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

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R.C.S. LUXEMBOURG: B 159.469
(Incorporated in Luxembourg with limited liability)
(Stock code: 1910)

QUARTERLY REPORT FOR THE PERIOD ENDED SEPTEMBER 30, 2019

The Board of Directors of Samsonite International S.A. (the “Company”), together with its consolidated subsidiaries (the “Group”), is pleased to present the unaudited consolidated financial and business review of the Group as of September 30, 2019 and for the three and nine month periods then ended, together with comparative figures for the three and nine month periods ended September 30, 2018. This announcement is made pursuant to the Inside Information Provisions of Part XIVA of the Securities and Futures Ordinance and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

On January 1, 2019, the Group adopted International Financial Reporting Standards ("IFRS") 16, *Leases* ("IFRS 16"). The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information for the three and nine month periods ended September 30, 2018 on the consolidated income statements and in the “as reported” column in the summary financial results tables below have not been restated and continue to be reported under International Accounting Standards ("IAS") 17, *Leases* ("IAS 17") and IFRS Interpretations Committee ("IFRIC") 4, *Determining whether an Arrangement Contains a Lease* ("IFRIC 4"). The Group has included with respect to the three and nine month periods ended September 30, 2018 an “as adjusted for IFRS 16” column in the summary financial results tables below to present its financial performance for the three and nine month periods ended September 30, 2018 on a comparable basis. Such amounts reflect management’s best estimate based on its evaluation of the impact of IFRS 16 and are non-IFRS measures (see bridges in the Management Discussion and Analysis - Adjusted EBITDA and the Management Discussion and Analysis - Adjusted Net Income sections below).

The following tables set forth summary financial results for the three and nine month periods ended September 30, 2019 and September 30, 2018.

FINANCIAL RESULTS

	Three months ended September 30,				
	As reported		As adjusted for IFRS 16[1]	As reported	
(Expressed in millions of US Dollars, except per share data)	**2019**	2018	2018	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[2]
Net sales	**921.5**	945.2	945.2	(2.5)%	(0.7)%
Operating profit[3]	**104.9**	122.6	126.6	(14.3)%	(13.4)%
Profit for the period[4]	**57.4**	79.6	76.6	(27.7)%	(27.4)%
Profit attributable to the equity holders[5]	**53.0**	75.5	72.4	(29.6)%	(29.3)%
Adjusted Net Income[6], [8]	**62.0**	81.4	77.8	(23.8)%	(23.2)%
Adjusted EBITDA[7], [8]	**133.9**	154.6	149.6	(13.3)%	(11.8)%
Adjusted EBITDA Margin[9]	**14.5%**	16.4%	15.8%		
Basic earnings per share ("Basic EPS")[10] *(Expressed in US Dollars per share)*	**0.037**	0.053	0.051	(29.6)%	(29.3)%
Diluted earnings per share ("Diluted EPS")[10] *(Expressed in US Dollars per share)*	**0.037**	0.052	0.050	(29.4)%	(29.0)%
Adjusted Basic EPS and Adjusted Diluted EPS[11] *(Expressed in US Dollars per share)*	**0.043**	0.057	0.054	(23.5)%	(22.9)%

Notes

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

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

(3) Operating profit decreased by US$17.6 million, or 14.3% (-13.4% constant currency), for the three months ended September 30, 2019 to US$104.9 million. Operating profit for the three months ended September 30, 2019 decreased by US$18.3 million, or 14.5% (-13.4% constant currency), to US$108.3 million when excluding the Non-cash Impairment Charge (as defined in Management Discussion and Analysis - Impairment of Property, Plant and Equipment and Lease Right-of-Use Assets) and certain costs incurred to implement profit improvement initiatives (see Management Discussion and Analysis - Other Expenses) during the three months ended September 30, 2019, compared to US$126.6 million for the same period in the previous year (as recast to adjust for IFRS 16 impacts).

(4) Profit for the period decreased by US$22.1 million, or 27.7% (-27.4% constant currency), for the three months ended September 30, 2019 to US$57.4 million. Profit for the period for the three months ended September 30, 2019 decreased by US$15.9 million, or 20.8% (-20.2% constant currency), to US$60.5 million when excluding the Non-cash Impairment Charge (as defined in Management Discussion and Analysis - Impairment of Property, Plant and Equipment and Lease Right-of-Use Assets) and certain costs incurred to implement profit improvement initiatives (see Management Discussion and Analysis - Other Expenses), net of the related tax impact during the three months ended September 30, 2019, compared to US$76.6 million for the same period in the previous year (as recast to adjust for IFRS 16 impacts).

(5) Profit attributable to the equity holders decreased by US$22.3 million, or 29.6% (-29.3% constant currency), for the three months ended September 30, 2019 to US$53.0 million. Profit attributable to the equity holders for the three months ended September 30, 2019 decreased by US$16.2 million, or 22.4% (-21.8% constant currency), to US$56.1 million when excluding the Non-cash Impairment Charge (as defined in Management Discussion and Analysis - Impairment of Property, Plant and Equipment and Lease Right-of-Use Assets) and certain costs incurred to implement profit improvement initiatives (see Management Discussion and Analysis - Other Expenses), net of the related tax impact during the three months ended September 30, 2019, compared to US$72.4 million for the three months ended September 30, 2018 (as recast to adjust for IFRS 16 impacts).

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

(7) Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges. Adjusted EBITDA includes the lease interest and amortization expense as a result of the Group's adoption of IFRS 16 on January 1, 2019. The inclusion of IFRS 16 lease interest and amortization expense in Adjusted EBITDA allows the non-IFRS measure to be more comparable with the previous period's Adjusted EBITDA disclosure. The Group believes these measures provide additional information that is useful in gaining a more complete understanding of its operational performance and of the underlying trends of its business. See “Management Discussion and Analysis - Adjusted EBITDA” for a reconciliation from the Group’s profit for the period to Adjusted EBITDA.

(8) When comparing the reported results for Adjusted Net Income and Adjusted EBITDA for the three months ended September 30, 2019 against the "as adjusted for IFRS 16" results for the three months ended September 30, 2018, the year-on-year changes were:
- Adjusted Net Income decreased by 20.2% (-19.6% constant currency); and
- Adjusted EBITDA decreased by 10.4% (-8.9% constant currency).

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

(10) Basic EPS decreased by 29.6% to US$0.037 for the three months ended September 30, 2019 from US$0.053 for the three months ended September 30, 2018. Diluted EPS decreased by 29.4% to US$0.037 for the three months ended September 30, 2019 from US$0.052 for the three months ended September 30, 2018. Basic EPS, as adjusted, decreased by 22.5% to US$0.039 for the three months ended September 30, 2019 when excluding the Non-cash Impairment Charge (as defined in Management Discussion and Analysis - Impairment of Property, Plant and Equipment and Lease Right-of-Use Assets) and certain costs incurred to implement profit improvement initiatives (see Management Discussion and Analysis - Other Expenses), net of the related tax impact during the three months ended September 30, 2019, compared to US$0.051 for the same period in the previous year. Diluted EPS, as adjusted, decreased by 22.1% to US$0.039 for the three months ended September 30, 2019 when excluding the same charges and costs as noted above, compared to US$0.050 for the same period in the previous year. Basic EPS, as adjusted, and Diluted EPS, as adjusted, for the three months ended September 30, 2018 have been recast to adjust for IFRS 16 impacts.

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

FINANCIAL RESULTS

(Expressed in millions of US Dollars, except per share data)	Nine months ended September 30, As reported 2019	As reported 2018	As adjusted for IFRS 16(1) 2018	As reported: Percentage increase (decrease)	As reported: Percentage increase (decrease) excl. foreign currency effects(2)
Net sales	**2,677.2**	2,793.9	2,793.9	(4.2)%	(1.2)%
Operating profit(3)	**229.0**	324.4	334.9	(29.4)%	(28.0)%
Profit for the period(4)	**115.8**	157.5	147.0	(26.4)%	(25.6)%
Profit attributable to the equity holders(5)	**102.2**	143.3	132.8	(28.6)%	(27.7)%
Adjusted Net Income(6), (8)	**159.0**	201.2	189.0	(20.9)%	(19.9)%
Adjusted EBITDA(7), (8)	**347.4**	431.4	414.6	(19.4)%	(17.1)%
Adjusted EBITDA Margin(9)	**13.0%**	15.4%	14.8%		
Basic EPS(10) *(Expressed in US Dollars per share)*	**0.071**	0.100	0.093	(28.8)%	(27.9)%
Diluted EPS(10) *(Expressed in US Dollars per share)*	**0.071**	0.099	0.092	(28.3)%	(27.4)%
Adjusted Basic EPS(11) *(Expressed in US Dollars per share)*	**0.111**	0.141	0.132	(21.2)%	(20.1)%
Adjusted Diluted EPS(11) *(Expressed in US Dollars per share)*	**0.111**	0.140	0.131	(20.6)%	(19.5)%

Notes

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

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

(3) Operating profit decreased by US$95.3 million, or 29.4% (-28.0% constant currency), for the nine months ended September 30, 2019 to US$229.0 million. Operating profit for the nine months ended September 30, 2019 decreased by US$63.1 million, or 18.8% (-17.3% constant currency), to US$271.9 million when excluding the Non-cash Impairment Charge (as defined in Management Discussion and Analysis - Impairment of Property, Plant and Equipment and Lease Right-of-Use Assets) and certain costs incurred to implement profit improvement initiatives (see Management Discussion and Analysis - Other Expenses) during the nine months ended September 30, 2019, compared to US$334.9 million for the same period in the previous year (as recast to adjust for IFRS 16 impacts).

(4) Profit for the period decreased by US$41.6 million, or 26.4% (-25.6% constant currency), for the nine months ended September 30, 2019 to US$115.8 million. Profit for the period for the nine months ended September 30, 2019 decreased by US$30.7 million, or 16.4% (-15.4% constant currency), to US$155.8 million when excluding the Non-cash Impairment Charge (as defined in Management Discussion and Analysis - Impairment of Property, Plant and Equipment and Lease Right-of-Use Assets) and certain costs incurred to implement profit improvement initiatives (see Management Discussion and Analysis - Other Expenses), net of the related tax impact during the nine months ended September 30, 2019, compared to US$186.6 million for the same period in the previous year (as recast to adjust for IFRS 16 impacts) when excluding the non-cash charge of US$53.3 million and the related tax impact during the nine months ended September 30, 2018 to write-off deferred financing costs on the Group's borrowings of long-term debt following the refinancing of the Group's debt in April 2018.

(5) Profit attributable to the equity holders decreased by US$41.0 million, or 28.6% (-27.7% constant currency), for the nine months ended September 30, 2019 to US$102.2 million. Profit attributable to the equity holders for the nine months ended September 30, 2019 decreased by US$30.1 million, or 17.4% (-16.3% constant currency), to US$142.2 million when excluding the Non-cash Impairment Charge (as defined in Management Discussion and Analysis - Impairment of Property, Plant and Equipment and Lease Right-of-Use Assets) and certain costs incurred to implement profit improvement initiatives (see Management Discussion and Analysis - Other Expenses), net of the related tax impact during the nine months ended September 30, 2019, compared to US$172.3 million for the nine months ended September 30, 2018 (as recast to adjust for IFRS 16 impacts) when excluding the non-cash charge of US$53.3 million and the related tax impact during the nine months ended September 30, 2018 to write-off deferred financing costs on the Group's borrowings of long-term debt following the refinancing of the Group's debt in April 2018.

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

(7) Adjusted EBITDA, a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges. Adjusted EBITDA includes the lease interest and amortization expense as a result of the Group's adoption of IFRS 16 on January 1, 2019. The inclusion of IFRS 16 lease interest and amortization expense in Adjusted EBITDA allows the non-IFRS measure to be more comparable with the previous period's Adjusted EBITDA disclosure. The Group believes these measures provide additional information that

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

(8) When comparing the reported results for Adjusted Net Income and Adjusted EBITDA for the nine months ended September 30, 2019 against the "as adjusted for IFRS 16" results for the nine months ended September 30, 2018, the year-on-year changes were:
- Adjusted Net Income decreased by 15.8% (-14.7% constant currency); and
- Adjusted EBITDA decreased by 16.2% (-13.7% constant currency).

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

(10) Basic EPS decreased by 28.8% to US$0.071 for the nine months ended September 30, 2019 from US$0.100 for the nine months ended September 30, 2018. Diluted EPS decreased by 28.3% to US$0.071 for the nine months ended September 30, 2019 from US$0.099 for the nine months ended September 30, 2018. Basic EPS, as adjusted, decreased by 17.7% to US$0.099 for the nine months ended September 30, 2019 when excluding the Non-cash Impairment Charge (as defined in Management Discussion and Analysis - Impairment of Property, Plant and Equipment and Lease Right-of-Use Assets) and certain costs incurred to implement profit improvement initiatives (see Management Discussion and Analysis - Other Expenses), net of the related tax impact during the nine months ended September 30, 2019, compared to US$0.121 for the same period in the previous year. Diluted EPS, as adjusted, decreased by 17.1% to US$0.099 for the nine months ended September 30, 2019 when excluding the same charges and costs as noted above, compared to US$0.120 for the same period in the previous year. Basic EPS, as adjusted, and Diluted EPS, as adjusted, for the nine months ended September 30, 2018 have been recast to adjust for IFRS 16 impacts and exclude the non-cash charge of US$53.3 million and the related tax impact to write-off deferred financing costs on the Group's borrowings of long-term debt following the refinancing of the Group's debt in April 2018.

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

Disclaimer

Non-IFRS Measures

The Company has presented certain non-IFRS measures in the financial results tables above and Management Discussion and Analysis 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. 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, 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.

