



## Logitech Reports First Quarter Results

### Sales Meet Growth Target; Operating Income, Gross Margin Driven Down in Response to Challenging Retail Environment

FREMONT, Calif. and ROMANEL-SUR-MORGES, Switzerland--July 22, 2003--Logitech International (Switzerland: LOGN) (Nasdaq:LOGI) today announced that its sales for the first fiscal quarter of 2004, ended June 30, 2003, were \$218 million, up 12 percent over the same quarter last year. Gross margin for the quarter was 27.8 percent, compared with 34 percent last year. Operating income was \$7.9 million, down 38 percent compared to the same quarter last year. Net income for the quarter was \$5.7 million (\$0.12 per share), down 47 percent from a year ago.

During the latter part of the first quarter--faced with weaker-than-expected demand and stronger-than-expected competition in some key categories of its retail business--Logitech implemented significant pricing actions, building on the Company's ongoing promotional initiatives. In addition, strong sales in Logitech's OEM business--31 percent growth over the first quarter last year--resulted in a larger percentage of lower-margin OEM sales in the overall sales mix for the quarter.

"While the pricing actions in our retail business took a significant toll on our operating income for the quarter, we believe that the new pricing solidly positions our products in the retail channel," said Guerrino De Luca, Logitech president and chief executive officer. "The more aggressive pricing, combined with our plans for higher levels of advertising and marketing, is intended to stimulate demand for our retail products. We also anticipate the fall introduction of highly differentiated new products - already previewed and lauded by our retail partners."

Retail sales of Logitech's corded computer mice--a high-margin product line--fell short of expectations. A driver of the shortfall was a 17 percent decline in the average selling price, when compared to the previous quarter, Q4 of Fiscal 2003. Retail sales of Logitech's cordless desktops--a key growth product for the Company--also fell short of expectations.

A notable highlight for the quarter was Logitech's strong growth in console gaming peripherals, driven by shipments to Sony of the USB Headset and EyeToy™ Camera for the Sony® PlayStation®2. Logitech expects the console-gaming product category to continue to build momentum as the Company begins fall shipments of products it unveiled earlier this quarter at the E3 trade show.

Logitech also saw strong growth this quarter in its audio and webcam products. Combined retail and OEM revenue for audio products--speakers and headsets--was up 52 percent over the same quarter last year. And retail revenue for webcams was up 30 percent. The longer-term outlook for Logitech's webcam business received a boost this quarter as the Company participated with Microsoft in the preview of MSN® Messenger 6--Logitech provides the integrated webcam capability for MSN Messenger's video instant messaging.

Logitech continued market development for the Logitech® io™ Digital Pen. During the first quarter, the Company agreed to purchase an equity interest of approximately 10 percent of the Anoto Group, which supplies Logitech with technology for the pen. The equity investment, completed in July 2003, more firmly establishes the two companies' strategic relationship formed for business and technology development of the digital pen and paper platform.

"We're delighted and encouraged by the solid growth we see in many of our product lines," said Guerrino De Luca. "Our mice and desktop products face significant challenges in the retail market, and our focus is on addressing those challenges through pricing, marketing, innovative new products, and cost improvements."

"Logitech has shown in the past that we have what it takes to fight and win in tough market conditions. I remain very confident in our long-term strategy and business model, in the strength of our team, and in our products. We will continue to focus on delivering solid results despite the current market conditions."

"As we pursue this strategy, our ability to reach our stated target of 15 percent growth in operating income for Fiscal Year 2004--in spite of the first-quarter profit shortfall and the planned increase in marketing expenses--is dependent on the success of our marketing, our new-product initiatives and several product-cost improvements."

For the second fiscal quarter, ending September 30, 2003, Logitech expects revenue of \$270 million to \$280 million, with operating income of \$15 million to \$17 million and gross margin of approximately 30 percent.

