
**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):
April 30, 2015

COLUMBIA SPORTSWEAR COMPANY
(Exact name of registrant as specified in its charter)

Oregon
(State or other jurisdiction
of incorporation)

000-23939
(Commission
File Number)

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

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

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

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

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

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

On April 30, 2015, Columbia Sportswear Company (the “Company”) issued a press release reporting its first quarter 2015 financial results and updated outlook for 2015. A copy of the Company’s press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference. The information in this report shall not be treated as filed for purposes of the Securities Exchange Act of 1934, as amended.

Attached hereto as Exhibit 99.2 and incorporated by reference herein is financial information and commentary by Thomas B. Cusick, Executive Vice President of Finance and Chief Financial Officer of Columbia Sportswear Company, for the first quarter of 2015 and forward-looking statements relating to the outlook for 2015, as posted on the Company’s investor relations website, <http://investor.columbia.com>, on April 30, 2015. 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 April 30, 2015 press release, the Company also announced that its board of directors approved a cash dividend of \$0.15 per share of common stock to be paid on June 4, 2015 to its shareholders of record on May 21, 2015.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

- 99.1 Press Release, dated April 30, 2015 (furnished pursuant to Items 2.02 and 7.01 hereof).
 - 99.2 Commentary by Thomas B. Cusick, Executive Vice President of Finance and Chief Financial Officer of Columbia Sportswear Company dated April 30, 2015 (furnished pursuant to Items 2.02 and 7.01 hereof).
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SIGNATURES

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

COLUMBIA SPORTSWEAR COMPANY

Dated: April 30, 2015

By: /s/ THOMAS B. CUSICK

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

EXHIBIT INDEX

<u>Exhibit</u>	<u>Description</u>
99.1	Press Release, dated April 30, 2015 (furnished pursuant to Items 2.02 and 7.01 hereof).
99.2	Commentary by Thomas B. Cusick, Executive Vice President of Finance and Chief Financial Officer of Columbia Sportswear Company dated April 30, 2015 (furnished pursuant to Items 2.02 and 7.01 hereof).

**Contact:**

Ron Parham
 Sr. Director of Investor Relations
 & Corporate Communications
 Columbia Sportswear Company
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 rparham@columbia.com

**COLUMBIA SPORTSWEAR COMPANY REPORTS RECORD FIRST QUARTER;
 NET SALES GREW 13 PERCENT; OPERATING INCOME UP 24 PERCENT;
 NET INCOME UP 19 PERCENT; RAISES 2015 FINANCIAL OUTLOOK**

First Quarter 2015 Highlights:

- Net sales increased \$54.9 million, or 13 percent, to a first-quarter record \$479.0 million, including \$37.1 million of incremental prAna brand sales and a 4 percentage point negative effect from changes in currency exchange rates.
- Operating income increased 24 percent to a first-quarter record \$44.1 million.
- Operating margin expanded 80 basis points to 9.2 percent.
- Net income increased 19 percent to a first-quarter record \$26.5 million, or \$0.37 per diluted share.
- The board of directors approved a quarterly dividend of \$0.15 per share, payable June 4, 2015 to shareholders of record on May 21, 2015.

Fiscal Year 2015 Outlook Raised to Anticipate:

- High single-digit net sales growth, including approximately 4 percentage points of negative effects from changes in currency exchange rates;
- Mid-teen percentage growth in operating income, resulting in full year operating margin of approximately 10.2 percent of net sales;
- Net income between \$154 million and \$161 million, or \$2.15 to \$2.25 per diluted share.

(Note: All per-share amounts have been adjusted to reflect the 2-for-1 stock split completed on September 26, 2014.)

PORTLAND, Ore. — April 30, 2015 — Columbia Sportswear Company (NASDAQ: COLM), today announced record first quarter net sales of \$479.0 million, an increase of \$54.9 million, or 13 percent, compared with first quarter 2014 net sales of \$424.1 million, including a 4 percentage point negative effect from changes in currency exchange rates. The prAna brand, which the company acquired on May 30, 2014, contributed \$37.1 million of incremental net sales during the quarter. First quarter 2015 operating income increased 24 percent to \$44.1 million, equating to 9.2 percent operating margin, and net income totaled \$26.5 million, or \$0.37 per diluted share, an increase of 19 percent compared with first quarter 2014 net income of \$22.3 million, or \$0.32 per diluted share.

Tim Boyle, Columbia's chief executive officer, commented, "2015 is off to a strong start, building on the momentum we created in 2014 behind the Columbia, Sorel and prAna brands. We are experiencing exceptional sell-through in North America through the first half of the spring season and our European business has returned to growth. Sorel is poised for a very strong second half and full year net sales of

more than \$200 million, while prAna remains on pace to deliver annualized growth of more than 20 percent.”

Boyle concluded, “Our strong balance sheet is enabling us to invest in our expanded portfolio of active brands, while we continue transforming our global operations to fuel and support sustainable, profitable growth. Based on our solid first quarter results, the strengthening of Fall advance orders in North America and Europe, and the momentum behind our direct-to-consumer platform, we are raising our full year outlook and now expect to return to double-digit operating margin for the full year.”

