



Logitech

Q4 and Fiscal Year 2015 Preliminary Results

April 22, 2015

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the federal securities laws, including, without limitation, statements regarding: Logitech's product strategy, sales growth, transition to becoming a growth company, ability to be a faster and more profitable company, ability to create new businesses, ability to deliver big products, momentum, product design awards, long-term business model, gross margin and non-GAAP G&A expenses, capital allocation strategy, acquisitions, dividends, currency exchange rates, strategic focus, exiting the OEM business, reorganizing Lifesize, strategy to optimize the value of Lifesize, streamlining overall cost structure, product and infrastructure cost reductions, restructuring, the expected cost and use of savings from restructuring, Logitech's ability to offset currency exchange rate fluctuations, investment in growth, and Fiscal Year 2016 operating income, sales growth and inventory levels. The forward-looking statements in this presentation involve risks and uncertainties that could cause Logitech's actual results and events to differ materially from those anticipated in these forward-looking statements, 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 in our new product categories 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 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 operating segments, or significant fluctuations in exchange rates; the effect of changes to our effective income tax rates. A detailed discussion of these and other risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in Logitech's periodic filings with the Securities and Exchange Commission, including our Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2014 and our Annual Report on Form 10-K for the fiscal year ended March 31, 2014, 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.

Use of Non-GAAP Financial Information

To facilitate comparisons to Logitech's historical results, Logitech has included non-GAAP adjusted measures, which exclude share-based compensation expense, amortization of other intangible assets, restructuring charges (credits), other restructuring-related charges, investment impairment (recovery), benefit from (provision for) income taxes, one-time special charges and other items detailed under "Supplemental Financial Information" in our earnings press release or "Financial Statements only" posted to our website under "Quarterly Results" at <http://ir.logitech.com>. Historical GAAP and corresponding non-GAAP measures are provided under Financial History in the Investors section of our website. Logitech provides non-GAAP financial information for its Retail (excluding OEM and Lifesize) and OEM categories that includes approximations for cost and profitability estimates. Logitech also presents percentage sales growth in constant currency, a non-GAAP measure, to show performance unaffected by fluctuations in foreign 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, used together with the GAAP financial information, will help investors to evaluate its current period performance and trends in its business. With respect to our outlook for non-GAAP operating income, most of these 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 the GAAP amounts has been provided for Fiscal Year 2016.

Preliminary Results

Please note that the preliminary results for the three months and full year ended March 31 of Fiscal Year 2015 contained in this presentation are subject to material adjustments based on the completion of Logitech's evaluation of Lifesize goodwill, Lifesize asset impairment and other subsequent events that may occur through the date of filing Logitech's Annual Report on Form 10-K with the U.S. Securities and Exchange Commission.

Better than Expected FY15 Results



Set Stage for Faster Growth Transformation

- Exceeded FY15 expectations and accelerating growth transformation plans
 - Grew Retail Strategic sales 6% in constant currency (CC)
 - Achieved record gross margin and highest earnings in seven years
 - Won prestigious design awards
- Ended the year with \$537M in net cash, \$179M in cash from operations in FY15
 - Plan to increase dividend, aggregate ~\$250M for dividends for FY15-FY17
 - Share repurchase program with ~\$248M available
- Continuing “fewer, bigger” products strategy in FY16 to deliver growth
- Focused on delivering FY16 outlook and continuing Retail Strategic sales growth to become a faster and more profitable company

FY15 results deliver initial FY16 operating income target one year ahead of plan

- Sales of \$2.11B, up by 2% in CC and down 1% in USD
- Non-GAAP operating income up 38% to \$191M
- Best non-GAAP EPS since FY08 with \$1.04 (up 39% YOY)
- Continued strong cash generation with FY15 cash flow from operations of \$179M

Better than expected Q4 results, despite currency headwinds

- Sales of \$467M, up 1% in CC and down 5% in USD; Retail Strategic sales +7% CC
- Q4 non-GAAP operating income of \$14M and non-GAAP EPS of \$0.10
- Solid cash generation with cash from operations of \$42M

Accelerating growth transformation in FY16

- Confirming FY16 outlook as presented at Analyst & Investor Day last month
- Non-GAAP op. income of \$150M; 7% growth for Retail Strategic sales in CC
- Announcing plans to exit OEM and reorganize Lifesize
- Building on strategy for fewer, bigger new products

