



LOGI BEARISH ALERT

June 24, 2021



Bearish Opportunity Alert: **LOGI**

Actionable Trade Idea

Short Logitech International S.A. (NASDAQ:LOGI) above \$120/share**

Alternative approaches would include selling OTM put options with a strike price 5% below the current price of the stock each month to generate income until a position is established.

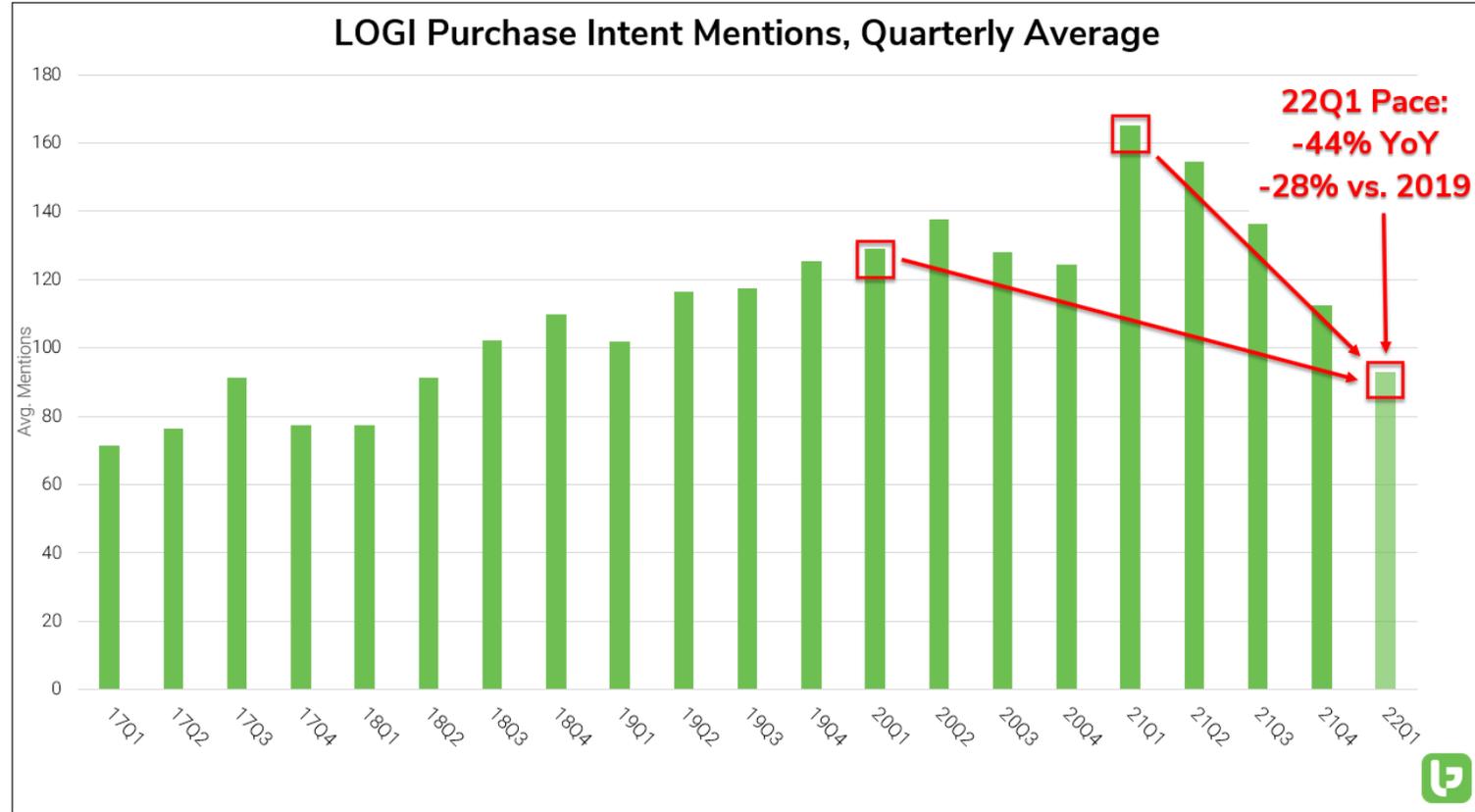
We believe this stock could be in for a correction of 20-30% within the next year.