First Quarter Results

(All comparisons are between first quarter 2015 and first quarter 2014, unless otherwise noted.)

Consolidated net sales increased 13 percent to \$479.0 million compared with net sales of \$424.1 million for the same period in 2014, including incremental prAna brand sales of \$37.1 million. Changes in currency exchange rates had a 4 percentage point negative effect on the net sales comparison.

First quarter U.S. net sales increased \$42.6 million, or 18 percent, including \$30.8 million of incremental prAna net sales. Net sales in Canada increased \$7.4 million, or 28 percent, including \$4.0 million of incremental prAna net sales and a 12 percentage point negative effect from changes in currency exchange rates. Latin America/Asia Pacific (LAAP) region net sales decreased \$3.7 million, or 3 percent, including a 6 percentage point negative effect from changes in currency exchange rates. Europe/Middle East/Africa (EMEA) region net sales increased \$8.6 million, or 22 percent, including \$2.0 million of incremental prAna net sales and a 15 percentage point negative effect from changes in foreign currency exchange rates. (See “Geographical Net Sales” table below.)

Columbia brand net sales increased \$25.0 million, or 7 percent, to \$401.0 million. Sorel brand net sales increased \$0.5 million, or 4 percent, to \$13.4 million. Mountain Hardwear net sales decreased \$7.3 million, or 23 percent, to \$25.1 million. Incremental prAna net sales totaled \$37.1 million. (See “Brand Net Sales” table below.)

Apparel, Accessories & Equipment net sales increased \$45.6 million, or 13 percent, to \$399.3 million, and Footwear net sales increased \$9.3 million, or 13 percent, to \$79.7 million. (See “Categorical Net Sales” table below.)

First quarter operating income increased 24 percent to a first-quarter record \$44.1 million, or 9.2 percent of net sales, compared with \$35.5 million, or 8.4 percent of net sales, in the first quarter of 2014. First quarter net income totaled \$26.5 million, or \$0.37 per diluted share. Net income for the same period in 2014 totaled \$22.3 million, or \$0.32 per diluted share. The effective income tax rate in the first quarter of 2015 was 33.6 percent, compared to 32.6 percent in the first quarter of 2014.

Balance Sheet and Cash Flow

The company generated \$28.7 million in operating cash flow and finished the quarter with \$454.5 million in cash and short-term investments, compared with \$567.6 million at March 31, 2014.

Consolidated inventories of \$363.7 million at March 31, 2015 were \$73.5 million, or 25 percent, higher compared with the \$290.2 million balance at March 31, 2014. Excluding approximately \$18.3 million of incremental prAna brand inventory, consolidated inventories at March 31, 2015 increased \$55.2 million, or 19 percent. The vast majority of inventory growth at March 31, 2015 was concentrated in North America, commensurate with stronger wholesale orders and the company’s expanding direct-to-consumer business. Approximately two-thirds of this growth represented Fall 2015 inventory that was in-transit or on-hand to meet earlier requested delivery of increased Fall 2015 advance wholesale orders, to support our expanded North American direct-to-consumer business, and to compensate for longer transit times resulting from the West Coast port congestion.

Dividend

The board of directors authorized a regular quarterly dividend of \$0.15 per share, payable on June 4, 2015 to shareholders of record on May 21, 2015.

Upward-Revised 2015 Financial Outlook

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

The company continues to expect high single-digit 2015 net sales growth (low teen growth on a constant-dollar basis) compared to 2014 net sales of \$2.1 billion.

The company expects fiscal year 2015 gross margins to improve by approximately 50 basis points, and selling, general and administrative expenses to increase at a rate slightly lower than anticipated sales growth, generating approximately 25 basis points of operating expense leverage.

Based on the above assumptions, the company expects mid-teen percentage growth in operating income, to between \$223 million and \$234 million, resulting in operating margin of approximately 10.2 percent, compared with operating income of \$198.8 million and operating margin of 9.5 percent in 2014. The company expects net income after non-controlling interest of approximately \$154 million to \$161 million, or approximately \$2.15 to \$2.25 per diluted share, compared with \$137.2 million, or \$1.94 per diluted share, in 2014. This outlook includes an estimated unfavorable impact of approximately \$0.14 per diluted share from the stronger U.S. Dollar, comprising lower gross margins within our foreign subsidiaries as a result of increased costs of inventory and, to a lesser degree, the translation of net income.

In addition, the second quarter is the company's lowest net sales volume quarter. As a result, changes in the timing of shipments and incremental fixed operating costs can have an amplified effect on operating income. The company currently anticipates approximately 7.0 to 8.0 percent growth in first-half 2015 operating income, representing operating margin comparable to the 2.5 percent operating margin achieved in the first half of 2014. In addition, the company is planning a first-half 2015 effective tax rate of approximately 36 percent, compared with an effective tax rate of approximately 6 percent in the first half 2014, which included a non-recurring tax benefit of \$5.6 million, or \$0.08 per diluted share. As a result of the higher anticipated effective tax rate, coupled with approximately \$2.0 million of non-operating foreign currency losses incurred in the first quarter of 2015, first-half 2015 net income is expected to be between \$7.0 million to \$10.0 million, or \$0.10 to \$0.14 per diluted share, compared to first-half 2014 net income of \$15.9 million, or \$0.23 per diluted share.

