

MOVADO GROUP, INC.  
**ANNUAL SHAREHOLDERS MEETING**  
JUNE 2018

 MOVADO GROUP



# SAFE HARBOR STATEMENT

*This presentation 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 variations of such words and similar expressions. Similarly, statements in this presentation 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 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 (including the impact of the United Kingdom’s process to exit from 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, decrease in mall traffic and increase in e-commerce, the ability of the Company to successfully implement its business strategies, competitive products and pricing, the impact of “smart” watches and other wearable tech products on the traditional watch market, 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 (including Olivia Burton) without disruption to other business activities, the possible impairment of acquired intangible assets including goodwill if the carrying value of any reporting unit were to exceed its fair value, the continuation of the company’s major warehouse and distribution centers, the continuation of licensing arrangements with third parties, losses possible from pending or future litigation, 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, the ability of the Company to successfully manage its expenses on a continuing basis, information systems failure or breaches of network security, the continued availability to the Company of financing and credit on favorable terms, business disruptions, general risks associated with doing business outside the United States including, without limitation, import duties, tariffs, quotas, political and economic stability, changes to existing laws or regulations, and success of hedging strategies with respect to currency exchange rate fluctuations, 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 presentation are likely to cause these statements to become outdated with the passage of time. The Company assumes no duty to update its forward looking statements and this presentation shall not be construed to indicate the assumption by the Company of any duty to update its outlook in the future.*



# COMPANY OVERVIEW

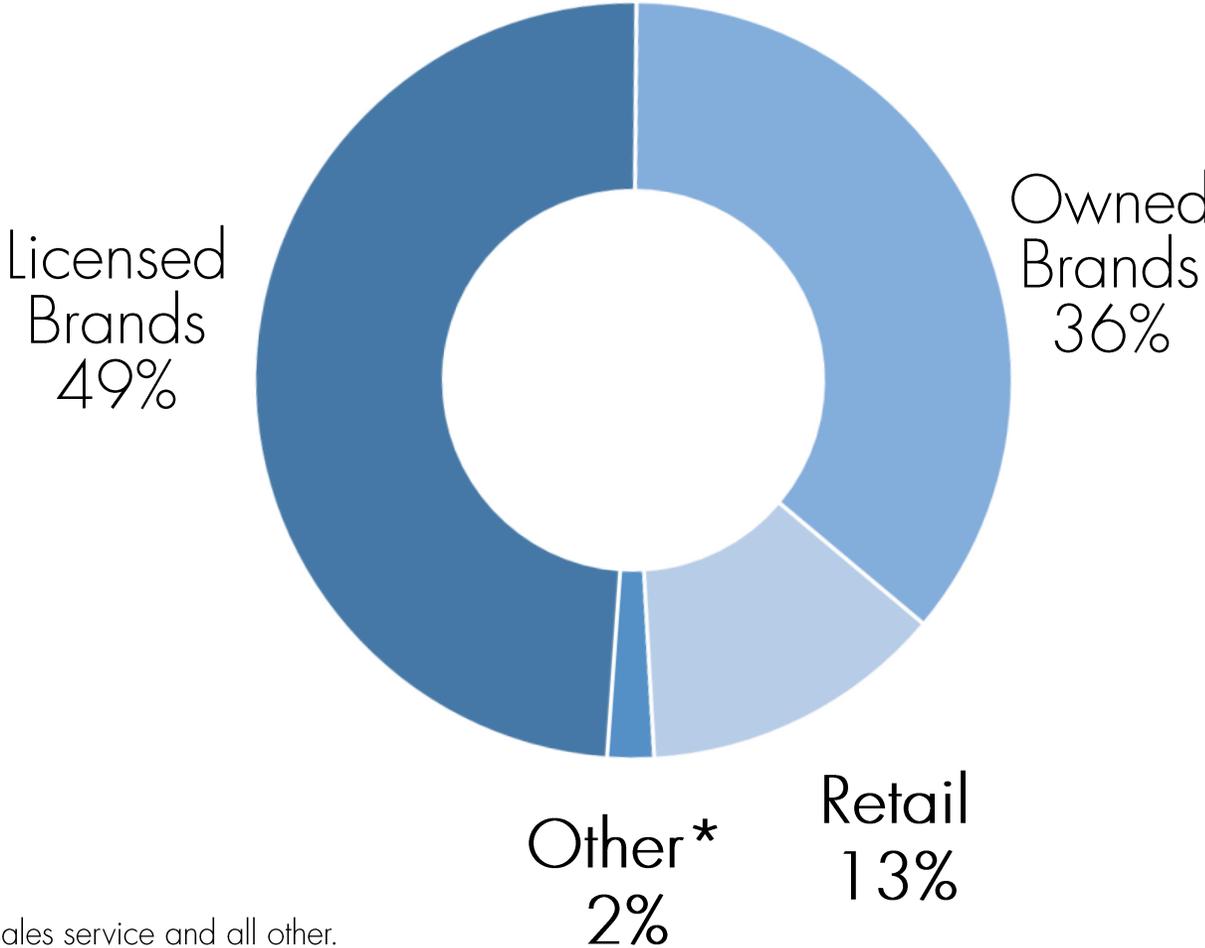
- Compelling portfolio of watch brands
- Diversified across brands, price points and geographies
- World class global infrastructure – systems, talent & processes
- Strong innovation pipeline
- Strong balance sheet and cash flow



