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 MARCH 31, 2019

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 March 31, 2019 and for the three month period then ended, together with comparative figures for the three month period ended March 31, 2018. 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.

On January 1, 2019, the Group adopted International Financial Reporting Standards ("IFRS") 16, *Leases* ("IFRS 16") (see Adoption of Accounting Policies in the Management Discussion and Analysis section below). The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information for the three months ended March 31, 2018 on the consolidated income statement and in the "as reported" column in the financial results below has not been restated and continues to be reported under International Accounting Standards ("IAS") 17, *Leases* ("IAS 17") and IFRS Interpretations Committee ("IFRIC") 4, *Determining whether an Arrangement Contains a Lease* ("IFRIC 4"). The Group has included with respect to the three months ended March 31, 2018 an "as adjusted for IFRS 16" column in the financial results table below to present its financial performance on a comparable basis for the three months ended March 31, 2018 as though IFRS 16 had been adopted on January 1, 2018. Such amounts are based on management's best estimate of the impact, are non-IFRS measures, and are unaudited (see bridges included in the Adjusted EBITDA and Adjusted Net Income sections below).

FINANCIAL RESULTS

	Three months ended March 31,				
	As reported		As adjusted for IFRS 16[6]	As reported	
(Expressed in millions of US Dollars, except per share data)	**2019**	2018	2018	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[7]
Net sales	**832.0**	888.2	888.2	(6.3)%	(2.4)%
Operating profit	**56.0**	86.5	89.8	(35.3)%	(33.5)%
Profit for the period	**25.9**	48.8	45.0	(46.8)%	(46.4)%
Profit attributable to the equity holders	**22.8**	43.9	40.2	(48.2)%	(47.7)%
Adjusted Net Income[(1),(2)]	**27.3**	50.1	45.7	(45.5)%	(45.0)%
Adjusted EBITDA[(1),(3)]	**84.6**	122.9	116.9	(31.1)%	(28.1)%
Adjusted EBITDA Margin[(4)]	**10.2%**	13.8%	13.2%		
Basic and diluted earnings per share ("EPS") *(Expressed in US Dollars per share)*	**0.016**	0.031	0.028	(48.4)%	(48.0)%
Adjusted basic and adjusted diluted EPS[(5)] *(Expressed in US Dollars per share)*	**0.019**	0.035	0.032	(45.8)%	(45.3)%

Notes

(1) When comparing the actual "as reported" results for Adjusted Net Income and Adjusted EBITDA for the three months ended March 31, 2019 against the "as adjusted for IFRS 16" results for the three months ended March 31, 2018, the year-on-year changes were:
- Adjusted Net Income decreased by 40.3% (-39.7% constant currency); and
- Adjusted EBITDA decreased by 27.6% (-24.4% constant currency).

(2) 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 the Adjusted Net Income section below for a reconciliation from the Group’s profit for the period to Adjusted Net Income.

(3) 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. Adjusted EBITDA includes the lease interest and amortization expense as a result of the Group's adoption of IFRS 16 on January 1, 2019 (see Adoption of Accounting Policies section below). The inclusion of IFRS 16 lease interest and amortization expense in Adjusted EBITDA allows the non-IFRS measure to be more comparable with the previous period's Adjusted EBITDA disclosure. The Group believes Adjusted EBITDA is useful in gaining a more complete understanding of its operational performance and of the underlying trends of its business. See the Adjusted EBITDA section below for a reconciliation from the Group’s profit for the period to Adjusted EBITDA.

(4) Adjusted EBITDA margin, a non-IFRS measure, is calculated by dividing Adjusted EBITDA, as defined above, by net sales.

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

(6) The 2018 “as adjusted for IFRS 16” column in the financial results above presents the Group's financial performance on a comparable basis for the three months ended March 31, 2018 as though IFRS 16 had been adopted on January 1, 2018. Such amounts are based on management’s best estimate of the impact, are non-IFRS measures, and are unaudited.

(7) 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.

Disclaimer

Non-IFRS Measures

The Company has presented certain non-IFRS measures in the financial results section above and management discussion and analysis sections 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.

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.

Rounding

Certain numbers presented 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 subtotals, totals, percentages and other 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 March 31, **2019**	2018
Net sales	**832.0**	888.2
Cost of sales	**(361.0)**	(386.7)
Gross profit	**471.0**	501.6
Distribution expenses	**(305.1)**	(296.7)
Marketing expenses	**(49.5)**	(52.9)
General and administrative expenses	**(57.4)**	(63.7)
Other expenses	**(3.1)**	(1.8)
Operating profit	**56.0**	86.5
Finance income	**0.3**	0.2
Finance costs	**(24.2)**	(20.7)
Net finance costs	**(24.0)**	(20.4)
Profit before income tax	**32.1**	66.1
Income tax expense	**(6.1)**	(17.4)
Profit for the period	**25.9**	48.8
Profit attributable to equity holders	**22.8**	43.9
Profit attributable to non-controlling interests	**3.2**	4.8
Profit for the period	**25.9**	48.8
Earnings per share		
Basic and diluted earnings per share		
(Expressed in US Dollars per share)	**0.016**	0.031

Consolidated Statements of Comprehensive Income (Unaudited)

(Expressed in millions of US Dollars)	Three months ended March 31, **2019**	2018
Profit for the period	**25.9**	48.8
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	**(0.5)**	(1.1)
Changes in fair value of interest rate swaps, net of tax	**(5.4)**	7.1
Foreign currency translation gains for foreign operations	**3.8**	11.3
Other comprehensive (loss) income	**(2.1)**	17.3
Total comprehensive income for the period	**23.9**	66.0
Total comprehensive income attributable to equity holders	**20.5**	61.0
Total comprehensive income attributable to non-controlling interests	**3.4**	5.0
Total comprehensive income for the period	**23.9**	66.0

