



Bullish
**Opportunity
Alert:**

HELE

August 23, 2019

Helen of Troy (HELE) Printing Cash with Hydro Flask

Hydro Flask®

Analysis

Historical Correlation: Strong since 2017

Since acquiring the Hydro Flask brand in early 2016, Helen of Troy's Purchase Intent (PI) Mentions have accurately predicted the company's top-line revenue growth.

Purchase Intent Trend: Parabolic Growth

PI Mentions for Hydro Flask have skyrocketed in 2019, leading the company's total Mention volume to a shocking new high.

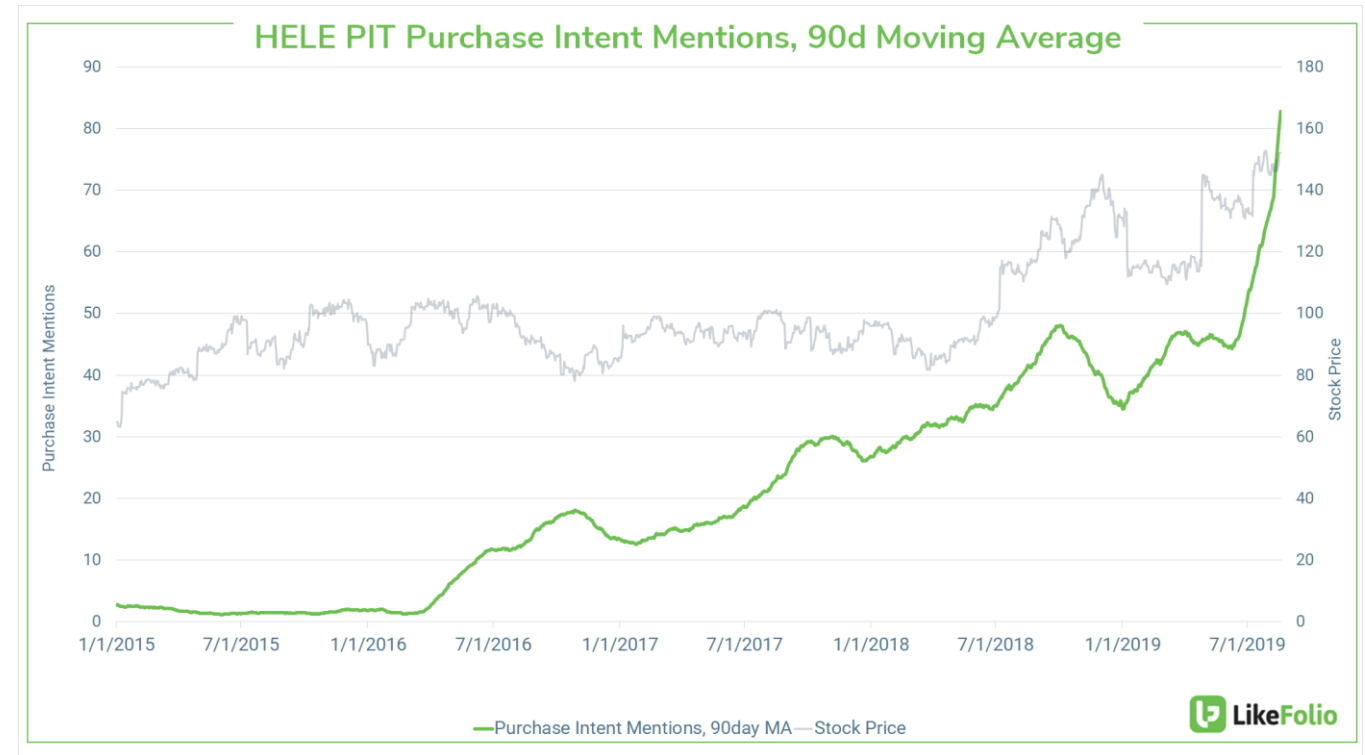
Stock: All-Time-Highs

Shares of \$HELE sold off by nearly 25% at the start of the year, but a pair of consummate earnings reports have caused the stock price to rip a new high in 2019.

