
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):
July 25, 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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock	COLM	The Nasdaq Stock Market LLC

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 July 25, 2019, Columbia Sportswear Company (the "Company") issued a press release reporting its second quarter and first half 2019 financial results, as well as its updated full year 2019 financial outlook. A copy of the Company's press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference. The information in this report shall not be treated as filed for purposes of the Securities Exchange Act of 1934, as amended.

Attached hereto as Exhibit 99.2 and incorporated by reference herein is financial information and commentary by Jim A. Swanson, Senior Vice President and Chief Financial Officer of Columbia Sportswear Company, on the second quarter and first half 2019 financial results, as well as the Company's updated full year 2019 financial outlook, as posted on the Company's investor relations website, <http://investor.columbia.com>, on July 25, 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 July 25, 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 August 29, 2019 to its shareholders of record on August 15, 2019.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

[99.1](#) Press Release, dated July 25, 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 July 25, 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: July 25, 2019

By: /S/ JIM A. SWANSON

Jim A. Swanson

Senior Vice President and Chief Financial Officer



Columbia Sportswear Company Reports Record Second Quarter and First Half 2019 Financial Results; Updates Full Year 2019 Financial Outlook

Second Quarter 2019 Highlights

- **Net sales increased 9 percent (11 percent constant-currency) compared to second quarter 2018, to a record \$526.2 million.**
- **Gross margin expanded 70 basis points to a record 48.2 percent of net sales, compared to second quarter 2018 gross margin of 47.5 percent of net sales.**
- **Operating income increased 68 percent to a record \$16.4 million and operating margin expanded 110 basis points to 3.1 percent of net sales, compared to second quarter 2018 operating income of \$9.7 million, or 2.0 percent of net sales. Compared to non-GAAP second quarter 2018 operating income of \$11.6 million, or 2.4 percent of net sales, operating income increased 41 percent and operating margin expanded 70 basis points.**
- **Earnings per diluted share increased 143 percent to a record \$0.34, compared to second quarter 2018 earnings per diluted share of \$0.14. Compared to non-GAAP second quarter 2018 earnings per diluted share of \$0.16, earnings per diluted share increased 113 percent. Diluted earnings per share includes \$0.11 of one-time tax benefits primarily related to the passage of a Swiss tax reform package.**

Full Year 2019 Financial Outlook

(Financial outlook details can be found in the "Supplemental Financial Information" section and CFO Commentary document).

- **Net sales of \$3.00 to \$3.04 billion (prior \$2.98 to \$3.04 billion), representing net sales growth of 7.0 to 8.5 percent (prior 6.5 to 8.5 percent). The net sales outlook includes a foreign currency translation impact that is anticipated to reduce net sales growth by approximately 90 basis points.**
- **Operating income of \$388 to \$396 million (prior \$378 to \$391 million), representing operating margin of 12.9 to 13.0 percent (prior 12.7 to 12.9 percent).**
- **Diluted earnings per share of \$4.65 to \$4.75 (prior \$4.40 to \$4.55).**

Throughout this press release, amounts stated to be non-GAAP exclude items described in the "Non-GAAP Financial Measures" section below. Additionally, constant-currency net sales, a non-GAAP financial measure, is referenced throughout this press release. Please see the "Supplemental Financial Information" section and financial tables included below for a more detailed description of this and other non-GAAP financial measures.

PORTLAND, Ore. - July 25, 2019 - Columbia Sportswear Company (NASDAQ: COLM), a leading innovator in active outdoor apparel, footwear, accessories and equipment, today announced second quarter 2019 financial results for the period ended June 30, 2019.

President and Chief Executive Officer Tim Boyle commented, "2019 is shaping up to be another great year for Columbia Sportswear Company. Momentum across our diverse brand portfolio, distribution channels and regions along with Project CONNECT financial benefits fueled record second quarter and first half financial performance. The Columbia brand generated double-digit constant-currency growth in the quarter and the first half of the year, led by U.S. wholesale and direct-to-consumer performance. SOREL's progress towards becoming a year-round brand is evident in the success of Spring 2019 styles, which contributed to greater than 30 percent constant-currency growth in the quarter and first half of the year. After several challenging years, Mountain Hardware generated double-digit constant-currency growth

in the quarter and is poised for continued growth in the second half of the year."

"As we enter the second half of 2019, our brand, channel, geographic and supply chain diversification positions us for continued profitable growth despite global economic and trade uncertainty. Our first half results, Fall 2019 advance orders and current business momentum position us to deliver another record year of growth and profitability."

"Our profitable growth trajectory and fortress balance sheet, with cash and short-term investments of over \$500 million and no long-term debt, provide a foundation of strength and confidence from which we will 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 are making these investments to build on our strengths as a brand-led, consumer-focused organization and to enable sustainable long-term profitable growth."

CFO's Commentary Available Online

For a detailed review of the Company's second quarter and first half 2019 financial results and full year 2019 financial outlook please refer to the CFO Commentary exhibit 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> at approximately 4:15 p.m. ET today. Analysts and investors are encouraged to review this commentary prior to participating in the conference call.

Non-GAAP Financial Measures

Throughout this press release, non-GAAP amounts in second quarter 2018 exclude \$1.9 million in Project CONNECT expenses and discrete costs (\$1.4 million net of tax) and \$0.1 million in incremental income tax expense related to the Tax Cuts and Jobs Act ("TCJA"). References to non-GAAP financial measures in first half 2018 exclude \$12.9 million in Project CONNECT program expenses and discrete costs (\$9.8 million net of tax), and \$1.2 million in incremental provisional income tax expense related to the TCJA. These excluded items were not applicable to second quarter and first half 2019 results.

