Samsonite International S.A.

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R.C.S. Luxembourg: B 159.469

(Incorporated under the laws of Luxembourg with limited liability)

Consolidated financial statements for the year ended December 31, 2018

Disclaimer

Non-IFRS Measures

The Company has presented certain non-IFRS[1] measures in the Directors' Report section below because each of these measures provides additional information that management believes is useful in gaining a more complete understanding of the Group's operational performance and of the trends impacting its business to securities analysts, investors and other interested parties. These non-IFRS financial measures, as calculated herein, may not be comparable to similarly named measures used by other companies, and should not be considered comparable to IFRS measures in the Group's consolidated income statements for the year. Non-IFRS measures have limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, an analysis of the Group's financial results as reported under IFRS.

Forward-Looking Statements

This document contains forward-looking statements. Forward-looking statements reflect the Group's current views with respect to future events and performance. These statements may discuss, among other things, the Group's net sales, operating profit, Adjusted Net Income, Adjusted EBITDA[2], Adjusted EBITDA margin, cash flow, liquidity and capital resources, impairments, growth, strategies, plans, achievements, distributions, organizational structure, future store openings, market opportunities and general market and industry conditions. The Group generally identifies forward-looking statements by words such as "expect", "seek", "believe", "plan", "intend", "estimate", "project", "anticipate", "may", "will", "would" and "could" or similar words or statements. Forward-looking statements are based on beliefs and assumptions made by management using currently available information. These statements are only predictions and are not guarantees of future performance, actions or events. Forward-looking statements are subject to risks and uncertainties. If one or more of these risks or uncertainties materialize, or if management's underlying beliefs and assumptions prove to be incorrect, actual results may differ materially from those contemplated by a forward-looking statement. Forward-looking statements speak only as of the date on which they are made. The Company's shareholders, potential investors and other interested parties should not place undue reliance on these forward-looking statements. The Group expressly disclaims any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable securities laws and regulations.

Rounding

Certain numbers presented in this document have been rounded up or down. There may therefore be discrepancies between the actual totals of the individual amounts in the tables and the totals shown, between the numbers in the tables and the numbers given in the corresponding analyses in the text of this document and between numbers in this document and other publicly available documents. All percentages and key figures were calculated using the underlying data in whole US Dollars.

Notes

(1) International Financial Reporting Standards.

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

Directors' Report

Principal Activities

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

Before 2012, the Group's business was primarily centered on the *Samsonite* brand, focused largely on travel luggage, and distributed principally through the wholesale channel. Over the last several years, the Group has strategically diversified its business in order to reduce its reliance on any single brand, market, channel of distribution or product category, and in line with the goal of not just building a bigger business, but a stronger one as well. Today, the Group has a more balanced business, built around a portfolio of diverse yet complementary brands and offering its customers a competitive mix of products sold through multiple distribution channels. The Company believes this diversification considerably strengthens its resilience and provides a platform for sustained growth.

The Group sells its products through a variety of wholesale distribution channels, through its company-operated retail stores and through e-commerce. The principal wholesale distribution customers of the Group are department and specialty retail stores, mass merchants, warehouse clubs and e-retailers. The Group sells its products in North America, Asia, Europe and Latin America.

1. Review of the financial year 2018

Net Sales

Net sales increased by US$306.1 million, or 8.8% (+8.4% constant currency) during the year ended December 31, 2018, compared to the year ended December 31, 2017. Excluding the contribution from eBags, which was acquired on May 5, 2017, net sales increased by US$265.3 million, or 7.9% (+7.5% constant currency).

The following table sets forth a breakdown of net sales by region for the years ended December 31, 2018 and December 31, 2017, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,					
	2018		2017		2018 vs 2017	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[2]
Net sales by region[1]:						
North America	**1,483.0**	**39.1%**	1,392.4	39.9%	6.5%	6.5%
Asia	**1,324.2**	**34.9%**	1,196.2	34.3%	10.7%	10.2%
Europe	**809.9**	**21.3%**	734.8	21.0%	10.2%	8.6%
Latin America	**176.4**	**4.6%**	158.5	4.5%	11.3%	15.5%
Corporate	**3.5**	**0.1%**	9.1	0.3%	(61.6)%	(61.6)%
Net sales	**3,797.0**	**100.0%**	3,490.9	100.0%	8.8%	8.4%

Notes

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

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

Directors' Report (continued)

Brands

The following table sets forth a breakdown of net sales by brand for the years ended December 31, 2018 and December 31, 2017, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,					
	2018		2017		2018 vs 2017	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(2)
Net sales by brand:						
Samsonite	**1,712.6**	**45.1%**	1,654.9	47.4%	3.5%	3.1%
Tumi	**762.1**	**20.1%**	678.1	19.4%	12.4%	11.9%
American Tourister	**667.8**	**17.6%**	573.1	16.4%	16.5%	16.5%
Speck	**154.3**	**4.1%**	141.7	4.1%	8.9%	8.9%
High Sierra	**73.7**	**1.9%**	73.8	2.1%	(0.1)%	0.0%
Gregory	**58.0**	**1.5%**	51.8	1.5%	12.0%	10.6%
Other(1)	**368.5**	**9.7%**	317.5	9.1%	16.1%	15.7%
Net sales	**3,797.0**	**100.0%**	3,490.9	100.0%	8.8%	8.4%

Notes

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

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

Net sales of the *Samsonite* brand during the year ended December 31, 2018 increased by US$57.7 million, or 3.5% (+3.1% constant currency), compared to the previous year, with all regions reporting net sales increases of the brand: North America (+2.5%; +2.5% constant currency), Asia (+3.1%; +2.1% constant currency), Europe (+4.4%; +3.3% constant currency) and Latin America (+7.6%; +16.0% constant currency). *Samsonite* comprised 45.1% of the net sales of the Group during 2018 compared to 47.4% in 2017. This reflects the continued diversification of the Group's brand portfolio due to increased contributions from other brands owned by the Group.

Net sales of the *Tumi* brand during 2018 increased by US$84.0 million, or 12.4% (+11.9% constant currency), compared to the previous year. Net sales of the *Tumi* brand increased by 30.2% (+29.5% constant currency) in Asia and by 12.9% (+10.3% constant currency) in Europe. Net sales of the *Tumi* brand in North America increased by 4.0% (+4.0% constant currency) driven by sales growth in the direct-to-consumer channel, partially offset by the Group's successful efforts to identify and stop sales to trans-shippers who were selling *Tumi* products to unauthorized distributors in Asia in 2018. Excluding the effect of discontinuing US$6.2 million in year-on-year sales to trans-shippers, *Tumi* brand net sales increased by 5.5% (+5.6% constant currency) during 2018 compared to the previous year. During 2018, the Group began directly distributing the *Tumi* brand in certain markets of Latin America that were previously served by third party distributors, generating US$3.4 million in net sales.

Net sales of the *American Tourister* brand increased by US$94.6 million, or 16.5% (+16.5% constant currency), for the year ended December 31, 2018 compared to the year ended December 31, 2017, driven by increases in all four regions: North America (+16.1%; +16.1% constant currency), Asia (+8.7%;

+8.9% constant currency), Europe (+41.8%; +39.2% constant currency) and Latin America (+42.8%; +51.1% constant currency), driven by a major global advertising campaign during the year as the Group focused on further penetration of the brand across the globe. Net sales of the *Speck* brand increased by US$12.6 million, or 8.9% (+8.9% constant currency), for the year ended December 31, 2018 compared to the previous year. Net sales of the *High Sierra* brand were relatively consistent year-on-year. Net sales of the *Gregory* brand increased by US$6.2 million, or 12.0% (+10.6% constant currency), compared to the previous year.

The increase in net sales of other brands during 2018 was driven by the *Kamiliant* and *eBags* brands. During 2018, net sales of the *Kamiliant* brand, a value-conscious, entry-level brand, increased by US$15.9 million, or 42.4% (+44.7% constant currency), compared to the previous year. The *eBags* brand, which was acquired together with the eBags e-commerce business on May 5, 2017, contributed net sales of US$40.3 million during 2018 compared to US$26.4 million for the period from May 5, 2017 to December 31, 2017.

Product Categories

The Group sells products in two principal product categories: travel and non-travel. The travel category is the Group's largest category and has been its traditional strength. The following table sets forth a breakdown of net sales by product category for the years ended December 31, 2018 and December 31, 2017, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,					
	2018		2017		2018 vs 2017	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[2]
Net sales by product category:						
Travel	**2,263.7**	**59.6%**	2,120.1	60.7%	6.8%	6.5%
Non-travel[1]	**1,533.3**	**40.4%**	1,370.8	39.3%	11.9%	11.4%
Net sales	**3,797.0**	**100.0%**	3,490.9	100.0%	8.8%	8.4%

Notes

[1] The non-travel category comprises business, casual, accessories and other products.

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

Net sales in the travel product category during 2018 increased by US$143.6 million, or 6.8% (+6.5% constant currency), compared to 2017. Total non-travel category net sales, which includes business, casual, accessories and other products, increased by US$162.5 million, or 11.9% (+11.4% constant currency), for the year ended December 31, 2018 compared to the year ended December 31, 2017. This increase was driven by the inclusion of eBags, which sells a higher proportion of non-travel products, for the full year of 2018 and by increases in sales throughout the Group of business, casual and accessories products. Net sales of business products increased by US$77.9 million, or 12.8% (+12.1% constant currency), for the year ended December 31, 2018 compared to the previous year. Net sales of casual products during 2018 increased by US$42.2 million, or 11.6% (+11.2% constant currency), compared to 2017. Net sales of accessories products during 2018 increased by US$46.5 million, or 13.8% (+13.5% constant currency), compared to 2017.

Distribution Channels

The Group sells products through two primary distribution channels: wholesale and direct-to-consumer ("DTC"). The following table sets forth a breakdown of net sales by distribution channel for the years ended December 31, 2018 and December 31, 2017, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,				2018 vs 2017	
	2018		2017			
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(3)]
Net sales by distribution channel:						
Wholesale	**2,432.0**	**64.0%**	2,314.3	66.3%	5.1%	4.7%
DTC[(1)]	**1,361.5**	**35.9%**	1,167.5	33.4%	16.6%	16.5%
Other[(2)]	**3.5**	**0.1%**	9.1	0.3%	(61.5)%	(61.5)%
Net sales	**3,797.0**	**100.0%**	3,490.9	100.0%	8.8%	8.4%

Notes

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

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

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

Net sales in the wholesale channel increased by US$117.7 million, or 5.1% (+4.7% constant currency), during 2018 compared to 2017. Total DTC net sales increased by US$194.0 million, or 16.6% (+16.5% constant currency), to US$1,361.5 million (representing 35.9% of net sales) for the year ended December 31, 2018 from US$1,167.5 million (representing 33.4% of net sales) for the year ended December 31, 2017. Excluding the contribution from eBags, total DTC net sales increased by US$153.2 million, or 14.5% (+14.4% constant currency).

The increase in DTC net sales during the year ended December 31, 2018 was driven by growth in the Group's sales through DTC e-commerce, including the impact from the eBags acquisition in May 2017, as well as by growth in retail store sales. Net sales in the DTC retail channel during 2018 increased by US$103.0 million, or 11.7% (+11.6% constant currency), compared to the previous year, primarily due to the addition of 84 net new company-operated retail stores during 2018 and the contributions from 127 net new retail stores added during 2017. On a same store, constant currency basis, retail net sales increased by 3.2% year-on-year. This was driven by constant currency same store net sales growth of 6.6%, 3.5%, 1.9% and 0.5% in Asia, Europe, North America and Latin America, respectively. The Group's same store analysis includes existing company-operated retail stores which have been open for at least 12 months before the end of the relevant financial period.

Total DTC e-commerce net sales, including net sales of US$154.9 million through eBags, which was acquired on May 5, 2017, increased by US$91.0 million, or 31.6% (+31.3% constant currency), to US$378.8 million (representing 10.0% of net sales) for 2018 from US$287.7 million (representing 8.2% of net sales) for 2017. Excluding the contribution from eBags, total DTC e-commerce net sales increased by US$50.2 million, or 28.9% (+28.4% constant currency). The 16.6% (+16.5% constant currency) year-on-year net sales increase in the DTC channel reflects the Group's strategy of investing resources to support the growth of its DTC e-commerce business and targeted expansion of its bricks-and-mortar retail business.

During the year ended December 31, 2018, US$580.8 million, or 15.3%, of the Group's net sales were derived from e-commerce (comprising US$378.8 million of net sales from the Group's DTC e-commerce website, which are included within the DTC channel, and US$202.1 million of net sales to e-retailers, which are included within the wholesale channel). This represented a year-on-year increase of US$92.8 million, or 19.0% (+18.5% constant currency), compared to the year ended December 31, 2017, when e-commerce comprised US$488.0 million, or 14.0%, of the Group's net sales.

Regions

North America

The Group's net sales in North America increased by US$90.6 million, or 6.5% (+6.5% constant currency), for the year ended December 31, 2018 compared to the year ended December 31, 2017 driven by the inclusion of eBags for the full year of 2018 and organic growth of the *Samsonite*, *Tumi*, *American Tourister* and *Speck* brands. Net sales through the eBags e-commerce business amounted to US$154.9 million for the year ended December 31, 2018 compared to US$114.1 million for the period from May 5, 2017, the date of acquisition, through December 31, 2017. Excluding the contribution from eBags in North America, net sales increased by US$49.8 million, or 3.9% (+3.9% constant currency).

Brands

For the year ended December 31, 2018, net sales of the *Samsonite* brand in North America increased by US$13.5 million, or 2.5% (+2.5% constant currency), compared to the previous year. Net sales of the *Tumi* brand during 2018 increased by US$16.5 million, or 4.0% (+4.0% constant currency), compared to the previous year driven by sales growth in the DTC channel, partially offset by the Group's successful efforts to identify and stop sales to trans-shippers who were selling *Tumi* products to unauthorized distributors in Asia in 2018. Excluding the effect of discontinuing US$6.2 million in year-on-year sales to trans-shippers, *Tumi* brand net sales increased by US$22.6 million, or 5.5% (+5.6% constant currency), for the year ended December 31, 2018 compared to the previous year.

Net sales of the *American Tourister* brand during 2018 increased by US$14.4 million, or 16.1% (+16.1% constant currency), compared to 2017 driven by new product launches and targeted advertising. Net sales of the *Speck* brand for the year ended December 31, 2018 increased by US$12.8 million, or 9.0% (+9.0% constant currency), compared to the previous year due to new product launches in conjunction with new electronic device introductions. Net sales of products sold under the *eBags* brand amounted to US$40.3 million for the year ended December 31, 2018, compared to US$26.4 million for the period from May 5, 2017, the date of acquisition, through December 31, 2017.

Product Categories

Net sales in the travel product category in North America increased by US$31.2 million, or 3.9% (+3.9% constant currency), for the year ended December 31, 2018 compared to the year ended December 31, 2017. Total non-travel category net sales in North America increased by US$59.4 million, or 10.1% (+10.2% constant currency), to US$644.8 million (representing 43.5% of North America's net sales) for the year ended December 31, 2018 from US$585.4 million (representing 42.0% of North America's net sales) for the year ended December 31, 2017, driven by the inclusion of eBags for the full year of 2018. Net sales of business products during 2018 increased by US$20.0 million, or 8.3% (+8.3% constant currency), compared to the previous year. Net sales of casual products increased by US$7.6 million, or 5.5% (+5.5% constant currency), year-on-year. Net sales of accessories products increased by US$29.0 million, or 14.3% (+14.3% constant currency).

Distribution Channels

Net sales in the wholesale channel in North America increased by US$14.6 million, or 1.8% (+1.8% constant currency), for the year ended December 31, 2018 compared to the year ended December 31, 2017. Total DTC net sales increased by US$76.0 million, or 13.0% (+13.0% constant currency), year-on-year due in part to the acquisition of eBags in May 2017. The increase in DTC net sales during 2018 was driven by growth in DTC e-commerce, including the acquisition of eBags in May 2017, as well as by growth in retail store sales. Excluding the contribution from eBags, total DTC net sales increased by US$35.2 million, or 7.5% (+7.5% constant currency), due to same store net sales growth, the Group's focus on expanding its online presence and targeted new retail store openings.

Net sales in the DTC retail channel during 2018 increased by US$22.5 million, or 5.8% (+5.9% constant currency), compared to the previous year, primarily due to the addition of 11 net new company-operated retail stores during 2018 and the contributions from 12 net new retail stores added during 2017. Additionally, there was a 1.9% increase in same store net sales, on a constant currency basis. 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.

Total DTC e-commerce net sales, including net sales of US$154.9 million through eBags, increased by US$53.5 million, or 26.9% (+26.9% constant currency), to US$251.9 million for 2018 from US$198.5 million for 2017, which included net sales of US$114.1 million through eBags for the period from May 5, 2017, the date of its acquisition, to December 31, 2017. Excluding the contribution from eBags, total DTC e-commerce net sales increased by US$12.7 million, or 15.1% (+15.1% constant currency).

During the year ended December 31, 2018, US$336.7 million, or 22.7%, of North America's net sales were derived from e-commerce (comprising US$251.9 million of net sales from North America's DTC e-commerce business, which are included within the DTC channel, and US$84.7 million of net sales to e-retailers, which are included within the wholesale channel). For the year ended December 31, 2017, US$291.3 million, or 20.9%, of North America's net sales were derived from e-commerce (comprising US$198.5 million of net sales from North America's DTC e-commerce business and US$92.8 million of net sales to e-retailers). This represented an increase of US$45.4 million, or 15.6% (+15.5% constant currency).

Countries

The following table sets forth a breakdown of net sales in North America by geographic location for the years ended December 31, 2018 and December 31, 2017, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,					
	2018		2017		2018 vs 2017	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[2]
Net sales by geographic location[1]:						
United States	**1,412.6**	**95.3%**	1,325.5	95.2%	6.6%	6.6%
Canada	**70.4**	**4.7%**	66.9	4.8%	5.2%	5.2%
Net sales	**1,483.0**	**100.0%**	1,392.4	100.0%	6.5%	6.5%

Notes

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

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

For the year ended December 31, 2018, net sales in the United States increased by US$87.1 million, or 6.6%, year-on-year driven by the full-year contribution of the eBags business, which was acquired in May 2017, and organic growth. Excluding the contribution from eBags, net sales in the United States increased by US$46.4 million, or 3.8%, driven primarily by the *Tumi*, *Samsonite*, *American Tourister* and *Speck* brands. Net sales in Canada increased by 5.2% (+5.2% constant currency), year-on-year driven by the wholesale channel.

Asia

The Group's net sales in Asia increased by US$128.0 million, or 10.7% (+10.2% constant currency), for the year ended December 31, 2018 compared to the year ended December 31, 2017 driven by the *Tumi*, *American Tourister*, *Samsonite* and *Kamiliant* brands.

Brands

For the year ended December 31, 2018, net sales of the *Samsonite* brand in Asia increased by US$16.8 million, or 3.1% (+2.1% constant currency), compared to the previous year. Net sales of the *Tumi* brand during 2018 increased by US$53.2 million, or 30.2% (+29.5% constant currency), due in part to the full-year contribution from having taken direct control of *Tumi* distribution in certain Asian markets during 2017, as well as the further successful penetration of the brand throughout key markets in Asia. Net sales of the *American Tourister* brand during 2018 increased by US$31.9 million, or 8.7% (+8.9% constant currency), compared to 2017, as a result of the increase in marketing support for the brand. Net sales of the *High Sierra* brand increased by US$4.2 million, or 34.6% (+35.3% constant currency). Net sales of the *Kamiliant* brand increased by US$15.7 million, or 41.8% (+44.1% constant currency), as the brand continued to gain market share from other entry-level brands in the region.

Product Categories

Net sales in the travel product category in Asia increased by US$60.3 million, or 8.2% (+7.9% constant currency), for the year ended December 31, 2018 compared to the previous year due to increased sales of the *Tumi*, *American Tourister*, *Samsonite* and *Kamiliant* brands. Total non-travel category net sales in Asia increased by US$67.7 million, or 14.8% (+13.9% constant currency), to US$525.7 million (representing 39.7% of Asia's net sales) for the year ended December 31, 2018 from US$458.0 million (representing 38.3% of Asia's net sales) for the year ended December 31, 2017. Net sales of business products increased by US$47.6 million, or 19.8% (+18.5% constant currency), year-on-year. Net sales of casual products increased by US$21.8 million, or 14.5% (+13.8% constant currency), year-on-year. Net sales of accessories products increased by US$5.6 million, or 12.3% (+11.6% constant currency).

Distribution Channels

Net sales in the wholesale channel in Asia increased by US$62.2 million, or 6.5% (+6.1% constant currency), for 2018 compared to the previous year. Total DTC net sales increased by US$65.8 million, or 28.2% (+27.2% constant currency), year-on-year. The increase in DTC net sales during 2018 was driven by strong growth in DTC e-commerce and in the DTC retail channel.

Net sales in the DTC retail channel during 2018 increased by US$39.9 million, or 22.6% (+21.8% constant currency), compared to the previous year, primarily due to the addition of 12 net new company-operated retail stores during 2018 and contributions from 54 net new retail stores added during 2017 including those retail stores that were acquired in conjunction with taking direct control of *Tumi* distribution in certain markets in Asia during 2017, as well as a 6.6% increase in same store net sales, on a constant currency basis. 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. Total DTC e-commerce net sales increased by US$25.9 million, or 45.8% (+44.3% constant currency), to US$82.4 million for the year ended December 31, 2018 from US$56.5 million for the year ended December 31, 2017.

During the year ended December 31, 2018, US$146.8 million, or 11.1%, of Asia's net sales were derived from e-commerce (comprising US$82.4 million of net sales from Asia's DTC e-commerce business, which are included within the DTC channel, and US$64.4 million of net sales to e-retailers, which are included within the wholesale channel). For the year ended December 31, 2017, US$115.4 million, or 9.6%, of Asia's net sales were derived from e-commerce (comprising US$56.5 million of net sales from Asia's DTC e-commerce business and US$58.9 million of net sales to e-retailers). This represented an increase of US$31.4 million, or 27.3% (+26.7% constant currency).

Countries/Territories

The following table sets forth a breakdown of net sales in Asia by geographic location for the years ended December 31, 2018 and December 31, 2017, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,					
	2018		2017		2018 vs 2017	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[3]
Net sales by geographic location[1]:						
China	**302.4**	**22.8%**	276.9	23.1%	9.2%	6.9%
South Korea	**218.4**	**16.5%**	211.6	17.7%	3.2%	0.2%
Japan	**203.8**	**15.4%**	172.9	14.5%	17.9%	16.2%
Hong Kong[2]	**169.7**	**12.8%**	145.9	12.2%	16.3%	16.6%
India	**162.4**	**12.3%**	138.2	11.6%	17.5%	23.2%
Australia	**73.0**	**5.5%**	71.9	6.0%	1.5%	4.3%
Other	**194.5**	**14.7%**	178.8	14.9%	8.8%	8.4%
Net sales	**1,324.2**	**100.0%**	1,196.2	100.0%	10.7%	10.2%

Notes

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

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

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

Net sales in China increased by 9.2% (+6.9% constant currency) year-on-year driven by increased sales of the *American Tourister* and *Kamiliant* brands, as well as the full-year impact of the Group assuming direct control of the distribution of the *Tumi* brand in China on April 1, 2017. Net sales in South Korea increased by 3.2% (+0.2% constant currency) year-on-year. Japan experienced strong net sales growth of 17.9% (+16.2% constant currency), year-on-year driven by the *Tumi, Samsonite* and *American Tourister* brands. Net sales in Hong Kong increased by 16.3% (+16.6% constant currency), year-on-year driven by increased net sales of the *Tumi* (which included sales to *Tumi* distributors in certain other Asian markets), *Samsonite* and *American Tourister* brands. Net sales in India increased by 17.5% (+23.2% constant currency), for the year ended December 31, 2018 compared to the previous year driven by the *American Tourister*, *Kamiliant* and *Samsonite* brands. Australia reported net sales growth of 1.5% (+4.3% constant currency), driven by increased sales of the *Samsonite* and *American Tourister* brands.

