

HEAD NV: Q1 2004 RESULTS

HEAD NV - PARTICIPANTS



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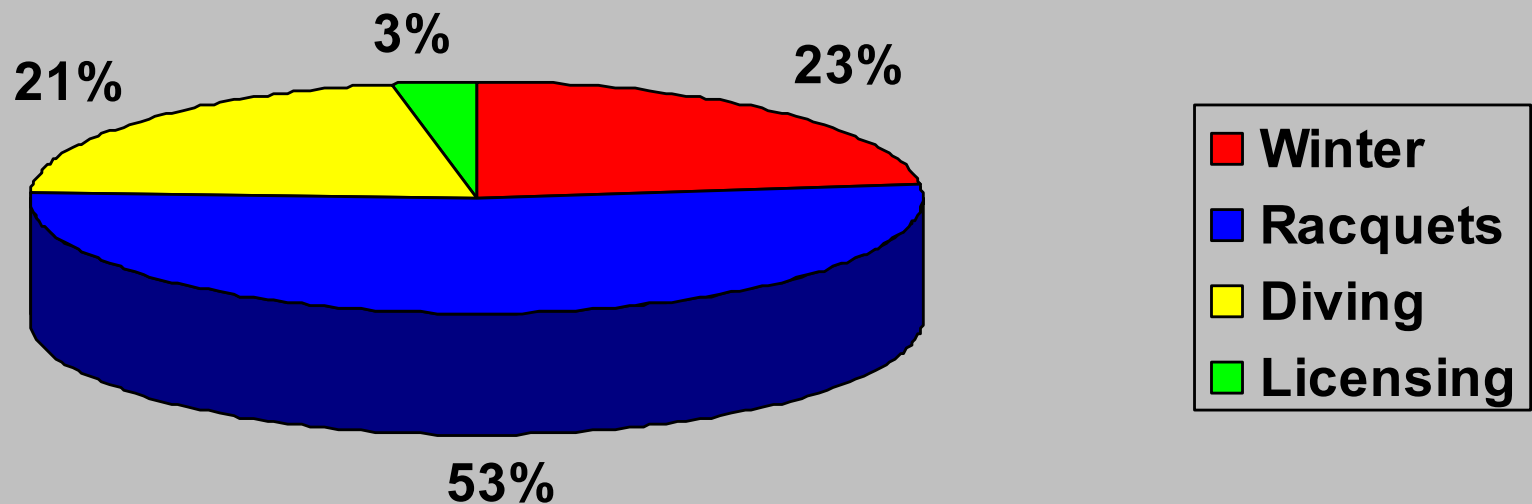
SUMMARY

- Q1 net revenue up 28% to \$94.4 million and latest twelve month revenue up 17% to \$452.0 million with net revenue growth achieved in all divisions.
- Net revenue has been positively affected by exchange rate movements.
- Profitability also improving due to operating and product mix improvements. Q1 gross margin up 240 basis points from 36.3% in Q1 2003 to 38.7% in Q1 2004. Operating loss improved from \$8.9m in 2003 to \$4.6m in 2004.
- Strong cashflow from operations, up from \$19.7m in Q1 2003 to \$23.7m in Q1 2004.



GROUP REVENUE BY PRODUCT

Q1 2004 revenue by division:

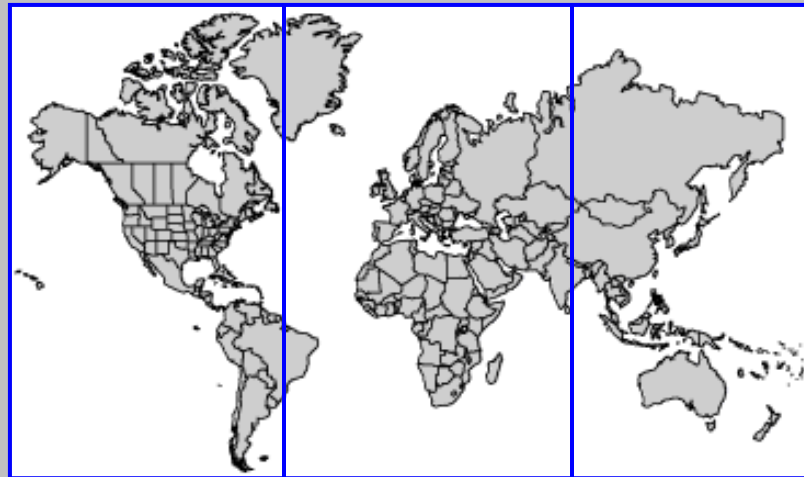


Q1 2004 revenue: \$94.4m



GROUP REVENUE BY GEOGRAPHY

Q1 2004 revenue by geography:



