

Company Name: Logitech
 Company Ticker: LOGN SW
 Date: 2018-03-06
 Event Description: Analyst and Investor Day

Market Cap: 6,429.18
 Current PX: 37.14
 YTD Change(\$): +4.24
 YTD Change(%): +12.888

Bloomberg Estimates - EPS
 Current Quarter: 0.243
 Current Year: 1.498
 Bloomberg Estimates - Sales
 Current Quarter: 569.200
 Current Year: 2540.700

Analyst and Investor Day

Company Participants

- Ben Lu, Vice President, Investor Relations
- Bracken Darrell, President and Chief Executive Officer
- Unidentified Speaker
- Scott Wharton, VP & General Manager-Video Collaboration Group
- Ujesh Desai, Head of Gaming
- Vincent Pilette, Chief Financial Officer

Other Participants

- Unidentified Participant

Presentation

Ben Lu, Vice President, Investor Relations

Well, thanks everybody for coming to the Logitech's Investor and the Analyst Day. The press release as well as a live webcast of these presentations is available online on the Investor Relations page of ir.logitech.com. And as is customary, I may have to go through the long forward-looking statements and it's kind of boring, so just bear with me here.

During the course of these presentations, we may make forward-looking statements including forward-looking statements with respect to future operating results that are being made under the Safe Harbor of the Securities Litigation Act of 1995. The forward-looking statements involve risk and uncertainties that could cause actual results to differ materially from those anticipated in these statements. Factors that could cause actual results to differ materially include those set forth in Logitech's quarterly report on Form 10-Q for the quarter ended December 31, 2017, and subsequent filings. The company undertakes no obligation to provide or revise any forward-looking statements as a result of the new developments or otherwise.

Please note that today's presentation will include results reported on both the GAAP and a non-GAAP basis. Non-GAAP reporting is provided to help you better understand our business. However, non-GAAP financial results are not meant to be considered in isolation from, or as a substitute for, or superior to GAAP results. Non-GAAP measures have inherent limitations and should be used only in conjunction with Logitech's consolidated financial statements prepared in accordance with GAAP. Our earnings press release includes a table detailing the non-GAAP measures together with the corresponding GAAP numbers and reconciliation to GAAP. This information is also posted on our Investor Relations website. We encourage listeners and presenters to review these items.

Unless otherwise noted, comparisons between periods are year-over-year and in constant currency and all recorded results and updated outlook are focused on continued operations and do not include the performance of LifeSize, which is reported under discontinued operations.

And we're almost done. So please bear with me. These presentations are being recorded and will be available for replay in the Investors Relations page of the Logitech website and we're pretty much done. So with us today in Zurich are Bracken Darrell, our President and CEO; and Vincent Pilette, CFO; and Art O'Gnimh, Head of Keyboards; Scott Wharton, Head of Video Collaboration; and Ujesh Desai, Head of Gaming.

Company Name: Logitech
 Company Ticker: LOGN SW
 Date: 2018-03-06
 Event Description: Analyst and Investor Day

Market Cap: 6,429.18
 Current PX: 37.14
 YTD Change(\$): +4.24
 YTD Change(%): +12.888

Bloomberg Estimates - EPS
 Current Quarter: 0.243
 Current Year: 1.498
 Bloomberg Estimates - Sales
 Current Quarter: 569.200
 Current Year: 2540.700

And with that, let me turn the presentation over to Bracken.

Bracken Darrell, President and Chief Executive Officer

And that concludes our presentation. Thanks for coming. I had to say Ben, I'm really disappointed in you. And don't take it personally, but there is no better application for this -- over this will spell likely [ph] . So first of all, it's been, thanks a lot for coming again. It's so exciting to be here every year. And as we were getting ready for this year, Vincent and I were thinking about the fact that, it's been five years, it's almost five years to handle -- a little over five years for me. And we've got a big group here. And Guerrino -- this is Guerrino. Where is Guerrino? He is somewhere, I know he is here. He is hiding over there. It is 20 years for Guerrino and it's been an exciting five years.

What I want to do is just -- just give a little bit of setup, talk a lot about kind of where we've been, what's our story have been so far and we will give you a few glimpses into where we're going and we'll certainly get into the numbers, which most of you will -- are waiting for. So we will make you wait for Vince and for that.

But let me start by what you know. Well, you know that -- Logitech really started by growing on the back of the PC. And as the PC grew from -- 1981 at our birth, all the way through 1998 when Guerrino arrived all the way through 2008, the PC grew. We first entered with mice, then we entered with keyboards, then we surrounded the PC with more and more devices. So we have three different ways to grow. We can grow because the markets are growing, we can grow because we can innovate and that's always been the hallmark of the company. We can grow because we can enter new categories and so that growth curve continues for a very long time.

We're not -- when we arrived in 2013, 2012-2013, we obviously needed to change our approach. The PC have stopped growing, we kept innovating. The PC's stopped growing, we had stopped growing. We'd actually start to decline and we needed a new approach. So I -- hopefully most of you in this room will know that this trees, plants and seeds analogy is the way we look at the company back then. So we looked at taking resources away from the tree, which was our PC peripherals business and investing in new fast-growing categories, which we call plants and starting to build new potential categories which we call seeds. So this was the approach we used starting in about 2013 and we -- we've applied this pretty consistently all the way through today. Now on the way there, it's not enough to just say, we're going to grow through trees, plants and seeds or are we going to change our company through trees, plants, seeds. We needed a new PC and luckily we didn't need to create it, somebody else did, it's called the cloud.

Now I'm going to go through why the cloud is our PC, for a second, most of you know the story, which is this. When I start with the -- with the most counter-intuitive category. Why is -- why is our gaming business, which is a PC peripherals business, why is that a cloud-based business, because the way PC gaming works is essentially when you're playing a PC game and I was just talking to several of you about this, you're not actually playing with the device in front of you, it's bouncing off the device in front of you, and you are playing on the cloud. And the cloud is a server or a set of servers in different parts of the world and other people are doing the same thing. And that enables you or the gamer to play with, not just two, not just people near them, but thousands and tens of thousands and hundreds of thousands of people at the same time. It also enables the gamer to be able to get on every time and have the game be updated without that we've been realizing. So it's constantly new and refreshed.

ASTRO Gaming, and so what we do in gaming is we create a mouse, the keyboard, a headset that enables you to play cloud-based gaming, perhaps, it's sounds little likely PC gaming, let me go to the next one. This is not a PC at all. When we got in to Bluetooth speakers four years ago, the Bluetooth speaker business, a lot of people thought it was a phone accessory. And this, as you would go out, you play -- you'd play music and you can switch or listen to the music that was on your phone, on the Bluetooth speaker. But the reality is, the growth of that business and so many others is driven off the cloud because companies like Spotify, they're streaming music, they're bouncing it off your phone, which you are playing on your device, you're actually listening a music coming almost directly from the cloud.

And then we'll go to video conferencing. So video conferencing is probably the most obvious version of the future, which is when you walk into a conference room or when you walk into a conference room, 10 years ago, 5 years ago, you sit down and essentially there was a PC somewhere in the wall, equivalent of a big PC, somewhere in the wall,

Company Name: Logitech
 Company Ticker: LOGN SW
 Date: 2018-03-06
 Event Description: Analyst and Investor Day

Market Cap: 6,429.18
 Current PX: 37.14
 YTD Change(\$): +4.24
 YTD Change(%): +12.888

Bloomberg Estimates - EPS
 Current Quarter: 0.243
 Current Year: 1.498
 Bloomberg Estimates - Sales
 Current Quarter: 569.200
 Current Year: 2540.700

there is a infrastructure in the building, and that infrastructure managed the point-to-point contact with another place that had an infrastructure in it's wall and you had a very high quality video experience going point-to-point but through the hardware that was on the building, that's now moved up to the cloud. We have moved up to the cloud and did a lot of things, it made it so that you didn't need proprietary equipment, it made it so that was always updated, it made it so successful and much -- many more people, which you can literally go into an Internet link, click, and be in a video conference, which we all know by now, you take it for granted.

What we've done there is obviously, we create equipment that enables those video conferencing services. So we become -- and I'll go on and on, but the point here is, we've become not -- we're not surrounding the PC or enabling cloud services and there will be more and more and more cloud services as times goes on. That is the fundamental root of our strategy.

The result of that change, which is the change from reallocating R&D resources especially into new businesses and adopting a strategy that's not just surrounding a PC, although we're not letting up on Mac is still good. But actually enabling cloud services has been this result. When we started five years ago, the first year, people now joke because I was in a conference, not longer and I said, when I started my first year with Guerrino [ph], I immediately made a big impact, I made things worse and I did, I guess, because we declined 7% that first year and only about 20% of our business, what was -- what we would call strategic growth, so not PC peripherals, the really strategic growth businesses.

And our operating income was pretty low \$67 million. Now roll through five years and things are different. Obviously, you know, this year, we've guided 12% to 14% growth, we grew 2% the second year and this is going to talk about kind of the stages of our -- of our renovation of Logitech. But in the early stage, we grew 2% in the first year, we grew 4% in the second year, we grew 9% in the third year, we grew 15% last year, we've guided 12% to 14% this year. Those strategic growth as we entered this cloud service businesses like videoconferencing and can see an accelerated gaming, the portion of our business that was the old PC purple business, and I'll repeat, which is still a good business, that's gone from -- that is shrunk. And the part is really the strategic growth future has grown. So, it's gone from 20% of our businesses, the strategic grow through 60% of our business.

And obviously our profit, at the same time, at the end of this year, we'll have almost quadrupled, little over quadrupled. So, it's been quite a good story. And what I would do is, just to remind you how we got there, because how we got here, is how we will go where we're going to go next.

First of all, we talked at the last couple of days about capabilities and as we're transforming our portfolio and as we're innovating in our product experiences, we're also always building capability. For building capabilities, we can grow future businesses and keep innovating in the existing ones. Now you'll notice if you remember the slide number four, and we showed at the last year's Analyst and Investor Day, you will notice five capabilities there. Operations is the bedrock and I'm not going to talk about that today. The headline is in operations, we have something unique, and the unique thing we have, as we sit in the sweet spot. We're not so small that we can't afford our own manufacturing and we're not so big that we can just -- we should just not -- not worry about it because we can manage a really big manufacturers in Asia. We're at the sweet spot, we can make our own things when we need to and we do. And we can take on very difficult challenges, and what we do and we can be different and we can also leverage that manufacturing operation to manage our own costs, they have better cost coming in on the products we don't manufacture. So, it's really a sweet spot, it's something we protect and we love.

The other four capabilities, our design and I'm going to talk about design in a minute, engineering, which I'll talk about. Go to market, marketing and the one that we've never talked about is the capability because in a way it's not capabilities, it's attributes of the company is our culture. But I want to spent a few minutes on this today.

Now this time, and I know my engineering team would be excited that I've done at this time, I've actually combined design and engineering. Because design and engineering are actually the innovation, they are the innovation engine of this company. We've always been an engineering company, we will always be an engineering company, we're changing the kind of engineering, we're doing. We're more than just hardware now or becoming a software engineering company too.

Company Name: Logitech
Company Ticker: LOGN SW
Date: 2018-03-06
Event Description: Analyst and Investor Day

Market Cap: 6,429.18
Current PX: 37.14
YTD Change(\$): +4.24
YTD Change(%): +12.888

Bloomberg Estimates - EPS
Current Quarter: 0.243
Current Year: 1.498
Bloomberg Estimates - Sales
Current Quarter: 569.200
Current Year: 2540.700

Today we have software engineering leaders in every part of our business and our -- the number of engineers we're adding in software drove the number we're adding in hardware. But design and engineering come together and they are creating for us a different point of view and that point of view is, we are moving from just products to experience. But that might sound like a subtle move, but it's not. Now the way we're doing that is, there is no doubt the design is playing an incredibly important role here.

So first, we've not only move from hardware only to hardware plus software and you are going to get a little taste of that today in a couple of cases. We've also in-sourced our design operation. Today, we do almost all of the design you see inside the company. If you look six years ago, we did all of the design we did outside the company, that is a huge transition. We now have inside our company a designed firm, that would be an incredibly successful and competitive design firm relative to the best design firms you could think of, if you were independent of our company. We employ it a 100% into our own business.

And the results are not only showing in our market shares, in our financial performance, but we're also getting awards. Last night was the Academy Awards in the United States, the Oscars, the movie industry's top of the top. And honestly awards don't really matter. But once a year, I'd like to show how we did in our Academy Awards. And this is how we did last -- in the last few years. We won 100 awards in the last four years, in our version, the Academy Awards. 50 of them last year alone, and if that sounds like it's accelerating, it's because it is.

The other thing I'll point out is, if you look across, and this is not obviously not all the products that won awards, it's across almost every category in our company. So, we're not just winning in one category or two categories, we're winning across almost all of our categories and we're winning across almost every, every country, every award company, organization that puts them out.

Now, we are trying to figure someways to figure how to numerically since many of you in the room are quant, I'm kind of a quant too. Vincent is a quant. So, how do we quantify awards. How do you quantify the value, we are in fact, that we got a lot. That's good. So, I asked Vin, I said Vin, I want to understand awards per revenue dollar and I want to do the compare with everybody else. So, A, B, C, D, we obviously didn't name names. The companies that we, that we don't necessarily compete with, but we look at is really top design companies. And obviously A is being B, and B and C are neck and neck, and this is us now. So, we're actually we've move beyond kind of the pack and now from an award standpoint it's consistent with our performance, which is also about the pack. But we're about 70% higher in design awards per sales dollar relative to anybody else in this list.

And finally, I'll stop with the design stuff. This is just came out about a week ago, best company once a year, there is a look at all the innovation companies around the world. And they decided that we are one of the most innovative design companies in the world. So, we're in the top 10, that's in the world. Not in the United States, not in Switzerland in the world. Now, we don't believe, we're anywhere close to where we need to be yet. It's very early days for us. And what we're trying to do as a design company, we are going to be a design company, but we are not one yet. A great design company would be a company that not only innovates and creates amazing experience in every category delivers to users, with their consumers or businesses. But also runs it's company using design principles and design thinking, rapid prototyping, constantly iterating, always improving, we're not there yet. We're running close to there yet. We had so much work to do. We don't budget that way. We don't remain like this that way. We don't do so many things, but we can do better by doing that. So, it's a very beginning of our design path, but we are already in the top 10 according to those.

Next we talk a little bit about marketing, you know marketing, when I started the company, I -- one of the first things I did was I got rid of marketing. And the reason, I got rid of marketing because I didn't think our products deserve to be marketed yet. And then, as think, I said to you last year, after a few years I became very proud of our products.

And so okay, now we're ready to market, but I don't want to do marketing the way a lot of companies do marketing. Because I don't like -- I don't like lying. I don't like stretching the truth. I don't like -- and that's -- and to me that's what marketing could become and that's not a fair comment about the marketing industry. It's a fair comment about some of the -- some of the experience what I saw along the way. So, I want a different kind of marketing. I want to market just

Company Name: Logitech
 Company Ticker: LOGN SW
 Date: 2018-03-06
 Event Description: Analyst and Investor Day

Market Cap: 6,429.18
 Current PX: 37.14
 YTD Change(\$): +4.24
 YTD Change(%): +12.888

Bloomberg Estimates - EPS
 Current Quarter: 0.243
 Current Year: 1.498
 Bloomberg Estimates - Sales
 Current Quarter: 569.200
 Current Year: 2540.700

based on authenticity. Authenticity, real thing, real people, the real people behind the real products behind the real brands and it starts with this.

