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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**

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

**Date of Report (Date of earliest event reported):**

February 9, 2017

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**COLUMBIA SPORTSWEAR COMPANY**

(Exact name of registrant as specified in its charter)

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**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)

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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 February 9, 2017, Columbia Sportswear Company (the “Company”) issued a press release reporting its fourth quarter and fiscal year 2016 financial results and 2017 financial outlook. 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 fourth quarter and fiscal year 2016 and forward-looking statements relating to the 2017 financial outlook, as posted on the Company’s investor relations website, <http://investor.columbia.com>, on February 9, 2017. 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 February 9, 2017 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 March 22, 2017 to its shareholders of record on March 9, 2017.

## **ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS**

(d) Exhibits

- |      |                                                                                                                                                                                                                       |
|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 99.1 | Press Release, dated February 9, 2017 (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 February 9, 2017 (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: February 9, 2017

By: /S/ THOMAS B. CUSICK

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

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## EXHIBIT INDEX

<u>Exhibit</u>	<u>Description</u>
99.1	Press Release, dated February 9, 2017 (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 February 9, 2017 (furnished pursuant to Items 2.02 and 7.01 hereof).

**Contact:**

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 Sr. Director of Investor Relations  
 & Corporate Communications  
 Columbia Sportswear Company  
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**COLUMBIA SPORTSWEAR COMPANY REPORTS RECORD SALES AND EARNINGS;  
 2016 NET INCOME UP 10 PERCENT ON 2 PERCENT SALES GROWTH;  
 INITIAL 2017 OUTLOOK ANTICIPATES UP TO 4 PERCENT EARNINGS GROWTH  
 ON 4 PERCENT SALES GROWTH**

**4th Quarter 2016 Highlights:**

- Net sales increased 3 percent (2 percent constant-currency) to a fourth-quarter record \$717.4 million.
- Operating income increased 22 percent to a fourth-quarter record \$100.4 million, or 14.0 percent of net sales.
- Net income increased 34 percent to a fourth-quarter record \$84.7 million, or \$1.20 per diluted share.
- The board of directors approved a regular quarterly dividend of \$0.18 per share, payable March 22, 2017 to shareholders of record on March 9, 2017.

**Fiscal Year 2016 Highlights:**

- Record net sales of \$2.38 billion, a 2 percent increase (2 percent constant-currency).
- Record operating income of \$256.5 million, or 10.8 percent of net sales, a 3 percent increase.
- Record operating cash flow of \$275.2 million.
- Record net income of \$191.9 million, or \$2.72 per diluted share, an increase of 10 percent.
- Paid \$48.1 million in dividends.

**Fiscal Year 2017 Outlook Highlights:**

- Net sales growth of approximately 4 percent, including approximately 1 percentage point negative effect from changes in foreign currency exchange rates.
- Operating income growth of up to 5 percent, to between \$260 million and \$270 million, representing operating margin of up to 10.9 percent of net sales.
- An effective tax rate of approximately 24.0 percent.
- Net income of between \$192 million and \$200 million, or approximately \$2.72 to \$2.82 per diluted share.

**PORTLAND, Ore.** - February 9, 2017 - Columbia Sportswear Company (NASDAQ: COLM) today announced record fourth quarter net sales of \$717.4 million for the quarter ended December 31, 2016, a 3 percent increase (2 percent constant-currency) compared with net sales of \$699.4 million for the fourth quarter of 2015. Fourth quarter 2016 operating income increased 22 percent to a fourth quarter record \$100.4 million. Fourth quarter 2016 net income increased 34 percent to a fourth quarter record \$84.7 million, or \$1.20 per diluted share, compared with fourth quarter 2015 net income of \$63.4 million, or \$0.90 per diluted share.

Full year 2016 net sales increased 2 percent (2 percent constant-currency), to a record \$2.38 billion. Operating income increased 3 percent to a record \$256.5 million, representing operating margin of 10.8 percent compared with operating

margin of 10.7 percent in 2015. Full year 2016 net income increased 10 percent to a record \$191.9 million, or \$2.72 per diluted share, compared with full year 2015 net income of \$174.3 million, or \$2.45 per diluted share.

Chief Executive Officer Tim Boyle commented, "We are very proud of our fourth quarter and full year 2016 performance against a challenging backdrop in many of our largest markets. Record net sales, record gross margins, record operating income, expanded operating margin, and record net income reflect our powerful brand portfolio, robust operational platforms and disciplined prioritization of investments.

"We are particularly encouraged by the strong results we achieved in our Europe-direct markets, completing a second consecutive year of mid-20 percent constant-currency sales growth and returning that business to profitability after several challenging years. We also grew in the U.S., despite significant headwinds from customer bankruptcies, changing consumer shopping behavior, unseasonably warm weather, and cautious wholesale customers."

Boyle concluded, "Our 2017 outlook anticipates up to 4 percent earnings growth on 4 percent net sales growth, driven by contributions from three of our four brands and all four of our geographic regions. As part of our focus on relentless improvement, the senior management team and I are engaging a leading consulting firm to assist us in performing a thorough assessment of our operating model. Our goal is to ensure that our business is aligned and organized to successfully execute our strategic plan. We remain confident in our ability to continue to drive sustainable profitable growth through our powerful brand portfolio."

