Columbia Sportswear Company Reports Fourth Quarter and Full Year 2012 Financial Results; Provides Preliminary Full Year and First Quarter 2013 Financial Outlook

4th Quarter Highlights:

- Net income increased 8 percent to $39.5 million, or $1.15 per diluted share, compared with fourth quarter 2011 net income of $36.7 million, or $1.08 per diluted share, despite a 5 percent decline in net sales to $501.1 million, compared with fourth quarter 2011 net sales of $526.1 million.

Fiscal Year 2012 Highlights:

- Fiscal 2012 net sales totaled $1.67 billion, compared to fiscal 2011 net sales of $1.69 billion.
- Fiscal 2012 net income totaled $99.9 million, or $2.93 per diluted share, compared to fiscal 2011 net income of $103.5 million, or $3.03 per diluted share.

Preliminary 2013 Outlook:

- Fiscal 2013 outlook anticipates net sales comparable to 2012 and operating margins between approximately 7.5 percent to 8.0 percent of net sales.
- First quarter 2013 outlook anticipates up to 50 basis points of operating margin expansion on net sales comparable to first quarter 2012.

PORTLAND, Ore.--(BUSINESS WIRE)-- Columbia Sportswear Company (NASDAQ: COLM), a leading innovator in the global outdoor apparel, footwear, accessories and equipment industries, today announced an 8 percent increase in net income and a 5 percent decline in net sales for fourth quarter 2012 compared to fourth quarter 2011. Full year 2012 net income declined 3 percent on a 1 percent decline in net sales compared to 2011.

Tim Boyle, Columbia’s president and chief executive officer, commented, “Diligent expense management throughout the year enabled us to deliver solid results during what proved to be another year of unseasonably warm weather in North America. As a result, despite a slight decline in 2012 full year sales, we were able to achieve 8 percent operating margin, similar to 2011 operating margin of 8.1 percent.”

Fourth Quarter Results
Consolidated net sales totaled $501.1 million for the quarter ended December 31, 2012, a 5 percent decrease compared with net sales of $526.1 million for the same period in 2011. Changes in currency exchange rates had a neutral effect on the net sales comparison.

The company’s fourth quarter results rely heavily on the rate of sell-through in the company’s direct-to-consumer and wholesale channels, which are both heavily affected by global fall and winter weather patterns and consumers’ holiday shopping behavior.

Mild winter weather in North America during most of the holiday shopping period and general consumer caution resulted in reduced retail traffic and a more promotional environment in key markets, which caused higher order cancellations and fewer reorders from wholesale customers, as well as lower than expected direct-to-consumer sales, primarily in the U.S. In addition, approximately $9 million of factory-direct shipments of international distributors’ Spring 2013 advance orders shifted into the first quarter of 2013.

Fourth quarter net income increased 8 percent to $39.5 million, or $1.15 per diluted share, compared with net income of $36.7 million, or $1.08 per diluted share, for the same period in 2011.

Fourth quarter U.S. net sales declined $19.1 million, or 7 percent. Europe/Middle East/Africa (EMEA) region net sales declined $15.1 million, or 20 percent, including a 3 percentage point negative effect from changes in foreign currency exchange rates. Those declines were partially offset by a $7.7 million, or 6 percent, increase in Latin America/Asia Pacific (LAAP) region net sales, with a neutral effect of changes in currency exchange rates. Net sales in Canada increased $1.5 million, or 5 percent, primarily attributable to the positive impact of changes in currency exchange rates. (See “Geographical Net Sales” table below.)

Apparel, Accessories & Equipment net sales decreased $7.7 million, or 2 percent, to $392.3 million, and Footwear net sales declined $17.3 million, or 14 percent, to $108.8 million. (See “Categorical Net Sales” table below.)

Columbia brand net sales declined $16.0 million, or 4 percent, to $400.5 million, primarily due to lower sales of cold weather products. Sorel brand net sales declined $7.8 million, or 12 percent, to $56.5 million, also primarily due to lower sales of cold weather footwear. Mountain Hardwear and Montrail net sales each declined less than $1.0 million. (See “Brand Net Sales” table below.)