Europe

Net sales in Europe increased by US$75.1 million, or 10.2% (+8.6% constant currency), for the year ended December 31, 2018 compared to the previous year.

Brands

For the year ended December 31, 2018, net sales of the *Samsonite* brand in Europe increased by US$22.2 million, or 4.4% (+3.3% constant currency), compared to the previous year. Net sales of the *Tumi* brand during 2018 increased by US$11.0 million, or 12.9% (+10.3% constant currency), compared to the previous year. Net sales of the *American Tourister* brand during 2018 increased by US$41.3 million, or 41.8% (+39.2% constant currency), compared to 2017 backed by increased marketing support for the brand in the region.

Product Categories

Net sales in the travel product category in Europe increased by US$46.7 million, or 9.3% (+7.7% constant currency), for the year ended December 31, 2018 compared to the year ended December 31, 2017 driven by the *American Tourister*, *Tumi* and *Samsonite* brands. Total non-travel category net sales in Europe increased by US$28.5 million, or 12.2% (+10.5% constant currency), year-on-year to US$262.9 million (representing 32.5% of Europe's net sales) for the year ended December 31, 2018 from US$234.4 million (representing 31.9% of Europe's net sales) for the previous year. Net sales of business products increased by US$8.2 million, or 7.1% (+5.6% constant currency), year-on-year driven by the *Tumi* brand. Net sales of casual products increased by US$2.2 million, or 6.7% (+4.2% constant currency), from increased sales of the *Samsonite* brand. Net sales of accessories products increased by US$12.5 million, or 18.6% (+16.9% constant currency), year-on-year due to increased sales of women's products.

Distribution Channels

Net sales in the wholesale channel in Europe increased by US$30.5 million, or 6.7% (+4.7% constant currency), during 2018 compared to 2017. Total DTC net sales increased by US$44.6 million, or 15.9% (+15.0% constant currency), year-on-year.

The increase in DTC net sales during 2018 was driven by growth in DTC e-commerce and by growth in the DTC retail channel. Net sales in the DTC retail channel during 2018 increased by US$34.4 million, or 13.8% (+13.0% constant currency), compared to 2017, primarily due to the addition of 40 net new company-operated retail stores during 2018 and the contributions from 32 net new retail stores added during 2017. On a same store, constant currency basis, retail net sales increased by 3.5%. 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. Total DTC e-commerce net sales increased by US$10.2 million, or 32.0% (+30.2% constant currency), to US$42.2 million for the year ended December 31, 2018 from US$32.0 million for the year ended December 31, 2017.

During the year ended December 31, 2018, US$95.1 million, or 11.7%, of Europe's net sales were derived from e-commerce (comprising US$42.2 million of net sales from Europe's DTC e-commerce business, which are included within the DTC channel, and US$52.9 million of net sales to e-retailers, which are included within the wholesale channel). For the year ended December 31, 2017, US$80.5 million, or 11.0%, of Europe's net sales were derived from e-commerce (comprising US$32.0 million of net sales from Europe's DTC e-commerce business and US$48.6 million of net sales to e-retailers).This represented an increase of US$14.5 million, or 18.0% (+15.4% constant currency).

Directors' Report (continued)

Countries

The following table sets forth a breakdown of net sales in Europe by geographic location for the years ended December 31, 2018 and December 31, 2017, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,					
	2018		2017		2018 vs 2017	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[5]
Net sales by geographic location[1],[2]:						
Belgium[2],[3]	**133.8**	**16.5%**	108.8	14.8%	23.0%	18.8%
Germany[2]	**117.4**	**14.5%**	124.9	17.0%	(6.0)%	(9.2)%
Italy	**88.3**	**10.9%**	78.6	10.7%	12.3%	8.1%
United Kingdom[4]	**83.7**	**10.3%**	74.3	10.1%	12.7%	10.3%
France	**79.1**	**9.8%**	75.3	10.2%	5.0%	1.0%
Spain	**61.8**	**7.6%**	56.2	7.7%	9.9%	5.7%
Russia	**52.7**	**6.5%**	45.0	6.1%	17.1%	25.8%
Other	**193.1**	**23.8%**	171.7	23.4%	12.5%	14.4%
Net sales	**809.9**	**100.0%**	734.8	100.0%	10.2%	8.6%

Notes

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

(2) In integrating the Tumi business into the Group's European business, there have been changes made to the legal entity in which sales are being recorded, which has caused country growth rates to not be comparable, most notably in Germany and Belgium. From January 2017 through April 2017, net sales in Germany included all wholesale and e-commerce net sales of the *Tumi* brand for the European region. From May 2017 through December 2017, *Tumi* brand net sales through the wholesale channel in Europe were no longer accounted for in Germany but rather were accounted for in Belgium. Beginning in January 2018 these sales are accounted for in the country in which the customer is located.

(3) Net sales in Belgium were US$22.9 million and US$21.2 million for the years ended December 31, 2018 and December 31, 2017, an increase of US$1.7 million, or 8.0%, respectively. Remaining sales consisted of direct shipments to distributors, customers and agents in other European countries, including e-commerce.

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

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

Nearly all countries within the European region achieved net sales growth during the year ended December 31, 2018 compared to the previous year, including the United Kingdom (+12.7%; +10.3% constant currency), Italy (+12.3%; +8.1% constant currency), Spain (+9.9%; +5.7% constant currency) and France (+5.0%; +1.0% constant currency). The Group continued to experience year-on-year net sales growth in the emerging markets of Russia (+17.1%; +25.8% constant currency) and Turkey (-1.4%; +30.0% constant currency). Net sales reported for Belgium and Germany in 2018 were not comparable with the prior year due to changes in the legal entity in which certain sales are being recorded.

Directors' Report (continued)

Latin America

The Group's net sales in Latin America increased by US$18.0 million, or 11.3% (+15.5% constant currency), for the year ended December 31, 2018 compared to the year ended December 31, 2017.

Brands

For the year ended December 31, 2018, net sales of the *Samsonite* brand in Latin America increased by US$5.2 million, or 7.6% (+16.0% constant currency), compared to the previous year. Net sales of the *American Tourister* brand during 2018 increased by US$7.1 million, or 42.8% (+51.1% constant currency), compared to 2017 as the Group continued to expand the geographic scope of distribution of the brand in Latin America. Net sales of the local brand *Xtrem* during 2018 increased by US$2.7 million, or 8.8% (+8.2% constant currency), compared to 2017. In 2018, the Group began directly distributing the *Tumi* brand in certain markets of Latin America that were previously served by third party distributors, generating US$3.4 million in net sales of the *Tumi* brand in 2018.

Product Categories

Net sales in the travel product category in Latin America increased by US$5.4 million, or 7.3% (+13.3% constant currency), for the year ended December 31, 2018 compared to the previous year. Total non-travel category net sales in Latin America increased by US$12.5 million, or 14.9% (+17.4% constant currency), to US$96.4 million (representing 54.6% of Latin America's net sales) for the year ended December 31, 2018 from US$83.9 million (representing 52.9% of Latin America's net sales) for the year ended December 31, 2017. Net sales of business products increased by US$2.2 million, or 14.1% (+20.2% constant currency). Net sales of casual products increased by US$10.6 million, or 24.5% (+25.7% constant currency).

Distribution Channels

Net sales in the wholesale channel in Latin America increased by US$10.4 million, or 11.5% (+15.5% constant currency), for 2018 compared to 2017. Net sales in the DTC channel increased by US$7.6 million, or 11.1% (+15.4% constant currency), year-on-year. The increase in DTC net sales during 2018 was driven by growth in the DTC retail channel. Net sales in the DTC retail channel during 2018 increased by US$6.1 million, or 9.1% (+12.7% constant currency), compared to 2017, primarily driven by the addition of 21 net new company-operated retail stores during 2018 as well as the contributions from 29 net new retail stores added during 2017. On a same store, constant currency basis, retail net sales increased by 0.5% due to challenging market conditions in Chile as a result of the appreciation of the Chilean Peso negatively impacting tourist spending. Excluding Chile, same store, constant currency net sales increased by 11.9%. Net sales from DTC e-commerce sites that were launched in Chile, Brazil and Mexico during 2017 amounted to US$2.3 million for the year ended December 31, 2018.

Directors' Report (continued)

Countries

The following table sets forth a breakdown of net sales in Latin America by geographic location for the years ended December 31, 2018 and December 31, 2017, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,					
	2018		2017		2018 vs 2017	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[3]
Net sales by geographic location[1]:						
Chile	**69.6**	**39.4%**	68.4	43.2%	1.7%	(0.5)%
Mexico	**51.7**	**29.3%**	47.2	29.8%	9.7%	12.0%
Brazil	**25.6**	**14.5%**	20.0	12.6%	28.0%	43.1%
Other[2]	**29.5**	**16.7%**	22.9	14.4%	28.8%	46.2%
Net sales	**176.4**	**100.0%**	158.5	100.0%	11.3%	15.5%

Notes

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

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

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

Net sales in Chile increased by US$1.2 million, or 1.7% (-0.5% constant currency), during 2018 compared to the previous year. This reflected softness in the Chilean market during 2018 resulting from tourists reducing spending due to the appreciation of the Chilean Peso as well as Argentinian consumers purchasing more within their home country. Net sales in Mexico increased by US$4.6 million, or 9.7% (+12.0% constant currency), year-on-year primarily driven by the *Samsonite*, *American Tourister*, and *Tumi* brands. Net sales in Brazil increased by US$5.6 million, or 28.0% (+43.1% constant currency), year-on-year driven by continued retail expansion with the addition of 5 net new stores. Net sales in Argentina, which is included in Other in the table above, increased by US$2.1 million, or 61.5% (+173.4% constant currency), for the year ended December 31, 2018 compared to the previous year, due to the Argentinian government beginning to ease restrictions on imports, resulting in Argentinian consumers buying more products at home.

Cost of Sales and Gross Profit

Cost of sales increased by US$121.5 million, or 7.9%, to US$1,652.4 million (representing 43.5% of net sales) for the year ended December 31, 2018 from US$1,531.0 million (representing 43.9% of net sales) for the year ended December 31, 2017.

Gross profit increased by US$184.6 million, or 9.4%, to US$2,144.6 million for the year ended December 31, 2018 from US$1,959.9 million for the year ended December 31, 2017. Gross profit margin increased to 56.5% for 2018 from 56.1% for the previous year. The increase in gross profit margin was primarily due to gross margin improvement of the *Tumi* brand and a higher proportion of net sales coming from the DTC channel, partially offset by a shift in brand mix due to strong growth of the *American Tourister* brand.

Distribution Expenses

Distribution expenses increased by US$139.2 million, or 13.0%, to US$1,211.7 million (representing 31.9% of net sales) for the year ended December 31, 2018 from US$1,072.6 million (representing 30.7% of net sales) for the year ended December 31, 2017. This increase was primarily due to the increase in sales volume during 2018 compared to the previous year. Distribution expenses as a percentage of net sales increased year-on-year primarily due to higher fixed costs associated with the Group's targeted expansion of bricks-and-mortar retail in the DTC distribution channel.

Marketing Expenses

The Group spent US$221.3 million on marketing during the year ended December 31, 2018 compared to US$206.0 million for the year ended December 31, 2017, an increase of US$15.3 million, or 7.4%. As a percentage of net sales, marketing expenses decreased by 10 basis points to 5.8% during 2018 compared to 5.9% during the previous year. The Group continued to employ targeted and focused advertising and promotional campaigns. During 2018, the Group ran its "Bring Back More" global *American Tourister* marketing campaign which contributed to the 16.5% net sales growth year-on-year. 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 decreased by US$6.9 million, or 2.9%, to US$233.0 million (representing 6.1% of net sales) for the year ended December 31, 2018 from US$239.9 million (representing 6.9% of net sales) for the year ended December 31, 2017. The decrease in general and administrative expenses was largely driven by a US$7.1 million reduction in share-based compensation expense due to the difference in the timing of the grants year over year, as well as the reversal of the expense taken previously for options that forfeited ("lapsed") during the year prior to vesting. The Group maintained control of its fixed cost base and leveraged it against strong sales growth.

Other Expenses

The Group recorded net other expenses of US$11.2 million and US$17.6 million for the years ended December 31, 2018 and December 31, 2017, respectively. Net other expenses for 2018 included acquisition-related costs totaling US$1.2 million associated with the integration of eBags. Net other expenses for 2017 included acquisition-related costs of US$19.3 million associated with due diligence, professional and legal fees, severance, integration and other costs associated with completed and contemplated transactions, partially offset by miscellaneous items of other income.

Operating Profit

The Group's reported operating profit increased by US$43.5 million, or 10.3% (+10.3% constant currency), to US$467.4 million for the year ended December 31, 2018 from US$423.8 million for the previous year.

Net Finance Costs

Net finance costs increased by US$30.8 million, or 33.3%, to US$123.5 million for the year ended December 31, 2018 from US$92.6 million for the year ended December 31, 2017. This increase was attributable to the non-cash charge of US$53.3 million to write-off the deferred financing costs associated with the Original Senior Credit Facilities in conjunction with the Refinancing (described in the Indebtedness section below). Interest expense, including the amortization of deferred financing costs but excluding this write-off, amounted to US$71.2 million and US$80.2 million for the years ended December 31, 2018 and December 31, 2017, respectively.

The following table sets forth a breakdown of total finance costs for the years ended December 31, 2018 and December 31, 2017.

(Expressed in millions of US Dollars)	Year ended December 31, **2018**	2017
Recognized in income or loss:		
Interest income on bank deposits	**1.0**	1.3
Total finance income	**1.0**	1.3
Interest expense on financial liabilities measured at amortized cost	**(65.8)**	(67.1)
Amortization of deferred financing costs associated with Original Senior Credit Facilities[1]	**(3.3)**	(13.1)
Amortization of deferred financing costs associated with New Senior Credit Facilities[1]	**(2.1)**	—
Write-off of remaining deferred financing costs associated with Original Senior Credit Facilities[1]	**(53.3)**	—
Change in fair value of put options	**8.4**	(3.0)
Net foreign exchange loss	**(4.9)**	(6.0)
Other finance costs	**(3.6)**	(4.8)
Total finance costs	**(124.5)**	(93.9)
Net finance costs recognized in profit or loss	**(123.5)**	(92.6)

Note

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

Profit before Income Tax

Profit before income tax increased by US$12.7 million, or 3.8% (+3.4% constant currency), to US$343.9 million for the year ended December 31, 2018 from US$331.2 million for the year ended December 31, 2017, including the negative impact from the non-cash charge to write-off the deferred financing costs related to the Original Senior Credit Facilities (described in the Indebtedness section below). Excluding the non-cash charge of US$53.3 million to write-off the deferred financing costs associated with the Original Senior Credit Facilities in conjunction with the Refinancing (described in the Indebtedness section below), profit before income tax increased by US$66.0 million, or 19.9% (+19.5% constant currency).

Income Tax Expense (Benefit)

Income tax expense increased by US$110.9 million to US$86.7 million for the year ended December 31, 2018 compared to a benefit of US$24.2 million for the year ended December 31, 2017. For the year ended December 31, 2017, the Group had recorded a non-cash income tax benefit of US$118.8 million in conjunction with the 2017 U.S. Tax Reform. This benefit resulted from the application of the reduced U.S. corporate income tax of 21% (from 35%) to the net deferred tax liability balance. In addition, the Group incurred a tax expense of US$7.6 million associated with a legal entity reorganization following the Tumi acquisition. Together with the 2017 U.S. Tax Reform, these items resulted in a net tax benefit to the Group of US$111.2 million for the year ended December 31, 2017 (the "2017 Net Tax Benefits").

The Group's consolidated effective tax rate for operations was 25.2% and (7.3)% for the years ended December 31, 2018 and December 31, 2017, respectively. The effective tax rate is calculated using a weighted average income tax rate from those jurisdictions in which the Group is subject to tax, adjusted for permanent book/tax differences, tax incentives, changes in tax reserves and changes in unrecognized deferred tax assets. The Group's effective tax rate for the year ended December 31, 2018 was 25.2%, and excluding the 2017 Net Tax Benefits identified above, the Group's effective tax rate would have been 26.3% for the year ended December 31, 2017. The decrease in the Group's effective tax rate, as adjusted, was mainly the result of changes in the profit mix between high and low tax jurisdictions.

Profit for the Year

Profit for the year increased by US$52.6 million, or 21.6% (+20.7% constant currency), for the year ended December 31, 2018 compared to the year ended December 31, 2017, excluding (i) the non-cash charge of US$53.3 million to write-off the deferred financing costs associated with the Original Senior Credit Facilities (as defined below) in conjunction with the Refinancing (as defined below) and the related tax impact, (ii) the income tax benefit from the 2017 U.S. Tax Reform and (iii) the tax expense associated with a legal entity reorganization in 2017. Profit for the year, as reported, decreased by US$98.2 million, or 27.6% (-28.2% constant currency), year-on-year to US$257.2 million due to the non-cash charge to write-off the deferred financing costs and the impact of the 2017 U.S. Tax Reform.

Profit attributable to the equity holders increased by US$53.3 million, or 23.9% (+23.0% constant currency), for the year ended December 31, 2018 compared to the year ended December 31, 2017, excluding (i) the non-cash charge of US$53.3 million to write-off the deferred financing costs associated with the Original Senior Credit Facilities (as defined below) in conjunction with the Refinancing (as defined below) and the related tax impact, (ii) the income tax benefit from the 2017 U.S. Tax Reform and (iii) the tax expense associated with a legal entity reorganization in 2017. Profit attributable to the equity holders, as reported, decreased by US$97.5 million, or 29.2% (-29.8% constant currency), from the previous year to US$236.7 million due to the non-cash charge to write-off the deferred financing costs and the impact of the 2017 U.S. Tax Reform.

Basic EPS increased by 23.0% to US$0.194 and Diluted EPS increased by 23.1% to US$0.192 for the year ended December 31, 2018 excluding (i) the non-cash charge of US$53.3 million to write-off the deferred financing costs associated with the Original Senior Credit Facilities in conjunction with the Refinancing (see Indebtedness section below for further discussion) and the related tax impact, (ii) the income tax benefit from the 2017 U.S. Tax Reform and (iii) the tax expense associated with a legal entity reorganization in 2017. Basic earnings per share ("Basic EPS"), as reported, decreased by 29.7% to US$0.166 for the year ended December 31, 2018 from US$0.236 for the year ended December 31, 2017. Diluted earnings per share ("Diluted EPS"), as reported, decreased by 29.6% to US$0.165 for the year ended December 31, 2018 from US$0.234 for the year ended December 31, 2017. The weighted average number of shares utilized in the Basic EPS calculation was 1,427,803,922 shares for the year ended December 31, 2018 compared to 1,417,342,709 shares for the year ended December 31, 2017. The weighted average number of shares outstanding utilized in the Diluted EPS calculation was 1,437,732,769 shares for the year ended December 31, 2018 compared to 1,428,133,150 shares for the year ended December 31, 2017.

Adjusted EBITDA

Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), a non-IFRS measure, increased by US$33.4 million, or 5.8% (+5.7% constant currency), to US$613.6 million for the year ended December 31, 2018 from US$580.3 million for the year ended December 31, 2017. Adjusted EBITDA margin decreased to 16.2% from 16.6% due largely to increased distribution expenses as a percentage of net sales related to the targeted expansion of bricks-and-mortar retail, partially offset by higher gross margin. See the reconciliation of profit for the year to Adjusted EBITDA below for the Group's results excluding certain costs and charges and other non-cash charges that impacted reported profit for the year.

Directors' Report (continued)

The following table presents the reconciliation from the Group's profit for the year to Adjusted EBITDA for the years ended December 31, 2018 and December 31, 2017:

(Expressed in millions of US Dollars)	Year ended December 31, 2018	2017
Profit for the year	**257.2**	355.4
Plus (Minus):		
Income tax expense (benefit)	**86.7**	(24.2)
Finance costs[1]	**124.5**	93.9
Finance income	**(1.0)**	(1.3)
Depreciation	**85.7**	85.1
Amortization	**35.6**	32.8
EBITDA	**588.7**	541.8
Plus:		
Share-based compensation expense	**13.8**	20.9
Other adjustments[2]	**11.2**	17.6
Adjusted EBITDA	**613.6**	580.3
Adjusted EBITDA margin	**16.2%**	16.6%
Adjusted EBITDA growth	**5.8%**	
Adjusted EBITDA growth, constant currency basis	**5.7%**	

Notes

(1) Includes the non-cash charge of US$53.3 million to write-off the deferred financing costs recognized in conjunction with the Refinancing (see Indebtedness section below for further discussion).

(2) Other adjustments primarily comprised 'Other expenses' per the consolidated income statements. Regional results include intra-group royalty income/expense.

The following tables present reconciliations from profit (loss) for the year to Adjusted EBITDA on a regional basis for the years ended December 31, 2018 and December 31, 2017:

	Year ended December 31, 2018					
(Expressed in millions of US Dollars)	**North America**	**Asia**	**Europe**	**Latin America**	**Corporate**	**Total**
Profit (loss) for the year	**64.5**	**100.4**	**41.9**	**(7.6)**	**58.1**	**257.2**
Plus (Minus):						
Income tax expense (benefit)	**25.3**	**41.0**	**17.3**	**4.8**	**(1.6)**	**86.7**
Finance costs[1]	**0.6**	**4.8**	**5.1**	**2.8**	**111.2**	**124.5**
Finance income	**(0.1)**	**(0.6)**	**(0.2)**	**(0.1)**	**(0.1)**	**(1.0)**
Depreciation	**30.0**	**24.1**	**25.6**	**5.0**	**1.1**	**85.7**
Amortization	**11.8**	**14.7**	**6.3**	**1.9**	**0.9**	**35.6**
EBITDA	**132.1**	**184.3**	**95.9**	**6.9**	**169.6**	**588.7**
Plus (Minus):						
Share-based compensation expense	**5.3**	**(0.2)**	**0.3**	**—**	**8.4**	**13.8**
Other adjustments[2]	**105.1**	**107.9**	**27.3**	**4.9**	**(234.1)**	**11.2**
Adjusted EBITDA	**242.4**	**292.0**	**123.5**	**11.8**	**(56.0)**	**613.6**
Adjusted EBITDA margin	**16.3%**	**22.1%**	**15.2%**	**6.7%**	***nm***	**16.2%**
Adjusted EBITDA growth	**8.8%**	**11.4%**	**(0.4)%**	**(4.4)%**	**36.3%**	**5.8%**
Adjusted EBITDA growth, constant currency basis	**8.8%**	**11.2%**	**(0.6)%**	**(2.3)%**	**36.3%**	**5.7%**

Notes

(1) Finance costs primarily include interest expense on financial liabilities, which includes the amortization of deferred financing costs, the non-cash charge of US$53.3 million to write-off the deferred financing costs, change in the fair value of put options and unrealized (gains) losses on foreign exchange that are presented on a net basis. See breakdown in note 19 to the consolidated financial statements.

