



NEWS RELEASE

Helen of Troy Limited Reports Results For the Second Quarter and First Six Months of Fiscal Year 2014

10/9/2013

- Second Quarter Diluted EPS of \$0.72
- Core Net Sales Growth of 11.1% Compared to Second Quarter of Prior Fiscal Year

EL PASO, Texas--(BUSINESS WIRE)--Oct. 9, 2013-- Helen of Troy Limited (NASDAQ, NM:HELE), designer, developer and worldwide marketer of brand-name houseware, healthcare/home environment and personal care consumer products, today reported results for the three and six month periods ended August 31, 2013.

Gerald J. Rubin, Chairman of the Board, Chief Executive Officer and President, commenting on the Company's fiscal year 2014 second quarter results, stated, "We are pleased to report solid performance in the second quarter, highlighted by sales growth across all our operating segments and increased consolidated adjusted EBITDA and net income despite product cost and currency headwinds. The period saw particular strength in our Healthcare/Home Environment segment, which produced a 20.4% increase in revenue benefiting from our refined promotion and marketing strategy and favorable weather conditions in Europe. Innovation in product and design continues to be a positive driver for our Housewares segment leading to increases in shelf space, assortment expansion and new distribution. Finally, our Personal Care segment benefited from a new product distribution arrangement in Europe specific to the current fiscal year and increased sales in our professional appliance business.

In the first week of September 2013, we commenced initial operations at our new 1.3 million square foot distribution facility in Mississippi, on time and within budget, and converted our Healthcare/Home environment segment onto our global ERP system, positioning us well to accommodate anticipated future growth."

Second Quarter of Fiscal Year 2014 Consolidated Operating Results

- Net sales revenue increased 11.1% to a record \$319.4 million compared to \$287.4 million in the second quarter of fiscal year 2013.
- Gross profit margin was 38.6% compared to 40.7% for the same period last year, reflecting the effect of foreign currency exchange rates, product cost increases across all segments and product mix.
- Selling, general and administrative expense was 29.1% as a percent of net sales compared to 30.0% for the same period last year, a decrease of 0.9 percentage points. The decrease primarily reflects lower outbound freight and distribution costs, as well as reduced media advertising costs. These expense reductions were partially offset by higher incentive compensation costs and higher cooperative advertising costs.
- Operating income was \$30.4 million, compared to operating income of \$30.8 million in the same period last year.
- Net income was \$23.3 million, or \$0.72 per fully diluted share on 32.3 million weighted average shares outstanding, which compares to net income in the second quarter of fiscal year 2013 of \$23.0 million, or \$0.72 per fully diluted share on 31.8 million weighted average shares outstanding.
- Adjusted EBITDA was \$41.8 million compared to \$41.1 million in the same period last year.

First Six Months of Fiscal Year 2014 Consolidated Operating Results

- Net sales revenue increased 6.2% to a record \$623.9 million compared to \$587.6 million in the first six months of fiscal year 2013.
- Gross profit margin was 39.0% compared to 40.5% for the same period last year, reflecting increased promotional program costs, the effect of foreign currency exchange rates, product cost increases across all segments and product mix.
- Selling, general and administrative expense was 28.9% as a percent of net sales compared to 30.0% for the same period last year. The decrease reflects lower outbound freight and distribution costs, reduced media advertising costs and a gain from a litigation settlement. These expense reductions were partially offset by higher incentive compensation costs and higher cooperative advertising costs.
- Operating income was \$51.0 million, which includes the impact of \$12.0 million in non-cash asset impairment charges related to certain trademarks in the Company's Personal Care segment in the first quarter of fiscal 2014, compared to operating income of \$62.0 million in the same period last year.
- Net income was \$37.7 million, or \$1.17 per fully diluted share on 32.2 million weighted average shares outstanding, which compares to net income in the first six months of fiscal year 2013 of \$46.4 million, or \$1.46 per fully diluted share on 31.8 million weighted average shares outstanding.
- Adjusted operating income (operating income without non-cash asset impairment charges) was \$63.0 million compared to \$62.0 million for the same period last year, an increase of 1.7%.
- Adjusted income (net income without non-cash asset impairment charges) was \$49.7 million, or \$1.54 per fully diluted share, compared to \$46.4 million, or \$1.46 per fully diluted share, in the first six months of fiscal year 2013. This represents an increase in adjusted income of 7.1% and in adjusted diluted EPS of 5.5%.