N America
29%

Europe
60%

R o W
11%

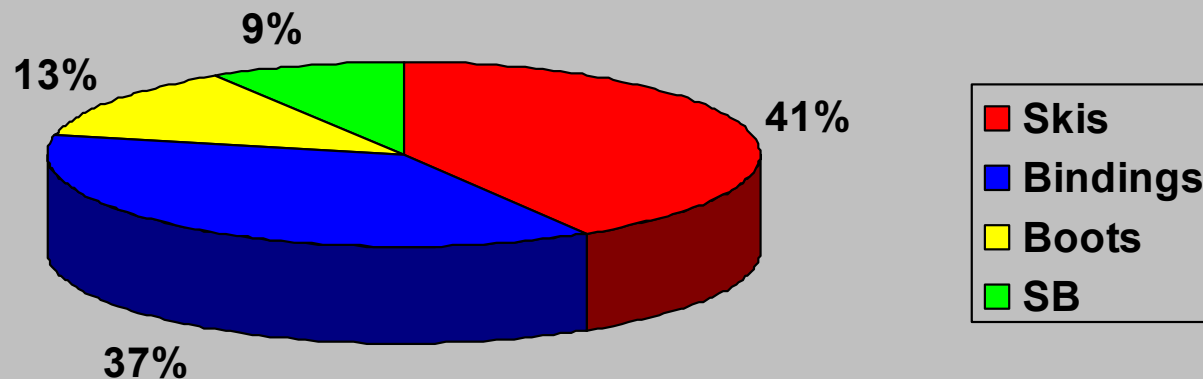
Q1 2004 revenue: \$94.4m



WINTER SPORTS

<i>US \$m</i>	Q1 03	Q1 04	LTM Mar 03	LTM Mar 04
Revenue	16.5	22.1	149.2	194.4
<i>% change</i>		+34.2%		+30.3%
Gross Profit	3.2	5.7	56.3	73.8
<i>% margin</i>	19.7%	25.7%	37.7%	37.9%

Q1 2004 revenue by product:



WINTER SPORTS

Q1 2004 revenue by geography:



N America
13%

Europe
84%

R o W
3%

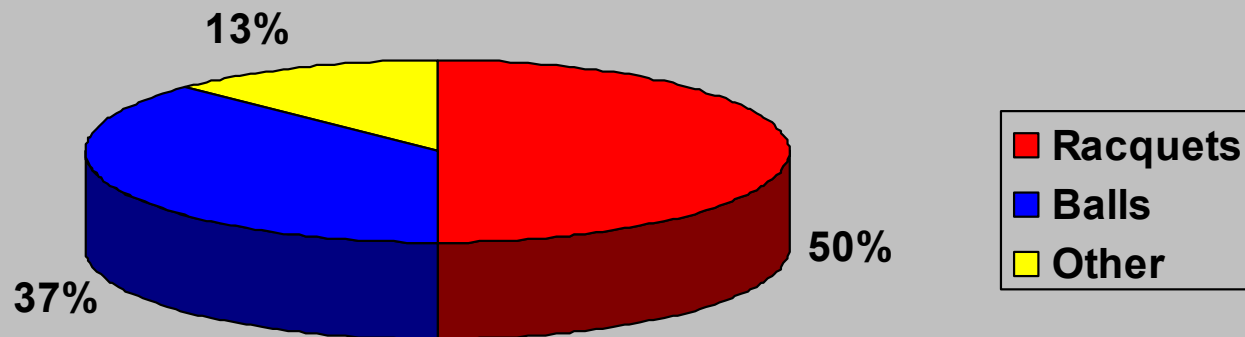
- Q1 not a significant quarter for WS, mainly consisting of reorders & end of stock sales
- Q1 2004 revenue growth driven by growth in skis (+30%) & bindings (+62%) and mix improvements
- Revenue also positively impacted by exchange rate movements
- Significant gross margin improvement on skis
- Bookings situation currently ahead of the position at the same time in 2003 in all Winter Sport product categories
- Outlook for 2004 is positive



