

Samsonite



# 2017 Third Quarter Results

November 13, 2017



# Disclosure Statement

---

This presentation and the accompanying slides (the “Presentation”) which have been prepared by Samsonite International S.A. (“Samsonite” or the “Company”) do not constitute any offer or invitation to purchase or subscribe for any securities, and shall not form the basis for or be relied on in connection with any contract or binding commitment whatsoever. This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, on the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all-inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of or any omission from this Presentation is expressly excluded.

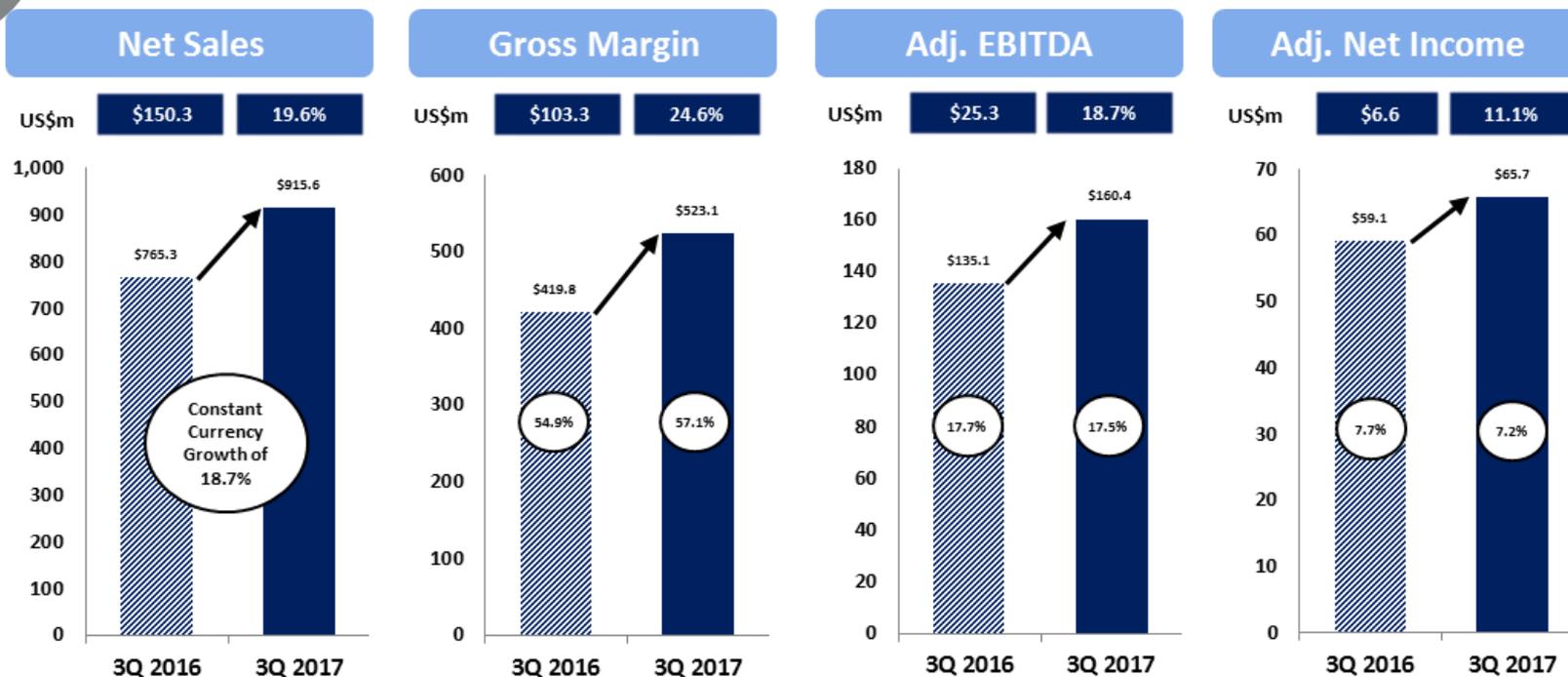
Certain matters discussed in this Presentation may contain statements regarding the Company’s market opportunity and business prospects that are individually and collectively forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. The Company’s actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this Presentation, including, amongst others: whether the Company can successfully penetrate new markets and the degree to which the Company gains traction in these new markets; the sustainability of recent growth rates; the anticipation of the growth of certain market segments; the positioning of the Company’s products in those segments; the competitive environment; general market conditions and potential impacts on reported results of foreign currency fluctuations relative to the U.S. Dollar. The Company is not responsible for any forward-looking statements and projections made by third parties included in this Presentation.



---

# 3<sup>rd</sup> Quarter Results

# 3<sup>rd</sup> Quarter 2017 Results Highlights



Net sales growth of 18.7%<sup>(1)</sup> with net sales growth in Tumi operations of 15.7%<sup>(1)(2)</sup> (excluding incremental sales of US\$54.1 million from July 2017) and net sales growth excluding Tumi operations of 11.0%<sup>(1)</sup> (4.9%<sup>(1)</sup> excluding contribution from eBags).

Gross margin was up 220bp from 3Q 2016 largely due to 580bp increase in Tumi operations gross margin. Excluding Tumi operations, gross margin increased by 90bp mainly due to a higher proportion of net sales coming from direct-to-consumer channels.

Adjusted EBITDA margin decreased by 20bp due largely to increased advertising as a percentage of net sales. Excluding the 120bp increase in advertising as a percentage of net sales, EBITDA margin increased by 100bp.

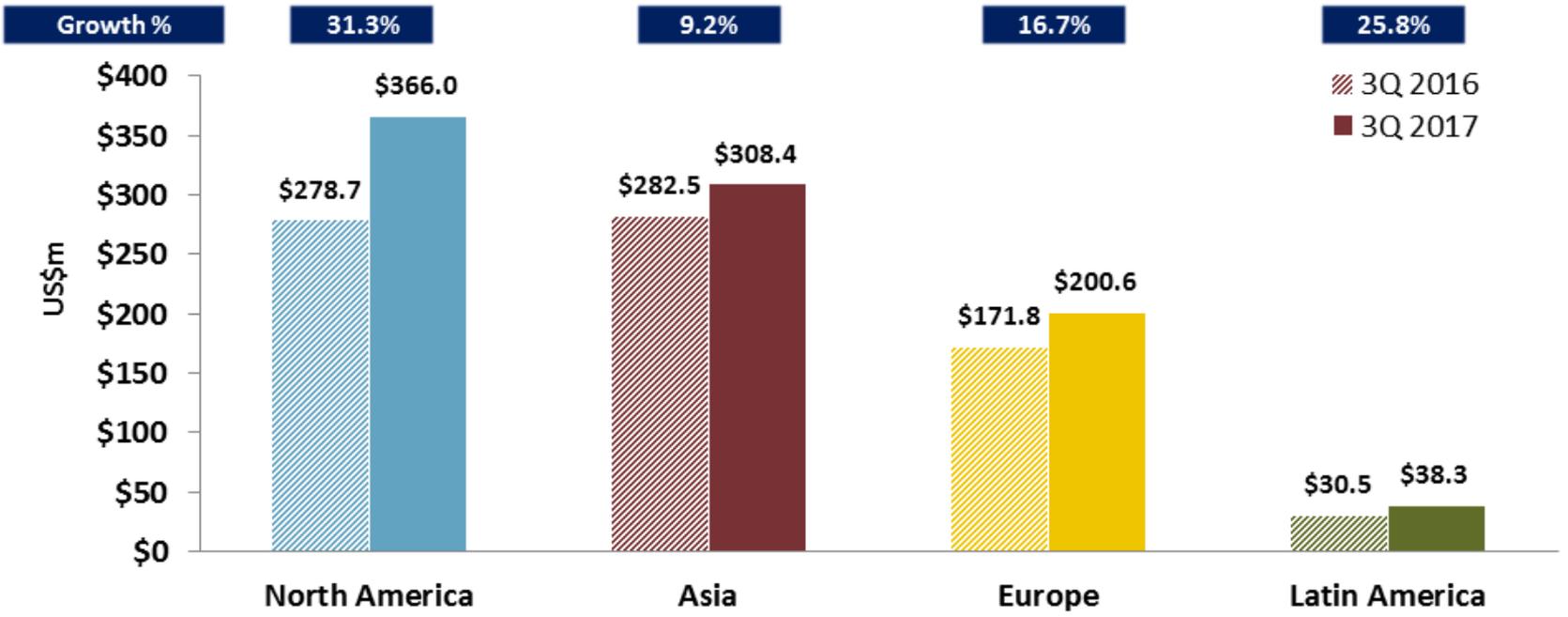
Adjusted Net Income increased by 11.1% despite an extra month of interest expense related to the acquisition of Tumi, as well as the increase in marketing expenses.

