

# MOVADO GROUP, INC.

JUNE 2019 ANNUAL SHAREHOLDERS MEETING

 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 and MVMT) 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 (including retaliatory tariffs resulting from current trade tensions, 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

- Strongly positioned in the \$60+ billion traditional watch market
- Possesses many of the world's most sought after brands
- Acceleration in sales growth across existing and recently acquire brands
- World class global infrastructure – systems, talent & processes
- Strong balance sheet with positive cash flow
- Focus on shareholder returns – consistent dividend and share repurchase



OWNED  
BRANDS

MOVADO

EBEL

CONCORD



OLIVIA · BURTON  
LONDON

MVM™

COACH  
NEW YORK

TOMMY HILFIGER  
WATCHES

BOSS  
HUGO BOSS  
watches

LICENSED  
BRANDS

LACOSTE

SLIDERIA  
FERRARI

REBECCAMINKOFF

# OUR HISTORY

1881



Movado Brand Founded

1947



Nathan Horwitt Designed The Iconic Movado Museum

1960



Gedalio "Gerry" Grinberg, A Cuban Watch Salesman, Escaped To The US

1961 - 1970



Grinberg Became Exclusive U.S. Distributor For Piaget Luxury Swiss Watches, Added Corum Swiss Watches And Purchased Concord Swiss Watches

1983



Acquired The Movado Brand, Inclusive Of The Iconic Museum Dial

1998 - 2012



Licensed Brand Division Built EBEL Acquired

2017 - 2018



Rebecca Minkoff Launched Olivia Burton Acquired MVMT Acquired



# WHY WE SUCCEED

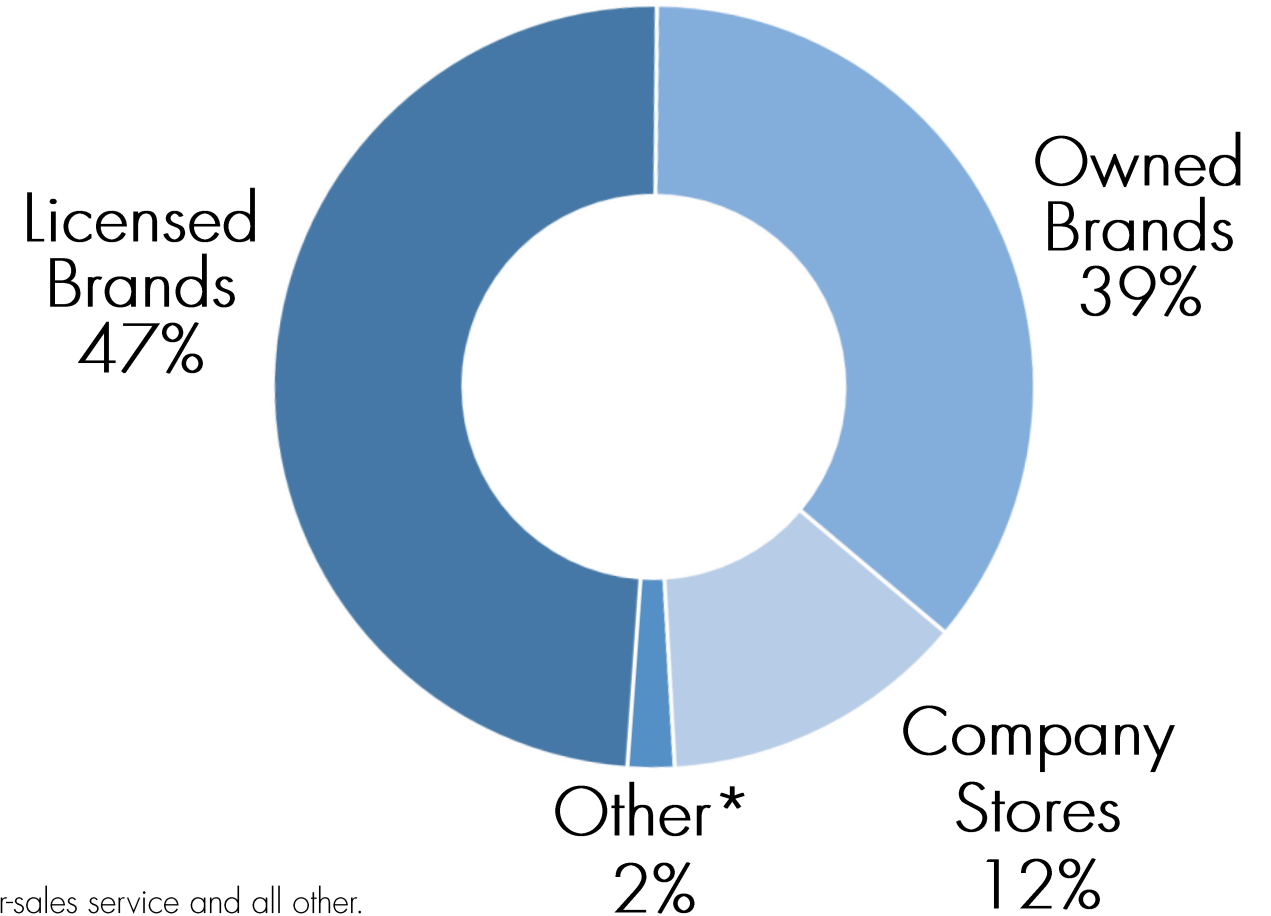
- Iconic designs drives consistent interest in watches
- Driving growth by:
  - Engaging with consumers in new ways, leveraging technology
  - Maximizing both in-store and ecommerce consumer experience
  - Distributing across channels, geographies and consumer types
  - Increasing Direct-To-Consumer business
  - Leveraging scale to deliver continuous innovation