Non-GAAP Income Statements



(\$ in millions, except per share amounts)	Q4				FY			
	FY15	FY14	YOY	YOY in CC	FY15	FY14	YOY	YOY in CC
Net sales	\$467	\$490	-5%	1%	\$2,114	\$2,129	-1%	2%
<i>Retail</i>	416	424	-2%	5%	1,887	1,866	+1%	4%
<i>OEM</i>	26	35	-26%	-25%	117	142	-17%	-17%
<i>Lifesize</i>	25	31	-19%	-19%	109	121	-10%	-10%
Gross profit	\$158	\$163	-3%		\$779	\$744	5%	
<i>% of net sales</i>	<i>33.7%</i>	<i>33.2%</i>	<i>+60bp</i>		<i>36.8%</i>	<i>34.9%</i>	<i>+190bp</i>	
Operating expenses	\$143	\$141	+2%		\$588	\$605	-3%	
<i>% of net sales</i>	<i>30.6%</i>	<i>28.7%</i>	<i>+190bp</i>		<i>27.8%</i>	<i>28.4%</i>	<i>-60bp</i>	
Operating income	\$14	\$22	-34%		\$191	\$138	38%	
<i>% of net sales</i>	<i>3.1%</i>	<i>4.5%</i>	<i>-140bp</i>		<i>9.0%</i>	<i>6.5%</i>	<i>+250bp</i>	
Interest and other, net	\$2	\$1	--		\$1	\$2	--	
Effective tax rate	-4.9%	7.2%	--		10.0%	13.5%	--	
Net income	\$17	\$21	-20%		\$173	\$121	42%	
<i>% of net sales</i>	<i>3.7%</i>	<i>4.4%</i>	<i>-70bp</i>		<i>8.2%</i>	<i>5.7%</i>	<i>+250bp</i>	
EPS	\$0.10	\$0.13	-20%		\$1.04	\$0.75	39%	
Diluted shares outstanding	166.4	165.8	0%		166.2	162.5	2%	

Please note that the preliminary results for the three months and full year ended March 31 of Fiscal Year 2015 contained in this presentation are subject to material adjustments based on the completion of Logitech's evaluation of Lifesize goodwill, Lifesize asset impairment and other subsequent events that may occur through the date of filing Logitech's Annual Report on Form 10-K with the U.S. Securities and Exchange Commission. Currently, there is \$123M of goodwill related to Lifesize on our balance sheet as of March 31, 2015.

Retail Sales by Region



	Q4 FY15 YOY % Change		FY15 YOY % Change	
	Sales into Channel in USD	Sell-Through in USD	Sales into Channel in USD	Sell-Through in USD
Americas	2%	9%	8%	9%
EMEA	-13%	-15%	-7%	-5%
Asia	7%	6%	2%	5%
Total Retail	-2%	-1%	1%	3%

