

Logitech Company Background

July 2011

Logitech is a world leader in products that connect people to the digital experiences they care about. Spanning multiple computing, communication and entertainment platforms, Logitech's combined hardware and software enable or enhance digital navigation, music and video entertainment, gaming, social networking, audio and video communication over the Internet, video security and home-entertainment control.

Logitech's product strategy is focused on the screens that people use as their window into their digital world. We study how people use their screens (laptop PC or Mac, tablet, TV, smartphone and meeting room screens) and create products that enhance their experience with those screens, whether they are using them as consumers or as participants in a business or enterprise.

Eight-five percent of Logitech's business is through retail sales in more than one hundred countries. Most of Logitech's retail sales are of consumer products, although a considerable amount of these retail products are purchased for, and used, in businesses. The remaining fifteen percent of Logitech's business is divided up between our OEM business, which includes sales of PC peripherals to computer manufacturers and our LifeSize video conferencing business.

Consumer Products

Logitech's portfolio of consumer products have much in common – the most important being that they provide the interface between people and what they want to accomplish or experience in the digital world.

Control, Navigation and More for PC and Mobile Devices

Whether you're searching the Web or playing an online game, Logitech's mice enable effortless control and navigation on a laptop PC or Mac or even on some tablets. And whether you're writing a novel, composing a song or simply sending an email message, Logitech's keyboards offer seamless input on a laptop or tablet. Our mice and keyboard categories offer a wide range of choices for consumers, from high-performance products, such as mice for precision gaming, to fun products such as mice and keyboards designed with colors and patterns.

Beyond specialized mice and keyboards, Logitech offers a range of control devices for gaming, including driving wheels, joysticks and game pads, all designed to provide gamers with a competitive edge.

Although Logitech is most known for combining electronic devices and software to enhance your digital experience, our work in understanding our consumers' needs often leads us to solutions that are more about comfort. For example, we offer a line of accessories to enhance your laptop experience, such as cooling pads and lapdesks, including a model with integrated speakers so you can watch a movie on your laptop with better audio quality than what your laptop's built-in speakers can provide.

Logitech is always looking for ways to build more energy conservation into our products. For years, we have worked to increase the battery life for our mice and keyboards. And one product that we are especially proud of is our solar keyboard, which features a battery that is powered by ambient light in a room.

Music Listening

Logitech offers a line of products to enhance your listening experience with digital music. We have a full line of digital speakers for the PC, which often find themselves as part of the living room entertainment or gaming setup because of their rich sound. In addition, we offer speaker docks for sharing the music stored on your iPod, iPad or smartphone. For cloud-based music, we offer the Squeezebox™ line of WiFi music players. And, our Ultimate Ears product line offers a full range of earphones for personal music listening.

Video Communication

Logitech has long been a global leader in video communication on the PC, and the company offers a full line of award-winning HD webcams and headsets for video communication on your laptop, using services such as Skype, Microsoft Live Messenger, Logitech Vid or Skype on Facebook. We believe that consumers should be able to make a video call from their laptop, their tablet, their smartphone or their TV, and we are working with industry partners to make this dream a reality. Logitech, in some countries, already offers two TV Cam models for video calling: one for use with Logitech Revue with Google TV and one for use with Skype on some Internet-connected Panasonic TVs.

The Digital Home

Logitech began our presence in the digital home with our line of Logitech Harmony remotes, which are designed to provide an entirely new way of controlling your living room entertainment center. Providing a new level of ease of use – for anyone in the family – the line of Harmony remotes has become the market leader in its category.

The underlying technology that makes the Harmony remotes easy, can also be extended into new applications for living room control. For example, Logitech's keyboard controller for Logitech Revue with Google TV leverages the Harmony technology to control the Google TV experience. And Logitech is planning other Harmony-based solutions for broader home-entertainment applications.

Another Logitech solution for the digital home is our line of Logitech Alert video security systems. For use outdoors with night vision or for use indoors, these HD cameras, which are easy to install yourself, allow you to conveniently monitor what is going on around your home from your laptop, tablet or smartphone.

Business Products

OEM

Logitech began our hardware business as an OEM provider of mice to the major computer manufacturers. While now much smaller than retail, OEM has been a consistent, high-volume contributor to Logitech's business for many years. We have continued to supply mice and keyboards to the major computer manufacturers. And, we have supplied game console manufacturers with products such as motion-detection cameras and microphones.

