

A person is shown from the side, wearing a dark blue and red headset with a microphone. They are holding a black wired game controller with both hands. The background is a blurred, light-colored surface.

logitech®

**Q3 Fiscal Year 2019
Financial Results**

Lausanne, January 22, 2019

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 nine months ended December 31, 2018, economic trends and outlook, our fortunes and result drivers, our business model, growth, diversity and profitability, long-term growth opportunities and investments, product category opportunities, growth and trends, the effect of product category trends, the effect of product categories on our overall results, product portfolio, product features and capabilities, innovation, new hardware and software products, services, market share, adjacent market expansions, operational execution, investments in our enterprise salesforce, the effect, success and opportunities of the ASTRO and Blue Microphones acquisitions and integrations, our M&A capability, our long-term gross margin target and operating expenses model, the impact of tariffs on our gross margin and our mitigation efforts, efficiency improvement, seasonality, our approach to spending, outlook for Fiscal Year 2019 results, sales growth, operating income and related assumptions, and excitement for fiscal year 2020. 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 September 30, 2018, 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), 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 – Q3 FY 2019

New top-line record, with **Q3'19 net sales up 8% (CC) to \$864M**

Strong double-digit sales growth in Gaming, Video Collaboration, and Creativity & Productivity offset weakness in Mobile Speakers

Gross margin of 38.1%, driven by favorable product mix and better-than-expected cost reductions, enabling us to support investments for long-term growth opportunities

Operating profits rose 22% to a record \$143M

Cash flow from operations was \$176M in Q3, leading to YTD cash flow of \$273M, up \$17M

Raising FY'19 guidance for non-GAAP operating profits to \$340-345M on sales growth of 9-11%

WHAT'S NEW FROM LOGITECH



GAMING

C40 TR is the first pro-caliber controller for PlayStation® 4 and PCs from **ASTRO Gaming** designed to withstand the rigors of competitive play

The Analog Stick or D-Pad are quickly and easily swappable and replaceable for better performance

Offers optimal rear button layout for superior ergonomics and to improve precision

ASTRO software allows players to create profiles to adjust trigger and stick sensitivity, and remap buttons, tweak EQ, audio output, mic out and sidetone