CFO's Commentary on First Quarter 2015 Results and Upward Revised 2015 Outlook Available Online

At approximately 4:15 p.m. ET today, a detailed commentary by Tom Cusick, executive vice president and chief financial officer, reviewing the company's first quarter 2015 financial results and upward-revised 2015 outlook will be furnished to the SEC on Form 8-K and published on the company's website at <http://investor.columbia.com/results.cfm>. Analysts and investors are encouraged to review this commentary prior to participating in the conference call.

Conference Call

The company will host a conference call on Thursday, April 30, 2015 at 5:00 p.m. ET to review its first quarter financial results and upward-revised 2015 outlook. Dial 877-407-9205 to participate. The call will also be webcast live on the Investor Relations section of the Company's website at <http://investor.columbia.com> where it will remain available until approximately April 29, 2016.

About Columbia Sportswear

Columbia Sportswear Company has assembled a portfolio of brands for active lives, making it a leader in the global active lifestyle apparel, footwear, accessories and equipment industry. Founded in 1938 in

Portland, Oregon, the company's brands are today sold in approximately 100 countries. In addition to the Columbia® brand, Columbia Sportswear Company also owns the Mountain Hardwear®, Sorel®, prAna®, Montrail® and OutDry® brands. To learn more, please visit the company's websites at www.columbia.com, www.mountainhardwear.com, www.sorel.com, www.pranacom.com, www.montrail.com, and www.outdry.com.

Forward-Looking Statements

This document contains forward-looking statements within the meaning of the federal securities laws, including statements regarding anticipated results, net sales and net sales growth, gross margins, operating expenses and leverage, earnings per share, operating income, operating margins, foreign currency hedge rates and translation effects, tax rates, expectations regarding growth in the Columbia, Sorel and prAna brands, projected growth in North American, and net income. Forward-looking statements often use words such as “will,” “anticipate,” “estimate,” “expect,” “should,” and “may” and other words and terms of similar meaning or reference future dates. The company's expectations, beliefs and projections are expressed in good faith and are believed to have a reasonable basis; however, each forward-looking statement involves a number of risks and uncertainties, including those set forth in this document, those described in the company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q under the heading “Risk Factors,” and those that have been or may be described in other reports filed by the company, including reports on Form 8-K. Potential risks and uncertainties that may affect our future revenues, earnings and performance and could cause the actual results of operations or financial condition of the company to differ materially from the anticipated results expressed or implied by forward-looking statements in this document include: our ability to realize the forecasted benefits of the prAna acquisition; labor strikes or work delays at ports, causing disruption to our ability to timely import products; loss of key customer accounts; our ability to effectively implement IT infrastructure and business process initiatives; the effects of unseasonable weather; unfavorable economic conditions generally, the financial health of our customers, and changes in the level of consumer spending and apparel preferences; changes in international, federal or state tax policies and rates; risks inherent in doing business in foreign markets; our ability to attract and retain key employees; higher than expected rates of order cancellations; increased consolidation of our retail customers; our ability to effectively source and deliver our products to customers in a timely manner; unforeseen increases and volatility in the cost of raw materials; our reliance on product innovations; our dependence on independent manufacturers and suppliers and our ability to source finished products and components at competitive prices from them; the effectiveness of our sales and marketing efforts; intense competition in the industry; unanticipated business disruptions and acts of terrorism, cyberattacks, or military activities around the globe; and our ability to establish and protect our intellectual property. The company cautions that forward-looking statements are inherently less reliable than historical information. The company does not undertake any duty to update any of the forward-looking statements after the date of this document to conform them to actual results or to reflect changes in events, circumstances or its expectations. New factors emerge from time to time and it is not possible for the company to predict or assess the impact of all such factors or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

- Financial tables follow-

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

	March 31,	
	2015	2014
Current Assets:		
Cash and cash equivalents	\$ 401,604	\$ 528,038
Short-term investments	52,938	39,537
Accounts receivable, net	251,702	249,115
Inventories	363,656	290,196
Deferred income taxes	54,708	50,496
Prepaid expenses and other current assets	47,502	34,810
Total current assets	<u>1,172,110</u>	<u>1,192,192</u>
Property, plant and equipment, net	283,091	282,290
Intangibles and other non-current assets	233,872	75,047
Total assets	<u>\$ 1,689,073</u>	<u>\$ 1,549,529</u>
Current Liabilities:		
Accounts payable	\$ 144,488	\$ 104,863
Accrued liabilities	97,948	95,119
Income taxes payable	6,889	6,088
Deferred income taxes	121	65
Total current liabilities	<u>249,446</u>	<u>206,135</u>
Note payable to related party	15,743	15,699
Other long-term liabilities	49,449	53,004
Equity:		
Columbia Sportswear Company shareholders' equity	1,361,329	1,266,322
Non-controlling interest	13,106	8,369
Total equity	<u>1,374,435</u>	<u>1,274,691</u>
Total liabilities and equity	<u>\$ 1,689,073</u>	<u>\$ 1,549,529</u>

