

Logitech
 Valor: 2 575 132 Industry: software, computer accessories **BUY**

LOGN 5Y Price Target: **CHF 136.-** Price: **CHF 82.-** Upside: **66%**



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Stock Data in Mio.

Price	82 CHF
52-Week Range	67.7 CHF-124.9 CHF
P/E	17x
Price/Book	6.3x
Dividend yield	1.1%
Market cap.	13,857 CHF
Sales	5,252 CHF
EBIT	1,148 CHF
Earnings	947 CHF

Valuation

The P/E ratio is very low compared to recent years. However, this is due to the fact that Logitech had a record year thanks to Corona. In the future, a lower profit must be expected again, but it should still be much higher than in 2019. This results in a P/E ratio for 2022 of around 23, which is still rather low.

	12/2017	12/2018	12/2019	12/2020
P/E	25.1x	29.0x	25.2x	17x
Price/Book	6.04x	5.77x	5.55x	6.30x

Growth

Logitech has a strong track record of growth in recent years. Corona has amplified this growth spurt by quite a bit. Even if this growth is not sustainable, Logitech should reach an EBIT of over CHF 1 billion again by 2024 at the latest. This is because the boom is not likely to subside anytime soon.

	12/2017	12/2018	12/2019	12/2020
Sales	2,567	2,788	2,976	5,252
Growth		8.6%	6.4%	77.0%
Earnings (EBIT)	230	263	277	1148
Growth		14.3%	5.3%	314.4%

Description

Logitech is a manufacturer of PC accessories and experienced a big boom in 2020 because of the pandemic. Particularly strong growth has been in the field of gaming and video conferencing solutions. Logitech was founded in 1981 and currently employs 9000 people. Logitech has been included in the SMI since September 20. CEO Bracken P. Darrell has made Logitech a leader in the PC accessories market through good cost management and a lot of innovation. The five business units each contribute between 13% and 28% of sales. There is therefore no cluster risk.

Outlook

Logitech describes itself as an innovative and qualitative company with a special focus on the customer. The products and the strong growth confirm this. Even before the pandemic, Logitech was on a growth course. Growth prospects are likely to remain intact even after the pandemic year. In the past quarter, Logitech acquired three smaller companies and plans to continue making acquisitions. With its large cash position, such acquisitions are easy to make. Since the high in May 2021, the shares have fallen by over 60%. This offers opportunities for long-term investors.

Efficiency

Logitech has been able to strongly increase its return on sales since 2019. In the future, the return on sales should remain at this level. Compared to Apple, the return on sales is a bit smaller, but still on a good path.

	12/2017	12/2018	12/2019	12/2020
Return on sales	8.1%	9.2%	15.1%	18.0%
Sales per employee	347,098	420,797	422,473	450,887

Profitability

The return on equity is very high compared to the equity ratio. Compared to Apple, Logitech is better in terms of profitability when the equity ratio is adjusted. A return on equity of over 40% can also be expected in the future.

	12/2017	12/2018	12/2019	12/2020
Return on equity	21.9%	23.1%	33.7%	50.5%
e.g. GN Store Nord	36.1%	55.6%	61.1%	87.9%

Balance sheet quality

Logitech's balance sheet looks very strong. In 2020, liquidity was expanded thanks to strong growth. This puts Logitech in a position to make larger acquisitions. The debt-equity ratio is very low at under 100%, which means Logitech can survive a longer lean period or borrow money cheaply.

	12/2017	12/2018	12/2019	12/2020
Equity ratio	60.3%	58.1%	63.0%	54.6%
Net. Liquidity	642	605	716	1,750
Debt-equity ratio	66%	72%	59%	83%

SWOT-Analysis

Strengths <ul style="list-style-type: none"> ▪ The financial situation is excellent ▪ Logitech has a strong position in the gaming and video conferencing accessories market with high quality products ▪ Logitech shows strong growth 	Weaknesses <ul style="list-style-type: none"> ▪ 2020 was a record year, profit is likely to be much lower in 2021 ▪ The remote-control business is being displaced by smartphones
Opportunities <ul style="list-style-type: none"> ▪ Logitech has a very strong presence in the home office and gaming business and can benefit from a further growth trend ▪ Logitech has a good management with a lot of innovativeness 	Threats <ul style="list-style-type: none"> ▪ The chip shortage and disrupted supply chains are also likely to affect Logitech ▪ Logitech has many competitors with specialized products

Appointments

GA: 08.09.2022, Lausanne
 Year-end figures: End April
 Quarterly statement: End October

Website

<https://www.logitech.com>

Investor Relations

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Recommendation method:

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