

# Movado Group, Inc.

January 2014



# SAFE HARBOR STATEMENT

*This presentation contains certain “forward-looking statements” for purposes of the safe harbor provided by the Private Securities Litigation Reform Act of 1995. These statements are based on current expectations, estimates, forecasts and projections about the Company, its future performance, the industry in which the Company operates and management’s assumptions. Words such as “expects”, “anticipates”, “targets”, “goals”, “projects”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “may”, “will”, “should” and variations of such words and similar expressions are also intended to identify such forward-looking statements. The Company cautions readers that forward-looking statements include, without limitation, those relating to the Company’s future business prospects, projected operating or financial results, revenues, working capital, liquidity, capital needs, plans for future operations, expectations regarding capital expenditures and operating expenses, effective tax rates, margins, interest costs, and income as well as assumptions relating to the foregoing. Forward-looking statements are subject to certain risks and uncertainties, some of which cannot be predicted or quantified. Actual results and future events could differ materially from those indicated in the forward-looking statements, due to several important factors herein identified, among others, and other risks and factors identified from time to time in the Company’s reports filed with the SEC including, without limitation, the following: general economic and business conditions which may impact disposable income of consumers in the United States and the other significant markets (including Europe) where the Company’s products are sold, uncertainty regarding such economic and business conditions, trends in consumer debt levels and bad debt write-offs, general uncertainty related to possible terrorist attacks, natural disasters, the stability of the European Union and defaults on or downgrades of sovereign debt and the impact of any of those events on consumer spending, changes in consumer preferences and popularity of particular designs, new product development and introduction, competitive products and pricing, seasonality, availability of alternative sources of supply in the case of the loss of any significant supplier or any supplier’s inability to fulfill the Company’s orders, the loss of or curtailed sales to significant customers, the Company’s dependence on key employees and officers, the ability to successfully integrate the operations of acquired businesses without disruption to other business activities, the continuation of licensing arrangements with third parties, the ability to secure and protect trademarks, patents and other intellectual property rights, the ability to lease new stores on suitable terms in desired markets and to complete construction on a timely basis, potential effects of economic and currency instability in Europe and countries using the Euro as their functional currency, the ability of the Company to successfully manage its expenses on a continuing basis, the continued availability to the Company of financing and credit on favorable terms, business disruptions, disease, general risks associated with doing business outside the United States including, without limitation, import duties, tariffs, quotas, political and economic stability, and success of hedging strategies with respect to currency exchange rate fluctuations. All forward-looking statements speak only as of the date of this presentation or, in the case of any document incorporated by reference, the date of that document. All subsequent written and oral forward-looking statements attributable to the Company or any person acting on its behalf are qualified by the cautionary statements in this section. The Company undertakes no obligation to update or publicly release any revisions to forward-looking statements to reflect events, circumstances or changes in expectations after the date of this presentation.*

