



**Q4 & FULL FISCAL YEAR 2016 FINANCIAL RESULTS**  
APRIL 28, 2016

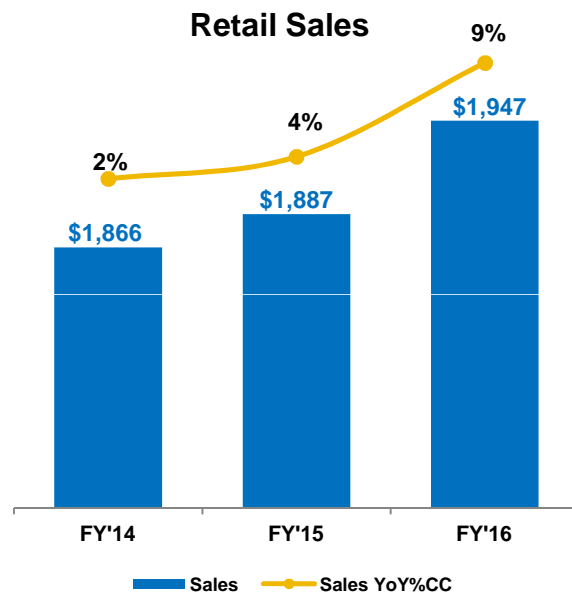
# FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements within the meaning of the federal securities laws, including, without limitation, statements regarding: transition to becoming a design-centric company, portfolio diversity and strategy, category growth potential, our long-term growth potential, sustained growth, profitability, growth opportunities, growth drivers, new products and innovation, product performance and pricing, product conformity and certification with third party systems, product features, market growth and decline in our product categories, market share, research and development, seed and other growth investments and their effectiveness, cost management and savings, capital allocation strategy, acquisitions, dividends, share buybacks, Jaybird priorities and effect on outlook, momentum, cash conversion cycle, and Fiscal Year 2017 outlook for gross margin, operating income and sales growth and related assumptions. 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 product categories, 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 December 31, 2015, available at [www.sec.gov](http://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), 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 2017.

# STRONG EXIT TO FY'16



## Q4'16

- Retail Sales +6% constant currency (CC) to \$431M
- Gross Margin 33.1% up 90bps
- Operating Expenses -3% to \$120M
- Operating Income +22% to \$22M
- Cash from Operations \$32M

## FY'16

- Retail Sales of \$1.95B growing 9% CC
- Gross Margin 33.9% down 140bps
- Operating Expenses -1% to \$504M
- Operating Income \$179M; better-than-expected
- Cash from Operations \$183M up 2%

\$ in Millions  
Results listed are Non-GAAP excluding all discontinued operations  
Comparisons are YoY unless otherwise specified

# NON-GAAP INCOME STATEMENT

	Q4'16	Q4'15	YoY	FY'16	FY'15	YoY
Retail	431	416	4%	1,947	1,887	3%
OEM	0	26	(100%)	71	117	(40%)
<b>Net Sales</b>	<b>431</b>	<b>442</b>	<b>(3%)</b>	<b>2,018</b>	<b>2,005</b>	<b>1%</b>
<i>Retail YoY% CC</i>	<i>6%</i>	<i>5%</i>		<i>9%</i>	<i>4%</i>	
<i>YoY%</i>	<i>(3%)</i>	<i>(4%)</i>		<i>1%</i>	<i>(0%)</i>	
<i>YoY% CC</i>	<i>(1%)</i>	<i>2%</i>		<i>6%</i>	<i>2%</i>	
Gross Profit	143	142	0%	683	708	(3%)
<i>% of Net Sales</i>	<i>33.1%</i>	<i>32.2%</i>	<i>90bp</i>	<i>33.9%</i>	<i>35.3%</i>	<i>(140bp)</i>
Operating Expenses	120	124	(3%)	504	510	(1%)
<i>% of Net Sales</i>	<i>27.9%</i>	<i>28.1%</i>	<i>(20bp)</i>	<i>25.0%</i>	<i>25.4%</i>	<i>(40bp)</i>
<b>Operating Income</b>	<b>22</b>	<b>18</b>	<b>22%</b>	<b>179</b>	<b>198</b>	<b>(10%)</b>
<i>% of Net Sales</i>	<i>5.2%</i>	<i>4.1%</i>	<i>110bp</i>	<i>8.9%</i>	<i>9.9%</i>	<i>(100bp)</i>
Other Income/(Expense)	2	2		2	1	
<i>% Tax Rate</i>	<i>6.3%</i>	<i>8.6%</i>		<i>10.2%</i>	<i>8.6%</i>	
<b>Net Income</b>	<b>23</b>	<b>18</b>	<b>25%</b>	<b>162</b>	<b>182</b>	<b>(11%)</b>
<i>% of Net Sales</i>	<i>5.3%</i>	<i>4.2%</i>	<i>110bp</i>	<i>8.0%</i>	<i>9.1%</i>	<i>(110bp)</i>
<b>Earnings Per Share</b>	<b>\$0.14</b>	<b>\$0.11</b>	<b>26%</b>	<b>\$0.98</b>	<b>\$1.10</b>	<b>(11%)</b>
Diluted Share Count	165.4	166.4		165.8	166.2	

