

Investor Intelligence Report Estee Lauder Companies Inc.

"Voice of the Shareholder"

1Q 2023

Brendan Wood International
First Intelligence

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Brendan Wood & Partners

The Brendan Wood Shareholder Confidence Panel

BWI Panel	GLOBAL PANEL	GLOBAL RESOURCES PANEL
Institutional & Private Wealth Investors	2000+ Debriefs with Decision Makers >\$56 Trillion in Assets 70% Sector Specialists 30% Generalists Average 9 Yrs Professional Experience, 25% more than 15 Years	350+ Debriefs with Decision Makers >\$15 Trillion in Assets 80% Sector Specialists 20% Generalists Average 11 Yrs Professional Experience, 35% more than 15 Years
Secondary Markets Professionals Research, Sales & Trading	+/- 600 Professionals, including... +/- 400 TopGuns	+/- 100 Professionals, including... +/- 100 TopGuns

Geographic Breakdown of the BWI Panel 2023:

US	42%
Canada	21%
Europe/Middle East/Africa	32%
Pacific Rim	4%
Latin America	1%+

Global Resources Panel:

35%
34%
27%
3%
1%+

WHAT DO BRENDAN WOOD COMPANY SCORES MEAN?

METHODOLOGY

The core mission of BWI performance and quality metrics is to illustrate and explain the emerging investor “commitment to own” particular stocks.

Eleven critical performance metrics are used to determine the relative strength of investor commitment to a company as an investment target. To help investors rate companies in a sector on a relative basis “one metric at a time”, a visual technique is used. For example, the visual tool shows investors a consensus vertical hierarchy representing how each investment target company in a sector is rated by investors against a criterion such as “Quality of Strategy” ... AS AN INFLUENCE ON THE INVESTOR COMMITMENT TO OWN THE NAME. The investor is then asked to adjust the consensus rating hierarchy to match their own particular view of how each company scores against the “Quality of Strategy” criterion. They may agree or disagree with the consensus. The investor then makes their personal adjustments which are added to our cumulative data instantly. To make this task fast and accurate the visual scoring hierarchy is broken down into top decile, four quartiles and a bottom decile, therefore six potential levels of performance against each investment selection criterion. The quartile display is instantly recognizable by investors as indicating both absolute and relative bases of the influence of a company’s level of competitive performance against a critical investment selection criterion.

The above methodology forces the (dependent variable) absolute benchmark of “commitment to own” on each quality of a corporate investment target.

WHY A COMPANY SCORE MAY BE FIRST IN ITS SECTOR BUT RATE IN THE SECOND QUARTILE?

This means that the sector itself (all companies included) ranks in the second quartile or below of investor selection attractiveness against a particular criterion of investability.

ADVANTAGE OF BRENDAN WOOD INTERNATIONAL METHODOLOGY?

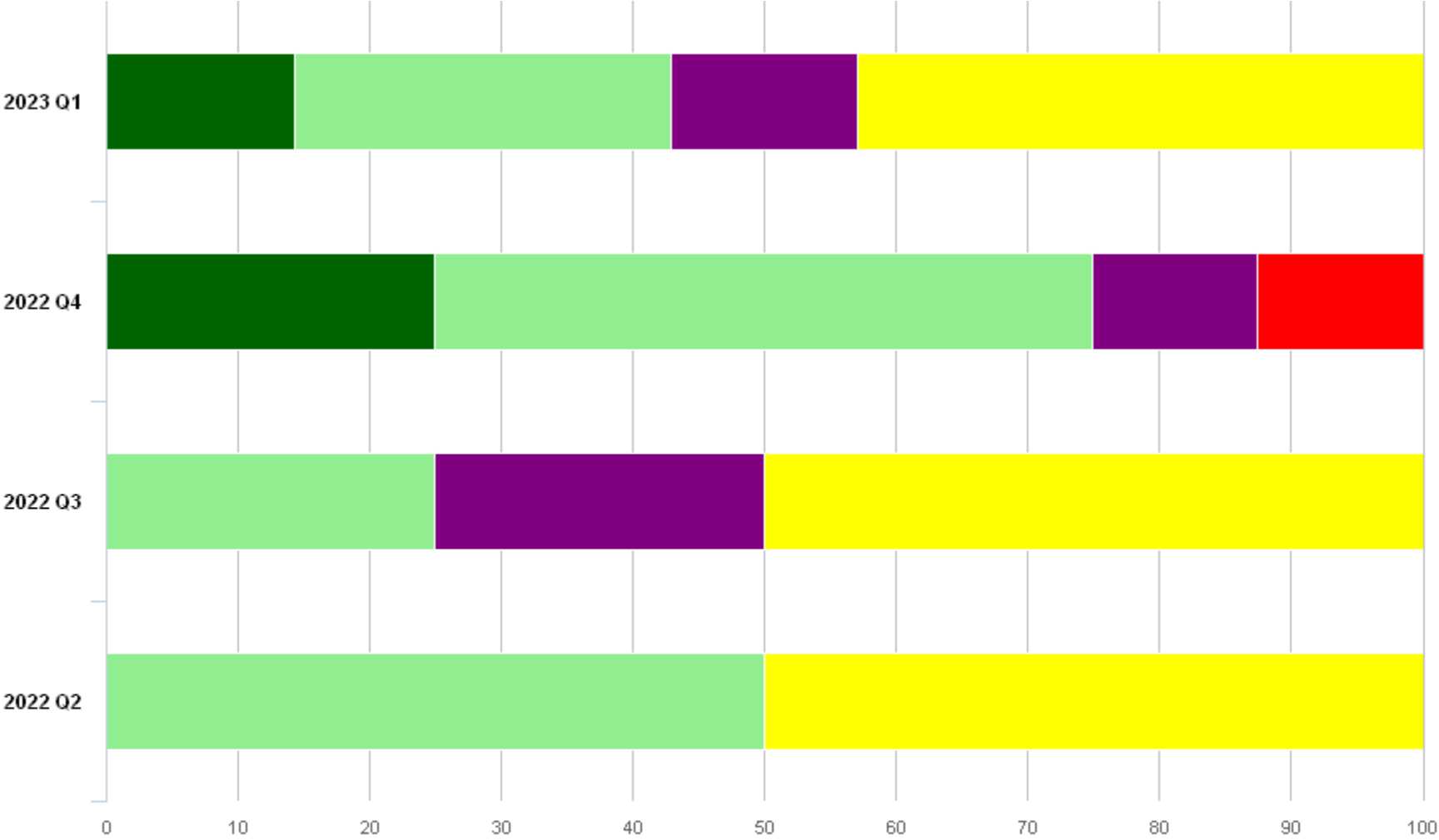
This process identifies the emerging competitiveness of individual sectors, sub-sectors and most importantly of companies as investment targets on both an absolute and relative ‘best in sector’ basis against investors’ selection criteria for the year ahead. Such calibrated data allows BW partners to help corporate management to accurately analyze their company’s attractiveness as a target for the year ahead as an individual story and relative to its comparables and sector. The isolation of performance against individual metrics enables management to identify and address the key metrics which drive the “commitment to own” their particular stock.

APPARENT CONTRADICTION BETWEEN QUARTERLY RESULTS AND ROLLING YEAR RESULTS?

Quarterly results = the results in the quarter. Rolling years results = the results for a full year of data.

What is Your Commitment to Own This Stock in The Year Ahead?

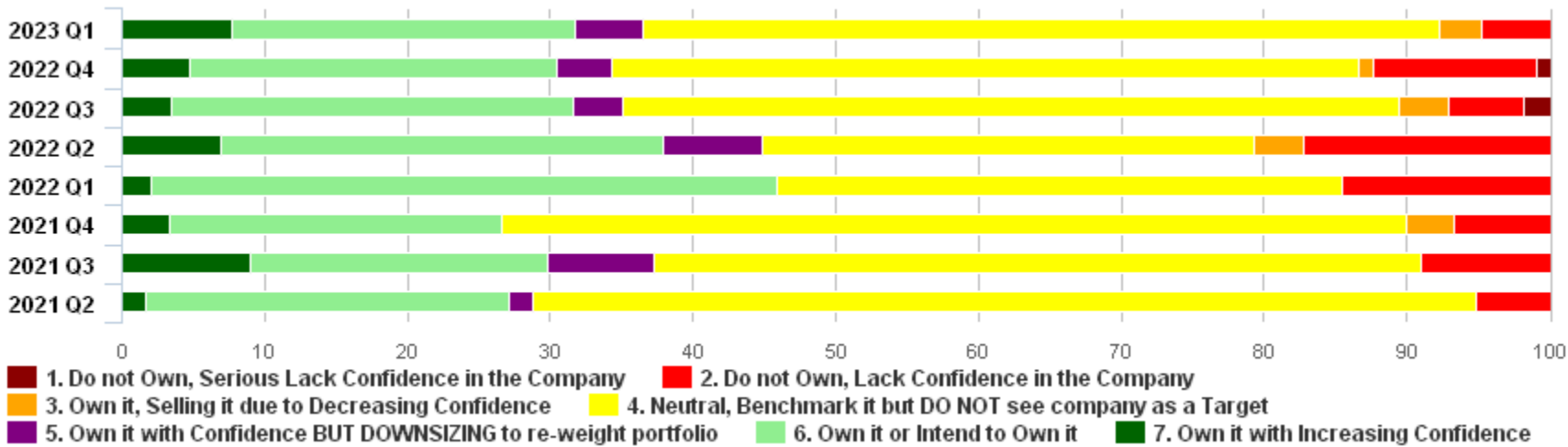
Estee Lauder Companies Inc.



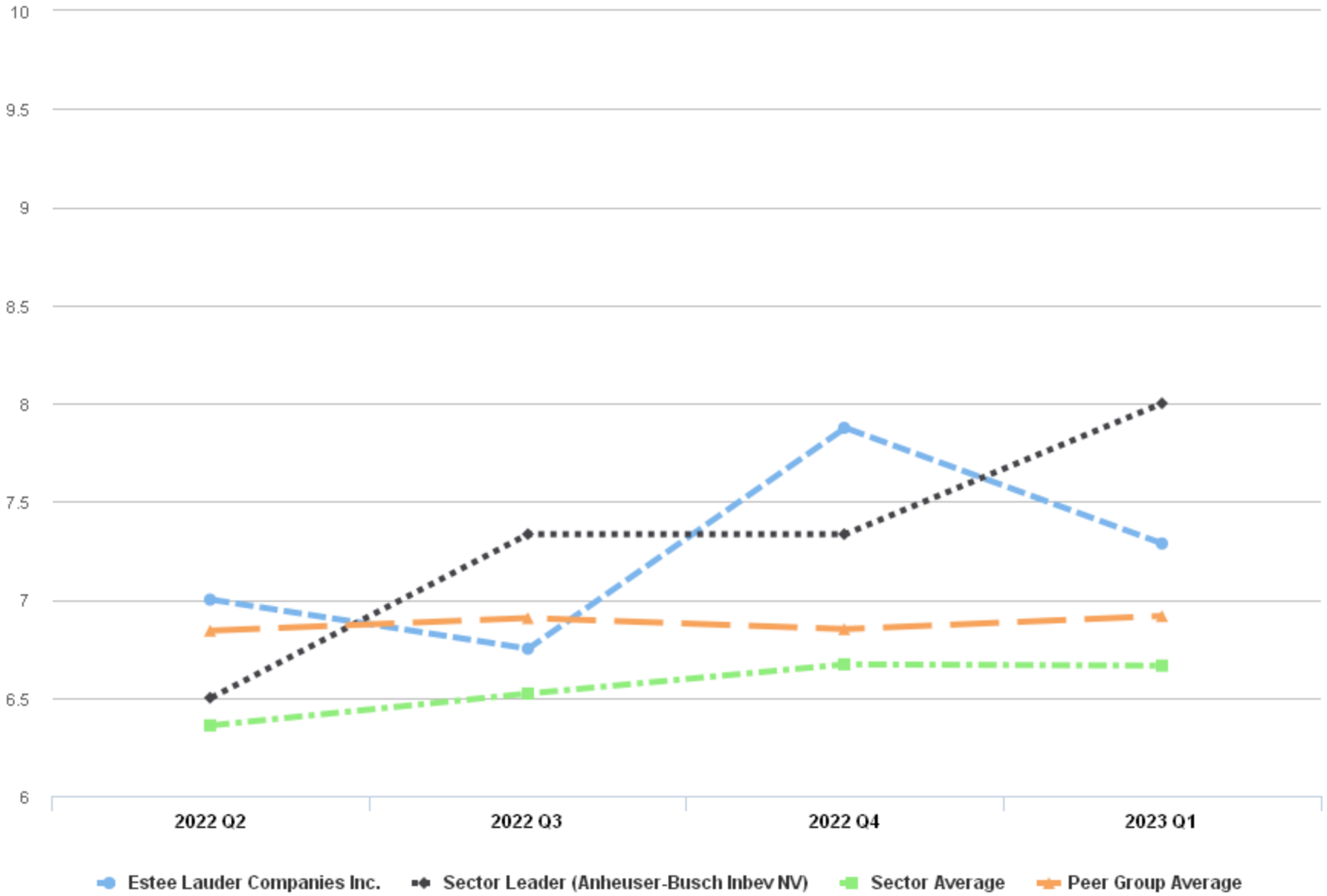
1. Do not Own, Serious Lack Confidence in the Company 2. Do not Own, Lack Confidence in the Company
3. Own it, Selling it due to Decreasing Confidence 4. Neutral, Benchmark it but DO NOT see company as a Target
5. Own it with Confidence BUT DOWNSIZING to re-weight portfolio 6. Own it or Intend to Own it 7. Own it with Increasing Confidence

Commitment to Own – All Stocks

Global Consumer Staples



What is Your Commitment to Own This Stock in The Year Ahead?



Shareholder Confidence Metrics

Estee Lauder Companies Inc.'s Performance Vs Estee Lauder Companies Inc. Peer Group

Estee Lauder Companies Inc. Peer Group

Beiersdorf AG

Colgate-Palmolive Co.

Estee Lauder Companies Inc.

