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SAMSONITE INTERNATIONAL S.A.

新秀麗國際有限公司

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R.C.S. LUXEMBOURG: B 159.469

(Incorporated in Luxembourg with limited liability)

(Stock code: 1910)

Interim Results Announcement for the Six Months Ended June 30, 2017

Financial Highlights

For the six months ended June 30, 2017, the Group's:

- Net sales increased to a record level of US$1,586.1 million, reflecting an increase of 31.8% on a constant currency basis(1) from the comparable period in 2016. US Dollar reported net sales increased by 31.1%. Excluding amounts attributable to the Tumi business, which was acquired on August 1, 2016, net sales increased by US$90.8 million, or 7.5%, on a constant currency basis and US Dollar reported net sales increased by US$84.1 million, or 7.0%.
- The Group spent US$99.5 million on marketing during the six months ended June 30, 2017 compared to US$65.9 million for the six months ended June 30, 2016, an increase of US$33.6 million, or 51.0%. As a percentage of net sales, marketing expenses increased by 80 basis points to 6.3% in the first half of 2017 compared to 5.5% in the first half of 2016. Excluding amounts attributable to the Tumi business, marketing expenses as a percentage of net sales increased by 100 basis points to 6.5% for the six months ended June 30, 2017 compared to 5.5% for the same period in the previous year. The increased investment in marketing was intended to increase awareness of the Group's brands in order to drive future sales growth.
- Operating profit increased by US$21.3 million, or 15.1%, on a constant currency basis from the comparable period in 2016. US Dollar reported operating profit increased by US$21.0 million, or 14.9%, to US$162.1 million, notwithstanding a US$$33.6 million increase in the Group's investment in marketing and a US$7.9 million increase in acquisition-related costs. Excluding acquisition-related costs(2), operating profit increased by US$29.2 million, or 19.7%, on a constant currency basis and US Dollar reported operating profit increased by US$29.0 million, or 19.6%.
- Profit for the period increased by US$0.4 million, or 0.4%, on a constant currency basis from the comparable period in 2016. US Dollar reported profit for the period increased by US$0.3 million, or 0.3%, to US$92.7 million, notwithstanding a year-on-year increase in interest expense of US$35.1 million, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition, as well as a US$33.6 million increase in marketing expense and a US$7.9 million increase in acquisition-related costs.
- Profit attributable to the equity holders increased by US$1.1 million, or 1.3%, on a constant currency basis from the comparable period in the prior year. US Dollar reported profit attributable to the equity holders increased by US$1.0 million, or 1.2%, to US$83.4 million, notwithstanding a year-on-year increase in interest expense of US$35.1 million, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition, as well as a US$33.6 million increase in marketing expense and a US$7.9 million increase in acquisition-related costs.
- Adjusted Net Income(3), a non-IFRS measure, of US$100.2 million was in line with the first half of 2016 on both a constant currency and US Dollar reported basis, with additional profits from Tumi largely offset by a year-on-year

increase in interest expense of US$35.1 million, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition, and a US$33.6 million increase in marketing expense.

- Adjusted EBITDA[4], a non-IFRS measure, increased by US$51.8 million, or 27.2%, on a constant currency basis from the comparable period in the prior year. US Dollar reported Adjusted EBITDA increased by US$51.2 million, or 26.9%, to US$241.5 million due to the inclusion of Tumi. Excluding Adjusted EBITDA attributable to the Tumi business, US Dollar reported Adjusted EBITDA was US$191.1 million, an increase of US$1.4 million, or 0.7%, on a constant currency basis and by US$0.8 million, or 0.4%, on a US Dollar reported basis, notwithstanding a US$17.5 million increase in marketing expense (excluding amounts attributable to the Tumi business).
- Adjusted EBITDA margin[5], a non-IFRS measure, decreased to 15.2% from 15.7%. This decrease was primarily attributable to a US$33.6 million increase in marketing expenses discussed above. Excluding amounts attributable to the Tumi business, Adjusted EBITDA margin decreased to 14.8% from 15.7%. This decrease was primarily attributable to the increase in marketing expenses (excluding amounts attributable to the Tumi business) discussed above.
- The Group generated US$152.8 million of cash from operating activities during the six months ended June 30, 2017 compared to US$81.1 million during the six months ended June 30, 2016, an increase of US$71.7 million, notwithstanding a US$32.5 million increase in cash paid for interest, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition. As of June 30, 2017, the Group had cash and cash equivalents of US$377.8 million and outstanding financial debt of US$1,995.0 million (excluding deferred financing costs of US$63.2 million), putting the Group in a net debt position of US$1,617.2 million.
- On March 15, 2017, the Company's Board of Directors recommended that a cash distribution in the amount of US$97.0 million, or approximately US$0.068 per share, be paid to the Company's shareholders, a 4.3% increase from the US$93.0 million distribution paid in 2016. The shareholders approved this distribution on June 1, 2017 at the Company's Annual General Meeting and the distribution was paid on July 12, 2017.
- **2017 Business Combinations:**
  - **Assets Related to the Distribution of Tumi in Certain Asian Countries**
    Certain subsidiaries of the Group assumed direct control of the wholesale and retail distribution of Tumi products in South Korea, Hong Kong, Macau, China, Indonesia and Thailand during the six months ended June 30, 2017. The total consideration paid in connection with all such transactions was US$65.1 million.

    - On January 4, 2017, the Company's wholly-owned subsidiary in South Korea completed the acquisition of certain assets, including inventory, store fixtures and furniture, as well as rights under retail store leases, from TKI, Inc. ("TKI") with effect from January 1, 2017.

    - On April 1, 2017, the Company's wholly-owned subsidiaries in Hong Kong, Macau and China acquired certain assets, including inventory, store fixtures and furniture, as well as rights under retail store leases, from Imaginex Holdings Limited ("Imaginex") with effect from April 1, 2017.

    - On May 1, 2017, the Company's non-wholly owned subsidiaries in Indonesia and Thailand assumed direct control of the distribution of Tumi products in each respective country with effect from May 1, 2017.

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

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

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

(Expressed in millions of US Dollars, except per share data)	Six months ended June 30, 2017	2016	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(1)
Net sales	**1,586.1**	1,209.5	31.1 %	31.8%
Operating profit	**162.1**	141.1	14.9 %	15.1%
Operating profit excluding acquisition-related costs(2)	**177.0**	148.0	19.6 %	19.7%
Profit for the period	**92.7**	92.5	0.3 %	0.4%
Profit attributable to the equity holders	**83.4**	82.4	1.2 %	1.3%
Adjusted Net Income(3)	**100.2**	100.3	(0.1)%	0.0%
Adjusted EBITDA(4)	**241.5**	190.3	26.9 %	27.2%
Adjusted EBITDA Margin(5)	**15.2%**	15.7%		
Basic and diluted earnings per share *(Expressed in US Dollars per share)*	**0.059**	0.058	1.7 %	1.7%
Adjusted basic and diluted earnings per share(6) *(Expressed in US Dollars per share)*	**0.071**	0.071	0.0 %	0.0%

Notes

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

(2) Acquisition-related costs amounted to US$14.9 million and US$6.9 million for the six months ended June 30, 2017 and 2016, respectively.

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

(4) Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges, which the Group believes is useful in gaining a more complete understanding of its operational performance and of the underlying trends of its business. See "Management Discussion and Analysis - Adjusted EBITDA" for a reconciliation from the Group's profit for the period to Adjusted EBITDA.

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

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

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

The Board of Directors of Samsonite International S.A. (the "Company"), together with its consolidated subsidiaries (the "Group"), is pleased to announce the consolidated interim results of the Group for the six months ended June 30, 2017 together with comparative figures for the six months ended June 30, 2016. The following financial information, including comparative figures, has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Chairman's Statement

I am pleased to report a very encouraging start to this year. Compared with one year ago, trading conditions around the world are better and the impact of currency translation a lot less pronounced. We completed the Tumi acquisition at the start of August last year, so the results for the first half this year are fundamentally affected by the net addition of six months' activity of that business. Thus, our headline figures were growth in turnover at constant currency rates of 31.8% to US$1,586.1 million, and Adjusted EBITDA increased by 27.2% to US$241.5 million. Stripping out the effects of this substantial addition to the business, Group net sales were up 7.5% in constant currency terms to US$1,293.6 million and Adjusted EBITDA rose by 0.7% to US$191.1 million. An important point to bear in mind is that we have increased spending on advertising and promotion (excluding Tumi) by US$17.5 million, which is a full extra percentage point of net sales. Looking at the Adjusted Net Income of the business, this was unchanged in constant currency terms at US$100.2 million for the first half. The flatness of this result reflects two things: firstly, the additional advertising spend I have just highlighted; and secondly, the additional interest expense on the acquisition debt, net of tax impact of US$25.3 million, which was just slightly more than the additional US$23.4 million Adjusted Net Income contributed by Tumi. This is a most encouraging outcome for our newly acquired business, as the result was struck after an additional advertising spend of US$16.0 million on the *Tumi* brand. Also, to the extent that the second half is generally stronger than the first half, this suggests that the business has an excellent prospect of being earnings accretive in its first full year of ownership.

As our CEO has done in his report, I am happy to tell shareholders that the Tumi acquisition has gone extremely well. Both management teams have worked closely together to bring out the best in both companies. It has helped that both businesses share a common "can-do" culture, but the results can be put down to meticulous planning and attention to detail, coupled with good decisions about people. Ramesh personally can take much of the credit for laying excellent foundations for the merger, and devoting a lot of his time and effort to making sure there were no dropped catches. Important milestones have been reached ahead of plan, in particular the conversion of Tumi's systems onto our SAP platform, the optimising of Tumi's sourcing operations, and the taking back of direct control over several key Asian markets, including South Korea, China and Hong Kong. On the back of sourcing synergies and more limited promotional campaigns, gross margins are improving. We have also increased substantially the level of investment behind the brand from approximately 2.7%(1) of net sales before the acquisition to 5.5% of net sales in the first half.

There are several important themes that are driving current trading. Firstly we are moving towards a model that involves more direct-to-consumer trading. The driving force behind this is the hurricane that is e-commerce, and which is still sweeping through the consumer world. Because of the long-term criticality of this channel, we took the opportunity to acquire eBags, one of the foremost e-commerce retailers of travel-related products. This gives us an excellent platform to build our direct-to-consumer business in the U.S. and around the world. But just as important, is the impact that eBags can make to our overall digital expertise, and the intention is to develop the business as a centre of excellence for e-commerce operations for our global business. Excluding eBags, direct-to-consumer e-commerce constant currency net sales growth was 73.4%, and including this business, the increase was 126.7%. Partly as a result of the acquisition, total e-commerce net sales made up 10.5% of total sales in the first half of this year. We also invested in more retail stores, so that total retail constant currency net sales growth, excluding Tumi, was 10.2% in the first half, 4.9% coming from comparative store growth, and the rest from the addition of 21 net new stores in the first half of 2017, and the full half impact of the 74 net new stores added in 2016. Of course Tumi is also a more retail-intensive business, and the combined impact of these factors has been to lift retail sales as a percentage of the Group's total business from 17.7% to 24.5%. Whilst many of our brands will have a sizeable wholesale business for many years to come, the trend will be towards channels that allow more control over how our brands are presented to the customer.

We have always believed that the strength of our business depends on the strength of our brands. Of course, this means that we need to deliver products to our customers that meet their needs, and we need to offer the best after-sales service that our global travellers can rely upon. Our products need to be well-merchandised in both our own stores and those of our wholesale customers, an area we are certainly investing more resources in. However, where we need to be absolutely on top of our game is marketing to our consumer. Every generation is different from its predecessors, but I am convinced that our younger customer of today functions in an entirely different way from those people who grew up in the early days of the internet. People of all ages are now conducting more and more of their lives online, and as a business we need to respond to this trend. We are spending a higher and higher proportion of our marketing spend online and this trend will intensify in coming years. But we also need to increase in absolute terms what we are spending in support of our brands. Thus, in the first half of this year we increased marketing spend across the Group from US$65.9 million last year to US$99.5 million, up by 51.0%. As already described, half of this increase was devoted to Tumi, where spend as a percentage of net sales has been historically low. However, our goal is now to progressively increase advertising overall as a percentage of turnover, to create a faster-growing business with higher gross margins and increasing operating margins.

Over the years, I have discussed how far the Group has come from being substantially a Samsonite suitcase business, to being the multi-brand, multi-category business that it is today. One of the advantages of increasing our direct-to-consumer business is that we are better able to shape the mix of products that we can offer our customers and the environment in which they purchase our products. Non-travel products now account for 38.4% of our business, thanks in part to the acquisition of Tumi, whose strength has been historically in business and casual ranges. We are constantly discovering that giving more prominence to our non-travel items does no harm to our core travel ranges. As a result, we will put even more weight behind business and casual bags, where our market shares have scope for significant further improvement. This is also true in particular for products designed to appeal to women. One of the things we have learnt from Tumi is just how big the opportunity is in this category, and in fact how limited our progress has been to date. We now have brands in our portfolio, such as *Lipault*, that have great potential in this area, and we have initiated a "Women First" approach to everything we do, that will, I am sure, bear fruit in coming years.

I mentioned at the beginning of this report that trading conditions have been better this year than last. On a constant currency basis and excluding Tumi, we have seen excellent net sales growth in Europe (+11.5%) and Latin America (+19.4%). The U.S., a more mature market, has also returned a very creditable result (+7.4%). The outturn in Asia (+3.8%) deserves more explanation. On the positive side, we are seeing a generally better trading environment in China, with sales ahead by 8.8% and in Japan with an increase of 12.8%. South Korea (-1.6%), however, has been adversely affected by the lower inward tourism from China and trading in India (+1.9%) has been disrupted by the introduction of a goods and services tax. Hong Kong remains challenging (-1.7%), although there are signs that things may be levelling out. Several of the other smaller Asian markets have also seen a slow-down, but we are confident that plans are in place to regain a higher growth path.

As the Company matures and becomes more complex, we need to ensure that the devolved model that has served us so well also evolves to reflect the interconnectedness of our markets, while limiting unnecessary duplication of effort. Thus, we have more leadership positions that are responsible for global coordination, but in a manner that assists rather than cuts across country management. As I have noted before, our business enjoys strong team management at the top, but we also rely on a community of managers around the world and in different functions to maintain our overall reactivity to the marketplace. It is remarkable how little turnover of key staff there is in our business. We are of course mindful of the need to introduce new thinking and new businesses and people from time to time (the last few years have demonstrated this). However, the collective mind of the experienced people within our company remains one of the keys to our success. The international roots of Samsonite are deep, and the cooperation that takes place across continents on a daily basis serves us well. And of course it helps to have a CEO who takes the temperature constantly of trends around the world, and who is ever-present on the high streets of the world's major cities. Our thanks again go to Ramesh and his team for another six months of progress on the march towards our goal of being a US$5 billion net sales company with operating margins that I am sure will compare with the very best in the field.

Timothy Charles Parker
Chairman

August 23, 2017

(1) Comparative figures for Tumi's six months ended June 30, 2016 are based on Tumi's internal management reporting, adjusted as necessary to align with 2017 financial reporting.

Chief Executive Officer's Statement

The Group continued to make good progress integrating the Tumi business and growing its existing business. All of our regions delivered strong constant currency net sales growth in the six months ended June 30, 2017. In the first half of 2017, the Group's net sales increased by 31.8% on a constant currency basis compared to the same period last year. US Dollar reported net sales increased by 31.1% year-on-year to a record level of US$1,586.1 million for the six months ended June 30, 2017.

While Tumi was the main driver of the Group's performance, our existing business also continued to deliver solid growth. The Group maintained its focus on implementing its multi-brand, multi-category and multi-channel strategy, as well as leveraging its decentralized management structure and increasing its investment in marketing. Excluding Tumi, net sales increased by 7.5% on a constant currency basis. US Dollar reported net sales increased by US$84.1 million, or 7.0%, for the six months ended June 30, 2017.

The Group's gross profit margin increased to 55.3% for the six months ended June 30, 2017, from 52.3% for the same period in 2016. The increase was partly attributable to the impact from the acquisition of Tumi, which delivers higher margins. Excluding Tumi, the Group's gross profit margin increased by 110 basis points to 53.4% for the first half of 2017, driven by strong net sales growth in the Group's direct-to-consumer business.

The Group's US Dollar reported operating profit increased by US$21.0 million, or 14.9%, to US$162.1 million, notwithstanding a sizeable increase in marketing expense of US$33.6 million, and a US$7.9 million increase in acquisition-related costs. As a percentage of net sales, marketing expense increased by 80 basis points to 6.3% in the first half of 2017, compared to 5.5% in the first half of 2016, to increase awareness and drive net sales growth for Tumi and other brands in the Group's portfolio. Excluding acquisition-related costs, the Group's US Dollar reported operating profit increased by US$29.0 million, or 19.6%.

The Group's US Dollar reported profit attributable to the equity holders for the six months ended June 30, 2017 increased by US$1.0 million, or 1.2%, to US$83.4 million, compared to the same period last year, notwithstanding a US$35.1 million year-on-year increase in interest expense, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition, as well as the increase in marketing expense and acquisition-related costs discussed above.

Adjusted EBITDA and Adjusted Net Income are two key performance indicators that we focus on. We believe these two non-IFRS measures, which eliminate the effects of a number of costs, charges and credits and certain other non-cash charges, provide a much clearer indication of the underlying performance of our business. In the first half of 2017, the Group's US Dollar reported Adjusted EBITDA increased by US$51.2 million, or 26.9%, to US$241.5 million. Our Adjusted EBITDA margin decreased to 15.2% from 15.7%, primarily as a result of the 80 basis points increase in marketing expense discussed above. US Dollar reported Adjusted Net Income amounted to US$100.2 million for the six months ended June 30, 2017, more or less flat compared to the same period in 2016, notwithstanding the significant year-on-year increase in marketing expense and interest expense.

The Group generated strong operating cash flow of US$152.8 million in the first half of 2017 compared to US$81.1 million during the same period in the previous year, notwithstanding a US$32.5 million increase in cash paid for interest, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition, and the US$33.6 million increase in marketing expense. Net working capital efficiency[1] came in at 11.7% at June 30, 2017. During the first half of 2017, we incurred capital expenditures of US$32.4 million, and completed the acquisition of eBags, Inc. for a cash consideration of US$105.0 million. As of June 30, 2017, the Group had cash and cash equivalents of US$377.8 million and outstanding financial debt of US$1,995.0 million (excluding deferred financing costs of US$63.2 million), putting the Group in a net debt position of US$1,617.2 million.

It has been just over a year since we completed the Tumi acquisition on August 1, 2016, and during that time we have focused on integrating and investing in the business to best position Tumi for long-term growth. We were pleasantly surprised to find that both organizations share many core principles: unparalleled quality, superior functionality and durability, design excellence, technical innovation and world-class customer service. These factors enabled the integration to proceed far more quickly and smoothly than originally expected across all facets of the business. We completed the refinancing of the Senior Credit Facilities on February 2, 2017, which resulted in a significant reduction in our cash interest payments. We completed the conversion of Tumi's systems to our SAP platform in May 2017 which will help us achieve further synergies in areas such as working capital efficiency. Initiatives to integrate and optimize Tumi's sourcing operations have also gone well, with additional gross margin improvements anticipated in the second half of 2017 and beyond.

Turning to distribution, we assumed direct control of the wholesale and retail distribution of Tumi products in the key Asian markets of South Korea with effect from January 1, China and Hong Kong (including Macau) with effect from April 1, as well as Indonesia and Thailand with effect from May 1, all ahead of plan. We also added 37 net new Tumi retail stores worldwide in the first half of 2017. On the product side, our engineers have been working closely with Tumi's designers, with a particular focus on lightweight hardside luggage. The fruits of this collaboration will begin to come to market in the second half of 2017. We more than doubled marketing expense for the *Tumi* brand to US$16.0 million for the first half of 2017, from US$7.2 million[(2)] in the first half of 2016, with most of the spending taking place in North America, in order to increase brand awareness and drive future sales growth. As a percentage of Tumi's net sales, marketing spend was 5.5% in the first half of 2017 compared to approximately 2.7%[(2)] in the first half of 2016.

The above initiatives have contributed to the strong performance of the Tumi business. Excluding foreign currency effects, net sales increased by 11.4%[(2)] year-on-year in the first half of 2017, including the positive impact of buying back distributors in Asia. Excluding the impact of the distributor buybacks in Asia, constant currency net sales growth was approximately 8.2%[(2)], with North America +7.7%[(2)], Asia +7.4%[(2)] and Europe +12.2%[(2)]. US Dollar reported net sales of the Tumi business increased by $29.2 million[(2)], or 11.1%[(2)] year-on-year, to US$292.5 million for the six months ended June 30, 2017.

Our strategy to deploy a well-balanced portfolio of brands to target consumers across the entire price spectrum continues to prove itself, with nearly all of our brands reporting solid growth in the first half of 2017. Our *Samsonite* brand continued to grow at a steady pace. Excluding foreign currency effects, net sales of the *Samsonite* brand increased by 7.0% in the first half of 2017, with all regions reporting constant currency net sales increases: North America (+4.9%), Asia (+4.4%), Europe (+10.9%) and Latin America (+22.4%). US Dollar reported net sales of the *Samsonite* brand increased by US$43.1 million, or 5.9% year-on-year, to US$777.7 million, accounting for 49.0% of the Group's total net sales for the six months ended June 30, 2017. That compared to 60.8% for the same period in 2016, reflecting the continued diversification of the Group's brand portfolio, including the addition of the *Tumi* brand.

