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SAMSONITE INTERNATIONAL S.A.
新秀麗國際有限公司

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R.C.S. LUXEMBOURG: B 159.469

(Incorporated in Luxembourg with limited liability)

(Stock code: 1910)

Interim Results Announcement for the Six Months Ended June 30, 2018

Financial Highlights

For the six months ended June 30, 2018, the Group's:

- Net sales increased to a record level of US$1,848.7 million, reflecting an increase of 16.6% (+12.9% constant currency)[(1)] from the same period in the previous year. Excluding the contribution from eBags, which was acquired on May 5, 2017, net sales increased by US$213.3 million, or 13.6% (+9.9% constant currency).
- Gross profit margin increased to 56.5% for the six months ended June 30, 2018 from 55.3% for the six months ended June 30, 2017.
- The Group spent US$114.3 million on marketing during the six months ended June 30, 2018 compared to US$99.5 million for the six months ended June 30, 2017, an increase of US$14.8 million, or 14.9%. As a percentage of net sales, marketing expenses decreased by 10 basis points to 6.2% for the six months ended June 30, 2018 from 6.3% for the six months ended June 30, 2017.
- Operating profit increased by US$39.7 million, or 24.5% (+22.0% constant currency), year-on-year to US$201.8 million.
- Excluding the non-cash charge to write-off the US$53.3 million of deferred financing costs associated with the Original Senior Credit Facilities in conjunction with the Refinancing (as defined below) and the related tax impact, profit for the period increased by US$24.7 million, or 26.6% (+22.7% constant currency)[(2)]. Profit for the period, as reported, decreased by US$14.9 million, or 16.0% (-20.0% constant currency), year-on-year to US$77.9 million due to the aforementioned non-cash write-off.
- Excluding the non-cash charge to write-off the US$53.3 million of deferred financing costs associated with the Original Senior Credit Facilities in conjunction with the Refinancing (as defined below) and the related tax impact, profit attributable to the equity holders increased by US$24.0 million, or 28.8% (+24.4% constant currency)[(2)]. Profit attributable to the equity holders, as reported, decreased by US$15.6 million, or 18.7% (-23.1% constant currency), from the same period in the previous year to US$67.8 million due to the aforementioned non-cash write-off.
- Adjusted Net Income[(5)], a non-IFRS measure, increased by US$19.6 million, or 19.5% (+15.6% constant currency), to US$119.8 million for the six months ended June 30, 2018 compared to US$100.2 million for the same period in the previous year.
- Adjusted EBITDA[(6)], a non-IFRS measure, increased by US$35.3 million, or 14.6% (+11.0% constant currency), from the same period in the previous year, to US$276.8 million.

- Adjusted EBITDA margin[7], a non-IFRS measure, was 15.0% for the six months ended June 30, 2018 compared to 15.2% for the six months ended June 30, 2017. This decrease was primarily due to the inclusion of eBags which delivered lower profitability as the Group continued to integrate its operations. Excluding eBags, Adjusted EBITDA margin[8] was 15.5% for the six months ended June 30, 2018 compared to 15.4% for the same period in the previous year.
- The Group generated US$56.2 million of cash from operating activities during the six months ended June 30, 2018. As of June 30, 2018, the Group had cash and cash equivalents of US$395.4 million and outstanding financial debt of US$1,983.7 million (excluding deferred financing costs of US$17.9 million), putting the Group in a net debt position of US$1,588.3 million.
- 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, a 13.4% increase from the US$97.0 million distribution paid in 2017. 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.
- **Refinancing of Senior Credit Facilities Through Issuance of €350.0 Million 3.500% Senior Notes Due 2026 and Amendment and Restatement of Senior Credit Facilities (the "Refinancing")**
  - **Issuance of €350.0 Million 3.500% Senior Notes Due 2026**
    On April 25, 2018, Samsonite Finco S.à r.l., a wholly-owned indirect subsidiary of the Company, 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 April 25, 2018, the gross proceeds from the issuance of the Senior Notes were used, together with the gross proceeds from drawings under the New Senior Credit Facilities (as defined below) and existing cash on hand, to (i) refinance the Original Senior Credit Facilities (as defined below) and (ii) pay certain commissions, fees and expenses in connection thereto.

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

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

    On the Closing Date, the gross proceeds from drawings under the New Senior Credit Facilities were used, together with the gross proceeds from the offering of the Senior Notes and existing cash on hand, to (i) repay in full the Original Senior Credit Facilities and (ii) pay certain commissions, fees and expenses in connection thereto. Upon extinguishment of the Original Senior Credit Facilities, the Group recognized a non-cash charge in the amount of US$53.3 million to write off the previously existing deferred financing costs related to the Original Senior Credit Facilities.

The following table sets forth summary financial information for the six months ended June 30, 2018 and June 30, 2017.

(Expressed in millions of US Dollars, except per share data)	Six months ended June 30, **2018**	2017	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(1)
Net sales	**1,848.7**	1,586.1	16.6 %	12.9 %
Operating profit	**201.8**	162.1	24.5 %	22.0 %
Profit for the period(3)	**77.9**	92.7	(16.0)%	(20.0)%
Profit attributable to the equity holders(4)	**67.8**	83.4	(18.7)%	(23.1)%
Adjusted Net Income(5)	**119.8**	100.2	19.5 %	15.6 %
Adjusted EBITDA(6)	**276.8**	241.5	14.6 %	11.0 %
Adjusted EBITDA Margin(7)	**15.0%**	15.2%		
Basic earnings per share ("EPS")(9) *(Expressed in US Dollars per share)*	**0.048**	0.059	(18.6)%	(23.7)%
Diluted EPS(9) *(Expressed in US Dollars per share)*	**0.047**	0.059	(20.3)%	(23.7)%
Adjusted Basic EPS(10) *(Expressed in US Dollars per share)*	**0.084**	0.071	18.3 %	14.1 %
Adjusted Diluted EPS(10) *(Expressed in US Dollars per share)*	**0.083**	0.071	16.9 %	12.7 %

Notes

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

(2) This non-IFRS measure excludes the non-cash charge to write-off the US$53.3 million of deferred financing costs associated with the Original Senior Credit Facilities in conjunction with the Refinancing and the related tax impact, which the Group believes gives a better understanding of the Group's underlying performance.

(3) Excluding the non-cash charge to write-off the US$53.3 million of deferred financing costs associated with the Original Senior Credit Facilities in conjunction with the Refinancing and the related tax impact, profit for the period increased by US$24.7 million, or 26.6% (+22.7% constant currency) for the six months ended June 30, 2018 compared to the same period in the previous year.

(4) Excluding the non-cash charge to write-off the US$53.3 million of deferred financing costs associated with the Original Senior Credit Facilities in conjunction with the Refinancing and the related tax impact, profit attributable to the equity holders increased by US$24.0 million, or 28.8% (+24.4% constant currency) for the six months ended June 30, 2018 compared to the same period in the previous year.

(5) Adjusted Net Income, a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges, along with their respective tax effects, that impact the Group's reported profit for the period, which the Group believes helps to give securities analysts, investors and other interested parties a better understanding of the Group's underlying financial performance. See "Management Discussion and Analysis - Adjusted Net Income" for a reconciliation from the Group's profit for the period to Adjusted Net Income.

(6) 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, which the Group believes is useful in gaining a more complete understanding of its operational performance and of the underlying trends of its business. See "Management Discussion and Analysis - Adjusted EBITDA" for a reconciliation from the Group's profit for the period to Adjusted EBITDA.

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

(8) Adjusted EBITDA margin excluding eBags, a non-IFRS measure, is calculated by dividing Adjusted EBITDA of the Group excluding amounts attributable to the eBags business by net sales of the Group excluding amounts attributable to eBags.

(9) Excluding the non-cash charge to write-off the US$53.3 million of deferred financing costs associated with the Original Senior Credit Facilities in conjunction with the Refinancing and the related tax impact, Basic EPS increased by 27.1% to US$0.075 and Diluted EPS increased by 27.1% to US$0.075 for the six months ended June 30, 2018.

(10) 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.

The Group 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 in the Group's consolidated income statements for the period. Non-IFRS measures have limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, an analysis of the Group's financial results as reported under IFRS.

The Board of Directors of Samsonite International S.A. (the "Company"), together with its consolidated subsidiaries (the "Group"), is pleased to announce the consolidated interim results of the Group for the six months ended June 30, 2018 together with comparative figures for the six months ended June 30, 2017. The following financial information, including comparative figures, has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Chairman's Statement

I am pleased to report that the first half of 2018 has seen generally better trading conditions and more favorable foreign currency effects globally, which helped the Group achieve another outstanding set of results. Our performance also benefited from the full half-year effect of the inclusion of the eBags business, which was acquired at the beginning of May last year. The Group's headline figures are as follows: turnover increased by 12.9% in constant currency[(1)] terms, and by 16.6% on a US Dollar reported basis, to a record US$1,848.7 million, and profit attributable to shareholders increased in underlying terms by US$24.0 million, or 28.8%[(2)]. As we have done previously, I would like to draw attention to our Adjusted EBITDA and Adjusted Net Income. These two non-IFRS performance measures, which strip out the effect of various costs, charges and credits and certain other non-cash charges and adjustments unrelated to operating performance, present, in our view, a clearer picture of the underlying performance of the business. The Group's Adjusted EBITDA increased by 14.6% to US$276.8 million, while Adjusted Net Income was up by 19.5% to US$119.8 million in the first half of 2018. As a result of the non-cash charge related to the write-off of deferred financing costs in conjunction with the refinancing of our Original Senior Credit Facilities, reported profit attributable to shareholders decreased by US$15.6 million, or 18.7%, to US$67.8 million.

Several factors contributed to the strong growth in the Group's net sales. First is the ongoing success of the *Tumi* brand. As Kyle detailed in his CEO Statement later in this report, *Tumi* continued to perform ahead of our expectations, delivering excellent first half 2018 net sales gains in North America (+8.2%[(1)]), Asia (+39.4%[(1)]) and Europe (+9.2%[(1)]), driven by increased penetration in the direct-to-consumer channel, especially direct-to-consumer e-commerce, in all three of these regions. Overall, the brand saw net sales rising by 16.6%[(1)] in the first half of 2018 to US$353.2 million along with impressive gross margin gains. This outstanding achievement underlines *Tumi*'s strong potential for medium term growth, which has and continues to significantly exceed our initial expectations.

The second factor driving our net sales growth is the eBags business, which recorded an incremental US$49.2 million in net sales due to four additional months of contribution for the first half of 2018 compared to the same period last year[(3)]. Last but not least, our excellent performance has been underpinned by robust net sales growth in both the *Samsonite* (+5.0%[(1)]) and *American Tourister* (+24.2%[(1)]) brands. As a result, we saw excellent net sales growth in North America (+12.4%[(1)]), Asia (+14.4%[(1)]), Europe (+11.4%[(1)]) and Latin America (+17.0%[(1)]).

We have always believed that the strength of our brands is a key driver of our business. To maintain this competitive advantage requires consistent investment in R&D, enabling us to deliver products that meet our customers' needs. It also requires investment into distribution so that we can offer our customers both a pleasurable shopping experience and reliable, hassle-free after-sales service. Above all, we need to commit resources behind marketing to enhance awareness of our brands and products globally. We increased marketing spend across the Group by 14.9% to US$114.3 million, while keeping the outlay as a percentage of sales more or less steady at 6.2% during the first half of 2018, compared to 6.3% in the same period last year, primarily to support the growth of the *Tumi* and *American Tourister* brands worldwide. The return on this investment is evident in *Tumi*'s strong performance, as discussed above, and more strikingly so with *American Tourister*, which delivered an outstanding 24.2%[(1)] net sales increase in the first half, with all regions recording double-digit growth. This comes on the back of successful new product introductions, such as the Curio hardside luggage collection which was recognized with a Red Dot Design Award, and supported by a high profile global marketing campaign featuring international football superstar Cristiano Ronaldo as the brand's global ambassador.

Another aspect of our business worth commenting on is the continued shift towards a model that involves more direct-to-consumer sales. We believe that the best way to present our brands to consumers is through our own retail stores and direct-to-consumer e-commerce sites. The explosive growth of e-commerce worldwide adds an element of urgency to this push. The decision to acquire eBags was taken with this consideration in mind, and as a result our direct-to-consumer e-commerce net sales growth was 74.0%[(1)] for the first six months of 2018, or 25.7%[(1)] excluding eBags. We also invested in more retail stores, so that total retail store net sales growth was 14.4%[(1)] in the first half, with 5.4%[(1)] coming from same store net sales growth, and the rest from the addition of 52 net new stores in the first half of 2018, and the full half-year impact of the 127 net new stores added in 2017[(4)]. The combined impact of these developments has been a 25.7%[(1)] increase in our direct-to-consumer net sales (+16.1%[(1)] excluding eBags), lifting direct-to-consumer net sales as a percentage of the Group's total business in the first half from 30.2% in 2017 to 33.6% this year.

Separately, the strong growth in direct-to-consumer e-commerce has also pushed up the share of total e-commerce net sales in our business for the first half of 2018, from last year's 10.5% to 14.0% this year.

This solid performance is not only a testament to the resilience of our multi-brand, multi-category and multi-channel business model and our devolved management structure, it is above all a reflection of the strength of our people. As I

have noted before, our business enjoys strong team management at the top, but we also rely on a community of managers around the world and in different functions to ensure prompt and effective execution in response to changes in the marketplace. This collective effort by the experienced people within our Company remains one of the keys to our success.

Ramesh Tainwala, our former CEO, tendered his resignation at the end of May 2018, for personal reasons. Ramesh has made a very significant contribution to the Company over many years, and he can take credit for many of the strategic initiatives that have driven the Company's excellent performance. We wish him all the best with his future endeavours.

In these circumstances, we are very fortunate in having an outstanding executive to succeed Ramesh. Kyle Gendreau has served almost ten years as CFO, and has been deeply involved in the formulation and execution of Samsonite's strategy as well as playing an integral part in the success of our acquisitions. I am confident Kyle will lead the Company with distinction in its next stage of development. I am looking forward to working with him in his new role, and I know that Kyle's appointment has been received very positively by the senior management team.

Looking ahead, it would appear that economic prospects globally are more fraught than just a couple of months ago. That being said, with a clear brand architecture that covers the widest range of price segments, a product portfolio that is strong in all product categories and well-established channels of distribution in all of the major consumer markets of the world, Samsonite is well placed to navigate any challenges that may lie ahead.

Timothy Charles Parker
Chairman
August 29, 2018

Notes

(1) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the comparable period in the previous year to current period local currency results.
(2) Profit attributable to shareholders excluding the non-cash charge to write-off the US$53.3 million of deferred financing costs associated with the Original Senior Credit Facilities in conjunction with the Refinancing and the related tax impact.
(3) Net sales through eBags amounted to US$70.5 million during the first half of 2018, compared to US$21.3 million for the period from May 5, 2017, the date of its acquisition, to June 30, 2017.
(4) Including 30 stores added from taking direct control of *Tumi* distribution in certain markets in Asia during 2017.

Chief Executive Officer's Statement

I am pleased to report a strong set of results in my first letter to shareholders as the Chief Executive Officer of Samsonite. Overall, the Group's net sales increased by 16.6% (or +12.9% on a constant currency basis[1]) year-on-year to a new record of US$1,848.7 million for the six months ended June 30, 2018, driven in part by contributions from the eBags business which was acquired on May 5, 2017. Excluding amounts attributable to eBags[2], net sales increased by a robust 13.6% (+9.9% constant currency), propelled by solid growth of our core brands *Samsonite, Tumi* and *American Tourister*.

Net sales of the flagship *Samsonite* brand grew by 8.9% (+5.0% constant currency) year-on-year to US$847.3 million (first half 2017 ("1H2017"): US$777.7 million), with all regions reporting solid net sales increases: North America (+4.2%; +4.0% constant currency), Asia (+8.5%; +3.9% constant currency), Europe (+14.0%; +5.5% constant currency) and Latin America (+16.4%; +18.9% constant currency). *Samsonite* accounted for 45.8% of the Group's first half 2018 net sales, down from 49.0% in the same period last year, reflecting the continued strategic diversification of our brand portfolio with increased contributions from the Group's other brands.

With the *Tumi* brand now fully integrated into the Group, we are focused on driving the brand's global growth, especially in Asian and European markets where it is currently under-penetrated. On the back of expanded distribution (we added 17 net new *Tumi* retail stores worldwide in the first half of 2018), successful new product introductions (for example, the new Latitude hardside luggage collection, which marries *Tumi* design with *Samsonite* technology, has received very positive initial feedback from customers around the world), and sustained investment in marketing (as a percentage of *Tumi* net sales, the brand's marketing expenses were 6.6% in the first half of 2018 compared to 5.5% in the same period last year), the brand contributed net sales of US$353.2 million in the first half of 2018 (1H2017: US$296.9 million). This represents a strong year-on-year growth of 18.9% (+16.6% constant currency), with solid net sales increases in North America (+8.3%; +8.2% constant currency), Asia (+42.9%; +39.4% constant currency) and Europe (+20.3%; +9.2% constant currency). We also began direct distribution of the *Tumi* brand in the larger markets of Latin America that were previously served by third party distributors[3].

The *American Tourister* brand also performed well. Boosted by the successful marketing campaign featuring the brand's global ambassador, international soccer superstar and five-time Ballon d'Or winner, Cristiano Ronaldo, *American Tourister* contributed net sales of US$338.9 million in the first half of 2018 (1H2017: US$262.8 million), an increase of 28.9% (+24.2% constant currency), with all regions posting double-digit net sales growth: North America (+12.3%; +12.0% constant currency), Asia (+21.7%; +17.7% constant currency), Europe (+61.3%; +49.5% constant currency) and Latin America (+102.4%; +103.2% constant currency).

We continued to see solid growth across the business, on the back of the healthy performance of our core brands, with all of our regions delivering strong net sales gains in the first half of 2018. North America saw significant growth driven by both the inclusion of eBags for the full first half of 2018 and steady organic growth. Net sales in the region increased by 12.6% (+12.4% constant currency) year-on-year to US$695.0 million, and by 4.8% (+4.6% constant currency) excluding eBags[4], which reflects the extensive penetration of our existing brands in the marketplace.

In Asia, the recovery that we began to see in the fourth quarter of 2017 continued its momentum. Net sales for the region increased by +18.7% (+14.4% constant currency) in the first half of 2018, with almost all of our major markets recording double-digit net sales gains: China (+19.6%, +11.0% constant currency), Japan (+22.5%, +18.5% constant currency), Hong Kong[5] (+27.8%, +28.3% constant currency) and India (+17.7%, +17.8% constant currency). South Korea posted net sales growth of 8.1% (+2.0% constant currency). Our value-conscious, entry-level brand *Kamiliant* delivered a meaningful contribution to the region's solid performance, with net sales rising by 61.5% (+57.5% constant currency) to US$26.4 million[6].

The Group continued to reap the benefits of the investments we made in Europe and Latin America over the past few years. Propelled by solid growth of the *Samsonite, Tumi* and *American Tourister* brands, net sales in Europe increased by 20.8% (+11.4% constant currency). Net sales in Latin America grew by 19.4% (+17.0% constant currency), driven by the *Samsonite* and *American Tourister* brands, as well as the Group's local brands *Secret* and *Xtrem*. Our performance in Brazil is especially noteworthy; as a result of the investment we made in retail expansion in this market over the past few years, net sales increased by 27.8% (+36.5% constant currency).

We continued to make steady progress expanding our direct-to-consumer ("DTC") channel and increasing the share of net sales from non-travel products. Total DTC net sales increased by 29.4% (+25.7% constant currency) to US$620.6 million, accounting for 33.6% of net sales in the first half of 2018, up from 30.2% of net sales in the first half of 2017, with both our DTC e-commerce and bricks-and-mortar retail operations achieving solid gains. The expansion of our DTC e-commerce channel is especially noteworthy, with net sales increasing by 77.8% (+74.0% constant currency) to US$161.2 million for the first half of 2018 (1H2017: US$90.7 million), driven in part by the full half-year impact of the inclusion of eBags. As a percentage of net sales, the share of DTC e-commerce increased to 8.7% for the first half of 2018 from 5.7% for the same period in 2017. Excluding eBags, our DTC e-commerce net sales increased by 30.6% (+25.7% constant currency) year-on-year.

