
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):
February 7, 2019

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On February 7, 2019, Columbia Sportswear Company (the "Company") issued a press release reporting its fourth quarter and full year 2018 financial results, providing its 2019 financial outlook and announcing a \$200 million increase in its stock repurchase authorization. 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 Jim A. Swanson, Senior Vice President and Chief Financial Officer of Columbia Sportswear Company, on the fourth quarter and full year 2018 financial results and 2019 financial outlook, as posted on the Company's investor relations website, <http://investor.columbia.com>, on February 7, 2019. 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 7, 2019 press release, the Company also announced that its Board of Directors approved a regular quarterly cash dividend of \$0.24 per share of common stock to be paid on March 18, 2019 to its shareholders of record on March 7, 2019.

ITEM 8.01 OTHER EVENTS

In its February 7, 2019 press release, the Company announced that its Board of Directors has authorized the repurchase of up to an additional \$200 million of Company common stock in market or negotiated transactions, in addition to the approximately \$130 million currently remaining available under the prior stock repurchase authorization. The repurchase program does not obligate the Company to acquire any specific number of shares or acquire shares over any specified period of time, and the share repurchase program may be commenced, modified, suspended, or discontinued at any time by the Company at its discretion.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

[99.1](#) Press Release, dated February 7, 2019 (furnished pursuant to Items 2.02 and 7.01 hereof).

[99.2](#) Commentary by Jim A. Swanson, Senior Vice President and Chief Financial Officer of Columbia Sportswear Company, dated February 7, 2019 (furnished pursuant to Items 2.02 and 7.01 hereof).

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 7, 2019

By: /S/ JIM A. SWANSON

Jim A. Swanson

Senior Vice President and Chief Financial Officer

**Contact:**

Andrew Burns
 Director of Investor Relations
 Columbia Sportswear Company
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**COLUMBIA SPORTSWEAR COMPANY
 REPORTS RECORD FOURTH QUARTER AND FULL YEAR 2018 FINANCIAL RESULTS; PROVIDES 2019 FINANCIAL
 OUTLOOK; ANNOUNCES \$200 MILLION INCREASE IN STOCK REPURCHASE AUTHORIZATION**

Throughout this press release, references to non-GAAP financial measures in fourth quarter 2018 exclude \$18.3 million in net sales, gross profit and selling, general and administrative ("SG&A") expenses associated with adoption of Accounting Standards Codification - ASC 606 (hereinafter referred to as the "new revenue accounting standard" or "ASC 606"), \$2.4 million in incremental income tax expense related to the Tax Cuts and Jobs Act ("TCJA") and \$1.7 million in Project CONNECT expenses and discrete costs (\$1.3 million net of tax). References to non-GAAP financial measures in fourth quarter 2017 exclude \$95.6 million in incremental income tax expense related to the TCJA and \$6.3 million in Project CONNECT expenses and discrete costs (\$3.9 million net of tax).

References to non-GAAP financial measures for full year 2018 exclude \$41.0 million in net sales, gross profit and SG&A expenses associated with adoption of the new revenue accounting standard, \$15.8 million in Project CONNECT program expenses and discrete costs (\$12.0 million net of tax), \$5.1 million in incremental income tax expense related to the TCJA and a \$4.3 million benefit from a recovery in connection with an insurance claim (\$3.3 million net of tax). References to non-GAAP financial measures for full year 2017 exclude \$95.6 million in incremental income tax expense related to the TCJA and \$14.9 million in Project CONNECT program expenses and discrete costs (\$9.4 million net of tax).

Fourth Quarter and Full Year 2018 Highlights:

- Fourth quarter net sales increased 18 percent (19 percent constant-currency) to a record \$917.6 million.
- Fourth quarter operating income increased 40 percent to a record \$152.8 million, representing 16.6 percent of net sales.
- Fourth quarter net income increased to a record \$113.3 million, or a record \$1.63 per diluted share, compared to a net loss of \$7.1 million, or \$(0.10) per share in fourth quarter 2017.
- Full year net sales increased 14 percent (13 percent constant-currency) to a record \$2,802.3 million.
- Full year operating income increased 33 percent to a record \$351.0 million, representing 12.5 percent of net sales.
- Full year net income increased 155 percent to a record \$268.3 million, or a record \$3.81 per diluted share.
- Inventories increased 14 percent to \$521.8 million.
- Cash, cash equivalents and short-term investments totaled \$700.6 million at December 31, 2018.
- The board of directors approved an additional \$200 million share repurchase authorization and approved a regular quarterly dividend of \$0.24 per share.

Fourth Quarter and Full Year 2018 Non-GAAP Highlights:

- Non-GAAP fourth quarter net sales increased 16 percent (17 percent constant-currency) to \$899.3 million.
- Non-GAAP fourth quarter operating income increased 34 percent to \$154.5 million, representing 17.2 percent of net sales.
- Non-GAAP fourth quarter net income increased 27 percent to \$116.9 million, or \$1.68 per diluted share.
- Non-GAAP full year net sales increased 12 percent (11 percent constant-currency) to \$2,761.4 million.

- Non-GAAP full year operating income increased 30 percent to \$362.4 million, representing 13.1 percent of net sales.
- Non-GAAP full year net income increased 34 percent to \$282.0 million, or \$4.01 per diluted share.

Full Year 2019 Financial Outlook Summary

	Full Year 2019 Guidance (U.S. Dollar)		
	2019 Guidance	Commentary compared to:	
		2018	2018 non-GAAP*
Net sales	\$2.97 to \$3.03 billion	6.0% to 8.0% growth	
Gross margin	up to 50.2%	approximately 70 bps expansion	
SG&A percent of net sales	38.0% to 38.2%	50 bps to 70 bps deleverage	90 bps to 110 bps deleverage
Operating margin	12.4% to 12.6%	10 bps contraction to 10 bps expansion	30 bps to 50 bps contraction
Operating income	\$369 to \$382 million		
Effective income tax rate	approximately 22%		
Net income	\$297 to \$307 million		
Diluted earnings per share	\$4.30 to \$4.45		

*Please note we have removed the impact of ASC 606 from 2018 non-GAAP measures to create a meaningful baseline to evaluate operating performance outlined in our 2019 guidance. Given ASC 606 was implemented in January 2018 and incorporated into results thereafter, this adjustment is not necessary for 2018 results to be comparable to 2019 guidance and future results. For more information, please refer to the "Reconciliation of GAAP to non-GAAP Updated Full Year 2019 Financial Outlook" table found in the "Supplemental Financial Information" section below.

PORTLAND, Ore. - February 7, 2019 - Columbia Sportswear Company (NASDAQ: COLM) today announced net sales of \$917.6 million for the fourth quarter 2018, an increase of 18 percent (19 percent constant-currency), compared with net sales of \$776.0 million for fourth quarter 2017. Non-GAAP fourth quarter 2018 net sales of \$899.3 million increased 16 percent (17 percent constant-currency). Fourth quarter 2018 net income increased to \$113.3 million, or \$1.63 per diluted share, compared to fourth quarter 2017 net loss of \$7.1 million, or \$(0.10) per share. Non-GAAP fourth quarter 2018 net income increased 27 percent to \$116.9 million, or \$1.68 per diluted share, compared with non-GAAP fourth quarter 2017 net income of \$92.4 million, or \$1.31 per diluted share.

Full year 2018 net sales increased \$336.2 million, or 14 percent (13 percent constant-currency), to \$2,802.3 million, compared to \$2,466.1 million in the prior year. Full year 2018 non-GAAP net sales increased \$295.2 million, or 12 percent (11 percent constant-currency), to \$2,761.4 million. Full year 2018 net income increased 155 percent to \$268.3 million, or \$3.81 per diluted share, compared to \$105.1 million, or \$1.49 per diluted share, in the prior year. Full year 2018 non-GAAP net income increased 34 percent to \$282.0 million, or \$4.01 per diluted share, compared to \$210.1 million, or \$2.98 per diluted share, in the prior year.

President and Chief Executive Officer Tim Boyle commented, "I'm extremely proud of the tremendous quarter and year that our teams have produced. We were able to deliver record fourth quarter and full year results that significantly exceeded our outlook, while at the same time making substantial investments in our strategic priorities including demand creation. I'd like to thank our over 7,800 global employees whose dedication and focus drove these spectacular results."

"We have kicked off 2019 with a continued focus on connecting active people with their passions. Our business momentum is broad-based across our brand portfolio and geographic regions including growth in both wholesale and DTC distribution channels. We continue to project profitable growth for 2019, even though record 2018 financial performance creates challenging comparisons and we face increasing global economic uncertainty and unresolved trade issues. We believe our business momentum, financial benefits from Project CONNECT, as well as our strong balance sheet, with cash balances of over \$700 million, will enable us to continue investing in our strategic priorities to:

- drive brand awareness and sales growth through increased, focused demand creation investments;
- enhance consumer experience and digital capabilities in all our channels and geographies;

- expand and improve global direct-to-consumer operations with supporting processes and systems; and
- invest in our people and optimize our organization across our portfolio of brands."

"We expect these investments will make us a more efficient and more profitable company and accelerate market share capture across our brand portfolio and geographic regions in order to sustain our long-term profitable growth strategy."

Fourth Quarter 2018 Financial Results

(All comparisons are between fourth quarter 2018 and fourth quarter 2017, unless otherwise noted).

Net Sales

For more information regarding net sales by geographies, brands, product categories and channels, please refer to the "Net Sales Growth" tables found in the "Supplemental Financial Information" section below.

Fourth quarter 2018 net sales increased 18 percent (19 percent constant-currency) to \$917.6 million. Non-GAAP net sales increased 16 percent (17 percent constant-currency) to \$899.3 million.