Consolidated Statements of Financial Position

(Expressed in millions of US Dollars)	**(Unaudited) March 31, 2019**	December 31, 2018
Non-Current Assets		
Property, plant and equipment	**304.7**	310.9
Right-of-use assets	**705.9**	—
Goodwill	**1,338.9**	1,340.1
Other intangible assets	**1,745.5**	1,771.3
Deferred tax assets	**37.9**	33.2
Derivative financial instruments	**18.1**	25.5
Other assets and receivables	**40.3**	42.9
Total non-current assets	**4,191.3**	3,523.9
Current Assets		
Inventories	**615.1**	622.6
Trade and other receivables	**375.8**	420.9
Prepaid expenses and other assets	**158.7**	146.5
Cash and cash equivalents	**392.1**	427.7
Total current assets	**1,541.7**	1,617.7
Total assets	**5,733.0**	5,141.6
Equity and Liabilities		
Equity:		
Share capital	**14.3**	14.3
Reserves	**1,958.2**	1,933.5
Total equity attributable to equity holders	**1,972.5**	1,947.8
Non-controlling interests	**45.0**	43.3
Total equity	**2,017.6**	1,991.1
Non-Current Liabilities		
Loans and borrowings	**1,823.4**	1,838.6
Lease liabilities	**577.9**	—
Employee benefits	**23.0**	22.8
Non-controlling interest put options	**55.6**	56.3
Deferred tax liabilities	**288.7**	286.5
Other liabilities	**7.0**	9.9
Total non-current liabilities	**2,775.6**	2,214.1
Current Liabilities		
Loans and borrowings	**60.8**	52.6
Current portion of long-term debt	**28.3**	28.3
Current portion of lease liabilities	**127.9**	—
Employee benefits	**71.3**	81.8
Trade and other payables	**584.5**	699.2
Current tax liabilities	**66.9**	74.5
Total current liabilities	**939.8**	936.4
Total liabilities	**3,715.4**	3,150.5
Total equity and liabilities	**5,733.0**	5,141.6
Net current assets	**601.9**	681.3
Total assets less current liabilities	**4,793.2**	4,205.2

Consolidated Statements of Changes in Equity (Unaudited)

(Expressed in millions of US Dollars, except number of shares)	Number of shares	Share capital	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 March 31, 2019									
Balance, January 1, 2019	**1,430,940,380**	**14.3**	**1,050.2**	**(51.5)**	**83.1**	**851.6**	**1,947.8**	**43.3**	**1,991.1**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**22.8**	**22.8**	**3.2**	**25.9**
Other comprehensive income (loss):									
Changes in fair value of foreign exchange forward contracts, net of tax	**—**	**—**	**—**	**—**	**(0.5)**	**—**	**(0.5)**	**—**	**(0.5)**
Changes in fair value of interest rate swaps, net of tax	**—**	**—**	**—**	**—**	**(5.4)**	**—**	**(5.4)**	**—**	**(5.4)**
Foreign currency translation gains (losses)	**—**	**—**	**—**	**3.6**	**—**	**—**	**3.6**	**0.2**	**3.8**
Total comprehensive (loss) income for the period	**—**	**—**	**—**	**3.6**	**(5.9)**	**22.8**	**20.5**	**3.4**	**23.9**
Transactions with owners recorded directly in equity:									
Change in fair value of put options included in equity	**—**	**—**	**—**	**—**	**—**	**(0.8)**	**(0.8)**	**—**	**(0.8)**
Share-based compensation expense	**—**	**—**	**—**	**—**	**5.0**	**—**	**5.0**	**—**	**5.0**
Exercise of stock options	**20,000**	**—**	**0.1**	**—**	**—**	**—**	**—**	**—**	**0.0**
Dividends paid to non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(1.7)**	**(1.7)**
Balance, March 31, 2019	**1,430,960,380**	**14.3**	**1,050.2**	**(47.8)**	**82.2**	**873.6**	**1,972.5**	**45.0**	**2,017.6**

(Expressed in millions of US Dollars, except number of shares)	Number of shares	Share capital	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 March 31, 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	—	—	—	—	—	43.9	43.9	4.8	48.8
Other comprehensive income (loss):									
Changes in fair value of foreign exchange forward contracts, net of tax	—	—	—	—	(1.1)	—	(1.1)	—	(1.1)
Changes in fair value of interest rate swaps, net of tax	—	—	—	—	7.1	—	7.1	—	7.1
Foreign currency translation gains	—	—	—	11.1	—	—	11.1	0.2	11.3
Total comprehensive income for the period	—	—	—	11.1	6.0	43.9	61.0	5.0	66.0
Transactions with owners recorded directly in equity:									
Change in fair value of put options included in equity	—	—	—	—	—	(0.9)	(0.9)	—	(0.9)
Share-based compensation expense	—	—	—	—	4.0	—	4.0	—	4.0
Tax effect of outstanding stock options	—	—	—	—	(0.5)	—	(0.5)	—	(0.5)
Exercise of stock options	2,881,693	—	11.5	—	(3.1)	—	8.5	—	8.5
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(5.7)	(5.7)
Balance, March 31, 2018	1,424,692,795	14.2	1,026.1	(36.1)	82.4	777.0	1,863.7	40.2	1,903.9

Consolidated Statements of Cash Flows (Unaudited)

