PARTICIPANTS

Corporate Participants

Ron Parham – Senior Director-Investor Relations, Columbia Sportswear Co.
Timothy P. Boyle – President & Chief Executive Officer, Columbia Sportswear Co.
Thomas B. Cusick – Chief Financial Officer & Senior Vice President, Columbia Sportswear Co.
Bryan L. Timm – Chief Operating Officer & Executive Vice President, Columbia Sportswear Co.

Other Participants

Camilo R. Lyon – Analyst, Canaccord Genuity, Inc.
Katharine McShane – Analyst, Citigroup Global Markets Inc. (Broker)
Andrew S. Burns – Analyst, D.A. Davidson & Co.
Lindsay Drucker Mann – Analyst, Goldman Sachs & Co.
Laurent Vassilescu – Analyst, Macquarie Capital (USA), Inc.
Christopher Svezia – Analyst, Susquehanna Financial Group LLLP
Molly M. Iarocci – Analyst, Stifel, Nicolaus & Co., Inc.

MANAGEMENT DISCUSSION SECTION

Operator: Greetings and welcome to the Columbia Sportswear Fourth Quarter and Full Year 2013 Financial Results Conference Call. At this time, all participants are in a listen-only mode. A brief question-and-answer session will follow the formal presentation. [Operator Instructions] As a reminder, this conference is being recorded.

And now I’d like to turn the conference over to your speaker, Ron Parham, Senior Director of Investor Relations. Thank you, Ron. You may begin.

Ron Parham, Senior Director-Investor Relations

All right. Thanks, Bob. Good afternoon and thanks for joining us, everyone. Earlier this afternoon, we announced fourth quarter and full year 2013 financial results and provided our initial financial outlook for 2014 and keeping with our standard practice shortly after the press release crossed the wire, we filed an 8-K containing a detailed CFO commentary on the results and outlook, which can also be found on our Investor Relations website at www.investor.columbia.com/results.cfm. With me today to discuss the results and answer your questions are President and CEO, Tim Boyle; Senior Vice President and Chief Financial Officer, Tom Cusick; Executive Vice President and Chief Operating Officer, Bryan Timm; and Senior Vice President and General Counsel, Peter Bragdon. Columbia’s Chairman, Gert Boyle is traveling and unable to be on the call today.

So, I will remind listeners that this conference call will contain forward-looking statements regarding Columbia’s business opportunities and anticipated results of operations. Forward-looking information is subject to many risks and uncertainties and actual results may differ materially from what is projected. Many of these risks and uncertainties are described in Columbia’s Annual Report on Form 10-K for the year ended December 31, 2012 and subsequent filings with the SEC. Forward-looking statements in this conference call are based on our current expectations and beliefs, and we do not undertake any duty to update any of the forward-looking statements after the date of this conference call to conform the forward-looking statements to actual results or the changes in our expectations.
Now, I’ll turn the call over to Tim.

Timothy P. Boyle, President & Chief Executive Officer

Thanks, Ron. Welcome, everyone, and thanks for joining us this afternoon. Our fourth quarter and full year results were significantly stronger than we anticipated in our previous outlook last October. At that time, we noted that we’ve begun to see positive signs of stabilization in our North American and European wholesale channels, and solid momentum in our U.S. direct-to-consumer channels. Clearly both of these dynamics strengthened further would be onset of winter weather. Globally, fourth quarter direct-to-consumer sales grew 26% and we are up 20% for the full year accounting for approximately 34% of full year consolidated net sales. We are obviously very pleased with the results of our direct-to-consumer business during 2013. However, the ultimate objective of our direct-to-consumer strategy is to strengthen our brands in key markets to enable our wholesale customers to grow their business with our brands.

After two challenging years in our North American wholesale markets due to a combination of weather and product positioning, channel inventories ended 2013 very clean, creating demand for a broad assortment of our fall 2014 products, which feature our newest technologies and our guest styles at more accessible price points. We are working closely with our wholesale customers to broaden their assortments and to encourage use of in-store merchandising and marketing assets to accelerate consumer demand for our brands. As we have demonstrated at our branded stores and e-commerce sites, when those elements are brought together at point of sale, consumers embrace the innovation and enhance design of our products. Our North American wholesale customers are demonstrating renewed confidence with advance orders for fall 2014 up double digits, reflecting strength across both the Columbia and the Sorel brands.

