

# Movado Group, Inc.

Annual Shareholder Meeting

June 2016



# 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, operating efficiency initiatives and other items, 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, 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 without disruption to other business activities, 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, disease, 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. 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

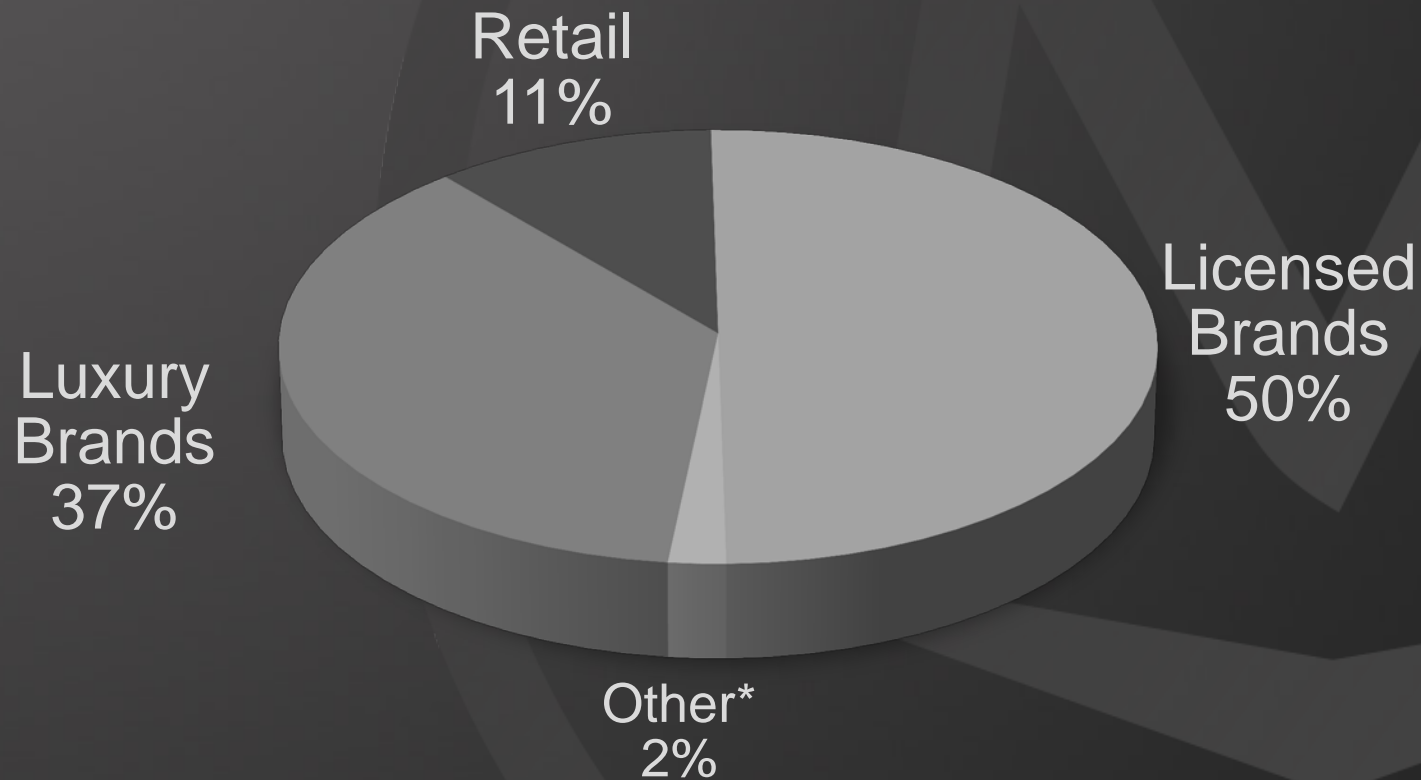
- Compelling portfolio of watch brands
- Diversified across brands, price points and geographies
- World class global infrastructure – systems, talent & processes
- Strong innovation pipeline
- Strong balance sheet and cash flow



# DIVERSE BRAND PORTFOLIO

Presence in all key market segments

Percent of Total MOV Revenue (FY '16)

