

Q4 Fiscal Year 2018 Financial Results

Lausanne, May 3, 2018

FORWARD-LOOKING STATEMENTS

This presentation includes **forward-looking statements** within the meaning of the U.S. federal securities laws, including, without limitation, statements regarding: our preliminary financial results for the three months and fiscal year ended March 31, 2018, vision of our future company and abilities, ability to be better and do better, trends, market dynamics, outlook, opportunities and potential in our key product markets, new market development, acquisitions, momentum, ability to drive adoption of video collaboration, changes in our product category portfolio and product portfolio, innovation, product features and consumer experiences with our products, sales growth and growth potential, key areas behind growth, profitability, cash flow, ability to fund growth opportunities, technical, go-to-market and other capabilities and the ability to leverage them across markets, new capabilities, initiatives, product features and releases and their timing, re-alignment of channel inventory, target for Fiscal Year 2020 earnings per share, portfolio and pricing readjustments, cost savings, economies of scale, currency exchange rates and potential benefits, investment capacity, ability to capture growth opportunities, ability to optimize infrastructure spend to invest more in product development, marketing and sales, ability to operate more efficiently and effectively, areas of focus, target ranges for gross margin and cash conversion cycle, transformation of the company, re-alignment of resources, restructuring, distribution centers, and outlook for Fiscal Year 2019 sales growth, operating income and related assumptions and in general. 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 its Annual Report on Form 10-K for the fiscal year ended March 31, 2017 and its 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, 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.

KEY MESSAGES – Q4 FY 2018

Consistent performance, with **Q4 sales up 9% (CC) and 16% on a US$ basis** to $592M

Strong double-digit sales growth in Gaming, Video Collaboration, and Tablet & Accessories offset a market slowdown in Mobile Speakers

Gross margin recovered sequentially to 36.4%, enabling us to expand our capacity in global go-to-market, R&D, and marketing

Operating profits rose 9% to $55M, driven by continued focus on cost containment and leverage

Cash flow from operations was up 89% to $90M

Note: Results are non-GAAP, except for cash flow from operations. Comparisons are YoY unless otherwise specified. Sales are net sales.

KEY MESSAGES – FISCAL YEAR 2018

Fifth consecutive year of growth, with **sales up 13% (CC) and 16% on a US$ basis** to a record $2.6B

Broad-based performance with all regions and our key markets delivering growth, while ASTRO Gaming added two points to our full year sales growth

Gross margin of 35.9% was at the midpoint of our target range despite impact from temporary duplicate Distribution Center costs

Operating profits increased 14% to $287M, ahead of our latest outlook of $270-280M

Cash flow from operations was up 20% to $346M, the highest annual level in 8 years

Note: Results are non-GAAP, except for cash flow from operations. Comparisons are YoY unless otherwise specified. Sales are net sales.

WHAT'S NEW FROM LOGITECH



GAMING

Logitech G560 is a gaming speaker system that synchronizes RGB lighting and audio to match on-screen gameplay

Our RGB SDK allows developers to customize color and animation effects for popular game titles

Light and animation effects can be customized across nearly 17 million colors, with four lighting zones

LIGHTSYNC technology also works with video and music content for immersive light and sound beyond gaming



GAMING

Logitech G513 is a high performance gaming keyboard, delivering 1 ms report rate and featuring a choice of advanced Romer-G Tactile or Romer-G Linear mechanical switch

Full-spectrum RGB combined with LIGHTSYNC technology offers customizable per key lighting

Aluminum-magnesium alloy provides both a minimal design and a beautiful aesthetic



GAMING

Logitech G PRO Headset is designed in collaboration with the world's top gaming professionals

Made with the highest quality materials and advanced technologies to provide superior audio performance

Premium leatherette ear pads offer up to 50% more sound isolation than other ear pads

Comes with pro-grade advanced condenser microphone and our patent-pending, hybrid-mesh Pro-G audio drivers