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

	Three Months Ended March 31,	
	2015	2014
Net sales	\$ 478,982	\$ 424,084
Cost of sales	250,208	226,998
Gross profit	228,774	197,086
	47.8 %	46.5 %
Selling, general and administrative expenses	186,502	163,359
Net licensing income	1,850	1,724
Income from operations	44,122	35,451
Interest income, net	377	239
Interest expense on note payable to related party	(274)	(210)
Other non-operating expense	(2,196)	(356)
Income before income tax	42,029	35,124
Income tax expense	(14,110)	(11,448)
Net income	27,919	23,676
Net income attributable to non-controlling interest	1,448	1,421
Net income attributable to Columbia Sportswear Company	\$ 26,471	\$ 22,255
Earnings per share attributable to Columbia Sportswear Company:		
Basic	\$ 0.38	\$ 0.32
Diluted	0.37	0.32
Weighted average shares outstanding:		
Basic	70,080	69,418
Diluted	71,010	70,390

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

	Three Months Ended March 31,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 27,919	\$ 23,676
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	13,936	10,252
Loss on disposal of property, plant and equipment	395	185
Deferred income taxes	7,319	4,399
Stock-based compensation	2,946	2,577
Excess tax benefit from employee stock plans	(5,213)	(2,557)
Changes in operating assets and liabilities:		
Accounts receivable	85,527	57,763
Inventories	14,680	39,031
Prepaid expenses and other current assets	(8,929)	(1,921)
Other assets	(807)	382
Accounts payable and accrued liabilities	(101,184)	(90,517)
Income taxes payable	(8,675)	(621)
Other liabilities	793	847
Net cash provided by operating activities	<u>28,707</u>	<u>43,496</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net sales (purchases) of short-term investments	(25,796)	52,412
Capital expenditures	(15,467)	(17,763)
Proceeds from sale of property, plant, and equipment	69	16
Net cash provided by (used in) investing activities	<u>(41,194)</u>	<u>34,665</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from credit facilities	60	-
Repayments on credit facilities	(60)	-
Proceeds from issuance of common stock under employee stock plans	11,101	11,168
Tax payments related to restricted stock unit issuances	(4,440)	(2,791)
Excess tax benefit from employee stock plans	5,213	2,557
Proceeds from related party note payable	-	16,072
Cash dividends paid	(10,557)	(9,762)
Net cash provided by financing activities	<u>1,317</u>	<u>17,244</u>
NET EFFECT OF EXCHANGE RATE CHANGES ON CASH	<u>(784)</u>	<u>(4,856)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(11,954)</u>	<u>90,549</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>413,558</u>	<u>437,489</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 401,604</u>	<u>\$ 528,038</u>
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING ACTIVITIES:		
Capital expenditures incurred but not yet paid	\$ 2,742	\$ 1,260

COLUMBIA SPORTSWEAR COMPANY
(In millions, except percentage changes)
(Unaudited)

	Three Months Ended March 31,		
	2015	2014	% Change
Geographical Net Sales:			
United States	\$ 283.8	\$ 241.2	18 %
LAAP	113.1	116.8	(3) %
EMEA	47.8	39.2	22 %
Canada	34.3	26.9	28 %
Total	\$ 479.0	\$ 424.1	13 %
Brand Net Sales:			
Columbia	\$ 401.0	\$ 376.0	7 %
Sorel	13.4	12.9	4 %
Mountain Hardwear	25.1	32.4	(23) %
prAna	37.1	-	100 %
Other	2.4	2.8	(14) %
Total	\$ 479.0	\$ 424.1	13 %
Categorical Net Sales:			
Apparel, Accessories and Equipment	\$ 399.3	\$ 353.7	13 %
Footwear	79.7	70.4	13 %
Total	\$ 479.0	\$ 424.1	13 %

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14375 NW Science Park Drive
Portland, OR 97229
April 30, 2015

CFO Commentary on First Quarter 2015 Financial Results and Upward-Revised 2015 Financial Outlook

Related Information

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

Conference Call

The company will host a conference call on Thursday, April 30, 2015 at 5:00 p.m. ET to review first quarter results and its upward-revised FY2015 financial outlook. To participate, please dial (877) 407-9205 in the U.S. The call will be webcast live on the Investor Relations section of the company's website <http://investor.columbia.com> where it will remain available until April 29, 2016.

(Note: All per-share amounts have been adjusted to reflect the 2-for-1 stock split completed on September 26, 2014.)

