

Logitech First Quarter Fiscal Year 2013 Financial Results Management's Prepared Remarks (July 25, 2012)

Logitech is posting a copy of these prepared remarks, its press release and accompanying slides to its investor website. These prepared remarks will not be read on the call. To access the live webcast or replay of the question and answer session, please visit the Investor Relations section of Logitech's website at <http://ir.logitech.com>.

COMPANY COMMENTARY

Following is a summary of the company's comments on key areas impacting Q1 Fiscal 2013 performance.

EMEA SALES REGION

EMEA was our strongest growing region in Q1 compared to the prior year. The growth was led by the keyboard/desktop and audio categories. Sales results varied by country, with declining sales in France and Spain and strong year-over-year growth in Germany, the UK and the Netherlands.

We achieved significant profitability improvements in EMEA in Q1 compared to the prior year, despite the negative impact of a weaker EURO, primarily due to improved execution and management of programs with our channel partners. The overall level of inventory carried by our channel partners was down slightly both sequentially and compared to the prior year.

AMERICAS SALES REGION

The decline in sales in the Americas in Q1 compared to the prior year was experienced across several product categories, with webcams, gaming and pointing devices down by double-digits. The region achieved single-digit growth in the audio and keyboard/desktop categories.

Logitech First Quarter Fiscal Year 2013 Financial Results Management's Prepared Remarks (July 25, 2012)

Profitability in the Americas declined significantly vs. the prior year, primarily due to actions taken to accelerate the simplification of our product portfolio and an unfavorable mix shift between product categories. The overall level of inventory carried by our channel partners declined by 3% sequentially and by 12% compared to the prior year.

ASIA PACIFIC SALES REGION

Sales were flat in this region, primarily due to weakness in Australia and India. Sales in China were up by 9% compared to the prior year, with strong performance in the keyboard/desktop and audio categories.

OEM

The decline in our OEM sales was primarily due to much lower sales in the keyboard and desktop category due to product mix changes with a large customer. An additional factor in the decline was sales of mice to our OEM customers, which fell by 10% compared to the prior year.

LIFESIZE

The 1% increase in sales vs. the prior year reflects the combination of strong growth in the Asia Pacific region and weak sales in the Americas and Europe.

ADDITIONAL FINANCIAL COMMENTS

Q1 FISCAL 2013 RESULTS

Unless noted otherwise, the growth percentages that follow are in comparison to Q1 Fiscal 2012.

SALES

- Our retail sales were flat and grew by 3% in local currency. Units increased by 4%.

Logitech First Quarter Fiscal Year 2013 Financial Results Management's Prepared Remarks (July 25, 2012)

- Looking at our regional sales in local currency, EMEA was up by 28% compared to U.S. dollar growth of 17%. Asia Pacific declined by 1%, compared to flat sales in U.S. dollars.
- Retail units declined by 5% in the Americas and grew by 12% in EMEA and by 7% in Asia Pacific.
- Our overall retail average selling price in Q1 declined by 4% compared to the prior year and by 3% sequentially.
- Sales of our retail products priced above \$100 represented 13% of our retail sales in Q1, compared to 14% in the prior year and 12% in Q4.

PRODUCT CATEGORY REPORTING CHANGE

We have changed the product category classification for a number of our retail products in order to capture all of our gaming-related retail sales in the gaming product category. The most significant impact of this change relates to our gaming mice. We had been including mice developed specifically for gaming applications in the pointing devices category. Starting this quarter, we have moved those mice to the gaming category. The impact of the change to gaming mice and other products can be seen primarily in the pointing devices, audio and gaming categories. Both the current and prior year periods have been adjusted accordingly across all product categories.

KEYBOARDS & DESKTOPS

Keyboards and desktops was our best-performing retail product category in Q1, with sales up by 17% and units up by 15%. Growth was achieved in all of our regions, with EMEA up by nearly 50%. Our iPad keyboards made a significant contribution, as sales nearly doubled, led by very strong initial demand for the Logitech Ultrathin Keyboard Cover. Sales of keyboards and desktops, excluding iPad-related products, grew by 9%, with units up by 13%. The growth was driven by wireless keyboard/desktops, with sales of our cordless desktops up by 22%.