\$ in Millions except per share count

Results listed are Non-GAAP excluding all discontinued operations  
Comparisons are YoY unless otherwise specified

# PRODUCT CATEGORY SALES

		Q4'16 vs. PY				FY'16 vs. PY			
		Net Sales			Net Quantity YoY	Net Sales			Net Quantity YoY
		USD	YoY	YoY CC		USD	YoY	YoY CC	
Creativity & Productivity	Pointing Devices	\$111	6%	8%	6%	\$493	1%	5%	0%
	Keyboards & Combos	\$106	5%	7%	9%	\$430	1%	6%	4%
	PC Webcams	\$24	25%	27%	44%	\$99	2%	7%	5%
	Tablet & Access	\$31	18%	21%	(31%)	\$104	(26%)	(23%)	(28%)
VC	Video Collaboration	\$22	35%	36%	(9%)	\$89	44%	51%	33%
Music	Mobile Speakers	\$24	(39%)	(37%)	(23%)	\$230	29%	37%	25%
	Audio PC & Wearables	\$47	(9%)	(6%)	(17%)	\$196	(8%)	(2%)	(11%)
Gaming	Gaming	\$56	19%	21%	7%	\$245	16%	23%	12%
Home	Home Control	\$11	(11%)	(10%)	(10%)	\$59	(13%)	(9%)	(6%)
<b>Total</b>		<b>\$431</b>	<b>4%</b>	<b>6%</b>	<b>3%</b>	<b>\$1,947</b>	<b>3%</b>	<b>9%</b>	<b>0%</b>

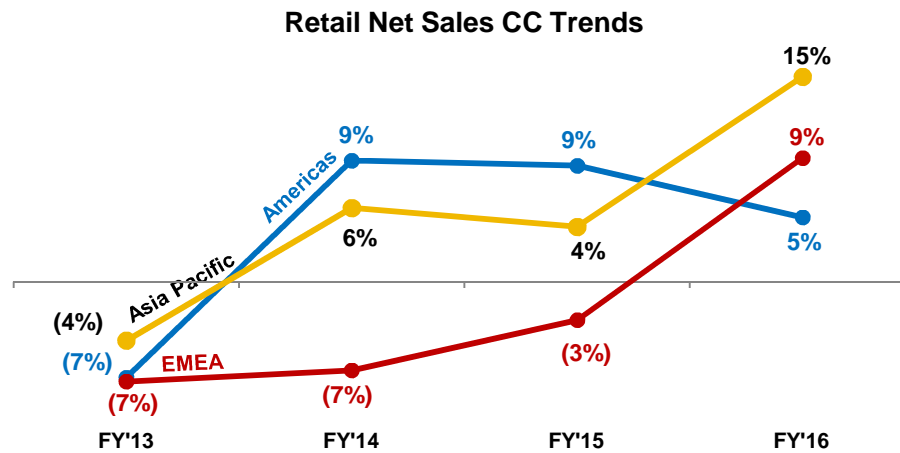
- Growing categories represented over 80% of sales in FY'16
- Growth fueled by strong execution and meaningful innovation
  - New Gaming keyboards, mice and headsets
  - New Video Collaboration solutions (Logitech Group) and continued growth of conference cams
  - Wireless offerings in Keyboards and high-end wireless mice in Pointing Devices
- Mobile Speakers delivered strong FY'16 growth at 37% CC
  - Q4 decline reflects actions taken to align sales run rate with expectations of slower market growth in FY'17 and challenging comparison to prior year which included our UE MEGABOOM launch