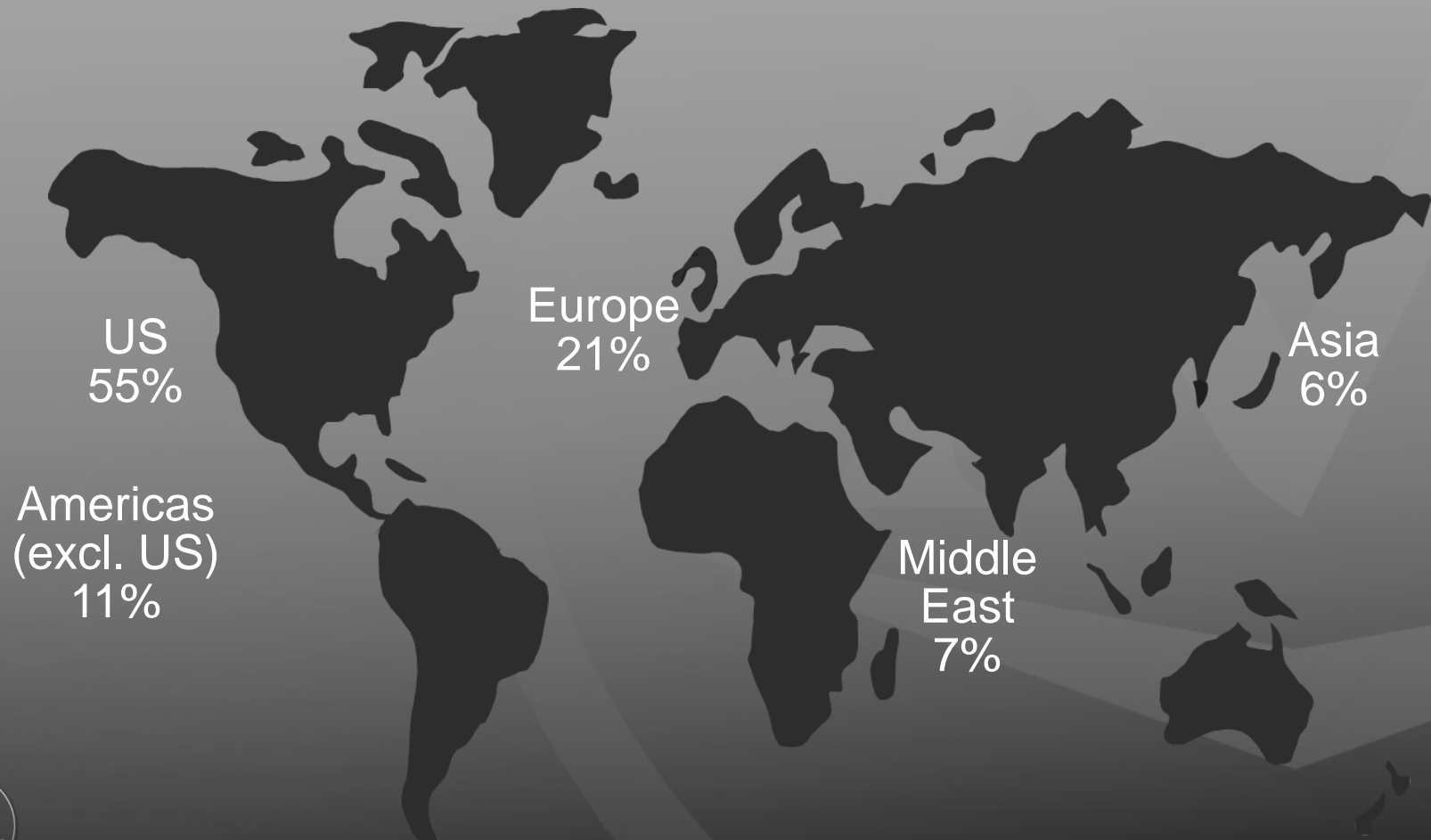


\* Includes after-sales service and all other.