Consolidated Income Statements (Unaudited)

(Expressed in millions of US Dollars, except per share data)	Three months ended September 30, **2019**	Three months ended September 30, 2018	Nine months ended September 30, **2019**	Nine months ended September 30, 2018
Net sales	**921.5**	945.2	**2,677.2**	2,793.9
Cost of sales	**(408.0)**	(402.3)	**(1,180.7)**	(1,207.2)
Gross profit	**513.5**	542.9	**1,496.5**	1,586.7
Distribution expenses	**(303.6)**	(305.9)	**(904.1)**	(904.3)
Marketing expenses	**(45.4)**	(55.7)	**(148.5)**	(170.0)
General and administrative expenses	**(55.8)**	(56.6)	**(169.6)**	(180.4)
Impairment of property, plant and equipment and lease right-of-use assets	**(2.5)**	—	**(32.2)**	—
Other expenses	**(1.3)**	(2.1)	**(13.1)**	(7.6)
Operating profit	**104.9**	122.6	**229.0**	324.4
Finance income	**0.8**	0.3	**1.7**	0.7
Finance costs	**(27.1)**	(19.5)	**(78.1)**	(113.1)
Net finance costs	**(26.3)**	(19.2)	**(76.4)**	(112.4)
Profit before income tax	**78.6**	103.4	**152.6**	212.0
Income tax expense	**(21.2)**	(23.8)	**(36.8)**	(54.5)
Profit for the period	**57.4**	79.6	**115.8**	157.5
Profit attributable to equity holders	**53.0**	75.5	**102.2**	143.3
Profit attributable to non-controlling interests	**4.4**	4.1	**13.6**	14.2
Profit for the period	**57.4**	79.6	**115.8**	157.5
Earnings per share				
Basic earnings per share				
(Expressed in US Dollars per share)	**0.037**	0.053	**0.071**	0.100
Diluted earnings per share				
(Expressed in US Dollars per share)	**0.037**	0.052	**0.071**	0.099

Consolidated Statements of Comprehensive Income (Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
(Expressed in millions of US Dollars)	**2019**	2018	**2019**	2018
Profit for the period	**57.4**	79.6	**115.8**	157.5
Other comprehensive income (loss):				
Items that are or may be reclassified subsequently to profit or loss:				
Changes in fair value of hedges, net of tax	**2.7**	1.2	**(14.0)**	13.0
Settlement of interest rate swap agreements	**0.2**	—	**0.2**	—
Foreign currency translation gains (losses) for foreign operations	**(8.8)**	(1.7)	**(5.4)**	(9.0)
Other comprehensive income (loss)	**(5.9)**	(0.5)	**(19.2)**	4.0
Total comprehensive income for the period	**51.5**	79.1	**96.6**	161.5
Total comprehensive income attributable to equity holders	**48.4**	76.3	**83.8**	151.3
Total comprehensive income attributable to non-controlling interests	**3.1**	2.8	**12.8**	10.2
Total comprehensive income for the period	**51.5**	79.1	**96.6**	161.5

Consolidated Statements of Financial Position

(Expressed in millions of US Dollars)	**(Unaudited) September 30, 2019**	December 31, 2018
Non-Current Assets		
Property, plant and equipment	**268.9**	310.9
Lease right-of-use assets	**627.6**	—
Goodwill	**1,335.8**	1,340.1
Other intangible assets	**1,737.9**	1,771.3
Deferred tax assets	**44.0**	33.2
Derivative financial instruments	**7.2**	25.5
Other assets and receivables	**40.5**	42.9
Total non-current assets	**4,061.9**	3,523.9
Current Assets		
Inventories	**622.9**	622.6
Trade and other receivables	**390.6**	420.9
Prepaid expenses and other assets	**165.9**	146.5
Cash and cash equivalents	**395.7**	427.7
Total current assets	**1,575.1**	1,617.7
Total assets	**5,637.0**	5,141.6
Equity and Liabilities		
Equity:		
Share capital	**14.3**	14.3
Reserves	**1,900.0**	1,933.5
Total equity attributable to equity holders	**1,914.3**	1,947.8
Non-controlling interests	**46.2**	43.3
Total equity	**1,960.5**	1,991.1
Non-Current Liabilities		
Loans and borrowings	**1,793.8**	1,838.6
Lease liabilities	**484.0**	—
Employee benefits	**23.3**	22.8
Non-controlling interest put options	**60.2**	56.3
Deferred tax liabilities	**277.4**	286.5
Derivative financial instruments	**0.4**	—
Other liabilities	**6.8**	9.9
Total non-current liabilities	**2,645.9**	2,214.1
Current Liabilities		
Loans and borrowings	**37.7**	52.6
Current portion of long-term debt	**32.5**	28.3
Current portion of lease liabilities	**172.0**	—
Employee benefits	**81.9**	81.8
Trade and other payables	**631.9**	699.2
Current tax liabilities	**74.6**	74.5
Total current liabilities	**1,030.6**	936.4
Total liabilities	**3,676.5**	3,150.5
Total equity and liabilities	**5,637.0**	5,141.6
Net current assets	**544.5**	681.3
Total assets less current liabilities	**4,606.4**	4,205.2

Consolidated Statements of Changes in Equity (Unaudited)

(Expressed in millions of US Dollars, except number of shares)	Number of shares	Share capital	Reserves: Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Retained earnings	Total equity attributable to equity holders	Non-controlling interests	Total equity
Three months ended September 30, 2019									
Balance, July 1, 2019	**1,431,008,752**	**14.3**	**1,050.4**	**(48.5)**	**73.2**	**773.8**	**1,863.2**	**43.9**	**1,907.1**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**53.0**	**53.0**	**4.4**	**57.4**
Other comprehensive income (loss):									
Changes in fair value of hedges, net of tax	**—**	**—**	**—**	**—**	**2.7**	**—**	**2.7**	**0.0**	**2.7**
Settlement of interest rate swap agreements	**—**	**—**	**—**	**—**	**0.2**	**—**	**0.2**	**—**	**0.2**
Foreign currency translation gains (losses) for foreign operations	**—**	**—**	**—**	**(7.5)**	**—**	**—**	**(7.5)**	**(1.3)**	**(8.8)**
Total comprehensive income (loss) for the period	**—**	**—**	**—**	**(7.5)**	**2.9**	**53.0**	**48.4**	**3.1**	**51.5**
Transactions with owners recorded directly in equity:									
Change in fair value of put options included in equity	**—**	**—**	**—**	**—**	**—**	**(3.0)**	**(3.0)**	**—**	**(3.0)**
Share-based compensation expense	**—**	**—**	**—**	**—**	**5.3**	**—**	**5.3**	**—**	**5.3**
Exercise of share options	**154,304**	**0.0**	**0.5**	**—**	**(0.1)**	**—**	**0.4**	**—**	**0.4**
Dividends paid to non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(0.8)**	**(0.8)**
Balance, September 30, 2019	**1,431,163,056**	**14.3**	**1,050.9**	**(56.0)**	**81.3**	**823.8**	**1,914.3**	**46.2**	**1,960.5**

(Expressed in millions of US Dollars, except number of shares)	Number of shares	Share capital	Reserves: Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Retained earnings	Total equity attributable to equity holders	Non-controlling interests	Total equity
Three months ended September 30, 2018									
Balance, July 1, 2018	1,430,206,109	14.3	1,047.3	(51.8)	83.7	691.0	1,784.5	38.6	1,823.1
Profit for the period	—	—	—	—	—	75.5	75.5	4.1	79.6
Other comprehensive income (loss):									
Changes in fair value of hedges, net of tax	—	—	—	—	1.2	—	1.2	—	1.2
Foreign currency translation losses for foreign operations	—	—	—	(0.4)	—	—	(0.4)	(1.3)	(1.7)
Total comprehensive income (loss) for the period	—	—	—	(0.4)	1.2	75.5	76.3	2.8	79.1
Transactions with owners recorded directly in equity:									
Change in fair value of put options included in equity	—	—	—	—	—	0.5	0.5	—	0.5
Share-based compensation expense	—	—	—	—	0.2	—	0.2	—	0.2
Tax effect of outstanding share options	—	—	—	—	4.1	—	4.1	—	4.1
Exercise of share options	529,089	—	2.1	—	(0.6)	—	1.5	—	1.5
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(2.8)	(2.8)
Balance, September 30, 2018	1,430,735,198	14.3	1,049.4	(52.2)	88.6	767.0	1,867.1	38.6	1,905.7

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

(Expressed in millions of US Dollars, except number of shares)	Number of shares	Share capital	Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Retained earnings	Total equity attributable to equity holders	Non-controlling interests	Total equity
Nine months ended September 30, 2019									
Balance, January 1, 2019	**1,430,940,380**	**14.3**	**1,050.2**	**(51.4)**	**83.1**	**851.6**	**1,947.8**	**43.3**	**1,991.1**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**102.2**	**102.2**	**13.6**	**115.8**
Other comprehensive income (loss):									
Changes in fair value of hedges, net of tax	**—**	**—**	**—**	**—**	**(14.0)**	**—**	**(14.0)**	**0.0**	**(14.0)**
Settlement of interest rate swap agreements	**—**	**—**	**—**	**—**	**0.2**	**—**	**0.2**	**—**	**0.2**
Foreign currency translation gains (losses) for foreign operations	**—**	**—**	**—**	**(4.6)**	**—**	**—**	**(4.6)**	**(0.8)**	**(5.4)**
Total comprehensive income (loss) for the period	**—**	**—**	**—**	**(4.6)**	**(13.8)**	**102.2**	**83.8**	**12.8**	**96.6**
Transactions with owners recorded directly in equity:									
Change in fair value of put options included in equity	**—**	**—**	**—**	**—**	**—**	**(5.0)**	**(5.0)**	**—**	**(5.0)**
Cash distributions to equity holders	**—**	**—**	**—**	**—**	**—**	**(125.0)**	**(125.0)**	**—**	**(125.0)**
Share-based compensation expense	**—**	**—**	**—**	**—**	**12.2**	**—**	**12.2**	**—**	**12.2**
Exercise of share options	**222,676**	**0.0**	**0.7**	**—**	**(0.2)**	**—**	**0.5**	**—**	**0.5**
Dividends paid to non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(9.9)**	**(9.9)**
Balance, September 30, 2019	**1,431,163,056**	**14.3**	**1,050.9**	**(56.0)**	**81.3**	**823.8**	**1,914.3**	**46.2**	**1,960.5**

(Expressed in millions of US Dollars, except number of shares)	Number of shares	Share capital	Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Retained earnings	Total equity attributable to equity holders	Non-controlling interests	Total equity
Nine months ended September 30, 2018									
Balance, January 1, 2018	1,421,811,102	14.2	1,014.6	(47.2)	75.9	734.0	1,791.5	40.9	1,832.4
Profit for the period	—	—	—	—	—	143.3	143.3	14.2	157.5
Other comprehensive income (loss):									
Changes in fair value of hedges, net of tax	—	—	—	—	13.0	—	13.0	—	13.0
Foreign currency translation losses for foreign operations	—	—	—	(5.0)	—	—	(5.0)	(4.0)	(9.0)
Total comprehensive income (loss) for the period	—	—	—	(5.0)	13.0	143.3	151.3	10.2	161.5
Transactions with owners recorded directly in equity:									
Change in fair value of put options included in equity	—	—	—	—	—	(0.3)	(0.3)	—	(0.3)
Cash distributions to equity holders	—	—	—	—	—	(110.0)	(110.0)	—	(110.0)
Share-based compensation expense	—	—	—	—	8.8	—	8.8	—	8.8
Tax effect of outstanding share options	—	—	—	—	(0.1)	—	(0.1)	—	(0.1)
Exercise of share options	8,924,096	0.1	34.8	—	(9.0)	—	25.9	—	25.9
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(12.5)	(12.5)
Balance, September 30, 2018	1,430,735,198	14.3	1,049.4	(52.2)	88.6	767.0	1,867.1	38.6	1,905.7

Consolidated Statements of Cash Flows (Unaudited)

(Expressed in millions of US Dollars)	**Three months ended September 30, 2019**	Three months ended September 30, 2018	**Nine months ended September 30, 2019**	Nine months ended September 30, 2018
Cash flows from operating activities:				
Profit for the period	**57.4**	79.6	**115.8**	157.5
Adjustments to reconcile profit for the period to net cash generated from (used in) operating activities:				
Depreciation	**19.5**	21.1	**59.7**	65.0
Amortization of intangible assets	**8.0**	8.6	**24.1**	25.6
Amortization of lease right-of-use assets	**48.9**	—	**148.4**	—
Impairment of lease right-of-use assets	**1.8**	—	**22.8**	—
Impairment of property, plant and equipment	**0.7**	—	**9.4**	—
Change in fair value of put options included in finance costs	**(0.1)**	(0.4)	**(1.1)**	(1.3)
Non-cash share-based compensation	**5.3**	0.2	**12.2**	8.8
Interest expense on borrowings and lease liabilities	**24.5**	17.0	**74.5**	54.2
Non-cash charge to derecognize deferred financing costs	**—**	—	**—**	53.3
Income tax expense	**21.2**	23.8	**36.8**	54.5
	187.2	149.9	**502.6**	417.6
Changes in operating assets and liabilities:				
Trade and other receivables	**22.0**	9.6	**20.5**	(8.1)
Inventories	**(9.9)**	(33.4)	**(13.4)**	(89.7)
Other current assets	**1.5**	(3.0)	**(13.4)**	(13.4)
Trade and other payables	**(35.0)**	4.2	**(54.3)**	(37.2)
Other assets and liabilities	**(11.1)**	2.7	**(10.5)**	(5.7)
Cash generated from operating activities	**154.7**	130.0	**431.5**	263.5
Interest paid on borrowings and lease liabilities	**(19.5)**	(12.1)	**(66.0)**	(42.7)
Income tax paid	**(16.2)**	(27.0)	**(53.9)**	(73.8)
Net cash generated from operating activities	**119.0**	90.9	**311.6**	147.0
Cash flows from investing activities:				
Purchases of property, plant and equipment	**(11.0)**	(23.3)	**(37.0)**	(64.5)
Other intangible asset additions	**(4.1)**	(2.7)	**(11.1)**	(12.4)
Other proceeds	**0.1**	0.5	**0.5**	1.2
Net cash used in investing activities	**(15.0)**	(25.5)	**(47.6)**	(75.7)
Cash flows from financing activities:				
Proceeds from issuance of Senior Notes and New Senior Credit Facilities	**—**	—	**—**	1,922.9
Payment and settlement of Original Senior Credit Facilities	**—**	—	**—**	(1,869.7)
Payments of New Term Loan Facilities	**(8.7)**	(7.1)	**(22.8)**	(7.1)
Payments on other current loans and borrowings, net	**(17.2)**	(2.6)	**(13.0)**	(6.8)
Principal payments on lease liabilities	**(41.5)**	—	**(120.9)**	—
Payment of deferred financing costs	**—**	—	**—**	(18.5)
Proceeds from the exercise of share options	**0.4**	1.5	**0.5**	25.9
Cash distributions paid to equity holders	**(125.0)**	(110.0)	**(125.0)**	(110.0)
Dividend payments to non-controlling interests	**(0.8)**	(2.8)	**(9.9)**	(12.5)
Net cash used in financing activities	**(192.8)**	(121.0)	**(291.1)**	(75.8)
Net decrease in cash and cash equivalents	**(88.8)**	(55.6)	**(27.1)**	(4.5)
Cash and cash equivalents, at beginning of period	**489.3**	395.4	**427.7**	344.5
Effect of exchange rate changes	**(4.8)**	1.7	**(4.9)**	1.5
Cash and cash equivalents, at end of period	**395.7**	341.5	**395.7**	341.5

MANAGEMENT DISCUSSION AND ANALYSIS

For the Three Months Ended September 30, 2019

Net Sales

During the three months ended September 30, 2019, net sales decreased by US$23.7 million, or 2.5% (-0.7% constant currency), to US$921.5 million for the three months ended September 30, 2019 from US$945.2 million for the three months ended September 30, 2018. For the three months ended September 30, 2019, the Group's overall net sales performance continued to stabilize, declining by 0.7% on a constant currency basis year-on-year, which was consistent with the 0.7% year-on-year constant currency decrease in the second quarter of 2019 and an improvement compared to the 2.4% constant currency decrease in the first quarter of 2019. As discussed in further detail later in this Management Discussion and Analysis, the Group continued to be challenged by headwinds in certain of its key markets during the three months ended September 30, 2019, including the United States ("U.S."), South Korea, the Hong Kong domestic market (excluding net sales made in Macau and to distributors in certain other Asian markets) and Chile. Excluding these markets, the Group's net sales increased by US$23.5 million, or 4.6% (+7.2% constant currency) for the three months ended September 30, 2019 compared to the same period in the previous year. Unfavorable foreign currency conversion had a negative translation impact on reported net sales of approximately US$17.1 million for the three months ended September 30, 2019 compared to the three months ended September 30, 2018.

Net sales in the wholesale channel decreased by US$16.4 million, or 2.8% (-0.9% constant currency), during the three months ended September 30, 2019 compared to the three months ended September 30, 2018, primarily due to decreases in North America, as the trade tensions between the U.S. and China continued to impact the Group's business in that region, and in South Korea as a result of continued challenging market conditions. Excluding these challenged markets, wholesale net sales increased by US$8.7 million, or 2.4% (+4.9% constant currency), compared to the same period in the previous year.