## Percent of Total MOV Revenue (FY '19)

### DIVERSE BRAND PORTFOLIO

Presence in all market segments

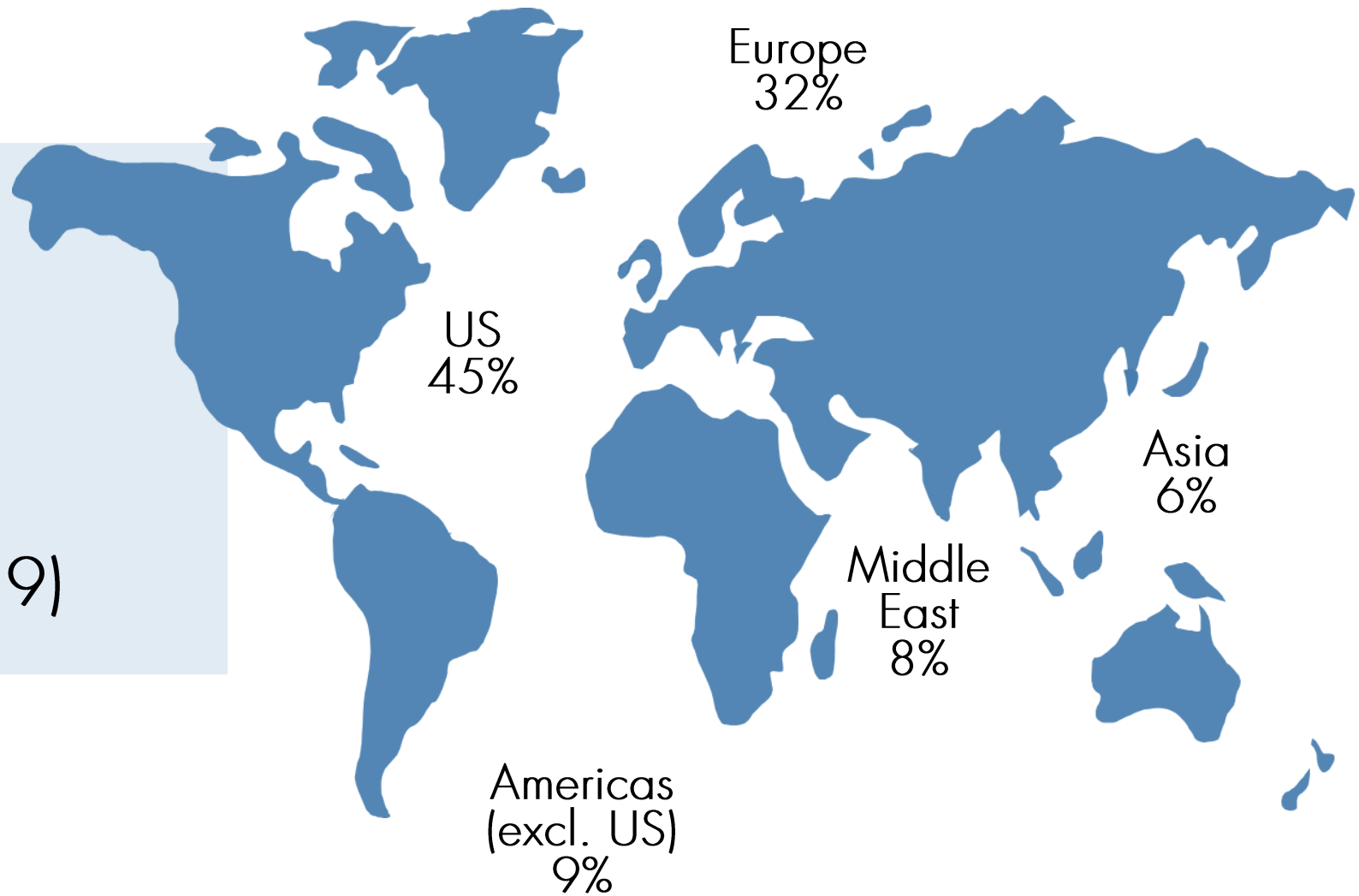


\* Includes after-sales service and all other.



