



MOVADO GROUP INC.

**Strategic Plan FY12 – FY14**

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# SAFE HARBOR STATEMENT

*These materials contain 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 these materials 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 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, general economic and business conditions which may impact disposable income of consumers, 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that developments subsequent to the dissemination of these materials are likely to cause these statements to become outdated with the passage of time.*

**Efraim Grinberg**  
**Chairman and Chief Executive Officer**



# Movado Group Inc.

## Multi-Year Strategic Plan

- Overview
- Strategic Priorities
- Financial Expectations
- Key Takeaways



# Overview

- Delivering sales that outpace the market
- Capitalizing on portfolio of great brands and assets
- Capitalizing on China growth opportunity
- Leveraging existing infrastructure
- Returning operating profit to ~12%



# Movado Group Overview

## Strong Brands & Assets

- Iconic brand portfolio across all market segments
- Movado - one of the most powerful watch brands
- Ebel and Concord – established names with brand appeal
- World-renowned licensed brands
- Foundation established in China



# Strategic Priorities

- Unleash Movado's Brand potential with new products
- Introduce a new segment under the Movado brand
- Continue momentum of Licensed Brands
- Grow Ebel with increased emphasis on women's watches
- Capture the growth opportunity in China



# Financial Goals

- MGI sales growth should outpace the market
  - From \$375 - \$385MM in FY11 to \$520 - \$540MM by FY14 (~12% CAGR)
- Return operating margin to ~12% in 3 years
- FY14 EPS target of \$1.40 - \$1.50
- Continued positive cash generation
- Maintain strong balance sheet
- Evaluate reinstating dividend





**Rick Cote**  
**President and Chief Operating Officer**



# Movado Brand Strength

- Leading market share in our key price points
- # 2 fine watch brand in unaided awareness and ownership (U.S)
- Unique heritage and design legacy
- Large and loyal consumer base
- Very strong customer relationships across channels

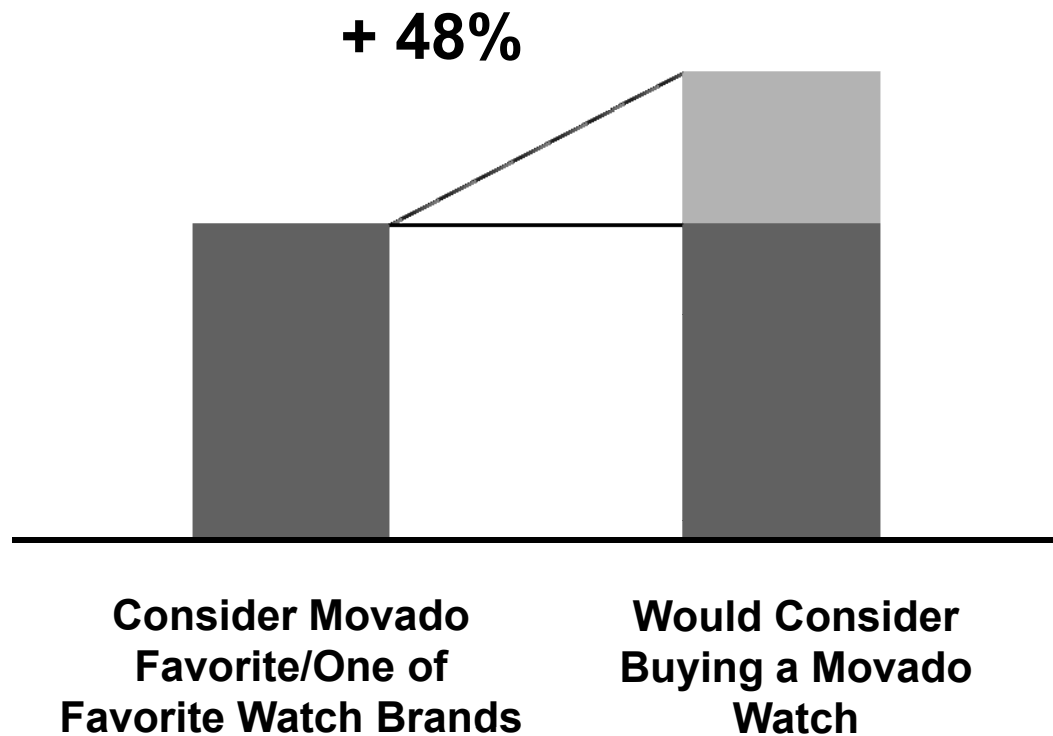
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# Consumer Potential