**Fiscal Year 2012 Results**

(All comparisons are between fiscal 2012 and fiscal 2011, unless otherwise noted.)

Consolidated 2012 net sales totaled $1.67 billion, a decrease of $24.4 million, or 1 percent, compared with 2011 net sales of $1.69 billion, including a 1 percentage point negative effect from changes in currency exchange rates.

2012 net income totaled $99.9 million, or $2.93 per diluted share, a decrease of $3.6 million, or 3 percent, compared with 2011 net income of $103.5 million, or $3.03 per diluted share.
EMEA region net sales declined $44.8 million, or 16 percent, including a 4 percentage point negative effect from changes in currency exchange rates; Canada net sales declined $14.9 million, or 11 percent, with a neutral effect from changes in currency exchange rates; and U.S. net sales declined $1.3 million, or less than 1 percent. Those declines were partially offset by an LAAP region net sales increase of $36.6 million, or 11 percent, including a neutral effect from changes in currency exchange rates. (See “Geographical Net Sales” table below.)

Apparel, Accessories & Equipment net sales totaled $1.35 billion, an increase of $12.1 million, or 1 percent. Footwear net sales totaled $322.6 million, a decrease of $36.5 million, or 10 percent. (See “Categorical Net Sales” table below.)

Columbia brand net sales totaled $1.39 billion, essentially equal to 2011 Columbia brand net sales of $1.39 billion; Sorel brand net sales totaled $127.0 million, a decrease of $23.3 million, or 16 percent; and Mountain Hardwear brand net sales totaled $141.5 million, compared to 2011 net sales of $142.3 million. (See “Brand Net Sales” table below.)

**Balance Sheet**

The company ended the year with $335.4 million in cash and short-term investments, compared with $243.9 million at December 31, 2011.

Consolidated inventories of $363.3 million at December 31, 2012 were less than 1 percent lower than the $365.2 million balance at December 31, 2011. A high single-digit unit decline was largely offset by higher average unit costs and changes in product mix.

**Dividend**

The board of directors approved a first quarter dividend of $0.22 per share, payable on March 6, 2013 to shareholders of record on February 21, 2013.

**Preliminary 2013 Financial Outlook**

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

The company's annual net sales are weighted more heavily toward the fall/winter season, while operating expenses are more equally distributed throughout the year, resulting in a highly seasonal profitability pattern weighted toward the second half of the fiscal year.

The company currently expects 2013 net sales comparable to 2012 net sales of $1.67 billion, and full year operating margin of between approximately 7.5 percent and 8.0 percent of sales. This preliminary outlook does not include the anticipated deferral of operating income from 2013 into future periods as we transition our China distribution from an independent distributor model to a joint venture operation effective January 1, 2014.

For the first quarter of 2013, the company expects net sales comparable to net sales of $333.1 million in the first quarter of 2012. Gross margin is expected to decrease between 120 and 170 basis points, more than offset by anticipated SG&A leverage of between 100 and 150 basis points and increased licensing income, resulting in first quarter operating
margin expansion of up to 50 basis points from first quarter 2012 operating margin of 1.6 percent.

A more detailed version of the company’s financial outlook can be found in the “CFO Commentary on Fourth Quarter/Fiscal Year 2012 Financial Results, and Preliminary 2013 Outlook”, furnished separately to the SEC on Form 8-K and available on the company’s investor relations website at http://investor.columbia.com/results.cfm.

CFO’s Fourth Quarter and Fiscal 2012 Financial Commentary Available Online

At approximately 4:15 p.m. EST, a commentary by Tom Cusick, senior vice president and chief financial officer, reviewing the company’s fourth quarter and fiscal year 2012 financial results and preliminary 2013 outlook will be furnished to the SEC on Form 8-K and published on the company’s website at http://investor.columbia.com/results.cfm. Analysts and investors are encouraged to review this commentary prior to participating in the conference call.

