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)

Interim Results Announcement for the Six Months Ended June 30, 2019

Disclaimer

Non-IFRS Measures

The Company has presented certain non-IFRS[1] measures in the financial highlights section, Chairman's Statement, Chief Executive Officer's Statement 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. 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[2], 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 percentages and key figures were calculated using the underlying data in whole US Dollars.

Notes

(1) International Financial Reporting Standards as issued by the International Accounting Standards Board.

(2) Earnings before interest, taxes, depreciation and amortization.

The Board of Directors of Samsonite International S.A. (the “Company”), together with its consolidated subsidiaries (the “Group”), is pleased to announce the consolidated interim results of the Group for the six months ended June 30, 2019 together with comparative figures for the six months ended June 30, 2018. The following financial information, including comparative figures, has been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”).

On January 1, 2019, the Group adopted IFRS 16, *Leases* ("IFRS 16") (see note 3(b) Changes in Accounting Policies in the Notes to the Consolidated Interim Financial Statements). The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information for the six months ended June 30, 2018 on the consolidated income statement and in the “as reported” column in the summary financial results 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 six months ended June 30, 2018 an “as adjusted for IFRS 16” column in the summary financial results table below to present its financial performance for the six months ended June 30, 2018 on a comparable basis. Such amounts reflect management’s best estimate based on its evaluation of the impact and are non-IFRS measures (see bridges in the Management Discussion and Analysis - Adjusted EBITDA and the Management Discussion and Analysis - Adjusted Net Income sections below).

Summary Financial Results

The following table sets forth summary financial results for the six months ended June 30, 2019 and June 30, 2018.

	Six months ended June 30,				
	As reported		**As adjusted for IFRS 16**[1]	**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[2]
Net sales	**1,755.7**	1,848.7	1,848.7	(5.0)%	(1.5)%
Operating profit[3]	**124.0**	201.8	208.3	(38.5)%	(36.9)%
Profit for the period[4]	**58.3**	77.9	70.4	(25.1)%	(23.8)%
Profit attributable to the equity holders[5]	**49.1**	67.8	60.4	(27.5)%	(26.0)%
Adjusted Net Income[6],[7]	**97.0**	119.8	111.2	(19.0)%	(17.7)%
Adjusted EBITDA[6],[8]	**213.5**	276.8	265.0	(22.9)%	(20.0)%
Adjusted EBITDA Margin[9]	**12.2%**	15.0%	14.3%		
Basic earnings per share ("EPS")[10] *(Expressed in US Dollars per share)*	**0.034**	0.048	0.042	(27.8)%	(26.3)%
Diluted EPS[10] *(Expressed in US Dollars per share)*	**0.034**	0.047	0.042	(27.2)%	(25.6)%
Adjusted Basic EPS[11] *(Expressed in US Dollars per share)*	**0.068**	0.084	0.078	(19.3)%	(18.0)%
Adjusted Diluted EPS[11] *(Expressed in US Dollars per share)*	**0.068**	0.083	0.077	(18.6)%	(17.3)%

Notes

(1) The “as adjusted for IFRS 16” column in the financial results above presents the Group's financial performance for the six months ended June 30, 2018 on a comparable basis. Such amounts reflect management’s best estimate based on its evaluation of the impact and are non-IFRS measures.

(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.

(3) Operating profit for the six months ended June 30, 2019 decreased by US$44.7 million, or 21.5% (-19.6% constant currency), to US$163.6 million when excluding the Non-cash Impairment Charge (as defined below) and the costs to implement profit improvement initiatives during the six months ended June 30, 2019, compared to US$208.3 million for the same period in the previous year (as recast to adjust for IFRS 16 impacts). Operating profit, as reported, decreased by US$77.8 million, or 38.5% (-36.9% constant currency), year-on-year to US$124.0 million.

(4) Profit for the period for the six months ended June 30, 2019 decreased by US$14.7 million, or 13.4% (-12.1% constant currency), to US$95.3 million when excluding the Non-cash Impairment Charge (as defined below) and the costs to implement profit improvement initiatives, net of the related tax impact during the six months ended June 30, 2019, compared to US$110.0 million for the same period in the previous year (as recast to adjust for IFRS 16 impacts) when excluding the non-cash charge of US$53.3 million and the related tax impact during the six months ended June 30, 2018 to write-off the deferred financing costs associated with the Original Senior Credit

Facilities (as defined below) in conjunction with the 2018 Refinancing (as described in further detail in the Indebtedness section of Management Discussion and Analysis below). Profit for the period, as reported, decreased by US$19.6 million, or 25.1% (-23.8% constant currency), year-on-year to US$58.3 million.

(5) Profit attributable to the equity holders for the six months ended June 30, 2019 decreased by US$13.8 million, or 13.9% (-12.4% constant currency), to US$86.1 million when excluding the Non-cash Impairment Charge (as defined below) and the costs to implement profit improvement initiatives, net of the related tax impact during the six months ended June 30, 2019, compared to US$99.9 million for the six months ended June 30, 2018 (as recast to adjust for IFRS 16 impacts) when excluding the non-cash charge of US$53.3 million and the related tax impact during the six months ended June 30, 2018 to write-off the deferred financing costs associated with the Original Senior Credit Facilities (as defined below) in conjunction with the 2018 Refinancing (as described in further detail in the Indebtedness section of Management Discussion and Analysis below). Profit attributable to the equity holders, as reported, decreased by US$18.7 million, or 27.5% (-26.0% constant currency), from the same period in the previous year to US$49.1 million.

(6) When comparing the reported results for Adjusted Net Income and Adjusted EBITDA (as defined below) for the six months ended June 30, 2019 against the "as adjusted for IFRS 16" results for the six months ended June 30, 2018, the year-on-year changes were:
- Adjusted Net Income decreased by 12.8% (-11.3% constant currency); and
- Adjusted EBITDA (as defined below) decreased by 19.4% (-16.4% constant currency).

(7) 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 "Management Discussion and Analysis - Adjusted Net Income" for a reconciliation from the Group's profit for the period to Adjusted Net Income.

(8) 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 further discussion in note 3(b) Changes in Accounting Policies in the Notes to the Consolidated Interim Financial Statements). 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 these measures provide additional information that is useful in gaining a more complete understanding of its operational performance and of the underlying trends of its business. See "Management Discussion and Analysis - Adjusted EBITDA" for a reconciliation from the Group's profit for the period to Adjusted EBITDA.

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

(10) Basic earnings per share ("Basic EPS") decreased by 27.8% to US$0.034 for the six months ended June 30, 2019 from US$0.048 for the six months ended June 30, 2018. Diluted earnings per share ("Diluted EPS") decreased by 27.2% to US$0.034 for the six months ended June 30, 2019 from US$0.047 for the six months ended June 30, 2018. Basic EPS, as adjusted, decreased by 14.2% to US$0.060 for the six months ended June 30, 2019 when excluding the Non-cash Impairment Charge (as defined below) and the costs to implement profit improvement initiatives, net of the related tax impact during the six months ended June 30, 2019, compared to US$0.070 for the same period in the previous year. Diluted EPS, as adjusted, decreased by 13.4% to US$0.060 for the six months ended June 30, 2019 when excluding the same charges and costs as noted above, compared to US$0.069 for the same period in the previous year. Basic EPS, as adjusted, and Diluted EPS, as adjusted, for the six months ended June 30, 2018 have been recast to adjust for IFRS 16 impacts and exclude the non-cash charge of US$53.3 million and the related tax impact to write-off the deferred financing costs associated with the Original Senior Credit Facilities (as defined below) in conjunction with the 2018 Refinancing (as described in further detail in the Indebtedness section of Management Discussion and Analysis below).

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

Financial Highlights

- Net sales for the six months ended June 30, 2019 decreased by US$27.8 million, or 1.5%, on a constant currency basis compared to the six months ended June 30, 2018. US Dollar reported net sales were US$1,755.7 million for the six months ended June 30, 2019, reflecting a decrease of US$93.0 million, or 5.0% compared to the corresponding period in the previous year. The net sales decline was due to headwinds faced by the business in the United States, China's business-to-business channel, South Korea and Chile, as well as due to unfavorable foreign currency impacts. Excluding the effects of these headwinds, the Group's constant currency net sales increased by US$34.6 million, or 3.5%, for the six months ended June 30, 2019 compared to the same period in the previous year, and US Dollar reported net sales decreased by US$19.5 million, or 2.0%, for the six months ended June 30, 2019 compared to the same period in the previous year.
- The Group spent US$103.1 million on marketing during the six months ended June 30, 2019 compared to US$114.3 million for the six months ended June 30, 2018, a decrease of US$11.3 million, or 9.8% (-6.8% constant currency). As a percentage of net sales, marketing expenses decreased by 30 basis points to 5.9% for the six months ended June 30, 2019 from 6.2% for the six months ended June 30, 2018.
- Based on an evaluation of loss-making stores in the six months ended June 30, 2019 and the anticipated closure of some of these stores, the Group recognized a non-cash impairment charge totaling US$29.7 million for the first half of 2019, comprised of the write-off of US$21.0 million of lease right-of-use assets associated with such stores that were recently recognized with the adoption of IFRS 16 and a US$8.7 million impairment for property, plant and equipment of such stores (the "Non-cash Impairment Charge").
- Operating profit for the six months ended June 30, 2019 decreased by US$44.7 million, or 21.5% (-19.6% constant currency), to US$163.6 million when excluding the Non-cash Impairment Charge and the costs to implement profit improvement initiatives during the six months ended June 30, 2019, compared to US$208.3 million for the same period in the previous year (as recast to adjust for IFRS 16 impacts)[(1)]. Operating profit, as reported, decreased by US$77.8 million, or 38.5% (-36.9% constant currency), year-on-year to US$124.0 million.
- Profit for the period for the six months ended June 30, 2019 decreased by US$14.7 million, or 13.4% (-12.1% constant currency), to US$95.3 million when excluding the Non-cash Impairment Charge and the costs to implement profit improvement initiatives, net of the related tax impact during the six months ended June 30, 2019, compared to US$110.0 million for the same period in the previous year (as recast to adjust for IFRS 16 impacts)[(1)] when excluding the non-cash charge of US$53.3 million and the related tax impact during the six months ended June 30, 2018 to write-off the deferred financing costs associated with the Original Senior Credit Facilities (as defined below) in conjunction with the 2018 Refinancing (as described in further detail in the Indebtedness section of Management Discussion and Analysis below). Profit for the period, as reported, decreased by US$19.6 million, or 25.1% (-23.8% constant currency), year-on-year to US$58.3 million.
- Profit attributable to the equity holders for the six months ended June 30, 2019 decreased by US$13.8 million, or 13.9% (-12.4% constant currency), to US$86.1 million when excluding the Non-cash Impairment Charge and the costs to implement profit improvement initiatives, net of the related tax impact during the six months ended June 30, 2019, compared to US$99.9 million for the six months ended June 30, 2018 (as recast to adjust for IFRS 16 impacts)[(1)] when excluding the non-cash charge of US$53.3 million and the related tax impact during the six months ended June 30, 2018 to write-off the deferred financing costs associated with the Original Senior Credit Facilities (as defined below) in conjunction with the 2018 Refinancing (as described in further detail in the Indebtedness section of Management Discussion and Analysis below). Profit attributable to the equity holders, as reported, decreased by US$18.7 million, or 27.5% (-26.0% constant currency), from the same period in the previous year to US$49.1 million.
- Adjusted Net Income, a non-IFRS measure, decreased by US$14.2 million, or 12.8% (-11.3% constant currency), to US$97.0 million for the six months ended June 30, 2019 compared to US$111.2 million for the same period in the previous year (as recast to adjust for IFRS 16 impacts)[(1)]. Reported Adjusted Net Income for the six months ended June 30, 2018 was US$119.8 million.
- Adjusted EBITDA, a non-IFRS measure, decreased by US$51.5 million, or 19.4% (-16.4% constant currency), to US$213.5 million for the six months ended June 30, 2019 compared to US$265.0 million for the same period in the previous year (as recast to adjust for IFRS 16 impacts)[(1)]. Reported Adjusted EBITDA for the six months ended June 30, 2018 was US$276.8 million.
- Adjusted EBITDA margin, a non-IFRS measure, was 12.2% for the six months ended June 30, 2019 compared to 14.3% for the six months ended June 30, 2018 (as recast to adjust for IFRS 16 impacts)[(1)]. This decrease was 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. Reported Adjusted EBITDA margin for the six months ended June 30, 2018 was 15.0%.
- The Group generated US$192.6 million of cash from operating activities during the six months ended June 30, 2019 compared to US$56.2 million for the same period in the previous year. Excluding the impacts from IFRS 16, operating cash flow more than doubled to US$113.0 million for the first half of 2019 compared to the first half of

2018. As of June 30, 2019, the Group had cash and cash equivalents of US$489.3 million and outstanding financial debt of US$1,922.1 million (excluding deferred financing costs of US$14.9 million), putting the Group in a net debt position of US$1,432.8 million compared to US$1,588.3 million as of June 30, 2018 and US$1,508.2 million as of December 31, 2018.

- On March 13, 2019, the Company's Board of Directors recommended that a cash distribution in the amount of US$125.0 million be made to the Company's shareholders, a 13.6% increase from the US$110.0 million distribution paid in 2018. The shareholders approved this distribution on June 6, 2019 at the Company's Annual General Meeting and the distribution was paid on July 16, 2019.

The Company has presented certain non-IFRS measures in the financial highlights section above 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. 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.

Note

(1) See bridge included with Management Discussion and Analysis.

Chairman's Statement

Our performance in the first half of 2019 has been impacted by some of the most challenging trading conditions since the Company's listing in 2011. While navigating through these challenges, we remain focused on executing our plan to position Samsonite for long-term growth and profitability, and are encouraged by the progress to date.

Four of our key markets were impacted by macro-economic and geopolitical headwinds. Our performance in the United States ("U.S.") has been hampered by increased tariffs and reduced foreign tourist traffic. China's business-to-business ("B2B") orders remained soft as we de-emphasized this channel, but the rest of our China business has seen an improvement in the second quarter. The South Korean market remained in the doldrums due to the ongoing diplomatic situation, and our Chilean business is going through a fairly lackluster patch due to reduced cross-border shopping by Argentinian tourists. As a result, the Group's net sales for the six months ended June 30, 2019 decreased by 1.5%[(1)] year-on-year. However, excluding the four challenged markets mentioned above, the Group's net sales grew by 3.5%[(1)] in the first half of 2019. Meanwhile, the Group was also affected by the strengthening of the US Dollar, which had an unfavorable foreign currency translation impact on reported net sales of approximately US$65.2 million year-on-year, resulting in a 5.0% decrease in US Dollar reported net sales to US$1,755.7 million.

The decline in net sales, along with increased expenses related to the expansion in bricks-and-mortar retail in 2017 and 2018, put pressure on the Group's profitability. The management team took swift action to tighten expense and working capital controls, and we have already begun to see a positive impact on our profitability in the second quarter of 2019, with the decline in the Group's Adjusted EBITDA[(2)] and Adjusted EBITDA margin[(3)] significantly diminishing in the second quarter compared to the first quarter of 2019. The Group's second quarter 2019 Adjusted EBITDA decreased by 13.0%[(4)] while its Adjusted EBITDA margin decreased by 150 basis points[(4)] compared to the same period in 2018 (as recast to adjust for IFRS 16 impacts)[(4)]. This was a creditable improvement following the 27.6%[(4)] decrease in Adjusted EBITDA and the 300 basis point[(4)] reduction in Adjusted EBITDA margin recorded in the first quarter of 2019, and we expect our profit improvement initiatives will position the business to deliver improved results going into the remainder of 2019 and into 2020. Overall, for the six months ended June 30, 2019, the Group's Adjusted EBITDA decreased by 19.4%[(4),(5)] and its Adjusted EBITDA margin was 12.2%, down by 210 basis points[(4),(5)] compared to 14.3%[(4)] for the same period last year (as recast to adjust for IFRS 16 impacts)[(4)]. I would refer you to Kyle's report for a detailed discussion of our actions and initiatives to enhance our profitability going forward.

At this juncture, I think it's useful to reiterate Samsonite's strategy and competitive advantages, and set these in the context of the current challenging market conditions.

Since our listing in 2011, the Group has consistently pursued a strategy to diversify its business across geographical markets, brands, product categories and distribution channels. The goal is not just to build a bigger business, but a more resilient one whereby we are not reliant on any single market, brand, channel of distribution, or product category. Through a combination of steady organic growth and strategic acquisitions, we have transformed the business from being dependent largely on one brand, *Samsonite,* active primarily in travel goods sold mainly through wholesale channels in the developed markets of the U.S. and Europe to one that operates multiple brands across global markets through all major channels.

Today, the Group's global reach and scale, along with its diversified portfolio of leading brands, allows us to continue growing in many important markets while navigating challenging trading conditions in others. For the six months ended June 30, 2019, the Group achieved solid constant currency net sales gains in important markets such as Japan (+4.8%[(1)]), India (+9.2%[(1)]), Germany (+6.8%[(1)]), Russia (+21.4%[(1)]) and Mexico (+4.7%[(1)]). As a result, all our regions delivered constant currency net sales growth in the first half of 2019 except North America (-5.7%[(1)]): Asia (+0.2%[(1)]; +4.6%[(1)] excluding B2B net sales in China and net sales in South Korea), Europe (+1.9%[(1)]) and Latin America (+3.4%[(1)]; +11.9%[(1)] excluding Chile).

Turning to our brands, *Tumi* continued to achieve solid net sales gains in the first half as we leveraged our global reach to successfully expand the brand's presence in Asia (net sales up 11.9%[(1)]), Europe (+20.4%[(1)]) and Latin America (+178.2%[(1)]). As a result, the *Tumi* brand's net sales grew by 4.8%[(1)] in the first half, notwithstanding a 2.9%[(1)] net sales decline in the brand's core North American market due to the Group's successful efforts to identify and stop sales to customers with higher trans-shipping risk in the U.S. and reduced tourist traffic into the U.S. Excluding North America, the *Tumi* brand recorded a 14.9%[(1)] increase in net sales during the first half of 2019, underscoring the brand's substantial long-term growth potential. We will continue to invest in driving the brand's international expansion.

The *Samsonite* brand has deep historical roots, and has come to be the leader in travel goods in almost every significant world market through its relentless attention on quality, innovation and design. We have maintained our investment in R&D, focusing particularly on new materials and technologies, with a view to keep bringing to market innovative products that offer tangible benefits to consumers. Net sales of the *Samsonite* brand decreased by 2.4%[1] during the first half of 2019, but with a number of successful new product launches already and more exciting new product launches on the way, we are intent on driving an improvement in the brand's performance.

Net sales of the *American Tourister* brand decreased by 0.8%[1] year-on-year, a respectable showing considering the brand enjoyed a very strong first half in 2018 with net sales growth of 24.2%[1] year-on-year.

To drive our brands' long-term success requires sustained investment, particularly in marketing. Our global scale allows us to make consistent and substantial investment in marketing to drive growth. This also gives the Group the flexibility to pull back temporarily and protect its profitability when faced with short-term challenges. As a percentage of sales, marketing spend decreased by 30 basis points to 5.9% for the first half of 2019 from 6.2% for the same period in 2018 (advertising spend in the first half of 2018 was higher due to the timing of the *American Tourister* global marketing campaign). As Kyle notes in his report, we will be moderating slightly our marketing spend in the second half of 2019 to help mitigate the headwinds the business is currently facing. However, it is our intention to bring marketing investment as a percentage of net sales back to target levels as trading conditions return to normal.

Our scale is also instrumental in allowing us to invest and build an extensive and efficient sourcing infrastructure, another important source of long-term competitive advantage. To sustain this edge, we are accelerating our efforts to diversify our supplier base into countries with more favorable production costs, thereby building greater flexibility and resilience into our supply chain, while ensuring we maintain product quality and environmental and social compliance standards. This is particularly important for us to mitigate the impact of higher tariffs on our U.S. business.

Another key component of our strategy is to increase our investment in the direct-to-consumer channel[6]. One of the advantages of increasing our DTC presence is that we are better able to shape our product assortment and presentation, as well as to manage the environment and experience of customers shopping our products, thereby enhancing brand equity over the long term. While we remain committed in expanding the Group's DTC presence over the long term, we will push for faster growth in DTC e-commerce and pursue bricks-and-mortar retail expansion in a targeted, strategic manner. This adjustment is motivated in part by the margin pressure arising from the increased expenses related to the expansion in bricks-and-mortar retail in 2017 and 2018. We addressed this pressure by moderating the pace of new retail store openings (we added 27 net new retail stores during the first half of 2019, compared to the 52 that were added during the first half of 2018 and the 32 in the second half of 2018), as well as conducting a comprehensive review of the Group's retail store portfolio during the second quarter of 2019, evaluating the closure of unprofitable stores where we saw limited future potential and where we will attempt to negotiate acceptable exit terms.

The main impetus behind this adjustment has been the secular shift to online shopping by consumers worldwide. This shift is clearly reflected in our first half 2019 performance, which saw the Group's DTC e-commerce net sales increase by 23.9%[1], excluding eBags (the eBags business is going through a period of adjustment as we phase out sales of certain lower margin third party brands to improve profitability), and we will continue to invest to expand our DTC e-commerce presence.

One of our top priorities remains generating strong operating cash flow. Cash generated from operating activities more than doubled to US$113.0 million[7], with the increase largely attributable to improved working capital management. Net working capital efficiency[8] of 14.8% of net sales at June 30, 2019 saw a slight deterioration year-on-year (14.0% at June 30, 2018), but represented an improvement from March 31, 2019, when net working capital efficiency was 220 basis points higher year-on-year, and the management team will remain focused on returning it to target levels. Additionally, the slowdown in new store openings resulted in a US$15.1 million reduction in capital expenditures and consequently a US$17.4 million year-on-year decrease in cash used in investing activities during the first half of 2019. As a result, the Group had a net debt position of US$1,432.8 million[9] at June 30, 2019, US$155.6 million lower than the same date a year ago. With this improvement in the Group's net debt position, the Group's pro forma net leverage ratio[10] was steady at 2.60:1:00 for the first half of 2019 compared to 2.57:1.00 for the same period in 2018.

The near term outlook remains decidedly mixed. On the one hand, our sales have shown signs of stabilizing, decreasing by 0.7%[1] during the second quarter of 2019 compared to the 2.4%[1] decline recorded in the first quarter of 2019, driven by improvements in China and Latin America, along with continued growth in Europe and key Asian markets including Japan and India. During the second quarter of 2019, net sales in China increased by 5.1%[1] year-on-year, despite continued softness in the B2B market (excluding B2B, China recorded an 11.2%[1] growth in net sales), a significant improvement from the 8.3%[1] net sales decrease (+5.9%[1] excluding B2B) recorded during the first quarter of 2019. Latin America recorded strong second quarter 2019 net sales growth of 12.5%[1] compared to a decrease of 2.8%[1] during the first quarter of 2019.

On the other hand, recent events portend a more volatile second half, including an escalation in U.S.-China trade tensions, increased likelihood of a "no deal" Brexit and a deceleration in economic growth in a number of countries in Europe, and the recent events in Hong Kong, among others. It is more important than ever for our company to stay nimble and to be able to respond to changing conditions across markets globally. This implies a continued emphasis on our decentralized management structure. I take this opportunity to extend a warm welcome to Fabio Rugarli who rejoined the Group as President of Europe, and to thank our CEO Kyle, along with our corporate, regional and country management teams. They have led the worldwide Samsonite community, encompassing both our own people and our many business partners, in navigating the current headwinds, and I am confident that with the passion and focus of our community, and the resilience of our business, Samsonite is well positioned for long term growth and success.

Timothy Charles Parker
Chairman
August 21, 2019

Notes
(1) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the comparable period in the previous year to current period local currency results.
(2) 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* ("IFRS16") 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 the underlying trends of its business.
(3) Adjusted EBITDA margin, a non-IFRS measure, is calculated by dividing Adjusted EBITDA by net sales.
(4) The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information for six months ended June 30, 2018 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 six months ended June 30, 2018 "as adjusted for IFRS 16" financial information to present its financial performance for the six months ended June 30, 2018 on a comparable basis. Such amounts reflect management's best estimate on its evaluation of the impact and are non-IFRS measures. For further discussion regarding the Group's adoption of IFRS 16 on January 1, 2019, see note 3(b) Changes in Accounting Policies and note 16 Leases in the Notes to the Consolidated Interim Financial Statements.
(5) For the six months ended June 30, 2019, the Group's
  - Adjusted EBITDA decreased by US$63.3 million, or 22.9%, to US$213.5 million; and
  - Adjusted EBITDA margin decreased by 280 basis points year-on-year to 12.2%.
(6) The direct-to-consumer ("DTC") distribution channel comprises company-operated retail stores and direct-to-consumer e-commerce.
(7) The Group generated US$192.6 million of cash from operating activities during the six months ended June 30, 2019 compared to US$56.2 million for the first half of 2018. Excluding the impacts from IFRS 16, operating cash flow was US$113.0 million for the first half of 2019, reflecting a US$56.8 million increase from the first half of 2018.
(8) 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.
(9) As of June 30, 2019, the Group had US$489.3 million of cash and cash equivalents and US$1,922.1 million of debt (excluding deferred financing costs of US$14.9 million), resulting in a net debt position of US$1,432.8 million.
(10) Pro forma total net leverage ratio is calculated as (total loans and borrowings less total unrestricted cash) / last twelve months Adjusted EBITDA.

Chief Executive Officer's Statement

We are encouraged by our progress in the first half of 2019 as we continued to execute on our strategy to reposition the business for long term-growth and profitability. At the same time, we remain focused on navigating the macro-economic headwinds impacting our performance in certain markets, including the United States ("U.S."), which was affected by increased tariffs on products sourced from China and lower foreign tourist traffic, China's business-to-business ("B2B") market, South Korea and Chile.

Excluding those four markets, the Group continued to achieve steady growth in Europe and key Asian markets including Japan and India. For the six months ended June 30, 2019, the Group achieved constant currency net sales gains in all regions except North America (-5.7%[1]): Asia (+0.2%[1]; +4.6%[1] excluding B2B net sales in China and net sales in South Korea), Europe (+1.9%[1]) and Latin America (+3.4%[1]; +11.9%[1] excluding Chile). Overall, the Group's first half 2019 net sales decreased by 1.5%[1] year-on-year against a strong first half in 2018. Excluding the four challenged markets, the Group's net sales grew by 3.5%[1] during the first six months of 2019.

During the second quarter of 2019, the Group's overall net sales performance began to show signs of stabilizing, with improved performance in China and Latin America, along with continued growth in Europe, Japan and India. Even though B2B sales in China remained slow and the Group has been managing down the mix of sales from this channel, net sales in China increased by 5.1%[1] year-on-year (or +11.2%[1] excluding B2B), up from the 8.3%[1] net sales decrease (+5.9%[1] excluding B2B) recorded during the first quarter of 2019. Latin America had a strong second quarter, with net sales growth of 12.5%[1] compared to a decrease of 2.8%[1] in the first quarter of 2019. Overall, the Group's net sales decreased by 0.7%[1] during the second quarter of 2019, an improvement compared to the 2.4%[1] decline recorded in the first quarter of 2019.

