

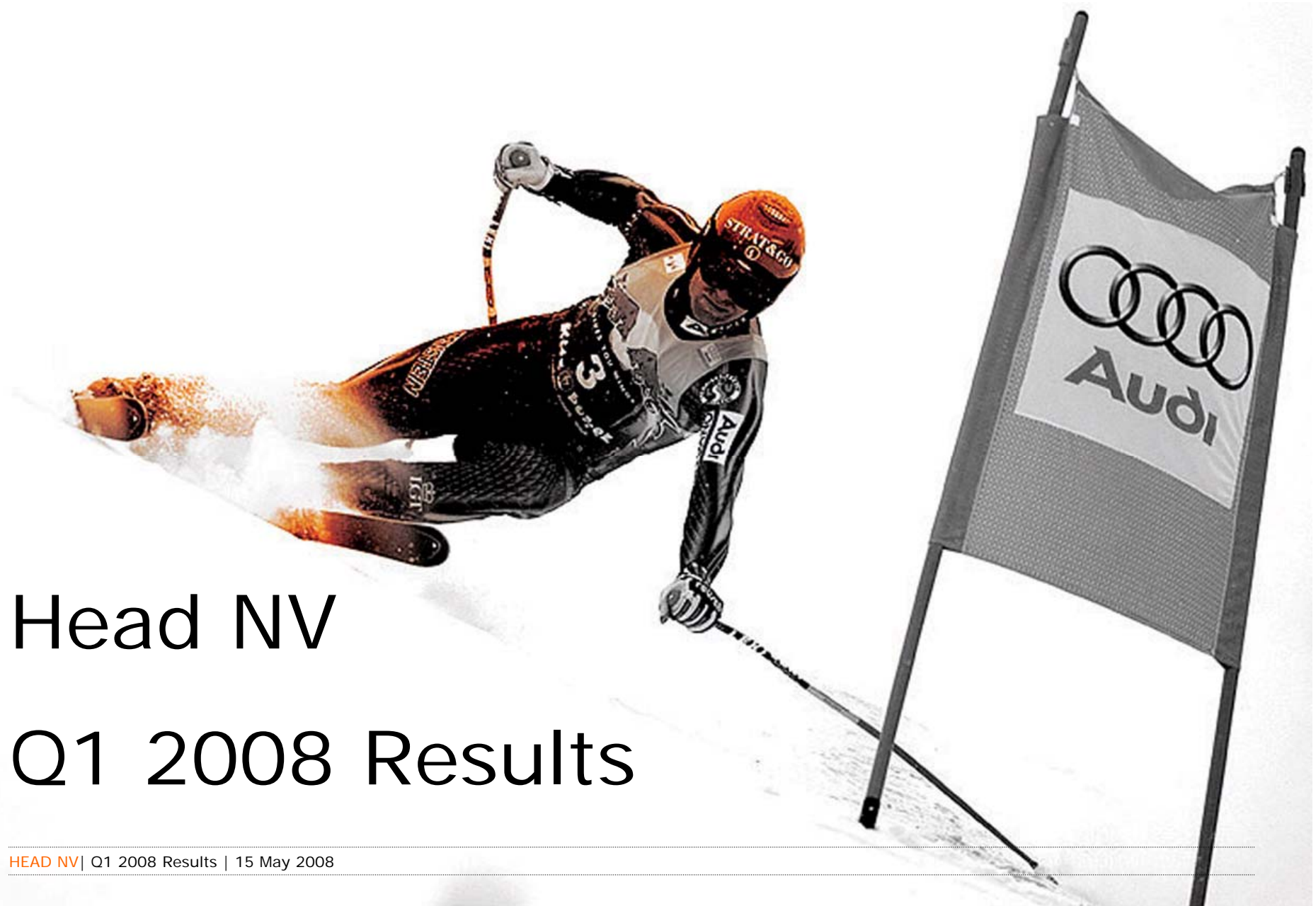
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# Head NV

