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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)

Final Results Announcement for the Year Ended December 31, 2019

Disclaimer

Non-IFRS Measures

The Company has presented certain non-IFRS[1] measures in the summary financial results, financial highlights, 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 amounts 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 amounts in the tables and the amounts given in the corresponding analyses in the text of this document and between amounts 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 final results of the Group for the year ended December 31, 2019 together with comparative figures for the year ended December 31, 2018. The following financial information, including comparative figures, has been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”).

Summary Financial Results

On January 1, 2019, the Group adopted IFRS 16, *Leases* ("IFRS 16") (see note 2(e) Changes in Accounting Policies in the Notes to the Consolidated Financial Statements). The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information for the year ended December 31, 2018 in the consolidated financial statements 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 year ended December 31, 2018 an “as adjusted for IFRS 16” column in the summary financial results table below to present its financial performance for the year ended December 31, 2018 on a comparable basis. Such amounts reflect management’s best estimate based on its evaluation of the impact of IFRS 16 and are non-IFRS measures (see reconciliations in the Management Discussion and Analysis section below).

The following table sets forth summary financial results for the years ended December 31, 2019 and December 31, 2018.

	Year ended December 31,				
	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	**3,638.8**	3,797.0	3,797.0	(4.2)%	(1.8)%
Operating profit[3]	**283.0**	467.4	482.3	(39.4)%	(38.4)%
Profit for the year[4]	**153.4**	257.2	244.1	(40.3)%	(39.7)%
Profit attributable to the equity holders[5]	**132.5**	236.7	223.6	(44.0)%	(43.3)%
Adjusted Net Income[6],[8]	**215.9**	294.5	279.1	(26.7)%	(25.8)%
Adjusted EBITDA[7],[8]	**492.2**	613.6	592.3	(19.8)%	(17.9)%
Adjusted EBITDA Margin[9]	**13.5%**	16.2%	15.6%		
Basic earnings per share ("EPS")[10] *(Expressed in US Dollars per share)*	**0.093**	0.166	0.157	(44.1)%	(43.5)%
Diluted EPS[10] *(Expressed in US Dollars per share)*	**0.093**	0.165	0.156	(43.8)%	(43.1)%
Adjusted Basic EPS[11] *(Expressed in US Dollars per share)*	**0.151**	0.206	0.195	(26.9)%	(26.0)%
Adjusted Diluted EPS[11] *(Expressed in US Dollars per share)*	**0.151**	0.205	0.194	(26.4)%	(25.6)%

Notes

(1) The “as adjusted for IFRS 16” column in the financial results above presents the Group's financial performance for the year ended December 31, 2018 on a comparable basis. Such amounts reflect management’s best estimate based on its evaluation of the impact of IFRS 16 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 previous year to current year local currency results.

(3) Operating profit decreased by US$184.4 million, or 39.4% (-38.4% constant currency), for the year ended December 31, 2019 to US$283.0 million compared to the previous year as reported. Operating profit for the year ended December 31, 2019 decreased by US$96.9 million, or 20.1% (-18.9% constant currency), to US$385.4 million when excluding the non-cash Impairment Charges (as defined in the Financial Highlights section below) and certain costs incurred to implement profit improvement initiatives (see Management Discussion and Analysis - Other Expenses) during the year ended December 31, 2019, compared to US$482.3 million for the previous year (as recast to adjust for IFRS 16 impacts)[1].

(4) Profit for the year decreased by US$103.8 million, or 40.3% (-39.7% constant currency), for the year ended December 31, 2019 to US$153.4 million compared to the previous year as reported. Profit for the year ended December 31, 2019 was US$211.0 million when excluding (i) the non-cash Impairment Charges (as defined in the Financial Highlights section below), (ii) certain costs incurred to implement profit improvement

initiatives (see Management Discussion and Analysis - Other Expenses), both of which are net of the related tax impact and (iii) the 2019 Net Tax Benefits (as defined in the Financial Highlights section below). This represented a decrease of US$72.7 million, or 25.6% (-24.8% constant currency) when compared to profit for the year ended December 31, 2018 of US$283.7 million (as recast to adjust for IFRS 16 impacts)[(1)] and excluding the non-cash charge of US$53.3 million and the related tax impact to write-off the deferred financing costs on the Group's borrowings following the refinancing of the Group's debt in April 2018.

(5) Profit attributable to the equity holders decreased by US$104.2 million, or 44.0% (-43.3% constant currency), for the year ended December 31, 2019 to US$132.5 million compared to the previous year as reported. Profit attributable to the equity holders for the year ended December 31, 2019 was US$190.1 million when excluding (i) the non-cash Impairment Charges (as defined in the Financial Highlights section below), (ii) certain costs incurred to implement profit improvement initiatives (see Management Discussion and Analysis - Other Expenses), both of which are net of the related tax impact and (iii) the 2019 Net Tax Benefits (as defined in the Financial Highlights section below). This represented a decrease of US$73.0 million, or 27.8% (-26.9% constant currency), when compared to profit attributable to the equity holders for the year ended December 31, 2018 of US$263.2 million (as recast to adjust for IFRS 16 impacts)[(1)] and excluding the non-cash charge of US$53.3 million and the related tax impact to write-off the deferred financing costs on the Group's borrowings following the refinancing of the Group's debt in April 2018.

(6) 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 year, 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 year to Adjusted Net Income.

(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 on January 1, 2019 (see further discussion in note 2(e) Changes in Accounting Policies in the Notes to the Consolidated 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 year'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 year to Adjusted EBITDA.

(8) When comparing the reported results for Adjusted Net Income and Adjusted EBITDA for the year ended December 31, 2019 against the "as adjusted for IFRS 16" results for the year ended December 31, 2018, the year-on-year changes were:
   - Adjusted Net Income decreased by 22.6% (-21.7% constant currency); and
   - Adjusted EBITDA decreased by 16.9% (-15.0% constant currency).

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

(10) Basic EPS decreased by 44.1% to US$0.093 for the year ended December 31, 2019 from US$0.166 for the year ended December 31, 2018 as reported. Diluted EPS decreased by 43.8% to US$0.093 for the year ended December 31, 2019 from US$0.165 for the year ended December 31, 2018 as reported. Basic EPS, as adjusted, decreased by 27.9% to US$0.133 for the year ended December 31, 2019 when excluding (i) the non-cash Impairment Charges (as defined in the Financial Highlights section below), (ii) certain costs incurred to implement profit improvement initiatives (see Management Discussion and Analysis - Other Expenses), both of which are net of the related tax impact and (iii) the 2019 Net Tax Benefits (as defined in the Financial Highlights section below), compared to US$0.184 for the previous year. Diluted EPS, as adjusted, decreased by 27.5% to US$0.133 for the year ended December 31, 2019 when excluding the same charges and costs as noted above, compared to US$0.183 for the previous year. Basic EPS, as adjusted, and Diluted EPS, as adjusted, for the year ended December 31, 2018 have been recast to adjust for IFRS 16 impacts[(1)] and exclude the non-cash charge of US$53.3 million and the related tax impact to write-off deferred financing costs on the Group's borrowings following the refinancing of the Group's debt in April 2018.

(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

- US Dollar reported net sales were US$3,638.8 million for the year ended December 31, 2019, reflecting a decrease of US$158.2 million, or 4.2% (-1.8% constant currency), compared to the year ended December 31, 2018. The net sales decline was due to unfavorable foreign currency translation effects of US$90.3 million, as well as headwinds faced by the business in the United States, the Hong Kong domestic market, South Korea, and Chile, along with a planned reduction of sales through the business-to-business channel in China during the first half of 2019. Excluding these markets and the business-to-business channel in China, the Group's US Dollar reported net sales increased by US$25.5 million, or 1.3% (+4.9% constant currency), for the year ended December 31, 2019 compared to the previous year.
- Gross profit margin decreased to 55.4% for the year ended December 31, 2019 from 56.5% for the previous year. The decrease in the gross profit margin was largely due to the incremental tariffs imposed by the U.S. on products sourced from China.
- The Group spent US$189.5 million on marketing during the year ended December 31, 2019 compared to US$221.3 million for the year ended December 31, 2018, a decrease of US$31.7 million, or 14.3% (-12.3% constant currency). As a percentage of net sales, marketing expenses decreased by 60 basis points to 5.2% for the year ended December 31, 2019 from 5.8% for the year ended December 31, 2018 as the Group temporarily reduced advertising to partially offset the impact of market conditions on profit for the year.
- During the year ended December 31, 2019, the Group recognized a non-cash impairment charge of US$86.4 million, comprised of US$48.0 million for assets attributable to the eBags business, US$27.5 million for lease right-of-use assets and US$10.9 million for property, plant and equipment attributable to certain retail locations, (together the "Impairment Charges").
- Operating profit decreased by US$184.4 million, or 39.4% (-38.4% constant currency), for the year ended December 31, 2019 to US$283.0 million compared to the previous year as reported. Operating profit for the year ended December 31, 2019 decreased by US$96.9 million, or 20.1% (-18.9% constant currency), year-on-year to US$385.4 million when excluding the non-cash Impairment Charges and certain costs incurred to implement profit improvement initiatives (see Management Discussion and Analysis - Other Expenses) during the year ended December 31, 2019, compared to US$482.3 million for the previous year (as recast to adjust for IFRS 16 impacts).
- For the year ended December 31, 2019, income tax expense was US$31.5 million. Included within the US$31.5 million of income tax expense were the 2019 Net Tax Benefits which were comprised of (i) a non-cash income tax benefit of US$54.6 million from a change in the tax rate applied to intangible assets currently held in Luxembourg, which primarily consist of certain tradenames owned by the Group, (ii) tax expenses of US$29.0 million associated with a legal entity reorganization and (iii) a base erosion tax arising as a result of the 2017 U.S. tax reform that applied to the Group in 2019 (which did not apply to the Group previously) of US$7.4 million. Together, these items resulted in a net tax benefit to the Group of US$18.3 million (the “2019 Net Tax Benefits”).
- Profit for the year decreased by US$103.8 million, or 40.3% (-39.7% constant currency), for the year ended December 31, 2019 to US$153.4 million compared to the previous year as reported. Profit for the year ended December 31, 2019 was US$211.0 million when excluding (i) the non-cash Impairment Charges, (ii) certain costs incurred to implement profit improvement initiatives (see Management Discussion and Analysis - Other Expenses), both of which are net of the related tax impact and (iii) the 2019 Net Tax Benefits. This represented a decrease of US$72.7 million, or 25.6% (-24.8% constant currency) when compared to profit for the year ended December 31, 2018 of US$283.7 million (as recast to adjust for IFRS 16 impacts) and excluding the non-cash charge of US$53.3 million and the related tax impact to write-off the deferred financing costs on the Group's borrowings following the refinancing of the Group's debt in April 2018.
- Profit attributable to the equity holders decreased by US$104.2 million, or 44.0% (-43.3% constant currency), for the year ended December 31, 2019 to US$132.5 million compared to the previous year as reported. Profit attributable to the equity holders for the year ended December 31, 2019 was US$190.1 million when excluding (i) the non-cash Impairment Charges, (ii) certain costs incurred to implement profit improvement initiatives (see Management Discussion and Analysis - Other Expenses), both of which are net of the related tax impact and (iii) the 2019 Net Tax Benefits. This represented a decrease of US$73.0 million, or 27.8% (-26.9% constant currency), when compared to profit attributable to the equity holders for the year ended December 31, 2018 of US$263.2 million (as recast to adjust for IFRS 16 impacts) and excluding the non-cash charge of US$53.3 million and the related tax impact to write-off the deferred financing costs on the Group's borrowings following the refinancing of the Group's debt in April 2018.
- Adjusted Net Income, a non-IFRS measure, decreased by US$78.6 million, or 26.7% (-25.8% constant currency), to US$215.9 million for the year ended December 31, 2019 from US$294.5 million for the year ended December 31, 2018. Adjusted Net Income decreased by US$63.2 million, or 22.6% (-21.7% constant currency), to US$215.9 million for the year ended December 31, 2019 compared to US$279.1 million for the previous year (as recast to adjust for IFRS 16 impacts)[(1)].

- Adjusted EBITDA, a non-IFRS measure, decreased by US$121.4 million, or 19.8% (-17.9% constant currency), to US$492.2 million for the year ended December 31, 2019 from US$613.6 million for the year ended December 31, 2018. Adjusted EBITDA decreased by US$100.1 million, or 16.9% (-15.0% constant currency), to US$492.2 million for the year ended December 31, 2019 compared to US$592.3 million for the previous year (as recast to adjust for IFRS 16 impacts)[1].
- Adjusted EBITDA margin, a non-IFRS measure, was 13.5% for the year ended December 31, 2019 compared to 16.2% for the year ended December 31, 2018. Adjusted EBITDA margin was 13.5% for the year ended December 31, 2019 compared to 15.6% for the year ended December 31, 2018 (as recast to adjust for IFRS 16 impacts)[1]. This decrease was primarily due to the effect of lower net sales and the decrease in gross profit margin, which was largely due to the incremental tariffs imposed by the U.S. on products sourced from China, as well as the effect of investments in the direct-to-consumer distribution channel, particularly in connection with bricks-and-mortar retail stores that were opened in 2017 and 2018, partially offset by a reduction in marketing expenses.
- The Group generated US$576.2 million of cash from operating activities during the year ended December 31, 2019 compared to US$307.4 million for the previous year. Excluding the impacts from IFRS 16, operating cash flow increased by US$98.7 million, or 32.1%, to US$406.1 million for the year ended December 31, 2019 compared to the previous year. As of December 31, 2019, the Group had cash and cash equivalents of US$462.6 million and outstanding financial debt of US$1,768.0 million (excluding deferred financing costs of US$12.8 million), putting the Group in a net debt position of US$1,305.3 million compared to US$1,508.2 million as of December 31, 2018.
- On March 16, 2020, the Company and certain of its direct and indirect wholly-owned subsidiaries entered into an amendment to its credit agreement with certain lenders and financial institutions (the "2020 Refinancing"). Under the terms of the 2020 Refinancing, the amended credit agreement provides for (1) an amended US$800.0 million senior secured term loan A facility and (2) an amended US$850.0 million revolving credit facility. The 2020 Refinancing extended the maturity for the senior secured term loan A facility and the revolving credit facility by approximately two years, reduced the interest rate margin by 12.5 basis points, reset the principal amortization schedule and provided additional liquidity through the US$200.0 million increase in the revolving credit facility. The 2020 Refinancing did not affect the terms of the Term Loan B Facility (see Management Discussion and Analysis - Liquidity and Capital Resources for further discussion).

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 reconciliations in the Management Discussion and Analysis section below.

Chairman's Statement

In 2019, we faced some of the most challenging conditions since Samsonite's listing in 2011, putting significant pressure on both our top and bottom line. We took decisive action not only to manage the business in the face of this past year's challenges, but to enhance Samsonite's competitive advantages to best position the business for long-term growth and shareholder value creation.

Our strength and resilience come from our consistent efforts to diversify the Group's business across geographies, brands, product categories and distribution channels through a combination of steady organic growth and strategic acquisitions. Today, the Group's global reach and scale, our first long-term competitive advantage, allows us to continue growing in many important markets while navigating challenging trading conditions in others. Although demanding market conditions have impacted our performance in the United States ("U.S."), the Hong Kong[1] domestic market, South Korea and Chile, we continued to deliver solid constant currency[2] net sales gains in both our key markets including China, where strong sales growth was partially offset by a planned reduction in business-to-business ("B2B") sales during the first half of 2019 (+5.5%[2]; +10.1%[2] excluding B2B), Japan (+5.2%[2]), India (+10.4%[2]), Germany (+7.3%[2]) and France (+3.5%[2]), as well as important emerging markets such as Russia (+18.8%[2]), Mexico (+9.3%[2]), Indonesia (+17.3%[2]) and Turkey (+23.5%[2]) during 2019.

Turning to our brands, the Group's second long-term competitive advantage, *Tumi*, which has seen enormous success since our acquisition, continued to achieve solid net sales gains in Asia (+8.7%[2]), Europe (+15.0%[2]) and Latin America (+42.4%[2]), highlighting the brand's substantial long-term growth potential. Overall, the *Tumi* brand's net sales grew by 1.8%[2] in 2019, despite a 4.9%[2] net sales decline in the North America market due to reduced Chinese tourist traffic into the U.S. Meanwhile, *American Tourister* achieved constant currency net sales gains of 1.0%[2], and constant currency net sales of the *Samsonite* brand remained stable (-0.5%[2]), underscoring the strong appeal our core brands enjoy within their respective price segments globally.

Our third long-term competitive advantage is our consistent and disciplined investment in marketing. We recognize that our brands' long-term success requires sustained investment, and our global scale allows us to deploy our marketing dollars in an impactful manner, while also providing the flexibility to make temporary adjustments to protect our profitability, if necessary, when facing short-term challenges. In 2019, we spent US$189.5 million to drive worldwide brand awareness for *Samsonite* and *Tumi*, though as a percentage of net sales, marketing spending decreased from 5.8% in 2018 to 5.2% in 2019.

Overall, the Group delivered steady constant currency top-line performance in 2019, with net sales down slightly by 1.8%[2] year-on-year. However, unfavorable foreign currency conversion had an impact of approximately US$90.3 million, resulting in a US$158.2 million, or 4.2%, year-on-year decrease in US Dollar reported net sales to US$3,638.8 million for the year ended December 31, 2019. Despite swift actions taken by the management team to tighten expense and working capital controls, this decline in net sales, along with a 110 basis point decline in gross profit margin (largely a consequence of increased tariffs imposed by the U.S. on products sourced from China), impacted the Group's profitability. The Group's gross profit declined by US$127.8 million year-on-year, driving a US$100.1 million, or 16.9%, decrease in Adjusted EBITDA[3], [4] to US$492.2 million for the year ended December 31, 2019 from US$592.3 million for the previous year (as recast to adjust for IFRS 16 impacts)[6]. Our Adjusted EBITDA margin[4], [5], on the same basis, decreased by 210 basis points to 13.5%. Please refer to Kyle's report for additional details on our actions and initiatives to enhance our profitability going forward.

Our scale allows us to invest and build an extensive and efficient sourcing infrastructure, another important source of long-term competitive advantage. We are accelerating our efforts to expand our supplier base into countries with more favorable production costs. This will increase the flexibility and resilience of our supply chain, while ensuring we maintain product quality and environmental and social compliance standards. In 2019, the Group sourced approximately 33% of its global product purchases from outside China, compared to approximately 28% in 2018, and we expect to further increase this percentage in 2020. This is particularly important as we continue to mitigate the impact of higher tariffs on our U.S. business.

Our prudent and steady approach to cost control, working capital management and cash flow generation remains another enduring source of resilience. The Group ended 2019 with net working capital efficiency[7] of 13.3%, an improvement of 30 basis points year-on-year, largely attributable to improved inventory management. This contributed to a US$98.7 million year-on-year increase in operating cash flow to US$406.1 million[8] during 2019. Additionally, cash used in investing activities during 2019 decreased by US$44.2 million year-on-year mainly as a result of reduced capital expenditures, partially offset by increased investments in software to support our ongoing digital initiatives.

We made payments on our non-current/long-term loans and borrowings totaling US$129.8 million during 2019, including voluntary prepayments of principal totaling US$100.2 million on our senior secured term loan B during the fourth quarter of 2019, capitalizing on our strong cash flow from operations. The Group ended 2019 with a net debt position of US$1,305.3 million(9), an improvement of US$202.8 million year-on-year, with US$647.0 million available on its revolving credit facility. As of December 31, 2019, the Group's pro forma net leverage ratio(10) was 2.63:1.00 and its pro forma consolidated cash interest coverage ratio(11) was 8.16:1.00 for the year ended December 31, 2019.

Turning to 2020, the COVID-19 coronavirus outbreak has caused a global health emergency and disruptions to travel worldwide. While we are confident that Samsonite's scale and global reach, along with the dedication and resilience of our people, will allow us to navigate this and other ongoing challenges, our near-term outlook remains uncertain. We are reassured by actions taken by governments and health authorities around the world to counter the outbreak.

Due to the inherent uncertainties about the extent and duration of the COVID-19 outbreak and its impacts on Samsonite for the balance of this year, our Board has decided not to recommend the payment of a cash distribution to our shareholders in 2020. It is the Board's intent that in future years, when Samsonite has recovered from the temporary effects of COVID-19, the Board will resume its policy of recommending annual cash distributions to shareholders in line with its past practice.

Taking a broader view, it is more important than ever for Samsonite to stay nimble and be able to respond to changing global market conditions, while continuing to invest steadily for the long term. Throughout our 110-year history, Samsonite has maintained a strong commitment to being a good corporate citizen. In addition to providing consumers with high quality travel and lifestyle products, we also strive to have a positive impact on the communities where we operate. Over the past few years, more and more of our stakeholders, both internal and external, have started to focus on sustainability. During 2018, the Group completed a global materiality assessment to help us identify and prioritize the sustainability issues that matter most to our business and our stakeholders. Based on the findings, we developed 'Our Responsible Journey', Samsonite's global strategy and long-term commitment to lead the industry in sustainability, which we launched last week on March 11th.

I want to thank our CEO Kyle, along with our capable corporate, regional and country management teams. They continue to lead the worldwide Samsonite community, which encompasses both our own people and our many business partners, in navigating the current headwinds. 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
March 18, 2020

Notes

(1) Net sales reported for the Hong Kong domestic market exclude net sales made in Macau as well as net sales to distributors in certain other Asian markets where the Group does not have a direct presence.

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

(3) Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges. Adjusted EBITDA includes the lease interest and amortization expense as a result of the Group's adoption of IFRS 16(6). 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 year'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.

(4) For the year ended December 31, 2019, the Group's:
- Adjusted EBITDA, a non-IFRS measure, decreased by US$121.4 million, or 19.8%, to US$492.2 million for the year ended December 31, 2019 from US$613.6 million for the year ended December 31, 2018; and
- Adjusted EBITDA margin, a non-IFRS measure, decreased by 270 basis points to 13.5% for the year ended December 31, 2019 compared to 16.2% for the year ended December 31, 2018.

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

(6) On January 1, 2019, the Group adopted IFRS 16, *Leases* ("IFRS 16") (see note 2(e) Changes in Accounting Policies in the Notes to the Consolidated Financial Statements). The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information for the year ended December 31, 2018 in the consolidated financial statements and in the "as reported" column in the summary financial results table above 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 year ended December 31, 2018 "as adjusted for IFRS 16" financial amounts to present its financial performance for the year ended December 31, 2018 on a comparable basis. Such amounts reflect management's best estimate based on its evaluation of the impact of IFRS 16 and are non-IFRS measures.

(7) Net working capital efficiency is calculated as net working capital (the sum of inventories and trade and other receivables less trade payables) divided by annualized net sales.

(8) The Group generated US$576.2 million of cash from operating activities during the year ended December 31, 2019 compared to US$307.4 million for the previous year. Excluding the impacts from IFRS 16, operating cash flow increased by US$98.7 million, or 32.1%, to US$406.1 million for the year ended December 31, 2019 compared to the previous year.

(9) As of December 31, 2019, the Group had cash and cash equivalents of US$462.6 million and outstanding financial debt of US$1,768.0 million (excluding deferred financing costs of US$12.8 million), putting the Group in a net debt position of US$1,305.3 million compared to US$1,508.2 million as of December 31, 2018. As of December 31, 2018, the Group had US$427.7 million of cash and cash equivalents and US$1,935.8 million of debt (excluding deferred financing costs of US$16.4 million), resulting in a net debt position of US$1,508.2 million.

(10) Pro forma total net leverage ratio is calculated as (total loans and borrowings less total unrestricted cash) / last twelve months Consolidated Adjusted EBITDA (as defined and calculated in accordance with the Credit Agreement).

(11) Pro forma consolidated cash interest coverage ratio is calculated as last twelve months Consolidated Adjusted EBITDA / (interest expense excluding lease interest and deferred finance costs, less interest income) (as defined and calculated in accordance with the Credit Agreement).

Chief Executive Officer's Statement

In 2019, we continued to make steady progress in repositioning Samsonite for sustained growth and improved profitability, while navigating sales and margin pressures in some of our key markets. We are pleased with the improvements we achieved in controlling costs, managing working capital, generating cash flow and deleveraging our balance sheet. These improvements, along with our dedicated teams, strong brands, global scale and diversified sourcing base and supply chain strengthen Samsonite's resilience in the face of challenging headwinds and provide us with the capacity to continue investing in the business to deliver sustainable growth and long-term shareholder value.

The Group's 2019 constant currency[(1)] net sales decreased slightly by 1.8%[(1)] year-on-year, with all regions achieving constant currency net sales gains except North America (-8.0%[(1)]): Asia (+1.5%[(1)]), Europe (+3.2%[(1)]) and Latin America (+2.8%[(1)]). We achieved these encouraging results in 2019 despite headwinds in four key markets, including the United States ("U.S."), which was affected by increased tariffs on products sourced from China and lower foreign tourist traffic, the Hong Kong domestic market[(2)], South Korea and Chile. In addition, strong sales growth in China was partially offset by a planned reduction in business-to-business ("B2B") sales during the first of half of 2019. Nevertheless, leveraging our global reach and scale, as well as our diversified portfolio of leading brands, we continued to achieve solid constant currency net sales growth in both our key markets including China (+5.5%[(1)]; +10.1%[(1)] excluding B2B), Japan (+5.2%[(1)]), India (+10.4%[(1)]), Germany (+7.3%[(1)]) and France (+3.5%[(1)]), as well as important emerging markets such as Russia (+18.8%[(1)]), Mexico (+9.3%[(1)]), Indonesia (+17.3%[(1)]) and Turkey (+23.5%[(1)]) during 2019.

We continued to make solid progress pursuing our long-term growth objectives, particularly the *Tumi* brand's international expansion. For the year ended December 31, 2019, *Tumi* delivered a 10.7%[(1)] net sales increase outside North America, and overall growth of 1.8%[(1)]. Meanwhile, *American Tourister* achieved constant currency net sales gains of 1.0%[(1)], and constant currency net sales of the *Samsonite* brand remained stable (-0.5%[(1)]). Excluding the U.S., China B2B sales, the Hong Kong domestic market, South Korea and Chile, the *Samsonite*, *Tumi*, and *American Tourister* brands recorded net sales gains of 2.2%[(1)], 14.0%[(1)] and 7.2%[(1)], respectively, underscoring the strong global brand equity our core brands enjoy within their respective price segments.

Another ongoing focus to drive future growth is our direct-to-consumer ("DTC"[(3)]) business, particularly DTC e-commerce. Our efforts to grow our presence in the DTC e-commerce channel continued to gain traction, driving a 16.2%[(1)] increase in net sales through this channel, excluding eBags which is going through a period of adjustment as we reduce sales of third-party brands to improve profitability. Our DTC e-commerce business achieved strong net sales growth in each of our regions: North America (+13.1%[(1)], excluding eBags), Asia (+18.5%[(1)]), Europe (+15.5%[(1)]) and Latin America (+76.0%[(1)]).

We took aggressive actions to control our costs even as we continued to invest in growing our DTC presence. We performed a comprehensive review of the Group's retail store portfolio, renegotiating or exiting certain loss-making retail locations, while selectively opening new stores. We added 43 net new company-operated retail stores during 2019, compared to 84 in 2018 and 127 in 2017. We also undertook certain cost rationalization measures, including headcount reductions in all regions, and accelerated the shift of the eBags e-commerce website away from third-party brands to focus on our own portfolio of brands, including *eBags*-branded luggage and bags. Rationalizing the brand and product assortment offered on the eBags e-commerce website will enable us to further reduce costs while continuing to leverage the deep customer relationships that eBags had cultivated since its founding. Overall, total net sales in the DTC distribution channel increased by 1.1%[(1)] year-on-year, contributing 37.0% of the Group's net sales during 2019 versus 35.9% of net sales for the previous year. Excluding eBags, our DTC net sales increased by 3.9%[(1)], year-on-year, during 2019.

Importantly, we took swift and targeted action to increase product sourcing outside China and to renegotiate pricing with vendors for the U.S. market to counter the effects of the incremental tariffs imposed by the U.S. on products sourced from China while rigorously maintaining our high-quality standards. The Group's gross profit margin decreased from 56.5% for 2018 to 55.4% for the year ended December 31, 2019, a creditable outcome and testament to our ability to manage gross margin, considering the magnitude of the U.S. tariff increases.

We continued to focus on creative and engaging advertising campaigns which are so important in building enduring connections for our brands with our customers. Despite temporarily reducing our marketing outlay by 60 basis points to 5.2% of 2019 net sales to help mitigate the pressure on the Group's profitability, that still represented a sizeable US$189.5 million in annual marketing spend, and was directed primarily to support new *Samsonite* product launches and driving *Tumi* brand awareness around the world.

For the year ended December 31, 2019, the Group incurred non-cash Impairment Charges totaling US$86.4 million[(4)] and severance and store closure costs of US$16.0 million related to profit improvement initiatives. The Group also recorded 2019 Net Tax Benefits[5] in the amount of US$18.3 million during the year. For the year ended December 31, 2018, the Group incurred a non-cash charge of US$53.3 million to write-off the deferred financing costs on the Group's borrowings following the refinancing of the Group's debt in April 2018. These charges and costs affected the year-on-year comparisons of the Group's reported operating profit[6] and reported profit attributable to the equity holders[7] for 2019 versus 2018. As such, we would like to focus our discussion on the Group's Adjusted EBITDA[8] and Adjusted Net Income[9] which we believe provide a clearer picture of the Group's operational performance and of the underlying trends of its business.

The Group's Adjusted EBITDA[8], [10] decreased by US$100.1 million, or 16.9%, to US$492.2 million for the year ended December 31, 2019 from US$592.3 million for the previous year (as recast to adjust for IFRS 16 impacts)[11], primarily due to the effect of lower net sales and the decrease in gross profit margin, which was largely due to the incremental tariffs imposed by the U.S. on products sourced from China, as well as 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, partially offset by a reduction in marketing expenses. Consequently, the Group's Adjusted EBITDA margin[10], [12] decreased by 210 basis points to 13.5% during 2019 from 15.6% for the previous year. The Group's Adjusted Net Income[9], [10] decreased by US$63.2 million, or 22.6%, to US$215.9 million for the year ended December 31, 2019 from US$279.1 million for the year ended December 31, 2018 (as recast to adjust for IFRS 16 impacts)[11].

Our disciplined approach to managing working capital, generating cash flow and deleveraging the balance sheet continued to deliver positive results. We made substantial headway managing down our inventories, which helped drive an improvement of 30 basis points in our net working capital efficiency[13] to 13.3%, as well as a US$98.7 million, or 32.1%, year-on-year increase in operating cash flow to US$406.1 million[14] during 2019. Separately, cash used in investing activities during 2019 decreased by US$44.2 million, driven by a US$45.2 million reduction in capital expenditures[15], partially offset by an US$11.4 million increase in investments in software[16] to support our ongoing digital initiatives.

For the year ended December 31, 2019, the Group made payments on its non-current/long-term loans and borrowings totaling US$129.8 million, including voluntary prepayments of principal totaling US$100.2 million on its senior secured term loan B made during the fourth quarter of 2019, capitalizing on the Group's strong cash flow from operations. The Group ended 2019 with a net debt position of US$1,305.3 million[17], an improvement of US$202.8 million year-on-year, with US$647.0 million available on its revolving credit facility. The Group's pro forma net leverage ratio[18] was 2.63:1.00 as of December 31, 2019, and its pro forma consolidated cash interest coverage ratio[19] was 8.16:1.00 for the year ended December 31, 2019.

These results were achieved against a backdrop of challenging trading conditions in several of our key markets. Our performance clearly underscores the resilience of the Group's multi-brand, multi-channel and multi-category strategy, and reflects continued hard work by senior management and our talented teams and valued business partners across the globe.

As we turn to 2020, the COVID-19 coronavirus outbreak has caused a global health emergency and travel disruptions around the world. Our top priority has been and will continue to be the health and safety of our employees and their families, as well as our customers and business partners. We have proactively implemented preventative health measures recommended by local health authorities and we continue to monitor the situation closely.

While the extent and duration of the COVID-19 outbreak remain uncertain, we are reassured by actions taken by governments and health authorities around the world. Nonetheless, the outbreak will have a negative impact on our performance in the first half of 2020. That said, we have a strong record of managing through past travel disruptions, and the actions we are taking, coupled with liquidity in excess of US$1.2 billion, we believe provide us with adequate capacity to navigate through the current challenges.

Once we navigate the current challenges, we will continue to invest in our long-term growth objectives, including the further international expansion of the *Tumi* brand, our DTC e-commerce growth strategy, as well as research and development to drive additional product innovations. We also will continue to diversify our sourcing base outside of China and renegotiate prices and payment terms with vendors to further strengthen our supply chain and to mitigate the impact of the U.S. tariff increases. In 2019, the Group sourced approximately 33% of its global product purchases from outside China, compared to approximately 28% in 2018, and we plan to further diversify our supply chain outside China in 2020.

2020 is Samsonite's 110th anniversary. Throughout our history, Samsonite's values of respecting our people, the planet and our impact on the world have endured. How we treat each other and how we care for the world we live in are guiding values that, together with our heritage of industry leadership, make it a natural step for Samsonite to take the lead on sustainability. We have been focused on integrating our ESG[20] principles into our business practices for several years.

Since 2018, Samsonite has launched more than 50 collections worldwide that include a sustainable material such as recycled PET, recycled nylon, post-industrial recycled polypropylene, wood waste and cork. And our Recyclex™ fabric is made from 100 percent post-consumer recycled PET bottles, which have already diverted an estimated 52 million 500ml PET bottles from landfills.