We expect 2014 sales and profitability growth to be affected by the following major factors. Incremental sales and profits from the new China joint venture, continued growth of our global direct-to-consumer businesses, renewed growth in our wholesale channels beginning in the second half of 2014, incremental costs related to our ERP implementation, and increased demand creation investments. The initial full year 2014 outlook we provided today anticipates global top line growth of between 15% and 17% and operating margin of approximately 8% of sales. The 15% to 17% sales growth expectation calculates to between $250 million and $285 million of growth, which we expect to achieve through increases in each of our four geographic regions. Slightly more than half of that increase is expected to come from the addition of our new China joint venture. We expect the remaining organic growth of approximately 8% to come primarily from the U.S. region, the smaller contributions from EMEA, Canada and the rest of the LAAP region outside China.

The expected sales increase from the China joint venture equates to single-digit growth on top of the revenue Swire generated in 2013 operating as our independent distributor. It should come as no surprise that economic growth has slowed throughout China over the last 12 months. In addition, a large influx of outdoor brands has resulted in excess inventory levels triggering discounting and higher than normal promotional activity by some of our major competitors in that market. Now it seems that there’s been some confusion among analysts about how to model the China joint venture into their 2014 financial projections. So, let me explain in general terms how we are including that business in our financial model. Based on our revenue estimate for the joint venture, we expected to contribute high single digit operating margin and incremental EPS of approximately $0.13 per share after interest, taxes, and minority interest to our consolidated 2014 results. While these expectations are lower than we had originally planned for the first year of the joint venture, we continue to view China as a very large long-term opportunity.

We expect our North American direct-to-consumer sales to continue growing at a double-digit pace for 2014 including plans to open an additional 18 stores, comprising 12 outlets and 6 Columbia
branded stores. The 12 new outlet stores will continue to help us manage excess inventories more profitability while protecting brand image and integrity in wholesale channels. The six new branded stores we have planned for 2014 will be much smaller footprints than our current branded stores and designed to showcase various product assortments, including a few stores specifically focused on our performance fishing gear or PFG products.

We expect high-single digit growth from our U.S. and Canada wholesale channels over the course of 2014 on a constant dollar basis, highlighted by anticipated double-digit growth in the second half of the year. In the EMEA region, our new Senior Vice President of Europe, Franco Fogliato, joined us in early November and has been working closely with our Europe direct team through the fall 2014 advance order taking process. The focus in our Europe direct business is to strengthen relationships with key wholesale customers in targeted markets, where we are focusing our efforts to grow the business. These targeted customers will be instrumental in helping us revitalize our brands across the continent.

We expect continued growth in our EMEA distributor business and are optimistic for improved top line performance in our Europe direct business. Looking at our Latin America, Asia-Pacific region, we expect the incremental sales from the China joint venture to more than offset the effects of the weakened Japanese yen and the geopolitical issues that have continued to strangle the markets of Argentina and Venezuela. We’re working very closely with our independent distributors in Argentina and Venezuela, watching for any signs if those markets are unlocking, but we have no way of predicting when that might happen.

A few small but positive notes elsewhere in the LAAP region. We have successfully transitioned to a new distributor in Australia/New Zealand and we’re working together to drive renewed growth in those markets. Our distributor in Mexico is experiencing stronger sell-through in the Columbia brand products and its multi-brand stores as compared to the two well-known global athletic brands that it carries. Our new distributor in India opened its first Mono-brand Columbia store in New Delhi’s upscale CITYWALK Mall on December 24, marking the first of many stores that it plans to establish in similar upscale locations across that country over the coming years.

Before we shift to answering your questions, I want to remind everyone that our U.S. ERP implementation remains targeted for early April, supported by an enormous effort by our employees around the world. We will share more about the implementation when we announce our first quarter results on Tuesday April 29. This effort and our increased demand creation investments are muting operating leverage in 2014. But the strength we’re seeing in our brands confirms that we are focused on the right strategic initiatives to grow our business and improve the profitability over the long-term.

