SAMSONITE INTERNATIONAL S.A.

新秀麗國際有限公司

13-15 Avenue de la Liberté, L-1931 Luxembourg

R.C.S. LUXEMBOURG: B 159.469

(Incorporated in Luxembourg with limited liability)

(Stock code: 1910)

QUARTERLY REPORT FOR THE PERIOD ENDED SEPTEMBER 30, 2017

The Board of Directors of Samsonite International S.A. (the "Company"), together with its consolidated subsidiaries (the "Group"), is pleased to present the unaudited consolidated financial and business review of the Group as of September 30, 2017 and for the three and nine month periods then ended, together with comparative figures for the three and nine month periods ended September 30, 2016. This announcement is made pursuant to the Inside Information Provisions of Part XIVA of the Securities and Futures Ordinance and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

FINANCIAL RESULTS HIGHLIGHTS

(Expressed in millions of US Dollars, except per share data)	Three months ended September 30, **2017**	2016	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[1]
Net sales	**915.6**	765.3	19.6%	18.7%
Operating profit	**120.7**	71.7	68.4%	66.4%
Operating profit excluding acquisition-related costs[2]	**123.5**	106.8	15.7%	14.3%
Profit for the period	**61.1**	35.7	71.1%	68.3%
Profit attributable to the equity holders	**56.6**	31.7	78.4%	75.3%
Adjusted Net Income[3]	**65.7**	59.1	11.1%	9.4%
Adjusted EBITDA[4]	**160.4**	135.1	18.7%	17.4%
Adjusted EBITDA Margin[5]	**17.5%**	17.7%		
Basic earnings per share *(Expressed in US Dollars per share)*	**0.040**	0.022	81.8%	77.3%
Diluted earnings per share *(Expressed in US Dollars per share)*	**0.039**	0.022	77.3%	77.3%
Adjusted basic earnings per share[6] *(Expressed in US Dollars per share)*	**0.046**	0.042	9.5%	9.5%
Adjusted diluted earnings per share[6] *(Expressed in US Dollars per share)*	**0.046**	0.042	9.5%	7.1%

FINANCIAL RESULTS HIGHLIGHTS

(Expressed in millions of US Dollars, except per share data)	Nine months ended September 30, 2017	2016	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[1]
Net sales	**2,501.7**	1,974.8	26.7%	26.7%
Operating profit	**282.8**	212.7	32.9%	32.4%
Operating profit excluding acquisition-related costs[2]	**300.5**	254.8	17.9%	17.5%
Profit for the period	**153.8**	128.2	20.0%	19.3%
Profit attributable to the equity holders	**140.0**	114.1	22.6%	21.9%
Adjusted Net Income[3]	**165.9**	159.4	4.1%	3.5%
Adjusted EBITDA[4]	**401.9**	325.5	23.5%	23.1%
Adjusted EBITDA Margin[5]	**16.1%**	16.5%		
Basic earnings per share *(Expressed in US Dollars per share)*	**0.099**	0.081	22.2%	21.0%
Diluted earnings per share *(Expressed in US Dollars per share)*	**0.098**	0.081	21.0%	21.0%
Adjusted basic earnings per share[6] *(Expressed in US Dollars per share)*	**0.117**	0.113	3.5%	3.5%
Adjusted diluted earnings per share[6] *(Expressed in US Dollars per share)*	**0.116**	0.113	2.7%	2.7%

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 prior year to current period local currency results.

(2) Acquisition-related costs amounted to US$2.8 million and US$17.7 million for the three and nine month periods ended September 30, 2017, respectively, compared to US$35.1 million and US$42.0 million, respectively, during the comparable periods in the previous year.

(3) 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 US Dollar 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 "Adjusted Net Income" for a reconciliation from the Group's profit for the period to Adjusted Net Income.

(4) Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges, 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 "Adjusted EBITDA" for a reconciliation from the Group's profit for the period to Adjusted EBITDA.

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

(6) Adjusted basic and diluted earnings per share, both non-IFRS measures, are calculated by dividing Adjusted Net Income by the weighted average number of shares outstanding during the period.

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 as measures 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.

Consolidated Income Statements (Unaudited)

(Expressed in thousands of US Dollars, except per share data)	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Net sales	**915,595**	765,267	**2,501,717**	1,974,754
Cost of sales	**(392,535)**	(345,485)	**(1,100,871)**	(922,473)
Gross profit	**523,060**	419,782	**1,400,846**	1,052,281
Distribution expenses	**(283,066)**	(223,216)	**(777,470)**	(565,729)
Marketing expenses	**(53,286)**	(35,531)	**(152,817)**	(101,466)
General and administrative expenses	**(61,772)**	(52,057)	**(169,534)**	(124,099)
Other expenses, net	**(4,280)**	(37,322)	**(18,268)**	(48,269)
Operating profit	**120,656**	71,656	**282,757**	212,718
Finance income	**334**	373	**1,084**	906
Finance costs	**(27,222)**	(19,299)	**(67,590)**	(33,679)
Net finance costs	**(26,888)**	(18,926)	**(66,506)**	(32,773)
Profit before income tax	**93,768**	52,730	**216,251**	179,945
Income tax expense	**(32,668)**	(17,011)	**(62,408)**	(51,741)
Profit for the period	**61,100**	35,719	**153,843**	128,204
Profit attributable to equity holders	**56,590**	31,726	**139,959**	114,130
Profit attributable to non-controlling interests	**4,510**	3,993	**13,884**	14,074
Profit for the period	**61,100**	35,719	**153,843**	128,204
Earnings per share				
Basic earnings per share				
(Expressed in US Dollars per share)	**0.040**	0.022	**0.099**	0.081
Diluted earnings per share				
(Expressed in US Dollars per share)	**0.039**	0.022	**0.098**	0.081

Consolidated Statements of Comprehensive Income (Unaudited)

(Expressed in thousands of US Dollars)	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Profit for the period	**61,100**	35,719	**153,843**	128,204
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	**(1,760)**	(166)	**(5,635)**	(3,187)
Changes in fair value of interest rate swaps, net of tax	**241**	3,270	**524**	(10,614)
Foreign currency translation gains for foreign operations	**11,331**	3,506	**40,360**	16,702
Other comprehensive income	**9,812**	6,610	**35,249**	2,901
Total comprehensive income for the period	**70,912**	42,329	**189,092**	131,105
Total comprehensive income attributable to equity holders	**66,075**	37,717	**173,363**	115,787
Total comprehensive income attributable to non-controlling interests	**4,837**	4,612	**15,729**	15,318
Total comprehensive income for the period	**70,912**	42,329	**189,092**	131,105

Consolidated Statements of Financial Position

(Expressed in thousands of US Dollars)	**(Unaudited) September 30, 2017**	December 31, 2016
Non-Current Assets		
Property, plant and equipment	**289,109**	281,990
Goodwill	**1,362,474**	1,238,910
Other intangible assets	**1,774,180**	1,733,061
Deferred tax assets	**83,622**	56,007
Derivative financial instruments	**16,158**	16,149
Other assets and receivables	**38,236**	32,926
Total non-current assets	**3,563,779**	3,359,043
Current Assets		
Inventories	**563,036**	421,334
Trade and other receivables	**381,142**	357,790
Prepaid expenses and other assets	**174,382**	142,833
Cash and cash equivalents	**307,232**	368,540
Total current assets	**1,425,792**	1,290,497
Total assets	**4,989,571**	4,649,540
Equity and Liabilities		
Equity:		
Share capital	**14,216**	14,113
Reserves	**1,559,607**	1,452,941
Total equity attributable to equity holders	**1,573,823**	1,467,054
Non-controlling interests	**35,507**	43,933
Total equity	**1,609,330**	1,510,987
Non-Current Liabilities		
Loans and borrowings	**1,758,141**	1,805,561
Employee benefits	**24,852**	28,680
Non-controlling interest put options	**50,402**	64,746
Deferred tax liabilities	**470,471**	456,540
Other liabilities	**8,511**	7,140
Total non-current liabilities	**2,312,377**	2,362,667
Current Liabilities		
Loans and borrowings	**102,687**	23,994
Current portion of long-term debt	**69,250**	45,813
Employee benefits	**82,155**	78,680
Trade and other payables	**715,243**	533,772
Current tax liabilities	**98,529**	93,627
Total current liabilities	**1,067,864**	775,886
Total liabilities	**3,380,241**	3,138,553
Total equity and liabilities	**4,989,571**	4,649,540
Net current assets	**357,928**	514,611
Total assets less current liabilities	**3,921,707**	3,873,654

Consolidated Statements of Changes in Equity (Unaudited)

			Reserves						
(Expressed in thousands of US Dollars, except number of shares)	Number of shares	Share capital	Additional paid-in capital	Translation reserve	Other reserves	Retained earnings	Total equity attributable to equity holders	Non-controlling interests	Total equity
Three months ended September 30, 2016:									
Balance, July 1, 2016	1,410,667,493	14,107	973,895	(58,990)	(64,462)	489,280	1,353,830	42,646	1,396,476
Profit for the period	—	—	—	—	—	31,726	31,726	3,993	35,719
Other comprehensive income (loss):									
Changes in fair value of foreign exchange forward contracts, net of tax	—	—	—	—	(164)	—	(164)	(2)	(166)
Changes in fair value of interest rate swaps, net of tax	—	—	—	—	3,270	—	3,270	—	3,270
Foreign currency translation gains	—	—	—	2,885	—	—	2,885	621	3,506
Total comprehensive income for the period	—	—	—	2,885	3,106	31,726	37,717	4,612	42,329
Transactions with owners recorded directly in equity:									
Change in fair value of put options	—	—	—	—	—	267	267	—	267
Share-based compensation expense	—	—	—	—	4,742	—	4,742	—	4,742
Exercise of stock options	250,726	2	897	—	(253)	—	646	—	646
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(3,589)	(3,589)
Balance, September 30, 2016	1,410,918,219	14,109	974,792	(56,105)	(56,867)	521,273	1,397,202	43,669	1,440,871

			Reserves						
(Expressed in thousands of US Dollars, except number of shares)	Number of shares	Share capital	Additional paid-in capital	Translation reserve	Other reserves	Retained earnings	Total equity attributable to equity holders	Non-controlling interests	Total equity
Three months ended September 30, 2017:									
Balance, July 1, 2017	**1,417,956,305**	**14,180**	**999,757**	**(66,874)**	**51,744**	**504,528**	**1,503,335**	**38,816**	**1,542,151**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**56,590**	**56,590**	**4,510**	**61,100**
Other comprehensive income (loss):									
Changes in fair value of foreign exchange forward contracts, net of tax	**—**	**—**	**—**	**—**	**(1,762)**	**—**	**(1,762)**	**2**	**(1,760)**
Changes in fair value of interest rate swaps, net of tax	**—**	**—**	**—**	**—**	**241**	**—**	**241**	**—**	**241**
Foreign currency translation gains	**—**	**—**	**—**	**11,006**	**—**	**—**	**11,006**	**325**	**11,331**
Total comprehensive income (loss) for the period	**—**	**—**	**—**	**11,006**	**(1,521)**	**56,590**	**66,075**	**4,837**	**70,912**
Transactions with owners recorded directly in equity:									
Change in fair value of put options	**—**	**—**	**—**	**—**	**—**	**(220)**	**(220)**	**—**	**(220)**
Share-based compensation expense	**—**	**—**	**—**	**—**	**6,289**	**—**	**6,289**	**—**	**6,289**
Exercise of stock options	**3,575,916**	**36**	**13,723**	**—**	**(3,672)**	**—**	**10,087**	**—**	**10,087**
Acquisition of non-controlling interests	**—**	**—**	**—**	**(497)**	**—**	**(11,246)**	**(11,743)**	**(4,908)**	**(16,651)**
Dividends paid to non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(3,238)**	**(3,238)**
Balance, September 30, 2017	**1,421,532,221**	**14,216**	**1,013,480**	**(56,365)**	**52,840**	**549,652**	**1,573,823**	**35,507**	**1,609,330**

Consolidated Statements of Changes in Equity (Unaudited) (continued)