More significantly, we completed a global materiality assessment during 2018 to help us identify and prioritize the sustainability issues that matter most to our business and our stakeholders. Following this assessment, we developed our global long-term sustainability strategy, 'Our Responsible Journey'. Launched on March 11, 2020, 'Our Responsible Journey' is our roadmap to accelerate the systematic implementation of sustainable business practices globally, focusing our efforts on the four areas most material to the business: Product Innovation, Carbon Action, Thriving Supply Chain, and People Focused, with the long-term goal for Samsonite to become carbon neutral by 2025. We are proud of what we have achieved to date, and we are excited by the prospects ahead.

In closing, I would like to offer a personal thank you to our Chairman, Tim Parker, and to the Board. Their counsel and support, along with the dedication and contribution of our country, regional, brand and corporate teams as well as our business partners, have been invaluable in helping Samsonite navigate through the difficult environment last year and to manage the current challenges. As long as we continue to follow our long-standing motto to "Do unto others as you would have them do unto you" and treat our customers, employees, suppliers and investors with fairness and respect, I have no doubt we will continue to build on our success while realizing our goal to make Samsonite the most sustainable luggage company in the world.

Kyle Francis Gendreau
Chief Executive Officer
March 18, 2020

Notes

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

(2) Net sales reported for the Hong Kong domestic market exclude net sales made in Macau as well as net sales to distributors in certain other Asian markets where the Group does not have a direct presence.

(3) Direct-to-consumer, or DTC, includes bricks-and-mortar retail and e-commerce sites owned and operated by the Group.

(4) During the year ended December 31, 2019, the Group recognized non-cash impairment charges totaling US$86.4 million, comprised of US$48.0 million for assets attributable to the eBags business, US$27.5 million for lease right-of-use assets and US$10.9 million for property, plant and equipment attributable to certain retail locations, (together the "Impairment Charges").

- During the year ended December 31, 2019, the Group made a strategic decision to reduce the sales of third-party brands on the eBags e-commerce website to improve profitability. It was determined that the carrying amount of its *eBags* tradename and certain other assets were higher than their respective recoverable amounts and recognized an impairment charge in the amount of US$48.0 million. The non-cash impairment charge for the year ended December 31, 2019 was recorded in the Group's consolidated income statements in the line item "Impairment Charges".
- Based on an evaluation of loss-making stores during the year ended December 31, 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 leasehold improvements exceeded their respective recoverable amounts. The Group recognized a non-cash impairment charge totaling US$27.5 million related to lease right-of-use assets associated with such stores that were recognized with the adoption of IFRS 16 and a US$10.9 million impairment for property, plant and equipment of such stores. The impairment charges for the year ended December 31, 2019 were recorded in the Group's consolidated income statements in the line item "Impairment Charges".

(5) For the year ended December 31, 2019, the Group recorded a non-cash income tax benefit of US$54.6 million in conjunction with a tax rate change applied to intangible assets held in Luxembourg, which consist of certain tradenames owned by the Group. The Group also incurred tax expenses of US$29.0 million associated with a legal entity reorganization and a base erosion tax related to the 2017 U.S. tax reform that applied to the Group in 2019 (which did not apply to the Group previously) of US$7.4 million. Together, these items resulted in a net tax benefit to the Group of US$18.3 million (the "2019 Net Tax Benefits").

(6) Operating profit, as reported, decreased by US$184.4 million, or 39.4%, for the year ended December 31, 2019 to US$283.0 million compared to the previous year. Operating profit for the year ended December 31, 2019 decreased by US$96.9 million, or 20.1%, year-on-year to US$385.4 million when excluding the non-cash Impairment Charges and certain costs incurred to implement profit improvement initiatives during the year ended December 31, 2019, compared to US$482.3 million for the previous year (as recast to adjust for IFRS 16 impacts)[(11)].

(7) Profit attributable to the equity holders, as reported, decreased by US$104.2 million, or 44.0%, for the year ended December 31, 2019 to US$132.5 million compared to the previous year. Profit attributable to the equity holders for the year ended December 31, 2019 was US$190.1 million when excluding (i) the non-cash Impairment Charges, (ii) certain costs incurred to implement profit improvement initiatives, both of which are net of the related tax impact and (iii) the 2019 Net Tax Benefits. This represented a decrease of US$73.0 million, or 27.8%, when compared to profit attributable to the equity holders for the year ended December 31, 2018 of US$263.2 million (as recast to adjust for IFRS 16 impacts)[(11)] and excluding the non-cash charge of US$53.3 million and the related tax impact to write-off the deferred financing costs on the Group's borrowings following the refinancing of the Group's debt in April 2018.

(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[(11)]. 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 year'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.

(9) 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 year, which the Group believes helps to give securities analysts, investors and other interested parties a better understanding of the Group's underlying financial performance.

(10) For the year ended December 31, 2019, the Group's:
- Adjusted Net Income, a non-IFRS measure, decreased by US$78.6 million, or 26.7%, to US$215.9 million for the year ended December 31, 2019 from US$294.5 million for the year ended December 31, 2018;
- Adjusted EBITDA, a non-IFRS measure, decreased by US$121.4 million, or 19.8%, to US$492.2 million for the year ended December 31, 2019 from US$613.6 million for the year ended December 31, 2018; and
- Adjusted EBITDA margin, a non-IFRS measure, decreased by 270 basis points to 13.5% for the year ended December 31, 2019 compared to 16.2% for the year ended December 31, 2018.

(11) On January 1, 2019, the Group adopted IFRS 16, *Leases* ("IFRS 16") (see note 2(e) Changes in Accounting Policies in the Notes to the Consolidated Financial Statements). The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information for the year ended December 31, 2018 in the consolidated financial statements and in the "as reported" column in the summary financial results table above 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 year ended December 31, 2018 "as adjusted for IFRS 16" financial amounts to present its financial performance for the year ended December 31, 2018 on a comparable basis. Such amounts reflect management's best estimate based on its evaluation of the impact of IFRS 16 and are non-IFRS measures.

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

(13) Net working capital efficiency is calculated as net working capital (the sum of inventories and trade and other receivables less trade payables) divided by annualized net sales.

(14) The Group generated US$576.2 million of cash from operating activities during the year ended December 31, 2019 compared to US$307.4 million for the previous year. Excluding the impacts from IFRS 16, operating cash flow increased by US$98.7 million, or 32.1%, to US$406.1 million for the year ended December 31, 2019 compared to the previous year.

(15) For the year ended December 31, 2019, the Group had capital expenditures of US$55.4 million, a decrease of US$45.2 million compared to US$100.6 million during the previous year.

(16) For the year ended December 31, 2019, the Group had software additions of US$19.1 million, an increase of US$11.4 million compared to US$7.7 million during the previous year.

(17) As of December 31, 2019, the Group had cash and cash equivalents of US$462.6 million and outstanding financial debt of US$1,768.0 million (excluding deferred financing costs of US$12.8 million), putting the Group in a net debt position of US$1,305.3 million compared to US$1,508.2 million as of December 31, 2018. As of December 31, 2018, the Group had US$427.7 million of cash and cash equivalents and US$1,935.8 million of debt (excluding deferred financing costs of US$16.4 million), resulting in a net debt position of US$1,508.2 million.

(18) Pro forma total net leverage ratio is calculated as (total loans and borrowings less total unrestricted cash) / last twelve months Consolidated Adjusted EBITDA (as defined and calculated in accordance with the Credit Agreement).

(19) Pro forma consolidated cash interest coverage ratio is calculated as last twelve months Consolidated Adjusted EBITDA / (interest expense excluding lease interest and deferred finance costs, less interest income) (as defined and calculated in accordance with the Credit Agreement).

(20) Environmental, social and governance.

Independent Auditors' Report

To the Board of Directors and Shareholders
Samsonite International S.A.:

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Samsonite International S.A. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United States of America, together with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants*, and we have fulfilled our other ethical responsibilities in accordance with these requirements, respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our Audit Addressed the Key Audit Matter
Tax accounting (note 17)	
The Group operates in multiple jurisdictions throughout the world. As a result, the Group is subject to periodic challenges by various national and local tax authorities on a range of tax matters during the normal course of business, including transfer pricing and transaction related tax matters. The recognition and measurement of the exposure related to tax uncertainties requires significant judgment. For the recognition and measurement of potential exposures, the Group evaluates the tax law associated with the relevant jurisdiction, the amount of tax deduction that may be subject to challenge by the respective taxing authority and the potential for a negotiated settlement. Based on the significant judgments required, we identified this area of the tax provision as a key audit matter.	We performed the following procedures, amongst others: • To test the recognition and measurement process, we evaluated, with assistance from our tax specialists experienced with transfer pricing in the relevant jurisdiction, underlying documentation pertaining to the Group's evaluation of the relevant tax law, the amount of tax deduction that may be subject to challenge by the respective taxing authority and the potential for a negotiated settlement; • We considered transfer pricing and other relevant documentation completed by third-party specialists engaged by the Group as part of our procedures related to the recognition and measurement of tax uncertainties; and • We evaluated the related disclosures in note 17 to the consolidated financial statements.
Revenue recognition (note 3(p))	
The Group recognizes revenue at the point in time at which its performance obligation is satisfied by transferring control of its goods to the customer. Indicators that the Group typically considers to determine transfer of control include legal title, physical possession and significant risks and rewards of ownership. Since the Group's sales occur in various countries throughout the world, there is a risk of inconsistent application of when the Group has transferred control based on these indicators. We identified wholesale revenue transactions recorded at or near year end as a key audit matter. We identified wholesale revenue transactions recorded at or near year end as a key audit matter.	We performed the following procedures, amongst others: • With the assistance of our Information Technology (IT) specialists, we tested the design, implementation, and to the extent applicable the operating effectiveness of controls within the IT environment in which ordering and billing of the Group's goods occur and other relevant support systems reside, including change control procedures in place around systems that bill revenue streams; • We tested the design and implementation of the Group's control to determine transfer of control; • We read certain contractual arrangements with key customers enabling us to understand key terms and conditions negotiated with customers, including the provisions for transfer of control; • We examined a sample of revenue transactions occurring at or near year end to obtain evidence of transfer of control; and • To the extent applicable, we tested manual journal entries which were recorded in revenue general ledger accounts at or near year end.
Adoption of IFRS 16, *Leases* (note 2(e))	
The Group adopted IFRS 16, *Leases* on January 1, 2019 on a modified retrospective basis. IFRS 16 requires, among other things, a lessee to recognize a right-of-use asset and lease liability for most operating leases. As part of the adoption, US$694.5 million of lease liabilities related to operating leases were recognized in the consolidated statement of financial position as of the adoption date. Based on the subjectivity and complexity associated with determining the discount rates used to calculate the present value of future lease payments, we identified the evaluation of the discount rates used at adoption of IFRS 16 as a key audit matter.	We performed the following procedures, amongst others: • We evaluated, with assistance from our valuation specialists, the discount rates selected by management with assistance from their third party specialists; and • We tested a sample of lease contracts and evaluated the terms relevant to the selection of the discount rates.

Other Information

Management is responsible for the other information included in the Annual Report. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS; this includes the design implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's consolidated financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with GAAS and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with GAAS and ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is David B. Wilson.

KPMG LLP

Boston, Massachusetts
March 18, 2020

Consolidated Income Statements

(Expressed in millions of US Dollars, except per share data)	Note	**2019**	2018
		Year ended December 31,	
Net sales	4	**3,638.8**	3,797.0
Cost of sales		**(1,622.0)**	(1,652.4)
Gross profit		**2,016.8**	2,144.6
Distribution expenses		**(1,203.2)**	(1,211.7)
Marketing expenses		**(189.5)**	(221.3)
General and administrative expenses		**(229.6)**	(233.0)
Impairment Charges	5 , 6(b) , 16(a)	**(86.4)**	—
Other expenses		**(25.1)**	(11.2)
Operating profit		**283.0**	467.4
Finance income	18	**3.2**	1.0
Finance costs	18	**(101.3)**	(124.5)
Net finance costs	18	**(98.1)**	(123.5)
Profit before income tax		**184.9**	343.9
Income tax expense	17(a)	**(31.5)**	(86.7)
Profit for the year		**153.4**	257.2
Profit attributable to equity holders		**132.5**	236.7
Profit attributable to non-controlling interests	22(c)	**20.9**	20.5
Profit for the year		**153.4**	257.2
Earnings per share			
Basic earnings per share			
(Expressed in US Dollars per share)	11	**0.093**	0.166
Diluted earnings per share			
(Expressed in US Dollars per share)	11	**0.093**	0.165

The accompanying notes form part of the consolidated financial statements.

Consolidated Statements of Comprehensive Income

(Expressed in millions of US Dollars)	Note	**Year ended December 31, 2019**	2018
Profit for the year		**153.4**	257.2
Other comprehensive income (loss):			
Items that will never be reclassified to profit or loss:			
Remeasurements on defined benefit plans, net of tax	13, 17 (c)	**(0.3)**	1.4
		(0.3)	1.4
Items that are or may be reclassified subsequently to profit or loss:			
Changes in fair value of hedges, net of tax	12 (a), 17 (c)	**(13.4)**	5.3
Settlement of interest rate swap agreements	12 (a), 17 (c)	**0.2**	—
Foreign currency translation losses for foreign operations	17 (c), 18	**(0.9)**	(7.6)
		(14.1)	(2.3)
Other comprehensive loss		**(14.4)**	(0.9)
Total comprehensive income for the year		**139.0**	256.3
Total comprehensive income attributable to equity holders		**118.8**	239.2
Total comprehensive income attributable to non-controlling interests		**20.2**	17.1
Total comprehensive income for the year		**139.0**	256.3

The accompanying notes form part of the consolidated financial statements.

Consolidated Statements of Financial Position

(Expressed in millions of US Dollars)	Note	December 31, 2019	December 31, 2018
Non-Current Assets			
Property, plant and equipment	5	**267.1**	310.9
Lease right-of-use assets	16 (a)	**613.5**	—
Goodwill	6 (a)	**1,339.0**	1,340.1
Other intangible assets	6 (b)	**1,691.1**	1,771.3
Deferred tax assets	17 (d)	**31.7**	33.2
Derivative financial instruments	12 (a)	**10.7**	25.5
Other assets and receivables	7 (a)	**45.0**	42.9
Total non-current assets		**3,998.1**	3,523.9
Current Assets			
Inventories	8	**587.3**	622.6
Trade and other receivables	9	**396.0**	420.9
Prepaid expenses and other assets	7 (b)	**97.3**	146.5
Cash and cash equivalents	10	**462.6**	427.7
Total current assets		**1,543.2**	1,617.7
Total assets		**5,541.3**	5,141.6
Equity and Liabilities			
Equity:			
Share capital	22 (b)	**14.3**	14.3
Reserves	22 (b)	**1,936.7**	1,933.5
Total equity attributable to equity holders		**1,951.0**	1,947.8
Non-controlling interests	22 (c)	**50.5**	43.3
Total equity		**2,001.5**	1,991.1
Non-Current Liabilities			
Loans and borrowings	12 (a)	**1,693.9**	1,838.6
Lease liabilities	16 (b)	**475.1**	—
Employee benefits	13	**25.3**	22.8
Non-controlling interest put options	22 (c)	**64.8**	56.3
Deferred tax liabilities	17 (d)	**223.0**	286.5
Derivative financial instruments	12 (a)	**0.3**	—
Other liabilities		**7.0**	9.9
Total non-current liabilities		**2,489.4**	2,214.1
Current Liabilities			
Loans and borrowings	12 (b)	**23.6**	52.6
Current portion of long-term loans and borrowings	12 (b)	**37.7**	28.3
Current portion of lease liabilities	16 (b)	**174.9**	—
Employee benefits	13	**84.2**	81.8
Trade and other payables	14	**675.9**	699.2
Current tax liabilities	17	**54.1**	74.5
Total current liabilities		**1,050.4**	936.4
Total liabilities		**3,539.8**	3,150.5
Total equity and liabilities		**5,541.3**	5,141.6
Net current assets		**492.8**	681.3
Total assets less current liabilities		**4,490.9**	4,205.2

The accompanying notes form part of the consolidated financial statements.

Consolidated Statements of Changes in Equity

(Expressed in millions of US Dollars, except number of shares)	Note	Number of shares	Share capital	Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Retained earnings	Total equity attributable to equity holders	Non-controlling interests	Total equity
Year ended December 31, 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 year		**—**	**—**	**—**	**—**	**—**	**132.5**	**132.5**	**20.9**	**153.4**
Other comprehensive income (loss):										
Remeasurements on defined benefit plans, net of tax	13 , 17 (c)	**—**	**—**	**—**	**—**	**(0.3)**	**—**	**(0.3)**	**0.0**	**(0.3)**
Changes in fair value of hedges, net of tax	12 (a) , 17 (c)	**—**	**—**	**—**	**—**	**(13.4)**	**—**	**(13.4)**	**0.0**	**(13.4)**
Settlement of interest rate swap	12 (a) , 17 (c)	**—**	**—**	**—**	**—**	**0.2**	**—**	**0.2**	**—**	**0.2**
Foreign currency translation losses for foreign operations	17 (c) , 18	**—**	**—**	**—**	**(0.2)**	**—**	**—**	**(0.2)**	**(0.7)**	**(0.9)**
Total comprehensive income (loss) for the year		**—**	**—**	**—**	**(0.2)**	**(13.5)**	**132.5**	**118.8**	**20.2**	**139.0**
Transactions with owners recorded directly in equity:										
Change in fair value of put options included in equity	20 (g)	**—**	**—**	**—**	**—**	**—**	**(6.9)**	**(6.9)**	**—**	**(6.9)**
Cash distributions to equity holders	11 (c)	**—**	**—**	**—**	**—**	**—**	**(125.0)**	**(125.0)**	**—**	**(125.0)**
Share-based compensation expense	13 (a)	**—**	**—**	**—**	**—**	**15.8**	**—**	**15.8**	**—**	**15.8**
Exercise of share options	13 (a)	**222,676**	**0.0**	**0.7**	**—**	**(0.2)**	**—**	**0.5**	**—**	**0.5**
Vesting of time-based restricted share	13 (a)	**1,406,715**	**0.0**	**4.3**	**—**	**(4.3)**	**—**	**—**	**—**	**—**
Dividends paid to non-controlling interests	11 (c)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(13.0)**	**(13.0)**
Balance, December 31, 2019		**1,432,569,771**	**14.3**	**1,055.2**	**(51.6)**	**80.9**	**852.2**	**1,951.0**	**50.5**	**2,001.5**

The accompanying notes form part of the consolidated 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
Year ended December 31, 2018										
Balance, January 1, 2018		1,421,811,102	14.2	1,014.6	(47.2)	75.9	734.0	1,791.5	40.9	1,832.4
Profit for the year		—	—	—	—	—	236.7	236.7	20.5	257.2
Other comprehensive income (loss):										
Remeasurements on defined benefit plans, net of tax	13, 17 (c)	—	—	—	—	1.4	—	1.4	—	1.4
Changes in fair value of hedges, net of tax	12 (a), 17 (c)	—	—	—	—	5.3	—	5.3	—	5.3
Foreign currency translation losses for foreign operations	17 (c), 18	—	—	—	(4.2)	—	—	(4.2)	(3.4)	(7.6)
Total comprehensive income (loss) for the year		—	—	—	(4.2)	6.7	236.7	239.2	17.1	256.3
Transactions with owners recorded directly in equity:										
Change in fair value of put options included in equity	20 (g)	—	—	—	—	—	(9.1)	(9.1)	—	(9.1)
Cash distributions to equity holders	11 (c)	—	—	—	—	—	(110.0)	(110.0)	—	(110.0)
Share-based compensation expense	13 (a)	—	—	—	—	13.8	—	13.8	—	13.8
Tax effect of outstanding share options		—	—	—	—	(4.1)	—	(4.1)	—	(4.1)
Exercise of share options	13 (a)	9,129,278	0.1	35.6	—	(9.2)	—	26.5	—	26.5
Dividends paid to non-controlling interests	11 (c)	—	—	—	—	—	—	—	(14.7)	(14.7)
Balance, December 31, 2018		1,430,940,380	14.3	1,050.2	(51.4)	83.1	851.6	1,947.8	43.3	1,991.1

The accompanying notes form part of the consolidated financial statements.

Consolidated Statements of Cash Flows

(Expressed in millions of US Dollars)	Note	Year ended December 31, 2019	2018
Cash flows from operating activities:			
Profit for the year		**153.4**	257.2
Adjustments to reconcile profit for the year to net cash generated from operating activities:			
Depreciation	5	**80.1**	85.7
Amortization of intangible assets	6 (b)	**32.2**	35.6
Amortization of lease right-of-use assets	16 (a)	**197.4**	—
Impairment Charges	5 , 6(b) , 16 (a)	**86.4**	—
Net change in defined benefit pension plans	13 (b)	**0.4**	2.0
Change in fair value of put options included in finance costs	18 , 20 (g)	**1.6**	(8.4)
Non-cash share-based compensation	13 (a)	**15.8**	13.8
Interest expense on borrowings and lease liabilities	12 , 18	**98.0**	71.2
Non-cash charge to derecognize deferred financing costs	12 , 18	**—**	53.3
Income tax expense	17 (a)	**31.5**	86.7
		696.8	597.1
Changes in operating assets and liabilities:			
Trade and other receivables		**17.3**	(25.9)
Inventories		**30.4**	(62.1)
Other current assets		**3.8**	(3.2)
Trade and other payables		**(15.8)**	(23.6)
Other assets and liabilities		**(1.9)**	(7.6)
Cash generated from operating activities		**730.6**	474.7
Interest paid on borrowings and lease liabilities		**(91.1)**	(63.3)
Income tax paid		**(63.3)**	(104.0)
Net cash generated from operating activities		**576.2**	307.4
Cash flows from investing activities:			
Purchases of property, plant and equipment	5	**(55.4)**	(100.6)
Other intangible asset additions	6 (b)	**(19.1)**	(17.6)
Other proceeds		**1.4**	0.9
Net cash used in investing activities		**(73.1)**	(117.3)
Cash flows from financing activities:			
Proceeds from issuance of Senior Notes and Senior Credit Facilities	12	**—**	1,922.9
Payment and settlement of Original Senior Credit Facilities	12	**—**	(1,869.7)
Payments of non-current / long-term loans and borrowings	12 (a)	**(129.8)**	(14.2)
Payments on current loans and borrowings, net	12 (b)	**(27.6)**	(29.7)
Principal payments on lease liabilities	16 (d)	**(170.2)**	—
Payment of deferred financing costs	12	**—**	(18.5)
Proceeds from the exercise of share options	12 (c) , 13	**0.5**	26.5
Cash distributions paid to equity holders	11 (c) , 12 (c)	**(125.0)**	(110.0)
Dividend payments to non-controlling interests	11 (c) , 12 (c)	**(13.0)**	(14.7)
Net cash used in financing activities		**(465.1)**	(107.4)
Net increase in cash and cash equivalents		**38.0**	82.7
Cash and cash equivalents, at January 1		**427.7**	344.5
Effect of exchange rate changes		**(3.1)**	0.5
Cash and cash equivalents, at December 31	10	**462.6**	427.7

The accompanying notes form part of the consolidated financial statements.

Notes to the Consolidated 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, 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*®, *Gregory*®, *High Sierra*®, *Kamiliant*®, *eBags*®, *Lipault*® and *Hartmann*® 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.

Details of the principal subsidiaries of the Group are set out in note 22.

2. Basis of Preparation

(a) Statement of Compliance

The consolidated financial statements 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").

The IASB has issued a number of new and revised IFRS. For the purpose of preparing the consolidated financial statements, the Group has adopted all of these new and revised IFRS for all periods presented, except for any new standards or interpretations that are not yet mandatorily effective for the accounting period ended December 31, 2019. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period ended December 31, 2019 are set out in note 3(v).

These consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The accounting policies below, where material, have been applied consistently to all periods presented in the consolidated financial statements unless otherwise noted. The results presented for the year ended December 31, 2019 reflect the adoption of IFRS 16, *Leases* ("IFRS 16") as of January 1, 2019, which had a material impact on the Company's consolidated financial statements. Comparative amounts have not been restated. See note 2(e) for further discussion.

Certain amounts 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 amounts in the tables and the amounts given in the corresponding analyses in the text of this document. All percentages and key figures were calculated using the underlying data in whole US Dollars.

The consolidated financial statements were authorized for issue by the Board of Directors (the "Board") on March 18, 2020.

(b) Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the consolidated statements of financial position as set out in the accounting policies below:

- derivative financial instruments are measured at fair value.

(c) Functional and Presentation Currency

The consolidated financial statements are measured 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 financial statements 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 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 the consolidated financial statements 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.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

- Note 3(p) - Revenue recognition
- Note 5 - Property, plant and equipment
- Note 6 - Goodwill and other intangible assets
- Note 8 - Inventories
- Note 13(a) - Share-based payment arrangements
- Note 16 - Leases
- Note 17 - Income taxes
- Note 20(g) - Fair value of financial instruments
- Note 22(c) - Non-controlling interests

Information about assumptions and estimation uncertainties that may have an effect on the consolidated financial statements resulting in a material adjustment within the next financial year is included in the following notes:

- Note 6 - Goodwill and other intangible assets
- Note 13(a) - Share-based payment arrangements
- Note 15 - Contingent liabilities
- Note 16 - Leases
- Note 17 - Income taxes
- Note 20 - Financial risk management and financial instruments

(e) Changes in Accounting Policies

The IASB has issued a number of new, revised and amended IFRS. For the purpose of preparing the consolidated financial statements for the year ended December 31, 2019, the following revised standards became effective.

IFRS 16, Leases

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 of the underlying asset) and a lease 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 also the current and anticipated expenses relating to variable lease payments are not included in the measurement of lease liabilities. The rental cost for short-term, low-value and current expense for variable lease payments continue to be recorded as incurred as rent expense (see note 16). The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information for the year ended December 31, 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 IAS 17.

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 corresponding lease liability plus 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 re-measurements 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. The incremental borrowing rate represents the cost of obtaining external financing for a corresponding asset with a financing period corresponding to the term of the lease denominated in the currency 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, and re-measuring to reflect any reassessment or modification or to reflect revised in-substance fixed lease payments. Consequently, the lease liability is measured on an amortized cost basis and the interest expense is allocated over the lease term.

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 declines over the individual lease term. Over the lease term and individually, 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. These expenses are presented in separate line items for amortization of 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 impact of IFRS 16 as of and for the year ended December 31, 2019 is disclosed in note 16.

IFRIC 23, Uncertainty over Income Tax Treatments
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.

Amendments to IAS 19, Plan Amendment, Curtailment or Settlement
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.

3. Summary of Significant Accounting Policies

(a) Significant Accounting Policies
Unless otherwise noted, the accounting policies set out below have been applied consistently by the Group to all periods presented, where material, in these consolidated financial statements.

(b) Principles of Consolidation

(i) Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial information of subsidiaries is included in the consolidated financial statements from the date on which control commences until the date on which control ceases. All significant inter-company balances and transactions have been eliminated in consolidation.

(ii) Non-controlling Interests
Non-controlling interests are presented in the consolidated statements of financial position within equity, separately from total equity attributable to the equity holders of the Company. Non-controlling interests in the results of the Group are presented in the consolidated income statements and consolidated statements of comprehensive income as an allocation of the total profit for the year and total comprehensive income for the year between non-controlling interests and equity holders of the Company.

Changes in the Group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with the resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the new cost basis on initial recognition of a financial asset or an associate.

(iii) Business Combinations
Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is obtained by the Group. In assessing control, the Group takes into consideration substantive potential voting rights.

The Group measures goodwill at the acquisition date as the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group’s previously held equity interest in the acquiree, over the Group’s interest in the net fair value of the acquiree’s identifiable assets and liabilities measured at the acquisition date. If the net fair value is greater than the consideration transferred, then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships, if applicable. Such amounts generally are recognized in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

When share-based payment awards (“replacement awards”) are required to be exchanged for awards held by the acquiree’s employees (“acquiree’s awards”) and relate to past services, then all or a portion of the amount of the acquirer’s replacement awards is included in measuring consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree’s awards and the extent to which the replacement awards relate to past and/or future service.

(c) Foreign Currency Translation

(i) Foreign Currency Transactions

Foreign currency transactions are translated using foreign exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on re-translation are recognized in profit or loss, except for differences arising on the re-translation of qualifying cash flow hedges, which are recognized in other comprehensive income. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(ii) Foreign Operations

The assets and liabilities of the Group’s foreign subsidiaries are translated into USD at period end exchange rates. Equity accounts denominated in foreign currencies are translated into USD at historical exchange rates. Income and expense accounts are translated at average monthly exchange rates. All foreign currency differences arising from the translation of the financial statements of foreign operations are recorded in the foreign currency translation reserve in the consolidated statements of financial position. The net exchange gains or losses resulting from translating at varied exchange rates are presented as a component of other comprehensive income or loss and accumulated in equity and attributed to non-controlling interests, as appropriate.

(d) Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. All operating segments’ operating results are reviewed regularly by the Group’s management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group’s segment reporting 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 as follows: (i) “North America”; (ii) “Asia”; (iii) “Europe”; (iv) “Latin America”; and (v) “Corporate”.

Segment results that are reported to management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, income tax assets and liabilities, and licensing activities from the license of brand names owned by the Group.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

(e) Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, excluding computer software costs which are included in intangible assets. Cost includes expenditures that are directly attributable to the acquisition of the asset. Improvements which extend the life of an asset are capitalized. Maintenance and repair costs are expensed as incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components).

Gains and losses arising from the retirement or disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in profit or loss on the date of retirement or disposal.

Depreciation and amortization are provided on the straight-line method over the estimated useful life of the asset or the lease term, if applicable, as follows:

• Buildings	20 to 30 years
• Machinery, equipment and other	3 to 10 years
• Leasehold improvements	Lesser of useful life or the lease term

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate. Land owned by the Group with freehold interest is not depreciated.

(f) Leases

(i) Upon adoption of IFRS 16 on January 1, 2019

At inception of a contract, the Group is required to assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group is required to assess whether, throughout the period of use, it has both (i) the right to obtain substantially all of the economic benefits from use of the identified asset throughout the contract period, and (ii) the right to direct the use of the identified asset in order to determine if the asset meets the definition of a lease in accordance with IFRS 16.

A lease right-of-use asset and a lease liability are recognized at the lease commencement date. The lease right-of-use asset is initially measured at cost which comprises the present value of the corresponding lease liability plus 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 re-measurements of the lease liability, in accordance with the Group's accounting policies.

The lease liability is initially measured at the present value of the lease payments not yet paid using an incremental borrowing rate. The incremental borrowing rate represents the cost of obtaining external financing for a corresponding asset with a financing period corresponding to the term of the lease denominated in the currency 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. Subsequently, lease liabilities are measured by increasing the carrying amount to reflect the effective interest on the lease liability, reducing the carrying amount to reflect the lease payments, and re-measuring to reflect any reassessment or modification or to reflect revised in-substance fixed lease payments. Consequently, the lease liability is measured on an amortized cost basis and the interest expense is allocated over the lease term.

Short-term leases (lease periods that are twelve months or less), low-value leases (leases that are US$5,000 or less) and the current and anticipated expenses relating to variable lease payments are not included in the measurement of lease liabilities. The rental cost for short-term, low-value and current expense for variable lease payments continue to be recorded as incurred as rent expense.

For lease right-of-use assets that have been recognized on the consolidated statement of financial position, an amortization charge on the lease right-of-use asset is straight-lined over the lease term. For lease liabilities that have been recognized on the consolidated statement of financial position, a charge for the interest accretion on the net present value of the lease liability is recognized and this amount declines over the individual lease term.

Over the lease term and individually, 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. These expenses are presented in separate line items for amortization of 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.

(ii) Prior to adoption of IFRS 16 on January 1, 2019

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement, regardless of whether the arrangement takes the legal form of a lease.

Leases in which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Other leases are operating leases whereby the leased assets and associated future minimum contractual payments are not recognized in the Group's consolidated statements of financial position.

The Group leases retail stores, distribution centers, office facilities, machinery, equipment and automobiles. Initial terms of the leases range from one to twenty years. Most leases provide for monthly fixed minimum rentals or, for some retail store leases, contingent rentals based upon sales in excess of stated amounts and normally require the Group to pay real estate taxes, insurance, common area maintenance costs and other occupancy costs. The Group recognizes rent expense for leases that include scheduled and specified escalations of the minimum rent on a straight-line basis over the base term of the lease. Any difference between the straight-line rent amount and the amount payable under the lease is included in other liabilities in the consolidated statements of financial position. Contingent rental payments are expensed as incurred.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(g) Goodwill and Other Intangible Assets

(i) Goodwill

Goodwill that arises upon the acquisition of a business is recognized as an intangible asset. For measurement of goodwill at initial recognition, see note 3(b)(iii). Subsequent to initial recognition, goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit ("CGU"), or groups of CGUs, which are expected to benefit from the synergies of the combination and are tested annually for impairment.

(ii) Intangible Assets (Other Than Goodwill)

Intangible assets primarily consist of tradenames, customer relationships and computer software costs. The values ascribed to intangible assets have not been generated internally.

Intangible assets which are considered to have an indefinite life, such as tradenames, are measured at cost less accumulated impairment losses and are not amortized but are tested for impairment at least annually or more frequently if events or circumstances indicate that the asset may be impaired. *Samsonite*®, *Tumi*®, *American Tourister*®, *Speck*®, *Gregory*®, *High Sierra*®, *Kamiliant*®, *eBags*®, *Lipault*® and *Hartmann*® are the primary tradenames of the Group. It is anticipated that the economic benefits associated with these tradenames will continue for an indefinite period. The conclusion that the tradenames are an indefinite life asset is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortization of intangible assets with finite lives as set out below.

Intangible assets which have a finite life are amortized and measured at cost less accumulated amortization and accumulated impairment losses. Amortization expense is recognized in profit or loss on a straight-line basis over the estimated useful lives from the date that they are available for use, as this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets. The range of estimated useful lives are as follows:

- Customer relationships 10 to 20 years
- Patents 1 to 10 years
- Computer software costs 3 to 5 years

The Group capitalizes the costs of purchased software and costs to configure, install and test software and includes these costs within other intangible assets in the consolidated statements of financial position. Software assessment and evaluation, process reengineering, training, maintenance and ongoing software support costs are expensed as incurred.