(2) Other adjustments primarily comprised 'Other expenses' per the consolidated income statements. Regional results include intra-group royalty income/expense.

nm Not meaningful.

	Year ended December 31, 2017					
(Expressed in millions of US Dollars)	North America	Asia	Europe	Latin America	Corporate	Total
Profit (loss) for the year	42.3	101.5	44.9	(2.6)	169.3	355.4
Plus (Minus):						
Income tax expense (benefit)	34.9	31.1	32.3	0.6	(123.1)	(24.2)
Finance costs[1]	(1.1)	(3.0)	2.3	3.3	92.4	93.9
Finance income	(0.1)	(0.8)	(0.3)	(0.1)	—	(1.3)
Depreciation	31.2	23.8	23.4	5.1	1.6	85.1
Amortization	9.9	15.0	4.4	2.6	0.9	32.8
EBITDA	117.1	167.7	107.0	8.9	141.1	541.8
Plus (Minus):						
Share-based compensation expense	5.4	2.2	0.5	0.1	12.7	20.9
Other adjustments[2]	100.4	92.4	16.4	3.2	(194.8)	17.6
Adjusted EBITDA	222.9	262.2	124.0	12.3	(41.1)	580.3
Adjusted EBITDA margin	16.0%	21.9%	16.9%	7.8%	*nm*	16.6%

Notes

(1) Finance costs primarily include interest expense on financial liabilities, which includes the amortization of deferred financing costs, change in the fair value of put options and unrealized (gains) losses on foreign exchange that are presented on a net basis. See breakdown in note 19 to the consolidated financial statements.

(2) Other adjustments primarily comprised 'Other expenses' per the consolidated income statements. Regional results include intra-group royalty income/expense.

nm Not meaningful.

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

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

Adjusted Net Income

Adjusted Net Income, a non-IFRS measure, increased by US$34.0 million, or 13.0% (+12.2% constant currency), to US$294.5 million for the year ended December 31, 2018 from US$260.6 million for the year ended December 31, 2017. See the reconciliation of profit for the year to Adjusted Net Income below for the Group's results excluding certain costs and charges and other non-cash charges that impacted reported profit for the year.

Adjusted Basic EPS and Adjusted Diluted EPS, non-IFRS measures, were US$0.206 and US$0.205, respectively, for the year ended December 31, 2018, compared to the Adjusted Basic EPS and Adjusted Diluted EPS of US$0.184 and US$0.182, respectively, for the year ended December 31, 2017. Adjusted Basic EPS and Adjusted Diluted EPS are calculated by dividing Adjusted Net Income by the weighted average number of shares used in the Basic EPS and Diluted EPS calculations, respectively.

The following table presents the reconciliation from the Group's profit for the year to Adjusted Net Income for the years ended December 31, 2018 and December 31, 2017:

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2018**	2017
Profit for the year	**257.2**	355.4
Profit attributable to non-controlling interests	**(20.5)**	(21.2)
Profit attributable to the equity holders	**236.7**	334.2
Plus (Minus):		
Change in fair value of put options included in finance costs	**(8.4)**	3.0
Amortization of intangible assets	**35.6**	32.8
Acquisition-related costs	**1.2**	19.3
Income tax benefit from the 2017 U.S. Tax Reform	**—**	(118.8)
Tax expense associated with a legal entity reorganization	**—**	7.6
Write-off of remaining deferred financing costs associated with Original Senior Credit Facilities[1]	**53.3**	—
Tax adjustments[2]	**(23.9)**	(17.5)
Adjusted Net Income[3]	**294.5**	260.6

Notes

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

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

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

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

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

Liquidity and Capital Resources

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

Net cash flows provided by operating activities amounted to US$307.4 million for the year ended December 31, 2018 compared to US$341.3 million for the year ended December 31, 2017. The decrease in cash flows provided by operating activities was attributable to increased cash used for working capital, partly offset by increased profit for the year excluding non-cash charges, as well as a decrease in income taxes paid of US$15.7 million.

For the year ended December 31, 2018, net cash flows used in investing activities were US$117.3 million and were primarily related to capital expenditures for property, plant and equipment. For the year ended December 31, 2017, net cash flows used in investing activities were US$277.4 million and primarily comprised the acquisition of eBags on May 5, 2017, as well as amounts paid to former distributors of the *Tumi* brand to assume direct control of the distribution of *Tumi* products in certain Asian markets. The Group had capital expenditures of US$100.6 million during 2018 compared to US$94.6 million during 2017. During 2018, the Group added new retail locations, remodeled existing retail locations, relocated certain office facilities and made investments in machinery and equipment.

Net cash flows used in financing activities were US$107.4 million for the year ended December 31, 2018 and were largely attributable to the repayment of the Original Senior Credit Facilities (described in the Indebtedness section below) associated with the Refinancing of US$1,869.7 million, distribution to shareholders of US$110.0 million and dividend payments to non-controlling interests of US$14.7 million, partially offset by cash flow proceeds of US$1,922.9 million associated with the Refinancing (described in the Indebtedness section below) and proceeds from the exercise of share options of US$26.5 million. In conjunction with the Refinancing, the Group paid US$18.5 million in deferred financing costs that will be recognized as an expense over the term of the borrowings. Net cash flows used in financing activities were US$112.8 million for the year ended December 31, 2017 and were largely attributable to the US$97.0 million cash distribution paid to shareholders, the purchase of the non-controlling interest in the Group's Australian subsidiary for US$31.9 million and payments of US$45.8 million associated with the Original Term Loan Facilities (described in the Indebtedness section below), partially offset by proceeds received of US$50.7 million of current loans and borrowings. The Group also paid US$5.4 million in deferred financing costs related to the repricing of the Original Senior Credit Facilities in February 2017.

The Group had US$427.7 million in cash and cash equivalents as of December 31, 2018, compared to US$344.5 million as of December 31, 2017. No cash and cash equivalents were restricted as of December 31, 2018 and December 31, 2017. Cash and cash equivalents are generally denominated in the functional currency of the respective Group entity.

Indebtedness

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

	December 31,	
(Expressed in millions of US Dollars)	**2018**	2017
New Term Loan A Facility	**817.7**	—
New Term Loan B Facility	**661.7**	—
New Revolving Credit Facility	**22.9**	—
Original Term Loan A Facility	**—**	1,203.1
Original Term Loan B Facility	**—**	666.6
Original Revolving Credit Facility	**—**	63.6
Total Senior Credit Facilities	**1,502.3**	1,933.3
Senior Notes	**401.5**	—
Other long-term debt	**2.3**	—
Other lines of credit	**29.5**	19.9
Finance lease obligations	**0.3**	0.3
Total loans and borrowings	**1,935.8**	1,953.5
Less deferred financing costs	**(16.4)**	(56.6)
Total loans and borrowings less deferred financing costs	**1,919.4**	1,897.0

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

Issuance of €350.0 Million 3.500% Senior Notes Due 2026

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

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

Maturity, Interest and Redemption

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

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

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

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

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

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

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

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

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

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

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

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

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

In addition to paying interest on outstanding principal under the New Senior Credit Facilities, the borrowers will pay customary agency fees and a commitment fee in respect of the unutilized commitments under the New Revolving Credit Facility. The commitment fee payable was reduced with effect from the Closing Date until the delivery of the financial statements for the first full fiscal quarter commencing on or after the Closing Date from 0.375% per annum to 0.20% per annum. The commitment fee may step up based on the lower rate derived from either the first lien net leverage ratio of the Company and its restricted subsidiaries at the end of each fiscal quarter or the Company's corporate ratings, as applicable, commencing with the first full fiscal quarter ended after the Closing Date.

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

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

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

In addition, the Credit Agreement requires the Company and its subsidiaries to meet certain quarterly financial covenants. Commencing with the fiscal quarter ended September 30, 2018, the Company and its subsidiaries are required to maintain (i) a pro forma total net leverage ratio of not greater than 5.50:1.00, which ratio will decrease to 5.25:1.00 for test periods ending in 2020, 5.00:1.00 for test periods ending in 2021 and 4.50:1.00 for test periods ending in 2022; provided that such maximum pro forma total net leverage ratio is subject to a step up of 0.50x from the otherwise applicable ratio, up to a pro forma total net leverage ratio not to exceed 6.00:1.00 for the six fiscal quarter period following the fiscal quarter in which a permitted acquisition has been consummated, and (ii) a pro forma interest consolidated cash interest coverage ratio of not less than 3.00:1.00 (collectively, the "Financial Covenants"). The Financial Covenants only apply for the benefit of the lenders under the New Term Loan A Facility and the lenders under the New Revolving Facility. The Credit Agreement also contains certain customary representations and warranties, affirmative covenants and provisions relating to events of default (including upon a change of control). The Group was in compliance with the financial covenants as of December 31, 2018.

Interest Rate Swaps
The Group maintains interest rate swaps to hedge interest rate exposure under the floating-rate New Senior Credit Facilities by swapping certain US Dollar floating-rate bank borrowings with fixed-rate agreements. The interest rate swap agreements entered into in connection with the Original Senior Credit Facilities remained in effect following the Refinancing and will terminate on August 31, 2021. The notional amounts of the interest rate swap agreements decrease over time. LIBOR has been fixed at approximately 1.30% under each agreement. Each of the interest rate swap agreements have fixed payments due monthly that commenced January 31, 2017. The interest rate swap transactions qualify as cash flow hedges. As of December 31, 2018 and December 31, 2017, the interest rate swaps were marked-to-market, resulting in a net asset position to the Group in the amount of US$25.5 million and US$24.5 million, respectively, which was recorded as an asset with the effective portion of the gain deferred to other comprehensive income.

Deferred Financing Costs
The Group incurred US$18.5 million of deferred financing costs related to the Refinancing. Such costs have been deferred and offset against loans and borrowings to be amortized using the effective interest method over the life of the Senior Notes and New Senior Credit Facilities. The amortization of deferred financing costs under the Senior Notes and New Senior Credit Facilities, which is included in interest expense, amounted to US$2.1 million for the year ended December 31, 2018. Prior to the Refinancing, amortization of deferred financing costs under the Original Senior Credit Facilities, which was extinguished in April 2018, amounted to US$3.3 million and US$13.1 million for the years ended December 31, 2018 and December 31, 2017, respectively.

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

Revolving Facility
As of December 31, 2018, US$623.8 million was available to be borrowed on the New Revolving Credit Facility as a result of US$22.9 million of outstanding borrowings and the utilization of US$3.3 million of the facility for outstanding letters of credit extended to certain creditors. As of December 31, 2017, US$432.6 million was available to be borrowed on the Original Revolving Credit Facility as a result of US$63.6 million of outstanding borrowings and the utilization of US$3.8 million of the facility for outstanding letters of credit extended to certain creditors.

Other Loans and Borrowings
Certain consolidated subsidiaries of the Group maintain credit lines and other loans with various third party lenders in the regions in which they operate. Other loans and borrowings are generally variable rate instruments denominated in the functional currency of the borrowing Group entity. These credit lines provide short-term financing and working capital for the day-to-day business operations of the subsidiaries, including overdraft, bank guarantees, and trade finance facilities. The majority of the credit lines included in other loans and borrowings are uncommitted facilities. The total aggregate amount outstanding under the local facilities was US$29.5 million and US$19.9 million as of December 31, 2018 and December 31, 2017, respectively. The uncommitted available facilities amounted to US$109.1 million and US$114.4 million as of December 31, 2018 and December 31, 2017, respectively.

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

	December 31,	
(Expressed in millions of US Dollars)	**2018**	2017
On demand or within one year[(1)]	**80.9**	152.9
After one year but within two years	**38.8**	77.2
After two years but within five years	**786.3**	1,090.7
More than five years	**1,029.9**	632.8
	1,935.8	1,953.5

Note
(1) Includes the New Revolving Credit Facility and other lines of credit as of December 31, 2018 and the Original Revolving Credit Facility and other lines of credit as of December 31, 2017.

Hedging
The Group’s non-U.S. subsidiaries periodically enter into forward contracts related to the purchase of inventories denominated primarily in US Dollars which are designated as cash flow hedges. Cash outflows associated with these derivatives as of December 31, 2018 are expected to be US$104.0 million within one year.

Other Financial Information

Capital Expenditures

Historical Capital Expenditures

The following table sets forth the Group's historical capital expenditures for the years ended December 31, 2018 and December 31, 2017:

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2018**	2017
Land	**0.1**	—
Buildings	**4.2**	27.4
Machinery, equipment, leasehold improvements and other	**96.4**	67.2
Total capital expenditures	**100.6**	94.6

Capital expenditures during the year ended December 31, 2018 included costs for new retail locations, remodeling existing retail locations, relocating certain office facilities and investments in machinery and equipment.

Planned Capital Expenditures

The Group's capital expenditures budget for 2019 is approximately US$147.6 million. The Group plans to begin construction of a new warehouse in Europe, refurbish existing retail stores, open new retail stores and invest in machinery and equipment.

Contractual Obligations

The following table summarizes scheduled maturities of the Group's contractual obligations for which cash flows are fixed and determinable as of December 31, 2018:

(Expressed in millions of US Dollars)	**Total**	**Within 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Loans and borrowings	**1,935.8**	**80.9**	**38.8**	**786.3**	**1,029.9**
Minimum operating lease payments	**780.3**	**192.8**	**160.5**	**291.4**	**135.6**
Total	**2,716.1**	**273.7**	**199.3**	**1,077.7**	**1,165.5**

As of December 31, 2018, the Group did not have any material off-balance sheet arrangements or contingencies except as included in the table summarizing its contractual obligations above.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries

There were no significant investments held, material acquisitions, or disposals of subsidiaries during the year ended December 31, 2018.

2. *Principal Risks and Uncertainties*

Details of principal risks and uncertainties can be found in note 21 of the consolidated financial statements.

In terms of financial guarantees, the Company's policy is to provide financial guarantees only on behalf of subsidiaries. No other guarantees have been made to third parties.

3. *Effectiveness of Risk Management and Internal Control*

The Board places great importance on risk management and internal control and is responsible for ensuring that the Company maintains sound and effective systems of risk management and internal control.

The Company's internal audit department reviews the adequacy and effectiveness of the risk management and internal control systems. Each year the internal and external audit plans are discussed with, and approved by, the Audit Committee.

The Board has reviewed the overall effectiveness of the Company's systems of risk management and internal control for the year ended December 31, 2018. The Board has delegated to the Audit Committee responsibility for reviewing the Company's systems of risk management and internal control and reporting the committee's findings to the Board. In conducting such review, the Audit Committee, on behalf of the Board, has (i) reviewed the Company's internal audit activities during the year and discussed such activities and the results thereof with the Company's Vice President of Internal Audit, (ii) reviewed and discussed the scope and results of the annual audit with the Company's external auditors, (iii) reviewed the results of management's control self-assessment process with management and the Company's Vice President of Internal Audit, (iv) reviewed the results of the Company's risk assessment with management and the Company's Vice President of Internal Audit, and (v) reviewed with management the results of the Company's internal management representation process that was performed in connection with the preparation of the Company's consolidated financial statements. Based on its review, the Board confirms, and management has also confirmed to the Board, that the Company's risk management and internal control systems are effective and adequate.

4. *Financial Risk Management and Hedging*

Details of financial risk management can be found in note 21 of the consolidated financial statements.

The Group's non-U.S. subsidiaries periodically enter into forward contracts related to the purchase of inventories denominated primarily in US Dollars which are designated as cash flow hedges. Cash outflows associated with these derivatives as of December 31, 2018 are expected to be US$104.0 million within one year.

5. *Research and Development*

The Group devotes significant resources to new product design, development and innovation as it is a core part of its strategy. The Group believes it has a strong track record of innovation, and its global scale allows it to make significant expenditures on research and development. The Group incurred research and development expenses of US$32.6 million during the year ended December 31, 2018. Each of the Group's regions has a design team that develops products specifically for that region, and who are in communication with each other on a regular basis, sharing ideas and designs. The Group's design teams are continuously developing new products, based on continual improvement and innovation.

6. *Capital Structure and Shareholding*

Details on the capital structure of the Company can be found in note 23 of the consolidated financial statements. Since its incorporation, the Company did not proceed to acquire any of its own shares.

7. *Other Information*

Distributions to Shareholders

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

Dividend payments to non-controlling interests amounted to US$14.7 million and US$22.0 million during the years ended December 31, 2018 and December 31, 2017, respectively.

No other dividends or distributions were declared or paid during the years ended December 31, 2018 and December 31, 2017.

The Board recommends that a cash distribution in the amount of US$125.0 million, or approximately US$0.0873 per share based upon the number of shares outstanding as of the date hereof (the "Distribution") be made to the Company's shareholders from its ad hoc distributable reserve. The per share amount of the Distribution is subject to change in the event that any new shares are issued pursuant to the exercise of outstanding share options before the record date for the Distribution. A further announcement will be made on the record date of the Distribution in the event that the final amount per share changes. The payment shall be made in US Dollars, except that payment to shareholders whose names appear on the register of members in Hong Kong shall be paid in Hong Kong Dollars. The relevant exchange rate shall be the opening buying rate of Hong Kong Dollars to US Dollars as announced by the Hong Kong Association of Banks (www.hkab.org.hk) on the day of the approval of the Distribution.

The Distribution will be subject to approval by the shareholders at the forthcoming AGM of the Company. For determining the entitlement to attend and vote at the AGM, the Register of Members of the Company will be closed from May 31, 2019 to June 6, 2019, both days inclusive, during which period no transfer of shares will be registered. The record date to determine which shareholders will be eligible to attend and vote at the forthcoming AGM will be June 6, 2019. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on May 30, 2019.

Subject to the shareholders approving the recommended Distribution at the forthcoming AGM, such Distribution will be payable on or about July 16, 2019 to shareholders whose names appear on the register of members on June 17, 2019. To determine eligibility for the Distribution, the register of members will be closed from June 13, 2019 to June 17, 2019, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to receive the Distribution, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on June 12, 2019.

The Distribution will not be subject to withholding tax under Luxembourg laws.

Human Resources and Remuneration

As of December 31, 2018, the Group had approximately 14,400 employees worldwide, compared to approximately 13,600 employees as of December 31, 2017. The increase in the headcount was to support global sales growth and retail store expansion. The Group regularly reviews remuneration and benefits of its employees according to the relevant market practice, employee performance and the financial performance of the Group.

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

8. *Strategic Review and Future Prospects*

During 2018, the Group continued to implement its strategic plan in the following areas:

Financial Highlights

For the year ended December 31, 2018, the Group's:

- Net sales increased to a record level of US$3,797.0 million, reflecting an increase of 8.8% (+8.4% constant currency) from the previous year. Excluding the contribution from eBags, which was acquired on May 5, 2017, net sales increased by US$265.3 million, or 7.9% (+7.5% constant currency).

- Gross profit margin increased to 56.5% for the year ended December 31, 2018 from 56.1% for the year ended December 31, 2017.

- The Group spent US$221.3 million on marketing during the year ended December 31, 2018 compared to US$206.0 million for the year ended December 31, 2017, an increase of US$15.3 million, or 7.4% (+6.6% constant currency). As a percentage of net sales, marketing expenses decreased by 10 basis points to 5.8% for the year ended December 31, 2018 from 5.9% for the year ended December 31, 2017.

- Operating profit increased by US$43.5 million, or 10.3% (+10.3% constant currency), year-on-year to US$467.4 million.

- Adjusted Net Income, a non-IFRS measure, increased by US$34.0 million, or 13.0% (+12.2% constant currency), to US$294.5 million for the year ended December 31, 2018 compared to US$260.6 million for the previous year.

- Profit for the year increased by US$52.6 million, or 21.6% (+20.7% constant currency), excluding (i) the non-cash charge of US$53.3 million to write-off the deferred financing costs associated with the Original Senior Credit Facilities (as defined below) in conjunction with the Refinancing (as defined below) and the related tax impact, (ii) the income tax benefit from the tax reform enacted in the U.S. in 2017 (the "2017 U.S. Tax Reform") and (iii) the tax expense associated with a legal entity reorganization in 2017. Profit for the year, as reported, decreased by US$98.2 million, or 27.6% (-28.2% constant currency), year-on-year to US$257.2 million due to the non-cash charge to write-off the deferred financing costs and the impact of the 2017 U.S. Tax Reform.

- Profit attributable to the equity holders increased by US$53.3 million, or 23.9% (+23.0% constant currency), excluding (i) the non-cash charge of US$53.3 million to write-off the deferred financing costs associated with the Original Senior Credit Facilities (as defined below) in conjunction with the Refinancing (as defined below) and the related tax impact, (ii) the income tax benefit from the 2017 U.S. Tax Reform and (iii) the tax expense associated with a legal entity reorganization in 2017. Profit attributable to the equity holders, as reported, decreased by US$97.5 million, or 29.2% (-29.8% constant currency), from the previous year to US$236.7 million due to the non-cash charge to write-off the deferred financing costs and the impact of the 2017 U.S. Tax Reform.

- Adjusted EBITDA, a non-IFRS measure, increased by US$33.4 million, or 5.8% (+5.7% constant currency), from the previous year, to US$613.6 million.

- Adjusted EBITDA margin, a non-IFRS measure, was 16.2% for the year ended December 31, 2018 compared to 16.6% for the year ended December 31, 2017. This decrease was primarily due to increased distribution expenses as a percentage of net sales related to the targeted expansion of bricks-and-mortar retail, partially offset by higher gross margin.

- The Group generated US$307.4 million of cash from operating activities during the year ended December 31, 2018 compared to US$341.3 million for 2017. As of December 31, 2018, the Group had cash and cash equivalents of US$427.7 million and outstanding financial debt of US$1,935.8 million (excluding deferred financing costs of US$16.4 million), putting the Group in a net debt position of US$1,508.2 million compared to a net debt position of US$1,609.1 million at December 31, 2017.

- On March 13, 2019, the Company's Board of Directors recommended that a cash distribution in the amount of US$125.0 million, or approximately US$0.0873 per share, be made to the Company's shareholders, a 13.6% increase from the US$110.0 million distribution paid in 2018. The distribution will be subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company.

The Company has presented certain non-IFRS measures in the Financial Highlights section above because each of these measures provides additional information that management believes is useful in gaining a more complete understanding of the Group's operational performance and of the trends impacting its business to securities analysts, investors and other interested parties. These non-IFRS financial measures, as calculated herein, may not be comparable to similarly named measures used by other companies, and should not be considered comparable to IFRS measures in the Group's consolidated income statements for the year. 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.

Significant investment in advertising and promotion

The Group continued to make significant investments in marketing, which amounted to US$221.3 million, or approximately 5.8% of net sales, during 2018 compared to US$206.0 million, or 5.9%, of net sales during 2017, reflecting its commitment to advertise and promote its brands and products to support sales growth worldwide.

Introduction of new and innovative products to the market

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

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

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

On April 25, 2018, the gross proceeds from the issuance of the Senior Notes were used, together with the gross proceeds from drawings under the New Senior Credit Facilities (as defined below) and existing cash on hand, to (i) refinance the Original Senior Credit Facilities (as defined below) and (ii) pay certain commissions, fees and expenses in connection thereto.