# COMPANY OVERVIEW

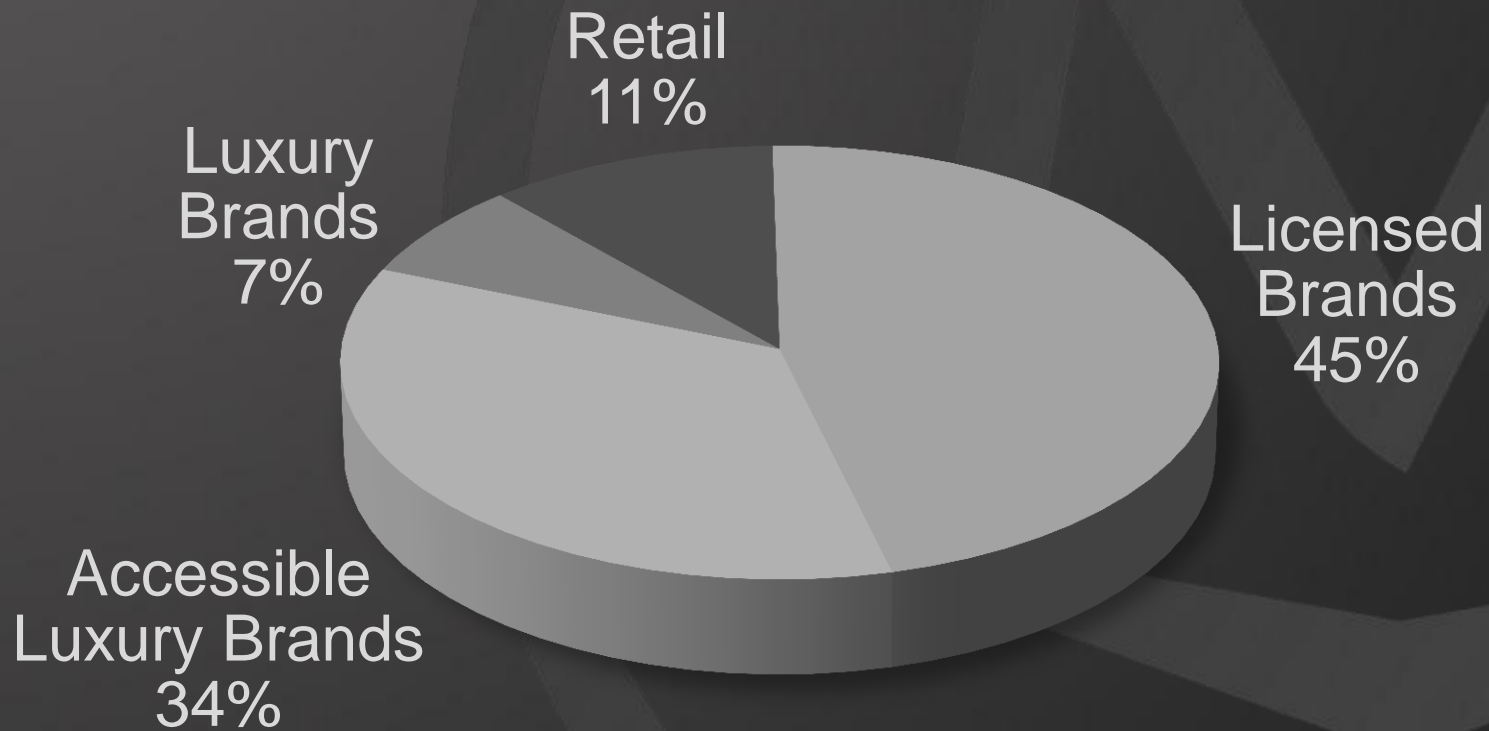
- Compelling portfolio of watch brands
- Diversified across brands, price points and geographies
- World class infrastructure – systems, talent & processes
- Initiatives driving consistent increases in financial results
- Significant future growth opportunities
- Strong balance sheet and cash flow



# DIVERSE BRAND PORTFOLIO

Presence in all key market segments

Percent of Total MOV Revenue (FY '13)