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# REGIONAL SALES

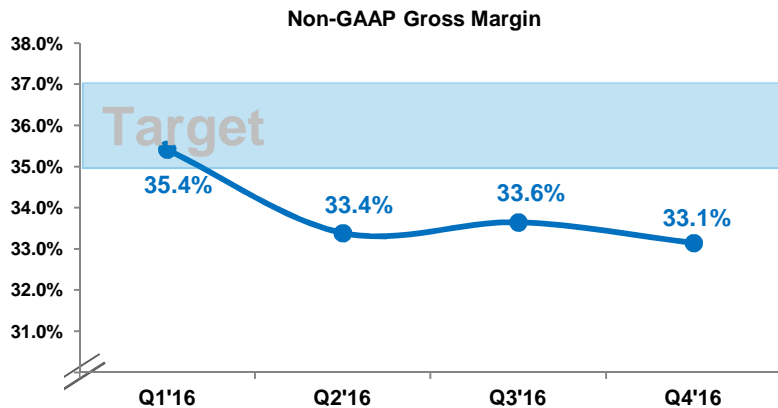
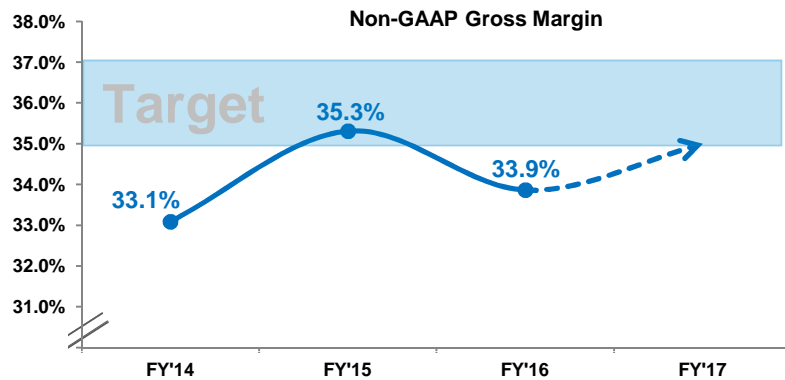
	Q4'16 vs. PY				FY'16 vs. PY			
	Net Sales			Sell-Through YoY	Net Sales			Sell-Through YoY
	USD	YoY	YoY CC		USD	YoY	YoY CC	
Americas	162	(9%)	(8%)	5%	858	3%	5%	8%
EMEA	151	17%	19%	15%	629	(1%)	9%	(0%)
Asia Pacific	118	9%	12%	10%	461	10%	15%	9%
<b>Total Retail</b>	<b>431</b>	<b>4%</b>	<b>6%</b>	<b>9%</b>	<b>1,947</b>	<b>3%</b>	<b>9%</b>	<b>5%</b>

- EMEA's 5<sup>th</sup> straight quarter of growth and best performance in over 3 years led by Gaming and Video Collaboration
- Asia Pacific FY'16 sales +15% CC with 5<sup>th</sup> consecutive quarter of double-digit growth
  - China sales hit record high for a quarter
- Americas FY'16 sales +5% CC, while Q4'16 sales primarily impacted by Mobile Speakers decline as we aligned to slower market growth



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# STABILIZED MARGIN OVERCOMING CURRENCY

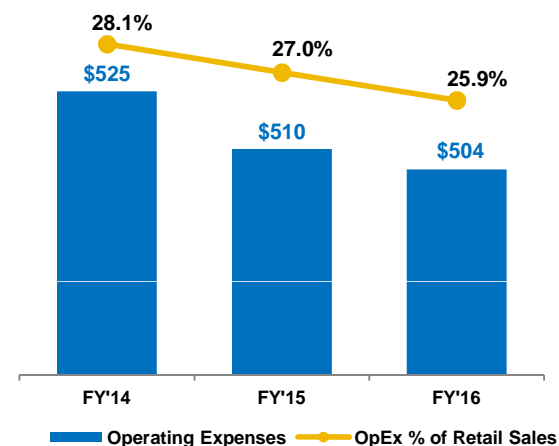


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- Recovered ~50% of FY16 currency impact (over 3pts YoY) through product mix, pricing actions and cost savings
- Product cost savings helped partially recover currency impact and fund new product launches
- Continued cost savings and tail-end of pricing impact will progressively drive GM recovery back to 35%+ band in FY'17