Geographies

- United States ("U.S.") net sales increased 20 percent, attributable to low-20 percent growth in direct-to-consumer ("DTC") and high-teens percent growth in wholesale. The company operated 136 U.S. retail stores at December 31, 2018 compared with 129 at the same time last year.
- Latin America Asia Pacific ("LAAP") net sales increased 16 percent (18 percent constant-currency) driven by the new revenue accounting standard as well as growth across Korea, Japan and China, partially offset by a decline in LAAP distributor net sales. LAAP non-GAAP net sales increased 4 percent (6 percent constant-currency).
- Europe Middle East and Africa ("EMEA") net sales increased 12 percent (14 percent constant-currency), led by mid-teens percent Europe-direct growth and high-single-digit percent EMEA distributor net sales growth.
- Canada net sales increased 21 percent (26 percent constant-currency), reflecting strong wholesale and DTC performance.

Brands

- Columbia brand net sales increased 21 percent (22 percent constant-currency) to \$727.8 million.
- SOREL brand net sales increased 11 percent (12 percent constant-currency) to \$126.9 million.
- prAna brand net sales increased 21 percent to \$36.7 million.
- Mountain Hardwear brand net sales decreased 8 percent (7 percent decrease constant-currency) to \$26.1 million.

Product Categories

- Apparel, Accessories and Equipment net sales increased 19 percent (20 percent constant-currency) to \$688.8 million.
- Footwear net sales increased 16 percent (17 percent constant-currency) to \$228.8 million.

Channels

- DTC net sales increased 23 percent (24 percent constant-currency) to \$467.0 million.
- Wholesale net sales increased 14 percent (15 percent constant-currency) to \$450.6 million.

Profitability

Fourth quarter 2018 operating income of \$152.8 million, or 16.6 percent of net sales, increased 40 percent compared to operating income of \$109.4 million, or 14.1 percent of net sales, in fourth quarter 2017. Non-GAAP fourth quarter 2018 operating income of \$154.5 million, or 17.2 percent of net sales, increased 34 percent compared to non-GAAP operating income of \$115.6 million, or 14.9 percent of net sales, in fourth quarter 2017.

Fourth quarter 2018 net income increased to \$113.3 million, or \$1.63 per diluted share, compared to a net loss of \$7.1 million, or \$(0.10) per share, in fourth quarter 2017. Non-GAAP fourth quarter 2018 net income of \$116.9 million, or \$1.68 per diluted share, increased 27 percent compared to non-GAAP net income of \$92.4 million, or \$1.31 per diluted share, in fourth quarter 2017.

Taxes

Fourth quarter 2018 income tax expense was \$41.0 million, resulting in an effective income tax rate of 26.6 percent, compared to income tax expense of \$116.5 million, or an effective income tax rate of 105.8 percent, in fourth quarter 2017. Our fourth quarter effective tax rate decreased compared to the prior year period primarily due to \$95.6 million in incremental income tax expense related to the TCJA occurring in fourth quarter 2017 and a lower U.S. federal tax rate in 2018 due to the enactment of the TCJA.

Non-GAAP fourth quarter 2018 income tax expense was \$39.0 million, resulting in an effective income tax rate of 25.0 percent, compared to non-GAAP income tax expense of \$23.2 million, or an effective income tax rate of 20.0 percent, for the same period last year. Our non-GAAP fourth quarter effective tax rate increased primarily due to a discrete tax benefit recognized in fourth quarter 2017 that was partially offset by the reduction in the 2018 federal income tax rate.

Balance Sheet

At December 31, 2018, cash, cash equivalents and short-term investments totaled \$700.6 million, compared to \$768.1 million at December 31, 2017. In addition to cash, cash equivalents and short-term investments, the company had \$14.0 million in restricted cash as of December 31, 2018, related to consideration placed in escrow as a portion of the funds needed to purchase the 40 percent non-controlling interest in the company's China joint venture. The company closed the buyout transaction on January 2, 2019.

Inventories increased 14 percent to \$521.8 million at December 31, 2018 compared to \$457.9 million at December 31, 2017, including a \$27.2 million decrease due to a balance sheet reclassification of the estimated cost of inventory associated with sales returns into prepaid and other current assets under the new revenue accounting standard. Excluding the impact of this classification change, inventories increased 20 percent compared to December 31, 2017, largely due to the earlier timing of Spring 2019 inventory receipts.

Full Year Cash Flow, Share Repurchases and Dividends

During full year 2018, the company generated \$289.6 million in operating cash flow, compared to \$341.1 million in the prior year.

Capital expenditures totaled \$65.6 million in 2018, compared to \$53.4 million in the prior year.

During full year 2018, the company repurchased 2,349,036 shares of common stock for \$201.6 million, or \$85.82 per share, and paid dividends of \$62.7 million to shareholders and \$20.0 million in dividends to the non-controlling interest in our China joint venture.

In February 2019, the board of directors approved an additional \$200 million share repurchase authorization. This is in addition to the approximately \$130 million currently remaining available under the prior stock 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.

At its regular board meeting on January 25, 2019, the board of directors authorized a regular quarterly cash dividend of \$0.24 per share, payable on March 18, 2019 to shareholders of record on March 7, 2019.

Full Year 2019 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 full year 2019 financial outlook assumes that current macroeconomic and market conditions in key markets do not worsen and that geopolitical tensions, including ongoing trade negotiations between the U.S. and China, do not deteriorate.

The company's 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 profitability pattern weighted toward the second half of the year.

Spring and Fall season advance wholesale orders typically drive a significant portion of our annual net sales and are two 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 businesses, particularly during the fourth quarter.

We also face macroeconomic, competitive and geopolitical uncertainties as well as foreign currency exchange rate volatility in several major markets, making it more difficult for us to forecast our net sales and profitability.

Our full year 2019 outlook assumes that global regulatory, customs and tax policies remain largely unaltered for the balance of the year.

The company currently expects full year 2019 net sales of approximately \$2.97 to \$3.03 billion, representing 6.0 to 8.0 percent net sales growth, compared with full year 2018 net sales of \$2.80 billion.

The company expects full year 2019 gross margin to improve by approximately 70 basis points (gross margin of approximately 50.2 percent) compared to full year 2018 gross margin of 49.5 percent.

The company expects SG&A expenses to increase at a rate faster than net sales, resulting in approximately 90 to 110 basis points of SG&A expense deleverage compared to non-GAAP full year 2018 SG&A expense. SG&A expense as a percent of net sales for full year 2019 is expected to be approximately 38.0 to 38.2 percent, compared to non-GAAP full year 2018 SG&A expense as a percent of net sales of 37.1 percent.

Based on the above assumptions, the company expects full year 2019 operating income between approximately \$369 million and \$382 million, resulting in operating margin between approximately 12.4 and 12.6 percent, compared to non-GAAP full year 2018 operating margin of 12.9 percent. Please note non-GAAP full year 2018 operating margin of 12.9 percent excludes the impact of the new revenue accounting standard which the company implemented in January 2018 and incorporated into results thereafter. This adjustment is not necessary for full year 2018 results to be comparable to full year 2019 guidance and future results. We remain confident in our ability to drive profitable sales growth while continuing to meaningfully invest in our strategic plan.

The company expects an estimated full-year effective income tax rate of approximately 22 percent. The tax rate may be affected by unanticipated impacts resulting from additional guidance about and application of the TCJA as well as changes in the company's geographic mix of pre-tax income and other discrete events that may occur during 2019.

The company expects full year 2019 net income between approximately \$297 million and \$307 million, or diluted earnings per share between approximately \$4.30 and \$4.45. This guidance includes the benefit of no longer recording a non-controlling interest share of net income related to the China joint venture, which is now a wholly owned subsidiary. For reference, this non-controlling interest share of net income was \$6.7 million in full year 2018. Guidance assumes an average diluted share count of 69 million shares for the full year. This share count guidance includes the planned benefit of our systematic share repurchase plan, which is designed to offset dilution from employee stock grants but excludes the benefit from any additional opportunistic share repurchases we may execute throughout the year.

CFO's Commentary on Fourth Quarter, Full Year 2018 Financial Results and 2019 Financial Outlook Available Online

At approximately 4:15 p.m. ET today, a commentary by Jim Swanson, Senior Vice President and Chief Financial Officer, reviewing the company's fourth quarter, full year 2018 financial results and 2019 financial outlook, will be furnished to the Securities and Exchange Commission (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>. 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 at 5:00 p.m. ET today to review its fourth quarter, full year 2018 financial results and 2019 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>.

First Quarter 2019 Reporting Schedule

Columbia Sportswear Company plans to report first quarter 2019 financial results on Thursday, April 25, 2019 at approximately 4:00 p.m. ET. Following issuance of the earnings release, a commentary reviewing the company's first quarter 2019 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.investor.columbia.com.

Supplemental Financial Information

Since Columbia Sportswear Company is a global company, the comparability of its operating results reported in U.S. dollars is affected by foreign currency exchange rate fluctuations because the underlying currencies in which it transacts change in value over time compared to the U.S. dollar. 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 average 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.

Additionally, this document includes references to certain other non-GAAP financial measures related to 2018 and 2017 that may exclude increased net sales and gross profit, and offsetting increased SG&A expenses, associated with the new revenue accounting standard, program expenses, discrete costs and associated tax effects related to Project CONNECT, TCJA-related income tax expense, and a recovery in connection with an insurance claim and related tax effects. The related tax effects of program expenses and discrete costs related to Project CONNECT and the insurance claim recovery benefit were calculated using the respective statutory tax rates for applicable jurisdictions. Management believes that these non-GAAP financial measures enable useful and meaningful comparisons of our operating performance from period to period because they exclude the effects of the aforementioned items above that may not be indicative of our core operating results.

These non-GAAP financial measures, including constant-currency net sales, 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 non-GAAP measures to the most directly comparable financial measure calculated in accordance with GAAP. See "Supplemental Financial Information" tables included below. The non-GAAP financial measures and constant-currency information presented may not be comparable to similarly titled measures reported by other companies.

