
logitech
FINANCIALS
Vincent Pilette
CFO

FORWARD-LOOKING STATEMENTS

This presentation includes **forward-looking statements** within the meaning of the U.S. federal securities laws, including, without limitation, statements regarding: projected fiscal year 2018 sales, sales growth, strategic growth, operating income, gross profit, gross margin, operating expenses, earnings growth, acquisitions, dividends and stock buybacks, product market trends, opportunities and potential growth, product category strategies, projected fiscal year 2018 sales, sales growth and annual run rate by product category, product category market share and leadership, competitive advantages, product innovation, earnings per share roadmap, operating margin target, new market opportunities, new channels, stock price, value creation, long term business model (including sales growth, sales growth by product category, gross margin, operating expenses, operating margin, cash from operations and capital allocation), product category expectations, resource allocation and investments, and fiscal year 2019 sales growth and operating income outlook and related assumptions. These statements are subject to risks and uncertainties that may cause actual results and events to differ materially, 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; 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 or our growth opportunities are more limited 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 are not able to maintain and enhance our brands; 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. These and other risks and uncertainties are detailed in Logitech's filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended March 31, 2017 and our Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2017, 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.

To facilitate comparisons to Logitech's historical results, we have included **non-GAAP adjusted measures** in this presentation, which exclude primarily share-based compensation expense, amortization of intangible assets, purchase accounting effect on inventory, acquisition-related costs, change in fair value of contingent consideration for business acquisition, restructuring charges (credits), gain (loss) on investments in privately held companies, investigation and related expenses, non-GAAP income tax adjustment, and other items detailed under "Supplemental Financial Information" in our quarterly earnings press release and posted to our website at http://ir.logitech.com. Historical GAAP and corresponding non-GAAP measures are provided with our earnings releases and presentations in the Investors section of our website. We also present percentage sales growth in constant currency ("CC") to show performance unaffected by fluctuations in 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 will help investors to evaluate its current period performance, outlook and trends in its business. For historical financials provided in this presentation, reconciliation between non-GAAP amounts and GAAP amounts is provided on the Investors page of our website, together with this presentation and with our earnings releases. With respect to financial outlook and projections, most of the 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 GAAP amounts has been provided for non-GAAP outlook or projections.