Henkel KGAA

L'Oreal SA

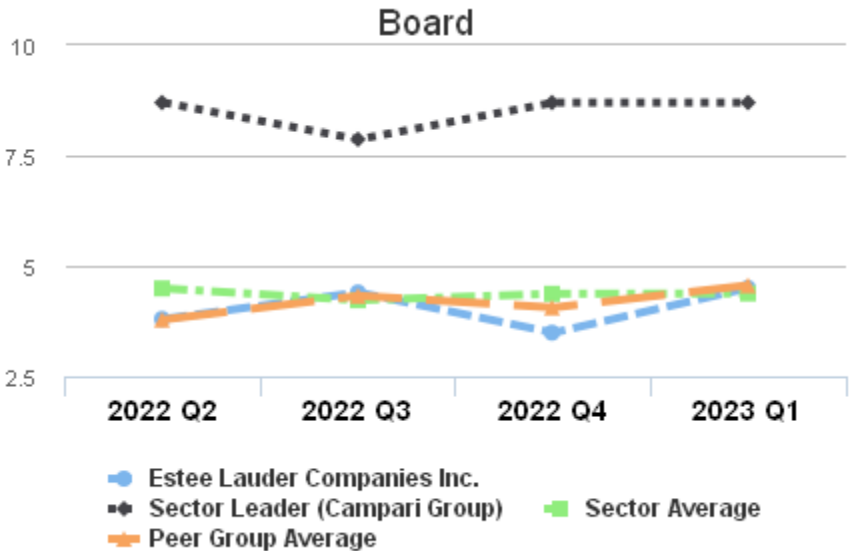
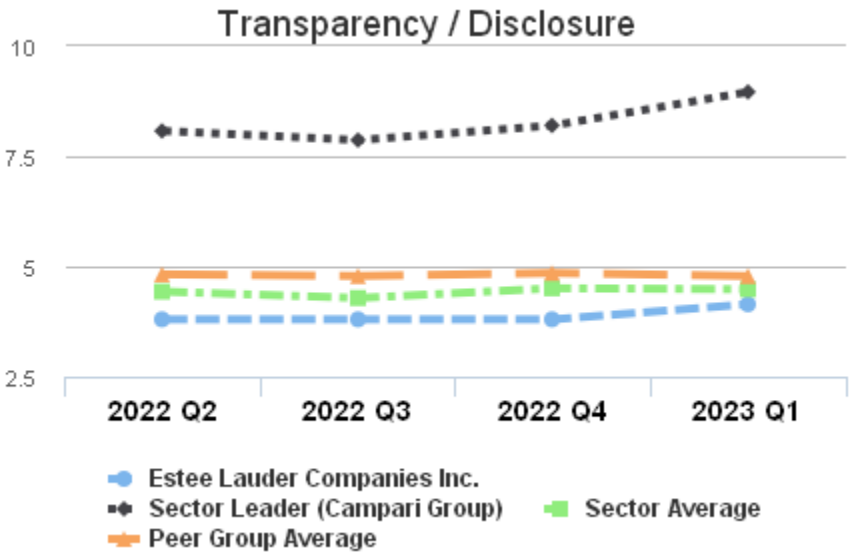
Reckitt Benckiser Group PLC

The Procter & Gamble Company

Unilever NV

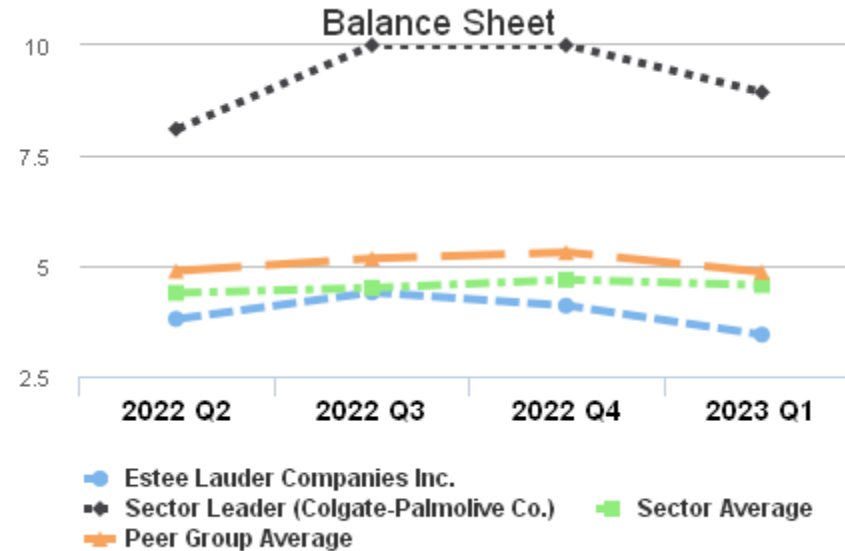
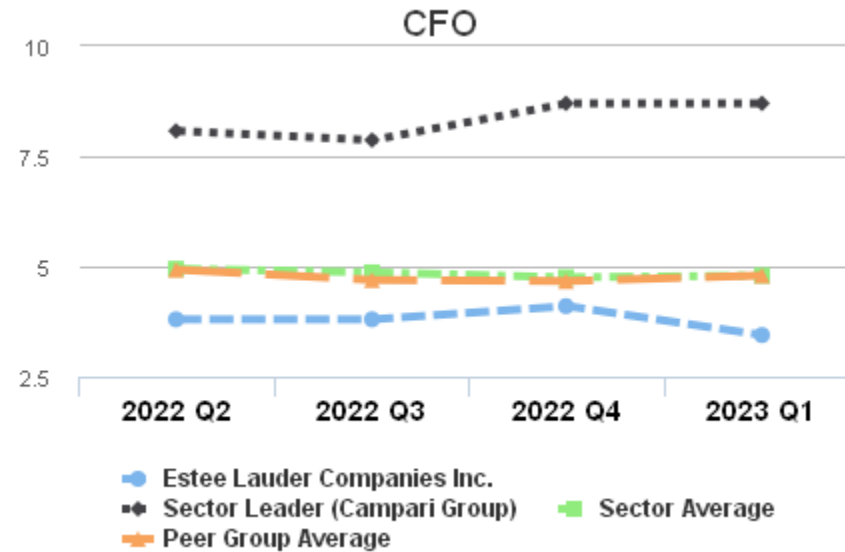
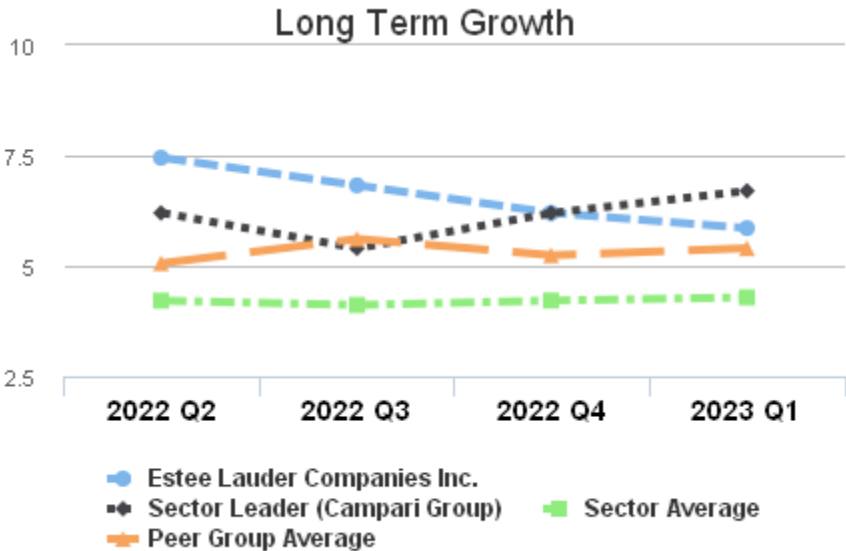
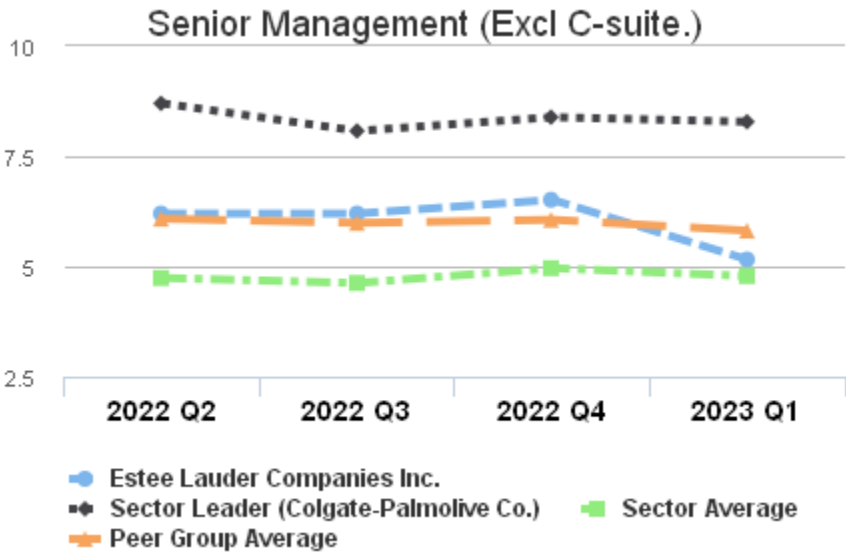
Shareholder Confidence Metrics Forecast for the Year Ahead

Quarter over Quarter Results



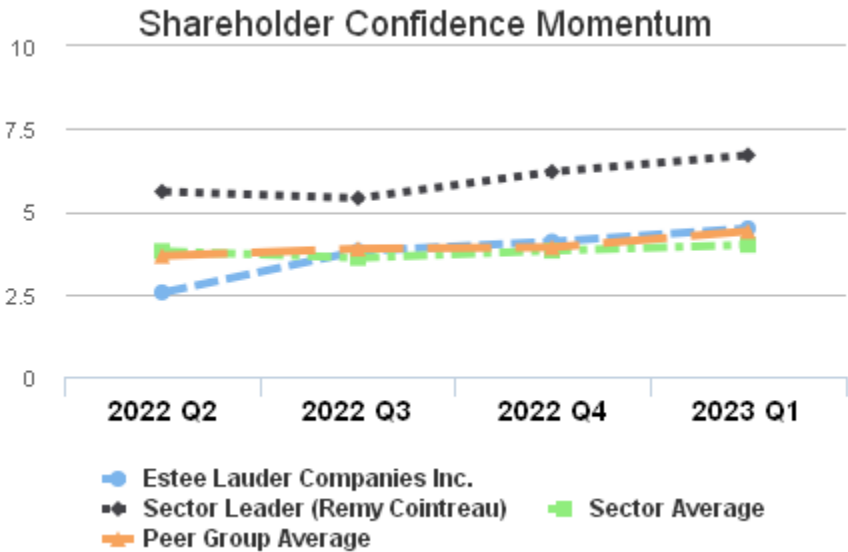
Shareholder Confidence Metrics Forecast for the Year Ahead

Quarter over Quarter Results



Shareholder Confidence Metrics Forecast for the Year Ahead

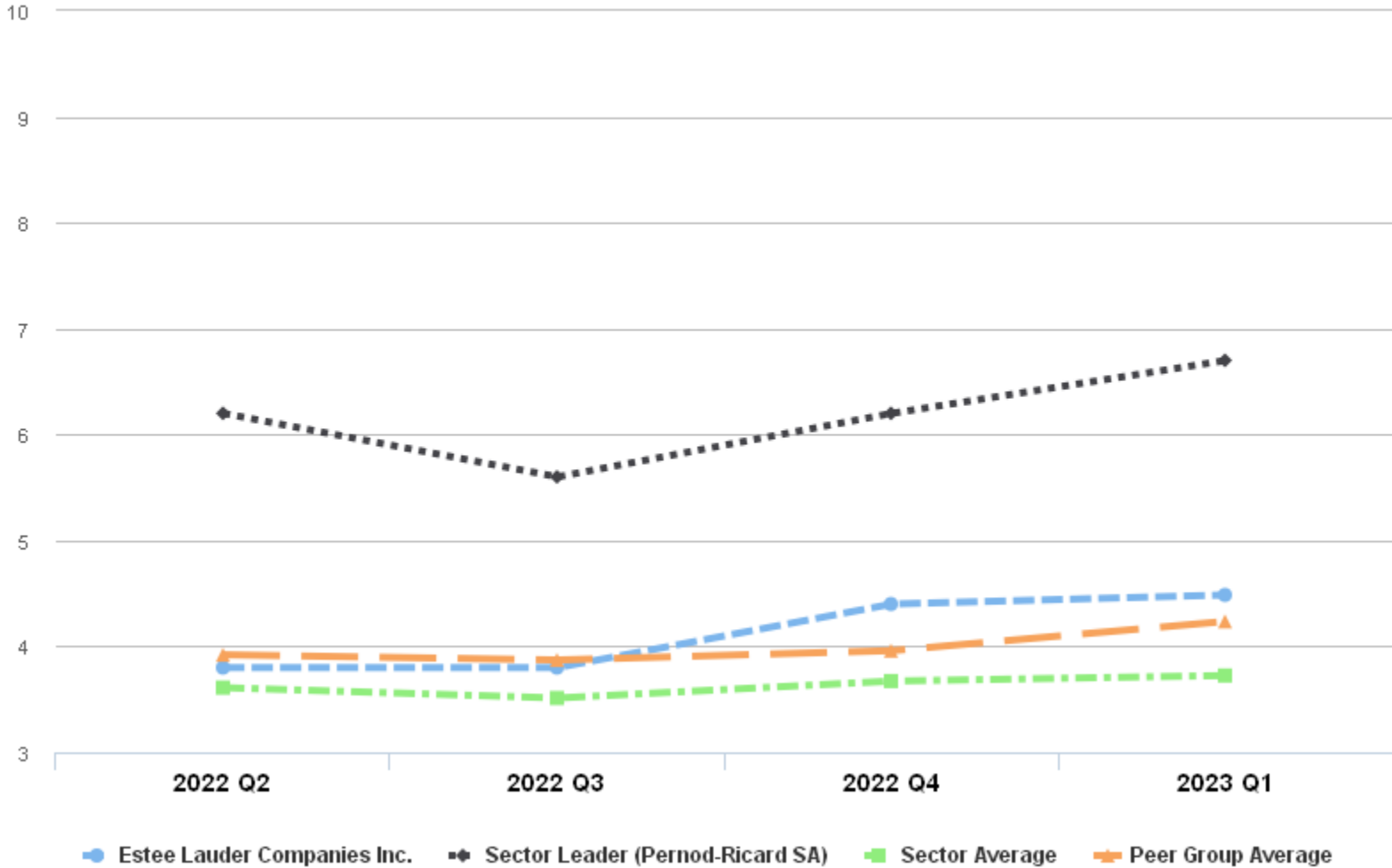
Quarter over Quarter Results



Shareholder Confidence Metrics Forecast for the Year Ahead

Quarter over Quarter Results

Price Appreciation Potential



Typical Investor Verbatim

Positive Momentum Verbatim

“Estee Lauder has a lot of momentum behind them. There's a lot of recovery from China in travel retail. Currency has a huge impact on their margins and they also have a lot of margin impacts from the pandemic that haven't been fully recovered yet.”

“The outlook in China has improved over the last two months for the medium term. The overall environment is going to be bumpy, but it should improve by the second half of 2023, whereas two months ago we were wondering if it was going to be 2024 or even 2025. The macro is improving for Estee Lauder. The company is incredibly well-positioned in the longer term.”

“Our view on Estee Lauder is that it will be a little rocky. If we look at our crystal ball, in a year from now it'll be a much better situation in China. If you can get this one at the right multiple, it's definitely a stock that would create a lot of long-term value.”

“Estee Lauder's market strategy is still very good for the long term.”

“Estee is perceived to have a very high-quality management team. It's not just the CEO, it's everybody.”

“Estee Lauder is a really good acquirer and integrator.”

Typical Investor Verbatim

Neutral Momentum Verbatim

“Everybody is in long position on Estee Lauder because of China, but it's gone too far.”

“For Estee Lauder, the reopening in China is already priced in for the most part. It's a risk now because if it doesn't happen, then they're going to be in trouble. The expectations for the China's reopening are pretty high. There's risk for the share price if it doesn't go according to plan.”