To discuss its earnings results for Q1 of Fiscal 2004 and its outlook for future periods, Logitech will conduct a teleconference today at 9:00 a.m. PDT/12:00 p.m. EDT/18:00 Central European Time. A live webcast of the teleconference will be accessible at <http://www.logitech.com>. A replay of this teleconference will be made available on the Logitech Web site. Please visit the Web site at least 10 minutes early to register for the teleconference webcast.

#### About Logitech

Logitech designs, manufactures and markets personal interface products that enable people to effectively work, play, and

communicate in the digital world. With corporate headquarters through its U.S. subsidiary in Fremont, California, and regional headquarters through local subsidiaries in Switzerland, Taiwan and Hong Kong, Logitech International is a Swiss public company traded in Switzerland on the Swiss Stock Exchange (LOGN) and in the U.S. on the Nasdaq National Market System (LOGI). The company has manufacturing facilities in Asia and offices in major cities in North America, Europe and Asia Pacific.

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This press release contains forward-looking statements, including the statements regarding Logitech's expected revenue, operating income and gross margin for the quarter ending September 30, 2003, its operating income for fiscal 2004, the expected impact of lower pricing, differentiated products and increased advertising and marketing on retail demand and future operating results, console-gaming category momentum and the webcam business outlook. These forward-looking statements involve risks and uncertainties that could cause Logitech's actual performance to differ materially from that anticipated in these forward-looking statements. Factors that could cause actual results to differ materially include Logitech's ability to heighten brand preference and stimulate demand for its products through increased advertising and marketing and the introduction of new products, our ability to successfully implement cost-reduction initiatives that improve gross margin, general economic and political conditions, the sales mix of our higher and lower margin retail and OEM products, an increase in the amount or frequency of price reductions and promotions in response to competitive factors, the timing of new product introductions by the Company and its competitors and their acceptance by the market, continued financial stability of our distributors, retailers and OEM customers, our ability to match production to demand and coordinate the worldwide manufacturing and distribution of our products in a timely and cost-effective manner, timely availability and pricing of products and components, the effect of fluctuations in exchange rates, as well as generally those additional factors set forth in our Annual Report on Form 20-F for the fiscal year ended March 31, 2003, and subsequent filings, available from the SEC's Edgar database at [www.sec.gov](http://www.sec.gov) and upon request from Logitech by calling (510) 713-4220. Logitech does not undertake to update any forward-looking statements.

All trademarks are the property of their respective owners. For more information about Logitech and its products, visit the Company's web site at [www.logitech.com](http://www.logitech.com).

LOGITECH INTERNATIONAL S.A.		
	Quarter Ended June 30	
CONSOLIDATED STATEMENTS OF INCOME (In thousands, except per share / ADS) - Unaudited	2004	2003
<b>Net sales</b>	\$ 266,594	\$ 218,192
<b>Cost of goods sold</b>	175,728	157,554
<b>Gross profit</b>	<b>90,866</b>	<b>60,638</b>
% of net sales	34.1%	27.8%
<b>Operating expenses:</b>		
Marketing and selling	39,569	28,032
Research and development	16,679	14,595
General and administration	13,042	10,158
<b>Total operating expenses</b>	<b>69,290</b>	<b>52,785</b>
<b>Operating income</b>	<b>21,576</b>	<b>7,853</b>
Interest expense, net	(290)	(249)
Other income (expense), net	896	(483)
<b>Income before income taxes</b>	<b>22,182</b>	<b>7,121</b>

Provision for income taxes	3,327	1,424
<b>Net income</b>	<b>\$ 18,855</b>	<b>\$ 5,697</b>
<b>Shares used to compute net income per share and ADS:</b>		
Basic	44,828	45,743
Diluted	50,295	48,056
<b>Net income per share and ADS:</b>		
Basic	\$0.42	\$0.12
Diluted	\$0.39	\$0.12

