



Rayovac Posts Strong Third Quarter Results

July 26, 2001

18 Percent -- Meets First Call Consensus

MADISON, Wis., July 26 /PRNewswire/ -- Rayovac Corp. (NYSE: ROV) today announced strong gains in alkaline battery sales as the Company reported record sales and earnings for the third quarter of Fiscal 2001. Pro-forma diluted earnings per share rose 18 percent to 33 cents, up from 28 cents for the same period last year and in line with First Call consensus. Diluted earnings per share, which includes special charges, but before extraordinary item was 28 cents, equal to last year.

For the third quarter of Fiscal 2001, Rayovac total sales were up six percent to \$159.1 million compared to \$150.4 million for the same period last year. Alkaline sales for the quarter increased a robust 25 percent as a result of recent distribution gains and continuing share growth especially in the important mass merchandiser channel. These sales increases were offset by declines in specialty battery sales, due to the continued sluggishness of the electronics and telecommunications industries, and flashlights and lantern battery sales. For the third quarter, operating income before special charges rose nine percent to \$21.5 million compared to \$19.8 million for the same period a year ago. Pro-forma net income increased 17 percent to \$9.5 million.

"The Rayovac brand continues to build momentum in the marketplace as our sales outpaced both our competition as well as the industry as a whole," said Dave Jones, Rayovac chairman and CEO. "Despite a weakened economy and slower than anticipated overall battery category growth, Rayovac continues to gain unit share as more and more consumers recognize the value of our brand."

According to A.C. Nielsen data for the 12 weeks ending June 30, Rayovac general battery unit sales are up eight percent versus a year ago compared to total industry general battery unit sales, which are flat. Rayovac general battery unit share now stands at 20.1 percent up from 18.7 percent last year. For the same 12-week period, Rayovac's alkaline battery unit market share stands at 14.6 percent compared to 14.1 percent in the prior year. In the important Mass Merchandiser channel, where approximately 40 percent of all batteries are sold, Rayovac continues to be the leader with a 36 percent unit share of total general batteries, up from a 34 percent share for the same year-ago period.

Third Quarter Results

Third quarter sales were fueled by strong growth in total general batteries. Year over year total general battery sales were up 15 percent. This growth was driven by a 25 percent increase in alkaline battery sales versus a year ago. Shipments to new accounts such as The Home Depot, Toys R Us and Lowe's helped fuel this quarter's growth. Hearing aid battery sales were flat, but excluding the foreign exchange impact, sales would have increased four percent. The substantial increases in general and alkaline battery sales were offset by a \$4.2 million decrease in sales of specialty batteries and a \$3.2 million decline in flashlight and lantern batteries sales in the quarter versus a year ago.

For the third quarter, North America sales rose seven percent to \$119.0 million, up from \$111.5 million for the same period last year. North America sales were driven by an impressive 19 percent growth in total general batteries, led by strong alkaline battery sales. Latin America sales increased six percent to \$29.0 million driven by strong alkaline sales. Europe and the Rest of World sales were \$11.1 million as compared to \$11.5 million last year. Excluding the foreign exchange impact, European sales would have increased five percent.

Operating income before special charges increased nine percent to \$21.5 million on the six percent sales increase for the quarter. Operating income margin increased 30 basis points to 13.5 percent.

Nine-Month Results

For the nine months ending July 1, 2001, sales were \$487.9 million as compared to \$501.8 million for the same year-ago period. Alkaline sales and total general battery sales were up approximately three percent, while hearing aid battery sales were up eight percent. Stronger sales in Rayovac's second and third quarters have helped the Company offset the first quarter decline caused by the battery industry's inability to repeat the previous year's Y2K buying binge as well as retailer's inventory reductions during last year's holiday season.

Operating income before special charges was \$58.2 million, down from \$62.5 million for the same nine-month period a year ago. Pro-forma net income was \$22.5 million, down from \$25.6 million for the same period last year. For the first three quarters, pro-forma diluted earnings per share stood at 78 cents versus 88 cents last year.

Stock Offering

As previously communicated, the Company completed a public offering of its common stock during the quarter. Net proceeds to the Company from the offering were used to repurchase \$64.8 million of its \$65.0 million Senior Subordinated Notes.

The company incurred an extraordinary charge of \$5.4 million, net of tax, in the quarter. This extraordinary item reflects the premium paid for the early redemption of the Senior Subordinated Notes, plus the write-off of the remaining un-amortized Note issuance costs.

