------------|---------------|
| | 2020A | 2021A | 2022A | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E | 2029E | 2030E |
| All Figures in mm USD | | | | | | | | | | | |
| x Income Statement | | | | | | | | | | | |
| Revenue | 14,294 | 16,215 | 17,737 | 15,910 | 15,608 | 14,326 | 15,277 | 16,263 | 16,932 | 17,632 | 18,216 |
| Cost of Goods Sold | (3,552) | (3,834) | (4,305) | (4,564) | (4,424) | (3,729) | (3,994) | (3,903) | (4,064) | (4,232) | (4,281) |
| Gross Profit | 10,742 | 12,381 | 13,432 | 11,346 | 11,184 | 10,597 | 11,283 | 12,360 | 12,868 | 13,401 | 13,935 |
| SG&A | (4,680) | (5,627) | (5,808) | (5,355) | (5,301) | (5,061) | (5,675) | (4,879) | (5,079) | (5,290) | (5,465) |
| Advertising / "Consumer-Facing Investments" | (3,443) | (3,228) | (3,537) | (3,643) | (3,657) | (3,711) | (3,661) | (4,228) | (4,064) | (4,055) | (4,190) |
| D&A of PPE | (514) | (516) | (543) | (577) | (663) | (684) | (724) | (620) | (645) | (672) | (729) |
| Restructuring and other charges | (73) | (204) | (133) | (55) | (122) | (481) | (274) | (86) | (11) | - | - |
| Impairment of other intangible assets | (614) | (134) | (241) | (207) | (180) | (1,273) | (275) | (275) | (275) | (275) | (275) |
| Goodwill Impairment | (812) | (54) | - | - | (291) | (13) | - | - | - | - | - |
| Other operating expenses | - | - | - | - | - | (159) | - | - | - | - | - |
| Operating Profit | 606 | 2,618 | 3,170 | 1,509 | 970 | (785) | 674 | 2,272 | 2,793 | 3,108 | 3,277 |
| Interest Expense | (161) | (173) | (167) | (255) | (378) | (357) | (379) | (293) | (293) | (293) | (293) |
| Interest Income and Investment Income | 48 | 51 | 30 | 131 | 167 | 114 | 90 | 90 | 90 | 90 | 90 |
| Other components of net periodic benefit cost | (4) | (12) | 2 | 12 | 13 | (12) | (4) | (4) | (4) | (4) | (4) |
| Other income, net | 557 | 847 | 1 | - | - | - | - | - | - | - | - |
| Tax Expense | (350) | (456) | (628) | (387) | (363) | (93) | (106) | (416) | (525) | (591) | (627) |
| Net Earnings | 696 | 2,875 | 2,408 | 1,010 | 409 | (1,133) | 274 | 1,649 | 2,062 | 2,310 | 2,444 |
| Net earnings attributable to noncontrolling interest | (12) | (5) | (18) | (4) | (19) | - | - | - | - | - | - |
| Net Income | 684 | 2,870 | 2,390 | 1,006 | 390 | (1,133) | 274 | 1,649 | 2,062 | 2,310 | 2,444 |
| Interest Rate | (26.6%) | (6.6%) | (5.3%) | (16.9%) | (39.0%) | 45.5% | (56.2%) | (12.9%) | (10.5%) | (9.4%) | (8.9%) |
| Tax Rate | (45.6%) | (16.3%) | (18.8%) | (21.9%) | (26.9%) | 21.7% | (21.0%) | (21.0%) | (21.0%) | (21.0%) | (21.0%) |

