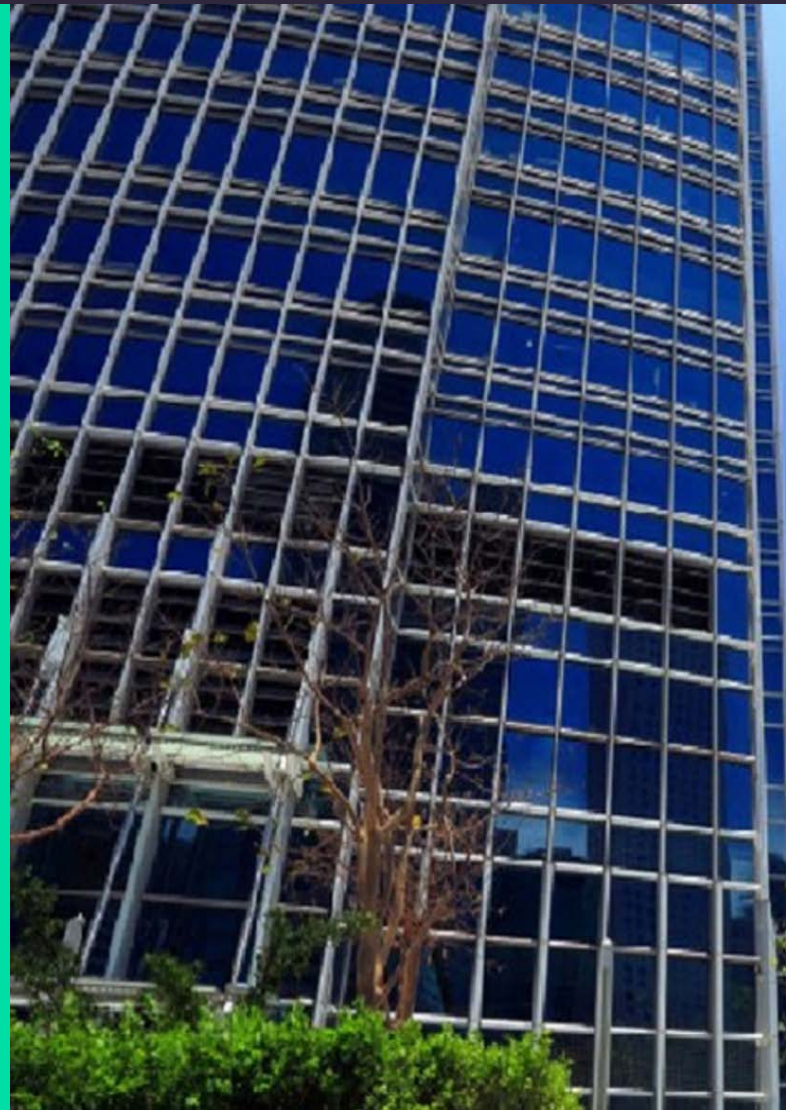


Logitech International SA (LOGN)

Financial and Strategic SWOT Analysis Review

Report Code: GDT31036FSA
Published: September 2020



Company Snapshot

EPFL - Quartier de l'Innovation , Daniel Borel Innovation Center	Phone	+41 21 8635511	Revenue	2,975.9 (million USD)
Lausanne	Fax	+41 21 8635512	Net Profit	449.72 (million USD)
1015	Website	www.logitech.com	Employees	6,600 (Estimated)
Switzerland	Exchange	LOGN [Virt-X]	Industry	Technology and Communications

Company Overview

Logitech International SA (Logitech) is a designer, developer, manufacturer and marketer of mobile and personal computer peripherals. The company offers keyboards, desktops, mice, pointing devices, printing devices, tablet accessories, audio-PC, audio-wearable and wireless, video, PC gaming, and home-entertainment control systems. It also provides high-definition (HD) video communication endpoints, and HD video conferencing systems infrastructure software and hardware for video deployments. It markets its products through international and regional distributors, e-tailers and retailers. The company sells its products under Logitech G, Ultimate Ears, Jaybird, Logitech and ASTRO Gaming brands.

Key Executives

Name	Title
Bracken P. Darrell	Chief Executive Officer
Wendy Becker	Chairman
Didier Hirsch	Director
Neil Hunt	Director
Edouard Bugnion	Director

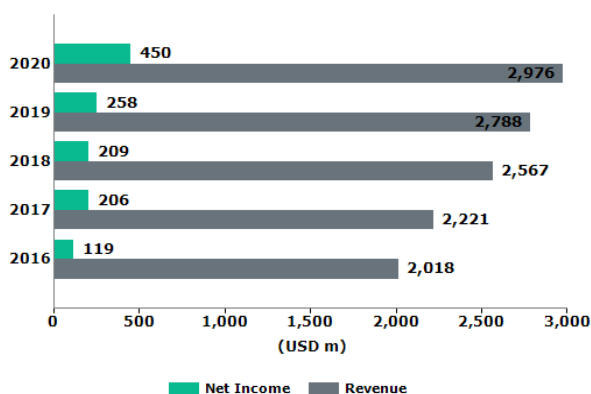
Source: Annual Report, Company Website, Primary and Secondary Research, GlobalData

Share Data

Logitech International SA	
Share Price (USD) as on 15-Sep-2020	64.54
EPS (USD)	2.66
Market Cap (million USD)	11,169
Enterprise Value (million USD)	10,279
Shares Outstanding (million)	168

Source: Annual Report, Company Website, Primary and Secondary Research, GlobalData

Financial Performance



Source: Annual Report, Company Website, Primary and Secondary Research, GlobalData

SWOT Analysis

Logitech International SA, SWOT Analysis	
Strengths	Weaknesses
Distribution Network	Accounts Receivables
Innovation Capabilities	
Opportunities	Threats
Launch of New Products	Intense Competition
Gaming Market	Dependence on Third Party Product Sales

Source: Annual Report, Company Website, Primary and Secondary Research, GlobalData

Recent Developments

Dec 04, 2019 Logitech commits to ambitious 1.5°C Climate Pledge and 100% Renewable Electricity Goal

Source: Annual Report, Company Website, Primary and Secondary Research, GlobalData

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Section 1 - About the Company

Logitech International SA - Key Facts

Logitech International SA, Key Facts

Corporate Address	EPFL - Quartier de l'Innovation , Daniel Borel Innovation Center, Lausanne , 1015, Switzerland	Ticker Symbol, Exchange	LOGN [Virt-X]
Telephone	+41 21 8635511	No. of Employees	6,600 (<i>Estimated</i>)
Fax	+41 21 8635512	Fiscal Year End	March
URL	www.logitech.com	Revenue (in USD Million)	2,975.9
Industry	Telecoms & IT		
Locations	Brazil, Hong Kong, India, Italy, Japan, Poland, South Africa, Spain, Sweden, Switzerland, United Arab Emirates, United Kingdom, United States		

Source: Annual Report, Company Website, Primary and Secondary Research

GlobalData

Logitech International SA - Key Employees

Logitech International SA, Key Employees					
Name	Job Title	Board Level	Since	Age	
Bracken P. Darrell	Chief Executive Officer, Director, President	Executive Board	2013	57	
Wendy Becker	Chairman	Executive Board	2019	54	
Didier Hirsch	Director	Non Executive Board	2012	69	
Neil Hunt	Director	Non Executive Board	2010	58	
Edouard Bugnion	Director	Non Executive Board	2015	50	
Patrick Aebischer	Director	Non Executive Board	2016	65	
Neela Montgomery	Director	Non Executive Board	2017	45	
Guy Gecht	Director	Non Executive Board	2019	55	
Marjorie Lao	Director	Non Executive Board	2018	46	
Michael Polk	Director	Non Executive Board	2019	59	
Guerrino De Luca	Director	Non Executive Board	2008	67	
Nate Olmstead	Chief Financial Officer	Senior Management	2019	48	
Samantha Harnett	General Counsel	Senior Management	2020		
Prakash Arunkundrum	Head Global Operations	Senior Management	2018		
Source: Annual Report, Company Website, Primary and Secondary Research					GlobalData

Logitech International SA - Key Employee Biographies

Logitech International SA, Key Employee Biographies

Bracken P. Darrell

Job Title: Chief Executive Officer, Director, President

Board Level: Executive Board

Since: 2013

Age: 57

Mr. Bracken P. Darrell has been the Chief Executive Officer, President and a Director of the company since January 2013. Prior to this, he served as the Executive Vice President of Whirlpool Corporation, President of Whirlpool EMEA, and the Senior Vice President of Operations of Whirlpool EMEA. Before this, Mr. Darrell served as the President of Braun GmbH, a subsidiary of The Procter & Gamble Company (P&G). He held various Managerial and Executive positions in leading companies such as General Electric, P&G and PepsiCo Inc.

Wendy Becker

Job Title: Chairman

Board Level: Executive Board

Since: 2019

Age: 54

Ms. Wendy Becker serves as the Chairman of the company since September 2019. Previously, she served as the Chief Executive Officer of Jack Wills Limited from 2013 to 2015 and Chief Operating Officer of Jack Wills from 2012 to 2013. Earlier, she served as the Group Chief Marketing Officer of Vodafone Group Plc from 2009 to 2011. Currently, she serves as a Non-Executive Director of Sony Corporation.