This is a real Logitech. The real Logitech from 1981. I'm not sure exactly, when we created this, this high at the top, but it was a powerful thing inside the company. So, when we have started the company, this was our brand. The problem this was the consumers didn't recognize that's us. They saw that they didn't immediately said that's Logitech. So, we moved to this. And we moved to this it's still Logitech, so we moved to this. Now, we moved to this, this is still Logitech, but it's a modern fresh logo, it's modern fresh colors. And if you drop the tech after there, which you'll see if you walk out with those products in the tables, its short, its powerful, its memorable LOGI and over the next 20 years, people will begin to associate that just like the Nike Shoes whether it will be through [ph] stripes with Logitech and so that symbol will represent Logitech. But so we refresh Logitech and that's the first step that we made in trying to reinvent the marketing over the way people think about the brand of Logitech, but we didn't stop there because as you know by now, we're not just going to be a one brand company that would limit our growth. We need to be able to enter new -- new categories, we need to enter new categories authentically.

Logitech G is actually an invention of a new brand, but it borrows so strongly from Logitech that it's become Logitech to people under 25. The really cool thing is people under 25 think we are cool. People in this room think, we are functional and really good maybe I hope. So I would say that yeah under 25, they are starting to think we are cool there and starting to think we are cool because we're associated with the hottest sport in the world today, if you are under 25, it's not curling, although curling is pretty hot, it's eSports and eSports is the fastest growing sport in the world. I'll repeat some statistics that always shocked me. More people watch, people play games online now than watch CNN, ESPN, Netflix and Showtime combined. So this is the hottest thing in the world and that age group is all under 25. And (inaudible) is going to talk a little bit about what we're doing from a product standpoint to drive this continuity in that market, leveraging what we've always been, just like Logitech G leverages what Logitech -- leverages the Logitech name by bringing some of the new space and he is going to talk more about that in a minute.

This year we -- a year, a little over year ago, we had a Jaybird. Jaybird is a beautiful brand not enough people know about it yet, but it is beautiful. It's a brand that was born in the Rocky Mountains (inaudible) Switzerland saying [ph] it, it was born in the mountains to inspire people to get out and experience the outdoors and be sport -- to be sport -- sporting or athletic. I personally I'm inspired by that and it makes me feel good that we are in a business that does that. We could have bought that business and integrated it right into our office either here in, or even in Lausanne, or in Silicon Valley, but we chose not to do that. We left that office where it was. In fact, we moved the office and we moved it further into the mountains. Now, when you walk out the back door of the office, you're in a running trail, it goes right up into the mountain, so we did that because we want authenticity, authenticity, authenticity (inaudible). This is a super fun brand. It's about being super sturdy, being waterproof, seal proof being -- being providing great acoustics and leveraging a history if you peel back the story, it comes from the best performers in the world standing onstage with something in their years (inaudible). This is another authentic powerful brand. And then of course, this year, we also added ASTRO. It's the newest member of the family. It's early days, but we're really excited about that business and that brand too.

Now moving on to the -- the -- another one of those capabilities, which we call go-to-market or everybody calls go-to-market, which is we really talked about in a meeting like this, I'm going to just touch on at this time now because it's actually been -- there has been five years of amazing change in that field too from that capability too. When I started the company or when we started the company five years ago, we were about I think that first year we -- it's hard to measure by the way because you've got companies doing retail and E-tail, but by our estimate, we were at about 90% -- 89%, 90% retail 5.5, 6 years ago. And today, if by our guesstimates, we are probably between 30% and 35%. So it's more than tripled the retail -- the E-tail portion of our business that won't surprise you.

What might surprise you if you haven't heard me say it before, is that our China business, it's a very powerful business for us is now 70% E-tail, 70 not 17 and when we started 5.5 years ago, it was about 13%. So our -- and that's enabled us and driven us to improve capability in marketing and growing the market through E-tail at such a rapid pace, it just put us in a great position going forward to take the learnings, we've had in China and apply them into the rest of world that's our game plan.

Company Name: Logitech
 Company Ticker: LOGN SW
 Date: 2018-03-06
 Event Description: Analyst and Investor Day

Market Cap: 6,429.18
 Current PX: 37.14
 YTD Change(\$): +4.24
 YTD Change(%): +12.888

Bloomberg Estimates - EPS
 Current Quarter: 0.243
 Current Year: 1.498
 Bloomberg Estimates - Sales
 Current Quarter: 569.200
 Current Year: 2540.700

Now, the third area, which we didn't even have a single swiss franc or dollar of sale than was telco six years ago. And telco wasn't an obvious place for us to go, it was the fact that we are entering these new plants and (inaudible) that actually opened up the telco opportunity for us. The Bluetooth speaker business became a route into telco. We had talked about telco before. We tried the telco before even with our keyboard coverage, but we never penetrated telco at least, but then [ph] and we're still at the very early days of opening up the telco opportunity, but it's already become a very significant part of our business from a go-to-market standpoint.

And then finally, B2B Scott is going to talk about our video collaboration business and yes, we now got a good strong first foot into the B2B space and we like what we see. It's very comfortable. Now in the past, we always sell to B2B. So we could have sold to B2B because the products kind of found their way there. We are going to have a strategic strategy -- strategic priority of entering the B2B space. We started the videoconferencing business. We said, wow, we'll have to see, but how do we get in there and create a meaningful sustainable competitive business and we've done it, as Scott is going to talk to you more about it and it's really exciting space and that will be the end. We're -- it's probably hard for me on top of the mind and think [ph] whatever channels might open up, we probably would have been a few years ago too and if I stood in this room before we entered some of these, but we will enter new channels, there will be new opportunities for us. We're looking at them all the time, just like we're looking at acquisitions that can accelerate or differentiate what we are doing.

So I told you, I talk a little about culture, which I've never done here, at least not in any length and I wanted to because I'm super excited about where we've gotten to, here too. I debated what to put on this slide and after a discussion with Vincent and others, I -- I decided the best way to describe this is we've kind of rediscovered our culture or rediscovered ourselves. We didn't change our culture. We didn't create. I think if you talk to people inside the company, those who have been there less than -- less than 10 years, they feel like wow, our culture has really changed, those have been here more than 10 years say wow, we're getting back to what we're used to be. it feels a lot closer to where we were when we started. And that's -- that I love because it means that we found a point of authenticity within our culture that we can leverage. What I mean by that. Before I go what I mean by that well, so here's where we -- where we started. When we started -- when Vince and I started and others in the room started five years ago, our overall rating this -- there will be a glass door. How many people have ever heard of glass door. Okay, more than I would (inaudible). So glass door for those of you who don't know about it is a company, a website, you can go, anybody can go on, you can go on today and you can rate the companies that you work for or worked for. And so people are doing a little bit really fast, but now they've got huge penetration in -- in the US, they are very big. in markets around the world, they are very big, they are the leader in this by far. So in the early days, our overall rating on the one to five scale was 2.7, which is way below average. Our culture and value, which is one of the attributes there, it was well below average. Our recommend to a friend was said meaning only 4 of 10 people would say (inaudible) don't work for Logitech. And our -- the positive outlook for the company was gloomy, was not positive. But people basically said only 1 out of 10 people said well this looks like this is going to be good in the future, so now it's a good [ph] place. Now rolling four years or five years and this is the story, our overall rating is 3.9, but I think all this on the right are way above the averages. So 3.9 we're right, we're approaching the best in class there of the really big companies you talk about every day. Our culture and value scores have not surprised, they have gone way up as we've rediscovered ourselves. Our recommend to a friend, which is (inaudible) the nicest one because it means the people I trust know that (inaudible) don't come work here, almost four out of five people would recommend it to a friend, then we have a positive outlook, a very positive outlook about the future of the company.

And how do we do that. There is no magic here. We basically tried to get back to being a smart company and feeling like a smart company making sure that the leaders are accessible, flattening the organization, so there is not so much distance between Vincent (inaudible) first level accountant or me and anybody, trying to get rid of the bureaucracy as much as we possibly can, there is always a fight, we're always trying to hack out the bureaucracy, but we are trying never to have, its always a fight, we're always trying to hack-out the bureaucracy, but we're trying never to have those stupid things that we all do when we -- I would say, we collectively are much dumber than each of us individually unless we work together as small teams. And then we can be really, really smart. So we -- and we tried very hard to be humble, we're a Swiss company, and we're not -- I lived long enough in Switzerland, I worked long enough in Switzerland, to really admire the fact that there is a confidence and humility here in Switzerland that you really don't

Company Name: Logitech
 Company Ticker: LOGN SW
 Date: 2018-03-06
 Event Description: Analyst and Investor Day

Market Cap: 6,429.18
 Current PX: 37.14
 YTD Change(\$): +4.24
 YTD Change(%): +12.888

Bloomberg Estimates - EPS
 Current Quarter: 0.243
 Current Year: 1.498
 Bloomberg Estimates - Sales
 Current Quarter: 569.200
 Current Year: 2540.700

have any other places in the world and it's in the DNA of Logitech, if we don't let it get away and we try to cultivate inside the company and maybe most important also stay hungry. Few years of what other people think of the success can do, if you're not careful. And so always trying to find the next frontier, the next goal, the next strategy, next thing we could take it to next level is obsession. And of course, willing to try new things. It's very easy to become risk of ours and stay risk of ours, and to be afraid of the new and be afraid of failing. And if we're afraid of failing, you're sure to fail in the long-term, you'll probably be okay on a very short term and we're not short-term.

So where we're going next? That's what -- we're going to give you few drops of the story from here, and what we mean. But I'm going to and I hope that you'll -- you'll allow your smile a little bit on the slide, but we've cultivated three people to come up and talk next, and they represent three businesses, one of our oldest businesses, I'm sorry, second oldest businesses is our keyboard business, an old business but it is not an old product and an old experience as you can see. One of our newest businesses is which is video collaboration, which really is a new business, it's a new market, new category new everything, new opportunity and our coolest business, which is our gaming business, and it is super cool. So, with that I'm going to hand this off to our oldest business an art.

Unidentified Speaker

Thank you very much. So, yes, I'm representing our oldest business. So the core creativity and productivity part mice and keyboards. But I hope and I think I'm going to show you some results are new and which is also cool. I know you've been in search of -- I'm just going to talk about one product which in many ways it kind of can be used as an example, some of the capabilities that Bracken described earlier. And going through a few elements of it, I'm going to talk about each of the capabilities. This product is a new keyboard called Logitech Craft, we launched this in September. You can take a look at it, we launched it in September last year. It's an advanced keyboard and it's at the flagship end of our range, but the flagship keyboard of course it's an advanced piece of hardware. Of course, it is got our best typing. This year, this month, we're going to celebrate 20 years of leading wireless keyboards of Logitech and all of that expertise is put into this as a typing machine, it's also got a best illumination, it's got backlighting, now lights up as you approach your hands and it saves as you take your hands away.

It adjust to the ambient light in a room, super advanced which I'm going to apply. In terms of its build quality, the best that we made, it's got an aluminium piece of back bone is fine, the material, the finishing, the construction of it is the best that we can do and it's got a new physical tool that allows you to interact entirely in a new way with the computer. So it is a beautiful piece of hardware, let's see in action.

(Video Presentation)

More precisely, greatest sense of focus and control on it's work. It's not because of this great piece of hardware, it's because of craft, it is a stunning piece of software. I'm going to describe the software a little bit more, that this capability of engineering and designing software allows us to take hardware and then to create an entirely new experience on top of it. The craft software is built into the operating system probably using Windows or Mac, it's deeply integrated into the main applications that people use. So creativity application, the adobe creative clouds, names like Photoshop, InDesign, Illustrator type.

The Microsoft Office suite, PowerPoint, Word, Excel many other apps and how it works? I mean it's beautifully understated. But there is so much going on under the hut, in terms of engineering complexity that we've managed to overcome. So, designs to be simple, but it's an engineering challenge that we survey. What happen is, when I touch the crown, the keyboard will know what I'm trying to do, what I'm trying to achieve. For example, if I'm in Photoshop, if I touch the crown, this overlay appears on the screen. If I've selected the Paintbrush tool that overlay will be brush size, brush sensitivity, brush capacity. And then I can just change it with the crown to one, without having so managed the different menus and sliders and other things that would take my eyes off the work that I'm doing and the (inaudible) other things. So it's a new way of working.

Let me take some examples, which might also -- been working we achieve from that, from Excel, I guess many of you are -- had the excel users as an I. If I'm an Excel and I select a single cell within Excel and if I touch the crown, I touch

Company Name: Logitech
 Company Ticker: LOGN SW
 Date: 2018-03-06
 Event Description: Analyst and Investor Day

Market Cap: 6,429.18
 Current PX: 37.14
 YTD Change(\$): +4.24
 YTD Change(%): +12.888

Bloomberg Estimates - EPS
 Current Quarter: 0.243
 Current Year: 1.498
 Bloomberg Estimates - Sales
 Current Quarter: 569.200
 Current Year: 2540.700

it, it knows it's been touched and then this overlay will show an horizontal scrolling, so I can scroll horizontally along a rope, if I tap it, it will go to zoom. And then I can zoom in and out, on a spreadsheet. But if I select a series of cells, that will show something different, select cells A1 to D5, you will know that I probably want to create a chart, so there as I touch it, and I twist straightaway I can create a bar chart, pie chart and various graphs. So new, sort of, wanted to do, it's contextual, that's a huge engineering challenge that we overcame.

It also integrates with the hardware, sometimes I want smooth scrolling as I move the crown, I wanted to be able to smooth quickly along the row on an excel, I don't want to go, click to click across all of the cells. But if I click on the tabs of Excel and found navigate across different tabs, then I want more precision. So then the keyword will actually physically change to give me pick to click position because it knows what I'm trying to achieve with the computer. So the software knows what I'm doing, synchronized with the hardware, it is deeply customizable as all of our -- most of our mice and keyboards, we know that people love to be able to tweak and customize the products via Logitech options, which is our desktop software which used by millions of people for mice and keyboards. And you can customize what the buttons do, you can customize how the crown works.

This is a software developer case, an NCK which we made available also to the developer community. And just last week, which allows people to write, how they want to the Crown to integrate with their applications. It's great for them, it's also great for us, because this means it's a very scalable solution as others develop the integrations. And finally we've got something called Logitech flow which some of you may know, it's a nice cost computer control, what I mean by that is that if you use, let's say an MX Master Mouse, and craft. And if you get two computers, you don't need to have two mice and two keyboards, I can have a Mac and a PC at home. And as I use my mouse, I can move the cursor, I can even copy some text on my Mac, move the cursor and the cursor will appear my PC and I can paste the text and the keyboard will follow. But the light of my keyboard will go from connected to my Mac to connect my PC. And I can have the functions of craft on both of them.

So this hardware, which is enhanced by this really complex, stunningly simple and to the user software, enable and experience that you just couldn't have before and nobody else can deliver and we're getting rewarded for it. We're getting rewarded in terms of awards, we just couple of weeks ago got the iF Design Award for the craft, hardware and software together, and a thing which I'm sure, which many of you know, the Consumer Electronics Show not to show, beginning of January in Las Vegas every year where they give awards for hardware, but they also give awards to software specific companies, app builders and enterprise software companies.

