**Press Release**

# HEAD NV Announces Results For The Three Months and Six Months Ended June 30, 2003

***Rotterdam – August 12, 2003 – Head N.V. (NYSE: HED; VSX: HEAD), a leading global manufacturer and marketer of sports equipment, announced today its results for the three months and six months ended June 30, 2003.***

***For the three months ended June 30, 2003 compared to the three months ended June 30, 2002:***

- ***Turnover increased 8.7% to $ 79.2 million***
- ***Operating loss increased from $3.2 million to $9.1 million***
- ***Net loss per share was flat at $0.25 cents***

***For the six months ended June 30, 2003 compared to the six months ended June 30, 2002:***

- ***Turnover increased by 3.4% to $ 152.8million***
- ***Operating loss increased from $5.1 million to $18.0 million***
- ***Net loss per share increased from $0.34 cents to $0.51 cents***

*Johan Eliasch, Chairman and CEO, commented:" There has been no recovery from the tough market conditions experienced in the first quarter of the year, and the US $ has continued to weaken against the euro.*

*The prevailing market conditions have put pressure on sales and margins in local currencies as consumers are purchasing fewer products, and at lower price points.*

*The exchange rate movement in the period has resulted in a growth in sales in our reporting currency, the US $, but has put additional pressure on profit margins due to the relatively high proportion of our cost base denominated in euros.*

*On a positive note, in our Winter Sports division we have seen local currency sales grow, and although due to the seasonality of the business it is not an important quarter for the business, it does confirm our belief that the*

*Intelligence technology has been well accepted in skis. This is reinforced by our current order book which is slightly ahead of last years in a flat market.*

*The new Liquidmetal tennis racquet, should enhance our technological leadership and allow us to compete well in the current tough market conditions. 4 racquets were launched in July 2003 and received good media and retailer attention. We expect there to be a positive impact on second half sales in the Racquets Sports division as a result of the launch. "*

## Revenues

| | For the Three Months Ended June 30, | | | For the Six Months Ended June 30, | | |
|---|---|---|---|---|---|---|
| | 2002 | 2003 | % | 2002 | 2003 | % |
| | *(unaudited)* | *(unaudited)* | *Change* | *(unaudited)* | *(unaudited)* | *Change* |
| | *(in thousands)* | | | *(in thousands)* | | |
| **Product category** | | | | | | |
| Winter Sports……. | $ 1,521 | $ 5,956 | 291.6% | $ 13,442 | $ 22,407 | 66.7% |
| Racquet Sports…. | 45,529 | 44,688 | -1.8% | 92,699 | 87,112 | -6.0% |
| Diving…………….. | 23,291 | 26,091 | 12.0% | 37,382 | 38,535 | 3.1% |
| Licensing………. | 2,507 | 2,450 | -2.3% | 4,187 | 4,731 | 13.0% |
| Total Revenues | $ 72,847 | $ 79,185 | 8.7% | $ 147,711 | $ 152,785 | 3.4% |

### *Winter Sports*

The first half of the year is a low sales season for our Winter Sports division, the main focus being the building of an order book for delivery in the third and fourth quarters. The results are therefore not indicative of the full year, although we are pleased to report that revenues in Winter Sports increased by 66.7% in the six months to June 2003 compared to the six months to June 2002. This increase is due to higher sales of all of our products, in particular bindings and skis.

The division recorded an improvement in gross margins, up 200 basis points for the six months to June 2003 compared to the six months to June 2002, due to higher volumes, this was offset in part by a negative impact due to exchange rate movements..

The current bookings situation is slightly ahead of the levels achieved at this time last year, in both volume and value terms, but the actual sales and margins reported will obviously be dependent on exchange rate movements in the second half of the year.

### *Racquet Sports*

Racquet Sports sales for the six months to June 30, 2003 decreased by 6% compared to the six months to June 2002, the decline was in both racquets and balls and in both units and value. The decline was driven mainly by the poor market conditions in the US where the market for racquets was down 12% in value terms in the six months to June 2003 compared to the six months to June 2002, and the ball market was down by 6% in value terms in the same period.

We anticipate some recovery of sales in the second half of 2003 as our new technology – Liquidmetal - was launched in early July. Currently bookings in racquets are slightly behind those achieved at the same time last year, both in unit and value terms, and branded ball bookings are in line with those achieved at the same time last year.

There has been pressure on margins due to the general softness in the premium end of the racquet market, and in particular lower sales of the higher price point Intelligence racquets due to the anticipated launch of Liquidmetal. This has been compounded by the weakening of the Japanese Yen. Overall the gross margin has been reduced by 250 basis points in the first half of 2003 compared to the first half of 2002.

### *Diving*

Diving revenues for the six months ended June 30, 2003, increased by 3.1%, from the comparable 2002 period, with a growth of 12% being achieved in the quarter to June 2003 compared to the June 2002 quarter. The stronger growth in the second quarter compared to the first is due in part to the delay in deliveries in March 2003 detailed in our first quarter press release. The overall growth for the six month period is due primarily to the strengthening of the euro.

The gross margin of the diving Division has declined by 280 basis points during the six months to June 2003 compared to the six months to June 2002 due in part to the strengthening of the euro and in addition to the sale of out of line stock in the US.

