



## Rayovac Announces First Quarter Sales and Earnings

January 25, 2001

\* Meets First Call Consensus Of \$0.30 Pro Forma Diluted EPS \* Launches World's Fastest NiMH Charger and Longest-Lasting NiMH Battery

\* Provides Details of Domestic Restructuring Initiatives

MADISON, Wis., Jan. 25 /PRNewswire/ -- Rayovac Corp. (NYSE: ROV) today reported sales and earnings for its first quarter of Fiscal 2001 ended December 31, 2000 in line with revised projections made in mid-December. Rayovac also reported a major breakthrough in rechargeable battery and charger technology that offers tremendous growth potential in the fastest growing segment of the battery category. In addition, the Company announced restructuring initiatives that are expected to generate significant future cost savings.

For the first quarter, total sales were \$185.9 million, down 13 percent from \$214.8 million in the same quarter last year. Operating income (before special charges) was \$22.7 million, compared to \$29.5 million for the same period last year. Pro-forma net income declined 37 percent to \$8.7 million from \$13.9 million last year. Pro-forma diluted earnings per share was \$0.30, meeting first call consensus estimates and down from \$0.48 a year ago.

"As we stated in December, we fully expected that last year's Y2K buying binge would result in tough year-over-year comparisons for Rayovac as well as the battery and lighting products industry. However, we remain confident that beginning in our second fiscal quarter, Rayovac will return to its history of strong growth, which generated four straight years of record sales and earnings," said Dave Jones, Rayovac Chairman and CEO. "Our recent introduction of exciting new industry-leading rechargeable products is one of the ways we are working to ensure that Rayovac will continue to provide the powerful battery solutions consumers need."

### First Quarter Sales Results

Total Rayovac sales were \$185.9 million versus \$214.8 million last year. The decrease was driven by a 16 percent decline in alkaline sales, and a 32 percent decrease in lighting product sales, somewhat offset by a 10 percent increase in hearing aid battery sales.

In North America, total sales were \$138.5 million, down 17 percent from last year. Alkaline sales decreased 18 percent, while lighting products sales were down 33 percent. Both product lines were impacted by retailer inventory adjustments, not being able to anniversary the Y2K buying binge and the lack of adverse weather conditions leading into the holiday buying season. On a positive note, hearing aid battery sales increased 22 percent for the quarter, indicating a strong recovery in this category after several quarters of negative growth.

Sales in Latin America increased 9 percent, fueled by strong alkaline growth. Alkaline battery sales soared 158 percent over the year ago period. In Europe, sales were down 21 percent due to foreign currency exchange rates and continued softness in the European marketplace.

According to A.C. Nielsen data for the 12-week period ending December 30, 2000, Rayovac's total general battery dollar market share stood at 14.5 percent, down slightly from 14.9 percent share a year ago. For the 52 weeks ended December 30, 2000, the Company's total general battery dollar market share rose to 13.8 percent, from 13.5 percent last year. In the all-important mass merchandisers channel, Rayovac's dollar share increased 1.3 percentage points and is at 24.4 percent for the past year.

### Restructuring Initiatives

On December 19, 2000, Rayovac announced a global restructuring of operations. Details of the domestic restructuring initiatives that reduced the global work force by approximately 8 percent were announced on January 18. These initiatives include closing Rayovac's lantern battery and flashlight plant located in Wonewoc, Wis., the elimination of low volume alkaline battery manufacturing in Fennimore, Wis. to make room for installation of a new high-speed AA manufacturing line and elimination of selected older technology manufacturing operations. The impacted battery and flashlight products will be sourced from both domestic and foreign suppliers. Further details regarding the international restructuring initiatives will be announced in coming weeks. These initiatives are designed to improve operating efficiencies, align manufacturing capacity to market demands and better utilize the Company's resources.

The Company will record a charge of approximately \$18 million pre-tax for this reorganization. Of the total, \$16 million was recorded in the first quarter of Fiscal 2001 with the remainder to be booked in the balance of Fiscal 2001. Cash costs of the restructuring are expected to be approximately \$8 million. Savings are estimated at \$8-9 million annually when fully implemented, beginning in late 2001. These savings are expected to be fully realized in Fiscal 2002, making the estimated cash cost payback approximately one year.

### New Product Introductions

In January, Rayovac launched the market's first one-hour Nickel Metal Hydride (NiMH) battery charger for today's long-lasting NiMH batteries. Most competitive NiMH chargers sold today take 7-8 hours to charge batteries. This fast charging capability will greatly improve customer convenience and ease of use.