Second Quarter 2019 Financial Results

(All comparisons are between second quarter 2019 and second quarter 2018, unless otherwise noted.)

Please note the second quarter is our lowest volume sales quarter and small changes in the timing of product shipments and expenses can have a material impact on reported results.

Net sales increased 9 percent (11 percent constant-currency) to \$526.2 million, from \$481.6 million for the comparable period in 2018.

Gross margin expanded 70 basis points to 48.2 percent of net sales, from 47.5 percent for the comparable period in 2018.

SG&A expenses increased 8 percent to \$240.8 million, or 45.8 percent of net sales, from \$222.2 million, or 46.1 percent of net sales, for the comparable period in 2018. SG&A expenses increased 9 percent from non-GAAP SG&A expenses of \$220.3 million, or 45.7 percent of net sales, for the comparable period in 2018.

Operating income increased 68 percent to \$16.4 million, or 3.1 percent of net sales, from \$9.7 million, or 2.0 percent of net sales, for the comparable period in 2018. Operating income increased 41 percent from non-GAAP operating income of \$11.6 million, or 2.4 percent of sales, for the comparable period in 2018.

Net income increased 137 percent to \$23.0 million, or \$0.34 per diluted share, from \$9.7 million, or \$0.14 per diluted share, for the comparable period in 2018. Net income increased 104 percent from non-GAAP net income of \$11.3 million, or \$0.16 per diluted share for the comparable period in 2018. Diluted earnings per share includes \$0.11 of one-time tax benefits primarily related to the passage of a Swiss tax reform package which resulted in a one-time tax benefit

of \$6.6 million. Second quarter 2019 net income also includes the benefit of full ownership of our China business, which became a wholly owned subsidiary effective January 2019. In second quarter 2018, the non-controlling interest share of net income was \$0.8 million, or \$0.01 per diluted share.

First Half 2019 Financial Results

(All comparisons are between first half 2019 and first half 2018, unless otherwise noted).

Net sales increased 8 percent (10 percent constant-currency) to \$1,180.8 million, compared to \$1,088.9 million for the comparable period in 2018.

Gross margin expanded 150 basis points to 50.0 percent of net sales, from 48.5 percent for the comparable period in 2018.

SG&A expenses increased 6 percent to \$492.5 million, or 41.7 percent of net sales, from \$465.6 million, or 42.8 percent of net sales, for the comparable period in 2018. SG&A expenses increased 9 percent from non-GAAP SG&A expenses of \$452.7 million, or 41.6 percent of net sales, for the comparable period in 2018.

Operating income increased 51 percent to \$104.3 million, representing 8.8 percent of net sales, compared to operating income of \$69.1 million, or 6.3 percent of net sales, for the comparable period in 2018. Operating income increased 27 percent from non-GAAP operating income of \$81.9 million, or 7.5 percent of net sales, for the comparable period in 2018.

Net income increased 77 percent to \$97.2 million, or \$1.41 per diluted share, compared to \$54.8 million, or \$0.77 per diluted share, for the comparable period in 2018. Net income increased 48 percent from non-GAAP net income of \$65.8 million, or \$0.93 per diluted share for the comparable period in 2018. First half 2019 net income includes the benefit of full ownership of our China business, which became a wholly owned subsidiary effective January 2019. In first half 2018, the non-controlling interest share of net income was \$4.4 million, or \$0.06 per diluted share.

Balance Sheet as of June 30, 2019

Cash, cash equivalents and short-term investments totaled \$524.3 million, compared to \$774.7 million at June 30, 2018.

Inventories increased 33 percent to \$756.4 million, compared to \$570.5 million at June 30, 2018, resulting from earlier receipts of Fall 2019 inventory in order to alleviate manufacturing capacity constraints and, to a lesser degree, increased volume to support business growth.

Share Repurchases for the Six Months Ended June 30, 2019

The Company repurchased 1,032,972 shares of common stock for an aggregate of \$100.4 million, or \$97.22 average price per share.

Regular Quarterly Cash Dividend

At its regular board meeting on July 19, 2019, the board of directors authorized a regular quarterly cash dividend of \$0.24 per share, payable on August 29, 2019 to shareholders of record on August 15, 2019.

Conference Call

The Company will host a conference call at 5:00 p.m. ET today to review its second quarter and first half 2019 financial results and full year 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>.

Third Quarter 2019 Reporting Schedule

Columbia Sportswear Company plans to report third quarter and year-to-date 2019 financial results on Wednesday, October 30, 2019 at approximately 4:00 p.m. ET. Following issuance of the earnings release, a commentary reviewing the Company's third 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 <http://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 various other non-GAAP financial measures related to 2018 that may exclude 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 the "Reconciliation of GAAP to Non-GAAP Financial Measures" table included herein. 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, effects of foreign currency exchange rates, inventory growth, capital expenditures, projected growth or decline in specific geographies, channels and brands, continued investment in our strategic priorities, expected full-year growth and profitability, 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.pranacom.com.