# LOWEST SPENDING IN 6 YEARS

Non-GAAP	Q4'16	Q4'15	YoY	FY'16	FY'15	YoY
Sales & Marketing	74	74	1%	310	313	(1%)
<i>% of Retail Sales</i>	17.3%	17.7%	(40bp)	15.9%	16.6%	(70bp)
<i>% of Sales</i>	17.3%	16.7%	60bp	15.3%	15.6%	(30bp)
Research & Development	26	28	(4%)	110	105	5%
<i>% of Retail Sales</i>	6.1%	6.6%	(50bp)	5.7%	5.6%	10bp
<i>% of Sales</i>	6.1%	6.2%	(10bp)	5.5%	5.2%	30bp
General & Administrative	20	23	(14%)	85	91	(8%)
<i>% of Retail Sales</i>	4.5%	5.5%	(100bp)	4.3%	4.8%	(50bp)
<i>% of Sales</i>	4.5%	5.2%	(70bp)	4.2%	4.6%	(40bp)
<b>Operating Expenses</b>	<b>120</b>	<b>124</b>	<b>(3%)</b>	<b>504</b>	<b>510</b>	<b>(1%)</b>
<i>% of Retail Sales</i>	27.9%	29.8%	(190bp)	25.9%	27.0%	(110bp)
<i>% of Sales</i>	27.9%	28.1%	(20bp)	25.0%	25.4%	(40bp)



- Reduced FY'16 OpEx % of Retail Sales by 110bps to 25.9%, lowest level since 2009
- Infrastructure/G&A efficiencies continue to support growth investments
- R&D up 5% to fund seed investments and growing categories

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# CASH METRICS

\$M	Q4'16	Q4'15	YoY
Cash from Operations	32	42	(23%)
<b>Ending Cash Balance</b>	<b>519</b>	<b>533</b>	<b>(3%)</b>
Inventory	229	256	(11%)
<i>Inventory Turns</i>	<i>5.0</i>	<i>4.7</i>	<i>0.4 Turns</i>
<i>DSI</i>	<i>71</i>	<i>77</i>	<i>(5 Days)</i>
Accounts Receivable	143	167	(15%)
<i>DSO</i>	<i>30</i>	<i>34</i>	<i>(4 Days)</i>
Accounts Payable	241	293	(18%)
<i>DPO</i>	<i>75</i>	<i>88</i>	<i>(12 Days)</i>
<b>Cash Conversion Cycle</b>	<b>26</b>	<b>23</b>	<b>3 Days</b>

- FY'16 Cash from Operations +2% to \$183M despite currency headwinds
- Stable cash conversion metrics, with full year Cash Conversion Cycle of 22 days (within target range of 20 to 25 days)
- Strong cash balance of \$519M supports high level of cash return to shareholders
  - \$86M dividend and \$70M in share buybacks in FY'16

# SUSTAINED PROFITABLE GROWTH

- FY'16 was our 3<sup>rd</sup> year of growth, with Retail Sales +9% CC
  - Growing categories represented over 80% of sales
  - Demonstrated sales growth across regions: Americas +5%, EMEA +9%, and Asia Pacific +15%
- 33.9% Gross Margin overcame ~50% currency impacts through pricing actions, cost efficiencies, and product mix
- FY'16 Operating Expenses at lowest level in 5 years, with G&A decline of 8% funding growth investments (R&D +5%)
- FY'16 Operating Income exceeded outlook at \$179M
- Generated \$183M in cash, +2% YoY despite currency headwinds
  - Returned >100% of Free Cash Flow through dividend (\$86M) and share buybacks (\$70M)

\$ in Millions

Results listed are Non-GAAP excluding all discontinued operations

Comparisons are YoY unless otherwise specified

Free Cash Flow is calculated as cash from operations minus capital expenditures.

# JAYBIRD ACQUISITION



- Leader in premium wireless audio wearables for sports, bringing music to active lifestyles
- Expands Logitech's presence in Music markets
- Paid \$50M plus up to \$45M earn-out on growth target achievement over 2 years
- Acquisition closed in April and does not materially impact FY'17 outlook

# CONFIRMING FY'17 OUTLOOK

## FY'17 Outlook

Retail Sales CC Growth	<b>Mid Single Digit</b>
Non-GAAP Operating Profit	<b>\$185M to \$200M</b>

## Assumptions

Currency	FY'16 average rates
Effective Tax Rate	~10%
Cash From Operations	1x Non-GAAP Operating Income
CapEx	~\$50M
Sharecount	Slightly declining, driven by buyback

# **APPENDICES**

# GAAP TO NON-GAAP ADJUSTMENTS

\$M	Q1'16	Q2'16	Q3'16	Q4'16	FY'16
Stock Based Comp	6.5	6.3	6.5	7.7	27.0
Intangible Amortization	0.2	0.2	0.1	0.0	0.4
Restructuring	11.5	3.1	(0.7)	3.8	17.8
Special One-Time	4.0	0.3	(0.2)	0.6	4.7
<b>Impact to OpInc</b>	<b>22.3</b>	<b>9.9</b>	<b>5.7</b>	<b>12.1</b>	<b>49.9</b>
OI&E	0.1	0.1	0.0	0.0	0.2
Tax	(5.2)	2.0	(6.7)	(5.5)	(15.4)
<b>Impact to Net Income</b>	<b>17.2</b>	<b>12.0</b>	<b>(1.1)</b>	<b>6.6</b>	<b>34.7</b>

