
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):
October 27, 2016

COLUMBIA SPORTSWEAR COMPANY

(Exact name of registrant as specified in its charter)

Oregon
(State or other jurisdiction
of incorporation)

000-23939
(Commission
File Number)

93-0498284
(I.R.S. Employer
Identification No.)

14375 Northwest Science Park Drive
Portland, Oregon 97229
(Address of principal executive offices) (Zip code)

(503) 985-4000
(Registrant's telephone number, including area code)

No Change
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On October 27, 2016, Columbia Sportswear Company (the “Company”) issued a press release reporting its third quarter and year-to-date 2016 financial results and updated full year outlook for fiscal year 2016. A copy of the Company’s press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference. The information in this report shall not be treated as filed for purposes of the Securities Exchange Act of 1934, as amended.

Attached hereto as Exhibit 99.2 and incorporated by reference herein is financial information and commentary by Thomas B. Cusick, Executive Vice President of Finance, Chief Financial Officer and Treasurer of Columbia Sportswear Company, for the third quarter and first nine months of 2016 and forward-looking statements relating to the updated fiscal year 2016 financial outlook, as posted on the Company’s investor relations website, <http://investor.columbia.com>, on October 27, 2016. The information in this report shall not be treated as filed for purposes of the Securities Exchange Act of 1934, as amended.

ITEM 7.01 REGULATION FD DISCLOSURE

In its October 27, 2016 press release, the Company also announced that its Board of Directors approved a cash dividend of \$0.18 per share of common stock to be paid on December 1, 2016 to its shareholders of record on November 17, 2016.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

- 99.1 Press Release, dated October 27, 2016 (furnished pursuant to Items 2.02 and 7.01 hereof).
 - 99.2 Commentary by Thomas B. Cusick, Executive Vice President of Finance, Chief Financial Officer and Treasurer of Columbia Sportswear Company, dated October 27, 2016 (furnished pursuant to Items 2.02 and 7.01 hereof).
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

COLUMBIA SPORTSWEAR COMPANY

Dated: October 27, 2016

By: /S/ THOMAS B. CUSICK

Thomas B. Cusick
Executive Vice President of Finance, Chief Financial
Officer and Treasurer

EXHIBIT INDEX

<u>Exhibit</u>	<u>Description</u>
99.1	Press Release, dated October 27, 2016 (furnished pursuant to Items 2.02 and 7.01 hereof).
99.2	Commentary by Thomas B. Cusick, Executive Vice President of Finance, Chief Financial Officer and Treasurer of Columbia Sportswear Company, dated October 27, 2016 (furnished pursuant to Items 2.02 and 7.01 hereof).

**Contact:**

Ron Parham
 Sr. Director of Investor Relations
 & Corporate Communications
 Columbia Sportswear Company
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**COLUMBIA SPORTSWEAR COMPANY
 REPORTS THIRD QUARTER AND YEAR-TO-DATE 2016 FINANCIAL RESULTS;
 UPDATES FULL YEAR 2016 FINANCIAL OUTLOOK**

Third Quarter and Year-to-Date 2016 Highlights:

- Third quarter net sales decreased 3 percent to \$745.7 million.
- Third quarter net income totaled \$83.6 million, or \$1.18 per diluted share.
- Year-to-date net sales increased 2 percent (3 percent constant-currency) to a record \$1,659.6 million.
- Year-to-date net income decreased 3 percent to \$107.2 million, or \$1.52 per diluted share.
- The board of directors approved a 6 percent increase in the quarterly dividend to \$0.18 per share.

Updated Fiscal Year 2016 Financial Outlook:

- Approximately 4 percent net sales growth, including less than 1 percentage point negative effect from changes in currency exchange rates.
- Up to 4 percent increase in operating income to between \$250 million and \$259 million, representing operating margin of up to 10.7 percent of net sales.
- An estimated full year tax rate of approximately 25.0 percent.
- Up to 8 percent increase in net income to between \$180.0 million and \$187.5 million, or approximately \$2.55 to \$2.65 per diluted share, on approximately 70.7 million diluted shares outstanding, including an unfavorable impact of approximately \$(0.26) per share due to changes in currency exchange rates.

PORTLAND, Ore. - October 27, 2016 - Columbia Sportswear Company (NASDAQ: COLM) today announced third quarter net sales of \$745.7 million for the quarter ended September 30, 2016, a 3 percent decrease compared with net sales of \$767.6 million for the third quarter of 2015. Third quarter 2016 net income totaled \$83.6 million, or \$1.18 per diluted share, compared to third quarter 2015 net income of \$91.1 million, or \$1.28 per diluted share. The combined effects of a shift in timing of shipments of U.S. wholesale advance orders and bankruptcies of certain U.S. wholesale customers during 2016 had a negative effect on comparative third quarter results.

Through the first nine months of 2016, net sales increased \$32.8 million, or 2 percent (3 percent constant-currency), to a record \$1,659.6 million, compared to \$1,626.8 million in the comparable 2015 period. Year-to-date net income decreased 3 percent, to \$107.2 million, or \$1.52 per diluted share, compared with net income of \$111.0 million, or \$1.56 per diluted share, for the comparable 2015 period.

Chief Executive Officer Tim Boyle commented, "During the third quarter, our go-to-market and operational teams around the world continued to execute well against a challenging consumer environment, setting the stage across the global retail landscape with innovative, trend-right Fall season products supported by compelling brand marketing campaigns. The Columbia, prAna and SOREL brands drove mid-teen percentage growth in our North American direct-

to-consumer channel, high-20-percent growth in Europe-direct markets and high-single-digit percentage growth in China, helping to partially offset the negative effects of bankruptcies and cautious inventory management by North American wholesale customers, as well as continued challenges in Russia and Korea."

Boyle concluded, "Our expanded direct-to-consumer businesses, enhanced supply chain, strong balance sheet and proven disciplined expense management enable us to drive profitability over the long run, while making strategic investments to drive demand for our brands and enhance our operations."