Contact:

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- Financial tables follow -

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

	June 30,	
	2019	2018
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 386,150	\$ 510,656
Short-term investments	138,198	264,014
Accounts receivable, net	280,641	238,675
Inventories	756,378	570,473
Prepaid expenses and other current assets	100,800	76,399
Total current assets	1,662,167	1,660,217
Property, plant, and equipment, net	312,948	280,726
Operating lease right-of-use assets	368,856	—
Intangible assets, net	125,085	128,065
Goodwill	68,594	68,594
Deferred income taxes	82,418	70,351
Other non-current assets	42,379	38,997
Total assets	\$ 2,662,447	\$ 2,246,950
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable	\$ 309,945	\$ 290,812
Accrued liabilities	200,816	191,511
Operating lease liabilities	60,804	—
Income taxes payable	6,416	4,000
Total current liabilities	577,981	486,323
Non-current operating lease liabilities	345,063	—
Income taxes payable	53,216	60,827
Deferred income taxes	8,518	13
Other long-term liabilities	22,475	45,412
Total liabilities	1,007,253	592,575
Equity:		
Columbia Sportswear Company shareholders' equity	1,655,194	1,640,400
Non-controlling interest	—	13,975
Total equity	1,655,194	1,654,375
Total liabilities and equity	\$ 2,662,447	\$ 2,246,950

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net sales	\$ 526,210	\$ 481,619	\$ 1,180,818	\$ 1,088,927
Cost of sales	272,619	252,998	590,498	560,868
Gross profit	253,591	228,621	590,320	528,059
	48.2%	47.5%	50.0%	48.5%
Selling, general and administrative expenses	240,763	222,192	492,518	465,560
Net licensing income	3,537	3,320	6,521	6,571
Income from operations	16,365	9,749	104,323	69,070
Interest income, net	2,571	2,928	5,971	5,224
Other non-operating income (expense), net	1,032	(96)	1,478	(364)
Income before income tax	19,968	12,581	111,772	73,930
Income tax benefit (expense)	3,061	(2,086)	(14,566)	(14,706)
Net income	23,029	10,495	97,206	59,224
Net income attributable to non-controlling interest	—	758	—	4,380
Net income attributable to Columbia Sportswear Company	\$ 23,029	\$ 9,737	\$ 97,206	\$ 54,844
Earnings per share attributable to Columbia Sportswear Company:				
Basic	\$ 0.34	\$ 0.14	\$ 1.43	\$ 0.78
Diluted	\$ 0.34	\$ 0.14	\$ 1.41	\$ 0.77
Weighted average shares outstanding:				
Basic	67,930	70,021	68,109	70,050
Diluted	68,560	70,748	68,825	70,824

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

	Six Months Ended June 30,	
	2019	2018
Cash flows from operating activities:		
Net income	\$ 97,206	\$ 59,224
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and non-cash lease expense	57,487	29,067
Loss on disposal or impairment of property, plant, and equipment	1,599	578
Deferred income taxes	(4,338)	2,041
Stock-based compensation	8,781	6,599
Changes in operating assets and liabilities:		
Accounts receivable	169,631	188,897
Inventories	(232,117)	(140,897)
Prepaid expenses and other current assets	(21,815)	(6,411)
Other assets	(4,830)	(11,867)
Accounts payable	41,469	37,968
Accrued liabilities	(75,360)	(49,781)
Income taxes payable	(13,967)	(12,835)
Operating lease assets and liabilities	(27,068)	—
Other liabilities	5,919	(3,258)
Net cash provided by operating activities	2,597	99,325
Cash flows from investing activities:		
Purchases of short-term investments	(181,257)	(257,979)
Sales and maturities of short-term investments	308,501	88,794
Capital expenditures	(50,800)	(29,618)
Proceeds from sale of property, plant, and equipment	—	19
Net cash provided by (used in) investing activities	76,444	(198,784)
Cash flows from financing activities:		
Proceeds from credit facilities	23,208	—
Repayments on credit facilities	(23,208)	—
Proceeds from issuance of common stock related to stock-based compensation	11,286	14,971
Tax payments related to stock-based compensation	(5,589)	(4,131)
Repurchase of common stock	(100,293)	(40,106)
Purchase of non-controlling interest	(17,880)	—
Cash dividends paid	(32,686)	(30,856)
Net cash used in financing activities	(145,162)	(60,122)
Net effect of exchange rate changes on cash	476	(2,929)
Net decrease in cash, cash equivalents and restricted cash	(65,645)	(162,510)
Cash, cash equivalents and restricted cash, beginning of period	451,795	673,166
Cash, cash equivalents and restricted cash, end of period	\$ 386,150	\$ 510,656
Supplemental disclosures of non-cash investing and financing activities:		
Property, plant and equipment acquired through increase in liabilities	\$ 9,524	\$ 4,009
Dividend to non-controlling interest declared but not yet paid	\$ —	\$ 21,332

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

	Three Months Ended June 30, 2018			
	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	\$ 222,192	\$ (1,884)	\$ —	\$ 220,308
Income from operations	9,749	1,884	—	11,633
Income before income tax	12,581	1,884	—	14,465
Income tax benefit (expense)	(2,086)	(448)	136	(2,398)
Net income	10,495	1,436	136	12,067
Net income attributable to Columbia Sportswear Company	9,737	1,436	136	11,309
Earnings per share attributable to Columbia Sportswear Company:				
Basic	\$ 0.14			\$ 0.16
Diluted	\$ 0.14			\$ 0.16

	Six Months Ended June 30, 2018			
	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	\$ 465,560	\$ (12,878)	\$ —	\$ 452,682
Income from operations	69,070	12,878	—	81,948
Income before income tax	73,930	12,878	—	86,808
Income tax benefit (expense)	(14,706)	(3,065)	1,179	(16,592)
Net income	59,224	9,813	1,179	70,216
Net income attributable to Columbia Sportswear Company	54,844	9,813	1,179	65,836
Earnings per share attributable to Columbia Sportswear Company:				
Basic	\$ 0.78			\$ 0.94
Diluted	\$ 0.77			\$ 0.93

⁽¹⁾ Amounts reflect professional fees, severance and other program expenses related to Project CONNECT in 2018 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.