# DIVERSE BRAND PORTFOLIO

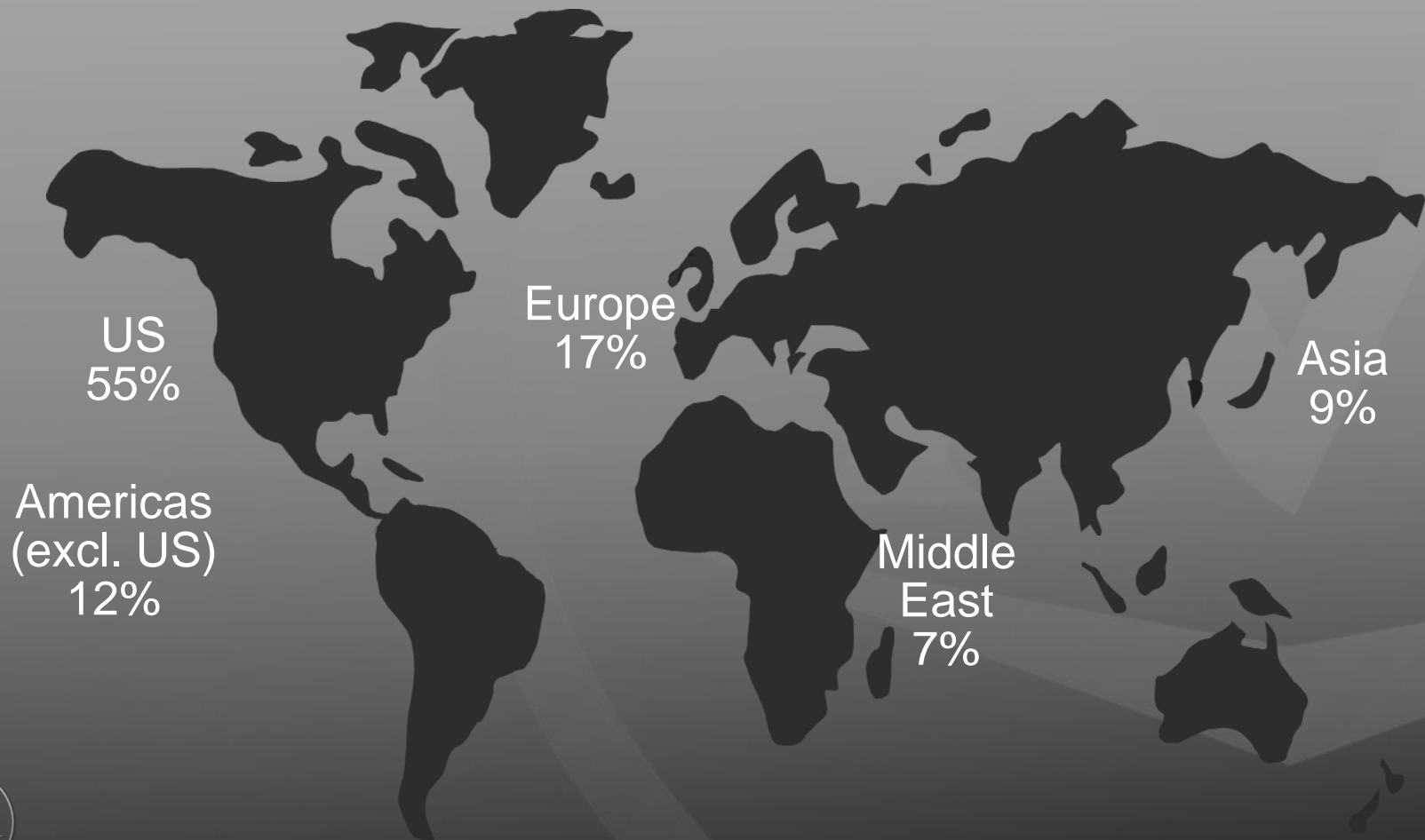
Presence in all key market segments

	Category Positioning	FY13 Net Sales		Year Created/ Launched	Worldwide Rights
		\$MM	% of Total		
OWNED	CONCORD Luxury (\$2,000 - \$9,999)	~\$33MM	~7%	1908	Owned
	EBEL Luxury (\$2,000 - \$9,999)			1911	Owned
	MOVADO Accessible Luxury (\$500 - \$2,499)	~\$174MM	~34%	1881	Owned
	esq MOVADO Moderate (\$100 - \$499)			1993	Owned
LICENSED	COACH WATCHES Moderate (\$150 - \$400)	~\$231MM	~45%	1999	Yes
	TOMMY HILFIGER WATCHES Moderate (\$100 - \$300)			2001	Yes
	BOSS HUGO BOSS Moderate (\$225 - \$775)			2006	Yes
	Juicy Couture TIMEPIECES Moderate (\$100 - \$300)			2007	Yes
	LACOSTE Moderate (\$100 - \$300)			2007	Yes
	SCUDERIA FERRARI Moderate (\$125 - \$475)			2013	Yes



# BROAD GEOGRAPHIC REACH

Presence and opportunity in all regions (FY '13)



# KEY ACCOMPLISHMENTS

- Implemented SAP globally
- Improved distribution
- Developed strong new product pipeline
- Continued investments and focus in China
- Closed Boutiques, focused on wholesale
- Delivering consistent, positive financial results



# KEY ORGANIC GROWTH DRIVERS

- New product innovation - strong price/value equation
- Comprehensive 360° marketing
- Increased SKU productivity
- Stronger retailer metrics
- Selective customer and POS expansion



# FY13 FINANCIAL RESULTS \*

- Strong sales growth +33% since FY11
  - Movado brand growth +52%
  - Licensed brands growth +50%
- Operating income growth
  - From \$10.8M in FY11 to \$57.2M in FY13
- Healthy balance sheet
  - \$168M cash, post \$32M special dividend payments
  - No debt outstanding

\* Adjusted for nonrecurring items.



# YTD Q3 FY14 FINANCIAL RESULTS \*

- Built on momentum of past 3+ years; consistent positive results for past 15 quarters
- Strong sales growth ~15% increase over last year
  - Accessible Luxury +16%
  - Licensed Brands +18%
- Operating income of \$61.1M compared to \$47.2M last year
- Net income of \$43.7M compared to \$31.9M last year
- EPS \$1.69 vs. \$1.25 last year



\* Prior year period adjusted for nonrecurring items.

# COMPANY FINANCIAL PERFORMANCE \*

	<b>FY12 Actual</b>	<b>FY13 Actual</b>	<b>FY14 Guidance</b>
Sales (\$000)	\$465,079	\$510,378	\$580,000
Operating Income	34,274	57,246	72,000
Net Income	\$27,237	\$42,135	\$49,000
EPS	\$1.08	\$1.64	\$1.90

\* All periods are adjusted for nonrecurring items.

