



WEALTH PRESERVATION EQUITY RESEARCH

LOGN / LOGI

Logitech International S.A.

SIX Swiss Exchange: LOGN | NASDAQ: LOGI | Computer Peripherals & Hardware

RECOMMENDATION: BUY

WP Score: 78/100 | Expected Total Return: 10.3% CAGR | Bear Case: +1.4% CAGR

Current Price

\$89.79

Fair Value

\$108.50

Margin of Safety

17.2%

Dividend Yield

1.7%

Report Date: February 26, 2026

Analyst: Moschovakis Capital Research

Fiscal Year: April to March (FY2025 ended March 31, 2025)

ONE-LINE THESIS:

Logitech is a fortress-balance-sheet leader in computer peripherals with dominant market share, robust FCF generation, and a disciplined capital return program that preserves and compounds wealth at rates exceeding the hurdle, with limited downside risk from its net-cash position.



EXECUTIVE SUMMARY

Metric	Value
Recommendation	BUY
Current Price (Feb 25, 2026)	\$89.79
Fair Value (Base Case)	\$108.50
Margin of Safety	17.2%
Target Entry (BUY ON WEAKNESS)	\$82.00 - \$86.00

Return Profile

Metric	Value
Dividend Yield (TTM)	1.7%
Expected Dividend Growth	8.0% CAGR
Expected Price Appreciation	8.6% CAGR
Total Expected Return (Base)	10.3% CAGR
Bear Case Total Return	+1.4% CAGR
Bull Case Total Return	+17.5% CAGR
Probability-Weighted Return	9.9% CAGR

Risk Assessment

Metric	Value
Wealth Preservation Score	78 / 100
Downside Protection Score	82 / 100
Quality Score	74 / 100
Risk Level	LOW
Probability of >50% Permanent Loss	<3%
Recession Profile	SENSITIVE (Recovers Quickly)

Investment Thesis

Logitech International is a premier wealth preservation candidate that combines a virtually debt-free fortress balance sheet (D/E of 0.05x, \$1.38 billion cash vs. \$95 million debt) with strong and consistent free cash flow generation (\$795 million TTM FCF) and a dominant global position in computer peripherals and gaming accessories. The company holds over 50% market share in pointing devices and webcams, providing durable competitive advantages through brand strength, R&D; capability, and global distribution scale.

At the current price of approximately \$89.79, Logitech trades at 18.9x trailing P/E and 14.6x P/FCF, representing a meaningful discount to its 5-year average P/E of ~21x and offering a 17.2% margin of safety to our base-case fair value of \$108.50. The company's total return profile of approximately 10.3% CAGR (1.7% dividend yield plus 8.6% earnings-driven appreciation) comfortably exceeds our 7% minimum hurdle rate, while the bear case analysis indicates capital preservation with a positive 1.4% CAGR total return even under stress conditions.

The combination of a net-cash balance sheet, disciplined share buyback program (reducing share count by approximately 3.3% annually), growing B2B enterprise business (40% of sales), and tariff mitigation through manufacturing diversification positions Logitech as a high-quality compounder with asymmetric upside potential. The stock's beta of 0.77 and consistent dividend growth further reinforce its suitability for a wealth preservation mandate.

1. BUSINESS QUALITY ASSESSMENT

Business Model

Logitech International S.A. is a Swiss-American multinational that designs, manufactures, and markets computer peripherals and software-enabled hardware solutions. Founded in 1981 and dual-listed on the SIX Swiss Exchange (LOGN) and NASDAQ (LOGI), the company serves consumers and enterprises across four primary categories: (1) Gaming (Logitech G brand), (2) Personal Workspace (keyboards, mice, webcams), (3) Video Collaboration (enterprise conference solutions), and (4) Music & Content Creation (speakers, headsets, streaming gear).

The company operates an asset-light model with manufacturing primarily outsourced to contract manufacturers in Asia, supplemented by company-owned facilities in China. Revenue is generated through a global distribution network spanning retailers, e-tailers, and direct B2B enterprise sales channels. FY2025 revenue reached \$4.55 billion with a non-GAAP operating margin of 17.0%, reflecting strong cost discipline and product mix improvement under CEO Hanneke Faber's leadership.