⁽²⁾ 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
Net Sales Growth - Constant-currency Basis
(In millions, except percentage changes)
(Unaudited)

	Three Months Ended June 30,					
	Reported	Adjust for	Constant-	Reported	Reported	Constant-
	Net Sales	Foreign	currency	Net Sales	Net Sales	currency
	2019	Currency	Net Sales	2018	% Change	Net Sales
		Translation	2019 ⁽¹⁾			% Change ⁽¹⁾
Geographical Net Sales:						
United States	\$ 315.5	\$ —	\$ 315.5	\$ 280.2	13%	13%
LAAP	101.6	4.4	106.0	100.8	1%	5%
EMEA	91.6	2.4	94.0	85.0	8%	11%
Canada	17.5	0.8	18.3	15.6	12%	17%
Total	<u>\$ 526.2</u>	<u>\$ 7.6</u>	<u>\$ 533.8</u>	<u>\$ 481.6</u>	9%	11%
Brand Net Sales:						
Columbia	\$ 454.9	\$ 7.3	\$ 462.2	\$ 414.8	10%	11%
SOREL	15.1	—	15.1	11.4	32%	32%
prAna	38.7	—	38.7	38.1	2%	2%
Mountain Hardware	17.5	0.3	17.8	16.0	9%	11%
Other	—	—	—	1.3	(100)%	(100)%
Total	<u>\$ 526.2</u>	<u>\$ 7.6</u>	<u>\$ 533.8</u>	<u>\$ 481.6</u>	9%	11%
Product Category Net Sales:						
Apparel, Accessories and Equipment	\$ 432.2	\$ 5.4	\$ 437.6	\$ 394.6	10%	11%
Footwear	94.0	2.2	96.2	87.0	8%	11%
Total	<u>\$ 526.2</u>	<u>\$ 7.6</u>	<u>\$ 533.8</u>	<u>\$ 481.6</u>	9%	11%
Channel Net Sales:						
Wholesale	\$ 296.2	\$ 4.0	\$ 300.2	\$ 263.9	12%	14%
DTC	230.0	3.6	233.6	217.7	6%	7%
Total	<u>\$ 526.2</u>	<u>\$ 7.6</u>	<u>\$ 533.8</u>	<u>\$ 481.6</u>	9%	11%

⁽¹⁾ Constant-currency net sales information is a non-GAAP financial measure that 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.

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

	Six Months Ended June 30,					
	Reported	Adjust for	Constant-	Reported	Reported	Constant-
	Net Sales	Foreign	currency	Net Sales	Net Sales	currency
	2019	Currency	Net Sales	2018	% Change	Net Sales
		Translation	2019 ⁽¹⁾			% Change ⁽¹⁾
Geographical Net Sales:						
United States	\$ 727.7	\$ —	\$ 727.7	\$ 643.0	13%	13%
LAAP	234.5	8.2	242.7	232.4	1%	4%
EMEA	162.9	6.7	169.6	156.8	4%	8%
Canada	55.7	3.1	58.8	56.7	(2)%	4%
Total	<u>\$ 1,180.8</u>	<u>\$ 18.0</u>	<u>\$ 1,198.8</u>	<u>\$ 1,088.9</u>	8%	10%
Brand Net Sales:						
Columbia	\$ 1,007.1	\$ 16.8	\$ 1,023.9	\$ 923.6	9%	11%
SOREL	54.6	0.6	55.2	42.2	29%	31%
prAna	79.9	—	79.9	80.4	(1)%	(1)%
Mountain Hardware	39.2	0.6	39.8	40.4	(3)%	(1)%
Other	—	—	—	2.3	(100)%	(100)%
Total	<u>\$ 1,180.8</u>	<u>\$ 18.0</u>	<u>\$ 1,198.8</u>	<u>\$ 1,088.9</u>	8%	10%
Product Category Net Sales:						
Apparel, Accessories and Equipment	\$ 958.2	\$ 12.9	\$ 971.1	\$ 884.6	8%	10%
Footwear	222.6	5.1	227.7	204.3	9%	11%
Total	<u>\$ 1,180.8</u>	<u>\$ 18.0</u>	<u>\$ 1,198.8</u>	<u>\$ 1,088.9</u>	8%	10%
Channel Net Sales:						
Wholesale	\$ 659.4	\$ 11.1	\$ 670.5	\$ 611.6	8%	10%
DTC	521.4	6.9	528.3	477.3	9%	11%
Total	<u>\$ 1,180.8</u>	<u>\$ 18.0</u>	<u>\$ 1,198.8</u>	<u>\$ 1,088.9</u>	8%	10%

⁽¹⁾ Constant-currency net sales information is a non-GAAP financial measure that 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.

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

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. For more information on these risks and uncertainties please refer to the "Forward Looking Statements" section.

