



Q1 Fiscal Year 2021 Financial Results

July 20, 2020



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 months ended June 30, 2020, secular trends, long-term trends and market opportunities, a new era and our ability to benefit from it, the momentum of long-term trends and growth, long-term growth potential categories, growth opportunities, our ability to capture growth opportunities and upside, product portfolio, product features and capabilities, carbon impact and other ESG efforts, product category trends, long-term gross margin target range, operating expense growth, investments in our business, sales growth, demand for our products, supply, product portfolio transitions, logistics costs, air shipping rates, promotional spending, product mix, cash generation, cash conversion cycle, dividends, share repurchases, operational discipline, our execution and execution capabilities, expected growth in the second quarter of fiscal year 2021, and fiscal year 2021 outlook 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; the COVID-19 pandemic and its potential impact; 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, 2020, 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, 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 FY 2021

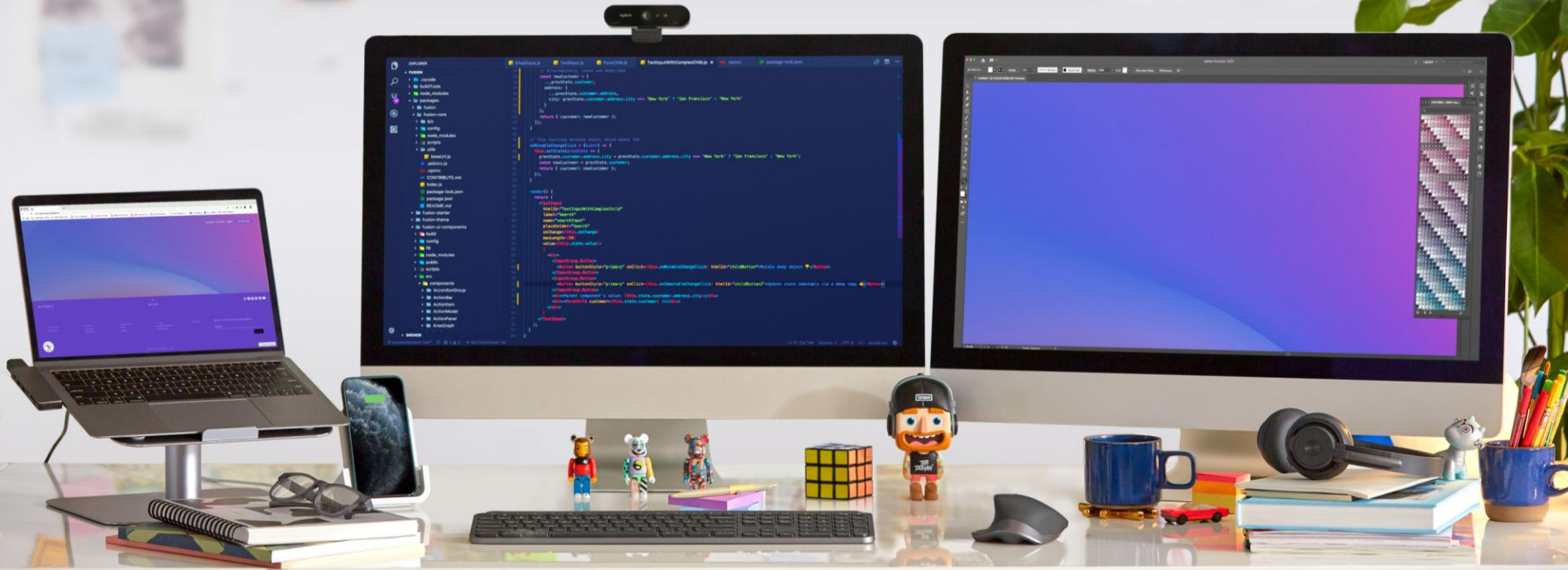
Q1'21 sales increased 25% (CC) to \$792M, as we continue to see strong demand for our products that help people work, learn, and play from anywhere as well as create, stream, and share content online

Gross margin of 39.2% was stronger than expected due to favorable product mix and lower promotional spending that more than offset elevated logistics costs and unfavorable currency exchange rates

Operating profits grew 75% to \$117M, as better-than-expected top-line and gross profits drove significant operating leverage while we continued to invest in OPEX for both near- and long-term growth opportunities