Net sales in the direct-to-consumer ("DTC") channel, which includes company-operated retail stores and DTC e-commerce, decreased by US$7.2 million, or 2.1% (-0.4% constant currency), to US$341.7 million (representing 37.1% of net sales) for the three months ended September 30, 2019 from US$348.9 million (representing 36.9% of net sales) for the three months ended September 30, 2018. The decrease in DTC net sales during the three months ended September 30, 2019 was primarily driven by a decline in the DTC e-commerce channel in North America. The decrease in DTC e-commerce in North America was attributable to decreased net sales through the eBags e-commerce website as a result of the Group's decision to reduce the sales of lower margin third party brands on its eBags e-commerce website in an effort to improve the Group's profitability.

Excluding the contribution from eBags, total DTC channel net sales increased by US$1.0 million, or 0.3% (+2.3% constant currency), year-on-year, driven by growth in net sales through other DTC e-commerce channels, partially offset by decreases in the DTC retail channel.

Net sales in the DTC retail channel decreased by US$5.7 million, or 2.2% (-0.3% constant currency), during the three months ended September 30, 2019 compared to the same period in the previous year. The Group continued to exercise moderation in opening new stores during the third quarter of 2019. The Group added 7 net new company-operated retail stores during the third quarter of 2019, bringing the total number of company-operated retail stores to 1,285 as of September 30, 2019, compared to 1,236 company-operated retail stores as of September 30, 2018. In addition, on a same store, constant currency basis, retail net sales decreased by 3.6% year-on-year during the three months ended September 30, 2019. This decrease was driven by constant currency same store net sales decreases of 7.2%, 2.4% and 0.9% in North America, Asia and Europe, respectively, partly offset by a 1.1% constant currency same store net sales increase in Latin America. The constant currency same store net sales decrease of 7.2% in North America was due to reduced Chinese tourist traffic in gateway markets in the U.S. The Group’s same store analysis includes existing company-operated retail stores which have been open for at least 12 months before the end of the relevant financial period.

Total DTC e-commerce net sales decreased by US$1.5 million, or 1.7% (-0.4% constant currency), to US$89.6 million (representing 9.7% of net sales) for the three months ended September 30, 2019 from US$91.1 million (representing 9.6% of net sales) for the three months ended September 30, 2018. Excluding the contribution from eBags, total DTC e-commerce net sales increased by US$6.7 million, or 12.7% (+15.0% constant currency).

During the three months ended September 30, 2019, US$145.9 million, or 15.8%, of the Group’s net sales were through e-commerce channels (comprising of US$89.6 million of net sales from the Group’s DTC e-commerce websites, which are included within the DTC channel, and US$56.3 million of net sales to e-retailers, which are included within the wholesale channel). This represented a year-on-year decrease of US$0.9 million, or 0.6% (+0.9%

constant currency), compared to the three months ended September 30, 2018, when e-commerce comprised US$146.8 million, or 15.5%, of the Group's net sales. Excluding the contribution from eBags, the Group's net sales through e-commerce channels increased by US$7.4 million, or 6.8% (+8.9% constant currency), year-on-year.

Net sales in the travel product category during the three months ended September 30, 2019 decreased by US$13.5 million, or 2.4% (-0.4% constant currency), compared to the three months ended September 30, 2018. Total net sales in the non-travel category, which include business, casual, accessories and other products, decreased by US$10.2 million, or 2.6% (-1.1% constant currency), for the three months ended September 30, 2019 compared to the three months ended September 30, 2018. Excluding the U.S., South Korea, the Hong Kong domestic market and Chile, net sales in the travel and non-travel categories increased by US$12.2 million, or 3.8% (+6.6% constant currency) and by US$11.3 million, or 6.2% (+8.3% constant currency), respectively. Net sales of business products decreased by US$1.0 million, or 0.6% (+0.8% constant currency), for the three months ended September 30, 2019 compared to the same period in the previous year. Net sales of casual products during the three months ended September 30, 2019 increased by US$2.3 million, or 2.4% (+4.2% constant currency), compared to the same period in the previous year. Net sales of accessories products decreased by US$8.9 million, or 8.2% (-6.8% constant currency), year-on-year and net sales of other products decreased by US$2.6 million, or 17.0% (-13.8% constant currency), compared to the same period in the previous year.

Net Sales by Region

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

	Three months ended September 30,					
	2019		2018		2019 vs 2018	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[2]
Net sales by region[1]:						
North America	**338.8**	**36.8%**	366.8	38.8%	(7.6)%	(7.6)%
Asia	**333.1**	**36.1%**	324.2	34.3%	2.7 %	4.0 %
Europe	**210.8**	**22.9%**	213.3	22.6%	(1.2)%	3.7 %
Latin America	**38.2**	**4.1%**	40.2	4.2%	(5.1)%	1.1 %
Corporate	**0.6**	**0.1%**	0.7	0.1%	(8.1)%	(8.1)%
Net sales	**921.5**	**100.0%**	945.2	100.0%	(2.5)%	(0.7)%

Notes

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

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

North America

The Group's net sales in North America decreased by US$28.0 million, or 7.6% (-7.6% constant currency), for the three months ended September 30, 2019 compared to the three months ended September 30, 2018. Continued uncertainty about the timing and outcome of trade negotiations between the U.S. and China, the incremental tariffs imposed by the U.S. effective September 2018 and June 2019 on products sourced from China and reduced Chinese tourist traffic in gateway markets in the U.S. Weak demand for new personal electronic devices, partly due to a delay in the launch of certain devices, impacted the *Speck* brand with net sales decreasing by US$7.2 million, or 14.1% (-14.1% constant currency), year-on-year.

In addition, the Group's decision to reduce the sales of lower margin third party brands on its eBags e-commerce website also affected U.S. net sales performance. For the three months ended September 30, 2019, net sales of eBags decreased by US$8.3 million, or 21.6% (-21.6% constant currency), compared to the same period in the previous year. Excluding the contribution from eBags, the Group's net sales for the North American region decreased by US$19.7 million, or 6.0% (-5.9% constant currency), year-on-year. Excluding the contributions from eBags and *Speck*, the Group's net sales in North America decreased by US$12.5 million, or 4.5% (-4.4% constant currency), year-on-year.

For the three months ended September 30, 2019, net sales of the *Samsonite* brand in North America decreased by US$8.5 million, or 6.3% (-6.2% constant currency), compared to the same period in the previous year. The decrease was caused by reduced wholesale net sales due to continued uncertainty about the timing and outcome of trade negotiations between the U.S. and China as well as the incremental tariffs imposed by the U.S. effective September 2018 and June 2019 on products sourced from China. Lower retail sales in gateway markets in the U.S. resulting from reduced Chinese tourist traffic also contributed to the decrease. Net sales of the *Tumi* brand during the three months ended September 30, 2019 decreased by US$3.8 million, or 3.9% (-3.8% constant currency), year-on-year due to reduced Chinese tourist traffic in gateway markets in the U.S. Net sales of the *American Tourister* brand during the three months ended September 30, 2019 increased by US$0.4 million, or 1.5% (+1.6% constant currency), compared to the three months ended September 30, 2018 due to expanded distribution. Net sales of the *Speck* brand decreased by US$7.2 million, or 14.1% (-14.1% constant currency), for the third quarter of 2019 compared to the same period in the previous year as a result of weak demand for new personal electronic devices, partly due to a delay in the launch of certain devices.

For the three months ended September 30, 2019, net sales in the U.S. decreased by US$26.2 million, or 7.5% (-7.5% constant currency), compared to the three months ended September 30, 2018 due to the factors noted above. Excluding the contribution from eBags, the Group's net sales in the U.S. decreased by US$18.0 million, or 5.8% (-5.8% constant currency) year-on-year. Net sales in Canada decreased by US$1.8 million, or 9.6% (-8.2% constant currency), year-on-year due to a decrease in wholesale channel net sales as retailers continue to more closely manage inventory levels.

Asia

The Group's net sales in Asia increased by US$8.9 million, or 2.7% (+4.0% constant currency), for the three months ended September 30, 2019 compared to the three months ended September 30, 2018. The Group's business in Asia was impacted by weak consumer sentiment in South Korea and the challenging market conditions in the Hong Kong domestic market (excluding net sales made in Macau and to distributors in certain other Asian markets). Excluding net sales in South Korea and the Hong Kong domestic market, the Group's net sales for the Asia region increased by US$28.7 million, or 11.7% (+12.0% constant currency), year-on-year.

For the three months ended September 30, 2019, net sales of the *Samsonite* brand increased by US$4.9 million, or 3.6% (+5.4% constant currency), year-on-year. Excluding South Korea and the Hong Kong domestic market, *Samsonite* brand net sales during the three months ended September 30, 2019 increased by US$8.8 million, or 8.3% (+9.4% constant currency), compared to the same period in the previous year. Net sales of the *Tumi* brand during the three months ended September 30, 2019 increased by US$1.9 million, or 3.5% (+3.6% constant currency), compared to the same period in the previous year due to the continued successful penetration of the brand throughout key markets in Asia. Excluding South Korea and the Hong Kong domestic market, *Tumi* brand net sales during the three months ended September 30, 2019 increased by US$6.3 million, or 16.2% (+14.8% constant currency), compared to the same period in the previous year. Net sales of the *American Tourister* brand during the three months ended September 30, 2019 increased by US$4.2 million, or 4.3% (+5.7% constant currency), compared to the three months ended September 30, 2018. Excluding South Korea and the Hong Kong domestic market, *American Tourister* brand net sales during the three months ended September 30, 2019 increased by US$14.4 million, or 19.5% (+20.3% constant currency), compared to the same period in the previous year.

Net sales in China increased by US$5.8 million, or 7.8% (+11.2% constant currency), during the three months ended September 30, 2019 compared to the same period in the previous year driven by the *Samsonite* and *Tumi* brands. Net sales in South Korea decreased by US$11.1 million, or 19.6% (-14.1% constant currency), year-on-year due to continued challenging market conditions in that country. Japan achieved net sales growth of US$9.0 million, or 16.6% (+12.4% constant currency), during the three months ended September 30, 2019 compared to the three months ended September 30, 2018 driven by sales of the *Tumi*, *Gregory*, *Samsonite* and *American Tourister* brands. Net sales in India increased by US$9.3 million, or 24.6% (+24.8% constant currency), for the three months ended September 30, 2019 compared to the same period in the previous year driven by increased sales of the *American Tourister* brand. Challenging market conditions in the Hong Kong domestic market caused total net sales reported for Hong Kong (which comprises net sales made in the domestic Hong Kong market, Macau and to distributors in certain other Asian markets) to decrease by US$8.9 million, or 21.5% (-21.6% constant currency), year-on-year.

Europe

Net sales in Europe decreased by US$2.5 million, or 1.2% (+3.7% constant currency), for the three months ended September 30, 2019 compared to the same period in the previous year. Unfavorable foreign currency conversion had a negative translation impact on reported net sales of approximately US$10.4 million for the three months ended September 30, 2019 compared to the same period in the previous year.

For the three months ended September 30, 2019, net sales of the *Samsonite* brand in Europe decreased by US$2.2 million, or 1.6% (+3.3% constant currency), compared to the three months ended September 30, 2018. Net sales of the *Tumi* brand during the three months ended September 30, 2019 increased by US$1.4 million, or 5.3% (+10.5% constant currency), compared to the same period in the previous year. Net sales of the *American Tourister* brand during the three months ended September 30, 2019 decreased by US$0.9 million, or 2.4% (+1.9% constant currency), compared to the three months ended September 30, 2018. The year-on-year comparison was affected because sales of the *American Tourister* brand for the third quarter of 2018 were particularly strong with constant currency net sales growth of 42.3% over the same period in the previous year.

The constant currency net sales growth in Europe during the three months ended September 30, 2019 compared to the same period in the previous year was driven by France (+1.7%; +6.8% constant currency), Germany (-1.2%; +3.9% constant currency), Russia (+17.1%; +17.6% constant currency) and Turkey (+10.2%; +15.3% constant currency). These positive performances were partially offset by decreases in Italy (-5.5%; -0.7% constant currency), the United Kingdom (-6.7%; -0.7% constant currency) and Spain (-7.6%; -2.9% constant currency), where increased economic and political uncertainty impacted consumer sentiment and sales.

Latin America

The Group's net sales in Latin America decreased by US$2.0 million, or 5.1% (+1.1% constant currency), for the three months ended September 30, 2019 compared to the three months ended September 30, 2018. Unfavorable foreign currency conversion had a negative translation impact on reported net sales of approximately US$2.5 million for the three months ended September 30, 2019 compared to the same period in the previous year.

For the three months ended September 30, 2019, net sales of the *Samsonite* brand in Latin America decreased by US$0.5 million, or 2.7% (+4.2% constant currency), compared to the three months ended September 30, 2018. Net sales of the *American Tourister* brand during the third quarter of 2019 increased by US$0.2 million, or 2.3% (+7.7% constant currency), compared to the same period in the previous year. The year-on-year comparison was affected because sales of the *American Tourister* brand for the third quarter of 2018 were particularly strong with constant currency net sales growth of 34.9% over the same period in the previous year. For the three months ended September 30, 2019, net sales of the *Tumi* brand in Latin America increased by US$0.1 million, or 11.3% (+13.0% constant currency), compared to the same period in the previous year.

Net sales in Chile decreased by US$1.2 million, or 10.0% (-3.0% constant currency), during the three months ended September 30, 2019 compared to the same period in the previous year due to weak domestic consumer sentiment. Net sales in Mexico increased by US$1.0 million, or 6.9% (+9.7% constant currency), year-on-year primarily attributable to an increase in net sales of the *Samsonite* brand. Net sales in Brazil were flat (+1.1% constant currency) year-on-year. Net sales in Argentina increased by US$0.5 million, or 41.9% (+119.7% constant currency), for the three months ended September 30, 2019 compared to the three months ended September 30, 2018, due to the Argentinian government easing restrictions on imports, resulting in Argentinian consumers buying more products in their home country instead of traveling to neighboring countries like Chile. Excluding Chile, Latin America net sales decreased by US$0.8 million, or 3.0% (+2.9% constant currency).

Net Sales by Brand

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

	Three months ended September 30,					
	2019		2018		2019 vs 2018	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(2)]
Net sales by brand:						
Samsonite	**422.1**	**45.8%**	428.5	45.3%	(1.5)%	1.0 %
Tumi	**182.8**	**19.8%**	183.2	19.4%	(0.2)%	0.6 %
American Tourister	**170.7**	**18.5%**	166.8	17.7%	2.3 %	4.3 %
Speck	**44.2**	**4.8%**	51.5	5.4%	(14.1)%	(14.1)%
Gregory	**18.0**	**2.0%**	14.8	1.6%	22.2 %	21.3 %
High Sierra	**14.9**	**1.6%**	14.5	1.5%	2.3 %	3.3 %
Other[(1)]	**68.8**	**7.5%**	85.9	9.1%	(20.0)%	(18.2)%
Net sales	**921.5**	**100.0%**	945.2	100.0%	(2.5)%	(0.7)%

Notes

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

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

Net sales of the *Samsonite* brand during the three months ended September 30, 2019 decreased by US$6.4 million, or 1.5% (+1.0% constant currency), compared to the three months ended September 30, 2018, due to decreased sales of the brand in North America (-6.3%; -6.2% constant currency), partially offset by increased sales of the brand in Asia (+3.6%; +5.4% constant currency). Unfavorable foreign currency conversion had a negative translation impact on *Samsonite* brand net sales of approximately US$10.7 million for the three months ended September 30, 2019 compared to the three months ended September 30, 2018. Excluding the U.S., South Korea, the Hong Kong domestic market (excluding net sales made in Macau and to distributors in certain other Asian markets) and Chile, *Samsonite* brand net sales during the three months ended September 30, 2019 increased by US$4.2 million, or 1.6% (+5.0% constant currency), compared to the same period in the previous year.