(1) Stated on a constant currency basis.  
 (2) Tumi growth for the August and September period.

○ Indicates % of net sales



# 3<sup>rd</sup> Quarter Net Sales by Region



Constant Currency Growth	31.1%	10.1%	11.8%	22.4%
--------------------------	-------	-------	-------	-------

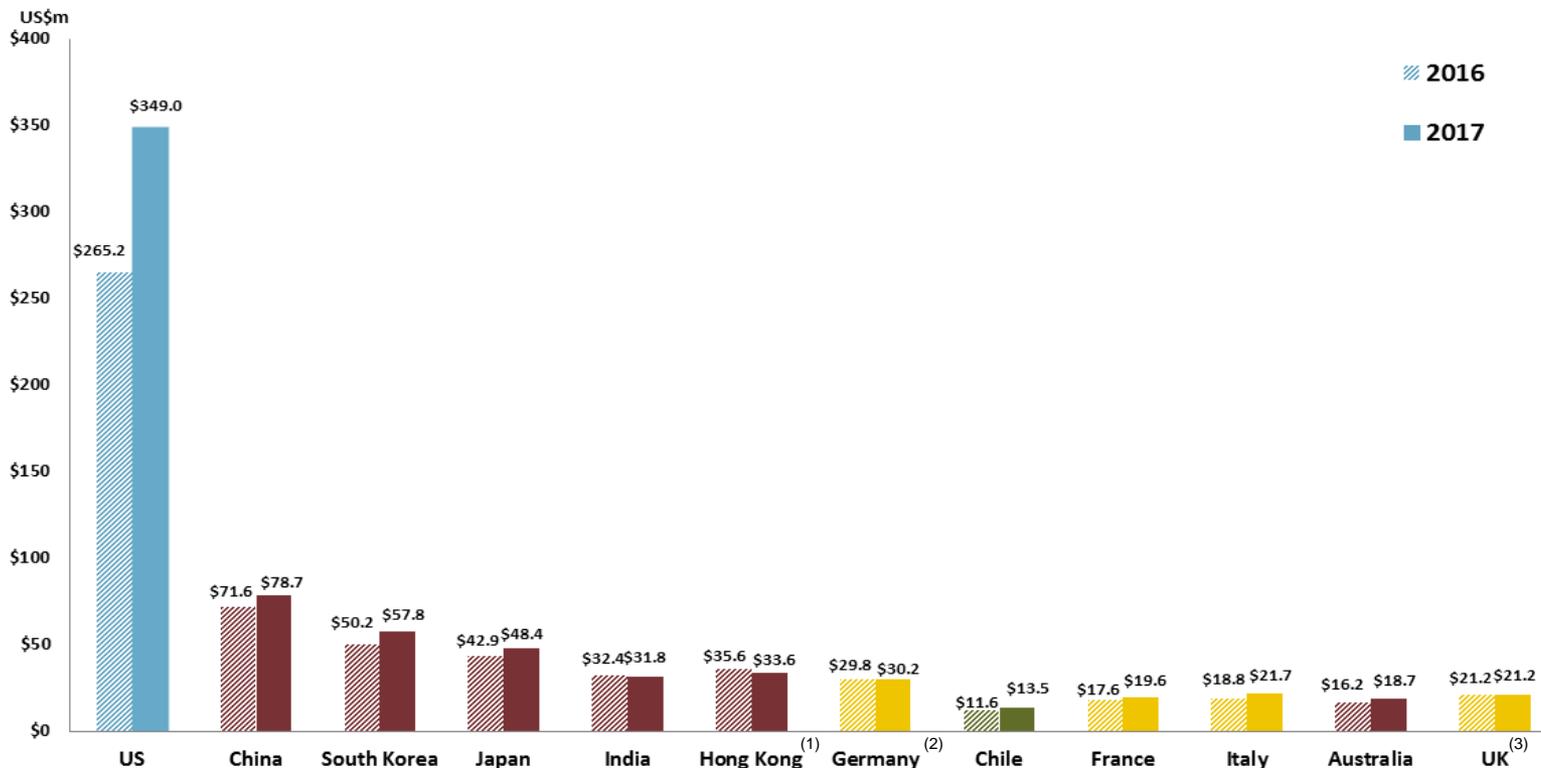
Constant Currency Growth excl. Tumi	21.7%	3.3%	6.8%	22.4%
-------------------------------------	-------	------	------	-------

3.1% excluding contribution from eBags

8.3% excluding Hong Kong, South Korea and India



# 3<sup>rd</sup> Quarter Net Sales by Key Market



	US	China	South Korea	Japan	India	Hong Kong <sup>(1)</sup>	Germany <sup>(2)</sup>	Chile	France	Italy	Australia	UK <sup>(3)</sup>
USD Growth	31.6%	10.0%	15.2%	12.7%	-1.9%	-5.7%	1.1%	15.9%	11.5%	15.6%	15.3%	-0.2%
Constant Currency Growth	31.6%	10.4%	16.3%	21.8%	-5.6%	-5.3%	-4.3%	12.2%	5.8%	9.7%	10.2%	0.1%
CC Growth excluding Tumi	22.6%	5.8%	-2.6%	12.4%	-5.6%	-8.1%	3.9%	12.2%	0.5%	8.3%	10.2%	-8.3%

(1) Hong Kong includes Macau and sales to *Tumi* distributors in certain Asian countries.

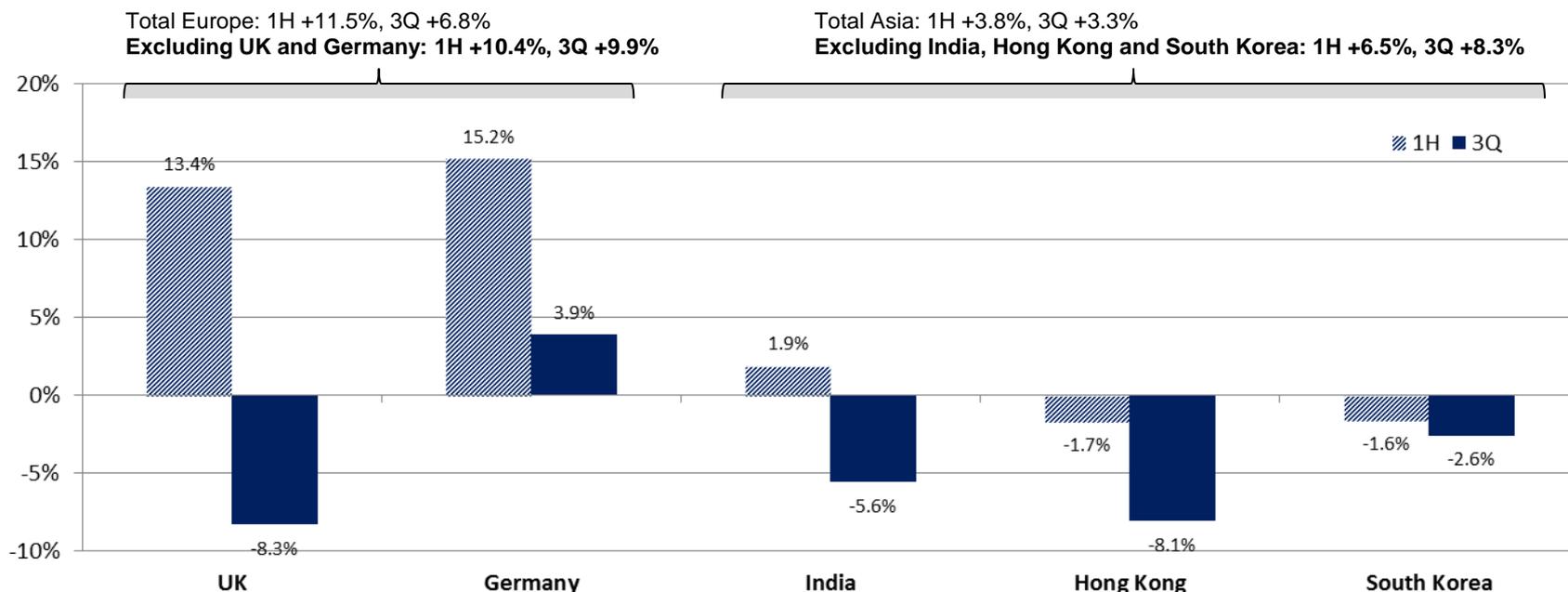
(2) Net sales in Germany included all wholesale and ecommerce sales of the *Tumi* brand for the Europe region until April 30, 2017. Beginning on May 1, 2017, *Tumi* brand sales through the wholesale channel in Europe are no longer accounted for in Germany.

