



Logitech

Q1 Fiscal Year 2013

July 25, 2012

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the U.S. federal securities laws, including, without limitation, statements regarding: our new products, the target categories for our new products, the timing of new product launches, the strength of our product portfolio, the Swiss withholding tax implications of our planned capital distribution, future share repurchase programs, the benefits from the simplification of our organization and processes, the cost savings from our restructuring, and financial performance starting in the second half of Fiscal Year 2013. The forward-looking statements in this release 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 and sales in emerging market geographies; if sales of PC peripherals in mature markets 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 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; if the restructuring fails to produce the intended performance and cost savings results or is not implemented in the contemplated timeframe. 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, 2012, 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.

Q1 FY 13 Overview

- As expected, results reflect modest performance of a product portfolio still largely comprised of older products
- Previously announced restructuring has been largely completed, as company reduces cost structure and simplifies organization and processes
- New tablet keyboards and wireless speakers see strong initial sales, with majority of new products to launch in Q2 and early Q3, in time for holiday selling season

Q1 FY13 Sales & Gross Margin

- Total sales -2% YOY
 - Excluding the unfavorable impact of exchange rates, sales were flat compared to the prior year
 - Retail sales flat YOY
 - OEM sales -25% primarily due to lower sales in Keyboard & Desktops
 - Sales of mice to OEM customers -10%
 - LifeSize sales +1% to \$37M, reflecting combination of strong growth in Asia Pacific region and weak sales in Americas and Europe
- Gross margin +470bp YOY and -560bp sequentially
 - Sequential decline primarily due to impacts of \$4.5M in pricing actions taken to accelerate streamlining of portfolio in Americas and EMEA, \$3.1M in restructuring-related costs, a provision for likely patent settlement, typical seasonality and changes in product mix

⁴ Note: Comparison is Y/Y unless noted otherwise

Information in constant dollars is calculated by translating prior period local currency results at the current period's average exchange rate.

Retail Sales Region Summary

Q1 FY13



- Total retail sales flat and units +4%
- EMEA and Asia sales into the channel, in constant dollars¹, +28% and -1% respectively
- Overall retail average selling price -4% YOY and -3% sequentially
 - Share of retail products with ASPs above \$100 = 13% of retail sales, compared to 14% in prior year and 12% in prior quarter

Q1 FY13

	Sales Into Channel	Sell-Through
EMEA	17%	-1%*
Asia	0%	6%
Americas	-11%	-5%

*In local currency

¹Information in constant dollars is calculated by translating prior period local currency results at the current period's average exchange rate.

Note: Comparison is Y/Y unless noted otherwise

Retail Sales Region Commentary



Q1 FY13

EMEA

- Growth led by Keyboard/Desktop and Audio product categories
- Strong YOY growth in Germany, the UK and the Netherlands, with declining sales in France and Spain
- Achieved significant profitability improvements, despite weaker Euro, primarily due to improved execution and management of programs with channel partners
- Channel partners' inventory in EMEA down slightly both sequentially and YOY

Americas

- Sales decline experienced across several product categories, with Webcams, Gaming and Pointing Devices down by double-digits
- Single digit growth in Audio and Keyboard/Desktop categories
- Profitability declined significantly due to actions taken to accelerate streamlining of product portfolio and unfavorable mix shift
- Channel partners' inventory in Americas -3% sequentially and -12% YOY

ASIA

- Sales flat, primarily due to weakness in Australia and India
- China sales +9% with strong performance in Keyboard/Desktop and Audio

Note: Comparison is Y/Y unless noted otherwise

Selected Q1 Retail Product Family Highlights

- **Keyboards & Desktops sales +17%**
 - Keyboard & desktop products, excluding iPad-related products, +9%
 - Cordless desktops +22%
 - Sales of iPad keyboards nearly doubled, led by strong initial demand for Logitech Ultrathin Keyboard Cover
- **Audio sales +16%**
 - Growth across all Audio product categories
 - Growth led by Squeezebox products, with sales nearly doubling due to strong demand in EMEA
 - UE line of earphones >+40%
 - Good growth in digital music speakers, with significant contribution from Logitech Mini-Boombox
 - Sales of PC headsets +20%

Note: Comparison is Y/Y unless noted otherwise

Selected Q1 Retail Product Family Lowlights



- Pointing Devices sales -5%
 - Decline entirely driven by Americas region, as we delivered growth in EMEA and Asia Pacific
- Video sales -26%
 - Strong growth in high-end and declines in the mid-range and low-end price bands (most pronounced in Americas)
 - Consumer webcams continue to decline due to market trends
- Gaming sales -27%
 - Decline in PC gaming related to steering wheels for racing games
 - Excluding wheels, delivered growth across all PC gaming, including mice and keyboards

NOTE: In order to capture all Gaming related retail sales within Gaming, we have changed product category classifications on a number of retail products. Most significant impact relates to gaming mice which are no longer in Pointing Devices and are now included in Gaming. The changes are primarily reflected in the Pointing Devices, Audio and Gaming categories.