OUR JOURNEY TOGETHER

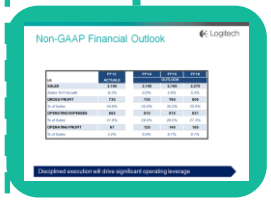
RESET

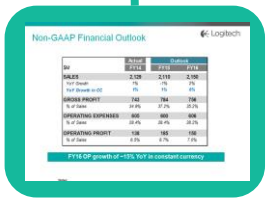
POSITION FOR GROWTH

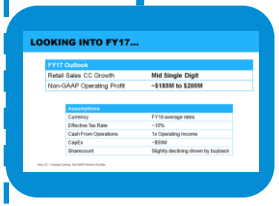
INVEST FOR GROWTH

FY14 FY15 FY16 FY17 FY18







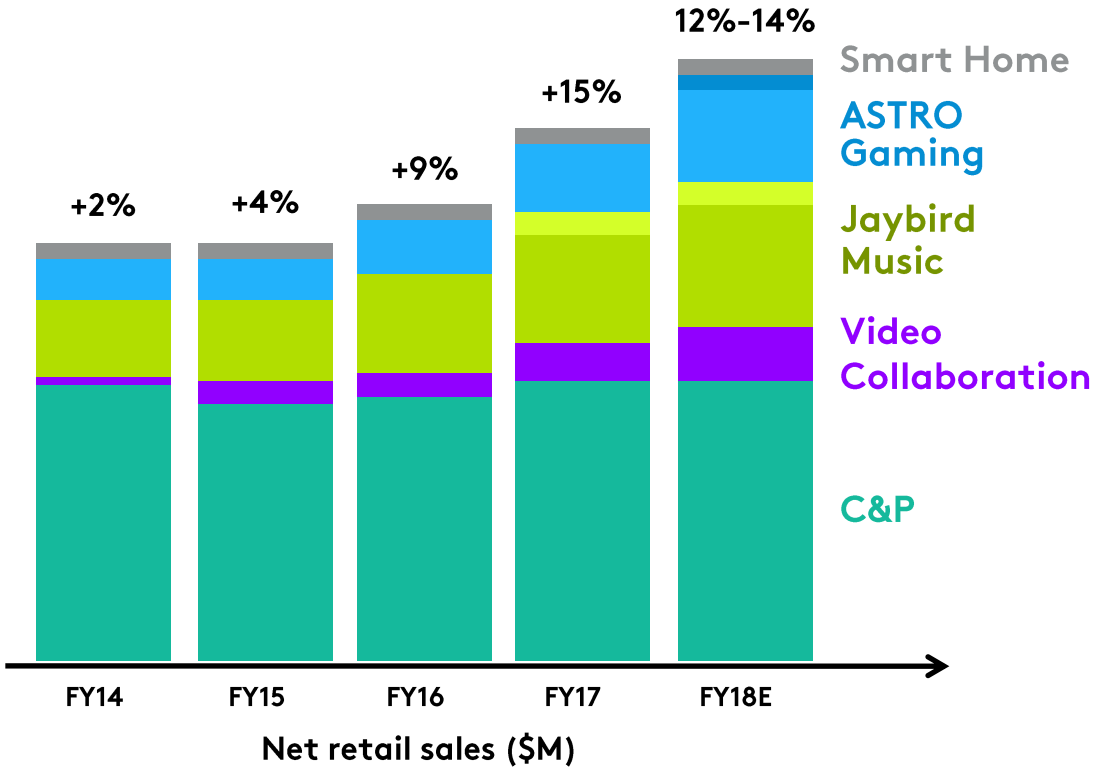




3-year turnaround (done in 2!)

Roadmap to $2
non-GAAP EPS by FY20

FIVE CONSECUTIVE YEARS OF GROWTH



Consistently re-evaluated portfolio

PC Peripheral sales mix ~40%

Gained share across categories

Entered new categories

Complemented organic growth with acquisitions

60% of sales tied to strategic markets connected to cloud platforms

Note: Based on FY18E non-GAAP outlook. Comparisons are YoY and in constant currency.