# Percent of Total MOV Revenue (FY '18)

## DIVERSE BRAND PORTFOLIO

Presence in all market segments

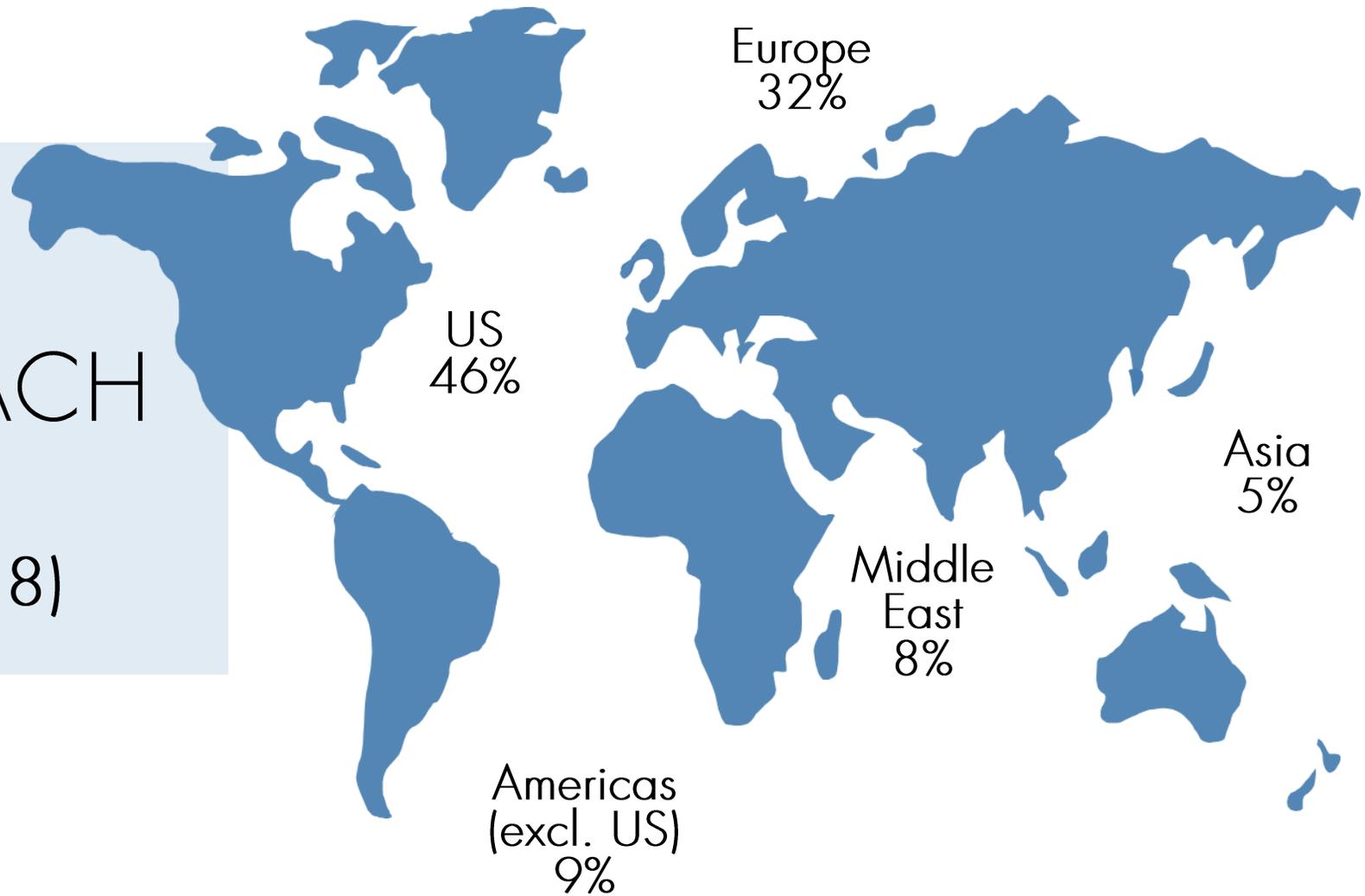


\* Includes after-sales service and all other.