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 margin, operating expenses, licensing income, operating income, operating margins, net income, earnings per share, income tax rates and the effects of tax reform (including the TCJA) as well as changes in the company's geographic mix of pre-tax income and other discrete events that may occur during the year, share count, SG&A expenses, including deleverage, projected growth or decline in specific geographies, channels and brands, continued investment in our strategic priorities, and our ability to adapt our business and realize the anticipated benefits of our investments in our strategic priorities, including Project CONNECT. Forward-looking statements often use words such as "will", "anticipate", "estimate", "expect", "should", "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 execute our business strategies, including initiatives to implement business process enhancements and information technology ("IT") systems and investments in our DTC businesses; our ability to maintain the strength and security of our IT systems; the effects of unseasonable weather, including global climate change; the seasonality of our business; trends affecting consumer spending, including changes in the level of consumer spending, and retail traffic patterns; unfavorable economic conditions generally, the financial health of our customers and retailer consolidation; higher than expected rates of order cancellations; changes affecting consumer demand and 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, unanticipated impacts resulting from additional guidance about and application of the TCJA, tariffs, international trade policy and geopolitical tensions, or increasing wage rates; our ability to attract and retain key personnel; risks inherent in doing business in foreign markets, including fluctuations in currency exchange rates, global credit market conditions and changes in global regulation and economic and political conditions; volatility in global production and transportation costs and capacity; our ability to effectively source and deliver our products to customers and consumers 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 or at all; the effectiveness of our sales and marketing efforts; business disruptions and acts of terrorism, cyber-attacks or military activities around the globe; intense competition in the industry; our ability to establish and protect our intellectual property; 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 effects 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.

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 90 countries. In addition to the Columbia® brand, Columbia Sportswear Company also owns the Mountain Hardwear®, SOREL® and prAna® brands. To learn more, please visit the company's websites at www.columbia.com, www.mountainhardwear.com, www.sorel.com, and www.pрана.com.

- Financial tables follow -

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

	December 31,	
	2018	2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 437,825	\$ 673,166
Restricted cash	13,970	—
Short-term investments	262,802	94,983
Accounts receivable, net ⁽¹⁾	449,382	364,862
Inventories ⁽²⁾	521,827	457,927
Prepaid expenses and other current assets (2)	79,500	58,559
Total current assets	1,765,306	1,649,497
Property, plant, and equipment, net	291,596	281,394
Intangible assets, net	126,575	129,555
Goodwill	68,594	68,594
Deferred income taxes	78,155	56,804
Other non-current assets	38,495	27,058
Total assets	\$ 2,368,721	\$ 2,212,902
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable	274,435	252,301
Accrued liabilities ⁽¹⁾	275,684	182,228
Income taxes payable	22,763	19,107
Total current liabilities	572,882	453,636
Other long-term liabilities	45,214	48,735
Income taxes payable	50,791	58,104
Deferred income taxes	9,521	168
Total liabilities	678,408	560,643
Equity:		
Columbia Sportswear Company shareholders' equity	1,673,857	1,621,951
Non-controlling interest	16,456	30,308
Total equity	1,690,313	1,652,259
Total liabilities and equity	\$ 2,368,721	\$ 2,212,902

⁽¹⁾ As of January 1, 2018, the company adopted a new revenue accounting standard, Accounting Standards Codification Topic 606 (ASC 606), which requires wholesale sales returns reserves, estimated chargebacks and markdowns, and other provisions for customer refunds to be presented as accrued liabilities on the balance sheet rather than netted within accounts receivable. As such, the December 31, 2018 accounts receivable and accrued liabilities balances include a gross-up of \$79,534 thousand reflecting this change.

⁽²⁾ In conjunction with the adoption of ASC 606, the estimated cost of inventory associated with sales returns reserves is now presented within prepaid expenses and other current assets rather than Inventories. As a result, the December 31, 2018 balance sheet reflects a decrease of \$27,236 thousand in inventories and a directly offsetting increase of \$27,236 thousand in prepaid expenses and other current assets.

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,	
	2018	2017	2018	2017
Net sales	\$ 917,598	\$ 776,041	\$ 2,802,326	\$ 2,466,105
Cost of sales	443,012	404,598	1,415,978	1,306,143
Gross profit	474,586	371,443	1,386,348	1,159,962
	51.7%	47.9%	49.5%	47.0%
Selling, general and administrative expenses	326,325	267,035	1,051,152	910,894
Net licensing income	4,507	4,954	15,786	13,901
Income from operations	152,768	109,362	350,982	262,969
Interest income, net	2,128	1,275	9,876	4,515
Interest expense on note payable to related party	—	—	—	(429)
Other non-operating expense, net	(513)	(524)	(141)	(321)
Income before income tax	154,383	110,113	360,717	266,734
Income tax expense	(41,034)	(116,469)	(85,769)	(154,419)
Net income (loss)	113,349	(6,356)	274,948	112,315
Net income attributable to non-controlling interest	89	716	6,692	7,192
Net income (loss) attributable to Columbia Sportswear Company	\$ 113,260	\$ (7,072)	\$ 268,256	\$ 105,123
Earnings (losses) per share attributable to Columbia Sportswear Company:				
Basic	\$ 1.65	\$ (0.10)	\$ 3.85	\$ 1.51
Diluted	\$ 1.63	\$ (0.10)	\$ 3.81	\$ 1.49
Weighted average shares outstanding:				
Basic	68,780	69,940	69,614	69,759
Diluted	69,516	69,940	70,401	70,453

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

	Year Ended December 31,	
	2018	2017
Cash flows from operating activities:		
Net income	\$ 274,948	\$ 112,315
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	58,230	59,945
Loss on disposal or impairment of property, plant, and equipment	4,208	1,927
Deferred income taxes	1,462	44,851
Stock-based compensation	14,291	11,286
Changes in operating assets and liabilities:		
Accounts receivable	(25,601)	(24,197)
Inventories	(94,716)	46,662
Prepaid expenses and other current assets	(9,771)	(19,241)
Other assets	(12,421)	931
Accounts payable	19,384	30,568
Accrued liabilities	66,900	11,581
Income taxes payable	(3,958)	58,702
Other liabilities	(3,387)	5,798
Net cash provided by operating activities	<u>289,569</u>	<u>341,128</u>
Cash flows from investing activities:		
Purchases of short-term investments	(518,755)	(130,993)
Sales of short-term investments	352,127	36,282
Capital expenditures	(65,622)	(53,352)
Proceeds from sale of property, plant, and equipment	19	279
Net cash used in investing activities	<u>(232,231)</u>	<u>(147,784)</u>
Cash flows from financing activities:		
Proceeds from credit facilities	70,576	3,374
Repayments on credit facilities	(70,576)	(3,374)
Proceeds from issuance of common stock related to stock-based compensation	18,484	19,946
Tax payments related to stock-based compensation	(4,285)	(3,662)
Repurchase of common stock	(201,600)	(35,542)
Cash dividends paid	(62,664)	(50,909)
Cash dividends paid to non-controlling interest	(19,949)	—
Payment of related party note payable	—	(14,236)
Net cash used in financing activities	<u>(270,014)</u>	<u>(84,403)</u>
Net effect of exchange rate changes on cash	<u>(8,695)</u>	<u>12,836</u>
Net (decrease) increase in cash, cash equivalents and restricted cash	<u>(221,371)</u>	<u>121,777</u>
Cash, cash equivalents and restricted cash, beginning of period	<u>673,166</u>	<u>551,389</u>
Cash, cash equivalents and restricted cash, end of period	<u>\$ 451,795</u>	<u>\$ 673,166</u>
Supplemental disclosures of non-cash investing activities:		
Capital expenditures incurred but not yet paid	\$ 11,831	\$ 3,188

COLUMBIA SPORTSWEAR COMPANY
Supplemental Financial Information
Reconciliation of GAAP to Non-GAAP Financial Measures
(In thousands, except per share amounts)
(Unaudited)

Three Months Ended December 31, 2018

	GAAP Measures (As Reported)	Adjust for Effects of ASC 606 ⁽¹⁾	Adjust for Project CONNECT Costs ⁽²⁾	Adjust for Effects of the TCJA ⁽³⁾	Non-GAAP Measures
Net sales	\$ 917,598	\$ (18,318)	\$ —	\$ —	\$ 899,280
Gross profit	474,586	(18,318)	—	—	456,268
Selling, general and administrative expenses	326,325	(18,318)	(1,698)	—	306,309
Income from operations	152,768	—	1,698	—	154,466
Income tax expense	(41,034)	—	(404)	2,392	(39,046)
Net income attributable to Columbia Sportswear Company	\$ 113,260	\$ —	\$ 1,294	\$ 2,392	\$ 116,946
Earnings per share attributable to Columbia Sportswear Company:					
Diluted	\$ 1.63				\$ 1.68

⁽¹⁾ On January 1, 2018, the company adopted a new revenue accounting standard, ASC 606, which changes the presentation of fees paid to third parties in conjunction with certain concession-based retail arrangements. These fees have historically been recognized in net sales, and are now classified as a component of selling, general and administrative expenses. As such, the company's non-GAAP measures exclude the resulting revenue gross-up and offsetting increase in selling, general and administrative expenses resulting from the adoption ASC 606 to enable meaningful comparisons of our operating performance compared to full year 2017.

⁽²⁾ Amounts reflect professional fees, severance and other program expenses related to Project CONNECT that the company believes are incremental to the company's ongoing operations. The related tax effects of these charges were calculated using the respective statutory tax rates for applicable jurisdictions.

⁽³⁾ Amounts reflect an incremental provisional TCJA-related tax expense, primarily driven by refinement in the calculation of withholding taxes on our deferred tax liabilities, which drove further refinement of the company's provisional estimates that were recorded in fourth quarter 2017.