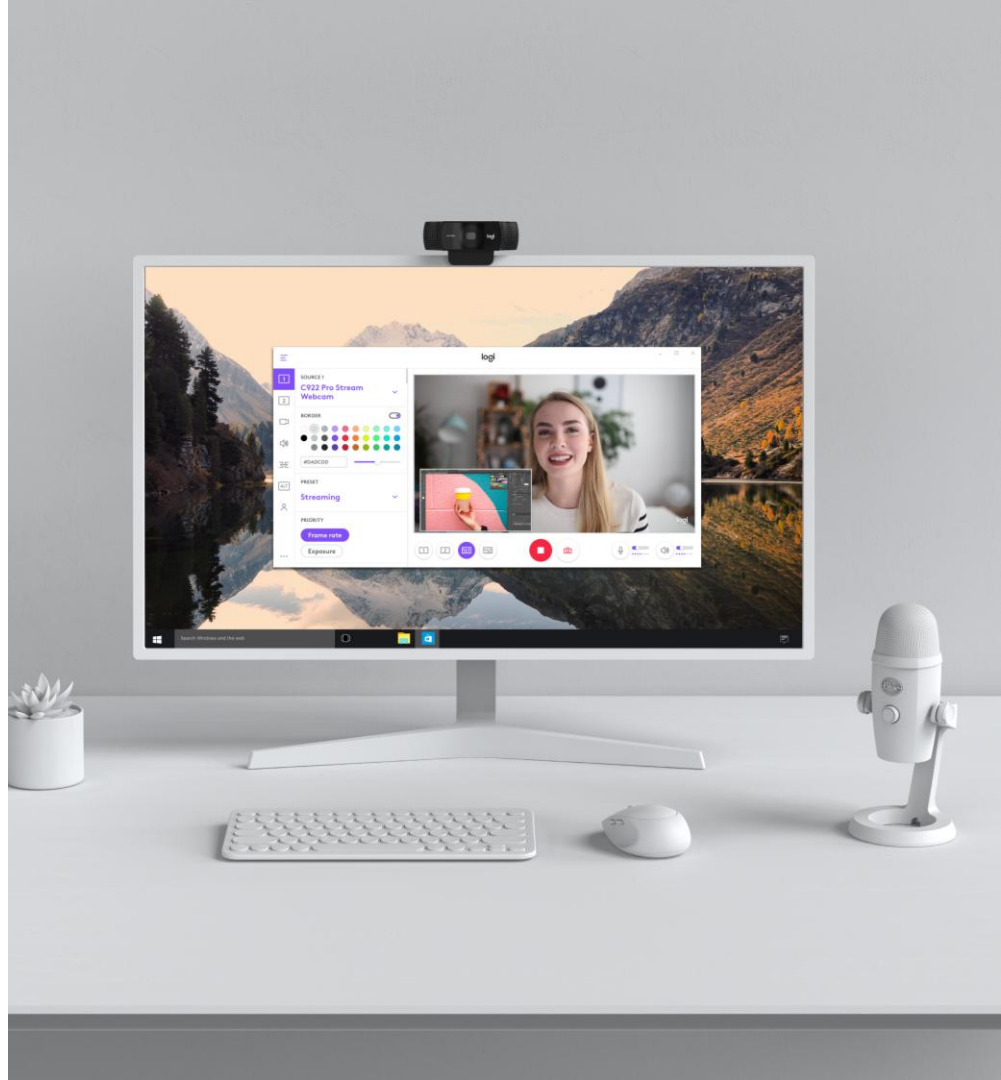


WEBCAM

Logitech Capture software simplifies video production by incorporating professional controls in an easy-to-use app

Available for all Logitech webcams and allows the user to customize videos and create great content all within the app

Enables the user to record from multiple sources, create vertical videos, livestream to YouTube, add professional studio-style controls to the recording, and customize camera settings



BLUE MICROPHONES

The **Blue Ember** XLR microphone brings professional recording features to a more consumer-friendly price point

The custom hand-tuned condenser capsule captures maximum detail, while the tight cardioid pickup pattern helps reduce room and background noise

Ember's compact, side-address design fits anywhere and keeps a low profile on camera



JAYBIRD

Jaybird Tarah Pro is the first in Jaybird's Pro Series: a new line of premium wireless sport headphones for endurance athletes

Offers industry-leading 14 hours of battery life in an extremely durable, compact design

Equipped with unique features geared towards athletes, such as a secure custom-fit and uncompromising sound, and with new personalized EQ functionality through the Jaybird app



FINANCIAL RESULTS



Q3'19 RESULTS DELIVER SALES AND PROFIT RECORDS

	Q3'19	Q3'18	YoY
Net sales	\$864	\$812	6%
YoY % chg	6%	22%	
YoY % chg (CC)	8%	18%	
Gross profit	330	279	18%
% margin	38.1%	34.4%	370 bps
Operating expense	186	162	15%
% of sales	21.6%	20.0%	160 bps
Operating income	\$143	\$117	22%
% margin	16.6%	14.4%	220 bps
Net income	134	111	21%
% margin	15.5%	13.6%	190 bps
Earnings per share	\$0.79	\$0.65	22%
Diluted shares	169	169	

Net sales +8% to \$864M, with robust performance from several large categories

Blue Microphones contributed around 3 pts to our overall sales growth

Better-than-expected gross margin of 38.1% was driven by favorable product mix and cost reductions

Leverage continued, with operating profit +22% to a record \$143M

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.