# BROAD GEOGRAPHIC REACH

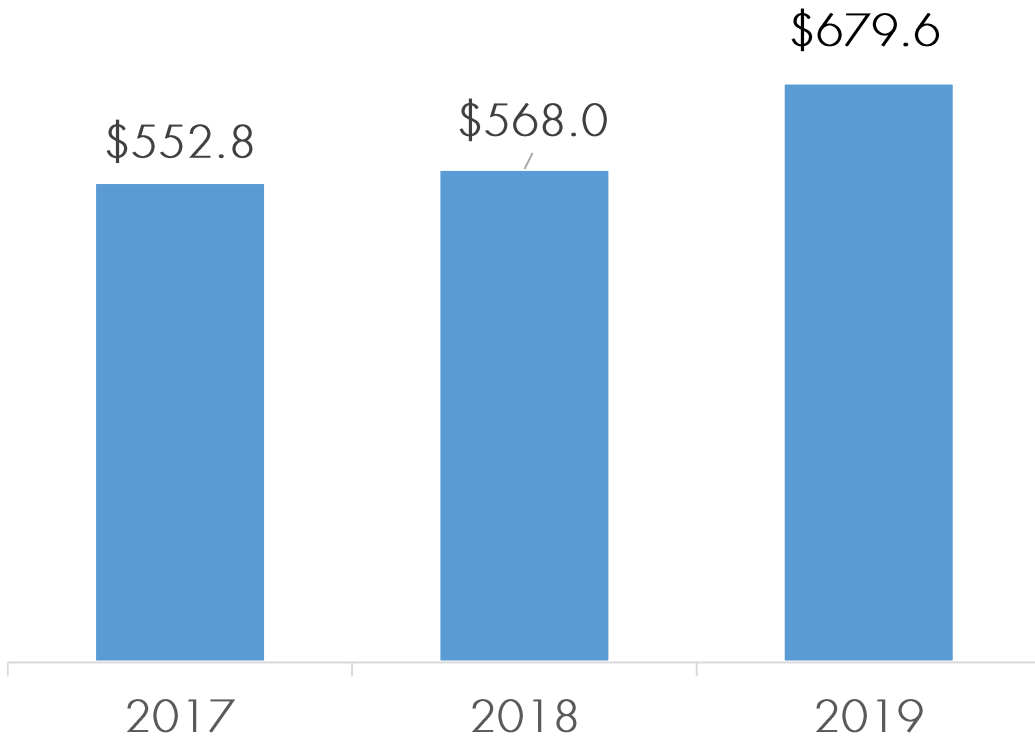
Presence in all regions (FY19)