On a constant currency basis, net sales of the *American Tourister* brand increased by 1.3% year-on-year, while US Dollar reported net sales increased by US$3.5 million, or 1.4% year-on-year, to US$262.8 million. This increase was driven by Europe, where US Dollar reported net sales grew by 21.7% on the back of the brand's continued successful expansion. The brand's performance has also been encouraging in North America and Asia, where changes to the marketing and product strategies are beginning to have an impact. After suffering a 9.9% decline in net sales on a US Dollar reported basis in the first quarter in North America, *American Tourister* recorded a 14.8% increase in the second quarter due to good initial market response to new product launches, resulting in a 1.9% net sales growth in North America for the first half of 2017 overall. Performance in Asia also improved on the back of successful new product launches and marketing campaigns. On a US Dollar reported basis, net sales of *American Tourister* in Asia decreased by 3.0% in the first half of 2017, a considerable improvement compared to the 10.7% US Dollar reported net sales decline in the second half of 2016.

The Group's other brands have largely performed well, posting solid constant currency net sales growth in the first half of 2017, as we continued to leverage our strong regional management teams to expand the brands into new markets and penetrate deeper into existing ones: *Speck* (+9.2%), *Gregory* (+21.9%), *Lipault* (+22.3%), *Hartmann* (+2.8%) and *Kamiliant* (+98.2%). Excluding foreign currency effects, net sales of the *High Sierra* brand decreased by 16.0% for the six months ended June 30, 2017 compared to the same period in 2016, as the Group focused on selling its other casual product brands in Asia and Europe.

On the back of the contribution from the Tumi business, along with generally solid performance by the other brands in the Group's portfolio, all our regions recorded strong double-digit constant currency net sales growth in the six months ended June 30, 2017: North America (+53.0%), Asia (+19.8%), Europe (+24.0%) and Latin America (+19.4%). Excluding Tumi, all our regions delivered solid constant currency net sales growth, driven by new product launches and our focus on growing our direct-to-consumer business, especially direct-to-consumer e-commerce: North America (+7.4%), Asia (+3.8%), Europe (+11.5%) and Latin America (+19.4%). I am especially encouraged by the performance in North America, where, excluding Tumi and eBags, constant currency net sales growth recovered to 4.7% in the second quarter of 2017 after a 0.9% decline in the first quarter of 2017, driven by the increases in the *Samsonite*, *Speck* and *American Tourister* brands. In Asia, China, Japan and Australia continued to post strong constant currency organic net sales growth of 8.8%, 12.8% and 5.8%, respectively, for the six months ended June 30, 2017. This performance was partially offset by continued softness in South Korea and Hong Kong[(3)], where excluding Tumi, constant currency net sales were down by 1.6% and 1.7%, respectively. Excluding foreign currency effects, net sales in India increased by 1.9% in the first half in 2017, despite a temporary disruption in the second quarter due to the introduction of the new Goods and Services Tax. Europe and Latin America continued to benefit from the investment we have made in our brands and retail infrastructure over the last few years.

We also made excellent progress in executing our multi-category and multi-channel strategy in the first half of 2017. The travel product category has historically been and remains the Group's strongest and largest product category. Excluding foreign currency effects, net sales in the travel product category increased by 20.5% (+6.5% excluding Tumi) in the first half of 2017. Travel category net sales increased by 19.7% on a US Dollar reported basis to US$977.8 million, accounting for 61.6% of total net sales for the first half of 2017. Looking ahead to the second half of 2017, we expect our core travel products business to benefit from the tailwind of the steady growth in travel and tourism[(4)]. The Group will continue to focus on leveraging its regional management structure, sourcing and distribution expertise and marketing engine to extend the strong *Tumi* brand into new markets and penetrate deeper into existing channels. At the same time, we aim to sustain the steady growth of the *Samsonite* brand and to build on the positive momentum that the *American Tourister* brand has seen in Asia and North America. Further down the price pyramid, our *Kamiliant* brand performed exceptionally well, validating our belief in the vast untapped potential of the entry price segment, and we will further expand *Kamiliant* distribution across Asia.

One of Samsonite's medium-term strategic goals is to achieve a more balanced 50/50 split in net sales between the travel and non-travel product categories. In the first half of 2017, the non-travel product categories all recorded strong double-digit constant currency net sales growth, driven by the acquisition of Tumi: business category net sales up 98.1% (+2.5% excluding Tumi), casual category net sales up 29.8% (+19.3% excluding Tumi) and accessories category net sales up 40.6% (+8.5% excluding Tumi). Overall, net sales in the non-travel product categories increased by 55.3% on a constant currency basis, and by 55.0% on a US Dollar reported basis, to US$608.4 million. Non-travel net sales accounted for 38.4% of total net sales in the first half of 2017 (33.2% of net sales excluding Tumi), compared to 32.5% in the first half of 2016. We need to focus on identifying open spaces in different product segments where our penetration is low and strategize to penetrate that segment aggressively with creative initiatives and entrepreneurial zeal. One such opportunity lies within the large but highly fragmented backpack and casual bag segment where our market share is currently minimal. We have made good progress in this category with the *Tumi*, *Samsonite* and *Gregory* brands, validating our strategy of deploying multiple brands across categories and price points to drive long-term growth, and we will continue to invest to grow our business in this category.

An even bigger long-term non-travel opportunity lies with women's bags. Women control the lion's share of consumer spending, yet women's products contribute only single digits to the Group's net sales. We are clearly under-represented in this product category and we see enticing potential for long-term growth. The *Lipault* brand has already proven its ability to compete effectively in this category, first in its home market of France, and increasingly in other markets around the world. Meanwhile, *Tumi* has been making steady headway in winning over female consumers, so much so that the women's product category now contributes mid to high teens of the brand's net sales - an impressive feat for a brand that many consumers still consider to be masculine. This gives us the confidence and motivation to vigorously pursue a "Women First" strategy to serve the women's segment more credibly, with expanded product ranges, greater emphasis on our marketing and in-store visual merchandising to drive this growth, focusing particularly on the *Tumi*, *Samsonite*, *Gregory* and *Lipault* brands.

As I mentioned in my last report, the world around us is going through a profound and disruptive change, largely driven by the growing influence of online, and this shift towards e-commerce represents one of our greatest opportunities. With our portfolio of brands and our scale, Samsonite has the potential to become a significant player in the bags and luggage e-commerce channel. The eBags acquisition, completed on May 5, 2017, represents an important investment in achieving this goal. eBags is a leading online retailer of travel-related products, providing consumers with a diverse offering of travel bags and accessories including luggage, backpacks, handbags, business bags, travel accessories and apparel. The acquisition gives the Group a strong platform to accelerate the growth of its direct-to-consumer e-commerce business in North America and worldwide. It also provides the Group with immediate resources and digital expertise to strengthen its existing digital capabilities. The intention is for the eBags team to become a center of excellence for Samsonite's e-commerce operations, and to export the eBags platform to markets internationally. Excluding foreign currency effects, net sales in the Group's direct-to-consumer e-commerce business increased by 126.7% for the six months ended June 30, 2017 compared to the same period in 2016. Excluding Tumi, the Group's direct-to-consumer e-commerce net sales increased by 73.9% on a constant currency basis, driven by the acquisition of eBags, and by 20.7% excluding eBags. For the six months ended June 30, 2017, US$167.2 million, or 10.5%, of the Group's US Dollar reported net sales were derived from e-commerce. This represents an increase of 67.4% compared to the same period in the previous year, when e-commerce comprised US$99.9 million, or 8.3%, of the Group's net sales.

Over the medium-term, the Group intends to increase the proportion of net sales from its direct-to-consumer channel by growing direct-to-consumer e-commerce net sales and through the targeted expansion of its bricks-and-mortar retail presence, with the goal of achieving a more balanced 50/50 split in net sales between the wholesale and direct-to-consumer channels. Excluding foreign currency effects, net sales in the direct-to-consumer channel increased by 89.0% year-on-year in the first half of 2017. The increase was driven by growth in direct-to-consumer e-commerce, including the acquisition of eBags in May 2017, as well as the addition of 58 net new company-operated retail stores opened in the first six months of 2017 plus the impact from 285 net new stores added during 2016, including 211 net new company-operated Tumi retail stores resulting from the acquisition of Tumi, along with a 4.9% increase in constant currency same store net sales. For the six months ended June 30, 2017, US$479.6 million, or 30.2%, of the Group's US Dollar reported net sales came from the direct-to-consumer channel, compared to 21.0% for the same period in 2016.

Our business continues to grow from strength to strength, and we believe this is directly related to our investment in marketing and R&D. We have consistently maintained a high level of awareness for each of our brands, and continue to do so as we acquire new brands and expand our portfolio. We firmly believe that global recognition of our brands is one of our major competitive advantages and an important driver of our long-term profitability. As noted in our 2016 Annual Report, we intend to increase our investment in marketing in 2017, both in absolute dollar terms and as a percentage of net sales. This is driven in part by the need to support the *Tumi* brand, but also the decision for the rest of the Group to resume a more normalized level of marketing spending as a percentage of net sales after temporarily scaling back over the last two years. In the first half of 2017, the Group spent US$99.5 million on marketing, an increase of US$33.6 million, or 51.0%, compared to the same period in 2016, primarily to support the *Tumi* brand. As a percentage of net sales, marketing expense increased by 80 basis points to 6.3% in the first half of 2017 compared to 5.5% for the same period in the previous year. Excluding Tumi, marketing expense as a percentage of net sales increased by 100 basis points to 6.5% in the first half of 2017 compared to 5.5% for the same period in the previous year, and the second half of 2017 will see the Group maintain a high level of investment in marketing. While this significant increase in marketing spend will have a temporary dampening effect on margin expansion, the investment is key to supporting the global expansion of *Tumi* and to continuing to drive visibility for *Samsonite*, *American Tourister* and other brands over the long term. Traditional print advertising is increasingly becoming less effective. As such, we aim to devote 50% or more of our consumer marketing budget to digital communications, including social media, influencers, bloggers and other digital media to connect with and engage customers and to communicate new products, promotions and other events.

In view of the varying consumer preferences and channel dynamics in individual markets, each of the regional presidents and their management teams maintains control of the strategy to drive the business forward. Our decentralized management structure is perhaps the most important source of sustainable competitive advantage. The structure encourages and rewards innovation and differentiation that best connects and serves local consumers in disparate markets around the world, and enables the Group to respond nimbly and quickly to varying challenges and opportunities in individual markets. I am confident that our experienced and motivated regional and country management teams will continue to execute as a team and grow our business. I would like to take this opportunity to thank Tim Parker, our Chairman, for his leadership and invaluable counsel. I would also like to thank my fellow senior management team members Kyle Gendreau, John Livingston, Lynne Berard, Rob Cooper, Subrata Dutta, Arne Borrey, Roberto Guzmán, Frank Ma, Leo Suh, Charlie Cole, Paul Melkebeke, Andy Wells and Marcie Whitlock. Together with our employees, suppliers and business partners around the world, they have made it possible for the Group to achieve these positive results in the first half of 2017. I look forward to working closely with them and our teams around the world to achieve the full potential of our business.

Ramesh Dungarmal Tainwala
Chief Executive Officer
August 23, 2017

(1) Net working capital efficiency is calculated as net working capital (the sum of inventories and trade and other receivables less accounts payable) divided by annualized net sales.
(2) Comparative figures for Tumi's six months ended June 30, 2016 are based on Tumi's internal management reporting, adjusted as necessary to align with 2017 financial reporting.
(3) Net sales reported for Hong Kong include net sales made in Macau.
(4) According to the United Nations World Tourism Organization ("UNWTO") World Tourism Barometer, approximately 369 million tourists travelled worldwide during the first four months of 2017, with international tourist arrivals growing by 6% over the same period in the prior year.

Independent Auditors' Review Report

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

Report on the Financial Statements
We have reviewed the accompanying consolidated statements of financial position of Samsonite International S.A. and its subsidiaries as of June 30, 2017, the related consolidated income statements, consolidated statements of comprehensive income, changes in equity and the consolidated statements of cash flows for the six-month period ended June 30, 2017 and June 30, 2016.

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

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

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

KPMG LLP

Boston, Massachusetts
August 23, 2017

Consolidated Income Statements (Unaudited)

(Expressed in thousands of US Dollars, except per share data)	Note	Six months ended June 30, 2017	2016
Net sales	4	**1,586,123**	1,209,487
Cost of sales		**(708,337)**	(576,988)
Gross profit		**877,786**	632,499
Distribution expenses		**(494,404)**	(342,513)
Marketing expenses		**(99,531)**	(65,935)
General and administrative expenses		**(107,762)**	(72,042)
Other expenses, net	7 (d)	**(13,988)**	(10,947)
Operating profit		**162,101**	141,062
Finance income	19	**749**	533
Finance costs	19	**(40,368)**	(14,380)
Net finance costs	19	**(39,619)**	(13,847)
Profit before income tax		**122,482**	127,215
Income tax expense	18	**(29,739)**	(34,730)
Profit for the period		**92,743**	92,485
Profit attributable to equity holders		**83,369**	82,404
Profit attributable to non-controlling interests		**9,374**	10,081
Profit for the period		**92,743**	92,485
Earnings per share			
Basic and diluted earnings per share			
(Expressed in US Dollars per share)	5	**0.059**	0.058

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

Consolidated Statements of Comprehensive Income (Unaudited)

(Expressed in thousands of US Dollars)	Note	Six months ended June 30, 2017	2016
Profit for the period		**92,743**	92,485
Other comprehensive income (loss):			
Items that are or may be reclassified subsequently to profit or loss:			
Changes in fair value of foreign exchange forward contracts, net of tax	18 (b)	**(3,876)**	(3,021)
Changes in fair value of interest rate swaps, net of tax	14 (a) , 18 (b)	**284**	(13,884)
Foreign currency translation gains for foreign operations		**29,029**	13,196
Other comprehensive income (loss)		**25,437**	(3,709)
Total comprehensive income for the period		**118,180**	88,776
Total comprehensive income attributable to equity holders		**107,288**	78,070
Total comprehensive income attributable to non-controlling interests		**10,892**	10,706
Total comprehensive income for the period		**118,180**	88,776

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

Consolidated Statements of Financial Position

(Expressed in thousands of US Dollars)	Note	**(Unaudited) June 30, 2017**	December 31, 2016
Non-Current Assets			
Property, plant and equipment	8	**283,063**	281,990
Goodwill		**1,351,141**	1,238,910
Other intangible assets	9	**1,779,200**	1,733,061
Deferred tax assets		**66,617**	56,007
Derivative financial instruments	14 (a)	**15,832**	16,149
Other assets and receivables		**36,872**	32,926
Total non-current assets		**3,532,725**	3,359,043
Current Assets			
Inventories	10	**485,174**	421,334
Trade and other receivables	11	**378,434**	357,790
Prepaid expenses and other assets		**154,294**	142,833
Cash and cash equivalents	12	**377,841**	368,540
Total current assets		**1,395,743**	1,290,497
Total assets		**4,928,468**	4,649,540
Equity and Liabilities			
Equity:			
Share capital	13	**14,180**	14,113
Reserves		**1,489,155**	1,452,941
Total equity attributable to equity holders		**1,503,335**	1,467,054
Non-controlling interests		**38,816**	43,933
Total equity		**1,542,151**	1,510,987
Non-Current Liabilities			
Loans and borrowings	14 (a)	**1,772,173**	1,805,561
Employee benefits	15	**24,190**	28,680
Non-controlling interest put options		**63,521**	64,746
Deferred tax liabilities		**451,652**	456,540
Other liabilities		**8,113**	7,140
Total non-current liabilities		**2,319,649**	2,362,667
Current Liabilities			
Loans and borrowings	14 (b)	**98,218**	23,994
Current portion of long-term debt	14 (b)	**61,438**	45,813
Employee benefits	15	**67,209**	78,680
Trade and other payables	16	**759,281**	533,772
Current tax liabilities	18	**80,522**	93,627
Total current liabilities		**1,066,668**	775,886
Total liabilities		**3,386,317**	3,138,553
Total equity and liabilities		**4,928,468**	4,649,540
Net current assets		**329,075**	514,611
Total assets less current liabilities		**3,861,800**	3,873,654

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

Consolidated Statements of Changes in Equity (Unaudited)

(Expressed in thousands of US Dollars, except number of shares)	Note	Number of shares	Share capital	Reserves: Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Retained earnings	Total equity attributable to equity holders	Non-controlling interests	Total equity
Six months ended June 30, 2016:										
Balance, January 1, 2016		1,409,833,525	14,098	971,221	(71,543)	(53,068)	498,846	1,359,554	39,832	1,399,386
Profit for the period		—	—	—	—	—	82,404	82,404	10,081	92,485
Other comprehensive income (loss):										
Changes in fair value of cash flow hedges, net of tax	18 (b)	—	—	—	—	(3,003)	—	(3,003)	(18)	(3,021)
Changes in fair value of interest rate swaps, net of tax	18 (b)	—	—	—	—	(13,884)	—	(13,884)	—	(13,884)
Foreign currency translation gains		—	—	—	12,553	—	—	12,553	643	13,196
Total comprehensive income (loss) for the period		—	—	—	12,553	(16,887)	82,404	78,070	10,706	88,776
Transactions with owners recorded directly in equity:										
Change in fair value of put options	21	—	—	—	—	—	1,030	1,030	—	1,030
Cash distributions declared to equity holders	5	—	—	—	—	—	(93,000)	(93,000)	—	(93,000)
Share-based compensation expense	15	—	—	—	—	6,270	—	6,270	—	6,270
Exercise of stock options	15	833,968	9	2,674	—	(777)	—	1,906	—	1,906
Dividends paid to non-controlling interests		—	—	—	—	—	—	—	(7,892)	(7,892)
Balance, June 30, 2016		1,410,667,493	14,107	973,895	(58,990)	(64,462)	489,280	1,353,830	42,646	1,396,476

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

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

(Expressed in thousands of US Dollars, except number of shares)	Note	Number of shares	Share capital	Reserves: Additional paid-in capital	Reserves: Translation reserve	Reserves: Other reserves	Retained earnings	Total equity attributable to equity holders	Non-controlling interests	Total equity
Six months ended June 30, 2017:										
Balance, January 1, 2017		**1,411,288,901**	**14,113**	**976,051**	**(94,378)**	**51,300**	**519,968**	**1,467,054**	**43,933**	**1,510,987**
Profit for the period		**—**	**—**	**—**	**—**	**—**	**83,369**	**83,369**	**9,374**	**92,743**
Other comprehensive income (loss):										
Changes in fair value of foreign exchange forward contracts, net of tax	18 (b)	**—**	**—**	**—**	**—**	**(3,869)**	**—**	**(3,869)**	**(7)**	**(3,876)**
Changes in fair value of interest rate swaps, net of tax	14 (a) , 18 (b)	**—**	**—**	**—**	**—**	**284**	**—**	**284**	**—**	**284**
Foreign currency translation gains		**—**	**—**	**—**	**27,504**	**—**	**—**	**27,504**	**1,525**	**29,029**
Total comprehensive income (loss) for the period		**—**	**—**	**—**	**27,504**	**(3,585)**	**83,369**	**107,288**	**10,892**	**118,180**
Transactions with owners recorded directly in equity:										
Change in fair value of put options	21	**—**	**—**	**—**	**—**	**—**	**(1,809)**	**(1,809)**	**—**	**(1,809)**
Cash distributions declared to equity holders	5	**—**	**—**	**—**	**—**	**—**	**(97,000)**	**(97,000)**	**—**	**(97,000)**
Share-based compensation expense	15	**—**	**—**	**—**	**—**	**8,326**	**—**	**8,326**	**—**	**8,326**
Tax effect of outstanding stock		**—**	**—**	**—**	**—**	**2,261**	**—**	**2,261**	**—**	**2,261**
Exercise of stock options	15	**6,667,404**	**67**	**23,706**	**—**	**(6,558)**	**—**	**17,215**	**—**	**17,215**
Dividends paid to non-controlling interests		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(16,009)**	**(16,009)**
Balance, June 30, 2017		**1,417,956,305**	**14,180**	**999,757**	**(66,874)**	**51,744**	**504,528**	**1,503,335**	**38,816**	**1,542,151**

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

Consolidated Statements of Cash Flows (Unaudited)

(Expressed in thousands of US Dollars)	Note	Six months ended June 30, 2017	2016
Cash flows from operating activities:			
Profit for the period		**92,743**	92,485
Adjustments to reconcile profit to net cash generated from operating activities:			
Depreciation	8	**41,512**	26,472
Amortization of intangible assets	9	**15,536**	5,628
Settlement of U.S. defined benefit pension plans		**(7,310)**	—
Change in fair value of put options	21 (b)	**(3,034)**	5,566
Non-cash share-based compensation	15	**8,326**	6,270
Interest expense on financial liabilities	19	**39,922**	4,819
Income tax expense	18	**29,739**	34,730
		217,434	175,970
Changes in operating assets and liabilities (excluding allocated purchase price in business combinations):			
Trade and other receivables		**(10,679)**	(46,288)
Inventories		**(34,477)**	(31,951)
Other current assets		**(1,333)**	(4,750)
Trade and other payables		**70,827**	27,654
Other assets and liabilities, net		**358**	(4,554)
Cash generated from operating activities		**242,130**	116,081
Interest paid		**(33,121)**	(582)
Income tax paid		**(56,215)**	(34,384)
Net cash generated from operating activities		**152,794**	81,115
Cash flows from investing activities:			
Purchases of property, plant and equipment	8	**(32,356)**	(25,885)
Other intangible asset additions		**(5,166)**	(3,914)
Acquisition of businesses, net of cash acquired	7	**(170,029)**	—
Other proceeds		**637**	1,758
Net cash used in investing activities		**(206,914)**	(28,041)
Cash flows from financing activities:			
Payments on current portion of long-term debt	14	**(19,000)**	—
Proceeds from other current loans and borrowings, net	14	**69,656**	42,695
Payment of deferred financing costs	14	**(5,371)**	(4,317)
Proceeds from the exercise of share options	15	**23,773**	2,683
Dividend payments to non-controlling interests		**(16,009)**	(7,892)
Net cash generated from financing activities		**53,049**	33,169
Net (decrease) increase in cash and cash equivalents		**(1,071)**	86,243
Cash and cash equivalents, at January 1		**368,540**	180,803
Effect of exchange rate changes on cash and cash equivalents		**10,372**	5,869
Cash and cash equivalents, at June 30	12	**377,841**	272,915

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

Notes to the Consolidated Interim Financial Statements

1. Background

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

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

This consolidated interim financial information was authorized for issuance by the Company's Board of Directors (the "Board") on August 23, 2017 and is unaudited. The Company's auditor, KPMG LLP, performed a review in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial information and in accordance with International Standards on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

2. Basis of Preparation

(a) Statement of Compliance

The consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The consolidated interim financial statements should be read in conjunction with the Group's audited consolidated financial statements as of and for the year ended December 31, 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which collective term includes all International Accounting Standards ("IAS") and related interpretations, as issued by the International Accounting Standards Board (the "IASB").