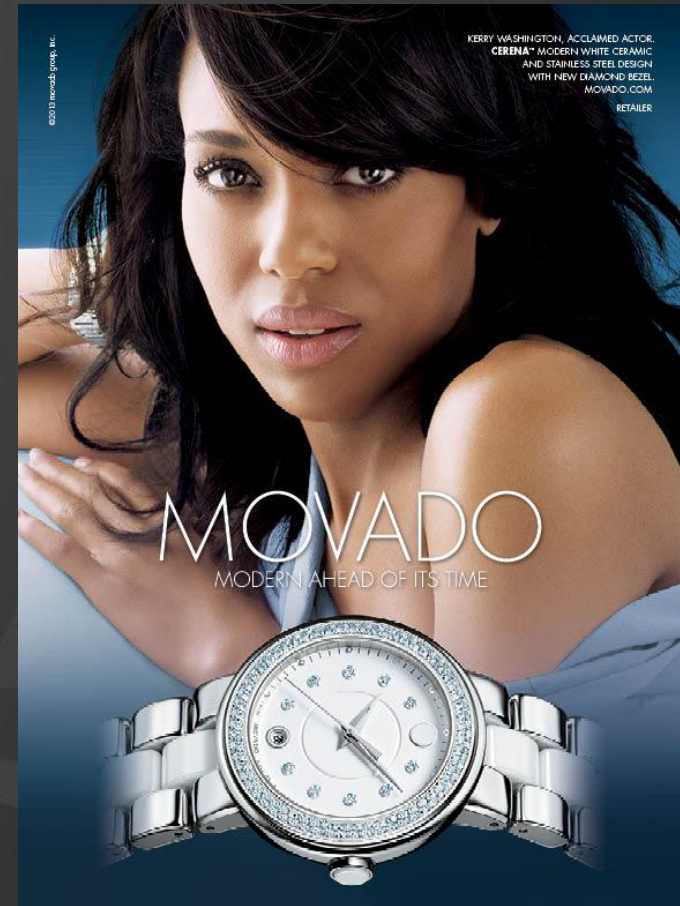


# Brand and Business Strategy



# Accessible Luxury Strategy

- Build on Movado North America momentum
- China market expansion
- Key account customer focus (Europe, Middle East and South America)
- Execution of ESQ Movado strategy



# MOVADO

- Movado has leading US market share within its segment
- Strong sales growth
- Quality distribution
- New distribution via Movado BOLD
- Great new product pipeline
- International growth potential



# DYNAMIC ADVERTISING

©2013 movado group, inc.

WYNTON MARSALIS, COMPOSER/PERFORMER, VIRTUOSO.  
**MOVADO TC™** ULTRA-THIN CASE DESIGN IN STAINLESS STEEL WITH MODERN BLACK DIAL.  
MOVADO.COM  
RETAILER



MOVADO  
MODERN AHEAD OF ITS TIME

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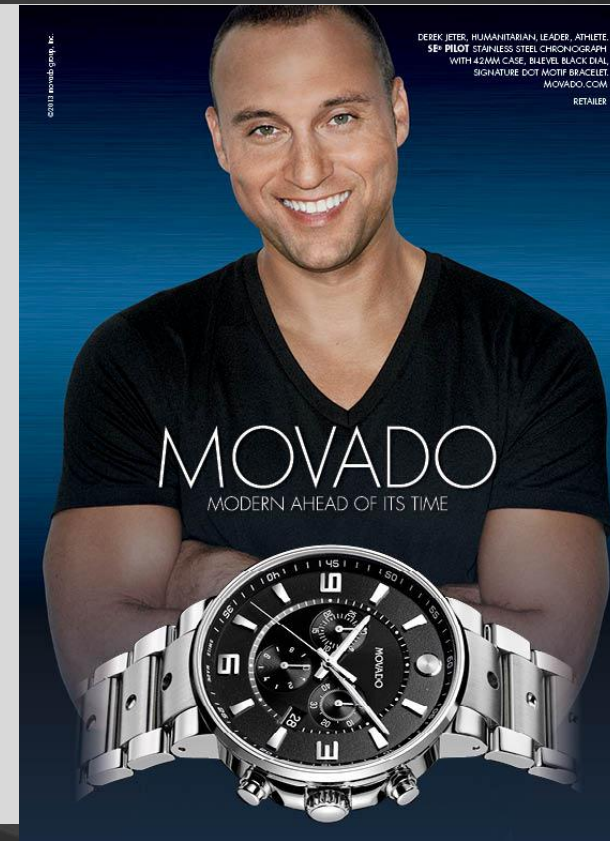
**MOVADO TC™** ULTRA-THIN CASE DESIGN IN STAINLESS STEEL WITH MODERN BLACK DIAL.  
MOVADO.COM  
RETAILER



