### CORPORATE PARTICIPANTS

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<th>Name</th>
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<td>Senior Director-Investor Relations &amp; Corporate Communications, Columbia Sportswear Co.</td>
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<td>Gertrude Boyle</td>
<td>Chairman, Columbia Sportswear Co.</td>
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<td>Timothy P. Boyle</td>
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MANAGEMENT DISCUSSION SECTION

**Operator:** Greetings, and welcome to the Columbia Sportswear Third Quarter 2016 Financial Results. At this time all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. [Operator Instructions] As a reminder this conference is being recorded.

I would now like to turn the conference over to your host Ron Parham, Senior Director of Investor Relations and Corporate Communications for Columbia Sportswear. Thank you, Mr. Ron. You may begin.

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**Ron Parham**  
*Senior Director-Investor Relations & Corporate Communications, Columbia Sportswear Co.*

All right. Thanks, Bob and good afternoon everyone. Thanks for joining us to discuss Columbia Sportswear Company's third quarter financial results and our updated 2016 financial outlook. In addition to the earnings release, we furnished an 8-K containing a detailed CFO commentary analyzing our third quarter results and explaining the assumptions behind our updated 2016 financial outlook. The CFO commentary is available on our Investor Relations website.

With me today on the call are Chairman of the Board, Gert Boyle; Chief Executive Officer, Tim Boyle; Executive Vice President of Finance and Chief Financial Officer, Tom Cusick; and Executive Vice President and Chief Administrative Officer, Peter Bragdon. President and Chief Operating Officer, Bryan Timm who also usually participates on our call is down on our Mountain Hardwear Headquarters today for the kick-off of that brands fall 2017 sales meeting.

And Gert is going to start us off by covering the Safe Harbor reminder.

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**Gertrude Boyle**  
*Chairman, Columbia Sportswear Co.*

Good afternoon. This conference call will contain forward-looking statements regarding Columbia’s business opportunities and anticipated results of operations. Please bear in mind that 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 and subsequent filing 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 statement after the date of this conference call to conform the forward-looking statement to actual results or to change in our expectations.

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**Ron Parham**  
*Senior Director-Investor Relations & Corporate Communications, Columbia Sportswear Co.*

Thank you, Gert. And I'd also like to point out that during the call we will reference constant-currency net sales growth, which is a non-GAAP financial measure. And you'll find the reconciliation of constant-currency net sales to net sales as reported under U.S. GAAP in the supplemental financial tables that accompany our earnings release, along with an explanation of management's rationale for including this non-GAAP measure.
And now I'll turn the call over to Tim.

Timothy P. Boyle  
Chief Executive Officer & Director, Columbia Sportswear Co.

Thanks, Ron. Welcome, everyone, and thank you for joining us this afternoon. I want to start by looking back to Q3 2015, when North American wholesale customers were aggressively restocking their fall inventory following a very favorable winter, driving U.S. sales up 26% and Canada's up 39% on constant currency basis, and contributing to a 39% increase in net income.

Our slightly better than expected third quarter earnings of $83.6 million, or $1.18 per diluted share were achieved against those very difficult comparisons, despite a North American marketplace that looks and feels very different than it did one year ago, including weak consumer traffic across brick-and-mortar retail landscape, lingering effects of wholesale customer bankruptcies, a glut of competitor brands in liquidation channels. I'd like to take this opportunity to remind listeners that we chose, in contrast, to rely primarily on our own outlet stores to clear last year's excess inventory.

This year's lingering warm weather across key portions of the Northern Hemisphere, a conservative inventory posture among our North American wholesale customers and North American wholesale customers shifting delivery of a larger portion of their cold-weather products into the fourth quarter.

During the third quarter, these headwinds in our U.S. wholesale business were partially offset by mid-teens growth in our U.S. direct-to-consumer business, as consumers increasingly seek to engage directly with brand.

In our Europe-direct markets, the Columbia brand drove high 20% growth making the seventh consecutive quarter of 15% or greater constant currency growth and producing mid-20% growth through the first nine months of 2016. Momentum in our Europe-direct markets is broad-based, consisting of growth across each of the markets where we operate, growth within each channel of distribution and growth from each of our brands led by the Columbia brand.

Our Tested Tough marketing campaign, our global partnership with Manchester United and our successful sponsorship of the Ultra-Trail du Mont-Blanc are exceeding in engaging European consumers with the Columbia brands authenticity and unique personality.

On the operational front, we will open four outlets and two partner stores in Europe this year and plan to add a similar number next year. We're also making investments to migrate our Columbia and SOREL brand e-commerce business in-house in 10 European countries during the first quarter of 2017.

We expect that transition to drive incremental revenue growth, enhance the consumer experience and improve our online marketing capabilities, and effectiveness while leveraging our existing European infrastructure.

Our updated full year outlook anticipates our Europe-direct business generating constant currency growth of approximately 20%. Our team in Europe has been extremely focused on improving profitability, and we expect our Europe-direct business to be EBITDA neutral in 2016 despite significant currency headwinds.

We're confident that Europe holds great potential for additional growth and profitability in the years ahead. The Columbia brand also drove mid-teens constant currency growth in China including strong wholesale and e-commerce sales. Our team in China is focused on improving the productivity of our distribution channels to position the joint venture for a strong finish to the year and for continued growth in 2017.
In Korea, we're encouraged that consumers ranked the Columbia brand in the top five among the more than 50 outdoor brands that compete in that market. However, as we've discussed in previous quarters, the Korean marketplace continues to struggle to absorb a large industry wide inventory overhang caused by a shift in consumer preference away from the outdoor sector in that country.

We remain firmly committed to using our strong balance sheet to strengthen our market position through this market reset. Columbia brand inventory levels in Korea are gradually declining, however, we're currently expecting the industry wide glut to continue and make it very unlikely for us to return to growth through at least 2017. In Russia, we're confident that our business is poised to return to moderate growth in the first half of 2017. Annual sales to our long-time distributor have declined significantly over the last 18 months as they have adapted their business to Russia's economic and currency challenges. Our third quarter sales to this distributor declined as expected.

Stepping back and looking at our business from a global brand perspective, third quarter Columbia brand global sales contracted 4%, comping against 14% constant currency growth in last year's third quarter. The mission of our Columbia brand is to help people enjoy the outdoors longer by keeping them warm, dry, cool and protected in any climate and any weather year-round.

For the fall season, our primary emphasis in the northern tier markets is on keeping people warm and dry. Columbia's patent pending OutDry Extreme technology first introduced in rain shells this past spring, is the latest example of our significant investments that create superior proprietary technologies that define and differentiate the Columbia brand.