Cash flow from operations more than tripled to \$119M, as operating profit growth and strong working capital management led to a record cash conversion cycle

WHAT'S NEW FROM LOGITECH



ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

Logitech pledged to communicate the carbon impact of all its products on packaging and the company website

Will be the first consumer electronics company to provide detailed **carbon impact labeling** on product packaging across the entire portfolio, so consumers can make more informed purchasing decisions

Working with well-known third parties to critically verify and validate product-level carbon impacts to DEKRA certification standards



GAMING

Logitech G915 TKL LIGHTSPEED Wireless Gaming Keyboard offers the same core technologies and experience of the G915, in a smaller tenkeyless form factor

Delivers high-performance LIGHTSPEED wireless technology, LIGHTSYNC RGB and low-profile mechanical gaming switches in an ultra-thin design

LIGHTSPEED offers fast, pro-grade 1ms report rate and up to 135 days of non-stop wireless gaming (with lighting turned off)

Features Logitech G's high-performance, low-profile GL mechanical switches that are half the height of standard switches



FINANCIAL RESULTS



Q1'21 SUSTAINED STRONG DOUBLE-DIGIT GROWTH

	Q1'21	Q1'20	Y/Y
Net sales	\$792	\$644	23%
Y/Y % chg	23%	6%	
Y/Y % chg (CC)	25%	9%	
Gross profit	311	243	28%
% margin	39.2%	37.8%	140 bps
Operating expense	193	176	10%
% of sales	24.4%	27.4%	(300 bps)
Operating income	\$117	\$67	75%
% margin	14.8%	10.4%	440 bps
Net income	109	66	66%
% margin	13.7%	10.2%	350 bps
Earnings per share	\$0.64	\$0.39	64%
Diluted shares	170	169	

Net sales +25% (CC) to \$792M, driven by an acceleration in underlying trends of video everywhere, remote work, content creation, and esports

Gross margin improved to 39.2%, driven by product mix and reduced promotions

OPEX growth (+10%) lagged sales growth in Q1'21 but will accelerate in coming quarters to capture long-term growth opportunities

Operating profits +75% to \$117M on strong margins and OPEX leverage

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

UNDERLYING SECULAR “xFH” TRENDS ACCELERATED

	Q1'21	Q1'20	Y/Y	Y/Y (CC)
Pointing Devices	120	122	(1%)	1% ¹
Keyboards & Combos	145	129	13%	15%
PC Webcams	61	28	116%	121%
Tablet & Accessories	46	38	20%	22%
Video Collaboration	130	73	77%	81%
Mobile Speakers	29	50	(42%)	(42%)
Audio & Wearables	71	59	22%	23%
Gaming	182	135	35%	38%
Smart Home	7	10	(31%)	(30%)
Net sales	\$792	\$644	23%	25%

Beginning in March, secular “xFH” (work-from-home, learn-from-home, and play-from-home) trends have accelerated

PC Peripherals +19% (CC), due to content creation/streaming and demand for personal workspace in the home

Gaming +38% (CC), as people entertain and socialize with friends and fellow players through online gaming

Video Collaboration +81% (CC), led by increasing demand for video everywhere

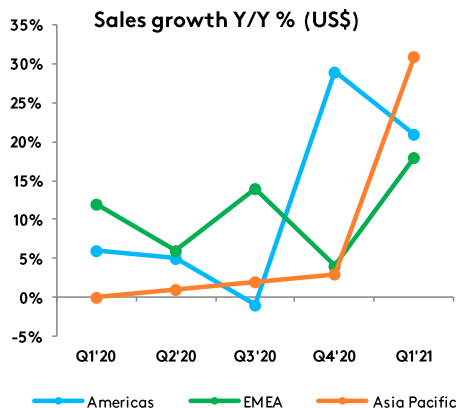
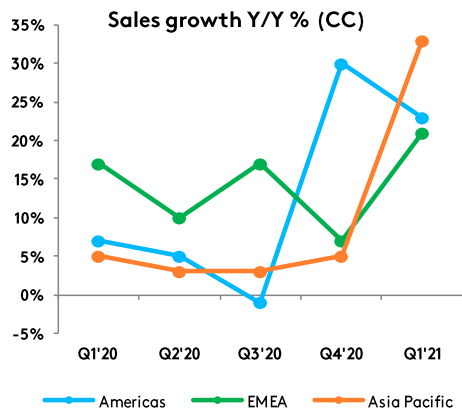
Blue Microphone sales (+50%) offset expected declines in UE and Jaybird

Note: Net sales in \$ millions. Comparisons are Y/Y and in US\$ unless otherwise specified.

