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Samsonite International S.A. Announces Results for the Three Months Ended March 31, 2019

HONG KONG, May 14, 2019 – Samsonite International S.A. ("Samsonite" or "the Company", together with its consolidated subsidiaries, "the Group"; SEHK stock code: 1910), the world's largest travel luggage company, today published its unaudited consolidated financial results for the three months ended March 31, 2019.

Overview

Commenting on the results, Mr. Kyle Gendreau, Chief Executive Officer, said, "As we indicated during our 2018 annual results presentation, economic headwinds have continued to impact a number of our key markets during the first quarter of 2019, particularly the United States ("U.S."), South Korea, Chile and the business-to-business market segment in China. Excluding these four markets, our net sales grew by a healthy 3.4%[1], driven by a 4.4%[1] increase in Asia (excluding South Korea and business-to-business sales in China) and a 2.3%[1] growth in Europe."

Mr. Gendreau added, "Overall, the Group's net sales decreased by 2.4%[1], during the three months ended March 31, 2019. Unfavorable foreign currency conversion had a negative translation impact of approximately US$35.2 million, resulting in a 6.3% decrease in the Group's US Dollar reported net sales to US$832.0 million during the first quarter of 2019."

The Group's net sales in North America decreased by 6.2%[1] during the first quarter of 2019, driven by a 6.1% decline in net sales in the U.S. This reduction was mainly attributable to a 7.7%[1] decrease in North American wholesale net sales 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. A shift in the timing of certain wholesale orders also contributed to this decrease. The Group's North American direct-to-consumer[2] net sales and DTC e-commerce net sales were down 4.2%[1] and 5.1%[1], respectively, mainly as a result of the decision to phase out lower margin third party brands on the Group's eBags e-commerce website to drive profitability. Excluding eBags, DTC net sales in North America were flat[1] year-on-year, with strong growth in DTC e-commerce (+17.2%[1] excluding eBags) offsetting headwinds in bricks-and-mortar retail stores due to lower tourist arrivals in U.S. gateway markets.

In Asia, the Group continued to achieve healthy net sales gains in both Japan (+4.1%[1]) and Hong Kong[3] (+5.5%[1]) during the first quarter of 2019, which were offset by net sales declines in South Korea and in business-to-business sales in China. In China, a sharp decline in business-to-business orders caused net sales to decrease by

1 Results stated on a constant currency basis, a non-International Financial Reporting Standards ("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 The direct-to-consumer ("DTC") distribution channel comprises company-operated retail stores and direct-to-consumer e-commerce.

3 Net sales reported for Hong Kong include net sales made in Macau as well as sales to *Tumi* distributors in certain other Asian markets.

8.3%[1] during the first quarter of 2019 compared to the same period in the previous year. Excluding business-to-business orders for both periods, net sales in China increased by 5.9%[1] year-on-year, driven by a 15.1%[1] increase in DTC net sales, despite weak consumer sentiment amid concerns about trade relations with the U.S. We continued to experience challenging market conditions in South Korea, which saw net sales decrease by 7.6%[1]. Excluding net sales in South Korea and business-to-business sales in China, Asia recorded a net sales increase of 4.4%[1] during the first quarter of 2019. Overall, Asia recorded a net sales decrease of 1.2%[1] during the first quarter of 2019.

The Group recorded net sales growth of 2.3%[1] in Europe during the first quarter of 2019. Solid net sales gains in Germany (+11.9%[1]) and Spain (+4.6%[1]) were partially offset by declines in Italy (-1.9%[1]), France (-3.9%[1]) and Russia (-6.9%[1]), where increased economic and political uncertainty led to sales declines. Unfavorable foreign currency translation effects resulted in a 6.1% decrease in the Group's US Dollar reported net sales for the region.

Chile, the Group's largest market in Latin America, recorded a 12.6%[1] decline in net sales in the first quarter of 2019 due to a continued decrease in consumer traffic, partially caused by Argentinian tourists purchasing more within their home country as the Argentinian government eased restrictions on imports, along with weak domestic consumer sentiment. The decline in Chile was the main reason the Group's net sales in Latin America decreased by 2.8%[1] year-on-year for the three months ended March 31, 2019. The Group's US Dollar reported net sales for Latin America recorded a 12.9% decrease due to unfavorable foreign currency translation effects.

