

logitech[®]

Q1 Fiscal Year 2016 Financial Results
July 22, 2015

FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements within the meaning of the federal securities laws, including, without limitation, statements regarding: Logitech's momentum, strategic focus, sales and Retail sales growth, market share, transition to becoming a growth company, product category growth, Video Collaboration growth opportunity and other markets' potential, ability to be a faster and more profitable company, shipping strategy, percentage of products we build in-house, exiting the OEM business, reorganizing Lifesize, strategy to optimize the value of Lifesize, currency exchange rates, initiatives to offset currency exchange rate fluctuations, settlement of the SEC investigation, product lineup, new products, timing of new product introductions, ability to deliver big products, cost structure and cost reduction efforts, long-term business model, restructuring charges, inventory, growth investments, cash flow from operations, capital allocation strategy, acquisitions, dividends, and Fiscal Year 2016 outlook for operating income and sales growth. The forward-looking statements in this presentation involve risks and uncertainties that could cause Logitech's actual results and events to differ materially from those anticipated in these forward-looking statements, including, without limitation: if our product offerings, marketing activities and investment prioritization decisions do not result in the sales, profitability or profitability growth we expect, or when we expect it; the demand of our customers and our consumers for our products and our ability to accurately forecast it; if we fail to innovate and develop new products in a timely and cost-effective manner for our new and existing product categories; if we do not successfully execute on our growth opportunities in our new product categories or our growth opportunities are more limited than we expect; if sales of PC peripherals are less than we expect; the effect of pricing, product, marketing and other initiatives by our competitors, and our reaction to them, on our sales, gross margins and profitability; if our products and marketing strategies fail to separate our products from competitors' products; if we do not fully realize our goals to lower our costs and improve our operating leverage; if there is a deterioration of business and economic conditions in one or more of our sales regions or operating segments, or significant fluctuations in exchange rates; the effect of changes to our effective income tax rates. A detailed discussion of these and other risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in Logitech's periodic filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended March 31, 2015, available at www.sec.gov, under the caption Risk Factors and elsewhere. Logitech does not undertake any obligation to update any forward-looking statements to reflect new information or events or circumstances occurring after the date of this presentation.

Use of Non-GAAP Financial Information

To facilitate comparisons to Logitech's historical results, Logitech has included non-GAAP adjusted measures, which exclude share-based compensation expense, amortization of other intangible assets, restructuring charges (credits), other restructuring-related charges, investment impairment (recovery), benefit from (provision for) income taxes, one-time special charges and other items detailed under "Supplemental Financial Information" in our earnings press release or "Financial Statements only" posted to our website under "Quarterly Results" at <http://ir.logitech.com>. Historical GAAP and corresponding non-GAAP measures are provided under Financial History in the Investors section of our website. Logitech provides non-GAAP financial information for its Retail (excluding OEM and Lifesize) and OEM categories that includes approximations for cost and profitability estimates. Logitech also presents percentage sales growth in constant currency, a non-GAAP measure, to show performance unaffected by fluctuations in foreign currency exchange rates. Percentage sales growth in constant currency is calculated by translating prior period sales in each local currency at the current period's average exchange rate for that currency and comparing that to current period sales. Logitech believes this information, used together with the GAAP financial information, will help investors to evaluate its current period performance and trends in its business. With respect to our outlook for non-GAAP operating income, most of these excluded amounts pertain to events that have not yet occurred and are not currently possible to estimate with a reasonable degree of accuracy. Therefore, no reconciliation to the GAAP amounts has been provided for Fiscal Year 2016.