# BROAD GEOGRAPHIC REACH

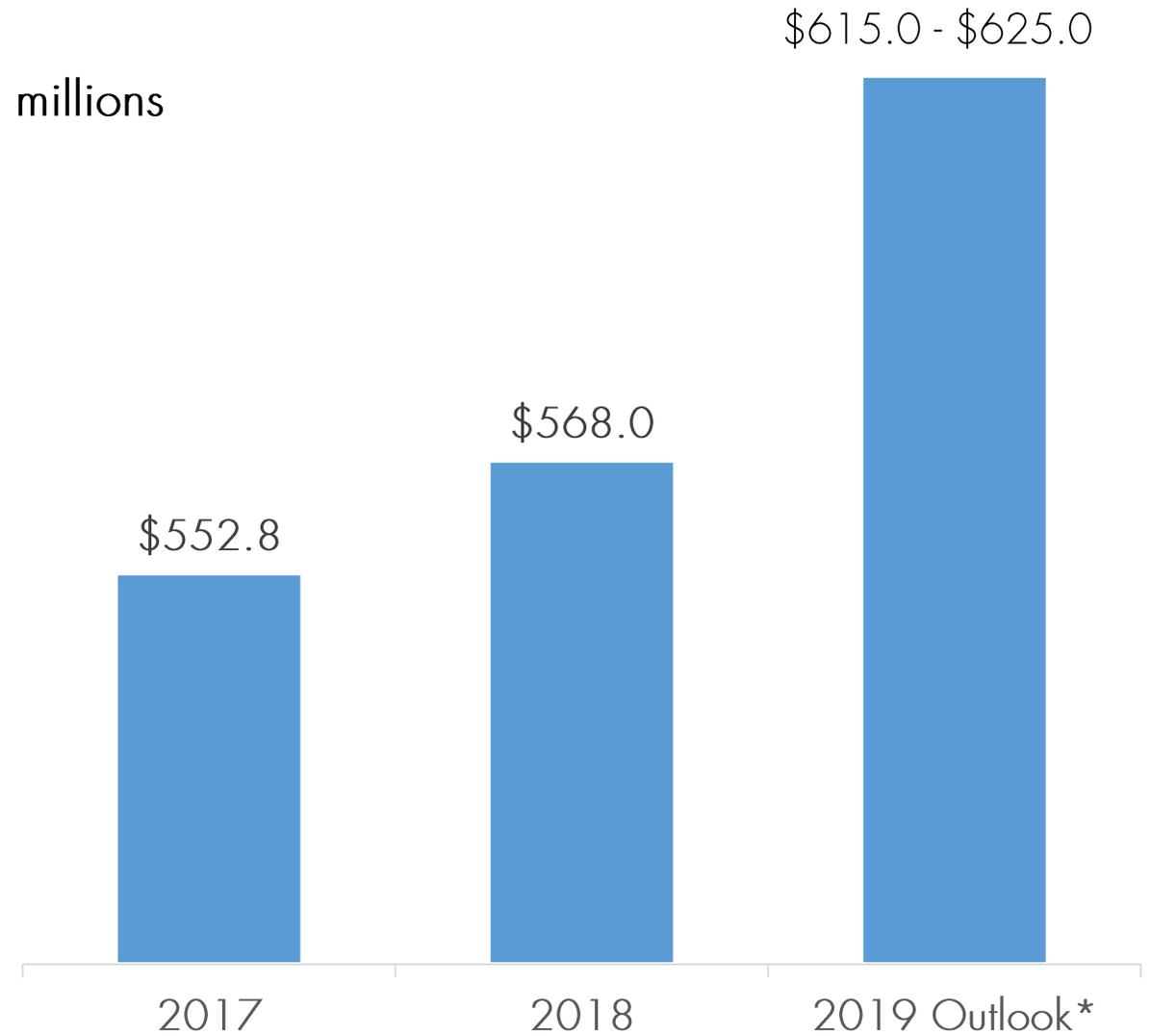
Presence in all regions (FY18)



# NET SALES

## FY17 – FY19 Outlook

in \$ millions

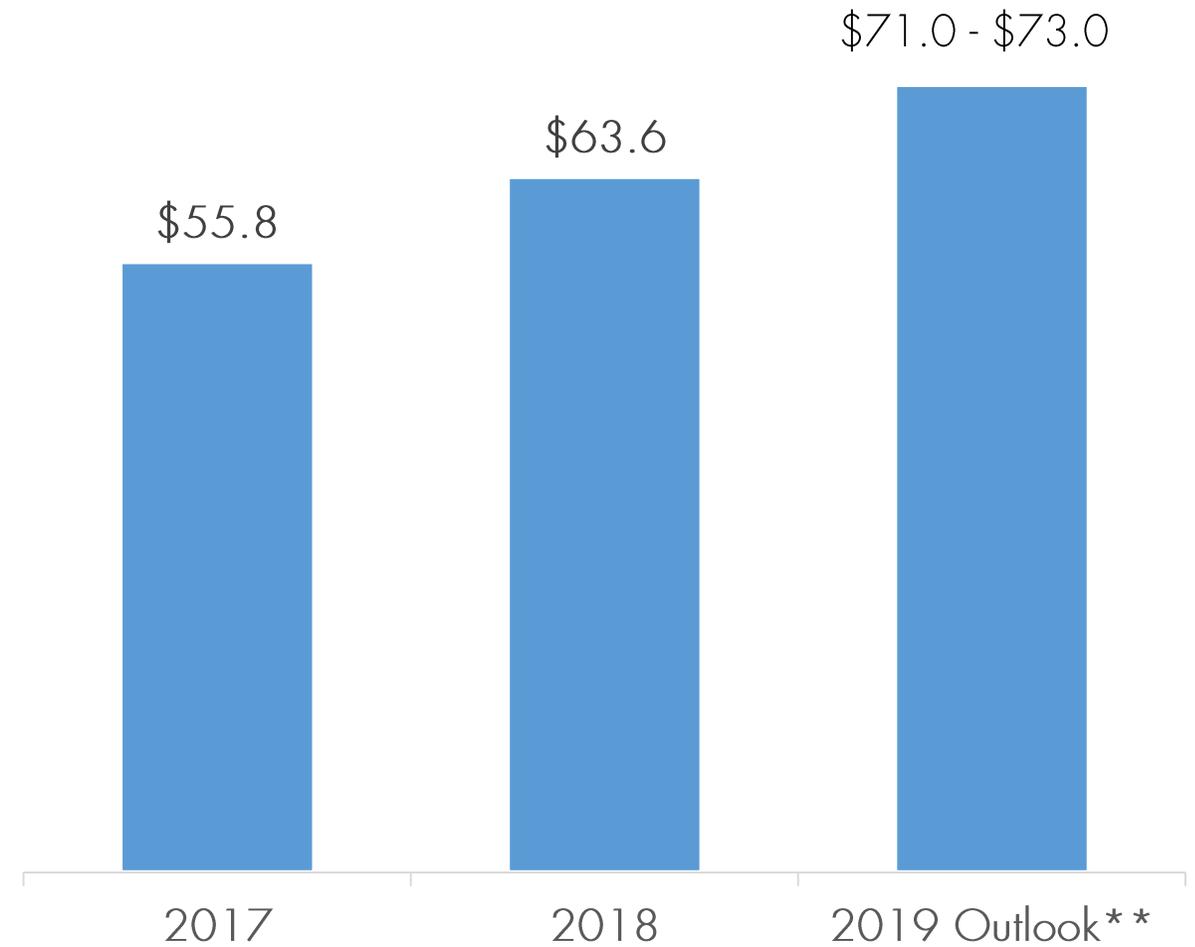


\*2019 Outlook as per the Company's May 30, 2018 earnings release. Such outlook is as of such date and is not being updated in this presentation.