(Expressed in thousands of US Dollars, except number of shares)	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
Nine months ended September 30, 2016:									
Balance, January 1, 2016	1,409,833,525	14,098	971,221	(71,543)	(53,068)	498,846	1,359,554	39,832	1,399,386
Profit for the period	—	—	—	—	—	114,130	114,130	14,074	128,204
Other comprehensive income (loss):									
Changes in fair value of foreign exchange forward contracts, net of tax	—	—	—	—	(3,167)	—	(3,167)	(20)	(3,187)
Changes in fair value of interest rate swaps, net of tax	—	—	—	—	(10,614)	—	(10,614)	—	(10,614)
Foreign currency translation gains	—	—	—	15,438	—	—	15,438	1,264	16,702
Total comprehensive income (loss) for the period	—	—	—	15,438	(13,781)	114,130	115,787	15,318	131,105
Transactions with owners recorded directly in equity:									
Change in fair value of put options	—	—	—	—	—	1,297	1,297	—	1,297
Cash distributions to equity holders	—	—	—	—	—	(93,000)	(93,000)	—	(93,000)
Share-based compensation expense	—	—	—	—	11,012	—	11,012	—	11,012
Exercise of stock options	1,084,694	11	3,571	—	(1,030)	—	2,552	—	2,552
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(11,481)	(11,481)
Balance, September 30, 2016	1,410,918,219	14,109	974,792	(56,105)	(56,867)	521,273	1,397,202	43,669	1,440,871

(Expressed in thousands of US Dollars, except number of shares)	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
Nine months ended September 30, 2017:									
Balance, January 1, 2017	**1,411,288,901**	**14,113**	**976,051**	**(94,378)**	**51,300**	**519,968**	**1,467,054**	**43,933**	**1,510,987**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**139,959**	**139,959**	**13,884**	**153,843**
Other comprehensive income (loss):									
Changes in fair value of foreign exchange forward contracts, net of tax	**—**	**—**	**—**	**—**	**(5,630)**	**—**	**(5,630)**	**(5)**	**(5,635)**
Changes in fair value of interest rate swaps, net of tax	**—**	**—**	**—**	**—**	**524**	**—**	**524**	**—**	**524**
Foreign currency translation gains	**—**	**—**	**—**	**38,510**	**—**	**—**	**38,510**	**1,850**	**40,360**
Total comprehensive income (loss) for the period	**—**	**—**	**—**	**38,510**	**(5,106)**	**139,959**	**173,363**	**15,729**	**189,092**
Transactions with owners recorded directly in equity:									
Change in fair value of put options	**—**	**—**	**—**	**—**	**—**	**(2,029)**	**(2,029)**	**—**	**(2,029)**
Cash distributions to equity holders	**—**	**—**	**—**	**—**	**—**	**(97,000)**	**(97,000)**	**—**	**(97,000)**
Share-based compensation expense	**—**	**—**	**—**	**—**	**14,615**	**—**	**14,615**	**—**	**14,615**
Tax effect of outstanding stock options	**—**	**—**	**—**	**—**	**2,261**	**—**	**2,261**	**—**	**2,261**
Exercise of stock options	**10,243,320**	**103**	**37,429**	**—**	**(10,230)**	**—**	**27,302**	**—**	**27,302**
Acquisition of non-controlling interests	**—**	**—**	**—**	**(497)**	**—**	**(11,246)**	**(11,743)**	**(4,908)**	**(16,651)**
Dividends paid to non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(19,247)**	**(19,247)**
Balance, September 30, 2017	**1,421,532,221**	**14,216**	**1,013,480**	**(56,365)**	**52,840**	**549,652**	**1,573,823**	**35,507**	**1,609,330**

Consolidated Statements of Cash Flows (Unaudited)

(Expressed in thousands of US Dollars)	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Cash flows from operating activities:				
Profit for the period	**61,100**	35,719	**153,843**	128,204
Adjustments to reconcile profit to net cash generated from operating activities:				
Depreciation	**21,397**	18,243	**62,910**	44,715
Amortization of intangible assets	**7,800**	3,213	**23,336**	8,841
Settlement of U.S. defined benefit pension plans	**—**	—	**(7,310)**	—
Change in fair value of put options	**1,865**	(4)	**(1,168)**	5,562
Non-cash share-based compensation	**6,289**	4,742	**14,615**	11,012
Interest expense on financial liabilities	**20,242**	17,942	**60,164**	22,761
Income tax expense	**32,668**	17,011	**62,408**	51,741
	151,361	96,866	**368,798**	272,836
Changes in operating assets and liabilities (excluding allocated purchase price in business combinations):				
Trade and other receivables	**(2,945)**	20,985	**(13,625)**	(25,303)
Inventories	**(72,522)**	17,926	**(107,000)**	(14,025)
Other current assets	**(14,630)**	(216)	**(15,963)**	(4,966)
Trade and other payables	**56,279**	(57,072)	**127,106**	(29,417)
Other assets and liabilities, net	**(5,549)**	(1,654)	**(5,191)**	(6,208)
Cash generated from operating activities	**111,994**	76,835	**354,125**	192,917
Interest paid	**(16,613)**	(9,838)	**(49,734)**	(10,420)
Income tax paid	**(21,168)**	(19,678)	**(77,383)**	(54,062)
Net cash generated from operating activities	**74,213**	47,319	**227,008**	128,435
Cash flows from investing activities:				
Purchases of property, plant and equipment	**(23,642)**	(16,879)	**(55,998)**	(42,764)
Other intangible asset additions	**(2,849)**	(1,115)	**(8,015)**	(5,029)
Acquisition of businesses, net of cash acquired	**—**	(1,685,284)	**(169,832)**	(1,685,284)
Other proceeds (uses)	**235**	(250)	**675**	1,508
Net cash used in investing activities	**(26,256)**	(1,703,528)	**(233,170)**	(1,731,569)
Cash flows from financing activities:				
Proceeds from issuance of Senior Credit Facilities	**—**	1,925,000	**—**	1,925,000
Payments on current portion of long-term debt	**(9,500)**	—	**(28,500)**	—
Proceeds (payments) from current loans and borrowings, net	**1,709**	(66,991)	**71,363**	(24,296)
Acquisition of non-controlling interest	**(31,856)**	—	**(31,856)**	—
Payment of deferred financing costs	**—**	(65,143)	**(5,371)**	(69,460)
Proceeds from the exercise of share options	**13,759**	899	**37,532**	3,582
Cash distributions paid to equity holders	**(97,000)**	(93,000)	**(97,000)**	(93,000)
Dividend payments to non-controlling interests	**(3,238)**	(3,589)	**(19,247)**	(11,481)
Net cash (used in) provided by financing activities	**(126,126)**	1,697,176	**(73,079)**	1,730,345
Net (decrease) increase in cash and cash equivalents	**(78,169)**	40,967	**(79,241)**	127,211
Cash and cash equivalents, at beginning of period	**377,841**	272,915	**368,540**	180,803
Effect of exchange rate changes on cash and cash equivalents	**7,560**	(156)	**17,933**	5,712
Cash and cash equivalents, at end of period	**307,232**	313,726	**307,232**	313,726

For the Three Months Ended September 30, 2017

Net Sales

Excluding foreign currency effects, the Group's net sales increased by US$142.9 million, or 18.7%, for the three months ended September 30, 2017 compared to the three months ended September 30, 2016. US Dollar reported net sales increased by US$150.3 million, or 19.6%, to US$915.6 million for the three months ended September 30, 2017. Excluding net sales attributable to the Tumi business, net sales on a constant currency basis increased by US$74.0 million, or 11.0%, and US Dollar reported net sales increased by US$81.4 million, or 12.1%. Further excluding the contribution from eBags, net sales on a constant currency basis increased by US$33.1 million, or 4.9%, and US Dollar reported net sales increased by US$40.5 million, or 6.0%.

Total direct-to-consumer net sales increased by US$105.6 million, or 49.3%, on a constant currency basis and US Dollar reported net sales increased by US$109.0 million, or 50.9%, to US$323.3 million (representing 35.3% of net sales) for the three months ended September 30, 2017 from US$214.3 million (representing 28.0% of net sales) for the three months ended September 30, 2016. Excluding net sales attributable to the Tumi business, total direct-to-consumer net sales increased by US$58.9 million, or 36.1%, on a constant currency basis and US Dollar reported net sales increased by US$61.9 million, or 38.0%. Further excluding the contribution from eBags, total direct-to-consumer net sales increased by US$16.2 million, or 10.0%, on a constant currency basis and US Dollar reported net sales increased by US$19.3 million, or 11.8%. On a same store, constant currency basis, retail net sales increased by 2.6% for the three months ended September 30, 2017 compared to the three months ended September 30, 2016. 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 (including Tumi retail stores for the comparable period since August 1, 2016).

Total direct-to-consumer e-commerce net sales, including net sales of US$42.7 million through eBags, which was acquired on May 5, 2017, increased by US$52.9 million, or 169.8%, on a constant currency basis and US Dollar reported net sales increased by US$53.2 million, or 170.8%, to US$84.3 million (representing 9.2% of net sales) for the three months ended September 30, 2017 from US$31.1 million (representing 4.1% of net sales) for the three months ended September 30, 2016. Excluding net sales attributable to the Tumi business, net sales in the Group's direct-to-consumer e-commerce business increased by US$47.9 million, or 184.2%, on a constant currency basis and by US$48.2 million, or 185.3%, on a US Dollar reported basis. Further excluding the contribution from eBags, total direct-to-consumer e-commerce net sales increased by US$5.3 million, or 20.2%, on a constant currency basis and US Dollar reported net sales increased by US$5.5 million, or 21.3%.

Total non-travel category net sales increased by US$81.9 million, or 29.4%, on a constant currency basis and US Dollar reported net sales increased by US$83.8 million, or 30.1%, to US$362.4 million (representing 39.6% of net sales) for the three months ended September 30, 2017 from US$278.5 million (representing 36.4% of net sales) for the three months ended September 30, 2016. Excluding net sales attributable to the Tumi business, total non-travel category net sales increased by US$39.0 million, or 17.6%, on a constant currency basis and US Dollar reported net sales increased by US$41.0 million, or 18.5%, driven by the addition of eBags.

Net Sales by Region

Performance on a constant currency basis by region was as follows:

- North America - net sales increased by US$86.7 million, or 31.1%;
- Asia - net sales increased by US$28.6 million, or 10.1%;
- Europe - net sales increased by US$20.3 million, or 11.8%; and
- Latin America - net sales increased by US$6.8 million, or 22.4%.

Excluding amounts attributable to the Tumi business, performance on a constant currency basis by region was as follows:

- North America - net sales increased by US$47.7 million, or 21.7% (by US$6.8 million, or 3.1%, further excluding the contribution from eBags);
- Asia - net sales increased by US$8.4 million, or 3.3%;
- Europe - net sales increased by US$11.0 million, or 6.8%; and
- Latin America - net sales increased by US$6.8 million, or 22.4%.

The following table sets forth a breakdown of net sales by region for the three months ended September 30, 2017 and September 30, 2016, both in absolute terms and as a percentage of total net sales.

	Three months ended September 30,					
	2017		2016		2017 vs 2016	
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(2)]
Net sales by region[(1)]:						
North America	**365,983**	**40.0%**	278,658	36.4%	31.3%	31.1%
Asia	**308,424**	**33.7%**	282,490	36.9%	9.2%	10.1%
Europe	**200,607**	**21.9%**	171,828	22.5%	16.7%	11.8%
Latin America	**38,328**	**4.2%**	30,475	4.0%	25.8%	22.4%
Corporate	**2,253**	**0.2%**	1,816	0.2%	24.1%	24.1%
Net sales	**915,595**	**100.0%**	765,267	100.0%	19.6%	18.7%

Notes

(1) The geographic location of the Group's net sales 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 prior year to current period local currency results.

North America

Excluding foreign currency effects, the Group's net sales in North America increased by US$86.7 million, or 31.1%, for the three months ended September 30, 2017 compared to the three months ended September 30, 2016. US Dollar reported net sales for the North American region increased by US$87.3 million, or 31.3%. Excluding net sales attributable to the Tumi business in North America, net sales on a constant currency basis increased by US$47.7 million, or 21.7%, and US Dollar reported net sales increased by US$48.2 million, or 21.9%, year-on-year due to the addition of eBags and growth of the *Samsonite*, *American Tourister*, *Hartmann*, *Gregory* and *Speck* brands, partially offset by reduced net sales of the *High Sierra* brand. Net sales through eBags, which was acquired on May 5, 2017, amounted to US$42.7 million for the three months ended September 30, 2017. Excluding net sales attributable to the Tumi business and the contribution from eBags in North America, net sales on a constant currency basis increased by US$6.8 million, or 3.1%, and US Dollar reported net sales increased by US$7.2 million, or 3.3%.