(3) UK includes Ireland.



# Net sales growth<sup>(1)</sup> slipped slightly in 3Q due to a few challenged markets

## 3Q vs. 1H Net Sales Growth Rates



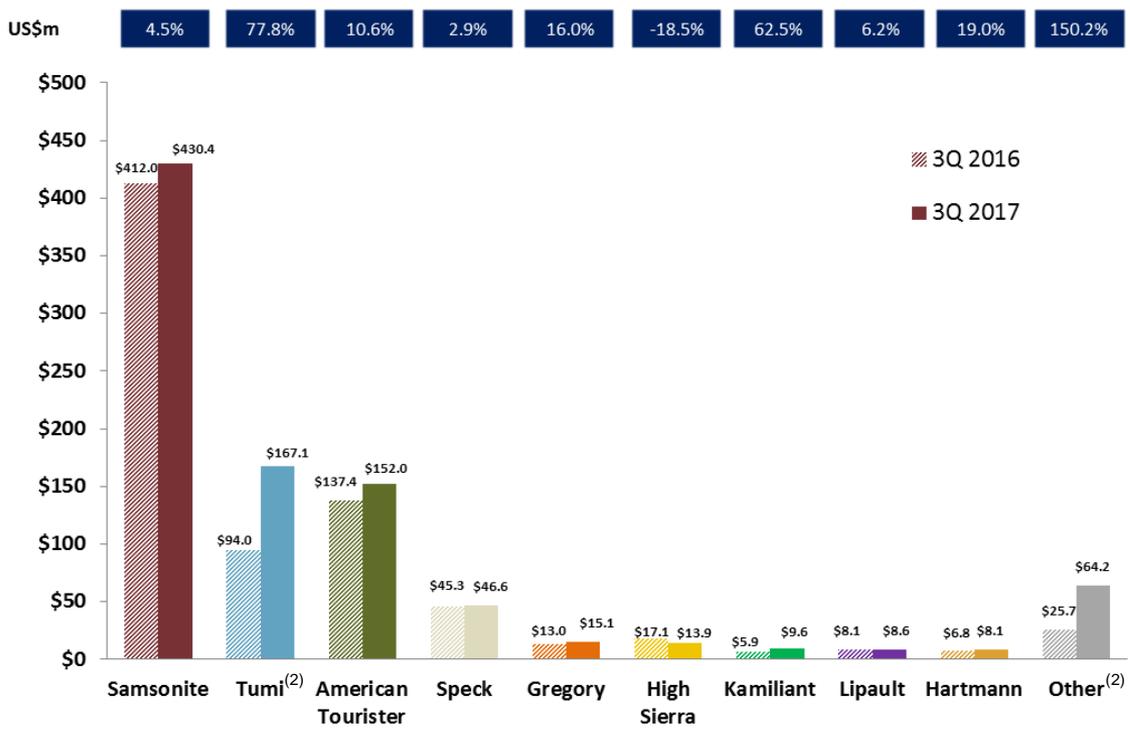
- 🔗 **UK:** 3Q net sales growth rate slowed compared to first half due mainly to negative consumer sentiment related to uncertainties surrounding Brexit.
- 🔗 **Germany:** 3Q net sales growth rate was down from first half levels due mainly to a one-time B2B sale in 3Q 2016 not repeated this year. Excluding the 3Q 2016 B2B sale, 3Q 2017 growth was 17.5%.
- 🔗 **India:** The government-imposed GST regulations implemented in July 2017 had a negative short-term impact on net sales beginning in 3Q as pricing discounts were offered to partially offset increased GST to customers.
- 🔗 **Hong Kong:** The retail environment continued to be challenged in Hong Kong and Macau due to lower Chinese tourism.
- 🔗 **South Korea:** The retail environment has become further challenged due to lower Chinese tourism amidst geopolitical tensions with North Korea.

(1) Stated on a constant currency basis, excluding Tumi operations.



# 3<sup>rd</sup> Quarter Net Sales by Brand

## Net Sales Growth by Brand



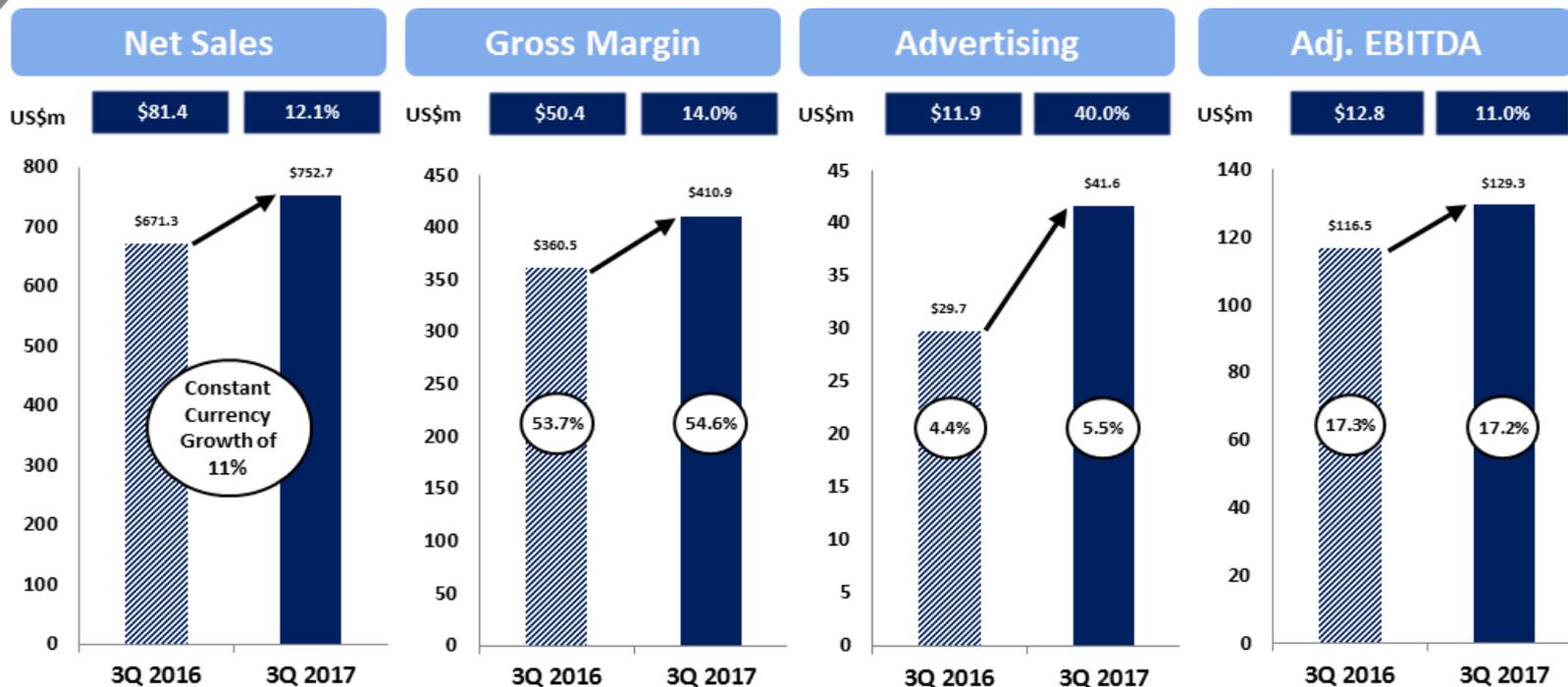
- Continued growth in *Samsonite* with net sales up 3.3%<sup>(1)</sup>.
- Tumi* net sales of US\$167.1 million included incremental sales of US\$55.5 million<sup>(3)</sup> from an extra month of Tumi in 3Q 2017 as well as strong year-over-year sales growth in August and September of 18.5%<sup>(1)</sup>.
- American Tourister* net sales up 9.3%<sup>(1)</sup> as the brand continued to further penetrate into Europe, North America and Latin America markets.
- Speck* net sales growth of 2.9%<sup>(1)</sup> with stronger growth anticipated for 4Q 2017 in conjunction with a certain device launch.
- Gregory* brand showed strong growth across the three regions where it is sold (North America, Asia and Europe).
- Net sales of the *High Sierra* brand were down from prior year as certain markets outside of the U.S. have focused on driving backpack sales under other brand names.
- Net sales of *Kamiliant*, the youthful entry level value brand, were up 61.5%<sup>(1)</sup>, almost entirely sold in Asia.
- Lipault* sales up 4.0%<sup>(1)</sup> year over year driven by expansion in Asia.
- Hartmann* net sales were up strongly in 3Q 2017 due mainly to timing of orders shifted out from the first half.
- Constant currency growth of 147.4% in Other brands was driven mainly by the addition of eBags, with a large portion of its sales coming from 3<sup>rd</sup> party brands and its own brand. Net sales of the *Saxoline* and *Xtrem* brands in Latin America also performed very well in the quarter.

