

**iRobot®**



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## The NASDAQ 35th Investor Program

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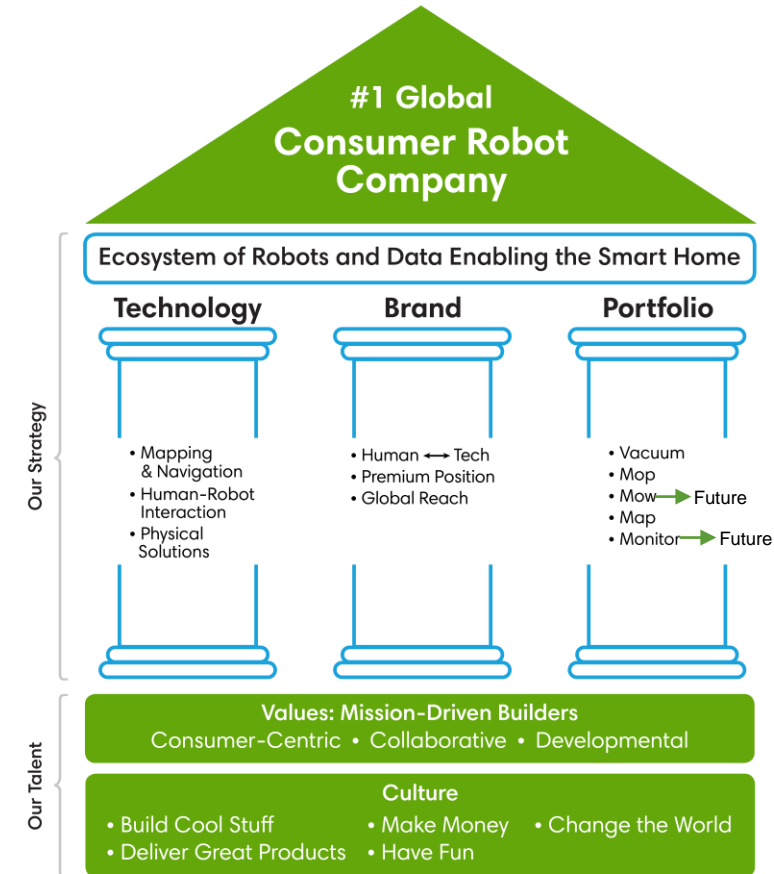
# Forward Looking Statements

- Certain statements made in this presentation that are not based on historical information are forward-looking statements which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.
- These statements are neither promises nor guarantees, but are subject to a variety of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those contemplated in these forward-looking statements.
- Investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. iRobot Corporation undertakes no obligation to update or revise the information contained in this presentation, whether as a result of new information, future events or circumstances or otherwise.
- This presentation contains various non-GAAP financial measures as defined by SEC Regulation G, including Adjusted EBITDA, which we define as Earnings Before Interest, Taxes, Depreciation, Amortization, merger and acquisition expenses, restructuring expenses, net intellectual property litigation expenses and non-cash stock compensation expense. The most directly comparable GAAP financial measures and a reconciliation of the differences between the GAAP financial measures and the non-GAAP financial measures are posted on the investor relations page of our web site at [www.irobot.com](http://www.irobot.com).
- For additional disclosure regarding these and other risks faced by iRobot Corporation, see the disclosure contained in our public filings with the Securities and Exchange Commission.



