

hartmann



Samsonite

2014 INTERIM RESULTS



(\* speck

Lipault  
PARIS

Samsonite International S.A.

STOCK CODE 1910



# Disclosure Statement

---

This presentation and the accompanying slides (the “Presentation”) which have been prepared by Samsonite International S.A. (“Samsonite” or the “Company”) do not constitute any offer or invitation to purchase or subscribe for any securities, and shall not form the basis for or be relied on in connection with any contract or binding commitment whatsoever. This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, on the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all-inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of or any omission from this Presentation is expressly excluded.

Certain matters discussed in this presentation may contain statements regarding the Company’s market opportunity and business prospects that are individually and collectively forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. The Company’s actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this Presentation, including, amongst others: whether the Company can successfully penetrate new markets and the degree to which the Company gains traction in these new markets; the sustainability of recent growth rates; the anticipation of the growth of certain market segments; the positioning of the Company’s products in those segments; the competitive environment; and general market conditions. The Company is not responsible for any forward-looking statements and projections made by third parties included in this Presentation.



# Agenda

---

## 🌀 Results Highlights

🌀 Business Overview

🌀 Financial Overview

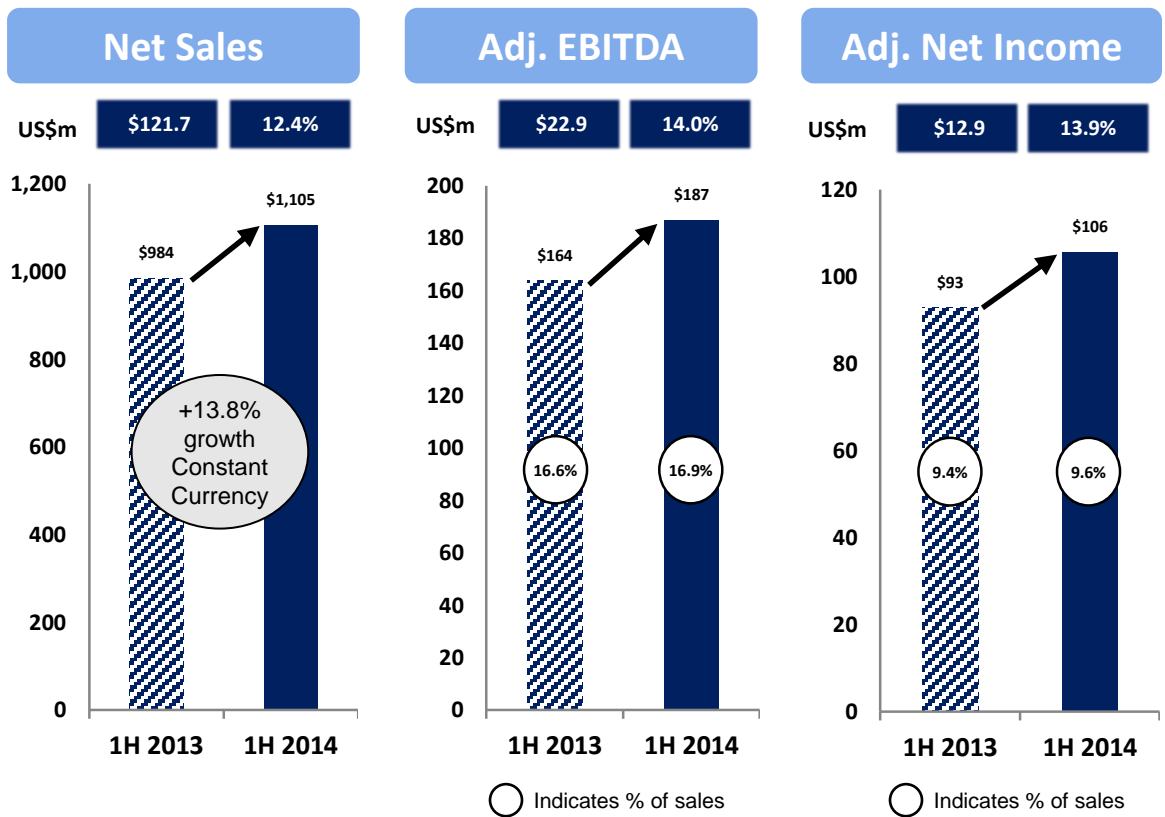
🌀 Outlook and Strategy for 2<sup>nd</sup> Half 2014

🌀 Q&A



# First Half 2014 Results Highlights

Record first half net sales with constant currency growth of 13.8%

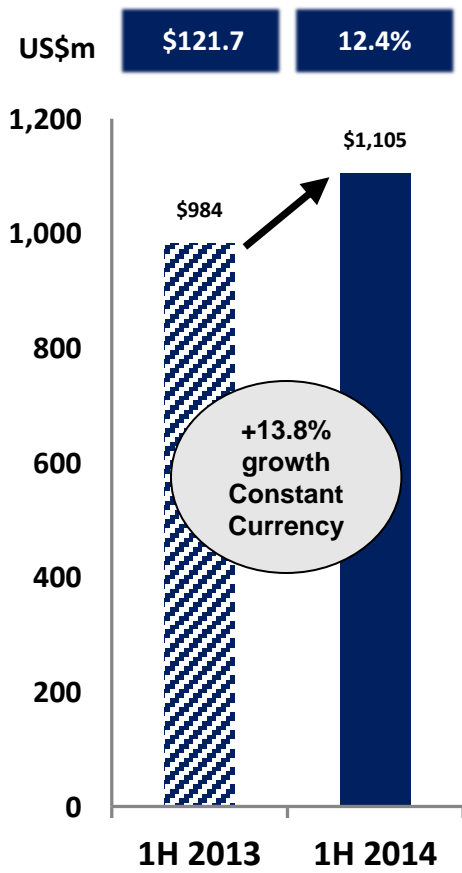


Results include net sales of US\$1.5 million for Lipault and US\$10.5 million for Speck, which were acquired in April 2014 and May 2014, respectively.

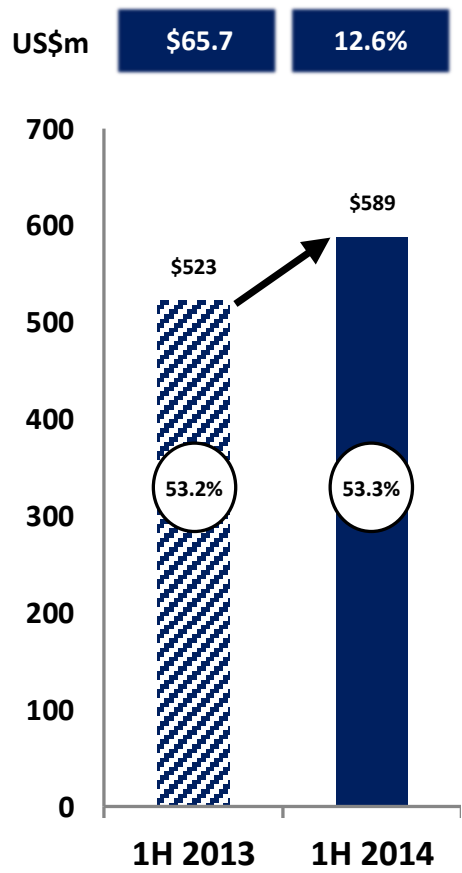


# Key Financial Highlights

## Net Sales



## Gross Margin



### Net Sales:

- Net sales increased by 13.8% on a constant currency basis to a record first half of US\$1,105.3 million.
- Currency fluctuation had a negative impact of US\$14.0 million on year-over-year sales, driven mostly by the devaluation of the Indian Rupee, Chilean Peso, Japanese Yen and Australia Dollar, partly offset by the higher EUR and Korean Won to the USD.
- Excluding the impact of the Speck acquisition, net sales increased by 12.7% on a constant currency basis.

### Gross Margin:

- Gross margin increased 12.6% on higher sales and slight margin improvement. As a percentage of sales, gross margin increased by 10bps due largely to increased gross margins within Asia and Europe, partially offset by lower gross margins in the Americas.