MOVADO  
MODERN AHEAD OF ITS TIME

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DEREK JETER, HUMANITARIAN, LEADER, ATHLETE.  
**56™ PILOT** STAINLESS STEEL CHRONOGRAPH WITH 42MM CASE, BLUEVEL BLACK DIAL, SIGNATURE DOT MOTIF BRACELET.  
MOVADO.COM  
RETAILER



MOVADO  
MODERN AHEAD OF ITS TIME



# DYNAMIC ADVERTISING

## World of Movado 4 Page Holiday Inserts





# DYNAMIC ADVERTISING

## World of Movado 4 Page Holiday Inserts



# DYNAMIC ADVERTISING



# INFLUENTIAL EDITORIAL

SHOP *it!* WATCHES

## A Little Something

Teeny faces are to timepieces what the pixie is to haircuts—sweet and delicate yet eternally modern. Pair one of these petite beauties with itsy-bitsy jewelry and a skinny cropped pantsuit. —M.F.

**CHANEL**  
Diamond, carnelian, and 18K gold, \$13,500 at Chanel Fine Jewelry.

**MARC BY MARC JACOBS**  
Gold tone with leather strap, \$190, marcjacobs.com.

**MOVADO**  
Diamond and stainless steel with satin strap, \$995, movado.com.

**DIOR TIMEPIECES**  
Diamond and stainless steel with satin strap, \$3,790 at Dior.

3.52 InStyle / APRIL 2013

*"This gold and diamond necklace made in India has a shorted-glass effect that's both intricate and beautiful."*

*"My mom gave me this Loree Rodkin ring for my 18th birthday. It has a guthrie side, yet it's feminine. That mix of hard and delicate is so appealing."*

*"The vintage Movado golf watch [below] belonged to my grandfather; the other is from the Movado Bold collection. Both have a timeless quality."*

*"When I was younger, I'd go to flea markets and rummage through piles for costume jewelry. There had to be something among my best finds."*

*"For me jewelry is a way of keeping memories alive."*

*"The Van Cleef & Arpels necklace was a gift from dad and my collection."*

*"At every actress loves dyeing her hair for a role, but Lily Collins is more than happy to oblige. For one thing, it allows this savvy jewelry collector to check out a gemstone or two to see what works with her new hue. "Because I keep changing my hair color, I discovered that seeing appealing," says the young...*

**GLAMOUR**  
Lily Collins  
Leader of the New Hollywood Gift Pack

**The Top 10 Summer Dos & Don'ts**

**Let's Go Shopping!**

**Anyone Wants a Slimmer Body?**

**The Little Relationship Change That Makes Everything Better!**

268 InStyle / JUNE 2013

Healthy & Sexy Issue

# Women's Health

**FLAT ABS! FIRM BUTT! TONED LEGS!**

**MORE MONEY, LESS STRESS**

Avoid These Sneaky Cash Suckers

**Hot New Sex Positions (Think Outside the Bed!)**

**Kerry Washington**  
Shares Her Energy-Boosting, Body-Sculpting Secrets

**PLUS! Perfect Party Dresses**

Turn On Your

At The Jewelers for Children charity dinner, we had the best seat in the house next to @kerrywashington and her class, diamond

@movado watch



ESQ MOVADO

esq  
MOVADO

powered by  
MOVADO

modern design

great value

swiss engineering



Powered by  
Movado

ESQ FUSION AND CATALYST  
A NEW PERSPECTIVE ON MODERN DESIGN.  
MEN'S FUSION DUAL-TIME WATCH AND  
NEW CATALYST™ CHRONOGRAPH.  
[ESQMOVADO.COM](http://ESQMOVADO.COM)  
RETAILER



esq  
MOVADO

Powered by  
Movado

ESQ CLASSICA™  
A NEW PERSPECTIVE  
ON MODERN DESIGN.  
WOMEN'S BRACELET WATCH  
WITH 6 DIAMOND MARKERS  
IN TWO-TONED OR SOLID  
STAINLESS STEEL.

RETAILER



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esq  
MOVADO



# LICENSED BRANDS

- Continued growth of existing world class global brands
- Focus on key owned markets
- Greater investment in Retailer shop in shops
- Continued enhancement in productivity improvements



# COACH

INTRODUCING  
THE FALL WATCH COLLECTION  
SHOP THE COLLECTION AT [COACH.COM](http://COACH.COM)

**COACH**  
NEW YORK

TRISTEN WATCH NO. W1117 \$278  
57TH & MADISON · 16TH & FIFTH · 10 COLUMBUS CIRCLE · PRINCE & W. BROADWAY · 370 BLEECKER · [COACH.COM](http://COACH.COM) · 800 262 2411



# COACH



DILLARDS and co.

