

logitech®

Q1 Fiscal Year 2018 Financial Results

Lausanne, July 25, 2017



FORWARD-LOOKING STATEMENTS

This presentation includes **forward-looking statements** within the meaning of the U.S. federal securities laws, including, without limitation, statements regarding: our growth, vision, momentum, long-term gross margin target, ability to expand our capacity and capabilities, cash flow, seasonal sales and trends, second half of Fiscal Year 2017 sales, innovation and breakthroughs, products, product roadmap, product features and capabilities, product launches and their timing, market trends, product category growth and trends, our growth in and commitment to certain product categories, growth opportunities, execution, distribution channels, investments and the timing of investments, operating and G&A expenses, ASTRO Gaming acquisition and its timing, and outlook for Fiscal Year 2018 cash flow, cash conversion cycle, sales growth and operating income and related assumptions. These statements are subject to risks and uncertainties that may cause actual results and events to differ materially, including without limitation: if our product offerings, marketing activities and investment prioritization decisions do not result in the sales, profitability or profitability growth we expect, or when we expect it; the demand of our customers and our consumers for our products and our ability to accurately forecast it; if we fail to innovate and develop new products in a timely and cost-effective manner for our new and existing product categories; if we do not successfully execute on our growth opportunities or our growth opportunities are more limited than we expect; if sales of PC peripherals are less than we expect; the effect of pricing, product, marketing and other initiatives by our competitors, and our reaction to them, on our sales, gross margins and profitability; if our products and marketing strategies fail to separate our products from competitors' products; if we are not able to maintain and enhance our brands; if we do not successfully execute on strategic acquisitions and investments; if we do not fully realize our goals to lower our costs and improve our operating leverage; if there is a deterioration of business and economic conditions in one or more of our sales regions or product categories, or significant fluctuations in exchange rates; the effect of changes to our effective income tax rates. These and other risks and uncertainties are detailed in Logitech's filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the fiscal year ended March 31, 2017, available at www.logitech.com, under the caption Risk Factors and elsewhere. Logitech does not undertake any obligation to update any forward-looking statements to reflect new information or events or circumstances occurring after the date of this presentation.

To facilitate comparisons to Logitech's historical results, we have included **non-GAAP adjusted measures** in this presentation, which exclude primarily share-based compensation expense, amortization of intangible assets, purchase accounting effect on inventory, acquisition-related costs, change in fair value of contingent consideration for business acquisition, restructuring charges (credits), gain (loss) on investments in privately held companies, investigation and related expenses, non-GAAP income tax adjustment, and other items detailed under "Supplemental Financial Information" in our quarterly earnings press release and posted to our website at <http://ir.logitech.com>. Historical GAAP and corresponding non-GAAP measures are provided with our earnings releases and presentations in the Investors section of our website. We also present percentage sales growth in constant currency ("CC") to show performance unaffected by fluctuations in currency exchange rates. Percentage sales growth in constant currency is calculated by translating prior period sales in each local currency at the current period's average exchange rate for that currency and comparing that to current period sales. Logitech believes this information will help investors to evaluate its current period performance, outlook and trends in its business. For historical financials provided in this presentation, reconciliation between non-GAAP amounts and GAAP amounts is provided on the Investors page of our website, together with this presentation and with our earnings releases. With respect to financial outlook, most of the excluded amounts pertain to events that have not yet occurred and are not currently possible to estimate with a reasonable degree of accuracy. Therefore, no reconciliation to GAAP amounts has been provided for non-GAAP outlook.

