

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades, set against a bright blue sky with scattered white clouds. The buildings are arranged in a way that creates a sense of height and architectural scale.

Logitech S.A. Stock Pitch

Carlos Codert, Félix Gómez-Guillamón, and Gabriel de Olaguibel

- Logitech S.A. is a multinational tech company founded in Lausanne, Switzerland that focuses on **computer peripherals and software development**.
- Their products range from mice and keyboards for everyday use, to proprietary technology used by numerous companies in the **virtual & video conferencing world**.
- **Bracken Darrell** who has worked as **CEO** since 2013 remains at the lead of the company.
- Logitech is the top company amongst its competitors, with a very strong MOAT, being the **best peripherals company in 2021**.



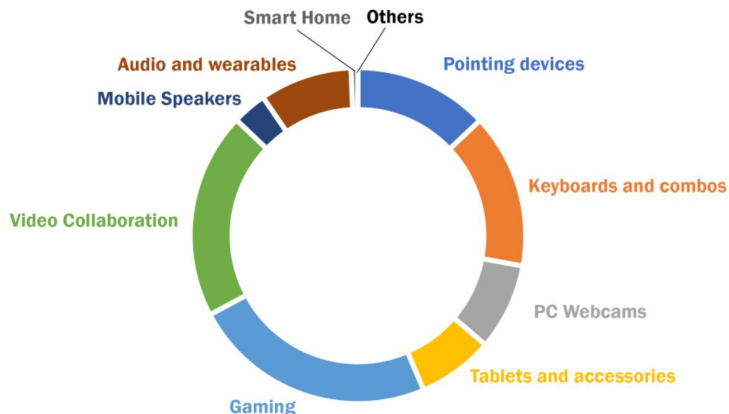
Bracken Darrell
CEO



Nate Olmsted
CFO



Prakash
COO



Revenue by Segment						
NET SALES	2021	2020	Change	2021	2020	Change
Net sales by product category:						
Pointing Devices	\$ 231,090	\$ 213,638	8 %	\$ 602,982	\$ 503,228	20 %
Keyboards & Combos	281,608	218,269	29	736,237	565,246	30
PC Webcams	115,115	131,700	(13)	319,504	295,020	8
Tablet & Other Accessories	82,859	138,052	(40)	242,932	267,186	(9)
Gaming ⁽¹⁾	469,282	436,426	8	1,135,456	916,040	24
Video Collaboration	287,187	292,500	(2)	753,725	659,278	14
Mobile Speakers	56,748	72,566	(22)	124,724	145,156	(14)
Audio & Wearables	104,280	152,952	(32)	318,965	338,592	(6)
Smart Home	4,559	10,593	(57)	16,380	25,976	(37)
Other ⁽²⁾	54	606	(91)	202	632	(68)
Total Sales	\$ 1,632,782	\$ 1,667,302	(2)%	\$ 4,251,107	\$ 3,716,354	14 %

* Drop in sales already priced in

Industry Overview

Companies: Logitech, Razer, Corsair, Turtle beach and Rapoo

Consumers: Gamers, Students, Professionals, Digital communities

✔ Opportunities in the video collaboration industry

✔ Great future outlook in VR and Metaverse industries

→ Rapidly growing and evolving providing gaming peripherals and computer accessories

◆ **DRIVER:** Working from home and large scale hybrid implementations

→ Primarily focused on innovating products in demand to attract more customers

◆ **DRIVER:** Continuous evolution of gaming experiences and metaverse growth

Current

Share Price	\$	69.72
Share Outstanding		166.23 MM
Market Cap. (MM)		\$11.662B
Enterprise Value		\$10,885 MM

52 Weeks High	\$	140.17
52 Weeks Low	\$	69.68
Div. Yield		1.00%
Share Short		11,990,000
Short Interest		7.26%
P/E Ratio		15.69x
Beta		0.71
EPS	\$	6.42

- ✓ Earnings are forecast to **grow 9.5%** per year
- ✓ Little to no debt
- ✓ Exceptional annualized **ROIC of 72.10%**

