



Merriman Capital Investor Summit

November 16, 2010





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 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.
- 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.



Our Three-Year Strategy

Deliver robotic **technology-based** solutions leveraging **common platforms** and **software** which **delight our customers** and anticipate their needs while achieving **mid-teen EBITDA margins** and **growing the equity value** of the business.

Leader in robot technology – autonomy, sensing, manipulation

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Long-Term Goals

Our long-term financial goals remain achievable and meaningful

- Revenue – mid-to high-teens CAGR
- EBITDA – mid-teens margin
- OCF – high single digit margin

Sustainable gains in shareholder value is our over-arching goal

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Lead Position – Two Nascent Markets



- Over 3,500 Unmanned Ground Vehicles Sold
- Customer base: Army, Navy, USMC and USAF



- Over 5 Million Home Robots sold
- Currently sold in over 45 countries around the world and expanding

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Expanding market share in robust, global markets



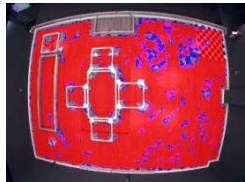
4-7 year revenue opportunity - \$1+ billion



Annual revenue opportunity - \$4 billion



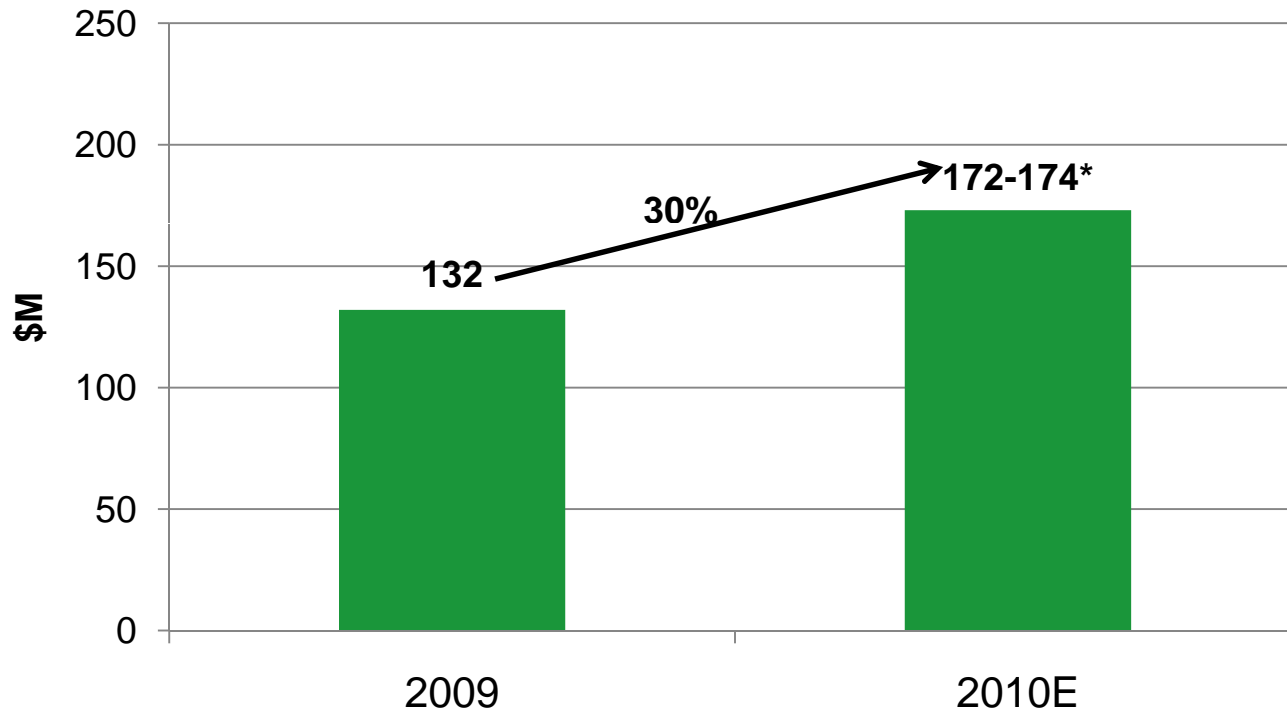
Continuing investment in brand and technology



