

HEAD NV



Q3 2002 RESULTS NOV 14, 2002

HEAD NV - PARTICIPANTS



Johan Eliasch
CEO



Ralf Bernhart
CFO



Robert Kosian
IR



Q3 HIGHLIGHTS

- Excluding 2001 footwear revenues, nine-month revenues up 0.3% from \$251.1mm to \$251.7mm, despite tough trading conditions in the sporting goods market
- Strong performance from ski boots: sales up 13% for nine-month period
- Racquet Sports division performed well:
 - Excl 01 FW, nine-month revenues up 3.8% from \$128.3mm to \$133.2mm
 - Nine-month gross margin up 300 basis points from 37.6% to 40.6%
- Nine-month operating margin down from 2.2% to 0.7%, resulting from an increase in selling & marketing due to introduction of *Head Intelligence* skis and *Head* snowboards and the impact of exchange rate movements on these predominantly Euro-based costs
- Signed exclusive multi-year agreement to be official worldwide racquet, ball, bag, accessories and court equipment brands of the US Professional Tennis Association - the largest professional teaching organization in US



GLOBAL BRANDED SPORTS COMPANY

Q3 02 Sales: \$104mm

Q3 02 sales by geography:

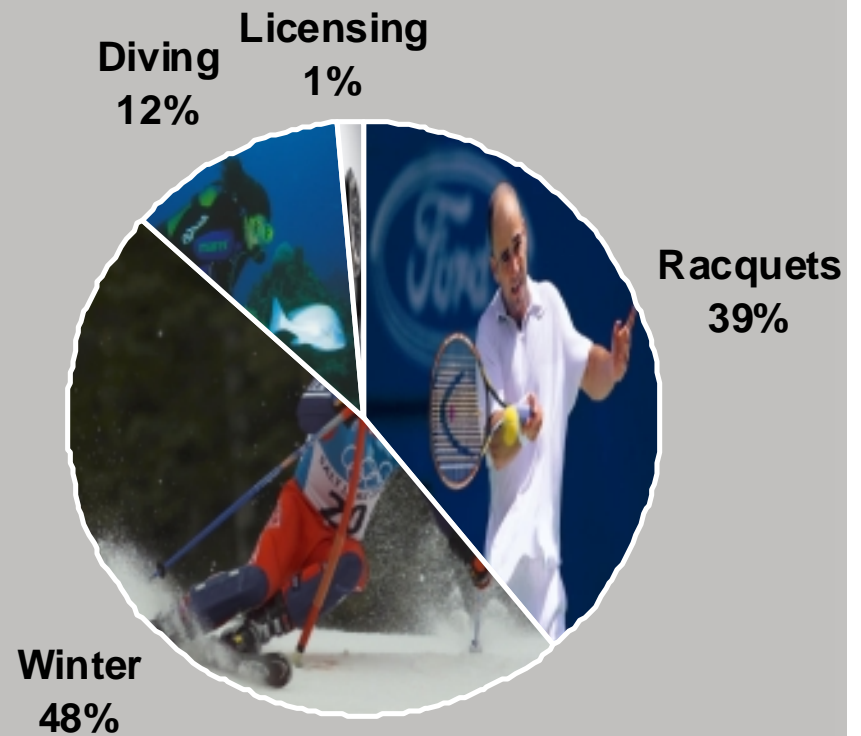


N America
32%

Europe
54%

R o W
14%

Q3 02 sales by product:



Q3 FOCUS: DIVING

A number of truly high tech products launched recently:

- HUB Century – the next generation integrated diving system
- Proton XL Regulator – smallest, lightest regulator with bypass system
- Phos Tronic diving light – with intelligent interface
- M1 Dive Computer – first entry into highly profitable computer segment



MARKET DYNAMICS

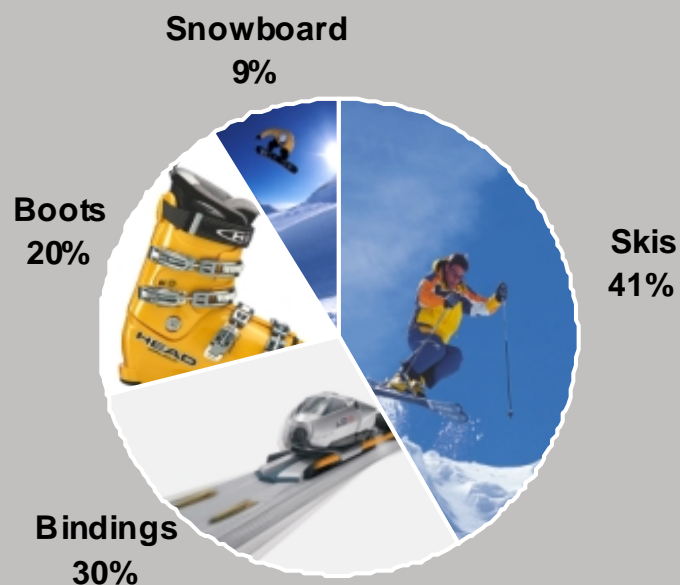
	01 Size (Wholesale annualised)	00/01 Change	01 Position	02 Issues/ Outlook
Winter Sports	\$1,350mm	-5%	#3 skis #1 bindings #3 boots	Poor snow conditions in '01/02 - trade cautious
Racquet Sports	\$520mm (tennis racquets & balls)	-2%	#1 tennis balls #2 tennis racquets	Racquet market declining substantially Ball market declining slightly
Diving	\$355mm	-15%	#1 dive brand	Lack of consumer demand in key European markets & US



