

## Club Car reports brighter first quarter

AUGUSTA, Ga. — A charge stemming from an early retirement of debt has brightened the first-quarter performance of Club Car Inc., which had its first public stock offering in October of 1993.

Club Car has reported net sales of \$32.7 million for the first quarter of fiscal 1994, which ended Dec. 26, 1993. This represents a \$6 million, or 22.3 percent increase over net sales of \$26.7 million for the first quarter of fiscal 1993, according to George Inman, Club Car president and CEO.

Operating income for the first

quarter was \$1.9 million, which represents a \$500,000 increase (or 39.8 percent) over operating income of \$1.4 million for the first quarter of fiscal 1993.

The loss for the first quarter of fiscal 1994 — before a substantial charge due to the early retirement of debt resulting from the initial public offering — was \$100,000, or \$.01 per share, said Inman. This compares to a net loss of \$1.2 million or \$.21 per share for the same quarter a year ago. Including the charge, the net loss for the first quarter of fiscal 1994 was \$5 mil-

lion, or \$.62 per share.

"We are extremely pleased with the first quarter results," said Inman. "The company historically experiences net losses in the first quarter due to the seasonality of the golf car business. However, excluding an extraordinary charge due to the early retirement of debt, we reported significantly improved performance compared to the prior year."

During the first quarter of fiscal 1994, Club Car raised net proceeds in the public offering of \$54 million, all of which were used as

part of the firm's refinancing plan to repurchase the \$63.9 million principal amount of the outstanding 14.5 percent Senior Notes, which were tendered in response to the company's Tender offer.

Inman said Club Car intends to repurchase the remaining \$19.9 million principal amount of the Senior Notes either through open market purchases or by exercising its option to redeem the Senior Notes on April 1. Club Car will finance these purchases through additional borrowing under its \$42 million term loan facility, Inman said. The company also has a \$30 million revolving credit facility for working capital needs.

## Tires, rims changing; alliances stay constant

While they aren't exactly set in stone, the relationships between golf car manufacturers and golf car tire manufacturers are fairly static.

Melex and E-Z-GO both patronize Carlisle Tire and Rubber Co., while Club Car contracts mainly with Goodyear Tire and Rubber Co. Yamaha deals predominantly with Dico Tire Inc., with a touch of Goodyear thrown in.

"I don't think tires have been a significant buyer issue," said Joe Stahl of Yamaha. "And considering today's quality standards, that makes sense."

One departure from the norm, however, took place during the 1994 GCSAA Show and Conference in Dallas, where Melex displayed the industry's first composite rim and wheel covers, manufactured by Carlisle.

"Our rim will be made of plastic," said Brian Taylor of Melex. "We found the plastic is equal to steel in terms of performance. There's no rust, obviously. And it's lighter, meaning less compaction in turf areas."

The real benefits behind the composite rim, according to Taylor, are its more precise manufacturing capabilities.

"They can be manufactured far more uniformly," explained Joe Sheely of Carlisle Tire and Rubber. "There will be far less chance of leaks and virtually no deviation when it comes to the manufacturing process."

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With the nationwide move toward cart paths, golf car and tire manufacturers have different views on the "wear & tear" their products might endure.

"Cart paths are probably a bit more abusive to a tire," said Carlisle's Sheely. "But I don't think it will prevent the tire from wearing properly. We test tires on four or five different golf courses, on all sorts of terrain. We haven't noticed a big difference in wear patterns."