Q1 FY16 FINANCIAL HIGHLIGHTS

Confirming FY16 outlook with transition to growth on track

- Q1 results deliver continued momentum
 - Sales of \$470M, up by 4% in constant currency (CC) and down 2% USD, with retail sales up 7% CC and flat in USD
 - Non-GAAP gross margin 36.7% as ongoing cost optimization strategies, favorable product mix, and, to a lesser extent, early benefits from price increases mitigate nearly half the impact of currency headwinds
 - Non-GAAP operating income \$31M, 6.7% of net sales
 - Exit OEM by calendar year-end, and exploring all Lifesize options
- Ended Q1 FY16 with \$492M in net cash
 - Inventory increase drives cash flow from operations negative as we implement strategy to reduce air shipments, ramp for new product launches, and build more product in-house
 - Submitting \$85M FY15 dividend proposal for shareholder vote, ~ doubling last year's dividend
- Confirmed FY16 outlook and focus on continuing Retail sales growth to become a faster and more profitable company

NON-GAAP INCOME STATEMENTS

(\$ in millions, except per share amounts)

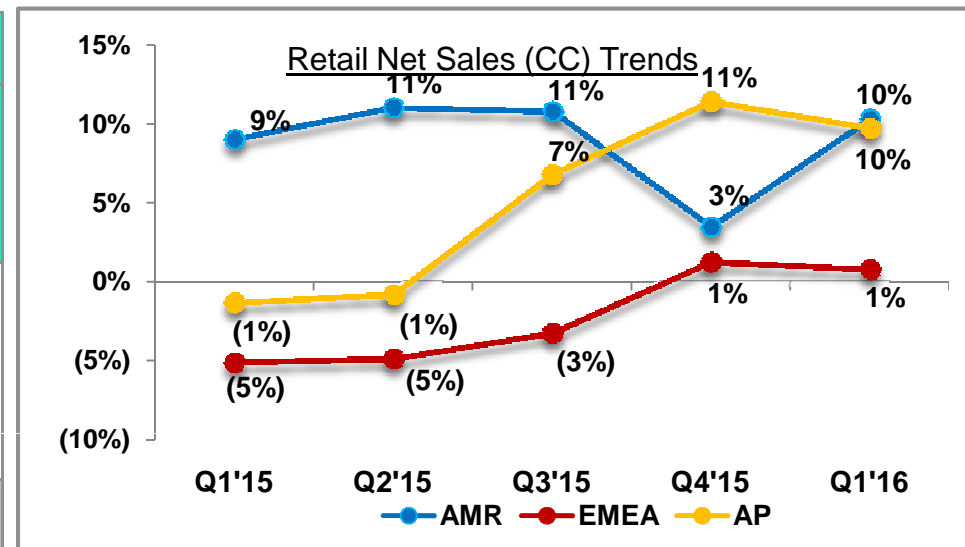
	Q1 FY16	Q1 FY15	YOY	YOY in CC
Net sales	\$470	\$482	-2%	4%
Retail	425	424	--	7%
OEM	22	33	-32%	-31%
Lifesize	23	26	-12%	-12%
Gross profit	\$173	\$183	-5%	
<i>% of net sales</i>	36.7%	37.9%	-120bp	
Operating expenses	\$141	\$141	--	
<i>% of net sales</i>	30.1%	29.3%	+80bp	
Operating income	\$31	\$41	-24%	
<i>% of net sales</i>	6.7%	8.6%	-190bp	
Interest and other, net	-\$1	\$0	--	
Effective tax rate	13.0%	12.5%	--	
Net income	\$27	\$36	-20%	
<i>% of net sales</i>	5.7%	7.5%	-180bp	
EPS	\$0.16	\$0.22	-27%	
Diluted shares	166.9	165.8	1%	

Note: Comparison is YOY unless noted otherwise

RETAIL SALES BY REGION

All regions sustaining FY15 exit momentum

	Q1 FY16 YOY % Change	
	Net Sales into Channel in USD	Sell-Through in USD
Americas	9%	10%
EMEA	-15%	-14%
Asia	5%	6%
Total Retail	0%	0%



- CC retail sales grew 7%
 - Americas sales into channel grew 10% in CC
 - EMEA sales into channel grew 1% in CC
 - Sales in mature markets, which exclude Russia and Ukraine, grew 11% in CC
 - Asia sales into channel grew 10% in CC