Third Quarter Results

(All comparisons are between third quarter 2016 and third quarter 2015, unless otherwise noted.)

The combined effects of a shift in timing of shipments of U.S. wholesale advance orders from the third quarter into the fourth quarter of 2016 compared to the prior year, and the impact of U.S. wholesale customer bankruptcies during 2016 presented a difficult comparison to the third quarter of 2015, when a favorable shift in timing of shipments drove a 26 percent increase in U.S. net sales, a 14 percent increase in consolidated net sales and a 39 percent increase in consolidated net income, compared with the third quarter of 2014.

Third quarter consolidated net sales declined 3 percent driven by:

- a 6 percent decline in U.S. net sales to \$484.8 million, consisting of a low-double-digit percentage net sales decline in the company's wholesale channels, partially offset by a mid-teen percentage increase in direct-to-consumer channels; and
- a 3 percent net sales decline in Canada, to \$75.2 million.

These declines were partially offset by:

- 8 percent net sales growth in the Europe, Middle East and Africa (EMEA) region to \$73.0 million, including high-20-percent growth in the company's Europe-direct business, partially offset by a low-30-percent decline in net sales to EMEA distributors; and
- 3 percent net sales growth (1 percent constant-currency) in the Latin America, Asia Pacific (LAAP) region to \$112.7 million, consisting of mid-teen percentage growth in Japan (low-single-digit decline constant-currency) and high-single-digit percentage growth in China (mid-teen constant currency), partially offset by a low-20-percent net sales decline in Korea and a high-single-digit percentage decline in net sales to LAAP distributors. (See "Geographical Net Sales" table below.)

Global Columbia brand net sales decreased 4 percent to \$587.3 million compared with the third quarter of 2015. Global SOREL brand net sales increased 2 percent (1 percent constant-currency) to \$87.6 million. Global prAna brand net sales increased 11 percent to \$38.1 million, and global Mountain Hardwear brand net sales declined 12 percent (13 percent constant-currency) to \$30.5 million. (See "Brand Net Sales" table below.)

Global Apparel, Accessories & Equipment net sales decreased 4 percent to \$574.1 million and Footwear net sales were essentially unchanged at \$171.6 million. (See "Categorical Net Sales" table below.)

Third quarter income from operations totaled \$123.6 million, or 16.6 percent of net sales, compared to \$132.3 million, or 17.2 percent of net sales, for the same period in 2015.

The effective income tax rate was 29.7 percent in the third quarter of 2016, compared to 28.9 percent for the same period in 2015.

Third quarter net income totaled \$83.6 million, or \$1.18 per share, compared with third quarter 2015 net income of \$91.1 million, or \$1.28 per share.

Balance Sheet

Consolidated inventories of \$588.0 million at September 30, 2016 were 8 percent higher than the \$546.7 million balance at September 30, 2015, with the increase consisting primarily of current Fall 2016 product.

The company ended the quarter with \$219.7 million of cash and short-term investments, compared with \$174.0 million at September 30, 2015. Approximately 82 percent of cash and short-term investments were held in foreign jurisdictions where a repatriation of those funds to the United States would likely result in a significant tax cost to the company.

Dividend

The board of directors authorized a 6 percent increase in the company's regular quarterly dividend to \$0.18 per share, from the prior \$0.17 per share, payable on December 1, 2016 to shareholders of record on November 17, 2016.

Updated 2016 Financial Outlook

All projections related to anticipated future results are forward-looking in nature and are subject to risks and uncertainties that may cause actual results to differ, perhaps materially.

The company's annual net sales are weighted more heavily toward the Fall season, while operating expenses are more equally distributed throughout the year, resulting in a highly seasonal profitability pattern weighted toward the second half of the fiscal year.

Projections for the rest of the year are predicated on normal seasonal weather globally. All of the company's anticipated growth in full year 2016 operating income and earnings is concentrated in the fourth quarter, and is heavily dependent upon the performance of our U.S. direct-to-consumer channel.

The company currently expects full year 2016 net sales growth of approximately 4 percent, including less than 1 percentage point negative effect from changes in foreign currency exchange rates, on a base of 2015 net sales of \$2.33 billion.

The company expects fiscal year 2016 gross margins to improve by up to 10 basis points, and for selling, general and administrative (SG&A) expenses to increase at a rate slightly higher than anticipated net sales growth. The company continues to expect a full year tax rate of approximately 25 percent.

Based on the above assumptions, the company expects operating income to increase up to 4 percent, to between \$250 million and \$259 million, resulting in anticipated 2016 operating margin of up to 10.7 percent. The company expects net income after non-controlling interest to increase up to 8 percent, to between approximately \$180.0 million and \$187.5 million, or approximately \$2.55 to \$2.65 per diluted share, compared with 2015 net income of \$174.3 million, or \$2.45 per diluted share. Included in the above 2016 earnings per share outlook is an unfavorable impact of approximately \$(0.26) resulting from the strengthening of the U.S. dollar, in addition to an estimated unfavorable impact of \$(0.10) per share in 2015. This currency impact primarily consists of lower gross margins within many of our foreign subsidiaries as a result of increased local currency costs of inventory purchased in U.S. dollars.

CFO's Commentary on Third Quarter and Year-to-Date 2016 Financial Results and Updated 2016 Financial Outlook Available Online

At approximately 4:15 p.m. ET today, a commentary by Tom Cusick, Executive Vice President of Finance, Chief Financial Officer and Treasurer, reviewing the company's third quarter and year-to-date 2016 financial results and updated 2016 financial outlook will be furnished to the SEC on Form 8-K and published on the company's website at <http://investor.columbia.com/results.cfm>. Analysts and investors are encouraged to review this commentary prior to participating in the conference call.

Conference Call

The company will host a conference call on Thursday, October 27, 2016 at 5:00 p.m. ET to review its third quarter and year-to-date financial results and updated 2016 financial outlook. Dial 877-407-9205 to participate. The call will also be webcast live on the Investor Relations section of the company's website at <http://investor.columbia.com> where it will remain available until approximately October 26, 2017.

