

COLUMBIA SPORTSWEAR CO  
Form 10-Q  
November 05, 2010  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 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, 2010

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)

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**Oregon**  
(State or other jurisdiction of  
incorporation or organization)

**14375 Northwest Science Park Drive**

**Portland, Oregon**  
(Address of principal executive offices)

**93-0498284**  
(IRS Employer  
Identification Number)

**97229**  
(Zip Code)

**(503) 985-4000**  
(Registrant's telephone number, including area 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 22, 2010 was 33,637,698.

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**COLUMBIA SPORTSWEAR COMPANY**

**September 30, 2010**

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**Table of Contents****PART I. FINANCIAL INFORMATION****Item 1 FINANCIAL STATEMENTS**

**COLUMBIA SPORTSWEAR COMPANY**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

(In thousands)

(Unaudited)

	September 30, 2010	December 31, 2009
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 173,937	\$ 386,664
Short-term investments	62,357	22,759
Accounts receivable, net of allowance of \$9,774 and \$7,347, respectively	364,015	226,548
Inventories, net (Note 4)	358,210	222,161
Deferred income taxes	42,258	31,550
Prepaid expenses and other current assets	35,227	32,030
<b>Total current assets</b>	<b>1,036,004</b>	<b>921,712</b>
Property, plant and equipment, at cost, net of accumulated depreciation of \$246,228 and \$223,887, respectively	227,769	235,440
Intangibles and other non-current assets (Note 5)	54,032	43,072
Goodwill	14,760	12,659
<b>Total assets</b>	<b>\$ 1,332,565</b>	<b>\$ 1,212,883</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
Current Liabilities:		
Accounts payable	\$ 141,929	\$ 102,494
Accrued liabilities	101,451	67,312
Income taxes payable	13,397	6,884
Deferred income taxes	7,142	2,597
<b>Total current liabilities</b>	<b>263,919</b>	<b>179,287</b>
Income taxes payable	18,569	19,830
Deferred income taxes		1,494
Other long-term liabilities	20,663	15,044
<b>Total liabilities</b>	<b>303,151</b>	<b>215,655</b>
Commitments and contingencies (Note 12)		
Shareholders' Equity:		
Preferred stock; 10,000 shares authorized; none issued and outstanding		
Common stock (no par value); 125,000 shares authorized; 33,635 and 33,736 issued and outstanding (Note 9)	1,426	836
Retained earnings	981,230	952,948
Accumulated other comprehensive income (Note 8)	46,758	43,444

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Total shareholders' equity	1,029,414	997,228
Total liabilities and shareholders' equity	\$ 1,332,565	\$ 1,212,883

See accompanying notes to condensed consolidated financial statements.

**Table of Contents****COLUMBIA SPORTSWEAR COMPANY****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(In thousands, except per share amounts)****(Unaudited)**

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Net sales	\$ 504,028	\$ 434,473	\$ 1,026,265	\$ 885,707
Cost of sales	289,747	245,874	587,758	512,306
Gross profit	214,281	188,599	438,507	373,401
Selling, general and administrative expenses	148,072	124,184	377,069	318,439
Net licensing income	2,334	1,322	4,878	5,283
Income from operations	68,543	65,737	66,316	60,245
Interest income, net	147	319	1,073	1,799
Income before income tax	68,690	66,056	67,389	62,044
Income tax expense	(16,485)	(19,141)	(16,560)	(18,109)
Net income	\$ 52,205	\$ 46,915	\$ 50,829	\$ 43,935
Earnings per share:				
Basic	\$ 1.55	\$ 1.39	\$ 1.51	\$ 1.30
Diluted	1.53	1.38	1.49	1.29
Cash dividends per share	\$ 0.18	\$ 0.16	\$ 0.54	\$ 0.48
Weighted average shares outstanding (Note 9):				
Basic	33,709	33,850	33,747	33,875
Diluted	34,046	33,993	34,075	33,993

See accompanying notes to condensed consolidated financial statements.

**Table of Contents****COLUMBIA SPORTSWEAR COMPANY****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(In thousands)****(Unaudited)**

	<b>Nine Months Ended September 30,</b>	
	<b>2010</b>	<b>2009</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 50,829	\$ 43,935
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	27,899	25,901
Loss on disposal or impairment of property, plant, and equipment	665	156
Deferred income taxes	(2,714)	4,070
Stock-based compensation	5,004	4,899
Excess tax benefit from employee stock plans	(427)	(20)
Changes in operating assets and liabilities:		
Accounts receivable	(135,337)	(15,070)
Inventories	(132,663)	(39,608)
Prepaid expenses and other current assets	(3,146)	(1,009)
Intangibles and other assets	(997)	(1,862)
Accounts payable	37,720	(37,532)
Accrued liabilities	34,546	11,969
Income taxes payable	4,993	813
Other liabilities	5,540	3,440
Net cash provided by (used in) operating activities	(108,088)	82
<b>Cash flows from investing activities:</b>		
Purchases of short-term investments	(52,602)	(20,228)
Sales of short-term investments	13,024	25,163
Capital expenditures	(20,997)	(24,681)
Proceeds from sale of property, plant, and equipment	30	9
Acquisition, net of cash acquired	(16,315)	
Net cash used in investing activities	(76,860)	(19,737)
<b>Cash flows from financing activities:</b>		
Proceeds from notes payable	26,107	51,768
Repayments on notes payable	(26,107)	(51,768)
Repayment on long-term debt and other long-term liabilities		(4)
Proceeds from issuance of common stock under employee stock plans, net	4,722	369
Excess tax benefit from employee stock plans	427	20
Repurchase of common stock	(13,838)	(5,481)
Cash dividends paid	(18,208)	(16,259)
Net cash used in financing activities	(26,897)	(21,355)
<b>Net effect of exchange rate changes on cash</b>	<b>(882)</b>	<b>3,272</b>

<b>Net decrease in cash and cash equivalents</b>	(212,727)	(37,738)
<b>Cash and cash equivalents, beginning of period</b>	386,664	230,617
<b>Cash and cash equivalents, end of period</b>	\$ 173,937	\$ 192,879

**Supplemental disclosures of cash flow information:**

Cash paid during the period for interest	\$ 53	\$ 29
Cash paid during the period for income taxes	10,154	13,037

**Supplemental disclosures of non-cash investing activities:**

Capital expenditures incurred but not yet paid	\$ 1,525	\$ 5,166
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See accompanying notes to condensed consolidated financial statements.