KEY MESSAGES – Q1 FY2018

Strong momentum, with **sales growth of 13% (CC) to \$530M**

Video Collaboration, Gaming, and Smart Home sales up over 40% (CC)

Gross margins within our targeted range of 35-37%, enabling us to expand our capacity in global go-to-market, R&D, and marketing

Operating profits rose 14% to \$43M as strategic investments in opex were offset by better gross margins

Cash flow from operations was roughly break-even and in line with plan as we prepare for a seasonally stronger second half

WHAT'S NEW FROM LOGITECH



GAMING

POWERPLAY is the world's first wireless charging system for gaming mice that provides continuous charging

Now you can charge your gaming mice while you are simultaneously playing or at rest

Our newest **LIGHTSPEED** wireless technology offers esports-level responsiveness at speeds faster than many of our competitors' most popular wired gaming mice



GAMING

Logitech G433 and **G233** gaming headsets combine superior audio performance with a lightweight, comfortable, and fashion-forward design

Feature advanced Pro-G drivers that provide high-quality audio

Include a removable, high-quality boom microphone with a micro pop filter

Available in four colors: Royal Blue, Fire Red, Triple Black, and Camo Blue



VIDEO COLLABORATION

Logitech MeetUp is designed specifically for small conference rooms and huddle rooms

Compact all-in-one design combines 120-degree field of view with acoustics custom-tuned for huddle rooms

Features low-distortion lens, UltraHD 4K optics, three sound-isolating mics, and a voice-optimized speaker

Works with virtually any video conferencing software application and cloud service



PC PERIPHERALS

Logitech Flow is our newest and free software enhancement to our MX family of mice

Seamlessly control up to three computers with one mouse

Copy and paste content, images, and documents between three computers – even between a Mac and a PC



TABLET ACCESSORIES

Logitech Slim Combo is a protective cover and detachable keyboard for Apple's 10.5" and 12.9" iPad Pro

Detachable keyboard connects to the iPad Pro via its Smart Connector

No need for charging cables, batteries, or pairing

Full-size keyboard is backlit and has a dedicated row of iOS shortcut keys



TABLET ACCESSORIES

Logitech Rugged Combo, Rugged Case, and Add-on Keyboard for Rugged Case for Apple's 9.7" iPad

Complete solution designed specifically for students and teachers

Available for purchase by schools and school districts in the U.S. and Canada



SMART HOME

Logitech Circle 2 is our latest indoor and outdoor, weatherproof, wired or 100% wire-free home security camera

1080p HD camera offers night vision and up to 180-degree field-of-view

Various accessories are available: window mount, rechargeable battery, plug mount, and weatherproof extension

Launched in July 2017

Circle Safe is a subscription plan that offers additional cloud storage and advanced analytics (Person Detection, Motion Zones, and Smart Alert filters)



FINANCIAL RESULTS



Matterhorn
14,692 ft

Hörnli

Zmütt



Q1 FY2018 RESULTS MAINTAIN STRONG MOMENTUM

	Q1'18	Q1'17	YoY
Net Sales	530	480	10%
YoY%	10%	7%	
YoY% CC	13%	7%	
Gross Profit	196	171	15%
<i>% of Net Sales</i>	<i>37.0%</i>	<i>35.6%</i>	<i>140bp</i>
Operating Expenses	153	133	15%
<i>% of Net Sales</i>	<i>28.9%</i>	<i>27.7%</i>	<i>120bp</i>
Operating Income	43	38	14%
<i>% of Net Sales</i>	<i>8.1%</i>	<i>7.9%</i>	<i>20bp</i>
Net Income	40	33	20%
<i>% of Net Sales</i>	<i>7.5%</i>	<i>6.9%</i>	<i>60bp</i>
Earnings Per Share	\$0.24	\$0.20	20%
Diluted Share Count	168.3	164.3	

Net sales +13% (CC) to \$530M, continuing the strong momentum from last fiscal year

Gross margin improves to 37.0%, demonstrating our consistent focus on delivering a balance between value and cost

Opex +15% as we enhance our capabilities in global go-to-market, R&D, and marketing

Operating leverage continues, with operating profits +14% to \$43M

GAMING, VC, AND SMART HOME GROW OVER 40%

Net Sales (USD)		Q1'18	Q1'17	YoY	YoY CC
Creativity & Productivity	Pointing Devices	122	117	5%	6%
	Keyboards & Combos	116	118	(2%)	0%
	PC Webcams	26	25	1%	3%
	Tablet & Access	23	14	67%	71%
VC	Video Collaboration	36	24	49%	51%
Music	Mobile Speakers	63	57	10%	10%
	Audio PC & Wearables	50	57	(11%)	(10%)
Gaming	Gaming	78	57	38%	40%
Smart Home	Smart Home	16	11	47%	49%
Net Sales		530	480	10%	13%