Net sales of the *Tumi* brand during the three months ended September 30, 2019 decreased by US$0.4 million, or 0.2% (+0.6% constant currency), compared to the same period in the previous year. Net sales of the *Tumi* brand increased by 3.5% (+3.6% constant currency) in Asia despite headwinds in South Korea and the Hong Kong domestic market (excluding South Korea and the Hong Kong domestic market, *Tumi* brand net sales in Asia increased by 16.2% (+14.8% constant currency)), by 5.3% (+10.5% constant currency) in Europe and by 11.3% (+13.0% constant currency) in Latin America as the Group continues to further penetrate international markets. Net sales of the *Tumi* brand in North America decreased by 3.9% (-3.8% constant currency) due to reduced Chinese tourist traffic in gateway markets in the U.S. Excluding the U.S., South Korea and the Hong Kong domestic market, *Tumi* brand net sales increased by US$7.7 million, or 10.7% (+12.0% constant currency).

Net sales of the *American Tourister* brand increased by US$3.8 million, or 2.3% (+4.3% constant currency), for the three months ended September 30, 2019 compared to the three months ended September 30, 2018. The year-on-year comparison was affected because sales of *American Tourister* were very strong in the third quarter of 2018 with constant currency net sales growth of 13.2% year-on-year driven by the major global marketing campaign for the brand during 2018. Excluding the U.S., South Korea, the Hong Kong domestic market and Chile, *American Tourister* brand net sales increased by US$13.1 million, or 11.1% (+13.2% constant currency), for the three months ended September 30, 2019 compared to the same period in the previous year.

Net sales of the *Speck* brand decreased by US$7.2 million, or 14.1% (-14.1% constant currency), for the three months ended September 30, 2019 compared to the same period in the previous year due to weak demand for new personal electronic devices, partly due to a delay in the launch of certain devices. Net sales of the *Gregory* brand increased by US$3.3 million, or 22.2% (+21.3% constant currency), compared to the same period in the previous year driven primarily by Japan. Net sales of the *High Sierra* brand increased by US$0.3 million, or 2.3% (+3.3% constant currency), year-on-year.

The decrease in net sales of other brands during the three months ended September 30, 2019 was primarily due to the Group's decision to reduce the sales of third party brands sold through the eBags e-commerce website. During the three months ended September 30, 2019, net sales of the *eBags* brand increased by US$0.2 million, or 1.9% (+1.9% constant currency), year-on-year.

Gross Profit

Gross profit decreased by US$29.4 million, or 5.4% (-3.7% constant currency), to US$513.5 million for the three months ended September 30, 2019 from US$542.9 million for the three months ended September 30, 2018 due to lower sales and lower gross profit margin. Gross profit margin decreased to 55.7% for the three months ended September 30, 2019 from 57.4% for the same period in the previous year. The decrease in gross profit margin was due to the incremental tariffs imposed by the U.S. effective September 2018 and June 2019 on products sourced from China, sales mix, higher raw materials costs in Europe and increased sales promotions in certain markets.

Distribution Expenses

Distribution expenses decreased by US$2.3 million, or 0.8%, to US$303.6 million (representing 33.0% of net sales) for the three months ended September 30, 2019 from US$305.9 million (representing 32.4% of net sales) for the three months ended September 30, 2018. Distribution expenses as a percentage of net sales increased primarily due to the effect of investments in the DTC distribution channel, particularly in connection with bricks-and-mortar retail stores that were opened in 2017 and 2018, along with the year-on-year decrease in net sales.

Marketing Expenses

The Group spent US$45.4 million on marketing during the three months ended September 30, 2019 compared to US$55.7 million for the three months ended September 30, 2018, a decrease of US$10.3 million, or 18.6%. As a percentage of net sales, marketing expenses decreased by 100 basis points to 4.9% during the three months ended September 30, 2019 compared to 5.9% during the same period of the previous year. The Group temporarily reduced advertising spend during the third quarter of 2019 to help offset the pressure on its profitability caused by headwinds in certain markets. This reduction was executed in a targeted manner to ensure continued support for the Group's growth initiatives, including the *Tumi* brand's further international expansion, its DTC e-commerce growth strategy and planned new product introductions.

General and Administrative Expenses

General and administrative expenses decreased by US$0.8 million, or 1.4%, to US$55.8 million (representing 6.1% of net sales) for the three months ended September 30, 2019 from US$56.6 million (representing 6.0% of net sales) for the three months ended September 30, 2018. The increase in general and administrative expenses, as a percentage of net sales, was due to the year-on-year decrease in net sales.

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

In accordance with IAS 36, *Impairment of Assets*, the Group is required to evaluate its property, plant and equipment and lease right-of-use assets for potential impairment whenever events or changes in circumstance indicate that their carrying amount might not be recoverable. Based on an evaluation of loss-making stores during the third quarter of 2019 and the anticipated closure of some of these stores due to reduced traffic and under-performance, the Group determined that the carrying amounts of certain property, plant and equipment and certain lease right-of-use assets as of September 30, 2019 exceeded their respective recoverable amounts. The Group recognized a non-cash impairment charge totaling US$2.5 million for the three months ended September 30, 2019, which was recorded in the Group's consolidated income statements in the line item "Impairment of property, plant and equipment and lease right-of-use assets". The US$2.5 million non-cash impairment charge comprised the write-off of US$1.8 million of lease right-of-use assets associated with such stores that were recently recognized with the adoption of IFRS 16 and a US$0.7 million impairment for property, plant and equipment of such stores (the "Non-cash Impairment Charge").

Other Expenses

The Group recorded net other expenses of US$1.3 million and US$2.1 million for the three months ended September 30, 2019 and September 30, 2018, respectively. Net other expenses included costs related to profit improvement initiatives totaling US$0.8 million that were recorded during the three months ended September 30, 2019. Refer to the Group's discussion of profit improvement initiatives in Other Expenses for the nine months ended September 30, 2019.

Operating Profit

Operating profit decreased by US$17.6 million, or 14.3% (-13.4% constant currency), for the three months ended September 30, 2019 to US$104.9 million due to the factors discussed above. Operating profit for the three months ended September 30, 2019 decreased by US$18.3 million, or 14.5% (-13.4% constant currency), to US$108.3 million when excluding the Non-cash Impairment Charge and the costs to implement profit improvement initiatives during the three months ended September 30, 2019, compared to US$126.6 million for the same period in the previous year (as recast to adjust for IFRS 16 impacts).

Net Finance Costs

Net finance costs increased by US$7.1 million, or 36.9%, to US$26.3 million for the three months ended September 30, 2019 from US$19.2 million for the three months ended September 30, 2018. The increase in interest expense was attributable to the adoption of IFRS 16. Interest expense associated with IFRS 16 leases amounted to US$7.6 million for the three months ended September 30, 2019. Net finance costs decreased by US$1.1 million, or 4.1%, to US$26.3 million for the three months ended September 30, 2019 from US$27.4 million for the three months ended September 30, 2018 (as recast to adjust for IFRS 16 impacts - see bridge in the Adjusted EBITDA section below).

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

	Three months ended September 30,	
(Expressed in millions of US Dollars)	**2019**	2018
Recognized in income or loss:		
Interest income	**0.8**	0.3
Total finance income	**0.8**	0.3
Interest expense on loans and borrowings	**(16.1)**	(16.2)
Amortization of deferred financing costs associated with refinancing in April 2018	**(0.8)**	(0.8)
Interest expense on lease liabilities[(1)]	**(7.6)**	—
Change in fair value of put options	**0.1**	0.4
Net foreign exchange gain (loss)	**(2.5)**	(1.9)
Other finance costs	**(0.2)**	(1.0)
Total finance costs	**(27.1)**	(19.5)
Net finance costs recognized in profit or loss	**(26.3)**	(19.2)

Note
(1) On January 1, 2019, the Group adopted IFRS 16 and applied the modified retrospective approach. Comparative amounts for the three months ended September 30, 2018 have not been restated.

Income Tax Expense

Income tax expense decreased by US$2.6 million, or 10.9%, to US$21.2 million for the three months ended September 30, 2019 from US$23.8 million for the three months ended September 30, 2018.

The Group's consolidated effective tax rate for operations was 26.9% and 23.0% for the three months ended September 30, 2019 and September 30, 2018, respectively. The reported effective tax rate was calculated using a weighted average income tax rate from those jurisdictions in which the Group is subject to tax, adjusted for permanent book/tax differences, tax incentives, changes in tax reserves and changes in unrecognized deferred tax assets. The effective tax rate for each period was recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income for the period adjusted for certain discrete items for the period. The increase in the Group's effective tax rate during the third quarter of 2019 was mainly the result of changes in the profit mix between high and low tax jurisdictions and the timing of certain discrete items in the period.

Profit

Profit for the period

Profit for the period for the three months ended September 30, 2019 decreased by US$22.1 million, or 27.7% (-27.4% constant currency), to US$57.4 million from US$79.6 million for the three months ended September 30, 2018. Profit for the period for the three months ended September 30, 2019 decreased by US$19.0 million, or 23.9% (-23.3% constant currency), to US$60.5 million when excluding the Non-cash Impairment Charge and the costs to implement profit improvement initiatives, net of the related tax impact during the three months ended September 30, 2019, compared to US$79.6 million for the same period in the previous year.

Profit for the period recast for IFRS 16 impacts

Profit for the period for the three months ended September 30, 2019 decreased by US$15.9 million, or 20.8% (-20.2% constant currency), to US$60.5 million when excluding the Non-cash Impairment Charge and the costs to implement profit improvement initiatives, net of the related tax impact during the three months ended September 30, 2019, compared to US$76.6 million for the same period in the previous year (as recast to adjust for IFRS 16 impacts).

The following table presents a bridge of profit for the period, as adjusted, for the three months ended September 30, 2019 actual results compared to the three months ended September 30, 2018.

PROFIT FOR THE PERIOD

	Three months ended September 30,				
	As reported		As adjusted for IFRS 16[(1)]	As reported	
(Expressed in millions of US Dollars)	**2019**	2018	2018	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(2)]
Profit for the period	**57.4**	79.6	76.6	(27.7)%	(27.4)%
Impairment of certain property, plant and equipment and lease right-of-use assets	**2.5**	—	—	n/a	n/a
Costs to implement profit improvement initiatives	**0.8**	—	—	n/a	n/a
Tax impact	**(0.2)**	—	—	n/a	n/a
Profit for the period, as adjusted	**60.5**	79.6	76.6	(23.9)%	(23.3)%

Notes

(1) The "as adjusted for IFRS 16" column in the table above presents the Group's profit for the period for the three months ended September 30, 2018 on a comparable basis. Such amounts reflect management's best estimate based on its evaluation of the impact of IFRS 16 and are non-IFRS measures.

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

Profit attributable to the equity holders

Profit attributable to the equity holders for the three months ended September 30, 2019 decreased by US$22.3 million, or 29.6% (-29.3% constant currency), to US$53.0 million from US$75.5 million for the same period in the previous year. Profit attributable to the equity holders for the three months ended September 30, 2019 decreased by US$19.3 million, or 25.6% (-25.0% constant currency), to US$56.1 million when excluding the Non-cash Impairment Charge and the costs to implement profit improvement initiatives, net of the related tax impact during the three months ended September 30, 2019, compared to US$75.5 million for the same period in the previous year.

Profit attributable to the equity holders recast for IFRS 16 impacts

Profit attributable to the equity holders for the three months ended September 30, 2019 decreased by US$16.2 million, or 22.4% (-21.8% constant currency), to US$56.1 million when excluding the Non-cash Impairment Charge and the costs to implement profit improvement initiatives, net of the related tax impact during the three months ended September 30, 2019, compared to US$72.4 million for the same period in the previous year (as recast to adjust for IFRS 16 impacts).

The following table presents a bridge of profit attributable to the equity holders, as adjusted, for the three months ended September 30, 2019 actual results compared to the three months ended September 30, 2018.

PROFIT ATTRIBUTABLE TO THE EQUITY HOLDERS

	Three months ended September 30,				
	As reported		As adjusted for IFRS 16[(1)]	As reported	
(Expressed in millions of US Dollars)	**2019**	2018	2018	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(2)]
Profit attributable to the equity holders	**53.0**	75.5	72.4	(29.6)%	(29.3)%
Impairment of certain property, plant and equipment and lease right-of-use assets	**2.5**	—	—	n/a	n/a
Costs to implement profit improvement initiatives	**0.8**	—	—	n/a	n/a
Tax impact	**(0.2)**	—	—	n/a	n/a
Profit attributable to the equity holders, as adjusted	**56.1**	75.5	72.4	(25.6)%	(25.0)%

Notes
(1) The “as adjusted for IFRS 16” column in the table above presents the Group's profit for the period for the three months ended September 30, 2018 on a comparable basis. Such amounts reflect management’s best estimate based on its evaluation of the impact of IFRS 16 and are non-IFRS measures.
(2) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the comparable period in the previous year to current period local currency results.

Basic and diluted earnings per share

Basic earnings per share (“Basic EPS”) decreased by 29.6% to US$0.037 for the three months ended September 30, 2019 from US$0.053 for the three months ended September 30, 2018. Diluted earnings per share ("Diluted EPS") decreased by 29.4% to US$0.037 for the three months ended September 30, 2019 from US$0.052 for the three months ended September 30, 2018. The weighted average number of shares utilized in the Basic EPS calculation was 1,431,152,487 shares for the three months ended September 30, 2019 compared to 1,430,422,650 shares for the three months ended September 30, 2018. The weighted average number of shares outstanding utilized in the Diluted EPS calculation was 1,433,848,779 shares for the three months ended September 30, 2019 compared to 1,439,076,732 shares for the three months ended September 30, 2018.

Basic EPS, as adjusted, decreased by 25.6% to US$0.039 for the three months ended September 30, 2019 when excluding the Non-cash Impairment Charge and the costs to implement profit improvement initiatives, net of the related tax impact during the three months ended September 30, 2019, compared to US$0.053 for the same period in the previous year. Diluted EPS, as adjusted, decreased by 25.3% to US$0.039 for the three months ended September 30, 2019 when excluding the same charges and costs as noted above, compared to US$0.052 for the same period in the previous year.

Basic EPS and Diluted EPS recast for IFRS 16 impacts

Basic EPS, as adjusted, decreased by 22.5% to US$0.039 for the three months ended September 30, 2019 when excluding the Non-cash Impairment Charge and the costs to implement profit improvement initiatives, net of the related tax impact during the three months ended September 30, 2019, compared to US$0.051 for the same period in the previous year (as recast to adjust for IFRS 16 impacts). Diluted EPS, as adjusted, decreased by 22.1% to US$0.039 for the three months ended September 30, 2019 when excluding the same charges and costs as noted above, compared to US$0.050 for the same period in the previous year (as recast to adjust for IFRS 16 impacts).

Adjusted EBITDA

Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), a non-IFRS measure, decreased by US$20.6 million, or 13.3% (-11.8% constant currency), to US$133.9 million for the three months ended September 30, 2019 from US$154.6 million for the same period in the previous year when including interest and amortization charges associated with the capitalization of leases under IFRS 16. Adjusted EBITDA margin decreased by 190 basis points to 14.5% from 16.4% due largely to lower gross profit margin and the decrease in net sales and the effect of investments in the DTC distribution channel, particularly in connection with bricks-and-mortar retail stores that were opened in 2017 and 2018. See the reconciliation of profit for the period to Adjusted EBITDA below for the Group’s results excluding certain costs and charges and other non-cash charges that impacted reported profit for the period.