Our bricks-and-mortar retail operations also performed well, achieving year-on-year net sales growth of 18.1% (+14.4% constant currency) to US$459.4 million for the first half of 2018 (1H2017: US$388.9 million), driven by the addition of 52 net new company-operated retail stores during the first half of 2018 and the contributions from 127 net new retail stores added during 2017 (including 30 *Tumi* retail stores that were acquired in conjunction with taking direct control of *Tumi* distribution in certain markets in Asia during 2017), together with constant currency same store net sales growth of 5.4% year-on-year, driven by constant currency same store net sales growth of 10.0%, 5.2%, 3.8% and 0.6% in Asia, North America, Europe and Latin America, respectively.

On the product category front, total non-travel product category net sales increased by 19.9% (+16.3% constant currency) to US$729.6 million, driven in part by the full half-year impact of the inclusion of eBags, with all sub-categories posting double-digit net sales growth. As a result, the non-travel product category's share of the Group's net sales rose to 39.5% for the first half of 2018 from 38.4% during the same period last year. Meanwhile, net sales in the travel category, the Group's traditional area of strength, grew by 14.5% (+10.8% constant currency) year-on-year to US$1,119.1 million.

The Group's gross profit margin increased by 120 basis points to 56.5% in the first half of 2018, driven by further expansion in the gross profit margin of the *Tumi* brand, as we continued to integrate and optimize Tumi's sourcing operations, along with double-digit net sales gains in the DTC channel.

Distribution expenses, as a percentage of net sales, amounted to 32.4% for the first half of 2018 (1H2017: 31.2% of net sales), primarily due to slightly higher fixed costs associated with the Group's focus on expanding its DTC distribution channel, together with the full half-year impact of the inclusion of eBags as the Group continued to integrate its operations. The Group continued to invest in marketing to enhance brand and product awareness, and drive additional net sales growth. As a result, marketing expenses as a percentage of net sales remained roughly consistent at 6.2% during the first half of 2018 (1H2017: 6.3% of net sales). General and administrative expenses came in lower, at 6.7% of net sales (1H2017: 6.8% of net sales), as the Group maintained control of its fixed cost base and leveraged it against strong sales growth. Finally, other expenses decreased by US$8.5 million due to lower acquisition-related costs. As a result, the Group's operating profit increased by 24.5% (+22.0% constant currency) year-on-year to US$201.8 million for the first half of 2018.

On April 25, 2018, we completed the refinancing of the Company's Original Senior Credit Facilities through the issuance of €350.0 million in 3.500% senior notes due 2026, and the closing of the New Senior Credit Facilities, which comprised a US$828.0 million senior secured New Term Loan A Facility, a US$665.0 million senior secured New Term Loan B Facility and a US$650.0 million New Revolving Credit Facility, all on more favorable terms than the Original Senior Credit Facilities. The refinancing provides the Group with a number of benefits, including: an expected reduction in interest expense of approximately US$9.0 million in the first year following the refinancing, an extension of the debt maturity profile by approximately two years, increased liquidity available to the Group, a natural currency hedge by aligning the Group's cash flows generated in Euros with Euro-denominated debt obligations, and an expansion in the investor base for the Group's debt.

In conjunction with the refinancing, we wrote off US$53.3 million in deferred financing costs associated with the Original Senior Credit Facilities, resulting in the Group's net finance costs rising to US$93.2 million for the six months ended June 30, 2018 (1H2017: US$39.7 million). Consequently, the Group's reported profit attributable to the equity holders decreased by US$15.6 million, or 18.7%, to US$67.8 million. Excluding this non-cash charge and the related tax impact, profit attributable to the equity holders increased by US$24.0 million, or 28.8%.

I would like to draw your attention to the two key performance indicators that we focus on, namely Adjusted EBITDA(7) and Adjusted Net Income(8). In the first half of 2018, the Group's Adjusted EBITDA increased by 14.6% (+11.0% constant currency) year-on-year to US$276.8 million (1H2017: US$241.5 million). Adjusted EBITDA margin(9) decreased modestly to 15.0% for the first half of 2018 (1H2017: 15.2%), primarily due to the inclusion of eBags which delivered lower profitability as the Group continued to integrate its operations. Excluding eBags, the Group's Adjusted EBITDA margin came in at 15.5%, an increase of 10 basis points from 15.4% for the same period in 2017. Meanwhile, the Group's Adjusted Net Income amounted to US$119.8 million (1H2017: US$100.2 million), an increase of 19.5% (+15.6% constant currency) year-on-year.

This year, we decided to take on additional inventories in order to enhance inventory coverage and reduce the risk of stock-outs ahead of the summer travel season, an important selling period for us. As a result, net working capital efficiency(10) was 14.0% as of June 30, 2018 (June 30, 2017: 11.7%), and net cash flows from operations came in at US$56.2 million in the first six months of 2018 (1H2017: US$152.8 million). During the first half of 2018, the Group's net cash flows used for investing activities amounted to US$50.1 million (primarily related to US$41.1 million spent on capital expenditures), and net cash flows generated from financing activities amounted to US$45.0 million, largely related to the refinancing. Accordingly, as of June 30, 2018, the Group had cash and cash equivalents of US$395.4 million (December 31, 2017: US$344.5 million) and total loans and borrowings before deferred financing costs of US$1,983.7 million (December 31, 2017: US$1,953.5 million), putting the Group in a net debt position of US$1,588.3 million as of June 30, 2018 (December 31, 2017: net debt of US$1,609.1 million). The Group's pro-forma total net leverage ratio(11) was 2.57:1.00 as of June 30, 2018, compared to 2.74:1.00 as of December 31, 2017.

This strong set of results is evidence of the strength of the Group's multi-brand, multi-category and multi-channel strategy and the power of its decentralized, regional management structure. While the departure of my predecessor Ramesh Tainwala was an unexpected development for all of us at Samsonite, the Group was able to maintain its focus, thanks largely to the leadership of our regional heads Lynne Berard (North America), Subrata Dutta (Asia Pacific), Arne Borrey (Europe), Rob Cooper (Tumi North America) and Roberto Guzmán (Latin America), working closely with fellow senior management team members John Livingston (General Counsel), Andy Wells (Chief Information Officer), Paul Melkebeke (Chief Supply Officer), Charlie Cole (Global e-Commerce Officer) and Marcie Whitlock (Global Human Resources Officer). On a personal note, Ramesh has been a valued colleague and remains a good friend, and I, together with everyone at Samsonite, wish him all the best in his future endeavors.

The cohesion, strength and depth of our management team have been and continue to be the source of Samsonite's resilience, enabling us to deliver consistently positive results. As CEO, my approach is to guide the Group forward by encouraging a healthy exchange of ideas among the senior management team, at the same time taking care to ensure everyone is on the same page. I also aim to maintain Samsonite's culture of empowerment, and to fully leverage the unique and valuable combination of skills, experience and perspective that each member brings to the table.

Just as there are no plans to change Samsonite's decentralized, regional management structure, we will continue to implement our multi-brand, multi-category and multi-channel strategy. In the last few years, we added the *Tumi*, *eBags*, *Speck*, *Gregory* and *Lipault* brands to our portfolio, providing the Group with the necessary additional building blocks for the future. Going forward, management will focus on driving organic net sales growth, margin enhancement and, in the background, deleveraging Samsonite's balance sheet.

Global trading conditions in 2018 have so far been favorable, and the travel and tourism market, a key driver of our business, continues to enjoy healthy growth(12). We have made a positive start to 2018, delivering solid growth in the first half, and we aim to sustain this momentum as we head into the remainder of the year. That being said, the global geopolitical and macroeconomic outlook is more uncertain today than it was just a few months ago. Nevertheless, I am confident that our powerful portfolio of brands, extensive global distribution and sourcing infrastructure, combined with our talented and dedicated regional and country management teams, put Samsonite in a strong position to continue to deliver outstanding products to consumers, drive sales and profit gains and increase shareholder value going forward.

Finally, I would like to take this opportunity to offer a personal thank you to our Chairman, Tim Parker, and the Board for their counsel and support. I look forward to working closely with them, my fellow senior management team members and our employees, suppliers and business partners around the world to take Samsonite forward and push the business to attain new heights.

Kyle Francis Gendreau
Chief Executive Officer &
Interim Chief Financial Officer
August 29, 2018

Notes

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

(2) Net sales through eBags amounted to US$70.5 million during the first half of 2018, compared to US$21.3 million for the period from May 5, 2017, the date of its acquisition, to June 30, 2017.

(3) The Group recorded net sales of US$0.8 million for the *Tumi* brand in Latin America during the first half of 2018.

(4) Excluding the contribution from eBags, net sales in North America increased by US$28.5 million, or 4.8% (+4.6% constant currency). Further excluding U.S. wholesale sales to eBags in 2017 prior to the acquisition, in order to be on a comparable basis to the first half of 2018, net sales in North America increased by US$31.5 million, or 5.3% (+5.1% constant currency).

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

(6) The *Kamiliant* brand recorded total net sales of US$26.5 million for the first half of 2018, including small amounts of net sales in Latin America and Europe.

(7) Adjusted EBITDA, a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges, which the Group believes is useful in gaining a more complete understanding of its operational performance and of the underlying trends of its business.

(8) Adjusted Net Income, a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges, along with their respective tax effects, that impact the Group's reported profit for the period, which the Group believes helps to give securities analysts, investors and other interested parties a better understanding of the Group's underlying financial performance.

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

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

(11) Net leverage ratio is calculated as (total loans and borrowings less total unrestricted cash) / last twelve months ("LTM") Adjusted EBITDA. LTM Adjusted EBITDA is calculated on a pro-forma basis to include the pro-forma run-rate cost synergies expected at August 1, 2018.

(12) International tourist arrivals grew 6% in January-April 2018 compared to the same period last year. Results reflect a continuation of the strong trend seen in 2017 (+7%) and so far exceed UNWTO's forecast of 4% to 5% for the year 2018. (United Nations World Tourism Organization ("UNWTO") World Tourism Barometer, Volume 16, Issue 3, June 2018).

Independent Auditors' Review Report

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

Report on the Financial Statements
We have reviewed the accompanying consolidated statement of financial position of Samsonite International S.A. and its subsidiaries as of June 30, 2018, the related consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and the consolidated statements of cash flows for the six-month periods ended June 30, 2018 and June 30, 2017.

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

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

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

KPMG LLP

Boston, Massachusetts
August 29, 2018

Consolidated Income Statements

(Expressed in millions of US Dollars, except per share data)	Note	Six months ended June 30, 2018	2017
Net sales	4	**1,848.7**	1,586.1
Cost of sales		**(804.9)**	(708.3)
Gross profit		**1,043.8**	877.8
Distribution expenses		**(598.4)**	(494.4)
Marketing expenses		**(114.3)**	(99.5)
General and administrative expenses		**(123.8)**	(107.8)
Other expenses, net	7 (b)	**(5.5)**	(14.0)
Operating profit		**201.8**	162.1
Finance income	19	**0.4**	0.7
Finance costs	19	**(93.6)**	(40.4)
Net finance costs	19	**(93.2)**	(39.7)
Profit before income tax		**108.6**	122.4
Income tax expense	18	**(30.7)**	(29.7)
Profit for the period		**77.9**	92.7
Profit attributable to equity holders		**67.8**	83.4
Profit attributable to non-controlling interests		**10.1**	9.3
Profit for the period		**77.9**	92.7
Earnings per share			
Basic earnings per share			
(Expressed in US Dollars per share)	5	**0.048**	0.059
Diluted earnings per share			
(Expressed in US Dollars per share)	5	**0.047**	0.059

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

Consolidated Statements of Comprehensive Income

(Expressed in millions of US Dollars)	Note	Six months ended June 30, 2018	2017
Profit for the period		**77.9**	92.7
Other comprehensive income (loss):			
Items that are or may be reclassified subsequently to profit or loss:			
Changes in fair value of foreign exchange forward contracts, net of tax	18 (b)	**2.9**	(3.9)
Changes in fair value of interest rate swaps, net of tax	14 (a) , 18 (b)	**9.1**	0.3
Foreign currency translation gains (losses) for foreign operations	19 , 18 (b)	**(7.3)**	29.0
Other comprehensive income		**4.7**	25.4
Total comprehensive income for the period		**82.6**	118.1
Total comprehensive income attributable to equity holders		**75.2**	107.3
Total comprehensive income attributable to non-controlling interests		**7.4**	10.8
Total comprehensive income for the period		**82.6**	118.1

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

Consolidated Statements of Financial Position

(Expressed in millions of US Dollars)	Note	**June 30, 2018**	December 31, 2017
Non-Current Assets			
Property, plant and equipment	8	**298.2**	308.0
Goodwill	7	**1,341.4**	1,343.0
Other intangible assets	9	**1,781.7**	1,792.8
Deferred tax assets		**66.1**	66.5
Derivative financial instruments	14 (a)	**36.7**	24.5
Other assets and receivables		**42.8**	40.2
Total non-current assets		**3,566.9**	3,575.0
Current Assets			
Inventories	10	**624.2**	583.0
Trade and other receivables	11	**419.4**	411.5
Prepaid expenses and other assets		**165.6**	156.4
Cash and cash equivalents	12	**395.4**	344.5
Total current assets		**1,604.6**	1,495.4
Total assets		**5,171.5**	5,070.4
Equity and Liabilities			
Equity:			
Share capital	13	**14.3**	14.2
Reserves		**1,770.2**	1,777.3
Total equity attributable to equity holders		**1,784.5**	1,791.5
Non-controlling interests		**38.6**	40.9
Total equity		**1,823.1**	1,832.4
Non-Current Liabilities			
Loans and borrowings	14 (a)	**1,859.7**	1,744.1
Employee benefits	15	**23.1**	24.0
Non-controlling interest put options	21 (b)	**55.6**	55.7
Deferred tax liabilities		**345.3**	320.9
Other liabilities		**11.1**	10.7
Total non-current liabilities		**2,294.8**	2,155.4
Current Liabilities			
Loans and borrowings	14 (b)	**78.8**	83.6
Current portion of long-term debt	14 (b)	**27.3**	69.3
Employee benefits	15	**74.4**	95.1
Trade and other payables	16	**809.1**	737.0
Current tax liabilities		**64.0**	97.6
Total current liabilities		**1,053.6**	1,082.6
Total liabilities		**3,348.4**	3,238.0
Total equity and liabilities		**5,171.5**	5,070.4
Net current assets		**551.0**	412.8
Total assets less current liabilities		**4,117.9**	3,987.8

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

Consolidated Statements of Changes in Equity

(Expressed in millions of US Dollars, except number of shares)	Note	Number of shares	Share capital	Reserves: Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Retained earnings	Total equity attributable to equity holders	Non-controlling interests	Total equity
Six months ended June 30, 2018										
Balance, January 1, 2018		**1,421,811,102**	**14.2**	**1,014.6**	**(47.2)**	**75.9**	**734.0**	**1,791.5**	**40.9**	**1,832.4**
Profit for the period		**—**	**—**	**—**	**—**	**—**	**67.8**	**67.8**	**10.1**	**77.9**
Other comprehensive income (loss):										
Changes in fair value of foreign exchange forward contracts, net of tax	18 (b)	**—**	**—**	**—**	**—**	**2.9**	**—**	**2.9**	**—**	**2.9**
Changes in fair value of interest rate swaps, net of tax	14 (a), 18 (b)	**—**	**—**	**—**	**—**	**9.1**	**—**	**9.1**	**—**	**9.1**
Foreign currency translation losses	19, 18 (b)	**—**	**—**	**—**	**(4.6)**	**—**	**—**	**(4.6)**	**(2.7)**	**(7.3)**
Total comprehensive (loss) income for the period		**—**	**—**	**—**	**(4.6)**	**12.0**	**67.8**	**75.2**	**7.4**	**82.6**
Transactions with owners recorded directly in equity:										
Change in fair value of put options included in equity	21	**—**	**—**	**—**	**—**	**—**	**(0.8)**	**(0.8)**	**—**	**(0.8)**
Cash distributions declared to equity holders	5 (c)	**—**	**—**	**—**	**—**	**—**	**(110.0)**	**(110.0)**	**—**	**(110.0)**
Share-based compensation expense	15	**—**	**—**	**—**	**—**	**8.6**	**—**	**8.6**	**—**	**8.6**
Tax effect of outstanding share options		**—**	**—**	**—**	**—**	**(4.3)**	**—**	**(4.3)**	**—**	**(4.3)**
Exercise of share options	15	**8,395,007**	**0.1**	**32.7**	**—**	**(8.5)**	**—**	**24.3**	**—**	**24.3**
Dividends paid to non-controlling interests	5 (c)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(9.7)**	**(9.7)**
Balance, June 30, 2018		**1,430,206,109**	**14.3**	**1,047.3**	**(51.8)**	**83.7**	**691.0**	**1,784.5**	**38.6**	**1,823.1**

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

Consolidated Statements of Changes in Equity (continued)

(Expressed in millions of US Dollars, except number of shares)	Note	Number of shares	Share capital	Reserves: Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Retained earnings	Total equity attributable to equity holders	Non-controlling interests	Total equity
Six months ended June 30, 2017										
Balance, January 1, 2017		1,411,288,901	14.1	976.1	(94.4)	51.3	520.0	1,467.1	43.9	1,511.0
Profit for the period		—	—	—	—	—	83.4	83.4	9.3	92.7
Other comprehensive income (loss):										
Changes in fair value of foreign exchange forward contracts, net of tax	18 (b)	—	—	—	—	(3.9)	—	(3.9)	—	(3.9)
Changes in fair value of interest rate swaps, net of tax	14 (a) , 18 (b)	—	—	—	—	0.3	—	0.3	—	0.3
Foreign currency translation gains	19 , 18 (b)	—	—	—	27.5	—	—	27.5	1.5	29.0
Total comprehensive income (loss) for the period		—	—	—	27.5	(3.6)	83.4	107.3	10.8	118.1
Transactions with owners recorded directly in equity:										
Change in fair value of put options included in equity	21	—	—	—	—	—	(1.8)	(1.8)	—	(1.8)
Cash distributions declared to equity holders	5 (c)	—	—	—	—	—	(97.0)	(97.0)	—	(97.0)
Share-based compensation expense	15	—	—	—	—	8.3	—	8.3	—	8.3
Tax effect of outstanding share options		—	—	—	—	2.3	—	2.3	—	2.3
Exercise of share options	15	6,667,404	0.1	23.7	—	(6.6)	—	17.2	—	17.2
Dividends paid to non-controlling interests	5 (c)	—	—	—	—	—	—	—	(16.0)	(16.0)
Balance, June 30, 2017		1,417,956,305	14.2	999.8	(66.9)	51.7	504.6	1,503.4	38.7	1,542.1

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

Consolidated Statements of Cash Flows

(Expressed in millions of US Dollars)	Note	Six months ended June 30, 2018	2017
Cash flows from operating activities:			
Profit for the period		**77.9**	92.7
Adjustments to reconcile profit for the period to net cash generated from operating activities:			
Depreciation	8	**44.0**	41.5
Amortization of intangible assets	9	**17.0**	15.5
Settlement of U.S. defined benefit pension plans		**—**	(7.3)
Change in fair value of put options included in finance costs	19 , 21	**(0.9)**	(3.0)
Non-cash share-based compensation	15	**8.6**	8.3
Interest expense on financial liabilities, including amortization of deferred financing costs	19	**37.2**	39.9
Non-cash write-off of deferred financing costs	19	**53.3**	—
Income tax expense	18	**30.7**	29.7
		267.8	217.3
Changes in operating assets and liabilities (excluding allocated purchase price in business combinations):			
Trade and other receivables		**(17.7)**	(10.7)
Inventories		**(56.4)**	(34.5)
Other current assets		**(10.4)**	(1.3)
Trade and other payables		**(41.4)**	70.8
Other assets and liabilities		**(8.4)**	0.5
Cash generated from operating activities		**133.5**	242.1
Interest paid		**(30.5)**	(33.1)
Income tax paid		**(46.8)**	(56.2)
Net cash generated from operating activities		**56.2**	152.8
Cash flows from investing activities:			
Purchases of property, plant and equipment	8	**(41.1)**	(32.4)
Other intangible asset additions	9	**(9.7)**	(5.2)
Acquisition of businesses, net of cash acquired	7	**—**	(170.0)
Other proceeds		**0.7**	0.7
Net cash used in investing activities		**(50.1)**	(206.9)
Cash flows from financing activities:			
Proceeds from issuance of Senior Notes and New Senior Credit Facilities	14	**1,922.9**	—
Payment and settlement of Original Senior Credit Facilities	14	**(1,869.7)**	—
Payments of Original Senior Credit Facilities prior to settlement	14	**—**	(19.0)
(Payments) proceeds from other current loans and borrowings, net	14	**(4.3)**	69.6
Payment of deferred financing costs	14	**(18.5)**	(5.4)
Proceeds from the exercise of share options	15	**24.3**	23.8
Dividend payments to non-controlling interests	5	**(9.7)**	(16.0)
Net cash generated from financing activities		**45.0**	53.0
Net increase (decrease) in cash and cash equivalents		**51.1**	(1.1)
Cash and cash equivalents, at January 1		**344.5**	368.5
Effect of exchange rate changes		**(0.2)**	10.4
Cash and cash equivalents, at June 30	12	**395.4**	377.8

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

Notes to the Consolidated Interim Financial Statements

1. Background

Samsonite International S.A. (the "Company"), together with its consolidated subsidiaries (the "Group"), is principally engaged in the design, manufacture, sourcing and distribution of luggage, business and computer bags, women's bags, outdoor and casual bags, travel accessories and slim protective cases for personal electronic devices throughout the world, primarily under the *Samsonite*®, *Tumi*®, *American Tourister*®, *Speck*®, *High Sierra*®, *Gregory*®, *Lipault*®, *Kamiliant*®, *Hartmann*® and *eBags*® brand names as well as other owned and licensed brand names. The Group sells its products through a variety of wholesale distribution channels, through its company-operated retail stores and through e-commerce. The Group sells its products in North America, Asia, Europe and Latin America.