Operating Model: Balance Sheet

| | 30-Jun-20 | 30-Jun-21 | 30-Jun-22 | 30-Jun-23 | 30-Jun-24 | 30-Jun-25 | 30-Jun-26 | 30-Jun-27 | 30-Jun-28 | 30-Jun-29 | 30-Jun-30 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| All Figures in mm USD | 2020A | 2021A | 2022A | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E | 2029E | 2030E |
| x Balance Sheet | | | | | | | | | | | |
| Operating lease liabilities, as % of revenue | 2.6% | 2.3% | 2.1% | 2.2% | 2.3% | 2.8% | 2.6% | 2.6% | 2.6% | 2.6% | 2.6% |
| Other accrued liabilities, as % of revenue | 16.8% | 19.7% | 18.9% | 20.2% | 21.8% | 24.6% | 22.1% | 22.1% | 22.1% | 22.1% | 22.1% |
| Long-term operating lease liabilities | 15.9% | 13.3% | 10.5% | 10.7% | 10.9% | 12.2% | 11.8% | 12.0% | 12.1% | 11.9% | 11.9% |
| Assets | | | | | | | | | | | |
| Cash | 5,022 | 4,958 | 3,957 | 4,029 | 3,395 | 2,921 | 2,219 | 3,885 | 5,486 | 7,209 | 8,991 |
| Inventory | 2,062 | 2,505 | 2,920 | 2,979 | 2,175 | 2,074 | 2,220 | 2,335 | 2,430 | 2,531 | 2,560 |
| Accounts Receivable | 1,194 | 1,702 | 1,629 | 1,452 | 1,727 | 1,530 | 1,870 | 1,620 | 1,686 | 1,756 | 1,814 |
| Prepaid expenses and other current assets | 614 | 603 | 792 | 679 | 625 | 544 | 549 | 549 | 549 | 549 | 549 |
| Total Current Assets | 8,892 | 9,768 | 9,298 | 9,139 | 7,922 | 7,069 | 6,857 | 8,388 | 10,152 | 12,045 | 13,914 |
| Property, Plant and Equipment | 2,055 | 2,280 | 2,650 | 3,179 | 3,136 | 3,172 | 3,038 | 3,068 | 3,100 | 3,133 | 3,133 |
| Operating lease right-of-use assets | 2,282 | 2,190 | 1,949 | 1,797 | 1,833 | 1,952 | 1,889 | 1,889 | 1,889 | 1,889 | 1,889 |
| Goodwill | 1,401 | 2,616 | 2,521 | 2,486 | 2,143 | 2,135 | 2,119 | 2,119 | 2,119 | 2,119 | 2,119 |
| Other intangible assets, net | 2,338 | 4,095 | 3,428 | 5,602 | 5,183 | 3,759 | 3,706 | 3,706 | 3,706 | 3,706 | 3,706 |
| Other assets | 813 | 1,022 | 1,064 | 1,212 | 1,460 | 1,805 | 1,836 | 1,836 | 1,836 | 1,836 | 1,836 |
| Total Assets | 17,781 | 21,971 | 20,910 | 23,415 | 21,677 | 19,892 | 19,445 | 21,006 | 22,802 | 24,729 | 26,598 |
| Liabilities | | | | | | | | | | | |