Excluding foreign currency effects, net sales of the *Samsonite* brand in North America increased by US$6.0 million, or 4.6%, for the three months ended September 30, 2017 compared to the three months ended September 30, 2016. US Dollar reported net sales of the *Samsonite* brand in North America increased by US$6.4 million, or 4.9%. Excluding foreign currency effects, net sales of the *American Tourister* brand in North America increased by US$1.9 million, or 9.0%, for the three months ended September 30, 2017 and US Dollar reported net sales increased by US$1.9 million, or 9.2%. The performance of the *American Tourister* brand in the North America region has benefited from positive initial customer response to new product launches, supported by increased investment in marketing. Net sales of the *Tumi* brand, which was acquired on August 1, 2016, amounted to US$68.1 million in North America during August and September 2017 compared to US$58.7 million recorded during August and September 2016. This represents an increase of US$9.2 million, or 15.7%, on a constant currency basis and an increase of US$9.4 million, or 16.0%, on a US Dollar reported basis. Net sales of the *Tumi* brand in North America amounted to US$99.4 million during the three months ended September 30, 2017. Net sales of the *Speck* brand amounted to US$46.6 million in North America during the three months ended September 30, 2017 compared to US$45.3 million recorded during the three months ended September 30, 2016, an increase of US$1.3 million, or 3.0%, on both a constant currency basis and US Dollar reported basis. Excluding foreign currency effects, net sales of the *High Sierra* brand in North America decreased by US$2.5 million, or 18.7%, for the three months ended September 30, 2017 and US Dollar reported net sales decreased by US$2.5 million, or 18.5%, due to lower business-to-business sales and the timing of back-to-school shipments to e-commerce retailers. On a same store, constant currency basis, net sales in the retail channel in North America were flat for the three months ended September 30, 2017 compared to the three months ended September 30, 2016.

For the three months ended September 30, 2017, US Dollar reported net sales in the United States increased by US$83.9 million, or 31.6%, year-on-year driven by the full quarter impact of the Tumi business, the acquisition of eBags and organic growth. Excluding net sales attributable to the Tumi business in the United States, US Dollar reported net sales in the United States increased by US$47.2 million, or 22.6%, driven primarily by the acquisition of eBags. Excluding foreign currency effects, net sales in Canada increased by US$2.8 million, or 20.8%, year-on-year due primarily to the addition of the Tumi business. Excluding net sales attributable to the Tumi business in Canada, net sales on a constant currency basis increased by US$0.5 million, or 4.4%, while net sales on a US Dollar reported basis increased by US$0.9 million, or 8.6%.

Asia

Excluding foreign currency effects, the Group's net sales in Asia increased by US$28.6 million, or 10.1%, for the three months ended September 30, 2017 compared to the three months ended September 30, 2016. US Dollar reported net sales for the region increased by US$25.9 million, or 9.2%. Excluding net sales attributable to the Tumi business in Asia, net sales on a constant currency basis increased by US$8.4 million, or 3.3%, and US Dollar reported net sales increased by US$6.8 million, or 2.6%. This constant currency net sales increase was primarily driven by increased net sales of the *Kamiliant*, *American Tourister*, *Gregory*, *Lipault*, and *Hartmann* brands, partially offset by a slight decrease in net sales of the *Samsonite* brand.

On a constant currency basis, net sales of the *Samsonite* brand in Asia decreased by US$1.3 million, or 0.9%, for the three months ended September 30, 2017 and US Dollar reported net sales decreased by US$2.7 million, or 1.9%, year-on-year due to the decrease in net sales in India and South Korea, partially offset by increases in other Asian countries. For the three months ended September 30, 2017 constant currency net sales of *Kamiliant,* a value-conscious, entry level brand, increased by US$3.6 million, or 61.4%, and US Dollar reported net sales increased by US$3.7 million, or 62.3%, year-on-year. Excluding foreign currency effects, net sales of the *American Tourister* brand in Asia increased by US$3.2 million, or 3.4%, and US Dollar reported net sales increased by US$3.6 million, or 3.8%, for the three months ended September 30, 2017 compared to the three months ended September 30, 2016. Net sales of the *Tumi* brand, which was acquired on August 1, 2016, amounted to US$28.4 million during August and September 2017 compared to US$24.8 million recorded during August and September 2016. This represents an increase of US$4.2 million, or 17.1%, on a constant currency basis and an increase of US$3.6 million, or 14.4%, on a US Dollar reported basis. Net sales of the *Tumi* brand in Asia amounted to US$44.0 million for the three months ended September 30, 2017. On a same store, constant currency basis, net sales in the retail channel in Asia increased by 1.8% for the three months ended September 30, 2017 compared to the three months ended September 30, 2016. Excluding Hong Kong (including Macau) and South Korea, same store net sales, on a constant currency basis, increased by 9.3% year-on-year.

During the three months ended September 30, 2017, net sales attributable to the Tumi business within Asia were recorded in Japan, South Korea (where the Group assumed direct control of the distribution of the *Tumi* brand on January 1, 2017), Hong Kong, Macau and China (where the Group assumed direct control of the distribution of the *Tumi* brand on April 1, 2017) and Indonesia and Thailand (where the Group assumed direct control of distribution on May 1, 2017). Net sales recorded in Hong Kong also included sales to third party distributors of the *Tumi* brand in various countries in the Asia region, excluding Japan, South Korea, Hong Kong, Macau, China, Indonesia and Thailand (from the respective dates of assuming direct control of distribution) where the Group has direct control of the distribution of the *Tumi* brand. Japan experienced strong constant currency growth of 21.8% for the three months ended September 30, 2017 compared to the three months ended September 30, 2016. Excluding net sales attributable to the Tumi business in Japan, net sales on a constant currency basis increased by 12.4% and net sales on a US Dollar reported basis increased by 4.1% year-on-year. Excluding foreign currency effects, net sales in China increased by 10.4% for the three months ended September 30, 2017 compared to the same period in the previous year. Excluding net sales attributable to the Tumi business in China, net sales on a constant currency basis increased by 5.8% and net sales on a US Dollar reported basis increased by 5.4% year-on-year.

Net sales in South Korea increased by 16.3% for the three months ended September 30, 2017 compared to the three months ended September 30, 2016 on a constant currency basis. Excluding net sales attributable to the Tumi business in South Korea, net sales on a constant currency basis decreased by 2.6% and net sales on a US Dollar reported basis decreased by 3.6% year-on-year due to fewer shoppers visiting from China and weak consumer sentiment. On a constant currency basis, net sales in India decreased by 5.6% for the three months ended September 30, 2017 compared to the same period in the previous year. Business in India experienced a temporary disruption in the third quarter of 2017 due to the Indian government's introduction of a new Goods and Services Tax that took effect during the period. On a constant currency basis, net sales in Hong Kong (net sales reported for Hong Kong include net sales made in Macau) decreased by 5.3% year-on-year. Excluding net sales attributable to the Tumi business, net sales in Hong Kong decreased by US$1.5 million, or 8.1% on a constant currency basis, and net sales on a US Dollar reported basis decreased by US$1.6 million, or 8.7%, driven primarily by fewer Chinese shoppers visiting from the Mainland. Australia had strong constant currency net sales growth of 10.2% for the three months ended September 30, 2017 compared to the three months ended September 30, 2016.

Europe

Excluding foreign currency effects, the Group's net sales in Europe increased by US$20.3 million, or 11.8%, for the three months ended September 30, 2017 compared to the three months ended September 30, 2016. US Dollar reported net sales for the region increased by US$28.8 million, or 16.7%. Excluding net sales attributable to the Tumi business in Europe, net sales on a constant currency basis increased by US$11.0 million, or 6.8%, and US Dollar reported net sales increased by US$18.6 million, or 11.5%.

Excluding foreign currency effects, net sales of the *Samsonite* brand in Europe increased by US$5.5 million, or 4.4%, for the three months ended September 30, 2017 compared to the three months ended September 30, 2016. US Dollar reported net sales of the *Samsonite* brand in Europe increased by US$11.0 million, or 8.8%. Excluding foreign currency effects, net sales of the *American Tourister* brand in Europe increased by US$5.7 million, or 28.3%, for the three months ended September 30, 2017 and US Dollar reported net sales increased by US$7.0 million, or 34.4%, year-on-year as the Group continued to focus on driving growth of the brand and increasing its presence in Europe. Net sales of the *Tumi* brand, which was acquired on August 1, 2016, amounted to US$15.1 million during August and September 2017 compared to US$10.4 million recorded during August and September 2016. This represents an increase of US$3.9 million, or 37.6%, on a constant currency basis and an increase of US$4.6 million, or 44.7%, on a US Dollar reported basis. Net sales of the *Tumi* brand in Europe amounted to US$23.6 million for the three months ended September 30, 2017. On a same store, constant currency basis, net sales in the retail channel in Europe increased by 4.8% for the three months ended September 30, 2017 compared to the three months ended September 30, 2016.

On a constant currency basis, almost all countries within the European region achieved net sales growth during the three months ended September 30, 2017 compared to the three months ended September 30, 2016, most notably Spain (+11.2%), Italy (+9.7%) and France (+5.8%), with a slight increase in the United Kingdom (+0.1%) (net sales reported for the United Kingdom include net sales made in Ireland). Net sales in Germany included all wholesale and e-commerce sales of the *Tumi* brand for the Europe region from August 1, 2016, the date of acquisition, through April 30, 2017. Beginning on May 1, 2017, *Tumi* brand sales through the wholesale channel in Europe are now recognized in Belgium, while Germany continues to record *Tumi* brand sales through the retail channel within the country and all e-commerce sales of the brand in the region. Excluding net sales attributable to the Tumi business, countries in the region achieved the following constant currency net sales growth during the three months ended September 30, 2017 compared to the same period in the prior year: Spain (+7.8%), Italy (+8.3%), France (+0.5%) and Germany (+3.9%), which was dampened by a slowdown due to a one-time business-to-business sale in the third quarter of 2016 that was not repeated in the third quarter of 2017. The United Kingdom (-8.3%) decreased year-on-year where consumer sentiment was negatively impacted by uncertainties surrounding Brexit. On a US Dollar reported net sales basis, these same countries achieved the following growth over the same period in the previous year when excluding net sales attributable to the Tumi business: Spain (+13.8%), Italy (+14.2%), France (+5.8%) and Germany (+9.7%), partially offset by decreased net sales in the United Kingdom (-8.6%). The Group continued to achieve year-on-year constant currency net sales growth in Russia (+21.1%) and Turkey (+58.2%).

Latin America

Excluding foreign currency effects, the Group's net sales in Latin America increased by US$6.8 million, or 22.4%, for the three months ended September 30, 2017 compared to the three months ended September 30, 2016. US Dollar reported net sales for the region increased by US$7.9 million, or 25.8%.

Excluding foreign currency effects, net sales of the *Samsonite* brand in Latin America increased by US$3.2 million, or 21.6%, and US Dollar reported net sales increased by US$3.6 million, or 24.1%, for the three months ended September 30, 2017 compared to the three months ended September 30, 2016. The Group continued to expand the geographical distribution of the *American Tourister* brand in Latin America, where the brand recorded net sales growth of US$1.9 million, or 58.6%, on a constant currency basis and US Dollar reported net sales increased by US$2.1 million, or 64.6%. Excluding foreign currency effects, net sales of the local brands *Saxoline* and *Xtrem* increased by 18.4% and 15.3%, respectively, year-on-year and US Dollar reported net sales increased by 22.2% and 19.0%, respectively. On a same store, constant currency basis, net sales in the retail channel in Latin America increased by 9.0% for the three months ended September 30, 2017 compared to the three months ended September 30, 2016.

Excluding foreign currency effects, net sales in Chile increased by US$1.4 million, or 12.2%, for the three months ended September 30, 2017 compared to the three months ended September 30, 2016 and US Dollar reported net sales for Chile increased by US$1.8 million, or 15.9%, driven by increased net sales of the local brands *Saxoline* and *Xtrem*, as well as the *Samsonite* brand. Excluding foreign currency effects, net sales in Mexico increased by US$1.9 million, or 17.7%, for the three months ended September 30, 2017 compared to the same period in the previous year and US Dollar reported net sales for Mexico increased by US$2.5 million, or 22.8%, primarily driven by the *Samsonite*, *American Tourister* and *Xtrem* brands. The strong net sales growth in Mexico occurred despite the negative impacts from the earthquake in Mexico City in September 2017. Net sales in Brazil increased by US$1.7

million, or 44.8%, on a constant currency basis and US Dollar reported net sales increased by US$1.8 million, or 47.6%, driven by continued retail expansion. The Group continues to invest in Brazil, where the Group's presence has historically been under-represented, to drive future net sales growth and gain market share.

Net Sales by Brand

The following table sets forth a breakdown of net sales by brand for the three months ended September 30, 2017 and September 30, 2016, both in absolute terms and as a percentage of total net sales.

