

LOGITECH INTERNATIONAL SA

FORM 8-K

(Current report filing)

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Address	7700 GATEWAY BOULEVARD C/O LOGITECH INC NEWARK, CA 94560
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934**

**Date of Report: April 27, 2011
(Date of earliest event reported)**

LOGITECH INTERNATIONAL S.A.

(Exact name of registrant as specified in its charter)

Commission File Number: 0-29174

Canton of Vaud, Switzerland
(State or other jurisdiction of
incorporation or organization)

None
(I.R.S. Employer
Identification No.)

Logitech International S.A.
Apples, Switzerland
c/o Logitech Inc.
6505 Kaiser Drive
Fremont, California 94555
(Address of principal executive offices and zip code)

(510) 795-8500
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On April 27, 2011, Logitech International S.A. issued a press release regarding its financial results for the quarter and year ended March 31, 2011. A copy of the press release is furnished as Exhibit 99.1 to this Form 8-K.

The information in this Current Report, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

d) Exhibits.

The following exhibit is furnished with this report on Form 8-K:

99.1 Press release issued on April 27, 2011 including financial results for the quarter and year ended March 31, 2011.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed by the undersigned, thereunto duly authorized.

Logitech International S.A.

/s/ Gerald P. Quindlen

Gerald P. Quindlen
President and Chief Executive Officer

/s/ Erik K. Bardman

Erik K. Bardman
Senior Vice President of Finance and Chief Financial
Officer

April 28, 2011

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Logitech Announces Fourth Quarter and Full-Year Financial Results for FY 2011

FREMONT, Calif., April. 27, 2011 and MORGES, Switzerland, April. 28, 2011 — Logitech International (SIX: LOGN) (Nasdaq: LOGI) today announced financial results for the fourth quarter and full year of Fiscal Year 2011.

Sales for Q4 FY 2011 were \$548 million, up 4 percent from \$525 million in the same quarter last year. Excluding the favorable impact of exchange rate changes, sales increased by 3 percent. Operating income was \$3.6 million, a decrease of 87 percent compared to \$27.7 million in the same quarter a year ago. Net income for Q4 was \$2.8 million (\$0.02 per share) compared to \$24.5 million (\$0.14 per share) in Q4 of FY 2010. Gross margin for Q4 FY 2011 was 32.8 percent, down from 35.8 percent one year ago.

Logitech's retail sales for Q4 FY 2011 grew by 2 percent year over year, with an increase in Asia of 32 percent, an increase in the Americas of 11 percent, and a decrease in EMEA of 17 percent. OEM sales decreased by 10 percent. Sales for the LifeSize division grew 88 percent, reaching a record high for a quarter.

For the full fiscal year, sales were \$2.36 billion, up 20 percent from \$1.97 billion in FY 2010. Operating income was \$142.7 million, up 82 percent from \$78.4 million a year ago. Gross margin for FY 2011 was 35.4 percent compared to 31.9 in FY 2010.

"FY 2011 was a strong year for the company, with sales growth of 20 percent and operating income nearly doubling, driven by our LifeSize division and our Americas and Asia retail regions," said Gerald P. Quindlen, Logitech president and chief executive officer. "The disappointing conclusion to FY 2011 – which resulted in lower-than expected full-year sales, operating income and gross margin – was due to weaker than anticipated demand in the second half of Q4 for our products in EMEA. The weakness in demand in EMEA was compounded by poor execution of channel pricing and promotional programs within the region, which we have begun to remedy."

Outlook

For Fiscal Year 2012, ending March 31, 2012, Logitech expects sales of approximately \$2.6 billion, operating income of approximately \$185 million and gross margin of approximately 35 percent. The tax rate is expected to be approximately 15 percent.

Prepared Remarks Available Online

Logitech has made its prepared written remarks for the earnings teleconference available online on the Logitech corporate Web site at <http://ir.logitech.com>. The remarks are posted in the Calendar section on the Investor home page.

Earnings Teleconference and Webcast

Logitech will hold an earnings teleconference on Thursday, April. 28, 2011 at 8:30 a.m. Eastern Daylight Time and 14:30 Central European Summer Time. A live webcast of the call, along with presentation slides, will be available on the Logitech corporate Web site at <http://ir.logitech.com>.

About Logitech

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. Founded in 1981, Logitech International is a Swiss public company listed on the SIX Swiss Exchange (LOGN) and on the Nasdaq Global Select Market (LOGI).