Summary

Several significant factors affected the company's first quarter financial results and financial position compared to first quarter 2014 financial results, including:

- Expansion and increased productivity of our global direct-to-consumer (DTC) channels;
- Improved performance of our European wholesale business;
- Effects of a significantly stronger U.S. dollar against the Euro, Canadian dollar, and Yen;
- Unfavorable effects of the extremely competitive Korean outdoor market; and
- Increased operating costs associated with personnel and information technology investments.

In addition, two specific events in 2014 affected the quarter-over-quarter comparisons:

- Inclusion of financial results from the prAna business, which was acquired on May 30, 2014; and
- Approximately \$14.0 million of North American wholesale shipments that were accelerated into the first quarter of 2014 at the request of certain customers in order to mitigate risks associated with the company's U.S. ERP implementation which began in early April 2014.

These factors are reflected in the financial results reported herein, except where specifically noted otherwise.

First quarter net sales increased 13 percent to a first-quarter record \$479.0 million, including incremental prAna brand net sales of \$37.1 million and an approximate 4 percentage point negative effect from changes in foreign currency exchange rates.

Gross margin expanded approximately 130 basis points to a record 47.8 percent. Selling, general & administrative (SG&A) expenses increased \$23.1 million, or 14 percent, including \$12.2 million of incremental prAna operating expenses and purchase accounting amortization.

First quarter 2015 operating income increased 24 percent to a record \$44.1 million, representing operating margin of 9.2 percent, compared to operating margin of 8.4 percent in last year's first quarter.

Net income increased 19 percent to \$26.5 million, or \$0.37 per diluted share, compared with first quarter 2014 net income of \$22.3 million, or \$0.32 per diluted share.

Our upward-revised 2015 financial outlook anticipates:

- high-single-digit percentage increase in net sales, including approximately 4 percentage points of negative effect from changes in currency exchange rates;
- mid-teen percentage increase in operating income compared with 2014, producing an anticipated operating margin of approximately 10.2 percent; and
- net income of approximately \$154 million to \$161 million, or \$2.15 to \$2.25 per diluted share.

The **Upward-Revised 2015 Financial Outlook** section beginning on page 5 below contains a more detailed discussion of the factors contributing to this outlook.

First Quarter Financial Results

(All comparisons are between first quarter 2015 and first quarter 2014, unless otherwise noted.)

Net Sales

Consolidated net sales increased 13 percent to a first-quarter record \$479.0 million, compared with \$424.1 million. Growth in the U.S., Europe/Middle East/Africa (EMEA) region, and Canada offset declines in the Latin America/Asia Pacific (LAAP) region. Changes in foreign currency exchange rates negatively affected consolidated first quarter sales comparisons by approximately 4 percent.

Regions

- U.S. net sales increased \$42.6 million, or 18 percent, to \$283.8 million, including incremental prAna brand net sales of \$30.8 million. Organic U.S. net sales growth of \$11.8 million, or 5 percent, was driven by increased DTC net sales. DTC net sales increased as a result of improved productivity in existing stores, the incremental contribution of 21 new stores (including 5 prAna stores), and higher ecommerce sales. The company operated 93 U.S. retail stores (74 outlet, 19 branded, including 5 prAna) and 5 branded ecommerce sites during the first quarter of 2015, compared with 72 stores (64 outlet, 8 branded) and 4 branded ecommerce sites during the same period in 2014. A small decline in organic U.S. wholesale net sales reflected the inclusion in first quarter 2014 net sales of approximately \$12.0 million of accelerated shipments of Spring 2014 advance orders to mitigate risks associated with the company's April 2014 U.S. ERP implementation. Adjusting for those accelerated Spring 2014 shipments, U.S. organic sales growth was approximately 10 percent.
- Net sales in the LAAP region decreased \$3.7 million, or 3 percent, to \$113.1 million, including a 6 percentage point negative effect from changes in currency exchange rates. Net sales declined more than 20 percent in Korea, reflecting business weakness amid the extremely competitive nature of the outdoor sector in that country. Net sales in Japan and China decreased due to unfavorable changes in currency exchange rates, which more than offset single-digit increases in net sales in local currency. These declines were partially offset by increased net sales to LAAP distributors, reflecting increased advance Spring 2015 orders and a favorable shift in the timing of shipments, in part to mitigate risks associated with the

next phase of the company's ERP implementation, which is scheduled to occur during the second quarter of 2015 for our international distributor businesses.

- Net sales in the EMEA region increased \$8.6 million, or 22 percent, to \$47.8 million, including \$2.0 million of incremental prAna net sales and a 15 percentage point negative effect from changes in currency exchange rates. Net sales increased more than 20 percent in Europe-direct markets, and more than 40 percent in local currency. Net sales to EMEA distributors increased, primarily reflecting increased advance Spring 2015 orders, further amplified by a favorable shift in the timing of shipments.
- Net sales in Canada increased \$7.4 million, or 28 percent, to \$34.3 million, including \$4.0 million of incremental prAna net sales and a 12 percentage point negative effect from changes in currency exchange rates. The sales growth reflected increased wholesale and DTC sales, and was also affected by the inclusion in first quarter 2014 net sales of approximately \$2.0 million of accelerated shipments to mitigate risks associated with the company's April 2014 U.S. ERP implementation. Adjusting for those accelerated Spring 2014 shipments, Canada's organic sales growth was approximately 22 percent.