COLUMBIA SPORTSWEAR COMPANY
Supplemental Financial Information
Reconciliation of GAAP to Non-GAAP Financial Measures
(In thousands, except per share amounts)
(Unaudited)

Twelve Months Ended December 31, 2018

	GAAP Measures (As Reported)	Adjust for Effects of ASC 606 ⁽¹⁾	Adjust for Project CONNECT Costs ⁽²⁾	Adjust for Effects of the TCJA ⁽³⁾	Adjust for Effects of Insurance Recovery ⁽⁴⁾	Non-GAAP Measures
Net sales	\$ 2,802,326	\$ (40,975)	\$ —	\$ —	\$ —	\$ 2,761,351
Gross profit	1,386,348	(40,975)	—	—	—	1,345,373
Selling, general and administrative expenses	1,051,152	(40,975)	(15,766)	—	4,317	998,728
Income from operations	350,982	—	15,766	—	(4,317)	362,431
Income tax expense	(85,769)	—	(3,752)	5,064	1,027	(83,430)
Net income attributable to Columbia Sportswear Company	\$ 268,256	\$ —	\$ 12,014	\$ 5,064	\$ (3,290)	\$ 282,044
Earnings per share attributable to Columbia Sportswear Company:						
Diluted	\$ 3.81					\$ 4.01

⁽¹⁾ On January 1, 2018, the company adopted a new revenue accounting standard, ASC 606, which changes the presentation of fees paid to third parties in conjunction with certain concession-based retail arrangements. These fees have historically been recognized in net sales, and are now classified as a component of selling, general and administrative expenses. As such, the company's non-GAAP measures exclude the resulting revenue gross-up and offsetting increase in selling, general and administrative expenses resulting from the adoption ASC 606 to enable meaningful comparisons of our operating performance compared to full year 2017.

⁽²⁾ Amounts reflect professional fees, severance and other program expenses related to Project CONNECT that the company believes are incremental to the company's ongoing operations. The related tax effects of these charges were calculated using the respective statutory tax rates for applicable jurisdictions.

⁽³⁾ Amounts reflect an incremental provisional TCJA-related tax expense, primarily driven by refinement in the calculation of withholding taxes on our deferred tax liabilities, which drove further refinement of the company's provisional estimates that were recorded in fourth quarter 2017.

⁽⁴⁾ Amounts reflect a benefit from a recovery in connection with an insurance claim received in third quarter 2018 that the company believes is incremental to the company's ongoing operations.

COLUMBIA SPORTSWEAR COMPANY
Supplemental Financial Information
Reconciliation of GAAP to Non-GAAP Financial Measures
(In thousands, except per share amounts)
(Unaudited)

Three Months Ended December 31, 2017

	GAAP Measures (As Reported)	Adjust for Project CONNECT Costs ⁽¹⁾	Adjust for Effects of the TCJA ⁽²⁾	Non-GAAP Measures
Selling, general and administrative expenses	\$ 267,035	\$ (6,265)	\$ —	\$ 260,770
Income from operations	109,362	6,265	—	115,627
Income tax expense	(116,469)	(2,380)	95,611	(23,238)
Net income attributable to Columbia Sportswear Company	\$ (7,072)	\$ 3,885	\$ 95,611	\$ 92,424
Earnings per share attributable to Columbia Sportswear Company:				
Basic	\$ (0.10)			\$ 1.32
Diluted	\$ (0.10)			\$ 1.31
Weighted average shares outstanding:				
Basic	69,940			69,940
Diluted	69,940			70,594

Twelve Months Ended December 31, 2017

	GAAP Measures (As Reported)	Adjust for Project CONNECT Costs ⁽¹⁾	Adjust for Effects of the TCJA ⁽²⁾	Non-GAAP Measures
Selling, general and administrative expenses	\$ 910,894	\$ (14,878)	\$ —	\$ 896,016
Income from operations	262,969	14,878	—	277,847
Income tax expense	(154,419)	(5,505)	95,611	(64,313)
Net income attributable to Columbia Sportswear Company	\$ 105,123	\$ 9,373	\$ 95,611	\$ 210,107
Earnings per share attributable to Columbia Sportswear Company:				
Diluted	\$ 1.49			\$ 2.98

⁽¹⁾ Amounts reflect professional fees and other program expenses related to Project CONNECT that the company believes are incremental to our ongoing operations. The related tax effects of these charges were calculated using the respective statutory tax rates for applicable jurisdictions.

⁽²⁾ Amounts reflect a incremental provisional income tax expense of \$95.6 million recorded during the fourth quarter of 2017 in connection with the TCJA.

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 2018	Adjust for Foreign Currency Translation	Constant- currency Net Sales 2018 ⁽¹⁾	Reported Net Sales 2017	Reported Net Sales % Change	Constant- currency Net Sales % Change ⁽¹⁾
Geographical Net Sales:						
United States	\$ 589.3	\$ —	\$ 589.3	\$ 492.6	20%	20%
LAAP ⁽²⁾	179.3	2.9	182.2	154.3	16%	18%
EMEA	93.7	1.6	95.3	83.5	12%	14%
Canada	55.3	2.1	57.4	45.6	21%	26%
Total	<u>\$ 917.6</u>	<u>\$ 6.6</u>	<u>\$ 924.2</u>	<u>\$ 776.0</u>	18%	19%
Brand Net Sales:						
Columbia	\$ 727.8	\$ 5.2	\$ 733.0	\$ 602.4	21%	22%
SOREL	126.9	1.2	128.1	113.9	11%	12%
prAna	36.7	—	36.7	30.4	21%	21%
Mountain Hardwear	26.1	0.2	26.3	28.4	(8)%	(7)%
Other	0.1	—	0.1	0.9	(89)%	(89)%
Total	<u>\$ 917.6</u>	<u>\$ 6.6</u>	<u>\$ 924.2</u>	<u>\$ 776.0</u>	18%	19%
Product Category Net Sales:						
Apparel, Accessories and Equipment	\$ 688.8	\$ 4.4	\$ 693.2	\$ 578.3	19%	20%
Footwear	228.8	2.2	231.0	197.7	16%	17%
Total	<u>\$ 917.6</u>	<u>\$ 6.6</u>	<u>\$ 924.2</u>	<u>\$ 776.0</u>	18%	19%
Channel Net Sales:						
Wholesale	\$ 450.6	\$ 3.3	\$ 453.9	\$ 395.7	14%	15%
DTC	467.0	3.3	470.3	380.3	23%	24%
Total	<u>\$ 917.6</u>	<u>\$ 6.6</u>	<u>\$ 924.2</u>	<u>\$ 776.0</u>	18%	19%

⁽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.

⁽²⁾ Net sales within the LAAP region decreased 16% (18% constant-currency) on a reported basis and increased 4% (6% constant-currency) on a non-GAAP basis, excluding \$18.3 million related to the gross-up associated with the new revenue accounting standard.

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

	Twelve Months Ended December 31,					
	Reported	Adjust for	Constant-	Reported	Reported	Constant-
	Net Sales	Foreign	currency	Net Sales	Net Sales	currency
	2018	Translation	2018 ⁽¹⁾	2017	% Change	% Change ⁽¹⁾
Geographical Net Sales:						
United States	\$ 1,728.5	\$ —	\$ 1,728.5	\$ 1,520.0	14%	14%
LAAP ⁽²⁾	530.1	(7.6)	522.5	475.1	12%	10%
EMEA	350.8	(9.2)	341.6	293.7	19%	16%
Canada	192.9	2.1	195.0	177.3	9%	10%
Total	<u>\$ 2,802.3</u>	<u>\$ (14.7)</u>	<u>\$ 2,787.6</u>	<u>\$ 2,466.1</u>	14%	13%
Brand Net Sales:						
Columbia	\$ 2,292.3	\$ (15.0)	\$ 2,277.3	\$ 1,990.3	15%	14%
SOREL	260.3	1.0	261.3	228.8	14%	14%
prAna	157.0	—	157.0	140.9	11%	11%
Mountain Hardwear	89.5	(0.5)	89.0	101.6	(12)%	(12)%
Other	3.2	(0.2)	3.0	4.5	(29)%	(33)%
Total	<u>\$ 2,802.3</u>	<u>\$ (14.7)</u>	<u>\$ 2,787.6</u>	<u>\$ 2,466.1</u>	14%	13%
Product Category Net Sales:						
Apparel, Accessories and Equipment	\$ 2,191.0	\$ (10.2)	\$ 2,180.8	\$ 1,928.0	14%	13%
Footwear	611.3	(4.5)	606.8	538.1	14%	13%
Total	<u>\$ 2,802.3</u>	<u>\$ (14.7)</u>	<u>\$ 2,787.6</u>	<u>\$ 2,466.1</u>	14%	13%
Channel Net Sales:						
Wholesale	\$ 1,612.0	\$ (9.1)	\$ 1,602.9	\$ 1,488.0	8%	8%
DTC	1,190.3	(5.6)	1,184.7	978.1	22%	21%
Total	<u>\$ 2,802.3</u>	<u>\$ (14.7)</u>	<u>\$ 2,787.6</u>	<u>\$ 2,466.1</u>	14%	13%

⁽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.

⁽²⁾ Net sales within the LAAP region increased 12% (10% constant-currency) and increased 3% (2% constant-currency) on a non-GAAP basis, excluding \$41.0 million related to the gross-up associated with the new revenue accounting standard.