Nate Olmstead

Job Title: Chief Financial Officer

Board Level: Senior Management

Since: 2019

Age: 48

Mr. Nate Olmstead serves as the Chief Financial Officer of the company since July 2019. She served as Vice President of Business Finance and Interim Chief Financial Officer of the company. Previously, he served in various Financial Management roles at Hewlett-Packard including Vice President of Finance-Global Operations, Global Supply Chain and Quality and Director at HP Investor Relations from 2006 to 2019.

Source: Annual Report, Company Website, Primary and Secondary Research

GlobalData

Logitech International SA - Major Products and Services

Logitech is a provider of computer, mobile phone and tablet peripherals for individuals and businesses. The company's major products and services include the following:

Logitech International SA, Major Products and Services

Products:

Tablet Keyboards

Cases

Cordless Mouse

Optical Mouse

Optical Trackballs

3D Input Devices

Keyboards

Notebook Cases

USBs

Notebook Stands

Web Cameras

PC Headsets and VoIP Handsets

Digital Speakers

Speaker Systems

Wireless Headphones

Steering Wheels

light sticks

Remotes

Video Conferencing Solutions

Audio Conferencing Solutions

Gaming Controllers

Mobile Speakers

Presenters

Printing Devices

Services:

Customer Service

Technical Support

Brands:

Ultimate Ears

Logitech

Jaybird

Logitech G

ASTRO Gaming

Source: Annual Report, Company Website, Primary and Secondary Research

GlobalData

Logitech International SA - History

Logitech International SA, History		
2020	Contracts/Agreements	In June, the company's gaming brand, Logitech G, entered into a partnership extension with ENCE to develop new games.
2020	Contracts/Agreements	In March, the company's brand Logitech G entered into a partnership with Herman Miller to create furniture solutions for gamers.
2020	New Products/Services	In August, the company's brand Logitech G launched G733 Lightspeed Wireless Gaming Headset.
2020	New Products/Services	In August, the company's brand Logitech G launched G923 Racing Wheel and Pedals for Microsoft Xbox and PC.
2020	New Products/Services	In July, the company introduced a new keyboard case, Folio Touch, for 11-inch iPad Pro.
2020	New Products/Services	In July, the company introduced the G502 Lightspeed wireless gaming mouse in India.
2020	New Products/Services	In July, the company's brand Logitech G launched PRO X Wireless Gaming set for esports professionals
2020	New Products/Services	In May, the company launched G915 TKL Tenkeyless LIGHTSPEED wireless RGB mechanical gaming keyboard.
2019	Acquisitions/Mergers/Takeovers	In December, the company announced the acquisition of CHALLONGE.
2019	Contracts/Agreements	In October, the company and Dentsu Webchutney entered into a partnership to launch the new Logitech Pebble mouse.
2019	Contracts/Agreements	In October, the company launched Logitech G PRO X mechanical gaming keyboard.
2019	New Products/Services	In April, the company announced the launch of its new headset, the Logitech Zone Wireless Plus.
2019	New Products/Services	In July, the company launched Jaybird VISTA totally wireless sport headphones for athletes.
2019	New Products/Services	In September, the company launched Logitech G604 LIGHTSPEED wireless gaming mouse.
2019	Plans/Strategy	In September, the company agreed to acquire Streamlabs, a live streaming software company in San Francisco, California, the US.
2018	Acquisitions/Mergers/Takeovers	In July, the company agreed to acquire Baltic Latvian Universal Electronics (Blue Microphones) from The Riverside Co.
2018	Acquisitions/Mergers/Takeovers	In July, the company agreed to acquire Blue Microphones, for US\$117 million.
2018	Corporate Awards	In June, the company secured 12 International Design 2017 Awards.
2018	New Products/Services	In August, Blue, Logitech's band, launched the Yeti Nano, an elite USB microphone.
2018	New Products/Services	In August, the company introduced the most advanced ergonomic mouse, Logitech MX VERTICAL.
2018	New Products/Services	In July, the company expanded its high-performance gaming gear with the new G512 mechanical gaming keyboard.
2018	New Products/Services	In March, Logitech launched the Logitech G560 PC Gaming Speaker with advanced Logitech G LIGHTSYNC, which synchronizes both lights and sounds to gameplay.
2018	New Products/Services	In March, the company launched "Logitech G PRO Gaming Headset".

2017	Acquisitions/Mergers/Takeovers	In August, the company acquired ASTRO Gaming, a console gaming brand.
2017	New Product Approvals	In August, the company launched Logitech MX Sound, which is a premium Bluetooth desktop speaker having superior sound with a stylish design.
2017	New Products/Services	In August, the company launched New Lightspeed Wireless Mechanical Keyboard and Next-Generation Wireless Gaming Mouse.
2017	New Products/Services	In June, the company launched all new case for the upcoming range of iPad Pro.
2017	New Products/Services	In June, the company launched its Circle 2 security camera.
2017	New Products/Services	In June, the company launched Logitech G433 7.1 Gaming Headset and the Logitech G233 Prodigy Gaming Headset.
2017	New Products/Services	In September, the company launched Logitech MX ERGO, which is a wireless trackball that sets a new standard for comfort and precision.
2017	New Products/Services	In September, the company launched MX Sound bluetooth and PC speakers.
2016	New Products/Services	In May, the company launched Logi ZeroTouch Dashboard and Logi ZeroTouch Air Vent smart car mounts for Android to trigger Logitech's voice-controlled app when the phone is docked in car.
2015	Corporate Awards	In May, the company's seven of its products were honored with International Design Awards under gold, silver and bronze categories.
2015	New Products/Services	In January, Logitech introduced ConferenceCam Connect, anywhere portable videoconferencing solution.
2014	Corporate Awards	The company's UE Boom received Gold Industrial Design Excellence Award from Industrial Designers Society of America.
2014	New Products/Services	The company introduced 402 Hyperion Fury Ultra-Fast FPS gaming mouse.
2014	New Products/Services	The company introduced USB Headset H570e for unified communication purpose.
2014	New Products/Services	The company launched a new video conferencing solution, ConferenceCam CC3000e.
2014	New Products/Services	The company launched tablet keyboard lineup with the Logitech Type-S for the Samsung Galaxy Tab S.
2013	Acquisitions/Mergers/Takeovers	The company acquired TT Design labs, a kick starter design company.
2013	Corporate Awards	The company's three products received International CES Innovations 2014 Design and Engineering Awards.
2012	New Products/Services	Logitech launched the Logitech Wireless Solar Keyboard K760, a solar keyboard for Mac, iPad and iPhone.
2012	New Products/Services	The company introduced Logitech UE Boombox, Logitech UE Mobile Boombox, Logitech UE Smart Radio and Logitech UE series of Headphones.
2011	Acquisitions/Mergers/Takeovers	Logitech acquired Mirial, a provider of personal and mobile video conferencing solutions.
2011	Contracts/Agreements	Logitech entered into a distribution agreement with GN Netcom to offer select products from the Jabra headsets and speakerphones through distribution channel partners in North America.
2010	Acquisitions/Mergers/Takeovers	The company acquired Paradiat AS, a Norway based firewall and NAT (network address translation) traversal solutions provider.
2009	Acquisitions/Mergers/Takeovers	The company acquired LifeSize Communications, a high definition (HD) video communication solutions provider.
2009	Corporate Awards	The company won seven CES Awards for excellence in design and engineering.

2008	Acquisitions/Mergers/Takeovers	The company acquired SightSpeed Inc, a provider of internet video communications services
2008	Acquisitions/Mergers/Takeovers	The company acquired Ultimate Ears, a provider of professional in-ear monitors and consumer earphones.
2008	Acquisitions/Mergers/Takeovers	The company acquired WiLife Inc., a digital home business.
2008	Contracts/Agreements	Logitech collaborated with Activision to develop premium instruments for Guitar Hero World Tour.
2007	New Products/Services	Logitech unveiled its Bluetooth-Enabled Headset and Keyboard Designed for the Sony PLAYSTATION 3
2006	Acquisitions/Mergers/Takeovers	The company acquired Slim Devices, Inc., a pioneer in the development of music systems that take advantage of a home network.
2006	New Products/Services	Logitech introduced products for Internet Communications, Digital Music, and Home-Entertainment Control.
2005	New Product Approvals	Logitech unveiled World's First Smart Mouse.
2004	Acquisitions/Mergers/Takeovers	In May, the company acquired the maker of the Harmony Remote advanced remote controls privately held Intrigue Technologies of Canada.
2001	Acquisitions/Mergers/Takeovers	The company acquired Labtec Inc.
1998	Financing Agreements	In April, Logitech International and other companies raised funds in Immersion Corporation through venture funding round.
1981	Incorporation/Establishment	Logitech International S.A. (Logitech) was founded.

