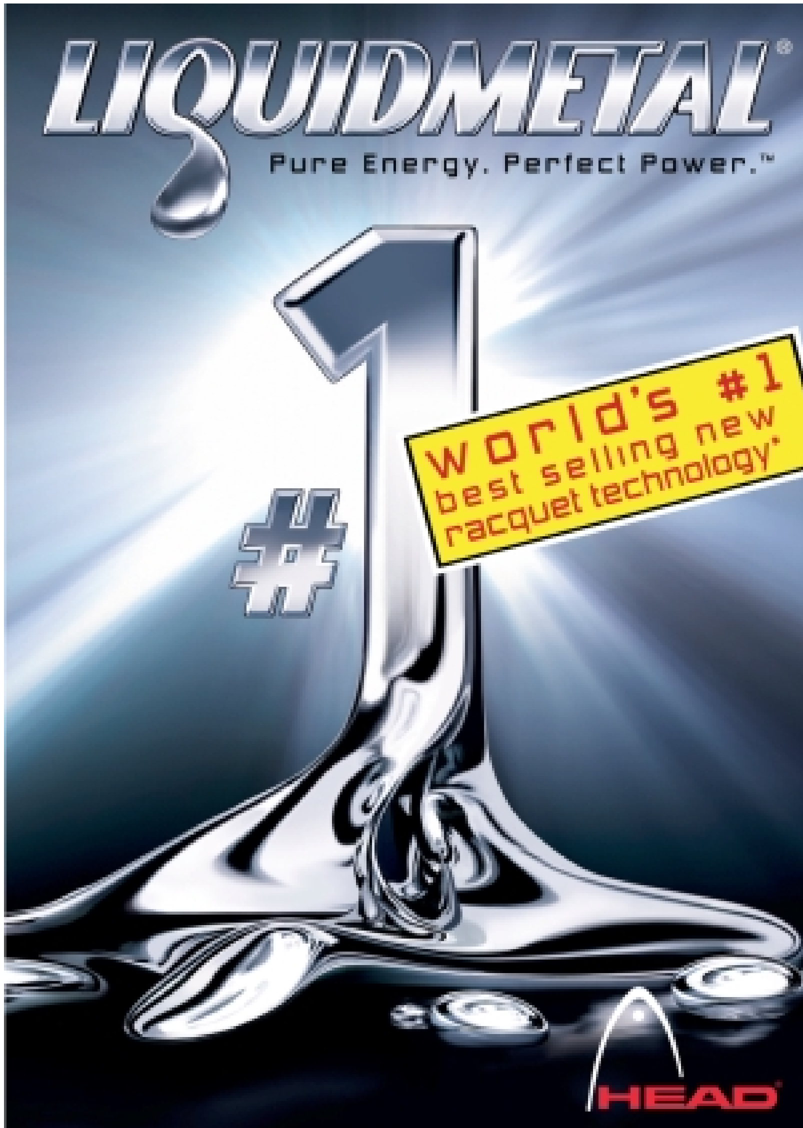



# HEAD NV: Q3 2004 RESULTS

# HEAD NV - PARTICIPANTS

Johan Eliasch

CEO

Ralf Bernhart

CFO

Clare Vincent

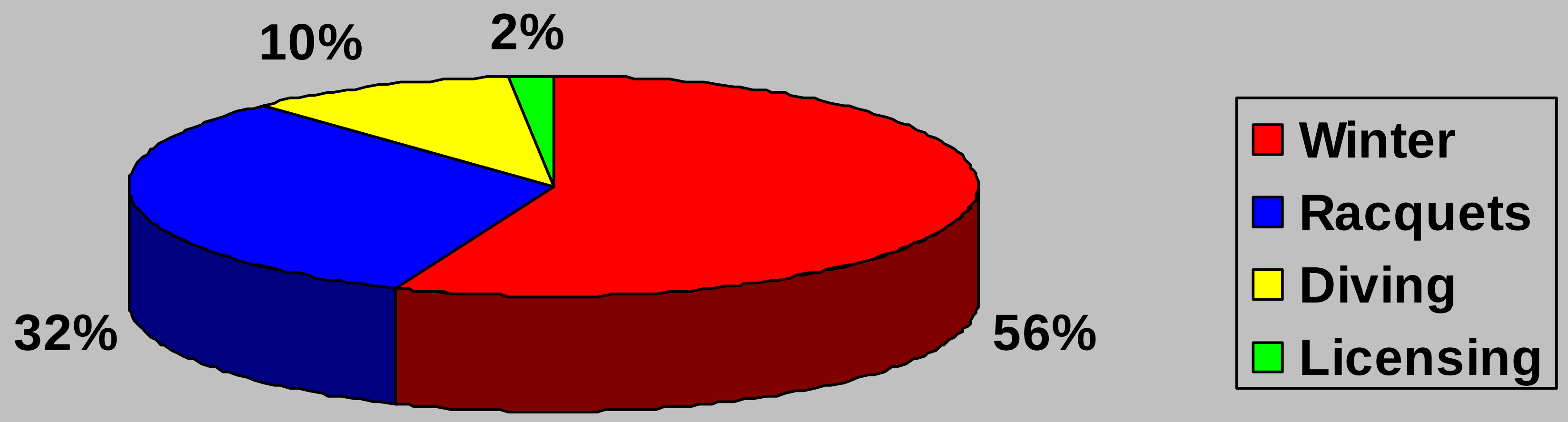
Head of IR

# SUMMARY

- Q3 net revenues were up 5% to $122.7 million and net revenues for the first nine months were up 11% to $300.3 million. Net revenue growth was positively impacted by favourable exchange rate movements
- By division, the key growth driver was Winter Sports, which saw growth of 15% for Q3 and 19% for the first nine months
- Improvements also on profitability with the Q3 operating profit before restructuring costs increased by $7.6 million to $15.7 million and for the nine months increased by $15.0 million to a $5.6 million profit due to sales growth, GM improvements and a $5.6 million gain on the sale of the Mullingar, Ireland property
- It is clear that the restructuring is starting to positively impact on the financials