“Estee Lauder's stock is down 40%. There is upside potential, but it's highly dependent on China. When China finally opens, this stock will bounce back.”

Typical Investor Verbatim

Negative Momentum Verbatim

“Estee has been all over the shop in the last year. It would be interesting to see how investor’s perception has changed over time on Estee because going back to April last year, that’s when they had the first sort of issue in China and the supply chain was all over the shop. That’s when L’Oreal really compared very favourably against Estee and then we thought it was just temporary, but since then we have had profit warning after profit warning. Again, recently there has been another profit warning and production of guidance. I think the lowering of guidance has rocked a bit of confidence. I completely appreciate everything that had been happening in China, the lockdown and etc. but the setting guidance and not being able to meet it, we are not used to Estee doing that. With Estee my worries are the supply chain issues in China are not going to be resolved overnight and then the other thing that is emerging more recently that does worry me is some comments around what’s happening on the inventory side. It feels like they are maybe being a bit aggressive on getting rid of inventories in China, but that’s not very good for the brand.”

“I think there are people who absolutely love Estee and they love the long-term premium luxury beauty growth and the demographic thing. I think L’Oreal is one of the highest quality names and I think Estee would have been up there as well for me, but I was quite disappointed in what they’ve done in the last year. I’m not very happy about it and I’m not very happy about what I’m hearing about inventories and whatnot. It feels like a company that is struggling a bit.”

“It will be rocky for Estee Lauder in the short term.”

“Estee Lauder’s board is fairly irrelevant. The family drives the business.”

“I’m surprised people have confidence in Estee Lauder’s short-term growth potential, given the current issues in China. They are going to have a difficult near term.”

Typical Investor Verbatim

Negative Momentum Verbatim

“30% or so of Estee Lauder's business relates to the Chinese consumer, and there's no visibility.”

“Estee Lauder is so reliant on China. Everyone assumed zero COVID would end and that isn't going to happen. Then there's this whole Taiwan backdrop. It feels precarious.”

“Estee Lauder is very dependent on China, and we don't have much visibility on how the reopening will happen.”

“Estee Lauder is all about China and there's no visibility in China.”

“Estee Lauder has such a big dependency on how well China recovers. It's a less diversified company than L'Oreal, their closest peer. You need a lot to go wrong for L'Oreal to not meet its numbers, but for Estee, if the China picture worsens or COVID comes back, Estee is going to get hammered.”

“Estee Lauder has their lowered guidance and they generally beat their guidance. They lowered guidance because of China lockdowns. I have decreased confidence in the short-term growth because we're going into recession and it's discretionary.”

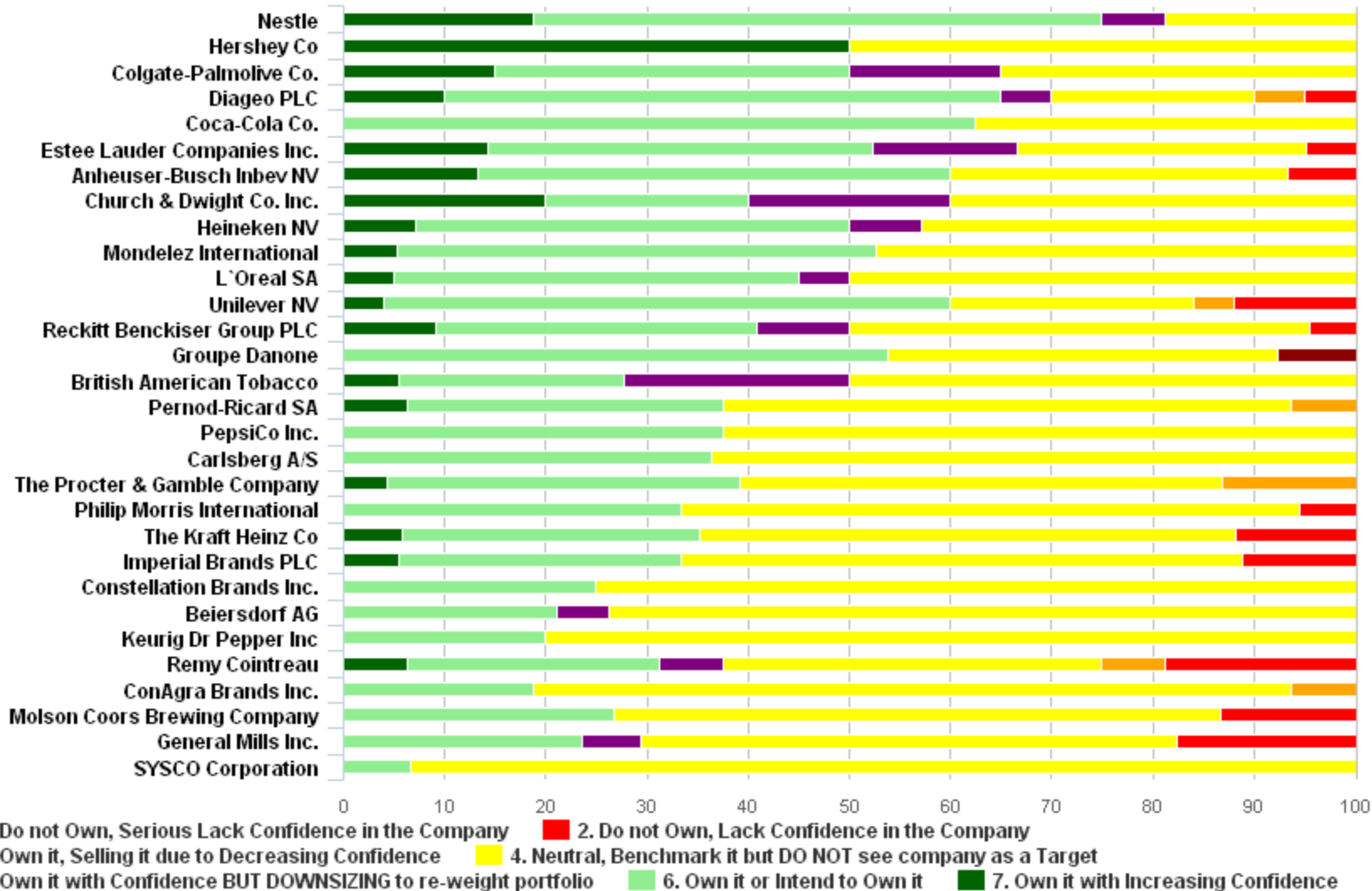
Rolling Year Data*

*Rolling Year Data = Accumulation of the rolling 12 month intelligence from the
BWI Shareholder Confidence Panel

What is Your Commitment to Own This Stock in The Year Ahead?

Rolling Year Data

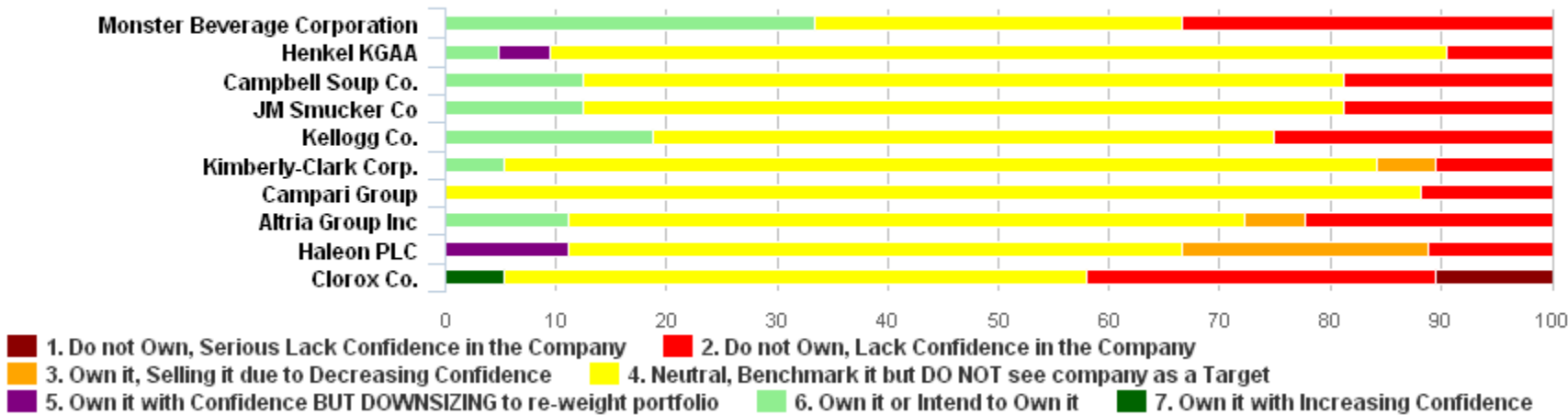
Buyers/Sellers by Sector



What is Your Commitment to Own This Stock in The Year Ahead?