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This press release contains forward-looking statements, including the statements regarding anticipated sales, operating income, gross margin and tax rate for FY 2012. The forward-looking statements in this release involve risks and uncertainties that could cause Logitech's actual results to differ materially from that anticipated in these forward-looking statements. Factors that could cause actual results to differ materially include: the demand of our customers and our consumers for our products and our ability to accurately forecast it; if our decisions to prioritize investments in our LifeSize division, in growing our sales and marketing in China and other high potential emerging markets, in peripherals for tablets, and in our other investment priorities, do not result in the sales or profitability growth we expect, or when we expect it; the effect of pricing, product, marketing and other initiatives by our competitors, and our reaction to them, on our sales, gross margins and profitability; the sales mix among our lower- and higher-margin products and our geographic sales mix; if our product introductions and marketing activities do not result in the sales and profitability growth we expect, or when we expect it; if we fail to take advantage of trends in the consumer electronics and personal computers industries, including the growth of mobile computing devices such as smartphones and tablets with touch interfaces, or if significant demand for peripherals to use with tablets and other mobile devices with touch interfaces does not develop; if there is a deterioration of business and economic conditions or significant fluctuations in currency exchange rates; competition in the video conferencing and communications industry, including from companies with significantly greater resources, sales and marketing organizations, installed base and name recognition; as well as those additional factors set forth in Logitech's periodic filings with the Securities and Exchange

Commission, including our Annual Report on Form 10-K for the fiscal year ended March 31, 2010, and our Quarterly Report on Form 10-Q for the quarters ended June 30, 2010, September 30, 2010 and December 31, 2010 available at www.sec.gov. Logitech does not undertake to update any forward-looking statements.

Logitech, the Logitech logo, and other Logitech marks are registered in Switzerland and other countries. All other trademarks are the property of their respective owners. For more information about Logitech and its products, visit the company's Web site at www.logitech.com.

(LOGI – IR)

LOGITECH INTERNATIONAL S.A.**(In thousands, except per share amounts) - Unaudited**

	<u>Quarter Ended March 31,</u> <u>2011</u>	<u>2010</u>
<u>CONSOLIDATED STATEMENTS OF INCOME</u>		
Net sales	\$547,618	\$525,444
Cost of goods sold	368,248	337,122
Gross profit	<u>179,370</u>	<u>188,322</u>
<i>% of net sales</i>	32.8 %	35.8 %
Operating expenses:		
Marketing and selling	106,777	89,693
Research and development	38,119	39,697
General and administrative	30,836	30,943
Restructuring charges	—	290
Total operating expenses	<u>175,732</u>	<u>160,623</u>
Operating income	3,638	27,699
Interest income, net	621	475
Other income, net	2,679	723
Income before income taxes	6,938	28,897
Provision for income taxes	4,162	4,404
Net income	<u>\$ 2,776</u>	<u>\$ 24,493</u>
Shares used to compute net income per share:		
Basic	178,562	175,738
Diluted	180,423	177,967
Net income per share:		
Basic	\$ 0.02	\$ 0.14
Diluted	\$ 0.02	\$ 0.14

LOGITECH INTERNATIONAL S.A.**(In thousands, except per share amounts) - Unaudited**

	Twelve Months Ended March 31,	
	2011	2010
<u>CONSOLIDATED STATEMENTS OF INCOME</u>		
Net sales	\$2,362,886	\$1,966,748
Cost of goods sold	<u>1,526,380</u>	<u>1,339,852</u>
Gross profit	836,506	626,896
<i>% of net sales</i>	35.4 %	31.9 %
Operating expenses:		
Marketing and selling	420,580	304,788
Research and development	156,390	135,813
General and administrative	116,880	106,147
Restructuring charges	—	1,784
Total operating expenses	693,850	548,532
Operating income	142,656	78,364
Interest income, net	2,316	2,120
Other income, net	<u>3,476</u>	<u>3,139</u>
Income before income taxes	148,448	83,623
Provision for income taxes	19,988	18,666
Net income	\$ 128,460	\$ 64,957
Shares used to compute net income per share:		
Basic	176,928	177,279
Diluted	178,790	179,340
Net income per share:		
Basic	\$ 0.73	\$ 0.37
Diluted	\$ 0.72	\$ 0.36

LOGITECH INTERNATIONAL S.A.**(In thousands) - Unaudited**

	<u>March 31, 2011</u>	<u>March 31, 2010</u>
<u>CONSOLIDATED BALANCE SHEETS</u>		
Current assets		
Cash and cash equivalents	\$ 477,931	\$ 319,944
Accounts receivable	258,294	195,247
Inventories	280,814	219,593
Other current assets	59,347	58,877
Total current assets	1,076,386	793,661
Property, plant and equipment	84,160	91,229
Intangible assets		
Goodwill	547,184	553,462
Other intangible assets	74,616	95,396
Other assets	79,210	65,930
Total assets	<u>\$ 1,861,556</u>	<u>\$ 1,599,678</u>
Current liabilities		
Accounts payable	\$ 298,160	\$ 257,955
Accrued liabilities	172,560	182,336
Total current liabilities	470,720	440,291
Other liabilities	185,835	159,672
Total liabilities	656,555	599,963
Shareholders' equity	1,205,001	999,715
Total liabilities and shareholders' equity	<u>\$ 1,861,556</u>	<u>\$ 1,599,678</u>

LOGITECH INTERNATIONAL S.A.

