

— PARTICIPANTS

Corporate Participants

Ron Parham – Senior Director-Investor Relations, Columbia Sportswear Co.

Gertrude Boyle – Chairman, Columbia Sportswear Co.

Timothy P. Boyle – President, CEO, Director & Executive VP-Global Sal, Columbia Sportswear Co.

Thomas B. Cusick – Chief Financial Officer & Senior Vice President, Columbia Sportswear Co.

Other Participants

Lindsay B. Drucker Mann – Analyst, Goldman Sachs & Co.

Bob S. Drbul – Analyst, Barclays Capital, Inc.

Katharine McShane – Analyst, Citigroup Global Markets Inc. (Broker)

James Berkley – Analyst, Credit Suisse Securities (USA) LLC (Broker)

Devin S. Prater – Analyst, D. A. Davidson & Co.

— MANAGEMENT DISCUSSION SECTION

Operator: Greetings. And welcome to the Columbia Sportswear Company Second Quarter 2013 Financial Results Conference Call. [Operator Instructions] It is now my pleasure to introduce your host, Ron Parham, who is the Senior Director of Investor Relations and Corporate Communications with Columbia Sportswear. Thank you, Mr. Parham. You may begin.

Ron Parham, Senior Director-Investor Relations

All right thanks, Bob. Good afternoon and thanks for joining us. Earlier this afternoon we announced second quarter financial results and our revised outlook for 2013. In keeping with our standard practice, we also furnished an 8-K containing a detailed CFO commentary on the results, and posted that commentary on our Investor Relations website to review prior to this conference call.

With me today on the call are our 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.

I'll ask our Chairman, Gert Boyle to cover the Safe Harbor language.

Gertrude Boyle, Chairman

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 for the year ending December 31, 2012, and subsequent filing with 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 statement to actual results or the change in our expectations.

Ron Parham, Senior Director-Investor Relations

All right. Thanks, Gert. And now I'll turn the call over to Tim.

Timothy P. Boyle, President, CEO, Director & Executive VP-Global Sal

Thanks, Ron. Welcome, everyone, and thanks for joining us this afternoon. As you've seen from our press release and CFOs commentary, our second quarter results came in slightly better than last year's second quarter. Primarily due to improved gross margins and lower spending which combined to offset a 3% sales decline. Although the cool wet weather across the U.S. and Europe during the early part of the quarter depressed our sandal business. It drove strong sell-through of our fleece and rainwear products in all channels.

During the quarter, we successfully launched Omni-Freeze ZERO and Cool.Q ZERO in the Columbia and Mountain Hardwear brands supported by the largest spring marketing campaign in our history.

In its first season on the market, Omni-Freeze ZERO performed best at specialty outdoor and marine chains and at our own branded retail stores where the core outdoor consumers shop for the latest innovations.

Omni-Freeze ZERO contributed to the continued success of our Performance Fishing Gear or PFG line in the fishing and water sports market, where PFG has always been strong. We believe we laid a good foundation for a future expansion of Omni-Freeze and look forward to building on that in spring 2014 with more products at accessible price points across all of our collections to drive volume and improved gross margins.

We believe Omni-Freeze ZERO has great long-term potential because its effective wherever and whenever a person sweats. It could be outdoors in July or inside a gym and December. We view Omni-Freeze ZERO as an important new franchise to add to our existing portfolio of franchise innovations like on Omni-Heat Reflective and OutDry.

We'll continue to focus our seasonal marketing efforts around these differentiating innovative technologies to drive greater consumer adoption and market penetration. As you are aware, the second quarter is always our smallest revenue quarter typically accounting for roughly 15% of annual sales. While almost two-thirds of our annual sales and most of our annual profit is generated in the second half.

Our inventory balance at June 30, 2013 is 19% lower than it was a year ago. The magnitude of this decline is due primarily to improved flow of fall inventory and in response to a cautious approach to advance orders for winter products by our wholesale customers.

In addition, our focus on inventory management resulted in lower ending spring 2013 inventories compared to the same time last year. Improving our inventory turns and gross margin, our key priorities for us, part of that effort involves flowing our inventory receipts to co-relate more closely with customers' requested delivery dates especially in August, September and October during which we ship the majority of our fall wholesale advance orders.

