SAMSONITE INTERNATIONAL S.A.

新秀麗國際有限公司

13-15 Avenue de la Liberté, L-1931 Luxembourg
R.C.S. LUXEMBOURG: B 159.469
(Incorporated in Luxembourg with limited liability)
(Stock code: 1910)

QUARTERLY REPORT FOR THE PERIOD ENDED SEPTEMBER 30, 2018

The Board of Directors of Samsonite International S.A. (the "Company"), together with its consolidated subsidiaries (the "Group"), is pleased to present the unaudited consolidated financial and business review of the Group as of September 30, 2018 and for the three and nine month periods then ended, together with comparative figures for the three and nine month periods ended September 30, 2017. This announcement is made pursuant to the Inside Information Provisions of Part XIVA of the Securities and Futures Ordinance and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

FINANCIAL RESULTS

	Three months ended September 30,			
(Expressed in millions of US Dollars, except per share data)	**2018**	2017	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(1)
Net sales	**945.2**	915.6	3.2 %	5.2 %
Operating profit	**122.6**	120.7	1.6 %	3.5 %
Profit for the period	**79.6**	61.1	30.3 %	31.1 %
Profit attributable to the equity holders	**75.5**	56.6	33.3 %	34.2 %
Adjusted Net Income(4)	**81.4**	65.7	23.9 %	24.7 %
Adjusted EBITDA(5)	**154.6**	160.4	(3.6)%	(1.5)%
Adjusted EBITDA Margin(6)	**16.4%**	17.5%		
Basic earnings per share ("EPS") *(Expressed in US Dollars per share)*	**0.053**	0.040	32.5 %	32.5 %
Diluted EPS *(Expressed in US Dollars per share)*	**0.052**	0.039	33.3 %	35.9 %
Adjusted Basic and Adjusted Diluted EPS(8) *(Expressed in US Dollars per share)*	**0.057**	0.046	23.9 %	23.9 %

FINANCIAL RESULTS

(Expressed in millions of US Dollars, except per share data)	Nine months ended September 30, **2018**	2017	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[1]
Net sales	**2,793.9**	2,501.7	11.7%	10.1 %
Operating profit	**324.4**	282.8	14.7%	14.1 %
Profit for the period[2]	**157.5**	153.8	2.4%	0.3 %
Profit attributable to the equity holders[3]	**143.3**	140.0	2.4%	0.1 %
Adjusted Net Income[4]	**201.2**	165.9	21.3%	19.2 %
Adjusted EBITDA[5]	**431.4**	401.9	7.4%	6.1 %
Adjusted EBITDA Margin[6]	**15.4%**	16.1%		
Basic EPS[7] *(Expressed in US Dollars per share)*	**0.100**	0.099	1.0%	(1.0)%
Diluted EPS[7] *(Expressed in US Dollars per share)*	**0.099**	0.098	1.0%	(1.0)%
Adjusted Basic EPS[8] *(Expressed in US Dollars per share)*	**0.141**	0.117	20.5%	18.8 %
Adjusted Diluted EPS[8] *(Expressed in US Dollars per share)*	**0.140**	0.116	20.7%	18.1 %

Notes

(1) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the comparable period in the previous year to current period local currency results.

(2) Excluding the non-cash charge to write-off the US$53.3 million of deferred financing costs associated with the Original Senior Credit Facilities in conjunction with the Refinancing (as defined in the Indebtedness section below) and the related tax impact, a non-IFRS measure, profit for the period increased by US$43.2 million, or 28.1% (+26.0% constant currency) for the nine months ended September 30, 2018 compared to the same period in the previous year.

(3) Excluding the non-cash charge to write-off the US$53.3 million of deferred financing costs associated with the Original Senior Credit Facilities in conjunction with the Refinancing (as defined in the Indebtedness section below) and the related tax impact, a non-IFRS measure, profit attributable to the equity holders increased by US$42.9 million, or 30.6% (+28.3% constant currency) for the nine months ended September 30, 2018 compared to the same period in the previous year.

(4) Adjusted Net Income, a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges, along with their respective tax effects, that impact the Group's reported profit for the period, which the Group believes helps to give securities analysts, investors and other interested parties a better understanding of the Group's underlying financial performance. See "Adjusted Net Income" for a reconciliation from the Group's profit for the period to Adjusted Net Income.

(5) Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges, which the Group believes is useful in gaining a more complete understanding of its operational performance and of the underlying trends of its business. See "Adjusted EBITDA" for a reconciliation from the Group's profit for the period to Adjusted EBITDA.

(6) Adjusted EBITDA margin, a non-IFRS measure, is calculated by dividing Adjusted EBITDA by net sales.

(7) Excluding the non-cash charge to write-off the US$53.3 million of deferred financing costs associated with the Original Senior Credit Facilities in conjunction with the Refinancing (as defined in the Indebtedness sections below) and the related tax impact, a non-IFRS measure, Basic EPS increased by 29.3% to US$0.128 and Diluted EPS increased by 29.6% to US$0.127 for the nine months ended September 30, 2018.

(8) Adjusted Basic EPS and Adjusted Diluted EPS, both non-IFRS measures, are calculated by dividing Adjusted Net Income by the weighted average number of shares used in the Basic EPS and Diluted EPS calculations, respectively.

Disclaimer

Forward-Looking Statements

This document contains forward-looking statements. Forward-looking statements reflect the Group's current views with respect to future events and performance. These statements may discuss, among other things, the Group's net sales, operating profit, Adjusted Net Income, Adjusted EBITDA, Adjusted EBITDA margin, cash flow, liquidity and capital resources, impairments, growth, strategies, plans, achievements, distributions, organizational structure, future store openings, market opportunities and general market and industry conditions. The Group generally identifies forward-looking statements by words such as “expect”, “seek”, “believe”, “plan”, “intend”, “estimate”, “project”, “anticipate”, “may”, “will”, “would” and “could” or similar words or statements. Forward-looking statements are based on beliefs and assumptions made by management using currently available information. These statements are only predictions and are not guarantees of future performance, actions or events. Forward-looking statements are subject to risks and uncertainties. If one or more of these risks or uncertainties materialize, or if management’s underlying beliefs and assumptions prove to be incorrect, actual results may differ materially from those contemplated by a forward-looking statement. Forward-looking statements speak only as of the date on which they are made. The Company’s shareholders, potential investors and other interested parties should not place undue reliance on these forward-looking statements. The Group expressly disclaims any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable securities laws and regulations.

Non-IFRS Measures

The Group has presented certain non-IFRS measures in the financial highlights section above and management discussion and analysis below because each of these measures provides additional information that management believes is useful in gaining a more complete understanding of the Group’s operational performance and of the trends impacting its business to securities analysts, investors and other interested parties. These non-IFRS financial measures, as calculated herein, may not be comparable to similarly named measures used by other companies, and should not be considered comparable to IFRS measures in the Group’s consolidated income statements for the period. Non-IFRS measures have limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, an analysis of the Group’s financial results as reported under IFRS.

Rounding

Certain numbers in this document have been rounded up or down. There may therefore be discrepancies between the actual totals of the individual amounts in the tables and the totals shown, between the numbers in the tables and the numbers given in the corresponding analyses in the text of this document and between numbers in this document and other publicly available documents. All percentages and key figures were calculated using the underlying data in whole US Dollars.

Consolidated Income Statements (Unaudited)

(Expressed in millions of US Dollars, except per share data)	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Net sales	**945.2**	915.6	**2,793.9**	2,501.7
Cost of sales	**(402.3)**	(392.5)	**(1,207.2)**	(1,100.9)
Gross profit	**542.9**	523.1	**1,586.7**	1,400.8
Distribution expenses	**(305.9)**	(283.1)	**(904.3)**	(777.5)
Marketing expenses	**(55.7)**	(53.3)	**(170.0)**	(152.8)
General and administrative expenses	**(56.6)**	(61.8)	**(180.4)**	(169.5)
Other expenses, net	**(2.1)**	(4.2)	**(7.6)**	(18.2)
Operating profit	**122.6**	120.7	**324.4**	282.8
Finance income	**0.3**	0.3	**0.7**	1.1
Finance costs	**(19.5)**	(27.2)	**(113.1)**	(67.6)
Net finance costs	**(19.2)**	(26.9)	**(112.4)**	(66.5)
Profit before income tax	**103.4**	93.8	**212.0**	216.3
Income tax expense	**(23.8)**	(32.7)	**(54.5)**	(62.5)
Profit for the period	**79.6**	61.1	**157.5**	153.8
Profit attributable to equity holders	**75.5**	56.6	**143.3**	140.0
Profit attributable to non-controlling interests	**4.1**	4.5	**14.2**	13.8
Profit for the period	**79.6**	61.1	**157.5**	153.8
Earnings per share				
Basic earnings per share				
(Expressed in US Dollars per share)	**0.053**	0.040	**0.100**	0.099
Diluted earnings per share				
(Expressed in US Dollars per share)	**0.052**	0.039	**0.099**	0.098

Consolidated Statements of Comprehensive Income (Unaudited)

(Expressed in millions of US Dollars)	Three months ended September 30, **2018**	Three months ended September 30, 2017	Nine months ended September 30, **2018**	Nine months ended September 30, 2017
Profit for the period	**79.6**	61.1	**157.5**	153.8
Other comprehensive income (loss):				
Items that are or may be reclassified subsequently to profit or loss:				
Changes in fair value of foreign exchange forward contracts, net of tax	**0.3**	(1.8)	**3.1**	(5.6)
Changes in fair value of interest rate swaps, net of tax	**0.9**	0.3	**9.9**	0.5
Foreign currency translation (losses) gains for foreign operations	**(1.7)**	11.3	**(9.0)**	40.3
Other comprehensive (loss) income	**(0.5)**	9.8	**4.0**	35.2
Total comprehensive income for the period	**79.1**	70.9	**161.5**	189.0
Total comprehensive income attributable to equity holders	**76.3**	66.1	**151.3**	173.4
Total comprehensive income attributable to non-controlling interests	**2.8**	4.8	**10.2**	15.6
Total comprehensive income for the period	**79.1**	70.9	**161.5**	189.0

Consolidated Statements of Financial Position

(Expressed in millions of US Dollars)	**(Unaudited) September 30, 2018**	December 31, 2017
Non-Current Assets		
Property, plant and equipment	**298.6**	308.0
Goodwill	**1,340.6**	1,343.0
Other intangible assets	**1,776.1**	1,792.8
Deferred tax assets	**65.5**	66.5
Derivative financial instruments	**37.9**	24.5
Other assets and receivables	**42.9**	40.2
Total non-current assets	**3,561.6**	3,575.0
Current Assets		
Inventories	**652.3**	583.0
Trade and other receivables	**403.8**	411.5
Prepaid expenses and other assets	**174.8**	156.4
Cash and cash equivalents	**341.5**	344.5
Total current assets	**1,572.4**	1,495.4
Total assets	**5,134.0**	5,070.4
Equity and Liabilities		
Equity:		
Share capital	**14.3**	14.2
Reserves	**1,852.8**	1,777.3
Total equity attributable to equity holders	**1,867.1**	1,791.5
Non-controlling interests	**38.6**	40.9
Total equity	**1,905.7**	1,832.4
Non-Current Liabilities		
Loans and borrowings	**1,849.7**	1,744.1
Employee benefits	**23.3**	24.0
Non-controlling interest put options	**54.8**	55.7
Deferred tax liabilities	**338.8**	320.9
Other liabilities	**9.2**	10.7
Total non-current liabilities	**2,275.8**	2,155.4
Current Liabilities		
Loans and borrowings	**75.3**	83.6
Current portion of long-term debt	**28.3**	69.3
Employee benefits	**84.1**	95.1
Trade and other payables	**691.9**	737.0
Current tax liabilities	**72.9**	97.6
Total current liabilities	**952.5**	1,082.6
Total liabilities	**3,228.3**	3,238.0
Total equity and liabilities	**5,134.0**	5,070.4
Net current assets	**619.9**	412.8
Total assets less current liabilities	**4,181.5**	3,987.8

Consolidated Statements of Changes in Equity (Unaudited)