As we navigate the business through the current macro-economic headwinds, we are focused on managing our cost base to position Samsonite for future growth. The Group's profitability was adversely affected by the combination of lower net sales and increased distribution expenses related to the expansion in bricks-and-mortar retail during 2017 and 2018, particularly in Europe. We responded with focused actions to tighten expense and working capital controls in the second half of 2018, and accelerated these initiatives during the first half of 2019, including making leadership changes in both Europe and South Korea. We saw the benefits of these ongoing efforts to enhance margins begin to emerge in the second quarter of 2019, and are pushing to accelerate our repositioning of the business for sustained growth and improved profitability going forward.

Beginning in the second half of 2018, we slowed the pace of new store openings, particularly in Europe, to moderate the growth in distribution expenses, and continued to do so in the first half of 2019. We also performed a comprehensive review of the Group's retail store portfolio during the second quarter of 2019, evaluating the closure of unprofitable stores where we saw limited future potential and where we will attempt to negotiate acceptable exit terms, while continuing to focus on enhancing profitability across the rest of our store network. In Europe, the Group added 13 net new stores in the first half of 2019 versus 28 in the first half of 2018, and, under the leadership of our new regional president, reorganized the retail management team to enhance operational efficiency. On a consolidated basis, the Group added 27 net new company-operated retail stores during the first half of 2019, compared to the 84 added in 2018 (of which 52 were added during the first half of 2018 and 32 during the second half). The year-on-year increase in distribution expenses began to moderate as the pace of retail expansion slowed and profit improvement initiatives began to take effect.

The Group spent US$103.1 million on marketing during the six months ended June 30, 2019 compared to US$114.3 million for the same period in 2018, a decrease of 9.8%. As a percentage of net sales, marketing expenses decreased by 30 basis points to 5.9% for the first half of 2019 from 6.2% for the same period in 2018 (advertising spend in the first half of 2018 was higher due to the timing of the *American Tourister* global marketing campaign).

For the six months ended June 30, 2019, the Group's reported operating profit and reported profit attributable to the equity holders were also negatively impacted by non-cash impairment charges of US$29.7 million[2] related to lease right-of-use assets[3] and store fixed assets associated with unprofitable retail locations, and also by costs of US$9.8 million related to the implementation of profit improvement initiatives. Excluding these charges, operating profit fell by 21.5% during the first half of 2019 compared to same period in the previous year (as recast to adjust for IFRS 16 impacts)[4],[5]. The Group's profit attributable to the equity holders for the six months ended June 30, 2019 decreased by 13.9%[4],[6] year-on-year, excluding these non-cash charges in the first half of 2019 and the non-cash charge of US$53.3 million and the related tax impact related to the refinancing of the Group's original senior credit facilities in the first half of 2018.

The Group's Adjusted EBITDA[7] and Adjusted Net Income[8], two key performance indicators that eliminate the effect of such non-operational charges and credits to provide a clearer picture of underlying performance, both showed signs of improvement. Second quarter 2019 Adjusted EBITDA decreased by 13.0% compared to the same period in 2018 (as recast to adjust for IFRS 16 impacts)[4], a considerable improvement following the 27.6%[4] year-on-year decline recorded in the first quarter of 2019. As a result, the Group's Adjusted EBITDA margin[9] decreased by 150 basis points[4] to 13.9% for the second quarter in 2019 versus 15.4% for the same period in 2018[4], a significant improvement compared to the 300 basis points[4] decline recorded in the first quarter. The Group expects its profit enhancement initiatives will continue to yield benefits going into the second half of 2019 and into 2020. Overall, the Group's first half 2019 Adjusted EBITDA decreased by 19.4%[4] year-on-year, and its Adjusted EBITDA margin was 12.2% for the first half of 2019, a decline of 210 basis points[4] compared to the first half of 2018[4],[10].

For the six months ended June 30, 2019, the Group's Adjusted Net Income decreased by US$14.2 million to US$97.0 million from US$111.2 million for the same period in 2018 (as recast to adjust for IFRS 16 impacts)[4],[10]. This represents a decrease of 12.8%[4] year-on-year and an improvement compared to the 40.3%[4] year-on-year decline in Adjusted Net Income recorded for the first quarter of 2019.

Our disciplined approach to working capital management, cash flow generation and deleveraging the balance sheet has begun to deliver positive results.

Cash generated from operating activities more than doubled to US$113.0 million[11] in the first half of 2019. The increase was primarily driven by improved working capital management, coming from a US$52.9 million reduction in cash outflows from changes in inventories (from US$56.4 million in the first half of 2018 to US$3.5 million in the first half of 2019), and a US$22.2 million reduction in cash outflows from changes in trade and other payables (from US$41.4 million in the first half of 2018 to US$19.2 million in the first half of 2019). Separately, cash used in investing activities in the first half of 2019 decreased by US$17.4 million year-on-year, driven by a US$15.1 million year-on-year decrease in capital expenditures (from US$41.1 million in the first half of 2018 to US$26.0 million in the first half of 2019) mainly due to fewer new store openings.

As a result, net debt was US$1,432.8 million as of June 30, 2019[12], US$155.6 million lower than the same date a year ago. With this improvement in the Group's net debt position, the Group's pro forma net leverage ratio[13] was steady at 2.60:1:00 for the first half of 2019 compared to 2.57:1.00 for the same period in 2018, notwithstanding the decline in Adjusted EBITDA year-on-year. Separately, at June 30, 2019, the Group had US$624.3 million in liquidity available on its revolving credit facility.

The Group's net working capital balances at June 30, 2019, were more or less consistent with the levels at June 30, 2018. Net working capital efficiency[14] came in at 14.8% of net sales at June 30, 2019, 80 basis points higher than last year (14.0% at June 30, 2018) due to the decrease in net sales year-on-year. This was an improvement from March 31, 2019, when net working capital efficiency was 220 basis points higher year-on-year (16.7% at March 31, 2019 compared to 14.5% at March 31, 2018). The Group continues to focus on improving its net working capital efficiency and returning to target levels.

The global outlook remains uncertain as we enter the second half of 2019, with U.S.-China trade tensions rising, Brexit still unresolved, economic growth slowing in parts of the European Union, the recent events in Hong Kong, and a general increase in political volatility and economic uncertainty impacting consumer sentiment worldwide. Considering these ongoing challenges, we will continue to invest in the business to position ourselves for long-term growth while maintaining our focus on controlling costs, managing working capital, generating cash and strengthening the balance sheet.

In addition to the ongoing efforts to control distribution and general and administrative expenses, we will also focus on maintaining our gross margin, which decreased by 50 basis points year-on-year during the first half of 2019. The decline was due to additional U.S. tariffs on product sourced from China, sales mix, higher raw materials costs in Europe and increased sales promotions in certain markets. We will continue to expand and diversify our sourcing base and to renegotiate pricing with vendors to address the recent U.S. tariff increases while maintaining high quality standards.

We also intend to temporarily reduce advertising spend for the second half of 2019 to help offset the pressure on our profitability caused by current headwinds. We plan to execute this intended reduction in a targeted manner to ensure continued support for our growth initiatives, including the *Tumi* brand's further international expansion, our DTC e-commerce growth strategy and planned new product introductions.

The *Tumi* brand continued to record solid net sales growth of 4.8%[1] in the first half of 2019, driven by sustained robust growth in Asia (+11.9%[1]) and Europe (+20.4%[1]). The Group will continue investing in expanding the brand's presence in international markets.

In the first half of 2019, the Group's DTC[15] e-commerce net sales increased by 23.9%[1], excluding eBags which was affected by the Group's actions to improve profitability. Overall, DTC e-commerce net sales rose by 6.8%[1] for the six months ended June 30, 2019. We will continue to invest in our DTC e-commerce growth strategy and focus on improving the margins of the eBags business.

Exciting and innovative new products have always been a key driver of our business, and we will continue to make significant investments in product research and development as well as in marketing to drive our brands' success globally. The *Samsonite* brand, in particular, has a long and illustrious history as the industry leader in innovation. We launched a number of exciting new products this year already and have a strong new product pipeline planned for the remainder of the year.

We remain focused on executing our cost cutting and profit enhancing initiatives, including increasing our bricks-and-mortar retail profitability while continuing targeted retail expansion at a slower pace, maintaining tight control on non-advertising SG&A expenses, and continuing to improve net working capital efficiency by bringing inventory turnover days back in line with prior years. These initiatives have begun to positively impact our results in the first half of this year, and we expect they will position the business to deliver improved results going into the remainder of 2019 and into 2020.

We published our 2018 Environmental, Social and Governance ("ESG") Report in July, which outlines how we are managing our operations more efficiently, the work we are doing to introduce more recycled materials into our luggage, how we are seeking to understand our wider carbon footprint so we can begin making targeted interventions to minimize our impact on both people and the planet, as well as how we aim to positively impact our community through charitable programs and support for our people-focused culture. We will continue to weave ESG practices into the fabric of our business, and move steadily towards our goal to be the most sustainable luggage company in the world.

In closing, I would like to take this opportunity to extend a warm welcome to Fabio Rugarli who rejoined the Group as President of Europe in May, and to offer a personal thank you to our Chairman, Tim Parker, and to the Board. Their counsel and support, along with the contribution of our country, regional, brand and corporate teams as well as our business partners, have made Samsonite's success possible, and I thank you for your dedication. We have a lot to accomplish, and I look forward to working closely with everyone to execute our plan to position Samsonite for long term growth and profitability.

Kyle Francis Gendreau
Chief Executive Officer
August 21, 2019

Notes

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

(2) Based on an evaluation of loss-making stores in the six months ended June 30, 2019 and the anticipated closure of some of these stores due to reduced traffic and under-performance, the Group determined that the carrying amounts of certain lease right-of-use assets and certain property, plant and equipment as of June 30, 2019 exceeded their respective recoverable amounts. The Group recognized a non-cash impairment charge totaling US$29.7 million for the first half of 2019, recorded in the Group's consolidated income statements in the line item "Impairment of property, plant and equipment and lease right-of-use assets". This non-cash impairment charge comprised the write-off of US$21.0 million of lease right-of-use assets associated with such stores that were recently recognized with the adoption of IFRS 16 and US$8.7 million in impairment for property, plant and equipment of such stores (the Non-cash Impairment Charge").

(3) On January 1, 2019, the Group adopted IFRS 16, *Leases* ("IFRS 16"), which had a material impact on the Company's financial statements. The adoption of IFRS 16 resulted in most of the Group's leases being recognized on the consolidated statement of financial position. 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. For further discussion regarding the Group's adoption of IFRS 16, see note 3(b) Changes in Accounting Policies and note 16 Leases in the Notes to the Consolidated Interim Financial Statements.

(4) The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information for six months ended June 30, 2018 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 six months ended June 30, 2018 "as adjusted for IFRS 16" financial information to present its financial performance for the six months ended June 30, 2018 on a comparable basis. Such amounts reflect management's best estimate on its evaluation of the impact and

are non-IFRS measures. For further discussion regarding the Group's adoption of IFRS 16, see note 3(b) Changes in Accounting Policies and note 16 Leases in the Notes to the Consolidated Interim Financial Statements.

(5) Operating profit for the six months ended June 30, 2019 decreased by US$44.7 million, or 21.5%, to US$163.6 million when excluding the Non-cash Impairment Charge and the costs to implement profit improvement initiatives during the six months ended June 30, 2019, compared to US$208.3 million for the same period in the previous year (as recast to adjust for IFRS 16 impacts)(4). Operating profit, as reported, decreased by US$77.8 million, or 38.5%, year-on-year to US$124.0 million.

(6) Profit attributable to the equity holders for the six months ended June 30, 2019 decreased by US$13.8 million, or 13.9%, to US$86.1 million when excluding the Non-cash Impairment Charge and the costs to implement profit improvement initiatives, net of the related tax impact during the six months ended June 30, 2019, compared to US$99.9 million for the six months ended June 30, 2018 (as recast to adjust for IFRS 16 impacts)(4) when excluding the non-cash charge of US$53.3 million and the related tax impact during the six months ended June 30, 2018 to write-off the deferred financing costs related to the refinancing of the Group's original senior credit facilities in the first half of 2018. Profit attributable to the equity holders, as reported, decreased by US$18.7 million, or 27.5%, from the same period in the previous year to US$49.1 million.

(7) 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. 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 the underlying trends of its business.

(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.

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

(10) For the six months ended June 30, 2019, the Group's
- Adjusted Net Income decreased by US$22.7 million, or 19.0%, to US$97.0 million;
- Adjusted EBITDA decreased by US$63.3 million, or 22.9%, to US$213.5 million; and
- Adjusted EBITDA margin decreased by 280 basis points year-on-year to 12.2%.

(11) The Group generated US$192.6 million of cash from operating activities during the six months ended June 30, 2019 compared to US$56.2 million for the same period in the previous year. Excluding the impacts from IFRS 16, operating cash flow was US$113.0 million for the first half of 2019, reflecting a US$56.8 million increase from the first half of 2018.

(12) As of June 30, 2019, the Group had US$489.3 million of cash and cash equivalents and US$1,922.1 million of debt (excluding deferred financing costs of US$14.9 million), resulting in a net debt position of US$1,432.8 million.

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

(14) 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.

(15) The direct-to-consumer ("DTC") distribution channel comprises company-operated retail stores and direct-to-consumer e-commerce.

Independent Auditors' Review Report

The Board of Directors and Shareholders
Samsonite International S.A.:

Report on the Financial Statements
We have reviewed the accompanying consolidated statement of financial position of Samsonite International S.A. and its subsidiaries as of June 30, 2019, the related consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and the consolidated statements of cash flows for the six-month periods ended June 30, 2019 and June 30, 2018.

Management's Responsibility
The Company's management is responsible for the preparation and fair presentation of the interim financial information in accordance with IAS 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board; this responsibility includes the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of interim financial information in accordance with IAS 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board.

Auditors' Responsibility
Our responsibility is to conduct our reviews in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial information and in accordance with International Standards on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America and International Standards on Auditing, the objective of which is the expression of an opinion regarding the financial information. Accordingly, we do not express such an opinion.

Conclusion
Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated interim financial information for it to be in accordance with IAS 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board.

KPMG LLP

Boston, Massachusetts
August 21, 2019

Consolidated Income Statements

(Expressed in millions of US Dollars, except per share data)	Note	Six months ended June 30, 2019	2018
Net sales	4	**1,755.7**	1,848.7
Cost of sales		**(772.7)**	(804.9)
Gross profit		**983.0**	1,043.8
Distribution expenses		**(600.5)**	(598.4)
Marketing expenses		**(103.1)**	(114.3)
General and administrative expenses		**(113.8)**	(123.8)
Impairment of property, plant and equipment and lease right-of-use assets	7 , 16	**(29.7)**	—
Other expenses		**(11.9)**	(5.5)
Operating profit		**124.0**	201.8
Finance income	18	**0.9**	0.4
Finance costs	18	**(51.0)**	(93.6)
Net finance costs	18	**(50.1)**	(93.2)
Profit before income tax		**73.9**	108.6
Income tax expense	17	**(15.6)**	(30.7)
Profit for the period		**58.3**	77.9
Profit attributable to equity holders		**49.1**	67.8
Profit attributable to non-controlling interests		**9.2**	10.1
Profit for the period		**58.3**	77.9
Earnings per share			
Basic earnings per share			
(Expressed in US Dollars per share)	5	**0.034**	0.048
Diluted earnings per share			
(Expressed in US Dollars per share)	5	**0.034**	0.047

The accompanying notes form part of the consolidated interim financial statements.

Consolidated Statements of Comprehensive Income

(Expressed in millions of US Dollars)	Note	Six months ended June 30, 2019	2018
Profit for the period		**58.3**	77.9
Other comprehensive income (loss):			
Items that are or may be reclassified subsequently to profit or loss:			
Changes in fair value of hedges, net of tax	13 (a), 17 (b)	**(16.9)**	12.0
Foreign currency translation gains (losses) for foreign operations	17 (b), 18	**3.4**	(7.3)
Other comprehensive income (loss)		**(13.5)**	4.7
Total comprehensive income for the period		**44.8**	82.6
Total comprehensive income attributable to equity holders		**35.1**	75.2
Total comprehensive income attributable to non-controlling interests		**9.7**	7.4
Total comprehensive income for the period		**44.8**	82.6

The accompanying notes form part of the consolidated interim financial statements.

Consolidated Statements of Financial Position

(Expressed in millions of US Dollars)	Note	**June 30, 2019**	December 31, 2018
Non-Current Assets			
Property, plant and equipment	7	**286.7**	310.9
Lease right-of-use assets	16 (a)	**661.6**	—
Goodwill		**1,339.0**	1,340.1
Other intangible assets	8	**1,743.5**	1,771.3
Deferred tax assets		**45.3**	33.2
Derivative financial instruments	2 (b) , 13 (a)	**6.5**	25.5
Other assets and receivables		**40.9**	42.9
Total non-current assets		**4,123.5**	3,523.9
Current Assets			
Inventories	9	**626.2**	622.6
Trade and other receivables	10	**421.2**	420.9
Prepaid expenses and other assets		**166.0**	146.5
Cash and cash equivalents	11	**489.3**	427.7
Total current assets		**1,702.7**	1,617.7
Total assets		**5,826.2**	5,141.6
Equity and Liabilities			
Equity:			
Share capital	12	**14.3**	14.3
Reserves		**1,848.9**	1,933.5
Total equity attributable to equity holders		**1,863.2**	1,947.8
Non-controlling interests		**43.9**	43.3
Total equity		**1,907.1**	1,991.1
Non-Current Liabilities			
Loans and borrowings	13 (a)	**1,822.4**	1,838.6
Lease liabilities	16 (b)	**518.0**	—
Employee benefits	14	**23.3**	22.8
Non-controlling interest put options	20 (b)	**57.2**	56.3
Deferred tax liabilities		**270.8**	286.5
Derivative financial instruments	2 (b) , 13 (a)	**1.9**	—
Other liabilities		**6.5**	9.9
Total non-current liabilities		**2,700.1**	2,214.1
Current Liabilities			
Loans and borrowings	13 (b)	**56.4**	52.6
Current portion of long-term debt	13 (b)	**28.5**	28.3
Current portion of lease liabilities	16 (b)	**169.0**	—
Employee benefits	14	**78.3**	81.8
Trade and other payables	15	**813.1**	699.2
Current tax liabilities		**73.7**	74.5
Total current liabilities		**1,219.0**	936.4
Total liabilities		**3,919.1**	3,150.5
Total equity and liabilities		**5,826.2**	5,141.6
Net current assets		**483.7**	681.3
Total assets less current liabilities		**4,607.2**	4,205.2

The accompanying notes form part of the consolidated interim financial statements.

Consolidated Statements of Changes in Equity

(Expressed in millions of US Dollars, except number of shares)	Note	Number of shares	Share capital	Reserves: Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Retained earnings	Total equity attributable to equity holders	Non-controlling interests	Total equity
Six months ended June 30, 2019										
Balance, January 1, 2019		**1,430,940,380**	**14.3**	**1,050.2**	**(51.4)**	**83.1**	**851.6**	**1,947.8**	**43.3**	**1,991.1**
Profit for the period		**—**	**—**	**—**	**—**	**—**	**49.1**	**49.1**	**9.2**	**58.3**
Other comprehensive income (loss):										
Changes in fair value of hedges, net of tax	13 (a) , 17 (b)	**—**	**—**	**—**	**—**	**(16.9)**	**—**	**(16.9)**	**—**	**(16.9)**
Foreign currency translation gains for foreign operations	17 (b) , 18	**—**	**—**	**—**	**2.9**	**—**	**—**	**2.9**	**0.5**	**3.4**
Total comprehensive (loss) income for the period		**—**	**—**	**—**	**2.9**	**(16.9)**	**49.1**	**35.1**	**9.7**	**44.8**
Transactions with owners recorded directly in equity:										
Change in fair value of put options included in equity	20	**—**	**—**	**—**	**—**	**—**	**(1.9)**	**(1.9)**	**—**	**(1.9)**
Cash distributions declared to equity	5 (c)	**—**	**—**	**—**	**—**	**—**	**(125.0)**	**(125.0)**	**—**	**(125.0)**
Share-based compensation expense	14 (a)	**—**	**—**	**—**	**—**	**7.0**	**—**	**7.0**	**—**	**7.0**
Exercise of share options	12 , 14 (a)	**68,372**	**0.0**	**0.2**	**—**	**0.0**	**—**	**0.2**	**—**	**0.2**
Dividends paid to non-controlling interests	5 (c)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(9.1)**	**(9.1)**
Balance, June 30, 2019		**1,431,008,752**	**14.3**	**1,050.4**	**(48.5)**	**73.2**	**773.8**	**1,863.2**	**43.9**	**1,907.1**

The accompanying notes form part of the consolidated interim financial statements.

Consolidated Statements of Changes in Equity (continued)

(Expressed in millions of US Dollars, except number of shares)	Note	Number of shares	Share capital	Reserves: Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Retained earnings	Total equity attributable to equity holders	Non-controlling interests	Total equity
Six months ended June 30, 2018										
Balance, January 1, 2018		1,421,811,102	14.2	1,014.6	(47.2)	75.9	734.0	1,791.5	40.9	1,832.4
Profit for the period		—	—	—	—	—	67.8	67.8	10.1	77.9
Other comprehensive income (loss):										
Changes in fair value of hedges, net of tax	13 (a) , 17 (b)	—	—	—	—	12.0	—	12.0	—	12.0
Foreign currency translation losses for foreign operations	17 (b) , 18	—	—	—	(4.6)	—	—	(4.6)	(2.7)	(7.3)
Total comprehensive income (loss) for the period		—	—	—	(4.6)	12.0	67.8	75.2	7.4	82.6
Transactions with owners recorded directly in equity:										
Change in fair value of put options included in equity	20	—	—	—	—	—	(0.8)	(0.8)	—	(0.8)
Cash distributions declared to equity holders	5 (c)	—	—	—	—	—	(110.0)	(110.0)	—	(110.0)
Share-based compensation expense	14 (a)	—	—	—	—	8.6	—	8.6	—	8.6
Tax effect of outstanding share options		—	—	—	—	(4.3)	—	(4.3)	—	(4.3)
Exercise of share options	12 , 14 (a)	8,395,007	0.1	32.7	—	(8.5)	—	24.3	—	24.3
Dividends paid to non-controlling interests	5 (c)	—	—	—	—	—	—	—	(9.7)	(9.7)
Balance, June 30, 2018		1,430,206,109	14.3	1,047.3	(51.8)	83.7	691.0	1,784.5	38.6	1,823.1

The accompanying notes form part of the consolidated interim financial statements.

Consolidated Statements of Cash Flows

(Expressed in millions of US Dollars)	Note	Six months ended June 30, 2019	2018
Cash flows from operating activities:			
Profit for the period		**58.3**	77.9
Adjustments to reconcile profit for the period to net cash generated from operating activities:			
Depreciation	7	**40.1**	44.0
Amortization of intangible assets	8	**16.1**	17.0
Amortization of lease right-of-use assets	16 (a)	**99.5**	—
Impairment of lease right-of-use assets	16 (a)	**21.0**	—
Impairment of property, plant and equipment	7	**8.7**	—
Change in fair value of put options included in finance costs	18 , 20 (b)	**(1.0)**	(0.9)
Non-cash share-based compensation	14 (a)	**7.0**	8.6
Interest expense on borrowings and lease liabilities	13 , 18	**50.0**	37.2
Non-cash charge to derecognize deferred financing costs	13 , 18	**—**	53.3
Income tax expense	17	**15.6**	30.7
		315.3	267.8
Changes in operating assets and liabilities:			
Trade and other receivables		**(1.5)**	(17.7)
Inventories		**(3.5)**	(56.4)
Other current assets		**(14.9)**	(10.4)
Trade and other payables		**(19.2)**	(41.4)
Other assets and liabilities		**0.6**	(8.4)
Cash generated from operating activities		**276.8**	133.5
Interest paid on borrowings and lease liabilities		**(46.5)**	(30.5)
Income tax paid		**(37.7)**	(46.8)
Net cash generated from operating activities		**192.6**	56.2
Cash flows from investing activities:			
Purchases of property, plant and equipment	7	**(26.0)**	(41.1)
Other intangible asset additions	8	**(7.0)**	(9.7)
Other proceeds		**0.3**	0.7
Net cash used in investing activities		**(32.7)**	(50.1)
Cash flows from financing activities:			
Proceeds from issuance of Senior Notes and New Senior Credit Facilities	13	**—**	1,922.9
Payment and settlement of Original Senior Credit Facilities	13	**—**	(1,869.7)
Payments of New Term Loan Facilities	13	**(14.2)**	—
Proceeds (payments) from other current loans and borrowings, net	13	**4.2**	(4.3)
Principal payments on lease liabilities	16 (d)	**(79.5)**	—
Payment of deferred financing costs	13	**—**	(18.5)
Proceeds from the exercise of share options	13 (c) , 14	**0.2**	24.3
Dividend payments to non-controlling interests	5 13 (c)	**(9.1)**	(9.7)
Net cash (used in) generated from financing activities		**(98.4)**	45.0
Net increase in cash and cash equivalents		**61.5**	51.1
Cash and cash equivalents, at January 1		**427.7**	344.5
Effect of exchange rate changes		**0.1**	(0.2)
Cash and cash equivalents, at June 30	11	**489.3**	395.4

The accompanying notes form part of the consolidated interim financial statements.

Notes to the Consolidated Interim Financial Statements

1. Background

Samsonite International S.A. (the "Company"), together with its consolidated subsidiaries (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 Group sells its products through a variety of wholesale distribution channels, through its company-operated retail stores and through e-commerce. The Group sells its products in North America, Asia, Europe and Latin America.

The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company was incorporated in Luxembourg on March 8, 2011 as a public limited liability company (a *société anonyme*), whose registered office is 13-15 avenue de la Liberté, L-1931 Luxembourg.

This consolidated interim financial information was authorized for issuance by the Company's Board of Directors (the "Board") on August 21, 2019 and is unaudited. The Company's auditor, KPMG LLP, performed a review in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial information and in accordance with International Standards on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

2. Basis of Preparation

(a) Statement of Compliance

The consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The consolidated interim financial statements should be read in conjunction with the Group's audited consolidated financial statements as of and for the year ended December 31, 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which collective term includes all International Accounting Standards ("IAS") and related interpretations, as issued by the International Accounting Standards Board (the "IASB").

There were no changes in the Group's business or economic circumstances which affected the fair value of the financial assets and financial liabilities, whether recognized at fair value or amortized cost, during the six months ended June 30, 2019. There were no transfers between the levels of the fair value hierarchy used in measuring the fair value of financial instruments and there were no changes in the classification of financial assets during the six months ended June 30, 2019.

The results presented for the six months ended June 30, 2019 reflect the adoption of IFRS 16, *Leases* ("IFRS 16") as of January 1, 2019, which had a material impact on the Company's financial statements. Additional changes to significant accounting policies that did not materially impact the financial statements are described in Note 3. Comparative amounts have not been restated.