# OPERATING PROFIT\*

FY17 – FY19 Outlook

in \$ millions



\* Adjusted for unusual items. See GAAP reconciliations in our FY18 earnings release at [www.movadogroup.com/investor](http://www.movadogroup.com/investor).

\*\*2019 Outlook as per the Company's May 30, 2018 earnings release. Such outlook is as of such date and is not being updated in this presentation.



FY 2018



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# FY18 FINANCIAL RESULTS\*

- Net sales increased 2.8% vs. LY
  - +2.2% in constant currency
- GM 52.9% vs. 53.3% LY
- Operating income \$63.6M vs. \$55.8M LY
- Net income \$46.5M vs. \$37.1M LY
- EPS \$2.00 vs. \$1.59 LY

\* Adjusted for unusual items. See GAAP reconciliations in our FY18 earnings release at [www.movadogroup.com/investor](http://www.movadogroup.com/investor).



# FY19 Q1 FINANCIAL RESULTS\*

- Net sales increased 28.1% vs. LY
  - +22.2% in constant currency
- GM 53.1% vs. 50.9% LY
- Operating income \$8.9M vs. \$2.7M LY
- Net income \$8.7M vs. \$0.3M LY
- EPS \$0.37 vs. \$0.01 LY

\* Adjusted for unusual items. See GAAP reconciliation for our Q1 FY19 earnings release at [www.movadogroup.com/investor](http://www.movadogroup.com/investor).



# STRATEGIC GOALS

- Continued investment in our brands
- Return to growth in North America
- Continued momentum in Europe
- Movado global expansion and growth
- Continued strong Licensed Brand growth
- Strategic expansion of Olivia Burton
- Transformation to digital/omni-channel



# STRATEGIC VISION

*A Consumer-First  
Omni-Channel Model Across All  
Brands and Regions*

- Engage consumers in new ways, leveraging technology
- Maximize both in-store and ecommerce consumer experience
- Integrate yet differentiate channels to avoid cannibalization



# CORPRATE PRIORITIES

## BRANDS

Realize Each  
Brand's Potential

## REGIONS

Capture Significant  
Market Opportunity

## INNOVATION

Lead With  
Innovation

## DIGITAL

Connect Directly  
With Our Consumers



# CORPORATE PRIORITIES

REALIZE THE POTENTIAL OF ALL BRANDS



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# MOVADO

- Build and expand Movado's Global presence
- Reach new consumers
- Global market expansion into key cities

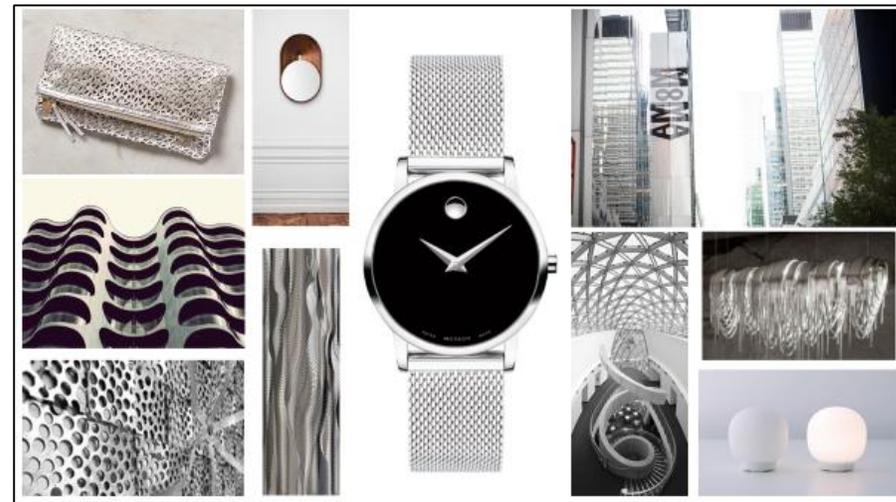


# MOVADO

- Unique brand and design point-of-difference
- Leading US market share in its segment
- Trend has outpaced the market
- Quality distribution
- Strong digital presence
- Great new product pipeline



# MOVADO



# MOVADO CONNECT



Wear OS by Google



# MOVADO HERITAGE



movado • Follow

movado A cozy weekend spent with #Movado

sumaya9605 Price... Plz

movado Hello @sumaya9605, For pricing inquiries please visit [movado.com](http://movado.com) or contact our customer service team. They can be reached at 1-800-810-2311, Monday-Friday from 9am-5pm (Eastern Time) or at [customerservice@movado.com](mailto:customerservice@movado.com) Regards, Movado.