SEVERAL LARGE CATEGORIES DROVE ROBUST GROWTH

	Q3'19	Q3'18	YoY	YoY (CC)
Pointing Devices	149	141	6%	8%
Keyboards & Combos	144	126	14%	16%
PC Webcams	33	27	21%	23%
Tablet & Accessories	36	27	34%	36%
Video Collaboration	74	46	60%	64%
Mobile Speakers	96	147	(35%)	(34%)
Audio & Wearables	99	84	17%	18%
Gaming	214	174	23%	25%
Smart Home	20	39	(49%)	(49%)
Net sales	\$864	\$812	6%	8%

Video Collaboration +64% to a record annualized run-rate of nearly \$300M

Gaming +25%, with continued strong momentum from core PC gaming and ASTRO console headsets

PC Peripherals +13% driven by broad-based strength across all categories

Audio & Wearables +18% led by Blue Microphones acquisition

Mobile Speakers -34% as we balanced adjustments in legacy products with new BOOM 3 and MEGABOOM 3

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

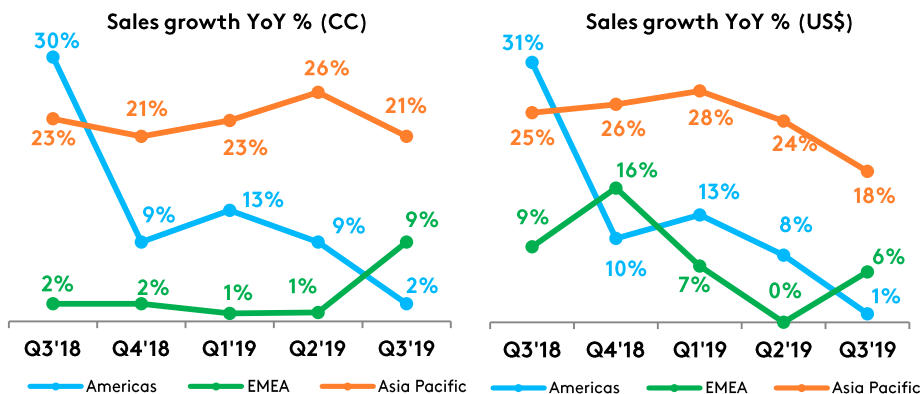
EMEA IMPROVED TO HIGH-SINGLE DIGIT GROWTH

	Q3'19	Q3'18	YoY (US\$)	YoY (CC)	Sell-through (US\$)
Americas ¹	386	380	1%	2%	4%
EMEA	269	254	6%	9%	1%
Asia Pacific	210	178	18%	21%	22%
Net sales ¹	\$864	\$812	6%	8%	6%

Americas sales +2% (CC), against the same period last year when sales rose +30% (CC)

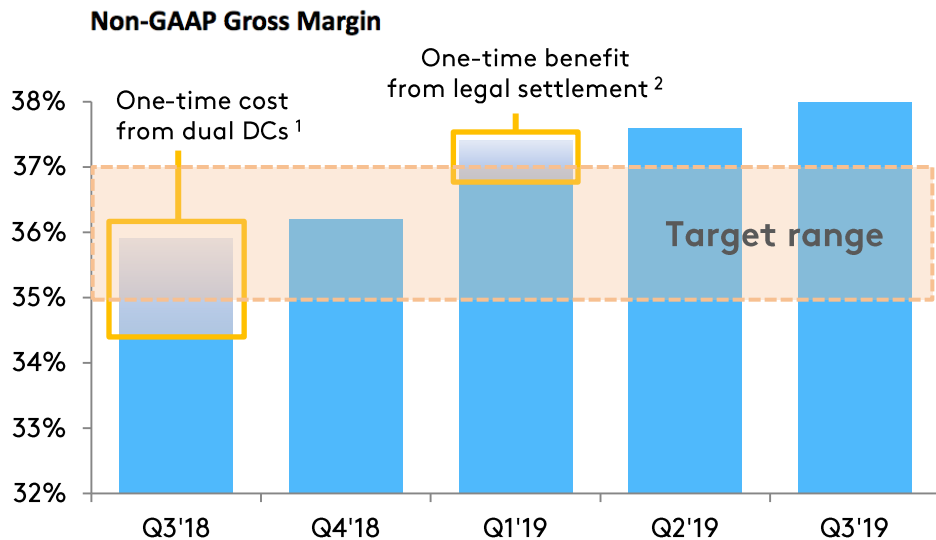
Improvements in EMEA operations drove sales +9%, with robust growth from PC Peripherals, Gaming, and Video Collaboration

Asia Pacific sales +21%, with continued record sales from China as well as growth from almost all countries and categories



Note: Sales in \$M and are net sales. Results are non-GAAP. Comparisons are YoY and in constant currency unless otherwise specified. See Appendix regarding sell-through data.
 (1) Americas and total net sales figures for Q3'19 include the acquisition of Blue Microphones.

