



Q2 Fiscal Year 2019 Financial Results

Lausanne, October 23, 2018



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 preliminary financial results for the three and six months ended September 30, 2018, key growth initiatives, brands, innovation, product features and capabilities, category leadership, a portfolio of category leadership, financial momentum, growth opportunities, entering new categories, ambition, vision, gross margin, trends, market dynamics, outlook, opportunities, growth profiles, potential and momentum in our product markets, investments in people, products and capabilities, product features and capabilities, commitment to product building and positioning, impact of the ASC 606 revenue recognition standard, gross margin target range, tariffs and their impact, ability to mitigate and adjust to tariffs, operating expenses, efficiencies, investments in the business and in growth, leverage, long-term annual model, shareholder return strategy, positioning for the rest of fiscal year 2019, and outlook for Fiscal Year 2019 sales growth, 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; 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; 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 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; changes in trade policies and agreements and the imposition of tariffs that affect our products or operations and our ability to mitigate; risks associated with acquisitions; 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, 2018 and its Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2018, available at www.sec.gov, 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), loss (gain) on investments in privately held companies, 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 – Q2 FY 2019

Strong performance, with **Q2'19 sales up 10% (CC)** to a record Sept quarter level of \$691M

Doubling down on key growth initiatives, with **Gaming +43%** and **Video Collaboration +25%**

Continued strong **gross margin of 37.6%**¹ supported investments in sales & marketing and R&D to capture long-term growth opportunities

Operating profits grew 18% to \$85M, demonstrating our focus on balancing profitability while investing for growth

Fiscal year-to-date **cash flow from operations was \$97M**, up 44%

Confirms FY 2019 guidance for sales growth of 9-11% and non-GAAP operating profits of \$325-335M, despite tariff headwinds

Note: Results are non-GAAP, except for cash flow from operations. Comparisons are YoY and in constant currency unless otherwise specified. Sales are net sales.
(1) Q2'19 one-time factors include a one-time duty rebate partially offsetting a negative impact from 606 accounting standard change.

WHAT'S NEW FROM LOGITECH



GAMING

Logitech G502 HERO Gaming Mouse is an upgraded version with the same iconic shape as the original

Upgraded with the highest performance and most accurate HERO (High Efficiency Rated Optical) 16K sensor

Features an all-new lens and updated tracking algorithm for ultra-precise tracking

Includes LIGHTSYNC RGB technology, 11 programmable buttons, five optional weights and braided cable



GAMING

Logitech G PRO Wireless Gaming Mouse is the first Logitech G LIGHTSPEED™ wireless gaming mouse designed with and for professional esports athletes

Developed over two years and in collaboration with more than 50 professional esports players

Designed to be ultra-lightweight at 80g and strong due to an advanced 1mm thin wall construction and endoskeleton design

Compatible with the Logitech G POWERPLAY Charging System for infinite charging and play



BLUE MICROPHONES

Blue Yeti Nano is a premium USB microphone designed for broadcast-quality podcasting, YouTube productions, game streaming, Skype/VoIP calls and voiceover work

Features the legendary Blue sound quality, a compact design, and plug 'n play operation with a PC or Mac

Offers no-latency headphone output and controls for pickup pattern selection, headphone volume and mic mute



MOBILE SPEAKERS

BOOM 3 and **MEGABOOM 3** have been redesigned with two-toned, high performance fabric and with deeper bass and improved clarity

Upgraded with a new IP67 rating – waterproof, drop proof and dustproof

All-new Magic Button enables play, pause and skip tracks capabilities directly on the speakers without fumbling around for the phone

Offers a one-touch access to Apple Music or Deezer Premium on Android



JAYBIRD

Jaybird X4 Wireless Sport Headphone is a do-it-all wireless headphone designed for the all-around runner and outdoor athlete

Not only sweat proof but now also waterproof with a more comfortable fit

Delivers eight hours of battery life and custom sound with fully adjustable EQ in the Jaybird app



POINTING DEVICES

Logitech MX VERTICAL is an advanced ergonomic mouse that combines science-driven ergonomic design with the elevated performance of Logitech's MX series

MX Vertical's natural handshake position reduces muscle strain by 10 percent and promotes a more ergonomic posture

Provides a best-in-class 4,000 DPI high-precision sensor, resulting in 4x less hand movement and reducing fatigue

Cursor speed switch allows for instant DPI speed and cursor accuracy adjustments



TABLET & ACCESSORIES

Logitech POWERED was designed and engineered to wirelessly charge iPhone XS, XR, X and 8 series

Supports charging in both landscape and portrait modes, resting your phone's screen at the perfect angle for watching movies, writing notes, and any other app or activity