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

RETAIL SALES: GROWTH CATEGORIES

	Q1 FY16 YOY		
	Net Sales in USD	Net Sales in CC	Net Quantity
Video Collaboration	39%	52%	74%
Mobile Speakers	41%	51%	23%
Gaming	-7%	0%	-3%
Tablet & Other Accessories	-41%	-37%	-21%
Total Growth category	1%	9%	-1%

- Video Collaboration sales growth driven by success of ConferenceCam Connect
 - Significant growth opportunity targeting small and medium sized conference rooms with innovative, affordable, easy to use videoconferencing solutions
- Mobile Speakers' strong performance reflects sustained success of UE BOOM (our #1 product again), successful launch of UE MEGABOOM (#2 product in company) despite demand for MEGABOOM out-pacing supply in some markets
- Gaming growth constrained by planned transition to newer models of steering wheels
 - Excluding steering wheels, Q1 sales grew 7% in CC
- Tablet & Other Accessories performance reflects very weak market conditions and planned transition to new products

Note: Comparison is YOY unless noted otherwise

RETAIL SALES: PROFIT MAX CATEGORIES

	Q1 FY16 YOY		
	Net Sales in USD	Net Sales in CC	Net Quantity
Pointing Devices	3%	10%	1%
Keyboards & Combos	0%	7%	7%
Audio – PC & Wearables	-6%	3%	-5%
PC Webcams	6%	12%	1%
Home Control	-17%	-13%	-2%
Total Profit Maximization category	0%	7%	2%

- Pointing Devices' growth primarily driven by strong reception of new flagship mouse, Logitech MX Master Wireless Mouse
 - Appeals to huge existing PC installed base
- Keyboards & Combos sales grew in CC, with strong contribution from our new Bluetooth Multi-Device Keyboard K480
- Renewed product innovation strength
 - Key to developing our Growth category, and even drove PC Peripherals this quarter

NON-GAAP OPERATING EXPENSES

Marching toward long-term model

- Unchanged from prior year despite growth investments, reflecting disciplined spend management
 - R&D increase reflects investments made to sustain our long-term growth and offset by G&A and infrastructure savings
- GAAP operating expenses include:
 - \$13M charge related to previously announced restructuring
 - Additional accrual of \$3.5M for proposed settlement of SEC investigation*

	Non-GAAP Operating Expenses	
	Q1 FY16	YOY
	(\$ in millions)	
S&M	\$85	-1%
<i>% of net sales</i>	18.1%	+20bp
R&D	\$33	9%
<i>% of net sales</i>	7.0%	+70bp
G&A	\$23	-6%
<i>% of net sales</i>	4.9%	-20bp
TOTAL	\$141	0%
<i>% of net sales</i>	30.1%	+70bp

Note: Comparison is YOY unless noted otherwise

*See Appendices for more information regarding proposed settlement

KEY BALANCE SHEET METRICS

(\$ in millions)	June 30, 2015	June 30, 2014	YOY
Total cash balance	\$492	\$485	1%
Accounts receivable	\$222	\$219	1%
<i>DSO</i>	<i>42 days</i>	<i>41 days</i>	<i>+1 days</i>
Inventory	\$328	\$241	36%
<i>Inventory turns</i>	<i>3.6</i>	<i>5.0</i>	<i>-1.4 turns</i>
<i>DSI</i>	<i>99 days</i>	<i>72 days</i>	<i>+27 days</i>
Accounts payable	\$340	\$285	19%
<i>DPO</i>	<i>103 days</i>	<i>86 days</i>	<i>+17 days</i>
Cash conversion cycle (CCC)	39 days	27 days	+12 days

