



## Rayovac Announces Fourth Quarter and Year-End Results

November 6, 2001

MADISON, Wis., Nov. 6 /PRNewswire/ --

- \* Alkaline sales up 10% and Rechargeable battery sales up 27% for the quarter
- \* Pro-forma diluted EPS for Fourth quarter and Fiscal 2001 -- exceeded First Call consensus by one cent.

Rayovac Corp. (NYSE: ROV) today reported sales and earnings for the fourth quarter and Fiscal year 2001 ended September 30, 2001 in line with revised projections. Rayovac also announced year-over-year double-digit sales growth for alkaline and rechargeable batteries and continued market share growth in the general battery category during the fourth quarter.

For the fourth quarter of Fiscal 2001, Rayovac total sales were \$187.6 million as compared to \$191.5 million for the same period last year, down two percent. Fourth quarter sales included an impressive 27 percent increase in rechargeable battery sales and a 10 percent increase in alkaline sales over the prior year. The increases were a direct result of new distribution gains, continued share growth with existing customers as well as the rollout of new products in the rechargeable segment. These gains were offset by a significant decline in specialty battery sales, which continue to be plagued by the severe downturns in the computer, electronics and telecommunications sectors, and the lingering post Y2K softness in the lighting products category.

Operating income (before special charges) in the quarter was \$18.4 million, compared to the \$26.9 million for the same period last year. Pro-forma net income was \$8.7 million, compared to the \$12.7 million last year. Pro-forma diluted earnings per share were 27 cents, exceeding First Call consensus by one cent, and compared to the 44 cents reported for the same period last year.

"When global economic conditions improve, Rayovac is in a strong position for growth as a result of the business-building strategies implemented this past year," said Dave Jones, Rayovac chairman and CEO. "During Fiscal 2001, we executed aggressive restructuring and debt reduction initiatives that have reduced our cost structure and improved our balance sheet. We also launched several new products, including the world's first 1-Hour Charger, and built significant new distribution that we expect to pay big dividends in the future. We remain confident that Rayovac will continue to outpace the battery category which appears to be growing moderately again."

Rayovac's market shares continued to grow during the 12 weeks ended September 22, 2001 according to A.C. Nielsen. Rayovac's general battery unit market share increased to 18.8 percent from 18.4 percent last year. For the same 12-week period, general battery dollar sales increased 10 percent compared to five percent for the total industry. In the alkaline segment, Rayovac's 12-week dollar share was 11.2 percent compared to 10.9 percent in the prior year period. Rayovac alkaline sales increased eight percent while the total alkaline market in dollars increased five percent during the same period.

### Fourth Quarter Results

Fourth quarter sales were \$187.6 million versus \$191.5 million last year. Sales were driven by a 27 percent growth in rechargeable battery sales and a 10 percent increase in alkaline battery sales over the prior year. Offsetting these increases were a \$10.4 million decline in specialty batteries sales and an 11 percent decline in lighting product sales. Both total general battery sales and hearing aid battery sales were up five percent each for the quarter.

For the fourth quarter, North America sales were \$143.1 million, as compared to \$150.3 million for the same period last year, a decline of five percent. Year over year, North America general battery sales were up approximately five percent due to strong alkaline and rechargeable battery sales and hearing aid battery sales which increased six percent. Specialty battery sales were down \$10.2 million over prior year.

Latin America sales increased four percent to \$30.2 million, driven by strong alkaline battery sales and distribution gains throughout the region. Europe and the Rest of World sales showed improvement in the fourth quarter as sales increased nearly 18 percent over prior year to \$14.3 million driven by new distribution.

Operating income before special charges was \$18.4 million compared to \$26.9 million last year. Lower gross profit and higher SG&A contributed to the operating income decline. SG&A grew \$5.2 million over last year as a result of increased advertising and promotional spending and \$2.7 million of bad debt write-offs due to customer bankruptcies.

### Year-end Results

For the Fiscal year ended September 30, 2001, sales were \$675.5 million, down three percent compared to \$693.3 million for the same year-ago period due mainly to the battery industry inability to anniversary the Y2K buying binge last year and the severe downturn of the tech sector. Total general battery sales were up nearly four percent, propelled by solid alkaline and rechargeable battery sales. Hearing aid battery sales were up seven percent. These increases were offset by a \$23.9 million decrease in specialty battery sales and a decline in lighting product sales of \$16.1 million due to the lingering post Y2K slowdown in this category.