Intangible assets having a finite life are reviewed for impairment indicators at least quarterly or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Estimated useful lives of intangible assets are reviewed annually and adjusted if applicable.

(h) Impairment

(i) Financial Assets (Including Trade and Other Receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is an impairment. A financial asset is impaired if the Group expects a credit loss to occur.

The Group considers impairment of receivables at both a specific asset and collective level. All individually significant receivables are assessed for expected credit losses. All individually significant receivables found not to be specifically impaired are then collectively assessed for any potential impairment.

In assessing collective impairment, the Group uses historical trends, adjusted for management's judgment as to whether current economic and credit conditions are such that the current or future actual losses are likely to be greater or less than suggested by historical trends. Impairment losses that have been recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss may be reversed if there has been a change in the estimates used to determine the recoverable amount. The Group writes off amounts deemed uncollectable where there is no reasonable expectation of recovery.

(ii) Non-financial Assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For those CGUs or group of CGUs to which goodwill has been allocated and intangible assets that have indefinite useful lives, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Judgment is required to determine key assumptions adopted in the analysis and any changes to key assumptions may significantly affect the analysis. Actual results will be influenced by the prevailing economic conditions and potentially other unforeseen events or circumstances that could have a negative impact on future results.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGU). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the group of CGUs that is expected to benefit from the synergies of the combination.

The Group's corporate assets, apart from intangibles, do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset may be allocated.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the group of units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss that has been recognized on goodwill is not reversed in subsequent periods if estimates used to determine the recoverable amount change. For other assets, impairment losses that have been recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(i) Inventories

Inventories are carried at the lower of cost or net realizable value. Cost is calculated using the weighted average method. The cost of inventory includes expenditures incurred in acquiring the inventories, production costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Cost also may include transfers from other accumulated comprehensive income (loss) of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as expenses in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(j) Trade and Other Receivables

Trade accounts receivable are recorded at invoiced amounts, less estimated allowances for trade terms, sales incentive programs, discounts, markdowns, chargebacks and returns as discussed below in *Revenue Recognition*. Royalty receivables are recorded at amounts earned based on the licensees' sales of licensed products, subject in some cases to contractual minimum royalties due from individual licensees. The Group maintains an allowance for doubtful accounts for estimated losses that will result from the inability of customers to make required payments. The allowance is determined based on review of specific customer accounts where credit losses are expected to occur, as well as an assessment of the collectability of total receivables considering the aging of balances, historical and anticipated trends, and current economic conditions. All accounts are subject to ongoing review of ultimate collectability. Receivables are written off against the allowance when it is probable the amounts will not be recovered.

(k) Cash and Cash Equivalents

Cash and cash equivalents include cash held at banks, deposits held at call with banks, and other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(l) Interest-bearing Borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between the amount initially recognized and the redemption value being recognized in profit or loss over the period of the borrowings, together with any interest payable and deferred financing costs, using the effective interest method.

(m) Financial Instruments

(i) Non-derivative Financial Assets and Liabilities

The Group initially recognizes receivables and deposits on the date that they originate.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the consolidated statements of financial position when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, receivables are measured at cost, less any impairment losses. Receivables comprise trade and other receivables.

The Group initially recognizes debt instruments issued on the date that they originate. The Group derecognizes a financial liability when its contractual obligations are discharged, canceled or expire.

The Group has the following non-derivative financial liabilities recognized in the consolidated statements of financial position: loans and borrowings and trade and other payables. Both loans and borrowings and trade and other payables are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to their initial recognition, loans and borrowings are accounted for at amortized cost using the effective interest method.

(ii) Derivative Financial Instruments

The Group holds derivative financial instruments to hedge certain of its foreign currency risk and interest rate risk exposures. For financial liabilities, embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss. For derivatives designated in hedging relationships, changes in the fair value are either offset through profit or loss against the change in fair value of the hedged item attributable to the risk being hedged or recognized in hedging reserves that are reported directly in equity (deficit) until the hedged item is recognized in profit or loss and, at that time, the related hedging gain or loss is removed from equity (deficit) and is used to offset the change in value of the hedged item.

Other than agreements with holders of non-controlling interests, there were no derivatives embedded in host contracts during the periods presented. The Group has certain put option agreements that are classified as financial liabilities in accordance with IAS 32, *Financial Instruments: Presentation* ("IAS 32"), in the consolidated statements of financial position, as the Group has a potential obligation to settle the option in cash in the future. The amount recognized initially is the fair value of the redeemable non-controlling interests and subsequently remeasured at each reporting date based on a price to earnings multiple discounted to the reporting date. For agreements entered into prior to the adoption of IFRS 3, *Business Combinations* ("IFRS 3"), on January 1, 2008, subsequent changes in liabilities are recognized in profit or loss. For agreements entered into after January 1, 2008, subsequent changes in liabilities are recognized through equity.

Derivatives are recognized initially at fair value and any attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

The Group periodically enters into derivative contracts that it designates as a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge). For all hedging relationships, the Group formally documents the hedging relationship and its risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item, the nature of the risk being hedged, how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including its analysis of the sources of hedge ineffectiveness and how it determines the hedge ratio). For a cash flow hedge of a forecasted transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that ultimately could affect reported profit or loss.

For derivative instruments that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative is reported as a component of other accumulated comprehensive income (loss) and presented in other reserves in equity with the offset included in trade and other payables, and reclassified into profit or loss in the same period or periods during which the hedged transaction affects profit or loss. Gains and losses on the derivative representing hedge ineffectiveness are excluded from the assessment of effectiveness and are recognized immediately in profit or loss.

The Group discontinues hedge accounting prospectively when it determines that the derivative is no longer effective in offsetting cash flows of the hedged item, the derivative expires or is sold, terminated, or exercised, the derivative is de-designated as a hedging instrument because it is unlikely that a forecasted transaction will occur, or management determines that designation of the derivative as a hedging instrument is no longer appropriate.

When a derivative financial instrument is not held for trading, and is not designated in a qualified hedging relationship, all changes in fair value are recognized immediately through profit or loss. If the forecasted transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

(iii) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

(n) Employee Benefits

(i) Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is based on a high grade bond yield curve under which the benefits were projected and discounted at spot rates along the curve. The discount rate is then determined as a single rate yielding the same present value. IAS 19, *Employee Benefits* ("IAS 19") limits the measurement of the defined benefit asset to the lower of the surplus in the defined benefit plan and the asset ceiling, which is defined as the present value of any economic benefits available in the form of refunds from the plan or redirections in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

Certain subsidiaries of the Group have pension plans or post-retirement health benefit plans which provide retirement benefits for eligible employees, generally measured by length of service, compensation and other factors. The Group follows the recognition, measurement, presentation and disclosure provisions of IAS 19. Under IAS 19, remeasurements, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognized immediately in other comprehensive income or loss and are not subsequently reclassified into profit or loss. The measurement date for all pension and other employee benefit plans is the Group's fiscal year end.

Under IAS 19, the Group determines the net interest expense (income) for the period on the net defined benefit liability (asset) by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset) at the beginning of the annual period. Consequently, the net interest cost on the net defined benefit liability (asset) now comprises:

- Interest cost on the defined benefit obligation;
- Interest income on plan assets; and
- Interest on the effect of asset ceiling.

(iii) Other Long-term Employee Benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is based on a high grade bond yield curve under which the benefits are projected and discounted at spot rates along the curve. The discount rate is then determined as a single rate yielding the same present value. Any actuarial gains and losses are recognized in other comprehensive income in the period in which they arise. Actuarial valuations are obtained annually at the end of the fiscal year.

(iv) Termination Benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

(v) Short-term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(vi) Share-based Compensation

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.

The Company may, from time to time, grant restricted share units ("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.

(o) Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to tax payable in respect of previous years.

The Group recognizes a tax reserve for uncertain positions which are evaluated by determining whether it is probable that the tax positions will be accepted by the tax authorities and, if not probable, whether a tax reserve relating to specific uncertain tax positions is required. The Group records tax reserves based on the expected value and most likely amount of uncertainty. The Group records interest and penalties related to these uncertain tax positions based on the specific facts and circumstances, including the substance of the tax legislation and the process of negotiation with the tax authorities in a specific jurisdiction.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, if they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(p) Revenue Recognition

Revenues from wholesale product sales are recognized when control of a good is transferred to a customer. Provisions are made for estimates of markdown allowances, warranties, returns and discounts at the time product sales are recognized. Shipping terms are predominately FOB shipping point (title transfers to the customer at the Group's shipping location) except in certain Asian countries where title transfers upon delivery to the customer. In all cases, sales are recognized upon transfer of control to customers. Revenues from retail sales are recognized at the point of sale to consumers. Revenue excludes collected sales taxes.

Revenue is measured at the fair value of the consideration received or receivable. Provided that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in profit or loss.

The Group licenses its brand names to certain third parties. Net sales in the accompanying consolidated income statements include royalties earned on licensing agreements with third parties, for which revenue is earned and recognized when the third party makes a sale of a branded product of the Group.

(q) Cost of Sales, Distribution, Marketing and General and Administrative Expenses

The Group includes the following types of costs in cost of sales: direct product purchase and manufacturing costs, duties, freight, receiving, inspection, internal transfer costs, depreciation and procurement and manufacturing overhead. The impairment of inventories and the reversals of such impairments are included in cost of sales during the period in which they occur.

Distribution expenses primarily comprise employee benefits, customer freight, depreciation, amortization of intangible assets, amortization of lease right-of-use assets (in accordance with IFRS 16 (see note 2(e)), rent associated with short-term, low-value and expense for variable leases (in accordance with IFRS 16 (see note 2(e)), warehousing costs and other selling expenses.

Marketing expenses consist of advertising and promotional activities. Costs for producing media advertising are deferred until the related advertising first appears in print or television media, at which time such costs are expensed. All other advertising costs are expensed as incurred. Cooperative advertising costs associated with customer support programs giving the Group an identifiable advertising benefit equal to at least the amount of the advertising allowance are deferred and charged to marketing expenses when the related revenues are recognized.

General and administrative expenses consist of management salaries and benefits, information technology costs, amortization of lease right-of-use assets (in accordance with IFRS 16 (see note 2(e)) and other costs related to administrative functions and are expensed as incurred.

(r) Finance Income and Costs

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings (including the amortization or derecognition of deferred financing costs), interest expense on lease liabilities (in accordance with IFRS 16 (see note 2(e)), unwinding of the discount on provisions, changes in the fair value of put options associated with the Group's majority-owned subsidiaries, net gains (losses) on hedging instruments that are recognized in profit or loss and reclassifications of net gains (losses) previously recognized in other comprehensive income or loss. Foreign currency gains and losses are reported as finance costs on a net basis.

Costs incurred in connection with the issuance of debt instruments are included in the initial measurement of the related financial liabilities in the consolidated statements of financial position. As a consequence, these deferred financing costs are amortized using the effective interest method over the term of the related debt obligation.

(s) Earnings Per Share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary equity shareholders of the Company by the weighted average number of ordinary shares outstanding for the period, adjusted for any shares held by the Group. Diluted EPS is determined by dividing the profit or loss attributable to ordinary equity shareholders by the weighted average number of ordinary shares outstanding, adjusted for any shares held by the Group, for the effects of all potentially dilutive ordinary shares, which comprise share options and RSUs granted to employees, as applicable.

(t) Provisions and Contingent Liabilities

Provisions are recognized for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(u) Related Parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

- (1) has control or joint control over the Group;
- (2) has significant influence over the Group; or
- (3) is a member of the key management personnel of the Group.

(ii) An entity is related to the Group if any of the following conditions apply:

- (1) the entity and the Group are members of the same group (which means that each parent, the subsidiary and fellow subsidiary is related to the others);
- (2) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (3) both entities are joint ventures of the same third party;
- (4) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(5) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(6) the entity is controlled or jointly controlled by a person identified in (i);

(7) a person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(8) the entity, or any member of a group of which it is part, provides key management services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(v) New Standards and Interpretations

Certain new standards, amendments to standards and interpretations that may be applicable to the Group are not yet effective for the year ended December 31, 2019, and have not been applied in preparing these consolidated financial statements.

In October 2018, the IASB issued narrow-scope amendments to IFRS 3 *Business Combinations* to improve the definition of a 'business'. The amendments will help companies determine whether an acquisition made is of a business or a group of assets. A ‘business’ was previously defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. The new definition of a ‘business’ is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. Distinguishing between a business and a group of assets is important because, amongst others, an acquirer recognizes goodwill only when acquiring a business. The changes are effective for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted. This amendment is not expected to have a material impact on the consolidated financial statements of the Group.

In September 2019, the IASB amended some of its requirements for hedge accounting. The amendments are designed to support the provision of useful financial information by companies during the period of uncertainty arising from the phasing out of interest-rate benchmarks such as interbank offered rates (“IBORs”). The IASB amended IFRS 9 *Financial Instruments*. The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the anticipated IBOR reform. In addition, the amendments require companies to provide certain additional information to investors about their hedging relationships which are directly affected by these uncertainties.

All companies with hedges affected by IBOR reform are required to assume that the interest rate benchmark on which hedged cash flows are based is not altered as a result of IBOR reform when assessing whether the future cash flows are highly probable. Also, for discontinued hedging relationships, the same assumption is applied for determining whether the hedged future cash flows are expected to occur. Prospectively, all companies are required to assess whether the economic relationship between the hedged item and the hedging instrument exists based on the assumptions that the interest rate benchmark on which the hedged item and the hedging instrument are based is not altered as a result of IBOR reform. The changes are effective for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

The Group's Senior Credit Facilities and related interest rate swaps, as well as its cross-currency swaps (see note 12(a) for further discussion), are currently based on the London Interbank Offered Rate (“LIBOR”) benchmark. Such agreements will require amendments in conjunction with IBOR reform. This amendment is not expected to have a material impact on the consolidated financial statements of the Group.

4. Segment Reporting

(a) Operating Segments

Management of the business and evaluation of operating results is organized primarily along geographic lines dividing responsibility for the Group’s operations, besides the Corporate segment, as follows:

- North America - includes operations in the United States of America and Canada;
- Asia - includes operations in South Asia (India and Middle East), China, Singapore, South Korea, Taiwan, Malaysia, Japan, Hong Kong, Thailand, Indonesia, Philippines, Australia and certain other Asian markets;
- Europe - includes operations in European countries as well as South Africa;

- Latin America - includes operations in Chile, Mexico, Argentina, Brazil, Colombia, Panama, Peru and Uruguay; and
- Corporate - primarily includes certain licensing activities from brand names owned by the Group and the Corporate headquarters function with related overhead.

Information regarding the results of each reportable segment is included below. Performance is generally 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 years ended December 31, 2019 and December 31, 2018 is as follows:

	Year ended December 31, 2019					
(Expressed in millions of US Dollars)	**North America**	**Asia**	**Europe**	**Latin America**	**Corporate(3)**	**Consolidated**
External revenues	**1,363.4**	**1,313.4**	**792.2**	**166.7**	**3.1**	**3,638.8**
Operating profit (loss)	**52.8**	**242.0**	**65.6**	**(7.8)**	**(69.6)**	**283.0**
Depreciation and amortization(1)	**107.9**	**97.6**	**79.3**	**21.9**	**3.0**	**309.7**
Capital expenditures	**20.4**	**22.9**	**7.5**	**4.3**	**0.3**	**55.4**
Impairment Charges	**74.0**	**1.8**	**9.6**	**0.9**	**0.1**	**86.4**
Finance income	**0.2**	**0.8**	**0.2**	**0.1**	**1.9**	**3.2**
Finance costs(2)	**(16.8)**	**(7.3)**	**(7.5)**	**(1.2)**	**(68.5)**	**(101.3)**
Income tax (expense) benefit	**15.6**	**(41.2)**	**(10.8)**	**2.4**	**2.5**	**(31.5)**
Total assets	**2,126.7**	**1,362.1**	**787.1**	**182.9**	**1,082.5**	**5,541.3**
Total liabilities	**1,316.1**	**513.1**	**481.6**	**109.8**	**1,119.2**	**3,539.8**

	Year ended December 31, 2018					
(Expressed in millions of US Dollars)	North America	Asia	Europe	Latin America	Corporate(3)	Consolidated
External revenues	1,483.0	1,324.2	809.9	176.4	3.5	3,797.0
Operating profit (loss)	192.1	253.5	91.1	3.1	(72.4)	467.4
Depreciation and amortization(1)	41.8	38.8	31.8	6.9	2.0	121.3
Capital expenditures	25.8	23.8	40.1	7.3	3.6	100.6
Finance income	0.1	0.6	0.2	0.1	0.0	1.0
Finance costs(2)	(0.6)	(4.8)	(5.1)	(2.8)	(111.2)	(124.5)
Income tax (expense) benefit	(25.3)	(41.0)	(17.3)	(4.8)	1.7	(86.7)
Total assets	2,437.9	1,253.4	669.2	134.0	647.1	5,141.6
Total liabilities	1,817.1	428.1	357.8	65.7	481.8	3,150.5

Notes

(1) Depreciation and amortization expense for the year ended December 31, 2019 includes amortization expense in the amount of US$197.4 million associated with lease right-of-use assets recorded in accordance with IFRS 16. Comparative amounts for the year ended December 31, 2018 have not been restated (see further discussion in note 2(e)).

(2) Finance costs for the year ended December 31, 2019 primarily include interest expense on financial liabilities, interest expense on lease liabilities in accordance with IFRS 16 (see note 2(e)), 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 year ended December 31, 2018 primarily include interest expense on financial liabilities, 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 12(a)), change in the fair value of put options and unrealized (gains) losses on foreign exchange that are presented on a net basis.

(3) The Corporate segment's total assets and total liabilities include inter-company elimination entries that occur across all segments of the Company.

The following table sets forth a disaggregation of net sales by brand for the years ended December 31, 2019 and December 31, 2018:

(Expressed in millions of US Dollars)	Year ended December 31, **2019**	2018
Net sales by brand:		
Samsonite	**1,654.9**	1,712.6
Tumi	**767.0**	762.1
American Tourister	**654.9**	667.8
Speck	**123.9**	154.3
Gregory	**69.8**	58.0
High Sierra	**63.2**	73.7
Other[1]	**305.1**	368.5
Net sales	**3,638.8**	3,797.0

Note
(1) "Other" includes certain other brands owned by the Group, such as *Kamiliant*, *eBags*, *Xtrem*, *Lipault*, *Hartmann*, *Saxoline* 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 years ended December 31, 2019 and December 31, 2018:

(Expressed in millions of US Dollars)	Year ended December 31, **2019**	2018
Net sales by product category:		
Travel	**2,162.3**	2,263.7
Non-travel[1]	**1,476.5**	1,533.3
Net sales	**3,638.8**	3,797.0

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 years ended December 31, 2019 and December 31, 2018:

(Expressed in millions of US Dollars)	Year ended December 31, **2019**	2018
Net sales by distribution channel:		
Wholesale	**2,290.4**	2,432.0
Direct-to-consumer ("DTC")[1]	**1,345.4**	1,361.5
Other[2]	**3.1**	3.5
Net sales	**3,638.8**	3,797.0

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.

(b) Geographical Information

The following tables set out enterprise-wide information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant, and equipment, intangible assets and goodwill (specified non-current assets). The geographical location of customers is generally based on the selling location of the goods. The geographical location of the specified non-current assets is based on the physical location of the assets.

(i) Revenue from External Customers

The following table presents the revenues earned in major geographical locations where the Group has operations. 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.

(Expressed in millions of US Dollars)	Year ended December 31, 2019	2018
North America:		
United States	**1,299.6**	1,412.6
Canada	**63.7**	70.4
Total North America	**1,363.4**	1,483.0
Asia:		
China	**306.1**	302.4
Japan	**217.2**	203.8
South Korea	**184.3**	218.4
India	**174.1**	162.4
Hong Kong(1)	**152.2**	169.7
Australia	**67.4**	73.0
United Arab Emirates	**44.0**	41.5
Indonesia	**42.1**	35.6
Singapore	**41.4**	37.4
Thailand	**33.6**	33.8
Taiwan	**27.0**	25.8
Other	**24.0**	20.4
Total Asia	**1,313.4**	1,324.2
Europe:		
Belgium(2)	**143.9**	133.8
Germany	**119.6**	117.4
Italy	**82.0**	88.3
France	**77.8**	79.1
United Kingdom(3)	**76.7**	83.7
Russia	**60.6**	52.7
Spain	**58.1**	61.8
Netherlands	**32.9**	37.5
Austria	**22.8**	25.2
Turkey	**20.2**	19.5
Switzerland	**19.6**	21.5
Sweden	**17.4**	21.1
Norway	**13.6**	16.3
Other	**47.1**	52.1
Total Europe	**792.2**	809.9
Latin America:		
Chile	**57.4**	69.6
Mexico	**56.3**	51.7
Brazil(4)	**19.5**	20.4
Other	**33.6**	34.7
Total Latin America	**166.7**	176.4
Corporate and other (royalty revenue):		
Luxembourg	**3.0**	3.4
United States	**0.1**	0.1
Total Corporate and other	**3.1**	3.5
Total	**3,638.8**	3,797.0

Notes
(1) Net sales reported for Hong Kong include net sales made domestically, net sales made in Macau as well as net sales to distributors in certain other Asian markets.
(2) Net sales in Belgium were US$22.1 million and US$22.9 million for the years ended December 31, 2019 and December 31, 2018, 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) Excludes sales made to distributors in Brazil from outside the country.

(ii) Specified Non-current Assets

The following table presents the Group's specific material non-current assets by location at December 31, 2019 and December 31, 2018. Specific material non-current assets are disclosed based on the subsidiary's country of domicile. For the year ended December 31, 2019, non-current assets mainly comprise tradenames, customer relationships, property, plant and equipment, lease right-of-use assets (see further discussion in note 2(e) Changes in Accounting Policies) and deposits. For the year ended December 31, 2018, there were no right-of-use assets recognized.

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2019**	2018
United States	**1,851.2**	1,647.7
Luxembourg	**688.5**	703.1
Belgium	**91.8**	93.6
Japan	**61.5**	27.1
Hong Kong	**45.1**	20.0
China	**43.8**	31.7
France	**34.6**	9.1
Chile	**33.9**	12.6
Hungary	**33.8**	35.3
United Kingdom	**32.6**	9.2
India	**32.4**	16.0
Germany	**30.9**	10.4
Mexico	**26.1**	11.4
Italy	**25.3**	8.8
Spain	**24.5**	5.3
South Korea	**24.4**	26.5
Canada	**23.7**	5.3
Russia	**22.0**	3.3

5. Property, Plant and Equipment

(Expressed in millions of US Dollars)	Land	Buildings	Machinery, equipment, leasehold improvements and other	Total
2019				
Cost:				
As of January 1, 2019	**11.7**	**90.0**	**759.6**	**861.3**
Purchases of property, plant and equipment	**—**	**1.4**	**54.0**	**55.4**
Disposals	**—**	**(0.1)**	**(33.8)**	**(34.0)**
Effect of movement in foreign currency exchange rates / other	**(0.2)**	**(1.9)**	**(6.6)**	**(8.6)**
As of December 31, 2019	**11.6**	**89.4**	**773.2**	**874.2**
Accumulated depreciation and impairment:				
As of January 1, 2019	**(1.2)**	**(35.3)**	**(513.8)**	**(550.4)**
Depreciation for the year	**—**	**(2.9)**	**(77.2)**	**(80.1)**
Impairment charges	**—**	**—**	**10.9**	**10.9**
Disposals	**—**	**0.1**	**30.9**	**31.1**
Effect of movement in foreign currency exchange rates / other	**—**	**0.1**	**(18.6)**	**(18.4)**
As of December 31, 2019	**(1.2)**	**(37.9)**	**(567.9)**	**(607.0)**
Carrying value:				
As of December 31, 2019	**10.3**	**51.4**	**205.3**	**267.1**

(Expressed in millions of US Dollars)	Land	Buildings	Machinery, equipment, leasehold improvements and other	Total
2018				
Cost:				
As of January 1, 2018	12.0	89.7	661.1	762.7
Purchases of property, plant and equipment	0.1	4.2	96.4	100.6
Disposals	—	—	(30.8)	(30.8)
Effect of movement in foreign currency exchange rates / other	(0.3)	(3.8)	32.9	28.8
As of December 31, 2018	11.7	90.0	759.6	861.3
Accumulated depreciation and impairment:				
As of January 1, 2018	(1.3)	(32.5)	(420.9)	(454.7)
Depreciation for the year	—	(4.1)	(81.6)	(85.7)
Disposals	—	0.0	28.2	28.3
Effect of movement in foreign currency exchange rates / other	0.0	1.3	(39.6)	(38.3)
As of December 31, 2018	(1.2)	(35.3)	(513.8)	(550.4)
Carrying value:				
As of December 31, 2018	10.5	54.7	245.8	310.9

Depreciation expense for the years ended December 31, 2019 and December 31, 2018 amounted to US$80.1 million and US$85.7 million, respectively. Of this amount, US$15.5 million and US$15.1 million was included in cost of sales during the years ended December 31, 2019 and December 31, 2018, respectively. Remaining amounts were presented in distribution and general and administrative expenses. All land owned by the Group is freehold.

During the year ended December 31, 2019, the Group recognized a non-cash impairment charge of US$86.4 million, comprised of US$48.0 million for assets attributable to the eBags business (see note 6(b)), US$27.5 million for lease right-of-use assets (see note 16) and US$10.9 million for property, plant and equipment attributable to certain retail locations (see below), (together the "Impairment Charges").

In accordance with IAS 36, *Impairment of Assets* ("IAS 36"), 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 an evaluation of loss-making stores, which individually represent cash generating units, during the year ended December 31, 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 leasehold improvements included in property, plant and equipment as of December 31, 2019 exceeded their respective recoverable amounts. The Group recognized an impairment charge reflecting the aggregate difference totaling US$10.9 million for these leasehold improvements. These impairment charges for the year ended December 31, 2019 were recorded in the Group's consolidated income statements in the line item "Impairment Charges" (see also note 6(b) Other Intangible Assets and note 16 Leases). No impairment indicators existed as of December 31, 2018.

Capital Commitments

Capital commitments outstanding as of December 31, 2019 and December 31, 2018 were US$6.9 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.

6. Goodwill and Other Intangible Assets

(a) Goodwill

The Group’s goodwill balance amounted to US$1,339.0 million as of December 31, 2019, of which approximately US$64.7 million is expected to be deductible for income tax purposes.

The carrying amount of goodwill was as follows:

(Expressed in millions of US Dollars)	December 31, 2019	2018
Cost:		
As of January 1	**2,309.9**	2,312.8
Effect of movement in foreign currency exchange rates / other	**(1.1)**	(2.9)
As of December 31	**2,308.8**	2,309.9
Accumulated impairment losses:		
As of January 1 and as of December 31	**(969.8)**	(969.8)
Carrying amount	**1,339.0**	1,340.1

The aggregate carrying amounts of goodwill allocated to each operating segment were as follows:

(Expressed in millions of US Dollars)	North America	Asia	Europe	Latin America	Consolidated
As of December 31, 2019	**742.1**	**539.7**	**57.2**	**—**	**1,339.0**
As of December 31, 2018	742.1	540.4	57.5	—	1,340.1

In accordance with IAS 36, the recoverable amounts of the Group's CGUs including those which contain goodwill were determined using the higher of fair value less cost to sell or value in use, which is determined by discounting the estimated future cash flows generated from the continuing use of the unit.

For the purpose of impairment testing, goodwill is allocated to the Group's operating segments, comprised of groups of CGUs, as these represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. The allocation is made to those CGUs that are expected to benefit from the business combination in which the goodwill arose.

Separate calculations are prepared for each of the groups of CGUs that make up the consolidated entity. These calculations use discounted cash flow projections based on financial estimates reviewed by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates appropriate for the market in which the unit operates. The values assigned to the key assumptions represent management's assessment of future trends and are based on both external sources and internal sources (historical data) and are summarized below.

- Pre-tax discount rates of 9.0%-13.0% were used in discounting the projected cash flows. The pre-tax discount rates were calculated for each CGU.
- Cash flows were projected based on the historical operating results and the five-year forecasts.
- The terminal values were extrapolated using constant long-term growth rate of 3.0% for each CGU, which is consistent with the average growth rate for the industry.

Judgment is required to determine key assumptions adopted in the cash flow projections and the changes to key assumptions can significantly affect these cash flow projections. Management has considered the above assumptions and valuation and has also taken into account the business plans going forward. Management believes that any reasonably foreseeable change in any of the above key assumptions would not cause the carrying amount of goodwill to exceed the recoverable amount. Actual results will be influenced by the prevailing economic conditions and potentially other unforeseen events or circumstances that could have a negative impact on future results.

(b) Other Intangible Assets

Other intangible assets consisted of the following:

(Expressed in millions of US Dollars)	Customer relationships	Other	Total subject to amortization	Tradenames	Total other intangible assets
Cost:					
As of January 1, 2018	295.1	40.9	335.9	1,583.2	1,919.1
Additions	—	17.6	17.6	—	17.6
Disposals	—	(1.0)	(1.0)	—	(1.0)
Effect of movement in foreign currency exchange rates / other	(1.9)	0.2	(1.7)	(0.4)	(2.1)
As of December 31, 2018 and January 1, 2019	293.2	57.7	350.9	1,582.7	1,933.7
Additions	**—**	**19.1**	**19.1**	**—**	**19.1**
Transfers to lease right-of-use assets	**—**	**(26.2)**	**(26.2)**	**—**	**(26.2)**
Derecognition of fully amortized assets	**(19.2)**	**(0.3)**	**(19.5)**	**—**	**(19.5)**
Effect of movement in foreign currency exchange rates / other	**(1.2)**	**(0.1)**	**(1.2)**	**(0.3)**	**(1.5)**
As of December 31, 2019	**272.9**	**50.3**	**323.1**	**1,582.5**	**1,905.6**
Accumulated amortization and impairment:					
As of January 1, 2018	(111.6)	(14.8)	(126.4)	—	(126.4)
Amortization for the year	(25.1)	(10.6)	(35.6)	—	(35.6)
Disposals	—	0.9	0.9	—	0.9
Effect of movement in foreign currency exchange rates / other	0.3	(1.5)	(1.2)	—	(1.2)
As of December 31, 2018 and January 1, 2019	(136.3)	(26.0)	(162.3)	—	(162.3)
Amortization for the year	**(24.1)**	**(8.1)**	**(32.2)**	**—**	**(32.2)**
Impairment charges	**—**	**(3.0)**	**(3.0)**	**(45.0)**	**(48.0)**
Transfers to lease right-of-use assets	**—**	**8.0**	**8.0**	**—**	**8.0**
Derecognition of fully amortized assets	**19.2**	**0.3**	**19.5**	**—**	**19.5**
Effect of movement in foreign currency exchange rates / other	**0.2**	**0.3**	**0.6**	**—**	**0.6**
As of December 31, 2019	**(141.0)**	**(28.4)**	**(169.4)**	**(45.0)**	**(214.4)**
Carrying amounts:					
As of December 31, 2019	**131.8**	**21.9**	**153.6**	**1,537.5**	**1,691.1**
As of December 31, 2018	156.9	31.8	188.6	1,582.7	1,771.3

The aggregate carrying amounts of each significant tradename were as follows:

	December 31,	
(Expressed in millions of US Dollars)	**2019**	2018
Samsonite	**462.5**	462.5
Tumi	**845.0**	845.0
American Tourister	**70.0**	70.0
High Sierra	**39.9**	39.9
Gregory	**38.6**	38.6
Speck	**36.8**	36.8
Hartmann	**16.5**	16.5
Lipault	**12.3**	12.3
eBags	**10.5**	55.5
Other	**5.4**	5.7
Total tradenames	**1,537.5**	1,582.7

Amortization expense for intangible assets for the years ended December 31, 2019 and December 31, 2018 was US$32.2 million and US$35.6 million, respectively, and is presented primarily in distribution expenses in the consolidated income statements. Future amortization expense related to finite life intangible assets as of December 31, 2019 for the next five years is estimated to be US$32.5 million, US$30.7 million, US$20.7 million, US$15.1 million, US$13.8 million and a total of US$40.8 million thereafter.

In accordance with IAS 36, the Group is required to evaluate its intangible assets with finite lives for recoverability whenever events or changes in circumstance indicate that their carrying amount might not be recoverable. The fair value of customer relationships is determined using a combination of the income approach and the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The Group's tradenames have been deemed to have indefinite lives due to their high quality and perceived value. In accordance with IAS 36, the recoverable amounts of the Group's tradenames were determined using the relief-from-royalty income approach to derive fair value less cost to sell.

The calculations use discounted projections based on financial estimates reviewed by management covering a five-year period. Revenues beyond the five-year period are extrapolated using estimated growth rates appropriate for the market. The values assigned to the key assumptions represent management's assessment of future trends and are based on both external sources and internal sources (historical data) and are summarized below.

- Pre-tax discount rates of 9.0%-13.0% were used. The pre-tax discount rates were calculated separately for each tradename.
- Revenues were based on anticipated selling prices and projected based on the historical operating results, the five-year forecasts and royalty rates based on recent transfer pricing studies in the jurisdictions the Group operates in.
- The terminal values were extrapolated using constant long-term growth rates of 3.0% for each tradename, which is consistent with the average growth rate for the industry.

Judgment is required to determine key assumptions adopted in the cash flow projections and the changes to key assumptions can significantly affect these cash flow projections. Management has considered the above assumptions and valuation and has also taken into account the business plans going forward. Actual results will be influenced by the prevailing economic conditions and potentially other unforeseen events or circumstances that could have a material negative impact on future results.