OutDry Extreme has redefined the waterproof breathable apparel category by moving the waterproof membrane to the exterior of the garment, where it works best to keep people dry while enhancing the jacket's breathability. In contrast, the traditional products that sandwich the membrane between two layers of fabric where both waterproofness and breathability are significantly compromised.

For fall 2016, we've extended OutDry Extreme into Columbia insulated jackets, gloves and an expanded assortment of rain shells, and in spring 2017 we'll extend further into softshells and trail footwear. In addition, the Columbia's OutDry Extreme Eco Rain Shell swept the best of show awards in multiple categories at the Outdoor Retailer Summer Market in August and has since been heralded globally by journalists and ecologists as the most functional performance raingear with the least impact on the environment. To-date, OutDry Extreme Eco has generated nearly 150 million media impressions and it hasn't even hit the market yet.

We're very excited about our December 1 launch of Columbia's award-winning OutDry Extreme Eco Rain Shell. During the entire month of December, OutDry Extreme Eco will be available exclusively at more than 100 REI retail stores and online at rei.com, with availability extending into other outdoor specialty wholesale customers and to Columbia.com in early 2017.

While I'm on the topic of our ongoing efforts to reduce the environmental impact of our products, I'm very proud to draw your attention to the recent publication of the Columbia brand's 2016 corporate responsibility report. While we have a long history of sustainability and corporate responsibility programs, this is our most comprehensive summary of our ongoing efforts and related metrics from around the globe. I won't take time to go into detail on this call, but I would encourage you to visit our corporate website to read the online version.
During the third quarter, we launched the second year of Columbia’s award-winning Tested Tough advertising campaign featuring our own tough mother, Gert Boyle, and began recruiting across the U.S., Canada and the UK for candidates to apply to become Directors of Toughness for Columbia for 2017.

This year’s Director of Toughness recruiting efforts attracted 4,500 applicants and has already generated over 200 million media impressions, representing a five-fold increase in media attention compared to our very successful first Directors of Toughness campaign last year. From those 4,500 applicants, we’ll select two to travel the world for nine months, putting Columbia gear to the test in some of the planet’s most extreme conditions while chronicling their journey and generating even more consumer engagement with the Columbia brand.

While social media campaigns and traditional advertising help drive consumers into retail stores in search of Columbia products, we also want to make sure they have a memorable brand enhancing in-store experience when they shop. During the third quarter, we began deploying new in-store shop-in-stop brand environments designed to drive productivity for our wholesale partners by inspiring consumers and conveying Columbia’s unique connection to the outdoors.

In 2016, consumers will be able to see these experiences in eight locations in the U.S., three in Moscow, two locations in Beijing, as well as stores in Toronto, Nuremberg, Shanghai, Singapore, Dubai and Seoul. Our current plans anticipate rolling out several hundred of these environments around the world by the end of 2017 and many more beyond, providing great example of how our balance sheet and global operations enable us to invest in our brands to support our wholesale customers and distributors around the world.

Before moving on from the Columbia brand, I want to emphasize its broad assortment of lightweight layering styles, rainwear, fleece and sportswear, including our market-leading Performance Fishing Gear, or PFG, that keep people warm, dry, cool and protected in all climates and in all seasons year-round. We believe the brand is extremely well-positioned to address changing consumer preferences towards versatile protection in the face of unpredictable seasonal weather. Our updated outlook anticipates approximately 4% global growth from the Columbia brand in 2016.

Turning now to the SOREL brand. Third quarter sales of SOREL increased 1% in constant currency compared against last year’s 59% constant currency increase and reflecting cautious advance wholesale orders in response to last year's warm winter, coupled with supply chain issues which have been substantially resolved that pushed some sales into the fourth quarter and a slight impact from the U.S. wholesale bankruptcies.

SOREL’s product team continues to make steady progress de-winterizing the brand. SOREL’s new lightweight fall styles led by the Lea Wedge, Addington and Out N About collections accounted for 85% of the increase in SOREL’s fall 2016 advance orders.

SOREL’s expanded spring line launched successfully in 2016 in partnership with Nordstrom paved the way to opening a significant amount of new accounts across North America for spring 2017. We continue to have confidence that SOREL represents a large long-term global opportunity as we establish a year-round brand and gradually expand it into more markets around the world. Our updated outlook anticipates approximately 6% global growth from the SOREL brand in 2016.

The prAna brand grew 11% in the third quarter on top of 22% growth in last year's third quarter. prAna men's, women's shorts, pants and short sleeve tops were their best performers, illustrating once again how balanced that brand's business is between the spring and summer and fall, winter seasons. prAna sales are heavily
concentrated in the U.S., where its fighting through headwinds from U.S. bankruptcies, a warm early fall and cautious advance orders from wholesale customers.

Our prAna team is working to increase e-commerce traffic and conversion through catalog mailings and site enhancements, but are also planning to expand their wholesale business in 2017. Our updated outlook anticipates approximately 14% global growth from prAna in 2016.

Finally, our Mountain Hardwear team remains focused on implementing the turnaround strategy we formulated over the last six months. President and COO, Bryan Timm, is working closely with our team in Richmond, California to implement our brand reset strategy accentuating Mountain Hardwear’s high-performance alpinist DNA across all of its target market categories and consumer segments aiming towards the return to sustainable profitable growth by 2018.

This fall, Mountain Hardwear’s target consumers and wholesale customers have begun to see the brand’s new imaging and messaging platform across social media and in a new print campaign currently running in leading publications including Alpinist, Rock and Ice, Climbing, Outside and Men's Journal along with many others.

Mountain Hardwear's key product initiatives are focused on providing lightweight warmth through their ultralight Ghost Whisperer collection as well as their innovative StretchDown products that deliver superior warmth and comfort. Third quarter Mountain Hardwear sales declined 13% in constant currency against last year's 17% constant currency growth.

Our revised outlook anticipates global Mountain Hardwear sales contracting by approximately 10% in 2016, primarily in the U.S. wholesale channel and the very challenging Korean market. Overall, we're pleased with the consolidated results of our third quarter despite the sluggish U.S. consumer environment.

Consolidated gross margins were equal to last year's third quarter overcoming approximately 100 basis points of foreign exchange headwinds with a greater proportion of direct-to-consumer sales, a lower proportion of sales to international distributors, selective price increases and a favorable sourcing environment. Inventory levels improved ending the quarter up 8% from last year comparable to the fourth quarter sales growth rate implied in the updated full year outlook.