	Twelve Months Ended December 31, 2018					2019 Financial Outlook		
	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	2019 Financial Outlook	Commentary compared to:	
(In thousands, except per share amounts)							2018	2018 non-GAAP
Net sales	\$2,802,326	\$ —	\$ —	\$ —	\$ —	\$3.00 to \$3.04 billion	7.0% to 8.5% growth	
Gross profit	1,386,348	—	—	—	—	gross margin of approximately 50.3%	approximately 80 bps expansion	
Selling, general and administrative expenses	1,051,152	(15,766)	—	4,317	1,039,703	37.7% to 37.8% percent of net sales	20 bps to 30 bps deleverage	60 bps to 70 bps deleverage
Income from operations	350,982	15,766	—	(4,317)	362,431	\$388 to \$396 million		
Operating Margin						12.9% to 13.0%	40 bps to 50 bps expansion	flat to 10 bps expansion
Income tax expense	(85,769)	(3,752)	5,064	1,027	(83,430)	approximately 20%		
Net income attributable to non-controlling interest	6,692	—	—	—	—	\$0 million		
Net income attributable to Columbia Sportswear Company	\$ 268,256	\$ 12,014	\$ 5,064	\$ (3,290)	\$ 282,044	\$319 to \$325 million		
Earnings per share attributable to Columbia Sportswear Company:								
Diluted	\$ 3.81				\$ 4.01	\$4.65 to \$4.75		

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

⁽²⁾ In 2018, the Company 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.



14375 NW Science Park Drive
Portland, OR 97229
July 25, 2019

CFO Commentary on Second Quarter and First Half 2019 Financial Results and Full Year 2019 Financial Outlook

Financial Information and Non-GAAP Financial Measures

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

Throughout this commentary, amounts stated to be non-GAAP exclude items described in the "Non-GAAP Financial Measures" section below. Additionally, constant-currency net sales, a non-GAAP financial measure, is referenced throughout this commentary. 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 second quarter 2019 earnings release furnished to the Securities and Exchange Commission on Form 8-K and published on the Investor Relations section of the Company's website at <http://investor.columbia.com/results.cfm>.

Financial Summary

(Please note the second quarter is our lowest volume sales quarter and small changes in the timing of product shipments and expenses can have a material impact on reported results.)

	Three Months Ended June 30,				
	GAAP			Non-GAAP	
	2019	2018	Change	2018	Change
	(dollars in millions except per share amounts)				
Net sales	\$526.2	\$481.6	9%		
Gross margin	48.2%	47.5%	70 bps		
Selling, General and Administrative rate	45.8%	46.1%	-30 bps	45.7%	10 bps
Operating income	\$16.4	\$9.7	68%	\$11.6	41%
Operating margin	3.1%	2.0%	110 bps	2.4%	70 bps
Net income	\$23.0	\$9.7	137%	\$11.3	104%
Earnings per diluted share	\$0.34	\$0.14	143%	\$0.16	113%

Non-GAAP Financial Measures

Throughout this commentary, non-GAAP amounts in second quarter 2018 exclude \$1.9 million in Project CONNECT expenses and discrete costs (\$1.4 million net of tax) and \$0.1 million in incremental income tax expense related to the Tax Cuts and Jobs Act ("TCJA"). References to non-GAAP financial measures in first half 2018 exclude \$12.9 million in Project CONNECT program expenses and discrete costs (\$9.8 million net of tax), and \$1.2 million in incremental provisional income tax expense related to the TCJA. These excluded items were not applicable to second quarter and first half 2019 results.

Second Quarter 2019 Financial Results

(All comparisons are between second quarter 2019 and second quarter 2018, unless otherwise noted.)

Net Sales

Net sales increased 9 percent (11 percent constant-currency) to \$526.2 million, from \$481.6 million for the comparable period in 2018.

Geographies

	Net Sales (millions)	Net Sales (millions)	Net Sales % Change	Constant- currency Net Sales % Change
	Q2 2019	Q2 2018		
U.S.	\$ 315.5	\$ 280.2	13%	13%
LAAP	101.6	100.8	1%	5%
EMEA	91.6	85.0	8%	11%
Canada	17.5	15.6	12%	17%
Total	<u>\$ 526.2</u>	<u>\$ 481.6</u>	9%	11%

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

- Wholesale net sales increased high-teens percent with growth across all brands. Wholesale net sales growth was driven by strong Spring 2019 sales order conversion and, to a lesser extent, early shipments of advance Fall 2019 orders and increased closeout sales.
- Direct-to-consumer ("DTC") net sales increased high-single-digit percent driven by brick & mortar store performance as well as low-teens percent e-commerce growth.
- The Company operated 136 U.S. retail stores at June 30, 2019 (113 outlet; 23 branded) and 4 branded e-commerce sites, compared with 134 stores (110 outlet; 24 branded) and 4 branded e-commerce sites at the same time last year.

- **Latin America and Asia Pacific ("LAAP")**

- China net sales increased mid-teens percent (low-20 percent constant-currency), primarily driven by higher closeout sales in wholesale to begin alleviating elevated inventory levels.
- Japan net sales were relatively flat (increased low-single-digit percent constant-currency) reflecting DTC growth, partially offset by a decrease in wholesale which was negatively impacted by the timing of Spring 2019 shipments that were more heavily weighted to first quarter 2019 compared to Spring 2018 shipments in the prior year.
- LAAP distributor net sales decreased mid-single-digit percent resulting from a greater portion of Fall 2019 shipments falling into third quarter 2019 compared to Fall 2018 shipments in the prior year.
- Korea net sales decreased high-single-digit percent (relatively flat in constant-currency) driven by a decline in DTC, partially offset by wholesale growth.

- **Europe, Middle East and Africa ("EMEA")**

- EMEA distributor net sales increased low-teens percent, primarily driven by higher shipments of Fall 2019 advance orders.
- Europe-direct net sales decreased low-single-digit percent. Excluding the effects of exchange rates, net sales increased mid-single-digit percent, driven by DTC and wholesale growth.

- **Canada**

- Net sales increased 12 percent (17 percent constant-currency) primarily driven by strong wholesale performance.

