Rayovac Announces Record Second Quarter Sales and Earnings

April 21, 1998

MADISON, Wis., April 21 /PRNewswire/ -- Rayovac Corp. (NYSE: ROV) today reported record sales for its second fiscal quarter ending March 28, 1998, of $96.1 million, up 15% from the $83.6 million reported for the comparable prior year period driven by increased sales of alkaline, specialty batteries and lighting products.

For the second fiscal quarter ending March 28, 1998, income from operations before special charges rose 40% to $6.7 million from $4.8 million for the same period a year ago, reflecting strong increases in both sales and gross profit. In the current quarter, the company recorded special charges of $5.2 million pretax associated with restructuring and consolidating operations. In the second fiscal quarter of the prior year, special charges totaled $1.8 million pretax, reflecting charges connected with a manufacturing consolidation. As a result of these special charges, the company reported income from operations of $1.5 million for the second fiscal quarter compared to $3.0 million in the comparable prior year period.

The company reported pro forma basic and diluted earnings per share of $0.08 for the quarter ending March 28, 1998 compared to a pro forma loss of ($0.03) in the same year ago period. For the six month period ending March 28, 1998, the pro forma basic and diluted earnings per share were $0.37 compared to pro forma earnings per share $0.23 in the year ago period. Pro forma per share results are calculated as if the public offering had taken place on October 1, 1997 instead of November 21, 1997, using average shares outstanding of 29.1 million. Pro forma amounts also exclude special charges and extraordinary items.

"Our strong second quarter results reflect our continued strong share growth in the alkaline battery category. Our sales growth, coupled with our recent acquisitions and restructuring initiatives, keeps Rayovac on track to achieve its 1998 objectives," said Dave Jones, Rayovac chairman, president and CEO.

For the second fiscal quarter, the increase in sales was due mainly to the 38% growth in alkaline sales over the comparable prior year period. This growth was driven by strong promotional programs, new customers and expanded distribution with existing customers.

Hearing aid battery sales also increased, up 6% compared to the prior year, due to increased distribution and the impact of the BRISCO acquisition, a distributor in Germany and Holland acquired in November 1997. Lighting product sales increased 11% due to new products and promotional programs.

The company recorded special charges in the second fiscal quarter associated with the company's recently announced restructuring program that resulted in a pre-tax charge of $7.5 million. This charge included costs associated with: consolidating general battery packaging operations; outsourcing heavy duty battery manufacturing; consolidating the operations of its Wisconsin Micropower plants; and closing a packaging facility and a sales office in Europe. The charge was partially offset by a $2.3 million gain on the sale of the Kinston, N.C. manufacturing facility, idled in 1997 as part of an earlier restructuring program.

Net income improved by $0.7 million for the quarter to a loss of ($1.0) million compared to a loss of ($1.7) million in the comparable prior year period. The company reported basic and diluted loss per share of ($0.04) in 1998, compared to a loss per share of ($0.08) for the comparable prior year period. For the six month period ended March 28, 1998, basic earnings per share were $0.22, a significant improvement over comparable prior year results of $0.03 per share. Diluted earnings per share for the six month period ending March 28, 1998, were $0.21 compared to the $0.03 reported for the comparable prior year results.

For the six month period ended March 28, 1998, net sales increased 9% to $246.1 million from $225.6 million for the comparable prior year period. Income from operations increased 37% to $20.1 million for the six months ended March 28, 1998 from $14.7 million for the comparable prior year period. Included in income from operations are special charges of $4.0 million and $4.7 million for the six months ended March 28, 1998 and March 29, 1997, respectively. These special charges reflect organizational restructuring and the consolidation of manufacturing operations.

Net income for the six month period ended March 28, 1998 increased to $5.6 million as compared to $0.7 million for the comparable prior year period. Included in the current year net income is an extraordinary expense of $2.0 million net of income taxes representing the premium on the redemption of a portion of the company's subordinated notes.

Rayovac began trading on the New York Stock Exchange on November 21, 1997, under the symbol ROV. With its world headquarters in Madison, Wis., Rayovac is the third largest U.S. manufacturer of batteries and battery-operated lighting products. Thomas H. Lee Company, a private investment firm based in Boston, and its affiliates own the majority interest in Rayovac.

The matters discussed in this news release, with the exception of historical matters, are forward-looking statements which involve risks and uncertainties. Actual results may differ materially from these statements as a result of changes in external competitive market factors, unanticipated changes in the company's industry or the economy in general, as well as, various other factors, including those discussed herein.

RAYOVAC CORPORATION

Condensed Consolidated Statements of Operations For the three month and six month periods ended March 28, 1998 and March 29,

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                         1997
                      (Unaudited)
             (in millions, except per share amounts)
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	THREE MONTHS 1998	THREE MONTHS 1997	SIX MONTHS 1998	SIX MONTHS 1997
Net sales	$96.1	$83.6	$246.1	$225.6
Cost of goods sold	50.6	47.1	127.9	126.2
Gross profit	45.5	36.5	118.2	99.4
Operating Expenses	38.8	31.7	94.1	80.0
Other special charges (net)	5.2	1.8	4.0	4.7
Total operating expenses	44.0	33.5	98.1	84.7
Income from operations	1.5	3.0	20.1	14.7
Other expense (income)	3.2	5.8	8.0	13.7
Income (loss) before income taxes and extraordinary item	(1.7)	(2.8)	12.1	1.0
Income tax expense (benefit)	(0.7)	(1.1)	4.5	0.3
Income (loss) before extraordinary item	(1.0)	(1.7)	7.6	0.7
Extraordinary item, loss on early extinguishment of debt, net of income tax benefit of $1.3	--	--	2.0	--
Net income (loss)	($1.0)	($l.7)	$5.6	$0.7
Average shares outstanding	27.4	20.5	25.5	20.5
Basic earnings per share				
Income (loss) before extraordinary item	($0.04)	($0.08)	$0.30	$0.03
Extraordinary item	--	--	(0.08)	--
Net income (loss)	($0.04)	($0.08)	$0.22	$0.03
Average shares outstanding and common stock equivalents	27.4	20.5	27.0	20.5
Diluted earnings per share				
Income (loss) before extraordinary item	($0.04)	($0.08)	$0.28	$0.03
Extraordinary item	--	--	(0.07)	--
Net income (loss)	($0.04)	($0.08)	$0.21	$0.03

RAYOVAC CORPORATION

Pro Forma and Supplemental Financial Data For the three month and six month periods ended March 28, 1998 and March 29, 1997

(Unaudited)

(In millions, except per share amounts)

	THREE MONTHS 1998	THREE MONTHS 1997	SIX MONTHS 1998	SIX MONTHS 1997
Net income (loss) before extraordinary item	($1.0)	($1.7)	$7.6	$0.7
Pro forma adjustments (net of tax):				
Special charges	3.2	1.1	2.4	2.9
Interest expense	--	--	0.9	--

Unamort. debt issuance cost write-off	--	--	--	1.2
Pro forma net income (loss)	$2.2	($0.6)	$10.9	$4.8
Pro forma diluted EPS	$0.08	($0.03)	$0.37	$0.23
Average shares outstanding	29.1	20.5	29.1	20.5

Supplemental Financial Information

EBITDA without special charges	$9.8	$7.7	$30.1	$25.4
Total Assets			$241.4	$211.3
Total Debt			$129.5	$206.5
Total Shareholders' Equity (Deficit)			$12.2	($84.1)

SOURCE Rayovac Corporation

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