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

This consolidated interim financial information was authorized for issuance by the Company's Board of Directors (the "Board") on August 29, 2018 and is unaudited. The Company's auditor, KPMG LLP, performed a review in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial information and in accordance with International Standards on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

2. Basis of Preparation

(a) Statement of Compliance

The consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The consolidated interim financial statements should be read in conjunction with the Group's audited consolidated financial statements as of and for the year ended December 31, 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which collective term includes all International Accounting Standards ("IAS") and related interpretations, as issued by the International Accounting Standards Board (the "IASB").

There were no changes in the Group's business or economic circumstances which affected the fair value of the financial assets and financial liabilities, whether recognized at fair value or amortized cost, during the six months ended June 30, 2018. There were no transfers between the levels of the fair value hierarchy used in measuring the fair value of financial instruments and there were no changes in the classification of financial assets during the six months ended June 30, 2018.

Cash-generating units ("CGU") and intangible assets were not tested for impairment, as there were no impairment indicators during the six months ended June 30, 2018.

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period, adjusted for certain discrete items for the period.

The Group has not performed independent actuarial valuations of its defined benefit obligation plans as of June 30, 2018.

(b) Basis of Measurement

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

- derivative financial instruments are measured at fair value.
- the defined benefit liability is recognized as the net total of the plan assets, plus recognized past service cost and recognized actuarial losses, less recognized actuarial gains and the present value of the defined benefit obligation.

(c) Functional and Presentation Currency

This financial information is presented using the currency of the primary economic environment in which the Group operates ("functional currency"). The functional currencies of the significant subsidiaries within the Group are the

currencies of the primary economic environment and key business processes of these subsidiaries and include, but are not limited to, United States Dollars, Euros, Renminbi, South Korean Won, Japanese Yen and Indian Rupee.

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

(d) Use of Judgments, Estimates and Assumptions

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. No significant changes occurred during the current reporting period of estimates reported in prior periods.

3. Summary of Significant Accounting Policies

(a) Significant Accounting Policies and Immaterial Correction of Disclosure Error

Except as described below, the accounting policies and judgments applied by the Group used in the preparation of this consolidated interim financial information are consistent with those applied by the Group in the consolidated annual financial statements as of and for the year ended December 31, 2017. The changes in accounting policies described below are also expected to be reflected in the Group's consolidated financial statements as of and for the year ending December 31, 2018.

A comparative disclosure amount in the Inventories note to the consolidated interim financial information (note 10) has been adjusted subsequent to the publication of the Company's 2017 Annual Report. Specifically, the disclosure of inventory carried at net realizable value (estimated selling price less costs to sell) as of December 31, 2017 has been updated to US$72.8 million from US$229.6 million (as previously disclosed in the 2017 Annual Report). This immaterial correction does not impact the Group's previously reported profitability, consolidated statements of financial position, consolidated statements of cash flow or consolidated income statements.

(b) Changes in Accounting Policies

The IASB has issued a number of new, revised and amended IFRS. For the purpose of preparing the consolidated interim financial information for the six months ended June 30, 2018, the following revised standards became effective for the current reporting period.

IFRS 9, Financial Instruments

Improvements introduced under IFRS 9, *Financial Instruments*, include new principles for classification and measurement based on cash flows characteristics and business model, a single forward-looking expected loss impairment model and a substantially revised approach to hedge accounting aligning it more with risk management strategies. IFRS 9 became effective on January 1, 2018. The adoption of this standard did not have a material impact on the Group's financial performance and condition.

IFRS 15, Revenue from Contracts with Customers

IFRS 15, *Revenue from Contracts with Customers*, sets out requirements for recognizing revenue that applies to all contracts with customers and introduces a five step approach with control being the basic principal underpinning the new model. IFRS 15 also requires enhanced qualitative and quantitative revenue-related disclosures. IFRS 15 became effective on January 1, 2018. The Group adopted IFRS 15 as of January 1, 2018.

The Group evaluated the impact of the new standard comparing its accounting policies and practices, prior to the adoption of IFRS 15, to the requirements of the new standard. The Group analyzed the timing of transfer of control, right of return and variable consideration related to the sales of its products under IFRS 15. This analysis included stocking fees, rebates, loyalty programs, gift cards, customized products and warranties. The Company also analyzed its licensing agreements and cooperative advertising programs under IFRS 15. The Group has warranties that vary amongst brands and product categories, but does not offer any multi-period maintenance or extended warranty agreements. Under the Group's current accounting policies, revenue is recorded when products ship with an

estimated warranty accrual recorded for the estimated future warranty costs. The Group did not change this accounting upon adoption of the new revenue recognition standard. Assurance-type warranties on the Group's products do not provide an additional service to the customer (i.e., they are not separate performance obligations). Based on the analysis performed, the Group determined that the impact of adopting IFRS 15 on the amount and timing of the revenue recognized in the consolidated interim financial statements from the adoption of the standard was not material.

Amendments to IFRS 2, Classification and Measurement of Share-based Payment Transactions

IFRS 2, *Classification and Measurement of Share-based Payment Transactions* was amended to eliminate the ambiguity over how a company should account for certain types of share-based payment arrangements. These amendments include: (i) measurement of cash-settled share-based arrangements, (ii) classification of share-based payments settled net of tax withholdings and (iii) accounting for a modification of a share-based payment from cash-settled to equity-settled. Amendments to IFRS 2 became effective for annual periods beginning on or after January 1, 2018. The Group adopted the Amendments to IFRS 2, *Classification and Measurement of Share-based Payment Transactions* as of January 1, 2018. The adoption of this standard did not have a material impact on the Group's consolidated interim financial results.

IFRIC 22, Foreign Currency Transactions and Advance Consideration

The IFRS Interpretations Committee ("IFRS IC") issued IFRIC 22, *Foreign Currency Transactions and Advance Consideration* in December 2016. IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. IFRIC 22 covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. IFRIC 22 became effective for annual reporting periods beginning on or after January 1, 2018. The Group adopted IFRIC 22 as of January 1, 2018. The adoption of this standard did not have a material impact on the Group's consolidated interim financial statements.

(c) New Standards and Interpretations Not Yet Adopted

In January 2016, the IASB issued IFRS 16, *Leases* ("IFRS 16"). The guidance amends the existing accounting standards for lease accounting, including the requirement that lessees recognize right of use assets and lease liabilities for leases with terms greater than twelve months on the consolidated statements of financial position. Under the new guidance, lessor accounting is largely unchanged. This guidance is effective for fiscal years, and for interim periods within those fiscal years, beginning on or after January 1, 2019. IFRS 16 provides an option to adopt the new requirements by either using a retrospective approach (i.e., restating all comparatives) or a modified retrospective approach and contains certain other transition reliefs. The Group is currently evaluating these options. The Company (i) has established a multidisciplinary team to assess and implement the new guidance, (ii) expects the guidance to have a material impact on its consolidated statements of financial position due to the recording of right of use assets and lease liabilities for leases in which it is a lessee and which it currently treats as operating leases and (iii) continues to evaluate the impact of the new guidance.

In June 2017, the IFRS IC issued IFRIC 23, *Uncertainty over Income Tax Treatments*, ("IFRIC 23"). IFRIC 23 clarifies the accounting for uncertainties related to income taxes and is to be applied to the determination of taxable profit (tax 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 is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted. The Group is currently evaluating the impact of IFRIC 23 on its consolidated financial statements.

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

4. Segment Reporting

The reportable segments for the six months ended June 30, 2018 are consistent with the reportable segments included within the annual consolidated financial statements as of and for the year ended December 31, 2017.

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

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

Segment information as of and for the six months ended June 30, 2018 and June 30, 2017 is as follows:

	Six months ended June 30, 2018					
(Expressed in millions of US Dollars)	**North America**	**Asia**	**Europe**	**Latin America**	**Corporate**	**Consolidated**
External revenues	**695.0**	**668.3**	**392.7**	**90.6**	**2.1**	**1,848.7**
Operating profit (loss)	**78.7**	**120.8**	**36.5**	**2.5**	**(36.7)**	**201.8**
Depreciation and amortization	**21.6**	**19.4**	**15.4**	**3.5**	**1.1**	**61.0**
Capital expenditures	**10.5**	**9.8**	**15.7**	**3.7**	**1.4**	**41.1**
Finance income	**—**	**0.3**	**0.1**	**—**	**—**	**0.4**
Finance costs[(1)]	**(0.2)**	**(2.6)**	**(3.9)**	**(1.4)**	**(85.5)**	**(93.6)**
Income tax (expense) benefit	**(9.2)**	**(18.0)**	**(6.8)**	**(0.7)**	**4.0**	**(30.7)**
Total assets	**2,328.5**	**1,282.2**	**688.2**	**111.0**	**761.6**	**5,171.5**
Total liabilities	**1,129.2**	**495.1**	**355.7**	**38.3**	**1,330.1**	**3,348.4**

	Six months ended June 30, 2017					
(Expressed in millions of US Dollars)	North America	Asia	Europe	Latin America	Corporate	Consolidated
External revenues	617.2	563.3	325.2	75.9	4.5	1,586.1
Operating profit (loss)	67.5	99.3	33.9	1.7	(40.3)	162.1
Depreciation and amortization	20.0	18.8	13.2	3.7	1.3	57.0
Capital expenditures	10.5	5.4	14.1	2.1	0.3	32.4
Finance income	0.1	0.4	0.2	—	—	0.7
Finance costs[(1)]	—	3.1	(1.1)	(1.0)	(41.4)	(40.4)
Income tax (expense) benefit	(7.6)	(15.4)	(6.2)	(0.7)	0.2	(29.7)
Total assets	2,887.7	1,165.6	597.1	100.3	177.8	4,928.5
Total liabilities	1,482.8	405.1	338.0	36.1	1,124.3	3,386.3

Note

(1) Finance costs for the six months ended June 30, 2018 primarily include interest expense on financial liabilities, which includes the amortization of deferred financing costs, the non-cash write-off of deferred financing costs in the amount of US$53.3 million, change in the fair value of put options and unrealized (gains) losses on foreign exchange that are presented on a net basis. Finance costs for the six months ended June 30, 2017 primarily include interest expense on financial liabilities, which includes the 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.

The following table sets forth a disaggregation of net sales by brand for the six months ended June 30, 2018 and June 30, 2017:

(Expressed in millions of US Dollars)	Six months ended June 30,	
	2018	2017
Net sales by brand:		
Samsonite	**847.3**	777.7
Tumi	**353.2**	296.9
American Tourister	**338.9**	262.8
Speck	**56.2**	54.2
High Sierra	**45.0**	44.0
Gregory	**29.1**	26.5
Other(1)	**179.0**	124.0
Net sales	**1,848.7**	1,586.1

Note

(1) Other includes certain other brands owned by the Group, such as *Kamiliant*, *Lipault*, *Hartmann*, *eBags*, *Saxoline*, *Xtrem* and *Secret*, as well as third party brands sold through the Rolling Luggage and Chic Accent retail stores and the eBags website.

The following table sets forth a disaggregation of net sales by product category for the six months ended June 30, 2018 and June 30, 2017:

(Expressed in millions of US Dollars)	Six months ended June 30,	
	2018	2017
Net sales by product category:		
Travel	**1,119.1**	977.8
Non-travel(1)	**729.6**	608.3
Net sales	**1,848.7**	1,586.1

Note

(1) Non-travel is comprised of business products, casual products, accessories and other.

The following table sets forth a disaggregation of net sales by distribution channel for the six months ended June 30, 2018 and June 30, 2017:

(Expressed in millions of US Dollars)	Six months ended June 30,	
	2018	2017
Net sales by distribution channel:		
Wholesale	**1,226.0**	1,101.9
Direct-to-consumer ("DTC")(1)	**620.6**	479.6
Other(2)	**2.1**	4.6
Net sales	**1,848.7**	1,586.1

Notes

(1) DTC, or direct-to-consumer, includes bricks-and-mortar retail and DTC e-commerce.

(2) “Other” primarily consists of licensing income.

5. Earnings Per Share

(a) Basic

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders of the Company for the six months ended June 30, 2018 and June 30, 2017.

(Expressed in millions of US Dollars, except share and per share data)	Six months ended June 30, 2018	2017
Issued ordinary shares at the beginning of the period	**1,421,811,102**	1,411,288,901
Weighted-average impact of share options exercised during the period	**3,094,926**	2,395,414
Weighted-average number of shares for the period	**1,424,906,028**	1,413,684,315
Profit attributable to the equity holders	**67.8**	83.4
Basic earnings per share *(Expressed in US Dollars per share)*	**0.048**	0.059

(b) Diluted

Dilutive earnings per share are calculated by adjusting the weighted-average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

(Expressed in millions of US Dollars, except share and per share data)	Six months ended June 30, 2018	2017
Weighted-average number of ordinary shares (basic) at end of the period	**1,424,906,028**	1,413,684,315
Effect of share options	**15,462,021**	6,914,783
Weighted-average number of shares for the period	**1,440,368,049**	1,420,599,098
Profit attributable to the equity holders	**67.8**	83.4
Diluted earnings per share *(Expressed in US Dollars per share)*	**0.047**	0.059

(c) Dividends and Distributions

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, a 13.4% increase from the US$97.0 million distribution paid in 2017. 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.

On March 15, 2017, the Board recommended that a cash distribution in the amount of US$97.0 million, or approximately US$0.068 per share, be made to the Company's shareholders of record on June 17, 2017 from its ad hoc distributable reserve. The shareholders approved this distribution on June 1, 2017 at the Annual General Meeting and the distribution was paid on July 12, 2017.

Dividend payments to non-controlling interests amounted to US$9.7 million and US$16.0 million during the six months ended June 30, 2018 and June 30, 2017, respectively.

No other dividends or distributions were declared or paid during the six months ended June 30, 2018 and June 30, 2017.

6. Seasonality of Operations

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

7. Business Combinations

There were no business combinations completed by the Group during the six months ended June 30, 2018.

(a) First Half 2017 Business Combinations

During the six months ended June 30, 2017, the Group acquired certain assets related to the distribution of *Tumi* products in certain markets in Asia and completed the purchase of eBags, Inc. in the United States. These transactions were accounted for as business combinations.

(i) Assets Related to the Distribution of *Tumi* in Certain Asian Markets

Certain subsidiaries of the Group assumed direct control of the wholesale and retail distribution of *Tumi* products in South Korea, Hong Kong, Macau, China, Indonesia and Thailand during the year ended December 31, 2017 resulting in business combinations. The total consideration paid in connection with all such transactions was US$64.9 million.

- On January 4, 2017, the Company's wholly-owned subsidiary in South Korea completed the acquisition of certain assets, including inventories, store fixtures and furniture, as well as rights under retail store leases, from TKI, Inc. ("TKI") with effect from January 1, 2017.
- On April 1, 2017, the Company's wholly-owned subsidiaries in Hong Kong, Macau and China acquired certain assets, including inventories, store fixtures and furniture, as well as rights under retail store leases, from Imaginex Holdings Limited ("Imaginex") with effect from April 1, 2017.
- On May 1, 2017, the Company's non-wholly owned subsidiaries in Indonesia and Thailand assumed direct control of the distribution of *Tumi* products in each respective country with effect from May 1, 2017.

The following table summarizes the recognized amounts of assets acquired for all of the above distributorships at the respective acquisition dates as a final allocation of the combined purchase price.

(Expressed in millions of US Dollars)	
Property, plant and equipment	3.8
Identifiable intangible assets	16.9
Inventories	9.4
Other current assets	0.2
Trade and other payables	(0.8)
Total identifiable net assets acquired	29.5
Goodwill	35.4
Total purchase price	64.9

Identifiable intangible assets are primarily comprised of customer relationships that will be amortized over the estimated useful life.

Goodwill in the amount of US$35.4 million was recognized as a result of the acquisitions. The goodwill is attributable mainly to the synergies expected to be achieved from integrating the distributorships into the Group's existing business. All of the goodwill recognized is expected to be deductible for tax purposes.

(ii) eBags, Inc.

On April 6, 2017, Samsonite LLC and BGS Merger Sub, Inc., both wholly-owned subsidiaries of the Company, entered into a merger agreement with eBags, Inc. ("eBags") and certain of the security holders of eBags, pursuant to which Samsonite LLC agreed to acquire all of the outstanding equity interests of eBags for cash consideration of US$105.0 million on the terms and conditions set out in the merger agreement. The acquisition was completed on May 5, 2017, at which time eBags became an indirect, wholly-owned subsidiary of the Company. The consideration paid under the merger agreement by Samsonite LLC was financed by internal resources of the Group and the Group's revolving credit facility.

eBags is a leading online retailer of bags and related accessories for travel. eBags offers consumers a diverse offering of travel bags and accessories including luggage, backpacks, handbags, business bags, travel accessories and apparel. eBags sells products from a wide variety of leading travel and fashion brands (including many of the brands owned by the Group), as well as its own exclusive private label brand. Founded in 1998, eBags is headquartered in Greenwood Village, Colorado, USA.

The acquisition provided the Group with a strong platform to help accelerate the growth of the Group's DTC e-commerce business in North America and worldwide. It also provided the Group with immediate resources and digital know-how to strengthen the Group's existing digital capabilities.

The following table summarizes the recognized amounts of assets and liabilities acquired and liabilities assumed at the acquisition date as a final allocation of the purchase price.

(Expressed in millions of US Dollars)	
Property, plant and equipment	0.4
Identifiable intangible assets	59.0
Inventories	7.1
Trade and other receivables	0.1
Other current assets	0.5
Deferred tax liability	(2.7)
Trade and other payables	(20.7)
Total identifiable net assets acquired	43.7
Goodwill	61.3
Total purchase price	105.0

Identifiable intangible assets above are comprised of US$55.5 million attributable to the eBags tradename and US$3.5 million of other intangible assets.

Goodwill in the amount of US$61.3 million was recognized. The goodwill is attributable mainly to the synergies expected to be achieved from integrating eBags into the Group's existing business. None of the goodwill recognized is expected to be deductible for tax purposes.

Per IFRS 3, *Business Combinations*, an acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the acquirer shall also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date. The measurement period for the transactions disclosed above has ended as of June 30, 2018.

(b) Acquisition-related Costs

The Group incurred US$1.2 million and US$14.9 million in acquisition-related costs during the six months ended June 30, 2018 and June 30, 2017, respectively. Such costs are primarily comprised of costs associated with due diligence, professional and legal fees, severance and integration costs related to completed and contemplated transactions and are recognized within other expenses on the consolidated income statements.