Constant Currency Growth	3.3%	77.7	9.3%	2.9%	19.7%	-18.9%	61.5%	4.0%	19.6%	147.4%
--------------------------	------	------	------	------	-------	--------	-------	------	-------	--------

(1) Stated on a constant currency basis.  
 (2) 3Q 2017 includes US\$4.5 million of *Tumi* brand net sales made through Rolling Luggage and other Samsonite multi-brand stores and e-commerce sites, compared to US\$1.9 million sold through Rolling Luggage and other Samsonite multi-brand stores in 3Q 2016, which had been classified under "Other" brands in 3Q 2016.  
 (3) July 2017 sales of the *Tumi* brand includes US\$1.4 million of Tumi product sold through Rolling Luggage and other Samsonite multi-brand stores as well as eBags.



# 3<sup>rd</sup> Quarter 2017 Results Highlights Excluding Tumi Operations Results



Constant currency net sales growth of 11.0% with North America +21.7%, Europe +6.8%, Asia +3.3% and Latin America +22.4%. Excluding the contribution from eBags, constant currency growth in North America was 3.1%, and for total company was 4.9%.

Gross margin was up 90bp from 3Q 2016 largely due to a higher proportion of net sales coming from direct-to-consumer channels as well as the positive impact of currency on product cost, particularly in Europe, and slightly lower freight-in costs.

Advertising spend as a percentage of sales was up 110bp from 3Q 2016 due partly to the addition of eBags, with advertising spend of US\$5.6 million. Excluding eBags, advertising spend increased by 21.0%.

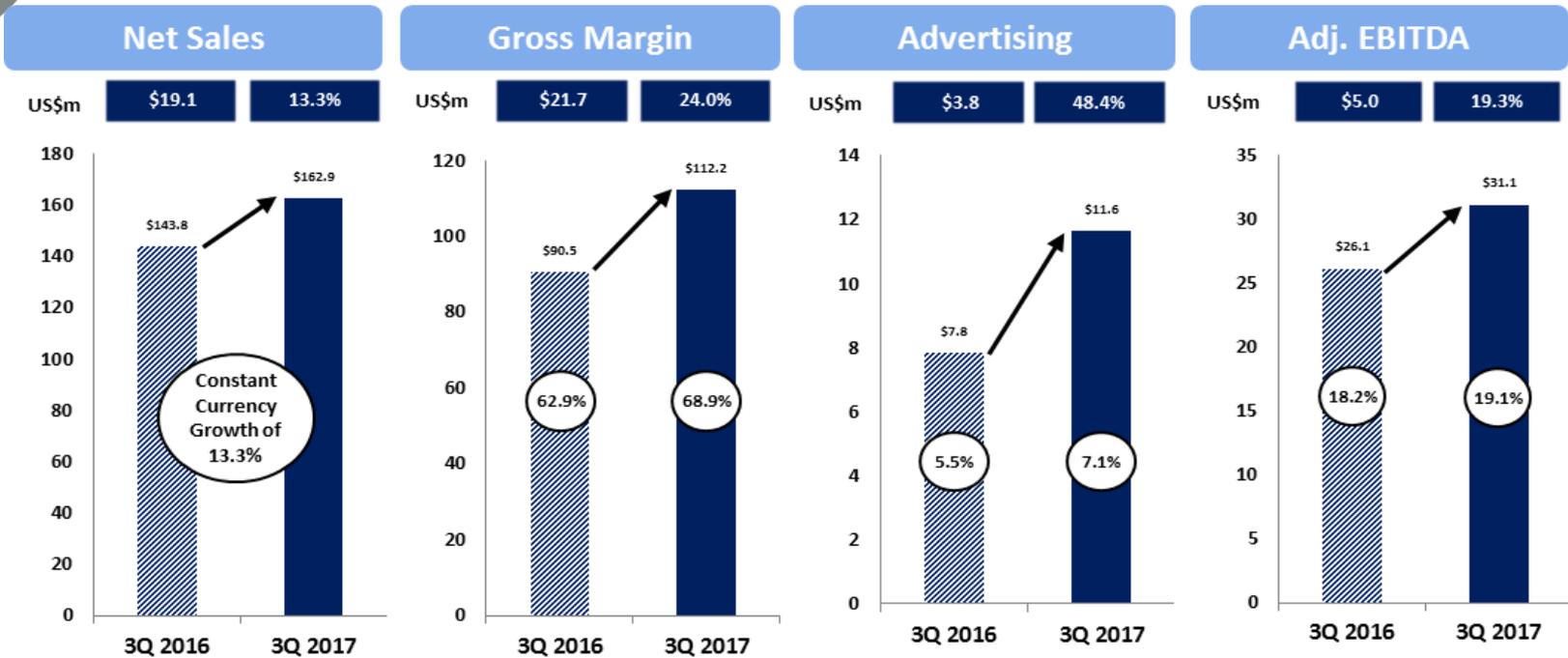
Adjusted EBITDA margin decreased by 10bp due largely to increased advertising as a percentage of net sales. Excluding the 110bp increase in total company advertising as a percentage of net sales, EBITDA margin increased by 100bp.

○ Indicates % of net sales



# 3<sup>rd</sup> Quarter 2017 Results Highlights

## Pro-forma Tumi Operations Results\*



Constant currency net sales growth of 13.3% included the positive impact of assuming direct control of distribution in Asian markets. Excluding the positive impact of assuming direct control of Asia markets, constant currency net sales growth was approximately 8.0% with North America +8.7%, Europe +14.0% and Asia +2.7%.

Gross margin was up 600bp from 3Q 2016 largely due less promotional activity in retail stores and Tumi.com, sourcing synergies beginning to be realized and slightly lower freight-in costs. Assuming direct control of distribution in Asian markets also had a positive impact on gross margin.

Advertising spend as a percentage of sales was up 160bp from 3Q 2016 in order to accelerate sales growth in the U.S. and expand brand awareness in Europe and Asia.

Adjusted EBITDA margin increased by 90bp even with higher advertising spend as a percentage of sales due to higher gross margin, partially offset by higher selling expenses associated with taking direct control of markets that were previously serviced through distributors.

○ Indicates % of net sales

\* Comparative figures for Tumi's pre-acquisition 2016 period are based on Tumi's internal management reporting, adjusted as necessary to align with 2017 financial reporting. Europe's pre-acquisition sales in 2016 are adjusted to exclude sales to Samsonite's multi-brand retail stores in order to be comparable to 2017.