DIVERSIFIED PORTFOLIO SUSTAINS GROWTH

GAMING

+45%





MUSIC +5%

SMART HOME

+30%





+35%

VIDEO COLLABORATION

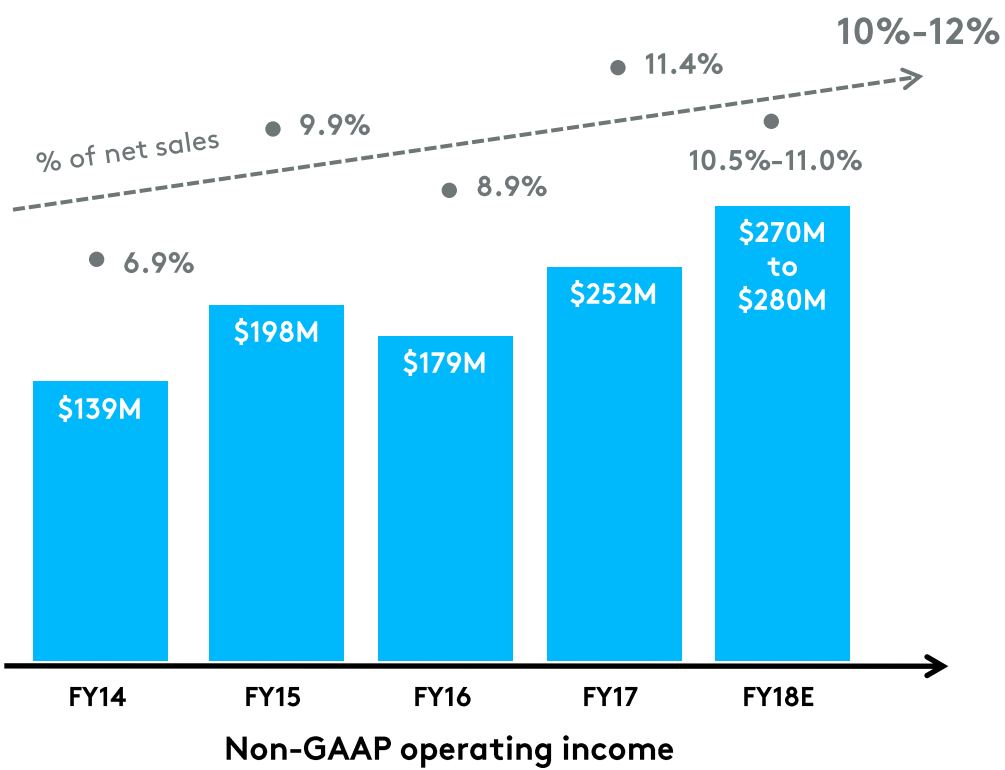


+3%

CREATIVITY & PRODUCTIVITY

Note: Based on mid-point of FY18E non-GAAP outlook. Comparisons are YoY and in constant currency.

ON TRACK TO FY18E OUTLOOK



Sales Growth

- Organic growth +10-12%
- Acquisition growth +2%

Earnings Growth

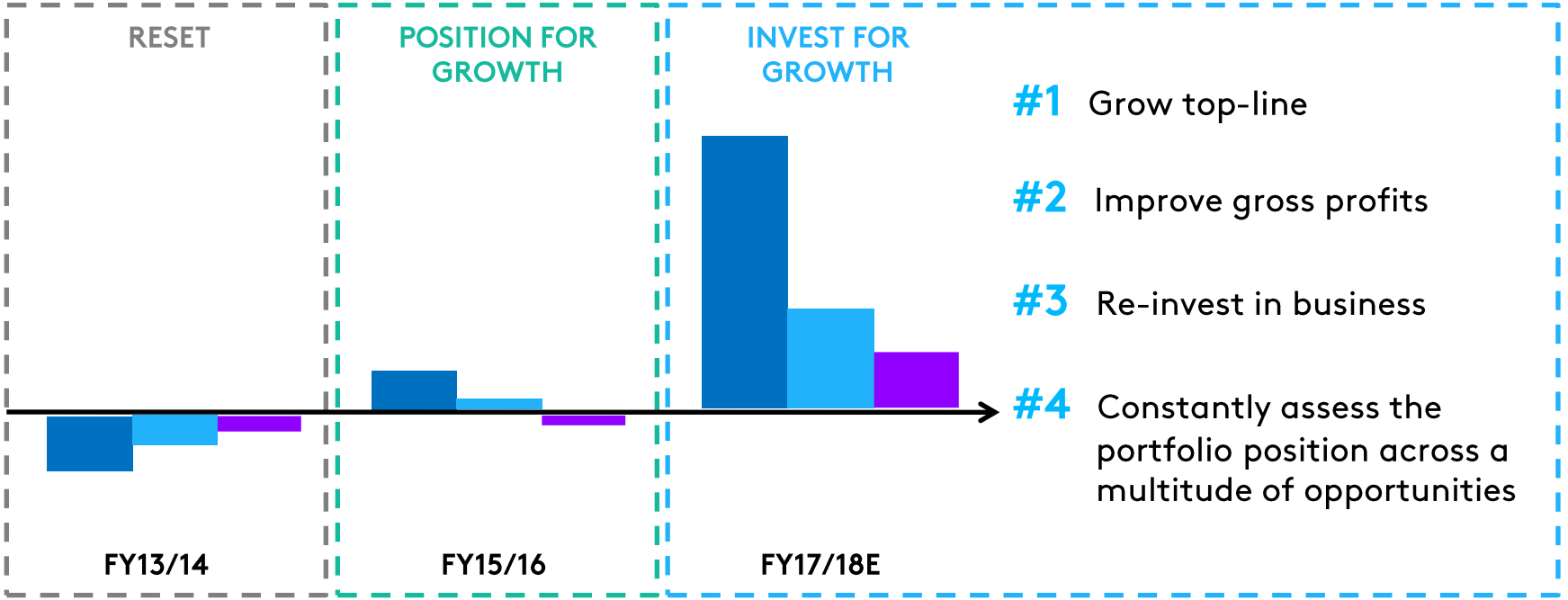
- Gross margin ~36%
- Operating income $270-280M

