

HEAD NV: 1ST DECEMBER 2004

HEAD NV



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SAFE HARBOR STATEMENT

This presentation contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created thereby. Investors are cautioned that all forward-looking statements involve risks and uncertainties. Although Head believes that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore, there can be no assurance that the forward-looking statements included in this presentation will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included and quoted herein, the inclusion of such information should not be regarded as a representation by Head or any other person that the objectives and plans of Head will be achieved.



SUMMARY



✓ **World class brand portfolio**

✓ **Leading market positions in skiing, tennis and diving**

✓ **Truly global company**

✓ **Innovation leadership**



CURRENT TRADING

- 2004 is proving to be a mixed year for the group
 - Winter-sports bookings are looking encouraging
 - Tennis racquets had a strong start to the year, but we are experiencing a slow down, Penn is effected by tough US market conditions
 - Diving top line growth and some margin improvement
- Our results for the first nine months of 2004 show:
 - Revenues up 11%
 - Op profits (before restructuring charges) up \$15m
 - Net income affected by adjustment to deferred tax
- Restructuring program continues:
 - Cost base and flexibility have been positively impacted
- But – outlook remains cautious:
 - The balance of 2004 will be impacted by the slowing down of the tennis compared to a very strong Q4 in 2003, although overall operating profits will be ahead of 2003
 - 2005 – results will be impacted by increased raw material prices & compliance costs



OUR BRANDS



First established in 1950's when Howard Head invented metal ski. Now extended to cover tennis, squash & racquetball racquets, alpine skis & boots and snowboards, bindings & boots.



Acquired by Head in 1999, Penn is currently the official ball of the Tennis Masters Series and the number one selling tennis ball in America. Penn racquetball balls are the number one selling ball worldwide.



Tyrolia is the world's largest alpine ski binding manufacturer. Tyrolia is highly innovative and introduced the first step-in alpine binding in 1962 and the first carving binding in 1996.

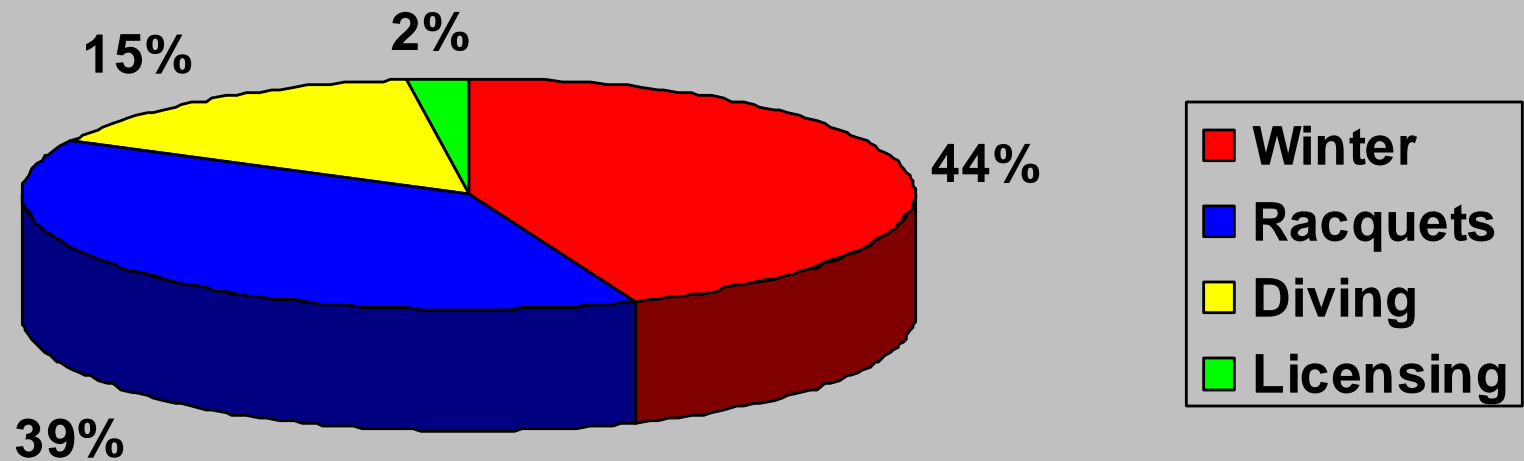


Mares was founded in 1949 and today is one of the leading dive brands worldwide. Dacor founded in 1953 and based in the USA, specialises in scuba equipment.