The *Tumi* brand continued to do well despite the challenging environment, with net sales growing by 8.5%[1] to US$177.8 million for the three months ended March 31, 2019, driven by strong growth in Asia (+17.0%[1]) and Europe (+22.5%[1]). Net sales of the *Tumi* brand in North America increased by 0.2%[1] as lower tourist arrivals impacted retail net sales in U.S. gateway markets. Additionally, the Group's decision to identify and stop sales to trans-shippers who were selling *Tumi* products to unauthorized distributors in Asia continued to impact wholesale net sales in the U.S. Excluding this impact, *Tumi* brand net sales in North America increased by 2.5%[1] year-on-year in the first quarter of 2019.

Net sales of the *Samsonite* brand were down by 4.2%[1] year-on-year to US$373.0 million during the first quarter of 2019, primarily due to economic headwinds in the U.S., China and South Korea. Excluding these three markets, *Samsonite*'s net sales were down marginally by 0.6%[1] year-on-year. The *American Tourister* brand recorded net sales of US$141.3 million in the first quarter of 2019, a decrease of 5.2%[1] year-on-year, partly attributable to the strong performance of the brand in the first quarter of 2018, when it 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.

The Group's gross profit margin increased by 14 basis points to 56.6% for the first quarter of 2019 compared to 56.5% for the same period in the previous year largely due to strong net sales 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. Gross profit decreased by US$30.6 million, or 6.1%, to US$471.0 million in line with the decline in net sales.

Mr. Gendreau remarked, "We began imposing greater discipline on controlling distribution expenses in the second half of 2018, in part by 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. We continued this effort in the first quarter of 2019, adding only nine net new company-operated retail stores during the period. As a result, distribution expenses increased by 2.8% in the first quarter of 2019 compared to the same period in 2018. This increase, along with the year-on-year decrease in net sales, resulted in distribution expenses, as a percentage of the Group's net sales, rising to 36.7% for the first quarter of 2019 from 33.4% during the same period in 2018."

Mr. Gendreau continued, "We continue to be strongly committed to investing in marketing to support sales growth worldwide, and our ongoing investment reflects that commitment. Marketing expenses represented 5.9% of net sales for the first quarter of 2019, compared to 6.0% for the same period in 2018. General and administrative expenses decreased to 6.9% of net sales in the first quarter of 2019 from 7.2% for the same period in 2018 as we maintained tight control of such costs. As a result of the decrease in gross profit and the increase in distribution expenses, partially offset by the decreases in marketing and general and administrative expenses, the Group's Adjusted EBITDA[4] decreased by US$32.3 million, or 27.6%, to US$84.6 million for the three months ended March 31, 2019 from US$116.9 million for the same period in 2018 (as recast to adjust for IFRS 16[5] impacts). Adjusted EBITDA margin[6] (on the same basis) decreased by three percentage points to 10.2% from 13.2% due largely to the impact from the investments in the DTC distribution channel, particularly in connection with bricks-and-mortar retail stores that were opened in 2017 and 2018."

The Group's profit attributable to the equity holders decreased by US$21.2 million, or 48.2% to US$22.8 million for the three months ended March 31, 2019, with the decline mainly attributable to the decline in gross profit, partially offset by a savings of US$3.1 million on interest expense[7] on borrowings and an US$11.2 million reduction in income tax expense. The Group's Adjusted Net Income[8] decreased by US$18.4 million, or 40.3%, 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 to adjust for IFRS 16[5] impacts) due to the factors discussed above.

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[4] 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, *Leases* ("IFRS 16") on January 1, 2019. The inclusion of IFRS 16 lease interest and amortization expense in Adjusted EBITDA allows this 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.

[5] On January 1, 2019, the Group adopted IFRS 16. The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information for three months ended March 31, 2018 in the "as reported" column in the Key Financial Highlights table 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 Key Financial Highlights 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.