Rolling Year Data

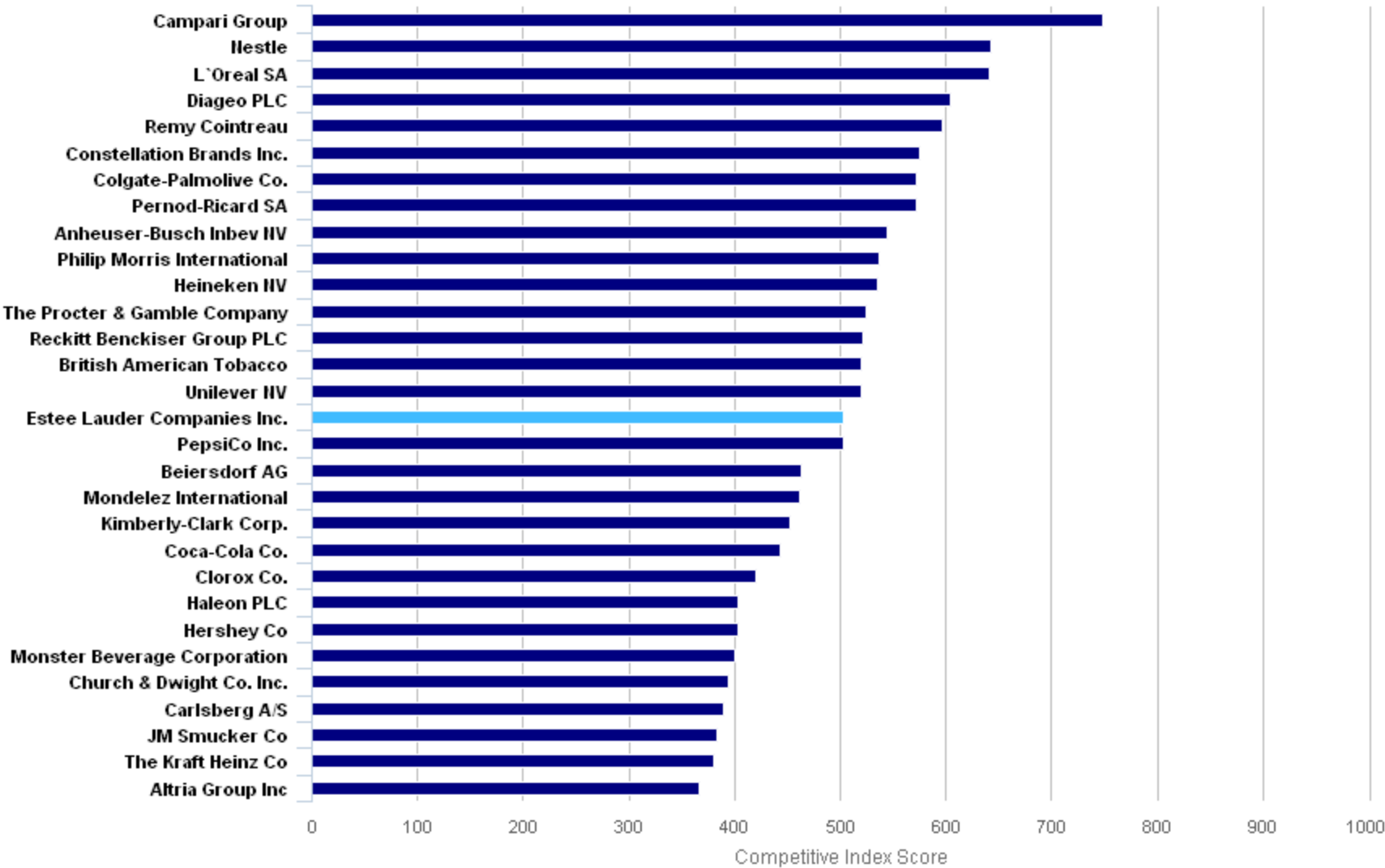
Buyers/Sellers by Sector



Shareholder Confidence Competitive Index

Global Investors - Investment Quality Index

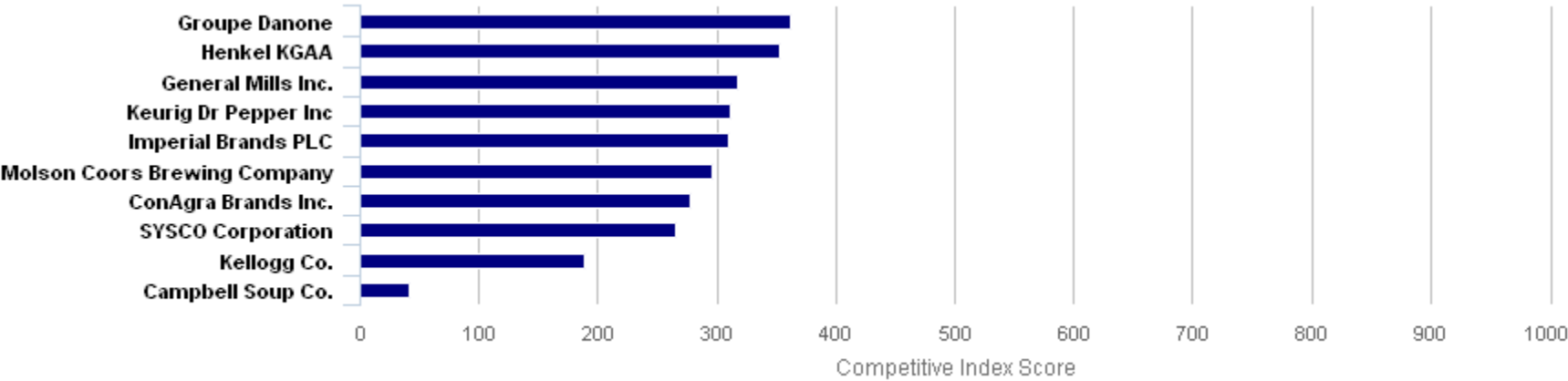
Rolling Year Data



Shareholder Confidence Competitive Index

Rolling Year Data

Global Investors - Investment Quality Index

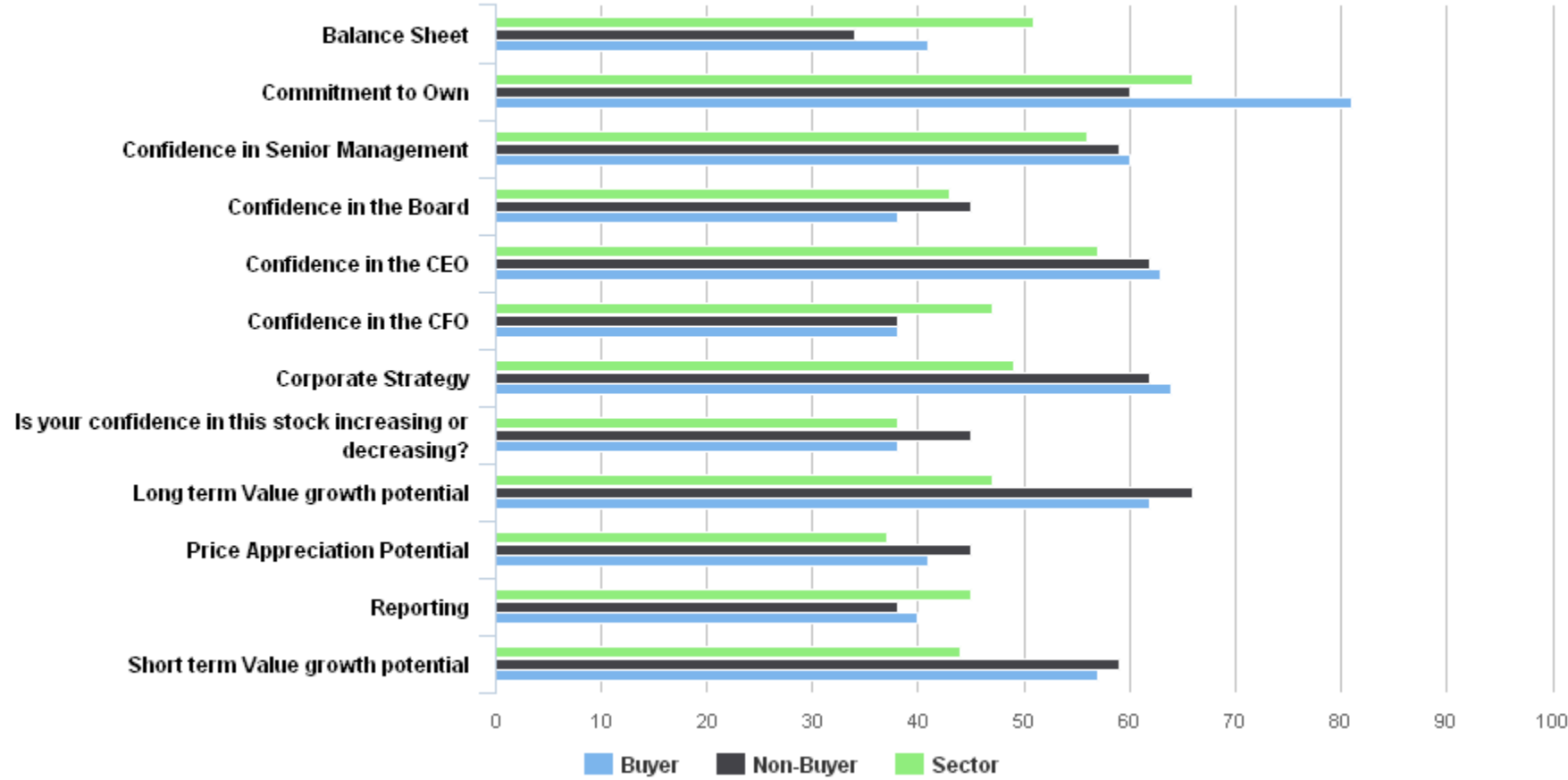


Investment Target: Buyer Ratings Vs Non-Buyer Ratings

Forecast for the Year Ahead

Rolling Year Data

Estee Lauder Companies Inc.



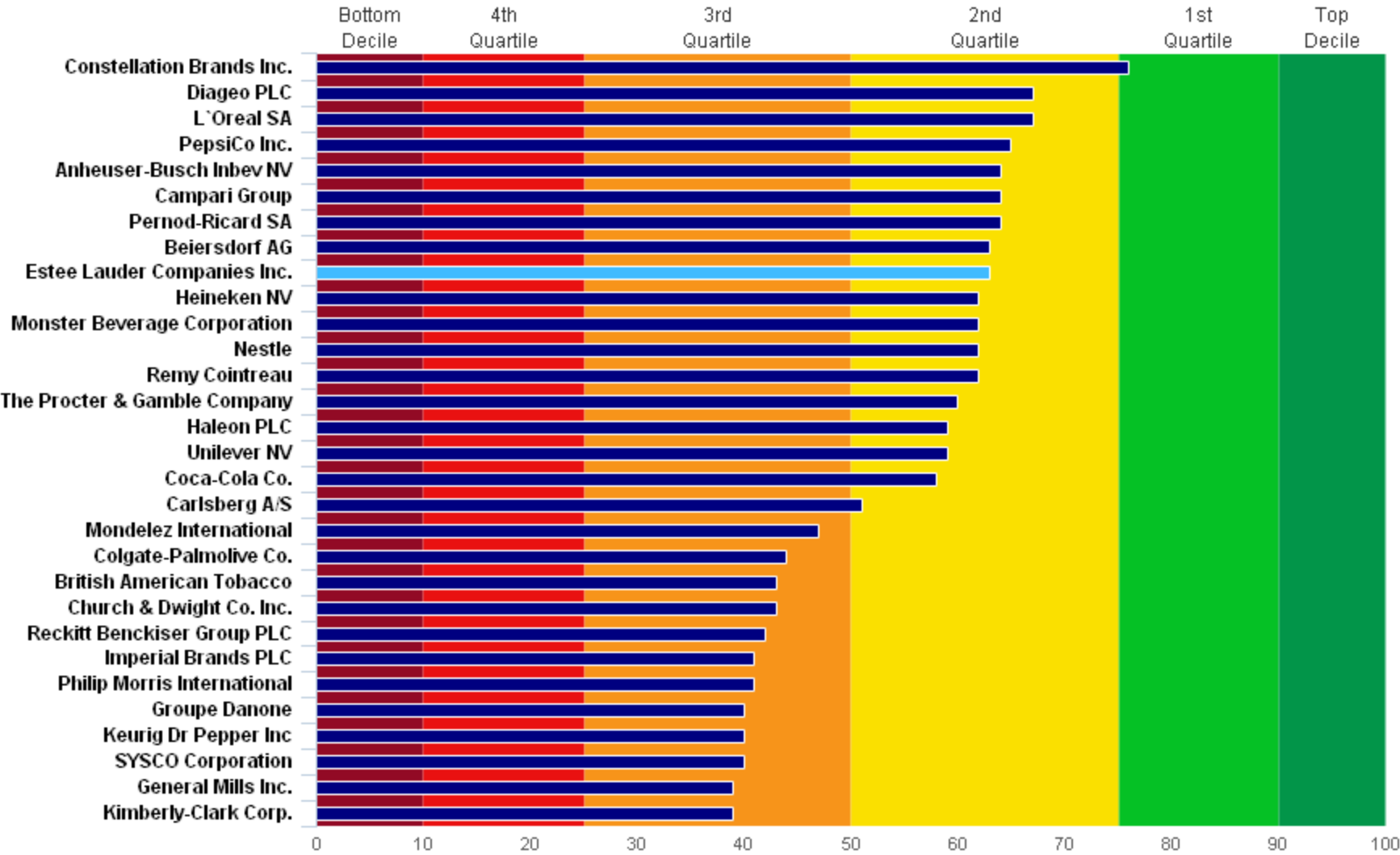
Advance Proxy Poll - Strategy Forecast for the Year Ahead

Rolling Year Data

What is Your Vote or Recommended Vote* to Retain/Replace the Existing Strategy?

(*Applies to cases where compliance/administration executes the proxy.)

(TD: Very Strong Vote to Retain, Q1: Strong Vote to Retain, Q2: Vote to Retain, Q3: Vote to Replace, Q4: Strong Vote to Replace, BD: Very Strong Vote to Replace)

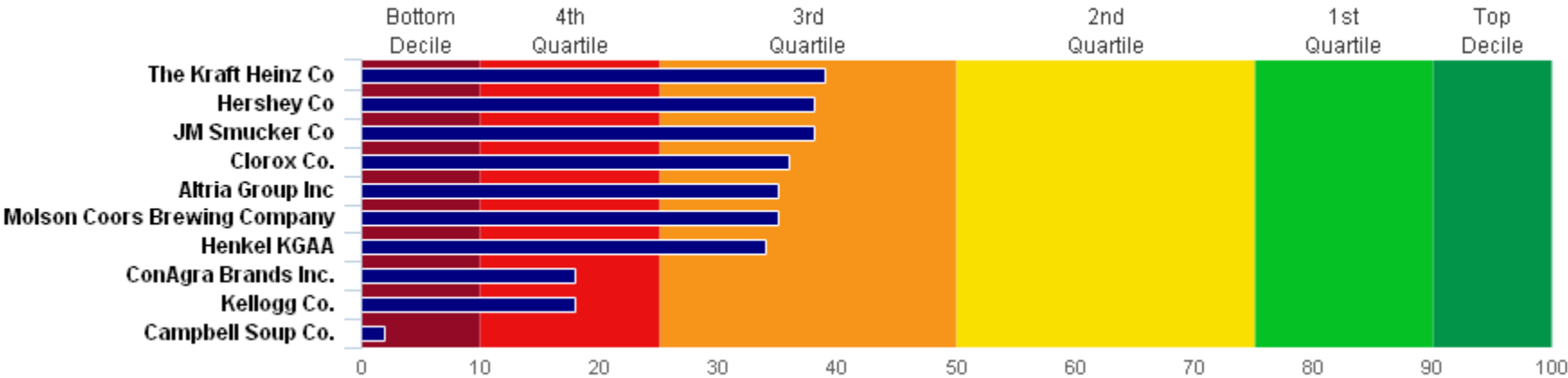


Advance Proxy Poll - Strategy Forecast for the Year Ahead

Rolling Year Data

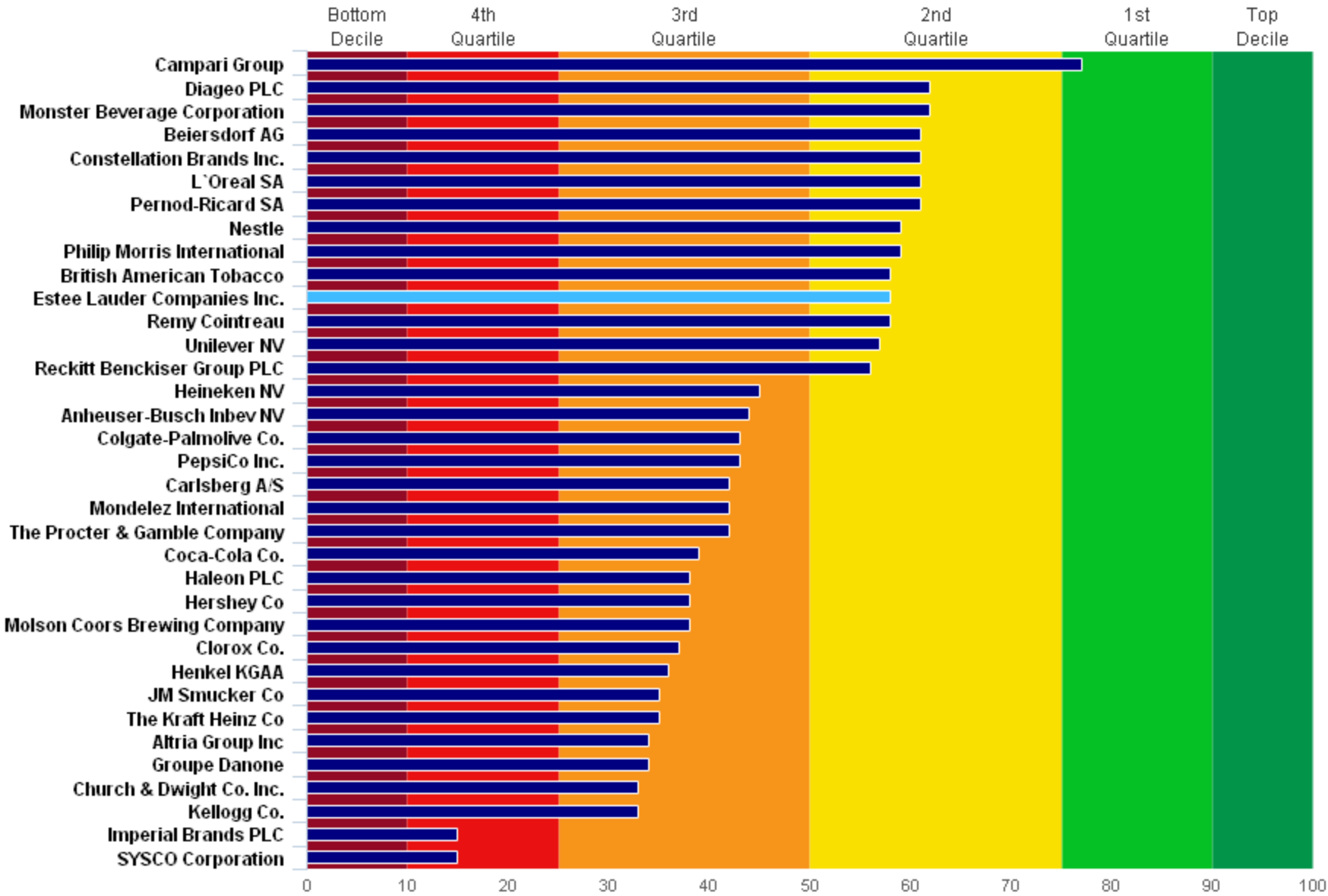
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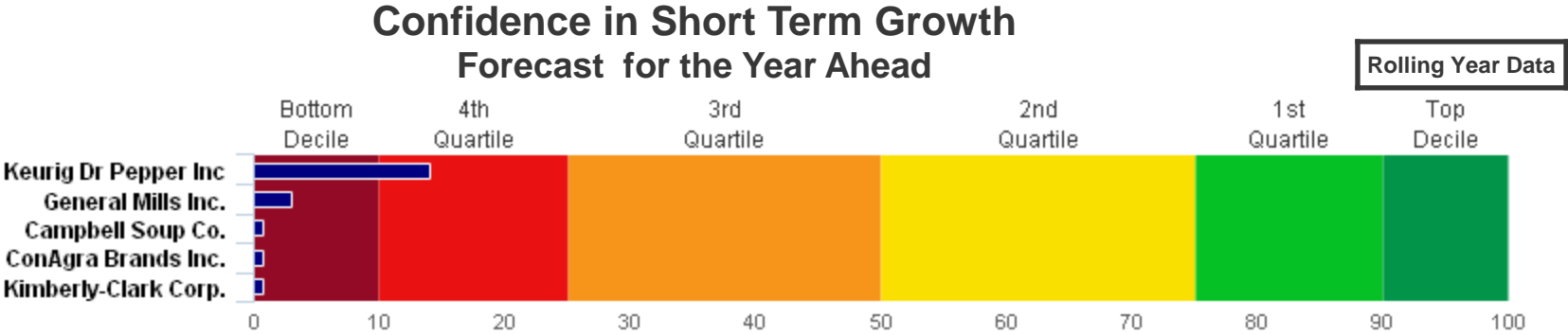
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Confidence in Short Term Growth Forecast for the Year Ahead