# GROUP REVENUE BY PRODUCT

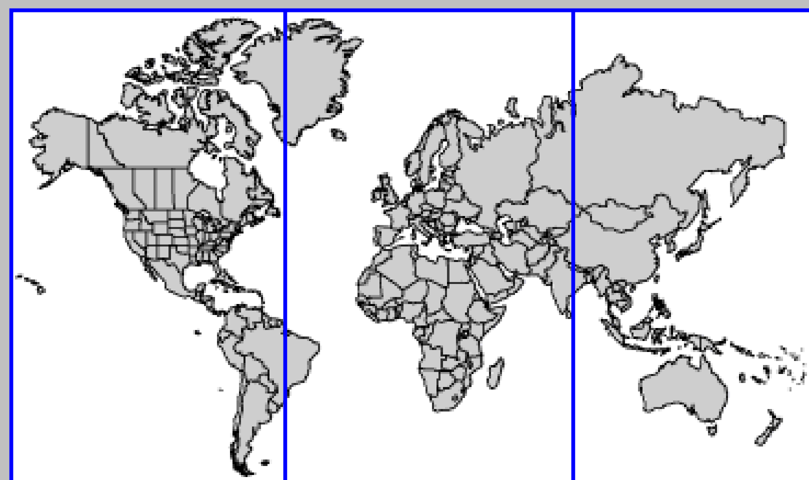
**Q3 2004 revenue by division:**




**Q3 2004 revenue: $122.7m**

# GROUP REVENUE BY GEOGRAPHY

**Q3 2004 revenue by geography:**



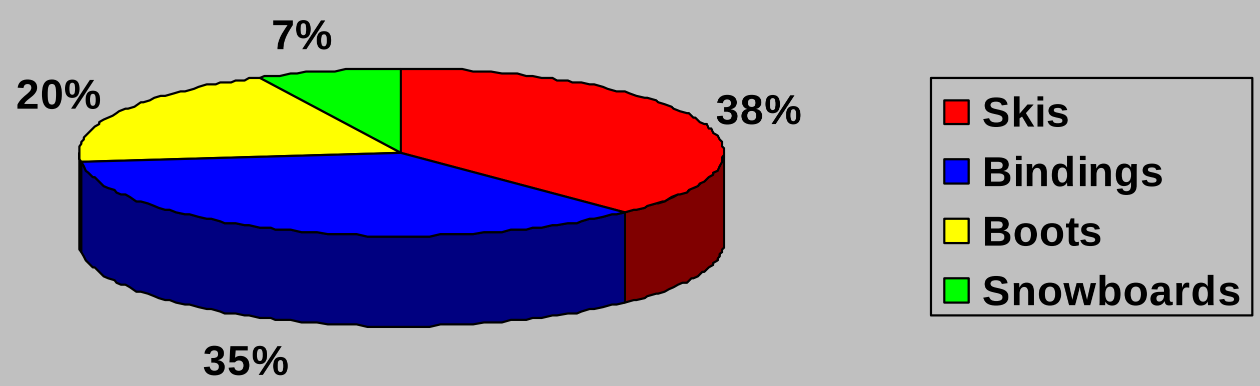
| N America | Europe | R o W |
|---|---|---|
| 29% | 61% | 10% |

**Q3 2004 revenue: $122.7m**

# WINTER SPORTS

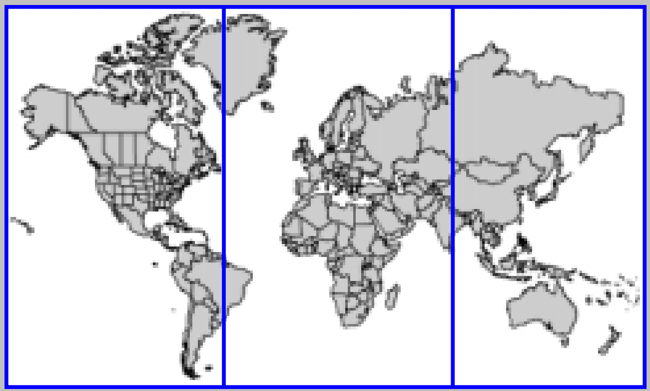
| *US $m* | **Q3 03** | **Q3 04** | **9M Sept 03** | **9M Sept 04** |
|---|---|---|---|---|
| **Revenue** | 60.0 | 68.9 | 82.4 | 98.3 |
| ***% change*** | | *+14.8%* | | *+19.2%* |
| **Gross Profit** | 25.0 | 28.6 | 27.6 | 34.5 |
| ***% margin*** | *41.7%* | *41.5%* | *33.4%* | *35.1%* |

Q3 2004 revenue by product:




# WINTER SPORTS

Q3 2004 revenue by geography:



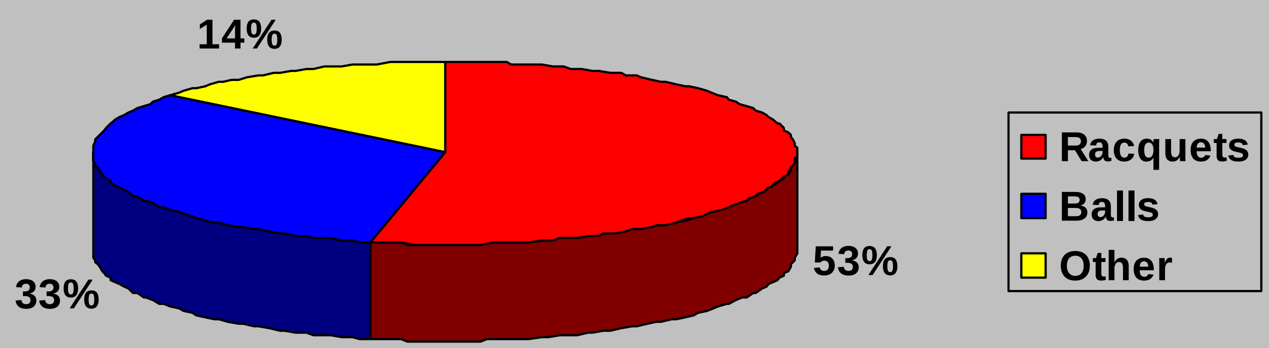
| N America | Europe | R o W |
|---|---|---|
| 19% | 76% | 5% |

- Q3 net revenues increased by 14.8% to \$68.9 million and net revenues for the first nine months increased by 19.2% to \$98.3 million
- The nine months revenue increase was partly due to the strengthening of the euro against the US dollar but also:
  - Higher volumes & prices for bindings
  - Improved product mix for skis
  - Improved product mix for ski boots
- Based on year-to-date bookings, we expect our full year 2004 Winter Sports net revenue to be ahead of that in 2003

# RACQUET SPORTS

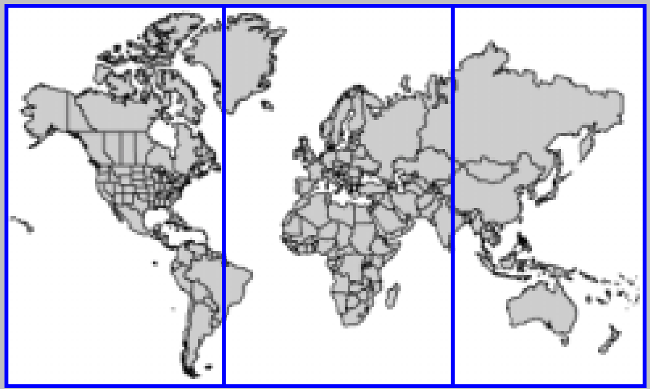
| *US $m* | Q3 03 | Q3 04 | 9M Sept 03 | 9M Sept 04 |
|---|---|---|---|---|
| **Revenue** | 41.7 | 39.1 | 128.8 | 135.5 |
| ***% change*** | | *-6.2%* | | *+5.2%* |
| **Gross Profit** | 15.6 | 14.9 | 50.0 | 55.3 |
| ***% margin*** | *37.5%* | *38.1%* | *38.9%* | *40.8%* |

Q3 2004 revenue by product:




# RACQUET SPORTS

Q3 2004 revenue by geography:



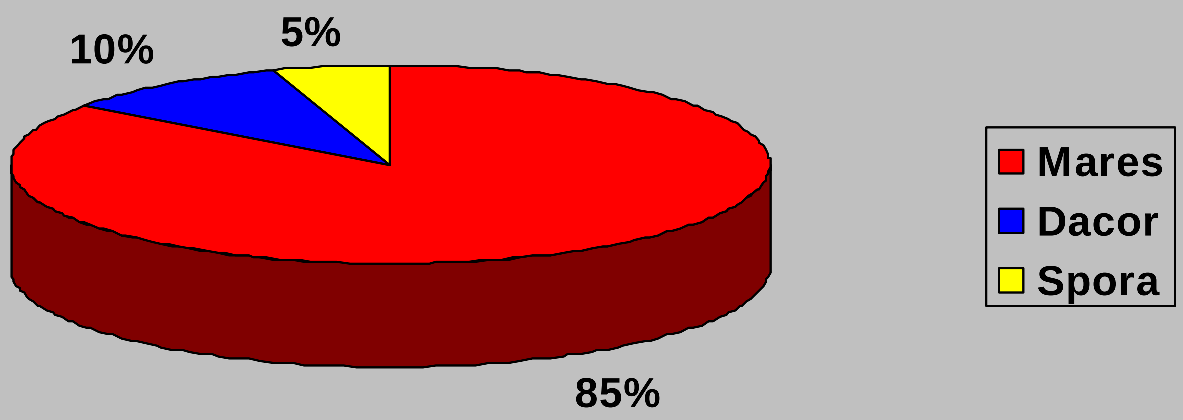
| N America | Europe | R o W |
| --- | --- | --- |
| 49% | 36% | 15% |