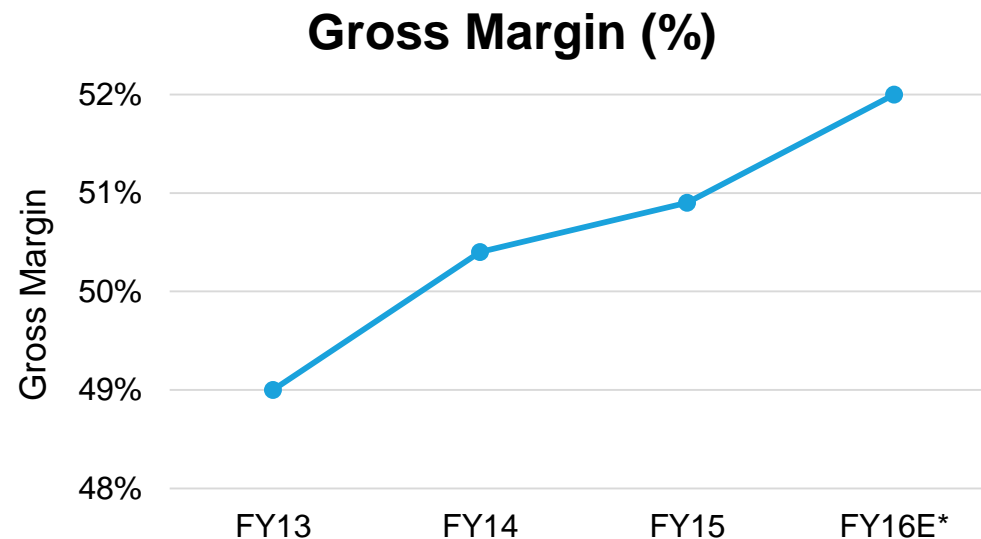
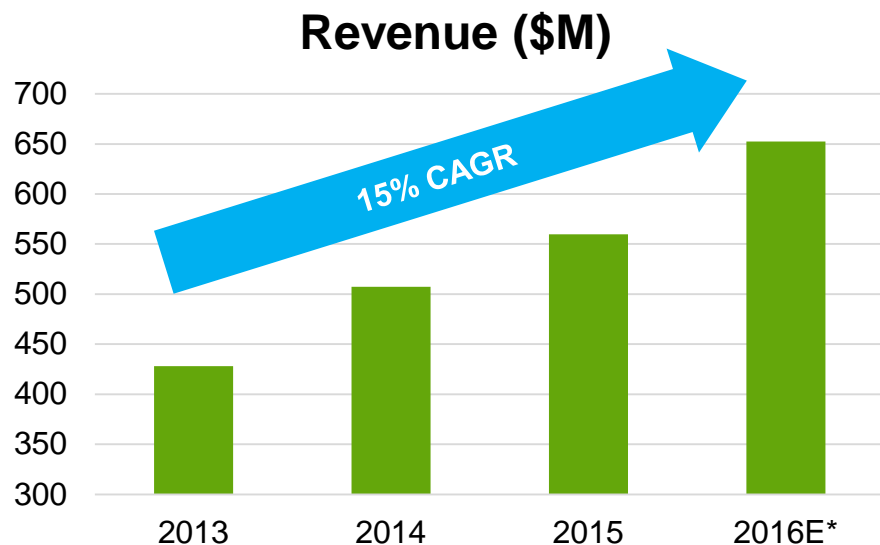
# The Consumer Robot Company

- **Focused** on the Consumer as our Customer
- **Leading Today**
  - Products, Technology, Brand, Marketing
  - Global Market Leadership
- **Leading Tomorrow**
  - RVC Market Large and Growing
    - Additional Market Categories
  - Investing in our Product & Technology future
  - Investing to accelerate growth  
and maintain market leadership