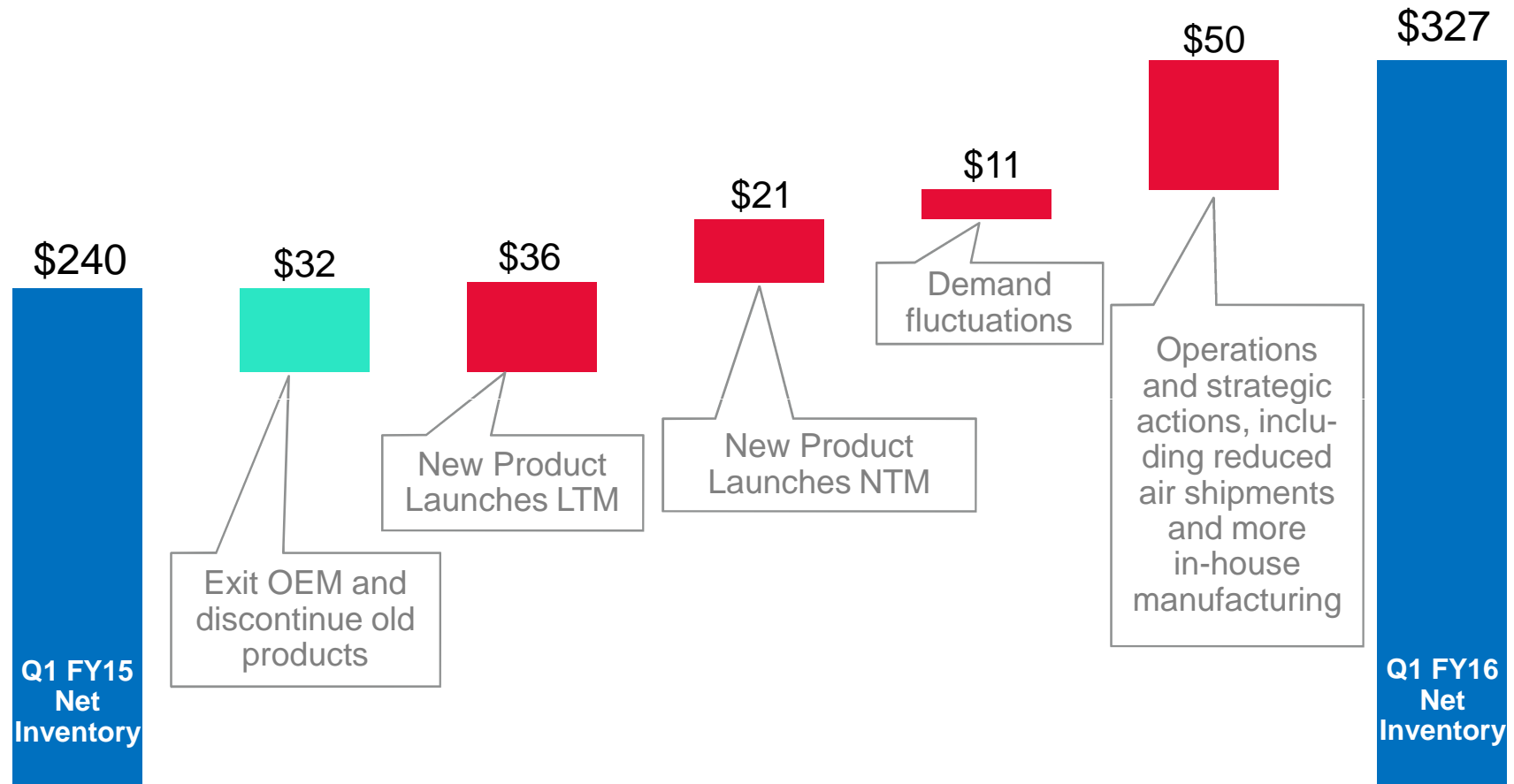
- Inventory uptick reflects strategic actions, including:
 - Ramp for new product launches
 - Cost reduction efforts that utilize increased shipments via sea rather than air
 - Adjusted target ratio (60/40) for building more product in-house