(Expressed in millions of US Dollars, except number of shares)	Number of shares	Share capital	Reserves: Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Retained earnings	Total equity attributable to equity holders	Non-controlling interests	Total equity
Three months ended September 30, 2018									
Balance, July 1, 2018	**1,430,206,109**	**14.3**	**1,047.3**	**(51.8)**	**83.7**	**691.0**	**1,784.5**	**38.6**	**1,823.1**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**75.5**	**75.5**	**4.1**	**79.6**
Other comprehensive income (loss):									
Changes in fair value of foreign exchange forward contracts, net of tax	**—**	**—**	**—**	**—**	**0.3**	**—**	**0.3**	**—**	**0.3**
Changes in fair value of interest rate swaps, net of tax	**—**	**—**	**—**	**—**	**0.9**	**—**	**0.9**	**—**	**0.9**
Foreign currency translation losses	**—**	**—**	**—**	**(0.4)**	**—**	**—**	**(0.4)**	**(1.3)**	**(1.7)**
Total comprehensive (loss) income for the period	**—**	**—**	**—**	**(0.4)**	**1.2**	**75.5**	**76.3**	**2.8**	**79.1**
Transactions with owners recorded directly in equity:									
Change in fair value of put options	**—**	**—**	**—**	**—**	**—**	**0.5**	**0.5**	**—**	**0.5**
Share-based compensation expense	**—**	**—**	**—**	**—**	**0.2**	**—**	**0.2**	**—**	**0.2**
Tax effect of outstanding stock options	**—**	**—**	**—**	**—**	**4.1**	**—**	**4.1**	**—**	**4.1**
Exercise of stock options	**529,089**	**—**	**2.1**	**—**	**(0.6)**	**—**	**1.5**	**—**	**1.5**
Dividends paid to non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(2.8)**	**(2.8)**
Balance, September 30, 2018	**1,430,735,198**	**14.3**	**1,049.4**	**(52.2)**	**88.6**	**767.0**	**1,867.1**	**38.6**	**1,905.7**

(Expressed in millions of US Dollars, except number of shares)	Number of shares	Share capital	Reserves: Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Retained earnings	Total equity attributable to equity holders	Non-controlling interests	Total equity
Three months ended September 30, 2017									
Balance, July 1, 2017	1,417,956,305	14.2	999.8	(66.9)	51.7	504.6	1,503.4	38.7	1,542.1
Profit for the period	—	—	—	—	—	56.6	56.6	4.5	61.1
Other comprehensive income (loss):									
Changes in fair value of foreign exchange forward contracts, net of tax	—	—	—	—	(1.8)	—	(1.8)	—	(1.8)
Changes in fair value of interest rate swaps, net of tax	—	—	—	—	0.3	—	0.3	—	0.3
Foreign currency translation gains	—	—	—	11.0	—	—	11.0	0.3	11.3
Total comprehensive income (loss) for the period	—	—	—	11.0	(1.5)	56.6	66.1	4.8	70.9
Transactions with owners recorded directly in equity:									
Change in fair value of put options	—	—	—	—	—	(0.2)	(0.2)	—	(0.2)
Share-based compensation expense	—	—	—	—	6.3	—	6.3	—	6.3
Exercise of stock options	3,575,916	—	13.7	—	(3.7)	—	10.0	—	10.0
Acquisition of non-controlling interest	—	—	—	(0.5)	—	(11.2)	(11.7)	(4.9)	(16.6)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(3.2)	(3.2)
Balance, September 30, 2017	1,421,532,221	14.2	1,013.5	(56.4)	52.8	549.8	1,573.9	35.4	1,609.3

Consolidated Statements of Changes in Equity (Unaudited) (continued)

(Expressed in millions of US Dollars, except number of shares)	Number of shares	Share capital	Reserves: Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Retained earnings	Total equity attributable to equity holders	Non-controlling interests	Total equity
Nine months ended September 30, 2018									
Balance, January 1, 2018	1,421,811,102	14.2	1,014.6	(47.2)	75.9	734.0	1,791.5	40.9	1,832.4
Profit for the period	—	—	—	—	—	143.3	143.3	14.2	157.5
Other comprehensive income (loss):									
Changes in fair value of foreign exchange forward contracts, net of tax	—	—	—	—	3.1	—	3.1	—	3.1
Changes in fair value of interest rate swaps, net of tax	—	—	—	—	9.9	—	9.9	—	9.9
Foreign currency translation losses	—	—	—	(5.0)	—	—	(5.0)	(4.0)	(9.0)
Total comprehensive (loss) income for the period	—	—	—	(5.0)	13.0	143.3	151.3	10.2	161.5
Transactions with owners recorded directly in equity:									
Change in fair value of put options	—	—	—	—	—	(0.3)	(0.3)	—	(0.3)
Cash distributions to equity holders	—	—	—	—	—	(110.0)	(110.0)	—	(110.0)
Share-based compensation expense	—	—	—	—	8.8	—	8.8	—	8.8
Tax effect of outstanding stock options	—	—	—	—	(0.1)	—	(0.1)	—	(0.1)
Exercise of stock options	8,924,096	0.1	34.8	—	(9.0)	—	25.9	—	25.9
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(12.5)	(12.5)
Balance, September 30, 2018	1,430,735,198	14.3	1,049.4	(52.2)	88.6	767.0	1,867.1	38.6	1,905.7

(Expressed in millions of US Dollars, except number of shares)	Number of shares	Share capital	Reserves: Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Retained earnings	Total equity attributable to equity holders	Non-controlling interests	Total equity
Nine months ended September 30, 2017									
Balance, January 1, 2017	1,411,288,901	14.1	976.1	(94.4)	51.3	520.0	1,467.1	43.9	1,511.0
Profit for the period	—	—	—	—	—	140.0	140.0	13.8	153.8
Other comprehensive income (loss):									
Changes in fair value of foreign exchange forward contracts, net of tax	—	—	—	—	(5.6)	—	(5.6)	—	(5.6)
Changes in fair value of interest rate swaps, net of tax	—	—	—	—	0.5	—	0.5	—	0.5
Foreign currency translation gains	—	—	—	38.5	—	—	38.5	1.8	40.3
Total comprehensive income (loss) for the period	—	—	—	38.5	(5.1)	140.0	173.4	15.6	189.0
Transactions with owners recorded directly in equity:									
Change in fair value of put options	—	—	—	—	—	(2.0)	(2.0)	—	(2.0)
Cash distributions to equity holders	—	—	—	—	—	(97.0)	(97.0)	—	(97.0)
Share-based compensation expense	—	—	—	—	14.6	—	14.6	—	14.6
Tax effect of outstanding stock options	—	—	—	—	2.2	—	2.2	—	2.2
Exercise of stock options	10,243,320	0.1	37.4	—	(10.2)	—	27.3	—	27.3
Acquisition of non-controlling interest	—	—	—	(0.5)	—	(11.2)	(11.7)	(4.9)	(16.6)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(19.2)	(19.2)
Balance, September 30, 2017	1,421,532,221	14.2	1,013.5	(56.4)	52.8	549.8	1,573.9	35.4	1,609.3

Consolidated Statements of Cash Flows (Unaudited)

(Expressed in millions of US Dollars)	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Cash flows from operating activities:				
Profit for the period	**79.6**	61.1	**157.5**	153.8
Adjustments to reconcile profit to net cash generated from operating activities:				
Depreciation	**21.1**	21.4	**65.0**	62.9
Amortization of intangible assets	**8.6**	7.8	**25.6**	23.3
Net change in defined benefit pension plans	**—**	—	**—**	(7.3)
Change in fair value of put options included in finance costs	**(0.4)**	1.9	**(1.3)**	(1.2)
Non-cash share-based compensation	**0.2**	6.3	**8.8**	14.6
Interest expense on financial liabilities, including amortization of deferred financing costs	**17.0**	20.2	**54.2**	60.2
Non-cash write-off of deferred financing costs	**—**	—	**53.3**	—
Income tax expense	**23.8**	32.7	**54.5**	62.5
	149.9	151.4	**417.6**	368.8
Changes in operating assets and liabilities (excluding allocated purchase price in business combinations):				
Trade and other receivables	**9.6**	(3.0)	**(8.1)**	(13.6)
Inventories	**(33.4)**	(72.5)	**(89.7)**	(107.0)
Other current assets	**(3.0)**	(14.6)	**(13.4)**	(16.0)
Trade and other payables	**4.2**	56.3	**(37.2)**	127.1
Other assets and liabilities, net	**2.7**	(5.6)	**(5.7)**	(5.2)
Cash generated from operating activities	**130.0**	112.0	**263.5**	354.1
Interest paid	**(12.1)**	(16.6)	**(42.7)**	(49.7)
Income tax paid	**(27.0)**	(21.2)	**(73.8)**	(77.4)
Net cash generated from operating activities	**90.9**	74.2	**147.0**	227.0
Cash flows from investing activities:				
Purchases of property, plant and equipment	**(23.3)**	(23.6)	**(64.5)**	(56.0)
Other intangible asset additions	**(2.7)**	(2.8)	**(12.4)**	(8.0)
Acquisition of businesses, net of cash acquired	**—**	—	**—**	(169.8)
Other proceeds	**0.5**	0.2	**1.2**	0.7
Net cash used in investing activities	**(25.5)**	(26.2)	**(75.7)**	(233.1)
Cash flows from financing activities:				
Proceeds from issuance of Senior Notes and New Senior Credit Facilities	**—**	—	**1,922.9**	—
Payments/settlement of Original Senior Credit Facilities	**—**	—	**(1,869.7)**	—
Payments of non-current loans and borrowings	**(7.1)**	(9.5)	**(7.1)**	(28.5)
Other current loans and borrowings (payments) proceeds, net	**(2.6)**	1.7	**(6.8)**	71.4
Acquisition of non-controlling interest	**—**	(31.9)	**—**	(31.9)
Payment of deferred financing costs	**—**	—	**(18.5)**	(5.4)
Proceeds from stock option exercises	**1.5**	13.7	**25.9**	37.5
Cash distributions paid to equity holders	**(110.0)**	(97.0)	**(110.0)**	(97.0)
Dividend payments to non-controlling interests	**(2.8)**	(3.2)	**(12.5)**	(19.2)
Net cash used in financing activities	**(121.0)**	(126.2)	**(75.8)**	(73.1)
Net decrease in cash and cash equivalents	**(55.6)**	(78.2)	**(4.5)**	(79.2)
Cash and cash equivalents, at beginning of period	**395.4**	377.8	**344.5**	368.5
Effect of exchange rate changes	**1.7**	7.6	**1.5**	17.9
Cash and cash equivalents, at end of period	**341.5**	307.2	**341.5**	307.2

For the Three Months Ended September 30, 2018

Net Sales

Net sales increased by US$29.6 million, or 3.2% (+5.2% constant currency), during the three months ended September 30, 2018 compared to the three months ended September 30, 2017.

Net sales in the wholesale channel increased by US$5.5 million, or 0.9% (+2.9% constant currency), during the three months ended September 30, 2018 compared to the three months ended September 30, 2017. Net sales in the direct-to-consumer ("DTC") channel, which includes company-operated retail stores and DTC e-commerce, increased by US$25.6 million, or 7.9% (+9.8% constant currency), to US$348.9 million (representing 36.9% of net sales) for the three months ended September 30, 2018 from US$323.3 million (representing 35.3% of net sales) for the three months ended September 30, 2017.

The increase in DTC net sales during the three months ended September 30, 2018 was driven by growth in DTC e-commerce as well as by growth in the DTC retail channel. Net sales in the DTC retail channel increased by US$18.8 million, or 7.9% (+10.2% constant currency), during the three months ended September 30, 2018 compared to the same period in the previous year. The Group added 17 net new company-operated retail stores during the third quarter of 2018, bringing the total number of company-operated retail stores to 1,236 as of September 30, 2018, compared to 1,127 company-operated retail stores as of September 30, 2017. On a same store, constant currency basis, retail net sales increased by 1.5% for the three months ended September 30, 2018 compared to the three months ended September 30, 2017. This was driven by constant currency same store net sales growth of 3.9%, 3.1% and 3.0% in Asia, Europe and Latin America, respectively, partially offset by a constant currency same store net sales decrease of 1.0% in North America, resulting from lower tourist arrivals impacting retail net sales in gateway markets. The Group's same store analysis includes existing company-operated retail stores which have been open for at least 12 months before the end of the relevant financial period. Total DTC e-commerce net sales increased by US$6.9 million, or 8.1% (+8.7% constant currency), to US$91.1 million (representing 9.6% of net sales) for the three months ended September 30, 2018 from US$84.3 million (representing 9.2% of net sales) for the three months ended September 30, 2017. The 7.9% (+9.8% constant currency) year-on-year increase in the DTC channel reflects the Group's strategy of investing resources to support the growth of its DTC e-commerce business and targeted expansion of its bricks-and-mortar retail business.