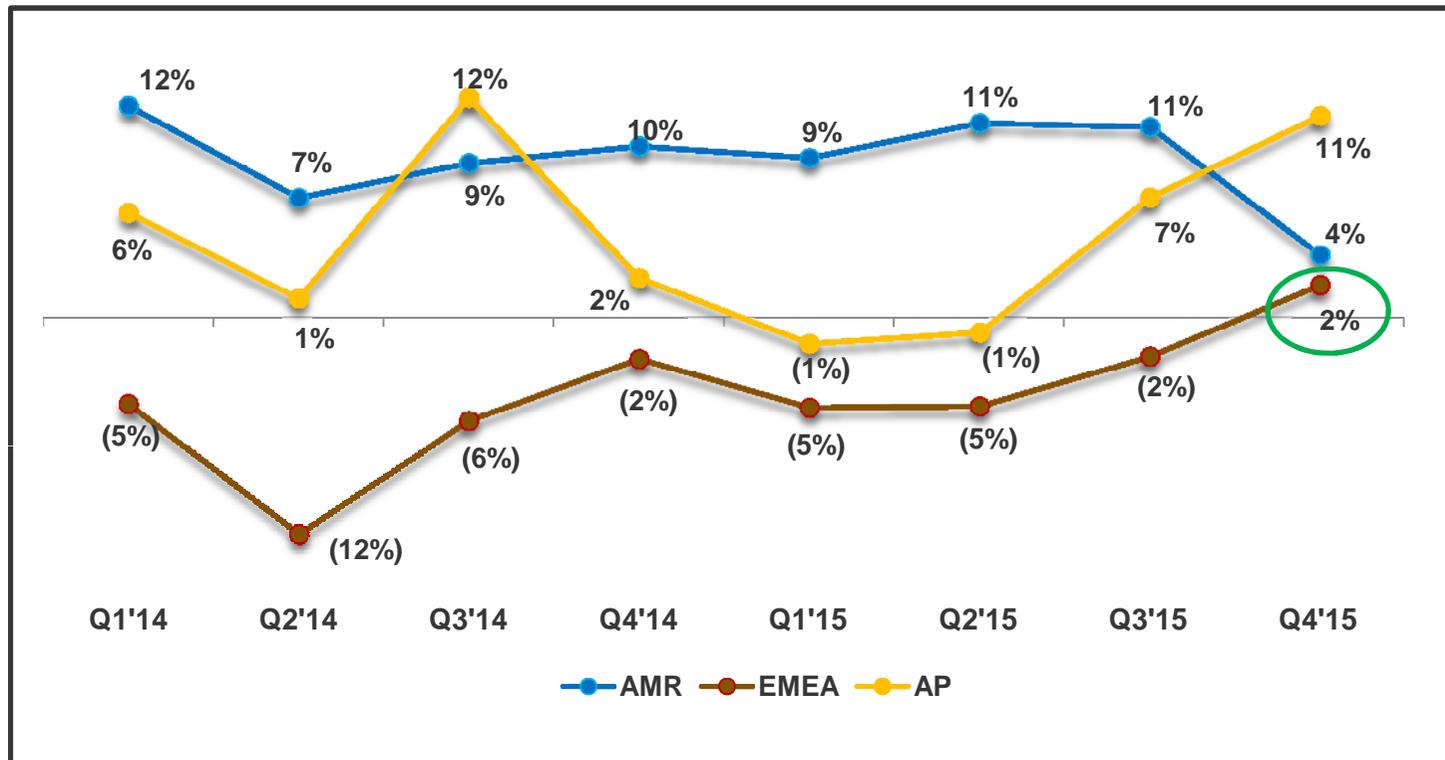
- Q4 Growth category sales (includes Gaming, Mobile Speakers, Tablet & Other Accessories, and Video Collaboration) up 45% in CC and up 37% in USD
- FY15 Growth category sales up 28% in CC and up 25% in USD

Notes: Comparison is YOY unless noted otherwise
See Appendix for more about sell-through data.

Retail CC Net Sales Trend



AP and EMEA Momentum Accelerating



- EMEA posts first growth in last eight quarters
- Excluding Russia/Ukraine, EMEA up 11% CC in Q4

Retail Strategic Sales

Growth Categories



(\$ in thousands)	Q4 FY15 Net Sales in USD	Q4 FY15 YOY Net Sales in CC	FY15 Net Sales in USD	FY15 YOY Net Sales in CC
Gaming	\$47,341	12%	\$211,911	17%
Tablet & Other Accessories	26,021	21%	140,994	-16%
Mobile Speakers	38,406	111%	178,038	109%
Video Collaboration*	16,248	160%	62,215	120%
Total Growth category	\$128,016	45%	\$593,158	28%

- Growth Category represents 31% of Retail Strategic, up 5ppt
- Gaming growth constrained by decline in sales of legacy steering wheels (excluding steering wheels, Q4 sales +24% in CC)
 - Very strong quarter for gaming mice sales
- Tablet & Other Accessories Q4 growth reflects favorable comparable due to price adjustments to iPad keyboard lineup in Q4 of prior year
- Mobile Speakers strong performance reflects sustained success of UE BOOM (our #1 product again) and successful launch of UE MEGABOOM
- Video Collaboration sales growth driven by success of ConferenceCam CC3000e
 - Significant growth opportunity targeting small and medium sized conference rooms with innovative, affordable, easy to use videoconferencing solutions

Retail Strategic Sales

Profit Maximization Categories



(\$ in thousands)	Q4 FY15 Net Sales in USD	Q4 FY15 YOY Net Sales in CC	FY15 Net Sales in USD	FY15 YOY Net Sales in CC
Pointing Devices	\$104,686	-7%	\$487,210	-2%
Keyboards & Combos	100,900	4%	426,117	5%
Audio – PC & Wearables	51,015	-6%	213,496	-12%
PC Webcams	19,225	-21%	96,680	-13%
Home Control	11,836	-7%	68,060	3%
Total Profit Maximization category	\$287,662	-4%	\$1,291,563	-2%