## Q1 2008 Results

# HEAD NV – Participants



Johan Eliasch  
CEO



Ralf Bernhart  
CFO



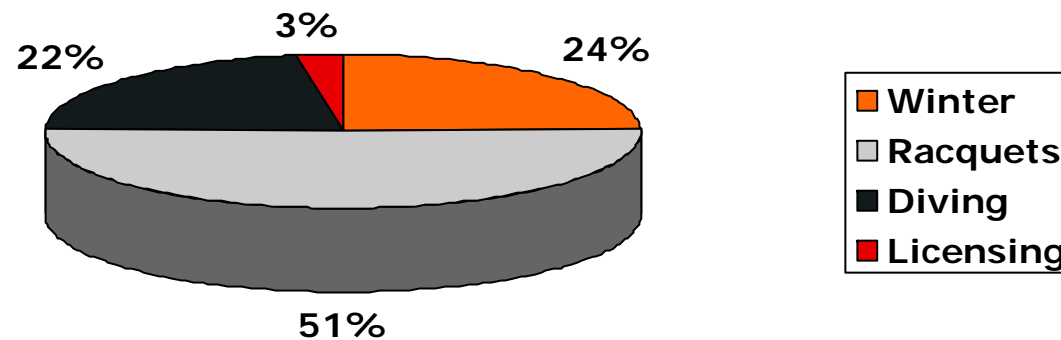
Clare Vincent  
Investor  
Relations

# Summary

- For the first quarter 2008 compared to 2007:
  - net revenues increased by 7.5% to €61.6 million.
  - Operating loss decreased by €5.5 million to a loss of €3.4 million.
  - Operating loss excluding the impact of share-based compensation improved by €0.6m
  - Overall net loss decreased by €6.0 million to a loss of €3.5 million.
- For the last twelve months ended 31<sup>st</sup> March 08 compared to the last twelve months ended 31<sup>st</sup> March 07:
  - net revenues decreased by 8.7% to €325.3 million.
  - Operating profit, before restructuring costs and gain on sale of assets, decreased by €8.1 million to a profit of €6.9 million.
  - Net loss decreased from a small profit of €0.1 million to a loss of €5.1 million
- Cashflow from operating activities for Q1 2008 was positive €18.4 million, but down compared with €19.8 million in Q1 2007.

# Group Revenue by Product

Q1 2008 gross revenue by division:



Q1 2008 net revenues: €61.6m

# Group Revenue by Geography

Q1 2008 gross revenue by geography:



N America  
32%

Europe  
56%

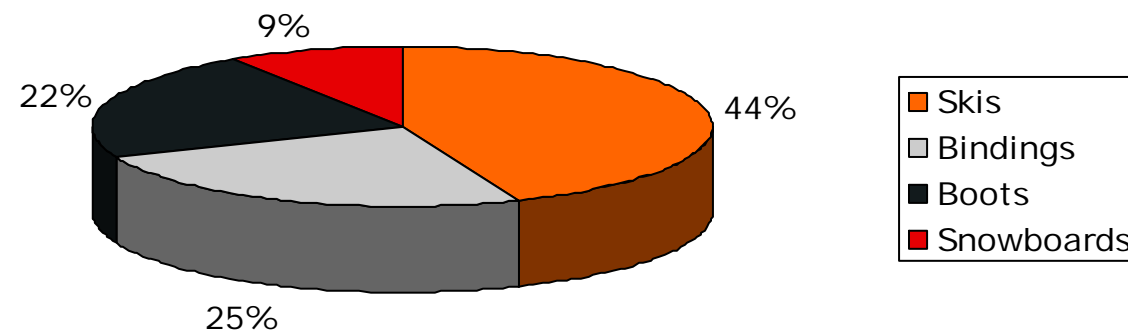
ROW  
12%

Q1 2008 net revenues: €61.6m

# Winter Sports

<i>Eur €m</i>	<b>Q1 07</b>	<b>Q1 08</b>	<b>LTM Q1 07</b>	<b>LTM Q1 08</b>
<b>Gross Revenues</b>	10.8	15.4	178.7	145.2
<b>% change</b>	-46.6%	+43.2%	-1.6%	-18.7%
<b>Gross Profit</b>	2.3	4.1	66.1	46.6
<b>% margin</b>	21.8%	27.9%	37.0%	33.3%

Q1 2008 gross revenues by product:



# Winter Sports

Q1 2008 gross revenues by geography:



N America  
19%

Europe  
73%

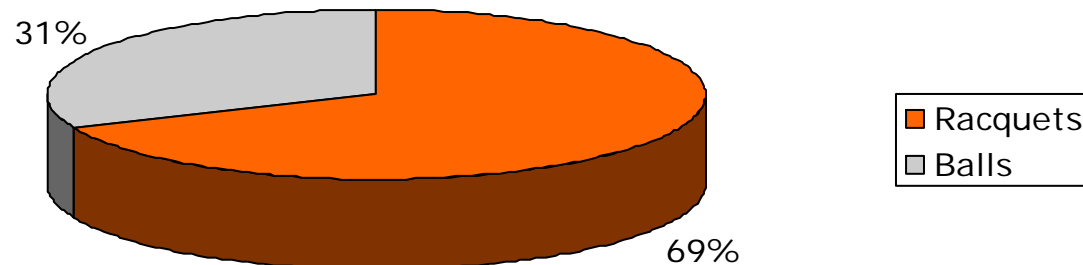
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8%