- **Amended and Restated Senior Credit Facilities Agreement**

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

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

  On the Closing Date (see note 13(a) to the consolidated financial statements), the gross proceeds from drawings under the New Senior Credit Facilities were used, together with the gross proceeds from the offering of the Senior Notes and existing cash on hand, to (i) repay in full the Original Senior Credit Facilities and (ii) pay certain commissions, fees and expenses in connection thereto. Upon extinguishment of the Original Senior Credit Facilities, the Group recognized a non-cash charge of US$53.3 million to write-off the remaining balance of the previously existing deferred financing costs related to the Original Senior Credit Facilities.

Future Prospects

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

- Deploy multiple brands to operate at wider price points in both the travel and non-travel product categories. Within the non-travel product categories, greater emphasis will be placed on backpacks and products that appeal to female consumers.

- Increase the proportion of net sales from the direct-to-consumer channel by growing the Company's direct-to-consumer e-commerce net sales and through targeted expansion of its bricks-and-mortar retail presence.

- Sustain the Company's investment in marketing to support the continued global expansion of *Tumi*, while continuing to drive visibility for *Samsonite*, *American Tourister* and other brands.

- Leverage the Company's regional management structure, sourcing and distribution expertise and marketing engine to extend its brands into new markets and penetrate deeper into existing channels.

- Continue to invest in research and development to develop lighter and stronger new materials, advanced manufacturing processes, exciting new designs, as well as innovative functionalities that deliver real benefits to consumers.

- Continue to develop the Company into a well-diversified, multi-brand, multi-category and multi-channel luggage, bag and accessories business.

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

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To the Shareholders of
Samsonite International S.A.
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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the consolidated financial statements

Opinion

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

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the International Accounting Standards Board ("IFRS").

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs are further described in the « Responsibilities of "Réviseur d'Entreprises agréé" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key Audit Matter	How our Audit Addressed the Key Audit Matter
Tax accounting (note 18)	
The Group operates in multiple jurisdictions throughout the world. As a result, the Group is subject to periodic challenges by various national and local tax authorities on a range of tax matters during the normal course of business, including transfer pricing and transaction related tax matters. The measurement of the exposure related to tax uncertainties requires significant management judgment. For the measurement of potential exposures, management evaluates the tax law associated with the relevant jurisdiction, the amount of tax deduction that may be subject to challenge by the respective taxing authority and the potential for a negotiated settlement. Based on the significant judgments required, we identified this area of the tax provision as a key audit matter.	We performed the following procedures, amongst others: • We assessed the design and implementation of controls over the process to measure potentially material tax uncertainties; • To test the measurement process, we evaluated, with assistance from our tax specialists including those experienced with transfer pricing in the relevant jurisdiction, supporting evidence pertaining to management's evaluation of the relevant tax law, the amount of tax deduction that may be subject to challenge by the respective taxing authority and the potential for a negotiated settlement; • We evaluated transfer pricing and other relevant documentation completed by third-party specialists engaged by the Group as part of our procedures related to the measurement of tax uncertainties; and • We evaluated the appropriateness of the related disclosures in note 18 to the consolidated financial statements.
Revenue recognition (note 3(o))	
The Group recognizes revenue at the point in time at which its performance obligation is satisfied by transferring control of its goods to the customer. Indicators that the Group typically considers to determine transfer of control include legal title, physical possession and significant risks and rewards of ownership. Since the Group's sales occur in various countries throughout the world, there is a risk of inconsistent application of when	We performed the following procedures, amongst others: • With the assistance of our Information Technology (IT) specialists, we tested the design, implementation, and to the extent applicable the operating effectiveness of controls within the IT environment in which ordering and billing of the Group's goods occur and other relevant support systems reside, including change control procedures in place around systems that bill revenue streams; • We tested the design, implementation and to the extent applicable the operating

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the Group has transferred control based on these indicators. We identified wholesale revenue transactions recorded at or near year end as a key audit matter.	effectiveness of certain controls over the revenue cycle to determine the nature timing and extent of substantive test work; • We read certain contractual arrangements with key customers enabling us to understand key terms and conditions negotiated with customers, including the provisions for transfer of control; • We tested a sample of revenue transactions occurring at or near year end to obtain evidence of appropriate transfer of control as well as applicable allowances; • To the extent applicable, KPMG tested manual journal entries which were recorded in revenue general ledger accounts at or near year end.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the consolidated annual report including the consolidated management report but does not include the consolidated financial statements and our report of "Réviseur d'Entreprises agréé" thereon.

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

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

Responsibilities of the Board of Directors and those charged with governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Responsibilities of the Réviseur d'Entreprises agréé for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of "Réviseur d'Entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

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

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

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

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

Report on other legal and regulatory requirements

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with the applicable legal requirements.

Luxembourg, 13 March 2019

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Fabien Hedouin

Consolidated Income Statements

(Expressed in millions of US Dollars, except per share data)	Note	Year ended December 31, 2018	2017
Net sales	4	**3,797.0**	3,490.9
Cost of sales		**(1,652.4)**	(1,531.0)
Gross profit		**2,144.6**	1,959.9
Distribution expenses		**(1,211.7)**	(1,072.6)
Marketing expenses		**(221.3)**	(206.0)
General and administrative expenses		**(233.0)**	(239.9)
Other expenses		**(11.2)**	(17.6)
Operating profit		**467.4**	423.8
Finance income	19	**1.0**	1.3
Finance costs	19	**(124.5)**	(93.9)
Net finance costs	19	**(123.5)**	(92.6)
Profit before income tax		**343.9**	331.2
Income tax (expense) benefit	18	**(86.7)**	24.2
Profit for the year		**257.2**	355.4
Profit attributable to equity holders		**236.7**	334.2
Profit attributable to non-controlling interests	23(b)	**20.5**	21.2
Profit for the year		**257.2**	355.4
Earnings per share			
Basic earnings per share			
(Expressed in US Dollars per share)	12	**0.166**	0.236
Diluted earnings per share			
(Expressed in US Dollars per share)	12	**0.165**	0.234

The accompanying notes form part of the consolidated financial statements.

Consolidated Statements of Comprehensive Income

(Expressed in millions of US Dollars)	Note	Year ended December 31, **2018**	2017
Profit for the year		**257.2**	355.4
Other comprehensive income (loss):			
Items that will never be reclassified to profit or loss:			
Remeasurements on defined benefit plans, net of tax	14, 18(c)	**1.4**	(1.1)
		1.4	(1.1)
Items that are or may be reclassified subsequently to profit or loss:			
Changes in fair value of foreign exchange forward contracts, net of tax	18(c)	**4.6**	(4.3)
Changes in fair value of interest rate swaps, net of tax	13(a), 18(c)	**0.7**	6.7
Foreign currency translation gains (losses) for foreign operations	18(c), 19	**(7.6)**	50.4
		(2.3)	52.8
Other comprehensive income (loss)		**(0.9)**	51.7
Total comprehensive income for the year		**256.3**	407.1
Total comprehensive income attributable to equity holders		**239.2**	383.2
Total comprehensive income attributable to non-controlling interests		**17.1**	23.9
Total comprehensive income for the year		**256.3**	407.1

The accompanying notes form part of the consolidated financial statements.

Consolidated Statements of Financial Position

(Expressed in millions of US Dollars)	Note	December 31, 2018	2017
Non-Current Assets			
Property, plant and equipment	6	**310.9**	308.0
Goodwill	7(a)	**1,340.1**	1,343.0
Other intangible assets	7(b)	**1,771.3**	1,792.8
Deferred tax assets	18(d)	**33.2**	66.5
Derivative financial instruments	13(a)	**25.5**	24.5
Other assets and receivables	8(a)	**42.9**	40.2
Total non-current assets		**3,523.9**	3,575.0
Current Assets			
Inventories	9	**622.6**	583.0
Trade and other receivables	10	**420.9**	411.5
Prepaid expenses and other assets	8(b)	**146.5**	156.4
Cash and cash equivalents	11	**427.7**	344.5
Total current assets		**1,617.7**	1,495.4
Total assets		**5,141.6**	5,070.4
Equity and Liabilities			
Equity:			
Share capital	23(a)	**14.3**	14.2
Reserves	23(a)	**1,933.5**	1,777.3
Total equity attributable to equity holders		**1,947.8**	1,791.5
Non-controlling interests	23(b)	**43.3**	40.9
Total equity		**1,991.1**	1,832.4
Non-Current Liabilities			
Loans and borrowings	13(a)	**1,838.6**	1,744.1
Employee benefits	14	**22.8**	24.0
Non-controlling interest put options	23(b)	**56.3**	55.7
Deferred tax liabilities	18(d)	**286.5**	320.9
Other liabilities		**9.9**	10.7
Total non-current liabilities		**2,214.1**	2,155.4
Current Liabilities			
Loans and borrowings	13(b)	**52.6**	83.6
Current portion of long-term debt	13(b)	**28.3**	69.3
Employee benefits	14	**81.8**	95.1
Trade and other payables	17	**699.2**	737.0
Current tax liabilities	18	**74.5**	97.6
Total current liabilities		**936.4**	1,082.6
Total liabilities		**3,150.5**	3,238.0
Total equity and liabilities		**5,141.6**	5,070.4
Net current assets		**681.3**	412.8
Total assets less current liabilities		**4,205.2**	3,987.8

The accompanying notes form part of the consolidated financial statements.

Consolidated Statements of Changes in Equity

(Expressed in millions of US Dollars, except number of shares)	Note	Number of shares	Share capital	Reserves: Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Reserves: Retained earnings	Total equity attributable to equity holders	Non-controlling interests	Total equity
Year ended December 31, 2018										
Balance, January 1, 2018		**1,421,811,102**	**14.2**	**1,014.6**	**(47.2)**	**75.9**	**734.0**	**1,791.5**	**40.9**	**1,832.4**
Profit for the year		—	—	—	—	—	**236.7**	**236.7**	**20.5**	**257.2**
Other comprehensive income (loss):										
Remeasurements on defined benefit plans, net of tax	14, 18(c)	—	—	—	—	**1.4**	—	**1.4**	—	**1.4**
Changes in fair value of foreign exchange forward contracts, net of tax	18(c)	—	—	—	—	**4.6**	—	**4.6**	—	**4.6**
Changes in fair value of interest rate swaps, net of tax	13(a), 18 (c)	—	—	—	—	**0.7**	—	**0.7**	—	**0.7**
Foreign currency translation losses	18(c), 19	—	—	—	**(4.2)**	—	—	**(4.2)**	**(3.4)**	**(7.6)**
Total comprehensive (loss) income for the year		—	—	—	**(4.2)**	**6.7**	**236.7**	**239.2**	**17.1**	**256.3**
Transactions with owners recorded directly in equity:										
Change in fair value of put options included in equity	21	—	—	—	—	—	**(9.1)**	**(9.1)**	—	**(9.1)**
Cash distributions to equity holders	12	—	—	—	—	—	**(110.0)**	**(110.0)**	—	**(110.0)**
Share-based compensation expense	14(a)	—	—	—	—	**13.8**	—	**13.8**	—	**13.8**
Tax effect of outstanding share options		—	—	—	—	**(4.1)**	—	**(4.1)**	—	**(4.1)**
Exercise of share options	14(a)	**9,129,278**	**0.1**	**35.6**	—	**(9.2)**	—	**26.5**	—	**26.5**
Dividends paid to non-controlling interests	12	—	—	—	—	—	—	—	**(14.7)**	**(14.7)**
Balance, December 31, 2018		**1,430,940,380**	**14.3**	**1,050.2**	**(51.4)**	**83.1**	**851.6**	**1,947.8**	**43.3**	**1,991.1**

The accompanying notes form part of the consolidated financial statements.

Consolidated Statements of Changes in Equity *(continued)*

(Expressed in millions of US Dollars, except number of shares)	Note	Number of shares	Share capital	Reserves: Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Reserves: Retained earnings	Total equity attributable to equity holders	Non-controlling interests	Total equity
Year ended December 31, 2017										
Balance, January 1, 2017		1,411,288,901	14.1	976.1	(94.4)	51.3	520.0	1,467.1	43.9	1,511.0
Profit for the year		—	—	—	—	—	334.2	334.2	21.2	355.4
Other comprehensive income (loss):										
Remeasurements on defined benefit plans, net of tax	14, 18(c)	—	—	—	—	(1.1)	—	(1.1)	—	(1.1)
Changes in fair value of foreign exchange forward contracts, net of tax	18(c)	—	—	—	—	(4.3)	—	(4.3)	—	(4.3)
Changes in fair value of interest rate swaps, net of tax	13(a), 18(c)	—	—	—	—	6.7	—	6.7	—	6.7
Foreign currency translation gains	18(c), 19	—	—	—	47.7	—	—	47.7	2.7	50.4
Total comprehensive income for the year		—	—	—	47.7	1.3	334.2	383.2	23.9	407.1
Transactions with owners recorded directly in equity:										
Change in fair value of put options included in equity	21	—	—	—	—	—	(3.2)	(3.2)	—	(3.2)
Cash distributions to equity holders	12	—	—	—	—	—	(97.0)	(97.0)	—	(97.0)
Reserve for non-distributable profits		—	—	—	—	8.8	(8.8)	—	—	—
Share-based compensation expense	14(a)	—	—	—	—	20.9	—	20.9	—	20.9
Tax effect of outstanding share options		—	—	—	—	4.1	—	4.1	—	4.1
Exercise of share options	14(a)	10,522,201	0.1	38.5	—	(10.5)	—	28.1	—	28.1
Acquisition of non-controlling interest	23(b)	—	—	—	(0.5)	—	(11.2)	(11.7)	(4.9)	(16.6)
Dividends paid to non-controlling interests	12	—	—	—	—	—	—	—	(22.0)	(22.0)
Balance, December 31, 2017		1,421,811,102	14.2	1,014.6	(47.2)	75.9	734.0	1,791.5	40.9	1,832.4

The accompanying notes form part of the consolidated financial statements.

Consolidated Statements of Cash Flows

(Expressed in millions of US Dollars)	Note	Year ended December 31, 2018	2017
Cash flows from operating activities:			
Profit for the year		**257.2**	355.4
Adjustments to reconcile profit for the year to net cash generated from operating activities:			
Depreciation	6	**85.7**	85.1
Amortization of intangible assets	7(b)	**35.6**	32.8
Net change in defined benefit pension plans	14(b)	**2.0**	(5.2)
Change in fair value of put options included in finance costs	19, 21(g)	**(8.4)**	3.0
Non-cash share-based compensation	14(a)	**13.8**	20.9
Interest expense on financial liabilities, including amortization of deferred financing costs	13, 19	**71.2**	80.2
Non-cash charge to derecognize deferred financing costs	19	**53.3**	—
Income tax expense (benefit)	18	**86.7**	(24.2)
		597.1	548.0
Changes in operating assets and liabilities (excluding allocated purchase price in business combinations):			
Trade and other receivables		**(25.9)**	(41.5)
Inventories		**(62.1)**	(121.9)
Other current assets		**(3.2)**	(9.7)
Trade and other payables		**(23.6)**	155.5
Other assets and liabilities		**(7.6)**	(3.2)
Cash generated from operating activities		**474.7**	527.2
Interest paid		**(63.3)**	(66.3)
Income tax paid		**(104.0)**	(119.6)
Net cash generated from operating activities		**307.4**	341.3
Cash flows from investing activities:			
Purchases of property, plant and equipment	6	**(100.6)**	(94.6)
Other intangible asset additions	7	**(17.6)**	(14.3)
Acquisition of businesses, net of cash acquired	5	**—**	(169.9)
Other proceeds		**0.9**	1.4
Net cash used in investing activities		**(117.3)**	(277.4)
Cash flows from financing activities:			
Proceeds from issuance of Senior Notes and New Senior Credit Facilities	13	**1,922.9**	—
Payment and settlement of Original Senior Credit Facilities	13	**(1,869.7)**	—
Payments of Original Senior Credit Facilities prior to settlement	13	**—**	(45.8)
Payments of New Term Loan Facilities	13	**(14.2)**	—
(Payments) proceeds from other current loans and borrowings, net	13	**(29.7)**	50.7
Acquisition of non-controlling interest	13, 23(b)	**—**	(31.9)
Payment of deferred financing costs	13	**(18.5)**	(5.4)
Proceeds from the exercise of share options	13, 14	**26.5**	38.6
Cash distributions to equity holders	12, 13	**(110.0)**	(97.0)
Dividend payments to non-controlling interests	12, 13	**(14.7)**	(22.0)
Net cash used in financing activities		**(107.4)**	(112.8)
Net increase (decrease) in cash and cash equivalents		**82.7**	(48.9)
Cash and cash equivalents, at January 1		**344.5**	368.5
Effect of exchange rate changes		**0.5**	24.9
Cash and cash equivalents, at December 31	11	**427.7**	344.5

The accompanying notes form part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Background

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

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

Details of the principal subsidiaries of the Group are set out in note 23.

2. Basis of Preparation

(a) Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which collective term includes all International Accounting Standards ("IAS") and related interpretations, as issued by the International Accounting Standards Board (the "IASB").

Until December 31, 2012, the Company was preparing consolidated financial statements in accordance with IFRS as adopted by the European Union ("EU"). On October 30, 2013, the Company obtained from the Luxembourg Ministry of Justice, a 3-year authorization to prepare consolidated accounts under IFRS as adopted by the IASB instead of IFRS as adopted by the EU provided that a reconciliation of the equity and result for the year as reported to the equity and result for the year that would have been reported under Luxembourg legal and regulatory requirements or under IFRS as adopted by the EU is disclosed in the consolidated financial statements of the Company. The Company has received authorization from the Luxembourg Ministry of Justice to prepare the consolidated accounts under IFRS as adopted by the IASB through the period ending December 31, 2019.

A reconciliation of the equity and result for the year as reported to the equity and result for the year that would have been reported under IFRS as adopted by the EU is disclosed below.

The IASB has issued a number of new and revised IFRS. For the purpose of preparing the consolidated financial statements, the Group has adopted all of these new and revised IFRS for all periods presented, except for any new standards or interpretations that are not yet mandatorily effective for the accounting period ended December 31, 2018. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period ended December 31, 2018 are set out in note 3(v).

The accounting policies below, where material, have been applied consistently to all periods presented in the consolidated financial statements unless otherwise noted.

Certain numbers presented in this document have been rounded up or down. There may therefore be discrepancies between the actual totals of the individual amounts in the tables and the totals shown, between the numbers in the tables and the numbers given in the corresponding analyses in the text of this document and between numbers in this document and other publicly available documents. All percentages and key figures were calculated using the underlying data in whole US Dollars.

2. Basis of Preparation *(continued)*

(a) Statement of Compliance *(continued)*

The consolidated financial statements were authorized for issue by the Board of Directors (the "Board") on March 13, 2019.

(Expressed in millions of US Dollars)	As of December 31, 2018	2017
Equity under IFRS as issued by the IASB	**1,991.1**	1,832.4
Reconciling item		
None	**—**	—
Equity under IFRS as adopted by the EU	**1,991.1**	1,832.4

	For the year ended December 31, 2018	2017
Profit for the year under IFRS as issued by the IASB	**257.2**	355.4
Reconciling item		
None	**—**	—
Profit for the year under IFRS as adopted by the EU	**257.2**	355.4

Note 2(e), Changes in Accounting Policies, below provides a summary of the new, revised and amended IFRS that the IASB has issued and became effective for the year ended December 31, 2018.

(b) Basis of Measurement

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

- derivative financial instruments are measured at fair value.

(c) Functional and Presentation Currency

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

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

(d) Use of Judgments, Estimates and Assumptions

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

2. Basis of Preparation *(continued)*

(d) Use of Judgments, Estimates and Assumptions *(continued)*

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

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

- Note 3(o) — Revenue recognition
- Note 5 — Business combinations
- Note 6 — Property, plant and equipment
- Note 7 — Goodwill and other intangible assets
- Note 9 — Inventories
- Note 10 — Trade and other receivables
- Note 14(a) — Share-based payment arrangements
- Note 18 — Income taxes
- Note 21(g) — Fair value of financial instruments
- Note 23(c) — Non-controlling interests and acquisition of non-controlling interests

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

- Note 7 — Goodwill and other intangible assets
- Note 14(a) — Share-based payment arrangements
- Note 15(b) — Operating lease commitments
- Note 16 — Contingent liabilities
- Note 18 — Income taxes
- Note 21 — Financial risk management and financial instruments

(e) Changes in Accounting Policies

The IASB has issued a number of new, revised and amended IFRS. For the purpose of preparing the consolidated financial statements for the year ended December 31, 2018, the following revised standards became effective.

IFRS 9, Financial Instruments

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

2. Basis of Preparation *(continued)*

(e) Changes in Accounting Policies *(continued)*

IFRS 15, Revenue from Contracts with Customers

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

The Group analyzed the timing of transfer of control, right of return and variable consideration related to the sales of its products under IFRS 15. This analysis included stocking fees, rebates, loyalty programs, gift cards, customized products and warranties. The Group also analyzed its licensing agreements and cooperative advertising programs under IFRS 15. The Group has warranties that vary amongst brands and product categories, but does not offer any multi-period maintenance or extended warranty agreements. Revenue is recognized when a customer obtains control of the goods with an estimated warranty provision recorded for the estimated future warranty costs. Assurance-type warranties on the Group's products do not provide an additional service to the customer (i.e., they are not separate performance obligations). The Group determined that the impact of adopting IFRS 15 on the amount and timing of the revenue recognized in the consolidated financial statements was not material.

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

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

IFRIC 22, Foreign Currency Transactions and Advance Consideration

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

3. Summary of Significant Accounting Policies

(a) Significant Accounting Policies

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

(b) Principles of Consolidation

(i) Subsidiaries

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

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

3. Summary of Significant Accounting Policies *(continued)*

(b) Principles of Consolidation *(continued)*

(ii) Non-controlling Interests

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

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

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

(iii) Business Combinations

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

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

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

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

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

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

3. Summary of Significant Accounting Policies *(continued)*

(c) Foreign Currency Translation

(i) Foreign Currency Transactions

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

(ii) Foreign Operations

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

(d) Segment Reporting

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

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

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

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

(e) Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Assets under finance leases are stated at the present value of the future minimum lease payments. Improvements which extend the life of an asset are capitalized. Maintenance and repair costs are expensed as incurred.

3. **Summary of Significant Accounting Policies** *(continued)*

(e) Property, Plant and Equipment *(continued)*

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

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

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

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

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

(f) Goodwill and Other Intangible Assets

(i) Goodwill

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

(ii) Intangible Assets (Other Than Goodwill)

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

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

3. Summary of Significant Accounting Policies *(continued)*

(f) Goodwill and Other Intangible Assets *(continued)*

(ii) Intangible Assets (Other Than Goodwill) *(continued)*

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

• Customer relationships	10 to 20 years
• Key money	3 to 10 years
• Patents	1 to 10 years
• Computer software costs	3 to 5 years

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

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

(g) Impairment

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

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

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

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

(ii) Non-financial Assets

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

3. Summary of Significant Accounting Policies *(continued)*

(g) Impairment *(continued)*

(ii) Non-financial Assets *(continued)*

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGU). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the group of CGUs that is expected to benefit from the synergies of the combination.