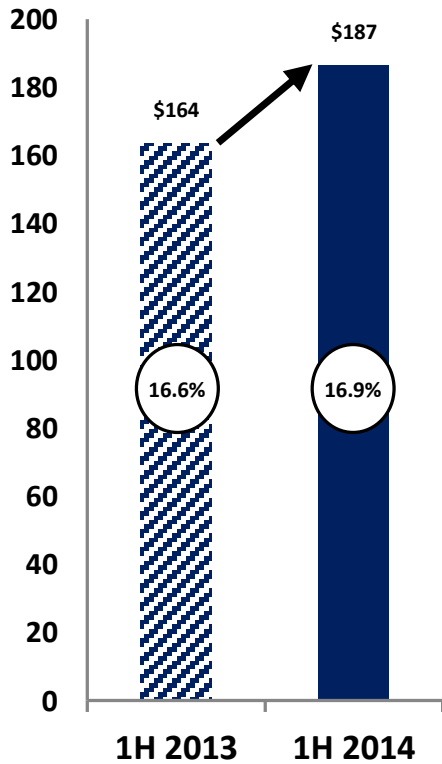
○ Indicates % of sales



# Key Financial Highlights

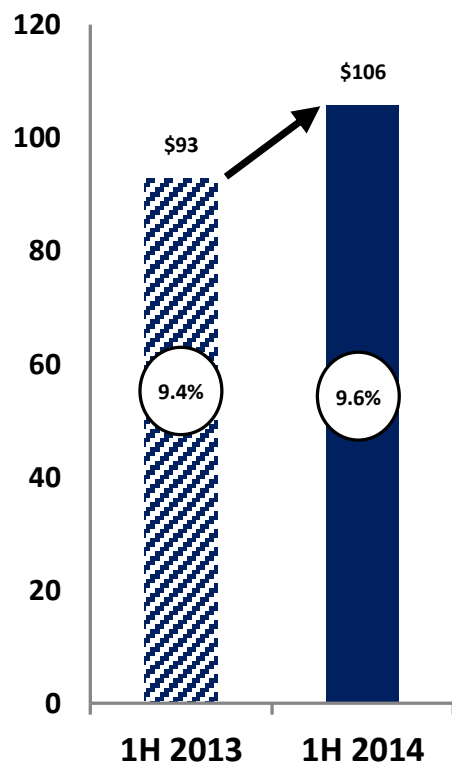
## Adj. EBITDA

US\$m **\$22.9** **14.0%**



## Adj. Net Income

US\$m **\$12.9** **13.9%**



### Adjusted EBITDA:

- Adjusted EBITDA up 14.0% driven by strong sales growth and 30bp improvement in Adjusted EBITDA as a percentage of sales. Overall adjusted EBITDA margin improvement is due mainly to:
  - 10bp improvement on gross margin as a percentage of sales
  - Slightly reduced advertising and promotions spend as a percentage of net sales (6.5% to 6.3%). Advertising is up \$5.3 million or 8.3%, from \$64.1 million to \$69.4 million year over year.
  - Leveraging of higher sales with a stable fixed cost structure.

### Adjusted Net Income:

- Adjusted net income is up 13.9% with a 20bp margin improvement.
- Reported profit attributable to equity holders of US\$97.0 million is up 14.0% from US\$85.1 million in the first half of 2013.
- Effective tax rate increased slightly from 26.2% in the first half of 2013 to 26.4% in the first half of 2014.

○ Indicates % of sales



# Agenda

---

- Results Highlights

- **Business Overview**

- Financial Overview

- Outlook and Strategy for 2<sup>nd</sup> Half 2014

- Q&A



# Business Highlights

---

- Record net sales performance with all regions contributing strong constant currency growth, led by Asia +16.9%, Europe +10.3% and North America +8.4% (excluding Speck) and Latin America +20.4%.
- Health of the business is underpinned by continued strong world travel market, with 5% growth in international tourist arrivals in the first four months of 2014.<sup>(1)</sup>
- American Tourister* and *Samsonite* brands continue to deliver strong constant currency growth of 17.5% and 11.8%, respectively.
- High Sierra* and *Hartmann* brands, achieving growth of 22.5% and 13.1%, respectively, are poised for global expansion.
- Continued to broaden our brand portfolio through the successful acquisitions of Speck, Gregory and Lipault.
- Strong sales growth in travel, casual and accessories product categories, supported by product innovation, marketing and acquired businesses.
- Advertising and promotions spend of US\$69.4 million continues to enhance brand and product awareness, driving sales above industry growth rates.
- Operating cash flow of US\$53.1 million for the first six months of 2014 and strong balance sheet provides solid platform to execute future growth plans.

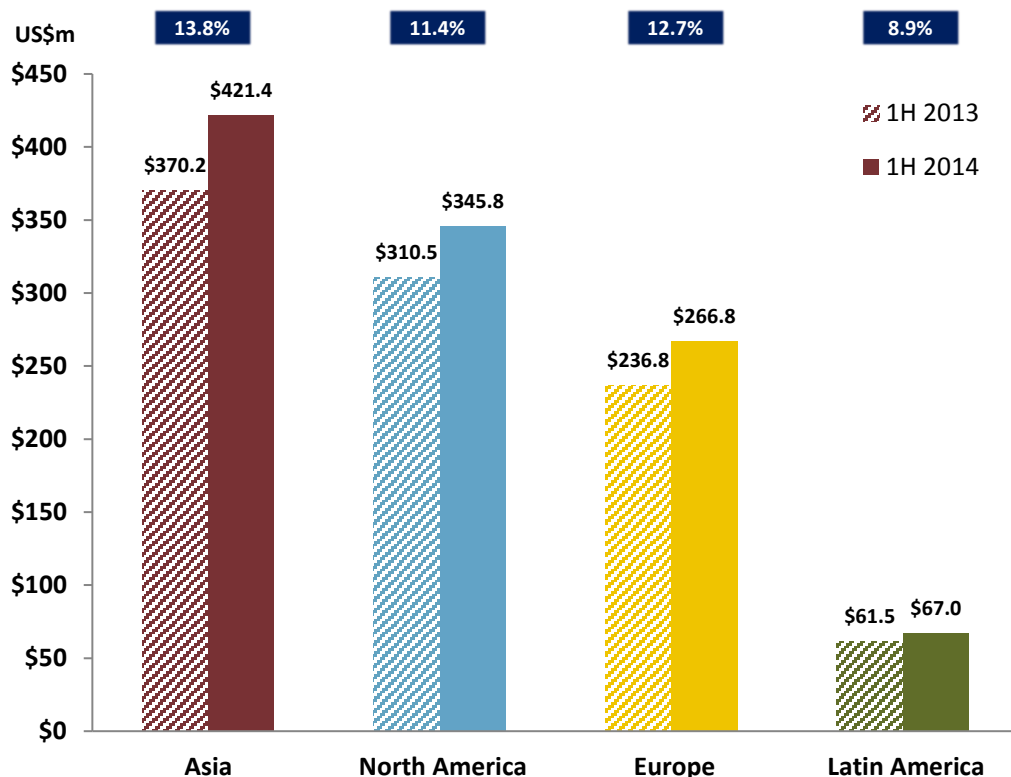
(1) According to UNWTO Press Release July 21, 2014.





# Strong Sales Growth in All Regions

## Net Sales Growth by Region



Constant  
Currency  
Growth

16.9%

11.8%

10.3%

20.4%

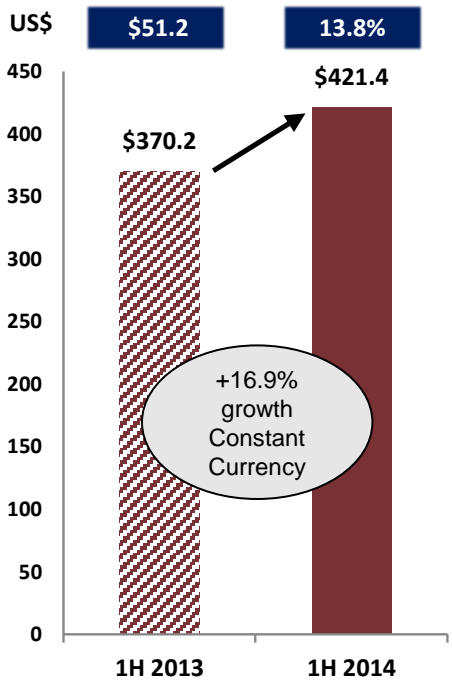
- Continued strong constant currency growth in Asia driven by *American Tourister* and *Samsonite Red* and led by India, South Korea, China, Japan and Australia. The devaluation of many Asia currencies to the USD, particularly the INR, JPY and AUD, has had a negative impact of US\$11.4 million, or 3.1%, on the reported sales growth in Asia.
- North America achieved strong constant currency sales growth of 11.8%, or 8.4% excluding the impact of the Speck acquisition. Organic constant currency growth was driven by U.S. Wholesale (+6.0%), U.S. Retail (+11.4%) and Canada (+36.5%).
- Europe's constant currency growth of 10.3% includes US\$1.5 million from the newly acquired Lipault business. Excluding the impact of the Lipault acquisition, Europe achieved strong constant currency growth of 9.6%, led by Italy +13.1%, Turkey +36.9%, Russia +11.2% and Germany +6.2%.
- Strong constant currency growth of 20.4% in Latin America is driven by strong sales in Brazil +236.7%, Chile +10.2% and Mexico +13.1%. Sales in Argentina decreased 59.9% on a constant currency basis due to continuing government imposed import restrictions. Excluding Argentina, Latin America sales increased 24.9% on a constant currency basis.