Conference Call

The company will host a conference call on Thursday, February 7, 2013 at 5:00 p.m. EST to review its fourth quarter financial results and preliminary 2013 outlook. Dial 877-407-9205 to participate. The call will also be webcast live on the Investor Relations section of the Company’s website at http://investor.columbia.com where it will remain available until approximately February 6, 2014.

First Quarter 2013 Reporting Schedule

Columbia Sportswear plans to report financial results for first quarter 2013 on Thursday, April 25, 2013 at approximately 4:00 p.m. EDT. Following issuance of the earnings release, a commentary reviewing the company’s first quarter financial results will be furnished to the SEC on Form 8-K and published on the investor relations section of the company’s website at http://investor.columbia.com/results.cfm. A public webcast of Columbia’s earnings conference call will follow at 5:00 p.m. EDT at www.columbia.com.

About Columbia Sportswear

Columbia Sportswear Company is a leading innovator in the global outdoor apparel, footwear, accessories and equipment industry. Founded in 1938 in Portland, Oregon, Columbia products are sold in approximately 100 countries and have earned an international reputation for innovation, quality and performance. Columbia products feature innovative technologies and designs that protect outdoor enthusiasts from the elements, increase comfort, and make outdoor activities more enjoyable. In addition to the Columbia® brand, Columbia Sportswear Company also owns outdoor brands Mountain Hardwear®, Sorel®, Montrail® and OutDry®. To learn more, please visit the company’s websites at www.columbia.com, www.mountainhardwear.com, www.sorel.com, and www.montrail.com.

Forward-Looking Statements

This document contains forward-looking statements within the meaning of the federal securities laws, including statements regarding anticipated results, net sales, gross margins, operating expenses, operating margins, SG&A expense leverage, licensing income, market conditions, advance orders, and the formation and operation of our China joint venture in
future periods. Actual results could differ materially from those projected in these and other forward-looking statements. The company’s expectations, beliefs and projections are expressed in good faith and are believed to have a reasonable basis; however, each forward-looking statement involves a number of risks and uncertainties, including those set forth in this document, those described in the company’s Annual Report on Form 10-K for the year ended December 31, 2011 under the heading “Risk Factors,” and other risks and uncertainties that have been or may be described from time to time in other reports filed by the company, including reports on Form 8-K, Form 10-Q and Form 10-K. Potential risks and uncertainties that may affect our future revenues, earnings and performance and could cause the actual results of operations or financial condition of the company to differ materially from those expressed or implied by forward-looking statements in this document include: unfavorable economic conditions generally and weakness in consumer confidence and spending rates; our ability to effectively implement our IT infrastructure, data management and business process initiatives, failure of which could result in material unanticipated expenses and/or disruptions to our business; the operations of our computer systems and third party computer systems; our ability to match our cost structure with business growth levels, particularly in volatile demand environments in Europe and China; changes in international, federal and/or state tax policies and rates, which we expect to increase; international risks, including changes in import limitations and tariffs or other duties, political instability in foreign markets, exchange rate fluctuations, and trade disruptions; failure to realize anticipated benefits of our Chinese joint venture; our ability to attract and retain key employees; the financial health of our customers and their continued ability to access credit markets to fund their ongoing operations; higher than expected rates of order cancellations; increased consolidation of our retail customers; our ability to effectively source and deliver our products to customers in a timely manner, the failure of which could lead to increased costs and/or order cancellations; unforeseen increases and volatility in input costs, such as cotton and/or oil; our reliance on product acceptance by consumers; our reliance on product innovations, which may involve greater regulatory and manufacturing complexity and could pose greater risks of quality issues, supply disruptions or intellectual property disputes; the effects of unseasonable weather (including, for example, warm weather in the winter and cold weather in the spring), which affects wholesale and consumer demand for the company’s products; our dependence on independent manufacturers and suppliers; our ability to source finished products and components at competitive prices from independent manufacturers in foreign countries that may experience unexpected periods of inflation, labor and materials shortages or other manufacturing disruptions; the effectiveness of our sales and marketing efforts; intense competition in the industry; business disruptions and acts of terrorism or military activities around the globe; and our ability to establish and protect our intellectual property. The company cautions that forward-looking statements are inherently less reliable than historical information. The company does not undertake any duty to update any of the forward-looking statements after the date of this document to conform them to actual results or to reflect changes in events, circumstances or its expectations. New factors emerge from time to time and it is not possible for the company to predict all such factors, nor can it assess the impact of each such factor or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