Brands

	Net Sales (millions) Q2 2019	Net Sales (millions) Q2 2018	Net Sales % Change	Constant- currency Net Sales % Change
Columbia	\$ 454.9	\$ 414.8	10%	11%
SOREL	15.1	11.4	32%	32%
prAna	38.7	38.1	2%	2%
Mountain Hardwear	17.5	16.0	9%	11%
Other	—	1.3	(100)%	(100)%
Total	\$ 526.2	\$ 481.6	9%	11%

- **Columbia** brand net sales growth was led by U.S. wholesale and DTC followed by EMEA distributors.
- **SOREL** brand net sales growth was led by U.S. wholesale and DTC.
- **prAna** brand net sales growth was primarily driven by U.S. wholesale.
- **Mountain Hardwear** brand net sales growth was primarily driven by U.S. wholesale and Europe-direct.

Product Categories

	Net Sales (millions) Q2 2019	Net Sales (millions) Q2 2018	Net Sales % Change	Constant- currency Net Sales % Change
Apparel, Accessories and Equipment	\$ 432.2	\$ 394.6	10%	11%
Footwear	94.0	87.0	8%	11%
Total	\$ 526.2	\$ 481.6	9%	11%

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

Channels

	Net Sales (millions) Q2 2019	Net Sales (millions) Q2 2018	Net Sales % Change	Constant- currency Net Sales % Change
Wholesale	\$ 296.2	\$ 263.9	12%	14%
DTC	230.0	217.7	6%	7%
Total	\$ 526.2	\$ 481.6	9%	11%

Gross Margin

Gross margin expanded 70 basis points to 48.2 percent of net sales, from 47.5 percent for the comparable period in 2018, primarily reflecting:

- Project CONNECT benefits including our design-to-value, assortment optimization and manufacturing efficiency initiatives; partially offset by
- a higher proportion of closeout product sales mix; and
- lower DTC sales mix which generally carries higher gross margin.

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

SG&A expenses increased 8 percent to \$240.8 million, or 45.8 percent of net sales, from \$222.2 million, or 46.1 percent of net sales, for the comparable period in 2018. The increase in SG&A expenses included:

- increased expenses to support our expanding global DTC operations;

- increased personnel and project-related expenses to support business growth and strategic priorities;
- increased demand creation spending; partially offset by
- the impact of weakening foreign currencies relative to the U.S. dollar; and
- the non-recurrence of Project CONNECT expenses and discrete costs.

SG&A expenses increased 9 percent from non-GAAP SG&A expenses of \$220.3 million, or 45.7 percent of net sales, for the comparable period in 2018.

Operating Income

Operating income increased 68 percent to \$16.4 million, or 3.1 percent of net sales, from \$9.7 million, or 2.0 percent of net sales, for the comparable period in 2018. Operating income increased 41 percent from non-GAAP operating income of \$11.6 million, or 2.4 percent of net sales, for the comparable period in 2018.

Licensing

Net licensing income increased 7 percent to \$3.5 million, from \$3.3 million for the comparable period in 2018.

Income Tax Expense

A \$3.1 million income tax benefit resulted in an effective income tax rate of negative 15.3 percent, compared to income tax expense of \$2.1 million, or an effective income tax rate of 16.6 percent, for the comparable period in 2018. The second quarter 2019 effective tax rate was impacted by several one-time items, including a one-time tax benefit of \$6.6 million related to the passage of a Swiss tax reform package. Non-GAAP second quarter 2018 income tax expense was \$2.4 million, which resulted in a non-GAAP effective income tax rate of 16.6 percent.

Net Income

Net income increased 137 percent to \$23.0 million, or \$0.34 per diluted share, from \$9.7 million, or \$0.14 per diluted share, for the comparable period in 2018. Net income increased 104 percent from non-GAAP net income of \$11.3 million, or \$0.16 per diluted share, for the comparable period in 2018. Diluted earnings per share includes \$0.11 of one-time tax benefits detailed in the income tax expense section above. Second quarter 2019 net income also includes the benefit of full ownership of our China business, which became a wholly owned subsidiary effective January 2019. In second quarter 2018, the non-controlling interest share of net income was \$0.8 million, or \$0.01 per diluted share.

First Half 2019 Financial Results

(All comparisons are between first half 2019 and first half 2018, unless otherwise noted).

	Six Months Ended June 30,				
	GAAP			Non-GAAP	
	2019	2018	Change	2018	Change
	(dollars in millions except per share amounts)				
Net sales	\$1,180.8	\$1,088.9	8%		
Gross margin	50.0%	48.5%	150 bps		
SG&A rate	41.7%	42.8%	-110 bps	41.6%	10 bps
Operating income	\$104.3	\$69.1	51%	\$81.9	27%
Operating margin	8.8%	6.3%	250 bps	7.5%	130 bps
Net income	\$97.2	\$54.8	77%	\$65.8	48%
Earnings per diluted share	\$1.41	\$0.77	83%	\$0.93	52%

Net sales increased 8 percent (10 percent constant-currency) to \$1,180.8 million, compared to \$1,088.9 million for the comparable period in 2018.

Gross margin expanded 150 basis points to 50.0 percent of net sales, from 48.5 percent for the comparable period in 2018.

SG&A expenses increased 6 percent to \$492.5 million, or 41.7 percent of net sales, from \$465.6 million, or 42.8

percent of net sales, for the comparable period in 2018. SG&A expenses increased 9 percent from non-GAAP SG&A expenses of \$452.7 million, or 41.6 percent of net sales, for the comparable period in 2018.

Operating income increased 51 percent to \$104.3 million, representing 8.8 percent of net sales, compared to operating income of \$69.1 million, or 6.3 percent of net sales, for the comparable period in 2018. Operating income increased 27 percent from non-GAAP operating income of \$81.9 million, or 7.5 percent of net sales, for the comparable period in 2018.