Logitech First Quarter Fiscal Year 2013 Financial Results Management's Prepared Remarks (July 25, 2012)

AUDIO

Sales in our audio category grew by 16% with units up by 10%. We achieved sales growth across all of our audio product categories, with the growth led by sales of our digital music products. Our digital music family includes speakers for smartphones and tablets, earphones, and our Squeezebox Wi-Fi music players. The growth was led by our Squeezebox products, with sales nearly doubling due to strong demand in EMEA. Our Ultimate Ears line of earphones contributed growth in both sales and units of more than 40%. The Logitech Mini-Boombox, a compact Bluetooth sound-system that pairs easily with tablets and smartphones, made a significant contribution to the growth in the digital music family. It was also a strong quarter for our PC headsets, with sales up by 20%.

DIGITAL HOME

Sales in the Digital Home category, which include our Harmony remotes as well as our discontinued Google TV peripherals, increased by 5%, with units up by 26%. Sales of refurbished Logitech Revue and related peripherals were \$1M, up from last year's negative sales of \$1.3M due to product returns.

Sales of our Harmony remotes were down by 10%, with units up by 16%. We experienced low single-digit sales declines in both the Americas and EMEA. The difference between the sales decline and the growth in units reflects stronger unit growth in both the high-end and low-end of the category. We plan to strengthen our Harmony line-up in the coming months.

POINTING DEVICES

Sales in our pointing devices category declined by 5%, with units down by 1%. The decline was driven entirely by the Americas. We delivered growth in both sales and units in EMEA and Asia Pacific. Looking at the category in total, the primary weakness was in the mid-range, with a single-digit decline in sales of our high-end cordless mice and single-digit growth in the low-end. We plan to launch several new pointing devices

Logitech First Quarter Fiscal Year 2013 Financial Results Management's Prepared Remarks (July 25, 2012)

in the coming months that are designed to enhance the touch and navigation capabilities in Windows 8.

VIDEO

Video sales declined by 26% with units down by 18%. The decline in sales was experienced in the mid-range and low-end price bands and was most pronounced in the Americas. Our sales in the consumer webcam category continue to be negatively impacted by market trends. We experienced strong growth in the high-end of the category due to sales of the Logitech HD Pro Webcam C920, which offers full HD 1080p video calls on Skype on the PC.

GAMING

Sales in the Gaming category declined by 27%, with units up by 10%. The decline in sales was experienced in both console and PC gaming and was related to wheels for racing games. Our sales of PC gaming peripherals declined by 16% with units up by 16%. Excluding wheels, we delivered growth across all PC gaming families, including mice and keyboards. The difference between the decline in PC gaming sales and the growth in units reflects a mix shift away from steering wheels to lower priced mice, keyboards and gamepads.

GROSS MARGIN

Our Q1 gross margin was up by 470 basis points compared to the prior year and down by 560 basis points sequentially. The sequential decline was primarily due to the combination of the impacts of roughly \$4.5M in pricing actions taken to accelerate the streamlining of our product portfolio in the Americas and EMEA, \$3.1M in restructuring-related costs, a provision for a likely settlement of a patent dispute, typical seasonality, and changes in product mix.

Logitech First Quarter Fiscal Year 2013 Financial Results Management's Prepared Remarks (July 25, 2012)

OPERATING EXPENSES

- Our operating expenses increased by 19%
 - Excluding the \$31M restructuring charge and \$4M in costs related to the exit from our old campus in Fremont, operating expenses declined by 2%
- Sales and marketing expenses increased by 1%
- R&D expenses decreased by 3%
- G&A expenses increased by 5% due to one-time charges of roughly \$4.3M to exit our old campus in Fremont, California. The move to our new campus, which was the result of a cost savings initiative that began in FY11, has reduced our costs per square foot by approximately 40% over the ten year lease term.