On the expense front, our management team again demonstrated solid spending discipline that resulted in a 1% decline in the spending compared to last year's Q3. Looking ahead, the global retail stage is set for the fourth quarter. Historically, our third quarter sales and profit are predominantly a function of shipping advance wholesale orders while fourth quarter sales and profit are more a function of the performance of our direct-to-consumer business.

Based on record early warm weather during the first four weeks of October, and poor consumer traffic patterns, we felt it was prudent at this time to trim our full-year EPS outlook by $0.05. We revised full year outlook – excuse me, our revised full year outlook now anticipates sales and operating income growth of approximately 4%, maintaining a 10.7% operating margin. We expect full year 2016 net income to increase approximately 8% to between $180 million and $187.5 million or $2.55 to $2.65 per share including an unfavorable impact of approximately $0.26 per share due to changes in currency exchange rates.

We remain focused on the things we can control including strengthening our brands, bringing innovative products to market, and driving consumer demands with compelling marketing and in-store and online experiences. Our strong balance sheet provides us with the flexibility to invest behind our strategic initiatives to improve our
operating platforms and drive profitability while our strong cash flow enables us to steadily enhance returns to shareholders demonstrated by the 6% dividend increase we announced today, marking our ninth increase since we began paying a dividend in 2006.

You can find more details on our Q3 and year-to-date results and our updated 2016 financial outlook and Tom’s, CFO, commentary available on our website. That concludes my prepared remarks. We welcome your questions for the remainder of the hour. Operator, could you help us out with that?

**QUESTION AND ANSWER SECTION**

**Operator:** Thank you. [Operator Instructions] Our first question comes from the line of Bob Drbul with Guggenheim Securities. Please proceed with your question.

**Robert Drbul**
Analyst, Guggenheim Securities LLC

Hi. Good afternoon.

**Timothy P. Boyle**
Chief Executive Officer & Director, Columbia Sportswear Co.

Hi Bob.

**Robert Drbul**
Analyst, Guggenheim Securities LLC

Hi Tim. I guess, just a couple of questions for you. The first one is, when you look at the marketplace and where your inventories are versus what you're seeing in off-price competitively, what are your assumptions over the next couple of weeks and months as it relates to demand overall for the cold weather merchandise or for the outerwear category?

**Timothy P. Boyle**
Chief Executive Officer & Director, Columbia Sportswear Co.

Well, Bob, as you know we've been in this business a long time, and frankly we spent a lot of time looking at not only this market but other markets globally, and that amalgamation of all those kinds of variables basically gives us confidence to give you the outlook for the balance of the year that we've given you.

**Robert Drbul**
Analyst, Guggenheim Securities LLC

Got it. Okay.

**Thomas B. Cusick**
Executive Vice President of Finance, Chief Financial Officer and Treasurer, Columbia Sportswear Co.

And, Bob, this is Tom. Maybe just to add a little more color to that. If you look at where we're sold in from a wholesale perspective for fall for Columbia and SOREL brands, the cold weather brands in the U.S. wholesale market will be about 80 plus percent exiting October, so that's a pretty typical pattern for us.
Okay. And as you think about the bankruptcies that have gone on and some of the mergers that are taking place in the consolidation, especially in the U.S. here, when you look at next year, is there sort of a base case on how you consider your positioning and door count on a wholesale basis as you think through the next 12 months?

Yeah. I mean, we do a lot of analysis, and in fact we're just about to start selling our fall 2017 product in the next few days. We've concluded our sales meeting here at Columbia and the SOREL and Mountain Hardwear meetings are in place now. And so we have a fairly good idea about where we think the product will be placed, and where we think the business is going to end up.

Of course, there's a bit of a weather variable involved in all of this stuff but, frankly, we're behind some of our competitors, and we think there's an opportunity for us to gain market share based on the current performance of the product at retail against our competitors. So we're not looking to add a bunch of doors, we're not looking to add additional distribution, but we think there's an opportunity for us to gain share – to continue to gain share in those key retailers across the U.S., and obviously in Europe where we've been doing very well against competitors there in terms of gaining share.

Great. I guess just when you look at — Tim, when you look at the fourth quarter, and you look at your inventory levels and the inventory levels at retail, when you think about how we're positioned, especially year-over-year, do you think there is a lot of risk in what's happening with the inventory levels out there in the outerwear categories?

Not really. If you remember last year, the enormous warm weather was in November and December of last year. I think we've looked at the comparable sales, the expectations across not only our stores, but our customer stores, and the expectation is we've got the right amount of inventory. This is a time when a strong balance sheet really trumps, I hate to use that word, but the strong balance sheet makes us less vulnerable than others perhaps.

Okay. Thank you very much Tim, good luck.

Yeah. Thanks.

Operator: Thank you. Our next question comes the line of Andrew Burns with D.A. Davidson. Please proceed with your question.
Andrew S. Burns  
Analyst, D. A. Davidson & Co.

Good afternoon.

Timothy P. Boyle  
Chief Executive Officer & Director, Columbia Sportswear Co.

Hi Andrew.

Andrew S. Burns  
Analyst, D. A. Davidson & Co.

It seems like every season we hear more and more about the buy now, wear now trend and retailers pushing inventory risk back on to the brands and is this what you saw this quarter? Is this just a reflection of the cautionary environment we're in or is there any sort of reflection of a more structural change occurring and if it's structural, is there any ways, if you look at your business, that you think you need to evolve? Thanks.

Timothy P. Boyle  
Chief Executive Officer & Director, Columbia Sportswear Co.

Well, we've gotten pretty good over the years at managing seasonal businesses, especially as it relates to cold weather businesses. And you might remember that 2014 was a terribly cold year and so retailers ran out of the cold weather product and we had a high demand at the beginning of 2015 and consumers actually went into stores and bought that merchandise earlier than any year when they've had – when there's been warm weather.

So we're pretty good at managing these things and, again, I focus on the balance sheet in terms of making sure that the company can do the right things as it relates to growing the business and maintaining relationships without having to react to save the company.

Inventory risk will continue to be an issue, especially in the environment where we have consolidation and fewer wholesale customers. So it will be a constant discussion point, I'm sure. And over the next several years will be more important and a bigger part of our discussions. But structurally, we're committed to being a supplier of merchandise for wholesale to retail customers and we're going to be focused on those retail customers that we believe will be here for the long term. We have great relationships lasting 40 years plus with some of these great retailers, and we expect that we'll be able to take advantage of working together to get through these particularly tough times.

Andrew S. Burns  
Analyst, D. A. Davidson & Co.

Okay. Thank you. And if you could spend just a little more time as to what the lingering wholesale bankruptcy issues that you brought up are, and as you look at 4Q. are we fully past this and how should we think of that as a headwind in terms of the timing here?

