MOVADO GROUP INC.

Movado Group, Inc. Reports Third Quarter Results

December 6, 2007

~ Q3 Operating Profit Grows 20.9% from Year-Ago Adjusted Operating Profit ~

PARAMUS, N.J., Dec. 6 /PRNewswire-FirstCall/ -- Movado Group, Inc. (NYSE: MOV), today announced third quarter and nine-month results for the period ended October 31, 2007.

Third Quarter Fiscal 2008

- Net sales increased $13.9 million, or 8.3%, to $180.2 million from $166.3 million last year. Net sales for the current quarter and year-ago period included $11.3 million and $12.1 million of excess discontinued product, respectively.
- Comparable store sales increased 8.8% at the Company's Movado boutiques versus a 0.5% gain achieved last year.
- Gross profit was $109.9 million, or 61.0% of sales, compared to $97.9 million, or 58.9% of sales last year. Excluding excess discontinued product sales from the current quarter and year-ago period, adjusted gross profit was $109.2 million, or 64.7% of sales and $97.9 million, or 63.5% of sales, respectively.
- Operating profit was $28.5 million versus $19.8 million last year. Year-ago operating profit included two unusual items, which resulted in a combined $3.8 million non-cash charge, or $0.07 per fully diluted share. Excluding these items, year-ago adjusted operating profit was $23.6 million. (See attached table for reconciliation of GAAP to non-GAAP measures.)
- Income tax expense of $1.9 million reflects a 6.7% tax rate in the third quarter compared to an income tax benefit of $2.0 million recorded last year. Both periods reflect the continued utilization of a Swiss net operating loss carryforward (NOL) acquired with the Ebel brand in fiscal 2005, which contributed $0.19 to third quarter diluted earnings per share this year and $0.25 per fully diluted share in the year-ago period. The Company now anticipates a fiscal 2008 tax rate of approximately 15.9%.
- On a reported basis, net income and earnings per share were $26.5 million and $0.97, respectively, versus net income of $21.9 million and earnings per diluted share of $0.82 in the year-ago period.
- Adjusting for unusual items recorded in fiscal 2008 and fiscal 2007, third quarter net income increased 23.7% to $21.3 million from $17.2 million last year, and earnings per diluted share increased 21.9% to $0.78 in the third quarter from $0.64 in the year-ago period. (See attached table for reconciliation of GAAP to non-GAAP measures.)

Nine-Month Results

- Net sales increased 7.8% to $421.0 million from $390.6 million last year. Net sales for the current nine-month period and year-ago period included $22.3 million and $12.1 million of excess discontinued product, respectively.
- Comparable store sales increased 1.1% at the Company's Movado boutiques versus a 5.0% gain achieved last year.
- Gross profit was $254.9 million, or 60.5% of sales, compared to $236.0 million, or 60.4% of sales last year. Excluding excess discontinued product sales from the current nine-month period and year-ago period, adjusted gross profit was $254.6 million, or 63.9% of sales and $236.0

million, or 62.4% of sales, respectively.

- Operating profit was $47.6 million versus $37.3 million last year. Year-ago operating profit included the previously mentioned unusual items recorded in the third quarter. Excluding these items, year-ago adjusted operating profit was $41.1 million. (See attached table for reconciliation of GAAP to non-GAAP measures.)
- Income tax expense of $6.7 million reflects a 13.9% tax rate in the year-to-date period compared to income tax expense of $1.0 million, or a 2.8% tax rate recorded last year, and reflects the further utilization of the Swiss NOL acquired with the Ebel brand in fiscal 2005.
- On a reported basis, net income and earnings per diluted share were $41.2 million and $1.51, respectively, versus net income of $36.1 million and earnings per diluted share of $1.35 in the year-ago period.
- Adjusting for unusual items recorded in fiscal 2008 and fiscal 2007, net income for the nine-month period increased 18.9% to $35.8 million from $30.1 million last year, and earnings per diluted share increased 15.9% to $1.31 in the nine-month period from $1.13 in the year-ago period. (See attached table for reconciliation of GAAP to non-GAAP measures.)

Efraim Grinberg, President and Chief Executive Officer, commented, "Third quarter results were strong as we positioned each of our brands in the marketplace with bold new products, aspirational advertising campaigns, including Movado's milestone celebration of 60 years of modern design, and fully integrated marketing programs. We have made great strides in building our international business, which grew 33% from last year and represented over 40% of wholesale revenue during the third quarter."

Rick Cote, Executive Vice President and Chief Operating Officer, stated, "Year-to-date results demonstrate our commitment to strong operating disciplines which translated into expanded adjusted gross margins and operating profit growth. During the quarter, we continued to convert discontinued product into cash, thereby improving our inventory mix and driving cash flow. Going forward, we remain focused on growing our operating margin through a combination of gross margin improvement and the leveraging of our existing infrastructure."

The Company recognizes there is a growing sense of uncertainty surrounding the outlook of the U.S. economy. Results for the full year will depend on the strength of the holiday season and retailer replenishment in January.

Based on the Company's results for the first nine months of fiscal 2008 and assuming that the U.S. economic environment does not deteriorate, Movado Group now projects fiscal 2008 adjusted diluted earnings per share to range between $1.74 and $1.78 based on an estimated 25% tax rate. The 25% tax rate represents the Company's assumed normalized tax rate and allows for year-over- year financial comparisons. This compares to fiscal 2007 adjusted diluted earnings per share of $1.54. Fiscal 2008 and fiscal 2007 adjusted diluted earnings per share exclude the impact of the tax benefit resulting from the further utilization of the NOL acquired with Ebel in fiscal 2005. Fiscal 2007 adjusted diluted earnings per share also exclude previously disclosed one-time items related to accounts receivable, foreign currency and sale of a non- operating asset. On a GAAP basis, Movado Group projects fiscal 2008 diluted earnings per share to range between $1.95 and $2.00, with a 15.9% tax rate, versus GAAP diluted earnings per share of $1.87 with a 5.4% tax rate recorded in fiscal 2007. Fiscal 2008 net sales are projected to be approximately $560 million.