| Accounts Payable | 1,177 | 1,692 | 1,822 | 1,670 | 1,440 | 1,497 | 1,346 | 1,484 | 1,545 | 1,609 | 1,627 |
| Short Term Debt | 1,222 | 32 | 268 | 997 | 504 | 3 | 3 | 3 | 3 | 3 | 3 |
| Operating lease liabilities | 375 | 379 | 365 | 357 | 354 | 406 | 415 | 415 | 415 | 415 | 415 |
| Other accrued liabilities | 2,405 | 3,195 | 3,360 | 3,216 | 3,404 | 3,529 | 3,376 | 3,376 | 3,376 | 3,376 | 3,376 |
| Current Liabilities | 5,179 | 5,298 | 5,815 | 6,240 | 5,702 | 5,435 | 5,140 | 5,278 | 5,339 | 5,403 | 5,421 |
| Long Term Debt | 4,914 | 5,537 | 5,144 | 7,117 | 7,267 | 7,314 | 7,320 | 7,320 | 7,320 | 7,320 | 7,320 |
| Long-term operating lease liabilities | 2,278 | 2,151 | 1,868 | 1,698 | 1,701 | 1,744 | 1,684 | 1,684 | 1,684 | 1,684 | 1,684 |
| Other non current liabilities | 1,448 | 2,037 | 1,651 | 1,943 | 1,693 | 1,534 | 1,352 | 1,352 | 1,352 | 1,352 | 1,352 |
| Total Liabilities | 13,819 | 15,023 | 14,478 | 16,998 | 16,363 | 16,027 | 15,496 | 15,634 | 15,695 | 15,759 | 15,777 |
| Redeemable Noncontrolling Interest | - | 857 | 842 | 832 | - | - | - | - | - | - | - |
| Shareholders Equity | | | | | | | | | | | |
| Common Stock | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Paid-in capital | 4,790 | 5,335 | 5,796 | 6,153 | 6,685 | 7,012 | 7,291 | 7,571 | 7,850 | 8,129 | 8,409 |
| Accumulated other comprehensive loss | (665) | (470) | (762) | (934) | (1,140) | (1,127) | (1,141) | (1,141) | (1,141) | (1,141) | (1,141) |
| Treasury stock | (10,330) | (11,058) | (13,362) | (13,631) | (13,664) | (13,698) | (13,707) | (13,707) | (13,707) | (13,707) | (13,707) |
| Noncontrolling interest | 27 | 34 | - | - | - | - | - | - | - | - | - |
| Retained Earnings | 10,134 | 12,244 | 13,912 | 13,991 | 13,427 | 11,672 | 11,440 | 12,585 | 14,041 | 15,624 | 17,195 |
| Other Equity | | | | | | | 59 | 59 | 59 | 59 | 59 |
| Total SE | 3,962 | 6,091 | 5,590 | 5,585 | 5,314 | 3,865 | 3,949 | 5,373 | 7,108 | 8,970 | 10,821 |
| TOTAL EQUITY | 3,962 | 6,948 | 6,432 | 6,417 | 5,314 | 3,865 | 3,949 | 5,373 | 7,108 | 8,970 | 10,821 |