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

[7] Interest expense includes the amortization of deferred financing costs.

[8] 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.

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Commenting on the outlook, Mr. Gendreau said, "Consumer demand remains healthy in North America and China, and we remain confident in the fundamentals of the business as indicated by the strong growth in both North American DTC e-commerce sales excluding eBags, and China excluding business-to-business sales. Our core brands *Samsonite*, *Tumi* and *American Tourister* continue to lead in their respective price points. Renewed uncertainty about the outcome of trade negotiations between the U.S. and China makes it challenging for us to forecast our top-line performance for the balance of 2019. If a favorable agreement is reached in the coming weeks, we believe we should see an improvement in the second half of 2019."

Mr. Gendreau concluded, "We continue to invest in our brands for future growth and are excited by the strong pipeline of innovative new products and marketing campaigns that we plan to roll out in 2019. We remain focused on improving the Group's profitability by driving sales growth in existing bricks-and-mortar retail stores and in DTC e-commerce, reducing the number of new store openings to control distribution expenses and more closely managing working capital."

Table 1: Key Financial Highlights

	As reported		**As adjusted for IFRS 16**[5]	**As reported**	
US$ millions, except per share data	**Three months ended March 31, 2019**	Three months ended March 31, 2018	Three months ended March 31, 2018	Percentage increase (decrease) 2019 vs. 2018	Percentage increase (decrease) 2019 vs. 2018 excl. foreign currency effects[1]
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 attributable to the equity holders	**22.8**	43.9	40.2	(48.2)%	(47.7)%
Adjusted Net Income[8]	**27.3**	50.1	45.7	(45.5)%	(45.0)%
Adjusted EBITDA[4]	**84.6**	122.9	116.9	(31.1)%	(28.1)%
Basic and diluted earnings per share ("EPS") – US$	**0.016**	0.031	0.028	(48.4)%	(48.0)%
Adjusted basic and diluted EPS[9] **– US$**	**0.019**	0.035	0.032	(45.8)%	(45.3)%

Note: 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).

[9] 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.

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The Group's performance for the three months ended March 31, 2019 is discussed in greater detail below.

Net Sales

Economic headwinds have continued to impact a number of the Group's key markets during the first quarter of 2019, particularly the U.S., South Korea, Chile and the business-to-business market segment in China. Excluding these four markets, the Group's net sales grew by a healthy 3.4%[1], driven by a 4.4%[1] increase in Asia (excluding business-to-business net sales in China and net sales in South Korea) and a 2.3%[1] growth in Europe. Overall, the Group's net sales decreased by 2.4%[1] for the three months ended March 31, 2019. Unfavorable foreign currency conversion had a negative translation impact of approximately US$35.2 million, resulting in a 6.3% decrease in the Group's US Dollar reported net sales to US$832.0 million during the first quarter of 2019.

Net Sales Performance by Region

North America

During the first quarter of 2019, net sales in North America decreased by 6.2%[1] year-on-year to US$301.8 million. This reduction was mainly attributable to a 7.7%[1] decrease in North American wholesale net sales 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. A shift in the timing of certain wholesale orders also contributed to this decrease. The Group's North American DTC net sales and DTC e-commerce net sales were down 4.2%[1] and 5.1%[1], respectively, mainly as a result of the decision to phase out lower margin third party brands on the Group's eBags e-commerce website to drive profitability. Excluding eBags, DTC net sales in North America were flat[1] year-on-year, with strong growth in DTC e-commerce (+17.2%[1] excluding eBags) offsetting headwinds in bricks-and-mortar retail stores due to lower tourist arrivals in U.S. gateway markets.

Net sales of the *Tumi* brand in North America increased by 0.2%[1] as lower tourist arrivals impacted retail net sales in U.S. gateway markets. Additionally, the Group's decision to identify and stop sales to trans-shippers who were selling *Tumi* products to unauthorized distributors in Asia continued to impact wholesale net sales in the U.S. Excluding this impact, *Tumi* brand net sales in North America increased by 2.5%[1] year-on-year in the first quarter of 2019. Net sales of the *Samsonite* brand in North America decreased by 8.4%[1] 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 *American Tourister* brand during the first quarter of 2019 decreased by 1.1%[1] compared to the same period in 2018, which was a strong quarter for the brand with constant currency net sales growth of 12.6% year-on-year.

