Samsonite International S.A. Announces Results for the Three and Nine Month Periods Ended September 30, 2020

Results Continued to Show Sequential Improvement during the Third Quarter

HONG KONG, November 12, 2020 – Samsonite International S.A. (“Samsonite” or “the Company”, together with its consolidated subsidiaries, “the Group”; SEHK stock code: 1910), the world’s largest travel luggage company, today published its unaudited consolidated financial results for the three and nine month periods ended September 30, 2020.

Overview

Commenting on the results, Mr. Kyle Gendreau, Chief Executive Officer, said, “Samsonite’s performance continued to see sequential improvement during the third quarter of 2020 as markets around the world gradually emerged from lockdown. Our net sales in September 2020 decreased by 60.4%[1] year-on-year, compared to declines of 63.3%[1] in August and 69.8%[1] in July. This encouraging trend continues into the fourth quarter, with the year-on-year decline in the Group’s net sales improving to approximately 58%[1] during October 2020.”

For the three months ended September 30, 2020, the Group’s net sales improved to US$326.6 million from US$201.1 million in the second quarter. The year-on-year decline in net sales moderated to 64.7%[1] during the third quarter of 2020 compared to 77.9%[1] in the second quarter of 2020, with all regions recording improved net sales.

Mr. Gendreau remarked, “Management has continued to focus on driving cost reduction and cash conservation, including significant reductions in marketing and non-marketing SG&A expenses, a virtual freeze on capital expenditures, and disciplined management of product purchases and working capital. In total, we identified close to US$40 million of additional in-year fixed cost savings during the third quarter of 2020, and we now expect to achieve cash savings of over US$600 million in 2020, up from the approximately US$580 million expected at the end of the first half of 2020. These initiatives, along with our gradually improving sales performance, resulted in the Group’s Adjusted EBITDA[2] improving from US$(127.8) million for the second quarter of 2020 to US$(50.7) million during the third quarter of 2020, with Asia returning to positive Adjusted EBITDA during the third quarter. Our total cash burn[3] decreased to US$(67.7) million for the three months ended September 30, 2020 compared to US$(166.7) million for the second quarter of 2020.”

“Given the ongoing uncertainty around the course of the COVID-19 pandemic, we expect Samsonite’s performance to remain under pressure into early 2021. As such, we remain focused on identifying and implementing further cost reduction and cash conservation initiatives. Samsonite continued to maintain a

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

[2] 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. The Group believes these measures provide additional information that is useful in gaining a more complete understanding of its operational performance and of the underlying trends of its business.

[3] Total cash burn is calculated as the total increase (decrease) in cash and cash equivalents per the consolidated statements of cash flows less total cash flow attributable to (i) total loans and borrowings and (ii) deferred financing costs.

substantial liquidity position of US$1.5 billion[4] as of September 30, 2020, and we are confident of our ability to navigate the ongoing challenges from the COVID-19 pandemic. We are monitoring the situation closely, and we will continue to prioritize the health and safety of our employees and their families, as well as our customers and business partners."

Mr. Gendreau continued, "With increased consumer interest in sanitation and disinfection, we have launched new products that incorporate anti-bacterial technology to enhance protection on product surfaces, and our innovation teams are actively working with vendors on exciting new anti-viral technologies that we hope to be able to incorporate into our products in the future."

Mr. Gendreau concluded, "We remain focused on executing our long-term strategy to extend our market leadership and drive growth by leveraging Samsonite's century-plus heritage of innovation and developing new products that meet consumer needs. Following the successful launch of the Proxis™ hard-shell suitcase collection, we are unveiling another exciting new product, Samsonite's new Konnect-I backpack featuring Jacquard™ by Google that enables control of the wearer's smartphone with a simple hand gesture on the backpack's interactive strap. We believe that our continued commitment to innovation, along with steady execution of Samsonite's 'Our Responsible Journey' sustainability strategy, will strengthen the Group's long-term growth prospects."

[4] As of September 30, 2020, the Group had total liquidity of US$1,539.2 million, comprising cash and cash equivalents of US$1,510.9 million and US$28.3 million available to be borrowed on the Group's amended revolving credit facility.

