

logitech[®]

Q2 Fiscal Year 2016 Financial Results
October 21, 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, results from our innovation engine and design commitment, strategies for growth, seasonality, sales and retail sales growth, ability to deliver growth in a variety of market conditions and scenarios, market share, transition to becoming a design-centric company and a growth company, addition of new growth engines and new product categories, product category growth, Music and Video Collaboration growth opportunities and other markets' potential, the music streaming and cloud-based video conferencing markets, shipping strategy, percentage of products we build in-house, exiting the OEM business, reorganizing Lifesize, strategy and flexibility to optimize the value of Lifesize, currency exchange rates, product portfolio, new products, timing of new product introductions, cost structure and cost reduction efforts, long-term business model, restructuring charges, inventory, growth investments, cash flow from operations, capital allocation strategy, acquisitions, and Fiscal Year 2016 outlook for operating income, sales growth and gross margins. 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 and our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 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.

Q2 FY16 FINANCIAL HIGHLIGHTS

Strong CC Retail sales growth drives momentum

- Total sales up 8% in constant currency (CC) and up 2% in USD, with retail sales up 12% in CC and up 5% in USD
 - CC growth across all regions: Americas up 9%, EMEA up 7%, Asia up 26%
 - Growth categories up 45% in CC and up 35% in USD, representing 38% of retail sales vs. 29% in Q2 of prior year
 - OEM business exit on track; Lifesize refocus on cloud continues
- Non-GAAP gross margin of 34.6% declined 420bps primarily due to currency headwinds partially offset by product cost reductions and price adjustments
- Non-GAAP operating expenses down 1% with infrastructure savings funding investments in R&D up 7%
- Better-than-expected non-GAAP operating income of \$42M
- Confirmed FY16 outlook for 7% CC retail sales growth and \$150M non-GAAP operating income

NON-GAAP INCOME STATEMENTS

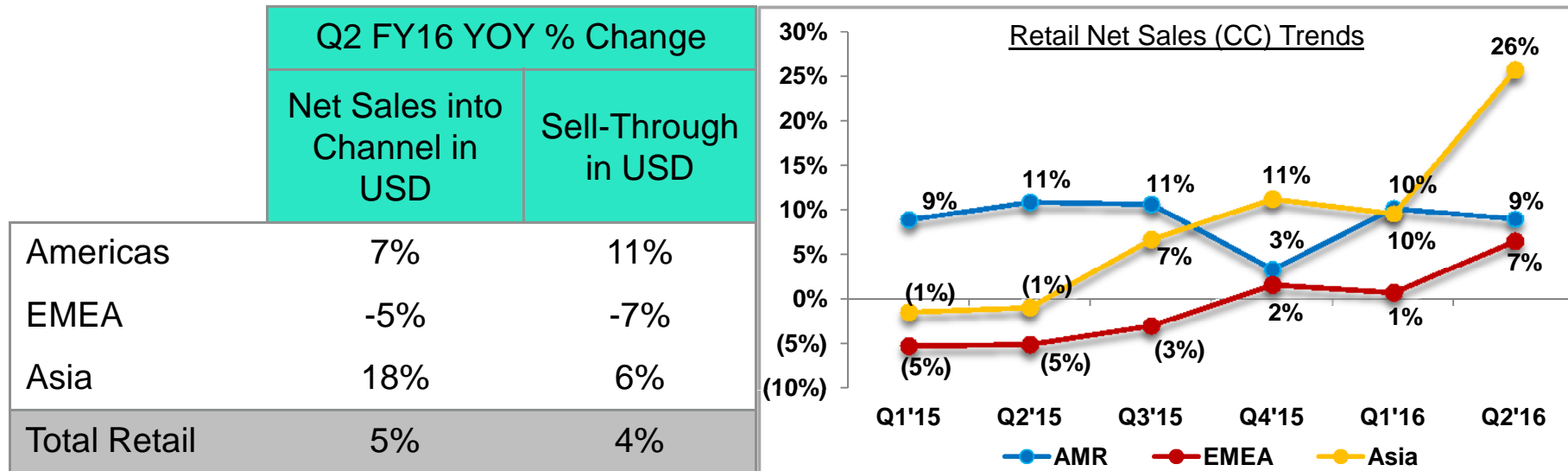
(\$ in millions, except per share amounts)