Timothy P. Boyle  
Chief Executive Officer & Director, Columbia Sportswear Co.

Well, I think Tom had the number earlier, but it's in the neighborhood of like 1% of our sales were to these folks who went bankrupt, they were great customers, but unfortunately they couldn't survive. But the expectation is that as, obviously, the business climate improves a bit for retailers that the remaining retailers are going to be able to pick up their business, so – yeah, it's tough to lose that part.
Thomas B. Cusick  
*Executive Vice President of Finance, Chief Financial Officer and Treasurer, Columbia Sportswear Co.*

And maybe just to add a little more color to that, Andrew. So in the quarter, the bankruptcies that we've alluded to, Sports Authority, Sports Chalet et cetera, impacted Q3 in the U.S. region by about 4% and we expect to have about a 2% impact on the U.S. region for the full year and about a 1% impact on the consolidated revenue for the full year.

Andrew S. Burns  
*Analyst, D. A. Davidson & Co.*

Great. Thanks for the color, good luck.

Timothy P. Boyle  
*Chief Executive Officer & Director, Columbia Sportswear Co.*

Thanks.

**Operator:** Thank you. Our next question comes to the line of Laurent Vasilescu of Macquarie Group. Please proceed with your question.

Laurent Vasilescu  
*Analyst, Macquarie Capital (USA), Inc.*

Good afternoon. And thank you very much for taking my question. I want to ask about the U.S. revenue guide and it's predicated on high-teens percentage growth in direct-to-consumer for the full year, is that U.S. guide depend on further acceleration in direct-to-consumer during the fourth quarter. I think, in the prepared remarks, it says that the third quarter had mid-teens growth in direct-to-consumer.

Thomas B. Cusick  
*Executive Vice President of Finance, Chief Financial Officer and Treasurer, Columbia Sportswear Co.*

Yeah. We're planning — so don't want to get too far into the specifics with regard to the specific direct-to-consumer guidance in the fourth quarter, but I guess to just provide some amount of color there, we're planning — obviously, we're comping much easier against Q4 a year ago assuming normal winter weather this year. And I would say, our outlook is fairly consistent in Q4 with where that business has trended through September of this year.

Laurent Vasilescu  
*Analyst, Macquarie Capital (USA), Inc.*

Okay, very helpful. And then maybe just asked a little bit differently, I think the direct-to-consumer number percentage for global sales last year was about 35% of the global sales, is it fair to assume that the percentage is around 45% for the fourth quarter?

Thomas B. Cusick  
*Executive Vice President of Finance, Chief Financial Officer and Treasurer, Columbia Sportswear Co.*

I would say for the full year we estimate DTC to be about 38% of business this year and we would expect Q4 to be less than half the business.
Okay. Very helpful. And then lastly, I noticed you raised your free cash flow forecast for the year. Can you talk about the drivers for this raise?

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

Yeah. I would say predominantly it’s a function of CapEx spending for the year. We’ve taken that down $10 million to $15 million. And just the puts and takes within our working capital assumption set. So we think we’ll be $150 million plus or minus for the full year.

Laurent Vasilescu  
Analyst, Macquarie Capital (USA), Inc.

Okay. Thank you. And then lastly, if I can squeeze one more in. I think there was some call out in the prepared remarks that traffic is challenging across the space. Could you provide any color on how your U.S. stores are doing quarter to date?

Timothy P. Boyle  
Chief Executive Officer & Director, Columbia Sportswear Co.

Yeah. We really don’t consider ourselves a retailer, so don’t publish traffic numbers or other typical retail metrics. I can tell you that we’re not immune to the reduction in traffic, which has been seen across all channels. And so I might leave it at that.

Laurent Vasilescu  
Analyst, Macquarie Capital (USA), Inc.

Okay. Thank you very much and best of luck.

Operator: Thank you. Our next question comes from the line of Jessica Schmidt with KeyBanc Capital Markets. Please proceed with your question.

Jessica L. Schmidt  
Analyst, KeyBanc Capital Markets, Inc.

Hi. Thanks for taking my question. Can you bridge the gap between what you’re seeing in wholesale and I guess direct-to-consumer. How were your sell-throughs at retail?

Timothy P. Boyle  
Chief Executive Officer & Director, Columbia Sportswear Co.

Our sell-throughs at retail, I would say, will be comparable to prior periods. We’re about where we want to be globally in terms of how the business is progressing at retail. In our own DTC business, obviously we don’t talk about the metrics there, but those should be comparable.

Jessica L. Schmidt  
Analyst, KeyBanc Capital Markets, Inc.

Okay. And then in terms of pricing, where have you seen these increases? And has this been difficult just given how promotional the environment still is? And are you still expecting promotions overall to be up for the holiday?
I would say the bulk of our increases in price has probably been spread across our global business. And then as it relates to promotion, really you can take a look at the temperatures and determine if there's going to be greater or lesser promotions this year. So I would just caution as it relates to Columbia to remember that we're a global company and we have sales outside of northeastern part of the United States.

Okay. Great. Thank you.

Jonathan R. Komp
Analyst, Robert W. Baird & Co., Inc. (Broker)

Yeah. Hi, thanks. Maybe first just to clarify the U.S. implied outlook in the fourth quarter. I know DTC is strong. It's a higher portion of the mix. Any way to clarify the shift of the wholesale shipments, the later timing, how much of a swing that will have on the growth when you look quarter-to-quarter?

Yeah. That's a good question, Jon. So when we spoke in July, we had assumed that – so if we step back, we had about a $40 million shift a year ago into Q3 from Q4 in terms of just the normal historical order book and how it shifts between Q3 and Q4 for our U.S. wholesale business. So $40 million shift a year ago. Coming into the quarter, we had planned a $30 million shift back from Q3 into Q4, and we actually ended up at roughly – a $20 million shift is what we planned and we ended up with a $30 million shift into Q4.

And like I'd mentioned earlier in addressing Bob's question, in terms of percentage of the book shipped through the month of October for the Columbia and SOREL brands, we'll be 80%-plus exiting October. So we're basically right on track relative to historical norms in terms of how we deliver fall wholesale orders.

Okay. That's fair.

And maybe just one more point there. So if you look at our Q4 consolidated sales growth rate, roughly half of that is coming from this timing shift of U.S. wholesale.
Got it. Great. And maybe just following up on the fourth quarter, just a little bit, at least on the top end, of diminished outlook given some of the headwinds you see in the environment. Could you just explicitly outline what changes you made, or at least brought the top end down for the fourth quarter in terms of the guidance?