(Expressed in millions of US Dollars)	Three months ended March 31, **2019**	2018
Cash flows from operating activities:		
Profit for the period	**25.9**	48.8
Adjustments to reconcile profit for the period to net cash generated from (used in) operating activities:		
Depreciation	**20.1**	22.1
Amortization of intangible assets	**8.2**	8.4
Amortization of right-of-use assets	**49.9**	—
Change in fair value of put options included in finance costs	**(1.6)**	(0.1)
Non-cash share-based compensation	**5.0**	4.0
Interest expense on borrowings and lease liabilities	**25.0**	20.4
Income tax expense	**6.1**	17.4
	138.6	121.0
Changes in operating assets and liabilities:		
Trade and other receivables	**43.8**	21.5
Inventories	**5.5**	(27.2)
Other current assets	**(8.4)**	(6.9)
Trade and other payables	**(128.2)**	(108.3)
Other assets and liabilities	**15.4**	(5.2)
Cash generated from (used in) operating activities	**66.7**	(5.1)
Interest paid on borrowings and lease liabilities	**(19.8)**	(16.8)
Income tax paid	**(19.8)**	(14.3)
Net cash generated from (used in) operating activities	**27.1**	(36.2)
Cash flows from investing activities:		
Purchases of property, plant and equipment	**(15.9)**	(15.6)
Other intangible asset additions	**(1.4)**	(2.7)
Other proceeds	**0.2**	0.2
Net cash used in investing activities	**(17.1)**	(18.1)
Cash flows from financing activities:		
Payments of New Term Loan Facilities	**(7.1)**	—
Payments of Original Senior Credit Facilities	**—**	(17.3)
Proceeds from other current loans and borrowings, net	**8.5**	19.1
Principal payments on lease liabilities	**(44.1)**	—
Proceeds from stock option exercises	**0.0**	11.6
Dividend payments to non-controlling interests	**(1.7)**	(5.7)
Net cash (used in) provided by financing activities	**(44.4)**	7.7
Net decrease in cash and cash equivalents	**(34.4)**	(46.6)
Cash and cash equivalents, at beginning of period	**427.7**	344.5
Effect of exchange rate changes	**(1.2)**	1.6
Cash and cash equivalents, at end of period	**392.1**	299.5

MANAGEMENT DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2019

Net Sales

Net sales decreased by US$56.2 million, or 6.3% (-2.4% constant currency), to US$832.0 million for the three months ended March 31, 2019 from US$888.2 million for the three months ended March 31, 2018. During the first quarter of 2019, the Group was challenged by economic headwinds in certain of its key markets. In North America, continued market uncertainty about the timing and outcome of trade negotiations between the United States ("U.S.") and China and reduced tourist arrivals continued to impact the U.S. market. In Asia, a decrease in business-to-business orders and weak consumer sentiment in China amid concerns about trade relations with the U.S. and weakened consumer sentiment caused by geopolitical tensions in South Korea continued to negatively impact the Group's performance in the region. In Latin America, the Group's business in Chile came under pressure due to a continued decrease in consumer traffic caused by Argentinian tourists purchasing more within their home country as the Argentinian government eased restrictions on imports along with weak domestic consumer sentiment. Excluding these four markets, the Group's constant currency net sales increased by 3.4% for the three months ended March 31, 2019 compared to the same period in the previous year, while US Dollar reported net sales decreased by US$13.9 million, or 3.0%, due to unfavorable foreign currency translation effects. Unfavorable foreign currency conversion had a negative translation impact on net sales of approximately US$35.2 million for the three months ended March 31, 2019 compared to the three months ended March 31, 2018.

Net sales in the wholesale channel decreased by US$57.9 million, or 9.9% (-5.9% constant currency), during the three months ended March 31, 2019 compared to the three months ended March 31, 2018, primarily due to decreases in North America, as questions about the timing and outcome of U.S.-China trade negotiations, in particular uncertainty about the effects on consumer demand and sentiment from potential additional tariffs, resulted in greater caution among U.S. retailers, leading them to more closely manage inventory levels, along with a shift in the timing of wholesale orders; in China due to a decline in business-to-business orders; and in South Korea as a result of continued challenging market conditions.

Net sales in the direct-to-consumer ("DTC") channel, which includes company-operated retail stores and DTC e-commerce, increased by US$1.6 million, or 0.5% (+4.5% constant currency), to US$302.5 million (representing 36.4% of net sales) for the three months ended March 31, 2019 from US$300.8 million (representing 33.9% of net sales) for the three months ended March 31, 2018. The increase in DTC net sales during the three months ended March 31, 2019 was driven by growth in DTC e-commerce as well as by constant currency net sales growth in the DTC retail channel, partially offset by decreased net sales in eBags as a result of the Group's decision to phase out lower margin third party brands on its eBags e-commerce website. Excluding eBags, total DTC net sales increased by US$7.5 million, or 2.8% (+7.3% constant currency). The 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.

Total DTC e-commerce net sales increased by US$3.7 million, or 4.8% (+7.4% constant currency), to US$81.9 million (representing 9.8% of net sales) for the three months ended March 31, 2019 from US$78.2 million (representing 8.8% of net sales) for the three months ended March 31, 2018. This net sales increase in DTC e-commerce was partially offset by decreased net sales in eBags as a result of the Group's decision to phase out lower margin third party brands on its eBags e-commerce website. Excluding eBags, total DTC e-commerce net sales increased by US$9.6 million, or 22.4% (+27.1% constant currency).

Constant currency net sales in the DTC retail channel increased by 3.5%, while US Dollar reported net sales decreased by US$2.1 million, or 0.9%, during the three months ended March 31, 2019 compared to the same period in the previous year due to unfavorable foreign currency translation effects. The Group began to slow the pace of new company-operated retail store openings in the second half of 2018, with 32 net new stores opened during that period, and continued with this slower pace with the addition of 9 net new stores during the first quarter of 2019. This brought the total number of company-operated retail stores to 1,260 as of March 31, 2019, compared to 1,173 company-operated retail stores as of March 31, 2018. On a same store, constant currency basis, retail net sales decreased by 2.5% for the three months ended March 31, 2019 compared to the three months ended March 31, 2018. This was due to constant currency same store net sales decreases of 5.3%, 5.0% and 0.5% in Latin America, North America and Europe, respectively, partly offset by a 0.4% constant currency same store net sales increase in Asia. 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.

During the three months ended March 31, 2019, US$121.8 million, or 14.6%, of the Group’s net sales were derived from e-commerce (comprising of US$81.9 million of net sales from the Group’s DTC e-commerce websites, which are included within the DTC channel, and US$39.8 million of net sales to e-retailers, which are included within the wholesale channel). This represented a year-on-year increase of US$5.6 million, or 4.8% (+8.2% constant currency), compared to the three months ended March 31, 2018, when e-commerce comprised US$116.2 million, or 13.1%, of the Group's net sales.

Net sales in the travel product category during the three months ended March 31, 2019 decreased by US$44.0 million, or 8.3% (-4.4% constant currency), compared to the three months ended March 31, 2018. Total non-travel category constant currency net sales, which include business, casual, accessories and other products, increased by 0.6%, while US Dollar reported net sales decreased by US$12.2 million, or 3.4%, for the three months ended March 31, 2019 compared to the three months ended March 31, 2018 due to unfavorable foreign currency translation effects.