Asia

In Asia, the Group continued to achieve healthy net sales gains in both Japan (+4.1%[1]) and Hong Kong[3] (+5.5%[1]) during the first quarter of 2019, which were offset by net sales declines in South Korea and in business-to-business sales in China. In China, a sharp decline in business-to-business orders caused net sales to decrease by 8.3%[1] during the first quarter of 2019 compared to the same period in the previous year. Excluding business-to-business orders for both periods, net sales in China increased by 5.9%[1] year-on-year, driven by a 15.1%[1] increase in DTC sales, despite weak consumer sentiment amid concerns about trade relations with the U.S. The Group continued to experience challenging market conditions in South Korea, which saw net sales decrease by 7.6%[1]. Excluding net sales in South Korea and business-to-business sales in China, Asia recorded a net sales increase of 4.4%[1] during the first quarter of 2019. Overall, Asia recorded a first quarter 2019 net sales decrease of 1.2%[1] to US$307.5 million for the three months ended March 31, 2019.

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For the three months ended March 31, 2019, net sales of the *Tumi* brand increased by 17.0%[1] year-on-year due to the continued successful penetration of the brand throughout key markets in Asia. Net sales of the *Samsonite* brand decreased by 3.7%[1] year-on-year primarily due to challenging trading conditions in China and South Korea. Net sales of the *American Tourister* brand decreased by 6.8%[1] 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 increasing by 14.1% year-on-year.

Europe

The Group recorded net sales growth of 2.3%[1] in Europe during the first quarter of 2019. Solid net sales gains in Germany (+11.9%[1]) and Spain (+4.6%[1]) were partially offset by declines in Italy (-1.9%[1]), France (-3.9%[1]) and Russia (-6.9%[1]), where increased economic and political uncertainty led to sales declines. The Group's US Dollar reported net sales for the region recorded a 6.1% decrease for the first quarter of 2019 to US$174.9 million due to unfavorable foreign currency translation effects as a result of the strengthening of the US Dollar against local currencies compared to the same period in the previous year.

The constant currency net sales increase in Europe during the first quarter of 2019 was driven by growth in the DTC retail and DTC e-commerce channels, which saw net sales increasing by 8.2%[1] and 24.5%[1] year-on-year, respectively, partially offset by a 2.4%[1] decrease in wholesale net sales. During the first quarter of 2019, net sales of the *Tumi* brand in Europe increased by 22.5%[1] compared to the same period in the previous year. Net sales of the *Samsonite* brand in Europe decreased by 1.1%[1] during the first quarter of 2019 compared to the same period in 2018. Net sales of the *American Tourister* brand during the three months ended March 31, 2019 decreased by 2.0%[1] compared to the three months ended March 31, 2018, which was a strong quarter for the brand with constant currency net sales increasing by 58.2% year-on-year.

Latin America

The Group's net sales in Latin America decreased by 2.8%[1] for the three months ended March 31, 2019 compared to the same period in the prior year primarily due to decreases in Chile and Mexico. Net sales in Chile declined by 12.6%[1] due to a continued decrease in consumer traffic, partially 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 6.6%[1] 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. Net sales in Brazil grew by 3.9%[1] driven by continued retail expansion, while net sales in Argentina increased by 147.1%[1] as consumers bought more products at home. The Group's US Dollar reported net sales for Latin America recorded a 12.9% decrease to US$46.9 million due to unfavorable foreign currency translation effects as a result of the strengthening of the US Dollar against local currencies compared to the same period in the previous year.