Fourth Quarter 2016 Reporting Schedule

Columbia Sportswear Company plans to report financial results for fourth quarter and full year 2016 on Thursday, February 9, 2017 at approximately 4:00 p.m. ET. Following issuance of the earnings release, a commentary reviewing

the company's fourth quarter and full-year financial results will be furnished to the SEC on Form 8-K and published on the investor relations section of the company's website at <http://investor.columbia.com/results.cfm>. A public webcast of Columbia's earnings conference call will follow at 5:00 p.m. ET at www.columbia.com.

Supplemental Constant-Currency Financial Information

The company reports its financial information in accordance with accounting principles generally accepted in the United States ("GAAP"). To supplement financial information reported in accordance with GAAP, the company discloses constant-currency net sales information, which is a non-GAAP financial measure, to provide a framework to assess how the business performed excluding the effects of changes in the exchange rates used to translate net sales generated in foreign currencies into U.S. dollars. The company calculates constant-currency net sales by translating net sales in foreign currencies for the current period into U.S. dollars at the exchange rates that were in effect during the comparable period of the prior year. Management believes that this non-GAAP financial measure reflects an additional and useful way of viewing an aspect of our operations that, when viewed in conjunction with our GAAP results, provides a more comprehensive understanding of our business and operations. In particular, investors may find the non-GAAP measures useful by reviewing our net sales results without the volatility in foreign currency exchange rates. This non-GAAP financial measure also facilitates management's internal comparisons to our historical net sales results and comparisons to competitors' net sales results. Constant-currency financial measures should be viewed in addition to, and not in lieu of or superior to, our financial measures calculated in accordance with GAAP. The company provides a reconciliation of this non-GAAP measure to the most directly comparable financial measure calculated in accordance with GAAP. (See "Supplemental Financial Information - Constant-currency Basis" tables below.) The constant-currency information presented may not be comparable to similarly titled measures reported by other companies.

About Columbia Sportswear Company

Columbia Sportswear Company has assembled a portfolio of brands for active lives, making it a leader in the global active lifestyle apparel, footwear, accessories and equipment industry. Founded in 1938 in Portland, Oregon, the company's brands are today sold in approximately 100 countries. In addition to the Columbia® brand, Columbia Sportswear Company also owns the Mountain Hardwear®, SOREL®, prAna®, and OutDry® brands. To learn more, please visit the company's websites at www.columbia.com, www.mountainhardwear.com, www.sorel.com, www.pranacom.com, and www.outdry.com.

Forward-Looking Statements

This document contains forward-looking statements within the meaning of the federal securities laws, including statements regarding anticipated results, net sales and net sales growth, gross margins, operating expenses, operating income, operating margins, selling, general and administrative expenses, income tax rates, earnings per share and the number of diluted shares outstanding at year-end, inventory costs, the effects of changes in foreign currency exchange rates, the performance of our U.S. direct-to-consumer channel, and net income. Forward-looking statements often use words such as "will," "anticipate," "estimate," "expect," "should" and "may" and other words and terms of similar meaning or reference future dates. The company's expectations, beliefs and projections are expressed in good faith and are believed to have a reasonable basis; however, each forward-looking statement involves a number of risks and uncertainties, including those set forth in this document, those described in the company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q under the heading "Risk Factors," and those that have been or may be described in other reports filed by the company, including reports on Form 8-K. Potential risks and uncertainties that may affect our future revenues, earnings and performance and could cause the actual results of operations or financial condition of the company to differ materially from the anticipated results expressed or implied by forward-looking statements in this document include: loss of key customer accounts; our ability to effectively implement IT infrastructure and business process initiatives and to maintain the strength and security of our IT systems; the effects of unseasonable weather, including global climate change; trends affecting consumer traffic and spending in brick and mortar retail channels; our ability to implement our growth strategy; unfavorable economic conditions generally, the financial health of our customers and changes in the level of consumer spending and apparel preferences; changes in international, federal or state tax, labor and other laws and regulations that affect our business, including changes in corporate tax rates or increasing wage rates; volatility in global production and transportation costs and capacity; risks inherent in doing business in foreign markets, including fluctuations in currency exchange rates; our ability to attract and retain key personnel; risks associated with our joint venture; higher than expected rates of order cancellations; increased

consolidation of our wholesale customers; our ability to effectively source and deliver our products to customers in a timely manner; our dependence on independent manufacturers and suppliers and our ability to source finished products and components at competitive prices from them; the effectiveness of our sales and marketing efforts; intense competition in the industry; business disruptions and acts of terrorism, cyber-attacks or military activities around the globe; and our ability to establish and protect our intellectual property. The company cautions that forward-looking statements are inherently less reliable than historical information. The company does not undertake any duty to update any of the forward-looking statements after the date of this document to conform them to actual results or to reflect changes in events, circumstances or its expectations. New factors emerge from time to time and it is not possible for the company to predict or assess the impact of all such factors or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

- Financial tables follow -

COLUMBIA SPORTSWEAR COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

	September 30,	
	2016	2015
Current Assets:		
Cash and cash equivalents	\$ 219,189	\$ 173,410
Short-term investments	467	629
Accounts receivable, net	486,236	529,844
Inventories	588,021	546,685
Deferred income taxes	—	62,888
Prepaid expenses and other current assets	33,514	35,140
Total current assets	<u>1,327,427</u>	<u>1,348,596</u>
Property, plant, and equipment, net	285,514	294,926
Intangible assets, net	134,724	139,871
Goodwill	68,594	68,594
Deferred income taxes	79,934	2,972
Other non-current assets	25,622	21,917
Total assets	<u>\$ 1,921,815</u>	<u>\$ 1,876,876</u>
Current Liabilities:		
Short-term borrowings	\$ 20	\$ 21,045
Accounts payable	136,667	170,168
Accrued liabilities	166,496	163,897
Income taxes payable	29,332	30,515
Deferred income taxes	—	126
Total current liabilities	<u>332,515</u>	<u>385,751</u>
Note payable to related party	14,629	15,356
Other long-term liabilities	43,066	38,625
Income taxes payable	10,724	11,256
Deferred income taxes	229	4,364
Total liabilities	<u>401,163</u>	<u>455,352</u>
Equity:		
Columbia Sportswear Company shareholders' equity	1,499,652	1,406,397
Non-controlling interest	21,000	15,127
Total equity	<u>1,520,652</u>	<u>1,421,524</u>
Total liabilities and equity	<u>\$ 1,921,815</u>	<u>\$ 1,876,876</u>