Source: Annual Report, Company Website, Primary and Secondary Research

GlobalData

Logitech International SA - Company Statement

A statement from the Management's Discussion and Analysis section of Logitech International SA is given below. The statement has been taken from the company's 10-K filing 2020 .

Overview of the Company

Logitech is a world leader in designing, manufacturing and marketing products that help connect people to digital and cloud experiences. More than 35 years ago, Logitech created products to improve experiences around the personal computer (PC) platform, and today it is a multi-brand, multi-category company designing products that enable better experiences consuming, sharing and creating digital content such as computing, gaming, video and music, whether it is on a computer, mobile device or in the cloud. Logitech's brands include Logitech, Logitech G, ASTRO Gaming, Streamlabs, Ultimate Ears, Jaybird, and Blue Microphones. Our Company's website is www.logitech.com. Our products participate in five large market opportunities: Creativity & Productivity, Gaming, Video Collaboration, Music and Smart Home. We sell our products to a broad network of domestic and international customers, including direct sales to retailers and e-tailers, and indirect sales through distributors. Our worldwide channel network includes consumer electronics distributors, retailers, mass merchandisers, specialty stores, computer and telecommunications stores, value-added resellers and online merchants. From time to time, we may seek to partner with or acquire when appropriate companies that have products, personnel, and technologies that complement our strategic direction. We continually review our product offerings and our strategic direction in light of our profitability targets, competitive conditions, changing consumer trends and the evolving nature of the interface between the consumer and the digital world. On October 31, 2019, the Company acquired all equity interests in General Workings, Inc. (Streamlabs) for a total consideration of \$105.7 million, which included a working capital adjustment, plus additional contingent consideration of \$29.0 million payable in stock only upon the achievement of certain net revenues for the period beginning on January 1, 2020 and ending on June 30, 2020 (the Streamlabs Acquisition). Streamlabs is a leading provider of software and tools for professional streamers. The Streamlabs Acquisition is complementary to the Company's gaming portfolio. On August 21, 2018, we acquired all equity interests in Blue Microphones Holding Corporation (Blue Microphones) for a total consideration of \$134.8 million in cash, which included a working capital adjustment and repayment of debt on behalf of Blue Microphones (the Blue Microphones Acquisition). Blue Microphones is a leading audio manufacturer that designs and produces microphones, headphones, recording tools, and accessories for audio professionals, musicians and consumers. The Blue Microphones Acquisition supplements our product portfolio.

Impacts of COVID-19 to Our Business

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic, which continues to spread throughout the world. The spread of COVID-19 has caused public health officials to recommend precautions to mitigate the spread of the virus and, in certain markets in which we operate, government authorities have issued orders that require the closure of non-essential businesses and people to be quarantined or to shelter-at-home. The COVID-19 pandemic has significantly curtailed global economic activity, caused significant volatility and disruption in global financial and commercial markets, and is likely to lead to recessionary conditions for an indeterminate amount of time. We are conducting our business with substantial modifications, such as employee work locations and virtualization among other changes. We are continuing to actively monitor the situation and may take further actions that alter our business operations as may be required by federal, state or local authorities in the countries in which we operate, or that we determine are in the best interest of our employees, customers, partners, suppliers or shareholders. It is not clear what the potential effects of COVID-19 or any such modifications or alterations may have on our business, results of operations, financial operations, financial condition and stock price.

During February 2020, following the initial outbreak of COVID-19 in China, we experienced disruptions to our manufacturing, supply chain and logistics services, resulting in temporary inventory declines and an increase in logistics costs. We expect the increased logistics costs and adverse effects on our gross margins from COVID-19 to continue at least during the first half of fiscal year 2021. However, due to the ongoing shelter-at-home requirements or recommendations in many countries, there was high demand and consumption of our products. It is difficult to predict the progression, the duration and all of the effects of COVID-19, when business closure and shelter at home guidelines may be eased or lifted, and how consumer demand, inventory and logistical effects and costs may evolve over time, or the impact on our future sales and results of operations. Some of this impact will undoubtedly occur over multiple financial periods and may have a lag effect between periods, such as what we are able to manufacture in one period affecting sales, channel inventory or logistics costs in subsequent periods. The full extent of the impact of COVID-19 on our business and our operational and financial performance is currently uncertain and will depend on many factors outside our control. For additional information, see "Liquidity and Capital resources" below and Item 1A: Risk Factors, including under the caption "The full effect of the COVID-19 pandemic is uncertain and cannot be predicted, and the Company's business, results of operations and financial condition could be adversely affected by the COVID-19 pandemic." Summary of Financial Results Our total sales for fiscal year 2020 increased 7% in comparison to fiscal year 2019. The growth was broad-based across our regions and across most of our product categories. The results of operations for Streamlabs have been included in our consolidated statements of operations from the acquisition date.

Sales for fiscal year 2020 increased 8%, 9% and 2% in the Americas, EMEA and Asia Pacific, respectively, in comparison to fiscal year 2019. Gross margin increased by 50 basis points to 37.7% during fiscal year 2020, compared to fiscal year 2019. The increase in gross margin was primarily driven by favorable product mix and benefits from cost savings and operational efficiencies, partially offset by unfavorable currency

exchange rates, an increase in U.S.-China tariffs and COVID-19 related costs primarily due to disruptions and higher costs in our manufacturing, supply chain and logistics operations and outsourced services.

Operating expenses for fiscal year 2020 were \$845.9 million, or 28.4% of sales, compared to \$773.8 million, or 27.8% of sales, for fiscal year 2019. The increase in operating expenses was primarily driven by \$39.0 million higher personnel-related costs due to additional headcount from business acquisitions as well as from S&M and R&D departments to support business growth, \$13.9 million higher third-party costs primarily in S&M and R&D to support our long-term growth opportunities, \$3.3 million higher amortization of intangible assets from the business acquisitions, and a \$23.2 million change in fair value of contingent consideration from the Streamlabs Acquisition, partially offset by a decrease of \$11.2 million in restructuring charges as we substantially completed our restructuring plan in the first quarter of fiscal year 2020. Income tax benefit for fiscal year 2020 was impacted by \$153.2 million from the measurement of deferred tax assets and liabilities, net of assessment of uncertain tax positions in Switzerland as a result of the enactment of TRAF in the canton of Vaud in Switzerland during the fourth quarter of fiscal year 2020. Net income for fiscal year 2020 was \$449.7 million, compared to \$257.6 million for fiscal year 2019.

Logitech International SA - Locations And Subsidiaries

Head Office

Logitech International SA
 EPFL - Quartier de l'Innovation
 Daniel Borel Innovation Center
 Lausanne
 1015
 Switzerland
 Tel: +41 21 8635511
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Other Locations & Subsidiaries

Logitech International SA, Other Locations

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Source: Annual Report, Company Website, Primary and Secondary Research

GlobalData

Logitech International SA, Subsidiaries

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Logitech Far East Ltd

Logitech Servicios Latinoam

Logitech Servicios Latinoam?rica, S.A de C.V

Source: Annual Report, Company Website, Primary and Secondary Research

GlobalData

Section 2 – Company Analysis

Company Overview

Logitech International SA (Logitech) is a designer, developer, manufacturer and marketer of mobile and personal computer peripherals. The company offers keyboards, desktops, mice, pointing devices, printing devices, tablet accessories, audio-PC, audio-wearable and wireless, video, PC gaming, and home-entertainment control systems. It also provides high-definition (HD) video communication endpoints, and HD video conferencing systems infrastructure software and hardware for video deployments. It markets its products through international and regional distributors, e-tailers and retailers. The company sells its products under Logitech G, Ultimate Ears, Jaybird, Logitech and ASTRO Gaming brands. The company has operations across the Americas, Europe, Asia-Pacific, Africa and the Middle-East. Logitech is headquartered in Lausanne, Switzerland.

Logitech International SA - Business Description

Logitech International SA (Logitech) is a manufacturer and marketer of computer, tablet and mobile peripherals for individuals and businesses in 100 countries.

The company classifies its offering into ten product categories: Pointing Devices, Keyboards and Combos, Gaming, Mobile Speakers, Audio and Wearables, Video Collaboration, PC Webcams, Tablet and Other Accessories, Smart Home, and Other.

Logitech operates through sales offices located in Newark, California; Lausanne, Switzerland; Suzhou, China; Hsinchu, Taiwan; and Tokyo, Japan. It markets its products through regional and international distributors, e-tailers, and retailers.

Product Category: Audio and Wearables

Overview

Provides PC speakers, in-ear headphones, PC headsets and premium wireless audio wearables under Jaybird brand for active lifestyles and sports.

Performance

Reported revenue of US\$273.7 million for FY2020, which decreased 1% YoY, and recorded a CAGR of 6.9% during 2016-20. The segment accounted for 9.1% of the company's revenue in FY2020.

Negative growth was due to the decrease in sales of PC Speakers and Jaybird traditional wireless products.

Product Category: Gaming

Overview

Provides keyboards, gamepads, mice, ASTRO console gaming headsets, Streamlab Services, Saitek simulation controllers, flight sticks and steering wheels for gamers.