### **Fourth Quarter Results**

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

#### **Net Sales**

Fourth quarter consolidated net sales growth of 3 percent (2 percent constant-currency) was driven by:

- a 2 percent net sales increase in the U.S. to \$455.4 million, primarily reflecting growth from the Columbia brand;
- a 20 percent net sales increase in the Europe/Middle East/Africa (EMEA) region to \$70.1 million, including low-20 percent net sales growth in the company's Europe-direct business and a 17 percent increase in net sales to EMEA distributors;
- a 1 percent net sales increase (1 percent decline constant-currency) in the Latin America/Asia Pacific (LAAP) region to \$151.9 million, including net sales growth in Japan and China, partially offset by declines in Korea and in sales to LAAP distributors;

partially offset by:

- a 12 percent net sales decline (11 percent constant-currency) in Canada.

(See "Geographical Net Sales" table below.)

Global Columbia brand net sales increased 4 percent to \$552.3 million. Global SOREL brand net sales decreased 1 percent (2 percent constant-currency) to \$103.8 million. Global prAna brand net sales increased 2 percent to \$28.2 million, and global Mountain Hardwear brand net sales decreased 11 percent (12 percent constant-currency) to \$31.3 million. (See "Brand Net Sales" table below.)

Global Apparel, Accessories & Equipment net sales increased 4 percent to \$535.8 million, and Footwear net sales decreased 1 percent (2 percent constant-currency) to \$181.6 million. (See "Categorical Net Sales" table below.)

#### **Profitability**

Fourth quarter operating income increased 22 percent to a fourth quarter record \$100.4 million, or 14 percent of net sales, compared to \$82.3 million, or 11.8 percent of net sales, for the same period in 2015.

Fourth quarter net income increased 33.7 percent to a fourth quarter record \$84.7 million, or \$1.20 per diluted share, compared to \$63.4 million, or \$0.90 per diluted share, for the same period in 2015.

## **Fiscal Year 2016 Results**

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

### **Net Sales**

Consolidated 2016 net sales increased 2 percent to a record \$2.38 billion, compared with 2015 net sales of \$2.33 billion.

Consolidated 2016 net sales growth of 2 percent included:

- a 3 percent net sales increase in the U.S. to \$1.51 billion;
- a 9 percent net sales increase in the EMEA region (10 percent constant-currency) to \$253.5 million, reflecting a low-20 percent increase (mid-20 percent constant-currency) in the company's Europe-direct markets, partially offset by a low-double-digit decline in net sales to EMEA distributors;

partially offset by:

- a 3 percent net sales decrease in the LAAP region (4 percent constant-currency) to \$453.7 million, reflecting a low-20 percent net sales decline in Korea and a high-teen percentage decline in net sales to LAAP distributors, partially offset by low-double-digit percentage growth in Japan (low-single-digit constant currency) and low-single-digit percentage growth in China (high-single-digit constant currency); and
- a 2 percent net sales decrease in Canada (1 percent growth constant-currency) to \$164.6 million.

(See "Geographical Net Sales" table below.)

Global Columbia brand net sales increased 2 percent (3 percent constant-currency) to \$1.91 billion. Global SOREL brand net sales increased 2 percent (1 percent constant-currency) to \$213.0 million. Global prAna brand net sales increased 12 percent to \$139.9 million. Global Mountain Hardwear brand net sales declined 11 percent (10 percent constant-currency) to \$104.0 million. (See "Brand Net Sales" table below.)

Global Apparel, Accessories & Equipment net sales increased 2 percent (3 percent constant-currency) to \$1.87 billion. Global Footwear net sales increased 1 percent to \$511.6 million. (See "Categorical Net Sales" table below.)

### **Profitability**

Full year 2016 operating income increased 3 percent to a record \$256.5 million, or 10.8 percent of net sales, compared with full year 2015 operating income of \$249.7 million, or 10.7 percent of net sales.

Full year 2016 net income increased 10 percent to a record \$191.9 million, or \$2.72 per diluted share, including an unfavorable impact of approximately \$(0.24) per diluted share resulting from the strengthening of the U.S. dollar. 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. Full year 2015 net income totaled \$174.3 million, or \$2.45 per diluted share.

### **Balance Sheet, Cash Flow and Share Repurchase Activity**

During the year ended December 31, 2016, the company generated a record \$275.2 million in operating cash flow, invested \$50.0 million in capital expenditures and paid dividends of \$48.1 million.

At December 31, 2016, cash and short term investments totaled \$551.9 million, of which approximately 49 percent was held in foreign jurisdictions from which a repatriation of those funds to the United States would likely result in a significant tax cost to the company.

Consolidated inventories increased 3 percent to \$488.0 million at December 31, 2016 compared to \$473.6 million balance at December 31, 2015, consisting primarily of current Fall 2016 styles, partially offset by later receipt of Spring 2017 production.

As of December 31, 2016, approximately \$173.5 million remained available under the current 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.

## **Dividend**

The board of directors authorized a regular quarterly dividend of \$0.18 per share, payable on March 22, 2017 to shareholders of record on March 9, 2017.

## **2017 Financial Outlook**

All projections related to anticipated future results are forward-looking in nature and are subject to risks and uncertainties which may cause actual results to differ, perhaps materially. Projections are predicated on normal seasonal weather globally. In addition, our 2017 outlook assumes that current macro and market conditions in key markets do not worsen and that current U.S. regulatory and tax policies remain largely unaltered for the balance of the year.

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.