# GAAP TO NON-GAAP RECONCILIATIONS

(In thousands, except per share amounts) - Unaudited

<i>GAAP TO NON GAAP RECONCILIATION</i> <sup>(A)</sup>	Three Months Ended March 31		Fiscal Years Ended March 31	
	2016	2015	2016	2015
<b>SUPPLEMENTAL FINANCIAL INFORMATION</b>				
<b>Gross profit - GAAP</b>	\$ 142,100	\$ 141,674	\$ 681,047	\$ 705,457
Share-based compensation expense	692	749	2,340	2,474
<b>Gross profit - Non-GAAP</b>	<u>\$ 142,792</u>	<u>\$ 142,423</u>	<u>\$ 683,387</u>	<u>\$ 707,931</u>
<b>Gross margin - GAAP</b>	33.0 %	32.0 %	33.7 %	35.2 %
<b>Gross margin - Non-GAAP</b>	33.1 %	32.2 %	33.9 %	35.3 %
<b>Operating expenses - GAAP</b>	\$ 131,745	\$ 128,434	\$ 551,989	\$ 551,273
Less: Share-based compensation expense	7,036	4,713	24,672	21,717
Less: Amortization of other intangible assets	1	166	448	763
Less: Restructuring charges (credits), net	3,784	(4,742)	17,802	(4,777)
Less: One time special charge	555	4,213	4,676	23,737
<b>Operating expenses - Non-GAAP</b>	<u>\$ 120,369</u>	<u>\$ 124,084</u>	<u>\$ 504,391</u>	<u>\$ 509,833</u>
<b>% of net sales - GAAP</b>	30.6 %	29.0 %	27.4 %	27.5 %
<b>% of net sales - Non - GAAP</b>	27.9 %	28.1 %	25.0 %	25.4 %

# GAAP TO NON-GAAP RECONCILIATIONS CONT.

(In thousands, except per share amounts) - Unaudited

GAAP TO NON GAAP RECONCILIATION <sup>(A)</sup>	Three Months Ended March 31		Fiscal Years Ended March 31	
	2016	2015	2016	2015
<b>SUPPLEMENTAL FINANCIAL INFORMATION</b>				
<b>Operating income - GAAP</b>	\$ 10,355	\$ 13,240	\$ 129,058	\$ 154,184
Share-based compensation expense	7,728	5,462	27,012	24,191
Amortization of other intangible assets	1	166	448	763
Restructuring charges (credits), net	3,784	(4,742)	17,802	(4,777)
One time special charge	555	4,213	4,676	23,737
<b>Operating income - Non - GAAP</b>	<b>\$ 22,423</b>	<b>\$ 18,339</b>	<b>\$ 178,996</b>	<b>\$ 198,098</b>
<b>% of net sales - GAAP</b>	<b>2.4 %</b>	<b>3.0 %</b>	<b>6.4 %</b>	<b>7.7 %</b>
<b>% of net sales - Non - GAAP</b>	<b>5.2 %</b>	<b>4.1 %</b>	<b>8.9 %</b>	<b>9.9 %</b>
<b>Net income from continuing operations - GAAP</b>	\$ 17,010	\$ 18,818	\$ 128,362	\$ 148,429
Share-based compensation expense	7,728	5,462	27,012	24,191
Amortization of other intangible assets	1	166	448	763
Restructuring charges (credits), net	3,784	(4,742)	17,802	(4,777)
One time special charge	555	4,213	4,676	23,737
Investment impairment	(645)	39	(469)	2,298
Provision for income taxes	(5,452)	(5,534)	(15,413)	(12,468)
<b>Net income from continuing operations - Non - GAAP</b>	<b>\$ 22,981</b>	<b>\$ 18,422</b>	<b>\$ 162,418</b>	<b>\$ 182,173</b>
<b>Net income from continuing operations per share:</b>				
Diluted - GAAP	\$ 0.10	\$ 0.11	\$ 0.77	\$ 0.89
Diluted - Non - GAAP	\$ 0.14	\$ 0.11	\$ 0.98	\$ 1.10
<b>Shares used to compute net income per share:</b>				
Diluted - GAAP and Non - GAAP	165,365	166,424	165,792	166,174



# **GAAP TO NON-GAAP RECONCILIATIONS 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.

# 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

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