- Pointing Devices' performance in CC better than PC market performance in FY15
 - Launched new flagship mouse, first in several years, at end of Q4
- Keyboards & Combos sales up in CC, with strong contribution from our new Bluetooth Multi-Device Keyboard K480

Accelerating Our Growth Transformation



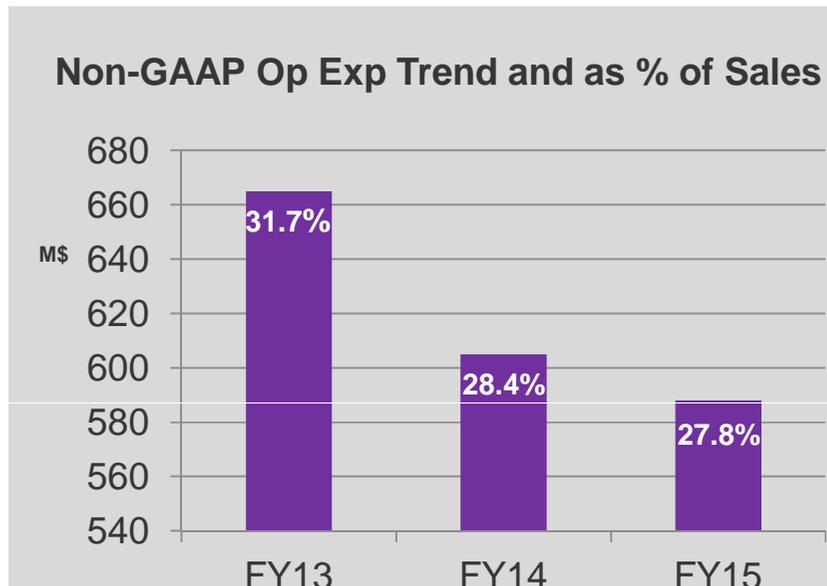
- Exiting OEM business to focus on Retail Strategic
- Reorganizing Lifesize business to focus on cloud-based SaaS

FY15 Non-GAAP (\$ in millions)	Retail (Strategic & Non-Strategic)	OEM	Lifesize	Total Company
Net sales	\$1,887	\$117	\$109	\$2,114
YOY %	1%	-17%	-10%	-1%
YOY % CC	4%	-17%	-10%	2%
Gross Profit <i>% of net sales</i>	~36.5%	~ 15%	~65%	36.8%
Operating Income <i>% of net sales</i>	~ \$191 ~10%	~ Breakeven		\$191 9.0%

- Implementing targeted resource realignment focused on lowering infrastructure costs and investing in R&D and Sales & Marketing activities
- Anticipate overall restructuring charge of approximately \$15-20M
- Expected savings will be used to continue funding new capabilities to expand growth and to offset currency headwinds

Non-GAAP Operating Expenses

Marching Toward Long-Term Model



	Non-GAAP Operating Expenses			
	Q4 FY15	YOY	FY15	YOY
(\$ in millions)				
S&M	\$86	0%	\$364	0%
<i>% of net sales</i>	<i>18.5%</i>	<i>+80bp</i>	<i>17.2%</i>	<i>+20bp</i>
R&D	\$33	10%	\$127	-5%
<i>% of net sales</i>	<i>7.0%</i>	<i>+90bp</i>	<i>6.0%</i>	<i>-30bp</i>
G&A	\$24	-1%	\$97	-11%
<i>% of net sales</i>	<i>5.1%</i>	<i>+20bp</i>	<i>4.6%</i>	<i>-50bp</i>
TOTAL	\$143	2%	\$588	-3%
<i>% of net sales</i>	<i>30.6%</i>	<i>+190bp</i>	<i>27.8%</i>	<i>-60bp</i>

- FY15 second year of reduced spending while growing Retail Strategic sales
- FY15 OPEX at lowest level since FY10
- Q4 non-GAAP operating expenses of \$143M up by 2% YOY
 - R&D increase reflects investments made to sustain our long-term growth