8. Property, Plant and Equipment

For the six months ended June 30, 2018 and June 30, 2017, the cost of additions to property, plant and equipment was US$41.1 million and US$32.4 million, respectively, excluding assets acquired through business combinations. Depreciation expense for the six months ended June 30, 2018 and June 30, 2017 amounted to US$44.0 million and US$41.5 million, respectively. Of this amount, US$7.5 million and US$6.7 million was included in cost of sales during the six months ended June 30, 2018 and June 30, 2017, respectively. Remaining amounts were presented in distribution and general and administrative expenses.

9. Other Intangible Assets

Amortization expense for the six months ended June 30, 2018 and June 30, 2017 amounted to US$17.0 million and US$15.5 million, respectively, which was included within distribution expenses on the consolidated income statements.

In accordance with IAS 36, *Impairment of Assets*, the Group is required to evaluate its intangible assets for potential impairment whenever events or changes in circumstance indicate that their carrying amount might not be recoverable. There were no impairment indicators during the six months ended June 30, 2018.

10. Inventories

Inventories consisted of the following:

(Expressed in millions of US Dollars)	**June 30, 2018**	December 31, 2017
Raw materials	**39.3**	38.4
Work in process	**0.4**	2.6
Finished goods	**584.5**	542.0
Total inventories	**624.2**	583.0

The amount above as of June 30, 2018 includes inventories carried at net realizable value (estimated selling price less costs to sell) of US$72.3 million. The inventories carried at net realizable value as of December 31, 2017 has been corrected and amended to US$72.8 million from US$229.6 million (previously disclosed in the 2017 annual report). During the six months ended June 30, 2018 and June 30, 2017, the write-down of inventories to net realizable value amounted to US$4.4 million and US$1.6 million, respectively. During the six months ended June 30, 2018 and June 30, 2017 the reversal of reserves recognized in profit or loss amounted to US$1.4 million and US$2.1 million, respectively. For further information regarding this immaterial correction of net realizable value disclosure as of December 31, 2017, please refer to note 3(a) Summary of Significant Accounting Policies and Immaterial Correction of Disclosure Error.

11. Trade and Other Receivables

Trade and other receivables are presented net of related allowances for doubtful accounts of US$14.5 million and US$14.5 million as of June 30, 2018 and December 31, 2017, respectively.

Included in trade and other receivables are trade receivables (net of allowance for doubtful accounts) of US$400.9 million and US$393.3 million as of June 30, 2018 and December 31, 2017, respectively, with the following aging analysis by due date of the respective invoice:

(Expressed in millions of US Dollars)	**June 30, 2018**	December 31, 2017
Current	**342.1**	336.4
0 - 30 days past due	**49.2**	45.8
Greater than 30 days past due	**9.6**	11.1
Total trade receivables	**400.9**	393.3

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

12. Cash and Cash Equivalents

(Expressed in millions of US Dollars)	**June 30, 2018**	December 31, 2017
Bank balances	**393.6**	340.8
Short-term investments	**1.8**	3.7
Total cash and cash equivalents	**395.4**	344.5

Short-term investments are comprised of overnight sweep accounts and time deposits. Cash and cash equivalents are generally denominated in the functional currency of the respective Group entity. There were no restrictions on the use of any of the Group's cash as of June 30, 2018 and December 31, 2017.

13. Share Capital

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

During the six months ended June 30, 2017, the Company issued 6,667,404 ordinary shares at a weighted-average exercise price of HK$19.98 per share in connection with the exercise of vested share options that were granted under the Company's Share Award Scheme. There were no other movements in the share capital of the Company during the first half of 2017.

14. Loans and Borrowings

(a) Non-current Obligations

Non-current obligations represent non-current debt and finance lease obligations as follows:

(Expressed in millions of US Dollars)	June 30, 2018	December 31, 2017
New Term Loan A Facility	**828.0**	—
New Term Loan B Facility	**665.0**	—
Original Term Loan A Facility	**—**	1,203.1
Original Term Loan B Facility	**—**	666.6
Total Term Loan Facilities	**1,493.0**	1,869.7
Senior Notes due 2026	**409.0**	—
Other long-term debt	**2.8**	—
Finance lease obligations	**0.3**	0.3
Total loans and borrowings	**1,905.1**	1,870.0
Less deferred financing costs	**(17.9)**	(56.5)
Total loans and borrowings less deferred financing costs	**1,887.2**	1,813.5
Less current portion of long-term debt	**(27.3)**	(69.3)
Less current installments on finance lease obligations	**(0.2)**	(0.1)
Non-current loans and borrowings	**1,859.7**	1,744.1

Refinancing of Senior Credit Facilities Through Issuance of €350.0 Million 3.500% Senior Notes Due 2026 and Amendment and Restatement of Senior Credit Facilities (the "Refinancing")

Issuance of €350.0 Million 3.500% Senior Notes Due 2026

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

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

Maturity, Interest and Redemption

The Senior Notes will mature on May 15, 2026. Interest on the aggregate outstanding principal amount of the Senior Notes will accrue at a rate of 3.500% per annum, payable semi-annually in cash in arrears on May 15 and November 15 each year and commencing on November 15, 2018.

The Senior Notes are non-callable until May 15, 2021. 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 will also secure the New Senior Credit Facilities (as defined below) on a first-ranking basis.

Certain Covenants and Events of Default

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

Amended and Restated Senior Credit Facilities Agreement

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

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

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

Interest Rate and Fees

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

(a) in respect of the New Term Loan A Facility and the New Revolving Credit Facility, the interest rate payable was set with effect from the Closing Date until the delivery of the financial statements for the first full fiscal quarter commencing on or after the Closing Date at the London Interbank Offered Rate ("LIBOR") plus 1.50% per annum (or a base rate plus 0.50% 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 interest rate payable on the Original Term Loan A Facility and Original Revolving Credit Facility was an adjusted rate of LIBOR plus 2.00% per annum; and

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

In addition to paying interest on outstanding principal under the New Senior Credit Facilities, the borrowers will pay customary agency fees and a commitment fee in respect of the unutilized commitments under the New Revolving Credit Facility. The commitment fee payable was reduced with effect from the Closing Date until the delivery of the financial statements for the first full fiscal quarter commencing on or after the Closing Date from 0.375% per annum to 0.20% per annum. The commitment fee may step up 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, commencing with the first full fiscal quarter ended after the Closing Date.

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

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

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

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

Interest Rate Swaps
The Group maintains interest rate swaps to hedge interest rate exposure under the floating-rate New Senior Credit Facilities by swapping certain US Dollar floating-rate bank borrowings with fixed-rate agreements. The interest rate swap agreements entered into in connection with the Original Senior Credit Facilities remain in effect following the Refinancing and will terminate on August 31, 2021. The notional amounts of the interest rate swap agreements decrease over time. LIBOR has been fixed at approximately 1.30% under each agreement. Each of the interest rate swap agreements have fixed payments due monthly that commenced January 31, 2017. The interest rate swap transactions qualify as cash flow hedges. As of June 30, 2018 and December 31, 2017, the interest rate swaps were marked-to-market, resulting in a net asset position to the Group in the amount of US$36.7 million and US$24.5 million, respectively, which was recorded as an asset with the effective portion of the gain deferred to other comprehensive income.

Deferred Financing Costs
The Group incurred US$18.5 million of deferred financing costs related to the Refinancing. Such costs have been deferred and will be offset against loans and borrowings to be amortized using the effective interest method over the life of the Senior Notes and New Senior Credit Facilities. The amortization of deferred financing costs under the Senior Notes and New Senior Credit Facilities, which is included in interest expense, amounted to US$0.5 million for the six months ended June 30, 2018. Prior to the Refinancing, amortization of deferred financing costs under the Original Senior Credit Facilities, which was extinguished in April 2018, amounted to US$3.3 million and $6.5 million for the six months ended June 30, 2018 and June 30, 2017, respectively.

Upon extinguishment of the Original Senior Credit Facilities, the Group recognized a non-cash charge in the amount of US$53.3 million to write off the previously existing deferred financing costs related to the Original Senior Credit Facilities.

(b) Current Obligations and Credit Facilities
Current obligations represent current debt and finance lease obligations as follows:

(Expressed in millions of US Dollars)	**June 30, 2018**	December 31, 2017
Current portion of non-current loans and borrowings	**27.3**	69.3
New Revolving Credit Facility	**43.2**	—
Original Revolving Credit Facility	**—**	63.6
Other lines of credit	**35.4**	19.9
Finance lease obligations	**0.2**	0.1
Total current obligations	**106.1**	152.9

Revolving Facility
As of June 30, 2018, US$603.0 million was available to be borrowed on the New Revolving Credit Facility as a result of US$43.2 million of outstanding borrowings and the utilization of US$3.8 million of the facility for outstanding letters of credit extended to certain creditors. As of December 31, 2017, US$432.6 million was available to be borrowed on the Original Revolving Credit Facility as a result of US$63.6 million of outstanding borrowings and the utilization of US$3.8 million of the facility for outstanding letters of credit extended to certain creditors.

Other Loans and Borrowings
Certain consolidated subsidiaries of the Group maintain credit lines and other short-term loans with various third party lenders in the regions in which they operate. Other loans and borrowings are generally variable rate instruments denominated in the functional currency of the borrowing Group entity. These other loans and borrowings provide short-term financing and working capital for the day-to-day business operations of the subsidiaries, including overdraft, bank guarantees, and trade finance facilities. The majority of the credit lines included in other loans and borrowings are uncommitted facilities. The total aggregate amount outstanding under the local facilities was US$35.4 million and US$19.9 million as of June 30, 2018 and December 31, 2017, 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]**	**Other non-current liabilities**	**Share capital**	**Reserves**	**Non-controlling interests**	**Total**
Balance at January 1, 2018	1,897.9	90.4	14.2	1,777.3	40.9	3,820.7
Changes from financing cash flows:						
Proceeds from issuance of New Senior Credit Facilities	1,495.9	—	—	—	—	1,495.9
Proceeds from issuance of Senior Notes	427.0	—	—	—	—	427.0
Payment and settlement of Original Senior Credit Facilities	(1,869.7)	—	—	—	—	(1,869.7)
Proceeds (payments) from other current loans and borrowings, net	(4.3)	—	—	—	—	(4.3)
Payment of deferred financing costs	(18.5)	—	—	—	—	(18.5)
Proceeds from stock option exercises	—	—	—	24.3	—	24.3
Dividend payments to non-controlling interests	—	—	—	—	(9.7)	(9.7)
Total changes from financing cash flows	30.4	—	—	24.3	(9.7)	45.0
The effect of changes in foreign exchange rates	(19.3)	0.3	—	(4.5)	(2.7)	(26.2)
Other changes:						
Liability-related						
Interest expense on financial liabilities, including amortization of deferred financing costs	37.2	—	—	—	—	37.2
Non-cash write-off of deferred financing costs	53.3	—	—	—	—	53.3
Cash paid for interest	(30.5)	—	—	—	—	(30.5)
Change in fair value of put options	—	(0.9)	—	—	—	(0.9)
Total other changes	60.0	(0.9)	—	—	—	59.1
Other movements in equity[2]	—	—	0.1	(26.9)	10.1	(16.7)
Balance at June 30, 2018	1,969.0	89.8	14.3	1,770.2	38.6	3,881.9

Notes

[1] Includes accrued interest which is included in Trade and other payables in the Consolidated Statements of Financial Position.

[2] See Consolidated Statements of Changes in Equity for further details on movements during the period.

(Expressed in millions of US Dollars)	Liabilities		Equity			
	Loans and borrowings[1]	Other non-current liabilities	Share capital	Reserves	Non-controlling interests	Total
Balance at January 1, 2017	1,875.8	100.6	14.1	1,452.9	43.9	3,487.3
Changes from financing cash flows:						
Proceeds (payments) from other current loans and borrowings, net	69.6	—	—	—	—	69.6
Payments on current portion of long-term debt	(19.0)	—	—	—	—	(19.0)
Payment of deferred financing costs	(5.4)	—	—	—	—	(5.4)
Proceeds from the exercise of share options	—	—	0.1	23.7	—	23.8
Dividend payments to non-controlling interests	—	—	—	—	(16.0)	(16.0)
Total changes from financing cash flows	45.2	—	0.1	23.7	(16.0)	53.0
The effect of changes in foreign exchange rates	4.7	4.4	—	27.5	1.4	38.0
Other changes:						
Liability-related						
Business combinations, net of cash acquired	—	0.2	—	—	—	0.2
Interest expense on financial liabilities, including amortization of deferred financing costs	39.9	—	—	—	—	39.9
Cash paid for interest	(33.1)	—	—	—	—	(33.1)
Change in fair value of put options	—	(3.0)	—	—	—	(3.0)
Net changes in defined benefit pension plan	—	(6.3)	—	(1.0)	—	(7.3)
Total other changes	6.8	(9.1)	—	(1.0)	—	(3.3)
Other movements in equity[2]	—	—	—	(14.0)	9.5	(4.5)
Balance at June 30, 2017	1,932.5	95.9	14.2	1,489.1	38.8	3,570.5

Notes

[1] Includes accrued interest which is included in Trade and other payables in the Consolidated Statements of Financial Position.

[2] See Consolidated Statements of Changes in Equity for further details on movements during the period.

15. Employee Benefits

Employee benefits expense, which consists of payroll, pension plan expenses, share-based payments and other benefits, amounted to US$274.9 million and US$233.7 million for the six months ended June 30, 2018 and June 30, 2017, respectively. Of these amounts, US$21.6 million and US$18.4 million was included in cost of sales during the six months ended June 30, 2018 and June 30, 2017, respectively. The remaining amounts were presented in distribution expenses and general and administrative expenses.

Share-based Payment Arrangements

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

The exercise price of share options is determined at the time of grant by the Board 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.

As of July 31, 2018 (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 43,832,822 shares, representing approximately 3.1% 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.

In accordance with the terms of the share options, holders of vested 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. Any award of share options or RSUs that is forfeited without the issuance of shares may be granted again under the Share Award Scheme.

The grant-date fair value of share options granted is generally recognized as an expense, with a corresponding increase in equity when such options represent equity-settled awards, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the vesting conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the vesting conditions at the vesting date.

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.

No share options were granted during the six months ended June 30, 2018.

In total, share-based compensation expense of US$8.6 million and US$8.3 million was recognized in the consolidated interim income statements, with a corresponding increase in equity reserves, for the six months ended June 30, 2018 and June 30, 2017, respectively.

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

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

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

16. Trade and Other Payables

(Expressed in millions of US Dollars)	**June 30, 2018**	December 31, 2017
Accounts payable	**520.5**	554.0
Other payables and accruals	**169.6**	173.7
Cash distribution payable to equity holders	**110.0**	—
Other tax payables	**9.0**	9.3
Total trade and other payables	**809.1**	737.0

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

(Expressed in millions of US Dollars)	**June 30, 2018**	December 31, 2017
Current	**410.5**	432.1
0 - 30 days past due	**16.2**	25.7
Greater than 30 days past due	**1.0**	3.5
Total trade payables	**427.7**	461.3

17. Commitments

(a) Capital Commitments

Capital commitments outstanding as of June 30, 2018 and December 31, 2017 were US$10.7 million and US$11.4 million, respectively, which were not recognized as liabilities in the consolidated statements of financial position as they have not met the recognition criteria.

(b) Operating Lease Commitments

The Group's lease obligations primarily consist of non-cancellable leases of office, warehouse and retail store space and equipment. As of June 30, 2018 and December 31, 2017, future minimum payments under non-cancellable leases were as follows:

(Expressed in millions of US Dollars)	**June 30, 2018**	December 31, 2017
Within one year	**166.8**	158.9
After one year but within two years	**140.3**	131.7
After two years but within five years	**256.7**	249.9
More than five years	**156.3**	151.2
Total operating lease commitments	**720.1**	691.7

Rental expense under cancellable and non-cancellable operating leases amounted to US$114.2 million and US$97.2 million for the six months ended June 30, 2018 and June 30, 2017, respectively.

18. Income Taxes

(a) Taxation in the Consolidated Income Statements

For interim reporting purposes, the Group applied the effective tax rate to profit before income tax for the interim period. The reported effective tax rate is calculated using a weighted average income tax rate from those jurisdictions in which the Group is subject to tax, adjusted for permanent book/tax differences, tax incentives, changes in tax reserves and changes in unrecognized deferred tax assets. The effective tax rate for each period was recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income for the period adjusted for certain discrete items for the period. The Group's consolidated effective reported tax rate for the six months ended June 30, 2018 and June 30, 2017 was 28.3% and 24.3%, respectively. The increase in the Group's effective tax rate was mainly the result of the deferred tax expense recognized on share-based compensation due to the decrease in the Company's stock price during the period, offset slightly by a reduction in the current tax in the United States as a result of the new corporate tax rate effective January 1, 2018.

Taxation in the consolidated interim income statements for the six months ended June 30, 2018 and June 30, 2017 consisted of the following:

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2018**	2017
Hong Kong profits tax expense	**(2.0)**	—
Foreign profits tax expense	**(28.7)**	(29.7)
Income tax expense	**(30.7)**	(29.7)

The provision for Hong Kong Profits Tax for the six months ended June 30, 2018 and June 30, 2017 was calculated at an effective tax rate of 16.5% of the estimated assessable profits for the period.

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

(Expressed in millions of US Dollars)	**Six months ended June 30, 2018**			Six months ended June 30, 2017		
	Before tax	**Income tax (expense)**	**Net of tax**	Before tax	Income tax benefit	Net of tax
Foreign exchange forward contracts	**4.1**	**(1.2)**	**2.9**	(5.6)	1.7	(3.9)
Interest rate swap agreements	**12.3**	**(3.2)**	**9.1**	(0.3)	0.6	0.3
Foreign currency translation differences for foreign operations	**(7.3)**	**—**	**(7.3)**	29.0	—	29.0
	9.1	**(4.4)**	**4.7**	23.1	2.3	25.4

19. 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:

(Expressed in millions of US Dollars)	Six months ended June 30, **2018**	2017
Recognized in income or loss:		
Interest income on bank deposits	**0.4**	0.7
Total finance income	**0.4**	0.7
Interest expense on financial liabilities measured at amortized cost	**(33.4)**	(33.4)
Amortization of deferred financing costs associated with Original Senior Credit Facilities	**(3.3)**	(6.5)
Amortization of deferred financing costs associated with New Senior Credit Facilities	**(0.5)**	—
Write-off of remaining deferred financing costs associated with Original Senior Credit Facilities	**(53.3)**	—
Change in fair value of put options	**0.9**	3.0
Net foreign exchange loss	**(2.5)**	(0.5)
Other finance costs	**(1.5)**	(3.0)
Total finance costs	**(93.6)**	(40.4)
Net finance costs recognized in profit or loss	**(93.2)**	(39.7)
Recognized in other comprehensive income (loss):		
Foreign currency translation differences for foreign operations	**(7.3)**	29.0
Changes in fair value of foreign exchange forward contracts	**4.1**	(5.6)
Changes in fair value of interest rate swaps	**12.3**	(0.3)
Income tax on finance income and finance costs recognized in other comprehensive income	**(4.4)**	2.3
Net finance costs recognized in total other comprehensive income, net of tax	**4.7**	25.4
Attributable to:		
Equity holders of the Company	**7.4**	23.9
Non-controlling interests	**(2.7)**	1.5

20. 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 recognized within general and administrative expenses in the consolidated income statements. When the date of the settlement of an obligation is not reliably measureable, the provisions are not discounted and are classified in current liabilities.

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

21. Financial Instruments

(a) Fair Value Versus Carrying Amounts

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

(b) Fair Value of Financial Instruments

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

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

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

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

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

The following table presents assets and liabilities that are measured at fair value on a recurring basis (including items that are required to be measured at fair value) as of June 30, 2018 and December 31, 2017:

		Fair value measurements at reporting date using		
(Expressed in millions of US Dollars)	**June 30, 2018**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets:				
Cash and cash equivalents	**395.4**	**395.4**	**—**	**—**
Interest rate swap agreements	**36.7**	**—**	**36.7**	**—**
Foreign currency forward contracts	**2.4**	**2.4**	**—**	**—**
Total assets	**434.5**	**397.8**	**36.7**	**—**
Liabilities:				
Non-controlling interest put options	**55.6**	**—**	**—**	**55.6**
Total liabilities	**55.6**	**—**	**—**	**55.6**

(Expressed in millions of US Dollars)	December 31, 2017	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:				
Cash and cash equivalents	344.5	344.5	—	—
Interest rate swap agreements	24.5	—	24.5	—
Total assets	369.0	344.5	24.5	—
Liabilities:				
Non-controlling interest put options	55.7	—	—	55.7
Foreign currency forward contracts	2.1	2.1	—	—
Total liabilities	57.8	2.1	—	55.7

The Group maintains interest rate swaps which are used to hedge interest rate risk associated with the Senior Credit Facilities. See note 14(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.