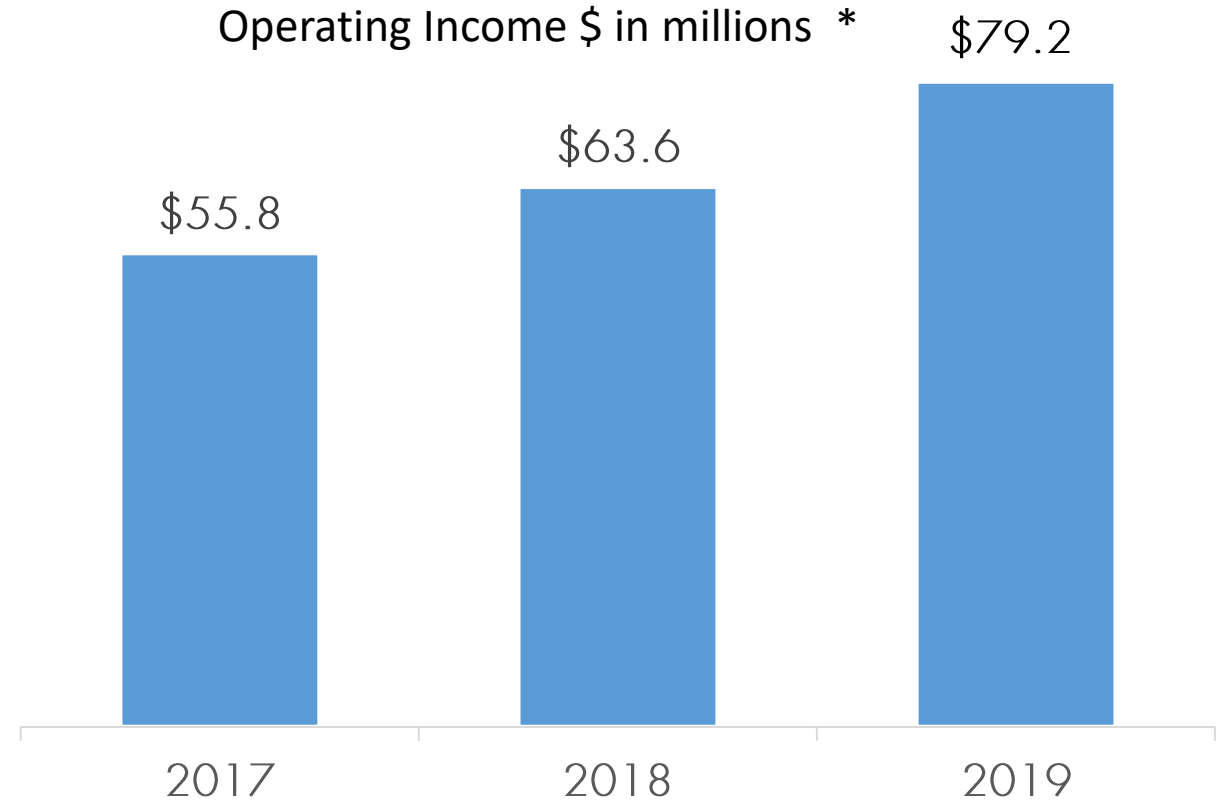
# TRACK RECORD OF PERFORMANCE

- Consistent track record of performance across key operating metrics

Net Sales \$ in millions



Operating Income \$ in millions \*



\* Adjusted for unusual items. See GAAP reconciliations in our FY17, FY18 and FY19 earnings releases at [www.movadogroup.com/investor](http://www.movadogroup.com/investor).



# FY 2019 FINANCIAL RESULTS\*

- Net sales increased 19.7% vs. LY
  - +18.9% in constant currency
- GM 54.4% vs. 52.9% LY
- Operating income \$79.2M vs. \$63.6M LY
- Net income \$63.1M vs. \$46.5M LY
- EPS \$2.67 vs. \$2.00 LY



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

# FY 2020 Q1 FINANCIAL RESULTS\*

- Net sales increased 15.3% vs. LY
  - +18.9% in constant currency
- GM 53.9% vs. 53.1% LY
- Operating income \$7.2M vs. \$8.9M LY
- Net income \$5.6M vs. \$8.7M LY
- EPS \$0.24 vs. \$0.37 LY



\*Adjusted for unusual items. See GAAP reconciliations in our Q1 FY20 earnings release at [www.movadogroup.com/investor](http://www.movadogroup.com/investor).

# RECENT ACCOMPLISHMENTS

- First Quarter Fiscal 2020
  - Sales rose 15.3% and 18.9% on a constant dollar basis
  - Gains across United States and International markets
  - Gains across Owned and Licensed brands
- Completed two acquisitions
  - Olivia Burton (July '17) and MVMT (October '18)
- Increased digital presence