Special Charges

The Company incurred \$2.6 million of special charges in the quarter and \$18.8 million year to date, the result of a Company-wide global restructuring program initially communicated in December 2000. The restructuring program is currently proceeding on schedule with cash costs of the restructuring currently expected to be approximately \$10.0 million. The program is estimated to be completed by the first quarter of fiscal year 2002 with estimated annual savings in excess of \$11.0 million.

Rayovac is one of the world's leading battery and lighting device companies and the fastest growing manufacturer of general batteries in the United States. The Company also markets the number one rechargeable brand of battery and is the world leader in hearing aid batteries. Rayovac is traded on the New York Stock Exchange under the symbol ROV.

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, including any 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, (4) risks related to protection of our intellectual property and risks related to third party infringement claims and (5) various other factors, including those discussed herein and those set forth in the Company's most recent Annual Report on Form 10-K and the prospects supplement for the Company's most recent public offering of its common stock.

RAYOVAC CORPORATION

Pro-forma Financial Data For the three month and nine month periods ended July 1, 2001 and July 2, 2000

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

	THREE MONTHS		NINE MONTHS	
	F2001	F2000	F2001	F2000
Net income before extraordinary item	\$8.1	\$8.1	\$10.5	\$25.6
Pro-forma adjustments (net of tax):				
Special charges	\$1.4	\$--	\$12.0	\$--
Pro-forma net income	\$9.5	\$8.1	\$22.5	\$25.6
Pro-forma diluted EPS	\$0.33	\$0.28	\$0.78	\$0.88
Average shares & equivalents outstanding	28.8	29.1	28.8	29.1

Supplemental Financial Information

EBITDA without special charges	\$26.8	\$25.0	\$72.8	\$77.4
Total assets			\$561.6	\$524.5
Total debt			\$242.9	\$314.6
Total shareholders' equity			\$156.0	\$70.5

RAYOVAC CORPORATION

Condensed Consolidated Statements of Operations For the three month and nine month periods ended July 1, 2001 and July 2, 2000

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

	THREE MONTHS			NINE MONTHS		
	F2001	F2000	INC(DEC)	F2001	F2000	INC(DEC)
%						
Net sales	\$159.1	\$150.4	5.8%	\$487.9	\$501.8	(2.8%)
Cost of goods sold	81.9	77.3		249.3	260.8	
Gross profit	\$77.2	\$73.1	5.6%	\$238.6	\$241.0	(1.0%)
Selling	42.8	37.6		137.5	132.2	
General and administrative	9.9	13.1		33.9	38.4	
Research and development	3.0	2.6		9.0	7.9	
Total operating expenses	\$55.7	\$53.3		\$180.4	\$178.5	
Operating Income before special						

charges	\$21.5	\$19.8	8.6%	\$58.2	\$62.5	(6.9%)
Other special charges	2.6	--		18.8	--	
Interest expense and other	6.8	7.4		23.3	23.1	
Income before income taxes	\$12.1	\$12.4		\$16.1	\$39.4	
Income tax expense	4.0	4.3		5.6	13.8	
Net income before extraordinary item	8.1	8.1		10.5	25.6	
Extraordinary item, loss on early extinguishment of debt, net of income tax benefit of \$3.3	(5.4)	--		(5.4)	--	
Net Income	\$2.7	\$8.1		\$5.1	\$25.6	
Average shares outstanding	28.1	27.5		27.7	27.5	
Basic earnings per share before extraordinary item	\$0.29	\$0.29		\$0.38	\$0.93	
Average shares and common stock equivalents outstanding	29.1	29.0		28.8	29.1	
Diluted earnings per share before extraordinary item	\$0.28	\$0.28		\$0.36	\$0.88	

RAYOVAC
THIRD QUARTER FISCAL 2001
Fact Sheet

Financial Summary (unaudited)

(in millions, except per share amounts and market share amounts)

	THREE MONTHS			NINE MONTHS		
	F'01	F'00	Percent Change	F'01	F'00	Percent Change
Net Sales	\$159.1	\$150.4	6%	\$487.9	\$501.8	(3%)
Operating Income (Before special charges)	\$21.5	\$19.8	9%	\$58.2	\$62.5	(7%)
Pro-forma Net Income	\$9.5	\$8.1	17%	\$22.5	\$25.6	(12%)
Pro-forma Diluted EPS	\$0.33	\$0.28	18%	\$0.78	\$0.88	(11%)

Rayovac unit market share (per A.C. Nielsen) for the periods ended June 30

	12 weeks	
	Current Year	Last Year
General Batteries	20.1	18.7
Alkaline	14.6	14.1

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