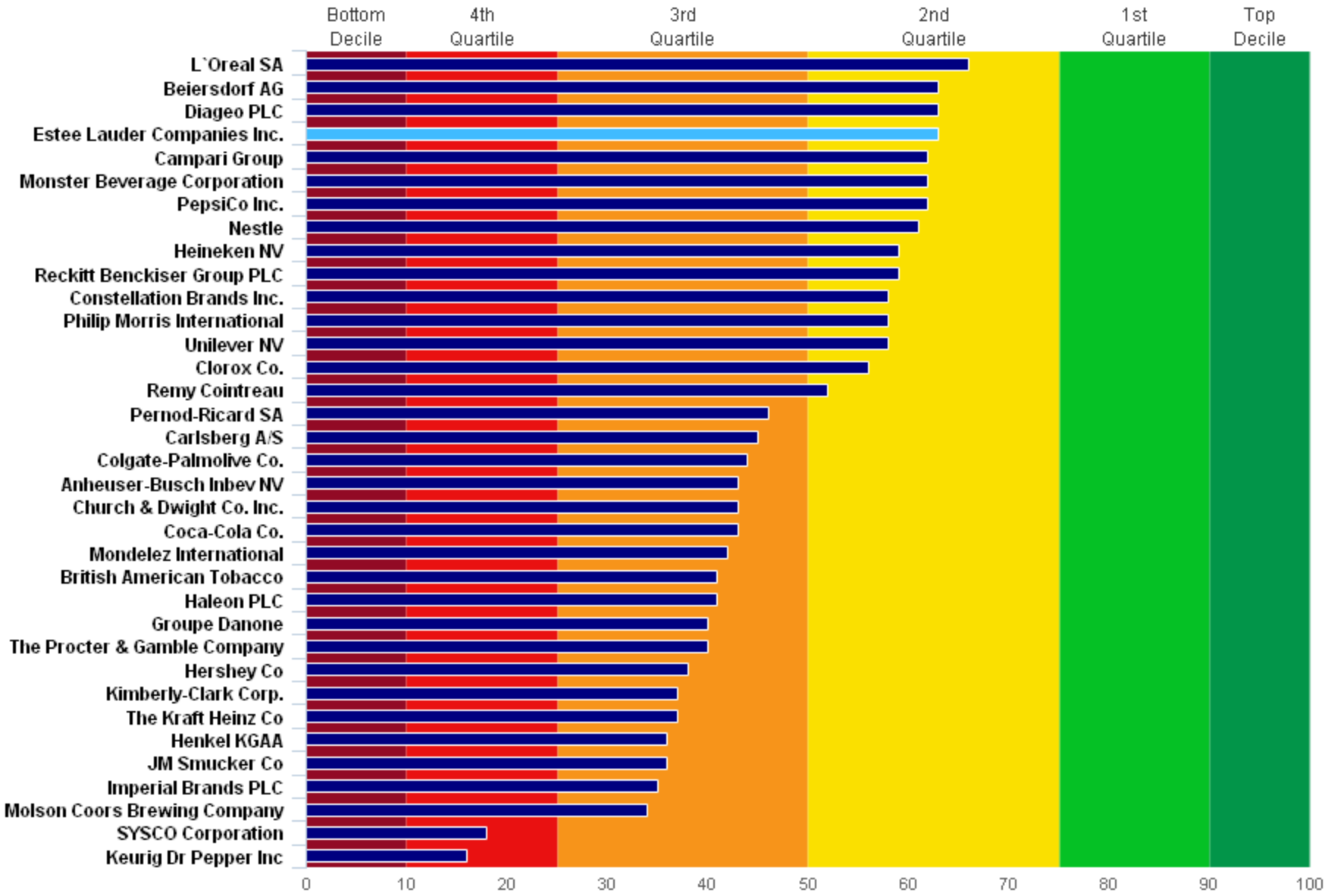
Rolling Year Data

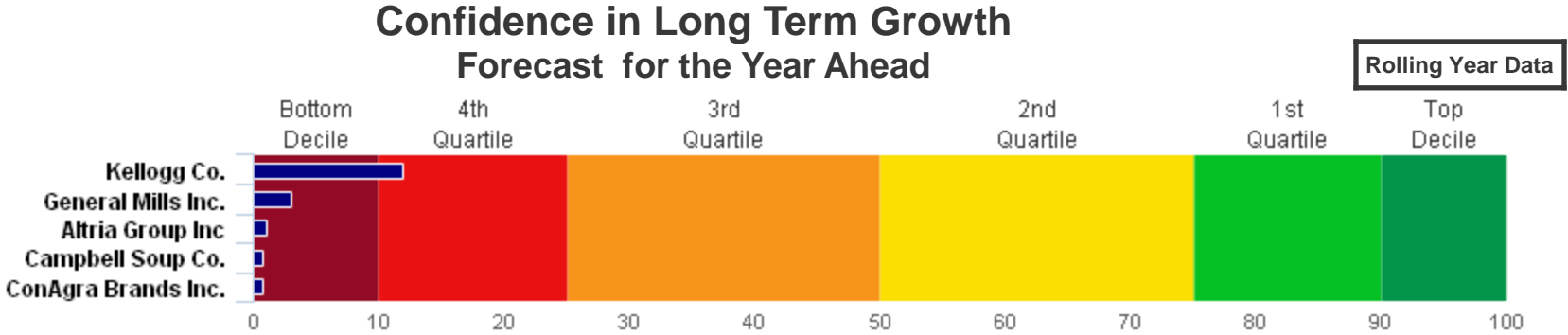




Confidence in Long Term Growth Forecast for the Year Ahead

Rolling Year Data





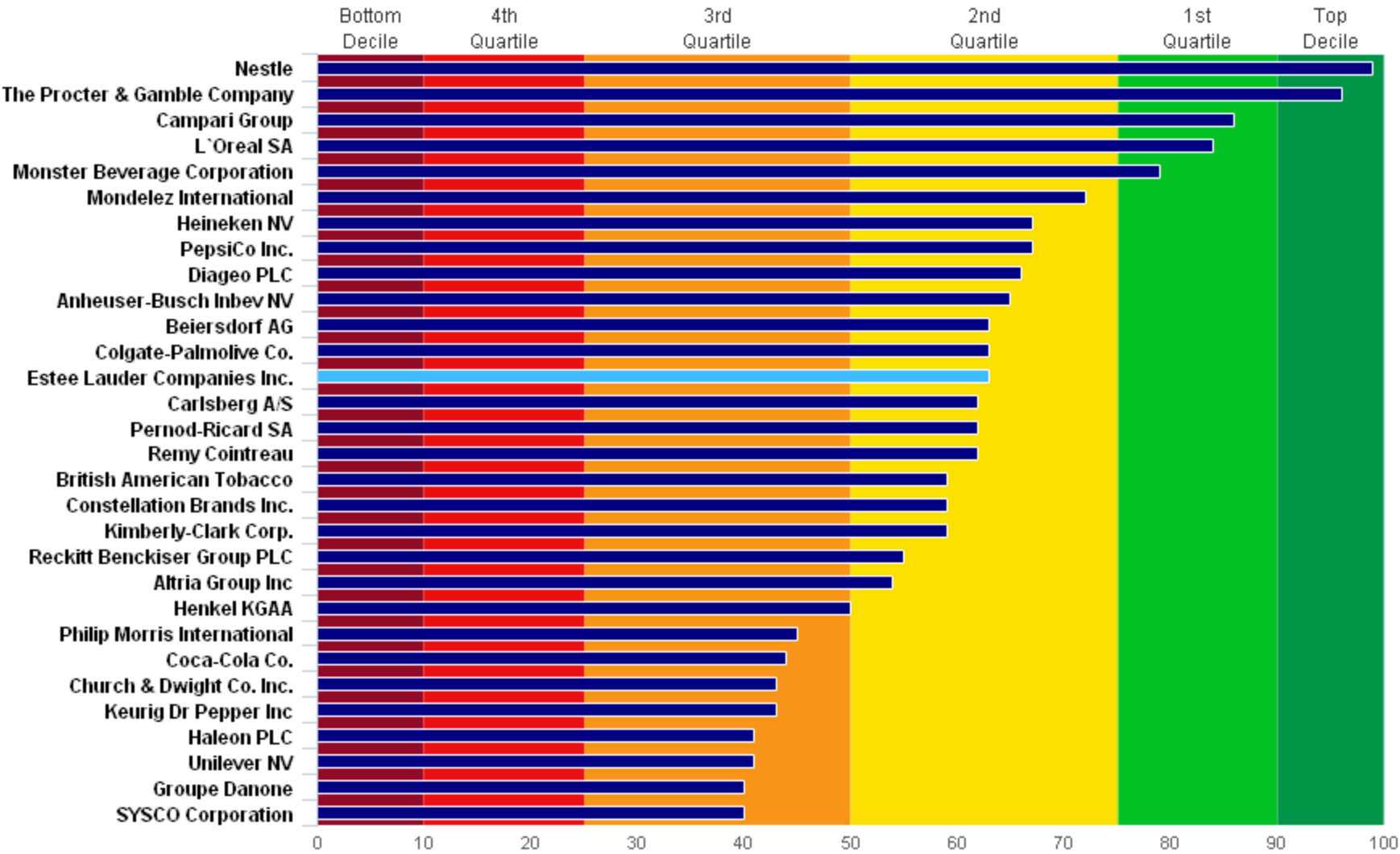
Advance Proxy Poll - CEO Forecast for the Year Ahead

Rolling Year Data

What is Your Vote or Recommended Vote* to Retain/Replace the Existing CEO?

(*Applies to cases where compliance/administration executes the proxy.)

(>80 Very Strong Vote to Retain, 70-80 Strong Vote to Retain, 60-70 Neutral, 50-60 Strong Vote to Replace, <50 Very Strong Vote to Replace)



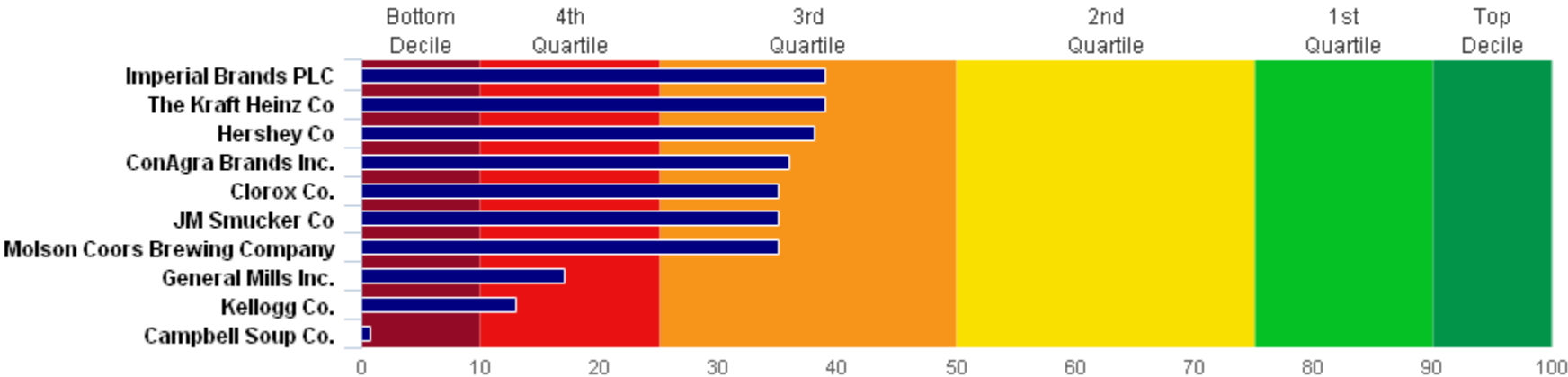
Advance Proxy Poll - CEO Forecast for the Year Ahead

Rolling Year Data

What is Your Vote or Recommended Vote* to Retain/Replace the Existing CEO?

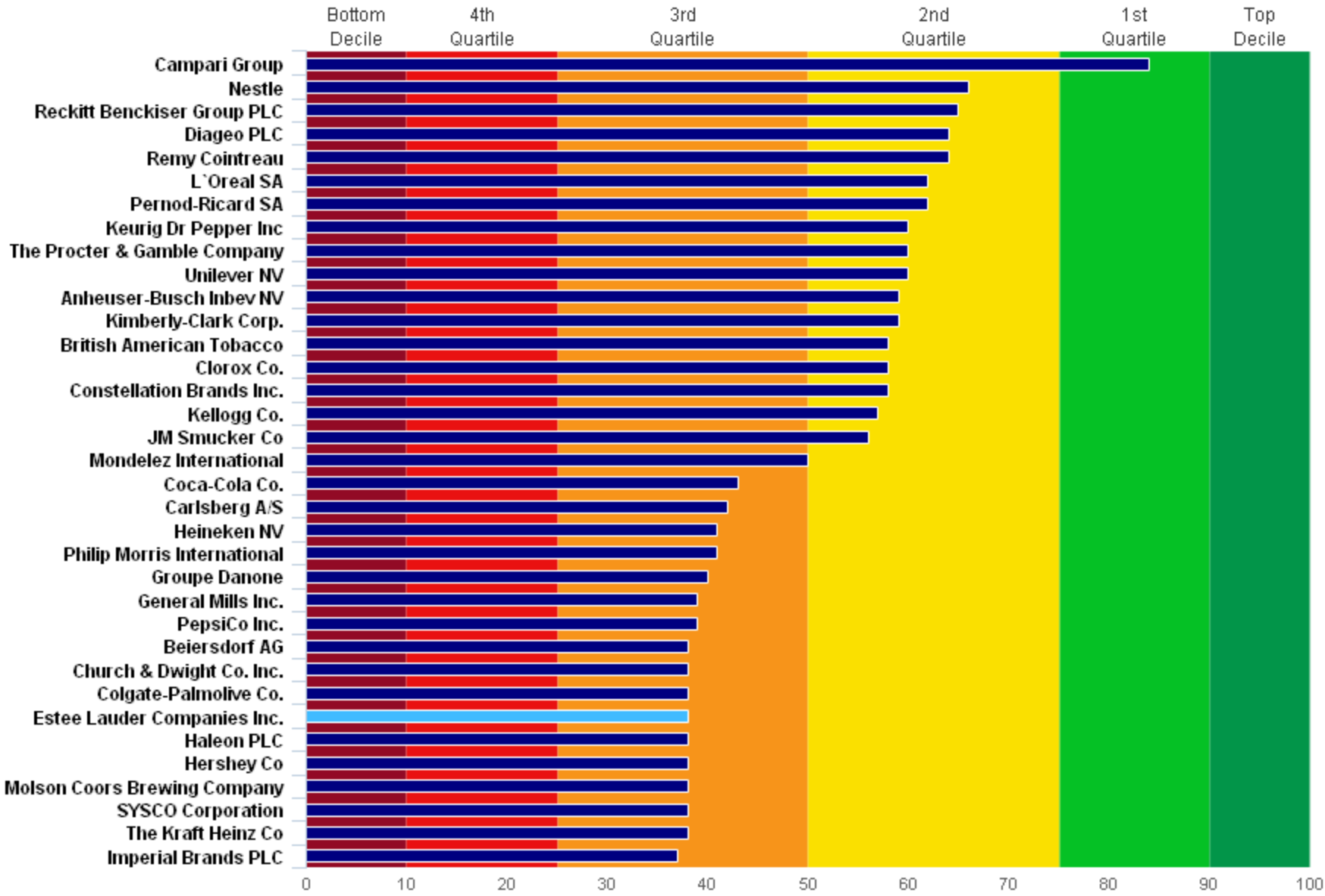
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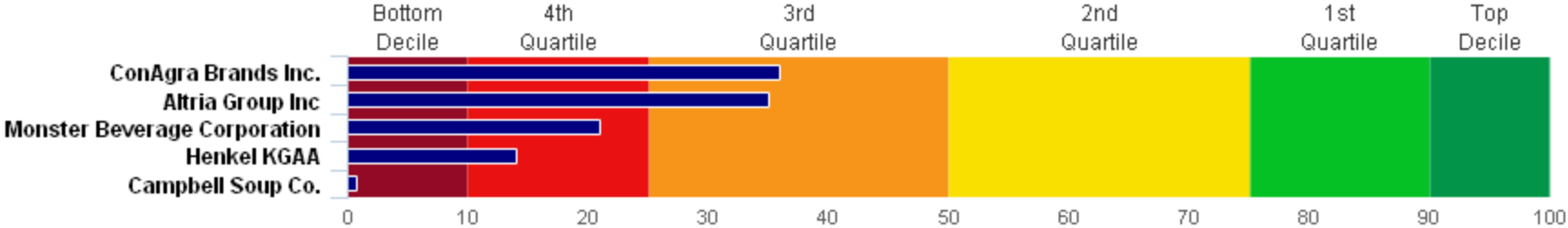
Confidence in CFO Forecast for the Year Ahead