(1) Pointing Devices excluding Presenters are up 9% (CC)

CONSISTENT TRENDS FUELING ALL THREE REGIONS

	Q1'21	Q1'20	Y/Y (CC)	Y/Y (US\$)	Sell-through (US\$)
Americas	356	293	23%	21%	19%
EMEA	211	179	21%	18%	17%
Asia Pacific	225	172	33%	31%	37%
Net sales	\$792	\$644	25%	23%	23%



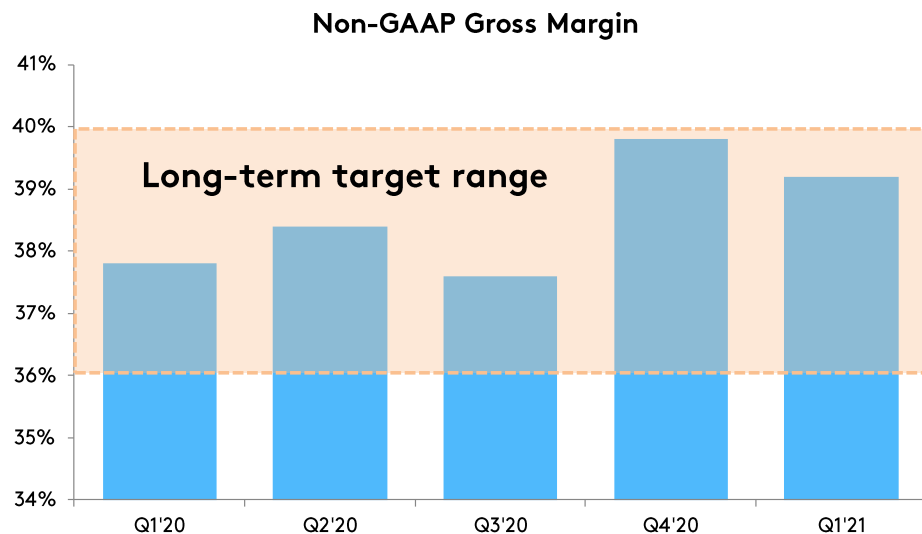
Americas maintained its strong growth momentum, with sales +23% (CC) due to strong demand from remote work and stay-at-home mandates that bolstered gaming and distance learning adoption

EMEA sales growth improved to +21% (CC), representing five double-digit growth quarters in the past six quarters

Asia Pacific sales +33% (CC), with sell-through even stronger as China, Japan, and Australia achieved significant sales growth momentum versus the prior quarter

Note: Sales in \$ millions and are net sales. Comparisons are Y/Y unless otherwise specified. See Appendix regarding sell-through data.

ACHIEVED EXCELLENT GROSS MARGINS



Q1'21 gross margin expanded 140 basis points to a better-than-expected 39.2%, with favorable product mix and reduced promotional spending that more than offset elevated logistics costs and currency exchange rate headwinds

We will continue to manage our business within our long-term gross margin target range of 36-40% as we expect promotional spending to return to more normalized levels in the coming quarters

Note: Figures are for illustrative purposes only.

OPEX INVESTMENTS TO CAPTURE MARKET GROWTH

	Q1'21	Q1'20	Y/Y
Sales & marketing	124	116	7%
% of sales	15.7%	18.0%	(230 bps)
Research & development	47	40	16%
% of sales	5.9%	6.2%	(30 bps)
General & administrative	22	20	11%
% of sales	2.8%	3.1%	(30 bps)
Operating expenses	\$193	\$176	10%
% of sales	24.4%	27.4%	(300 bps)

Operating expenses +10%, with investments in eetail and strategic growth initiatives partially offset by reduced travel and physical retail store marketing campaigns

Spending efficiency improved across all categories with continued investments in R&D

We will continue to invest for the long-term and may accelerate our pace of investments for the remainder of FY'21

Note: Numbers in \$ millions except percentages. Results are non-GAAP. Comparisons are Y/Y unless otherwise specified.