The Company's management will host a conference call today, December 6th at 10:00 a.m. Eastern Time. A live broadcast of the call will be available on the Company's website: 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, HUGO BOSS, Juicy Couture and LACOSTE watches worldwide, and operates Movado boutiques and company stores in the United States.

In this release, the Company presents certain adjusted financial measures that are not calculated according to generally accepted accounting principles in the United States ("GAAP"). These non-GAAP financial measures are designed to complement the GAAP financial information presented in this release because management believes they present information regarding the Company that management believes is useful to investors. The non-GAAP financial measures presented should not be considered in isolation from or as a substitute for the comparable GAAP financial measure.

The Company is presenting net sales excluding excess discontinued product sales (and gross profit excluding such sales) because the Company believes that it is useful to investors to eliminate the effect of these unusual sales in order to improve the comparability of the Company's results for the periods presented.

The Company is presenting adjusted operating profit, which is operating profit excluding a nonrecurring, non-cash accounts receivable adjustment expense and a one-time out-of-period benefit related to a foreign currency adjustment. The Company is also presenting adjusted net income, which is net income excluding the above-described accounts receivable adjustment and foreign currency adjustment and adjusting to exclude the effects of the utilization of NOLs from the Ebel acquisition and to assume a normalized 25% tax rate for all periods presented.

Management believes that presenting adjusted operating profit and adjusted net income is useful for investors because they improve comparability of results for the periods presented by eliminating items that affect those line items that are not expected to recur, although such items may, in fact, recur in the future.

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," "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: actual or perceived weakness in the U.S. and global economy and fluctuations in consumer spending and disposable income, 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 fashion and retail industry, import restrictions, competition, seasonality, commodity price and exchange rate fluctuations, changes in local or global economic conditions, 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,	
	2007	2006	2007	2006
Net sales	$180,153	$166,272	$420,983	$390,604
Cost of sales	70,266	68,370	166,098	154,600
Gross profit	109,887	97,902	254,885	236,004
Selling, general and administrative expenses	81,398	78,123	207,287	198,717
Operating profit	28,489	19,779	47,598	37,287
Other income, net	-	374	-	374
Interest expense	(920)	(987)	(2,671)	(2,849)
Interest income	1,064	753	3,373	2,260
Income before income taxes and minority interest	28,633	19,919	48,300	37,072
Income tax	1,927	(1,964)	6,691	1,049
Minority interest	178	(2)	417	(66)
Net income	$26,528	$21,885	$41,192	$36,089
Net income per diluted share	$0.97	$0.82	$1.51	$1.35
Number of shares outstanding	27,236	26,799	27,299	26,659

MOVADO GROUP, INC.
Reconciliation tables
(in thousands, except per share data)
(Unaudited)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2007	2006	2007	2006
Operating Profit (GAAP)	$28,489	$19,779	$47,598	$37,287
A/R Reserve Adjustment (1)	-	6,000	-	6,000
Out-of-Period FX Adjustment (2)	-	(2,211)	-	(2,211)
Adjusted Operating Profit				

(Non-GAAP)	$28,489	$23,568	$47,598	$41,076

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2007	2006	2007	2006
Net Income (GAAP)	$26,528	$21,885	$41,192	$36,089
A/R Reserve Adjustment (1)	-	3,706	-	3,706
Out-of-Period FX Adjustment (2)	-	(1,729)	-	(1,729)
Tax Adjustments (3)	(5,231)	(6,647)	(5,384)	(7,938)
Adjusted Net Income (Non-GAAP)	$21,297	$17,215	$35,808	$30,128
Number of shares outstanding	27,236	26,799	27,299	26,659
Adjusted Net Income per share (Non-GAAP)	$0.78	$0.64	$1.31	$1.13

(1) Non-cash charge to accounts receivable reserve due to a change in estimate.
(2) One-time benefit recorded for an out-of-period adjustment related to foreign currency.
(3) To present financials at a consistent 25% effective tax rate for both periods. Actual taxes primarily reflect utilization of the acquired Ebel net operating loss tax carryforward.

MOVADO GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)
(Unaudited)

	October 31, 2007	January 31, 2007	October 31, 2006
ASSETS			
Cash	$111,060	$133,011	$79,908
Trade receivables, net	150,996	111,417	159,010
Inventories	210,510	193,342	207,709
Other current assets	37,056	35,109	33,740
Total current assets	509,622	472,879	480,367
Property, plant and equipment, net	63,729	56,823	53,339
Deferred income taxes	31,000	12,091	12,239
Other non-current assets	38,605	35,825	34,819
Total assets	$642,956	$577,618	$580,764
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current portion of long-term debt	$10,000	$5,000	$5,000
Accounts payable	26,892	32,901	35,948
Accrued liabilities	54,311	45,610	52,465
Deferred and current taxes payable	11,355	5,946	7,634
Total current liabilities	102,558	89,457	101,047
Long-term debt	50,907	75,196	82,435
Deferred and non-current income taxes	32,980	11,054	11,050
Other liabilities	25,481	23,087	21,714
Minority interest	1,645	443	244
Shareholders' equity	429,385	378,381	364,274
Total liabilities and equity	$642,956	$577,618	$580,764

Impact of adoption of FIN 48:

As a result of the adoption of FIN 48, the Company recorded a reduction to the February 1, 2007 retained earnings in the amount of $7.7 million representing the cumulative effect of the adoption.

SOURCE Movado Group, Inc.

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