Note: Comparison is Y/Y unless noted otherwise

Product Category Summary

Q1 FY13

YoY Change

	Revenue	Units
Pointing Devices	-5%	-1%
<i>Cordless Mice</i>	-8%	-1%
<i>Corded Mice</i>	-5%	-7%
Keyboards/Desktop	17%	15%
<i>Cordless KB + DT</i>	24%	42%
<i>Corded KB + DT</i>	-12%	-4%
<i>Tablet Keyboards</i>	97%	77%
Video	-26%	-18%
Audio	16%	10%
Gaming	-27%	10%
<i>PC Platform</i>	-16%	16%
<i>Console Platform</i>	-93%	-81%
Digital Home	5%	26%
<i>Remote Control</i>	-9%	22%
<i>Revue</i>	N/A	N/A
Total Retail	0%	4%
OEM	-25%	-7%
TOTAL (excluding LifeSize)	-3%	0%

Q1 FY13 Overview:

Operating Exp, Other Income & Operating Loss

- Operating expense +19%
 - S&M +1%
 - R&D -3%
 - G&A +5% due to one-time charge of ~\$4.5M to exit previous campus
- Excluding \$31M restructuring charge and \$4M cost related to exit from old campus, operating expenses -2%
- Other income -\$5.4M primarily due to gain on sale of building in Q1 FY12 (previous manufacturing facility in China)
- Operating loss \$59M compared to operating loss of \$45M in Q1 FY12

Q1 FY13 Financial Results

Dollars (in millions, except per share data)

	Q1 FY13	Q1 FY12	% Δ
NET SALES	\$469	\$480	-2%
GROSS PROFIT	\$144	\$126	14%
<i>% of net sales</i>	30.8%	26.1%	+470bp
S&M	\$101	\$100	1%
<i>% of net sales</i>	21.5%	20.8%	
R&D	\$39	\$40	-3%
<i>% of net sales</i>	8.3%	8.3%	
G&A	\$33	\$31	5%
<i>% of net sales</i>	7.0%	6.5%	
OPERATING LOSS	\$59	\$45	
NET LOSS	\$52	\$30	
NET LOSS PER SHARE	\$0.32	\$0.17	
DILUTED SHARES OUTST.	161	179	

Balance Sheet

June 30, 2012 June 30, 2011

Dollars (in millions)

	June 30, 2012	June 30, 2011
CASH	\$361	\$476
ACCOUNTS RECEIVABLE	\$214	\$242
<i>DSO</i>	41 Days	45 Days
INVENTORY	\$281	\$318
<i>Inventory turns</i>	4.6	4.5
ACCOUNTS PAYABLE	\$263	\$328
<i>DPO</i>	73 Days	83 Days
CASH CONVERSION CYCLE	46 Days	43 Days

Cash

- Ended the quarter with \$361M in cash
- Q1 cash flow from operations was -\$7M, down from +\$4M in Q1 FY12
- Requesting shareholder approval for a one-time dividend of CHF ~126M
 - Reward long-term shareholders by taking advantage of strong cash position
 - Distribution from capital contribution reserves not subject to Swiss withholding tax for any of our shareholders
- Share repurchases totaled ~\$90M for Q1 FY13
- \$4M remaining under our current \$250M repurchase program and no plans to request approval for new program for now
- Intend to request shareholder approval to cancel 18.5M shares repurchased in Q4 FY12 and in Q1 FY13 at Sept. 2012 Annual General Meeting
 - Currently own ~18.6% of our own shares

Summary

- Focused on strengthening our product portfolio as we continue to expect to benefit from the simplification of our organization and processes and cost savings from the restructuring
- Future growth opportunities target consumer trends in music, tablets, touch-based navigation and the digital home
- In the middle of our turnaround now
 - Most of the plans we put in place in past quarters expected to bear fruit beginning in the second half of Fiscal Year 13
 - Incurred several one-time charges this quarter that are expected to positively impact future profitability

Appendices

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 is 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 is 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