**Research identified opportunity for significant consumer base expansion**



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# Movado Brand Priorities

- Product innovation
- Evolved consumer marketing
- Enhanced shopping experience
- Expanded business in China

**Projected to grow from ~\$100MM (FY11)  
to ~\$160MM (FY14)**



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# Rich Design Heritage



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# New, Innovative Product

Luno Sport



Movado Master



Datron



Concerto

# Movado BOLD Priorities

- Introduce a new, innovative segment
- Target a younger consumer
- Leverage new materials
- Lead with ground-breaking design
- Provide accessible price point
- Broaden customer base

**Movado BOLD will reach a new consumer segment for Movado**



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# Movado BOLD



***BOLD interprets Movado's iconic museum design in a younger, more unconventionally fun expression***



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# Movado BOLD Buyers

- 45% under 30 years of age
- 47% with household income above \$75K
- 67% college graduates or higher
- 33% said this was their 1st Movado

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# Focused Marketing

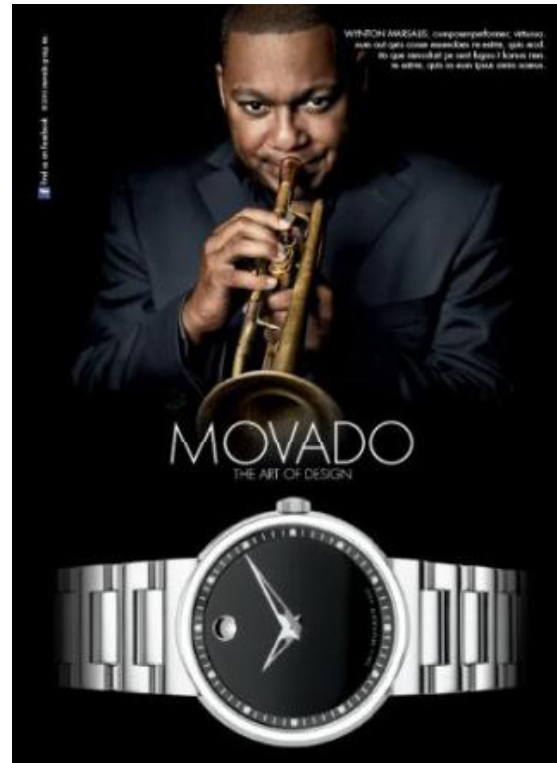


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# Focused Marketing

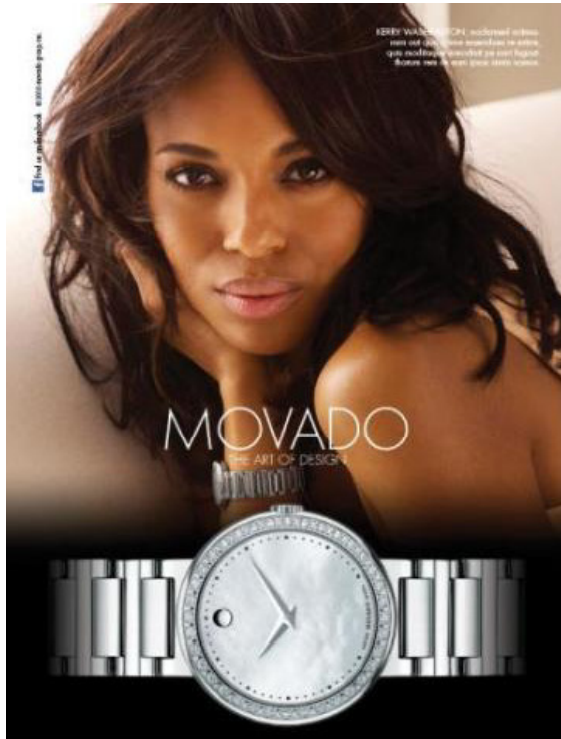