Capital Allocation

- Acquisition $85M
- Dividends $104M (+10%)
- Stock buyback $30-40M

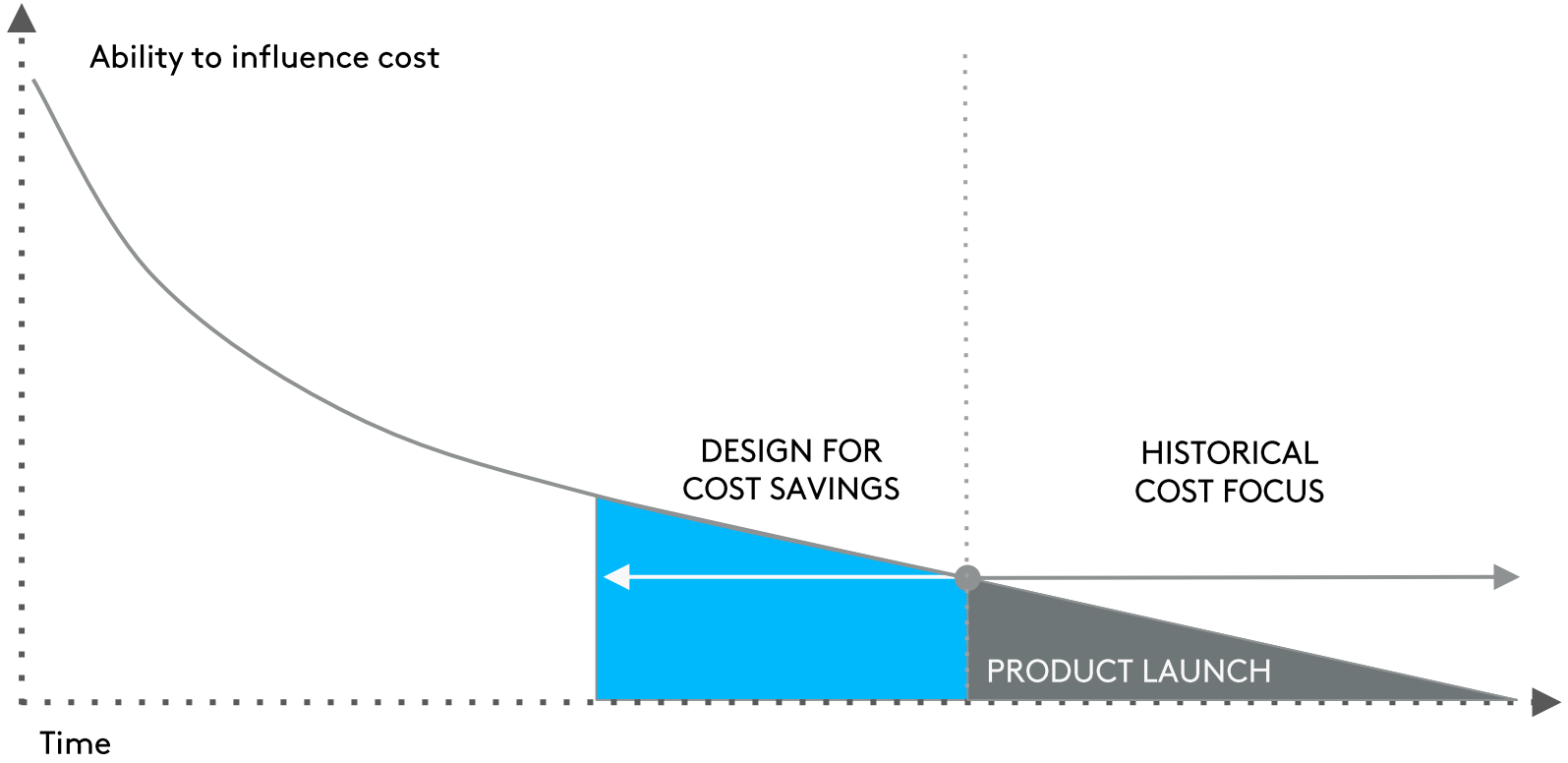
Note: Based on FY18E non-GAAP outlook. Comparisons are YoY and in constant currency.