GLOBAL BRANDED SPORTS COMPANY

2003 revenue by division:



2003 revenue: \$431.2 million



GLOBAL BRANDED SPORTS COMPANY

2003 revenue by geography:



N America
28%

Europe
59%

R o W
13%

2003 revenue: \$431.2 million

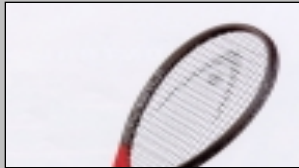


INNOVATION LEADERSHIP

Head Carving Skis & Cyber Line



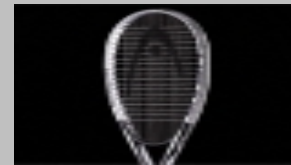
Head Titanium Racquets



Mares Dacor HUB Diving System



Head Intelligence Racquets



Head Intelligence Snowboards



1996

1998

2000

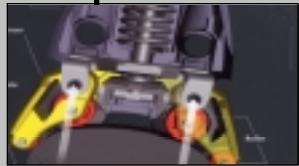
2002

1997

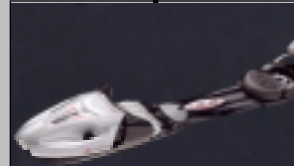
1999

2001

2003



Tyrolia Power Select Bindings



Tyrolia Super-Light Bindings



Head Intelligence Skis



Head Liquidmetal racquets



WINTER SPORTS DIVISION



BUSINESS AND MARKET DYNAMICS I

- Winter Sports 2003 wholesale market size estimated to be \$1.49 billion
- Head's worldwide market shares and positions in 2003 were as follows:

	Market share	Market position
Skis	13%	#3
Bindings	30%	#1
Boots	14%	#3

- Units sold *:

<i>In thousands</i>	2002	2003	9M 2003	9M 2004
Skis	508	557	251	249
Bindings	1,170	1,383	693	925
Boots	449	524	212	196

* Excludes accessories

Includes Bindings CM business



BUSINESS AND MARKET DYNAMICS II

- Market trends:
 - After several poor snow seasons and declines in the market size, we estimate that the market remained flat in 2003
 - Packages of skis and bindings are becoming more popular
 - Snowboard market is in decline
 - Rental market is growing
- Outlook for 2004 and beyond:
 - Good end to the 2003/04 season
 - Overall expect the market to be flat to up slightly and we expect to gain share
 - Concentration of competitors to those who offer all products (skis/boots/bindings)



NEW PRODUCTS

- Head *Intelligence* skis: building on the success of the launch with new Intelligence product range for the 04/05 season
- New Full Custom System boot introduced for the 04/05 season