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

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

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

(h) Inventories

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

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

3. Summary of Significant Accounting Policies *(continued)*

(i) Trade and Other Receivables

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

(j) Cash and Cash Equivalents

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

(k) Interest-bearing Borrowings

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

(l) Financial Instruments

(i) Non-derivative Financial Assets and Liabilities

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

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

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

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

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

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

3. **Summary of Significant Accounting Policies** *(continued)*

(l) Financial Instruments *(continued)*

(ii) Derivative Financial Instruments

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

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

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

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

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

3. **Summary of Significant Accounting Policies** *(continued)*

(l) Financial Instruments *(continued)*

(ii) Derivative Financial Instruments *(continued)*

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

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

(iii) Share Capital

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

(m) Employee Benefits

(i) Defined Contribution Plans

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

(ii) Defined Benefit Plans

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

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

3. Summary of Significant Accounting Policies *(continued)*

(m) Employee Benefits *(continued)*

(ii) Defined Benefit Plans *(continued)*

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

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

(iii) Other Long-term Employee Benefits

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

(iv) Termination Benefits

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

(v) Short-term Employee Benefits

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

(vi) Share-based Compensation

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

3. Summary of Significant Accounting Policies *(continued)*

(m) Employee Benefits *(continued)*

(vi) Share-based Compensation *(continued)*

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

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

(n) Income Taxes

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

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

The Group recognizes a tax reserve for uncertain positions at the most likely outcome when it is more likely than not there will be a future outflow of funds. The Group measures the most likely outcome, or in the event multiple outcomes are possible, on the expected value method. The Group records interest and penalties related to these uncertain tax positions based on the specific facts and circumstances, including the substance of the tax legislation and the process of negotiation with the tax authorities in a specific jurisdiction.

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

3. Summary of Significant Accounting Policies *(continued)*

(n) Income Taxes *(continued)*

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

(o) Revenue Recognition

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

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

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

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

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

Distribution expenses primarily comprise rent, employee benefits, customer freight, depreciation, amortization, warehousing costs and other selling expenses.

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

General and administrative expenses consist of management salaries and benefits, information technology costs, and other costs related to administrative functions and are expensed as incurred.

3. Summary of Significant Accounting Policies *(continued)*

(q) Finance Income and Costs

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

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

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

(r) Earnings Per Share

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

(s) Leases

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

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

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

3. Summary of Significant Accounting Policies *(continued)*

(s) Leases *(continued)*

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

(t) Provisions and Contingent Liabilities

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

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

(u) Related Parties

(i) A person, or a close member of that person's family, is related to the Group if that person:
(1) has control or joint control over the Group;
(2) has significant influence over the Group; or
(3) is a member of the key management personnel of the Group.

(ii) An entity is related to the Group if any of the following conditions apply:
(1) the entity and the Group are members of the same group (which means that each parent, the subsidiary and fellow subsidiary is related to the others);
(2) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
(3) both entities are joint ventures of the same third party;
(4) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(5) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
(6) the entity is controlled or jointly controlled by a person identified in (i);
(7) a person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
(8) the entity, or any member of a group of which it is part, provides key management services to the Group or to the Group's parent.

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

(v) New Standards and Interpretations

Certain new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2018, and have not been applied in preparing these consolidated financial statements.

3. Summary of Significant Accounting Policies *(continued)*

(v) New Standards and Interpretations *(continued)*

In January 2016, the IASB issued IFRS 16, *Leases* ("IFRS 16"). IFRS 16 will result in almost all leases being recognized on the consolidated statements of financial position, based on a single lessee accounting model. Under the new standard, an asset (the right to use the underlying asset) and a financial liability to make minimum contractual payments are recognized. The only exceptions are short-term leases (lease periods that are twelve months or less) and low-value leases (leases that are US$5,000 or less). The rental cost for both short-term and low-value leases will be included in rent expense. IFRS 16 is effective for fiscal years, and for interim periods within those fiscal years, beginning on or after January 1, 2019. The Group will adopt this standard on January 1, 2019 by applying the modified retrospective approach and will not restate comparative amounts for 2018.

The standard will affect the accounting for the Group's operating leases, including retail, office and warehouse space, machinery equipment and automobiles. There is no significant impact to finance leases.

Beginning January 1, 2019 for the operating leases that will be recognized on the consolidated statements of financial position under IFRS 16, straight-line operating lease rental expense will be replaced by (i) amortization on the right of use asset, straight-lined over the lease term, and (ii) an interest accretion on the lease liability which reduces over the lease term. Over the life of any lease, the total charge to the income statement is the same as the total cash rent paid under both pre- and post-IFRS 16 accounting. Over the lease term the total expense is recognized on a front-loaded basis and presented in separate components for amortization on the right of use asset and interest over the lease liability.

As of December 31, 2018, the Group has non-cancellable operating lease commitments of US$780.3 million, see note 15(b). On transition to IFRS 16, the Group anticipates recognizing approximately US$645.0 million to US$715.0 million of right of use assets and approximately US$645.0 million to US$715.0 million of lease liabilities. The Group also has non-cancellable operating lease commitments covered by the exception for short-term leases of approximately US$16.5 million to US$21.5 million that are excluded from the right of use assets and lease liabilities above. Actual impacts may change until the Company presents its first set of financial statements under the new standard.

In June 2017, the IFRS IC issued IFRIC 23, *Uncertainty over Income Tax Treatments* ("IFRIC 23"). IFRIC 23 clarifies the accounting for uncertainties related to income taxes and is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12, *Income Taxes*. IFRIC 23 is effective for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted. IFRIC 23 will not have a material impact on the consolidated financial statements of the Group.

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

4. Segment Reporting

(a) Operating Segments

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

- North America — includes operations in the United States of America and Canada;
- Asia — includes operations in South Asia (India and Middle East), China, Singapore, South Korea, Taiwan, Malaysia, Japan, Hong Kong, Thailand, Indonesia, Philippines, Australia and certain other Asian markets;
- Europe — includes operations in European countries as well as South Africa;
- Latin America — includes operations in Chile, Mexico, Argentina, Brazil, Colombia, Panama, Peru and Uruguay; and
- Corporate — primarily includes certain licensing activities from brand names owned by the Group and Corporate headquarters overhead.

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

Segment information as of and for the years ended December 31, 2018 and December 31, 2017 is as follows:

	Year ended December 31, 2018					
(Expressed in millions of US Dollars)	**North America**	**Asia**	**Europe**	**Latin America**	**Corporate**	**Consolidated**
External revenues	**1,483.0**	**1,324.2**	**809.9**	**176.4**	**3.5**	**3,797.0**
Operating profit (loss)	**192.1**	**253.5**	**91.1**	**3.1**	**(72.4)**	**467.4**
Depreciation and amortization	**41.8**	**38.8**	**31.8**	**6.9**	**2.0**	**121.3**
Capital expenditures	**25.8**	**23.8**	**40.1**	**7.3**	**3.5**	**100.6**
Finance income	**0.1**	**0.6**	**0.2**	**0.1**	**0.1**	**1.0**
Finance costs[1]	**(0.6)**	**(4.8)**	**(5.1)**	**(2.8)**	**(111.2)**	**(124.5)**
Income tax (expense) benefit	**(25.3)**	**(41.0)**	**(17.3)**	**(4.8)**	**1.6**	**(86.7)**
Total assets	**2,437.9**	**1,253.4**	**669.2**	**134.0**	**647.1**	**5,141.6**
Total liabilities	**1,817.1**	**428.1**	**357.8**	**65.7**	**481.8**	**3,150.5**

	Year ended December 31, 2017					
(Expressed in millions of US Dollars)	North America	Asia	Europe	Latin America	Corporate	Consolidated
External revenues	1,392.4	1,196.2	734.8	158.5	9.1	3,490.9
Operating profit (loss)	173.4	220.3	100.2	4.4	(74.5)	423.8
Depreciation and amortization	41.1	38.8	27.8	7.7	2.5	117.9
Capital expenditures	27.2	26.0	34.7	6.4	0.3	94.6
Finance income	0.1	0.8	0.3	0.1	—	1.3
Finance costs[1]	1.1	3.0	(2.3)	(3.3)	(92.4)	(93.9)
Income tax (expense) benefit[2]	(34.9)	(31.1)	(32.3)	(0.6)	123.1	24.2
Total assets	2,418.9	1,273.9	665.1	118.8	593.6	5,070.4
Total liabilities	1,208.3	471.2	369.4	46.9	1,142.3	3,238.0

Notes

(1) Finance costs for the year ended December 31, 2018 primarily include interest expense on financial liabilities, which includes the amortization of deferred financing costs, the non-cash charge of US$53.3 million to derecognize the deferred financing costs associated with the Original Senior Credit Facilities in conjunction with the Refinancing (see note 13(a)), change in the fair value of put options and unrealized (gains) losses on foreign exchange that are presented on a net basis. Finance costs for the year ended December 31, 2017 primarily include interest expense on financial liabilities, which includes the amortization of deferred financing costs, change in the fair value of put options and unrealized (gains) losses on foreign exchange that are presented on a net basis.

(2) The impact of the 2017 U.S. Tax Reform (defined in Note 18) is included in the Corporate segment.

4. Segment Reporting *(continued)*

(a) Operating Segments *(continued)*

The following table sets forth a disaggregation of net sales by brand for the years ended December 31, 2018 and December 31, 2017:

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2018**	2017
Net sales by brand:		
Samsonite	**1,712.6**	1,654.9
Tumi	**762.1**	678.1
American Tourister	**667.8**	573.1
Speck	**154.3**	141.7
High Sierra	**73.7**	73.8
Gregory	**58.0**	51.8
Other[(1)]	**368.5**	317.5
Net sales	**3,797.0**	3,490.9

Note

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

The following table sets forth a disaggregation of net sales by product category for the years ended December 31, 2018 and December 31, 2017:

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2018**	2017
Net sales by product category:		
Travel	**2,263.7**	2,120.1
Non-travel[(1)]	**1,533.3**	1,370.8
Net sales	**3,797.0**	3,490.9

Note

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

The following table sets forth a disaggregation of net sales by distribution channel for the years ended December 31, 2018 and December 31, 2017:

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2018**	2017
Net sales by distribution channel:		
Wholesale	**2,432.0**	2,314.3
Direct-to-consumer ("DTC")[(1)]	**1,361.5**	1,167.5
Other[(2)]	**3.5**	9.1
Net sales	**3,797.0**	3,490.9

Notes

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

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

4. Segment Reporting *(continued)*

(b) Geographical Information

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

(i) Revenue from External Customers

The following table presents the revenues earned in major geographical locations where the Group has operations. The geographic location of the Group's net sales generally reflects the country/territory from which its products were sold and does not necessarily indicate the country/territory in which its end consumers were actually located.

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2018**	2017
North America:		
United States	**1,412.6**	1,325.5
Canada	**70.4**	66.9
Total North America	**1,483.0**	1,392.4
Asia:		
China	**302.4**	276.9
South Korea	**218.4**	211.6
Japan	**203.8**	172.9
Hong Kong[1]	**169.7**	145.9
India	**162.4**	138.2
Australia	**73.0**	71.9
United Arab Emirates	**41.5**	46.6
Singapore	**37.4**	29.3
Indonesia	**35.6**	29.4
Thailand	**33.8**	32.1
Taiwan	**25.8**	24.9
Other	**20.4**	16.5
Total Asia	**1,324.2**	1,196.2
Europe:		
Belgium[2]	**133.8**	108.8
Germany[2]	**117.4**	124.9
Italy	**88.3**	78.6
United Kingdom[3]	**83.7**	74.3
France	**79.1**	75.3
Spain	**61.8**	56.2
Russia	**52.7**	45.0
Netherlands	**37.5**	34.3
Austria	**25.2**	22.1
Switzerland	**21.5**	16.8
Sweden	**21.1**	20.6
Turkey	**19.5**	19.8
Norway	**16.3**	14.9
Other	**52.1**	43.1
Total Europe	**809.9**	734.8

4. Segment Reporting *(continued)*

(b) Geographical Information *(continued)*

(i) Revenue from External Customers *(continued)*

(Expressed in millions of US Dollars)	**Year ended December 31,** **2018**	2017
Latin America:		
Chile	**69.6**	68.4
Mexico	**51.7**	47.2
Brazil	**25.6**	20.0
Other	**29.5**	22.9
Total Latin America	**176.4**	158.5
Corporate and other (royalty revenue):		
Luxembourg	**3.4**	9.0
United States	**0.1**	0.1
Total Corporate and other	**3.5**	9.1
Total	**3,797.0**	3,490.9

Notes

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

(2) In integrating the Tumi business post-acquisition into the pre-existing European business, there have been changes made to the legal entity in which sales are being recorded, most notably in Germany and Belgium. From January 2017 through April 2017, net sales in Germany included all wholesale and e-commerce net sales of the *Tumi* brand for the European region. From May 2017 through December 2017, *Tumi* brand net sales through the wholesale channel in Europe were no longer accounted for in Germany but in Belgium. Beginning in January 2018 these sales are accounted for in the respective country of the customer.

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

(ii) Specified Non-current Assets

The following table presents the Group's significant non-current assets by country/territory. Non-current assets mainly comprise tradenames, customer relationships, property, plant and equipment and deposits.

(Expressed in millions of US Dollars)	**Year ended December 31,** **2018**	2017
United States	**1,647.7**	1,657.8
Luxembourg	**703.1**	702.1
Belgium	**93.6**	95.2
Hungary	**35.3**	32.7
China	**31.7**	33.8
Japan	**27.1**	25.4
South Korea	**26.5**	30.8
Hong Kong	**20.0**	18.1
India	**16.0**	15.1
Chile	**12.6**	13.3
Mexico	**11.4**	10.1

5. Business Combinations

There were no business combinations completed by the Group during the year ended December 31, 2018.

(a) 2017 Business Combinations

During the year ended December 31, 2017, the Group acquired certain assets related to the distribution of *Tumi* products in certain markets in Asia and completed the purchase of eBags, Inc. in the United States. These transactions were accounted for as business combinations.

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

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

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

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

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

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

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

5. Business Combinations *(continued)*

(a) 2017 Business Combinations *(continued)*

(ii) eBags, Inc.

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

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

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

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

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

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

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

(b) Acquisition-related Costs

The Group incurred US$1.2 million and US$19.3 million in acquisition-related costs during the years ended December 31, 2018 and December 31, 2017, respectively. Such costs primarily comprise costs associated with due diligence, professional and legal fees, severance and integration costs related to completed and contemplated transactions and are recognized within other expenses on the consolidated income statements.

6. Property, Plant and Equipment

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

6. Property, Plant and Equipment *(continued)*

(Expressed in millions of US Dollars)	Land	Buildings	Machinery, equipment, leasehold improvements and other	Total
2017				
Cost:				
As of January 1, 2017	11.2	56.9	546.5	614.6
Purchases of property, plant and equipment	—	27.4	67.2	94.6
Additions through business combinations (note 5)	—	—	4.3	4.3
Disposals and write-offs	—	—	(23.1)	(23.1)
Effect of movement in foreign currency exchange rates/other	0.7	5.3	66.3	72.4
As of December 31, 2017	12.0	89.7	661.1	762.7
Accumulated depreciation and impairment:				
As of January 1, 2017	(1.1)	(25.2)	(306.3)	(332.6)
Depreciation for the year	—	(3.8)	(81.3)	(85.1)
Disposals and write-offs	—	—	21.2	21.2
Effect of movement in foreign currency exchange rates/other	(0.2)	(3.5)	(54.5)	(58.2)
As of December 31, 2017	(1.3)	(32.5)	(420.9)	(454.7)
Carrying value:				
As of December 31, 2017	10.7	57.1	240.2	308.0

Depreciation expense for the years ended December 31, 2018 and December 31, 2017 amounted to US$85.7 million and US$85.1 million, respectively. Of this amount, US$15.1 million and US$14.0 million was included in cost of sales during the years ended December 31, 2018 and December 31, 2017, respectively. Remaining amounts were presented in distribution and general and administrative expenses. All land owned by the Group is freehold.

No impairment indicators existed as of December 31, 2018 and December 31, 2017.

7. Goodwill and Other Intangible Assets

(a) Goodwill

The Group's goodwill balance amounted to US$1,340.1 million as of December 31, 2018, of which approximately US$64.8 million is expected to be deductible for income tax purposes.

The carrying amount of goodwill was as follows:

(Expressed in millions of US Dollars)	December 31, 2018	2017
Cost:		
As of January 1	**2,312.8**	2,208.7
Additions through business combinations (note 5)	**—**	96.7
Effect of movement in foreign currency exchange rates/other	**(2.9)**	7.4
As of December 31	**2,309.9**	2,312.8
Accumulated impairment losses:		
As of January 1 and as of December 31	**(969.8)**	(969.8)
Carrying amount	**1,340.1**	1,343.0

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

(Expressed in millions of US Dollars)	North America	Asia	Europe	Latin America	Consolidated
As of December 31, 2018	**742.1**	**540.4**	**57.5**	**—**	**1,340.1**
As of December 31, 2017	742.1	541.4	59.4	—	1,343.0

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

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

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

7. Goodwill and Other Intangible Assets *(continued)*

(a) Goodwill *(continued)*

- Pre-tax discount rates of 9.0%–10.5% were used in discounting the projected cash flows. The pre-tax discount rates were calculated for each CGU.
- Segment cash flows were projected based on the historical operating results and the five-year forecasts.
- The terminal values were extrapolated using constant long-term growth rate of 3.0% for each CGU, which is consistent with the average growth rate for the industry.
- The sales prices were assumed to be a constant margin above cost.

Judgment is required to determine key assumptions adopted in the cash flow projections and the changes to key assumptions can significantly affect these cash flow projections. Management has considered the above assumptions and valuation and has also taken into account the business plans going forward. Management believes that any reasonably foreseeable change in any of the above key assumptions would not cause the carrying amount of goodwill to exceed the recoverable amount.

7. Goodwill and Other Intangible Assets *(continued)*

(b) Other Intangible Assets

Other intangible assets consisted of the following:

(Expressed in millions of US Dollars)	Customer relationships	Other	Total subject to amortization	Tradenames	Total other intangible assets
Cost:					
As of January 1, 2017	274.6	20.4	295.1	1,527.4	1,822.4
Additions through business combinations (note 5)	16.9	3.5	20.4	55.5	75.9
Other additions	—	14.3	14.3	—	14.3
Disposals	—	(2.1)	(2.1)	—	(2.1)
Effect of movement in foreign currency exchange rates/other	3.6	4.7	8.2	0.3	8.6
As of December 31, 2017 and January 1, 2018	295.1	40.9	335.9	1,583.2	1,919.1
Other additions	**—**	**17.6**	**17.6**	**—**	**17.6**
Disposals	**—**	**(1.0)**	**(1.0)**	**—**	**(1.0)**
Effect of movement in foreign currency exchange rates/other	**(1.9)**	**0.2**	**(1.7)**	**(0.4)**	**(2.1)**
As of December 31, 2018	**293.2**	**57.7**	**350.9**	**1,582.7**	**1,933.7**
Accumulated amortization:					
As of January 1, 2017	(84.9)	(4.4)	(89.4)	—	(89.4)
Amortization for the year	(26.3)	(6.5)	(32.8)	—	(32.8)
Disposals	—	0.9	0.9	—	0.9
Effect of movement in foreign currency exchange rates/other	(0.3)	(4.8)	(5.1)	—	(5.1)
As of December 31, 2017 and January 1, 2018	(111.6)	(14.8)	(126.4)	—	(126.4)
Amortization for the year	**(25.1)**	**(10.6)**	**(35.6)**	**—**	**(35.6)**
Disposals	**—**	**0.9**	**0.9**	**—**	**0.9**
Effect of movement in foreign currency exchange rates/other	**0.3**	**(1.5)**	**(1.2)**	**—**	**(1.2)**
As of December 31, 2018	**(136.3)**	**(26.0)**	**(162.3)**	**—**	**(162.3)**
Carrying amounts:					
As of December 31, 2018	**156.9**	**31.8**	**188.6**	**1,582.7**	**1,771.3**
As of December 31, 2017	183.5	26.1	209.6	1,583.2	1,792.8

7. Goodwill and Other Intangible Assets *(continued)*

(b) Other Intangible Assets *(continued)*

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

	December 31,	
(Expressed in millions of US Dollars)	**2018**	2017
Samsonite	**462.5**	462.5
Tumi	**845.0**	845.0
American Tourister	**70.0**	70.0
eBags	**55.5**	55.5
High Sierra	**39.9**	39.9
Gregory	**38.6**	38.6
Speck	**36.8**	36.8
Hartmann	**16.5**	16.5
Lipault	**12.3**	12.3
Other	**5.7**	6.2
Total tradenames	**1,582.7**	1,583.2

Amortization expense for intangible assets for the years ended December 31, 2018 and December 31, 2017 was US$35.6 million and US$32.8 million, respectively, and is presented primarily in distribution expenses in the consolidated income statements. Future amortization expense related to finite life intangible assets as of December 31, 2018 for the next five years is estimated to be US$33.5 million, US$32.7 million, US$30.0 million, US$20.4 million, US$15.3 million and a total of US$56.7 million thereafter.

In accordance with IAS 36, the Group is required to evaluate its intangible assets with finite lives for recoverability whenever events or changes in circumstance indicate that their carrying amount might not be recoverable. The fair value of customer relationships is determined using a combination of the income approach and the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows. There were no impairment indicators and there were no accumulated impairment losses as of December 31, 2018 and December 31, 2017.

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

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

- Pre-tax discount rates of 9.5%–13.0% were used. The pre-tax discount rates were calculated separately for each tradename.
- Revenues were based on anticipated selling prices and projected based on the historical operating results, the five-year forecasts and royalty rates based on recent transfer pricing studies in the jurisdictions the Group operates in.

7. Goodwill and Other Intangible Assets *(continued)*

(b) Other Intangible Assets *(continued)*

- The terminal values were extrapolated using constant long-term growth rates of 3.0%–4.0% for each tradename, which is consistent with the average growth rate for the industry.
- The sales prices were assumed to be a constant margin above cost.

Judgment is required to determine key assumptions adopted in the cash flow projections and the changes to key assumptions can significantly affect these cash flow projections. Management has considered the above assumptions and valuation and has also taken into account the business plans going forward. Management believes that any reasonably foreseeable change in any of the above key assumptions would not cause the carrying amount of its indefinite lived intangible assets to exceed their recoverable amounts.

8. Prepaid Expenses, Other Assets and Receivables

(a) Non-current

Other assets and receivables consisted of the following:

	December 31,	
(Expressed in millions of US Dollars)	**2018**	2017
Deposits	**38.5**	35.3
Other	**4.4**	4.9
Total other assets and receivables	**42.9**	40.2

(b) Current

Prepaid expenses and other current assets consisted of the following:

	December 31,	
(Expressed in millions of US Dollars)	**2018**	2017
Prepaid income taxes	**75.5**	84.7
Prepaid value-added tax	**29.3**	31.4
Prepaid rent	**11.3**	10.5
Prepaid other	**30.4**	29.8
Total prepaid expenses and other assets	**146.5**	156.4

9. Inventories

Inventories consisted of the following:

	December 31,	
(Expressed in millions of US Dollars)	**2018**	2017
Raw materials	**37.3**	38.4
Work in process	**2.4**	2.6
Finished goods	**582.9**	542.0
Total inventories	**622.6**	583.0

9. Inventories *(continued)*

The amounts above as of December 31, 2018 and December 31, 2017 include inventories carried at net realizable value (estimated selling price less costs to sell) of US$62.5 million and US$72.8 million, respectively. During the years ended December 31, 2018 and December 31, 2017, the write-down of inventories to net realizable value amounted to US$15.2 million and US$6.0 million, respectively. During the years ended December 31, 2018 and December 31, 2017 the reversal of reserves recognized in profit or loss amounted to US$9.5 million and US$2.9 million, respectively.