WHAT IS OUR APPROACH?



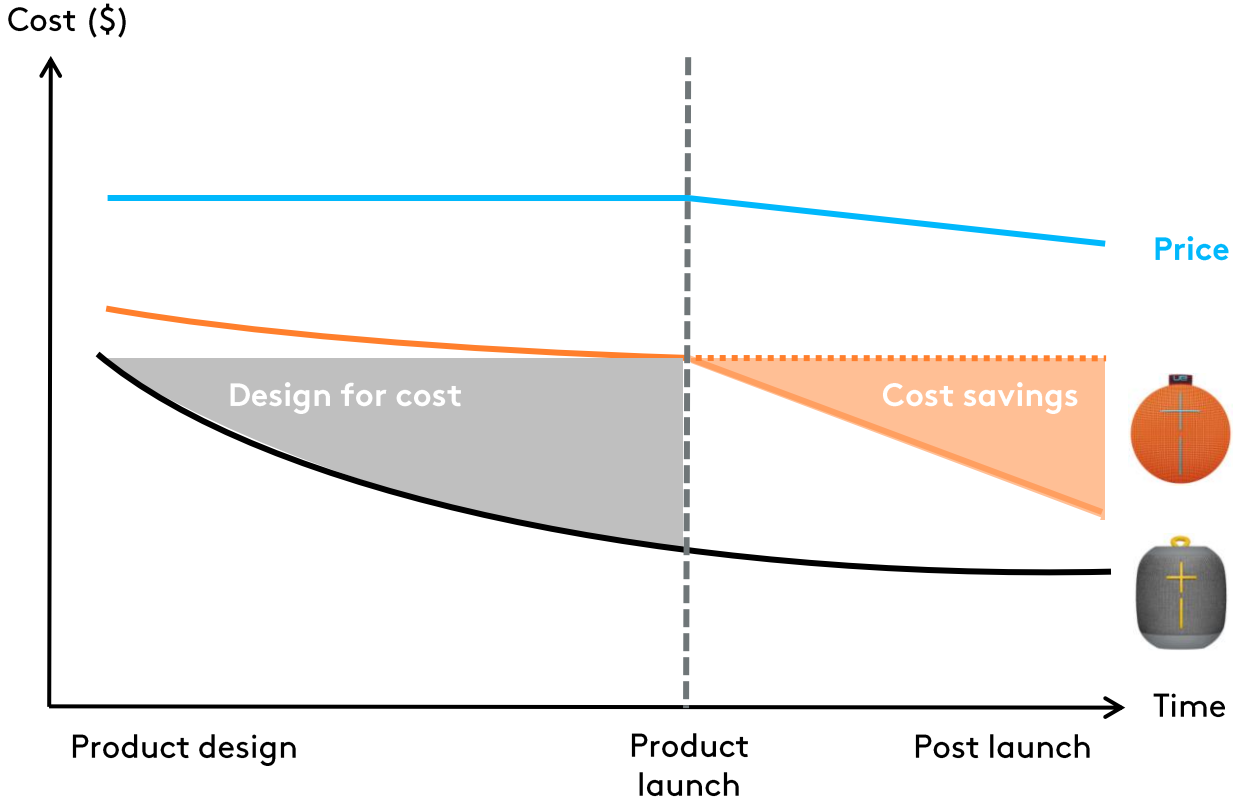
Note: Based on FY18E non-GAAP outlook. Comparisons are two-year period vs prior two-year period and in constant currency.