COLUMBIA SPORTSWEAR COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
### Condensed Consolidated Balance Sheets

**December 31,**

**2012** | **2011**
---|---
**Current Assets:** |  
Cash and cash equivalents | $290,781 | $241,034 |
Short-term investments | 44,661 | 2,878 |
Accounts receivable, net | 334,324 | 351,538 |
Inventories, net | 363,325 | 365,199 |
Deferred income taxes | 50,929 | 52,485 |
Prepaid expenses and other current assets | 38,583 | 36,392 |
Total current assets | **1,122,603** | **1,049,526** |
Property, plant and equipment, net | 260,524 | 250,910 |
Intangibles and other non-current assets | 75,715 | 82,106 |
Total assets | **$1,458,842** | **$1,382,542** |

**Current Liabilities:** |  
Notes payable | $156 | $-
Accounts payable | 142,240 | 148,973 |
Accrued liabilities | 105,190 | 104,496 |
Income taxes payable | 4,406 | 12,579 |
Deferred income taxes | 67 | 954 |
Total current liabilities | **252,059** | **267,002** |

Long-term liabilities | 40,616 | 40,995 |
Shareholders' equity | 1,166,167 | 1,074,545 |
Total liabilities and shareholders' equity | **$1,458,842** | **$1,382,542** |

### Condensed Consolidated Statements of Operations

**Three Months Ended December 31,**

**Twelve Months Ended December 31,**

| | 2012 | 2011 | 2012 | 2011 |
---|---|---|---|---|
Net sales | $501,060 | $526,078 | $1,669,563 | $1,693,986 |
Cost of sales | 294,155 | 302,304 | 953,169 | 958,671 |
Gross profit | 206,905 | 223,774 | 716,394 | 735,305 |
Selling, general, and administrative expenses  158,754  178,624  596,635  614,658
Net licensing income  2,952  5,360  13,769  15,75
Income from operations  51,103  50,510  133,528  136,40
Interest income (expense), net  (42)  28  379  1,27
Income before income tax  51,061  50,538  133,907  137,68
Income tax expense  (11,574)  (13,810)  (34,048)  (34,201)
Net Income  $ 39,487  $ 36,728  $ 99,859  $ 103,47

Earnings per share:

Basic  $ 1.16  $ 1.09  $ 2.95  $ 3.0
Diluted  1.15  1.08  2.93  3.0

Weighted average shares outstanding:

Basic  33,999  33,629  33,840  33,80
Diluted  34,307  33,890  34,132  34,20

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

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income  $ 99,859  $
Adjustments to reconcile net income to net cash provided by operating activities:
  Depreciation and amortization  40,892
  Loss on disposal or impairment of property, plant and equipment  1,582
  Deferred income taxes  7,140
  Stock-based compensation  7,833
  Excess tax benefit from employee stock plans  (1,016)

Changes in operating assets and liabilities:
  Accounts receivable  18,166
  Inventories  2,951
  Prepaid expenses and other current assets  (2,025)
  Other assets  (1,259)
  Accounts payable and accrued liabilities  (17,529)
  Income taxes payable  (11,052)
  Other liabilities  3,126