Certain non-U.S. subsidiaries of the Group periodically enter into forward contracts related to the purchase of inventory denominated primarily in USD which are designated as cash flow hedges. The hedging effectiveness was evaluated in accordance with IFRS 9, *Financial Instruments*. The fair value of these instruments was an asset of US$2.4 million and a liability of US$2.1 million as of June 30, 2018 and December 31, 2017, 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	**0.8**
Change in fair value included in finance costs	**(0.9)**
Balance at June 30, 2018	**55.6**

For the fair value of put options, reasonably possible changes to one of the significant unobservable inputs, holding other inputs constant, would have the following effects at June 30, 2018:

	Profit or Loss		Shareholders' Equity	
(Expressed in millions of US Dollars)	Increase	Decrease	Increase	Decrease
EBITDA multiple (movement of 0.1x)	**1.2**	**(1.2)**	**0.5**	**(0.5)**

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.

22. Related Party Transactions

(a) Transactions with Key Management Personnel

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

Key management personnel is comprised of the Group's directors and senior management. Compensation paid to key management personnel during the six months ended June 30, 2018 and June 30, 2017 comprised:

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2018**	2017
Director's fees	**0.7**	0.7
Salaries, allowances and other benefits in kind	**4.2**	4.6
Bonus[(1)]	**5.6**	3.1
Share-based compensation	**5.4**	4.5
Contributions to post-employment plans	**0.1**	0.1
Total compensation	**16.0**	13.0

Note

(1) Bonus reflects amounts paid during the period and is generally based on the performance of the Group for the previous year.

(b) Other Related Party Transactions

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. Ramesh Tainwala ("Mr. Tainwala"). Mr. Tainwala is a former Executive Director and former Chief Executive Officer of the Group and, together with his family, 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. Mr. Tainwala resigned as Chief Executive Officer and Executive Director of the Company with effect from May 31, 2018. Abhishri Packaging Pvt. Ltd also manufactures hard-side luggage products on behalf of Samsonite South Asia Private Limited.

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

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2018**	2017
Purchases	**7.7**	4.5

(Expressed in millions of US Dollars)	**June 30, 2018**	December 31, 2017
Payables	**3.6**	2.0

II. The Group's Indian subsidiary, Samsonite South Asia Private Limited, sells finished goods to Bagzone Lifestyle Private Limited. The Group's Chinese subsidiary, Samsonite China, provides sourcing support and quality inspection services in respect of products under certain other brands sold by Bagzone Lifestyle Private Limited. Bagzone Lifestyle Private Limited is managed and controlled by the family of Mr. Tainwala.

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2018**	2017
Sales	**6.8**	5.9
Support and Services	**0.1**	—

(Expressed in millions of US Dollars)	**June 30, 2018**	December 31, 2017
Receivables	**12.0**	13.3

Approximately US$0.5 million and US$0.4 million was paid to entities owned by Mr. Tainwala and his family, for office space rent for the six months ended June 30, 2018 and June 30, 2017, respectively. As of June 30, 2018 and December 31, 2017, US$0.03 million and US$0.02 million, respectively, was payable to Mr. Tainwala and his family.

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

23. Subsequent Events

The Group has evaluated events occurring subsequent to June 30, 2018, the reporting date, through August 29, 2018, the date this financial information was authorized for issue by the Board.

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. 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.

From June 30, 2018 to the Latest Practicable Date, the Company issued 112,817 ordinary shares in connection with the exercise of share options that were granted under the Company's Share Award Scheme. There were no purchases or redemptions of the Company's listed securities by the Company or any of its subsidiaries since June 30, 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

The Group 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 in the Group's consolidated income statements for the period. Non-IFRS measures have limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, an analysis of the Group's financial results as reported under IFRS.

Net Sales

Net sales increased by US$262.6 million, or 16.6% (+12.9% constant currency) during the six months ended June 30, 2018, compared to the six months ended June 30, 2017. Excluding the contribution from eBags, which was acquired on May 5, 2017, net sales increased by US$213.3 million, or 13.6% (+9.9% constant currency).

The following table sets forth a breakdown of net sales by region for the six months ended June 30, 2018 and June 30, 2017, both in absolute terms and as a percentage of total net sales.

	Six months ended June 30,					
	2018		2017		2018 vs 2017	
	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	**695.0**	**37.6%**	617.2	38.9%	12.6 %	12.4 %
Asia	**668.3**	**36.2%**	563.3	35.5%	18.7 %	14.4 %
Europe	**392.7**	**21.2%**	325.2	20.5%	20.8 %	11.4 %
Latin America	**90.6**	**4.9%**	75.9	4.8%	19.4 %	17.0 %
Corporate	**2.1**	**0.1%**	4.5	0.3%	(54.8)%	(54.8)%
Net sales	**1,848.7**	**100.0%**	1,586.1	100.0%	16.6 %	12.9 %

Notes

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

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

Brands

The following table sets forth a breakdown of net sales by brand for the six months ended June 30, 2018 and June 30, 2017, both in absolute terms and as a percentage of total net sales.

	Six months ended June 30,				2018 vs 2017	
	2018		2017			
	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	**847.3**	**45.8%**	777.7	49.0%	8.9%	5.0%
Tumi	**353.2**	**19.1%**	296.9	18.7%	18.9%	16.6%
American Tourister	**338.9**	**18.3%**	262.8	16.6%	28.9%	24.2%
Speck	**56.2**	**3.0%**	54.2	3.4%	3.6%	3.6%
High Sierra	**45.0**	**2.5%**	44.0	2.8%	2.4%	1.9%
Gregory	**29.1**	**1.6%**	26.5	1.7%	10.0%	6.8%
Other(1)	**179.0**	**9.7%**	124.0	7.8%	44.4%	39.5%
Net sales	**1,848.7**	**100.0%**	1,586.1	100.0%	16.6%	12.9%

Notes

(1) Other includes certain other brands owned by the Group, such as *Kamiliant*, *Lipault*, *Hartmann*, *eBags*, *Saxoline*, *Xtrem* and *Secret*, as well as third party brands sold through the Rolling Luggage and Chic Accent retail stores and the eBags website.

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

Net sales of the *Samsonite* brand during the six months ended June 30, 2018 increased by US$69.6 million, or 8.9% (+5.0% constant currency), compared to the same period in the previous year, with all regions reporting net sales increases of the brand: North America (+4.2%; +4.0% constant currency), Asia (+8.5%; +3.9% constant currency), Europe (+14.0%; +5.5% constant currency) and Latin America (+16.4%; +18.9% constant currency). *Samsonite* comprised 45.8% of the net sales of the Group during the first half of 2018 compared to 49.0% during the first half of 2017. This reflects the continued diversification of the Group's brand portfolio due to increased contributions from other brands owned by the Group.

Net sales of the *Tumi* brand during the first half of 2018 increased by US$56.3 million, or 18.9% (+16.6% constant currency), compared to the same period in the previous year. Net sales of the *Tumi* brand increased by 8.3% (+8.2% constant currency) in North America, by 42.9% (+39.4% constant currency) in Asia and by 20.3% (+9.2% constant currency) in Europe.

Net sales of the *American Tourister* brand increased by US$76.1 million, or 28.9% (+24.2% constant currency), for the six months ended June 30, 2018 compared to the six months ended June 30, 2017, driven by increases in all four regions: North America (+12.3%; +12.0% constant currency), Asia (+21.7%; +17.7% constant currency), Europe (+61.3%; +49.5% constant currency) and Latin America (+102.4%; +103.2% constant currency). Net sales of the *Speck* brand increased by US$2.0 million, or 3.6% (+3.6% constant currency), for the six months ended June 30, 2018 compared to the same period in the previous year. Net sales of the *High Sierra* brand increased by US$1.0 million, or 2.4% (+1.9% constant currency), compared to the same period in the previous year. Net sales of the *Gregory* brand increased by US$2.6 million, or 10.0% (+6.8% constant currency), compared to the same period in the previous year.

The increase in net sales of the other brands was driven by the *Kamiliant* and *eBags* brands for the first half of 2018 compared to the same period in the previous year. During the first half of 2018, net sales of the *Kamiliant* brand, a value-conscious, entry level brand, increased by US$10.2 million, or 62.1% (+58.0% constant currency), compared to the same period in the previous year. The *eBags* brand, which was acquired together with the eBags e-commerce website on May 5, 2017, contributed net sales of US$19.2 million during the first half of 2018 compared to US$5.1 million for the period from May 5, 2017 to June 30, 2017.

Product Categories

The Group sells products in two principal product categories: travel and non-travel. The travel category is the Group's largest category and has been its traditional strength. The following table sets forth a breakdown of net sales by product category for the six months ended June 30, 2018 and June 30, 2017, both in absolute terms and as a percentage of total net sales.

	Six months ended June 30,					
	2018		2017		2018 vs 2017	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[2]
Net sales by product category:						
Travel	**1,119.1**	**60.5%**	977.8	61.6%	14.5%	10.8%
Non-travel[1]	**729.6**	**39.5%**	608.3	38.4%	19.9%	16.3%
Net sales	**1,848.7**	**100.0%**	1,586.1	100.0%	16.6%	12.9%

Notes

(1) Non-travel is comprised of business products, casual products, accessories and other.

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

Net sales in the travel product category during the first half of 2018 increased by US$141.3 million, or 14.5% (+10.8% constant currency), compared to the first half of 2017. Total non-travel category net sales increased by US$121.3 million, or 19.9% (+16.3% constant currency), for the six months ended June 30, 2018 compared to the six months ended June 30, 2017 driven by the inclusion of eBags for the full first half of 2018 and by increases in business, casual and accessories products. Net sales of business products increased by US$60.9 million, or 23.2% (+19.3% constant currency) for the six months ended June 30, 2018 compared to the same period in the previous year. Net sales of casual products increased by US$35.0 million, or 18.8% (+15.4% constant currency). Net sales of accessories products during the first half of 2018 increased by US$31.8 million, or 24.5% (+21.1% constant currency), compared to the first half of 2017.

Distribution Channels

The Group sells products through two primary distribution channels: wholesale and direct-to-consumer ("DTC"). The following table sets forth a breakdown of net sales by distribution channel for the six months ended June 30, 2018 and June 30, 2017, both in absolute terms and as a percentage of total net sales.

	Six months ended June 30,					
	2018		2017		2018 vs 2017	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[3]
Net sales by distribution channel:						
Wholesale	**1,226.0**	**66.3%**	1,101.9	69.5%	11.3 %	7.7 %
DTC[1]	**620.6**	**33.6%**	479.6	30.2%	29.4 %	25.7 %
Other[2]	**2.1**	**0.1%**	4.6	0.3%	(54.7)%	(54.7)%
Net sales	**1,848.7**	**100.0%**	1,586.1	100.0%	16.6 %	12.9 %

Notes

(1) DTC, or direct-to-consumer, includes bricks-and-mortar retail and DTC e-commerce.

(2) "Other" primarily consists of licensing income.

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

Net sales in the wholesale channel during the first half of 2018 increased by US$124.1 million, or 11.3% (+7.7% constant currency), compared to the first half of 2017. Total DTC net sales increased by US$141.0 million, or 29.4% (+25.7% constant currency), to US$620.6 million (representing 33.6% of net sales) for the six months ended June 30, 2018 from US$479.6 million (representing 30.2% of net sales) for the six months ended June 30, 2017. Excluding the contribution from eBags, total DTC net sales increased by US$91.7 million, or 20.0% (+16.1% constant currency).

The increase in DTC net sales during the first half of 2018 was driven by growth in DTC e-commerce, including the acquisition of eBags in May 2017, as well as by growth in the DTC retail channel. Net sales in the DTC retail channel during the first half of 2018 increased by US$70.4 million, or 18.1% (+14.4% constant currency), compared to the same period in the previous year, primarily due to the addition of 52 net new company-operated retail stores during the first half of 2018 and the contributions from 127 net new retail stores added during 2017 (including 30 *Tumi* retail stores that were acquired in conjunction with taking direct control of *Tumi* distribution in certain markets in Asia during 2017). On a same store, constant currency basis, retail net sales increased by 5.4% year-on-year. This was driven by constant currency same store net sales growth of 10.0%, 5.2%, 3.8% and 0.6% in Asia, North America, Europe and Latin America, respectively. The Group's same store analysis includes existing company-operated retail stores which have been open for at least 12 months before the end of the relevant financial period. The 29.4% (+25.7% constant currency) year-on-year net sales increase in the DTC channel reflects the Group's strategy of investing resources to support the growth of its DTC e-commerce business and targeted expansion of its bricks-and-mortar retail business.

During the six months ended June 30, 2018, US$259.0 million, or 14.0%, of the Group's net sales were derived from e-commerce (comprising US$161.2 million of net sales from the Group's DTC e-commerce business, which are included within the DTC channel, and US$97.8 million of net sales to e-retailers, which are included within the wholesale channel). This represented a year-on-year increase of US$91.8 million, or 54.9% (+50.7% constant currency), compared to the six months ended June 30, 2017, when e-commerce comprised US$167.2 million, or 10.5%, of the Group's net sales. Total DTC e-commerce net sales, including net sales of US$70.5 million through eBags, which was acquired on May 5, 2017, increased by US$70.5 million, or 77.8% (+74.0% constant currency), to US$161.2 million (representing 8.7% of net sales) for the first half of 2018 from US$90.7 million (representing 5.7% of net sales) for the first half of 2017. Excluding the contribution from eBags, total DTC e-commerce net sales increased by US$21.3 million, or 30.6% (+25.7% constant currency).

Regions

North America

The Group's net sales in North America increased by US$77.8 million, or 12.6% (+12.4% constant currency), for the six months ended June 30, 2018 compared to the six months ended June 30, 2017 driven by the inclusion of eBags for the full first half of 2018 and growth of the *Samsonite*, *American Tourister*, *Tumi*, *Speck* and *Gregory* brands. Net sales through the eBags e-commerce business amounted to US$70.5 million for the six months ended June 30, 2018 compared to US$21.3 million for the period from May 5, 2017, the date of acquisition, through June 30, 2017. Excluding the contribution from eBags in North America, net sales increased by US$28.5 million, or 4.8% (+4.6% constant currency). Further excluding US wholesale sales to eBags in 2017 prior to the acquisition, North America's net sales increased by US$31.5 million, or 5.3% (+5.1% constant currency).

Brands

For the six months ended June 30, 2018, net sales of the *Samsonite* brand in North America increased by US$11.3 million, or 4.2% (+4.0% constant currency), compared to the same period in the previous year. Net sales of the *Tumi* brand during the first half of 2018 increased by US$15.4 million, or 8.3% (+8.2% constant currency), compared to the same period in the previous year driven by sales growth in the DTC channel. Net sales of the *American Tourister* brand during the first half of 2018 increased by US$4.8 million, or 12.3% (+12.0% constant currency), compared to the first half of 2017 due to successful new product launches.

Net sales of the *Speck* brand for the six months ended June 30, 2018 increased by US$2.1 million, or 3.8% (+3.8% constant currency), compared to the same period in the previous year. Net sales of products sold under the *eBags* brand amounted to US$19.2 million for the six months ended June 30, 2018, compared to US$5.1 million for the period from May 5, 2017, the date of acquisition, through June 30, 2017.

Product Categories

Net sales in the travel product category in North America increased by US$29.5 million, or 7.9% (+7.6% constant currency) for the six months ended June 30, 2018 compared to the six months ended June 30, 2017. Total non-travel category net sales in North America, which includes business, casual, accessories and other products, increased by US$48.4 million, or 19.9% (+19.7% constant currency), to US$291.8 million (representing 42.0% of North America's net sales) for the six months ended June 30, 2018 from US$243.4 million (representing 39.4% of North America's net sales) for the six months ended June 30, 2017, driven by the inclusion of eBags for the full first half of 2018. Net sales of business products during the first half of 2018 increased by US$17.6 million, or 17.5% (+17.3% constant currency), compared to the same period in the previous year. Net sales of casual products increased by US$12.3 million, or 18.4% (+18.3% constant currency), year-on-year. Net sales of accessories products increased by US$16.5 million, or 22.1% (+22.0% constant currency).

Distribution Channels

Net sales in the wholesale channel in North America increased by US$7.0 million, or 1.8% (+1.6% constant currency), for the six months ended June 30, 2018 compared to the six months ended June 30, 2017. Further excluding U.S. wholesale sales to eBags in 2017 prior to the acquisition, net sales in the wholesale channel in North America increased by US$9.9 million, or 2.6% (+2.3% constant currency). Total DTC net sales increased by US$70.8 million, or 31.2% (+31.0% constant currency), year-on-year largely due to the acquisition of eBags in May 2017. Excluding the contribution from eBags, total DTC net sales increased by US$21.5 million, or 10.5% (+10.2% constant currency), due to strong same store net sales growth, the Group's focus on expanding its online presence and targeted new retail store openings.

The increase in DTC net sales during the first half of 2018 was driven by growth in DTC e-commerce, including the acquisition of eBags in May 2017, as well as by growth in the DTC retail channel. Net sales in the DTC retail channel during the first half of 2018 increased by US$17.1 million, or 9.9% (+9.6% constant currency), compared to the same period in the previous year, primarily due to the addition of 4 net new company-operated retail stores during the first half of 2018 and the contributions from 12 net new retail stores added during 2017. Additionally, there was a 5.2% increase in same store net sales, on a constant currency basis.

During the six months ended June 30, 2018, US$149.9 million, or 21.6%, of North America's net sales were derived from e-commerce (comprising US$108.2 million of net sales from North America's DTC e-commerce business, which are included within the DTC channel, and US$41.7 million of net sales to e-retailers, which are included within the wholesale channel). For the six months ended June 30, 2017, US$87.5 million, or 14.2%, of North America's net sales were derived from e-commerce (comprising US$54.4 million of net sales from North America's DTC e-commerce business and US$33.1 million of net sales to e-retailers). This represented an increase of US$62.4 million, or 71.3% (+71.2% constant currency). Total DTC e-commerce net sales, including net sales of US$70.5 million through eBags, increased by US$53.7 million, or 98.7% (+98.7% constant currency), to US$108.2 million for the first half of 2018 from US$54.4 million for the first half of 2017, which included net sales of US$21.3 million through eBags for the period from May 5, 2017, the date of its acquisition, to June 30, 2017. Excluding the contribution from eBags, total DTC e-commerce net sales increased by US$4.5 million, or 13.4% (+13.3% constant currency).

Countries

The following table sets forth a breakdown of net sales within the North American region by geographic location for the six months ended June 30, 2018 and June 30, 2017, both in absolute terms and as a percentage of total regional net sales.

	Six months ended June 30,					
	2018		2017		2018 vs 2017	
	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	**661.6**	**95.2%**	588.5	95.3%	12.4%	12.4%
Canada	**33.4**	**4.8%**	28.7	4.7%	16.2%	11.4%
Net sales	**695.0**	**100.0%**	617.2	100.0%	12.6%	12.4%

Notes

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

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

For the six months ended June 30, 2018, net sales in the United States increased by US$73.1 million, or 12.4%, year-on-year driven by the impact of the eBags business and organic growth. Excluding the contribution from eBags, net sales in the United States increased by US$23.9 million, or 4.2%, driven primarily by the *Tumi*, *Samsonite*, *American Tourister* and *Speck* brands. Net sales in Canada increased by 16.2% (+11.4% constant currency), year-on-year driven by the wholesale channel.

Asia

The Group's net sales in Asia increased by US$105.0 million, or 18.7% (+14.4% constant currency), for the six months ended June 30, 2018 compared to the six months ended June 30, 2017.