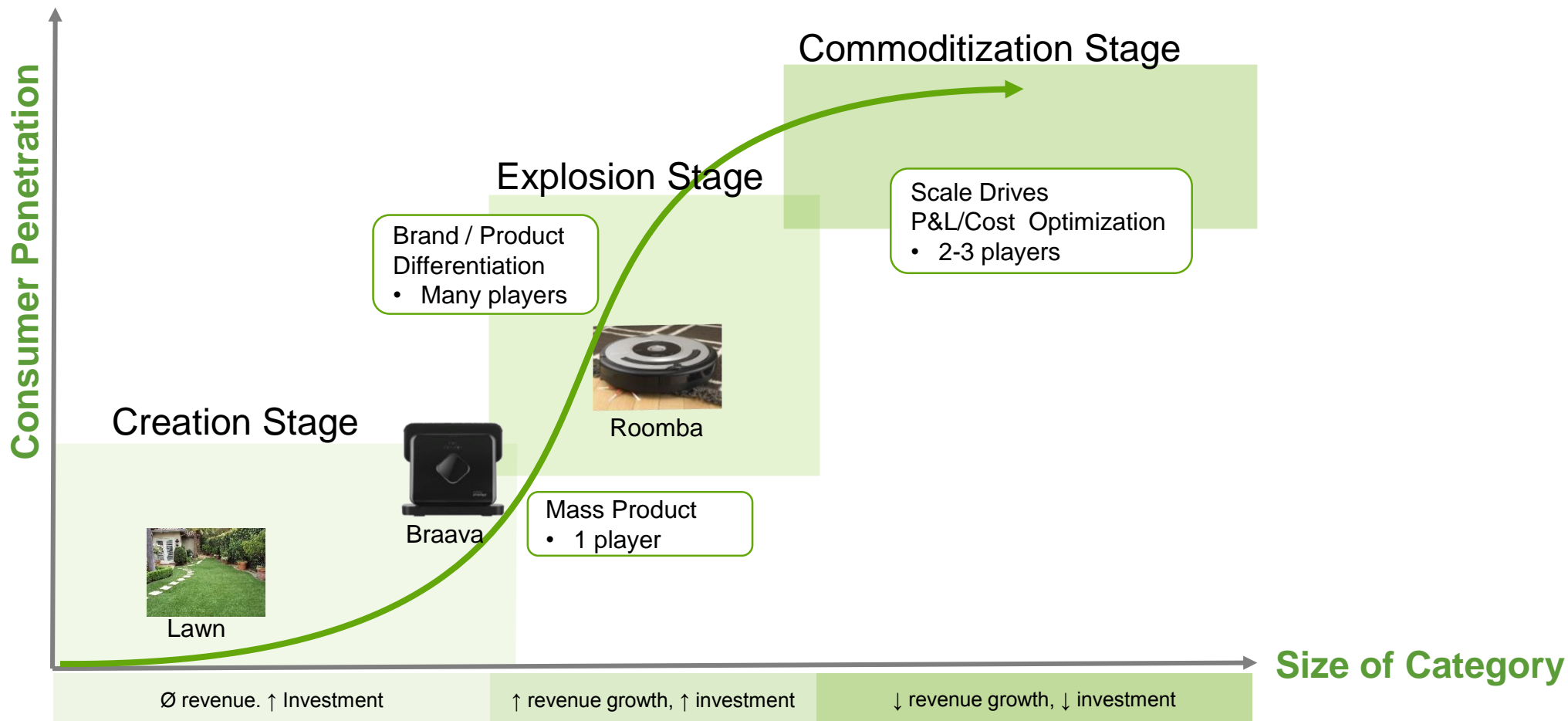
More than 25 years of global robotic-technology market leadership

# Consumer Leadership & Profitable Growth



- **Holding 60+% segment share globally**
- **Innovation and technology leadership, significant R&D investment every year**
- **Established a strong global brand**
- **Growing a second robotic category with Braava, exploring robotic lawn care**
- **Mapping technology creates further product differentiation and opens new markets**

# Consumer Robots Maturity Curve

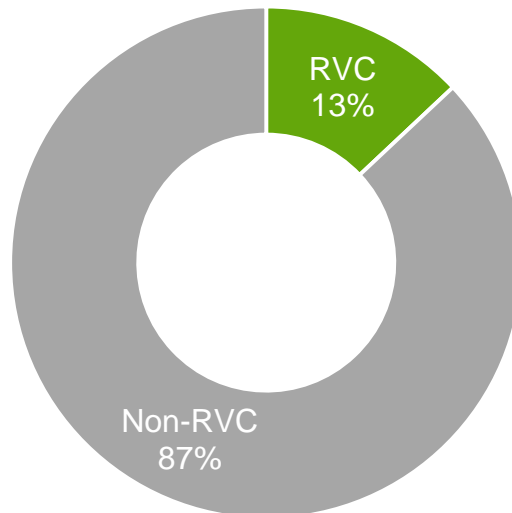


- Roomba beginning explosion stage
- Braava crossing out of creation
- Lawn still in creation stage

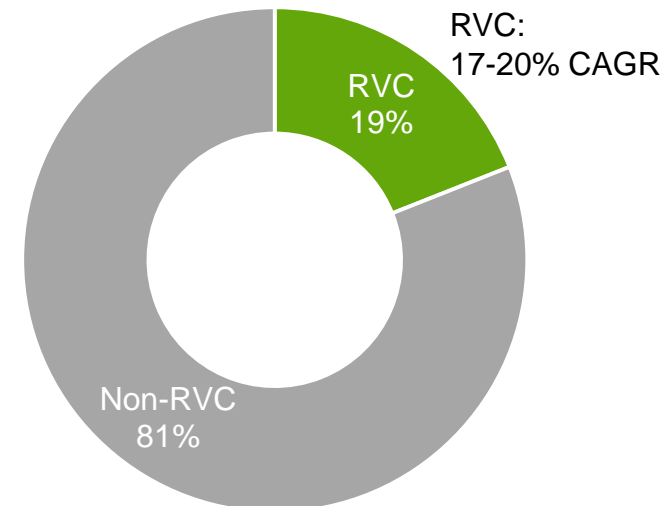
# RVC Segment Continues to Grow Now ~20% of Total Vacuums