I am pleased to report that we're making good progress on these objectives and have more opportunities to improve going forward. In addition, this fall our North American wholesale

customers requested slightly later delivery dates particularly with regard to outerwear and boots in response to two consecutive warm or late winters. As a result, we anticipate a mid single digit shift in fall North American wholesale shipments out of the third quarter into the fourth quarter compared with our historical cadence.

Concurrent with this shift, it's important to note that retailers have been more cautious with advance orders for the fall/winter 2013 season and we have bought less inventory in response. Our Fall 2013 marketing plans for the Columbia brand center around our Omni-Heat Reflective platform.

In addition to digital and print campaigns blanketing North America and key European countries, we will also layer in television, radio and out-of-home execution in our top 10 U.S. markets.

We're also proud of our ongoing sponsorships of the U.S., Canadian and Russian freestyle ski teams which have been dominating world competitions for many years and will be very visible during the competitions leading up to and including the 2014 Winter Olympics.

For Sorel, which is highly weather sensitive, we are focused on expanding the seasonal reach of the brand with a larger early fall collection. To drive awareness and demand we're continuing to connect with fashionable young female consumers by engaging with leading fashion editors, bloggers, global style influencers, leveraging social media channels and connecting with celebrities at North American film festivals.

My personal primary focus over the last year has been in working with our development, merchandising and sourcing teams to make sure our future Columbia brand products are positioned and segmented across channels to drive volume and profitable growth for us and for our retail partners.

We spend a great deal of time listening to our wholesale customers in North America and in Europe, to gain clarity, and alignment of regional preferences and key price points within each category and classification. We expect these efforts to begin having an impact in 2014 and even more in 2015.

Before we open the call to your questions, I want to emphasize three important senior management additions we announced during the second quarter. In May, Shawn Cox joined us as Senior Vice President of Retail focusing on our North American and European brick-and-mortar and e-commerce businesses.

We've incubated a successful direct-to-consumer platform that is now a significant part of our business that will benefit from the strategic perspective of Shawn's extensive global retail experience.

I've asked Shawn to thoroughly evaluate our current retail operations, looking for opportunities to improve profitability, and to chart a strategic course that will ensure we continue to build a direct-to-consumer platform that complements our wholesale partners businesses and drives profitable growth for all of us. The better we understand retail, the better partner we will be to our wholesale customers who will continue to be the primary focus of our business.

Russ Hopcus, a 28-year industry veteran will join the company next week as Senior Vice President of North American Sales. Russ will lead our apparel and footwear sales teams to drive growth in the Columbia and Sorel brands. He'll be joining us in time to contribute to our Fall 2014 go-to-market process and I look forward to the contributions he will make as we seek to put our North American wholesale business on a path for growth in 2014 and beyond.

Finally, Samson Wong will become President of joint venture with Swire Resources Limited in China which we expect to commence on January 1, 2014. China is a critical long-term growth market for the company. Samson brings 29 years of experience with Swire, including the past

decade during which he and the Swire team launched the Columbia brand and built it to be the number one outdoor brand in China.

In addition, we're actively recruiting for a new GM to lead our EMEA region. In the meantime, that region is in the capable hands of Doug Morse, a long time Columbia Senior Manager who has held numerous leadership positions in the U.S. and most recently served as our Canadian GM.

Macroeconomic conditions continue to be very difficult in Europe, but we are focusing on the things that we can control to improve product assortment and marketing communications in key European markets.

In closing, we have a strong balance sheet, a powerful portfolio of global outdoor brands, a talented team and we are in the process as you know of implementing a new global ERP platform. Together, we believe these assets have the potential to deliver topline growth, improved profitability and increased shareholder value over the long-term.

If you have not already done, I strongly encourage you to read the CFO commentary which we furnish to the SEC on an 8-K earlier this afternoon and also posted on our Investor Relations website at columbia.com/investor.

That concludes my prepared remarks. Operator, could you please help us field some questions?

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Our first question comes from the line of Lindsay Drucker Mann [Goldman Sachs & Co.]. Please proceed with your question.

<Q – Lindsay Drucker Mann – Goldman Sachs & Co.>: Good afternoon, everyone.