Table 1: Key Financial Highlights for the Three Months Ended September 30, 2020

US$ millions, except per share data	Three months ended September 30, 2020	Three months ended September 30, 2019	Percentage increase (decrease) 2020 vs. 2019	Percentage increase (decrease) 2020 vs. 2019 excl. foreign currency effects[1]
Net sales	**326.6**	921.5	(64.6)%	(64.7)%
Operating profit (loss)[5]	**(80.5)**	104.9	*nm*	*nm*
Operating profit (loss) excluding non-cash impairment charges, restructuring charges and costs related to profit improvement initiatives[5, 6]	**(65.8)**	108.3	*nm*	*nm*
Profit (loss) attributable to the equity holders[5]	**(110.7)**	53.0	*nm*	*nm*
Adjusted Net Income (Loss)[7]	**(98.7)**	62.0	*nm*	*nm*
Adjusted EBITDA[2]	**(50.7)**	133.9	*nm*	*nm*
Adjusted EBITDA Margin[8]	**(15.5)%**	14.5%		
Basic and diluted earnings (loss) per share – US$ per share	**(0.077)**	0.037	*nm*	*nm*
Adjusted basic and diluted earnings (loss) per share[9] – US$ per share	**(0.069)**	0.043	*nm*	*nm*

nm – Not meaningful.

5 Results for the three months ended September 30, 2020 included US$5.6 million of total non-cash impairment charges (including US$1.3 million of non-cash impairment charges in cost of sales) recorded during the third quarter of 2020 primarily related to lease right-of-use assets at certain retail locations (the "3Q 2020 Impairment Charges"). Results also included total restructuring charges of US$9.0 million (including US$3.7 million of restructuring charges in cost of sales) recorded during the three months ended September 30, 2020 (the "3Q 2020 Restructuring Charges"). Results for the three months ended September 30, 2019 included US$2.5 million of total non-cash impairment charges recorded during the third quarter of 2019 related to lease right-of-use assets and property, plant and equipment at certain retail locations (the "3Q 2019 Impairment Charges"), as well as costs related to profit improvement initiatives totaling US$0.8 million.

6 Operating profit (loss) excluding total non-cash impairment charges, total restructuring charges and costs related to profit improvement initiatives is a non-IFRS measure and as calculated herein may not be comparable to similarly named measures used by other companies, and should not be considered comparable to operating profit (loss) for the period in the Group's consolidated income statements.

7 Adjusted Net Income (Loss), a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges, along with their respective tax effects, that impact the Group's reported profit (loss) 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.

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

9 Adjusted basic and diluted earnings (loss) per share, both non-IFRS measures, are calculated by dividing Adjusted Net Income (Loss) by the weighted average number of shares used in the basic and diluted earnings (loss) per share calculations, respectively.

Table 2: Key Financial Highlights for the Nine Months Ended September 30, 2020

US$ millions, except per share data	**Nine months ended September 30, 2020**	Nine months ended September 30, 2019	Percentage increase (decrease) 2020 vs. 2019	Percentage increase (decrease) 2020 vs. 2019 excl. foreign currency effects[1]
Net sales	**1,129.0**	2,677.2	(57.8)%	(57.3)%
Operating profit (loss)[10]	**(1,143.2)**	229.0	*nm*	*nm*
Operating profit (loss) excluding non-cash impairment charges, restructuring charges and costs related to profit improvement initiatives[10, 6]	**(222.8)**	271.9	*nm*	*nm*
Profit (loss) attributable to the equity holders[10]	**(1,084.5)**	102.2	*nm*	*nm*
Adjusted Net Income (Loss)[7]	**(271.8)**	159.0	*nm*	*nm*
Adjusted EBITDA[2]	**(173.6)**	347.4	*nm*	*nm*
Adjusted EBITDA Margin[8]	**(15.4)%**	13.0%		
Basic and diluted earnings (loss) per share – US$ per share	**(0.757)**	0.071	*nm*	*nm*
Adjusted basic and diluted earnings (loss) per share[9] – US$ per share	**(0.190)**	0.111	*nm*	*nm*

nm – Not meaningful.

[10] Results for the nine months ended September 30, 2020 included US$882.7 million of total non-cash impairment charges recorded during the first nine months of 2020 (including US$1.3 million of non-cash impairment charges in cost of sales), comprised of US$732.0 million related to goodwill and tradename intangible assets and US$150.7 million primarily related to lease right-of-use assets and property, plant and equipment at certain retail locations. Results also included total restructuring charges of US$37.8 million (including US$3.7 million of restructuring charges in cost of sales), recorded during the nine months ended September 30, 2020. Results for the nine months ended September 30, 2019 included US$32.2 million of total non-cash impairment charges recorded during the first nine months of 2019 related to lease right-of-use assets and property, plant and equipment at certain retail locations, as well as costs related to profit improvement initiatives totaling US$10.6 million.