**Growing markets, strong brand, defensible IP =
sustainable competitive advantage**

G&I Revenue Growth 2009 - 2010

Global Revenue



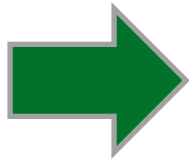
* Guidance provided October 27, 2010



SUGV Growth into Infantry Market

Product

310 SUGV



Status

- 323 delivered-to-date
- In production at ~40/month
- Operating in-theater with great user feedback

Contract

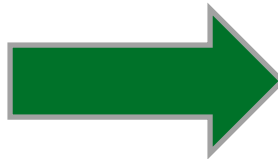
Vehicle

- "Mini-EOD" REF IDIQ Contract
- GSA Schedule
- USAF

Customers

- Special Ops
- EOD
- Engineers

320 SUGV
BCTM (FCS)



- Established Program
- Multiple yrs of user testing
- 45 units ordered for 2H10

- BCTM LRIP Contract

- BCTM Integrated Brigades

320 SUGV COTS



- Marketing to current forces

- Establishing PoR at Robotics PO

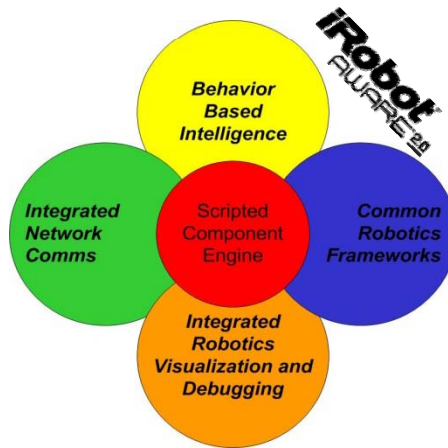
- Infantry Current Forces

SUGV in production & delivering to troops

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Upgrades to Installed Base a Key Growth Driver

Phase 1: 2010



- Establish Aware® 2 on existing fleet
 - Targeting 1000 robots by year end

- Received \$14M order to upgrade entire 1,500 PackBot FasTac fleet

Phase 2: 2011



- Deliver Plug & Play capabilities
 - Map-based navigation (external)
 - Autonomous behaviors
 - Night Vision / Thermal
 - Modular Chem-Bio