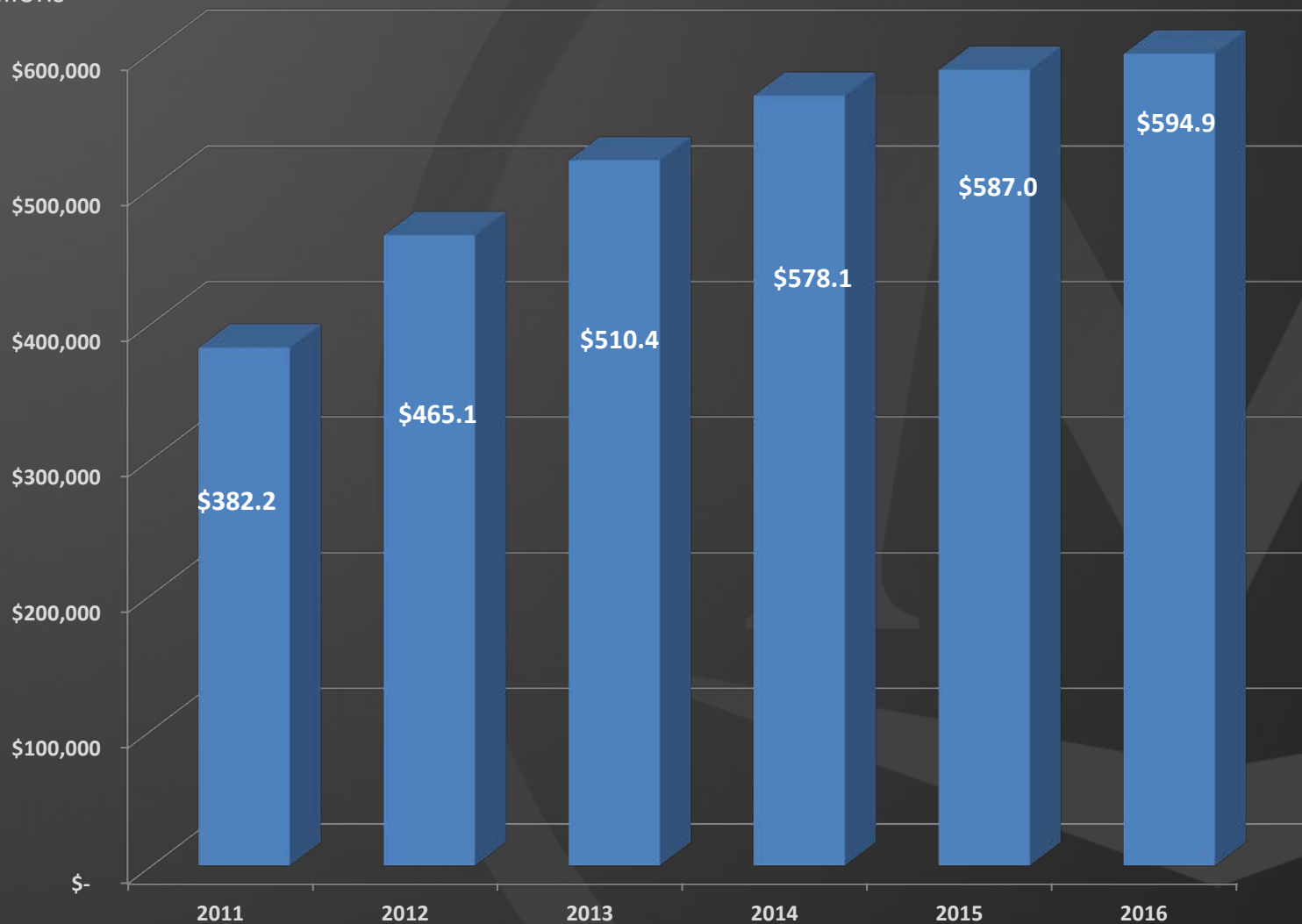
# BROAD GEOGRAPHIC REACH

Presence and opportunity in all regions (FY '16)



# NET SALES\* FY11 – FY16

in \$ millions



\* Adjusted for unusual items. For all non-GAAP metrics included in this presentation, a definition of such metric, as well as a reconciliation to the most directly comparable GAAP metric, can be found in the Company's earnings release for the respective period at [movadogroup.com/investor](http://movadogroup.com/investor)