Brands

- Columbia brand net sales increased \$25.0 million, or 7 percent, to \$401.0 million. Increased sales in the U.S., EMEA and Canada were partially offset by lower sales in the LAAP region, due to a decline in Korea and unfavorable changes in currency exchange rates. On a constant-currency basis, Columbia brand net sales increased in every region.
- prAna contributed \$37.1 million of incremental net sales.
- Sorel brand net sales increased \$0.5 million, or 4 percent, to \$13.4 million, comprising increased sales in Canada and the EMEA region.
- Mountain Hardwear brand net sales decreased \$7.3 million, or 23 percent, to \$25.1 million, reflecting decreases in the U.S. wholesale business, primarily due to significantly lower close-out sales, as well as a reduction in full-price sales due to West Coast port disruptions and comparison against pull-forward shipments of Spring 2014 advance orders during last year's first quarter prior to the company's ERP implementation. Sales also declined in Korea, the EMEA region and Canada.

Product Categories

- Global Apparel, Accessories & Equipment net sales increased \$45.6 million, or 13 percent, to \$399.3 million, primarily due to incremental prAna net sales and increased Columbia brand net sales.
- Global Footwear net sales increased \$9.3 million, or 13 percent, consisting primarily of higher Columbia brand net sales.

Gross Margin

First quarter 2015 gross margins expanded 130 basis points to a record 47.8 percent, primarily reflecting:

- a more favorable mix of full price and close-out wholesale sales; and
- improved gross margins within the DTC channel driven by a stronger product assortment, less promotional activity, and a higher proportion of ecommerce sales;

partially offset by:

- unfavorable foreign currency hedge rates; and
- a higher proportion of sales to international distributors, which carry lower gross margins than wholesale and direct to consumer channels.

Selling, General and Administrative (SG&A) Expense

First quarter 2015 SG&A expense increased \$23.1 million, or 14 percent, to \$186.5 million, or 38.9 percent of net sales, compared to 38.5 percent of net sales in last year's first quarter. Excluding

incremental prAna operating expenses, SG&A expense increased 7 percent on organic sales growth of 4 percent.

The \$23.1 million increase was primarily the result of:

- incremental costs associated with prAna;
- increased expenses related to the company's expanding DTC operations; and
- increased personnel, demand creation and information technology expenses,

partially offset by:

- favorable foreign currency translation.

Operating Income

Operating income increased \$8.6 million, or 24 percent, to \$44.1 million, compared to operating income of \$35.5 million in the first quarter of 2014. Operating margin equaled 9.2 percent of net sales compared with 8.4 percent of net sales in the first quarter of 2014, reflecting 130 basis points of gross margin improvement, partially offset by 40 basis points of SG&A expense deleverage.

Other Non-operating Expense

Other non-operating expense was \$2.2 million for the first quarter of 2015 compared to \$0.4 million for the first quarter of 2014. The increase reflects higher net foreign currency exchange losses on non-functional currency transactions and balances, primarily relating to the strengthening of the U.S. dollar against the Canadian dollar and the Swiss franc against the European euro during the first quarter of 2015.

Income Tax Expense

The effective tax rate for the first quarter was 33.6 percent, compared to the 32.6 percent effective tax rate in the first quarter of 2014. The higher effective tax rate primarily reflects a larger proportion of pre-tax income earned in the United States, which generally carries a higher effective tax rate than our international regions.

Net Income

Net income totaled \$26.5 million, or \$0.37 per diluted share, an increase of \$4.2 million, or 19 percent, compared with net income of \$22.3 million, or \$0.32 per diluted share, in the first quarter of 2014.

Balance Sheet

At March 31, 2015, cash and short-term investments totaled \$454.5 million, compared to \$567.6 million at the same time last year. At March 31, 2015, approximately 47 percent of cash and short-term investments were held in foreign jurisdictions where a repatriation of those funds to the United States would likely result in a significant tax cost to the company.

Consolidated accounts receivable at March 31, 2015 totaled \$251.7 million, a 1 percent increase on a 13 percent sales increase. Consolidated Days Sales Outstanding (DSO) at March 31, 2015 stood at 47 days, a decrease of 6 days compared with March 31, 2014.

Consolidated inventories at March 31, 2015 totaled \$363.7 million, including \$18.3 million of incremental prAna inventory. Excluding the incremental prAna inventory, consolidated inventories at March 31, 2015 were approximately \$55 million, or 19 percent, higher compared to March 31, 2014. The vast majority of inventory growth at March 31, 2015 was concentrated in North America, commensurate with stronger wholesale orders and the company's expanding direct-to-consumer business. Approximately two-thirds of this growth represented Fall 2015 inventory that was in-transit or on-hand to meet earlier requested delivery of increased Fall 2015 advance wholesale orders, to support our expanded North American direct-to-consumer business, and to compensate for longer transit times resulting from the West Coast port congestion. Looking forward, we expect inventory growth at June 30 to be slightly

higher than March 31, due to earlier receipts of Fall 2015 inventory for the same reasons mentioned above, and for inventory growth to return to levels more comparable to anticipated sales growth as we move through the second half of the year.