# CORPORATE 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

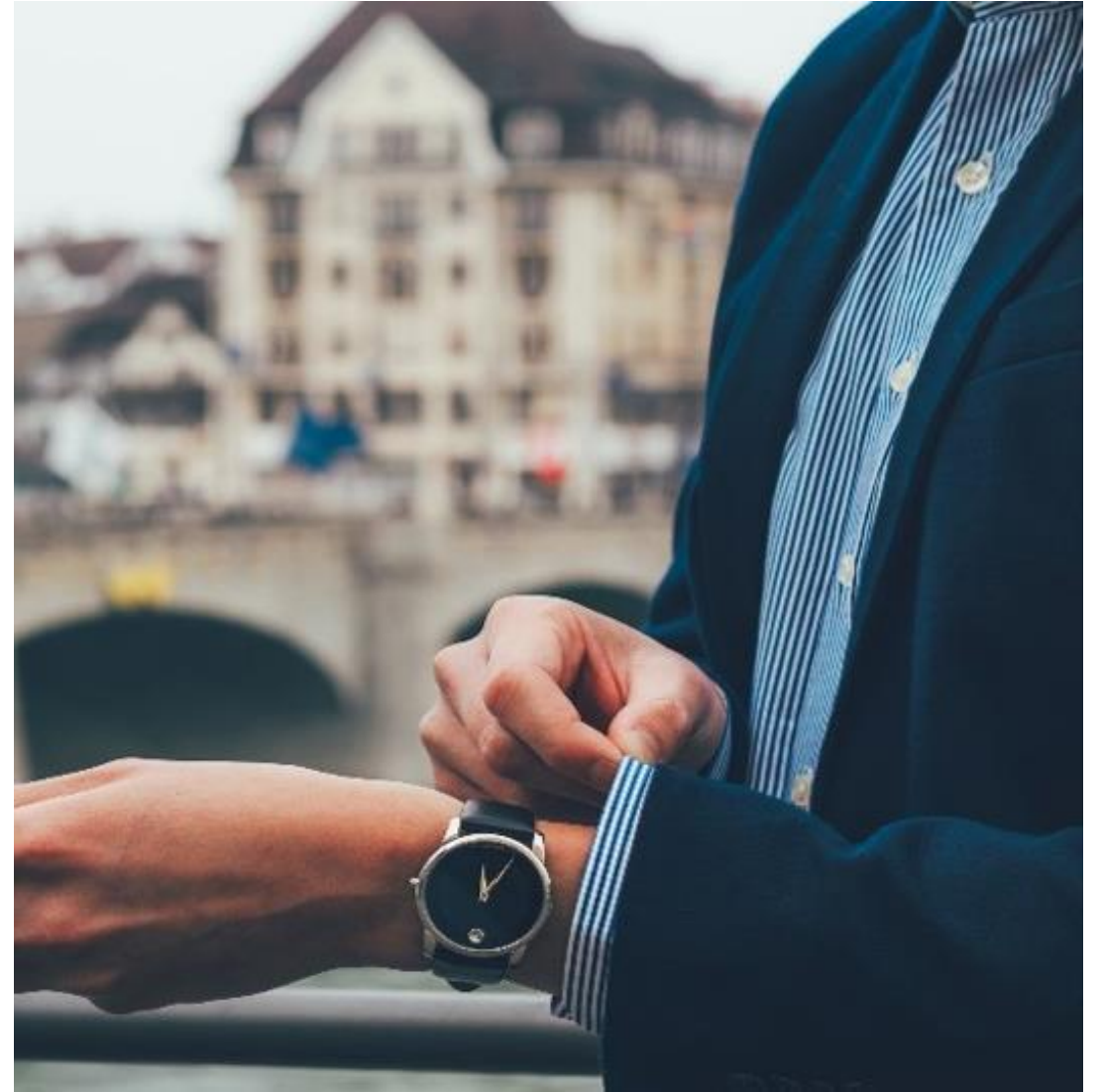


MOVADO GROUP



# MOVADO

- Build and expand Movado's Global presence
- Reach new consumers
- Drive Direct-To-Consumer business



# 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



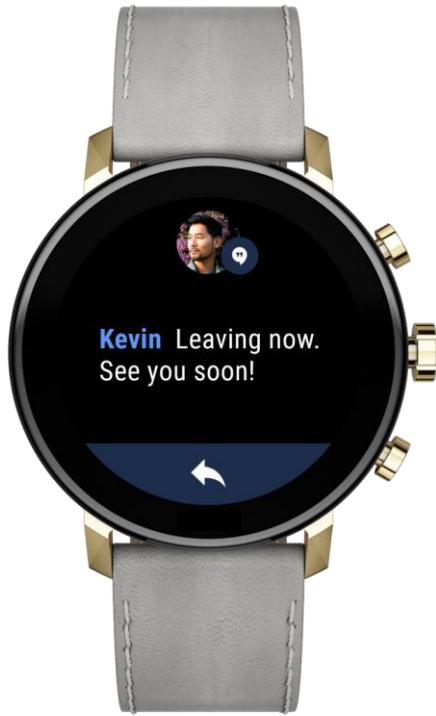


# MOVADO CONNECT

# CONNECT 2.0



Wear OS by Google



# MOVADO HERITAGE





# MVMTM

- Founded in 2013 by 2 millennial entrepreneurs
- ~4 MM Facebook and 1+ MM Instagram followers
- Beautiful quality watches, sunglasses, jewelry
- A digital brand experience that resonates with millennials
- Integration progressing smoothly
- Expanding into global wholesale distribution



MVMT is an aspirational lifestyle brand that inspires you to live life on your own terms

In 2013, we dropped out of college with the dream of shaking up the watch & fashion industry

Jake Kassan



Co-Founder | CEO

Kramer LaPlante



Co-Founder | COO

## Our Mission

MVMT was founded on the belief that style shouldn't break the bank. Our goal is to change the way you think about fashion by delivering high quality watches and accessories at a radically fair price.