Key Balance Sheet Metrics



Achieved Lowest Cash Conversion Cycle in FY15

(\$ in millions)	March 31, 2015	March 31, 2014	YOY
Total cash balance	\$537	\$469	14%
Accounts receivable	\$180	\$182	-1%
DSO	35 days	33 days	+2 days
Inventory	\$270	\$222	+22%
Inventory turns	4.6	5.9	-1.3 turns
DSI	78 days	61 days	+17 days
Accounts payable	\$300	\$243	24%
DPO	87 days	67 days	+20 days
Cash conversion cycle (CCC)	26 days	28 days	-2 days

- FY15 cash flow from operations of \$179M and lowest ever full year CCC of 23 days
- Q4 cash flow from operations of \$42M
- Cash conversion cycle in Q4 of 26 days was second lowest level ever for a Q4
- Higher inventory reflects impact from U.S. West coast port strike, implementation of strategy to reduce air freight by building product early enough to allow for sea shipments, and decision to carry more Mobile Speakers and Video Collaboration inventory in support of sales momentum

Confirming FY16 outlook presented on March 11, 2015
at our Analyst & Investor Day

- Non-GAAP operating income of \$150M
- Growth of 7% for Retail Strategic sales in CC

- Maintaining outlook for \$150M non-GAAP operating income, despite strong currency headwinds
- Exiting OEM and refocusing Lifesize on cloud offering
- Streamlining overall cost structure through continued product and infrastructure cost reductions
- Implementing targeted resource realignment
- Anticipate restructuring charge of approximately \$15-20M for activities described above

Appendices

GAAP to Non-GAAP Reconciliations

PRELIMINARY RESULTS - The following financial statements and supplemental information may be subject to material adjustment. Please see note below the tables.

(In thousands, except per share amounts) - Unaudited

<i>GAAP TO NON GAAP RECONCILIATION</i>	Three Months Ended		Fiscal Years Ended	
	March 31,		March 31,	
<u><i>SUPPLEMENTAL FINANCIAL INFORMATION</i></u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<i>Gross profit - GAAP</i>	\$ 156,384	\$ 161,344	\$ 774,197	\$ 727,869
Share-based compensation expense	749	675	2,473	2,518
Amortization of other intangible assets	515	549	2,141	7,910
Restructuring-related charges	—	—	—	5,194
<i>Gross profit - Non-GAAP</i>	<u>\$ 157,648</u>	<u>\$ 162,568</u>	<u>\$ 778,811</u>	<u>\$ 743,491</u>
<i>Gross margin - GAAP</i>	33.5%	32.9%	36.6%	34.2%
<i>Gross margin - Non-GAAP</i>	33.7%	33.2%	36.8%	34.9%
<i>Operating expenses - GAAP</i>	\$ 144,630	\$ 155,609	\$ 632,913	\$ 651,883
Less: Share-based compensation expense	5,030	7,459	23,352	23,028
Less: Amortization of other intangible assets	222	2,232	6,220	9,861
Less: Restructuring charges (credits), net	(4,742)	5,190	(4,888)	13,811
Less: One time special charge	963	—	20,487	—
<i>Operating expenses - Non-GAAP</i>	<u>\$ 143,157</u>	<u>\$ 140,728</u>	<u>\$ 587,742</u>	<u>\$ 605,183</u>
<i>% of net sales - GAAP</i>	31.0%	31.7%	29.9%	30.6%
<i>% of net sales - Non - GAAP</i>	30.6%	28.7%	27.8%	28.4%

GAAP to Non-GAAP Reconciliations Continued

PRELIMINARY RESULTS - The following financial statements and supplemental information may be subject to material adjustment. Please see note below the tables.