	Three months ended September 30,					
	2017		2016		2017 vs 2016	
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(5)
Net sales by brand:						
Samsonite	**430,425**	**47.0%**	412,031	53.8%	4.5 %	3.3 %
Tumi	**167,068** (1)	**18.2%**	93,953 (2)	12.3%	77.8 %	77.7 %
American Tourister	**151,970**	**16.6%**	137,405	18.0%	10.6 %	9.3 %
Speck	**46,630**	**5.1%**	45,327	5.9%	2.9 %	2.9 %
Gregory	**15,061**	**1.6%**	12,982	1.7%	16.0 %	19.7 %
High Sierra	**13,933**	**1.5%**	17,105	2.2%	(18.5)%	(18.9)%
Kamiliant	**9,590**	**1.0%**	5,903	0.8%	62.5 %	61.5 %
Lipault	**8,625**	**0.9%**	8,120	1.1%	6.2 %	4.0 %
Hartmann	**8,051**	**0.9%**	6,766	0.9%	19.0 %	19.6 %
Other(4)	**64,242**	**7.2%**	25,675 (3)	3.3%	150.2 %	147.4 %
Net sales	**915,595**	**100.0%**	765,267	100.0%	19.6 %	18.7 %

Notes

(1) Includes US$4.5 million in net sales of Tumi products made through Rolling Luggage and other Samsonite multi-brand stores and e-commerce sites.

(2) Net sales of the *Tumi* brand in 2016 include amounts recognized subsequent to the acquisition completed on August 1, 2016.

(3) Includes US$1.9 million in net sales of Tumi products made through Rolling Luggage and other Samsonite multi-brand stores.

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

(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 prior year to current period local currency results.

Excluding foreign currency effects, net sales of the *Samsonite* brand increased by US$13.5 million, or 3.3%, for the three months ended September 30, 2017 compared to the three months ended September 30, 2016, with the North America (+4.6%), Europe (+4.4%) and Latin America (+21.6%) regions reporting constant currency net sales increases, partly offset by a slight decrease in Asia (-0.9%). US Dollar reported net sales of the *Samsonite* brand increased by US$18.4 million, or 4.5%, year-on-year, with the North America (+4.9%), Europe (+8.8%) and Latin America (+24.1%) regions reporting US Dollar net sales increases, partly offset by a decrease in Asia (-1.9%). *Samsonite* comprised 47.0% of the net sales of the Group during the three months ended September 30, 2017 compared to 53.8% during the same period in the previous year, reflecting the continued diversification of the Group's brand portfolio with the addition of the *Tumi* brand, which was acquired on August 1, 2016, as well as increased contributions from the Group's other brands.

Excluding foreign currency effects, net sales of the *American Tourister* brand increased by US$12.7 million, or 9.3%, for the three months ended September 30, 2017 compared to the three months ended September 30, 2016. US Dollar reported net sales of the *American Tourister* brand increased by US$14.6 million, or 10.6%, year-on-year, with all regions reporting US Dollar net sales increases of the brand: North America (+9.2%), Asia (+3.8%), Europe (+34.4%) and Latin America (+64.6%).

Net sales of the *Tumi* brand, which was acquired on August 1, 2016, amounted to US$111.6 million during August and September 2017 compared to US$94.0 million recorded during August and September 2016. This represents an increase of US$17.4 million, or 18.5%, on a constant currency basis and an increase of US$17.6 million, or 18.8%, on a US Dollar reported basis. Net sales of the *Tumi* brand amounted to US$167.1 million for the three months ended September 30, 2017.

Excluding foreign currency effects, net sales of the *Speck* brand increased by US$1.3 million, or 2.9%, for the three months ended September 30, 2017 compared to the same period in the previous year. In April of this year the

Company announced that it was conducting a strategic review of Speculative Product Design LLC ("Speck") with support from its advisors. The review has now been completed and the Group has determined that at this time Speck's value can best be realized if it remains part of the Group.

On a constant currency basis, net sales of the *High Sierra* brand decreased by US$3.2 million, or 18.9%, for the three months ended September 30, 2017 compared to the three months ended September 30, 2016, driven by the Group's decision to focus on selling backpacks under its other brand names in certain markets outside of the United States. Excluding foreign currency effects, net sales of the *Gregory* brand increased by $2.6 million, or 19.7%, for the three months ended September 30, 2017 compared to the same period in the previous year, with North America recording double-digit net sales growth. On a constant currency basis, net sales of the *Lipault* brand increased by US$0.3 million, or 4.0%, for the three months ended September 30, 2017 compared to the three months ended September 30, 2016, driven by further geographical expansion in Asia. Excluding foreign currency effects, net sales of the *Hartmann* brand increased by US$1.3 million, or 19.6%, for the three months ended September 30, 2017 compared to the same period in the previous year, driven by an increase in North America and expansion of the brand in Asia. For the three months ended September 30, 2017, *Kamiliant*, a value-conscious, entry level brand, recorded US Dollar reported net sales of US$9.6 million compared to US$5.9 million during the three months ended September 30, 2016.

Gross Profit

Gross profit for the three months ended September 30, 2017 increased by US$103.3 million, or 24.6%, to US$523.1 million from US$419.8 million for the three months ended September 30, 2016. Gross profit margin increased to 57.1% for the three months ended September 30, 2017 from 54.9% for the three months ended September 30, 2016.

The increase in gross profit margin was partly attributable to the positive impact from the acquisition of Tumi, which delivers higher margins. Excluding amounts attributable to the Tumi business, gross profit increased by US$50.4 million, or 14.0%, to US$410.9 million, and gross profit margin increased to 54.6% for the three months ended September 30, 2017 from 53.7% in the same period during the previous year largely due to a higher proportion of net sales coming from the direct-to-consumer channel.

Distribution Expenses

Distribution expenses increased by US$59.8 million, or 26.8%, to US$283.1 million (representing 30.9% of net sales) for the three months ended September 30, 2017 from US$223.2 million (representing 29.2% of net sales) for the three months ended September 30, 2016. The increase in distribution expenses was primarily due to the acquisition of Tumi and the increase in sales volume during the three months ended September 30, 2017. Distribution expenses as a percentage of net sales increased year-on-year primarily due to the acquisition of Tumi, which has a higher distribution expense ratio due to its higher mix of direct-to-consumer sales. The Group also recorded an additional US$4.6 million of amortization expense during the three months ended September 30, 2017 compared to the three months ended September 30, 2016, primarily associated with the customer relationship intangible assets recognized in conjunction with the Tumi acquisition. Excluding amounts attributable to the Tumi business, distribution expenses as a percentage of net sales were 28.3% for the three months ended September 30, 2017 compared to 28.2% for the same period in the previous year due to slightly higher fixed costs associated with the Group's focus on expanding its presence in the direct-to-consumer distribution channel.

Marketing Expenses

The Group spent US$53.3 million on marketing during the three months ended September 30, 2017 compared to US$35.5 million for the three months ended September 30, 2016, an increase of US$17.8 million, or 50.0%. As a percentage of net sales, marketing expenses increased by 120 basis points to 5.8% during the three months ended September 30, 2017 compared to 4.6% during the three months ended September 30, 2016. Excluding amounts attributable to the Tumi business, marketing expenses as a percentage of net sales increased by 110 basis points to 5.5% for the three months ended September 30, 2017 compared to 4.4% for the same period in 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$9.7 million, or 18.7%, to US$61.8 million (representing 6.7% of net sales) for the three months ended September 30, 2017 from US$52.1 million (representing 6.8% of net sales) for the three months ended September 30, 2016. Excluding amounts attributable to the Tumi business, general and administrative expenses as a percentage of net sales were 6.7% for the three months ended September 30, 2017 compared to 7.0% for the same period in the previous year. General and administrative expenses decreased as a percentage of net sales as the Group maintained tight control of its fixed cost base and leveraged it against sales growth.

Other Expenses, net

The Group recorded net other expenses of US$4.3 million and US$37.3 million for the three months ended September 30, 2017 and September 30, 2016, respectively. Net other expenses for the three months ended September 30, 2017 were primarily comprised of acquisition-related costs totaling US$2.8 million associated with costs incurred with completed and contemplated acquisitions. Net other expenses for the three months ended September 30, 2016 included acquisition-related costs of US$35.1 million associated with due diligence, professional and legal fees, severance and integration costs incurred for the acquisition of Tumi, which was completed on August 1, 2016.

Operating Profit

On a constant currency basis, the Group's operating profit increased by US$47.6 million, or 66.4%, for the three months ended September 30, 2017 compared to the three months ended September 30, 2016. US Dollar reported operating profit of US$120.7 million for the three months ended September 30, 2017 increased by US$49.0 million, or 68.4%, from US$71.7 million for the three months ended September 30, 2016 due to the factors noted above.

Net Finance Costs

Net finance costs increased by US$8.0 million, or 42.1%, to US$26.9 million for the three months ended September 30, 2017 from US$18.9 million for the three months ended September 30, 2016. This increase was attributable to a US$4.0 million increase in foreign exchange losses year-on-year, a US$2.3 million increase in interest expense primarily related to the Senior Credit Facilities (described in the Indebtedness section below) and a US$1.9 million increase in the expense recognized for the change in fair value of put options related to agreements with certain holders of non-controlling interests for the three months ended September 30, 2017 compared to the three months ended September 30, 2016. Interest expense includes the amortization of deferred financing costs in the amount of US$3.3 million and US$2.1 million for the three months ended September 30, 2017 and September 30, 2016, respectively.

The following table sets forth a breakdown of finance costs for the three months ended September 30, 2017 and September 30, 2016.

(Expressed in thousands of US Dollars)	Three months ended September 30, **2017**	2016
Recognized in income or loss:		
Interest income on bank deposits	**334**	373
Total finance income	**334**	373
Interest expense on financial liabilities measured at amortized cost	**(20,242)**	(17,942)
Change in fair value of put options	**(1,865)**	4
Net foreign exchange loss	**(4,228)**	(254)
Other finance costs	**(887)**	(1,107)
Total finance costs	**(27,222)**	(19,299)
Net finance costs recognized in profit or loss	**(26,888)**	(18,926)

Income Tax Expense

US Dollar reported income tax expense increased by US$15.7 million, or 92.0%, to US$32.7 million for the three months ended September 30, 2017 from US$17.0 million for the three months ended September 30, 2016.

The Group's consolidated reported effective tax rate for operations was 34.8% and 32.3% for the three months ended September 30, 2017 and September 30, 2016, respectively. The effective tax rate for the nine months ended September 30, 2017 was 28.9%. The effective tax rate for the three months ended September 30, 2017 was higher than the rate reported for both the first half of 2017 (24.3%) and nine month period because the discrete tax benefits from share-based compensation that were recorded during the first half are not reflected in the third quarter effective tax rate but are captured in the year-to-date rate of 28.9%, which is based on management's expectation of the effective tax rate for the full financial year applied to the pre-tax income of the nine month 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.

Profit for the Period

On a constant currency basis, profit for the period increased by US$24.4 million, or 68.3%, for the three months ended September 30, 2017 compared to the three months ended September 30, 2016. Excluding the tax-effected acquisition-related costs, the Group's profit for the period, on a constant currency basis, increased by US$3.4 million, or 5.7%, year-on-year. US Dollar reported profit for the period of US$61.1 million for the three months ended September 30, 2017 increased by US$25.4 million, or 71.1%, from US$35.7 million for the same period in the previous year. Excluding the tax-effected acquisition-related costs, the Group's US Dollar reported profit for the period increased by US$4.4 million, or 7.5%, for the three months ended September 30, 2017 compared to the three months ended September 30, 2016.

On a constant currency basis, profit attributable to the equity holders for the three months ended September 30, 2017 increased by US$23.9 million, or 75.3%, compared to the same period in the previous year due to the factors noted above. Excluding the tax-effected acquisition-related costs, the Group's profit attributable to the equity holders, on a constant currency basis, increased by US$2.9 million, or 5.2%, year-on-year. US Dollar reported profit attributable to the equity holders was US$56.6 million for the three months ended September 30, 2017, an increase of US$24.9 million, or 78.4%, from US$31.7 million for the three months ended September 30, 2016. Excluding the tax-effected acquisition-related costs, the Group's US Dollar reported profit attributable to the equity holders increased by US$3.9 million, or 7.1%, year-on-year, notwithstanding the US$17.8 million increase in marketing expenses discussed above.