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# Focused Marketing



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# Evolved Marketing

- Increased investment in digital marketing
  - New web site
  - Digital advertising
  - eMarketing
  - Database segmentation/CRM programs
  - Social Media



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# Exciting new product launch



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# Shopping Experience



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# ESQ by Movado Priorities

- Complete brand conversion
- Launch new products
- Provide compelling price/value statement
- Expand distribution and build on current strong sell-through

**ESQ by Movado is projected to become a  
~\$30MM Brand by FY14**



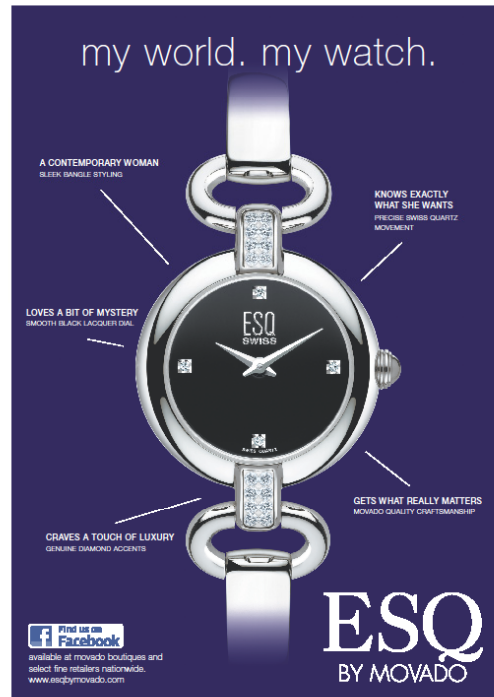
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# New Products



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# New Advertising



my world. my watch.

**ESQ**  
BY MOVADO

The advertisement features a bright yellow background. On the left, there are three overlapping images: a close-up of a square-faced chronograph watch with a black dial and black strap; a woman in a light-colored shirt steering a boat with a red wheel; and a man holding a young child. To the right of these images is a round chronograph watch with a white dial, gold and silver-tone case, and a matching metal link bracelet.

