

HEAD

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



Head NV

Q2 2007 Results

HEAD NV – Participants



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CEO



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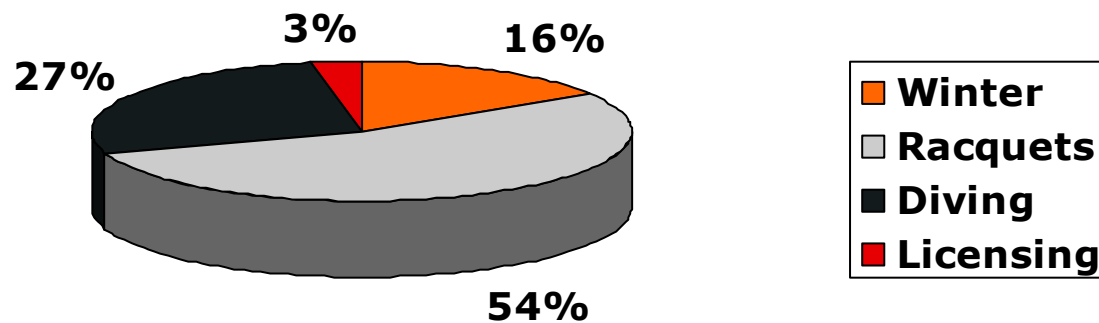
Vicki Booth
Investor
Relations

Summary

- Q2 07 net revenues decreased 3.4% to €61.6 million from €63.8 million in the comparative period.
- Operating loss increased €1.8 million, to a loss of €5.3 million compared to a €3.5 million loss in the comparable 2006 period.
- For the 6 months ended 30 June 07, net revenues decreased 9.6%, to €119.0 million compared with equivalent 2006 period. Operating loss increased €6.9 million to €14.2 million from €7.3 million in the comparable 2006 period.
- Gross margin Q2 07 decreased slightly to 38.9% compared with 40.9% in the comparative 2006 period. For the 6 months ended 30 June 2007, gross margin fell to 39.8% compared to 40.1% in the equivalent 2006 period.
- The loss for Q2 07 is €6.5 million compared to €4.7 million for Q2 06. For the 6 months ended 30 June 07 the loss is €16.0 million, compared to €9.9 million in the 2006 period.
- Cashflow from operating activities for Q2 07 was positive €6.2 million.

Group Revenue by Product

Q2 2007 net revenue by division:



Q2 2007 net revenues: €61.6m

Group Revenue by Geography

Q2 2007 net revenue by geography:



N America
34%

Europe
54%

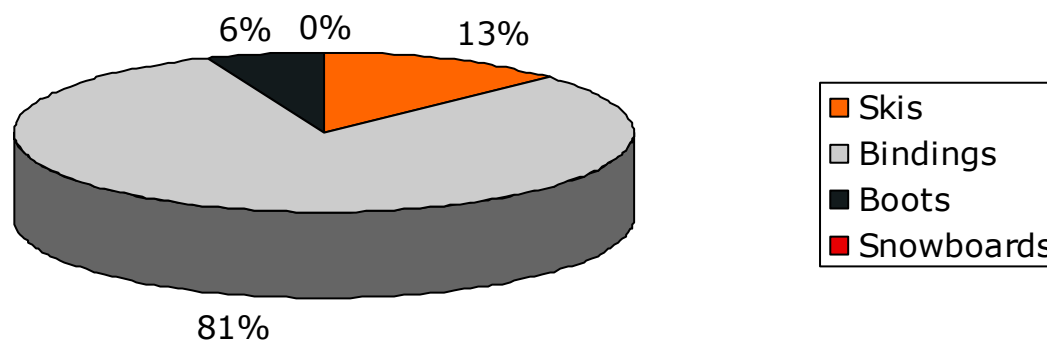
ROW
12%

Q2 2007 net revenues: €61.6m

Winter Sports

<i>Eur €m</i>	Q2 06	Q2 07	6m June 06	6m June 07
Gross Revenues	9.6	9.9	29.8	20.7
% change		3.4%		-30.5%
Gross Profit	2.7	1.0	8.6	3.3
% margin	28.0%	9.2%	28.9%	15.8%

Q2 2007 gross revenues by product:



Winter Sports

Q2 2007 gross revenues by geography:



N America
8%

Europe
84%

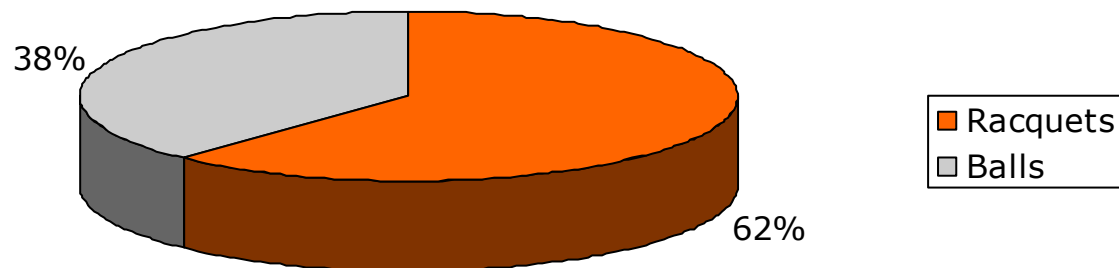
ROW
8%

- Q2 07 gross revenues increased by 3.4% to €9.9 million. Gross revenues for 6m ended 30 June 07 down 30.5% at €20.7 million.
- Q2 07 revenues up due to earlier pre-season sales of skis & higher sales volumes of bindings. 6 month revenues down due to lower sales volumes in all winter sport products due to poor snow during 06/07 season.
- Gross margin Q2 07 decreased to 9.2% from 28.0% in Q2 06. Decline due to lower utilization of production capacity.
- Pre-season orders are now complete & as anticipated, are down on 2006. Indication given during Q1 07 remains – we estimate, for the worldwide market, pre-season orders for alpine ski equipment are down 25-30%.

Racquet Sports

<i>Euro €m</i>	Q2 06	Q2 07	6m June 06	6m June 07
Gross Revenues	36.6	34.5	72.9	67.5
% change		-5.8%		-7.4%
Gross Profit	14.1	14.4	28.5	28.2
% margin	38.5%	41.6%	39.1%	41.7%

Q2 2007 gross revenues by product:



Racquet Sports

Q2 2007 gross revenues by geography:



N America
51%

Europe
40%

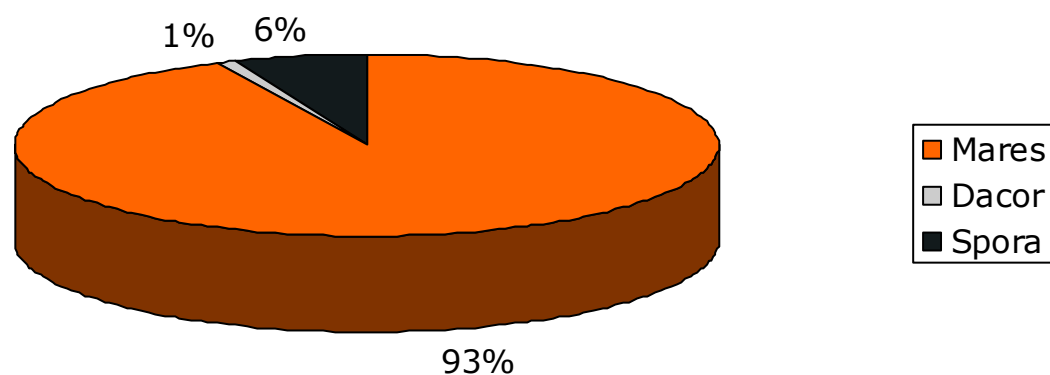
ROW
9%

- Q2 07 gross revenues decreased by 5.8% to €34.5 million. Gross revenues for 6m ending 30 June 07 down 7.4% to €67.5 million.
- Revenue decreases in Q2 07 and for the 6 month period due to:
 - o different timing of product launches
 - o changes in distribution
 - o strengthening of the Euro against the Dollar.
- Division margin improved for both Q2 07 (41.6%) & 6 months ended 30 June 07 (41.7%) mainly due to strong Euro compared to the Dollar.

Diving

<i>Eur €m</i>	Q2 06	Q2 07	6m June 06	6m June 07
Gross Revenues	16.8	16.9	27.9	30.3
% change		+0.3%		+8.8%
Gross Profit	7.1	6.8	11.0	12.5
% margin	42.3%	40.3%	39.5%	41.3%

Q2 2007 gross revenues by product:



Diving

Q2 2007 gross revenues by geography:



N America
14%

Europe
69%

ROW
17%

- Q2 07 gross revenues were broadly in line with Q2 06, at €16.9 million. Gross revenues for 6 months to June 07 up 8.8% to €30.3 million.
- Increase for 6 month period driven by strong performance of the diving category in the MARES brand, plus good results from European & US units.
- Gross margin showed positive development for 6 months ended 30 June 07, rising 180 basis points to 41.3%.
- Better gross margin due to improved efficiencies in operations following completion of restructuring activities carried out in 2005/2006.
- Worldwide diving market for 06 was broadly flat. However, Mares showed a positive trend in 06, which continued in the first 6 months 2007 with growth in market share.