During the three months ended September 30, 2018, US$146.8 million, or 15.5%, of the Group's net sales were derived from e-commerce (comprising US$91.1 million of net sales from the Group's DTC e-commerce websites, which are included within the DTC channel, and US$55.6 million of net sales to e-retailers, which are included within the wholesale channel). This represented a year-on-year increase of US$12.1 million, or 9.0% (+9.9% constant currency), compared to the three months ended September 30, 2017, when e-commerce comprised US$134.7 million, or 14.7%, of the Group's net sales.

Net sales in the travel product category during the three months ended September 30, 2018 increased by US$6.1 million, or 1.1% (+3.2% constant currency), compared to the three months ended September 30, 2017. Total non-travel category net sales increased by US$23.5 million, or 6.5% (+8.1% constant currency), for the three months ended September 30, 2018 compared to the three months ended September 30, 2017 driven by increases in business, casual and accessories products. Net sales of business products increased by US$11.1 million, or 7.1% (+8.5% constant currency), for the three months ended September 30, 2018 compared to the same period in the previous year. Net sales of casual products increased by US$1.4 million, or 1.5% (+3.5% constant currency). Net sales of accessories products during the three months ended September 30, 2018 increased by US$9.7 million, or 9.8% (+10.9% constant currency), compared to the three months ended September 30, 2017.

Net Sales by Region

The following table sets forth a breakdown of net sales by region for the three months ended September 30, 2018 and September 30, 2017, both in absolute terms and as a percentage of total net sales.

	Three months ended September 30,				2018 vs 2017	
	2018		2017			
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[2]
Net sales by region[1]:						
North America	**366.8**	**38.8%**	366.0	40.0%	0.2 %	0.4 %
Asia	**324.2**	**34.3%**	308.4	33.7%	5.1 %	7.2 %
Europe	**213.3**	**22.6%**	200.6	21.9%	6.3 %	10.0 %
Latin America	**40.2**	**4.2%**	38.3	4.2%	4.9 %	13.4 %
Corporate	**0.7**	**0.1%**	2.3	0.2%	(68.2)%	(68.2)%
Net sales	**945.2**	**100.0%**	915.6	100.0%	3.2 %	5.2 %

Notes

(1) The geographic location of the Group's net sales generally reflects the country/territory from which its products were sold and does not necessarily indicate the country/territory in which its end consumers were actually located.

(2) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the comparable period in the previous year to current period local currency results.

North America

The Group's net sales in North America increased by US$0.8 million, or 0.2% (+0.4% constant currency), for the three months ended September 30, 2018 compared to the three months ended September 30, 2017. Net sales through the eBags e-commerce business amounted to US$38.2 million for the three months ended September 30, 2018 compared to US$42.7 million for the three months ended September 30, 2017 due to reduced sales of lower margin third-party brands through the eBags website.

For the three months ended September 30, 2018, net sales of the *Samsonite* brand in North America decreased by US$1.6 million, or 1.1% (-0.9% constant currency), year-on-year due to reduced wholesale net sales to discount retail chains and lower tourist arrivals impacting retail net sales in gateway markets in the U.S., partially offset by increased wholesale net sales to other retailers. Net sales of the *Tumi* brand during the three months ended September 30, 2018 increased by US$0.3 million, or 0.3% (+0.5% constant currency), compared to the same period in the previous year where sales growth in DTC e-commerce was partially offset by a decrease in wholesale net sales due to the successful efforts to identify and stop sales to trans-shippers in 2018, as well as lower tourist arrivals impacting retail net sales in gateway markets in the U.S. Excluding the effect of discontinuing sales to trans-shippers, *Tumi* brand net sales increased by US$3.3 million, or 3.4% (+3.7% constant currency), during the three months ended September 30, 2018 compared to the same period in the previous year.

Net sales of the *American Tourister* brand during the three months ended September 30, 2018 increased by US$3.1 million, or 13.4% (+13.6% constant currency), compared to the three months ended September 30, 2017 driven by a major global marketing campaign and new product launches. Net sales of the *Speck* brand for the three months ended September 30, 2018 increased by US$4.8 million, or 10.3% (+10.3% constant currency), year-on-year due to new product launches in conjunction with new electronic device introductions. Net sales of products sold under the *eBags* brand amounted to US$9.1 million for the three months ended September 30, 2018, compared to US$9.4 million for the three months ended September 30, 2017.

For the three months ended September 30, 2018, net sales in the United States were flat year-on-year partly due to a decrease in *Tumi* brand wholesale sales reflecting our decision to discontinue sales to customers identified as trans-shippers. Excluding the effect of discontinuing sales to trans-shippers, net sales in the U.S. increased by 0.7%, as double-digit sales gains recorded by the *Speck* and *American Tourister* brands were partially offset by reduced sales of lower margin third party brands on our eBags e-commerce website, a decrease in *Samsonite* brand wholesale sales to discount chains, as well as lower tourist arrivals impacting *Tumi* and *Samsonite* retail sales in gateway markets. Net sales in Canada increased by 7.4% (+11.4% constant currency), year-on-year driven by the wholesale channel.

Asia

The Group's net sales in Asia increased by US$15.8 million, or 5.1% (+7.2% constant currency), for the three months ended September 30, 2018 compared to the three months ended September 30, 2017 and was driven primarily by increased net sales of the *Tumi*, *American Tourister*, *Kamiliant* and *High Sierra* brands.

For the three months ended September 30, 2018, net sales of the *Samsonite* brand in Asia decreased by US$0.1 million, or 0.1% (+1.4% constant currency), compared to the three months ended September 30, 2017 due primarily to weak consumer sentiment amid concerns about trade relations in China, partially offset by increased net sales of the brand in Japan, India and Singapore. Net sales of the *Tumi* brand during the three months ended September 30, 2018 increased by US$11.9 million, or 27.0% (+27.7% constant currency), compared to the same period in the previous year due to the successful execution of additional penetration of the brand throughout key markets in Asia. Net sales of the *American Tourister* brand during the three months ended September 30, 2018 increased by US$0.4 million, or 0.4% (+3.6% constant currency), compared to the three months ended September 30, 2017, reflecting benefits from the increase in marketing support for the brand. Net sales of the *Kamiliant* brand increased by US$2.5 million, or 26.2% (+31.8% constant currency), as the brand continued to gain market share from other entry-level brands in the region.

Japan experienced strong net sales growth of 11.7% (+12.5% constant currency), during the three months ended September 30, 2018 compared to the three months ended September 30, 2017 driven by the *Tumi* and *Samsonite* brands. Net sales in Hong Kong increased by 23.2% (+23.5% constant currency), year-on-year driven by net sales of the *Tumi* brand (which included sales to *Tumi* distributors in certain other Asian markets) and increased sales of the *American Tourister* brand. Net sales in India increased by 18.3% (+28.6% constant currency), for the three months ended September 30, 2018 compared to the same period in the previous year driven by the *Samsonite*, *American Tourister* and *Kamiliant* brands. Net sales in China decreased by 4.8% (-3.2% constant currency), during the three months ended September 30, 2018 compared to the same period in the previous year as a result of weak consumer sentiment amid concerns about trade relations and a decrease in business-to-business orders. Excluding business-to-business orders for both periods, net sales in China increased by 2.4% (+4.1% constant currency), during the three months ended September 30, 2018 compared to the same period in the previous year. Net sales in South Korea decreased by 2.7% (-4.1% constant currency), year-on-year due to continued challenging market conditions in that country.

Europe

Net sales in Europe increased by US$12.7 million, or 6.3% (+10.0% constant currency), for the three months ended September 30, 2018 compared to the three months ended September 30, 2017.

For the three months ended September 30, 2018, net sales of the *Samsonite* brand in Europe decreased by US$0.2 million, or 0.2% (+3.6% constant currency), compared to the three months ended September 30, 2017. Net sales of the *Tumi* brand during the three months ended September 30, 2018 increased by US$2.8 million, or 12.0% (+14.2% constant currency), compared to the same period in the previous year. Net sales of the *American Tourister* brand during the three months ended September 30, 2018 increased by US$10.1 million, or 37.3% (+42.3% constant currency), compared to the three months ended September 30, 2017 as the region benefited from increased marketing support for the brand.

All major countries within the European region achieved strong net sales growth during the three months ended September 30, 2018 compared to the same period in the previous year, including Italy (+7.1%; +8.2% constant currency), the United Kingdom (+12.2%; +12.6% constant currency), Spain (+7.5%; +8.7% constant currency) and France (+0.8%; +1.7% constant currency). The Group continued to experience year-on-year net sales growth in the emerging market of Russia (+9.3%; +20.0% constant currency).

Latin America

The Group's net sales in Latin America increased by US$1.9 million, or 4.9% (+13.4% constant currency), for the three months ended September 30, 2018 compared to the three months ended September 30, 2017.

For the three months ended September 30, 2018, net sales of the *Samsonite* brand in Latin America were flat in US Dollars (+11.4% constant currency), compared to the three months ended September 30, 2017. Net sales of the *American Tourister* brand during the three months ended September 30, 2018 increased by US$1.2 million, or 22.8% (+34.9% constant currency), compared to the same period in the previous year as the Group continued to expand the geographical distribution of the brand in Latin America. Net sales of women's handbags under the *Secret* brand name increased by US$0.2 million, or 5.6% (+7.6% constant currency). Net sales of the local brand *Xtrem* during the three months ended September 30, 2018 increased by US$0.1 million, or 2.9% (+8.4% constant currency), compared to the three months ended September 30, 2017.

Net sales in Chile decreased by US$1.4 million, or 10.7% (-9.0% constant currency), during the three months ended September 30, 2018 compared to the same period in the previous year resulting from tourists reducing spending due to the appreciation of the Chilean Peso as well as Argentinian consumers purchasing more within their home country. Net sales in Mexico increased by US$0.3 million, or 1.9% (+8.0% constant currency), year-on-year primarily driven by the *American Touriste*r and *Xtrem* brands as well as the direct distribution of the *Tumi* brand. Net sales in Brazil increased by US$1.7 million, or 30.9% (+53.1% constant currency), year-on-year driven by continued retail expansion. Net sales in Argentina increased by US$0.3 million, or 38.7% (+159.3% constant currency), for the three months ended September 30, 2018 compared to the three months ended September 30, 2017, due to the Argentinian government beginning to ease restrictions on imports, resulting in Argentinian consumers buying more products at home.

Net Sales by Brand

The following table sets forth a breakdown of net sales by brand for the three months ended September 30, 2018 and September 30, 2017, both in absolute terms and as a percentage of total net sales.

	Three months ended September 30,					
	2018		2017		2018 vs 2017	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(2)]
Net sales by brand:						
Samsonite	**428.5**	**45.3%**	430.4	47.0%	(0.4)%	1.8 %
Tumi	**183.2**	**19.4%**	167.1	18.2%	9.7 %	10.3 %
American Tourister	**166.8**	**17.7%**	152.0	16.6%	9.8 %	13.2 %
High Sierra	**14.5**	**1.5%**	13.9	1.5%	4.3 %	5.3 %
Speck	**51.5**	**5.4%**	46.6	5.1%	10.3 %	10.3 %
Gregory	**14.8**	**1.6%**	15.1	1.6%	(2.0)%	(1.7)%
Other[(1)]	**85.9**	**9.1%**	90.5	10.0%	(5.1)%	(3.5)%
Net sales	**945.2**	**100.0%**	915.6	100.0%	3.2 %	5.2 %

Notes

(1) Other includes certain other brands owned by the Group, such as *Kamiliant*, *Lipault*, *Hartmann*, *eBags*, *Saxoline*, *Xtrem* and *Secret*, as well as third party brands sold through the Rolling Luggage and Chic Accent retail stores and the eBags website.

(2) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the comparable period in the previous year to current period local currency results.

Net sales of the *Samsonite* brand during the three months ended September 30, 2018 decreased by US$1.9 million, or 0.4% (+1.8% constant currency), compared to the three months ended September 30, 2017 due to reduced wholesale net sales to discount retail chains and lower tourist arrivals impacting retail net sales in gateway markets in the U.S., partially offset by increased wholesale net sales to other retailers. *Samsonite* comprised 45.3% of the net sales of the Group during the three months ended September 30, 2018 compared to 47.0% during the three months ended September 30, 2017. This reflects the effects from the diversification of the Group’s brand portfolio due to increased contributions from other brands owned by the Group.