Intangible assets were not tested for impairment, as there were no impairment indicators during the six months ended June 30, 2019.

Income tax expense is 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 of the interim period, adjusted for certain discrete items for the period.

The Group has not performed independent actuarial valuations of its defined benefit obligation plans as of June 30, 2019.

(b) Basis of Measurement

The consolidated interim financial information has been prepared on the historical cost basis, except for the following material item in the consolidated statements of financial position:

- derivative financial instruments are measured at fair value.

(c) Functional and Presentation Currency

This financial information is presented using the currency of the primary economic environment in which the Group operates ("functional currency"). The functional currencies of the significant subsidiaries within the Group are the currencies of the primary economic environment and key business processes of these subsidiaries and include, but are not limited to, United States Dollars, Euros, Renminbi, South Korean Won, Japanese Yen and Indian Rupee.

Unless otherwise stated, the consolidated interim financial statements and related footnotes are presented in the United States Dollar ("USD"), which is the functional and presentation currency of the Company.

(d) Use of Judgments, Estimates and Assumptions

The preparation of the consolidated interim financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies and to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of this consolidated interim financial information and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. No significant changes occurred during the current reporting period of estimates reported in prior periods. New significant judgments related to lessee accounting under IFRS 16 are described in Note 3(b).

3. Summary of Significant Accounting Policies

(a) Significant Accounting Policies

Except as described below, the accounting policies and judgments applied by the Group used in the preparation of the consolidated interim financial statements are consistent with those applied by the Group in the consolidated annual financial statements as of and for the year ended December 31, 2018. The changes in accounting policies described below are also expected to be reflected in the Group's consolidated financial statements as of and for the year ending December 31, 2019.

(b) Changes in Accounting Policies

The IASB has issued a number of new, revised and amended IFRS. For the purpose of preparing the consolidated interim financial statements as of and for the six months ended June 30, 2019, the following standards became effective for the current reporting period.

The adoption of IFRS 16 on January 1, 2019 resulted in most of the Group's 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), low-value leases (leases that are US$5,000 or less) and the expense relating to variable lease payments not included in the measurement of lease liabilities. The rental cost for short-term, low-value and expense for variable lease payments continue to be recorded in rent expense (see Note 16). 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 IAS 17, *Leases* ("IAS 17") and IFRS Interpretations Committee ("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 stores, distribution centers, warehouses, office facilities, equipment and automobiles. There was no significant impact to the accounting for the Group's previously existing capital leases.

Under IFRS 16, the Group recognizes a lease right-of-use asset and a lease liability at the lease commencement date. The lease right-of-use asset is initially measured at cost which comprises the present value of the lease liability plus any certain direct costs incurred by the Group and any payments made before the commencement date less any lease incentives received. Subsequently, the lease right-of-use asset is measured at cost less any accumulated amortization and impairment losses, and adjusted for certain remeasurements of the lease liability, in accordance with the Group's accounting policies.

Lease liabilities are initially measured at the present value of the lease payments not yet paid using an incremental borrowing rate. For the Group, lease payments are discounted to present value based on its incremental borrowing rates, which are the costs of obtaining external financing for a corresponding asset with a financing period corresponding to the term of the lease denominated in the currencies in which lease payments are settled. The Group has determined the incremental borrowing rates of each portfolio of leases on a country-by-country basis.

Lease liabilities are measured subsequently to initial recognition and after the commencement date by increasing the carrying amount to reflect the effective interest on the lease liability, reducing the carrying amount to reflect the lease payments made, and re-measurement to reflect any reassessment or modification or to reflect revised in-substance fixed lease payments, so that the carrying amount of the lease liability is measured on an amortized cost basis and the interest expense is allocated over the lease term. IFRS 16 does not require or permit a lessee to measure lease liabilities at fair value after initial measurement.

For the lease right-of-use assets and lease liabilities 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 lease 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. Over the lease term, the total expense is recognized on a front-loaded basis as the interest charge is higher during the earlier stages of the lease term and the amortization charge is recognized on a straight-line basis. Such expenses are presented in separate line items for amortization on the lease right-of-use asset and interest expense related to the lease liability.

In the consolidated statements of cash flows, the principal payments on lease liabilities are classified within cash flows from financing activities, while the interest paid on lease liabilities is classified within cash flows from operating activities.

Reconciliation of lease commitments to lease liabilities

(Expressed in millions of US Dollars)	
Minimum operating lease commitments at December 31, 2018	780.3
Exemption for short-term and low-value leases	(18.9)
Gross lease liabilities at January 1, 2019	761.4
Effect of discounting using incremental borrowing rates[1]	(66.9)
Lease liabilities recognized at January 1, 2019	694.5

Note
(1) The weighted average borrowing rate applied to the lease liabilities at January 1, 2019 was 4.35%.

Upon transition, the Group elected to apply the following practical expedients allowed by IFRS 16:

- portfolio approach;
- evaluation of whether a contract contains a lease;
- use of a single-discount rate for a portfolio of leases with reasonably similar characteristics;
- reliance on its assessment of whether leases were onerous immediately before adoption as an alternative to performing an impairment review; and
- elected to treat leases with an expiration date within 12 months as short-term leases.

Further discussion of the impacts of IFRS 16 as of and for the six months ended June 30, 2019 is disclosed in Note 16.

In June 2017, IFRIC 23, *Uncertainty over Income Tax Treatments* ("IFRIC 23") was issued. IFRIC 23 clarifies the accounting for uncertainties related to income taxes and is applied to the determination of taxable profit (loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12, *Income Taxes*. IFRIC 23 became effective for annual reporting periods beginning on January 1, 2019. The adoption of IFRIC 23 did not have a material impact on the Group's consolidated financial statements.

In February 2018, the IASB issued *Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)*. The amendments are: (i) if a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement; and (ii) the amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding asset ceiling. The amendments to IAS 19 became effective for annual reporting periods beginning on January 1, 2019. The adoption of *Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)* did not have a material impact on the Group's consolidated financial statements.

(c) New Standards and Interpretations Not Yet Adopted

There were no new standards or interpretations not yet adopted that would have a material impact on the Group's financial statements.

4. Segment Reporting

The reportable segments for the six months ended June 30, 2019 are consistent with the reportable segments included within the annual consolidated financial statements as of and for the year ended December 31, 2018.

The Group's segment reporting information is based on geographical areas, representative of how the Group's business is managed and its operating results are evaluated. The Group's operations are organized primarily as follows: (i) "North America"; (ii) "Asia"; (iii) "Europe"; (iv) "Latin America"; and (v) "Corporate".

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating profit or loss as included in the internal management reports that are reviewed by the Chief Operating Decision Maker. Segment operating profit or loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of the Group's segments.

Segment information as of and for the six months ended June 30, 2019 and June 30, 2018 is as follows:

	Six months ended June 30, 2019					
(Expressed in millions of US Dollars)	**North America**	**Asia**	**Europe**	**Latin America**	**Corporate**	**Consolidated**
External revenues	**654.3**	**643.6**	**371.3**	**84.7**	**1.8**	**1,755.7**
Operating profit (loss)	**34.9**	**109.7**	**13.0**	**(2.6)**	**(31.0)**	**124.0**
Depreciation and amortization(1)	**54.7**	**49.5**	**39.8**	**10.4**	**1.3**	**155.7**
Capital expenditures	**5.0**	**6.9**	**10.2**	**1.1**	**2.8**	**26.0**
Impairment of property, plant and equipment	**6.2**	**—**	**2.5**	**—**	**—**	**8.7**
Impairment of lease right-of-use assets	**14.8**	**1.0**	**5.3**	**—**	**0.0**	**21.0**
Finance income	**0.1**	**0.3**	**0.1**	**0.0**	**0.4**	**0.9**
Finance costs(2)	**(8.5)**	**(3.5)**	**(4.3)**	**(1.6)**	**(33.1)**	**(51.0)**
Income tax (expense) benefit	**5.6**	**(15.2)**	**2.2**	**0.4**	**(8.6)**	**(15.6)**
Total assets	**2,877.7**	**1,419.1**	**831.6**	**174.7**	**523.0**	**5,826.2**
Total liabilities	**1,771.1**	**589.1**	**508.1**	**98.2**	**952.6**	**3,919.1**

	Six months ended June 30, 2018					
(Expressed in millions of US Dollars)	North America	Asia	Europe	Latin America	Corporate	Consolidated
External revenues	695.0	668.3	392.7	90.6	2.1	1,848.7
Operating profit (loss)	78.7	120.8	36.5	2.5	(36.7)	201.8
Depreciation and amortization(1)	21.6	19.4	15.5	3.5	1.0	61.0
Capital expenditures	10.5	9.8	15.7	3.7	1.4	41.1
Finance income	0.0	0.3	0.1	0.0	0.0	0.4
Finance costs(2)	(0.2)	(2.6)	(3.9)	(1.4)	(85.5)	(93.6)
Income tax (expense) benefit	(9.2)	(18.0)	(6.8)	(0.7)	4.0	(30.7)
Total assets	2,328.5	1,282.2	688.2	111.0	761.6	5,171.5
Total liabilities	1,129.2	495.1	355.7	38.3	1,330.1	3,348.4

Notes

(1) Depreciation and amortization expense for the six months ended June 30, 2019 includes amortization expense associated with right-of-use assets recorded in accordance with IFRS 16. Comparative amounts for the six months ended June 30, 2018 have not been restated (see further discussion in Note 3(b)).

(2) Finance costs for the six months ended June 30, 2019 primarily include interest expense on financial liabilities, which includes the amortization of deferred financing costs, interest expense on lease liabilities in accordance with IFRS 16 (see Note 3(b)), change in the fair value of put options and unrealized (gains) losses on foreign exchange that are presented on a net basis. Finance costs for the six

months ended June 30, 2018 primarily include interest expense on financial liabilities, which includes the amortization of deferred financing costs, the non-cash charge of US$53.3 million to derecognize the deferred financing costs associated with the Original Senior Credit Facilities in conjunction with the 2018 Refinancing (see Note 13(a)), change in the fair value of put options and unrealized (gains) losses on foreign exchange that are presented on a net basis.

The following table sets forth a disaggregation of net sales by brand for the six months ended June 30, 2019 and June 30, 2018:

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2019**	2018
Net sales by brand:		
Samsonite	**792.6**	847.3
Tumi	**363.4**	353.2
American Tourister	**320.6**	338.9
Speck	**50.2**	56.2
High Sierra	**39.3**	45.0
Gregory	**34.9**	29.1
Other[1]	**154.8**	179.0
Net sales	**1,755.7**	1,848.7

Note

(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 Group's Rolling Luggage and Chic Accent retail stores and the eBags e-commerce website.

The following table sets forth a disaggregation of net sales by product category for the six months ended June 30, 2019 and June 30, 2018:

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2019**	2018
Net sales by product category:		
Travel	**1,051.1**	1,119.1
Non-travel[1]	**704.7**	729.6
Net sales	**1,755.7**	1,848.7

Note

(1) The non-travel category comprises business, casual, accessories and other products.

The following table sets forth a disaggregation of net sales by distribution channel for the six months ended June 30, 2019 and June 30, 2018:

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2019**	2018
Net sales by distribution channel:		
Wholesale	**1,129.1**	1,226.0
Direct-to-consumer ("DTC")[1]	**624.8**	620.6
Other[2]	**1.8**	2.1
Net sales	**1,755.7**	1,848.7

Notes

(1) DTC, or direct-to-consumer, includes bricks-and-mortar retail and e-commerce sites owned and operated by the Group.
(2) “Other” primarily consists of licensing revenue.

5. Earnings Per Share

(a) Basic

The calculation of basic earnings per share ("EPS") is based on the profit attributable to the equity holders of the Company for the six months ended June 30, 2019 and June 30, 2018.

(Expressed in millions of US Dollars, except share and per share data)	Six months ended June 30, 2019	2018
Issued ordinary shares at the beginning of the period	**1,430,940,380**	1,421,811,102
Weighted-average impact of share options exercised during the period	**38,805**	3,094,926
Weighted-average number of shares for the period	**1,430,979,185**	1,424,906,028
Profit attributable to the equity holders	**49.1**	67.8
Basic EPS *(Expressed in US Dollars per share)*	**0.034**	0.048

For the six months ended June 30, 2019, basic EPS was negatively impacted by the non-cash impairment charge (as defined below) of US$29.7 million and the US$7.2 million in costs to implement profit improvement initiatives (net of tax). For the six months ended June 30, 2018, basic EPS was negatively impacted by the non-cash charge of US$53.3 million to derecognize the deferred financing costs associated with the Original Senior Credit Facilities in conjunction with the 2018 Refinancing and the related tax impact (see note 13(a)).

(b) Diluted

Dilutive EPS is calculated by adjusting the weighted-average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

(Expressed in millions of US Dollars, except share and per share data)	Six months ended June 30, 2019	2018
Weighted-average number of ordinary shares (basic) at end of the period	**1,430,979,185**	1,424,906,028
Effect of share options and restricted share units	**2,686,749**	15,462,021
Weighted-average number of shares for the period	**1,433,665,934**	1,440,368,049
Profit attributable to the equity holders	**49.1**	67.8
Diluted EPS *(Expressed in US Dollars per share)*	**0.034**	0.047

Diluted EPS was impacted by the same factors noted above for basic EPS. At June 30, 2019 and June 30, 2018, 88,430,795 and 20,437,071 unvested share awards, respectively, were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive.

(c) Dividends and Distributions

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, a 13.6% increase from the US$110.0 million distribution paid in 2018. The shareholders approved this distribution on June 6, 2019 at the Company's Annual General Meeting and the distribution was paid on July 16, 2019.

On March 14, 2018, the Company's Board of Directors recommended that a cash distribution in the amount of US$110.0 million, or approximately US$0.0771 per share, be made to the Company's shareholders of record on June 15, 2018 from its ad hoc distributable reserve. The shareholders approved this distribution on June 7, 2018 at the Company's Annual General Meeting and the distribution was paid on July 12, 2018.

Dividend payments to non-controlling interests amounted to US$9.1 million and US$9.7 million during the six months ended June 30, 2019 and June 30, 2018, respectively.

No other dividends or distributions were declared or paid during the six months ended June 30, 2019 and June 30, 2018.

6. Seasonality of Operations

There is some seasonal fluctuation in the business activity of the Group and, as a result, net sales and working capital requirements may fluctuate from period to period.

7. Property, Plant and Equipment

For the six months ended June 30, 2019 and June 30, 2018, the cost of additions to property, plant and equipment was US$26.0 million and US$41.1 million, respectively. Depreciation expense for the six months ended June 30, 2019 and June 30, 2018 amounted to US$40.1 million and US$44.0 million, respectively. Of this amount, US$6.9 million and US$7.5 million was included in cost of sales during the six months ended June 30, 2019 and June 30, 2018, respectively. Remaining amounts were presented in distribution and general and administrative expenses.

In accordance with IAS 36, *Impairment of Assets*, the Group is required to evaluate its property, plant and equipment for potential impairment whenever events or changes in circumstance indicate that their carrying amount might not be recoverable. Based on the evaluation of loss-making stores in the six months ended June 30, 2019 and the anticipated closure of some of these stores, the Group determined that the carrying amounts of certain property, plant and equipment as of June 30, 2019 exceeded their respective recoverable amounts. The Group recognized an impairment loss reflecting the aggregate difference totaling US$8.7 million for property, plant and equipment of such stores. These impairment losses for the six months ended June 30, 2019 were recorded in the Group's consolidated income statements in the line item "Impairment of property, plant and equipment and lease right-of-use assets" (see also Note 16 Leases further below).

Capital Commitments

Capital commitments outstanding as of June 30, 2019 and December 31, 2018 were US$39.2 million and US$39.5 million, respectively, which were not recognized as liabilities in the consolidated statements of financial position as they have not met the recognition criteria.

8. Other Intangible Assets

Amortization expense related to intangible assets for the six months ended June 30, 2019 and June 30, 2018 amounted to US$16.1 million and US$17.0 million, respectively, which was included within distribution expenses on the consolidated income statements.

In accordance with IAS 36, *Impairment of Assets*, the Group is required to evaluate its intangible assets for potential impairment whenever events or changes in circumstance indicate that their carrying amount might not be recoverable. There were no impairment indicators for intangible assets during the six months ended June 30, 2019.

9. Inventories

Inventories consisted of the following:

(Expressed in millions of US Dollars)	**June 30, 2019**	December 31, 2018
Raw materials	**31.9**	37.3
Work in process	**0.7**	2.4
Finished goods	**593.6**	582.9
Total inventories	**626.2**	622.6

The amounts above as of June 30, 2019 and December 31, 2018 include inventories carried at net realizable value (estimated selling price less costs to sell) of US$67.4 million and US$62.5 million, respectively. During the six months ended June 30, 2019 and June 30, 2018, the write-down of inventories to net realizable value amounted to US$7.4 million and US$4.4 million, respectively. During the six months ended June 30, 2019 and June 30, 2018 the reversal of reserves recognized in profit or loss amounted to US$5.1 million and US$1.4 million, respectively.

10. Trade and Other Receivables

Trade and other receivables are presented net of related allowances for doubtful accounts of US$15.8 million and US$14.8 million as of June 30, 2019 and December 31, 2018, respectively.

(a) Aging Analysis

Included in trade and other receivables are trade receivables (net of allowance for doubtful accounts) of US$409.4 million and US$397.9 million as of June 30, 2019 and December 31, 2018, respectively, with the following aging analysis by due date of the respective invoice:

(Expressed in millions of US Dollars)	**June 30, 2019**	December 31, 2018
Current	**334.2**	322.5
0 - 30 days past due	**54.0**	57.0
Greater than 30 days past due	**21.3**	18.4
Total trade receivables	**409.4**	397.9

Credit terms are granted based on the credit worthiness of individual customers.

11. Cash and Cash Equivalents

(Expressed in millions of US Dollars)	**June 30, 2019**	December 31, 2018
Bank balances	**477.8**	417.1
Short-term investments	**11.5**	10.6
Total cash and cash equivalents	**489.3**	427.7

Short-term investments comprise overnight sweep accounts and time deposits. Cash and cash equivalents are generally denominated in the functional currency of the respective Group entities. There were no restrictions on the use of any of the Group's cash as of June 30, 2019 and December 31, 2018.

12. Share Capital

During the six months ended June 30, 2019, the Company issued 68,372 ordinary shares at a weighted-average exercise price of HK$17.36 per share in connection with the exercise of vested share options that were granted under the Company's Share Award Scheme. There were no other movements in the share capital of the Company during the first half of 2019.

During the six months ended June 30, 2018, the Company issued 8,395,007 ordinary shares at a weighted-average exercise price of HK$22.68 per share in connection with the exercise of vested share options that were granted under the Company's Share Award Scheme. There were no other movements in the share capital of the Company during the first half of 2018.

13. Loans and Borrowings

(a) Non-current Obligations

Non-current obligations represent non-current debt as follows:

(Expressed in millions of US Dollars)	**June 30, 2019**	December 31, 2018
New Term Loan A Facility	**807.3**	817.7
New Term Loan B Facility	**658.4**	661.7
Total Term Loan Facilities	**1,465.7**	1,479.3
Senior Notes	**398.0**	401.5
Other long-term debt	**2.1**	2.3
Capital lease obligations	**—**	0.3
Total loans and borrowings	**1,865.7**	1,883.4
Less deferred financing costs	**(14.9)**	(16.4)
Total loans and borrowings less deferred financing costs	**1,850.8**	1,867.0
Less current portion of long-term debt	**(28.5)**	(28.3)
Less current installments on capital lease obligations	**—**	(0.1)
Non-current loans and borrowings	**1,822.4**	1,838.6

In 2018, the Group refinanced its Senior Credit Facilities through the issuance of €350.0 Million 3.500% Senior Notes due 2026 and by amending and restating its Senior Credit Facilities (the "2018 Refinancing").

€350.0 Million 3.500% Senior Notes Due 2026

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

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

Maturity, Interest and Redemption

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

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

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

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

In addition, at any time prior to May 15, 2021, the Issuer may redeem up to 40% of the Senior Notes with the net proceeds of one or more specified equity offerings at a redemption price of 103.500% of the principal amount of the Senior Notes redeemed, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. Furthermore, in the event of certain events defined as constituting a change of control, the Issuer may be required to make an offer to purchase the Senior Notes.

Guarantee and Security

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

Certain Covenants and Events of Default

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

Amended and Restated Senior Credit Facilities Agreement

On May 13, 2016, an indirect wholly-owned subsidiary of the Company entered into a credit and guaranty agreement (the "Original Senior Credit Facilities Agreement") with certain lenders and financial institutions. The Original Senior Credit Facilities Agreement provided for (1) a US$1,250.0 million senior secured term loan A facility (the "Original

Term Loan A Facility”), (2) a US$675.0 million senior secured term loan B facility (the “Original Term Loan B Facility” and, together with the Original Term Loan A Facility, the “Original Term Loan Facilities”) and (3) a US$500.0 million revolving credit facility (the “Original Revolving Credit Facility,” and, together with the Original Term Loan Facilities, the “Original Senior Credit Facilities”).

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

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

Interest Rate and Fees

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

(a) in respect of the New Term Loan A Facility and the New Revolving Credit Facility, the interest rate payable was set with effect from the Closing Date until the delivery of the financial statements for the fiscal quarter ended September 30, 2018 at the London Interbank Offered Rate (“LIBOR”) plus 1.50% per annum (or a base rate plus 0.50% per annum) and thereafter is based on the lower rate derived from either the first lien net leverage ratio of the Company and its restricted subsidiaries at the end of each fiscal quarter or the Company’s corporate ratings. The interest rate payable on the Original Term Loan A Facility and Original Revolving Credit Facility was an adjusted rate of LIBOR plus 2.00% per annum; and

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

In addition to paying interest on outstanding principal under the New Senior Credit Facilities, the borrowers pay customary agency fees and a commitment fee in respect of the unutilized commitments under the New Revolving Credit Facility. The commitment fee payable with effect from the Closing Date until the delivery of the financial statements for the fiscal quarter ended September 30, 2018 was 0.20% per annum. The commitment fee payable thereafter is based on the lower rate derived from either the first lien net leverage ratio of the Company and its restricted subsidiaries at the end of each fiscal quarter or the Company’s corporate ratings, as applicable.

Amortization and Final Maturity

The New Term Loan A Facility requires scheduled quarterly payments commencing on the first full fiscal quarter ended after the Closing Date, with an annual amortization of 2.5% of the original principal amount of the loans under the New Term Loan A Facility made during each of the first and second years, with a step-up to 5.0% annual amortization during each of the third and fourth years and 7.5% annual amortization during the fifth year, with the balance due and payable on the fifth anniversary of the Closing Date. The New Term Loan B Facility requires scheduled quarterly payments commencing on the quarter ended September 30, 2018, each equal to 0.25% of the original principal amount of the loans under the New Term Loan B Facility, with the balance due and payable on the seventh anniversary of the Closing Date. There is no scheduled amortization of the principal amounts of the loans outstanding under the New Revolving Credit Facility. Any principal amount outstanding under the New Revolving Credit Facility is due and payable on the fifth anniversary of the Closing Date.

Guarantees and Security

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

Certain Covenants and Events of Default

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

In addition, the Credit Agreement requires the Company and its subsidiaries to meet certain quarterly financial covenants. Commencing with the fiscal quarter ended September 30, 2018, the Company and its subsidiaries are required to maintain (i) a pro forma total net leverage ratio of not greater than 5.50:1.00, which ratio will decrease to 5.25:1.00 for test periods ending in 2020, 5.00:1.00 for test periods ending in 2021 and 4.50:1.00 for test periods ending in 2022; provided that such maximum pro forma total net leverage ratio is subject to a step up of 0.50x from the otherwise applicable ratio, up to a pro forma total net leverage ratio not to exceed 6.00:1.00 for the six fiscal quarter period following the fiscal quarter in which a permitted acquisition has been consummated, and (ii) a pro forma interest consolidated cash interest coverage ratio of not less than 3.00:1.00 (collectively, the "Financial Covenants"). The Financial Covenants only apply for the benefit of the lenders under the New Term Loan A Facility and the lenders under the New Revolving Facility. The Credit Agreement also contains certain customary representations and warranties, affirmative covenants and provisions relating to events of default (including upon a change of control). The Group was in compliance with the financial covenants as of June 30, 2019.

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 2018 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 June 30, 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$6.5 million and US$25.5 million, respectively, which was recorded as an asset with the effective portion of the gain (loss) deferred to other comprehensive income.

Cross-currency Swaps

In April 2019, the Group entered into cross-currency swaps which have been designated as net investment hedges. The hedges consist of a US$50.0 million notional loan amount between the Euro and US Dollar and a US$25.0 million notional loan amount between the Japanese Yen and US Dollar. The Group is benefitting from the interest rate spread between the two markets to receive fixed interest income over the five-year contractual period. As of June 30, 2019, the cross-currency swaps qualified as net investment hedges and the monthly mark-to-market is recorded to other comprehensive income. As of June 30, 2019, the cross-currency swaps were marked-to-market, resulting in a net liability position to the Group in the amount of US$1.9 million, which was recorded as a liability with the effective portion of the gain (loss) deferred to other comprehensive income.

Deferred Financing Costs

During the six months ended June 30, 2018, the Group incurred US$18.5 million of deferred financing costs related to the 2018 Refinancing. Such costs were deferred and offset against loans and borrowings and are being amortized using the effective interest method over the life of the Senior Notes and New Senior Credit Facilities. The amortization of deferred financing costs under the Senior Notes and New Senior Credit Facilities, which is included in interest expense, amounted to US$1.5 million and US$0.5 million for the six months ended June 30, 2019 and June 30, 2018, respectively. Prior to the 2018 Refinancing, amortization of deferred financing costs under the Original Senior Credit Facilities, which were extinguished in April 2018, amounted to US$3.3 million for the six months ended June 30, 2018.

Upon extinguishment of the Original Senior Credit Facilities, the Group recognized a non-cash charge of US$53.3 million for the six months ended June 30, 2018 to derecognize the remaining balance of the previously existing deferred financing costs related to the Original Senior Credit Facilities.

(b) Current Obligations and Credit Facilities

Current obligations represent current debt and capital lease obligations and were as follows:

(Expressed in millions of US Dollars)	**June 30, 2019**	December 31, 2018
Current portion of non-current loans and borrowings	**28.5**	28.3
New Revolving Credit Facility	**22.7**	22.9
Other lines of credit	**33.7**	29.5
Capital lease obligations	**—**	0.1
Total current obligations	**84.9**	80.9

Revolving Facility

As of June 30, 2019, US$624.3 million was available to be borrowed on the New Revolving Credit Facility as a result of US$22.7 million of outstanding borrowings and the utilization of US$3.0 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 New 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 credit lines 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 facilities was US$33.7 million and US$29.5 million as of June 30, 2019 and December 31, 2018, respectively.