Railflex bindings

Full Custom System



Intelligence skis



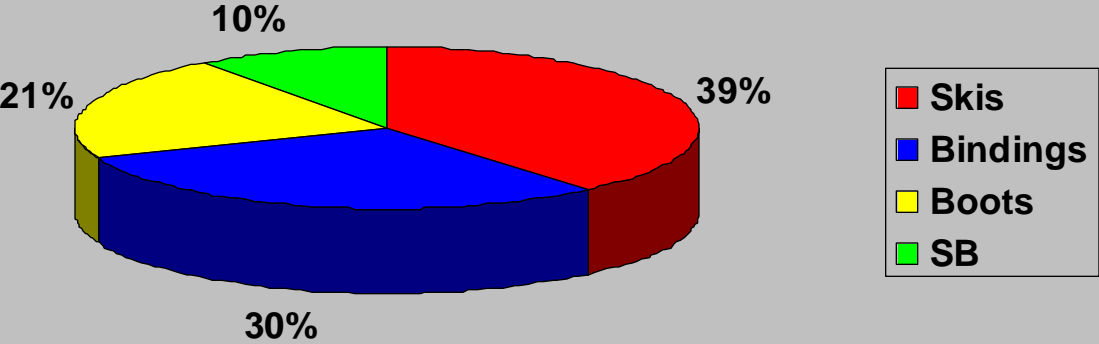
- The New Super Railflex II bindings introduced
- Head *Intelligence* snowboards rolled out – new Biocontroller boot developed



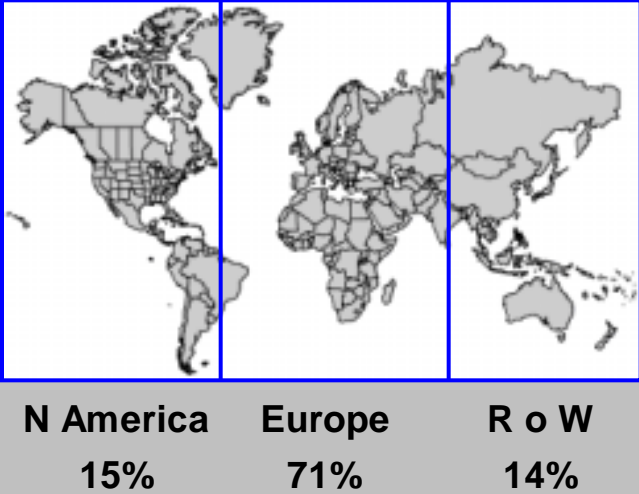
RESULTS

<i>\$ millions</i>	2002	2003	9M 2003	9M 2004
Revenue	144.7	188.8	82.4	98.3
<i>% change</i>		+30.5%		+19.2%
Gross Profit	55.6	71.3	27.6	34.5
<i>% margin</i>	38.5%	37.8%	33.4%	35.1%

2003 revenue by product:



2003 revenue by geography:



KEY STRATEGIC INITIATIVES

- Integration of R&D – skis, boots & bindings
- Integration of snowboards
- Race team
- Contract manufacturing in bindings to utilise capacity
- Packages and pre-mounted skis/bindings
- Move some production capacity from Austria to Czech Republic
- Close ski boot production facility in Estonia and relocate to new facility in Czech Republic



MARKETING

Enthusiasm
never stops.



RACQUET SPORTS DIVISION



BUSINESS AND MARKET DYNAMICS I

- Racquet Sports 2003 wholesale market size estimated to be \$567 million
- Head's worldwide market shares and positions in 2003 were as follows:

	Market share	Market position
Racquets	24%	#2
Balls	31%	#1

- Units sold*:

<i>In thousands</i>	2002	2003	9M 2003	9M 2004
Tennis racquets	1,841	1,774	1,389	1,447
Tennis balls (doz)	6,672	6,382	5,158	5,222

* Excludes accessories



BUSINESS AND MARKET DYNAMICS II

- Market trends:
 - Good growth in the market in early 2004 has flattened out, especially in central Europe where weather conditions were not ideal during the peak selling season.
- Outlook for 2004 and beyond:
 - The market will continue to be very competitive
 - Recovery will be dependent upon weather & economic conditions
 - Participation rates are anticipated to improve