Net sales of the *Tumi* brand during the three months ended September 30, 2018 increased by US$16.1 million, or 9.7% (+10.3% constant currency), compared to the same period in the previous year driven primarily by increases in Asia by 27.0% (+27.7% constant currency) and in Europe by 12.0% (+14.2% constant currency), notwithstanding a deceleration from the first half of 2018 in North America by 0.3% (+0.5% constant currency), where growth in DTC e-commerce net sales was partially offset by a decrease in wholesale net sales due to the successful efforts to identify and stop sales to trans-shippers in 2018, as well as lower tourist arrivals impacting retail net sales in gateway markets in the U.S. Excluding the effect of discontinuing sales to trans-shippers in North America, *Tumi* brand net sales increased by 3.4% (+3.7% constant currency), during the three months ended September 30, 2018 compared to the same period in the previous year. The Group recorded US$1.2 million of net sales of the *Tumi* brand in Latin America during the third quarter of 2018.

Net sales of the *American Tourister* brand increased by US$14.9 million, or 9.8% (+13.2% constant currency), for the three months ended September 30, 2018 compared to the three months ended September 30, 2017, driven by increases in all four regions: North America (+13.4%; +13.6% constant currency), Asia (+0.4%; +3.6% constant currency), Europe (+37.3%; +42.3% constant currency) and Latin America (+22.8%; +34.9% constant currency), reflecting the Group's focus on driving further penetration of the brand across the globe. Net sales of the *Speck* brand increased by US$4.8 million, or 10.3% (+10.3% constant currency), for the three months ended September 30, 2018 compared to the same period in the previous year due to new product launches in conjunction with new electronic device introductions. Net sales of the *High Sierra* brand increased by US$0.6 million, or 4.3% (+5.3% constant currency), compared to the same period in the previous year. Net sales of the *Gregory* brand decreased by US$0.3 million, or 2.0% (-1.7% constant currency), compared to the same period in the previous year.

The decrease in net sales of the Other brands year-on-year was primarily due to reduced sales of lower margin third party brands through the eBags website in the U.S., along with decreased sales of the Group's local brands in Chile. During the three months ended September 30, 2018, net sales of the *Kamiliant* brand, a value-conscious, entry level brand, increased by US$2.6 million, or 26.7% (+32.4% constant currency), compared to the three months ended September 30, 2017 driven by year-on-year sales growth in India, China and Thailand. The *eBags* brand contributed net sales of US$9.1 million during the three months ended September 30, 2018 compared to US$9.4 million for the three months ended September 30, 2017.

Gross Profit

Gross profit increased by US$19.9 million, or 3.8%, to US$542.9 million for the three months ended September 30, 2018 from US$523.1 million for the three months ended September 30, 2017. Gross profit margin increased to 57.4% for the three months ended September 30, 2018 from 57.1% for the same period in the previous year. The increase in gross profit margin was primarily due to gross margin improvement of the *Tumi* brand and a higher proportion of net sales coming from the DTC channel, partially offset by a shift in brand mix due to strong growth of the *American Tourister* brand.

Distribution Expenses

Distribution expenses increased by US$22.9 million, or 8.1%, to US$305.9 million (representing 32.4% of net sales) for the three months ended September 30, 2018 from US$283.1 million (representing 30.9% of net sales) for the three months ended September 30, 2017. This increase was primarily due to the increase in sales volume during the three months ended September 30, 2018 compared to the same period in the previous year. Distribution expenses as a percentage of net sales increased year-on-year primarily due to higher fixed costs associated with the Group's targeted expansion of bricks-and-mortar retail in the DTC distribution channel.

Marketing Expenses

The Group spent US$55.7 million on marketing during the three months ended September 30, 2018 compared to US$53.3 million for the three months ended September 30, 2017, an increase of US$2.4 million, or 4.6%. As a percentage of net sales, marketing expenses increased by 10 basis points to 5.9% during the three months ended September 30, 2018 compared to 5.8% during the same period of the previous year. The Group continued to employ targeted and focused advertising and promotional campaigns. The Group believes the success of its advertising campaigns is evident in its net sales growth, and remains committed to enhancing brand and product awareness and driving additional net sales growth through focused marketing activities.

General and Administrative Expenses

General and administrative expenses decreased by US$5.2 million, or 8.4%, to US$56.6 million (representing 6.0% of net sales) for the three months ended September 30, 2018 from US$61.8 million (representing 6.7% of net sales) for the three months ended September 30, 2017. This decrease was largely driven by a reduction in share-based compensation expense due to the current period reversal of the expense taken previously for options that lapsed during the third quarter and the timing of grants year-on-year.

Other Expenses, net

The Group recorded net other expenses of US$2.1 million and US$4.2 million for the three months ended September 30, 2018 and September 30, 2017, respectively. Net other expenses for the three months ended September 30, 2018 did not include any acquisition-related costs, whereas net other expenses for the three months ended September 30, 2017 included acquisition-related costs of US$2.8 million.

Operating Profit

The Group’s reported operating profit increased by US$1.9 million, or 1.6% (+3.5% constant currency), to US$122.6 million for the three months ended September 30, 2018 from US$120.7 million for the same period in the previous year.

Net Finance Costs

Net finance costs decreased by US$7.7 million, or 28.6%, to US$19.2 million for the three months ended September 30, 2018 from US$26.9 million for the three months ended September 30, 2017. This decrease was attributable to a US$2.3 million decrease in foreign exchange losses year-on-year and a US$2.2 million decrease in the change in fair value of put options related to agreements with certain holders of non-controlling interests. As a result of the Refinancing (as defined in the Indebtedness section below), interest expense which includes the amortization of deferred financing costs, amounted to US$16.9 million and US$20.2 million for the three months ended September 30, 2018 and September 30, 2017, respectively.

The following table sets forth a breakdown of finance costs for the three months ended September 30, 2018 and September 30, 2017.

	Three months ended September 30,	
(Expressed in millions of US Dollars)	**2018**	2017
Recognized in income or loss:		
Interest income on bank deposits	**0.3**	0.3
Total finance income	**0.3**	0.3
Interest expense on financial liabilities measured at amortized cost	**(16.2)**	(16.9)
Amortization of deferred financing costs associated with Original Senior Credit Facilities(1)	**—**	(3.3)
Amortization of deferred financing costs associated with New Senior Credit Facilities(1)	**(0.8)**	—
Change in fair value of put options	**0.4**	(1.9)
Net foreign exchange loss	**(1.9)**	(4.2)
Other finance costs	**(1.0)**	(0.9)
Total finance costs	**(19.5)**	(27.2)
Net finance costs recognized in profit or loss	**(19.2)**	(26.9)

Note

(1) On April 25, 2018, the Group refinanced its Senior Credit Facilities (described in the Indebtedness section below).

Income Tax Expense

Income tax expense decreased by US$8.9 million, or 27.3%, to US$23.8 million for the three months ended September 30, 2018 from US$32.7 million for the three months ended September 30, 2017.

The Group's consolidated effective tax rate for operations was 23.0% and 34.8% for the three months ended September 30, 2018 and September 30, 2017, respectively. The reported effective tax rate was calculated using a weighted average income tax rate from those jurisdictions in which the Group is subject to tax, adjusted for permanent book/tax differences, tax incentives, changes in tax reserves and changes in unrecognized deferred tax assets. The effective tax rate for each period was recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income for the period adjusted for certain discrete items for the period. The decrease in the Group's effective tax rate was mainly the result of the impact of the 2017 U.S. Tax Reform on profit mix, changes in deferred taxes related to share-based compensation and the timing of withholding taxes in the period.

Profit for the Period

Profit for the period increased by US$18.5 million, or 30.3% (+31.1% constant currency), to US$79.6 million for the three months ended September 30, 2018 from US$61.1 million for the three months ended September 30, 2017. Profit attributable to the equity holders increased by US$18.9 million, or 33.3% (+34.2% constant currency), to US$75.5 million for the three months ended September 30, 2018 from US$56.6 million for the same period in the previous year.

Basic earnings per share ("Basic EPS") increased by 32.5% to US$0.053 for the three months ended September 30, 2018 from US$0.040 for the three months ended September 30, 2017. Diluted earnings per share ("Diluted EPS") increased by 33.3% to US$0.052 for the three months ended September 30, 2018 from US$0.039 for the three months ended September 30, 2017. The weighted average number of shares utilized in the Basic EPS calculation was 1,430,422,650 shares for the three months ended September 30, 2018 compared to 1,420,143,003 shares for the three months ended September 30, 2017. The weighted average number of shares outstanding utilized in the Diluted EPS calculation was 1,439,076,732 shares for the three months ended September 30, 2018 compared to 1,433,556,414 shares for the three months ended September 30, 2017.

Adjusted EBITDA

Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), a non-IFRS measure, decreased by US$5.8 million, or 3.6% (-1.5% constant currency), to US$154.6 million for the three months ended September 30, 2018 from US$160.4 million for the three months ended September 30, 2017. Adjusted EBITDA margin decreased by 110 basis points to 16.4% from 17.5% due largely to increased distribution expenses as a percentage of net sales related to the targeted expansion of bricks-and-mortar retail and a 10 basis point increase in advertising as a percentage of net sales, partially offset by higher gross margin. See the reconciliation of profit for the period to Adjusted EBITDA below for the Group's results excluding certain costs and charges and other non-cash charges that impacted reported profit for the period.

The following table presents the reconciliation from the Group's profit for the period to Adjusted EBITDA for the three months ended September 30, 2018 and September 30, 2017:

	Three months ended September 30,	
(Expressed in millions of US Dollars)	**2018**	2017
Profit for the period	**79.6**	61.1
Plus (Minus):		
Income tax expense	**23.8**	32.7
Finance costs	**19.5**	27.2
Finance income	**(0.3)**	(0.3)
Depreciation	**21.1**	21.4
Amortization	**8.6**	7.8
EBITDA	**152.3**	149.9
Plus:		
Share-based compensation expense	**0.2**	6.3
Other adjustments[1]	**2.1**	4.2
Adjusted EBITDA	**154.6**	160.4
Adjusted EBITDA growth	**(3.6)%**	
Adjusted EBITDA growth, constant currency basis	**(1.5)%**	
Adjusted EBITDA margin	**16.4 %**	17.5%

Note

(1) Other adjustments primarily comprised of 'Other expenses' per the consolidated income statement, which includes acquisition-related costs of US$0.0 million and US$2.8 million for the three months ended September 30, 2018 and September 30, 2017, respectively.

The Group has presented EBITDA, Adjusted EBITDA and Adjusted EBITDA margin because it believes that, when viewed with its results of operations as prepared in accordance with IFRS and with the reconciliation to profit for the period, these measures provide additional information that is useful in gaining a more complete understanding of its operational performance and of the trends impacting its business. EBITDA, Adjusted EBITDA and Adjusted EBITDA margin are important metrics the Group uses to evaluate its operating performance and cash generation.

EBITDA, Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS financial measures and as calculated herein may not be comparable to similarly named measures used by other companies and should not be considered comparable to profit for the period in the Group's consolidated income statements. These measures have limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, an analysis of the Group's results of operations as reported under IFRS.

Adjusted Net Income

Adjusted Net Income, a non-IFRS measure, increased by US$15.7 million, or 23.9% (+24.7% constant currency), to US$81.4 million for the three months ended September 30, 2018 from US$65.7 million for the three months ended September 30, 2017. See the reconciliation of profit for the period to Adjusted Net Income below for the Group's results excluding certain costs and charges and other non-cash charges that impacted reported profit for the period.

Adjusted Basic EPS and Adjusted Diluted EPS, non-IFRS measures, were US$0.057 for the three months ended September 30, 2018, compared to US$0.046 for the three months ended September 30, 2017. Adjusted Basic EPS and Adjusted Diluted EPS are calculated by dividing Adjusted Net Income by the weighted average number of shares used in the Basic EPS and Diluted EPS calculations, respectively.

The following table presents the reconciliation from the Group's profit for the period to Adjusted Net Income for the three months ended September 30, 2018 and September 30, 2017:

	Three months ended September 30,	
(Expressed in millions of US Dollars)	**2018**	2017
Profit for the period	**79.6**	61.1
Profit attributable to non-controlling interests	**(4.1)**	(4.5)
Profit attributable to the equity holders	**75.5**	56.6
Plus (Minus):		
Change in fair value of put options included in finance costs	**(0.4)**	1.9
Amortization of intangible assets	**8.6**	7.8
Acquisition-related costs	**—**	2.8
Tax adjustments[1]	**(2.3)**	(3.4)
Adjusted Net Income[2]	**81.4**	65.7

Notes

(1) Tax adjustments represent the tax effect of the reconciling line items as included in the consolidated income statements based on the applicable tax rate in the jurisdiction where such costs were incurred.