LIU WEN

INTRODUCING THE MADISON WATCH COLLECTION

  
**COACH**  
NEW YORK

# HUGO BOSS



**BOSS**  
HUGO BOSS  
watches



# TOMMY HILFIGER



# LACOSTE



UNCONVENTIONAL CHIC **LACOSTE** 



CELEBRATING EIGHTY

# JUICY COUTURE



juicycouture.com

**Juicy Couture**  
TIMEPIECES

# SCUDERIA FERRARI



- Iconic sports car manufacturer and racing team
- Worldwide licensing agreement
- Watches inspired by Ferrari Formula 1 cars and Ferrari Road cars
- Up to 1,500 Euros
- Launched in FY14



# SCUDERIA FERRARI



# SCUDERIA FERRARI





# LUXURY BRANDS

- Position Luxury Brands for growth
- Reinvigorate EBEL core collections
- Seize Concord expansion opportunities



CONCORD



# EBEL ONDE



# EBEL X-1



# CONCORD SARATOGA



# OUTLET RETAIL STORES STRATEGY

- Continue growth in comp store sales
- Selectively expanding
  - Premier outlet centers
  - Reflect brand image
- Primary channel for end of lifestyle product management
- FY13 traffic of 2.1M customers



# FY14 – FY17 Strategic Plan



# Demonstrated Success in Achieving LT Objectives (FY11 – FY14)

- Surpassed FY14 EPS objective of \$1.50 in FY13
  - Delivered strong sales growth, capitalizing on portfolio of great brands
  - Exceeded expense leveraging expectations
  - All of this was accomplished while still providing greater price value to consumers, resulting in slightly lower than expected GM%



# FOCUSED STRATEGY

- Unleash Movado brand potential
- Realize the ESQ Movado potential
- Continue momentum of Licensed Brands
- Launch Ferrari and reposition Coach to the fashion watch category
- Position EBEL and Concord for growth
- Capture growth opportunity in China, Brazil
- Grow Outlet stores comp sales





# Core Pillars of Growth FY14-FY17

- Continued globalization of the Movado brand
- Market growth and business expansion in our Licensed Brand division
- Greater direct International distribution
- Continued leveraging of our strong global infrastructure
- Consistent cash flow from operations generation slightly greater than profitability



# FY14 – FY17 Strategic Plan

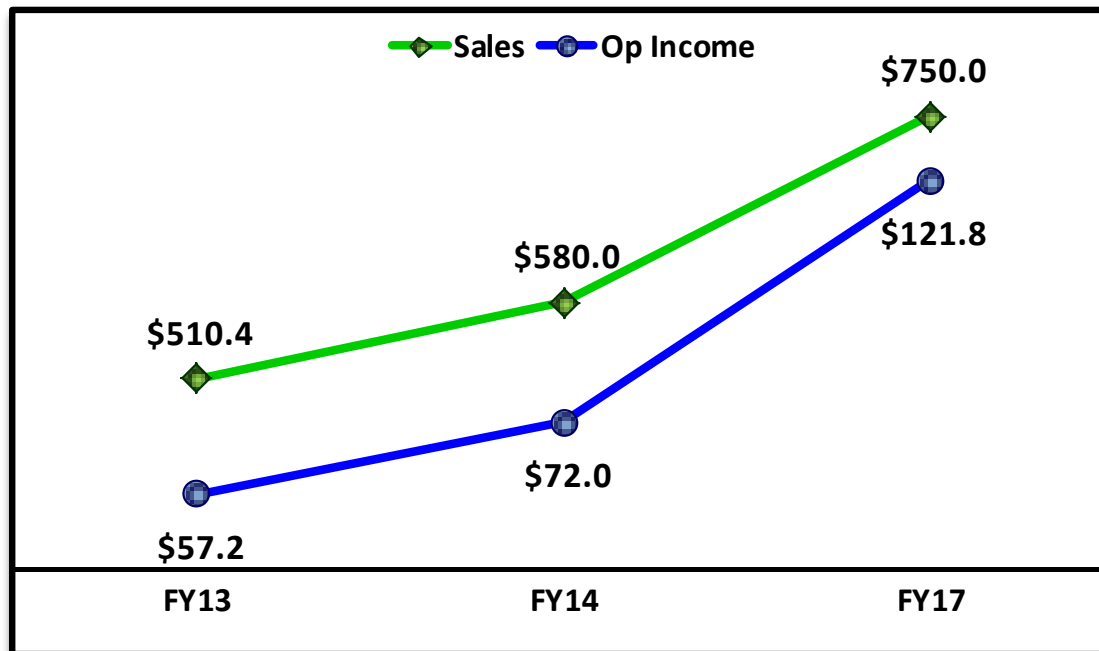
- Grow sales annually ~10%
  - FY14 above 10% due to Ferrari launch
- Grow Operating Profit ~20% per annum
- FY17 expectations
  - Sales at ~\$750 Million (FY13 \$510M)
  - Operating Profit doubling to ~\$115 Million; growing to 15% of sales
- EPS planned to slightly exceed \$3 per share