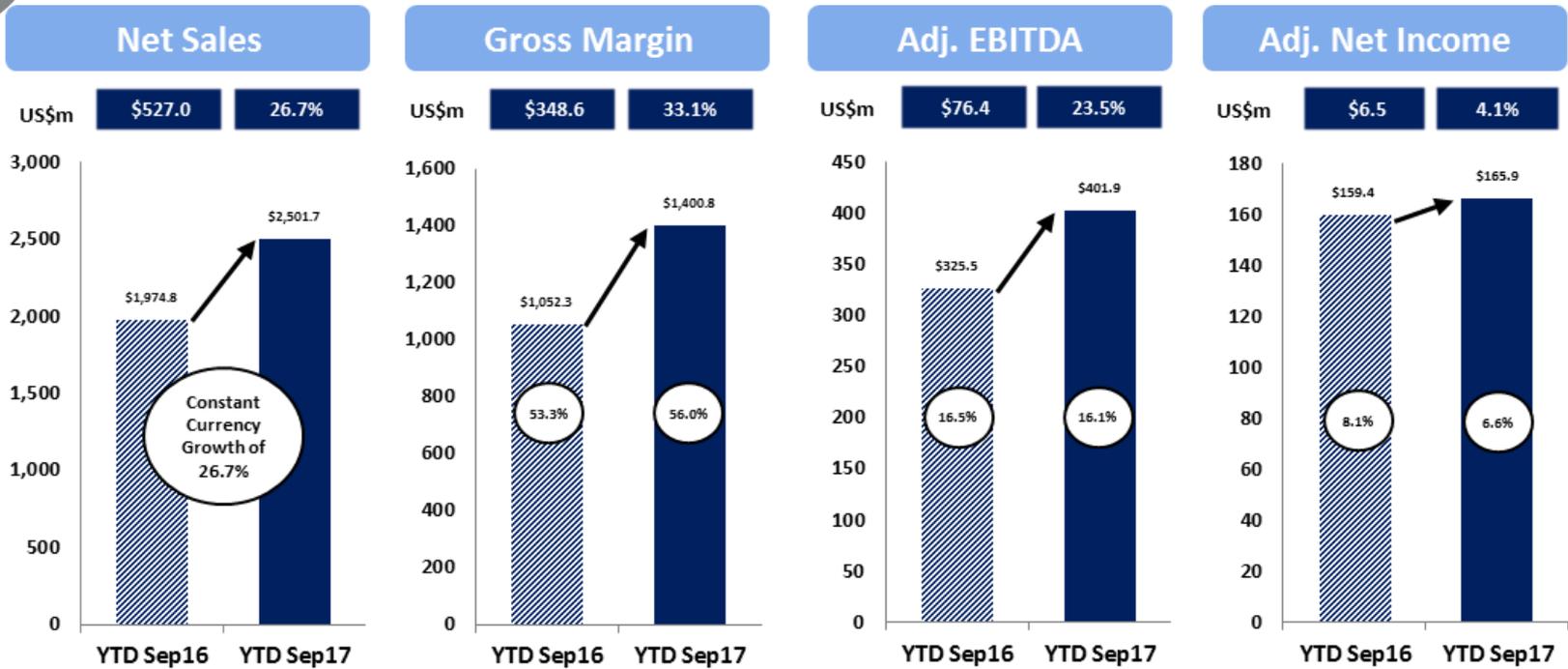


---

# YTD September Results



# YTD September 2017 Results Highlights

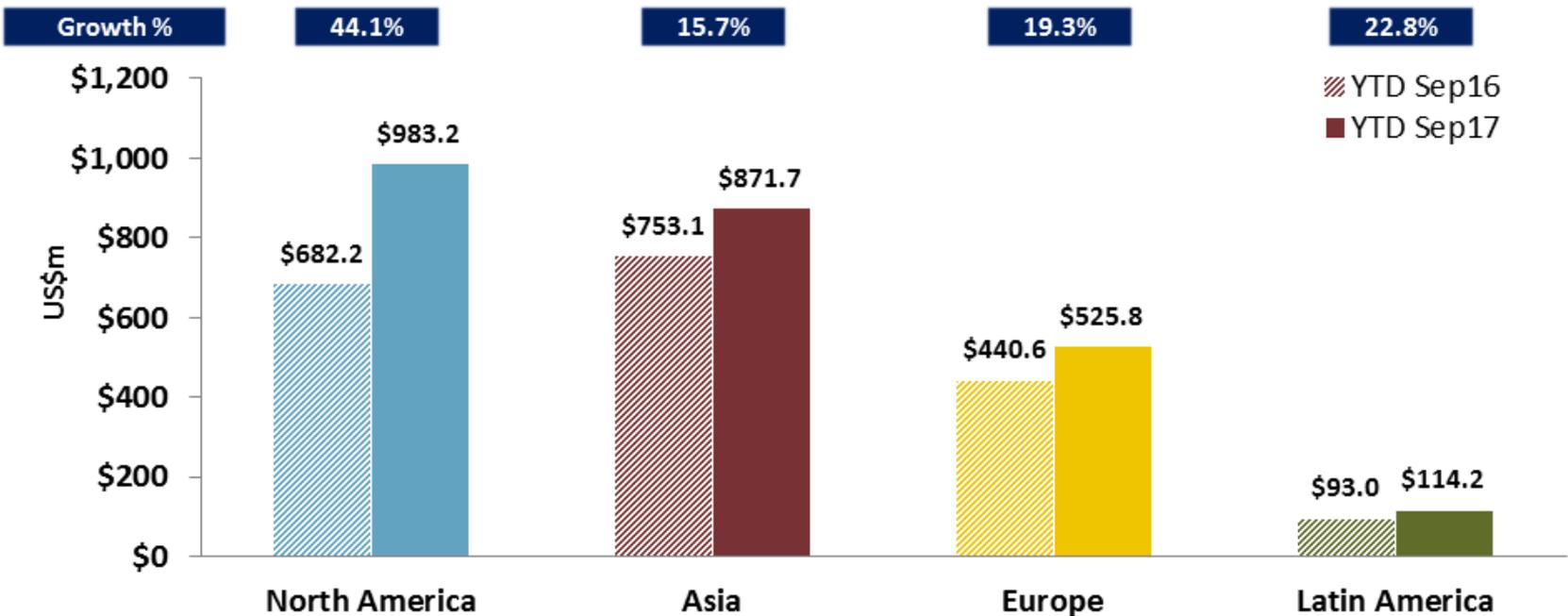


- Constant currency net sales growth of 26.7% was driven largely by incremental Tumi sales of US\$346.6 million from January through July of 2017, and sales from the addition of eBags. Constant currency sales growth in Tumi operations for August and September was 15.7%. Excluding Tumi and the contribution from eBags, constant currency net sales growth was 5.5%.
- Gross margin was up 270bp from prior year largely due to an extra seven months of Tumi in 2017 as well as increased gross margin in the Tumi business year-over-year. Excluding Tumi, gross margin increased by 100bp mainly due to a higher proportion of net sales coming from direct-to-consumer channels.
- Adjusted EBITDA margin decreased by 40bp due largely to a 100bp increase in advertising as a percentage of net sales and higher selling expenses as a percentage of net sales associated with expanding direct-to-consumer channel distribution, partly offset by higher gross margins.
- Adjusted Net Income increased by 4.1% despite seven additional months of interest expense associated with financing the Tumi acquisition.