During the year ended December 31, 2019, the Group made a strategic decision to reduce the sales of third-party brands on the eBags e-commerce website to improve profitability. It was determined that the carrying amount of its *eBags* tradename and certain other assets were higher than their respective recoverable amounts and recognized an impairment charge in the amount of US$48.0 million. The non-cash impairment charge for the year ended December 31, 2019 was recorded in the Group's consolidated income statements in the line item "Impairment Charges" (see also note 5 Property, Plant and Equipment and note 16 Leases).

7. Prepaid Expenses, Other Assets and Receivables

(a) Non-current

Other assets and receivables consisted of the following:

	December 31,	
(Expressed in millions of US Dollars)	**2019**	2018
Deposits	**39.0**	38.5
Other	**6.0**	4.4
Total other assets and receivables	**45.0**	42.9

(b) Current

Prepaid expenses and other current assets consisted of the following:

(Expressed in millions of US Dollars)	December 31,	
	2019	2018
Prepaid income taxes	**30.8**	75.5
Prepaid value-added tax	**28.7**	29.3
Prepaid advertising	**5.5**	2.2
Prepaid insurance	**3.5**	3.3
Prepaid other	**28.7**	36.3
Total prepaid expenses and other assets	**97.3**	146.5

8. Inventories

Inventories consisted of the following:

(Expressed in millions of US Dollars)	December 31,	
	2019	2018
Raw materials	**28.0**	37.3
Work in process	**2.0**	2.4
Finished goods	**557.3**	582.9
Total inventories	**587.3**	622.6

The amounts above as of December 31, 2019 and December 31, 2018 include inventories carried at net realizable value (estimated selling price less costs to sell) of US$61.1 million and US$62.5 million, respectively. During the years ended December 31, 2019 and December 31, 2018, the write-down of inventories to net realizable value amounted to US$23.3 million and US$15.2 million, respectively. During the years ended December 31, 2019 and December 31, 2018 the reversal of reserves recognized in profit or loss amounted to US$8.1 million and US$9.5 million, respectively.

9. Trade and Other Receivables

Trade and other receivables are presented net of related allowances for doubtful accounts of US$16.9 million and US$14.8 million as of December 31, 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$380.7 million and US$397.9 million as of December 31, 2019 and December 31, 2018, respectively, with the following aging analysis by due date of the respective invoice:

(Expressed in millions of US Dollars)	December 31,	
	2019	2018
Current	**304.6**	322.5
0 - 30 days past due	**46.9**	57.0
Greater than 30 days past due	**29.2**	18.4
Total trade receivables	**380.7**	397.9

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

(b) Impairment of Trade Receivables

Impairment losses in respect of trade receivables are recorded when credit losses are expected to occur. The Group does not hold any collateral over these balances.

The movement in the allowance for doubtful accounts during the year was as follows:

(Expressed in millions of US Dollars)	**2019**	2018
As of January 1	**14.8**	14.5
Impairment loss recognized	**5.2**	2.8
Impairment loss written back or off	**(3.1)**	(2.5)
As of December 31	**16.9**	14.8

10. Cash and Cash Equivalents

	December 31,	
(Expressed in millions of US Dollars)	**2019**	2018
Bank balances	**448.0**	417.1
Short-term investments	**14.6**	10.6
Total cash and cash equivalents	**462.6**	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 or cash equivalents as of December 31, 2019 and December 31, 2018.

11. Earnings Per Share

(a) Basic

The calculation of Basic EPS is based on the profit attributable to the equity holders of the Company for the years ended December 31, 2019 and December 31, 2018.

	Year ended December 31,	
(Expressed in millions of US Dollars, except share and per share data)	**2019**	2018
Issued ordinary shares at the beginning of the year	**1,430,940,380**	1,421,811,102
Weighted-average impact of share options exercised and restricted share units vested during the year	**421,904**	5,992,820
Weighted-average number of ordinary shares at the end of the year	**1,431,362,284**	1,427,803,922
Profit attributable to the equity holders	**132.5**	236.7
Basic EPS *(Expressed in US Dollars per share)*	**0.093**	0.166

For the year ended December 31, 2019, Basic EPS was negatively impacted by the non-cash Impairment Charges (as described in notes 5, 6 and 16) totaling US$86.4 million, and by US$16.0 million in costs incurred to implement profit improvement initiatives (which was recorded in other expenses in the consolidated income statements) and the related tax impact. For the year ended December 31, 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 12(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.

	Year ended December 31,	
(Expressed in millions of US Dollars, except share and per share data)	**2019**	2018
Weighted-average number of ordinary shares (basic) at the end of the year	**1,431,362,284**	1,427,803,922
Effect of share options exercised and restricted share units vested	**1,678,287**	9,928,847
Weighted-average number of shares for the year	**1,433,040,571**	1,437,732,769
Profit attributable to the equity holders	**132.5**	236.7
Diluted EPS *(Expressed in US Dollars per share)*	**0.093**	0.165

Diluted EPS was negatively impacted by the same factors noted above for Basic EPS. At December 31, 2019 and December 31, 2018, 88,397,492 and 43,089,757 unvested share awards, respectively, were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive.

The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options was based on quoted market prices for the year during which the options were outstanding.

(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 from its ad hoc distributable reserve. 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 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$13.0 million and US$14.7 million during the years ended December 31, 2019 and December 31, 2018, respectively.

No other dividends or distributions were declared or paid during the years ended December 31, 2019 and December 31, 2018.

12. Loans and Borrowings

(a) Non-current Obligations

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

	December 31,	
(Expressed in millions of US Dollars)	**2019**	2018
Term Loan A Facility	**797.0**	817.7
Term Loan B Facility	**554.9**	661.7
Total Term Loan Facilities	**1,351.8**	1,479.3
Senior Notes	**392.4**	401.5
Other long-term obligations	**0.1**	2.6
Total loans and borrowings	**1,744.4**	1,883.4
Less deferred financing costs	**(12.8)**	(16.4)
Total loans and borrowings less deferred financing costs	**1,731.6**	1,867.0
Less current portion of long-term obligations	**(37.7)**	(28.4)
Non-current loans and borrowings	**1,693.9**	1,838.6

The contractual maturities of non-current loans and borrowings are included in note 20(c).

During the fourth quarter of 2019, the Group voluntarily repaid and retired US$100.2 million of principal on its Term Loan B Facility utilizing excess cash on hand from its strong cash flow generation during the year ended December 31, 2019.

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 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 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 inter-company 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 US$828.0 million senior secured term loan A facility (the "Term Loan A Facility"), (2) a US$665.0 million senior secured term loan B facility (the "Term Loan B Facility" and, together with the Term Loan A Facility, the "Term Loan Credit Facilities") and (3) a US$650.0 million revolving credit facility (the “Revolving Credit Facility,” and, together with the Term Loan Credit Facilities, the “Senior Credit Facilities”).

On the Closing Date (see below), the gross proceeds from drawings under the 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 Term Loan Credit Facilities and the Revolving Credit Facility began to accrue on April 25, 2018 when the closing on the Senior Credit Facilities occurred (the “Closing Date”). Under the terms of the Senior Credit Facilities:

(a) in respect of the Term Loan A Facility and the Revolving Credit Facility, the interest rate payable was set with effect from the Closing Date until the delivery of the consolidated 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 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 Senior Credit Facilities, the borrowers pay customary agency fees and a commitment fee in respect of the unutilized commitments under the Revolving Credit Facility. The commitment fee payable with effect from the Closing Date until the delivery of the consolidated 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 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 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 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 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 Revolving Credit Facility. Any principal amount outstanding under the 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 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 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 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 Term Loan A Facility and the lenders under the Revolving Credit Facility. The Credit Agreement also contains certain customary representations and warranties, affirmative covenants and provisions relating to events of default (including upon a change of control). The Group was in compliance with the financial covenants as of December 31, 2019.

2020 Refinancing

On March 16, 2020, (the "2020 Refinancing Closing Date"), the Company and certain of its direct and indirect wholly-owned subsidiaries entered into an amendment to the Credit Agreement (as amended, the "Amended Credit Agreement") with certain lenders and financial institutions (the "2020 Refinancing"). Under the terms of the 2020 Refinancing, the Amended Credit Agreement provides for (1) an amended US$800.0 million senior secured term loan A facility (the "Amended Term Loan A Facility") and (2) an amended US$850.0 million revolving credit facility (the "Amended Revolving Credit Facility"). Under the Amended Credit Agreement, the maturity for both the Amended Term Loan A Facility and the Amended Revolving Credit Facility have been extended by approximately two years with remaining balances on both facilities due to be paid in full on the fifth anniversary of the 2020 Refinancing Closing Date. Interest on the borrowings under the Amended Term Loan A Facility and the Amended Revolving Credit Facility began to accrue on the 2020 Refinancing Closing Date.

The Amended Term Loan A Facility requires scheduled quarterly payments commencing on the first full fiscal quarter ended after the 2020 Refinancing Closing Date, with an annual amortization of 2.5% of the original principal amount of the loans under the Amended 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 2020 Refinancing Closing Date. Any principal amount outstanding under the Amended Revolving Credit Facility is due and payable on the fifth anniversary of the 2020 Refinancing Closing Date.

Under the terms of the Amended Credit Agreement, the interest rate payable on the Amended Term Loan A Facility and the Amended Revolving Credit Facility was reduced with effect from the 2020 Refinancing Closing Date until the delivery of the financial statements for the first full fiscal quarter commencing on or after the 2020 Refinancing Closing Date from an adjusted rate based on the London Interbank Offered Rate ("LIBOR") plus 1.50% per annum (or a base rate plus 0.50% per annum) to LIBOR plus 1.375% per annum (or a base rate plus 0.375% per annum) and thereafter will be based on the lower rate derived from either the first lien net leverage ratio of the Company and its restricted subsidiaries at the end of each fiscal quarter or the Company's corporate ratings.

The 2020 Refinancing did not affect the terms of the Term Loan B Facility.

The borrowers will pay customary agency fees and a commitment fee in respect of the unutilized commitments under the Amended Revolving Credit Facility. The commitment fee payable that existed prior to the 2020 Refinancing remains in effect at 0.20% per annum.

In conjunction with the 2020 Refinancing, the Group incurred borrowing fees and expenses that will be deferred and amortized over the term of the Amended Credit Agreement.

The Company has initiated a US$800 million drawdown on its Amended Revolving Credit Facility to ensure access, given current uncertainties and potential volatility in financial markets.

Interest Rate Swaps

The Group maintains interest rate swaps to hedge interest rate exposure under the floating-rate Senior Credit Facilities by swapping certain US Dollar floating-rate bank borrowings with fixed-rate agreements. The interest rate swap agreements that were entered into in connection with the credit and guaranty agreement in May 2016 and had a termination date of August 31, 2021 were terminated by the Group on September 4, 2019. LIBOR on these interest rate swap agreements had been fixed at approximately 1.30%. Upon termination of the interest rate swap agreements, the Group recognized a hedge gain of US$0.2 million which was recorded in finance costs during the year ended December 31, 2019.

On September 4, 2019, the Group entered into new interest rate swap agreements that became effective on September 6, 2019 and will terminate on August 31, 2024. The notional amounts of the interest rate swap agreements decrease over time. LIBOR has been fixed at approximately 1.208% (compared to approximately 1.30% on the interest rate swap agreements that were terminated on September 4, 2019). The interest rate swap agreements have fixed payments due monthly that commenced September 30, 2019. The interest rate swap transactions qualify as cash flow hedges. As of December 31, 2019 and December 31, 2018, the interest rate swaps were marked-to-market, resulting in a net asset position to the Group in the amount of US$10.6 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 benefits from the interest rate spread between the two markets to receive fixed interest income over the five-year contractual period. As of December 31, 2019, the cross-currency swaps qualified as net investment hedges and the monthly mark-to-market is recorded to other comprehensive income. As of December 31, 2019, the cross-currency swaps were marked-to-market, resulting in the notional loan between the Euro and US Dollar to be in a net asset position to the Group in the amount of US$0.1 million, which was recorded as an asset with the effective portion of the gain (loss) deferred to other comprehensive income, and the notional loan between the Japanese Yen and US Dollar to be in a net liability position to the Group in the amount of US$0.3 million, which was recorded as a liability with the effective portion of the gain (loss) deferred to other comprehensive income.

Deferred Financing Costs

During 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 Senior Credit Facilities. The amortization of deferred financing costs under the Senior Notes and Senior Credit Facilities, which is included in interest expense, amounted to US$3.6 million and US$2.1 million for the years ended December 31, 2019 and December 31, 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 year ended December 31, 2018.

Upon extinguishment of the Original Senior Credit Facilities, the Group recognized a non-cash charge of US$53.3 million for the year ended December 31, 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 obligations and were as follows:

	December 31,	
(Expressed in millions of US Dollars)	**2019**	2018
Current portion of long-term obligations	**37.7**	28.3
Revolving Credit Facility	**—**	22.9
Other loans and borrowings	**23.6**	29.6
Total current obligations	**61.3**	80.9

Revolving Credit Facility

As of December 31, 2019, US$647.0 million was available to be borrowed on the Revolving Credit Facility as a result of no 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 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. On March 16, 2020, the Revolving Credit Facility was amended (see 2020 Refinancing above).

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 of other loans and borrowings was US$23.6 million and US$29.6 million as of December 31, 2019 and December 31, 2018, respectively. The uncommitted available facilities amounted to US$134.9 million and US$109.1 million as of December 31, 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 non-current loans and borrowings	**(129.8)**	**—**	**—**	**—**	**—**	**(129.8)**
Payments of current loans and borrowings, net	**(27.6)**	**—**	**—**	**—**	**—**	**(27.6)**
Principal payments on lease liabilities	**—**	**(170.2)**	**—**	**—**	**—**	**(170.2)**
Proceeds from the exercise of share options	**—**	**—**	**0.0**	**0.5**	**—**	**0.5**
Cash distributions to equity holders	**—**	**—**	**—**	**(125.0)**	**—**	**(125.0)**
Dividend payments to non-controlling interests	**—**	**—**	**—**	**—**	**(13.0)**	**(13.0)**
Total changes from financing cash flows	**(157.4)**	**(170.2)**	**0.0**	**(124.5)**	**(13.0)**	**(465.1)**
The effect of changes in foreign exchange rates	**(13.6)**	**125.7**	**—**	**—**	**—**	**112.1**
Other changes:						
Liability-related						
Interest expense on borrowings and lease liabilities, including amortization of deferred financing costs	**67.5**	**30.5**	**—**	**—**	**—**	**98.0**
Interest paid on borrowings and lease liabilities	**(60.6)**	**(30.5)**	**—**	**—**	**—**	**(91.1)**
Net changes in defined benefit pension plan	**—**	**—**	**—**	**0.4**	**—**	**0.4**
Total other changes	**6.9**	**—**	**—**	**0.4**	**—**	**7.3**
Other movements in equity[3]	**—**	**—**	**—**	**127.3**	**20.1**	**147.5**
Balance at December 31, 2019	**1,757.4**	**650.0**	**14.3**	**1,936.7**	**50.5**	**4,408.9**

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 and applied the modified retrospective approach (see further discussion in note 2(e)). Such liabilities were not recognized on the statement of financial position at December 31, 2018.

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

(Expressed in millions of US Dollars)	Liabilities	Equity			
	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 Senior Credit Facilities	1,922.9	—	—	—	1,922.9
Payment and settlement of Original Senior Credit Facilities	(1,869.7)	—	—	—	(1,869.7)
Payments of Term Loan Facilities	(14.2)	—	—	—	(14.2)
Payments of other current loans and borrowings, net	(29.7)	—	—	—	(29.7)
Payment of deferred financing costs	(18.5)	—	—	—	(18.5)
Proceeds from the exercise of share options	—	0.1	26.4	—	26.5
Cash distributions to equity holders	—	—	(110.0)	—	(110.0)
Dividend payments to non-controlling interests	—	—	—	(14.7)	(14.7)
Total changes from financing cash flows	(9.2)	0.1	(83.6)	(14.7)	(107.4)
The effect of changes in foreign exchange rates	(28.4)	—	—	—	(28.4)
Other changes:					
Liability-related					
Interest expense on financial liabilities, including amortization of deferred financing costs	71.2	—	—	—	71.2
Non-cash charge to derecognize deferred financing costs	53.3	—	—	—	53.3
Cash paid for interest	(63.3)	—	—	—	(63.3)
Net changes in defined benefit pension plan	—	—	2.0	—	2.0
Total other changes	61.2	—	2.0	—	63.2
Other movements in equity[2]	—	—	237.8	17.2	255.0
Balance at December 31, 2018	1,921.5	14.3	1,933.5	43.3	3,912.6

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 year.

13. Employee Benefits

Employee benefits expense, which consists of payroll, bonuses, pension plan expenses, share-based payments and other benefits, amounted to US$542.4 million and US$532.1 million for the years ended December 31, 2019 and December 31, 2018, respectively. Of these amounts, US$42.2 million and US$41.1 million was included in cost of sales during the years ended December 31, 2019 and December 31, 2018, respectively. The remaining amounts were presented in distribution expenses and general and administrative expenses.

During the year ended December 31, 2019, the Group incurred severance costs attributable to headcount reductions totaling US$15.2 million. These amounts were recorded in other expenses in the consolidated income statements for the year ended December 31, 2019.

Share-based compensation expense of US$15.8 million and US$13.8 million was recognized in the consolidated income statements, with a corresponding increase in equity reserves, for the years ended December 31, 2019 and December 31, 2018, respectively.

Average employee headcount worldwide was approximately 14,488 and 14,020 (unaudited), respectively, for the years ended December 31, 2019 and December 31, 2018, respectively.

(a) Share-based Payment Arrangements

On September 14, 2012, the Company's shareholders adopted the Company's Share Award Scheme (as amended from time to time), 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 February 29, 2020 (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 27,279,581 shares, representing approximately 1.9% 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.

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.

On June 17, 2019, the Company granted share options exercisable for 10,462,500 ordinary shares to an executive director of the Company and 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.

On November 22, 2019, the Company granted share options exercisable for 170,712 ordinary shares to certain employees of the Group with an exercise price of HK$16.62 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.

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%

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 170,712 shares that were granted on November 22, 2019:

Fair value at grant date	HK$3.51
Share price at grant date	HK$16.62
Exercise price	HK$16.62
Expected volatility (weighted average volatility)	33.7%
Option life (expected weighted average life)	6.25 years
Expected dividends	4.1%
Risk-free interest rate (based on government bonds)	1.5%

Particulars and movements of share options during the years ended December 31, 2019 and December 31, 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 year	**10,633,212**	**HK$16.05**
Exercised during the year	**(222,676)**	**HK$17.36**
Canceled / lapsed during the year	**(10,694,276)**	**HK$26.86**
Outstanding at December 31, 2019	**76,449,883**	**HK$24.35**
Exercisable at December 31, 2019	**43,450,021**	**HK$24.61**

	Number of options	Weighted-average exercise price
Outstanding at January 1, 2018	84,925,858	HK$25.61
Granted during the year	9,759,856	HK$26.81
Exercised during the year	(9,129,278)	HK$22.71
Canceled / lapsed during the year	(8,822,813)	HK$28.04
Outstanding at December 31, 2018	76,733,623	HK$25.83
Exercisable at December 31, 2018	32,986,377	HK$23.77

At December 31, 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 6.7 years. At December 31, 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 7.3 years.

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 and certain key management personnel and other employees of the Group.

On November 22, 2019, the Company awarded TRSUs with respect to 108,144 shares to certain employees of the Group.

A summary of TRSU activity during the years ended December 31, 2019 and December 31, 2018 were 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 year	**4,182,558**	**HK$14.54**
Vested and converted to ordinary shares during the year	**(1,406,715)**	**HK$23.40**
Canceled / lapsed during the year	**(935,364)**	**HK$20.80**
Outstanding at December 31, 2019	**6,724,551**	**HK$17.60**

	Number of TRSUs	Weighted-average Fair Value per TRSU
Outstanding at January 1, 2018	—	—
Granted during the year	4,893,837	HK$22.50
Canceled / lapsed during the year	(9,765)	HK$22.40
Outstanding at December 31, 2018	4,884,072	HK$22.50

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 granted 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 years ended December 31, 2019 and December 31, 2018 were as follows:

	Number of PRSUs	**Weighted-average Fair Value per PRSU**
Outstanding at January 1, 2019	**1,564,366**	**HK$17.91**
Granted during the period (at target level vesting)	**1,455,327**	**HK$12.56**
Canceled / lapsed during the period (at target level vesting)	**(109,562)**	**HK$17.78**
Outstanding at December 31, 2019 (at target level vesting)	**2,910,131**	**HK$15.24**

	Number of PRSUs	Weighted-average Fair Value per PRSU
Outstanding at January 1, 2018	—	—
Granted during the period (at target level vesting)	1,564,366	HK$17.91
Outstanding at December 31, 2018 (at target level vesting)	1,564,366	HK$17.91

Shares underlying an award of share options, 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.

Information about the fair value calculation for share options is set out in note 3(n)(vi) to the consolidated financial statements.

(b) Defined Benefit Plans and Schemes

Plan Descriptions

The Group sponsors various pension and other post-retirement plans in certain jurisdictions. As of December 31, 2019 and December 31, 2018, the total unfunded liability recognized for such plans amounted to US$25.3 million and US$22.8 million, respectively. Details of the significant plans are presented below.

A Belgian subsidiary of the Group sponsors a pre-pension defined benefit retirement plan (the "Belgian Plan"), which covers certain employees who meet certain age and years of service eligibility requirements. Benefits are calculated based on a final pay formula and are contributed until the employee reaches the legal retirement age.

A U.S. subsidiary of the Group maintains a supplemental retirement plan, the Supplemental Executive Retirement Plan (the "SERP Plan"), which covers certain management employees. The SERP Plan was closed to new entrants effective January 1, 2010. Effective December 31, 2010, the SERP Plan was frozen to future accruals.

A U.S. subsidiary of the Group also provides a health care and life insurance benefits plan, the Samsonite Post-retirement Welfare Plan (the "SPWP Plan"), which covers certain retired employees who meet certain age and years of service eligibility requirements. The SPWP Plan was closed to new entrants with regards to life insurance benefits effective January 1, 2009 and was closed to new entrants with regards to medical benefits effective December 31, 2009. Eligible retirees are required to contribute to the costs of post-retirement benefits. The Group's other post-retirement benefits are not vested and the Group has the right to modify any benefit provision, including contribution requirements, with respect to any current or former employee, dependent or beneficiary. As of December 31, 2019 and December 31, 2018, the percentage of health insurance cost that the retiree must contribute was 100%.

The U.S. plans are administered by trustees, which are independent of the Group, with any applicable assets held separately from those of the Group. These plans are funded by contributions from the Group in accordance with an independent actuary's recommendation based on annual actuarial valuations. The latest independent actuarial valuations of the plans were as of December 31, 2019 and were prepared by independent qualified actuaries, who are members of the Society of Actuaries of the United States of America, using the projected unit credit method.

The actuarial valuations indicate that the Group's obligations under the Belgian Plan, the SERP Plan and the SPWP Plan were US$16.0 million, US$2.1 million and US$1.8 million, respectively, as of December 31, 2019, none of which was funded by plan assets. As of December 31, 2018, based on actuarial valuations, the Group's obligations under the Belgian Plan, the SERP Plan and the SPWP Plan were US$14.3 million, US$2.0 million and US$1.5 million, respectively, none of which was funded by plan assets.

Remeasurements to the Group's retirement plans can include the effect of changes in demographic assumptions, the effect of changes in financial assumptions and the effect of experience adjustments, all of which are recognized in other comprehensive income or loss ("OCI"). For the year ended December 31, 2019 remeasurements to the Belgian Plan, the SERP Plan and the SPWP Plan were US$3.7 million, US$3.0 million and US($4.1) million, respectively. For the year ended December 31, 2018, remeasurements recognized in OCI to the Belgian Plan, the SERP Plan and the SPWP Plan were US$2.6 million, US$2.9 million and US($4.4) million, respectively.

The total net periodic benefit cost (gain), including service cost (gain) and interest expense on defined benefit obligation, is recognized in the consolidated income statements. For the year ended December 31, 2019, total net periodic benefit cost amounted to US$1.1 million for the Belgian Plan, US$0.1 million for the SERP Plan and US$0.1 million for the

SPWP Plan. For the year ended December 31, 2018, the total net periodic benefit cost (gain) was US$1.1 million for the Belgian Plan, US$0.1 million for the SERP Plan and US$0.0 million for the SPWP Plan.

The actuarial assumptions used for each of the Group's retirement plans were as follows:

	Belgian Plan	SERP Plan	SPWP Plan
2019			
Weighted average assumptions used to determine benefit obligations as of December 31:			
Discount rate	**0.60%**	**3.02%**	**2.90%**
Rate of price inflation	**1.60%**	**N/A**	**N/A**
Weighted average assumptions used to determine net periodic benefit cost for the year ended December 31:			
Discount rate	**1.60%**	**4.10%**	**4.06%**
2018			
Weighted average assumptions used to determine benefit obligations as of December 31:			
Discount rate	1.60%	4.10%	4.06%
Rate of price inflation	1.75%	N/A	N/A
Weighted average assumptions used to determine net periodic benefit cost for the year ended December 31:			
Discount rate	1.50%	3.46%	3.43%

(c) Defined Contribution Plan

A U.S. subsidiary of the Group provides a defined contribution 401(k) retirement plan. The plan covers substantially all employees of the subsidiary for the sole purpose of encouraging participants to save for retirement. Plan participants may contribute up to 75% of their compensation to the plan, a percentage of which is matched by the Group. The Group may also make non-elective contributions to participants' accounts. Participant contributions and the earnings thereon are fully vested upon contribution. Participants become vested in the matching and non-elective contributions upon completion of two and three years of service, respectively. Forfeited contributions made by the Group are used to reduce future matching contributions and/or administrative expenses.

In connection with this plan, the Group recognized an expense of US$5.4 million and US$5.2 million for the years ended December 31, 2019 and December 31, 2018, respectively. Forfeited contributions were inconsequential for the periods presented.

14. Trade and Other Payables

	December 31,	
(Expressed in millions of US Dollars)	**2019**	2018
Accounts payable	**500.6**	525.4
Other payables and accruals	**163.0**	161.5
Other tax payables	**12.2**	12.4
Total trade and other payables	**675.9**	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)	December 31, 2019	December 31, 2018
Current	**350.7**	388.0
0 - 30 days past due	**39.3**	38.0
Greater than 30 days past due	**5.3**	6.5
Total trade payables	**395.2**	432.4

15. 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 years ended December 31, 2019 and December 31, 2018.

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 year ended December 31, 2019 and the carrying amount of lease right-of-use assets by class of underlying asset as of December 31, 2019.

(Expressed in millions of US Dollars)	Real Estate	Automobiles	Equipment	Other	Total
For the year ended December 31, 2019:					
Additions of lease right-of-use assets	**117.0**	**9.0**	**6.6**	**0.4**	**133.0**
Amortization expense of lease right-of-use assets	**193.0**	**2.9**	**1.3**	**0.2**	**197.4**
Balance at December 31, 2019:					
Carrying value of lease right-of-use assets	**602.0**	**6.1**	**5.2**	**0.2**	**613.5**

In accordance with IAS 36, 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, which individually represent cash generating units, during the year ended December 31, 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 as of December 31, 2019 exceeded their respective recoverable amounts. The Group recognized an impairment charge reflecting the aggregate difference totaling US$27.5 million of lease right-of-use assets associated with such stores that were recognized with the adoption of IFRS 16. These impairment charges for the year ended December 31, 2019 were recorded in the Group's consolidated income statements in the line item "Impairment Charges" (see also note 5 Property, Plant and Equipment and note 6(b) Other Intangible Assets).

(b) Lease Liabilities

The Group's IFRS 16 lease liabilities primarily consist of leases of retail stores, distribution centers, warehouses, office facilities, equipment and automobiles. As of December 31, 2019, future minimum contractual payments under lease liabilities were as follows:

(Expressed in millions of US Dollars)	**December 31, 2019**
Within one year	**201.7**
After one year but within two years	**161.4**
After two years but within five years	**272.0**
More than five years	**111.7**
Total future minimum payments under lease liabilities[1]	**746.8**

Note

(1) Future minimum payments under lease liabilities represent contractual future cash payments consisting of principal and interest. The future minimum payments under lease liabilities will not equal the Lease Liabilities presented on the consolidated statements of financial position due to the interest component of the liability (see note 3(f) for further discussion).

(c) Short-term, Low-value and Variable Lease Payments

With the adoption of IFRS 16 on January 1, 2019, most of the Group's leases are recognized on the consolidated statement of financial position (see note 2(e)). 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 current and anticipated expenses relating to variable lease payments not included in the measurement of lease liabilities.

The rental cost for short-term, low-value and current expense for variable lease payments are recorded as incurred as rent expense and amounted to US$56.0 million for the year ended December 31, 2019. 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$13.9 million for the year ended December 31, 2019.

As of December 31, 2019, future minimum contractual payments under short-term and low-value lease payments were as follows:

(Expressed in millions of US Dollars)	**December 31, 2019**
Within one year	**3.1**
After one year but within two years	**0.0**
After two years but within five years	**0.0**
Total future minimum payments under short-term and low-value leases	**3.1**

(d) Total Cash Outflows for Leases

The following table sets forth a breakdown of total cash outflows for the year ended December 31, 2019 related to IFRS 16 lease liabilities and those leases exempt from capitalization under IFRS 16.

(Expressed in millions of US Dollars)	**Lease liabilities**	**Short-term, low-value and variable leases**	**Total cash outflow for leases**
Principal payments on lease liabilities	**170.2**	**—**	**170.2**
Interest paid on lease liabilities	**30.5**	**—**	**30.5**
Rent expense - short-term, variable and low value leases[1]	**—**	**56.0**	**56.0**
Contingent rent	**—**	**13.9**	**13.9**
Total cash outflow	**200.7**	**69.9**	**270.6**

Note

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

(e) December 31, 2018 Operating Lease Commitments under IAS 17

As of December 31, 2018, the Group's lease obligations primarily consisted of non-cancellable leases of office, warehouse and retail store space and equipment. As of December 31, 2018, future minimum payments under non-cancellable leases were:

(Expressed in millions of US Dollars)	**December 31, 2018**
Within one year	**192.8**
After one year but within two years	**160.5**
After two years but within five years	**291.4**
More than five years	**135.6**
Total operating lease commitments	**780.3**

Rental expense under cancellable and non-cancellable operating leases amounted to US$234.3 million for the year ended December 31, 2018. Certain of the retail leases provide for additional rent payments based on a percentage of sales. These additional rent payments amounted to US$3.1 million for the year ended December 31, 2018 and are included in rent expense.

17. Income Taxes

(a) Taxation in the Consolidated Income Statements

Taxation in the consolidated income statements for the years ended December 31, 2019 and December 31, 2018 consisted of the following:

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2019**	2018
Current tax expense - Hong Kong Profits Tax:		
Current period	**(8.2)**	(3.7)
Current tax expense - foreign:		
Current period	**(84.9)**	(85.7)
Adjustment for prior periods	**4.5**	(5.5)
Total current tax expense - foreign	**(80.4)**	(91.2)
Total current tax expense	**(88.6)**	(94.9)
Deferred tax (expense) benefit:		
Origination and reversal of temporary differences	**7.0**	7.0
Change in tax rate	**50.1**	1.2
Total deferred tax benefit	**57.1**	8.2
Total income tax expense	**(31.5)**	(86.7)

For the year ended December 31, 2019, income tax expense was US$31.5 million. Included within the US$31.5 million of income tax expense were the 2019 Net Tax Benefits which were comprised of (i) a non-cash income tax benefit of US$54.6 million from a change in the tax rate applied to intangible assets currently held in Luxembourg, which primarily consist of certain tradenames owned by the Group, (ii) tax expenses of US$29.0 million associated with a legal entity reorganization and (iii) a base erosion tax arising as a result of the 2017 U.S. tax reform that applied to the Group in 2019 (which did not apply to the Group previously) of US$7.4 million. Together, these items resulted in a net tax benefit to the Group of US$18.3 million (the "2019 Net Tax Benefits").

The Group's consolidated effective tax rate for operations was 17.0% and 25.2% for the years ended December 31, 2019 and December 31, 2018, respectively. The decrease in the Group's consolidated effective tax rate for operations year-on-year was primarily due to the 2019 Net Tax Benefits recognized. The 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 Group's effective tax rate, excluding the 2019 Net Tax Benefits, was 26.9% and 25.2% for the years ended December 31, 2019 and December 31, 2018, respectively. The increase in the Group's effective tax rate, excluding the 2019 Net Tax Benefits, was mainly the result of increases in tax reserves and changes in the profit mix between high and low tax jurisdictions.

The provision for Hong Kong Profits Tax for the years ended December 31, 2019 and December 31, 2018 was calculated at an effective tax rate of 16.5% of the estimated assessable profits for the year. Taxation for overseas subsidiaries was charged at the appropriate current rates of taxation in the relevant countries.

(b) Reconciliation Between Tax (Expense) Benefit and Profit Before Taxation at Applicable Tax Rates

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2019**	2018
Profit for the year	**153.4**	257.2
Total income tax expense	**(31.5)**	(86.7)
Profit before income tax	**184.9**	343.9
Income tax expense using the Group's applicable tax rate	**(40.7)**	(86.0)
Tax incentives	**24.5**	31.2
U.S. base erosion taxes	**(7.4)**	—
Change in tax rate - tradenames	**54.6**	—
Change in tax rates - other	**(4.5)**	1.2
Change in tax reserves	**(13.0)**	(0.9)
Permanent differences	**(9.2)**	(4.0)
Change in tax effect of undistributed earnings	**(3.8)**	1.4
Current year losses for which no deferred tax assets are recognized	**(3.0)**	(5.8)
Recognition of previously unrecognized tax losses	**0.6**	0.6
Change in recognized temporary differences	**(1.2)**	—
Share-based compensation	**(2.4)**	(9.6)
Tax expense associated with legal entity reorganization	**(29.0)**	—
Withholding (taxes) - net of credits	**4.4**	(6.4)
Other	**(1.3)**	(2.9)
Over (under) provided in prior periods	**(0.1)**	(5.5)
	(31.5)	(86.7)

The provision for taxation for the years ended December 31, 2019 and December 31, 2018 was calculated using the Group's applicable tax rate of 22.0% and 25.0%, respectively. The applicable rate was based on the Group's weighted average worldwide tax rate.