COLUMBIA SPORTSWEAR COMPANY
Supplemental Financial Information
Reconciliation of GAAP to Non-GAAP Updated Full Year 2019 Financial Outlook
(Unaudited)

	Twelve Months Ended December 31, 2018					2019 Guidance		
	GAAP Measures (As Reported)	Adjust for Project CONNECT Costs ⁽¹⁾	Adjust for Effects of the TCJA ⁽²⁾	Adjust for Effects of Insurance Recovery ⁽³⁾	Non-GAAP Measures	Commentary compared to:		
<i>(In thousands, except per share amounts)</i>						2019 Guidance	2018	2018 non-GAAP ⁽⁴⁾
Net sales	\$2,802,326	\$ —	\$ —	\$ —	\$2,802,326	\$2.97 to \$3.03 billion	6.0% to 8.0% growth	
Gross profit	1,386,348	—	—	—	1,386,348	gross margin of approximately 50.2%	approximately 70 bps expansion	
Selling, general and administrative expenses	1,051,152	(15,766)	—	4,317	1,039,703	38.0% to 38.2% percent of net sales	50 bps to 70 bps deleverage	90 bps to 110 bps deleverage
Income from operations	350,982	15,766	—	(4,317)	362,431	\$369 to \$382 million		
Operating Margin						12.4% to 12.6%	10 bps contraction to 10 bps expansion	30 bps to 50 bps operating margin contraction
Income tax expense	(85,769)	(3,752)	5,064	1,027	(83,430)	approximately 22%		
Net income attributable to non-controlling interest	6,692	—	—	—	6,692	\$0 million		
Net income attributable to Columbia Sportswear Company	\$ 268,256	\$ 12,014	\$ 5,064	\$ (3,290)	\$ 282,044	\$297 to \$307 million		
Earnings per share attributable to Columbia Sportswear Company:								
Diluted	\$ 3.81				\$ 4.01	\$4.30 to \$4.45		

⁽¹⁾ Amounts reflect professional fees, severance and other program expenses related to Project CONNECT that the company believes are incremental to our ongoing operations. The related tax effects of these charges were calculated using the respective statutory tax rates for applicable jurisdictions.

⁽²⁾ For full year 2018, we incurred \$5.1 million in incremental income tax expense related to the TCJA.

⁽³⁾ Amounts reflect a benefit from a recovery in connection with an insurance claim received in third quarter 2018 that the company believes is incremental to the company's ongoing operations.

⁽⁴⁾ We have removed the impact of ASC 606 from 2018 non-GAAP results to create a meaningful baseline to evaluate operating performance outlined in our 2019 guidance. Given ASC 606 was implemented in January 2018 and incorporated into results thereafter, this adjustment is not necessary for 2018 results to be comparable to 2019 guidance and future results.



14375 NW Science Park Drive
Portland, OR 97229
February 7, 2019

CFO Commentary on Fourth Quarter, Full Year 2018 Financial Results and 2019 Financial Outlook

Financial Information

Please reference the accompanying "Supplemental Financial Information" tables in the corresponding earnings release at <http://investor.columbia.com/results.cfm>.

Conference Call

The company will host a conference call on Thursday, February 7, 2019 at 5:00 p.m. ET to review fourth quarter, full year 2018 financial results and 2019 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>.

Throughout this press release, references to non-GAAP financial measures in fourth quarter 2018 exclude \$18.3 million in net sales, gross profit and selling, general and administrative ("SG&A") expenses associated with adoption of Accounting Standards Codification - ASC 606 (hereinafter referred to as the "new revenue accounting standard" or "ASC 606"), \$2.4 million in incremental income tax expense related to the Tax Cuts and Jobs Act ("TCJA") and \$1.7 million in Project CONNECT expenses and discrete costs (\$1.3 million net of tax). References to non-GAAP financial measures in fourth quarter 2017 exclude \$95.6 million in incremental income tax expense related to the TCJA and \$6.3 million in Project CONNECT expenses and discrete costs (\$3.9 million net of tax).

References to non-GAAP financial measures for full year 2018 exclude \$41.0 million in net sales, gross profit and SG&A expenses associated with adoption of the new revenue accounting standard, \$15.8 million in Project CONNECT program expenses and discrete costs (\$12.0 million net of tax), \$5.1 million in incremental income tax expense related to the TCJA and a \$4.3 million benefit from a recovery in connection with an insurance claim (\$3.3 million net of tax). References to non-GAAP financial measures for full year 2017 exclude \$95.6 million in incremental income tax expense related to the TCJA and \$14.9 million in Project CONNECT program expenses and discrete costs (\$9.4 million net of tax).

Fourth Quarter and Full Year 2018 Highlights:

- Fourth quarter net sales increased 18 percent (19 percent constant-currency) to a record \$917.6 million, compared to net sales of \$776.0 million in fourth quarter 2017.
- Fourth quarter operating income increased 40 percent to a record \$152.8 million, representing 16.6 percent of net sales, compared to operating income of \$109.4 million, or 14.1 percent of net sales, in fourth quarter 2017.
- Fourth quarter net income increased to a record \$113.3 million, or a record \$1.63 per diluted share, compared to a net loss of \$7.1 million, or \$(0.10) per share in fourth quarter 2017.
- Full year net sales increased 14 percent (13 percent constant-currency) to a record \$2,802.3 million, compared to \$2,466.1 million in the prior year.
- Full year operating income increased 33 percent to a record \$351.0 million, representing 12.5 percent of net sales, compared to operating income of \$263.0 million, or 10.7 percent of net sales, in the prior year.
- Full year net income increased 155 percent to a record \$268.3 million, or a record \$3.81 per diluted share, compared to \$105.1 million, or \$1.49 per diluted share, in the prior year.
- Inventories increased 14 percent to \$521.8 million at December 31, 2018, compared to \$457.9 million at December 31, 2017.
- Cash, cash equivalents and short-term investments totaled \$700.6 million at December 31, 2018, compared to \$768.1 million at December 31, 2017.
- The board of directors approved an additional \$200 million share repurchase authorization and approved a regular quarterly dividend of \$0.24 per share, payable on March 18, 2019 to shareholders of record on March 7, 2019.

Fourth Quarter and Full Year 2018 Non-GAAP Highlights:

- Non-GAAP fourth quarter net sales increased 16 percent (17 percent constant-currency) to \$899.3 million, compared to net sales of \$776.0 million in fourth quarter 2017.
- Non-GAAP fourth quarter operating income increased 34 percent to \$154.5 million, representing 17.2 percent of net sales, compared to non-GAAP operating income of \$115.6 million, or 14.9 percent of net sales, in fourth quarter 2017.
- Non-GAAP fourth quarter net income increased 27 percent to \$116.9 million, or \$1.68 per diluted share, compared to non-GAAP fourth quarter 2017 net income of \$92.4 million, or \$1.31 per diluted share.
- Non-GAAP full year net sales increased 12 percent (11 percent constant-currency) to \$2,761.4 million, compared to \$2,466.1 million in the prior year.
- Non-GAAP full year operating income increased 30 percent to \$362.4 million, representing 13.1 percent of net sales, compared to \$277.8 million, or 11.3 percent of net sales, in the prior year.
- Non-GAAP full year net income increased 34 percent to \$282.0 million, or \$4.01 per diluted share, compared to \$210.1 million, or \$2.98 per diluted share in the prior year.

	Three Months Ended December 31,					
	GAAP			Non-GAAP		
	2018	2017	Change	2018	2017	Change
	(dollars in millions except per share amounts)					
Net sales	\$917.6	\$776.0	18%	\$899.3	\$776.0	16%
Gross margin	51.7%	47.9%	380 bps	50.7%	47.9%	280 bps
SG&A rate	35.6%	34.4%	120 bps	34.1%	33.6%	50 bps
Operating income	\$152.8	\$109.4	40%	\$154.5	\$115.6	34%
Operating margin	16.6%	14.1%	250 bps	17.2%	14.9%	230 bps
Net income (loss)	\$113.3	\$(7.1)	1,696%	\$116.9	\$92.4	27%
Earnings (loss) per diluted share	\$1.63	\$(0.10)	1,730%	\$1.68	\$1.31	28%

	Twelve Months Ended December 31,					
	GAAP			Non-GAAP		
	2018	2017	Change	2018	2017	Change
	(dollars in millions except per share amounts)					
Net sales	\$2,802.3	\$2,466.1	14%	\$2,761.4	\$2,466.1	12%
Gross margin	49.5%	47.0%	250 bps	48.7%	47.0%	170 bps
SG&A rate	37.5%	36.9%	60 bps	36.2%	36.3%	-10 bps
Operating income	\$351.0	\$263.0	33%	\$362.4	\$277.8	30%
Operating margin	12.5%	10.7%	180 bps	13.1%	11.3%	180 bps
Net income	\$268.3	\$105.1	155%	\$282.0	\$210.1	34%
Earnings per diluted share	\$3.81	\$1.49	156%	\$4.01	\$2.98	35%

For more information on our non-GAAP financial measures and a reconciliation of GAAP to non-GAAP measures, please refer to the "Supplemental Financial Information" section and financial tables included in the fourth quarter 2018 earnings release located on the Investor Relations section of the company's website at <http://investor.columbia.com/results.cfm>.

Full Year 2019 Financial Outlook Summary

Full Year 2019 Guidance (U.S. Dollar)

	2019 Guidance	Commentary compared to:	
		2018	2018 non-GAAP*
Net sales	\$2.97 to \$3.03 billion	6.0% to 8.0% growth	
Gross margin	approximately 50.2%	approximately 70 bps expansion	
SG&A percent of net sales	38.0% to 38.2%	50 bps to 70 bps deleverage	90 bps to 110 bps deleverage
Operating margin	12.4% to 12.6%	10 bps contraction to 10 bps expansion	30 bps to 50 bps contraction
Operating income	\$369 to \$382 million		
Effective income tax rate	approximately 22%		
Net income	\$297 to \$307 million		
Diluted earnings per share	\$4.30 to \$4.45		

*Please note we have removed the impact of ASC 606 from 2018 non-GAAP measures to create a meaningful baseline to evaluate operating performance outlined in our 2019 guidance. Given ASC 606 was implemented in January 2018 and incorporated into results thereafter, this adjustment is not necessary for 2018 results to be comparable to 2019 guidance and future results. For more information, please refer to the "Reconciliation of GAAP to non-GAAP Updated Full Year 2019 Financial Outlook" table found in the "Supplemental Financial Information" section included in the fourth quarter 2018 earnings release published on the Investor Relations section of the company's website at <http://investor.columbia.com/results.cfm>.