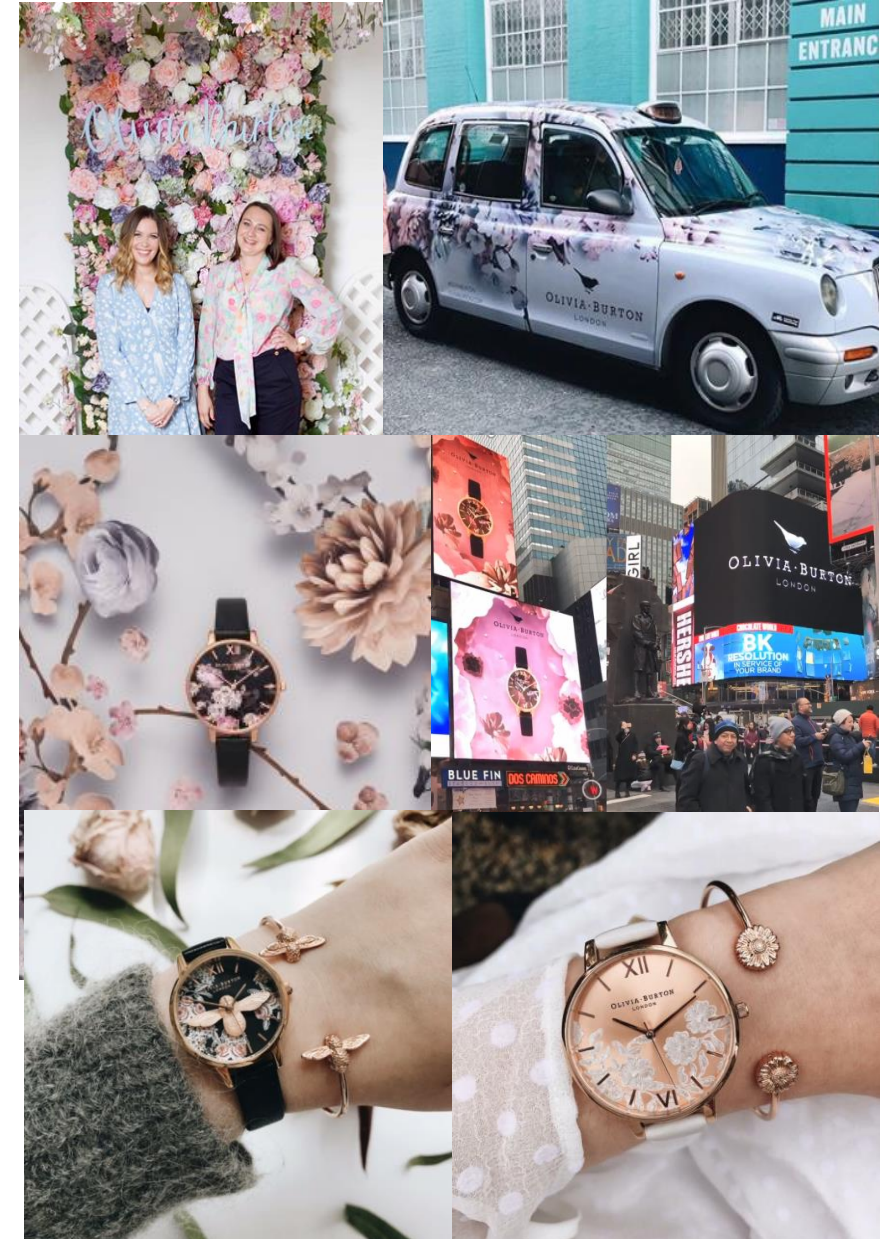
LIVE LIFE ON YOUR OWN TERMS



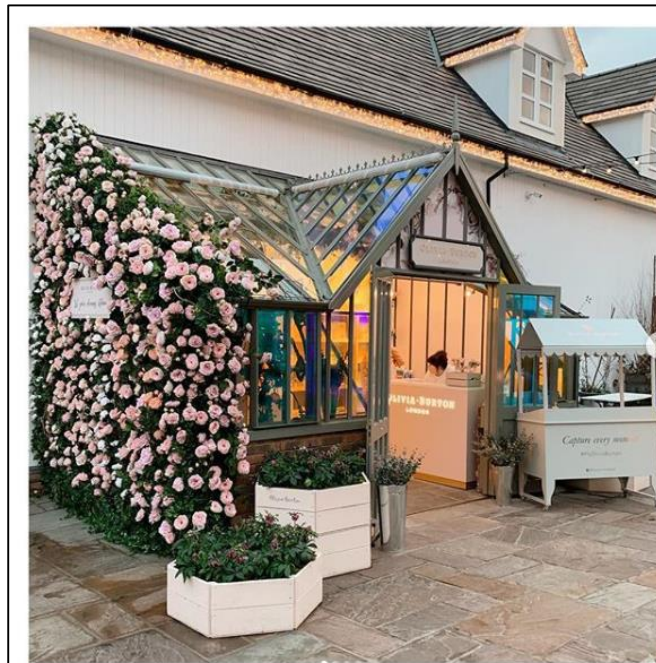



# OLIVIA BURTON

- Founded in 2011
- Leading position in UK fashion watch market
- UK 2018 Women's Watch of the Year Award
- Select distribution
- Significant on-line business
- Well-positioned with millennial consumers
- Jewelry launched 2016
- Opened first Flagship store in London