LikeFolio Expectation: Hydro Flask Strength

In the last six quarterly reports, Helen of Troy has reported total sales exceeding analyst expectations. Based on the flourishing popularity of the Hydro Flask brand, we expect revenues to continue surprising to the upside going forward.

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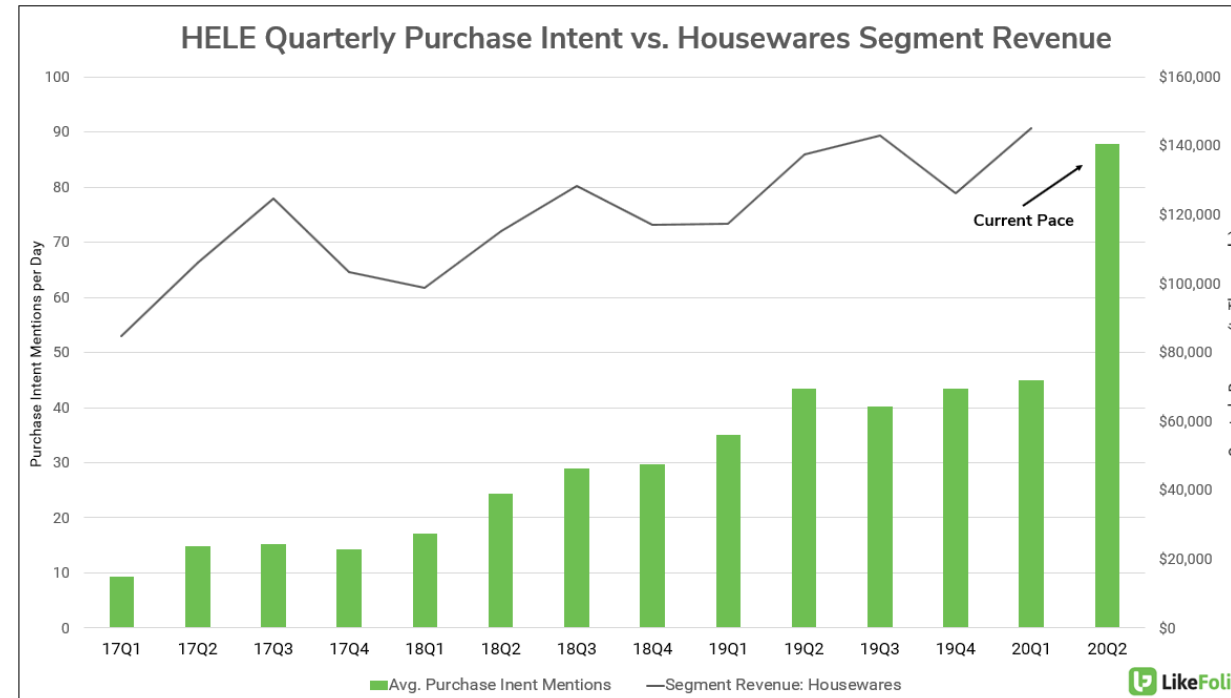


Point-in-Time (PIT) Purchase Intent Mentions, which relegate a brand's Mentions from the company's total until after the acquisition date, highlight the incredible impact that the HydroFlask brand has had on the success of HELE's stock price.

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Helen of Troy Ltd. owns and operates a diverse portfolio of well-recognized brands, separated into three reporting segments: Housewares, Health & Home, and Beauty.

Revenues generated by the latter two divisions have remained relatively flat over the past three years. Since the acquisition of Hydro Flask, the Housewares segment, which comprises the largest portion of HELE's total revenue, has exhibited systematic sales improvements.



Key Points

HELE Purchase Intent volume has risen to an ATH level in the current quarter, driven by a phenomenal increase in Hydro Flask demand.