# OPERATING PROFIT\* FY11 – FY16

in \$ millions

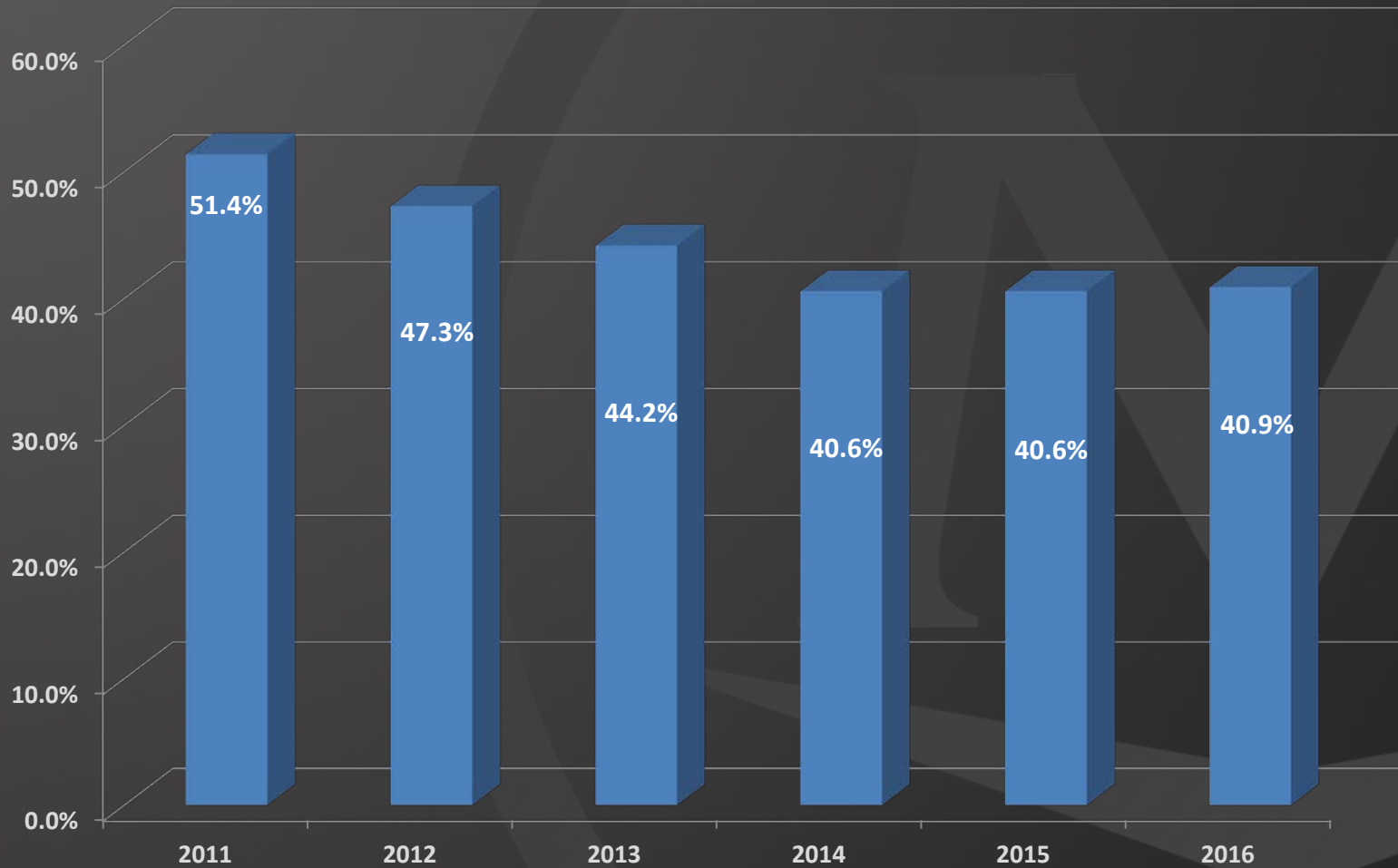


\* Adjusted for unusual items.



# OPERATING EXPENSE AS A % OF SALES\*

## FY11 – FY16



\* Adjusted for unusual items.



# FY16 FINANCIAL RESULTS \*

- Sales growth +1.4% to \$595M
  - +5.5% in constant dollars
  - Movado sales +5.3%
  - Licensed brands growth +1.0%
- Operating income +3.7%
  - \$74.1M in FY16
  - 12.5% as % of sales
- Healthy balance sheet
  - \$228M cash
  - \$40M debt outstanding

\* Adjusted for unusual items.



FY 2017



# OUTLOOK FOR FY 2017

- Challenging retail environment
- Global economy volatility
- Assumes currency rates remain stable
- Focus on global sales and positioning for future profit growth
  - Excellence in execution of initiatives
  - Maintain gross margin improvement
  - Continued focus on sourcing opportunities
  - Invest appropriately to support and build brand awareness and initiatives



# Q1 FY17 FINANCIAL RESULTS \*

- Delivered results in line with our expectations
- Net Sales decreased 5.3% to last year
  - -5.0% in constant dollars
- GM 53.8% vs. 52.4% LY
- Operating income \$7.2M vs. \$9.5M last year
- Net income of \$4.4M compared to \$6.2M last year
- EPS \$0.19 vs. \$0.25 last year



\* Current year period adjusted for unusual items.