NEW PRODUCTS

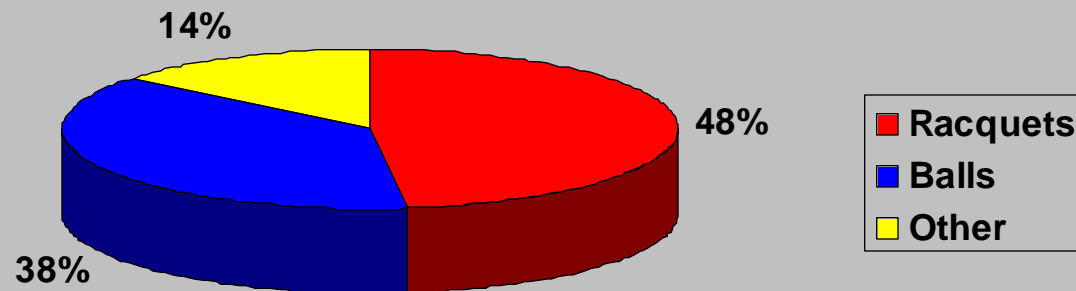
- Liquidmetal racquet technology successfully launched and now rolled out through the product line
- Protect System launched in 04 targeting players with tennis elbow by reducing the transmitted stress



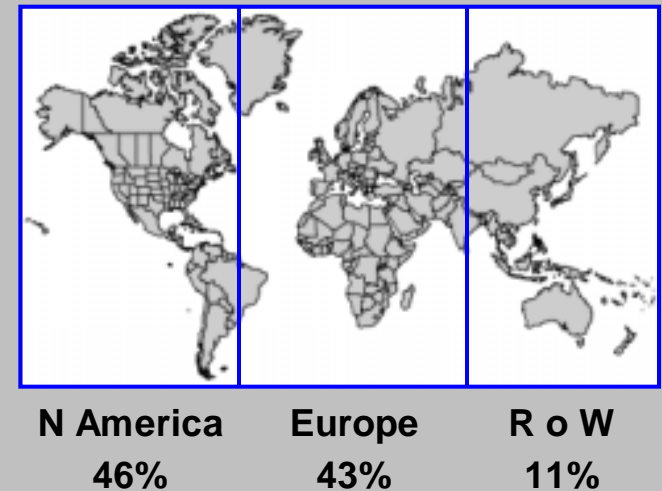
RESULTS

<i>\$ millions</i>	2002	2003		9M 2003	9M 2004
Revenue	168.8	166.4		128.8	135.5
<i>% change</i>		-1.4%			+5.2%
Gross Profit	66.6	63.8		50.0	55.3
<i>% margin</i>	39.5%	38.3%		38.9%	40.8%

2003 revenue by product:



2003 revenue by geography:



KEY STRATEGIC INITIATIVES

- Product innovation
- Marketing – focus on increasing public awareness with grass roots activities
 - official worldwide racquet, ball, bag, accessories and court equipment brands of the USPTA
 - Penn the official ball of the Masters Series
- Closing down manufacturing facility in Mullingar, Ireland and transferring production to facility in Phoenix, USA
- Additional racquet sourcing from Asia



MARKETING



DIVING DIVISION



BUSINESS AND MARKET DYNAMICS I

- Diving wholesale market size estimated to be \$470 million
- Mares/Dacor's worldwide market share and position in 2003 was as follows:

	Market share	Market position
Total Mares + Dacor + Sporasub	17%	#2



BUSINESS AND MARKET DYNAMICS II

- Market trends:
 - It is estimated that the market declined by 3% in 2003
 - We estimate that the market will continue to be weak in 2004 but that there should be a slight recovery compared to 2003
- 2004 and beyond:
 - Long term we believe that the market will grow by 5%