Operating Model: Cash Flow Statement

| | 30-Jun-20 | 30-Jun-21 | 30-Jun-22 | 30-Jun-23 | 30-Jun-24 | 30-Jun-25 | 30-Jun-26 | 30-Jun-27 | 30-Jun-28 | 30-Jun-29 | 30-Jun-30 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|--------------|--------------|--------------|--------------|--------------|
| All Figures in mm USD | 2020A | 2021A | 2022A | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E | 2029E | 2030E |
| x Cash Flow Statement | | | | | | | | | | | |
| Cash from Operating Activities | | | | | | | | | | | |
| Net Earnings | 696 | 2,875 | 2,408 | 1,010 | 409 | (1,133) | 274 | 1,649 | 2,062 | 2,310 | 2,444 |
| Net Working Capital Adjustment | (11) | 554 | (554) | (356) | 631 | 349 | (721) | 273 | (102) | (106) | (69) |
| Depreciation & Amortization | 611 | 651 | 727 | 744 | 825 | 829 | 699 | 620 | 645 | 672 | 729 |
| Impairment of goodwill and other intangible assets | 1,426 | 188 | 241 | 207 | 471 | 1,286 | - | - | - | - | - |
| Deferred income taxes | (143) | (230) | (149) | (186) | (265) | (396) | (34) | - | - | - | - |
| Non-cash stock-based compensation | 213 | 327 | 331 | 267 | 325 | 304 | 88 | - | - | - | - |
| Net loss on disposal of PPE | 20 | 23 | 8 | 13 | 9 | 19 | - | - | - | - | - |
| Non-cash restructuring and other charges | 20 | 76 | 14 | 36 | 7 | 20 | 3 | - | - | - | - |
| Pension benefit expense/contributions | 9 | 36 | 22 | 4 | (66) | (16) | 200 | 276 | 276 | 276 | 276 |
| Gain on previously held equity method investent | (534) | (847) | (1) | - | - | - | - | - | - | - | - |
| Other adjustments and non-cash intems | (27) | (22) | (7) | (8) | 14 | 10 | (2) | - | - | - | - |
| CFO | 2,280 | 3,631 | 3,040 | 1,731 | 2,360 | 1,272 | 507 | 2,818 | 2,882 | 3,152 | 3,380 |
| Cash from Investing Activities | | | | | | | | | | | |
| Capital Expenditures | (623) | (637) | (1,040) | (1,003) | (919) | (602) | (568) | (651) | (677) | (705) | (729) |
| Purchase of Investments | (5) | (42) | (10) | (8) | (18) | (1) | - | - | - | - | - |
| Payments for acquired businesses, net of cash acqu | (1,047) | (1,033) | (3) | - | - | - | - | - | - | - | - |
| Proceeds from sale of PPE | - | - | - | - | - | 3 | 3 | - | - | - | - |
| Purchases of other intangible assets | - | - | - | (2,286) | - | - | - | - | - | - | - |
| Settlements of net investment hedges | (23) | (152) | 108 | 80 | (23) | (23) | (23) | - | - | - | - |
| Change in Goodwill | - | - | - | - | - | - | - | - | - | - | - |
| CFI | (1,698) | (1,864) | (945) | (3,217) | (960) | (623) | (588) | (651) | (677) | (705) | (729) |
| Cash from Financing Activities | | | | | | | | | | | |
| Short Term Debt Issued | 755 | - | - | 983 | - | - | - | - | - | - | - |
| Long-Term Debt Issued | 2,481 | 596 | - | 1,995 | 648 | - | - | - | - | - | - |
| Short Term Debt Repaid | - | (744) | (4) | - | (1,000) | - | - | - | - | - | - |
| Long-Term Debt Repaid | (513) | (459) | (18) | (265) | (10) | (505) | (1) | - | - | - | - |
| Issuance of Common Stock | 180 | 215 | 151 | 88 | 40 | 15 | 39 | - | - | - | - |
| Repurchase of Common Stock | (893) | (733) | (2,309) | (271) | (35) | (35) | (9) | - | - | - | - |
| Dividends Paid | (503) | (753) | (840) | (925) | (947) | (618) | (503) | (502) | (603) | (724) | (870) |
| Change in Accumulated other comprehensive loss | - | - | - | - | - | - | - | - | - | - | - |
| Paid in Capital | - | - | - | - | - | - | - | - | - | - | - |
| Other Financing Activities | (46) | (14) | (16) | (15) | (731) | (1) | (141) | - | - | - | - |
| CFF | 1,461 | (1,892) | (3,036) | 1,590 | (2,035) | (1,144) | (615) | (502) | (603) | (724) | (870) |
| Foreign Exchange Rate Adj. | (8) | 61 | (60) | (32) | 1 | 21 | (7) | - | - | - | - |
| Total Cash Flow | 2,035 | (64) | (1,001) | 72 | (634) | (474) | (702) | 1,666 | 1,602 | 1,723 | 1,782 |
| Starting Cash Balance | 2,987 | 5,022 | 4,958 | 3,957 | 4,029 | 3,395 | 2,921 | 2,219 | 3,885 | 5,486 | 7,209 |
| Ending Cash Balance | 5,022 | 4,958 | 3,957 | 4,029 | 3,395 | 2,921 | 2,219 | 3,885 | 5,486 | 7,209 | 8,991 |

