Helen of Troy

Helen of Troy Acquires Drybar Products

Investor Overview – December 2019



drybar





Forward Looking Statements and Non-GAAP information

Forward Looking Statements:

Certain written and oral statements made by Helen of Troy Limited ("the Company") and subsidiaries of the Company may constitute "forward-looking statements" as defined under the Private Securities Litigation Reform Act of 1995. Forward-looking statements and information relate to future events and future performance and reflect the Company's expectations regarding the impact of this transaction on Helen of Troy's and Drybar's financial and operating results and business, the operation and management of Drybar after the acquisition, and the timing of the closing of the acquisition. This includes statements made in this presentation. Generally, the words "anticipates", "believes", "expects", "plans", "may", "will", "should", "seeks", "estimates", "project", "predict", "potential", "continue", "intends", and other similar words identify forward-looking statements. All statements that address operating results, events or developments that the Company expects or anticipates will occur in the future, including statements related to sales, earnings per share ("EPS") results, and statements expressing general expectations about future operating results, are forward-looking statements and are based upon its current expectations and various assumptions. The Company believes there is a reasonable basis for these expectations and assumptions, but there can be no assurance that the Company will realize these expectations or that these assumptions will prove correct. Forward-looking statements are subject to risks that could cause them to differ materially from actual results. Accordingly, the Company cautions readers not to place undue reliance on forward-looking statements. The forward-looking statements contained in this presentation 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, 2019, and in the Company's 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, regulatory approvals in connection with the transaction, the possibility that the transaction may not close, the reaction to the transaction of Drybar's customers and business partners, the reaction of competitors to the transaction, the retention of Drybar's employees, Helen of Troy's plans for Drybar, economic and political conditions in the global markets in which Helen of Troy and Drybar operate, the future growth of Helen of Troy's and Drybar's businesses and the possibility that integration following the transaction may be more difficult than expected. The Company undertakes no obligation to publicly update or revise any forward-looking statements as a result of new information, future events or otherwise.

Non-GAAP Financial Measures:

This presentation includes non-GAAP financial measures. Adjusted diluted EPS(1), EBITDA (earnings before interest, taxes, depreciation and amortization), adjusted EBITDA(2), adjusted EBITDA margin(3), EV(4)/adjusted EBITDA, and post-acquisition proforma debt/adjusted EBITDA ratio(5) that are discussed in this presentation may be considered non-GAAP financial information as contemplated by SEC Regulation G, Rule 100. The Company believes that these non-GAAP financial 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 financial measures, in combination with the Company's financial results calculated in accordance with GAAP, provide investors with additional perspective regarding the impact of certain charges on applicable income, margin and earnings per share measures. The Company also believes that these non-GAAP measures facilitate a more direct comparison of the Company's performance with its competitors. The Company further believes that including the excluded charges would not accurately reflect the underlying performance of the Company's continuing operations for the period in which the charges are incurred, even though such charges may be incurred and reflected in the Company's GAAP financial results in the near future. Additionally, the non-GAAP measures are used by management for measuring and evaluating the Company's performance. The material limitation associated with the use of the non-GAAP 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.

(1) Adjusted diluted EPS is defined as net income as reported under GAAP excluding the following items net of their applicable tax effects: non-cash asset impairment charges, restructuring charges, amortization of intangible assets, acquisition-related expenses, and non-cash share-based compensation, as applicable, divided by the weighted average shares of common stock outstanding plus the effect of dilutive securities.

(2) Adjusted EBITDA is defined as earnings before interest, taxes, depreciation, amortization, non-cash asset impairment charges, restructuring charges, acquisition-related expenses, and non-cash share-based compensation.

(3) Adjusted EBITDA margin is defined as adjusted EBITDA divided by net sales revenue.