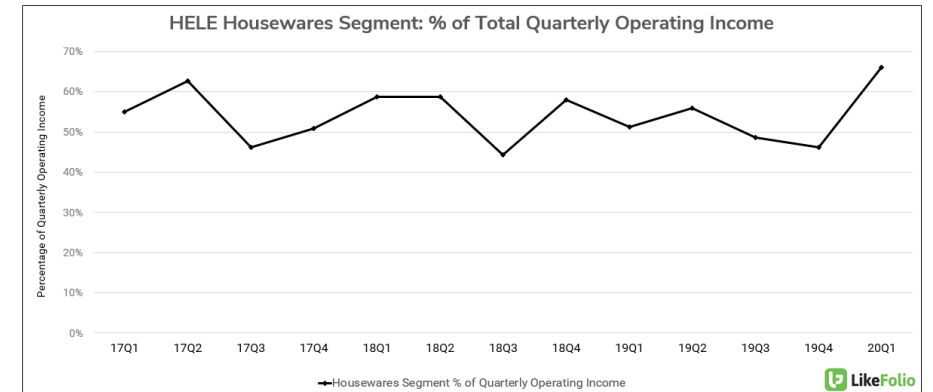
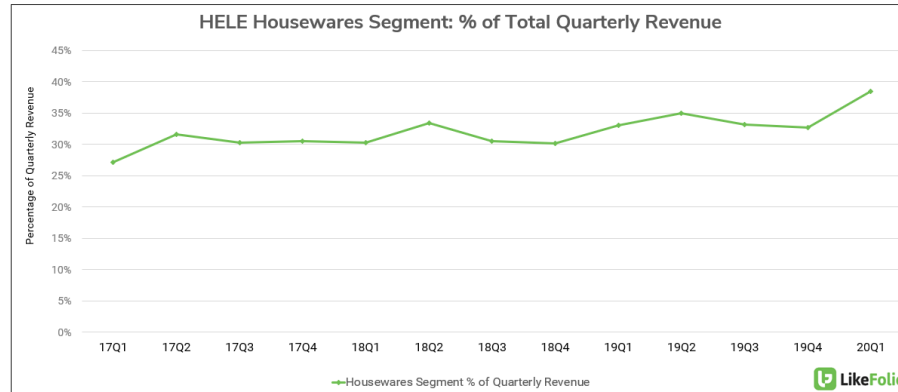
Since the acquisition of the Hydro Flask brand, revenues from the Housewares segment have maintained a relentless growth rate.

Although the stock recently attained a new high price, the current PI volume suggests that this could continue higher in the future; depending on your risk tolerance, this might represent a readily actionable play.

The expansion of Hydro Flask sales in the U.S. has directly influenced Helen of Troy's ongoing streak of positive revenue surprises, and with brand mentions up nearly 100% in the current quarter, HELE shares look poised to continue higher.

While HELE draws their revenue from a variegated portfolio of brands, the impact of the Hydro Flask Acquisition in 2016 has enabled the dramatic growth of the past two years.