But we got an award for the craft hardware work, but we also got an award for the flow software there, which I think shows how software design and engineering is now a core capability within Logitech that we're very proud of. Craft also allows us to exercise one of the other capabilities, and one of the other muscles that we've got within Logitech, that's marketing as Bracken described earlier. Why because with Craft, we could talk to a new bunch of people, we could expand our reach to the creative community. Now the creative community, I mean, many of us are creative in someway, and the newer generation under 30 would all strive as creative. But here we're really speaking about people who are an heavy users of the Adobe Creative Craft. And these people already use our mice. Then on the keyboard side, we haven't really addressed them in the last few years. So we did, but we also spoke to them not directly through Logitech, but we spoke to them through hard disks, people that they follow and people that they respect. So we worked with a bunch of artist, some of the artist that we worked within Europe and in the US. In Asia, we had local artists that we worked with in China and in Japan. And they broadcasted it into their lives, they used it, they integrated into their workflow, they loved it, so they told their communities and they told their fans, and this word is spread across the credit community. Just to get (inaudible) the last one is interesting, she is actually a creative -- an artist in residence at Adobe. And so it's sheets across and she used it, she made a video and she closed the video, but I think this is a game changer, it's insane, it's kind of nudges (inaudible) asked and be able to work, (inaudible) I couldn't step in better myself.

So used these artists, and we also took them to another place for their creative community goals for inspiration and that's Adobe Max. Adobe is the grocery tool for the creative community. And Photoshop InDesign illustrated, these are the names that you know and these are tools that people spend 8 hours a day creating it. And they grow to the creativity conference held in Las Vegas in October, in Tokyo, it was held in November, there was about 25,000 professionals and armature creators, so all going to find out what's new, how can I get tips, tricks, hardware to improve our work. And we

Company Name: Logitech
 Company Ticker: LOGN SW
 Date: 2018-03-06
 Event Description: Analyst and Investor Day

Market Cap: 6,429.18
 Current PX: 37.14
 YTD Change(\$): +4.24
 YTD Change(%): +12.888

Bloomberg Estimates - EPS
 Current Quarter: 0.243
 Current Year: 1.498
 Bloomberg Estimates - Sales
 Current Quarter: 569.200
 Current Year: 2540.700

had directed with them in there, and we also featured pretty prominently by Adobe in their blog in advance officials. The Adobe, the principal creative director of Adobe, in fact he has the master class to get very well known guy in the field call Russell Brown, he is a master class on Photoshop and Illustrator, that he brings people to it, to show them the best ways and the newest ways to use the applications. And he actually used crafter, every single of the workstations for the people came to his masterclass. It was a great honor for us.

There was also a place where there was many reviewers, many journalists and many people that we could interact with and the feedback was pretty unanimous. And the most impressive piece of hardware I tried in the hundreds on display at Adobe Max, Logitech Craft, the best input device at Adobe Max, Logitech Craft. So we have great response in something that we're investing quite a lot behind this relationship with the creative community. Visiting that the marketing of this product that's cool, is that this campaign all of the images, the video, all of these assets, these were conceived and created, many of them produced entirely in-house, by our in-house creative team.

The people who shop today online or in-store for these products, they come into contact with the work that was done in-house and not by an external agency, but by the wonderful people that we've got in our internal team. So perhaps, it was a nice story, it's a great story to show those two capabilities. It wouldn't be such a nice story, but it wasn't also a profitable story. So I want to show you how we can take -- an advanced piece of hardware, layer on top of the stunning piece of software and film maker profitable product. And I'll do it by focusing on one part of the product in particular, and that is the metal bar at the top of the product.

Okay, so listen aluminium bar, and I want to talk to you about how we focused on the ingredients and how we act early on designing for cost.

Anybody who is in New York last year, this event or we saw the presentations from that will have seen Jose Sullivan, our Operations leader, talking about how we moved our focus for costs from historically where we launched a product and then afterwards focused on how we could manage the costs. Two, how we can advance and advance of launching, how we can design for cost. And in the case of Craft, many of their products, we're actually moving way upstream in years in advance, we were getting in the process of designing for cost. About 5 years ago we said we need to be able to integrate metal into our products. We knew that the consumer and you know we're in peoples' homes and talking to consumers every single day. I mean, we know the consumers expected at the high end.

We also know that, it offers unique benefits, that the sturdiness and the builds of Craft is because of that metal backbone that it's got. The spotlight presentation remote that I'm holding, piece of aluminium here means that, it stays cool in my hand, even if it's a stressful presentation environment. So metal has got a benefit. We needed it. So we put together a team, which was multi-functional, multi-sized and who worked almost 30 years to become experts in the material science of metal, in how to master the processes required to develop metal parts, to qualify the right suppliers to design for manufacture, but also design for optimizing the production yields, better yields, lower cost.

And the result was that we have an extremely complex part, I mean it doesn't look complex, but it's extremely complex, the six steps from when we stump the aluminum to when it's finally anodized. So we can deliver that part and make it ready for assembly, at about 60% saving versus the estimate that we would had four years ago. So with that, I think Logitech Craft and altogether, products that we've got in this high end, creativity and productivity space, that we do showcase of course our hardware capabilities that we develop, but also the marketing and design engineering capabilities and software engineering capabilities and then our ability to design for cost.

So with that, I'm going to pass you on to Scott Wharton, who is going to talk about our new big business, video coverage.

Scott Wharton, VP & General Manager-Video Collaboration Group

Okay, good morning everybody. As you head, I would like to talk to you about the video collaboration business. So many of you probably know for Logitech that we're a big player in webcams and we're actually number one in the world for webcams. And as the newest business, we've been about for about six years and the business really started

Company Name: Logitech
Company Ticker: LOGN SW
Date: 2018-03-06
Event Description: Analyst and Investor Day

Market Cap: 6,429.18
Current PX: 37.14
YTD Change(\$): +4.24
YTD Change(%): +12.888

Bloomberg Estimates - EPS
Current Quarter: 0.243
Current Year: 1.498
Bloomberg Estimates - Sales
Current Quarter: 569.200
Current Year: 2540.700

out of an observation that a lot of our customers instead of taking a very expensive traditional video conferencing unit (inaudible) of taking \$100 webcam or in some cases, lower cost and sticking it into a conference room, it's really interesting observation. So we looked at that and said, okay, a lot of our customers wanted something more, not just for individuals that using webcams, but they wanted it in a conference room.

And after six years, we're actually in a very short period, we're now number one in the world for conference room systems, such that a major accomplishment that we've done in a very short period of time. And part of how we've done that is instead of trying to tackle the entire business ourselves, as Bracken said, we worked with cloud providers like the other parts of Logitech's would be able to roll out equipment with the leading cloud video solutions. We also follow a lot of the Logitech script that we use the plug and play approach, so kind of like our keyboards and mouse, they're USB devices, they're are not really complicated. They're easy to use, but we also maintain that an enterprise class capability, but at a mainstream price, that's what Logitech is really good at, we know how to make things in very high volume with high quality at a reasonable price.

And if you look at the overall market for collaboration and works basis, it's really changed a lot in the last 5 to 7 years. So specifically for video conferencing, it used to be how it rolled out, you had these dedicated high rooms, usually they were boardrooms or rooms dedicated to video. You had a schedule everyone to get together, because it was kind of hard. And you think that we're mostly internal, as Bracken said, usually they were deployed within the company, which made it very hard to make communication outside. And they were designed really specifically for that room so they were hard to really apply to different places, nut the world is changing a lot and what I would say, that's not only in Silicon Valley, we see it at big companies, small companies in Europe, in Asia and in the US. There is a whole movement, I think many of you know people moving from dedicated conference rooms and offices to huddle spaces, where people are working more in the open environment. People want to be able to communicate anywhere as our businesses become more global, we need to not only communicate with the people that are in our own office, but we need to communicate with people all around the world in different time zones.

And you're not -- in voice, this was not good enough anymore, especially as the millennials started entering the workplace kind of like an experience when I first started working, where I was using a Mac and it had a graphic user interface and then I started my first job, and they gave me this computer and they said, look at this great computer, it's got a Word Perfect on it with DOS, and like what the hell is this. I think millennials are doing the same thing now that they're starting out with video conferencing, they start used to it and they go into the workplace, if you're giving them audio only, they're going to revolt there. They just don't want to work in that way anymore. And then as Bracken said, everything is moving to the cloud. And then as things are moving to the cloud, people really want to be able to do plug and play, they don't want the old complexity of video and the way they communicated, they want to be easy to use, they want to take the same kind of capability that all of us now using at our desktop and moving into conference rooms. So if you look at the market for videoconferencing, that it used to be very focused on the top of the pyramid, these high-end rooms and then a little bit of deployment in huddle rooms. Where that upwards changing a lot, as huddle rooms are becoming more prevalent and actually a much bigger opportunity instead of us focusing on the 10 million rooms that are at the top of the pyramid, we're really focused on the bigger opportunity, the 50 million rooms.

So in many cases, we're not actually competing with the traditional players because we're opening up a whole new market and a whole new opportunity for the way people communicate. We have the ability to go back and work for those big rooms, but we're really focused on expanding the market, not just placing (inaudible). And part of what's driving this market is not just more conference rooms and the way people are working, it's the actual cloud services. So these are some stats from -- always been this question of our people using video conferencing and do they like that? I think these numbers show, yes, absolutely. It's more than doubling year-over-year and that's through-- that trend has continued through 2017 and 2018 when more and more people around the world are using video as part of their work flow.

But even having said that, looking at the growth rate of video, we are just at the very beginning. So video conferencing has been out for 30 years and yet it's only penetrated 2.5% of all conference rooms around the world. So the opportunity for us in front of us to go after all of those who are in, the 97.5%, there maybe they've got a display, they've got a telephone, but they don't have video yet, but they will.

Company Name: Logitech
 Company Ticker: LOGN SW
 Date: 2018-03-06
 Event Description: Analyst and Investor Day

Market Cap: 6,429.18
 Current PX: 37.14
 YTD Change(\$): +4.24
 YTD Change(%): +12.888

Bloomberg Estimates - EPS
 Current Quarter: 0.243
 Current Year: 1.498
 Bloomberg Estimates - Sales
 Current Quarter: 569.200
 Current Year: 2540.700

So in fact as an analogy, if you look at where the PC industry was 40 years ago, Bill Gates famously said that, he wants a better computer on every desk at home network. And as Don Peebles [ph] said, what that crappy thing people are going to put on every desk, nobody wants to do that. They are not that great. But we know he was right now, the people not only have a computer on every desk, but they also have a computer, we all have computers in our pockets. But the analogy for Logitech is we want put video-conferencing in every conference room worldwide.

We shouldn't have to think about going to rooms and do they have video in there or not, it should be everywhere. In fact, part of the way we think about it and Bracken likes to say that when you are in a conference room and there's a table design for eight people, we never walk into room and see four chairs. That's what's going on. Why are there four chairs?

We don't know, we still have the budget for the chairs, nobody ever says that. So video going to do the same thing. People won't say I don't have the budget anymore. It's now at a very reasonable price for EUR1,000 plus or minus, so video will be pervasive, it will be everywhere and I'm completely confident that it won't take 40 years for us to get there.

So how do we win in this business. So really, it's four very simple things. For like the rest of Logitech, we focused just on creating great products that people love, and I would argue that in the business space. People are consumers too, they love great product, they love great design. Maybe the buyers are different, we have an IT buyer, but the IT buyer doesn't want to buy something that people look at, and say, god, who put that in that room, this is really ugly. So they want things that look great and perform at a great level.

The second thing is, we're not doing it all ourselves. We're doing with partners. So instead of us having the convinced people about video-conferencing that they need to do that and going out and have to enquire customers, we work with big companies like Microsoft and Google, and some of the other big players that are already going on to evangelize video conferencing and are driving cloud video conferencing everywhere into the business market and we work really closely hand-in-hand with them, both in terms of integrating the products together, but also enjoying selling and marketing. So, if you know, we are doing it, it's doing it with them, so we have a relatively lower cost acquisition than if we did it ourselves. And part of doing that really helps us create awareness, we don't have to do it ourselves, we deal with these big platform providers.

And then last but not least, hit the new market, but you can't just do PR [ph] . You really need a combination of high-touch sales and marketing to reach customers. The documents really explains them about what you're doing.

On the product side, what we've done is we've really looked at different rooms and instead of doing what the incumbents have done, we've just paid for expensive products and make them cheaper and scale them down for smaller rooms. We've looked at every room organically. And so, what you need for small room, different requirements for medium room, and then of course large rooms, you might have different requirements in terms of being able to see everyone and hear them.

So I'll give you one example of what we did here. So we launched about eight months ago product Logitech MeetUp and part of what we are trying to figure out is what you do for these new smaller rooms, these new hotel rooms. Now, as I said, a lot of the traditional players what they've done is they have taken their big expensive product and they DC to them and put them into these rooms. But we found is that, really in anyway, we need to make it better for small room.

So many of you who have been in a video call in a small room have probably noticed that when you're looking out -- actually the people who are sitting at the front are cut off, if you know that happened to any of you. We just can't see them. So what we decide to do is, starting with a blank sheet of paper, we really needed to make sure that the camera which on a traditional system would be very narrow, for a boardroom, it need to be super-wide. So you can see everyone sides, actually better than the expenses of some [ph] .

So here's an example of how we're showing the traditional system on the left hand side which could be 78 degrees or lower, we can't see the people on the front, they are cut off. Even 90 degrees on our webcams, wouldn't cut it. So we

Company Name: Logitech
Company Ticker: LOGN SW
Date: 2018-03-06
Event Description: Analyst and Investor Day

Market Cap: 6,429.18
Current PX: 37.14
YTD Change(\$): +4.24
YTD Change(%): +12.888

Bloomberg Estimates - EPS
Current Quarter: 0.243
Current Year: 1.498
Bloomberg Estimates - Sales
Current Quarter: 569.200
Current Year: 2540.700

have to go to a 120 and it's actually the exact perfect amount that you want, because a 120 could see everyone at front, but you don't want it any wider than that because you would actually be on the side of the TV, you couldn't even see it anyway. So it would be relevant.

We're engaged with lots of partners around the world, Microsoft, Google, Cisco and others to tackle this market. This is really important, as I said, because we're not doing it ourselves. So we work with the cloud video platforms, we work with people in the PC business as they are selling PCs that go with every video system and even people in the traditional AV world, we have to go add in design, lighting and screens and other things. They want to work with Logitech to move to their new world where they love the idea instead of selling 5 units a video-conferencing, have it selling at 1,000 and going out to the entire business.

So part of what we're doing and I think a big competitive advantage is really focused on enterprise sales and being able to touch the customer. And if you look at our approach, I would say that we're really in the sweet spot for what you want to be in enterprise sale side. From a startup point of view, they really struggled so that they make come back to product, but they're not could be able to hire sales people all around the world. And then the other side, if you look at the big companies, the Conglomerate, the Tech Generalists, they have salespeople to cover such a wide range of the portfolio things, they don't really know how to sell collaboration and making tha twe don't want to, because it's a relatively small market, they want to sell the big things like routers and other things, they don't necessarily want to tackle communications.

So we're kind of in the sweet spot where now we have a global team of specialists dedicated to selling communications and we are arguably in most of the major countries and cities all over the world. Now I will keep expanding our recruiting basis, because what we found is, every time you add a new sales person, we had more sales. So we'd love to be able to keep adding more, but we're going to do it in a prudent and methodical way. But we feel really good about the fact that we now have this global sales force. But why is that important.

So it's important because in a mature market, people may know your product and they go out and ask for. In a market that's early like this, probably many of you didn't know that we are number one in this space, didn't know about our products, so the way to sell to the people, you still need to have human to human conflict when you talk to people. And it allows us to both drive the sales so that we're not allowing competitors in, but also select people know what we're doing and drive the sell that way.