Net Sales by Region

The following table sets forth a breakdown of net sales by region for the three months ended March 31, 2019 and March 31, 2018, both in absolute terms and as a percentage of total net sales.

	Three months ended March 31,					
	2019		2018		2019 vs 2018	
	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	**301.8**	**36.3%**	322.5	36.3%	(6.4)%	(6.2)%
Asia	**307.5**	**37.0%**	324.8	36.5%	(5.3)%	(1.2)%
Europe	**174.9**	**21.0%**	186.3	21.0%	(6.1)%	2.3 %
Latin America	**46.9**	**5.6%**	53.8	6.1%	(12.9)%	(2.8)%
Corporate	**0.9**	**0.1%**	0.8	0.1%	10.3 %	10.3 %
Net sales	**832.0**	**100.0%**	888.2	100.0%	(6.3)%	(2.4)%

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 decreased by US$20.7 million, or 6.4% (-6.2% constant currency), for the three months ended March 31, 2019 compared to the three months ended March 31, 2018, as questions about the timing and outcome of U.S.-China trade negotiations, in particular uncertainty about the effects on consumer demand and sentiment from potential additional tariffs, resulted in greater caution among U.S. retailers, leading them to more closely manage inventory levels.

For the three months ended March 31, 2019, net sales of the *Samsonite* brand in North America decreased by US$11.0 million, or 8.7% (-8.4% constant currency), year-on-year due to the timing of wholesale order flows and retailers more closely managing inventory levels, as well as lower retail sales in gateway markets in the U.S. generally driven by tourism. Net sales of the *Tumi* brand during the three months ended March 31, 2019 were flat (+0.2% constant currency) year-on-year due to successful efforts to identify and stop sales to trans-shippers in the U.S. who were selling *Tumi* products to unauthorized distributors in Asia as well as lower tourist arrivals impacting retail net sales in gateway markets in the U.S. Excluding the effect of the Group's continued effort to identify and stop US$2.1 million of sales to trans-shippers in the U.S., *Tumi* brand net sales increased by US$2.1 million, or 2.3% (+2.5% constant currency), for the three months ended March 31, 2019 compared to the same period in the previous year. Net sales of the *American Tourister* brand during the three months ended March 31, 2019 decreased by US$0.3 million, or 1.4% (-1.1% constant currency), compared to the three months ended March 31, 2018, which was a strong quarter for the brand with constant currency net sales growth of 12.6% year-on-year.

For the three months ended March 31, 2019, net sales in the U.S. decreased by US$18.8 million, or 6.1% (-6.1% constant currency), compared to the three months ended March 31, 2018 due to the factors noted above. Net sales in Canada decreased by US$1.9 million, or 12.0% (-7.5% constant currency), year-on-year due to the non-recurrence of certain business-to-business orders during the same period in the previous year.

Asia

The Group's net sales in Asia decreased by US$17.2 million, or 5.3% (-1.2% constant currency), for the three months ended March 31, 2019 compared to the three months ended March 31, 2018 due to a decrease in business-to-business orders in China as well as weak consumer sentiment in China and South Korea. Excluding business-to-business net sales in China and net sales in South Korea, the Group's net sales for the Asia region increased by US$0.4 million, or 0.2% (+4.4% constant currency) year-on-year.

For the three months ended March 31, 2019, net sales of the *Tumi* brand increased by US$7.2 million, or 14.5% (+17.0% constant currency), compared to the same period in the previous year due to the continued successful penetration of the brand throughout key markets in Asia. Net sales of the *Samsonite* brand decreased by US$11.1 million, or 7.8% (-3.7% constant currency), year-on-year due primarily to challenging trading conditions in China and South Korea. Net sales of the *American Tourister* brand decreased by US$11.8 million, or 11.7% (-6.8% constant currency), during the three months ended March 31, 2019 compared to the three months ended March 31, 2018, which was a strong quarter for the brand with constant currency net sales having increased by 14.1% year-on-year.

Japan experienced net sales growth of 2.5% (+4.1% constant currency) during the three months ended March 31, 2019 compared to the three months ended March 31, 2018 driven by sales of the *Tumi*, *Gregory* and *American Tourister* brands. Net sales in Hong Kong increased by 5.3% (+5.5% constant currency) year-on-year driven by increased net sales of the *Tumi* brand (which included sales to *Tumi* distributors in certain other Asian markets) and the *American Tourister* brand. Net sales in China decreased by 13.7% (-8.3% constant currency), during the three months ended March 31, 2019 compared to the same period in the previous year as a result of a decrease in business-to-business orders and weak consumer sentiment amid concerns about trade relations with the U.S. Excluding business-to-business orders for both periods, constant currency net sales in China increased by 5.9%, while US Dollar reported net sales decreased by 0.3% due to unfavorable foreign currency translation effects. Net sales in South Korea decreased by 11.5% (-7.6% constant currency) year-on-year due to continued challenging market conditions in that country.

Europe

For the three months ended March 31, 2019, the Group's constant currency net sales in Europe increased by 2.3%, while US Dollar reported net sales decreased by US$11.4 million, or 6.1%, compared to the same period in the previous year. The Group's US Dollar reported net sales in Europe were negatively impacted by unfavorable foreign exchange rate fluctuations on the translation of local currency results.

Net sales of the *Tumi* brand during the three months ended March 31, 2019 increased by US$2.8 million, or 13.0% (+22.5% constant currency), compared to the same period in the previous year. For the three months ended March 31, 2019, net sales of the *Samsonite* brand in Europe decreased by US$11.4 million, or 9.4% (-1.1% constant currency), compared to the three months ended March 31, 2018. Net sales of the *American Tourister* brand during the three months ended March 31, 2019 decreased by US$3.2 million, or 10.3% (-2.0% constant currency), compared to the three months ended March 31, 2018, which was a strong quarter for the brand with constant currency net sales having increased by 58.2% year-on-year.

