

Head NV

Q2 2006 Results



HEAD NV – Participants



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CEO



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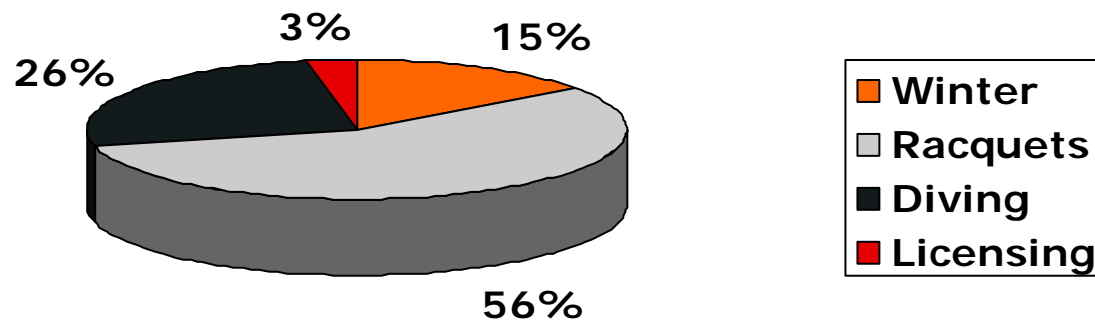
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Investor
Relations

Summary

- Q2 net revenues decreased by 5.3% to €63.8 million. Operating loss, before restructuring costs and gain on sale of assets, is €2.9 million compared to €0.2 million operating profit in Q2 05.
- HY 06 net revenues increased marginally, by 1.1%, compared with HY 05. Operating loss before restructuring costs and gain on sale of assets increased by €0.3 million compared to HY 2005 to €7.1 million.
- Gross margin for Q2 06 decreased to 40.9%, compared to 44.4% at Q2 05.
- The gross margin for HY 06 decreased marginally to 40.1%, compared to 40.7% for HY 05.
- The loss for Q2 06 is €4.1 million, which is lower, by €7.3 million, than the €3.2 million profit in Q2 05.
- Cash outflow due to operating activities during Q2 2006 was €14.5 million, a slight increase compared with €10.3 million during Q2 2005. However, cashflow due to operating activities HY 2006 was positive €21.9 million, a €2.3 million improvement compared to €19.6 million HY 2005

Group Revenue by Product

Q2 2006 net revenue by division:



Q2 2006 net revenues: €63.8m

Group Revenue by Geography

Q2 2006 net revenue by geography:



N America
35%

Europe
53%

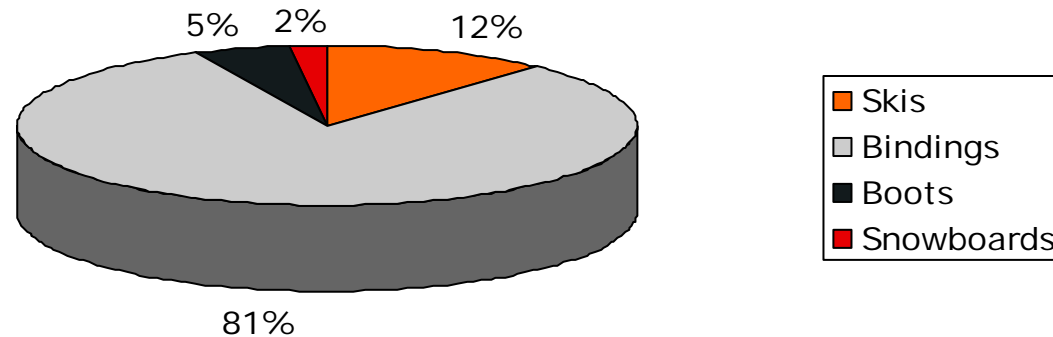
ROW
12%

Q2 2006 net revenues: €63.8m

Winter Sports

<i>Eur €m</i>	Q2 05	Q2 06	6M June 05	6M June 06
Gross Revenues	10.2	9.6	26.1	29.8
% change		-6.0%		+14%
Gross Profit	3.3	2.7	6.5	8.6
% margin	32.5%	28.0%	25.0%	28.9%

Q2 2006 gross revenues by product:



Winter Sports

Q2 2006 gross revenues by geography:



N America
4%

Europe
90%

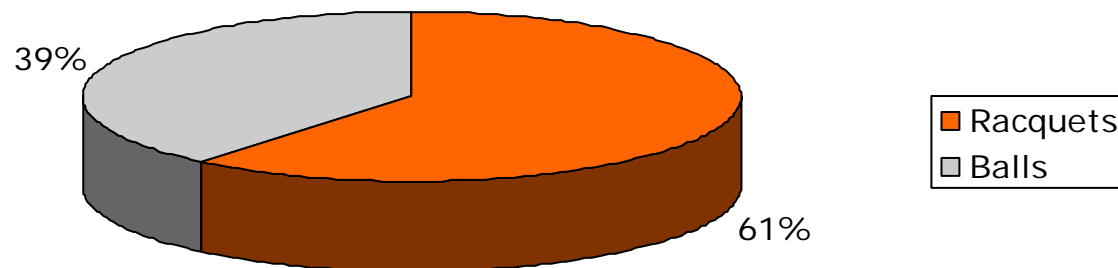
ROW
6%

- Q2 gross revenues decreased by 6.0% to €9.6 million, however gross revenues for the first 6 months 06 increased by 14%, to €29.8 million compared to HY 05.
- Strong revenue for the HY 2006 is due to good snow conditions worldwide for the 2005/2006 season, resulting in increased sales across all Winter Sports products. In addition, product availability improved compared to 2005.
- Gross margin for Q2 06 decreased from 32.5% to 28.0%. However, this is mainly a difference in timing of shipping compared to Q2 05, as gross margin for HY 06 improved from 25.0% to 28.9%.
- Bookings remain favourable compared with prior year.

Racquet Sports

<i>Euro €m</i>	Q2 05	Q2 06	6M June 05	6M June 06
Gross Revenues	37.4	36.6	69.3	72.9
% change		-2.1%		+5.1%
Gross Profit	16.4	14.1	28.6	28.5
% margin	43.7%	38.5%	41.3%	39.1%

Q2 2006 gross revenues by product:



Racquet Sports

Q2 2006 gross revenues by geography:



N America
52%

Europe
38%

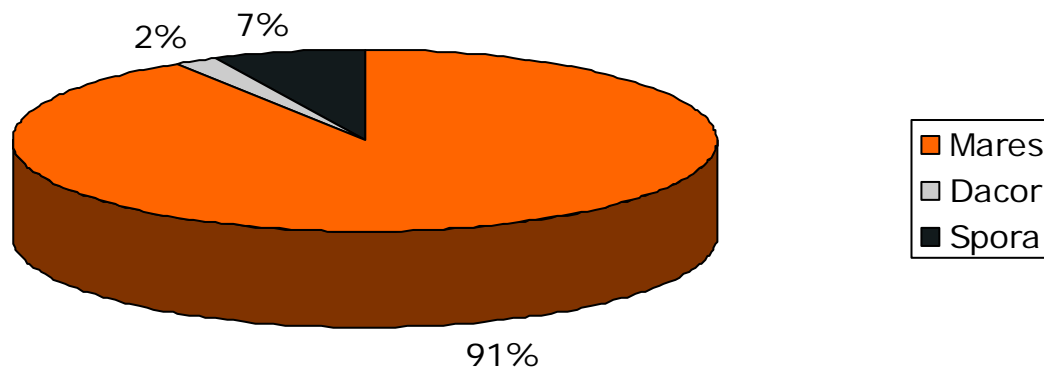
ROW
10%

- Q2 06 gross revenues decreased by 2.1% to €36.6 million, mainly due to lower sales prices for racquets, whereas Q2 05 saw the introduction of Flexpoint racquets.
- HY 06 revenues increased 5.1%, due to higher sales volumes for tennis racquets and balls.
- Division margins declined for both Q2, and the HY, due to a less favourable product mix in racquets and an increase in raw material prices.
- Both the racquet & ball markets continue to develop positively, with growth in both the US and Europe.
- HEAD branded tennis balls and the new Airflow racquets, targeted at female players, were successfully launched during Q2 06.