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

<Q – Lindsay Drucker Mann – Goldman Sachs & Co.>: Can you just talk about the U.S. business, I know it's a small quarter, but performance is a little bit better than, I believe it's at the top upper end of your guidance. What was the key delta versus your expectation?

<A – Tim Boyle – Columbia Sportswear Co.>: Well, in total, the business – as you know, this is a very small quarter. So almost any aberration or lack of such by comparison to prior periods can throw the business off. I don't think in terms of the U.S.A. business that there were any surprises. We're pleased with the launch of our Omni-Freeze ZERO and Cool.Q ZERO. So those were good positives.

<A – Tom Cusick – Columbia Sportswear Co.>: And I would just – I would say – Lindsay, this is Tom – a couple additional points. We shipped a low – a double – or single-digit millions of dollars of fall 2013 slightly earlier than planned, and we performed a little bit better on the e-commerce side of the business.

<Q – Lindsay Drucker Mann – Goldman Sachs & Co.>: Okay, great. And the modest delta in your expectation for the full year, where you were looking for down slightly, and now you're looking for down up to 2.5%, I guess. Should we read that is – it's a little bit worse? And then – and what's the – is the reason for that, mostly currency or...?

<A – Tim Boyle – Columbia Sportswear Co.>: Yes, currency is a part, but I would say there's really, I would say, four primary factors. One would be it comprises a little less than half the total. A couple of our Latin American countries are facing all kinds of geopolitical issues, and we're having difficulty importing and – importing into those countries and converting their currencies into dollars. And that's predominantly Argentina and Venezuela. And then we've got small declines in the U.S. wholesale and retail business related to our prior outlook. And then I would say currency in the yen is the balance of the delta.

<Q – Lindsay Drucker Mann – Goldman Sachs & Co.>: Okay, great. And then just one last one, can you give us an update from a – if for the Swire JV how we should think about the earnings accretion from that move?

<A – Tom Cusick – Columbia Sportswear Co.>: Yes so what we've talked about historically that business did about a 100 – a little over \$150 million in 2012, double-digit EBITDA and we owned 60% – we will own 60% of that business, so those earnings will accrete to us. So you can basically layer on that component to our base business.

<Q – Lindsay Drucker Mann – Goldman Sachs & Co.>: Okay. And there's been no change in how we should think about that versus the last update in terms of the business trends or otherwise?

<A – Tom Cusick – Columbia Sportswear Co.>: No, not really, no.

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

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

Operator: Thank you. Our next question comes from the line of Bob Drbul with Barclays. Please proceed with your question.

<Q – Bob Drbul – Barclays Capital, Inc.>: Hi, good afternoon.

<A – Tim Boyle – Columbia Sportswear Co.>: Hi Bob.

<A – Tom Cusick – Columbia Sportswear Co.>: Hi, Bob.

<Q – Bob Drbul – Barclays Capital, Inc.>: I guess the first question that I have – I don't know who can take this, but the inventory levels, was it down 19% I think? Is there a – is it – it's a pretty interesting number for you guys. Is there a target really for the year, I mean, I think you talk a little bit, you put some stuff in there but how low can this go Tim, and sort of when you think about what's going on, I missed maybe like the clearance pieces of it or the inventory levels that you're out with. I don't know, if you can just maybe elaborate on that initiative...

<A – Tim Boyle – Columbia Sportswear Co.>: So, Bob, let me just say that there is a keen focus on operating the business with less cash tied up in inventory. And I think that's not the primary cause of this quarter's delta. I'll have – I'll ask Tom to control it, but to give you the specifics – but frankly, it's been an area where we've had focus, and I think there is an opportunity to continue to improve.

<A – Tom Cusick – Columbia Sportswear Co.>: Yes. With that, Bob, clearly, our inventory turns aren't where we want them to be. We believe they're suboptimal, and when you look at where inventory landed coming out of June, it's a little bit of an anomaly given the timing of receipts. When you look at that, coupled with our inventory, our lower inventory, buy for fall 2013, the combination of those, the timing and the lower buy comprise about 70% of that 19% decline. And the balance is really the lower spring 2013 inventory levels were much cleaner coming out of spring 2013 than we were spring 2012.