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# Strong Licensed Brands

**BOSS**  
HUGO BOSS

**COACH**  
WATCHES

**Juicy Couture®**  
TIMEPIECES

**TOMMY HILFINGER**  
WATCHES

  
**LACOSTE**



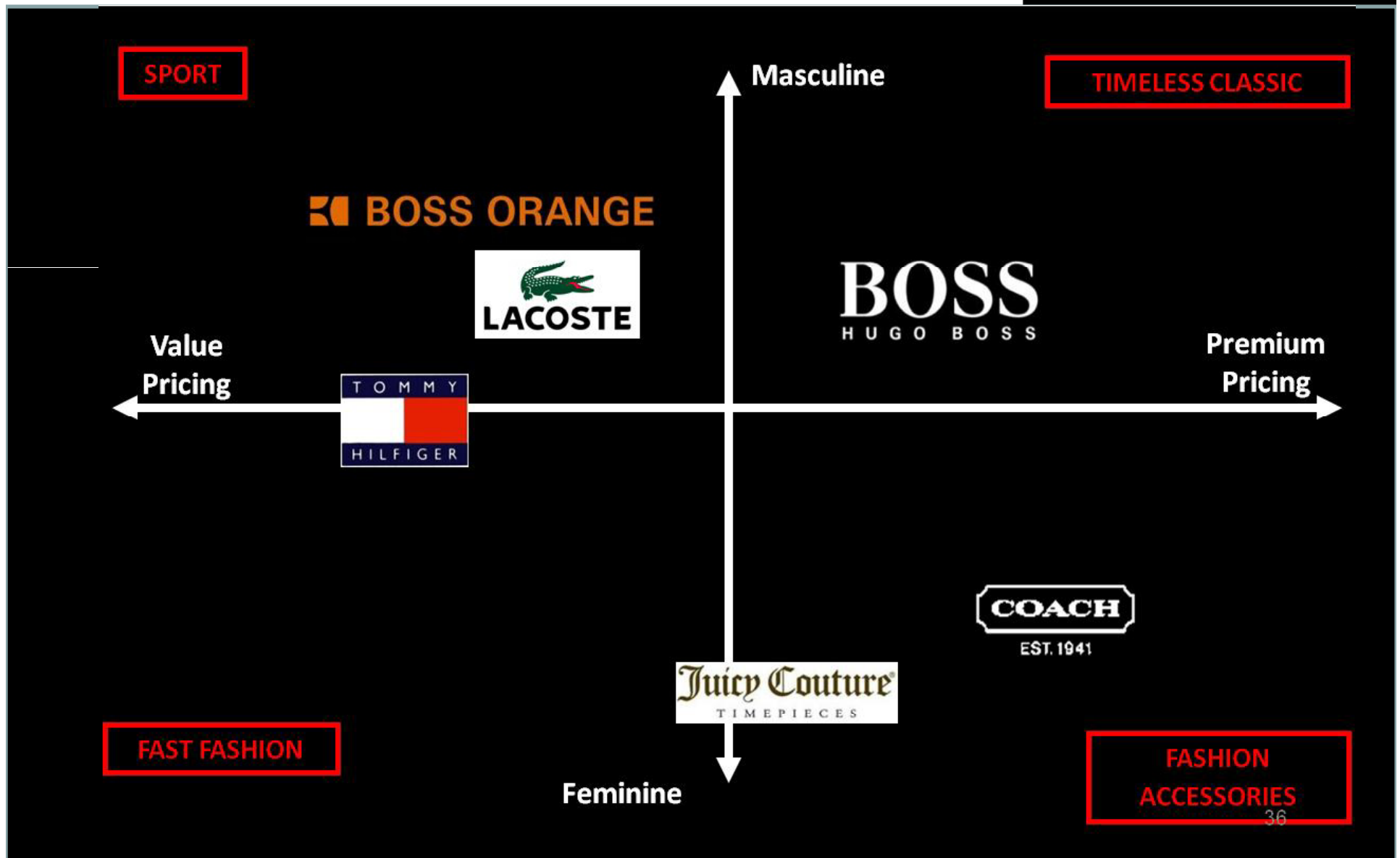
**licensed  
brands**

**35%**

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# Solid Market Coverage



# Licensed Brand Priorities

- New, exciting products
- Strengthen position in core markets
- Enhance the shopping experience
- Introduce fashion jewelry

**Licensed Brands are forecast to increase more than \$60MM to ~\$210MM by FY14**



**BOSS**  
HUGO BOSS

**COACH**  
WATCHES

**Juicy Couture**  
TIMEPIECES

**TOMMY HILFINGER**  
WATCHES

  
**LACOSTE**

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# Coach

- Capitalize on Boyfriend collection success
- Expand international presence
- Grow internet business



COACH  
WATCHES



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# Hugo Boss

- Launch new “Boss Orange” line
- Expansion in U.S., Europe and China



**BOSS**  
HUGO BOSS



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# Juicy Couture

- Fashion, new materials, fun
- Expansion in Germany, China and South America



**Juicy Couture**  
TIMEPIECES



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# Tommy Hilfiger

- Leverage fast growth brand
- Exciting design at key price points
- Introduce fashion jewelry
- Expansion in Germany



**TOMMY HILFIGER**  
watches



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# Lacoste

- Introduce the highly productive Goa collection
- New advertising
- Innovative POS display program