- Customer currently evaluating to satisfy urgent, in-theater needs

Phase 3: 2012



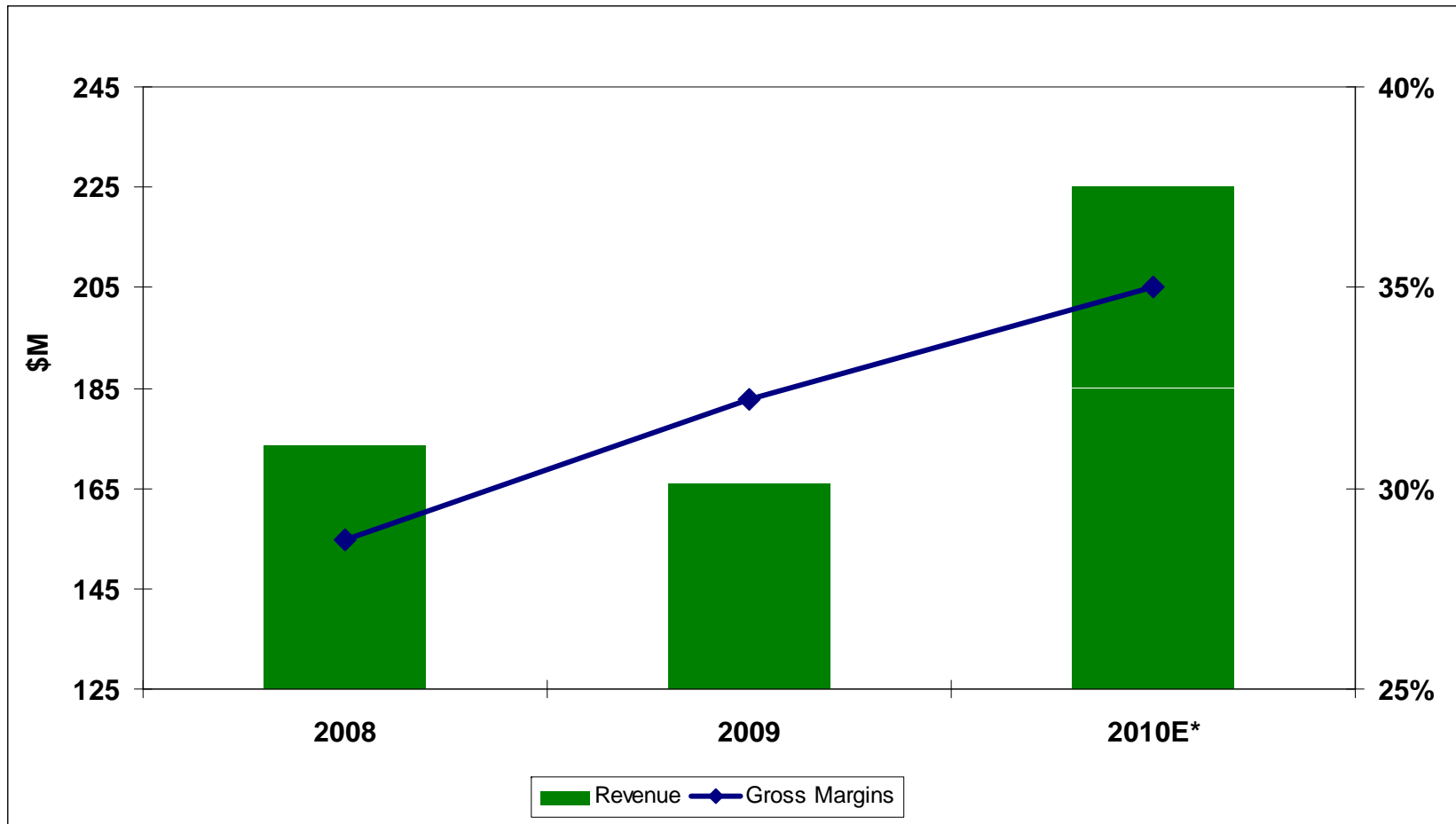
- Deliver 2nd Gen capabilities
 - Internal mapping & navigation kit
 - Enhanced autonomous behaviors
 - Additional payloads

- In development & initial customer assessment

Game-changing order – modular, reconfigurable robot

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HRD Financial Performance 2008 - 2010

