



ANALYST AND INVESTOR DAY | 2 MARCH 2016
Supplemental Materials

LOGITECH INTERNATIONAL S.A.
(In thousands, except per share amounts) - Unaudited

GAAP TO NON GAAP RECONCILIATION (A)

Fiscal Years Ended March 31,

SUPPLEMENTAL FINANCIAL INFORMATION

| | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|--|---------------------|---------------------|---------------------|
| <i>Retail Net Sales</i> | \$ 1,887,446 | \$ 1,866,279 | \$ 1,821,051 |
| <i>OEM Net Sales</i> | 117,462 | 141,749 | 141,186 |
| <i>Lifesize Net Sales</i> | 109,039 | 120,685 | 137,040 |
| <i>Total Net Sales</i> | \$ 2,113,947 | \$ 2,128,713 | \$ 2,099,277 |
| <i>Gross profit – GAAP</i> | \$ 774,196 | \$ 727,869 | \$ 709,634 |
| Share-based compensation expense | 2,473 | 2,518 | 2,499 |
| Amortization of other intangible assets | 2,141 | 7,909 | 13,280 |
| Restructuring-related charges | 0 | 5,194 | 4,400 |
| <i>Gross profit - Non-GAAP</i> | \$ 778,811 | \$ 743,490 | \$ 729,813 |
| LifeSize gross profit* | 70,880 | 79,066 | 89,692 |
| OEM gross profit* | 18,022 | 21,816 | 25,317 |
| Retail gross profit | \$ 689,909 | \$ 642,608 | \$ 614,804 |
| <i>Gross margin – GAAP</i> | 36.6% | 34.2% | 33.8% |
| <i>Retail Gross margin - Non-GAAP</i> | 36.6% | 34.4% | 33.8% |
| <i>Operating expenses – GAAP</i> | \$ 758,897 | \$ 651,883 | \$ 961,671 |
| Less: Share-based compensation expense | (23,351) | (23,028) | (22,700) |
| Less: Amortization of other intangible assets | (6,220) | (9,862) | (10,282) |
| Less: Restructuring charges (credits), net | 4,888 | (13,811) | (46,650) |
| Less: Goodwill Impairment | (122,734) | (0) | (216,688) |
| Less: One time special charge | (23,737) | 0 | 0 |
| <i>Operating expenses - Non-GAAP</i> | \$ 587,743 | \$ 605,182 | \$ 665,352 |
| Less: LifeSize operating expenses* | 77,908 | 80,085 | 99,854 |
| Less: OEM operating expenses* | 9,294 | 8,719 | 7,088 |
| <i>Operating expenses - Retail Non-GAAP</i> | \$ 500,541 | \$ 516,378 | \$ 558,410 |
| % of net sales – GAAP | 35.9% | 30.6% | 45.8% |
| Retail % of net sales - Non-GAAP | 26.5% | 27.7% | 30.7% |

*This represents an approximation to reflect that we have exited the OEM product category as well as the Lifesize video conferencing segment.

(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. In assessing our business during the years ended March 31, 2015, 2014 and 2013, we excluded items in the following general categories, each of which are described below:

Share-based compensation expenses. We believe that providing non-GAAP measures excluding share-based compensation expense, in addition to the GAAP measures, allows for a more transparent comparison of our financial results from period to period. We prepare and maintain our budgets and forecasts for future periods on a basis consistent with this non-GAAP financial measure. Further, companies use a variety of types of equity awards as well as a variety of methodologies, assumptions and estimates to determine share-based compensation expense. We believe that excluding share-based compensation expense enhances our ability and the ability of investors to understand the impact of non-cash share-based compensation on our operating results and to compare our results against the results of other companies.

Amortization of other intangible assets. We incur intangible asset amortization expense, primarily in connection with our acquisitions of various businesses and technologies. The amortization of purchased intangibles varies depending on the level of acquisition activity. We exclude these various charges in budgeting, planning and forecasting future periods and we believe that providing the non-GAAP measures excluding these various non-cash charges, as well as the GAAP measures, provides additional insight when comparing our operating expenses and financial results from period to period.

Restructuring and restructuring-related charges. These expenses are associated with re-aligning our business strategies based on current economic conditions. We have undertaken several restructurings in recent years. In connection with our restructuring initiatives, we incurred restructuring charges related to employee terminations, facility closures and early cancellation of certain contracts. Our restructuring initiatives also resulted in other costs related to restructurings not qualifying for inclusion in restructuring charges. We believe that providing the non-GAAP measures excluding these charges, as well as the GAAP measures, assists our investors because such charges are not reflective of our ongoing operating results in the current period.

Investment impairment, net. We incur investment impairment, primarily related to our investments in various privately-held companies. The investment impairment varies depending on the operational and financial performance of the privately-held companies we invested in. We believe that providing the non-GAAP measures excluding these charges, as well as the GAAP measures, assists our investors because such charges are not reflective of our ongoing operations.

One-time special charges: costs related to investigations and related expenses. These expenses are forensic accounting, audit, consulting and legal fees related to the Audit Committee's investigation and the ongoing formal investigation by the Securities and Exchange Commission. We believe that providing the non-GAAP measures excluding these charges, as well as the GAAP measures, assists our investors because such charges are one-time in nature and not reflective of our ongoing operations.

Other charges. We provided non-GAAP measures excluding the effect of certain charges and income that are not reflective of our ongoing operations.

Each of the non-GAAP financial measures described above and used in these Analyst and Investor Day presentations should not be considered in isolation from, or as a substitute for, a measure of financial performance prepared in accordance with GAAP. Further, investors are cautioned that there are inherent limitations associated with the use of each of these non-GAAP financial measures as an analytical tool. In particular, these non-GAAP financial measures are not based on a comprehensive set of accounting rules or principles and many of the adjustments to the GAAP financial measures reflect the exclusion of items that are recurring and may be reflected in the Company's financial results for the foreseeable future. We compensate for these limitations by providing specific information in the reconciliation included with these Analyst and Investor Day presentations regarding the GAAP amounts excluded from the non-GAAP financial measures. In addition, as noted above, we evaluate the non-GAAP financial measures together with the most directly comparable GAAP financial information.