GROSS MARGIN FEEDS LONG-TERM GROWTH ENGINE



Q3'19 gross margin was a better-than-expected 38.1%, due to favorable product mix and cost reductions

One-time favorable items more than offset impact of China tariffs in Q3, with continued progress in mitigating tariffs, with full mitigation still expected by mid-CY19

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 temporarily 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.

INVESTING IN OPEX TO SUPPORT INNOVATION

	Q3'19	Q3'18	YoY
Sales & marketing	128	112	14%
<i>% of sales</i>	<i>14.8%</i>	<i>13.7%</i>	<i>110 bps</i>
Research & development	39	33	18%
<i>% of sales</i>	<i>4.5%</i>	<i>4.0%</i>	<i>50 bps</i>
General & administrative	20	18	12%
<i>% of sales</i>	<i>2.3%</i>	<i>2.2%</i>	<i>10 bps</i>
Operating expenses	\$186	\$162	15%
<i>% of sales</i>	<i>21.6%</i>	<i>20.0%</i>	<i>160 bps</i>

Operating expenses +15% as we re-invested our gross profit dollars back into the business

Investments in S&M (+14%) and R&D (+18%) to support continued innovation and growth, and in G&A expenses (+12%) to reflect the Blue Microphones acquisition and variable comp

Operating expenses as a % of sales remained 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.

MAINTAINING SOLID WORKING CAPITAL METRICS

	Q3'19	Q3'18	YoY
Cash from operations	176	189	(13)
Ending cash balance ¹	586	565	21
Inventory	342	279	63
<i>Inventory turns</i>	6.3	7.7	(1.4 turn)
<i>DSI</i>	57	47	10 days
Accounts receivable	484	352	132 ²
<i>DSO</i>	50	39	11 days ²
Accounts payable	436	429	7
<i>DPO</i>	73	72	1 day
Cash conversion cycle	34 days ²	14 days	20 days ²

Year-to-date cash flow from operations was \$273M, versus \$256M in the same period last year

Inventory increase was driven by the Blue Microphones acquisition, short-term pull-in to mitigate tariffs, and normal business growth

Cash conversion cycle was 34 days, including a 14-day increase from ASC 606 revenue standard ²

Repurchased \$3M of stock in Q3'19

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) Q3'19 includes the adoption of revenue standard ASC 606, which increased accounts receivable and DSO by \$139M and 14 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.

RAISING FISCAL YEAR 2019 OUTLOOK

FY 2019 OUTLOOK	New	Prior
Sales CC growth	Up 9 – 11%	Up 9 – 11%
Non-GAAP operating income	\$340 – 345M	\$325 – 335M

ASSUMPTIONS	
Currency	FY 2018 average rates
Non-GAAP effective tax rate	6 - 7%
Cash from operations	1x non-GAAP operating income
Capex	~\$45M

Note: Comparisons are YoY unless otherwise specified. Sales are net sales.

