

LOGITECH INTERNATIONAL SA  
Form 6-K  
February 07, 2005  
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File Number: 0-29174

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**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 6-K**

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**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO  
RULE 13a-16 OR 15d-16 OF  
THE SECURITIES EXCHANGE ACT OF 1934**

For the quarter ended December 31, 2004

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**LOGITECH INTERNATIONAL S.A.**

(Exact name of Registrant as specified in its charter)

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Not Applicable

(Translation of Registrant's name into English)

Canton of Vaud, Switzerland

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(Jurisdiction of incorporation or organization)

**Logitech International S.A.**

**Apples, Switzerland**

**c/o Logitech Inc.**

**6505 Kaiser Drive**

**Fremont, California 94555**

**(510) 795-8500**

(Address and telephone number of principal executive offices)

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Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F       Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes       No

If  Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b).

Not applicable

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**Table of Contents****LOGITECH INTERNATIONAL S.A.****CONSOLIDATED BALANCE SHEETS**

(In thousands, except share and per share amounts)

	December 31, 2004	March 31, 2004
	(Unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 245,967	\$ 294,753
Accounts receivable	295,816	206,187
Inventories	186,003	135,561
Other current assets	46,229	45,304
<b>Total current assets</b>	<b>774,015</b>	<b>681,805</b>
Investments	16,715	16,172
Property, plant and equipment	47,674	37,308
Goodwill	134,807	108,615
Other intangible assets	17,504	12,543
Other assets	3,275	9,473
<b>Total assets</b>	<b>\$ 993,990</b>	<b>\$ 865,916</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
Current liabilities:		
Short-term debt	\$ 10,283	\$ 14,129
Accounts payable	189,063	143,016
Accrued liabilities	157,362	113,752
<b>Total current liabilities</b>	<b>356,708</b>	<b>270,897</b>
Long-term debt	155,485	137,008
Other liabilities	876	931
<b>Total liabilities</b>	<b>513,069</b>	<b>408,836</b>
Commitments and contingencies		
Shareholders' equity:		
Registered shares, par value CHF 1 - 57,901,655 authorized, 17,890,465 conditionally authorized, 47,901,655 issued and outstanding at December 31, 2004 and March 31, 2004	33,370	33,370
Additional paid-in capital	123,790	132,797
Less registered shares in treasury, at cost, 3,968,923 at December 31, 2004 and 2,902,128 at March 31, 2004	(175,211)	(102,397)
Retained earnings	544,420	435,387
Accumulated other comprehensive loss	(45,448)	(42,077)
<b>Total shareholders' equity</b>	<b>480,921</b>	<b>457,080</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 993,990</b>	<b>\$ 865,916</b>

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

**Table of Contents****LOGITECH INTERNATIONAL S.A.****CONSOLIDATED STATEMENTS OF INCOME****(In thousands, except per share amounts)**

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
Net sales	\$ 483,816	\$ 409,557	\$ 1,079,978	\$ 921,342
Cost of goods sold	315,488	269,082	711,515	627,767
Gross profit	168,328	140,475	368,463	293,575
Operating expenses:				
Marketing and selling	61,020	47,751	149,822	115,266
Research and development	19,160	15,582	53,342	44,718
General and administrative	14,547	11,800	40,575	32,977
Total operating expenses	94,727	75,133	243,739	192,961
Operating income	73,601	65,342	124,724	100,614
Interest income (expense), net	233	(316)	(282)	(1,669)
Other income, net	1,682	1,786	3,831	1,493
Income before income taxes	75,516	66,812	128,273	100,438
Provision for income taxes	11,327	12	19,240	6,737
Net income	\$ 64,189	\$ 66,800	\$ 109,033	\$ 93,701
Net income per share and ADS:				
Basic	\$ 1.46	\$ 1.49	\$ 2.46	\$ 2.06
Diluted	\$ 1.32	\$ 1.35	\$ 2.25	\$ 1.91
Shares used to compute net income per share and ADS:				
Basic	43,829	44,879	44,260	45,427
Diluted	49,176	49,764	49,518	50,176