jessesgirl What about that sweater? Help me track that down and I'll buy the watch lol

awmyposh 😊😊😊😊

juneandrews59271986 Like by june andrews

buitrago.maryori 😊

keniabm1 @osmara\_paula



1,123 likes

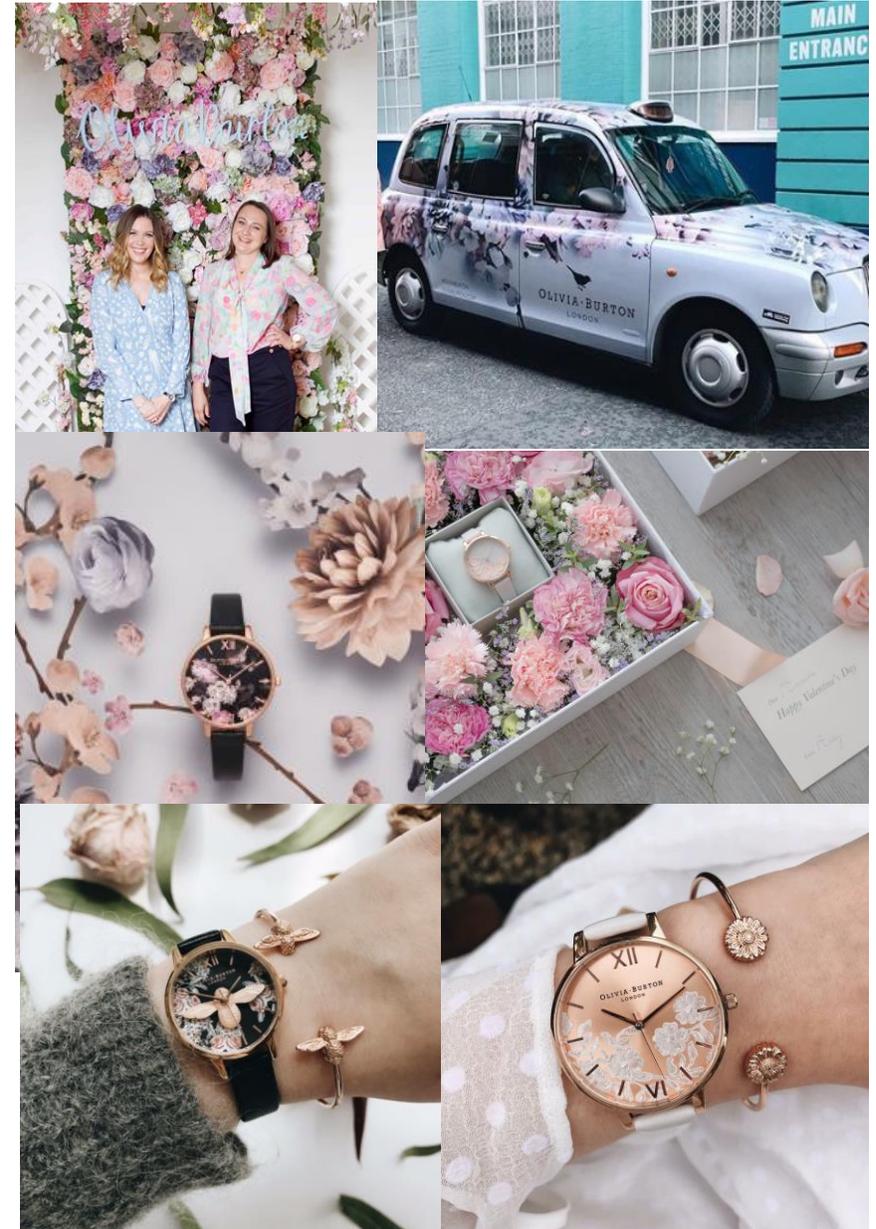
FEBRUARY 17

Log in to like or comment.



# OLIVIA BURTON

- Founded in 2011
- One of fastest growing UK fashion watch brands
- Select distribution
- Significant on-line business
- Well-positioned with millennial consumers
- Jewelry launched 2016
- Expanding internationally



# OLIVIA BURTON

A collection of botanical illustrations including purple and yellow flowers, green foliage, and several butterflies in various colors and sizes, scattered across the left side of the page.

Clear Brand  
DNA

A Fashion  
Lifestyle  
Brand

New styles  
every 2  
months

UK fashion  
watch brand of  
the year award  
2016 & 2017

Accessible  
Price Point

Affordable  
Luxury

Customers  
build a Watch  
Wardrobe

Key  
Differentiators  
from other  
brands



# OLIVIA BURTON



 **oliviaburtonwatches**  
2017 best nine on Instagram #2017bestnine



♥ 901,122 Likes to 498 posts in 2017

 **Olivia Burton Watches**  
Published by Olivia Burton [?] · 29 December 2017 at 09:00 · 🌐

## WINTER UPDATE

We love wearing a cosy knit with a super-sleek wrist stack. This rose gold duo is our go-to for an elevated look. 🍷🧡

Shop Abstract Florals - <https://goo.gl/1AHbD2...> See more



👤 18,479 people reached

Boost Post

👍 Like    💬 Comment    ➦ Share

👍👍👍 255

Top comments ▾

2 shares

 Write a comment...   