COLUMBIA SPORTSWEAR COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Net sales	\$ 745,714	\$ 767,550	\$ 1,659,595	\$ 1,626,766
Cost of sales	400,002	411,090	886,922	870,214
Gross profit	345,712	356,460	772,673	756,552
	46.4%	46.4%	46.6%	46.5%
Selling, general and administrative expenses	224,497	226,778	622,843	594,782
Net licensing income	2,415	2,587	6,279	5,659
Income from operations	123,630	132,269	156,109	167,429
Interest income, net	393	309	1,576	1,260
Interest expense on note payable to related party	(253)	(275)	(779)	(827)
Other non-operating expense	(620)	(1,558)	(736)	(3,287)
Income before income tax	123,150	130,745	156,170	164,575
Income tax expense	(36,598)	(37,805)	(43,297)	(49,520)
Net income	86,552	92,940	112,873	115,055
Net income attributable to non-controlling interest	2,967	1,879	5,690	4,068
Net income attributable to Columbia Sportswear Company	\$ 83,585	\$ 91,061	\$ 107,183	\$ 110,987
Earnings per share attributable to Columbia Sportswear Company:				
Basic	\$ 1.20	\$ 1.29	\$ 1.54	\$ 1.58
Diluted	1.18	1.28	1.52	1.56
Weighted average shares outstanding:				
Basic	69,761	70,338	69,632	70,253
Diluted	70,630	71,239	70,586	71,201

COLUMBIA SPORTSWEAR COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2016	2015
Cash flows from operating activities:		
Net income	\$ 112,873	\$ 115,055
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	44,478	41,921
Loss on disposal and impairment of property, plant, and equipment	3,646	679
Deferred income taxes	927	3,181
Stock-based compensation	8,454	8,731
Excess tax benefit from employee stock plans	—	(7,642)
Changes in operating assets and liabilities:		
Accounts receivable	(106,906)	(195,018)
Inventories	(103,475)	(173,444)
Prepaid expenses and other current assets	429	2,762
Other assets	(2,552)	(2,676)
Accounts payable	(82,590)	(41,327)
Accrued liabilities	10,999	16,747
Income taxes payable	26,045	16,799
Other liabilities	2,505	3,367
Net cash used in operating activities	<u>(85,167)</u>	<u>(210,865)</u>
Cash flows from investing activities:		
Purchases of short-term investments	(21,263)	(38,208)
Sales of short-term investments	21,263	64,980
Capital expenditures	(35,588)	(47,796)
Proceeds from sale of property, plant, and equipment	52	126
Net cash used in investing activities	<u>(35,536)</u>	<u>(20,898)</u>
Cash flows from financing activities:		
Proceeds from credit facilities	59,277	36,519
Repayments on credit facilities	(61,197)	(15,343)
Proceeds from issuance of common stock under employee stock plans	10,742	16,901
Tax payments related to restricted stock unit issuances	(4,870)	(4,633)
Excess tax benefit from employee stock plans	—	7,642
Repurchase of common stock	(11)	(14,525)
Cash dividends paid	(35,548)	(31,667)
Net cash used in financing activities	<u>(31,607)</u>	<u>(5,106)</u>
Net effect of exchange rate changes on cash	<u>1,729</u>	<u>(3,279)</u>
Net decrease in cash and cash equivalents	<u>(150,581)</u>	<u>(240,148)</u>
Cash and cash equivalents, beginning of period	<u>369,770</u>	<u>413,558</u>
Cash and cash equivalents, end of period	<u>\$ 219,189</u>	<u>\$ 173,410</u>
Supplemental disclosures of non-cash investing and financing activities:		
Capital expenditures incurred but not yet paid	\$ 3,656	\$ 9,150

COLUMBIA SPORTSWEAR COMPANY
Supplemental Financial Information
Net Sales Growth - Constant-currency Basis
(In millions, except percentage changes)
(Unaudited)

Three Months Ended September 30,

	Reported Net Sales 2016	Adjust for Foreign Currency Translation	Constant- currency Net Sales 2016 ⁽¹⁾	Reported Net Sales 2015	Reported Net Sales % Change	Constant- currency Net Sales % Change ⁽¹⁾
Geographical Net Sales:						
United States	\$ 484.8	\$ —	\$ 484.8	\$ 513.1	(6)%	(6)%
LAAP	112.7	(2.5)	110.2	109.4	3%	1%
EMEA	73.0	(0.1)	72.9	67.4	8%	8%
Canada	75.2	0.3	75.5	77.7	(3)%	(3)%
Total	<u>\$ 745.7</u>	<u>\$ (2.3)</u>	<u>\$ 743.4</u>	<u>\$ 767.6</u>	(3)%	(3)%
Brand Net Sales:						
Columbia	\$ 587.3	\$ (1.8)	\$ 585.5	\$ 609.7	(4)%	(4)%
SOREL	87.6	(0.3)	87.3	86.2	2%	1%
prAna	38.1	—	38.1	34.4	11%	11%
Mountain Hardwear	30.5	(0.2)	30.3	34.8	(12)%	(13)%
Other	2.2	—	2.2	2.5	(12)%	(12)%
Total	<u>\$ 745.7</u>	<u>\$ (2.3)</u>	<u>\$ 743.4</u>	<u>\$ 767.6</u>	(3)%	(3)%
Categorical Net Sales:						
Apparel, Accessories and Equipment	\$ 574.1	\$ (1.7)	\$ 572.4	\$ 596.1	(4)%	(4)%
Footwear	171.6	(0.6)	171.0	171.5	—%	—%
Total	<u>\$ 745.7</u>	<u>\$ (2.3)</u>	<u>\$ 743.4</u>	<u>\$ 767.6</u>	(3)%	(3)%