And the proof is in the result of what we've done for last six years. So we've grown from a relatively small amount, where we started answering in with small systems to now on the \$200 million run rate. So we've roughly doubled the business, in fact, here two years ago, the last call I did. And the state of the business is really strong. We have great partnerships with the leading platform providers and we've expanded our portfolio products from the early days of our little (inaudible) stick, the BCC (inaudible). So a bunch of product that really cover all the different conference rooms, so now we can say, we can -- probably have small room, a medium room, a large room and other things. They are kind of something out.

Over a relatively short period as one of our newest businesses, we've become the market leader in the space and we've done it partly by having great products that has completely changed the market from being very high-end and working really well but targeted a very small quarter of the market, but something that can be in every conference room that anybody who knows how to use video-conferencing can use in any place. We've also done it by partnering with the key players. So we haven't done it ourselves. We work with Microsoft and others to go out and show people how they can upgrade video-conferencing in a very affordable price.

And then last but not least, high touch sales and marketing all around the world where we can sell globally, where when you're selling to a large company, they don't want to hear that you can only sell in Switzerland or the United States. They want to put video-conferencing everywhere in all the countries and this is a real strength of Logitech that we can go to 100 countries, sell locally, support locally, it's very few people, very few companies can do.

With that, I'll move on to the (inaudible) for Ujesh. Thanks very much.

Company Name: Logitech
 Company Ticker: LOGN SW
 Date: 2018-03-06
 Event Description: Analyst and Investor Day

Market Cap: 6,429.18
 Current PX: 37.14
 YTD Change(\$): +4.24
 YTD Change(%): +12.888

Bloomberg Estimates - EPS
 Current Quarter: 0.243
 Current Year: 1.498
 Bloomberg Estimates - Sales
 Current Quarter: 569.200
 Current Year: 2540.700

Ujesh Desai, Head of Gaming

Thanks, Scott. So the gaming market is cruel and definitely not cruel. I'll just admit that first and the biggest nerve [ph] that you will find. So my name is Ujesh. I run the gaming business here at Logitech. I've been with the company for little over almost four years. So we're really excited.

So I'm going to quickly talk to what is our strategy for 2018, what are we focused on. So, with that, we'll get started. So there is three main areas that we focus on, we keep it very simple. One is, we're going to continue to develop superior products and experiences, and the way we do that, as Bracken already talked about, it's all the way through design and engineering through manufacturing. We sit down and get to know the gamers. In fact, many of them work in our team, our team is comprised of a bunch of different gamers that loves to play video games, myself included, I've been lucky enough to be able to make a career out of playing video games. But we sit down and we actually go into gamers houses to see how they play to understand what they need, that's how we focused on the superior products and experiences. That leads us to what I talk about next, which is wireless . And I'm actually going to a little bit of detail and what we've done in the wireless space. But if you think of console gaming, we've had wireless controllers for a while now, wireless headsets, this is not the case in PC games, because there have been some limitations that I'm going to talk about that. But as a company, Logitech does a really good job of wireless products, as you heard I talked earlier. And even in the workspace, our wireless products are used everywhere. If you wanted to take that expertise and leverage that and bring that and solve a fundamental problem in PC gaming and how do we bring wireless to PC gaming, and I'll talk about that.

And then last is the Choice of Pros, Bracken mentioned, eSports is a brand new sport, it's a sport for younger kids, my daughter is 12 years old, all she does is watch Twitch and YouTube, those are her favorite athletes. She does look at some traditional sports, but eSports is just as important to her. So we partner with these players just like a Nike or an Adidas would in developing our products, because it's good enough for them and it's good enough for everyone. So that one we start by talking about wireless. So as Bracken and Vincent have mentioned in the past, if there is an area that we believe we can add real value that we're not afraid to take our gross profit dollars and invest them into those areas. Wireless is one of those areas, as I mentioned, because we understood that we wanted to make PC gaming better, wireless is an area that we had to invest.

What I'm going to talk about though is, it was not an easy solution and it was a multidisciplinary thing that we had to go embark on, it involve the business group and involve design and involve engineering, all the way through manufacturing and marketing. And it wasn't just one area, we had to solve multiple things and I'll talk about that. So with that, why don't we jump in.

So the first thing we did, as I mentioned is you have to put yourself, you have to have the empathy with the customer. So we have to understand what are they feeling. So the first thing they told us is, I'm never going to get a wireless product, I'm worried about lag. So if you think about it, gaming is very different than just standard office use. You have to have the highest performance. The difference in milliseconds matters between winning and loosing. So they didn't want to have any lag. So this is something we had to solve, we had to make sure our wireless products we're as good as a wired products and in some cases, if we could, make them even faster than the competitions wired products, so that's the first thing we have to solve.

And the second thing we had to solve was, even if we were able to solve lag, they would worry about their battery dying, they'd be in a middle of a raid with their friends, they don't want to let him down and have their battery die, so battery life is something we had to solve. And if you go back to the first one I just talked about is, for gaming you needed higher performing products where those higher performing components take more battery. So that was a tough problem that we had to figure out how to solve.

That said, when you talk to all of these gamers, even the pros themselves, they actually don't like cords, because that limit their freedom, but they're worried about latency more. So what you'll see is they come up with their own blacky ways to kind of solve this. In fact, this is a real product, this is not a joke. But this is a product that they create called a mouse spongy, like a bungee cord for your mouse. And the whole idea is it moves the wire out of the way and it's an

Company Name: Logitech
 Company Ticker: LOGN SW
 Date: 2018-03-06
 Event Description: Analyst and Investor Day

Market Cap: 6,429.18
 Current PX: 37.14
 YTD Change(\$): +4.24
 YTD Change(%): +12.888

Bloomberg Estimates - EPS
 Current Quarter: 0.243
 Current Year: 1.498
 Bloomberg Estimates - Sales
 Current Quarter: 569.200
 Current Year: 2540.700

attempt to make a wired mouse feel like a wired mouse. But it completely fails, if you've ever seen anyone use this in a competition, the minute they get into middle of the match, the thing tips over and falls apart, that's just a total nuisance. So this is an area that we just solving it by some way, this is not going to work.

Here is another analogy that you can think off. So if you go back just with the original diving bell in the 1800s, it was functional, it worked, you could go under water, but it really limited your mobility, right. Fast forward today. This is what a modern diving suit looks like where you can now enjoy whether it's for work or whether it's for play. And if I look around, I'm sure most of you probably if you are not using one today, you probably have a wireless mouse somewhere in your laptop bag for work. That's not the case for PC gaming, because of all of those things that I talked about. So that is what we fundamentally had to go solve. But the way we solve is there are three areas that we had to innovate. The first is what we call LIGHTSPEED. LIGHTSPEED was a technology we created to address lag. The second area was POWERPLAY, so POWERPLAY was technology we created to go after battery life, how do we solve the battery life issue. So those are two solutions that I'm going to talk about. But the third is just as important, and it's not a linear solution. This is why we're showing that the problem to solve wireless is a multi-faceted, multi-dimensional. So here we realize, if we really wanted wireless to be available to the masses, we fundamentally had to design a brand new gaming sensor, which was the gaming sensor that we use in our mouse is the most power consuming component inside. So that's the last thing we had to do.

So let's start with talking about LIGHTSPEED. So with LIGHTSPEED, what we did is, we wanted to go after a lag. If you think about wireless, inherently it is harder than wired, right, you have to encrypt the data, you have to decrypt the data. So we make sure we optimize that and make it as fast as possible. But we couldn't stop there, we had to look at the entire pipeline to measure things like click latency from the time the electrical impulse comes off the switch, goes through the USB microcontroller. We optimize that to make sure that as fast as possible. We look at our signal, we wanted to have an extremely robust signal. So we didn't have any drop-off.

We also finally looked at perturbation. You can imagine interference, there is tons of modems, tons of cellphones, how do you fight off interference. So we wanted to make sure we look at that and we had a very robust signal. You can imagine, if you're a gamer playing the professional tournament, you are on stage, there is thousands of people and the audience with their cell phone, you don't want to have any interference that cause you to loose that shot or miss that shot and causes you hundreds of thousands of dollars in prize money. Even if you're not a pro, think about the gamer that works in the dorm room, or lives in the dorm room. So, dorm room has tons of interference that sets something we really had to make sure we test it. Because for a gamer, the difference between winning and losing is measured in milliseconds.

So with that, I will show you a quick video that shows how we tested for that.

(Video Presentation)

This was one of the many anecdote chambers that we have around the world and that's where we measure our wireless performance to ensure that even if you're in a LAN party with 1,500 or 2,000 people, but we have no interference whatsoever. That's what we did, we created LIGHTSPEED and that solved the lag issue.

The next thing we had to do is solve battery life, right. So it doesn't matter if you have great performance, if your battery dies, it's useless, so that's where we created POWERPLAY. So what POWERPLAY does as we created the charging mat and if you look at this charging mat, in this exploded view, we created electromagnetic --

(Video Presentation)

(inaudible) familiar technology like this. And what it allows you to do it is charging the mouse while it's at rest, but also (inaudible), which is fundamentally different. If you look at what some of the competitors do, they use what's called the Qi charging, which is -- I'm sure you're all familiar with it, you use that on your phone, you take your phone, you put in one place charges overnight and take it the next day. That's great for a phone, not really great if you're trying to play video games, right. You really want to be able to use your mouse while it's charging, so that's what we've created here.

Company Name: Logitech
 Company Ticker: LOGN SW
 Date: 2018-03-06
 Event Description: Analyst and Investor Day

Market Cap: 6,429.18
 Current PX: 37.14
 YTD Change(\$): +4.24
 YTD Change(%): +12.888

Bloomberg Estimates - EPS
 Current Quarter: 0.243
 Current Year: 1.498
 Bloomberg Estimates - Sales
 Current Quarter: 569.200
 Current Year: 2540.700

There is another solution in the market, that's called capacitive charging, there is a limitation to that as well. The capacitive charging solutions out there don't have a battery in their mouse. So when you're using it on those pads, it charges, the minute you take it off that mouse pad, it doesn't work anymore. We have to plug a wire and do it, it becomes a wired mouse, kind of the each purpose. But we are the only solution in the market where it's a wireless product, you can use it while at rest or while at play and when you take it off and use it on your laptop, it's fully charged, you come back, it's ready to go as well. So that was LIGHTSPEED and POWERPLAY . Now the good news about that is, we solve those solutions, but the problem was not everyone could afford that . So the POWERPLAY charging mat is EUR100, the POWERPLAY mouse is EUR100. So, someone like me could afford it and then back into, to get one, but if we wanted to take this out and we wanted to go to the masses, we had to fundamentally invent something different. And that's how we came up with Hero. Hero is a brand new gaming sensor that we created, so that we could democratize wireless and make it available for everyone. So here's how we did it.

So going back to 2013 we had a product called G700S. At the time, it had the -- we had a product called G700s, at the time it had the 9800 sensor in it, highest performing most power-efficient sensor on the market. That said, from an engineering standpoint -- the design engineering standpoint, we were not satisfied because that G700 mouse still wasn't as good as a wired solution.

So, we invented some more. We came out with two new sensors, our M010 and our 3366. The M010 we used in our G602 mouse, at the time, once again, revolutionary. It went from nine hours of battery life to 125 hours of battery life, really, really efficient. The problem was it still wasn't as fast as a wired mouse. So we said, okay, let's come out with 3366. Now we've solved the performance issue, 3366 amazing sensor, just as good as a wired mouse, but the battery life, again, was the problem, only lasted 32 hours.

So we didn't solve this quadrant over here that where is this magic space that we wanted to go after. So that's what challenged us and caused us to invent HERO, 10x the power efficiency of the 3366, to get all the performance that you need, just as good as a wired mouse, but extremely efficient. So, we just introduced a brand new gaming mouse, we call our G603. And with that mouse on two AA batteries, you now get 18 months of battery life. And what's better is the HERO sensor actually cost less than the 3366. So, it improves our gross profit dollars and allows us to build a gaming mouse that G602 only costs EUR60. So that's how we are going to bring wireless to the masses.

So those are the three technologies we created LIGHTSPEED, solved lag, it's wireless, it's faster than the competitions' wired. POWERPLAY solved battery life, gives you infinite battery life, you never have to worry about your battery again. And then we said, okay, now, how do we take this and bring it to the masses? And that's where we invented HERO, a brand new sensor, so it's wireless for everyone.

So now, the last thing we had to do is, okay, now that we've solved all those technical issues, we have to go educate those people that still have those perceptions of what wired -- wireless used to be like. So, that's where we create a very simple marketing campaign, we call it No Wires No Limits. And it's a combination of everything from awareness, to consideration, all the way through conversions. And because gamers inherently live online, a lot of the material we create is online digital content, it's photos, videos, working with top influencers, bloggers, working with the pros, so that when they are in their video, they're telling stories. We then bring that into point of sale through product ads and online through e-tail and at retail.

Here's a quick look at one of the videos, we put together to show off POWERPLAY, so people can see what POWERPLAY was and get a little bit excited about the technology. Let's take a look. (Video Playing)

So in summary, that's what we're focused on for gaming. One is, continue to build superior products and experiences. Wireless is a big piece of that. We've just started with LIGHTSPEED, POWERPLAY and HERO. There is still a lot more to be done to really make wireless truly accepted by everyone in the PC gaming space. So we've just started that training, we are going to continue it. And then to validate that we're going to continue to partner with our pros to make sure we're building the highest performing product that can meet their standards.

So with that I'm going to turn it back over to Vincent.

Company Name: Logitech
 Company Ticker: LOGN SW
 Date: 2018-03-06
 Event Description: Analyst and Investor Day

Market Cap: 6,429.18
 Current PX: 37.14
 YTD Change(\$): +4.24
 YTD Change(%): +12.888

Bloomberg Estimates - EPS
 Current Quarter: 0.243
 Current Year: 1.498
 Bloomberg Estimates - Sales
 Current Quarter: 569.200
 Current Year: 2540.700

Bracken Darrell, President and Chief Executive Officer

Before we do that, we're going to take just -- we wan't make sure its fresh for Vincent. So, Vince will be very disappointed. Why don't you take five or 10 minutes to stretch your legs, walk around and get something to drink and then we will come back. (Break) All that matters, that they show me the money. Just to be very clear, that's how we drive the business and so rather will be too (inaudible) to see the financials. Bracken mentioned, there's been five peers, that had the privilege to joining and drive the center on of the company and I remember, May 2013 was not invisible, but it was (inaudible) and Bracken presented it first outlook for the year and many of you were there. If you remember, at first it was presented minus 5% top line and 5% operating profit margin, and it was a small little thing, the individual investor and I was thinking, "Oh my God. It is so conservative." It can only make it and to my surprise, many of you were very skeptical, and (inaudible) Credit Suisse and you were obliged, that's really quite.

And I remember that -- the reason I believe is something built is because I woke at this morning, and as you know, we put again a high single digit top line growth rate in (inaudible) for the operating profit margins 15% growth which by anyone of my (inaudible) very good guidance. And all I could read it, this is really conservative. The world has changed and it is what it is. Why they have changed is because we've driven this overall turnaround, right? FY'14, FY'15 was really resetting the business, westernizing the product lines, Bracken mentioned although 80% of the revenue was associated to PC or to PC environment, and we only had 20% of our revenue positions on growing markets.