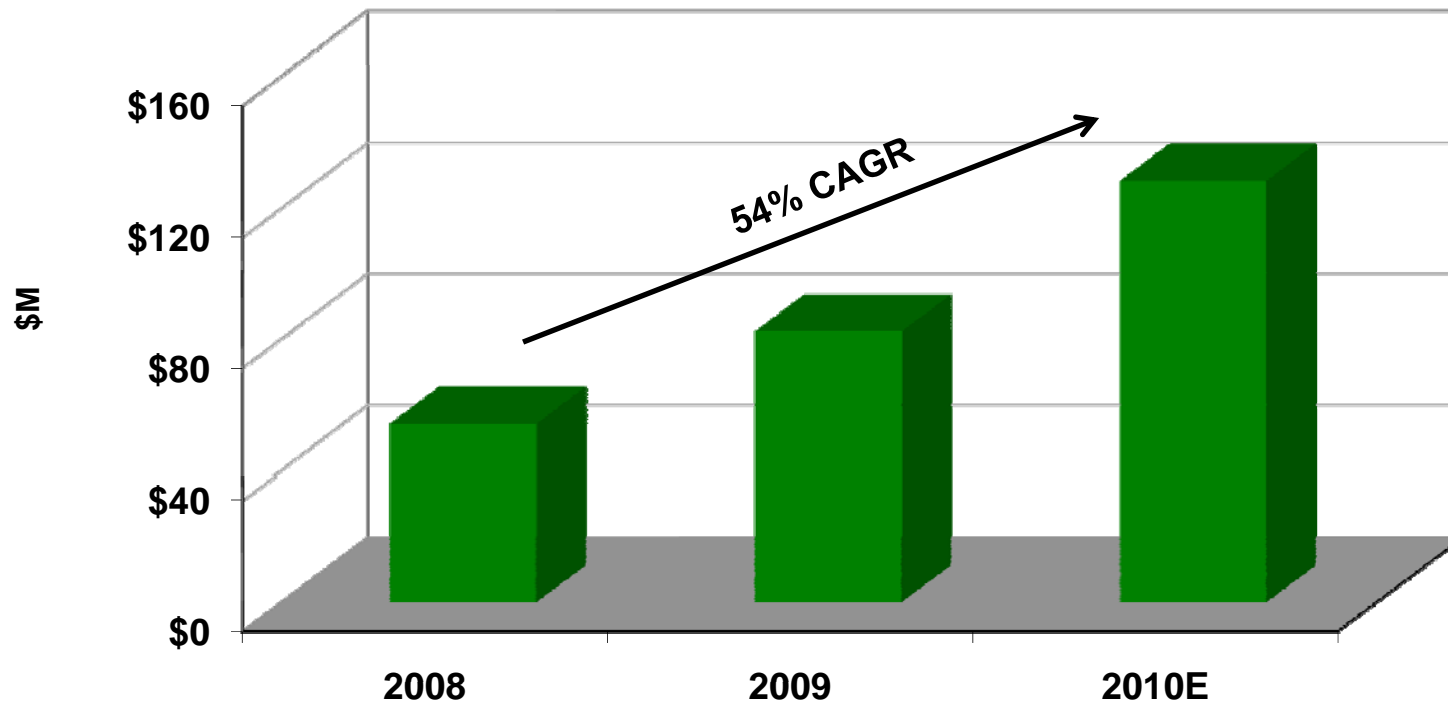


Focused on profitable growth



*Guidance provided October 28, 2010

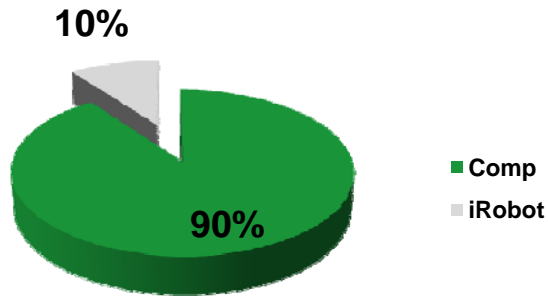
HRD International Sales Growth 2008 - 2010



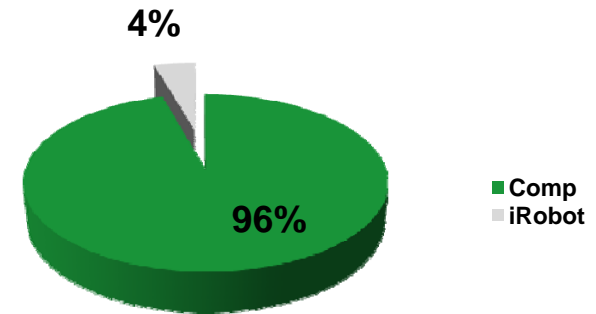
Vast global market opportunities – minimal penetration

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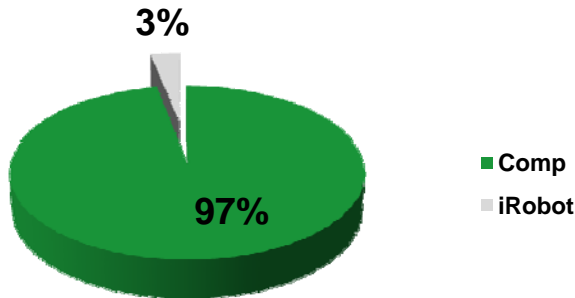
Annual Sales of Vacuum Cleaners >\$200



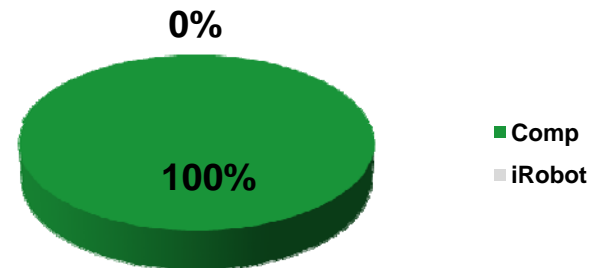
2009 share of \$1 billion North American addressable market*