Performance

Reported revenue of US\$690.1 million for FY2020, which grew 6.4% YoY, and recorded a CAGR of 23% during 2016-20. The segment accounted for 23.2% of the company's revenue in FY2020.

Revenue growth was due to increase in sales of gaming mice, gaming keyboards, console gaming controllers, and gaming steering wheels, and sales from Streamlabs Services.

Product Category: Keyboards and Combos

Overview

Offers living room keyboards, corded and PC keyboards, and keyboard-and-mouse combinations (combos).

Performance

Reported revenue of US\$571.7 million for FY2020, which grew 7% YoY, and recorded a CAGR of 5.8% during 2016-20. The segment accounted for 19.2% of the company's revenue in FY2020.

Revenue growth was due to increase in sales of cordless and corded keyboards and Wireless Keyboards and mice combos.

Product Category: Mobile Speakers

Overview

Offers portable wireless Wi-Fi and Bluetooth speakers such as Ultimate Ears WONDERBOOM, BOOM 2, MEGABOOM, MEGABLAST and BLAST.

Performance

Reported revenue of US\$221.7 million for FY2020, which declined 4% YoY, and recorded a CAGR of 0.7% during 2016-19. The segment accounted for 7.4% of the company's revenue in FY2020.

Revenue decline was due to decrease in sales of WONDERBOOM, BOOM 2 and MEGABLAST.

Product Category: Other

Overview

Includes the products that are intended for transition or those which are already transitioned.

Performance

Reported revenue of US\$0.3 million for FY2020, which decreased 10% YoY, and recorded negative growth of 32.8% during 2016-20. The segment accounted for 0.1% of the company's revenue in FY2020.

Product Category: PC Webcams

Overview

Offers PC-based webcams such as C920 HD Pro Webcam, C922 Pro Stream Webcam, C270 HD Webcam, 4K Pro Webcam and Pro Webcam for individuals.

Performance

Reported revenue of US\$129.1 million for FY2020, which grew 7% YoY, and recorded a CAGR of 5.5% during 2016-20. The segment accounted for 4.3% of the company's revenue in FY2020.

Revenue growth was due to high sales of Webcam C260 and introduction of Logitech Streamcam in AMR and EMEA .

Product Category: Pointing Devices

Overview

Offers Mac and PC-related touchpads, trackballs, presenters and mice.

Performance

Reported revenue of US\$544.5 million for FY2020, which grew 1% YoY, and recorded a CAGR of 2% during 2016-20. The segment accounted for 18.3% of the company's revenue in FY2020. Revenue growth was due to increase in sales of cordless mice.

Product Category: Smart Home

Overview

Offers home entertainment controllers; connected home devices such as thermostats, door locks and lighting; and home security cameras.

Performance

Reported revenue of US\$43.4 million for FY2020, which declined 12% YoY, and recorded negative growth of 5.9% during 2016-20. The segment accounted for 1.4% of the company's revenue in FY2020.

Revenue decline was due to decrease in sales of Harmony remote products.

Product Category: Tablet and Other Accessories

Overview

Offers accessories such as covers, cases and keyboards for smartphones and tablets.

Performance

Reported revenue of US\$135.3 million for FY2020, which grew 5% YoY, and recorded negative growth of 5.4% during 2016-20. The segment accounted for 4.5% of the company's revenue in FY2020.

Revenue growth was due to the introduction of Slim Folio Pro cases for the 11 inch and 12.9 inch iPad Pro and sales from slim folio and Rugged Combo keyboard case.

Product Category: Video Collaboration

Overview

Offers Logitech's ConferenceCams with high definition (HD) 1080p video and enterprise-quality audio for businesses.

Performance

Reported revenue of US\$365.6 million for FY2020, which grew 41% YoY, and recorded a CAGR of 32.5% during 2016-20. The segment accounted for 12.2% of the company's revenue in FY2020.

Revenue growth was due to higher demand for Rally Ultra- HD PTZ Conference camera and introduction of Tap Touch Controller.

Geographical Segment: Americas

Performance

Reported revenue of US\$1,286.5 million for FY2020, which increased 8% YoY and reported a CAGR of 7.8% during 2016-20. The segment accounted for 43.2% of the company's revenue in FY2020.

Geographical Segment: Asia-Pacific

Performance

Reported revenue of US\$748.1 million for FY2020, which increased 1.5% YoY and reported a CAGR of 8.7% during 2016-20. The segment accounted for 25.2% of the company's revenue in FY2020.

Geographical Segment: EMEA

Performance

Reported revenue of US\$941.2 million for FY2020, which increased 9.2% YoY and reported a CAGR of 7.8% during 2016-20. The segment accounted for 31.6% of the company's revenue in FY2020.

R&D Overview

The company's research, development and design (RD&D) focuses on development of new products and enhancing existing products leveraging latest technologies. In FY2020, Logitech spent US\$177.6 million on R&D, which as a percentage of revenue, stood at 6%.

Logitech International SA - Corporate Strategy

Logitech focuses on ability to innovate, design and produce new products. The company strategies its plan on product design capabilities and focuses on technology innovation. In line with this, the company aims at five future growth plans which include Design, Engineering, Go-to-market, Marketing and Operations. The company focuses on long term growth by partnering, acquisitions and divesture activities.

Logitech International SA - SWOT Analysis

SWOT Analysis - Overview

Logitech International SA (Logitech) designs, develops, manufactures and markets peripherals for personal computers and other digital platforms. Strong financial performance, distribution network, and R&D are the company's major strengths, whereas increasing accounts receivables remains a cause for concern. Launch of new products, investment in gaming market, and positive outlook for global hardware infrastructure market are likely to offer growth opportunities to the company. However, intense competition, environmental regulations, and dependence on third party product sales could affect its business operations.

Logitech International SA - Strengths

Strength - Distribution Network

Logitech has a well-established sales and distribution network. Through its operating subsidiaries, the company maintains market and channel support offices in 40 countries. Logitech sells its wide range of products through a network of distributors, retailers and e-retailers. These retail channels are supported with third-party distribution centers located across North America, Europe, and Asia Pacific. The company's global channel network comprises computer and telecommunications stores, mass merchandisers, specialty stores, value-added resellers, online merchants, and consumer electronics distributors, retailers. Its distributors resell products to retailers, value-added resellers, systems integrators and other distributors. Major distributors of the company in North America include Ingram Micro, Tech Data Co, D&H Distributing Co, and Synnex Corp. In Europe, major distributors include Ingram Micro, ALSO Group, Tech Data, and DCC PLC. Logitech also sells products to several regional distributors including ASBISC Enterprises PLC, Copaco Dc B.V. in the Netherlands, Littlebit Technology Partners AG in Switzerland, and others. In Asia, the company's distributors in China include Wincheers International Trading and Beijing Digital China Limited, Daiwabo in Japan, Synnex in Australia, apart from the Pan-Asian distributor, Ingram Micro. The major retail chains, which carry Logitech's products, include Best Buy, Office Depot, Staples, Target, and Wal-Mart in the US, and Metro Group, FNAC, Elkjop, and Dixons Stores Group PLC in Europe and other key national consumer electronics chains. Logitech products are also available at the top online e-retailers, which include JD.com and Amazon.com.

Strength - Innovation Capabilities

Logitech focuses on innovation, value and product quality. It made significant investments in product R&D so as to facilitate innovation of new and improved products and technologies. In FY2020, the company spent US\$177.6 million, which as a percentage of the revenue, stood at 6%. Logitech established an organization focused on developing and selling products for enterprise markets, including peripherals for unified communications applications. Initiatives such as these helped the company in delivering high quality innovative products that meet the changing needs of its customers. It employed about 800 people in R&D department at the end of FY2020. The company's properties in Newark, California; Lausanne, Switzerland; and Hong Kong, China focus on activities.

Strength - Financial Performance

The company's financial performance improved in last FY2020. Improvement in financial performance enables the company to provide higher returns to its shareholders, enabling it to attract further investments. Growth in revenue and profitability also enhance the company's ability to allocate adequate funds for growth and expansion. In FY2020, the company reported revenue of US\$2,975.9 million as compared to US\$2,788.3 million in FY2019, representing an annual growth of 6.7%. Growth in revenue was due to increase in sales of product categories such as gaming, pointing devices, keyboards and combos, video collaboration, tablet and other accessories and pc webcams. The company's operating income increased from US\$263.2 million FY2019 to US\$276.5 million in FY2020. Similarly, the company's net profit margin increased from US\$257.6 million in FY2019 to US\$449.7 million in FY2020.

Logitech International SA - Weaknesses

Weakness - Accounts Receivables

The group reported an increase in its accounts receivable. Increase in accounts receivable could be a factor for the decrease in the group's cash flow from operations. For the fiscal years ended March 2020, 2019 and 2018, the group's accounts and other receivables were US\$597.3 million, US\$573.4 million and US\$482.9 million, respectively. Inability to recover accounts receivable would significantly affect its current assets, which hampers the company's cash flow and liquidity. The recovery of the company's receivables would be a critical factor as it affects its core earnings.