Uncertain Tax Positions

In the ordinary course of business, the Group is subject to various forms of tax examination and audits. The facts and circumstances relating to particular examinations are evaluated in determining whether it is probable that the tax positions will be accepted by the tax authorities and, if not probable, whether a tax reserve relating to specific uncertain tax positions is required. The Group records tax reserves based on the expected value and most likely amount of uncertainty. The Group relies on its past experience and on facts and circumstances known at each reporting date. The provision charge and applicable interest and penalties are recognized within current income tax expense in the consolidated income statements.

(c) Income Tax (Expense) Benefit Recognized in Other Comprehensive Income (Loss)

	Year ended December 31, 2019			Year ended December 31, 2018		
(Expressed in millions of US Dollars)	**Before tax**	**Income tax (expense) benefit**	**Net of tax**	Before tax	Income tax (expense) benefit	Net of tax
Remeasurements on benefit plans	**(0.4)**	**0.1**	**(0.3)**	2.0	(0.6)	1.4
Changes in fair value of hedges	**(18.3)**	**4.9**	**(13.4)**	7.4	(2.1)	5.3
Settlement of interest rate swap agreements	**0.2**	**—**	**0.2**	—	—	—
Foreign currency translation losses for foreign operations	**(0.9)**	**—**	**(0.9)**	(7.6)	—	(7.6)
	(19.4)	**5.0**	**(14.4)**	1.8	(2.7)	(0.9)

(d) Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities were attributable to the following:

	December 31,	
(Expressed in millions of US Dollars)	**2019**	2018
Deferred tax assets:		
Allowance for doubtful accounts	**3.0**	1.5
Inventories	**13.2**	11.7
Lease liabilities(1)	**157.3**	—
Property, plant and equipment	**14.9**	3.4
Pension and post-retirement benefits	**6.7**	7.8
Share-based compensation	**1.9**	0.6
Tax losses	**11.7**	13.4
Reserves	**29.9**	32.0
Financing charges(2)	**13.6**	10.3
Other	**12.0**	2.2
Set off of tax(3)	**(232.5)**	(49.7)
Total gross deferred tax assets	**31.7**	33.2
Deferred tax liabilities:		
Lease right-of-use assets(1)	**(149.9)**	—
Property, plant and equipment	**(6.7)**	(0.9)
Intangible assets	**(257.5)**	(325.0)
Deferred gain on legal entity reorganization	**(28.6)**	—
Other	**(12.8)**	(10.3)
Set off of tax(3)	**232.5**	49.7
Total gross deferred tax liabilities	**(223.0)**	(286.5)
Net deferred tax liability	**(191.3)**	(253.3)

Notes
(1) Relates to the adoption of IFRS 16 on January 1, 2019.
(2) Relates to deferred financing charges and interest expense limitation.
(3) Relates to jurisdictional netting of deferred tax assets and liabilities.

The movement in temporary differences for the years ended December 31, 2019 and December 31, 2018 was:

(Expressed in millions of US Dollars)	Balance, January 1, 2019	**Recognized in profit or loss**	**Recognized in equity[(4)]**	**Other[(5)]**	**Balance, December 31, 2019**
Allowance for doubtful accounts	1.5	**1.5**	**—**	**—**	**3.0**
Inventories	11.7	**1.6**	**—**	**(0.1)**	**13.2**
Lease liabilities[(1)]	—	**(14.0)**	**—**	**171.3**	**157.3**
Lease right-of-use assets[(1)]	—	**21.4**	**—**	**(171.3)**	**(149.9)**
Property, plant and equipment	2.5	**5.6**	**—**	**0.1**	**8.2**
Intangible assets[(2)]	(325.0)	**67.8**	**—**	**(0.3)**	**(257.5)**
Pension and post-retirement benefits	7.8	**(1.1)**	**0.1**	**(0.1)**	**6.7**
Share-based compensation	0.6	**1.3**	**—**	**—**	**1.9**
Tax losses	13.4	**(1.9)**	**—**	**0.2**	**11.7**
Reserves	32.0	**(1.9)**	**—**	**(0.2)**	**29.9**
Financing charges[(3)]	10.3	**3.3**	**—**	**—**	**13.6**
Deferred gain on legal entity reorganization	—	**(28.6)**	**—**	**—**	**(28.6)**
Other	(8.1)	**2.1**	**4.9**	**0.3**	**(0.8)**
Net deferred tax asset (liability)	(253.3)	**57.1**	**5.0**	**(0.1)**	**(191.3)**

Notes
(1) Relates to the adoption of IFRS 16 on January 1, 2019.
(2) Includes US$54.6 million benefit from rate change applied to intangible assets held in Luxembourg.
(3) Relates to deferred financing charges and interest expense limitation.
(4) Income tax benefit of US$5.0 million recognized in other comprehensive income.
(5) Other comprises primarily foreign exchange rate effects and initial recognition on adoption of IFRS 16.

(Expressed in millions of US Dollars)	Balance, January 1, 2018	Recognized in profit or loss	Recognized in equity[(2)]	Other[(3)]	Balance, December 31, 2018
Allowance for doubtful accounts	2.4	(0.8)	—	(0.1)	1.5
Inventories	11.1	0.7	—	(0.1)	11.7
Property, plant and equipment	(4.6)	7.0	—	0.1	2.5
Intangible assets	(327.6)	2.8	—	(0.2)	(325.0)
Pension and post-retirement benefits	8.6	(0.1)	(0.6)	(0.1)	7.8
Share-based compensation	12.0	(7.3)	(4.1)	—	0.6
Tax losses	15.9	(1.8)	—	(0.7)	13.4
Reserves	34.4	(2.1)	—	(0.3)	32.0
Financing charges[(1)]	—	10.3	—	—	10.3
Other	(6.6)	(0.5)	(2.1)	1.1	(8.1)
Net deferred tax asset (liability)	(254.4)	8.2	(6.8)	(0.3)	(253.3)

Notes
(1) Relates to deferred financing charges and interest expense limitation.
(2) Income tax expense of US($2.7) million recognized in other comprehensive income and the tax effect of outstanding stock options of US($4.1) million recognized in other reserves in the consolidated statements of changes in equity.
(3) Other comprises primarily foreign exchange rate effects.

Unrecognized Deferred Tax Assets
Deferred tax assets have not been recognized in respect of the following items:

	December 31,	
(Expressed in millions of US Dollars)	**2019**	2018
Deductible temporary differences	**7.9**	1.8
Tax credits	**1.6**	—
Tax losses	**63.7**	68.9
Balance at end of year	**73.2**	70.7

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits from them.

Available tax losses (recognized and unrecognized):

	December 31,	
(Expressed in millions of US Dollars)	**2019**	2018
North America	**21.9**	30.3
Asia	**6.4**	3.6
Europe	**33.6**	34.9
Latin America	**50.7**	50.6
Total	**112.6**	119.4

Tax losses expire in accordance with local country tax regulations. North American losses will expire beginning in 2020. Asian losses will expire starting in 2026. European losses will expire beginning in 2020. Latin American losses will expire beginning in 2023.

Unrecognized Deferred Tax Liabilities
As of December 31, 2019 and December 31, 2018, a deferred tax liability of US$56.7 million and US$31.9 million, respectively, related to investments in subsidiaries is not recognized because the Group controls whether the liability will be incurred and it is satisfied that the temporary difference will not be reversed in the foreseeable future.

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:

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2019**	2018
Recognized in income or loss:		
Interest income	**3.2**	1.0
Total finance income	**3.2**	1.0
Interest expense on loans and borrowings	**(63.9)**	(65.8)
Amortization of deferred financing costs associated with Original Senior Credit Facilities	**—**	(3.3)
Amortization of deferred financing costs associated with Senior Credit Facilities	**(3.6)**	(2.1)
Derecognition of remaining deferred financing costs associated with Original Senior Credit Facilities	**—**	(53.3)
Interest expense on lease liabilities(1)	**(30.5)**	—
Change in fair value of put options	**(1.6)**	8.4
Net foreign exchange gain (loss)	**1.8**	(4.9)
Other finance costs	**(3.5)**	(3.6)
Total finance costs	**(101.3)**	(124.5)
Net finance costs recognized in profit or loss	**(98.1)**	(123.5)
Recognized in other comprehensive income (loss):		
Foreign currency translation losses for foreign operations	**(0.9)**	(7.6)
Changes in fair value of hedges	**(18.3)**	7.4
Settlement of interest rate swap agreements	**0.2**	—
Income tax benefit (expense) on finance income and finance costs recognized in other comprehensive income	**4.9**	(2.1)
Net finance costs recognized in total other comprehensive income, net of tax	**(14.1)**	(2.3)
Attributable to:		
Equity holders of the Company	**(13.4)**	1.1
Non-controlling interests	**(0.7)**	(3.4)

Note
(1) On January 1, 2019, the Group adopted IFRS 16 and applied the modified retrospective approach. Comparative amounts for the year ended December 31, 2018 have not been restated (see further discussion in note 2(e)).

19. Expenses

Profit before income tax was arrived at after recognizing the following expenses for the years ended December 31, 2019 and December 31, 2018:

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2019**	2018
Depreciation of fixed assets	**80.1**	85.7
Amortization of intangible assets	**32.2**	35.6
Amortization of lease right-of-use assets(1)	**197.4**	—
Impairment Charges	**86.4**	—
Auditors' remuneration	**6.0**	6.9
Research and development	**32.4**	32.6
Rent expense(1)	**59.5**	234.3

Note
(1) On January 1, 2019, the Group adopted IFRS 16 and applied the modified retrospective approach. Comparative amounts for the year ended December 31, 2018 have not been restated (see further discussion in note 2(e)). Rent expense for the year ended December 31, 2019 represents those contracts/agreements which are not recognized on the consolidated statements of financial condition in accordance with IFRS 16, including month-to-month contracts, certain shop-in-shop arrangements and variable rent agreements.

The fees in relation to the audit and related services for the years ended December 31, 2019 and December 31, 2018 provided by KPMG LLP and its foreign member firms, the external auditors of the Group, were as follows:

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2019**	2018
Annual audit and interim review services	**5.3**	5.9
Permitted tax services	**0.7**	1.0
Other non-audit related services	**0.0**	0.0
Total	**6.0**	6.9

20. Financial Risk Management and Financial Instruments

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

(a) Risk Management

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

(b) Exposure to Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. Maximum exposure is limited to the carrying amounts of the financial assets presented in the consolidated financial statements.

Trade and Other Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. The percentage of the Company's net sales and trade and other receivables that were attributable to the Group's five largest customers was less than 30% as of and for the years ended December 31, 2019 and December 31, 2018. There were no concentrations of credit risk associated with any single customer on the Group's sales for the periods presented or trade and other receivables as of December 31, 2019 and December 31, 2018. Geographically there is no concentration of credit risk.

The Group has established a credit policy under which each new customer is analyzed individually for credit worthiness before the Group's standard payment and delivery terms and conditions are offered.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including aging profile, and existence of previous financial difficulties. Trade and other receivables relate mainly to the Group's wholesale customers. Customers that are graded as "high risk" are placed on credit hold and monitored by the Group, and future sales are made on an approval basis.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	December 31,	
(Expressed in millions of US Dollars)	**2019**	2018
Trade and other receivables	**396.0**	420.9

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

(Expressed in millions of US Dollars)	**December 31, 2019**	December 31, 2018
North America	**119.1**	153.6
Asia	**172.1**	156.7
Europe	**56.1**	58.8
Latin America	**33.3**	28.9
Total trade receivables	**380.7**	397.9

(c) Exposure to Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities.

The Group's primary sources of liquidity are its cash flows from operating activities, invested cash, available lines of credit (note 12(b)) and, subject to shareholder approval, its ability to issue additional shares. The Group 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.

The following table illustrates the contractual maturities of the Group:

	December 31, 2019					
(Expressed in millions of US Dollars)	**Carrying amount**	**Contractual cash flows**	**Less than one year**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities:						
Term Loan Facilities	**1,351.8**	**1,351.8**	**37.7**	**48.1**	**744.5**	**521.6**
Senior Notes	**392.4**	**392.4**	**—**	**—**	**—**	**392.4**
Other obligations	**0.1**	**0.1**	**—**	**0.0**	**0.1**	**0.0**
Revolving Credit Facility	**—**	**—**	**—**	**—**	**—**	**—**
Other loans and borrowings	**23.6**	**23.6**	**23.6**	**—**	**—**	**—**
Trade and other payables	**675.9**	**675.9**	**675.9**	**—**	**—**	**—**
Derivative financial instruments:						
Interest rate swap agreements - assets	**10.6**	**36.1**	**10.3**	**7.9**	**18.0**	**—**
Cross-currency swap agreements - assets	**0.1**	**5.7**	**1.3**	**1.3**	**3.1**	**—**
Cross-currency swap agreements - liabilities	**0.3**	**1.3**	**0.3**	**0.3**	**0.7**	**—**
Foreign exchange forward contracts - liabilities	**0.0**	**125.8**	**125.8**	**—**	**—**	**—**
Other:						
Lease liabilities[(1)]	**650.0**	**746.8**	**201.7**	**161.4**	**272.0**	**111.7**
Short-term and low-value leases[(1)]	**—**	**3.1**	**3.1**	**0.0**	**0.0**	**—**

(Expressed in millions of US Dollars)	December 31, 2018 Carrying amount	Contractual cash flows	Less than one year	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities:						
Term Loan Facilities	1,479.3	1,479.3	27.4	37.7	785.9	628.4
Senior Notes	401.5	401.5	—	—	—	401.5
Other obligations	2.5	2.5	1.0	1.1	0.4	0.0
Revolving Credit Facility	22.9	22.9	22.9	—	—	—
Other loans and borrowings	29.6	29.6	29.6	—	—	—
Trade and other payables	699.2	699.2	699.2	—	—	—
Derivative financial instruments:						
Interest rate swap agreements - assets	25.5	30.2	13.0	11.1	6.1	—
Foreign exchange forward contracts - assets	3.7	104.0	104.0	—	—	—
Other:						
Minimum operating lease payments[1]	—	780.3	192.8	160.5	291.4	135.6

Note
(1) On January 1, 2019, the Group adopted IFRS 16 and applied the modified retrospective approach. Comparative amounts for the year ended December 31, 2018 have not been restated (see further discussion in note 2(e)).

The future cash flows on derivative instruments may be different from the amount in the tables above as interest rates and foreign exchange rates change.

The following table indicates the periods in which the cash flows associated with derivatives, that are cash flow hedges, are expected to occur and impact profit or loss:

(Expressed in millions of US Dollars)	**Carrying amount**	**Expected cash flows**	**Less than one year**	**1-2 years**	**2-5 years**	**More than 5 years**
December 31, 2019						
Interest rate swap agreements - assets	**10.6**	**36.1**	**10.3**	**7.9**	**18.0**	**—**
Cross-currency swap agreements - assets	**0.1**	**5.7**	**1.3**	**1.3**	**3.1**	**—**
Cross-currency swap agreements - liabilities	**0.3**	**1.3**	**0.3**	**0.3**	**0.7**	**—**
Foreign exchange forward contracts - liabilities	**0.0**	**125.8**	**125.8**	**—**	**—**	**—**
December 31, 2018						
Interest rate swap agreements - assets	25.5	30.2	13.0	11.1	6.1	—
Foreign exchange forward contracts - assets	3.7	104.0	104.0	—	—	—

(d) Exposure to Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group periodically buys and sells financial derivatives, such as forward purchase contracts for hedging purposes, in order to manage market risks.

(i) Currency Risk

The Group is exposed to currency risk on purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's subsidiaries.

The Group periodically uses forward exchange contracts to hedge its exposure to currency risk on product purchases denominated in a currency other than the respective functional currency of the Group's subsidiaries. The forward exchange contracts typically have maturities of less than one year.

Interest on borrowings is typically denominated in the local currency of the borrowing. Borrowings are generally denominated in currencies that match the cash flows generated by the underlying operations of the borrowing entity.

The Group's exposure to currency risk arising from the currencies that more significantly affect the Group's financial performance was as follows based on notional amounts of items with largest exposure:

	December 31, 2019				
	Euro	**Renminbi**	**Indian Rupee**	**Won**	**Yen**
	(Euro millions)	**(RMB millions)**	**(INR millions)**	**(KRW millions)**	**(JPY millions)**
Cash	**52.5**	**148.1**	**288.9**	**17,522.4**	**1,665.0**
Trade and other receivables, net	**44.5**	**226.6**	**2,660.2**	**22,331.9**	**2,472.0**
Inter-company receivables (payables)	**(10.2)**	**(33.2)**	**139.9**	**(3,130.4)**	**(671.6)**
Trade and other payables	**(70.6)**	**(204.4)**	**(1,163.6)**	**(5,423.4)**	**(294.8)**
Statement of financial position exposure	**16.2**	**137.1**	**1,925.4**	**31,300.5**	**3,170.5**

	December 31, 2018				
	Euro	Renminbi	Indian Rupee	Won	Yen
	(Euro millions)	(RMB millions)	(INR millions)	(KRW millions)	(JPY millions)
Cash	35.6	64.8	446.2	16,394.2	1,480.9
Trade and other receivables, net	47.5	173.8	2,139.0	26,444.7	2,216.8
Inter-company receivables (payables)	(27.3)	(24.9)	23.6	(4,783.8)	(526.8)
Trade and other payables	(76.6)	(187.1)	(1,543.2)	(8,563.2)	(285.7)
Statement of financial position exposure	(20.8)	26.5	1,065.6	29,491.8	2,885.2

The following exchange rates applied to the currencies noted above during the year:

	Average rate		**Reporting date spot rate**	
	2019	2018	**2019**	2018
Euro	**1.1201**	1.1799	**1.1212**	1.1471
Renminbi	**0.1450**	0.1512	**0.1436**	0.1454
Indian Rupee	**0.0142**	0.0147	**0.0140**	0.0144
Korean Won	**0.0009**	0.0009	**0.0009**	0.0009
Japanese Yen	**0.0092**	0.0091	**0.0092**	0.0091

Foreign Currency Sensitivity Analysis

If each of the above currencies that more significantly affect the Group's financial performance had strengthened by 10% against the US Dollar, profit for the years ended December 31, 2019 and December 31, 2018 and equity as of December 31, 2019 and December 31, 2018 would have increased by:

	Profit for the year ended December 31,		**Equity as of December 31,**	
(Expressed in millions of US Dollars)	**2019**	2018	**2019**	2018
Euro	**2.4**	4.2	**29.5**	30.2
Renminbi	**2.7**	2.0	**5.1**	4.4
Indian Rupee	**2.0**	2.0	**6.2**	4.9
Korean Won	**1.1**	1.3	**6.4**	5.7
Japanese Yen	**0.7**	0.7	**6.0**	5.3

The analysis assumes that all other variables, in particular interest rates, remain constant. A 10% weakening in each of the above currencies that more significantly affect the Group's financial performance would have an equal, but opposite impact to profit for the year and equity as of these reporting dates.

(ii) Interest Rate Risk

The Group monitors its exposure to changes in interest rates on borrowings on variable rate debt instruments. From time to time, the Group enters into interest rate swap agreements to manage interest rate risk. See note 12(a) for further details on interest rate swaps in effect during the period.

The interest rate profile of the Group's interest-bearing financial instruments was:

	December 31,	
(Expressed in millions of US Dollars)	**2019**	2018
Variable rate instruments:		
Financial assets	**14.6**	10.6
Financial liabilities[(1)]	**(1,375.3)**	(1,531.8)
Total variable rate instruments	**(1,360.7)**	(1,521.2)
Fixed rate instruments:		
Interest rate swap agreements - assets	**10.6**	25.5
Cross-currency swap agreements - assets	**0.1**	—
Cross-currency swap agreements - liabilities	**(0.3)**	—
Financial liabilities[(2)]	**(392.4)**	(403.8)
Total fixed rate instruments	**(382.0)**	(378.3)

Notes:

(1) Comprised the Senior Credit Facilities.

(2) Primarily comprised the Senior Notes.

Sensitivity Analysis for Variable Rate Instruments

If the benchmark interest rates on each of the Term Loan A Facility, Term Loan B Facility and Revolving Credit Facility increased by 100 basis points, with all other variables held constant, and in the absence of any interest rate swaps, profit for the year would have decreased by US$11.7 million for the year ended December 31, 2019 and equity would have decreased by US$11.7 million as of December 31, 2019. A 100 basis point decrease in interest rates under each of the Term Loan A Facility, Term Loan B Facility and Revolving Credit Facility would have an equal, but opposite impact to profit for the year and equity as of December 31, 2019.

If the benchmark interest rates on each of the Term Loan A Facility, Term Loan B Facility and Revolving Credit Facility increased by 100 basis points, with all other variables held constant, profit for the year would have decreased by US$12.7 million for the year ended December 31, 2018 and equity would have decreased by US$12.7 million as of December 31, 2018. A 100 basis point decrease in interest rates under each of the Term Loan A Facility, Term Loan B Facility and Revolving Credit Facility would have an equal, but opposite impact to profit for the year and equity as of December 31, 2018.

Fair Value Sensitivity Analysis for Fixed Rate Instruments
The Group does not designate interest rate swap agreements and cross-currency swap agreements as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the end of the reporting period would not affect profit or loss for fixed-rate instruments.

(e) Capital Management
The primary objective of the Group's capital management policies is to safeguard its ability to continue as a going concern, to provide returns for shareholders, to fund capital expenditures, normal operating expenses and working capital needs, and to pay obligations. The primary source of cash is revenue from sales of the Group's products. The Group anticipates generating sufficient cash flow from operations in the majority of countries where it operates and will have sufficient available cash and ability to draw on credit facilities for funding to satisfy the working capital and financing needs.

The Group's capital needs are primarily managed through cash and cash equivalents (note 10), trade and other receivables (note 9), inventories (note 8), property plant and equipment (note 5), trade and other payables (note 14) and loans and borrowings (note 12).

(f) Fair Value Versus Carrying Amounts
All financial assets and liabilities have fair values that approximate carrying amounts.

(g) 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 and interest rate swaps are estimated by reference to market quotations received from banks.

Derivatives
The fair value of forward exchange contracts is based on their listed market price. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). Call options are considered derivative financial assets and are recorded at fair value. The fair values of interest rate swap agreements and cross-currency swap agreements are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair value estimates reflect the credit risk of the Group and counterparty.

Redeemable Non-controlling Interests
The Group has entered into agreements that include put and call option arrangements to sell and to acquire non-controlling interests in certain majority-owned subsidiaries exercisable at fair value at certain predetermined dates. Pursuant to these agreements, the Group has call options to acquire the remaining shares owned by the non-controlling interest holders and these non-controlling interest holders have put options to sell their ownership in these subsidiaries to the Group. In addition, the Group has the right to buy-out these non-controlling interests in the event of termination of the underlying agreements. The table of contractual maturities (note 20(c)) above does not include amounts for the repurchase of non-controlling interests as they do not represent contractual maturities.

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 December 31, 2019 and December 31, 2018:

(Expressed in millions of US Dollars)	**December 31, 2019**	**Fair value measurements at reporting date using** Quoted prices in active markets for identical assets (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets:				
Interest rate swap agreements	**10.6**	**—**	**10.6**	**—**
Cross-currency swap agreements	**0.1**	**—**	**0.1**	**—**
Total assets	**10.7**	**—**	**10.7**	**—**
Liabilities:				
Non-controlling interest put options	**64.8**	**—**	**—**	**64.8**
Cross-currency swap agreements	**0.3**	**—**	**0.3**	**—**
Foreign currency forward contracts	**0.0**	**0.0**	**—**	**—**
Total liabilities	**65.1**	**0.0**	**0.3**	**64.8**

(Expressed in millions of US Dollars)	December 31, 2018	Fair value measurements at reporting date using Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Interest rate swap agreements	25.5	—	25.5	—
Foreign currency forward contracts	3.7	3.7	—	—
Total assets	29.2	3.7	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 Senior Credit Facilities. See note 12(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 associated with currency fluctuation between the Euro and US Dollar and between the Japanese Yen and US Dollar. See note 12(a) for further discussion. Since the cross-currency swap fair values are based predominantly on observable inputs, such as the Dodd-Frank mid-market rate, 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 US Dollars 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 a liability of US$0.0 million and an asset of US$3.7 million as of December 31, 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, 2018	55.7
Change in fair value included in equity	9.1
Change in fair value included in finance costs	(8.4)
Balance at December 31, 2018 and January 1, 2019	56.3
Change in fair value included in equity	**6.9**
Change in fair value included in finance costs	**1.6**
Balance at December 31, 2019	**64.8**

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 December 31, 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)**	**0.9**	**(0.9)**

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 certain non-cash and post-employment benefits to certain directors and other key management personnel.

Key management comprises the Group's directors and senior management. Compensation paid to key management personnel during the years ended December 31, 2019 and December 31, 2018 comprised:

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2019**	2018
Director's fees	**1.4**	1.4
Salaries, allowances and other benefits in kind	**7.4**	7.5 [5]
Bonus[1]	**3.8**	7.7 [5]
Share-based compensation[2],[3]	**6.6**	5.9
Contributions to post-employment plans	**0.3**	0.2
Termination benefits	**0.5**	—
Payment pursuant to Separation Agreement[4]	**—**	3.0
Total compensation	**20.0**	25.7

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.
(3) Share-based compensation expense for the years ended December 31, 2019 and December 31, 2018 included the reversal of US$1.3 million and US$1.0 million, respectively, of expense taken previously for awards that lapsed prior to vesting during the year.
(4) Comprised payment to Mr. Ramesh Tainwala pursuant to the Separation Agreement dated December 20, 2018.
(5) Included compensation paid to Mr. Ramesh Tainwala, who resigned from his employment with the Company and as a director, including as Chief Executive Officer and Director, effective May 31, 2018, during the year ended December 31, 2018.

(b) Directors' Remuneration

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation:

	Year ended December 31, 2019					
(Expressed in millions of US Dollars)	**Directors' fees**	**Salaries, allowances and other benefits in kind**	**Bonus(4)**	**Share-based compensation expense(5)**	**Contributions to post-employment plans**	**Total**
Executive Director						
Kyle Gendreau	—	1.2	1.3	1.9	0.0	4.4
Non-Executive Directors						
Timothy Parker	0.5	—	—	—	—	0.5
Tom Korbas	0.1	—	—	0.0	0.0	0.2
Independent Non-Executive Directors						
Paul Etchells	0.2	—	—	—	—	0.2
Jerome Griffith(1)	0.1	—	—	—	—	0.1
Keith Hamill	0.2	—	—	—	—	0.2
Bruce Hardy McLain	0.1	—	—	—	—	0.1
Ying Yeh	0.1	—	—	—	—	0.1
Total	1.4	1.2	1.3	1.9	0.1	5.9

	Year ended December 31, 2018						
(Expressed in millions of US Dollars)	Directors' fees	Salaries, allowances and other benefits in kind	Bonus(4)	Share-based compensation expense(5)	Contributions to post-employment plans	Payment pursuant to Separation Agreement(6)	Total
Executive Directors							
Kyle Gendreau	—	1.0	1.0	1.2	—	—	3.2
Non-Executive Directors							
Timothy Parker	0.5	—	—	—	—	—	0.5
Tom Korbas	0.1	—	—	0.1	—	—	0.2
Independent Non-Executive Directors							
Paul Etchells	0.2	—	—	—	—	—	0.2
Jerome Griffith(1)	0.1	—	—	—	—	—	0.1
Keith Hamill	0.2	—	—	—	—	—	0.2
Bruce Hardy McLain	0.1	—	—	—	—	—	0.1
Ying Yeh	0.1	—	—	—	—	—	0.1
Former Executive Director							
Ramesh Tainwala(2),(3)	—	1.5	2.3	(1.0)	—	3.0	5.7
Total	1.4	2.5	3.2	0.2	—	3.0	10.3

Notes
(1) Mr. Griffith was re-designated from a Non-Executive Director to an Independent Non-Executive Director effective March 13, 2019.
(2) Mr. Ramesh Tainwala resigned from his employment with the Company and as a director, including as Chief Executive Officer and Director, effective May 31, 2018.
(3) Share-based compensation expense for the year ended December 31, 2018 includes the reversal of US$1.0 million of expense taken previously for awards that lapsed prior to vesting during the year.
(4) Bonus reflects amounts paid during the period and is generally based on the performance of the Group for the previous year.

(5) Share-based compensation amounts reported represent the expense taken during the period of awards granted previously.
(6) Comprised payment to Mr. Ramesh Tainwala pursuant to the Separation Agreement dated December 20, 2018.

No director received any emoluments from the Group as an inducement to join or upon joining the Group during the years ended December 31, 2019 and December 31, 2018. Save for US$3.0 million paid to Mr. Ramesh Tainwala, who resigned from his employment with the Company and as a director effective May 31, 2018, pursuant to the Separation Agreement dated December 20, 2018 (details of which were set out in the Company's announcement dated December 20, 2018), no director received any compensation during the years ended December 31, 2019 and December 31, 2018 for the loss of office as a director of the Company or of any other office in connection with the management of the affairs of the Group. Save for the payment to Mr. Ramesh Tainwala pursuant to the Separation Agreement in lieu of his contractual entitlements for the remainder of his contractual notice period (details of which were set out in the Company's announcement dated December 20, 2018), no director waived or agreed to waive any emoluments during the periods presented. No director received any loans from the Group during the years ended December 31, 2019 and December 31, 2018.

(c) Individuals with the Highest Emoluments

The five highest paid individuals of the Group included one director during the year ended December 31, 2019, whose emoluments are disclosed above. During the year ended December 31, 2018, the five highest paid individuals of the Group included one director and Mr. Ramesh Tainwala, who resigned from his employment with the Company and as a director effective May 31, 2018, pursuant to the Separation Agreement dated December 20, 2018 (details of which were set out in the Company's announcement dated December 20, 2018), whose emoluments are disclosed above. Details of remuneration paid to the remaining highest paid individuals of the Group are as follows:

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2019**	2018
Salaries, allowances and other benefits in kind	**2.3**	1.7
Bonus[1]	**1.3**	2.0
Share-based compensation expense[2]	**3.7**	2.5
Contributions to post-employment plans	**0.1**	0.1
Total	**7.3**	6.3

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.

The emoluments of each individual for 2019 and 2018 fall within these ranges:

	Year ended December 31,	
	2019	2018
HK$12,000,000 - HK$12,500,000 (US$1,531,818 - US$1,595,644):	**1**	—
HK$12,500,000 - HK$13,000,000 (US$1,595,644 - US$1,659,470):	**1**	—
HK$14,500,000 - HK$15,000,000 (US$1,850,947 - US$1,914,773):	**1**	—
HK$15,500,000 - HK$16,000,000 (US$1,978,598 - US$2,042,424):	**—**	1
HK$16,500,000 - HK$17,000,000 (US$2,106,250 - US$2,170,076):	**—**	2
HK$17,500,000 - HK$18,000,000 (US$2,233,901 - US$2,297,727):	**1**	—

No amounts have been paid to these individuals as compensation for loss of office or as an inducement to join or upon joining the Group during the years ended December 31, 2019 and December 31, 2018.

(d) 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 year ended December 31, 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:

(Expressed in millions of US Dollars)	Year ended December 31, 2018
Purchases	19.8

(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.

(Expressed in millions of US Dollars)	Year ended December 31, 2018
Sales	12.7
Support and Services	0.1
Rent	0.0

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

Approximately US$0.9 million was paid to entities owned by Mr. Tainwala and his family, for office space rent for the year ended December 31, 2018. As of December 31, 2018, there were no payables due to Mr. Tainwala and his family.

All transactions with these former related parties were priced at an arm's length basis.

22. Parent Company Financial Information and Particulars of Group Entities

(a) Company-alone Statements of Financial Position

The company-alone statements of financial position as of December 31, 2019 and December 31, 2018 were as follows:

	December 31,	
(Expressed in millions of US Dollars)	**2019**	2018
Non-Current Assets		
Lease right-of-use assets	**0.1**	—
Investment in subsidiaries	**866.7**	866.7
Total non-current assets	**866.8**	866.7
Current Assets		
Trade and other receivables due from subsidiaries	**49.6**	48.6
Prepaid expenses and other assets	**0.3**	0.2
Cash and cash equivalents	**6.3**	11.4
Total current assets	**56.2**	60.2
Total assets	**922.9**	926.9
Equity and Liabilities		
Equity:		
Share capital	**14.3**	14.3
Reserves	**902.9**	904.8
Total equity attributable to equity holders	**917.2**	919.1
Total equity	**917.2**	919.1
Non-Current Liabilities		
Lease liabilities	**0.0**	—
Total non-current liabilities	**0.0**	—
Current Liabilities		
Current portion of lease liabilities	**0.0**	—
Trade and other payables due to subsidiaries	**4.3**	6.4
Trade and other payables	**1.4**	1.4
Total current liabilities	**5.7**	7.8
Total liabilities	**5.7**	7.8
Total equity and liabilities	**922.9**	926.9
Net current assets	**50.5**	52.4
Total assets less current liabilities	**917.3**	919.1

(b) Share Capital and Reserves

(i) Ordinary Shares

There were no changes to the authorized share capital of the Company during 2019 or 2018.

As of December 31, 2019 and December 31, 2018, the Company had 2,067,430,229 and 2,069,059,620, respectively, shares authorized but unissued and 1,432,569,771 and 1,430,940,380, respectively, ordinary shares with par value of US$0.01 per share issued and outstanding.