Notwithstanding the headwinds in certain markets, the Group’s business continued the stabilization that began during the second quarter of 2019. The US$20.6 million, or 13.3% (-11.8% constant currency), decrease in Adjusted EBITDA during the three months ended September 30, 2019 compared to the same period in the previous year was an improvement compared to the US$25.1 million, or 16.3% (-13.5% constant currency) decrease, during the second quarter of 2019, and the US$38.2 million, or 31.1% (-28.1% constant currency) decrease, for the first quarter of 2019. The Adjusted EBITDA margin of 14.5% for the third quarter of 2019 was an improvement compared to 13.9% for the second quarter of 2019 and 10.2% for the first quarter of 2019. The profit improvement initiatives undertaken by management are expected to further improve the Group’s profitability for the remainder of 2019 and beyond.

Adjusted EBITDA recast for IFRS 16 impacts

Adjusted EBITDA decreased by US$15.6 million, or 10.4% (-8.9% constant currency), to US$133.9 million for the three months ended September 30, 2019 from US$149.6 million for the three months ended September 30, 2018 (as recast below to adjust for IFRS 16 impacts) when including the interest and amortization charges associated with the capitalization of leases under IFRS 16. Adjusted EBITDA margin (on the same basis) decreased by 130 basis points to 14.5% from 15.8% due to the same reasons noted above. See the reconciliation of profit for the period to Adjusted EBITDA below for the Group’s results excluding certain costs and charges and other non-cash charges that impacted reported profit for the period.

The Group’s business continued the stabilization that began during the second quarter of 2019. The US$15.6 million, or 10.4% (-8.9% constant currency) decrease in Adjusted EBITDA, when including the interest and amortization charges associated with the capitalization of leases under IFRS 16 during the three months ended September 30, 2019 compared to the same period in the previous year (as recast to adjust for IFRS 16 impacts), was an improvement compared to the US$19.2 million, or 13.0% (-10.1% constant currency) decrease, during the second quarter of 2019, and the US$32.3 million, or 27.6% (-24.4% constant currency) decrease, for the first quarter of 2019.

The following table presents a bridge of the three months ended September 30, 2018 reported Adjusted EBITDA results to an adjusted EBITDA on a comparable basis, which reflects management's best estimate based on its evaluation of the impact of IFRS 16:

	Three months ended September 30, 2018		
(Expressed in millions of US Dollars)	As reported	IFRS 16 Adjustments	As adjusted for IFRS 16
Profit for the period	79.6	(3.0)	76.6
Plus (Minus):			
Income tax expense (benefit)	23.8	(1.2)	22.6
Finance costs, excluding interest expense on lease liabilities	19.5	—	19.5
Interest expense on lease liabilities	—	8.2	8.2
Finance income	(0.3)	—	(0.3)
Depreciation	21.1	—	21.1
Amortization of lease right-of-use assets	—	48.0	48.0
Amortization of intangible assets	8.6	(0.8)	7.8
EBITDA	152.3	51.2	203.5
Plus:			
Share-based compensation expense	0.2	—	0.2
Other adjustments	2.1	—	2.1
Adjusted EBITDA, excluding lease interest and amortization	154.6	51.2	205.8
Amortization of lease right-of-use assets	—	(48.0)	(48.0)
Interest expense on lease liabilities	—	(8.2)	(8.2)
Adjusted EBITDA, including lease interest and amortization	154.6	(5.0)	149.6

Management has updated its Adjusted EBITDA presentation due to the adoption of IFRS 16. The following table presents the reconciliation from the Group's profit for the period to Adjusted EBITDA for the three months ended September 30, 2019 and September 30, 2018 (as adjusted for IFRS 16):

	Three months ended September 30,	
(Expressed in millions of US Dollars)	**2019**	2018 As adjusted for IFRS 16
Profit for the period	**57.4**	76.6
Plus (Minus):		
Income tax expense	**21.2**	22.6
Finance costs	**27.1**	27.7
Finance income	**(0.8)**	(0.3)
Depreciation	**19.5**	21.1
Total amortization	**56.9**	55.8
EBITDA	**181.3**	203.5
Plus:		
Share-based compensation expense	**5.3**	0.2
Impairment of lease right-of-use assets	**1.8**	—
Impairment of property, plant and equipment	**0.7**	—
Other adjustments[(1)]	**1.3**	2.1
Adjusted EBITDA, excluding lease interest and amortization	**190.4**	205.8
Amortization of lease right-of-use assets	**(48.9)**	(48.0)
Interest expense on lease liabilities	**(7.6)**	(8.2)
Adjusted EBITDA, including lease interest and amortization[(2)]	**133.9**	149.6
Adjusted EBITDA percentage change	**(10.4)%**	
Adjusted EBITDA percentage change, constant currency basis	**(8.9)%**	
Adjusted EBITDA margin	**14.5 %**	15.8%

Notes
(1) Other adjustments primarily comprised of 'Other expenses' per the Consolidated Income Statements.
(2) Adjusted EBITDA, a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges. Adjusted EBITDA includes the lease interest and amortization expense as a result of the Group's adoption of IFRS 16 on January 1, 2019. The inclusion of IFRS 16 lease interest and amortization expense in Adjusted EBITDA allows the non-IFRS measure to be more comparable with the previous period's Adjusted EBITDA disclosure.

The Group has presented EBITDA, Adjusted EBITDA (both including and excluding IFRS 16 lease interest and amortization) and Adjusted EBITDA margin because it believes that, when viewed with its results of operations as prepared in accordance with IFRS and with the reconciliation to profit for the period, these measures provide additional information that is useful in gaining a more complete understanding of its operational performance and of the trends impacting its business. EBITDA, Adjusted EBITDA (both including and excluding IFRS 16 lease interest and amortization) and Adjusted EBITDA margin are important metrics the Group uses to evaluate its operating performance and cash generation.

EBITDA, Adjusted EBITDA (both including and excluding IFRS 16 lease interest and amortization) and Adjusted EBITDA margin are non-IFRS financial measures and as calculated herein may not be comparable to similarly named measures used by other companies and should not be considered comparable to profit for the period in the Group's consolidated income statements. These measures have limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, an analysis of the Group's results of operations as reported under IFRS.

Adjusted Net Income

Adjusted Net Income, a non-IFRS measure, decreased by US$19.4 million, or 23.8% (-23.2% constant currency), to US$62.0 million for the three months ended September 30, 2019 from US$81.4 million for the same period in the previous year. See the reconciliation of profit for the period to Adjusted Net Income below for the Group's results excluding certain costs and charges and other non-cash charges that impacted reported profit for the period.

Adjusted Basic EPS and Adjusted Diluted EPS, non-IFRS measures, were US$0.043 for the three months ended September 30, 2019, compared to the Adjusted Basic EPS and Adjusted Diluted EPS of US$0.057 for the three months ended September 30, 2018. Adjusted Basic EPS and Adjusted Diluted EPS are calculated by dividing

Adjusted Net Income by the weighted average number of shares used in the Basic EPS and Diluted EPS calculations, respectively.

Adjusted Net Income recast for IFRS 16 impacts

Adjusted Net Income decreased by US$15.7 million, or 20.2% (-19.6% constant currency), to US$62.0 million for the three months ended September 30, 2019 from US$77.8 million for the three months ended September 30, 2018 (as recast below to adjust for IFRS 16 impacts). See the reconciliation of profit for the period to Adjusted Net Income below for the Group's results excluding certain costs and charges and other non-cash charges that impacted reported profit for the period.

Adjusted Basic EPS and Adjusted Diluted EPS, non-IFRS measures, were US$0.043 for the three months ended September 30, 2019, compared to the Adjusted Basic EPS and Adjusted Diluted EPS of US$0.054 for the three months ended September 30, 2018. The Adjusted Basic EPS and Adjusted Diluted EPS for the three months ended September 30, 2018 have been recast to adjust for IFRS 16 impacts.

The following table presents a bridge of the three months ended September 30, 2018 reported Adjusted Net Income results to an Adjusted Net Income on a comparable basis, which reflects management's best estimate based on its evaluation of the impact of IFRS 16:

	Three months ended September 30, 2018		
(Expressed in millions of US Dollars)	As reported	IFRS 16 Adjustments	As adjusted for IFRS 16
Profit attributable to equity holders	75.5	(3.1)	72.4
Plus (Minus):			
Change in fair value of put options	(0.4)	—	(0.4)
Amortization of intangible assets	8.6	(0.8)	7.8
Tax adjustments	(2.3)	0.3	(2.0)
Adjusted Net Income	81.4	(3.6)	77.8

The following table presents the reconciliation from the Group's profit attributable to the equity holders to Adjusted Net Income for the three months ended September 30, 2019 and September 30, 2018 (as adjusted for IFRS 16):

	Three months ended September 30,	
(Expressed in millions of US Dollars)	**2019**	2018 As adjusted for IFRS 16
Profit attributable to the equity holders	**53.0**	72.4
Plus (Minus):		
Change in fair value of put options included in finance costs	**(0.1)**	(0.4)
Amortization of intangible assets	**8.0**	7.8
Impairment of lease right-of-use assets	**1.8**	—
Impairment of property, plant and equipment	**0.7**	—
Costs to implement profit improvement initiatives	**0.8**	—
Tax adjustments(1)	**(2.2)**	(2.0)
Adjusted Net Income(2)	**62.0**	77.8

Notes
(1) 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.
(2) Represents Adjusted Net Income attributable to the equity holders of the Company.

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

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

For the Nine Months Ended September 30, 2019

Net Sales

During the nine months ended September 30, 2019, net sales decreased by US$116.7 million, or 4.2% (-1.2% constant currency), to US$2,677.2 million for the nine months ended September 30, 2019 from US$2,793.9 million for the nine months ended September 30, 2018. Unfavorable foreign currency conversion had a negative translation impact on reported net sales of approximately US$82.3 million for the nine months ended September 30, 2019 compared to the same period in the previous year.

During the nine months ended September 30, 2019, the Group was challenged by headwinds in certain of its key markets. In North America, the incremental tariffs imposed by the U.S. effective September 2018 and June 2019 on products sourced from China and reduced Chinese tourist traffic in gateway markets in the U.S. continued to impact the U.S. market. In China, the Group's sales reflected a planned decrease in business-to-business ("B2B") sales during the first half of 2019. Challenging market conditions in South Korea and the Hong Kong domestic market (excluding net sales made in Macau and to distributors in certain other Asian markets) continued to negatively impact the Group's performance. In Latin America, the Group's business in Chile continued to be affected by weak domestic consumer sentiment as well as by a decrease in consumer traffic caused by Argentinian tourists purchasing more within their home country as the Argentinian government eased restrictions on imports. Excluding the U.S., China B2B, South Korea, the Hong Kong domestic market and Chile, the Group's net sales increased by US$0.4 million, or 0.0% (+4.6% constant currency) for the nine months ended September 30, 2019 compared to the same period in the previous year.

Net sales in the wholesale channel decreased by US$113.3 million, or 6.2% (-3.2% constant currency), during the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018, reflecting a negative foreign currency translation impact of US$54.4 million. The decrease in wholesale channel net sales was primarily due to decreases in North America, as the trade tensions between the U.S. and China continued to impact the Group's business in that region; in China due to reduced B2B sales; and in South Korea as a result of continued challenging market conditions. Excluding these challenged markets, wholesale net sales decreased by US$34.6 million, or 3.2% (+1.0% constant currency), compared to the same period in the previous year.

Net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, decreased by US$3.1 million, or 0.3% (+2.6% constant currency), to US$966.5 million (representing 36.1% of net sales) for the nine months ended September 30, 2019 from US$969.5 million (representing 34.7% of net sales) for the nine months ended September 30, 2018. The decrease in DTC channel net sales during the nine months ended September 30, 2019 was attributable to a decrease in retail sales in the U.S. caused by reduced Chinese tourist traffic in gateway markets and decreased net sales through the eBags e-commerce website as a result of the Group's decision to reduce the sales of lower margin third party brands on its eBags e-commerce website in an effort to improve the Group's profitability, partially offset by growth in net sales through other DTC e-commerce channels.

Excluding the contribution from eBags, total DTC net sales increased by US$15.9 million, or 1.8% (+5.1% constant currency). The year-on-year increase in the DTC channel, excluding eBags, 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.

Net sales in the DTC retail channel decreased by US$8.3 million, or 1.2% (+2.0% constant currency), during the nine months ended September 30, 2019 compared to the same period in the previous year reflecting unfavorable foreign currency translation effects. The Group continued to exercise moderation in opening new stores in 2019. During the nine months ended September 30, 2019, 34 net new company-operated retail stores were opened compared to 69 net new stores opened during the nine months ended September 30, 2018. The total number of company-operated retail stores was 1,285 as of September 30, 2019, compared to 1,236 company-operated retail stores as of September 30, 2018. In addition, on a same store, constant currency basis, retail net sales decreased by 2.7% year-on-year during the nine months ended September 30, 2019. This decrease was driven by constant currency same store net sales decreases of 6.0%, 0.5% and 0.3% in North America, Europe and Asia, respectively, partly offset by a 0.2% constant currency same store net sales increase in Latin America. The constant currency same store net sales decrease of 6.0% in North America was due to reduced Chinese tourist traffic in gateway markets in the U.S. The

Group's same store analysis includes existing company-operated retail stores which have been open for at least 12 months before the end of the relevant financial period.

Total DTC e-commerce net sales increased by US$5.3 million, or 2.1% (+4.2% constant currency), to US$257.6 million (representing 9.6% of net sales) for the nine months ended September 30, 2019 from US$252.4 million (representing 9.0% of net sales) for the nine months ended September 30, 2018. Excluding the contribution from eBags, total DTC e-commerce net sales increased by US$24.3 million, or 16.9% (+20.6% constant currency).

During the nine months ended September 30, 2019, US$412.3 million, or 15.4%, of the Group's net sales were through e-commerce channels (comprising US$257.6 million of net sales from the Group's DTC e-commerce website, which are included within the DTC channel, and US$154.6 million of net sales to e-retailers, which are included within the wholesale channel). This represented a year-on-year increase of US$6.5 million, or 1.6% (+4.1% constant currency), compared to the nine months ended September 30, 2018, when e-commerce comprised US$405.7 million, or 14.5%, of the Group's net sales. Excluding the contribution from eBags, the Group's net sales through e-commerce channels increased by US$25.5 million, or 8.6% (+12.0% constant currency), year-on-year.

Net sales in the travel product category during the nine months ended September 30, 2019 decreased by US$81.6 million, or 4.9% (-1.8% constant currency), compared to the nine months ended September 30, 2018. Total net sales in the non-travel product category, which includes business, casual, accessories and other products, decreased by US$35.2 million, or 3.2% (-0.4% constant currency), for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018. Excluding the U.S., China B2B, South Korea, the Hong Kong domestic market and Chile, net sales in the travel category decreased by US$21.0 million, or 2.2% (+2.5% constant currency) and net sales in the non-travel category increased by US$21.4 million, or 4.3% (+8.6% constant currency). Net sales of business products increased by US$0.3 million, or 0.1% (+2.7% constant currency), for the nine months ended September 30, 2019 compared to the same period in the previous year. Net sales of casual products during the nine months ended September 30, 2019 decreased by US$15.6 million, or 4.9% (-1.7% constant currency), compared to the same period in the previous year. Net sales of accessories products decreased by US$17.0 million, or 6.3% (-4.0% constant currency), year-on-year, and net sales of other products decreased by US$2.9 million, or 7.7% (-2.5% constant currency), compared to the same period in the previous year.

