HEAD

HEAD NV announces Results for the Three Months ended 31 March 2009

Amsterdam - 7th May 2009 - Head N.V. (VSX: HEAD, U.S. OTC: HEDYY.PK), a leading global manufacturer and marketer of sports equipment, announced the following results today.

For the three months ended 31 March 2009 compared to the three months ended 31 March 2008:

- Reported net revenues decreased 7.2% to €57.2 million
- On a constant currency basis, net revenues decreased by over 10%
- Reported Operating loss deteriorated by €7.0 million to a loss of €10.1 million from a loss of €3.1 million in Q1 2008.
- Excluding the impact of the non cash share based compensation, and restructuring costs, operating loss would have deteriorated to €8.4 million from a loss of €6.5 million in Q1 2008
- The net loss for the period was €11.8 million compared to a net loss in Q1 08 of €3.6 million.

Johan Eliasch, Chairman and CEO, commented:

We are beginning to see the impact of the financial crisis in our results and current bookings. The first quarter showed a double digit decline in both our diving division's sales (12.9%) and our winter sports sales (10.1%). Sales in our racquet sports division declined by 3.8%.

The decline was brought about by lower sales volumes in key product groups, - the units of skis sold in Q1 2009 versus Q1 2008 fell by 17% to 48.3 thousand pairs and boots decreased by nearly 24% to 38 thousand pairs.

In our racquets division, racquet units sold were down nearly 23% to 404 thousand units. Some of the decline in racquet sales was offset by a small increase in the units of balls sold (2.8%) and the impact of strengthening of the US$ against the Euro helped reported sales.

The financial crisis not only impacted our sales, but our gross margins as consumers bought cheaper products impacting our product mix and profitability. Gross margin for the three months reduced from 40.3% in 2008 to 38.1% in 2009.

Whilst we have yet to complete our winter season bookings and, in a turbulent market, have no real visibility of our racquet sports and diving divisions sales for the full year, our bookings suggest that sales will be below last years levels. In winter sports our bookings are currently running 9% behind and in our diving division they are 20% behind. Racquet sports bookings are broadly in line with prior years.

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An expected decline in sales, together with a lower cash balance at March 31, 2009 (€37.6 million) compared to the same period in 2008 (€53.8 million), combined with the cash costs of our interest expense and our capital expenditures, will result in us having to manage our working capital more aggressively particularly during the third and fourth quarters of this year. To the extent, such actions are insufficient to fund our working capital requirements, we could be required to generate additional cash or secure additional credit facilities.

The Company is also focusing on reducing its debt burden. In April 2009, the Company announced a private exchange offer to exchange its outstanding €135.0 million 8.5 % Senior Notes due 2014 for its new 10% Senior Secured Notes due 2014. The purpose of the exchange offer is to reduce the Company's overall indebtedness and related interest expense. The exchange offer will expire on May 22, 2009. The Exchange Offer, if successful, is expected to reduce our cash interest expense.

The company will no longer be holding quarterly conference calls.

Results for the three months ended March 31, 2009 and 2008:

	For the Three Months ended March 31,	
	2009	2008
	(unaudited)	(unaudited)
	(in thousands)	
Product category:		
Winter Sports €	13,883 €	15,440
Racquet Sports	31,219	32,437
Diving	12,095	13,885
Licensing	1,491	1,578
Total revenues	58,688	63,340
Sales Deductions	(1,514)	(1,717)
Total Net Revenues €	57,174 €	61,623

Winter Sports revenues for the three months ended March 31, 2009 decreased by €1.6 million, or 10.1%, to €13.9 million from €15.4 million in the comparable 2008 period. This decrease was due to lower sales volumes of skis and ski boots compared to sales volumes of the first quarter 2008, which was partially offset by higher sales volumes for bindings and protection wear (helmets).

Racquet Sports revenues for the three months ended March 31, 2009 decreased by €1.2 million, or 3.8%, to €31.2 million from €32.4 million in the comparable 2008 period. This decrease was due to lower sales volumes mainly for racquets, partially offset by the strengthening of the U.S. dollar against the euro in the reporting period.

Diving revenues for the three months ended March 31, 2009 decreased by €1.8 million, or 12.9%, to €12.1 million from €13.9 million in the comparable 2008 period. This decrease was mainly driven by the overall decline in the economic environment and consumer spending.

Licensing revenues for the three months ended March 31, 2009 decreased by €0.1 million, or 5.5%, to €1.5 million from €1.6 million in the comparable 2008 period due to fewer licensing agreements.

Sales deductions for the three months ended March 31, 2009 decreased by €0.2 million, or 11.8%, to €1.5 million from €1.7 million in the comparable 2008 period due to decreased sales.

Gross Profit. For the three months ended March 31, 2009 gross profit decreased by €3.0 million to €21.8 million from €24.8 million in the comparable 2008 period. This decrease was mainly due to lower sales. Gross margin decreased to 38.1% in 2009 from 40.3% in the comparable 2008 period due to unfavorable product mix.

Selling and Marketing Expense. For the three months ended March 31, 2009, selling and marketing expense decreased by €2.0 million, or 8.2%, to €22.3 million from €24.3 million in the comparable 2008 period. This decrease was mainly due to lower advertising costs and lower costs for shipments and sales commissions.

General and Administrative Expense. For the three months ended March 31, 2009, general and administrative expenses decreased by €0.2 million, or 3.3%, to €7.2 million from €7.4 million in the comparable 2008 period. This decrease was mainly due to lower personnel expense.