(c) Reconciliation of Movements of Liabilities to Cash Flows Arising from Financing Activities

	Liabilities		Equity			
(Expressed in millions of US Dollars)	**Loans and borrowings[(1)]**	**Lease liabilities[(2)]**	**Share capital**	**Reserves**	**Non-controlling interests**	**Total**
Balance at January 1, 2019[(2)]	**1,921.5**	**694.5**	**14.3**	**1,933.5**	**43.3**	**4,607.2**
Changes from financing cash flows:						
Payments of New Term Loan Facilities	**(14.2)**	**—**	**—**	**—**	**—**	**(14.2)**
Proceeds (payments) from other current loans and borrowings, net	**4.2**	**—**	**—**	**—**	**—**	**4.2**
Principal payments on lease liabilities	**—**	**(79.5)**	**—**	**—**	**—**	**(79.5)**
Proceeds from the exercise of share options	**—**	**—**	**0.0**	**0.2**	**—**	**0.2**
Dividend payments to non-controlling interests	**—**	**—**	**—**	**—**	**(9.1)**	**(9.1)**
Total changes from financing cash flows	**(10.0)**	**(79.5)**	**0.0**	**0.2**	**(9.1)**	**(98.4)**
The effect of changes in foreign exchange rates	**(5.3)**	**(1.4)**	**—**	**—**	**—**	**(6.7)**
Other changes:						
Liability-related						
Net additions to lease liabilities	**—**	**73.3**	**—**	**—**	**—**	**73.3**
Interest expense on borrowings and lease liabilities, including amortization of deferred financing costs	**34.6**	**15.4**	**—**	**—**	**—**	**50.0**
Interest paid on borrowings and lease liabilities	**(31.1)**	**(15.4)**	**—**	**—**	**—**	**(46.5)**
Total other changes	**3.5**	**73.3**	**—**	**—**	**—**	**76.8**
Other movements in equity[(3)]	**—**	**—**	**—**	**(84.8)**	**9.7**	**(75.1)**
Balance at June 30, 2019	**1,909.7**	**687.0**	**14.3**	**1,848.9**	**43.9**	**4,503.8**

Notes

(1) Includes accrued interest which is included in trade and other payables in the consolidated statements of financial position.

(2) On January 1, 2019, the Group adopted IFRS 16, Leases and applied the modified retrospective approach (see further discussion in Note 3(b)). Such liabilities did not exist at December 31, 2018.

(3) See consolidated statements of changes in equity for further details on movements during the period.

	Liabilities	Equity			
(Expressed in millions of US Dollars)	Loans and borrowings[1]	Share capital	Reserves	Non-controlling interests	Total
Balance at January 1, 2018	1,897.9	14.2	1,777.3	40.9	3,730.3
Changes from financing cash flows:					
Proceeds from issuance of Senior Notes and New Senior Credit Facilities	1,922.9	—	—	—	1,922.9
Payment and settlement of Original Senior Credit Facilities	(1,869.7)	—	—	—	(1,869.7)
Proceeds (payments) from other current loans and borrowings, net	(4.3)	—	—	—	(4.3)
Payment of deferred financing costs	(18.5)	—	—	—	(18.5)
Proceeds from the exercise of share options	—	—	24.3	—	24.3
Dividend payments to non-controlling interests	—	—	—	(9.7)	(9.7)
Total changes from financing cash flows	30.5	—	24.3	(9.7)	45.0
The effect of changes in foreign exchange rates	(19.3)	—	(4.6)	(2.8)	(26.6)
Other changes:					
Liability-related					
Interest expense on financial liabilities, including amortization of deferred financing costs	37.2	—	—	—	37.2
Non-cash charge to derecognize deferred financing costs	53.3	—	—	—	53.3
Cash paid for interest	(30.5)	—	—	—	(30.5)
Total other changes	59.9	—	—	—	59.9
Other movements in equity[2]	—	0.1	(26.8)	10.1	(16.5)
Balance at June 30, 2018	1,969.0	14.3	1,770.2	38.6	3,792.1

Notes

(1) Includes accrued interest which is included in trade and other payables in the consolidated statements of financial position.

(2) See consolidated statements of changes in equity for further details on movements during the period.

14. Employee Benefits

Employee benefits expense, which consists of payroll, bonuses, pension plan expenses, share-based payments and other benefits, amounted to US$278.1 million and US$274.9 million for the six months ended June 30, 2019 and June 30, 2018, respectively. Of these amounts, US$22.5 million and US$21.6 million was included in cost of sales during the six months ended June 30, 2019 and June 30, 2018, respectively. The remaining amounts were presented in distribution expenses and general and administrative expenses.

During the six months ended June 30, 2019, the Group incurred severance costs attributable to headcount reductions totaling US$9.8 million associated with profit improvement initiatives. These amounts were recorded in other expenses in the consolidated income statements for the six months ended June 30, 2019.

Share-based compensation expense of US$7.0 million and US$8.6 million was recognized in the consolidated income statements, with a corresponding increase in equity reserves, for the six months ended June 30, 2019 and June 30, 2018, respectively.

(a) Share-based Payment Arrangements

On September 14, 2012, the Company's shareholders adopted the Company's Share Award Scheme, which will remain in effect until September 13, 2022. The purpose of the Share Award Scheme is to attract skilled and experienced personnel, to incentivize them to remain with the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company. Awards under the Share Award Scheme may take the form of either share options or restricted share units ("RSUs"), which may be granted at the discretion of the Remuneration Committee to executive directors of the Company and its subsidiaries, managers employed or engaged by the Group, and/or employees of the Group.

As of July 31, 2019 (the "Latest Practicable Date"), the maximum aggregate number of shares in respect of which awards may be granted pursuant to the Share Award Scheme is 21,891,568 shares, representing approximately 1.5% of the issued share capital of the Company at that date. An individual participant may be granted awards pursuant to the Share Award Scheme in respect of a maximum of 1% of the Company's total issued shares in any 12-month period. Any grant of awards to an individual participant in excess of this limit is subject to independent shareholder's approval.

Share Options

The exercise price of share options is determined at the time of grant by the Remuneration Committee in its absolute discretion, but in any event shall not be less than the higher of:

a) the closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange on the date of grant;
b) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and
c) the nominal value of the shares.

The grant-date fair value of equity-settled share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity when such options represent equity-settled awards, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For equity-settled share-based payment awards with market performance conditions or non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Holders of vested share options are entitled to buy newly issued ordinary shares of the Company at a purchase price per share equal to the exercise price of the options. The fair value of services received in return for share options granted is based on the fair value of share options granted measured using the Black-Scholes valuation model. The fair value calculated for share options is inherently subjective due to the assumptions made and the limitations of the model utilized. Shares underlying an award of share options that forfeit ("lapse") without the issuance of such shares upon the exercise of such options may be available for future grant under the Share Award Scheme.

On June 17, 2019, the Company granted share options exercisable for 10,462,500 ordinary shares to an executive director of the Company, certain key management personnel and other employees of the Group with an exercise price of HK$16.04 per share. Such options are subject to graded ("*pro rata*") vesting over a four-year period from the date of grant, with 25% of the options vesting on each anniversary of the date of the grant, subject to the grantee continuing to be employed by, or continuing to provide services to, the Group on the applicable vesting date. Such options have a 10-year term.

Expected volatility is estimated taking into account historic average share price volatility. The expected dividends are based on the Group’s history and expectation of dividend payouts.

The following inputs were used in the measurement of the fair value at grant date of the share-based payment for the share options exercisable for 10,462,500 shares that were granted on June 17, 2019:

Fair value at grant date	HK$3.08
Share price at grant date	HK$15.80
Exercise price	HK$16.04
Expected volatility (weighted average volatility)	32.8%
Option life (expected weighted average life)	6.25 years
Expected dividends	4.3%
Risk-free interest rate (based on government bonds)	1.6%

Particulars and movements of share options during the six months ended June 30, 2019 and June 30, 2018 were as follows:

	Number of options	**Weighted-average exercise price**
Outstanding at January 1, 2019	**76,733,623**	**HK$25.83**
Granted during the period	**10,462,500**	**HK$16.04**
Exercised during the period	**(68,372)**	**HK$17.36**
Canceled / lapsed during the period	**(5,652,430)**	**HK$28.66**
Outstanding at June 30, 2019	**81,475,321**	**HK$24.38**
Exercisable at June 30, 2019	**45,260,700**	**HK$24.49**

	Number of options	Weighted-average exercise price
Outstanding at January 1, 2018	84,925,858	HK$25.61
Exercised during the period	(8,395,007)	HK$22.68
Canceled / lapsed during the period	(2,714,533)	HK$26.22
Outstanding at June 30, 2018	73,816,318	HK$25.92
Exercisable at June 30, 2018	34,675,624	HK$23.96

At June 30, 2019, the range of exercise prices for outstanding share options was HK$16.04 to HK$31.10 with a weighted average contractual life of 7.1 years. At June 30, 2018, the range of exercise prices for outstanding share options was HK$17.36 to HK$31.10 with a weighted average contractual life of 7.5 years.

Restricted Share Units ("RSUs")

The Company may, from time to time grant RSUs, including time-based RSUs ("TRSUs") and performance-based RSUs ("PRSUs"), to certain key management personnel and other employees of the Group. The vesting of the RSUs is subject to the continuing employment of the grantee and, in the case of PRSUs, to the Company's achievement of pre-established performance goals. The closing market price of the Company's shares on the date of grant is used to determine the grant date fair value. If the performance-based award incorporates a market condition, the grant-date fair value of such award is determined using a Monte Carlo simulation. These fair values are recognized as expense over the requisite service period, net of estimated forfeitures, based on expected attainment of pre-established performance goals for PRSUs with market conditions, or the passage of time for TRSUs. Actual distributed shares are calculated upon conclusion of the service and performance periods.

Time-based Restricted Share Units

TRSUs granted by the Company are subject to *pro rata* vesting over a three-year period, with one-third of such TRSUs vesting on each anniversary of the date of the grant, subject to the grantee continuing to be employed by, or continuing to provide services to, the Group on the applicable vesting date. Expense for TRSUs is based on the closing market price of the Company's shares on the date of grant, discounted by the present value of expected future dividends, and is recognized ratably over the vesting period, net of expected forfeitures.

On June 17, 2019, the Company awarded TRSUs with respect to 4,074,414 shares to an executive director of the Company, certain key management personnel and other employees of the Group.

A summary of TRSU activity during the six months ended June 30, 2019 was as follows:

	Number of TRSUs	Weighted-average Fair Value per TRSU
Outstanding at January 1, 2019	**4,884,072**	**HK$22.50**
Granted during the period	**4,074,414**	**HK$14.52**
Vested during the period	**—**	**—**
Canceled / lapsed during the period	**(475,329)**	**HK$22.40**
Outstanding at June 30, 2019	**8,483,157**	**HK$18.67**

Performance-based Restricted Share Units

PRSUs vest in full on the third anniversary of the date of grant, subject to the grantee continuing to be employed by, or continuing to provide services to, the Group on the vesting date, and only to the extent certain pre-established cumulative performance targets are met. Expense related to PRSUs with non-market performance criteria is recognized ratably over the performance period, net of forfeitures, based on the probability of attainment of the related performance targets. The potential number of shares that may be issued upon vesting of the PRSUs ranges from 0% of the target number of shares subject to the PRSUs, if the minimum level of performance is not attained, to up to 200% of the target number of shares subject to the PRSUs, if the level of performance is at or above the predetermined maximum achievement level. For PRSUs subject to market conditions, the expense is recognized over the vesting period based on the fair value as determined on the grant date utilizing a Monte Carlo simulation.

On June 17, 2019, the Group granted PRSUs with respect to a target number of 1,455,327 shares to an executive director and certain members of the Company's senior management team assuming target level achievement of the performance conditions applicable to the PRSU grants. The performance targets cover the three-year (fiscal) period ending December 31, 2021. The actual number of shares that will vest under the PRSUs will vary depending on the level of achievement of the performance conditions applicable to the PRSU grants made to the relevant grantees, thereby ensuring that the actual payout is linked to the Company’s performance. The maximum number of shares underlying the PRSUs is 2,910,654 shares. The PRSUs granted on June 17, 2019 will vest on June 17, 2022, subject to the achievement of the performance conditions and subject to the applicable grantee continuing to be employed by, or continuing to provide services to, the Group on the vesting date.

A summary of PRSU activity during the six months ended June 30, 2019 was as follows:

	Number of PRSUs	Weighted-average Fair Value per PRSU
Outstanding at January 1, 2019	**1,564,368**	**HK$17.91**
Granted during the period (at target level vesting)	**1,455,327**	**HK$12.56**
Increase (decrease) due to performance condition achievement	**—**	**—**
Vested during the period	**—**	**—**
Canceled / lapsed during the period	**(109,562)**	**HK$17.78**
Outstanding at June 30, 2019 (at target level vesting)	**2,910,133**	**HK$15.24**

Shares underlying an award of TRSUs or PRSUs that lapse without the issuance of such shares upon vesting of such award may be available for future grant under the Share Award Scheme.

15. Trade and Other Payables

(Expressed in millions of US Dollars)	**June 30, 2019**	December 31, 2018
Accounts payable	**522.0**	525.4
Other payables and accruals	**153.8**	161.5
Cash distribution payable to equity holders	**125.0**	—
Other tax payables	**12.3**	12.4
Total trade and other payables	**813.1**	699.2

Included in accounts payable are trade payables with the following aging analysis by due date of the respective invoice:

(Expressed in millions of US Dollars)	**June 30, 2019**	December 31, 2018
Current	**368.2**	388.0
0 - 30 days past due	**36.3**	38.0
Greater than 30 days past due	**10.2**	6.5
Total trade payables	**414.8**	432.4

16. Leases

(a) Lease Right-of-use Assets

The following table sets forth a breakdown of IFRS 16 lease right-of-use asset additions and amortization expenses for the six months ended June 30, 2019 and the carrying amount of lease right-of-use assets by class of underlying asset as of June 30, 2019.

(Expressed in millions of US Dollars)	**Real estate**	**Automobiles**	**Equipment**	**Other**	**Total**
For the six months ended June 30, 2019:					
Additions of lease right-of-use assets	**57.3**	**7.3**	**6.4**	**0.1**	**71.1**
Amortization expense of lease right-of-use assets	**97.2**	**1.4**	**0.7**	**0.2**	**99.5**
Balance at June 30, 2019:					
Carrying value of lease right-of-use assets	**650.1**	**5.8**	**5.7**	**0.0**	**661.6**

In accordance with IAS 36, *Impairment of Assets*, the Group is required to evaluate its lease right-of-use assets for potential impairment whenever events or changes in circumstance indicate that their carrying amount might not be recoverable. Based on the evaluation of loss-making stores in the six months ended June 30, 2019 and the anticipated closure of some of these stores, the Group determined that the carrying amounts of certain lease right-of-use assets as of June 30, 2019 exceeded their respective recoverable amounts. The Group recognized an impairment loss reflecting the aggregate difference totaling US$21.0 million of lease right-of-use assets associated with such stores that were recently recognized with the adoption of IFRS 16. These impairment losses for the six months ended June 30, 2019 were recorded in the Group's consolidated income statements in the line item "Impairment of property, plant and equipment and lease right-of-use assets" (see also Note 7 Property, Plant and Equipment above).

(b) Lease Liabilities

The Group's IFRS 16 lease liability obligations primarily consist of leases of retail stores, distribution centers, warehouses, office facilities, equipment and automobiles. As of June 30, 2019, future minimum contractual payments under lease liabilities were as follows:

(Expressed in millions of US Dollars)	June 30, 2019
Within one year	**196.7**
After one year but within two years	**161.5**
After two years but within five years	**272.6**
More than five years	**138.8**
Total future minimum payments under lease liabilities	**769.6**

(c) Short-term, Low-value and Variable Leases

With the adoption of IFRS 16 on January 1, 2019, most leases are now being recognized on the consolidated statement of financial position (see Note 3(b)). The only exceptions are short-term leases (lease periods that are twelve months or less), low-value leases (leases that are US$5,000 or less) and the expense relating to variable lease payments not included in the measurement of lease liabilities.

The rental cost for short-term, low-value and expense for variable lease payments are recorded in rent expense and amounted to US$26.0 million for the six months ended June 30, 2019, substantially all of which is included in distribution expenses in the consolidated income statement. Certain of the retail store leases provide for additional rent payments based on a percentage of sales. These additional variable rent payments amounted to US$7.6 million for the six months ended June 30, 2019.

As of June 30, 2019, future minimum payments under short-term, low-value and expense for variable lease payments were as follows:

(Expressed in millions of US Dollars)	June 30, 2019
Within one year	**2.3**
After one year but within two years	**0.5**
After two years but within five years	**0.2**
Total future minimum payments under short-term, low-value and variable leases	**3.0**

(d) Total Cash Outflows for Leases

The following table sets forth a breakdown of total cash outflows for the six months ended June 30, 2019 related to IFRS 16 lease liabilities and those leases exempt from IFRS 16.

(Expressed in millions of US Dollars)	IFRS 16 lease liabilities	Short-term, low-value and variable leases exempt from IFRS 16	Total cash outflow for leases
Principal payments on lease liabilities	**79.5**	**—**	**79.5**
Interest paid on lease liabilities	**15.4**	**—**	**15.4**
Rent expense - short-term and low value leases(1)	**—**	**19.2**	**19.2**
Rent expense - variable leases(1)	**—**	**6.8**	**6.8**
Contingent rent	**—**	**7.6**	**7.6**
Total cash outflow	**94.9**	**33.6**	**128.5**

Note
(1) Reflects costs for leases which did not qualify for capitalization under IFRS 16.

17. Income Taxes

(a) Taxation in the Consolidated Income Statements

For interim reporting purposes, the Group applied the effective tax rate to profit before income tax for the interim period. The reported effective tax rate is 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 Group’s consolidated effective reported tax rate for the six months ended June 30, 2019 and June 30, 2018 was 21.1% and

28.3%, respectively. The decrease in the Group's effective tax rate was mainly the result of changes in the profit mix between high and low tax jurisdictions, the deferred tax benefit recognized on share-based compensation due to changes in the Company's stock price within the period and the recognition of deferred tax benefits related to changes in statutory tax rates in various taxing jurisdictions.

Taxation in the consolidated interim income statements for the six months ended June 30, 2019 and June 30, 2018 consisted of the following:

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2019**	2018
Hong Kong profits tax expense	**(2.4)**	(2.0)
Foreign profits tax expense	**(13.2)**	(28.7)
Income tax expense	**(15.6)**	(30.7)

The provision for Hong Kong Profits Tax for the six months ended June 30, 2019 and June 30, 2018 was calculated at an effective tax rate of 16.5% of the estimated assessable profits for the period.

(b) Income Tax (Expense) Benefit Recognized in Other Comprehensive Income

	Six months ended June 30, 2019			Six months ended June 30, 2018		
(Expressed in millions of US Dollars)	**Before tax**	**Income tax (expense)**	**Net of tax**	Before tax	Income tax benefit	Net of tax
Changes in fair value of hedges	**(22.8)**	**5.9**	**(16.9)**	16.4	(4.4)	12.0
Foreign currency translation gains (losses) for foreign operations	**3.4**	**—**	**3.4**	(7.3)	—	(7.3)
	(19.4)	**5.9**	**(13.5)**	9.1	(4.4)	4.7

18. Finance Income and Finance Costs

The following table presents a summary of finance income and finance costs recognized in the consolidated income statements and consolidated statements of comprehensive income:

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2019**	2018
Recognized in income or loss:		
Interest income	**0.9**	0.4
Total finance income	**0.9**	0.4
Interest expense on loans and borrowings	**(33.1)**	(33.4)
Amortization of deferred financing costs associated with Original Senior Credit Facilities	**0.0**	(3.3)
Amortization of deferred financing costs associated with New Senior Credit Facilities	**(1.5)**	(0.5)
Derecognition of remaining deferred financing costs associated with Original Senior Credit Facilities	**—**	(53.3)
Interest expense on lease liabilities[1]	**(15.4)**	—
Change in fair value of put options	**1.0**	0.9
Net foreign exchange gain (loss)	**0.1**	(2.5)
Other finance costs	**(2.1)**	(1.5)
Total finance costs	**(51.0)**	(93.6)
Net finance costs recognized in profit or loss	**(50.1)**	(93.2)
Recognized in other comprehensive income (loss):		
Foreign currency translation gains (losses) for foreign operations	**3.4**	(7.3)
Changes in fair value of hedges	**(22.8)**	16.4
Income tax on finance income and finance costs recognized in other comprehensive income	**5.9**	(4.4)
Net finance costs recognized in total other comprehensive income, net of tax	**(13.5)**	4.7
Attributable to:		
Equity holders of the Company	**(14.0)**	7.4
Non-controlling interests	**0.5**	(2.7)

Note

(1) On January 1, 2019, the Group adopted IFRS 16 and applied the modified retrospective approach. Comparative amounts for the six months ended June 30, 2018 have not been restated (see further discussion in Note 3(b)).

19. Contingent Liabilities

In the ordinary course of business, the Group is subject to various forms of litigation and legal proceedings. The facts and circumstances relating to particular cases are evaluated in determining whether it is more likely than not that there will be a future outflow of funds and, once established, whether a provision relating to specific litigation is sufficient. The Group records provisions based on its past experience and on facts and circumstances known at each reporting date. The provision charge is typically recognized within general and administrative expenses in the consolidated income statements. When the date of the settlement of an obligation is not reliably measurable, the provisions are not discounted and are classified in current liabilities.

The Group did not settle any material litigation during the six months ended June 30, 2019 or June 30, 2018.

20. Financial Instruments

(a) Fair Value Versus Carrying Amounts

All financial assets and liabilities have fair values that approximate carrying amounts.

(b) Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The carrying amount of cash and cash equivalents, trade receivables, accounts payable, short-term debt, and accrued expenses approximates fair value because of the short maturity or duration of these instruments.

The fair value of foreign currency forward contracts, interest rate swaps and cross-currency swaps are estimated by reference to market quotations received from banks.

The following table presents assets and liabilities that are measured at fair value on a recurring basis (including items that are required to be measured at fair value) as of June 30, 2019 and December 31, 2018:

		Fair value measurements at reporting date using		
(Expressed in millions of US Dollars)	**June 30, 2019**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets:				
Cash and cash equivalents	**489.3**	**489.3**	**—**	**—**
Interest rate swap agreements	**6.5**	**—**	**6.5**	**—**
Foreign currency forward contracts	**2.2**	**2.2**	**—**	**—**
Total assets	**498.0**	**491.5**	**6.5**	**—**
Liabilities:				
Non-controlling interest put options	**57.2**	**—**	**—**	**57.2**
Cross currency swap agreements	**1.9**	**—**	**1.9**	**—**
Total liabilities	**59.1**	**—**	**1.9**	**57.2**

		Fair value measurements at reporting date using		
(Expressed in millions of US Dollars)	December 31, 2018	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Cash and cash equivalents	427.7	427.7	—	—
Interest rate swap agreements	25.5	—	25.5	—
Foreign currency forward contracts	3.7	3.7	—	—
Total assets	456.9	431.4	25.5	—
Liabilities:				
Non-controlling interest put options	56.3	—	—	56.3
Total liabilities	56.3	—	—	56.3

The Group maintains interest rate swaps which are used to hedge interest rate risk associated with the New Senior Credit Facilities. See Note 13(a) for further discussion. Since the interest rate swap fair values are based predominantly on observable inputs, such as the interest yield curve, that are corroborated by market data, they are categorized as Level 2 in the fair value hierarchy.

The Group maintains cross currency swaps which are used to hedge currency risk (see Note 13(a) for further discussion). Since the cross currency swap fair values are based predominantly on observable inputs that are corroborated by market data, they are categorized as Level 2 in the fair value hierarchy.

Certain non-U.S. subsidiaries of the Group periodically enter into forward contracts related to the purchase of inventory denominated primarily in USD which are designated as cash flow hedges. The hedging effectiveness was evaluated in accordance with IFRS 9, *Financial Instruments*. The fair value of these instruments was an asset of US$2.2 million and an asset of US$3.7 million as of June 30, 2019 and December 31, 2018, respectively.

The following table shows the valuation technique used in measuring the Level 3 fair value, as well as the significant unobservable inputs used.

Type	**Valuation Technique**	**Significant unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value measurement**
Put options	*Income approach* - The valuation model converts future amounts based on an EBITDA multiple to a single current discounted amount reflecting current market expectations about those future amounts.	- EBITDA Multiple	The estimated value would increase (decrease) if the EBITDA multiple was higher (lower).

The following table shows reconciliation from the opening balance to the closing balance for Level 3 fair values:

(Expressed in millions of US Dollars)	
Balance at January 1, 2019	**56.3**
Change in fair value included in equity	**1.9**
Change in fair value included in finance costs	**(1.0)**
Balance at June 30, 2019	**57.2**

For the fair value of put options, reasonably possible changes to one of the significant unobservable inputs, holding other inputs constant, would have the following effects at June 30, 2019:

	Profit or Loss		**Shareholders' Equity**	
(Expressed in millions of US Dollars)	**Increase**	**Decrease**	**Increase**	**Decrease**
EBITDA multiple (movement of 0.1x)	**1.0**	**(1.0)**	**0.8**	**(0.8)**

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

21. Related Party Transactions

(a) Transactions with Key Management Personnel

In addition to their cash compensation, the Group also provides non-cash benefits to certain directors and other key management personnel, and contributes to a post-employment plan on their behalf.

Key management personnel is comprised of the Group's directors and senior management. Compensation paid to key management personnel during the six months ended June 30, 2019 and June 30, 2018 comprised:

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2019**	2018
Director's fees	**0.7**	0.7
Salaries, allowances and other benefits in kind	**3.4**	4.2
Bonus[1]	**3.6**	5.6
Share-based compensation[2]	**4.3**	5.4
Contributions to post-employment plans	**0.2**	0.1
Total compensation	**12.2**	16.0

Notes
(1) Bonus reflects amounts paid during the period and is generally based on the performance of the Group for the previous year.
(2) Share-based compensation amounts reported represent the expense taken during the period of awards granted previously.

(b) Other Related Party Transactions

Mr. Ramesh Tainwala ("Mr. Tainwala"), a former Executive Director and former Chief Executive Officer of the Group, ceased being a related party upon his resignation from the Company with effect from May 31, 2018. The disclosure below has been included with respect to the six months ended June 30, 2018 only.

I. Certain subsidiaries of the Group purchase raw materials and finished goods from, and Samsonite South Asia Private Limited sells certain raw materials and components to, Abhishri Packaging Pvt. Ltd, which is managed and controlled by the family of Mr. Tainwala, together with his family, and are the owners of 40.0% non-controlling interests in Samsonite South Asia Private Limited and in the Group's United Arab Emirates subsidiary, Samsonite Middle East FZCO. Abhishri Packaging Pvt. Ltd also manufactures hard-side luggage products on behalf of Samsonite South Asia Private Limited.

Related amounts of purchases, sales, payables and receivables were the following:

	Six months ended June 30,
(Expressed in millions of US Dollars)	2018
Purchases	7.7

(Expressed in millions of US Dollars)	December 31, 2018
Payables	5.8

II. The Group's Indian subsidiary, Samsonite South Asia Private Limited, sells finished goods to Bagzone Lifestyle Private Limited. Bagzone Lifestyle Private Limited is managed and controlled by the family of Mr. Tainwala. The Group's Chinese subsidiary, Samsonite (China) Co., Ltd., provided sourcing support and quality inspection services in respect of products under certain other brands sold by Bagzone Lifestyle Private Limited until the agreement's expiration on December 31, 2018.