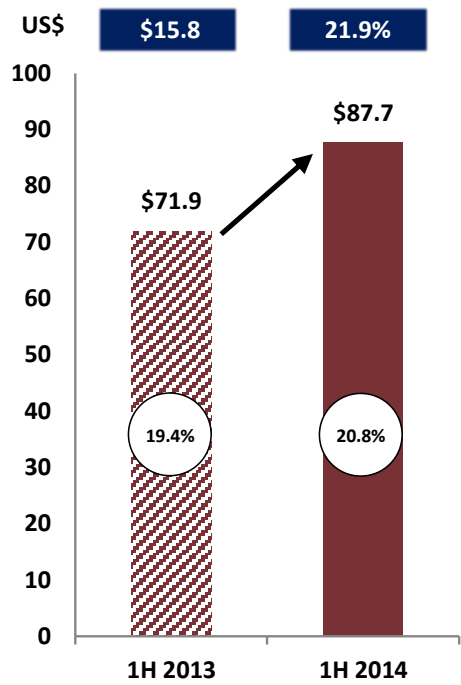
# Asia – Continued strong growth and profitability

On a constant currency basis, Asia net sales are up 16.9%, with all countries posting strong growth from prior year. Growth leaders include India +24.6%, South Korea +14.6%, China +8.1%, Japan +22.9% and Australia +35.2%. Growth fuelled by:

## Net Sales



## Adjusted EBITDA



○ Indicates % of sales

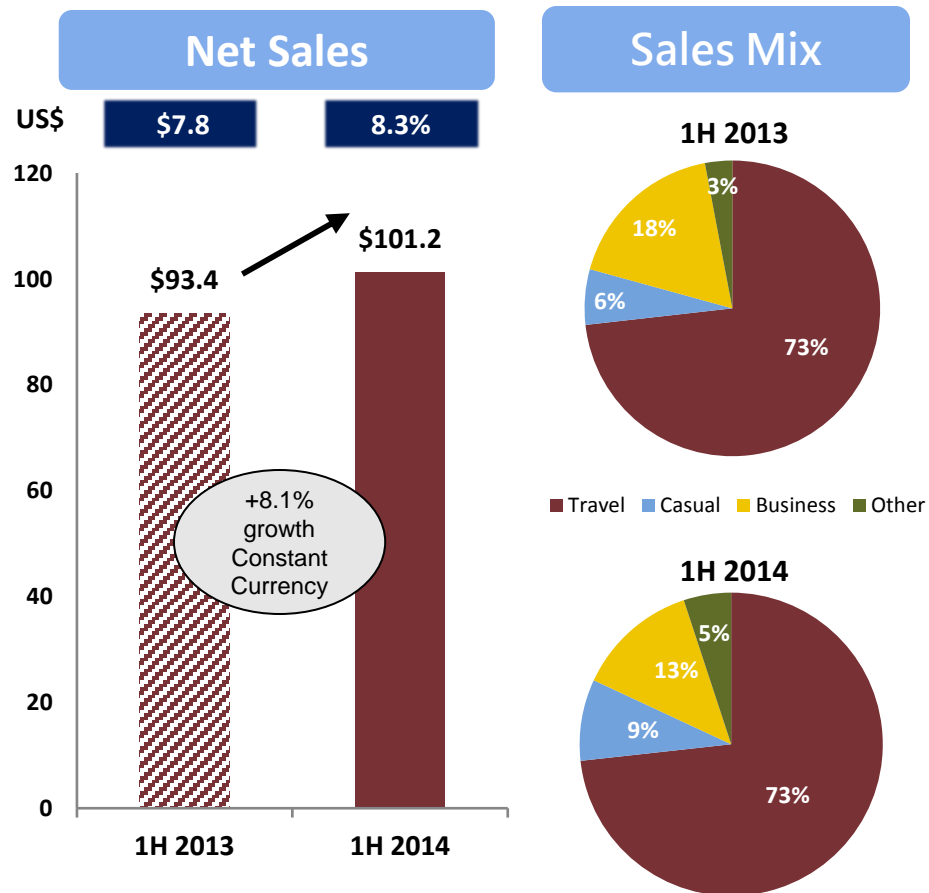
- American Tourister and Samsonite sales up 18.3%<sup>(1)</sup> and 15.4%<sup>(1)</sup>, respectively. Growth in Samsonite is driven by the Samsonite Red brand, which is up 125.6%<sup>(1)</sup> from US\$12.3 million in 1H 2013, while Samsonite Original is also up 8.3%<sup>(1)</sup>.
- Wholesale channel is up 13.3%<sup>(1)</sup>, Retail channel is up 41.7%<sup>(1)</sup>. Comp rates of 11.8%<sup>(1)</sup>, 30 net new stores since June 30, 2013 and strong growth in direct-to-consumer e-commerce are the key contributors to the strong sales growth in retail.
- Travel category increased 14.0%<sup>(1)</sup> from US\$243.4 million in 1H 2013;
- Casual is up 88.5%<sup>(1)</sup> from US\$27.7 million in 1H 2013, driven largely by Samsonite Red (+125.6%<sup>(1)</sup>) and High Sierra (+173.5%<sup>(1)</sup>);
- Business category sales down 5.3%<sup>(1)</sup> due largely to timing of B2B sales that occurred in the 1st half of 2013 that are expected to occur in the 2nd half of 2014 and also consumer preference towards bags we classify as casual.

Strong increase in Adjusted EBITDA is due to strong sales growth and EBITDA margin improvement largely attributable to gross margin improvement of 140bp and a slight reduction of advertising spend as a percentage of sales.

<sup>(1)</sup> Growth is stated on a constant currency basis



# China – Constant currency sales growth of 8.1% is expected to improve in 2<sup>nd</sup> half of 2014

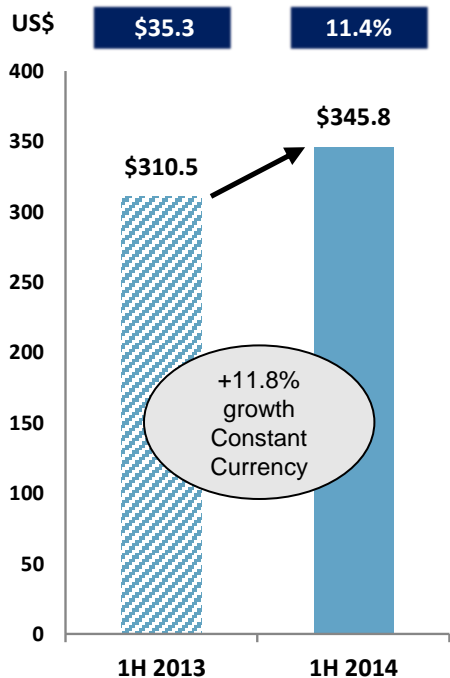


- Sales growth of 8.1% on a constant currency basis is coming mainly from:
  - *American Tourister* up 18.0% and *Samsonite* up 1.9%, with *Samsonite Red* up 155.8%.
  - 136 net additional POS year over year, including 10 net new company owned stores.
  - Retail store comp rates of 12%.
- In category terms, constant currency sales growth is coming mainly from:
  - Travel +8.2%.
  - Casual +54.7%, mainly driven by *Samsonite Red*.
  - Business is down 20.8%, mainly due to timing of certain B2B sales, and also consumer preference towards casual bags.

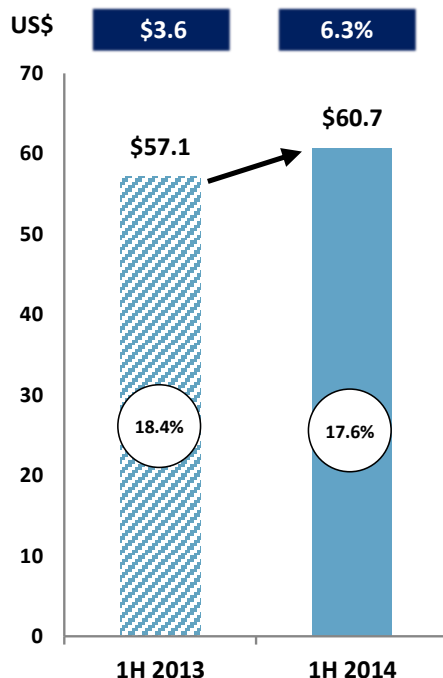


# North America – Continued strong growth in a mature and competitive market

## Net Sales



## Adjusted EBITDA



○ Indicates % of sales

- Constant currency sales growth of 11.8%. Excluding *Speck*, sales increased by 8.4% on a constant currency basis, driven by:

- 6.0% increase in U.S. Wholesale sales, 11.4% increase in U.S. Retail sales (including 18.3% growth in U.S. direct-to-consumer e-commerce) and 36.5% growth in total Canada sales coming largely from additional product placements at two key wholesale customers. North America constant currency retail comp rate was 6.4%;
- Samsonite* sales up 9.7%<sup>(1)</sup> and *American Tourister* sales up 8.6%<sup>(1)</sup>. *High Sierra* and *Hartmann* sales are up 13.0%<sup>(1)</sup> and 11.2%<sup>(1)</sup>, respectively;
- Travel category sales increased 9.7%<sup>(1)</sup>. Casual is up 7.4%<sup>(1)</sup> driven mainly by *High Sierra*. Business category sales are down 5.2%<sup>(1)</sup> due mainly to certain sales to wholesale customers in conjunction with new product introductions in 1H 2013 not repeated in 1H 2014.

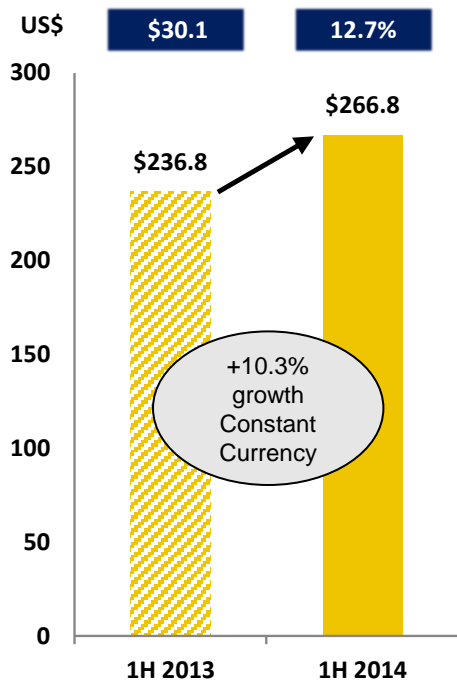
- Adjusted EBITDA as a percentage of sales decreased by 80bps due largely to the initial integration of the *Speck* business.