○ Indicates % of net sales



# YTD September Net Sales by Region



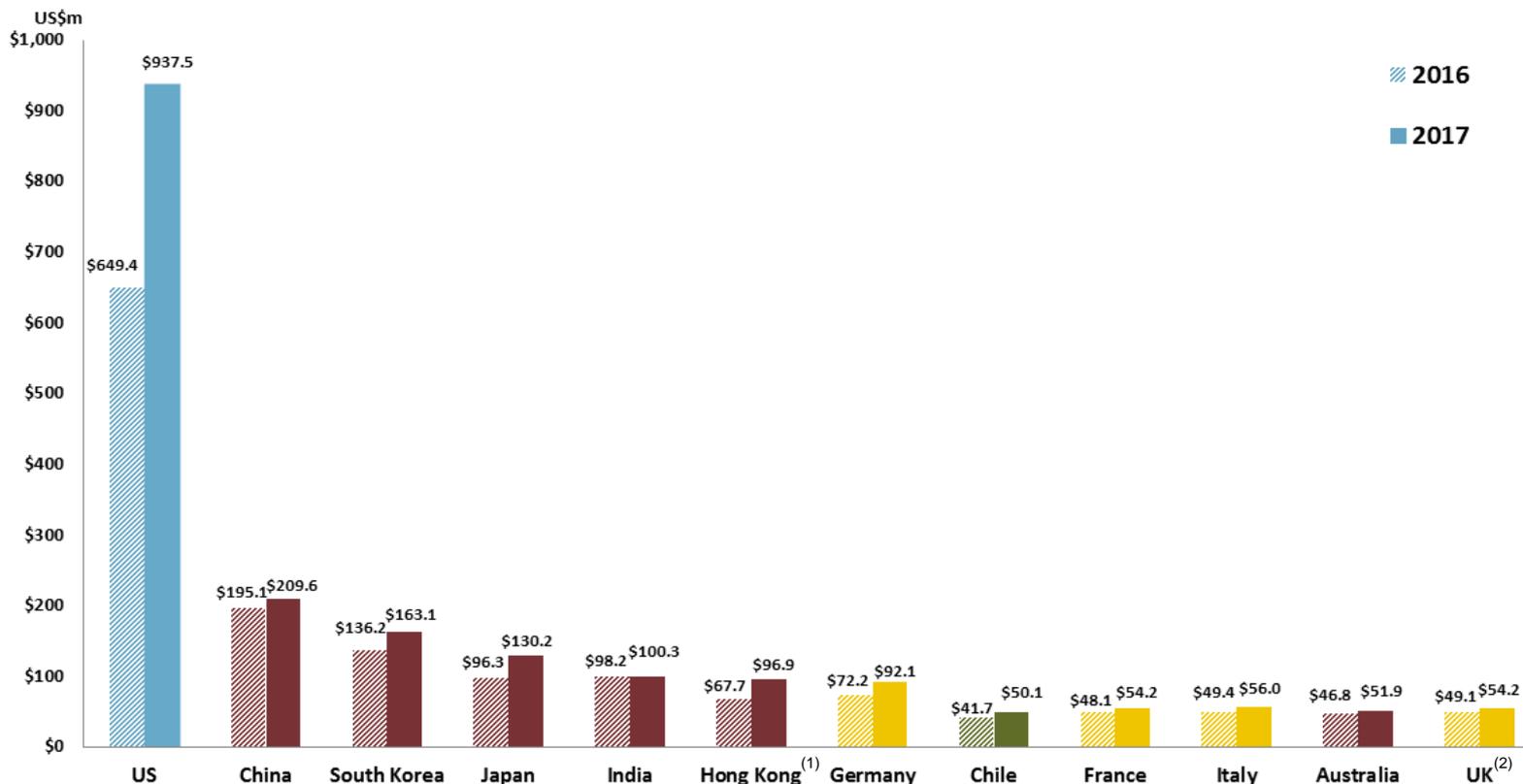
Constant Currency Growth	44.1%	16.2%	19.2%	20.4%
--------------------------	-------	-------	-------	-------

Constant Currency Growth excl. Tumi	12.4%	3.6%	9.7%	20.4%
-------------------------------------	-------	------	------	-------

2.7% excluding contribution from eBags



# YTD September Net Sales by Key Market



	US	China	South Korea	Japan	India	Hong Kong <sup>(1)</sup>	Germany	Chile	France	Italy	Australia	UK <sup>(2)</sup>
USD Growth	44.4%	7.4%	19.8%	35.2%	2.1%	43.0%	27.6%	20.0%	12.8%	13.3%	10.9%	10.4%
Constant Currency Growth	44.4%	10.9%	17.5%	39.3%	-0.6%	43.2%	27.4%	14.6%	12.2%	12.7%	7.3%	18.6%
CC Growth excluding Tumi	12.6%	7.7%	-2.0%	12.7%	-0.6%	-4.0%	11.1%	14.6%	3.0%	9.3%	7.3%	4.5%

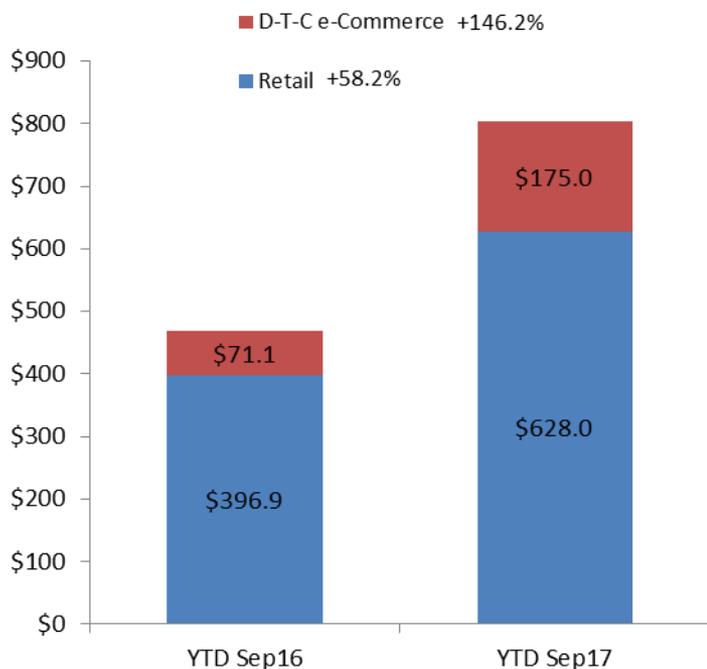
(1) Hong Kong includes Macau and sales to Tumi distributors in certain Asian countries.

(2) UK includes Ireland.



# Continued progress in driving direct-to-consumer sales growth

## Direct-to-Consumer Net Sales



Direct-to-consumer net sales growth of 70.8%<sup>(1)</sup> was driven largely by the full year positive impact of Tumi and contribution from eBags, as well as strong growth of 11.9%<sup>(1)</sup> excluding the impact of Tumi and eBags. 32.1% of total net sales came from direct-to-consumer channels in YTD September 2017, compared to 23.7% in YTD September 2016.

Retail net sales growth of 57.4%<sup>(1)</sup> (9.3%<sup>(1)</sup> excluding impact of Tumi) drove Retail's proportion of total net sales from 20.1% in YTD September 2016 to 25.1% in YTD September 2017.

Direct-to-consumer e-commerce net sales as a proportion of total net sales has nearly doubled from 3.6% in YTD September 2016 to 7.0% in YTD September 2017, largely due to the addition of eBags and full year impact of Tumi. Strong growth of 20.5%<sup>(1)</sup> excluding the impact of Tumi and eBags.

Total e-commerce<sup>(2)</sup> represented 12.1% of total net sales for the YTD September 2017 period, compared to 8.6% for the same period in 2016.

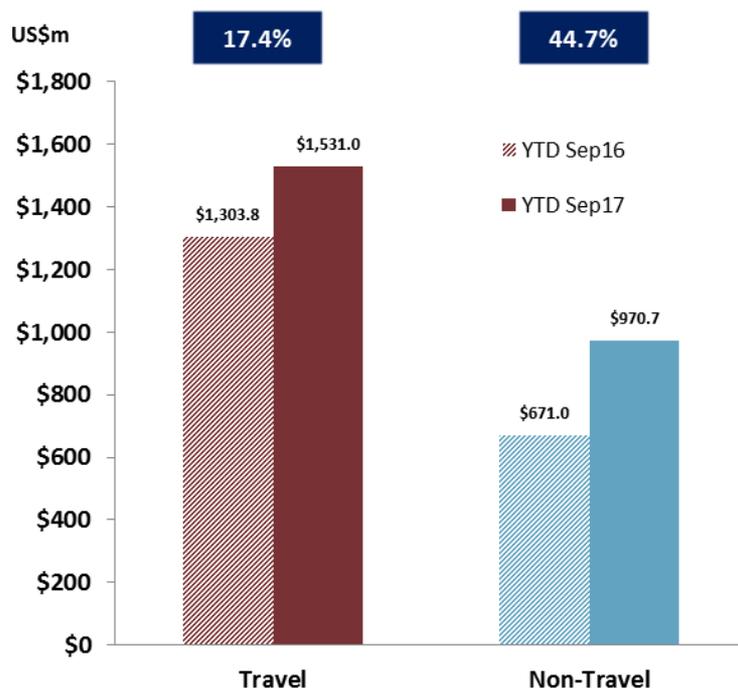
(1) Stated on a constant currency basis.

(2) Total e-commerce consists of direct-to-consumer e-commerce, which is included in the direct-to-consumer channel, and e-retailers, which is included in the wholesale channel.