Technical analysis



Significant +300% increase with Pandemic

- Leaving market gaps
- Minimal buy-side liquidity

Market correction

- Following recent political and economic volatility

Bullish continuation

- Price approaching previous sell-side liquidity area
- Allows buys and institutions to place orders

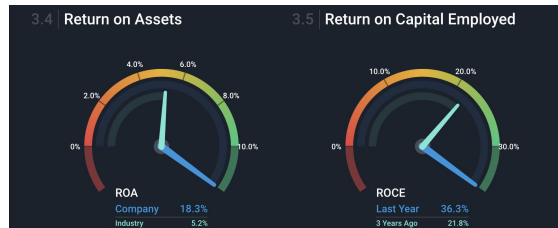
Primary Investors

Ownership	Name	Shares	Current Value
8.88%	BlackRock, Inc.	14,759,518	\$942.0m
3.37%	Capital Research and Management Company	5,608,044	\$357.9m
3.08%	The Vanguard Group, Inc.	5,125,734	\$327.1m
2.78%	Credit Suisse Asset Management (Switzerland)	4,620,963	\$294.9m
2.63%	Vontobel Asset Management, Inc.	4,368,403	\$278.8m
1.84%	ZKB Asset Management	3,058,883	\$195.2m
1.56%	Credit Suisse, Investment Banking and Securities Investments	2,599,879	\$165.9m

- ✓ **Blackrock** Investment Management raised its long position by **4,866.13%** in the past few months, owning almost **10%** of Logitech
- ✓ **UBS, Goldman Sachs, and JP Morgan** have as well added between **200-300%** of their positions
- ✓ **JP Morgan** has a rated the stock as a Strong Buy and **predicts a price of \$103 by Dec 2022**

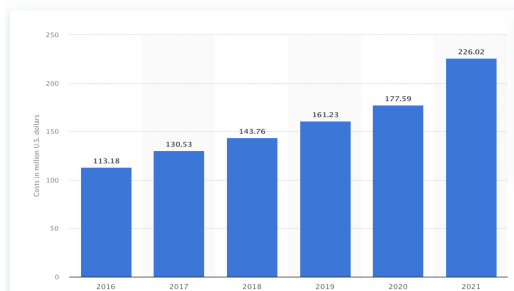


Its gross margin, which historically was averaging 34%, increased in the last 3 years until reaching 45.7% in 2020, and by now slightly consolidating at 42-43% in 2021.

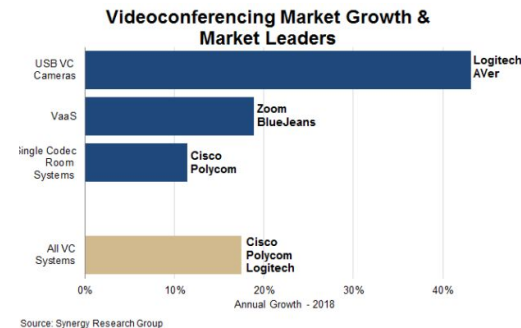


Logitech has a substantial Return on Capital Employed (ROCE) of 45.2%, with the tech industry averaging at 9.3% in 2020.

Research and development (R&D) costs of Logitech
(in million U.S. dollars)



Biggest investor in R&D in its market, focusing on technologies like Virtual Reality, cloud and decentralized gaming, 5G, Artificial Intelligence, Machine Learning or Blockchain technologies.



Logitech became the market leader in the video collaboration industry in only 2 years, gaining an additional 15% market share

#1

VR & Next-Generation Gaming

Following the latest and continuing trend of working from home, demand for video and computer accessories will only continue to rise.

#2

Work from home & Digital hybrid

Many companies and organizations fully adapting home working and hybrid environments will create a significant demand in the equipment to facilitate.

#3

Further cloud adoption

As the startup and innovation sector builds on the cloud, use cases for Logitech's cloud solutions for device management will significantly increase.

No Debt

Its large cash position and its debt-free balance sheet gives logitech a very healthy cash flow which allows them to expand in sectors of their interest & are protected against any uncertainties that may arise that require large amounts of cash expenditure.

Control Manufacturing process

Logitech has full control over the manufacturing process, unlike its competitors who totally rely on third parties to manufacture their products.

This gives them an important leverage in quality control and product design.