Constant currency net sales gains in key markets included Germany (+11.9%), Spain (+4.6%), the United Kingdom (+0.4%) and in the emerging markets of Turkey (+24.2%) and South Africa (+8.6%). These constant currency net sales gains were partially offset by constant currency net sales declines in Italy (-1.9%), France (-3.9%) and in the emerging market of Russia (-6.9%), where increased economic and political uncertainty led to sales declines.

Latin America

The Group’s net sales in Latin America decreased by US$7.0 million, or 12.9% (-2.8% constant currency), for the three months ended March 31, 2019 compared to the three months ended March 31, 2018. The Group's US Dollar reported net sales for Latin America were negatively impacted by unfavorable foreign currency translation effects due to the strengthening of the US Dollar against local currencies compared to the same period in the previous year.

For the three months ended March 31, 2019, constant currency net sales of the *Samsonite* brand in Latin America increased by 1.3%, while US Dollar reported net sales decreased by US$2.0 million, or 11.4%, compared to the three months ended March 31, 2018 due to unfavorable foreign currency translation effects. Net sales of the *American Tourister* brand during the first quarter of 2019 decreased by US$1.0 million, or 18.0% (-9.2% constant currency), compared to the same period in the previous year, which was a strong quarter for the brand with constant currency net sales having increased by 116.9% year-on-year. The Group recognized US$1.4 million of net sales of the *Tumi* brand during the three months ended March 31, 2019, an increase of US$0.9, or 186.1% (+194.6% constant currency).

Net sales in Chile decreased by US$5.9 million, or 21.0% (-12.6% constant currency), during the three months ended March 31, 2019 compared to the same period in the previous year due to a continued decrease in consumer traffic caused by Argentinian tourists purchasing more within their home country as the Argentinian government eased restrictions on imports along with weak domestic consumer sentiment. Net sales in Mexico decreased by US$1.2 million, or 9.5% (-6.6% constant currency), year-on-year primarily attributable to decreases in net sales of the *American Tourister* and *Samsonite* brands, partially offset by an increase in net sales of the *Tumi* brand resulting from the Group moving from a distribution model to direct distribution of the brand. Constant currency net sales in Brazil increased by 3.9%, driven by continued retail expansion, while US Dollar reported net sales decreased by US$0.5 million, or 10.5%, year-on-year, due to unfavorable foreign currency translation effects. Net sales in Argentina increased by US$0.4 million, or 25.5% (+147.1% constant currency), for the three months ended March 31, 2019 compared to the three months ended March 31, 2018, due to the Argentinian government easing 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 March 31, 2019 and March 31, 2018, both in absolute terms and as a percentage of total net sales.

	Three months ended March 31,					
	2019		2018		2019 vs 2018	
	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	**373.0**	**44.8%**	408.5	46.0%	(8.7)%	(4.2)%
Tumi	**177.8**	**21.4%**	167.1	18.8%	6.4 %	8.5 %
American Tourister	**141.3**	**17.0%**	157.6	17.7%	(10.4)%	(5.2)%
Speck	**27.0**	**3.2%**	26.8	3.0%	0.6 %	0.6 %
Gregory	**17.3**	**2.1%**	15.7	1.8%	9.9 %	12.6 %
High Sierra	**11.8**	**1.4%**	15.5	1.8%	(23.9)%	(22.5)%
Other[(1)]	**83.9**	**10.1%**	96.9	10.9%	(13.4)%	(8.9)%
Net sales	**832.0**	**100.0%**	888.2	100.0%	(6.3)%	(2.4)%

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 e-commerce 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 March 31, 2019 decreased by US$35.6 million, or 8.7% (-4.2% constant currency), compared to the three months ended March 31, 2018 primarily due to the economic headwinds in the U.S., China and South Korea. Excluding *Samsonite* brand net sales in the U.S., China and South Korea, constant currency net sales of the brand during the three months ended March 31, 2019 decreased slightly by 0.6%, compared to the same period in the previous year. *Samsonite* comprised 44.8% of the net sales of the Group during the three months ended March 31, 2019 compared to 46.0% during the three months ended March 31, 2018.

Net sales of the *Tumi* brand during the three months ended March 31, 2019 increased by US$10.7 million, or 6.4% (+8.5% constant currency), compared to the same period in the previous year driven by the brand's continued successful international expansion: Asia 14.5% (+17.0% constant currency), Europe 13.0% (+22.5% constant currency) and Latin America 186.1% (+194.6% constant currency). The Group recorded US$1.4 million of net sales of the *Tumi* brand in Latin America during the first quarter of 2019 compared to US$0.5 million during the same period in the previous year. Net sales of the *Tumi* brand during the three months ended March 31, 2019 were also impacted by the Group's successful efforts to identify and stop sales to trans-shippers in the U.S. who were selling *Tumi* products to unauthorized distributors in Asia. Excluding the effect of the Group's continued effort to identify and stop US$2.1 million of sales to trans-shippers in the U.S., *Tumi* brand net sales increased by US$12.8 million, or 7.8% (+9.9% constant currency), for the three months ended March 31, 2019 compared to the same period in the previous year.

Net sales of the *American Tourister* brand decreased by US$16.3 million, or 10.4% (-5.2% constant currency), for the three months ended March 31, 2019 compared to the three months ended March 31, 2018. This year-on-year decline is partly attributable to the strong sales of the brand in the first quarter of 2018, when the *American Tourister* brand recorded robust constant currency net sales growth of 22.3% driven by the launch of a major global marketing campaign in the first quarter of 2018.

Net sales of the *Speck* brand increased by US$0.2 million, or 0.6% (+0.6% constant currency), for the three months ended March 31, 2019 compared to the same period in the previous year. Net sales of the *Gregory* brand increased by US$1.6 million, or 9.9% (+12.6% constant currency), compared to the same period in the previous year. Net sales of the *High Sierra* brand decreased by US$3.7 million, or 23.9% (-22.5% constant currency), year-on-year mainly due to the timing of wholesale order flows in the U.S.