Net income increased 77 percent to \$97.2 million, or \$1.41 per diluted share, compared to \$54.8 million, or \$0.77 per diluted share, for the comparable period in 2018. Net income increased 48 percent from non-GAAP net income of \$65.8 million, or \$0.93 per diluted share for the comparable period in 2018. First half 2019 net income includes the benefit of full ownership of our China business, which became a wholly owned subsidiary effective January 2019. In first half 2018, the non-controlling interest share of net income was \$4.4 million, or \$0.06 per diluted share.

Balance Sheet as of June 30, 2019

Cash, cash equivalents and short-term investments totaled \$524.3 million, compared to \$774.7 million at June 30, 2018.

Inventories increased 33 percent to \$756.4 million, compared to \$570.5 million at June 30, 2018, resulting from earlier receipts of Fall 2019 inventory in order to alleviate manufacturing capacity constraints and, to a lesser degree, increased volume to support business growth. Inventory is comprised predominately of current and future season Spring and Fall product while prior season inventory increased modestly.

Cash Flow for the Six Months Ended June 30, 2019

The Company generated \$2.6 million in cash flow from operations, compared to \$99.3 million for the same period in 2018.

Capital expenditures totaled \$50.8 million, compared to \$29.6 million for the same period in 2018.

The Company paid dividends of \$32.7 million to shareholders.

Share Repurchases for the Six Months Ended June 30, 2019

The Company repurchased 1,032,972 shares of common stock for an aggregate of \$100.4 million, or \$97.22 average price per share.

At June 30, 2019, \$235.9 million remained available under the current stock repurchase authorization, which does not obligate the Company to acquire any specific number of shares or to acquire shares over any specified period of time.

Regular Quarterly Cash Dividend

At its regular board meeting on July 19, 2019, the board of directors authorized a regular quarterly cash dividend of \$0.24 per share, payable on August 29, 2019 to shareholders of record on August 15, 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 that may cause actual results to differ, perhaps materially. Projections are predicated on normal seasonal weather globally. In addition, our 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 2019 outlook assumes that global regulatory, customs, trade, and tax policies remain largely unaltered for the balance of the year.

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

Full Year 2019 Financial Outlook (U.S. Dollar)			
	Commentary compared to:		
	2019 Financial Outlook	2018	2018 non-GAAP
Net sales	\$3.00 to \$3.04 billion (prior \$2.98 to \$3.04 billion)	7.0% to 8.5% growth (prior 6.5% to 8.5%)	
Gross margin	approximately 50.3%	approximately 80 bps expansion	
SG&A percent of net sales	37.7% to 37.8% (prior 37.9% to 38.1%)	20 bps to 30 bps deleverage (prior 40 bps to 60 bps deleverage)	60 bps to 70 bps deleverage (prior 80 bps to 100 bps deleverage)
Operating margin	12.9% to 13.0% (prior 12.7% to 12.9%)	40 bps to 50 bps expansion (prior 20 bps to 40 bps expansion)	flat to 10 bps expansion (prior flat to 20 bps contraction)
Operating income	\$388 to \$396 million (prior \$378 to \$391 million)		
Effective income tax rate	approximately 20% (prior approximately 22%)		
Net income	\$319 to \$325 million (prior \$304 to \$314 million)		
Diluted earnings per share	\$4.65 to \$4.75 (prior \$4.40 to \$4.55)		

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 second quarter 2019 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 2019 net sales to increase 7.0 to 8.5 percent (prior 6.5 to 8.5 percent) to \$3.00 to \$3.04 billion (prior \$2.98 to \$3.04 billion), from \$2.80 billion in 2018. The net sales outlook includes a foreign currency translation impact that is anticipated to reduce net sales growth by approximately 90 basis points.

The Company's 2019 financial outlook is further based on the expectation of net sales growth across all brands. Other assumptions considered in our net sales outlook include:

- U.S. net sales increase of low-double-digit percent, consisting of low-teens percent growth in wholesale and low-double-digit percent growth in DTC.
- EMEA net sales increase of low-single-digit percent (mid-single-digit constant-currency), consisting of a high-single-digit percent increase in our EMEA distributor business and relatively flat net sales (mid-single-digit percent increase constant-currency) in Europe-direct.
- LAAP net sales relatively flat (low-single-digit percent increase constant-currency), including:
 - Japan net sales increase of mid-single-digit percent;

- Korea net sales decrease of low-single-digit percent (mid-single-digit percent increase constant-currency);
 - LAAP distributor net sales decrease of mid-single-digit percent; and
 - China net sales decrease of low-single-digit percent.
- Canada net sales increase of mid-single-digit percent (high-single-digit percent constant-currency).

Gross Margin

The Company expects 2019 gross margin to improve by approximately 80 basis points to approximately 50.3 percent, from 49.5 percent in 2018.

Gross margin expansion reflects:

- Project CONNECT benefits including our design-to-value, assortment optimization and manufacturing efficiency initiatives; partially offset by
- challenging comparisons to 2018, which experienced exceptionally favorable selling conditions, particularly in the fourth quarter.

SG&A Expenses

For 2019, the Company expects SG&A expenses to increase at a rate faster than net sales, resulting in 20 to 30 basis points (prior 40 bps to 60 bps) of SG&A expense deleverage compared to 2018. SG&A expense as a percent of net sales is expected to be 37.7 to 37.8 percent (prior 37.9 to 38.1 percent), compared to SG&A expense as a percent of net sales of 37.5 percent in 2018.