Quality & History

Logitech has the most experience in its industry , during more than 40 years, they have consistently produced the best quality products & technologies.

It is extremely difficult for competitors to replicate Logitech's product quality.

Upstream Market

Logitech is not only well-positioned in its current industry, but is also starting to enter upstream markets such as VR & AI.

Logitech's competition do not have the finances & technology to outperform them in these emerging markets.

	Historical Data						Forecasted Data				CAGR
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	
EPS Normalized (\$)	1.32	1.6	2.01	2.15	6.42	4.65	5.09	6.06	7.48	9.22	23.35%
EBIT (\$M)	237.90	286.66	352.39	387.10	1272.20	868.44	897.83	1085	1312	1587	20.90%
EBITDA (\$M)	243.13	327.95	395.86	430.00	1322.95	975.17	1019.96	1247	1530	1878	22.70%
Revenue (\$M)	2207.04	2566.86	2788.32	2975.85	5252.28	5484.29	5652.85	6465	7394	8457	14.37%

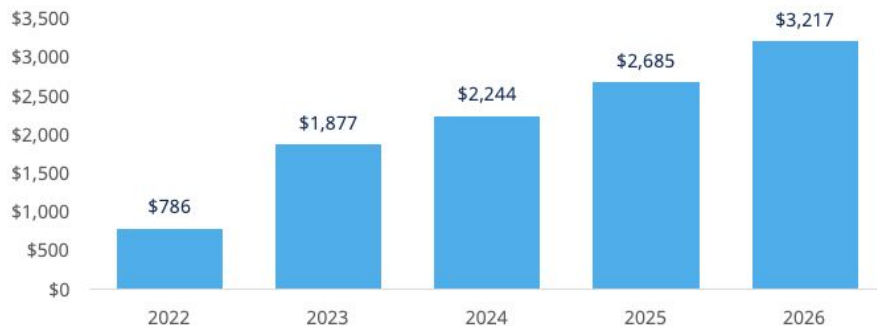
Ratios (multiples)			
	Min	Avg	Max
P/E Ratio	13.49	25.53	40.25
EV/ EBIT	12.15	19.44	30.91
EV/EBITDA	10.8	17.42	29.3
EV/Revenue	1.82	2.84	4.1



2026 Projection (\$)			
	Min	Avg	Max
P/E	124	235	371
EV/ EBIT	116	186	295
EV/EBITDA	122	197	331
EV/Revenue	93	144	209
Average	112.2	184.8	287.8

Based on KPIs historical data, it gives us a YOY return of up to **21%** with a price target of **\$184.8** by 2026.

Cash Flow



Market Value (\$M)

Market Cap	11,590
Plus: Debt	41
Less: Cash	1,364
Enterprise Value	10,266

Equity Value/Share **69.72**

Intrinsic Value (\$M)

Enterprise Value	29,765
Plus: Cash	1,364
Less: Debt	41
Equity Value	31,089

Equity Value/Share **187.02**

Rate of Return

Target Price Upside	168%
Internal Rate of Return (IRR)	45%

Market Value vs Intrinsic Value (\$)

Market Value	69.72
Upside	117.30
Intrinsic Value	187.02

The DCF model gives an intrinsic value of **\$187.02** which is an upside of \$117.30, **168%** above the actual value.

COMPARABLES VALUATION



Company Name	Market Data			Financial Data				Valuation			
	Price (\$/share)	Market Cap (\$M)	EV (\$M)	Revenue (\$M)	EBITDA (\$M)	EBIT (\$M)	Earnings (\$M)	EV/Sales x	EV/EBITDA x	EV/EBIT x	P/E x
Logitech	72.89	12,116.76	10,819.17	5,432.34	975.91	251.49	848.84	1.99x	11.1x	43.0x	14.3x
Turtle Beach	20.80	336.27	299.29	343.95	24.26	7.20	18.97	0.9x	12.3x	41.6x	17.7x
Razer	0.31	2,740.59	2,221.19	1,520.54	73.43	57.55	55.48	1.5x	30.2x	38.6x	49.4x
Corsair	20.78	1,977.99	2,209.74	1,787.63	166.48	22.79	136.04	1.2x	13.3x	97.0x	14.5x
Rapoo	1.78	504.21	427.89	67.20	4.79	0.21	3.38	6.4x	89.3x		149.2x
Average								2.4x	31.3x	55.0x	49.0x
Median								1.5x	13.3x	42.3x	17.7x