# SHAREHOLDER RETURN

- Dividend Payments
  - Increased annual dividend payout from \$0.32 per share in FY 2013 to a planned \$0.52 per share this year
- \$50 Million Share repurchase program
  - Through 1Q FY 2017 purchased 34k shares for \$0.9 Million
  - At January 31, 2016, completed previously approved multi-year repurchase program of ~3M shares for \$85.6 Million



# CORPORATE PRIORITIES



# Realizing the Full Potential of our Brands



# LUXURY STRATEGY - MOVADO

- Build on Movado North America momentum
- Global market expansion
- Key market focus (UK and China)

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MODERN.FORM.SWISS.  
GENUINE.INSPIRED.  
INNOVATIVE.DESIGN.  
INDUSTRIAL.FORWARD.  
DIMENSIONAL.DOT.  
**MOVADO** CRED.  
INTERESTING.CULTURE.  
ENERGETIC.MENT.  
SMOOTH.TACTILE.  
MUSEUM.ED.  
GRAPHIC.ATION.  
INTENSIVE.ATION.  
AUTHENTIC.ATION.  
UNEXPECTED.ATION.  
GENUINE.ATION.  
GRAPHIC.ATION.  
MINIMAL.ATION.  
AUTHENTIC.ART.  
TACTILE.MODERN.

**EDGE.**

ASSION.

Movado Edge designed in collaboration with Yves Béhar  
Retailer Tagging

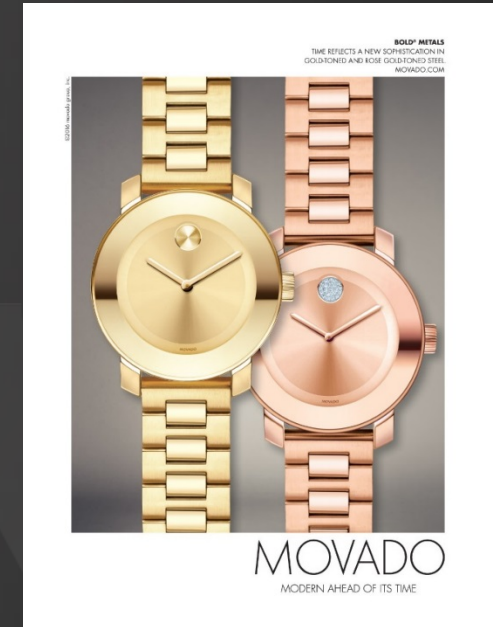
**MOVADO**





# MOVADO

- Movado has leading US market share within its segment
- Strong sales growth
- Quality distribution
- Expanding brand offering in certain retail doors
- Great new product pipeline



# MOVADO EDGE

- Developed in collaboration with renowned modern industrial designer Yves Behar
- Synergy of modern design & sculpture
- Swiss watch reinterpreting iconic museum dial into a three-dimensional curved dial