(2) Represents Adjusted Net Income attributable to the equity holders of the Company.

The Group has presented Adjusted Net Income, Adjusted Basic EPS and Adjusted Diluted EPS because it believes these measures help to give securities analysts, investors and other interested parties a better understanding of the Group's underlying financial performance. By presenting Adjusted Net Income and the related Adjusted EPS calculations, the Group eliminates the effect of a number of costs, charges and credits and certain other non-cash charges, along with their respective tax effects, that impact reported profit for the period.

Adjusted Net Income, Adjusted Basic EPS and Adjusted Diluted EPS are non-IFRS financial measures, and as calculated herein may not be comparable to similarly named measures used by other companies and should not be considered comparable to profit for the period or EPS presented in the Group's consolidated income statements. Adjusted Net Income and the related Adjusted EPS calculations have limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, an analysis of the Group's results of operations as reported under IFRS.

For the Nine Months Ended September 30, 2018

Net Sales

Net sales increased by US$292.2 million, or 11.7% (+10.1% constant currency), during the nine months ended September 30, 2018, compared to the nine months ended September 30, 2017. Excluding the contribution from eBags, which was acquired on May 5, 2017, net sales increased by US$247.4 million, or 10.1% (+8.5% constant currency).

Net sales in the wholesale channel during the nine months ended September 30, 2018 increased by US$129.6 million, or 7.7% (+6.0% constant currency), compared to the nine months ended September 30, 2017. Total DTC net sales increased by US$166.6 million, or 20.8% (+19.3% constant currency), to US$969.5 million (representing 34.7% of net sales) for the nine months ended September 30, 2018 from US$802.9 million (representing 32.1% of net sales) for the nine months ended September 30, 2017. Excluding the contribution from eBags, total DTC net sales increased by US$121.8 million, or 16.5% (+14.9% constant currency).

The increase in DTC net sales was driven by growth in DTC e-commerce, including the acquisition of eBags in May 2017, as well as by growth in the DTC retail channel. Net sales in the DTC retail channel increased by US$89.2 million, or 14.2% (+12.8% constant currency), compared to the same period in the previous year, primarily due to the addition of 69 net new company-operated retail stores in the first nine months of 2018 and the contributions from 127 net new retail stores added during 2017. With the addition of 69 net new company-operated retail stores during the nine months ended September 30, 2018, the number of company-operated retail stores totaled 1,236 as of September 30, 2018, compared to 1,167 company-operated retail stores as of December 31, 2017. On a same store, constant currency basis, retail net sales increased by 4.0% year-on-year. This increase was driven by constant currency same store net sales growth of 8.1%, 3.5%, 2.9% and 1.4% in Asia, Europe, North America and Latin America, respectively. The Group's same store analysis includes existing company-operated retail stores which have been open for at least 12 months before the end of the relevant financial period. Total DTC e-commerce net sales, including net sales of US$108.7 million through eBags, which was acquired on May 5, 2017, increased by US$77.4

million, or 44.2% (+42.6% constant currency), to US$252.4 million (representing 9.0% of net sales) for the nine months ended September 30, 2018 from US$175.0 million (representing 7.0% of net sales) for the nine months ended September 30, 2017. Excluding the contribution from eBags, total DTC e-commerce net sales increased by US$32.6 million, or 29.4% (+26.7% constant currency). The 20.8% (+19.3% constant currency) year-on-year net sales increase in the DTC channel reflects the Group's strategy of investing resources to support the growth of its DTC e-commerce business and targeted expansion of its bricks-and-mortar retail business.

During the nine months ended September 30, 2018, US$405.7 million, or 14.5%, of the Group's net sales were derived from e-commerce (comprising US$252.4 million of net sales from the Group's DTC e-commerce website, which are included within the DTC channel, and US$153.4 million of net sales to e-retailers, which are included within the wholesale channel). This represented a year-on-year increase of US$103.9 million, or 34.4% (+32.5% constant currency), compared to the nine months ended September 30, 2017, when e-commerce comprised US$301.8 million, or 12.1%, of the Group's net sales.

Net sales in the travel product category increased by US$147.4 million, or 9.6% (+8.1% constant currency), during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017. Total non-travel product category net sales increased by US$144.8 million, or 14.9% (+13.2% constant currency), driven by the inclusion of eBags for the full nine month period and by increases in business, casual and accessories products. Net sales of business products increased by US$72.0 million, or 17.2% (+15.3% constant currency) for the nine months ended September 30, 2018 compared to the same period in the previous year. Net sales of casual products increased by US$36.4 million, or 13.0% (+11.4% constant currency). Net sales of accessories products during the nine months ended September 30, 2018 increased by US$41.5 million, or 18.1% (+16.7% constant currency), compared to the nine months ended September 30, 2017.

Net Sales by Region

The following table sets forth a breakdown of net sales by region for the nine months ended September 30, 2018 and September 30, 2017, both in absolute terms and as a percentage of total net sales.

	Nine months ended September 30,					
	2018		2017		2018 vs 2017	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[2]
Net sales by region[1]:						
North America	**1,061.8**	**38.0%**	983.2	39.3%	8.0 %	7.9 %
Asia	**992.5**	**35.5%**	871.7	34.8%	13.9 %	11.8 %
Europe	**606.0**	**21.7%**	525.8	21.0%	15.3 %	10.8 %
Latin America	**130.8**	**4.7%**	114.2	4.6%	14.5 %	15.8 %
Corporate	**2.8**	**0.1%**	6.8	0.3%	(59.2)%	(59.2)%
Net sales	**2,793.9**	**100.0%**	2,501.7	100.0%	11.7 %	10.1 %

Notes
(1) The geographic location of the Group's net sales generally reflects the country/territory from which its products were sold and does not necessarily indicate the country/territory in which its end consumers were actually located.
(2) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the comparable period in the previous year to current period local currency results.

North America

The Group's net sales in North America increased by US$78.6 million, or 8.0% (+7.9% constant currency), for the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017 driven by the inclusion of eBags for the full nine month period and growth of the *Samsonite*, *American Tourister*, *Tumi*, *Speck* and *Gregory* brands. Net sales through the eBags e-commerce business amounted to US$108.7 million for the nine months ended September 30, 2018 compared to US$63.9 million for the period from May 5, 2017, the date of acquisition, through September 30, 2017. Excluding the contribution from eBags in North America, net sales increased by US$33.8 million, or 3.7% (+3.6% constant currency).

For the nine months ended September 30, 2018, net sales of the *Samsonite* brand in North America increased by US$9.7 million, or 2.4% (+2.3% constant currency), compared to the nine months ended September 30, 2017. Net sales of the *Tumi* brand increased by US$15.7 million, or 5.5% (+5.5% constant currency), compared to the same period in the previous year driven by sales growth in the DTC channel, partially offset by a decrease in wholesale net sales due to the successful efforts to identify and stop sales to trans-shippers in 2018. Excluding the effect of discontinuing sales to trans-shippers, *Tumi* brand net sales increased by US$20.4 million, or 7.3% (+7.3% constant currency), during the nine months ended September 30, 2018 compared to the same period in the previous year.

Net sales of the *American Tourister* brand increased by US$7.9 million, or 12.7% (+12.6% constant currency), during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017 driven by a major global marketing campaign and new product launches. Net sales of the *Speck* brand increased by US$6.9 million, or 6.8% (+6.8% constant currency) due to new product launches in conjunction with new electronic device introductions. Net sales of products sold under the *eBags* brand amounted to US$28.3 million for the nine months ended September 30, 2018, compared to US$14.5 million for the period from May 5, 2017, the date of acquisition, through September 30, 2017.

On a same store, constant currency basis, net sales in the retail channel in North America increased by 2.9% for the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017. The Group's same store analysis includes existing company-operated retail stores which have been open for at least 12 months before the end of the relevant financial period.

For the nine months ended September 30, 2018, net sales in the United States increased by US$72.7 million, or 7.8%, year-on-year. Excluding the contribution from eBags, net sales in the United States increased by US$27.9 million, or 3.2%, driven primarily by the *Tumi*, *Samsonite*, *American Tourister* and *Speck* brands. Net sales in Canada increased by 12.9% (+11.4% constant currency), year-on-year driven by the wholesale channel.

Asia

The Group's net sales in Asia increased by US$120.8 million, or 13.9% (+11.8% constant currency), for the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017.

For the nine months ended September 30, 2018, net sales of the *Samsonite* brand in Asia increased by US$22.2 million, or 5.6% (+3.1% constant currency), compared to the nine months ended September 30, 2017. Net sales of the *Tumi* brand increased by US$44.3 million, or 37.0% (+35.1% constant currency), due in part to the full nine month period impact of taking direct control of *Tumi* distribution in certain Asian markets during 2017, as well as the successful execution of additional penetration of the brand throughout key markets in Asia. Net sales of the *American Tourister* brand increased by US$37.9 million, or 14.1% (+12.6% constant currency), compared to the nine months ended September 30, 2017, reflecting benefits from the increase in marketing support for the brand. Net sales of the *High Sierra* brand increased by US$2.9 million, or 32.8% (+31.4% constant currency). Net sales of the *Kamiliant* brand increased by US$12.6 million, or 48.5% (+48.0% constant currency), as the brand continued to gain market share from other entry-level brands in the region.

On a same store, constant currency basis, net sales in the retail channel in Asia increased by 8.1% for the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017. The Group's same store analysis includes existing company-operated retail stores which have been open for at least 12 months before the end of the relevant financial period.

Japan experienced strong net sales growth of 18.5% (+16.2% constant currency), for the nine months ended September 30, 2018 compared to the same period in the previous year driven by the *Tumi*, *American Tourister* and *Samsonite* brands. Net sales in Hong Kong increased by 26.2% (+26.6% constant currency), year-on-year driven by net sales of the *Tumi* brand (which included sales to *Tumi* distributors in certain other Asian markets) and increased sales of the *Samsonite* and *American Tourister* brands. Net sales in India increased by 17.9% (+21.2% constant currency), for the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017 driven by the *American Tourister*, *Kamiliant*, and *Samsonite* brands. Net sales in China increased by 10.4% (+5.7% constant currency), for the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017 driven by increased sales of the *American Tourister* brand, as well as the full nine month period impact of the Group assuming direct control of the distribution of the *Tumi* brand in China on April 1, 2017. Excluding net sales attributable to the *Tumi* brand in China, net sales increased by 7.1% (+2.5% constant currency), year-on-year. Net sales in South Korea increased by 4.3% (-0.2% constant currency), year-on-year driven by increases in the *Tumi*, *High Sierra* and *Gregory* brands. Australia reported net sales growth of 3.5% (+4.8% constant currency), driven by increased sales of the *Samsonite* and *American Tourister* brands.

Europe

Net sales in Europe increased by US$80.2 million, or 15.3% (+10.8% constant currency), for the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017.

For the nine months ended September 30, 2018, net sales of the *Samsonite* brand in Europe increased by US$30.7 million, or 8.6% (+4.8% constant currency), compared to the nine months ended September 30, 2017. Net sales of the *Tumi* brand increased by US$10.2 million, or 17.0% (+11.2% constant currency). Net sales of the *American Tourister* brand increased by US$38.5 million, or 52.4% (+46.8% constant currency), during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017 as the region benefited from increased marketing support for the brand in the region.

On a same store, constant currency basis, net sales in the retail channel in Europe increased by 3.5% for the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017. The Group's same store analysis includes existing company-operated retail stores which have been open for at least 12 months before the end of the relevant financial period.

Nearly all countries within the European region achieved strong net sales growth during the nine months ended September 30, 2018 compared to the same period in the previous year, including Italy (+19.0%; +11.6% constant currency), the United Kingdom (+15.5%; +10.4% constant currency), Spain (+14.1%; +7.2% constant currency) and France (+9.8%; +2.9% constant currency). The Group continued to experience year-on-year net sales growth in the emerging markets of Russia (+22.9%; +29.5% constant currency) and Turkey (+4.4%; +33.9% constant currency).

Latin America

The Group's net sales in Latin America increased by US$16.6 million, or 14.5% (+15.8% constant currency), for the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017.