Global Vacuum Cleaner Market >\$200 (USD, Retail)\*

**2012: ~\$5B Market**



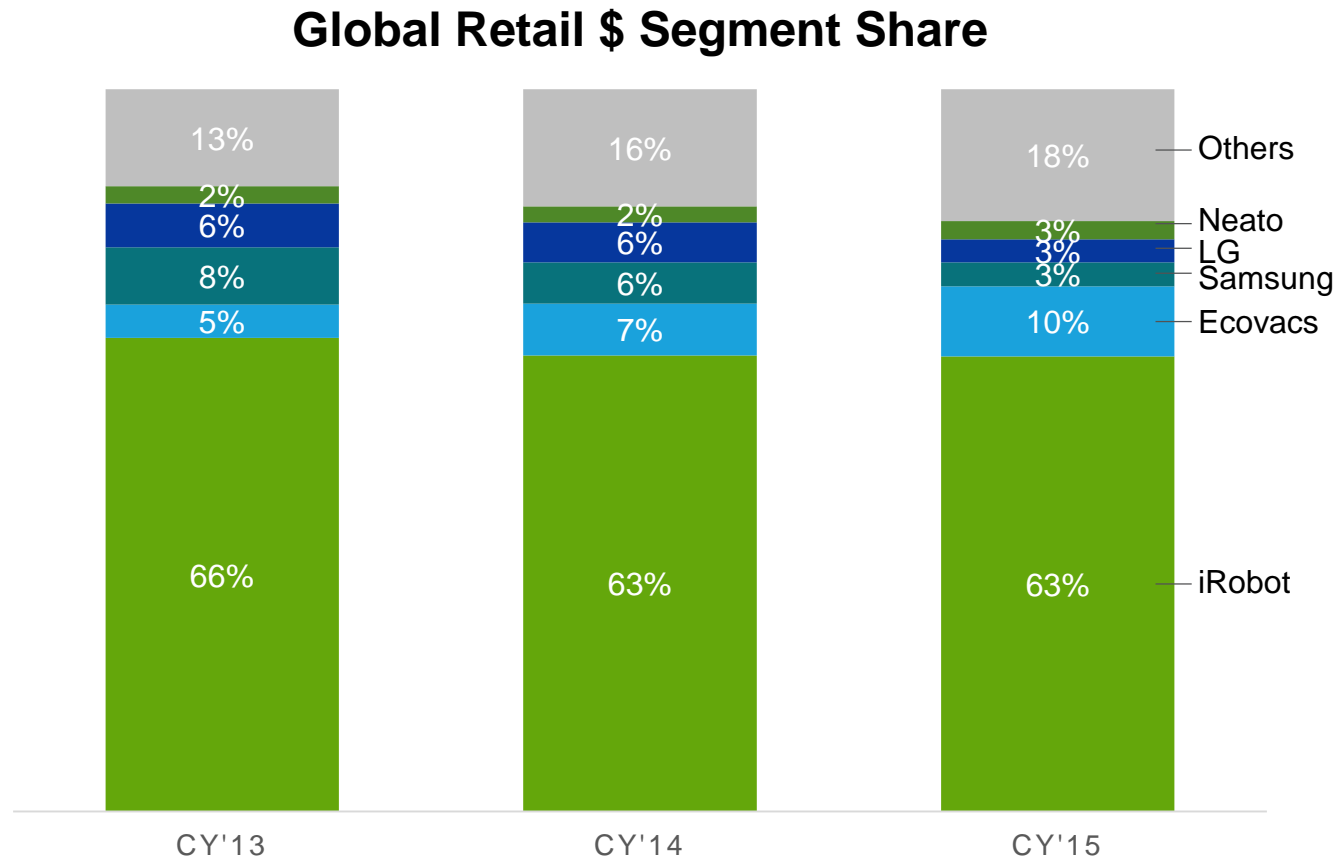
**2015: ~\$6B Market  
4-5% CAGR**



RVC:  
17-20% CAGR

**RVC segment (>\$200) growth expected to significantly outpace  
overall vacuum cleaner market growth (>\$200)**

# iRobot Roomba Continues to Lead in RVC Segment



**iRobot continues to hold share at 60+% with new competition entering the category**



# Roomba Leading Through Continuous Innovation

## Future Roomba Models

Advanced Mapping



Advanced Cleaning  
Performance