The company's U.S. direct-to-consumer channel is expected to account for a majority of the projected full year 2017 global net sales increase. In addition, the company's anticipated growth in full year 2017 operating income and net income is expected to occur in the second half.

The company currently expects 2017 net sales growth of approximately 4 percent compared with 2016 net sales of \$2.38 billion, including approximately 1 percentage point negative effect from changes in foreign currency exchange rates.

The company expects fiscal year 2017 gross margins to improve by approximately 25 basis points, and for selling, general and administrative ("SG&A") expenses to increase at a rate slightly faster than net sales, resulting in approximately 20 basis points of SG&A expense deleverage, including a planned increase in global demand creation spend from 5.0 percent of sales in 2016.

Based on the above assumptions, the company expects operating income to increase up to 5 percent, to between \$260 million and \$270 million, resulting in anticipated 2017 operating margin of up to 10.9 percent. Net income after non-controlling interest is expected to be between approximately \$192 million and \$200 million, or approximately \$2.72 to \$2.82 per diluted share.

A more detailed version of the company's fourth quarter and full year 2016 financial results and 2017 outlook can be found in the "CFO Commentary on Fourth Quarter and Full Year 2016 Financial Results and 2017 Financial Outlook", available on the company's investor relations website: <http://investor.columbia.com/results.cfm>.

## **CFO's Commentary on Fourth Quarter/FY2016 Results and 2017 Outlook Available Online**

At approximately 4:15 p.m. ET today, a commentary by Tom Cusick, executive vice president of finance and chief financial officer, reviewing the company's fourth quarter and fiscal year 2016 financial results and 2017 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, February 9, 2017 at 5:00 p.m. ET to review its fourth quarter and fiscal year 2016 financial results and 2017 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 February 8, 2018.

## **First Quarter 2017 Reporting Schedule**

Columbia Sportswear plans to report financial results for first quarter 2017 and its updated fiscal year 2017 financial outlook on Thursday, April 27, 2017 at approximately 4:00 p.m. ET. Following issuance of the earnings release, a commentary reviewing the company's first quarter financial results and updated fiscal year 2017 financial outlook 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](http://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](http://www.columbia.com), [www.mountainhardwear.com](http://www.mountainhardwear.com), [www.SOREL.com](http://www.SOREL.com), [www.pрана.com](http://www.pрана.com), and [www.outdry.com](http://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, net income, selling, general and administrative expenses, income tax rates, earnings per share, the effects of changes in foreign currency exchange rates, growth in certain brands and geographic regions, and the performance of our U.S. direct-to-consumer channel. 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 direct-to-consumer 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, apparel preferences and fashion trends; 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; our ability to establish and protect our intellectual property; the seasonality of our business; and our ability to develop innovative products. 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)

	December 31,	
	2016	2015
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 551,389	\$ 369,770
Short-term investments	472	629
Accounts receivable, net	333,678	371,953
Inventories	487,997	473,637
Prepaid expenses and other current assets	38,487	33,400
<b>Total current assets</b>	<b>1,412,023</b>	<b>1,249,389</b>
Property, plant, and equipment, net	279,650	291,687
Intangible assets, net	202,032	207,178
Deferred income taxes	92,494	76,181
Other non-current assets	27,695	21,718
<b>Total assets</b>	<b>\$ 2,013,894</b>	<b>\$ 1,846,153</b>
<b>Current Liabilities:</b>		
Short-term borrowings	\$ —	\$ 1,940
Accounts payable	215,048	217,230
Accrued liabilities	142,158	141,862
Income taxes payable	5,645	5,038
<b>Total current liabilities</b>	<b>362,851</b>	<b>366,070</b>
Note payable to related party	14,053	15,030
Other long-term liabilities	42,622	40,172
Income taxes payable	12,710	8,839
Deferred income taxes	147	229
<b>Total liabilities</b>	<b>432,383</b>	<b>430,340</b>
<b>Equity:</b>		
Columbia Sportswear Company shareholders' equity	1,560,820	1,399,800
Non-controlling interest	20,691	16,013
<b>Total equity</b>	<b>1,581,511</b>	<b>1,415,813</b>
<b>Total liabilities and equity</b>	<b>\$ 2,013,894</b>	<b>\$ 1,846,153</b>

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015
Net sales	\$ 717,450	\$ 699,414	\$ 2,377,045	\$ 2,326,180
Cost of sales	379,775	382,466	1,266,697	1,252,680
Gross profit	337,675	316,948	1,110,348	1,073,500
	47.1%	45.3%	46.7%	46.1%
Selling, general and administrative expenses	241,241	237,188	864,084	831,971
Net licensing income	3,965	2,533	10,244	8,192
Income from operations	100,399	82,293	256,508	249,721
Interest income, net	427	272	2,003	1,531
Interest expense on note payable to related party	(262)	(273)	(1,041)	(1,099)
Other non-operating income (expense)	164	453	(572)	(2,834)
Income before income tax	100,728	82,745	256,898	247,319
Income tax expense	(15,162)	(17,949)	(58,459)	(67,468)
Net income	85,566	64,796	198,439	179,851
Net income attributable to non-controlling interest	851	1,446	6,541	5,514
Net income attributable to Columbia Sportswear Company	\$ 84,715	\$ 63,350	\$ 191,898	\$ 174,337
Earnings per share attributable to Columbia Sportswear Company:				
Basic	\$ 1.21	\$ 0.91	\$ 2.75	\$ 2.48
Diluted	1.20	0.90	2.72	2.45
Weighted average shares outstanding:				
Basic	69,835	69,884	69,683	70,162
Diluted	70,725	70,616	70,632	71,064

