MOVADO GROUP INC.

Movado Group, Inc. Announces Second Quarter Results

September 8, 2005

PARAMUS, N.J., Sept 08, 2005 /PRNewswire-FirstCall via COMTEX News Network/ -- Movado Group, Inc. (NYSE: MOV), today announced second quarter results for the period ended July 31, 2005.

Second Quarter Fiscal 2006

- Net sales increased 17.9% to $115.3 million from $97.8 million last year.
- Comparable store sales increased 2.3% at the Company's Movado boutiques on top of an 11.8% comparable store sales gain in the year-ago period.
- Gross margin was 60.7% this year compared to 59.3% last year.
- Operating profit increased to $12.3 million versus $8.7 million in the year-ago period.
- Net income increased to $8.6 million, or $0.33 per diluted share, compared to net income of $7.1 million, or $0.28 per diluted share, in the prior year period. Net income in the year-ago period included a one-time gain of $0.03 per fully diluted share associated with a legal settlement the Company reached with Swiss Army Brands.

First Half Fiscal 2006

- Net sales increased 18.1% to $203.1 million from $172.0 million last year.
- Comparable store sales increased 2.7% at the Company's Movado boutiques on top of an 18.4% comparable store sales gain in the year-ago period.
- Gross margin was 60.5% compared to 58.9%.
- Operating profit was $14.4 million versus $10.5 million in the year-ago period.
- Net income was $9.5 million, or $0.37 per diluted share, compared to net income of $7.8 million, or $0.31 per diluted share, in the prior year period. Net income for the first half of last year included a one-time gain of $0.03 per fully diluted share associated with a legal settlement gain recorded in the second quarter of fiscal 2005.

Efraim Grinberg, President and Chief Executive Officer, commented, "The results we have achieved stem from remaining true to our vision; building brands with a commitment to long term success. Movado, Ebel, Concord, ESQ, Coach, and Tommy Hilfiger Watches -- are marked by exceptional quality and each possesses a distinct brand image in the marketplace. We consistently support our brands with compelling marketing and advertising support, while challenging our organization to keep our brands fresh through an ongoing process of reinvention and product innovation."

"Continued investment behind our brands and businesses demonstrates our commitment toward building long-term shareholder value. We are on-track with our strategy of rebuilding Ebel into a global luxury brand and we are very encouraged with our progress. Our Movado Boutiques now operate in 27 locations nationwide and we continue to develop and strengthen this business as we move toward converting our investment into a profitable operation. Finally, our team is preparing for the exciting launch of a new Hugo Boss watch collection in March of 2006."

Rick Cote, Executive Vice President and Chief Operating Officer, stated, "We are very pleased with the results we delivered during the first half of the year, which reflects the success of our brand and business investments, new product offerings and enhanced productivity. Fiscal 2006 is a year where we have made a strategic decision to invest significantly behind our brands and businesses as we position our company for accelerated growth. Consistent with our strategy, we continue to expect earnings growth to outpace sales growth."

Movado Group now anticipates fiscal 2006 net sales to grow approximately 14% from last year and fully diluted earnings per share for the full year to

be at the upper-end of the Company's previously stated range of $1.18 to $1.24. Included in this guidance is an expected $0.05 per diluted share expense related to equity compensation of restricted stock. This guidance excludes any potential impact associated with the American Jobs Creation Act, which the Company continues to evaluate. To the extent that Movado Group repatriates any international earnings, the Company would incur a one time income tax charge.

The Company's management will host a conference call today, September 8th at 10:00 a.m. Eastern Time. A live broadcast of the call will be available on the Company's website: http://www.movadogroup.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, Tommy Hilfiger and Hugo Boss 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 July 31,		Six Months Ended July 31,	
	2005	2004	2005	2004
Net sales	$115,326	$97,788	$203,082	$171,975
Cost of sales	45,340	39,810	80,258	70,612
Gross profit	69,986	57,978	122,824	101,363
Selling, general and administrative expenses	57,701	49,230	108,400	90,908
Operating profit	12,285	8,748	14,424	10,455
Income from litigation settlement, net	-	1,444	-	1,444
Interest expense	884	783	1,693	1,508
Income before income taxes	11,401	9,409	12,731	10,391
Income tax	2,850	2,352	3,183	2,598
Net income	$8,551	7,057	$9,548	$7,793
Net income per diluted share	$0.33	$0.28	$0.37	$0.31
Shares used in per share computation	26,126	25,484	26,074	25,416

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

	July 31, 2005	January 31, 2005	July 31, 2004

ASSETS

Cash and cash equivalents	$50,323	$63,782	$27,438
Trade receivables, net	105,533	102,622	95,841
Inventories	206,483	187,890	181,784
Other	37,127	34,409	31,899
Total current assets	399,466	388,703	336,962
Property, plant and equipment, net	50,282	50,283	48,193
Other assets	36,348	37,964	37,672
	$486,096	$476,950	$422,827

LIABILITIES AND SHAREHOLDERS' EQUITY

Loans payable to banks	$37,500	$0	$25,000
Current portion of long-term debt	0	0	5,000
Accounts payable	35,283	38,488	30,965
Accrued liabilities	40,482	39,618	30,223
Deferred and current taxes payable	4,756	5,250	5,853
Total current liabilities	118,021	83,356	97,041
Long-term debt	45,000	45,000	25,000
Deferred and non-current income taxes	9,031	14,827	11,936
Other liabilities	17,363	17,209	12,214
Shareholders' equity	296,681	316,558	276,636
	$486,096	$476,950	$422,827

SOURCE Movado Group, Inc.

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