The Group's performance for the three months ended September 30, 2020 is discussed in greater detail below.

For the Three Months Ended September 30, 2020

Net Sales

The COVID-19 pandemic and various government measures, including travel restrictions and mandatory lockdowns, resulted in a near-complete halt in travel and tourism as well as the temporary closure of most of the Group's wholesale and retail points-of-sale during the second quarter of 2020. This resulted in a sharp decline in the Group's net sales across all regions, brands and distribution channels. After declining by 80.9%[1] in April and 79.1%[1] in May, the Group's net sales trend began to recover in June, decreasing by 74.1%[1] year-on-year, and has continued to improve each month, with July, August and September recording year-on-year declines of 69.8%[1], 63.3%[1] and 60.4%[1], respectively. This encouraging trend continues into the fourth quarter of 2020, with the year-on-year decline in the Group's net sales further improving to approximately 58%[1] during October, though the pace of improvement has slowed due to a recent resurgence in COVID-19 cases in a number of markets in North America and Europe.

For the three months ended September 30, 2020, the Group's net sales improved to US$326.6 million from US$201.1 million in the second quarter of 2020. The year-on-year decline in net sales moderated to 64.7%[1] during the third quarter of 2020 compared to 77.9%[1] in the second quarter of 2020, with all regions recording improved net sales performance.

Net Sales Performance by Region

North America

For the three months ended September 30, 2020, the Group's net sales in North America improved to US$120.8 million (a year-on-year decrease of 64.3%[1]), compared to net sales of US$91.6 million (a year-on-year decrease of 74.0%[1]) recorded during the second quarter of 2020.

The Group's net sales in the U.S. and Canada recorded year-on-year decreases of 64.0% and 70.9%[1] during the three months ended September 30, 2020, compared to year-on-year decreases of 73.3% and 88.7%[1] during the second quarter of 2020, respectively.

Asia

For the three months ended September 30, 2020, the Group's net sales in Asia improved to US$122.9 million (a year-on-year decrease of 63.4%[1]) compared to net sales of US$79.9 million (a year-on-year decrease of 75.6%[1]) recorded during the second quarter of 2020.

All of the Group's major markets in the region continued to experience year-on-year net sales declines during the three months ended September 30, 2020, though most have noticeably improved from the lows recorded in the second quarter of 2020: India (-82.6%[1] versus -92.0%[1] in 2Q 2020), China (-47.2%[1] versus -60.7%[1] in 2Q 2020), Japan (-55.0%[1] versus -70.6%[1] in 2Q 2020), South Korea (-64.2%[1] versus -66.5%[1] in 2Q 2020) and Hong Kong[11] (-65.4%[1] versus -86.1%[1] in 2Q 2020).

The net sales trend in Asia has continued to improve in October 2020, with net sales decreasing by approximately 49%[1] year-on-year. China continued to lead the recovery, with net sales down by approximately 18%[1] year-on-year, while other key Asian markets also showed sustained improvement during October 2020: Japan

[11] Net sales reported for Hong Kong include net sales made domestically, net sales made in Macau as well as net sales to distributors in certain other Asian markets where the Group does not have a direct presence.

(approximately -44%[1]); India (approximately -53%[1]), South Korea (approximately -56%[1]) and Hong Kong (approximately -55%[1]).

Europe

For the three months ended September 30, 2020, the Group's net sales in Europe improved to US$74.2 million (a year-on-year decrease of 65.7%[1]) compared to net sales of US$27.4 million (a year-on-year decrease of 85.7%[1]) recorded during the second quarter of 2020.

Although all of the Group's major markets in Europe continued to record year-on-year net sales declines during the three months ended September 30, 2020, most have noticeably improved from the lows in the second quarter of 2020: the United Kingdom[12] (-88.0%[1] versus -97.7%[1] in 2Q 2020), Germany (-66.5%[1] versus -84.7%[1] in 2Q 2020), Italy (-58.2%[1] versus -81.7%[1] in 2Q 2020), Spain (-75.8%[1] versus -91.6%[1] in 2Q 2020), France (-60.6%[1] versus -92.1%[1] in 2Q 2020), and Russia (-50.3%[1] versus -87.6%[1] in 2Q 2020).