	Six months ended June 30,
(Expressed in millions of US Dollars)	2018
Sales	6.8
Support and Services	0.1
Rent	0.0

(Expressed in millions of US Dollars)	December 31, 2018
Receivables	11.7

Approximately US$0.5 million was paid to entities owned by Mr. Tainwala and his family, for office space rent for the six months ended June 30, 2018. As of December 31, 2018, there were no payables due to Mr. Tainwala and his family.

All outstanding balances with these related parties were priced at an arm's length basis and are to be settled in cash. None of the balances are secured.

22. Subsequent Events

The Group has evaluated events occurring subsequent to June 30, 2019, the reporting date, through August 21, 2019, the date this financial information was authorized for issuance by the Board.

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 shareholders approved this distribution on June 6, 2019 at the Company's Annual General Meeting and the distribution was paid on July 16, 2019.

From June 30, 2019 to the Latest Practicable Date, the Company issued 154,304 ordinary shares in connection with the exercise of share options that were granted under the Company's Share Award Scheme. There were no purchases or redemptions of the Company's listed securities by the Company or any of its subsidiaries since June 30, 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Samsonite International S.A. (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 Group sells its products in over 100 countries through a variety of wholesale distribution channels, through its company-operated retail stores and through e-commerce. The Group sells its products in North America, Asia, Europe and Latin America.

Management discussion and analysis should be read in conjunction with the Group’s consolidated interim financial statements, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (the "IASB").

The Company has presented certain non-IFRS measures within management discussion and analysis 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. 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.

Net Sales

Net sales decreased by US$93.0 million, or 5.0% (-1.5% constant currency), during the six months ended June 30, 2019 compared to the six months ended June 30, 2018. Unfavorable foreign currency conversion had a negative translation impact on reported net sales of approximately US$65.2 million for the six months ended June 30, 2019 compared to the six months ended June 30, 2018.

During the six months ended June 30, 2019, the Group was challenged by economic headwinds in certain of its key markets. In North America, increased tariffs in the United States ("U.S.") on products sourced from China and reduced tourist arrivals continued to impact the U.S. market. In China, the Group was impacted by a planned decrease in business-to-business (“B2B”) orders. Weakened consumer sentiment caused by geopolitical tensions in South Korea continued to negatively impact the Group's performance. In Latin America, the Group's business in Chile continued to be affected by a decrease in consumer traffic caused by Argentinian tourists purchasing more within their home country as the Argentinian government eased restrictions on imports, as well as by weak domestic consumer sentiment. Excluding the U.S., China B2B, South Korea and Chile, the Group's net sales increased by 3.5% on a constant currency basis for the six months ended June 30, 2019 compared to the same period in the previous year.

The Group’s business began to stabilize during the second quarter of 2019 notwithstanding the continuing headwinds in these markets. Net sales decreased by US$36.8 million, or 3.8% (-0.7% constant currency), compared to the same period in the previous year, which improved from the US$56.2 million, or 6.3% (-2.4% constant currency) decrease, for the first quarter of 2019. Excluding the U.S., China B2B, South Korea and Chile, net sales increased on a constant currency basis by 3.6%, while reported net sales decreased by US$5.6 million, or 1.1%, due to negative foreign currency translation impacts.

The following table sets forth a breakdown of net sales by region for the six months ended June 30, 2019 and June 30, 2018, both in absolute terms and as a percentage of total net sales.

	Six months ended June 30,				2019 vs 2018	
	2019		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	**654.3**	**37.3%**	695.0	37.6%	(5.9)%	(5.7)%
Asia	**643.6**	**36.7%**	668.3	36.2%	(3.7)%	0.2 %
Europe	**371.3**	**21.1%**	392.7	21.2%	(5.4)%	1.9 %
Latin America	**84.7**	**4.8%**	90.6	4.9%	(6.5)%	3.4 %
Corporate	**1.8**	**0.1%**	2.1	0.1%	(13.0)%	(13.0)%
Net sales	**1,755.7**	**100.0%**	1,848.7	100.0%	(5.0)%	(1.5)%

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.

Brands

The following table sets forth a breakdown of net sales by brand for the six months ended June 30, 2019 and June 30, 2018, both in absolute terms and as a percentage of total net sales.

	Six months ended June 30,				2019 vs 2018	
	2019		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	**792.6**	**45.1%**	847.3	45.8%	(6.5)%	(2.4)%
Tumi	**363.4**	**20.7%**	353.2	19.1%	2.9 %	4.8 %
American Tourister	**320.6**	**18.3%**	338.9	18.3%	(5.4)%	(0.8)%
Speck	**50.2**	**2.9%**	56.2	3.0%	(10.6)%	(10.6)%
High Sierra	**39.3**	**2.2%**	45.0	2.5%	(12.8)%	(11.9)%
Gregory	**34.9**	**2.0%**	29.1	1.6%	19.7 %	22.1 %
Other[1]	**154.8**	**8.8%**	179.0	9.7%	(13.5)%	(9.7)%
Net sales	**1,755.7**	**100.0%**	1,848.7	100.0%	(5.0)%	(1.5)%

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 Group's 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 six months ended June 30, 2019 decreased by US$54.7 million, or 6.5% (-2.4% constant currency), compared to the same period in the previous year, with net sales decreases of the brand in North America (-4.9%; -4.7% constant currency), Asia (-5.4%; -1.3% constant currency), Europe (-9.4%; -2.2% constant currency) and Latin America (-5.8%; +6.3% constant currency). Unfavorable foreign currency conversion had a negative translation impact on *Samsonite* brand net sales of approximately US$34.8 million for the six months ended June 30, 2019 compared to the six months ended June 30, 2018. Excluding the U.S., China B2B and South Korea, *Samsonite* brand net sales decreased by US$32.7 million, or 6.3% (-0.3% constant currency), compared to the same period in the previous year. *Samsonite* comprised 45.1% of the net sales of the Group during the six months ended June 30, 2019 compared to 45.8% during the six months ended June 30, 2018. This reflects the continued effects of diversification of the Group's brand portfolio due to increased contributions from other brands owned by the Group.

Net sales of the *Tumi* brand during the six months ended June 30, 2019 increased by US$10.2 million, or 2.9% (+4.8% constant currency), compared to the same period in the previous year. Net sales of the *Tumi* brand increased by 9.4% (+11.9% constant currency) in Asia, by 12.0% (+20.4% constant currency) in Europe and by 171.5% (+178.2% constant currency) in Latin America as the Group continues to further penetrate international markets. Net sales of the *Tumi* brand in North America decreased by 3.1% (-2.9% constant currency) due to the Group's successful efforts to identify and stop sales to trans-shippers who were selling *Tumi* products to unauthorized distributors in Asia and from reduced tourist traffic in gateway cities. Excluding the effect of the Group's effort to identify and stop US$2.7 million of sales to customers with higher trans-shipping risk in the U.S. during the six months ended June 30, 2018, *Tumi* brand net sales in North America decreased by 1.7% (-1.5% constant currency) during the six months ended June 30, 2019 compared to the same period in the previous year due to reduced tourist traffic into the U.S. Excluding North America, *Tumi* brand net sales increased by US$16.3 million, or 10.6% (+14.9% constant currency).

Net sales of the *American Tourister* brand decreased by US$18.3 million, or 5.4% (-0.8% constant currency), for the six months ended June 30, 2019 compared to the six months ended June 30, 2018. The year-on-year comparison is affected because the *American Tourister* brand had a very strong first half in 2018 with constant currency net sales growth of 24.2% year-on-year driven by the major global marketing campaign for the brand during 2018. Excluding the U.S., China B2B and South Korea, *American Tourister* brand net sales increased on a constant currency basis, but reported net sales decreased by US$1.9 million, or 0.8% (+4.7% constant currency), compared to the same period in the previous year. Net sales of the *Speck* brand decreased by US$6.0 million, or 10.6% (-10.6% constant currency), for the six months ended June 30, 2019 compared to the same period in the previous year due to retailers managing inventory levels in anticipation of a new device launch. Net sales of the *Gregory* brand increased by US$5.7 million, or 19.7% (+22.1% constant currency), compared to the same period in the previous year. Net sales of the *High Sierra* brand decreased by US$5.8 million, or 12.8% (-11.9% constant currency), year-on-year due to reduced replenishment orders and some shift in order timing by retailers in North America.

The decrease in net sales of other brands during the six months ended June 30, 2019 was primarily due to decreased sales of the *Kamiliant*, *Saxoline* and *Secret* brands. During the six months ended June 30, 2019, net sales of the *Kamiliant* brand, a value-conscious, entry-level brand, decreased by US$3.2 million, or 11.9% (-7.3% constant currency), compared to the same period in the previous year caused by the challenging market conditions and weak consumer sentiment in South Korea. During the six months ended June 30, 2019, net sales of the *Saxoline* brand decreased by US$2.1 million, or 17.6% (-9.1% constant currency) compared to the same period in the previous year due to decreased consumer traffic in Chile. During the six months ended June 30, 2019, net sales of the *eBags* brand decreased by US$0.6 million, or 3.0% (-3.0% constant currency), year-on-year.

Product Categories

The Group sells products in two principal product categories: travel and non-travel. The travel category is the Group's largest category and has been its traditional strength. The following table sets forth a breakdown of net sales by product category for the six months ended June 30, 2019 and June 30, 2018, both in absolute terms and as a percentage of total net sales.

	Six months ended June 30,					
	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 product category:						
Travel	**1,051.1**	**59.9%**	1,119.1	60.5%	(6.1)%	(2.5)%
Non-travel[(1)]	**704.7**	**40.1%**	729.6	39.5%	(3.4)%	0.0 %
Net sales	**1,755.7**	**100.0%**	1,848.7	100.0%	(5.0)%	(1.5)%

Notes

(1) The non-travel category comprises business, casual, accessories and other products.

(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 in the travel product category during the six months ended June 30, 2019 decreased by US$68.1 million, or 6.1% (-2.5% constant currency), compared to the six months ended June 30, 2018. Total non-travel category net sales, which includes business, casual, accessories and other products, decreased by US$24.9 million, or 3.4% (0.0% constant currency), for the six months ended June 30, 2019 compared to the six months ended June 30, 2018. Within the non-travel product category, constant currency decreases in casual products and accessories products net sales were offset by increased net sales in business products and other products. Net sales of business products increased by US$1.3 million, or 0.4% (+3.7% constant currency), for the six months ended June 30, 2019 compared to the same period in the previous year, and constant currency net sales of other products increased by 5.1%. Net sales of casual products during the six months ended June 30, 2019 decreased by US$17.8 million, or 8.1% (-4.2% constant currency), compared to the same period in the previous year. Net sales of accessories products during the six months ended June 30, 2019 decreased by US$8.1 million, or 5.0% (-2.2% constant currency), year-on-year.

Distribution Channels

The Group sells products through two primary distribution channels: wholesale and direct-to-consumer ("DTC"). The following table sets forth a breakdown of net sales by distribution channel for the six months ended June 30, 2019 and June 30, 2018, both in absolute terms and as a percentage of total net sales.

	Six months ended June 30,					
	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(3)
Net sales by distribution channel:						
Wholesale	**1,129.1**	**64.3%**	1,226.0	66.3%	(7.9)%	(4.4)%
DTC(1)	**624.8**	**35.6%**	620.6	33.6%	0.7 %	4.2 %
Other(2)	**1.8**	**0.1%**	2.1	0.1%	(13.0)%	(13.0)%
Net sales	**1,755.7**	**100.0%**	1,848.7	100.0%	(5.0)%	(1.5)%

Notes
(1) DTC, or direct-to-consumer, includes bricks-and-mortar retail and e-commerce sites owned and operated by the Group.
(2) “Other” primarily consists of licensing revenue.
(3) 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 in the wholesale channel decreased by US$96.9 million, or 7.9% (-4.4% constant currency), during the six months ended June 30, 2019 compared to the six months ended June 30, 2018, reflecting a negative foreign currency translation impact of US$43.3 million. The decrease in wholesale channel net sales was primarily due to decreases in North America, as uncertainty about the timing and outcome of U.S.-China trade negotiations resulted in greater caution among U.S. retailers, leading them to more closely manage inventory levels and to shift the timing of wholesale orders; in China due to a decline in B2B orders; and in South Korea as a result of continued challenging market conditions. Excluding these challenged markets, wholesale net sales decreased by US$60.1 million, or 8.3% (-0.6% constant currency), compared to the same period in the previous year.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, increased by US$4.2 million, or 0.7% (+4.2% constant currency), to US$624.8 million (representing 35.6% of net sales) for the six months ended June 30, 2019 from US$620.6 million (representing 33.6% of net sales) for the six months ended June 30, 2018. The constant currency increase in DTC channel net sales during the six months ended June 30, 2019 was driven by growth in DTC e-commerce as well as by growth in the DTC retail channel, partially offset by decreased net sales by eBags as a result of the Group's decision to phase out sales of lower margin third party brands on its eBags e-commerce website. Excluding the contribution from eBags, total DTC net sales increased by US$14.9 million, or 2.7% (+6.7% 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$6.8 million, or 4.2% (+6.8% constant currency), to US$168.0 million (representing 9.6% of net sales) for the six months ended June 30, 2019 from US$161.2 million (representing 8.7% of net sales) for the six months ended June 30, 2018. Excluding the contribution from eBags, total DTC e-commerce net sales increased by US$17.6 million, or 19.4% (+23.9% constant currency).

Constant currency net sales in the DTC retail channel increased by 3.3%, while US Dollar reported net sales decreased by US$2.6 million, or 0.6%, during the six months ended June 30, 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 opening new company-operated retail stores in the second half of 2018, and continued to moderate the pace of new store openings in the first half of 2019. 27 net new stores were opened during the first half of 2019 compared to 52 net new stores opened during the first half of 2018. The total number of company-operated retail stores was 1,278 as of June 30, 2019, compared to 1,219 company-operated retail stores as of June 30, 2018. On a same store, constant currency basis, retail net sales decreased by 2.1% for the six months ended June 30, 2019 compared to the six months ended June 30, 2018. This was due to constant currency same store net sales decreases of 5.3%, 0.2% and 0.2% in North America, Latin America and Europe, respectively, partly offset by a 0.8% constant currency same store net sales increase in Asia. The constant currency same store net sales decrease of 5.3% in North America was due to reduced foreign tourist traffic into gateway markets in the U.S. 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 six months ended June 30, 2019, US$266.4 million, or 15.2%, of the Group's net sales were derived from e-commerce (comprising US$168.0 million of net sales from the Group's DTC e-commerce website, which are included within the DTC channel, and US$98.3 million of net sales to e-retailers, which are included within the wholesale channel). This represented a year-on-year increase of US$7.4 million, or 2.9% (+5.9% constant currency), compared to the six months ended June 30, 2018, when e-commerce comprised US$259.0 million, or 14.0%, of the Group's net sales.

Regions

North America

The Group's net sales in North America decreased by US$40.7 million, or 5.9% (-5.7% constant currency), for the six months ended June 30, 2019 compared to the six months ended June 30, 2018. Increased tariffs in the U.S. on products sourced from China and reduced tourist arrivals continued to impact the U.S. market. The Group estimates that consumer traffic in its U.S. gateway city stores declined by 15% to 20% in the first half of 2019 from the same period in the previous year.

Brands

For the six months ended June 30, 2019, net sales of the *Samsonite* brand in North America decreased by US$13.6 million, or 4.9% (-4.7% constant currency), compared to the same period in the previous year. The decrease was caused by uncertainty about the timing and outcome of U.S.-China trade negotiations, which resulted in greater caution among U.S. retailers, leading them to more closely manage inventory levels and to a shift in the timing of wholesale orders. Lower retail sales in gateway markets in the U.S. generally driven by reduced foreign tourist traffic also contributed to the decrease. Net sales of the *Tumi* brand during the six months ended June 30, 2019 decreased by US$6.1 million, or 3.1% (-2.9% constant currency) due to the Group's successful efforts to identify and stop sales to trans-shippers who were selling *Tumi* products to unauthorized distributors in Asia and from reduced tourist traffic in gateway cities. Excluding the effect of the Group's effort to identify and stop US$2.7 million of sales to customers with higher trans-shipping risk in the U.S. during the six months ended June 30, 2018, *Tumi* brand net sales decreased by US$3.4 million, or 1.7% (-1.5% constant currency), for the six months ended June 30, 2019 compared to the same period in the previous year.

Net sales of the *American Tourister* brand during the six months ended June 30, 2019 increased by US$1.0 million, or 2.3% (+2.5% constant currency), compared to the six months ended June 30, 2018. The first half of 2018 was particularly strong for the brand with constant currency net sales growth of 12.0% over the prior year. Net sales of the *Speck* brand for the six months ended June 30, 2019 decreased by US$6.0 million, or 10.6% (-10.6% constant currency), compared to the same period in the previous year as retailers managed inventory levels in anticipation of a new device launch. Net sales of the *High Sierra* brand for the six months ended June 30, 2019 decreased by US$4.4 million, or 12.3% (-12.2% constant currency), compared to the same period in the previous year due to retailers managing inventory levels.

Product Categories

Net sales in the travel product category in North America decreased by US$20.5 million, or 5.1% (-4.9% constant currency), for the six months ended June 30, 2019 compared to the six months ended June 30, 2018. Total non-travel category net sales in North America decreased by US$20.2 million, or 6.9% (-6.8% constant currency), to US$271.6 million (representing 41.5% of North America's net sales) for the six months ended June 30, 2019 from US$291.8 million (representing 42.0% of North America's net sales) for the six months ended June 30, 2018. Net sales of business products during the six months ended June 30, 2019 decreased by US$4.8 million, or 4.0% (-3.9% constant currency), compared to the same period in the previous year. Net sales of casual products decreased by US$10.1 million, or 12.7% (-12.7% constant currency), year-on-year. Net sales of accessories products decreased by US$5.2 million, or 5.7% (-5.6% constant currency), year-on-year due to decreased sales of the *Speck* brand.

Distribution Channels

Net sales in the wholesale channel in North America decreased by US$29.8 million, or 7.5% (-7.3% constant currency), for the six months ended June 30, 2019 compared to the six months ended June 30, 2018, as uncertainty about the timing and outcome of U.S.-China trade negotiations resulted in greater caution among U.S. retailers, leading them to more closely manage inventory levels and to shift the timing of wholesale orders.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, decreased by US$11.0 million, or 3.7% (-3.5% constant currency), year-on-year to US$286.4 million. The decrease in DTC channel net sales during the six months ended June 30, 2019 was primarily due to decreased net sales by eBags driven by the Group's decision to phase out sales of certain lower margin third party brands on its eBags e-commerce website. Excluding the contribution from eBags, total DTC net sales decreased by US$0.2 million, or 0.1% (+0.1% constant currency).

Total DTC e-commerce net sales decreased by US$3.0 million, or 2.8% (-2.7% constant currency), to US$105.1 million during the six months ended June 30, 2019. This net sales decrease in DTC e-commerce was primarily the result of decreased net sales by eBags. Excluding the contribution from eBags, total DTC e-commerce net sales increased by US$7.7 million, or 20.5% (+20.6% constant currency).

Net sales in the DTC retail channel decreased by US$7.9 million, or 4.2% (-4.0% constant currency), during the six months ended June 30, 2019 compared to the same period in the previous year as gateway markets were negatively impacted by reduced foreign tourist traffic into the U.S. The Group estimates that consumer traffic in its U.S. gateway city stores declined by 15% to 20% in the first half of 2019 from the same period in the previous year. Five net new stores were opened during the first half of 2019. The total number of company-operated retail stores in North America was 340 as of June 30, 2019, compared to 328 company-operated retail stores as of June 30, 2018. On a same store, constant currency basis, retail net sales in North America decreased by 5.3% for the six months ended June 30, 2019 compared to the six months ended June 30, 2018 due to reduced foreign tourist traffic, particularly at the Group's North America gateway stores. On a same store, constant currency basis, retail net sales at the Group's gateway stores in North America decreased by 12.3% for the six months ended June 30, 2019 compared to the same period in the previous year. 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.

Countries

The following table sets forth a breakdown of net sales in North America by geographic location for the six months ended June 30, 2019 and June 30, 2018, both in absolute terms and as a percentage of total regional net sales.

	Six months ended June 30,				2019 vs 2018	
	2019		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 geographic location[1]:						
United States	**624.8**	**95.5%**	661.6	95.2%	(5.6)%	(5.6)%
Canada	**29.6**	**4.5%**	33.4	4.8%	(11.5)%	(7.8)%
Net sales	**654.3**	**100.0%**	695.0	100.0%	(5.9)%	(5.7)%

Notes

(1) The geographic location of the Group’s net sales generally reflects the country from which its products were sold and does not necessarily indicate the country 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.

For the six months ended June 30, 2019, net sales in the United States decreased by US$36.9 million, or 5.6%, year-on-year due to the factors noted above. Net sales in Canada decreased by 11.5% (-7.8% constant currency), year-on-year due to the non-recurrence in the first half of 2019 of certain B2B sales that were made during the corresponding period in the previous year.

Asia

The Group's net sales in Asia increased on a constant currency basis, but reported net sales decreased by US$24.7 million, or 3.7% (+0.2% constant currency), for the six months ended June 30, 2019 compared to the six months ended June 30, 2018 due to unfavorable foreign currency translation impacts. The Group's business in Asia was also impacted by a planned decrease in B2B orders in China and weak consumer sentiment in South Korea. Excluding B2B net sales in China and net sales in South Korea, the Group's net sales for the Asia region increased by US$5.4 million, or 1.0% (+4.6% constant currency), year-on-year.

Brands
For the six months ended June 30, 2019, net sales of the *Samsonite* brand in Asia decreased by US$15.4 million, or 5.4% (-1.3% constant currency), compared to the same period in the previous year due primarily to the challenging trading conditions in South Korea. Net sales of the *Tumi* brand during the six months ended June 30, 2019 increased by US$10.2 million, or 9.4% (+11.9% constant currency), year-on-year due to the continued successful penetration of the brand throughout key markets in Asia. Net sales of the *American Tourister* brand during the six months ended June 30, 2019 decreased by US$15.5 million, or 7.4% (-3.0% constant currency), compared to the six months ended June 30, 2018. Sales of the *American Tourister* brand in the first half of 2018 were particularly strong, when constant currency net sales increased by 17.7% from the first half of 2017. Net sales of the *Kamiliant* brand decreased by US$3.3 million, or 12.3% (-7.8% constant currency) year-on-year, primarily caused by the geopolitical tensions in South Korea. Net sales of the *Gregory* brand increased by US$4.5 million, or 28.7% (+31.4% constant currency), year-on-year driven by strong sales of the brand in Japan.

Product Categories
Net sales in the travel product category in Asia decreased by US$22.2 million, or 5.5% (-1.5% constant currency), for the six months ended June 30, 2019 compared to the same period in the previous year due to decreased sales in China and South Korea. Total non-travel category net sales in Asia increased on a constant currency basis, but reported net sales decreased by US$2.5 million, or 0.9% (+2.8% constant currency), to US$259.7 million (representing 40.4% of Asia's net sales) for the six months ended June 30, 2019 from US$262.2 million (representing 39.2% of Asia's net sales) for the six months ended June 30, 2018. Net sales of business products increased by US$5.7 million, or 4.0% (+7.5% constant currency), year-on-year driven by the *Tumi* brand. Net sales of casual products decreased by US$6.1 million, or 6.7% (-2.5% constant currency), year-on-year primarily as a result of decreased sales in China and the Middle East. Net sales of accessories products decreased by US$1.8 million, or 6.7% (-3.2% constant currency), year-on-year.

Distribution Channels
Net sales in the wholesale channel in Asia decreased by US$39.3 million, or 7.5% (-3.5% constant currency), for the six months ended June 30, 2019 compared to the same period in the previous year, primarily due to decreased sales in China due to a decline in B2B orders and in South Korea as a result of continued challenging market conditions. Excluding B2B net sales in China and wholesale net sales in South Korea, the Group's wholesale net sales for the Asia region increased by 0.5% on a constant currency basis.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, increased by US$14.6 million, or 10.4% (+13.9% constant currency), year-on-year. The increase in DTC net sales during the six months ended June 30, 2019 was driven by growth in DTC e-commerce as well as by net sales growth in the DTC retail channel. Total DTC e-commerce net sales increased by US$7.4 million, or 21.3% (+27.5% constant currency), to US$42.3 million for the six months ended June 30, 2019 from US$34.9 million for the six months ended June 30, 2018.

Net sales in the DTC retail channel during the six months ended June 30, 2019 increased by US$7.2 million, or 6.8% (+9.4% constant currency), compared to the same period in the previous year. The Group added 7 net new company-operated retail stores in Asia during the first half of 2019 compared to 9 net new stores during the first half of 2018. The total number of company-operated retail stores in Asia was 404 as of June 30, 2019, compared to 394 company-operated retail stores as of June 30, 2018. On a same store, constant currency basis, retail net sales in Asia increased by 0.8%. 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.

Countries/Territories

The following table sets forth a breakdown of net sales in Asia by geographic location for the six months ended June 30, 2019 and June 30, 2018, both in absolute terms and as a percentage of total regional net sales.

	Six months ended June 30,				2019 vs 2018	
	2019		2018			
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[3]
Net sales by geographic location[1]:						
China	**144.9**	**22.5%**	156.5	23.4%	(7.4)%	(1.6)%
Japan	**103.7**	**16.1%**	100.2	15.0%	3.6 %	4.8 %
South Korea	**98.0**	**15.2%**	113.9	17.0%	(13.9)%	(8.7)%
India	**82.9**	**12.9%**	80.5	12.1%	2.9 %	9.2 %
Hong Kong[2]	**80.4**	**12.5%**	80.9	12.1%	(0.6)%	(0.6)%
Australia	**32.9**	**5.1%**	36.8	5.5%	(10.6)%	(2.8)%
Other	**100.8**	**15.7%**	99.5	14.9%	1.3 %	3.0 %
Net sales	**643.6**	**100.0%**	668.3	100.0%	(3.7)%	0.2 %

Notes

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

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

(3) 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 in China decreased by 7.4% (-1.6% constant currency) for the first half year-on-year as a result of a decrease in B2B orders. Excluding B2B orders for both periods, constant currency net sales in China increased by 8.7%, while US Dollar reported net sales increased by 2.2% driven by the *Tumi* brand. Net sales in South Korea decreased by 13.9% (-8.7% constant currency) year-on-year due to continued challenging market conditions in that country. Japan achieved net sales growth of 3.6% (+4.8% constant currency) year-on-year driven by sales of the *Tumi*, *Gregory* and *American Tourister* brands. Net sales in India increased by 2.9% (+9.2% constant currency) for the six months ended June 30, 2019 compared to the same period in the previous year driven by the *American Tourister* and *Kamiliant* brands. Australia reported a net sales decline of 10.6% (-2.8% constant currency) with the decrease coming from the wholesale channel.