10. Trade and Other Receivables

Trade and other receivables are presented net of related allowances for doubtful accounts of US$14.8 million and US$14.5 million as of December 31, 2018 and December 31, 2017, respectively.

(a) Aging Analysis

Included in trade and other receivables are trade receivables (net of allowance for doubtful accounts) of US$397.9 million and US$393.3 million as of December 31, 2018 and December 31, 2017, respectively, with the following aging analysis by due date of the respective invoice:

	December 31,	
(Expressed in millions of US Dollars)	**2018**	2017
Current	**322.5**	336.4
0–30 days past due	**57.0**	45.8
Greater than 30 days past due	**18.4**	11.1
Total trade receivables	**397.9**	393.3

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

(b) Impairment of Trade Receivables

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

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

(Expressed in millions of US Dollars)	**2018**	2017
As of January 1	**14.5**	13.0
Impairment loss recognized	**2.8**	3.7
Impairment loss written back or off	**(2.5)**	(2.2)
As of December 31	**14.8**	14.5

11. Cash and Cash Equivalents

(Expressed in millions of US Dollars)	December 31, 2018	2017
Bank balances	**417.1**	340.8
Short-term investments	**10.6**	3.7
Total cash and cash equivalents	**427.7**	344.5

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

12. Earnings Per Share

(a) Basic

The calculation of basic EPS is based on the profit attributable to the equity holders of the Company for the years ended December 31, 2018 and December 31, 2017.

(Expressed in millions of US Dollars, except share and per share data)	Year ended December 31, 2018	2017
Issued ordinary shares at the beginning of the year	**1,421,811,102**	1,411,288,901
Weighted-average impact of share options exercised during the year	**5,992,820**	6,053,808
Weighted-average number of shares for the year	**1,427,803,922**	1,417,342,709
Profit attributable to the equity holders	**236.7**	334.2
Basic EPS *(Expressed in US Dollars per share)*	**0.166**	0.236

In 2018, basic EPS was negatively impacted by the non-cash charge of US$53.3 million to derecognize the deferred financing costs associated with the Original Senior Credit Facilities in conjunction with the Refinancing and the related tax impact associated with the Refinancing (see note 13(a)). In 2017, basic EPS benefited from the US$111.2 million tax benefit recognized from the 2017 Net Tax Benefits (see note 18).

(b) Diluted

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

(Expressed in millions of US Dollars, except share and per share data)	Year ended December 31, 2018	2017
Weighted-average number of ordinary shares (basic) at end of the year	**1,427,803,922**	1,417,342,709
Effect of share options and RSUs	**9,928,847**	10,790,441
Weighted-average number of shares for the year	**1,437,732,769**	1,428,133,150
Profit attributable to the equity holders	**236.7**	334.2
Diluted EPS *(Expressed in US Dollars per share)*	**0.165**	0.234

12. Earnings Per Share *(continued)*

(b) Diluted *(continued)*

Diluted EPS was impacted by the same factors noted above for basic EPS. At December 31, 2018 and December 31, 2017, 43,089,757 and 25,820,736 unvested share awards, respectively, were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive.

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

(c) Dividends and Distributions

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

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

Dividend payments to non-controlling interests amounted to US$14.7 million and US$22.0 million during the years ended December 31, 2018 and December 31, 2017, respectively.

No other dividends or distributions were declared or paid during the years ended December 31, 2018 and December 31, 2017.

13. Loans and Borrowings

(a) Non-current Obligations

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

	December 31,	
(Expressed in millions of US Dollars)	**2018**	2017
New Term Loan A Facility	**817.7**	—
New Term Loan B Facility	**661.7**	—
Original Term Loan A Facility	**—**	1,203.1
Original Term Loan B Facility	**—**	666.6
Total Term Loan Facilities	**1,479.3**	1,869.7
Senior Notes	**401.5**	—
Other long-term debt	**2.3**	—
Finance lease obligations	**0.3**	0.3
Total loans and borrowings	**1,883.4**	1,870.0
Less deferred financing costs	**(16.4)**	(56.6)
Total loans and borrowings less deferred financing costs	**1,867.0**	1,813.5
Less current portion of long-term debt	**(28.3)**	(69.3)
Less current installments on finance lease obligations	**(0.1)**	(0.1)
Non-current loans and borrowings	**1,838.6**	1,744.1

13. Loans and Borrowings *(continued)*

(a) Non-current Obligations *(continued)*

The contractual maturities of non-current loans and borrowings are included in note 21(c).

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

Issuance of €350.0 Million 3.500% Senior Notes Due 2026

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

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

Maturity, Interest and Redemption

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

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

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

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

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

13. Loans and Borrowings *(continued)*

(a) Non-current Obligations *(continued)*

Guarantee and Security

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

Certain Covenants and Events of Default

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

Amended and Restated Senior Credit Facilities Agreement

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

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

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

Interest Rate and Fees

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

13. Loans and Borrowings *(continued)*

(a) Non-current Obligations *(continued)*

Interest Rate and Fees (continued)

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

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

In addition to paying interest on outstanding principal under the New Senior Credit Facilities, the borrowers will pay customary agency fees and a commitment fee in respect of the unutilized commitments under the New Revolving Credit Facility. The commitment fee payable was reduced with effect from the Closing Date until the delivery of the financial statements for the first full fiscal quarter commencing on or after the Closing Date from 0.375% per annum to 0.20% per annum. The commitment fee may step up based on the lower rate derived from either the first lien net leverage ratio of the Company and its restricted subsidiaries at the end of each fiscal quarter or the Company's corporate ratings, as applicable, commencing with the first full fiscal quarter ended after the Closing Date.

Amortization and Final Maturity

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

Guarantees and Security

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

13. Loans and Borrowings *(continued)*

(a) Non-current Obligations *(continued)*

Certain Covenants and Events of Default

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

In addition, the Credit Agreement requires the Company and its subsidiaries to meet certain quarterly financial covenants. Commencing with the fiscal quarter ended September 30, 2018, the Company and its subsidiaries are required to maintain (i) a pro forma total net leverage ratio of not greater than 5.50:1.00, which ratio will decrease to 5.25:1.00 for test periods ending in 2020, 5.00:1.00 for test periods ending in 2021 and 4.50:1.00 for test periods ending in 2022; provided that such maximum pro forma total net leverage ratio is subject to a step up of 0.50x from the otherwise applicable ratio, up to a pro forma total net leverage ratio not to exceed 6.00:1.00 for the six fiscal quarter period following the fiscal quarter in which a permitted acquisition has been consummated, and (ii) a pro forma interest consolidated cash interest coverage ratio of not less than 3.00:1.00 (collectively, the "Financial Covenants"). The Financial Covenants only apply for the benefit of the lenders under the New Term Loan A Facility and the lenders under the New Revolving Facility. The Credit Agreement also contains certain customary representations and warranties, affirmative covenants and provisions relating to events of default (including upon a change of control). The Group was in compliance with the financial covenants as of December 31, 2018.

Interest Rate Swaps

The Group maintains interest rate swaps to hedge interest rate exposure under the floating-rate New Senior Credit Facilities by swapping certain US Dollar floating-rate bank borrowings with fixed-rate agreements. The interest rate swap agreements entered into in connection with the Original Senior Credit Facilities remained in effect following the Refinancing and will terminate on August 31, 2021. The notional amounts of the interest rate swap agreements decrease over time. LIBOR has been fixed at approximately 1.30% under each agreement. Each of the interest rate swap agreements have fixed payments due monthly that commenced January 31, 2017. The interest rate swap transactions qualify as cash flow hedges. As of December 31, 2018 and December 31, 2017, the interest rate swaps were marked-to-market, resulting in a net asset position to the Group in the amount of US$25.5 million and US$24.5 million, respectively, which was recorded as an asset with the effective portion of the gain deferred to other comprehensive income.

13. Loans and Borrowings *(continued)*

(a) Non-current Obligations *(continued)*

Deferred Financing Costs

The Group incurred US$18.5 million of deferred financing costs related to the Refinancing. Such costs have been deferred and offset against loans and borrowings to be amortized using the effective interest method over the life of the Senior Notes and New Senior Credit Facilities. The amortization of deferred financing costs under the Senior Notes and New Senior Credit Facilities, which is included in interest expense, amounted to US$2.1 million for the year ended December 31, 2018. Prior to the Refinancing, amortization of deferred financing costs under the Original Senior Credit Facilities, which was extinguished in April 2018, amounted to US$3.3 million and US$13.1 million for the years ended December 31, 2018 and December 31, 2017, respectively.

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

(b) Current Obligations and Credit Facilities

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

	December 31,	
(Expressed in millions of US Dollars)	**2018**	2017
Current portion of non-current loans and borrowings	**28.3**	69.3
New Revolving Credit Facility	**22.9**	—
Original Revolving Credit Facility	**—**	63.6
Other lines of credit	**29.5**	19.9
Finance lease obligations	**0.1**	0.1
Total current obligations	**80.9**	152.9

Revolving Facility

As of December 31, 2018, US$623.8 million was available to be borrowed on the New Revolving Credit Facility as a result of US$22.9 million of outstanding borrowings and the utilization of US$3.3 million of the facility for outstanding letters of credit extended to certain creditors. As of December 31, 2017, US$432.6 million was available to be borrowed on the Original Revolving Credit Facility as a result of US$63.6 million of outstanding borrowings and the utilization of US$3.8 million of the facility for outstanding letters of credit extended to certain creditors.

Other Loans and Borrowings

Certain consolidated subsidiaries of the Group maintain credit lines and other loans with various third party lenders in the regions in which they operate. Other loans and borrowings are generally variable rate instruments denominated in the functional currency of the borrowing Group entity. These credit lines provide short-term financing and working capital for the day-to-day business operations of the subsidiaries, including overdraft, bank guarantees, and trade finance facilities. The majority of the credit lines included in other loans and borrowings are uncommitted facilities. The total aggregate amount outstanding under the local facilities was US$29.5 million and US$19.9 million as of December 31, 2018 and December 31, 2017, respectively. The uncommitted available facilities amounted to US$109.1 million and US$114.4 million as of December 31, 2018 and December 31, 2017, respectively.

13. Loans and Borrowings *(continued)*

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

(Expressed in millions of US Dollars)	Liabilities		Equity			
	Loans and borrowings[(1)]	Other non-current liabilities	Share capital	Reserves	Non-controlling interests	Total
Balance at January 1, 2018	**1,897.9**	**90.4**	**14.2**	**1,777.3**	**40.9**	**3,820.7**
Changes from financing cash flows:						
Proceeds from issuance of Senior Notes and New Senior Credit Facilities	**1,922.9**	**—**	**—**	**—**	**—**	**1,922.9**
Payment and settlement of Original Senior Credit Facilities	**(1,869.7)**	**—**	**—**	**—**	**—**	**(1,869.7)**
Payments of New Term Loan Facilities	**(14.2)**	**—**	**—**	**—**	**—**	**(14.2)**
Payments from other current loans and borrowings, net	**(29.7)**	**—**	**—**	**—**	**—**	**(29.7)**
Payment of deferred financing costs	**(18.5)**	**—**	**—**	**—**	**—**	**(18.5)**
Proceeds from the exercise of share options	**—**	**—**	**0.1**	**26.4**	**—**	**26.5**
Cash distributions to equity holders	**—**	**—**	**—**	**(110.0)**	**—**	**(110.0)**
Dividend payments to non-controlling interests	**—**	**—**	**—**	**—**	**(14.7)**	**(14.7)**
Total changes from financing cash flows	**(9.2)**	**—**	**0.1**	**(83.6)**	**(14.7)**	**(107.4)**
The effect of changes in foreign exchange rates	**(28.4)**	**7.1**	**—**	**—**	**—**	**(21.3)**
Other changes:						
Liability-related						
Interest expense on financial liabilities, including amortization of deferred financing costs	**71.2**	**—**	**—**	**—**	**—**	**71.2**
Non-cash charge to derecognize deferred financing costs	**53.3**	**—**	**—**	**—**	**—**	**53.3**
Cash paid for interest	**(63.3)**	**—**	**—**	**—**	**—**	**(63.3)**
Change in fair value of put options	**—**	**(8.4)**	**—**	**—**	**—**	**(8.4)**
Net changes in defined benefit pension plan	**—**	**—**	**—**	**2.0**	**—**	**2.0**
Total other changes	**61.2**	**(8.4)**	**—**	**2.0**	**—**	**54.7**
Other movements in equity[(2)]	**—**	**—**	**—**	**237.8**	**17.2**	**255.0**
Balance at December 31, 2018	**1,921.5**	**89.0**	**14.3**	**1,933.5**	**43.3**	**4,001.7**

Notes

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

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

13. Loans and Borrowings *(continued)*

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

	Liabilities		Equity			
(Expressed in millions of US Dollars)	Loans and borrowings[1]	Other non-current liabilities	Share capital	Reserves	Non-controlling interests	Total
Balance at January 1, 2017	1,875.8	100.6	14.1	1,452.9	43.9	3,487.4
Changes from financing cash flows:						
Payments of Original Senior Credit Facilities prior to settlement	(45.8)	—	—	—	—	(45.8)
Proceeds from other current loans and borrowings, net	50.7	—	—	—	—	50.7
Acquisition of non-controlling interest	—	(15.2)	—	(11.7)	(4.9)	(31.9)
Payment of deferred financing costs	(5.4)	—	—	—	—	(5.4)
Proceeds from the exercise of share options	—	—	0.1	38.5	—	38.6
Cash distributions to equity holders	—	—	—	(97.0)	—	(97.0)
Dividend payments to non-controlling interests	—	—	—	—	(22.0)	(22.0)
Total changes from financing cash flows	(0.5)	(15.2)	0.1	(70.2)	(27.0)	(112.8)
The effect of changes in foreign exchange rates	8.7	5.0	—	47.6	2.7	64.1
Other changes:						
Liability-related						
Business combinations, net of cash acquired	—	0.2	—	—	—	0.2
Interest expense on financial liabilities, including amortization of deferred financing costs	80.2	—	—	—	—	80.2
Cash paid for interest	(66.3)	—	—	—	—	(66.3)
Change in fair value of put options	—	3.0	—	—	—	3.0
Net changes in defined benefit pension plan	—	(3.2)	—	(2.0)	—	(5.2)
Total other changes	13.9	—	—	(2.0)	—	11.8
Other movements in equity[2]	—	—	—	348.9	21.2	370.1
Balance at December 31, 2017	1,897.9	90.4	14.2	1,777.3	40.9	3,820.7

Notes

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

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

14. Employee Benefits

Employee benefits expense, which consists of payroll, bonuses, pension plan expenses, share-based payments and other benefits, amounted to US$532.1 million and US$496.0 million for the years ended December 31, 2018 and December 31, 2017, respectively. Of these amounts, US$41.1 million and US$36.9 million was included in cost of sales during the years ended December 31, 2018 and December 31, 2017, respectively. The remaining amounts were presented in distribution expenses and general and administrative expenses.

Share-based compensation expense of US$13.8 million and US$20.9 million was recognized in the consolidated income statements, with a corresponding increase in equity reserves, for the years ended December 31, 2018 and December 31, 2017, respectively.

Average employee headcount worldwide was approximately 14,020 and 12,990 (unaudited), respectively, for the years ended December 31, 2018 and December 31, 2017, respectively.

14. Employee Benefits *(continued)*

(a) Share-based Payment Arrangements

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

As of February 28, 2019 (the "Latest Practicable Date"), the maximum aggregate number of shares in respect of which awards may be granted pursuant to the Share Award Scheme is 32,953,097 shares, representing approximately 2.3% of the issued share capital of the Company at that date. An individual participant may be granted awards pursuant to the Share Award Scheme in respect of a maximum of 1% of the Company's total issued shares in any 12-month period. Any grant of awards to an individual participant in excess of this limit is subject to independent shareholder's approval.

Share Options

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

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

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

(c) the nominal value of the shares.

On October 11, 2018, the Company granted share options exercisable for 8,565,676 ordinary shares to an executive director of the Company, certain key management personnel and other employees of the Group with an exercise price of HK$27.06 per share. Such options are subject to graded ("*pro rata*") vesting over a four-year period from the date of grant, with 25% of the options vesting on each anniversary of the date of the grant, subject to the grantee continuing to be employed by, or continuing to provide services to, the Group on the applicable vesting date. Such options have a 10-year term.

On December 4, 2018, the Company granted share options exercisable for 1,194,180 ordinary shares to an employee of the Group with an exercise price of HK$25.00 per share. Such options are subject to *pro rata* vesting over a four-year period from the date of the grant, with 25% of the options vesting on each anniversary of the date of the grant, subject to the grantee continuing to be employed by, or continuing to provide services to, the Group on the applicable vesting date. Such options have a 10-year term.

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

14. Employee Benefits *(continued)*

(a) Share-based Payment Arrangements *(continued)*

Share Options *(continued)*

The following inputs were used in the measurement of the fair value at grant date of the share-based payment for the share options exercisable for 8,565,676 shares that were granted on October 11, 2018:

Fair value at grant date	HK$5.44
Share price at grant date	HK$23.95
Exercise price	HK$27.06
Expected volatility (weighted average volatility)	31.9%
Option life (expected weighted average life)	6.25 years
Expected dividends	2.5%
Risk-free interest rate (based on government bonds)	2.4%

The following inputs were used in the measurement of the fair value at grant date of the share-based payment for the share options exercisable for 1,194,180 shares that were granted on December 4, 2018:

Fair value at grant date	HK$6.71
Share price at grant date	HK$25.00
Exercise price	HK$25.00
Expected volatility (weighted average volatility)	32.4%
Option life (expected weighted average life)	6.25 years
Expected dividends	2.4%
Risk-free interest rate (based on government bonds)	2.3%

Particulars and movements of share options during the years ended December 31, 2018 and December 31, 2017 were as follows:

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

	Number of options	Weighted-average exercise price
Outstanding at January 1, 2017	70,989,059	HK$22.93
Granted during the year	25,820,736	HK$31.10
Exercised during the year	(10,522,201)	HK$20.75
Canceled/lapsed during the year	(1,361,736)	HK$26.94
Outstanding at December 31, 2017	84,925,858	HK$25.61
Exercisable at December 31, 2017	20,818,997	HK$21.81

14. Employee Benefits *(continued)*

(a) Share-based Payment Arrangements *(continued)*

Share Options *(continued)*

At December 31, 2018, the range of exercise prices for outstanding share options was HK$17.36 to HK$31.10 with a weighted average contractual life of 7.3 years. At December 31, 2017, the range of exercise prices for outstanding share options was HK$17.36 to HK$31.10 with a weighted average contractual life of 7.8 years.

Restricted Share Units ("RSUs")

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

Time-based Restricted Share Units

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

On October 11, 2018, the Company awarded TRSUs with respect to 4,431,075 shares to an executive director of the Company, certain key management personnel and other employees of the Group.

On December 4, 2018, the Company awarded TRSUs with respect to 462,762 shares to an employee of a subsidiary of the Company.

A summary of TRSU activity during the year ended December 31, 2018 was as follows:

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

Performance-based Restricted Share Units

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

14. Employee Benefits *(continued)*

(a) Share-based Payment Arrangements *(continued)*

Performance-based Restricted Share Units *(continued)*

On October 11, 2018, the Group granted PRSUs with respect to a target number of 1,406,918 shares to an executive director and certain members of the Company's senior management team assuming target level achievement of the performance conditions applicable to the PRSU grants. The performance targets cover the three-year (fiscal) period ending December 31, 2020. The actual number of shares that will vest under the PRSUs will vary depending on the level of achievement of the performance conditions applicable to the PRSU grants made to the relevant grantees, thereby ensuring that the actual payout is linked to the Company's performance. The maximum number of shares underlying the PRSUs is 2,813,838 shares. The PRSUs granted on October 11, 2018 will vest on October 11, 2021, subject to the achievement of the performance conditions and subject to the applicable grantee continuing to be employed by, or continuing to provide services to, the Group on the vesting date.

On December 4, 2018, the Group granted PRSUs with respect to a target number of 157,448 shares to an employee of a subsidiary of the Company assuming target level achievement of the performance conditions applicable to the PRSU grant. The performance targets cover the three-year (fiscal) period ending December 31, 2020. The actual number of shares that will vest under the PRSUs will vary depending on the level of achievement of the performance conditions applicable to the PRSU grant made to the grantee, thereby ensuring that the actual payout is linked to the Company's performance. The maximum number of shares underlying the PRSUs is 314,896 shares. The PRSUs granted on December 4, 2018 will vest on December 4, 2021, subject to the achievement of the performance conditions and subject to the grantee continuing to be employed by the Group on the vesting date.

A summary of PRSU activity during the year ended December 31, 2018 was as follows:

	Number of PRSUs	**Weighted-average Fair Value per PRSU**
Outstanding at January 1, 2018	—	—
Granted during the year	**1,564,366**	**HK$17.91**
Increase (decrease) due to performance condition achievement	—	—
Vested during the year	—	—
Canceled/lapsed during the year	—	—
Outstanding at December 31, 2018	**1,564,366**	**HK$17.91**

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

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

14. Employee Benefits *(continued)*

(b) Defined Benefit Plans and Schemes

Plan Descriptions

The Group sponsors various pension and other post-retirement plans in certain jurisdictions. As of December 31, 2018 and December 31, 2017, the total unfunded liability recognized for such plans amounted to US$22.8 million and US$24.0 million, respectively. Details of the significant plans are presented below.

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

A U.S. subsidiary of the Group also provides a health care and life insurance benefits plan, the Samsonite Post-retirement Welfare Plan (the "SPWP Plan"), which covers certain retired employees who meet certain age and years of service eligibility requirements. The SPWP Plan was closed to new entrants with regards to life insurance benefits effective January 1, 2009 and was closed to new entrants with regards to medical benefits effective December 31, 2009. Eligible retirees are required to contribute to the costs of post-retirement benefits. The Group's other post-retirement benefits are not vested and the Group has the right to modify any benefit provision, including contribution requirements, with respect to any current or former employee, dependent or beneficiary. As of December 31, 2018 and December 31, 2017, the percentage of health insurance cost that the retiree must contribute was 100%.

The U.S. plans are administered by trustees, which are independent of the Group, with any applicable assets held separately from those of the Group. These plans are funded by contributions from the Group in accordance with an independent actuary's recommendation based on annual actuarial valuations. The latest independent actuarial valuations of the plans were as of December 31, 2018 and were prepared by independent qualified actuaries, who are members of the Society of Actuaries of the United States of America, using the projected unit credit method.

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

The actuarial valuations indicate that the Group's obligations under the SERP Plan, the SPWP Plan and the Belgian Plan were US$2.0 million, US$1.5 million and US$14.3 million, respectively, as of December 31, 2018, none of which was funded by plan assets. As of December 31, 2017, based on actuarial valuations, the Group's obligations under the SERP Plan, the SPWP Plan and the Belgian Plan were US$2.2 million, US$1.6 million and US$13.9 million, respectively, none of which was funded by plan assets.

Remeasurements to the Group's retirement plans can include the effect of changes in demographic assumptions, the effect of changes in financial assumptions and the effect of experience adjustments, all of which are recognized in other comprehensive income ("OCI"). For the year ended December 31, 2018 remeasurements to the SERP Plan, the SPWP Plan and the Belgian Plan were US$2.9 million, US$(4.4) million and US$2.6 million, respectively. For the year ended December 31, 2017, remeasurements recognized in OCI to the SERP Plan, the SPWP Plan and the Belgian Plan were US$3.0 million, US$(4.2) million and US$2.3 million, respectively.