# OLIVIA BURTON



 **oliviaburtonlondon** • Follow  
Olivia Burton

oliviaburtonlondon Our pretty little pop up has arrived in @bicesterVillage 🌸❤️ #MyOliviaBurton #BicesterVillage #DreamComeTrue

Load more comments

cstreetflowers I wish I could fly to London just to come see this!! This is what my dreams look like! 🥰🥰 Just a perfect set up!

jillabdul2 Was there on sat feb 9th Nice

olivianf @vicfaulhaber @tiacristina vai lá por favor!!! 🥰

vicfaulhaber @olivianf pertinho! Sqn kkkk

4,326 likes  
JANUARY 25

Log in to like or comment.





# LICENSED BRANDS

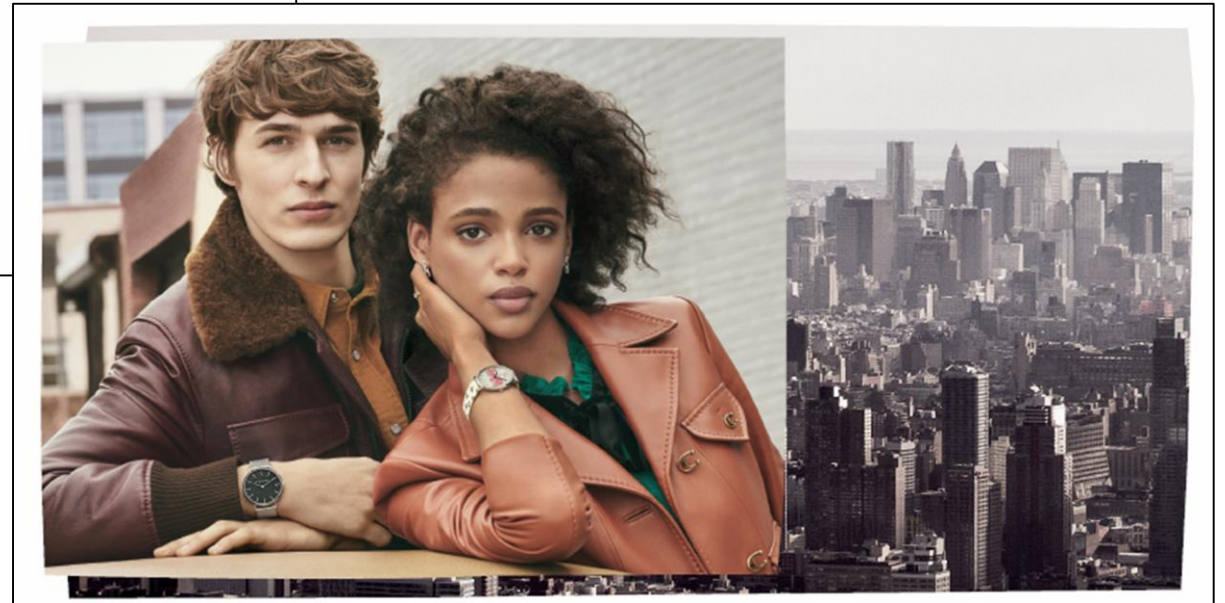
- Continued global growth of existing world class brands
- Drive product innovation and price/value
- Increase marketing investment, especially digital
- Focus on key owned markets
- Capture travel retail opportunity



# COACH



PERRY  
AND  
CHARLES





# HUGO BOSS



PIONEER



ACT



IMAGINE



# TOMMY HILFIGER

## ZENDAYA SPECIAL ADDITION



## JENNA



## SHAWN





# LACOSTE

## CANNES



## MADRID



# SCUDERIA FERRARI

SPEEDRACER



RACEDAY



GIFT GIVING



# REBECCA MINKOFF



MAJOR  
ULTRAL SLIM



NINA T BAR





# OUTLET COMPANY STORES STRATEGY

- Currently 44 stores
- Continue growth in sales and profits
- Selectively expanding
  - Premier outlet centers
  - Reflect brand image
- International opportunity



# CORPORATE PRIORITIES

DIGITAL/ OMNI-CHANNEL STRATEGY



# DIGITAL/ OMNI-CHANNEL STRATEGY

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



- 3.9mm views on YOUTUBE





# DIGITAL/ OMNI-CHANNEL STRATEGY

## COACH

COACH

NEW WOMEN MEN RUNWAY CUSTOMIZATION GIFTS SALE

ACCESSORIES Watches (44)