WINTER SPORTS

US \$ mm	Q3 01	Q3 02	9M 01	9M 02
Revenue	50.0	49.8	63.6	63.2
<i>% change</i>		-0.5%		-0.6%
Gross Profit	24.1	22.3	27.0	23.5
<i>% margin</i>	48.2%	44.7%	42.4%	37.2%

Q3 Sales by Product:



WINTER SPORTS

Q3 Sales by Geography:



N America

17%

Europe

67%

R o W

16%

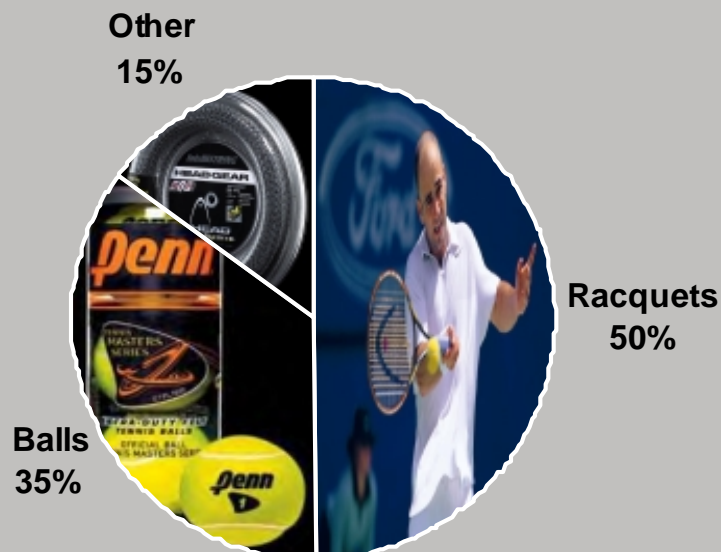
- Despite cautious trade conditions, sales flat against Q3 & 9M 2001, due to ski boot sales growth and new line of *Intelligence* skis creating interest in the market
- Ski boot sales +13% for nine-month period
- Margin reduced due to product mix and unfavourable currency movements
- Race team restructured and Dieter Bartsch appointed Race Director, expect to be one of most successful race teams of future
- Outlook for 2002: expect sales to be up slightly in skis, boots & snowboards, but down slightly in bindings → up overall against FY2001



RACQUET SPORTS

US \$ mm	Q3 01	Q3 02	9M 01	9M 02
Revenue ex 01 FW	42.7	40.5	128.3	133.2
<i>% change</i>		-5.1%		+3.8%
Total Revenue	46.6	40.5	141.2	133.2
Gross Profit	16.7	15.3	53.1	54.0
<i>% margin</i>	36.0%	37.9%	37.6%	40.6%

Q3 Sales by Product:



RACQUET SPORTS

Q3 Sales by Geography:



N America

51%

Europe

37%

R o W

12%

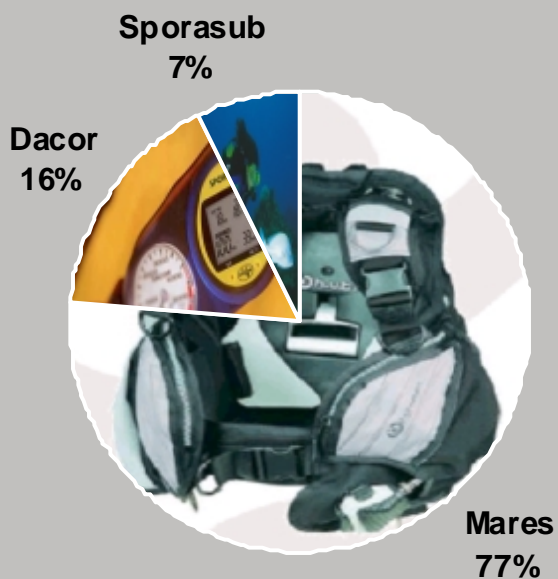
- Nine-month sales excl FW +3.8% from \$128.3mm in 2001 to \$133.2mm in 2002. Due to sales of *Intelligence* range of racquets
- Gross margin also +179 basis points for the 3rd quarter and +300 basis points for the nine months due to strategic decision to license out FW business from 1 Jan 2002
- As #2 & #3 on ATP tour respectively, both Agassi & Safin qualified for Tennis Masters Cup in Shanghai this week
- Outlook for 2002: excl FW, expect sales to be up slightly in racquets and balls against FY2001