For the nine months ended September 30, 2018, net sales of the *Samsonite* brand in Latin America increased by US$5.0 million, or 10.2% (+16.1% constant currency), compared to the nine months ended September 30, 2017. Net sales of the *American Tourister* brand increased by US$6.7 million, or 62.3% (+68.8% constant currency), as the Group continued to expand the geographical distribution of the brand in Latin America. Net sales of women's handbags under the *Secret* brand name enjoyed continued success during the nine months ended September 30, 2018 with an increase of US$1.3 million, or 12.3% (+7.6% constant currency), compared to the nine months ended September 30, 2017. Net sales of the local brand *Xtrem* increased by US$2.4 million, or 10.2% (+6.3% constant currency). The Group began directly distributing the *Tumi* brand within the larger markets of Latin America that were previously served by third party distributors during the nine months ended September 30, 2018, generating US$2.0 million in net sales.

On a same store, constant currency basis, net sales in the retail channel in Latin America increased by 1.4% for the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017 due to challenging market conditions in Chile as a result of the appreciation of the Chilean Peso negatively impacting tourist spending. Excluding Chile, same store, constant currency net sales increased by 15.9%.

Net sales in Chile increased by 3.6% (-1.9% constant currency), during the nine months ended September 30, 2018 compared to the same period in the previous year. There was some softness in the Chilean market resulting from tourists reducing spending due to the appreciation of the Chilean Peso as well as Argentinian consumers purchasing more within their home country. Net sales in Mexico increased by 13.7% (+14.9% constant currency), year-on-year primarily driven by the *Samsonite*, *American Tourister* and *Tumi* brands. Net sales in Brazil increased by 29.1% (+43.1% constant currency), year-on-year driven by continued retail expansion. Net sales in Argentina increased by US$1.7 million, or 75.8% (+165.0% constant currency), for the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017 due to the Argentinian government beginning to ease restrictions on imports, resulting in Argentinian consumers buying more products at home.

Net Sales by Brand

The following table sets forth a breakdown of net sales by brand for the nine months ended September 30, 2018 and September 30, 2017, both in absolute terms and as a percentage of total net sales.

	Nine months ended September 30,				2018 vs 2017	
	2018		2017			
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(2)
Net sales by brand:						
Samsonite	**1,275.8**	**45.7%**	1,208.2	48.3%	5.6%	3.8%
Tumi	**536.3**	**19.2%**	464.0	18.5%	15.6%	14.3%
American Tourister	**505.7**	**18.1%**	414.8	16.6%	21.9%	20.1%
Speck	**107.6**	**3.8%**	100.8	4.0%	6.7%	6.7%
High Sierra	**59.6**	**2.1%**	57.9	2.3%	2.9%	2.7%
Gregory	**43.9**	**1.6%**	41.5	1.7%	5.7%	3.7%
Other(1)	**265.0**	**9.5%**	214.5	8.6%	23.5%	21.4%
Net sales	**2,793.9**	**100.0%**	2,501.7	100.0%	11.7%	10.1%

Notes

(1) Other includes certain other brands owned by the Group, such as *Kamiliant*, *Lipault*, *Hartmann*, *eBags*, *Saxoline*, *Xtrem* and *Secret*, as well as third party brands sold through the Rolling Luggage and Chic Accent retail stores and the eBags website.

(2) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the comparable period in the previous year to current period local currency results.

Net sales of the *Samsonite* brand during the nine months ended September 30, 2018 increased by US$67.6 million, or 5.6% (+3.8% constant currency), compared to the nine months ended September 30, 2017, with all regions reporting net sales increases of the brand: North America (+2.4%; +2.3% constant currency), Asia (+5.6%; +3.1% constant currency), Europe (+8.6%; +4.8% constant currency) and Latin America (+10.2%; +16.1% constant currency). *Samsonite* comprised 45.7% of the net sales of the Group during the nine months ended September 30, 2018 compared to 48.3% during the nine months ended September 30, 2017 reflecting the effects from the diversification of the Group's brand portfolio due to increased contributions from other brands owned by the Group.

Net sales of the *Tumi* brand increased by US$72.4 million, or 15.6% (+14.3% constant currency), compared to the same period in the previous year. Net sales of the *Tumi* brand increased by 37.0% (+35.1% constant currency) in Asia and by 17.0% (+11.2% constant currency) in Europe. Net sales of the *Tumi* brand in North America increased by 5.5% (+5.5% constant currency) driven by sales growth in the DTC channel, partially offset by a decrease in wholesale net sales due to the successful efforts to identify and stop sales to trans-shippers in 2018. Excluding the effect of discontinuing sales to trans-shippers in North America, *Tumi* brand net sales increased by 7.3% (+7.3% constant currency), during the nine months ended September 30, 2018 compared to the same period in the previous year. The Group began directly distributing the *Tumi* brand within the larger markets of Latin America that were previously served by third party distributors during the nine months ended September 30, 2018, generating US$2.0 million in net sales.

Net sales of the *American Tourister* brand increased by US$90.9 million, or 21.9% (+20.1% constant currency), for the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017, driven by increases in all four regions: North America (+12.7%; +12.6% constant currency), Asia (+14.1%; +12.6% constant currency), Europe (+52.4%; +46.8% constant currency) and Latin America (+62.3%; +68.8% constant currency), reflecting the Group's focus on further penetration of the brand across the globe. Net sales of the *Speck* brand increased by US$6.8 million, or 6.7% (+6.7% constant currency), for the nine months ended September 30, 2018 compared to the same period in the previous year due to new product launches in conjunction with new electronic device introductions. Net sales of the *High Sierra* brand increased by US$1.7 million, or 2.9% (+2.7% constant currency) year on year. Net sales of the *Gregory* brand increased by US$2.3 million, or 5.7% (+3.7% constant currency), for the nine months ended September 30, 2018 compared to the same period in the previous year.

The increase in net sales of the Other brands was driven by the *Kamiliant* and *eBags* brands for the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017. During the nine months ended September 30, 2018, net sales of the *Kamiliant* brand, a value-conscious, entry level brand, increased by US$12.7 million, or 49.0% (+48.6% constant currency) year on year. The *eBags* brand, which was acquired together with the eBags e-commerce website on May 5, 2017, contributed net sales of US$28.3 million during the nine months ended September 30, 2018 compared to US$14.5 million for the period from May 5, 2017 to September 30, 2017.

Gross Profit

Gross profit increased by US$185.9 million, or 13.3%, to US$1,586.7 million for the nine months ended September 30, 2018 from US$1,400.8 million for the nine months ended September 30, 2017. Gross profit margin increased to 56.8% for the nine months ended September 30, 2018 from 56.0% for the nine months ended September 30, 2017. The increase in gross profit margin was primarily due to gross margin improvement of the *Tumi* brand and a higher proportion of net sales coming from the DTC channel, partially offset by a shift in brand mix due to strong growth of the *American Tourister* brand.

Distribution Expenses

Distribution expenses increased by US$126.8 million, or 16.3%, to US$904.3 million (representing 32.4% of net sales) for the nine months ended September 30, 2018 from US$777.5 million (representing 31.1% of net sales) for the nine months ended September 30, 2017. The increase was primarily due to the increase in sales volume during the nine months ended September 30, 2018 compared to the same period in the previous year. Distribution expenses as a percentage of net sales increased year-on-year primarily due to higher fixed costs associated with the Group's targeted expansion of bricks-and-mortar retail in the DTC distribution channel.

Marketing Expenses

The Group spent US$170.0 million on marketing during the nine months ended September 30, 2018 compared to US$152.8 million for the nine months ended September 30, 2017, an increase of US$17.2 million, or 11.3%. As a percentage of net sales, marketing expenses were flat at 6.1% during the nine months ended September 30, 2018 and nine months ended September 30, 2017. The Group continued to employ targeted and focused advertising and promotional campaigns. The Group believes the success of its advertising campaigns is evident in its net sales growth, and remains committed to enhancing brand and product awareness and driving additional net sales growth through focused marketing activities.

General and Administrative Expenses

General and administrative expenses increased by US$10.8 million, or 6.4%, to US$180.4 million (representing 6.5% of net sales) for the nine months ended September 30, 2018 from US$169.5 million (representing 6.8% of net sales) for the nine months ended September 30, 2017. The percentage of net sales decrease was largely driven by a reduction in share-based compensation expense due to the current period reversal of the expense taken previously for options that lapsed during the nine months ended September 30, 2018 and the timing of grants year-on-year (see Share-based Payment Arrangements section below for grants made in 2018 and 2017).

Other Expenses, net

The Group recorded net other expenses of US$7.6 million and US$18.2 million for the nine months ended September 30, 2018 and September 30, 2017, respectively. Net other expenses for the nine months ended September 30, 2018 included acquisition-related costs totaling US$1.2 million associated with the integration of eBags. Net other expenses for the nine months ended September 30, 2017 included acquisition-related costs of US$17.7 million associated with due diligence, professional and legal fees, severance, integration and other costs incurred with completed and contemplated transactions, partially offset by miscellaneous items of other income.

Operating Profit

The Group's reported operating profit increased by US$41.6 million, or 14.7% (+14.1% constant currency), to US$324.4 million for the nine months ended September 30, 2018 from US$282.8 million for the same period in the previous year.

Net Finance Costs

Net finance costs increased by US$45.9 million, or 69.0%, to US$112.4 million for the nine months ended September 30, 2018 from US$66.5 million for the nine months ended September 30, 2017. This increase was attributable to the non-cash write-off of US$53.3 million of deferred financing costs associated with the Original Senior Credit Facilities in conjunction with the Refinancing (described in the Indebtedness section below). Interest expense, including the amortization of deferred financing costs but excluding this write-off, amounted to US$54.2 million and US$60.2 million for the nine months ended September 30, 2018 and September 30, 2017, respectively.

The following table sets forth a breakdown of finance costs for the nine months ended September 30, 2018 and September 30, 2017.

(Expressed in millions of US Dollars)	Nine months ended September 30, 2018	2017
Recognized in income or loss:		
Interest income on bank deposits	**0.7**	1.1
Total finance income	**0.7**	1.1
Interest expense on financial liabilities measured at amortized cost	**(49.6)**	(50.3)
Amortization of deferred financing costs associated with Original Senior Credit Facilities[1]	**(3.3)**	(9.9)
Amortization of deferred financing costs associated with New Senior Credit Facilities[1]	**(1.3)**	—
Write-off of remaining deferred financing costs associated with Original Senior Credit Facilities[1]	**(53.3)**	—
Change in fair value of put options	**1.3**	1.2
Net foreign exchange loss	**(4.4)**	(4.8)
Other finance costs	**(2.5)**	(3.8)
Total finance costs	**(113.1)**	(67.6)
Net finance costs recognized in profit or loss	**(112.4)**	(66.5)

Note
(1) On April 25, 2018, the Group refinanced its Senior Credit Facilities (described in the Indebtedness section below).

Income Tax Expense

Income tax expense decreased by US$7.9 million, or 12.7%, to US$54.5 million for the nine months ended September 30, 2018 from US$62.5 million for the nine months ended September 30, 2017.

The Group's consolidated effective tax rate for operations was 25.7% and 28.9% for the nine months ended September 30, 2018 and September 30, 2017, respectively. The reported effective tax rate was calculated using a weighted average income tax rate from those jurisdictions in which the Group is subject to tax, adjusted for permanent book/tax differences, tax incentives, changes in tax reserves and changes in unrecognized deferred tax assets. The effective tax rate for each period was recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income for the period adjusted for certain discrete items for the period. The decrease in the Group's effective tax rate was mainly the result of the impact of the 2017 U.S. Tax Reform on profit mix and changes in deferred taxes related to share-based compensation.

Profit for the Period

Profit for the period increased by US$3.7 million, or 2.4% (+0.3% constant currency), to US$157.5 million for the nine months ended September 30, 2018 from US$153.8 million for the nine months ended September 30, 2017. Profit for the period excluding the non-cash charge to write-off the US$53.3 million of deferred financing costs associated with the Original Senior Credit Facilities in conjunction with the Refinancing (see Indebtedness section below for further discussion) and the related tax impact, a non-IFRS measure, increased by US$43.2 million, or 28.1% (+26.0% constant currency).

Profit attributable to the equity holders increased by US$3.3 million, or 2.4% (+0.1% constant currency), to US$143.3 million for the nine months ended September 30, 2018 from US$140.0 million for the same period in the previous year. Profit attributable to the equity holders excluding the non-cash charge to write-off the US$53.3 million of deferred financing costs associated with the Original Senior Credit Facilities in conjunction with the Refinancing (see Indebtedness section below for further discussion) and the related tax impact, a non-IFRS measure, increased by US$42.9 million, or 30.6% (+28.3% constant currency).