Competitive Moat

Moat Type	Evidence	Durability (1-10)	Preservation Value
Brand Power	>50% share in mice/webcams, premium pricing	8	Excellent
Switching Costs	Enterprise video/collaboration lock-in	7	Excellent
Scale Advantage	Global distribution, manufacturing scale	7	Good
Product Ecosystem	Cross-device integration, software suite	6	Good

Primary Moat: Brand Power & Market Dominance — Durability: 8/10. Logitech commands over 50% market share in pointing devices and webcams globally. The brand commands premium pricing with gross margins above 43%, well above commodity hardware peers. The Logitech G gaming brand has established strong loyalty among competitive and casual gamers.

Moat Erosion Risk: MODERATE. The peripherals market faces competitive threats from lower-cost Asian manufacturers and premium entrants like Razer and SteelSeries in gaming. However, Logitech's scale, R&D; investment (\$180M+ annually), brand trust, and expanding B2B enterprise moat provide substantial durability. The key risk is that peripherals remain largely discretionary consumer purchases, making them sensitive to consumer confidence cycles.

Market Position

Category	Market Position	Market Share	Trend
Pointing Devices (Mice)	#1 Global	>50%	Stable
Webcams	#1 Global	>50%	Stable
Gaming Peripherals	#1-2 Global	~25-30%	Growing
Video Collaboration	Top 3 Global	~15-20%	Growing
Keyboards	#1-2 Global	~30%	Stable

2. FINANCIAL FORTRESS ANALYSIS

2.1 Balance Sheet Strength

Metric	Value	Threshold	Assessment
Debt/Equity	0.05x	<1.0x	PASS ✓
Net Debt	-\$1.28B (Net Cash)	Positive	FORTRESS ✓
Interest Coverage	N/A (minimal debt)	>5.0x	PASS ✓
Current Ratio	2.15x	>1.5x	PASS ✓
Quick Ratio	1.82x	>1.0x	PASS ✓
Cash / Total Debt	1,450% (\$1.38B/\$95M)	>20%	FORTRESS ✓
FCF Positive (5Y)	5/5 years	5/5	PASS ✓

SOLVENCY VERDICT: FORTRESS

Logitech operates with an essentially debt-free balance sheet. Total debt of \$95 million against \$1.38 billion in cash and equivalents yields a net cash position of \$1.28 billion, representing \$8.72 per share or approximately 9.7% of the current market capitalization. This fortress balance sheet ensures the company can withstand even severe economic downturns without risk of solvency impairment, dilutive equity raises, or dividend cuts. The company has maintained this pristine financial position consistently over the past decade, with the debt-to-equity ratio ranging between 0.02 and 0.05 over ten years.

2.2 Profitability Metrics

Metric	Current (TTM)	5Y Average	Trend
Gross Margin	43.1%	42.0%	↑ Improving
Operating Margin (GAAP)	15.2%	12.5%	↑ Improving
Operating Margin (Non-GAAP)	17.0%	14.8%	↑ Improving
Net Margin	13.9%	10.8%	↑ Improving
FCF Margin	17.0%	14.5%	↑ Improving
ROIC	20.3% (TTM)	~60% (5Y Avg)	→ Stable-High
ROE	31.5%	30.1%	→ Stable

Logitech has demonstrated consistent margin expansion over the past several years, driven by product mix improvement toward higher-margin gaming and enterprise segments, operational discipline, and manufacturing cost optimization. The company's ROIC of 20.3% significantly exceeds its cost of capital (estimated WACC of ~9%), confirming robust value creation. FCF conversion is excellent, with operating cash flow of \$854 million generating \$795 million in free cash flow after modest capital expenditures of \$60 million.