Actual (\$)		
	Value Avg	Avg Median
EV/Sales	86.52	52.99
EV/EBITDA	203.68	86.50
EV/EBIT	92.42	71.02
P/E	277.87	100.50
Avg	183.29	86.30



2026 Projection (\$)		
	Value Avg	Avg Median
EV/Sales	112.44	68.87
EV/EBITDA	243.24	103.30
EV/EBIT	404.47	310.83
P/E	326.17	117.97
Avg	301.46	166.77

Logitech's multiples are **18.9%** undervalued compared to its direct competitors, despite having better projections.

[USD \$ millions] **2026**

Operating Cash Flow	
Net Earnings	\$1,829
Plus: Depreciation & Amortization	125.00
Less: Changes in Working Capital	1,309
Cash from Operations	2,371
Investing Cash Flow	
Investments in Property & Equipment	-225.15
Cash from Investing	-225.15
Financing Cash Flow	
Issuance (repayment) of debt	0
Issuance (repayment) of equity	47
Cash from Financing	-575
Net Increase (decrease) in Cash	1,571
Opening Cash Balance	3,931
Closing Cash Balance	\$5,502

Free Cash Flow **2,146**

Shares Outstanding (M) **166.23**

Multiples (x)			
	Min	Avg	Max
EV / Free Cash Flow	11.36	20	29.69



2026 Projection (\$)			
	Min	Avg	Max
Price target	147	258	383

The target price according the free cash flow and the historical multiples valuation is **\$258** with a CAGR of **29%**

POTENTIAL RISKS

Due to the Covid-19 Pandemic, Logitech could possibly find itself having trouble in sourcing important materials, creating a supply bottleneck, or even face logistical delays due to restrictions.

Covid Restrictions in the Chinese gaming market (the largest in the world) could prove to be troublesome for production capacity as well as increasing tensions between the US and China.

The growth in popularity of VR will undoubtedly bring many competitors to the market, as such Logitech will need to firmly establish its position and importance.

MITIGATIONS

Since Logitech already **manufactures their own products**, they would still have the advantage against competitors since they have more control over their supply because they would **directly work with suppliers** in the event of a crisis.

The management is **constantly monitoring international supply chain** risks as well as political and commercial tensions between China and the US, mitigating those risk factors.

Logitech is already **at the head of the table in R&D**, and with their repeated successes in creating innovative technologies in the past as well as decades of work to prove it, they have the resources to position themselves at the top of the market.

Well-established leadership & financials

Forward emerging market

R&D and innovation

Our view

Having consistent and strong leadership under Bracken Darrell since 2013 has allowed the company to set itself up financially with minimal debt and significant cash flow to adapt to the market and innovate their products

Logitech being a participant in the gaming peripheral and computer accessory industry places them in the emerging tech market which will continue to gain demand with innovation.

Being the biggest investor in R&D in its market, logitech still continues to increase its funds for research. They prioritize emerging technologies such as Virtual reality, Cloud computing and Artificial Intelligence.

Value Implications

- Stable financial position to facilitate growth and investments
- New innovative line of products
- Increased consumer and investor sentiment

- Ensures future demand from consumers
- Increased future opportunities for the company and its users.
- More secure for investors

- Ensures a competitive advantage
- Improved customer experiences
- More investors

	Low (\$)	Avg (\$)	High (\$)
Comps	167	234	301
DCF	174	187	209
FFV	112	184	287
FCF	114	258	383
Target Price	142	216	295