Brands
For the six months ended June 30, 2018, net sales of the *Samsonite* brand in Asia increased by US$22.3 million, or 8.5% (+3.9% constant currency), compared to the same period in the previous year. Net sales of the *Tumi* brand during the first half of 2018 increased by US$32.4 million, or 42.9% (+39.4% constant currency), compared to the same period in the previous year due in part to the full half impact of taking direct control of *Tumi* distribution in certain Asian markets, as well as the successful execution of additional penetration throughout key markets in Asia. Net sales of the *American Tourister* brand during the first half of 2018 increased by US$37.4 million, or 21.7% (+17.7% constant currency), compared to the first half of 2017, reflecting benefits from the brand's Cristiano Ronaldo marketing campaign.

Net sales of the *High Sierra* brand increased by US$2.4 million, or 38.9% (+35.3% constant currency). Net sales of the *Kamiliant* brand increased by US$10.1 million, or 61.5% (+57.5% constant currency), as the brand gained market share from other entry-level brands in the region.

Product Categories
Net sales in the travel product category in Asia increased by US$61.3 million, or 17.8% (+13.7% constant currency), for the six months ended June 30, 2018 compared to the same period in the previous year due to increased sales of the *Tumi*, *American Tourister*, *Samsonite* and *Kamiliant* brands. Total non-travel category net sales in Asia, which includes business, casual, accessories and other products, increased by US$43.8 million, or 20.0% (+15.5% constant currency), to US$262.2 million (representing 39.2% of Asia's net sales) for the six months ended June 30, 2018 from US$218.5 million (representing 38.8% of Asia's net sales) for the six months ended June 30, 2017. Net sales of business products increased by US$32.1 million, or 29.6% (+24.8% constant currency), year-on-year. Net sales of casual products increased by US$13.9 million, or 18.1% (+13.5% constant currency), year-on-year. Net sales of accessories products increased by US$7.1 million, or 35.2% (+30.6% constant currency).

Distribution Channels
Net sales in the wholesale channel in Asia increased by US$66.4 million, or 14.4% (+10.3% constant currency), for the first half of 2018 compared to the same period in the previous year. Total DTC net sales increased by US$38.7 million, or 37.8% (+32.8% constant currency), year-on-year.

The increase in DTC net sales during the first half of 2018 was driven by strong growth in DTC e-commerce and in the DTC retail channel. Net sales in the DTC retail channel during the first half of 2018 increased by US$27.2 million, or 34.6% (+30.6% constant currency), compared to the same period in the previous year, primarily due to the addition of 9 net new company-operated retail stores during the first half of 2018 and contributions from 54 net new retail stores added during 2017 including those retail stores that were acquired in conjunction with taking direct control of *Tumi* distribution in certain markets in Asia during 2017, as well as a 10.0% increase in same store net sales, on a constant currency basis.

During the six months ended June 30, 2018, US$66.8 million, or 10.0%, of Asia's net sales were derived from e-commerce (comprising US$34.9 million of net sales from Asia's DTC e-commerce business, which are included within the DTC channel, and US$31.9 million of net sales to e-retailers, which are included within the wholesale channel). For the six months ended June 30, 2017, US$47.5 million, or 8.4%, of Asia's net sales were derived from e-commerce (comprising US$23.4 million of net sales from Asia's DTC e-commerce business and US$24.0 million of net sales to e-retailers). This represented an increase of US$19.3 million, or 40.7% (+33.6% constant currency). Total DTC e-commerce net sales increased by US$11.4 million, or 48.8% (+40.2% constant currency), to US$34.9 million for the six months ended June 30, 2018 from US$23.4 million for the six months ended June 30, 2017.

Countries/Territories
The following table sets forth a breakdown of net sales within the Asian region by geographic location for the six months ended June 30, 2018 and June 30, 2017, both in absolute terms and as a percentage of total regional net sales.

	Six months ended June 30,				2018 vs 2017	
	2018		2017			
	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	**156.5**	**23.4%**	130.9	23.2%	19.6%	11.0%
South Korea	**113.9**	**17.0%**	105.3	18.7%	8.1%	2.0%
Japan	**100.2**	**15.0%**	81.8	14.5%	22.5%	18.5%
Hong Kong[2]	**80.9**	**12.1%**	63.3	11.2%	27.8%	28.3%
India	**80.5**	**12.1%**	68.4	12.1%	17.7%	17.8%
Australia	**36.8**	**5.5%**	33.2	5.9%	10.8%	8.7%
Other	**99.5**	**14.9%**	80.4	14.4%	23.9%	20.6%
Net sales	**668.3**	**100.0%**	563.3	100.0%	18.7%	14.4%

Notes
(1) The geographic location of the Group's net sales generally reflects the country/territory from which its products were sold and does not necessarily indicate the country/territory in which its end consumers were actually located.
(2) Net sales reported for Hong Kong include net sales made in Macau as well as sales to *Tumi* distributors in other Asian markets.
(3) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the comparable period in the previous year to current period local currency results.

Net sales in China increased by 19.6% (+11.0% constant currency), year-on-year driven by increased sales of the *Samsonite* and *American Tourister* brands, as well as the full half-year impact of the Group assuming direct control of the distribution of the *Tumi* brand in China on April 1, 2017. Excluding net sales attributable to the *Tumi* brand in China, net sales increased by 16.0% (+7.6% constant currency), year-on-year. Net sales in South Korea increased by 8.1% (+2.0% constant currency), year-on-year driven by increases in the *Tumi*, *High Sierra* and *Kamiliant* brands. Japan experienced strong net sales growth of 22.5% (+18.5% constant currency), year-on-year driven by the *Tumi*, *American Tourister* and *Samsonite* brands. Net sales in Hong Kong increased by 27.8% (+28.3% constant currency), year-on-year driven by net sales of the *Tumi* brand (which included sales to *Tumi* distributors in certain other Asian markets) and increased sales of the *Samsonite* and *American Tourister* brands. Net sales in India increased by 17.7% (+17.8% constant currency), for the six months ended June 30, 2018 compared to the same period in the previous year driven by the *American Tourister* and *Kamilian*t brands. Australia reported net sales growth of 10.8% (+8.7% constant currency), driven by increased sales of the *Samsonite* and *American Tourister* brands.

Europe
Net sales in Europe increased by US$67.5 million, or 20.8% (+11.4% constant currency), for the six months ended June 30, 2018 compared to the same period in the previous year.

Brands
For the six months ended June 30, 2018, net sales of the *Samsonite* brand in Europe increased by US$31.0 million, or 14.0% (+5.5% constant currency), compared to the same period in the previous year. Net sales of the *Tumi* brand during the first half of 2018 increased by US$7.4 million, or 20.3% (+9.2% constant currency), compared to the same period in the previous year. Net sales of the *American Tourister* brand during the first half of 2018 increased by US$28.3 million, or 61.3% (+49.5% constant currency), compared to the first half of 2017 as the region benefited from the Cristiano Ronaldo marketing campaign.

Product Categories
Net sales in the travel product category in Europe increased by US$44.1 million, or 19.4% (+10.5% constant currency), for the six months ended June 30, 2018 compared to the six months ended June 30, 2017. Total non-travel category net sales in Europe, which includes business, casual, accessories and other products, increased by US$23.4 million, or 24.0% (+13.5% constant currency), year-on-year to US$120.6 million (representing 30.7% of Europe's net sales) for the six months ended June 30, 2018 from US$97.3 million (representing 29.9% of Europe's net sales) for the same period in the previous year. Net sales of business products increased by US$9.7 million, or 20.7% (+10.4% constant currency), year-on-year. Net sales of casual products increased by US$1.3 million, or 8.1%, but

were down slightly on a constant currency basis by 1.8% year-on-year. Net sales of accessories products increased by US$9.1 million, or 34.6% (+23.1% constant currency), year-on-year.

Distribution Channels

Net sales in the wholesale channel in Europe increased by US$41.8 million, or 20.3% (+11.0% constant currency), during the first half of 2018 compared to the first half of 2017. Total DTC net sales increased by US$25.7 million, or 21.5% (+12.1% constant currency), year-on-year.

The increase in DTC net sales during the first half of 2018 was driven by growth in DTC e-commerce and by growth in the DTC retail channel. Net sales in the DTC retail channel during the first half of 2018 increased by US$20.9 million, or 19.5% (+10.4% constant currency), compared to the first half of 2017, primarily due to the addition of 28 net new company-operated retail stores during the first half of 2018 and the contributions from 32 net new retail stores added during 2017. On a same store, constant currency basis, retail net sales increased by 3.8%.

During the six months ended June 30, 2018, US$41.4 million, or 10.5%, of Europe's net sales were derived from e-commerce (comprising US$17.2 million of net sales from Europe's DTC e-commerce business, which are included within the DTC channel, and US$24.1 million of net sales to e-retailers, which are included within the wholesale channel). For the six months ended June 30, 2017, US$31.9 million, or 9.8%, of Europe's net sales were derived from e-commerce (comprising US$12.5 million of net sales from Europe's DTC e-commerce business and US$19.4 million of net sales to e-retailers).This represented an increase of US$9.5 million, or 29.8% (+18.2% constant currency). Total DTC e-commerce net sales increased by US$4.8 million, or 38.2% (+26.6% constant currency), to US$17.2 million for the six months ended June 30, 2018 from US$12.5 million for the six months ended June 30, 2017.

Countries

The following table sets forth a breakdown of net sales within the European region by geographic location for the six months ended June 30, 2018 and June 30, 2017, both in absolute terms and as a percentage of total regional net sales.

	Six months ended June 30,				2018 vs 2017	
	2018		2017			
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[5]
Net sales by geographic location[1][2]:						
Belgium[3]	**63.2**	**16.1%**	40.1	12.3%	57.4 %	41.9 %
Germany[2]	**56.0**	**14.3%**	61.9	19.0%	(9.6)%	(18.5)%
Italy	**43.4**	**11.0%**	34.3	10.5%	26.5 %	13.7 %
France	**39.7**	**10.1%**	34.6	10.6%	15.0 %	3.5 %
United Kingdom[4]	**38.8**	**9.9%**	33.0	10.1%	17.7 %	9.0 %
Spain	**30.3**	**7.7%**	25.6	7.9%	18.3 %	6.3 %
Russia	**26.8**	**6.8%**	20.3	6.2%	32.1 %	35.9 %
Other	**94.5**	**24.1%**	75.4	23.4%	25.4 %	18.4 %
Net sales	**392.7**	**100.0%**	325.2	100.0%	20.8 %	11.4 %

Notes

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

(2) In integrating the Tumi business into the pre-existing European business, there have been changes made to the legal entity in which sales are being recorded, which has caused country growth rates to not be comparable, most notably in Germany and Belgium. From January 2017 through April 2017, net sales in Germany included all wholesale and e-commerce net sales of the *Tumi* brand for the European region. From May 2017 through December 2017, *Tumi* brand net sales through the wholesale channel in Europe were no longer accounted for in Germany but in Belgium. Beginning in January 2018 these sales are accounted for in the respective country of the customer. Unrelated to the Tumi integration, during 2018, non-*Tumi* European e-commerce sales are being transitioned to be recorded in Belgium on a country by country basis.

(3) Net sales in Belgium were US$12.5 million and US$9.7 million for the six months ended June 30, 2018 and June 30, 2017, an increase of US$2.8 million, or 29.2%, respectively. Remaining sales consisted of direct shipments to distributors, customers and agents in other countries, including e-commerce.

(4) Net sales reported for the United Kingdom include net sales made in Ireland.

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

Nearly all countries within the European region achieved strong net sales growth during the six months ended June 30, 2018 compared to the same period in the previous year, including Italy (+26.5%; +13.7% constant currency), France (+15.0%; +3.5% constant currency), the United Kingdom (+17.7%; +9.0% constant currency) and Spain (+18.3%; +6.3% constant currency). The Group continued to experience year-on-year net sales growth in the emerging markets of Russia (+32.1%; +35.9% constant currency) and Turkey (+17.2%; +31.4% constant currency). Net sales reported for Germany were negatively impacted by the reorganization of the Tumi business in Europe (see footnote (2) under the net sales by country table above for further information).

Latin America

The Group's net sales in Latin America increased by US$14.7 million, or 19.4% (+17.0% constant currency), for the six months ended June 30, 2018 compared to the six months ended June 30, 2017.

Brands

For the six months ended June 30, 2018, net sales of the *Samsonite* brand in Latin America increased by US$5.0 million, or 16.4% (+18.9% constant currency), compared to the same period in the previous year. Net sales of the *American Tourister* brand during the first half of 2018 increased by US$5.4 million, or 102.4% (+103.2% constant currency), compared to the first half of 2017 as the Group continued to expand the geographical distribution of the brand in Latin America. Net sales of women's handbags under the *Secret* brand name enjoyed continued success during the first half of 2018 with an increase of US$1.1 million, or 15.9% (+7.6% constant currency), compared to the first half of 2017. Net sales of the local brand *Xtrem* during the first half of 2018 increased by US$2.3 million, or 11.9% (+5.7% constant currency), compared to the first half of 2017. The Group began directly distributing the *Tumi* brand within the larger markets of Latin America that were previously served by third party distributors during the first half of 2018 generating US$0.8 million in net sales.

Product Categories

Net sales in the travel product category in Latin America increased by US$6.5 million, or 20.7% (+20.2% constant currency), for the six months ended June 30, 2018 compared to the same period in the previous year. Total non-travel category net sales in Latin America, which includes business, casual, accessories and other products, increased by US$8.3 million, or 18.5% (+14.7% constant currency), to US$52.9 million (representing 58.4% of Latin America's net sales) for the six months ended June 30, 2018 from US$44.7 million (representing 58.8% of Latin America's net sales) for the six months ended June 30, 2017. Net sales of business products increased by US$1.5 million, or 22.3% (+22.3% constant currency). Net sales of casual products increased by US$7.6 million, or 28.0% (+23.2% constant currency).

Distribution Channels

Net sales in the wholesale channel in Latin America increased by US$8.9 million, or 20.0% (+18.1% constant currency), for the first half of 2018 compared to the first half of 2017. Net sales in the DTC channel increased by US$5.8 million, or 18.6% (+15.4% constant currency), year-on-year. This increase was primarily driven by the addition of 11 net new company-operated retail stores during the first half of 2018 as well as the contributions from 29 net new retail stores added during 2017. On a same store, constant currency basis, retail net sales increased by 0.6% due to softness in Chile as a result of the appreciation of the Chilean Peso negatively impacting tourist spending. Excluding Chile, same store, constant currency net sales increased by 16.1%. Net sales from DTC e-commerce sites that were launched in Chile, Brazil and Mexico during 2017 amounted to US$0.9 million for the six months ended June 30, 2018.

Countries

The following table sets forth a breakdown of net sales within the Latin American region by geographic location for the six months ended June 30, 2018 and June 30, 2017, both in absolute terms and as a percentage of total regional net sales.

	Six months ended June 30,					
	2018		2017		2018 vs 2017	
	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]:						
Chile	**39.8**	**44.0%**	36.6	48.2%	8.8%	0.7%
Mexico	**25.8**	**28.5%**	21.3	28.1%	21.2%	19.3%
Brazil	**10.5**	**11.6%**	8.2	10.8%	27.8%	36.5%
Other[2]	**14.5**	**15.9%**	9.8	12.9%	48.1%	56.7%
Net sales	**90.6**	**100.0%**	75.9	100.0%	19.4%	17.0%

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

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

Net sales in Chile increased by US$3.2 million, or 8.8% (+0.7% constant currency), during the first half of 2018 compared to the same period in the previous year. There was softness in Chile during the first half of 2018 driven by a drop in tourists caused by appreciation of the Chilean Peso and Argentinian consumers purchasing more within their home country. Net sales in Mexico increased by US$4.5 million, or 21.2% (+19.3% constant currency), year-on-year primarily driven by the *Samsonite* and *American Touriste*r brands. Net sales in Brazil increased by US$2.3 million, or 27.8% (+36.5% constant currency), year-on-year driven by continued retail expansion with the addition of 3 net new stores. Net sales in Argentina, which is included in Other in the table above, increased by US$1.4 million, or 98.0% (+168.4% constant currency), for the six months ended June 30, 2018 compared to the same period in the previous year, due to the Argentinian government beginning to ease restrictions on imports, resulting in Argentinian consumers buying more products at home.

Cost of Sales and Gross Profit

Cost of sales increased by US$96.6 million, or 13.6%, to US$804.9 million (representing 43.5% of net sales) for the six months ended June 30, 2018 from US$708.3 million (representing 44.7% of net sales) for the six months ended June 30, 2017.

Gross profit increased by US$166.0 million, or 18.9%, to US$1,043.8 million for the six months ended June 30, 2018 from US$877.8 million for the six months ended June 30, 2017. Gross profit margin increased to 56.5% for the first half of 2018 from 55.3% for the same period in the previous year. The increase in gross profit margin was primarily due to gross margin improvement of the *Tumi* brand and a higher proportion of net sales coming from the DTC channel.

Distribution Expenses

Distribution expenses increased by US$104.0 million, or 21.0%, to US$598.4 million (representing 32.4% of net sales) for the six months ended June 30, 2018 from US$494.4 million (representing 31.2% of net sales) for the six months ended June 30, 2017. This increase was primarily due to the increase in sales volume during the first half of 2018 compared to the same period in the previous year. Distribution expenses as a percentage of net sales increased year-on-year primarily due to slightly higher fixed costs associated with the Group's focus on expanding the DTC distribution channel.

Marketing Expenses

The Group spent US$114.3 million on marketing during the six months ended June 30, 2018 compared to US$99.5 million for the six months ended June 30, 2017, an increase of US$14.8 million, or 14.9%. As a percentage of net sales, marketing expenses decreased by 10 basis points to 6.2% during the first half of 2018 compared to 6.3% during the same period of the previous year. The Group continued to employ targeted and focused advertising and promotional campaigns. The Group believes the success of its advertising campaigns is evident in its net sales growth, and remains committed to enhancing brand and product awareness and driving additional net sales growth through focused marketing activities.

General and Administrative Expenses

General and administrative expenses increased by US$16.0 million, or 14.9%, to US$123.8 million (representing 6.7% of net sales) for the six months ended June 30, 2018 from US$107.8 million (representing 6.8% of net sales) for the six months ended June 30, 2017. General and administrative expenses decreased as a percentage of net sales as the Group maintained control of its fixed cost base and leveraged it against strong sales growth.

Other Expenses, net

The Group recorded net other expenses of US$5.5 million and US$14.0 million for the six months ended June 30, 2018 and June 30, 2017, respectively. Net other expenses for the first half of 2018 included acquisition-related costs totaling US$1.2 million associated with the continued integration of eBags. Net other expenses for the first half of 2017 included acquisition-related costs of US$14.9 million associated with due diligence, professional and legal fees, severance, integration and other costs incurred with completed and contemplated transactions, partially offset by miscellaneous items of other income.

Operating Profit

The Group's reported operating profit increased by US$39.7 million, or 24.5% (+22.0% constant currency), to US$201.8 million for the six months ended June 30, 2018 from US$162.1 million for the same period in the previous year.

Net Finance Costs

Net finance costs increased by US$53.5 million, or 135.3%, to US$93.2 million for the six months ended June 30, 2018 from US$39.7 million for the six months ended June 30, 2017. This increase was attributable to the non-cash write-off of the deferred financing costs associated with the Original Senior Credit Facilities in conjunction with the Refinancing (described in the Indebtedness section below). Interest expense, including the amortization of deferred financing costs, amounted to US$37.2 million and US$39.9 million for the six months ended June 30, 2018 and June 30, 2017, respectively. In addition, the Group recognized a non-cash charge of US$53.3 million for the write-off of deferred financing costs during the first half of 2018 in conjunction with the Refinancing.

The following table sets forth a breakdown of total finance costs for the six months ended June 30, 2018 and June 30, 2017.