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 e-commerce website in the U.S, along with decreased sales of the Group's local brands in Chile. During the three months ended March 31, 2019, constant currency net sales of the *Kamiliant* brand, a value-conscious, entry-level brand, increased by 3.4%, driven by year-on-year net sales growth in India, while US Dollar reported net sales decreased by US$0.3 million, or 2.9%, compared to the three months ended March 31, 2018 due to unfavorable foreign currency translation effects.

Gross Profit

Gross profit decreased by US$30.6 million, or 6.1% (-2.1% constant currency), to US$471.0 million for the three months ended March 31, 2019 from US$501.6 million for the three months ended March 31, 2018, due to the decrease in net sales and unfavorable foreign currency translation effects. Gross profit margin increased by 14 basis points to 56.6% for the three months ended March 31, 2019 from 56.5% for the same period in the previous year. The increase in gross profit margin was primarily due to stronger growth of the *Tumi* brand and a higher proportion of net sales coming from the DTC channel, partially offset by higher promotional activity in certain markets.

Distribution Expenses

Distribution expenses increased by US$8.4 million, or 2.8%, to US$305.1 million (representing 36.7% of net sales) for the three months ended March 31, 2019 from US$296.7 million (representing 33.4% of net sales) for the three months ended March 31, 2018. Distribution expenses as a percentage of net sales increased primarily due to the effect of investments in the DTC distribution channel, particularly in connection with bricks-and-mortar retail stores that were opened in 2017 and 2018, along with the year-on-year decrease in net sales. The Group began imposing greater discipline on controlling distribution expenses in the second half of 2018 by, among other measures, slowing the pace of new store openings. In 2017, the Group added 127 net new company-operated retail stores, including 30 Tumi retail stores that were acquired in conjunction with the distributor buybacks in Asia. In 2018, the Group added 84 net new company-operated retail stores, with 46 stores added during the second quarter of 2018 and 32 stores added during the second half of 2018. For the three months ended March 31, 2019, the Group added 9 net new company-operated retail stores.

Marketing Expenses

The Group spent US$49.5 million on marketing during the three months ended March 31, 2019 compared to US$52.9 million for the three months ended March 31, 2018, a decrease of US$3.4 million, or 6.5%. As a percentage of net sales, marketing expenses decreased by 10 basis points to 5.9% during the three months ended March 31, 2019 compared to 6.0% during the same period of the previous year. The Group continued to employ targeted and focused advertising and promotional campaigns. The Group remains committed to enhancing brand and product awareness and driving net sales growth through focused marketing activities.

General and Administrative Expenses

General and administrative expenses decreased by US$6.3 million, or 9.9%, to US$57.4 million (representing 6.9% of net sales) for the three months ended March 31, 2019 from US$63.7 million (representing 7.2% of net sales) for the three months ended March 31, 2018. This decrease was largely driven by a reduction in professional advisory fees related to the implementation of new accounting standards along with the Group maintaining tight control of its general and administrative costs.

Operating Profit

The Group's reported operating profit decreased by US$30.5 million, or 35.3% (-33.5% constant currency), to US$56.0 million for the three months ended March 31, 2019 from US$86.5 million for the same period in the previous year due to the decline in gross profit from lower net sales and an increase in distribution expenses, partially offset by decreased marketing and general and administrative expenses.

Net Finance Costs

Net finance costs increased by US$3.5 million, or 17.3%, to US$24.0 million for the three months ended March 31, 2019 from US$20.4 million for the three months ended March 31, 2018. The increase in interest expense was attributable to the adoption of IFRS 16, *Leases* ("IFRS 16") on January 1, 2019 (see further discussion in the Adoption of Accounting Policies section below). Interest expense associated with IFRS 16 leases amounted to US$7.7 million for the three months ended March 31, 2019. This increase was partially offset by a US$3.1 million reduction in interest expense on the Group's borrowings of long-term debt and amortization of deferred financing costs following the refinancing of the Group's debt in April 2018.

The following table sets forth a breakdown of finance costs for the three months ended March 31, 2019 and March 31, 2018.

	Three months ended March 31,	
(Expressed in millions of US Dollars)	**2019**	2018
Recognized in income or loss:		
Interest income on bank deposits	**0.3**	0.2
Total finance income	**0.3**	0.2
Interest expense on loans and borrowings	**(16.5)**	(17.1)
Amortization of deferred financing costs associated with Original Senior Credit Facilities	**—**	(3.3)
Amortization of deferred financing costs associated with New Senior Credit Facilities	**(0.8)**	—
Interest expense on lease liabilities(1)	**(7.7)**	—
Change in fair value of put options	**1.6**	0.1
Net foreign exchange (loss) gain	**0.3**	0.4
Other finance costs	**(1.1)**	(0.8)
Total finance costs	**(24.2)**	(20.7)
Net finance costs recognized in profit or loss	**(24.0)**	(20.4)

Note

(1) On January 1, 2019, the Group adopted IFRS 16 and applied the modified retrospective approach. Comparative amounts for the three months ended March 31, 2018 have not been restated (see further discussion in the Adoption of Accounting Policies section below).

Income Tax Expense

Income tax expense decreased by US$11.2 million, or 64.7%, to US$6.1 million for the three months ended March 31, 2019 from US$17.4 million for the three months ended March 31, 2018.

The Group’s consolidated effective tax rate for operations was 19.1% and 26.2% for the three months ended March 31, 2019 and March 31, 2018, 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 profit mix in high and low tax jurisdictions, as well as changes in deferred taxes related to share-based compensation payments during the quarter.

Profit for the Period

Profit for the period decreased by US$22.8 million, or 46.8% (-46.4% constant currency), to US$25.9 million for the three months ended March 31, 2019 from US$48.8 million for the three months ended March 31, 2018 due to the factors noted above. Profit attributable to the equity holders decreased by US$21.2 million, or 48.2% (-47.7% constant currency), to US$22.8 million for the three months ended March 31, 2019 from US$43.9 million for the same period in the previous year.