The increase in SG&A expenses is expected to be 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 businesses globally;
- increased personnel and related expenses to support our brand-led, consumer-focused operating model, business growth and strategic priorities;
- increased expenses to support information technology and supply chain initiatives, as well as other capability development across the business;
- increased demand creation spend; and
- the non-recurrence of a benefit from a recovery in connection with an insurance claim; partially offset by
- the non-recurrence of Project CONNECT expenses and discrete costs; and
- the impact of weakening foreign currencies relative to the U.S. dollar.

Compared to non-GAAP 2018 SG&A expenses of \$1,039.7 million, or 37.1 percent of net sales, the Company expects 60 to 70 basis points (prior 80 bps to 100 bps) of SG&A expense deleverage.

Licensing Income

The Company expects 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 2019 operating income of \$388 to \$396 million (prior \$378 to \$391 million), resulting in operating margin of 12.9 to 13.0 percent (prior 12.7 to 12.9 percent), compared to operating margin of 12.5 percent in 2018.

Compared to non-GAAP 2018 operating income of \$362.4 million, or 12.9 percent of net sales, operating margin is expected to be flat to 10 basis points expansion (prior flat to 20 basis points contraction).

Income Tax Expense

The Company expects an estimated effective income tax rate of approximately 20 percent (prior 22 percent). The change in the estimated effective income tax rate reflects the impact of second quarter one-time tax benefits primarily related to the passage of a Swiss tax reform package. Our 2019 effective income tax rate may be affected by unanticipated impacts from changes in international, federal or state tax policies as well as changes in the Company's geographic mix of pre-tax income and other discrete events that may occur.

Net Income

The Company expects 2019 net income of \$319 to \$325 million (prior \$304 to \$314 million), or diluted earnings per share of \$4.65 to \$4.75 (prior \$4.40 to \$4.55). This financial outlook includes the benefit of full ownership of our China business, which became a wholly owned subsidiary effective January 2019. For reference, the non-controlling interest share of net income was \$6.7 million in 2018, or \$0.10 per diluted share. This financial outlook assumes an average diluted share count of 68.5 million shares (prior 69.0 million shares).

Foreign Currency

Foreign currency translation is anticipated to reduce net sales growth by approximately 90 basis points.

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

Third Quarter 2019 Outlook

The third quarter outlook anticipates:

- low-double-digit percent net sales growth compared to third quarter 2018 net sales of \$795.8 million;
- and
- mid to high-single-digit diluted earnings per share growth compared to non-GAAP third quarter 2018 diluted earnings per share of \$1.41.

Balance Sheet and Cash Flows

The Company currently expects inventory growth to moderate in the second half of the year with projected mid-teens percent year-over-year inventory growth at the end of the third quarter reflecting the shipment of Fall 2019 wholesale orders and anticipated DTC sales.

The Company expects 2019 capital expenditures to be approximately \$145 million (prior \$130 to \$135 million). Elevated capital expenditures relative to historic levels are due to a combination of factors, including facilities expansions at our corporate headquarters, investment in DTC operations, including new stores and remodels, and investment in information technology systems and other enabling capabilities to support our strategic priorities. The increase in our capital expenditures outlook reflects the opportunistic purchase of property close to our corporate headquarters as well as higher technology investments.

The Company expects 2019 operating cash flow of approximately \$360 million.

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 enable market share capture across our brand portfolio, expand gross margin, improve SG&A expense efficiency, and drive improved operating margin.

Capital Allocation

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 with respect to 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 will continue to evaluate acquisitions as opportunities arise.

Dividend Review Policy

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 financial outlook. 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.

Consumer-First Initiative ("C1")

During 2017, we commenced investment in our C1 initiative, which encompasses the global retail platform and information technology 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. We have begun our North America implementation of C1 including the pilot roll out of the platform to a limited number of stores beginning in early July 2019 but may move future implementation steps into later periods as necessary. Our 2019 financial outlook includes anticipated SG&A expenses and capital expenditures in conjunction with this initiative.

Experience First Initiative ("X1")

During 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 reimplementing of our e-commerce platforms to offer improved search, browsing, checkout, loyalty, and customer care experiences for mobile shoppers.

We are working toward a phased implementation of X1. In the second quarter we implemented X1 across 10 countries in Europe-direct and for the prAna brand in the U.S. We expect the remainder of the North America implementation to commence in 2020. We continue to evaluate the timeline to ensure appropriate alignment of the work with our retail calendar. We may choose to move future implementation steps into later periods. Our updated financial outlook contemplates the impact of the current implementation plan timeline.

Project CONNECT

During 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. Efficiencies within cost of sales are creating a meaningful benefit to product margin driven by assortment optimization, design-to-value initiatives and DTC pricing and markdown optimization. The financial benefits from these initiatives are reflected in our first half 2019 results and 2019 financial outlook. As we continue to realize these benefits, we are reallocating 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, the 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. The Company adopted this new accounting standard on January 1, 2019, utilizing the modified retrospective approach. As such, the June 30, 2019 balance sheet reflects a gross-up of the balance sheet reflecting this change, with right of use assets of \$368.9 million and corresponding lease liabilities of \$405.9 million. 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.

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 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 various other non-GAAP financial measures related to 2018 that may exclude 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 second quarter and first half 2019 results and updated full year 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.

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 the timing and implementation of our strategic priorities, including our C1 and X1 initiatives, the realization of benefits resulting from our investments in our strategic priorities, including Project CONNECT, and levels of promotional activity. 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 systems and investments in our DTC businesses; our ability to maintain the strength and security of our information technology 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.

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