There were no changes in the Group's business or economic circumstances which affected the fair value of the financial assets and financial liabilities, whether recognized at fair value or amortized cost, during the six months ended June 30, 2017. There were no transfers between the levels of the fair value hierarchy used in measuring the fair value of financial instruments and there were no changes in the classification of financial assets during the six months ended June 30, 2017.

Cash-generating units ("CGU") and intangible assets were not tested for impairment, as there were no impairment indicators during the six months ended June 30, 2017.

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

The Group has not performed independent actuarial valuations of its defined benefit obligation plans as of June 30, 2017.

(b) Basis of Measurement

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

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

(c) Functional and Presentation Currency

This financial information is presented using the currency of the primary economic environment in which the Group operates ("functional currency"). The functional currencies of the significant subsidiaries within the Group are the currencies of the primary economic environment and key business processes of these subsidiaries and include, but are not limited to, United States Dollars, Euros, Renminbi and Indian Rupee.

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

(d) Use of Judgments, Estimates and Assumptions

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

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

3. Summary of Significant Accounting Policies

(a) Significant Accounting Policies

Except as described below, the accounting policies and judgments applied by the Group used in the preparation of this consolidated interim financial information are consistent with those applied by the Group in the consolidated annual financial statements as of and for the year ended December 31, 2016. The changes in accounting policies described below are also expected to be reflected in the Group's consolidated financial statements as of and for the year ending December 31, 2017.

(b) Changes in Accounting Policies

The IASB has issued a number of new, revised and amended IFRSs. For the purpose of preparing the consolidated interim financial information for the six months ended June 30, 2017, the following revised standards became effective for the current reporting period.

Amendments to IAS 7, Statement of Cash Flows

IAS 7, *Statement of Cash Flows*, was amended by requiring new disclosures that help users to evaluate changes in liabilities arising from financing activities, including both cash flow and non-cash flow changes. The Group has presented reconciliations between the opening and closing balances for liabilities with changes arising from financing activities for the six months ended June 30, 2017 and June 30, 2016 in note 14(c) of the 2017 consolidated interim financial statements.

Amendments to IAS 12, Income Taxes

IAS 12, *Income Taxes*, was amended to provide requirements on the recognition and measurement of current or deferred tax liabilities or assets and clarify the requirements on recognition of deferred tax assets for unrealized losses. The adoption of this standard did not have a significant impact on the Group.

(c) New Standards and Interpretations Not Yet Adopted

Certain new standards, amendments to standards and interpretations are not yet effective for the six months ended June 30, 2017, and have not been applied in preparing these consolidated interim financial statements.

In July 2014, the IASB issued the final element of its comprehensive response to the financial crisis by issuing IFRS 9, *Financial Instruments* ("IFRS 9"). The improvements introduced by IFRS 9 include new principles for classification and measurement based on cash flows characteristics and business model, a single forward-looking expected loss impairment model and a substantially revised approach to hedge accounting aligning it more with risk management strategies. IFRS 9 will come into effect on January 1, 2018 with early application permitted. The Group intends to adopt IFRS 9 as of January 1, 2018 and, based on its preliminary assessment of the requirements, does not anticipate a significant impact on its financial performance and condition.

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"). IFRS 15 sets out requirements for recognizing revenue that applies to all contracts with customers and introduces a five step approach with control being the basic principal underpinning the new model. IFRS 15 also requires enhanced qualitative and quantitative revenue-related disclosures. IFRS 15 is effective as of January 1, 2018 with earlier application permitted. The Group will adopt IFRS 15 as of January 1, 2018. The Group is analyzing the impact of the new standard on the Company's revenue contracts, comparing the current accounting policies and practices to the requirements of the new standard, and identifying potential differences that would result from applying the new standard to the contracts. The Group is also identifying and implementing changes to the Company's business processes, systems and controls to support adoption of the new standard in 2018. The Group is currently assessing the impact on the amount and timing of revenue recognized on the consolidated financial statements from the adoption of the new standard.

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

In June 2016, the IASB issued Amendments to IFRS 2, *Classification and Measurement of Share-based Payment Transactions*. These amendments eliminate the ambiguity over how a company should account for certain types of share-based payment arrangements. Amendments to IFRS 2, *Classification and Measurement of Share-based Payment Transactions* cover three accounting areas: (i) measurement of cash-settled share-based arrangements, (ii) classification of share-based payments settled net of tax withholdings and (iii) accounting for a modification of a share-based payment from cash-settled to equity-settled. Amendments to IFRS 2, *Classification and Measurement of Share-based Payment Transactions* will come into effect for annual periods beginning on or after January 1, 2018 with earlier application permitted. The Group intends to adopt IFRS 2, *Classification and Measurement of Share-based Payment Transactions* as of January 1, 2018 and does not anticipate a material impact on its consolidated financial results from adoption of this amendment.

In December 2016, the IFRS Interpretations Committee ("IFRS IC") issued IFRIC 22, *Foreign Currency Transactions and Advance Consideration* ("IFRIC 22"). IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. IFRIC 22 covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. IFRIC 22 is effective for annual reporting periods beginning on or after January 1, 2018 with earlier application permitted. The Group intends to adopt IFRIC 22 as of January 1, 2018. The Group is currently assessing the impact on its consolidated financial statements from the adoption of the new standard.

In June 2017, the IFRS IC issued IFRIC 23, *Uncertainty over Income Tax Treatments*, ("IFRIC 23"). IFRIC 23 clarifies the accounting for uncertainties related to income taxes and is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12, *Income Taxes*. IFRIC 23 is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted. The Group is currently evaluating the impact of IFRIC 23 on its consolidated financial statements.

4. Segment Reporting

The reportable segments for the six months ended June 30, 2017 are consistent with the reportable segments included within the annual consolidated financial statements as of and for the year ended December 31, 2016.

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

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

Segment information as of and for the six months ended June 30, 2017 and June 30, 2016 is as follows:

	Six months ended June 30, 2017					
(Expressed in thousands of US Dollars)	**North America**	**Asia**	**Europe**	**Latin America**	**Corporate**	**Consolidated**
External revenues	**617,227**	**563,268**	**325,180**	**75,878**	**4,570**	**1,586,123**
Operating profit (loss)	**67,542**	**99,278**	**33,876**	**1,718**	**(40,313)**	**162,101**
Depreciation and amortization	**19,966**	**18,762**	**13,198**	**3,779**	**1,343**	**57,048**
Capital expenditures	**10,508**	**5,360**	**14,102**	**2,091**	**295**	**32,356**
Interest income	**52**	**483**	**177**	**34**	**3**	**749**
Interest expense	**(3)**	**(154)**	**(344)**	**(149)**	**(39,272)**	**(39,922)**
Income tax expense	**(7,648)**	**(15,406)**	**(6,166)**	**(735)**	**216**	**(29,739)**
Total assets	**2,887,674**	**1,165,644**	**597,115**	**100,272**	**177,763**	**4,928,468**
Total liabilities	**1,482,826**	**405,055**	**338,012**	**36,071**	**1,124,353**	**3,386,317**

	Six months ended June 30, 2016					
(Expressed in thousands of US Dollars)	North America	Asia	Europe	Latin America	Corporate	Consolidated
External revenues	403,588	470,614	268,794	62,539	3,952	1,209,487
Operating profit (loss)	52,098	86,587	29,725	428	(27,776)	141,062
Depreciation and amortization	6,640	10,448	10,682	3,071	1,259	32,100
Capital expenditures	3,944	6,876	9,419	3,820	1,826	25,885
Interest income	2	275	68	183	5	533
Interest expense	—	(146)	(190)	(304)	(4,179)	(4,819)
Income tax expense	(9,055)	(16,710)	(6,393)	(6)	(2,566)	(34,730)
Total assets	1,063,611	639,207	486,916	104,075	788,922	3,082,731
Total liabilities	789,726	254,956	253,990	33,651	353,932	1,686,255

5. Earnings Per Share

(a) Basic

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the six months ended June 30, 2017 and June 30, 2016.

	Six months ended June 30,	
(Expressed in thousands of US Dollars, except share and per share data)	**2017**	2016
Issued ordinary shares at the beginning of the period	**1,411,288,901**	1,409,833,525
Weighted-average impact of share options exercised during the period	**2,395,414**	406,811
Weighted-average number of shares during the period	**1,413,684,315**	1,410,240,336
Profit attributable to the equity holders	**83,369**	82,404
Basic earnings per share (Expressed in US Dollars per share)	**0.059**	0.058

(b) Diluted

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

	Six months ended June 30,	
(Expressed in thousands of US Dollars, except share and per share data)	**2017**	2016
Weighted-average number of ordinary shares (basic) at end of the period	**1,413,684,315**	1,410,240,336
Effect of share options	**6,914,783**	1,545,527
Weighted-average number of shares during the period	**1,420,599,098**	1,411,785,863
Profit attributable to the equity holders	**83,369**	82,404
Diluted earnings per share (Expressed in US Dollars per share)	**0.059**	0.058

(c) Dividends and Distributions

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

On March 16, 2016, the Board recommended that a cash distribution in the amount of US$93.0 million, or approximately US$0.0659 per share, be made to the Company's shareholders of record on June 17, 2016 from its ad hoc distributable reserve. The shareholders approved this distribution on June 2, 2016 at the Annual General Meeting and the distribution was paid on July 13, 2016.

Dividend payments to non-controlling interests amounted to US$16.0 million and US$7.9 million during the six months ended June 30, 2017 and June 30, 2016, respectively.

No other dividends or distributions were declared or paid during the six months ended June 30, 2017 and June 30, 2016.

6. Seasonality of Operations

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

7. Business Combinations

During the six months ended June 30, 2017, the Group acquired certain assets related to the distribution of Tumi products in certain countries in Asia and completed the purchase of eBags, Inc.

(a) Assets Related to the Distribution of Tumi in Certain Asian Countries

Certain subsidiaries of the Group assumed direct control of the wholesale and retail distribution of Tumi products in South Korea, Hong Kong, Macau, China, Indonesia and Thailand during the six months ended June 30, 2017. The total consideration paid in connection with all such transactions was US$65.1 million.

- On January 4, 2017, the Company's wholly-owned subsidiary in South Korea completed the acquisition of certain assets, including inventory, store fixtures and furniture, as well as rights under retail store leases, from TKI, Inc. ("TKI") with effect from January 1, 2017.

- On April 1, 2017, the Company's wholly-owned subsidiaries in Hong Kong, Macau and China acquired certain assets, including inventory, store fixtures and furniture, as well as rights under retail store leases, from Imaginex Holdings Limited ("Imaginex") with effect from April 1, 2017.

- On May 1, 2017, the Company's non-wholly owned subsidiaries in Indonesia and Thailand assumed direct control of the distribution of Tumi products in each respective country with effect from May 1, 2017.

The financial results of the Group as of and for the six months ended June 30, 2017 include the financial results for such transactions from the respective dates of assuming control of distribution of Tumi products in Asia. From the respective dates of acquisition, US$8.1 million of revenue and a net loss of US$0.4 million was contributed to the consolidated financial results of the Group for the six months ended June 30, 2017.

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

(Expressed in thousands of US Dollars)	
Property, plant and equipment	3,834
Inventories	9,370
Other current assets	253
Trade and other payables	(791)
Total identifiable net assets acquired	12,666
Goodwill	52,384
Total purchase price	65,050

Based on the preliminary allocation, goodwill in the amount of US$52.4 million was recognized as a result of the acquisitions. The goodwill is attributable mainly to the synergies expected to be achieved from integrating the distributorships into the Group's existing business. None of the goodwill recognized is expected to be deductible for tax purposes.

(b) eBags, Inc.

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

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

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

The financial results of the Group as of and for the six months ended June 30, 2017 include eBags' financial results from May 5, 2017, the date of acquisition, through June 30, 2017. From the date of acquisition, eBags contributed US$21.3 million of revenue and a net loss of US$1.4 million to the consolidated financial results of the Group for the six months ended June 30, 2017 while the Group integrates and restructures operations.

The following table summarizes the recognized amounts of assets and liabilities acquired and liabilities assumed at the acquisition date as a preliminary allocation of the purchase price included in the June 30, 2017 results.

(Expressed in thousands of US Dollars)	
Property, plant and equipment	290
Identifiable intangible assets	59,123
Inventories	6,142
Trade and other receivables	1,604
Other current assets	547
Trade and other payables	(19,836)
Total identifiable net assets acquired	47,870
Goodwill	57,109
Total purchase price	104,979

Identifiable intangible assets above is comprised of US$59.1 million attributable to the eBags tradename.

Based on the preliminary allocation, goodwill in the amount of US$57.1 million was preliminarily recognized. The goodwill is attributable mainly to the synergies expected to be achieved from integrating eBags into the Group's existing business. None of the goodwill recognized is expected to be deductible for tax purposes.

Per IFRS 3, *Business Combinations*, an acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the acquirer shall also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date. The measurement period for the various transactions disclosed above has not ended as of June 30, 2017.

(c) Pro Forma Results

If the above transactions had occurred on January 1, 2017, the Group estimates that consolidated net sales for the six months ended June 30, 2017 would have been approximately US$1,632.3 million, and consolidated profit attributable to equity holders for the six months ended June 30, 2017 would have been approximately US$82.6 million. In determining these amounts, the Group has assumed that the fair value adjustments that arose on the dates of acquisition would have been the same if the acquisitions had occurred on January 1, 2017. The pro forma information is not necessarily indicative of the results of operations that actually would have been achieved had the acquisitions been consummated at that time, nor is it intended to be a projection of future results.

(d) Acquisition-related Costs

The Group incurred approximately US$14.9 million and US$6.9 million in acquisition-related costs during the six months ended June 30, 2017 and June 30, 2016, respectively. Such costs are primarily comprised of costs associated with due diligence, professional and legal fees, severance and integration costs and are recognized within other expenses, net on the consolidated income statements.

8. Property, Plant and Equipment

For the six months ended June 30, 2017 and June 30, 2016, the cost of additions to property, plant and equipment was US$32.4 million and US$25.9 million, respectively, excluding assets acquired through business combinations. Depreciation expense for the six months ended June 30, 2017 and June 30, 2016 amounted to US$41.5 million and US$26.5 million, respectively. Of this amount, US$6.7 million and US$6.6 million was included in cost of sales during the six months ended June 30, 2017 and June 30, 2016, respectively. Remaining amounts were presented in distribution and general and administrative expenses.

9. Other Intangible Assets

Amortization expense for the six months ended June 30, 2017 and June 30, 2016 amounted to US$15.5 million and US$5.6 million, respectively, which was included within distribution expenses on the consolidated income statements.

In accordance with IAS 36, *Impairment of Assets*, the Group is required to evaluate its intangible assets for potential impairment whenever events or changes in circumstance indicate that their carrying amount might not be recoverable. There were no impairment indicators during the six months ended June 30, 2017.

10. Inventories

Inventories consisted of the following:

(Expressed in thousands of US Dollars)	**June 30, 2017**	December 31, 2016
Raw materials	**31,964**	23,913
Work in process	**202**	1,779
Finished goods	**453,008**	395,642
Total inventories	**485,174**	421,334

The amounts above included inventories carried at net realizable value (estimated selling price less costs to sell) of US$197.3 million and US$180.8 million as of June 30, 2017 and December 31, 2016, respectively. For the six months ended June 30, 2017 and June 30, 2016, the impairment of inventories to net realizable value amounted to US$1.6 million and US$3.1 million, respectively. For the six months ended June 30, 2017 and June 30, 2016, the reversal of impairments recognized in profit or loss amounted to US$2.1 million and US$0.7 million, respectively, where the Group was able to sell the previously written-down inventories at higher selling prices than previously estimated.

11. Trade and Other Receivables

Trade and other receivables are presented net of related allowances for doubtful accounts of US$13.1 million and US$13.0 million as of June 30, 2017 and December 31, 2016, respectively.

Included in trade and other receivables are trade receivables (net of allowance for doubtful accounts) of US$358.1 million and US$338.4 million as of June 30, 2017 and December 31, 2016, respectively, with the following aging analysis by due date of the respective invoice:

(Expressed in thousands of US Dollars)	**June 30, 2017**	December 31, 2016
Current	**307,678**	291,359
0 - 30 days past due	**39,907**	34,379
Greater than 30 days past due	**10,511**	12,648
Total trade receivables	**358,096**	338,386

Credit terms are granted based on the credit worthiness of individual customers. As of June 30, 2017 and December 31, 2016, trade receivables are on average due within 60 days from the invoice date.

12. Cash and Cash Equivalents

(Expressed in thousands of US Dollars)	**June 30, 2017**	December 31, 2016
Bank balances	**374,115**	362,736
Short-term investments	**3,726**	5,804
Total cash and cash equivalents	**377,841**	368,540

Short-term investments are comprised of overnight sweep accounts and time deposits. Cash and cash equivalents are generally denominated in the functional currency of the respective Group entity.

There were no restrictions on the use of any of the Group's cash as of June 30, 2017. The Group had restricted cash in the amount of US$35.1 million as of December 31, 2016.

13. Share Capital

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

During the six months ended June 30, 2016, the Company issued 833,968 ordinary shares at a weighted-average exercise price of HK$17.73 per share in connection with the exercise of vested share options that were granted under the Company’s Share Award Scheme. There were no other movements in the share capital of the Company during the first half of 2016.

14. Loans and Borrowings

(a) Non-current Obligations

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

(Expressed in thousands of US Dollars)	**June 30, 2017**	December 31, 2016
Term Loan A Facility	**1,226,563**	1,242,187
Term Loan B Facility	**669,937**	673,313
Term Loan Facilities	**1,896,500**	1,915,500
Finance lease obligations	**384**	283
Total loans and borrowings	**1,896,884**	1,915,783
Less deferred financing costs	**(63,176)**	(64,341)
Total loans and borrowings less deferred financing costs	**1,833,708**	1,851,442
Less current portion of long-term debt	**(61,438)**	(45,813)
Less current installments on finance lease obligations	**(97)**	(68)
Non-current loans and borrowings	**1,772,173**	1,805,561

Senior Credit Facilities

Overview

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

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

Interest Rate and Fees

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

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

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

Amortization and Final Maturity

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

Guarantees and Security

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

Certain Covenants and Events of Default

The Senior Credit Facilities contain a number of customary negative covenants that, among other things and subject to certain exceptions, may restrict the ability of the Company and its subsidiaries to: (i) incur additional indebtedness; (ii) pay dividends or distributions on its capital stock or redeem, repurchase or retire its capital stock or its other indebtedness; (iii) make investments, loans and acquisitions; (iv) engage in transactions with its affiliates; (v) sell assets, including capital stock of its subsidiaries; (vi) consolidate or merge; (vii) materially alter the business it conducts; (viii) incur liens; and (ix) prepay or amend any junior debt or subordinated debt. In addition, the Credit Agreement requires the Company and its subsidiaries to meet certain quarterly financial covenants. The Group was in compliance with the financial covenants as of June 30, 2017.

Interest Rate Swaps

The Group entered into interest rate swap transactions on June 1, 2016 that became effective on December 31, 2016 and will terminate on August 31, 2021. The Group uses the interest rate swap transactions to minimize its exposure to interest rate fluctuations under the floating-rate Senior Credit Facilities by swapping certain US Dollar floating-rate bank borrowings with fixed-rate agreements. The interest rate swap agreements had initial notional amounts totaling US$1,237.0 million representing approximately 65% of the anticipated balances of the Term Loan Facilities. The notional amounts of the interest rate swap agreements decrease over time in line with required amortization and anticipated prepayments on the Term Loan Facilities. LIBOR has been fixed at approximately 1.30% under each agreement. Each of the interest rate swap agreements have fixed payments due monthly that commenced January 31, 2017. The interest rate swap transactions qualify as cash flow hedges under IFRS. As of June 30, 2017, the interest rate swaps were marked-to-market, resulting in a net asset position to the Group in the amount of US$15.8 million, which was recorded as a financial asset with the effective portion of the gain deferred to other comprehensive income.