Logitech International SA - Opportunities

Opportunity - Launch of New Products

Logitech continues to design and develop innovative products to meet the growing needs of its customers. The company has launched several products at regular intervals, which helps it in retaining its customer base and garner higher market share. It dedicated to the advancement of product design as well as technological improvements to deliver quality products to its customers. In August 2020, the company's brand Logitech G launched G923 Racing Wheel and Pedals for Microsoft Xbox and PC. In the same month, the company's Logitech brand introduced G733 LIGHTSPEED Wireless Gaming Headset. In July 2020, the company introduced a new keyboard case, Folio Touch, for 11-inch iPad Pro. In the same month, the company's Logitech brand launched Logitech G PRO X LIGHTSPEED Wireless Gaming Headset. In the same month, the company introduced the G502 Lightspeed wireless gaming mouse in India. In June 2020, the company's gaming brand, Logitech G, entered into a partnership extension with ENCE to develop new games. In May 2020, the company launched G915 TKL Tenkeyless LIGHTSPEED wireless RGB mechanical gaming keyboard.

Opportunity - Gaming Market

The company has taken several initiatives to strengthen its presence in gaming market. In June, the company's gaming brand, Logitech G, entered into a partnership extension with ENCE to develop new games. In March 2020, the company's brand Logitech G entered into a partnership with Herman Miller to create furniture solutions for gamers. In December 2019, the company acquired CHALLENGE. Through this acquisition, the company can gain access to global footprint and resources will help the company to enhance its platform to serve tournament organizers, participants, and partners.

Opportunity - Positive Outlook for Global Hardware IT Market

Logitech stands to benefit from the growing global hardware infrastructure market. According to in-house research, the global IT hardware market was valued at US\$272.1 billion in 2018 and is expected to grow to US\$300.6 billion in 2023, at a CAGR of 2%. The client computing & peripherals segment of IT hardware market accounted for 52.7% of market share, followed by server computing with 19.3%, network infrastructure with 13.8%, storage infrastructure with 10.4% and security hardware & appliances with 3.7%. The US is projected to dominate the market with a share of 34.9%, followed by Asia-Pacific (30.4%), Europe (25.5%), Middle East (0.3%), and rest of the world (9%).

Logitech International SA - Threats

Threat - Intense Competition

The PC peripherals industry is intensely competitive. It is characterized by short product life cycles, continual performance enhancements, and rapid adoption of technological and product advancements by competitors in the retail market, and price sensitivity in the market. Such increase in competition may lower the price and reduced demand for the company's products. The competitors for PC web cameras offered by the company include Microsoft, Creative Labs and Philips. Its major competitors in PC, mobile entertainment and PC headset market include Plantronics and its Altec Lansing, Creative Labs and Bose Corporation. In audio business, the company faces competition from several small organizations and also from established consumer electronics giants such as Sony and Philips. In the gaming business, competitors of Logitech include CSG International, Pelican Accessories, Mad Catz, and its Saitek subsidiary. Competitors of the company in remotes area include Philips, Universal Remote, Universal Electronics, RCA, and Sony. Many of its competitors have greater marketing resources and brand name recognition than the company. Due to convergence of the markets for computing devices and consumer electronics, competition in the future is expected to intensify.

Threat - Dependence on Third Party Product Sales

Some of the newly developed products of the company have been designed for use with third-party platforms such as the Apple iPad, iPod, iPhone and Siri, Android phones and tablets, Google Assistant, Amazon Alexa, Microsoft Xbox, Sony PlayStation and Nintendo Wii. The business growth of Logitech is partly dependent on the sales of these products. The company's brands and reputation also depends on third parties such as producers, suppliers, distributors, retailers, product reviewers and the media. However, the business in these categories relies on the availability of access to the platforms of third parties, which could be withdrawn, denied or not be available on terms acceptable to the company. In some cases, Logitech could be required to pay a royalty, to access these third-party platforms. Such a scenario could lower the product margins of the company and affect its profitability.

Threat - Environmental Regulations

The company's business operations are subject to various environmental regulations in Europe, North America, and Asia-Pacific. In Europe, its operations are restricted for usage of certain hazardous substances in electrical and electronics equipment directive 2011/65/EU (RoHS Directive) of the European Union (EU). China passed the Management Methods for Controlling Pollution by Electronic Information Products, which could restrict import of products for use in China, which contain substances similar to those banned by the RoHS directive. In the US and Canada, the company's operations are subject to the appliance efficiency regulations adopted through the US Energy Independence and Security Act of 2007, the California's Proposition 65, the section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. In Australia and New Zealand, Logitech operations are subject to the compliance of Minimum Energy Performance Standards (MEPS) regulations. Such regulatory restrictions could hamper the production of electrical and electronic goods using certain hazardous substances. This scenario demands accountability in specified collection, recycling, treatment and disposal of past and future covered products by the companies in the industry.

NOTE:

* Sector average represents top companies within the specified sector

The above strategic analysis is based on in-house research and reflects the publishers opinion only

Logitech International SA - Key Competitors

Logitech International SA, Key Competitors			
Name	Headquarters	Revenue (US\$ m)	
Alphabet Inc	United States	161,857	
Amazon.com Inc	United States	280,522	
Apple Inc	United States	260,174	
AVer Information Inc	Taiwan	69	
Beats Electronics LLC	United States		
Belkin International Inc	United States		
Bose Corp	United States	<i>(Estimated)</i> 4,000	
Buffalo Inc.	Japan		
Cisco Systems Inc	United States	49,301	
Comcast Corp	United States	108,942	
Corsair Components Inc	United States		
CYBER ACOUSTICS, L.L.C.			
Elecom Co., Ltd.	Japan	928	
Google LLC	United States	160,743	
HP Inc	United States	58,756	
Kensington Computer Products Group	United States		
Kingston Technology Company Inc	United States		
Koninklijke Philips NV	Netherlands	21,811	
Melco Holdings Inc	Japan	983	
Microsoft Corp	United States	143,015	
Otter Products LLC	United States		
Peel Technologies, Inc.	United States		
Razer Inc	United States	821	
Samsung Electronics Co Ltd	South Korea	197,825	
Sennheiser Electronic GmbH & Co KG	Germany		
Shenzhen Rapoo Technology Co., Ltd	China	72	
Skullcandy, Inc.	United States		
Sonos Inc	United States	1,137	
Sony Corp	Japan	79,723	
SteelSeries ApS	Denmark		
Targus Group International, Inc.	United States		
Turtle Beach Corporation	United States	287	
Vizio Inc	United States		
VOXX International Corp	United States	447	
Wink Labs Inc	United States		
Xiaomi Inc	China		
ZAGG Inc.	United States	522	
Source: Annual Report, Company Website, Primary and Secondary Research			GlobalData

Section 3 – Company Financial Ratios

Financial Ratios - Capital Market Ratios

Logitech International SA, Ratios based on current share price

Key Ratios	15-Sep-2020
P/E (Price/Earnings) Ratio	26.70
EV/EBITDA (Enterprise Value/Earnings Before Interest, Taxes, Depreciation and Amortization)	32.23
Enterprise Value/Sales	3.79
Enterprise Value/Operating Profit	40.83
Enterprise Value/Total Assets	4.78
Dividend Yield	1.03
Note: Above ratios are based on share price as of 15-Sep-2020, the above ratios are absolute numbers	
Source: Annual Report, Company Website, Primary and Secondary Research	GlobalData

Financial Ratios - Annual Ratios

Logitech International SA, Annual Ratios						
Key Ratios	Unit/Currency	2016	2017	2018	2019	2020
Equity Ratios						
EPS (Earnings per Share)	USD	0.77	1.24	1.36	1.52	2.66
Dividend per Share	USD	0.53	0.57	0.63	0.69	0.74
Dividend Cover	Absolute	1.46	2.18	2.16	2.21	3.59
Book Value per Share	USD	4.68	5.27	6.38	7.09	8.92
Cash Value per Share	USD	3.20	3.37	3.90	3.64	4.29
Profitability Ratios						
Gross Margin	%	33.75	36.92	35.42	37.19	37.72
Operating Margin	%	6.40	9.54	8.95	9.44	9.29
Net Profit Margin	%	5.91	9.27	8.12	9.24	15.11
Profit Markup	%	50.94	58.52	54.85	59.21	60.56
PBT Margin (Profit Before Tax)	%	6.51	9.68	9.05	9.72	10.90
Return on Equity	%	15.70	24.05	19.85	21.90	30.20
Return on Capital Employed	%	14.19	21.37	19.68	20.15	16.76
Return on Assets	%	8.67	14.59	12.87	13.67	20.50
Return on Working Capital	%	25.24	40.68	38.46	41.60	39.48
Growth Ratios						
Sales Growth	%	0.66	10.08	15.55	8.63	6.73
Operating Income Growth	%	-15.03	64.16	8.44	14.57	5.05
EBITDA Growth	%	-15.03	68.66	8.99	16.24	6.08

Logitech International SA, Annual Ratios (Cont...1)