Latin America

For the three months ended September 30, 2020, the Group's net sales in Latin America improved to US$8.5 million (a year-on-year decrease of 74.2%[1]) compared to net sales of US$1.7 million (a year-on-year decrease of 94.3%[1]) recorded during the second quarter of 2020. The net sales trend in Latin America has continued to improve in October, which saw net sales decreasing by approximately 57%[1] year-on-year.

The Group's net sales in Mexico and Chile recorded year-on-year decreases of 80.4%[1] and 73.0%[1] during the three months ended September 30, 2020, compared to year-on-year decreases of 95.1%[1] and 93.7%[1] during the second quarter of 2020, respectively.

Table 3: Net Sales by Region

Region[13]	**Three months ended September 30, 2020 US$ millions**	Three months ended September 30, 2019 US$ millions	Percentage increase (decrease) 2020 vs. 2019	Percentage increase (decrease) 2020 vs. 2019 excl. foreign currency effects[1]
North America	**120.8**	338.8	(64.4)%	(64.3)%
Asia	**122.9**	333.1	(63.1)%	(63.4)%
Europe	**74.2**	210.8	(64.8)%	(65.7)%
Latin America	**8.5**	38.2	(77.8)%	(74.2)%

Net Sales Performance by Brand and Product Category

The brands within the Group's portfolio that are less travel focused, such as *Gregory* and *Speck*, have continued to perform better during the third quarter of 2020. In addition, net sales performance of the Group's core travel brands also improved noticeably from the lows in the second quarter of 2020: *Samsonite* (-67.6%[1] versus -79.4%[1] in 2Q 2020), *Tumi* (-62.1%[1] versus -80.6%[1] in 2Q 2020) and *American Tourister* (-72.5%[1] versus -81.8%[1] in 2Q 2020).

Overall, the travel product category recorded a year-on-year net sales decline of 74.6%[1] compared to a 50.4%[1] net sales decline for the non-travel product category[14] for the three months ended September 30, 2020.

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[12] Net sales reported for the United Kingdom include net sales made in Ireland.

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

[14] The non-travel category includes business, casual, accessories and other products.

Nevertheless, both product categories have seen net sales noticeably improve compared to the second quarter of 2020, which saw travel and non-travel net sales down by 83.9%[1] and 68.3%[1] year-on-year, respectively.

Table 4: Net Sales by Brand

Brand	**Three months ended September 30, 2020 US$ millions**	Three months ended September 30, 2019 US$ millions	Percentage increase (decrease) 2020 vs. 2019	Percentage increase (decrease) 2020 vs. 2019 excl. foreign currency effects[1]
Samsonite	**138.0**	422.1	(67.3)%	(67.6)%
Tumi	**69.7**	182.8	(61.9)%	(62.1)%
American Tourister	**46.9**	170.7	(72.5)%	(72.5)%
Speck	**33.3**	44.2	(24.7)%	(24.7)%
Gregory	**15.9**	18.0	(11.7)%	(13.0)%
High Sierra	**4.5**	14.9	(70.1)%	(70.2)%
Other[15]	**18.3**	68.8	(73.2)%	(73.0)%

Table 5: Net Sales by Product Category

Product Category	**Three months ended September 30, 2020 US$ millions**	Three months ended September 30, 2019 US$ millions	Percentage increase (decrease) 2020 vs. 2019	Percentage increase (decrease) 2020 vs. 2019 excl. foreign currency effects[1]
Travel	**139.2**	545.8	(74.5)%	(74.6)%
Non-travel[14]	**187.4**	375.7	(50.1)%	(50.4)%

Performance by Distribution Channel

The Group's direct-to-consumer ("DTC") e-commerce channel continued to perform better relative to its other channels, with third quarter 2020 net sales decreasing by 51.3%[1] to US$43.8 million (representing 13.4% of net sales) from US$89.6 million (representing 9.7% of net sales) for the same period in 2019.