Fine-tuned to deliver up to 7.5W of charging

Utilizes internal heat sensors to intelligently manage temperatures and prevent overheating



FINANCIAL RESULTS



Q2'19 RESULTS MAINTAIN STRONG MOMENTUM

	Q2'19	Q2'18	YoY
Net sales	\$691	\$632	9%
YoY % chg	9%	12%	
YoY % chg (CC)	10%	11%	
Gross profit	260	231	13%
% margin	37.6%	36.5%	110 bps
Operating expense	175	159	10%
% of sales	25.4%	25.2%	20 bps
Operating income	\$85	\$71	18%
% margin	12.2%	11.3%	90 bps
Net income	83	66	25%
% margin	12.0%	10.5%	150 bps
Earnings per share	\$0.49	\$0.39	26%
Diluted shares	169	169	

Net sales +10% to \$691M, with robust performance from Gaming, Video Collaboration, and PC Peripherals

Blue Microphones contributed 1 ppt to our overall sales growth, while 606 revenue standard had a 1 ppt negative impact to sales growth

Strong gross margin of 37.6% was due to continued cost reduction, favorable currency and some one-time factors

Leverage continued with operating profit +18% to \$85M

Note: Numbers in \$ millions except EPS and percentages. Diluted share count in millions. Results are non-GAAP. Comparisons are YoY and in constant currency unless otherwise specified.

A RECORD SEPTEMBER SALES QUARTER

	Q2'19	Q2'18	YoY	YoY (CC)
Pointing Devices	128	124	4%	5%
Keyboards & Combos	132	119	11%	12%
PC Webcams	28	27	3%	4%
Tablet & Accessories	37	31	19%	20%
Video Collaboration	57	46	24%	25%
Mobile Speakers	77	91	(15%)	(14%)
Audio & Wearables	62	62	(1%)	0%
Gaming	161	114	41%	43%
Smart Home	9	18	(50%)	(49%)
Net sales	\$691	\$632	9%	10%

Gaming +43%, its 13th straight quarter of double-digit growth

Video Collaboration +25%, with sell-through reaching an all-time high

PC Peripherals +8% due to broad-based strength across all categories

Mobile Speakers -14% on improving trends and new product transitions

Audio & Wearables flat, with Blue Microphones contributing roughly 1 ppt to our overall sales growth

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

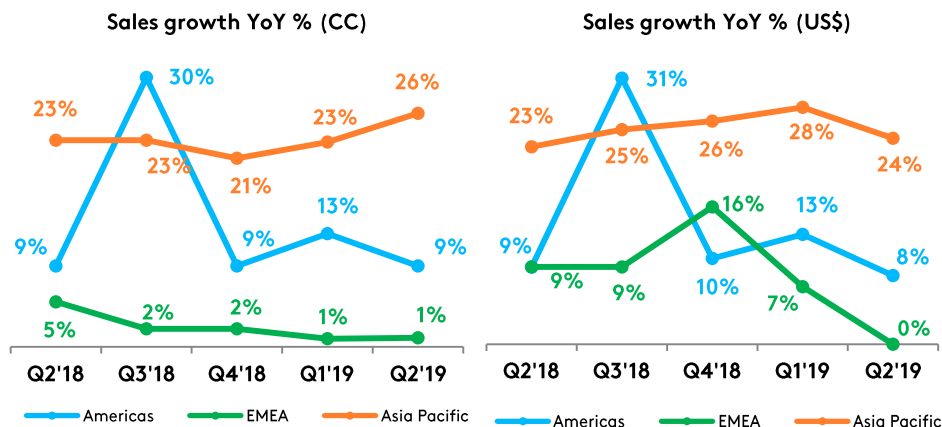
ASIA PACIFIC LED OUR GLOBAL GROWTH

	Q2'19	Q2'18	YoY (US\$)	YoY (CC)	Sell-through (US\$)
Americas	284	262	8%	9%	13%
EMEA	218	218	0%	1%	3%
Asia Pacific	189	152	24%	26%	27%
Net sales	\$691	\$632	9%	10%	12%

Americas sales +9%, driven by strong growth in Gaming, Video Collaboration, and PC Peripherals