Basic and diluted earnings per share (“EPS”) decreased by 48.4% to US$0.016 for the three months ended March 31, 2019 from US$0.031 for the three months ended March 31, 2018. The weighted average number of shares utilized in the basic EPS calculation was 1,430,949,805 shares for the three months ended March 31, 2019 compared to 1,423,977,523 shares for the three months ended March 31, 2018. The weighted average number of shares outstanding utilized in the diluted EPS calculation was 1,434,466,692 shares for the three months ended March 31, 2019 compared to 1,440,433,671 shares for the three months ended March 31, 2018.

Adoption of Accounting Policies

On January 1, 2019, the Group adopted IFRS 16, IFRS Interpretations Committee ("IFRIC") 23, *Uncertainty over Income Tax Treatments* ("IFRIC 23") and International Accounting Standards Board ("IASB") *Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)* ("Amendments to IAS 19"). The adoption of IFRIC 23 and Amendments to IAS 19 did not have a material impact on the Group's consolidated financial statements.

The adoption of IFRS 16 on January 1, 2019 resulted in almost all leases being recognized on the consolidated statement of financial position, based on a single lessee accounting model. Under the new standard, an asset (the right to use the underlying asset) and a financial liability to make minimum contractual payments have been recognized. The only exceptions are short-term leases (lease periods that are twelve months or less) and low-value leases (leases that are US$5,000 or less). The rental cost for both short-term and low-value leases are recorded in rent expense. The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information for 2018 has not been restated and continues to be reported under International Accounting Standards ("IAS") 17, *Leases* ("IAS 17") and IFRIC 4, *Determining whether an Arrangement Contains a Lease* ("IFRIC 4").

The adoption of IFRS 16 affected the accounting for the Group’s operating leases, including retail, office and warehouse space, machinery, equipment and automobiles. There was no significant impact to the accounting for the Group's existing capital leases.

For the leases that have been recognized on the consolidated statement of financial position under IFRS 16 on January 1, 2019, straight-line operating lease rental expense was replaced by (i) an amortization charge on the right-of-use asset, straight-lined over the lease term, and (ii) a charge for the interest accretion on the net present value of the lease liability which reduces over the individual lease term. The total charge to the income statement is the same as the total cash rent paid over the life of any lease. Over the lease term, the total expense is being recognized on a front-loaded basis as the interest charge is higher at inception of lease term and the amortization charge is recognized on a straight-line basis. Such expenses are presented in separate components for amortization on the right-of-use asset and interest imputed on the lease liability.

As of March 31, 2019, the Group's right-of-use assets and lease liabilities, as disclosed on the consolidated statement of financial position, were US$705.9 million and US$705.8 million, respectively. During the three months ended March 31, 2019, the Group recognized amortization on right-of-use assets of US$49.9 million and an interest charge on lease liabilities of US$7.7 million as a result of adopting the standard.

The non-IFRS metrics discussed below for the three months ended March 31, 2018 have been recast as if IFRS 16 had been adopted on January 1, 2018 to present the Group's financial performance on a comparable basis. Such amounts are based on management's best estimate of the impact and are unaudited.

Adjusted EBITDA

Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), a non-IFRS measure, decreased by US$32.3 million, or 27.6% (-24.4% constant currency), to US$84.6 million for the three months ended March 31, 2019 from US$116.9 million for the three months ended March 31, 2018 (as recast below to adjust for IFRS 16 impacts) when including the interest and amortization charges associated with the capitalization of leases under IFRS 16. Adjusted EBITDA margin (on the same basis) decreased by 3 percentage points to 10.2% from 13.2% due largely to the effect of investments in the DTC distribution channel, particularly in connection with bricks-and-mortar retail stores that were opened in 2017 and 2018. 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 a bridge of the three months ended March 31, 2018 actual Adjusted EBITDA results to an adjusted EBITDA based on management's best estimate of the impact as though IFRS 16 had been adopted on January 1, 2018:

	Three months ended March 31, 2018		
(Expressed in millions of US Dollars)	As reported	IFRS 16 Adjustments	As adjusted for IFRS 16
Profit for the period	48.8	(3.7)	45.0
Plus / (Minus):			
Income tax expense (benefit)	17.4	(1.4)	16.0
Finance costs, excluding interest expense on lease liabilities	20.7	—	20.7
Interest expense on lease liabilities	—	8.4	8.4
Finance income	(0.2)	—	(0.2)
Depreciation	22.1	—	22.1
Amortization of right-of-use assets	—	46.1	46.1
Amortization of intangible assets	8.4	(0.9)	7.6
EBITDA	117.1	48.6	165.7
Plus:			
Share-based compensation expense	4.0	—	4.0
Other adjustments	1.8	—	1.8
Adjusted EBITDA, excluding lease interest and amortization	122.9	48.6	171.5
Amortization of right-of-use assets	—	(46.1)	(46.1)
Interest expense on lease liabilities	—	(8.4)	(8.4)
Adjusted EBITDA, including lease interest and amortization	122.9	(5.9)	116.9

Management has updated its Adjusted EBITDA presentation due to the adoption of IFRS 16. The following table presents the reconciliation from the Group's profit for the period to Adjusted EBITDA for the three months ended March 31, 2019 and March 31, 2018 (as adjusted for IFRS 16):

	Three months ended March 31,	
(Expressed in millions of US Dollars)	**2019**	2018 As adjusted for IFRS 16
Profit for the period	**25.9**	45.0
Plus (Minus):		
Income tax expense	**6.1**	16.0
Finance costs	**24.2**	29.1
Finance income	**(0.3)**	(0.2)
Depreciation	**20.1**	22.1
Total amortization	**58.1**	53.7
EBITDA	**134.2**	165.7
Plus:		
Share-based compensation expense	**5.0**	4.0
Other adjustments(1)	**3.1**	1.8
Adjusted EBITDA, excluding lease interest and amortization	**142.3**	171.5
Amortization of right-of-use assets	**(49.9)**	(46.1)
Interest expense on lease liabilities	**(7.7)**	(8.4)
Adjusted EBITDA, including lease interest and amortization(2)	**84.6**	116.9
Adjusted EBITDA percentage change	**(27.6)%**	
Adjusted EBITDA percentage change, constant currency basis	**(24.4)%**	
Adjusted EBITDA margin	**10.2 %**	13.2%

Notes
(1) Other adjustments primarily comprised of 'Other expenses' per the consolidated income statement.
(2) Adjusted EBITDA, a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges. Adjusted EBITDA includes the lease interest and amortization expense as a result of the Group's adoption of IFRS 16 on

January 1, 2019 (see Adoption of Accounting Policies section above). The inclusion of IFRS 16 lease interest and amortization expense in Adjusted EBITDA allows the non-IFRS measure to be more comparable with the previous period's Adjusted EBITDA disclosure.