2009 share of \$1.8B addressable Europe/Middle East/African market*



2009 share of \$700M addressable Asian Pacific market*



2009 share of \$350M addressable South America market*

\$4 billion annual market opportunity – minimal penetration

* GFK October 2009



Domestic Strategy

- Refined sales strategy driven by channel and product profitability
- Implement strategic placement of product in select channels
- Update research regarding target market
- Invest in brand communications to build trust and equity with existing customers and target market

Improve margins through strategic placement and targeting

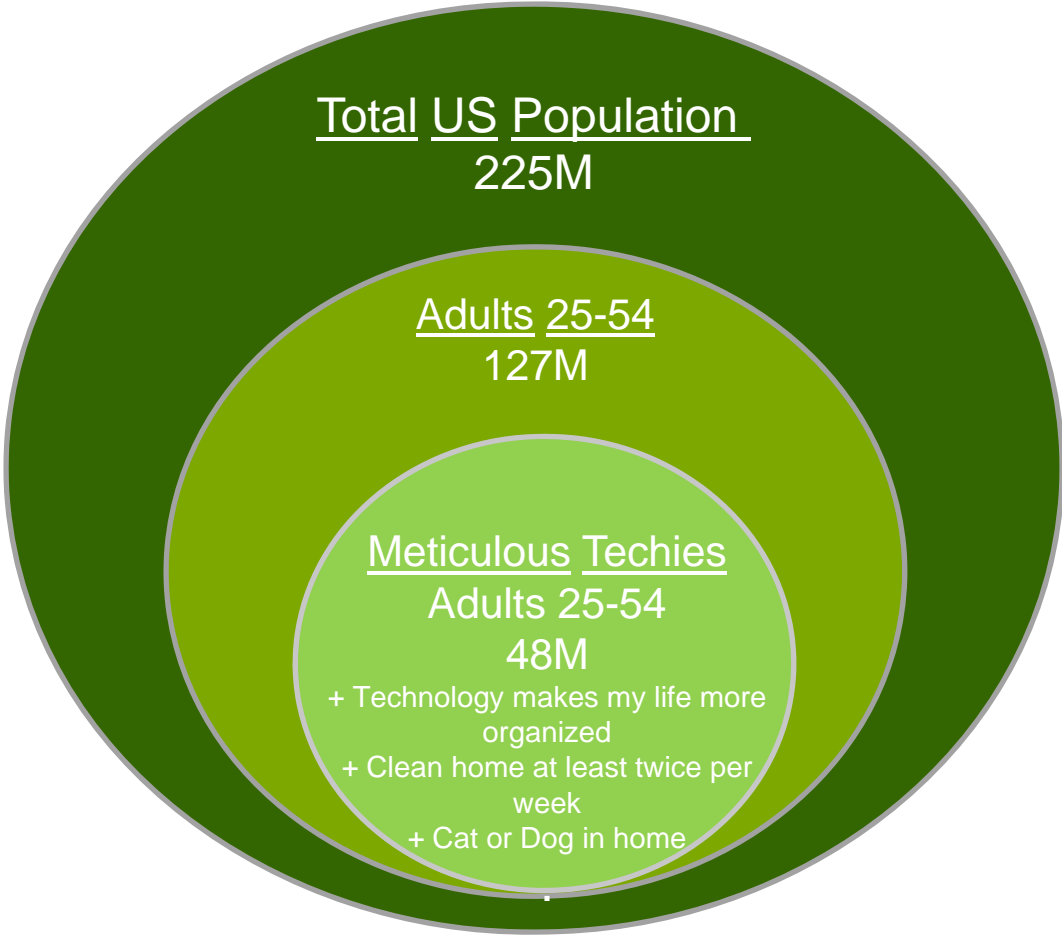
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Target Audience