The holders of ordinary shares are entitled to one vote per share at shareholder meetings of the Company. All ordinary shares in issue rank equally and in full for all dividends or other distributions declared, made or paid on the shares in respect of a record date.

During the years ended December 31, 2019 and December 31, 2018, the Company issued 222,676 and 9,129,278 ordinary shares, respectively, in connection with the exercise of share options that were granted under the Company’s Share Award Scheme. During the year ended December 31, 2019, the Company issued 1,406,715 ordinary shares in connection with the vesting of time-base restricted share awards that were awarded under the Company's Share Award Scheme.

(ii) Treasury Shares

There are no treasury shares held by the Group.

(iii) Equity of the Company

Details of the equity components of Samsonite International S.A. company-alone statements of financial position as included in the consolidated financial statements as of December 31, 2019 and December 31, 2018 are set out below:

		Reserves			
(Expressed in millions of US Dollars)	**Share capital**	**Additional paid-in capital**	**Other reserves**	**Retained earnings (accumulated deficit)**	**Total equity**
As of January 1, 2018	14.2	1,014.6	55.2	(158.1)	925.8
Distributions to equity holders	—	—	—	(110.0)	(110.0)
Dividends received from subsidiaries	—	—	—	80.0	80.0
Loss attributable to equity holders	—	—	—	(16.9)	(16.9)
Exercise of share options	0.1	35.6	(9.2)	—	26.5
Share-based compensation	—	—	13.8	—	13.8
As of December 31, 2018 and January 1, 2019	14.3	1,050.2	59.7	(205.0)	919.1
Distributions to equity holders	**—**	**—**	**—**	**(125.0)**	**(125.0)**
Dividends received from subsidiaries	**—**	**—**	**—**	**115.0**	**115.0**
Loss attributable to equity holders	**—**	**—**	**—**	**(8.3)**	**(8.3)**
Exercise of share options	**0.0**	**0.7**	**(0.2)**	**—**	**0.5**
Vesting of time-based restricted share awards	**0.0**	**4.3**	**(4.3)**	**—**	**—**
Share-based compensation	**—**	**—**	**15.8**	**—**	**15.8**
As of December 31, 2019	**14.3**	**1,055.2**	**71.0**	**(223.3)**	**917.2**

The consolidated profit attributable to the equity holders of Samsonite International S.A. for the years ended December 31, 2019 and December 31, 2018 included a loss of US$8.3 million and US$16.9 million, respectively, which are recorded in the consolidated financial statements of the Group.

As of December 31, 2019, reserves available for distribution to shareholders amounted to approximately US$1.7 billion as shown in the statutory financial statements of Samsonite International S.A. and calculated in accordance with the Company's Articles of Incorporation.

(iv) Other Reserves

Other reserves comprise amounts related to defined benefit pension plans, the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions pending subsequent recognition of the hedged cash flows and the share option reserve for share-based payments made by the Company.

(c) Non-controlling Interests

The Group currently operates in certain markets by means of majority-owned subsidiaries that are operated in conjunction with a non-controlling partner in each country. Under these arrangements, the Group contributes brands through trademark licensing agreements and international marketing expertise and the partner contributes local market expertise. All interests acquired were paid in full at the time of the acquisition and each of these subsidiaries is operated on a self-financing basis. There are no current or future requirements for the Group to contribute any further investment amount to any of these entities.

The agreements governing certain majority-owned subsidiaries include put and call options whereby the Group may be required to acquire the respective non-controlling interest at amounts intended to represent current fair value. As of December 31, 2019 and December 31, 2018, the financial liabilities recognized related to these put options were US$64.8 million and US$56.3 million, respectively.

The call options were deemed to have a fair value of nil as of each reporting date as the agreements call for redemption at fair value upon the option being exercised.

The following tables summarize the information relating to certain of the Group's subsidiaries that have non-controlling interests ("NCI"), before any intra-group eliminations:

For the year ended December 31, 2019:

(Expressed in millions of US Dollars)	**Samsonite Chile S.A.**	**Samsonite South Asia Private Limited**
NCI percentage	**15%**	**40%**
Non-current assets	**64.0**	**27.6**
Current assets	**33.5**	**135.6**
Non-current liabilities	**17.0**	**15.2**
Current liabilities	**28.5**	**86.1**
Net assets	**52.0**	**61.8**
Carrying amount of NCI	**7.8**	**24.7**
Net outside revenue	**57.4**	**174.1**
Profit	**0.2**	**19.9**
Other comprehensive loss	**(4.2)**	**(1.3)**
Total comprehensive income (loss)	**(3.9)**	**18.6**
Profit allocated to NCI	**0.0**	**8.0**
OCI loss allocated to NCI	**(0.6)**	**(0.5)**
Dividends paid to NCI	**0.1**	**2.5**
Net increase (decrease) in cash and cash equivalents	**1.4**	**(2.4)**

For the year ended December 31, 2018:

(Expressed in millions of US Dollars)	Samsonite Chile S.A.	Samsonite South Asia Private Limited
NCI percentage	15%	40%
Non-current assets	44.6	12.0
Current assets	33.8	125.1
Non-current liabilities	—	3.3
Current liabilities	21.9	84.4
Net assets	56.5	49.4
Carrying amount of NCI	8.5	19.7
Net outside revenue	69.6	162.4
Profit	4.2	20.1
Other comprehensive loss	(6.4)	(3.7)
Total comprehensive income (loss)	(2.2)	16.4
Profit allocated to NCI	0.6	8.1
OCI allocated to NCI	(1.0)	(1.5)
Dividends paid to NCI	0.6	5.1
Net decrease in cash and cash equivalents	(2.0)	(0.2)

(d) Particulars of Group Entities

Entity name	Country/Territory	Ownership %	
		2019	2018
Samsonite International S.A.	Luxembourg	**Parent**	Parent
AboutBags NV	Belgium	**100**	100
Astrum R.E. LLC	United States	**100**	100
Bypersonal S.A. de C.V.	Mexico	**100**	100
Delilah Europe Investments S.à r.l.	Luxembourg	**100**	100
Delilah US Investments S.à r.l.	Luxembourg	**100**	100
Direct Marketing Ventures, LLC	United States	**100**	100
eBags, Inc.	United States	**100**	100
eBags International, Inc.	United States	**100**	100
Equipaje en Movimiento, S.A. de C.V.	Mexico	**100**	100
Galaxy Media, Inc.	United States	**100**	100
Global Licensing Company, LLC	United States	**100**	100
HL Operating, LLC	United States	**100**	100
Jody Apparel II, LLC	United States	**100**	100
Lonberg Express S.A.	Uruguay	**100**	100
Limited Liability Company "Samsonite"	Russia	**100**	100
Lipault UK Limited(1)	United Kingdom	**—**	100
McGregor II, LLC	United States	**100**	100
PT Samsonite Indonesia	Indonesia	**60**	60
PTL Holdings, Inc.	United States	**100**	100
Samsonite (Malaysia) Sdn Bhd	Malaysia	**100**	100
Samsonite (Thailand) Co., Ltd.	Thailand	**60**	60
Samsonite A/S	Denmark	**100**	100
Samsonite AB (Aktiebolag)	Sweden	**100**	100
Samsonite AG	Switzerland	**100**	100
Samsonite Argentina S.A.	Argentina	**95**	95
Samsonite Asia Limited	Hong Kong	**100**	100
Samsonite Australia Pty Limited	Australia	**100**	100
Samsonite Belgium Holdings BVBA	Belgium	**100**	100
Samsonite Brasil Ltda.	Brazil	**100**	100
Samsonite B.V.	Netherlands	**100**	100
Samsonite Canada Inc.	Canada	**100**	100
Samsonite CES Holding B.V.	Netherlands	**100**	100
Samsonite Chile S.A.	Chile	**85**	85
Samsonite China Holdings Limited	Hong Kong	**100**	100
Samsonite (China) Co., Ltd.	China	**100**	100
Samsonite Colombia S.A.S.	Colombia	**100**	100
Samsonite Company Stores, LLC	United States	**100**	100
Samsonite Espana S.A.	Spain	**100**	100
Samsonite Europe Holdings S.à r.l.	Luxembourg	**100**	100
Samsonite Europe NV	Belgium	**100**	100
Samsonite Finanziaria S.r.l.	Italy	**100**	100

Samsonite Finco S.à r.l.	Luxembourg	**100**	100
Samsonite Finland Oy	Finland	**100**	100
Samsonite Franquias do Brasil Eireli	Brazil	**100**	100
Samsonite Gesm.b.H.	Austria	**100**	100
Samsonite GmbH	Germany	**100**	100
Samsonite Hungaria Borond KFT	Hungary	**100**	100
Samsonite Importaciones, S.A. de C.V.	Mexico	**100**	100
Samsonite IP Holdings S.à r.l.	Luxembourg	**100**	100
Samsonite Japan Co. Ltd.	Japan	**100**	100
Samsonite Korea Limited	South Korea	**100**	100
Samsonite Latinoamerica S.A. de C.V.	Mexico	**100**	100
Samsonite Limited	United Kingdom	**100**	100
Samsonite LLC	United States	**100**	100
Samsonite Macau Limitada	Macau	**100**	100
Samsonite Mauritius Limited	Mauritius	**100**	100
Samsonite Mercosur Limited	Bahamas	**100**	100
Samsonite Mexico, S.A. de C.V.	Mexico	**100**	100
Samsonite Middle East FZCO	United Arab Emirates	**60**	60
Samsonite Norway AS	Norway	**100**	100
Samsonite Pacific LLC	United States	**100**	100
Samsonite Panama S.A.	Panama	**100**	100
Samsonite Peru S.A.C.	Peru	**100**	100
Samsonite Philippines Inc.	Philippines	**60**	60
Samsonite S.A.S.	France	**100**	100
Samsonite S.p.A.	Italy	**100**	100
Samsonite Seyahat Ürünleri Sanayi ve Ticaret Anonim Sirketi	Turkey	**60**	60
Samsonite Singapore Pte Ltd	Singapore	**100**	100
Samsonite South Asia Private Limited	India	**60**	60
Samsonite Southern Africa Ltd.	South Africa	**60**	60
Samsonite Sp.zo.o	Poland	**100**	100
Samsonite Sub Holdings S.à r.l.	Luxembourg	**100**	100
Samsonite US Holdco, LLC	United States	**100**	100
SC Chile Uno S.A.	Chile	**100**	100
SC Inversiones Chile Ltda	Chile	**100**	100
Speck Trading (Shanghai) Co., Ltd.	China	**100**	100
Speculative Product Design, LLC	United States	**100**	100
The Tumi Haft Company, LLC	United States	**100**	100
Tumi Asia, Limited	Hong Kong	**100**	100
Tumi Asia, Limited (Shenzhen Subsidiary)	China	**100**	100
Tumi Asia (Macau) Co., Ltd.	Macau	**100**	100
Tumi Canada Holdings, LLC	United States	**100**	100
Tumi Canada ULC	Canada	**100**	100
Tumi Charlotte Airport LLC	United States	**100**	100
Tumi D2C GmbH	Germany	**100**	100
Tumi Dulles Airport LLC	United States	**90**	—

Tumi Houston Airport LLC	United States	**70**	70
Tumi Inc.	United States	**100**	100
Tumi International LLC	United States	**100**	100
Tumi Ireland Limited	Ireland	**100**	100
Tumi Japan	Japan	**100**	100
Tumi Services GmbH	Germany	**100**	100
Tumi Stores, Inc.	United States	**100**	100
Tumi (UK) Limited	United Kingdom	**100**	100

Note
(1) This entity was collapsed into Samsonite S.A.S. during 2019.

The particulars of the investment in subsidiaries held directly by Samsonite International S.A. as of December 31, 2019 and December 31, 2018 are set out below:

	December 31,	
(Expressed in millions of US Dollars)	**2019**	2018
Unlisted shares, at cost	**866.7**	866.7

Trade and other payables due to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

The particulars of subsidiaries which principally affected the results, assets or liabilities of the Group are set out below:

Entity Name	Country /Territory	Date of Incorporation	Share Capital	Principal Activities	Note
Delilah Europe Investments S.à r.l.	Luxembourg	2009	USD21,804,401	Holding	**
Delilah US Investments S.à r.l.	Luxembourg	2009	USD113,132,382	Holding	**
Samsonite (China) Co., Ltd.	China	2006	USD16,500,000	Distribution	**, ***
Samsonite Asia Limited	Hong Kong	1996	HKD1,500,000	Distribution	**
Samsonite Chile S.A.	Chile	2007	CLP23,928,441,630	Distribution	**
Samsonite Company Stores, LLC	United States	1985	USD nil	Distribution	**
Samsonite Europe NV	Belgium	1966	EUR13,085,106	Production / Distribution	**
Samsonite Finco S.à r.l.	Luxembourg	2018	EUR12,000	Senior Notes Issuer	**
Samsonite Hungaria Borond KFT	Hungary	1989	HUF69,750,000	Production / Distribution	**
Samsonite IP Holdings S.à r.l.	Luxembourg	2009	USD114,115,900	Holding / Licensing	**
Samsonite Japan Co. Ltd.	Japan	2004	JPY80,000,000	Distribution	**
Samsonite Korea Limited	South Korea	1997	KRW1,060,000,000	Distribution	**
Samsonite Limited	United Kingdom	1986	GBP20,000	Distribution	**
Samsonite LLC	United States	1987	USD nil	Distribution	**
Samsonite Mexico, S.A. de C.V.	Mexico	1986	MXN771,464,025	Distribution	**
Samsonite S.A.S.	France	1965	EUR1,643,840	Distribution	**
Samsonite South Asia Private Limited	India	1995	INR354,912,330	Production / Distribution	**
Samsonite Sub Holdings S.à r.l.	Luxembourg	2011	USD55,417,991	Holding	*
Speculative Product Design, LLC	United States	1996	USD nil	Distribution	**
Tumi, Inc.	United States	1975	USD nil	Distribution	**
Tumi Stores, Inc.	United States	2001	USD nil	Distribution	**

Notes
* Directly held by the Company.
** Indirectly held by the Company.
*** A limited liability company and wholly-foreign owned enterprise established in the PRC.

23. Subsequent Events

The Group has evaluated events occurring subsequent to December 31, 2019, the reporting date, through March 18, 2020, the date this financial information was authorized for issuance by the Board.

On March 16, 2020, in connection with the 2020 Refinancing, the Company entered into the Amended Credit Agreement with certain lenders and financial institutions. For further discussion regarding the 2020 Refinancing, see note 12(a) Loans and Borrowings - Non-current Obligations. The Company has initiated a US$800 million drawdown on its Amended Revolving Credit Facility to ensure access, given current uncertainties and potential volatility in financial markets.

MANAGEMENT DISCUSSION AND ANALYSIS

Samsonite International S.A. (the "Company"), together with its consolidated subsidiaries (the "Group"), is the world's best-known and largest lifestyle bag and travel luggage company, with a heritage dating back 110 years. The Group is principally engaged in the design, manufacture, sourcing and distribution of luggage, business and computer 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*®, *Gregory*®, *High Sierra*®, *Kamiliant*®, *eBags*®, *Lipault*® and *Hartmann*® 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 audited consolidated 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.

Certain amounts 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 amounts in the tables and the amounts given in the corresponding analyses in the text of this document and between amounts in this document and other publicly available documents. All percentages and key figures were calculated using the underlying data in whole US Dollars.

Net Sales

Net sales decreased by US$158.2 million, or 4.2% (-1.8% constant currency), during the year ended December 31, 2019 compared to the year ended December 31, 2018. Unfavorable foreign currency conversion had a negative translation impact on reported net sales of approximately US$90.3 million for the year ended December 31, 2019 compared to the year ended December 31, 2018.

During the year ended December 31, 2019, the Group was impacted by headwinds in the United States, the Hong Kong domestic market, South Korea, and Chile, along with a planned reduction of sales through the business-to-business ("B2B") channel during the first half of 2019 in China. In North America, the incremental tariffs imposed by the U.S. on products sourced from China, as well as reduced Chinese tourist traffic in gateway markets in the U.S., negatively impacted the U.S. market. Weak demand for personal electronic devices resulted in decreased net sales of the *Speck* brand in the U.S. Net sales of third-party brands sold through the eBags e-commerce website decreased year-on-year as a result of the Group's strategic decision to reduce the sales of third-party brands to improve profitability. In China, strong sales growth was partially offset by a planned reduction in B2B sales during the first half of 2019. Challenging market conditions in the Hong Kong domestic market and South Korea negatively impacted the Group's performance. In Latin America, the Group's business in Chile was negatively impacted by a decrease in consumer traffic caused by social unrest and by Argentinian consumers buying more products in their home country as the Argentinian government eased restrictions on imports. Excluding these key markets, the Group's net sales increased by US$25.5 million, or 1.3% (+4.9% constant currency), for the year ended December 31, 2019 compared to the previous year. Despite these headwinds, all regions had positive constant currency net sales growth year-on-year, except North America.

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

	Year ended December 31,				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	**1,363.4**	**37.4%**	1,483.0	39.1%	(8.1)%	(8.0)%
Asia	**1,313.4**	**36.1%**	1,324.2	34.9%	(0.8)%	1.5 %
Europe	**792.2**	**21.8%**	809.9	21.3%	(2.2)%	3.2 %
Latin America	**166.7**	**4.6%**	176.4	4.6%	(5.5)%	2.8 %
Corporate	**3.1**	**0.1%**	3.5	0.1%	(12.3)%	(12.3)%
Net sales	**3,638.8**	**100.0%**	3,797.0	100.0%	(4.2)%	(1.8)%

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 previous year to current year local currency results.

Brands

The following table sets forth a breakdown of net sales by brand for the years ended December 31, 2019 and December 31, 2018, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,				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	**1,654.9**	**45.5%**	1,712.6	45.1%	(3.4)%	(0.5)%
Tumi	**767.0**	**21.1%**	762.1	20.1%	0.7 %	1.8 %
American Tourister	**654.9**	**18.0%**	667.8	17.6%	(1.9)%	1.0 %
Speck	**123.9**	**3.4%**	154.3	4.1%	(19.7)%	(19.7)%
Gregory	**69.8**	**1.9%**	58.0	1.5%	20.3 %	21.0 %
High Sierra	**63.2**	**1.7%**	73.7	1.9%	(14.3)%	(13.4)%
Other[1]	**305.1**	**8.4%**	368.5	9.7%	(17.2)%	(14.3)%
Net sales	**3,638.8**	**100.0%**	3,797.0	100.0%	(4.2)%	(1.8)%

Notes

(1) "Other" includes certain other brands owned by the Group, such as *Kamiliant*, *eBags*, *Xtrem*, *Lipault*, *Hartmann*, *Saxoline* 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 previous year to current year local currency results.

Net sales of the *Samsonite* brand during the year ended December 31, 2019 decreased by US$57.7 million, or 3.4% (-0.5% constant currency), compared to the previous year. Unfavorable foreign currency conversion had a negative translation impact on *Samsonite* brand net sales of approximately US$50.0 million for the year ended December 31, 2019 compared to the year ended December 31, 2018. Excluding the U.S., China B2B, the Hong Kong domestic market, South Korea and Chile, *Samsonite* brand net sales decreased by US$20.5 million, or 2.0%, but grew on a constant currency basis (+2.2% constant currency) compared to the previous year.

Net sales of the *Tumi* brand during the year ended December 31, 2019 increased by US$5.0 million, or 0.7% (+1.8% constant currency), compared to the previous year. Net sales of the *Tumi* brand increased by 7.6% (+8.7% constant currency), in Asia and by 9.0% (+15.0% constant currency), in Europe. In North America, *Tumi* brand net sales decreased by 5.0% (-4.9% constant currency), due to reduced Chinese tourist traffic in gateway markets in the U.S. Net sales of the *Tumi* brand in Latin America increased by 40.3% (+42.4% constant currency), as the Group continues to further penetrate Latin American markets.

Net sales of the *American Tourister* brand decreased by US$12.9 million, or 1.9%, but grew on a constant currency basis (+1.0% constant currency) for the year ended December 31, 2019 compared to the year ended December 31, 2018. The year-on-year comparison is affected because the *American Tourister* brand had a very strong 2018 with constant currency net sales growth of 16.5% over the prior year driven by a major global marketing campaign for the brand. Excluding the U.S., China B2B, the Hong Kong domestic market, South Korea and Chile, *American Tourister* brand net sales increased by US$17.4 million, or 3.7% (+7.2% constant currency), compared to the previous year.

Net sales of the *Speck* brand decreased by US$30.4 million, or 19.7% (-19.7% constant currency), for the year ended December 31, 2019 compared to the previous year due to weak demand for new personal electronic devices. Net sales of the *Gregory* brand increased by US$11.8 million, or 20.3% (+21.0% constant currency), compared to the previous year driven primarily by a US$7.4 million, or 30.9% (+29.3% constant currency), increase in Japan. Net sales of the *High Sierra* brand decreased by US$10.5 million, or 14.3% (-13.4% constant currency), year-on-year due to a repositioning of the brand and challenges resulting from the impact of increased tariffs in the U.S.

The decrease in net sales of other brands during the year ended December 31, 2019 was primarily due to decreased sales of third-party brands through the eBags e-commerce website, as well as the *Kamiliant*, *Lipault*, *Saxoline* and *Secret* brands. During the year ended December 31, 2019, net sales of third-party brands sold through the eBags e-commerce website decreased by US$30.7 million, or 32.1% (-32.1% constant currency), year-on-year, as a result of the Group's strategic decision to reduce the sales of third-party brands to improve profitability. During the year ended December 31, 2019, net sales of the *Kamiliant* brand, a value-conscious, entry-level brand, decreased by US$6.4 million, or 12.0% (-9.6% constant currency), compared to the previous year caused by the challenging market conditions and weak consumer sentiment in South Korea, as well as lower sales of the brand in China. During the year ended December 31, 2019, net sales of the *Saxoline* brand decreased by US$4.3 million, or 20.6% (-12.7% constant currency), compared to the previous year due to the same factors noted previously with respect to Chile.

Product Categories

The Group sells products in two principal product categories: travel and non-travel. The following table sets forth a breakdown of net sales by product category for the years ended December 31, 2019 and December 31, 2018, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,					
	2019		2018		2019 vs 2018	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[2]
Net sales by product category:						
Travel	**2,162.3**	**59.4%**	2,263.7	59.6%	(4.5)%	(2.0)%
Non-travel[1]	**1,476.5**	**40.6%**	1,533.3	40.4%	(3.7)%	(1.4)%
Net sales	**3,638.8**	**100.0%**	3,797.0	100.0%	(4.2)%	(1.8)%

Notes
(1) The non-travel category includes 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 previous year to current year local currency results.

Net sales in the travel product category during the year ended December 31, 2019 decreased by US$101.4 million, or 4.5% (-2.0% constant currency), compared to the year ended December 31, 2018. Unfavorable foreign currency conversion had a negative translation impact on travel product category net sales of approximately US$55.1 million for the year ended December 31, 2019 compared to the year ended December 31, 2018. Total non-travel category net sales, which includes business, casual, accessories and other products, decreased by US$56.8 million, or 3.7% (-1.4% constant currency), for the year ended December 31, 2019 compared to the year ended December 31, 2018. Unfavorable foreign currency conversion had a negative translation impact on non-travel product category net sales of approximately US$35.2 million for the year ended December 31, 2019 compared to the year ended December 31, 2018. Excluding the U.S., China B2B, the Hong Kong domestic market, South Korea and Chile, net sales in the travel category decreased by US$10.1 million, or 0.8%, but grew on a constant currency basis (+2.9% constant currency), and net sales in the non-travel category increased by US$35.6 million, or 5.2% (+8.6% constant currency), for the year ended December 31, 2019 compared to the previous year. Net sales of business products increased by US$1.1 million, or 0.2% (+2.2% constant currency), for the year ended December 31, 2019 compared to the previous year. Net sales of casual products during the year ended December 31, 2019 decreased by US$18.4 million, or 4.5% (-1.6% constant currency), compared to the previous year. Net sales of accessories products during the year ended December 31, 2019 decreased by US$36.3 million, or 9.5% (-7.6% constant currency), year-on-year primarily due to lower sales of the *Speck* brand.

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 years ended December 31, 2019 and December 31, 2018, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,					
	2019		2018		2019 vs 2018	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[3]
Net sales by distribution channel:						
Wholesale	**2,290.4**	**62.9%**	2,432.0	64.0%	(5.8)%	(3.4)%
DTC[1]	**1,345.4**	**37.0%**	1,361.5	35.9%	(1.2)%	1.1 %
Other[2]	**3.1**	**0.1%**	3.5	0.1%	(12.3)%	(12.3)%
Net sales	**3,638.8**	**100.0%**	3,797.0	100.0%	(4.2)%	(1.8)%

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 previous year to current year local currency results.

Net sales in the wholesale channel decreased by US$141.6 million, or 5.8% (-3.4% constant currency), during the year ended December 31, 2019 compared to the year ended December 31, 2018. Unfavorable foreign currency conversion had a negative translation impact on wholesale channel net sales of approximately US$59.2 million for the year ended December 31, 2019 compared to the year ended December 31, 2018. The decrease in wholesale channel net sales was primarily due to decreases in North America, as the trade tensions between the U.S. and China continued to impact the Group's business in that region; in China due to a planned reduction in B2B sales during the first half of 2019; and in both the Hong Kong domestic market and South Korea as a result of continued challenging market conditions. Excluding these markets, wholesale net sales decreased by US$15.0 million, or 1.1%, but grew on a constant currency basis (+2.5% constant currency) compared to the previous year.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, decreased by US$16.1 million, or 1.2%, but grew on a constant currency basis (+1.1% constant currency) to US$1,345.4 million (representing 37.0% of net sales) for the year ended December 31, 2019 from US$1,361.5 million (representing 35.9% of net sales) for the year ended December 31, 2018. The decrease in DTC channel net sales during the year ended December 31, 2019 was attributable to a decrease in bricks-and-mortar retail sales in the U.S. caused by reduced Chinese tourist traffic in gateway markets and a planned decrease in net sales of third-party brands through the eBags e-commerce website in order to improve profitability, partially offset by growth in net sales through DTC e-commerce channels in the other regions. Excluding the contribution from the eBags e-commerce website, total DTC net sales increased by US$16.2 million, or 1.3% (+3.9% constant currency), driven by 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.

Net sales in the DTC retail channel decreased by US$14.0 million, or 1.4%, but grew on a constant currency basis (+1.1% constant currency) during the year ended December 31, 2019 compared to the previous year due to unfavorable foreign currency translation effects. The Group continued to exercise moderation in opening new company-operated retail stores in 2019. During the year ended December 31, 2019, 43 net new stores were opened compared to 84 net new stores opened during 2018 and 127 opened during 2017 (including 30 Tumi retail stores that were acquired from former third-party distributors in Asia). The total number of company-operated retail stores was 1,294 as of December 31, 2019, compared to 1,251 company-operated retail stores as of December 31, 2018. On a same store, constant currency basis, retail net sales decreased by 2.9% for the year ended December 31, 2019 compared to the year ended December 31, 2018. This decrease was due to constant currency same store net sales decreases of 5.9% and 2.6% in North America and Asia, respectively, partly offset by constant currency same store net sales increases of 1.2% and 0.1% in Latin America and Europe, respectively. The constant currency same store net sales decrease of 5.9% in North America was due to reduced Chinese tourist traffic in gateway markets in the U.S. The 2.6% decrease in Asia was due to the political unrest in Hong Kong and the challenging market conditions in South Korea. The Group’s same store analysis includes existing company-operated retail stores that have been open for at least 12 months before the end of the relevant financial period.

Excluding the contribution from the eBags e-commerce website, total DTC e-commerce net sales increased by US$30.2 million, or 13.5% (+16.2% constant currency). Total DTC e-commerce net sales decreased by US$2.1 million, or 0.6%, but grew on a constant currency basis (+1.0% constant currency) to US$376.6 million (representing 10.4% of net sales) for the year ended December 31, 2019 from US$378.8 million (representing 10.0% of net sales) for the year ended December 31, 2018.

During the year ended December 31, 2019, US$596.9 million, or 16.4%, of the Group’s net sales were through e-commerce channels (comprising US$376.6 million of net sales from the Group’s DTC e-commerce website, which are included within the DTC channel, and US$220.3 million of net sales to e-retailers, which are included within the wholesale channel). This represented a year-on-year increase of US$16.1 million, or 2.8% (+4.7% constant currency), compared to the year ended December 31, 2018, when e-commerce comprised US$580.8 million, or 15.3%, of the Group’s net sales. Excluding the contribution from eBags, the Group's net sales through e-commerce channels increased by US$48.4 million, or 11.4% (+14.0% constant currency), year-on-year.

Regions

North America

The Group's net sales in North America decreased by US$119.6 million, or 8.1% (-8.0% constant currency), for the year ended December 31, 2019 compared to the year ended December 31, 2018. Uncertainty about the timing and outcome of trade negotiations between the U.S. and China, the incremental tariffs imposed by the U.S. on products sourced from China and reduced Chinese tourist traffic in gateway markets in the U.S. impacted the U.S. market. The U.S. market was also impacted by the Group's strategic decision to reduce the sales of third-party brands on its eBags e-commerce website to improve profitability. Excluding eBags, net sales in North America decreased by US$87.3 million, or 6.6% (-6.5% constant currency), for the year ended December 31, 2019 compared to the previous year. Net sales of the *Speck* brand decreased by US$30.4 million, or 19.7% (-19.7% constant currency), for the year ended December 31, 2019 compared to the previous year reflecting weak demand for new personal electronic devices. Excluding eBags and the *Speck* brand, net sales in North America decreased by US$56.9 million, or 4.8% (-4.7% constant currency), for the year ended December 31, 2019 compared to the previous year largely due to the impact of trade tensions with China.

Brands

For the year ended December 31, 2019, net sales of the *Samsonite* brand in North America decreased by US$25.6 million, or 4.6% (-4.4% constant currency), compared to the previous year. The decrease was caused by uncertainty about the timing and outcome of trade negotiations between the U.S. and China, which resulted in greater caution among U.S. retailers, leading them to more closely manage inventory levels and to shift the timing of wholesale orders. Lower retail sales in gateway markets in the U.S. caused primarily by reduced Chinese tourist traffic also contributed to the decrease. Net sales of the *Tumi* brand during the year ended December 31, 2019 decreased by US$21.8 million, or 5.0% (-4.9% constant currency), reflecting reduced Chinese tourist traffic in gateway cities.

Net sales of the *American Tourister* brand during the year ended December 31, 2019 increased by US$0.4 million, or 0.3% (+0.5% constant currency), compared to the year ended December 31, 2018. The year-on-year comparison was affected because sales of the *American Tourister* brand for 2018 were particularly strong with constant currency net sales growth of 16.1% over the prior year. Net sales of the *Speck* brand for the year ended December 31, 2019 decreased by US$30.4 million, or 19.7% (-19.7% constant currency), compared to the previous year as a result of weak demand for new personal electronic devices. Net sales of the *High Sierra* brand for the year ended December 31, 2019 decreased by US$7.4 million, or 13.3% (-13.2% constant currency), compared to the previous year due to a repositioning of the brand and challenges resulting from the impact of increased tariffs in the U.S. Net sales of other brands for the year ended December 31, 2019 decreased by US$36.6 million, or 23.2% (-23.1% constant currency), compared to the previous year due to the Group's strategic decision to reduce the sales of third-party brands on its eBags e-commerce website to improve profitability.

Product Categories

Net sales in the travel product category in North America decreased by US$53.2 million, or 6.3% (-6.2% constant currency), for the year ended December 31, 2019 compared to the year ended December 31, 2018. Total non-travel category net sales in North America decreased by US$66.5 million, or 10.3% (-10.3% constant currency), to US$578.3 million for the year ended December 31, 2019 from US$644.8 million for the year ended December 31, 2018 impacted by lower sales on the Group's eBags e-commerce website. Net sales of business products during the year ended December 31, 2019 decreased by US$11.5 million, or 4.4% (-4.3% constant currency), compared to the previous year. Net sales of casual products decreased by US$22.0 million, or 15.0% (-15.0% constant currency), year-on-year. Net sales of accessories products decreased by US$33.5 million, or 14.4% (-14.4% 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$80.8 million, or 9.8% (-9.7% constant currency), for the year ended December 31, 2019 compared to the year ended December 31, 2018, as uncertainty about the timing and outcome of trade negotiations between the U.S. and China 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$38.8 million, or 5.9% (-5.8% constant currency), year-on-year to US$621.9 million. The decrease in DTC channel net sales during the year ended December 31, 2019 was primarily due to the Group's strategic decision to reduce the sales of third-party brands on its eBags e-commerce website to improve profitability. Excluding the contribution from eBags, total DTC net sales decreased by US$6.5 million, or 1.3% (-1.2% constant currency), due to reduced Chinese tourist traffic in gateway cities in the U.S.

Total DTC e-commerce net sales decreased by US$19.7 million, or 7.8% (-7.8% constant currency), to US$232.3 million during the year ended December 31, 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$12.6 million, or 13.0% (+13.1% constant currency).

Net sales in the DTC retail channel decreased by US$19.1 million, or 4.7% (-4.5% constant currency), during the year ended December 31, 2019 compared to the previous year due to reduced Chinese tourist traffic in gateway markets in the U.S. Thirteen net new stores were opened during 2019. The total number of company-operated retail stores in North America was 348 as of December 31, 2019, compared to 335 company-operated retail stores as of December 31, 2018. On a same store, constant currency basis, retail net sales in North America decreased by 5.9% for the year ended December 31, 2019 compared to the year ended December 31, 2018. The Group’s same store analysis includes existing company-operated retail stores that 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 years ended December 31, 2019 and December 31, 2018, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,					
	2019		2018		2019 vs 2018	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(2)
Net sales by geographic location(1):						
United States	**1,299.6**	**95.3%**	1,412.6	95.3%	(8.0)%	(8.0)%
Canada	**63.7**	**4.7%**	70.4	4.7%	(9.4)%	(7.4)%
Net sales	**1,363.4**	**100.0%**	1,483.0	100.0%	(8.1)%	(8.0)%

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 previous year to current year local currency results.