NEW PRODUCTS

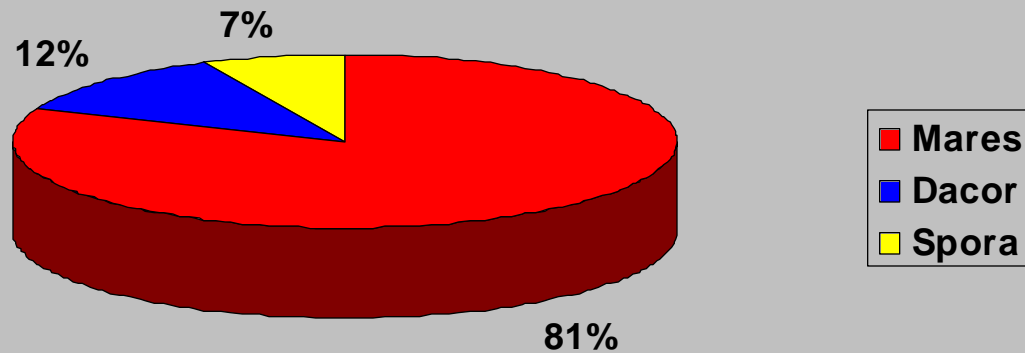
- New product launches
 - Nemo computer
 - Morphos Pro – single bladder BC



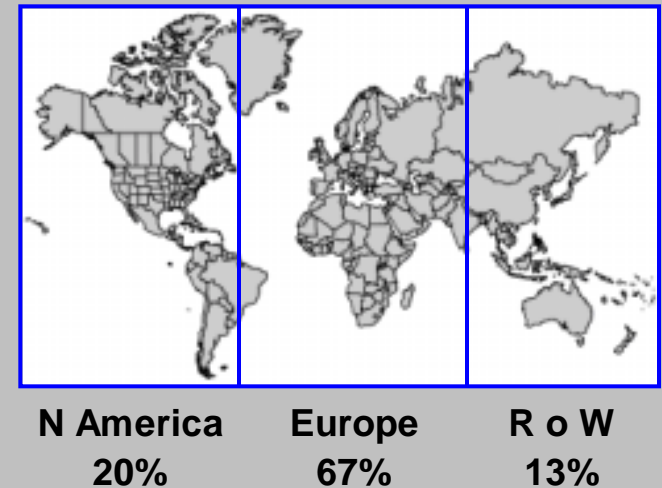
RESULTS

<i>\$ millions</i>	2002	2003		9M 2003	9M 2004
Revenue	65.6	66.3		51.4	58.6
% change		+1.1%			+14.1%
Gross Profit	24.1	21.5		17.7	21.6
% margin	36.8%	32.4%		34.5%	36.9%

2003 revenue by product:



2003 revenue by geography:



KEY STRATEGIC INITIATIVES

- New Managing Director for Diving Division
- Dacor – line repositioning for low to mid price segment with a new advertising campaign in the autumn to differentiate the brand
- Consolidation of US Mares and Dacor sales forces
- New computer line for Mares
- Consolidation of European warehouses
- Transfer of some manufacturing from Italy to Czech Republic (fins & masks) and Bulgaria (jackets)



MARKETING



LICENSING

<i>\$ millions</i>	2002	2003		9M 2003	9M 2004
Revenue	8.4	9.7		6.8	7.8
<i>% change</i>		+15.5%			+16.0%
Gross Profit	8.1	9.1		6.6	7.6
<i>% margin</i>	96.4%	94.2%		97.7%	96.9%

- The division has shown good revenue growth from both existing contract and new licensees



SUMMARY OF ANNUAL INCOME STATEMENT

<i>\$ millions</i>	2002	2003	9M 2003	9M 2004
Net Sales	387.5	431.2	269.4	300.3
Gross Profit	154.1	165.2	101.5	118.3
<i>% margin</i>	39.8%	38.3%	37.7%	39.4%
EBITDA *	33.7	27.9	5.4	20.0
<i>% margin</i>	8.7%	6.5%	2.0%	6.7%
Restructuring costs	0.0	8.4	0.9	1.7
Operating income	17.8	0.2	(10.3)	3.9
<i>% margin</i>	4.6%	0.1%	(3.8)%	1.3%
For-Ex gain/(loss)	(7.4)	(1.1)	(0.2)	0.3
Interest expense, net	(10.7)	(12.9)	(9.5)	(20.1)
Income/(Loss) before tax	0.0	(13.8)	(20.0)	(15.9)
Taxation	(2.6)	(0.8)	3.4	(21.1)
Net Loss	(2.6)	(14.7)	(16.6)	(37.0)



