



Logitech Delivers Best Quarter Ever

Sales up 15%, Net Income up 32% Company Increases Full-Year Target for Operating Income

ROMANEL-SUR-MORGES, Switzerland, Jan. 18, 2007 and FREMONT, Calif., Jan 17, 2007 — Logitech International (SWX: LOGN) (Nasdaq: LOGI) today announced its best-ever quarterly results, posting record profits and margins, and the Company's thirty-third consecutive quarter of double-digit revenue growth. Sales for the third quarter of Fiscal Year 2007, ended Dec. 31, 2006, were \$659 million, up 15 percent from \$574 million for the same quarter one year ago.

GAAP operating income was \$100 million, an increase of 23 percent over Q3 last year, and includes \$4.6 million in costs for stock-based compensation. GAAP net income, including \$4.4 million in costs for stock-based compensation (net of related tax benefit), was \$94 million (\$0.49 per share), up 32 percent year over year. GAAP gross margin was 36.2 percent.

Non-GAAP operating income, which excludes stock-based compensation, was \$104.2 million, up 29 percent from last year's operating income of \$80.7 million. Non-GAAP net income for Q3 was \$98.7 million (\$0.51 per share), up 38 percent compared with net income of \$71.3 million (\$0.36 per share) in the prior year. Non-GAAP gross margin was 36.3 percent, compared to 32.3 percent for the same quarter last year – a year-over-year improvement of 400 basis points. (See Note 1.)

Logitech's retail sales for the quarter increased by 16 percent, with growth of 19 percent in EMEA, 14 percent in the Americas and 2 percent in Asia Pacific. Retail sales were driven by year-over-year growth across most product categories, with particular strength in audio (up 27 percent), and remote controls (up 42 percent). The Company's OEM sales grew by 4 percent.

Cash flow from operations for the quarter was \$171 million, an increase of \$126 million compared to the prior year and the highest cash flow from operations for a single quarter in the Company's history.

"This was our best quarter ever, reflecting significantly improved margins across all major product categories, strong demand for our holiday lineup, and effective management of our working capital," said Guerrino De Luca, Logitech president and chief executive officer. "We have been increasingly successful in bringing a wealth of innovation to our product categories. And our record-setting gross margin is a clear indication of the value consumers place on that innovation.

"One highlight for the quarter was our outstanding year-over-year growth in audio, demonstrating the continued consumer appetite for iPod® and PC speakers that enhance the digital music experience, as well as the impact of our strongly differentiated offering. We're also very pleased by the continued growth in our line of universal remote controls, as consumers continue to simplify and enrich their living room entertainment systems with the unique benefits of a Harmony remote control."

Outlook

While Logitech continues to expect FY 2007 sales growth of 17 percent year over year, the Company now expects FY 2007 non-GAAP operating income growth of between 25 and 30 percent compared with last year; previously the company estimated non-GAAP operating income to increase between 20 and 25 percent. FY 2007 gross margin is expected to be at or above the high end of the Company's long-term range of 32-34 percent; previously the company estimated gross margin to be above the mid point of the range. Logitech now expects its non-GAAP effective tax rate for the year to be between 11 percent and 12 percent (previously 13 percent). Non-GAAP operating income and effective tax rate exclude the costs of stock-based compensation. The Company now expects the net costs of stock-based compensation for FY 2007, reflected in net income, to be at the low end of the previously stated range of \$16 to \$19 million.

The Company also provided preliminary financial targets of 15 percent growth in sales and operating income for Fiscal Year 2008, ending March 31, 2008.

Earnings Teleconference

Logitech will hold an earnings teleconference on Jan. 18, 2007 at 14:00 Central European Time/8:00 a.m. Eastern Standard Time/5:00 a.m. Pacific Standard Time to discuss these results as well as guidance for Fiscal Year 2007 and Fiscal Year 2008.

A live webcast and replay of the teleconference, including presentation slides, will be available on the Logitech corporate Web site at <http://ir.logitech.com>. Please visit the Web site at least 10 minutes early to register for the teleconference webcast.

About Logitech

Logitech is a world leader in personal peripherals, driving innovation in PC navigation, Internet communications, digital music, home-entertainment control, gaming and wireless devices. Founded in 1981, Logitech International is a Swiss public company traded on the SWX Swiss Exchange (LOGN) and on the Nasdaq Global Select Market (LOGI).

Note 1. A reconciliation between non-GAAP operating income, net income, and gross margin, and GAAP operating income, net income, and gross margin is set forth in the second supplemental schedule of the attached tables along with additional information regarding the use of these non-GAAP measures.

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This press release contains forward-looking statements, including the statements regarding expected sales, operating income, gross margin and effective tax rate for Fiscal Year 2007, and expected sales and operating income growth in Fiscal Year 2008. 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 if we fail to successfully innovate in our current and emerging product categories and identify new feature or product opportunities; consumer demand for our products and our ability to accurately forecast it; the effect of pricing, product, marketing and other initiatives by our competitors, and our reaction to them, on our sales, gross margins and profitability; our ability to match production to demand and to coordinate the worldwide manufacturing and distribution of our products in a timely and cost-effective manner; the sales mix among our lower- and higher-margin products; as well as those additional factors set forth in our periodic filings with the Securities and Exchange Commission, including our annual report on Form 20-F for the Fiscal Year ended March 31, 2006 and our quarterly reports on Form 6-K available at www.sec.gov. Logitech does not undertake to update any forward-looking statements.

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