DESIGN FOR COST CONCEPTUAL FRAMEWORK



Note: Figures are for illustrative purposes only.

DESIGN FOR COST DRIVING BETTER RESULTS



UE Roll savings:

Procurement
Manufacturing
Scale

Wonderboom savings:

Speaker design
Printed circuit board
Fabric & Plastic
Packaging

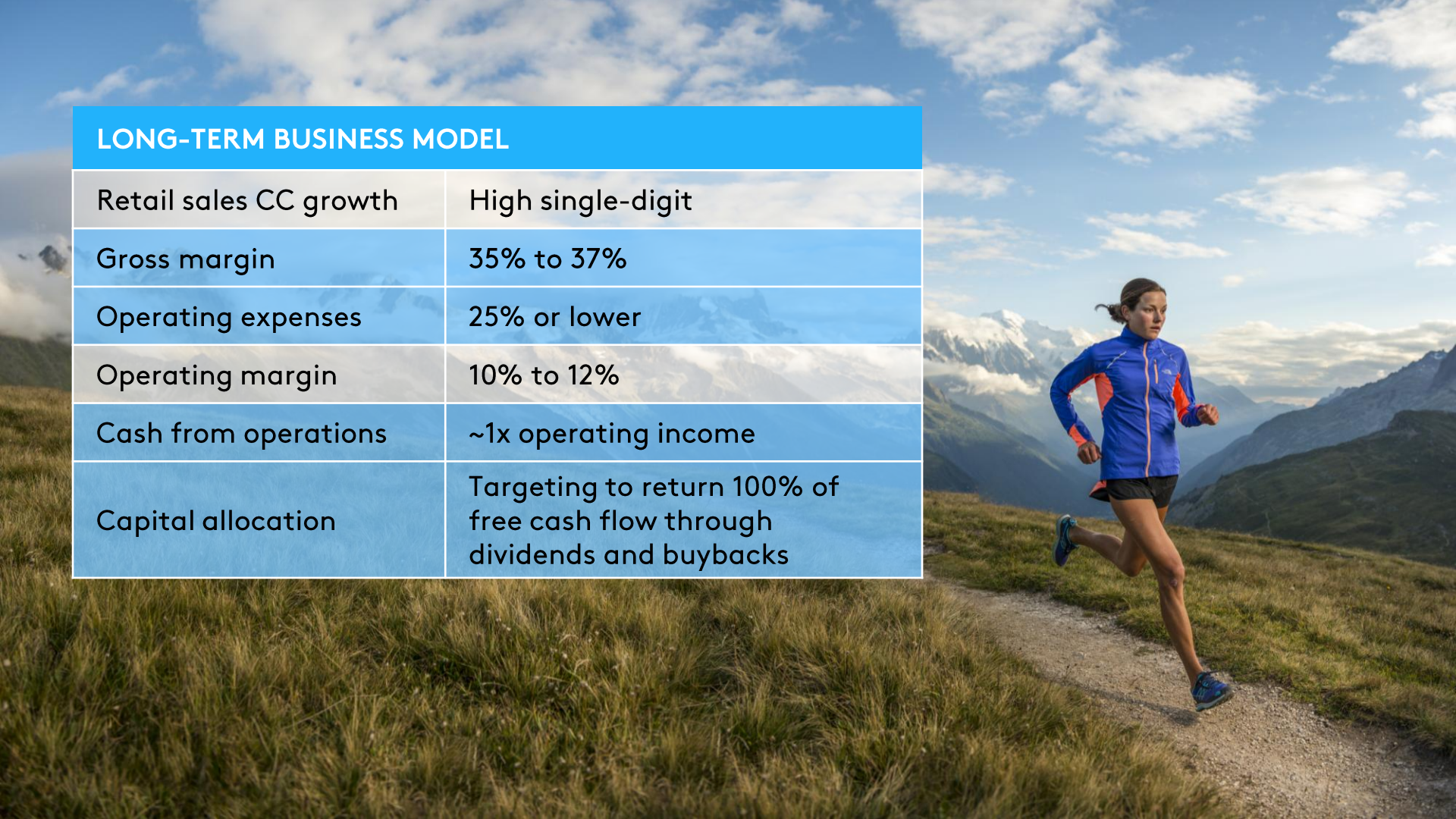
Note: Figures are for illustrative purposes only.