(In thousands) - Unaudited

	Twelve Months Ended March 31,	
	2011	2010
<u>CONSOLIDATED STATEMENTS OF CASH FLOWS</u>		
Cash flows from operating activities:		
Net income	\$ 128,460	\$ 64,957
Non-cash items included in net income:		
Depreciation	46,786	56,380
Amortization of other intangible assets	27,800	14,515
Share-based compensation expense	34,846	25,807
Excess tax benefits from share-based compensation	(3,455)	(2,814)
Gain on cash surrender value of life insurance policies	(901)	(1,223)
Gain on disposal of fixed assets	(838)	—
Write-down of investments	42	643
Deferred income taxes and other	(8,998)	(17,895)
Changes in assets and liabilities:		
Accounts receivable	(54,684)	28,489
Inventories	(60,482)	30,942
Other assets	5,825	15,038
Accounts payable	37,714	94,155
Accrued liabilities	2,715	56,265
Net cash provided by operating activities	<u>154,830</u>	<u>365,259</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment	(41,318)	(39,834)
Purchases of trading investments	(19,075)	—
Sales of trading investments	6,470	—
Proceeds from cash surrender of life insurance policies	11,313	813
Proceeds from sale of business	9,087	—
Acquisitions and investments, net of cash acquired	(7,300)	(388,809)
Proceeds from sale of property, plant and equipment	2,688	—
Other, net	(5)	—
Net cash used in investing activities	<u>(38,140)</u>	<u>(427,830)</u>
Cash flows from financing activities:		
Proceeds from sale of shares upon exercise of options and purchase rights	42,969	28,917
Excess tax benefits from share-based compensation	3,455	2,814
Purchases of treasury shares	—	(126,301)
Repayment of short- and long-term debt	—	(13,630)
Net cash provided by (used in) financing activities	<u>46,424</u>	<u>(108,200)</u>
Effect of exchange rate changes on cash and cash equivalents	(5,127)	(2,044)
Net increase (decrease) in cash and cash equivalents	157,987	(172,815)
Cash and cash equivalents at beginning of period	319,944	492,759
Cash and cash equivalents at end of period	<u>\$ 477,931</u>	<u>\$ 319,944</u>

LOGITECH INTERNATIONAL S.A.**(In thousands, except per share amounts) - Unaudited**

	Quarter Ended March 31,		Twelve Months Ended March 31,	
	2011	2010	2011	2010
<u>SUPPLEMENTAL FINANCIAL INFORMATION</u>				
Depreciation	\$ 11,121	\$ 14,528	\$ 46,786	\$ 56,380
Amortization of other intangibles	6,635	6,913	27,800	14,515
Operating income	3,638	27,699	142,656	78,364
Operating income before depreciation and amortization	21,394	49,140	217,242	149,259
Capital expenditures	9,483	13,396	41,318	39,834
Net sales by channel:				
Retail	\$463,232	\$454,426	\$2,005,210	\$1,745,152
OEM	45,026	50,127	223,775	198,364
LifeSize (1)	39,360	20,891	133,901	23,232
Total net sales	<u>\$547,618</u>	<u>\$525,444</u>	<u>\$2,362,886</u>	<u>\$1,966,748</u>
Net retail sales by product family:				
Retail - Pointing Devices	\$146,181	\$140,687	\$ 618,404	\$ 528,236
Retail - Keyboards & Desktops	104,883	86,499	390,426	329,038
Retail - Audio	96,079	113,894	466,927	454,957
Retail - Video	61,721	59,943	255,015	228,344
Retail - Gaming	22,996	25,594	104,459	107,595
Retail - Digital Home	31,372	27,809	169,979	96,982
Total net retail sales	<u>\$463,232</u>	<u>\$454,426</u>	<u>\$2,005,210</u>	<u>\$1,745,152</u>
	Quarter Ended March 31,		Twelve Months Ended March 31,	
	2011	2010	2011	2010
<u>Share-based Compensation Expense</u>				
Cost of goods sold	\$ 1,313	\$ 938	\$ 4,223	\$ 3,073
Marketing and selling	3,747	3,270	12,030	9,201
Research and development	2,436	1,854	7,829	4,902
General and administrative	3,374	2,496	10,764	8,631
Income tax benefit	(2,752)	(1,611)	(8,279)	(5,768)
Total share-based compensation expense after income taxes	<u>\$ 8,118</u>	<u>\$ 6,947</u>	<u>\$ 26,567</u>	<u>\$ 20,039</u>
Share-based compensation expense net of tax, per share (diluted)	\$ 0.04	\$ 0.04	\$ 0.15	\$ 0.11

Constant dollar sales (sales excluding impact of exchange rate changes)

We refer to our net sales excluding the impact of foreign currency exchange rates as constant dollar sales. Constant dollar sales are a non-GAAP financial measure, which is information derived from consolidated financial information but not presented in our financial statements prepared in accordance with U.S. GAAP. Our management uses these non-GAAP measures in its financial and operational decision-making, and believes these non-GAAP measures, when considered in conjunction with the corresponding GAAP measures, facilitate a better understanding of changes in net sales. Constant dollar sales are calculated by translating prior period sales in each local currency at the current period's average exchange rate for that currency.

- (1) The acquisition of LifeSize was completed on December 11, 2009. The results of operations of LifeSize are included in Logitech's consolidated financial statements from the date of acquisition.