 **Rikileigh Coulson** I was a super lucky girl and got my Bee watch black and rose gold 🍷🧡

👍 2  
Like · Reply · Message · 4d

↳ 2 Replies

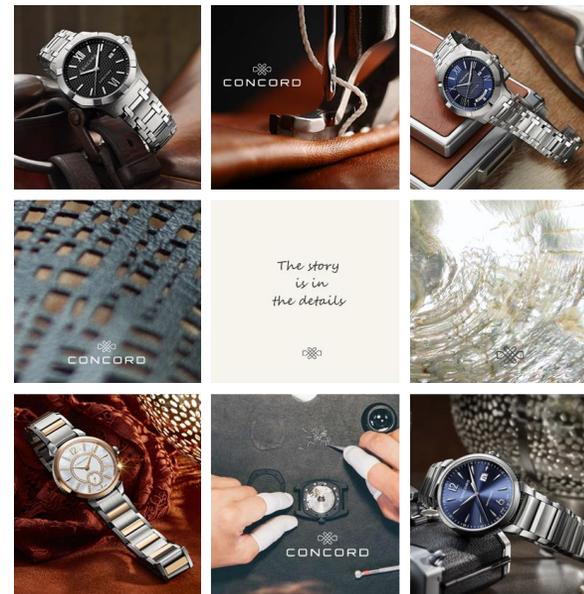
 **Melissa R. Musa Addie** I NEED ALL THESE WATCHES

👍 2  
Like · Reply · Message · 3d



# EBEL AND CONCORD

- Position for profitable growth
- Focus on key markets
- Seize Concord “back to heritage” growth opportunities

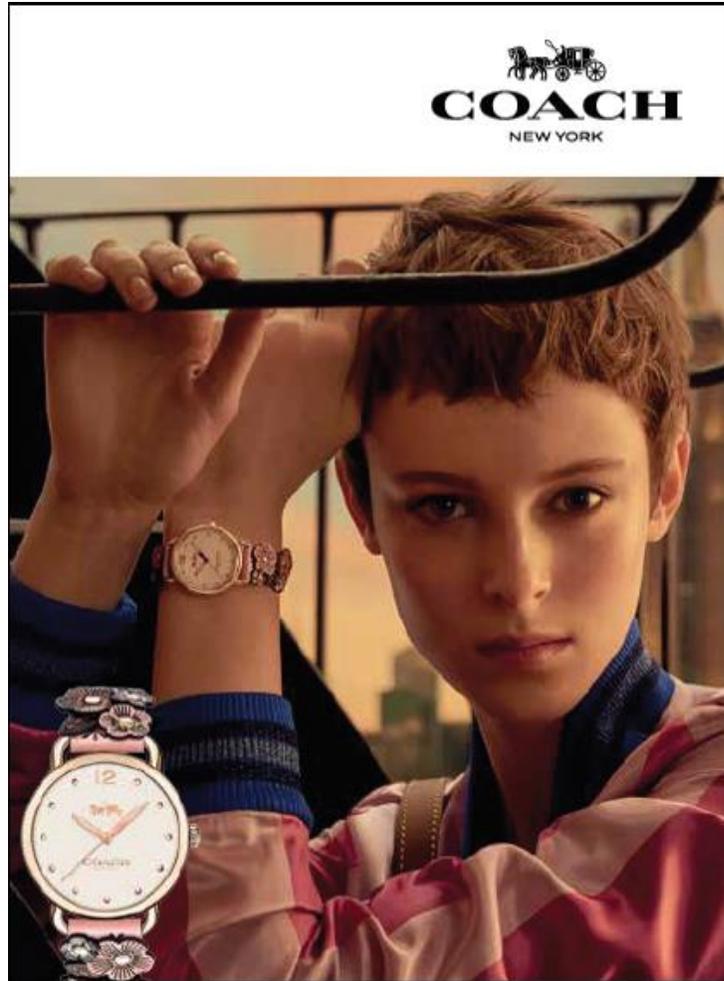


# LICENSED BRANDS

- Continued global growth of existing world class brands
- Drive product innovation and price/value
- Increase marketing investment, especially digital
- Focus on key owned markets
- Capture travel retail opportunity



# COACH



## DELANCEY MEN'S

## DELANCEY



# HUGO BOSS

TROPHY



GUIDE

PREMIERE



# TOMMY HILFIGER

## DECKER



## BLAKE



# LACOSTE

# MOTION

## LACOSTE 12.12



L.12.12



## LACOSTE KIDS



# SCUDERIA FERRARI

## ASPIRE



## GIFT GIVING



PAIRS

KIDS



# REBECCA MINKOFF



SOCIAL MEDIA  
PARTNERSHIP



T BAR  
BRACELETS



# OUTLET RETAIL STORES STRATEGY

- Continue growth in sales and profits
- Selectively expanding
  - Premier outlet centers
  - Reflect brand image
- FY18 traffic of 2.2M customers
- 5.9% annual comp store sales
- International opportunity



# CORPORATE PRIORITIES

DIGITAL/ OMNI-CHANNEL STRATEGY



# DIGITAL/ OMNI-CHANNEL STRATEGY

- Digital Center of Excellence
- Best practices execution
- Consumer engagement
- Ecommerce execution

