Helen of Troy

NEWS RELEASE

Helen of Troy Limited Reports Record Sales and Earnings for Second Quarter

10/2/2003

Quarterly Net Income Increases 48%

Quarterly Earnings Per Share Increase 40% to 42 cents

Year-to-Date Net Income Increases 81%

Year-to-Date Earnings Per Diluted Share Advances 77% to 92 cents

EPS Guidance for Fiscal Year Raised from $1.75 - $1.80 to $1.85 - $1.90

EL PASO, Texas, Oct. 2 /PRNewswire-FirstCall/ -- Helen of Troy Ltd. (Nasdaq: HELE), designer, developer and worldwide marketer of brand-name personal care products, today reported record sales and earnings for the second quarter and six months ended Aug. 31, 2003.

Second quarter sales increased 4.3 percent to a record $115,782,000 versus sales of $111,058,000 for the same period of the prior year. Second quarter net income increased 48 percent to a record $13,098,000 or 42 cents per diluted share, from $8,876,000, or 30 cents per diluted share for the same period a year earlier.

First half sales climbed 4.1 percent to a record $222,282,000 from sales of $213,541,000 for last year's first half. Net earnings for the first half of this year was $27,942,000 or 92 cents per diluted share, versus $15,467,000 or 52 cents per diluted share in the comparable period last year, representing an 81 percent increase in net earnings.

Gerald J. Rubin, Chairman, Chief Executive Officer and President, commenting on the results for the quarter stated, "Our business continues to do well and we are pleased with our overall results. Sales increased in every segment of our business, except Tactica. Our sales leaders include the International division, retail personal care products, the Professional division, and Idelle Labs skin and hair care products.

"Second quarter operating income increased 1.6 percentage points to 12.7 percent of net sales from 11.1 percent a year ago. Second quarter net income increased 3.3 percentage points to 11.3 percent from 8.0 percent a year ago. Helen of Troy continues to have a strong balance sheet, with cash of $33.4 million, stockholders' equity of $319.8 million, which represents an increase of $53.7 million in stockholders' equity from the comparable period last year, and accounts receivable of $80.8 million. Inventory at quarter end was $147.1 million, which we believe is appropriate for our current levels of overall business heading into the strong fall selling season.

"Helen of Troy announced today that it is evaluating strategic alternatives for its investment in Tactica with a view toward maximizing shareholder value. These alternatives include a possible sale of all or partial interest in Tactica. There can be no assurance that any transaction involving Tactica will occur. Excluding the results for Tactica, second quarter sales increased by 17.1 percent to $105.3 million with operating income of $18 million or 17.1 percent of sales, net earnings of $14.7 million or 14 percent of sales, and diluted earnings per share of $.48 for the quarter. Excluding Tactica and our new Idelle Labs division, Helen of Troy sales increased by 5.8 percent to $95.1 million versus $89.9 million for last year's second quarter.

"As previously announced we have entered into an agreement to acquire the Brut brand in the United States, Canada, Mexico, Puerto Rico and elsewhere in Latin America from Unilever. This transaction closed on September 29, 2003. Therefore, we are raising our current fiscal year earnings per diluted share guidance from $1.75 - $1.80 to $1.85 - $1.90, or a 41 to 45 percent increase from the prior fiscal year's diluted earnings per share of $1.31. We are also projecting earnings per diluted share for our next fiscal year beginning March 1, 2004 to be in the range of $2.15 to $2.25 per share. Our business and financial performance continues to be strong and consistent. This quarter marks 35 of the past 38 quarters with year-over-year sales increases, and 34 of the past 38 quarters with year-over-year increases in net earnings.

"To date, pursuant to our recently approved Stock Repurchase Plan, we have repurchased 81,800 shares of common stock at an average price of $24.76 per share," Rubin concluded.

The Company will conduct a teleconference in conjunction with today's earnings release. The teleconference begins at 11 a.m. ET today, Thursday, October 2, 2003. Members of the news media, investors and the general public are invited to access a live broadcast of the conference call via the Investor Relations page of the Company's website at **www.hotus.com** or via CCBN's Investor Distribution Network at **www.companyboardroom.com** for individual investors and **www.streetevents.com** for institutional investors. The event will be archived and available for replay

through November 30, 2003.

Helen of Troy Limited is a leading designer, producer and marketer of brand name personal care consumer products. The Company's products include hair dryers, curling irons, hair setters, women's shavers, brushes, combs, hair accessories, home hair clippers, mirrors, foot baths, body massagers, paraffin baths, liquid hair styling products, body powder and skin care products. The Company's products are sold by mass merchandisers, drug chains, warehouse clubs and grocery stores under licensed trade marks including Vidal Sassoon(R), licensed from The Procter & Gamble Company, Revlon(R), licensed from Revlon Consumer Products Corporation, Dr. Scholl's(R), licensed from Schering-Plough HealthCare Products, Inc., Sunbeam(R) licensed from American Household, Inc., Sea Breeze(R), licensed from Shisheido Corporation, and Vitapointe(R) licensed from Sara Lee Household and Body Care UK Limited. Helen of Troy's owned trade names include Dazey(R), Caruso(R), Karina(R), DCNL(TM), Nandi(TM), Isobel(TM), WaveRage(R), Brut(R), Vitalis(R), Final Net(R), Ammens(R), and Condition 3-in-1(R). The Company also markets hair and beauty care products under the Helen of Troy(R), Hot Tools(R), Hot Spa(R), Salon Edition(R), Gallery Series(R), Wigo(R) and Ecstasy(R) trademarks to the professional beauty salon industry.