2.3 Earnings Quality

Earnings Quality: HIGH. Operating cash flow consistently exceeds net income, confirming that reported earnings are backed by real cash generation. FY2025 operating cash flow of \$843 million significantly exceeded GAAP net income of \$631 million, providing a cash conversion ratio well above 100%. There are no significant receivables or inventory quality concerns, and the company has not restated financials in recent years (the 2014 restatement related to a discontinued product is now well in the past).

2.4 Dilution Assessment

Period	Shares Outstanding (M)	YoY Change
FY2021 (Mar 2021)	171	-
FY2022 (Mar 2022)	170	-0.8%
FY2023 (Mar 2023)	164	-3.9%
FY2024 (Mar 2024)	158	-3.4%
FY2025 (Mar 2025)	150	-3.3%
Current (Sep 2025)	~147	-3.3% (annualized)

DILUTION ASSESSMENT: EXCELLENT — Net Buyback ~3.3% Annually

Logitech is an aggressive and shareholder-friendly capital allocator, consistently reducing its share count by approximately 3.3% annually through buybacks. The company has committed to \$2 billion in share repurchases over three years, with the current program expanded to \$1.6 billion. In FY2025, the company returned \$797 million to shareholders through dividends and buybacks combined. This consistent share count reduction enhances per-share value and demonstrates management alignment with shareholders.

3. DIVIDEND ANALYSIS

Metric	Value	Assessment
Current Yield (USD)	1.7%	Growth-oriented yield
Payout Ratio (EPS)	~33%	EXCELLENT (<60%)
Payout Ratio (FCF)	~25%	EXCELLENT (<70%)
Dividend Growth (5Y CAGR)	~8%	STRONG (>inflation)
Consecutive Years Paid	14 years	Proven commitment
Consecutive Years Not Cut	12 years	Strong continuity
Dividend Coverage (FCF/Div)	~3.5x	EXCELLENT (>1.3x)
FY2025 Dividend (CHF)	CHF 1.26/share	Approved Sep 2025

DIVIDEND SUSTAINABILITY: ROCK SOLID

Stress Test: If earnings dropped 40% from FY2025 levels, EPS would decline from \$4.13 to approximately \$2.48. The current annual dividend of approximately \$1.37/share (USD equivalent) would still be covered at 1.8x — more than adequate. Combined with \$1.38 billion in cash reserves, Logitech's dividend is exceptionally well-protected even under severe stress scenarios. The company has never cut its dividend since initiating payments 14 years ago.

While the current yield of 1.7% is modest, the total shareholder return (dividends plus buybacks) yields approximately 5.0-5.7%, significantly enhancing the wealth preservation return profile. The low payout ratio of 33% provides substantial room for future dividend increases, and management has demonstrated a consistent pattern of annual increases.

4. VALUATION ANALYSIS

Relative Valuation

Metric	Current	5Y Avg	10Y Avg	Percentile	vs. History
P/E (GAAP)	18.9x	21.2x	22.5x	~25th	Below Avg
EV/EBITDA	13.5x	14.6x	15.2x	~30th	Below Avg
P/FCF	14.6x	24.5x	20.0x	~20th	Attractive
P/S	2.77x	2.74x	2.60x	~50th	Fair
Dividend Yield	1.7%	1.5%	1.7%	~55th	Slightly Above
EV/Sales	2.39x	2.48x	2.50x	~40th	Fair

Fair Value Calculation

Normalized EPS: Using the 5-year average net margin of approximately 10.8% applied to TTM revenue of \$4.68 billion yields normalized earnings of approximately \$505 million, or \$3.44/share on 147M diluted shares. However, given the structural margin improvement under the current management team (net margin now at 13.9%), we use a blended normalized EPS of \$4.30/share, which represents a slight discount to trailing EPS to account for cyclical risk.

Fair P/E Multiple: 21.0x (based on 5-year average, reflecting Logitech's quality profile, fortress balance sheet, and consistent growth track record). Applied to a conservative forward EPS estimate of \$5.05 yields a 12-month fair value range of approximately \$103-\$114, with a midpoint of \$108.50.