Watches

Color Material (1) Category (1) Sort

METAL X WATCHES X CLEAR

Online Exclusive

\$295	\$295	\$295	\$295

## TOMMY HILFIGER

macy's

LISTS GIFTS WEDDING REGISTRY

Mac's Herald Square Open until 10 PM Sign in MY ACCOUNT

SHOP BY DEPARTMENT tommy hilfiger watches

TOMMY ICONS SHOP NOW

We found 138 results for tommy hilfiger watches

Free Pickup Today Macy's Herald Square

Sort by Featured Items

--	--	--	--

## HUGO BOSS

ERNEST JONES LOVE & LIFE

gemset Rings jewellery Diamonds Brands Sale What are you looking for?

express confidence and refinement in carefully balanced proportions. Uncompromising attention to detail turns looks into statements and aspirations into happenings.

A HIGH-FLYING MODERN CLASSIC SHOP NOW

A PURELY FEMININE COLLECTION WITH A TOUCH OF GLAMOUR SHOP LADIES

INTRODUCING THE BOSS OCEAN EDITION CHRONOGRAPH SHOP NEW IN

## LACOSTE

Marques et bijoux made pour homme et femme Besoin d'aide? Nos boutiques

LOUIS PION

Rechercher une montre, un style

MARQUES FEMME HOMME MONTRES BIJOUX ACCESSOIRES PREMIUM HAPPY DAYS

ACCES > MONTRES > LACOSTE

LACOSTE

Chez Lacoste, l'élégance inspirée du sport est plus qu'un style, c'est un mode de vie. Les montres Lacoste sont inspirées, pour la ville et la de active. Rendant hommage à l'esprit sportif, cette collection incarne l'héritage unique de la marque fait d'élégance, de décontraction et d'innovations technologiques.

NOS COUPS DE CŒUR

LACOSTE	LACOSTE	LACOSTE	LACOSTE

## OLIVIA BURTON

NORDSTROM

Women Men Kids Home & Gifts Beauty Sale What's New

Home / All Results

You searched for "olivia burton"

Category Color Price

Sort by Featured

\$30.00	\$35.00	\$45.00	\$98.00

## MVMT

FREE SHIPPING ON ALL ORDERS

MVMT

SHOP BY CATEGORY

HERS WOMENS BRAND

WOMENS EVERSCROLL JEWELRY MENS WATCHES

WOMENS EVERSCROLL

JEWELRY

MENS WATCHES



# DIGITAL/ OMNI-CHANNEL STRATEGY

## OLIVIA BURTON POP-UP SHOP



## FERRARI STORE IN-STORE EXPERIENCE



## TOMMY HILFIGER INTERACTIVE DISPLAY





# DIGITAL/ OMNI-CHANNEL STRATEGY

## MOVADO AND COACH CHINA CONCESSIONS



# SHAREHOLDER RETURN

- Healthy balance sheet
- Tax reform allows the ability to repatriate foreign cash
- Dividends
- \$50 Million Share Repurchase Program
  - Expires August 29, 2020
  - To offset potential dilution from stock awards
  - As of April 30, 2019 (or FY20), repurchased a total of \$12.0 million of stock under the program



# WHY MOVADO

- Strongly positioned in the \$60+ billion traditional watch market
- Portfolio includes many of the world's most sought after brands
- Sales growth across existing and recently acquired brands
- World class global infrastructure – systems, talent & processes
- Strong balance sheet with positive cash flow
- Focus on shareholder returns – consistent dividend and share repurchase



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# 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 and MVMT acquisitions. 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 and MVMT acquisitions. 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 and MVMT acquisitions. 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 U.S. 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 release. 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.*



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

	<u>Net Sales</u>	<u>Gross Profit</u>	<u>Operating Income</u>	<u>Pre-tax Income</u>	<u>Provision/(Benefit) for Income Taxes</u>	<u>Net Income Attributable to Movado Group, Inc.</u>	<u>Diluted EPS</u>
<b>Three Months Ended April 30, 2019</b>							
<b>As Reported (GAAP)</b>	\$ 146,549	\$ 78,873	\$ 4,974	\$ 4,771	\$ 847	\$ 3,925	\$ 0.17
Olivia Burton Costs (1)	-	-	712	712	135	577	0.02
MVMT Costs (2)	-	140	1,473	1,473	354	1,119	0.05
<b>Adjusted Results (Non-GAAP)</b>	<u>\$ 146,549</u>	<u>\$ 79,013</u>	<u>\$ 7,159</u>	<u>\$ 6,956</u>	<u>\$ 1,336</u>	<u>\$ 5,621</u>	<u>\$ 0.24</u>
<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>

(1) Related to the amortization of acquired intangible assets for Olivia Burton.

(2) Related to the amortization of acquired intangible assets, accounting adjustments and deferred compensation of MVMT.