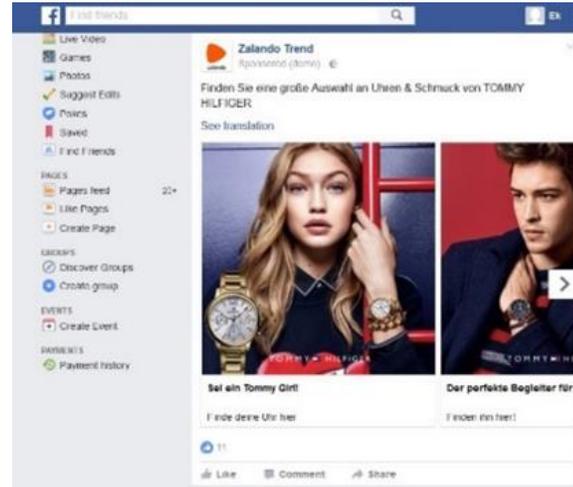


# DIGITAL/ OMNI-CHANNEL STRATEGY

COACH

TOMMY X GIGI

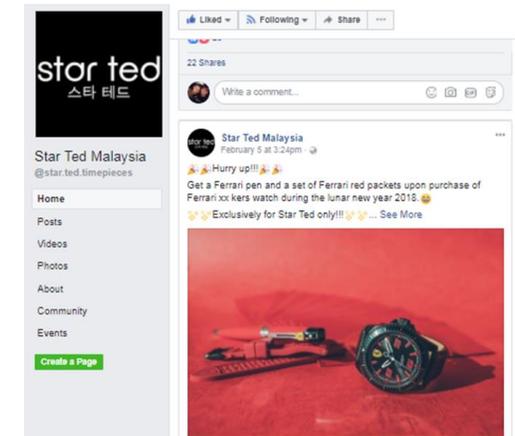
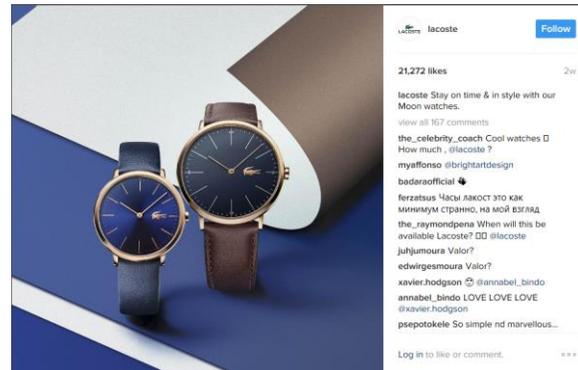
HUGO BOSS



REBECCA MINKOFF

LACOSTE

FERRARI



# DIGITAL/ OMNI-CHANNEL STRATEGY

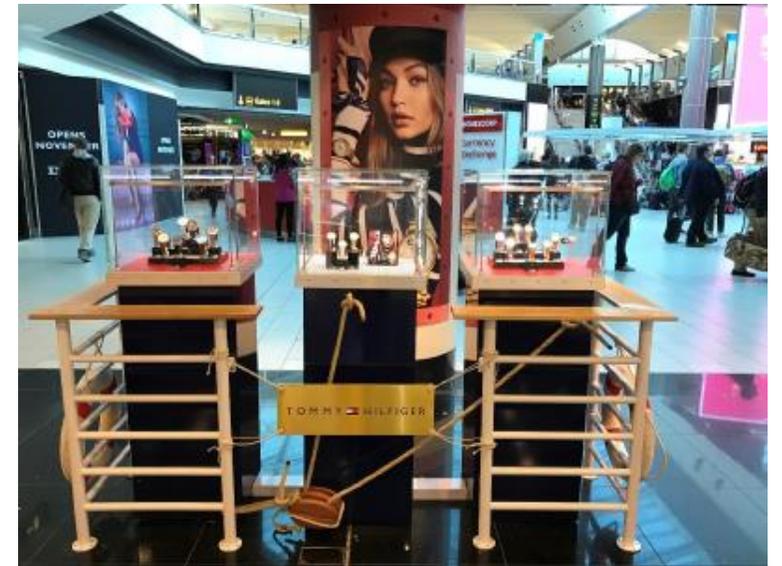
## LACOSTE 12.12 WINDOW TAKE OVER



## FERRARI STORE WINDOW TAKE OVER



## TOMMY HILFIGER POP UP STORE



# DIGITAL/ OMNI-CHANNEL STRATEGY

## MOVADO AND COACH CHINA CONCESSIONS



# DIGITAL/ OMNI-CHANNEL STRATEGY

## TOMMY HILFIGER DIGITAL POS

### POS DIGITALIZATION



# SHAREHOLDER RETURN

- Healthy balance sheet
- Tax reform allows the ability to repatriate foreign cash
- Dividend Payments
  - Increased annual dividend payout to \$0.20 per share in April 2018
- \$50 Million Share Repurchase Program
  - Expires August 29, 2020
  - To offset potential dilution from stock awards



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 MOVADO GROUP



# APPENDIX

## Reconciliations of Non-GAAP Measures

*In this presentation, the Company presents certain financial measures that are not calculated according to generally accepted accounting principles in the United States ("GAAP"). Specifically, the Company is presenting adjusted gross profit, adjusted gross margin, adjusted operating expenses and adjusted operating income, which are gross profit, gross margin, operating expenses and operating income, respectively, under GAAP, adjusted to eliminate the amortization of acquisition accounting adjustments related to the Olivia Burton brand acquisition and charges for the Company's cost savings initiatives. The Company is also presenting adjusted tax provision, which is the tax provision under GAAP, adjusted to eliminate the impact of charges for the Olivia Burton brand acquisition and the Company's cost savings initiatives. The Company believes these adjusted measures are useful because they give investors information about the Company's financial performance without the effect of certain items that the Company believes are not characteristic of its usual operations. The Company is also presenting adjusted net income, adjusted earnings per share and adjusted effective tax rate, which are net income, earnings per share and effective tax rate, respectively, under GAAP, adjusted to eliminate the after-tax impact of amortization of acquisition accounting adjustments related to the Olivia Burton brand acquisition and the Company's cost savings initiatives. The Company believes that adjusted net income, adjusted earnings per share and adjusted effective tax rate are useful measures of performance because they give investors information about the Company's financial performance without the effect of certain items that the Company believes are not characteristic of its usual operations. Additionally, the Company is presenting constant currency information to provide a framework to assess how its business performed excluding the effects of foreign currency exchange rate fluctuations in the current period. Comparisons of financial results on a constant dollar basis are calculated by translating each foreign currency at the same US dollar exchange rate as in effect for the prior-year period for both periods being compared. The Company believes this information is useful to investors to facilitate comparisons of operating results. These non-GAAP financial measures are designed to complement the GAAP financial information presented in this presentation. The non-GAAP financial measures presented should not be considered in isolation from or as a substitute for the comparable GAAP financial measures, and the methods of their calculation may differ substantially from similarly titled measures used by other companies. The following tables reconcile the non-GAAP measures to the most directly-comparable GAAP measures.*