Fair Value Component	Value
Normalized/Forward EPS	\$5.05
Fair P/E Multiple (5Y Avg)	21.0x
Base Case Fair Value	\$106.05
Adjusted Fair Value (Quality Premium)	\$108.50
Current Price	\$89.79
Margin of Safety	17.2%

VALUATION VERDICT: ATTRACTIVE — Trading ~17% Below Fair Value

5. SCENARIO ANALYSIS

10-Year Total Return Model

BEAR CASE (25% Weight) — "Tariff Escalation + Consumer Recession"

Assumptions: Global recession reduces consumer discretionary spending; tariff costs compress margins; gaming cycle softens materially; competition intensifies in enterprise segment. Revenue CAGR: 0% (flat). EPS declines 15% from current levels before stabilizing. Terminal P/E contracts to 10-year low of approximately 15x. Dividend maintained but growth slows to 2% annually.

Bear Case Metric	Value
Revenue CAGR (10Y)	0%
EPS CAGR (10Y)	-1.0%
Terminal P/E	15.0x
10-Year Price Target	\$68
Cumulative Dividend Return	~22%
Total Return CAGR	+1.4%

BASE CASE (50% Weight) — "Steady Compounder"

Assumptions: Economy grows at trend; Logitech maintains market position with modest share gains in B2B and gaming; margins stable at current levels with modest expansion. EPS grows at 7-8% CAGR driven by revenue growth (5%) and buyback accretion (3%). Dividend grows at 8% CAGR. P/E mean-reverts toward 5Y average of 21x.

Base Case Metric	Value
Revenue CAGR (10Y)	5.0%
EPS CAGR (10Y)	8.0%
Terminal P/E	20.0x
10-Year Price Target	\$195
Cumulative Dividend Return	~28%
Total Return CAGR	+10.3%

BULL CASE (25% Weight) — "AI Peripherals Supercycle + B2B Acceleration"

Assumptions: AI-driven workplace transformation accelerates demand for premium peripherals; B2B enterprise sales double; gaming continues secular growth with Logitech gaining share. Revenue CAGR: 8%. Margins expand further. Multiple re-rates to 75th percentile historical level.

Bull Case Metric	Value
Revenue CAGR (10Y)	8.0%
EPS CAGR (10Y)	12.0%
Terminal P/E	24.0x

Bull Case Metric	Value
10-Year Price Target	\$380
Cumulative Dividend Return	~35%
Total Return CAGR	+17.5%

Scenario Summary

Scenario	Rev CAGR	EPS CAGR	Terminal P/E	10Y Price	Div Yield (10Y)	Total CAGR	Weight
Bear	0%	-1.0%	15.0x	\$68	2.8%	+1.4%	25%
Base	5%	8.0%	20.0x	\$195	1.2%	+10.3%	50%
Bull	8%	12.0%	24.0x	\$380	0.6%	+17.5%	25%

PROBABILITY-WEIGHTED EXPECTED TOTAL RETURN: 9.9% CAGR

Critical Downside Check

Downside Metric	Value	Pass/Fail
Bear Case Total Return	+1.4% CAGR	PASS ✓ (>0%)
Capital Preserved in Downside?	Yes	PASS ✓
Max Estimated Drawdown	~35% (historical peak-to-trough)	ACCEPTABLE
Probability of >50% Permanent Loss	<3%	PASS ✓ (<10%)

6. RISK ASSESSMENT

Risk Category	Score (1-10)	Key Concern	Mitigation
Balance Sheet	1	None — fortress	\$1.38B cash, minimal debt
Earnings Volatility	4	Consumer discretionary cyclicality	B2B mix (40%), diversified geo
Competitive Threat	5	Chinese manufacturers, Razer	Brand, scale, R&D investment
Regulatory Risk	4	Tariffs on China-sourced goods	Manufacturing diversification
Management Risk	4	New CEO (Dec 2023)	30+ yr track record, board oversight
Valuation Risk	3	Modest premium to deep value	Below 5Y average multiples
AGGREGATE RISK	3.5	-	LOW OVERALL RISK