Domestic market opportunity is significant





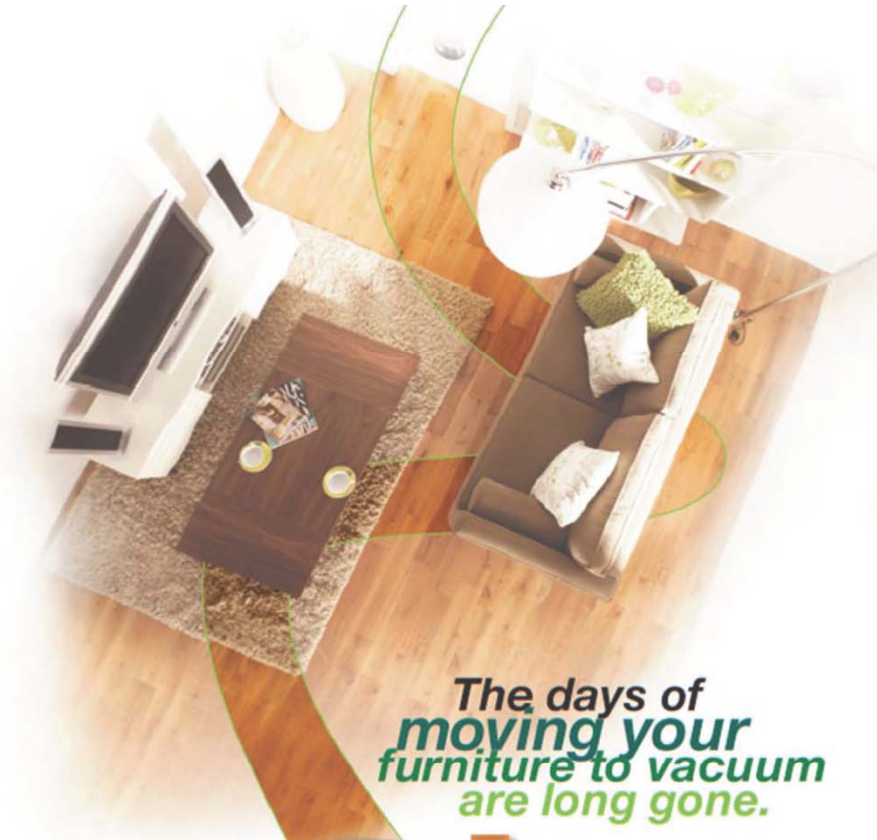
Market Research/Branding

- **Addressable target market is significant**
 - 48 million people
- **Current North America channels are reaching market**
 - iRobot doesn't need additional accounts to grow its business
- **Target consumers**
 - Believe technology can solve their floor cleaning needs but need proof that the product will perform
 - Clean their homes frequently
 - Have a real life problem to solve, shedding pets
 - Earn high incomes
 - Are older than originally thought (35-54)
- **Brand trust is an important part of the purchase process**
 - Investing in the brand will pay dividends

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The days of
*moving your
furniture to vacuum
are long gone.*

evolve

It's time to let the robots do the work for you.

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Q3 Performance

| | <u>2010 Q3</u> | <u>2009 Q3</u> | <u>B/(W)</u> |
|-----------------------|----------------|----------------|--------------|
| Revenue (\$M) | 94 | 79 | 15 |
| Gross Margin % | 35% | 31% | 4pts |
| Operating Expenses % | 27% | 26% | (1pt) |
| EPS | 0.27* | 0.10 | 0.17 |
| Adjusted EBITDA (\$M) | 11 | 8 | 3 |
| OCF (\$M) | 10 | 13 | (3) |

