

LOGITECH INTERNATIONAL SA

Form 10-Q

February 05, 2013

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended December 31, 2012

Or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from            to

Commission File Number: 0-29174

# LOGITECH INTERNATIONAL S.A.

(Exact name of registrant as specified in its charter)

**Canton of Vaud, Switzerland**

**None**

(State or other jurisdiction

(I.R.S. Employer

of incorporation or organization)

Identification No.)

**Logitech International S.A.**

**Apples, Switzerland**

**c/o Logitech Inc.**

**7600 Gateway Boulevard**

**Newark, California 94560**

(Address of principal executive offices and zip code)

**(510) 795-8500**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer   
(Do not check if a smaller reporting company)

Smaller reporting company

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

As of February 1, 2013, there were 158,003,097 shares of the Registrant's share capital outstanding.

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In this document, unless otherwise indicated, references to the Company or Logitech are to Logitech International S.A., its consolidated subsidiaries and predecessor entities. Unless otherwise specified, all references to U.S. dollar, dollar or \$ are to the United States dollar, the legal currency of the United States of America. All references to CHF are to the Swiss franc, the legal currency of Switzerland.

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**PART I FINANCIAL INFORMATION**

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## LOGITECH INTERNATIONAL S.A.

## UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

	Three months ended December 31,		Nine months ended December 31,	
	2012	2011	2012	2011
Net sales	\$ 614,500	\$ 714,596	\$ 1,630,797	\$ 1,784,241
Cost of goods sold	404,402	455,922	1,080,452	1,201,539
Gross profit	210,098	258,674	550,345	582,702
Operating expenses:				
Marketing and selling	112,698	116,313	324,117	323,552
Research and development	40,393	41,911	117,340	121,383
General and administrative	26,382	30,673	84,842	89,527
Goodwill impairment	211,000		211,000	
Restructuring charges (credits), net	(358)		28,198	
Total operating expenses	390,115	188,897	765,497	534,462
Operating income (loss)	(180,017)	69,777	(215,152)	48,240
Interest income, net	114	917	651	2,208
Other income (expense), net	(3,670)	6,713	(4,338)	10,141
Income (loss) before income taxes	(183,573)	77,407	(218,839)	60,589
Provision for (benefit from) income taxes	11,370	22,074	(26,616)	17,417
Net income (loss)	\$ (194,943)	\$ 55,333	\$ (192,223)	\$ 43,172
Net income (loss) per share:				
Basic	\$ (1.24)	\$ 0.32	\$ (1.21)	\$ 0.24
Diluted	\$ (1.24)	\$ 0.32	\$ (1.21)	\$ 0.24
Shares used to compute net income (loss) per share:				
Basic	157,706	173,003	158,383	176,414
Diluted	157,706	173,656	158,383	177,201

*The accompanying notes are an integral part of these consolidated financial statements.*

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## LOGITECH INTERNATIONAL S.A.

## UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2012	2011	2012	2011
Net income (loss)	\$ (194,943)	\$ 55,333	\$ (192,223)	\$ 43,172
Other comprehensive income (loss):				
Foreign currency translation	(321)	(5,854)	(1,617)	(10,677)
Defined benefit pension plan adjustments during the period:				
Foreign currency exchange rate changes	(389)	535	7,531	420
Amortization included in net income (loss):				
Transition obligation for the period	1	1	3	3
Prior service cost for the period	39	37	115	114
Net actuarial loss for the period	271	210	950	669
Pension liability adjustments, net of tax	(78)	783	8,599	1,206
Deferred hedging gain (loss)	1,359	(3,083)	(2,902)	8,834
Less: reclassification adjustment for gain (loss) included in net income (loss)	1,137	(1,672)	(440)	2,345
Net deferred hedging gain (loss)	222	(1,411)	(2,462)	6,489
Unrealized losses on investment recognized in earnings		(68)		(68)
Reversal of unrealized gains previously recognized in accumulated other comprehensive income (loss)			(343)	
Net change in accumulated other comprehensive income (loss)	(177)	(6,550)	4,177	(3,050)
Total comprehensive income (loss)	\$ (195,120)	\$ 48,783	\$ (188,046)	\$ 40,122

*The accompanying notes are an integral part of these consolidated financial statements.*

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**LOGITECH INTERNATIONAL S.A.**  
**UNAUDITED CONSOLIDATED BALANCE SHEETS**

(In thousands, except per share amounts)

	December 31, 2012	March 31, 2012
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 321,999	\$ 478,370
Accounts receivable, net	264,589	223,104
Inventories	277,477	297,072
Other current assets	59,808	65,990
Assets held for sale	17,697	
Total current assets	941,570	1,064,536
Non-current assets:		
Property, plant and equipment, net	89,128	94,884
Goodwill	345,313	560,523
Other intangible assets, net	35,033	53,518
Other assets	78,021	83,033
Total assets	\$ 1,489,065	\$ 1,856,494
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 339,283	\$ 301,111
Accrued liabilities	204,528	186,680
Liabilities held for sale	2,020	
Total current liabilities	545,831	487,791
Non-current liabilities	186,663	218,462
Total liabilities	732,494	706,253
Commitments and contingencies		
Shareholders' equity:		
Shares, par value CHF 0.25 - 173,106 issued and authorized and 50,000 conditionally authorized at December 31, 2012 and 191,606 issued and authorized at March 31, 2012 and 50,000 conditionally authorized at March 31, 2012	30,148	33,370
Additional paid-in capital		
Less: shares in treasury, at cost, 15,113 at December 31, 2012 and 27,173 at March 31, 2012	(200,514)	(343,829)
Retained earnings	1,018,689	1,556,629
Accumulated other comprehensive loss	(91,752)	(95,929)
Total shareholders' equity	756,571	1,150,241
Total liabilities and shareholders' equity	\$ 1,489,065	\$ 1,856,494

*The accompanying notes are an integral part of these consolidated financial statements.*





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**LOGITECH INTERNATIONAL S.A.**

**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(In thousands)**

	<b>Nine months ended December 31,</b>	
	<b>2012</b>	<b>2011</b>
Cash flows from operating activities:		
Net income (loss)	\$ (192,223)	\$ 43,172
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		