Basic earnings per share ("Basic EPS") increased by 1.0% to US$0.100 for the nine months ended September 30, 2018 from US$0.099 for the nine months ended September 30, 2017. Diluted earnings per share ("Diluted EPS") increased by 1.0% to US$0.099 for the nine months ended September 30, 2018 from US$0.098 for the nine months ended September 30, 2017. Basic EPS and Diluted EPS excluding the non-cash charge to write-off the US$53.3 million of deferred financing costs associated with the Original Senior Credit Facilities in conjunction with the Refinancing (see Indebtedness section below for further discussion) and the related tax impact, both non-IFRS measures, increased by 29.3% to US$0.128 and by 29.6% to US$0.127 for the nine months ended September 30, 2018, respectively. The weighted average number of shares utilized in the Basic EPS calculation was 1,426,767,902 shares for the nine months ended September 30, 2018 compared to 1,415,855,478 shares for the nine months ended September 30, 2017. The weighted average number of shares outstanding utilized in the Diluted EPS calculation was 1,439,776,725 shares for the nine months ended September 30, 2018 compared to 1,424,794,248 shares for the nine months ended September 30, 2017.

Adjusted EBITDA

Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), a non-IFRS measure, increased by US$29.5 million, or 7.4% (+6.1% constant currency), to US$431.4 million for the nine months ended September 30, 2018 from US$401.9 million for the nine months ended September 30, 2017. Adjusted EBITDA margin decreased to 15.4% from 16.1% due largely to increased distribution expenses as a percentage of net sales related to the targeted expansion of bricks-and-mortar retail, partially offset by higher gross margin. See the reconciliation of profit for the period to Adjusted EBITDA below for the Group's results excluding certain costs and charges and other non-cash charges that impacted reported profit for the period.

The following table presents the reconciliation from the Group's profit for the period to Adjusted EBITDA for the nine months ended September 30, 2018 and September 30, 2017:

	Nine months ended September 30,	
(Expressed in millions of US Dollars)	**2018**	2017
Profit for the period	**157.5**	153.8
Plus (Minus):		
Income tax expense	**54.5**	62.5
Finance costs[(1)]	**113.1**	67.6
Finance income	**(0.7)**	(1.1)
Depreciation	**65.0**	62.9
Amortization	**25.6**	23.3
EBITDA	**415.0**	369.0
Plus:		
Share-based compensation expense	**8.8**	14.6
Other adjustments[(2)]	**7.6**	18.3
Adjusted EBITDA	**431.4**	401.9
Adjusted EBITDA growth	**7.4%**	
Adjusted EBITDA growth, constant currency basis	**6.1%**	
Adjusted EBITDA margin	**15.4%**	16.1%

Notes

(1) Includes the non-cash write-off of deferred financing costs of US$53.3 million recognized in conjunction with the Refinancing (see Indebtedness section below for further discussion).

(2) Other adjustments primarily comprised of 'Other expenses' per the consolidated income statement, which includes acquisition-related costs of US$1.2 million and US$17.7 million for the nine months ended September 30, 2018 and September 30, 2017, respectively.

The Group has presented EBITDA, Adjusted EBITDA and Adjusted EBITDA margin because it believes that, when viewed with its results of operations as prepared in accordance with IFRS and with the reconciliation to profit for the period, these measures provide additional information that is useful in gaining a more complete understanding of its operational performance and of the trends impacting its business. EBITDA, Adjusted EBITDA and Adjusted EBITDA margin are important metrics the Group uses to evaluate its operating performance and cash generation.

EBITDA, Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS financial measures and as calculated herein may not be comparable to similarly named measures used by other companies and should not be considered comparable to profit for the period in the Group's consolidated income statements. These measures have limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, an analysis of the Group's results of operations as reported under IFRS.

Adjusted Net Income

Adjusted Net Income, a non-IFRS measure, increased by US$35.3 million, or 21.3% (+19.2% constant currency), to US$201.2 million for the nine months ended September 30, 2018 from US$165.9 million for the nine months ended September 30, 2017. See the reconciliation of profit for the period to Adjusted Net Income below for the Group's results excluding certain costs and charges and other non-cash charges that impacted reported profit for the period.

Adjusted Basic EPS and Adjusted Diluted EPS, non-IFRS measures, were US$0.141 and US$0.140, respectively, for the nine months ended September 30, 2018, compared to the Adjusted Basic EPS and Adjusted Diluted EPS of US$0.117 and US$0.116, respectively, for the nine months ended September 30, 2017. Adjusted Basic EPS and Adjusted Diluted EPS are calculated by dividing Adjusted Net Income by the weighted average number of shares used in the Basic EPS and Diluted EPS calculations, respectively.

The following table presents the reconciliation from the Group's profit for the period to Adjusted Net Income for the nine months ended September 30, 2018 and September 30, 2017:

	Nine months ended September 30,	
(Expressed in millions of US Dollars)	**2018**	2017
Profit for the period	**157.5**	153.8
Profit attributable to non-controlling interests	**(14.2)**	(13.8)
Profit attributable to the equity holders	**143.3**	140.0
Plus (Minus):		
Change in fair value of put options included in finance costs	**(1.3)**	(1.2)
Amortization of intangible assets	**25.6**	23.3
Acquisition-related costs	**1.2**	17.7
Write-off of remaining deferred financing costs associated with Original Senior Credit Facilities(1)	**53.3**	—
Tax adjustments(2)	**(20.9)**	(13.9)
Adjusted Net Income(3)	**201.2**	165.9

Notes

(1) On April 25, 2018, the Group refinanced its Senior Credit Facilities (described in the Indebtedness section below).

(2) Tax adjustments represent the tax effect of the reconciling line items as included in the consolidated income statements based on the applicable tax rate in the jurisdiction where such costs were incurred.

(3) Represents Adjusted Net Income attributable to the equity holders of the Company.

The Group has presented Adjusted Net Income, Adjusted Basic EPS and Adjusted Diluted EPS because it believes these measures help to give securities analysts, investors and other interested parties a better understanding of the Group's underlying financial performance. By presenting Adjusted Net Income and the related Adjusted EPS calculations, the Group eliminates the effect of a number of costs, charges and credits and certain other non-cash charges, along with their respective tax effects, that impact reported profit for the period.

Adjusted Net Income, Adjusted Basic EPS and Adjusted Diluted EPS are non-IFRS financial measures, and as calculated herein may not be comparable to similarly named measures used by other companies and should not be considered comparable to profit for the period or EPS presented in the Group's consolidated income statements. Adjusted Net Income and the related Adjusted EPS calculations have limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, an analysis of the Group's results of operations as reported under IFRS.

Indebtedness

The following table sets forth the carrying amount of the Group's loans and borrowings as of September 30, 2018 and December 31, 2017:

(Expressed in millions of US Dollars)	**September 30, 2018**	December 31, 2017
New Term Loan A Facility	**822.8**	—
New Term Loan B Facility	**663.3**	—
New Revolving Credit Facility	**43.0**	—
Original Term Loan A Facility	**—**	1,203.1
Original Term Loan B Facility	**—**	666.6
Original Revolving Credit Facility	**—**	63.6
Total Senior Credit Facilities	**1,529.1**	1,933.3
Senior Notes	**406.3**	—
Other long-term debt	**2.5**	—
Other lines of credit	**32.3**	19.9
Finance lease obligations	**0.3**	0.3
Total loans and borrowings	**1,970.5**	1,953.5
Less deferred financing costs	**(17.2)**	(56.5)
Total loans and borrowings less deferred financing costs	**1,953.3**	1,897.0

Refinancing of Senior Credit Facilities Through Issuance of €350.0 Million 3.500% Senior Notes Due 2026 and Amendment and Restatement of Senior Credit Facilities (the "Refinancing")

Issuance of €350.0 Million 3.500% Senior Notes Due 2026

On April 25, 2018 (the "Issue Date"), Samsonite Finco S.à r.l., a wholly-owned indirect subsidiary of the Company (the "Issuer"), issued €350.0 million aggregate principal amount of its 3.500% senior notes due 2026 (the "Senior Notes"). The Senior Notes were issued at par pursuant to an indenture, dated April 25, 2018, among Samsonite Finco S.à r.l., the Company and certain of its direct or indirect wholly-owned subsidiaries (the "Indenture").

On the Issue Date, the gross proceeds from the issuance of the Senior Notes were used, together with the gross proceeds from drawings under the New Senior Credit Facilities (as defined below) and existing cash on hand, to (i) refinance the Original Senior Credit Facilities (as defined below) and (ii) pay certain commissions, fees and expenses in connection thereto.

Maturity, Interest and Redemption

The Senior Notes will mature on May 15, 2026. Interest on the aggregate outstanding principal amount of the Senior Notes will accrue at a rate of 3.500% per annum, payable semi-annually in cash in arrears on May 15 and November 15 each year and commencing on November 15, 2018.

The Senior Notes are non-callable until May 15, 2021. At any time prior to May 15, 2021, the Issuer may redeem some or all of the Senior Notes at a price equal to 100% of the principal amount of the Senior Notes redeemed plus accrued and unpaid interest to (but excluding) the redemption date at a "make-whole" premium, which is the present value of all remaining scheduled interest payments to the redemption date using the discount rate (as specified in the Indenture) as of the redemption date plus 50 basis points.

On or after May 15, 2021, the Issuer may redeem all, or from time to time a part, of the Senior Notes at the following redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest and additional amounts, if any, to the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period commencing on May 15 of the years set forth below:

Year	**Redemption Price**
2021	101.750%
2022	100.875%
2023 and thereafter	100.000%

In addition, at any time prior to May 15, 2021, the Issuer may redeem up to 40% of the Senior Notes with the net proceeds of one or more specified equity offerings at a redemption price of 103.500% of the principal amount of the

Senior Notes redeemed, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. Furthermore, in the event of certain events defined as constituting a change of control, the Issuer may be required to make an offer to purchase the Senior Notes.

Guarantee and Security

The Senior Notes are guaranteed by the Guarantors on a senior subordinated basis. The Senior Notes are secured by a second-ranking pledge over the shares of the Issuer and a second-ranking pledge over the Issuer's rights in the proceeds loan in respect of the proceeds of the offering of the Senior Notes (the "Shared Collateral"). The Shared Collateral will also secure the New Senior Credit Facilities (as defined below) on a first-ranking basis.

Certain Covenants and Events of Default

The Indenture contains a number of customary negative covenants that, among other things and subject to certain exceptions, may restrict the ability of the Company and its restricted subsidiaries (including the Issuer) to: (i) incur or guarantee additional indebtedness, (ii) make investments or other restricted payments, (iii) create liens, (iv) sell assets and subsidiary stock, (v) pay dividends or make other distributions or repurchase or redeem the capital stock or subordinated debt of the Company or its restricted subsidiaries, (vi) engage in certain transactions with affiliates, (vii) enter into agreements that restrict the payment of dividends by subsidiaries or the repayment of intercompany loans and advances, (viii) engage in mergers or consolidations and (ix) impair the security interests in the Shared Collateral. The Indenture also contains certain customary provisions relating to events of default.

Amended and Restated Senior Credit Facilities Agreement

On May 13, 2016, an indirect wholly-owned subsidiary of the Company entered into the original credit and guaranty agreement dated as of May 13, 2016 (the "Original Senior Credit Facilities Agreement") with certain lenders and financial institutions. The Original Senior Credit Facilities Agreement provided for (1) a US$1,250.0 million senior secured term loan A facility (the "Original Term Loan A Facility"), (2) a US$675.0 million senior secured term loan B facility (the "Original Term Loan B Facility" and, together with the Original Term Loan A Facility, the "Original Term Loan Facilities") and (3) a US$500.0 million revolving credit facility (the "Original Revolving Credit Facility," and, together with the Original Term Loan Facilities, the "Original Senior Credit Facilities").

In conjunction with the Senior Notes offering, on April 25, 2018, the Company and certain of its direct and indirect wholly-owned subsidiaries entered into an amended and restated credit and guaranty agreement (the "Credit Agreement") with certain lenders and financial institutions. The Credit Agreement provides for (1) a new US$828.0 million senior secured term loan A facility (the "New Term Loan A Facility"), (2) a new US$665.0 million senior secured term loan B facility (the "New Term Loan B Facility" and, together with the New Term Loan A Facility, the "New Term Loan Credit Facilities") and (3) a new US$650.0 million revolving credit facility (the "New Revolving Credit Facility," and, together with the New Term Loan Credit Facilities, the "New Senior Credit Facilities").