Net Sales by Region

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

	Nine months ended September 30,				2019 vs 2018	
	2019		2018			
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(2)]
Net sales by region[(1)]:						
North America	**993.1**	**37.1%**	1,061.8	38.0%	(6.5)%	(6.3)%
Asia	**976.7**	**36.5%**	992.5	35.5%	(1.6)%	1.4 %
Europe	**582.1**	**21.7%**	606.0	21.7%	(3.9)%	2.5 %
Latin America	**122.9**	**4.6%**	130.8	4.7%	(6.1)%	2.7 %
Corporate	**2.4**	**0.1%**	2.8	0.1%	(11.8)%	(11.8)%
Net sales	**2,677.2**	**100.0%**	2,793.9	100.0%	(4.2)%	(1.2)%

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

North America

The Group's net sales in North America decreased by US$68.7 million, or 6.5% (-6.3% constant currency), for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018. Continued uncertainty about the timing and outcome of trade negotiations between the U.S. and China, the incremental tariffs imposed by the U.S. effective September 2018 and June 2019 on products sourced from China and reduced Chinese tourist traffic in gateway markets in the U.S. impacted the U.S. market. Weak demand for new personal electronic devices, partly due to a delay in the launch of certain devices, impacted the *Speck* brand with net sales decreasing by US$13.2 million, or 12.3% (-12.3% constant currency), year-on-year.

In addition, the Group's decision to reduce the sales of lower margin third party brands on its eBags e-commerce website also affected U.S. net sales performance. For the nine months ended September 30, 2019, net sales of eBags decreased by US$19.0 million, or 17.5% (-17.5% constant currency), compared to the same period in the previous year. Excluding the contribution from eBags, the Group's net sales for the North American region decreased by US$49.7 million, or 5.2% (-5.1% constant currency), year-on-year. Excluding the contribution from eBags and *Speck*, the Group's net sales in North America decreased by US$37.0 million, or 4.4% (-4.2% constant currency), year-on-year.

For the nine months ended September 30, 2019, net sales of the *Samsonite* brand in North America decreased by US$22.1 million, or 5.4% (-5.2% constant currency), compared to the nine months ended September 30, 2018. Net sales of the *Tumi* brand during the nine months ended September 30, 2019 decreased by US$10.0 million, or 3.3% (-3.2% constant currency), compared to the same period in the previous year. Net sales of the *American Tourister* brand during the nine months ended September 30, 2019 increased by US$1.4 million, or 2.0% (+2.2% constant currency), compared to the nine months ended September 30, 2018 due to expanded distribution. The year-on-year comparison was affected because sales of the *American Tourister* brand for the nine months ended September 30, 2018 were particularly strong with constant currency net sales growth of 12.6% over the prior year. Net sales of the *Speck* brand decreased by US$13.2 million, or 12.3% (-12.3% constant currency), during the nine months ended September 30, 2019 compared to the same period in the previous year as a result of weak demand for new personal electronic devices, partly due to a delay in the launch of certain devices, and retailers more closely managing inventory levels.

On a same store, constant currency basis, net sales in the retail channel in North America decreased by 6.0% for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018 due to reduced Chinese tourist traffic in gateway markets in the U.S. The Group’s same store analysis includes existing company-operated retail stores which have been open for at least 12 months before the end of the relevant financial period.

For the nine months ended September 30, 2019, net sales in the United States decreased by US$63.1 million, or 6.2%, year-on-year due to the factors noted above. Net sales in Canada decreased by US$5.6 million, or 10.8% (-7.9% constant currency), year-on-year due in part to the non-recurrence in the first nine months ended September 30, 2019 of certain B2B sales that were made during the corresponding period in the previous year.

Asia

The Group's net sales in Asia decreased by US$15.8 million, or 1.6% (+1.4% constant currency), for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018. Unfavorable foreign currency conversion had a negative translation impact on reported net sales of approximately US$30.1 million for the nine months ended September 30, 2019 compared to the same period in the previous year. The Group's business in Asia was impacted by a planned reduction in B2B sales in China, weak consumer sentiment in South Korea and the challenging market conditions in the Hong Kong domestic market (excluding net sales made in Macau and to distributors in certain other Asian markets). Excluding B2B net sales in China and net sales in South Korea and the Hong Kong domestic market, the Group's net sales for the Asia region increased by US$30.4 million, or 4.3% (+6.9% constant currency), year-on-year.

For the nine months ended September 30, 2019, net sales of the *Samsonite* brand in Asia decreased by US$10.5 million, or 2.5% (+0.9% constant currency), compared to the nine months ended September 30, 2018 due primarily to decreased sales of the brand in South Korea, China B2B and the Hong Kong domestic market. Excluding South Korea, China B2B and the Hong Kong domestic market, *Samsonite* brand net sales during the nine months ended September 30, 2019 increased by US$3.0 million, or 1.0% (+3.9% constant currency), compared to the same period in the previous year. Net sales of the *Tumi* brand during the nine months ended September 30, 2019 increased by US$12.1 million, or 7.4% (+9.1% constant currency), year-on-year due to the continued successful penetration of the brand throughout key markets in Asia. Excluding South Korea, China B2B and the Hong Kong domestic market, *Tumi* brand net sales during the nine months ended September 30, 2019 increased by US$15.9 million, or 13.7% (+14.5% constant currency), compared to the same period in the previous year. Net sales of the *American Tourister* brand during the nine months ended September 30, 2019 decreased by US$11.3 million, or 3.7% (-0.3% constant currency), compared to the nine months ended September 30, 2018 due to decreased sales of the brand in South Korea, China B2B and the Hong Kong domestic market. Excluding South Korea, China B2B and the Hong Kong domestic market, *American Tourister* brand net sales during the nine months ended September 30, 2019 increased by US$17.1 million, or 7.5% (+10.3% constant currency), compared to the same period in the previous year.

On a same store, constant currency basis, net sales in the retail channel in Asia decreased by 0.3% for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018 primarily due to decreased same store net sales in the Hong Kong domestic market. Excluding the Hong Kong domestic market, same store, constant currency net sales in Asia increased by 1.9%. 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.

Net sales in China decreased by US$5.8 million, or 2.5% (+2.5% constant currency), for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018 as a result of a planned reduction in B2B sales during the first half of 2019. Excluding B2B sales for both periods, net sales in China increased by US$6.8 million, or 3.8% (+9.1% constant currency). Net sales in South Korea decreased by US$26.9 million, or 15.8% (-10.5% constant currency), year-on-year due to the continued challenging market conditions in that country. Japan's net sales increased by US$12.6 million, or 8.1% (+7.5% constant currency), for the nine months ended September 30, 2019 compared to the same period in the previous year driven by sales of the *Tumi*, *Gregory*, *Samsonite* and *American Tourister* brands. Net sales in India increased by US$11.6 million, or 9.8% (+14.2% constant currency), for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018 driven by the *American Tourister* brand. Challenging market conditions in the Hong Kong domestic market caused total net sales reported for Hong Kong (which comprises net sales made in the domestic Hong Kong market, Macau and to distributors in certain other Asian markets) to decrease by US$9.4 million, or 7.7% (-7.7% constant currency), year-on-year, during the nine months ended September 30, 2019.

Europe

Net sales in Europe decreased by US$23.9 million, or 3.9% (+2.5% constant currency), for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018. Unfavorable foreign currency conversion had a negative translation impact on reported net sales of approximately US$39.3 million for the nine months ended September 30, 2019 compared to the same period in the previous year.

For the nine months ended September 30, 2019, net sales of the *Samsonite* brand in Europe decreased by US$25.9 million, or 6.7% (-0.2% constant currency), compared to the nine months ended September 30, 2018. Net sales of the *Tumi* brand during the nine months ended September 30, 2019 increased by US$6.7 million, or 9.5% (+16.7% constant currency), year-on-year. Net sales of the *American Tourister* brand during the nine months ended September 30, 2019 decreased by US$3.9 million, or 3.5% (+2.7% constant currency), compared to the nine months ended September 30, 2018. The year-on-year comparison was affected because sales of the *American Tourister* brand for the nine months ended September 30, 2018 were particularly strong with constant currency net sales growth of 46.8% over the prior year.

On a same store, constant currency basis, net sales in the retail channel in Europe decreased by 0.5% for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018. The Group's same store analysis includes existing company-operated retail stores which have been open for at least 12 months before the end of the relevant financial period.

The constant currency net sales growth in Europe during the nine months ended September 30, 2019 compared to the same period in the previous year was driven by France (-3.4%; +2.5% constant currency), Germany (-0.5%; +5.8% constant currency), Russia (+13.8%; +20.0% constant currency) and Turkey (-2.1%; +22.4% constant currency), partially offset by Italy (-8.5%; -2.8% constant currency), due to challenging market conditions and negative consumer sentiment in that country and the U.K. (-8.1%; -2.5% constant currency), primarily due to the loss of a wholesale customer that filed for bankruptcy.

Latin America

The Group's net sales in Latin America decreased by US$7.9 million, or 6.1% (+2.7% constant currency), for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018. Unfavorable foreign currency conversion had a negative translation impact on reported net sales of approximately US$11.5 million for the nine months ended September 30, 2019 compared to the same period in the previous year.

For the nine months ended September 30, 2019, net sales of the *Samsonite* brand in Latin America decreased by US$2.6 million, or 4.8% (+5.6% constant currency), compared to the nine months ended September 30, 2018. Net sales of the *American Tourister* brand during the nine months ended September 30, 2019 decreased by US$0.6 million, or 3.5% (+4.3% constant currency), compared to the same period in the previous year. The year-on-year comparison was affected because sales of the *American Tourister* brand for the nine months ended September 30, 2018 were particularly strong with constant currency net sales growth of 68.8% over the prior year. For the nine months ended September 30, 2019, net sales of the *Tumi* brand in Latin America increased by US$1.6 million, or 77.1% (+80.9% constant currency), compared to the same period in the previous year. In Chile, net sales of the

Saxoline brand and the *Secret* brand decreased by 17.6% (-9.5% constant currency) and 20.4% (-12.7% constant currency), respectively, year-on-year due to weak domestic consumer sentiment and a decrease in consumer traffic.

On a same store, constant currency basis, net sales in the retail channel in Latin America increased by 0.2% for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018 due to same store, constant currency net sales growth in Mexico and Colombia, partially offset by a decline in Chile as a result of weak domestic consumer sentiment and a decrease in consumer traffic caused by Argentinian tourists purchasing more within their home country as the Argentinian government eased restrictions on imports. Excluding Chile, same store, constant currency net sales in Latin America increased by 4.1%. 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.

Net sales in Chile decreased by US$7.7 million, or 14.9% (-6.5% constant currency), during the nine months ended September 30, 2019 compared to the same period in the previous year due to weak domestic consumer sentiment and a decrease in consumer traffic caused by Argentinian tourists purchasing more within their home country as the Argentinian government eased restrictions on imports.

Net sales in Mexico increased by US$1.8 million, or 4.6% (+6.4% constant currency), year-on-year primarily attributable to increases in net sales of the *Tumi* brand resulting from the Group moving from a third-party distributor model to direct distribution of the brand, as well as an increase in *Samsonite* and *Xtrem* brand net sales. Net sales in Brazil decreased by US$0.6 million, or 4.3% (+3.8% constant currency), year-on-year. The constant currency net sales increase in Brazil was due to improvements in the retail channel. Net sales in Argentina increased by US$1.4 million, or 36.3% (+148.4% constant currency), for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018 due to the Argentinian government easing restrictions on imports, resulting in Argentinian consumers buying more products in their home country instead of traveling to neighboring countries like Chile. Excluding Chile, Latin America net sales decreased by US$0.2 million, or 0.3% (+8.7% constant currency).

Net Sales by Brand

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

	Nine months ended September 30,					
	2019		2018		2019 vs 2018	
	US$ millions	**Percentage of net sales**	US$ millions	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[2]
Net sales by brand:						
Samsonite	**1,214.7**	**45.4%**	1,275.8	45.7%	(4.8)%	(1.2)%
Tumi	**546.2**	**20.4%**	536.3	19.2%	1.8 %	3.4 %
American Tourister	**491.2**	**18.3%**	505.7	18.1%	(2.9)%	0.9 %
Speck	**94.4**	**3.5%**	107.6	3.8%	(12.3)%	(12.3)%
High Sierra	**54.2**	**2.0%**	59.6	2.1%	(9.1)%	(8.2)%
Gregory	**52.9**	**2.0%**	43.9	1.6%	20.6 %	21.9 %
Other[1]	**223.6**	**8.4%**	265.0	9.5%	(15.6)%	(12.5)%
Net sales	**2,677.2**	**100.0%**	2,793.9	100.0%	(4.2)%	(1.2)%

Notes

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

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

Net sales of the *Samsonite* brand during the nine months ended September 30, 2019 decreased by US$61.1 million, or 4.8% (-1.2% constant currency), compared to the nine months ended September 30, 2018, with reported net sales decreases of the brand in North America (-5.4%; -5.2% constant currency), Asia (-2.5%; +0.9% constant currency), Europe (-6.7%; -0.2% constant currency) and Latin America (-4.8%; +5.6% constant currency). Unfavorable foreign currency conversion had a negative translation impact on *Samsonite* brand net sales of approximately US$45.5 million for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018. Excluding the U.S., South Korea, the Hong Kong domestic market (excluding net sales made in Macau and to distributors in certain other Asian markets), China B2B and Chile, *Samsonite* brand net sales decreased by US$29.1 million, or 3.8% (+1.3% constant currency), compared to the same period in the previous year.

Net sales of the *Tumi* brand during the nine months ended September 30, 2019 increased by US$9.8 million, or 1.8% (+3.4% constant currency), compared to the same period in the previous year. Net sales of the *Tumi* brand increased by 7.4% (+9.1% constant currency) in Asia despite headwinds in South Korea and the Hong Kong domestic market and a planned decrease in China B2B sales (excluding South Korea, China B2B and the Hong Kong domestic market, *Tumi* brand net sales in Asia increased by 13.7% (+14.5% constant currency)), by 9.5% (+16.7% constant currency) in Europe and by 77.1% (+80.9% constant currency) in Latin America as the Group continues to further penetrate international markets. Net sales of the *Tumi* brand in North America decreased by 3.3% (-3.2% constant currency) due to reduced Chinese tourist traffic in gateway markets in the U.S. Excluding the U.S., South Korea, the Hong Kong domestic market and China B2B, *Tumi* brand net sales increased by US$23.4 million, or 11.5% (+14.7% constant currency).

Net sales of the *American Tourister* brand decreased by US$14.5 million, or 2.9% (+0.9% constant currency), for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018. The year-on-year comparison was affected because sales of *American Tourister* were very strong first in the nine months in 2018 with constant currency net sales growth of 20.1% year-on-year driven by the major global marketing campaign for the brand during 2018. Excluding the U.S., South Korea, the Hong Kong domestic market, China B2B and Chile, *American Tourister* brand net sales increased by US$11.5 million, or 3.2% (+7.2% constant currency), compared to the same period in the previous year.