Nine Months Ended September 30,

	Reported Net Sales 2016	Adjust for Foreign Currency Translation	Constant- currency Net Sales 2016 ⁽¹⁾	Reported Net Sales 2015	Reported Net Sales % Change	Constant- currency Net Sales % Change ⁽¹⁾
Geographical Net Sales:						
United States	\$ 1,049.8	\$ —	\$ 1,049.8	\$ 1,009.0	4%	4%
LAAP	301.8	0.3	302.1	319.5	(6)%	(5)%
EMEA	183.4	2.4	185.8	175.0	5%	6%
Canada	124.6	5.6	130.2	123.3	1%	6%
Total	<u>\$ 1,659.6</u>	<u>\$ 8.3</u>	<u>\$ 1,667.9</u>	<u>\$ 1,626.8</u>	2%	3%
Brand Net Sales:						
Columbia	\$ 1,357.8	\$ 7.7	\$ 1,365.5	\$ 1,335.8	2%	2%
SOREL	109.2	0.2	109.4	103.9	5%	5%
prAna	111.7	—	111.7	97.6	14%	14%
Mountain Hardwear	72.7	0.5	73.2	81.1	(10)%	(10)%
Other	8.2	(0.1)	8.1	8.4	(2)%	(4)%
Total	<u>\$ 1,659.6</u>	<u>\$ 8.3</u>	<u>\$ 1,667.9</u>	<u>\$ 1,626.8</u>	2%	3%
Categorical Net Sales:						
Apparel, Accessories and Equipment	\$ 1,329.6	\$ 6.2	\$ 1,335.8	\$ 1,305.6	2%	2%
Footwear	330.0	2.1	332.1	321.2	3%	3%
Total	<u>\$ 1,659.6</u>	<u>\$ 8.3</u>	<u>\$ 1,667.9</u>	<u>\$ 1,626.8</u>	2%	3%

⁽¹⁾ Constant-currency net sales information is a non-GAAP financial measure, which excludes the effect of changes in foreign currency exchange rates against the U.S. dollar between comparable reporting periods. The Company calculates constant-currency net sales by translating net sales in foreign currencies for the current period into U.S. dollars at the average exchange rates that were in effect during the comparable period of the prior year.



14375 NW Science Park Drive
Portland, OR 97229
October 27, 2016

CFO Commentary on Third Quarter and Year-to-Date 2016 Financial Results and Updated 2016 Financial Outlook

Financial Information

Please reference accompanying financial information in the corresponding earnings release at <http://investor.columbia.com/results.cfm>.

Conference Call

The company will host a conference call on Thursday, October 27, 2016 at 5:00 p.m. ET to review third quarter and year-to-date 2016 financial results, as well as its updated 2016 financial outlook. To participate, please dial (877) 407-9205 in the U.S. The call will be webcast live on the Investor Relations section of the company's website <http://investor.columbia.com> where it will remain available until October 26, 2017.

Third Quarter Summary

The combined effects of a shift in timing of shipments of U.S. wholesale advance orders from the third quarter into the fourth quarter of 2016 compared to the prior year, and the impact of U.S. wholesale customer bankruptcies during 2016 presented a difficult comparison to the third quarter of 2015, when a favorable shift in timing of shipments drove a 26 percent increase in U.S. net sales, a 14 percent increase in consolidated net sales and a 39 percent increase in consolidated net income, compared with the third quarter of 2014.

Third quarter 2016 net sales decreased \$21.9 million, or 3 percent, to \$745.7 million, compared with net sales of \$767.6 million for the third quarter of 2015.

Gross margin was unchanged compared with the third quarter of 2015 at 46.4 percent of net sales. Selling, general & administrative (SG&A) expenses decreased \$2.3 million, or 1 percent, which, combined with the 3 percent net sales decline, resulted in approximately 60 basis points of operating expense deleverage, compared with the same period in 2015.

Third quarter operating income of \$123.6 million represented 16.6 percent of net sales, compared with third quarter 2015 operating income of \$132.3 million, or 17.2 percent of net sales.

The effective income tax rate was 29.7 percent in the third quarter of 2016, compared to 28.9 percent for the same period in 2015.

Net income totaled \$83.6 million, or \$1.18 per diluted share, compared to third quarter 2015 net income of \$91.1 million, or \$1.28 per diluted share.

The board of directors approved a 6 percent increase in the quarterly dividend to \$0.18 per share.

Year-to-Date Summary

Net sales increased \$32.8 million, or 2 percent (3 percent constant-currency), to a record \$1,659.6 million, compared to net sales of \$1,626.8 million for the comparable period of 2015.

Gross margin of 46.6 percent improved 10 basis points compared with gross margin of 46.5 percent for the comparable 2015 period. SG&A expenses increased \$28.1 million, or 5 percent, resulting in approximately 90 basis points of expense leverage.

Operating income of \$156.1 million declined 7 percent compared with operating income of \$167.4 million for the first nine months of 2015.

The effective income tax rate was 27.7 percent compared to 30.1 percent for the same period in 2015, primarily reflecting beneficial changes in the geographic mix of taxable income, as well as non-recurring income tax benefits in both periods.

Net income of \$107.2 million, or \$1.52 per diluted share, decreased 3 percent compared with net income of \$111.0 million, or \$1.56 per diluted share for the comparable 2015 period.

Updated FY2016 Financial Outlook Summary

Our updated full year 2016 financial outlook anticipates:

- Approximately 4 percent net sales growth compared with 2015 net sales of \$2.33 billion, including less than 1 percentage point negative effect from changes in currency exchange rates;
- Up to 4 percent increase in operating income to between \$250 million and \$259 million, representing operating margin of up to 10.7 percent;
- An estimated full year tax rate of approximately 25.0 percent;
- and
- Up to 8 percent increase in net income to between approximately \$180.0 million and \$187.5 million, or \$2.55 to \$2.65 per diluted share, on approximately 70.7 million diluted shares outstanding, including an unfavorable impact of approximately \$(0.26) per share due to changes in currency exchange rates.