On the Closing Date, the gross proceeds from drawings under the New Senior Credit Facilities were used, together with the gross proceeds from the offering of the Senior Notes and existing cash on hand, to (i) repay in full the Original Senior Credit Facilities and (ii) pay certain commissions, fees and expenses in connection thereto.

Interest Rate and Fees

Interest on the borrowings under the New Term Loan Credit Facilities and the New Revolving Credit Facility began to accrue on April 25, 2018 when the closing on the New Senior Credit Facilities occurred (the "Closing Date"). Under the terms of the New Senior Credit Facilities:

(a) in respect of the New Term Loan A Facility and the New Revolving Credit Facility, the interest rate payable was set with effect from the Closing Date until the delivery of the financial statements for the first full fiscal quarter commencing on or after the Closing Date at the London Interbank Offered Rate ("LIBOR") plus 1.50% per annum (or a base rate plus 0.50% per annum) and thereafter will be based on the lower rate derived from either the first lien net leverage ratio of the Company and its restricted subsidiaries at the end of each fiscal quarter or the Company's corporate ratings. The interest rate payable on the Original Term Loan A Facility and Original Revolving Credit Facility was an adjusted rate of LIBOR plus 2.00% per annum; and

(b) in respect of the New Term Loan B Facility, the interest rate payable was set with effect from the Closing Date at LIBOR plus 1.75% per annum with a LIBOR floor of 0.00% (or a base rate plus 0.75% per annum). The interest rate payable on the Original Term Loan B Facility was an adjusted rate of LIBOR plus 2.25% per annum with a LIBOR floor of 0.00%.

In addition to paying interest on outstanding principal under the New Senior Credit Facilities, the borrowers will pay customary agency fees and a commitment fee in respect of the unutilized commitments under the New Revolving Credit Facility. The commitment fee payable was reduced with effect from the Closing Date until the delivery of the financial statements for the first full fiscal quarter commencing on or after the Closing Date from 0.375% per annum to 0.20% per annum. The commitment fee may step up based on the lower rate derived from either the first lien net leverage ratio of the Company and its restricted subsidiaries at the end of each fiscal quarter or the Company's corporate ratings, as applicable, commencing with the first full fiscal quarter ended after the Closing Date.

Amortization and Final Maturity

The New Term Loan A Facility requires scheduled quarterly payments commencing on the first full fiscal quarter ended after the Closing Date, with an annual amortization of 2.5% of the original principal amount of the loans under the New Term Loan A Facility made during each of the first and second years, with a step-up to 5.0% annual amortization during each of the third and fourth years and 7.5% annual amortization during the fifth year, with the balance due and payable on the fifth anniversary of the Closing Date. The New Term Loan B Facility requires scheduled quarterly payments commencing on the first full fiscal quarter ended after the Closing Date, each equal to 0.25% of the original principal amount of the loans under the New Term Loan B Facility, with the balance due and payable on the seventh anniversary of the Closing Date. There is no scheduled amortization of the principal amounts of the loans outstanding under the New Revolving Credit Facility. Any principal amount outstanding under the New Revolving Credit Facility is due and payable on the fifth anniversary of the Closing Date.

Guarantees and Security

The obligations of the borrowers under the New Senior Credit Facilities are unconditionally guaranteed by the Company and certain of the Company's existing direct or indirect wholly-owned material restricted subsidiaries, and are required to be guaranteed by certain future direct or indirect wholly-owned material restricted subsidiaries organized in the jurisdictions of Luxembourg, Belgium, Canada, Hong Kong, Hungary, Mexico and the United States (the "Credit Facility Guarantors"). All obligations under the New Senior Credit Facilities, and the guarantees of those obligations, are secured, subject to certain exceptions, by substantially all of the assets of the borrowers and the Credit Facility Guarantors (including the Shared Collateral).

Certain Covenants and Events of Default

The New Senior Credit Facilities contain a number of customary negative covenants that, among other things and subject to certain exceptions, may restrict the ability of the Company and its restricted subsidiaries to: (i) incur additional indebtedness; (ii) pay dividends or distributions on its capital stock or redeem, repurchase or retire its capital stock or its other indebtedness; (iii) make investments, loans and acquisitions; (iv) engage in transactions with its affiliates; (v) sell assets, including capital stock of its subsidiaries; (vi) consolidate or merge; (vii) materially alter the business it conducts; (viii) incur liens; and (ix) prepay or amend any junior debt or subordinated debt.

In addition, the Credit Agreement requires the Company and its subsidiaries to meet certain quarterly financial covenants. Commencing with the fiscal quarter ended September 30, 2018, the Company and its subsidiaries are required to maintain (i) a pro forma total net leverage ratio of not greater than 5.50:1.00, which ratio will decrease to 5.25:1.00 for test periods ending in 2020, 5.00:1.00 for test periods ending in 2021 and 4.50:1.00 for test periods ending in 2022; provided that such maximum pro forma total net leverage ratio is subject to a step up of 0.50x from the otherwise applicable ratio, up to a pro forma total net leverage ratio not to exceed 6.00:1.00 for the six fiscal quarter period following the fiscal quarter in which a permitted acquisition has been consummated, and (ii) a pro forma interest consolidated cash interest coverage ratio of not less than 3.00:1.00 (collectively, the "Financial Covenants"). The Financial Covenants only apply for the benefit of the lenders under the New Term Loan A Facility and the lenders under the New Revolving Credit Facility. The Credit Agreement also contains certain customary representations and warranties, affirmative covenants and provisions relating to events of default (including upon a change of control). The Group was in compliance with the financial covenants as of September 30, 2018.

Interest Rate Swaps

The Group maintains interest rate swaps to hedge interest rate exposure under the floating-rate New Senior Credit Facilities by swapping certain US Dollar floating-rate bank borrowings with fixed-rate agreements. The interest rate swap agreements entered into in connection with the Original Senior Credit Facilities remain in effect following the Refinancing and will terminate on August 31, 2021. The notional amounts of the interest rate swap agreements decrease over time. LIBOR has been fixed at approximately 1.30% under each agreement. Each of the interest rate swap agreements have fixed payments due monthly that commenced January 31, 2017. The interest rate swap transactions qualify as cash flow hedges. As of September 30, 2018 and December 31, 2017, the interest rate swaps were marked-to-market, resulting in a net asset position to the Group in the amount of US$37.9 million and US$24.5 million, respectively, which was recorded as an asset with the effective portion of the gain deferred to other comprehensive income.

Deferred Financing Costs

The Group incurred US$18.5 million of deferred financing costs related to the Refinancing. Such costs have been deferred and will be offset against loans and borrowings to be amortized using the effective interest method over the life of the Senior Notes and New Senior Credit Facilities. The amortization of deferred financing costs under the Senior Notes and New Senior Credit Facilities, which is included in interest expense, amounted to US$1.3 million for the nine months ended September 30, 2018. Prior to the Refinancing, amortization of deferred financing costs under the Original Senior Credit Facilities, which was extinguished in April 2018, amounted to US$3.3 million and $9.9 million for the nine months ended September 30, 2018 and September 30, 2017, respectively.

Upon extinguishment of the Original Senior Credit Facilities, the Group recognized a non-cash charge in the amount of US$53.3 million to write off the previously existing deferred financing costs related to the Original Senior Credit Facilities, thereby reducing reported interest expense for future periods.

Revolving Facility

As of September 30, 2018, US$603.8 million was available to be borrowed on the New Revolving Credit Facility as a result of US$43.0 million of outstanding borrowings and the utilization of US$3.3 million of the facility for outstanding letters of credit extended to certain creditors. As of December 31, 2017, US$432.6 million was available to be borrowed on the Original Revolving Credit Facility as a result of US$63.6 million of outstanding borrowings and the utilization of US$3.8 million of the facility for outstanding letters of credit extended to certain creditors.

Other Loans and Borrowings

Certain consolidated subsidiaries of the Group maintain credit lines and other loans with various third party lenders in the regions in which they operate. Other loans and borrowings are generally variable rate instruments denominated in the functional currency of the borrowing Group entity. These other loans and borrowings provide short-term financing and working capital for the day-to-day business operations of the subsidiaries, including overdraft, bank guarantees, and trade finance facilities. The majority of the credit lines included in other loans and borrowings are uncommitted facilities. The total aggregate amount outstanding under the local lines of credit was US$32.3 million and US$19.9 million as of September 30, 2018 and December 31, 2017, respectively.

The following represents the contractual maturity dates of the Group’s loans and borrowings as of September 30, 2018 and December 31, 2017:

(Expressed in millions of US Dollars)	**September 30, 2018**	December 31, 2017
On demand or within one year	**103.6**	152.8
After one year but within two years	**33.6**	77.2
After two years but within five years	**796.9**	1,090.7
More than five years	**1,036.4**	632.8
	1,970.5	1,953.5

Purchases of Property, Plant and Equipment

Purchases of property, plant and equipment of US$64.5 million for the nine months ended September 30, 2018 were primarily related to the addition of new retail locations, remodeling existing retail locations, relocating certain office facilities and investments in machinery and equipment. Purchases of property, plant and equipment of US$56.0 million for the nine months ended September 30, 2017 were largely related to the addition of new retail locations, remodeling of existing locations, continued work on the warehouse in China and investments in machinery and equipment.

Cash Distribution to Equity Holders

On March 14, 2018, the Company’s Board of Directors recommended that a cash distribution in the amount of US$110.0 million, or approximately US$0.0771 per share, be made to the Company’s shareholders, a 13.4% increase from the US$97.0 million distribution paid in 2017. The shareholders approved this distribution on June 7, 2018 at the Company's Annual General Meeting and the distribution was paid on July 12, 2018.

Share-based Payment Arrangements

On October 11, 2018, the Company granted share options exercisable for 8,565,676 ordinary shares to an executive director, certain key management personnel and other employees of the Group with an exercise price of HK$27.06 per share. Such options are subject to *pro rata* vesting over a 4-year period, with 25% of the options vesting on each anniversary date of the grant. Such options have a 10-year term.

On October 11, 2018, the Group awarded time-based restricted share units ("TRSUs") with respect to 4,431,075 shares to an executive director, certain key management personnel, and other employees. Such awards of TRSUs are subject to pro rata vesting over a 3-year period, with one-third of the awards of TRSUs vesting on each anniversary date of the award.

On October 11, 2018, the Group granted performance-based restricted share units ("PRSUs") with respect to, initially, 1,406,918 shares, to an executive director and certain key management personnel assuming target level achievement of the performance conditions applicable to the PRSU grants. The final number of shares which vest under the PRSUs will vary depending on the level of achievement of the performance conditions applicable to the PRSU grants made to the relevant grantees, thereby ensuring that the actual payout is linked to the Company's performance. The maximum number of shares underlying the PRSUs is 2,813,838 shares. The PRSUs vest on October 11, 2021, subject to the achievement of the performance conditions.

GENERAL

This financial and business review as of and for the three and nine months ended September 30, 2018 is being published to provide shareholders, potential investors and other interested parties with an update of the performance of the Group.

The Company's shareholders, potential investors, lenders and other interested parties should note that all figures contained in this announcement are based on the Group's management accounts which have not been audited or reviewed by the auditors. On January 1, 2018, the Group adopted International Financial Reporting Standards ("IFRS") 9, *Financial Instruments* ("IFRS 9") and IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"). The adoption of these standards did not have a material impact on the Group's financial performance or condition. All other accounting policies applied in the preparation of the Group's management accounts are consistent with those used in the preparation of the Company's annual report for the year ended December 31, 2017.

The Company's shareholders, potential investors, lenders and other interested parties are urged to exercise caution in dealing in the securities of the Company and are recommended to consult their own professional advisers if they are in doubt as to their investment positions.

By Order of the Board
Samsonite International S.A.
Timothy Charles Parker
Chairman

Hong Kong, November 13, 2018

As of the date of this announcement, the Executive Director is Kyle Francis Gendreau, the Non-Executive Directors are Timothy Charles Parker, Tom Korbas and Jerome Squire Griffith and the Independent Non-Executive Directors are Paul Kenneth Etchells, Keith Hamill, Bruce Hardy McLain (Hardy) and Ying Yeh.