But very quickly, we start to improve profitability and credibility by delivering every quarter. If you remember, we have the concept of profit maximization for certain categories, where we're focusing on growing the profit first and foremost and then the concept of gross categories where we are growing the top line. And then, we delivered a turnaround in about two years, confirming (inaudible) question, that Bracken's target was very conservative. And we started to shift online, say, how do we position the company for growth? And we refine our (inaudible) view and came with the analogy of the tree, the plant and the seed, and every one of them needing care to be able to continue to evolve and live in the garden.

And we started to invest on our come back on that, on that -- we really started to -- with new guidance, and if you remember that around that time was that we can grow the company mid-single-digit. I think that was our own points on that we're kind of on the same page here (inaudible) and we delivered, Bracken mentioned some of the core rate and I'll come back to that, but core 9%. And then two years ago, in this room, we say hey, because we need to think about our portfolio and our meteorology we believe we have growth opportunities in any of the markets we participate. And we're going to really invest for growth.

I remember it was Yohan who assist. I said, possible reason? You can grow your PCUs and say yeah, we think we have growth opportunities. We get that's an installed store base. And we started to guide the company, high single-digits and what was delivered at 15% last year and 20% this year. And then put it road mapping phase two, there are EPS. Now invest for growth in (inaudible) maybe don't match, but the reality we put this to the EPS roadmap in place as a guiding in the form of moving forward. That's -- if we are ahead of our business, we've been counting it to invest and our goal is not to collapse to the EPS or beat to quarter or beat to one year. Our goal is that you can come as -- to EPS by 2020. And in the meantime, we have sites we have looking to invest to accelerate the performance of the business. And that's the (inaudible) guidance forward on that principle.

Why did I come back on that is because everything we've done over the last five years, we've integrated that into learning, how we managed the overall portfolio and then we produced some of those earning on how much each one of the categories in each of the markets. Now the result is about to close here fifth year of growth. We constantly reevaluate the portfolio. Every category, every year go to our strategic (inaudible) frameworks, wherever (inaudible) overall lifecycle of the category, how do we want to treat it, how much do we want to invest, what is growth opportunity adjacent of the market share gains, et cetera.

We have got a good base now, down to 40% of our overall revenue to your transformation norms in the last five years. But it's a way to rationalizing the resources allocated to that category. We started to see opportunities to grow and

Company Name: Logitech
 Company Ticker: LOGN SW
 Date: 2018-03-06
 Event Description: Analyst and Investor Day

Market Cap: 6,429.18
 Current PX: 37.14
 YTD Change(\$): +4.24
 YTD Change(%): +12.888

Bloomberg Estimates - EPS
 Current Quarter: 0.243
 Current Year: 1.498
 Bloomberg Estimates - Sales
 Current Quarter: 569.200
 Current Year: 2540.700

we've been growing low single digit in that very base. It does or investing (inaudible) business model, for as the softer business in the past, it is our maintenance revenue. Since the revenue that we deliver are based that we can leverage to then going to new categories. It's a very important piece of the business. This 70R [ph] here is giving you the money that I expect for all the products there. And it is not growing. Dealing share in every one of the market, entering new categories, Scott is still about video collaborations, it's almost non-existent of spanning for the webcam years ago.

And then adding acquisitions to those growing categories, or by a speaker becoming an important part of our portfolio, but knowing that that will come to a certain maturity level, again it's going to continue to add new categories and we've bought Jaybird about two years ago now. Beginning is the best example of all of those. Right? It's some of those technologies, older then we started to invest more. We're gaining share in the market we participate. We started to bill adjacency going to the council and going into other categories. And we're confident that goes through acquisitions. And that's definitely the business, it's the best momentum across all of the gross levels we had.

And then that's delivers to gross rate that you see in 24915 [ph] 12 to 14 for the year. So very strong performance overall. And as you know we've guided for six consecutive years of growth moving forward. The trick here to continue and sustain that growth is really to develop and going to develop a diversified portfolio. We know that everyone category will have its ups and down and some will be in the growth -- structural growth for many years, others will have a shorter life cycle. But the diversity of the portfolio enable us to continue to invest into the different areas and maintain a growth overall.

For the year, if I use midpoint for the guidance here for FY18, we have creativity and productivity on track to close, that's around the low-single digit growth rate 3% is really linked to the installed base you've heard about the PC market being somewhat stable flattish minus 1, plus 1 and but the installed base is really big and offer us a good opportunity to maintain a certain growth rate. The two key growth drivers for next year is really gaming and video collaboration. And when you look at the current momentum we have in those markets, when we look at the market momentum and the competition, we believe we have unique opportunity to grow those businesses significantly. FY'18 growing video collaborations 35%, gaming 45%, when it comes from acquisition, but we look across all growth drivers to maintain that momentum.

Music has become like a big market, that's more dynamic at this point in time. There is many categories for us that are below that market that we addressed, mobile speakers becoming -- Bluetooth mobile speakers, becoming more mature, low single digit course rate. We still have some PC audio that's how you've seen decline -- healthy decline for a few years. And then new area, like the wearable that we have for -- and you see it (inaudible) where is the mobile speakers, the MEGABLAST is voice enabled, because we use that person (inaudible) see where that goes, but this one adds a lot of dynamic into that market we are on track, you remember our number one commitment when we give you financial guidance to deliver the bottom line. We guided the year \$280 million. Overall, we are trying to create operating leverage year-on-year (inaudible). We are on track to our long-term 10% to 12%, which is two years ago. And that really comes first and foremost into the period of investing for growth from the gross, organic 10% to 12% adding acquisitions. You are going to see a very solid organic growth that supplemented by adjacency that you would have acquired.

Gross margin or earnings growth gross margin this point of our long-term range 36% for the year slightly under last year, you guys know, we have a couple of one-time items this year. But overall trending in the right direction towards the high end of our range 35% to 37% and then delivering on the bottom line. And we are trying to continue to develop our capital allocation framework, acquisition of ASTRO this year, very successful acquisition and then dividends or growing dividends, which (inaudible) and then the buyback program.

Let me come back on the approach with some numbers. And this is the graphic that represent for period of two years that incremental revenue, incremental gross profit and incremental OpEx. In the first two years, remember revenue was declining minus 7% in FY '13, however, for the two year periods compare revenue was down, where we're setting rationalizing all of our product lines. As you know, as a result of that we execute the OEM business and (inaudible) lifestyle and others and gross profit was declining and we are reducing our resources.

Company Name: Logitech
 Company Ticker: LOGN SW
 Date: 2018-03-06
 Event Description: Analyst and Investor Day

Market Cap: 6,429.18
 Current PX: 37.14
 YTD Change(\$): +4.24
 YTD Change(%): +12.888

Bloomberg Estimates - EPS
 Current Quarter: 0.243
 Current Year: 1.498
 Bloomberg Estimates - Sales
 Current Quarter: 569.200
 Current Year: 2540.700

Then we position for growth if you have a moderate growth 2%, 4%. With that, we started slightly improve gross margin in the first period was 33%, in the second period was 35%. We still lowering OpEx, but we're shifting a lot of our resources from one place to the other, from the place it was declining, to the place it was growing and then we investing for growth and you see as the last two years, a lot of incremental revenue, gross profit, and incremental expenses. I put this out there because one of you, was not nice to I mean, one phone call and say listen, you lost your touch and cutting OpEx anymore. Yes, because we are here and we really investing here for the growth opportunity we had.

Now so if I understand, and I understand the priorities, this is the metallurgy we applied to almost everyone (inaudible). We acquired Jaybird they were doing many different things wearables, but also like fitness bands et cetera, which was resetted the business, rationalize the product lines, focus on one was interesting, trying to see what we need to do from a spend perspective they were really developing on the start of the investments and started to reposition it for growth and inside okay, how can we focus better, with the brand (inaudible) sports owned developed a portfolio is really tailored to that market segment. While we are preparing for the bigger peer, which is not (inaudible) investing for growth and that's kind of approaches across all of our categories. And I would say ASTRO (inaudible), we bought ASTRO they didn't have to go to reset, they have very strong solid portfolio and lot of things we can take. But they are in the position for growth the high end of the segment, I mean developing and they launched two products as you know in the last call. We try to penetrate the mid-range, where we have a lot of market share gains to have and we are now shifting ask to invest for growth as we move forward. That make (inaudible) that approach is across our various categories and we constantly we are assessing, one category could move from all three cycles and then through market dynamics that evolving we bring back to a reset.

Okay. Now the market has changed, things have changed. Should we reset the way we are? And we are not shy of doing that and internally we are trying not be married to our decision and constantly review that portfolio, portfolio allocation, resource allocation through that plan.

I will come back on one thing. So, the priority here, you see invest for growth, which is where the overall portfolio is really good supply, improve the gross profit to create the funding capacity to then continue to reinvest into the business and generate that sustained growth. The number one metric here on that list is improving the gross profit and it's not really profiting dollars or that counted improving structural gross margin of the business in which we play, then make investment decision, we invest more back into the gross margins price other or do I go in to building the brand and (inaudible) more in OpEx and we make those trade of real-time.

As we focused on improving gross margins, we talked two years ago and last year, we formalized in a bit more about this -- this forecast savings [ph] I reminded you about. Last year, we had about 20% of our product that had gone through that framework, I would say on an annual basis we have about 25% of our revenue coming from newest product. They all run to the frame work, but they are not all successful coming out with a better gross margin.

Now we say about two-third of our product for that, where we put to the framework come out with (inaudible) design to better gross margin at the time of launch. So, we had maybe 30% to 35% of our portfolio has had gone through that overall framework. Let me give you an illustration with a real kick uviworld [ph]. The first version of world came up in June 15th, the second one in 16th and when the time came for the people to put the spec out and define what they wanted for the products, by what time they wanted to launch, what the cost should be, their focus is really at that point time getting the product ready for launch, with the right functionally on timing. Our number one metric (inaudible) customer feedback is another one, customer is not immediately part of the design framework initial as we have explained. And then our first launch as volumes, we start to drive savings and improve the margin over -- over time.

And then as we now have this notion of -- at least one notion in design format is discussed, we run the other side of the family wonder, Wonderboom which could be the success of abroad through that framework and say how do we design now for better gross margin, a product in that price mix and you can see the success, which that we've had launched in June '17 when it came out. It had about 10 points of better margin, then the role before. Now, of course, we don't deliver the same savings first launch, but it enables us to do a lot of things at launch to get traction and today it is a very, very successful product in our overall Bluetooth mobile speakers.

Company Name: Logitech
 Company Ticker: LOGN SW
 Date: 2018-03-06
 Event Description: Analyst and Investor Day

Market Cap: 6,429.18
 Current PX: 37.14
 YTD Change(\$): +4.24
 YTD Change(%): +12.888

Bloomberg Estimates - EPS
 Current Quarter: 0.243
 Current Year: 1.498
 Bloomberg Estimates - Sales
 Current Quarter: 569.200
 Current Year: 2540.700

Back to the financial scorecard, I think, I mentioned last year number one objective (inaudible) where you have mentioned it is really to create an increased shareholder value, my shareholder value. We have product company for the number one metric, of course, the product the NPID innovation, [ph] but behind that at the end of the day, we need to translate into financial results.

We have about 8 dimension that look at the very high-level review every quarter, say where we are on those different dimensions. And this is kind of a high-level scorecard and I put some score and someone from the American score (inaudible) American. Yes, they are American scores, so just for those who don't know (inaudible) a student is the guy who seat at the front row. As the guidance, say (inaudible). Yeah, I didn't expect that. But however not a very good carrier move, but in any case, here's where we were in FY 13 organic minus 7% was than that. Acquisition we even didn't look at acquisition. We really had first rationalized our portfolio and get our operations in order. Gross margin was 33% we're not focusing on investing for growth, where we are spending to survive meeting or exceeding our profit target.

The thing I really enjoy the most and I look at the business scale before joining they had (inaudible) out of the last 11. Can I do more than that, this is almost can go up from here. Anyway, so cash flow operation. The other thing I was looking at is companies that have maybe operational changes at one point in time, but a very healthy balance sheet, a very healthy cash from operations always very good cash generator. Because no policy for dividends and buyback at a time was a missed opportunity, I would say. So, when we look at shareholder value creation I have had many shareholders setting out of the Q3 results (inaudible) oh my god where do you go from there, you guys smashed (inaudible) student and I can tell you, actually what I'm try to tell you, if you remember, because I don't think we did a straight quarter. I don't think we did a straight years.

Due to FY '18 operating growth not too bad. Low double-digit is pretty good. Acquisitions okay, I think we can do a lot better. There's a lot more asset that I think we can acquire, but for many reasons unable to do it, but I think we can do a lot better there. Gross margin improving, trending in the right direction, but if I look at the cost for note and I'm not guiding when I'm going to say -- what I'm going to say. I think we have the potential to run the business, that's 40% gross margin, I will give you for investments, but at one point in time, I think -- I predict we'll get there. Now on to the timeline, I think we have more room to go and with 36% of the -- we improved from 33, but as we continue to build a very strong brand and continue to innovate in our products, we're going to improve that metric. Investing for growth, Bracken would -- and I would confirm that there is always a lot more opportunities to invest in and every day we're trading up a chosen commitment and profit versus long-term growth investments for that long-term growth and you know they are truly where the product would be, meet our exceed profit targets from that perspective, I think we've done pretty well. Cash from operation, good, growing dividend. We've grown the dividend, let us not correlate with the value and the money investor I think we want when you're going to create a higher yield. We can't have both, capital appreciation, right? So we'll do at the right time yield improvement, but at this point in time I think we continue to just focus on growing steadily every year dividend without looking at where the share price is.

Opportunistic share buyback, we have 250 million open which is good, there could have been because there is so many times, I saw a pull-back, we're very confident in the business, but for whatever reason we are blocked from purchasing it and so I think we could have done better execution on that side. So where we are going from here? Long-term business model, two years ago we rated high single digit, I mentioned that to 10% to 12% operating profit margin. The good news is, we are on track to get to that long-term business model, the bad news or the good news is, it requires really hard work every day. And you can see overall high single digit gross rate for last two, we have been there, we're guiding there for next year, but every day we are trying to be innovative and bring new product to market.

Gross margin 35% to 37%, requires a lot of effort not only on generating the capacity to be there, which is the cost or design for cost or cost savings, we need also to be able to keep the price in the market and compete in gain share evolving that. We are about mid-way there and I think we made good progress, but it is more to go. Operating expenses 25% lower, last year we had 26%, I think this year we will get to 25, which is not bad, and then we'll see where we go. Operating profit margin were about the mid-point and you see the one.

Company Name: Logitech
 Company Ticker: LOGN SW
 Date: 2018-03-06
 Event Description: Analyst and Investor Day

Market Cap: 6,429.18
 Current PX: 37.14
 YTD Change(\$): +4.24
 YTD Change(%): +12.888

Bloomberg Estimates - EPS
 Current Quarter: 0.243
 Current Year: 1.498
 Bloomberg Estimates - Sales
 Current Quarter: 569.200
 Current Year: 2540.700

So another -- the good news here is there is no change and we are on track to get there. That brings me to the growth rate for next year. As we mentioned, we sustain the growth, our project to sustaining growth at the high-single digit. We don't guide by category, but we give some indication of what we see in the markets for each of the market areas we play. Someone was asking me how is the PC market doing and I hope you understood by now that we are not directly correlated or tied to the units of PC shift in the market. So that was up 5%, we want to have sales up 5%, revenue more in that (inaudible) OEM business is going with it. But we really are forming the installed base 1.6 billion PCL there, each unit is stable like it's projected today as whole good news for us in the long run to maintain that maintenance revenue stream, as I've described in the business model.