For the year ended December 31, 2019, net sales in the United States decreased by US$113.0 million, or 8.0%, year-on-year due to the factors noted above. Net sales in Canada decreased by US$6.6 million, or 9.4% (-7.4% constant currency), year-on-year due to the non-recurrence of certain B2B sales that were made during 2018 and other decreases.

Asia

The Group's net sales in Asia decreased by US$10.8 million, or 0.8%, but grew on a constant currency basis (+1.5% constant currency) for the year ended December 31, 2019 compared to the year ended December 31, 2018. Unfavorable foreign currency conversion had a negative translation impact on reported net sales of approximately US$30.4 million for the year ended December 31, 2019 compared to the previous year. The Group's business in Asia was impacted by a planned reduction in B2B sales during the first half of 2019 in China, the challenging market conditions caused by political unrest in the Hong Kong domestic market and weak consumer sentiment in South Korea.

Excluding B2B net sales in China and net sales in the Hong Kong domestic market and South Korea, the Group's net sales for the Asia region increased by US$47.7 million, or 5.0% (+6.8% constant currency), year-on-year.

Brands

For the year ended December 31, 2019, net sales of the *Samsonite* brand in Asia decreased by US$6.1 million, or 1.1%, but grew on a constant currency basis (+1.6% constant currency) compared to the previous year due primarily to decreased sales of the brand in China B2B, the Hong Kong domestic market and South Korea. Excluding China B2B, the Hong Kong domestic market and South Korea, *Samsonite* brand net sales during the year ended December 31, 2019 increased by US$9.7 million, or 2.5% (+4.7% constant currency), compared to the previous year. Net sales of the *Tumi* brand during the year ended December 31, 2019 increased by US$17.3 million, or 7.6% (+8.7% constant currency), year-on-year due to the continued successful penetration of the brand throughout key markets in Asia, including an 18.4% constant currency increase in DTC channel net sales year-on-year driven by the addition of 10 net new company-operated stores in 2019. Excluding China B2B, the Hong Kong domestic market and South Korea, *Tumi* brand net sales during the year ended December 31, 2019 increased by US$24.0 million, or 14.6% (+14.9% constant currency), compared to the previous year. Net sales of the *American Tourister* brand during the year ended December 31, 2019 decreased by US$12.2 million, or 3.0% (-0.4% constant currency), compared to the year ended December 31, 2018 due to decreased sales of the brand in China B2B, the Hong Kong domestic market and South Korea. Excluding China B2B, the Hong Kong domestic market and South Korea, *American Tourister* brand net sales during the year ended December 31, 2019 increased by US$19.5 million, or 6.4% (+8.9% constant currency), compared to the previous year. Net sales of the *Kamiliant* brand decreased by US$6.5 million, or 12.3% (-10.0% constant currency), year-on-year, primarily caused by challenging market conditions and weak consumer sentiment in South Korea, as well as lower sales of the brand in China. Net sales of the *Gregory* brand increased by US$8.2 million, or 24.2% (+24.2% 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$23.8 million, or 3.0% (-0.6% constant currency), for the year ended December 31, 2019 compared to the previous year due to decreased sales in China, Hong Kong and South Korea. Total non-travel category net sales in Asia increased by US$13.0 million, or 2.5% (+4.7% constant currency), to US$538.8 million for the year ended December 31, 2019 from US$525.7 million for the year ended December 31, 2018. Net sales of business products increased by US$11.4 million, or 4.0% (+5.9% constant currency), year-on-year driven by the *Tumi* brand. Net sales of casual products increased by US$5.0 million, or 2.9% (+5.6% constant currency), year-on-year primarily as a result of increased sales in Japan and India. Net sales of accessories products decreased by US$0.4 million, or 0.7%, but grew on a constant currency basis (+1.5% constant currency) year-on-year.

Distribution Channels

Net sales in the wholesale channel in Asia decreased by US$30.5 million, or 3.0% (-0.5% constant currency), for the year ended December 31, 2019 compared to the previous year, primarily due to a planned reduction in B2B sales during the first half of 2019 in China, the challenging market conditions in the Hong Kong domestic market and weak consumer sentiment in South Korea. Excluding B2B net sales in China and net sales in the Hong Kong domestic market and South Korea, the Group's wholesale net sales for the Asia region increased by US$22.2 million, or 2.9% (+5.0% constant currency), compared to the previous year.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, increased by US$19.7 million, or 6.6% (+8.2% constant currency), year-on-year. The increase in DTC net sales during the year ended December 31, 2019 was due to increases in both DTC e-commerce and retail store net sales. Total DTC e-commerce net sales increased by US$12.4 million, or 15.0% (+18.5% constant currency), to US$94.7 million for the year ended December 31, 2019 from US$82.4 million for the year ended December 31, 2018.

Net sales in the DTC retail channel during the year ended December 31, 2019 increased by US$7.4 million, or 3.4% (+4.3% constant currency), compared to the previous year. The Group added 11 net new company-operated retail stores in Asia during 2019. The total number of company-operated retail stores in Asia was 408 as of December 31, 2019, compared to 397 company-operated retail stores as of December 31, 2018. On a same store, constant currency basis, retail net sales in Asia decreased by 2.6% primarily due to decreased same store net sales in the Hong Kong domestic market and South Korea. Excluding the Hong Kong domestic market and South Korea, same store, constant currency net sales in Asia increased by 1.8%. The Group’s same store analysis includes existing company-operated retail stores that 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 years ended December 31, 2019 and December 31, 2018, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,					
	2019		2018		2019 vs 2018	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[3]
Net sales by geographic location[1]:						
China	**306.1**	**23.3%**	302.4	22.8%	1.2 %	5.5 %
Japan	**217.2**	**16.5%**	203.8	15.4%	6.6 %	5.2 %
South Korea	**184.3**	**14.0%**	218.4	16.5%	(15.6)%	(10.6)%
India	**174.1**	**13.3%**	162.4	12.3%	7.2 %	10.4 %
Hong Kong[2]	**152.2**	**11.6%**	169.7	12.8%	(10.3)%	(10.3)%
Australia	**67.4**	**5.1%**	73.0	5.5%	(7.6)%	(0.9)%
Other	**212.1**	**16.2%**	194.5	14.7%	9.1 %	8.8 %
Net sales	**1,313.4**	**100.0%**	1,324.2	100.0%	(0.8)%	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) Net sales reported for Hong Kong include net sales made domestically, net sales made in Macau as well as net sales to distributors in certain other Asian markets where the Group does not have a direct presence.

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

Net sales in China increased by US$3.7 million, or 1.2% (+5.5% constant currency), for the year ended December 31, 2019 compared to the previous year notwithstanding a planned reduction in B2B sales during the first half of 2019 of US$9.6 million. Excluding B2B sales for both periods, net sales in China increased by US$13.3 million, or 5.6% (+10.1% constant currency), driven by the *Tumi* and *Samsonite* brands. Net sales in South Korea decreased by US$34.1 million, or 15.6% (-10.6% constant currency), year-on-year due to challenging market conditions in that country. Japan's net sales increased by US$13.4 million, or 6.6% (+5.2% constant currency), year-on-year driven by sales of the *Tumi*, *Gregory*, *Samsonite* and *American Tourister* brands. Net sales in India increased by US$11.8 million, or 7.2% (+10.4% constant currency), for the year ended December 31, 2019 compared to the previous year driven by increased sales of the *American Tourister* brand. Challenging market conditions in the Hong Kong domestic market caused total net sales reported for Hong Kong (which comprises net sales made in the domestic Hong Kong market, Macau and to distributors in certain other Asian markets) to decrease by US$17.5 million, or 10.3% (-10.3% constant currency), year-on-year.

Europe

Net sales in Europe decreased by US$17.7 million, or 2.2%, but grew on a constant currency basis (+3.2% constant currency) for the year ended December 31, 2019 compared to the year ended December 31, 2018. Unfavorable foreign currency conversion had a negative translation impact on reported net sales of approximately US$43.9 million for the year ended December 31, 2019 compared to the previous year.

Brands

For the year ended December 31, 2019, net sales of the *Samsonite* brand in Europe decreased by US$23.7 million, or 4.5%, but grew on a constant currency basis (+0.8% constant currency) compared to the previous year. Net sales of the *Tumi* brand during the year ended December 31, 2019 increased by US$8.6 million, or 9.0% (+15.0% constant currency), year-on-year due to the continued successful expansion within the region, including a 16.2% constant currency increase in DTC channel net sales year-on-year driven by the addition of 7 net new company-operated stores in 2019. Net sales of the *American Tourister* brand during the year ended December 31, 2019 decreased by US$1.5 million, or 1.1%, but grew on a constant currency basis (+4.3% constant currency) compared to the year ended December 31, 2018. The year-on-year comparison was affected because sales of the *American Tourister* brand in 2018 were particularly strong with constant currency net sales growth of 39.2% over the prior year.

Product Categories

Net sales in the travel product category in Europe decreased by US$20.5 million, or 3.8%, but grew on a constant currency basis (+1.5% constant currency) for the year ended December 31, 2019 compared to the year ended December 31, 2018. The constant currency increase was driven by increased sales of the *Tumi* and *American Tourister* brands. Total non-travel category net sales in Europe increased by US$2.9 million, or 1.1% (+6.8% constant currency), year-on-year to US$265.7 million for the year ended December 31, 2019 from US$262.9 million for the previous year. Net sales of business products increased by US$1.5 million, or 1.2% (+7.0% constant currency), year-on-year driven by increased sales of the *Tumi* brand. Net sales of casual products increased by US$3.5 million, or 10.0% (+16.2% constant currency), year-on-year. Net sales of accessories products decreased by US$5.9 million, or 7.4% (-2.3% constant currency), year-on-year.

Distribution Channels

Net sales in the wholesale channel in Europe decreased by US$20.8 million, or 4.3%, but grew on a constant currency basis (+1.0% constant currency) during the year ended December 31, 2019 compared to the year ended December 31, 2018 reflecting the negative impacts from foreign currency translation.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, increased by US$3.1 million, or 1.0% (+6.5% constant currency), year-on-year. The constant currency increase in DTC net sales during the year ended December 31, 2019 was driven by growth in both DTC e-commerce and retail stores. Total DTC e-commerce net sales increased by US$4.3 million, or 10.2% (+15.5% constant currency), to US$46.5 million for the year ended December 31, 2019 from US$42.2 million for the year ended December 31, 2018.

Net sales in the DTC retail channel during the year ended December 31, 2019 decreased by US$1.1 million, or 0.4%, but grew on a constant currency basis (+5.2% constant currency) compared to the year ended December 31, 2018. The Group added 12 net new company-operated retail stores in Europe during 2019 compared to 40 net new company-operated retail stores during 2018. The total number of company-operated retail stores in Europe was 312 as of December 31, 2019, compared to 300 company-operated retail stores as of December 31, 2018. On a same store, constant currency basis, retail net sales increased by 0.1%. The Group's same store analysis includes existing company-operated retail stores that 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 years ended December 31, 2019 and December 31, 2018, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,				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[4]
Net sales by geographic location[1]:						
Belgium[2]	**143.9**	**18.2%**	133.8	16.5%	7.6 %	13.1 %
Germany	**119.6**	**15.1%**	117.4	14.5%	1.9 %	7.3 %
Italy	**82.0**	**10.3%**	88.3	10.9%	(7.1)%	(2.1)%
France	**77.8**	**9.8%**	79.1	9.8%	(1.7)%	3.5 %
United Kingdom[3]	**76.7**	**9.7%**	83.7	10.3%	(8.4)%	(4.4)%
Russia	**60.6**	**7.7%**	52.7	6.5%	15.0 %	18.8 %
Spain	**58.1**	**7.3%**	61.8	7.6%	(6.0)%	(0.8)%
Other	**173.6**	**21.9%**	193.1	23.8%	(10.1)%	(3.4)%
Net sales	**792.2**	**100.0%**	809.9	100.0%	(2.2)%	3.2 %

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$22.1 million and US$22.9 million for the years ended December 31, 2019 and December 31, 2018, respectively, a decrease of US$0.7 million, or 3.2%, but an increase on a constant currency basis (+1.9% constant currency). 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 previous year to current year local currency results.

Constant currency net sales growth during the year ended December 31, 2019 compared to the previous year was driven by constant currency net sales increases in Russia (+18.8%), Germany (+7.3%) and France (+3.5%). The Group continued to experience year-on-year constant currency net sales growth in the emerging market of Turkey (+23.5%). Net sales in Italy decreased by US$6.3 million, or 7.1% (-2.1% constant currency), due to challenging market conditions and negative consumer sentiment in that country. In the U.K., the net sales decrease of US$7.1 million, or 8.4% (-4.4% constant currency), was primarily due to the loss of a wholesale customer that filed for bankruptcy.

Latin America

The Group's net sales in Latin America decreased by US$9.7 million, or 5.5%, but grew on a constant currency basis (+2.8% constant currency) for the year ended December 31, 2019 compared to the year ended December 31, 2018. Unfavorable foreign currency conversion had a negative translation impact on reported net sales of approximately US$14.6 million for the year ended December 31, 2019 compared to the previous year. Latin American performance was negatively impacted by a decrease in consumer traffic in Chile caused by social unrest and by Argentinian consumers buying more products in their home country as the Argentinian government eased restrictions on imports. Chile's net sales decreased by US$12.2 million, or 17.5% (-8.9% constant currency). Excluding Chile, net sales in Latin America increased by US$2.5 million, or 2.3% (+10.3% constant currency), for the year ended December 31, 2019 compared to the year ended December 31, 2018.

Brands

For the year ended December 31, 2019, net sales of the *Samsonite* brand in Latin America decreased by US$2.3 million, or 3.2%, but grew on a constant currency basis (+5.7% constant currency) compared to the previous year. Net sales of the *American Tourister* brand during the year ended December 31, 2019 increased by US$0.5 million, or 2.0% (+8.5% constant currency), compared to the year ended December 31, 2018. The year-on-year comparison was affected because sales of the *American Tourister* brand for the year ended December 31, 2018 were particularly strong with constant currency net sales growth of 51.1% over the prior year. For the year ended December 31, 2019, net sales of the *Tumi* brand in Latin America increased by US$1.4 million, or 40.3% (+42.4% constant currency), compared to the previous year. Net sales of the *Xtrem* brand decreased by US$1.3 million, or 3.8%, but grew on a constant currency basis (+5.9% constant currency) compared to the previous year. The constant currency net sales increase in *Xtrem* brand net sales was primarily due to increased net sales in Mexico and Peru, partially offset by decreased net sales in Chile. Net sales of the *Saxoline* brand and the *Secret* brand decreased by 20.6% (-12.7% constant currency), and 20.2% (-12.0% constant currency), respectively, year-on-year due to the same factors noted previously with respect to Chile.

Product Categories

During the year ended December 31, 2019, net sales in the travel product category in Latin America decreased by US$3.9 million, or 4.9%, but grew on a constant currency basis (+3.1% constant currency) compared to the previous year. Total non-travel category net sales in Latin America decreased by US$5.8 million, or 6.0%, but grew on a constant currency basis (+2.5% constant currency). Total non-travel category net sales decreased to US$90.6 million for the year ended December 31, 2019 from US$96.4 million for the year ended December 31, 2018. Net sales of business products decreased by US$0.3 million, or 1.7%, but grew on a constant currency basis (+5.1% constant currency) compared to the previous year. Net sales of casual products decreased by US$5.0 million, or 9.2% (+0.0% constant currency), year-on-year. Net sales of accessories products increased by US$3.4 million, or 17.3%, (+26.3% constant currency), year-on-year.

Distribution Channels

Net sales in the wholesale channel in Latin America decreased by US$9.5 million, or 9.4% (-2.4% constant currency), for the year ended December 31, 2019 compared to the year ended December 31, 2018, primarily due to decreased net sales in Chile arising from lower back-to-school sales caused by Argentinian consumers buying more products in their home country as the Argentinian government eased restrictions on imports and from decreased consumer traffic caused by social unrest.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, decreased by US$0.2 million, or 0.3%, but grew on a constant currency basis (+9.6% constant currency) year-on-year. The constant currency increase in DTC net sales for the year ended December 31, 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$0.9 million, or 41.6% (+76.0% constant currency), to US$3.2 million for the year ended December 31, 2019 from US$2.3 million for the year ended December 31, 2018.

Net sales in the DTC retail channel during the year ended December 31, 2019 decreased by US$1.2 million, or 1.6%, but grew on a constant currency basis (+7.5% constant currency) compared to the year ended December 31, 2018. The Group added 7 net new company-operated retail stores in Latin America during 2019 compared to 21 net new company-operated retail stores during 2018. The total number of company-operated retail stores in Latin America was

226 as of December 31, 2019 compared to 219 company-operated retail stores as of December 31, 2018. On a same store, constant currency basis, retail net sales increased by 1.2% due to same store, constant currency net sales growth in Mexico and Colombia, partially offset by a decline in Chile. Excluding Chile, same store, constant currency net sales in Latin America increased by 7.4%. The Group's same store analysis includes existing company-operated retail stores that 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 Latin America by geographic location for the years ended December 31, 2019 and December 31, 2018, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,					
	2019		2018		2019 vs 2018	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[4]
Net sales by geographic location[1]:						
Chile	**57.4**	**34.4%**	69.6	39.4%	(17.5)%	(8.9)%
Mexico	**56.3**	**33.8%**	51.7	29.3%	8.8 %	9.3 %
Brazil[2]	**19.5**	**11.7%**	20.4	11.6%	(4.8)%	2.8 %
Other[3]	**33.6**	**20.1%**	34.7	19.7%	(3.1)%	16.3 %
Net sales	**166.7**	**100.0%**	176.4	100.0%	(5.5)%	2.8 %

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 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 previous year to current year local currency results.

Net sales in Chile decreased by US$12.2 million, or 17.5% (-8.9% constant currency), during the year ended December 31, 2019 compared to the previous year due to the same factors noted previously. Net sales in Mexico increased by US$4.5 million, or 8.8% (+9.3% 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 net sales of the *Samsonite* and *Xtrem* brands. Net sales in Brazil decreased by US$1.0 million, or 4.8%; on a constant currency basis, net sales improved by +2.8% year-on-year, due to improvements in the retail channel. Net sales in Argentina, which is included in Other in the table above, increased by US$2.0 million, or 35.5% (+137.5% constant currency), for the year ended December 31, 2019 compared to 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$2.5 million, or 2.3% (+10.3% constant currency).

Cost of Sales and Gross Profit

Cost of sales decreased by US$30.4 million, or 1.8%, to US$1,622.0 million (representing 44.6% of net sales) for the year ended December 31, 2019 from US$1,652.4 million (representing 43.5% of net sales) for the year ended December 31, 2018 due to the decrease in net sales.

Gross profit decreased by US$127.8 million, or 6.0%, to US$2,016.8 million for the year ended December 31, 2019 from US$2,144.6 million for the year ended December 31, 2018 due to lower sales and lower gross profit margin. Gross profit margin decreased to 55.4% for the year ended December 31, 2019 from 56.5% for the previous year. The decrease in the gross profit margin was largely due to the incremental tariffs imposed by the U.S. on products sourced from China.

Distribution Expenses

Distribution expenses decreased by US$8.6 million, or 0.7%, to US$1,203.2 million (representing 33.1% of net sales) for the year ended December 31, 2019 from US$1,211.7 million (representing 31.9% of net sales) for the year ended December 31, 2018. Distribution expenses as a percentage of net sales increased primarily due to the effect of investments in the DTC distribution channel, particularly in connection with bricks-and-mortar retail stores that were opened in 2017 and 2018 along with the year-on-year decrease in net sales. The Group began slowing the pace of new store openings in the second half of 2018. In 2017, the Group added 127 net new company-operated retail stores, including 30 Tumi retail stores that were acquired from former third-party distributors in Asia. In 2018, the Group added 84 net new company-operated retail stores. For the year ended December 31, 2019, the Group added 43 net new company-operated retail stores.

Marketing Expenses

The Group spent US$189.5 million on marketing during the year ended December 31, 2019 compared to US$221.3 million for the year ended December 31, 2018, a decrease of US$31.7 million, or 14.3%. As a percentage of net sales, marketing expenses decreased by 60 basis points to 5.2% during the year ended December 31, 2019 compared to 5.8% during the previous year. The Group temporarily reduced advertising spend during 2019 to help offset the pressure on its profitability caused by headwinds in certain markets. This reduction was executed in a targeted manner to ensure continued support for the Group's growth initiatives, including the *Tumi* brand's further international expansion, the Group's DTC e-commerce growth strategy and planned new product introductions.

General and Administrative Expenses

General and administrative expenses decreased by US$3.5 million, or 1.5%, to US$229.6 million (representing 6.3% of net sales) for the year ended December 31, 2019 from US$233.0 million (representing 6.1% of net sales) for the year ended December 31, 2018. The decrease was largely driven by a reduction in legal and professional advisory fees, as well as lower depreciation expense. General and administrative expenses as a percentage of net sales increased by 20 basis points due to the decrease in net sales year-on-year.

Impairment Charges

In accordance with IAS 36, *Impairment of Assets*, the Group is required to evaluate its intangible assets with infinite lives at least annually or when an event has occurred or circumstances change that would more likely than not reduce the recoverable amount of a cash generating unit below its carrying value. The Group is also required to perform a review for impairment indicators at least quarterly on its tangible and intangible assets with finite useful lives. If there is any indication that an asset may be impaired, the Group shall estimate the recoverable amount of the asset.

During the year ended December 31, 2019, the Group recognized a non-cash impairment charge of US$86.4 million, comprised of US$48.0 million for assets attributable to the eBags business, US$27.5 million for lease right-of-use assets and US$10.9 million for property, plant and equipment attributable to certain retail locations, (together the "Impairment Charges").

During the year ended December 31, 2019, the Group made a strategic decision to reduce the sales of third-party brands on the eBags e-commerce website to improve profitability. It was further decided to accelerate this shift to focus on *Samsonite* and the Group's other owned brands, including *eBags* branded luggage and bags. Reducing the number of third-party brands sold on the eBags e-commerce website will help the Group improve the cost structure of the eBags business while continuing to leverage the deep customer relationships that eBags has been cultivating since its founding.

As a result of the reduction in net sales of third-party brands through the eBags e-commerce website, it was determined that the carrying amount of its *eBags* tradename and certain other assets were higher than their respective recoverable amounts. The Group recognized an impairment charge in the amount of US$48.0 million. The non-cash impairment charge for the year ended December 31, 2019 was recorded in the Group's consolidated income statements in the line item "Impairment Charges".

Based on an evaluation of loss-making stores during the year ended December 31, 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 leasehold improvements exceeded their respective recoverable amounts. The Group recognized a non-cash impairment charge totaling US$27.5 million related to lease right-of-use assets associated with such stores that were recognized with the adoption of IFRS 16 and a US$10.9 million impairment for property, plant and equipment of such stores. The impairment losses for the year ended December 31, 2019 were recorded in the Group's consolidated income statements in the line item "Impairment Charges".

Other Expenses

The Group recorded other expenses of US$25.1 million and US$11.2 million for the years ended December 31, 2019 and December 31, 2018, respectively. Net other expenses for 2019 included severance and store closure costs incurred in connection with profit improvement initiatives undertaken by the Group's management during the year ended December 31, 2019 of US$16.0 million.

Operating Profit

Operating profit was US$283.0 million, a decrease of US$184.4 million, or 39.4% (-38.4% constant currency), for the year ended December 31, 2019 compared to the previous year, as reported, due to the factors discussed above. Operating profit for the year ended December 31, 2019 decreased by US$96.9 million, or 20.1% (-18.9% constant currency), year-on-year to US$385.4 million when excluding the non-cash Impairment Charges and certain costs incurred to implement profit improvement initiatives (see Management Discussion and Analysis - Other Expenses) during the year ended December 31, 2019, compared to US$482.3 million for the previous year (as recast to adjust for IFRS 16 impacts).

Net Finance Costs

Net finance costs decreased by US$25.4 million, or 20.6%, to US$98.1 million for the year ended December 31, 2019 from US$123.5 million for the year ended December 31, 2018. For the year ended December 31, 2019, net finance costs of US$98.1 million included the recognition of interest expense attributable to the adoption of IFRS 16 on January 1, 2019 amounting to US$30.5 million (see further discussion in note 2(e) Changes in Accounting Policies in the notes to the consolidated financial statements). For the year ended December 31, 2018, net finance costs of US$123.5 million included a US$53.3 million write-off of deferred financing costs on the Group's borrowings following the refinancing of the Group's debt in April 2018.

Excluding the non-cash deferred financing costs write-off during the year ended December 31, 2018, net finance costs increased by US$27.9 million, or 39.7%, to US$98.1 million for the year ended December 31, 2019 from US$70.2 million for the year ended December 31, 2018 due to the recognition of interest expense on lease liabilities attributable to the adoption of IFRS 16 on January 1, 2019. Interest expense on loans and borrowings decreased by US$1.9 million, or 2.8%, year-on-year.

The following table sets forth a breakdown of total finance costs for the years ended December 31, 2019 and December 31, 2018.

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2019**	2018
Recognized in income or loss:		
Interest income	**3.2**	1.0
Total finance income	**3.2**	1.0
Interest expense on loans and borrowings	**(63.9)**	(65.8)
Amortization of deferred financing costs associated with Original Senior Credit Facilities[1]	**—**	(3.3)
Amortization of deferred financing costs associated with Senior Credit Facilities[1]	**(3.6)**	(2.1)
Write-off of remaining deferred financing costs associated with Original Senior Credit Facilities[1]	**—**	(53.3)
Interest expense on lease liabilities[2]	**(30.5)**	—
Change in fair value of put options	**(1.6)**	8.4
Net foreign exchange gain (loss)	**1.8**	(4.9)
Other finance costs	**(3.5)**	(3.6)
Total finance costs	**(101.3)**	(124.5)
Net finance costs recognized in profit or loss	**(98.1)**	(123.5)

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 year ended December 31, 2018 have not been restated (see further discussion in note 2(e) Changes in Accounting Policies in the notes to the consolidated financial statements).

Profit before Income Tax

Profit before income tax for the year ended December 31, 2019 was US$184.9 million, a decrease of US$159.0 million, or 46.2% (-45.4% constant currency), year-on-year. Profit before income tax for the year ended December 31, 2019 was US$287.3 million when excluding the non-cash Impairment Charges and certain costs incurred in connection with the implementation of profit improvement initiatives during the year ended December 31, 2019. This represented a decrease of US$91.9 million, or 24.2% (-23.2% constant currency), compared to profit before income tax for the year ended December 31, 2018 of US$379.2 million (as recast to adjust for IFRS 16 impacts) and excluding the non-cash charge of US$53.3 million to write-off the deferred financing costs on the Group's borrowings following the refinancing of the Group's debt in April 2018.

Income Tax Expense

Income tax expense decreased by US$55.2 million, or 63.7%, to US$31.5 million for the year ended December 31, 2019 from US$86.7 million for the year ended December 31, 2018.

For the year ended December 31, 2019, income tax expense was US$31.5 million. Included within the US$31.5 million of income tax expense were the 2019 Net Tax Benefits which were comprised of (i) a non-cash income tax benefit of US$54.6 million from a change in the tax rate applied to intangible assets currently held in Luxembourg, which primarily consist of certain tradenames owned by the Group, (ii) tax expenses of US$29.0 million associated with a legal entity reorganization and (iii) a base erosion tax arising as a result of the 2017 U.S. tax reform that applied to the Group in 2019 (which did not apply to the Group previously) of US$7.4 million. Together, these items resulted in a net tax benefit to the Group of US$18.3 million (the "2019 Net Tax Benefits").

The Group's consolidated effective tax rate for operations was 17.0% and 25.2% for the years ended December 31, 2019 and December 31, 2018, respectively. The decrease in the Group's consolidated effective tax rate for operations year-on-year was primarily due to the 2019 Net Tax Benefits recognized. The 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 Group's effective tax rate, excluding the 2019 Net Tax Benefits, was 26.9% and 25.2% for the years ended December 31, 2019 and December 31, 2018, respectively. The increase in the Group's effective tax rate, excluding the 2019 Net Tax Benefits, was mainly the result of increases in tax reserves and changes in the profit mix between high and low tax jurisdictions.

Profit

Profit for the year

The following table presents the reconciliation from the Group's profit for the year, as reported, to profit for the year, as adjusted, for the years ended December 31, 2019 and December 31, 2018. The table also illustrates profit for the year, as reported and as adjusted, for the year ended December 31, 2018, as adjusted for the effect of IFRS 16.

PROFIT FOR THE YEAR

	Year ended December 31,				
	As reported		**As adjusted for IFRS 16[(1)]**	**As reported**	
(Expressed in millions of US Dollars)	**2019**	2018	2018	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(2)]
Profit for the year	**153.4**	257.2	244.1	(40.3)%	(39.7)%
Impairment Charges	**86.4**	—	—	n/a	n/a
Costs to implement profit improvement initiatives	**16.0**	—	—	n/a	n/a
2019 Net Tax Benefits	**(18.3)**	—	—	n/a	n/a
Write off of deferred financing costs	**—**	53.3	53.3	(100.0)%	(100.0)%
Tax impact	**(26.5)**	(13.7)	(13.7)	93.6 %	94.5 %
Profit for the year, as adjusted	**211.0**	296.8	283.7	(28.9)%	(28.1)%

Notes

(1) The "as adjusted for IFRS 16" column in the table above presents the Group's profit for the year ended December 31, 2018 on a comparable basis. Such amounts reflect management's best estimate based on its evaluation of the impact of IFRS 16 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 previous year to current year local currency results.

Profit for the year ended December 31, 2019 was US$153.4 million, a decrease of US$103.8 million, or 40.3% (-39.7% constant currency), from the profit for the year ended December 31, 2018 of US$257.2 million. Profit for the year ended December 31, 2019 was US$211.0 million when excluding (i) the non-cash Impairment Charges, (ii) certain costs incurred to implement profit improvement initiatives, both of which are net of the related tax impact and (iii) the 2019 Net Tax Benefits. This represented a decrease of US$85.8 million, or 28.9% (-28.1% constant currency), compared to profit for the year ended December 31, 2018 of US$296.8 million when excluding the non-cash charge of US$53.3

million and the related tax impact to write-off the deferred financing costs on the Group's borrowings following the refinancing of the Group's debt in April 2018.

Profit for the year recast for IFRS 16 impacts

Profit for the year, as adjusted, for the year ended December 31, 2019 was US$211.0 million when excluding (i) the non-cash Impairment Charges, (ii) certain costs incurred to implement profit improvement initiatives, both of which are net of the related tax impact and (iii) the 2019 Net Tax Benefits. This represented a decrease of US$72.7 million, or 25.6% (-24.8% constant currency), when compared to the profit for the year, as adjusted, for the year ended December 31, 2018 of US$283.7 million (as recast to adjust for IFRS 16 impacts) and excluding the non-cash charge of US$53.3 million and the related tax impact to write-off the deferred financing costs on the Group's borrowings following the refinancing of the Group's debt in April 2018.

Profit attributable to the equity holders

The following table presents the reconciliation from the Group's profit attributable to the equity holders, as reported, to profit attributable to the equity holders, as adjusted, for the years ended December 31, 2019 and December 31, 2018. The table also illustrates profit attributable to the equity holders, as reported and as adjusted, for the year ended December 31, 2018, as adjusted for the effect of IFRS 16.

PROFIT ATTRIBUTABLE TO THE EQUITY HOLDERS

	Year ended December 31,				
	As reported		As adjusted for IFRS 16[(1)]	As reported	
(Expressed in millions of US Dollars)	**2019**	2018	2018	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(2)]
Profit attributable to the equity holders	**132.5**	236.7	223.6	(44.0)%	(43.3)%
Impairment Charges	**86.4**	—	—	n/a	n/a
Costs to implement profit improvement initiatives	**16.0**	—	—	n/a	n/a
2019 Net Tax Benefits	**(18.3)**	—	—	n/a	n/a
Write off of deferred financing costs	**—**	53.3	53.3	(100.0)%	(100.0)%
Tax impact	**(26.5)**	(13.7)	(13.7)	93.6 %	94.5 %
Profit attributable to the equity holders, as adjusted	**190.1**	276.3	263.2	(31.2)%	(30.3)%

Notes

(1) The "as adjusted for IFRS 16" column in the table above presents the Group's profit attributable to the equity holders for the year ended December 31, 2018 on a comparable basis. Such amounts reflect management's best estimate based on its evaluation of the impact of IFRS 16 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 previous year to current year local currency results.

Profit attributable to the equity holders for the year ended December 31, 2019 was US$132.5 million, a decrease of US$104.2 million, or 44.0% (-43.3% constant currency), from the profit attributable to the equity holders for the year ended December 31, 2018 of US$236.7 million for the previous year. Profit attributable to the equity holders for the year ended December 31, 2019 was US$190.1 million when excluding (i) the non-cash Impairment Charges,(ii) certain costs incurred to implement profit improvement initiatives, both of which are net of the related tax impact and (iii) the 2019 Net Tax Benefits. This represented a decrease of US$86.2 million, or 31.2% (-30.3% constant currency), compared to profit attributable to the equity holders for the year ended December 31, 2018 of US$276.3 million when excluding the non-cash charge of US$53.3 million and the related tax impact to write-off the deferred financing costs on the Group's borrowings following the refinancing of the Group's debt in April 2018.

Profit attributable to the equity holders recast for IFRS 16 impacts

Profit attributable to the equity holders, as adjusted, was US$190.1 million for the year ended December 31, 2019 when excluding (i) the non-cash Impairment Charges,(ii) certain costs incurred to implement profit improvement initiatives, both of which are net of the related tax impact and (iii) the 2019 Net Tax Benefits. This represented a decrease of US$73.0 million, or 27.8% (-26.9% constant currency), when compared to profit attributable to the equity holders, as adjusted, for the year ended December 31, 2018 of US$263.2 million (as recast to adjust for IFRS 16 impacts) and excluding the non-cash charge of US$53.3 million and the related tax impact to write-off the deferred financing costs on the Group's borrowings following the refinancing of the Group's debt in April 2018.