First Quarter 2015 Cash Flow

Net cash provided by operations in the first quarter of 2015 was \$28.7 million, compared to \$43.5 million in the first quarter of 2014.

Capital expenditures totaled \$15.5 million, compared to \$17.8 million in the first quarter of 2014. Capital expenditures in both periods were concentrated in the company's ongoing global ERP system implementation and related projects, as well as investments in the company's expanded DTC operations.

The company paid quarterly cash dividends of \$10.6 million during the first quarter of 2015 and made no repurchases of common stock. Approximately \$243.6 million remains available under the current repurchase authorization.

Upward-Revised 2015 Financial Outlook

Our objective in providing a forward-looking financial outlook is to help investors understand our business and the variables that we consider when planning our business and evaluating our own performance.

All projections related to anticipated future results are forward-looking in nature and may change, perhaps significantly. Our annual net sales are weighted more heavily toward the Fall/Winter season, while operating expenses are more equally distributed throughout the year, resulting in a highly seasonal sales and profitability pattern weighted toward the second half of the fiscal year.

Advance wholesale orders typically drive a significant portion of our annual sales and, as such, are one of several significant factors we use to formulate our full year outlook. However, among many risks inherent in our global business, our projected full year sales and profitability may be materially affected by unfavorable weather patterns and other factors which affect consumer demand and lead to higher-than anticipated order cancellations and lower reorders by our wholesale customers and/or lower-than-projected sales through our DTC channels, particularly during the fourth quarter.

We are facing macro-economic, competitive, and/or geopolitical uncertainty in certain markets, most notably in Russia, Korea, and China, making it more difficult to forecast our sales and profitability in those markets. In addition, the U.S. dollar has strengthened significantly during the past year against the Canadian dollar, Japanese Yen, and Euro.

Taking the above factors into consideration, and assuming macro and market conditions in key markets do not worsen, we expect 2015 net sales and profitability comparisons with 2014 to be driven by the following major factors:

- net sales growth in the Columbia and Sorel brands across our U.S. and Canadian wholesale channels;
- continued growth of our brick-and-mortar and e-commerce DTC sales in the U.S. and Canada;
- difficult economic and/or competitive environments in certain key international markets particularly Russia, Korea, and China;
- incremental financial results from the prAna business, which was acquired on May 30, 2014; and
- unfavorable effects of foreign currency exchange rates on gross margin and translation.

Our upward-revised fiscal year 2015 outlook assumes:

- A high single-digit percentage increase in global net sales compared to 2014, (low teen percentage growth on a constant-dollar basis) with the first-half growth rate augmented by incremental prAna sales for the January – May period. This assumption is based on the following expectations:
 - o approximately 20 percent growth in U.S. wholesale and DTC channels, driven by organic growth in the Columbia and Sorel brands, plus incremental contributions and growth in the prAna brand;
 - o high-twenty percent constant-dollar growth in Canada translating into mid-teen percentage growth in U.S. dollars, driven by the Columbia and Sorel brands, plus incremental contributions and growth in the prAna brand;
 - o low-double-digit percentage declines in the EMEA region, consisting of approximately 20 percent constant-dollar growth in our European-direct markets translating into low-single-digit percentage growth in U.S. dollars, more than offset by reduced orders from our Russian distributor in response to severe currency devaluation and adverse economic conditions in that country; and
 - o mid-single-digit percentage declines in the LAAP region, consisting of a high-teen percentage constant-dollar decline in Korea translating into a mid-twenties percentage decline in U.S. dollars, high-single-digit percentage constant-dollar growth in Japan translating into a high-single-digit percentage decline in U.S. dollars, low 20-percent growth in our LAAP distributor business, and a low single-digit net sales decline in China due to effects from changes in currency exchange rates.

- Gross margin expansion of approximately 50 basis points compared with 2014, reflecting:
 - o a higher proportion of DTC net sales with a corresponding lower proportion of lower margin distributor net sales; and
 - o lower provisions for excess inventory;
 partially offset by:
 - o unfavorable foreign currency hedge rates.

- SG&A expense growth comparable to anticipated consolidated net sales growth. The implied increase in projected SG&A expenses of approximately \$65 million consists primarily of:
 - o increased expenses to support continued global DTC expansion and operations;
 - o increased personnel expenses;
 - o increased demand creation spending, which is anticipated to increase to approximately 5.4 percent of 2015 net sales compared with 5.2 percent of 2014 net sales;
 - o incremental SG&A expenses related to prAna’s operations;
 - o increased SG&A expenses within China, primarily associated with transitioning into the JV certain support functions currently provided by our China JV partner; and
 - o increased expenses related to ongoing information technology initiatives;
 partially offset by:
 - o favorable foreign currency exchange translation, resulting from a stronger U.S. dollar.