- Adjusted EBITDA was \$86.4 million compared to \$82.9 million in the same period last year.

Balance Sheet Highlights

- Cash and cash equivalents totaled \$10.1 million at August 31, 2013, compared to \$21.8 million at August 31, 2012.
- Total short and long-term debt declined by \$108.4 million to \$227.6 million at August 31, 2013, compared to \$336.0 million at August 31, 2012.
- Accounts receivables turnover was 61.9 days at August 31, 2013, compared to 61.1 days at August 31, 2012.
- Inventory was \$306.9 million at August 31, 2013, compared to \$318.7 million at August 31, 2012.

Fiscal Year 2014 Annual Outlook

For fiscal year 2014, the Company continues to expect net sales revenue in the range of \$1.29 billion to \$1.32 billion, and GAAP diluted EPS in the range of \$3.13 to \$3.23, which includes the non-cash asset impairment charges of \$0.37 per share recorded in the first quarter of fiscal year 2014. The Company expects adjusted diluted EPS to be in the range of \$3.50 to \$3.60, which is consistent with the Company's previous guidance. The earnings guidance reflects the negative impact of the difficult retail environment, a normal cold/cough/flu season, product cost increases across all segments and an increase in non-cash compensation expense for the Company's CEO. The Company expects capital expenditures for fiscal year 2014 to be in the range of \$40 million to \$45 million, with approximately \$33 million related to the completion of the Company's new 1.3 million square foot distribution center in Olive Branch, Mississippi.

Conference Call and Webcast

The Company will conduct a teleconference in conjunction with today's earnings release. The teleconference begins at 4:45 pm Eastern Time today, Wednesday, October 9, 2013. Institutional investors and analysts interested in participating in the call are invited to dial (888) 504-7963. The conference call will also be available to interested parties through a live webcast at www.hotus.com. Please visit the website and select the "Investor Relations" link at least 15 minutes prior to the start of the call to register and download any necessary software.

A telephone replay of the call will be available until 11:59 pm Eastern Time on October 16, 2013, by dialing (877) 870-5176 (domestic) or (858) 384-5517 (international) and entering the conference replay number: 3190673. Please note participants must enter the conference identification number in order to access the replay.

About Helen of Troy Limited:

About Helen of Troy Limited: Helen of Troy Limited is a leading global consumer products company offering

creative solutions for its customers through a strong portfolio of well-recognized and widely-trusted brands, including: Housewares: OXO®, Good Grips®, Soft Works®, OXO tot® and OXO Steel®; Healthcare/Home Environment: Vicks®, Braun®, Honeywell®, PUR®, Febreze®, Stinger®, Duracraft® and SoftHeat®; and Personal Care: Revlon®, Vidal Sassoon®, Dr. Scholl's®, Pro Beauty Tools®, Sure®, Pert®, Infusium23®, Brut®, Ammens®, Hot Tools®, Bed Head®, Karina®, Ogilvie® and Gold 'N Hot®. The Honeywell® trademark is used under license from Honeywell International Inc. The Vicks®, Braun®, Febreze® and Vidal Sassoon® trademarks are used under license from The Procter & Gamble Company. The Revlon® trademark is used under license from Revlon Consumer Products Corporation. The Bed Head® trademark is used under license from Unilever PLC. The Dr. Scholl's® trademark is used under license from MSD Consumer Care, Inc.

For in-depth information about Helen of Troy, please visit www.hotus.com.

Non-GAAP Financial Measures:

The Company reports and discusses its operating results using financial measures consistent with accounting principles generally accepted in the United States of America ("GAAP"). To supplement its presentation, the Company discloses certain financial measures that may be considered non-GAAP financial measures, such as adjusted operating income, adjusted income, adjusted diluted EPS, EBITDA and adjusted EBITDA, which are presented in an accompanying table to this press release along with a reconciliation of these financial measures to their corresponding GAAP based measures presented in the Company's consolidated condensed statements of income.