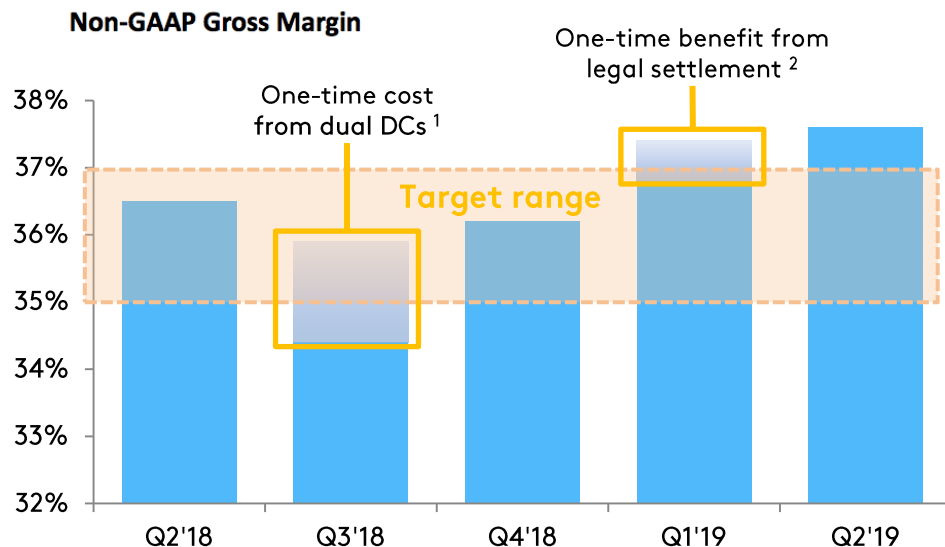
EMEA sales +1%, as we continued to reset and position for growth

Asia Pacific sales +26%, with almost all categories and countries contributing to the strong performance



Note: Net sales in \$ millions. Results are non-GAAP. Comparisons are YoY and in constant currency unless otherwise specified. See Appendix regarding sell-through data.

GROSS MARGIN REMAINS WITHIN TARGET RANGE



Q2'19 gross margin +110 basis points YoY to 37.6%

Healthy gross margin was driven by continued operational efficiency gains and some one-time factors ³

Long-term gross margin target remains 35-37%, as we re-invest our profit dollars to support sales growth

Note: Figures are for illustrative purposes only.

(1) Q3'18 non-GAAP gross margin includes ~150 basis points of cost headwinds from operating two distribution centers in the Americas.

(2) Q1'19 non-GAAP gross margin includes a one-time benefit of ~60 basis points from a legal settlement with our previous distribution center supplier in the Americas.

(3) Q2'19 one-time factors include a one-time duty rebate partially offset by a small negative impact from the adoption of revenue standard ASC 606.

DISCIPLINED INVESTMENTS TO SUSTAIN GROWTH

	Q2'19	Q2'18	YoY
Sales & marketing	117	103	13%
% of sales	16.9%	16.3%	60 bps
Research & development	38	35	7%
% of sales	5.4%	5.5%	(10 bps)
General & administrative	21	21	(3%)
% of sales	3.0%	3.4%	(40 bps)
Operating expenses	\$175	\$159	10%
% of sales	25.4%	25.2%	20 bps

Operating expenses +10% as we continued to strategically re-invest for growth

Increased spending in S&M (+13%) and R&D (+7%) with continued reduction in G&A expenses (-3%)

Strategy of balancing investments for long-term growth while driving leverage remains unchanged

Operating expenses as a % of sales continued to be in line with long-term annual model

Note: Numbers in \$ millions except percentages and basis points (bps). Results are non-GAAP. Comparisons are YoY unless otherwise specified.

STRONG CONSISTENT CASH FLOW GENERATION

	Q2'19	Q2'18	YoY
Cash from operations	85	68	17
Ending cash balance ¹	426	406	21
Inventory	359	330	28
<i>Inventory turns</i>	<i>4.9</i>	<i>4.9</i>	<i>0 turn</i>
<i>DSI</i>	<i>74</i>	<i>73</i>	<i>1 day</i>
Accounts receivable	460	278	182 ²
<i>DSO</i>	<i>60</i>	<i>40</i>	<i>20 days ²</i>
Accounts payable	441	387	54
<i>DPO</i>	<i>91</i>	<i>86</i>	<i>5 days</i>
Cash conversion cycle	43 days ²	27 days	16 days ²

Cash flow from operations of \$85M in Q2, +24%

Cash conversion cycle remained stable at 43 days, adjusted for the 606 revenue standard ²

Repurchased \$10M of stock, distributed \$114M in dividends, and spent \$117M for Blue Microphones and \$17M for its working capital

Robust cash balance of \$426M to support investments in the business and shareholder return strategy

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

(1) Ending cash balance reflects cash, cash equivalents, and short-term investments.

(2) Q2'19 includes the adoption of revenue standard ASC 606, which increased accounts receivable and DSO by \$133M and 18 days, respectively, but had no impact on total cash flows. Please refer to the 10-Q to be filed for more details on this balance sheet re-classification.