Basic earnings per share ("Basic EPS") increased by 81.8% to US$0.040 for the three months ended September 30, 2017 from US$0.022 for the three months ended September 30, 2016. Diluted earnings per share ("Diluted EPS") increased by 77.3% to US$0.039 for the three months ended September 30, 2017 from US$0.022 for the three months ended September 30, 2016. The weighted average number of shares utilized in the Basic EPS calculation was 1,420,143,003 shares as of September 30, 2017 compared to 1,410,721,262 shares as of September 30, 2016. The weighted average number of shares outstanding utilized in the Diluted EPS calculation was 1,433,556,414 shares as of September 30, 2017 compared to 1,413,669,000 shares as of September 30, 2016.

Adjusted EBITDA

On a constant currency basis, Adjusted EBITDA, a non-IFRS measure, increased by US$23.5 million, or 17.4%, for the three months ended September 30, 2017 compared to the three months ended September 30, 2016. US Dollar reported Adjusted EBITDA increased by US$25.3 million, or 18.7%, to US$160.4 million for the three months ended September 30, 2017 from US$135.1 million for the three months ended September 30, 2016. Adjusted EBITDA margin decreased to 17.5% from 17.7% primarily due to increased marketing spend to promote the Group's brands, partially offset by higher gross margins. Excluding the Adjusted EBITDA and net sales attributable to the Tumi business, Adjusted EBITDA margin decreased to 17.2% for the three months ended September 30, 2017 from 17.3% for the three months ended September 30, 2016. This decrease was primarily attributable to the increase in marketing expenses, partially offset by higher gross margins. 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 US Dollar reported profit for the period.

The following table presents the reconciliation from the Group's profit for the period to Adjusted EBITDA for the three months ended September 30, 2017 and September 30, 2016:

	Three months ended September 30,	
(Expressed in thousands of US Dollars)	**2017**	2016
Profit for the period	**61,100**	35,719
Plus (Minus):		
Income tax expense	**32,668**	17,011
Finance costs	**27,222**	19,299
Finance income	**(334)**	(373)
Depreciation	**21,397**	18,243
Amortization	**7,800**	3,213
EBITDA	**149,853**	93,112
Plus:		
Share-based compensation expense	**6,289**	4,742
Other adjustments(1)	**4,279**	37,291
Adjusted EBITDA	**160,421**	135,145
Adjusted EBITDA growth	**18.7%**	
Adjusted EBITDA margin	**17.5%**	17.7%

Note

(1) Other adjustments primarily comprised of 'Other expenses, net' per the consolidated income statement, which includes acquisition-related costs of US$2.8 million and US$35.1 million for the three months ended September 30, 2017 and September 30, 2016, respectively.

The Group has presented Adjusted EBITDA 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, Adjusted EBITDA provides additional information that is useful in gaining a more complete understanding of its operational performance and of the trends impacting its business. Adjusted EBITDA is an important metric the Group uses to evaluate its operating performance and cash generation.

Adjusted EBITDA is a non-IFRS financial measure and as calculated herein may not be comparable to similarly named measures used by other companies and should not be considered as a measure comparable to profit for the period in the Group's consolidated income statements. Adjusted EBITDA has 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

On a constant currency basis, Adjusted Net Income, a non-IFRS measure, increased by US$5.6 million, or 9.4%, for the three months ended September 30, 2017 compared to the three months ended September 30, 2016. US Dollar reported Adjusted Net Income increased by US$6.6 million, or 11.1%, to US$65.7 million for the three months ended September 30, 2017 from US$59.1 million for the three months ended September 30, 2016, with additional profits from Tumi largely offset by a year-on-year increase in interest expense of US$2.3 million, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition, as well as the increase in marketing expenses noted above. 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 US Dollar reported profit for the period.

Adjusted Basic and Diluted EPS, non-IFRS measures, were US$0.046 for the three months ended September 30, 2017, an increase of US$0.004 from US$0.042 for the three months ended September 30, 2016.

The following table presents the reconciliation from the Group's profit for the period to Adjusted Net Income for the three months ended September 30, 2017 and September 30, 2016:

	Three months ended September 30,	
(Expressed in thousands of US Dollars)	**2017**	2016
Profit for the period	**61,100**	35,719
Profit attributable to non-controlling interests	**(4,510)**	(3,993)
Profit attributable to the equity holders	**56,590**	31,726
Plus (Minus):		
Change in fair value of put options	**1,865**	(4)
Amortization of intangible assets	**7,800**	3,213
Acquisition-related costs	**2,850**	35,125
Other adjustments(1)	**—**	2,175
Tax adjustments(2)	**(3,397)**	(13,117)
Adjusted Net Income(3)	**65,708**	59,118

Notes

(1) Other adjustments consisted of US$2.2 million during the three months ended September 30, 2016 for interest expense associated with the Term Loan B Facility incurred prior to the Tumi acquisition on August 1, 2016.

(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 because it believes this measure helps to give securities analysts, investors and other interested parties a better understanding of the Group's underlying financial performance. By presenting Adjusted Net Income, 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 US Dollar reported profit for the period.

Adjusted Net Income is a non-IFRS financial measure, and as calculated herein may not be comparable to similarly named measures used by other companies and should not be considered as a measure comparable to profit for the period in the Group's consolidated income statements. Adjusted Net Income has 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.

For the Nine Months Ended September 30, 2017

Net Sales

Excluding foreign currency effects, the Group's net sales increased by US$527.0 million, or 26.7%, for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016. US Dollar reported net sales increased by US$527.0 million, or 26.7%, to US$2,501.7 million for the nine months ended September 30, 2017. Excluding net sales attributable to the Tumi business, net sales on a constant currency basis increased by US$164.8 million, or 8.8%, and US Dollar reported net sales increased by US$165.5 million, or 8.8%. Further excluding the contribution from eBags, net sales on a constant currency basis increased by US$103.9 million, or 5.5%, and US Dollar reported net sales increased by US$104.6 million, or 5.6%.

Total direct-to-consumer net sales increased by US$331.4 million, or 70.8%, on a constant currency basis and US Dollar reported net sales increased by US$334.9 million, or 71.6%, to US$802.9 million (representing 32.1% of net sales) for the nine months ended September 30, 2017 from US$468.0 million (representing 23.7% of net sales) for the nine months ended September 30, 2016. Excluding net sales attributable to the Tumi business, total direct-to-consumer net sales increased by US$110.2 million, or 26.4%, on a constant currency basis and US Dollar reported net sales increased by US$113.8 million, or 27.3%. Further excluding the contribution from eBags, total direct-to-consumer net sales increased by US$46.3 million, or 11.1%, on a constant currency basis and US Dollar reported net sales increased by US$49.9 million, or 12.0%. On a same store, constant currency basis, retail net sales increased by 3.8% for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016. 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 (including Tumi retail stores for the comparable period since August 1, 2016).

Total direct-to-consumer e-commerce net sales, including net sales of US$63.9 million through eBags, which was acquired on May 5, 2017, increased by US$103.5 million, or 145.6%, on a constant currency basis and US Dollar reported net sales increased by US$103.9 million, or 146.2%, to US$175.0 million (representing 7.0% of net sales) for the nine months ended September 30, 2017 from US$71.1 million (representing 3.6% of net sales) for the nine months ended September 30, 2016. Excluding net sales attributable to the Tumi business, net sales in the Group's direct-to-consumer e-commerce business increased by US$77.4 million, or 117.4%, on a constant currency basis and by US$77.9 million, or 118.1%, on a US Dollar reported basis. Further excluding the contribution from eBags, total direct-to-consumer e-commerce net sales increased by US$13.5 million, or 20.5%, on a constant currency basis and US Dollar reported net sales increased by US$14.0 million, or 21.2%.

Total non-travel category net sales increased by US$298.8 million, or 44.5%, on a constant currency basis and US Dollar reported net sales increased by US$299.7 million, or 44.7%, to US$970.7 million (representing 38.8% of net sales) for the nine months ended September 30, 2017 from US$671.0 million (representing 34.0% of net sales) for the nine months ended September 30, 2016. Excluding net sales attributable to the Tumi business, total non-travel category net sales increased by US$77.0 million, or 12.5%, on a constant currency basis and US Dollar reported net sales increased by US$78.1 million, or 12.7%, driven by the addition of eBags.

Net Sales by Region

Performance on a constant currency basis by region was as follows:

- North America - net sales increased by US$300.5 million, or 44.1%;
- Asia - net sales increased by US$121.7 million, or 16.2%;
- Europe - net sales increased by US$84.8 million, or 19.2%; and
- Latin America - net sales increased by US$19.0 million, or 20.4%.

Excluding amounts attributable to the Tumi business, performance on a constant currency basis by region was as follows:

- North America - net sales increased by US$77.6 million, or 12.4% (by US$16.7 million, or 2.7%, further excluding the contribution from eBags);
- Asia - net sales increased by US$26.2 million, or 3.6%;
- Europe - net sales increased by US$41.9 million, or 9.7%; and
- Latin America - net sales increased by US$19.0 million, or 20.4%.

The following table sets forth a breakdown of net sales by region for the nine months ended September 30, 2017 and September 30, 2016, both in absolute terms and as a percentage of total net sales.

	Nine months ended September 30,					
	2017		2016		2017 vs 2016	
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(2)]
Net sales by region[(1)]:						
North America	**983,210**	**39.3%**	682,246	34.6%	44.1%	44.1%
Asia	**871,692**	**34.8%**	753,104	38.1%	15.7%	16.2%
Europe	**525,787**	**21.0%**	440,622	22.3%	19.3%	19.2%
Latin America	**114,206**	**4.6%**	93,014	4.7%	22.8%	20.4%
Corporate	**6,822**	**0.3%**	5,768	0.3%	18.3%	18.3%
Net sales	**2,501,717**	**100.0%**	1,974,754	100.0%	26.7%	26.7%

Notes

(1) The geographic location of the Group's net sales 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 prior year to current period local currency results.

North America

Excluding foreign currency effects, the Group's net sales in North America increased by US$300.5 million, or 44.1%, for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016. US Dollar reported net sales for the North American region increased by US$301.0 million, or 44.1%. Excluding net sales attributable to the Tumi business in North America, net sales on a constant currency basis increased by US$77.6 million, or 12.4%, and US Dollar reported net sales increased by US$77.9 million, or 12.5%, year-on-year driven by growth of the *Samsonite*, *Speck*, *American Tourister*, *Gregory* and *Lipault* brands and the addition of eBags, partially offset by reduced net sales of the *High Sierra* brand. Net sales through eBags, which was acquired on May 5, 2017, amounted to US$63.9 million for the nine months ended September 30, 2017. Excluding net sales attributable to the Tumi business and the contribution from eBags in North America, net sales on a constant currency basis increased by US$16.7 million, or 2.7%, and US Dollar reported net sales increased by US$17.0 million, or 2.7%.

Excluding foreign currency effects, net sales of the *Samsonite* brand in North America increased by US$18.4 million, or 4.8%, for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016. US Dollar reported net sales of the *Samsonite* brand in North America increased by US$18.6 million, or 4.8%. Excluding foreign currency effects, net sales of the *American Tourister* brand in North America increased by US$2.6 million, or 4.4%, for the nine months ended September 30, 2017 and US Dollar reported net sales increased by US$2.6 million, or 4.5%. Net sales of the *Tumi* brand, which was acquired on August 1, 2016, amounted to US$283.9 million in North America during the nine months ended September 30, 2017 compared to US$58.7 million recorded during the nine months ended September 30, 2016. Net sales of the *Speck* brand amounted to US$100.7 million in North America during the nine months ended September 30, 2017 compared to US$94.9 million recorded during the nine months ended September 30, 2016, an increase of US$5.9 million, or 6.2%, on both a constant currency basis and US Dollar reported basis. Excluding foreign currency effects, net sales of the *High Sierra* brand in North America decreased by US$8.7 million, or 15.5%, for the nine months ended September 30, 2017 and US Dollar reported net sales decreased by US$8.7 million, or 15.4%, due to lower business-to-business sales and the timing of back-to-school shipments to e-commerce retailers during 2017 and the non-recurrence of a backpack promotional program with certain wholesale club customers that ran during 2016. On a same store, constant currency basis, net sales in the retail channel in North America increased by 0.4% for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016.

For the nine months ended September 30, 2017, US Dollar reported net sales in the United States increased by US$288.1 million, or 44.4%, year-on-year driven by the year-to-date impact of the Tumi business, the acquisition of eBags during the period and organic growth. Excluding net sales attributable to the Tumi business, US Dollar reported net sales in the United States increased by US$74.9 million, or 12.6%, driven primarily by the acquisition of eBags. Excluding foreign currency effects, net sales in Canada increased by US$12.4 million, or 37.9%, year-on-year due primarily to the addition of the Tumi business. Excluding net sales attributable to the Tumi business in Canada, net sales on a constant currency basis increased by US$2.7 million, or 8.9%, and net sales on a US Dollar reported basis increased by US$3.0 million, or 9.9%.