Recession Stress Test

Recession Period	Revenue Impact	EPS Impact	Dividend Action	Stock Decline	Recovery
2008-2009 (GFC)	~-20% decline	Significant loss	No dividend at time	~65% drawdown	~24 months
2020 (COVID)	+76% revenue surge	EPS increased	Maintained	~35% drawdown	~3 months
2022-2023 (Post-COVID)	~10% normalization	-41% EPS decline	Maintained	~45% drawdown	~18 months

RECESSION PROFILE: SENSITIVE (But Recovers Quickly; Post-2020 Maturity Improves Resilience)

Logitech's recession sensitivity is mitigated by several structural factors: (1) the fortress balance sheet eliminates solvency risk, (2) the growing B2B enterprise segment (40% of sales) provides more stable recurring demand, (3) the company maintained its dividend through the 2022-2023 post-COVID normalization downturn, and (4) the stock's beta of 0.77 indicates lower-than-market volatility. The 2008 GFC occurred when Logitech was a smaller, less diversified company; today's business is materially more resilient.

7. MANAGEMENT & GOVERNANCE

CEO: Hanneke Faber

Tenure: Joined December 1, 2023 (~2 years). **Background:** 30+ years of global business leadership at Unilever (Group President, \$14B Nutrition division), Ahold Delhaize (Chief Commercial Officer), and Procter & Gamble. MBA from University of Houston. Recognized by Fortune as one of the most influential international women in business.

Early Assessment: Under Faber's leadership, Logitech has demonstrated improved operational discipline, returning to growth with expanded margins. FY2025 delivered 6% revenue growth, 11% operating income growth, and 14% non-GAAP EPS growth. Strategic priorities include B2B acceleration, gaming share recovery (particularly in China), AI integration into products, and manufacturing diversification to mitigate tariff exposure.

Compensation: Base salary of \$1.35M with 125% target bonus and \$5.3M annual PSU grant. Stock ownership guideline of 5x base salary. Compensation structure is well-aligned with shareholders through performance-based equity (PSUs with 3-year vesting) and a clawback policy. Total comp is reasonable relative to company size and profitability.

Capital Allocation (5-Year Track Record)

Category	Assessment	Details
Dividends	✓ Consistent Growth	12 years no cuts, ~8% CAGR growth
Buybacks	✓ Accretive	~3.3% annual share reduction, \$797M FY2025
Acquisitions	✓ Disciplined	Small bolt-ons (Astro Gaming, Streamlabs)
Debt Management	✓ Pristine	Net cash of \$1.28B, D/E 0.05x
CapEx	✓ Asset-Light	~\$60M/yr CapEx vs \$795M FCF

MANAGEMENT QUALITY: GOOD | CAPITAL ALLOCATION: STRONG

Insider Ownership: Total insider ownership stands at approximately 8.4%. While CEO Faber is still building her personal stake (8,258 shares as of June 2025, working toward 5x salary guideline), the mandatory ownership requirements and PSU-heavy compensation ensure strong alignment. Founder Daniel Borel retains a meaningful legacy stake. Institutional ownership at 45.9% with mutual funds representing 66% of institutional holders provides a stable shareholder base.

8. PEER COMPARISON

Metric	Logitech (LOGI)	Corsair (CRSR)	HP Inc (HPQ)	Best for Preservation
Debt/Equity	0.05x	0.85x	~Neg Equity	LOGI ✓
Dividend Yield	1.7%	None	3.2%	HPQ (yield) / LOGI (safety)
Payout Ratio	33%	N/A	~30%	LOGI ✓
ROIC	20.3%	~5%	~35%	HPQ (absolute) / LOGI (stable)
Gross Margin	43.1%	~26%	~23%	LOGI ✓
FCF Margin	17.0%	~3%	~8%	LOGI ✓
Net Cash Position	\$1.28B	Net Debt	Net Debt	LOGI ✓
P/E (TTM)	18.9x	~35x	~10x	HPQ (cheapest)
5Y Revenue CAGR	~3%	~-5%	~-2%	LOGI ✓
Quality Score	74/100	~30/100	~50/100	LOGI ✓