Key Ratios	Unit/Currency	2016	2017	2018	2019	2020
Net Income Growth	%	1,185.33	72.55	1.29	23.51	74.60
EPS Growth	%	0.04	36.17	12.07	19.09	72.18
Working Capital Growth	%	-8.22	1.85	14.71	5.90	10.70
Cost Ratios						
Operating Costs (% of Sales)	%	93.60	90.46	91.05	90.56	90.71
Administration Costs (% of Sales)	%	20.84	21.60	20.72	21.05	21.08
Liquidity Ratios						
Current Ratio	Absolute	2.23	2.03	2.04	1.88	1.98
Quick Ratio	Absolute	1.68	1.53	1.59	1.47	1.66
Cash Ratio	Absolute	1.25	1.08	1.12	0.84	1
Leverage Ratios						
Net Debt to Equity	Absolute	-0.68	-0.64	-0.61		
Efficiency Ratios						
Asset Turnover	Absolute	1.47	1.57	1.58	1.48	1.36
Fixed Asset Turnover	Absolute	22.51	24.92	29.90	33.83	33.02
Inventory Turnover	Absolute	5.52	5.81	6.46	6.33	7.09
Current Asset Turnover	Absolute	2.04	2.27	2.33	2.21	2.15
Capital Employed Turnover	Absolute	2.22	2.24	2.20	2.13	1.80
Working Capital Turnover	Absolute	3.95	4.27	4.30	4.41	4.25
Revenue per Employee	USD					450,887

Logitech International SA, Annual Ratios (Cont...2)

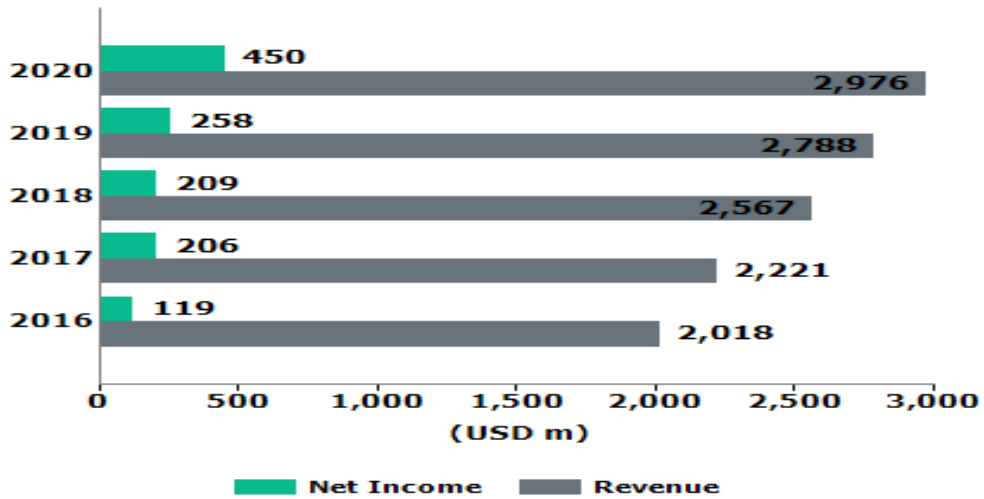
Key Ratios	Unit/Currency	2016	2017	2018	2019	2020
Net Income per Employee	USD					68,140
Capex to Sales	%	2.81	1.43	1.55	1.29	1.33
R&D to Sales	%	5.63	5.88	5.60	5.78	5.97

Source: Annual Report, Company Website, Primary and Secondary Research

GlobalData

Performance Chart

Logitech International SA, Performance Chart (2016 - 2020)



Source: Annual Report, Company Website, Primary and Secondary Research

GlobalData

Financial Performance

The company reported revenues of (US Dollars) US\$2,975.9 million for the fiscal year ended March 2020 (FY2020), an increase of 6.7% over FY2019. In FY2020, the company’s operating margin was 9.3%, compared to an operating margin of 9.4% in FY2019. In FY2020, the company recorded a net margin of 15.1%, compared to a net margin of 9.2% in FY2019.

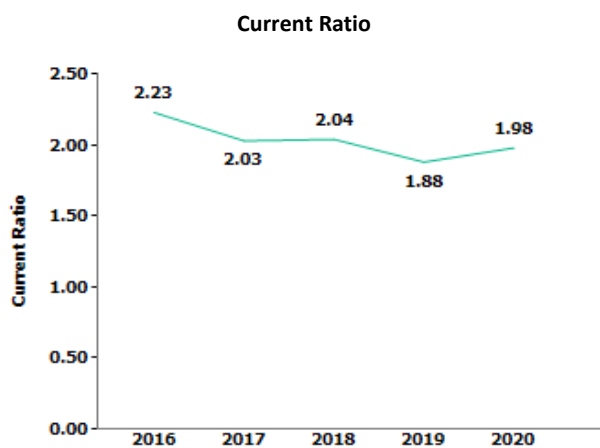
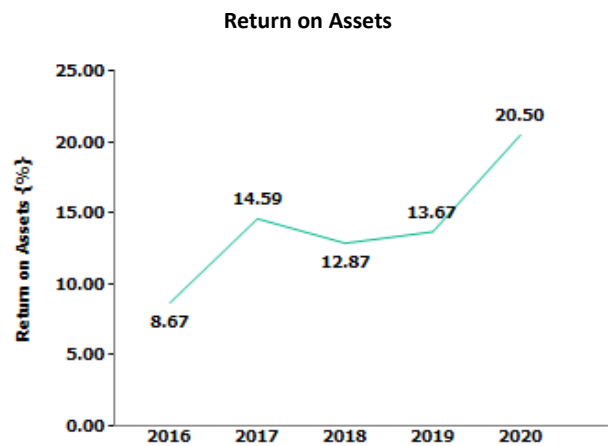
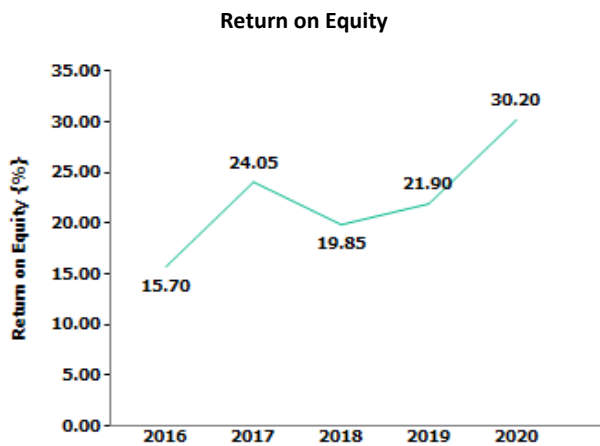
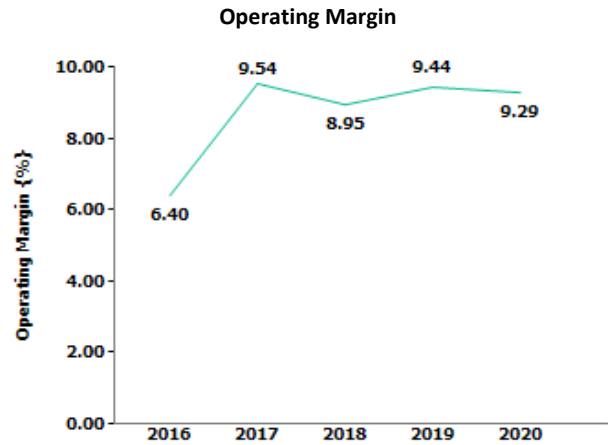
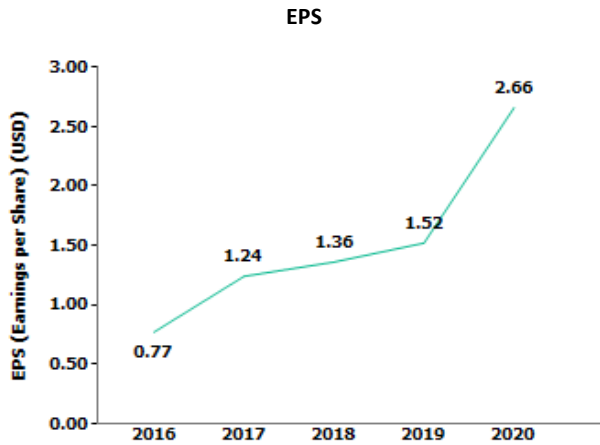
The company reported revenues of US\$791.9 million for the first quarter ended June 2020, an increase of 11.7% over the previous quarter.