Asia

Excluding foreign currency effects, the Group's net sales in Asia increased by US$121.7 million, or 16.2%, for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016. US Dollar reported net sales for the region increased by US$118.6 million, or 15.7%. Excluding net sales attributable to the Tumi business in Asia, net sales on a constant currency basis increased by US$26.2 million, or 3.6%, and US Dollar reported net sales increased by US$23.7 million, or 3.3%. This constant currency net sales increase was primarily driven by increased sales of the *Samsonite*, *Kamiliant*, *Gregory*, *Lipault*, and *Hartmann* brands, partially offset by decreases in net sales of the *American Tourister* and *High Sierra* brands.

On a constant currency basis, net sales of the *Samsonite* brand in Asia increased by US$9.9 million, or 2.5%, for the nine months ended September 30, 2017 and US Dollar reported net sales increased by US$6.7 million, or 1.7%, year-on-year. For the nine months ended September 30, 2017 constant currency net sales of *Kamiliant,* a value-conscious, entry level brand, increased by US$11.6 million, or 82.7%, and US Dollar reported net sales increased by US$11.9 million, or 84.2%, year-on-year. Excluding foreign currency effects, net sales of the *American Tourister* brand in Asia decreased by US$2.8 million, or 1.0%, and US Dollar reported net sales decreased by US$1.7 million, or 0.6%, for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016, primarily driven by decreased net sales of *American Tourister* product in the TV home shopping channel in South Korea. The performance of the *American Tourister* brand in the Asia region has begun to show early signs of improvement helped by positive initial customer response to new product launches resulting in 3.4% constant currency net sales growth during the third quarter of 2017. Net sales of the *Tumi* brand in Asia, which was acquired on August 1, 2016, amounted to US$119.7 million for the nine months ended September 30, 2017 compared to US$24.8 million recorded during the nine months ended September 30, 2016. On a same store, constant currency basis, net sales in the retail channel in Asia decreased by 1.9% for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016 due to fewer visitors from Mainland China shopping in Hong Kong (including Macau) and generally weak retail sentiment in South Korea. Excluding Hong Kong (including Macau) and South Korea, same store net sales, on a constant currency basis, increased by 2.7% year-on-year.

During the nine months ended September 30, 2017, net sales attributable to the Tumi business within Asia were recorded in Japan, South Korea (where the Group assumed direct control of the distribution of the *Tumi* brand on January 1, 2017), Hong Kong, Macau and China (where the Group assumed direct control of the distribution of the *Tumi* brand on April 1, 2017) and Indonesia and Thailand (where the Group assumed direct control of distribution on May 1, 2017). Net sales recorded in Hong Kong also included sales to third party distributors of the *Tumi* brand in various countries in the Asia region, excluding Japan, South Korea, Hong Kong, Macau, China, Indonesia and Thailand (from the respective dates of assuming direct control of distribution) where the Group has direct control of the distribution of the *Tumi* brand. Japan experienced strong constant currency growth of 39.3% for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016. Excluding net sales attributable to the Tumi business in Japan, net sales on a constant currency basis increased by 12.7% and net sales on a US Dollar reported basis increased by 9.3% year-on-year. Excluding foreign currency effects, net sales in China increased by 10.9% for the nine months ended September 30, 2017 compared to the same period in the previous year. Excluding net sales attributable to the Tumi business in China, net sales on a constant currency basis increased by 7.7% and net sales on a US Dollar reported basis increased by 4.2% year-on-year.

Net sales in South Korea increased by 17.5% for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016 on a constant currency basis. Excluding net sales attributable to the Tumi business in South Korea, net sales on a constant currency basis decreased by 2.0% and net sales on a US Dollar reported basis decreased by 0.1% year-on-year due to fewer shoppers visiting from China and weak consumer sentiment. On a constant currency basis, net sales in India decreased by 0.6% for the nine months ended September 30, 2017 compared to the same period in the previous year. Business in India experienced a temporary disruption due to the Indian government's introduction of a new Goods and Services Tax that took effect in the third quarter of 2017. On a constant currency basis, net sales in Hong Kong (net sales reported for Hong Kong include net sales made in Macau) increased by 43.2% year-on-year, driven by net sales attributable to the Tumi business (which included sales to Tumi distributors in certain other Asian countries). Excluding net sales attributable to the Tumi business, net sales in Hong Kong decreased by US$2.0 million, or 4.0%, on a constant currency basis and net sales on a US Dollar reported basis decreased by US$2.2 million, or 4.3%, driven primarily by fewer Chinese shoppers visiting from the Mainland. Australia reported constant currency net sales growth of 7.3% for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016.

Europe

Excluding foreign currency effects, the Group's net sales in Europe increased by US$84.8 million, or 19.2%, for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016. US Dollar reported net sales for the region increased by US$85.2 million, or 19.3%. Excluding net sales attributable to the Tumi business in Europe, net sales on a constant currency basis increased by US$41.9 million, or 9.7%, and US Dollar reported net sales increased by US$42.5 million, or 9.9%.

Excluding foreign currency effects, net sales of the *Samsonite* brand in Europe increased by US$27.7 million, or 8.4%, for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016. US Dollar reported net sales of the *Samsonite* brand in Europe increased by US$27.1 million, or 8.2%. Excluding foreign currency effects, net sales of the *American Tourister* brand in Europe increased by US$14.2 million, or 24.4%, for the nine months ended September 30, 2017 and US Dollar reported net sales increased by US$15.2 million, or 26.1%, year-on-year as the Group continued to focus on driving growth of the brand and increasing its presence in Europe. Net sales of the *Tumi* brand, which was acquired on August 1, 2016, amounted to US$59.9 million in Europe during the nine months ended September 30, 2017 compared to US$10.4 million recorded during the nine months ended September 30, 2016. On a same store, constant currency basis, net sales in the retail channel in Europe increased by 8.1% for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016.

On a constant currency basis, all countries within the European region achieved net sales growth during the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016, including Germany (+27.4%), the United Kingdom (+18.6%) (net sales reported for the United Kingdom include net sales made in Ireland), Spain (+17.8%), Italy (+12.7%) and France (+12.2%). Excluding net sales attributable to the Tumi business, these same countries achieved the following constant currency net sales growth during the nine months ended September 30, 2017 compared to the same period in the prior year: Germany (+11.1%), the United Kingdom (+4.5%), Spain (+10.7%), Italy (+9.3%) and France (+3.0%). On a US Dollar reported net sales basis, countries in the region achieved the following net sales growth over the same period in the previous year when excluding net sales attributable to the Tumi business: Germany (+11.6%), the United Kingdom (+10.4%), Spain (+11.4%), Italy (+9.9%) and France (+3.5%). The Group continued to achieve year-on-year constant currency net sales growth in Russia (+28.5%) and Turkey (+36.1%).

Latin America

Excluding foreign currency effects, the Group's net sales in Latin America increased by US$19.0 million, or 20.4%, for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016. US Dollar reported net sales for the region increased by US$21.2 million, or 22.8%.

Excluding foreign currency effects, net sales of the *Samsonite* brand in Latin America increased by US$8.8 million, or 22.1%, and US Dollar reported net sales increased by US$9.2 million, or 23.1%, for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016. The Group continued to expand the geographical distribution of the *American Tourister* brand in Latin America, where the brand recorded net sales growth of US$2.1 million, or 24.2%, on a constant currency basis and US Dollar reported net sales increased by US$2.0 million, or 22.6%. Excluding foreign currency effects, net sales of the local brands *Saxoline* and *Xtrem* increased by 13.6% and 17.1%, respectively, year-on-year and US Dollar reported net sales increased by 18.6% and 22.1%, respectively. On a same store, constant currency basis, net sales in the retail channel in Latin America increased by 13.9% for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016.

Excluding foreign currency effects, net sales in Chile increased by US$6.1 million, or 14.6%, for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016 and US Dollar reported net sales increased by US$8.3 million, or 20.0%, driven by increased net sales of the local brands *Saxoline* and *Xtrem* and the women's handbag *Secret*. Excluding foreign currency effects, net sales in Mexico increased by US$4.5 million, or 14.5%, for the nine months ended September 30, 2017 compared to the same period in the previous year and US Dollar reported net sales increased by US$3.4 million, or 10.8%, primarily driven by the *Samsonite*, *American Touriste*r and *Xtrem* brands. Net sales in Brazil increased by US$4.6 million, or 57.0%, on a constant currency basis and US Dollar reported net sales increased by US$5.7 million, or 70.8%, driven by continued retail expansion. The Group continues to invest in Brazil, where the Group's presence has historically been under-represented, to drive future net sales growth and gain market share.

Net Sales by Brand

The following table sets forth a breakdown of net sales by brand for the nine months ended September 30, 2017 and September 30, 2016, both in absolute terms and as a percentage of total net sales.

	Nine months ended September 30,					
	2017		2016		2017 vs 2016	
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[5]
Net sales by brand:						
Samsonite	**1,208,158**	**48.3%**	1,146,650	58.1%	5.4 %	5.6 %
Tumi	**463,971** [1]	**18.5%**	93,953 [2]	4.8%	393.8 %	394.6 %
American Tourister	**414,792**	**16.6%**	396,713	20.1%	4.6 %	4.1 %
Speck	**100,839**	**4.0%**	94,962	4.8%	6.2 %	6.2 %
High Sierra	**57,922**	**2.3%**	69,462	3.5%	(16.6)%	(16.7)%
Gregory	**41,534**	**1.7%**	34,751	1.8%	19.5 %	21.1 %
Kamiliant	**25,957**	**1.0%**	14,081	0.7%	84.3 %	82.8 %
Lipault	**23,471**	**1.0%**	20,303	1.0%	15.6 %	15.0 %
Hartmann	**20,505**	**0.8%**	18,832	1.0%	8.9 %	8.8 %
Other[4]	**144,568**	**5.8%**	85,047 [3]	4.2%	70.0 %	67.5 %
Net sales	**2,501,717**	**100.0%**	1,974,754	100.0%	26.7 %	26.7 %

Notes

(1) Includes US$9.0 million in net sales of Tumi products made through Rolling Luggage and other Samsonite multi-brand stores and e-commerce sites.

(2) Net sales of the *Tumi* brand in 2016 include amounts recognized subsequent to the acquisition completed on August 1, 2016.

(3) Includes US$5.0 million in net sales of Tumi products made through Rolling Luggage and other Samsonite multi-brand stores.

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

(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 prior year to current period local currency results.

Excluding foreign currency effects, net sales of the *Samsonite* brand increased by US$64.7 million, or 5.6%, for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016, with all regions reporting constant currency net sales increases of the *Samsonite* brand: North America (+4.8%), Asia (+2.5%), Europe (+8.4%) and Latin America (+22.1%). US Dollar reported net sales of the *Samsonite* brand increased by US$61.5 million, or 5.4%, year-on-year. *Samsonite* comprised 48.3% of the net sales of the Group during the nine months ended September 30, 2017 compared to 58.1% during the same period in the previous year, reflecting the continued diversification of the Group's brand portfolio with the addition of the *Tumi* brand, which was acquired on August 1, 2016, as well as increased contributions from the Group's other brands.

Excluding foreign currency effects, net sales of the *American Tourister* brand increased by US$16.1 million, or 4.1%, for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016. US Dollar reported net sales of the *American Tourister* brand increased by US$18.1 million, or 4.6%, year-on-year, driven by increases of 26.1%, 4.5% and 22.6% in Europe, North America and Latin America, respectively, partially offset by a decrease in net sales of 0.6% in Asia. Net sales of the *Tumi* brand, which was acquired on August 1, 2016, amounted to US$464.0 million during the nine months ended September 30, 2017 compared to US$94.0 million recorded during the nine months ended September 30, 2016.

Excluding foreign currency effects, net sales of the *Speck* brand increased by US$5.9 million, or 6.2%, for the nine months ended September 30, 2017 compared to the same period in the previous year. In April of this year the Company announced that it was conducting a strategic review of Speculative Product Design LLC ("Speck") with support from its advisors. The review has now been completed and the Group has determined that at this time Speck's value can best be realized if it remains part of the Group.