Licensing

<i>Eur €m</i>	Q2 06	Q2 07	6m June 06	6m June 07
Gross Revenues	2.2	2.1	4.7	3.8
% change		-6.4%		-20.4%
Gross Profit	2.2	2.1	4.7	3.7
% margin	98.6%	97.5%	100.3%	97.5%

- Decrease in 6 month revenues to 30 June 2007 due to higher revenues, exceeding minimum royalties, having been received during Q1 2006.

Profit & Loss

<i>Eur €m</i>	Q2 06⁽¹⁾	Q2 07	6m June 06 ⁽¹⁾	6m June 07
Net Revenue	63.8	61.6	131.5	119.0
Growth		-3.4%		-9.6%
Gross Profit	26.1	24.0	52.7	47.3
% margin	40.9%	38.9%	40.1%	39.8%
EBITDA⁽²⁾	0.1	(1.8)	(0.1)	(7.3)
Gain on sale	-	-	-	-
Restructuring Costs	-	-	-	-
Operating Profit/(Loss)	(3.5)	(5.3)	(7.3)	(14.2)
Profit/(Loss) for the period	(4.7)	(6.5)	(9.9)	(16.0)

(1) Restated

(2) Details of EBITDA calculation are set out in final slides

Balance Sheet

<i>Eur €m</i>	30 June 06 <i>Restated</i>	31 Dec 06	30 June 07
Working capital *	117.9	140.3	121.0
Total assets	415.6	422.6	400.4
Net debt	99.3	112.3	106.2
Total stockholders equity	152.7	155.9	139.6

* Details of working capital calculation set out in final slides

Capital & Resources

- Net cash from operating activities for 6 months ended 30 June 2007: €6.2 m
- Reconciliation of net debt:

<i>Eur €m</i>	30 June 06	31 Dec 06	30 June 07
Senior Notes	111.2	111.4	111.5
Other LT debt *	21.3	25.0	23.4
ST borrowings	24.9	19.5	20.1
Cash **	<u>(58.2)</u>	<u>(43.6)</u>	<u>(48.8)</u>
	<u>99.3</u>	<u>112.3</u>	<u>106.2</u>

**Includes short term portion of long term debt*

***Including restricted cash*

Outlook for 2007

- Results for Q2 07 have been mixed. Overall, net revenues down 3.4%, driven by declines in Racquet Sports division. Winter Sports division revenues up on Q2 06, though still down 30.5% through 6 months ended 30 June 07.
- Gross margin Q2 07 declined 200 basis points to 38.9%, driven by lower margin in Winter Sports division, due to lower utilization of production capacity. Gross margin in Racquet Sports division improved 310 basis points to 41.6% despite lower revenues.
- For 6 months ended 30 June 07, net revenues down 9.6%, key contributor is lower revenues in Winter Sports division in Q1 07. Gross margin deterioration also due to impact of poor market conditions on Winter Sports division.
- Current outlook remains unchanged - in light of adverse conditions that impacted the 06/07 Winter Sports season, we continue to anticipate that we may record an operating loss for 2007.

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Q & A



Investor Relations Contacts

- Press releases, financial reports and presentations etc available from Investor Relations section of website: **www.head.com**
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EBITDA Reconciliation

<i>Eur €m</i>	Q2 06	Q2 07	6m June 06	6m June 07
Operating income/(loss) per P&L	(3.5)	(5.3)	(7.3)	(14.2)
Add: Depreciation & amortisation per cash flow	3.6	3.5	7.2	6.9
Deduct: Gain on sale	-	-	-	-
Add: Restructuring costs	-	-	-	-
EBITDA	0.1	(1.8)	(0.1)	(7.3)

Working Capital Reconciliation

<i>Eur €m</i>	30 Jun 06	31 Dec 06	30 Jun 07
Accounts receivable, net	83.8	151.6	87.6
Inventories, net	102.3	65.0	101.2
Prepaid expenses & other current assets	4.6	2.6	2.8
Accounts payable	(26.9)	(29.0)	(26.6)
Accrued expenses & other current liabilities *	(45.9)	(49.9)	(44.0)
Working capital	117.9	140.3	121.0

**Includes provisions, 31 Dec 2006 restated*