Basic and diluted earnings per share

Basic earnings per share ("Basic EPS") decreased by 44.1% to US$0.093 for the year ended December 31, 2019 from US$0.166 for the year ended December 31, 2018. Diluted earnings per share ("Diluted EPS") decreased by 43.8% to US$0.093 for the year ended December 31, 2019 from US$0.165 for the year ended December 31, 2018. The weighted average number of shares utilized in the Basic EPS calculation was 1,431,362,284 shares for the year ended December 31, 2019 compared to 1,427,803,922 shares for the year ended December 31, 2018. The weighted average number of shares outstanding utilized in the Diluted EPS calculation was 1,433,040,571 shares for the year ended December 31, 2019 compared to 1,437,732,769 shares for the year ended December 31, 2018.

Basic EPS decreased by 31.4% to US$0.133 for the year ended December 31, 2019 when excluding (i) the non-cash Impairment Charges, (ii) certain costs incurred to implement profit improvement initiatives, both of which are net of the related tax impact and (iii) the 2019 Net Tax Benefits, compared to US$0.194 for the previous year excluding the non-cash charge of US$53.3 million and the related tax impact to write-off the deferred financing costs on the Group's borrowings following the refinancing of the Group's debt in April 2018. Diluted EPS decreased by 31.0% to US$0.133 for the year ended December 31, 2019 excluding the same charges and costs as noted above, compared to US$0.192 for the previous year.

Basic EPS and Diluted EPS recast for IFRS 16 impacts

Basic EPS, as adjusted, decreased by 27.9% to US$0.133 for the year ended December 31, 2019 when excluding (i) the non-cash Impairment Charges, (ii) certain costs incurred to implement profit improvement initiatives, both of which are net of the related tax impact and (iii) the 2019 Net Tax Benefits, compared to US$0.184 for the previous year (as recast to adjust for IFRS 16 impacts) and excluding the non-cash charge of US$53.3 million and the related tax impact to write-off the deferred financing costs on the Group's borrowings following the refinancing of the Group's debt in April 2018. Diluted EPS, as adjusted, decreased by 27.5% to US$0.133 for the year ended December 31, 2019 excluding the same charges and costs as noted above, compared to US$0.183 for the previous year (as recast to adjust for IFRS 16 impacts) excluding the same charges and costs as noted above during the year ended December 31, 2018.

Adjusted EBITDA

Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), a non-IFRS measure, decreased by US$121.4 million, or 19.8% (-17.9% constant currency), to US$492.2 million for the year ended December 31, 2019 from US$613.6 million for the year ended December 31, 2018. Adjusted EBITDA margin decreased by 270 basis points to 13.5% from 16.2% due to interest and amortization charges associated with the capitalization of leases under IFRS 16, the effect of lower net sales and the decrease in gross profit margin, which was largely due to the incremental tariffs imposed by the U.S. on products sourced from China, as well as 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, partially offset by a reduction in marketing expenses.

Adjusted EBITDA, a non-IFRS measure, for the year ended December 31, 2019 includes interest and amortization charges associated with the capitalization of leases under IFRS 16. The Group presents further below a reconciliation of profit for the year to Adjusted EBITDA in order to exclude certain costs and charges and other non-cash charges that impacted reported profit for the year.

Adjusted EBITDA recast for IFRS 16 impacts

The following table presents the reconciliation from the Group's profit for the year, as reported, to Adjusted EBITDA for the year ended December 31, 2018. The table also illustrates profit for the year and Adjusted EBITDA for the year ended December 31, 2018, as adjusted for the effect of IFRS 16, which reflects management's best estimate based on its evaluation of the impact of IFRS 16:

	Year ended December 31, 2018		
(Expressed in millions of US Dollars)	Reported	IFRS 16 Adjustments	As adjusted for IFRS 16
Profit for the year	257.2	(13.1)	244.1
Plus (Minus):			
Income tax expense	86.7	(4.9)	81.8
Finance costs, excluding interest expense on lease liabilities	124.5	—	124.5
Interest expense on lease liabilities	—	32.9	32.9
Finance income	(1.0)	—	(1.0)
Depreciation	85.7	—	85.7
Amortization of lease right-of-use assets	—	188.9	188.9
Amortization of intangible assets	35.6	(3.3)	32.3
EBITDA	588.7	200.5	789.2
Plus:			
Share-based compensation expense	13.8	—	13.8
Other adjustments	11.1	—	11.1
Adjusted EBITDA, excluding lease interest and amortization	613.6	200.5	814.1
Amortization of lease right-of-use assets	—	(188.9)	(188.9)
Interest expense on lease liabilities	—	(32.9)	(32.9)
Adjusted EBITDA, including lease interest and amortization	613.6	(21.3)	592.3

The following table presents the reconciliation from the Group's profit for the year to Adjusted EBITDA for the years ended December 31, 2019 and December 31, 2018 (as adjusted for IFRS 16):

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2019**	2018 As adjusted for IFRS 16
Profit for the year	**153.4**	244.1
Plus (Minus):		
Income tax expense	**31.5**	81.8
Finance costs[(1)]	**101.3**	157.4
Finance income	**(3.2)**	(1.0)
Depreciation	**80.1**	85.7
Total amortization	**229.6**	221.2
EBITDA	**592.7**	789.2
Plus:		
Share-based compensation expense	**15.8**	13.8
Impairment Charges	**86.4**	—
Other adjustments[(2)]	**25.2**	11.1
Adjusted EBITDA, excluding lease interest and amortization	**720.1**	814.1
Amortization of lease right-of-use assets	**(197.4)**	(188.9)
Interest expense on lease liabilities	**(30.5)**	(32.9)
Adjusted EBITDA, including lease interest and amortization[(3)]	**492.2**	592.3
Adjusted EBITDA percentage change	**(16.9)%**	
Adjusted EBITDA percentage change, constant currency basis	**(15.0)%**	
Adjusted EBITDA margin	**13.5 %**	15.6%

Notes

(1) Includes the non-cash charge of US$53.3 million for the year ended December 31, 2018 to write-off the deferred financing costs on the Group's borrowings following the refinancing of the Group's debt in April 2018.

(2) Other adjustments primarily comprised 'Other expenses' per the consolidated 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 2(e) Changes in Accounting Policies in the notes to the consolidated 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 year's Adjusted EBITDA disclosure.

Adjusted EBITDA decreased by US$100.1 million, or 16.9% (-15.0% constant currency), to US$492.2 million for the year ended December 31, 2019 from US$592.3 million for the year ended December 31, 2018 (as recast to adjust for IFRS 16 impacts). The decrease was primarily due to the effect of lower net sales and the decrease in gross profit margin, which was largely due to the incremental tariffs imposed by the U.S. on products sourced from China, as well as 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, partially offset by a reduction in marketing expenses. Adjusted EBITDA margin (on the same basis) decreased by 210 basis points to 13.5% from 15.6% due to the same reasons noted further above.

The following tables present reconciliations from profit (loss) for the year to Adjusted EBITDA on a regional basis for the years ended December 31, 2019 and December 31, 2018 (as adjusted for IFRS 16):

	Year ended December 31, 2019					
(Expressed in millions of US Dollars)	**North America**	**Asia**	**Europe**	**Latin America**	**Corporate**	**Total**
Profit (loss) for the year	**(44.8)**	**89.9**	**23.3**	**(9.6)**	**94.6**	**153.4**
Plus (Minus):						
Income tax expense (benefit)	**(15.6)**	**41.2**	**10.8**	**(2.4)**	**(2.5)**	**31.5**
Finance costs(1)	**16.8**	**7.3**	**7.5**	**1.2**	**68.5**	**101.3**
Finance income	**(0.2)**	**(0.8)**	**(0.2)**	**(0.1)**	**(1.9)**	**(3.2)**
Depreciation	**27.5**	**23.1**	**23.3**	**5.4**	**0.8**	**80.1**
Total amortization	**80.5**	**74.5**	**56.1**	**16.6**	**1.9**	**229.6**
EBITDA	**64.2**	**235.2**	**120.8**	**11.1**	**161.4**	**592.7**
Plus (Minus):						
Share-based compensation expense	**4.7**	**1.9**	**0.3**	**0.0**	**8.9**	**15.8**
Impairment Charges	**74.0**	**1.8**	**9.6**	**0.9**	**0.1**	**86.4**
Inter-company charges (income)(2)	**96.6**	**104.5**	**24.2**	**3.1**	**(228.4)**	**—**
Other adjustments(3)	**9.7**	**(0.8)**	**7.7**	**1.3**	**7.3**	**25.2**
Adjusted EBITDA, excluding lease interest and amortization	**249.2**	**342.6**	**162.6**	**16.4**	**(50.7)**	**720.1**
Amortization of lease right-of-use assets	**(69.4)**	**(59.1)**	**(52.1)**	**(16.6)**	**(0.2)**	**(197.4)**
Interest expense on lease liabilities	**(16.4)**	**(4.3)**	**(7.1)**	**(2.3)**	**(0.4)**	**(30.5)**
Adjusted EBITDA, including lease interest and amortization(4)	**163.4**	**279.2**	**103.4**	**(2.5)**	**(51.3)**	**492.2**
Adjusted EBITDA percentage change	**(29.9)%**	**(3.5)%**	**(11.8)%**	**(128.9)%**	**(8.9)%**	**(16.9)%**
Adjusted EBITDA percentage change, constant currency basis	**(29.8)%**	**(1.5)%**	**(7.8)%**	**(122.7)%**	**(8.7)%**	**(15.0)%**
Adjusted EBITDA margin	**12.0 %**	**21.2 %**	**13.1 %**	**(1.5)%**	***nm***	**13.5 %**

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 financial statements.

(2) Inter-company charges (income) by region include intra-group royalty income/expense and other cross-charges that eliminate in consolidation.

(3) Other adjustments primarily comprised 'Other expenses' per the consolidated income statements.

(4) 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 2(e) Changes in Accounting Policies in the notes to the consolidated 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 year's Adjusted EBITDA disclosure.

nm Not meaningful.

	Year ended December 31, 2018					
	As adjusted for IFRS 16					
(Expressed in millions of US Dollars)	North America	Asia	Europe	Latin America	Corporate	Total
Profit (loss) for the year	57.7	98.3	38.5	(8.5)	58.1	244.1
Plus (Minus):						
Income tax expense (benefit)	22.7	40.3	16.0	4.5	(1.7)	81.8
Finance costs(1)	18.1	9.5	13.6	5.0	111.2	157.4
Finance income	(0.1)	(0.6)	(0.2)	(0.1)	—	(1.0)
Depreciation	30.0	24.1	25.6	5.0	1.0	85.7
Total amortization	80.0	70.6	55.2	14.2	1.2	221.2
EBITDA	208.4	242.2	148.7	20.1	169.8	789.2
Plus (Minus):						
Share-based compensation expense	5.3	(0.2)	0.3	0.0	8.4	13.8
Inter-company charges (income)(2)	101.8	108.0	27.1	3.2	(240.1)	—
Other adjustments(3)	3.3	(0.1)	0.2	1.7	6.0	11.1
Adjusted EBITDA, excluding lease interest and amortization	318.8	349.9	176.3	25.0	(55.9)	814.1
Amortization of lease right-of-use assets	(68.2)	(55.9)	(50.4)	(14.1)	(0.3)	(188.9)
Interest expense on lease liabilities	(17.4)	(4.7)	(8.6)	(2.2)	—	(32.9)
Adjusted EBITDA, including lease interest and amortization(4)	233.2	289.3	117.3	8.7	(56.2)	592.3
Adjusted EBITDA margin	15.7%	21.8%	14.5%	4.9%	*nm*	15.6%

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 on the Group's borrowings following the refinancing of the Group's debt in April 2018, 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 financial statements.

(2) Inter-company charges (income) by region include intra-group royalty income/expense and other cross-charges that eliminate in consolidation.

(3) Other adjustments primarily comprised ‘Other expenses’ per the consolidated income statements.

(4) 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 2(e) Changes in Accounting Policies in the notes to the consolidated 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 year'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 year, 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 year in the Group’s consolidated income statements. These measures have limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, an analysis of the Group’s results of operations as reported under IFRS.

Adjusted Net Income

Adjusted Net Income, a non-IFRS measure, decreased by US$78.6 million, or 26.7% (-25.8% constant currency), to US$215.9 million for the year ended December 31, 2019 from US$294.5 million for the previous year. Adjusted Basic EPS and Adjusted Diluted EPS, non-IFRS measures, were US$0.151 and US$0.151, respectively, for the year ended December 31, 2019, compared to the Adjusted Basic EPS and Adjusted Diluted EPS of US$0.206 and US$0.205, respectively, for the year ended December 31, 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 recast for IFRS 16 impacts

The following table presents the reconciliation from the Group's profit attributable to the equity holders, as reported, to Adjusted Net Income for the year ended December 31, 2018. The table also illustrates profit attributable to the equity holders and Adjusted Net Income for the year ended December 31, 2018, as adjusted for the effect of IFRS 16, which reflects management's best estimate based on its evaluation of the impact of IFRS 16:

	Year ended December 31, 2018		
(Expressed in millions of US Dollars)	Reported	IFRS 16 Adjustments	As adjusted for IFRS 16
Profit attributable to the equity holders	236.7	(13.1)	223.6
Plus (Minus):			
Change in fair value of put options included in finance costs	(8.4)	—	(8.4)
Amortization of intangible assets	35.6	(3.3)	32.3
Expenses related to acquisition activities, net of taxes	1.2	—	1.2
Write-off of deferred financing costs associated with the refinancing of the Group's debt in April 2018	53.3	—	53.3
Tax adjustments	(23.9)	1.0	(22.9)
Adjusted Net Income	294.5	(15.4)	279.1

The following table presents the reconciliation from the Group's profit attributable to the equity holders to Adjusted Net Income for the years ended December 31, 2019 and December 31, 2018 (as adjusted for IFRS 16):

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2019**	2018 As adjusted for IFRS 16
Profit attributable to the equity holders	**132.5**	223.6
Plus (Minus):		
Change in fair value of put options included in finance costs	**1.6**	(8.4)
Amortization of intangible assets	**32.2**	32.3
Expenses related to acquisition activities, net of taxes	**0.0**	1.2
Write-off of deferred financing costs associated with the refinancing of the Group's debt in April 2018(1)	**—**	53.3
Impairment Charges	**86.4**	—
Costs to implement profit improvement initiatives	**16.0**	—
2019 Net Tax Benefits	**(18.3)**	—
Tax adjustments(2)	**(34.5)**	(22.9)
Adjusted Net Income(3)	**215.9**	279.1

Notes

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

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

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

Adjusted Net Income decreased by US$63.2 million, or 22.6% (-21.7% constant currency), to US$215.9 million for the year ended December 31, 2019 from US$279.1 million for the year ended December 31, 2018 (as recast to adjust for IFRS 16 impacts). Adjusted Basic EPS and Adjusted Diluted EPS, non-IFRS measures, were US$0.151 and US$0.151, respectively, for the year ended December 31, 2019, compared to the Adjusted Basic EPS and Adjusted Diluted EPS of US$0.195 and US$0.194, respectively, for the year ended December 31, 2018. The Adjusted Basic EPS and Adjusted Diluted EPS for the year ended December 31, 2018 have been recast to adjust for IFRS 16 impacts.

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 attributable to the equity holders.

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 attributable to the equity holders or EPS presented in the Group’s consolidated income statements. Adjusted Net Income and the related Adjusted EPS calculations have limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, an analysis of the Group’s results of operations as reported under IFRS.

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$576.2 million for the year ended December 31, 2019 compared to US$307.4 million for the year ended December 31, 2018. The increase in cash flows generated from operating activities was impacted by classification changes following the adoption of IFRS 16. Excluding the impacts from IFRS 16, operating cash flow was US$406.1 million, reflecting a US$98.7 million increase from the previous year driven by changes in working capital and a reduction in income taxes paid.

For the year ended December 31, 2019, net cash flows used in investing activities were US$73.1 million and were primarily related to capital expenditures for property, plant and equipment. For the year ended December 31, 2018, net cash flows used in investing activities were US$117.3 million and were primarily related to capital expenditures for property, plant and equipment. The Group had capital expenditures of US$55.4 million during the year ended December 31, 2019 compared to US$100.6 million during the year ended December 31, 2018. During 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$465.1 million for the year ended December 31, 2019 and were largely attributable to principal payments on lease liabilities of US$170.2 million (which were included in operating activities in 2018), payments of non-current/long-term loans and borrowings totaling US$129.8 million, which included a US$100.2 million prepayment of principal on its senior secured term loan B funded by the Company's increased cash flows from operations, the distribution to shareholders of US$125.0 million and payments on current loans and borrowings of US$27.6 million. Net cash flows used in financing activities were US$107.4 million for the year ended December 31, 2018 and were largely attributable to the repayment of the Original Senior Credit Facilities (described in the Indebtedness section below) associated with the 2018 Refinancing of US$1,869.7 million, the distribution paid to shareholders of US$110.0 million and dividend payments to non-controlling interests of US$14.7 million, partially offset by cash flow proceeds of US$1,922.9 million associated with the 2018 Refinancing (described in the Indebtedness section below) and proceeds from the exercise of share options of US$26.5 million. In conjunction with the 2018 Refinancing, the Group paid US$18.5 million in deferred financing costs that is recognized over the term of the borrowings.

The Group had US$462.6 million in cash and cash equivalents as of December 31, 2019, compared to US$427.7 million as of December 31, 2018. No cash and cash equivalents were restricted as of December 31, 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 December 31, 2019 and December 31, 2018:

	December 31,	
(Expressed in millions of US Dollars)	**2019**	2018
Term Loan A Facility	**797.0**	817.7
Term Loan B Facility	**554.9**	661.7
Revolving Credit Facility	**—**	22.9
Total Senior Credit Facilities	**1,351.8**	1,502.3
Senior Notes	**392.4**	401.5
Other obligations	**0.2**	2.6
Other loans and borrowings	**23.5**	29.5
Total loans and borrowings	**1,768.0**	1,935.8
Less deferred financing costs	**(12.8)**	(16.4)
Total loans and borrowings less deferred financing costs	**1,755.2**	1,919.4

During the fourth quarter of 2019, the Group voluntarily repaid and retired US$100.2 million of principal on its Term Loan B Facility utilizing excess cash on hand from its strong cash flow generation during the year ended December 31, 2019.

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 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 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 inter-company 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 US$828.0 million senior secured term loan A facility (the "Term Loan A Facility"), (2) a US$665.0 million senior secured term loan B facility (the "Term Loan B Facility" and, together with the Term Loan A Facility, the "Term Loan Credit Facilities") and (3) a US$650.0 million revolving credit facility (the "Revolving Credit Facility," and, together with the Term Loan Credit Facilities, the "Senior Credit Facilities").

On the Closing Date (see below), the gross proceeds from drawings under the 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 Term Loan Credit Facilities and the Revolving Credit Facility began to accrue on April 25, 2018 when the closing on the Senior Credit Facilities occurred (the "Closing Date"). Under the terms of the Senior Credit Facilities:

(a) in respect of the Term Loan A Facility and the Revolving Credit Facility, the interest rate payable was set with effect from the Closing Date until the delivery of the consolidated 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 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 Senior Credit Facilities, the borrowers pay customary agency fees and a commitment fee in respect of the unutilized commitments under the Revolving Credit Facility. The commitment fee payable with effect from the Closing Date until the delivery of the consolidated 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 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 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 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 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 Revolving Credit Facility. Any principal amount outstanding under the 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 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 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 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 Term Loan A Facility and the lenders under the Revolving Credit Facility. The Credit Agreement also contains certain customary representations and warranties, affirmative covenants and provisions relating to events of default (including upon a change of control). The Group was in compliance with the financial covenants as of December 31, 2019.

2020 Refinancing

On March 16, 2020, (the "2020 Refinancing Closing Date"), the Company and certain of its direct and indirect wholly-owned subsidiaries entered into an amendment to the Credit Agreement (as amended, the "Amended Credit Agreement") with certain lenders and financial institutions (the "2020 Refinancing"). Under the terms of the 2020 Refinancing, the Amended Credit Agreement provides for (1) an amended US$800.0 million senior secured term loan A facility (the "Amended Term Loan A Facility") and (2) an amended US$850.0 million revolving credit facility (the "Amended Revolving Credit Facility"). Under the Amended Credit Agreement, the maturity for both the Amended Term Loan A Facility and the Amended Revolving Credit Facility have been extended by approximately two years with remaining balances on both facilities due to be paid in full on the fifth anniversary of the 2020 Refinancing Closing Date. Interest on the borrowings under the Amended Term Loan A Facility and the Amended Revolving Credit Facility began to accrue on the 2020 Refinancing Closing Date.

The Amended Term Loan A Facility requires scheduled quarterly payments commencing on the first full fiscal quarter ended after the 2020 Refinancing Closing Date, with an annual amortization of 2.5% of the original principal amount of the loans under the Amended 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 2020 Refinancing Closing Date. Any principal amount outstanding under the Amended Revolving Credit Facility is due and payable on the fifth anniversary of the 2020 Refinancing Closing Date.

Under the terms of the Amended Credit Agreement, the interest rate payable on the Amended Term Loan A Facility and the Amended Revolving Credit Facility was reduced with effect from the 2020 Refinancing Closing Date until the delivery of the financial statements for the first full fiscal quarter commencing on or after the 2020 Refinancing Closing Date from an adjusted rate based on the London Interbank Offered Rate ("LIBOR") plus 1.50% per annum (or a base rate plus 0.50% per annum) to LIBOR plus 1.375% per annum (or a base rate plus 0.375% per annum) and thereafter will be based on the lower rate derived from either the first lien net leverage ratio of the Company and its restricted subsidiaries at the end of each fiscal quarter or the Company's corporate ratings.

The 2020 Refinancing did not affect the terms of the Term Loan B Facility.

The borrowers will pay customary agency fees and a commitment fee in respect of the unutilized commitments under the Amended Revolving Credit Facility. The commitment fee payable that existed prior to the 2020 Refinancing remains in effect at 0.20% per annum.

In conjunction with the 2020 Refinancing, the Group incurred borrowing fees and expenses that will be deferred and amortized over the term of the Amended Credit Agreement.

The Company has initiated a US$800 million drawdown on its Amended Revolving Credit Facility to ensure access, given current uncertainties and potential volatility in financial markets. This, combined with current cash and cash equivalents, provides the Company with over US$1.2 billion of liquidity.

Interest Rate Swaps

The Group maintains interest rate swaps to hedge interest rate exposure under the floating-rate Senior Credit Facilities by swapping certain US Dollar floating-rate bank borrowings with fixed-rate agreements. The interest rate swap agreements that were entered into in connection with the credit and guaranty agreement in May 2016 and had a termination date of August 31, 2021 were terminated by the Group on September 4, 2019. LIBOR on these interest rate swap agreements had been fixed at approximately 1.30%. Upon termination of the interest rate swap agreements, the Group recognized a hedge gain of US$0.2 million which was recorded in finance costs during the year ended December 31, 2019.

On September 4, 2019, the Group entered into new interest rate swap agreements that became effective on September 6, 2019 and will terminate on August 31, 2024. The notional amounts of the interest rate swap agreements decrease over time. LIBOR has been fixed at approximately 1.208% (compared to approximately 1.30% on the interest rate swap agreements that were terminated on September 4, 2019). The interest rate swap agreements have fixed payments due monthly that commenced September 30, 2019. The interest rate swap transactions qualify as cash flow hedges. As of December 31, 2019 and December 31, 2018, the interest rate swaps were marked-to-market, resulting in a net asset position to the Group in the amount of US$10.6 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 benefits from the interest rate spread between the two markets to receive fixed interest income over the five-year contractual period. As of December 31, 2019, the cross-currency swaps qualified as net investment hedges and the monthly mark-to-market is recorded to other comprehensive income. As of December 31, 2019, the cross-currency swaps were marked-to-market, resulting in the notional loan between the Euro and US Dollar to be in a net asset position to the Group in the amount of US$0.1 million, which was recorded as an asset with the effective portion of the gain (loss) deferred to other comprehensive income, and the notional loan between the Japanese Yen and US Dollar to be in a net liability position to the Group in the amount of US$0.3 million, which was recorded as a liability with the effective portion of the gain (loss) deferred to other comprehensive income.

Deferred Financing Costs

During 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 Senior Credit Facilities. The amortization of deferred financing costs under the Senior Notes and Senior Credit Facilities, which is included in interest expense, amounted to US$3.6 million and US$2.1 million for the years ended December 31, 2019 and December 31, 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 year ended December 31, 2018.

Upon extinguishment of the Original Senior Credit Facilities, the Group recognized a non-cash charge of US$53.3 million for the year ended December 31, 2018 to write-off the remaining balance of the previously existing deferred financing costs related to the Original Senior Credit Facilities.

Revolving Credit Facility

As of December 31, 2019, US$647.0 million was available to be borrowed on the Revolving Credit Facility as a result of no 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 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. On March 16, 2020, the Revolving Credit Facility was amended (see 2020 Refinancing above).

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 of other loans and borrowings was US$23.6 million and US$29.6 million as of December 31, 2019 and December 31, 2018, respectively. The uncommitted available facilities amounted to US$134.9 million and US$109.1 million as of December 31, 2019 and December 31, 2018, respectively.

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

	December 31,	
(Expressed in millions of US Dollars)	**2019**	2018
On demand or within one year	**61.3**	80.9
After one year but within two years	**48.1**	38.8
After two years but within five years	**744.5**	786.3
More than five years	**914.0**	1,029.9
	1,768.0	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 December 31, 2019 are expected to be US$125.8 million within one year.

Other Financial Information

Capital Expenditures

Historical Capital Expenditures

The following table sets forth the Group's capital expenditures for the years ended December 31, 2019 and December 31, 2018:

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2019**	2018
Land	**—**	0.1
Buildings	**1.4**	4.2
Machinery, equipment, leasehold improvements and other	**54.0**	96.4
Total capital expenditures	**55.4**	100.6

Capital expenditures during the year ended December 31, 2019 included costs for new retail locations, remodeling existing retail locations, relocating certain office facilities and investments in machinery and equipment. The year-on-year decrease in total capital expenditures was primarily due to the slower pace of new retail store openings, the non-recurrence of certain warehousing and manufacturing investments in Europe in 2018 and office relocations and renovations for Tumi North America in 2018.

Planned Capital Expenditures

The Group's capital expenditures budget for 2020 is approximately US$110.2 million. The Group plans to begin construction of a new warehouse in Europe, refurbish existing retail stores, open new retail stores and invest in machinery and equipment.

Contractual Obligations

The following table summarizes scheduled maturities of the Group's contractual obligations for which cash flows are fixed and determinable as of December 31, 2019:

(Expressed in millions of US Dollars)	Total	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Loans and borrowings	**1,768.0**	**61.3**	**48.1**	**744.5**	**914.0**
Future minimum contractual payments under lease liabilities	**746.8**	**201.7**	**161.4**	**272.0**	**111.7**
Future minimum payments under short-term and low-value leases	**3.1**	**3.1**	**0.0**	**0.0**	**—**
Total	**2,517.9**	**266.1**	**209.5**	**1,016.5**	**1,025.8**

As of December 31, 2019, the Group did not have any material off-balance sheet arrangements or contingencies except as included in the table summarizing its contractual obligations above.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries

There were no significant investments held, material acquisitions, or disposals of subsidiaries during the year ended December 31, 2019.

Future Prospects

The Group's growth strategy will continue as planned for 2020, with a focus on the following:

- Ensure the Company's well-diversified family of brands attracts consumers at all price points in both the travel and non-travel luggage, bag and accessories categories.
- 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 Company's brands and initiatives.
- Continue to 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 incorporate the Company's environmental, social and governance ("ESG") philosophy into our core business practices and treat all stakeholders with fairness and respect, in line with the Company's long-standing motto, "Do unto others as you would have them do unto you."

The Company aims to increase shareholder value through sustainable revenue and earnings growth and free cash flow generation.

Impact of COVID-19 in 2020

The coronavirus ("COVID-19") outbreak has caused a global health emergency and travel disruptions around the world. Our top priority has been and will continue to be the health and safety of our employees and their families, as well as our customers and business partners. We have proactively implemented preventative health measures recommended by local health authorities and we continue to monitor the situation closely.

While the extent and duration of the COVID-19 outbreak remain uncertain, we are reassured by actions taken by governments and health authorities around the world. Nonetheless, the outbreak will have a negative impact on our performance in the first half of 2020.

Initially the primary impact on our business was in the greater China region, where company owned stores were temporarily closed and travel restrictions were imposed during the peak Chinese New Year holiday season, disrupting both domestic sales within China and outbound travel by Chinese tourists. While day-to-day activities have begun to return to normal within China, travel remains disrupted and the outbreak has also spread to the Group's other important markets, including the rest of Asia, Europe and North America.

The Company has seen an impact on sales and margin in Asia, and also in Europe and North America, which were initially affected by the absence of Chinese tourists and have more recently been directly impacted by the global spread of COVID-19 and the actions taken to try to contain the outbreak. For the two month period ended February 29, 2020, the Group's consolidated net sales decreased by 13.0% (-11.2% constant currency) compared to the first two months of 2019, with the most significant impact being a net sales decrease in Asia of 21.5% (-20.2% constant currency) compared to the same period in the prior year. In particular, net sales in China and the Hong Kong domestic market decreased by 35.4% (-33.7% constant currency) and by 57.4% (-57.7% constant currency), respectively, year-on-year during the first two months of 2020. The Company's results for the first quarter and the balance of 2020 will reflect these impacts.

The Group's supply chain has also experienced some disruptions from COVID-19. Factories in China were temporarily closed following the end of the Chinese New Year holidays on February 10, 2020. Our suppliers are located outside the Hubei province of China, where the COVID-19 outbreak has been most pronounced, and production in China has since begun a slow return toward normal levels. We estimate that we have seen a 4 to 5-week disruption to our supply from China, however the impact on our business to date has been tempered by the decrease in our sales, which has allowed us to manage inventory levels. As our suppliers' factories continue to come back on-line, our focus is on ensuring that as sales recover from the temporary disruption caused by COVID-19, our supply chain is able to meet the demand for inventory.

The Company's ongoing strategy to shift sourcing to suppliers outside of China, which was accelerated in 2019 due to the incremental tariffs imposed by the U.S. on products sourced from China, has helped mitigate the impact on the supply chain from COVID-19. In 2019, the Group sourced approximately 33% of its global product purchases from outside China, compared to approximately 28% in 2018, and we plan to further diversify our supply chain outside China in 2020.

Given the inherent uncertainty about the future impacts of COVID-19, it is not possible for the Company to reliably predict the impact on its results for the balance of the year. Depending on the duration and severity of COVID-19, the Group's financial condition and results of operations will be adversely affected, and the fair value of certain long-lived assets could be impaired.

The Group continues to monitor the situation and will continue to implement plans to seek to minimize the adverse consequences.

Corporate Governance Report

Directors

At December 31, 2019, the composition of the Board of Directors of the Company (the "Board") was as follows:

Executive Director ("ED")

Kyle Francis Gendreau
Chief Executive Officer

Non-Executive Directors ("NEDs")

Timothy Charles Parker *(Chairman)*
Tom Korbas

Independent Non-Executive Directors ("INEDs")

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

At December 31, 2019, the Board committees were as follows:

Audit Committee

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 Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (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 consolidated financial information of the Company for the year ended December 31, 2019 with the Board of Directors. The consolidated financial statements included in this announcement have been audited by KPMG LLP.

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.

Human Resources and Remuneration

As of December 31, 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. The Group is committed to helping its employees develop the knowledge, skills and abilities needed for continued success, and encourages employee professional development throughout each employee's career.

Annual General Meeting

The annual general meeting of the Company will be held on June 4, 2020 ("AGM"). Notice of the AGM will be published and dispatched to the shareholders of the Company in the manner required by the Listing Rules in due course.

Dividends and Distributions

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 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.

Due to the inherent uncertainties about the extent and duration of the COVID-19 outbreak and its impacts on the Company for the balance of this year, the Board has decided not to recommend the payment of a cash distribution to the Company's shareholders in 2020. It is the Board's intent that in future years, when the Company has recovered from the temporary effects of COVID-19, the Board will resume its policy of recommending annual cash distributions to shareholders in line with its past practice.

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 from its ad hoc distributable reserve. 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.

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 December 31, 2019, except for code provision A.2.7 of the CG Code described in the paragraph below.

Code provision A.2.7 of the CG Code provides that the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors. The Chairman did not hold a separate meeting with the INEDs during the year ended December 31, 2019 and the meeting that was scheduled to take place in December 2019 was instead held on March 18, 2020.

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 year ended December 31, 2019.

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

During the year ended December 31, 2019, the Company issued 222,676 ordinary shares at a weighted-average exercise price of HK$17.36 per share, or HK$3.9 million in aggregate, in connection with the exercise of share options that were granted under the Company's Share Award Scheme. During the year ended December 31, 2019, the Company issued 1,406,715 ordinary shares in connection with the vesting and conversion of TRSUs 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 year ended December 31, 2019.

Changes in Information of Directors

A summary of changes in information concerning certain Directors of the Company that have occurred subsequent to the publication of the Company's 2019 interim report pursuant to Rule 13.51B(1) of the Listing Rules is as follows:

- Keith Hamill was appointed in January 2020 as a non-executive director and as non-executive chairman of RBG Holdings plc, an English company listed on the London Stock Exchange that provides legal and professional services and litigation financing.

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).

During 2019, the Joint Company Secretaries complied with Rule 3.29 of the Listing Rules regarding professional training.

Publication of Final Results and 2019 Annual 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 annual report for the year ended December 31, 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, March 18, 2020

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.