Europe

Net sales in Europe increased on a constant currency basis, but reported net sales decreased by US$21.4 million, or 5.4% (+1.9% constant currency), for the six months ended June 30, 2019 compared to the same period in the previous year as US Dollar reported net sales were negatively impacted by foreign currency translation.

Brands

For the six months ended June 30, 2019, net sales of the *Samsonite* brand in Europe decreased by US$23.6 million, or 9.4% (-2.2% constant currency), compared to the same period in the previous year. Net sales of the *Tumi* brand during the six months ended June 30, 2019 increased by US$5.3 million, or 12.0% (+20.4% constant currency), year-on-year. Net sales of the *American Tourister* brand during the six months ended June 30, 2019 increased on a constant currency basis, but reported net sales decreased by US$3.0 million, or 4.1% (+3.0% constant currency), compared to the six months ended June 30, 2018. The first half of 2018 was particularly strong for the *American Tourister* brand with constant currency net sales growth of 49.5% over the prior year.

Product Categories

Net sales in the travel product category in Europe decreased by US$22.5 million, or 8.3% (-1.3% constant currency), for the six months ended June 30, 2019 compared to the six months ended June 30, 2018 due to decreased sales of the *Samsonite* brand, partially offset by increased sales of the *Tumi* and *American Tourister* brands. Total non-travel category net sales in Europe increased by US$1.1 million, or 0.9% (+9.1% constant currency), year-on-year to US$121.7 million (representing 32.8% of Europe's net sales) for the six months ended June 30, 2019 from US$120.6 million (representing 30.7% of Europe's net sales) for the same period in the previous year. Net sales of business products increased by US$0.1 million, or 0.2% (+8.6% constant currency), year-on-year driven by increased sales of the *Tumi* brand. Net sales of casual products increased by US$1.5 million, or 8.8% (+17.3% constant currency), year-on-year. Net sales of accessories products decreased by US$2.4 million, or 6.8% (+0.6% constant currency), year-on-year.

Distribution Channels
Net sales in the wholesale channel in Europe decreased by US$22.1 million, or 8.9% (-2.1% constant currency), during the six months ended June 30, 2019 compared to the six months ended June 30, 2018 due to decreased sales of the *Samsonite* brand.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, increased by US$0.7 million, or 0.5% (+8.8% constant currency), year-on-year. The increase in DTC net sales during the six months ended June 30, 2019 was driven by growth in DTC e-commerce. Total DTC e-commerce net sales increased by US$1.8 million, or 10.5% (+18.8% constant currency), to US$19.1 million for the six months ended June 30, 2019 from US$17.2 million for the six months ended June 30, 2018.

Net sales in the DTC retail channel during the six months ended June 30, 2019 increased on a constant currency basis, but reported net sales decreased by US$1.1 million, or 0.9% (+7.4% constant currency), compared to the six months ended June 30, 2018. The Group began to slow the pace of opening new company-operated retail stores in Europe during the second half of 2018, and continued to moderate the pace of new store openings in the first half of 2019. There were 13 net new stores opened during the first half of 2019 compared to 28 new stores opened during the first half of 2018. The total number of company-operated retail stores in Europe was 313 as of June 30, 2019, compared to 288 company-operated retail stores as of June 30, 2018. On a same store, constant currency basis, retail net sales decreased by 0.2%. 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.

Countries
The following table sets forth a breakdown of net sales in Europe by geographic location for the six months ended June 30, 2019 and June 30, 2018, both in absolute terms and as a percentage of total regional net sales.

	Six months ended June 30,					
	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[4]
Net sales by geographic location[1]:						
Belgium[2]	**63.4**	**17.1%**	63.2	16.1%	0.4 %	7.3 %
Germany	**56.0**	**15.1%**	56.0	14.3%	(0.1)%	6.8 %
Italy	**39.0**	**10.5%**	43.4	11.0%	(10.2)%	(4.0)%
France	**37.4**	**10.1%**	39.7	10.1%	(6.0)%	0.3 %
United Kingdom[3]	**35.4**	**9.5%**	38.8	9.9%	(8.9)%	(3.6)%
Russia	**30.0**	**8.1%**	26.8	6.8%	11.9 %	21.4 %
Spain	**28.9**	**7.8%**	30.3	7.7%	(4.6)%	2.0 %
Other	**81.3**	**21.9%**	94.5	24.1%	(13.9)%	(4.5)%
Net sales	**371.3**	**100.0%**	392.7	100.0%	(5.4)%	1.9 %

Notes
(1) The geographic location of the Group's net sales generally reflects the country from which its products were sold and does not necessarily indicate the country in which its end consumers were actually located.
(2) Net sales in Belgium were US$11.0 million and US$12.5 million for the six months ended June 30, 2019 and June 30, 2018, a decrease of US$1.5 million, or 12.0%, respectively. Remaining sales consisted of direct shipments to distributors, customers and agents in other European countries, including e-commerce.
(3) Net sales reported for the United Kingdom include net sales made in Ireland.
(4) 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.

Constant currency net sales growth during the six months ended June 30, 2019 compared to the same period in the previous year was driven by constant currency net sales increases in Germany +6.8% and Spain +2.0%. The Group continued to experience year-on-year constant currency net sales growth in the emerging markets of Russia +21.4% and Turkey +26.1%. Net sales in Italy decreased by US$4.4 million, or 10.2% (-4.0% constant currency), due to challenging market conditions and negative consumer sentiment in that country. In the U.K., the net sales decrease of US$3.5 million, or 8.9% (-3.6% constant currency) was primarily due to the loss of a retail customer that filed for bankruptcy.

Latin America

The Group's net sales in Latin America increased on a constant currency basis, but reported net sales decreased by US$5.9 million, or 6.5% (+3.4% constant currency), for the six months ended June 30, 2019 compared to the six months ended June 30, 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.

Brands

For the six months ended June 30, 2019, net sales of the *Samsonite* brand in Latin America increased on a constant currency basis, but reported net sales decreased by US$2.1 million, or 5.8% (+6.3% constant currency), compared to the same period in the previous year. Net sales of the *American Tourister* brand during the six months ended June 30, 2019 increased on a constant currency basis, but reported net sales decreased by US$0.8 million, or 7.1% (+2.3% constant currency), compared to the six months ended June 30, 2018. The first half of 2018 was particularly strong for *American Tourister* with constant currency net sales growth of 103.2% over the prior year. For the six months ended June 30, 2019, net sales of the *Tumi* brand in Latin America increased by US$1.4 million, or 171.5% (+178.2% constant currency), compared to the same period in the previous year. In Chile, net sales of the *Saxoline* brand and the *Secret* brand decreased by 16.7% (-8.0% constant currency) and 22.7% (-14.5% constant currency), respectively, year-on-year as Chile has been challenged by a decrease in consumer traffic and weak domestic consumer sentiment.

Product Categories

During the six months ended June 30, 2019, net sales of travel and non-travel product categories in Latin America increased on a constant currency basis, but decreased on an as reported basis due to negative foreign currency impacts. Net sales in the travel product category in Latin America decreased by US$2.8 million, or 7.5% (+3.4% constant currency), for the six months ended June 30, 2019 compared to the same period in the previous year. Total non-travel category net sales in Latin America decreased by US$3.1 million, or 5.8% (+3.4% constant currency), to US$49.8 million (representing 58.8% of Latin America's net sales) for the six months ended June 30, 2019 from US$52.9 million (representing 58.4% of Latin America's net sales) for the six months ended June 30, 2018. Net sales of business products increased by US$0.3 million, or 3.2% (+12.3% constant currency), compared to the same period in the previous year. Net sales of casual products decreased by US$3.2 million, or 9.2% (0.0% constant currency), year-on-year. Net sales of accessories products increased by US$1.4 million, or 16.9%, (+27.6% constant currency), year-on-year.

Distribution Channels

Net sales in the wholesale channel in Latin America decreased by US$5.7 million, or 10.7% (-2.1% constant currency), for the six months ended June 30, 2019 compared to the six months ended June 30, 2018.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, decreased by US$0.2 million, or 0.5% (+11.3% constant currency), year-on-year. The constant currency increase in DTC net sales for the six months ended June 30, 2019 was primarily driven by growth in the DTC e-commerce channel. Net sales from DTC e-commerce sites in Argentina, Chile, Colombia and Mexico increased by US$0.6 million, or 62.5% (+112.8% constant currency), to US$1.5 million for the six months ended June 30, 2019 from US$0.9 million for the six months ended June 30, 2018.

Net sales in the DTC retail channel during the six months ended June 30, 2019 decreased by US$0.8 million, or 2.1% (+8.7% constant currency), compared to the six months ended June 30, 2018. The Group continued to moderate the pace of new store openings in the first half of 2019. Two net new stores were opened during the first half of 2019 compared to 11 new net stores opened during the first half of 2018. The total number of company-operated retail stores in Latin America was 221 as of June 30, 2019, compared to 209 company-operated retail stores as of June 30, 2018. On a same store, constant currency basis, retail net sales decreased by 0.2% due to a 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 Chile, same store, constant currency net sales in Latin America increased by 4.1%.

Countries

The following table sets forth a breakdown of net sales in Latin America by geographic location for the six months ended June 30, 2019 and June 30, 2018, both in absolute terms and as a percentage of total regional net sales.

	Six months ended June 30,					
	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[4]
Net sales by geographic location[1]:						
Chile	**33.3**	**39.4%**	39.8	44.0%	(16.3)%	(7.5)%
Mexico	**26.7**	**31.5%**	25.8	28.5%	3.4 %	4.7 %
Brazil[2]	**8.6**	**10.2%**	9.2	10.1%	(6.4)%	5.3 %
Other[3]	**16.1**	**19.0%**	15.8	17.4%	2.0 %	27.7 %
Net sales	**84.7**	**100.0%**	90.6	100.0%	(6.5)%	3.4 %

Notes

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

(2) Excludes sales made to distributors in Brazil from outside of the country.

(3) The net sales figure for the "Other" geographic location includes sales in Argentina, Colombia, Panama, Peru, Uruguay and sales to third party distributors outside of Brazil.

(4) 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 in Chile decreased by US$6.5 million, or 16.3% (-7.5% constant currency), during the six months ended June 30, 2019 compared to the same period in the previous year due to a 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 during the second quarter of 2019 increased on a constant currency basis, but reported net sales decreased by US$0.6 million, or 5.3% (+4.5% constant currency), compared to the same period in the previous year, which improved from the US$5.9 million, or 21.0% (-12.6% constant currency) decrease, for the first quarter of 2019.

Net sales in Mexico increased by US$0.9 million, or 3.4% (+4.7% constant currency), year-on-year primarily attributable to increases in net sales of the *Tumi* brand resulting from the Group moving from a third-party distributor model to direct distribution of the brand, as well as an increase in *Xtrem* brand net sales. Net sales in Brazil decreased by US$0.6 million, or 6.4%, year-on-year, while constant currency net sales increased by 5.3% due to improvements in the retail channel. Net sales in Argentina, which is included in Other in the table above, increased by US$0.9 million, or 33.9% (+160.5% constant currency), for the six months ended June 30, 2019 compared to the same period in the previous year, due to the Argentinian government easing restrictions on imports, resulting in Argentinian consumers buying more products in their home country instead of traveling to neighboring countries like Chile. Excluding Chile, Latin America net sales increased by US$0.6 million, or 1.2% (+11.9% constant currency).

Cost of Sales and Gross Profit

Cost of sales decreased by US$32.2 million, or 4.0%, to US$772.7 million (representing 44.0% of net sales) for the six months ended June 30, 2019 from US$804.9 million (representing 43.5% of net sales) for the six months ended June 30, 2018 due to the decrease in net sales.

Gross profit decreased by US$60.7 million, or 5.8%, to US$983.0 million for the six months ended June 30, 2019 from US$1,043.8 million for the six months ended June 30, 2018 due to lower sales and lower gross profit margin. Gross profit margin decreased to 56.0% for the six months ended June 30, 2019 from 56.5% for the same period in the previous year. Excluding the gross profit margin in North America where the Group was impacted by higher tariffs, the Group's gross profit margin decreased by 10 basis points year-on-year. The decrease in gross profit margin was due to additional U.S. tariffs on product sourced from China, sales mix, higher raw materials costs in Europe and increased sales promotions in certain markets.

Distribution Expenses

Distribution expenses increased by US$2.1 million, or 0.3%, to US$600.5 million (representing 34.2% of net sales) for the six months ended June 30, 2019 from US$598.4 million (representing 32.4% of net sales) for the six months ended June 30, 2018. Distribution expenses 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.

Distribution expenses as a percentage of net sales increased for the same reasons along with the year-on-year decrease in net sales. The Group began 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 52 stores added during the first half of 2018 and 32 stores added during the second half of 2018. For the six months ended June 30, 2019, the Group added 27 net new company-operated retail stores.

Marketing Expenses

The Group spent US$103.1 million on marketing during the six months ended June 30, 2019 compared to US$114.3 million for the six months ended June 30, 2018, a decrease of US$11.3 million, or 9.8%. As a percentage of net sales, marketing expenses decreased by 30 basis points to 5.9% during the six months ended June 30, 2019 compared to 6.2% during the same period in the previous year. Marketing spend was higher during the first half of 2018 due to the timing of the *American Tourister* global advertising campaign. The Group intends to temporarily reduce advertising spend for the second half of 2019 to help offset the pressure on its profitability caused by current headwinds. The Group plans to execute this intended reduction in a targeted manner to ensure continued support for our growth initiatives, including the *Tumi* brand's further international expansion, its DTC e-commerce growth strategy and planned new product introductions.

General and Administrative Expenses

General and administrative expenses decreased by US$10.0 million, or 8.0%, to US$113.8 million (representing 6.5% of net sales) for the six months ended June 30, 2019 from US$123.8 million (representing 6.7% of net sales) for the six months ended June 30, 2018. General and administrative expenses as a percentage of net sales improved by 20 basis points notwithstanding the decline in net sales year-on-year. The 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.

Impairment of Property, Plant and Equipment and Lease Right-of-Use Assets

In accordance with IAS 36, *Impairment of Assets*, the Group is required to evaluate its property, plant and equipment and lease right-of-use assets for potential impairment whenever events or changes in circumstance indicate that their carrying amount might not be recoverable. Based on an evaluation of loss-making stores in the six months ended June 30, 2019 and the anticipated closure of some of these stores due to reduced traffic and under-performance, the Group determined that the carrying amounts of certain property, plant and equipment and certain lease right-of-use assets as of June 30, 2019 exceeded their respective recoverable amounts. The Group recognized a non-cash impairment charge totaling US$29.7 million for the first half of 2019, recorded in the Group's consolidated income statements in the line item "Impairment of property, plant and equipment and lease right-of-use assets". The US$29.7 million non-cash impairment charge was comprised of the write-off of US$21.0 million of lease right-of-use assets associated with such stores that were recently recognized with the adoption of IFRS 16 and a US$8.7 million impairment for property, plant and equipment of such stores (the "Non-cash Impairment Charge").

Other Expenses

The Group recorded net other expenses of US$11.9 million and US$5.5 million for the six months ended June 30, 2019 and June 30, 2018, respectively. Net other expenses for the first half of 2019 included costs related to profit improvement initiatives totaling US$9.8 million, which management believes positions the business for stronger profitability in the second half of 2019 and into 2020. The Group estimates that these initiatives will generate approximately US$14.0 million of savings on an annualized basis. Approximately US$2.0 million of such savings were realized in the six months ended June 30, 2019, and approximately US$9.0 million of such savings are estimated for the full year ending December 31, 2019. Net other expenses for the first half of 2018 included acquisition-related costs of US$1.2 million associated with the continued integration of eBags.

Operating Profit

Operating profit for the six months ended June 30, 2019 decreased by US$44.7 million, or 21.5% (-19.6% constant currency), to US$163.6 million when excluding the Non-cash Impairment Charge and the costs to implement profit improvement initiatives during the six months ended June 30, 2019, compared to US$208.3 million for the same period in the previous year (as recast to adjust for IFRS 16 impacts). Operating profit, as reported, decreased by US$77.8 million, or 38.5% (-36.9% constant currency), year-on-year to US$124.0 million due to the factors discussed above.

Net Finance Costs

Net finance costs were US$50.1 million for the six months ended June 30, 2019. For the six months ended June 30, 2018, net finance costs of US$93.2 million included a US$53.3 million write-off of deferred financing costs associated with the Original Senior Credit Facilities (as defined below) in conjunction with the 2018 Refinancing (described in the Indebtedness section below). Excluding the non-cash deferred financing costs write-off, net finance costs were US$56.7 million for the first half of 2018 (as recast to adjust for IFRS 16 impacts - see bridge in the Adjusted EBITDA section below).

Net finance costs, as reported, decreased by US$43.1 million, or 46.2%, year-on-year to US$50.1 million due to the non-recurrence of the charge to write-off the deferred financing costs during the six months ended June 30, 2018. This decrease was partially offset by the recognition of interest expense attributable to the adoption of IFRS 16 on January 1, 2019 (see further discussion in note 3(b) Changes in Accounting Policies in the Notes to the Consolidated Interim Financial Statements). Interest expense associated with IFRS 16 amounted to US$15.4 million for the six months ended June 30, 2019.

The following table sets forth a breakdown of total finance costs for the six months ended June 30, 2019 and June 30, 2018.

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2019**	2018
Recognized in income or loss:		
Interest income	**0.9**	0.4
Total finance income	**0.9**	0.4
Interest expense on loans and borrowings	**(33.1)**	(33.4)
Amortization of deferred financing costs associated with Original Senior Credit Facilities[1]	**—**	(3.3)
Amortization of deferred financing costs associated with New Senior Credit Facilities[1]	**(1.5)**	(0.5)
Write-off of remaining deferred financing costs associated with Original Senior Credit Facilities[1]	**—**	(53.3)
Interest expense on lease liabilities[2]	**(15.4)**	—
Change in fair value of put options	**1.0**	0.9
Net foreign exchange gain (loss)	**0.1**	(2.5)
Other finance costs	**(2.1)**	(1.5)
Total finance costs	**(51.0)**	(93.6)
Net finance costs recognized in profit or loss	**(50.1)**	(93.2)

Notes
(1) On April 25, 2018, the Group refinanced its Senior Credit Facilities (described in the Indebtedness section below).
(2) On January 1, 2019, the Group adopted IFRS 16 and applied the modified retrospective approach. Comparative amounts for the six months ended June 30, 2018 have not been restated (see further discussion in note 3(b) Changes in Accounting Policies in the Notes to the Consolidated Interim Financial Statements).

Profit before Income Tax

Profit before income tax for the six months ended June 30, 2019 decreased by US$38.2 million, or 25.2% (-23.7% constant currency), to US$113.5 million when excluding the Non-cash Impairment Charge and the costs to implement profit improvement initiatives during the six months ended June 30, 2019, compared to US$151.7 million for the six months ended June 30, 2018 (as recast to adjust for IFRS 16 impacts) when excluding the non-cash charge of US$53.3 million during the six months ended June 30, 2018 to write-off the deferred financing costs associated with the Original Senior Credit Facilities (as defined below) in conjunction with the 2018 Refinancing (described in the Indebtedness section below). Profit before income tax, as reported, decreased by US$34.7 million, or 31.9% (-30.3% constant currency), year-on-year to US$73.9 million.

Income Tax Expense

Income tax expense decreased by US$15.1 million, or 49.3%, to US$15.6 million for the six months ended June 30, 2019 from US$30.7 million for the six months ended June 30, 2018.

The Group's consolidated effective tax rate for operations was 21.1% and 28.3% for the six months ended June 30, 2019 and June 30, 2018, respectively. For interim reporting purposes, the Group applied the effective tax rate to profit before income tax for the interim period. 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 during the first half of 2019 was mainly the result of changes in the profit mix between high and low tax jurisdictions, deferred tax benefit recognized on share-based compensation due to changes in the Company's stock price within the period and a deferred tax benefit recognized due to changes in statutory tax rates in various taxing jurisdictions.

Profit for the Period

Profit for the period for the six months ended June 30, 2019 decreased by US$19.6 million, or 25.1% (-23.8% constant currency), to US$58.3 million from US$77.9 million. Profit for the period for the six months ended June 30, 2019 decreased by US$22.2 million, or 18.9% (-17.6% constant currency), to US$95.3 million when excluding the Non-cash Impairment Charge and the costs to implement profit improvement initiatives, net of the related tax impact during the six months ended June 30, 2019, compared to US$117.5 million for the same period in the previous year when excluding the non-cash charge of US$53.3 million and the related tax impact during the six months ended June 30, 2018 to write-off the deferred financing costs associated with the Original Senior Credit Facilities (as defined below) in conjunction with the 2018 Refinancing (as described in further detail in the Indebtedness section below).

Profit attributable to the equity holders decreased by US$18.7 million, or 27.5% (-26.0% constant currency), year-on-year to US$49.1 million from US$67.8 million. Profit attributable to the equity holders for the six months ended June 30, 2019 decreased by US$21.3 million, or 19.8% (-18.5% constant currency), to US$86.1 million when excluding the Non-cash Impairment Charge and the costs to implement profit improvement initiatives, net of the related tax impact during the six months ended June 30, 2019, compared to US$107.4 million for the six months ended June 30, 2018 when excluding the non-cash charge of US$53.3 million and the related tax impact during the six months ended June 30, 2018 to write-off the deferred financing costs associated with the Original Senior Credit Facilities (as defined below) in conjunction with the 2018 Refinancing (as described in further detail in the Indebtedness section below).

Basic earnings per share ("Basic EPS") decreased by 27.8% to US$0.034 for the six months ended June 30, 2019 from US$0.048 for the six months ended June 30, 2018. Diluted earnings per share ("Diluted EPS") decreased by 27.2% to US$0.034 for the six months ended June 30, 2019 from US$0.047 for the six months ended June 30, 2018. The weighted average number of shares utilized in the Basic EPS calculation was 1,430,979,185 shares for the six months ended June 30, 2019 compared to 1,424,906,028 shares for the six months ended June 30, 2018. The weighted average number of shares outstanding utilized in the Diluted EPS calculation was 1,433,665,934 shares for the six months ended June 30, 2019 compared to 1,440,368,049 shares for the six months ended June 30, 2018.

Basic EPS, as adjusted, decreased by 20.2% to US$0.060 for the six months ended June 30, 2019 when excluding the Non-cash Impairment Charge and the costs to implement profit improvement initiatives, net of the related tax impact during the six months ended June 30, 2019, compared to US$0.075 for the same period in the previous year. Diluted EPS, as adjusted, decreased by 19.4% to US$0.060 for the six months ended June 30, 2019 when excluding the same charges and costs as noted above, compared to US$0.075 for the same period in the previous year. Basic EPS, as adjusted, and Diluted EPS, as adjusted, for the six months ended June 30, 2018 exclude the non-cash charge of US$53.3 million and the related tax impact to write-off the deferred financing costs associated with the Original Senior Credit Facilities (as defined below) in conjunction with the 2018 Refinancing (as described in further detail in the Indebtedness section below).

Profit for the Period with June 30, 2018 Recast for IFRS 16 Impacts

Profit for the period for the six months ended June 30, 2019 decreased by US$14.7 million, or 13.4% (-12.1% constant currency), to US$95.3 million when excluding the Non-cash Impairment Charge and the costs to implement profit improvement initiatives, net of the related tax impact during the six months ended June 30, 2019, compared to US$110.0 million for the same period in the previous year (as recast to adjust for IFRS 16 impacts) when excluding the non-cash charge of US$53.3 million and the related tax impact during the six months ended June 30, 2018 to write-off the deferred financing costs associated with the Original Senior Credit Facilities (as defined below) in conjunction with the 2018 Refinancing (as described in further detail in the Indebtedness section below).

Profit attributable to the equity holders for the six months ended June 30, 2019 decreased by US$13.8 million, or 13.9% (-12.4% constant currency), to US$86.1 million when excluding the Non-cash Impairment Charge and the costs to implement profit improvement initiatives, net of the related tax impact during the six months ended June 30, 2019, compared to US$99.9 million for the six months ended June 30, 2018 (as recast to adjust for IFRS 16 impacts) when excluding the non-cash charge of US$53.3 million and the related tax impact during the six months ended June 30, 2018 to write-off the deferred financing costs associated with the Original Senior Credit Facilities (as defined below) in conjunction with the 2018 Refinancing (as described in further detail in the Indebtedness section below).

Basic EPS, as adjusted, decreased by 14.2% to US$0.060 for the six months ended June 30, 2019 when excluding the Non-cash Impairment Charge and the costs to implement profit improvement initiatives, net of the related tax impact during the six months ended June 30, 2019, compared to US$0.070 for the same period in the previous year. Diluted EPS, as adjusted, decreased by 13.4% to US$0.060 for the six months ended June 30, 2019 when excluding the same charges and costs as noted above, compared to US$0.069 for the same period in the previous year. Basic EPS, as adjusted, and Diluted EPS, as adjusted, for the six months ended June 30, 2018 have been recast to adjust for IFRS 16 impacts and exclude the non-cash charge of US$53.3 million and the related tax impact to write-off the deferred financing costs associated with the Original Senior Credit Facilities (as defined below) in conjunction with the 2018 Refinancing (as described in further detail in the Indebtedness section below).

Adjusted EBITDA

Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), a non-IFRS measure, decreased by US$63.3 million, or 22.9% (-20.0% constant currency), to US$213.5 million for the six months ended June 30, 2019 from US$276.8 million for the same period in the previous year when including interest and amortization charges associated with the capitalization of leases under IFRS 16. Adjusted EBITDA margin decreased by 280 basis points to 12.2% from 15.0% due largely to the decrease in net sales and 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.

As the Group's business began to stabilize during the second quarter of 2019, Adjusted EBITDA decreased by US$25.1 million, or 16.3% (-13.5% constant currency), compared to the same period in the previous year when including the interest and amortization charges associated with the capitalization of leases under IFRS 16. Adjusted EBITDA improved from the US$38.2 million, or 31.1% (-28.1% constant currency) decrease, for the first quarter of 2019. Adjusted EBITDA margin improved to 13.9% for the second quarter of 2019 from 10.2% for the first quarter of 2019. The profit improvement initiatives undertaken by management are expected to further improve the Group's profitability in the second half of the year and beyond.

Adjusted EBITDA with June 30, 2018 Recast for IFRS 16 Impacts

Adjusted EBITDA decreased by US$51.5 million, or 19.4% (-16.4% constant currency), to US$213.5 million for the six months ended June 30, 2019 from US$265.0 million for the six months ended June 30, 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 210 basis points to 12.2% from 14.3% due to the same reasons noted above. 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.

As the Group's business began to stabilize during the second quarter of 2019, Adjusted EBITDA decreased by US$19.2 million, or 13.0% (-10.1% constant currency), compared to the same period in the previous year (as recast to adjust for IFRS 16 impacts) when including the interest and amortization charges associated with the capitalization of leases under IFRS 16. Adjusted EBITDA (on the same basis) improved from the US$32.3 million, or 27.6% (-24.4% constant currency) decrease, for the first quarter of 2019.