<sup>(1)</sup> Growth is stated on a constant currency basis

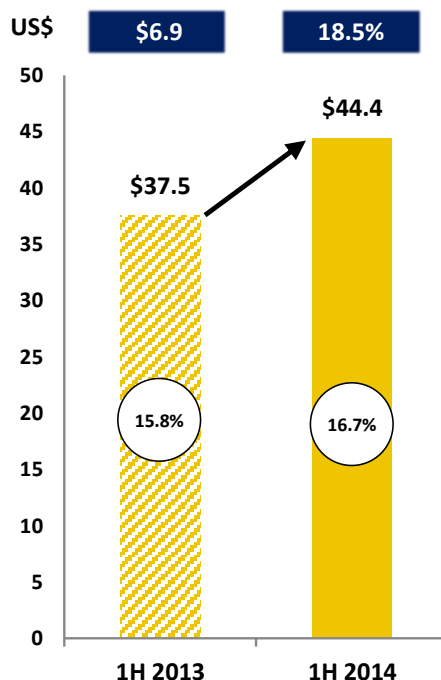


# Europe – Sales growth of 10.3% on a constant currency basis with strong margin improvement

## Net Sales



## Adjusted EBITDA



○ Indicates % of sales

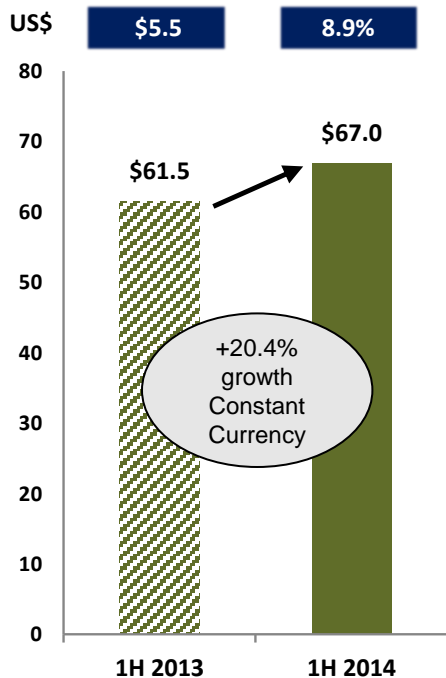
- On a constant currency basis, sales growth was 10.3%, led by Italy +13.1%<sup>(1)</sup>, Turkey +36.9%<sup>(1)</sup>, Russia +11.2%<sup>(1)</sup> and Germany +6.2%<sup>(1)</sup>.
- Italy +13.1%<sup>(1)</sup> and Spain +11.3%<sup>(1)</sup> continued to show early signs of economic improvement.
- Sales growth was led by the Retail channel, which is up 20.2%<sup>(1)</sup> on strong growth in direct-to-consumer e-commerce of 60.6%<sup>(1)</sup>, comp sales of 8.3%<sup>(1)</sup> and 17 net new store openings. Wholesale channel sales increased 7.0%<sup>(1)</sup>.
- Samsonite* and *American Tourister* sales increased 8.7%<sup>(1)</sup> and 19.1%<sup>(1)</sup>, respectively. Sales of *American Tourister* in 1H 2014 now comprise 6.5% of total Europe sales, up from 6.0% in 1H 2013.
- Sales for the Travel and Business categories increased 7.0%<sup>(1)</sup> and 36.9%<sup>(1)</sup>, respectively, while Casual category sales decreased by 3.2%<sup>(1)</sup> as the focus is on *High Sierra* product expected to launch in the 2<sup>nd</sup> half of the year.
- EBITDA margin increased from 15.8% to 16.7% due primarily to 80bp gross margin improvement resulting from a higher proportion of sales coming from direct-to-consumer channels and favorable currency rates reducing product costing.

(1) Growth is stated on a constant currency basis

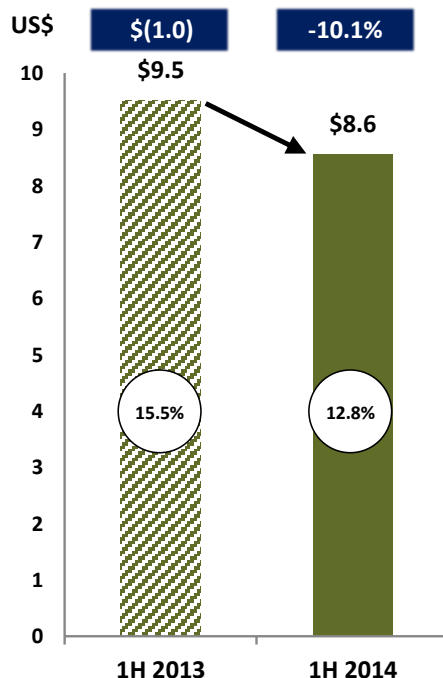


# Latin America – Constant currency sales growth of 20.4% with early traction in Brazil

## Net Sales



## Adjusted EBITDA



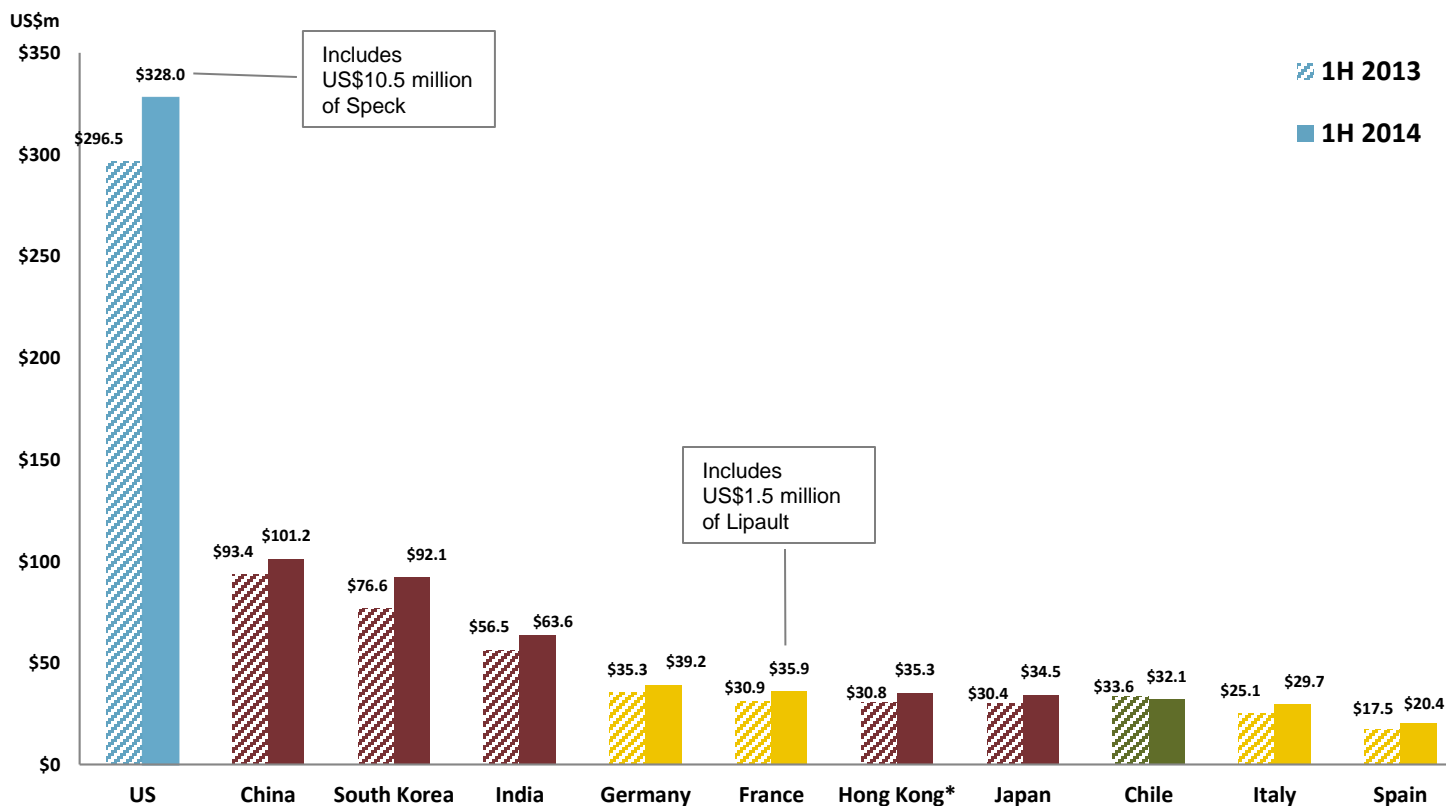
○ Indicates % of sales

- Sales increased 20.4% on a constant currency basis.
- Strong sales growth in Chile and Mexico, up 10.2%<sup>(1)</sup> and 13.1%<sup>(1)</sup>, respectively.
- Brazil sales increased by 236.7%<sup>(1)</sup> from US\$2.9 million in 1H 2013 to US\$9.0 million in 1H 2014, mainly due to the transition from a distributor model to a direct import and sales model implemented in 2<sup>nd</sup> half of 2013. Gross margins are temporarily lower than anticipated due to continuing liquidation of inventory from former distributors.
- Sales in Argentina are down 59.9%<sup>(1)</sup> from US\$3.3 million in 1H 2013 to US\$0.8 million due to continued import restrictions imposed by the local government. The Company has mitigated its fixed cost exposure going forward. Excluding Argentina, sales growth is 24.9% on a constant currency basis.
- Adjusted EBITDA as a percentage of sales decreased 270bp due to 370bp drop in gross margins, partly offset by decreased advertising spend as a percentage of sales. The gross margin decrease is primarily the result of currency devaluation causing increased product costing in Chile (approx. 170bp decrease) and from the disposition of inventory received from former distributors (approx. 150bp decrease) that is expected to complete by the end of 2014.