Projections for the rest of the year are predicated on normal seasonal weather globally. All of the company's anticipated growth in full year 2016 operating income and earnings is concentrated in the fourth quarter, and is heavily dependent upon the performance of our U.S. direct-to-consumer (DTC) channel.

The **Updated Full Year 2016 Financial Outlook** section beginning on page 4 below contains a more detailed discussion of the factors contributing to this outlook.

Third Quarter Financial Results

(All comparisons are between third quarter 2016 and third quarter 2015, unless otherwise noted.)

Net Sales

Consolidated net sales decreased \$21.9 million, or 3 percent, to \$745.7 million, compared with \$767.6 million.

Regions

- U.S. net sales decreased \$28.3 million, or 6 percent, to \$484.8 million. The decrease in U.S. net sales reflected a low-double-digit percentage decrease in wholesale net sales. The combined effects of a shift in timing of shipments of U.S. wholesale advance orders from the third quarter into the fourth quarter of 2016 compared to the prior year, and the impact of U.S. wholesale customer bankruptcies during 2016, presented a difficult comparison to the third quarter of 2015, when a favorable shift in timing of shipments drove a 26 percent increase in U.S. net sales compared to the same period in 2014. The decline in wholesale net sales was partially offset by mid-teen percentage growth in DTC net sales. During the third quarter of 2016, the company operated 115 U.S. retail stores and 5 branded ecommerce sites, compared with 102 stores and 5 branded ecommerce sites in the third quarter of 2015.
- Net sales in the Latin America/Asia Pacific (LAAP) region increased \$3.3 million, or 3 percent (1 percent constant-currency), to \$112.7 million, consisting of mid-teen percentage growth in Japan (low-single-digit decline constant-currency) and high-single-digit percentage growth in China (mid-teen constant-currency), partially offset by a low-20-percent net sales decline in Korea reflecting changing consumer preferences away from the outdoor category of merchandise that has resulted in industry-wide excess inventory in that

country, and a high-single-digit percentage decline in net sales to LAAP distributors, primarily reflecting reduced Fall 2016 advance orders.

- Net sales in the Europe, Middle East and Africa (EMEA) region increased \$5.6 million, or 8 percent, to \$73.0 million, reflecting high-20-percent growth in Europe-direct markets, driven by the Columbia brand, partially offset by a low-30-percent decline in net sales to EMEA distributors, primarily due to lower net sales to the company's Russian distributor as it continues to adapt its business to macroeconomic challenges in that region.
- Net sales in Canada decreased \$2.5 million, or 3 percent, to \$75.2 million, reflecting lower wholesale net sales, partially offset by increased DTC net sales.

Brands

- Columbia global brand net sales decreased \$22.4 million, or 4 percent, to \$587.3 million, primarily reflecting lower net sales in the U.S. and EMEA distributor markets, partially offset by higher net sales in Europe-direct markets, China and Japan.
- SOREL global brand net sales increased \$1.4 million, or 2 percent (1 percent constant-currency), to \$87.6 million, reflecting increases in the U.S. and Europe-direct markets, partially offset by lower net sales in Canada.
- prAna global brand net sales increased \$3.7 million, or 11 percent, to \$38.1 million, primarily reflecting growth in the U.S.
- Mountain Hardwear global brand net sales declined \$4.3 million, or 12 percent (13 percent constant-currency), to \$30.5 million, primarily reflecting declines in the U.S. and Korea.

Product Categories

- Global Apparel, Accessories & Equipment net sales decreased \$22.0 million, or 4 percent, to \$574.1 million, primarily driven by lower Columbia and Mountain Hardwear brand net sales.
- Global Footwear net sales were essentially unchanged at \$171.6 million.

Gross Margin

Gross margin was unchanged at 46.4 percent of net sales, and was affected by:

- favorable changes in sales channel mix with a higher proportion of DTC sales, which carry higher gross margins, and a lower proportion of sales to international distributors, which carry lower gross margins;
- selective price increases across product categories and geographies;
- and
- a favorable sourcing environment;

offset by:

- unfavorable foreign currency hedge rates in Europe, Canada and Japan.

Selling, General and Administrative (SG&A) Expense

SG&A expense decreased \$2.3 million, or 1 percent, to \$224.5 million, or 30.1 percent of net sales, compared to 29.5 percent of net sales in last year's third quarter, representing approximately 60 basis points of operating expense deleverage. The decreased SG&A expense reflected:

- cost containment measures that have been implemented throughout the year;
- lower incentive compensation expense;
- and
- lower demand creation expense, reflecting a shift into the fourth quarter;

partially offset by:

- increased costs to support the company's expanding global DTC businesses;
- and
- increased personnel costs to support strategic initiatives and business growth.

Operating Income

Operating income totaled \$123.6 million, or 16.6 percent of net sales, compared with third quarter 2015 operating income of \$132.3 million, or 17.2 percent of net sales.

Income Tax Expense

The effective tax rate for the third quarter was 29.7 percent, compared to a 28.9 percent rate in the third quarter of 2015. The higher effective income tax rate reflected a non-recurring income tax benefit of \$6.3 million, or \$0.09 per diluted share, that was recognized in the third quarter of 2015 related to a reduction in the valuation allowance associated

with net operating losses in certain international tax jurisdictions, partially offset by the effect of generating a higher proportion of taxable income in international jurisdictions, where income tax rates are generally lower than in the United States, during the three months ended September 30, 2016, compared to the same period in 2015.

Net Income

Net income totaled \$83.6 million, or \$1.18 per diluted share, compared with net income of \$91.1 million, or \$1.28 per diluted share, in the third quarter of 2015.