We entered 2014 with renewed momentum in key wholesale markets and a balance sheet that’s stronger than ever with more than $529 million in cash and investments. Global inventory finished 15% lower than last December, excluding the $20.6 million of incremental inventory acquired by the China JV. Our strong financial position and confidence in our growth prospects prompted our board of directors to authorize a 12% increase in the quarterly dividend to $0.28 per share. We also entered 2014 with significant additions to our management team. During this year, we welcomed a new Senior Vice President of North American and European retail, a new Senior Vice President of North American sales and a new Senior Vice President of Europe. We also promoted new Vice Presidents of Apparel Merchandising and of Apparel Innovation & Design.

As previously announced, the new President of our China joint venture brings experience and continuity from the many years of working for our joint venture partner, Swire Resources. This management team together with our employees around the world is energized by the prospect of renewed growth in 2014, and aligned around our strategic initiatives to drive sustainable, profitable growth in the years ahead. The successful introduction of Turbo Down for fall 2014 builds on our
powerful Omni-Heat technology platform, which has become a $200 million global business for us since its launch three years ago.

In closing, I want to recognize the outstanding performances by the U.S., Canadian and Russian Freestyle Ski teams while wearing Columbia uniforms featuring Omni-Heat technology and a new patent-pending waterproof zipper design along with other innovations. We are proud to have played a part in helping these great athletes perform to their highest abilities and wish them much continued success in future competitions. Equally important, the enthusiastic positive feedback we received from these world-class athletes about the design and performance of our products is gratifying confirmation of our future as a leading innovator in the active outdoor space.

That concludes my remarks. I’d like to open it to questions. Operator, can you help us?
QUESTION AND ANSWER SECTION

Operator: Thank you. We will now be conducting a question-and-answer session. [Operator Instructions] Our first question comes from the line of Bob Drbul with Nomura Securities International. Please proceed with your question.


<Q – Bob Drbul – Nomura Securities International, Inc.>: Tim, I just have a couple of questions. I think the first one is in the fourth quarter in your direct-to-customer, can you give us an estimate on how your own stores, full priced stores, and your outlet stores comp?

<A – Tim Boyle – Columbia Sportswear Co.>: Yeah, Bob. We emphasize that we’re not a retail operation, in fact the retail stores are really designed not only help us manage our inventory levels, but also to really showcase the brand for consumers and other wholesale partners. So, we don’t release that comp store data, but I can tell you we’d be proud to do so if we decided to do so.

<Q – Bob Drbul – Nomura Securities International, Inc.>: All right. Can I say two questions on the 2014 outlook? The first one is, I think you talked about double-digit increases for fall 2014. How much of the order book visibility do you have done at this point and is it still the March 31 deadline that you typically have?

<A – Tim Boyle – Columbia Sportswear Co.>: Yeah. Bob, we have a very significant order book at this time and enough to give us comfort to be able to give the kind of guidance we gave today. So, we’re confident in our ability to hit those numbers that we talked about. We’re gratified to be able to have enough information about really all of the geographic regions to be able to provide that kind of guidance. So, it’s good and we expect more orders for sure, but we have enough to be able to give us that comfort.

<Q – Bob Drbul – Nomura Securities International, Inc.>: Okay, and then, just the last question that I have is, I guess if you look at fall 2013 versus your expectation for fall 2014, can you put any numbers on like average price for one of your outerwear. What’s really happening with this more accessible price point strategy? How big is the change that you’re undertaking here?

<A – Tim Boyle – Columbia Sportswear Co.>: Yeah, the change is not dramatically different. It’s really where we are focusing our time and effort. So, if we go back to these more strategic good, better, best approach to merchandising, we emphasized the better components much more than the best. And that’s really where our customers expect us to be. We had one significant customer who told us that, we’re always the best at better and that’s really where we want to maintain our position and focus our merchandising, so. As an example, Turbo Down, which we expect to be a very significant contributor over the years is a product that has high performance, in fact, industry leading performance, but has a very sort of moderate price point. So true to other Columbia examples of really significant products, we have great performance at really reasonable prices. So that would be an example of how we’re approaching the merchandising strategy.