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

	Twelve Months Ended December 31,	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 198,439	\$ 179,851
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	60,016	56,521
Loss on disposal or impairment of property, plant, and equipment	4,805	5,098
Deferred income taxes	(19,178)	(11,709)
Stock-based compensation	10,986	11,672
Excess tax benefit from employee stock plans	—	(7,873)
Changes in operating assets and liabilities:		
Accounts receivable	36,710	(40,419)
Inventories	(18,777)	(103,296)
Prepaid expenses and other current assets	(5,452)	4,411
Other assets	(5,948)	(2,524)
Accounts payable	1,483	11,418
Accrued liabilities	4,847	(2,017)
Income taxes payable	4,768	(10,994)
Other liabilities	2,468	4,966
Net cash provided by operating activities	<u>275,167</u>	<u>95,105</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of short-term investments	(21,263)	(38,208)
Sales of short-term investments	21,263	64,980
Capital expenditures	(49,987)	(69,917)
Proceeds from sale of property, plant, and equipment	97	144
Net cash used in investing activities	<u>(49,890)</u>	<u>(43,001)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from credit facilities	62,885	53,429
Repayments on credit facilities	(64,825)	(51,479)
Proceeds from issuance of common stock under employee stock plans	13,167	17,442
Tax payments related to restricted stock unit issuances	(5,117)	(4,895)
Excess tax benefit from employee stock plans	—	7,873
Repurchase of common stock	(11)	(70,068)
Cash dividends paid	(48,122)	(43,547)
Net cash used in financing activities	<u>(42,023)</u>	<u>(91,245)</u>
<b>NET EFFECT OF EXCHANGE RATE CHANGES ON CASH</b>	<u>(1,635)</u>	<u>(4,647)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	181,619	(43,788)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	369,770	413,558
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 551,389</u>	<u>\$ 369,770</u>
<b>SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING ACTIVITIES:</b>		
Capital expenditures incurred but not yet paid	\$ 2,710	\$ 4,698

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

Three Months Ended December 31,

	Reported Net Sales 2016	Adjust for Foreign Currency Translation	Constant- currency Net Sales 2016 <sup>(1)</sup>	Reported Net Sales 2015	Reported Net Sales % Change	Constant- currency Net Sales % Change <sup>(1)</sup>
<b>Geographical Net Sales:</b>						
United States	\$ 455.4	\$ —	\$ 455.4	\$ 446.2	2%	2%
LAAP	151.9	(3.9)	148.0	149.7	1%	(1)%
EMEA	70.1	—	70.1	58.2	20%	20%
Canada	40.0	0.1	40.1	45.3	(12)%	(11)%
Total	<u>\$ 717.4</u>	<u>\$ (3.8)</u>	<u>\$ 713.6</u>	<u>\$ 699.4</u>	3%	2%
<b>Brand Net Sales:</b>						
Columbia	\$ 552.3	\$ (2.4)	\$ 549.9	\$ 528.9	4%	4%
SOREL	103.8	(1.0)	102.8	105.3	(1)%	(2)%
prAna	28.2	—	28.2	27.7	2%	2%
Mountain Hardwear	31.3	(0.4)	30.9	35.2	(11)%	(12)%
Other	1.8	—	1.8	2.3	(22)%	(22)%
Total	<u>\$ 717.4</u>	<u>\$ (3.8)</u>	<u>\$ 713.6</u>	<u>\$ 699.4</u>	3%	2%
<b>Categorical Net Sales:</b>						
Apparel, Accessories and Equipment	\$ 535.8	\$ (2.1)	\$ 533.7	\$ 515.6	4%	4%
Footwear	181.6	(1.7)	179.9	183.8	(1)%	(2)%
Total	<u>\$ 717.4</u>	<u>\$ (3.8)</u>	<u>\$ 713.6</u>	<u>\$ 699.4</u>	3%	2%

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

Twelve Months Ended December 31,

	Reported Net Sales 2016	Adjust for Foreign Currency Translation	Constant- currency Net Sales 2016 <sup>(1)</sup>	Reported Net Sales 2015	Reported Net Sales % Change	Constant- currency Net Sales % Change <sup>(1)</sup>
<b>Geographical Net Sales:</b>						
United States	\$ 1,505.2	\$ —	\$ 1,505.2	\$ 1,455.2	3%	3%
LAAP	453.7	(3.6)	450.1	469.2	(3)%	(4)%
EMEA	253.5	2.4	255.9	233.2	9%	10%
Canada	164.6	5.7	170.3	168.6	(2)%	1%
Total	<u>\$ 2,377.0</u>	<u>\$ 4.5</u>	<u>\$ 2,381.5</u>	<u>\$ 2,326.2</u>	2%	2%
<b>Brand Net Sales:</b>						
Columbia	\$ 1,910.1	\$ 5.3	\$ 1,915.4	\$ 1,864.7	2%	3%
SOREL	213.0	(0.8)	212.2	209.2	2%	1%
prAna	139.9	—	139.9	125.3	12%	12%
Mountain Hardwear	104.0	0.1	104.1	116.3	(11)%	(10)%
Other	10.0	(0.1)	9.9	10.7	(7)%	(7)%
Total	<u>\$ 2,377.0</u>	<u>\$ 4.5</u>	<u>\$ 2,381.5</u>	<u>\$ 2,326.2</u>	2%	2%
<b>Categorical Net Sales:</b>						
Apparel, Accessories and Equipment	\$ 1,865.4	\$ 4.1	\$ 1,869.5	\$ 1,821.2	2%	3%
Footwear	511.6	0.4	512.0	505.0	1%	1%
Total	<u>\$ 2,377.0</u>	<u>\$ 4.5</u>	<u>\$ 2,381.5</u>	<u>\$ 2,326.2</u>	2%	2%

<sup>(1)</sup> 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. We calculate 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.



