

MOVADO GROUP INC.

Movado Group, Inc. Reports Q3 Net Sales Increase 12%; Operating Profit Grows 19%

December 1, 2005

PARAMUS, N.J., Dec. 1 /PRNewswire-FirstCall/ -- Movado Group, Inc. (NYSE: MOV), today announced third quarter results for the period ended October 31, 2005.

Third Quarter Fiscal 2006

- * Net sales increased 11.6% to \$141.7 million from \$127.0 million last year.
- * Comparable store sales increased 10.6% at the Company's Movado boutiques versus a 12.8% gain achieved last year.
- * Gross margin remained strong at 60.8%.
- * Operating profit increased 18.9% to \$19.0 million versus \$16.0 million last year.
- * Other income for the quarter of \$1.0 million included two unusual items: a gain of \$2.6 million generated from the sale of a building acquired with Ebel, which more than offset a loss of \$1.6 million associated with the accounting for foreign currency hedge derivatives.
- * Net income was \$14.1 million, or \$0.54 per diluted share. The net effect of the aforementioned unusual items benefited net income and diluted earnings per share by \$0.8 million and \$0.03, respectively. Net income was \$11.3 million, or \$0.44 per diluted share, in the year-ago period.

Nine-Month Results

- * Net sales increased 15.3% to \$344.8 million from \$299.0 million last year.
- * Comparable store sales increased 5.0% at the Company's Movado boutiques versus a 16.7% gain achieved last year.
- * Gross margin was 60.6% compared to 59.7% in the year-ago period.
- * Operating profit increased 26.5% to \$33.4 million versus \$26.4 million last year.
- * Other income for the nine-month period of \$1.0 million included the aforementioned unusual items recorded in the third quarter of fiscal 2006. Other income of \$1.4 million recorded in the prior year period reflected the one-time gain associated with a legal settlement the Company reached with Swiss Army Brands.
- * Net income was \$23.7 million, or \$0.91 per diluted share, compared to \$19.1 million, or \$0.75 per diluted share, in the prior year period. Unusual items recorded in the nine-month period of fiscal 2006 and fiscal 2005 benefited diluted earnings per share by \$0.03.

Efraim Grinberg, President and Chief Executive Officer, commented, "In a period that presented several challenges including hurricanes and higher energy prices, we are very pleased with our overall results delivered in the third quarter. The power of our portfolio of brands enabled our company to deliver a solid 12% increase in sales and record an even stronger 19% increase in operating profit. Our Movado boutique business also gained momentum in the third quarter, reinforcing our initiatives at retail and reflecting the strength of the Movado brand."

Rick Cote, Executive Vice President and Chief Operating Officer, stated, "Throughout fiscal 2006 we have focused on key areas where we have

identified significant growth opportunities that require an increased level of investment, including the accelerated growth of ESQ, and the rebuilding of Ebel. Even as we continue to invest behind our brands and businesses, our balance sheet remains strong and provides us with excellent flexibility to continue executing our strategies."

Mr. Grinberg concluded, "As we head into the important holiday selling season, our brands are distinctly positioned at retail, in print, and on television. With terrific products, innovative advertising campaigns and comprehensive marketing programs, we are delivering a great amount of excitement into the marketplace, which should drive consumer purchases during the important gift-giving season."

On a GAAP basis including unusual items, Movado Group projects fully diluted earnings per share for fiscal 2006 to be in the \$1.21 to \$1.27 range versus \$1.03 earned in fiscal 2005. Included in this guidance is an estimated \$0.05 per diluted share expense related to the equity compensation of restricted stock. Excluding the aforementioned unusual items recorded in the third quarter of this year, as well as any potential impact associated with the American Jobs Creation Act (AJCA), the Company continues to project fiscal 2006 diluted earnings per share to be at the upper end of the \$1.18 to \$1.24 range. To the extent that Movado Group repatriates any international earnings associated with AJCA, the Company would incur a one-time income tax charge. Net sales in fiscal 2006 are now expected to grow approximately 12% from last year.

Movado Group believes that presenting financial projections without unusual items provides a clearer picture of the Company's ongoing business.

The Company's management will host a conference call today, December 1st 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, 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 newly acquired and/or licensed brands 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 October 31,		Nine Months Ended October 31,	
	2005	2004	2005	2004
Net sales	\$141,736	\$127,023	\$344,818	\$298,998
Cost of sales	55,563	49,882	135,821	120,494
Gross profit	86,173	77,141	208,997	178,504
Selling, general and administrative expenses	67,163	61,157	175,563	152,065
Operating profit	19,010	15,984	33,434	26,439
Other income/(expense)	1,008	-	1,008	1,444
Interest expense	1,208	872	2,901	2,380
Income before income taxes	18,810	15,112	31,541	25,503
Income tax	4,702	3,778	7,885	6,376
Net income	\$ 14,108	\$ 11,334	\$ 23,656	\$ 19,127
Net income per diluted share	\$ 0.54	\$ 0.44	\$ 0.91	\$ 0.75
Shares used in per share				

computation	26,211	25,621	26,123	25,497
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MOVADO GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)
(Unaudited)

	October 31, 2005	January 31, 2005	October 31, 2004
ASSETS			
Cash and cash equivalents	\$ 56,064	\$ 63,782	\$ 35,870
Trade receivables, net	144,484	102,622	137,861
Inventories	211,442	187,890	192,811
Other	31,622	34,515	42,540
Total current assets	443,612	388,809	409,082
Property, plant and equipment, net	49,109	50,283	50,105
Other assets	35,449	37,858	39,972
	\$528,170	\$476,950	\$499,159
LIABILITIES AND SHAREHOLDERS' EQUITY			
Loans payable to banks	\$ 44,000	\$ 0	\$ 16,300
Current portion of long-term debt	0	0	5,000
Accounts payable	42,016	38,488	41,928
Accrued liabilities	49,135	39,618	47,237
Deferred and current taxes payable	7,055	5,250	20,911
Total current liabilities	142,206	83,356	131,376
Long-term debt	45,000	45,000	45,000
Deferred and non-current income taxes	9,741	14,827	3,291
Other liabilities	17,629	17,209	13,281
Shareholders' equity	313,594	316,558	306,211
	\$528,170	\$476,950	\$499,159

SOURCE Movado Group, Inc.

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