

COLUMBIA SPORTSWEAR CO
Form 10-Q
November 05, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the quarterly period ended September 30, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-23939

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

Oregon

(State or other jurisdiction of
incorporation or organization)

14375 Northwest Science Park Drive

Portland, Oregon

(Address of principal executive offices)

(503) 985-4000

(Registrant's telephone number, including area code)

93-0498284

(IRS Employer

Identification Number)

97229

(Zip Code)

Indicate by check mark whether registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares of Common Stock outstanding on October 23, 2015 was 70,324,681.

COLUMBIA SPORTSWEAR COMPANY
SEPTEMBER 30, 2015
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PART I—FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

COLUMBIA SPORTSWEAR COMPANY

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

(Unaudited)

	September 30, 2015	December 31, 2014	September 30, 2014
ASSETS			
Current Assets:			
Cash and cash equivalents	\$173,410	\$413,558	\$185,247
Short-term investments	629	27,267	537
Accounts receivable, net of allowance of \$9,043, \$8,943 and \$7,778, respectively	529,844	344,390	458,844
Inventories	546,685	384,650	494,795
Deferred income taxes	62,888	57,001	50,710
Prepaid expenses and other current assets	35,140	39,175	42,916
Total current assets	1,348,596	1,266,041	1,233,049
Property, plant and equipment, at cost, net of accumulated depreciation of \$354,273, \$345,612 and \$346,929, respectively	294,926	291,563	289,480
Intangible assets, net (Notes 3, 5)	139,871	143,731	146,184
Goodwill (Note 3)	68,594	68,594	68,594
Other non-current assets	24,889	22,280	24,570
Total assets	\$1,876,876	\$1,792,209	\$1,761,877
LIABILITIES AND EQUITY			
Current Liabilities:			
Short-term borrowings	\$21,045	\$—	\$2,185
Accounts payable	170,168	214,275	218,804
Accrued liabilities (Note 6)	163,897	144,288	140,660
Income taxes payable	30,515	14,388	18,922
Deferred income taxes	126	169	39
Total current liabilities	385,751	373,120	380,610
Note payable to related party (Note 14)	15,356	15,728	15,897
Other long-term liabilities	38,625	35,435	33,421
Income taxes payable	11,256	9,388	5,196
Deferred income taxes	4,364	3,304	218
Total liabilities	455,352	436,975	435,342
Commitments and contingencies (Note 12)			
Columbia Sportswear Company Shareholders' Equity:			
Preferred stock; 10,000 shares authorized; none issued and outstanding	—	—	—
Common stock (no par value); 125,000 shares authorized; 70,376, 69,828, and 70,047 issued and outstanding, respectively (Note 9)	86,869	72,700	79,029
Retained earnings	1,334,390	1,255,070	1,209,934
Accumulated other comprehensive income (loss) (Note 8)	(14,862)	) 15,833	27,096
Total Columbia Sportswear Company shareholders' equity	1,406,397	1,343,603	1,316,059
Non-controlling interest (Note 4)	15,127	11,631	10,476
Total equity	1,421,524	1,355,234	1,326,535
Total liabilities and equity	\$1,876,876	\$1,792,209	\$1,761,877

See accompanying notes to condensed consolidated financial statements.

COLUMBIA SPORTSWEAR COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net sales	\$767,550	\$675,296	\$1,626,766	\$1,423,626
Cost of sales	411,090	368,515	870,214	775,734
Gross profit	356,460	306,781	756,552	647,892
Selling, general and administrative expenses	226,778	210,659	594,782	536,214
Net licensing income	2,587	2,160	5,659	5,066
Income from operations	132,269	98,282	167,429	116,744
Interest income, net	309	238	1,260	861
Interest expense on note payable to related party (Note 14)	(275	) (282	) (827	) (769
Other non-operating income (expense)	(1,558	) 666	(3,287	) 161
Income before income tax	130,745	98,904	164,575	116,997
Income tax expense	(37,805	) (30,972	) (49,520	) (32,127
Net income	92,940	67,932	115,055	84,870
Net income attributable to non-controlling interest	1,879	2,288	4,068	3,300
Net income attributable to Columbia Sportswear Company	\$91,061	\$65,644	\$110,987	\$81,570
Earnings per share attributable to Columbia Sportswear Company (Note 9):				
Basic	\$1.29	\$0.94	\$1.58	\$1.17
Diluted	1.28	0.93	1.56	1.15
Cash dividends per share	\$0.15	\$0.14	\$0.45	\$0.42
Weighted average shares outstanding (Note 9):				
Basic	70,338	70,093	70,253	69,811
Diluted	71,239	70,818	71,201	