14375 NW Science Park Drive  
Portland, OR 97229

February 9, 2017

## **CFO Commentary on Fourth Quarter and Full Year 2016 Financial Results and 2017 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, February 9, 2017 at 5:00 p.m. ET to review fourth quarter and FY2016 results, as well as its fiscal year 2017 financial outlook. To participate, please dial (877) 407-9205 in the United States. 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 February 8, 2017.

### **Fourth Quarter Summary**

Net sales increased \$18.0 million, or 3 percent (2 percent constant-currency), to a record \$717.4 million.

Gross margin expanded approximately 175 basis points to 47.1 percent of net sales. Selling, general & administrative (SG&A) expenses increased \$4.1 million, or 2 percent, resulting in 30 basis points of operating expense leverage.

Record operating income of \$100.4 million increased 22.0 percent and represented 14.0 percent of net sales.

Net income increased \$21.4 million, or 34 percent, to a record \$84.7 million, or \$1.20 per diluted share.

### **FY2016 Summary**

Record net sales of \$2.38 billion increased 2 percent (2 percent constant-currency).

Record gross margin of 46.7 percent of net sales expanded approximately 60 basis points. SG&A expenses increased \$32.1 million, or 4 percent, resulting in 60 basis points of operating expense deleverage.

Record operating income of \$256.5 million increased 3 percent and represented operating margin of 10.8 percent.

Record operating cash flow of \$275.2 million.

Record net income increased 10 percent to \$191.9 million, or \$2.72 per diluted share.

### **FY2017 Financial Outlook Summary**

Our full year 2017 financial outlook anticipates:

- net sales increase of approximately 4 percent compared with 2016, including approximately 1 percentage point negative effect from changes in currency exchange rates;
- operating income growth of up to 5 percent, to between approximately \$260 million and \$270 million, representing operating margin of up to 10.9 percent;
- net income of between approximately \$192 million and \$200 million, or \$2.72 to \$2.82 per diluted share.



The **Full Year 2017 Financial Outlook** section beginning on page 6 below contains a more detailed discussion of the factors contributing to this outlook.

### **Fourth Quarter Financial Results**

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

#### **Net Sales**

Consolidated net sales increased \$18.0 million, or 3 percent (2 percent constant-currency), to a record \$717.4 million, compared with \$699.4 million.

#### **Regions**

- U.S. net sales increased \$9.2 million, or 2 percent, to \$455.4 million. The increase in U.S. net sales reflected a low-double-digit increase in direct-to-consumer (DTC) net sales, partially offset by a mid-single-digit decline in net sales to wholesale customers. During the fourth quarter of 2016, the company operated 118 U.S. retail stores (93 outlet; 25 branded) and 5 branded ecommerce sites, compared with 111 stores (87 outlet; 24 branded) and 5 branded ecommerce sites during the same period in 2015.
- Net sales in the LAAP region increased \$2.2 million, or 1 percent (declined 1 percent constant-currency), to \$151.9 million, driven by mid-teen growth in Japan (low-single-digit constant-currency), and a high-single-digit net sales increase in China (mid-teen constant-currency). These increases were partially offset by a low-teen percentage net sales decline in Korea (mid-teen constant-currency) and a mid-teen decline in net sales to LAAP distributors. The net sales decrease in Korea reflects a change in consumer preferences in that country away from the outdoor category that has created industry-wide excess inventory levels in that market. The decline in net sales to LAAP distributors was primarily due to a shift in the timing of shipments of increased Spring 2017 advance orders.
- Net sales in the Europe, Middle East, Africa (EMEA) region increased \$11.9 million, or 20 percent, to \$70.1 million. Net sales increased low-20 percent in Europe-direct markets, representing an eighth consecutive quarter of growth greater than 15 percent. Net sales to EMEA distributors increased by a high-teen percentage, primarily due to a favorable shift in the timing of shipments of increased Spring 2017 advance orders and stabilizing conditions in our Russian business.
- Net sales in Canada declined \$5.3 million, or 12 percent (11 percent constant-currency), to \$40.0 million, reflecting lower wholesale net sales, partially offset by higher DTC net sales.

#### **Brands**

- Columbia brand global net sales increased \$23.4 million, or 4 percent, to \$552.3 million, primarily reflecting increased U.S. DTC net sales combined with increased net sales in the EMEA region, Japan, and China, partially offset by lower wholesale net sales in the U.S. and Canada, as well as lower sales in Korea and to LAAP distributors.
- SOREL brand global net sales decreased \$1.5 million, or 1 percent (2 percent constant-currency), to \$103.8 million, primarily due to net sales declines in the U.S. and Canada, partially offset by increased net sales in Europe-direct markets and Japan.
- prAna brand global net sales increased \$0.5 million, or 2 percent, to \$28.2 million, primarily reflecting growth in the U.S.
- Mountain Hardwear brand global net sales decreased \$3.9 million, or 11 percent (12 percent constant-currency), to \$31.3 million, primarily reflecting declines in the U.S., China and Korea, partially offset by increased net sales in Japan and the EMEA region.