**ON ALL TRADES, it is important to use proper risk management to correctly allocate and protect your capital. A popular exit strategy on bullish trades is a 25% trailing stop.

Consumer Demand:

- Consumer Mentions of buying computer peripherals and other electronics from Logitech and its owned brands are trending: **-44% YoY** and **-28% vs. 2019** in the current quarter (ending 6/30).
- Revenue expectations for the coming quarters remain significantly elevated vs. 2019, whereas Purchase Intent volume is showing weakness.

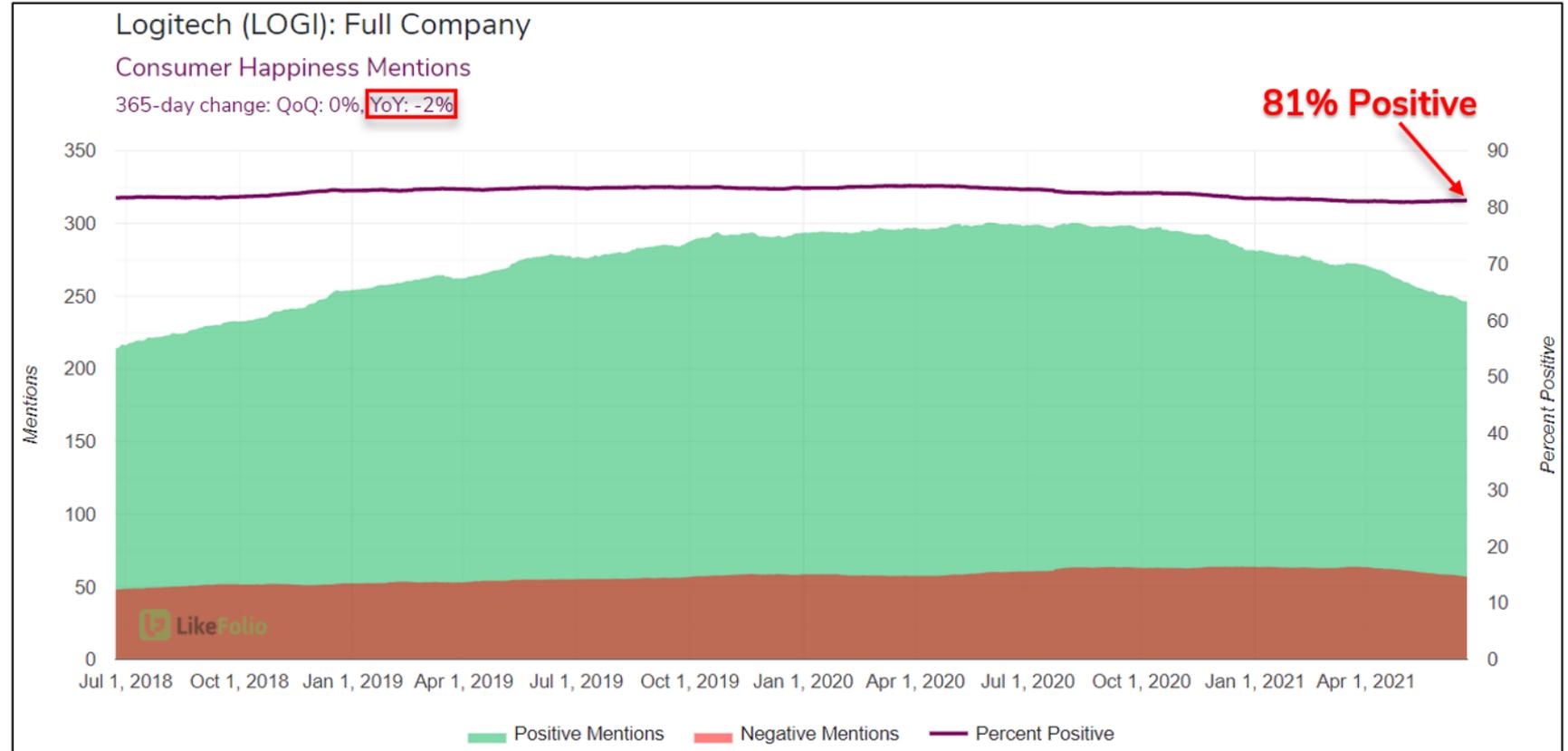
LOGI: Slowdown in Demand Growth



Consumer Happiness:

- Over the past year, LOGI Sentiment Mentions were **81% positive**, down **-2%** vs. the prior 365 days.
- Consumer Satisfaction remains a strength for LOGI and a reason why our bearish outlook is limited in scope.

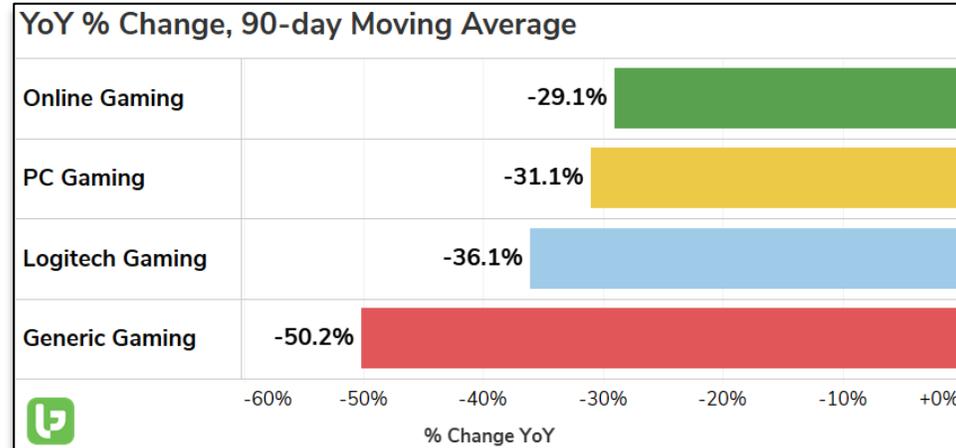
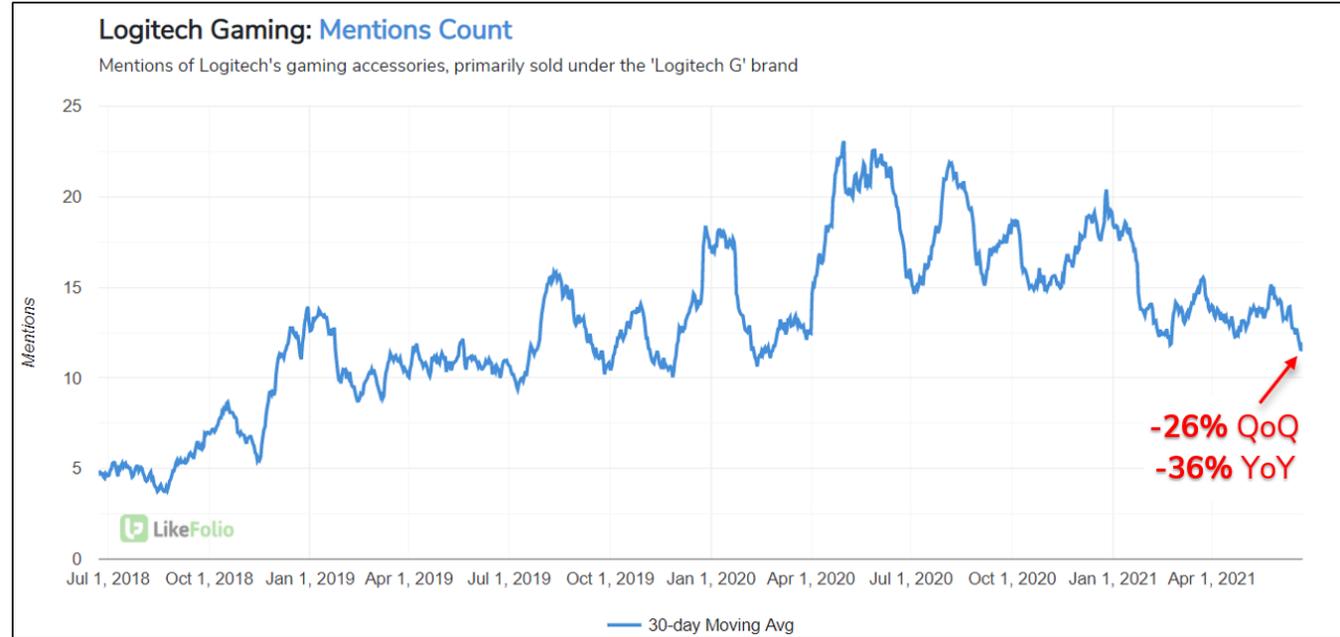
LOGI: Sentiment Still a Strength