So continue to plan that business around try to low single-digit for next year. Video collaboration is a good growth opportunity. We'll continue to invest in that business. We have the niche opportunity at this point to capture a lot of those and we don't want to miss the window of opportunity here. Using low single digit it's a mix again of four submarket or subcategories, mobile speaker -- mobile speaker getting a lot more mature. Two years ago, we forecast this market mobile speaker bluetooth to be flattish to low single digit, gross rate to slow down. And in Q4 '16, if you remember we tailored the churn inventory were down 36%, say this is how to better and then we grew up 30% that year. So, the market was little bit higher than our expectation.

Today, I would say we are here. The market is maturing, there is still growth opportunity and market share again et cetera, but we see a market that will be more flattish and moving forward. We have then the PC, audio coming to be double-digit decline and we have the variables which is double-digit gross rate and huge opportunity for us to plan and continue to grow that market. And then we have, I would call see today which is personal assistant, we still Amazon, Google and we launched BLAST, MEGABLAST and JBL and others have launched other similar products and that market is not really taking off yet, and it will be slower and probably software and stay close to it in case take off. So that's a mix of dynamic in the music business.

Gaming is definitely a huge structural growth opportunity for us. You will continue to see us trying to invest then act on every one of our growth I mentioned in that business. And then Smart Home, we benefit from a huge help from the Amazon, the integration with a home control. We're always trying to sit too small for us and is a very fragmented area relevant but we're not forecasting anything at this point in time due to invest and monitor. So I built this slide this morning because I kept reading with (inaudible) I guess you mean the profit I wasn't sure, all of you. And the question I got indirectly either via email or in what you are writing is, what's the real potential? I would say rather than you are guessing why don't I show you, and that would be the best to build a bridge.

So this year would be call it midpoint 275 million and this is how we drive internally. We had a one-time issue last year in distribution center. There is no such, but we do not expect to repeat next year. And so that baked into the base as we drive our business. We had the hedging costs, when there is frontier like we've had everyone is asking where is the currency benefit, when it's favorable to us, but in reality, every quarter changes by more than a few percentage points. We have the corresponding hedging cost about 10 million. We're planning next year at relatively the same than today, which today would mean upside, but I have no idea what it will be in two months, actually even in two weeks.

So we're not going to forecast, I will just say at equal exchange rate each where would be and so we are dealing a bit. And then the way we sum up and of course there is a lot of details behind we have about 30 million of incremental profit coming from the high-single digit portion, plus the margin expansion in the various businesses we have.

So that brings me to an FY '19 potential of \$330 million. That's our -- of our internal math to get by FY'20 and so Bracken and I when we see monitor, what we want to do, we will get all of those investments, whether is do we want to go and we pick areas let's me say, let's invest to accelerate our transformation and say would put 15 million across incremental investments that would be long-term in nature.

So that's continuously upgrading the software skills that Bracken mentioned this morning, it would be giving more money to users to continue to move a portion of this portfolio more towards wireless, continue to increase partnership in these products. We do discuss and say, why are we not covered yet, we have room to invest more and accelerate the performance of their awareness in the market and that's what we do. And so that brings us to what we can commit to you which is we're driving the business towards delivering \$310 to \$320 million, which again year-on-year would be a

Company Name: Logitech
 Company Ticker: LOGN SW
 Date: 2018-03-06
 Event Description: Analyst and Investor Day

Market Cap: 6,429.18
 Current PX: 37.14
 YTD Change(\$): +4.24
 YTD Change(%): +12.888

Bloomberg Estimates - EPS
 Current Quarter: 0.243
 Current Year: 1.498
 Bloomberg Estimates - Sales
 Current Quarter: 569.200
 Current Year: 2540.700

15% growth (inaudible). Real-time, we manage the business, there will be plenty of dynamics, one thing we know is that remember that over the chart will be wrong in aggregate will be right.

For need to be a strong cash generation 15 to 17 -- \$650 million of cash from operations, we have a strategy well-aligned first, it's business investment acquisition and we continue to do that. We have a growing dividend policy, we have a dividend 10% and we'll continue to go at a certain rate over the next few years and share buyback open over the next three years FY '18 to which is about to finish to FY 20 which is the \$2, we originated \$1 billion cash from operation. And the priorities have not changed, acquisition and investment in our business.

When we join the strategic process is back and we are not thinking just FY '20, 5 years. A different company will be what's our opportunity, someone was asking me, when I see you in five years, what do you think will be more of a sense? This transformation due was skeptical 5 years ago. The transformation between the last five years and the next five is going to happen and we have lot more than what you have seen. We are battling to regain credibility, profitability, I think we have momentum and when we see the opportunity we have in front of us, we transform the company and create value, they are inline [ph] of those opportunities. So that's our number one priority, investing in the business including M&A and looking at other -- we need to accelerate the transformation and then we continue to grow the dividend and open buyback.

We know it will not always be a linear pass towards the success and when they'll be pulled back we'll look at leveraging our balance sheet to create value.

Well, this was the slide that's actually was giving the profit I gave you the bridge so you understand how we think at a very high level and the assumption is only -- so I repeat high single-digit gross rates, the fourth year of organic high single-digit growth rate, 15% growth on the profit return (inaudible) and then the various assumptions that you can see here.

And let me finish on the \$2 EPS, we're on track to that. If you compare to what we presented last year, it's about the same assumption. An assumption to grow at high-single digits for the next two years. Moving towards the high end of the gross margin by the end of this process and continuously investing for growth. We are ahead of the plan, do not expect us to approve the plan, expect us to announce new things and can [ph] invest sustain the momentum.

And with that Bracken, I'll pass it back to you.

Thank you. You know, I was looking at Justin and Scott standing right next to each other. If you turnaround, look at the -- sorry guys, didn't mean to embarrass you. Couple of things about them. They had birthdays a day apart, Scott's was yesterday, and Justin's a day before. So, happy birthday. Second thing is there are good reflection effect that we are a portfolio business. So our portfolio both categories and brands now and you just represents one part of Logitech, which is cooler and younger both (inaudible) they made, but it's one part of Logitech and Scott represents a different part of Logitech.

And I'd say which is, which is in the enterprise now. We've actually slipped ourselves inside the front door in the enterprise and -- where that we belong which is a good feeling, I'm going to wrap a little bit here. So if you look at the portfolio story, portfolio products are now beginning to be a portfolio brands. I have to say I love being in the portfolio. I would hate to be in a single-brand company, a single product company now -- not a single brand, single product. I hate to see a single product company because if you think about the single product company that you know of, they play in our space, it's hard, because a single product company and a single category gets to experience front on, it will in the beginning. They gave me amazing tailwind, of the category that started at, and it's a good feeling, we'll it's beautiful. So it glows and glows. And then later they get into the strong headwinds, that inevitable in any category and then maybe that dies down, the tailwind comes again. So they end up in different categories.

We have a portfolio that we will always have a portfolio and our portfolio will be expanding, and that's our whole concept, the whole strategic one part of the strategic value of this company is that we will have a consistent long-term sustainable growth rate because we're a portfolio. That gives us room to breathe where we need to, a room to push the accelerator, where we want to.

Company Name: Logitech
 Company Ticker: LOGN SW
 Date: 2018-03-06
 Event Description: Analyst and Investor Day

Market Cap: 6,429.18
 Current PX: 37.14
 YTD Change(\$): +4.24
 YTD Change(%): +12.888

Bloomberg Estimates - EPS
 Current Quarter: 0.243
 Current Year: 1.498
 Bloomberg Estimates - Sales
 Current Quarter: 569.200
 Current Year: 2540.700

And I talk about the capabilities, and I'll walk through some of them today. I won't repeat any of them, but I do want to come back to culture. Vincent said, boy, we have so many opportunities ahead of us, that will probably look more different in five years than what we would like today, than we did -- do today compared to it looked like five years ago and I think that's probably true.

I think it's also interesting, just a different observation, on culture. I would say we're more different cultural-wise than we were five years ago than we were -- than we are, what we were 15 years ago. We've gone back to what we are, we've rediscovered who we were and I think we're going to try like crazy to hang on to it and keep holding it, and keep making it more valuable, because the future is not going to be, it will not reward the old world of the big, thick, hierarchical organizations. It's going to reward the fast, the agile the ones that act and think and feel small, no matter how big they are, and we're going to try to be one of those.

I want to quickly step through the different presentations you saw from the business group leaders. If I start with Art, I love having Art, 100%, I could have somebody name Paulia [ph] who's Art's counterpart at mice 100% [ph]. The reason why I like having those two, you know one of those two are doing a phenomenal job is that in either case, I wanted to tell a software story. I don't want to tell hardware story. Art's story if you listen closely was -- this is maybe the best piece of hardware, we've ever created in this category, but it's not the story. The story is that the software unlocks an incredible new experience, that no one has ever done before and we're just getting started.

We could have told exactly the same story in the mouse, so we brought something called flow, which enables (inaudible) for the first time to go to use multiple computers and invest in a seamless way with one mouse dropping and driving pictures from one computer to another one from a Mac to a PC.

It's never been done before. So I wanted to tell a story that software story on the oldest world we have, which is the PC, because we're doing it everyone. So get ready and look ahead, you'll see it in the future in everything we're doing.

The second thing I wanted to do is introduce [ph] you to Scott. I said it already, but it's worth merits repeating. Our products always found their way into the enterprise. We've been a B2B company for as long as we've been a company. But we never thought of the sales from B2B company because we focused on the user and our product somehow wind up in companies and somehow got dragged through the side door or the somebody brought them in -- they ended up on desk -- they ended up everywhere, really weren't a B2B company.

Five years ago, we made a decision. That's an interesting space and maybe we can play there. Going forward we're at \$200 million run rate, in a pure B2B business and we like what we see. This feels like a place we belong and I wouldn't have said that five years ago, but I'll say it now. We belong there. So it's a really cool space and its just the beginning.

And then if I have to go through and talk about the gaming business, which I think in some ways it's really ironic, that I mean a room full of people who are over the age of 20 -- over the age of 30 or well beyond that, and I'm calling gaming cool. If you had been here five years ago, certainly 10 years ago, the gamers were the nerds, they were the nerdist, now gaming has become the coolest, and if you not believe me, it gives you a little distance from it because you don't have kids that are in there, that you don't quite get a states in it, and watch the Olympics, it will come, this will be an Olympics sport within the next Olympic or two, and it really is the hottest coolest thing there is and it's so fun to be it.

So Vincent went through our forecast, you know and I think -- I think at the end of the day we continue to be comfortable on what we're doing, we're excited about what we're doing, we are -- we're not short-term, but we realize there is a short-term. We have to live in the short term, we love the short-term because it helps give us the heartbeat of the company.

It drives us to deliver in the short term, so we deliver the long term. But we're here for the long term. We're only here to build an amazing company, and we're going to keep working at that and keep doing these sessions here and in New York and London wherever it is next. But year-over-year, you'll hear a very similar story, which is we think there's a potential. We think there is a potential to build a multi-category, multi-brand company using these technologies that are out today and over future, in a way that hasn't been done before, we want to be one of those companies.

Well, I'll stop there and we can take questions. Thanks.

Company Name: Logitech
Company Ticker: LOGN SW
Date: 2018-03-06
Event Description: Analyst and Investor Day

Market Cap: 6,429.18
Current PX: 37.14
YTD Change(\$): +4.24
YTD Change(%): +12.888

Bloomberg Estimates - EPS
Current Quarter: 0.243
Current Year: 1.498
Bloomberg Estimates - Sales
Current Quarter: 569.200
Current Year: 2540.700

Questions And Answers

Bracken Darrell, President and Chief Executive Officer

Yes. Probably, do it in a microphone -- are we recording this? Yeah, I guess we are. Vince and I'm going to come up here, because I'm sure we've get enough questions for you, we will keep you busy.

Unidentified Participant

Thanks a lot. (inaudible) capital. Congratulations on everything that you guys have accomplished over the last handful of years, I guess a couple of questions from me, and these are probably for both of you guys. So just drawing to the long-term forecast, it seems really clear that you guys feel really good about the platform that you've build, you've sort of said a couple of times today each of you that you think you can accomplish more which is anecdotal, over the next five years you have the last five years and just if you sort of work the weighted averages, particularly with the creation business or the growth business let's say becoming a larger representation of the revenue stream.

What's the thought process behind sort of the high-single digit view on the long-term forecast, I can appreciate the sort of the '19 forecast, but what's the thought process behind high single-digit and long-term forecast when it seems like you guys get really excited about the platform you created and you've had recent success, that would suggest as possible will be higher than -- Vincent, I want you to start the first, and I'm going to follow up on I think the other one.

Vincent Pilette, Chief Financial Officer

(inaudible) So, we think we'll do more in the next five years, I'm not even sort of hanging financials. Financial is that (inaudible) have to show me the money at the end, but anything about transformation, five years ago, like when we were 90% PC-centric, reckon we headed on for this presentation, you guys would have walk him out of the door, say new guys, so reality.

In the -- sometimes, we portray on -- when we do the strategic planning, say where would the company grow with our current skills at R&D, the market opportunities, where you think it's going and put on the board five years back, we are surprising ourselves. And then we are confused, meaning by saying, and I'm not even studying, but I'm seeing it for 10 years. And I think the opportunity we have ahead of us, this amazing diversified portfolio, (inaudible) you think everything is working well, I can tell you everyday I coming to the office and I merely not everybody does not looking to where we're going to work literally.

Now if you transit then into financials, I don't want everyone to predict it to be unless with you, how big, because I don't want to be driven by a number, I want to be driven by a market opportunity, a real transformation of the company, and I can go into all dimensions, distribution we would have different distribution, more distribution, answer would be yes, business model.

Would we have all those business models? I can tell you once we look at the Board, yeah, we would have different business models. And so from more of those dimensions, I think we look talking about five years plus, there is no point. Right. We need to go into this reality, but differently thinking.

Bracken Darrell, President and Chief Executive Officer

Yeah, I'll just add one thing to that. I totally agree with Vincent Pilette. I guess when I think about long-term business model, we look at few years, our long-term ambition is very significant. Otherwise, I would be talking about most of private companies. So I'm just not that fixed rated. When we think about the business model, really just thinking about, okay, that's kind of what we don't exactly guide to that of a long-term. We basically say that's what you kind of ought

Company Name: Logitech
Company Ticker: LOGN SW
Date: 2018-03-06
Event Description: Analyst and Investor Day

Market Cap: 6,429.18
Current PX: 37.14
YTD Change(\$): +4.24
YTD Change(%): +12.888

Bloomberg Estimates - EPS
Current Quarter: 0.243
Current Year: 1.498
Bloomberg Estimates - Sales
Current Quarter: 569.200
Current Year: 2540.700

to be account on, and then we should be trying to hit that better. We may have years where we don't hit it (inaudible) we may have usually over delivered. But, that's what the role of that.

Unidentified Participant

And maybe you give me an idea to rename the long-term model as medium-term model?

Unidentified Speaker

Yes.

Unidentified Participant

That's actually helpful. All of those we say helpful, thanks.

Bracken Darrell, President and Chief Executive Officer

Okay.

Unidentified Participant

And then just one quick one, Bracken, on the near term since you actually just expressed your enthusiasm for near-term. In the press release, this morning you mentioned maintenance of -- maintaining maintenance of the 2018 guidance. We're into the last handful of weeks here of the March quarter. You have good business momentum at your bags, and I believe if we calibrate say the midpoint of the 2018 guidance, it suggests that's in revenue seasonality. While we think it suggest sequentially revenues down 30% to 35% and you guys typically do down 25% sequentially.