During the three months ended September 30, 2020, net sales in the DTC retail channel decreased by 69.0%[1] year-on-year largely due to a 70.9% year-on-year decrease in constant currency same store retail net sales[16] because of temporary and permanent store closures resulting from the COVID-19 pandemic. For the three months ended September 30, 2020, the Group recorded constant currency same store net sales decreases of 83.6%, 56.6%, 64.1% and 73.9% in North America, Asia, Europe and Latin America, respectively. During the third quarter of 2020, the Group permanently closed 75 company-operated stores. This was partially offset by the addition of 29 stores, primarily in Asia (including the agreed takeover of 20 stores in India from a third party distributor as previously announced, along with two new stores each in China and Japan), plus a number of previously committed store openings that were delayed by the COVID-19 pandemic. This resulted in a net reduction of 46 company-operated stores during the third quarter of 2020, compared to 7 net new stores opened during the same period in 2019. The total number of company-operated retail stores was 1,199 as of September 30, 2020, compared to 1,294 as of December 31, 2019 and 1,285 as of September 30, 2019.

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

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

Overall, net sales in the DTC channel, which includes company-operated retail stores and DTC e-commerce, decreased by 64.4%[1] to US$121.9 million (representing 37.3% of net sales) for the three months ended September 30, 2020 from US$341.7 million (representing 37.1% of net sales) for the third quarter of 2019.

Net sales in the wholesale channel decreased by 65.0%[1] to US$204.4 million (representing 62.6% of net sales) during the third quarter of 2020 from US$579.1 million (representing 62.8% of net sales) for the same period in 2019. Wholesale net sales to e-retailers, which decreased by 51.0%[1] year-on-year during the third quarter of 2020, continued to perform better than traditional wholesale customers.

Table 6: Net Sales by Distribution Channel

Distribution Channel	**Three months ended September 30, 2020 US$ millions**	Three months ended September 30, 2019 US$ millions	Percentage increase (decrease) 2020 vs. 2019	Percentage increase (decrease) 2020 vs. 2019 excl. foreign currency effects[1]
Wholesale	**204.4**	579.1	(64.7)%	(65.0)%
DTC				
Retail	**78.1**	252.1	(69.0)%	(69.0)%
DTC e-commerce	**43.8**	89.6	(51.1)%	(51.3)%
Total DTC	**121.9**	341.7	(64.3)%	(64.4)%

Gross Profit

The Group's gross profit and gross profit margin improved to US$146.5 million and 44.9% for the three months ended September 30, 2020, compared to US$67.3 million and 33.5% during the second quarter of 2020.

On a year-on-year basis, the Group's third quarter 2020 gross profit, as reported, decreased by US$367.0 million, or 71.5%, from US$513.5 million for the same period in 2019, while the Group's third quarter 2020 gross profit margin, as reported, decreased to 44.9% from 55.7% for the same period in the previous year. The decrease was due to the negative impacts from the COVID-19 pandemic, including the decrease in net sales year-on-year, increased inventory reserves, the impact of fixed sourcing and manufacturing expenses on a lower net sales base, the inclusion of restructuring charges and non-cash impairment charges related to the sourcing and production of the Group's products of US$3.7 million and US$1.3 million, respectively, as well as a shift in sales mix. Excluding the impact of increased inventory reserves, the impact of fixed sourcing and manufacturing expenses on a lower net sales base, restructuring charges and non-cash impairment charges, the Group's gross profit margin, as adjusted, for the three months ended September 30, 2020 and 2019 would have been 54.9% and 58.0%, respectively.

Operating Profit (Loss)

The Group implemented and continues to identify and act on cost reduction initiatives across all regions and all areas of its business, including significant cuts in marketing, temporary and permanent headcount reductions, salary reductions and furloughs, temporary and permanent store closures, as well as cuts in discretionary expense items, to mitigate the impact of the COVID-19 pandemic and right-size the business for the future. For the three months ended September 30, 2020, the Group reduced its marketing spending by US$34.8 million, or 76.6%, to US$10.6 million and its non-marketing SG&A expenses[17] by US$149.5 million, or 41.6%, to US$209.9 million compared to same period in 2019.

[17] Non-marketing SG&A expenses comprise distribution expenses and general and administrative expenses.

The Group reported an operating loss of US$80.5 million for the three months ended September 30, 2020, compared to operating profit of US$104.9 million for the same period in the previous year. For the three months ended September 30, 2020, the Group incurred an operating loss of US$65.8 million when excluding the non-cash 3Q 2020 Impairment Charges[5] and 3Q 2020 Restructuring Charges[5], compared to an operating profit of US$108.3 million for the same period in the previous year when excluding the 3Q 2019 Impairment Charges[5] and the costs to implement profit improvement initiatives[5].