# Sales in Key Markets

Strong constant currency growth in all key markets



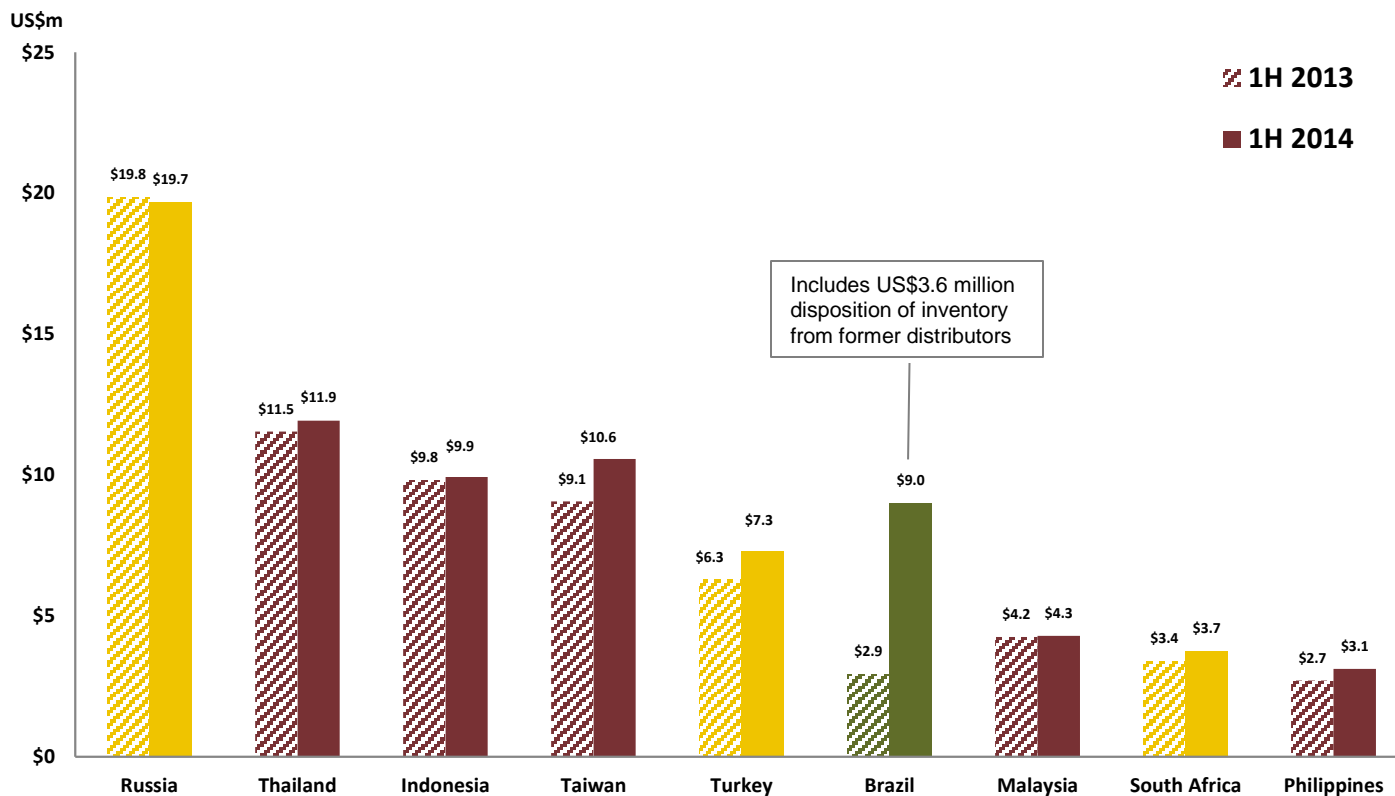
	US	China	South Korea	India	Germany	France	Hong Kong*	Japan	Chile	Italy	Spain
USD Growth	10.6%	8.3%	20.2%	12.6%	11.1%	16.1%	14.7%	13.6%	-4.5%	18.5%	16.3%
Constant Currency Growth	10.6%	8.1%	14.6%	24.6%	6.2%	11.1%	14.6%	22.9%	10.2%	13.1%	11.3%

\* Includes Macau



# Sales in Emerging Markets

Continued brand penetration driving growth in emerging markets



USD Growth	-0.9%	3.5%	1.2%	16.7%	15.8%	207.0%	1.2%	10.9%	15.6%
Constant Currency Growth	11.2%	13.1%	21.6%	18.7%	36.9%	236.7%	7.0%	28.3%	24.5%





# 2014 Acquisitions

---



Lipault  
PARIS





# 2014 Acquisitions

Lipault  
PARIS

---

- Lipault is a youthful, vibrant and chic French luggage brand known for its functional and fashionable designs.
- Acquired all of the outstanding capital stock on April 1, 2014 for EUR 20.0 million in cash, with a subsequent working capital adjustment of an additional EUR 0.1 million (approx. US\$28.0 million after adjustment).
- 2013 net sales of €6.5 million.
- Extends the Company's brand portfolio to engage with a wider base of fashionable female consumers through its signature Parisian style and vibrant colors.
- Strategy is to utilize Samsonite's well-established distribution network and extensive retail presence to expand Lipault's respected brand in France and into additional markets in Europe (95% of Lipault's 2013 sales came from France) while evaluating opportunities to expand further in Asia and the Americas.



# 2014 Acquisitions



- Speck produces a diverse range of sleek, stylish, and functionally innovative products that provide superior military-grade protection for mobile devices across multiple brands and is particularly well-known for its “slim protection” designs such as the iconic CandyShell “hard-soft” material case – a technology that Speck pioneered.
- Acquired all of the outstanding capital stock on May 28, 2014 for US\$85.0 million in cash, with a subsequent working capital adjustment of US\$0.2 million for a total purchase price of US\$84.8 million.
- 2013 net sales of US\$104.8 million.
- Extends the Company’s brand portfolio beyond its traditional strength in travel luggage products and provides the Company with a strong brand and product offering resulting in an immediate foothold in the market for protective cases for smartphones, tablets, laptops and other personal electronic devices.
- Strategy is to utilize Samsonite’s resources, excellence in operations and marketing and well-established distribution network to further strengthen Speck’s business in the U.S. and significantly expand the brand’s presence across Asia, Europe and Latin America.



# 2014 Acquisitions



- Gregory Mountain Products (“Gregory”) is an iconic technical outdoor backpack brand that is known as a pioneer in its field and is well-respected by active outdoor and adventure enthusiasts.
- The purchase of substantially all of the assets of Gregory was signed on June 18, 2014 and closed July 23, 2014 for US\$84.1 million in cash.
- 2013 net sales of US\$34.9 million.
- Extends the Company’s brand portfolio into the premium segment of the outdoor bag category as a perfect complement to *High Sierra*, which is a well-known and respected brand in the mid-market segment.
- Gregory's lifestyle products which are widely popular in Japan represents a unique opportunity to further develop and replicate the success of the premium lifestyle fashion brand in other key Asian markets.
- Strategy is to leverage Samsonite’s marketing and well-established distribution capabilities to further expand Gregory’s business in the U.S. and significantly grow the *Gregory* brand internationally.



# Progress on 2012 Acquisitions



- Sales growth of US\$9.3 million, or 22.5% on a constant currency basis over 1H 2013.
- Design, sales and management is operated primarily in Chicago office.
- Sourcing, distribution and back-office operations and systems have been fully integrated since 1H 2013.
- Advertising spend has been increased since the acquisition to further expand brand awareness.
- Brand has launched in Asia, where it has more than doubled from 1H 2013 and is in early introduction in Europe and Latin America.