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# Shopping Experience



BOSS  
HUGO BOSS

COACH  
WATCHES

Juicy Couture  
TIMEPIECES

TOMMY HILFIGER  
WATCHES

LACOSTE

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# Ebel Priorities

- Strengthen price/value
- Focus on women's category
- Priority market focus
  - U.S., Germany, Middle East, Switzerland, U.K.
- New advertising campaign

**Ebel is expected to grow to ~\$60MM  
by FY14**

EBEL



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# Product Focus

## BELUGA LADIES ONLY



Beluga Tonneau



Beluga Round

## BRASILIA LADIES ONLY



## EBEL CLASSIC LADIES & GENT



Classic Hexagon



Classic



Classic Sport

## 1911 GENT ONLY



1911 BTR



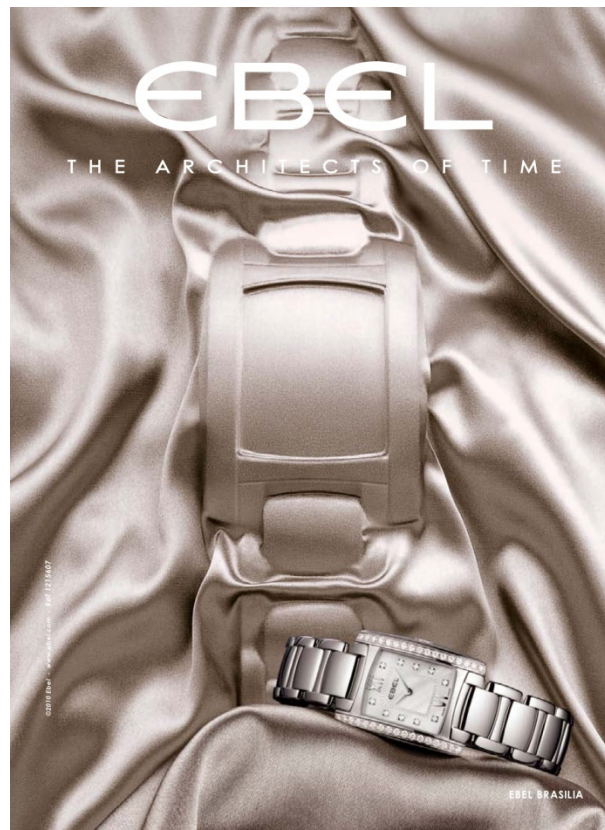
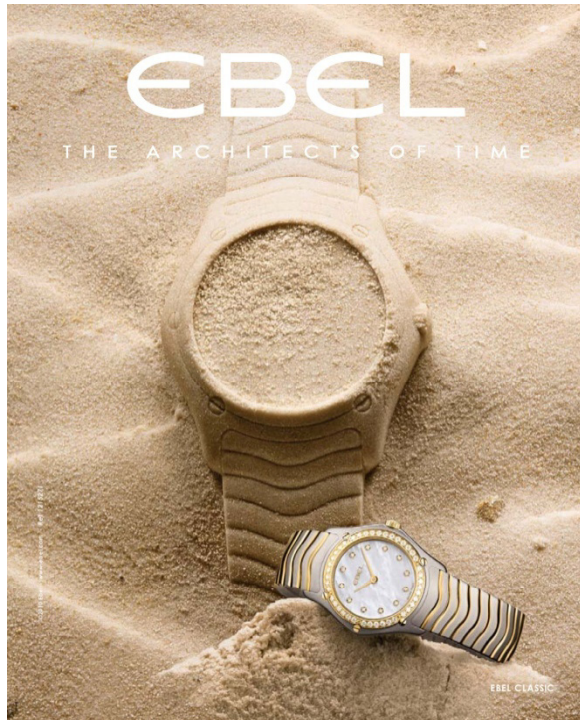
1911 Discovery