<A – Tim Boyle – Columbia Sportswear Co.>: Thanks Bob.
<Q – Camilo Lyon – Canaccord Genuity, Inc.>: Hi, can you hear me?


<Q – Camilo Lyon – Canaccord Genuity, Inc.>: Great. Thanks and congrats on a great quarter.

<A – Tim Boyle – Columbia Sportswear Co.>: Thanks.

<Q – Camilo Lyon – Canaccord Genuity, Inc.>: I wanted to just follow up on Bob’s question about the order book for 2014. So just to make sure I’m understanding it correctly, the 15% to 17% even though you don’t have the full order book in, that’s what you projected to be given the strong built in orders to-date right? Am I understanding that correctly or is there opportunity for that number to increase as the final orders tickle in?

<A – Tim Boyle – Columbia Sportswear Co.>: As you may guess, we spend a tremendous amount of time and effort on analyzing the order book and the future plans for the business. And so we become pretty good at analyzing it. We don’t have the full order book. We’ll get orders all the way through the season, as we did in 2013, all the way through to the end of the year. But based on what we know, we got a good handle on the order book and we’re far enough along in the order taking that we’ll likely end up. So, we have a high degree of confidence in the number we gave you.

<Q – Camilo Lyon – Canaccord Genuity, Inc.>: Great. Okay. So then, secondly, just moving on to inventory, in the release, you said that, that momentum from the fourth quarter has continued into the first quarter. You also talked about your inventory numbers has been down 15%. How are you able to meet that continued demand? It sounds like you did a really good job of clearing some of that excess carryover inventory from last year. You have enough and where do you think that, you’re really going to focus on building out some of that inventory for the back half of 2014. Is it going to be more on the Sorel brand or on the Columbia brand and [indiscernible] (18:27) apparel, is that the right way of thinking about the dynamics?

<A – Tim Boyle – Columbia Sportswear Co.>: Well. As you remember, we had two really tough winter years prior to fall 2013, and so, we, as well as our customers were conservative in terms of how we approached the future. As the weather played out, certainly in North America, our customers liquidated inventories at a high margin level. And as we tell our investors all the time that our fourth quarter is really driven by not necessarily a top line so much as the ability to convert inventory at closer to full price versus half price. So that’s what ended up happening for us for 2013. And as we approach 2014, when we get closer to the end of our booking season, which would be end of March, beginning of April, we’ll make a decision on how much speculative inventory we want to keep, which I would argue unless things change dramatically, we’re going to see something along the lines of what we’ve guided here to today in terms of a rather conservative approach to residual inventories. Maybe, Tom might have some more information.

<A – Tom Cusick – Columbia Sportswear Co.>: Yeah, Camilo this is, Tom. As it relates to inventory turns, our turns were at about 2.5 times exiting 2013, and we’re continuing to focus on improving that metric. So, our intent would be to grow our inventory in 2014 at a slower pace than revenue growth.

<Q – Camilo Lyon – Canaccord Genuity, Inc.>: Great. And then, if I could just squeeze in one more. The commentary on the China JV accretion of $0.13, comment about that, being a little bit lower than what you had initially planned. Could you just talk a little bit more about the driver of that accretion coming in little below plan? Is it more the macro or is it something that you newly discovered with selling in that market [indiscernible] (20:30)?
Tom Cusick – Columbia Sportswear Co.: No, I would say, it’s predominantly, it’s the macro effects of the China market, and just the level of revenue that we originally planned for 2014 versus what we’re currently planned.

Camilo Lyon – Canaccord Genuity, Inc.: That’s really the commercial environment across the landscape that’s -

Tom Cusick – Columbia Sportswear Co.: That’s the major driver, yes.

Camilo Lyon – Canaccord Genuity, Inc.: [indiscernible] (20:50) that?


Camilo Lyon – Canaccord Genuity, Inc.: Okay, okay. Great. Thanks a lot, and good luck with the balance of the year.