The Group has presented EBITDA, Adjusted EBITDA (both including and excluding IFRS 16 lease interest and amortization) 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 (both including and excluding IFRS 16 lease interest and amortization) and Adjusted EBITDA margin are important metrics the Group uses to evaluate its operating performance and cash generation.

EBITDA, Adjusted EBITDA (both including and excluding IFRS 16 lease interest and amortization) 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, decreased by US$18.4 million, or 40.3% (-39.7% constant currency), to US$27.3 million for the three months ended March 31, 2019 from US$45.7 million for the three months ended March 31, 2018 (as recast below to adjust for IFRS 16 impacts). 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 and adjusted diluted EPS, non-IFRS measures, were US$0.019 for the three months ended March 31, 2019 compared to US$0.032 for the three months ended March 31, 2018 (as recast below to adjust for IFRS 16 impacts). Adjusted basic and adjusted diluted EPS are calculated by dividing Adjusted Net Income by the weighted average number of shares used in the basic and diluted EPS calculations, respectively.

The following table presents a bridge of the three months ended March 31, 2018 actual Adjusted Net Income results to an adjusted Net Income based on management's best estimate of the impact as though IFRS 16 had been adopted on January 1, 2018:

	Three months ended March 31, 2018		
(Expressed in millions of US Dollars)	As reported	IFRS 16 Adjustments	As adjusted for IFRS 16
Profit for the period	48.8	(3.7)	45.0
Profit attributable to non-controlling interests	(4.8)	—	(4.8)
Profit attributable to equity holders	43.9	(3.7)	40.2
Plus / (Minus):			
Change in fair value of put options	(0.1)	—	(0.1)
Amortization of intangible assets	8.4	(0.9)	7.6
Expenses related to acquisition activities, net of taxes	0.4	—	0.4
Tax adjustments	(2.6)	0.2	(2.4)
Adjusted Net Income	50.1	(4.4)	45.7

Management has updated its Adjusted Net Income presentation due to the adoption of IFRS 16. The following table presents the reconciliation from the Group's profit for the period to Adjusted Net Income for the three months ended March 31, 2019 and March 31, 2018 (as adjusted for IFRS 16):

	Three months ended March 31,	
(Expressed in millions of US Dollars)	**2019**	2018 As adjusted for IFRS 16
Profit for the period	**25.9**	45.0
Profit attributable to non-controlling interests	**(3.2)**	(4.8)
Profit attributable to the equity holders	**22.8**	40.2
Plus (Minus):		
Change in fair value of put options included in finance costs	**(1.6)**	(0.1)
Amortization of intangible assets	**8.2**	7.6
Acquisition-related costs	**—**	0.4
Tax adjustments[1]	**(2.1)**	(2.4)
Adjusted Net Income[2]	**27.3**	45.7

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.

Purchases of Property, Plant and Equipment

Purchases of property, plant and equipment of US$15.9 million for the three months ended March 31, 2019 were primarily related to the addition of new retail locations, remodeling existing retail locations and investments in machinery and equipment. Purchases of property, plant and equipment of US$15.6 million for the three months ended March 31, 2018 were primarily 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 13, 2019, the Company's Board of Directors recommended that a cash distribution in the amount of US$125.0 million, or approximately US$0.0873 per share, be made to the Company's shareholders. The distribution will be subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company on June 6, 2019.

Indebtedness

The following table sets forth the carrying amount of the Group's loans and borrowings as of March 31, 2019 and December 31, 2018:

(Expressed in millions of US Dollars)	**March 31, 2019**	December 31, 2018
New Term Loan A Facility	**812.5**	817.7
New Term Loan B Facility	**660.0**	661.7
New Revolving Credit Facility	**22.4**	22.9
Total Senior Credit Facilities	**1,494.9**	1,502.3
Senior Notes	**392.6**	401.5
Other long-term debt	**2.3**	2.3
Other lines of credit	**38.3**	29.5
Capital lease obligations	**—**	0.3
Total loans and borrowings	**1,928.2**	1,935.8
Less deferred financing costs	**(15.6)**	(16.4)
Total loans and borrowings less deferred financing costs	**1,912.5**	1,919.4

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 remained 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 March 31, 2019 and December 31, 2018, the interest rate swaps were marked-to-market, resulting in a net asset position to the Group in the amount of US$18.1 million and US$25.5 million, respectively, which was recorded as an asset with the effective portion of the gain deferred to other comprehensive income.

Revolving Facility

As of March 31, 2019, US$624.3 million was available to be borrowed on the New Revolving Credit Facility as a result of US$22.4 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, 2018, US$623.8 million was available to be borrowed on the Original Revolving Credit Facility as a result of US$22.9 million of outstanding borrowings and the utilization of US$3.3 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$38.3 million and US$29.5 million as of March 31, 2019 and December 31, 2018, respectively.

The following represents the contractual maturity dates of the Group's loans and borrowings as of March 31, 2019 and December 31, 2018:

(Expressed in millions of US Dollars)	**March 31, 2019**	December 31, 2018
On demand or within one year	**89.2**	80.9
After one year but within two years	**44.0**	38.8
After two years but within five years	**775.7**	786.3
More than five years	**1,019.4**	1,029.9
	1,928.2	1,935.8

GENERAL

This financial and business review as of and for the three months ended March 31, 2019 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 Company's auditors. On January 1, 2019, the Group adopted IFRS 16, IFRIC 23 and Amendments to IAS 19, which were previously discussed in the Adoption of Accounting Policies above. 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, 2018.

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, May 14, 2019

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