DIVING

US \$ mm	Q3 01	Q3 02	9M 01	9M 02
Revenue	13.3	12.3	53.4	49.7
<i>% change</i>		-7.8%		-6.9%
Gross Profit	4.2	3.9	20.6	18.7
<i>% margin</i>	31.8%	32.1%	38.6%	37.7%

Q3 Sales by Product:



DIVING

Q3 Sales by Geography:



N America
34%

Europe
52%

R o W
14%

- Nine-month sales down \$3.7mm from \$53.4mm in 2001 to \$49.7mm in 2002, due to continuing lack of consumer travel and discretionary spending
- New products such as Proton regulator and HUB Century helping to grow our market shares in key markets
- Outlook for 2002: expect sales to be down slightly against FY2001



LICENSING

US \$ mm	Q3 01	Q3 02	9M 01	9M 02
Revenue	1.1	1.5	5.8	5.6
<i>% change</i>		+28.0%		-3.0%
Gross Profit	1.1	1.4	5.8	5.5
<i>% margin</i>	100.0%	95.1%	100.0%	96.7%

- Revenue differences due to timing of receipts of income – not indicative of full year results
- Outlook for 2002: expect sales to be flat to down slightly against FY2001 due to changes to structure of licensing. Revenues from bags now included in Racquet Sports division and FW now included as Licensing income – FW revenues do not yet equal bag revenues



P&L HIGHLIGHTS

US \$ mm	Q3 01	Q3 02	CC	9M 01	9M 02	CC
Revenue ex FW in 01	107.2	104.0		251.1	251.7	
<i>% change</i>		-3.0%			+0.3%	
Total Revenue	111.1	104.0		264.0	251.7	
<i>% change</i>		-6.4%	-12.3%		-4.6%	-6.6%
Gross Profit	46.2	42.8		106.5	101.6	
<i>% margin</i>	41.6%	41.2%		40.4%	40.4%	
EBITDA	14.6	11.1		16.8	13.4	
<i>% margin</i>	13.2%	10.7%		6.3%	5.3%	
EBIT	11.2	6.9		5.7	1.8	
FX gain	(3.4)	0.3		4.8	(4.5)	
Net Income	3.7	1.9		(0.5)	(11.0)	



BALANCE SHEET HIGHLIGHTS

US \$ mm	9/30/01	12/31/01	9/30/02
Working capital *	165.2	157.4	165.9
Total assets	435.1	416.5	453.0
Net debt	119.2	100.8	127.5
Total stockholders equity	207.8	212.4	212.3

** Receivables + inventories + prepaids & other assets – payables – accruals – other liabilities*



CAPITAL AND RESOURCES

- Net cash provided by operating activities Jan - Sep 02: **\$ 3.4 mm**

- Reconciliation of net debt:

US \$mm	9/30/01	12/31/01	9/30/02
High yield bonds	63.1	60.9	64.7
Other LT debt	8.0	8.2	26.8
ST debt	65.4	53.9	58.6
Cash	<u>(17.3)</u>	<u>(22.1)</u>	<u>(22.6)</u>
	<u>119.2</u>	<u>100.8</u>	<u>127.5</u>
 •LTM EBITDA/Cash interest	 2.8x	 3.3x	 3.2x



CURRENT OUTLOOK FOR 2002

- The worldwide sporting goods market continues to be soft
- Given these market conditions, which we do not expect to improve before the end of 2002, and based on results and bookings to date we continue to be cautious about our full year 2002 results.
- We expect revenues to be slightly behind last year's - in part due to the loss of footwear sales which are now a licensed product
- We expect operating margins to be slightly reduced due to changes in product mix and the impact of currency



CALENDAR OF EVENTS - 2002

DATE	EVENT
2002	
Nov 12 - 17	Tennis Masters Cup, Shanghai
2003	
Jan 13 -26	Australian Open tennis
Feb 1 - 4	Winter ISPO trade fair, Munich
Feb 1 - 16	World Alpine Ski Championships, St Moritz
Feb 25	Head NV Q4 and Full Year 2002 results announcement and webcast



Q & A



IR INFORMATION

- Press releases, financial reports and presentations etc available from Investor Relations section of website: **www.head.com**
- For other financial or general information, contact:

Robert Kosian: USA Tel: +1 843 243 0606 E-mail: htmbk@aol.com	Clare Vincent: Europe Tel: +44 20 7499 7800 E-mail: htmcv@aol.com
--	--