On a constant currency basis, net sales of the *High Sierra* brand decreased by US$11.6 million, or 16.7%, for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016 with decreases in North America, Asia and Europe. Excluding foreign currency effects, net sales of the *Gregory* brand increased by $7.3 million, or 21.1%, for the nine months ended September 30, 2017 compared to the same period in the previous year, with Asia and Europe recording double-digit net sales growth. On a constant currency basis, net sales of the *Lipault* brand increased by US$3.0 million, or 15.0%, for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016, driven by further geographical expansion in Asia and increased sales in North America. Excluding foreign currency effects, net sales of the *Hartmann* brand increased by US$1.7 million, or 8.8%, for the nine months ended September 30, 2017 compared to the same period in the previous year, driven by expansion of the brand in Asia. For the nine months ended September 30, 2017, *Kamiliant*, a value-conscious, entry level brand, recorded US Dollar reported net sales of US$26.0 million, compared to US$14.1 million during the nine months ended September 30, 2016.

Gross Profit

Gross profit for the nine months ended September 30, 2017 increased by US$348.6 million, or 33.1%, to US$1,400.8 million from US$1,052.3 million for the nine months ended September 30, 2016. Gross profit margin increased to 56.0% for the nine months ended September 30, 2017 from 53.3% for the nine months ended September 30, 2016.

The increase in gross profit margin was partly attributable to the positive impact from the acquisition of Tumi, which delivers higher margins. Excluding amounts attributable to the Tumi business, gross profit increased by US$108.3 million, or 10.9%, to US$1,101.2 million, and gross profit margin increased to 53.8% for the nine months ended September 30, 2017 from 52.8% in the same period during the previous year largely due to a higher proportion of net sales coming from the direct-to-consumer channel.

Distribution Expenses

Distribution expenses increased by US$211.7 million, or 37.4%, to US$777.5 million (representing 31.1% of net sales) for the nine months ended September 30, 2017 from US$565.7 million (representing 28.6% of net sales) for the nine months ended September 30, 2016. The increase in distribution expenses was primarily due to the acquisition of Tumi and the increase in sales volume during the nine months ended September 30, 2017. Distribution expenses as a percentage of net sales increased year-on-year primarily due to the acquisition of Tumi, which has a higher distribution expense ratio due to its higher mix of direct-to-consumer sales. The Group also recorded an additional US$14.5 million of amortization expense during the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016, primarily associated with the customer relationship intangible assets recognized in conjunction with the Tumi acquisition. Excluding amounts attributable to the Tumi business, distribution expenses as a percentage of net sales were 28.5% for the nine months ended September 30, 2017 compared to 28.3% for the same period in the previous year due to increased fixed costs associated with the Group's focus on expanding its presence in the direct-to-consumer distribution channel.

Marketing Expenses

The Group spent US$152.8 million on marketing during the nine months ended September 30, 2017 compared to US$101.5 million for the nine months ended September 30, 2016, an increase of US$51.4 million, or 50.6%. As a percentage of net sales, marketing expenses increased by 100 basis points to 6.1% during the nine months ended September 30, 2017 compared to 5.1% during the nine months ended September 30, 2016. Excluding amounts attributable to the Tumi business, marketing expenses as a percentage of net sales increased by 100 basis points to 6.1% for the nine months ended September 30, 2017 compared to 5.1% for the same period in 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$45.4 million, or 36.6%, to US$169.5 million (representing 6.8% of net sales) for the nine months ended September 30, 2017 from US$124.1 million (representing 6.3% of net sales) for the nine months ended September 30, 2016. Excluding amounts attributable to the Tumi business, general and administrative expenses as a percentage of net sales were 6.7% for the nine months ended September 30, 2017 compared to 6.3% for the same period in the previous year. General and administrative expenses increased as a percentage of net sales due to higher rent and professional fees, as well as an increase in certain other general and administrative costs compared to the same period in the previous year.

Other Expenses, net

The Group recorded net other expenses of US$18.3 million and US$48.3 million for the nine months ended September 30, 2017 and September 30, 2016, respectively. Net other expenses for the nine months ended September 30, 2017 were primarily comprised of acquisition-related costs totaling US$17.7 million, partially offset by miscellaneous items of other income. Net other expenses for the nine months ended September 30, 2016 included acquisition-related costs of US$42.0 million associated with due diligence, professional and legal fees, severance and integration costs incurred for the acquisition of Tumi, which was completed on August 1, 2016.

Operating Profit

On a constant currency basis, the Group's operating profit increased by US$68.8 million, or 32.4%, for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016. US Dollar reported operating profit of US$282.8 million for the nine months ended September 30, 2017 increased by US$70.0 million, or 32.9%, from US$212.7 million for the nine months ended September 30, 2016 due to the factors noted above.

Net Finance Costs

Net finance costs increased by US$33.7 million, or 102.9%, to US$66.5 million for the nine months ended September 30, 2017 from US$32.8 million for the nine months ended September 30, 2016. This increase was attributable to a US$37.4 million increase in interest expense primarily related to the Senior Credit Facilities (described in the Indebtedness section below) and a US$1.6 million increase in foreign exchange losses year-on-year. This increase was partially offset by a US$6.7 million decrease in the expense recognized for the change in fair value of put options related to agreements with certain holders of non-controlling interests for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016. Interest expense includes the amortization of deferred financing costs in the amount of US$9.8 million and US$2.1 million for the nine months ended September 30, 2017 and September 30, 2016, respectively.

The following table sets forth a breakdown of finance costs for the nine months ended September 30, 2017 and September 30, 2016.

	Nine months ended September 30,	
(Expressed in thousands of US Dollars)	**2017**	2016
Recognized in income or loss:		
Interest income on bank deposits	**1,084**	906
Total finance income	**1,084**	906
Interest expense on financial liabilities measured at amortized cost	**(60,164)**	(22,761)
Change in fair value of put options	**1,168**	(5,562)
Net foreign exchange loss	**(4,764)**	(3,132)
Other finance costs	**(3,830)**	(2,224)
Total finance costs	**(67,590)**	(33,679)
Net finance costs recognized in profit or loss	**(66,506)**	(32,773)

Income Tax Expense

US Dollar reported income tax expense increased by US$10.7 million, or 20.6%, to US$62.4 million for the nine months ended September 30, 2017 from US$51.7 million for the nine months ended September 30, 2016.

The Group's consolidated reported effective tax rate for operations was 28.9% and 28.8% for the nine months ended September 30, 2017 and September 30, 2016, respectively. The effective tax rate for the nine months ended September 30, 2017 was higher than the year-to-date rate of 24.3% for the first half 2017 due to the tax benefit from share-based compensation that was recorded during the first half being diminished by the third quarter increase in profit before income tax being included in the year-to-date results.

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 each respective period, adjusted for certain discrete items for the period.

Profit for the Period

On a constant currency basis, profit for the period increased by US$24.8 million, or 19.3%, for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016. Excluding the tax-effected acquisition-related costs, the Group's profit for the period, on a constant currency basis, increased by US$8.1 million, or 5.2%, year-on-year. US Dollar reported profit for the period of US$153.8 million for the nine months ended September 30, 2017 increased by US$25.6 million, or 20.0%, from US$128.2 million for the same period in the previous year, notwithstanding a year-on-year increase in interest expense of US$37.4 million primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition and the US$51.4 million increase in marketing expenses discussed above. Excluding the tax-effected acquisition-related costs, the Group's US Dollar reported profit for the period increased by US$9.0 million, or 5.8%, for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016.

On a constant currency basis, profit attributable to the equity holders for the nine months ended September 30, 2017 increased by US$25.0 million, or 21.9%, compared to the same period in the previous year due to the factors noted above. Excluding the tax-effected acquisition-related costs, the Group's profit attributable to the equity holders, on a constant currency basis, increased by US$8.3 million, or 5.9%, year-on-year. US Dollar reported profit attributable to the equity holders was US$140.0 million for the nine months ended September 30, 2017, an increase of US$25.8 million, or 22.6%, from US$114.1 million for the nine months ended September 30, 2016. Excluding the tax-effected acquisition-related costs, the Group's US Dollar reported profit attributable to the equity holders increased by US$9.2 million, or 6.5%, year-on-year.

Basic earnings per share ("Basic EPS") increased by 22.2% to US$0.099 for the nine months ended September 30, 2017 from US$0.081 for the nine months ended September 30, 2016. Diluted earnings per share ("Diluted EPS") increased by 21.0% to US$0.098 for the nine months ended September 30, 2017 from US$0.081 for the nine months ended September 30, 2016. The weighted average number of shares utilized in the Basic EPS calculation was 1,415,855,478 shares as of September 30, 2017 compared to 1,410,402,163 shares as of September 30, 2016. The weighted average number of shares outstanding utilized in the Diluted EPS calculation was 1,424,794,248 shares as of September 30, 2017 compared to 1,413,320,076 shares as of September 30, 2016.

Adjusted EBITDA

On a constant currency basis, Adjusted EBITDA, a non-IFRS measure, increased by US$75.3 million, or 23.1%, for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016. US Dollar reported Adjusted EBITDA increased by US$76.4 million, or 23.5%, to US$401.9 million for the nine months ended September 30, 2017 from US$325.5 million for the nine months ended September 30, 2016. Adjusted EBITDA margin decreased to 16.1% from 16.5% primarily due to increased marketing spend to promote the Group's brands, partially offset by higher gross margins. Excluding the Adjusted EBITDA and net sales attributable to the Tumi business, Adjusted EBITDA margin decreased to 15.7% for the nine months ended September 30, 2017 from 16.3% for the nine months ended September 30, 2016. This decrease was primarily attributable to the increase in marketing expenses, partly offset by higher gross margins. 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 US Dollar reported profit for the period.

The following table presents the reconciliation from the Group's profit for the period to Adjusted EBITDA for the nine months ended September 30, 2017 and September 30, 2016:

	Nine months ended September 30,	
(Expressed in thousands of US Dollars)	**2017**	2016
Profit for the period	**153,843**	128,204
Plus (Minus):		
Income tax expense	**62,408**	51,741
Finance costs	**67,590**	33,679
Finance income	**(1,084)**	(906)
Depreciation	**62,910**	44,715
Amortization	**23,336**	8,841
EBITDA	**369,003**	266,274
Plus:		
Share-based compensation expense	**14,615**	11,012
Other adjustments(1)	**18,268**	48,172
Adjusted EBITDA	**401,886**	325,458
Adjusted EBITDA growth	**23.5%**	
Adjusted EBITDA margin	**16.1%**	16.5%

Note

(1) Other adjustments primarily comprised of 'Other expenses, net' per the consolidated income statement, which includes acquisition-related costs of US$17.7 million and US$42.0 million for the nine months ended September 30, 2017 and September 30, 2016, respectively.

The Group has presented Adjusted EBITDA 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, Adjusted EBITDA provides additional information that is useful in gaining a more complete understanding of its operational performance and of the trends impacting its business. Adjusted EBITDA is an important metric the Group uses to evaluate its operating performance and cash generation.

Adjusted EBITDA is a non-IFRS financial measure and as calculated herein may not be comparable to similarly named measures used by other companies and should not be considered as a measure comparable to profit for the period in the Group's consolidated income statements. Adjusted EBITDA has 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

On a constant currency basis, Adjusted Net Income, a non-IFRS measure, increased by US$5.6 million, or 3.5%, for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016. US Dollar reported Adjusted Net Income increased by US$6.5 million, or 4.1%, to US$165.9 million for the nine months ended September 30, 2017 from US$159.4 million for the nine months ended September 30, 2016, with additional profits from Tumi largely offset by a year-on-year increase in interest expense of US$37.4 million, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition, as well as the increase in marketing expenses noted above. 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 US Dollar reported profit for the period.

Adjusted Basic EPS, a non-IFRS measure, was US$0.117 for the nine months ended September 30, 2017, an increase of US$0.004 from US$0.113 for the nine months ended September 30, 2016. Adjusted Diluted EPS, a non-IFRS measure, was US$0.116 for the nine months ended September 30, 2017, an increase of US$0.003 from US$0.113 for the nine months ended September 30, 2016.

The following table presents the reconciliation from the Group's profit for the period to Adjusted Net Income for the nine months ended September 30, 2017 and September 30, 2016:

	Nine months ended September 30,	
(Expressed in thousands of US Dollars)	**2017**	2016
Profit for the period	**153,843**	128,204
Profit attributable to non-controlling interests	**(13,884)**	(14,074)
Profit attributable to the equity holders	**139,959**	114,130
Plus (Minus):		
Change in fair value of put options	**(1,168)**	5,562
Amortization of intangible assets	**23,336**	8,841
Acquisition-related costs	**17,705**	42,047
Other adjustments(1)	**—**	5,775
Tax adjustments(2)	**(13,918)**	(16,952)
Adjusted Net Income(3)	**165,914**	159,403

Notes

(1) Other adjustments consisted of US$5.8 million during the nine months ended September 30, 2016 for interest expense associated with the Term Loan B Facility incurred prior to the Tumi acquisition on August 1, 2016.