* See end of presentation for reconciliation



SUMMARY OF BALANCE SHEET

<i>\$ millions</i>	Dec 2002	Dec 2003	Sept 2003	Sept 2004
Cash & Cash Equivalents	37.6	44.2	30.2	56.0
Net Accounts Receivable	161.1	196.0	150.3	158.2
Net Inventory	77.6	78.6	112.5	123.7
P,P&E, net	73.2	76.7	76.4	75.1
Other Assets	124.4	142.1	140.3	125.1
Total Assets	473.9	537.6	509.7	538.0
Accounts Payable	33.1	39.5	32.7	39.3
Current & ST Debt	61.1	40.9	74.4	39.1
Long Term Debt	93.8	144.0	102.8	187.0
Other Liabilities	56.1	71.6	70.9	18.8
Stockholders Equity	229.8	241.7	228.9	202.2
Total Liabilities & SE	473.9	537.6	509.7	538.0



SUMMARY OF CASHFLOW I

<i>\$ millions</i>	Dec 2002	Dec 2003	9M 2003	9M 2004
Net Income	(2.6)	(14.7)	(16.6)	(37.0)
Depreciation & amortisation	15.9	19.2	14.8	14.4
Other & non-cash	3.1	7.6	(2.7)	16.1
Working capital movements	6.9	5.2	(0.5)	(3.2)
Net cash from operations	23.3	17.3	(5.1)	(9.8)
Capital expenditure	(20.7)	(16.9)	(12.1)	(15.6)
Other investing activities	1.9	0.4	0.3	(5.6)
Net cash before financing	4.5	0.8	(16.9)	(31.0)



SUMMARY OF CASHFLOW II

<i>\$ millions</i>	2002	2003	9M 2003	9M 2004
Change in ST borrowings, net	(2.9)	1.4	7.9	(1.9)
Proceeds from LT debt	16.6	1.7	0.4	168.3
Payments on LT debt	(4.3)	(1.2)	(1.9)	(120.6)
Change in restricted cash, net	0.0	(2.7)	0.0	(3.5)
Net cashflow from financing	9.4	(0.9)	6.4	42.3
Net cash after financing	13.9	(0.1)	(10.5)	11.4
Dividends paid	(5.2)	0.0	0.0	0.0
Share buybacks	(4.2)	(1.1)	(1.1)	0.0
Net cash before exchange	4.5	(1.2)	(11.7)	11.4
Exchange rate effects on cash	11.0	4.9	4.3	(3.1)
Net increase in cash	15.5	3.7	(7.4)	8.3



CAPITAL & RESOURCES

Analysis of Net debt:

<i>\$ millions</i>	2002	2003	Sept 2003	Sept 2004
Senior Notes	68.9	82.9	76.5	160.7
Other LT debt *	27.3	32.6	28.5	29.3
Short term debt	58.8	69.3	72.2	36.1
Cash **	(37.6)	(44.2)	(30.2)	(56.0)
Net Debt	117.3	140.7	147.0	170.1

* Includes short term portion of long term debt

** Including restricted cash



BOND TRADING

- 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



2004 OUTLOOK

- 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.
- 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.
- For 2005, rising oil and steel prices are still a concern. In addition, Sarbanes-Oxley compliance costs will impact operating results.



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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RECONCILIATION NON-US GAAP DATA

<i>US \$m</i>	2002	2003		9M 2003	9M 2004
Operating profit	17.8	0.2		(10.3)	3.9
Add: Depreciation & amortisation per cashflow	15.9	19.2		14.8	14.4
Add: Restructuring charges	0.0	8.4		0.9	1.7
EBITDA	33.7	27.9		5.4	20.0