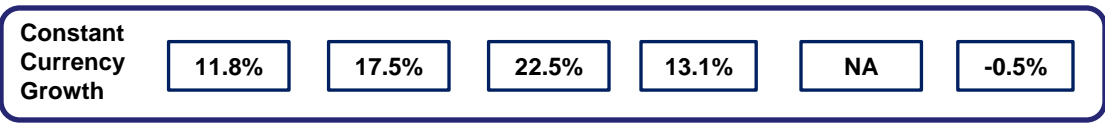
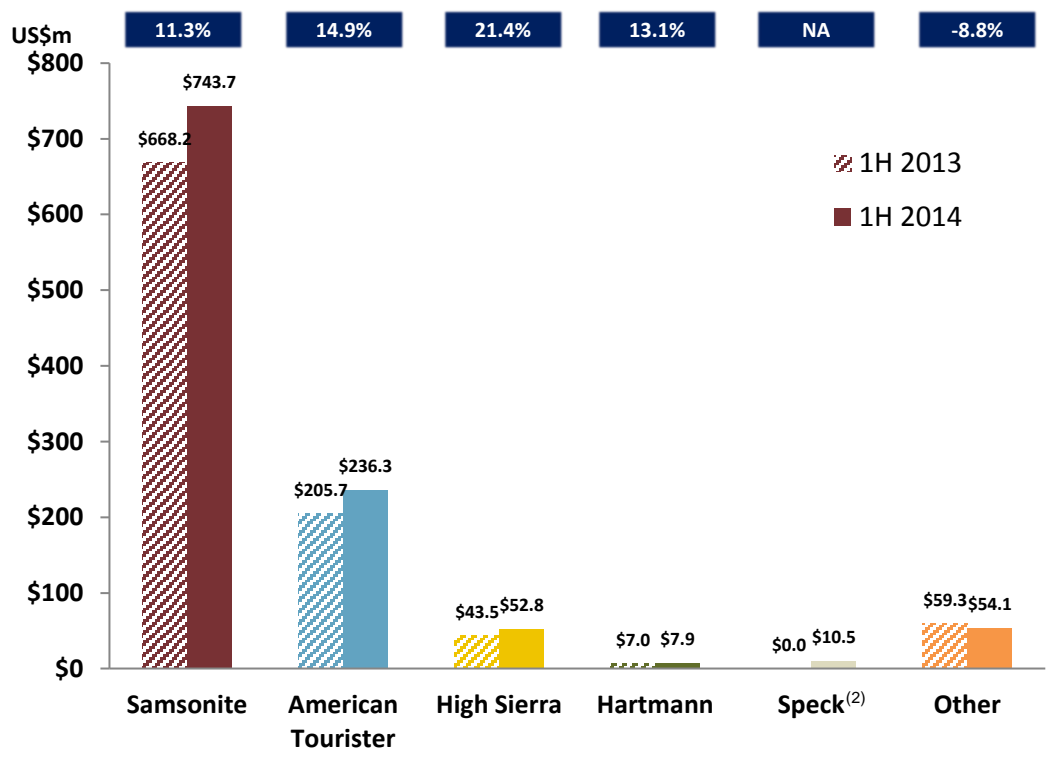


- Sales growth of US\$0.9 million, or 13.1% over 1H 2013.
- Sourcing, distribution and back-office operations and systems have been fully integrated since 1H 2013.
- Initial product redesign has been completed and has garnered excitement from premium retail customers.
- Global brand expansion is underway with approximately 10 new store openings anticipated in 2H 2014 in North America and Asia, including a flagship store opening on Madison Avenue in NYC in Q3.
- Advertising spend has been increased since the acquisition to further expand brand awareness.



# Strong Sales Growth in All Brands

## Net Sales Growth by Brand



(2) Speck brand was acquired in May 2014.

- Continued growth in *Samsonite* with constant currency net sales up 11.8%
  - Asia +15.4%<sup>(1)</sup>, North America +9.7%<sup>(1)</sup>, Europe +8.7%<sup>(1)</sup>, Latin America +29.1%<sup>(1)</sup>
- Strong constant currency net sales growth of 17.5% in *American Tourister*
  - Asia +18.3%<sup>(1)</sup>, Europe +19.1%<sup>(1)</sup>, North America +8.6%<sup>(1)</sup>, Latin America +69.3%<sup>(1)</sup>
- High Sierra* sales growth of 22.5% on a constant currency basis is coming mainly from North America, but has also expanded into Asia +US\$3.1 million<sup>(1)</sup>, Latin America +US\$0.7 million<sup>(1)</sup> and Europe +US\$0.6 million<sup>(1)</sup>.
- Hartmann* sales growth of 13.1% is nearly all from North America, but global brand expansion is underway in Europe and Asia expected to begin contributing to sales growth in 2H 2014.
- Other brands remained relatively flat with decreased sales on private label and licensed brands in North America, offset by growth of *Saxoline*, *Xtrem* and *Secret* in Latin America.

(1) Growth is stated on a constant currency basis

(1) Growth is stated on a constant currency basis



Samsonite

# Key Product Assortment

Samsonite - FIRELITE



Samsonite - SPARK



Samsonite - COSMOLITE (DISNEY COLLECTION)



Samsonite Red - LIEBE



Samsonite - B-LITE



Samsonite Red - NEWYORKER



Samsonite - TEKTONIC



Samsonite - PRO DLX 4



Samsonite - SPIN TRUNK



Samsonite - XENON2



Samsonite - S'CURE



Samsonite - SPHERE DRIVE

Samsonite



# Key Product Assortment

BONAIR



MERIDIAN 360 XLT



SKY



AT - XPERTIZE



HS - MV+



BUSINESS BAGS



PASADENA



ILITE X'TREME



SPOT-LITE IV







# Key Product Assortment



Classic 2 Hydration Collection



Tech Hydration Collection



BTS Backpacks - SWERVE



Frame Packs - SENTINEL 65



School Backpacks - LYELL



Office Backpacks - XBT



BTS Backpacks - FATBOY



XBT Collection



Sportour Collection



Performance Ski Collection



Leisure Backpacks - PIUTE



Wheeled Items - CHASER



Hydration Packs - BARCROFT 10





# hartmann

## Key Product Assortment



Esperto - Cross Shoulder Bag



Esperto - Vertical Tote



7R



Classico Walker Collection



American Belting Reserve - Slim Brief



Denovo



Esnoble



Esperto - Business Tote



Heritage - Flap Brief



Intensity SPL





# (\*) speck Key Product Assortment





Lipault  
PARIS

# Key Product Assortment



Lady Plume  
Weekend Bag

Plume  
Business  
Case  
Wheeled



Lady Plume Weekend  
Bag Wheeled



Originale Plume Spinner



Pliable  
Upright

Lady Plume  
Handbag



Pliable  
Upright



# Key Product Assortment

DEVA



STOUT 65



PACE 3 and TEMPO 3



Satchel – GARDEN TAPESTRY



LAGUNA



AMBER 60



BALTORO



TEMPO 3



JADE SERIES



SUNBIRD KLETTER



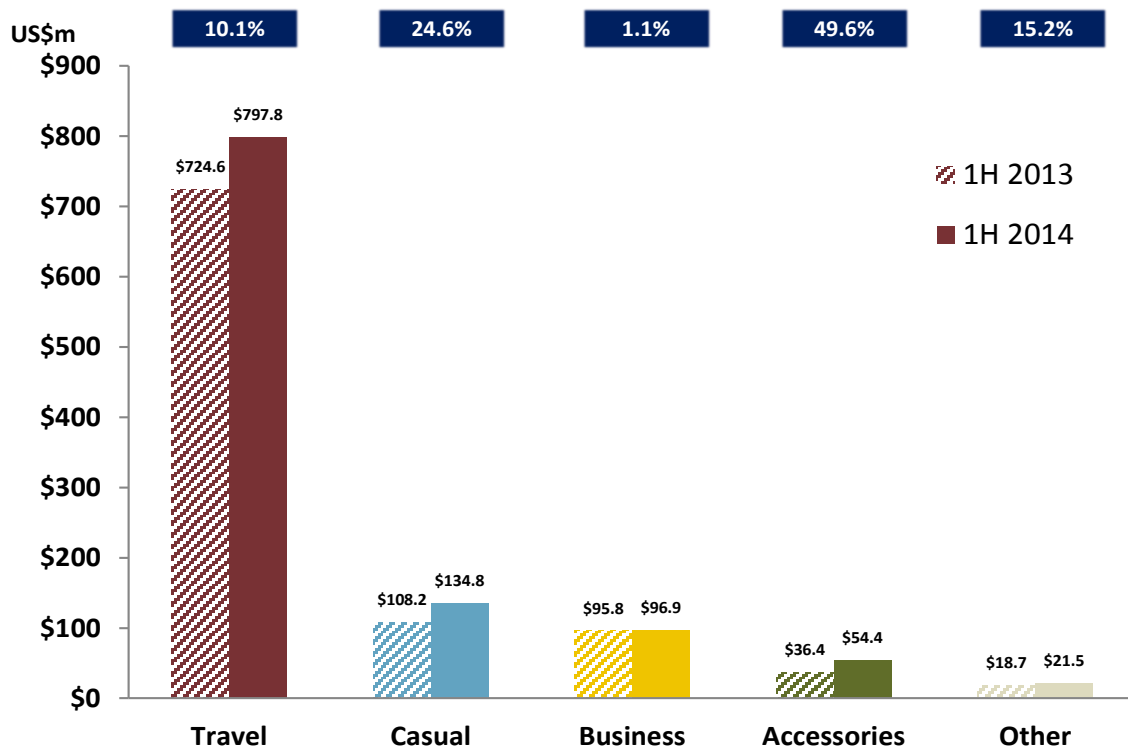
Z SERIES





# Strong Sales Growth Across All Major Product Categories

## Net Sales Growth by Product Category



- Travel remains our largest product category and traditional strength with 11.2% constant currency growth.
- Casual category net sales increased 28.1%<sup>(1)</sup>, driven by *Samsonite Red* in Asia, *High Sierra* in North America, and strong back-to-school sales of *Xtrem* and the successful launch of the *Secret ladies'* handbags line in Latin America.
- Net sales in Business category increased by 2.3% on a constant currency basis:
  - Growth of 36.9%<sup>(1)</sup> in Europe due largely to successful new product introductions.
  - 5.2%<sup>(1)</sup> decrease in North America is due to non-repetition of certain sales to wholesale customers in conjunction with new product introductions in 2013.
  - 5.3%<sup>(1)</sup> decrease in Asia is due to the timing of B2B sales in China that occurred in 1<sup>st</sup> half of 2013 that are expected to occur in 2<sup>nd</sup> half of 2014.
- Net sales of Accessories increased by 52.4%<sup>(1)</sup> mainly due to the acquisition of *Speck*. Excluding *Speck*, Accessories sales growth was 23.5%<sup>(1)</sup>.