Rolling Year Data



Confidence in CFO Forecast for the Year Ahead

Rolling Year Data



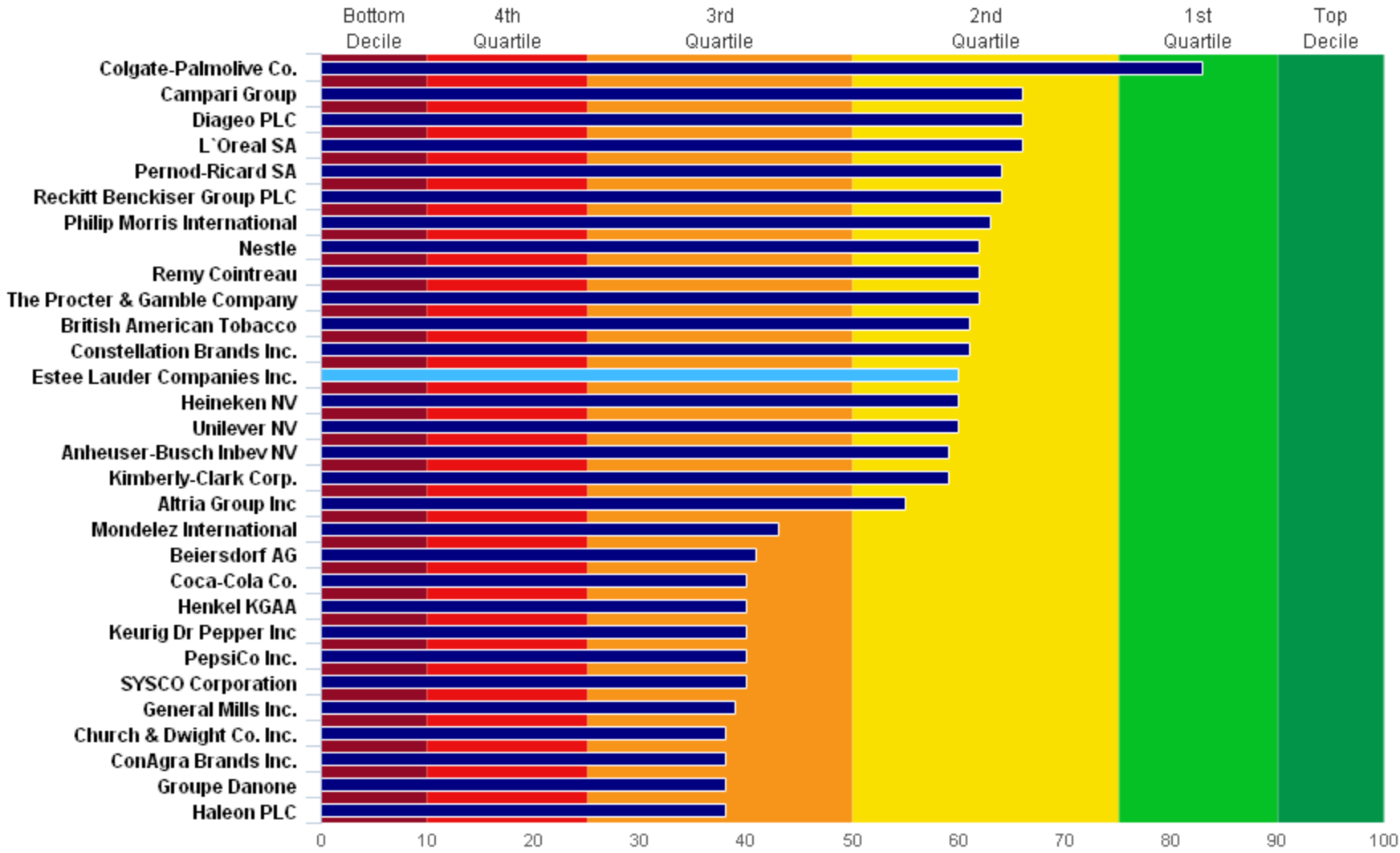
Advance Proxy Poll - Senior Management Forecast for the Year Ahead

Rolling Year Data

What is Your Vote or Recommended Vote* to Retain/Replace the Existing Senior Management?

(*Applies to cases where compliance/administration executes the proxy.)

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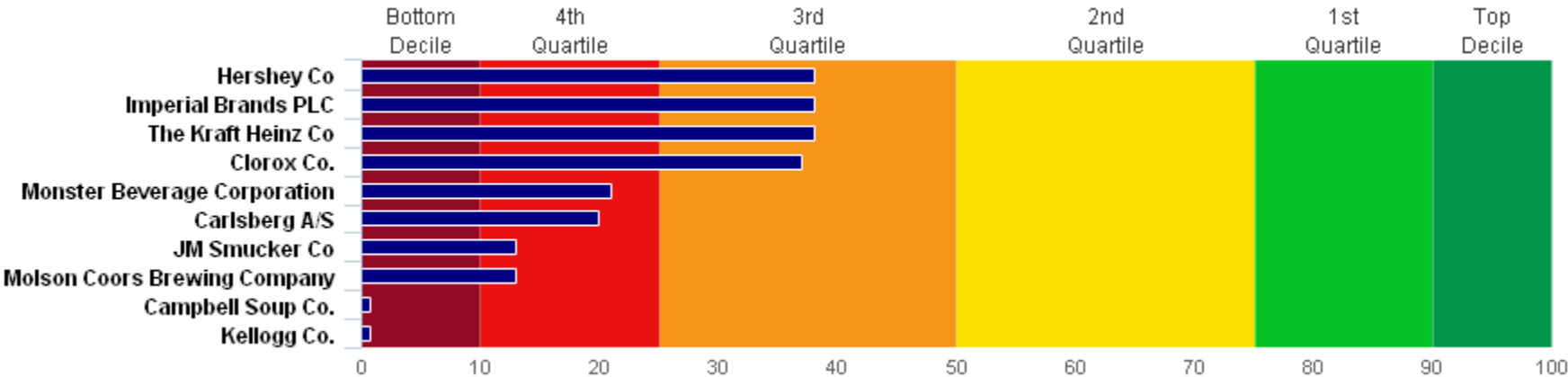


Advance Proxy Poll - Senior Management Forecast for the Year Ahead

Rolling Year Data

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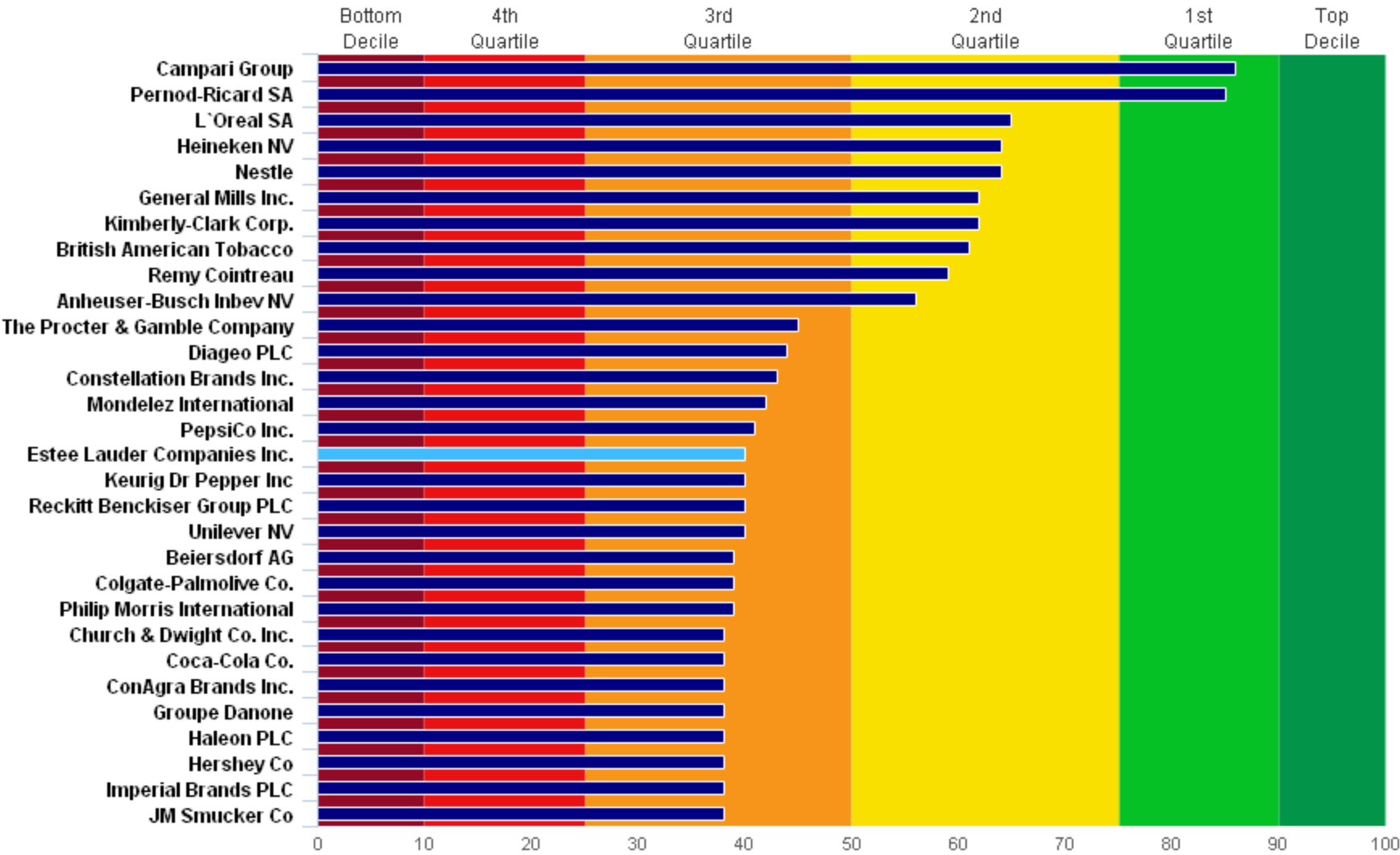
Advance Proxy Poll - Board Forecast for the Year Ahead

Rolling Year Data

What is Your Vote or Recommended Vote* to Retain/Replace the Existing Board?

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(>80 Very Strong Vote to Retain, 70-80 Strong Vote to Retain, 60-70 Neutral, 50-60 Strong Vote to Replace, <50 Very Strong Vote to Replace)



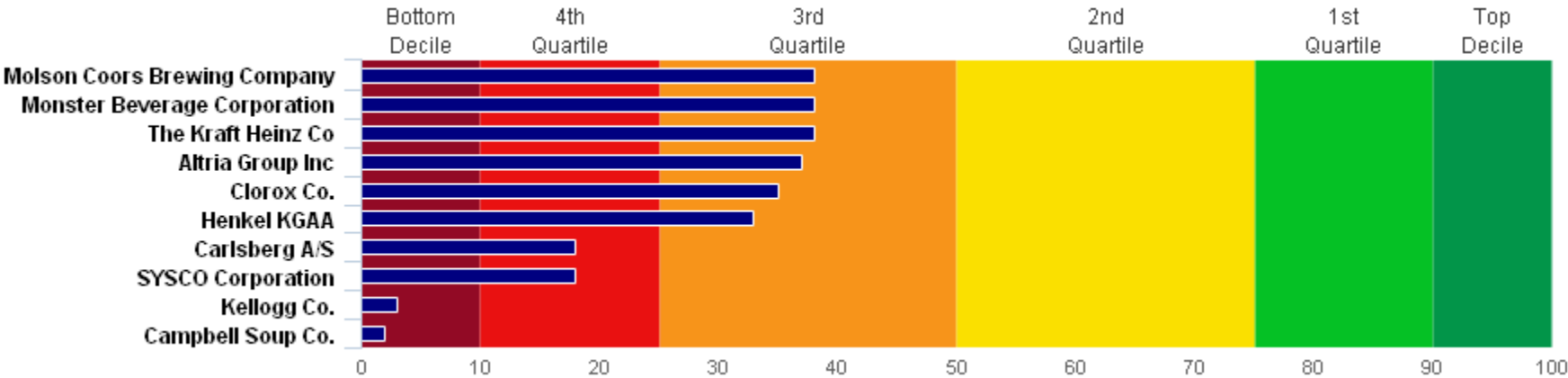
Advance Proxy Poll - Board Forecast for the Year Ahead