104% Conservative Return by 2026

209% Average Return by 2026

Current Price

\$69.72

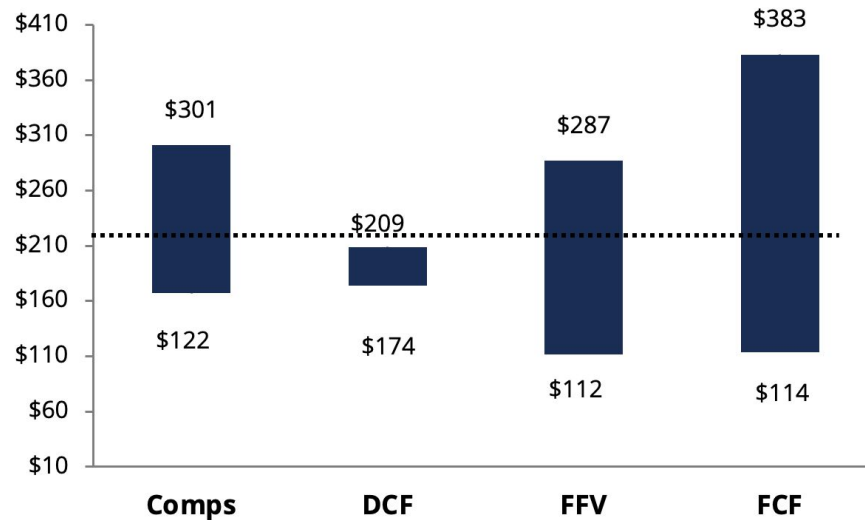
Conservative Price 2026

\$142

Recommendation

BUY

Football Field Chart



We recommend to **BUY** Logitech S.A. [LOGI] as its price could increase significantly in the next few years. The conservative price target is \$142 by 2026.

Q&A

APPENDIX

INCOME STATEMENT (2017-LTM)



	Period End Date	31-Mar-2021	31-Mar-2020	31-Mar-2019	31-Mar-2018	31-Mar-2017
	Update Type/Date	Normal	Normal	Normal	Normal	Normal
	Auditor/Accountant	KPMG International				
	Accounting Standard	U.S. standards (GAAP)	U.S. standards (GAAP)	U.S. standards (GAAP)	U.S. standards (GAAP)	U.S. standards (GAAP)
Annual Income Statement: (CHF, in millions)						
Net Sales or Revenue		4,849.37	2,936.35	2,762.02	2,491.37	2,193.83
Cost of Goods Sold incl. Depreciation		2,709.88	1,844.73	1,747.27	1,616.17	1,388.27
Gross Income		2,139.48	1,091.62	1,014.75	875.20	805.55
Selling, General and Administrative Expense		1,073.68	794.25	741.17	655.73	602.85
Operating Income		1,065.81	297.38	273.59	219.47	202.70
Unusual Expense (Income) – Net		5.76	24.55	12.88	(3.51)	(6.52)
Nonoperating Income (Net) - Total		0.00	47.20	7.86	2.46	3.09
Pretax Income		1,060.05	320.02	268.58	225.43	212.32
Income Taxes		185.45	(123.73)	13.43	23.03	9.00
Consolidated Net Income		874.59	443.75	255.14	202.41	203.32
Net Income Before Extraordinary Items		874.59	443.75	255.14	202.41	203.32
Net Income		874.59	443.75	255.14	202.41	203.32
EPS (Operational)		5.11	2.72	1.56	1.18	1.20
Earnings per Share (Basic)		5.19	2.66	1.54	1.23	1.25
Earnings per Share (Diluted)		5.09	2.62	1.51	1.19	1.22
Total Operating Expense		3,783.56	2,638.97	2,488.43	2,271.90	1,991.12

BALANCE SHEET (2017-LTM)