Constant Currency Growth

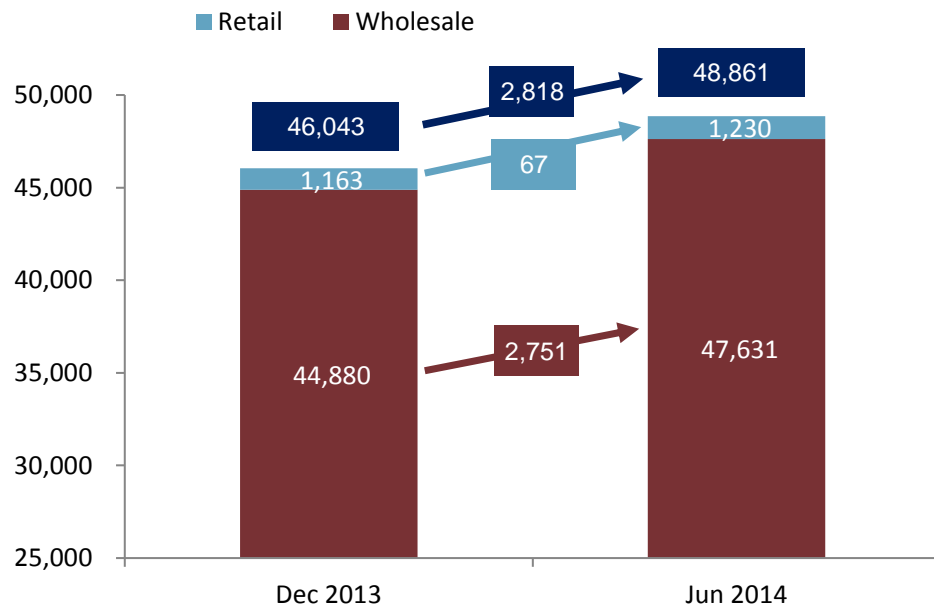
11.2%	28.1%	2.3%	52.4%	15.7%
-------	-------	------	-------	-------

(1) Growth is stated on a constant currency basis



# Continued Expansion in Points of Sale

## Total Points of Sale



Note: POS increases are net of POS closures. Does not include Speck POS.

- ⌚ Over 2,000 POS added in North America wholesale, primarily from additional doors at sporting goods retailers for *High Sierra* but also in discounters, department stores, mass merchants and consumer electronics retailers.
- ⌚ Over 350 POS added in Asia
  - ⌚ +150 in India (129 wholesale, 21 retail)
  - ⌚ +80 in China (71 wholesale, 9 retail)
- ⌚ 200 POS added in Europe
  - ⌚ +99 Wholesale POS in Germany
  - ⌚ +93 Wholesale POS in Russia
  - ⌚ +16 company owned stores spread across the region
- ⌚ POS in Latin America up by about 150, primarily in Brazil traditional/independent stores wholesale channel.
- ⌚ Separate to physical POS, wholesale sales to E-retailers increased around 33% year over year and direct to consumer sales through our e-commerce platform increased 35%. Sales through these two channels are approximately 6% of total sales, up from around 5% last year.

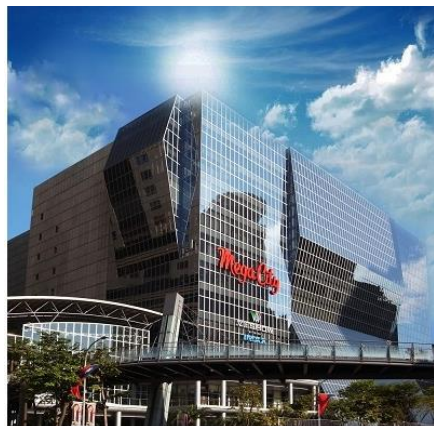


# Selection of Recently Opened Stores

Hartmann - Beijing New Lufthansa Golden Street Mall, Beijing, China – July 2014



Hartmann – Taipei Mega City Mall, Taipei, Taiwan – July 2014







# Selection of Recently Opened Stores



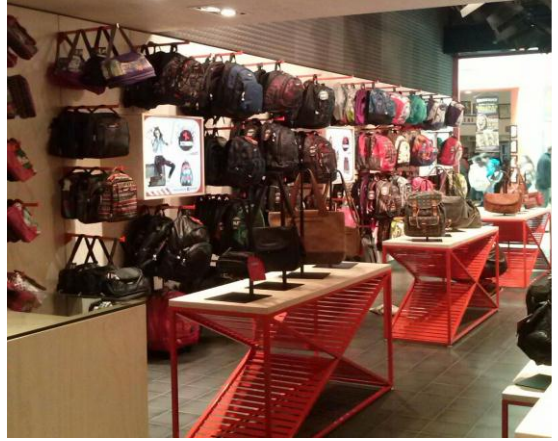
Samsone – Boulevard des Capucines, Paris, France



American Tourister – Yeonsinnae, Gyeonggi-do, Korea



Xtrem – La Serena, Chile



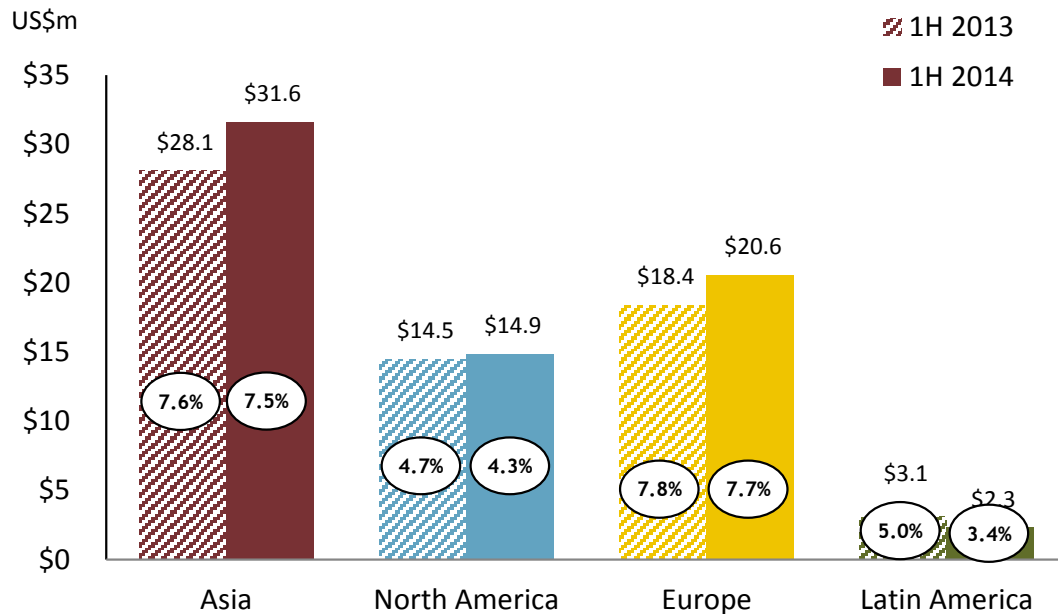
Samsone Red – Wheelock Place, Singapore





# Advertising campaigns continue to drive sales growth in all regions

## Advertising Spend



○ Indicates % of sales

- Advertising spend is up US\$5.3 million, or 8.2%, from US\$64.1 million to US\$69.4 million, year over year.
- Advertising spend of 6.3% of sales in 1H 2014 is down slightly compared to 6.5% in 1H 2013.
- The company expects advertising spend as a percentage of sales in the 2<sup>nd</sup> half of 2014 to increase by 30-50bp to support new brands and drive *American Tourister* growth.