Note: Comparison is YOY unless noted otherwise

*See Appendices for more information regarding proposed settlement

GLOBAL NET INVENTORY

Increase reflects strategic actions



- Expect incremental inventory impact to dissipate as we move through the year, but overall inventory levels to remain higher YOY

CONFIRMED FY16 OUTLOOK

- Non-GAAP operating income of \$150M
 - Growth of 7% for Retail sales in CC
- Recent initiatives continue to drive transformation for growth
 - Ongoing momentum in retail sales CC
 - Disciplined cost management creates room for growth investments
 - Exit OEM by calendar year-end, and exploring all options for Lifesize
 - New branding and refreshed logo encompass broader opportunities to build identity for who we are and who we will be

APPENDICES

GAAP TO NON-GAAP RECONCILIATIONS

(In thousands, except per share amounts) - Unaudited

GAAP TO NON GAAP RECONCILIATION ^(A)

SUPPLEMENTAL FINANCIAL INFORMATION**	Three Months Ended June 30,	
	2015	2014
Gross profit - GAAP	\$ 171,729	\$ 181,753
Share-based compensation expense	605	538
Amortization of other intangible assets	508	550
Gross profit - Non-GAAP	\$ 172,842	\$ 182,841
<i>Gross margin - GAAP</i>	36.5 %	37.7 %
<i>Gross margin - Non-GAAP</i>	36.7 %	37.9 %
Operating expenses - GAAP	\$ 164,759	\$ 159,041
Less: Share-based compensation expense	6,137	6,400
Less: Amortization of other intangible assets	224	2,232
Less: Restructuring charges, net	12,995	—
Less: One time special charge	4,049 *	8,986
Operating expenses - Non-GAAP	\$ 141,354	\$ 141,423
<i>% of net sales - GAAP</i>	35.0 %	33.0 %
<i>% of net sales - Non - GAAP</i>	30.1 %	29.3 %

GAAP TO NON-GAAP RECONCILIATIONS CONT.

(In thousands, except per share amounts) - Unaudited

GAAP TO NON GAAP RECONCILIATION ^(A)

SUPPLEMENTAL FINANCIAL INFORMATION	Three Months Ended	
	June 30,	
	2015	2014
Operating income - GAAP	\$ 6,970	\$ 22,712
Share-based compensation expense	6,742	6,938
Amortization of other intangible assets	732	2,782
Restructuring charges, net	12,995	—
One time special charge	4,049 *	8,976
Operating income - Non - GAAP	\$ 31,488	\$ 41,408
% of net sales - GAAP	1.5 %	4.7 %
% of net sales - Non - GAAP	6.7 %	8.6 %
Net income - GAAP	\$ 7,437	\$ 19,676
Share-based compensation expense	6,742	6,938
Amortization of other intangible assets	732	2,782
Restructuring charges, net	12,995	—
One time special charge	4,049 *	8,976
Investment impairment, net	103	—
Provision for income taxes	(5,320)	(2,104)
Net income - Non - GAAP	26,738	36,268
Net income per share:		
Diluted - GAAP	\$ 0.04	\$ 0.12
Diluted - Non - GAAP	\$ 0.16	\$ 0.22

* These expenses include an increase of \$3.5 million in the accrual for a proposed settlement of the SEC investigation and other expenses related to that investigation.

GAAP TO NON-GAAP RECONCILIATION NOTES

(A) Non-GAAP Financial Measures

To supplement our condensed consolidated financial results prepared in accordance with GAAP, we use a number of financial measures, both GAAP and non-GAAP, in analyzing and assessing our overall business performance, for making operating decisions and for forecasting and planning future periods. We consider the use of non-GAAP financial measures helpful in assessing our current financial performance, ongoing operations and prospects for the future as well as understanding financial and business trends relating to our financial condition and results of operations.