Net sales of the *Speck* brand decreased by US$13.2 million, or 12.3% (-12.3% constant currency), for the nine months ended September 30, 2019 compared to the same period in the previous year due to weak demand for new personal electronic devices, partly due to a delay in the launch of certain devices. Net sales of the *Gregory* brand increased by US$9.0 million, or 20.6% (+21.9% constant currency), for the nine months ended September 30, 2019 compared to the same period in the previous year driven primarily by Japan. Net sales of the *High Sierra* brand decreased by US$5.4 million, or 9.1% (-8.2% constant currency), year-on-year due to decreases in North America and Asia. The decrease in net sales of other brands during the nine months ended September 30, 2019 was primarily due to the Group's decision to reduce sales of third party brands on the eBags e-commerce website.

Gross Profit

Gross profit decreased by US$90.2 million, or 5.7%, to US$1,496.5 million for the nine months ended September 30, 2019 from US$1,586.7 million for the nine months ended September 30, 2018 due to lower sales and lower gross profit margin. Gross profit margin decreased to 55.9% for the nine months ended September 30, 2019 from 56.8% for the nine months ended September 30, 2018. The decrease in gross profit margin was due to the incremental tariffs imposed by the U.S. effective September 2018 and June 2019 on products sourced from China, sales mix, higher raw materials costs in Europe and increased sales promotions in certain markets.

Distribution Expenses

Distribution expenses decreased by US$0.2 million, or 0.0%, to US$904.1 million (representing 33.8% of net sales) for the nine months ended September 30, 2019 from US$904.3 million (representing 32.4% of net sales) for the nine months ended September 30, 2018. Distribution expenses as a percentage of net sales increased primarily due to the effect of investments in the DTC distribution channel, particularly in connection with bricks-and-mortar retail stores that were opened in 2017 and 2018 along with the year-on-year decrease in net sales. The Group began slowing the pace of new store openings in the second half of 2018. In 2017, the Group added 127 net new company-operated retail stores, including 30 Tumi retail stores that were acquired from former third party distributors in Asia. In 2018, the Group added 84 net new company-operated retail stores, with 69 stores added during the nine months ended September 30, 2018 and 15 stores added during the fourth quarter of 2018. For the nine months ended September 30, 2019, the Group added 34 net new company-operated retail stores.

Marketing Expenses

The Group spent US$148.5 million on marketing during the nine months ended September 30, 2019 compared to US$170.0 million for the nine months ended September 30, 2018, a decrease of US$21.6 million, or 12.7%. As a percentage of net sales, marketing expenses decreased by 60 basis points to 5.5% during the nine months ended September 30, 2019 compared to 6.1% during the nine months ended September 30, 2018. The Group temporarily reduced advertising spend during the nine months ended September 30, 2019 to help offset the pressure on its profitability caused by headwinds in certain markets. This reduction was executed in a targeted manner to ensure continued support for the Group’s growth initiatives, including the *Tumi* brand’s further international expansion, its DTC e-commerce growth strategy and planned new product introductions.

General and Administrative Expenses

General and administrative expenses decreased by US$10.8 million, or 6.0%, to US$169.6 million (representing 6.3% of net sales) for the nine months ended September 30, 2019 from US$180.4 million (representing 6.5% of net sales) for the nine months ended September 30, 2018. General and administrative expenses as a percentage of net sales improved by 20 basis points notwithstanding the decline in net sales year-on-year. The decrease was largely driven by a reduction in legal and professional advisory fees and lower depreciation expense.

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

In accordance with IAS 36, *Impairment of Assets*, the Group is required to evaluate its property, plant and equipment and lease right-of-use assets for potential impairment whenever events or changes in circumstance indicate that their carrying amount might not be recoverable. Based on an evaluation of loss-making stores in the nine months ended September 30, 2019 and the anticipated closure of some of these stores due to reduced traffic and under-performance, the Group determined that the carrying amounts of certain property, plant and equipment and certain lease right-of-use assets as of September 30, 2019 exceeded their respective recoverable amounts. The Group recognized the Non-cash Impairment Charge totaling US$32.2 million for the nine months ended September 30, 2019, which was recorded in the Group's consolidated income statements in the line item "Impairment of property, plant and equipment and lease right-of-use assets" for the nine months ended September 30, 2019. The US$32.2 million Non-cash Impairment Charge comprised the write-off of US$22.8 million of lease right-of-use assets associated with such stores that were recently recognized with the adoption of IFRS 16 and a US$9.4 million impairment for property, plant and equipment of such stores.

Other Expenses

The Group recorded net other expenses of US$13.1 million and US$7.6 million for the nine months ended September 30, 2019 and September 30, 2018, respectively. Net other expenses included costs related to profit improvement initiatives totaling US$10.6 million that were recorded during the nine months ended September 30, 2019, which management believes positions the business for stronger profitability for the remainder of 2019 and into 2020.

Operating Profit

Operating profit decreased by US$95.3 million, or 29.4% (-28.0% constant currency), for the nine months ended September 30, 2019 to US$229.0 million due to the factors discussed above. Operating profit for the nine months ended September 30, 2019 decreased by US$63.1 million, or 18.8% (-17.3% constant currency), to US$271.9 million when excluding the Non-cash Impairment Charge and the costs to implement profit improvement initiatives during the nine months ended September 30, 2019, compared to US$334.9 million for the same period in the previous year (as recast to adjust for IFRS 16 impacts).

Net Finance Costs

Net finance costs decreased by US$36.0 million, or 32.0%, to US$76.4 million for the nine months ended September 30, 2019 from US$112.4 million for the nine months ended September 30, 2018. For the nine months ended September 30, 2019, net finance costs of US$76.4 million included the recognition of interest expense attributable to the adoption of IFRS 16 on January 1, 2019 amounting to US$23.0 million. For the nine months ended September 30, 2018, net finance costs of US$112.4 million included a US$53.3 million write-off of deferred financing costs on the Group's borrowings of long-term debt following the refinancing of the Group's debt in April 2018.

Excluding the non-cash deferred financing costs write-off, net finance costs decreased by US$7.6 million, or 9.1%, to US$76.4 million for the nine months ended September 30, 2019 from US$84.1 million for the nine months ended September 30, 2018 (as recast to adjust for IFRS 16 impacts - see bridge in the Adjusted EBITDA section below).

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

	Nine months ended September 30,	
(Expressed in millions of US Dollars)	**2019**	2018
Recognized in income or loss:		
Interest income	**1.7**	0.7
Total finance income	**1.7**	0.7
Interest expense on loans and borrowings	**(49.2)**	(49.6)
Amortization of deferred financing costs associated with Original Senior Credit Facilities	**—**	(3.3)
Amortization of deferred financing costs associated with New Senior Credit Facilities	**(2.3)**	(1.3)
Write-off of remaining deferred financing costs associated with Original Senior Credit Facilities	**—**	(53.3)
Interest expense on lease liabilities[(1)]	**(23.0)**	—
Change in fair value of put options	**1.1**	1.3
Net foreign exchange gain (loss)	**(2.4)**	(4.4)
Other finance costs	**(2.3)**	(2.5)
Total finance costs	**(78.1)**	(113.1)
Net finance costs recognized in profit or loss	**(76.4)**	(112.4)

Note

(1) On January 1, 2019, the Group adopted IFRS 16 and applied the modified retrospective approach. Comparative amounts for the nine months ended September 30, 2018 have not been restated.

Income Tax Expense

Income tax expense decreased by US$17.7 million, or 32.5%, to US$36.8 million for the nine months ended September 30, 2019 from US$54.5 million for the nine months ended September 30, 2018.

The Group’s consolidated effective tax rate for operations was 24.1% and 25.7% for the nine months ended September 30, 2019 and September 30, 2018, respectively. The reported effective tax rate was calculated using a weighted average income tax rate from those jurisdictions in which the Group is subject to tax, adjusted for permanent book/tax differences, tax incentives, changes in tax reserves and changes in unrecognized deferred tax assets. The effective tax rate for each period was recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income for the period adjusted for certain discrete items for the period. The decrease in the Group's effective tax rate during the nine months ended September 30, 2019 was mainly the result of changes in the profit mix between high and low tax jurisdictions, deferred tax benefit recognized on share-based compensation due to changes in the Company's stock price within the period and a deferred tax benefit recognized due to changes in statutory tax rates in various taxing jurisdictions.

Profit

Profit for the period

Profit for the period for the nine months ended September 30, 2019 decreased by US$41.6 million, or 26.4% (-25.6% constant currency), to US$115.8 million from US$157.5 million for the nine months ended September 30, 2018. Profit for the period for the nine months ended September 30, 2019 decreased by US$41.2 million, or 20.9% (-19.9% constant currency), to US$155.8 million when excluding the Non-cash Impairment Charge and the costs to implement profit improvement initiatives, net of the related tax impact during the nine months ended September 30, 2019, compared to US$197.1 million for the same period in the previous year when excluding the non-cash charge of US$53.3 million and the related tax impact during the nine months ended September 30, 2018 to write-off deferred financing costs on the Group's borrowings of long-term debt following the refinancing of the Group's debt in April 2018.

Profit for the period recast for IFRS 16 impacts

Profit for the period for the nine months ended September 30, 2019 decreased by US$30.7 million, or 16.4% (-15.4% constant currency), to US$155.8 million when excluding the Non-cash Impairment Charge and the costs to implement profit improvement initiatives, net of the related tax impact during the nine months ended September 30, 2019, compared to US$186.6 million for the same period in the previous year (as recast to adjust for IFRS 16 impacts) when excluding the non-cash charge of US$53.3 million and the related tax impact during the nine months ended September 30, 2018 to write-off deferred financing costs on the Group's borrowings of long-term debt following the refinancing of the Group's debt in April 2018.

The following table presents a bridge of profit for the period, as adjusted, for the nine months ended September 30, 2019 actual results compared to the nine months ended September 30, 2018.

PROFIT FOR THE PERIOD

	Nine months ended September 30,				
	As reported		As adjusted for IFRS 16[(1)]	As reported	
(Expressed in millions of US Dollars)	**2019**	2018	2018	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(2)]
Profit for the period	**115.8**	157.5	147.0	(26.4)%	(25.6)%
Impairment of certain property, plant and equipment and lease right-of-use assets	**32.2**	—	—	n/a	n/a
Costs to implement profit improvement initiatives	**10.6**	—	—	n/a	n/a
Write off of deferred financing costs	**—**	53.3	53.3	(100.0)%	(100.0)%
Tax impact	**(2.8)**	(13.7)	(13.7)	(79.5)%	(79.1)%
Profit for the period, as adjusted	**155.8**	197.1	186.6	(20.9)%	(19.9)%

Notes

(1) The "as adjusted for IFRS 16" column in the table above presents the Group's profit for the period for the nine months ended September 30, 2018 on a comparable basis. Such amounts reflect management's best estimate based on its evaluation of the impact of IFRS 16 and are non-IFRS measures.

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

Profit attributable to the equity holders

Profit attributable to the equity holders for the nine months ended September 30, 2019 decreased by US$41.0 million, or 28.6% (-27.7% constant currency), to US$102.2 million from US$143.3 million for the same period in the previous year. Profit attributable to the equity holders for the nine months ended September 30, 2019 decreased by US$40.6 million, or 22.2% (-21.1% constant currency), to US$142.2 million when excluding the Non-cash Impairment Charge and the costs to implement profit improvement initiatives, net of the related tax impact during the nine months ended September 30, 2019, compared to US$182.8 million for the same period in the previous year when excluding the non-cash charge of US$53.3 million and the related tax impact during the nine months ended September 30, 2018 to write-off deferred financing costs on the Group's borrowings of long-term debt following the refinancing of the Group's debt in April 2018.

Profit attributable to the equity holders recast for IFRS 16 impacts

Profit attributable to the equity holders for the nine months ended September 30, 2019 decreased by US$30.1 million, or 17.4% (-16.3% constant currency), to US$142.2 million when excluding the Non-cash Impairment Charge and the costs to implement profit improvement initiatives, net of the related tax impact during the nine months ended September 30, 2019, compared to US$172.3 million for the same period in the previous year (as recast to adjust for IFRS 16 impacts) when excluding the non-cash charge of US$53.3 million and the related tax impact during the nine months ended September 30, 2018 to write-off deferred financing costs on the Group's borrowings of long-term debt following the refinancing of the Group's debt in April 2018.

The following table presents a bridge of profit attributable to the equity holders, as adjusted, for the nine months ended September 30, 2019 actual results compared to the nine months ended September 30, 2018.

PROFIT ATTRIBUTABLE TO THE EQUITY HOLDERS

	Nine months ended September 30,				
	As reported		As adjusted for IFRS 16[(1)]	As reported	
(Expressed in millions of US Dollars)	**2019**	2018	2018	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(2)]
Profit attributable to the equity holders	**102.2**	143.3	132.8	(28.6)%	(27.7)%
Impairment of certain property, plant and equipment and lease right-of-use assets	**32.2**	—	—	n/a	n/a
Costs to implement profit improvement initiatives	**10.6**	—	—	n/a	n/a
Write off of deferred financing costs	**—**	53.3	53.3	(100.0)%	(100.0)%
Tax impact	**(2.8)**	(13.7)	(13.7)	(79.5)%	(79.1)%
Profit attributable to the equity holders, as adjusted	**142.2**	182.8	172.3	(22.2)%	(21.1)%

Notes
(1) The “as adjusted for IFRS 16” column in the table above presents the Group's profit for the period for the nine months ended September 30, 2018 on a comparable basis. Such amounts reflect management’s best estimate based on its evaluation of the impact of IFRS 16 and are non-IFRS measures.
(2) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the comparable period in the previous year to current period local currency results.

Basic and diluted earnings per share

Basic EPS decreased by 28.8% to US$0.071 for the nine months ended September 30, 2019 from US$0.100 for the nine months ended September 30, 2018. Diluted EPS decreased by 28.3% to US$0.071 for the nine months ended September 30, 2019 from US$0.099 for the nine months ended September 30, 2018. The weighted average number of shares utilized in the Basic EPS calculation was 1,431,037,140 shares for the nine months ended September 30, 2019 compared to 1,426,767,902 shares for the nine months ended September 30, 2018. The weighted average number of shares outstanding utilized in the Diluted EPS calculation was 1,433,185,793 shares for the nine months ended September 30, 2019 compared to 1,439,776,725 shares for the nine months ended September 30, 2018.

Basic EPS decreased by 22.4% to US$0.099 for the nine months ended September 30, 2019 when excluding the Non-cash Impairment Charge and the costs to implement profit improvement initiatives, net of the related tax impact during the nine months ended September 30, 2019, compared to US$0.128 for the same period in the previous year when excluding the non-cash charge of US$53.3 million and the related tax impact during the nine months ended September 30, 2018 to write-off deferred financing costs on the Group's borrowings of long-term debt following the refinancing of the Group's debt in April 2018. Diluted EPS decreased by 21.8% to US$0.099 for the nine months ended September 30, 2019 when excluding the same charges and costs as noted above, compared to US$0.127 for the same period in the previous year.

Basic EPS and Diluted EPS recast for IFRS 16 impacts

Basic EPS, as adjusted, decreased by 17.7% to US$0.099 for the nine months ended September 30, 2019 when excluding the Non-cash Impairment Charge and the costs to implement profit improvement initiatives, net of the related tax impact during the nine months ended September 30, 2019, compared to US$0.121 for the same period in the previous year (as recast to adjust for IFRS 16 impacts) when excluding the non-cash charge of US$53.3 million and the related tax impact during the nine months ended September 30, 2018 to write-off deferred financing costs on the Group's borrowings of long-term debt following the refinancing of the Group's debt in April 2018. Diluted EPS, as adjusted, decreased by 17.1% to US$0.099 for the nine months ended September 30, 2019 when excluding the same charges and costs as noted above, compared to US$0.120 for the same period in the previous year (as recast to adjust for IFRS 16 impacts) when excluding the same charges and costs as noted above during the nine months ended September 30, 2018.