Net Finance Costs and Income Tax Expense (Benefit)

Net finance costs increased by US$3.9 million, or 14.9%, to US$30.2 million for the three months ended September 30, 2020 from US$26.3 million for the same period in 2019, primarily due to an increase in interest expense on loans and borrowings of US$13.0 million, partially offset by a decrease in redeemable non-controlling interest put option expenses of US$6.1 million and a decrease in net foreign exchange losses of US$2.2 million year-on-year.

The Group recorded income tax expense of US$6.8 million for the three months ended September 30, 2020 compared to income tax expense of US$21.2 million for the same period in 2019.

Profit (Loss) Attributable to Equity Holders

For the three months ended September 30, 2020, the Group recorded an adjusted loss attributable to the equity holders of US$98.7 million when excluding the non-cash 3Q 2020 Impairment Charges[5] and the 3Q 2020 Restructuring Charges[5], both of which are net of the related tax impact, compared to an adjusted profit attributable to the equity holders of US$56.1 million for the same period in the previous year when excluding the non-cash 3Q 2019 Impairment Charges[5] and the costs to implement profit improvement initiatives[5], both of which are net of the related tax impact. The Group reported a loss attributable to the equity holders of US$110.7 million for the three months ended September 30, 2020, compared to profit attributable to the equity holders of US$53.0 million for the same period in the previous year.

Adjusted EBITDA and Adjusted Net Income (Loss)

The year-on-year decline in net sales from the COVID-19 pandemic had a significant impact on the Group's profitability. Management took swift and decisive actions to cut costs, including permanent headcount reductions and store closures, as well as temporary actions consisting primarily of furloughs, temporary headcount reductions, eliminated bonuses, salary reductions, temporary rent reductions and other cutbacks, such as travel and entertainment and professional services. These actions are expected to result in cost savings in excess of US$300 million in 2020, and to have a positive annualized Adjusted EBITDA impact approaching US$200 million during 2021. The benefits from these initiatives, along with the gradually improving sales performance, resulted in the Group's Adjusted EBITDA improving to US$(50.7) million during the third quarter of 2020 from US$(127.8) million for the second quarter of 2020. On a year-on-year basis, the Group's Adjusted EBITDA decreased by US$184.7 million during the three months ended September 30, 2020 from US$133.9 million for the same period in 2019.

The Group recorded an Adjusted Net Loss of US$98.7 million for the three months ended September 30, 2020, a noticeable improvement compared to the Adjusted Net Loss of US$134.5 million recorded in the second quarter of 2020. In comparison, the Group recorded an Adjusted Net Income of US$62.0 million for the three months ended September 30, 2019. The Group continues to take meaningful actions to implement cost savings initiatives in an effort to improve profitability.

Balance Sheet and Cash Flows

The Group also implemented comprehensive measures to conserve cash, including a virtual freeze on capital expenditures, stringent management of product purchases and working capital, and the temporary suspension of the annual cash distribution to shareholders. The Group continued to focus on managing its working capital, particularly inventory, during the third quarter of 2020, resulting in a further reduction in the Group's inventories to US$527.3 million as of September 30, 2020, compared to US$575.5 million at the end of the first half of 2020 and US$587.3 million at the end of 2019. Net working capital as of September 30, 2020, at US$460.3 million, was US$30.1 million lower that at the end of the first half of 2020, and US$22.4 million lower than at year-end 2019.

The Group spent US$1.3 million[18] on capital expenditures (including software purchases) during the third quarter of 2020, US$13.8 million less compared to US$15.1 million[18] during the same period in the previous year, and a further reduction from the US$2.3 million spent during the second quarter of 2020. The Group has put a virtual freeze on all non-essential capital projects to significantly reduce capital expenditures for the remainder of 2020.

The Group used US$0.8 million of cash in operating activities during the three months ended September 30, 2020 compared to US$115.9 million of cash used in operating activities during the second quarter of 2020 and US$119.0 million of cash generated from operating activities for the three months ended September 30, 2019.

As of September 30, 2020, the Group had cash and cash equivalents of US$1,510.9 million and outstanding financial debt of US$3,227.3 million (excluding deferred financing costs of US$42.3 million), putting the Group in a net debt position of US$1,716.4 million compared to US$1,305.3 million as of December 31, 2019. Including US$28.3 million of revolver availability, the Group had liquidity of US$1,539.2 million as of September 30, 2020, well in excess of the US$500 million minimum liquidity required under the amended financial covenants of the Company's credit agreement[19].