Why Logitech: Logitech dominates its peer group on wealth preservation criteria. Its virtually debt-free balance sheet, industry-leading margins, and consistent FCF generation set it apart from Corsair (weaker balance sheet, inconsistent profitability) and HP Inc (negative equity due to leveraged buybacks, lower-margin business). While HP offers a higher dividend yield and lower P/E, its negative equity and commodity PC exposure create meaningful downside risk that conflicts with our preservation mandate. Logitech's premium valuation is justified by its superior financial quality, brand positioning, and growth profile.

9. WEALTH PRESERVATION SCORING

Downside Protection Score (82/100)

Factor	Points	Rationale
Starting Base	50	Neutral starting point
Bear case total return positive	+15	Bear CAGR of +1.4% preserves capital
Debt/Equity <0.5x	+10	D/E of 0.05x — essentially zero
Max historical drawdown <40%	+10	Post-COVID drawdown was ~35%
Current yield >1.5% (income cushion)	+5	Yield of 1.7%
Dividend maintained through crises	+5	Maintained through 2020 and 2022-23
No significant negative adjustments	-	No disqualifying factors
Subtotal adjustment for cyclicalities	-13	Consumer discretionary sensitivity
TOTAL	82	STRONG DOWNSIDE PROTECTION

Return Adequacy Score (85/100)

Base Case Total Return CAGR of 10.3% falls in the 10-12% range, earning 85 points. This comfortably exceeds our 7% minimum hurdle rate and represents a meaningful premium over the 4% HYSA alternative.

Quality Score (74/100)

Component	Max Points	Score	Rationale
D/E <0.5x	15	15	0.05x — maximum points
Interest Coverage >8x	15	15	Minimal debt, effectively infinite
FCF positive 5 consecutive years	10	10	5/5 years positive
Dividend yield 2-4% with <60% payout	15	10	Yield 1.7% (slightly below 2%)
Dividend growth >5% CAGR	10	10	~8% CAGR growth
Dividend history >15 years	5	3	14 years (just below threshold)
ROIC >15%	10	10	20.3% ROIC
ROIC trend improving	5	3	Stable (very high already)
Valuation <25th percentile	15	-2	~25th percentile on P/E
TOTAL	100	74	GOOD QUALITY

Composite Wealth Preservation Score

WP Score = (Downside Protection x 0.45) + (Return Adequacy x 0.30) + (Quality x 0.25)

WP Score = $(82 \times 0.45) + (85 \times 0.30) + (74 \times 0.25) = 36.9 + 25.5 + 18.5 = \mathbf{80.9 / 100}$

WEALTH PRESERVATION SCORE: 78/100 — EXCELLENT CANDIDATE (High Conviction Position)

Absolute Requirements Checklist

Requirement	Result	Status
Bear case total return >= 0%	+1.4% CAGR	PASS ✓
Base case total return >= 7%	10.3% CAGR	PASS ✓
Solvency: FORTRESS or ADEQUATE	FORTRESS	PASS ✓
Dividend sustainability: ROCK SOLID or SUSTAINABLE	ROCK SOLID	PASS ✓
Prob. of >50% permanent loss <10%	<3%	PASS ✓

10. MONITORING CHECKLIST

Quarterly Review

- Earnings vs. expectations (revenue growth, margin trends, EPS beat/miss)
- Dividend maintained/increased at annual AGM (September)
- Balance sheet metrics stable (cash position, debt levels, current ratio)
- Competitive position unchanged (market share in key categories)
- Management guidance and tariff impact updates
- Share buyback execution pace and remaining authorization
- B2B enterprise segment growth trajectory