# MOVADO ULTRA SLIM



# HERITAGE



NEW HERITAGE SERIES



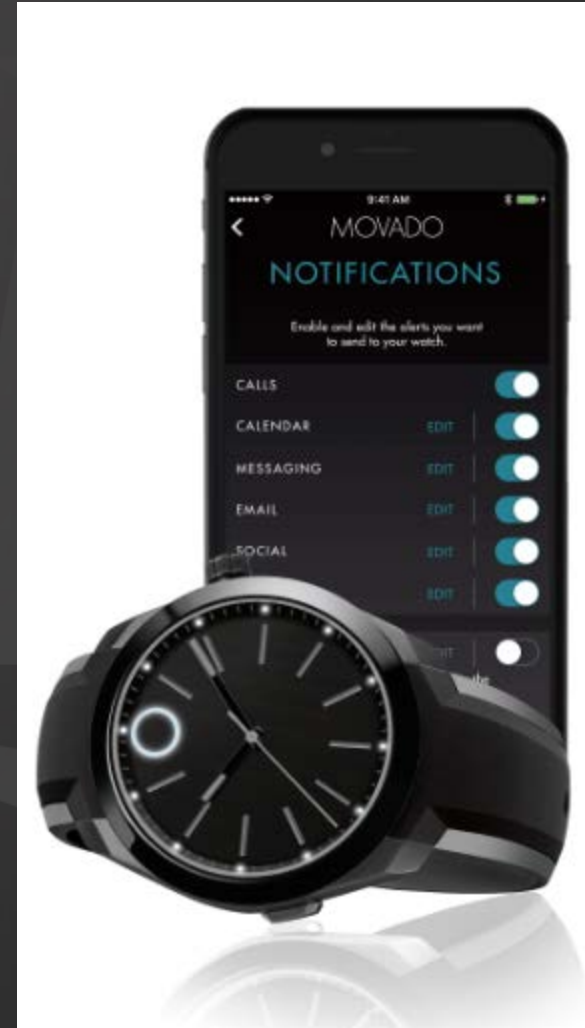
# MOVADO - CONNECTED

- Swiss Made
- Movado Motion
- Measures activity & sleep monitoring
- Always on correct time
- 2 year battery life



# MOVADO - HP - COLLABORATION

- Movado Bold Motion
- Notification
- Texts
- Calendar alert
- Activity Tracker
- Dual Movement



# EBEL and CONCORD

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

EBEL

CONCORD




# LICENSED BRANDS

- Continued growth of existing world class global brands
- Focus on key owned markets
- Continued enhancement in productivity improvements
- Digital marketing investment
- Introduce connected watches in Fall 2016





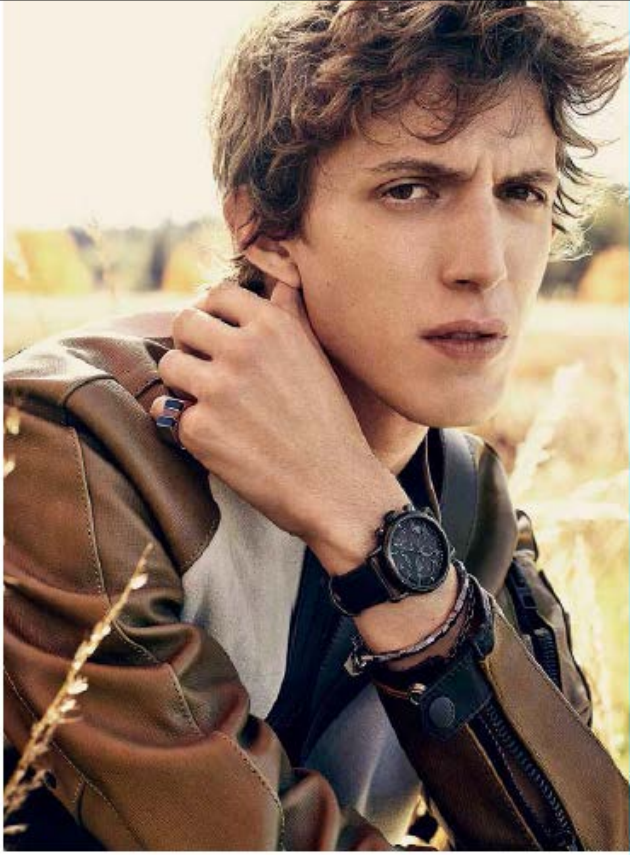
# COACH



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**CHLOË GRACE MORETZ** / *Actress*  
Delancey Chain Link Watch  
STORE TAGGING  
[coach.com](http://coach.com)

**COACH**  
NEW YORK



© 2014 COACH

SPRING 2014  
STORE TAGGING Watch - All  
[coach.com](http://coach.com)

**COACH**  
NEW YORK

Delancey Women's

Delancey Men's



# HUGO BOSS



Jet



Berlin



# TOMMY HILFIGER



Dani



Jackson



# LACOSTE



LACOSTE   
LIFE IS A BEAUTIFUL SPORT



FRA

Lacoste.12.12.

Capbreton



# JUICY COUTURE



Cali Mesh



Jetsetter



# SCUDERIA FERRARI



XX Kers



# LICENSED BRANDS ULTRA SLIM



# LICENSED BRANDS CONNECTED

Time



Email



Calls



Events



Texts



Steps





# OUTLET RETAIL STORES STRATEGY

- Continue growth in sales and profits
- Selectively expanding
  - Premier outlet centers
  - Reflect brand image
- Primary channel for end of life product management
- FY16 traffic of 2.3M customers



# SUMMARY

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

- Compelling brand portfolio across all major segments
- Global reach with expansion opportunity
- Driving superior new product designs
- World class global infrastructure – systems, talent and processes
- Strong financial performance, balance sheet and cash flow
- Positioned to deliver sustainable, profitable growth



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