RACQUET SPORTS

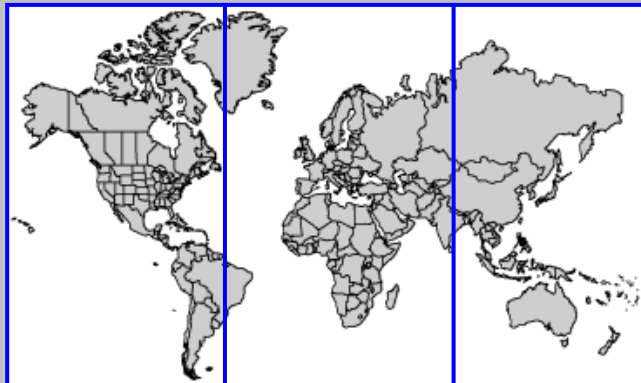
<i>US \$m</i>	Q1 03	Q1 04	LTM Mar 03	LTM Mar 04
Revenue	42.4	49.5	164.1	173.5
<i>% change</i>		+16.7%		+5.7%
Gross Profit	17.1	20.7	63.8	67.4
<i>% margin</i>	40.2%	41.7%	38.9%	38.8%

Q1 2004 revenue by product:



RACQUET SPORTS

Q1 2004 revenue by geography:



N America

43%

Europe

47%

R o W

10%

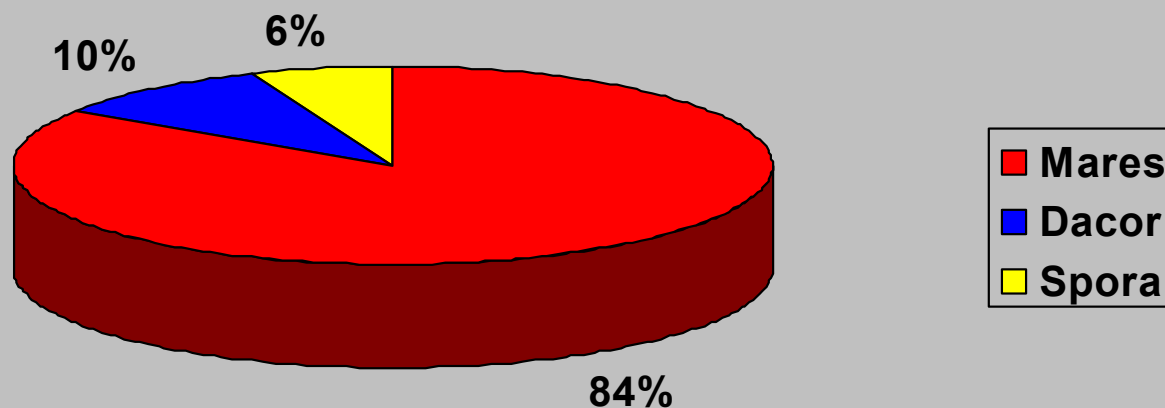
- Q1 2004 revenue growth driven by tennis racquets (+21%) and also by the positive impact of exchange rate movements
- Growth has come from volume increases as well as mix improvements due to Liquidmetal
- Substantial improvements in racquet gross margins, partly offset by one time ball manufacturing transition costs and raw material price increases
- Bookings/outlook for 2004 for racquets is positive and for balls is more cautious



DIVING

<i>US \$m</i>	Q1 03	Q1 04	LTM Mar 03	LTM Mar 04
Revenue	12.4	19.9	64.0	73.8
<i>% change</i>		+60.0%		+15.4%
Gross Profit	4.3	7.6	23.2	24.8
<i>% margin</i>	34.8%	38.0%	36.2%	33.5%

Q1 2004 revenue by product:



DIVING

Q1 2004 revenue by geography:



N America
13%

Europe
72%

R o W
15%

- Q1 2004 revenue growth came from all regions although there is a positive impact from early shipping in Q1 2004 which will reverse in the 2nd quarter of 2004
- Revenue growth was driven by increased volumes resulting from better availability and delivery efficiency
- Bookings/outlook for 2004 is positive



LICENSING

<i>US \$m</i>	Q1 03	Q1 04	LTM Mar 03	LTM Mar 04
Revenue	2.3	2.9	9.0	10.3
<i>% change</i>		+26.7%		+14.6%
Gross Profit	2.3	2.9	8.7	9.8
<i>% margin</i>	99.2%	99.3%	96.8%	94.6%