14. Employee Benefits *(continued)*

(b) Defined Benefit Plans and Schemes *(continued)*

Plan Descriptions *(continued)*

The total net periodic benefit cost (gain), including service cost (gain) and interest expense on defined benefit obligation, is recognized in the consolidated income statements. For the year ended December 31, 2018, total net periodic benefit cost amounted to US$0.1 million for the SERP Plan, US$0.0 million for the SPWP Plan and US$1.1 million for the Belgian Plan. For the year ended December 31, 2017, the total net periodic benefit cost (gain) was US$(4.3) million for the SERP Plan, US$0.1 million for the SPWP Plan and US$1.0 million for the Belgian Plan.

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

	SERP Plan	SPWP Plan	Belgian Plan
2018			
Weighted average assumptions used to determine benefit obligations as of December 31:			
Discount rate	**4.10%**	**4.06%**	**1.60%**
Rate of price inflation	**N/A**	**N/A**	**1.75%**
Weighted average assumptions used to determine net periodic benefit cost for the year ended December 31:			
Discount rate	**3.46%**	**3.43%**	**1.50%**
2017			
Weighted average assumptions used to determine benefit obligations as of December 31:			
Discount rate	3.46%	3.43%	1.50%
Rate of price inflation	N/A	N/A	1.75%
Weighted average assumptions used to determine net periodic benefit cost for the year ended December 31:			
Discount rate	3.89%	3.82%	1.40%

14. Employee Benefits *(continued)*

(c) Defined Contribution Plan

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

In connection with this plan, the Group recognized an expense of US$5.2 million and US$4.7 million for the years ended December 31, 2018 and December 31, 2017, respectively. Forfeited contributions were inconsequential for the periods presented.

(d) Samsonite LLC's U.S. Pension Plan Settlement Agreement

As of December 31, 2017, Samsonite LLC (a U.S. subsidiary of the Group) and the Pension Benefit Guaranty Corporation ("PBGC") were party to a Settlement Agreement under which PBGC was granted an equal and ratable lien on certain domestic assets of Samsonite LLC and certain of its U.S. subsidiaries (excluding any equity interests in subsidiaries and any inventory or accounts receivable of Samsonite LLC or its U.S. subsidiaries), together with Samsonite's intellectual property rights in the U.S. and Samsonite's rights under licenses of such intellectual property to affiliates or third parties. The PBGC's lien, which was in the amount of US$39.3 million, was equal and ratable with the lien granted over such assets to Samsonite's senior secured lenders. Other provisions of the agreement restricted the transfer of U.S. assets outside of the ordinary course of business. During 2018, the Settlement Agreement was terminated and the liens granted thereunder were released as a result of the successful liquidation of the Samsonite LLC U.S. pension plan.

15. Commitments

(a) Capital Commitments

Capital commitments outstanding as of December 31, 2018 and December 31, 2017 were US$39.5 million and US$11.4 million, respectively, which were not recognized as liabilities in the consolidated statements of financial position as they have not met the recognition criteria.

(b) Operating Lease Commitments

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

	December 31,	
(Expressed in millions of US Dollars)	**2018**	2017
Within one year	**192.8**	158.9
After one year but within two years	**160.5**	131.7
After two years but within five years	**291.4**	249.9
More than five years	**135.6**	151.2
Total operating lease commitments	**780.3**	691.7

Certain of the leases are renewable at the Group's option. Certain of the leases also contain rent escalation clauses that require additional rents in later years of the lease term, which are recognized on a straight-line basis over the lease term.

Rental expense under cancellable and non-cancellable operating leases amounted to US$234.3 million and US$207.4 million for the years ended December 31, 2018 and December 31, 2017, respectively. Certain of the retail leases provide for additional rent payments based on a percentage of sales. These additional rent payments amounted to US$3.1 million and US$3.4 million for the years ended December 31, 2018 and December 31, 2017, respectively, and are included in rent expense.

16. Contingent Liabilities

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

The Group did not settle any material litigation during the years ended December 31, 2018 or December 31, 2017.

17. Trade and Other Payables

(Expressed in millions of US Dollars)	December 31, 2018	2017
Accounts payable	**525.4**	554.0
Other payables and accruals	**161.5**	173.7
Other tax payables	**12.4**	9.3
Total trade and other payables	**699.2**	737.0

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

(Expressed in millions of US Dollars)	December 31, 2018	2017
Current	**388.0**	432.1
0–30 days past due	**38.0**	25.7
Greater than 30 days past due	**6.5**	3.5
Total trade payables	**432.4**	461.3

18. Income Taxes

(a) Taxation in the Consolidated Income Statements

Taxation in the consolidated income statements for the years ended December 31, 2018 and December 31, 2017 consisted of the following:

(Expressed in millions of US Dollars)	Year ended December 31, 2018	2017
Current tax (expense) benefit — Hong Kong Profits Tax:		
Current period	**(3.7)**	0.6
Current tax expense — foreign:		
Current period	**(85.7)**	(116.1)
Adjustment for prior periods	**(5.5)**	(3.8)
Total current tax (expense) benefit — foreign	**(91.2)**	(120.0)
Total current tax (expense) benefit	**(94.9)**	(119.3)
Deferred tax (expense) benefit:		
Origination and reversal of temporary differences	**7.0**	26.4
Change in tax rate	**1.2**	118.8
Change in recognized temporary differences	**—**	(1.7)
Total deferred tax (expense) benefit	**8.2**	143.5
Total income tax (expense) benefit	**(86.7)**	24.2

18. Income Taxes *(continued)*

(a) Taxation in the Consolidated Income Statements *(continued)*

For the year ended December 31, 2018, the Group recorded income tax expense of US$86.7 million compared to an income tax benefit of US$24.2 million for the year ended December 31, 2017. For the year ended December 31, 2017, the Group had recorded a non-cash income tax benefit of US$118.8 million in conjunction with the U.S. tax reform that was enacted in December 2017 (the "2017 U.S. Tax Reform"). This benefit resulted from the application of the reduced U.S. corporate income tax of 21% (from 35%) to the net deferred tax liability balance. In addition, the Group incurred a tax expense of US$7.6 million associated with a legal entity reorganization following the Tumi acquisition. Together with the 2017 U.S. Tax Reform, these items resulted in a net tax benefit to the Group of US$111.2 million (the "2017 Net Tax Benefits"). Excluding 2017 Net Tax Benefits, the Group's effective tax rate for the year ended December 31, 2017 was 26.3%.

The Group's consolidated effective tax rate for operations was a tax expense (benefit) of 25.2% and (7.3)% for the years ended December 31, 2018 and December 31, 2017, respectively. The effective tax rate is calculated using a weighted average income tax rate from those jurisdictions in which the Group is subject to tax, adjusted for permanent book/tax differences, tax incentives, changes in tax reserves and changes in unrecognized deferred tax assets.

The provision for Hong Kong Profits Tax for the years ended December 31, 2018 and December 31, 2017 was calculated at an effective tax rate of 16.5% of the estimated assessable profits for the year. Taxation for overseas subsidiaries was charged at the appropriate current rates of taxation in the relevant countries.

2017 U.S. Tax Reform Impact:

The Group conducted a comprehensive review of the overall impact of the 2017 U.S. Tax Reform. For 2017, the Group applied the income tax rate reduction to deferred tax assets ("DTAs") and deferred tax liabilities ("DTLs") the impact of which is described above. The transition tax, repatriation of offshore earnings, was deemed immaterial for 2017. For the years after 2017, the Group will be subject to the Foreign Derived Intangible Income ("FDII") regulations, the Global Intangible Low Taxed Income ("GILTI") provisions, the Interest Limitations regulations and the Base Erosion and Anti-Avoidance Tax ("BEAT") regulations.

18. Income Taxes *(continued)*

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

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2018**	2017
Profit for the year	**257.2**	355.4
Total income tax (expense) benefit	**(86.7)**	24.2
Profit before income tax	**343.9**	331.2
Income tax expense using the Group's applicable tax rate	**(86.0)**	(89.8)
Tax incentives	**31.2**	29.4
Change in tax rates	**1.2**	118.8
Change in tax reserves	**(0.9)**	(6.3)
Permanent differences	**(4.0)**	(13.4)
Change in tax effect of undistributed earnings	**1.4**	(1.1)
Current year losses for which no deferred tax assets are recognized	**(5.8)**	(4.6)
Recognition of previously unrecognized tax losses	**0.6**	1.2
Change in recognized temporary differences	**—**	1.7
Share-based compensation	**(9.6)**	5.3
Tax expense associated with a legal entity reorganization	**—**	(7.6)
Withholding taxes	**(6.4)**	(6.0)
Other	**(2.9)**	0.4
Over (under) provided in prior periods	**(5.5)**	(3.8)
	(86.7)	24.2

The provision for taxation for the years ended December 31, 2018 and December 31, 2017 was calculated using the Group's applicable tax rate of 25.0% and 27.1%, respectively. The applicable rate was based on the Group's weighted average worldwide tax rate.

Uncertain Tax Positions

In the ordinary course of business, the Group is subject to various forms of tax examination and audits. The facts and circumstances relating to particular examinations are evaluated in determining whether it is more likely than not that there will be a future outflow of funds and, once established, whether a tax reserve relating to specific uncertain tax positions is required. The Group records tax reserves based on its past experience and on facts and circumstances known at each reporting date. The provision charge and applicable interest and penalties are recognized within current income tax expense in the consolidated income statements.

18. Income Taxes *(continued)*

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

(Expressed in millions of US Dollars)	**Year ended December 31, 2018** Before tax	Income tax (expense) benefit	Net of tax	Year ended December 31, 2017 Before tax	Income tax (expense) benefit	Net of tax
Remeasurements on benefit plans	**2.0**	**(0.6)**	**1.4**	(1.6)	0.5	(1.1)
Foreign exchange forward contracts	**6.4**	**(1.8)**	**4.6**	(6.2)	1.9	(4.3)
Interest rate swaps	**1.0**	**(0.3)**	**0.7**	8.3	(1.6)	6.7
Foreign currency translation differences for foreign operations	**(7.6)**	**—**	**(7.6)**	50.4	—	50.4
	1.8	**(2.7)**	**(0.9)**	50.9	0.8	51.7

(d) Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities were attributable to the following:

(Expressed in millions of US Dollars)	**December 31, 2018**	2017
Deferred tax assets:		
Allowance for doubtful accounts	**1.5**	2.4
Inventories	**11.7**	11.1
Property, plant and equipment	**3.4**	4.9
Pension and post-retirement benefits	**7.8**	8.6
Share-based compensation	**0.6**	12.0
Tax losses	**13.4**	15.9
Reserves	**32.0**	34.4
Financing charges(1)	**10.3**	—
Other	**2.2**	6.4
Set off of tax(2)	**(49.7)**	(29.2)
Total gross deferred tax assets	**33.2**	66.5
Deferred tax liabilities:		
Property, plant and equipment	**(0.9)**	(9.5)
Intangible assets	**(325.0)**	(327.6)
Other	**(10.3)**	(13.0)
Set off of tax(2)	**49.7**	29.2
Total gross deferred tax liabilities	**(286.5)**	(320.9)
Net deferred tax liability	**(253.3)**	(254.4)

Notes

(1) Relates to deferred financing charges and interest expense limitation.

(2) Relates to jurisdictional netting of deferred tax assets and liabilities.

18. Income Taxes *(continued)*

(d) Deferred Tax Assets and Liabilities (continued)

The movement in temporary differences for the years ended December 31, 2018 and December 31, 2017 was:

(Expressed in millions of US Dollars)	Balance, December 31, 2017	**Recognized in profit or loss**	**Recognized in equity[2]**	**Other[3]**	**Balance, December 31, 2018**
Allowance for doubtful accounts	2.4	**(0.8)**	**—**	**(0.1)**	**1.5**
Inventories	11.1	**0.7**	**—**	**(0.1)**	**11.7**
Property, plant and equipment	(4.6)	**7.0**	**—**	**0.1**	**2.5**
Intangible assets	(327.6)	**2.8**	**—**	**(0.2)**	**(325.0)**
Pension and post-retirement benefits	8.6	**(0.1)**	**(0.6)**	**(0.1)**	**7.8**
Share-based compensation	12.0	**(7.3)**	**(4.1)**	**—**	**0.6**
Tax losses	15.9	**(1.8)**	**—**	**(0.7)**	**13.4**
Reserves	34.4	**(2.1)**	**—**	**(0.3)**	**32.0**
Financing charges[1]	—	**10.3**	**—**	**—**	**10.3**
Other	(6.6)	**(0.5)**	**(2.1)**	**1.0**	**(8.2)**
Net deferred tax asset (liability)	(254.4)	**8.2**	**(6.8)**	**(0.4)**	**(253.3)**

Notes

(1) Relates to deferred financing charges and interest expense limitation.

(2) Income tax expense of US($2.7) million recognized in other comprehensive income and the tax effect of outstanding stock options of US($4.1) million recognized in other reserves in the consolidated statements of changes in equity.

(3) Other comprises primarily foreign exchange rate effects.

(Expressed in millions of US Dollars)	Balance, December 31, 2016	Recognized in profit or loss	Purchase accounting	Recognized in equity[1]	Other[2]	Balance, December 31, 2017
Allowance for doubtful accounts	2.5	(0.3)	—	—	0.2	2.4
Inventories	11.6	(1.1)	0.3	—	0.3	11.1
Property, plant and equipment	(13.3)	8.9	0.1	—	(0.3)	(4.6)
Intangible assets	(451.4)	143.8	(20.0)	—	—	(327.6)
Pension and post-retirement benefits	10.7	(3.2)	—	0.5	0.6	8.6
Share-based compensation	1.3	6.5	—	4.1	0.1	12.0
Tax losses	3.2	(3.2)	15.9	—	—	15.9
Reserves	43.5	(10.6)	1.0	—	0.5	34.4
Other	(8.6)	2.7	—	0.3	(1.0)	(6.6)
Net deferred tax asset (liability)	(400.5)	143.5	(2.7)	4.9	0.4	(254.4)

Notes

(1) Income tax benefit of US$0.8 million recognized in other comprehensive income and the tax effect of outstanding stock options of US$4.1 million recognized in other reserves in the consolidated statements of changes in equity.

(2) Other comprises primarily foreign exchange rate effects.

18. Income Taxes *(continued)*

(d) Deferred Tax Assets and Liabilities *(continued)*

Unrecognized Deferred Tax Assets

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

(Expressed in millions of US Dollars)	**December 31, 2018**	2017
Deductible temporary differences	**1.8**	5.9
Tax losses	**68.9**	63.7
Balance at end of year	**70.7**	69.6

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

Available tax losses (recognized and unrecognized):

(Expressed in millions of US Dollars)	**December 31, 2018**	2017
North America	**30.3**	38.0
Asia	**3.6**	2.1
Europe	**34.9**	42.3
Latin America	**50.6**	41.8
Total	**119.4**	124.2

Tax losses expire in accordance with local country tax regulations. North American losses will expire beginning in 2020, Asian losses will expire starting in 2024. European losses will expire beginning in 2020. Latin American losses will expire beginning in 2019.

Unrecognized Deferred Tax Liabilities

As of December 31, 2018 and December 31, 2017, a deferred tax liability of US$31.9 million and US$27.2 million, respectively, related to investments in subsidiaries is not recognized because the Group controls whether the liability will be incurred and it is satisfied that the temporary difference will not be reversed in the foreseeable future.

19. Finance Income and Finance Costs

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

(Expressed in millions of US Dollars)	Year ended December 31, 2018	2017
Recognized in income or loss:		
Interest income on bank deposits	**1.0**	1.3
Total finance income	**1.0**	1.3
Interest expense on financial liabilities measured at amortized cost	**(65.8)**	(67.1)
Amortization of deferred financing costs associated with Original Senior Credit Facilities	**(3.3)**	(13.1)
Amortization of deferred financing costs associated with New Senior Credit Facilities	**(2.1)**	—
Derecognition of remaining deferred financing costs associated with Original Senior Credit Facilities	**(53.3)**	—
Change in fair value of put options	**8.4**	(3.0)
Net foreign exchange loss	**(4.9)**	(6.0)
Other finance costs	**(3.6)**	(4.8)
Total finance costs	**(124.5)**	(93.9)
Net finance costs recognized in profit or loss	**(123.5)**	(92.6)
Recognized in other comprehensive income (loss):		
Foreign currency translation differences for foreign operations	**(7.6)**	50.4
Changes in fair value of foreign exchange forward contracts	**6.4**	(6.2)
Changes in fair value of interest rate swaps	**1.0**	8.3
Income tax on finance income and finance costs recognized in other comprehensive income	**(2.1)**	0.3
Net finance costs recognized in total other comprehensive income, net of tax	**(2.3)**	52.8
Attributable to:		
Equity holders of the Company	**1.1**	50.1
Non-controlling interests	**(3.4)**	2.7

20. Expenses

Profit before income tax was arrived at after recognizing the following expenses for the years ended December 31, 2018 and December 31, 2017:

(Expressed in millions of US Dollars)	Year ended December 31, 2018	2017
Depreciation of fixed assets	**85.7**	85.1
Amortization of intangible assets	**35.6**	32.8
Auditors' remuneration	**6.9**	6.5
Research and development	**32.6**	29.9
Operating lease charges in respect of properties	**234.3**	207.4

20. Expenses *(continued)*

The fees in relation to the audit and related services for the years ended December 31, 2018 and December 31, 2017 provided by KPMG LLP and its foreign member firms, the external auditors of the Group, were as follows:

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2018**	2017
Annual audit and interim review services	**5.9**	5.3
Permitted tax services	**1.0**	1.1
Other non-audit related services	**—**	0.2
Total	**6.9**	6.5

21. Financial Risk Management and Financial Instruments

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

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

(a) Risk Management

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

(b) Exposure to Credit Risk

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

Trade and Other Receivables

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

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

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

21. Financial Risk Management and Financial Instruments *(continued)*

(b) Exposure to Credit Risk *(continued)*

Trade and Other Receivables *(continued)*

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

(Expressed in millions of US Dollars)	December 31, 2018	2017
Trade and other receivables	**420.9**	411.5

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

(Expressed in millions of US Dollars)	December 31, 2018	2017
North America	**153.6**	142.4
Asia	**156.7**	162.4
Europe	**58.8**	63.3
Latin America	**28.9**	25.1
Total trade receivables	**397.9**	393.3

(c) Exposure to Liquidity Risk

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

The Group's primary sources of liquidity are its cash flows from operating activities, invested cash, available lines of credit (note 13(b)) and, subject to shareholder approval, its ability to issue additional shares. The Group believes that its existing cash and estimated cash flows, along with current working capital, will be adequate to meet the operating and capital requirements of the Group for at least the next twelve months.

The following table illustrates the contractual maturities of the Group:

	December 31, 2018					
(Expressed in millions of US Dollars)	Carrying amount	Contractual cash flows	Less than one year	1–2 years	2–5 years	More than 5 years
Non-derivative financial liabilities:						
Trade and other payables	**699.2**	**699.2**	**699.2**	**—**	**—**	**—**
New Term Loan Facilities	**1,479.3**	**1,479.3**	**27.4**	**37.7**	**785.9**	**628.4**
Senior Notes	**401.5**	**401.5**	**—**	**—**	**—**	**401.5**
Other long-term debt	**2.3**	**2.3**	**1.0**	**1.0**	**0.3**	**—**
New Revolving Credit Facility	**22.9**	**22.9**	**22.9**	**—**	**—**	**—**
Other lines of credit	**29.5**	**29.5**	**29.5**	**—**	**—**	**—**
Finance lease obligations	**0.3**	**0.3**	**0.1**	**0.1**	**0.1**	**—**
Derivative financial instruments:						
Interest rate swap agreements — assets	**25.5**	**30.2**	**13.0**	**11.1**	**6.1**	**—**
Foreign exchange forward contracts — assets	**3.7**	**104.0**	**104.0**	**—**	**—**	**—**
Other:						
Minimum operating lease payments	**—**	**780.3**	**192.8**	**160.5**	**291.4**	**135.6**

21. Financial Risk Management and Financial Instruments *(continued)*

(c) Exposure to Liquidity Risk (continued)

(Expressed in millions of US Dollars)	December 31, 2017 Carrying amount	Contractual cash flows	Less than one year	1–2 years	2–5 years	More than 5 years
Non-derivative financial liabilities:						
Trade and other payables	737.0	737.0	737.0	—	—	—
Original Term Loan Facilities	1,869.7	1,869.7	69.3	77.1	1,090.6	632.8
Original Revolving Credit Facility	63.6	63.6	63.6	—	—	—
Other lines of credit	19.9	19.9	19.9	—	—	—
Finance lease obligations	0.3	0.3	0.1	0.1	0.1	—
Derivative financial instruments:						
Interest rate swap agreements — assets	24.5	44.8	14.6	13.0	17.2	—
Foreign exchange forward contracts — liabilities	2.1	117.4	117.4	—	—	—
Other:						
Minimum operating lease payments	—	691.7	158.9	131.7	249.9	151.2

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

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

(Expressed in millions of US Dollars)	**Carrying amount**	**Expected cash flows**	**Less than one year**	**1–2 years**	**2–5 years**	**More than 5 years**
December 31, 2018						
Interest rate swap agreements — assets	**25.5**	**30.2**	**13.0**	**11.1**	**6.1**	**—**
Foreign exchange forward contracts — assets	**3.7**	**104.0**	**104.0**	**—**	**—**	**—**
December 31, 2017						
Interest rate swap agreements — assets	24.5	44.8	14.6	13.0	17.2	—
Foreign exchange forward contracts — liabilities	2.1	117.4	117.4	—	—	—

(d) Exposure to Market Risk

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

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

(i) Currency Risk

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

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

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

21. Financial Risk Management and Financial Instruments *(continued)*

(d) *Exposure to Market Risk* *(continued)*

(i) Currency Risk *(continued)*

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

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

	December 31, 2017				
	Euro (Euro millions)	Renminbi (RMB millions)	Indian Rupee (INR millions)	Won (KRW millions)	Yen (JPY millions)
Cash	35.8	153.2	420.1	13,901.9	672.3
Trade and other receivables, net	44.7	194.9	1,791.4	27,163.4	2,214.0
Intercompany receivables (payables)	(16.3)	(27.3)	73.1	(7,933.8)	(560.9)
Trade and other payables	(90.0)	(199.6)	(1,362.8)	(6,792.5)	(410.7)
Statement of financial position exposure	(25.8)	121.3	921.8	26,339.0	1,914.7

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

	Average rate		**Reporting date spot rate**	
	2018	2017	**2018**	2017
Euro	**1.1799**	1.1325	**1.1471**	1.1998
Renminbi	**0.1512**	0.1481	**0.1454**	0.1537
Indian Rupee	**0.0147**	0.0154	**0.0144**	0.0157
Korean Won	**0.0009**	0.0009	**0.0009**	0.0009
Japanese Yen	**0.0091**	0.0089	**0.0091**	0.0089

21. Financial Risk Management and Financial Instruments *(continued)*

(d) Exposure to Market Risk *(continued)*

(i) Currency Risk *(continued)*

Foreign Currency Sensitivity Analysis

If each of the above currencies that more significantly affect the Group's financial performance had strengthened by 10% against the US Dollar, profit for the years ended December 31, 2018 and December 31, 2017 and equity as of December 31, 2018 and December 31, 2017 would have increased by:

	Profit for the year ended December 31,		**Equity as of December 31,**	
(Expressed in millions of US Dollars)	**2018**	2017	**2018**	2017
Euro	**4.2**	4.1	**30.2**	29.0
Renminbi	**2.0**	2.7	**4.4**	5.5
Indian Rupee	**2.0**	1.6	**4.9**	4.6
Korean Won	**1.3**	1.7	**5.7**	4.8
Japanese Yen	**0.7**	0.4	**5.3**	4.5

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

(ii) Interest Rate Risk

The Group monitors its exposure to changes in interest rates on borrowings on variable rate debt instruments. From time to time, the Group enters into interest rate swap agreements to manage interest rate risk. See note 13(a) for further details on interest rate swaps in effect during the period.