- Q1 08 gross revenues increased by 43.2% to €15.4 million. Gross revenues for the last 12 months decreased by 18.7%.
- Increased revenues for Q1 08 due to higher sales volumes in all winter sport products, as result of improved poor snow conditions worldwide for 07/08 Winter season versus 06/07 and less stock at retailers in Q1 2008.
- Gross margin for Q1 08 increased to 27.9% from 21.8% in Q1 07. Increase in margin due to higher revenues in relation to fixed manufacturing costs and a better mix of products.
- Pre-season orders (taken between March & June 08) will be higher than prior year, but have not recovered fully.

# Racquet Sports

<i>Euro €m</i>	<b>Q1 07</b>	<b>Q1 08</b>	<b>LTM Q1 07</b>	<b>LTM Q1 08</b>
<b>Gross Revenues</b>	33.0	32.4	129.4	129.3
<b>% change</b>	-9.0%	-1.7%	-5.7%	-0.1%
<b>Gross Profit</b>	13.8	13.7	47.8	53.1
<b>% margin</b>	41.8%	43.4%	36.9%	41.8%

Q1 2008 gross revenues by product:





# Racquet Sports

Q1 2008 gross revenues by geography:



N America  
46%

Europe  
43%

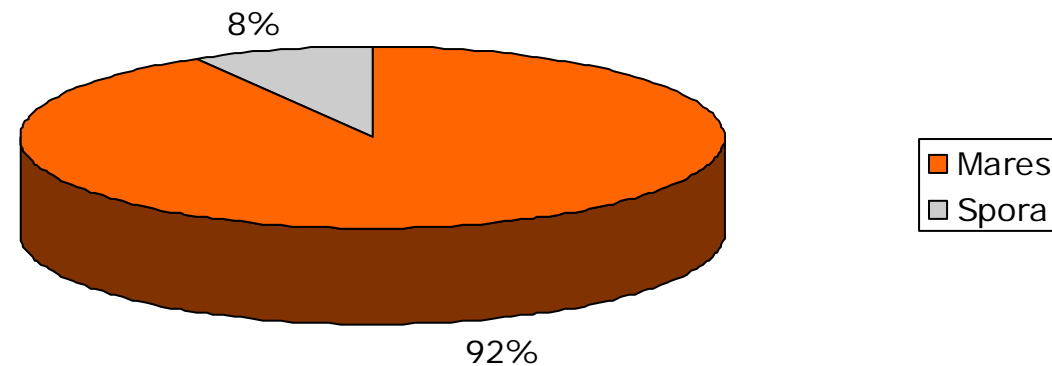
ROW  
11%

- Q1 08 and last 12 month gross revenues remained broadly flat. The increase in volumes shipped being offset by the strengthening of the Euro against the Dollar.
- Division margin improved for Q1 08 to 43.4% compared to 41.8% (Q1 07) mainly due to exchange movements.
- Overall, we estimate the global racquet market has grown in volumes in 2007 but declined in Euros due to exchange rate movements whilst the ball market has grown slightly. We expect a slight decrease in the overall market in 2008.
- Positive development of recently launched footwear

# Diving

<i>Eur €m</i>	<b>Q1 07</b>	<b>Q1 08</b>	<b>LTM Q1 07</b>	<b>LTM Q1 08</b>
<b>Gross Revenues</b>	13.4	13.9	51.0	52.3
<b>% change</b>	+21.9%	+3.3%	+12.0%	+2.4%
<b>Gross Profit</b>	5.7	5.6	19.8	19.5
<b>% margin</b>	42.4%	40.8%	38.9%	38.0%

Q1 2008 gross revenues by product:



# Diving

Q1 2008 gross revenues by geography:



N America  
13%

Europe  
66%

ROW  
21%

- Q1 gross revenues increased by 3.3% to €13.9 million. Gross revenues for the last 12 months increased by 2.4% to €52.3 million.
- Increased revenues driven by introduction of new products offset by the weakening of the US \$ against the Euro.
- Gross margin has weakened slightly in both the quarter and over the last twelve months due to the weak \$ and mainly € based manufacturing costs
- Diving market world wide has experienced a weak Q1 2008 driven by economic uncertainties in the US and poor weather.
- We believe our market share, with Mares, grew in Q1 08 due to product offering and improved operations.

