

# MOVADO GROUP INC.

## Movado Group, Inc. Posts 14% Increase in Third Quarter Net Income

December 2, 2003

- Third Quarter EPS Increases 10% Over LY -

- Company Generates Record Nine Months Cash Flow From Operations -

PARAMUS, N.J., Dec. 2 /PRNewswire-FirstCall/ -- Movado Group, Inc. (NYSE: MOV), today announced third quarter fiscal 2004 results for the period ended October 31, 2003.

### Third Quarter Fiscal 2004

- \* Net sales increased 10.7% to \$100.8 million compared to net sales of \$91.0 million last year. On a constant dollar basis, sales increased 9.1%.
- \* Comparable store sales increased 19.2% at the Company's Movado boutiques.
- \* Gross margin remained strong at 60.9%.
- \* Operating profit increased 11.2% to \$14.8 million versus \$13.3 million last year.
- \* Net income increased 14.4% to \$10.1 million compared to \$8.8 million last year.
- \* Earnings per diluted share increased 9.6% to \$0.80 from \$0.73 last year, with a 4.1% increase in diluted shares outstanding.

### Nine-Month Results

- \* Net sales increased 7.7% to \$237.5 million versus \$220.5 million last year. On a constant dollar basis, sales increased 5.9%.
- \* Comparable store sales increased 23.6% at the Company's Movado boutiques.
- \* Gross margin remained strong at 61.1%.
- \* Operating profit increased 10.1% to \$25.5 million compared to \$23.2 million.
- \* Net income increased 14.9% to \$16.7 million, or \$1.33 per fully diluted share, compared to net income of \$14.5 million, or \$1.19 per fully diluted share, in the comparable period last year.

Efraim Grinberg, President and Chief Executive Officer, stated, "We are very pleased that during our seasonally strongest third quarter, we successfully executed our operating strategies resulting in solid increases in sales, profits and cash flow. Year-over-year sales increases were also posted in each of our brands -- Concord, Movado, ESQ, Coach and Tommy Hilfiger. This excellent performance was driven by the strength of our brands and our commitment to consistently bring newness to the marketplace via new product introductions that are supported by compelling advertising campaigns.

"In addition, our Movado boutiques recorded significant year-over-year sales increases in the third quarter, with boutique comparable store sales rising 19%. This strong performance resulted from the introduction of new products and an improved product assortment in our boutiques, which served to generate interest and drive merchandise sell through. We are particularly pleased with the introduction of our proprietary Movado diamond featuring 114 facets."

Rick CotE, Executive Vice President and Chief Operating Officer, commented, "Our ability to deliver a 14% increase in net income even as we appropriately invested in our brands, infrastructure, and inventory, demonstrates our efficient operating structure and strong balance sheet. We continue to be disciplined in our strategies and remain focused on working capital management as demonstrated by record cash flow from operations of \$8.1 million generated in the year-to-date period."

Mr. Grinberg concluded, "Looking ahead, we are well-positioned for the holiday season. We look forward to our advertising campaigns, including our national television spots featuring our new museum automatic, successfully highlighting the excitement we have brought to the marketplace and driving consumer purchases during the important gift-giving season."

Based on the third quarter results, management has increased its financial projections and now expects full year earnings per share to range between \$1.78 to \$1.81.

The Company's management will host a conference call today, December 2, 2003 at 10:00 a.m. Eastern Time. A live broadcast of the call will be available on the Company's website: [www.movadogroupinc.com](http://www.movadogroupinc.com). This call will be archived online within one hour of the completion of the conference call.

Movado Group, Inc. designs, manufactures, and distributes Movado, Concord, ESQ, Coach and Tommy Hilfiger watches worldwide, and operates Movado boutiques and Company stores in the United States.

This press release contains certain forward-looking statements with respect to the future performance of Movado Group that involve risks and uncertainties. Movado's actual results could differ materially from those expressed or indicated by forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, the Company's ability to successfully introduce and sell new products, changes in consumer demand for the Company's products, risks relating to the retail industry, import restrictions, competition, seasonality and other factors discussed in Movado's filings with the Securities and Exchange Commission.

MOVADO GROUP, INC.  
Consolidated Statements of Operations  
(in thousands, except per share data)  
(Unaudited)

	Three Months Ended		Nine Months Ended	
	October 31,		October 31,	
	2003	2002	2003	2002
Net sales	\$100,767	\$91,023	\$237,482	\$220,538
Cost of sales	39,428	35,248	92,464	85,211
Gross profit	61,339	55,775	145,018	135,327
Selling, general and administrative expenses	46,584	42,510	119,478	112,126
Operating profit	14,755	13,265	25,540	23,201
Interest expense	764	1,031	2,372	3,045
Income before taxes	13,991	12,234	23,168	20,156
Income tax	3,917	3,426	6,487	5,644
Net income	\$10,074	8,808	\$16,681	14,512
Net income per share	\$0.80	\$0.73	\$1.33	\$1.19
Shares used in per share computation	12,629	12,127	12,504	12,167

MOVADO GROUP, INC.  
CONSOLIDATED BALANCE SHEETS  
(in thousands, except per share data)  
(Unaudited)

	October 31,	January 31,	October 31,
	2003	2003	2002
<b>ASSETS</b>			
Cash and cash equivalents	\$60,957	\$38,365	\$36,930
Trade receivables, net	120,706	94,438	124,295
Inventories	123,074	111,736	113,215
Other	21,957	36,646	24,477
Total current assets	326,694	281,185	298,917
Property, plant and equipment, net	40,744	39,939	39,749
Other assets	27,436	24,030	24,011
	\$394,874	\$345,154	\$362,677
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Loans payable to banks	\$22,000	\$0	\$31,000
Current portion of long-term debt	5,000	0	5,000

Accounts payable	22,115	22,712	25,953
Accrued liabilities	31,084	22,735	25,473
Deferred and current taxes payable	17,868	16,318	15,384
Total current liabilities	98,067	61,765	102,810
Long-term debt	30,000	35,000	35,000
Deferred and non-current income taxes	2,406	4,229	2,890
Other liabilities	10,523	7,948	7,598
Shareholders' equity	253,878	236,212	214,379
	\$394,874	\$345,154	\$362,677

SOURCE Movado Group, Inc.

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/Web site: <http://www.movadogroupinc.com> /

(MOV)

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