Timothy P. Boyle  
Chief Executive Officer & Director, Columbia Sportswear Co.

Yeah. I would say it's really a combination of the U.S. business and Korea. Korea continues to trend downward. We haven't found the bottom there yet.

Jonathan R. Komp  
Analyst, Robert W. Baird & Co., Inc. (Broker)

Okay. Great. And then maybe a bigger picture question for Tim. I know you outlined before the North American environment looks and feels a lot different than it did this time last year, but yet you've had a couple of periods now recently where, depending on the weather in the prior year, you've had pretty big swings in the business.

When you look forward to 2017, if you have a normal winter for the next two months here or few months, do you think 2017 again could look more like 2015, the last time you came off of a normal winter? Or do you think there's structural changes that would make the environment look different in 2017?

Timothy P. Boyle  
Chief Executive Officer & Director, Columbia Sportswear Co.

Well, we talked about the consolidation at retail, so that will be an overhang. But I think, frankly, retailers bought cautiously for 2016. So if we have a normal winter that extends through the January and early February portion, I think that those shelves will be rather empty and we'll be closer maybe to 2015. But some of it has to do with share shift where we would expect to be the recipient of some of the good news there.

Jonathan R. Komp  
Analyst, Robert W. Baird & Co., Inc. (Broker)

Okay. And a last one just if I could, broader on the marketing efforts. The Director of Toughness campaign seems to be driving a pretty big increase in the impressions. Any change in the thinking bigger picture longer term about just given some of the social interaction and engagement you're seeing going forward, if that changes your plans at all for marketing the brand?

Timothy P. Boyle  
Chief Executive Officer & Director, Columbia Sportswear Co.

Is that a veiled application for a Director of Toughness position? No, we've obviously been mindful of the change in how consumers get information about brands and products specifically, so we've emphasized that part of the business in our marketing efforts to be larger on the social and digital front, frankly, than we've been in the past. And it's reaping terrific rewards, especially when we have really interesting technical stories to talk about the product as well as interesting personal stories about the Directors of Toughness and what they do globally.

Jonathan R. Komp  
Analyst, Robert W. Baird & Co., Inc. (Broker)

And I'm just wondering, previously you've talked about wanting to maybe increase the marketing spend, at least as a percent of sales. And does the success you're seeing on more of a grassroots basis change that view at all?
No. We still need to be spending more than we have been as a percentage. We believe that we'll grow our market spend in 2016 against 2015, but we need to do more and at the same time spending more can be multiplied by spending it more efficiently. So we hope to be doing both.

Jonathan R. Komp
Analyst, Robert W. Baird & Co., Inc. (Broker)

Okay. Great. Thanks a lot.

Operator: Thank you. Our next question comes from the line of Susan Anderson with FBR Capital Markets. Please proceed with your question.

Susan K. Anderson
Analyst, FBR Capital Markets & Co.

Hi, thanks for taking my question. I was wondering if you could talk about just the shelf space in the stores this fall, how are you stacking up versus your peers? I think you made a comment just saying that, hopefully you would be a potential winner of any shelf space that's given up. And then also in footwear, are you getting more products sell on the shelves for this fall?

Timothy P. Boyle
Chief Executive Officer & Director, Columbia Sportswear Co.

Yeah, certainly. So let me answer the first one. In these independent studies that a few of these firms provide shows that we're gaining share against most of our competitors which is a positive, especially in the outdoor space. So we'd expect that will continue through the balance of the year and into next year as well.

In terms of footwear, I've said for years that it should be our biggest product category, obviously, it's not. We have a new team there in place that our expectations frankly is going to be to grow the Columbia branded footwear team. And of course, even though we've – the SOREL has been impacted by the winter of 2015, our expectations for that brand are really for it to become a year-round global brand, as Mark Nenow says, toe to head, and where we'll be leading in that space. And so far the results have been astounding, absent of lack of winter and so our expectations in footwear in total that we'll be a much bigger company between the Columbia brand and the SOREL brand over time.

Susan K. Anderson
Analyst, FBR Capital Markets & Co.

Okay. Great. That's helpful. And then just to clarify or follow-up on the third quarter revenue, so was the lower revenue just primarily the issues within the U.S. wholesale business and then maybe the bankruptcy is a little bit worse, I guess split between the two of them, or was there something else? And then on the U.S. wholesale business, are you seeing kind of those lower orders across all channels?

Timothy P. Boyle
Chief Executive Officer & Director, Columbia Sportswear Co.

Yeah. So maybe to start with the timing shift and the bankruptcy impact, so between the two of them, they impacted the third quarter by about 9% with bankruptcy, the bankruptcies is being 4%. So, slightly bigger impact from the timing shift of roughly $30 million. And maybe you could repeat your second question.
Susan K. Anderson  
Analyst, FBR Capital Markets & Co.

I was just wondering, so the weakness at wholesale in the U.S., because I know you're selling in Kohl's, too, in sporting goods, is it really kind of what you're seeing across all of the channels?

Timothy P. Boyle  
Chief Executive Officer & Director, Columbia Sportswear Co.

Yeah. It's really a traffic issue I believe and weather. But we have a lot of information that would show that where there's weather there's fairly significant delta against—in sell-through against non-weather locations, so, yes.

Susan K. Anderson  
Analyst, FBR Capital Markets & Co.

Got it. Okay. And then last one just on the inventory carryover, I guess how much is kind of left in your inventory now and where you guys are expecting to end fourth quarter?

Timothy P. Boyle  
Chief Executive Officer & Director, Columbia Sportswear Co.

Yeah. So, I mean, we're generally comfortable with our inventory level. I mean, virtually all the growth is in the U.S. and our Europe-direct region where we're planning for growth in Q4 and beyond. We've got the outlet channel to clear excesses in both of those regions, obviously inventory turns at 2.4 times, 2.5 times aren't where we want them to be. We'd like them to be ultimately north of 3 times. So we've got work to do there.

We expect inventory exiting the year—and some of this will be dependent on timing of spring receipts, but we expect inventory to be up in the mid to perhaps high-single digits depending on receipt of timing and how weather plays out here over the next couple of months.

Susan K. Anderson  
Analyst, FBR Capital Markets & Co.

Got it. That's helpful. Thanks a lot. Good luck next quarter, you guys.

Operator: Thank you. Our next question comes from the line of Lindsay Drucker Mann with Goldman Sachs. Please proceed with your question.

Lindsay Drucker Mann  
Analyst, Goldman Sachs & Co.

Thanks. Good afternoon, guys.

Timothy P. Boyle  
Chief Executive Officer & Director, Columbia Sportswear Co.