Tom Cusick – Columbia Sportswear Co.: Thanks, thanks.

Operator: Thank you. Our next question comes from the line of Kate McShane with Citi. Please proceed with your question.

Kate McShane – Citigroup Global Markets Inc. (Broker): Thanks. Good afternoon.

Tim Boyle – Columbia Sportswear Co.: Hi, Kate.

Kate McShane – Citigroup Global Markets Inc. (Broker): I was wondering if we could hear a little bit more detail behind the opening of the six new branded stores. And can you repeat how many will be focused on PFG? And just as a tack on to that, it seems like some of the outdoor retailers Field & Stream by DICK’s and Cabela’s and Bass Pro seem to be expanding more aggressively. Is there further opportunity for these retailers? And how do you think about merchandising in shop-in-shops with them?

Tim Boyle – Columbia Sportswear Co.: Certainly, well we have a solid group of what we call branded stores as opposed to outlet stores, where we have a display of our products that have done well, but generally they are too large. And so this is an approach to get ourselves a branded position in major markets in North America at a size that’s frankly more profitable, period. As it relates to the quantity of those stores, it might be PFG, we have – our best performing PFG products are in the Southern part of the United States. So, we’re looking at a few different markets and it really depends on where the right locations come up as to where – how many are PFG and how many are more standard Columbia stores.

As it relates to the wholesale customers, the DICK’s Sporting Goods, Field & Stream, Cabela’s, Bass Pro, those are all great customers for us, and we have continuing in-store investments in all those operations and we would expect that we would have continuing and perhaps even a larger presentation in those stores over time. So as I said in my comments, the company really considers itself to be a wholesale company providing products that retailers do well with. And it’s helpful for us to have these branded stores to allow us to really experiment with presentations that can enhance the visibility of the company’s products and sales that really is designed to focus on our wholesale partners and helping them.

Kate McShane – Citigroup Global Markets Inc. (Broker): Okay. And if I could just ask a second question on the supply chain, if you could highlight maybe where you’re seeing some pressure in the supply chain this year, what your anticipation is with regards to higher labor costs or higher raw materials in your guidance for 2014?
Yeah. This is Bryan, Kate. As we look to this year both for spring and fall, I would say prices were moderating and we did see some increases as it relates to fall in our down prices and what not, but all of that would have been priced accordingly and baked into the guidance that you got today.

Okay. Thank you.

Operator: Thank you. Our next question comes from the line of Andrew Burns with D.A. Davidson. Please proceed with your question.

Thanks, and congratulations on great results.

Thanks.

I was just hoping we could spend a little more time on Swire and the Chinese market. It sounded like there was some inventory in that channel. We’re seeing this in other categories, but just wondering your view on the amount of time it’ll take for sort of the normal secular growth trend to remerge in China. Is it a one-season or perhaps two-season phenomenon?

Well, I would just emphasize that our joint venture partner, the Swire group, has been doing business in China since the 1700s. So we’re with a very experienced partner there. So our expectation is that this inventory overhang, which is prevalent on a macro scale across China and not necessarily in our business specifically, has just dampened the results that we would have otherwise expected from the JV. I think we’re looking at probably a one season to maybe at the very most two season overhang with this kind of enthusiastic expansion. So it’s really, I think it’ll be more short-term. And frankly, with our balance sheet and the Swire company’s balance sheet and experience levels, our expectation is we’ll be one of the firms that’s able to take advantage of these kinds of tumultuous markets.

Great. Thanks. And with the second half guidance or commentary taking shape, it certainly seems like you’re gaining some share in the marketplace. How do you view the competitive landscape? Could you speak to maybe some particular areas of strength whether by category or by channel? Thank you.

