



October 29, 2015

Ultralife Corporation Reports Third Quarter Results

NEWARK, N.Y., Oct. 29, 2015 (GLOBE NEWSWIRE) -- Ultralife Corporation (NASDAQ:ULBI) reported operating income of \$1.2 million on revenue of \$19.0 million for the quarter ended September 27, 2015. For the third quarter of 2014, the Company reported an operating loss of \$0.1 million on revenue of \$16.1 million.

"Through sustained execution, we delivered another quarter of profitable growth, steadily building on the revenue gain, margin expansion and positive EPS we generated for the first half of the year. On a 19% increase in revenue for the third quarter, we posted a consolidated gross margin of 31.0%, an operating margin of 6.2% and EPS of \$0.07 per share. As a result, on a year-to-date basis, we have generated \$5.3 million more in operating income on a \$10.6 million gain in revenue, clearly demonstrating our business model operating leverage," said Michael D. Popielec, Ultralife's President and Chief Executive Officer. "With our new products gaining traction and our opportunity set widening, we firmly believe our plans to produce revenue and earnings growth for 2015 are within reach."

Third Quarter 2015 Financial Results

Revenue grew 19%, or \$3.0 million, to \$19.0 million from \$16.1 million for the third quarter of 2014. Battery & Energy Products sales increased 18% to \$16.4 million compared to \$13.9 million last year, reflecting higher shipments to both Government/Defense and commercial customers. Communications Systems sales were \$2.7 million compared to \$2.1 million for the same period last year, an increase of 23%.

Gross profit grew 32% to \$5.9 million from \$4.5 million for the third quarter a year ago. As a percentage of revenue, gross profit increased 310 basis points to 31.0% from 27.9% last year, primarily reflecting favorable product mix and improved overhead absorption on higher sales volumes. Battery & Energy Products' gross margin was 29.1% compared to 27.4% last year, an increase of 170 basis points. Communications Systems' gross margin was 42.4% compared to 31.4% last year, an increase of 1,100 basis points.

Operating expenses were \$4.7 million compared to \$4.5 million for the third quarter of 2014, reflecting higher new product development spending and sales commissions. As a percentage of revenue, operating expenses improved 350 basis points to 24.8% compared to 28.3% a year ago.

The combination of increased revenue and improved gross margin drove a \$1.2 million gain in operating income. Operating income was \$1.2 million compared to an operating loss of \$0.1 million for the third quarter of 2014. Operating margin was 6.2% compared to (0.3%) for the year-earlier period.

Net income was \$1.0 million, or \$0.07 per share, compared to a net loss of (\$0.3) million, or (\$0.02) per share, for the third quarter of 2014.

Share Repurchase Program

During the third quarter Ultralife repurchased 748,582 shares under its currently authorized 3.4 million share repurchase program, which will expire April 30, 2016. Since the inception of the share repurchase program on May 1, 2014, the Company has repurchased 2,442,191 shares.

About Ultralife Corporation

Ultralife Corporation serves its markets with products and services ranging from portable power solutions to communications and electronics systems. Through its engineering and collaborative approach to problem solving, Ultralife serves government, defense and commercial customers across the globe.

Headquartered in Newark, New York, the company's business segments include: Battery & Energy Products and Communications Systems. Ultralife has operations in North America, Europe and Asia. For more information, visit www.ultralifecorp.com.

Conference Call Information

Ultralife will hold its third quarter earnings conference call today at 10:00 AM ET. To participate in the live call, please dial (800) 915-4836 at least ten minutes before the scheduled start time, identify yourself and ask for the Ultralife call. A live webcast of the conference call will be available to investors in the Events & Presentations section of the Company's website at <http://investor.ultralifecorporation.com>. For those who cannot listen to the live broadcast, a replay of the webcast will be available shortly after the call at the same location.

This press release may contain forward-looking statements based on current expectations that involve a number of risks and uncertainties. The potential risks and uncertainties that could cause actual results to differ materially include: potential reductions in U.S. military spending, uncertain global economic conditions and acceptance of our new products on a global basis. The Company cautions investors not to place undue reliance on forward-looking statements, which reflect the Company's analysis only as of today's date. The Company undertakes no obligation to publicly update forward-looking statements to reflect subsequent events or circumstances. Further information on these factors and other factors that could affect Ultralife's financial results is included in Ultralife's Securities and Exchange Commission (SEC) filings, including the latest Annual Report on Form 10-K.