- The increase in revenue is due to timing differences, new licensing agreements more than offsetting run-offs of old licensing agreements and is also due to some positive impact from currency movements



PROFIT & LOSS

<i>US \$m</i>	Q1 03	Q1 04	LTM Mar 03	LTM Mar 04
Total Revenue	73.6	94.4	386.2	452.0
Growth		+28.3%		+17.0%
Gross Profit	26.8	36.5	151.4	175.0
% margin	36.3%	38.7%	39.2%	38.7%
EBITDA*	(3.7)	0.7	28.3	36.0
% margin	<i>n/a</i>	0.7%	7.3%	8.0%
Restructuring Costs	0.5	0.3	0.5	8.1
Operating Income/(Loss)	(8.9)	(4.6)	10.8	4.5
Net Loss	(9.9)	(14.4)	(8.9)	(19.2)

* Details of EBITDA calculation set out in final slides



BALANCE SHEET

<i>US \$m</i>	31 Mar 03	31 Dec 03	31 Mar 04
Working capital *	163.0	201.0	165.9
Total assets	481.5	537.6	563.4
Net debt	103.3	140.7	122.5
Total stockholders equity	225.8	241.7	221.6

** Details of working capital calculation set out in final slides*



CAPITAL & RESOURCES

- Net cash from operating activities for Q1 2004: \$23.7m
- No dividend to be paid in respect of 2003 results
- Reconciliation of net debt:

<i>US \$m</i>	31 Mar 03	31 Dec 03	31 Mar 04
High yield bond	71.5	82.9	165.0
Other LT debt *	28.1	32.6	31.1
ST borrowings	59.4	69.3	44.8
Cash **	<u>(55.7)</u>	<u>(44.2)</u>	<u>(118.3)</u>
	<u>103.3</u>	<u>140.7</u>	<u>122.5</u>

* Includes short term portion of long term debt

** Including restricted cash



NEW SENIOR NOTES

- Successful bond offering completed January 2004

ISSUE:	€135 million senior notes, due 2014		
COUPON:	8.5%		
USE OF NET PROCEEDS:	Repayment of 10.75% notes due 2006		€70m
	Repayment of short term loans		€19m
	Working capital & general corporate uses		<u>€41m</u>
	Net Proceeds		<u>€130m</u>
RATINGS:	Moody's: B2, stable S&P: B+, stable		



OUTLOOK FOR 2004

- Along with the development of the general economy, the sporting goods equipment market has shown some signs of improvement and we expect to see some growth in demand in each of our product divisions.
- We will continue to launch innovative new products to:
 - Stimulate the market
 - Grow our market share
 - Maintain our position as an innovation and technology leader
- We expect to largely complete our restructuring and reorganizing projects during 2004. The benefits from this programme will begin to be realized during 2004 but full impact will not be until 2005/6.
- Due to a change in Austrian income tax we will release a proportion of our capitalized tax losses during 2004 – only P&L impact, not cashflow



Q & A



INVESTOR RELATIONS CONTACTS

- Press releases, financial reports and presentations etc available from Investor Relations section of website: **www.head.com**
- For other financial or general information, contact:

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RECONCILIATION NON-US GAAP DATA

<i>US \$m</i>	Q1 03	Q1 04	LTM Mar 03	LTM Mar 04
Operating profit per P&L	-8.9	-4.6	10.8	4.5
Add: Depreciation & amortisation per cashflow	4.6	5.0	17.0	23.4
Add: Restructuring costs	0.5	0.3	0.5	8.1
EBITDA	-3.9	0.7	28.3	36.0



RECONCILIATION NON-US GAAP DATA

US \$m	31 Mar 03	31 Dec 03 *	31 Mar 04
Accounts receivable, net	122.3	196.0	131.2
Inventories, net *	98.7	78.6	94.1
Prepaid expenses & other current assets	21.4	17.8	22.5
Accounts payable	(33.7)	(39.5)	(35.0)
Accrued expenses & other current liabilities	(45.6)	(51.9)	(46.9)
Working capital	163.0	201.0	165.9

** In our Q4 and full year 2003 presentation Working capital was presented as \$203.6m. This was because inventory included \$2.6m of assets subsequently reclassified as "Assets held for sale"*