Certainly. Well, categorically we’ve had really good growth in outerwear. If you remember the – and we haven’t spent a lot of time on this perhaps with the investor community, but our Turbo Down product is really a hybrid garment that contains both down and synthetics. So it allows us to be competitive with a high quality product containing down that’s not as impacted as other down jackets just because of the leverage of the synthetics. So that’s been good from the outerwear category. It’s new, it’s different, it’s exciting and it’s got a lot of features, including OMNI-HEAT that support it. We’ve also had great growth and we expect further growth of Sorel, where as you know it’s well known as a winter boot but the growth of that brand and its products in the fall season has really been rewarding. So we expect good growth from the Columbia brands, specifically related to outerwear and then in this Sorel branded footwear and also the Columbia brand winter footwear has also been strong.

Okay. Thanks and good luck.

Thanks.

Thank you.

Operator: Thank you. Our next question comes from the line of Lindsay Drucker Mann with Goldman Sachs. Please proceed with your question.
<Q – Lindsay Drucker Mann – Goldman Sachs & Co.>: Thanks. Good afternoon everyone.

<A – Tom Cusick – Columbia Sportswear Co.>: Hello.

<Q – Lindsay Drucker Mann – Goldman Sachs & Co.>: I was hoping you could give a little bit more detail, I know you have some of the numbers spelled out in the CFO commentary, but just on the incremental investments in 2014, maybe just starting on the marketing side, the demand creation expense. I just want to make sure that if you talk about 10% of the Swire JV sales being reinvested in marketing. Is that substantively all of the operating profit from that entity that you’re going to be reinvesting back in marketing and if that’s the case, how do you think about when you’ll be able to deliver incremental sales on that?

<A – Tom Cusick – Columbia Sportswear Co.>: Yeah, Lindsay, this is Tom. As it relates to China, the $0.13 contribution to Columbia is after all costs including marketing, including interest, including income tax. So, that’s a net-net number. So, we expect the China JV to generate high single-digit operating income. So, it’s not that we’re investing all the profit from that business back into that market in the form of advertising.

<Q – Lindsay Drucker Mann – Goldman Sachs & Co.>: Maybe then could you clarify the big buckets, because it is a pretty significant – the 5.1% of sales is a pretty significant step up, especially considering how much revenue growth you’re looking for in 2014, so where are the big areas where you are looking to deploy that?

<A – Tom Cusick – Columbia Sportswear Co.>: The marketing spend itself or the SG&A taken as a whole or the marketing specifically?

<Q – Lindsay Drucker Mann – Goldman Sachs & Co.>: The demand creation expense that you called out in the release, the 5.1% of net sales versus 4.6%.

<A – Tom Cusick – Columbia Sportswear Co.>: Okay. We’re going to have nominal increase across every market. But where we’ll spend it in North America and Europe primarily will be a combination of TV, radio, out-of-home and digital. So that’s where the bulk of the market expense will be.

<Q – Lindsay Drucker Mann – Goldman Sachs & Co.>: And the large magnitude of increase, is that a function of feeling really great about the products you have to invest behind or maybe a catch up of some under investment as sales have slowed in recent years?

<A – Tim Boyle – Columbia Sportswear Co.>: Well, I think we’ve – and we’ve been clear that we haven’t spent enough on marketing for the company. Those are areas where we think we can continue to increase our spend and frankly with Turbo Down, we think we really have a potential product that when marketed properly can be a significant growth channel for the company. So, we’ve got an opportunity today to have something unique and different to talk about and so we got to take advantage of that.

<Q – Lindsay Drucker Mann – Goldman Sachs & Co.>: Got it. And then on the ERP side, the $20 million of incremental expenses, can you just talk specifically about what that initiatives will cover and how we should think about the opportunity to generate returns on those investments timing-wise and magnitude?

<A – Bryan Timm – Columbia Sportswear Co.>: Sure, this is Bryan. So, in terms of what it covers, it covers our ERP system and then a host of other ancillary systems to help us communicate better with our vendors from a status perspective, our customers, etc. So, it is a pretty good-sized project that as Tim mentioned, we continue to believe that April will be our U.S.
go live. And in terms of returns for the business, we foresee those being really around inventory utilization and affecting the gross margins of the business.

<Q – Lindsay Drucker Mann – Goldman Sachs & Co.>: Okay. And as far as the timeline to generating those benefits, is that as soon as you go live? I mean should we – I guess what I’m asking is does your guidance contemplate any reward from those investments as you go live and have a more efficient supply chain?