# Licensing

<i>Eur €m</i>	<b>Q1 07</b>	<b>Q1 08</b>	<b>LTM Q1 07</b>	<b>LTM Q1 08</b>
<b>Gross Revenues</b>	1.7	1.6	7.3	7.2
<b>% change</b>	-33.1%	-5.1%	-23.7%	-0.8%
<b>Gross Profit</b>	1.6	1.5	7.4	6.9
<b>% margin</b>	97.5%	96.6%	102.4%	96.2%

# Profit & Loss

<i>Eur €m</i>	<b>Q1 07</b>	<b>Q1 08</b>	<b>LTM Q1 07</b>	<b>LTM Q1 08</b>
<b>Net Revenue</b>	57.3	61.6	356.4	325.3
<b><i>Growth</i></b>	-15.3%	7.5%	-2.2%	-8.7%
<b>Gross Profit</b>	23.4	24.8	140.9	125.5
<b><i>% margin</i></b>	40.7%	40.3%	39.5%	38.6%
<b>EBITDA*</b>	(5.6)	(0.3)	28.7	19.9
<b>Gain on sale</b>	-	-	-	-
<b>Restructuring Costs</b>	-	-	-	2.0
<b>Operating Profit/(Loss)</b>	(8.9)	(3.4)	15.0	4.8
<b>Profit/(Loss) for the period</b>	(9.6)	(3.5)	0.1	(5.1)

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

# Outlook for 2008

- Results for Q1 2008 are an improvement over Q1 2007 but should be interpreted carefully.
- Based on our current order book for winter sports, we believe that whilst the market has in part recovered, it has not returned to the same levels experienced pre 2007.
- Current economic climate is causing some loss of consumer confidence which may impact our sales due to the discretionary nature of our products.
- Overall we are currently anticipating an operating loss in the region of that achieved in 2007.

# Capital & Resources

- Net cash from operating activities for 3 months ended 31 March 2008: €18.4 m
- Reconciliation of net debt:

<i>Eur €m</i>	<b>31 March 07</b>	<b>31 Dec 07</b>	<b>31 March 08</b>
<b>Senior Notes</b>	111.4	111.6	111.7
<b>Other LT debt *</b>	24.2	24.1	23.0
<b>ST borrowings</b>	19.3	19.1	19.3
<b>Cash **</b>	<u>(67.1)</u>	<u>(30.3)</u>	<u>(43.6)</u>
	<u>87.9</u>	<u>124.5</u>	<u>110.4</u>
<b>Available for sale financial assets***</b>	<u>(11.6)</u>	<u>(10.2)</u>	<u>(10.2)</u>
<b>Net Debt</b>	<u>76.3</u>	<u>114.3</u>	<u>100.2</u>

*\*Includes short term portion of long term debt and joint venture liability*

*\*\*Including restricted cash*

*\*\*\* predominantly short term money market funds*

# Balance Sheet Items

<i>Eur €m</i>	<b>31 March 07</b>	<b>31 Dec 07</b>	<b>31 March 08</b>
<b>Working capital *</b>	111.2	135.3	106.3
<b>Total assets</b>	404.2	389.3	371.8
<b>Net debt</b>	76.3	114.3	100.2
<b>Total stockholders equity</b>	146.1	133.0	125.5

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



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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](http://www.head.com)**
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# EBITDA Reconciliation

<i>Eur €m</i>	<b>Q1 07</b>	<b>Q1 08</b>	<b>LTM Q1 07</b>	<b>LTM Q1 08</b>
Operating income/(loss) per P&L	(8.9)	(3.4)	14.9	4.8
Add: Depreciation & amortisation per cash flow	3.3	3.1	13.8	13.1
Deduct: Gain on sale	-	-	-	-
Add: Restructuring costs	-	-	-	2.0
<b>EBITDA</b>	<b>(5.6)</b>	<b>(0.3)</b>	<b>28.7</b>	<b>19.9</b>

# Working Capital Reconciliation

<i>Eur €m</i>	<b>31 Mar 07</b>	<b>31 Dec 07</b>	<b>31 Mar 07</b>
Accounts receivable, net	93.0	132.0	83.8
Inventories, net	85.4	75.3	89.2
Prepaid expenses	3.1	2.4	2.8
Accounts payable	(24.8)	(28.1)	(28.2)
Accrued expenses & other current liabilities	(34.6)	(33.4)	(29.0)
Provisions	(10.9)	(12.8)	(12.3)
<b>Working capital</b>	<b>111.2</b>	<b>135.3</b>	<b>106.3</b>