TABLET & ACCESSORIES

Logitech Crayon is a versatile, pixel-precise digital pencil for K-12 classroom

Delivers zero perceptible lag time that makes writing as natural as pen and paper

Offers palm rejection on the iPad for natural hand placement

Has a smart tip that dynamically adjusts line weight depending on the angle

Works with a wide variety of educational apps that support Apple Pencil input



MOBILE SPEAKERS

Ultimate Ears recently announced new features coming to our portable Wi-Fi & Bluetooth speakers, **MEGABLAST** and **BLAST**

Consumers will be able to use their voice to control Spotify on **MEGABLAST** and **BLAST**

Spotify Connect will also be available over Wi-Fi without the need to pair through Bluetooth

Up to eight **MEGABLAST** and **BLAST** speakers can be grouped on Bluetooth and Wi-Fi



FINANCIAL RESULTS



FY 2018 RESULTS DEMONSTRATE SUSTAINED GROWTH

	Q4'18	YoY	FY'18	YoY
Net sales	**$592**	**16%**	**$2,567**	**16%**
YoY % chg (US$)	*16%*		*16%*	
YoY % chg (CC)	*9%*		*13%*	
Gross profit	216	8%	922	11%
% margin	*36.4%*	*(280 bps)*	*35.9%*	*(140 bps)*
Operating expense	161	7%	635	10%
% of sales	*27.1%*	*(220 bps)*	*24.7%*	*(130 bps)*
Operating income	**$55**	**9%**	**$287**	**14%**
% margin	*9.3%*	*(60 bps)*	*11.2%*	*(20 bps)*
Net income	55	11%	271	16%
% margin	*9.2%*	*(50 bps)*	*10.6%*	*10 bps*
Earnings per share	**$0.32**	**7%**	**$1.60**	**13%**
Diluted shares	169		169	

Net sales +13% (CC) to $2.6B, with all regions and markets contributing to the growth

Sales growth was led by very strong double-digit performance in Gaming and Video Collaboration

Gross margin of 35.9% was around the midpoint of our target range

Opex spending +10%, driving cost leverage

Operating profits +14% to $287M, ahead of outlook of $270-280M

Note: Numbers in $ millions except EPS and percentages. Diluted share count in millions. Results are non-GAAP. Comparisons are YoY unless otherwise specified.

ROBUST GAINS FROM SEVERAL KEY CATEGORIES

	Q4'18	YoY	YoY CC	FY'18	YoY	YoY CC
Pointing Devices	130	9%	2%	517	3%	1%
Keyboards & Combos	137	14%	7%	498	4%	2%
PC Webcams	32	18%	12%	112	5%	3%
Tablet & Accessories	27	56%	48%	108	40%	38%
Video Collaboration	55	41%	32%	183	44%	39%
Mobile Speakers	14	(65%)	(67%)	315	5%	2%
Audio PC & Wearables	55	(8%)	(13%)	252	2%	0%
Gaming	127	77%	65%	492	57%	52%
Smart Home	16	2%	(3%)	89	36%	33%
Net sales	**592**	**16%**	**9%**	**2,567**	**16%**	**13%**

PC Peripherals +1% (CC), consistent with a stable PC market

Gaming +52% (CC), its 5th straight year of double-digit growth

Video Collaboration +39% (CC), with Q4'18 at a record annualized run-rate over $200M

