Rayovac Announces Restructuring Initiatives

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MADISON, Wis., Jan. 18 /PRNewswire/ -- Rayovac Corp. (NYSE: ROV) announces it will undertake a series of restructuring initiatives that will improve overall operating efficiencies, match manufacturing capacity to market demands and better utilize the Company's resources. The initiatives announced today will eliminate the jobs of approximately 280 domestic employees or eight percent of the global workforce. The changes will be fully implemented over the next six to eight months.

"The changes we announced today will help Rayovac meet the ever increasing challenges of our competitive marketplace allowing us to remain the fastest growing battery company in the U.S. and expand our position as the number one marketer of zinc carbon batteries in Latin America," said Dave Jones, Rayovac chairman and CEO. "Streamlining our manufacturing operations will reduce costs, maximize asset utilization, improve operating efficiencies and enhance our growth prospects and performance over the long term."

As previously announced, Rayovac recorded a charge of approximately $18 million pre-tax to cover the costs of the global restructuring. Of the total, $16 million was incurred in the first fiscal 2001 quarter with the remainder booked in the balance of Fiscal 2001. Cash costs of the restructuring are expected to account for approximately $8 million. Savings are estimated at $8-9 million annually beginning in late 2001 and fully realized in Fiscal 2002, making the estimated cash cost payback, approximately one year.

Domestically, Rayovac will close its lantern battery and flashlight assembling plant in Wonewoc, Wis. Heavy duty lantern batteries make up only a small portion of the overall battery market and are used in a very limited number of applications. Rayovac currently purchases the majority of its flashlights from outside vendors. The remaining flashlights and lantern batteries will now be purchased from outside third party sources. The gradual plant shutdown will begin in eight weeks and will be completed by August 2001, affecting approximately 240 people.

"Closing a facility is never an easy decision, but the economic realities of our competitive global marketplace mandate the relocation of certain operations to lower cost manufacturing locations," said Jones. "We are committed to assist all employees who are displaced."

At Rayovac's Fennimore, Wis. plant, 40 employees will be laid off as certain manufacturing functions are outsourced and the plant's manufacturing space is reconfigured to accommodate the installation of the new high speed AA size alkaline battery line.

Rayovac is also finalizing several restructuring initiatives in its international operations and will be announcing them in the coming months.

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.

SOURCE Rayovac Corp.
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