Macro Headwinds:

- Consumer Mentions of Logitech's various gaming accessories, which include keyboards, mice, and headsets, are declining in 2021: **-26% QoQ** and **-36% YoY** on a 30-day moving average.
- We're seeing a major year-over-year slowdown in gaming trends overall, a likely result of reopening in 2021.

LOGI: Near-term Gaming Downturn



LOGI: The Bottom Line

- Logitech International (LOGI) shares have gained by more than +100% over the past year, bolstered by phenomenal earnings results. Unlike many “pure tech” companies, Logitech stock has not suffered a significant correction in 2021, currently trading just -10% below the ATH and +26% YTD.
- LOGI’s ‘Gaming’ segment has been a major growth driver in recent quarters, with sales growing +77% YoY in the [recently-reported 21Q4](#). This will result in difficult comps. going forward. Based on the slowdown in gaming trends, we’re expecting to see Logitech struggle.
- Consumers buying equipment to work from home (keyboards, mice, and webcams) contributed significantly to LOGI’s recent sales growth:
Consumer mentions of working from a Home office have declined -60% YoY on a 90-day moving average.
- **Caveat:** Logitech is an international conglomerate marketing its products across the world. As a result, only half of the company’s revenue comes from North America, limiting the predictive scope of our data.

As a company with exposure to the booming Gaming and Work-from-Home WFM industries Logitech (LOGI) has experienced unprecedented success over the past year. LikeFolio was [bullish on this company](#) before the arrival of the pandemic and holding through the duration of the recent technology boom proved immensely profitable. Now we’re seeing a slowdown in both demand for Logitech’s products and the underlying macro-trends that have propelled LOGI’s growth. We’re still bullish on the name long-term, but at the current price, we’re establishing a short-to-medium term bearish position.

Disclaimers

The material in this presentation is for informational purposes only and does not constitute an offer to sell, a solicitation to buy, a recommendation or endorsement for any security or strategy, nor does it constitute an offer to provide investment advisory or other services by LikeFolio, SwanPowers, LLC, or its employees.

This information is not investment or tax advice.

SwanPowers, LLC and LikeFolio is not an investment advisor or a broker dealer.

Investing in securities involves risks, and there is always the potential of losing all your money.

Before investing in any strategy, consider your investment objectives and speak with a professional.

Past performance does not guarantee future results, and the likelihood of investment outcomes is hypothetical.





LikeFolio

Copyright 2021, SwanPowers LLC