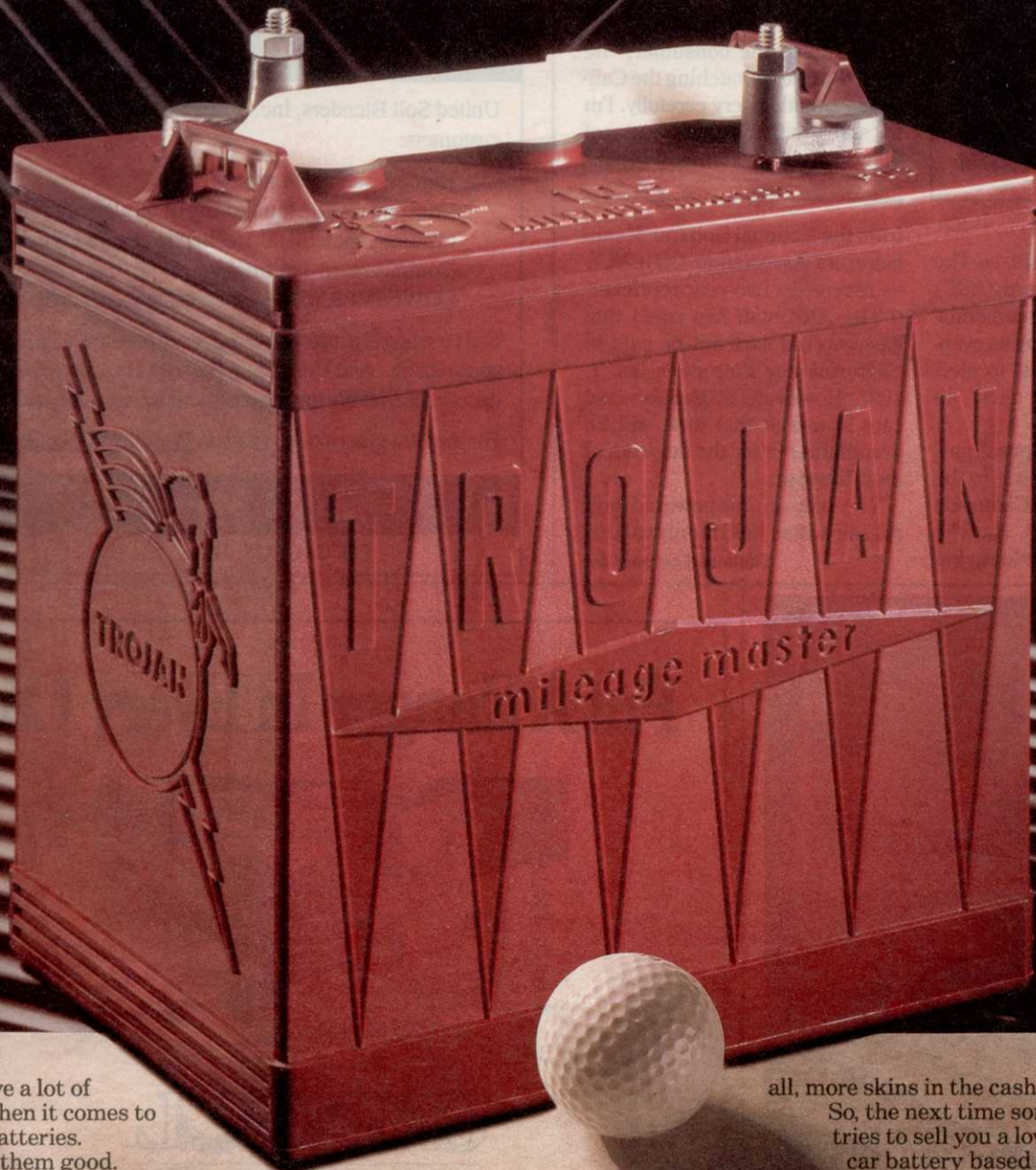
Stahl: "Everybody acknowledges that cart paths are on their way in and you'll never get the same tire life on a hard surface. It can't be good for the tire."

Ron Skenes of E-Z-GO: "Our tires are a highway grade, compound rubber, designed to deal with paved situations. I would imagine a cart path would tend to add longevity to the vehicle in general."

Taylor: "You can't run over a root on a cart path, but that benefits the vehicle. If the cars last longer, the tires might not."

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