# Continued progress in driving sales growth in non-travel categories

Net Sales by Category

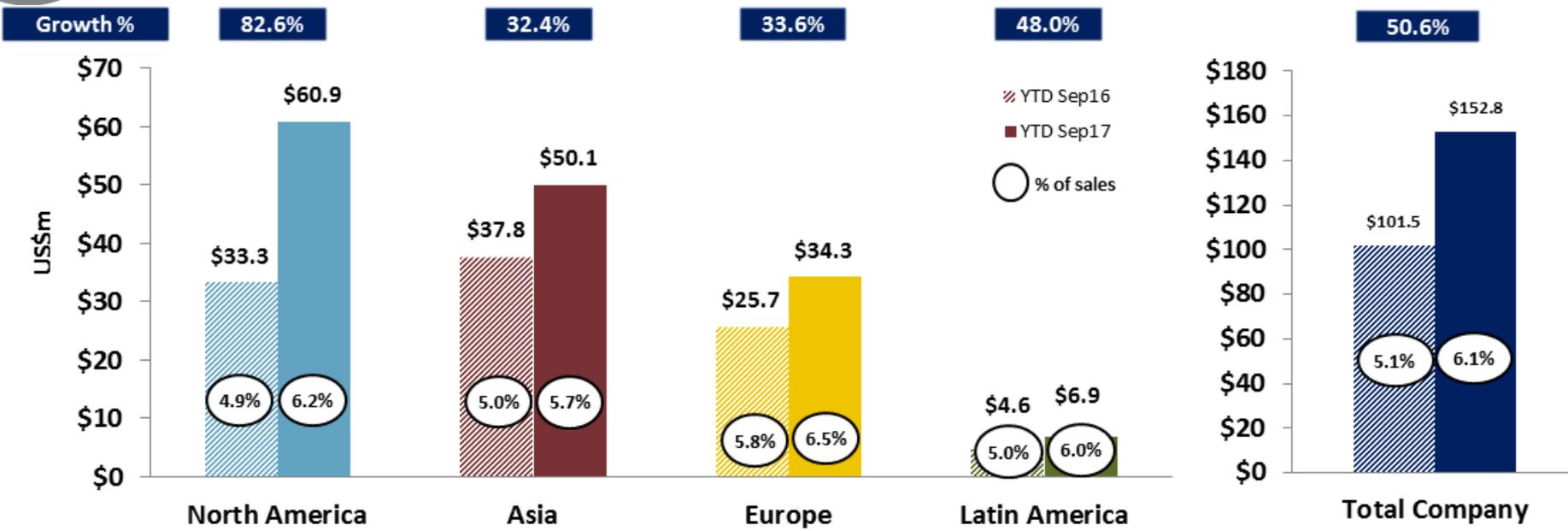


- Non-travel category net sales growth of 44.5%<sup>(1)</sup> was driven largely by the full year impact of Tumi and contribution from eBags. Excluding the impact of Tumi and eBags, net sales growth was 5.3%<sup>(1)</sup>.
- Non-Travel net sales represented 38.8% of total YTD September 2017 net sales, compared to 34.0% of total YTD September 2016 net sales.

(1) Stated on a constant currency basis.



# YTD September Advertising by Region



North America advertising included 5 additional months of eBags (US\$8.2m) and 7 additional months of Tumi (US\$13.2m).

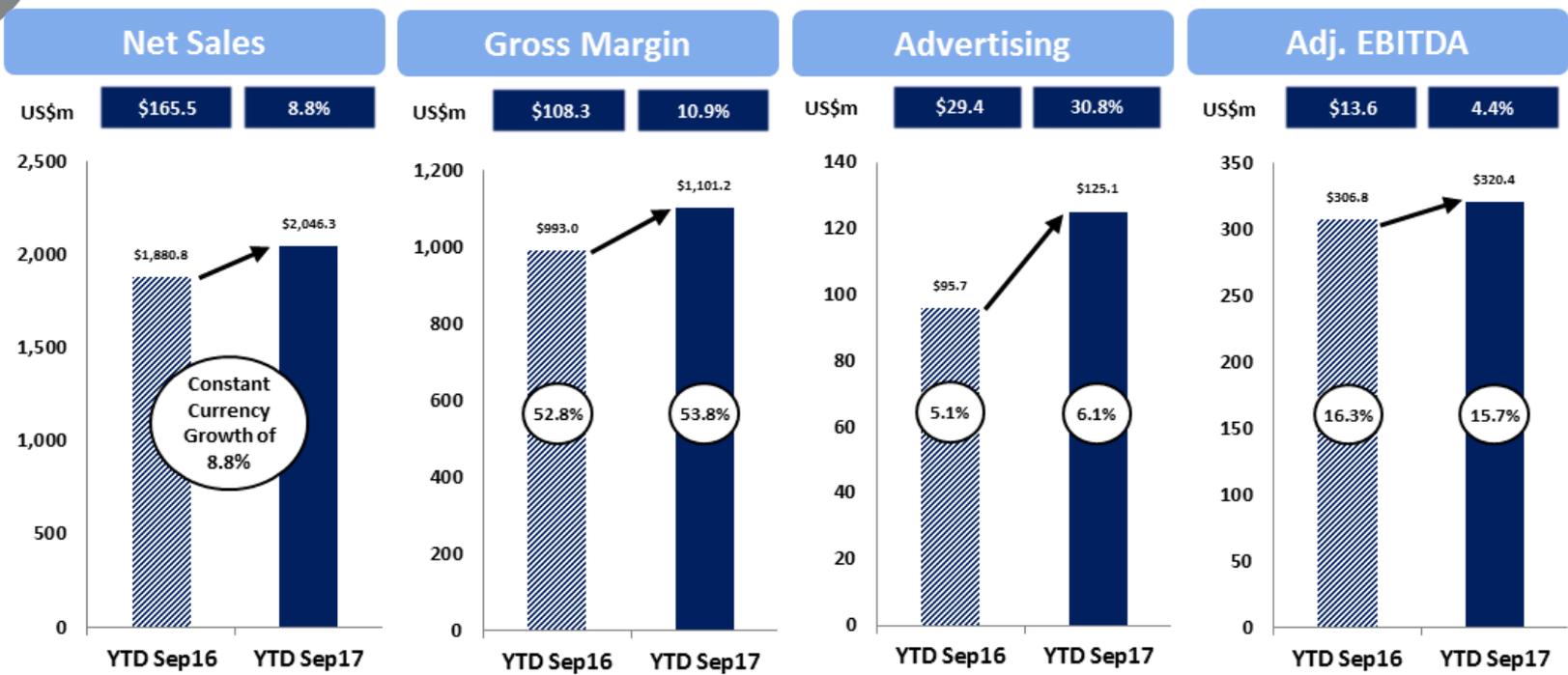
Asia advertising included 7 additional months of Tumi (US\$4.5m).

Europe advertising included 7 additional months of Tumi (US\$1.6m).

Increased advertising as a percentage of sales in Latin America was focused on driving sales growth of *American Tourister* and *Xtrem* throughout the region.