	Period End Date	31-Mar-2021	31-Mar-2020	31-Mar-2019	31-Mar-2018	31-Mar-2017
	Update Type/Date	Normal	Normal	Normal	Normal	Normal
	Auditor/Accountant	KPMG International				
	Accounting Standard	U.S. standards (GAAP)	U.S. standards (GAAP)	U.S. standards (GAAP)	U.S. standards (GAAP)	U.S. standards (GAAP)
Annual Balance Sheet: (CHF, In millions)						
Cash and Short Term Investments		1,647.32	692.35	602.04	614.73	548.05
Total Receivables Net		639.92	414.46	415.92	234.00	208.51
Total Inventories		622.21	221.81	292.29	248.89	253.64
Other Current Assets		63.94	39.96	34.65	25.75	18.62
Total Current Assets		2,973.39	1,368.58	1,344.90	1,123.36	1,028.82
Net Property, Plant and Equipment		136.68	98.38	78.23	82.64	85.49
Total Investments and Advances		64.20	63.89	36.24	28.92	25.84
Intangible Assets		512.69	510.73	460.79	347.61	297.59
Deferred Tax Assets		198.48	232.72	90.44	81.06	57.36
Other Assets		13.16	12.48	5.24	5.66	5.00
Total Assets		3,898.60	2,286.78	2,015.83	1,669.25	1,500.10
Total Current Liabilities		1,582.87	690.97	714.88	551.31	507.56
Long-Term Debt		20.06	18.90	--	--	--
Provision for Risks and Charges		82.75	72.99	51.24	40.63	42.04
Deferred Tax Liabilities		1.58	1.87	2.04	1.90	1.79
Other Liabilities		82.65	61.11	76.15	69.39	91.79
Total Liabilities		1,769.92	845.84	844.31	663.23	643.18
Common Equity		2,128.68	1,440.94	1,171.52	1,006.01	856.92
Total Shareholders Equity		2,128.68	1,440.94	1,171.52	1,006.01	856.92
Total Stockholders' Equity		2,128.68	1,440.94	1,171.52	1,006.01	856.92
Total Liabilities and Shareholders Equity		3,898.60	2,286.78	2,015.83	1,669.25	1,500.10
Total Debt		32.39	29.49	--	--	--
Common Shares Outstanding		168,307,277	166,896,973	165,862,887	164,579,978	162,379,677

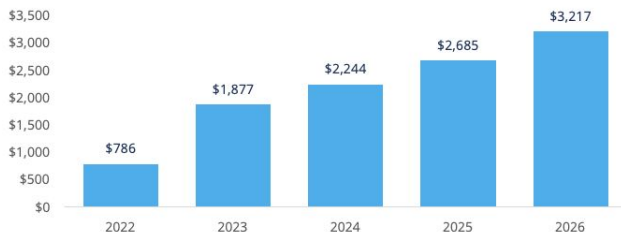
COMPLETE DCF ANALYSIS



Assumptions

Tax Rate	9%
Discount Rate (WAAC)	10.00%
Perpetual Growth Rate	3.25%
EV/EBITDA Multiple	17.5x
Start date	31/12/21
Fiscal Year End	26/7/22
Current Price	69.72
Shares Outstanding	166
Debt	41
Cash	1,364
Capex	76

Cash Flow



Discounted Cash Flow	Entry	2022	2023	2024	2025	2026	Exit
Date	31/12/21	30/6/22	30/6/23	30/6/24	30/6/25	30/6/26	30/6/26
Time Periods		0	1	2	3	4	
Year Fraction		0.50	1.00	1.00	1.00	1.00	
EBIT (\$M)		868	1,078	1,337	1,659	2,058	
Less: Cash Taxes (\$M)		78	97	120	149	185	
Plus: D&A (\$M)		83	89	96	103	111	
Less: Capex (\$M)		76	76	76	76	76	
Less: Changes in NWC (\$M)		(776)	(884)	(1,008)	(1,148)	(1,309)	
Unlevered FCF		1,573	1,877	2,244	2,685	3,217	
(Entry)/Exit (\$M)	(10,266)						33,164
Transaction CF	-	786	1,877	2,244	2,685	3,217	33,164
Transaction CF	(10,266)	786	1,877	2,244	2,685	3,217	33,164

Terminal Value (\$M)

Perpetual Growth	49,208
EV/EBITDA	17,120
Average	33,164

Intrinsic Value (\$M)

Enterprise Value	29,765
Plus: Cash	1,364
Less: Debt	41
Equity Value	31,089

Equity Value/Share 187.02

Market Value (\$M)

Market Cap	11,590
Plus: Debt	41
Less: Cash	1,364
Enterprise Value	10,266

Equity Value/Share 69.72

Rate of Return

Target Price Upside	168%
Internal Rate of Return (IRR)	45%

Market Value vs Intrinsic Value (\$)

Market Value	69.72
Upside	117.30
Intrinsic Value	187.02