Regular Quarterly Cash Dividend Increased

At its regular board meeting on October 21, 2016, the board of directors authorized a 6 percent increase to the company's regular quarterly cash dividend to \$0.18 per share, from the prior \$0.17 per share, payable on December 1, 2016 to shareholders of record on November 17, 2016.

Balance Sheet

At September 30, 2016, cash and short-term investments totaled \$219.7 million, compared to \$174.0 million at September 30, 2015. At September 30, 2016, approximately 82 percent of cash and short-term investments were held in foreign jurisdictions where a repatriation of those funds to the United States would likely result in a significant tax cost to the company.

Consolidated accounts receivable at September 30, 2016 totaled \$486.2 million, an 8 percent decrease on a 3 percent third quarter net sales decline. Consolidated Days Sales Outstanding (DSO) at September 30, 2016 stood at 45 days, a decrease of 2 days compared with September 30, 2015.

Consolidated inventories of \$588.0 million at September 30, 2016 increased \$41.3 million, or 8 percent, compared to September 30, 2015. The increased inventory is concentrated in the U.S. and Europe, consisting primarily of Fall 2016 product.

Year-to-Date Cash Flow

Net cash used by operations in the first nine months of 2016 was \$85.2 million, compared to \$210.9 million in the comparable 2015 period.

Capital expenditures in the first nine months of 2016 totaled \$35.6 million, compared to \$47.8 million in the comparable 2015 period.

The company paid cash dividends of \$35.5 million during the first nine months of 2016.

At September 30, 2016, approximately \$173.5 million remained available under the current stock repurchase authorization, which does not obligate the company to acquire any specific number of shares or to acquire shares over any specified period of time.

Updated Full Year 2016 Financial Outlook

All projections related to anticipated future results are forward-looking in nature and may change, perhaps materially.

Our objective in providing a forward-looking financial outlook is to help investors understand our business and the variables that we consider when planning our business and evaluating our own performance. Spring and Fall season advance wholesale orders typically drive a significant portion of our annual net sales and are one of several significant factors we use to formulate our full year outlook. Our annual net sales are weighted more heavily toward the Fall/Winter season, while operating expenses are more equally distributed throughout the year, resulting in a highly seasonal net sales and profitability pattern weighted toward the second half of the fiscal year.

Among many risks inherent in our global business, projected net sales and profitability for any period may be materially affected by weather patterns and other factors that affect consumer demand favorably or unfavorably. In addition, episodes of bankruptcies and further consolidation among U.S. wholesale customers, such as those we have experienced during 2016, create increased uncertainty in our ability to predict near-term net sales and profitability.

We are also facing macroeconomic, competitive and/or geopolitical uncertainty in several international markets, most notably in Russia and Korea, making it more difficult to forecast our net sales and profitability. Since 2014, the U.S. dollar has strengthened significantly against the Russian ruble, Canadian dollar, Japanese yen, European euro, and the currencies of several emerging markets, producing an unfavorable impact on gross margins in these regions in 2016.

Projections for the rest of the year are predicated on normal seasonal weather globally. All of the company's anticipated growth in full year 2016 operating income and earnings is concentrated in the fourth quarter, and is heavily dependent upon the performance of our U.S. direct-to-consumer channel.

Taking the above factors into consideration, and assuming macro and market conditions in key markets do not worsen, our current fiscal year 2016 outlook assumes:

- Approximately 4 percent growth in global net sales compared to 2015, including less than 1 percentage point negative effect from changes in foreign currency exchange rates. A shift in the timing of shipments of U.S. wholesale advance orders from the third quarter into the fourth quarter of 2016 resulted in a more difficult comparison to the third quarter of 2015, when consolidated net sales increased 14 percent, compared to the same period in 2014. Conversely, fourth quarter net sales are expected to benefit from an easier comparison to last year's fourth quarter, when consolidated net sales increased only 3 percent, in part due to unseasonable weather;
- approximately 10 basis point expansion of gross margins, including approximately 100 basis points of unfavorable effects of changes in foreign currency hedge rates;
- SG&A expense growth at a rate slightly greater than anticipated net sales growth, resulting in approximately 15 to 50 basis points of deleverage;
- Up to 4 percent growth in operating income to between approximately \$250 million to \$259 million, representing operating margin of up to approximately 10.7 percent;
- an effective income tax rate of approximately 25.0 percent;
- and
- Up to 8 percent growth in net income to between approximately \$180.0 million and \$187.5 million, or \$2.55 to \$2.65 per diluted share, on approximately 70.7 million diluted shares outstanding, compared with net income of \$174.3 million, or \$2.45 per diluted share, in 2015.

The above projections are based on the following expectations:

- Approximately 4 percent net sales growth from the Columbia brand, approximately 6 percent net sales growth from the SOREL brand, and approximately 14 percent net sales growth from the prAna brand. Mountain Hardwear brand net sales are expected to decrease approximately 10 percent.
- Approximately 7 percent net sales growth in the U.S. business with high-teen percentage DTC growth and flat to slightly lower wholesale net sales.
- Approximately 6 percent net sales growth from the EMEA region, with the Europe-direct business contributing approximately 20 percent growth, partially offset by mid-teen percentage declines in the EMEA distributor business due to the continued impact of macroeconomic challenges in Russia.
- Approximately 3 percent net sales decline in the LAAP region, consisting of a low-20-percent decline in Korea and a high-teen percentage decline in net sales to LAAP distributors, partially offset by low-teen percentage growth in Japan (low-single-digit constant-currency) and low-single-digit percentage growth in China (high-single-digit constant-currency).
- Canada net sales flat to slightly lower (low-single-digit percentage growth constant-currency).
- Gross margin expansion of approximately 10 basis points compared with 2015, reflecting:
 - a greater proportion of DTC net sales, with a corresponding smaller proportion of lower-gross margin distributor and wholesale net sales;
 - selective price increases across product categories and geographies;
 - and