75% ♀

25%

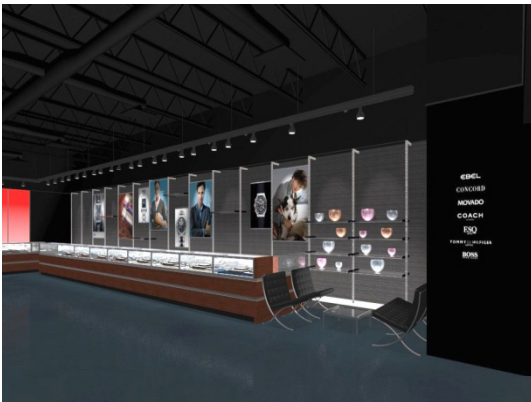
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# New Advertising



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# Company Stores



- Capitalize on strong growth of outlet centers
- Selectively expand
  - ~35 stores
  - Premier outlet centers
  - Reflect brand image
- Primary channel for discontinued product

**Company stores are projected to represent ~12% of the business (~\$60MM) by FY14**



# China Opportunity

- Fastest growing luxury market
- Growth extending to Tier 3 and 4 cities
- Rapidly growing base of wealthy consumers
- ~50% year to date market growth in 2010
- Foundation established





# Movado Group China Priorities

- Expanding to Tier 3 and 4 markets
- POS increasing over 60% in next 3 years
- Opportunity for higher price point products
- Leveraging Movado and Licensed Brands

**China is planned to almost triple in size by  
FY14 (~\$30MM)**



# New Movado Ambassador



SUN LI



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# Continuous Profit Improvement

- Critical mass performance
  - Investing in the most attractive opportunities
  - Leveraging existing infrastructure
  - Achieving economies of scale
- Focus on operating efficiencies while leveraging costs

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# Focused Growth Strategy

- Accelerate growth of Movado North America
- Maintain growth trajectory of strong businesses
- Invest in high growth emerging opportunities
- Achieve critical mass

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**Sallie DeMarsilis**  
**Chief Financial Officer**



# Key Financial Highlights

- Drive double-digit sales growth
- Return to strong operating margin
- Greatest dollar contributions from Movado, Licensed Brands and North America
- Continue to generate strong cash flow
- Maintain strong balance sheet



# Current FY 11 Environment

- Many indicators are positive
  - GDP
  - Retail comp store sales growth
  - Developing markets
  - Luxury and Swiss watch markets
- Outlook cautiously optimistic
  - Consumer confidence
  - Unemployment
  - Challenging supply environment



# 1<sup>st</sup> Half FY11 Financial Results

- Sales increased 14% to \$158MM
- Movado +16%, Licensed Brands +26%
- Operating loss of \$4.5MM
- EPS of (\$0.18)
- EBITDA of \$2.7MM
- Cash of \$54MM
- Debt reduced to \$10MM





# FY11 Expectations

## (Continuing Operations)

- Sales growth of ~12-15% to \$375MM-\$385MM
- Adjusted EBITDA of ~\$20MM-25MM
- Net income range of (\$3MM)-\$2MM
- Positive cash flow
- Boutique closing impact
  - P&L closing cost - ~ \$20MM (\$15MM cash)
  - Sales reduction - ~\$30MM
  - Expense reduction - ~\$27MM
  - Profit improvement - ~\$7MM



# Financial Outlook (FY14)

- Global economy will show modest growth
- Profit driven by top line growth
- Movado and Licensed Brands greatest dollar contributors
- North America greatest dollar growth
- Go forward tax rate at 30%
- Leveraging global expenses