Ecosystem of Robots



iAdapt® 2.0 Navigation



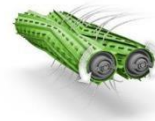
Intelligent Cleaning  
Carpet Boost



Cloud Connectivity



AeroForce® Cleaning System  
Virtually no Maintenance



2015  
R980  
\$899



2016  
R960  
\$699



2013  
R880  
\$699



2014  
R870  
\$599

**WALL STREET  
JOURNAL**

Wall Street Journal, G. A. Fowler, 7.27.16  
*...If you want one today, buy the Roomba 980...*



NIKKEI STYLE

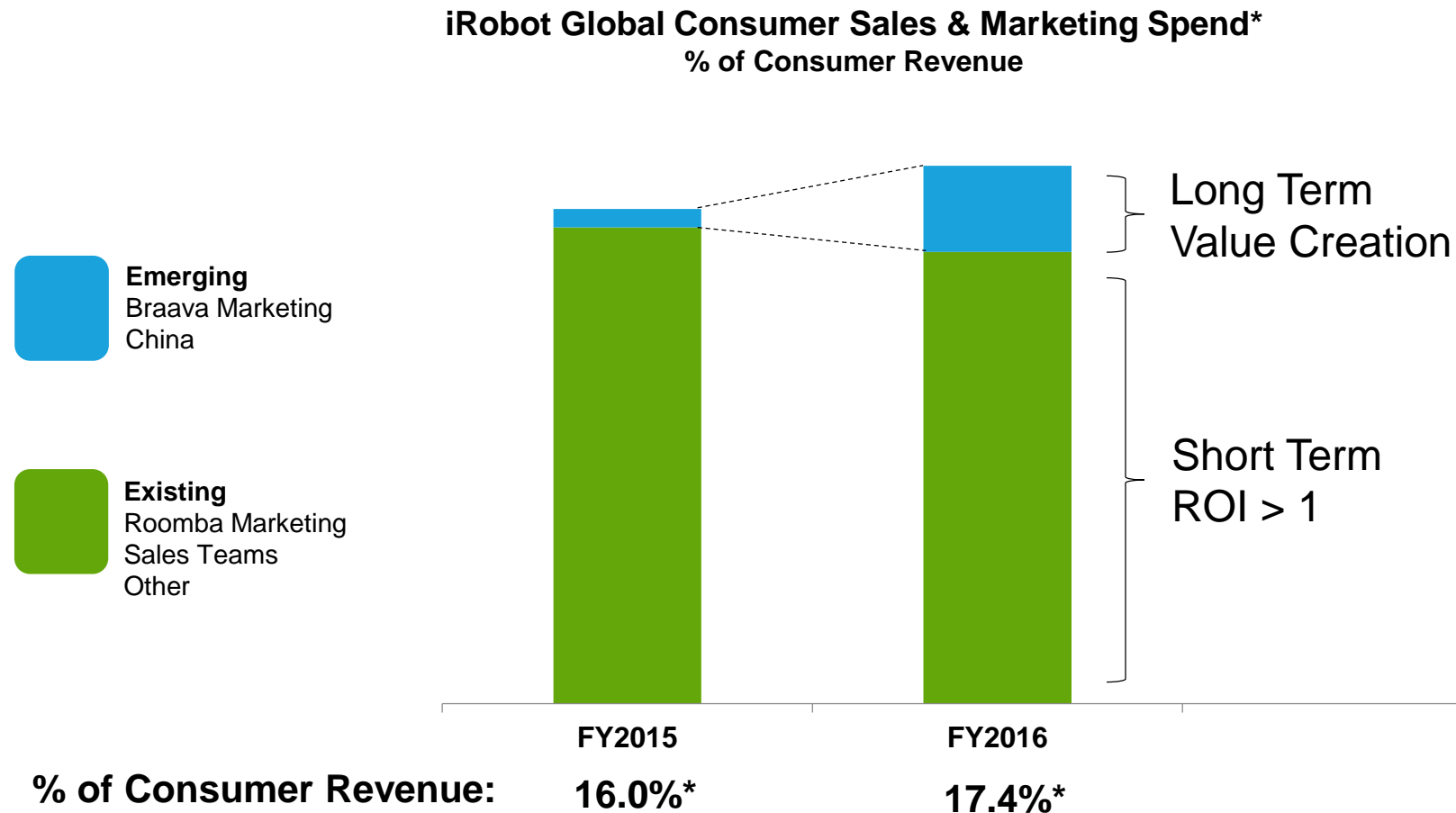
NIKKEI STYLE, Junko Fukuzawa, 1.16.16  
*...Roomba performed best...*