	Q2 FY16	Q2 FY15	YOY	YOY in CC
Net sales	\$540	\$530	+2%	+8%
Retail	496	473	+5%	+12%
OEM	22	28	-22%	-21%
Lifesize	21	28	-25%	-25%
Gross profit	\$187	\$206	-9%	
<i>% of net sales</i>	34.6%	38.8%	-420bp	
Operating expenses	\$145	\$147	-1%	
<i>% of net sales</i>	26.9%	27.8%	-90bp	
Operating income	\$42	\$59	-29%	
<i>% of net sales</i>	7.7%	11.1%	-340bp	
Interest and other, net	-\$1	-\$0	--	
Effective tax rate	11.9%	12.5%	-60bp	
Net income	\$36	\$51	-29%	
<i>% of net sales</i>	6.7%	9.6%	-290bp	
EPS	\$0.22	\$0.31	-29%	
Diluted shares	165.8	166.1	--	

Note: Comparison is YOY unless noted otherwise

RETAIL SALES BY REGION

All regions showing strong growth momentum



- CC retail sales grew 12%
 - Americas sales into channel grew 9% in CC
 - EMEA sales into channel grew 7% in CC
 - CC sales excluding Russia and Ukraine up 12%
 - Asia sales into channel grew 26% in CC against a relatively easy comparable

RETAIL SALES: GROWTH CATEGORIES

	Q2 FY16 YOY		
	Net Sales in USD	Net Sales in CC	Net Quantity
Mobile Speakers	66%	78%	53%
Video Collaboration	45%	55%	18%
Gaming	42%	54%	24%
Tablet & Other Accessories	-34%	-32%	-17%
Total Growth category	35%	45%	19%

- Mobile Speakers sales reached all-time high for a quarter with newest speakers driving growth
- Video Collaboration sales had triple-digit growth in Asia and strong double-digit growth in Americas and EMEA
- Gaming sales growth was broad-based
 - Gaming wheels more than doubled
- Tablet & Other Accessories performance reflects very weak market conditions

RETAIL SALES: PROFIT MAX CATEGORIES

	Q2 FY16 YOY		
	Net Sales in USD	Net Sales in CC	Net Quantity
Pointing Devices	-2%	3%	-6%
Keyboards & Combos	-3%	3%	-4%
PC Webcams	-8%	-2%	-13%
Audio – PC & Wearables	-19%	-12%	-15%
Home Control	-33%	-29%	-16%
Total Profit Maximization category	-8%	-2%	-7%

- Pointing Devices CC growth primarily driven by two newest, high-end wireless mice
- Keyboards & Combos grew double-digits in CC in Americas and Asia with new products contributing to growth
- Home Control decline partly reflects an opportunistic sale in Q2 of the prior year to a mass market retailer as well as a shift in the timing of product launches

NON-GAAP OPERATING EXPENSES

Investments to drive future growth offset by infrastructure savings

- Q2 down 1% with continued disciplined spend management
- R&D up 7% primarily reflects investments to drive future growth, funded by infrastructure savings
- G&A impacted by higher variable compensation linked to stronger performance
- GAAP opex includes \$9M restructuring charge
 - YTD restructuring charges of \$22M and expect to finish year with \$22-25M
 - Slightly higher than expected due to further reorganization at Lifesize

	Non-GAAP Operating Expenses	
	Q2 FY16	YOY
	(\$ in millions)	
S&M	\$88	-5%
<i>% of net sales</i>	16.3%	-110bp
R&D	\$34	7%
<i>% of net sales</i>	6.3%	+30bp
G&A	\$23	0%
<i>% of net sales</i>	4.3%	-10bp
TOTAL	\$145	-1%
<i>% of net sales</i>	26.9%	-90bp