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2018**	2017
Recognized in income or loss:		
Interest income on bank deposits	**0.4**	0.7
Total finance income	**0.4**	0.7
Interest expense on financial liabilities measured at amortized cost	**(33.4)**	(33.4)
Amortization of deferred financing costs associated with Original Senior Credit Facilities[1]	**(3.3)**	(6.5)
Amortization of deferred financing costs associated with New Senior Credit Facilities[1]	**(0.5)**	—
Write-off of remaining deferred financing costs associated with Original Senior Credit Facilities[1]	**(53.3)**	—
Change in fair value of put options	**0.9**	3.0
Net foreign exchange loss	**(2.5)**	(0.5)
Other finance costs	**(1.5)**	(3.0)
Total finance costs	**(93.6)**	(40.4)
Net finance costs recognized in profit or loss	**(93.2)**	(39.7)

Note

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

Profit before Income Tax

Profit before income tax decreased by US$13.8 million, or 11.3% (-15.0% constant currency), to US$108.6 million for the six months ended June 30, 2018 from US$122.4 million for the six months ended June 30, 2017 due to the non-cash write-off of deferred financing costs related to the Original Senior Credit Facilities (described in the Indebtedness section below). Excluding the US$53.3 million non-cash write-off, profit before income tax increased by US$39.5 million, or 32.2% (+28.5% constant currency).

Income Tax Expense

Income tax expense increased by US$1.0 million, or 3.3%, to US$30.7 million for the six months ended June 30, 2018 from US$29.7 million for the six months ended June 30, 2017.

The Group's consolidated effective tax rate for operations was 28.3% and 24.3% for the six months ended June 30, 2018 and June 30, 2017, respectively. For interim reporting purposes, the Group applied the effective tax rate to profit before income tax for the interim period. The reported effective tax rate was calculated using a weighted average income tax rate from those jurisdictions in which the Group is subject to tax, adjusted for permanent book/tax differences, tax incentives, changes in tax reserves and changes in unrecognized deferred tax assets. The effective tax rate for each period was recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income for the period adjusted for certain discrete items for the period. The increase in the Group's effective tax rate was mainly the result of the deferred tax expense recognized on share-based compensation due to the decrease in the Company's stock price during the period, offset slightly by a reduction in the current tax in the United States as a result of the new corporate tax rate effective January 1, 2018.

Profit for the Period

Profit for the period decreased by US$14.9 million, or 16.0% (-20.0% constant currency), to US$77.9 million for the six months ended June 30, 2018 from US$92.7 million for the six months ended June 30, 2017. Profit for the period excluding the non-cash charge to write-off the US$53.3 million of deferred financing costs associated with the Original Senior Credit Facilities in conjunction with the Refinancing (see Indebtedness section below for further discussion) and the related tax impact, a non-IFRS measure, increased by US$24.7 million, or 26.6% (+22.7% constant currency).

Profit attributable to the equity holders decreased by US$15.6 million, or 18.7% (-23.1% constant currency), to US$67.8 million for the six months ended June 30, 2018 from US$83.4 million for the same period in the previous year. Profit attributable to the equity holders excluding the non-cash charge to write-off the US$53.3 million of deferred financing costs associated with the Original Senior Credit Facilities in conjunction with the Refinancing (see Indebtedness section below for further discussion) and the related tax impact, a non-IFRS measure, increased by US$24.0 million, or 28.8% (+24.4% constant currency).

Basic earnings per share ("Basic EPS") decreased by 18.6% to US$0.048 for the six months ended June 30, 2018 from US$0.059 for the six months ended June 30, 2017. Diluted earnings per share ("Diluted EPS") decreased by 20.3% to US$0.047 for the six months ended June 30, 2018 from US$0.059 for the six months ended June 30, 2017. Excluding the non-cash charge to write-off the US$53.3 million of deferred financing costs associated with the Original Senior Credit Facilities in conjunction with the Refinancing (see Indebtedness section below for further discussion) and the related tax impact, a non-IFRS measure, Basic EPS increased by 27.1% to US$0.075 and Diluted EPS increased by 27.1% to US$0.075 for the six months ended June 30, 2018. The weighted average number of shares utilized in the Basic EPS calculation was 1,424,906,028 shares for the six months ended June 30, 2018 compared to 1,413,684,315 shares for the six months ended June 30, 2017. The weighted average number of shares outstanding utilized in the Diluted EPS calculation was 1,440,368,049 shares for the six months ended June 30, 2018 compared to 1,420,599,098 shares for the six months ended June 30, 2017.

Adjusted EBITDA

Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), a non-IFRS measure, increased by US$35.3 million, or 14.6% (+11.0% constant currency), to US$276.8 million for the six months ended June 30, 2018 from US$241.5 million for the six months ended June 30, 2017. Adjusted EBITDA margin decreased to 15.0% from 15.2% primarily due to the inclusion of eBags which delivered lower profitability as the Group continued to integrate its operations. Excluding eBags, Adjusted EBITDA margin increased by 10 basis points to 15.5% for the six months ended June 30, 2018 compared to 15.4% for the same period in the previous year. See the reconciliation of profit for the period to Adjusted EBITDA below for the Group's results excluding certain costs and charges and other non-cash charges that impacted reported profit for the period.

The following table presents the reconciliation from the Group's profit for the period to Adjusted EBITDA for the six months ended June 30, 2018 and June 30, 2017:

(Expressed in millions of US Dollars)	Six months ended June 30, 2018	2017
Profit for the period	**77.9**	92.7
Plus (Minus):		
Income tax expense	**30.7**	29.7
Finance costs(1)	**93.6**	40.4
Finance income	**(0.4)**	(0.7)
Depreciation	**44.0**	41.5
Amortization	**17.0**	15.5
EBITDA	**262.8**	219.1
Plus:		
Share-based compensation expense	**8.6**	8.3
Other adjustments(2)	**5.4**	14.1
Adjusted EBITDA	**276.8**	241.5
Adjusted EBITDA growth	**14.6%**	
Adjusted EBITDA growth, constant currency basis	**11.0%**	
Adjusted EBITDA margin	**15.0%**	15.2%

Notes
(1) Includes the non-cash write-off of deferred financing costs of US$53.3 million recognized in conjunction with the Refinancing (see Indebtedness section below for further discussion).
(2) Other adjustments primarily comprised of 'Other expenses' per the consolidated income statement, which includes acquisition-related costs of US$1.2 million and US$14.9 million for the six months ended June 30, 2018 and June 30, 2017, respectively.

The following tables present reconciliations from profit (loss) for the period to Adjusted EBITDA on a regional basis for the six months ended June 30, 2018 and June 30, 2017:

(Expressed in millions of US Dollars)	**Six months ended June 30, 2018** North America	Asia	Europe	Latin America	Corporate	Total
Profit (loss) for the period	**21.6**	**45.4**	**13.5**	**(1.4)**	**(1.2)**	**77.9**
Plus (Minus):						
Income tax expense (benefit)	**9.2**	**18.0**	**6.8**	**0.7**	**(4.0)**	**30.7**
Finance costs(1)	**0.2**	**2.6**	**3.9**	**1.4**	**85.5**	**93.6**
Finance income	**—**	**(0.3)**	**(0.1)**	**—**	**—**	**(0.4)**
Depreciation	**15.8**	**12.1**	**12.4**	**3.1**	**0.6**	**44.0**
Amortization	**5.8**	**7.3**	**3.0**	**0.4**	**0.5**	**17.0**
EBITDA	**52.6**	**85.1**	**39.5**	**4.2**	**81.4**	**262.8**
Plus (Minus):						
Share-based compensation expense	**2.9**	**1.0**	**0.1**	**0.1**	**4.5**	**8.6**
Other adjustments(2)	**50.2**	**54.9**	**12.4**	**2.3**	**(114.4)**	**5.4**
Adjusted EBITDA	**105.7**	**141.0**	**52.0**	**6.6**	**(28.5)**	**276.8**
Adjusted EBITDA growth	**16.7%**	**18.3%**	**21.1%**	**12.6%**	**66.9%**	**14.6%**
Adjusted EBITDA growth, constant currency basis	**16.4%**	**14.5%**	**12.7%**	**7.2%**	**66.8%**	**11.0%**
Adjusted EBITDA margin	**15.2%**	**21.1%**	**13.3%**	**7.2%**	***nm***	**15.0%**

Notes
(1) Finance costs primarily include interest expense on financial liabilities, which includes the amortization of deferred financing costs, the non-cash write-off of deferred financing costs in the amount of US$53.3 million, change in the fair value of put options and unrealized (gains) losses on foreign exchange that are presented on a net basis. See breakout in Note 19 to the consolidated financial statements.
(2) Other adjustments primarily comprised of 'Other expenses' per the consolidated income statement which includes acquisition-related costs. Regional results include intra-group royalty income/expense.
nm Not meaningful.

(Expressed in millions of US Dollars)	Six months ended June 30, 2017					
	North America	Asia	Europe	Latin America	Corporate	Total
Profit (loss) for the period	14.2	44.4	18.3	(1.5)	17.3	92.7
Plus (Minus):						
Income tax expense (benefit)	7.6	15.4	6.2	0.7	(0.2)	29.7
Finance costs[1]	—	(3.1)	1.1	1.0	41.4	40.4
Finance income	(0.1)	(0.4)	(0.2)	—	—	(0.7)
Depreciation	15.4	11.8	11.1	2.3	0.9	41.5
Amortization	4.6	7.0	2.1	1.4	0.4	15.5
EBITDA	41.7	75.1	38.6	3.9	59.8	219.1
Plus (Minus):						
Share-based compensation expense	2.0	0.9	0.2	0.1	5.1	8.3
Other adjustments[2]	46.7	43.2	4.4	1.8	(82.0)	14.1
Adjusted EBITDA	90.4	119.2	43.2	5.8	(17.1)	241.5
Adjusted EBITDA margin	14.7%	21.2%	13.3%	7.6%	*nm*	15.2%

Notes

(1) Finance costs primarily include interest expense on financial liabilities, which includes the 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 breakout in Note 19 to the consolidated financial statements.

(2) Other adjustments primarily comprised of 'Other expenses' per the consolidated income statement which includes acquisition-related costs. Regional results include intra-group royalty income/expense.

nm Not meaningful.

The Group has presented EBITDA, Adjusted EBITDA and Adjusted EBITDA margin because it believes that, when viewed with its results of operations as prepared in accordance with IFRS and with the reconciliation to profit for the period, these measures provide additional information that is useful in gaining a more complete understanding of its operational performance and of the trends impacting its business. EBITDA, Adjusted EBITDA and Adjusted EBITDA margin are important metrics the Group uses to evaluate its operating performance and cash generation.

EBITDA, Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS financial measures and as calculated herein may not be comparable to similarly named measures used by other companies and should not be considered comparable to profit for the period in the Group's consolidated income statements. These measures have limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, an analysis of the Group's results of operations as reported under IFRS.

Adjusted Net Income

Adjusted Net Income, a non-IFRS measure, increased by US$19.6 million, or 19.5% (+15.6% constant currency), to US$119.8 million for the six months ended June 30, 2018 from US$100.2 million for the six months ended June 30, 2017. See the reconciliation of profit for the period to Adjusted Net Income below for the Group's results excluding certain costs and charges and other non-cash charges that impacted reported profit for the period.

Adjusted Basic EPS and Adjusted Diluted EPS, non-IFRS measures, were US$0.084 and US$0.083, respectively, for the six months ended June 30, 2018, compared to the Adjusted Basic EPS and Adjusted Diluted EPS of US$0.071 for the six months ended June 30, 2017. 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.

The following table presents the reconciliation from the Group's profit for the period to Adjusted Net Income for the six months ended June 30, 2018 and June 30, 2017:

(Expressed in millions of US Dollars)	Six months ended June 30, 2018	2017
Profit for the period	**77.9**	92.7
Profit attributable to non-controlling interests	**(10.1)**	(9.3)
Profit attributable to the equity holders	**67.8**	83.4
Plus (Minus):		
Change in fair value of put options included in finance costs	**(0.9)**	(3.0)
Amortization of intangible assets	**17.0**	15.5
Acquisition-related costs	**1.2**	14.9
Write-off of remaining deferred financing costs associated with Original Senior Credit Facilities[1]	**53.3**	—
Tax adjustments[2]	**(18.6)**	(10.6)
Adjusted Net Income[3]	**119.8**	100.2

Notes

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

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

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

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

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

Net cash flows provided by operating activities amounted to US$56.2 million for the six months ended June 30, 2018 compared to US$152.8 million for the six months ended June 30, 2017. The decrease in cash flows provided by operating activities was attributable to an increase in cash used for working capital, partly offset by increased profit for the period excluding non-cash charges and decreases in interest and income taxes paid of US$2.6 million and US$9.4 million, respectively.

For the six months ended June 30, 2018, net cash flows used in investing activities were US$50.1 million and were primarily related to purchases of property, plant and equipment. For the six months ended June 30, 2017, net cash flows used in investing activities were US$206.9 million and were primarily related to the acquisition of eBags on May 5, 2017 as well as to amounts paid to former distributors of the *Tumi* brand to assume direct control of the distribution of *Tumi* products in certain Asian markets. The Group had capital expenditures of US$41.1 million during the first half of 2018 compared to US$32.4 million during the first half of 2017. During the first half of 2018, the Group added new retail locations, remodeled existing retail locations, relocated certain office facilities and made investments in machinery and equipment.

Net cash flows generated from financing activities were US$45.0 million for the six months ended June 30, 2018 and were largely attributable to proceeds of US$1,922.9 million associated with the Refinancing (described in the

Indebtedness section below) and proceeds from stock option exercises of US$24.3 million, partially offset by cash flows used in financing activities of US$1,869.7 million to pay off the Original Senior Credit Facilities (described in the Indebtedness section below) associated with the Refinancing and dividend payments to non-controlling interests of US$9.7 million. In conjunction with the Refinancing, the Group paid US$18.5 million in deferred financing costs that will be recognized over the term of the borrowings. Net cash flows generated from financing activities were US$53.0 million for the six months ended June 30, 2017. In 2017, the Group received proceeds of US$69.6 million of current loans and borrowings, partially offset by payments of US$19.0 million associated with the Original Term Loan Facilities (described in the Indebtedness section below). The Group also paid US$5.4 million in deferred financing costs related to the repricing of the Original Senior Credit Facilities in February 2017.

The Group had US$395.4 million in cash and cash equivalents as of June 30, 2018, compared to US$344.5 million as of December 31, 2017. No amounts of cash and cash equivalents were restricted as of June 30, 2018 and December 31, 2017. Cash and cash equivalents are generally denominated in the functional currency of the respective Group entity.

Indebtedness

The following table sets forth the carrying amount of the Group's loans and borrowings as of June 30, 2018 and December 31, 2017:

(Expressed in millions of US Dollars)	**June 30, 2018**	December 31, 2017
New Term Loan A Facility	**828.0**	—
New Term Loan B Facility	**665.0**	—
New Revolving Credit Facility	**43.2**	—
Original Term Loan A Facility	**—**	1,203.1
Original Term Loan B Facility	**—**	666.6
Original Revolving Credit Facility	**—**	63.6
Total Senior Credit Facilities	**1,536.2**	1,933.3
Senior Notes	**409.0**	—
Other long-term debt	**2.8**	—
Other lines of credit	**35.4**	19.9
Finance lease obligations	**0.3**	0.3
Total loans and borrowings	**1,983.7**	1,953.5
Less deferred financing costs	**(17.9)**	(56.5)
Total loans and borrowings less deferred financing costs	**1,965.8**	1,897.0

Refinancing of Senior Credit Facilities Through Issuance of €350.0 Million 3.500% Senior Notes Due 2026 and Amendment and Restatement of Senior Credit Facilities (the "Refinancing")

Issuance of €350.0 Million 3.500% Senior Notes Due 2026

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

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

Maturity, Interest and Redemption

The Senior Notes will mature on May 15, 2026. Interest on the aggregate outstanding principal amount of the Senior Notes will accrue at a rate of 3.500% per annum, payable semi-annually in cash in arrears on May 15 and November 15 each year and commencing on November 15, 2018.

The Senior Notes are non-callable until May 15, 2021. 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 will also secure the New Senior Credit Facilities (as defined below) on a first-ranking basis.

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

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

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

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

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

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

commencing on or after the Closing Date at the London Interbank Offered Rate ("LIBOR") plus 1.50% per annum (or a base rate plus 0.50% 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 interest rate payable on the Original Term Loan A Facility and Original Revolving Credit Facility was an adjusted rate of LIBOR plus 2.00% per annum; and

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

In addition to paying interest on outstanding principal under the New Senior Credit Facilities, the borrowers will pay customary agency fees and a commitment fee in respect of the unutilized commitments under the New Revolving Credit Facility. The commitment fee payable was reduced with effect from the Closing Date until the delivery of the financial statements for the first full fiscal quarter commencing on or after the Closing Date from 0.375% per annum to 0.20% per annum. The commitment fee may step up 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, commencing with the first full fiscal quarter ended after the Closing Date.

Amortization and Final Maturity

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

Guarantees and Security

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

Certain Covenants and Events of Default

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

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

Interest Rate Swaps
The Group maintains interest rate swaps to hedge interest rate exposure under the floating-rate New Senior Credit Facilities by swapping certain US Dollar floating-rate bank borrowings with fixed-rate agreements. The interest rate swap agreements entered into in connection with the Original Senior Credit Facilities remain in effect following the Refinancing and will terminate on August 31, 2021. The notional amounts of the interest rate swap agreements decrease over time. LIBOR has been fixed at approximately 1.30% under each agreement. Each of the interest rate swap agreements have fixed payments due monthly that commenced January 31, 2017. The interest rate swap transactions qualify as cash flow hedges. As of June 30, 2018 and December 31, 2017, the interest rate swaps were marked-to-market, resulting in a net asset position to the Group in the amount of US$36.7 million and US$24.5 million, respectively, which was recorded as an asset with the effective portion of the gain deferred to other comprehensive income.

Deferred Financing Costs
The Group incurred US$18.5 million of deferred financing costs related to the Refinancing. Such costs have been deferred and will be offset against loans and borrowings to be amortized using the effective interest method over the life of the Senior Notes and New Senior Credit Facilities. The amortization of deferred financing costs under the Senior Notes and New Senior Credit Facilities, which is included in interest expense, amounted to US$0.5 million for the six months ended June 30, 2018. Prior to the Refinancing, amortization of deferred financing costs under the Original Senior Credit Facilities, which was extinguished in April 2018, amounted to US$3.3 million and $6.5 million for the six months ended June 30, 2018 and June 30, 2017, respectively.

Upon extinguishment of the Original Senior Credit Facilities, the Group recognized a non-cash charge in the amount of US$53.3 million to write off the previously existing deferred financing costs related to the Original Senior Credit Facilities, thereby reducing reported interest expense for future periods.

Revolving Facility
As of June 30, 2018, US$603.0 million was available to be borrowed on the New Revolving Credit Facility as a result of US$43.2 million of outstanding borrowings and the utilization of US$3.8 million of the facility for outstanding letters of credit extended to certain creditors. As of December 31, 2017, US$432.6 million was available to be borrowed on the Original Revolving Credit Facility as a result of US$63.6 million of outstanding borrowings and the utilization of US$3.8 million of the facility for outstanding letters of credit extended to certain creditors.

Other Loans and Borrowings
Certain consolidated subsidiaries of the Group maintain credit lines and other short-term loans with various third party lenders in the regions in which they operate. Other loans and borrowings are generally variable rate instruments denominated in the functional currency of the borrowing Group entity. These other loans and borrowings provide short-term financing and working capital for the day-to-day business operations of the subsidiaries, including overdraft, bank guarantees, and trade finance facilities. The majority of the credit lines included in other loans and borrowings are uncommitted facilities. The total aggregate amount outstanding under the local facilities was US$35.4 million and US$19.9 million as of June 30, 2018 and December 31, 2017, respectively.

The following represents the contractual maturity dates of the Group's loans and borrowings as of June 30, 2018 and December 31, 2017:

(Expressed in millions of US Dollars)	**June 30, 2018**	December 31, 2017
On demand or within one year	**107.2**	152.8
After one year but within two years	**28.4**	77.2
After two years but within five years	**807.4**	1,090.7
More than five years	**1,040.7**	632.8
	1,983.7	1,953.5

Hedging

The Group's non-U.S. subsidiaries periodically enter into forward contracts related to the purchase of inventories denominated primarily in US Dollars which are designated as cash flow hedges. Cash outflows associated with these derivatives as of June 30, 2018 are expected to be US$79.7 million within one year.