So, is there anything that we should put for, I know you had some one-time things. I think in the March quarter of last year that we should be keeping in mind, or is there maybe just some prudence going into the last month of the quarter here?

Unidentified Speaker

May I answer that. So, (inaudible) comment to make, we close Q3 with 18% growth in constant currency, 22% growth in US dollars. Everybody say, fantastic quarter, so, yeah, yeah, but that's not where we're guiding the whole thing right. And the dynamic increase (inaudible) to really understand, you want to be on the shelf, you want to build pillar everywhere until December 31. I don't know what sales will be in within (inaudible).

Few points are reversed. There is no really magic event at the end of the quarter. And you want to finish the quarter as lean as you can going into next year, and as (inaudible) as you can, normally Q4 is not fine to you, because we talked about it five years down the call. If we have room, we're putting investments, if we position all of our products designed to be as lean as possible going into FY 2019.

But when we give our guidance, we consider all of that into our mind. I think the only dynamic (inaudible) the mobile Bluetooth speakers and we -- Q3 were up over 30%, say guys this is not what the market is, we sold in a lot of Blast and Mega Blast. We gained share in mobile speaker, but we know the market is strong down there. And so we'll be as cautious as we can going preparing for financials, all of those dynamics like it was in Q4 2016 if you remember. So, all of those dynamics are incorporated into the -- Q4 numbers.

Company Name: Logitech
Company Ticker: LOGN SW
Date: 2018-03-06
Event Description: Analyst and Investor Day

Market Cap: 6,429.18
Current PX: 37.14
YTD Change(\$): +4.24
YTD Change(%): +12.888

Bloomberg Estimates - EPS
Current Quarter: 0.243
Current Year: 1.498
Bloomberg Estimates - Sales
Current Quarter: 569.200
Current Year: 2540.700

Unidentified Participant

Thanks. Appreciate it.

Unidentified Speaker

Thanks. Next?

Unidentified Participant

Thank you again, gentlemen. Quick question, various things are often here from investors is the gaming spend on here for you guys segment, that how much longer and I see you guys are obviously increasing kind of your outlook or expectations for that segment in terms of growth for fiscal 2019 relative to what you said in fiscal 2018, at the Analyst Day.

So, are there any key drivers that makes you even more positive on the gaming portfolio and how long does this -- I mean, I know it's still underpenetrated. We still see a lot of, but is there anything anecdotally that you could point to that would suggest the gaming accelerates into fiscal 2019, relative to what you saw in fiscal 2018?

Unidentified Speaker

Yeah, I mean I think of the other day, you're just -- you're seeing the same thing we're seeing which is every quarter, every year since I've been here, every quarter this year, we look at our results, and we look at what's happening underneath them and they just look very steady. And we're not experiencing as well product execution, innovation execution or other execution in terms of investing in the right marketplace.

So I think we got an opportunity, where we get that exactly, right, I don't know, but I'd say from a secular growth standpoint, I don't see any reason why gaming will continue to be a very, very strong growth picture for the long-term. And in that case, I'd say, five years plus (inaudible).

Unidentified Participant

If you can add a couple of details so, in the gaming number, you also have the run rate of Astro which we closed down in September. So, it needs to be normalized, but that overall gaming I would say structural growth, it's kind of the same growth (inaudible) has no room for penetration and then we have own dynamic, was it Astro behavior from the high end of the market, and gain more share in the mid range where we see a lot of market share of gain opportunities or you share destiny to transform from 80% wired, 20% wireless, and if you compare that to C&P we think we have a future opportunity. All of that are more opportunity specific to what we do in the market.

Unidentified Speaker

Since we've rented this life board, I'm going to use it.

Unidentified Participant

Great.

Company Name: Logitech
Company Ticker: LOGN SW
Date: 2018-03-06
Event Description: Analyst and Investor Day

Market Cap: 6,429.18
Current PX: 37.14
YTD Change(\$): +4.24
YTD Change(%): +12.888

Bloomberg Estimates - EPS
Current Quarter: 0.243
Current Year: 1.498
Bloomberg Estimates - Sales
Current Quarter: 569.200
Current Year: 2540.700

Unidentified Speaker

I was waiting for the moment. I'm going to draw you a picture, but I think is, maybe you'll think this is interesting. And I apologize you can't see when I turn it around. So this is -- and this is percentage -- and this is a 100%.

Unidentified Participant

Okay.

Unidentified Speaker

This is 80, this is 70, and this 60, and this 50, and this is 40, and this is 30 and (inaudible) this is 20 and this is 10. So, and this is sports, this is participation sports. When everybody has kind of aged 80 and 70 and we played regular sports, regular physical sports. I play basketball, I run, (inaudible). Okay. So you got have this 60 years, there is still playing a lot of traditional sports 50, 40, 30. Even today, if you've got kids, you know, they go to school and play traditional sports. So it's not changed very much. It's slightly less than the 90% it used to be (inaudible).

Now let's, play gaming or eSports on here. Those 80 year olds out there, when they were growing up, they didn't play a lot of sports, right. Not a lot of gaming back then that kind of gaming, in order was that for 70-year-olds or 60-year-olds, I'm 55, and there wasn't a lot, a little bit maybe and then you know (inaudible) is not 50.

But here there was a little bit people like you just French players, it's getting a little bit here and then now we're getting into 30-year-old and I've got 25 year old. And this is what happens. This is eSports, and this is regular sports.

(inaudible) Now, the reason why I'm drawing this picture and reacting to your question is, this is what's going to happen. So three-year, five-year, 10-years, 20-years, 30 years, one day (inaudible). So this is investment to be permanent long-term growth. This will be the biggest sport in the world. There is almost no doubt in my mind about it. And so this is the future. Now in a very short time frame -- can you predict exactly going to I don't know, but I would say over the long-term, this will have. Next question?

Unidentified Participant

Yes. I guess my -- you're showing this cloud as your new platform, you have less few Investor days and there are two question marks.

Unidentified Speaker

Okay.

Unidentified Participant

And they always, I have just take two question marks and now we have some of your growth categories, tablets disappeared sort of and music maturing, so I'm getting nervous. If one of the other starts to mature then we are going out of growth. So when does one of this question marks turn into a picture?

Bracken Darrell, President and Chief Executive Officer

We are a portfolio. Right. So today we're portfolio of not question marks, but actual categories that are driven off of different service platforms, and largely now cloud-based. And I believe that -- and we're always working behind the

Company Name: Logitech
 Company Ticker: LOGN SW
 Date: 2018-03-06
 Event Description: Analyst and Investor Day

Market Cap: 6,429.18
 Current PX: 37.14
 YTD Change(\$): +4.24
 YTD Change(%): +12.888

Bloomberg Estimates - EPS
 Current Quarter: 0.243
 Current Year: 1.498
 Bloomberg Estimates - Sales
 Current Quarter: 569.200
 Current Year: 2540.700

scenes on new categories. Earphones is our latest one and it's really interesting because I think everybody in this room has some kind of earphone or maybe 90% of the people in this room have some kind of earphone. And I would say, probably 15% have a true wireless -- wireless earphones. And so that category is a -- that is absolutely a cloud-based category, because what we are -- where we use our (inaudible) it's truly wireless is for listening the music predominantly, whether it is making phone calls or enjoying entertainment or whatever it is, over time all of you will have true wireless. It will happen, it's inevitable. That category continue to grow. That question mark will turn into a couple different of cloud services. Some overlap with some of the other clouds and this is the way it's going to be. But I would say, as we continue to work our way through our Seed growth program and build out new categories, you will naturally get there, can't tell you exactly when though.

Unidentified Participant

Then maybe as you mentioned Jaybird, can you maybe give us an update on sort of how the positioning looks like now in terms also of the distribution, where do you stand in sort of redirecting the distribution to sports and how the growth dynamics look like?

Bracken Darrell, President and Chief Executive Officer

We didn't really have to re-position the business around sports, this is a sports brand. So the users will love it. It's sports brand to them, and that's it is. Where we are doing re-positioning and it's a very direct clear strategic pure distribution is both inside and outside. We're making sure that our products are completely viewed as positioned for the speed athlete, and that our people and the people who work in that business live and breathe that. So that we are into it. So we're still, I would, into early days of really building a platform that is a sports platform, it is global platform.

So, we've started to distribute in Europe, a little bit in Asia. We're still early days. We're not going to rush this as fast as we can, we're going to be very systematic and careful to build a long-term sustainable and sturdy business model. And we're not going to go after the whole market. We are going to after a slice because if we try to go after all of you with all kinds of communications for everything, we are going to be competing directly head-to-head with people we don't like to compete with. And you know my view of that. We'd much rather be a big fish in the small pond. Okay. Yes.

Unidentified Participant

Thank you. And two to three questions please. The first one would be, you were mentioning software and it will become more and more important for you. To reduce the complexity, can you please provide us with some more clarity. For example, I mean are you really looking (inaudible) software engineers, what do you need to invest and to give us really some more visibility here? And also how many percent of your product launches really to some extent will be supported by software, improving price point and gross profit margin?

Bracken Darrell, President and Chief Executive Officer

So let me answer that one first before you go on because (inaudible). So first of all, are we looking for 20 to 30 more software engineers. Yes. We've already done that times two or three. We're continuing to staff software engineer and often to the expense of other positions within the company. We saw our G&A, we brought it way down, we'll keep it down. So we are investing strongly on software engineer. We now have, as I mentioned earlier, the software engineering leader in every business category now. And that's not just to put them there, because we really need them, even in our PC peripherals business group, very strong with software engineering going on inside that business, but we're also having inside of our camera business, inside Scott's business.

Company Name: Logitech
 Company Ticker: LOGN SW
 Date: 2018-03-06
 Event Description: Analyst and Investor Day

Market Cap: 6,429.18
 Current PX: 37.14
 YTD Change(\$): +4.24
 YTD Change(%): +12.888

Bloomberg Estimates - EPS
 Current Quarter: 0.243
 Current Year: 1.498
 Bloomberg Estimates - Sales
 Current Quarter: 569.200
 Current Year: 2540.700

Scott's software engineering -- our engineering leader by the way is actually a software engineer by training. So we're headed there and the work percentage of our business will be of our new products. Physical hardware products will also have software engineering or an app content within the vast majority. We're already there now, it's really already coming. It will -- I think you'll see more and more interesting things coming over the next three, four or five years as we continue to invest and build into the future. We're doing machine learning and video machine learning in just one category right now, but we've really aggressively build our capability there. And that's kind of across several different areas of our business.

Unidentified Participant

All right. Thanks for this. Second question would be on the new collaboration. I remember there was start of a shift from indirect distribution towards direct distribution. Can you give us an update here, how many new sales people you are looking for, how successful this model was and what is the increase in efficiency?

Bracken Darrell, President and Chief Executive Officer

I would say its not direct distribution, so it's still -- it's going through -- still going through one or two step distribution to get to those customers. We are calling on sometimes directly with our own sales people. So, we have our on sales people now and some of them are calling directly on the new clients, okay, but it's not -- the product is not this physically sold from us to the enterprise, it is still going through other stuff. But I'm mincing -- I mean, I'm slicing a little bit to be clear. Yes, we have added direct sales, just direct sales people, as well, sales people for our indirect channels. And we'll continue to do that. I don't think we've quoted a number publicly, we probably don't want to do it here, but I would say we're up by 100% or something like that over the last year. And we'll keep growing it. It's not a huge number. And I don't think it needs to be -- I don't think it needs grow at a 100% every year.

And I will say, I think the opportunity if we have more sales capacity out there, is there. We had a slide we took out of the presentation, which showed the kind of jumps we get, and we had direct sales capacity into our video collaboration business. We have it broken down by a few different countries where we've done tests, really try to do AB tests and it's very dramatic. But we're on the conservative side. We -- our general view of the world is we want to add systematically and make sure that we're really getting the payout. So we are just really filling it up as much as we probably could. It would be nice to have more sales people probably out there.

Unidentified Participant

Thanks. And maybe the last question if I may to Vincent. You mentioned gross profit margin potentially can be 40%. Can you help us to better understand the bridge where this is coming from. Is it basically between product mix and cost savings and scale, or is there anything you want to highlight on the pitch [ph].

Vincent Pilette, Chief Financial Officer

So 40% just to be clear is none of you model, because I don't have a timeframe. I think at the core it comes from transmission we are getting. First is great product that have great consumer feedback, what consumer, for which you can get the price value and making sure that you can drive that value if you want from your product and with the consumer feels he gets the value for the price he pays. That will be number one. Number two is part of the overall branding continues to follow. if you have the specific brand on -- and give great products you mean to have more and more of those things. And then we're seeing the spectacle a designing for our cars and engine every line item, a few customers sourced from your contra-revenue, all the way down to --.

Company Name: Logitech
Company Ticker: LOGN SW
Date: 2018-03-06
Event Description: Analyst and Investor Day

Market Cap: 6,429.18
Current PX: 37.14
YTD Change(\$): +4.24
YTD Change(%): +12.888

Bloomberg Estimates - EPS
Current Quarter: 0.243
Current Year: 1.498
Bloomberg Estimates - Sales
Current Quarter: 569.200
Current Year: 2540.700

The mix changes also when we are growing very fast we are not focusing on gross margin we are focusing on penetrating the market, we are seeing like we did in mobile speaker a while ago and then now delivered \$400 million opportunity. And then as the growth rate slows down then we refocus on improving that margin as well. So that's also another dynamic, by category that we look.

Unidentified Participant

Just a follow-up on your PC gaming forecast. Can you break down the current organic growth rates you're seeing by units and average selling price. I mean I understand there are some innovations also going on right now which might support also growth rates, not only in terms of units, but also in terms of pricing. I mean I understand that your medium and long-term forecast mainly about units and increasing penetration. But right now, are you seeing also on top of it a component from pricing.

Bracken Darrell, President and Chief Executive Officer

Yeah. I'll answer this. I will let Vincent to jump in. No, it's largely -- I am largely talking about units. so it's really about the number of people entering the PC gaming space. Our business is a -- has been fairly consistent in terms of mix. Now, some of our products sold are much higher price points. So if you look at mix across categories, our steering wheels versus the lowest gaming mouse, we have -- there would obviously be a pretty big difference in average price. But overall, I wouldn't, interpret my comments as, we've got a big mix story to have here. Although I will say wireless have significantly higher prices and are very interesting from a margin standpoint, higher prices in a very interesting from a margin stand point relative to the gain, so wireless. So we certainly -- the innovation profile we have naturally lends itself through a better mix story within category. But that's not really the guidance we're trying give you here, its really to give you more general view of what we think is going to happen in our overall business, okay?

Unidentified Participant

Yes, hi. Three questions if I may.

Unidentified Speaker

One at a time.

Unidentified Participant

One at a time, okay. Then I'll start with quick one on VC. Can you elaborate a bit more on the collaborations, which you have with Microsoft, Google, and Zoom. So how does this collaboration work, does the Microsoft salespeople push your products, give a bit more color on that?

Unidentified Speaker

I don't really normally like to talk much about our relationships with we have with other companies because we would worse with and most of and you know that, when you go talk about all your relationships, you don't have relationships very well so, what I would say is that we are -- so we try to play in a very mutual way with more parties and we've always done that and we are very reliable. I was called to say, I hope you'll understand always US is a harmless, capable partner. Harmless because we're not a threat to any of these other companies at all, capable because we really are and partner because that's the way we were born. This company was born on partnerships and so we'll try to sustain

Company Name: Logitech
Company Ticker: LOGN SW
Date: 2018-03-06
Event Description: Analyst and Investor Day

Market Cap: 6,429.18
Current PX: 37.14
YTD Change(\$): +4.24
YTD Change(%): +12.888

Bloomberg Estimates - EPS
Current Quarter: 0.243
Current Year: 1.498
Bloomberg Estimates - Sales
Current Quarter: 569.200
Current Year: 2540.700

those.