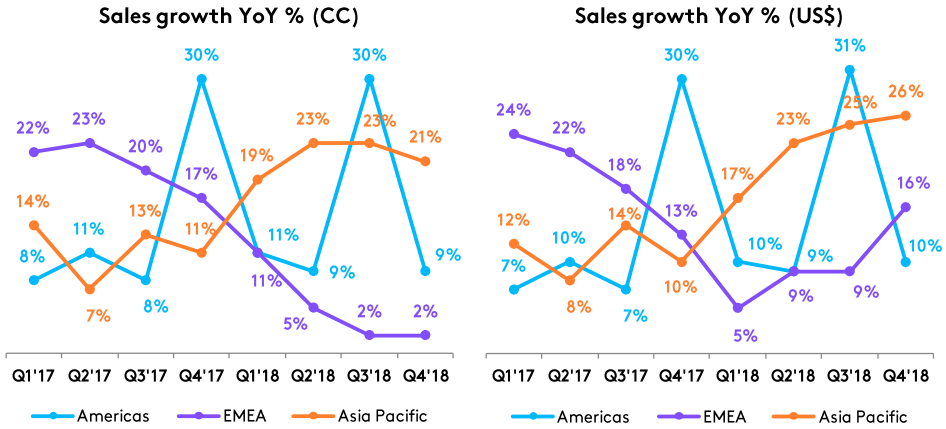
Mobile Speakers +2% (CC) as overall market growth matures

Our tuck-in acquisitions (Jaybird, Saitek, and ASTRO Gaming) all grew double-digits in FY 2018

Note: Net sales in $ millions. Results are non-GAAP. Comparisons are YoY unless otherwise specified.

BROAD-BASED GROWTH FROM ALL THREE REGIONS

	Q4'18	Q4'17	YoY (US$)	YoY (CC)	Sell-through (US$)
Americas	231	210	10%	9%	16%
EMEA	198	170	16%	2%	21%
Asia Pacific	164	130	26%	21%	29%
Net sales	**$592**	**$511**	**16%**	**9%**	**21%**



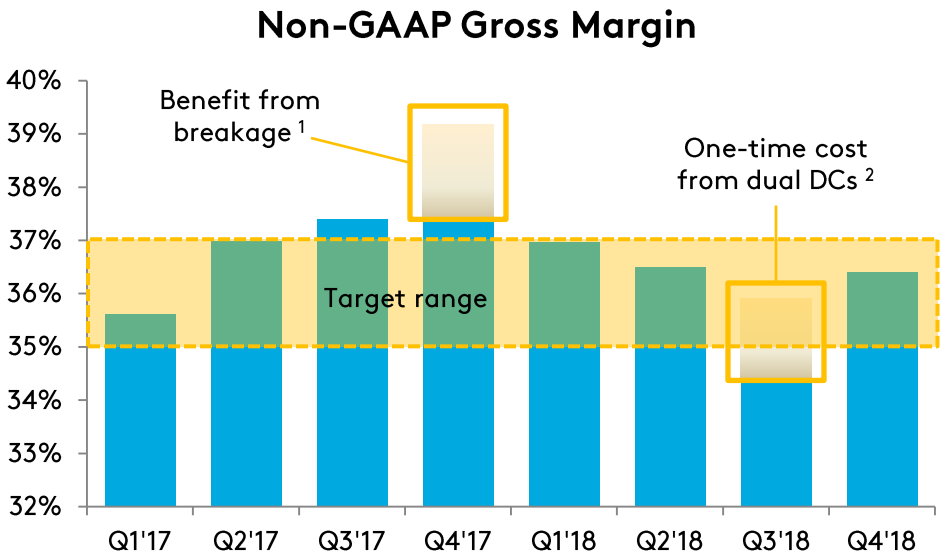
Americas sales +9% (CC) in Q4'18, led by double-digit growth in PC Peripherals, Gaming, and Video Collaboration, offsetting a decline in Mobile Speakers

EMEA sales +2% (CC) and +16% (US$) in Q4'18, with strong contribution from Gaming and Video Collaboration

Asia Pacific sales +21% (CC) in Q4'18 on double-digit gains in Gaming and Video Collaboration, balanced with steady growth in Music and PC Peripherals

Note: Net sales in $ millions. Results are non-GAAP. Comparisons are YoY unless otherwise specified. See Appendix regarding sell-through data.