#### **Product Categories**

- Global Apparel, Accessories & Equipment net sales increased \$20.2 million, or 4 percent, to \$535.8 million, primarily driven by increased Columbia, SOREL and prAna brand net sales, partially offset by a low-double-digit percentage decline in Mountain Hardwear brand net sales.
- Global Footwear net sales decreased \$2.2 million, or 1 percent (2 percent constant-currency), to \$181.6 million, reflecting a 3 percent decline in SOREL brand net sales, partially offset by 1 percent growth in net sales of Columbia brand footwear.

### **Gross Margin**

Fourth quarter 2016 gross margins expanded 175 basis points to 47.1 percent, primarily reflecting:

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

partially offset by:

- an unfavorable impact from foreign currency rates in Europe, Canada, China, and Japan.

### **Selling, General and Administrative (SG&A) Expense**

Fourth quarter 2016 SG&A expense increased \$4.1 million, or 2 percent, to \$241.2 million, or 33.6 percent of net sales, compared to 33.9 percent of net sales in last year's fourth quarter, resulting in 30 basis points of SG&A expense leverage.

The increased SG&A expense included:

- increased personnel costs to support strategic initiatives and business growth;
- increased demand creation expenses;
- increased expenses related to the company's expanding global DTC channel; and
- the unfavorable impact from foreign currency translation;

partially offset by:

- cost containment efforts instituted throughout the year;
- lower incentive compensation; and
- lower information technology investments.

### **Operating Income**

Consolidated operating income increased 22 percent, to a fourth quarter record \$100.4 million, or 14.0 percent of net sales, compared with fourth quarter 2015 operating income of \$82.3 million, or 11.8 percent of net sales.

### **Income Tax Expense**

The effective tax rate for the fourth quarter was 15.1 percent, compared to 21.7 percent in the fourth quarter of 2015. The lower effective income tax rate was due to a higher proportion of taxable income in foreign jurisdictions where tax rates are generally lower than in the United States and the increased benefit from the utilization of foreign tax credits, partially offset by a lower tax benefit related to the resolution of tax audits in various jurisdictions.

### **Net Income**

Consolidated fourth quarter 2016 net income increased 34 percent to \$84.7 million, or \$1.20 per diluted share, compared with net income of \$63.4 million, or \$0.90 per diluted share, in the fourth quarter of 2015.

### **Regular Quarterly Cash Dividend**

At its regular board meeting on January 27, 2017, the board of directors authorized a regular quarterly cash dividend of \$0.18 per share, payable on March 22, 2017 to shareholders of record on March 9, 2017.

### **FY2016 Financial Results:**

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

### **Net Sales**

Net sales increased \$50.8 million, or 2 percent (2 percent constant-currency), to a record \$2.38 billion. Net sales through the company's global DTC channels represented approximately 37 percent of consolidated net sales, and grew at a low-teen percentage rate compared to low-single-digit percentage decline in sales to the company's global wholesale and distributor channels.

## **Regions**

- U.S. net sales increased \$50.0 million, or 3 percent, to \$1.51 billion. The increase in U.S. net sales primarily reflected a mid-teen increase in net sales through the company's DTC channel, including low-20-percent growth in ecommerce net sales, partially offset by a mid-single-digit percentage decline in wholesale net sales.
- Net sales in the LAAP region declined \$15.5 million, or 3 percent (4 percent constant-currency), to \$453.7 million, primarily due to a low-20 percent net sales decline in Korea (high-teen constant-currency), reflecting a change in consumer preferences in that country away from the outdoor category that has created industry-wide excess inventory levels in that market, and a high-teen percentage decrease in net sales to LAAP distributors, primarily due to shifts in the timing of shipments of Spring advance orders. These declines were partially offset by a low-double-digit percentage increase in net sales in Japan (low-single-digit increase in constant-currency) and a low-single-digit percentage net sales increase in China (high-single-digit constant-currency).
- Net sales in the EMEA region increased \$20.3 million, or 9 percent (10 percent in constant-currency). Net sales in Europe-direct markets increased at a low-20 percent rate (mid-20 percent constant-currency), representing the second consecutive year of mid-20 percent constant-currency growth and returning that business to profitability in 2016. That increase was offset by a low-double-digit percentage decrease in sales to EMEA distributors due to the challenging macroeconomic conditions in Russia.
- Net sales in Canada decreased \$4.0 million, or 2 percent (increased 1 percent constant-currency), to \$164.6 million, reflecting a decline in wholesale net sales, partially offset by increased DTC net sales.

## **Brands**

- Columbia brand global net sales increased \$45.4 million, or 2 percent (3 percent constant-currency), to \$1.91 billion, driven by growth in the U.S., Europe-direct markets, Japan, China and Canada, partially offset by declines in Korea, and the LAAP and EMEA distributor markets.
- SOREL brand global net sales increased \$3.8 million, or 2 percent (1 percent constant-currency) to \$213.0 million, driven primarily by increased wholesale and DTC net sales in the U.S. and Europe-direct markets, partially offset by a decline in Canada.
- prAna brand global net sales increased \$14.6 million, or 12 percent, to \$139.9 million, primarily reflecting growth in the U.S.
- Mountain Hardwear brand global net sales decreased \$12.3 million, or 11 percent (10 percent constant-currency), to \$104.0 million, reflecting lower net sales in the U.S., Korea and to LAAP distributors, partially offset by growth in the EMEA region, Canada and Japan.