Deferred Financing Costs

The Group recognized US$69.5 million of deferred financing costs during the year ended December 31, 2016 related to the Senior Credit Facilities. In addition, the Group recognized US$5.4 million of deferred financing costs during the six months ended June 30, 2017 related to the Repricing, the balances of which were included in non-current loans and borrowings on the consolidated statements of financial position as of June 30, 2017. The deferred financing costs were comprised of the original issue discount, commitment fees and other financing-related costs that will be deferred and offset against loans and borrowings and are amortized using the effective interest method over the life of the Term Loan Facilities. The amortization of deferred financing costs, which is included in interest expense, amounted to US$6.5 million and US$0.2 million for the six months ended June 30, 2017 and June 30, 2016, respectively.

(b) Current Obligations and Credit Facilities

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

(Expressed in thousands of US Dollars)	**June 30, 2017**	December 31, 2016
Current portion of non-current loans and borrowings	**61,438**	45,813
Revolving Facility	**82,267**	10,516
Other lines of credit	**15,854**	13,410
Finance lease obligations	**97**	68
Total current obligations	**159,656**	69,807

Revolving Facility

As of June 30, 2017, US$414.1 million was available to be borrowed on the Revolving Facility as a result of US$82.3 million of outstanding borrowings and the utilization of US$3.6 million of the facility for outstanding letters of credit extended to certain creditors. As of December 31, 2016, US$486.4 million was available to be borrowed on the Revolving Facility as a result of US$10.5 million of outstanding borrowings and the utilization of US$3.1 million of the facility for outstanding letters of credit extended to certain creditors.

Other Loans and Borrowings

Certain consolidated subsidiaries of the Group maintain credit lines with various third party lenders in the regions in which they operate. Other loans and borrowings are generally variable rate instruments denominated in the functional currency of the borrowing Group entity. These local credit lines provide working capital for the day-to-day business operations of the subsidiaries, including overdraft, bank guarantees, and trade finance and factoring facilities. The majority of these credit lines are uncommitted facilities. The total aggregate amount outstanding under the local facilities was US$15.9 million and US$13.4 million as of June 30, 2017 and December 31, 2016, respectively.

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

	Liabilities			**Equity**			
(Expressed in thousands of US Dollars)	**Loans and borrowings (non-current)**	**Loans and borrowings (current)**	**Current portion of long-term debt**	**Share capital**	**Reserves**	**Non-controlling interests**	**Total**
Balance at January 1, 2016	57	62,724	—	14,098	1,345,456	39,832	1,462,167
Changes from financing cash flows:							
Current loans and borrowings proceeds	—	42,695	—	—	—	—	42,695
Payment of deferred financing costs	—	(4,317)	—	—	—	—	(4,317)
Proceeds from the exercise of share options	—	—	—	9	2,674	—	2,683
Dividend payments to non-controlling interests	—	—	—	—	—	(7,892)	(7,892)
Total changes from financing cash flows	—	38,378	—	9	2,674	(7,892)	33,169
The effect of changes in foreign exchange rates	9	1,875	—	—	—	—	1,884
Other changes:							
Liability-related							
Reclassification of long-term portion of capital leases to current portion of capital leases	(12)	12	—	—	—	—	—
Issuance of Term Loan B Facility held in escrow account	675,000	—	—	—	—	—	675,000
Payment of deferred financing costs associated with Term Loan B Facility	(3,375)	—	—	—	—	—	(3,375)
Total liability-related other changes	671,613	12	—	—	—	—	671,625
Total equity-related other changes[(1)]	—	—	—	—	(8,407)	10,706	2,299
Balance at June 30, 2016	671,679	102,989	—	14,107	1,339,723	42,646	2,171,144

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

(Expressed in thousands of US Dollars)	Liabilities: Loans and borrowings (non-current)	Liabilities: Loans and borrowings (current)	Liabilities: Current portion of long-term debt	Equity: Share capital	Equity: Reserves	Equity: Non-controlling interests	Total
Balance at January 1, 2017	1,805,561	23,994	45,813	14,113	1,452,941	43,933	3,386,355
Changes from financing cash flows:							
Payments on current portion of long-term debt	—	—	(19,000)	—	—	—	(19,000)
Proceeds from other current loans and borrowings, net	92	69,564	—	—	—	—	69,656
Payment of deferred financing costs	(5,371)	—	—	—	—	—	(5,371)
Proceeds from the exercise of share options	—	—	—	67	23,706	—	23,773
Dividend payments to non-controlling interests	—	—	—	—	—	(16,009)	(16,009)
Total changes from financing cash flows	(5,279)	69,564	(19,000)	67	23,706	(16,009)	53,049
The effect of changes in foreign exchange rates	12	4,628	—	—	—	—	4,640
Other changes:							
Liability-related							
Reclassification of long-term portion of capital leases to current portion of capital leases	(32)	32	—	—	—	—	—
Reclassification of loans and borrowings (non-current) to current portion of long-term debt	(34,625)	—	34,625	—	—	—	—
Interest expense (amortization of deferred finance costs)	6,536	—	—	—	—	—	6,536
Total liability-related other changes	(28,121)	32	34,625	—	—	—	6,536
Total equity-related other changes(1)	—	—	—	—	12,508	10,892	23,400
Balance at June 30, 2017	1,772,173	98,218	61,438	14,180	1,489,155	38,816	3,473,980

(1) See Consolidated Statements of Changes in Equity for further details on movements during the period.

15. Employee Benefits

Employee benefits expense, which consists of payroll, pension plan expenses, share-based payments and other benefits, amounted to US$233.7 million and US$158.4 million for the six months ended June 30, 2017 and June 30, 2016, respectively. Of these amounts, US$18.4 million and US$12.9 million was included in cost of sales during the six months ended June 30, 2017 and June 30, 2016, respectively. The remaining amounts were presented in distribution expenses and general and administrative expenses.

Share-based Payment Arrangements

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

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

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

As of July 31, 2017 (the "Latest Practicable Date"), the maximum aggregate number of shares in respect of which awards may be granted pursuant to the Share Award Scheme is 40,528,912 shares, representing approximately 2.9% of the issued share capital of the Company at that date. An individual participant may be granted awards pursuant to the Share Award Scheme in respect of a maximum of 1% of the Company's total issued shares in any 12-month period. Any grant of awards to an individual participant in excess of this limit is subject to independent shareholder's approval.

On May 26, 2017, the Company granted share options exercisable for 22,347,216 ordinary shares to certain directors, key management personnel and other employees of the Group with an exercise price of HK$31.10 per share. Such options are subject to *pro rata* vesting over a 4-year period, with 25% of the options vesting on each anniversary date of the grant. Such options have a 10-year term.

On May 26, 2017, the Company made an additional special grant of 3,473,520 share options to two members of the Group's senior management team. The exercise price of the options granted was HK$31.10. 60% of such options will vest on May 26, 2020 and 40% will vest on May 26, 2022. Such options have a 10-year term.

In accordance with the terms of the share options, holders of vested options are entitled to buy newly issued ordinary shares of the Company at a purchase price per share equal to the exercise price of the options. The fair value of services received in return for share options granted is based on the fair value of share options granted measured using the Black-Scholes valuation model. The fair value calculated for share options is inherently subjective due to the assumptions made and the limitations of the model utilized. Any award of share options or RSUs that is forfeited without the issuance of shares may be granted again under the Share Award Scheme.

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

The following inputs were used in the measurement of the fair value at grant date of the share-based payment for the 22,347,216 share options made on May 26, 2017:

Fair value at grant date	HK$9.46
Share price at grant date	HK$31.10
Exercise price	HK$31.10
Expected volatility (weighted average volatility)	36.0%
Option life (expected weighted average life)	6.25 years
Expected dividends	1.6%
Risk-free interest rate (based on government bonds)	1.2%

The following inputs were used in the measurement of the fair value at grant date of the share-based payment for the additional special grant of 3,473,520 share options made on May 26, 2017:

Fair value at grant date	HK$9.83
Share price at grant date	HK$31.10
Exercise price	HK$31.10
Expected volatility (weighted average volatility)	36.0%
Option life (expected weighted average life)	7 years
Expected dividends	1.6%
Risk-free interest rate (based on government bonds)	1.2%

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

In total, share-based compensation expense of US$8.3 million and US$6.3 million was recognized in the consolidated income statements, with the offset in equity reserves, for the six months ended June 30, 2017 and June 30, 2016, respectively.

Particulars and movements of share options during the six months ended June 30, 2017 were as follows:

	Number of Options	Weighted-average exercise price
Outstanding at January 1, 2017	**70,989,059**	**HK$22.93**
Granted during the period	**25,820,736**	**HK$31.10**
Exercised during the period	**(6,667,404)**	**HK$19.98**
Canceled / lapsed during the period	**(591,990)**	**HK$23.63**
Outstanding at June 30, 2017	**89,550,401**	**HK$25.49**
Exercisable at June 30, 2017	**24,618,123**	**HK$21.86**

At June 30, 2017, the range of exercise prices for outstanding share options was HK$17.36 to HK$31.10 with a weighted average contractual life of 8.3 years.

16. Trade and Other Payables

(Expressed in thousands of US Dollars)	**June 30, 2017**	December 31, 2016
Accounts payable	**490,888**	386,754
Other payables and accruals	**260,838**	141,677
Other tax payables	**7,555**	5,341
Total trade and other payables	**759,281**	533,772

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

(Expressed in thousands of US Dollars)	**June 30, 2017**	December 31, 2016
Current	**386,893**	290,703
0 - 30 days past due	**17,900**	10,991
Greater than 30 days past due	**2,063**	2,429
Total trade payables	**406,856**	304,123

Trade payables as of June 30, 2017 are on average due within 105 days from the invoice date.

17. Commitments

(a) Capital Commitments

Capital commitments outstanding as of June 30, 2017 and December 31, 2016 were US$14.9 million and US$3.6 million, respectively, which were not recognized as liabilities in the consolidated statements of financial position as they have not met the recognition criteria.

(b) Operating Lease Commitments

The Group's lease obligations primarily consist of non-cancellable leases of office, warehouse and retail store space and equipment. As of June 30, 2017 and December 31, 2016, future minimum payments under non-cancellable leases were as follows:

(Expressed in thousands of US Dollars)	**June 30, 2017**	December 31, 2016
Within one year	**146,332**	139,664
After one year but within two years	**117,144**	111,490
After two years but within five years	**221,183**	211,979
More than five years	**147,235**	139,195
Total operating lease commitments	**631,894**	602,328

Rental expense under cancellable and non-cancellable operating leases amounted to US$97.2 million and US$64.5 million for the six months ended June 30, 2017 and June 30, 2016, respectively.

18. Income Taxes

(a) Taxation in the Consolidated Income Statements

For interim reporting purposes, the Group applied the effective tax rate to profit before income tax for the interim period. The reported effective tax rate is calculated using a weighted average income tax rate from those jurisdictions in which the Group is subject to tax, adjusted for permanent book/tax differences, tax incentives, changes in tax reserves and changes in unrecognized deferred tax assets. The Group’s consolidated effective reported tax rate for the six months ended June 30, 2017 and June 30, 2016 was 24.3% and 27.3%, respectively. The decrease in the Group's effective tax rate was mainly the result of the tax effect attributable to deferred tax benefits recognized on share-based compensation due to the increase in the Company’s stock price and benefits recognized on interest expense related to the Tumi acquisition, partially offset by increases in taxes related to profit mix, reserves and legal entity reorganization costs.

Taxation in the consolidated income statements for the six months ended June 30, 2017 and June 30, 2016 consisted of the following:

	Six months ended June 30,	
(Expressed in thousands of US Dollars)	**2017**	2016
Hong Kong profits tax (expense) benefit	**(2)**	58
Foreign profits tax expense	**(29,737)**	(34,788)
Income tax expense	**(29,739)**	(34,730)

The provision for Hong Kong Profits Tax for the six months ended June 30, 2017 and June 30, 2016 was calculated at an effective tax rate of 16.5% of the estimated assessable profits for the year.

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

	Six months ended June 30, 2017			Six months ended June 30, 2016		
(Expressed in thousands of US Dollars)	**Before tax**	**Income tax benefit (expense)**	**Net of tax**	Before tax	Income tax benefit (expense)	Net of tax
Foreign exchange forward contracts	**(5,624)**	**1,748**	**(3,876)**	(4,544)	1,523	(3,021)
Interest rate swap agreements	**(317)**	**601**	**284**	(19,615)	5,731	(13,884)
Foreign currency translation differences for foreign operations	**29,029**	**—**	**29,029**	13,196	—	13,196
	23,088	**2,349**	**25,437**	(10,963)	7,254	(3,709)

19. Finance Income and Finance Costs

The following table presents a summary of finance income and finance costs recognized in the consolidated income statements and consolidated statements of comprehensive income for the six months ended June 30, 2017 and June 30, 2016:

	Six months ended June 30,	
(Expressed in thousands of US Dollars)	**2017**	2016
Recognized in income or loss:		
Interest income on bank deposits	**749**	533
Total finance income	**749**	533
Interest expense on financial liabilities measured at amortized cost	**(39,922)**	(4,819)
Change in fair value of put options	**3,034**	(5,566)
Net foreign exchange loss	**(536)**	(2,883)
Other finance costs	**(2,944)**	(1,112)
Total finance costs	**(40,368)**	(14,380)
Net finance costs recognized in profit or loss	**(39,619)**	(13,847)
Recognized in other comprehensive income (loss):		
Foreign currency translation differences for foreign operations	**29,029**	13,196
Changes in fair value of foreign exchange forward contracts	**(5,624)**	(4,544)
Changes in fair value of interest rate swaps	**(317)**	(19,615)
Income tax on finance income and finance costs recognized in other comprehensive income	**2,349**	7,254
Net finance costs recognized in total other comprehensive income, net of tax	**25,437**	(3,709)
Attributable to:		
Equity holders of the Company	**23,919**	(4,334)
Non-controlling interests	**1,518**	625

20. Contingent Liabilities

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

The Group did not settle any significant litigation during the six months ended June 30, 2017.

21. Financial Instruments

(a) Fair Value Versus Carrying Amounts

At June 30, 2017, management estimated that all financial assets and liabilities have fair values that approximate carrying amounts.

(b) Fair Value of Financial Instruments

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

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

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

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

The fair value of foreign currency forward contracts is estimated by reference to market quotations received from banks.

The following table presents assets and liabilities that are measured at fair value on a recurring basis (including items that are required to be measured at fair value) as of June 30, 2017 and December 31, 2016:

		Fair value measurements at reporting date using		
(Expressed in thousands of US Dollars)	**June 30, 2017**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets:				
Interest rate swap agreements	**15,832**	**—**	**15,832**	**—**
Total assets	**15,832**	**—**	**15,832**	**—**
Liabilities:				
Non-controlling interest put options	**63,521**	**—**	**—**	**63,521**
Foreign currency forward contracts	**1,900**	**1,900**	**—**	**—**
Total liabilities	**65,421**	**1,900**	**—**	**63,521**

		Fair value measurements at reporting date using		
(Expressed in thousands of US Dollars)	December 31, 2016	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Interest rate swap agreements	16,149	—	16,149	—
Foreign currency forward contracts	3,137	3,137	—	—
Total assets	19,286	3,137	16,149	—
Liabilities:				
Non-controlling interest put options	64,746	—	—	64,746
Total liabilities	64,746	—	—	64,746

The Group entered into interest rate swap transactions in conjunction with the Senior Credit Facilities. See note 14(a) for further discussion. Since the interest rate swap fair values are based predominantly on observable inputs, such as the interest yield curve, that are corroborated by market data, they are categorized as Level 2 in the fair value hierarchy.

Certain non-U.S. subsidiaries of the Group periodically enter into forward contracts related to the purchase of inventory denominated primarily in US Dollars which are designated as cash flow hedges. The hedging effectiveness was tested in accordance with IAS 39, *Financial Instruments: Recognition and Measurement*. The fair value of these instruments was a liability of US$1.9 million and an asset of US$3.1 million as of June 30, 2017 and December 31, 2016, respectively.

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

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Put options	*Income approach* - The valuation model converts future amounts based on an EBITDA multiple to a single current discounted amount reflecting current market expectations about those future amounts.	- EBITDA Multiple - Growth rate (June 30, 2017: 3%) - Risk adjusted discount rate (June 30, 2017: 10.0%)	The estimated value would increase (decrease) if: - The EBITDA multiple was higher (lower); - The growth rate was higher (lower); or - The risk adjusted discount rate was lower (higher).

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

(Expressed in thousands of US Dollars)	
Balance at January 1, 2017	64,746
Change in fair value included in equity	**1,809**
Change in fair value included in finance costs	**(3,034)**
Balance at June 30, 2017	**63,521**

For the fair value of put options, reasonably possible changes to one of the significant unobservable inputs, holding other inputs constant, would have the following effects at June 30, 2017:

	Profit or Loss		Shareholders' Equity	
(Expressed in thousands of US Dollars)	Increase	Decrease	Increase	Decrease
EBITDA multiple (movement of 0.1x)	**1,600**	**(1,600)**	**404**	**(404)**
Growth rate (50 basis points)	**5**	**(5)**	**—**	**—**
Risk adjusted discount rate (100 basis points)	**(4)**	**4**	**—**	**—**

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

22. Related Party Transactions

(a) Transactions with Key Management Personnel

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

Key management is comprised of the Group's directors and senior management. Compensation paid to key management personnel during the six months ended June 30, 2017 and June 30, 2016 comprised:

	Six months ended June 30,	
(Expressed in thousands of US Dollars)	**2017**	2016
Director's fees	**715**	614
Salaries, allowances and other benefits in kind	**4,566**	3,140
Bonus(1)	**3,060**	3,104
Share-based compensation	**4,498**	3,785
Contributions to post-employment plans	**138**	671
Total compensation	**12,977**	11,314

Note
(1) Bonus is based on the performance of the Group.

(b) Other Related Party Transactions

I. Certain subsidiaries of the Group purchase raw materials and finished goods from, and the Group's Indian subsidiary, Samsonite South Asia Private Limited sells certain raw materials and components to, Abhishri Packaging Pvt. Ltd, which is managed and controlled by the family of Mr. Ramesh Tainwala, Executive Director and Chief Executive Officer of the Group ("Mr. Tainwala"). Abhishri Packaging Pvt. Ltd also manufactures hard-side luggage products on behalf of Samsonite South Asia Private Limited.

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

	Six months ended June 30,	
(Expressed in thousands of US Dollars)	**2017**	2016
Purchases	**4,528**	4,569
Sales	**45**	97

(Expressed in thousands of US Dollars)	**June 30, 2017**	December 31, 2016
Payables	**2,040**	1,634
Receivables	**4**	6

II. Samsonite South Asia Private Limited sells finished goods to Bagzone Lifestyle Private Limited. The Group's Chinese subsidiary, Samsonite China, provides sourcing support and quality inspection services in respect of the Lavie women's handbag brand which is owned by Bagzone Lifestyle Private Limited. Bagzone Lifestyle Private Limited is managed and controlled by the family of Mr. Tainwala. Mr. Tainwala and his family also own non-controlling interests in Samsonite South Asia Private Limited and in the Group's United Arab Emirates subsidiary, Samsonite Middle East FZCO.

	Six months ended June 30,	
(Expressed in thousands of US Dollars)	**2017**	2016
Sales	**5,923**	4,904
Support and services	**27**	—
Rent	**18**	43

(Expressed in thousands of US Dollars)	**June 30, 2017**	December 31, 2016
Receivables	**13,266**	11,741

Approximately US$0.4 million and US$0.4 million was paid to entities owned by Mr. Tainwala and his family for office space rent for the six months ended June 30, 2017 and June 30, 2016, respectively. As of June 30, 2017 and December 31, 2016, no amounts were payable to or receivable from Mr. Tainwala and his family.

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

23. Subsequent Events

The Group has evaluated events occurring subsequent to June 30, 2017, the reporting date, through August 23, 2017, the date this financial information was authorized for issue by the Board.

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

From June 30, 2017 to the Latest Practicable Date, the Company issued 2,291,971 ordinary shares in connection with the exercise of share options that were granted under the Company's Share Award Scheme. There were no purchases or redemptions of the Company's listed securities by the Company or any of its subsidiaries since June 30, 2017.

On August 18, 2017, the Group acquired the 30 percent non-controlling interest in its Australian subsidiary for US$31.9 million in cash, increasing its ownership from 70 percent to 100 percent.

Management Discussion and Analysis

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

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

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

Net Sales

Excluding foreign currency effects, net sales increased by US$384.1 million, or 31.8%, for the six months ended June 30, 2017 compared to the six months ended June 30, 2016. US Dollar reported net sales increased by US$376.6 million, or 31.1%, to US$1,586.1 million for the six months ended June 30, 2017. The Tumi business, which was acquired on August 1, 2016, contributed net sales of US$292.5 million for the six months ended June 30, 2017. Excluding net sales attributable to the Tumi business, net sales on a constant currency basis increased by US$90.8 million, or 7.5%, and US Dollar reported net sales increased by US$84.1 million, or 7.0%.

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

- North America - net sales increased by US$213.9 million, or 53.0%;
- Asia - net sales increased by US$93.0 million, or 19.8%;
- Europe - net sales increased by US$64.4 million, or 24.0%; and
- Latin America - net sales increased by US$12.1 million, or 19.4%.

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

- North America - net sales increased by US$29.9 million, or 7.4%;
- Asia - net sales increased by US$17.8 million, or 3.8%;
- Europe - net sales increased by US$30.8 million, or 11.5%; and
- Latin America - net sales increased by US$12.1 million, or 19.4%.