Q4'18 GROSS MARGIN WITHIN TARGET RANGE



Q4'18 gross margin +200 basis points QoQ to 36.4% as we moved back to one Distribution Center in the Americas

In Q4'18, balanced portfolio and pricing realignments with benefits from Design-for-Cost initiatives and scale leverage

Healthy gross margin funds investments in capabilities and product innovations

Note: Figures are for illustrative purposes only.
(1) Q4'17 non-GAAP gross margin includes the first-time implementation of a breakage model for EMEA, which benefited sales and profits by $14.4M.
(2) Q3'18 non-GAAP gross margin includes ~150 basis points of cost headwinds from operating two distribution centers in the Americas.

FY 2018 OPEX-TO-SALES RATIO REACHED 9-YEAR LOW

	Q4'18	YoY	FY'18	YoY
Sales & marketing	105	10%	418	14%
% of sales	*17.7%*	*(110 bps)*	*16.3%*	*(10 bps)*
Research & development	36	11%	137	9%
% of sales	*6.1%*	*(30 bps)*	*5.4%*	*(30 bps)*
General & administrative	19	(8%)	80	(6%)
% of sales	*3.3%*	*(80 bps)*	*3.1%*	*(70 bps)*
Operating expenses	**$161**	**7%**	**$635**	**10%**
% of sales	*27.1%*	*(220 bps)*	*24.7%*	*(130 bps)*

Operating expenses +10% (or +8% excluding ASTRO Gaming), as we drove leverage across our sales base

Opex-to-sales ratio of 24.7% is the lowest annual level since FY 2009

Continued to balance investments in S&M (+14%) and R&D (+9%) with G&A spending (-6%)

Note: Numbers in $ millions except percentages. Results are non-GAAP. Comparisons are YoY unless otherwise specified.

HIGHEST FULL YEAR CASH FLOW IN 8 YEARS

	Q4'18	YoY	FY'18	YoY
Cash flow from operations	90	89% (1)	346	20%
Ending cash balance	*642*	*17%*	*642*	*17%*
Inventory	260	3%	260	3%
Inventory turns	*5.9*	*1.0 turns*	*5.8*	*0.3 turns*
DSI	*62*	*(11 days)*	*56*	*(9 days)*
Accounts receivable	215	16%	215	16%
DSO	*33*	*0 day*	*30*	*0 day*
Accounts payable	294	7%	294	7%
DPO	*70*	*(9 days)*	*64*	*(7 days)*
Cash conversion cycle	**25**	**(2 days)**	**22**	**(2 days)**

Cash flow from operations +20% to $346M, the highest level in 8 years

Cash conversion cycle improved to 22 days, in line with our annual target of 20-25 days

Delivered improved working capital metrics in FY 2018, with annual inventory turns of 5.8x

Returned $135M to shareholders in FY 2018, in the form of $104M of dividends and $31M of stock buyback

Note: Numbers in $ millions except turns, days, and percentage figures. Comparisons are YoY unless otherwise specified.
(1) Q4'17 cash flow from operations has been recast to reflect the implementation of ASU 2016-09.

FISCAL YEAR 2019 OUTLOOK

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

ASSUMPTIONS	
Currency	**FY 2018 average rates**
Non-GAAP effective tax rate	**7-8%**
Cash from operations	**1x non-GAAP operating income**
Capex	**~$50M**

Note: Comparisons are YoY unless otherwise specified.