## **Product Categories**

- Global Apparel, Accessories & Equipment net sales increased \$44.2 million, or 2 percent (3 percent constant-currency), to \$1.87 billion, primarily driven by the Columbia and prAna brands.
- Global Footwear net sales increased \$6.6 million, or 1 percent, to \$511.6 million, representing growth from the Columbia and SOREL brands.

## **Gross Margin**

Gross margins expanded 60 basis points to a record 46.7 percent, primarily driven by:

- favorable changes in sales channel mix with a higher proportion of DTC net sales, which generally carry higher gross margins, and a lower proportion of net sales to international distributors, which generally carry lower gross margins;
- a favorable mix of full price versus closeout product sales;
- selective price increases;
- and
- a favorable sourcing environment;

partially offset by:

- an unfavorable impact from foreign currency rates in Europe, Canada, China and Japan.

## **Selling, General and Administrative (SG&A) Expense**

SG&A expenses increased \$32.1 million, or 4 percent, to \$864.1 million, representing 36.4 percent of net sales, compared to \$832.0 million, or 35.8 percent of net sales in 2015, representing 60 basis points of SG&A expense deleverage. The increased SG&A expense included:

- increased costs to support the company's expanding global DTC channel;
  - increased personnel costs to support strategic initiatives and business growth; and
  - increased information technology investments;
- partially offset by:
- lower incentive compensation;
  - cost containment efforts instituted throughout the year; and
  - lower demand creation expenses, which totaled 5.0 percent of sales during 2016, compared with 5.2 percent of net sales in 2015.

Net licensing income totaled \$10.2 million, compared with \$8.2 million in 2015.

### **Operating Income**

Operating income increased \$6.8 million, or 3 percent, to \$256.5 million, representing an operating margin of 10.8 percent, compared with 2015 operating margin of 10.7 percent.

### **Income Tax Expense**

The full year 2016 income tax rate was 22.8 percent, compared with the 2015 rate of 27.3 percent. The lower effective income tax rate was due to a higher proportion of taxable income in foreign jurisdictions where tax rates are generally lower than in the United States, an increased income tax benefit from the utilization of foreign tax credits and an income tax benefit recognized as a result of the company's adoption of a newly issued accounting standard. These comparative income tax benefits were partially offset by a non-recurring tax benefit that was recognized in 2015 from the utilization of net operating loss carry-forwards and the release of associated valuation allowances in certain international tax jurisdictions.

### **Net Income**

Net income for 2016 increased 10 percent to \$191.9 million, or \$2.72 per diluted share, compared to full year 2015 net income of \$174.3 million, or \$2.45 per diluted share.

### **Balance Sheet**

At December 31, 2016, cash and short-term investments totaled \$551.9 million, compared to \$370.4 million at December 31, 2015. At December 31, 2016, approximately 49 percent of cash and short-term investments were held in foreign jurisdictions where, under current tax laws, a repatriation of those funds to the United States would likely result in a significant tax cost to the company.

Consolidated accounts receivable at December 31, 2016 totaled \$333.7 million, a 10 percent decrease on 3 percent fourth quarter net sales growth. Consolidated Days Sales Outstanding (DSO) at December 31, 2016 stood at 42 days, a decrease of 6 days compared with December 31, 2015.

Consolidated inventory of \$488.0 million at December 31, 2016 increased \$14.4 million, or 3 percent, compared to December 31, 2015. The increased inventory is concentrated in North America and Europe, primarily comprising Fall 2016 styles, partially offset by later receipt of Spring 2017 production. We plan to liquidate excess inventory primarily through our outlet store network during 2017.

### **Fiscal Year 2016 Cash Flow**

Operating cash flow for the year ended December 31, 2016 was a record \$275.2 million, compared to \$95.1 million in 2015.

Capital expenditures totaled \$50.0 million in 2016 compared to \$69.9 million in 2015.

At December 31, 2016, approximately \$173.5 million remained available under the current repurchase authorization. The share repurchase authorization does not obligate the company to acquire any specific number of shares or to acquire shares over any specified period of time.

During 2016, the company paid dividends totaling \$48.1 million.

## **Full Year 2017 Financial Outlook**

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.

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

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. However, among the many risks inherent in our global business, our projected full year net sales and profitability may be materially affected by unfavorable weather patterns and other factors that affect consumer demand and store traffic and lead to higher-than-anticipated order cancellations and lower reorders by our wholesale customers or lower-than-projected net sales through our DTC channels, particularly during the fourth quarter. Projections are predicated on normal seasonal weather globally.

In addition, bankruptcies and further consolidation among U.S. wholesale customers, such as those we experienced during 2016, create increased uncertainty in our ability to predict near-term net sales and profitability. We are also facing macroeconomic, competitive and geopolitical uncertainty as well as foreign currency exchange rate volatility in several major markets, making it more difficult to forecast our net sales and profitability.

Our 2017 outlook assumes that current macro and market conditions in key markets do not worsen, and that U.S. regulatory and tax policies remain largely unaltered for the balance of the year.