2020 Third Quarter Results – Earnings Call for Analysts and Investors:

Date: Thursday, November 12, 2020

Time: 09:00 New York / 14:00 London / 22:00 Hong Kong

Webcast Link: http://webcast.live.wisdomir.com/samsonite_20q3/index_en.php

Dial-in Details:

http://www4.samsonite.com/_investordocs/20201102111654_E_Samsonite_3Q2020%20Results%20Date%20&%20Conference%20Call%20(2020-11-02).pdf

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[18] The Group spent US$0.4 million and US$0.9 million on capital expenditures and software purchases, respectively, during the three months ended September 30, 2020. In comparison, the Group spent US$11.0 million and US$4.1 million on capital expenditures and software purchases, respectively, during the third quarter of 2019.

[19] On March 16, 2020, the Company and certain of its direct and indirect wholly-owned subsidiaries entered into an amendment to the Group's credit agreement, which provided for an amended US$800.0 million senior secured term loan A facility and an amended revolving credit facility that was increased by US$200.0 million to US$850.0 million. On March 20, 2020, the Company borrowed US$810.3 million under its amended revolving credit facility to enhance the Company's cash position.

On April 29, 2020, the Group entered into an amendment to its credit agreement which suspends the requirement to comply with its net leverage ratio and interest coverage ratio covenants from the beginning of the second quarter of 2020 through the end of the second quarter of 2021 and provides more flexibility in the calculation of such covenants beginning with the third quarter of 2021 through the end of the first quarter of 2022.

On May 7, 2020, the Group closed on an additional term loan B facility with an aggregate principal amount of US$600.0 million.

About Samsonite

Samsonite International S.A. ("Samsonite" or the "Company", together with its consolidated subsidiaries, "the Group"), is the world's best-known and largest lifestyle bag and travel luggage company, with a heritage dating back 110 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*®, *Speck*®, *Gregory*®, *High Sierra*®, *Kamiliant*®, *eBags*®, *Xtrem*®, *Lipault*® and *Hartmann*® brand names as well as other owned and licensed brand names. The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("SEHK").

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Non-IFRS Measures

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

Forward-Looking Statements

This press release 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 (loss), Adjusted Net Income (Loss), Adjusted EBITDA, Adjusted EBITDA margin, cash flow, liquidity and capital resources, impairments, growth, strategies, plans, achievements, distributions, organizational structure, future store openings or closings, 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. These risks, uncertainties and other factors also include the potential effects of the COVID-19 pandemic on the Company's future financial and operational results, which could vary significantly depending on the duration and severity of the COVID-19 pandemic worldwide and the pace and extent of recovery following the COVID-19 pandemic.

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. Among the factors that could cause actual results to differ materially are: the effect of worldwide economic conditions; the length and severity of the COVID-19 pandemic; lower levels of consumer spending resulting from COVID-19; a general economic downturn or generally reduced consumer spending, including as a result of COVID-19; the pace and extent of recovery following COVID-19; significant changes in consumer spending patterns or preferences; interruptions or delays in the supply of key components; the performance of our products within the prevailing retail environment; financial difficulties encountered by customers and related bankruptcy and collection issues; and risks related to the success of our restructuring programs. Given the inherent uncertainty about the future impacts of COVID-19, it is not possible for the Company to reliably predict the extent to which its business, results of operations, financial condition or liquidity will ultimately be impacted. (A further discussion about the impact of the COVID-19 pandemic in 2020 is disclosed in the Management Discussion and Analysis - Impact of COVID-19 section of the Company's third quarter 2020 financial and business review).

Forward-looking statements speak only as of the date on which they are made. The Company's shareholders, potential investors and other interested parties should not place undue reliance on these forward-looking statements. Subject to the requirements of applicable laws, rules and regulations, the Group does not have any and undertakes no obligation to update or otherwise revise the forward-looking statements in this press release, whether as a result of new information, future events or developments or otherwise. In this press release, statements of or references to the Group's intentions are made as of the date of this press release. Any such intentions may change in light of future developments. All forward-looking statements contained in this press release are qualified by reference to the cautionary statements set out above.

Rounding

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