Share-Based Compensation Income. For the three months ended March 31, 2009, we recorded €0.01 million of share-based compensation income for our Stock Option Plans compared to € 3.4 million of share-based compensation income in the comparable 2008 period due to the decrease in our share price which led to a decrease of the liability due to the option holders.

Other Operating Expense (Income), net. For the three months ended March 31, 2009, other operating expense, net amounted to €0.7 million, compared to €0.4 million other operating income, net in the comparable 2008 period due to foreign currency exchange losses.

Operating Loss. As a result of the foregoing factors, operating loss for the three months ended March 31, 2009 increased by €7.0 million to €10.1 million from €3.1 million in the comparable 2008 period.

Interest Expense. For the three months ended March 31, 2009, interest expense increased by €1.9 million, or 60.8%, to €5.1 million from €3.1 million in the comparable 2008 period. This increase was due to accrued costs in relation to the exchange offering of the outstanding 8.5% Senior Notes of €1.9 million.

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Interest and Investment Income. For the three months ended March 31, 2009, interest income decreased by €0.1 million, or 43.5% to €0.2 million from €0.3 million in the comparable 2008 period. This decrease was due to lower cash and cash equivalents.

Other Non-operating Income, net. For the three months ended March 31, 2009, other non-operating income, net increased by €1.7 million to income of €1.4 million from expense of €0.3 million in the comparable 2008 period mainly attributable to foreign currency gains in 2009.

Income Tax Benefit. For the three months ended March 31, 2009, the income tax benefit decreased by €0.8 million to €1.8 million, compared to €2.6 million in the comparable 2008 period. This was due to higher current income tax expense and higher tax benefits for which it is not probable to be realized in the near future. Share-based compensation income in 2008 had no tax effect.

For the year 2009, we are required to consider when we will be able to use our tax loss carry-forwards to offset taxable income and may, as a consequence, be required to write-down a portion of our deferred tax assets. In the event such a write-down is necessary under applicable accounting rules, it could significantly increase our deferred tax expense and negatively affect our net income.

Net Loss. As a result of the foregoing factors, for the three months ended March 31, 2009, we had a net loss of €11.8 million, compared to a net loss of €3.6 million in the comparable 2008 period.

Liquidity and Capital Resources

Payments from our customers are our principal source of liquidity. Additional sources of liquidity include our credit facility, financing under capital lease arrangements and vendor financing. The cash provided by these sources has a variety of uses. Most importantly, we must pay our employees and vendors for the services and materials they supply. Additional uses include capital expenditures, development of new products, payment of interest, extension of credit to our customers, and other general funding of our day-to-day operations.

For the three months ended March 31, 2009, cash generated from operating activities increased by €1.3 million, or 6.8%, to €19.7 million from €18.4 million in the comparable 2008 period. This was mainly due to lower working capital needs resulting from a higher decrease in accounts receivable and lower inventory increase. The cash flow from operating activities was used to purchase property, plant and equipment of €1.5 million, redeem borrowings of €4.0 million and to increase cash on hand.

As of March 31, 2009, we have in place €112.0 million senior notes due 2014, €12.3 million long-term obligations under a sale-leaseback agreement and a mortgage agreement due 2017, a liability against our venture partner of €2.7 million and €7.6 million other long-term debt comprising secured loans in Italy, Japan and the Czech

Republic. In addition, we used lines of credit with several banks in Austria and Japan of €21.4 million.

As of March 31, 2009, we had €31.7 million cash on hand (included €0.3 million restricted cash) and €5.9 million available-for-sale financial assets (predominantly money market funds) mainly held in euro which were restricted. In addition, we had €5.2 million available credit lines.

The lower cash balance including available-for-sale financial assets at March 31, 2009 (€37.6 million) compared to the same period in 2008 (€53.8 million), combined with the cash costs of our interest expense and our capital expenditures, will result in us having to manage our working capital more aggressively particularly during the third and fourth quarters of this year. To the extent, such actions are insufficient to fund our working capital requirements, we could be required to generate additional cash or secure additional credit facilities. However, the Exchange Offer, if successful, is expected to reduce our cash interest expense.

Consolidated Results

	For the Three Months ended March 31,	
	2009	2008
	(unaudited)	*(unaudited)*
	(in thousands)	
Total net revenues	€ 57,174	€ 61,623
Cost of sales	35,382	36,807
Gross profit	21,792	24,816
Gross margin	38.1%	40.3%
Selling and marketing expense	22,313	24,300
General and administrative expense	7,168	7,416
Restructuring costs	1,723	--
Share-based compensation income	(10)	(3,388)
Other operating expense (income), net	722	(403)
Operating loss	(10,124)	(3,108)
Interest expense	(5,052)	(3,142)
Interest and investment income	185	327
Other non-operating income (expense), net	1,380	(322)
Income tax benefit	1,837	2,635
Loss for the period	€ (11,775)	€ (3,610)

08-05-2009

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About Head

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

HEAD NV's ordinary shares are listed on 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, tennis balls, tennis footwear, badminton products, alpine skis, ski bindings 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, Hermann Maier, Bode Miller, Amelie Mauresmo, Svetlana Kuznetsova, Novak Djokovic, Andrew Murray, Ivan Ljubicic, Didier Cuche, Marco Büchel, Patrick Staudacher, Maria Riesch and Sarka Zahbrovska.

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

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