

MOVADO GROUP INC.

Movado Group, Inc. Posts Q1 EPS of \$0.06; Q1 EPS More Than Doubles to \$0.20 Excluding Ebel

June 2, 2004

- Net Sales Increase 23%; Excluding Ebel, Net Sales Climb 18% -
- Movado Boutique Comparable Store Sales Up 18% -

PARAMUS, N.J., June 2 /PRNewswire-FirstCall/ -- Movado Group, Inc. (NYSE: MOV), today announced first quarter results for the period ended April 30, 2004. These results include the Ebel business, which was acquired on March 1, 2004.

First Quarter Fiscal 2005

- * Net sales increased 23.3% to \$74.2 million from \$60.2 million last year.
- * Net sales increased 17.6%, excluding Ebel.
- * Comparable store sales increased 18.2% at the Company's Movado boutiques.
- * Gross margin was 58.5% compared to 60.6%. Excluding Ebel, gross margin was 59.5%.
- * Operating profit was \$1.7 million versus \$2.0 million in the year-ago period. Excluding Ebel, operating profit increased to \$4.1 million.
- * Net income of \$736,000, or \$0.06 per diluted share, compares to net income of \$856,000, or \$0.07 per diluted share, in the prior year period. Excluding the impact of Ebel, net income tripled to \$2.6 million and diluted earnings per share increased nearly threefold to \$0.20.

Efrain Grinberg, President and Chief Executive Officer, commented, "We are very pleased with both our top and bottom line performance during the first quarter, which exceeded our expectations. The favorable results were fueled by strong year-over-year sales gains in our Movado, Concord, Coach and Tommy Hilfiger watch brands. Our brands continue to perform extremely well at retail and we are especially encouraged by our international business, which posted an impressive 43.7% sales increase from last year, excluding Ebel (73.7% including Ebel). Our Movado boutiques also experienced an excellent first quarter, delivering an 18.2% comparable store sales increase, which reflected strong consumer demand for our increased assortment of Movado jewelry.

"We are confident in the growth potential of Ebel and are working diligently to return this world-class, global luxury brand to a prominent position in the marketplace. Our goal for Ebel over the course of this year is to completely integrate the brand into Movado Group and begin to revitalize and increase its visibility, setting a strong foundation for future growth. We look forward to introducing a powerful image-building global advertising campaign during the second half of this year, which will support and reinforce the luxury image of Ebel."

Rick Cote, Executive Vice President and Chief Operating Officer, stated, "Our strong first quarter performance reflects the success of our brand investments, new product offerings and enhanced productivity, further demonstrating our ability to execute our multi-year initiatives on many fronts. As expected, Ebel was dilutive to earnings in the first quarter as we integrate the brand into our portfolio. The integration is proceeding as planned and we are pleased with the progress made thus far. Importantly, our balance sheet remains strong with a cash position of approximately \$36 million, representing a slight increase over year-ago levels despite the recent all-cash acquisition."

Mr. Grinberg concluded, "We are encouraged by the strong reception that our brands received at the recently held annual Basel Watch Fair. Looking ahead, our merchandising and marketing initiatives are in place to support our diverse portfolio of brands and drive sell through at retail throughout fiscal 2005."

Movado Group reaffirms its fiscal year 2005 guidance of diluted earnings per share between \$1.84 and \$1.92, including the dilutive impact of Ebel. The Company anticipates fiscal year 2005 sales to be in excess of \$400 million, or an increase in excess of 20% from last year. Excluding Ebel, sales are projected to grow in the 8% range.

The Company's management will host a conference call today, June 2, 2004 at 10:00 a.m. Eastern Time. A live broadcast of the call will be available on the Company's website: <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, Ebel, 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 within the meaning of the Private Securities Litigation Reform Act of 1995. The Company has tried, whenever possible, to identify these forward-looking statements using words such as "expects," "anticipates," "believes," "targets," "goals," "projects," "intends," "plans," "seeks," "estimates," "projects," "may," "will," "should" and similar expressions. Similarly, statements in this press release that describe the Company's business strategy, outlook, objectives, plans, intentions or goals are also forward-looking statements. Accordingly, such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause the Company's actual results, performance or achievements and levels of future dividends to differ materially from those expressed in, or implied by, these

statements. These risks and uncertainties may include, but are not limited to: the Company's ability to successfully introduce and sell new products, the Company's ability to successfully integrate the operations of Ebel without disruption to its other business activities, changes in consumer demand for the Company's products, risks relating to the retail industry, import restrictions, competition, seasonality and the other factors discussed in the Company's Annual Report on Form 10-K and other filings with the Securities and Exchange Commission. These statements reflect the Company's current beliefs and are based upon information currently available to it. Be advised that developments subsequent to this press release are likely to cause these statements to become outdated with the passage of time.

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

	Three Months Ended	
	April 30,	
	2004	2003
Net sales	\$74,187	\$60,170
Cost of sales	30,802	23,730
Gross profit	43,385	36,440
Selling, general and administrative expenses	41,678	34,468
Operating profit	1,707	1,972
Interest expense	725	783
Income before taxes	982	1,189
Income tax	246	333
Net income	\$736	\$856
Net income per diluted share	\$0.06	\$0.07
Shares used in per share computation	12,754	12,348

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

	April 30, 2004	January 31, 2004	April 30, 2003
ASSETS			
Cash and cash equivalents	\$35,944	\$82,083	\$34,548
Trade receivables, net	99,546	88,800	97,362
Inventories	175,332	121,678	119,445
Other	31,217	27,932	34,440
Total current assets	342,039	320,493	285,795
Property, plant and equipment, net	45,713	42,112	39,579
Other assets	36,148	28,362	25,055
	\$423,900	\$390,967	\$350,429
LIABILITIES AND SHAREHOLDERS' EQUITY			
Loans payable to banks	\$32,539	\$0	\$18,750
Current portion of long-term debt	5,000	10,000	5,000
Accounts payable	26,281	23,631	14,436
Accrued liabilities	39,362	25,781	18,790
Deferred and current taxes payable	15,272	18,111	13,202

Total current liabilities	118,454	77,523	70,178
Long-term debt	25,000	25,000	30,000
Deferred and non-current income taxes	4,075	2,282	3,823
Other liabilities	11,681	11,449	8,657
Shareholders' equity	264,690	274,713	237,771
	\$423,900	\$390,967	\$350,429

SOURCE Movado Group, Inc.

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/Web site: <http://www.movadogroup.com/>
(MOV)

CO: Movado Group, Inc.

ST: New Jersey

IN: FAS REA

SU: CCA ERN

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