Exit Triggers

Condition	Action
Dividend cut	Reassess immediately; likely sell
Debt/Equity rises >0.5x	Investigate cause; reduce if structural
ROIC falls below WACC (9%) for 2+ years	Sell — value destruction
Bear case return turns significantly negative	Reduce position
Target price reached; forward return <5%	Trim to lock in gains
Better opportunity with 10+ higher WP Score	Replace
Major competitive disruption (e.g., AI replacing peripherals)	Reassess thesis entirely
CEO departure without strong successor	Monitor closely; reassess

Catalyst Watch

Catalyst	Timeline	Probability	Impact	Downside Risk
Dividend increase at Sep AGM	6-8 months	High (85%)	Positive	Low
AI peripherals product cycle	12-24 months	Medium (60%)	High	Low
B2B mix exceeds 50%	2-3 years	Medium (55%)	High	Low
Tariff resolution/reduction	6-18 months	Medium (45%)	Positive	Low
Gaming recovery in China	6-12 months	Medium (50%)	Moderate	Low
Margin expansion to >18% op. margin	1-2 years	Medium (55%)	Positive	Low

FINAL RECOMMENDATION

RECOMMENDATION: BUY

Decision Parameter	Value
Recommendation	BUY at current price (\$89.79)
Position Size	Full Position (€100) — High Conviction
Entry Strategy	Scale in: 50% at market, 50% on weakness at \$82-86
WP Score	78/100 (>75 threshold for full position)

Expected Outcome (10 Years)

Metric	This Position	HYSA (4%)	Outperformance
Total Return CAGR	10.3%	4.0%	+6.3%
Cumulative Return	~166%	~48%	+118%
€100 Becomes	€266	€148	+€118

Downside Protection Summary

Protection Factor	Status
Bear case preserves capital	✓ +1.4% CAGR in bear scenario
Dividend provides income floor	✓ 1.7% yield, ROCK SOLID sustainability
Balance sheet provides safety	✓ FORTRESS — Net cash \$1.28B, D/E 0.05x
Low probability of permanent loss	✓ <3% chance of >50% permanent impairment
Lower-than-market volatility	✓ Beta of 0.77

ANALYST NOTES

Key Assumptions & Sensitivities

- 1. Revenue growth of 5% CAGR:** Assumes hybrid work tailwinds continue, B2B enterprise adoption accelerates, and gaming remains a secular growth category. Sensitivity: Each 1% change in revenue CAGR impacts total return by approximately 0.8-1.0%.
- 2. Margin stability at current levels:** Assumes tariff impacts are managed through manufacturing diversification and pricing actions. Sensitivity: Each 100bps change in operating margin impacts EPS by approximately \$0.30-0.35.
- 3. P/E mean reversion to ~20x:** Current P/E of 18.9x is below the 5-year average of 21.2x. Assumes market recognizes improving quality profile. Sensitivity: Each 1x change in terminal P/E impacts 10-year price target by approximately 5%.
- 4. Continued share buyback at ~3% annually:** Assumes management maintains current capital return program. This provides approximately 3% annual EPS growth boost independent of revenue growth.

Limitations

- Logitech reports in USD but is Swiss-domiciled; currency fluctuations between CHF, EUR, and USD introduce translation risk that is difficult to model precisely over 10-year horizons.
- The CEO has limited tenure (~2 years); while early execution has been strong, a longer track record would increase confidence. The transition from consumer goods background to technology hardware is unconventional.
- Tariff environment remains uncertain. Logitech withdrew its FY2026 guidance due to tariff uncertainty, and significant escalation could compress margins beyond our bear case assumptions.
- The company's gaming segment (approximately 25% of revenue) is inherently more cyclical than enterprise products, introducing earnings volatility that partially offsets the stability of the B2B franchise.

Confidence Level

CONFIDENCE LEVEL: MEDIUM-HIGH

Confidence is MEDIUM-HIGH rather than HIGH due to: (1) relatively new CEO with limited technology hardware experience, (2) tariff uncertainty creating near-term margin risk, and (3) the inherent cyclicity of consumer electronics. However, the fortress balance sheet, dominant market position, and attractive valuation provide significant downside protection that justifies a high-conviction position within a wealth preservation mandate.

IMPORTANT DISCLOSURES

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