Rolling Year Data

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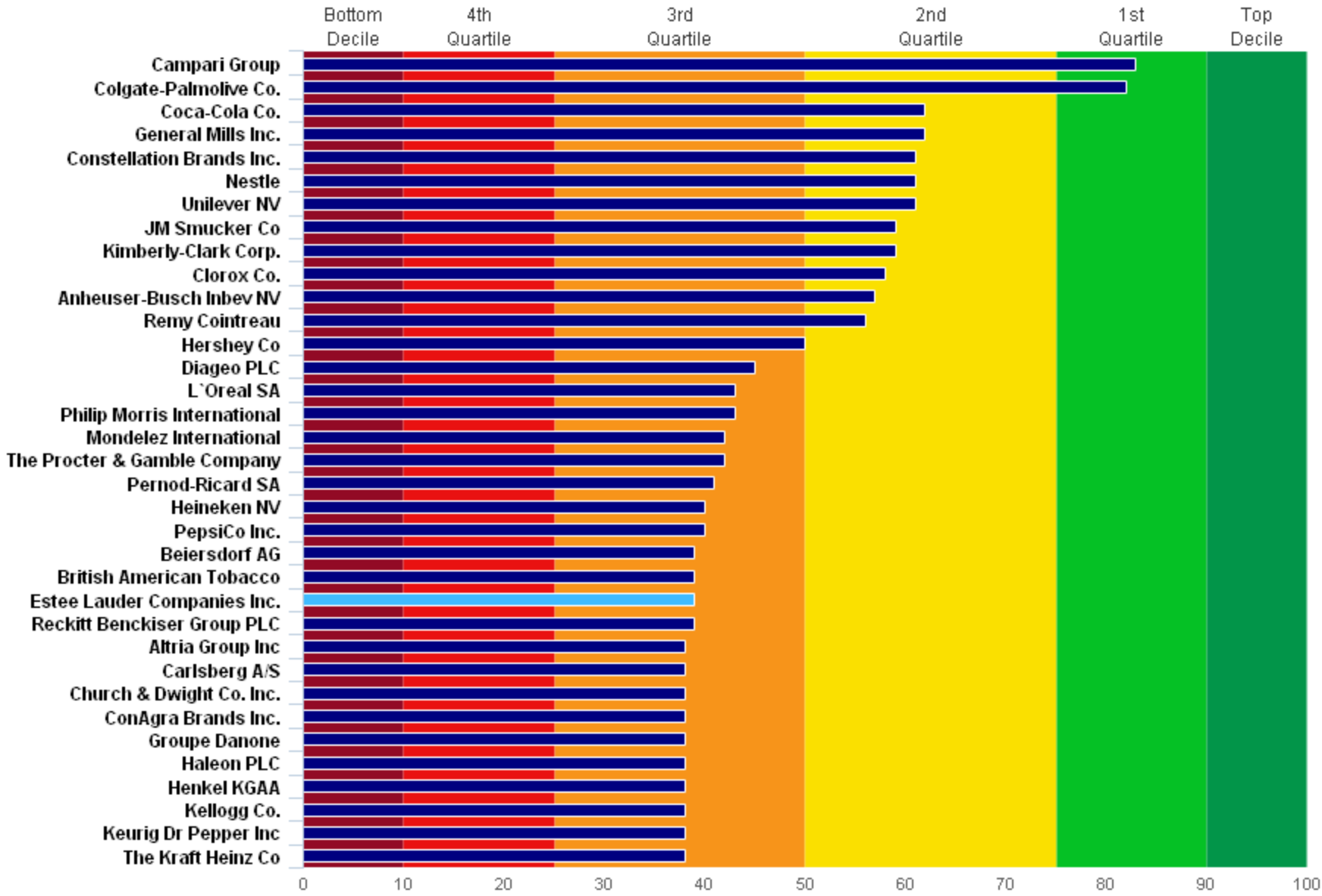
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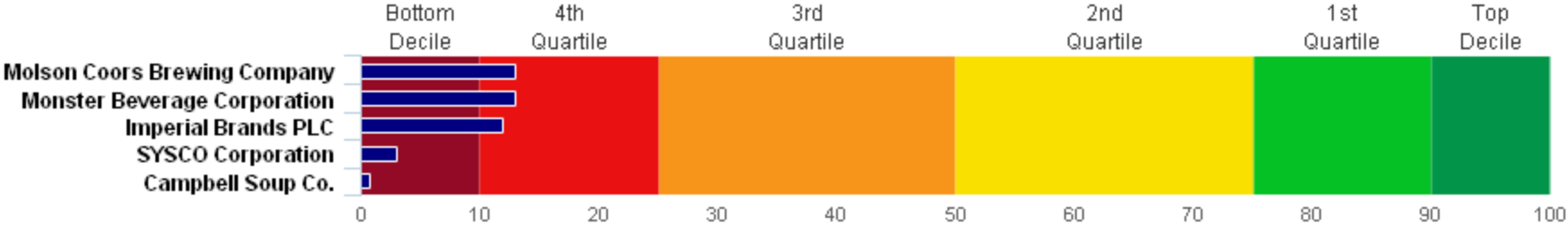
Confidence in Reporting Forecast for the Year Ahead

Rolling Year Data



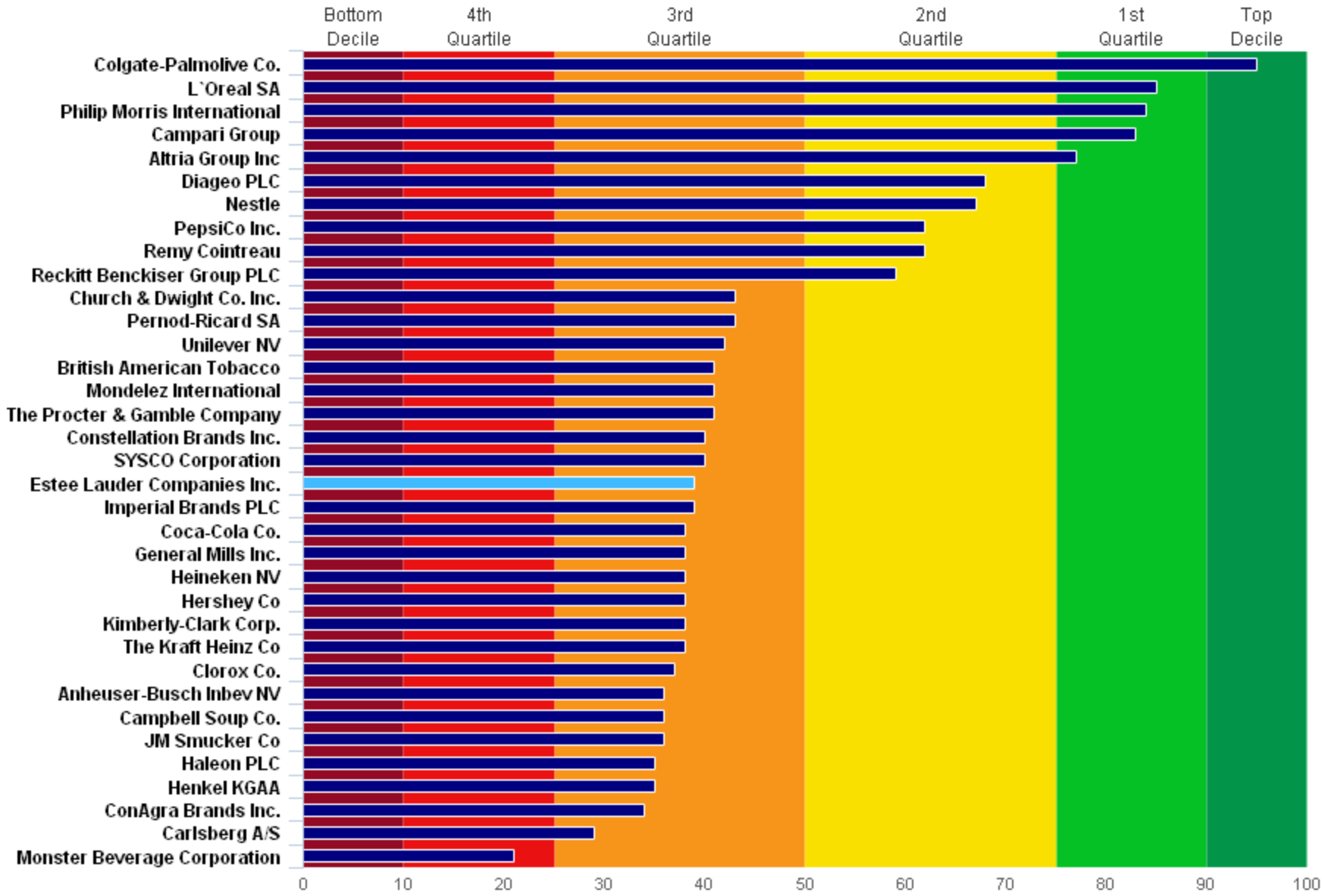
Confidence in Reporting Forecast for the Year Ahead

Rolling Year Data



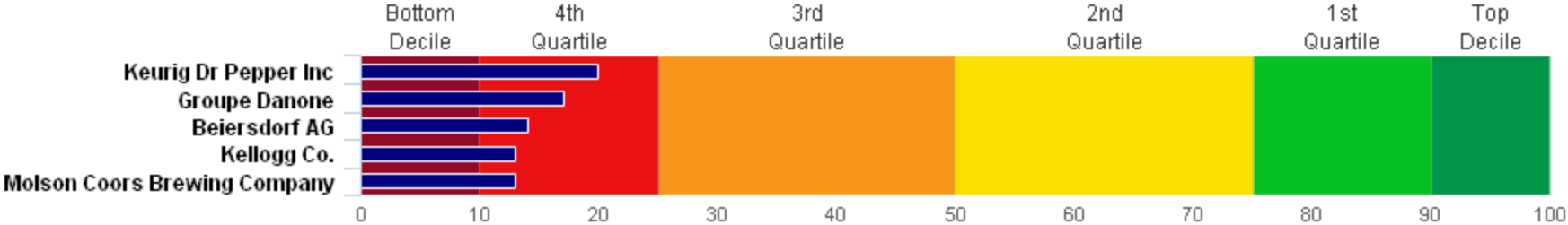
Confidence in Strength of Balance Sheet Forecast for the Year Ahead

Rolling Year Data



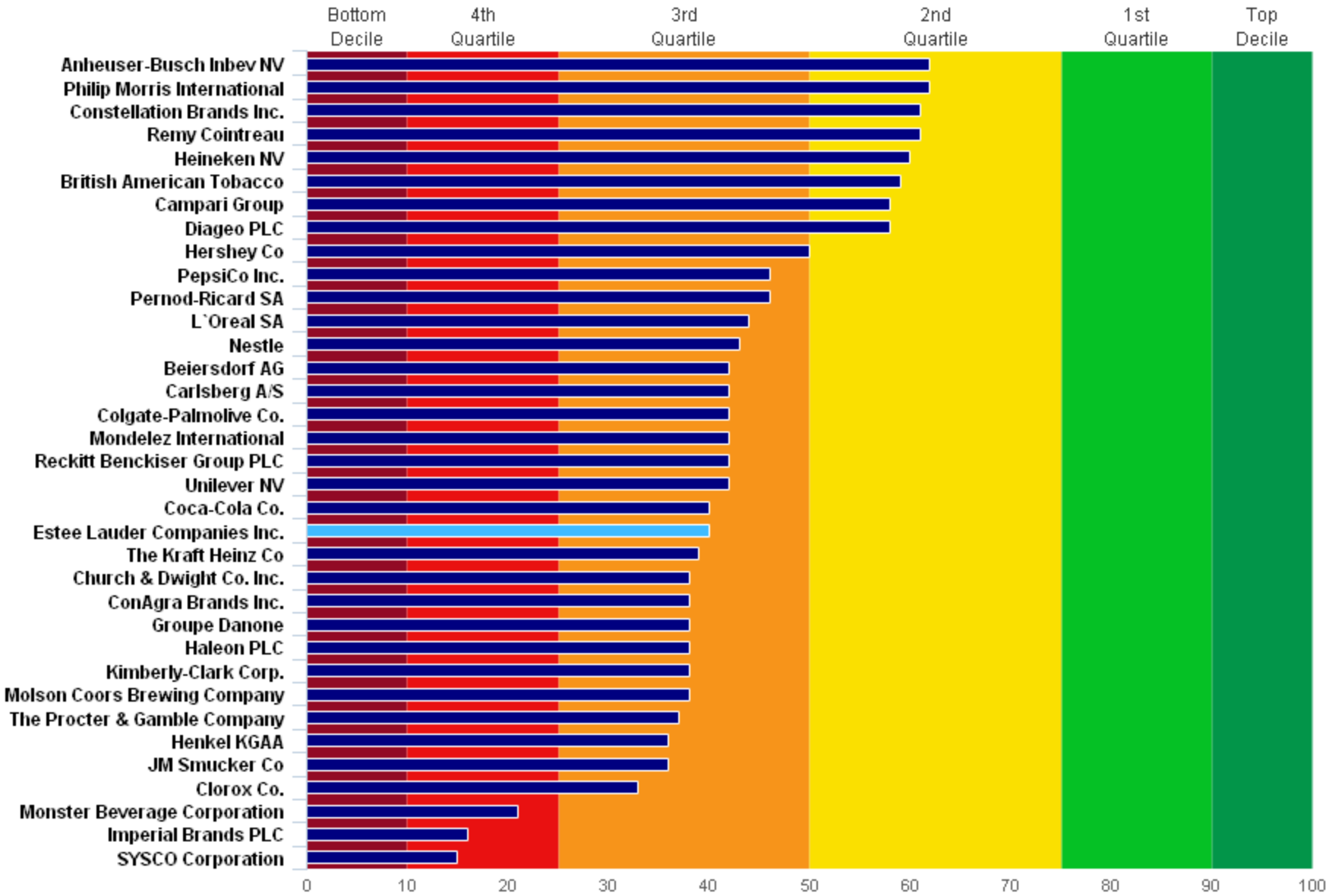
Confidence in Strength of Balance Sheet Forecast for the Year Ahead