Hi, Lindsay.

Lindsay Drucker Mann  
Analyst, Goldman Sachs & Co.

I wanted to ask about the shop-in-shops that you talked about in your prepared remarks. Can you specify maybe what retail partners you're looking to roll these out at, whether they involve greater square footage in existing
doors, maybe the cost to do it and how you think it might impact productivity in those doors or any other details you have?

Timothy P. Boyle  
Chief Executive Officer & Director, Columbia Sportswear Co.

Certainly. Well, yeah, in the U.S., we're talking about DICK'S and Academy. They're two of the recipients of the installations in Canada with Forzani Group. And then there's one INTERSPORT store in Europe. We actually opened a partner store in Korea with this installation. And the stores in China are partner stores of ours as well as one store that we directly operate. The expectation frankly is for, call it, in the 4% to 5% lift on comparable space. And we've been seeing both comparable space as well as increased space in certain installations.

One of the things we talk about as well as the fact that we've been spending less than we should be on marketing is the fact that our merchandise doesn't look as good, we believe, in store as it should. It doesn't look as good as our competitors. And, frankly, this is something that we have to work on diligently to get that comparable appearance.

And this shop-in-shop focus is going to get us there. We showed it to our group of independent distributors last week when they were here in Portland for the sales meeting, universal acclaim, and the expectation is that this is going to be helping us to improve our sell-throughs sort of globally.

Lindsay Drucker Mann  
Analyst, Goldman Sachs & Co.

I think you said hundreds. How many of these do you expect to have?

Timothy P. Boyle  
Chief Executive Officer & Director, Columbia Sportswear Co.

Yeah. I'm sorry, I think we're just talking about the ones in this year, 2016. No, we're going put several hundred in place across the bulk of our key accounts in the U.S. and in Canada and as well as installations in our direct businesses in China, Korea, Europe-direct as well as Japan. And then we'll have installations throughout Russia, et cetera. So we're putting several hundred in next year and the plan is to put several hundred per year in key stores where we can get a lift.

Lindsay Drucker Mann  
Analyst, Goldman Sachs & Co.

And who pays for the fixtures for the installation?

Timothy P. Boyle  
Chief Executive Officer & Director, Columbia Sportswear Co.

It really depends. The primary investment is on the company, is on Columbia. But there are times some of our distributors actually will make the investment themselves. But the bulk of the investments in our direct businesses will be our own.

Lindsay Drucker Mann  
Analyst, Goldman Sachs & Co.

Got it. I wanted to go back to one of your part of your prepared remarks where you talked about you didn't participate as much in or you declined to participate in off-price for a lot of the excess product you had exiting last
year. Could you talk or maybe just clarify on how you transacted with off-price this year and if you’re not in that channel, how the heavy inventory levels that you referenced is impacting you?

Timothy P. Boyle  
Chief Executive Officer & Director, Columbia Sportswear Co.

Well, since we get almost zero return on our cash, we find it a better use of cash if we have excess inventory to hang to the bulk of the, especially the valuable outerwear component. That’s not to say that we don’t have good customers in the off-price channel, we do, but when the market is stuffed, it’s more challenging to make that decision to sell off-price, sell in that channel. So our expectations are that we end the year with the inventory levels that Tom indicated, we think that there’s likely to be some impact by sales of competitors’ products in the off-price channel and we’ve taken that into account when we’ve given you our guidance.

Lindsay Drucker Mann  
Analyst, Goldman Sachs & Co.

Okay. And then one last thing, you talked about for next year the impact, well this year and I guess maybe next year the impact of consolidation on your U.S. wholesale business, could you put any numbers behind how you think whether its stores or accounts or even dollars what you think the impact that could be on your business in 2017?

Timothy P. Boyle  
Chief Executive Officer & Director, Columbia Sportswear Co.

Well, we haven’t talked much about 2017 at all, but I wouldn’t expect that the entire revenue we had with Sports Authority as an example would be picked up by existing retailers. So I’m assuming some of that revenue is going to be gone and some of it will be picked up by existing wholesale customers, some of it frankly will be picked up by ourselves in our DTC business, but that should be the smaller portion. So as retailers continue to consolidate, it’ll become more competitive environment at wholesale which we’re prepared for. And it’s hard to know exactly what’s going to happen, the vagaries of the weather obviously have to be taken into account as well.

Lindsay Drucker Mann  
Analyst, Goldman Sachs & Co.

I guess what I’m asking is, are your comments really specific to the impact, the carryover impact of the Sports Authority or any other consolidation we’re seeing among retailers, is that something that you’re also thinking about?

Timothy P. Boyle  
Chief Executive Officer & Director, Columbia Sportswear Co.

Well, the company is adept at extending credit, so we get a chance to see the financial health of many of our customers. So I’m talking about the consolidated consolidation which would include the Sports Authority, Sports Chalet, Bobs, EMS, the combination of Cabela’s and Bass Pro shops and other bankruptcies which are likely to occur in the future depending on the state of the retail business.

Lindsay Drucker Mann  
Analyst, Goldman Sachs & Co.

Okay, thanks very much.
Timothy P. Boyle  
Chief Executive Officer & Director, Columbia Sportswear Co.

Yeah.

Operator: Thank you. Our next question comes from the line of Eddie Ryan with Morgan Stanley. Please proceed with your question.

Edward A. Ryan  
Analyst, Morgan Stanley & Co. LLC

Thanks for taking my question. I was wondering how are you thinking about the potential opportunity with online pure play retailers, is that something you’re considering, or there are too many challenges in that business?

Timothy P. Boyle  
Chief Executive Officer & Director, Columbia Sportswear Co.

Yeah, we currently sell-through many of those online pure play retailers, and it’s been solid vehicles for the company to distribute its products.

Edward A. Ryan  
Analyst, Morgan Stanley & Co. LLC

And are there any sort of margin differentials between that and your typical wholesale arrangement?

Timothy P. Boyle  
Chief Executive Officer & Director, Columbia Sportswear Co.

No, not in sales from us.

Edward A. Ryan  
Analyst, Morgan Stanley & Co. LLC

Okay, got it. And then I had one question on 4Q. So you mentioned how you had the mix shift to DTC in 3Q benefiting your gross margin, do you expect that to reverse in 4Q and how much of that of sort the – that shift to wholesale in 4Q is going to really be impacting that gross margin?

Timothy P. Boyle  
Chief Executive Officer & Director, Columbia Sportswear Co.