(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 because it believes this measure helps to give securities analysts, investors and other interested parties a better understanding of the Group's underlying financial performance. By presenting Adjusted Net Income, 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 US Dollar reported profit for the period.

Adjusted Net Income is a non-IFRS financial measure, and as calculated herein may not be comparable to similarly named measures used by other companies and should not be considered as a measure comparable to profit for the period in the Group's consolidated income statements. Adjusted Net Income has 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.

Indebtedness

The following table sets forth the carrying amount of the Group's loans and borrowings as of September 30, 2017 and December 31, 2016:

(Expressed in thousands of US Dollars)	**September 30, 2017**	December 31, 2016
Term Loan A Facility	**1,218,750**	1,242,187
Term Loan B Facility	**668,250**	673,313
Revolving Facility	**79,154**	10,516
Senior Credit Facilities	**1,966,154**	1,926,016
Other lines of credit	**23,435**	13,410
Finance lease obligations	**363**	283
Total loans and borrowings	**1,989,952**	1,939,709
Less deferred financing costs	**(59,874)**	(64,341)
Total loans and borrowings less deferred financing costs	**1,930,078**	1,875,368

Senior Credit Facilities

Overview

On May 13, 2016, an indirect wholly-owned subsidiary of the Company entered into a Credit and Guaranty Agreement dated as of May 13, 2016 (the "Credit Agreement") with certain lenders and financial institutions. On August 1, 2016 (the "Closing Date"), the Company and certain of its other indirect wholly-owned subsidiaries became parties to the Credit Agreement. The Credit Agreement provides for (1) a US$1,250.0 million senior secured term loan A facility (the "Term Loan A Facility"), (2) a US$675.0 million senior secured term loan B facility (the "Term Loan B Facility" and, together with the Term Loan A Facility, the "Term Loan Facilities") and (3) a US$500.0 million revolving credit facility (the "Revolving Facility", and, together with the Term Loan Facilities, the "Senior Credit Facilities").

On the Closing Date, the Company and certain of its other indirect wholly-owned subsidiaries became parties to the Credit Agreement, and the Group used the proceeds from the Senior Credit Facilities to pay the total consideration for the acquisition of Tumi, to repay all amounts then outstanding under the Group's prior US$500.0 million revolving credit facility (the "Prior Revolving Facility"), which Prior Revolving Facility was then terminated, and to pay fees, costs and expenses related to the Tumi acquisition, as well as for general corporate purposes.

Interest Rate and Fees

Interest on the borrowings under the Term Loan A Facility and the Revolving Facility began to accrue on the Closing Date. The interest rates for such borrowings were initially based on the London Interbank Offered Rate ("LIBOR") plus an applicable margin of 2.75% per annum. The applicable margin for borrowings under both the Term Loan A Facility and the Revolving Facility may step down based on achievement of a specified total net leverage ratio of the Company and its subsidiaries at the end of each fiscal quarter, commencing with the quarter ended December 31, 2016. Interest on the borrowing under the Term Loan B Facility began to accrue on May 13, 2016 at the rate of LIBOR plus 3.25% per annum.

In addition to paying interest on outstanding principal under the Senior Credit Facilities, the borrowers pay customary agency fees and a commitment fee in respect of the unutilized commitments under the Revolving Facility, which was initially 0.50% per annum. The commitment fee may step down based on the achievement of a specified total net leverage ratio level of the Company and its subsidiaries at the end of each fiscal quarter, commencing with the quarter ended December 31, 2016.

On February 2, 2017, the Group refinanced the Senior Credit Facilities (the "Repricing"). Under the terms of the Repricing, the interest rate payable on the Term Loan A Facility and the Revolving Facility was reduced with effect from February 2, 2017 until the delivery of the financial statements for the period ended June 30, 2017 to LIBOR plus 2.00% per annum (or a base rate plus 1.00% per annum) from LIBOR plus 2.75% per annum (or a base rate plus 1.75% per annum) and thereafter shall be based on the total net leverage ratio of the Group at the end of each fiscal quarter. The interest rate payable on the Term Loan B Facility was reduced with effect from February 2, 2017 to LIBOR plus 2.25% per annum with a LIBOR floor of 0.00% (or a base rate plus 1.25% per annum) from LIBOR plus 3.25% per annum with a LIBOR floor of 0.75% (or a base rate plus 2.25% per annum). In addition, the commitment fee payable in respect of the unutilized commitments under the Revolving Facility was reduced from 0.5% per annum to 0.375% per annum through June 30, 2017 and thereafter shall be based on the total net leverage ratio of the Group at the end of each fiscal quarter.

Amortization and Final Maturity

The Term Loan A Facility requires scheduled quarterly payments that commenced December 31, 2016, with an amortization of 2.5% of the original principal amount of the loans under the Term Loan A Facility made during the first year, with a step-up to 5.0% amortization during the second and third years, 7.5% during the fourth year and 10.0% during the fifth year, with the balance due and payable on the fifth anniversary of the Closing Date. The Term Loan B Facility requires scheduled quarterly payments that commenced December 31, 2016, each equal to 0.25% of the original principal amount of the loans under the Term Loan B Facility, with the balance due and payable on the seventh anniversary of the Closing Date. There is no scheduled amortization of the principal amounts of the loans outstanding under the Revolving Facility. Any principal amount outstanding under the Revolving Facility is due and payable on the fifth anniversary of the Closing Date.

Guarantees and Security

The obligations of the borrowers under the Senior Credit Facilities are unconditionally guaranteed by the Company and certain of the Company's existing direct or indirect wholly-owned material subsidiaries, and are required to be guaranteed by certain future direct or indirect wholly-owned material subsidiaries organized in the jurisdictions of Luxembourg, Belgium, Canada, Hong Kong, Hungary, Mexico and the United States. All obligations under the Senior Credit Facilities, and the guarantees of those obligations, are secured, subject to certain exceptions, by substantially all of the assets of the Company and the assets of certain of its direct and indirect wholly-owned subsidiaries that are borrowers and/or guarantors under the Senior Credit Facilities, including: (i) a first-priority pledge of all of the equity interests of certain of the Company's subsidiaries and each wholly-owned material restricted subsidiary of these entities (which pledge, in the case of any foreign subsidiary of a U.S. entity, is limited to 66% of the voting capital stock and 100% of the non-voting capital stock of such foreign subsidiary); and (ii) a first-priority security interest in substantially all of the tangible and intangible assets of the Company and the subsidiary guarantors.

Certain Covenants and Events of Default

The Senior Credit Facilities contain a number of customary negative covenants that, among other things and subject to certain exceptions, may restrict the ability of the Company and its 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. The Group was in compliance with the financial covenants as of September 30, 2017.

Interest Rate Swaps

The Group entered into interest rate swap transactions on June 1, 2016 that became effective on December 31, 2016 and will terminate on August 31, 2021. The Group uses the interest rate swap transactions to minimize its exposure to interest rate fluctuations under the floating-rate Senior Credit Facilities by swapping certain US Dollar floating-rate bank borrowings with fixed-rate agreements. The interest rate swap agreements had initial notional amounts totaling US$1,237.0 million representing approximately 65% of the anticipated balances of the Term Loan Facilities. The notional amounts of the interest rate swap agreements decrease over time in line with required amortization and anticipated prepayments on the Term Loan Facilities. 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 under IFRS. As of September 30, 2017, the interest rate swaps were marked-to-market, resulting in a net asset position to the Group in the amount of US$16.2 million, which was recorded as a financial asset with the effective portion of the gain deferred to other comprehensive income.

Deferred Financing Costs

The Group recognized US$69.5 million of deferred financing costs during the year ended December 31, 2016 related to the Senior Credit Facilities. In addition, the Group recognized US$5.4 million of deferred financing costs during the nine months ended September 30, 2017 related to the Repricing, the balances of which were included in non-current loans and borrowings on the consolidated statements of financial position as of September 30, 2017. The deferred financing costs were comprised of the original issue discount, commitment fees and other financing-related costs that will be deferred and offset against loans and borrowings and are amortized using the effective interest method over the life of the Term Loan Facilities. The amortization of deferred financing costs, which is included in interest expense, amounted to US$9.8 million and US$2.1 million for the nine months ended September 30, 2017 and September 30, 2016, respectively.

Revolving Facility

As of September 30, 2017, US$417.2 million was available to be borrowed on the Revolving Facility as a result of US$79.2 million of outstanding borrowings and the utilization of US$3.7 million of the facility for outstanding letters of credit extended to certain creditors. As of December 31, 2016, US$486.4 million was available to be borrowed on the Revolving Facility as a result of US$10.5 million of outstanding borrowings and the utilization of US$3.1 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 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 local credit lines provide working capital for the day-to-day business operations of the subsidiaries, including overdraft, bank guarantees, and trade finance and factoring facilities. The majority of these credit lines are uncommitted facilities. The total aggregate amount outstanding under the local facilities was US$23.4 million and US$13.4 million as of September 30, 2017 and December 31, 2016, respectively.

Contractual Maturities

The following represents the contractual maturity dates of the Group's loans and borrowings (excluding the impact of netting agreements) as of September 30, 2017 and December 31, 2016:

(Expressed in thousands of US Dollars)	**September 30, 2017**	December 31, 2016
On demand or within one year	**171,937**	69,807
After one year but within two years	**69,352**	69,319
After two years but within five years	**1,114,142**	1,161,020
More than five years	**634,521**	639,563
	1,989,952	1,939,709

Purchases of Property, Plant and Equipment

Purchases of property, plant and equipment of US$56.0 million for the nine months ended September 30, 2017 were primarily related to the addition of new retail locations, remodeling of existing locations, continued work on the warehouse in China and investments in machinery and equipment. Purchases of property, plant and equipment of US$42.8 million for the nine months ended September 30, 2016 were largely attributable to expenditures in connection with new retail locations, remodeling of existing locations, continued work on the warehouse in China and investments in machinery and equipment.

Cash Distribution to Equity Holders

On March 15, 2017, the Company's Board of Directors 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 Company's Annual General Meeting and the distribution was paid on July 12, 2017.

2017 Business Combinations:

- **Assets Related to the Distribution of Tumi in Certain Asian Countries**

  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 nine months ended September 30, 2017. The total consideration paid in connection with all such transactions was US$65.1 million.

  - On January 4, 2017, the Company's wholly-owned subsidiary in South Korea completed the acquisition of certain assets, including inventory, 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 inventory, 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.

- **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 a cash consideration of US$105.0 million (subject to subsequent customary adjustments for working capital, transaction expenses and net debt), 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 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 provides the Group a strong platform to help accelerate the growth of the Group's direct-to-consumer e-commerce business in North America and worldwide. It also provides the Group with immediate resources and digital know-how to strengthen the Group's existing digital capabilities.

- **Acquisition of Non-controlling Interest**
  On August 18, 2017, a wholly-owned subsidiary of the Company acquired the 30% non-controlling interest in its Australian subsidiary for US$31.9 million in cash, increasing its ownership from 70% to 100%. The carrying amount of the Australian subsidiary's net assets in the consolidated financial statements on the date of acquisition was US$17.1 million. The Group recognized a decrease in the non-controlling interest of US$4.9 million and a decrease in retained earnings of US$11.2 million.

GENERAL

This financial and business review as of and for the three and nine month periods ended September 30, 2017 is being published to provide shareholders, potential investors and other interested parties with an update of the performance of the Group.

This announcement may contain forward-looking statements that involve risks and uncertainties. The Company's shareholders, potential investors and other interested parties should not place undue reliance on these forward-looking statements which are not guarantees of future performance. Rather, they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Group and are difficult to predict, that will or may cause actual results to differ materially from any future results or developments expressed or implied from the forward-looking statements.

The Company's shareholders, potential investors and other interested parties should note that all figures contained in this announcement are based on the Group's management accounts which have not been audited or reviewed by the auditors. The accounting policies applied in the preparation of the Group's management accounts are consistent with those used in the preparation of the Company's interim and annual results and reports.

The Company's shareholders, potential investors and other interested parties are urged to exercise caution in dealing in the securities of the Company and are recommended to consult their own professional advisers if they are in doubt as to their investment positions.

By Order of the Board
Samsonite International S.A.
Timothy Charles Parker
Chairman

Hong Kong, November 13, 2017

As of the date of this announcement, the Executive Directors are Ramesh Dungarmal Tainwala and 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.