<A – Tom Cusick – Columbia Sportswear Co.>: Yeah, Lindsay, This is Tom. I would say that we’d begin to see leverage from those investments, return on that investments, much more in 2015 than we’ve contemplated here in 2014.

<Q – Lindsay Drucker Mann – Goldman Sachs & Co.>: Okay. Thanks very much.

Operator: Thank you. Our next question comes from the line of Laurent Vasilescu with Macquarie Capital. Please proceed with your question.

<Q – Laurent Vasilescu – Macquarie Capital (USA), Inc.>: Sure. Good afternoon. Thank you very much for taking my question; and congrats on the quarter. As mentioned in your prepared remarks, direct-to-consumer represented about 34% of total 2013 revenues. How should we think about DTC’s percent contribution for 2014 revenues and if you could provide some color on the operating margin structures for both wholesale and DTC that’ll be great.

<A – Tom Cusick – Columbia Sportswear Co.>: Yeah, so we’re expecting a small increase, perhaps up to 36% contribution from DTC in 2014 and when we look at the net returns from the business today in 2013 and plan for 2014, I would say that the DTC business is slightly above the average in terms of operating income for the company on a standalone basis.

<Q – Laurent Vasilescu – Macquarie Capital (USA), Inc.>: Okay. great. Thank you. And if I may, on Swire, last quarter it was mentioned that China did about $150 million in 2012, I’m assuming 2013 was essentially same and 2014 is it $155 million. Can you provide some color on how China revenues look like by quarter?

<A – Tom Cusick – Columbia Sportswear Co.>: Yeah, so, maybe just one point of clarification. So, Swire did about $152 million in 2012. In 2013 the increase was low single digits. And in 2014, the $155 million of growth is on top of what we Columbia recognized from selling into the distributor model in 2013. So, the revenue for China is more in the mid $160 million range for 2014, the $155 million is the incremental component.

<Q – Laurent Vasilescu – Macquarie Capital (USA), Inc.>: Okay. great. And then by quarter, if you can give some color on that?

<A – Tom Cusick – Columbia Sportswear Co.>: I would say that the China business follows largely the same seasonal pattern as the consolidated Columbia business, little over one-third first half, two-thirds back half.

<Q – Laurent Vasilescu – Macquarie Capital (USA), Inc.>: Okay, great. Thank you very much.


<Q – Chris Svezia – Susquehanna Financial Group LLLP>: Good afternoon, everyone and nice job on quarter, couple of questions. I guess, first, I’m just curious on the backlog comment, up double-digits. I guess the JV from China is in that, and if so, is there any way to maybe extrapolate what the North American or distributor business is in terms of backlog
growth was or what it was doing? I think you made a reference that U.S. you expect on the wholesale side to be up high single. So, I'm just trying to extrapolate the backlog by region, if possible.

Tom Cusick: So, Chris. The double-digit comment excludes China, it doesn't really have an impact as it relates to fall 2014. So we're planning the fall business up double digits whether or not you include or exclude China, just to be clear on that. And then as it relates to the by region, I think we gave a fair amount of color in the CFO commentary and in Tim's script. I think we're talking double digits in most regions globally in local currency terms with the exception of the European direct business and the LAAP distributor business, and currency is negatively affecting our Canadian and Japanese businesses in 2014 in U.S. dollar terms.

Chris Svezia: Okay. That's helpful. And on gross margins, you did a great job obviously in the fourth quarter, your inventories are clean, you're improving your inventory management. Just curious why DTC is growing, what's the opportunity for that to be potentially stronger? Just kind of maybe, we walked through some of the offsets in the CFO commentary, but I'm just curious, what's your thoughts about the opportunities there?