Q3 2010 EBITDA margin of 12%

* Excluding one-time tax benefit EPS was \$0.18

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FY2010 Performance

Increased expectations for the third time this year

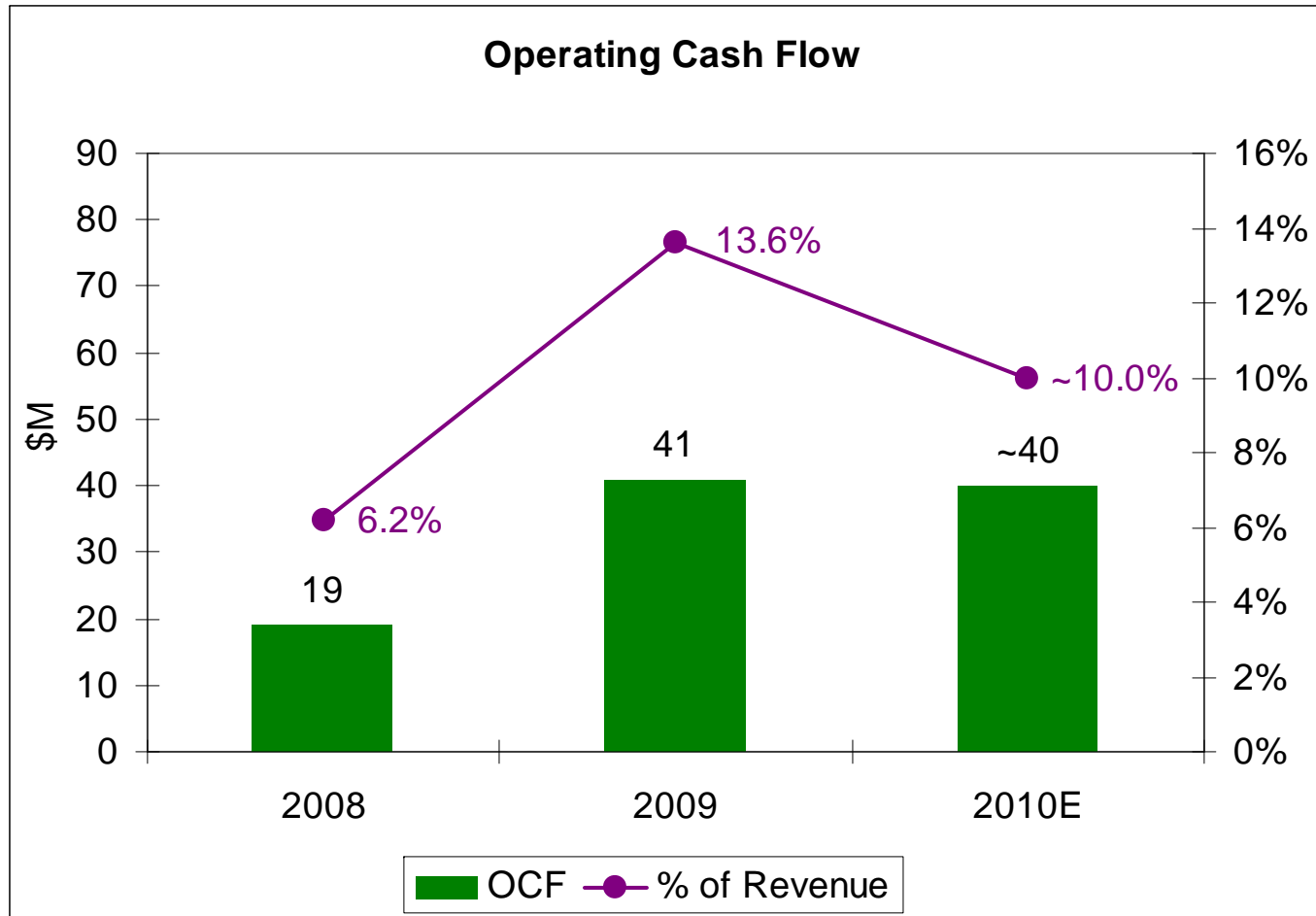
| | 2010 Range | Prior Range | Growth Over 2009 |
|---------------|--------------|-------------|------------------|
| Revenue (\$M) | 395 – 400* | 385 – 390 | >30% |
| EPS | 0.80 – 0.82* | 0.51 – 0.54 | >6x |
| EBITDA (\$M) | 46 – 48* | 36 – 38 | 125% |
| OCF (\$M) | ~40 | ~35 | - |