Taking the above factors into consideration, our current fiscal year 2017 outlook anticipates:

- approximately 4 percent growth in global net sales compared to 2016, including contributions from three of our four brands and all four of our geographic regions, as well as approximately 1 percentage point negative effect from changes in foreign currency exchange rates;
- a majority of the projected full year 2017 global net sales increase to come from the company's U.S. DTC channel, including the planned addition of 13 outlet stores;
- approximately 25 basis point expansion of gross margins, including a nominal impact from changes in foreign currency hedge rates;
- SG&A expense growth at a rate slightly greater than anticipated net sales growth, resulting in approximately 20 basis points of deleverage;
- up to 5 percent growth in operating income to between approximately \$260 million and \$270 million, representing operating margin of up to approximately 10.9 percent;
- an effective income tax rate of approximately 24.0 percent;
- and
- up to 4 percent growth in net income to between approximately \$192 million and \$200 million, or \$2.72 to \$2.82 per diluted share.

The above outlook also anticipates:

- a lower net sales growth rate in the first half of the year than in the second half;
- and
- more pronounced SG&A deleverage in the first half of the year, given the lower anticipated net sales growth rate and the fixed cost structure of the business.

As a result, we expect first half operating profit to be approximately \$5 million to \$10 million lower than the comparable 2016 period, and 2017 profitability and profitability growth compared with 2016 to be concentrated in the second half of the year.

The above projections are further based on the following expectations:

- Mid-single-digit net sales growth from the Columbia brand, low-double-digit net sales growth from the SOREL brand, and low-double-digit net sales growth from the prAna brand, partially offset by a mid-single-digit decline in Mountain Hardwear brand net sales.
- Mid-single-digit net sales growth in the U.S. business, consisting of mid-teen growth in DTC net sales and low-single-digit growth in wholesale net sales.
- Low-single-digit net sales growth in the EMEA region, with the Europe-direct business contributing mid-single-digit growth (high-single-digit constant-currency) and the EMEA distributor business contributing low-single-digit growth.
- Low-single-digit net sales growth in the LAAP region, consisting of high-teen growth in net sales to LAAP distributors, largely offset by a mid-single-digit net sales decline in Korea (low-single-digit constant-currency) and a low-single-digit net sales decline in Japan (mid-single-digit growth constant-currency). Net sales in China are expected to be comparable to 2016 (mid-single-digit growth constant-currency).
- Mid-single-digit net sales growth in Canada.
- Gross margin expansion of approximately 25 basis points compared with 2016, reflecting:
  - a favorable channel mix with a greater proportion of DTC net sales; and
  - a favorable sourcing cost environment.
- SG&A expense growth rate slightly greater than anticipated consolidated net sales growth, resulting in approximately 20 basis points of expense deleverage. The nominal increase in projected SG&A expense consists primarily of:
  - increased expenses to support continued expansion in the company's global DTC channel;
  - increased personnel expenses to support strategic initiatives and business growth; and
  - increased demand creation expenses;partially offset by:
  - favorable foreign currency translation; and
  - continued cost containment measures.
- Licensing income of approximately \$12.0 million.
- An estimated full-year effective income tax rate of approximately 24.0 percent. The actual rate could differ based on the geographic mix of pre-tax income and the impact of discrete events that may occur during the year. In addition, this tax rate projection does not anticipate any potential regulatory changes related to corporate tax rates, repatriation of cash and short-term investments held in foreign jurisdictions, or border-adjustment tax.
- An insignificant impact on gross margins due to changes in currency exchange rates on the local currency costs of inventory purchased in U.S. dollars by our foreign subsidiaries, in contrast to 2016 when those factors had an estimated unfavorable impact of \$(0.24) per share.
- Capital expenditures of approximately \$60 million, comprising investments in DTC business expansion, information technology and project-based and maintenance capital.

### **Organizational Assessment**

As part of the company's commitment to relentless improvement, the senior management team is engaging a leading consulting firm to assist us in performing a thorough assessment of our operating model. Our goal is to ensure that our business is aligned and organized to successfully execute our strategic plan. This assessment is in its early planning stage and the above 2017 outlook does not include any financial impact that may result from the execution of this project.

### **Potential Cyber Security Incident at prAna.com**

Earlier this week, our prAna subsidiary became aware of a potential cyber security incident involving its ecommerce website, prAna.com. We immediately launched an investigation and have engaged a leading third-party cyber security firm to assist us. Protecting our customers' information is one of our top priorities and we are taking this very seriously. Until the investigation is completed it is difficult to characterize the scope or nature of the potential incident, but we are working vigilantly to address this issue.

This potential incident is limited to prAna's separately-managed ecommerce site and does not involve any of the company's other branded websites.

### **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 fourth quarter and fiscal year 2016 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.

### **First Quarter 2017 Reporting Schedule**

Columbia Sportswear plans to report first quarter 2017 financial results on Thursday, April 27, 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](http://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, licensing income, operating income, operating margins, net income, earnings per share, 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 and our Europe-direct and EMEA distributor businesses, projected growth or decline in specific geographies, countries and brands, timing of shipments, capital expenditures, changes in foreign currency exchange and hedge rates, changes in sourcing costs, and the completion and results of our organizational assessment. 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 our direct-to-consumer 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, apparel preferences and fashion trends; 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; our ability to establish and protect our intellectual property; the seasonality of our business; and our ability to develop innovative products. 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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