And then our prior – our fall 2012 and prior inventory levels are down significantly related to the prior year as well. So the categorical composition is really in line between footwear and apparel with our outlook for the rest of the year. We would expect inventory to comp down mid-double digits in Q3. And then exiting the year, we're probably in the high single-digit range before we account for bringing on the \$25 million-ish in inventory for the China joint venture. Ultimately, our yearend inventory will be based on fall 2013 sell-through and timing of spring 2014 receipts, but our expectation today would be that inventory would be down high single digits.

<Q – Bob Drbul – Barclays Capital, Inc.>: Got it. Okay. And Tim, you now have a new head of retail that's been in the seat for a few weeks now. And I just wondered if you could give us any update on any major initiatives. Has that become a larger piece of the business? And any early takeaways since Shawn has joined?

<A – Tim Boyle – Columbia Sportswear Co.>: Sure. Well, Shawn has an extensive experience in retail, something north of 20 years. And additionally, the bulk of that experience was in Europe. So the expectations are really to be able to view our existing platforms today. Let's become the most efficient we can with our existing opportunities. And then let's talk about what other opportunities might exist for us.

So we're excited about his view so far. It's clearly an opportunity for us to get better. It's not a broken model. We've got lots of great things going on and lots of terrific people here, but I think we can improve our returns on that part of the business. And then once we've gotten that view, we'll talk about additional investments in that area, which will likely occur, but we're not ready to talk about what they are today.

<Q – Bob Drbul – Barclays Capital, Inc.>: Got it. Okay. And then my last question is, on the distribution for the Columbia brand, when it's all said and done like in the updated 2013 numbers, will you expect any big changes or percentage moves around sporting goods versus department stores versus chain stores on what you're doing with some of your products at this point?

<A – Tim Boyle – Columbia Sportswear Co.>: No. And in fact, we think the opportunity for us to grow in each of the channels is significant, but not one over another.

<Q – Bob Drbul – Barclays Capital, Inc.>: Got it. Thanks very much.

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

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

<Q – Kate McShane – Citigroup Global Markets Inc. (Broker)>: Hi, thanks. Good afternoon.

<A – Tim Boyle – Columbia Sportswear Co.>: Hi, Kate.

<A – Tom Cusick – Columbia Sportswear Co.>: Hi, Kate.

<Q – Kate McShane – Citigroup Global Markets Inc. (Broker)>: I have just a very – one quick question. I wondered if you could walk us through a little bit more about what you're hearing from your retailers about the back half of the year. I know they're still cautious. But is there any degree of difference, either positive or negative, from when we last heard from you about what retailers are thinking for winter 2013?

<A – Tim Boyle – Columbia Sportswear Co.>: Well, no, I haven't heard much – I mean, and frankly, if I think about it, there is not much change from the last time we spoke. I guess retailers are – would probably, if asked, be looking for weather conditions to be about what they were the last two years. So a poor, poor start to the weather. The latter half of winter 2012, 2013, was certainly much improved from our perspective, and I think it had the opportunity to clean inventories much more fully than they otherwise would have been. But I think retailers are probably still considering.

Their expectations over the weather will be a repeat. Now that having been said, I'm sure that they'll all have lower inventories than they thought they would have going into the season. So I suppose that bodes well, but we've been cautious in terms of our purchasing and the timing on outerwear and boot production doesn't really lend itself to be rebuilding product in season. So the existing inventories are sort of going to be what they are.

<Q – Kate McShane – Citigroup Global Markets Inc. (Broker)>: Okay. And then this is a – more a theoretical question. But do you think there is any impact on sell-through in winter 2013 because you did have a surge in demand towards the end of winter 2012? Since maybe people got their winter jackets later in the winter, do you think that impacts the sell-through for the following winter at all?

<A – Tim Boyle – Columbia Sportswear Co.>: Yes. I don't – I would say probably not. But I don't think there's much impact. I think – let me think about that. We'll now I have to come back. It's sort of an unusual question, but I mean, my initial response is I don't think it has much impact. They're all -- everything was marked down when people bought it [indiscernible] (21:37) last year. So I don't think it's going to have much impact. But let me think about that, and I'll try and come back to you on that one, Kate.

<Q – Kate McShane – Citigroup Global Markets Inc. (Broker)>: Okay. Thank you.

