Rayovac Announces Major Restructuring Effort

03/25/98

MADISON, Wis., March 25 /PRNewswire/ -- Rayovac Corp. (NYSE: ROV) today announced major restructuring plans for its domestic and international operations designed to maximize production and capacity efficiencies, reduce fixed costs and improve customer service. The total cost of the restructuring, estimated to be $9.5 million with $7.5 million to be recorded in the second quarter and $2.0 million to be recorded as incurred, is projected to save $5.0 million annually and significantly improve the company's competitiveness after full implementation of the program, expected in early 1999.

"This restructuring firmly signals the rebirth of Rayovac with the expansion of our capacity in high-growth sectors," says Dave Jones, Rayovac chairman, president and CEO. "We are now clearly and solidly on the path to becoming extremely competitive in all market segments we participate in, and, in the process, reestablishing Rayovac's brand as a leader in the industry." Mr. Jones noted that the restructuring follows on the heels of Rayovac's November IPO and its acquisition by the Thomas H. Lee Company in 1996.

As part of the restructuring, the company's Madison, Wis. manufacturing plant will be transformed into the company's packaging center for all general batteries. Packaging operations from Rayovac's Fennimore, Wis., plant and outside third party sources, along with selected packaging items from Rayovac's Newton Aycliffe, United Kingdom plant, will all move to Madison. Rayovac's Fennimore plant will focus entirely on continued alkaline production manufacturing and will install the new high speed alkaline production line recently ordered from Matsushita Battery Co. of Japan.

The Madison plant will also phase out the manufacturing of heavy duty batteries and source these batteries from other suppliers. The decision was dictated by the steady decline in heavy duty battery sales and the strong growth in alkaline battery sales. Alkaline battery sales currently make up 90 percent of the total battery market.

Rayovac's Portage, Wis., plant will be expanded by 60 percent and create approximately 129 new jobs to enhance Rayovac's capacity to produce zinc air and silver oxide button cell batteries for hearing aids, watches and calculators. Rayovac's hearing aid batteries are the world's number one selling brand. The Appleton, Wis., plant will be closed over the next 12 months and its manufacturing operations moved to Portage to help maximize production efficiencies and leverage Portage's state-of-the-art manufacturing facility.

The Newton Aycliffe, U.K. packaging and distribution facility will be closed by September 1998. In Europe, the German sales office will be closed and taken over by BRISCO, GMBH, a hearing aid battery distributor purchased in 1997.

The company says that expected growth in other parts of the business during the next 12 months should minimize any impact on domestic jobs. Currently, only about 60 jobs are expected to be impacted and a job placement service has been hired to work with any displaced employees.

Rayovac is the third largest U.S. manufacturer of batteries and battery-operated lighting products. Rayovac began trading on the New York Stock Exchange on November 21, 1997, under the symbol ROV. The Thomas H. Lee Company, a private investment firm based in Boston, and its affiliates own the majority interest in Rayovac. Rayovac reported sales of $150 million for the first fiscal quarter ending Dec. 27, 1997.
SOURCE Rayovac Corporation
CONTACT: John Daggett of Rayovac Corporation, 608-275-4912