Forward Looking Statements:

This press release may contain forward-looking statements, which are subject to change. The forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Any or all of the forward-looking statements may turn out to be wrong. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many of these factors will be important in determining the Company's actual future results. Consequently, no forward-looking statement can be guaranteed. Actual future results may vary materially from those expressed or implied in any forward-looking statements. The forward-looking statements are qualified in their entirety by a number of risks that could cause actual results to differ materially from historical or anticipated results. Generally, the words "anticipates", "estimates", "believes", "expects", "plans", "may", "will", "should", "seeks", "project", "predict", "potential", "continue", "intends", and other similar words identify forward-looking statements. The Company cautions readers not to place undue reliance on 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. The

forward-looking statements contained in this press release should be read in conjunction with, and are subject to and qualified by, the risks described in the Company's Form 10-K for the year ended February 28, 2013 and in our other filings with the SEC. Investors are urged to refer to the risk factors referred to above for a description of these risks. Such risks include, among others, the departure and recruitment of key personnel, the Company's ability to deliver products to our customers in a timely manner, the Company's geographic concentration of certain U.S. distribution facilities, which increases our exposure to significant shipping disruptions and added shipping and storage costs, difficulties encountered during the transition to the Company's new distribution facility could interrupt the Company's logistical systems and cause shipping disruptions, the Company's projections of product demand, sales, net income and earnings per share are highly subjective and our future net sales revenue, net income and earnings per share could vary in a material amount from such projections, expectations regarding acquisitions and the integration of acquired businesses, the Company's relationship with key customers and licensors, the costs of complying with the business demands and requirements of large sophisticated customers, the Company's dependence on foreign sources of supply and foreign manufacturing, the impact of changing costs of raw materials and energy on cost of goods sold and certain operating expenses, circumstances that may contribute to future impairment of goodwill, intangible or other long-lived assets, the risks associated with the use of trademarks licensed from and to third parties, our dependence on the strength of retail economies and vulnerabilities to an economic downturn, the Company's ability to develop and introduce innovative new products to meet changing consumer preferences, disruptions in U.S., European and other international credit markets, exchange rate risks, trade barriers, exchange controls, expropriations, and other risks associated with foreign operations, the Company's debt leverage and the constraints it may impose, the costs, complexity and challenges of upgrading and managing our global information systems, the risks associated with information security breaches, the risks associated with tax audits and related disputes with taxing authorities, potential changes in laws, including tax laws, and the Company's ability to continue to avoid classification as a controlled foreign corporation.

HELEN OF TROY LIMITED AND SUBSIDIARIES

Consolidated Condensed Statements of Income and Reconciliation of Non-GAAP Financial

Measures – Adjusted Operating Income and Adjusted Income

(unaudited)

(in thousands, except per share data)

Three Months Ended August 31,
2013

2012

	As Reported (GAAP)		Adjustments (1)		Adjusted (non- GAAP)(1)(2)		As Reported (GAAP)	
Sales revenue, net	\$319,387	100.0 %	\$ -		\$ 319,387	100.0 %	\$287,411	100.0 %
Cost of goods sold	196,132	61.4 %	-		196,132	61.4 %	170,381	59.3 %
Gross profit	123,255	38.6 %	-		123,255	38.6 %	117,030	40.7 %
Selling, general, and administrative expense	92,899	29.1 %	-		92,899	29.1 %	86,189	30.0 %
Asset impairment charges	-	0.0 %	-		-	0.0 %	-	0.0 %
Operating income	30,356	9.5 %	-		30,356	9.5 %	30,841	10.7 %
Other income (expense):								
Nonoperating income, net	56	0.0 %	-		56	0.0 %	31	0.0 %
Interest expense	(2,192)	-0.7 %	-		(2,192)	-0.7 %	(3,130)	-1.1 %
Total other expense	(2,136)	-0.7 %	-		(2,136)	-0.7 %	(3,099)	-1.1 %
Income before income taxes	28,220	8.8 %	-		28,220	8.8 %	27,742	9.7 %
Income tax expense	4,902	1.5 %	-		4,902	1.5 %	4,774	1.7 %
Net income	\$23,318	7.3 %	\$ -		\$ 23,318	7.3 %	\$22,968	8.0 %
Diluted earnings per share	\$0.72		\$ -		\$ 0.72		\$0.72	
Weighted average shares of common stock used in computing diluted earnings per share	32,272		32,272		32,272		31,846	