Yeah. So the implied gross margin lift in Q4 this year versus – projection versus last year is about what, 25 basis points plus or minus, and that’s really going to be a function of channel mix shift, full price, off-price, again assuming normal winter weather conditions offset by some FX impact, but the FX impact won’t be as dramatic in Q4 as it is in Q3, where a higher percentage of international wholesale shipments are delivered.

Edward A. Ryan  
Analyst, Morgan Stanley & Co. LLC

Okay. That’s helpful. Thank you.

This is David Buckley on for John Kernan. Thanks for taking our question. Could you guys please provide an update on the timing of European distributor improvement and how that channel performed in the quarter ex the Russian business?

Yeah, I want to make sure I answer your question properly because our EMEA distributor business, frankly, is driven almost — a very high percentage of that business is through our Russian distributor. As we said, they’ve been challenged from the basically economy in Russia as well as the currency levels in Russia. So we have a strong relationship with that firm. Our business is solid there, but they’ve been impacted along with other retailers. So I want to make sure I answer your question. Can you maybe clarify?

No, that’s helpful. And you guys are expecting Russia to return to moderate growth in the first half of 2017. Is that correct?

Well, I would say growth. We really haven’t quantified it, but it will be growing in the first half of 2017, yes.

Okay. Excellent. And then can you just discuss the SOREL and prAna brands for a second? What are the remaining growth opportunities for both of those brands and how should we think about the growth rates as we look into 2017 and beyond?

Well, let me take SOREL first, which is obviously we’ve added a spring component to the business and that’s going to be a significant portion of growth for that brand. Once we get the DNA properly situated on the spring product, frankly it’ll allow us to be much more impactful internationally.

We had a number of our international distributors very interested in that product range, but if they’re going to make an investment in a store or a portion of their store, it’s going to have to be a year-round business and we’ve got to get ourselves calibrated there so that the spring merchandise is successful.

So far, the early indications from leading retailers across North America are that we have a really solid chance of that business growing nicely and becoming a real foundation for an international expansion on SOREL. And as we de-winterize SOREL, frankly, the fall portion and spring portions of the business have enormous opportunity.

PrAna has been growing nicely. As you can see, it’s led the growth in the business this year. We expect that that business, as they expand their wholesale base and their e-commerce business as well, that will provide a solid base for us to, again, find the Holy Grail as it relates to getting that merchandise distributed globally. We’ve
struggled a bit on that. We thought we'd be further along at this time. But we think there's a large opportunity internationally with prAna that we have to capture.

David Buckley  
Analyst, Cowen & Co. LLC

Great. Thank you. And then just one last question. How sustainable is your CapEx rate at current levels, especially as you guys go more direct domestically and in Europe looking out into next year? Thank you.

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

I would say the CapEx in the $60 million range plus or minus is fairly sustainable for the foreseeable future.

David Buckley  
Analyst, Cowen & Co. LLC

Okay. Great. Thank you very much.

Timothy P. Boyle  
Chief Executive Officer & Director, Columbia Sportswear Co.

Thanks.

Operator: Thank you. Our next question comes from the line of Rafe Jadrosich with Bank of America Merrill Lynch. Please proceed with your question.

Rafe Jason Jadrosich  
Analyst, Bank of America Merrill Lynch

Hi, guys. It's Rafe. Thanks for taking my question.

Timothy P. Boyle  
Chief Executive Officer & Director, Columbia Sportswear Co.

Hey, Rafe.

Rafe Jason Jadrosich  
Analyst, Bank of America Merrill Lynch

So you called out faster sell-through than competitors and you're picking up some market share. Is there any specific channel that you can call out where that's happening and what do you think is driving the share gains?

Timothy P. Boyle  
Chief Executive Officer & Director, Columbia Sportswear Co.

Well, specifically, in our sportswear PFG business, we have a very dominant position in the marketplace there. It's unique and that's an area specifically where we've been picking up share in the outdoor business, and especially in the southern part of the United States, where winter is relatively absent year-round. So that gives us a significant lift. And the business there has been quite good. So I would point to that as one of the specifics around our growth in market share.
Rafe Jason Jadrosich  
*Analyst, Bank of America Merrill Lynch*

Thank you. And then in terms of thinking about the margins longer-term and your opportunity to drive SG&A leverage, can you give us some color on what level of sales growth you think you need to hit where you can continue to invest in marketing, but still achieve leverage overall?

Thomas B. Cusick  
*Executive Vice President of Finance, Chief Financial Officer and Treasurer, Columbia Sportswear Co.*

Yeah. This is Tom, Rafe. I would say, and we've said that historically, we generally need all things considered equal, high-single digit to low-double digit top-line growth to leverage the operating margin. And we're not seeing that this year. But we're holding [ph] sort of (56:40) on the operating margin. And that's a function of diligent cost management and some improvement in gross margin. So there's lots of components here. But generally speaking, high-single digit top-line growth will drive operating margin leverage.

Rafe Jason Jadrosich  
*Analyst, Bank of America Merrill Lynch*

And then is there a target for where you want to take marketing over time? And can you just remind us where it is right now as a percentage of sales?

Thomas B. Cusick  
*Executive Vice President of Finance, Chief Financial Officer and Treasurer, Columbia Sportswear Co.*

Sure. We're just north of 5%. And our key competitors would range from 12% of sales to high-single digits. So that's where we need to be and we're focused on getting there.

Rafe Jason Jadrosich  
*Analyst, Bank of America Merrill Lynch*

And then one final question. Just based on where you are hedged right now, I know FX is a big headwind to 2016, do you have any visibility on, if rates stay where they are right now, what the impact of FX will be to 2017?

Thomas B. Cusick  
*Executive Vice President of Finance, Chief Financial Officer and Treasurer, Columbia Sportswear Co.*

Yeah, I would say we're fairly well hedged in many currencies, but not all. And as we sit here today, I would say that, currency will be a tailwind to gross margin next year absent any major weakness in the China R&D.

Rafe Jason Jadrosich  
*Analyst, Bank of America Merrill Lynch*

Great. Thank you. That's really helpful.

**Operator:** Thank you. Our next question comes from the line of Camilo Lyon with Canaccord Genuity. Please proceed with your question.

Camilo Lyon  
*Analyst, Canaccord Genuity, Inc.*

Thanks. Good afternoon, guys. I just wanted to ask a couple follow-ups here. It's starting to get a little colder here on the East Coast. Has that tempered any of the [ph] skepticism (58:31) that the wholesale partners are speaking
to you with. Is there some pent up demand that's starting to release that they're seeing that maybe they're considering they're under inventoried or is the consciousness still consistent with what it has been leading up to the start of the season?