- Q3 net revenues decreased by 6.2% to $39.1 million but net revenues for the first nine months increased by 5.2% to $135.5 million
- The third quarter decrease was due to:
  - Price pressure in tennis racquets & hard comparisons to the LM launch in Q3 2003
  - Lower volumes for tennis balls due to bad weather in Europe & less OEM business with Mullingar closure
  - Partially offset by the strengthening of the euro against the US dollar
- 9M increase partly due to exchange but also tennis racquet market share gains
- Latest bookings data for full year 2004 suggest we will be ahead of 2003 revenues

# DIVING

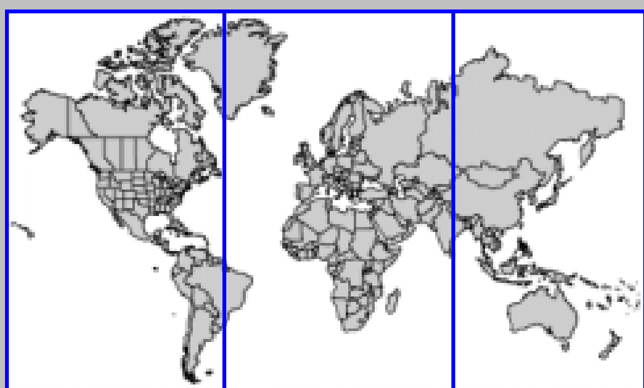
| *US $m* | **Q3 03** | **Q3 04** | **9M Sept 03** | **9M Sept 04** |
|---|---|---|---|---|
| **Revenue** | 12.8 | 12.7 | 51.4 | 58.6 |
| ***% change*** | | *-0.9%* | | *+14.1%* |
| **Gross Profit** | 3.6 | 3.7 | 17.7 | 21.6 |
| ***% margin*** | *27.8%* | *29.2%* | *34.5%* | *36.9%* |

Q3 2004 revenue by product:




# DIVING

Q3 2004 revenue by geography:



| N America | Europe | R o W |
|---|---|---|
| **26%** | **58%** | **16%** |

- Third quarter net revenues declined by 0.9% to $12.7 million but net revenues for the first nine months increased by 14.1% to $58.6 million
- The nine months increase is partly due to the strengthening of the euro against the US dollar but also to increased sales volumes due to better product availability
- Latest bookings data for full year 2004 is ahead of prior year

# LICENSING

| *US $m* | **Q3 03** | **Q3 04** | **9M Sept 03** | **9M Sept 04** |
|---|---|---|---|---|
| **Revenue** | 2.0 | 1.9 | 6.8 | 7.8 |
| ***% change*** | | *-4.5%* | | *+16.0%* |
| **Gross Profit** | 1.9 | 1.9 | 6.6 | 7.6 |
| ***% margin*** | *95.0%* | *95.8%* | *97.7%* | *96.9%* |

- The small decline in the third quarter is due to timing differences
- The nine months' increase is due to an increase in revenues from existing contracts and also additional revenues from new contracts