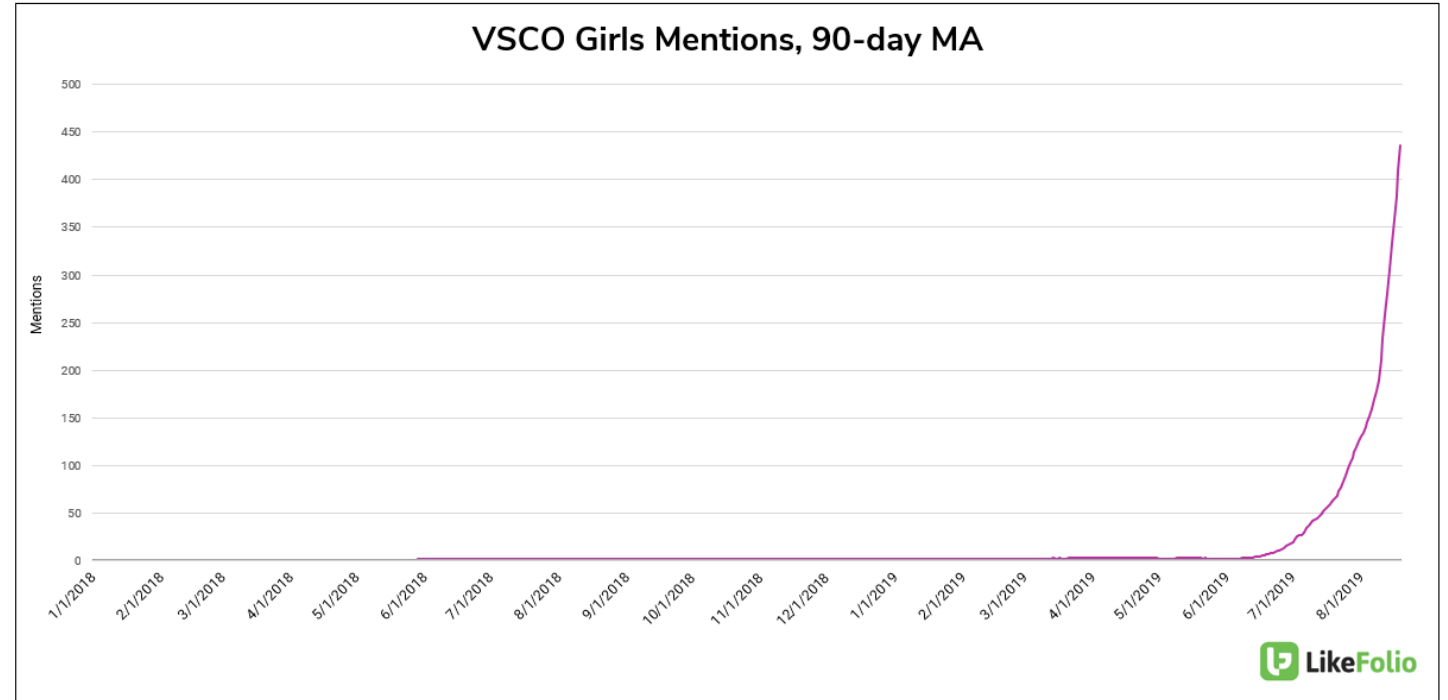
The portion of total sales and income generated by the dominant Housewares Segment has risen alongside PI Mentions for Hydro Flask. A segment breakdown reveals an ongoing shift in Helen of Troy's sales mix, lead by their new cash cow.



Trend Watch: VSCO Girls

This chart plots the 90-day moving average of Mentions for “VSCO Girls,” one of the fastest rising internet trends in 2019. In 2011, the Visual Supply Company created an artistically-focused app for editing and sharing photographs called VSCO. The app has since amassed a devoted userbase of young women who often share a very similar aesthetic. The ubiquity of specific styles and products frequently featured by female users of the VSCO app, including the Hydro Flask water bottle, have transformed into a running joke among other internet users. Similarly to the viral nature of the Crocs comeback, which LikeFolio began following last year, such positive exposure through social media provides priceless free advertising. Considering the harmless nature of the VSCO girl meme, this development only serves to strengthen the appeal of Hydro Flasks with the youth..

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Hydro Flask water bottles have a growing reputation as a must-have item for artistic women aged between 14 and 25.

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Potential Trade Ideas (Aggressive)

Simple Option: Buy the stock.

Option Spread: Sell the 15 Nov. 19 155/150 Put Spread @ \$2.65 Credit.

- **Spread Scenario #1 (Max Gain):** \$HELE closes above \$155 per share on 11/15/2019.

Outcome: Both Put Options expire worthless, netting a gain of **\$265** premium for each contract sold.

- **Spread Scenario #2 (Max Loss):** \$HELE closes at or below \$150 per share on 11/15/2019.

Outcome: Both Put Options expire in the money for a loss of **\$235** per contract, equal to the maximum loss per contract (\$500) less the premium gained (\$265).

Aggressive Option: Sell 15 Nov. 19 155 Puts @ \$10.50 Credit for an earnings play with downside potential as a favorable entry into a pure stock position.

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Potential Trade Ideas (BTFD)

Simple Option: Buy the stock below \$145 per share.

Option Spread: Sell the 21 Feb. 20 145/140 Put Spread @ \$2.20 Credit.

- **Spread Scenario #1 (Max Gain):** \$HELE closes above \$145 per share on 2/21/2020.

Outcome: Both Put Options expire worthless, netting a gain of **\$220** premium for each contract sold.

- **Spread Scenario #2 (Max Loss):** \$HELE closes at or below \$140 per share on 2/21/2020.

Outcome: Both Put Options expire in the money for a loss of **\$280** per contract, equal to the maximum loss per contract (\$500) less the premium gained (\$220).

Aggressive Option: Wait to buy ATM November Calls ahead of HELE's next earnings release.

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