Appendix



GAAP TO NON-GAAP RECONCILIATIONS

PRELIMINARY RESULTS
(In thousands, except per share amounts) - Unaudited

GAAP TO NON GAAP RECONCILIATION [(A)]	**Three Months Ended March 31,**		**Fiscal Years Ended March 31,**	
SUPPLEMENTAL FINANCIAL INFORMATION	**2018**	**2017**	**2018**	**2017**
Gross profit - GAAP	$ 212,235	$197,779	$ 909,241	$ 820,041
Share-based compensation expense	971	733	3,733	2,663
Amortization of intangible assets and purchase accounting effect on inventory	2,574	1,470	8,878	6,175
Gross profit - Non-GAAP	$ 215,780	$199,982	$ 921,852	$ 828,879
Gross margin - GAAP	35.8%	38.7%	35.4%	36.9%
Gross margin - Non-GAAP	36.4%	39.2%	35.9%	37.3%
Operating expenses - GAAP	$ 173,128	$161,461	$ 679,508	$ 608,181
Less: Share-based compensation expense	9,928	8,803	40,405	33,227
Less: Amortization of intangible assets and acquisition-related costs	2,553	1,279	8,930	5,814
Less: Change in fair value of contingent consideration for business acquisition	—	1,833	(4,908)	(8,092)
Less: Restructuring charges (credit), net	—	67	(116)	23
Less: Investigation and related expenses	—	—	—	612
Operating expenses - Non-GAAP	$ 160,647	$149,479	$ 635,197	$ 576,597
% of net sales - GAAP	29.2%	31.6%	26.5%	27.4%
% of net sales - Non - GAAP	27.1%	29.3%	24.7%	26.0%

GAAP TO NON-GAAP RECONCILIATIONS

PRELIMINARY RESULTS
(In thousands, except per share amounts) - Unaudited

GAAP TO NON GAAP RECONCILIATION [(A)]	Three Months Ended March 31,		Fiscal Years Ended March 31,	
SUPPLEMENTAL FINANCIAL INFORMATION	2018	2017	2018	2017
Operating income - GAAP	$ 39,107	$ 36,318	$ 229,733	$ 211,860
Share-based compensation expense	10,899	9,536	44,138	35,890
Amortization of intangible assets	4,954	2,749	15,607	9,367
Purchase accounting effect on inventory	173	—	789	1,160
Acquisition-related costs	—	—	1,412	1,462
Change in fair value of contingent consideration for business acquisition	—	1,833	(4,908)	(8,092)
Restructuring charges (credit), net	—	67	(116)	23
Investigation and related expenses	—	—	—	612
Operating income - Non - GAAP	$ 55,133	$ 50,503	$ 286,655	$ 252,282
% of net sales - GAAP	6.6%	7.1%	8.9%	9.5%
% of net sales - Non - GAAP	9.3%	9.9%	11.2%	11.4%
Net income - GAAP	$ 34,404	$ 39,425	$ 208,542	$ 205,876
Share-based compensation expense	10,899	9,536	44,138	35,890
Amortization of intangible assets	4,954	2,749	15,607	9,367
Purchase accounting effect on inventory	173	—	789	1,160
Acquisition-related costs	—	—	1,412	1,462
Change in fair value of contingent consideration for business acquisition	—	1,833	(4,908)	(8,092)
Restructuring charges (credit), net	—	67	(116)	23
Investigation and related expenses	—	—	—	612
Gain on investments in privately held companies	(119)	(22)	(669)	(569)
Non-GAAP income tax adjustment	4,249	(4,226)	6,282	(12,875)
Net income - Non - GAAP	$ 54,560	$ 49,362	$ 271,077	$ 232,854
Net income per share:				
Diluted - GAAP	$ 0.20	$ 0.24	$ 1.23	$ 1.24
Diluted - Non - GAAP	$ 0.32	$ 0.30	$ 1.60	$ 1.41

GAAP TO NON-GAAP RECONCILIATION NOTES

Note: These preliminary results for the three months and fiscal year ended March 31, 2018 are subject to adjustments, including subsequent events that may occur through the date of filing our Annual Report on Form 10-K.

(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. For full GAAP to non-GAAP reconciliation information and cautionary information regarding the use of non-GAAP measures, please refer to "Supplemental Financial Information" in our earnings press release or "Financial Statements only" posted to our website under "Quarterly Results" at http://ir.logitech.com.

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 are 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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