Operator: Thank you. Our next question comes from the line of Christian Buss with Credit Suisse. Please proceed with your question.

<Q – James Berkley – Credit Suisse Securities (USA) LLC (Broker)>: Hi, good afternoon. This is James Berkley for Christian Buss. Thank you for taking my call. I was just wondering if you could please provide some perspective on any changes you're taking to the approach in the European market following your restructuring initiatives. And could we see a turn in momentum there anytime soon? And when can we?

<A – Tim Boyle – Columbia Sportswear Co.>: Yes, I would expect – and I've spent quite a bit of time in Europe over the last really 12 months to 18 months. And I think what we've – what I've discovered there is that our retailers, first of all, appreciate the company's financial strength and size of its business globally. And they're asking us to provide them with products that only a few companies can provide. They're in that kind of situation.

I think we'd allowed ourselves to get in a position, structurally, from our product basis that was just outside of where consumers and retailers expected us to be. So the focus has been on certain specific geographic areas and certain specific customers in terms of making sure that we have the proper products for them and that we can provide which – something else that few companies can provide, which is a well-known pan-European brand.

So I think once we get ourselves aligned correctly from a product standpoint, get our efforts focused on a narrower range of customers in geographies, that will be successful. But we're relying on Doug Morse, who's a senior executive for the company, to help us in the interim. But we -- we're looking for a strong local manager who can help us with the nuances of the specific European markets.

<Q – James Berkley – Credit Suisse Securities (USA) LLC (Broker)>: Okay. Thank you, that's helpful. And I was just curious as a follow up, I noticed you noted before Spain, Germany and France were strong points in Europe, is that still true for the most part? Did you see any like geographic changes there in terms of pockets of strength throughout the continent?

<A – Tim Boyle – Columbia Sportswear Co.>: Well in terms of our direct business really our biggest market was Germany, France and then Switzerland. We should be much more successful in the U.K. than we have been and so that from a direct market standpoint those are key focuses for us. There is an opportunity in the Nordics is well, too. But we just have to make sure that we're focusing our time and effort on those high-return countries and specific customers. And we also have to remember the – our EMEA region, as reported, includes our big business in Russia, so that's been very successful.

<Q – James Berkley – Credit Suisse Securities (USA) LLC (Broker)>: Okay. Thank you very much. I appreciate it.

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

<Q – Devin Prater – D. A. Davidson & Co.>: Hey guys this is Devin Prater on for Andrew Burns. Thanks for taking my question. Just a quick one on the Swire over in China. I was hoping you guys could update us on the outdoor market environment over there? Has it slowed down or if there is an excess inventory issues? And then just a second one, if you could give us kind of the outlook for that industry growth in that market going from 2014 and beyond? That would be great.

<A – Tom Cusick – Columbia Sportswear Co.>: Yes, this is Tom. I would say – if you look at the China business in 2012 and 2011 that business grew at high double-digit rates. Obviously, we've all

read about the slowdown there so we've seen some slowing in growth but we're still planning for that business to grow this year, not at the rates of last and for the foreseeable future.

<A – Tim Boyle – Columbia Sportswear Co.>: Yes. I think our – the China business, as we see it unfolding over the next several years, is really going to be a function of really two parts: a wealthier Chinese population as well as there's expansion of the company's business into second and third tier cities, which we've barely touched upon. And so the expectation is that as the business matures, we end up with a larger business and a more robust pan-China business than we have today.

<Q – Devin Prater – D. A. Davidson & Co.>: Okay. Thank you very much.

<A – Tom Cusick – Columbia Sportswear Co.>: Yes. I mean we are clearly still planning for that business to grow but just not at the rate it has for the last few years, which was extremely high.

<Q – Devin Prater – D. A. Davidson & Co.>: Okay. Great.

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

Timothy P. Boyle, President, CEO, Director & Executive VP-Global Sal

Thanks. Kate, if you're still on, I just wanted -- if I had a chance to think about your question, I think really, at the end of the day, consumers are quite responsive to weather. So if we have weather, there's lots of buyers out there that need weather apparel. And I would expect that, again, the early part of the winter would be responsive to weather, much like the latter part was. That's the sum of our report. We certainly appreciate you checking in, and we'll be back to you in about 3 months. Thank you.

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

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