ULTRALIFE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)
(unaudited)

	ASSETS	September 27, 2015	December 31, 2014
		<hr/>	<hr/>
Current assets:			
Cash and cash equivalents	\$	14,728	\$ 17,866
Trade accounts receivable, net		11,242	11,295
Inventories, net		23,352	26,086
Prepaid expenses and other current assets		2,226	1,603
Total current assets		<hr/> 51,548	<hr/> 56,850
Property, equipment and improvements, net		9,191	9,812
Goodwill, intangibles and other assets		20,613	20,980
Total assets		<hr/> <hr/> \$ 81,352	<hr/> <hr/> \$ 87,642
 LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$	6,766	\$ 6,996
Accrued compensation and related benefits		2,398	1,725
Accrued expenses and other current liabilities		2,334	2,490
Total current liabilities		<hr/> 11,498	<hr/> 11,211
Deferred income taxes and other non-current liabilities		4,679	4,518
Total liabilities		<hr/> <hr/> 16,177	<hr/> <hr/> 15,729
 Shareholders' equity:			
Common stock		1,899	1,894
Capital in excess of par value		176,402	175,940
Accumulated deficit		(94,553)	(96,920)
Accumulated other comprehensive loss		(750)	(467)
Treasury stock		(17,686)	(8,420)
Total Ultralife equity		<hr/> 65,312	<hr/> 72,027
Noncontrolling interest		(137)	(114)
Total shareholders' equity		<hr/> <hr/> 65,175	<hr/> <hr/> 71,913
 Total liabilities and shareholders' equity		<hr/> <hr/> <hr/> \$ 81,352	<hr/> <hr/> <hr/> \$ 87,642

ULTRALIFE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands except per share amounts)
(unaudited)

	Three month periods ended		Nine month periods ended	
	September 27, 2015	September 28, 2014	September 27, 2015	September 28, 2014
Revenues:				
Battery & energy products	\$16,390	\$ 13,913	\$ 48,638	\$ 40,000
Communication systems	2,654	2,149	8,538	6,546
Total revenues	<u>19,044</u>	<u>16,062</u>	<u>\$ 57,176</u>	<u>\$ 46,546</u>
Cost of products sold:				
Battery & energy products	11,616	10,100	34,538	29,510
Communication systems	1,528	1,476	4,872	4,003
Total cost of products sold	<u>13,144</u>	<u>11,576</u>	<u>39,410</u>	<u>33,513</u>
Gross profit	<u>5,900</u>	<u>4,486</u>	<u>17,766</u>	<u>13,033</u>
Operating expenses:				
Research and development	1,224	1,014	3,917	4,010
Selling, general and administrative	3,503	3,527	11,037	11,498
Total operating expenses	<u>4,727</u>	<u>4,541</u>	<u>14,954</u>	<u>15,508</u>
Operating income (loss)	1,173	(55)	2,812	(2,475)
Other (expense) income:				
Interest income	-	3	2	12
Interest and financing expense	(65)	(56)	(197)	(153)
Miscellaneous	70	(158)	39	(128)
Income (loss) from continuing operations before income taxes	1,178	(266)	2,656	(2,744)
Income tax provision	130	60	312	177
Net income (loss) from continuing operations	1,048	(326)	2,344	(2,921)
Loss from discontinued operations, net of tax	-	-	-	(61)
Net income (loss)	1,048	(326)	2,344	(2,982)
Net (income) loss attributable to noncontrolling interest	(1)	3	23	13
Net income (loss) attributable to Ultralife	<u>\$ 1,047</u>	<u>\$ (323)</u>	<u>\$ 2,367</u>	<u>\$ (2,969)</u>
Net income (loss) per share attributable to Ultralife common shareholders — basic:				
Continuing operations	\$.07	\$ (.02)	\$.14	\$ (.17)
Discontinued operations	-	-	-	(.00)
Total	<u>\$.07</u>	<u>\$ (.02)</u>	<u>\$.14</u>	<u>\$ (.17)</u>

Net income per share attributable to Ultralife common shareholders — diluted:

Continuing operations	\$.07		\$.14	
Discontinued operations	-		-	
Total	<u>\$.07</u>		<u>\$.14</u>	

Weighted average shares outstanding — basic	<u>15,633</u>	<u>17,490</u>	<u>16,503</u>	<u>17,510</u>
Weighted average shares outstanding — diluted	<u>15,740</u>		<u>16,550</u>	

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