Year Ended
December 2012

41.3%  42.5%  42.9%  43.
Net cash provided by operating activities 148,668

CASH FLOWS FROM INVESTING ACTIVITIES
Net sales (purchases) of short-term investments (41,650)
Capital expenditures (50,491)
Proceeds from sale of property, plant, and equipment 7,099
   Net cash used in investing activities (85,042)

CASH FLOWS FROM FINANCING ACTIVITIES:
Proceeds from credit facilities 100,654
Repayments on credit facilities (100,498)
Proceeds from issuance of common stock under employee stock plans 14,600
Tax payments related to restricted stock unit issuances (1,486)
Excess tax benefit from employee stock plans 1,016
Repurchase of common stock (206)
Cash dividends paid (29,780)
   Net cash used in financing activities (15,700)

NET EFFECT OF EXCHANGE RATE CHANGES ON CASH 1,821
NET INCREASE IN CASH AND CASH EQUIVALENTS 49,747

CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD 241,034
CASH AND CASH EQUIVALENTS, END OF PERIOD $ 290,781 $  

SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING ACTIVITIES
   Capital expenditures incurred but not yet paid $ 5,313 $  

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

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended December 31,</th>
<th>Twelve Months Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
<td>2011</td>
</tr>
<tr>
<td>Geographical Net Sales:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>$ 273.8</td>
<td>$ 292.9</td>
</tr>
<tr>
<td>Latin America &amp; Asia</td>
<td>132.0</td>
<td>124.3</td>
</tr>
<tr>
<td>Pacific</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe, Middle East, &amp;</td>
<td>62.0</td>
<td>77.1</td>
</tr>
<tr>
<td>Africa</td>
<td>33.3</td>
<td>31.8</td>
</tr>
<tr>
<td>Total</td>
<td>$ 501.1</td>
<td>$ 526.1</td>
</tr>
</tbody>
</table>
Categorical Net Sales:

<table>
<thead>
<tr>
<th>Category</th>
<th>Q3 2022</th>
<th>Q3 2021</th>
<th>Change</th>
<th>YTD 2022</th>
<th>YTD 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apparel, Accessories &amp;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>$392.3</td>
<td>$400.0</td>
<td>(2)%</td>
<td>$1,347.0</td>
<td>$1,334.9</td>
</tr>
<tr>
<td>Footwear</td>
<td>108.8</td>
<td>126.1</td>
<td>(14)%</td>
<td>322.6</td>
<td>359.1</td>
</tr>
<tr>
<td>Total</td>
<td>$501.1</td>
<td>$526.1</td>
<td>(5)%</td>
<td>$1,669.6</td>
<td>$1,694.0</td>
</tr>
</tbody>
</table>

Brand Net Sales:

<table>
<thead>
<tr>
<th>Brand</th>
<th>Q3 2022</th>
<th>Q3 2021</th>
<th>Change</th>
<th>YTD 2022</th>
<th>YTD 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Columbia</td>
<td>$400.5</td>
<td>$416.5</td>
<td>(4)%</td>
<td>$1,391.1</td>
<td>$1,391.5</td>
</tr>
<tr>
<td>Mountain Hardwear</td>
<td>42.7</td>
<td>43.2</td>
<td>(1)%</td>
<td>141.5</td>
<td>142.3</td>
</tr>
<tr>
<td>Sorel</td>
<td>56.5</td>
<td>64.3</td>
<td>(12)%</td>
<td>127.0</td>
<td>150.3</td>
</tr>
<tr>
<td>Other</td>
<td>1.4</td>
<td>2.1</td>
<td>(33)%</td>
<td>10.0</td>
<td>9.9</td>
</tr>
<tr>
<td>Total</td>
<td>$501.1</td>
<td>$526.1</td>
<td>(5)%</td>
<td>$1,669.6</td>
<td>$1,694.0</td>
</tr>
</tbody>
</table>

Columbia Sportswear Company
Sr. Director of Investor Relations & Corporate Communications
Ron Parham, 503-985-4584
rparham@columbia.com

Source: Columbia Sportswear Company