To answer your question very directly, in some cases they certainly are encouraging these, but generally speaking we don't rely on that, we rely on ourselves.

Unidentified Participant

Okay. The second question is on one category, which I -- when I sit -- from my spreadsheet, scared me a bit, the big chunk, rather big chunk of audio speakers for the PC and I was feared that this will collapse. How do you see that particular market?

Unidentified Speaker

Well, PC speakers have been in a secular decline for two or three years, it's been a long time I think it's long as I've been here. And I guess that we'll keep going. If it suddenly collapse, it will probably grow something else, because people will listen to music. So they are going to keep listening to music. I got it little plus, but no guarantee, it's getting small and smaller at some point collapse would be kind of a drive -- instead of the bank. So I don't think, I don't think it will collapse. In our guidance, we don't assume it's going to collapse. We also assume that we're going to keep innovating very selective through there and we've done a nice job with that so obviously, I would say inside our company I will share something inside I never shared before, one of the best managed categories of our company are PC speakers. The fellow group who manage that business is a swiss leader and he does a magnificent job of innovating on a very low-budget and executing very, very well, in such a way that we are gaining market share and we are also learning things that we can apply to rest of the company about cost reductions and go to market. So the PC group, I mean the PC speakers business in some way is a lovely little cause in the Logitech because it shows you how to innovate, innovate without overspending, innovate in such a way as you -- market share and to reduce costs in such a way as you can do it elsewhere.

Unidentified Participant

Okay, maybe and then the last one is on gross profit, seems to me that you are sticking to this 35% to 37% gross margin target despite the tailwind from the currencies designed for cost as you reinvest I understand that, but this has been going on for a while now that you reinvest your benefit here, how to make sure that these investments will lead to the desired results meaning higher sales growth. And if I take all these tailwinds that you have it's quite a significant amount, which you will invest, is it not fair to say that you should grow double-digit?

Unidentified Speaker

I'll, (inaudible) to answer.

Unidentified Speaker

Good morning, George. Yeah, I think you are going to kind of -- seem to say.

Unidentified Speaker

I know you do -- talk about it.

Company Name: Logitech
Company Ticker: LOGN SW
Date: 2018-03-06
Event Description: Analyst and Investor Day

Market Cap: 6,429.18
Current PX: 37.14
YTD Change(\$): +4.24
YTD Change(%): +12.888

Bloomberg Estimates - EPS
Current Quarter: 0.243
Current Year: 1.498
Bloomberg Estimates - Sales
Current Quarter: 569.200
Current Year: 2540.700

Unidentified Speaker

So, we're debating a lot, right. So when currency was unfavorable, we knew we have a direct hit. And we started to raise price and we saw a lot of leaders in the market raising price structure for beta margin. When currency creates room, a lot of people don't think that's the bottom line and use it to compete more aggressively in that market. So it's another one to one either and once you keep the room to be able to compete and continue to gain share. And so this plenty of dynamic in that now you've seen most of that have assumed currency flattish to FY '18, so I don't want to retransform the the business operationally as opposed to counting on currency to give a benefit, right?

The other comment that came to my head is, I don't know if I have a direct measure to give you here, we have fundamental inside, but I would say we are rolling virtually in everyone of our categories and we're gaining share in every one of our categories and we come here to invest for worthwhile operating profit faster than revenue. That by -- is a very good manner of success and one of -- there is plenty of different things we create the costs, the savings because then we can say you what that, but then on pricing at the same pricing (inaudible) so there is a plenty of dynamic there.

Bracken Darrell, President and Chief Executive Officer

Let me -- this is what I was going to bring out. I think this is probably a benefit of my background or benefit or judgment, depending on how you look at it. I came out of - I worked in several different business in my career, one of them when I came here (inaudible) one of the first article is about running the watch -- drive your business to get into high that. And the benefit of working in that business is that I saw, in a low gross margin business the skin on skin reality currency. And what I saw in currency is this, currency -- if currency tailwinds came because very quickly reflected in pricing in the, so you didn't get very long before your competitors dropped price. So I'm used to that reality. Now I know that reality also happens in our business. It just happens over a longer timeframe.

So I'm very hesitant to count on a big currency benefit, before it's realized in a sustainable way in a market through innovation or something else. So that's probably partly what your feeling is you won't see us come up. Now, I know that currency swings both ways. And so we all know, so you've also got to be ready on the downside, if the currency swings the other way, you got to be ready, but I would say on the other side, you have to be really careful, because you could disadvantage you can really cripple yourself for awhile by being a little too greedy on the currency side and it might be very good in short term and not very good in the long-term. So that's probably part of what you feel. Okay? So you had one more question.

Unidentified Participant

My next question.

Bracken Darrell, President and Chief Executive Officer

Yes.

Unidentified Participant

Yes. You really sign your brands or actually maintain some independent and -- the fact that you are having a premium in some markets, for example, but is there any evidence on how you are (technical difficulty) and those markets, you cannot go with the market.

Company Name: Logitech
Company Ticker: LOGN SW
Date: 2018-03-06
Event Description: Analyst and Investor Day

Market Cap: 6,429.18
Current PX: 37.14
YTD Change(\$): +4.24
YTD Change(%): +12.888

Bloomberg Estimates - EPS
Current Quarter: 0.243
Current Year: 1.498
Bloomberg Estimates - Sales
Current Quarter: 569.200
Current Year: 2540.700

Unidentified Speaker

Yeah. I'll do my best to give you a snapshot, a high level snapshot. If you look over the last year, we've been gaining share in most of our categories. The good news is, we're not gaining share in every category and we're not -- and even where we are gaining share in a category, we're not gaining share in every single country. So we have opportunities everywhere. I mean, we really have opportunities to better execute in almost every category somewhere in the world, some in many parts of the world.

If I go through by category, I would say, as good as our gaming business has been, we can do it much better, because we are not realizing our full potential in many different countries where we should be really should be gaining share. And part of it's our innovation, part of it is our execution. But, overall, we've been gaining share. So, on the search this is real good, but I see there is as an opportunity more than a strength. I really think that's a really big opportunity.

But if I look at video collaboration, it's very difficult to carve out a market there, because the market almost doesn't exist. So we are helping create a market there. This is mission there. We've been gaining market share for many years with the speakers, now the category has started to slow in a little while. We'll see. So it's going to be -- I'm sure it will be a competitive market, we play to win, but it will be very competitive.

If I look at our PC categories, we continue to gain market share fairly consistently. We are in different parts of the world. As I said, we have different pockets of opportunity, but I would say, overall, our innovation profiles enabling us to gain market share, but we never can relax on that, never. And even where we think we can relax, which we don't, there are some pocket or pockets of opportunity that we're missing. And so, it's really -- it's a kind of an obsession within the company and then needs to be.

Unidentified Participant

Other questions.

Unidentified Participant

Yes.

Unidentified Participant

Yes. Again on music, I was wondering what the reason is that you are not specifically targeting the home audio market, that you are a strong brand now in audio like the multi-room, home audio applications, you are not at all in, why is that?

Unidentified Speaker

Well, that's a mission. We really -- we break our music business into four pieces. So there is headphones, which is -- there is PC speakers which we talked about. There is Bluetooth speakers, which is ultra mobile, and then there's the home. And we really haven't participated, as you said, Michael, in the home. We really viewed that as-- we are going to stay away from that for now. We are always looking at it, it could be one of those things we are working on or maybe not, but we've always looked at it. Our first, kind of, step into it was with our -- the two Alexa-enabled speakers that are sort of mobile, but they're really WiFi speakers at heart, because they have WiFi capability and you can go in there.

Now, as we've gone in there, we're learning. We need more feature functionality actually from the Bluetooth story, so we're working to upgrade those, so we'll be doing that. And we're also aware that. We're now entering a space. You know us. We don't really like to go in and compete head to head with big players and something which is really

Company Name: Logitech
Company Ticker: LOGN SW
Date: 2018-03-06
Event Description: Analyst and Investor Day

Market Cap: 6,429.18
Current PX: 37.14
YTD Change(\$): +4.24
YTD Change(%): +12.888

Bloomberg Estimates - EPS
Current Quarter: 0.243
Current Year: 1.498
Bloomberg Estimates - Sales
Current Quarter: 569.200
Current Year: 2540.700

important to them. That's not our general rule of thumb. Unless we have a differentiate it, where we can carve it out, we don't. And so we are not in the -- I would say, we're not in any significant way, in a really big way anyway into the WiFi speaker business. We'll keep looking at it, it could be an opportunity, but I don't like the idea of competing head to head with really big players. If they think it's really important in a very direct way and if we can't find an indirect way, then we probably wouldn't do it.

Unidentified Participant

Because when you made just gaming picture there, it made me think of the music actually, because young people, they use all these UE Boom's and they sort of naturally bring it probably into the home. So, maybe that same picture could apply to the way --

Unidentified Speaker

You refined our strategy perfectly. This is exactly what we're doing. We believe that if we can -- if you've got a mobile speaker that you want to take elsewhere, you want to take it out before, that's a good strength for us. I mean people know us, especially in Switzerland, for example, where you know that if you get a UE Boom, it's waterproof, it's sturdy, if you drop it in the water, it's okay, it's great sound quality, and I would like to use that in this room and that room. And so that's exactly what we're up to. From that perspective, we have entered into the WiFi speaker market. Now, we got to make sure we have the right capabilities in it, the right experiences in it to be competitive there, but it remains to be seen.

Unidentified Participant

And one more for Vincent. I mean you have a lot of cash on your balance sheet, and I know acquisitions, you've done a couple over the last few years, maybe a couple of small ones too. Should we expect to read some sort of an acceleration in acquisition going forward? Are you comfortable with kind of the run rate you have? And what does the acquisition pipeline look like?

Vincent Pilette, Chief Financial Officer

So I would answer that. I always answer. I don't think we have a run rate of acquisitions, right. We've identify acquisitions as part of our strategy to complement our organic growth rate, and the reason we acquire is, because maybe we didn't have enough capacity to do inorganic investments or because we want to show the development cycle or there is a certain capability to bring the portfolio. The first been always very good, always since we started. I'm not sure -- remember, when that started, the whole amount, there is uniquely acquisition, if we are successful there would be like on top of it. But we all still stay very, very disciplined. And for many reasons, could be valuation, could be function, could be -- we've done videos on how we're going to add value, we then pass on those acquisitions. We're not giving a target or run rate or anything that's pose us to go. With that said, there are plenty of opportunities and if we are successful, I think you will continue to see us using acquisition as another way to continues to grow. In term of the cash, yes, we have a cash, a good cash balance. We continue to use it along the three lines that we mentioned; acquisition, growing dividend and buyback. And I think we can do more.

Unidentified Participant

Thank you.

Company Name: Logitech
Company Ticker: LOGN SW
Date: 2018-03-06
Event Description: Analyst and Investor Day

Market Cap: 6,429.18
Current PX: 37.14
YTD Change(\$): +4.24
YTD Change(%): +12.888

Bloomberg Estimates - EPS
Current Quarter: 0.243
Current Year: 1.498
Bloomberg Estimates - Sales
Current Quarter: 569.200
Current Year: 2540.700

Unidentified Participant

Thanks. It's a follow-up question, and also on the balance sheet. I mean you're very dynamic on the P&L, it's upper side on the balance sheet in the last couple of years and we are in particular focusing on the dividend. And you have some equity to cash flow generation, 250 million, 300 million, it's a pile of cash since five years, north of 500 million. What is preventing you of increasing the dividend significantly to 200 million to 250 million per year?

Unidentified Speaker

(Multiple Speakers) I'll answer the finance question, first. I would say, look, obviously, we could increase our dividend, but I don't think most people investing in us today are invested in us as a stable, very stable low growth dividend paying stock. And so, we would rather be upper single digit or even better and investing in the many, many opportunities that we see ahead of us. So we want to keep our enough powder dry that we can dig that in. And if we keep raising the dividend every year, you run the risk of getting to a point where you certainly are in a position where we don't have as much cash we think we need to be able to drive those kinds of moves. And do you want to add anything to that?

Bracken Darrell, President and Chief Executive Officer

No, I 100% agree. I a number one today is, we're looking at the M&A pipeline and we keep driving ever. We stay disciplined, but I think that's the number one opportunity to create value and the rest is kind of sort out from that.

Unidentified Participant

But even I mean, when you have an efficient balance sheet maybe, I don't know, call it, one-time at EBITDA, if you tie-up probably 1 billion for acquisitions have been made opportunistic and still you could payout as of the cash flow?

Unidentified Speaker

Sure. Or more if we do that. Frankly right, and we never use it. So, look, when we say it's a maturing process, there was no capital allocation strategy. We put one in place, then we put a dividend, then we now move to growing dividends. We didn't have acquisitions. Acquisition is probably number one. Then we didn't really close at the rate we told we could close and pretty good acquisition as told, so far a wonderful start and I think we see a lot of more opportunities and in term of the buyback, it's just opportunistic. So we are going to need to evolve that framework and just stay tune as the business evolves.

Unidentified Participant

Thank you.

Unidentified Speaker

Okay. Further questions?

Bracken Darrell, President and Chief Executive Officer

Company Name: Logitech
Company Ticker: LOGN SW
Date: 2018-03-06
Event Description: Analyst and Investor Day

Market Cap: 6,429.18
Current PX: 37.14
YTD Change(\$): +4.24
YTD Change(%): +12.888

Bloomberg Estimates - EPS
Current Quarter: 0.243
Current Year: 1.498
Bloomberg Estimates - Sales
Current Quarter: 569.200
Current Year: 2540.700

Going. Going. Okay. Well, it's been five years for the two of us. 20 for Guerrino and I will try to count the numbers of years for the various people here, but it's been an amazing five years and I have to say, it feels like the beginning. I told Vincent, I told Guerrino this too. When I came here today, I sort of -- I tried to make myself think, what would I do if I were starting over again today. If I were starting as the new CEO today and you are starting as a new CFO today, what would we do? And that's the head set we are trying to bring to this, which is we're trying to stay fresh, trying to stay agile, flexible, and never get too married to anything that we are doing sort of we can continue to adjust and change and the write it on or even ahead of what's going on in the world, and I hope you feel that. If you don't feel that, I am worried, but I hope you feel that.

Now, thanks a lot. It's really been an honor and a pleasure to present to you, and thanks to all of you who represents investors or investor-selves. I hope we continue to make you proud and profitable. Thank you.

This transcript may not be 100 percent accurate and may contain misspellings and other inaccuracies. This transcript is provided "as is", without express or implied warranties of any kind. Bloomberg retains all rights to this transcript and provides it solely for your personal, non-commercial use. Bloomberg, its suppliers and third-party agents shall have no liability for errors in this transcript or for lost profits, losses, or direct, indirect, incidental, consequential, special or punitive damages in connection with the furnishing, performance or use of such transcript. Neither the information nor any opinion expressed in this transcript constitutes a solicitation of the purchase or sale of securities or commodities. Any opinion expressed in the transcript does not necessarily reflect the views of Bloomberg LP.

© COPYRIGHT 2018, BLOOMBERG LP. All rights reserved. Any reproduction, redistribution or retransmission is expressly prohibited.