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

	Six months ended June 30,					
	2017		2016		2017 vs 2016	
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(2)
Net sales by region(1):						
North America	**617,227**	**38.9%**	403,588	33.4%	52.9%	53.0%
Asia	**563,268**	**35.5%**	470,614	38.9%	19.7%	19.8%
Europe	**325,180**	**20.5%**	268,794	22.2%	21.0%	24.0%
Latin America	**75,878**	**4.8%**	62,539	5.2%	21.3%	19.4%
Corporate	**4,570**	**0.3%**	3,952	0.3%	15.6%	15.6%
Net sales	**1,586,123**	**100.0%**	1,209,487	100.0%	31.1%	31.8%

Notes

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

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

Brands

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

	Six months ended June 30,				2017 vs 2016	
	2017		2016			
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(4)
Net sales by brand:						
Samsonite	**777,733**	**49.0%**	734,619	60.8%	5.9 %	7.0 %
Tumi	**296,902** (1)	**18.7%**	—	0.0%	*nm*	*nm*
American Tourister	**262,822**	**16.6%**	259,308	21.4%	1.4 %	1.3 %
Speck	**54,209**	**3.4%**	49,635	4.1%	9.2 %	9.2 %
High Sierra	**43,989**	**2.8%**	52,357	4.3%	(16.0)%	(16.0)%
Gregory	**26,474**	**1.7%**	21,769	1.8%	21.6 %	21.9 %
Kamiliant	**16,367**	**1.0%**	8,178	0.7%	100.1 %	98.2 %
Lipault	**14,846**	**0.9%**	12,183	1.0%	21.9 %	22.3 %
Hartmann	**12,454**	**0.8%**	12,066	1.0%	3.2 %	2.8 %
Other(3)	**80,327**	**5.1%**	59,372 (2)	4.9%	35.3 %	33.0 %
Net sales	**1,586,123**	**100.0%**	1,209,487	100.0%	31.1 %	31.8 %

Notes

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

(2) Includes US$3.1 million in net sales of Tumi products made through Rolling Luggage and other Samsonite multi-brand stores.

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

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

nm Not meaningful due to the acquisition of Tumi on August 1, 2016.

Excluding foreign currency effects, net sales of the *Samsonite* brand increased by US$51.3 million, or 7.0%, for the six months ended June 30, 2017 compared to the same period in the previous year, with all regions reporting constant currency net sales increases of the *Samsonite* brand: Asia (+4.4%), North America (+4.9%), Europe (+10.9%) and Latin America (+22.4%). US Dollar reported net sales of the *Samsonite* brand increased by US$43.1 million, or 5.9%, year-on-year, with all regions reporting US Dollar net sales increases of the brand: Asia (+3.7%), North America (+4.8%), Europe (+7.9%) and Latin America (+22.5%). *Samsonite* comprised 49.0% of the net sales of the Group during the six months ended June 30, 2017 compared to 60.8% during the same period in the previous year, reflecting the continued diversification of the Group's brand portfolio with the addition of the *Tumi* brand, which was acquired on August 1, 2016, as well as increased contributions from the Group's other brands. Excluding foreign currency effects, net sales of the *American Tourister* brand increased by US$3.4 million, or 1.3%, for the six months ended June 30, 2017 compared to the same period in the previous year. US Dollar reported net sales of the *American Tourister* brand increased by US$3.5 million, or 1.4%, year-on-year, driven by increases of 21.7% and 1.9% in Europe and North America, respectively, partially offset by decreases in net sales of 3.0% and 2.6% in Asia and Latin America, respectively.

Net sales of the *Tumi* brand, which was acquired on August 1, 2016, amounted to US$296.9 million during the six months ended June 30, 2017. Excluding foreign currency effects, net sales of the *Speck* brand increased by US$4.6 million, or 9.2%, for the six months ended June 30, 2017 compared to the six months ended June 30, 2016 driven by expanded distribution. On a constant currency basis, net sales of the *High Sierra* brand decreased by 16.0% for the six months ended June 30, 2017 compared to the six months ended June 30, 2016 with decreases in North America, Asia and Europe. Excluding foreign currency effects, net sales of the *Gregory* brand increased by $4.8 million, or 21.9%, for the six months ended June 30, 2017 compared to the same period in the previous year, with Asia and Europe recording double-digit net sales growth. On a constant currency basis, net sales of the *Lipault* brand increased by US$2.7 million, or 22.3%, for the six months ended June 30, 2017 compared to the six months ended June 30, 2016, driven by further geographical expansion in Asia and increased sales in North America. Excluding foreign currency effects, net sales of the *Hartmann* brand increased by US$0.3 million, or 2.8%, for the six months ended June 30, 2017 compared to the same period in the previous year, driven by expansion of the brand in Asia. For the six months ended June 30, 2017, *Kamiliant*, a value-conscious, entry level brand introduced in Asia during the second half of 2015, recorded US Dollar reported net sales of US$16.4 million, compared to US$8.2 million during the same period in 2016.

Product Categories

The Group sells products in four principal product categories: travel, business, casual and accessories. The travel category is the Group's largest category and has been its traditional strength. The following table sets forth a breakdown of net sales by product category for the six months ended June 30, 2017 and June 30, 2016, both in absolute terms and as a percentage of total net sales.

	Six months ended June 30,				2017 vs 2016	
	2017		2016			
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[3]
Net sales by product category:						
Travel	**977,761**	**61.6%**	817,029	67.5%	19.7%	20.5%
Business[1]	**262,737**	**16.6%**	133,176	11.0%	97.3%	98.1%
Casual	**186,250**	**11.7%**	142,926	11.8%	30.3%	29.8%
Accessories[2]	**130,066**	**8.2%**	92,582	7.7%	40.5%	40.6%
Other	**29,309**	**1.9%**	23,774	2.0%	23.3%	25.5%
Net sales	**1,586,123**	**100.0%**	1,209,487	100.0%	31.1%	31.8%

Notes

(1) Includes tablet and laptop cases.

(2) Includes protective phone cases.

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

Excluding foreign currency effects, net sales in the travel product category increased by US$167.2 million, or 20.5%, for the six months ended June 30, 2017 compared to the six months ended June 30, 2016. US Dollar reported net sales in the travel product category increased by US$160.7 million, or 19.7%. Excluding net sales attributable to the Tumi business, net sales in the travel product category increased by 6.5% on a constant currency basis and by 5.8% on a US Dollar reported basis. Country-specific product designs and locally relevant marketing strategies continued to be the key factors contributing to the Group's success in the travel category. Excluding foreign currency effects, net sales in the business product category increased by US$130.6 million, or 98.1%, for the six months ended June 30, 2017 compared to the same period in the previous year. US Dollar reported net sales in the business product category increased by US$129.6 million, or 97.3%. This increase was primarily due to the net sales attributable to the Tumi business. Excluding net sales attributable to the Tumi business, net sales in the business product category increased by 2.5% on a constant currency basis and by 1.9% on a US Dollar reported basis driven by strong growth in Europe. Excluding foreign currency effects, net sales in the casual product category increased by US$42.7 million, or 29.8%, for the six months ended June 30, 2017 compared to the six months ended June 30, 2016. US Dollar reported net sales in the casual product category increased by US$43.3 million, or 30.3%. Excluding net sales attributable to the Tumi business, net sales in the casual product category increased by 19.3% on a constant currency basis and by 19.7% on a US Dollar reported basis due to an increase in net sales of the *Gregory* and *Samsonite* brands. Excluding foreign currency effects, net sales in the accessories category increased by US$37.6 million, or 40.6%, for the six months ended June 30, 2017 compared to the same period in the previous year. US Dollar reported net sales in the accessories category increased by US$37.5 million, or 40.5%, largely due to the addition of the Tumi business. Excluding net sales attributable to the Tumi business, net sales in the accessories product category increased by 8.5% on a constant currency basis and by 8.3% on a US Dollar reported basis, primarily due to US$3.4 million in net sales of accessories sold through the eBags business since the date of acquisition and an increase of US$3.2 million in net sales of protective phone cases sold under the *Speck* brand.

Distribution Channels

The Group sells products through two primary distribution channels: wholesale and direct-to-consumer. The following table sets forth a breakdown of net sales by distribution channel for the six months ended June 30, 2017 and June 30, 2016, both in absolute terms and as a percentage of total net sales.

	Six months ended June 30,				2017 vs 2016	
	2017		2016			
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(3)
Net sales by distribution channel:						
Wholesale	**1,101,928**	**69.5%**	951,835	78.7%	15.8%	16.6%
Direct-to-consumer(1)	**479,629**	**30.2%**	253,700	21.0%	89.1%	89.0%
Other(2)	**4,566**	**0.3%**	3,952	0.3%	15.5%	15.5%
Net sales	**1,586,123**	**100.0%**	1,209,487	100.0%	31.1%	31.8%

Notes

(1) "Direct-to-consumer" includes bricks-and-mortar retail and direct-to-consumer e-commerce. This channel was previously referred to as "retail", however, the Group believes "direct-to-consumer" more accurately reflects its evolving business.

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

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

Excluding foreign currency effects, net sales in the wholesale channel increased by US$157.6 million, or 16.6%, for the six months ended June 30, 2017 compared to the six months ended June 30, 2016. US Dollar reported net sales in the wholesale channel increased by US$150.1 million, or 15.8%. Excluding net sales attributable to the Tumi business, net sales in the wholesale channel increased by 4.1% on a constant currency basis and by 3.4% on a US Dollar reported basis. Excluding foreign currency effects, net sales in the direct-to-consumer channel increased by US$225.8 million, or 89.0%, and US Dollar reported net sales in the direct-to-consumer channel increased by US$225.9 million, or 89.1%, for the six months ended June 30, 2017 compared to the same period in the previous year. Excluding net sales attributable to the Tumi business, net sales in the direct-to-consumer channel increased by 20.2% on a constant currency basis and by 20.4% on a US Dollar reported basis. The increase in direct-to-consumer net sales was driven by growth in direct-to-consumer e-commerce, including the acquisition of eBags in May 2017, the addition of 58 net new company-operated retail stores opened in the first six months of 2017 and the contributions from 285 net new stores added during 2016, including 211 net new company-operated Tumi retail stores. On a same store, constant currency basis, retail net sales increased by 4.9% for the six months ended June 30, 2017 compared to the six months ended June 30, 2016 (excluding amounts attributable to the Tumi business acquired on August 1, 2016). This was driven by constant currency same store net sales growth of 1.0%, 10.7% and 16.8% in North America, Europe and Latin America, respectively. This was partially offset by a 3.9% decline in Asia as a result of fewer visitors from Mainland China to Hong Kong (including Macau) and South Korea and generally weak consumer sentiment in certain other countries in the Asia region. 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 89.0% year-on-year constant currency net sales increase in the direct-to-consumer channel reflects the Group's strategy of investing resources to support the growth of its bricks-and-mortar retail and direct-to-consumer e-commerce business, including through acquisitions.

During the six months ended June 30, 2017, US$167.2 million, or 10.5%, of the Group's US Dollar reported net sales were derived from e-commerce (comprising US$90.7 million of net sales from the Group's direct-to-consumer e-commerce business, which is included within the direct-to-consumer channel, and US$76.5 million of net sales to e-retailers, which are included within the wholesale channel). This represents an increase of 67.4% compared to the six months ended June 30, 2016, when e-commerce comprised US$99.9 million, or 8.3%, of the Group's net sales. Excluding net sales attributable to the Tumi business, net sales in the Group's e-commerce business increased by 44.9% on a constant currency basis and by 44.3% on a US Dollar reported basis, and comprised US$144.1 million, or 11.1%, of the Group's net sales. Net sales through the eBags website amounted to US$21.3 million since the date of acquisition. Excluding foreign currency effects, net sales to e-retailers increased by US$17.3 million, or 28.9%, for the six months ended June 30, 2017 compared to the six months ended June 30, 2016. US Dollar reported net sales to e-retailers increased by US$16.6 million, or 27.6%. Excluding net sales attributable to the Tumi business, net sales to e-retailers increased by 25.5% on a constant currency basis and by 24.3% on a US Dollar reported basis. Excluding foreign currency effects, net sales in the Group's direct-to-consumer e-commerce business increased by US$50.6 million, or 126.7%, for the six months ended June 30, 2017 compared to the six months ended June 30, 2016. US

Dollar reported net sales in the direct-to-consumer e-commerce business increased by US$50.7 million, or 127.0%. Excluding net sales attributable to the Tumi business, net sales in the Group's direct-to-consumer e-commerce business increased by 73.9% on a constant currency basis and by 74.3% on a US Dollar reported basis driven by the acquisition of eBags.

Regions

North America

Excluding foreign currency effects, the Group's net sales in North America increased by US$213.9 million, or 53.0%, for the six months ended June 30, 2017 compared to the six months ended June 30, 2016. US Dollar reported net sales for the North American region increased by US$213.6 million, or 52.9%. Excluding net sales attributable to the Tumi business in North America, net sales on a constant currency basis increased by US$29.9 million, or 7.4%, and US Dollar reported net sales increased by US$29.7 million, or 7.4%, year-on-year due to growth of the *Samsonite* and *Speck* brands and the addition of eBags, partially offset by reduced net sales of the *High Sierra* and *Hartmann* brands. Net sales through the eBags e-commerce website amounted to US$21.3 million from May 5, 2017, the date of acquisition, through June 30, 2017.

Brands

Excluding foreign currency effects, net sales of the *Samsonite* brand increased by US$12.3 million, or 4.9%, and US Dollar reported net sales increased by US$12.2 million, or 4.8%, for the six months ended June 30, 2017 compared to the same period in the prior year. Net sales of the *American Tourister* brand increased by US$0.7 million, or 1.9%, on a constant currency basis and US Dollar reported net sales increased by US$0.7 million, or 1.9%, year-on-year. Net sales of the *Tumi* brand, which was acquired on August 1, 2016, amounted to US$184.5 million in North America during the six months ended June 30, 2017. This amount included US$0.6 million in net sales of Tumi products made through eBags and other Samsonite multi-brand stores in North America. Net sales of the *Speck* brand increased by US$4.5 million, or 9.1%, on both a constant currency and US Dollar reported basis due to expanded distribution and new product launches around new electronic device introductions. Excluding foreign currency effects, net sales of the *High Sierra* brand decreased by US$6.2 million, or 14.4%, while US Dollar reported net sales decreased by US$6.2 million, or 14.4%, for the six months ended June 30, 2017 compared to the same period in the previous year, primarily due to the non-recurrence of a backpack promotional program with certain wholesale club customers that ran during the first half of 2016. US Dollar reported net sales of the *Hartmann* brand amounted to US$5.5 million for the six months ended June 30, 2017, a constant currency and US Dollar reported decrease of 17.1%, due to shifts in product offerings at certain company-owned stores. Net sales of the *Gregory* brand decreased by US$0.1 million, or 1.2%, on both a constant currency and US Dollar reported basis for the six months ended June 30, 2017 compared to the six months ended June 30, 2016. Net sales of the *Lipault* brand were US$2.2 million for the six months ended June 30, 2017 compared to US$1.4 million for the six months ended June 30, 2016, an increase of US$0.8 million, or 56.8%.

Product Categories

Excluding foreign currency effects, net sales in the travel product category increased by US$105.5 million, or 39.3%, and US Dollar reported net sales increased by US$105.3 million, or 39.2%, for the six months ended June 30, 2017 compared to the six months ended June 30, 2016. Excluding net sales attributable to the Tumi travel product category in North America, net sales in the travel product category increased by 7.9% on a constant currency basis and by 7.9% on a US Dollar reported basis. Excluding foreign currency effects, net sales in the business product category increased by US$68.1 million, or 207.5%, and US Dollar reported net sales increased by US$68.1 million, or 207.4%, for the six months ended June 30, 2017 compared to the same period in the previous year, driven by the addition of the Tumi business. Excluding net sales attributable to the Tumi business, net sales in the business product category decreased by 0.5% on a constant currency basis and by 0.5% on a US Dollar reported basis. Net sales in the casual product category increased by US$9.8 million, or 17.2%, on a constant currency basis and US Dollar reported net sales increased by US$9.8 million, or 17.2%, for the six months ended June 30, 2017 compared to the six months ended June 30, 2016, resulting primarily from the addition of the Tumi business. Excluding net sales attributable to the Tumi casual product category in North America, net sales in the casual product category increased by 3.0% on a constant currency basis and by 3.0% on a US Dollar reported basis. Net sales in the accessories category increased by US$30.1 million, or 67.5%, on a constant currency basis and US Dollar reported net sales increased by US$30.1 million, or 67.5%, year-on-year due to increased sales of *Speck* protective phone cases over the same period in the previous year, the addition of the Tumi business in 2016 and the acquisition of eBags. Excluding net sales attributable to the Tumi accessories product category in North America, net sales in the accessories product category increased by 15.9% on a constant currency basis and by 15.9% on a US Dollar reported basis.

Distribution Channels

Excluding foreign currency effects, net sales in the wholesale channel increased by US$56.2 million, or 16.8%, and US Dollar reported net sales increased by US$56.1 million, or 16.8%, for the six months ended June 30, 2017 compared to the six months ended June 30, 2016 driven by the addition of the Tumi business and strong shipments to e-commerce retailers and other key customers. Excluding net sales attributable to the Tumi business, net sales in the wholesale channel increased by 1.9% on a constant currency basis and by 1.8% on a US Dollar reported basis. Net sales in the direct-to-consumer channel increased by US$157.7 million, or 228.3%, on a constant currency basis, and US Dollar reported net sales increased by US$157.5 million, or 228.1%, for the six months ended June 30, 2017 compared to the same period in the previous year. Excluding net sales attributable to the Tumi business, net sales in the direct-to-consumer channel increased by 34.2% on a constant currency basis and by 34.1% on a US Dollar reported basis year-on-year. The increase in direct-to-consumer net sales was driven by growth in direct-to-consumer e-commerce, including the acquisition of eBags, the addition of 4 net new company-operated retail stores opened in the first six months of 2017 and the contributions from 171 net new stores added during 2016, including 166 net new company-operated retail Tumi stores. Additionally, there was the positive impact of a 1.0% increase in same store net sales, on a constant currency basis (excluding amounts attributable to the Tumi business acquired on August 1, 2016). US Dollar reported net sales through the Group's direct-to-consumer e-commerce channel increased by US$40.2 million, or 283.9%, for the six months ended June 30, 2017 compared to the same period in the previous year. US$18.4 million of such increase was attributable to the Tumi business and US$21.3 million was attributable to the eBags business. Excluding net sales attributable to the Tumi business, net sales through the Group's direct-to-consumer e-commerce channel increased by 154.3%, primarily due to the acquisition of eBags and a 4.3% increase in net sales through the Group's owned e-commerce sites.

Countries

The following table sets forth a breakdown of net sales within the North American region by geographic location for the six months ended June 30, 2017 and June 30, 2016, both in absolute terms and as a percentage of total regional net sales.

	Six months ended June 30,					
	2017		2016		2017 vs 2016	
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[(2)]
Net sales by geographic location[(1)]:						
United States	**588,481**	**95.3%**	384,244	95.2%	53.2%	53.2%
Canada	**28,746**	**4.7%**	19,344	4.8%	48.6%	49.8%
Net sales	**617,227**	**100.0%**	403,588	100.0%	52.9%	53.0%

Notes

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

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

For the six months ended June 30, 2017, US Dollar reported net sales in the United States increased by US$204.2 million, or 53.2%, year-on-year driven by the addition of the Tumi business, the acquisition of eBags and organic growth. Excluding net sales attributable to the Tumi business in the United States, US Dollar reported net sales in the United States increased by US$27.7 million, or 7.2%, driven primarily by the acquisition of eBags and increased sales of the *Samsonite*, *Speck*, *American Tourister* and *Lipault* brands. Excluding foreign currency effects, net sales in Canada increased by 49.8% year-on-year due primarily to the addition of the Tumi business. Excluding net sales attributable to the Tumi business in Canada, net sales on a constant currency basis increased by US$2.2 million, or 11.4%, while net sales on a US Dollar reported basis increased by US$2.0 million, or 10.6%.

Asia

Excluding foreign currency effects, the Group's net sales in Asia increased by US$93.0 million, or 19.8%, for the six months ended June 30, 2017 compared to the six months ended June 30, 2016. US Dollar reported net sales for the region increased by US$92.7 million, or 19.7%. Excluding net sales attributable to the Tumi business in Asia, net sales on a constant currency basis increased by US$17.8 million, or 3.8%, and US Dollar reported net sales increased by US$17.0 million, or 3.6%. This constant currency net sales increase was primarily driven by the *Samsonite*, *Kamiliant*, *Gregory*, *Lipault*, and *Hartmann* brands, partially offset by decreases in net sales of the *American Tourister* and *High Sierra* brands.

Brands

On a constant currency basis, net sales of the *Samsonite* brand increased by US$11.2 million, or 4.4%, for the six months ended June 30, 2017 compared to the same period in the previous year. US Dollar reported net sales of the *Samsonite* brand increased by US$9.3 million, or 3.7%, driven by new product launches and the success that the brand enjoyed in the direct-to-consumer e-commerce channel. For the six months ended June 30, 2017, *Kamiliant*, a value-conscious, entry level brand introduced in Asia during the second half of 2015, recorded US Dollar reported net sales of US$16.4 million compared to US$8.2 million for the six months ended June 30, 2016. Excluding foreign currency effects, net sales of the *American Tourister* brand in the Asia region decreased by US$6.0 million, or 3.4%, for the six months ended June 30, 2017 compared to the six months ended June 30, 2016. US Dollar reported net sales of the *American Tourister* brand decreased by US$5.3 million, or 3.0%, primarily driven by decreased net sales of *American Tourister* product in the TV home shopping channel in South Korea. The performance of the *American Tourister* brand in the Asia region has begun to show early signs of improvement helped by positive initial customer response to new product launches. Net sales of the *Tumi* brand in Asia, which was acquired on August 1, 2016, amounted to US$75.7 million. Net sales of the *High Sierra* brand amounted to US$6.2 million in Asia during the six months ended June 30, 2017, a decrease of 23.9% year-on-year on a constant currency basis, while US Dollar reported net sales decreased by 23.1% from the same period in the previous year driven by the Group's decision to focus on selling backpacks under its other brand names within the region. Net sales of the *Hartmann* brand amounted to US$5.6 million in Asia during the six months ended June 30, 2017, an increase of 42.1% from the same period in the previous year on a constant currency basis, while US Dollar reported net sales increased by 43.2% year-on-year as the brand continued to gain traction in the region. Net sales of the *Gregory* brand in Asia amounted to US$15.2 million during the six months ended June 30, 2017, an increase of 37.0% year-on-year on a constant currency basis, and an increase of 37.3% from the same period in the previous year on a US Dollar reported basis as the Group continued to develop products designed specifically for the tastes and preferences of consumers within the region. Net sales of the *Lipault* brand amounted to US$6.3 million in Asia during the six months ended June 30, 2017 compared to net sales of US$4.5 million during the six months ended June 30, 2016 as the brand continued to successfully expand throughout the region.