The **Full Year 2019 Financial Outlook** section below contains a more detailed discussion of the factors contributing to this outlook.

Fourth Quarter Financial Results

(All comparisons are between fourth quarter 2018 and fourth quarter 2017, unless otherwise noted).

Net Sales

Fourth quarter net sales increased 18 percent (19 percent constant-currency) to \$917.6 million, compared to net sales of \$776.0 million in fourth quarter 2017. Non-GAAP fourth quarter net sales increased 16 percent (17 percent constant-currency) to \$899.3 million.

Geographies

	Net Sales (millions)		Constant-currency	
	Q4 2018	Q4 2017	Net Sales % Change	Net Sales % Change
	United States	\$589.3	\$492.6	20%
LAAP	179.3	154.3	16%	18%
EMEA	93.7	83.5	12%	14%
Canada	55.3	45.6	21%	26%
Total	\$917.6	\$776.0	18%	19%

- **United States ("U.S.")**

- Direct-to-consumer ("DTC") net sales increased low-20 percent driven by mid-teens percent brick & mortar net sales growth, including improved store productivity and contribution from new store openings over the prior twelve months, as well as high-20 percent e-commerce net sales growth.
- Wholesale net sales increased high-teens percent with growth across the Columbia, prAna, SOREL and Mountain Hardwear brands. Wholesale sales growth reflects increased shipments of advance Fall 2018 orders driven by a greater portion of Fall 2018 product shipping in the fourth quarter

relative to Fall 2017 and strong sell-through performance leading to favorable net reorder and replenishment sales rates.

- The company operated 136 U.S. retail stores at December 31, 2018 (113 outlet; 23 branded) and 4 branded e-commerce sites, compared with 129 stores (105 outlet; 24 branded) and 4 branded e-commerce sites at the same time last year.
- **Latin America Asia Pacific ("LAAP")**
 - Korea net sales increased high-60 percent driven by \$16.6 million of net sales associated with the new revenue accounting standard and Columbia brand DTC and wholesale growth, partially offset by the exit of the Mountain Hardwear business in that market at the end of 2017. Korea non-GAAP net sales increased low-double-digit percent.
 - Japan net sales increased high-single-digit percent. Excluding \$1.7 million of net sales associated with the new revenue accounting standard, Japan non-GAAP net sales increased mid-single-digit percent reflecting strong DTC growth, partially offset by a decline in wholesale.
 - China net sales increased low-single-digit percent (high-single-digit percent constant-currency), reflecting wholesale growth primarily driven by a lower sales returns provision compared to fourth quarter 2017, partially offset by a modest decline in DTC.
 - LAAP distributor net sales decreased low-single-digit percent resulting from a lower Spring 2019 order book with LAAP distributors and a greater portion of Spring 2019 shipments falling into 2019 in comparison to Spring 2018 shipments which were more heavily weighted in the fourth quarter of 2017, partially offset by a greater portion of Fall 2018 product shipping in the fourth quarter relative to Fall 2017 shipment timing.
- **Europe Middle East and Africa ("EMEA")**
 - Europe-direct net sales increased mid-teens percent, driven by wholesale and DTC growth.
 - EMEA distributor net sales increased high-single-digit percent primarily as a result of increased Spring 2019 advance order shipments.
- **Canada**
 - Net sales increased 21 percent (26 percent constant-currency) reflecting both wholesale and DTC growth.

Brands

	Net Sales (millions)		Constant-currency Net Sales % Change	
	Q4 2018	Q4 2017	Net Sales % Change	Net Sales % Change
Columbia	\$727.8	\$602.4	21%	22%
SOREL	126.9	113.9	11%	12%
prAna	36.7	30.4	21%	21%
Mountain Hardwear	26.1	28.4	(8)%	(7)%
Other	0.1	0.9	(89)%	(89)%
Total	\$917.6	\$776.0	18%	19%

- **Columbia** brand net sales growth was driven by increased net sales in all regions and product categories.
- **SOREL** brand net sales growth was led by the U.S., with growth across both DTC and wholesale channels, as well as growth in Europe-direct and Canada.
- **prAna** brand net sales growth was primarily a result of strong U.S. wholesale and DTC performance.
- **Mountain Hardwear** brand net sales declined reflecting a reduction in closeout sales compared to fourth quarter 2017 as well as the decision to exit the brand from the Korean market at the end of 2017, partially offset by growth in full price wholesale sales.

Product Categories

	Net Sales	Net Sales	Net Sales % Change	Constant- currency
	(millions) Q4 2018	(millions) Q4 2017		Net Sales % Change
Apparel, Accessories and Equipment	\$688.8	\$578.3	19%	20%
Footwear	228.8	197.7	16%	17%
Total	\$917.6	\$776.0	18%	19%

- **Apparel, Accessories and Equipment** net sales increased in the Columbia and prAna brands, partially offset by a decrease in net sales in the Mountain Hardwear brand.
- **Footwear** net sales increased, driven by the Columbia and SOREL brands.

Channels

	Net Sales	Net Sales	Net Sales % Change	Constant- currency
	(millions) Q4 2018	(millions) Q4 2017		Net Sales % Change
Wholesale	\$450.6	\$395.7	14%	15%
DTC	467.0	380.3	23%	24%
Total	\$917.6	\$776.0	18%	19%

Gross Margin

Fourth quarter 2018 gross margin expanded 380 basis points to 51.7 percent of net sales, compared to 47.9 percent in fourth quarter 2017, primarily reflecting:

- higher gross margins in the U.S. DTC business due to very favorable selling conditions;
- changes in classification under the new revenue accounting standard;
- higher proportion of full price product sales;
- favorable effects from foreign currency hedge rates; and
- higher DTC sales mix.

Excluding \$18.3 million in net sales and gross profit associated with the new revenue accounting standard, non-GAAP gross margin expanded 280 basis points, to 50.7 percent, compared to 47.9 percent in fourth quarter 2017.

Selling, General and Administrative ("SG&A") Expenses

Fourth quarter 2018 SG&A expenses increased \$59.3 million, or 22 percent, to \$326.3 million, or 35.6 percent of net sales, compared to \$267.0 million, or 34.4 percent of net sales, in fourth quarter 2017. The increase in SG&A expenses included:

- increased expenses to support our expanding global DTC operations;
- changes in classification under the new revenue accounting standard;
- increased demand creation spending; and
- increased incentive compensation expense.

Excluding \$18.3 million in SG&A expenses associated with the new revenue accounting standard and \$1.7 million in Project CONNECT program expenses and discrete costs, non-GAAP fourth quarter 2018 SG&A expenses increased \$45.5 million, or 17 percent, to \$306.3 million, or 34.1 percent of net sales, compared to non-GAAP fourth quarter 2017 SG&A expenses of \$260.8 million, or 33.6 percent of net sales. Non-GAAP fourth quarter 2017 SG&A expenses exclude \$6.3 million in Project CONNECT program expenses and discrete costs.

Operating Income

Fourth quarter 2018 operating income of \$152.8 million, or 16.6 percent of net sales, increased 40 percent compared to operating income of \$109.4 million, or 14.1 percent of net sales, in fourth quarter 2017.

Excluding \$18.3 million in net sales, gross profit and SG&A expenses associated with the new revenue accounting standard, and \$1.7 million in Project CONNECT program expenses and discrete costs, non-GAAP fourth quarter 2018 operating income of \$154.5 million, or 17.2 percent of net sales, increased 34 percent compared to non-GAAP operating income of \$115.6 million, or 14.9 percent of net sales, in fourth quarter 2017.

Licensing

Fourth quarter 2018 net licensing income decreased 9 percent to \$4.5 million, compared to \$5.0 million in fourth quarter 2017, primarily driven by timing of revenue recognition of existing licensing partners.

Income Tax Expense

Fourth quarter 2018 income tax expense was \$41.0 million, resulting in an effective income tax rate of 26.6 percent, compared to income tax expense of \$116.5 million, or an effective income tax rate of 105.8 percent, in fourth quarter 2017. Our fourth quarter effective tax rate decreased compared to the prior year period primarily due to \$95.6 million in incremental income tax expense related to the TCJA occurring in fourth quarter 2017 and a lower U.S. federal tax rate in 2018 due to the enactment of the TCJA.

Non-GAAP fourth quarter 2018 income tax expense was \$39.0 million, resulting in an effective income tax rate of 25.0 percent, compared to non-GAAP income tax expense of \$23.2 million, or an effective income tax rate of 20.0 percent, for the same period last year. Non-GAAP fourth quarter 2018 effective tax rate increased primarily due to a discrete tax benefit recognized in fourth quarter 2017 that was partially offset by the reduction in the federal income tax rate.

Net Income

Fourth quarter 2018 net income increased to \$113.3 million, or \$1.63 per diluted share, compared to a net loss of \$7.1 million, or \$(0.10) per share, in fourth quarter 2017.

Excluding \$2.4 million in incremental provisional tax expense related to the TCJA and \$1.3 million, net of tax, in Project CONNECT program expenses and discrete costs, non-GAAP fourth quarter net income of \$116.9 million, or \$1.68 per diluted share, increased 27 percent compared to non-GAAP net income of \$92.4 million, or \$1.31 per diluted share, in fourth quarter 2017.

Balance Sheet

At December 31, 2018, cash, cash equivalents and short-term investments totaled \$700.6 million, compared to \$768.1 million at December 31, 2017. In addition to cash, cash equivalents and short-term investments, the company had \$14.0 million in restricted cash as of December 31, 2018, related to consideration placed in escrow as a portion of the funds needed to purchase the 40 percent non-controlling interest in the company's China joint venture. The company closed the buyout transaction on January 2, 2019.