The Company also introduced new longer-lasting rechargeable NiMH batteries that last up to two times longer than Duracell's(R) ULTRA alkaline batteries and Energizer's(R) e2 alkaline batteries in digital cameras, one of today's highest drain devices. These batteries can be charged up to 1,000 times, potentially saving consumers hundreds of dollars. Rechargeable battery sales are the fastest growing segment of the total batteries category in the U.S. retail market, growing at nearly three times the rate of alkaline.

Rayovac is one of the world's leading battery and lighting device companies and according to A.C. Nielsen data, the fastest growing battery manufacturer in the U.S. The Company also markets the number one selling rechargeable brand of battery and is the world leader in hearing aid

batteries. Rayovac trades on the New York Stock Exchange under the ROV symbol.

Certain matters discussed in this news release, with the exception of historical matters, are forward-looking statements within the meaning of the Private Litigation Reform Act of 1995. These statements are subject to a number of risks, uncertainties and other factors that could cause results to differ materially from those anticipated as of the date of this release. Actual results may differ materially from these statements as a result of: (1) changes in external competitive market factors, such as introduction of new product features or technological developments, development of new competitors or competitive brands, or competitive promotional activity or spending, (2) unanticipated changes in consumer demand for the various types of consumer batteries, (3) unanticipated changes in the general economic conditions where we do business, such as stock market prices, interest rates, inflation and raw material costs, and (4) various other factors, including those discussed herein and those set forth in previous security filings including the Company's most recent Annual Report on Form 10-K.

Attached

- Pro Forma Financial Data
- Condensed Consolidated Statements of Operations and Supplemental Financial Data
- Fact Sheet -- Financial Summary

RAYOVAC CORPORATION

Pro Forma Financial Data For the three month periods ended December 31, 2000 and January 2, 2000

(Unaudited)  
(In millions, except per share amounts)

	THREE MONTHS	
	F2001	F2000
Net income	(\$1.8)	\$13.9
Pro forma adjustments (net of tax):		
Special charges	\$10.5	\$ --
Pro forma net income	\$8.7	\$13.9
Pro forma diluted EPS	\$0.30	\$0.48
Average shares & equivalents outstanding	28.8	29.1

RAYOVAC CORPORATION

Condensed Consolidated Statements of Operations For the three month periods ended December 31, 2000 and January 2, 2000

(Unaudited)  
(In millions, except per share amounts)

	F2001	THREE MONTHS	
		F2000	INC (DEC) %
Net sales	\$185.9	\$214.8	(13.5%)
Cost of goods sold	91.5	110.8	
Gross profit	\$94.4	\$104.0	(9.2%)
Selling	56.3	58.6	
General and administrative	12.4	13.3	
Research and development	3.0	2.6	
Total operating expenses	\$71.7	\$74.5	
Operating income before special charges	\$22.7	\$29.5	(23.1%)
Other special charges	16.0	--	
Interest expense and other	9.2	8.1	
Income (loss) before income taxes	(\$2.5)	\$21.4	--
Income tax expense	(0.7)	7.5	
Net income (loss)	(\$1.8)	\$13.9	--

Average shares outstanding	27.6	27.5
Basic earnings per share	(\$0.06)	\$0.51
Average shares and common stock equivalents outstanding *	27.6	29.2
Diluted earnings per share	(\$0.06)	\$0.48

\* The effect of unexercised stock options and equivalents for F2001 were excluded from diluted earnings per share, as their effect was anti-dilutive.

#### Supplemental Financial Data

EBITDA without special charges	\$27.1	\$34.7
Total Assets	\$551.2	\$549.6
Total Debt	\$308.4	\$329.4
Total Shareholders' Equity	\$78.5	\$59.6

RAYOVAC  
FIRST QUARTER FISCAL 2001  
Fact Sheet  
Financial Summary  
(In millions, except per share amounts)

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- Launches world's fastest NiMH charger and longest-lasting NiMH battery
- Provides details of domestic restructuring initiatives

#### THREE MONTHS

	F'01	F'00	Change
Net Sales	\$185.9	\$214.8	-13%
Operating Income (Before Special Charges)	\$22.7	\$29.5	-23%
Pro-Forma Net Income	\$8.7	\$13.9	-37%
Pro Forma Diluted EPS	\$0.30	\$0.48	-38%

Rayovac dollar market share  
(per A.C. Nielsen)  
for the periods ended  
December 30, 2000

	(12 Weeks)		(52 Weeks)	
	Current Year	Last Year	Current Year	Last Year
General Batteries	14.5	14.9	13.8	13.5
Alkaline	12.3	12.9	11.4	11.5

SOURCE Rayovac Corp.

Web site: <http://www.rayovac.com>

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