Product Categories

Excluding foreign currency effects, net sales in the travel product category increased by US$18.6 million, or 5.7%, and US Dollar reported net sales increased by US$18.4 million, or 5.6%, for the six months ended June 30, 2017 compared to the same period in the previous year. Excluding net sales attributable to the Tumi travel product category in Asia, net sales in the travel product category increased by 1.0% on a constant currency basis and by 0.9% on a US Dollar reported basis reflecting lower net sales of the *American Tourister* brand. Excluding foreign currency effects, net sales in the business product category increased by US$43.4 million, or 66.6%, and US Dollar reported net sales increased by US$43.3 million, or 66.4%, for the six months ended June 30, 2017 compared to the same period in the previous year driven by the addition of the Tumi business. Excluding net sales attributable to the Tumi business product category in Asia, net sales in the business product category slightly decreased by 0.3% on a constant currency basis and by 0.6% on a US Dollar reported basis due to reduced net sales of the *Samsonite Red* sub-brand through the business-to-business channel in South Korea. Net sales in the casual product category increased by US$18.2 million, or 31.2%, on a constant currency basis, and US Dollar reported net sales increased by US$18.3 million, or 31.4%, for the six months ended June 30, 2017 compared to the same period in the previous year due to increased net sales of the *Gregory* brand and the addition of the Tumi business. Excluding net sales attributable to the Tumi casual product category in Asia, net sales in the casual product category increased by 22.9% on a constant currency basis and by 22.8% on a US Dollar reported basis. Net sales in the accessories product category increased by US$6.0 million, or 42.9%, on a constant currency basis, and US Dollar reported net sales increased by US$6.0 million, or 42.8%, compared to the same period in the previous year. Excluding net sales attributable to the Tumi business in Asia, net sales in the accessories product category increased by 3.8% on a constant currency basis and by 3.3% on a US Dollar reported basis.

Distribution Channels

Excluding foreign currency effects, net sales in the wholesale channel increased by US$66.6 million, or 16.9%, and US Dollar reported net sales increased by US$66.0 million, or 16.7%, for the six months ended June 30, 2017 compared to the six months ended June 30, 2016. Excluding net sales attributable to the Tumi business, net sales in the wholesale channel increased by 3.0% on a constant currency basis and by 2.8% on a US Dollar reported basis. Net sales in the direct-to-consumer channel increased by US$26.5 million, or 35.0%, on a constant currency basis year-on-year. US Dollar reported net sales in the direct-to-consumer channel increased by US$26.6 million, or 35.2%. Excluding net sales attributable to the Tumi business, net sales in the direct-to-consumer channel increased by 7.9% on a constant currency basis and by 8.0% on a US Dollar reported basis. The increase in direct-to-consumer net sales was driven by strong growth in the Group's direct-to-consumer e-commerce net sales, the addition of 33 net new company-operated retail stores opened in the first six months of 2017 and the contributions from 46 net new stores added during 2016, including 20 net new company-operated retail Tumi stores, partially offset by a decrease in same store net sales. Direct-to-consumer e-commerce sales in the region increased year-on-year by 30.5%, on a constant currency basis, while US Dollar reported net sales increased by 30.6% from the same period in the previous year, as the Group focused on expanding its presence online. On a same store, constant currency basis, retail net sales decreased by 3.9% due to fewer visitors from Mainland China shopping in Hong Kong (including Macau) and South Korea and generally weak retail sentiment in certain Asian countries (excluding amounts attributable to the Tumi business acquired on August 1, 2016).

Countries

The following table sets forth a breakdown of net sales within the Asian region by geographic location for the six months ended June 30, 2017 and June 30, 2016, both in absolute terms and as a percentage of total regional net sales.

	Six months ended June 30,					
	2017		2016		2017 vs 2016	
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects(3)
Net sales by geographic location(1):						
China	**130,886**	**23.2%**	123,579	26.3%	5.9%	11.2%
South Korea	**105,302**	**18.7%**	86,023	18.3%	22.4%	18.1%
Japan	**81,785**	**14.5%**	53,343	11.3%	53.3%	53.4%
India	**68,424**	**12.1%**	65,772	14.0%	4.0%	1.9%
Hong Kong(2)	**63,287**	**11.2%**	32,142	6.8%	96.9%	97.0%
Australia	**33,232**	**5.9%**	30,625	6.5%	8.5%	5.8%
Other	**80,352**	**14.4%**	79,130	16.8%	1.5%	1.1%
Net sales	**563,268**	**100.0%**	470,614	100.0%	19.7%	19.8%

Notes

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

(2) Net sales reported for Hong Kong include net sales made in Macau. 2017 included sales to Tumi distributors in other Asian countries.

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

During the six months ended June 30, 2017, net sales attributable to the Tumi business within Asia were recorded in Japan, South Korea (where the Group assumed direct control of the distribution of the *Tumi* brand on January 1, 2017), Hong Kong, Macau and China (where the Group assumed direct control of the distribution of the *Tumi* brand on April 1, 2017) and Indonesia and Thailand (where the Group assumed direct control of distribution on May 1, 2017). Net sales recorded in Hong Kong also included sales to third party distributors of the *Tumi* brand in various countries in the Asia region, excluding Japan, South Korea, Hong Kong, Macau, China, Indonesia and Thailand (from the respective dates of assuming direct control of distribution) where the Group has direct control of the distribution of the *Tumi* brand. Japan experienced strong constant currency growth of 53.4% for the six months ended June 30, 2017 compared to the six months ended June 30, 2016. Excluding net sales attributable to the Tumi business in Japan, net sales on a constant currency basis increased by 12.8%, while net sales on a US Dollar reported basis increased by 12.8% year-on-year, driven by the *Gregory*, *American Tourister* and *Samsonite* brands. Excluding foreign currency effects, net sales in China increased by 11.2% for the six months ended June 30, 2017 compared to the same period in the previous year. Excluding net sales attributable to the Tumi business in China, net sales on a constant currency basis increased by 8.8%, while net sales on a US Dollar reported basis increased by 3.6% year-on-year, driven by sales of the *Samsonite* brand. Net sales in South Korea increased by 18.1% for the six months ended June 30, 2017 compared to the six months ended June 30, 2016 on a constant currency basis. Excluding net sales attributable to the Tumi business in South Korea, net sales on a constant currency basis decreased by 1.6%, while net sales on a US Dollar reported basis increased by 1.9% year-on-year due to fewer shoppers visiting from China and weak consumer sentiment. On a constant currency basis, net sales in India increased by 1.9% for the six months ended June 30, 2017 compared to the same period in the previous year, driven by the *Kamiliant* and *Samsonite* brands. Business in India experienced a temporary disruption in the second quarter of 2017 due to the Indian government's introduction of a new Goods and Services Tax that took effect in the third quarter of 2017. On a constant currency basis, net sales in Hong Kong (net sales reported for Hong Kong include net sales made in Macau) increased by 97.0% year-on-year, driven by net sales attributable to the Tumi business (which included sales to Tumi distributors in certain other Asian countries). Excluding net sales attributable to the Tumi business, net sales in Hong Kong decreased by US$0.5 million, or 1.7% on a constant currency basis, while net sales on a US Dollar reported basis decreased by US$0.6 million, or 1.8%, driven primarily by fewer Chinese shoppers visiting from the Mainland. Australia had strong constant currency net sales growth of 5.8% for the six months ended June 30, 2017 compared to the six months ended June 30, 2016 driven by increased sales of the *Samsonite* brand.

Europe
Excluding foreign currency effects, the Group's net sales in Europe increased by US$64.4 million, or 24.0%, for the six months ended June 30, 2017 compared to the six months ended June 30, 2016. US Dollar reported net sales for the region increased by US$56.4 million, or 21.0%. Excluding net sales attributable to the Tumi business in Europe, net sales on a constant currency basis increased by US$30.8 million, or 11.5%, and US Dollar reported net sales increased by US$23.9 million, or 8.9%.

Brands
Excluding foreign currency effects, net sales of the *Samsonite* brand increased by US$22.2 million, or 10.9%, for the six months ended June 30, 2017 compared to the six months ended June 30, 2016. US Dollar reported net sales of the *Samsonite* brand increased by US$16.0 million, or 7.9%. Net sales of the *American Tourister* brand increased by US$8.4 million, or 22.2%, on a constant currency basis, and US Dollar reported net sales increased by US$8.2 million, or 21.7%, compared to the same period in the previous year as the Group continued to focus on driving growth of the brand and increasing its presence in Europe. Net sales of the *Tumi* brand, which was acquired on August 1, 2016, amounted to US$36.3 million in Europe during the six months ended June 30, 2017. This amount included US$3.9 million in net sales of Tumi products made through Rolling Luggage and other Samsonite multi-brand stores in Europe, compared to US$3.1 million recognized during the six months ended June 30, 2016 that was included in other brands. Excluding foreign currency effects, net sales of the *Lipault* brand increased by US$0.1 million, or 1.6%, year-on-year and US Dollar reported net sales were relatively flat at US$6.4 million. On a constant currency basis, net sales of the *Gregory* brand increased by 44.4% and US Dollar reported net sales increased by 39.6% to US$2.4 million. Excluding foreign currency effects, net sales of the *Hartmann* brand decreased by 13.0%, while US Dollar reported net sales decreased by 12.2% to US$1.3 million during the six months ended June 30, 2017 compared to the six months ended June 30, 2016. Net sales of the *High Sierra* brand decreased by US$0.9 million, or 92.3%, on a constant currency basis, and US Dollar reported net sales decreased by US$0.9 million, or 91.7%, compared to the same period in the previous year driven by the Group's decision to promote backpacks under its other brand names within the region.

Product Categories
Excluding foreign currency effects, net sales in the travel product category increased by US$37.6 million, or 19.1%, and US Dollar reported net sales increased by US$31.4 million, or 16.0%, for the six months ended June 30, 2017 compared to the six months ended June 30, 2016 driven by the addition of the Tumi business and increased sales of hard-side products under the *Samsonite* and *American Tourister* brands. Excluding net sales attributable to the Tumi business in Europe, net sales in the travel product category increased by 11.6% on a constant currency basis and by 8.8% on a US Dollar reported basis. Excluding foreign currency effects, net sales in the business product category increased by US$18.6 million, or 63.9%, and US Dollar reported net sales increased by US$17.6 million, or 60.4%, for the six months ended June 30, 2017 compared to the same period in the previous year, due to the addition of the Tumi business and successful new business product introductions under the *Samsonite* brand. Excluding net sales attributable to the Tumi business, net sales in the business product category increased by 11.0% on a constant currency basis and by 8.7% on a US Dollar reported basis. Excluding foreign currency effects, net sales in the casual product category increased by US$6.5 million, or 69.6%, year-on-year, while US Dollar reported net sales increased by US$6.2 million, or 65.9%, mainly attributable to increases from the *Samsonite* and *Gregory* brands. Excluding net sales attributable to the Tumi casual product category in Europe, net sales in the casual product category increased by 47.5% on a constant currency basis and by 44.5% on a US Dollar reported basis. Net sales in the accessories category increased by US$3.0 million, or 12.6%, on a constant currency basis and US Dollar reported net sales increased by US$2.6 million, or 11.0%, for the six months ended June 30, 2017 compared to the six months ended June 30, 2016. Excluding net sales attributable to the Tumi accessories product category in Europe, net sales in the accessories product category increased by 7.5% on a constant currency basis and by 5.9% on a US Dollar reported basis.

Distribution Channels
Excluding foreign currency effects, net sales in the wholesale channel increased by US$30.8 million, or 16.9%, for the six months ended June 30, 2017 compared to the six months ended June 30, 2016, and US Dollar reported net sales increased by US$23.9 million, or 13.2%, year-on-year. Excluding net sales attributable to the Tumi business, net sales in the wholesale channel increased by 9.4% on a constant currency basis and by 6.1% on a US Dollar reported basis. Net sales in the direct-to-consumer channel increased by US$33.7 million, or 38.7%, on a constant currency basis, and US Dollar reported net sales increased by US$32.4 million, or 37.3%, for the six months ended June 30, 2017 compared to the same period in the previous year. Excluding net sales attributable to the Tumi business, net sales in the direct-to-consumer channel increased by 15.8% on a constant currency basis and by 14.8% on a US Dollar reported basis for the six months ended June 30, 2017 compared to the same period in the previous year. The increase in direct-to-consumer net sales was driven by growth in direct-to-consumer e-commerce, the addition of 11 net new company-operated retail stores opened in the first six months of 2017 and the contributions from 31 net new stores added during 2016, including 25 net new company-operated retail Tumi stores. On a same store, constant

currency basis, retail net sales increased by 10.7% (excluding amounts attributable to the Tumi business acquired on August 1, 2016). Direct-to-consumer e-commerce sales in the region increased year-on-year by 59.5% on a constant currency basis, and US Dollar reported net sales increased by US$4.7 million, or 60.6%. Excluding net sales attributable to the Tumi business, net sales in the direct-to-consumer e-commerce business increased by 37.7% on a constant currency basis and by 39.2% on a US Dollar reported basis.

Countries

The following table sets forth a breakdown of net sales within the European region by geographic location for the six months ended June 30, 2017 and June 30, 2016, both in absolute terms and as a percentage of total regional net sales.

	Six months ended June 30,					
	2017		2016		2017 vs 2016	
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[4]
Net sales by geographic location[1]:						
Germany	**61,935**	**19.0%**	42,350	15.8%	46.2%	49.8%
Belgium[2]	**40,103**	**12.3%**	34,293	12.8%	16.9%	19.1%
France	**34,557**	**10.6%**	30,448	11.3%	13.5%	15.8%
Italy	**34,294**	**10.5%**	30,632	11.4%	12.0%	14.5%
United Kingdom[3]	**32,996**	**10.1%**	27,877	10.4%	18.4%	32.7%
Spain	**25,634**	**7.9%**	21,484	8.0%	19.3%	21.9%
Russia	**20,276**	**6.2%**	12,727	4.7%	59.3%	34.4%
Other	**75,385**	**23.4%**	68,983	25.6%	9.3%	13.5%
Net sales	**325,180**	**100.0%**	268,794	100.0%	21.0%	24.0%

Notes

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

(2) Net sales in Belgium were US$9.7 million and US$9.6 million for the six months ended June 30, 2017 and June 30, 2016, respectively. Remaining sales consisted of direct shipments to distributors, customers and agents in other countries.

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

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

On a constant currency basis, all countries within the European region achieved net sales growth during the six months ended June 30, 2017 compared to the same period in the previous year, including Germany (+49.8%), the United Kingdom (+32.7%) (net sales reported for the United Kingdom include net sales made in Ireland), France (+15.8%), Spain (+21.9%) and Italy (+14.5%). Excluding net sales attributable to the Tumi business, these same countries achieved the following constant currency net sales growth over the prior year: Germany (+15.2%), the United Kingdom (+13.4%), France (+4.4%), Spain (+12.4%) and Italy (+9.8%). On a US Dollar reported net sales basis, these same countries achieved the following growth over the same period in the previous year when excluding net sales attributable to the Tumi business: Germany (+12.7%), the United Kingdom (+1.1%), France (+2.3%), Spain (+10.0%), and Italy (+7.4%). The Group continued to achieve year-on-year constant currency net sales growth in Russia (+34.4%) and Turkey (+24.4%).

Latin America

Excluding foreign currency effects, the Group's net sales in Latin America increased by US$12.1 million, or 19.4%, for the six months ended June 30, 2017 compared to the six months ended June 30, 2016. US Dollar reported net sales for the region increased by US$13.3 million, or 21.3%.

Brands

Excluding foreign currency effects, net sales of the *Samsonite* brand increased by US$5.6 million, or 22.4%, and US Dollar reported net sales increased by US$5.6 million, or 22.5%, for the six months ended June 30, 2017 compared to the six months ended June 30, 2016. The Group continued to expand the geographical distribution of the *American Tourister* brand, which recorded net sales growth of US$0.2 million, or 3.5%, on a constant currency basis, while US Dollar reported net sales decreased by US$0.1 million, or 2.6%. Sales of women's handbags under the *Secret* brand name enjoyed continued success, with constant currency net sales growth of 19.9% and US Dollar reported net sales growth of 24.6% to US$7.1 million for the six months ended June 30, 2017. Excluding foreign currency effects, net sales of the local brands *Saxoline* and *Xtrem* increased by 11.6% and 17.6%, respectively, year-on-year while US Dollar reported net sales increased by 17.0% and 22.8%, respectively.

Product Categories
Excluding foreign currency effects, net sales in the travel product category increased by US$5.4 million, or 21.2%, for the six months ended June 30, 2017 compared to the same period in the previous year. US Dollar reported net sales increased by US$5.6 million, or 21.7%. Excluding foreign currency effects, net sales in the business product category increased by US$0.5 million, or 7.8%, year-on-year and US Dollar reported net sales increased by US$0.5 million, or 8.8%. Net sales in the casual product category increased by US$8.1 million, or 44.9%, on a constant currency basis year-on-year and US Dollar reported net sales increased by US$9.0 million, or 50.0%.

Distribution Channels
Excluding foreign currency effects, net sales in the wholesale channel increased by US$4.1 million, or 10.1%, for the six months ended June 30, 2017 compared to the six months ended June 30, 2016. US Dollar reported net sales increased by US$4.0 million, or 9.9%, year-on-year. Net sales in the direct-to-consumer channel increased by US$8.0 million, or 36.6%, on a constant currency basis year-on-year and US Dollar reported net sales increased by 42.5%. This increase was primarily driven by the addition of 10 net new company-operated retail stores opened in the first six months of 2017 as well as the contributions from 37 net new stores added during 2016. On a same store, constant currency basis, retail net sales increased by 16.8%. Direct-to-consumer e-commerce platforms were launched in both Chile and Brazil during the first half of 2017 generating US Dollar reported net sales of US$0.4 million for the six months ended June 30, 2017. The Group continued to invest in retail expansion in Latin America to expand distribution and gain market share to drive future profitability.

Countries
The following table sets forth a breakdown of net sales within the Latin American region by geographic location for the six months ended June 30, 2017 and June 30, 2016, both in absolute terms and as a percentage of total regional net sales.

	Six months ended June 30,					
	2017		2016		2017 vs 2016	
	US$'000	**Percentage of net sales**	US$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects[4]
Net sales by geographic location[1]:						
Chile	**36,606**	**48.2%**	30,118	48.2%	21.5%	15.5%
Mexico	**21,305**	**28.1%**	20,425	32.7%	4.3%	12.7%
Brazil[2]	**8,218**	**10.8%**	4,312	6.9%	90.6%	67.5%
Other[3]	**9,749**	**12.9%**	7,684	12.2%	26.9%	25.4%
Net sales	**75,878**	**100.0%**	62,539	100.0%	21.3%	19.4%

Notes
(1) The geographic location of the Group's net sales reflects the country from which its products were sold and does not necessarily indicate the country in which its end consumers were actually located.
(2) The net sales figure for Brazil includes net sales to third party distributors in Brazil.
(3) The net sales figure for the "Other" geographic location includes sales in Argentina, Colombia, Panama, Peru and through the Group's distribution center in Uruguay, but does not include sales in Brazil to third party distributors.
(4) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the comparable period in the prior year to current period local currency results.

Excluding foreign currency effects, net sales in Chile increased by 15.5% for the six months ended June 30, 2017 compared to the six months ended June 30, 2016. US Dollar reported net sales for Chile increased by US$6.5 million, or 21.5%, primarily due to improved year-on-year net sales of the local brands *Xtrem* and *Saxoline* and the women's handbag brand *Secret*. Excluding foreign currency effects, net sales in Mexico increased by 12.7% for the six months ended June 30, 2017 compared to the same period in the previous year, driven by increased net sales of the *Samsonite* and *Xtrem* brands. Net sales in Brazil increased by 67.5% on a constant currency basis and US Dollar reported net sales increased by 90.6% driven by continued retail expansion. The Group continues to invest in Brazil, where the Group's presence has historically been under-represented, to drive future net sales growth and gain market share.

Cost of Sales and Gross Profit

Cost of sales increased by US$131.3 million, or 22.8%, to US$708.3 million (representing 44.7% of net sales) for the six months ended June 30, 2017 from US$577.0 million (representing 47.7% of net sales) for the six months ended June 30, 2016.

Gross profit increased by US$245.3 million, or 38.8%, to US$877.8 million for the six months ended June 30, 2017 from US$632.5 million for the six months ended June 30, 2016. Gross profit margin increased to 55.3% for the six months ended June 30, 2017 from 52.3% for the six months ended June 30, 2016.