PC Peripherals +3% (CC), led by Pointing Devices and Webcams

Video Collaboration penetration increases, with sales +51% (CC)

Mobile Speakers +10% (CC), with solid contribution from WONDERBOOM

Gaming had its 8th consecutive quarter of double-digit sales growth

Smart Home bolstered by voice integration with Harmony Hub

Note: Net sales in \$ millions. Results are non-GAAP. Comparisons are YoY unless otherwise specified

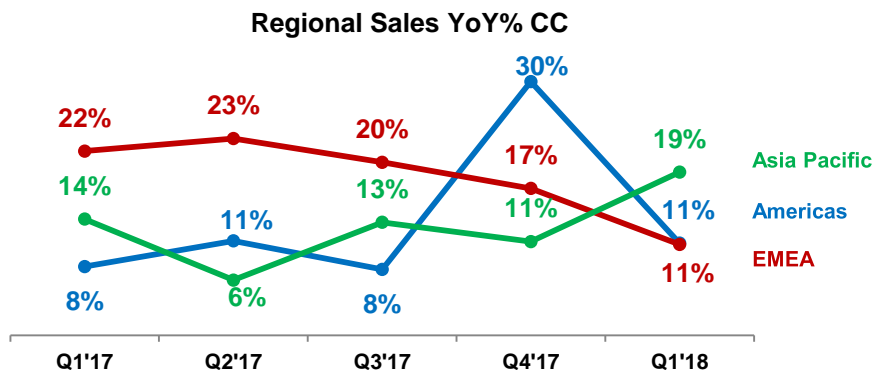
DOUBLE-DIGIT PERFORMANCE FROM ALL REGIONS

	Net Sales (USD)				Sell-Through YoY
	Q1'18	Q1'17	YoY	YoY CC	
Americas	245	223	10%	11%	14%
EMEA	151	143	5%	11%	15%
Asia Pacific	134	114	17%	19%	22%
Net Sales	530	480	10%	13%	16%

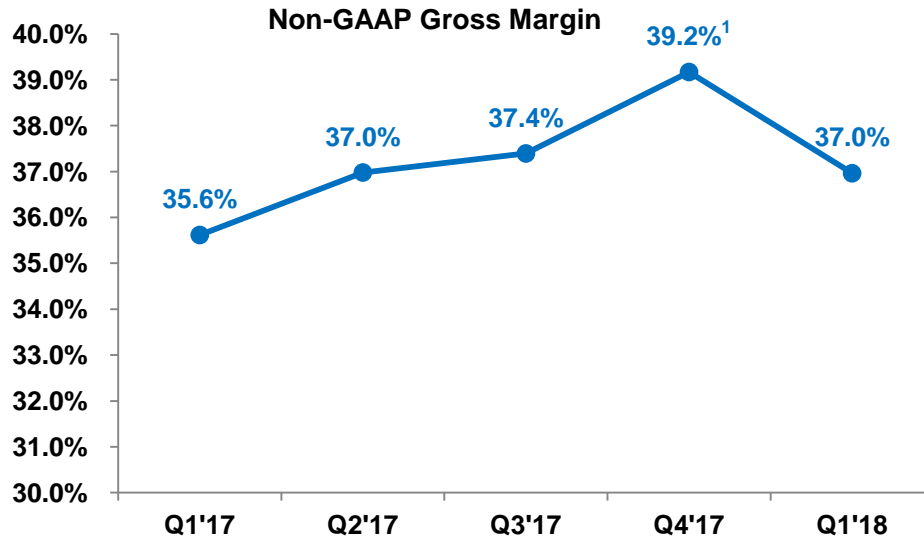
Americas delivering consistent performance, with sales +11% (CC). Four of our top five countries saw double-digit sales growth

EMEA sales +11% (CC), marking the 7th consecutive quarter of double-digit sales growth

Asia Pacific growth accelerating, with Q1 sales +19% (CC). China reached another record high



GROSS MARGINS REMAIN HEALTHY ...