(In thousands, except per share amounts) - Unaudited

<i>GAAP TO NON GAAP RECONCILIATION</i>	Three Months Ended		Fiscal Years Ended	
	March 31,		March 31,	
<i>SUPPLEMENTAL FINANCIAL INFORMATION</i>	2015	2014	2015	2014
Operating income - GAAP	\$ 11,754	\$ 5,735	\$ 141,284	\$ 75,986
Share-based compensation expense	5,779	8,134	25,825	25,546
Amortization of other intangible assets	737	2,781	8,361	17,771
Restructuring charges (credits), net	(4,742)	5,190	(4,888)	13,811
Restructuring related charges	—	—	—	5,194
One time special charge	963	—	20,487	—
Operating income - Non - GAAP	\$ 14,491	\$ 21,840	\$ 191,069	\$ 138,308
<i>% of net sales - GAAP</i>	2.5%	1.2%	6.7%	3.6%
<i>% of net sales - Non - GAAP</i>	3.1%	4.5%	9.0%	6.5%
Net income - GAAP	\$ 16,717	\$ 10,618	\$ 135,267	\$ 74,304
Share-based compensation expense	5,779	8,134	25,825	25,546
Amortization of other intangible assets	737	2,781	8,361	17,771
Restructuring related charges	—	—	—	5,194
Restructuring charges (credits), net	(4,742)	5,190	(4,888)	13,811
One time special charge	963	—	20,487	—
Investment impairment, net	39	56	2,298	203
Provision for income taxes	(2,434)	(5,443)	(14,682)	(15,590)
Net income - Non - GAAP	\$ 17,059	\$ 21,336	\$ 172,668	\$ 121,239
Net income per share:				
Diluted - GAAP	\$ 0.10	\$ 0.06	\$ 0.81	\$ 0.46
Diluted - Non - GAAP	\$ 0.10	\$ 0.13	\$ 1.04	\$ 0.75
Shares used to compute net income per share:				
Diluted - GAAP and Non GAAP	166,424	165,766	166,174	162,526

NOTE: The preliminary results for the three months and full year ended March 31 of Fiscal Year 2015 contained in this release are subject to material adjustments based on the completion of our evaluation of Lifesize goodwill, Lifesize asset impairment and other subsequent events that may occur through the date of filing our Annual Report on Form 10-K with the U.S. Securities and Exchange Commission.

Retail Sales Reporting Changes

As referenced at Analyst & Investor Day on March 11, 2015

Total Retail Net Sales Before/After Separation of Video Collaboration Category

Total Retail Net Sales in K\$	Total Retail (Video Collaboration Embedded)			Total Retail with Video Collaboration					
	FY13	FY14	FY15	FY13	FY14	FY15	FY13	FY14	FY15
Gaming	144,512	186,927	211,911	144,512	186,927	211,911	-	-	-
Tablet & Other Acc.	119,856	172,484	140,994	119,856	172,484	140,994	-	-	-
Mobile Speakers	33,408	87,414	178,038	33,408	87,414	178,038	-	-	-
Video Collaboration	-	-	-	18,700	29,058	62,215	18,700	29,058	62,215
<u>Growth</u>	297,776	446,824	530,943	316,475	475,883	593,158	18,700	29,058	62,215
Pointing Devices	521,083	506,884	487,210	521,083	506,884	487,210	-	-	-
Keyboards & Combos	399,144	415,512	426,183	399,144	415,314	426,118	-	(198)	(65)
Audio-PC & Wearables	292,245	255,573	219,549	289,313	250,037	213,496	(2,932)	(5,536)	(6,053)
PC Webcams	153,060	137,115	152,777	137,292	113,791	96,680	(15,768)	(23,325)	(56,097)
Home Control	71,641	67,371	68,060	71,641	67,371	68,060	-	-	-
<u>Profit Maximizing</u>	1,437,174	1,382,455	1,353,778	1,418,474	1,353,397	1,291,563	(18,700)	(29,058)	(62,215)
Retail Strategic	1,734,950	1,829,280	1,884,721	1,734,950	1,829,280	1,884,721	-	-	-
<u>Other Non-Strategic</u>	86,101	37,000	2,725	86,101	37,000	2,725	-	-	-
Total Retail	1,821,051	1,866,279	1,887,446	1,821,051	1,866,279	1,887,446	-	-	(0)

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

Channel Inventory Data

- Estimates the inventory levels of our products held by or in-transit to our retailer and distributor customers
- Includes data compiled by Logitech from data supplied by our customers, and our estimates of inventory in-transit to our customers
- Customers supplying data vary by geographic region and from period to period, but typically represent a majority of our retail sales
- Data and our estimates are subject to limitations and possible error sources and may not be an entirely accurate indicator of actual customer channel inventory
- Limitations and possible error sources include the following:
 - Data supplied by our customers may not be indicative of inventory held 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 data are largely outside our control
 - In the U.S., Canada, and to a lesser extent Asia Pacific, and a still lesser extent, EMEA, 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
 - Our interpretation of the data, and our estimates of in-transit inventory, may be subject to errors in assumptions, calculations or other errors