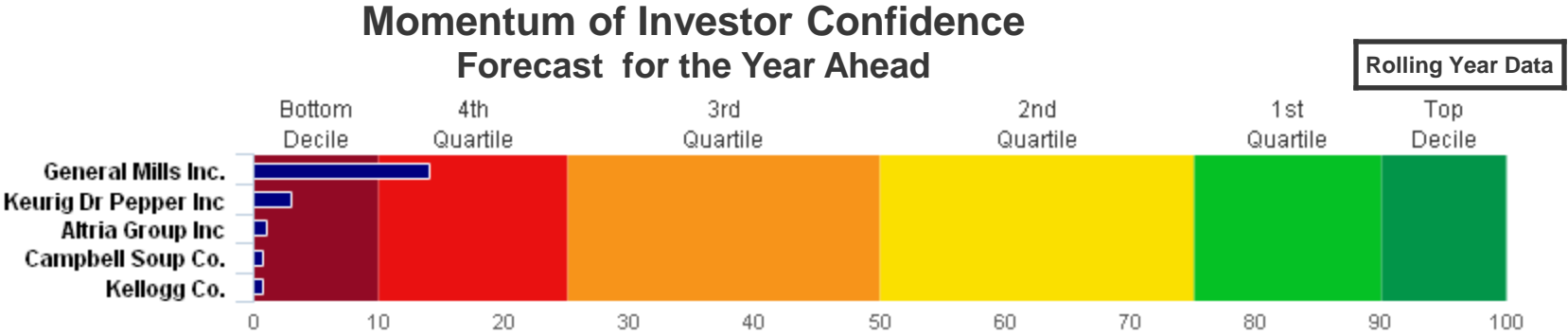
Rolling Year Data



Momentum of Investor Confidence Forecast for the Year Ahead

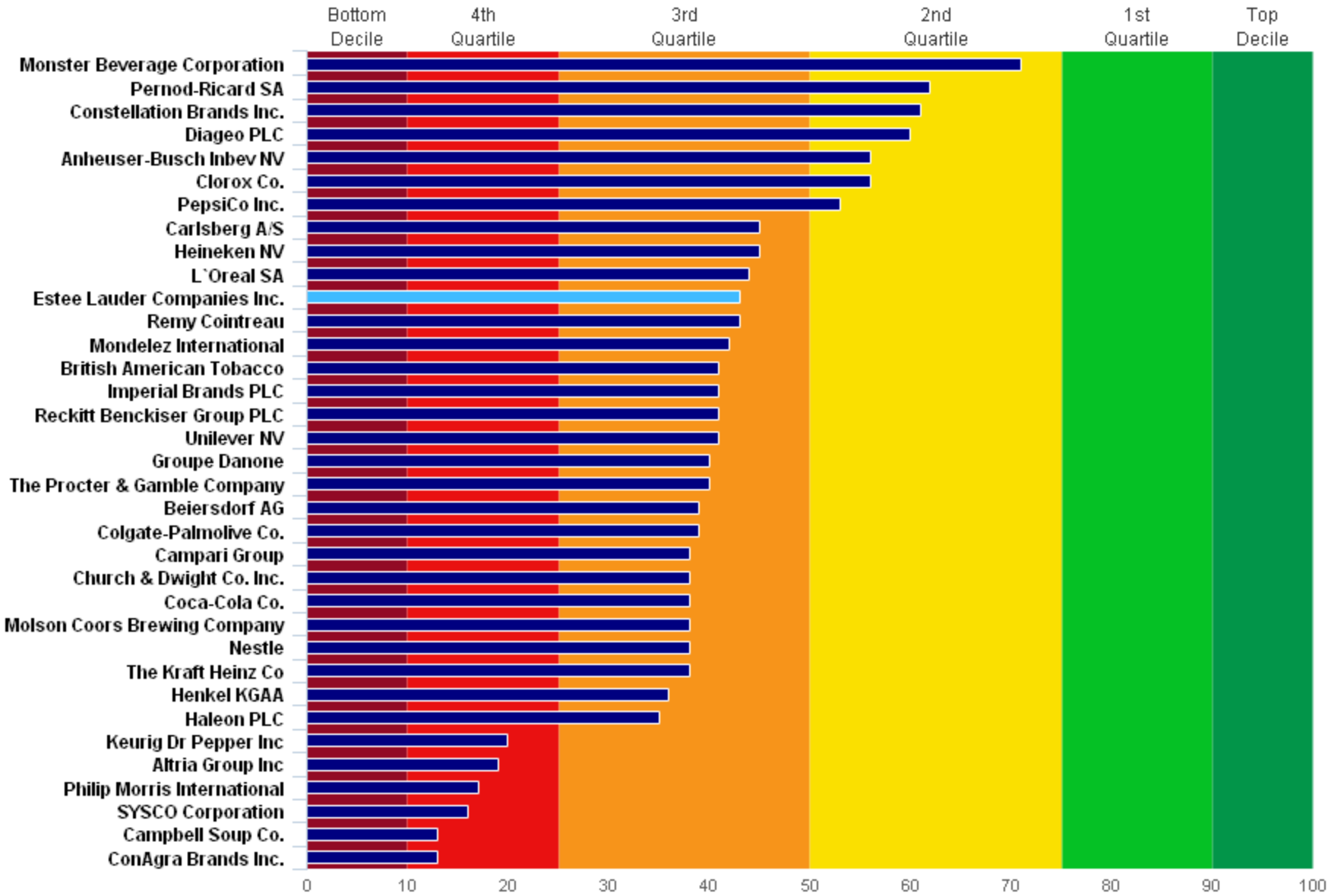
Rolling Year Data

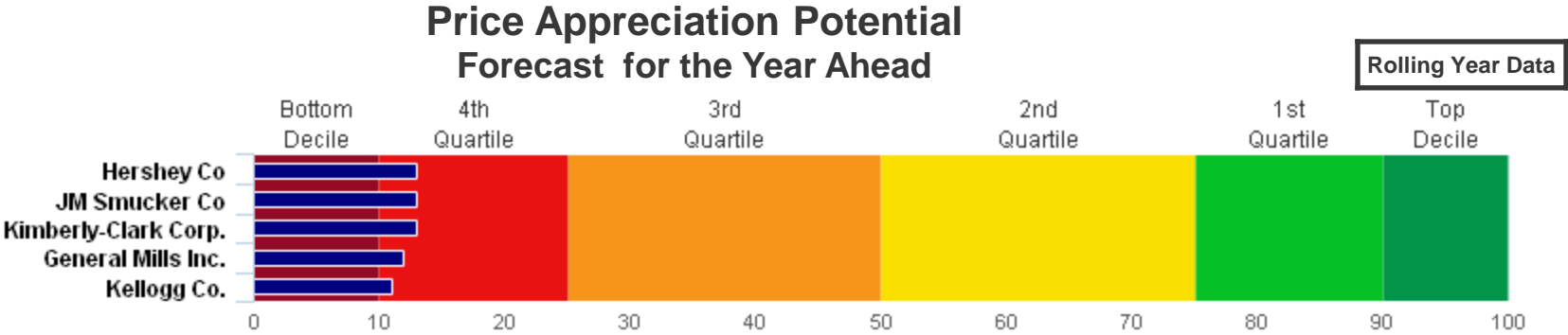




Price Appreciation Potential Forecast for the Year Ahead

Rolling Year Data



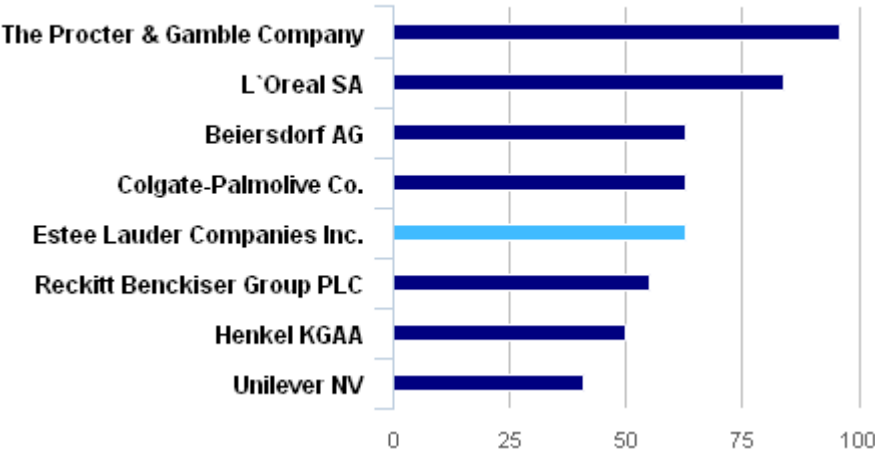


Estee Lauder Companies Inc. vs. Comparables

Forecast for the Year Ahead

Rolling Year Data

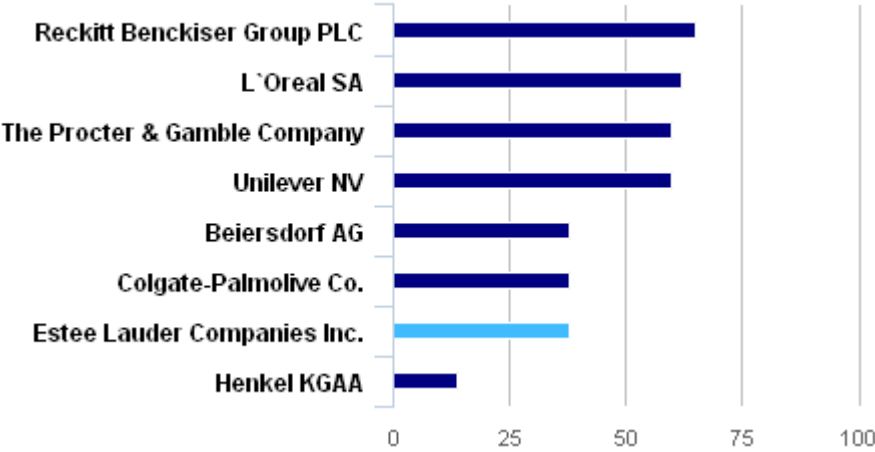
CEO



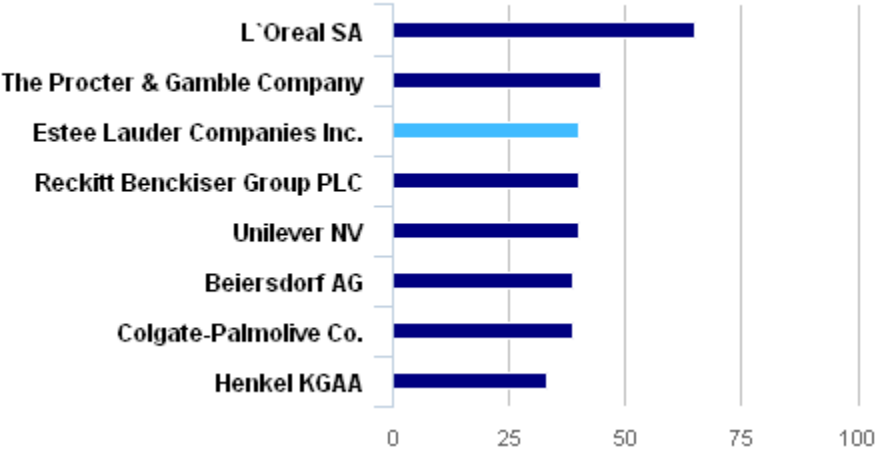
Senior Management



CFO



Board



Estee Lauder Companies Inc. vs. Comparables

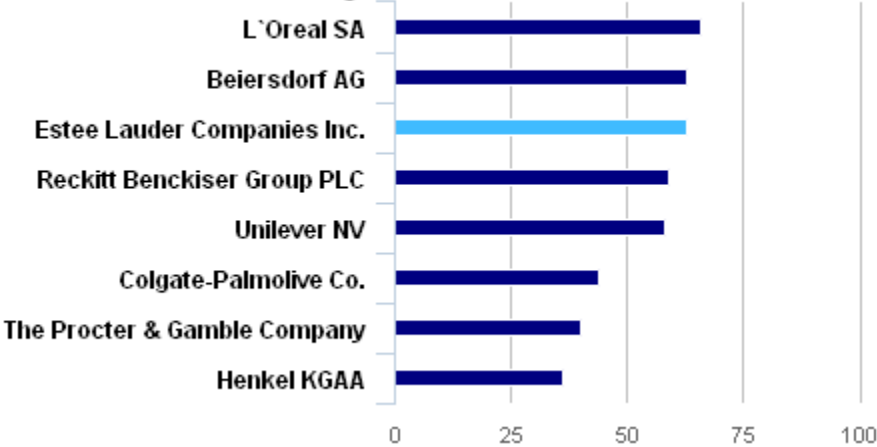
Forecast for the Year Ahead

Rolling Year Data

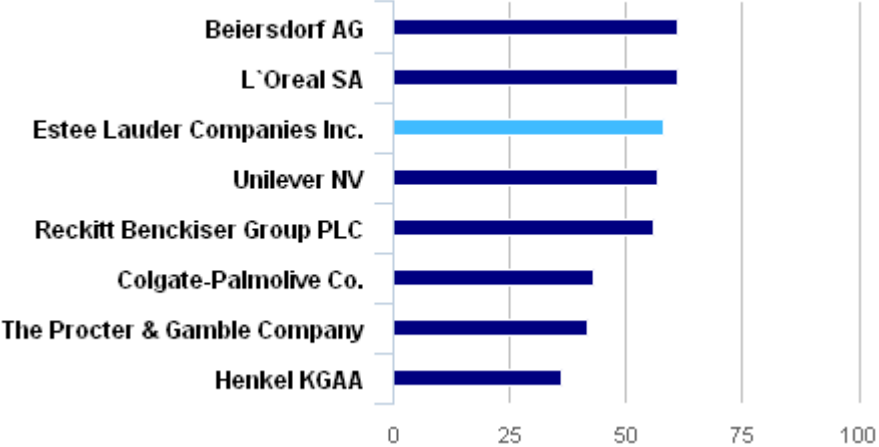
Corporate Strategy



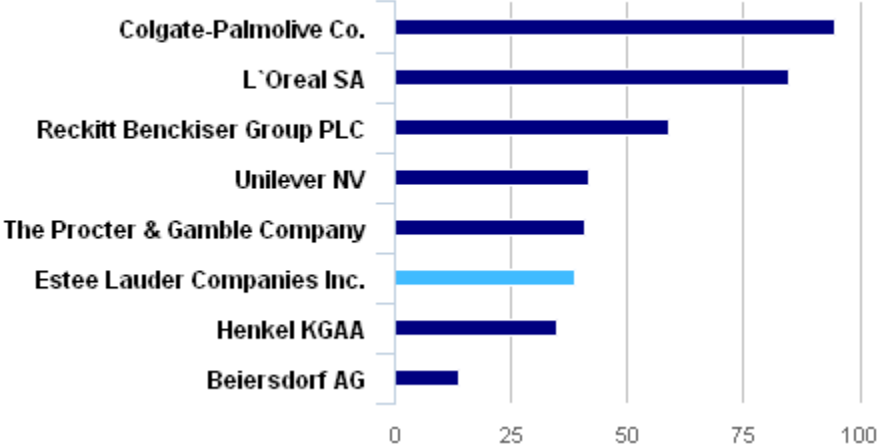
Long Term Growth



Short Term Growth



Balance Sheet



Estee Lauder Companies Inc. vs. Comparables

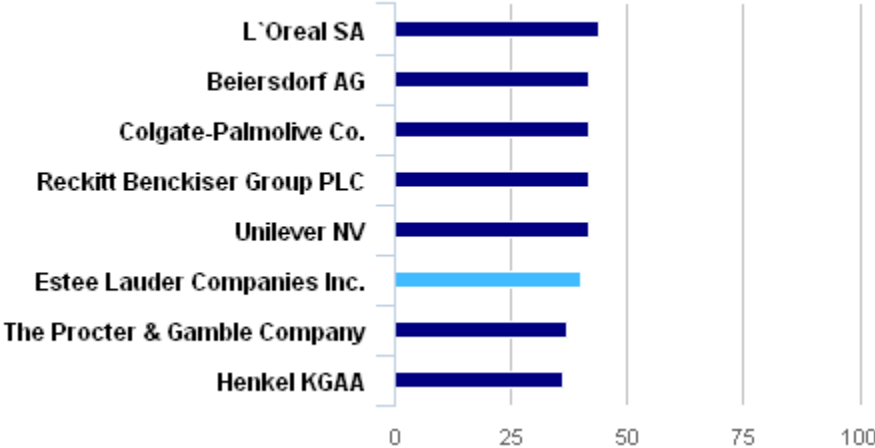
Forecast for the Year Ahead

Rolling Year Data

Price Appreciation Potential



Momentum



Commitment to Own



Reporting & Disclosure