Adjusted EBITDA

Adjusted EBITDA, a non-IFRS measure, decreased by US$83.9 million, or 19.4% (-17.1% constant currency), to US$347.4 million for the nine months ended September 30, 2019 from US$431.4 million for the same period in the previous year when including interest and amortization charges associated with the capitalization of leases under IFRS 16. Adjusted EBITDA margin decreased by 240 basis points to 13.0% from 15.4% due largely to lower gross profit margins and the decrease in net sales and the effect of investments in the DTC distribution channel, particularly in connection with bricks-and-mortar retail stores that were opened in 2017 and 2018. See the reconciliation of profit for the period to Adjusted EBITDA below for the Group's results excluding certain costs and charges and other non-cash charges that impacted reported profit for the period.

Adjusted EBITDA recast for IFRS 16 impacts

Adjusted EBITDA decreased by US$67.1 million, or 16.2% (-13.7% constant currency), to US$347.4 million for the nine months ended September 30, 2019 from US$414.6 million for the nine months ended September 30, 2018 (as recast below to adjust for IFRS 16 impacts) when including the interest and amortization charges associated with the capitalization of leases under IFRS 16. Adjusted EBITDA margin (on the same basis) decreased by 180 basis points to 13.0% from 14.8% due to the same reasons noted above. See the reconciliation of profit for the period to Adjusted EBITDA below for the Group's results excluding certain costs and charges and other non-cash charges that impacted reported profit for the period.

The following table presents a bridge of the nine months ended September 30, 2018 reported Adjusted EBITDA results to an adjusted EBITDA on a comparable basis, which reflects management's best estimate based on its evaluation of the impact of IFRS 16:

	Nine months ended September 30, 2018		
(Expressed in millions of US Dollars)	As reported	IFRS 16 Adjustments	As adjusted for IFRS 16
Profit for the period	157.5	(10.5)	147.0
Plus (Minus):			
Income tax expense (benefit)	54.5	(3.9)	50.6
Finance costs, excluding interest expense on lease liabilities	113.1	—	113.1
Interest expense on lease liabilities	—	24.9	24.9
Finance income	(0.7)	—	(0.7)
Depreciation	65.0	—	65.0
Amortization of lease right-of-use assets	—	141.2	141.2
Amortization of intangible assets	25.6	(2.4)	23.2
EBITDA	415.0	149.3	564.3
Plus:			
Share-based compensation expense	8.8	—	8.8
Other adjustments	7.6	—	7.6
Adjusted EBITDA, excluding lease interest and amortization	431.4	149.3	580.7
Amortization of lease right-of-use assets	—	(141.2)	(141.2)
Interest expense on lease liabilities	—	(24.9)	(24.9)
Adjusted EBITDA, including lease interest and amortization	431.4	(16.8)	414.6

Management has updated its Adjusted EBITDA presentation due to the adoption of IFRS 16. The following table presents the reconciliation from the Group's profit for the period to Adjusted EBITDA for the nine months ended September 30, 2019 and September 30, 2018 (as adjusted for IFRS 16):

	Nine months ended September 30,	
(Expressed in millions of US Dollars)	**2019**	2018 As adjusted for IFRS 16
Profit for the period	**115.8**	147.0
Plus (Minus):		
Income tax expense	**36.8**	50.6
Finance costs	**78.1**	138.0
Finance income	**(1.7)**	(0.7)
Depreciation	**59.7**	65.0
Total amortization	**172.5**	164.4
EBITDA	**461.2**	564.3
Plus:		
Share-based compensation expense	**12.2**	8.8
Impairment of lease right-of-use assets	**22.8**	—
Impairment of property, plant and equipment	**9.4**	—
Other adjustments(1)	**13.2**	7.6
Adjusted EBITDA, excluding lease interest and amortization	**518.8**	580.7
Amortization of lease right-of-use assets	**(148.4)**	(141.2)
Interest expense on lease liabilities	**(23.0)**	(24.9)
Adjusted EBITDA, including lease interest and amortization(2)	**347.4**	414.6
Adjusted EBITDA percentage change	**(16.2)%**	
Adjusted EBITDA percentage change, constant currency basis	**(13.7)%**	
Adjusted EBITDA margin	**13.0 %**	14.8%

Notes

(1) Other adjustments primarily comprised of 'Other expenses' per the Consolidated Income Statements.

(2) Adjusted EBITDA, a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges. Adjusted EBITDA includes the lease interest and amortization expense as a result of the Group's adoption of IFRS 16 on January 1, 2019. The inclusion of IFRS 16 lease interest and amortization expense in Adjusted EBITDA allows the non-IFRS measure to be more comparable with the previous period's Adjusted EBITDA disclosure.

The Group has presented EBITDA, Adjusted EBITDA (both including and excluding IFRS 16 lease interest and amortization) and Adjusted EBITDA margin because it believes that, when viewed with its results of operations as prepared in accordance with IFRS and with the reconciliation to profit for the period, these measures provide additional information that is useful in gaining a more complete understanding of its operational performance and of the trends impacting its business. EBITDA, Adjusted EBITDA (both including and excluding IFRS 16 lease interest and amortization) and Adjusted EBITDA margin are important metrics the Group uses to evaluate its operating performance and cash generation.

EBITDA, Adjusted EBITDA (both including and excluding IFRS 16 lease interest and amortization) and Adjusted EBITDA margin are non-IFRS financial measures and as calculated herein may not be comparable to similarly named measures used by other companies and should not be considered comparable to profit for the period in the Group's consolidated income statements. These measures have limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, an analysis of the Group's results of operations as reported under IFRS.

Adjusted Net Income

Adjusted Net Income, a non-IFRS measure, decreased by US$42.1 million, or 20.9% (-19.9% constant currency), to US$159.0 million for the nine months ended September 30, 2019 from US$201.2 million for the same period in the previous year. See the reconciliation of profit for the period to Adjusted Net Income below for the Group's results excluding certain costs and charges and other non-cash charges that impacted reported profit for the period.

Adjusted Basic EPS and Adjusted Diluted EPS, non-IFRS measures, were US$0.111 and US$0.111, respectively, for the nine months ended September 30, 2019, compared to the Adjusted Basic EPS and Adjusted Diluted EPS of US$0.141 and US$0.140, respectively, for the nine months ended September 30, 2018. Adjusted Basic EPS and

Adjusted Diluted EPS are calculated by dividing Adjusted Net Income by the weighted average number of shares used in the Basic EPS and Diluted EPS calculations, respectively.

Adjusted Net Income recast for IFRS 16 impacts

Adjusted Net Income decreased by US$29.9 million, or 15.8% (-14.7% constant currency), to US$159.0 million for the nine months ended September 30, 2019 from US$189.0 million for the nine months ended September 30, 2018 (as recast below to adjust for IFRS 16 impacts). See the reconciliation of profit for the period to Adjusted Net Income below for the Group's results excluding certain costs and charges and other non-cash charges that impacted reported profit for the period.

Adjusted Basic EPS and Adjusted Diluted EPS, non-IFRS measures, were US$0.111 and US$0.111, respectively, for the nine months ended September 30, 2019, compared to the Adjusted Basic EPS and Adjusted Diluted EPS of US$0.132 and US$0.131, respectively, for the nine months ended September 30, 2018. The Adjusted Basic EPS and Adjusted Diluted EPS for the nine months ended September 30, 2018 have been recast to adjust for IFRS 16 impacts.

The following table presents a bridge of the nine months ended September 30, 2018 reported Adjusted Net Income results to an Adjusted Net Income on a comparable basis, which reflects management's best estimate based on its evaluation of the impact of IFRS 16:

	Nine months ended September 30, 2018		
(Expressed in millions of US Dollars)	As reported	IFRS 16 Adjustments	As adjusted for IFRS 16
Profit attributable to equity holders	143.3	(10.5)	132.8
Plus (Minus):			
Change in fair value of put options	(1.3)	—	(1.3)
Amortization of intangible assets	25.6	(2.4)	23.2
Expenses related to acquisition activities, net of taxes	1.2	—	1.2
Write-off of deferred financing costs	53.3	—	53.3
Tax adjustments	(20.9)	0.7	(20.2)
Adjusted Net Income	201.2	(12.2)	189.0

The following table presents the reconciliation from the Group's profit attributable to the equity holders to Adjusted Net Income for the nine months ended September 30, 2019 and September 30, 2018 (as adjusted for IFRS 16):

	Nine months ended September 30,	
(Expressed in millions of US Dollars)	**2019**	2018 As adjusted for IFRS 16
Profit attributable to the equity holders	**102.2**	132.8
Plus (Minus):		
Change in fair value of put options included in finance costs	**(1.1)**	(1.3)
Amortization of intangible assets	**24.1**	23.2
Expenses related to acquisition activities, net of taxes	**—**	1.2
Write-off of remaining deferred financing costs associated with the refinancing of the Group's debt in April 2018	**—**	53.3
Impairment of lease right-of-use assets	**22.8**	—
Impairment of property, plant and equipment	**9.4**	—
Costs to implement profit improvement initiatives	**10.6**	—
Tax adjustments[1]	**(9.0)**	(20.2)
Adjusted Net Income[2]	**159.0**	189.0

Notes
(1) 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.
(2) Represents Adjusted Net Income attributable to the equity holders of the Company.

The Group has presented Adjusted Net Income, Adjusted Basic EPS and Adjusted Diluted EPS because it believes these measures help to give securities analysts, investors and other interested parties a better understanding of the

Group's underlying financial performance. By presenting Adjusted Net Income and the related Adjusted EPS calculations, the Group eliminates the effect of a number of costs, charges and credits and certain other non-cash charges, along with their respective tax effects, that impact reported profit attributable to the equity holders.

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

Purchases of Property, Plant and Equipment

The Group had capital expenditures of US$37.0 million during the nine months ended September 30, 2019 compared to US$64.5 million during the nine months ended September 30, 2018. During the nine months ended September 30, 2019, the Group strategically added new retail locations, remodeled existing retail locations and made investments in machinery and equipment. During the nine months ended September 30, 2018, the Group added new retail locations, remodeled existing retail locations, relocated certain office facilities and made investments in machinery and equipment. The year-on-year decrease in capital expenditures was largely due to the slower pace of new retail store openings.

Cash Distribution to Equity Holders

On March 13, 2019, the Company's Board of Directors recommended that a cash distribution in the amount of US$125.0 million, or approximately US$0.0873 per share, be made to the Company's shareholders, a 13.6% increase from the US$110.0 million distribution paid in 2018. The shareholders approved this distribution on June 6, 2019 at the Company's Annual General Meeting and the distribution was paid on July 16, 2019.

Indebtedness

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

(Expressed in millions of US Dollars)	**September 30, 2019**	December 31, 2018
Term Loan A Facility	**802.1**	817.7
Term Loan B Facility	**656.7**	661.7
Revolving Credit Facility	**—**	22.9
Total Senior Credit Facilities	**1,458.8**	1,502.3
Senior Notes	**381.5**	401.5
Other long-term debt	**0.1**	2.3
Other lines of credit	**37.7**	29.5
Capital lease obligations	**—**	0.3
Total loans and borrowings	**1,878.1**	1,935.8
Less deferred financing costs	**(14.1)**	(16.4)
Total loans and borrowings less deferred financing costs	**1,864.0**	1,919.4

Subsequent to September 30, 2019, the Group repaid and retired US$65.2 million principal amount on its Term Loan B Facility utilizing excess cash on hand from its strong cash flow from operations during the nine months ended September 30, 2019.

Interest Rate Swaps

The Group maintains interest rate swaps to hedge interest rate exposure under the floating-rate Senior Credit Facilities by swapping certain US Dollar floating-rate bank borrowings with fixed-rate agreements.

The interest rate swap agreements that were entered into in connection with the credit and guaranty agreement in May 2016 and had a termination date of August 31, 2021 were terminated by the Group on September 4, 2019. LIBOR on these interest rate swap agreements had been fixed at approximately 1.30%. Upon termination of the interest rate swap agreements, the Group recognized a hedge gain of US$0.2 million which was recorded in finance costs during the nine months ended September 30, 2019.

On September 4, 2019, the Group entered into new interest rate swap agreements that became effective on September 6, 2019 and will terminate on August 31, 2024. The notional amounts of the interest rate swap agreements decrease over time. LIBOR has been fixed at approximately 1.208% (compared to approximately 1.30% on the interest rate swap agreements that were terminated on September 4, 2019). The interest rate swap agreements have fixed payments due monthly that commenced September 30, 2019. The interest rate swap transactions qualify as cash flow hedges. As of September 30, 2019, the interest rate swaps were marked-to-market, resulting in a net asset position to the Group in the amount of US$5.9 million, which was recorded as an asset with the effective portion of the gain (loss) deferred to other comprehensive income.

Cross-currency Swaps

In April 2019, the Group entered into cross-currency swaps which have been designated as net investment hedges. The hedges consist of a US$50.0 million notional loan amount between the Euro and US Dollar and a US$25.0 million notional loan amount between the Japanese Yen and US Dollar. The Group benefits from the interest rate spread between the two markets to receive fixed interest income over the five-year contractual period. As of September 30, 2019, the cross-currency swaps qualified as net investment hedges and the monthly mark-to-market is recorded to other comprehensive income. As of September 30, 2019, the cross-currency swaps were marked-to-market, resulting in the notional loan between the Euro and US Dollar to be in a net asset position to the Group in the amount of US$1.3 million, which was recorded as an asset with the effective portion of the gain (loss) deferred to other comprehensive income, and the notional loan between the Japanese Yen and US Dollar to be in a net liability position to the Group in the amount of US$0.4 million, which was recorded as a liability with the effective portion of the gain (loss) deferred to other comprehensive income.

Revolving Credit Facility

As of September 30, 2019, US$647.0 million was available to be borrowed on the Revolving Credit Facility as a result of the utilization of US$3.0 million of the facility for outstanding letters of credit extended to certain creditors. As of December 31, 2018, US$623.8 million was available to be borrowed on the Revolving Credit Facility as a result of US$22.9 million of outstanding borrowings and the utilization of US$3.3 million of the facility for outstanding letters of credit extended to certain creditors.

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 other loans and borrowings provide short-term financing and working capital for the day-to-day business operations of the subsidiaries, including overdraft, bank guarantees, and trade finance facilities. The majority of the credit lines included in other loans and borrowings are uncommitted facilities. The total aggregate amount outstanding under the local lines of credit was US$37.7 million and US$29.5 million as of September 30, 2019 and December 31, 2018, respectively.

Maturities of Loans and Borrowings

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

(Expressed in millions of US Dollars)	**September 30, 2019**	December 31, 2018
On demand or within one year	**70.2**	80.9
After one year but within two years	**48.1**	38.8
After two years but within five years	**754.9**	786.3
More than five years	**1,004.9**	1,029.9
	1,878.1	1,935.8

GENERAL

This financial and business review as of and for the three and nine months ended September 30, 2019 is being published to provide shareholders, potential investors and other interested parties with an update of the performance of the Group.

The Company's shareholders, potential investors, lenders and other interested parties should note that all figures contained in this announcement are based on the Group's management accounts which have not been audited or reviewed by the Company's auditors. On January 1, 2019, the Group adopted IFRS 16; *Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)*; and IFRIC 23, *Uncertainty over Income Tax Treatments*. All other accounting policies applied in the preparation of the Group's management accounts are consistent with those used in the preparation of the Company's annual report for the year ended December 31, 2018.

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

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

Hong Kong, November 14, 2019

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