The increase in gross profit margin was partly attributable to the impact from the acquisition of Tumi, which delivers higher margins. Excluding amounts attributable to the Tumi business, gross profit increased by US$57.8 million, or 9.1%, to US$690.3 million, and gross profit margin increased to 53.4% for the six months ended June 30, 2017 from 52.3% for the six months ended June 30, 2016 largely due to a higher proportion of net sales coming from the direct-to-consumer channel.

Distribution Expenses

Distribution expenses increased by US$151.9 million, or 44.3%, to US$494.4 million (representing 31.2% of net sales) for the six months ended June 30, 2017 from US$342.5 million (representing 28.3% of net sales) for the six months ended June 30, 2016. The increase in distribution expenses was primarily due to the acquisition of Tumi and the increase in sales volume during the six months ended June 30, 2017. Distribution expenses as a percentage of net sales increased year-on-year primarily due to the acquisition of Tumi, which has a higher distribution expense ratio due to its higher mix of direct-to-consumer sales. The Group also recorded an additional US$9.9 million of amortization expense during the six months ended June 30, 2017 compared to the six months ended June 30, 2016, primarily associated with the customer relationship intangible assets recognized in conjunction with the Tumi acquisition. Excluding amounts attributable to the Tumi business, distribution expenses as a percentage of net sales were 28.6% for the six months ended June 30, 2017 compared to 28.3% for the same period in the previous year due to increased fixed costs associated with the Group's focus on expanding its presence in the direct-to-consumer distribution channel.

Marketing Expenses

The Group spent US$99.5 million on marketing during the six months ended June 30, 2017 compared to US$65.9 million for the six months ended June 30, 2016, an increase of US$33.6 million, or 51.0%. As a percentage of net sales, marketing expenses increased by 80 basis points to 6.3% in the first half of 2017 compared to 5.5% in the first half of 2016. Excluding amounts attributable to the Tumi business, marketing expenses as a percentage of net sales increased by 100 basis points to 6.5% for the six months ended June 30, 2017 compared to 5.5% for the same period in the previous year. The Group continued to employ targeted and focused advertising and promotional campaigns. The Group believes the success of its advertising campaigns is evident in its net sales growth, and remains committed to enhancing brand and product awareness and driving additional net sales growth through focused marketing activities.

General and Administrative Expenses

General and administrative expenses increased by US$35.7 million, or 49.6%, to US$107.8 million (representing 6.8% of net sales) for the six months ended June 30, 2017 from US$72.0 million (representing 6.0% of net sales) for the six months ended June 30, 2016. Excluding amounts attributable to the Tumi business, general and administrative expenses as a percentage of net sales were 6.8% for the six months ended June 30, 2017 compared to 6.0% for the same period in the previous year. General and administrative expenses increased as a percentage of net sales due to higher rent and depreciation, as well as an increase in certain other general and administrative costs compared to the same period in the previous year.

Other Expenses, net

The Group recorded net other expenses of US$14.0 million and US$10.9 million for the six months ended June 30, 2017 and June 30, 2016, respectively. Net other expenses for the six months ended June 30, 2017 were primarily comprised of acquisition-related costs totaling US$14.9 million associated with due diligence, professional and legal fees, severance, integration and other costs incurred associated with completed and contemplated acquisitions, partially offset by miscellaneous items of other income. Net other expenses for the six months ended June 30, 2016 included acquisition-related costs of US$6.9 million. Such costs were partially offset by certain other miscellaneous income items during the period.

Operating Profit

On a constant currency basis, the Group's operating profit increased by US$21.3 million, or 15.1%, for the six months ended June 30, 2017 compared to the six months ended June 30, 2016. US Dollar reported operating profit of US$162.1 million for the six months ended June 30, 2017 increased by US$21.0 million, or 14.9%, from US$141.1 million for the six months ended June 30, 2016 due to the factors noted above.

Net Finance Costs

Net finance costs increased by US$25.8 million, or 186.1%, to US$39.6 million for the six months ended June 30, 2017 from US$13.8 million for the six months ended June 30, 2016. This increase was attributable to a US$35.1 million increase in interest expense primarily related to the Senior Credit Facilities (described in the Indebtedness section below), which includes the amortization of deferred financing costs in the amount of US$6.5 million. This increase was partially offset by a US$8.6 million decrease in the expense recognized for the change in fair value of put options related to agreements with certain holders of non-controlling interests for the six months ended June 30, 2017 compared to the six months ended June 30, 2016, and a US$2.3 million decrease in foreign exchange losses year-on-year.

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

	Six months ended June 30,	
(Expressed in thousands of US Dollars)	**2017**	2016
Recognized in income or loss:		
Interest income on bank deposits	**749**	533
Total finance income	**749**	533
Interest expense on financial liabilities measured at amortized cost	**(39,922)**	(4,819)
Change in fair value of put options	**3,034**	(5,566)
Net foreign exchange loss	**(536)**	(2,883)
Other finance costs	**(2,944)**	(1,112)
Total finance costs	**(40,368)**	(14,380)
Net finance costs recognized in profit or loss	**(39,619)**	(13,847)

Profit before Income Tax

On a constant currency basis, profit before income tax decreased by US$4.6 million, or 3.6% for the six months ended June 30, 2017 compared to the six months ended June 30, 2016. US Dollar reported profit before income tax decreased by US$4.7 million, or 3.7%, to US$122.5 million for the six months ended June 30, 2017 from US$127.2 million for the six months ended June 30, 2016. Excluding acquisition-related costs, profit before income tax increased by US$3.3 million, or 2.5%, on a constant currency basis and US Dollar reported profit before income tax increased by US$3.2 million, or 2.4%, for the six months ended June 30, 2017 compared to the six months ended June 30, 2016, notwithstanding a year-on-year increase in interest expense of US$35.1 million, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition.

Income Tax Expense

On a constant currency basis, income tax expense decreased by US$5.0 million, or 14.5%, for the six months ended June 30, 2017 compared to the six months ended June 30, 2016. US Dollar reported income tax expense decreased by US$5.0 million, or 14.4%, to US$29.7 million for the six months ended June 30, 2017 from US$34.7 million for the six months ended June 30, 2016.

For interim reporting purposes, the Group applied the effective tax rate to profit before income tax for the interim period. The reported effective tax rate is calculated using a weighted average income tax rate from those jurisdictions in which the Group is subject to tax, adjusted for permanent book/tax differences, tax incentives, changes in tax reserves and changes in unrecognized deferred tax assets. The Group's consolidated effective tax rate for operations was 24.3% and 27.3% for the six months ended June 30, 2017 and June 30, 2016, respectively. The effective tax rate for each period is recognized based on management's best estimate of the weighted average annual tax rate expected for the full financial year applied to the pre-tax income for each respective period, adjusted for certain discreet items for the period. The decrease in the Group's effective tax rate was mainly the result of the tax effect attributable to deferred tax benefits recognized on share-based compensation due to the increase in the Company's stock price and benefits recognized on interest expense related to the Tumi acquisition, partially offset by increases in taxes related to profit mix, reserves and legal entity reorganization costs.

Profit for the Period

On a constant currency basis, profit for the period increased by US$0.4 million, or 0.4%, for the six months ended June 30, 2017 compared to the six months ended June 30, 2016. US Dollar reported profit for the period of US$92.7 million for the six months ended June 30, 2017 increased by US$0.3 million, or 0.3%, from US$92.5 million for the same period in the previous year, notwithstanding a year-on-year increase in interest expense of US$35.1 million primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition.

On a constant currency basis, profit attributable to the equity holders increased by US$1.1 million, or 1.3%, compared to the same period in the previous year due to the factors noted above. US Dollar reported profit attributable to the equity holders was US$83.4 million for the six months ended June 30, 2017, an increase of US$1.0 million, or 1.2%, from US$82.4 million for the six months ended June 30, 2016.

Basic earnings per share ("Basic EPS") and diluted earnings per share ("Diluted EPS") both increased by 1.7% to US$0.059 for the six months ended June 30, 2017 from US$0.058 for the six months ended June 30, 2016. The weighted average number of shares utilized in the Basic EPS calculation was 1,413,684,315 shares as of June 30, 2017 compared to 1,410,240,336 shares as of June 30, 2016. The weighted average number of shares outstanding utilized in the Diluted EPS calculation was 1,420,599,098 shares as of June 30, 2017 compared to 1,411,785,863 shares as of June 30, 2016.

Adjusted EBITDA

On a constant currency basis, Adjusted EBITDA, a non-IFRS measure, increased by US$51.8 million, or 27.2%, for the six months ended June 30, 2017 compared to the six months ended June 30, 2016. US Dollar reported Adjusted EBITDA increased by US$51.2 million, or 26.9%, to US$241.5 million for the six months ended June 30, 2017 from US$190.3 million for the six months ended June 30, 2016. Adjusted EBITDA margin decreased to 15.2% from 15.7% primarily due to increased marketing spend to promote the Group's brands, partially offset by higher gross margins. Excluding the Adjusted EBITDA and net sales attributable to the Tumi business, Adjusted EBITDA margin decreased to 14.8% in the first half of 2017 from 15.7% in the first half of 2016. This decrease was primarily attributable to the increase in marketing expenses discussed 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 US Dollar reported profit for the period.

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

	Six months ended June 30,	
(Expressed in thousands of US Dollars)	**2017**	2016
Profit for the period	**92,743**	92,485
Plus (Minus):		
Income tax expense	**29,739**	34,730
Finance costs	**40,368**	14,380
Finance income	**(749)**	(533)
Depreciation	**41,512**	26,472
Amortization	**15,536**	5,628
EBITDA	**219,149**	173,162
Plus:		
Share-based compensation expense	**8,326**	6,270
Other adjustments[1]	**13,989**	10,881
Adjusted EBITDA	**241,464**	190,313
Adjusted EBITDA growth	**26.9%**	
Adjusted EBITDA growth, constant currency basis	**27.2%**	
Adjusted EBITDA margin	**15.2%**	15.7%

Note

(1) Other adjustments primarily comprised of 'Other expenses, net' per the consolidated income statements, which includes acquisition-related costs of US$14.9 million and US$6.9 million for the six months ended June 30, 2017 and June 30, 2016, respectively.

The following tables present reconciliations from profit (loss) for the period to Adjusted EBITDA on a regional basis for the six months ended June 30, 2017 and June 30, 2016:

	Six months ended June 30, 2017					
(Expressed in thousands of US Dollars)	**North America**	**Asia**	**Europe**	**Latin America**	**Corporate**	**Total**
Profit (loss) for the period	**14,240**	**44,450**	**18,307**	**(1,542)**	**17,288**	**92,743**
Plus (Minus):						
Income tax expense (benefit)	**7,648**	**15,406**	**6,166**	**735**	**(216)**	**29,739**
Finance costs	**(32)**	**(3,131)**	**1,063**	**988**	**41,480**	**40,368**
Finance income	**(52)**	**(483)**	**(177)**	**(34)**	**(3)**	**(749)**
Depreciation	**15,376**	**11,807**	**11,048**	**2,343**	**938**	**41,512**
Amortization	**4,590**	**6,955**	**2,150**	**1,436**	**405**	**15,536**
EBITDA	**41,770**	**75,004**	**38,557**	**3,926**	**59,892**	**219,149**
Plus (Minus):						
Share-based compensation expense	**1,992**	**950**	**234**	**43**	**5,107**	**8,326**
Other adjustments[(1)]	**46,687**	**43,235**	**4,373**	**1,814**	**(82,120)**	**13,989**
Adjusted EBITDA	**90,449**	**119,189**	**43,164**	**5,783**	**(17,121)**	**241,464**
Adjusted EBITDA growth	**50.8%**	**21.7%**	**6.0%**	**54.4%**	**42.3%**	**26.9%**
Adjusted EBITDA growth, constant currency basis	**50.9%**	**22.1%**	**6.3%**	**56.1%**	**42.4%**	**27.2%**
Adjusted EBITDA margin	**14.7%**	**21.2%**	**13.3%**	**7.6%**	***nm***	**15.2%**

Notes

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

nm Not meaningful.

	Six months ended June 30, 2016					
(Expressed in thousands of US Dollars)	North America	Asia	Europe	Latin America	Corporate	Total
Profit (loss) for the period	14,526	39,964	13,500	(2,507)	27,002	92,485
Plus (Minus):						
Income tax expense	9,055	16,710	6,393	6	2,566	34,730
Finance costs	49	(525)	3,197	1,770	9,889	14,380
Finance income	(2)	(275)	(68)	(183)	(5)	(533)
Depreciation	5,923	7,781	9,787	1,759	1,222	26,472
Amortization	717	2,667	895	1,312	37	5,628
EBITDA	30,268	66,322	33,704	2,157	40,711	173,162
Plus (Minus):						
Share-based compensation expense	1,194	492	376	53	4,155	6,270
Other adjustments[(1)]	28,499	31,093	6,650	1,535	(56,896)	10,881
Adjusted EBITDA	59,961	97,907	40,730	3,745	(12,030)	190,313
Adjusted EBITDA margin	14.9%	20.8%	15.2%	6.0%	*nm*	15.7%

Notes

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

nm Not meaningful.

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

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

Adjusted Net Income

On a constant currency basis, Adjusted Net Income, a non-IFRS measure, was flat for the six months ended June 30, 2017 compared to the six months ended June 30, 2016. US Dollar reported Adjusted Net Income decreased by US$0.1 million, or 0.1%, to US$100.2 million for the six months ended June 30, 2017 from US$100.3 million for the six months ended June 30, 2016, with additional profits from Tumi largely offset by a year-on-year increase in interest expense of US$35.1 million, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition, as well as the increase in marketing expenses noted above. See the reconciliation of profit for the period to Adjusted Net Income below for the Group's results excluding certain costs and charges and other non-cash charges that impacted US Dollar reported profit for the period.

Adjusted Basic and Diluted EPS, non-IFRS measures, were US$0.071 for the six months ended June 30, 2017, flat compared to the US$0.071 for the six months ended June 30, 2016.

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

	Six months ended June 30,	
(Expressed in thousands of US Dollars)	**2017**	2016
Profit for the period	**92,743**	92,485
Profit attributable to non-controlling interests	**(9,374)**	(10,081)
Profit attributable to the equity holders	**83,369**	82,404
Plus (Minus):		
Change in fair value of put options	**(3,034)**	5,566
Amortization of intangible assets	**15,536**	5,628
Acquisition-related costs	**14,855**	6,922
Other adjustments(1)	**—**	3,600
Tax adjustments(2)	**(10,520)**	(3,835)
Adjusted Net Income(3)	**100,206**	100,285

Notes

(1) Other adjustments consisted of US$3.6 million during the six months ended June 30, 2016 for interest expense associated with the Term Loan B Facility incurred prior to the Tumi acquisition on August 1, 2016.

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

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

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

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

Liquidity and Capital Resources

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

Net cash flows provided by operating activities increased by US$71.7 million, or 88.4%, to US$152.8 million for the six months ended June 30, 2017 compared to US$81.1 million for the six months ended June 30, 2016. This increase was primarily attributable to increased profits before non-cash depreciation and amortization charges, positive impacts from changes in working capital, partially offset by increases in interest and income taxes paid and acquisition costs incurred.

For the six months ended June 30, 2017, net cash flows used in investing activities were US$206.9 million compared to US$28.0 million for the same period in the previous year. This increase was related to the acquisition of eBags on May 5, 2017 as well as amounts paid to former distributors of the *Tumi* brand where the Group assumed direct control of the distribution of Tumi products in certain Asian countries during the six months ended June 30, 2017.

Net cash flows generated from financing activities were US$53.0 million for the six months ended June 30, 2017 compared to US$33.2 million for the six months ended June 30, 2016. The Group received proceeds of US$69.7 million under its current loans and borrowings, partially offset by payments of US$19.0 million associated with the Term Loan Facilities. The Group also paid US$5.4 million in deferred financing costs related to the refinancing of the Senior Credit Facilities (described in the Indebtedness section below).

Cash and cash equivalents are generally denominated in the functional currency of the respective Group entity.

Indebtedness

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

(Expressed in thousands of US Dollars)	**June 30, 2017**	December 31, 2016
Term Loan A Facility	**1,226,563**	1,242,187
Term Loan B Facility	**669,937**	673,313
Revolving Facility	**82,267**	10,516
Senior Credit Facilities	**1,978,767**	1,926,016
Other lines of credit	**15,854**	13,410
Finance lease obligations	**384**	283
Total loans and borrowings	**1,995,005**	1,939,709
Less deferred financing costs	**(63,176)**	(64,341)
Total loans and borrowings less deferred financing costs	**1,931,829**	1,875,368

Senior Credit Facilities

Overview

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

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

Interest Rate and Fees

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

2016. Interest on the borrowing under the Term Loan B Facility began to accrue on May 13, 2016 at the rate of LIBOR plus 3.25% per annum.

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

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

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

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

Certain Covenants and Events of Default
The Senior Credit Facilities contain a number of customary negative covenants that, among other things and subject to certain exceptions, may restrict the ability of the Company and its subsidiaries to: (i) incur additional indebtedness; (ii) pay dividends or distributions on its capital stock or redeem, repurchase or retire its capital stock or its other indebtedness; (iii) make investments, loans and acquisitions; (iv) engage in transactions with its affiliates; (v) sell assets, including capital stock of its subsidiaries; (vi) consolidate or merge; (vii) materially alter the business it conducts; (viii) incur liens; and (ix) prepay or amend any junior debt or subordinated debt. In addition, the Credit Agreement requires the Company and its subsidiaries to meet certain quarterly financial covenants. The Group was in compliance with the financial covenants as of June 30, 2017.

Interest Rate Swaps
The Group entered into interest rate swap transactions on June 1, 2016 that became effective on December 31, 2016 and will terminate on August 31, 2021. The Group uses the interest rate swap transactions to minimize its exposure to interest rate fluctuations under the floating-rate Senior Credit Facilities by swapping certain US Dollar floating-rate bank borrowings with fixed-rate agreements. The interest rate swap agreements had initial notional amounts totaling US$1,237.0 million representing approximately 65% of the anticipated balances of the Term Loan Facilities. The notional amounts of the interest rate swap agreements decrease over time in line with required amortization and

anticipated prepayments on the Term Loan Facilities. LIBOR has been fixed at approximately 1.30% under each agreement. Each of the interest rate swap agreements have fixed payments due monthly that commenced January 31, 2017. The interest rate swap transactions qualify as cash flow hedges under IFRS. As of June 30, 2017, the interest rate swaps were marked-to-market, resulting in a net asset position to the Group in the amount of US$15.8 million, which was recorded as a financial asset with the effective portion of the gain deferred to other comprehensive income.

Deferred Financing Costs

The Group recognized US$69.5 million of deferred financing costs during the year ended December 31, 2016 related to the Senior Credit Facilities. In addition, the Group recognized US$5.4 million of deferred financing costs during the six months ended June 30, 2017 related to the Repricing, the balances of which were included in non-current loans and borrowings on the consolidated statements of financial position as of June 30, 2017. The deferred financing costs were comprised of the original issue discount, commitment fees and other financing-related costs that will be deferred and offset against loans and borrowings and are amortized using the effective interest method over the life of the Term Loan Facilities. The amortization of deferred financing costs, which is included in interest expense, amounted to US$6.5 million and US$0.2 million for the six months ended June 30, 2017 and June 30, 2016, respectively.

Revolving Facility

As of June 30, 2017, US$414.1 million was available to be borrowed on the Revolving Facility as a result of US$82.3 million of outstanding borrowings and the utilization of US$3.6 million of the facility for outstanding letters of credit extended to certain creditors. As of December 31, 2016, US$486.4 million was available to be borrowed on the Revolving Facility as a result of US$10.5 million of outstanding borrowings and the utilization of US$3.1 million of the facility for outstanding letters of credit extended to certain creditors.

Other Loans and Borrowings

Certain consolidated subsidiaries of the Group maintain credit lines with various third party lenders in the regions in which they operate. Other loans and borrowings are generally variable rate instruments denominated in the functional currency of the borrowing Group entity. These local credit lines provide working capital for the day-to-day business operations of the subsidiaries, including overdraft, bank guarantees, and trade finance and factoring facilities. The majority of these credit lines are uncommitted facilities. The total aggregate amount outstanding under the local facilities was US$15.9 million and US$13.4 million as of June 30, 2017 and December 31, 2016, respectively.

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

(Expressed in thousands of US Dollars)	**June 30, 2017**	December 31, 2016
On demand or within one year	**159,656**	69,807
After one year but within two years	**69,350**	69,319
After two years but within five years	**1,129,788**	1,161,020
More than five years	**636,211**	639,563
	1,995,005	1,939,709

Hedging

The Group's non-U.S. subsidiaries periodically enter into forward contracts related to the purchase of inventory denominated primarily in US Dollars which are designated as cash flow hedges. Cash outflows associated with these derivatives as of June 30, 2017 are expected to be US$100.4 million within one year.

Other Financial Information

Working Capital Ratios

Inventory Analysis

The following table sets forth a summary of the Group's average inventory, cost of sales and average inventory days for the six months ended June 30, 2017 and June 30, 2016:

	Six months ended June 30,	
(Expressed in thousands of US Dollars)	**2017**	2016
Average inventory(1)	**453,254**	367,788
Cost of sales	**708,337**	576,988
Average inventory turnover days(2)	**117**	116

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

The Group’s average inventory increased in the first half of 2017 (US$485.2 million as of June 30, 2017 compared to US$421.3 million as of December 31, 2016) compared to the first half of 2016 (US$386.5 million as of June 30, 2016 compared to US$349.1 million as of December 31, 2015) to support increased customer demand, the Tumi and eBags acquisitions, new product introductions, the Group's retail store expansion and the assumption by the Group of direct control of the distribution of Tumi products in certain countries in Asia during the first half of 2017.