Table 2: Net Sales by Region

Region[10]	**Three months ended March 31, 2019 US$ millions**	Three months ended March 31, 2018 US$ millions	Percentage increase (decrease) 2019 vs. 2018	Percentage increase (decrease) 2019 vs. 2018 excl. foreign currency effects[1]
North America	**301.8**	322.5	(6.4)%	(6.2)%
Asia	**307.5**	324.8	(5.3)%	(1.2)%
Europe	**174.9**	186.3	(6.1)%	2.3%
Latin America	**46.9**	53.8	(12.9)%	(2.8)%

Net Sales Performance by Brand

Samsonite

During the first quarter of 2019, net sales of the *Samsonite* brand experienced year-on-year net sales decreases in North America (-8.4%[1]), Asia (-3.7%[1]) and Europe (-1.1%[1]), while net sales grew by 1.3%[1] in Latin America. Overall, the brand's net sales decreased by 4.2%[1] year-on-year to US$373.0 million for the three months ended March 31, 2019. This decrease was primarily due to economic headwinds in the U.S., China and South Korea. Excluding these three markets, *Samsonite* brand net sales were down marginally by 0.6%[1] year-on-year. The *Samsonite* brand accounted for 44.8% of the Group's net sales in the first quarter of 2019 compared to 46.0% in the same period in 2018.

Tumi

The *Tumi* brand continued to make solid progress in expanding its international presence, with strong growth in Asia (+17.0%[1]) and Europe (+22.5%[1]). The brand also recorded net sales of US$1.4 million in Latin America in the first quarter of 2019 compared to US$0.5 million in the same period in 2018 as the Group expanded its direct-to-market presence. Net sales of *Tumi* in North America increased by 0.2%[1] year-on-year as lower tourist arrivals impacted retail net sales in U.S. gateway markets while wholesale net sales in the U.S. continued to be affected by the Group's decision to identify and stop sales to trans-shippers who were selling *Tumi* products to unauthorized distributors in Asia. Excluding the impact of identifying and stopping sales to trans-shippers, *Tumi* brand net sales in North America increased by 2.5%[1] year-on-year in the first quarter of 2019. Overall, *Tumi* brand net sales grew by 8.5%[1] to US$177.8 million for the three months ended March 31, 2019. The *Tumi* brand accounted for 21.4% of the Group's net sales in the first quarter of 2019 compared to 18.8% in the same period in 2018.

American Tourister

The *American Tourister* brand recorded net sales of US$141.3 million in the first quarter of 2019, a decrease of 5.2%[1] year-on-year. This year-on-year decline was 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. The *American Tourister* brand contributed 17.0% of the Group's net sales in the first quarter of 2019 compared to 17.7% in the same period in 2018.

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[10] 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.

Speck, Gregory, High Sierra and Other

For the three months ended March 31, 2019, net sales of the *Speck* and *Gregory* brands increased by 0.6%[1] and 12.6%[1] year-on-year, respectively. Net sales of the *High Sierra* brand decreased by 22.5%[1] year-on-year mainly due to the timing of wholesale order flows in the U.S. The decrease in net sales of the Other[11] 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.

Table 3: Net Sales by Brand

Brand	**Three months ended March 31, 2019 US$ millions**	Three months ended March 31, 2018 US$ millions	Percentage increase (decrease) 2019 vs. 2018	Percentage increase (decrease) 2019 vs. 2018 excl. foreign currency effects[1]
Samsonite	**373.0**	408.5	(8.7)%	(4.2)%
Tumi	**177.8**	167.1	6.4%	8.5%
American Tourister	**141.3**	157.6	(10.4)%	(5.2)%
Speck	**27.0**	26.8	0.6%	0.6%
Gregory	**17.3**	15.7	9.9%	12.6%
High Sierra	**11.8**	15.5	(23.9)%	(22.5)%
Other[11]	**83.9**	96.9	(13.4)%	(8.9)%