The following table presents a bridge of the six months ended June 30, 2018 reported Adjusted EBITDA results to an adjusted EBITDA on a comparable basis, which reflects management's best estimate based on its evaluation of the impact:

	Six months ended June 30, 2018		
(Expressed in millions of US Dollars)	Reported	IFRS 16 Adjustments	As adjusted for IFRS 16
Profit for the period	77.9	(7.4)	70.4
Plus / (Minus):			
Income tax expense	30.7	(2.7)	28.0
Finance costs, excluding interest expense on lease liabilities	93.6	—	93.6
Interest expense on lease liabilities	—	16.7	16.7
Finance income	(0.4)	—	(0.4)
Depreciation	44.0	—	44.0
Amortization of lease right-of-use assets	—	93.2	93.2
Amortization of intangible assets	17.0	(1.6)	15.4
EBITDA	262.8	98.1	360.9
Plus:			
Share-based compensation expense	8.6	—	8.6
Other adjustments	5.5	—	5.5
Adjusted EBITDA, excluding lease interest and amortization	276.8	98.1	374.9
Amortization of lease right-of-use assets	—	(93.2)	(93.2)
Interest expense on lease liabilities	—	(16.7)	(16.7)
Adjusted EBITDA, including lease interest and amortization	276.8	(11.8)	265.0

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 six months ended June 30, 2019 and June 30, 2018 (as adjusted for IFRS 16):

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2019**	2018 As adjusted for IFRS 16
Profit for the period	**58.3**	70.4
Plus (Minus):		
Income tax expense	**15.6**	28.0
Finance costs[1]	**51.0**	110.4
Finance income	**(0.9)**	(0.4)
Depreciation	**40.1**	44.0
Total amortization	**115.6**	108.6
EBITDA	**279.7**	360.9
Plus:		
Share-based compensation expense	**7.0**	8.6
Impairment of lease right-of-use assets	**21.0**	—
Impairment of property, plant and equipment	**8.7**	—
Other adjustments[2]	**11.9**	5.5
Adjusted EBITDA, excluding lease interest and amortization	**328.3**	374.9
Amortization of lease right-of-use assets	**(99.5)**	(93.2)
Interest expense on lease liabilities	**(15.4)**	(16.7)
Adjusted EBITDA, including lease interest and amortization[3]	**213.5**	265.0
Adjusted EBITDA percentage change	**(19.4)%**	
Adjusted EBITDA percentage change, constant currency basis	**(16.4)%**	
Adjusted EBITDA margin	**12.2 %**	14.3%

Notes
(1) Includes the non-cash charge of US$53.3 million for the six months ended June 30, 2018 to write-off the deferred financing costs associated with the Original Senior Credit Facilities (as defined below) in conjunction with the 2018 Refinancing (see Indebtedness section below for further discussion).
(2) Other adjustments primarily comprised 'Other expenses' per the Consolidated Interim Income Statements.
(3) 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 further discussion in note 3(b) Changes in Accounting Policies in the Notes to the Consolidated Interim Financial Statements). 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 following tables present reconciliations from profit (loss) for the period to Adjusted EBITDA on a regional basis for the six months ended June 30, 2019 and June 30, 2018 (as adjusted for IFRS 16):

	Six months ended June 30, 2019					
(Expressed in millions of US Dollars)	**North America**	**Asia**	**Europe**	**Latin America**	**Corporate**	**Total**
Profit (loss) for the period	**(14.1)**	**40.0**	**0.3**	**(5.4)**	**37.5**	**58.3**
Plus (Minus):						
Income tax expense (benefit)	**(5.6)**	**15.2**	**(2.2)**	**(0.4)**	**8.6**	**15.6**
Finance costs(1)	**8.5**	**3.5**	**4.3**	**1.6**	**33.1**	**51.0**
Finance income	**(0.1)**	**(0.3)**	**(0.1)**	**0.0**	**(0.4)**	**(0.9)**
Depreciation	**13.9**	**11.9**	**11.2**	**2.6**	**0.5**	**40.1**
Total amortization	**40.8**	**37.5**	**28.7**	**7.7**	**0.8**	**115.6**
EBITDA	**43.4**	**107.9**	**42.2**	**6.1**	**80.0**	**279.7**
Plus (Minus):						
Share-based compensation expense	**2.8**	**0.9**	**0.2**	**0.0**	**3.1**	**7.0**
Impairment of lease right-of-use assets	**14.8**	**1.0**	**5.3**	**—**	**—**	**21.0**
Impairment of property, plant and equipment	**6.1**	**0.1**	**2.5**	**—**	**—**	**8.7**
Other adjustments(2)	**52.2**	**52.5**	**14.3**	**2.0**	**(109.0)**	**11.9**
Adjusted EBITDA, excluding lease interest and amortization	**119.3**	**162.4**	**64.5**	**8.1**	**(26.0)**	**328.3**
Amortization of lease right-of-use assets	**(35.0)**	**(29.9)**	**(26.6)**	**(7.7)**	**(0.2)**	**(99.5)**
Interest expense on lease liabilities	**(8.4)**	**(2.1)**	**(3.6)**	**(1.2)**	**(0.2)**	**(15.4)**
Adjusted EBITDA, including lease interest and amortization(3)	**75.9**	**130.4**	**34.3**	**(0.8)**	**(26.3)**	**213.5**
Adjusted EBITDA percentage change	**(24.5)%**	**(6.2)%**	**(30.5)%**	**(116.4)%**	**(8.0)%**	**(19.4)%**
Adjusted EBITDA percentage change, constant currency basis	**(24.3)%**	**(2.6)%**	**(25.7)%**	**(107.8)%**	**(8.0)%**	**(16.4)%**
Adjusted EBITDA margin	**11.6 %**	**20.3 %**	**9.2 %**	**(0.9)%**	**nm**	**12.2 %**

Notes

(1) Finance costs primarily include interest expense on loans and borrowings, interest expense on lease liabilities attributable to the adoption of IFRS 16 on January 1, 2019, amortization of deferred financing costs, change in the fair value of put options and unrealized (gains) losses on foreign exchange that are presented on a net basis. See breakdown in note 18 to the consolidated interim financial statements.

(2) Other adjustments primarily comprised 'Other expenses' per the Consolidated Interim Income Statements. Regional results include intra-group royalty income/expense.

(3) 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 further discussion in note 3(b) Changes in Accounting Policies in the Notes to the Consolidated Interim Financial Statements). 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.

nm Not meaningful.

	Six months ended June 30, 2018					
	As adjusted for IFRS 16					
(Expressed in millions of US Dollars)	North America	Asia	Europe	Latin America	Corporate	Total
Profit (loss) for the period	17.9	43.8	11.9	(1.9)	(1.2)	70.4
Plus (Minus):						
Income tax expense (benefit)	7.8	17.5	6.2	0.4	(4.0)	28.0
Finance costs(1)	8.9	5.1	8.3	2.6	85.5	110.4
Finance income	0.0	(0.3)	(0.1)	0.0	0.0	(0.4)
Depreciation	15.8	12.1	12.4	3.0	0.6	44.0
Total amortization	39.4	34.4	27.4	6.7	0.6	108.6
EBITDA	89.8	112.7	66.1	10.8	81.5	360.9
Plus (Minus):						
Share-based compensation expense	2.9	1.0	0.2	0.1	4.5	8.6
Other adjustments(2)	50.2	54.9	12.5	2.3	(114.4)	5.5
Adjusted EBITDA, excluding lease interest and amortization	142.9	168.6	78.8	13.2	(28.5)	374.9
Amortization of lease right-of-use assets	(33.7)	(27.2)	(25.0)	(7.2)	(0.1)	(93.2)
Interest expense on lease liabilities	(8.7)	(2.4)	(4.4)	(1.2)	0.0	(16.7)
Adjusted EBITDA, including lease interest and amortization(3)	100.5	139.0	49.3	4.8	(28.6)	265.0
Adjusted EBITDA margin	14.5%	20.8%	12.5%	5.3%	*nm*	14.3%

Notes

(1) Finance costs primarily include interest expense on loans and borrowings, amortization of deferred financing costs including the non-cash charge of US$53.3 million to write-off the deferred financing costs associated with the Original Senior Credit Facilities (as defined below) in conjunction with the 2018 Refinancing (see Indebtedness section below for further discussion), change in the fair value of put options and unrealized (gains) losses on foreign exchange that are presented on a net basis. See breakdown in note 18 to the consolidated interim financial statements.

(2) Other adjustments primarily comprised 'Other expenses' per the Consolidated Interim Income Statements. Regional results include intra-group royalty income/expense.

(3) 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 further discussion in note 3(b) Changes in Accounting Policies in the Notes to the Consolidated Interim Financial Statements). 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.

nm Not meaningful.

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 Interim 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$22.7 million, or 19.0% (-17.7% constant currency), to US$97.0 million for the six months ended June 30, 2019 from US$119.8 million for the same period in the previous year.

As the Group's business began to stabilize during the second quarter of 2019, Adjusted Net Income increased by US$0.1 million, or 0.1% (+2.0% constant currency), compared to the same period in the previous year. Adjusted Net

Income improved from the US$22.8 million, or 45.5% (-45.0% constant currency) decrease, for the first quarter of 2019. The profit improvement initiatives undertaken by management are expected to further improve the Group's profitability in the second half of the year and beyond.

Adjusted Basic EPS and Adjusted Diluted EPS, non-IFRS measures, were US$0.068 and US$0.068, respectively, for the six months ended June 30, 2019, compared to the Adjusted Basic EPS and Adjusted Diluted EPS of US$0.084 and US$0.083, respectively, for the six months ended June 30, 2018. Adjusted Basic EPS and Adjusted Diluted EPS are calculated by dividing Adjusted Net Income by the weighted average number of shares used in the Basic EPS and Diluted EPS calculations, respectively.

Adjusted Net Income with June 30, 2018 Recast for IFRS 16 Impacts

Adjusted Net Income decreased by US$14.2 million, or 12.8% (-11.3% constant currency), to US$97.0 million for the six months ended June 30, 2019 from US$111.2 million for the six months ended June 30, 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.

As the Group's business began to stabilize during the second quarter of 2019, Adjusted Net Income increased by US$4.2 million, or 6.4% (+8.5% constant currency), compared to the same period in the previous year (as recast to adjust for IFRS 16 impacts). Adjusted Net Income (on the same basis) improved from the US$18.4 million, or 40.3% (-39.7% constant currency) decrease, for the first quarter of 2019.

Adjusted Basic EPS and Adjusted Diluted EPS, non-IFRS measures, were US$0.068 and US$0.068, respectively, for the six months ended June 30, 2019, compared to the Adjusted Basic EPS and Adjusted Diluted EPS of US$0.078 and US$0.077, respectively, for the six months ended June 30, 2018. The Adjusted Basic EPS and Adjusted Diluted EPS for the six months ended June 30, 2018 have been recast to adjust for IFRS 16 impacts.

The following table presents a bridge of the six months ended June 30, 2018 reported Adjusted Net Income results to an Adjusted Net Income on a comparable basis, which reflects management's best estimate based on its evaluation of the impact:

	Six months ended June 30, 2018		
(Expressed in millions of US Dollars)	Reported	IFRS 16 Adjustments	As adjusted for IFRS 16
Profit attributable to equity holders	67.8	(7.4)	60.4
Plus / (Minus):			
Change in fair value of put options	(0.9)	—	(0.9)
Amortization of intangible assets	17.0	(1.6)	15.4
Expenses related to acquisition activities, net of taxes	1.2	—	1.2
Write-off of deferred financing costs	53.3	—	53.3
Tax adjustments	(18.6)	0.5	(18.1)
Adjusted Net Income	119.8	(8.5)	111.2

The following table presents the reconciliation from the Group's profit for the period to Adjusted Net Income for the six months ended June 30, 2019 and June 30, 2018 (as adjusted for IFRS 16):

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2019**	2018 As adjusted for IFRS 16
Profit attributable to the equity holders	**49.1**	60.4
Plus (Minus):		
Change in fair value of put options included in finance costs	**(1.0)**	(0.9)
Amortization of intangible assets	**16.1**	15.4
Expenses related to acquisition activities, net of taxes	**—**	1.2
Write-off of remaining deferred financing costs associated with Original Senior Credit Facilities (as defined below)[(1)]	**—**	53.3
Impairment of lease right-of-use assets	**21.0**	—
Impairment of property, plant and equipment	**8.7**	—
Costs to implement profit improvement initiatives	**9.8**	—
Tax adjustments[(2)]	**(6.8)**	(18.1)
Adjusted Net Income[(3)]	**97.0**	111.2

Notes
(1) On April 25, 2018, the Group refinanced its Senior Credit Facilities (described in the Indebtedness section below).
(2) Tax adjustments represent the tax effect of the reconciling line items as included in the Consolidated Interim Income Statements based on the applicable tax rate in the jurisdiction where such costs were incurred.
(3) Represents Adjusted Net Income attributable to the equity holders of the Company.

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

Adjusted Net Income, Adjusted Basic EPS and Adjusted Diluted EPS are non-IFRS financial measures, and as calculated herein may not be comparable to similarly named measures used by other companies and should not be considered comparable to profit for the period or EPS presented in the Group's Consolidated Interim 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.

Liquidity and Capital Resources

The primary objectives of the Company's capital management policies are to safeguard its ability to continue as a going concern, to provide returns for the Company's shareholders, and to fund capital expenditures, normal operating expenses, working capital needs and the payment of obligations. The Group's primary sources of liquidity are its cash flows from operating activities, invested cash, available lines of credit and, subject to shareholder approval, the Company's ability to issue additional shares. The Company believes that its existing cash and estimated cash flows, along with current working capital, will be adequate to meet the operating and capital requirements of the Group for at least the next twelve months.

Net cash flows generated from operating activities amounted to US$192.6 million for the six months ended June 30, 2019 compared to US$56.2 million for the six months ended June 30, 2018. The increase in cash flows generated from operating activities was primarily attributable to classification changes following the adoption of IFRS 16 and a reduction of cash used for working capital. Excluding the impacts from IFRS 16, operating cash flow was US$113.0 million, reflecting a US$56.8 million increase from the same period in the previous year.

For the six months ended June 30, 2019, net cash flows used in investing activities were US$32.7 million and were primarily related to capital expenditures for property, plant and equipment. For the six months ended June 30, 2018, net cash flows used in investing activities were US$50.1 million and primarily related to capital expenditures for property, plant and equipment. The Group had capital expenditures of US$26.0 million during the six months ended June 30, 2019 compared to US$41.1 million during the first half of 2018. During the first half of 2019, the Group strategically added new retail locations, remodeled existing retail locations and made investments in machinery and equipment.

Net cash flows used in financing activities were US$98.4 million for the six months ended June 30, 2019 and were largely attributable to principal payments on lease liabilities of US$79.5 million (which were included in operating activities for the first half of 2018), payments of New Term Loan Facilities (as defined below) totaling US$14.2 million and dividend payments to non-controlling interests of US$9.1 million, partly offset by proceeds from other current loans and borrowings of US$4.2 million. Net cash flows generated from financing activities were US$45.0 million for the six months ended June 30, 2018 and were largely attributable to proceeds of US$1,922.9 million associated with the 2018 Refinancing (described in the Indebtedness section below) and proceeds from share option exercises of US$24.3 million, partially offset by cash flows used in financing activities of US$1,869.7 million to pay off the Original Senior Credit Facilities (described in the Indebtedness section below) associated with the 2018 Refinancing and dividend payments to non-controlling interests of US$9.7 million. In conjunction with the Refinancing, the Group paid US$18.5 million in deferred financing costs that will be recognized over the term of the borrowings.

The Group had US$489.3 million in cash and cash equivalents as of June 30, 2019, compared to US$427.7 million as of December 31, 2018. No cash and cash equivalents were restricted as of June 30, 2019 and December 31, 2018. Cash and cash equivalents are generally denominated in the functional currency of the respective Group entity.

Indebtedness

The following table sets forth the carrying amount of the Group's loans and borrowings as of June 30, 2019 and December 31, 2018:

(Expressed in millions of US Dollars)	**June 30, 2019**	December 31, 2018
New Term Loan A Facility	**807.3**	817.7
New Term Loan B Facility	**658.4**	661.7
New Revolving Credit Facility	**22.7**	22.9
Total Senior Credit Facilities	**1,488.4**	1,502.3
Senior Notes	**398.0**	401.5
Other long-term debt	**2.1**	2.3
Other lines of credit	**33.6**	29.5
Capital lease obligations	**—**	0.3
Total loans and borrowings	**1,922.1**	1,935.8
Less deferred financing costs	**(14.9)**	(16.4)
Total loans and borrowings less deferred financing costs	**1,907.2**	1,919.4

In 2018, the Group refinanced its Senior Credit Facilities through the issuance of €350.0 Million 3.500% Senior Notes due 2026 and by amending and restating its Senior Credit Facilities (the "2018 Refinancing").

€350.0 Million 3.500% Senior Notes Due 2026

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

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

Maturity, Interest and Redemption

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

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

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

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

In addition, at any time prior to May 15, 2021, the Issuer may redeem up to 40% of the Senior Notes with the net proceeds of one or more specified equity offerings at a redemption price of 103.500% of the principal amount of the Senior Notes redeemed, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. Furthermore, in the event of certain events defined as constituting a change of control, the Issuer may be required to make an offer to purchase the Senior Notes.

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

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

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

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

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

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

(a) in respect of the New Term Loan A Facility and the New Revolving Credit Facility, the interest rate payable was set with effect from the Closing Date until the delivery of the financial statements for the fiscal quarter ended September

30, 2018 at the London Interbank Offered Rate ("LIBOR") plus 1.50% per annum (or a base rate plus 0.50% per annum) and thereafter is based on the lower rate derived from either the first lien net leverage ratio of the Company and its restricted subsidiaries at the end of each fiscal quarter or the Company's corporate ratings. The interest rate payable on the Original Term Loan A Facility and Original Revolving Credit Facility was an adjusted rate of LIBOR plus 2.00% per annum; and

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

In addition to paying interest on outstanding principal under the New Senior Credit Facilities, the borrowers pay customary agency fees and a commitment fee in respect of the unutilized commitments under the New Revolving Credit Facility. The commitment fee payable with effect from the Closing Date until the delivery of the financial statements for the fiscal quarter ended September 30, 2018 was 0.20% per annum. The commitment fee payable thereafter is based on the lower rate derived from either the first lien net leverage ratio of the Company and its restricted subsidiaries at the end of each fiscal quarter or the Company's corporate ratings, as applicable.

Amortization and Final Maturity

The New Term Loan A Facility requires scheduled quarterly payments commencing on the first full fiscal quarter ended after the Closing Date, with an annual amortization of 2.5% of the original principal amount of the loans under the New Term Loan A Facility made during each of the first and second years, with a step-up to 5.0% annual amortization during each of the third and fourth years and 7.5% annual amortization during the fifth year, with the balance due and payable on the fifth anniversary of the Closing Date. The New Term Loan B Facility requires scheduled quarterly payments commencing on the quarter ended September 30, 2018, each equal to 0.25% of the original principal amount of the loans under the New Term Loan B Facility, with the balance due and payable on the seventh anniversary of the Closing Date. There is no scheduled amortization of the principal amounts of the loans outstanding under the New Revolving Credit Facility. Any principal amount outstanding under the New Revolving Credit Facility is due and payable on the fifth anniversary of the Closing Date.

Guarantees and Security

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

Certain Covenants and Events of Default

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

In addition, the Credit Agreement requires the Company and its subsidiaries to meet certain quarterly financial covenants. Commencing with the fiscal quarter ended September 30, 2018, the Company and its subsidiaries are required to maintain (i) a pro forma total net leverage ratio of not greater than 5.50:1.00, which ratio will decrease to 5.25:1.00 for test periods ending in 2020, 5.00:1.00 for test periods ending in 2021 and 4.50:1.00 for test periods ending in 2022; provided that such maximum pro forma total net leverage ratio is subject to a step up of 0.50x from the otherwise applicable ratio, up to a pro forma total net leverage ratio not to exceed 6.00:1.00 for the six fiscal quarter period following the fiscal quarter in which a permitted acquisition has been consummated, and (ii) a pro forma interest consolidated cash interest coverage ratio of not less than 3.00:1.00 (collectively, the "Financial Covenants"). The Financial Covenants only apply for the benefit of the lenders under the New Term Loan A Facility and the lenders under the New Revolving Facility. The Credit Agreement also contains certain customary representations and warranties, affirmative covenants and provisions relating to events of default (including upon a change of control). The Group was in compliance with the financial covenants as of June 30, 2019.

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 2018 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 June 30, 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$6.5 million and US$25.5 million, respectively, which was recorded as an asset with the effective portion of the gain (loss) deferred to other comprehensive income.

Cross-currency Swaps
In April 2019, the Group entered into cross-currency swaps which have been designated as net investment hedges. The hedges consist of a US$50.0 million notional loan amount between the Euro and US Dollar and a US$25.0 million notional loan amount between the Japanese Yen and US Dollar. The Group is benefitting from the interest rate spread between the two markets to receive fixed interest income over the five-year contractual period. As of June 30, 2019, the cross-currency swaps qualified as net investment hedges and the monthly mark-to-market is recorded to other comprehensive income. As of June 30, 2019, the cross-currency swaps were marked-to-market, resulting in a net liability position to the Group in the amount of US$1.9 million, which was recorded as a liability with the effective portion of the gain (loss) deferred to other comprehensive income.

Deferred Financing Costs
During the six months ended June 30, 2018, the Group incurred US$18.5 million of deferred financing costs related to the 2018 Refinancing. Such costs were deferred and offset against loans and borrowings and are being amortized using the effective interest method over the life of the Senior Notes and New Senior Credit Facilities. The amortization of deferred financing costs under the Senior Notes and New Senior Credit Facilities, which is included in interest expense, amounted to US$1.5 million and US$0.5 million for the six months ended June 30, 2019 and June 30, 2018, respectively. Prior to the 2018 Refinancing, amortization of deferred financing costs under the Original Senior Credit Facilities, which were extinguished in April 2018, amounted to US$3.3 million for the six months ended June 30, 2018.

Upon extinguishment of the Original Senior Credit Facilities, the Group recognized a non-cash charge of US$53.3 million for the six months ended June 30, 2018 to write-off the remaining balance of the previously existing deferred financing costs related to the Original Senior Credit Facilities.

Revolving Facility
As of June 30, 2019, US$624.3 million was available to be borrowed on the New Revolving Credit Facility as a result of US$22.7 million of outstanding borrowings and the utilization of US$3.0 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 New 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 credit lines 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 facilities was US$33.7 million and US$29.5 million as of June 30, 2019 and December 31, 2018, respectively.

The following represents the contractual maturity dates of the Group's loans and borrowings as of June 30, 2019 and December 31, 2018:

(Expressed in millions of US Dollars)	**June 30, 2019**	December 31, 2018
On demand or within one year	**84.8**	80.9
After one year but within two years	**49.0**	38.8
After two years but within five years	**765.2**	786.3
More than five years	**1,023.1**	1,029.9
	1,922.1	1,935.8

Hedging

The Group's non-U.S. subsidiaries periodically enter into forward contracts related to the purchase of inventories denominated primarily in US Dollars which are designated as cash flow hedges. Cash outflows associated with these derivatives as of June 30, 2019 are expected to be US$135.4 million within one year.

Other Financial Information

Working Capital Ratios

Inventory Analysis

The following table sets forth a summary of the Group's average inventories, cost of sales and average inventory days for the six months ended June 30, 2019 and June 30, 2018:

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2019**	2018
Average inventories(1)	**624.4**	603.6
Cost of sales	**772.7**	804.9
Average inventory turnover days(2)	**147**	137

Notes

(1) Average inventories equal the average of net inventory at the beginning and end of a given period.

(2) Average inventory turnover days for a given period equals average inventory for that period divided by cost of sales for that period and multiplied by the number of days in the period.

The Group's average inventories increased in the first half of 2019 (US$626.2 million as of June 30, 2019 compared to US$622.6 million as of December 31, 2018) compared to the first half of 2018 (US$624.2 million as of June 30, 2018 compared to US$583.0 million as of December 31, 2017) to support new product introductions, new retail stores and the global expansion of the *Tumi* brand. Inventory days were also impacted by the reduction in cost of sales.

Trade and Other Receivables

The following table sets forth a summary of the Group's average trade and other receivables, net sales and turnover days of trade and other receivables for the six months ended June 30, 2019 and June 30, 2018:

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2019**	2018
Average trade and other receivables(1)	**421.1**	415.4
Net sales	**1,755.7**	1,848.7
Turnover days of trade and other receivables(2)	**44**	41

Notes

(1) Average trade and other receivables equal the average of net trade and other receivables at the beginning and end of a given period.

(2) Turnover days of trade and other receivables for a given period equals average trade and other receivables for that period divided by net sales for that period and multiplied by the number of days in the period.

The Group's average trade and other receivables increased slightly in the first half of 2019 (US$421.2 million as of June 30, 2019 compared to US$420.9 million as of December 31, 2018) compared to the first half of 2018 (US$419.4 million as of June 30, 2018 compared to US$411.5 million as of December 31, 2017). The trade and other receivables turnover days increased due to the decrease in net sales and the timing of receipts year-on-year.

Trade receivables as of June 30, 2019 are on average due within 60 days from the date of billing.

Trade and Other Payables

The following table sets forth a summary of the Group's average trade and other payables, cost of sales and turnover days of trade and other payables for the six months ended June 30, 2019 and June 30, 2018:

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2019**	2018
Average trade and other payables(1)	**756.2**	773.1
Cost of sales	**772.7**	804.9
Turnover days of trade and other payables(2)	**179**	175

Notes

(1) Average trade and other payables equal the average of trade and other payables at the beginning and end of a given period.

(2) Turnover days of trade and other payables for a given period equals average trade and other payables for that period divided by cost of sales for that period and multiplied by the number of days in the period.

The Group's average trade and other payables decreased in the first half of 2019 (US$813.1 million as of June 30, 2019 compared to US$699.2 million as of December 31, 2018) compared to the first half of 2018 (US$809.1 million as of June 30, 2018 compared to US$737.0 million as of December 31, 2017) primarily due to the timing of payments associated with inventory purchases year-on-year.

Trade payables as of June 30, 2019 are on average due within 105 days from the invoice date.

Gearing Ratio

The following table sets forth the Group's loans and borrowings (excluding deferred financing costs), total equity and gearing ratio as of June 30, 2019 and December 31, 2018:

(Expressed in millions of US Dollars)	**June 30, 2019**	December 31, 2018
Loans and borrowings (excluding deferred financing costs)	**1,922.1**	1,935.8
Total equity	**1,907.1**	1,991.1
Gearing ratio[1]	**100.8%**	97.2%

Note
(1) Calculated as total loans and borrowings (excluding deferred financing costs) divided by total equity.

Contingent Liabilities

Details of contingent liabilities are set out in note 19 to the consolidated interim financial statements.

Subsequent Events

Details of the events occurring subsequent to June 30, 2019 are set out in note 22 to the consolidated interim financial statements.