**Introduce Innovation in premium product;  
Flow innovation across lower price point products over time**





# S&M Investments: Driving Profitable Roomba Growth & Investing for Future

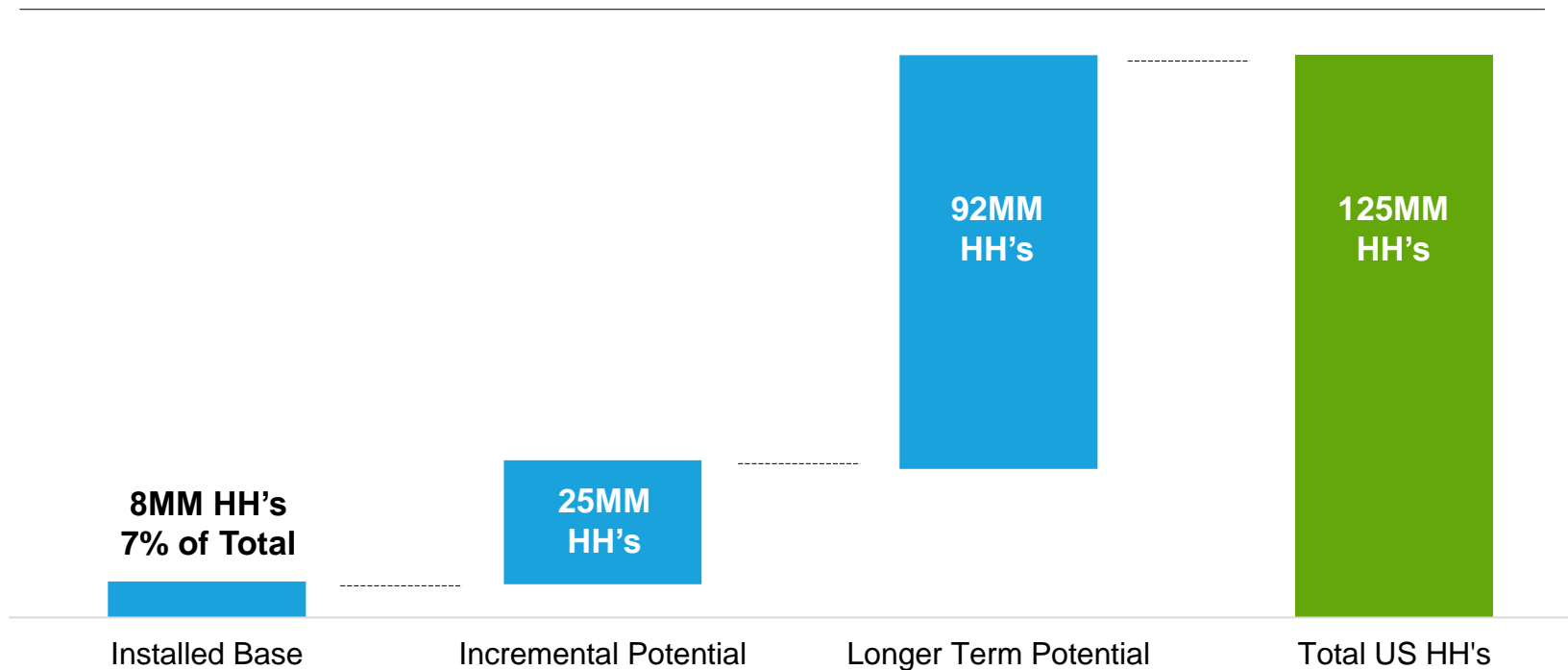


\* Excludes D&S, RP and Corporate Communications related expenses



# Significant Opportunity for Expanded Robot Vacuum Adoption in US

Immediate Addressable Market ~3-4X Current Installed Base



**Building RVC awareness & familiarity; the keys to unlocking another 25MM U.S. HH's**



# Launch of the Braava jet 240

The mopping robot for small spaces with hard to reach places, like the kitchen or bathroom