Financial Ratios - Interim Ratios

Logitech International SA, Interim Ratios						
Key Ratios	Unit/Currency	Jun-2019	Sep-2019	Dec-2019	Mar-2020	Jun-2020
Interim EPS (Earnings per Share)	USD	0.27	0.43	0.69	1.26	0.42
Dividend per Share	USD		0.74			
Book Value per Share	USD	7.20	7	7.76	8.92	9.31
Gross Margin	%	37.10	37.80	37.05	39.04	38.61
Operating Margin	%	7.37	9.46	14.27	4.53	10.54
Net Profit Margin	%	7.04	10.13	13.02	30.16	9.10
Profit Markup	%	58.97	60.78	58.86	64.04	62.89
PBT Margin (Profit Before Tax)	%	8.05	9.77	14.62	9.89	10.87
Operating Costs (% of Sales)	%	92.63	90.54	85.73	95.47	89.46
Administration Costs (% of Sales)	%	22.54	21.98	17.43	23.50	20.50
Current Ratio	Absolute	1.88	1.74	1.76	1.98	1.90
Quick Ratio	Absolute	1.48	1.34	1.42	1.66	1.59
Net Debt to Equity	Absolute	-0.50	-0.49	-0.51	-0.48	-0.52
Source: Annual Report, Company Website, Primary and Secondary Research						GlobalData

Financial Ratios - Ratio Charts

Logitech International SA, Ratio Charts



Source: Annual Report, Company Website, Primary and Secondary Research

GlobalData

Section 4 – Company’s Recent Developments

Dec 04, 2019: Logitech commits to ambitious 1.5°C Climate Pledge and 100% Renewable Electricity Goal

Logitech International, an award-winning design company and maker of cloud peripheral products, is extending its commitment to future generations by setting ambitious sustainability goals for its products, packaging, and operations.

Today, Logitech unveils its support of the Paris Agreement, pledging to limit its carbon footprint to support the ambitious 1.5°C goal and for the Company to be powered exclusively by renewable electricity by 2030.

"For more than a decade, Logitech has actively worked to minimize our climate footprint while designing and delivering products that help better the world. As a small company playing in a global market, we appreciate the value of collaboration, and today we are publically committing to being part of global efforts to co-create a more sustainable world,said Bracken Darrell, president and CEO of Logitech. "We recognize that Logitech's growth does not come without an environmental impact and, while we have made progress, we have only just begun our efforts in designing for sustainability.

Logitech commits to support the Paris Agreement, pledging to establish science-based targets to limit its greenhouse gas emissions to support the ambitious 1.5°C trajectory by 2050. The Company is participating in the Science Based Target Initiative (SBTi), and supporting science-based objectives that can be measured across industry and across the globe to affect the real change needed now.As a member of RE100, Logitech commits to source 100% of the Company's global electricity consumption from renewable sources by 2030. The Company is working to hit the target early - it has already achieved 75% renewable electricity consumption due to its early efforts at its Lausanne, Switzerland and Cork, Ireland offices which now run on 100% renewable electricity. The Logitech manufacturing plant in Suzhou, China, is also a certified CarbonNeutral®building through the purchase of renewable electricity and carbon offsets, reducing 17,000 tonnes of carbon each year.Logitech has long tracked and reported on its sustainable efforts and will now formally align with the U.N.'s Sustainable Development Goals (SDGs). This commitment represents a transformational but natural next step in the Company's sustainability journey.Logitech expands beyond carbon-neutral operations to carbon-neutral products. All Logitech gaming products are now certified CarbonNeutral, in accordance with the Carbon Neutral Protocol which is managed by Natural Capital Partners. The carbon footprint of the materials, design, manufacturing, and shipment of all Logitech G and ASTRO Gaming products have been reduced to net-zero emissions. Logitech commits to maintain carbon neutral gaming products and intends to expand the certification to other product categories in the future.Designing For Sustainability

The biggest opportunities to reduce a product's environmental impact come early in the design process when key decisions about a product are made. Logitech's teams across all business groups are integrating environmental impact assessments into new product designs, alongside cost, customer experience, manufacturing, and technical innovation. Each category is exploring how product materials are sourced, assembled, shipped, used and, ultimately, disassembled and recycled. Already the company has converted to sustainable packaging on multiple new Logitech G and MX Master 3 products, started to introduce recycled plastic in its mice, keyboards, and webcams, and removed PVC from new product cables and feasible external parts.

"As an award-winning design company, we are making a pledge to future generations that we will use our leadership in design not only to create a great customer experience but to do so in a way that is sustainable for the planet,continued Darrell. "We want to leave our mark on the future. We know that mark can be positive or negative, depending on the large and small decisions we make every day.

Section 5 – Appendix

The data and analysis within this report is driven by GlobalData.

GlobalData gives you key information to drive sales, investment and deal making activity in your business.

Our coverage includes 200,000 + reports on 185,000+ companies (including 150,000+ private) across 200+ countries and 29 industries. The key industries include Alternative Energy, Oil & Gas, Clean Technology, Technology and Telecommunication, Pharmaceutical and Healthcare, Power, Financial Services, Chemical and Metal & Mining.

Methodology

GlobalData company reports are based on a core set of research techniques which ensure the best possible level of quality and accuracy of data. The key sources used include:

- Company Websites
- Company Annual Reports
- SEC Filings
- Press Releases
- Proprietary Databases

Currency Codes

Currency Code	Currency
USD	U.S. Dollars
GlobalData	

Ratio Definitions

Capital Market Ratios

Capital Market Ratios measure investor response to owning a company's stock and also the cost of issuing stock.

Price/Earnings Ratio (P/E)
Price/Earnings (P/E) ratio is a measure of the price paid for a share relative to the annual income earned per share. It is a financial ratio used for valuation: a higher P/E ratio means that investors are paying more for each unit of income, so the stock is more expensive compared to one with lower P/E ratio. A high P/E suggests that investors are expecting higher earnings growth in the future compared to companies with a lower P/E. Price per share is as of previous business close, and EPS is from latest annual report.

Calculation: Market Cap / Net Income

Enterprise Value/Earnings before Interest, Tax, Depreciation & Amortization (EV/EBITDA)
Enterprise Value/EBITDA (EV/EBITDA) is a valuation multiple that is often used in parallel with, or as an alternative to, the P/E ratio. The main advantage of EV/EBITDA over the PE ratio is that it is unaffected by a company's capital structure. It compares the value of a business, free of debt, to earnings before interest. Price per share is as of previous business close, and shares outstanding last reported. Other items are from latest annual report.

Calculation: $\frac{\text{Market Cap} + \text{Debt} + \text{Minority Interest} + \text{Preferred Stock (Redeemable + Non-Redeemable)} - \text{Cash \& Cash Equivalents}}{\text{Operating Income} + \text{Depreciation} + \text{Amortization}}$

Enterprise Value/Sales
Enterprise Value/Sales (EV/Sales) is a ratio that provides an idea of how much it costs to buy the company's sales. EV/Sales is seen as more accurate than Price/Sales because market capitalization does not take into account the amount of debt a company has, which needs to be paid back at some point. Price per share is as of previous business close, and shares outstanding last reported. Other items are from latest annual report.

Calculation: $\frac{\text{Market Cap} + \text{Debt} + \text{Minority Interest} + \text{Preferred Stock (Redeemable + Non-Redeemable)} - \text{Cash \& Cash Equivalents}}{\text{Revenue}}$

Enterprise
Enterprise Value/Operating Profit measures the company's enterprise value to the operating profit. Price

Value/Operating Profit per share is as of previous business close, and shares outstanding last reported. Other items are from latest annual report.

Calculation: $\{(\text{Market Cap} + \text{Debt} + \text{Minority Interest} + \text{Preferred Stock (Redeemable} + \text{Non-Redeemable)} - \text{Cash \& Cash Equivalents})\} / \text{Operating Income}$

Enterprise Value/Total Assets

Enterprise Value/Total Assets measures the company's enterprise value to the total assets. Price per share is as of previous business close, and shares outstanding last reported. Other items are from latest annual report.

Calculation: $\{(\text{Market Cap} + \text{Debt} + \text{Minority Interest} + \text{Preferred Stock (Redeemable} + \text{Non-Redeemable)} - \text{Cash \& Cash Equivalents})\} / \text{Total Assets}$

Dividend Yield

Dividend Yield shows how much a company pays out in dividends each year relative to its share price. In the absence of any capital gains, the dividend yield is the return on investment for a stock.

Calculation: $\text{Annual Dividend per Share} / \text{Price per Share}$

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Equity Ratios

These ratios are based on per share value.

Earnings per Share (EPS)

Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share of common stock. EPS serves as an indicator of a company's profitability.

Calculation: $\text{Net Income} / \text{Weighted Average Shares}$

Dividend per Share

Dividend is the distribution of a portion of a company's earnings, decided by the board of directors, to a class of its shareholders.

Dividend Cover

Dividend cover is the ratio of company's earnings (net income) over the dividend paid to shareholders.

Calculation: $\text{Earnings per share} / \text{Dividend per share}$

Book Value per Share

Book Value per Share measure used by owners of common shares in a firm to determine the level of safety associated with each individual share after all debts are paid accordingly.

Calculation: $\{\text{Shareholders Equity} - \text{Preferred Stock (Redeemable} + \text{Non-Redeemable})\} / \text{Outstanding Shares}$

Cash Value per Share

Cash Value per Share is a measure of a company's cash (cash & equivalents on the balance sheet) that is determined by dividing cash & equivalents by the total shares outstanding.