Overall we have seen no improvement in the diving market, and current bookings levels are slightly behind those achieved at the same time last year.

### *Licensing*

The Licensing division’s revenues have increased 13.0% for the six month period to June 2003 compared to the period to June 2002, although the last three months to June 2003 compared to June 2002 showed a decline. The recording of revenues in the licensing division is based on receipts, and so the reported numbers are affected by timing differences.

During August, we switched our Sportswear licensee in Europe which will take effect with a new winter collection for the '04/05 season and a full new summer collection in 2005.

Overall we expect the Licensing division’s income to be in line with that achieved last year.

## Profitability

Gross margin decreased to 36.3% for the six month period to June 2003 from 39.8% in the comparable 2002 period due to the impact of the continued weakening of the US$ and Japanese Yen against the euro, and pressure on prices due to the tough market conditions.

In the same period, selling and marketing expenses increased by $6.9 million, or 14.4% due to exchange rate effects on these predominantly euro costs, timing differences on advertising expenses and an increase in allowances against a receivables. .

General and administrative expenses increased by $2.7m or 17.7% in the six month period to June 2003 compared to the six month period to June 2002. The increase was entirely due to exchange rate effects on these predominantly euro denominated costs.

As a result of the foregoing factors, operating losses for the six months ended June 30, 2003 increased to $18.0 million from $5.1 million in the comparable 2002 period.

The decision in January 2003 to reclassify non-euro denominated inter-company accounts receivable to a permanently invested inter-company receivable has had the effect of reducing the foreign exchange gains/losses recorded in the profit and loss account in the period under review. A small gain was recorded in the six months to June 2003 compared to a $4.8 million loss in the comparable period in 2002.

The increase in the interest expense of $1.4m in the six months to June 2003 compared to the six month period to June 2002 is due to exchange rate effects, in particular in the euro denominated bond as well as due to new long term financing agreements that the Company has entered into.

The net impact of the operating performance and the exchange rate movements resulted in our earnings per share declining from ($0.34) to ($0.51) for the six months ended June 30, 2003 compared to the six month period ended June 30, 2002.

## 2003 Outlook

Given the current market conditions, we still remain cautious about our full year financial results and retain the view given during the first quarter 2003 conference call that we believe our results will be below those achieved in 2002.

## Consolidated Results

| | For the Three Months Ended June 30, 2002 | For the Three Months Ended June 30, 2003 | For the Six Months Ended June 30, 2002 | For the Six Months Ended June 30, 2003 |
|---|---|---|---|---|
| | *(in thousands)* | | | |
| **REVENUES** | | | | |
| Total Revenues…………………………………… | $ 72,847 | $ 79,185 | $ 147,711 | $ 152,785 |
| Cost of Sales……………………………………… | 43,471 | 50,458 | 88,910 | 97,306 |
| Gross profit…………………………………… | 29,376 | 28,727 | 58,801 | 55,479 |
| Gross margin…………………………………… | 40.3% | 36.3% | 39.8% | 36.3% |
| Selling & marketing expense……………………… | 24,039 | 28,368 | 47,777 | 54,655 |
| General & administrative expense (excl. non-cash compensation expense & employee termination & other related costs)……………… | 8,116 | 9,340 | 15,293 | 17,998 |
| Non-cash compensation expense……………… | 408 | 164 | 817 | 327 |
| Employee termination & other related costs……. | -- | (45) | - | 485 |
| Operating loss……………………………… | (3,187) | (9,099) | (5,085) | (17,987) |
| Interest expense…………………………………… | (2,713) | (3,415) | (5,349) | (6,797) |
| Interest income…………………………………… | 164 | 295 | 326 | 558 |
| Foreign exchange gain/(loss)…………………… | (5,045) | 316 | (4,783) | 313 |
| Other expense, net……………………………… | (14) | (44) | (5) | (18) |
| Loss from operations before income taxes…………………………………… | (10,795) | (11,948) | (14,897) | (23,931) |
| Income tax benefit………………………………… | 1,504 | 3,015 | 2,049 | 5,144 |
| Net loss…………………………………………… | $ (9,291) | $ (8,934) | $ (12,848) | $ (18,787) |

### About Head

Head NV is a leading global manufacturer and marketer of premium sports equipment.

Head NV's ordinary shares are listed on the New York Stock Exchange ("HED") and the Vienna Stock Exchange ("HEAD").

Our business is organized into four divisions: Winter Sports, Racquet Sports, Diving and Licensing. We sell products under the Head (tennis, squash and racquetball racquets, alpine skis and ski boots, snowboards, bindings and boots), Penn (tennis and racquetball balls), Tyrolia (ski bindings), and Mares/Dacor (diving equipment) brands.

We hold leading positions in all of our product markets and our products are endorsed by some of the world's top athletes including Andre Agassi, Marat Safin, Gustavo Kuerten, Marco Buechel and Francisco "Pipin" Ferreras.

For more information, please visit our website: **www.head.com**

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***This press release should be read in conjunction with the company's quarterly report for the period ended 30th June, 2003***

This press release and the statements of Mr. Johan Eliasch quoted herein contain 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 press release 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.