Performance by Distribution Channel and by Product Category

The Group continued to grow its DTC distribution channel, particularly DTC e-commerce. The Group's DTC e-commerce net sales rose by 7.4%[1] year-on-year, notwithstanding a 16.7%[1] decrease in net sales through the eBags website in the U.S. as the Group continued to phase out lower margin third party brands on the platform to drive profitability. Excluding eBags, DTC e-commerce net sales increased by 27.1%[1] year-on-year during the first quarter of 2019. DTC e-commerce contributed 9.8% of net sales for the three months ended March 31, 2019 compared to 8.8% of net sales for the same period in 2018. Net sales in the DTC retail channel grew by 3.5%[1] driven by the addition of nine net new stores during the period, plus the contribution from the 84 net new company-operated retail stores added during 2018, partially offset by a 2.5% decrease in constant currency same store retail net sales. Overall, net sales in the DTC distribution channel increased by 4.5%[1] year-on-year contributing US$302.5 million, or 36.4%, of the Group's net sales for the three months ended March 31, 2019 compared to 33.9% of net sales for the same period in 2018.

Net sales in the wholesale channel decreased by 5.9%[1] for the first quarter of 2019 compared to the same period in 2018, primarily due to sales decreases in North America, China and South Korea.

[11] 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.

Total non-travel[12] category net sales increased by 0.6%[1] year-on-year, while net sales of travel products decreased by 4.4%[1]. As a result, non-travel products contributed 41.8% of net sales for the first quarter of 2019, up from 40.5% of net sales for the first quarter of 2018.

Gross Profit

The Group's gross profit margin increased by 14 basis points to 56.6% for the first quarter of 2019 compared to 56.5% for the same period in the previous year largely due to stronger growth of the *Tumi* brand and a higher proportion of net sales coming from the DTC channel. This growth was partially offset by higher promotional activity in certain markets. Gross profit decreased by US$30.6 million, or 6.1%, to US$471.0 million in line with the decline in net sales.

Operating Profit

Distribution expenses increased by 2.8% year-on-year in the first quarter of 2019 compared to the first quarter of 2018. 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 nine net new company-operated retail stores. This increase, along with the year-on-year decrease in net sales, resulted in distribution expenses, as a percentage of the Group's net sales, rising to 36.7% for the first quarter of 2019 from 33.4% during the same period in 2018. Marketing expenses were 5.9% of net sales for the first quarter of 2019, compared to 6.0% for the same period in 2018, reflecting the Group's ongoing commitment to invest in marketing to support sales growth worldwide. General and administrative expenses decreased to 6.9% of net sales in the first quarter of 2019 from 7.2% for the same period in 2018 as the Group maintained tight control of such costs.

The Group's operating profit decreased by US$30.5 million, or 35.3%, to US$56.0 million for the three months ended March 31, 2019 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.

Interest Expense and Net Finance Costs

The Group's interest expense[7] on borrowings decreased by US$3.1 million to US$17.3 million during the first quarter of 2019, from US$20.4 million for the same period in the previous year. This was offset by an increase in interest expense associated with leases[5] in the amount of US$7.7 million for the three months ended March 31, 2019 which was attributable to the adoption of IFRS 16[5] on January 1, 2019. Consequently, net finance costs increased by US$3.5 million to US$24.0 for the three months ended March 31, 2019 from US$20.4 million for the same period in 2018.

Profit Attributable to Equity Holders

The Group's profit attributable to the equity holders decreased by US$21.2 million, or 48.2%, to US$22.8 million for the three months ended March 31, 2019, with the decline mainly attributable to the decline in gross profit from lower net sales and an increase in distribution expenses, partially offset by decreases in marketing, general and administrative expenses and lower income tax expense.

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[12] The non-travel category comprises business, casual, accessories and other products.

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Adjusted EBITDA and Adjusted Net Income

Due to the decrease in gross profit and the increase in distribution expenses, partially offset by the decreases in marketing and general and administrative expenses, the Group's Adjusted EBITDA[4] decreased by US$32.3 million, or 27.6%, 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 to adjust for IFRS 16[5] impacts). Adjusted EBITDA margin[6] (on the same basis) decreased by three percentage points to 10.2% from 13.2% due largely to the impact from the investments in the DTC distribution channel, particularly in connection with bricks-and-mortar retail stores that were opened in 2017 and 2018.

The Group's Adjusted Net Income[8] decreased by US$18.4 million, or 40.3%, 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 to adjust for IFRS 16[5] impacts) due to the factors discussed above.