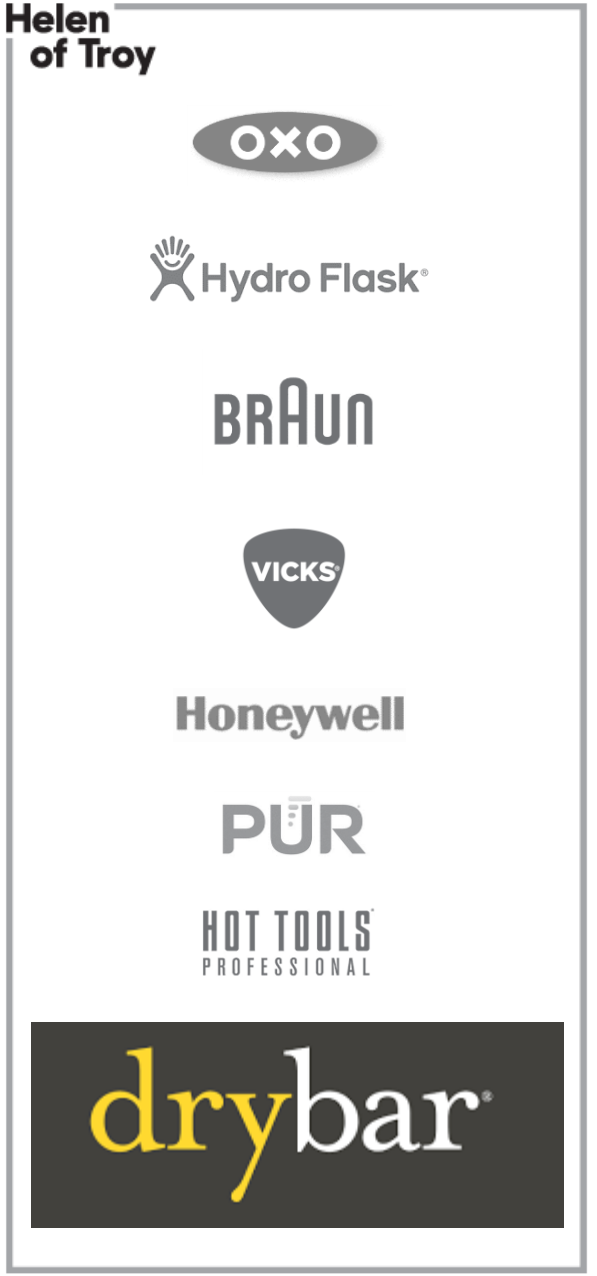
(4) Enterprise Value (EV) is defined as market capitalization, plus total debt, less cash and cash equivalents.

(5) Post-acquisition proforma debt/adjusted EBITDA ratio is defined as the estimated debt at the end of fiscal 2020 after giving effect to the acquisition, divided by Helen of Troy's estimated fiscal 2020 pre-acquisition adjusted EBITDA plus the CY19 expected proforma adjusted EBITDA of the acquisition, as allowed by our applicable debt covenants.

Helen of Troy

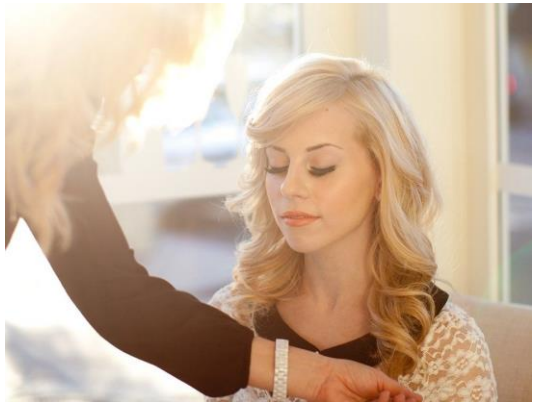
Helen of Troy Adds 8th Leadership Brand to Portfolio

- Fast-growing, innovative, trendsetting prestige hair care brand
- World-class, award-winning products with double-digit growth
- Powerful financial and strategic fit that strengthens Helen of Troy
- Unique, moated market position: the only prestige brand to scale across tools, liquids and hair care services
- Prominent distribution across leading beauty retailers including ULTA, Sephora, Nordstrom; exclusive distribution at all Drybar salons
- Leverages Helen of Troy's scale and proven Shared Services
- Ongoing out-license relationship where Helen of Troy will focus on expanding and improving the products business and Drybar Holdings will focus on salon footprint buildout and continued service excellence