Calculation: $\text{Cash \& equivalents} / \text{Outstanding Shares}$

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Profitability Ratios

Profitability Ratios are used to assess a company's ability to generate earnings, based on revenues generated or resources used. For most of these ratios, having a higher value relative to a competitor's ratio or the same ratio from a previous period is indicative that the company is doing well.

Gross Margin

Gross margin is the amount of contribution to the business enterprise, after paying for direct-fixed and direct-variable unit costs.

Calculation: $(\text{Gross Profit} / \text{Revenue}) * 100$

Operating Margin

Operating Margin is a ratio used to measure a company's pricing strategy and operating efficiency.

Calculation: $(\text{Operating Income} / \text{Revenue}) * 100$

Net Profit Margin

Net Profit Margin is the ratio of net profits to revenues for a company or business segment - that shows how much of each dollar earned by the company is translated into profits.

Calculation: $(\text{Net Profit} / \text{Revenue}) * 100$

Profit Markup

Profit Markup measures the company's gross profitability, as compared to the cost of revenue.

Calculation: $\text{Gross Income} / \text{Cost of Revenue}$

PBIT Margin (Profit

Profit Before Interest & Tax Margin shows the profitability of the company before interest expense &

Before Interest & Tax)	taxation. Calculation: $\{(\text{Net Profit} + \text{Interest} + \text{Tax}) / \text{Revenue}\} * 100$
PBT Margin (Profit Before Tax)	Profit Before Tax Margin measures the pre-tax income over revenues. Calculation: $\{\text{Net Income Before Tax} / \text{Revenue}\} * 100$
Return on Equity	Return on Equity measures the rate of return on the ownership interest (shareholders' equity) of the common stock owners. Calculation: $(\text{Net Income} / \text{Shareholders Equity}) * 100$
Return on Capital Employed	Return on Capital Employed is a ratio that indicates the efficiency and profitability of a company's capital investments. ROCE should always be higher than the rate at which the company borrows; otherwise any increase in borrowing will reduce shareholders' earnings. Calculation: $\text{Operating Income} / (\text{Total Assets} - \text{Current Liabilities}) * 100$
Return on Assets	Return on Assets is an indicator of how profitable a company is relative to its total assets, the ratio measures how efficient management is at using its assets to generate earnings. Calculation: $(\text{Net Income} / [\text{Current Year Total Assets} + \text{Last Year Total Assets}] / 2) * 100$
Return on Fixed Assets	Return on Fixed Assets measures the company's profitability to its fixed assets (property, plant & equipment). Calculation: $(\text{Net Income} / [\text{Current Year Fixed Assets} + \text{Last Year Fixed Assets}] / 2) * 100$
Return on Working Capital	Return on Working Capital measures the company's profitability to its working capital. Calculation: $\{\text{Operating Income} / (\text{Current Assets} - \text{Current Liabilities})\} * 100$

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Cost Ratios

Cost ratios help to understand the costs the company is incurring as a percentage of sales.

Operating costs (% of Sales)	Operating costs as percentage of total revenues measures the operating costs that a company incurs compared to the revenues. Calculation: $(\text{Operating Expenses} / \text{Revenue}) * 100$
Administration costs (% of Sales)	Administration costs as percentage of total revenue measures the selling, general and administrative expenses that a company incurs compared to the revenues. Calculation: $(\text{Administrative Expenses} / \text{Revenue}) * 100$
Interest costs (% of Sales)	Interest costs as percentage of total revenues measures the interest expense that a company incurs compared to the revenues. Calculation: $(\text{Interest Expenses} / \text{Revenue}) * 100$

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Liquidity Ratios

Liquidity ratios are used to determine a company's ability to pay off its short-term debts obligations. Generally, the higher the value of the ratio, the larger the margin of safety that the company possesses to cover short-term debts. A company's ability to turn short-term assets into cash to cover debts is of the utmost importance when creditors are seeking payment. Bankruptcy analysts and mortgage originators frequently use the liquidity ratios to determine whether a company will be able to continue as a going concern.

Current Ratio	Current Ratio measures a company's ability to pay its short-term obligations. The ratio gives an idea of the company's ability to pay back its short-term liabilities (debt and payables) with its short-term assets (cash, inventory, receivables). The higher the current ratio, the more capable the company is of paying its obligations. A ratio under 1 suggests that the company would be unable to pay off its obligations if they came due at that point. Calculation: $\text{Current Assets} / \text{Current Liabilities}$
Quick Ratio	Quick ratio measures a company's ability to meet its short-term obligations with its most liquid assets.

Calculation: (Current Assets - Inventories) / Current Liabilities**Cash Ratio**

Cash ratio is the most stringent and conservative of the three short-term liquidity ratio. It only looks at the most liquid short-term assets of the company, which are those that can be most easily used to pay off current obligations. It also ignores inventory and receivables, as there are no assurances that these two accounts can be converted to cash in a timely matter to meet current liabilities.

Calculation: {(Cash & Bank Balance + Marketable Securities) / Current Liabilities}

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Leverage Ratios

Leverage ratios are used to calculate the financial leverage of a company to get an idea of the company's methods of financing or to measure its ability to meet financial obligations. There are several different ratios, but the main factors looked at include debt, equity, assets and interest expenses.

Debt to Equity Ratio

Debt to Equity Ratio is a measure of a company's financial leverage. The debt/equity ratio also depends on the industry in which the company operates. For example, capital-intensive industries tend to have a higher debt-equity ratio.

Calculation: Total Debt / Shareholders Equity

Debt to Capital Ratio

Debt to capital ratio gives an idea of a company's financial structure, or how it is financing its operations, along with some insight into its financial strength. The higher the debt-to-capital ratio, the more debt the company has compared to its equity. This indicates to investors whether a company is more prone to using debt financing or equity financing. A company with high debt-to-capital ratios, compared to a general or industry average, may show weak financial strength because the cost of these debts may weigh on the company and increase its default risk.

Calculation: {Total Debt / (Total Debt + Shareholders Equity)}

Interest Coverage Ratio

Interest Coverage Ratio is used to determine how easily a company can pay interest on outstanding debt, calculated as earnings before interest & tax by interest expense.

Calculation: Operating Income / Interest Expenses

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Efficiency Ratios

Efficiency ratios measure a company's effectiveness in various areas of its operations, essentially looking at maximizing its use of resources.

Fixed Asset Turnover

Fixed Asset Turnover ratio indicates how well the business is using its fixed assets to generate sales. A higher ratio indicates the business has less money tied up in fixed assets for each currency unit of sales revenue. A declining ratio may indicate that the business is over-invested in plant, equipment, or other fixed assets.

Calculation: Revenue / [(Current Year Fixed Assets + Last Year Fixed Assets)/2]

Asset Turnover

Asset turnover ratio measures the efficiency of a company's use of its assets in generating sales revenue to the company. A higher asset turnover ratio shows that the company has been more effective in using its assets to generate revenues.

Calculation: Revenue / [(Current Year Total Assets + Last Year Total Assets)/2]

Current Asset Turnover

Current Asset Turnover indicates how efficiently the business uses its current assets to generate sales.

Calculation: Revenue / [(Current Year Current Assets + Last Year Current Assets)/2]

Inventory Turnover

Inventory Turnover ratio shows how many times a company's inventory is sold and replaced over a period. A low turnover implies poor sales and, therefore, excess inventory. A high ratio implies either strong sales or ineffective buying.

Calculation: Cost of Goods Sold / [(Current Year Inventory + Last Year Inventory)/2]

Working Capital Turnover

Working Capital Turnover is a measurement to compare the depletion of working capital to the generation of sales. This provides some useful information as to how effectively a company is using its working capital to generate sales.

Calculation: Revenue / (Current Assets – Current Liabilities)**Capital Employed Turnover**

Capital employed turnover ratio measures the efficiency of a company's use of its equity in generating sales revenue to the company.

Calculation: Revenue / (Total Assets – Current Liabilities)

Capex to sales

Capex to Sales ratio measures the company's expenditure (investments) on fixed and related assets' effectiveness when compared to the sales generated.

Calculation: (Capital Expenditure / Revenue) *100

Net income per Employee

Net income per Employee looks at a company's net income in relation to the number of employees they have. Ideally, a company wants a higher profit per employee possible, as it denotes higher productivity.

Calculation: Net Income / No. of Employees

Revenue per Employee

Revenue per Employee measures the average revenue generated per employee of a company. This ratio is most useful when compared against other companies in the same industry. Generally, a company seeks the highest revenue per employee.

Calculation: Revenue / No. of Employees

Efficiency Ratio

Efficiency Ratio is used to calculate a bank's efficiency. An increase means the company is losing a larger percentage of its income to expenses. If the efficiency ratio is getting lower, it is good for the bank and its shareholders.

Calculation: [Non-interest expense / (Net Interest Income + Non-Interest Income)] * 100

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Notes

- Financial information of the company is taken from the most recently published annual reports or SEC filings
- The financial and operational data reported for the company is as per the industry defined standards
- Revenue converted to USD at average annual conversion rate as of fiscal year end

About GlobalData

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