RECORD LOW CASH CONVERSION CYCLE

	Q1'21	Q1'20	Y/Y	Q/Q
Cash from operations	119	37	82	18
Ending cash balance	809	598	212	94
Inventory	271	297	(26)	42
<i>Inventory turns</i>	7.2	5.5	1.7 turns	(0.4 turns)
<i>DOI</i>	50	66	(16 days)	2 days
Accounts receivable	500	419	81	106
<i>DSO</i>	57	59	(2 days)	7 days
Accounts payable	430	339	91	171
<i>DPO</i>	80	75	5 days	26 days
Cash conversion cycle	27 days	50 days	(23 days)	(17 days)

Cash balance reached a record high of \$809M due to strong cash flows of \$119M and improved working capital

Cash conversion cycle improved to a record low of 27 days, as inventory turns benefited from strong sell-through and low channel inventory ...

... though we expect cash conversion cycle to return to more normalized levels as we replenish inventory levels

Logitech board approved a proposal for a 10% dividend increase and a new 3-year \$250M share buyback program

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

RAISING FISCAL YEAR 2021 OUTLOOK

FY 2021 OUTLOOK	NEW	OLD
Sales growth (CC)	10 – 13%	Mid-single digits
Non-GAAP operating income	\$410 – 425M	\$380 – 400M

ADDITIONAL ASSUMPTIONS	
Currency exchange rates	Q1'21 actuals and Q2-Q4'21 projections ¹
Non-GAAP effective tax rate	8 - 9%
Cash from operations	~1x non-GAAP operating income
Capex	\$40 - 50M

Note: Sales growth is in constant currency unless otherwise specified.

(1) Q2-Q4'21 projections are based on average Q1'21 currency exchange rates

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,	
	2020	2019
Gross profit - GAAP	\$ 305,733	\$ 238,976
Share-based compensation expense	1,400	1,158
Amortization of intangible assets and purchase accounting effect on inventory	3,523	3,271
Gross profit - Non-GAAP	\$ 310,656	\$ 243,405
Gross margin - GAAP	38.6%	37.1%
Gross margin - Non-GAAP	39.2%	37.8%
Operating expenses - GAAP	\$ 222,306	\$ 191,509
Less: Share-based compensation expense	18,715	11,060
Less: Amortization of intangible assets and acquisition-related costs	4,609	3,596
Less: Change in fair value of contingent consideration for business acquisition	5,716	—
Less: Restructuring charges, net	(53)	478
Operating expenses - Non-GAAP	\$ 193,319	\$ 176,375
% of net sales - GAAP	28.1%	29.7%
% of net sales - Non - GAAP	24.4%	27.4%

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,	
	2020	2019
Operating income - GAAP	\$ 83,427	\$ 47,467
Share-based compensation expense	20,115	12,218
Amortization of intangible assets	8,132	6,867
Change in fair value of contingent consideration for business acquisition	5,716	—
Restructuring charges (credits), net	(53)	478
Operating income - Non - GAAP	<u>\$ 117,337</u>	<u>\$ 67,030</u>
% of net sales - GAAP	10.5%	7.4%
% of net sales - Non - GAAP	14.8%	10.4%
Net income - GAAP	\$ 72,073	\$ 45,345
Share-based compensation expense	20,115	12,218
Amortization of intangible assets	8,132	6,867
Change in fair value of contingent consideration for business acquisition	5,716	—
Restructuring charges (credits), net	(53)	478
Loss (gain) on investments	(174)	(211)
Non-GAAP income tax adjustment	3,048	907
Net income - Non - GAAP	<u>\$ 108,857</u>	<u>\$ 65,604</u>
Net income per share:		
Diluted - GAAP	\$ 0.42	\$ 0.27
Diluted - Non - GAAP	\$ 0.64	\$ 0.39
Shares used to compute net income per share:		
Diluted - GAAP and Non - GAAP	170,127	168,797

GAAP TO NON-GAAP RECONCILIATION NOTES

Note: These preliminary results for the month ended June 30, 2020 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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