APPENDIX



GAAP TO NON-GAAP RECONCILIATIONS

PRELIMINARY RESULTS *

(In thousands, except per share amounts) - Unaudited

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

<i>SUPPLEMENTAL FINANCIAL INFORMATION</i>	Three Months Ended December 31,		Nine Months Ended December 31,	
	2018	2017	2018	2017
Gross profit - GAAP	\$ 323,982	\$ 275,601	\$ 804,036	\$ 697,006
Share-based compensation expense	953	960	2,874	2,762
Amortization of intangible assets and purchase accounting effect on inventory	4,699	2,789	10,037	6,304
Gross profit - Non-GAAP	\$ 329,634	\$ 279,350	\$ 816,947	\$ 706,072
<i>Gross margin - GAAP</i>	37.5%	33.9%	37.2%	35.3%
<i>Gross margin - Non-GAAP</i>	38.1%	34.4%	37.8%	35.8%
Operating expenses - GAAP	\$ 200,598	\$ 175,338	\$ 583,069	\$ 506,380
Less: Share-based compensation expense	10,902	10,596	34,289	30,477
Less: Amortization of intangible assets and acquisition-related costs	3,539	2,496	10,377	6,377
Less: Change in fair value of contingent consideration for business acquisition	—	—	—	(4,908)
Less: Restructuring charges (credits), net	(278)	—	9,762	(116)
Operating expenses - Non-GAAP	\$ 186,435	\$ 162,246	\$ 528,641	\$ 474,550
<i>% of net sales - GAAP</i>	23.2%	21.6%	26.9%	25.6%
<i>% of net sales - Non - GAAP</i>	21.6%	20.0%	24.4%	24.0%

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 December 31,		Nine Months Ended December 31,	
	2018	2017	2018	2017
Operating income - GAAP	\$ 123,384	\$ 100,263	\$ 220,967	\$ 190,626
Share-based compensation expense	11,855	11,556	37,163	33,239
Amortization of intangible assets	6,895	4,415	17,236	10,653
Purchase accounting effect on inventory	1,343	500	1,722	614
Acquisition-related costs	—	370	1,456	1,412
Change in fair value of contingent consideration for business acquisition	—	—	—	(4,908)
Restructuring charges (credits), net	(278)	—	9,762	(116)
Operating income - Non - GAAP	\$ 143,199	\$ 117,104	\$ 288,306	\$ 231,520
% of net sales - GAAP	14.3%	12.3%	10.2%	9.7%
% of net sales - Non - GAAP	16.6%	14.4%	13.3%	11.7%
Net income - GAAP	\$ 112,810	\$ 80,773	\$ 215,452	\$ 174,138
Share-based compensation expense	11,855	11,556	37,163	33,239
Amortization of intangible assets	6,895	4,415	17,236	10,653
Purchase accounting effect on inventory	1,343	500	1,722	614
Acquisition-related costs	—	370	1,456	1,412
Change in fair value of contingent consideration for business acquisition	—	—	—	(4,908)
Restructuring charges (credits), net	(278)	—	9,762	(116)
Loss (gain) on investments in privately held companies	(207)	(114)	(589)	(550)
Non-GAAP income tax adjustment	1,443	13,015	(7,782)	2,033
Net income - Non - GAAP	\$ 133,861	\$ 110,515	\$ 274,420	\$ 216,515
Net income per share:				
Diluted - GAAP	\$ 0.67	\$ 0.48	\$ 1.28	\$ 1.03
Diluted - Non - GAAP	\$ 0.79	\$ 0.65	\$ 1.62	\$ 1.28
Shares used to compute net income per share:				
Diluted - GAAP and Non - GAAP	168,907	169,079	168,966	168,832

GAAP TO NON-GAAP RECONCILIATION NOTES

Note: These preliminary results for the three and nine months ended December 31, 2018 are subject to adjustments, including subsequent events that may occur through the date of filing our Quarterly Report on Form 10-Q.

(A) Preliminary Valuation from the Business Acquisition

The preliminary fair value of assets acquired and liabilities assumed from the business acquisition in the second quarter of fiscal year 2019 is included in the tables. The fair value of identifiable intangible assets acquired was based on estimates and assumptions made by us at the time of the acquisition. As additional information becomes available, such as the finalization of the estimated fair value of the assets acquired and liabilities assumed, we may revise our preliminary or interim estimated fair value of the assets acquired and liabilities assumed during the remainder of the measurement periods (which will not exceed 12 months from the acquisition dates). Any such revisions or changes may be material, and may have a material impact over our financial condition and results of operations.

(B) 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

logitech®