Diving

<i>Eur €m</i>	Q2 05	Q2 06	6M June 05	6M June 06
Gross Revenues	17.7	16.8	32.1	27.9
% change		-5.1%		-13.3%
Gross Profit	7.0	7.1	12.4	11.0
% margin	39.5%	42.3%	38.5%	39.5%

Q2 2006 gross revenues by product:



Diving

Q2 2006 gross revenues by geography:



N America
16%

Europe
67%

ROW
17%

- Q2 gross revenues declined by 5.1% to €16.8 million & gross revenues for the HY 06 decreased 13.3% to €27.9 million.
- Revenue decreases due to a number of factors: strategy to reduce DACOR business, unfavourable market conditions in Europe, & delayed product launch campaign (compared to 2005).
- Gross profit has shown a positive development for both the 2nd quarter & the HY 06, rising 280 & 100 basis points respectively. This reflects our strategy to improve margins, as opposed to sales.
- Market conditions show improved sales in the Middle East and Eastern Europe, a stable positive trend in the US, and moderate growth in South East Asia.

Licensing

<i>Eur €m</i>	Q2 05	Q2 06	6M June 05	6M June 06
Gross Revenues	3.3	2.2	5.6	4.7
% change		-32.7%		-15.7%
Gross Profit	3.3	2.2	5.5	4.7
% margin	98.1%	98.6%	98.2%	100.3%

Decrease in Q2 06 revenue compared with Q2 05 due to:

- Termination of footwear license; to be replaced by own distribution
- Termination of UK apparel license; to be replaced in 2007.

Profit & Loss

<i>Eur €m</i>	Q2 05	Q2 06	6M June 05	6M June 06
Net Revenue	67.4	63.8	130.1	131.5
Growth		-5.3%		+1.1%
Gross Profit	29.9	26.1	52.9	52.7
% margin	44.4%	40.9%	40.7%	40.1%
EBITDA*	4.3	(0.7)	1.2	0.1
Gain on sale	(5.9)	-	(5.9)	-
Restructuring Costs	2.4	-	2.4	-
Operating Profit/(Loss)	3.7	(2.9)	(3.4)	(7.1)
Profit/(Loss) for the period	3.2	(4.1)	(3.8)	(9.7)

* Details of EBITDA calculation are set out in final slides

Balance Sheet

<i>Eur €m</i>	30 June 05	31 Dec 05	30 June 06
Working capital *	134.6	146.9	117.9
Total assets	415.3	432.3	415.6
Net debt	121.6	112.0	99.3
Total stockholders equity	160.4	171.8	159.0

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

Capital & Resources

- Net cash from operating activities 3 months ended 30 June 2006 was an outflow of: €14.5 m
- Reconciliation of net debt:

<i>Eur €m</i>	30 June 05	31 Dec 05	30 June 06
Senior Notes	111.0	111.1	111.2
Other LT debt *	21.9	22.6	21.3
ST borrowings	28.7	27.7	24.9
Cash **	<u>(39.9)</u>	<u>(49.5)</u>	<u>(58.2)</u>
	<u>121.6</u>	<u>112.0</u>	<u>99.3</u>

**Includes short term portion of long term debt*

***Including restricted cash*

Outlook for 2006

- The half year results have met expectations, with overall revenues and gross margins in line with the prior year; revenues in the Winter Sports and Racquets Sport divisions have shown solid growth, which has been only partially offset by declines in Diving & Licensing revenues.
- Gross margins for the half year have been positively impacted by strong performance for all winter sport products; this improvement has been partly mitigated by a decline in margins in Racquets Sports, due to product mix variances and rising raw material prices.
- Based on our half-year results, the outlook remains positive, and we continue to anticipate an improvement on last year's results.

HEAD

TYROLIA **mares** **DACOR** **penn**



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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EBITDA Reconciliation

<i>Eur €m</i>	Q2 05	Q2 06	6M June 05	6M June 06
Operating income/(loss) per P&L	3.7	(2.9)	(3.4)	(7.1)
Add: Depreciation & amortisation per cash flow	4.1	3.6	8.1	7.2
Deduct: Gain on sale	(5.9)	-	(5.9)	-
Add: Restructuring costs	2.4	-	2.4	-
EBITDA	4.3	(0.6)	1.2	0.1

Working Capital Reconciliation

<i>Eur €m</i>	30 Jun 05	31 Dec 05	30 Jun 06
Accounts receivable, net	94.0	148.5	83.8
Inventories, net	107.9	68.6	102.3
Prepaid expenses & other current assets	4.6	3.9	4.6
Accounts payable	(29.5)	(24.8)	(26.9)
Accrued expenses & other current liabilities	(42.3)	(49.3)	(45.9)
Working capital	134.6	146.9	117.9