- **\$199.99**
- **3 modes**  
Wet mopping, damp sweeping, drysweeping
- **Bluetooth App**
- **Available globally**  
Launched North America in March '16  
Launched globally between August – October '16

Complements the Braava category



# Braava jet Consumables: An Incremental Opportunity

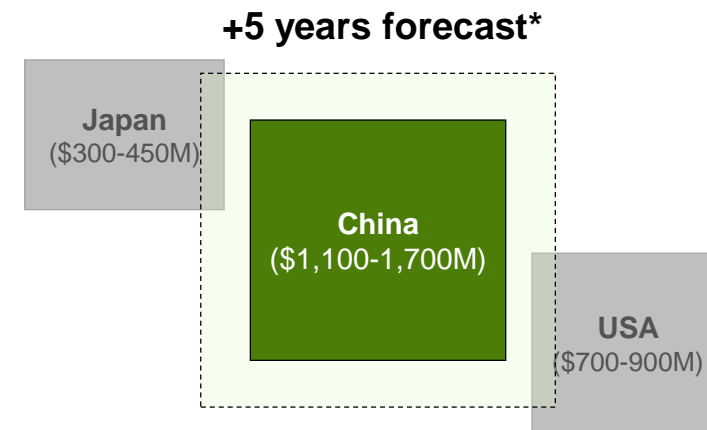
- A pad for everyone's needs
  - Wet mopping, damp sweeping, or dry sweeping pads
  - Single-use pads or washable pads
- People are coming back to buy replacement pads
  - After 6 months in the market, consumers are purchasing ~3 boxes of pads per robot
- Consumers see benefit in all three robot modes and pads
- Need to build installed base for pad revenue to be significant



**First iRobot product with true consumables model**

# APAC - An Area of Focus and Opportunity for iRobot

- iRobot investing in establishing a leadership position in the Chinese market – today #2
- Shanghai office opened and team set for better control of ecommerce marketing and distribution
- Braava jet launched in Q3, very well received
- Signed a definitive agreement to acquire iRobot distributor in Japan



**Taking more direct control of the brand in APAC**

# Summary of Financials

\$M, excluding EPS	FY13	FY14	FY15	Feb FY16*	Oct FY16**
Revenue	487	557	617	630 - 642	650 - 655
Consumer Growth YoY	20%	19%	10%	12% - 13%	15%
iRobot Growth YoY	12%	14%	11%	2% - 4%	5% - 6%
GM %	45%	46%	47%	47% - 48%	48%
OPEX % of Revenue	39%	37%	37%	38 - 39%	40%
Net Income	28	38	44	na	39 - 42
Adj EBITDA	62	80	92	80 - 90	88 - 92
Adj EBITDA Margin	13%	14%	15%	13% - 14%	~14%
EPS	0.94	1.25	1.47	1.20 - 1.40	1.36 - 1.44

**2016 – Great first year of our transformation**

\*Expectations provided February 10, 2016

\*\*Expectations provided October 25, 2016



# Reminder - Drivers of Accelerated Revenue Growth

1. Roomba household penetration / awareness
  - Enhanced Marketing programs – US first; then overseas
  - Sustained product and technology leadership
2. Firmly establish wet floor care market – Braava jet and specific category marketing
3. China and Japan – structure to capitalize on market opportunity

**These areas remain our priority**



# Profitability Improvement Opportunities

Gross Margin Improvement

Operating Expense Leverage

## Business Maturity

Example: Taking more direct control in China and Japan

## Scale

Examples: More than 2.5 million robots in 2016  
Driving Wet Floor Care to scale

## Efficiency

Examples: Automation in factories  
Centralized repairs  
Marketing Mix Analytics