Gross margin improved 140 basis points to 37.0%, driven by continued focus on cost improvements

Healthy gross margin helps to fund investments in capabilities and products

Long-term gross margin target remains 35-37%, as we balance our profitability with top-line growth

Note: Results are non-GAAP

(1) Q4'17 non-GAAP gross margins include the first-time implementation of a breakage model for EMEA, which benefited sales and profits by \$14.4M

... FUNDING FOR FUTURE GROWTH

	Q1'18	Q1'17	YoY
Sales & Marketing	98	80	22%
<i>% of Sales</i>	<i>18.5%</i>	<i>16.8%</i>	<i>170bp</i>
Research & Development	34	31	8%
<i>% of Sales</i>	<i>6.3%</i>	<i>6.5%</i>	<i>(20bp)</i>
General & Administrative	21	22	(1%)
<i>% of Sales</i>	<i>4.0%</i>	<i>4.5%</i>	<i>(50bp)</i>
Operating Expenses	153	133	15%
<i>% of Sales</i>	<i>28.9%</i>	<i>27.7%</i>	<i>120bp</i>

Operating expenses +15%, driven by targeted investments in key capabilities of global go-to-market, R&D, and marketing

Maintaining stable G&A spending, while investing in S&M and R&D to support future growth

Opex spending first-half-loaded to support strong roadmap of new products

WORKING CAPITAL METRICS AHEAD OF SEASONAL 2H

	Q1'18	Q1'17	YoY
Cash from Operations	(1)	17 ¹	(18)
Ending Cash Balance	528	440	88
Inventory	279	248	32
<i>Inventory Turns</i>	<i>4.8</i>	<i>5.0</i>	<i>(0.2 Turns)</i>
<i>DSI</i>	<i>75</i>	<i>72</i>	<i>3 Days</i>
Accounts Receivable	221	192	29
<i>DSO</i>	<i>38</i>	<i>36</i>	<i>2 Days</i>
Accounts Payable	313	293	20
<i>DPO</i>	<i>84</i>	<i>85</i>	<i>(1 Days)</i>
Cash Conversion Cycle	29	23	6 Days

Cash flow from operations roughly break-even, due to investments in inventory to support new product ramps and a change in timing of variable compensation from semi-annual to annual

FY2018 cash flow should approximate 1x non-GAAP operating income

Cash conversion cycle should remain within our annual target of 20-25 days for FY2018

Signed deal for ASTRO Gaming for \$85M, expected to close in August

Note: Numbers in \$ millions except turns and days figures. Comparisons are YoY unless otherwise specified

(1) Q1'17 cash from operations has been recasted to reflect the implementation of ASU 2016-09

RAISING FISCAL YEAR 2018 OUTLOOK

FY2018 OUTLOOK	NEW	OLD
Sales CC growth	Up 10-12% ¹	Up high-single digits
Non-GAAP operating income	\$260 - 270M ¹	\$250 - 260M

ASSUMPTIONS	
Currency	Approximately FY17 average rates
Non-GAAP effective tax rate	~8-9%
Cash from operations	~1x non-GAAP operating income
Capex	~\$50M

(1) The new FY2018 outlook includes the anticipated impact of the ASTRO Gaming acquisition, which is expected to close in August 2017

Appendix



GAAP TO NON-GAAP RECONCILIATIONS

LOGITECH INTERNATIONAL S.A.

PRELIMINARY RESULTS

(In thousands, except per share amounts) - Unaudited

GAAP TO NON-GAAP RECONCILIATION ^(A)