OTHER INCOME

- Our other income decreased by \$5.4M compared to the prior year primarily due to the gain on a sale of a building in Q1 FY12 that was part of our previous manufacturing facility in China.

BALANCE SHEET

- Our quarter-ending cash position was \$361M
 - Our cash was down by \$118M compared to March and by \$116M compared to the prior year.
 - In comparing to the prior quarter and the prior year, note that during Q1 our stock repurchases totaled \$90M.
- Cash flow from operations in Q1 was a negative \$7M, down from positive \$4M in Q1 of the prior year. The biggest factor in the decrease was the larger net loss in Q1 of this year.
 - Our cash conversion cycle in Q1 was 46 days, 3 days longer than the prior year

Logitech First Quarter Fiscal Year 2013 Financial Results Management's Prepared Remarks (July 25, 2012)

- Inventory decreased by \$17M compared to the prior quarter, and by \$37M, or 12%, compared to the prior year
 - Inventory turns were 4.6, up slightly from 4.5 in the prior year
- DSO was 41 days, down by 4 days from the prior year

SHARE REPURCHASES

- During Q1, we repurchased 8.6M shares for roughly \$90M, with all repurchases taking place on our 2nd trading line
- We own approximately 18.6% of our shares
- We have \$4M remaining under our current \$250M repurchase program
- We intend to request shareholder approval to cancel the 18.5M shares we repurchased in Q4 FY12 and Q1 FY13 at our September 2012 Annual General Meeting

FORWARD LOOKING STATEMENTS

These remarks contain forward-looking statements within the meaning of the U.S. federal securities laws, including, without limitation, statements regarding: our new products and product category line-ups, the features of some of those products, and our operating expenses. The forward-looking statements in these remarks involve risks and uncertainties that could cause Logitech's actual results and events to differ materially from those anticipated in these forward-looking statements, including, without limitation: if we fail to innovate and develop new products in a timely and cost-effective manner for our new and existing product categories; if we do not successfully execute on our growth opportunities in our new product categories and sales in emerging market geographies; the effect of pricing, product, marketing and other initiatives by our competitors, and our reaction to them, on our sales, gross margins and profitability; if there is a deterioration of business and economic conditions in one or more of our sales regions or operating segments, or significant fluctuations in exchange rates. A detailed

Logitech First Quarter Fiscal Year 2013 Financial Results Management's Prepared Remarks (July 25, 2012)

discussion of these and other risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in Logitech's periodic filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended March 31, 2012, available at www.sec.gov, under the caption Risk Factors and elsewhere. Logitech does not undertake any obligation to update any forward-looking statements to reflect new information or events or circumstances occurring after the date of these remarks.

CHANNEL INVENTORY DATA

Estimates the inventory levels of our products held by or in-transit to our retailer and distributor customers. Includes data compiled by Logitech from data supplied by our customers, and our estimates of inventory in-transit to our customers. Customers supplying data vary by geographic region and from period to period, but typically represent a majority of our retail sales. Data and our estimates are subject to limitations and possible error sources and may not be an entirely accurate indicator of actual customer channel inventory. Limitations and possible error sources include the following:

- Data supplied by our customers may not be indicative of inventory held by our customers as a whole
- Reliability of the data depends on accuracy and timeliness of information supplied to us by our customers, and the processes by which they collect their data is largely outside our control
- In the U.S., Canada, and to a lesser extent Asia Pacific, and a still lesser extent, EMEA, data is based on Point of Sale electronic data. Where POS data is not available, the data is collected largely through manual processes, including the exchange of spreadsheets or other non-automated methods of data transmission, which are subject to typical human errors, including errors in data entry, transmission and interpretation
- Our interpretation of the data, and our estimates of in-transit inventory, may be subject to errors in assumptions, calculations or other errors