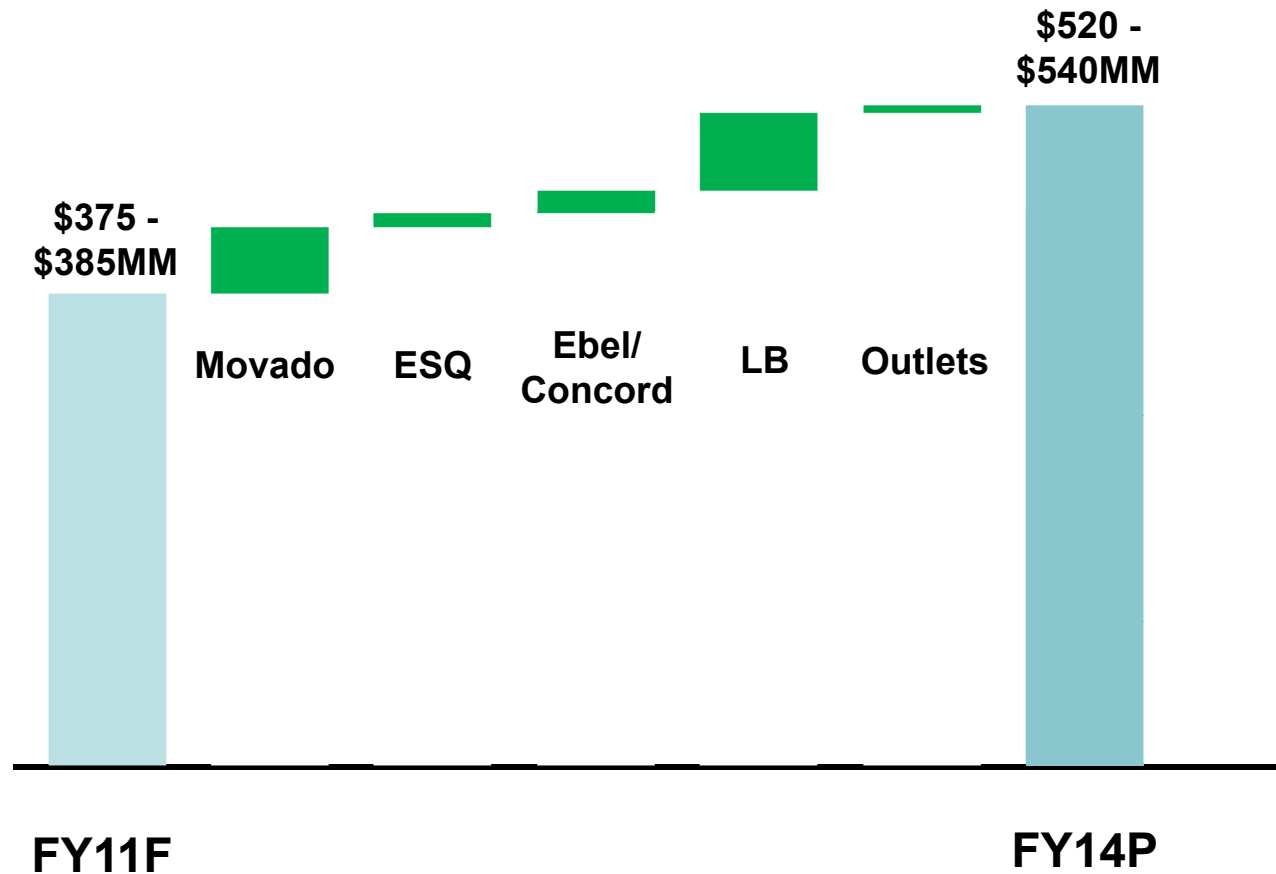


# Financial Outlook (FY14)

- Sales growth of 10% to 13% per year
- FY14 sales of ~\$520MM-\$540MM
- Gross margin range of 56% to 58%
- Operating margin of ~12%
- EPS range of \$1.40-\$1.50



