



Logitech Announces Q3 FY 2009 Results

FREMONT, Calif., Jan. 19, 2009 and ROMANEL-SUR-MORGES, Switzerland, Jan. 20, 2009 — Logitech International (SIX: LOGN) (Nasdaq: LOGI) today announced financial results for the third quarter of Fiscal Year 2009. Sales for Q3 were \$627 million, a decrease of 16 percent compared to \$744 million in the same quarter last year. Operating income was \$43 million, a decrease of 63 percent compared to \$116 million in the same quarter a year ago. Net income was \$40 million (\$0.22 per share) compared to Q3 FY 2008 net income of \$134 million (\$0.71 per share), which included a net realized gain on sales of short-term investments of \$27.8 million and an impairment loss of \$5.5 million on the value of short-term investments. Gross margin for the third quarter of FY 2009 was 29.9 percent compared to 36.9 percent in Q3 FY 2008.

Logitech's retail sales for Q3 FY 2009 declined 16 percent year over year, with sales down in the Americas and EMEA by 21 percent and 19 percent, respectively and sales up in Asia by 8 percent. OEM sales were down by 11 percent.

"The deepening global recession had a significant impact on our operating performance as our customers continued to reduce inventory levels in the face of weaker consumer demand," said Gerald P. Quindlen, Logitech president and chief executive officer. "Two factors primarily contributed to the decline in our gross margin from last year's record high – the negative impact of a significantly stronger dollar and a retail environment that was highly promotional, particularly in the Americas. We believe these factors are tied to the current economic conditions and are not permanent.

"During the quarter, we were able to scale back our operating expenses in anticipation of the challenging environment. And we continued to generate positive operating cash flow, ending the quarter with nearly half a billion dollars in cash.

"All indications point to an even weaker retail environment in the coming months. Consequently, our plans assume that in Q4 we will see year-over-year declines in sales, operating income before restructuring charges and gross margin that are similar to or worse than the year-over-year declines we experienced in Q3. However, we expect to continue to generate positive cash flow from operations as we focus on preserving the strength of our balance sheet. Moreover, we believe the substantial steps we are taking to align our cost structure with the current environment, combined with our continued emphasis on product innovation, will position the Company to successfully manage through this downturn and emerge stronger when the recovery begins."

Restructuring

In addition to ongoing actions to reduce operating expenses, Logitech has initiated a restructuring that is expected to reduce the Company's global salaried workforce by between 550 and 600 employees. This plan is expected to generate annual cost savings beginning in Fiscal Year 2010 of approximately \$50 million. As a result of the restructuring, the Company expects to incur a total charge of approximately \$20-24 million over the next twelve months, of which approximately \$16-18 million is expected to be incurred during the fourth quarter of FY 2009.

Earnings Teleconference

Logitech will hold an earnings teleconference on Tuesday, Jan. 20, 2009 at 8:30 a.m. Eastern Standard Time and 14:30 Central European Time. A live webcast of the call, along with presentation slides, will be available on the Logitech corporate Web site at <http://ir.logitech.com>.

About Logitech

Logitech is a world leader in personal peripherals, driving innovation in PC navigation, Internet communications, digital music, home-entertainment control, gaming and wireless devices. Founded in 1981, Logitech International is a Swiss public company listed on the SIX Swiss Exchange (LOGN) and on the Nasdaq Global Select Market (LOGI).

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This press release contains forward-looking statements, including the statements regarding the expectation to remain cash-flow positive, the impact of the restructuring and product innovation on future performance, the expected size and timing of the restructuring and restructuring charge, the size and timing of expected savings from the restructuring, and anticipated sales,

operating income and gross margin for Q4 FY 2009. The forward-looking statements in this release involve risks and uncertainties that could cause Logitech's actual results to differ materially from that anticipated in these forward-looking statements. Factors that could cause actual results to differ materially include: Logitech's ability to implement the workforce reductions in various geographies; possible changes in the size and components of the expected costs and charges associated with the restructuring plan; Logitech's ability to achieve expected cost reductions within expected time frames; our inability to predict the depth and length of the current deterioration of general economic conditions and its impact on our business, operating results and financial condition; the restructuring failing to enhance Logitech's long-term performance; if we fail to successfully innovate in our current and emerging product categories and identify new feature or product opportunities; consumer demand for our products, particularly our newly introduced products, and our ability to accurately forecast it; if we fail to introduce new products in a timely manner at the product cost 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; the sales mix among our lower- and higher-margin products and our geographic sales mix; as well as those additional factors set forth in our periodic filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended March 31, 2008 and our Quarterly Reports on Form 10-Q, available at www.sec.gov. Logitech does not undertake to update any forward-looking statements.

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