- Licensing income comparable to 2014.

- The combination of the above assumptions leads us to anticipate mid-teen percentage growth in operating income, representing operating margin of approximately 10.2 percent, compared with operating income of \$198.8 million, and operating margin of 9.5 percent, in 2014.

- An estimated full-year effective tax rate of approximately 29.5 percent. The actual rate could differ based on the geographic mix of pre-tax income, and other discrete events that may occur during the year.

- Net income after non-controlling interest of approximately \$154 million to \$161 million, or approximately \$2.15 to \$2.25 per diluted share, compared with net income of \$137.2 million, or \$1.94 per diluted share, in 2014. This includes our estimate that changes in currency exchange rates will have an unfavorable impact of approximately \$(0.14) on full year 2015 earnings per share, comprising lower gross margins within our foreign subsidiaries as a result of increased costs of inventory, and to a lesser degree the translation of net income.
- 2015 capital expenditures of approximately \$75 million, comprising investments in DTC business expansion, project-based and maintenance capital, information technology, and corporate facilities.

In addition, the second quarter is the company's lowest net sales volume quarter. As a result, changes in the timing of shipments and incremental fixed operating costs can have an amplified effect on operating income. Our plans currently anticipate approximately 7.0 to 8.0 percent growth in first-half 2015 operating income, representing operating margin comparable to the 2.5 percent operating margin achieved in the first half of 2014. In addition, we expect a first half 2015 effective tax rate of approximately 36 percent, compared with an effective tax rate of approximately 6 percent in the first half 2014, which included a non-recurring tax benefit of \$5.6 million, or \$0.08 per diluted share. As a result of the higher anticipated effective tax rate, coupled with approximately \$2.0 million of non-operating foreign currency losses incurred in the first quarter of 2015, first half 2015 net income is expected to be between \$7.0 million to \$10.0 million, or \$0.10 to \$0.14 per diluted share, compared to first half 2014 net income of \$15.9 million, or \$0.23 per diluted share.

Our international distributor businesses are scheduled to go live on our ERP system in May 2015, which will bring our North American wholesale business, our international distributor businesses and the majority of our global supply chain operations onto the new platform. The implementation is scheduled to occur after the heaviest shipping period of our spring season and prior to the start of our larger fall wholesale and DTC season. We expect our ERP investments to enable improved supply chain efficiencies and better inventory utilization which will positively impact operating cash flow and gross margins over time.

Dividend

At its regular board meeting on April 24, 2015, the board of directors authorized a regular quarterly dividend of \$0.15 per share, payable on June 4, 2015 to shareholders of record on May 21, 2015.

Forward-Looking Statements

This document contains forward-looking statements within the meaning of the federal securities laws, including statements regarding anticipated results, net sales and net sales growth, gross margins, operating expenses and leverage, licensing income, operating income, operating margins, earnings per share, tax rates, projected growth in brands and global direct-to-consumer businesses, expected results by region, anticipated seasonality, planned implementation of our new ERP and related benefits, expectations regarding macro and market conditions, inventory, capital expenditures, foreign currency exchange rates and translation effects, and net income. Forward-looking statements often use words such as "will," "anticipate," "estimate," "expect," "should," and "may" and other words and terms of similar meaning or reference future dates. The company's expectations, beliefs and projections are expressed in good faith and are believed to have a reasonable basis; however, each forward-looking statement involves a number of risks and uncertainties, including those set forth in this document, those described in the company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q under the heading "Risk Factors," and those that have been or may be described in other reports filed by the company, including reports on Form 8-K. Potential risks and uncertainties that may affect our future revenues, earnings and performance and

could cause the actual results of operations or financial condition of the company to differ materially from the anticipated results expressed or implied by forward-looking statements in this document include: our ability to realize the forecasted benefits of the prAna acquisition; labor strikes or work delays at ports, causing disruption to our ability to timely import products; loss of key customer accounts; our ability to effectively implement IT infrastructure and business process initiatives; the effects of unseasonable weather; unfavorable economic conditions generally, the financial health of our customers, and changes in the level of consumer spending and apparel preferences; changes in international, federal or state tax policies and rates; risks inherent in doing business in foreign markets; our ability to attract and retain key employees; higher than expected rates of order cancellations; increased consolidation of our retail customers; our ability to effectively source and deliver our products to customers in a timely manner; unforeseen increases and volatility in the cost of raw materials; our reliance on product innovations; our dependence on independent manufacturers and suppliers and our ability to source finished products and components at competitive prices from them; the effectiveness of our sales and marketing efforts; intense competition in the industry; business disruptions and acts of terrorism, cyberattacks, or military activities around the globe; and our ability to establish and protect our intellectual property. The company cautions that forward-looking statements are inherently less reliable than historical information. The company does not undertake any duty to update any of the forward-looking statements after the date of this document to conform them to actual results or to reflect changes in events, circumstances or its expectations. New factors emerge from time to time and it is not possible for the company to predict or assess the impact of all such factors or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.