FINANCIAL CORE PRINCIPLES SCORECARD

	FY13	FY18E
Organic growth	F	A
Acquisitions	-	B
Gross margin	D	C
Investing for growth	-	B
Meet or exceed profit targets	F	A
Cash from operations	A	A
Grow dividends	-	B
Opportunistic share buyback	-	B

Shareholder value creation





LONG-TERM BUSINESS MODEL	
Retail sales CC growth	High single-digit
Gross margin	35% to 37%
Operating expenses	25% or lower
Operating margin	10% to 12%
Cash from operations	~1x operating income
Capital allocation	Targeting to return 100% of free cash flow through dividends and buybacks

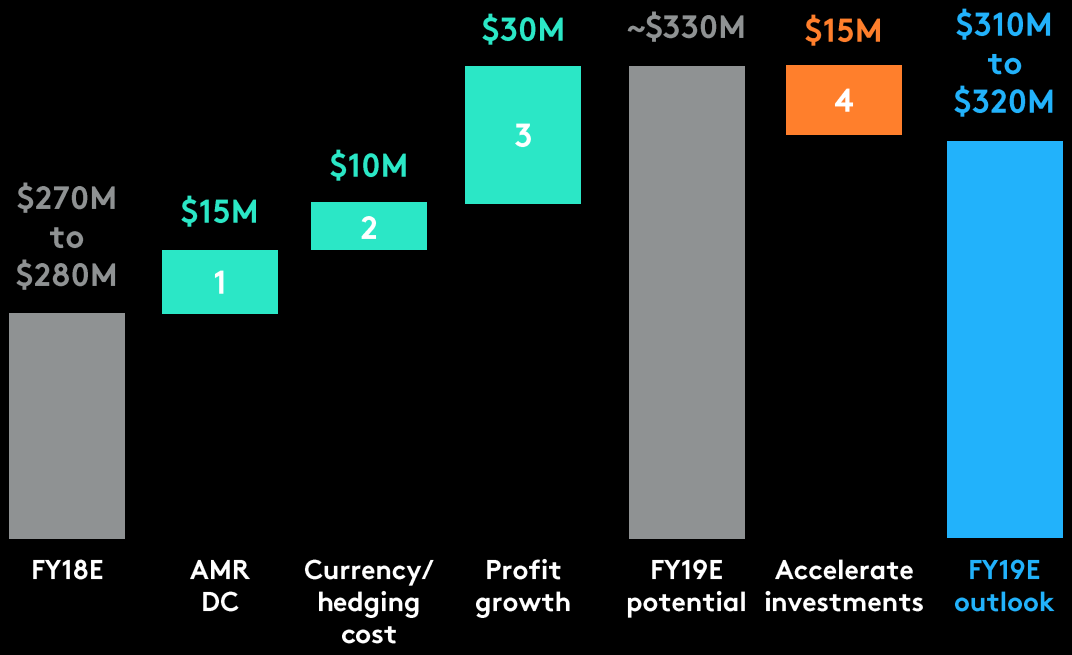
FY19 GROWTH EXPECTATIONS BY MARKET

LOGITECH NET SALES GROWTH	HIGH SINGLE-DIGIT CC
Creativity & Productivity	Flat to low-single digit
Video Collaboration	30% - 40%
Music	Low-single digit
Gaming	20% - 25%
Smart Home	Flat



Note: Comparisons are YoY and in constant currency.