Operating Model: Revenue Build

| | 30-Jun-20 | 30-Jun-21 | 30-Jun-22 | 30-Jun-23 | 30-Jun-24 | 30-Jun-25 | 30-Jun-26 | 30-Jun-27 | 30-Jun-28 | 30-Jun-29 | 30-Jun-30 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| All Figures in mm USD | 2020A | 2021A | 2022A | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E | 2029E | 2030E |
| Geography Model | | | | | | | | | | | |
| Overall | | | | | | | | | | | |
| Net Sales | 14,294 | 16,215 | 17,737 | 15,910 | 15,608 | 14,326 | 15,277 | 16,263 | 16,932 | 17,632 | 18,216 |
| Revenue: Reconciliation - By Region | - | (14) | (4) | (27) | (1) | 3 | | | | | |
| y/y Sales Growth | (3.8%) | 13.4% | 9.4% | (10.3%) | (1.9%) | (8.2%) | 6.6% | 6.5% | 4.1% | 4.1% | 3.3% |
| Americas | | | | | | | | | | | |
| Net Sales | 3,794 | 3,797 | 4,623 | 4,518 | 4,581 | 4,411 | 4,711 | 4,980 | 5,209 | 5,464 | 5,715 |
| y/y Sales Growth | (20.0%) | 0.1% | 21.8% | (2.3%) | 1.4% | (3.7%) | 6.8% | 5.7% | 4.6% | 4.9% | 4.6% |
| % of Total Sales | 26.5% | 23.4% | 26.1% | 28.4% | 29.4% | 30.8% | 30.8% | 30.6% | 30.8% | 31.0% | 31.4% |
| Americas - Consensus Organic Revenue Growth | | | | | | | 4.3% | 3.2% | 2.6% | 3.4% | 3.1% |
| Americas - Thesis Delta Revenue Growth | | | | | | | 2.5% | 2.5% | 2.0% | 1.5% | 1.5% |
| Americas - Total Modeled Revenue Growth | | | | | | | 6.8% | 5.7% | 4.6% | 4.9% | 4.6% |
| EMEA | | | | | | | | | | | |
| Net Sales | 6,262 | 6,946 | 7,681 | 6,225 | 6,140 | 5,375 | 5,005 | 5,328 | 5,477 | 5,621 | 5,714 |
| y/y Sales Growth | (2.9%) | 10.9% | 10.6% | (19.0%) | (1.4%) | (12.5%) | (6.9%) | 6.5% | 2.8% | 2.6% | 1.7% |
| % of Total Sales | 43.8% | 42.8% | 43.3% | 39.1% | 39.3% | 37.5% | 32.8% | 32.8% | 32.3% | 31.9% | 31.4% |
| Asia/Pacific | | | | | | | | | | | |
| Net Sales | 4,238 | 5,486 | 5,437 | 5,194 | 4,888 | 4,537 | 5,619 | 5,956 | 6,246 | 6,548 | 6,787 |
| China | | | | | 2,904 | 2,741 | 2,998 | 3,175 | 3,355 | 3,549 | 3,756 |
| Other APAC | | | | | 1,984 | 1,796 | 2,621 | 2,781 | 2,891 | 2,999 | 3,031 |
| y/y Sales Growth | 3.8% | 29.4% | (0.9%) | (4.5%) | (5.9%) | (7.2%) | 23.8% | 6.0% | 4.9% | 4.8% | 3.7% |
| % of Total Sales | 29.6% | 33.8% | 30.7% | 32.6% | 31.3% | 31.7% | 36.8% | 36.6% | 36.9% | 37.1% | 37.3% |
| China - Consensus Organic Revenue Growth | | | | | | | 6.9% | 3.9% | 3.7% | 4.8% | 4.8% |
| China - Thesis Delta Revenue Growth | | | | | | | 2.5% | 2.0% | 2.0% | 1.0% | 1.0% |
| China - Total Modeled Revenue Growth | | | | | | | 9.4% | 5.9% | 5.7% | 5.8% | 5.8% |

Legal Disclaimer

The content, opinions, estimates, and projections contained in this report are those of WestPeak Research Association (known as “WestPeak” or “WestPeak Research”) and its directors, analysts, and affiliates and are subject to change without notice. The content, opinions, estimates, and projections on this report may not have been updated directly by WestPeak and its directors, analysts, and affiliates and may also have been altered or without your or our knowledge. WestPeak and its directors, analysts, and affiliates, without exception, do not accept any liability for factual, typographical, and grammatical errors, omissions, or content in this report. WestPeak and its directors, analysts, and affiliates do not accept any liability for damages arising from the use of or reliance on any of the content, opinions, estimates, and projections on this report. WestPeak and its directors, analysts, and affiliates endeavor to ensure that the content, opinions, estimates, and projections have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. Information may be available to WestPeak and its directors, analysts, and affiliates that is not reflected in this report. The information in this report is not intended to be used as the primary basis of investment decisions, and because of individual client objectives, should not be construed as advice designed to meet the particular investment needs of any investor. This report is for information purposes only and is not an offer to sell or the solicitation of an offer to buy any security. WestPeak and its directors, analysts, and affiliates may have a personal long or short position in any of the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. The reader should assume that WestPeak and its directors, analysts, and affiliates may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein. The reader, by the viewing of and use of the content, opinions, estimates, and projections contained in this report is assumed by WestPeak and its directors, analysts, and affiliates to have fully read, understood, and unconditionally agreed to all the terms and conditions set forth in this legal disclaimer.

Ellie Yen
Senior Analyst

WestPeak Research Association
contact@westpeakresearch.com