Inventories increased 14 percent to \$521.8 million at December 31, 2018, compared to \$457.9 million at December 31, 2017, including a \$27.2 million decrease due to a balance sheet reclassification of the estimated cost of inventory associated with sales returns into prepaid and other current assets under the new revenue accounting standard. Excluding the impact of this classification change, inventories increased 20 percent compared to December 31, 2017. The increase in inventory was predominately related to earlier buys and receipts of Spring 2019 inventory to alleviate manufacturing capacity constraints and drive cost efficiencies and, to a much lesser degree, increased current season Fall inventory. Older season inventory declined in comparison to the same period last year and we remain confident with our overall inventory position.

Full Year Cash Flow, Share Repurchases and Dividends

During full year 2018, the company generated \$289.6 million in operating cash flow, compared to \$341.1 million in the prior year.

Capital expenditures totaled \$65.6 million in 2018, compared to \$53.4 million in the prior year.

During full year 2018, the company repurchased 2,349,036 shares of common stock for \$201.6 million, or \$85.82 per share.

In February 2019, the board of directors approved an additional \$200 million share repurchase authorization. This is in addition to the approximately \$130 million currently remaining available under the prior stock 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 the full year 2018, the company paid dividends of \$62.7 million to shareholders and \$20.0 million in dividends to the non-controlling interest in our China joint venture.

Regular Quarterly Cash Dividend

At its regular board meeting on January 25, 2019, the board of directors authorized a regular quarterly cash dividend of \$0.24 per share, payable on March 18, 2019 to shareholders of record on March 7, 2019.

Historically, our dividend review has coincided with our third quarter earnings process. Going forward we will be reviewing our dividend policy during the fourth quarter and year-end earnings process. Based on this change, we anticipate our next dividend review will occur during the 2019 fourth quarter and year-end earnings process and be communicated to investors when we report results in February 2020. We believe this change will enable greater visibility of cash flow generation and requirements for the upcoming year and allow us to present a more comprehensive annual capital allocation outlook when we provide initial out-year guidance. As a reminder, we raised our dividend 16 percent coinciding with our first quarter 2018 earnings release and another 9 percent coinciding with our third quarter 2018 earnings release.

Full Year 2019 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 full year 2019 financial outlook assumes that current macroeconomic and market conditions in key markets do not worsen and that geopolitical tensions, including ongoing trade negotiations between the U.S. and China, do not deteriorate.

The company's 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 profitability pattern weighted toward the second half of the year.

Spring and Fall season advance wholesale orders typically drive a significant portion of our annual net sales and are two 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 businesses, particularly during the fourth quarter.

We also face macroeconomic, competitive and geopolitical uncertainties as well as foreign currency exchange rate volatility in several major markets, making it more difficult for us to forecast our net sales and profitability.

Our full year 2019 outlook assumes that global regulatory, customs and tax policies remain largely unaltered for the balance of the year.

Taking the above factors into consideration, our full year 2019 financial outlook anticipates:

	Full Year 2019 Guidance (U.S. Dollar)		
	2019 Guidance	Commentary compared to:	
		2018	2018 non-GAAP*
Net sales	\$2.97 to \$3.03 billion	6.0% to 8.0% growth	
Gross margin	approximately 50.2%	approximately 70 bps expansion	
SG&A percent of net sales	38.0% to 38.2%	50 bps to 70 bps deleverage	90 bps to 110 bps deleverage
Operating margin	12.4% to 12.6%	10 bps contraction to 10 bps expansion	30 bps to 50 bps contraction
Operating income	\$369 to \$382 million		
Effective income tax rate	approximately 22%		
Net income	\$297 to \$307 million		
Diluted earnings per share	\$4.30 to \$4.45		

*Please note we have removed the impact of ASC 606 from 2018 non-GAAP measures to create a meaningful baseline to evaluate operating performance outlined in our 2019 guidance. Given ASC 606 was implemented in January 2018 and incorporated into results thereafter, this adjustment is not necessary for 2018 results to be comparable to 2019 guidance and future results. For more information, please refer to the "Reconciliation of GAAP to non-GAAP Updated Full Year 2019 Financial Outlook" table found in the "Supplemental Financial Information" section included in the fourth quarter 2018 earnings release published on the Investor Relations section of the company's website at <http://investor.columbia.com/results.cfm>.

Net Sales

The company currently expects full year 2019 net sales of approximately \$2.97 to \$3.03 billion, representing 6.0 to 8.0 percent net sales growth, compared with full year 2018 net sales of \$2.80 billion.

Our full year 2019 financial outlook is further based on the expectation of net sales growth in the Columbia, SOREL, Mountain Hardwear and prAna brands. Other assumptions considered in our net sales outlook include:

- U.S. net sales growth of a low-double-digit percent, consisting of low-double-digit percent growth in DTC and high-single-digit percent growth in wholesale. Strong net sales growth achieved in 2018 will create more difficult comparisons for 2019 results, particularly in the second half of the year.
- EMEA net sales increase of mid-single-digit percent (high-single-digit constant-currency), consisting of a mid-single-digit percent increase (high-single-digit percent constant-currency) in Europe-direct, and a high-single-digit percent increase in our EMEA distributor business.
- LAAP net sales increase of low-single-digit percent, including:
 - Japan net sales increase of high-single-digit percent (mid-single-digit percent constant-currency);
 - Korea net sales increase of mid-single-digit percent;
 - LAAP distributor net sales decline of mid-single-digit percent; and
 - China net sales decline of mid-single-digit percent (low-single-digit percent decline constant-currency).
- Mid-single-digit percent (high-single-digit percent constant-currency) net sales growth in Canada.

Gross Margin

The company expects full year 2019 gross margin to improve by approximately 70 basis points (gross margin of approximately 50.2) compared to full year 2018 gross margin of 49.5.

Gross margin expansion reflects:

- product margin benefits related to Project CONNECT initiatives;
- a favorable channel mix with a greater proportion of higher gross margin DTC sales; partially offset by
- expectations of higher promotional activity in 2019 relative to 2018 which had very favorable selling conditions.

SG&A Expenses

Given continued expectation for broad based sales growth coupled with the realization of financial benefits resulting from Project CONNECT, the company accelerated investments in 2018 to support our strategic priorities which increased the rate of SG&A expense growth in the latter part of the year and is anticipated to continue into early 2019.

Further, we anticipate elevated SG&A expense growth through the first half of 2019, reflecting the annualization of investments made in late 2018, and SG&A expense growth moderating generally in line with sales growth exiting the year.

For full year 2019, the company expects SG&A expenses to increase at a rate faster than net sales, resulting in approximately 90 to 110 basis points of SG&A expense deleverage compared to non-GAAP full year 2018 SG&A expense. SG&A expense as a percent of net sales for full year 2019 is expected to be approximately 38.0 to 38.2 percent, compared to non-GAAP full year 2018 SG&A expense as a percent of net sales of 37.1 percent.

The increase in full year SG&A expenses is being driven by business growth as well as ongoing and incremental investments in our strategic priorities to drive and support long-term profitable sales growth. The expected increase in SG&A expenses includes:

- increased expenses associated with the continued expansion of our DTC business globally including the impact of new stores, lease renewals, store remodels and investments in systems infrastructure which encompass our C1 and X1 initiatives;
- increased personnel and related expenses to support our brand-led consumer-focused operating model, business growth and strategic priorities;
- increased demand creation spend;
- and
- increased expenses to support information technology and supply chain initiatives as well as other capability development across the business.

Licensing Income

The company expects full year 2019 licensing income of up to \$15 million based on expected performance of existing licensing partners.

Operating Income

Based on the above assumptions, the company expects full year 2019 operating income between approximately \$369 million and \$382 million, resulting in operating margin between approximately 12.4 and 12.6 percent, compared to non-GAAP full year 2018 operating margin of 12.9 percent. Please note 2018 non-GAAP operating margin of 12.9 percent excludes the impact of the new revenue accounting standard which the company implemented in January 2018 and incorporated into results thereafter. This adjustment is not necessary for full year 2018 results to be comparable to full year 2019 guidance and future results. We remain confident in our ability to drive profitable sales growth while continuing to meaningfully invest in our strategic plan.

Income Tax Expense

The company expects an estimated full-year effective income tax rate of approximately 22 percent. The tax rate may be affected by unanticipated impacts resulting from additional guidance about and application of the TCJA as well as changes in the company's geographic mix of pre-tax income and other discrete events that may occur during 2019.

Net Income

The company expects 2019 net income between approximately \$297 million and \$307 million, or diluted earnings per share between approximately \$4.30 and \$4.45. This guidance includes the benefit of no longer recording a non-controlling interest share of net income related to the China joint venture which is now a wholly owned subsidiary. For reference, this non-controlling interest share of net income was \$6.7 million in full year 2018. Guidance assumes an average diluted share count of 69 million shares for the full year. This share count guidance includes the benefit of our systematic share repurchase plan which is designed to offset dilution from employee stock grants but excludes the benefit from any additional opportunistic share repurchases we may execute throughout the year.

Foreign Currency

Foreign currency translation is anticipated to reduce net sales growth by approximately 60 basis points.

Foreign currency translation and transactional effects are not anticipated to have a significant impact on diluted earnings per share.

First Quarter 2019 Outlook

The first quarter outlook anticipates:

- mid-single-digit percent net sales growth compared to first quarter 2018 net sales of \$607.3 million; and
- mid-single-digit percent to low-double-digit percent diluted earnings per share growth compared to non-GAAP first quarter 2018 diluted earnings per share of \$0.77.