OPERATING INCOME OUTLOOK



#1 Temporary cost from operating two distribution centers in the Americas

#2 One-time hedging cost from rapid US$ depreciation in FY18; FY19 currency assumed to be similar to average FY18 rates

#3 Profits growing faster than sales

#4 Accelerate long-term investments

Note: Based on FY18E non-GAAP outlook. Comparisons are YoY and in constant currency.

CONTINUED STRONG CASH GENERATION

Cumulative cash from operations





#1 Acquisitions $68M

#2 Dividend payments $223M

#3 Share buyback $156M

#1 Business investments and acquisitions

#2 Growing dividends

#3 $250M three-year buyback

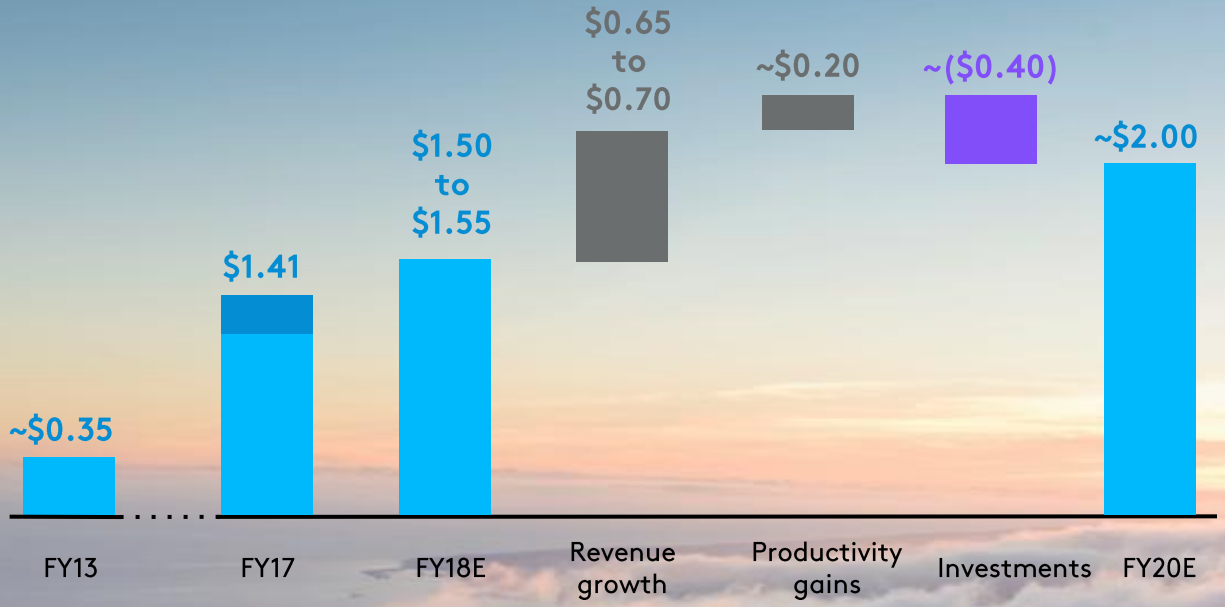
FISCAL YEAR 2019 OUTLOOK

OUTLOOK	
Net sales growth	**High single-digit** CC
Non-GAAP operating income	**$310 - 320M**

ASSUMPTIONS	
Currency	FY18E average rates
Non-GAAP effective tax rate	7-8%
Cash from operations	1x non-GAAP operating income
Capex	~$50M



ON TRACK TO FY20 $2 EPS



Assuming high single-digit CAGR over three years

Moving toward the high-end of gross margin target range of 35-37%

Investing for growth while maintaining operating leverage

1st time implementation of breakage in EMEA; ~$0.09 positive EPS impact

Note: Figures are non-GAAP and based on FY18E non-GAAP outlook. Comparisons are YoY and in constant currency.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