Other Financial Information

Working Capital Ratios

Inventory Analysis

The following table sets forth a summary of the Group's average inventory, cost of sales and average inventory days for the six months ended June 30, 2018 and June 30, 2017:

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2018**	2017
Average inventory[(1)]	**603.6**	453.3
Cost of sales	**804.9**	708.3
Average inventory turnover days[(2)]	**137**	117

Notes

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

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

The Group's average inventory increased in the first half of 2018 (US$624.2 million as of June 30, 2018 compared to US$583.0 million as of December 31, 2017) compared to the first half of 2017 (US$485.2 million as of June 30, 2017 compared to US$421.3 million as of December 31, 2016) to support increased customer demand, new product introductions, the Group's retail store expansion and the global expansion of the *Tumi* brand, including the assumption by the Group of direct control of the distribution of *Tumi* products in certain markets in Asia in 2017 and the acquisition of eBags in the first half of 2017.

Trade and Other Receivables

The following table sets forth a summary of the Group's average trade and other receivables, net sales and turnover days of trade and other receivables for the six months ended June 30, 2018 and June 30, 2017:

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2018**	2017
Average trade and other receivables[(1)]	**415.4**	368.1
Net sales	**1,848.7**	1,586.1
Turnover days of trade and other receivables[(2)]	**41**	42

Notes

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

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

The Group's average trade and other receivables increased in the first half of 2018 (US$419.4 million as of June 30, 2018 compared to US$411.5 million as of December 31, 2017) compared to the first half of 2017 (US$378.4 million as of June 30, 2017 compared to US$357.8 million as of December 31, 2016) due to the increase in net sales and timing of receipts year-on-year.

Trade receivables as of June 30, 2018 are on average due within 60 days from the date of billing.

Trade and Other Payables

The following table sets forth a summary of the Group's average trade and other payables, cost of sales and turnover days of trade and other payables for the six months ended June 30, 2018 and June 30, 2017:

	Six months ended June 30,	
(Expressed in millions of US Dollars)	**2018**	2017
Average trade and other payables[(1)]	**773.1**	646.5
Cost of sales	**804.9**	708.3
Turnover days of trade and other payables[(2)]	**175**	167

Notes

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

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

The Group's average trade and other payables increased in the first half of 2018 (US$809.1 million as of June 30, 2018 compared to US$737.0 million as of December 31, 2017) compared to the first half of 2017 (US$759.3 million as of June 30, 2017 compared to US$533.8 million as of December 31, 2016) primarily due to the timing of payments associated with inventory purchases year-on-year, the global expansion of the *Tumi* brand, including the assumption by the Group of direct control of the distribution of *Tumi* products in certain markets in Asia in 2017 and the acquisition of eBags in the first half of 2017.

Trade payables as of June 30, 2018 are on average due within 105 days from the invoice date.

Gearing Ratio

The following table sets forth the Group's loans and borrowings (excluding deferred financing costs), total equity and gearing ratio as of June 30, 2018 and December 31, 2017:

(Expressed in millions of US Dollars)	**June 30, 2018**	December 31, 2017
Loans and borrowings (excluding deferred financing costs)	**1,983.7**	1,953.5
Total equity	**1,823.1**	1,832.4
Gearing ratio[(1)]	**108.8%**	106.6%

Note

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

Contingent Liabilities

Details of contingent liabilities are set out in note 20 to the consolidated interim financial statements.

Subsequent Events

Details of the events occurring subsequent to June 30, 2018 are set out in note 23 to the consolidated interim financial statements.

Other Information

Total current assets were US$1,604.6 million and US$1,495.4 million, and total assets less current liabilities were US$4,117.9 million and US$3,987.8 million, as of June 30, 2018 and December 31, 2017, respectively.

Strategic Review and Full-year Prospects

Financial results of the Group during the first half of 2018 were as follows:

Financial Results

Key Group metrics for the six months ended June 30, 2018 compared to the six months ended June 30, 2017 were as follows:

- Net sales increased to a record level of US$1,848.7 million, reflecting an increase of 16.6% (+12.9% constant currency) from the same period in the previous year. Excluding the contribution from eBags, which was acquired on May 5, 2017, net sales increased by US$213.3 million, or 13.6% (+9.9% constant currency).
- Gross profit margin increased to 56.5% for the six months ended June 30, 2018 from 55.3% for the six months ended June 30, 2017.

- The Group spent US$114.3 million on marketing during the six months ended June 30, 2018 compared to US$99.5 million for the six months ended June 30, 2017, an increase of US$14.8 million, or 14.9%. As a percentage of net sales, marketing expenses decreased by 10 basis points to 6.2% for the six months ended June 30, 2018 from 6.3% for the six months ended June 30, 2017.
- Operating profit increased by US$39.7 million, or 24.5% (+22.0% constant currency), year-on-year to US$201.8 million.
- Excluding the non-cash charge to write-off the US$53.3 million of deferred financing costs associated with the Original Senior Credit Facilities in conjunction with the Refinancing and the related tax impact, profit for the period increased by US$24.7 million, or 26.6% (+22.7% constant currency). Profit for the period, as reported, decreased by US$14.9 million, or 16.0% (-20.0% constant currency), year-on-year to US$77.9 million due to the aforementioned non-cash write-off.
- Excluding the non-cash charge to write-off the US$53.3 million of deferred financing costs associated with the Original Senior Credit Facilities in conjunction with the Refinancing and the related tax impact, profit attributable to the equity holders increased by US$24.0 million, or 28.8% (+24.4% constant currency). Profit attributable to the equity holders, as reported, decreased by US$15.6 million, or 18.7% (-23.1% constant currency), from the same period in the previous year to US$67.8 million due to the aforementioned non-cash write-off.
- Adjusted Net Income, a non-IFRS measure, increased by US$19.6 million, or 19.5% (+15.6% constant currency), to US$119.8 million for the six months ended June 30, 2018 compared to US$100.2 million for the same period in the previous year.
- Adjusted EBITDA, a non-IFRS measure, increased by US$35.3 million, or 14.6% (+11.0% constant currency), from the same period in the previous year, to US$276.8 million.
- Adjusted EBITDA margin, a non-IFRS measure, was 15.0% for the six months ended June 30, 2018 compared to 15.2% for the six months ended June 30, 2017. This decrease was primarily due to the inclusion of eBags which delivered lower profitability as the Group continued to integrate its operations. Excluding eBags, Adjusted EBITDA margin was 15.5% for the six months ended June 30, 2018 compared to 15.4% for the same period in the previous year.
- The Group generated US$56.2 million of cash from operating activities during the six months ended June 30, 2018. As of June 30, 2018, the Group had cash and cash equivalents of US$395.4 million and outstanding financial debt of US$1,983.7 million (excluding deferred financing costs of US$17.9 million), putting the Group in a net debt position of US$1,588.3 million.
- 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, a 13.4% increase from the US$97.0 million distribution paid in 2017. 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.
- The Group completed the Refinancing on April 25, 2018 (see the Indebtedness section in Liquidity and Capital Resources).

Investment in advertising and promotion

The Group continued to make significant investments in marketing, which amounted to US$114.3 million, or approximately 6.2% of net sales, during the first half of 2018 compared to US$99.5 million, or 6.3%, of net sales during the same period in the previous year, reflecting its commitment to advertise and promote its brands and products to support sales growth worldwide.

Introduction of new and innovative products to the market

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

Future Prospects

The Group's growth strategy will continue as planned for the second half of 2018, with a focus on the following:

- Deploy multiple brands to operate at wider price points in both the travel and non-travel product categories. Within the non-travel product categories, greater emphasis will be placed on products that appeal to female consumers.
- Increase the proportion of net sales from the DTC channel by growing the Company's DTC e-commerce net sales and through targeted expansion of its bricks-and-mortar retail presence.
- Sustain the Company's investment in marketing to support the continued global expansion of *Tumi*, while continuing to drive visibility for *Samsonite*, *American Tourister* and other brands.
- Leverage the Company's regional management structure, sourcing and distribution expertise and marketing engine to extend its brands into new markets and penetrate deeper into existing channels.

- Continue to invest in research and development to develop lighter and stronger new materials, advanced manufacturing processes, exciting new designs, as well as innovative functionalities that deliver real benefits to consumers.
- Continue to develop the Company into a well-diversified, multi-brand, multi-category and multi-channel luggage, bag and accessories business.

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

Forward-Looking Statements

This document contains forward-looking statements. Forward-looking statements reflect the Group's current views with respect to future events and performance. These statements may discuss, among other things, the Group's net sales, operating profit, Adjusted Net Income, Adjusted EBITDA, Adjusted EBITDA margin, cash flow, liquidity and capital resources, impairments, growth, strategies, plans, achievements, distributions, organizational structure, future store openings, market opportunities and general market and industry conditions. The Group generally identifies forward-looking statements by words such as “expect”, “seek”, “believe”, “plan”, “intend”, “estimate”, “project”, “anticipate”, “may”, “will”, “would” and “could” or similar words or statements. Forward-looking statements are based on beliefs and assumptions made by management using currently available information. These statements are only predictions and are not guarantees of future performance, actions or events. Forward-looking statements are subject to risks and uncertainties. If one or more of these risks or uncertainties materialize, or if management’s underlying beliefs and assumptions prove to be incorrect, actual results may differ materially from those contemplated by a forward-looking statement. Forward-looking statements speak only as of the date on which they are made. The 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.

Corporate Governance and Other Information

Directors

At June 30, 2018, the composition of the Board of Directors of the Company (the “Board”) was as follows:

Executive Director ("ED")

Kyle Francis Gendreau

Non-Executive Directors ("NEDs")

Timothy Charles Parker
Tom Korbas
Jerome Squire Griffith

Independent Non-Executive Directors ("INEDs")

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

At June 30, 2018, the Board committees were as follows:

Audit Committee / Review of Accounts

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

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

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

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

The Audit Committee has reviewed the interim report of the Group for the six months ended June 30, 2018 with the Board of Directors. The interim financial information has also been reviewed by the Group’s external auditors.

Nomination Committee

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

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board, to make recommendations to the Board with respect to any changes to the composition of the Board, and to assess the independence of the INEDs. When identifying suitable candidates, the Nomination Committee shall (where applicable and appropriate) use open advertising or the services of external advisers and consider candidates from a wide range of backgrounds on merit and against objective criteria.

Remuneration Committee

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

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company’s policy and structure for the remuneration of directors and senior management and on the establishment of a formal

and transparent procedure for developing policy on such remuneration, as well as to determine the specific remuneration packages of all EDs and certain members of senior management.

Corporate Governance Practices

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

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

The Company complied with all applicable code provisions set out in the CG Code throughout the period from January 1, 2018 to June 30, 2018, except for the deviation from code provision F.1.3 discussed below regarding the Company's Joint Company Secretaries.

Code provision F.1.3 provides that the company secretary should report to the Chairman and CEO.

During the period from January 1, 2018 to May 31, 2018, Mr. John Livingston, the Executive Vice President, General Counsel and Joint Company Secretary of the Company, reported to the Company's Chief Financial Officer ("CFO"). The Company believes this was appropriate because Mr. Livingston was based at the same location as the CFO and worked closely with him on a day-to-day basis. In addition, Mr. Livingston worked directly with the Company's Chairman, its CEO and with the chairpersons of the various Board committees with respect to corporate governance and other Board-related matters. With effect from May 31, 2018, Mr. Livingston now reports to the CEO. Ms. Chow Yuk Yin Ivy, the Company's other joint company secretary based in Hong Kong, reports to Mr. Livingston. The Company believes this is appropriate because her primary role as joint company secretary is to assist Mr. Livingston in ensuring that the Company complies with its obligations under the Listing Rules.

Risk Management and Internal Control

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

Changes in Information of Directors

A summary of changes in information concerning certain Directors of the Company that have occurred subsequent to the publication of the Company's 2017 annual report pursuant to Rule 13.51(B)(1) of the Listing Rules is as follows:

- Mr. Ramesh Dungarmal Tainwala resigned as Chief Executive Officer and Executive Director of the Company effective May 31, 2018.
- Mr. Kyle Francis Gendreau was appointed Chief Executive Officer of the Company effective May 31, 2018. He continues to serve as the Company's Interim Chief Financial Officer while he and the Board conduct a search for a successor to Mr. Gendreau as Chief Financial Officer.
  Mr. Timothy Charles Parker was appointed as the Chairman of HM Courts & Tribunals Service effective April 27, 2018.

Company Secretaries and Authorized Representatives

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

Directors' Securities Transactions

The Company has adopted its own policies (the "Trading Policy") for securities transactions by directors and relevant employees who are likely to be in possession of unpublished inside information of the Group on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they complied with the required standard set out in the Trading Policy during the six months ended June 30, 2018.

Share Award Scheme

On September 14, 2012, the Company's shareholders adopted the Company's Share Award Scheme, which will remain in effect until September 13, 2022. The purpose of the Share Award Scheme is to attract skilled and

experienced personnel, to incentivize them to remain with the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company. Awards under the Share Award Scheme may take the form of either share options or restricted share units ("RSUs"), which may be granted at the discretion of the Board to directors, employees or such other persons as the Board may determine.

The exercise price of share options is determined at the time of grant by the Board 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.

As of July 31, 2018 (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 43,832,822 shares, representing approximately 3.1% 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.

In accordance with the terms of the share options, holders of vested 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. Any award of share options or RSUs that is forfeited without the issuance of shares may be granted again under the Share Award Scheme.

The grant-date fair value of share options granted is generally recognized as an expense, with a corresponding increase in equity when such options represent equity-settled awards, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the vesting conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the vesting conditions at the vesting date.

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.

No share options were granted during the six months ended June 30, 2018.

In total, share-based compensation expense of US$8.6 million and US$8.3 million was recognized in the consolidated interim income statements, with a corresponding increase in equity reserves, for the six months ended June 30, 2018 and June 30, 2017, respectively.

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

	Number of share options								
Name / category of grantee	As of January 1, 2018	Granted during the period	Exercised during the period[1]	Canceled / lapsed during the period	As of June 30, 2018	Date of grant	Exercise period	Exercise price per share (HK$)	Closing price immediately preceding the date of grant (HK$)
Directors									
Timothy Parker	1,821,615	—	—	—	1,821,615	January 7, 2014	January 7, 2015 - January 6, 2024	23.30	23.30
Timothy Parker	2,368,749	—	—	—	2,368,749	January 8, 2013	January 8, 2014 - January 7, 2023	17.36	16.90
Kyle Gendreau	952,676	—	—	—	952,676	May 26, 2017	May 26, 2018 - May 25, 2027	31.10	30.45
Kyle Gendreau	1,230,464	—	—	—	1,230,464	May 6, 2016	May 6, 2017 - May 5, 2026	24.91	24.00
Kyle Gendreau	433,364	—	(216,681)	—	216,683	January 7, 2015	January 7, 2016 - January 6, 2025	23.31	23.30
Kyle Gendreau	2,506,600	—	—	—	2,506,600	January 7, 2015	January 7, 2018 - January 6, 2025	23.31	23.30
Kyle Gendreau	147,385	—	(147,385)	—	—	January 7, 2014	January 7, 2015 - January 6, 2024	23.30	23.30
Tom Korbas	714,182	—	—	—	714,182	January 7, 2015	January 7, 2016 - January 6, 2025	23.31	23.30
Tom Korbas	432,351	—	(400,000)	—	32,351	January 7, 2014	January 7, 2015 - January 6, 2024	23.30	23.30
Total Directors	10,607,386	—	(764,066)	—	9,843,320				

	Number of share options								
Name / category of grantee	As of January 1, 2018	Granted during the period	Exercised during the period[1]	Canceled / lapsed during the period	As of June 30, 2018	Date of grant	Exercise period	Exercise price per share (HK$)	Closing price immediately preceding the date of grant (HK$)
Others									
Employees	3,473,520	—	—	—	3,473,520	May 26, 2017	May 26, 2020 - May 25, 2027	31.10	30.45
Employees	17,107,436	—	—	(843,149)	16,264,287	May 26, 2017	May 26, 2018 - May 25, 2027	31.10	30.45
Employee	74,979	—	—	—	74,979	June 16, 2016	June 16, 2017 - June 15, 2026	23.19	22.45
Employee	62,160	—	—	—	62,160	May 11, 2016	May 11, 2017 - May 10, 2026	24.23	24.05
Employees	4,190,013	—	—	—	4,190,013	May 6, 2016	May 6, 2019 - May 5, 2026	24.91	24.00
Employees	14,492,675	—	(210,833)	(839,965)	13,441,877	May 6, 2016	May 6, 2017 - May 5, 2026	24.91	24.00
Employees	9,165,787	—	(706,553)	(234,091)	8,225,143	January 7, 2015	January 7, 2016 - January 6, 2025	23.31	23.30
Employees	7,533,799	—	(1,195,991)	(797,328)	5,540,480	January 7, 2015	January 7, 2018 - January 6, 2025	23.31	23.30
Employees	57,080	—	—	—	57,080	August 31, 2015	August 31, 2016 - August 30, 2025	24.15	24.15
Employees	5,015,286	—	(633,267)	—	4,382,019	January 7, 2014	January 7, 2015 - January 6, 2024	23.30	23.30
Employee	64,393	—	—	—	64,393	May 29, 2014	May 29, 2015 - May 28, 2024	24.77	25.25
Employees	2,985,786	—	(459,590)	—	2,526,196	January 8, 2013	January 8, 2014 - January 7, 2023	17.36	16.90
Employee	108,522	—	—	—	108,522	July 1, 2013	July 1, 2014 - June 30, 2023	18.68	18.68
Total Employees	64,331,436	—	(3,206,234)	(2,714,533)	58,410,669				

Name / category of grantee	Number of share options: As of January 1, 2018	Granted during the period	Exercised during the period[1]	Canceled / lapsed during the period	As of June 30, 2018	Date of grant	Exercise period	Exercise price per share (HK$)	Closing price immediately preceding the date of grant (HK$)
Former Director									
Ramesh Tainwala[2]	3,702,272	—	—	—	3,702,272	May 26, 2017	May 26, 2018 - May 25, 2027	31.10	30.45
Ramesh Tainwala[2]	2,636,708	—	(1,318,354)	—	1,318,354	May 6, 2016	May 6, 2017 - May 5, 2026	24.91	24.00
Ramesh Tainwala[2]	2,166,815	—	(1,625,112)	—	541,703	January 7, 2015	January 7, 2016 - January 6, 2025	23.31	23.30
Ramesh Tainwala[2]	638,033	—	(638,033)	—	—	January 7, 2014	January 7, 2015 - January 6, 2024	23.30	23.30
Ramesh Tainwala[2]	843,208	—	(843,208)	—	—	January 8, 2013	January 8, 2014 - January 7, 2023	17.36	16.90
Total Former Director	9,987,036	—	(4,424,707)	—	5,562,329				
Total	84,925,858	—	(8,395,007)	(2,714,533)	73,816,318				

Notes

(1) The weighted average closing price of the shares immediately before the date of exercise by participants was HK$31.93.

(2) Mr. Ramesh Tainwala resigned from the Company and from his directorships within the Group, including Chief Executive Officer and Executive Director, effective May 31, 2018.

Human Resources and Remuneration

As of June 30, 2018, the Group had approximately 14,200 employees worldwide. The Group regularly reviews remuneration and benefits of its employees according to the relevant market practice, employee performance and the financial performance of the Group.

Dividends and Distributions

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 macroeconomic environment and business performance. The Company intends to increase distributions to shareholders in line with its growth in earnings. The determination to make distributions will be made upon the recommendation of the Board and the approval of the Company's shareholders and will be based upon the Group's earnings, cash flow, financial condition, capital and other reserve requirements and any other conditions which the Board deems relevant. The payment of distributions may also be limited by legal restrictions and by the Indenture, the New Term Loan Credit Facilities or other financing agreements that the Group may enter into in the future.

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, a 13.4% increase from the US$97.0 million distribution paid in 2017. 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.

No dividends or distributions have been declared or paid subsequent thereto.

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

During the six months ended June 30, 2018, the Company issued 8,395,007 ordinary shares at a weighted-average exercise price of HK$22.68 per share, or HK$190.4 million in aggregate, in connection with the exercise of share options that were granted under the Company's Share Award Scheme. There were no purchases or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the first half of 2018.

Publication of Interim Results and Interim Report

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.samsonite.com). The interim report for the six months ended June 30, 2018 will be dispatched to the shareholders and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, August 29, 2018

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