MOVADO GROUP

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Upside Potential: 30.5%

Assumptions

10 Year T-Bill	4.62%
Risk Premium	5.50%
Beta	0.95
WACC	8.53%
Terminal Beta	1.00
Terminal WACC	10.12%
Tax Rate	35.00%

Scenario Selector
- ○ Declining Margins
- ○ Stable Margins
- ◉ Improving Margins

		Hyper-Growth Stage			Transitional Growth Stage					Terminal Year
	LTM	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Total Revenues	$492,191.00	$546,332.01	$604,243.20	$667,084.50	$728,789.81	$787,821.79	$842,575.40	$891,444.77	$932,896.96	$965,548.35
Revenue Growth		*11.0%*	*10.6%*	*10.4%*	*9.3%*	*8.1%*	*7.0%*	*5.8%*	*4.7%*	*3.5%*
Less: COGS	190,593.0	210,512.1	231,669.3	254,485.5	276,629.9	297,528.4	316,593.2	333,248.6	346,958.2	357,252.9
COGS Margin	*38.7%*	*38.5%*	*38.3%*	*38.1%*	*38.0%*	*37.8%*	*37.6%*	*37.4%*	*37.2%*	*37.0%*
Less: SG&A	250,477.0	274,852.1	302,242.8	331,750.9	360,334.8	387,248.4	411,730.7	433,038.5	450,482.7	463,463.2
SG&A Margin	*50.6%*	*50.3%*	*50.0%*	*49.7%*	*49.4%*	*49.2%*	*48.9%*	*48.6%*	*48.3%*	*48.0%*
EBIT	51,121.0	60,967.8	70,331.1	80,848.0	91,825.1	103,045.0	114,251.6	125,157.7	135,456.0	144,832.3
EBIT Margin	*10.4%*	*11.2%*	*11.6%*	*12.1%*	*12.6%*	*13.1%*	*13.6%*	*14.0%*	*14.5%*	*15.0%*
Less: Interest Expense	4,278.0	8,859.3	9,798.4	10,420.0	10,998.0	11,549.2	12,057.7	12,507.4	12,882.8	13,170.3
Interest Expense as % of Sales	*0.9%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*
EBT	46,843.0	52,108.5	60,532.8	70,428.0	80,827.1	91,495.8	102,193.8	112,650.3	122,573.2	131,662.0
Less: Taxes	18,149.0	9,119.0	15,133.2	17,607.0	20,206.8	22,873.9	25,548.5	28,162.6	30,643.3	46,081.7
Effective Tax Rate	*38.7%*	*17.5%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*35.0%*
EBT (1-t)	28,694.0	42,989.5	45,399.6	52,821.0	60,620.4	68,621.8	76,645.4	84,487.7	91,929.9	85,580.3
Plus: Interest	4,278.0	8,859.3	9,798.4	10,420.0	10,998.0	11,549.2	12,057.7	12,507.4	12,882.8	13,170.3
Plus: D&A	16,700.0	16,390.0	18,127.3	20,012.5	21,863.7	23,634.7	25,277.3	26,743.3	27,986.9	28,966.5
D&A as % of Sales	*3.4%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
D&A as % of CapEx	*109.2%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
Operating Cash Flow (OCF)	49,672.0	59,379.5	63,526.9	72,833.6	82,484.1	92,256.5	101,922.6	111,231.1	119,916.8	114,546.7
Less: ΔNWC		(3,088.5)	31,873.6	34,587.1	33,961.9	32,490.5	30,135.7	26,897.1	22,814.8	(1,714.5)
Net Working Capital	303,783.0	300,694.5	332,568.1	367,155.2	401,117.0	433,607.5	463,743.2	490,640.3	513,455.1	511,740.6
% of sales	*61.7%*	*55.0%*	*55.0%*	*55.0%*	*55.0%*	*55.0%*	*55.0%*	*55.0%*	*55.0%*	*53.0%*
Less: CapEx										
Capital Expenditures	15,299.0	16,390.0	18,127.3	20,012.5	21,863.7	23,634.7	25,277.3	26,743.3	27,986.9	28,966.5
% of Sales	*3.1%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
Free Cash Flow to Firm (FCFF)	$34,373.0	$46,078.0	$13,526.0	$18,233.9	$26,658.5	$36,131.4	$46,509.7	$57,590.6	$69,115.1	$87,294.8
Present Value Factor		98.0%	90.3%	83.2%	76.6%	70.6%	65.1%	59.9%	55.2%	50.9%
PV of FCFF		$45,144.4	$12,210.0	$15,165.9	$20,429.7	$25,512.2	$30,258.4	$34,521.8	$38,172.7	$44,422.9

PV of Hyper/Transitional Growth	$221,415.0
PV of Terminal Growth	728,739.7
PV of Firm	950,154.7
plus: Cash and Equivalents	123,625.0
less: Debt	175,186.6
less: Options	0.0
Total Value	898,593.1
divided by: Dilluted Shares Outstanding	27,079.9
Intrinsic Price per Share	$33.18
Current Share Price	$25.43
Upside Potential	30.5%