Tom Cusick: Yes. So on the gross margin, we're planning it up 50 basis points for the year, and there's a reclassification component as we move the China former licensing income that was recorded in 2013 and prior years up into gross margin as we operate the JV. We expect a slightly higher proportion of direct-to-consumer and full price versus off-price sales. Those are really the drivers of the expansion, and then obviously our hedge rates given the weakness in the Canadian dollar and the Japanese yen are a headwind for us in 2014. And then we had a little bit of a tough comparison where when we look at our sales and inventory provisions in 2013, they were actually a benefit as we had very nice sell-through, and those reserves actually declined in 2013, creating gross margin expansion; and we don't expect that to repeat in 2014. So that's about 40 basis points to 50 basis points going against us as well.

Chris Svezia: Okay. That's helpful. And then just lastly, just on SG&A, the $100 million increase, I assume that's off GAAP $625 million you did in 2013. And any color, I know you don't want to give quarterly, but I am just curious first half, second half, that will prevent you from growing earnings in the first half. Is it just really all the growth is really more second half versus first half, just seasonality of the business?

Tom Cusick: Yeah, as it relates to SG&A, we would expect SG&A to grow at a faster rate in the first half than in the second half as we comp against the impairment charge and higher incentive comp in the second half of 2013. As it relates to Q2 specifically this year, we anticipate a higher operating loss this year compared to 2013 as we will begin to see the higher operating cost from the ERP implementation come online beginning in Q2.

Chris Svezia: Okay. Okay. Thanks very much. I appreciate it, and all the best. Thanks.

Tom Cusick: Thank you.

Operator: Thank you. Our next question comes from Molly larocci with Stifel. Please proceed with your question.

Molly Iarocci: Hi, guys. This is Molly in for Jim. I'm just wondering if you could speak to the trends that you're seeing in the EMEA region, direct versus distributor, and what makes you optimistic about your direct growth in fiscal 2014?

Tim Boyle: Certainly. Well, over the last 18-months, I have spent a tremendous amount of time in Europe working directly with customers and analyzing their
requirements and expectations from us as a brand, and so it's taken us a bit of time to get that merchandise the way they want it and our positioning in the places that they want it, that plus the new leadership that we have, we talked about Franco Fogliato’s joining the company. His extensive experience and financial acumen is going to help us over time to get our positioning there in the right spot. We’ve also seen what we expect to be growth in that market from a direct basis and the expectation is that built into the guidance we’ve given you today, that we’ll have a solidly growing business there for 2014.

So, on the direct basis, it’s all about focusing on a small, very narrow band of customers that can specifically give us the kind of growth that we need as well as a more narrow band of geographic customer base. So, it’s all about focus in the direct business. In our distributor business, we’ve just had a tremendous growth and adoption from especially our Russian business, together with the exposure we’ve received there during the games, and it’s been really rewarding. Additionally our footwear business seems to be really leading the growth area for Russia, especially in this coming year.

<Q – Molly Iarocci – Stifel, Nicolaus & Co., Inc.>: Great. Thank you. And then curious on the Mountain Hardwear brand noted decline in fourth quarter, what's going on there and any color that you could provide going into fiscal 2014 would be helpful?

<A – Tim Boyle – Columbia Sportswear Co.>: Certainly, well again the expectations for Hardwear have been built into the guidance we’ve given you today. It’s a product focus for the company. We need to be having the – the Hardwear product needs to be closer to what consumers expect from that brand. We probably got ourselves in a position of lofty expectations for the adoption of very expensive product and the focus there is to getting ourselves compelling high quality, high end product as well as what we’re calling gateway price points to allow consumers to enter that brand at a more reasonable price. So the focus there is again on product and the expectation is that we’ll have good growth on that brand, but beginning in 2015.

<Q – Molly Iarocci – Stifel, Nicolaus & Co., Inc.>: Great. Thanks guys. Good luck in the next quarter.

<A – Tim Boyle – Columbia Sportswear Co.>: Thank you.

<A – Tom Cusick – Columbia Sportswear Co.>: Thank you.

Operator: [Operator Instructions] There are no further questions at this time. I’d like to turn the floor back to management for closing comments.

Timothy P. Boyle, President & Chief Executive Officer

All right. Well, thank you all for listening in today. We’re obviously thrilled with the results and we appreciate your continued support. Look forward to talking to you in April.

Operator: This concludes today’s teleconference. You may disconnect your lines at this time. Thank you for your participation.