# YTD September 2017 Results Highlights Excluding Tumi Operations Results



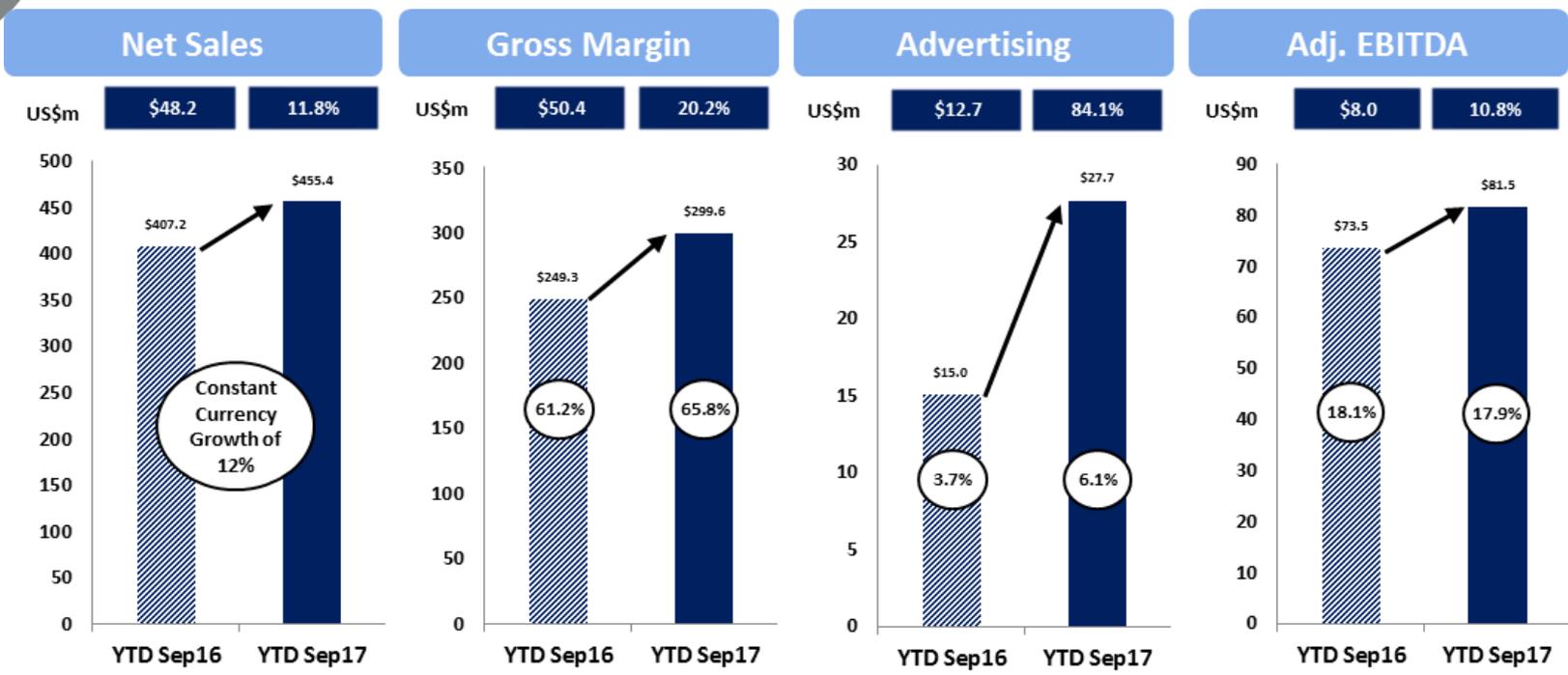
- Constant currency net sales growth of 8.8% with North America +12.4%, Europe +9.7%, Asia +3.6% and Latin America +20.4%. Excluding the impact of eBags, constant currency growth in North America was 2.7% and for total company was 5.5%.
- Gross margin was up 100bp from YTD September 2016 driven mainly by a higher proportion of sales coming from direct-to-consumer channels as well as lower freight-in costs and less promotional activity.
- Advertising spend as a percentage of sales was up 100bp from YTD September 2016, focusing on categories where there was opportunity to significantly increase market share.
- Adjusted EBITDA margin was down 60bp, mainly due to the increased advertising spend as a percentage of net sales and higher retail operating expenses as a percentage of net sales, partly offset by higher gross margins.

○ Indicates % of net sales



# YTD September 2017 Results Highlights

## Pro-forma Tumi Operations Results\*



- Constant currency net sales growth of 12.0% included the positive impact of buying back distributors in Asia. Excluding the positive impact of Asia distributor buybacks, constant currency net sales growth was approximately 7.6% with North America +8.0%, Europe +12.9% and Asia +3.6%.
  - Gross margin was up 460bp from YTD September 2016 largely due to less promotional activity in retail stores and Tumi.com, sourcing synergies beginning to be realized and lower freight-in costs. Assuming direct control of distribution in Asian markets also had a positive impact of gross margin.
  - Advertising spend as a percentage of net sales was up 240bp from YTD September 2016 in order to accelerate brand awareness and drive future sales growth.
  - Adjusted EBITDA margin decreased by 20bp due to significantly higher advertising spend as a percentage of net sales and higher operating expenses as a percentage of net sales associated with assuming direct control of Asian markets that had previously been serviced through 3<sup>rd</sup> party distributors, partly offset by higher gross margins.
- Indicates % of net sales



# Balance Sheet

US\$m	September 30, 2016	December 31, 2016	September 30, 2017	\$ Chg Sep-17 vs. Sep-16	% Chg Sep-17 vs. Sep-16
Cash and cash equivalents <sup>(1)</sup>	313.7	368.5	307.2	(6.5)	-2.1%
Trade and other receivables, net	341.6	357.8	381.1	39.6	11.6%
Inventories, net	483.1	421.3	563.0	79.9	16.5%
Other current assets	107.2	142.8	174.4	67.1	62.6%
Non-current assets	2,983.3	3,359.0	3,563.8	580.4	19.5%
<b>Total Assets</b>	<b>4,229.0</b>	<b>4,649.5</b>	<b>4,989.6</b>	<b>760.6</b>	<b>18.0%</b>
Current liabilities (excluding debt)	665.4	706.1	895.9	230.6	34.7%
Non-current liabilities (excluding debt)	217.9	557.1	554.2	336.4	154.4%
Total borrowings	1,904.9	1,875.4	1,930.1	25.2	1.3%
Total equity	1,440.9	1,511.0	1,609.3	168.5	11.7%
<b>Total Liabilities and Equity</b>	<b>4,229.0</b>	<b>4,649.5</b>	<b>4,989.6</b>	<b>760.6</b>	<b>18.0%</b>
<b>Total Net Cash (Debt) <sup>(2)</sup></b>	<b>(1,658.3)</b>	<b>(1,571.2)</b>	<b>(1,682.7)</b>	<b>(24.4)</b>	<b>1.5%</b>

(1) Per the terms of the debt agreement, net leverage ratio is calculated as (total loans and borrowings – total unrestricted cash)/LTM Adj. EBITDA. LTM Adj. EBITDA is calculated on a pro-forma basis to include the trailing twelve months of Tumi's results and pro-forma run-rate cost synergies expected at August 1, 2018.

(2) Total Net Cash (Debt) excludes deferred financing costs, which are included in total borrowings.

(3) The sum of the line items in the table may not equal the total due to rounding.

- Net debt increased by US\$111.5 million in the first nine months of 2017 due mainly to the purchase of eBags for US\$105.0 million and costs associated with assuming direct control of distribution of Tumi products in South Korea, China, Hong Kong, Macau, Thailand and Indonesia for a total of US\$65.1 million.
- Working capital as of September 30, 2017 was 12.5% of net sales, which was a 180bp improvement from September 30, 2016.
- Proforma total net leverage ratio<sup>(1)</sup> of 2.94:1.00 and US\$417.2 million of revolver availability.

# Efficiently managing working capital

US\$m	September 30, September 30,		Chg Sep-17 vs. Sep-16	% Chg Sep-17 vs. Sep-16
	2016 (1)	2017		
<b>Working Capital Items</b>				
Inventories	\$ 483.1	\$ 563.0	\$ 79.9	16.5%
Trade and Other Receivables	\$ 341.6	\$ 381.1	\$ 39.6	11.6%
Trade Payables	\$ 385.6	\$ 527.0	\$ 141.4	36.7%
<b>Net Working Capital</b>	<b>\$ 439.1</b>	<b>\$ 417.1</b>	<b>\$ (21.9)</b>	<b>-5.0%</b>
% of Net Sales	14.3%	12.5%		
<b>Turnover Days</b>				
Inventory Days	126	140		
Trade and Other Receivables Days	41	42		
Trade Payables Days	101	131		
<b>Net Working Capital Days</b>	<b>66</b>	<b>51</b>		

(1) September 30, 2016 net working capital as a percentage of net sales and turnover days are adjusted for pro forma YTD September sales and COGS of Tumi.

- Net working capital as of September 30, 2017 was 12.5% of net sales, which was favorable to targeted 14% level. The 180bp improvement from September 30, 2016 was due mainly to extended payment terms with Tumi vendors and timing of payments.
- Inventory turnover of 140 days was up 14 days from September 30, 2016 due to longer inventory turns in the Tumi business.
- Trade and other receivables turnover of 42 days was roughly in line with September 30, 2016.
- Trade payables turnover of 131 days was 30 days higher than September 30, 2016 due largely to extended vendor payment terms at Tumi and timing of payments.

- Inventory turnover days calculated as ending inventory balance divided by cost of sales for the period and multiplied by the number of days in the period.
- Trade and other receivables turnover days calculated as ending trade and other receivables balance divided by net sales for the period and multiplied by the number of days in the period.
- Trade payables turnover days calculated as ending trade payables balance divided by cost of sales for the period and multiplied by the number of days in the period.
- Net working capital efficiency (% of net sales) is calculated as net working capital divided by annualized net sales.
- The sum of the line items in the table may not equal the total due to rounding.