Other Information

Total current assets were US$1,702.7 million and US$1,617.7 million, and total assets less current liabilities were US$4,607.2 million and US$4,205.2 million, as of June 30, 2019 and December 31, 2018, respectively.

Strategic Review and Full-year Prospects

Financial results of the Group during the first half of 2019 were as follows:

Financial Results

Key Group metrics for the six months ended June 30, 2019 compared to the six months ended June 30, 2018 were as follows:

- Net sales for the six months ended June 30, 2019 decreased by US$27.8 million, or 1.5%, on a constant currency basis compared to the six months ended June 30, 2018. US Dollar reported net sales were US$1,755.7 million for the six months ended June 30, 2019, reflecting a decrease of US$93.0 million, or 5.0% compared to the corresponding period in the previous year. The net sales decline was due to headwinds faced by the business in the United States, China's B2B channel, South Korea and Chile, as well as due to unfavorable foreign currency impacts. Excluding the effects of these headwinds, the Group's constant currency net sales increased by US$34.6 million, or 3.5%, for the six months ended June 30, 2019 compared to the same period in the previous year, and US Dollar reported net sales decreased by US$19.5 million, or 2.0%, for the six months ended June 30, 2019 compared to the same period in the previous year.
- The Group spent US$103.1 million on marketing during the six months ended June 30, 2019 compared to US$114.3 million for the six months ended June 30, 2018, a decrease of US$11.3 million, or 9.8% (-6.8% constant currency). As a percentage of net sales, marketing expenses decreased by 30 basis points to 5.9% for the six months ended June 30, 2019 from 6.2% for the six months ended June 30, 2018.
- Based on an evaluation of loss-making stores in the six months ended June 30, 2019 and the anticipated closure of some of these stores, the Group recognized the Non-cash Impairment Charge totaling US$29.7 million for the first half of 2019, comprised of the write-off of US$21.0 million of lease right-of-use assets associated with such stores that were recently recognized with the adoption of IFRS 16 and a US$8.7 million impairment for property, plant and equipment of such stores.
- Operating profit for the six months ended June 30, 2019 decreased by US$44.7 million, or 21.5% (-19.6% constant currency), to US$163.6 million when excluding the Non-cash Impairment Charge and the costs to implement profit improvement initiatives during the six months ended June 30, 2019, compared to US$208.3 million for the same period in the previous year (as recast to adjust for IFRS 16 impacts). Operating profit, as reported, decreased by US$77.8 million, or 38.5% (-36.9% constant currency), year-on-year to US$124.0 million.

- Profit for the period for the six months ended June 30, 2019 decreased by US$14.7 million, or 13.4% (-12.1% constant currency), to US$95.3 million when excluding the Non-cash Impairment Charge and the costs to implement profit improvement initiatives, net of the related tax impact during the six months ended June 30, 2019, compared to US$110.0 million for the same period in the previous year (as recast to adjust for IFRS 16 impacts) when excluding the non-cash charge of US$53.3 million and the related tax impact during the six months ended June 30, 2018 to write-off the deferred financing costs associated with the Original Senior Credit Facilities in conjunction with the 2018 Refinancing. Profit for the period, as reported, decreased by US$19.6 million, or 25.1% (-23.8% constant currency), year-on-year to US$58.3 million.
- Profit attributable to the equity holders for the six months ended June 30, 2019 decreased by US$13.8 million, or 13.9% (-12.4% constant currency), to US$86.1 million when excluding the Non-cash Impairment Charge and the costs to implement profit improvement initiatives, net of the related tax impact during the six months ended June 30, 2019, compared to US$99.9 million for the six months ended June 30, 2018 (as recast to adjust for IFRS 16 impacts) when excluding the non-cash charge of US$53.3 million and the related tax impact during the six months ended June 30, 2018 to write-off the deferred financing costs associated with the Original Senior Credit Facilities in conjunction with the 2018 Refinancing. Profit attributable to the equity holders, as reported, decreased by US$18.7 million, or 27.5% (-26.0% constant currency), from the same period in the previous year to US$49.1 million.
- Adjusted Net Income, a non-IFRS measure, decreased by US$14.2 million, or 12.8% (-11.3% constant currency), to US$97.0 million for the six months ended June 30, 2019 compared to US$111.2 million for the same period in the previous year (as recast to adjust for IFRS 16 impacts). Reported Adjusted Net Income for the six months ended June 30, 2018 was US$119.8 million.
- Adjusted EBITDA, a non-IFRS measure, decreased by US$51.5 million, or 19.4% (-16.4% constant currency), to US$213.5 million for the six months ended June 30, 2019 compared to US$265.0 million for the same period in the previous year (as recast to adjust for IFRS 16 impacts). Reported Adjusted EBITDA for the six months ended June 30, 2018 was US$276.8 million.
- Adjusted EBITDA margin, a non-IFRS measure, was 12.2% for the six months ended June 30, 2019 compared to 14.3% for the six months ended June 30, 2018 (as recast to adjust for IFRS 16 impacts)[(1)]. This decrease was 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. Reported Adjusted EBITDA margin for the six months ended June 30, 2018 was 15.0%.
- The Group generated US$192.6 million of cash from operating activities during the six months ended June 30, 2019 compared to US$56.2 million for the same period in the previous year. Excluding the impacts from IFRS 16, operating cash flow more than doubled to US$113.0 million for the first half of 2019 compared to the first half of 2018. As of June 30, 2019, the Group had cash and cash equivalents of US$489.3 million and outstanding financial debt of US$1,922.1 million (excluding deferred financing costs of US$14.9 million), putting the Group in a net debt position of US$1,432.8 million compared to US$1,588.3 million as of June 30, 2018 and US$1,508.2 million as of December 31, 2018.
- On March 13, 2019, the Company's Board of Directors recommended that a cash distribution in the amount of US$125.0 million be made to the Company's shareholders, a 13.6% increase from the US$110.0 million distribution paid in 2018. The shareholders approved this distribution on June 6, 2019 at the Company's Annual General Meeting and the distribution was paid on July 16, 2019.

Investment in advertising and promotion

The Group continued to make significant investments in marketing, which amounted to US$103.1 million, or approximately 5.9% of net sales, during the first half of 2019 compared to US$114.3 million, or 6.2%, of net sales during the first half of 2018, reflecting its commitment to advertise and promote its brands and products to support sales growth worldwide.

Introduction of new and innovative products to the market

The Group continued to focus on innovation and ensuring that its products reflect local consumer tastes in each region. Innovation and a regional focus on product development are key drivers of sales growth and are the means to deliver quality and value to the Group's customers.

Future Prospects

The Group's growth strategy will continue as planned for the second half of 2019, with a focus on the following:

- Deploy multiple brands to operate at wider price points in both the travel and non-travel product categories. Within the non-travel product categories, greater emphasis will be placed on backpacks and products that appeal to female consumers.
- Increase the proportion of net sales from the direct-to-consumer channel by growing the Company's direct-to-consumer e-commerce net sales and through 'targeted' expansion of its bricks-and-mortar retail presence.

- Sustain the Company's focused investment in marketing to support the continued global expansion of *Tumi*, while continuing to drive visibility and traffic for *Samsonite*, *American Tourister* and other brands.
- Leverage the Company's regional management structure, sourcing and distribution expertise and marketing engine to extend its brands into new markets and penetrate deeper into existing channels.
- Continue to invest in research and development to develop lighter and stronger new materials, advanced manufacturing processes, exciting new designs, as well as innovative functionalities that deliver real benefits to consumers.
- Continue to develop the Company into a well-diversified, multi-brand, multi-category and multi-channel luggage, bag and accessories business.

The Group aims to deliver top-line growth, maintain gross margins, increase profitability and enhance shareholder value.

Corporate Governance and Other Information

Directors

As of June 30, 2019, the composition of the Board of Directors of the Company (the "Board") was as follows:

Executive Director ("ED")

Kyle Francis Gendreau

Non-Executive Directors ("NEDs")

Timothy Charles Parker
Tom Korbas

Independent Non-Executive Directors ("INEDs")

Paul Kenneth Etchells
Jerome Squire Griffth
Keith Hamill
Bruce Hardy McLain (Hardy)
Ying Yeh

At June 30, 2019, the Board committees were as follows:

Audit Committee/Review of Accounts

The Board has established an Audit Committee and has adopted written terms of reference that set forth the authority and duties of the committee. The Audit Committee consists of three members, namely Mr. Paul Kenneth Etchells (Chairman of the Audit Committee) (INED), Mr. Keith Hamill (INED) and Ms. Ying Yeh (INED).

In compliance with Rule 3.21 of the Listing Rules, at least one member of the Audit Committee possesses appropriate professional qualifications in accounting or related financial management expertise in discharging the responsibilities of the Audit Committee.

All members have sufficient experience in reviewing audited financial statements as aided by the auditors of the Company whenever required.

The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process and risk management and internal control systems, to monitor the integrity of the Company's consolidated financial statements and financial reporting, and to oversee the audit process.

The Audit Committee has reviewed the interim report of the Group as of and for the six months ended June 30, 2019 with the Board of Directors. The interim financial information has also been reviewed by the Group's external auditors.

Nomination Committee

The Board has established a Nomination Committee and has adopted written terms of reference that set forth the authority and duties of the committee. The Nomination Committee consists of three members, namely Mr. Timothy Charles Parker (Chairman of the Nomination Committee) (NED), Mr. Paul Kenneth Etchells (INED) and Ms. Ying Yeh (INED).

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board, to make recommendations to the Board with respect to any changes to the composition of the Board, and to assess the independence of the INEDs. When identifying suitable candidates, the Nomination Committee shall (where applicable and appropriate) use open advertising or the services of external advisers and consider candidates from a wide range of backgrounds on merit and against objective criteria. The Nomination Committee's policy for evaluating and nominating any candidate for directorship includes considering various criteria, including character and integrity, qualifications (including professional qualifications), skills, knowledge and experience and diversity aspects under the Board's diversity policy, potential contributions the candidate can make to the Board and such other matters that are appropriate to the Company's business and succession plan.

Remuneration Committee

The Board has established a Remuneration Committee and has adopted written terms of reference that set forth the authority and duties of the committee. The Remuneration Committee consists of four members, namely Mr. Keith

Hamill (Chairman of the Remuneration Committee) (INED), Mr. Paul Kenneth Etchells (INED), Mr. Bruce Hardy McLain (Hardy) (INED) and Ms. Ying Yeh (INED).

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for the remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration, as well as to determine the specific remuneration packages of all EDs and certain members of senior management.

Corporate Governance Practices

The Company is committed to maintaining high standards of corporate governance. The Company recognizes that sound corporate governance practices are fundamental to the effective and transparent operation of the Company and to its ability to protect the rights of its shareholders and enhance shareholder value.

The Company has adopted its own corporate governance manual, which is based on the principles, provisions and practices set out in the Corporate Governance Code (as in effect from time to time, the "CG Code") contained in Appendix 14 of the Listing Rules.

The Company complied with all applicable code provisions set out in the CG Code throughout the period from January 1, 2019 to June 30, 2019.

Risk Management and Internal Control

The Board is responsible for ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board has delegated to the Audit Committee the responsibility for reviewing the effectiveness of the Group's risk management and internal control systems. The Company's management, under the oversight of the Board, is responsible for the design, implementation and monitoring of the Company's risk management and internal control systems.

Changes in Information of Directors

No changes in information concerning Directors of the Company have occurred subsequent to the publication of the Company's 2018 annual report that are required to be disclosed pursuant to Rule 13.51(B)(1) of the Listing Rules.

Company Secretaries and Authorized Representatives

Mr. John Bayard Livingston and Ms. Chow Yuk Yin Ivy ("Ms. Chow") are the joint company secretaries of the Company while Mr. Kyle Francis Gendreau and Ms. Chow are the Company's authorized representatives (pursuant to the Listing Rules).

Directors' Securities Transactions

The Company has adopted its own policies (the "Trading Policy") for securities transactions by directors and relevant employees who are likely to be in possession of unpublished inside information of the Group on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they complied with the required standard set out in the Trading Policy during the six months ended June 30, 2019.

Share Award Scheme

On September 14, 2012, the Company's shareholders adopted the Company's Share Award Scheme, which will remain in effect until September 13, 2022. The purpose of the Share Award Scheme is to attract skilled and experienced personnel, to incentivize them to remain with the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company. Awards under the Share Award Scheme may take the form of either share options or restricted share units ("RSUs"), which may be granted at the discretion of the Remuneration Committee to executive directors of the Company and its subsidiaries, managers employed or engaged by the Group, and/or employees of the Group.

As of July 31, 2019 (the "Latest Practicable Date"), the maximum aggregate number of shares in respect of which awards may be granted pursuant to the Share Award Scheme is 21,891,568 shares, representing approximately 1.5% of the issued share capital of the Company at that date. An individual participant may be granted awards pursuant to the Share Award Scheme in respect of a maximum of 1% of the Company's total issued shares in any 12-month period. Any grant of awards to an individual participant in excess of this limit is subject to independent shareholder's approval.

Share-based compensation expense of US$7.0 million and US$8.6 million was recognized in the consolidated income statements, with a corresponding increase in equity reserves, for the six months ended June 30, 2019 and June 30, 2018, respectively.

Share Options

The exercise price of share options is determined at the time of grant by the Remuneration Committee in its absolute discretion, but in any event shall not be less than the higher of:

a) the closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange on the date of grant;

b) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and

c) the nominal value of the shares.

The grant-date fair value of equity-settled share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity when such options represent equity-settled awards, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For equity-settled share-based payment awards with market performance conditions or non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Holders of vested share options are entitled to buy newly issued ordinary shares of the Company at a purchase price per share equal to the exercise price of the options. The fair value of services received in return for share options granted is based on the fair value of share options granted measured using the Black-Scholes valuation model. The fair value calculated for share options is inherently subjective due to the assumptions made and the limitations of the model utilized. Shares underlying an award of share options that forfeit ("lapse") without the issuance of such shares upon the exercise of such options may be available for future grant under the Share Award Scheme.

On June 17, 2019, the Company granted share options exercisable for 10,462,500 ordinary shares to an executive director of the Company, certain key management personnel and other employees of the Group with an exercise price of HK$16.04 per share. Such options are subject to graded ("*pro rata*") vesting over a four-year period from the date of grant, with 25% of the options vesting on each anniversary of the date of the grant, subject to the grantee continuing to be employed by, or continuing to provide services to, the Group on the applicable vesting date. Such options have a 10-year term.

Expected volatility is estimated taking into account historic average share price volatility. The expected dividends are based on the Group's history and expectation of dividend payouts.

The following inputs were used in the measurement of the fair value at grant date of the share-based payment for the share options exercisable for 10,462,500 shares that were granted on June 17, 2019:

Fair value at grant date	HK$3.08
Share price at grant date	HK$15.80
Exercise price	HK$16.04
Expected volatility (weighted average volatility)	32.8%
Option life (expected weighted average life)	6.25 years
Expected dividends	4.3%
Risk-free interest rate (based on government bonds)	1.6%

Particulars and movements of share options during the six months ended June 30, 2019 were as follows:

Name / category of grantee	Number of share options					Date of grant	Exercise period	Exercise price per share (HK$)	Closing price immediately preceding the date of grant (HK$)
	As of January 1, 2019	Granted during the period	Exercised during the period[1]	Canceled / forfeited ("lapsed") during the period	As of June 30, 2019				
Directors									
Timothy Parker	1,821,615	—	—	—	1,821,615	January 7, 2014	January 7, 2015 - January 6, 2024	23.30	23.30
Timothy Parker	2,368,749	—	—	—	2,368,749	January 8, 2013	January 8, 2014 - January 7, 2023	17.36	16.90
Kyle Gendreau	—	1,544,980	—	—	1,544,980	June 17, 2019	June 17, 2020 - June 16, 2029	16.04	16.18
Kyle Gendreau	1,336,988	—	—	—	1,336,988	October 11 , 2018	October 11, 2019 - October 10, 2028	27.06	25.95
Kyle Gendreau	952,676	—	—	—	952,676	May 26, 2017	May 26, 2018 - May 25, 2027	31.10	30.45
Kyle Gendreau	1,230,464	—	—	—	1,230,464	May 6, 2016	May 6, 2017 - May 5, 2026	24.91	24.00
Kyle Gendreau	216,683	—	—	—	216,683	January 7, 2015	January 7, 2016 - January 6, 2025	23.31	23.30
Kyle Gendreau	2,506,600	—	—	—	2,506,600	January 7, 2015	January 7, 2018 - January 6, 2025	23.31	23.30
Tom Korbas	714,182	—	—	—	714,182	January 7, 2015	January 7, 2016 - January 6, 2025	23.31	23.30
Tom Korbas	32,351	—	—	—	32,351	January 7, 2014	January 7, 2015 - January 6, 2024	23.30	23.30
Total Directors	**11,180,308**	**1,544,980**	**—**	**—**	**12,725,288**				

Name / category of grantee	Number of share options: As of January 1, 2019	Granted during the period	Exercised during the period[(1)]	Canceled / lapsed during the period	As of June 30, 2019	Date of grant	Exercise period	Exercise price per share (HK$)	Closing price immediately preceding the date of grant (HK$)
Others									
Employees	—	8,917,520	—	—	8,917,520	June 17, 2019	June 17, 2020 - June 16, 2029	16.04	16.18
Employee	1,194,180	—	—	—	1,194,180	December 4, 2018	December 4, 2019 - December 3, 2028	25.00	25.00
Employees	7,214,360	—	—	(858,160)	6,356,200	October 11 , 2018	October 11, 2019 - October 10, 2028	27.06	25.95
Employees	3,473,520	—	—	(1,757,276)	1,716,244	May 26, 2017	May 26, 2020 - May 25, 2027	31.10	30.45
Employees	15,919,266	—	—	(1,561,620)	14,357,646	May 26, 2017	May 26, 2018 - May 25, 2027	31.10	30.45
Employee	74,979	—	—	—	74,979	June 16, 2016	June 16, 2017 - June 15, 2026	23.19	22.45
Employee	62,160	—	—	—	62,160	May 11, 2016	May 11, 2017 - May 10, 2026	24.23	24.05
Employees	4,190,013	—	—	—	4,190,013	May 6, 2016	May 6, 2019 - May 5, 2026	24.91	24.00
Employees	13,200,582	—	—	(639,616)	12,560,966	May 6, 2016	May 6, 2017 - May 5, 2026	24.91	24.00
Employees	8,036,671	—	—	(60,495)	7,976,176	January 7, 2015	January 7, 2016 - January 6, 2025	23.31	23.30
Employees	5,540,480	—	—	(653,790)	4,886,690	January 7, 2015	January 7, 2018 - January 6, 2025	23.31	23.30
Employees	57,080	—	—	(57,080)	—	August 31, 2015	August 31, 2016 - August 30, 2025	24.15	24.15
Employees	3,973,196	—	—	—	3,973,196	January 7, 2014	January 7, 2015 - January 6, 2024	23.30	23.30
Employee	64,393	—	—	(64,393)	—	May 29, 2014	May 29, 2015 - May 28, 2024	24.77	25.25
Employees	2,443,913	—	(68,372)	—	2,375,541	January 8, 2013	January 8, 2014 - January 7, 2023	17.36	16.90
Employee	108,522	—	—	—	108,522	July 1, 2013	July 1, 2014 - June 30, 2023	18.68	18.68
Total Employees	**65,553,315**	**8,917,520**	**(68,372)**	**(5,652,430)**	**68,750,033**				
Total	**76,733,623**	**10,462,500**	**(68,372)**	**(5,652,430)**	**81,475,321**				

Note
(1) The weighted average closing price of the shares immediately before the date of exercise by participants was HK$25.05.

Restricted Share Units ("RSUs")

Two types of RSU awards have been granted by the Company: time-based RSUs ("TRSUs") and performance-based RSUs ("PRSUs").

Time-based Restricted Share Units

TRSUs granted by the Company are subject to *pro rata* vesting over a three-year period, with one-third of such TRSUs vesting on each anniversary of the date of the grant, subject to the grantee continuing to be employed by, or continuing to provide services to, the Group on the applicable vesting date. Expense for TRSUs is based on the closing market price of the Company's shares on the date of grant, discounted by the present value of expected future dividends, and is recognized ratably over the vesting period, net of expected forfeitures.

On June 17, 2019, the Company awarded TRSUs with respect to 4,074,414 shares to an executive director of the Company, certain key management personnel and other employees of the Group.

Particulars and movements of TRSUs during the six months ended June 30, 2019 were as follows:

	Number of TRSUs						
Name / category of grantee	**As of January 1, 2019**	**Granted during the period**	**Vested during the period**	**Canceled / lapsed during the period**	**As of June 30, 2019**	**Date of grant**	**Vesting period**
Directors							
Kyle Gendreau	—	302,475	—	—	302,475	June 17, 2019	1/3 of TRSUs will vest on each of June 17, 2020, June 17, 2021 and June 17, 2022
Kyle Gendreau	303,741	—	—	—	303,741	October 11, 2018	1/3 of TRSUs will vest on each of October 11, 2019, October 11, 2020 and October 11, 2021
Total Directors	**303,741**	**302,475**	**—**	**—**	**606,216**		

	Number of TRSUs						
Name / category of grantee	**As of January 1, 2019**	**Granted during the period**	**Vested during the period**	**Canceled / lapsed during the period**	**As of June 30, 2019**	**Date of grant**	**Vesting period**
Others							
Employees	—	3,771,939	—	—	3,771,939	June 17, 2019	1/3 of TRSUs will vest on each of June 17, 2020, June 17, 2021 and June 17, 2022
Employee	462,762	—	—	—	462,762	December 4, 2018	1/3 of TRSUs will vest on each of December 4, 2019, December 4, 2020 and December 4, 2021
Employees	4,117,569	—	—	(475,329)	3,642,240	October 11, 2018	1/3 of TRSUs will vest on each of October 11, 2019, October 11, 2020 and October 11, 2021
Total Employees	**4,580,331**	**3,771,939**	**—**	**(475,329)**	**7,876,941**		
Total	**4,884,072**	**4,074,414**	**—**	**(475,329)**	**8,483,157**		

Performance-based Restricted Share Units

PRSUs vest in full on the third anniversary of the date of grant, subject to the grantee continuing to be employed by, or continuing to provide services to, the Group on the vesting date, and only to the extent certain pre-established cumulative performance targets are met. Expense related to PRSUs with non-market performance criteria is recognized ratably over the performance period, net of forfeitures, based on the probability of attainment of the related performance targets. The potential number of shares that may be issued upon vesting of the PRSUs ranges from 0% of the target number of shares subject to the PRSUs, if the minimum level of performance is not attained, to up to 200% of the target number of shares subject to the PRSUs, if the level of performance is at or above the predetermined maximum achievement level. For PRSUs subject to market conditions, the expense is recognized over the vesting period based on the fair value as determined on the grant date utilizing a Monte Carlo simulation.

On June 17, 2019, the Group granted PRSUs with respect to a target number of 1,455,327 shares to an executive director and certain members of the Company's senior management team assuming target level achievement of the performance conditions applicable to the PRSU grants. The performance targets cover the three-year (fiscal) period ending December 31, 2021. The actual number of shares that will vest under the PRSUs will vary depending on the level of achievement of the performance conditions applicable to the PRSU grants made to the relevant grantees, thereby ensuring that the actual payout is linked to the Company's performance. The maximum number of shares underlying the PRSUs is 2,910,654 shares. The PRSUs granted on June 17, 2019 will vest on June 17, 2022, subject to the achievement of the performance conditions and subject to the applicable grantee continuing to be employed by, or continuing to provide services to, the Group on the vesting date.

Particulars and movements of performance-based RSUs during the six months ended June 30, 2019 were as follows:

	Number of PRSUs							
Name / category of grantee	**As of January 1, 2019**	**Initial or target number of shares for PRSUs granted during period**	**Change due to performance condition achievement**	**Vested during the period**	**Canceled / lapsed during the period**	**As of June 30, 2019**	**Date of grant**	**Vesting period**
Directors								
Kyle Gendreau	—	604,945	—	—	—	604,945	June 17, 2019	PRSUs will vest on June 17, 2022
Kyle Gendreau	607,478	—	—	—	—	607,478	October 11, 2018	PRSUs will vest on October 11, 2021
Total Directors	**607,478**	**604,945**	**—**	**—**	**—**	**1,212,423**		

	Number of PRSUs							
Name / category of grantee	**As of January 1, 2019**	**Initial or target number of shares for PRSUs granted during period**	**Change due to performance condition achievement**	**Vested during the period**	**Canceled / lapsed during the period**	**As of June 30, 2019**	**Date of grant**	**Vesting period**
Others								
Employees	—	850,382	—	—	—	850,382	June 17, 2019	PRSUs will vest on June 17, 2022
Employee	157,449	—	—	—	—	157,449	December 4, 2018	PRSUs will vest on December 4, 2021
Employees	799,441	—	—	—	(109,562)	689,879	October 11, 2018	PRSUs will vest on October 11, 2021
Total Employees	**956,890**	**850,382**	**—**	**—**	**(109,562)**	**1,697,710**		
Total	**1,564,368**	**1,455,327**	**—**	**—**	**(109,562)**	**2,910,133**		

Shares underlying an award of TRSUs or PRSUs that lapse without the issuance of such shares upon vesting of such award may be available for future grant under the Share Award Scheme.

Human Resources and Remuneration

As of June 30, 2019, the Group had approximately 14,500 employees worldwide. The Group regularly reviews remuneration and benefits of its employees according to the relevant market practice, employee performance and the financial performance of the Group.

Dividends and Distributions to Equity Holders

The Company will evaluate its distribution policy and distributions made (by way of the Company's ad hoc distributable reserve, dividends or otherwise) in any particular year in light of its financial position, the prevailing economic climate and expectations about the future macro-economic environment and business performance. The Company intends to increase distributions to shareholders in line with its growth in earnings. The determination to make distributions will be made upon the recommendation of the Board and the approval of the Company's shareholders and will be based upon the Group's earnings, cash flow, financial condition, capital and other reserve requirements and any other conditions which the Board deems relevant. The payment of distributions may also be limited by legal restrictions and by the Credit Agreement, the Indenture or other financing agreements that the Group may enter into in the future.

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, a 13.6% increase from the US$110.0 million distribution paid in 2018. The shareholders approved this distribution on June 6, 2019 at the Company's Annual General Meeting and the distribution was paid on July 16, 2019.

No dividends or distributions to equity holders have been declared or paid subsequent thereto.

Issue, Purchase, Sale, or Redemption of the Company's Listed Securities

During the six months ended June 30, 2019, the Company issued 68,372 ordinary shares at a weighted-average exercise price of HK$17.36 per share, or HK$1.2 million in aggregate, in connection with the exercise of share options that were granted under the Company's Share Award Scheme. There were no purchases or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the six months ended June 30, 2019.

Publication of Interim Results and Interim Report

This announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.samsonite.com). The interim report for the six months ended June 30, 2019 will be dispatched to the shareholders and published on the websites of The Stock Exchange of Hong Kong Limited and the Company in due course.

By Order of the Board
SAMSONITE INTERNATIONAL S.A.
Timothy Charles Parker
Chairman

Hong Kong, August 21, 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.