# PROFIT & LOSS

| *US $m* | **Q3 03** | **Q3 04** | **9M Sept 03** | **9M Sept 04** |
|---|---|---|---|---|
| **Total Revenue** | 116.6 | 122.7 | 269.4 | 300.3 |
| ***Growth*** | | *+5.2%* | | *+11.5%* |
| **Gross Profit** | 46.0 | 48.8 | 101.5 | 118.3 |
| ***% margin*** | *39.5%* | *39.7%* | *37.7%* | *39.4%* |
| **EBITDA*** | 13.1 | 20.4 | 5.4 | 20.0 |
| **Restructuring Costs** | 0.4 | 0.4 | 0.9 | 1.7 |
| **Operating Income/(Loss)** | 7.7 | 15.3 | (10.3) | 3.9 |
| **Net Loss** | 2.2 | 8.1 | (16.6) | (37.0) |

** Details of EBITDA calculation set out in final slides*

# BALANCE SHEET

| *US $m* | **30 Sept 03** | **31 Dec 03** | **30 Sept 04** |
|---|---|---|---|
| **Working capital *** | 201.9 | 201.0 | 213.1 |
| **Total assets** | 514.8 | 537.6 | 538.0 |
| **Net debt** | 147.0 | 140.7 | 170.1 |
| **Total stockholders equity** | 228.9 | 241.7 | 202.3 |

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

# CAPITAL & RESOURCES

- Net cash used by operating activities for 9M 2004: $10.0m

- Reconciliation of net debt:

| *US $m* | **30 Sept 03** | **31 Dec 03** | **30 Sept 04** |
|---|---|---|---|
| **Senior Notes** | 76.5 | 82.9 | 160.7 |
| **Other LT debt** * | 28.5 | 64.4 | 29.3 |
| **ST borrowings** | 72.2 | 37.5 | 36.1 |
| **Cash** ** | (30.2) | (44.2) | (56.0) |
| | 147.0 | 140.7 | 170.1 |

**  Includes short term portion of long term debt*

*** Including restricted cash*

# OUTLOOK FOR 2004

- We still expect reported net revenues & operating profit (excluding restructuring costs) for 2004 to be ahead of 2003.
- Although the general economic situation has started to improve, we still expect the Racquet Sports and Diving markets to be flat on a global basis for 2004.  Although more positive, the Winter Sports market will depend on snow conditions.
- Rising oil and steel prices are still a concern.  In addition, Sarbanes-Oxley compliance costs will impact operating results.
- We have largely completed our restructuring and reorganizing projects now. The benefits from this programme have begun to be realized during 2004 but full impact will not be until 2005/6.
- Due to a change in Austrian income tax we have released a portion 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:

| | |
|---|---|
| Clare Vincent | Ralf Bernhart |
| Tel: +44 20 7499 7800 | Tel: +43 170 1790 |
| E-mail: htmcv@aol.com | E-mail: r.bernhart@head.com |

# RECONCILIATION NON-US GAAP DATA

| *US $m* | **Q3 03** | **Q3 04** | **9M Sept 03** | **9M Sept 04** |
|---|---|---|---|---|
| Operating profit per P&L | 7.7 | 15.3 | (10.3) | 3.9 |
| Add: Depreciation & amortisation per cashflow | 5.0 | 4.7 | 14.8 | 14.4 |
| Add: Restructuring costs | 0.4 | 0.4 | 0.9 | 1.7 |
| **EBITDA** | **13.1** | **20.4** | **5.4** | **20.0** |

# RECONCILIATION NON-US GAAP DATA

| *US $m* | **30 Sept 03** | **31 Dec 03 *** | **30 Sept 04** |
|---|---|---|---|
| Accounts receivable, net | 155.5 | 196.0 | 158.2 |
| Inventories, net * | 112.5 | 78.6 | 123.7 |
| Prepaid expenses & other current assets | 24.1 | 17.8 | 22.1 |
| Accounts payable | (37.9) | (39.5) | (39.3) |
| Accrued expenses & other current liabilities | (52.3) | (51.9) | (51.5) |
| **Working capital** | **201.9** | **201.0** | **213.1** |

** 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”*