This press release may contain certain forward-looking statements, which are subject to change. These forward-looking statements include the Company's expectation regarding overall sales increases and earnings per share increases for the fiscal year ending February 28, 2004. A number of risks or uncertainties could cause actual results to differ materially from historical or anticipated results. Generally, the words "anticipates," "believes", "expects" and other similar words identify forward-looking statements. The Company cautions readers to not place undue reliance on forward-looking statements. The actual results may differ materially from those described in any forward-looking statements. The Company intends its forward-looking statements to speak only as of the time of such statements, and does not undertake to update or revise them as more information becomes available. Additional information concerning potential factors that could affect the company's financial results are included in the company's Form 10-K for the year ended February 28, 2003 and the Form 10Q for the quarter ended May 31, 2003.

HELEN OF TROY LIMITED Comparative Analysis (Unaudited)
(In thousands, except earnings per share data)

	For the Three Months Ended			
	8/31/2003	%	8/31/2002	%
Net sales	$115,782	100%	$111,058	100%
Cost of sales	62,727	54.2%	60,148	54.2%
Gross profit	53,055	45.8%	50,910	45.8%

Selling, general and administrative expenses	38,381	33.1%	38,636	34.8%
Operating income	14,674	12.7%	12,274	11.1%
Other income (expenses):				
Interest expense	(956)	(0.8%)	(953)	(0.9%)
Interest income	196	0.2%	548	0.5%
Other income (expense), net	503	0.4%	(133)	(0.1%)
Total other income (expense)	(257)	(0.2%)	(538)	(0.5%)
Earnings before income taxes	14,417	12.4%	11,736	10.6%
Income tax expense	1,319	1.1%	2,860	2.6%
Net earnings	$13,098	11.3%	$8,876	8.0%
Net earnings per share-diluted	$.42		$.30	
Weighted average shares used in computation	30,859		29,538	

	For the Six Months Ended			
	8/31/2003	%	8/31/2002	%
Net sales	$222,282	100%	$213,541	100%
Cost of sales	116,432	52.4%	113,116	53.0%
Gross profit	105,850	47.6%	100,425	47.0%
Selling, general and administrative expenses	74,980	33.7%	78,140	36.6%
Operating income	30,870	13.9%	22,285	10.4%
Other income (expenses):				
Interest expense	(1,965)	(0.9%)	(2,020)	(0.9%)

Interest income	438	0.2%	856	0.4%
Other income (expense), net	3,149	1.4%	(128)	(0.1%)
Total other income (expense)	1,622	0.7%	(1,292)	(0.6%)
Earnings before income taxes	32,492	14.6%	20,993	9.8%
Income tax expense	4,550	2.0%	5,526	2.6%
Net earnings	$27,942	12.6%	$15,467	7.2%
Net earnings per share-diluted	$.92		$.52	
Weighted average shares used in computation	30,379		29,643	

SELECTED CONSOLIDATED BALANCE SHEET INFORMATION (In Thousands)

	8/31/2003	8/31/2002
Cash	$33,395	$85,015
Marketable securities, at market value	1,367	1,665
Account's receivable	80,832	79,584
Inventory	147,054	98,343
Total current assets	279,638	275,392
Total assets	451,005	384,955
Total current liabilities	76,179	63,836
Total long term liabilities	55,000	55,000
Stockholders' equity	319,826	266,119

SELECTED SEGMENT INFORMATION (In Thousands)

Net Sales by Operating Segment:	For Three Months Ended		For Six Months Ended	
	8/31/2003	8/31/2002	8/31/2003	8/31/2002
Segment				
North America	$94,537	$83,693	$175,924	$155,622
International	10,798	6,223	20,647	10,427
Tactica	10,447	21,142	25,711	47,492

	$115,782	$111,058	$222,282	$213,541

SELECTED OTHER DATA (In Thousands)

Reconciliation of Non-GAAP Financial Measure - EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) to Net Earnings:

	For Three Months Ended		For Six Months Ended	
	8/31/2003	8/31/2002	8/31/2003	8/31/2002
Net Earnings	$13,098	$8,876	$27,942	$15,467
Interest Income / Expense, Net	760	405	1,527	1,164
Income Tax Expense	1,319	2,860	4,550	5,526
Depreciation & Amortization	1,598	1,454	3,030	3,331
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)	$16,775	$13,595	$37,049	$25,488

This information is being provided because management believes it is a key metric to the investment community and assists in the understanding and analysis of period-to-period operating performance. EBITDA should be considered in addition to, not as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP.

SOURCE Helen of Troy Limited