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

**Table of Contents****LOGITECH INTERNATIONAL S.A.****CONSOLIDATED STATEMENTS OF CASH FLOWS****(In thousands)**

	<b>Nine months ended December 31,</b>	
	<b>2004</b>	<b>2003</b>
	<b>(Unaudited)</b>	
<b>Cash flows from operating activities:</b>		
Net income	\$ 109,033	\$ 93,701
<b>Non-cash items included in net income:</b>		
Depreciation	18,858	20,356
Amortization of other intangible assets	4,635	3,945
Write-off of investments		516
Deferred income taxes and other	(372)	(13,245)
<b>Changes in assets and liabilities, net of acquisitions:</b>		
Accounts receivable	(77,269)	(80,800)
Inventories	(41,818)	(10,580)
Other assets	6,542	(1,420)
Accounts payable	40,025	46,135
Accrued liabilities	34,857	26,154
<b>Net cash provided by operating activities</b>	<b>94,491</b>	<b>84,762</b>
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment	(27,522)	(17,720)
Acquisitions and investments, net of cash acquired	(30,353)	(15,507)
<b>Net cash used in investing activities</b>	<b>(57,875)</b>	<b>(33,227)</b>
<b>Cash flows from financing activities:</b>		
Repayments of short-term debt	(4,073)	
Repayments of long-term debt	(455)	(1,018)
Purchases of treasury shares	(118,688)	(53,388)
Proceeds from sale of shares upon exercise of options and rights	36,868	18,830
<b>Net cash used in financing activities</b>	<b>(86,348)</b>	<b>(35,576)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>946</b>	<b>85</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(48,786)</b>	<b>16,044</b>
Cash and cash equivalents at beginning of period	294,753	218,734
<b>Cash and cash equivalents at end of period</b>	<b>\$ 245,967</b>	<b>\$ 234,778</b>
<b>Supplemental cash flow information:</b>		
Interest paid	\$ 1,522	\$ 1,460
Income taxes paid	\$ 4,006	\$ 2,430

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**LOGITECH INTERNATIONAL S.A.**

**NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS**

**Note 1 The Company:**

Logitech International S.A. designs, manufactures and markets personal peripherals that enable people to effectively work, play, and communicate in the digital world. The Company's products include corded and cordless mice, trackballs, and keyboards; joysticks, gamepads and racing systems; Internet video cameras; PC speakers, headsets and microphones; 3D controllers; and with its acquisition of Intrigue Technologies in May 2004, advanced remote controls. The Company sells its products to both original equipment manufacturers ( OEMs ) and to a network of retail distributors and resellers.

Logitech was founded in Switzerland in 1981, and in 1988 listed its registered shares in an initial public offering in Switzerland. In 1997, the Company sold shares in a U.S. initial public offering in the form of American Depositary Shares ( ADSs ) and listed the ADSs on the Nasdaq National Market. The Company's corporate headquarters are in Fremont, California through its U.S. subsidiary, with regional headquarters in Romanel, Switzerland, Hsinchu, Taiwan, and Hong Kong, China through local subsidiaries. The Company has its principal manufacturing operations in China, and distribution facilities in the U.S., Europe and Asia.

**Note 2 Basis of Presentation:**

The accompanying consolidated condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and therefore do not include all the information required for non-condensed financial statements. They should be read in conjunction with the Company's audited consolidated financial statements for the fiscal year ended March 31, 2004 included in its Annual Report on Form 20-F. In the opinion of management, these financial statements include all adjustments, consisting only of normal recurring adjustments, necessary to fairly present the financial position, results of operations and cash flows of the Company. Operating results for the three and nine month periods ended December 31, 2004 are not necessarily indicative of the results that may be expected for the year ending March 31, 2005.

The Company's fiscal year ends on March 31. Interim quarters are thirteen-week periods, each ending on a Friday. For purposes of presentation, the Company has indicated its quarterly periods as ending on the month end.

**Note 3 Net Income per Share and ADS:**

Basic net income per share is computed by dividing net income by the weighted average outstanding registered shares. Diluted net income per share is computed using the weighted average outstanding registered shares and dilutive registered share equivalents. The registered share equivalents are registered shares issuable upon the exercise of stock options computed using the treasury stock method, and upon the conversion of convertible debt computed using the if-converted method. For the three and nine months ended December 31, 2004 and 2003, the conversion of convertible debt was included in the registered share equivalents due to its dilutive effect.



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The computations of basic and diluted net income per share amounts for the Company were as follows (in thousands except per share amounts):

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
Net income - basic	\$ 64,189	\$ 66,800	\$ 109,033	\$ 93,701
Convertible debt interest expense, net of income taxes	724	628	2,136	1,891
Net income - diluted	\$ 64,913	\$ 67,428	\$ 111,169	\$ 95,592
Weighted average shares - basic	43,829	44,879	44,260	45,427
Effect of dilutive stock options	2,623	2,161	2,534	2,025
Effect of dilutive convertible debt	2,724	2,724	2,724	2,724