# Financial Performance

## FY14 - FY17 Strategic Plan Objectives

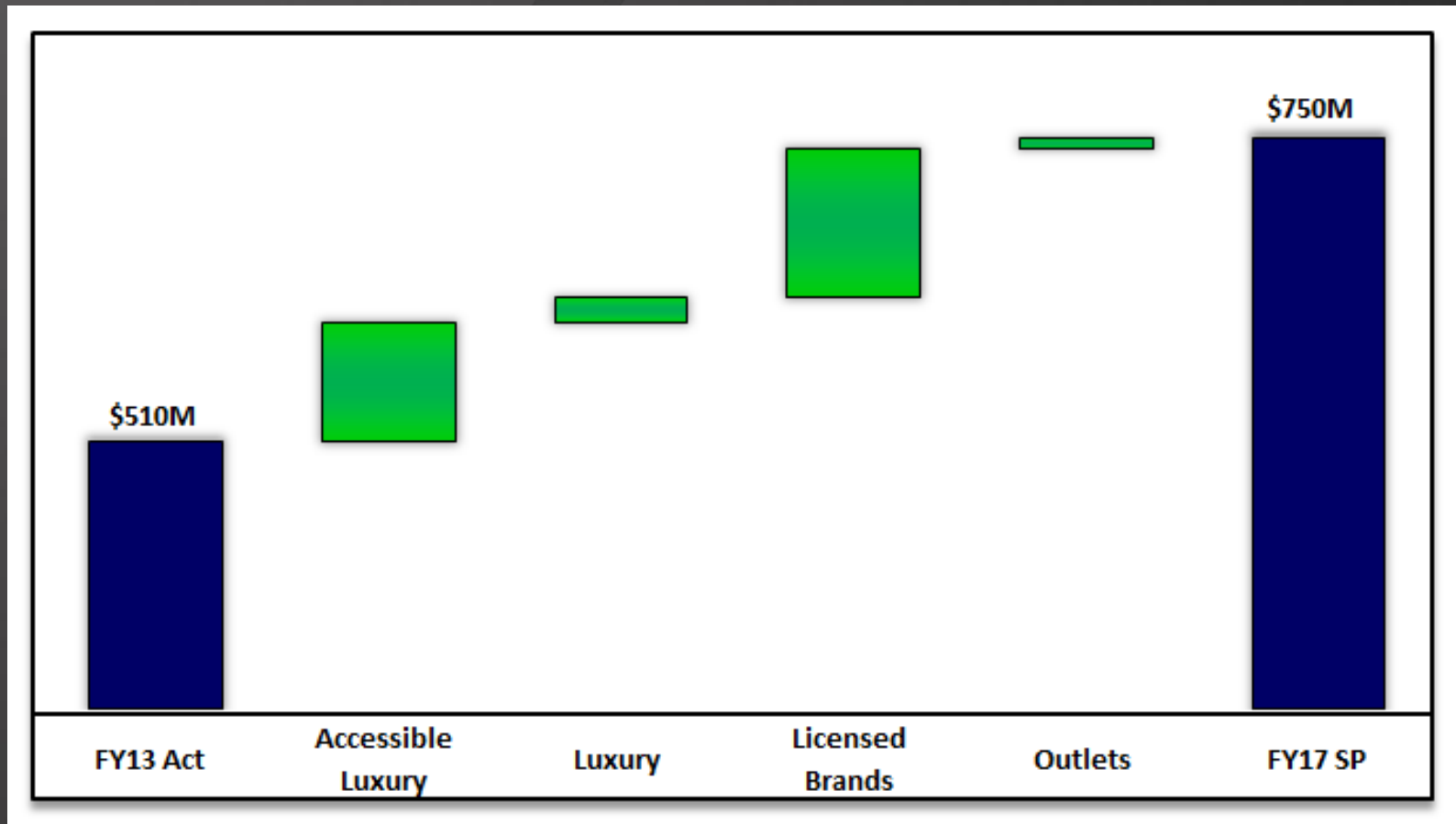
	FY13	FY14	FY17	CAGR
	Actual *	Guidance	Strat Plan	% Δ
<b>Sales</b>	\$ 510.4	\$ 580.0	\$ 750.0	10.1%
<b>Operating Income</b>	\$ 57.2	\$ 72.0	\$ 121.8	20.8%
<i>% of Sales</i>	11.2%	12.4%	16.2%	