<b>LOGITECH INTERNATIONAL S.A.</b>			
<b>CONSOLIDATED BALANCE SHEETS</b> (In thousands) - Unaudited	<b>June 30, 2004</b>	<b>March 31, 2004</b>	<b>June 30, 2003</b>
<b>Current assets</b>			
Cash and cash equivalents	\$ 273,976	\$ 294,753	\$ 229,952
Accounts receivable	150,926	206,187	158,493
Inventories	179,884	135,561	125,994
Other current assets	49,360	45,304	47,131
<b>Total current assets</b>	<b>654,146</b>	<b>681,805</b>	<b>561,570</b>
<b>Investments</b>	16,644	16,172	980
<b>Property, plant and equipment</b>	42,068	37,308	39,714
<b>Intangible assets</b>			
Goodwill	131,778	108,615	108,615
Other intangible assets	20,744	12,543	16,386
<b>Other assets</b>	3,868	9,473	7,835
<b>Total assets</b>	<b>\$ 869,248</b>	<b>\$ 865,916</b>	<b>\$ 735,100</b>
<b>Current liabilities</b>			
Short-term debt	\$ 9,898	\$ 14,129	\$ 9,880
Accounts payable	156,622	143,016	116,722
Accrued liabilities	118,910	113,752	90,243
<b>Total current liabilities</b>	<b>285,430</b>	<b>270,897</b>	<b>216,845</b>
Long term debt	140,037	137,008	131,835
Other liabilities	910	931	3,552

<b>Total liabilities</b>	<b>426,377</b>	<b>408,836</b>	<b>352,232</b>
<b>Shareholders' equity</b>	<b>442,871</b>	<b>457,080</b>	<b>382,868</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 869,248</b>	<b>\$ 865,916</b>	<b>\$ 735,100</b>

<b>LOGITECH INTERNATIONAL S.A.</b>		
<b>SUPPLEMENTAL FINANCIAL AND OTHER INFORMATION</b> (In thousands) - Unaudited		
	<b>Quarter Ended June 30</b>	
	<b>2004</b>	<b>2003</b>
Depreciation	\$ 5,916	\$ 5,861
Amortization of other acquisition-related intangibles	1,396	1,377
Operating income	21,576	7,853
Operating income before depreciation and amortization	28,888	15,091
Capital expenditures	10,591	6,773
Net sales by channel:		
Retail	\$ 223,471	\$ 169,825
OEM	43,123	48,367
Total net sales	\$ 266,594	\$ 218,192
Net sales by product family:		
Retail - Cordless	\$ 76,680	\$ 55,357
Retail - Coded	57,569	59,444
Retail - Video	45,895	21,815
Retail - Audio	21,499	19,507
Retail - Gaming	16,249	8,175
Retail - Other	5,579	5,527
OEM	43,123	48,367
Total net sales	\$ 266,594	\$ 218,192

<b>LOGITECH INTERNATIONAL S.A.</b>				
(In thousands) - Unaudited	<b>Quarter Ended</b>			<b>Year Ended</b>

HISTORICAL SALES BY CHANNEL AND PRODUCT FAMILY	June 30, 2003	September 30, 2003	December 31, 2003	March 31, 2004	March 31, 2004
Net sales by channel:					
Retail	\$ 169,825	\$ 234,478	\$ 333,997	\$ 281,990	\$ 1,020,290
OEM	48,367	59,115	75,560	65,138	248,180
Total net sales	\$ 218,192	\$ 293,593	\$ 409,557	\$ 347,128	\$ 1,268,470
Net sales by product family:					
Retail - Cordless	\$ 55,357	\$ 73,091	\$ 113,106	\$ 99,528	\$ 341,082
Retail - Corded	59,444	77,034	82,573	75,778	294,829
Retail - Video	21,815	36,607	53,600	54,396	166,418
Retail - Audio	19,507	28,224	42,937	27,973	118,641
Retail - Gaming	8,175	16,261	36,233	22,203	82,872
Retail - Other	5,527	3,261	5,548	2,112	16,448
OEM	48,367	59,115	75,560	65,138	248,180
Total net sales	\$ 218,192	\$ 293,593	\$ 409,557	\$ 347,128	\$ 1,268,470