KEY BALANCE SHEET METRICS

(\$ in millions)	Sep 30, 2015	Sep 30, 2014	YOY
Total cash balance	\$366	\$500	-27%
Accounts receivable	\$275	\$253	9%
<i>DSO</i>	<i>46 days</i>	<i>43 days</i>	<i>+3 days</i>
Inventory	\$328	\$245	34%
<i>Inventory turns</i>	<i>4.3</i>	<i>5.3</i>	<i>-1.0 turns</i>
<i>DSI</i>	<i>84 days</i>	<i>68 days</i>	<i>+16 days</i>
Accounts payable	\$357	\$300	19%
<i>DPO</i>	<i>91 days</i>	<i>83 days</i>	<i>+8 days</i>
Cash conversion cycle (CCC)	39 days	28 days	+11 days

- Cash balance impacted by dividend payments and share repurchase in line with capital allocation strategy
- Consistent with strategy shared last quarter, YOY inventory growth reflects:
 - Ensuring supply of new products heading into holiday selling season
 - Reducing costs by shipping high volume products by sea rather than by air
 - Building more products in-house at our China factory

CONFIRMED FY16 OUTLOOK

- Non-GAAP operating income of \$150M
 - Growth of 7% for Retail sales in CC
- Q2 FY16 momentum continues to drive transformation for growth
 - Double-digit retail sales growth in CC supported going forward by strong product portfolio for upcoming holiday selling season
 - Disciplined cost management creates room for growth investments
 - On track to exit OEM by calendar year-end, and exploring all options for Lifesize
 - Continuing progress transforming Logitech into a design-centric, growth company

APPENDICES

GAAP TO NON-GAAP RECONCILIATIONS

(In thousands, except per share amounts) - Unaudited

<i>GAAP TO NON GAAP RECONCILIATION (A)</i>	Three Months Ended	
	September 30	
<i>SUPPLEMENTAL FINANCIAL INFORMATION</i>	2015	2014
Gross profit - GAAP	\$ 186,011	\$ 204,778
Share-based compensation expense	580	627
Amortization of other intangible assets	279	543
Gross profit - Non-GAAP	\$ 186,870	\$ 205,948
<i>Gross margin - GAAP</i>	34.5 %	38.6 %
<i>Gross margin - Non-GAAP</i>	34.6 %	38.8 %
Operating expenses - GAAP	\$ 160,322	\$ 162,657
Less: Share-based compensation expense	5,928	5,434
Less: Amortization of other intangible assets	215	2,033
Less: Restructuring charges, net	8,696	—
Less: One time special charge	321	8,020
Operating expenses - Non-GAAP	\$ 145,162	\$ 147,170
<i>% of net sales - GAAP</i>	29.7 %	30.7 %
<i>% of net sales - Non - GAAP</i>	26.9 %	27.8 %

GAAP TO NON-GAAP RECONCILIATIONS CONT.

(In thousands, except per share amounts) - Unaudited

<i>GAAP TO NON GAAP RECONCILIATION (A)</i>	Three Months Ended	
	September 30	
<i>SUPPLEMENTAL FINANCIAL INFORMATION</i>	2015	2014
Operating income - GAAP	\$ 25,689	\$ 42,121
Share-based compensation expense	6,508	6,061
Amortization of other intangible assets	494	2,576
Restructuring charges, net	8,696	—
One time special charge	321	8,020
Operating income - Non - GAAP	\$ 41,708	\$ 58,778
<i>% of net sales - GAAP</i>	4.8 %	7.9 %
<i>% of net sales - Non - GAAP</i>	7.7 %	11.1 %
Net income - GAAP	\$ 18,097	\$ 36,090
Share-based compensation expense	6,508	6,061
Amortization of other intangible assets	494	2,576
Restructuring charges, net	8,696	—
One time special charge	321	8,020
Impairment of investment	77	105
Provision for income taxes	2,082	(1,803)
Net income - Non - GAAP	\$ 36,275	\$ 51,049
Net income per share:		
Diluted - GAAP	\$ 0.11	\$ 0.22
Diluted - Non - GAAP	\$ 0.22	\$ 0.31
Shares used to compute net income per share:		
Diluted - GAAP and Non - GAAP	165,841	166,065

GAAP TO NON-GAAP RECONCILIATION NOTE

(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.

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