Balance Sheet and Cash Flows

Driven largely by earlier buys and receipts of Fall 2019 product to alleviate manufacturing capacity constraints and drive cost efficiencies, the company currently expects inventory growth to significantly exceed net sales growth through the first half of the year.

The company expects 2019 capital expenditures between approximately \$130 million and \$135 million. Elevated capital expenditures relative to historic levels are due to a combination of factors, including a facility expansion at our corporate headquarters, investment in DTC operations including new stores and remodels, and investment in IT systems and other enabling capabilities to support our strategic priorities.

The company expects 2019 operating cash flow of approximately \$330 million.

Capital Allocation

In light of current cash balances and strong cash flow generation, the company is providing additional insight into its priorities for use of cash.

First and foremost, the company remains committed to maintaining a strong balance sheet while utilizing cash to invest in growth opportunities for the business. We continue to believe that the lowest risk and highest return for the company is to remain focused on improving results in the assets that we already own. We will also look to return 40 to 60 percent of free cash flow, defined as operating cash flow less capital expenditures, to shareholders by increasing our dividend when appropriate and repurchasing shares in the marketplace. Finally, we have demonstrated the capacity to make and integrate acquisitions as opportunities arise.

Strategic Priorities

As part of the company's commitment to driving sustainable and profitable growth and relentless improvement, senior management is focused on investment in our strategic priorities:

- driving brand awareness and sales growth through increased, focused demand creation investments;
- enhancing consumer experience and digital capabilities in all our channels and geographies;
- expanding and improving global DTC operations with supporting processes and systems; and
- investing in our people and optimizing our organization across our portfolio of brands.

Ultimately, we expect our investments to accelerate market share capture across our brand portfolio, expand gross margin, improve SG&A expense efficiency, and drive improved operating margin.

China Joint Venture

On January 2, 2019, we closed the buyout of the 40 percent non-controlling interest in our China joint venture. Upon final payment, total consideration paid, including dividends paid in 2018, is expected to be approximately \$40 million, consisting of Swire Resources Limited's ("Swire") share of the accumulated net income generated during the term of the joint venture and the initial capital contribution, as well as various other required amounts pursuant to the shareholder

agreement.

On November 26, 2018, we announced the appointment of John Soh as Vice President and General Manager of China. Mr. Soh will commence working for the company later this month. Future plans include continued investments in building the Columbia brand in China, including investments in e-commerce and expansion of direct and dealer-operated retail locations. We intend to maintain the staff, dealers and distribution networks that have helped the Columbia brand flourish in China.

Our long-term partner Swire will continue to serve as the exclusive independent distributor of Columbia branded products in Hong Kong and Macau. Swire had previously operated as Columbia Sportswear's exclusive independent distributor of Columbia branded products in China from 2004 until the beginning of the joint venture in 2014.

Consumer-First Initiative ("C1")

During second quarter 2017, we commenced investment in our C1 initiative, which encompasses the global retail platform and IT systems infrastructure to support the growth and continued development of our omnichannel capabilities. The objective of this initiative is consistent with our strategic priorities to deliver an enhanced consumer experience and to modernize and standardize our processes and systems to enable us to better anticipate and deliver against the needs of our consumers. Our full year 2019 financial outlook includes anticipated SG&A expenses and capital expenditures in conjunction with this initiative.

While we are continuing to work toward a 2019 implementation for North America, we may shift that timeline to ensure completeness of the solution and to align timing of go-live with our retail calendar and store rollout plan. We do not currently anticipate that changes in the timeline would have a material effect on the financial outlook we are providing today.

Experience First ("X1")

During first quarter 2018, we commenced investment in our X1 initiative, which is designed to enhance our e-commerce systems to take advantage of the changes in consumer browsing and purchasing behavior towards mobile devices. It encompasses reimplementations of our e-commerce platforms to offer improved search, browsing, checkout, loyalty, and customer care experiences for mobile shoppers. Once complete, the project will be integrated with our C1 initiative and will be implemented across all of our brands. Our full year 2019 financial outlook includes anticipated SG&A expenses and capital expenditures in conjunction with this initiative.

While we are continuing to work toward a 2019 implementation for North America and Europe-direct, we are evaluating that timeline to ensure appropriate alignment of the work required to be completed with our retail calendar, including the integration with our C1 platform. We may choose to move implementation steps into future periods. We do not currently anticipate that changes in the timeline would have a material effect on the financial outlook we are providing today.

Project CONNECT

During the second half of 2017, the company initiated Project CONNECT, aimed at aligning our resources to accelerate execution on our strategic priorities, including initiatives to drive net sales, capture cost of sales efficiencies, generate SG&A expense savings, and improve our marketing effectiveness. As we start 2019, Project CONNECT initiatives are fully integrated into our operating model and part of our sustained go forward operational strategy. While the initiative phase of Project CONNECT is now complete, the financial benefits from these initiatives are reflected in our full year 2019 financial outlook. We remain confident that we can generate meaningful financial value capture in 2019 and beyond. As these improvements are realized, we intend to reallocate resources to our strategic priorities, including incremental demand creation spending and other investments to drive growth across our brands and distribution channels.

Lease Accounting Changes

In February 2016, FASB issued Accounting Standards Codification Topic 842 (ASC 842) which requires lessees to record assets and liabilities on the balance sheet for all leases with terms longer than 12 months. Columbia adopted this new accounting standard on January 1, 2019, utilizing the modified retrospective approach. The application of this new standard will result in the recognition of right of use assets of approximately \$350 million, with corresponding lease liabilities of approximately \$385 million. As a result of adoption, approximately \$35 million of pre-existing liabilities for

deferred lease costs were reclassified as a component of the right of use assets. Amounts recognized as lease expense within SG&A expense will be similar to the previous accounting method, and we anticipate associated impairment analysis will not have a significant financial statement impact. Cash flows from operating leases will continue to be recognized within operating activities of the cash flow statement.

Tax Reform

The company's accounting for the TCJA, which was recorded in fourth quarter 2017, is based upon our present interpretations, current available information and reasonable estimates of the effects of the TCJA. For full year 2018, we incurred tax expense associated with the TCJA of \$5.1 million, primarily related to the issuance of additional clarifying guidance, which drove further refinement of our provisional estimates that were recorded in fourth quarter 2017. Our 2019 effective tax rate of 22 percent does not incorporate any future potential adjustments related to additional clarifying guidance related to the TCJA.

Supplemental non-GAAP Financial Information

Since Columbia Sportswear Company is a global company, the comparability of its operating results reported in U.S. dollars is affected by foreign currency exchange rate fluctuations because the underlying currencies in which it transacts change in value over time compared to the U.S. dollar. 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.

Additionally, this document includes references to certain other non-GAAP financial measures related to 2018 and 2017 that may exclude increased net sales and gross profit, and offsetting increased SG&A expenses, associated with the new revenue accounting standard, program expenses, discrete costs and associated tax effects related to Project CONNECT, TCJA-related income tax expense, and a recovery in connection with an insurance claim and related tax effects. The related tax effects of program expenses and discrete costs related to Project CONNECT and the insurance claim recovery benefit were calculated using the respective statutory tax rates for applicable jurisdictions. Management believes that these non-GAAP financial measures enable useful and meaningful comparisons of our operating performance from period to period because they exclude the effects of the aforementioned items above that may not be indicative of our core operating results.

These non-GAAP financial measures, including constant-currency net sales, 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 non-GAAP measures to the most directly comparable financial measure calculated in accordance with GAAP. See "Supplemental Financial Information" tables included in the earnings release announcing fourth quarter, full year 2018 financial results and 2019 financial outlook located on the Investor Relations section of the company's website at <http://investor.columbia.com/results.cfm>. The non-GAAP financial measures and constant-currency information presented may not be comparable to similarly entitled measures reported by other companies.

First Quarter 2019 Reporting Schedule

Columbia Sportswear Company plans to report first quarter 2019 financial results on Thursday, April 25, 2019 at approximately 4:00 p.m. ET. Following issuance of the earnings release, a commentary reviewing the company's first quarter 2019 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.investor.columbia.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 margin, operating expenses, licensing

income, operating income, operating margins, net income, earnings per share, income tax rates and the effects of tax reform (including the TCJA) as well as changes in the company's geographic mix of pre-tax income and other discrete events that may occur during the year, SG&A expenses, including deleverage projected growth or decline in specific geographies, channels, and brands, the effect of changes associated with lease accounting changes and the implementation of other new accounting policies on our financial results, the effects of foreign currency, inventory growth, share count, share repurchase and dividend activity, operating cash flow, capital expenditures and allocation of capital resources, investment activity and strategic priorities, including in our C1 and X1 initiatives, the realization of financial benefits resulting from Project CONNECT, levels of promotional activity, investments in our business in China, and our ability to adapt our business and realize the anticipated benefits of our investments in our strategic priorities. Forward-looking statements often use words such as "will", "anticipate", "estimate", "expect", "should", "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 execute our business strategies, including initiatives to implement business process enhancements and information technology ("IT") systems and investments in our DTC businesses; our ability to maintain the strength and security of our IT systems; the effects of unseasonable weather, including global climate change; the seasonality of our business; trends affecting spending, including changes in the level of consumer spending, and retail traffic patterns; unfavorable economic conditions generally, the financial health of our customers and retailer consolidation; higher than expected rates of order cancellations; changes affecting consumer demand and 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, the effects of the TCJA, tariffs, international trade policy and geopolitical tensions, or increasing wage rates; our ability to attract and retain key personnel; risks inherent in doing business in foreign markets, including fluctuations in currency exchange rates, global credit market conditions and changes in global regulation and economic and political conditions; volatility in global production and transportation costs and capacity; our ability to effectively source and deliver our products to customers and consumers 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 or at all; the effectiveness of our sales and marketing efforts; business disruptions and acts of terrorism, cyber-attacks or military activities around the globe; intense competition in the industry; our ability to establish and protect our intellectual property; 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 effects 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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