# Targeted Brand & Product Advertising Asia

## Samsonite Red

## Samsonite – “Firelite”

## American Tourister

## Samsonite Business Leather





# Targeted Brand & Product Advertising North America

## High Sierra



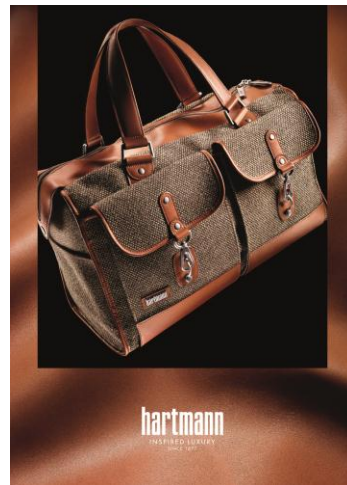
## Samsonite



## American Tourister



## Hartmann





# Targeted Brand & Product Advertising Europe

**Samsonite**



**American Tourister**

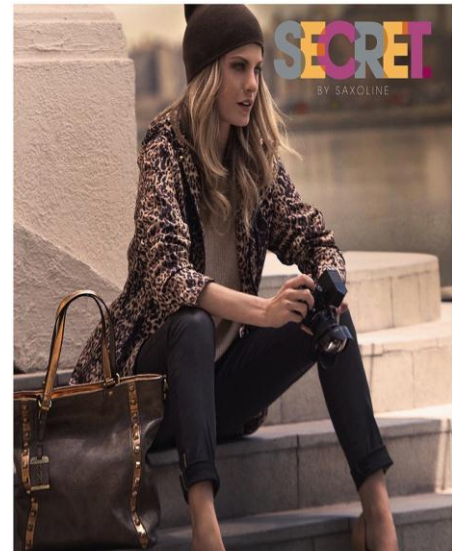


**High Sierra**





# Targeted Brand & Product Advertising Latin America





# Agenda

---

- Results Highlights
- Business Overview
- **Financial Overview**
- Outlook and Strategy for 2<sup>nd</sup> Half 2014
- Q&A



# Key Financial Highlights

---

- Adjusted EBITDA margin continues to improve, up 30bps from 1H 2013 to 16.9%.
- Adjusted net income up 13.9%, with earnings per share on an adjusted basis increasing from US\$0.066 at June 30, 2013 to US\$0.075 at June 30, 2014.
- Net cash position decreased US\$103.2 million from December 31, 2013 to US\$106.6 million as of June 30, 2014 due primarily to the acquisitions of Lipault and Speck and some temporary increase in working capital.
- Net working capital efficiency of 16.0%<sup>(1)</sup> is temporarily higher than the targeted level of 14.0% as inventory levels are increased in advance of summer shipments and initial working capital funding for recent acquisitions.
- The Company paid out a cash distribution of US\$80.0 million or approximately US\$0.0568 per share on July 11, 2014, more than double the cash distribution paid out in 2013.
- Capital expenditures are up US\$14.0 million to US\$31.1 million in 1H 2014 compared to US\$17.1 million in 1H 2013, driven by the expansion of our Hungary production facility and the construction of an additional warehouse in Belgium.
- Expanded our line of credit from US\$300 million to US\$500 million in June 2014, with US\$80.0 million drawn on the facility as of June 30, 2014 to partially fund the acquisitions of Lipault and Speck.

(1) June 30, 2014 net working capital efficiency is based on pro forma YTD sales results for Lipault and Speck.





# Strong Balance Sheet

US\$m	June 30, 2014	December 31, 2013	June 30, 2013	\$ Chg Jun- 14 vs. Jun-13	% Chg Jun- 14 vs. Jun-13
Cash and cash equivalents	204.9	225.3	164.4	40.5	24.6%
Trade and other receivables, net	314.2	246.4	258.1	56.2	21.8%
Inventories, net	350.1	298.4	267.9	82.1	30.7%
Other current assets	73.0	65.3	56.2	16.8	30.0%
Non-current assets	1,212.6	1,099.5	1,091.7	120.9	11.1%
<b>Total Assets</b>	<b>2,154.8</b>	<b>1,934.9</b>	<b>1,838.3</b>	<b>316.5</b>	<b>17.2%</b>
Current liabilities (excluding debt)	596.5	488.1	493.9	102.6	20.8%
Non-current liabilities (excluding debt)	210.6	202.5	212.0	(1.4)	-0.6%
Total borrowings	95.0	13.7	5.7	89.3	1558.3%
Total equity	1,252.7	1,230.6	1,126.7	126.0	11.2%
<b>Total Liabilities and Equity</b>	<b>2,154.8</b>	<b>1,934.9</b>	<b>1,838.3</b>	<b>316.5</b>	<b>17.2%</b>
<b>Total Net Cash (Debt)<sup>(1)</sup></b>	<b>106.6</b>	<b>209.8</b>	<b>156.2</b>	<b>(49.6)</b>	<b>-31.8%</b>

(1) Total Net Cash (Debt) excludes deferred financing costs, which are included in total borrowings

- Net cash position of US\$106.6 million as of June 30, 2014, is down \$103.2 million from December 31, 2013 due primarily to the acquisitions of Speck (US\$85 million) and Lipault (US\$28 million).
- Net working capital of US\$371.5 million is up 38.2% from US\$268.7 million at June 30, 2013, largely driven by sales growth and expanded brand and product assortment. The June 2014 net working capital includes \$26.8m for Speck and Lipault.
- Line of credit expanded from US\$300 million to US\$500 million in June 2014, with US\$80.0 million of outstanding borrowings and the utilization of US\$3.6 million of the facility for outstanding letters of credit extended to certain creditors as of June 30, 2014.



# Efficiently Managing Working Capital

US\$m	June 30, 2014	December 31, 2013	June 30, 2013	\$ Chg jun-14 vs. jun-13	% Chg jun-14 vs. jun-13
<b>Working Capital Items</b>					
Inventories	\$ 350.1	\$ 298.4	\$ 267.9	\$ 82.1	30.7%
Trade and Other Receivables	\$ 314.2	\$ 246.4	\$ 258.1	\$ 56.2	21.8%
Trade Payables	\$ 292.8	\$ 282.2	\$ 257.3	\$ 35.5	13.8%
<b>Net Working Capital</b>	<b>\$ 371.5</b>	<b>\$ 262.6</b>	<b>\$ 268.7</b>	<b>\$ 102.8</b>	<b>38.2%</b>
% of Net Sales	16.0% <sup>(1)</sup>	12.9%	13.5%		
<b>Turnover Days</b>					
Inventory Days	116	115	105		
Trade and Other Receivables Days	49	44	47		
Trade Payables Days	97	108	101		
<b>Net Working Capital Days</b>	<b>68</b>	<b>51</b>	<b>51</b>		

(1) June 30, 2014 net working capital efficiency and turnover days are based on pro forma YTD P&L results for Lipault and Speck.

- Net working capital efficiency of 16.0%<sup>(1)</sup> is temporarily higher than the target level of 14.0%.
- Inventory turnover days increased from 105 days at June 30, 2013 to 116 days at June 30, 2014, largely due to higher inventory levels to support increased customer demand and new product introductions and the transition of Brazil, Colombia and Peru to a direct sales model.
- Trade and other receivables turnover days of 49 days is slightly higher than 47 days at June 30, 2013 due largely to higher sales in Brazil under direct model where receivable terms are longer.
- Trade payables turnover days of 97 days is down 4 days from June 30, 2013 due to timing of payments.

- Inventory turnover days calculated as ending inventory balance divided by cost of sales for the period and multiplied by the number of days in the period.
- Trade and other receivables turnover days calculated as ending trade and other receivables balance divided by sales for the period and multiplied by the number of days in the period.
- Trade payables turnover days calculated as ending trade payables balance divided by cost of sales for the period and multiplied by the number of days in the period.



# Capital Expenditure

## Capital Expenditure by Project Type

US\$m	1H 2014	1H 2013
Retail	9.0	8.9
Product Development / R&D/ Supply	18.4	4.9
Information Services and Facilities	3.2	2.2
Other	0.5	1.1
<b>Total Capital Expenditures</b>	<b>\$31.1</b>	<b>\$17.1</b>

- 2014 Retail capex consists mainly of new stores and remodels in Asia of US\$4.1 million, Europe of US\$2.5 million, North America of US\$1.2 million and Latin America of US\$1.2 million.
- Capex on product development / R&D / Supply includes US\$5.9 million towards expansion of our production facility in Hungary and US\$2.5 million towards construction of a new warehouse in Belgium. Both of these projects started in 2013 and will complete in 2014. Other investments include US\$2.0 million for two injection moulding machines in Belgium and US\$2.0 million for S'Cure moulds and tooling in India.



# Agenda

---

- Results Highlights
- Business Overview
- Financial Overview
- Outlook and Strategy for 2nd Half 2014
- Q&A



# Outlook & Strategy for 2<sup>nd</sup> Half of 2014

---

- Continue to gain market share and drive growth by leveraging the strength of our brands; *Samsonite, American Tourister, High Sierra, Hartmann, Speck, Gregory and Lipault*.
- Allocate more resources, particularly marketing, to drive *American Tourister* sales growth in Europe and Asia, extend the brand reach of *Samsonite Red* throughout Asia and support the global expansion of acquired brands.
- Global *Hartmann* rollout with flagship store opening on Madison Avenue in New York City in Q3 and approximately 10 new store openings anticipated in North America and Asia and in the 2<sup>nd</sup> half of 2014.
- Focus on the integration and execution of strategic plans for Speck, Gregory and Lipault to begin to realize anticipated revenue growth and cost synergies in sourcing, systems and back-office support functions.
- Continually improve the efficiency and effectiveness of our supply chain and global distribution network.
- Continually evaluate acquisition opportunities that have a compelling strategic fit, leveraging strong management team and balance sheet capacity.
- Ramesh Tainwala to take over as CEO and Tim Parker to continue as Chairman of the Board, effective October 1.



# Agenda

---

- Results Highlights
- Business Overview
- Financial Overview
- Outlook and Strategy for 2<sup>nd</sup> Half 2014

• Q&A