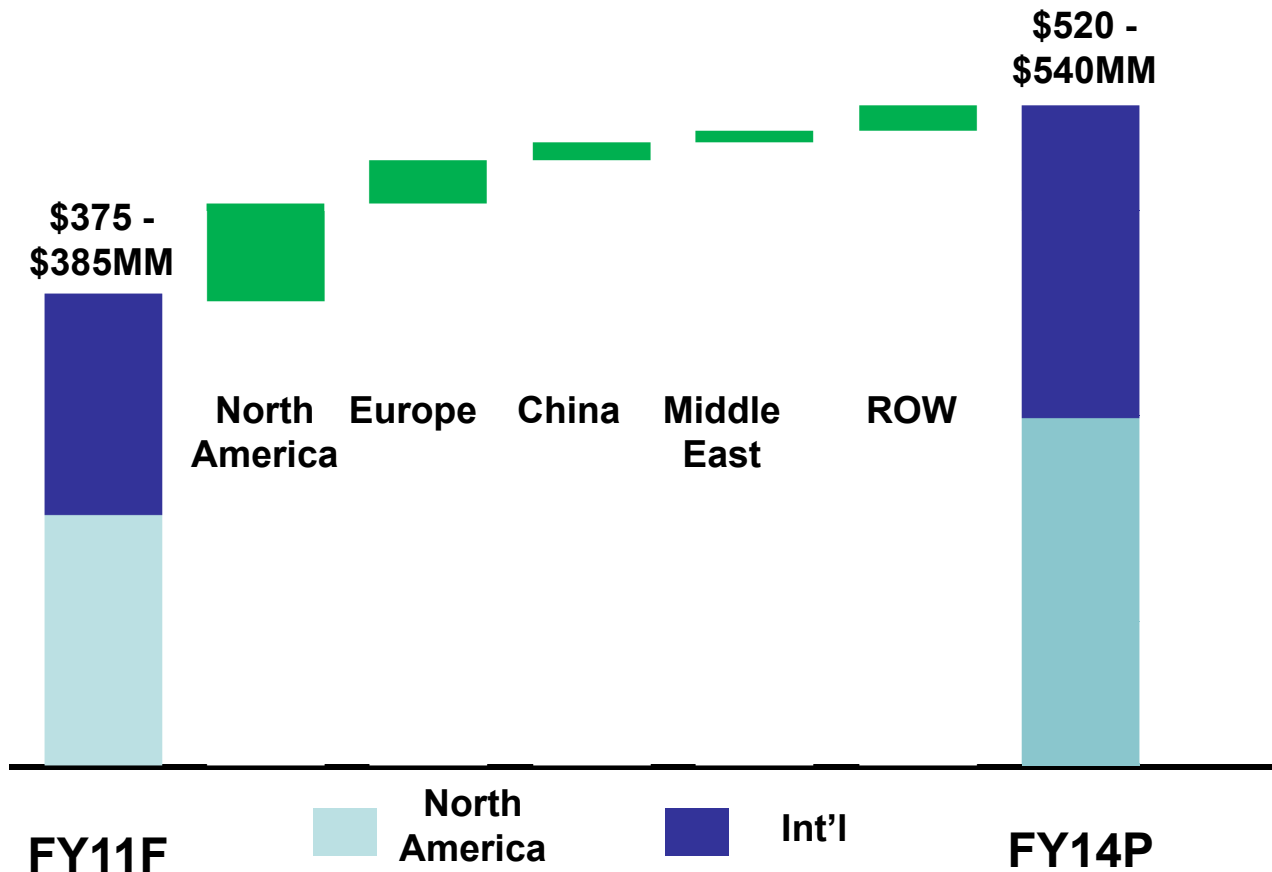
# Brand Growth



**Growth driven primarily by Movado and Licensed Brands**



# Geographic Growth



Growth driven primarily by North America and Europe



# Cash Flow

- Strong cash flow generation
- Minimal external debt borrowing
- Evaluate reinstating dividend by FY13
- No additional planned restructurings



# Key Takeaways

- Sales outpacing the market
- Capitalizing on portfolio of great brands and assets
- Capitalizing on China growth opportunity
- Leveraging existing infrastructure
- Returning operating profit to ~12%



# Incremental Growth Opportunities

- Movado growth in International markets
- Accelerated luxury category growth
- ESQ by Movado market expansion
- New brand licenses
- Acquisition opportunities







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**Strategic Plan FY12 – FY14**

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