Timothy P. Boyle
Chief Executive Officer & Director, Columbia Sportswear Co.

Yeah. I mean, we're thrilled when it starts to get cold, I know we had some snowflakes in Massachusetts today, and we've had some snow already in Canada in many places. So we're excited about that kind of weather appearing. But we take into account all of the expectations and our knowledge of the marketplace and it takes a long time to put these plans in place as you've seen today. So that's where we believe the business will end up.

Camilo Lyon
Analyst, Canaccord Genuity, Inc.

Okay. So it sounds like you're a little bit more sanguine than what your wholesale partners are reflecting?

Timothy P. Boyle
Chief Executive Officer & Director, Columbia Sportswear Co.

Well, again harping on the balance sheet, it gives us a lot of conference and comfort that we can establish strategic plans and stay with them despite the daily weather impacts.

Camilo Lyon
Analyst, Canaccord Genuity, Inc.

Okay. So is that to assume that there hasn't been any adjustments to your inventory receipts because of some of these timing shifts that may or may not impact reorders?

Timothy P. Boyle
Chief Executive Officer & Director, Columbia Sportswear Co.

No, I mean, I think I'd have to rely on what Tom might tell you about the cadence of our inventory deliveries. But we've been fully stocked for winter for quite some time now.

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

Yeah. We're on a pretty normal delivery trajectory through October at this point in time. So I think a polar vortex like we saw in 2014 and early November would be good for everybody.

Camilo Lyon
Analyst, Canaccord Genuity, Inc.

Yeah, from your lips, absolutely. The other question I had was, you mentioned in your prepared remarks that, you expect Europe to be EBITDA neutral this year. Does that suggest that with your last comment around FX being a tailwind to gross margin that you expect a return to profitability next year?

Timothy P. Boyle
Chief Executive Officer & Director, Columbia Sportswear Co.

Europe returning to profitability next year. From an EBITDA perspective, yes that would be our expectation.
Camilo Lyon  
**Analyst, Canaccord Genuity, Inc.**

Is there any sense of magnitude assuming...

Thomas B. Cusick  
**Executive Vice President of Finance, Chief Financial Officer and Treasurer, Columbia Sportswear Co.**

Maybe just some color there. Our European direct business has been hit by a double-digit millions of dollar gross margin impact from currency, so when you look at the $0.26 from currency, they've taken their fair share of that hit this year. It's not like we've hedged the euro at mid $1.30s a year ago and it's $1.10 plus or minus today. So we're not going to see a snap back there in 2017 for the Euro, but it's better than it was. we expect it to be better in 2017 than it was this year in 2016 based on where we've placed our hedges.

Camilo Lyon  
**Analyst, Canaccord Genuity, Inc.**

Okay. Great. And then just finally, from where you sit today, what you can tell to the balance of the year, is there any incremental risk that you see from the deferral of distributor shipments flowing out of Q4 into Q1?

Thomas B. Cusick  
**Executive Vice President of Finance, Chief Financial Officer and Treasurer, Columbia Sportswear Co.**

That one is always a tough call because these distributor shipments for spring really straddle two to three weeks before year-end and after and they're factory direct shipments. So they come out of factory and go straight to our distributor. We don't have tremendous control on that process. It's really more a function of manufacturing process. So we've used all the intelligence we have to forecast that, which is considered in our outlook here.

Camilo Lyon  
**Analyst, Canaccord Genuity, Inc.**

Is there a way to think about what that magnitude could be if there were a shift, what percentage of the shipments are distributor based in the fourth quarter?

Timothy P. Boyle  
**Chief Executive Officer & Director, Columbia Sportswear Co.**

They go both ways really.

Thomas B. Cusick  
**Executive Vice President of Finance, Chief Financial Officer and Treasurer, Columbia Sportswear Co.**

They do go both ways. I think we've talked historically about $10 million to $20 million, $30 million shifts one way or the other, so it's kind of an order of magnitude.

Camilo Lyon  
**Analyst, Canaccord Genuity, Inc.**

Okay.

Thomas B. Cusick  
**Executive Vice President of Finance, Chief Financial Officer and Treasurer, Columbia Sportswear Co.**
It's not like we don't have access plenty of factory capacity right now in Asia, though, so keep that in mind as it relates do timely delivery of product.

Camilo Lyon
Analyst, Canaccord Genuity, Inc.

Got it. Thanks very much and good luck in the holiday season guys.

Timothy P. Boyle
Chief Executive Officer & Director, Columbia Sportswear Co

Thank you.

Operator: Thank you. Our next question comes from the line of Jarrod Feinstein with Buckingham Research Group. Please proceed with your question.

Jarrod M. Feinstein
Analyst, The Buckingham Research Group, Inc.

Hi, guys. Thanks for taking my question.

Timothy P. Boyle
Chief Executive Officer & Director, Columbia Sportswear Co

Hi.

Jarrod M. Feinstein
Analyst, The Buckingham Research Group, Inc.

I was wondering if you could talk a little bit more about the potential puts and takes with regards to input costs in the fourth quarter and then maybe some high-level thoughts on 2017 to give us a way to conceptualize any potential opportunity you have?

Timothy P. Boyle
Chief Executive Officer & Director, Columbia Sportswear Co

Sure, you're talking about input, you're talking about cost in Asia as it relates to 2016?

Jarrod M. Feinstein
Analyst, The Buckingham Research Group, Inc.

Correct and next year, if you could?

Timothy P. Boyle
Chief Executive Officer & Director, Columbia Sportswear Co

Yeah. So we've made purchases obviously for 2017 spring, and we're on the cusp of making 2017 fall purchases. And we find that, as Tom mentioned earlier, there's plenty of capacity, the dampened demand in the U.S. has had a similar impact in Asia and there's factory capacity which is available and that tends to be one of the key components of the costs that are being put in our business as well as the commodity costs which, in many cases, are based on the price of oil.
I would say the same thing would be true of 2016 as it relates to 2015 and early 2016 when we were buying that product. So there's capacity in Asia for production and there's obviously low commodity prices right now in oil, so our expectation is that there shouldn't be too much impact negatively on our pricing for 2017.

Jarrod M. Feinstein  
Analyst, The Buckingham Research Group, Inc.

Okay, great, thanks for taking my question.

Timothy P. Boyle  
Chief Executive Officer & Director, Columbia Sportswear Co.

You're welcome.

Operator: Thank you. There are no further questions at this time. I would like to turn the floor back to management for closing comments.

Timothy P. Boyle  
Chief Executive Officer & Director, Columbia Sportswear Co.

Well, thank you very much for listening to us, and we're looking forward to talking to you next quarter.

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