Operating income before special charges was \$76.7 million, compared to \$89.3 million for the same period a year ago. Pro-forma net income was \$31.1 million, compared to \$38.4 million for the same period last year. For the Fiscal year, pro-forma diluted earnings per share were \$1.05, one cent

above First Call consensus.

#### Special Charges

The Company recorded \$3.5 million of special charges in the quarter and \$22.3 million for the full fiscal year, the result of a company-wide global restructuring program. This initiative closed two facilities and has eliminated 570 positions or 17 percent of the workforce. All expenses associated with this restructuring have now been recorded. The estimated annual savings of this program are \$12-13 million, less than a one-year payback on the cash cost.

#### Extraordinary Item

The Company incurred an extraordinary charge of \$5.4 million, net of tax, during the year. This extraordinary item reflects the premium paid for early redemption in June 2001 of the Senior Subordinated Notes, plus the write-off of the remaining un-amortized Note issuance costs.

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 security filings, including its most recent Form 10Q, Annual Report on Form 10-K and the prospectus supplement for the Company's most recent public offering of its common stock.

#### RAYOVAC CORPORATION

Pro Forma Financial Data For the three month and twelve month periods ended September 30, 2001 and 2000

(Unaudited)

(In millions, except per share amounts)

	THREE MONTHS		TWELVE MONTHS	
	F2001	F2000	F2001	F2000
Net income before extraordinary item	\$6.5	\$12.7	\$16.9	\$38.4
Pro forma adjustments (net of tax):				
Special charges	2.2	--	14.2	--
Pro forma net income	\$8.7	\$12.7	\$31.1	\$38.4
Pro forma diluted EPS	\$0.27	\$0.44	\$1.05	\$1.32
Average shares & equivalents outstanding	32.5	29.1	29.7	29.1

#### Supplemental Financial Information

EBITDA without special charges	\$24.1	\$31.2	\$96.9	\$108.6
Total Assets			\$587.9	\$569.0
Total Debt			\$258.0	\$317.6
Total Shareholders' Equity			\$157.6	\$80.7

RAYOVAC CORPORATION

Condensed Consolidated Statements of Operations For the three month and twelve month periods ended September 30, 2001 and 2000

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

	THREE MONTHS		TWELVE MONTHS	
	F2001	F2000	F2001	F2000
Net sales	\$187.6	\$191.5	\$675.5	\$693.3
Cost of goods sold	96.8	97.4	346.0	358.2
Gross profit	\$90.8	\$94.1	\$329.5	\$335.1
Selling	54.8	52.2	192.3	184.5
General and administrative	14.4	12.1	48.3	50.5
Research and development	3.2	2.9	12.2	10.8
Total operating expenses	\$72.4	\$67.2	\$252.8	\$245.8
Operating Income before special charges	\$18.4	\$26.9	\$76.7	\$89.3
Other special charges	3.5	--	22.3	--
Interest expense and other	4.9	8.4	28.3	31.3
Income before income taxes	\$10.0	\$18.5	\$26.1	\$58.0
Income tax expense	3.5	5.8	9.2	19.6
Income before extraordinary item	\$6.5	\$12.7	\$16.9	\$38.4
Extraordinary item, loss on early extinguishment of debt, net of income tax benefit of \$3.3	--	--	5.4	--
Net Income	\$6.5	\$12.7	\$11.5	\$38.4
Average shares outstanding	31.8	27.5	28.7	27.5
Income before extraordinary item	\$0.20	\$0.46	\$0.59	\$1.39
Extraordinary item	--	--	(0.19)	--
Basic earnings per share	\$0.20	\$0.46	\$0.40	\$1.39
Average shares and common stock equivalents outstanding	32.5	29.1	29.7	29.1
Income before extraordinary item	\$0.20	\$0.44	\$0.57	\$1.32

Extraordinary item	--	--	(0.18)	--
Diluted earnings per share	\$0.20	\$0.44	\$0.39	\$1.32

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