**MOVADO GROUP, INC.**  
**GAAP AND NON-GAAP MEASURES**  
(In thousands, except for percentage data)  
(Unaudited)

	As Reported Twelve Months Ended January 31,		% Change As Reported	% Change Constant Dollar						
	<u>2018</u>	<u>2017</u>			Net Sales	Gross Profit	Operating Income	Pre-tax Income	Provisions for Income Taxes	Net (Loss) / Income Attributed to Movado Group, Inc.
Total Net sales	\$567,953	\$552,752	2.8%	2.2%						
<b>Twelve Months Ended January 31, 2018</b>										
<b>As Reported (GAAP)</b>	\$567,953	\$298,078	\$43,200	\$42,142	\$57,367	(\$15,225)	(\$0.66)			
Olivia Burton Costs (1)	-	846	6,798	6,798	574	6,225	0.27			
Cost Savings Initiatives (2)	-	1,289	13,588	13,588	3,116	10,472	0.45			
2017 Tax Act (3)	-	-	-	-	(45,002)	45,002	1.94			
<b>Adjusted Results (Non-GAAP)</b>	<u>\$567,953</u>	<u>\$300,213</u>	<u>\$63,586</u>	<u>\$62,528</u>	<u>\$16,055</u>	<u>\$46,474</u>	<u>\$2.00</u>			
<b>Twelve Months Ended January 31, 2017</b>										
<b>As Reported (GAAP)</b>	\$552,752	\$294,817	\$53,981	\$51,454	\$16,315	\$35,061	\$1.51			
Impairment of a Long-Term Investment (4)	-	-	-	1,282	398	884	0.03			
Retirement Charge (5)	-	-	1,806	1,806	687	1,119	0.05			
<b>Adjusted Results (Non-GAAP)</b>	<u>\$552,752</u>	<u>\$294,817</u>	<u>\$55,787</u>	<u>\$54,542</u>	<u>\$17,400</u>	<u>\$37,064</u>	<u>\$1.59</u>			

(1) Related to transaction charges and the amortization of acquisition accounting adjustments associated with the acquisition of the Olivia Burton brand.

(2) Related to a charge for severance and payroll related, asset retirement, other expenses and occupancy expenses.

(3) Related to the impact of the 2017 Tax Act.

(4) Related to a charge for the impairment of a long-term investment.

(5) Related to a charge for the retirement of the former Vice Chairman and Chief Operating Officer.



**MOVADO GROUP, INC.**  
**GAAP AND NON-GAAP MEASURES**  
(In thousands, except for percentage data)  
(Unaudited)

	<b>As Reported</b>		<b>% Change</b>	<b>% Change</b>			
	<b>Three Months Ended</b>						
	<b>April 30,</b>			<b>Dollar</b>			
	<b><u>2018</u></b>	<b><u>2017</u></b>					
Total Net sales	\$127,149	\$99,265	28.1%	22.2%			
	<b>Net Sales</b>	<b>Gross Profit</b>	<b>Operating</b>	<b>Pre-tax Income /</b>	<b>(Benefit) /</b>	<b>Net Income /</b>	<b>EPS</b>
			<b>Income / (Loss)</b>	<b>(Loss)</b>	<b>Provision for</b>	<b>(Loss) Attributed</b>	
					<b>Income Taxes</b>	<b>to Movado</b>	
						<b>Group, Inc.</b>	
<b>Three Months Ended April 30, 2018</b>							
<b>As Reported (GAAP)</b>	\$127,149	\$67,524	\$8,139	\$7,974	(\$141)	\$8,115	\$0.35
Olivia Burton Costs (1)	-	-	767	767	146	621	0.02
<b>Adjusted Results (Non-GAAP)</b>	<u>\$127,149</u>	<u>\$67,524</u>	<u>\$8,906</u>	<u>\$8,741</u>	<u>\$5</u>	<u>\$8,736</u>	<u>\$0.37</u>
<b>Three Months Ended April 30, 2017</b>							
<b>As Reported (GAAP)</b>	\$99,265	\$49,137	(\$3,648)	(\$3,882)	\$277	(\$4,159)	(\$0.18)
Cost Savings Initiatives (2)	-	1,402	6,334	6,334	1,917	4,417	0.19
<b>Adjusted Results (Non-GAAP)</b>	<u>\$99,265</u>	<u>\$50,539</u>	<u>\$2,686</u>	<u>\$2,452</u>	<u>\$2,194</u>	<u>\$258</u>	<u>\$0.01</u>

(1) Related to the amortization of certain acquired finite lived intangible assets for the Olivia Burton brand.

(2) Related to a charge for severance and payroll related, other expenses and occupancy expenses.