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

	December 31,	
(Expressed in millions of US Dollars)	**2018**	2017
Variable rate instruments:		
Financial assets	**10.6**	3.7
Financial liabilities[1]	**(1,531.8)**	(1,953.2)
Total variable rate instruments	**(1,521.2)**	(1,949.5)
Fixed rate instruments:		
Interest rate swap agreements — assets	**25.5**	24.5
Financial liabilities[2]	**(403.8)**	—
Total fixed rate instruments	**(378.3)**	24.5

Notes

(1) Comprised the Senior Credit Facilities.

(2) Primarily comprised the Senior Notes.

21. Financial Risk Management and Financial Instruments *(continued)*

(d) Exposure to Market Risk *(continued)*

(ii) Interest Rate Risk *(continued)*

Sensitivity Analysis for Variable Rate Instruments

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

If the benchmark interest rates on each of the Original Term Loan A Facility, Original Term Loan B Facility and Original Revolving Credit Facility increased by 100 basis points, with all other variables held constant, profit for the year would have decreased by US$14.5 million for the year ended December 31, 2017 and equity would have decreased by US$14.5 million as of December 31, 2017. A 100 basis point decrease in interest rates under each of the Original Term Loan A Facility, Original Term Loan B Facility and Original Revolving Credit Facility would have an equal, but opposite impact to profit for the year and equity as of this reporting date.

Fair Value Sensitivity Analysis for Fixed Rate Instruments

The Group does not designate interest rate swap agreements as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the end of the reporting period would not affect profit or loss for fixed-rate instruments.

(e) Capital Management

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

The Group's capital needs are primarily managed through cash and cash equivalents (note 11), trade and other receivables (note 10), inventories (note 9), property plant and equipment (note 6), trade and other payables (note 17) and loans and borrowings (note 13).

(f) Fair Value Versus Carrying Amounts

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

(g) Fair Value of Financial Instruments

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

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

21. Financial Risk Management and Financial Instruments *(continued)*

(g) Fair Value of Financial Instruments *(continued)*

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

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

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

Derivatives

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

Redeemable Non-controlling Interests

The Group has entered into agreements that include put and call option arrangements to sell and to acquire non-controlling interests in certain majority-owned subsidiaries exercisable at fair value at certain predetermined dates. Pursuant to these agreements, the Group has call options to acquire the remaining shares owned by the non-controlling interest holders and these non-controlling interest holders have put options to sell their ownership in these subsidiaries to the Group. In addition, the Group has the right to buy-out these non-controlling interests in the event of termination of the underlying agreements. The table of contractual maturities (note 21(c)) above does not include amounts for the repurchase of non-controlling interests as they do not represent contractual maturities.

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

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

21. Financial Risk Management and Financial Instruments *(continued)*

(g) *Fair Value of Financial Instruments* (continued)

(Expressed in millions of US Dollars)	December 31, 2017	Fair value measurements at reporting date using Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Cash and cash equivalents	344.5	344.5	—	—
Interest rate swap agreements	24.5	—	24.5	—
Total assets	368.9	344.5	24.5	—
Liabilities:				
Non-controlling interest put options	55.7	—	—	55.7
Foreign currency forward contracts	2.1	2.1	—	—
Total liabilities	57.8	2.1	—	55.7

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

Certain non-U.S. subsidiaries of the Group periodically enter into forward contracts related to the purchase of inventory denominated primarily in USD which are designated as cash flow hedges. The hedging effectiveness was evaluated in accordance with IFRS 9, *Financial Instruments*. The fair value of these instruments was an asset of US$3.7 million and a liability of US$2.1 million as of December 31, 2018 and December 31, 2017, respectively.

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

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

21. Financial Risk Management and Financial Instruments *(continued)*

(g) Fair Value of Financial Instruments (continued)

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

(Expressed in millions of US Dollars)	
Balance at January 1, 2017	64.7
Change in fair value included in equity	3.2
Change in fair value included in finance costs	3.0
Acquisition of non-controlling interest	(15.2)
Balance at December 31, 2017 and January 1, 2018	55.7
Change in fair value included in equity	**9.1**
Change in fair value included in finance costs	**(8.4)**
Balance at December 31, 2018	**56.3**

For the fair value of put options, reasonably possible changes to one of the significant unobservable inputs, holding other inputs constant, would have the following effects at December 31, 2018:

	Profit or Loss		**Shareholders' Equity**	
(Expressed in millions of US Dollars)	**Increase**	**Decrease**	**Increase**	**Decrease**
EBITDA multiple (movement of 0.1x)	**1.1**	**(1.1)**	**0.7**	**(0.7)**

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

22. Related Party Transactions

(a) Transactions with Key Management Personnel

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

Key management comprises the Group's directors and senior management. Compensation paid to key management personnel during the years ended December 31, 2018 and December 31, 2017 comprised:

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2018**	2017
Director's fees	**1.4**	1.4
Salaries, allowances and other benefits in kind	**7.5**[(5)]	7.9[(5)]
Bonus[(1)]	**7.7**[(5)]	3.9[(5)]
Share-based compensation[(2),(3)]	**5.9**	11.1[(5)]
Contributions to post-employment plans	**0.2**	0.2
Payment pursuant to Separation Agreement[(4)]	**3.0**	0.0
Total compensation	**25.7**	24.6

Notes

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

(2) Share-based compensation amounts reported represent the expense taken during the period of awards granted previously.

(3) Share-based compensation expense for the year ended December 31, 2018 includes the reversal of US$1.0 million of expense taken previously for awards that lapsed prior to vesting during the year.

(4) Comprised payment to Mr. Ramesh Tainwala pursuant to the Separation Agreement dated December 20, 2018, details of which were set out in the Company's announcement dated December 20, 2018.

(5) Included compensation paid to Mr. Ramesh Tainwala, who resigned from his employment with the Company and as a director, including as Chief Executive Officer and Director, effective May 31, 2018, during the years ended December 31, 2018 and December 31, 2017.

22. Related Party Transactions *(continued)*

(b) Directors' Remuneration

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

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

(Expressed in millions of US Dollars)	Year ended December 31, 2017 Directors' fees	Salaries, allowances and other benefits in kind	Bonus[4]	Share-based compensation expense[5]	Contributions to post-employment plans	Total
Executive Directors						
Ramesh Tainwala[2]	—	2.1	1.1	2.5	—	5.7
Kyle Gendreau	—	0.7	0.6	1.6	—	2.8
Non-Executive Directors						
Timothy Parker	0.5	—	—	0.2	—	0.7
Tom Korbas	0.1	—	0.1	0.2	—	0.4
Jerome Griffith[1]	0.1	—	—	—	—	0.1
Independent Non-Executive Directors						
Paul Etchells	0.2	—	—	—	—	0.2
Keith Hamill	0.2	—	—	—	—	0.2
Bruce Hardy McLain	0.1	—	—	—	—	0.1
Ying Yeh	0.1	—	—	—	—	0.1
Total	1.4	2.7	1.8	4.3	0.1	10.3

Notes

(1) Mr. Griffith was re-designated from a Non-Executive Director to an Independent Non-Executive Director effective March 13, 2019.

(2) Mr. Ramesh Tainwala resigned from his employment with the Company and as a director, including as Chief Executive Officer and Director, effective May 31, 2018.

(3) Share-based compensation expense for the year ended December 31, 2018 includes the reversal of US$1.0 million of expense taken previously for awards that lapsed prior to vesting during the year.

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

(5) Share-based compensation amounts reported represent the expense taken during the period of awards granted previously.

(6) Comprised payment to Mr. Ramesh Tainwala pursuant to the Separation Agreement dated December 20, 2018, details of which were set out in the Company's announcement dated December 20, 2018.

22. Related Party Transactions *(continued)*

(b) Directors' Remuneration *(continued)*

No director received any emoluments from the Group as an inducement to join or upon joining the Group during the years ended December 31, 2018 and December 31, 2017. Save for US$3.0 million paid to Mr. Ramesh Tainwala, who resigned from his employment with the Company and as a director effective May 31, 2018, pursuant to the Separation Agreement dated December 20, 2018 (details of which were set out in the Company's announcement dated December 20, 2018), no director received any compensation during the years ended December 31, 2018 or December 31, 2017 for the loss of office as a director of the Company or of any other office in connection with the management of the affairs of the Group. Save for the payment to Mr. Ramesh Tainwala pursuant to the Separation Agreement in lieu of his contractual entitlements for the remainder of his contractual notice period (details of which were set out in the Company's announcement dated December 20, 2018), no director waived or agreed to waive any emoluments during the periods presented. No director received any loans from the Group during the years ended December 31, 2018 or December 31, 2017.

(c) Individuals with the Highest Emoluments

The five highest paid individuals of the Group include one director and Mr. Ramesh Tainwala, who resigned from his employment with the Company and as a director effective May 31, 2018, pursuant to the Separation Agreement dated December 20, 2018 (details of which were set out in the Company's announcement dated December 20, 2018), during the year ended December 31, 2018 and two directors during the year ended December 31, 2017, whose emoluments are disclosed above. Details of remuneration paid to the remaining highest paid individuals of the Group are as follows:

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2018**	2017
Salaries, allowances and other benefits in kind	**1.7**	1.6
Bonus[1]	**2.0**	3.7
Share-based compensation expense[2]	**2.5**	2.3
Contributions to post-employment plans	**0.1**	—
Total	**6.3**	7.6

Notes

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

(2) Share-based compensation amounts reported represent the expense taken during the period of awards granted previously.

22. Related Party Transactions *(continued)*

(c) Individuals with the Highest Emoluments *(continued)*

The emoluments of each individual for 2018 and 2017 fall within these ranges:

	Year ended December 31,	
	2018	2017
HK$14,500,000–HK$15,000,000 (US$1,860,908–US$1,925,077):	**—**	1
HK$15,000,000–HK$15,500,000 (US$1,925,077–US$1,989,247):	**—**	—
HK$15,500,000–HK$16,000,000 (US$1,989,247–US$2,053,416):	**1**	—
HK$16,000,000–HK$16,500,000 (US$2,053,416–US$2,117,585):	**—**	1
HK$16,500,000–HK$17,000,000 (US$2,117,585–US$2,181,755):	**2**	—
HK$28,000,000–HK$28,500,000 (US$3,593,478–US$3,657,647):	**—**	1

No amounts have been paid to these individuals as compensation for loss of office or as an inducement to join or upon joining the Group during the years ended December 31, 2018 and December 31, 2017.

(d) Other Related Party Transactions

I. Certain subsidiaries of the Group purchase raw materials and finished goods from, and Samsonite South Asia Private Limited sells certain raw materials and components to, Abhishri Packaging Pvt. Ltd, which is managed and controlled by the family of Mr. Ramesh Tainwala ("Mr. Tainwala"). Mr. Tainwala is a former Director and former Chief Executive Officer of the Group and, together with his family, are the owners of 40.0% non-controlling interests in Samsonite South Asia Private Limited and in the Group's United Arab Emirates subsidiary, Samsonite Middle East FZCO. Mr. Tainwala resigned as Chief Executive Officer and Director of the Company with effect from May 31, 2018. Abhishri Packaging Pvt. Ltd also manufactures hard-side luggage products on behalf of Samsonite South Asia Private Limited.

Related amounts of purchases, sales, payables and receivables were as follows:

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2018**	2017
Purchases	**19.8**	10.5
Sales	**—**	0.1

	December 31,	
(Expressed in millions of US Dollars)	**2018**	2017
Payables	**5.8**	2.8

22. Related Party Transactions *(continued)*

(d) Other Related Party Transactions *(continued)*

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

	Year ended December 31,	
(Expressed in millions of US Dollars)	**2018**	2017
Sales	**12.7**	11.2
Support and Services	**0.1**	0.1
Rent	**—**	0.1

	December 31,	
(Expressed in millions of US Dollars)	**2018**	2017
Receivables	**11.7**	13.4

Approximately US$0.9 million and US$0.8 million was paid to entities owned by Mr. Tainwala and his family, for office space rent for the years ended December 31, 2018 and December 31, 2017, respectively. As of December 31, 2018, there were no payables due to Mr. Tainwala and his family. As of December 31, 2017, US$0.02 million was payable to Mr. Tainwala and his family.

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

23. Share Capital and Reserves and Particulars of Group Entities

(a) Share Capital and Reserves

(i) Ordinary Shares

There were no changes to the authorized share capital of the Company during 2018 or 2017.

As of December 31, 2018 and December 31, 2017, the Company had 2,069,059,620 and 2,078,188,898, respectively, shares authorized but unissued and 1,430,940,380 and 1,421,811,102, respectively, ordinary shares with par value of US$0.01 per share issued and outstanding.

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

During the years ended December 31, 2018 and December 31, 2017, the Company issued 9,129,278 and 10,522,201 ordinary shares, respectively, in connection with the exercise of share options that were granted under the Company's Share Award Scheme.

(ii) Treasury Shares

There are no treasury shares held by the Group.

(iii) Distributable Reserves

As of December 31, 2018, reserves available for distribution to shareholders amounted to approximately US$1.8 billion as shown in the statutory financial statements of Samsonite International S.A. and calculated in accordance with the Company's Articles of Incorporation.

23. Share Capital and Reserves and Particulars of Group Entities *(continued)*

(a) Share Capital and Reserves *(continued)*

(iv) Foreign Currency Translation Reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

(v) Other Reserves

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

(b) Non-controlling Interests and Acquisition of Non-controlling Interests

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

The agreements governing certain majority-owned subsidiaries include put and call options whereby the Group may be required to acquire the respective non-controlling interest at amounts intended to represent current fair value. As of December 31, 2018 and December 31, 2017, the financial liabilities recognized related to these put options were US$56.3 million and US$55.7 million, respectively.

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

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.

23. Share Capital and Reserves and Particulars of Group Entities *(continued)*

(b) Non-controlling Interests and Acquisition of Non-controlling Interests (continued)

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

For the year ended December 31, 2018:

(Expressed in millions of US Dollars)	**Samsonite Chile S.A.**	**Samsonite South Asia Private Limited**
NCI percentage	**15%**	**40%**
Non-current assets	**44.6**	**12.0**
Current assets	**33.8**	**125.1**
Non-current liabilities	**—**	**3.3**
Current liabilities	**21.9**	**84.4**
Net assets	**56.4**	**49.4**
Carrying amount of NCI	**8.5**	**19.7**
Net outside revenue	**69.6**	**162.4**
Profit	**4.2**	**20.1**
Other comprehensive income ("OCI") (loss)	**(6.4)**	**(3.7)**
Total comprehensive income (loss)	**(2.2)**	**16.4**
Profit allocated to NCI	**0.6**	**8.1**
OCI loss allocated to NCI	**(1.0)**	**(1.5)**
Dividends paid to NCI	**0.6**	**5.1**
Net decrease in cash and cash equivalents	**(2.0)**	**(0.2)**

For the year ended December 31, 2017:

(Expressed in millions of US Dollars)	Samsonite Chile S.A.	Samsonite South Asia Private Limited
NCI percentage	15%	40%
Non-current assets	50.2	11.3
Current assets	33.0	130.1
Non-current liabilities	—	3.1
Current liabilities	21.6	92.6
Net assets	61.5	45.7
Carrying amount of NCI	9.2	18.3
Net outside revenue	68.4	138.2
Profit	5.3	16.1
OCI	4.2	2.8
Total comprehensive income	9.5	18.9
Profit allocated to NCI	0.8	6.4
OCI allocated to NCI	0.6	1.1
Dividends paid to NCI	0.6	7.8
Net increase (decrease) in cash and cash equivalents	1.4	(6.1)

23. Share Capital and Reserves and Particulars of Group Entities *(continued)*

(c) Particulars of Group Entities

Entity name	Country/Territory	Ownership % **2018**	Ownership % 2017
Samsonite International S.A.	Luxembourg	**Parent**	Parent
AboutBags NV	Belgium	**100**	100
Astrum R.E. LLC	United States	**100**	100
Bypersonal S.A. de C.V.	Mexico	**100**	100
Delilah Europe Investments S.à r.l.	Luxembourg	**100**	100
Delilah US Investments S.à r.l.	Luxembourg	**100**	100
Direct Marketing Ventures, LLC	United States	**100**	100
eBags, Inc.	United States	**100**	100
eBags International, Inc.	United States	**100**	100
Equipaje en Movimiento, S.A. de C.V.	Mexico	**100**	100
Galaxy Media, Inc.	United States	**100**	100
Global Licensing Company, LLC	United States	**100**	100
HL Operating, LLC	United States	**100**	100
Jody Apparel II, LLC	United States	**100**	100
Lonberg Express S.A.	Uruguay	**100**	100
Limited Liability Company “Samsonite”	Russia	**100**	100
Lipault UK Limited	United Kingdom	**100**	100
McGregor II, LLC	United States	**100**	100
PT Samsonite Indonesia	Indonesia	**60**	60
PTL Holdings, Inc.	United States	**100**	100
Samsonite (Malaysia) Sdn Bhd	Malaysia	**100**	100
Samsonite (Thailand) Co., Ltd.	Thailand	**60**	60
Samsonite A/S	Denmark	**100**	100
Samsonite AB (Aktiebolag)	Sweden	**100**	100
Samsonite AG	Switzerland	**100**	100
Samsonite Argentina S.A.	Argentina	**95**	95
Samsonite Asia Limited	Hong Kong	**100**	100
Samsonite Australia Pty Limited	Australia	**100**	100
Samsonite Belgium Holdings BVBA	Belgium	**100**	100
Samsonite Brasil Ltda.	Brazil	**100**	100
Samsonite B.V.	Netherlands	**100**	100
Samsonite Canada Inc.	Canada	**100**	100
Samsonite CES Holding B.V.	Netherlands	**100**	100
Samsonite Chile S.A.	Chile	**85**	85
Samsonite China Holdings Limited	Hong Kong	**100**	100
Samsonite (China) Co., Ltd.	China	**100**	100
Samsonite Colombia S.A.S.	Colombia	**100**	100
Samsonite Company Stores, LLC	United States	**100**	100
Samsonite Espana S.A.	Spain	**100**	100
Samsonite Europe Holdings S.à r.l.	Luxembourg	**100**	—
Samsonite Europe NV	Belgium	**100**	100
Samsonite Finanziaria S.r.l.	Italy	**100**	100
Samsonite Finco S.à r.l.	Luxembourg	**100**	—
Samsonite Finland Oy	Finland	**100**	100
Samsonite Franquias do Brasil Eireli	Brazil	**100**	—
Samsonite Gesm.b.H.	Austria	**100**	100
Samsonite GmbH	Germany	**100**	100

23. Share Capital and Reserves and Particulars of Group Entities *(continued)*

(c) Particulars of Group Entities *(continued)*

Entity name	Country/Territory	Ownership % 2018	Ownership % 2017
Samsonite Hungaria Borond KFT	Hungary	**100**	100
Samsonite Importaciones, S.A. de C.V.	Mexico	**100**	100
Samsonite IP Holdings S.à r.l.	Luxembourg	**100**	100
Samsonite Japan Co. Ltd.	Japan	**100**	100
Samsonite Korea Limited	South Korea	**100**	100
Samsonite Latinoamerica S.A. de C.V.	Mexico	**100**	100
Samsonite Limited	United Kingdom	**100**	100
Samsonite LLC	United States	**100**	100
Samsonite Macau Limitada	Macau	**100**	100
Samsonite Mauritius Limited	Mauritius	**100**	100
Samsonite Mercosur Limited	Bahamas	**100**	100
Samsonite Mexico, S.A. de C.V.	Mexico	**100**	100
Samsonite Middle East FZCO	United Arab Emirates	**60**	60
Samsonite Norway AS	Norway	**100**	100
Samsonite Pacific LLC	United States	**100**	100
Samsonite Panama S.A.	Panama	**100**	100
Samsonite Peru S.A.C.	Peru	**100**	100
Samsonite Philippines Inc.	Philippines	**60**	60
Samsonite S.A.S.	France	**100**	100
Samsonite S.p.A.	Italy	**100**	100
Samsonite Seyahat Ürünleri Sanayi ve Ticaret Anonim Sirketi	Turkey	**60**	60
Samsonite Singapore Pte Ltd	Singapore	**100**	100
Samsonite South Asia Private Limited	India	**60**	60
Samsonite Southern Africa Ltd.	South Africa	**60**	60
Samsonite Sp.zo.o	Poland	**100**	100
Samsonite Sub Holdings S.à r.l.	Luxembourg	**100**	100
Samsonite US Holdco, LLC	United States	**100**	—
SC Chile Uno S.A.	Chile	**100**	100
SC Inversiones Chile Ltda	Chile	**100**	100
Speck Trading (Shanghai) Co., Ltd.	China	**100**	100
Speculative Product Design, LLC	United States	**100**	100
The Tumi Haft Company, LLC	United States	**100**	100
Tumi Asia, Limited	Hong Kong	**100**	100
Tumi Asia, Limited (Shenzhen Subsidiary)	China	**100**	100
Tumi Asia (Macau) Co., Ltd.	Macau	**100**	100
Tumi Austria GmbH(1)	Austria	**—**	100
Tumi Canada Holdings, LLC	United States	**100**	100
Tumi Canada ULC	Canada	**100**	100
Tumi Charlotte Airport LLC	United States	**100**	100
Tumi D2C GmbH	Germany	**100**	100
Tumi France SARL(2)	France	**—**	100
Tumi Houston Airport LLC	United States	**70**	70
Tumi Inc.	United States	**100**	100
Tumi International LLC	United States	**100**	100
Tumi Ireland Limited	Ireland	**100**	100
Tumi Japan Kabushiki Kaisha	Japan	**100**	100
Tumi Luggage S.L.(3)	Spain	**—**	100

23. Share Capital and Reserves and Particulars of Group Entities *(continued)*

(c) Particulars of Group Entities *(continued)*

Entity name	Country/Territory	Ownership % 2018	Ownership % 2017
Tumi Netherlands B.V.[4]	Netherlands	**—**	100
Tumi S.R.L.[5]	Italy	**—**	100
Tumi Services GmbH	Germany	**100**	100
Tumi Stores, Inc.	United States	**100**	100
Tumi (UK) Limited	United Kingdom	**100**	100

Notes

(1) This entity was collapsed into Samsonite Gesm.b.H. during 2018.

(2) This entity was collapsed into Samsonite S.A.S. during 2018.

(3) This entity was collapsed into Samsonite Espana S.A. during 2018.

(4) This entity was collapsed into Samsonite B.V. during 2018.

(5) This entity was collapsed into Samsonite S.p.A. during 2018.

24. Subsequent Events

The Group has evaluated events occurring subsequent to December 31, 2018, the reporting date, through March 13, 2019, the date this financial information was authorized for issue by the Board.

On March 13, 2019, the Company's Board of Directors recommended that a cash distribution in the amount of US$125.0 million, or approximately US$0.0873 per share, be made to the Company's shareholders. The distribution will be subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company.