Logitech for Business

Many of Logitech's products have been purchased through our reseller and retail partners for use in business – mice, keyboards, webcams, headsets, wireless presenters – but Logitech has rarely marketed its products specifically for business applications. Beginning in 2011, Logitech has begun optimizing certain products for business as well as creating customer and channel programs specifically for businesses. In addition to offering mice and keyboards for business, Logitech for Business is focusing on solutions for PC-based Unified Communications (UC), offering webcams and headsets that work well with the top UC software and services platforms. In addition to offering a full line of high-quality webcams and headsets, Logitech is working closely with the software and services providers to ensure compatibility and a seamless experience in the office, both in the enterprise as well as in a small or medium size business.

LifeSize

Acquired by Logitech in 2009, our LifeSize division is a pioneer and world leader in HD video collaboration solutions. Focused on making video conferencing truly universal, LifeSize offers a full range of open standards-based systems that are enterprise-class and IT-friendly. Delivering

high-quality HD video, relentless innovation and disruptive price/performance, LifeSize aims to make video collaboration a reality for businesses of all sizes, from the board room to individual conference rooms and offices to remote workers at home or on the go.

Trends

Some key consumer trends are influencing Logitech's business, and Logitech's core expertise enables us to offer leading solutions that leverage these trends:

Wireless Connectivity

As wireless technologies have become more reliable and affordable, the consumer appetite for wireless freedom has increased. Having cut the cords very early on with its mice, Logitech has developed specific expertise in wireless technology and offers a range of wireless devices, including mice, keyboards, presentation devices, headphones, speakers, remote controls, controllers for gaming and connected TVs, digital video security systems, and streaming music systems.

Applications Built on Broadband Internet Connectivity

As more people around the world gain affordable access to fast Internet connectivity, their use of connected devices is increasing exponentially. In both mature and emerging markets around the world, people are using laptops, tablets and smartphones to take advantage of applications such as free voice and video communications, social media, gaming, video security, video sharing, Web-based music and radio, and many other resources on the Web. This trend is fueling demand for Logitech products that enhance the user experience with these applications. Video is an especially important area of focus for Logitech. It is becoming a prevalent application across the screens used by consumers of all ages in every country and by businesses of all types and sizes. Logitech, with our LifeSize division, and work with industry partners, is well positioned to be among the leaders in bringing seamless video experiences to people across the key screens.

The Proliferation of Mobile Devices

Increasingly, smartphones and tablets are becoming the prevalent digital computing devices. Logitech estimates that by 2014, nearly 900 million smartphones and tablets will be shipped to consumers and businesses around the world. While PCs continue to have their place in both business and the home, the younger, more mobile generations are finding that their needs to access their favorite applications on the Internet are being met by a smartphone or tablet.

Logitech is leveraging its expertise in digital audio as well as in control and navigation to provide accessories to complement the digital experiences of these mobile users.

The Emergence of the Digital Home

The digital home is becoming a reality as more and more people are upgrading entertainment systems in the living room and other rooms in the house with Internet-connected HD TVs, digital-video recorders, digital audio systems, PC-based media systems, game consoles and music systems to enjoy gaming, music, radio broadcasts, movies, TV and photo sharing with friends and family. People are also integrating new technologies into their homes for monitoring and security.

Logitech is creating a portfolio of products that address consumer needs in the digital home, ranging from Harmony remote controls to products for interacting with Internet-connected TVs to solutions for home monitoring with digital video security systems.

Geographic Footprint

Logitech's sales and marketing teams are divided into three regions; the Americas, EMEA (Europe, Middle East and Africa) and Asia Pacific. Logitech enjoys very strong retail and distribution partnerships throughout the world. Our greatest market strength has been in mature markets, such as North America and Western Europe. However, we are also focusing on growth in emerging markets, such as China, India, Brazil and Russia. We have recently increased our presence in China significantly and we are following a similar path with these other emerging markets.

Logitech's product development group is also a global group, with R&D centers of excellence in the United States (California, Washington and Texas), Ireland, Switzerland, India, China and Taiwan.

Logitech's center of manufacturing is in Suzhou, China, with supplemental manufacturing in other parts of China, including contract manufacturing.

Financial Performance

For Logitech's Fiscal Year 2011, which ended on March 31, 2011, the company delivered \$2.36 billion in revenue. Our gross margin was 35.4%. Our operating income was \$142.7 million with net income of \$128 million (\$0.72 per share).

Celebrating 30 Years

Logitech will celebrate its 30th anniversary on October 2, 2011. We first became known as the leader in mice, as we focused on a succession of innovations for this ubiquitous device that has become synonymous with a person's interaction with a personal computer. From there, Logitech became the world leader in a full portfolio of peripherals for the PC that enhance peoples' experiences with their digital pursuits. We're now building our future growth with peripherals, accessories and software solutions around all the important screens for the digital world.

Logitech International is a Swiss public company traded on the SWX Swiss Exchange under the symbol LOGN and on the Nasdaq Global Select Market under the symbol LOGI.