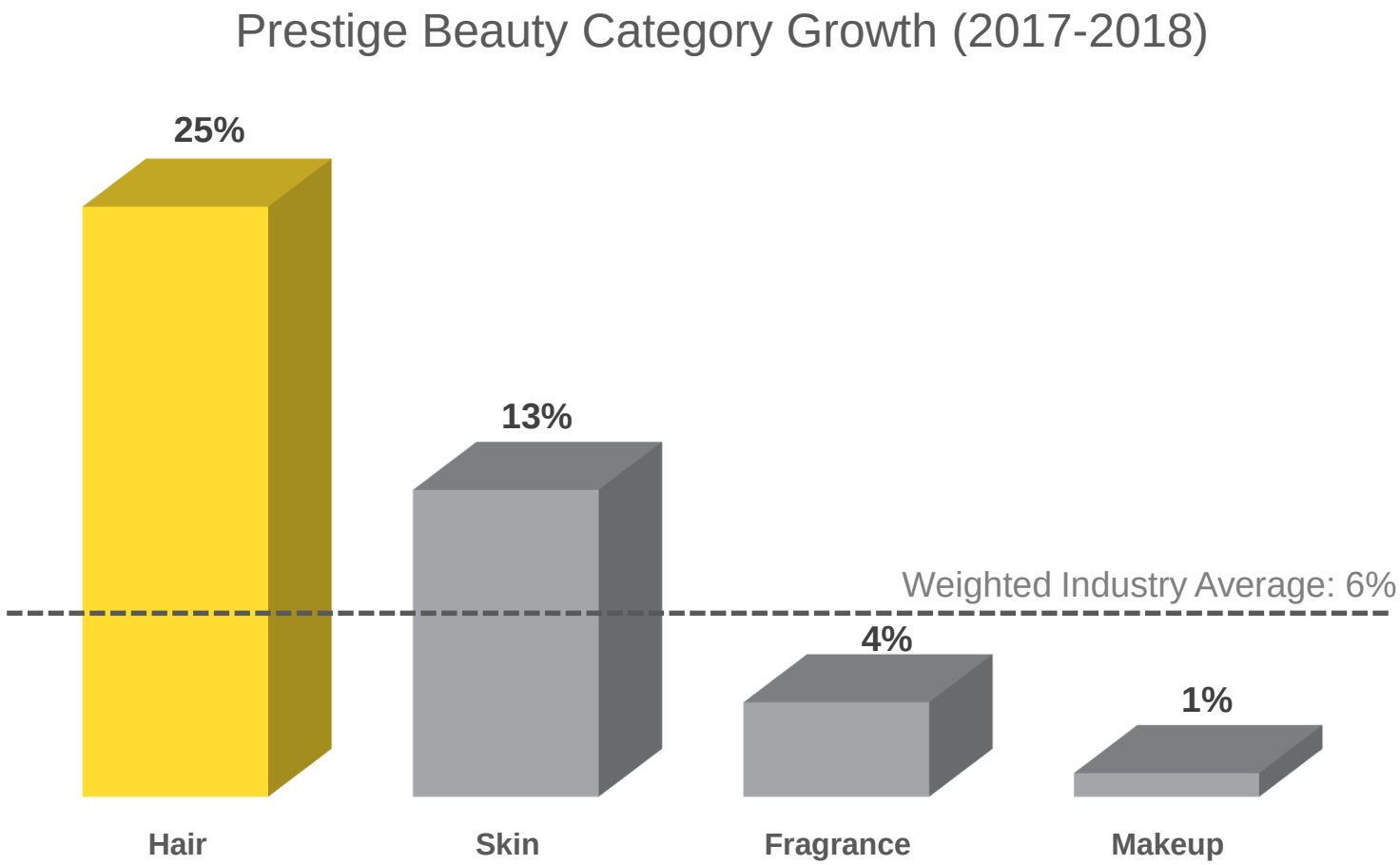
Drybar is Prestige. Innovative. Refreshing. Young. Happy. Fun. Yellow.

- Since launching in 2010, Drybar has revolutionized the salon experience with a fresh, modern approach to hair care, and further differentiated the brand with a highly successful line of prestige products
- Drybar has built a loyal community of consumers, customers and salon stylists that covet the brand

Luxurious Salon Experience	Prestige Products	Consumers & Stylists	Prestige Retail
			ULTA BEAUTY SEPHORA
			NORDSTROM drybar

Helen of Troy

Haircare is the Fastest Growing Category in Prestige Beauty



Source: https://www.npd.com/wps/portal/npd/us/news/press-releases/2019/u-s--prestige-beauty-industry-sales-grow-6-percent-in-2018--reports-the-npd-group/

Helen of Troy

Drybar is a Multi-Category Leader Within the Multi-Billion Dollar Beauty Category

Drybar Products offer a comprehensive portfolio of premium-priced* tools, liquids and accessories