Working Capital and Liquidity

The Group maintained its focus on managing inventories and working capital. Inventories amounted to US$615.1 million on March 31, 2019, down from both US$622.6 million at the end of the 2018 and US$617.0 million on March 31, 2018. Despite the reduced inventory levels, inventory turnover[13] of 153 days as of March 31, 2019 was up by 9 days from the same period in the previous year due to the decrease in net sales (and hence cost of sales) year-on-year. Trade payables turnover[14] of 107 days as of March 31, 2019 was 7 days lower than the same period in the previous year due to reduced inventory purchases as the Group continued to manage down its inventory levels and the decrease in net sales year-on-year. Consequently, the Group's net working capital efficiency[15] came in at 16.7% of net sales as of March 31, 2019, compared to 14.5% at the end of the first quarter of 2018. The Group continues to focus on improving its net working capital efficiency to target levels.

As of March 31, 2019, the Group had cash and cash equivalents of US$392.1 million and outstanding financial debt, excluding deferred financing costs, of US$1,928.2 million, putting the Group in a net debt position of US$1,536.1 million. Consequently, the Group's pro forma total net leverage ratio[16] stood at 2.67:1.00 as of March 31, 2019 compared to 2:78:1.00 as of March 31, 2018, well below its debt covenant requirements. Separately, as of March 31, 2019, the Group had US$624.3 million in liquidity available on its revolving credit facility.

– End –

[13] Inventory turnover days is calculated as ending inventory balance divided by cost of sales for the period and multiplied by the number of days in the period.

[14] Trade payables turnover days is calculated as ending trade payables balance divided by cost of sales for the period and multiplied by the number of days in the period.

[15] Net working capital efficiency is calculated as net working capital (the sum of inventories and trade and other receivables, net less accounts payable) divided by annualized net sales.

[16] Pro forma total net leverage ratio is calculated as (total loans and borrowings less total unrestricted cash) / last twelve months Adjusted EBITDA.

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About Samsonite

Samsonite International S.A. ("Samsonite" or the "Company", together with its consolidated subsidiaries, "the Group"), is the world's largest travel luggage company, with a heritage dating back over 100 years. The Group is principally engaged in the design, manufacture, sourcing and distribution of luggage, business and computer bags, women's bags, outdoor and casual bags, travel accessories and slim protective cases for personal electronic devices throughout the world, primarily under the *Samsonite*®, *Tumi*®, *American Tourister*®, *Speck*®, *High Sierra*®, *Gregory*®, *Lipault*®, *Kamiliant*®, *Hartmann*® and *eBags*® brand names as well as other owned and licensed brand names. The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("SEHK").

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Non-IFRS Measures

The Company has presented certain non-IFRS measures in this press release 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 press release contains forward-looking statements. All statements other than statements of historical fact contained in this press release, including, without limitation, the discussions of the Group's business strategies and expectations concerning future operations, margins, profitability, liquidity and capital resources, the future development of the Group's industry and the future development of the general economy of the Group's key markets and any statements preceded by, followed by or that include words and expressions such as "expect", "seek", "believe", "plan", "intend", "estimate", "project", "anticipate", "may", "will", "would" and "could" or similar words or statements, as they relate to the Group or its management, are intended to identify forward-looking statements.

These statements are subject to certain known and unknown risks, uncertainties and assumptions, which may cause the Group's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. Accordingly, you should not place undue reliance on any forward-looking information.

Subject to the requirements of applicable laws, rules and regulations, the Group does not have any and undertakes no obligation to update or otherwise revise the forward-looking statements in this press release, whether as a result of new information, future events or developments or otherwise. In this press release, statements of or references to the Group's intentions are made as of the date of this press release. Any such intentions may change in light of future developments. All forward-looking statements contained in this press release are qualified by reference to the cautionary statements set out above.

Rounding

Certain numbers presented in this press release 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 press release and between numbers in this press release and other publicly available documents. All subtotals, totals, percentages and other key figures were calculated using the underlying data in whole US Dollars.