SUPPLEMENTAL FINANCIAL INFORMATION	Three Months Ended June 30,	
	2017	2016
Gross profit - GAAP	\$ 193,668	\$ 168,626
Share-based compensation expense	711	675
Amortization of intangible assets and purchase accounting effect on inventory	1,504	1,613
Gross profit - Non-GAAP	\$ 195,883	\$ 170,914
<i>Gross margin - GAAP</i>	36.5%	35.1%
<i>Gross margin - Non-GAAP</i>	37.0%	35.6%
Operating expenses - GAAP	\$ 162,243	\$ 142,771
Less: Share-based compensation expense	9,994	7,842
Less: Amortization of intangible assets and acquisition-related costs	1,390	1,293
Less: Change in fair value of contingent consideration for business acquisition	(1,978)	—
Less: Restructuring credits, net	(55)	(85)
Less: Investigation and related expenses	—	612
Operating expenses - Non-GAAP	\$ 152,892	\$ 133,109
<i>% of net sales - GAAP</i>	30.6%	29.8%
<i>% of net sales - Non - GAAP</i>	28.9%	27.7%

GAAP TO NON-GAAP RECONCILIATIONS

LOGITECH INTERNATIONAL S.A.

PRELIMINARY RESULTS

(In thousands, except per share amounts) - Unaudited

GAAP TO NON-GAAP RECONCILIATION ^(A)

SUPPLEMENTAL FINANCIAL INFORMATION	Three Months Ended June 30,	
	2017	2016
Operating income - GAAP	\$ 31,425	\$ 25,855
Share-based compensation expense	10,705	8,517
Amortization of intangible assets	2,593	1,708
Purchase accounting effect on inventory	—	703
Acquisition-related costs	301	495
Change in fair value of contingent consideration for business acquisition	(1,978)	—
Restructuring credits, net	(55)	(85)
Investigation and related expenses	—	612
Operating income - Non - GAAP	\$ 42,991	\$ 37,805
<i>% of net sales - GAAP</i>	5.9%	5.4%
<i>% of net sales - Non - GAAP</i>	8.1%	7.9%
Net income - GAAP	\$ 37,007	\$ 21,941
Share-based compensation expense	10,705	8,517
Amortization of intangible assets	2,593	1,708
Purchase accounting effect on inventory	—	703
Acquisition-related costs	301	495
Change in fair value of contingent consideration for business acquisition	(1,978)	—
Restructuring credits, net	(55)	(85)
Investigation and related expenses	—	612
Loss (gain) on investments in privately held companies	259	(1)
Non-GAAP income tax adjustment	(9,092)	(675)
Net income - Non - GAAP	\$ 39,740	\$ 33,215

GAAP TO NON-GAAP RECONCILIATION NOTES

Note: These preliminary results for the three and twelve months ended June 30, 2017 are subject to adjustments, including subsequent events that may occur through the date of filing our Quarterly Report on Form 10-Q.

(A) Non-GAAP Financial Measures

To supplement our condensed consolidated financial results prepared in accordance with GAAP, we use a number of financial measures, both GAAP and non-GAAP, in analyzing and assessing our overall business performance, for making operating decisions and for forecasting and planning future periods. We consider the use of non-GAAP financial measures helpful in assessing our current financial performance, ongoing operations and prospects for the future as well as understanding financial and business trends relating to our financial condition and results of operations. For full GAAP to non-GAAP reconciliation information and cautionary information regarding the use of non-GAAP measures, please refer to “Supplemental Financial Information” in our earnings press release or “Financial Statements only” posted to our website under “Quarterly Results” at <http://ir.logitech.com>.

SELL-THROUGH DATA

- Measures sales of our products by retailer customers to consumers and by our distributor customers to their customers
- Compiled by Logitech from data supplied by our customers
- Customers supplying sell-through data vary by geographic region and from period to period, but typically represent a majority of our retail sales
- Data is subject to limitations and possible error sources and may not be an entirely accurate indicator of actual consumer demand for our products. Limitations and possible error sources include the following:
 - Data supplied by our customers may not be indicative of sell-through experienced by our customers as a whole
 - Reliability of the data depends on accuracy and timeliness of information supplied to us by our customers, and the processes by which they collect their sell-through data are largely outside our control
 - In the U.S., Canada, and to a lesser extent Asia Pacific, and a still lesser extent, EMEA, sell-through data is based on Point of Sale electronic data. Where POS data is not available, the data is collected largely through manual processes, including the exchange of spreadsheets or other non-automated methods of data transmission, which are subject to typical human errors, including errors in data entry, transmission and interpretation

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