Six Months Ended August 31,
2013

2012

	As Reported (GAAP)		Adjustments (1)		Adjusted (non- GAAP)(1)(2)		As Reported (GAAP)	
Sales revenue, net	\$623,903	100.0 %	\$ -		\$ 623,903	100.0 %	\$587,622	100.0 %
Cost of goods sold	380,484	61.0 %	-		380,484	61.0 %	349,444	59.5 %
Gross profit	243,419	39.0 %	-		243,419	39.0 %	238,178	40.5 %
Selling, general, and administrative expense	180,389	28.9 %	-		180,389	28.9 %	176,189	30.0 %
Asset impairment charges	12,049	1.9 %	(12,049))	-	0.0 %	-	0.0 %
Operating income	50,981	8.2 %	12,049		63,030	10.1 %	61,989	10.5 %
Other income (expense):								
Nonoperating income, net	140	0.0 %	-		140	0.0 %	54	0.0 %
Interest expense	(5,134)	-0.8 %	-		(5,134)	-0.8 %	(6,442)	-1.1 %
Total other expense	(4,994)	-0.8 %	-		(4,994)	-0.8 %	(6,388)	-1.1 %
Income before income taxes	45,987	7.4 %	12,049		58,036	9.3 %	55,601	9.5 %
Income tax expense	8,278	1.3 %	15		8,293	1.3 %	9,161	1.6 %
Net income	\$37,709	6.0 %	\$ 12,034		\$ 49,743	8.0 %	\$46,440	7.9 %
Diluted earnings per share	\$1.17		\$ 0.37		\$ 1.54		\$1.46	
Weighted average shares of common stock used in computing diluted earnings per share	32,226		32,226		32,226		31,843	

HELEN OF TROY LIMITED AND SUBSIDIARIES

Net Sales Revenue by Segment

(unaudited)

(in thousands)

	Three Months Ended August 31,		\$ Change	% Change	% of Sales Revenue, net				
	2013	2012			2013	2012			
Sales revenue by segment, net									
Housewares	\$ 70,165	\$ 64,570	\$ 5,595	8.7	%	22.0	%	22.5	%
Healthcare / Home Environment	133,044	110,477	22,567	20.4	%	41.7	%	38.4	%
Personal Care	116,178	112,364	3,814	3.4	%	36.4	%	39.1	%
Total sales revenue, net	319,387	287,411	31,976	11.1	%	100.0	%	100.0	%

	Six Months Ended August 31,		\$ Change	% Change	% of Sales Revenue, net				
	2013	2012			2013	2012			
Sales revenue by segment, net									
Housewares	\$ 133,695	\$ 124,819	\$ 8,876	7.1	%	21.4	%	21.2	%
Healthcare / Home Environment	258,646	232,887	25,759	11.1	%	41.5	%	39.6	%
Personal Care	231,562	229,916	1,646	0.7	%	37.1	%	39.1	%
Total sales revenue, net	623,903	587,622	36,281	6.2	%	100.0	%	100.0	%

HELEN OF TROY LIMITED AND SUBSIDIARIES
Selected Consolidated Balance Sheet Information
(unaudited)
(in thousands)

	8/31/2013	8/31/2012
Cash and cash equivalents	\$ 10,097	\$ 21,767
Receivables	231,309	208,284
Inventory	306,854	318,697
Total assets, current	587,903	574,149
Total assets	1,518,171	1,509,062
Total liabilities, current	360,673	401,088
Total long-term liabilities	186,775	255,614
Stockholders' equity	970,723	852,360

SELECTED OTHER DATA

Reconciliation of Non-GAAP Financial Measures - EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) and Adjusted EBITDA
(unaudited)
(in thousands)