CONFIRMS FISCAL YEAR 2019 OUTLOOK

FY 2019 OUTLOOK

Sales CC growth	Up 9 – 11%
Non-GAAP operating income	\$325 – 335M

ASSUMPTIONS

Currency	FY 2018 average rates
Non-GAAP effective tax rate	7 - 8%
Cash from operations	1x non-GAAP operating income
Capex	~\$50M

Note: Comparisons are YoY unless otherwise specified.

Appendix



GAAP TO NON-GAAP RECONCILIATIONS

PRELIMINARY RESULTS *

(In thousands, except per share amounts) - Unaudited

GAAP TO NON-GAAP RECONCILIATION ^{(A)/(B)}

SUPPLEMENTAL FINANCIAL INFORMATION	Three Months Ended September 30,		Six Months Ended September 30,	
	2018	2017	2018	2017
Gross profit - GAAP	\$ 256,117	\$ 227,737	\$ 480,054	\$421,405
Share-based compensation expense	791	1,091	1,921	1,802
Amortization of intangible assets and purchase accounting effect on inventory	2,966	2,011	5,338	3,515
Gross profit - Non-GAAP	<u>\$ 259,874</u>	<u>\$ 230,839</u>	<u>\$ 487,313</u>	<u>\$426,722</u>
<i>Gross margin - GAAP</i>	37.1%	36.0%	36.9%	36.3%
<i>Gross margin - Non-GAAP</i>	37.6%	36.5%	37.5%	36.7%
Operating expenses - GAAP	\$ 190,985	\$ 168,799	\$ 382,471	\$331,042
Less: Share-based compensation expense	11,258	9,887	23,387	19,881
Less: Amortization of intangible assets and acquisition-related costs	4,317	2,491	6,838	3,881
Less: Change in fair value of contingent consideration for business acquisition	—	(2,930)	—	(4,908)
Less: Restructuring charges (credits), net	119	(61)	10,040	(116)
Operating expenses - Non-GAAP	<u>\$ 175,291</u>	<u>\$ 159,412</u>	<u>\$ 342,206</u>	<u>\$312,304</u>
<i>% of net sales - GAAP</i>	27.6%	26.7%	29.4%	28.5%
<i>% of net sales - Non - GAAP</i>	25.4%	25.2%	26.3%	26.9%

GAAP TO NON-GAAP RECONCILIATIONS

PRELIMINARY RESULTS *

(In thousands, except per share amounts) - Unaudited

GAAP TO NON-GAAP RECONCILIATION ^{(A)(B)}

SUPPLEMENTAL FINANCIAL INFORMATION	Three Months Ended September 30,		Six Months Ended September 30,	
	2018	2017	2018	2017
Operating income - GAAP	\$ 65,132	\$ 58,938	\$ 97,583	\$ 90,363
Share-based compensation expense	12,049	10,978	25,308	21,683
Amortization of intangible assets	5,448	3,645	10,341	6,238
Purchase accounting effect on inventory	379	114	379	114
Acquisition-related costs	1,456	741	1,456	1,042
Change in fair value of contingent consideration for business acquisition	—	(2,930)	—	(4,908)
Restructuring (charges) credits, net	119	(61)	10,040	(116)
Operating income - Non - GAAP	<u>\$ 84,583</u>	<u>\$ 71,425</u>	<u>\$ 145,107</u>	<u>\$ 114,416</u>
% of net sales - GAAP	9.4%	9.3%	7.5%	7.8%
% of net sales - Non - GAAP	12.2%	11.3%	11.2%	9.8%
Net income - GAAP	\$ 64,176	\$ 56,358	\$ 102,642	\$ 93,365
Share-based compensation expense	12,049	10,978	25,308	21,683
Amortization of intangible assets	5,448	3,645	10,341	6,238
Purchase accounting effect on inventory	379	114	379	114
Acquisition-related costs	1,456	741	1,456	1,042
Change in fair value of contingent consideration for business acquisition	—	(2,930)	—	(4,908)
Restructuring (charges) credits, net	119	(61)	10,040	(116)
Loss (gain) on investments in privately held companies	(395)	(695)	(382)	(436)
Non-GAAP income tax adjustment	(116)	(1,890)	(9,225)	(10,982)
Net income - Non - GAAP	<u>\$ 83,116</u>	<u>\$ 66,260</u>	<u>\$ 140,559</u>	<u>\$ 106,000</u>
Net income per share:				
Diluted - GAAP	\$ 0.38	\$ 0.33	\$ 0.61	\$ 0.55
Diluted - Non - GAAP	\$ 0.49	\$ 0.39	\$ 0.83	\$ 0.63
Shares used to compute net income per share:				
Diluted - GAAP and Non - GAAP	169,234	169,078	168,996	168,710

GAAP TO NON-GAAP RECONCILIATION NOTES

Note: These preliminary results for the three and six months ended September 30, 2018 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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