Strong profitable growth; ongoing investment in the business

*Guidance provided October 27, 2010



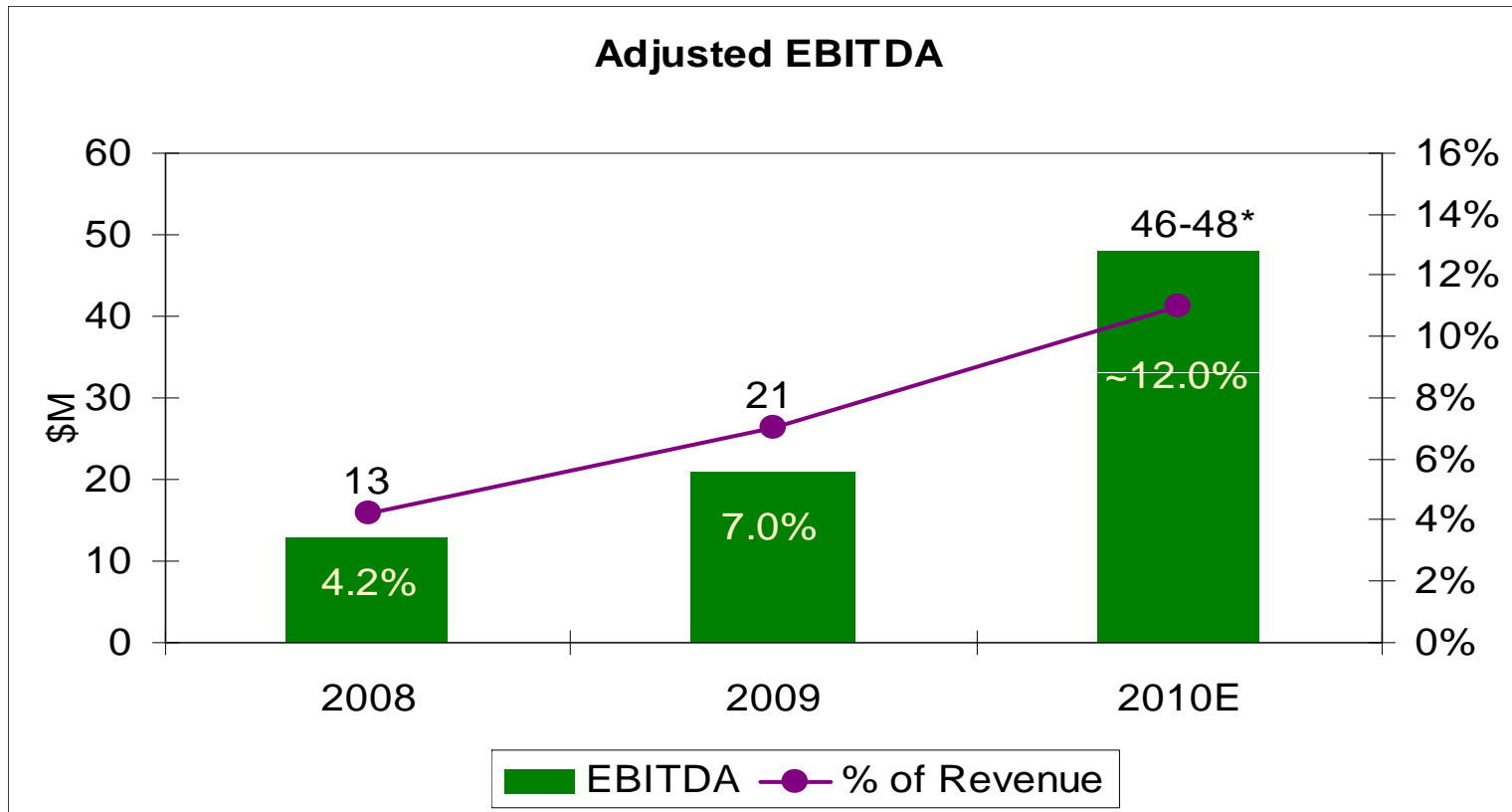
Operating Cash Flow



Operating cash flow as % of revenue

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Adjusted EBITDA



Solid progress in improving EBITDA margins



*Guidance provided October 27, 2010

G&I & HRD Will Contribute to EBITDA Margin

| | <u>2009</u> | ⇒ | <u>Future</u> | |
|---------------------------------------|-------------|---|---------------|-------------|
| Gross Margins | 31% | | 35% - 37% | + 4 - 6 pts |
| G&I: AWARE 2 software | | | | |
| HRD: Product margins and mix | | | | |
| Operating Expenses | 29% | | 25% - 27% | - 2 - 4 pts |
| G&I: Fixed cost leverage | | | | |
| HRD: Supply chain, direct fulfillment | | | | |

Targeting to grow EBITDA margin 7 – 8 pts from 2009 levels

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