	Three Months Ended August		Six Months Ended August	
	31, 2013	2012	31, 2013	2012
Net income	\$ 23,318	\$ 22,968	\$ 37,709	\$ 46,440
Interest expense, net	2,208	3,115	5,128	6,400
Income tax expense	4,902	4,774	8,278	9,161
Depreciation and amortization, excluding amortized interest	7,991	8,695	16,438	17,795
EBITDA (Earnings before interest, taxes, depreciation and amortization) (2)	\$ 38,419	\$ 39,552	\$ 67,553	\$ 79,796
Adjusted EBITDA:				
EBITDA, as calculated above	\$ 38,419	\$ 39,552	\$ 67,553	\$ 79,796
Add: Non-cash asset impairment charges (1)	-	-	12,049	-
Non-cash share-based compensation (3)	3,419	1,527	6,797	3,129
Adjusted EBITDA (2)	\$ 41,838	\$ 41,079	\$ 86,399	\$ 82,925

Reconciliation of Fiscal Year 2014 Reported Diluted Earnings Per Share (EPS) to Adjusted Diluted EPS to

Exclude Non-Cash Asset Impairment Charges

(Unaudited)

	Year-To-Date Actual Through August 31, 2013 (Six Months)	Guidance for the Balance of the Fiscal Year (Six Months)	Guidance for the Fiscal Year Ended February 28, 2013 (Twelve Months)
Diluted EPS, as reported (GAAP)	\$ 1.17	\$ 1.96 - \$ 2.06	\$ 3.13 - \$ 3.23
Non-cash asset impairment Charges (1)	0.37	-	0.37
Adjusted Diluted EPS (non-GAAP) (2)	\$ 1.54	\$ 1.96 - \$ 2.06	\$ 3.50 - \$ 3.60

HELEN OF TROY LIMITED AND SUBSIDIARIES

Notes to Press Release

(1) Adjustments relate to items that are excluded from the "As Reported (GAAP)" results to arrive at the "Adjusted (non-GAAP)" results. Adjustments consist of non-cash asset impairment charges of \$12.05 million (\$12.03 million after tax) for the six months ended August 31, 2013 as a result of our annual evaluation of goodwill and indefinite-lived intangible assets for impairment during the first quarter of fiscal year 2014. The non-cash charges relate to certain trademarks in our Personal Care segment, which were written down to their estimated fair value, determined on the basis of future discounted cash flows using the relief from royalty valuation method. There were no comparable adjustments for the three months ended August 31, 2013, or for the three- and six-months ended August 31, 2012.

(2) This press release contains non-GAAP financial measures. Adjusted operating income, adjusted income, adjusted diluted EPS, EBITDA and adjusted EBITDA ("Non-GAAP measures") that are discussed in the accompanying press release or in the preceding tables are considered non-GAAP financial information as contemplated by SEC Regulation G, Rule 100. Accordingly, we are providing the preceding tables that reconcile these measures to their corresponding GAAP based measures presented in our Consolidated Condensed Statements of Income in the accompanying tables to the press release. The Company believes that these non-GAAP measures provide useful information to management and investors regarding financial and business trends relating to its financial condition and results of operations. The Company believes that these non-GAAP measures, in combination with the Company's financial results calculated in accordance with GAAP, provides investors with additional perspective. The Company further believes that the items excluded from certain non-GAAP measures do not accurately reflect the underlying performance of its continuing operations for the period in which they are incurred, even though some of these excluded items may be incurred and reflected in the Company's GAAP financial results in the foreseeable future. The material limitation associated with the use of the non-GAAP financial measures is that the non-GAAP measures do not reflect the full economic impact of the Company's activities. These non-GAAP measures are not prepared in accordance with GAAP, are not an alternative to GAAP financial information, and may be calculated differently than non-GAAP financial information disclosed by other companies. Accordingly, undue reliance should not be placed on non-GAAP information.

(3) Adjustment consists of non-cash share-based compensation expense associated with share based awards outstanding under two expired and three active share-based compensation plans. These awards consist of stock options granted to certain officers, employees and new hires, restricted stock grants to certain members of the Company's Board of Directors and performance based restricted stock awards and units granted to our Chief Executive Officer under the terms of his employment agreement.

Source: Helen of Troy Limited

Helen of Troy Limited

John Boomer, 915-225-8050

Senior Vice President

or

Investors:

ICR, Inc.

Allison Malkin / Anne Rakunas

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