Tools & Kits



Butter Cup Blow-Dryer $195



Wrap Party Curling Wand $165



3-Day Bender Curling Iron $145



Tress Press Flat Iron $165



Brush Crush Heated Brush $145



NEW

Double Shot Blow-Dryer Brush $150

Liquids & Aerosols

SHAMPOOS & TREATMENTS



On The Rocks Shampoo $23



Prep Rally Detangling Mist $23

STYLING



Kicker Spray Wax $26



Southern Belle Root Lifter $26

EXTEND YOUR BLOWOUT



Detox Dry Shampoo $23



Detox Dry Conditioner $23

Brushes & Accessories



Double Pint Round Brush $42



Detangling Brushes $20



Morning After Shower Cap $16



Hold Me Hair Clips $16



High Tops Rollers $10

*All prices reflect Drybar.com MSRP

Helen of Troy

Drybar Products Transaction Overview

Overview

- Expected cash consideration of $255M, subject to certain customary adjustments
- Implied multiple of less than 13x projected calendar year 2019 adjusted EBITDA before synergies
- Prestige products business and all relevant intellectual property
- Relationship with Drybar Holdings, who will operate Drybar salons under a worldwide license to use HELE's Drybar trademark
- All Drybar salons will exclusively use, promote and sell HELE's Drybar products globally
- Expected to close within 45 days

Attractive Accretion

- Drybar CY19 expected net sales of $64 - $66 million growing at a faster rate than both HELE and its Beauty segment
- Drybar CY19 expected results proforma with HELE FY20 expected results would project:
  - Consolidated net sales growth of 3.4% - 5.4% vs. most recent pre-acquisition outlook of 2.9% - 4.8%
  - Beauty segment net sales growth of 3.1% - 5.3% vs. most recent pre-acquisition outlook of 1% - 3%
  - Consolidated gross profit margin accretion of approximately 80-90 bps and Beauty segment accretion of approximately 325-350 bps
  - Consolidated adjusted EBITDA margin accretion of approximately 40-50 bps before synergies

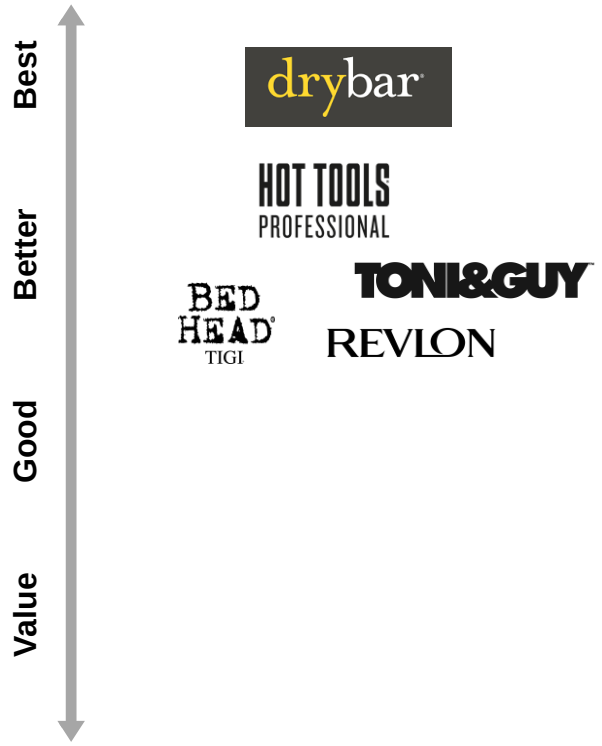
Source of Funding

- Financed with cash on hand and existing revolving credit facility
- Expect to end fiscal 2020 with a post-acquisition proforma debt/adjusted EBITDA ratio just slightly above the ratio reported at the end of August 31, 2019

Helen of Troy

Drybar Products Strengthens Helen of Troy's Beauty Portfolio

- Adds a highly-respected and fast-growing prestige brand of hair appliances, liquids, and accessories to our Beauty portfolio
  - Compelling trendsetter brand in higher price/margin prestige segment
  - Complements our Bed Head, Revlon and HOT Tools brands, allowing us to resonate with consumers and professionals across segments: **Good**, **Better**, **Best**
  - Targets wealthy, educated, on-trend consumers
- Capitalizes on our expertise in appliances, new product development, sales, marketing, category development, and international
- Strong fit with Helen of Troy's Beauty and Shared Services platforms, providing additional scale, synergy opportunities, and on-the-ground capabilities in all major functions and regions
- Brings Drybar products team and current CEO to Helen of Troy Beauty, providing immediate continuity for Drybar products and the relationship with Drybar Holdings