While we use non-GAAP financial measures as a tool to enhance our understanding of certain aspects of our financial performance and to provide incremental insight into the underlying factors and trends affecting both our performance and our cash-generating potential, we do not consider these measures to be a substitute for, or superior to, the information provided by GAAP financial measures. Consistent with this approach, we believe that disclosing non-GAAP financial measures to the readers of our financial statements provides useful supplemental data that, while not a substitute for GAAP financial measures, can offer insight in the review of our financial and operational performance and enables investors to more fully understand trends in our current and future performance.

Other Contingencies – SEC Investigation

The Company is subject to an ongoing formal investigation by the Enforcement Division of the U.S. Securities and Exchange Commission ("SEC"), relating to certain issues including the accounting for Revue inventory valuation reserves that resulted in the restatement described in the Fiscal 2014 Form 10-K, revision to the Company's consolidated financial statements concerning warranty accruals and amortization of intangible assets presented in the Company's Amended Annual Report on Form 10-K/A, filed on August 7, 2013, and the Company's transactions with a distributor for Fiscal Year 2007 through Fiscal Year 2009. The Company has entered into an agreement with the Enforcement Staff to extend the statute of limitations. The Company is cooperating with the investigation and, after discussions with the Enforcement Staff, the Company recently made an offer of settlement to resolve the matter, which is subject to approval by the SEC. The proposed settlement would be entered into by the Company without admitting or denying the SEC's findings and will resolve alleged violations of certain provisions of the Securities Exchange Act of 1934 and related rules, including the anti-fraud provisions. Under the terms of the proposed settlement, the Company would pay \$7.5 million in a civil penalty and agree not to commit or cause any violations of certain provisions of the Securities Exchange Act of 1934 and related rules. There is no assurance that the proposal will be approved by the SEC. In accordance with U.S. GAAP, the Company has made a corresponding accrual in its financial statements.

SELL-THROUGH DATA

- Measures sales of our products by retailer customers to consumers and by our distributor customers to their customers
- Compiled by Logitech from data supplied by our customers
- Customers supplying sell-through data vary by geographic region and from period to period, but typically represent a majority of our retail sales
- Data is subject to limitations and possible error sources and may not be an entirely accurate indicator of actual consumer demand for our products. Limitations and possible error sources include the following:
 - Data supplied by our customers may not be indicative of sell-through experienced by our customers as a whole
 - Reliability of the data depends on accuracy and timeliness of information supplied to us by our customers, and the processes by which they collect their sell-through data are largely outside our control
 - In the U.S., Canada, and to a lesser extent Asia Pacific, and a still lesser extent, EMEA, sell-through data is based on Point of Sale electronic data. Where POS data is not available, the data is collected largely through manual processes, including the exchange of spreadsheets or other non-automated methods of data transmission, which are subject to typical human errors, including errors in data entry, transmission and interpretation

CHANNEL INVENTORY DATA

- Estimates the inventory levels of our products held by or in-transit to our retailer and distributor customers
- Includes data compiled by Logitech from data supplied by our customers, and our estimates of inventory in-transit to our customers
- Customers supplying data vary by geographic region and from period to period, but typically represent a majority of our retail sales
- Data and our estimates are subject to limitations and possible error sources and may not be an entirely accurate indicator of actual customer channel inventory
- Limitations and possible error sources include the following:
 - Data supplied by our customers may not be indicative of inventory held by our customers as a whole
 - Reliability of the data depends on accuracy and timeliness of information supplied to us by our customers, and the processes by which they collect their data are largely outside our control
 - In the U.S., Canada, and to a lesser extent Asia Pacific, and a still lesser extent, EMEA, data is based on Point of Sale electronic data. Where POS data is not available, the data is collected largely through manual processes, including the exchange of spreadsheets or other non-automated methods of data transmission, which are subject to typical human errors, including errors in data entry, transmission and interpretation
 - Our interpretation of the data, and our estimates of in-transit inventory, may be subject to errors in assumptions, calculations or other errors