Trade and Other Receivables
The following table sets forth a summary of the Group’s average trade and other receivables, net sales and turnover days of trade and other receivables for the six months ended June 30, 2017 and June 30, 2016:

	Six months ended June 30,	
(Expressed in thousands of US Dollars)	**2017**	2016
Average trade and other receivables(1)	**368,112**	308,338
Net sales	**1,586,123**	1,209,487
Turnover days of trade and other receivables(2)	**42**	47

Notes
(1) Average trade and other receivables equal the average of net trade and other receivables at the beginning and end of a given period.
(2) Turnover days of trade and other receivables for a given period equals average trade and other receivables for that period divided by net sales for that period and multiplied by the number of days in the period.

The Group’s average trade and other receivables increased in the first half of 2017 (US$378.4 million as of June 30, 2017 compared to US$357.8 million as of December 31, 2016) compared to the first half of 2016 (US$333.2 million as of June 30, 2016 compared to US$283.5 million as of December 31, 2015) due to the increase in net sales and timing of receipts period over period, as well as the result of the Tumi acquisition.

Trade receivables as of June 30, 2017 are on average due within 60 days from the date of billing.

Trade and Other Payables
The following table sets forth a summary of the Group’s average trade and other payables, cost of sales and turnover days of trade and other payables for the six months ended June 30, 2017 and June 30, 2016:

	Six months ended June 30,	
(Expressed in thousands of US Dollars)	**2017**	2016
Average trade and other payables(1)	**646,527**	500,973
Cost of sales	**708,337**	576,988
Turnover days of trade and other payables(2)	**167**	158

Notes
(1) Average trade and other payables equal the average of trade and other payables at the beginning and end of a given period.
(2) Turnover days of trade and other payables for a given period equals average trade and other payables for that period divided by cost of sales for that period and multiplied by the number of days in the period.

The Group’s average trade and other payables increased in the first half of 2017 (US$759.3 million as of June 30, 2017 compared to US$533.8 million as of December 31, 2016) compared to the first half of 2016 (US$559.8 million as of June 30, 2016 compared to US$442.1 million as of December 31, 2015) due to the Tumi and eBags acquisitions and the timing of payments associated with inventory purchases period over period.

Trade payables as of June 30, 2017 are on average due within 105 days from the invoice date.

Gearing Ratio
The following table sets forth the Group's loans and borrowings (excluding deferred financing costs), total equity and gearing ratio as of June 30, 2017 and December 31, 2016:

(Expressed in thousands of US Dollars)	**June 30, 2017**	December 31, 2016
Loans and borrowings (excluding deferred financing costs)	**1,995,005**	1,939,709
Total equity	**1,542,151**	1,510,987
Gearing ratio[(1)]	**129.4%**	128.4%

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

The increase in the Group's loans and borrowings (excluding deferred financing costs) from December 31, 2016 to June 30, 2017 was due to borrowings under the Revolving Facility to finance a portion of the acquisition of eBags, which was completed on May 5, 2017.

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

Subsequent Events
Details of the events occurring subsequent to June 30, 2017 are set out in note 23 to the consolidated interim financial statements.

Other Information
Total current assets were US$1,395.7 million and US$1,290.5 million, and total assets less current liabilities were US$3,861.8 million and US$3,873.7 million, as of June 30, 2017 and December 31, 2016, respectively.

Strategic Review and Full-year Prospects
Financial results of the Group during the first half of 2017 were as follows:

Financial Results
Key Group metrics showed the following for the six months ended June 30, 2017 compared to the six months ended June 30, 2016:

- Net sales increased to a record level of US$1,586.1 million, reflecting an increase of 31.8% on a constant currency basis from the comparable period in 2016. US Dollar reported net sales increased by 31.1%. Excluding amounts attributable to the Tumi business, which was acquired on August 1, 2016, net sales increased by US$90.8 million, or 7.5%, on a constant currency basis and US Dollar reported net sales increased by US$84.1 million, or 7.0%.
- The Group spent US$99.5 million on marketing during the six months ended June 30, 2017 compared to US$65.9 million for the six months ended June 30, 2016, an increase of US$33.6 million, or 51.0%. As a percentage of net sales, marketing expenses increased by 80 basis points to 6.3% in the first half of 2017 compared to 5.5% in the first half of 2016. Excluding amounts attributable to the Tumi business, marketing expenses as a percentage of net sales increased by 100 basis points to 6.5% for the six months ended June 30, 2017 compared to 5.5% for the same period in the previous year. The increased investment in marketing was intended to increase awareness of the Group's brands in order to drive future sales growth.
- Operating profit increased by US$21.3 million, or 15.1%, on a constant currency basis from the comparable period in 2016. US Dollar reported operating profit increased by US$21.0 million, or 14.9%, to US$162.1 million, notwithstanding a US$$33.6 million increase in the Group's investment in marketing and a US$7.9 million increase in acquisition-related costs. Excluding acquisition-related costs, operating profit increased by US$29.2 million, or 19.7%, on a constant currency basis and US Dollar reported operating profit increased by US$29.0 million, or 19.6%.
- Profit for the period increased by US$0.4 million, or 0.4%, on a constant currency basis from the comparable period in 2016. US Dollar reported profit for the period increased by US$0.3 million, or 0.3%, to US$92.7 million, notwithstanding a year-on-year increase in interest expense of US$35.1 million, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition, as well as a US$33.6 million increase in marketing expense and a US$7.9 million increase in acquisition-related costs.
- Profit attributable to the equity holders increased by US$1.1 million, or 1.3%, on a constant currency basis from the comparable period in the prior year. US Dollar reported profit attributable to the equity holders increased by US$1.0 million, or 1.2%, to US$83.4 million, notwithstanding a year-on-year increase in interest expense of

US$35.1 million, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition, as well as a US$33.6 million increase in marketing expense and a US$7.9 million increase in acquisition-related costs.

- Adjusted Net Income, a non-IFRS measure, of US$100.2 million was in line with the first half of 2016 on both a constant currency and US Dollar reported basis, with additional profits from Tumi largely offset by a year-on-year increase in interest expense of US$35.1 million, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition, and a US$33.6 million increase in marketing expense.
- Adjusted EBITDA, a non-IFRS measure, increased by US$51.8 million, or 27.2%, on a constant currency basis from the comparable period in the prior year. US Dollar reported Adjusted EBITDA increased by US$51.2 million, or 26.9%, to US$241.5 million due to the inclusion of Tumi. Excluding Adjusted EBITDA attributable to the Tumi business, US Dollar reported Adjusted EBITDA was US$191.1 million, an increase of US$1.4 million, or 0.7%, on a constant currency basis and by US$0.8 million, or 0.4%, on a US Dollar reported basis, notwithstanding a US$17.5 million increase in marketing expense (excluding amounts attributable to the Tumi business).
- Adjusted EBITDA margin, a non-IFRS measure, decreased to 15.2% from 15.7%. This decrease was primarily attributable to a US$33.6 million increase in marketing expenses discussed above. Excluding amounts attributable to the Tumi business, Adjusted EBITDA margin decreased to 14.8% from 15.7%. This decrease was primarily attributable to the increase in marketing expenses (excluding amounts attributable to the Tumi business) discussed above.
- The Group generated US$152.8 million of cash from operating activities during the six months ended June 30, 2017 compared to US$81.1 million during the six months ended June 30, 2016.

Significant investment in advertising and promotion
The Group continued to make significant investments in marketing, which amounted to approximately 6.3% of net sales during the first half of 2017 compared to 5.5% during the same period in the prior year, reflecting its commitment to advertise and promote its brands and products to support sales growth worldwide.

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

2017 Business Combinations:

- **Assets Related to the Distribution of Tumi in Certain Asian Countries**
  Certain subsidiaries of the Group assumed direct control of the wholesale and retail distribution of Tumi products in South Korea, Hong Kong, Macau, China, Indonesia and Thailand during the six months ended June 30, 2017. The total consideration paid in connection with all such transactions was US$65.1 million.

  - On January 4, 2017, the Company's wholly-owned subsidiary in South Korea completed the acquisition of certain assets, including inventory, store fixtures and furniture, as well as rights under retail store leases, from TKI, Inc. ("TKI") with effect from January 1, 2017.

  - On April 1, 2017, the Company's wholly-owned subsidiaries in Hong Kong, Macau and China acquired certain assets, including inventory, store fixtures and furniture, as well as rights under retail store leases, from Imaginex Holdings Limited ("Imaginex") with effect from April 1, 2017.

  - On May 1, 2017, the Company's non-wholly owned subsidiaries in Indonesia and Thailand assumed direct control of the distribution of Tumi products in each respective country with effect from May 1, 2017.

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

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

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

Future Prospects

The Company's growth strategy will continue as planned for the second half of 2017, with a focus on the following:

- Continue to develop the Company into a well-diversified multi-brand, multi-category and multi-channel luggage, bag and accessories business.
- Leverage the Company's regional management structure, sourcing and distribution expertise and marketing engine to extend the strong *Tumi* brand into new markets and penetrate deeper into existing channels.
- Tactfully deploy multiple brands to operate at wider price points and broader consumer demographics with a focus on addressing the market opportunity for women's products in each category.
- Increase the proportion of net sales from the Company's direct-to-consumer channel by growing direct-to-consumer e-commerce net sales and through targeted expansion of its bricks-and-mortar retail presence.
- Continue to invest in the Company's core brands with sustained R&D spending to produce lighter and stronger new materials as well as exciting and innovative new products, supported by effective marketing spend to drive awareness among consumers.
- Increase the Company's investment in marketing to support global expansion of *Tumi* and to continue to drive visibility for *Samsonite*, *American Tourister* and other brands.

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

Forward-Looking Statements

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

Corporate Governance and Other Information

Directors

At June 30, 2017, the composition of the Board of Directors of the Company (the “Board”) was as follows:

Executive Directors ("EDs")
Ramesh Dungarmal Tainwala
Kyle Francis Gendreau

Non-Executive Directors ("NEDs")
Timothy Charles Parker
Tom Korbas
Jerome Squire Griffith

Independent Non-Executive Directors ("INEDs")
Paul Kenneth Etchells
Keith Hamill
Bruce Hardy McLain (Hardy)
Ying Yeh

At June 30, 2017, the Board committees were as follows:

Audit Committee / Review of Accounts

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

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

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

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

The Audit Committee has reviewed the interim report of the Group for the six months ended June 30, 2017 with the Board of Directors. The interim financial information has also been reviewed by the Group’s external auditors.

Nomination Committee

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

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

Remuneration Committee

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

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for the remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration, as well as to determine the specific remuneration packages of all EDs and certain members of senior management.

Corporate Governance Practices

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

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

The Company complied with all applicable code provisions set out in the CG Code throughout the period from January 1, 2017 to June 30, 2017, except for the deviation from code provision F.1.3 discussed below regarding the Company's Joint Company Secretaries.

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

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

Risk Management and Internal Control

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

Changes in Directors' Information

A summary of changes in information concerning certain Directors of the Company that have occurred subsequent to the publication of the Company's 2016 annual report pursuant to Rule 13.51(B)(1) of the Listing Rules is as follows:

- Mr. Griffith resigned as the chairman of the supervisory board of Tom Tailor Holding AG effective May 31, 2017.
- Mr. Etchells resigned as an Independent Non-Executive Director of China Foods Limited effective April 1, 2017 and as an Independent Non-Executive Director of Swire Properties Limited effective May 16, 2017.
- Mr. Hamill has been appointed by Premier Foods plc as a non-executive director with effect from October 1, 2017 and as non-executive Chairman with effect from November 9, 2017.
- The terms of the consulting agreement under which Mr. Korbas serves as a consultant to the Group's North America business have been amended and the term of the agreement has been extended to March 31, 2018, subject to early termination by either party according to the amended terms of the agreement. Mr. Korbas will continue to receive a fixed annual service fee of US$150,000, and he is also eligible to receive an incentive fee of up to a maximum amount of US$300,000 subject to the satisfaction of certain conditions as set out in the agreement.

Company Secretaries and Authorized Representatives

Mr. John Bayard Livingston and Ms. Chow Yuk Yin Ivy are the joint company secretaries of the Company while Mr. Ramesh Dungarmal Tainwala and Ms. Chow are the authorized representatives (pursuant to the Listing Rules) of the Company.

Directors' Securities Transactions

The Company has adopted its own policies (the "Trading Policy") for securities transactions by directors and relevant employees who are likely to be in possession of unpublished inside information of the Group on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they complied with the required standard set out in the Trading Policy during the six months ended June 30, 2017.

Share Award Scheme

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

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

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

As of July 31, 2017 (the "Latest Practicable Date"), the maximum aggregate number of shares in respect of which awards may be granted pursuant to the Share Award Scheme is 40,528,912 shares, representing approximately 2.9% of the issued share capital of the Company at that date. An individual participant may be granted awards pursuant to the Share Award Scheme in respect of a maximum of 1% of the Company's total issued shares in any 12-month period. Any grant of awards to an individual participant in excess of this limit is subject to independent shareholder's approval.

On May 26, 2017, the Company granted share options exercisable for 22,347,216 ordinary shares to certain directors, key management personnel and other employees of the Group with an exercise price of HK$31.10 per share. Such options are subject to *pro rata* vesting over a 4-year period, with 25% of the options vesting on each anniversary date of the grant. Such options have a 10-year term.

On May 26, 2017, the Company made an additional special grant of 3,473,520 share options to two members of the Group's senior management team. The exercise price of the options granted was HK$31.10. 60% of such options will vest on May 26, 2020 and 40% will vest on May 26, 2022. Such options have a 10-year term.

In accordance with the terms of the share options, holders of vested options are entitled to buy newly issued ordinary shares of the Company at a purchase price per share equal to the exercise price of the options. The fair value of services received in return for share options granted is based on the fair value of share options granted measured using the Black-Scholes valuation model. The fair value calculated for share options is inherently subjective due to the assumptions made and the limitations of the model utilized. Any award of share options or RSUs that is forfeited without the issuance of shares may be granted again under the Share Award Scheme.

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

The following inputs were used in the measurement of the fair value at grant date of the share-based payment for the 22,347,216 share options made on May 26, 2017:

Fair value at grant date	HK$9.46
Share price at grant date	HK$31.10
Exercise price	HK$31.10
Expected volatility (weighted average volatility)	36.0%
Option life (expected weighted average life)	6.25 years
Expected dividends	1.6%
Risk-free interest rate (based on government bonds)	1.2%

The following inputs were used in the measurement of the fair value at grant date of the share-based payment for the additional special grant of 3,473,520 share options made on May 26, 2017:

Fair value at grant date	HK$9.83
Share price at grant date	HK$31.10
Exercise price	HK$31.10
Expected volatility (weighted average volatility)	36.0%
Option life (expected weighted average life)	7 years
Expected dividends	1.6%
Risk-free interest rate (based on government bonds)	1.2%

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

In total, share-based compensation expense of US$8.3 million and US$6.3 million was recognized in the consolidated income statements, with the offset in equity reserves, for the six months ended June 30, 2017 and June 30, 2016, respectively.

Particulars and movements of share options during the six months ended June 30, 2017 were as follows:

	Number of share options								
Name / category of grantee	As of January 1, 2017	Granted during the period	Exercised during the period[(1)]	Canceled / lapsed during the period	As of June 30, 2017	Date of grant	Exercise period	Exercise price per share (HK$)	Closing price immediately preceding the date of grant (HK$)
Directors									
Timothy Parker	1,821,615	—	—	—	1,821,615	January 7, 2014	January 7, 2015 - January 6, 2024	23.30	23.30
Timothy Parker	2,368,749	—	—	—	2,368,749	January 8, 2013	January 8, 2014 - January 7, 2023	17.36	16.90
Ramesh Tainwala	—	3,702,272	—	—	3,702,272	May 26, 2017	May 26, 2018 - May 25, 2027	31.10	30.45
Ramesh Tainwala	2,636,708	—	—	—	2,636,708	May 6, 2016	May 6, 2017 - May 5, 2026	24.91	24.00
Ramesh Tainwala	2,166,815	—	—	—	2,166,815	January 7, 2015	January 7, 2016 - January 6, 2025	23.31	23.30
Ramesh Tainwala	638,033	—	—	—	638,033	January 7, 2014	January 7, 2015 - January 6, 2024	23.30	23.30
Ramesh Tainwala	843,208	—	—	—	843,208	January 8, 2013	January 8, 2014 - January 7, 2023	17.36	16.90
Kyle Gendreau	—	952,676	—	—	952,676	May 26, 2017	May 26, 2018 - May 25, 2027	31.10	30.45
Kyle Gendreau	1,230,464	—	—	—	1,230,464	May 6, 2016	May 6, 2017 - May 5, 2026	24.91	24.00
Kyle Gendreau	866,726	—	—	—	866,726	January 7, 2015	January 7, 2016 - January 6, 2025	23.31	23.30
Kyle Gendreau	2,506,600	—	—	—	2,506,600	January 7, 2015	January 7, 2018 - January 6, 2025	23.31	23.30
Kyle Gendreau	589,543	—	—	—	589,543	January 7, 2014	January 7, 2015 - January 6, 2024	23.30	23.30
Kyle Gendreau	779,124	—	(779,124)	—	—	January 8, 2013	January 8, 2014 - January 7, 2023	17.36	16.90
Tom Korbas	714,182	—	—	—	714,182	January 7, 2015	January 7, 2016 - January 6, 2025	23.31	23.30
Tom Korbas	577,351	—	(145,000)	—	432,351	January 7, 2014	January 7, 2015 - January 6, 2024	23.30	23.30
Tom Korbas	202,588	—	(202,588)	—	—	January 8, 2013	January 8, 2014 - January 7, 2023	17.36	16.90
Total Directors	17,941,706	4,654,948	(1,126,712)	—	21,469,942				

Name / category of grantee	Number of share options: As of January 1, 2017	Granted during the period	Exercised during the period[1]	Canceled / lapsed during the period	As of June 30, 2017	Date of grant	Exercise period	Exercise price per share (HK$)	Closing price immediately preceding the date of grant (HK$)
Others									
Employees	—	3,473,520	—	—	3,473,520	May 26, 2017	May 26, 2020 - May 25, 2027	31.10	30.45
Employees	—	17,692,268	—	—	17,692,268	May 26, 2017	May 26, 2018 - May 25, 2027	31.10	30.45
Employee	99,972	—	—	—	99,972	June 16, 2016	June 16, 2017 - June 15, 2026	23.19	22.45
Employee	62,160	—	—	—	62,160	May 11, 2016	May 11, 2017 - May 10, 2026	24.23	24.05
Employees	4,190,013	—	—	—	4,190,013	May 6, 2016	May 6, 2017 - May 5, 2026	24.91	24.00
Employees	15,896,776	—	(479,482)	(318,708)	15,098,586	May 6, 2016	May 6, 2017 - May 5, 2026	24.91	24.00
Employees	10,988,955	—	(1,061,393)	(129,138)	9,798,424	January 7, 2015	January 7, 2016 - January 6, 2025	23.31	23.30
Employees	7,533,799	—	—	—	7,533,799	January 7, 2015	January 7, 2018 - January 6, 2025	23.31	23.30
Employees	114,158	—	—	—	114,158	August 31, 2015	August 31, 2016 - August 30, 2025	24.15	24.15
Employees	6,899,307	—	(1,121,796)	(90,430)	5,687,081	January 7, 2014	January 7, 2015 - January 6, 2024	23.30	23.30
Employee	257,566	—	—	—	257,566	May 29, 2014	May 29, 2015 - May 28, 2024	24.77	25.25
Employees	6,896,125	—	(2,878,021)	(53,714)	3,964,390	January 8, 2013	January 8, 2014 - January 7, 2023	17.36	16.90
Employee	108,522	—	—	—	108,522	July 1, 2013	July 1, 2014 - June 30, 2023	18.68	18.68
Total Employees	53,047,353	21,165,788	(5,540,692)	(591,990)	68,080,459				
Total	70,989,059	25,820,736	(6,667,404)	(591,990)	89,550,401				

Note
(1) The weighted average closing price of the shares immediately before the date of exercise by participants was HK$29.26.

Human Resources and Remuneration

As of June 30, 2017, the Group had approximately 12,500 employees worldwide. The Group regularly reviews remuneration and benefits of its employees according to the relevant market practice, employee performance and the financial performance of the Group.

Dividends and Distributions

The Company will evaluate its distribution policy and distributions made (by way of the Company’s ad hoc distributable reserve, dividends or otherwise) in any particular year in light of its financial position, the prevailing economic climate and expectations about the future macroeconomic environment and business performance. The Company intends to increase distributions to shareholders in line with its growth in earnings. The determination to make distributions will be made upon the recommendation of the Board and the approval of the Company’s shareholders and will be based upon the Group’s earnings, cash flow, financial condition, capital and other reserve requirements and any other conditions which the Board deems relevant. The payment of distributions may also be limited by legal restrictions and by the Term Loan Facilities or other financing agreements that the Group may enter into in the future.

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

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

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

During the six months ended June 30, 2017, the Company issued 6,667,404 ordinary shares at a weighted-average exercise price of HK$19.98 per share, or HK$133.2 million (equivalent to approximately US$23.8 million) in aggregate, in connection with the exercise of vested share options that were granted under the Company's Share Award Scheme. There were no other movements in the share capital of the Company during the first half of 2017.

Publication of Interim Results and Interim Report

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.samsonite.com). The interim report for the six months ended June 30, 2017 will be dispatched to the shareholders and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, August 24, 2017

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