Drybar Products Acquisition and Drybar Salon Relationship Create a Powerful Business Relationship

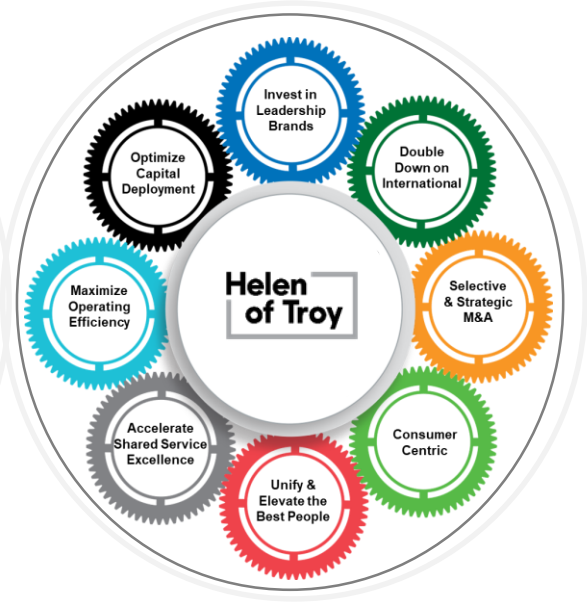
Drybar Salon Wheelhouse
10+ Years building
America's premier blowout chain

Helen of Troy Wheelhouse
50+ Years building
Leadership Brands

- ✓ Recognized blow-out innovators
- ✓ 10 years of store comp growth
- ✓ Proven new door rollout experience
- ✓ Growing base of highly valuable clients: Millennial, Gen X, wealthier, educated
- ✓ Expert community of 3,000+ stylists delivering highly-rated experience to customers
- ✓ Obsessive dedication to outstanding customer service
- ✓ Visually appealing stores focused on customer engagement
- ✓ Strong Drybar product demonstrations and merchandising
- ✓ Actively promote the brand through social media, partnerships, events, PR, influencers, and sampling

drybar®

Salons



Products

- ✓ 50-year Beauty category expertise
- ✓ Comprehensive product suite of liquids, tools and accessories
- ✓ Global retail customer relationships
- ✓ Global consumer marketing know how
- ✓ Worldwide warehouse and distribution
- ✓ Ecommerce & DTC capabilities
- ✓ Innovative new product pipeline and proven process for product development and engineering
- ✓ Efficient global Shared Services
- ✓ Efficient tax & debt structures
- ✓ Global IT and ERP systems
- ✓ Scale in sourcing at competitive cost, quality, speed, and service levels
- ✓ 30+ years of licensing experience
- ✓ Highly collaborative culture

Helen of Troy

Drybar is a Moated Powerhouse Brand with Significant Growth Opportunities

Powerful Position at Key Retailers

- Earned ULTA's 2017 Partner of The Year Award across all supplier categories
- Significant runway for growth in current and new accounts through door count, increased productivity, and shelf space
- Expanding at Amazon, increasing presence at major retailer dotcoms







Unique & Symbiotic Relationship Between Drybar Products and Drybar Holdings Creates a Moat

- **140 High-profile salon locations provide significant marketing exposure to Drybar Products**
  - Fast-growing base of millions of satisfied customers who enjoy the brand, experience, and products
  - ~1MM social media followers across all platforms, including ~500K on Instagram
  - Exclusive Drybar Products distribution in all Drybar Salons
- **3,000+ professional Drybar stylists are a force multiplier and competitive advantage**
  - **Demonstrations**: Thousands of exclusive demonstrations of Drybar Products every day
  - **Commissions:** Stylists are incentivized to sell Drybar Products in the salons
  - **Social Media:** Stylists double as "online influencers" (e.g. Instagram, YouTube, Facebook)
  - **Professional Expertise:** Stylist input will provide Helen of Troy with real time recommendations for new prestige product ideas, consumer trends, and testing
- **Salon expansion plans expected to drive Drybar awareness, fan base, and Product sales**
  - Drybar Holdings expects to double its store count in the US in the next five years and expand internationally



International Expansion Opportunity

- Rest of world premium/prestige haircare market is ~1.25x as large as U.S.
- Currently in Sephora Canada, Australia, Mexico, Sephora France.com and Nordstrom Canada
- International salon locations expected in Tier 1 cities beginning in 2020

Helen of Troy

Drybar Products Adds to Helen of Troy Value Creation Flywheel