**Opportunities for both Gross Margin and Opex improvement**





# Capital Allocation Strategy

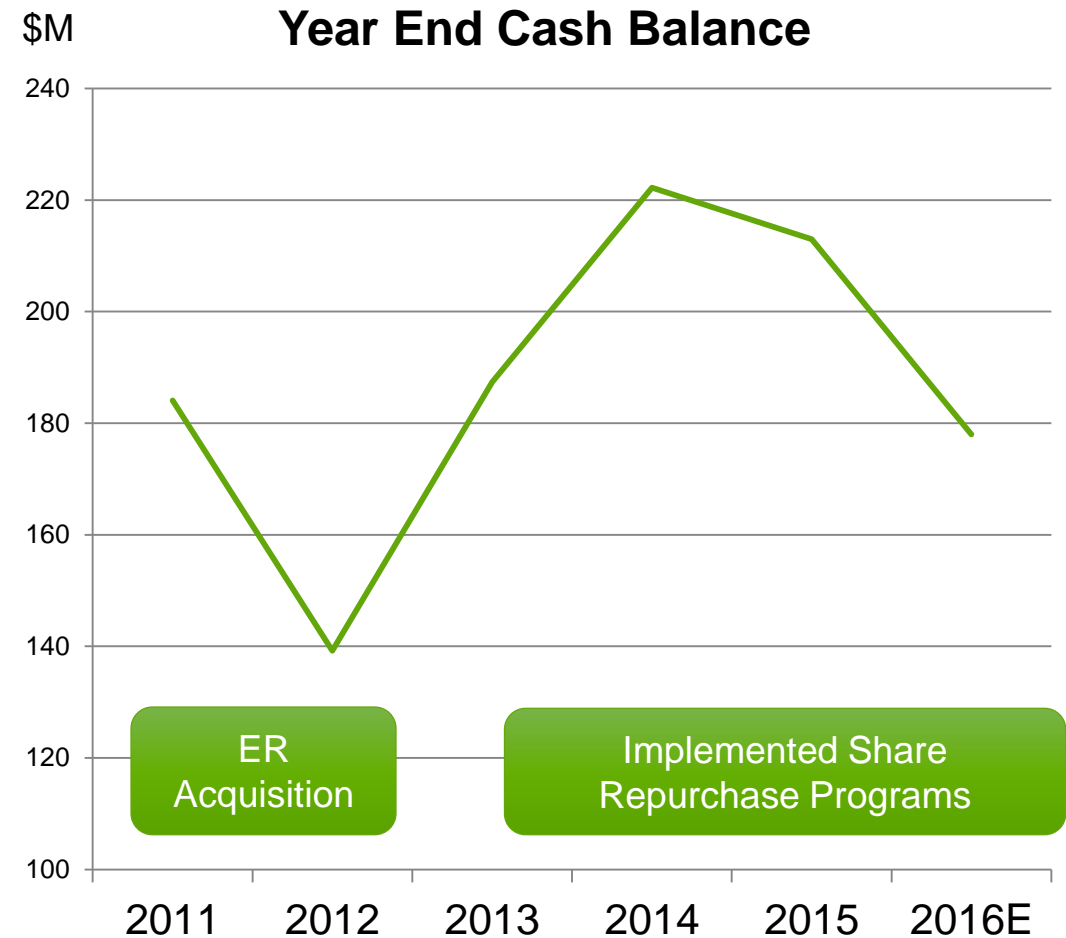
R&D			
Core		Emerging	Future
Organic	Lower Risk Ex. Roomba Significant Revenue and Profit Contribution Target R&D Investment: 65% – 70%	Medium Risk Ex. Braava Market Validation  20% – 25%	Higher Risk Ex. Smart Home Exploration  5% – 10%
	<div> <div>←</div> <div>Acquisitions</div> <div>→</div> </div> <div> <div>←</div> <div>iRobot Ventures</div> <div>→</div> </div>		
Inorganic			

**Ongoing review to address company's changing needs**

# Cash / Excess Capital

## Methodology

- Update cash generation forecasts
- Identify cash needed for ongoing operations
- Assess capital investments required
- Review M&A pipeline
- iRobot Ventures – fund up to \$10M annually
- If excess identified, determine best program for return



**Returning excess cash to shareholders  
while investing to grow the business**



# Summary

- Off to a great start on our consumer-focused strategy
- Maintaining and extending leadership in growing RVC market
- Building wet floor care into second revenue stream
- Connecting iRobot products within the home – extending connected products
- Capital allocation decisions fueling business momentum and creating shareholder value