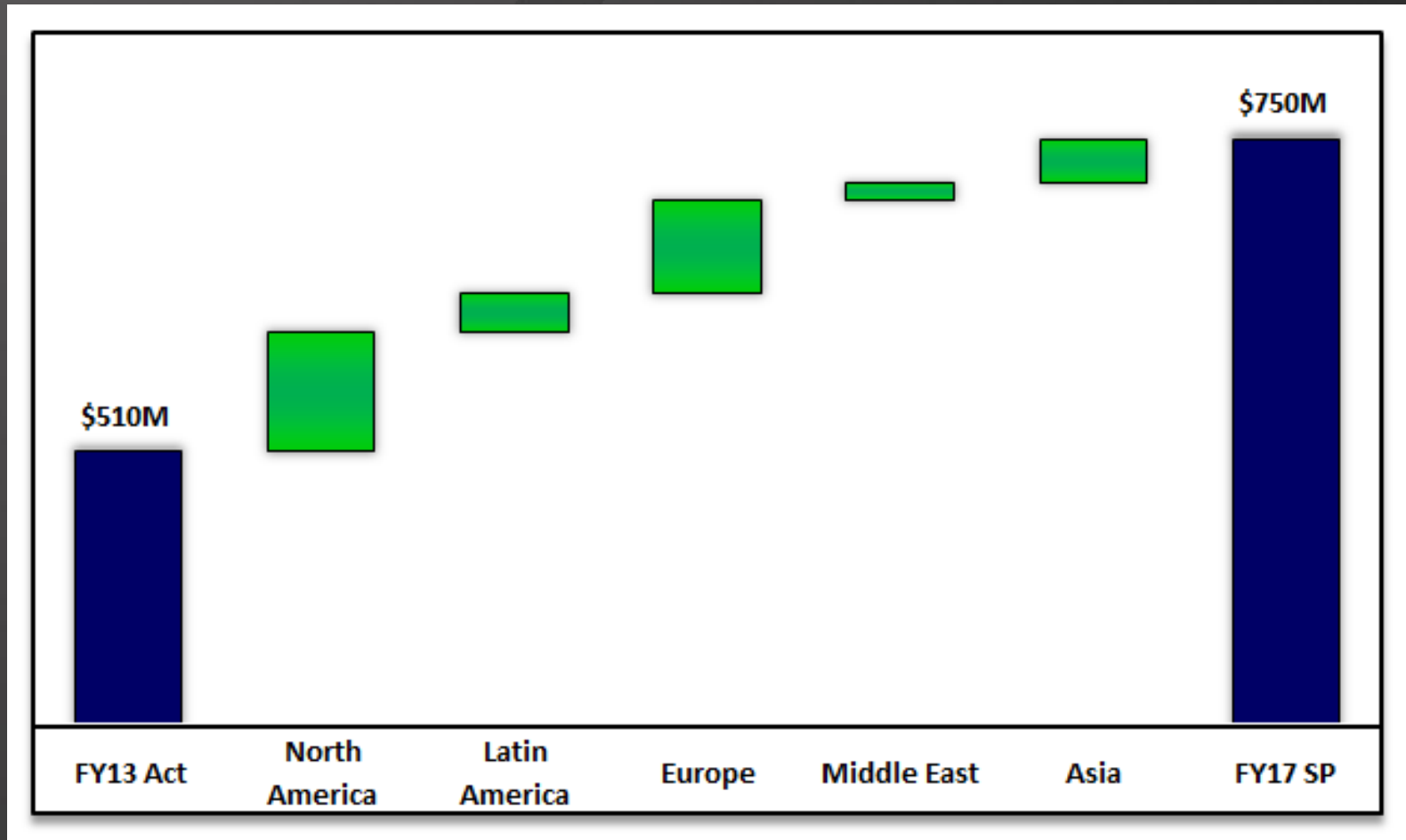
\* All numbers are adjusted for nonrecurring items.



# Strategic Plan Sales Growth



# Geographic Sales Growth



# SUMMARY

**MOV is a globally diversified company with continued great growth potential**

- Strong brand portfolio across all major segments
- Global reach with expansion opportunity
- Driving superior new product designs
- Consistent positive financial performance
- Globally integrated operations
- Positioned to deliver sustainable, profitable growth



Movado Group, Inc.