- a favorable sourcing cost environment;
- partially offset by:
- unfavorable foreign currency hedge rates.
- SG&A expense growth rate slightly greater than anticipated consolidated net sales growth, resulting in approximately 15 to 50 basis points of expense deleverage compared to the 2015 expense ratio of 35.8 percent. The nominal increase in projected SG&A expense consists primarily of:
 - increased expenses to support continued expansion in the company's global DTC businesses;
 - increased personnel expenses to support strategic initiatives and business growth;
 - increased expenses related to ongoing information technology initiatives; and
 - increased demand creation expenses;
 partially offset by:
 - cost containment measures instituted throughout the year; and
 - lower incentive compensation costs.
 - Licensing income of approximately \$9.8 million.
 - An estimated full-year effective income tax rate of approximately 25.0 percent, compared to an effective income tax rate of 27.3 percent in 2015. The actual rate could differ based on the geographic mix of pre-tax income and other discrete events that may occur during the year.
 - An unfavorable impact of approximately \$(0.26) on full year 2016 earnings per share, in addition to an estimated unfavorable impact of \$(0.10) per share in 2015, due to changes in currency exchange rates, primarily consisting of lower gross margins within many of our foreign subsidiaries as a result of increased local currency costs of inventory purchased in U.S. dollars.
 - Capital expenditures of approximately \$55 million, comprising investments in DTC business expansion, information technology and project-based and maintenance capital.
 - Full year free cash flow totaling approximately \$150 million.

Supplemental Constant-Currency Financial Information

The company reports its financial information in accordance with accounting principles generally accepted in the United States ("GAAP"). To supplement financial information reported in accordance with GAAP, the company discloses constant-currency net sales information, which is a non-GAAP financial measure, to provide a framework to assess how the business performed excluding the effects of changes in the exchange rates used to translate net sales generated in foreign currencies into U.S. dollars. The company calculates constant-currency net sales by translating net sales in foreign currencies for the current period into U.S. dollars at the exchange rates that were in effect during the comparable period of the prior year. Management believes that this non-GAAP financial measure reflects an additional and useful way of viewing an aspect of our operations that, when viewed in conjunction with our GAAP results, provides a more comprehensive understanding of our business and operations. In particular, investors may find the non-GAAP measures useful by reviewing our net sales results without the volatility in foreign currency exchange rates. This non-GAAP financial measure also facilitates management's internal comparisons to our historical net sales results and comparisons to competitors' net sales results. Constant-currency financial measures should be viewed in addition to, and not in lieu of or superior to, our financial measures calculated in accordance with GAAP. The Company provides a reconciliation of this non-GAAP measure to the most directly comparable financial measure calculated in accordance with GAAP. (See "Supplemental Financial Information - Constant-currency Basis" tables included in the earnings release announcing third quarter and year-to-date financial results located on the investor relations section of the company's website at <http://investor.columbia.com/results.cfm>.) The constant-currency information presented may not be comparable to similarly titled measures reported by other companies.

Fourth Quarter 2016 Reporting Schedule

Columbia Sportswear Company plans to report fourth quarter and full year 2016 financial results on Thursday, February 9, 2017 at approximately 4:00 p.m. ET. Following issuance of the earnings release, a commentary reviewing the results

will be furnished to the SEC on Form 8-K and published on the investor relations section of the company's website at <http://investor.columbia.com/results.cfm>.

A public webcast of Columbia's earnings conference call will follow at 5:00 p.m. ET at www.columbia.com. **To receive email notification of future announcements, please visit <http://investor.columbia.com/events.cfm> and register for E-Mail Alerts.**

Forward-Looking Statements

This document contains forward-looking statements within the meaning of the federal securities laws, including statements regarding anticipated results, net sales and net sales growth, gross margins, operating expenses and leverage, licensing income, operating income, operating margins, net income, earnings per share and the number of diluted shares outstanding at year-end, income tax rates, selling, general and administrative expenses, including projected increases and decreases in specific components of SG&A, the performance of our U.S. direct-to-consumer and wholesale businesses, projected growth or decline in specific geographies, countries and brands, inventory costs, timing of shipments, capital expenditures, cash flow, changes in foreign currency exchange and hedge rates, changes in pricing, and changes in sourcing costs. Forward-looking statements often use words such as "will," "anticipate," "estimate," "expect," "should" and "may" and other words and terms of similar meaning or reference future dates. The company's expectations, beliefs and projections are expressed in good faith and are believed to have a reasonable basis; however, each forward-looking statement involves a number of risks and uncertainties, including those set forth in this document, those described in the company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q under the heading "Risk Factors," and those that have been or may be described in other reports filed by the company, including reports on Form 8-K. Potential risks and uncertainties that may affect our future revenues, earnings and performance and could cause the actual results of operations or financial condition of the company to differ materially from the anticipated results expressed or implied by forward-looking statements in this document include: loss of key customer accounts; our ability to effectively implement IT infrastructure and business process initiatives and to maintain the strength and security of our IT systems; the effects of unseasonable weather, including global climate change; trends affecting consumer traffic and spending in brick and mortar retail channels; our ability to implement our growth strategy; unfavorable economic conditions generally, the financial health of our customers and changes in the level of consumer spending and apparel preferences; changes in international, federal or state tax, labor and other laws and regulations that affect our business, including changes in corporate tax rates or increasing wage rates; volatility in global production and transportation costs and capacity; risks inherent in doing business in foreign markets, including fluctuations in currency exchange rates; our ability to attract and retain key personnel; risks associated with our joint venture; higher than expected rates of order cancellations; increased consolidation of our wholesale customers; our ability to effectively source and deliver our products to customers in a timely manner; our dependence on independent manufacturers and suppliers and our ability to source finished products and components at competitive prices from them; the effectiveness of our sales and marketing efforts; intense competition in the industry; business disruptions and acts of terrorism, cyber-attacks or military activities around the globe; and our ability to establish and protect our intellectual property. The company cautions that forward-looking statements are inherently less reliable than historical information. The company does not undertake any duty to update any of the forward-looking statements after the date of this document to conform them to actual results or to reflect changes in events, circumstances or its expectations. New factors emerge from time to time and it is not possible for the company to predict or assess the impact of all such factors or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

End

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