



# Morningstar Management Behind the Moat Conference November 7, 2013

**iRobot®**  
*Robots That Make A Difference*

# 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.

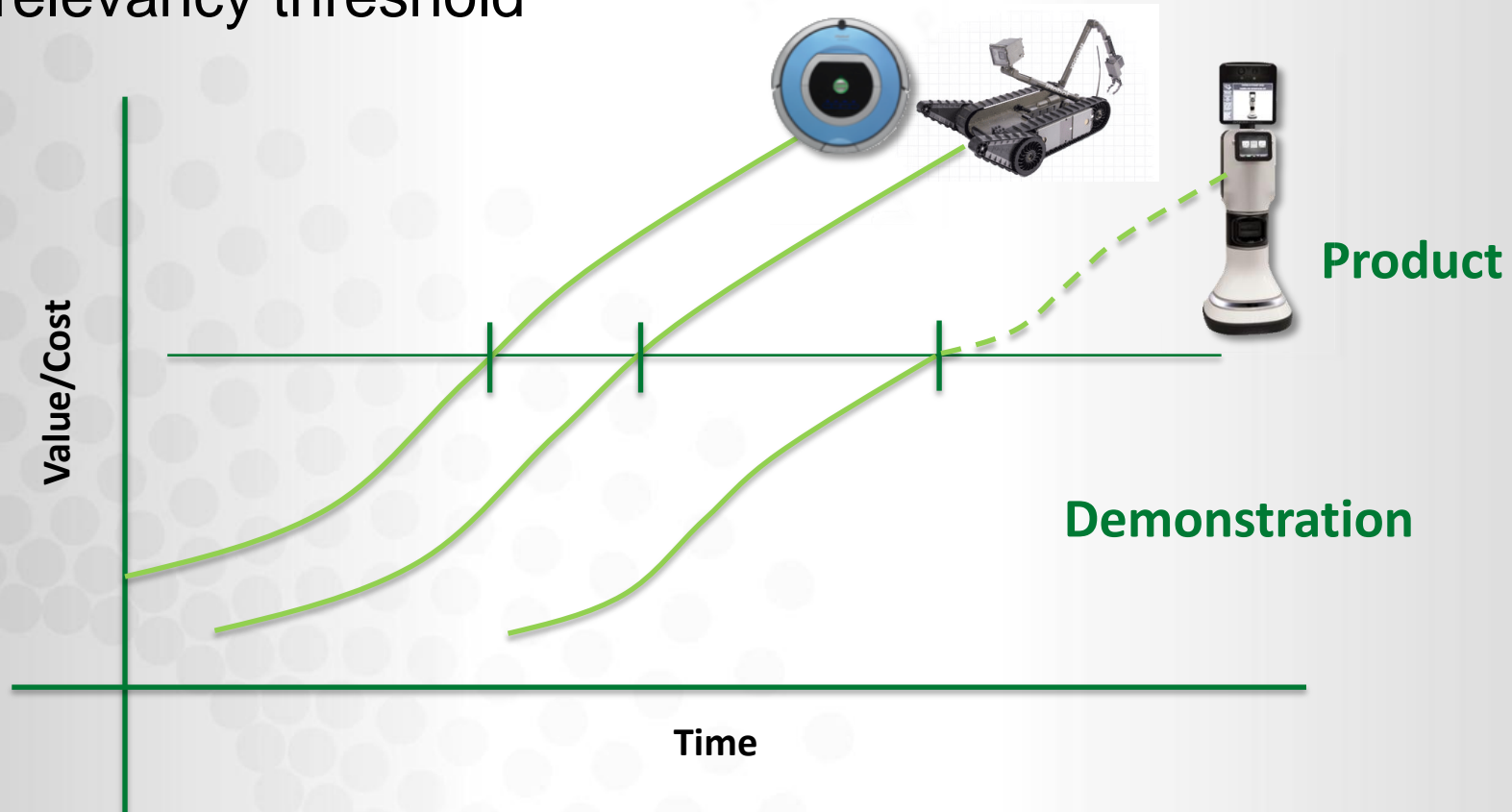
# iRobot – Global Technology Company

- **Delivering robotic technology-based solutions that make a difference**
- **Currently serving 3 market verticals:**
  - Home maintenance market – Roomba, Scooba, Braava, Mirra
  - Defense & Security – SUGV, FirstLook, PackBot
  - Emerging video collaboration markets – Ava 500, RP-VITA
- **Huge addressable markets**
  - Formidable IP portfolio
  - Market-leading brand recognition
  - Limited competition

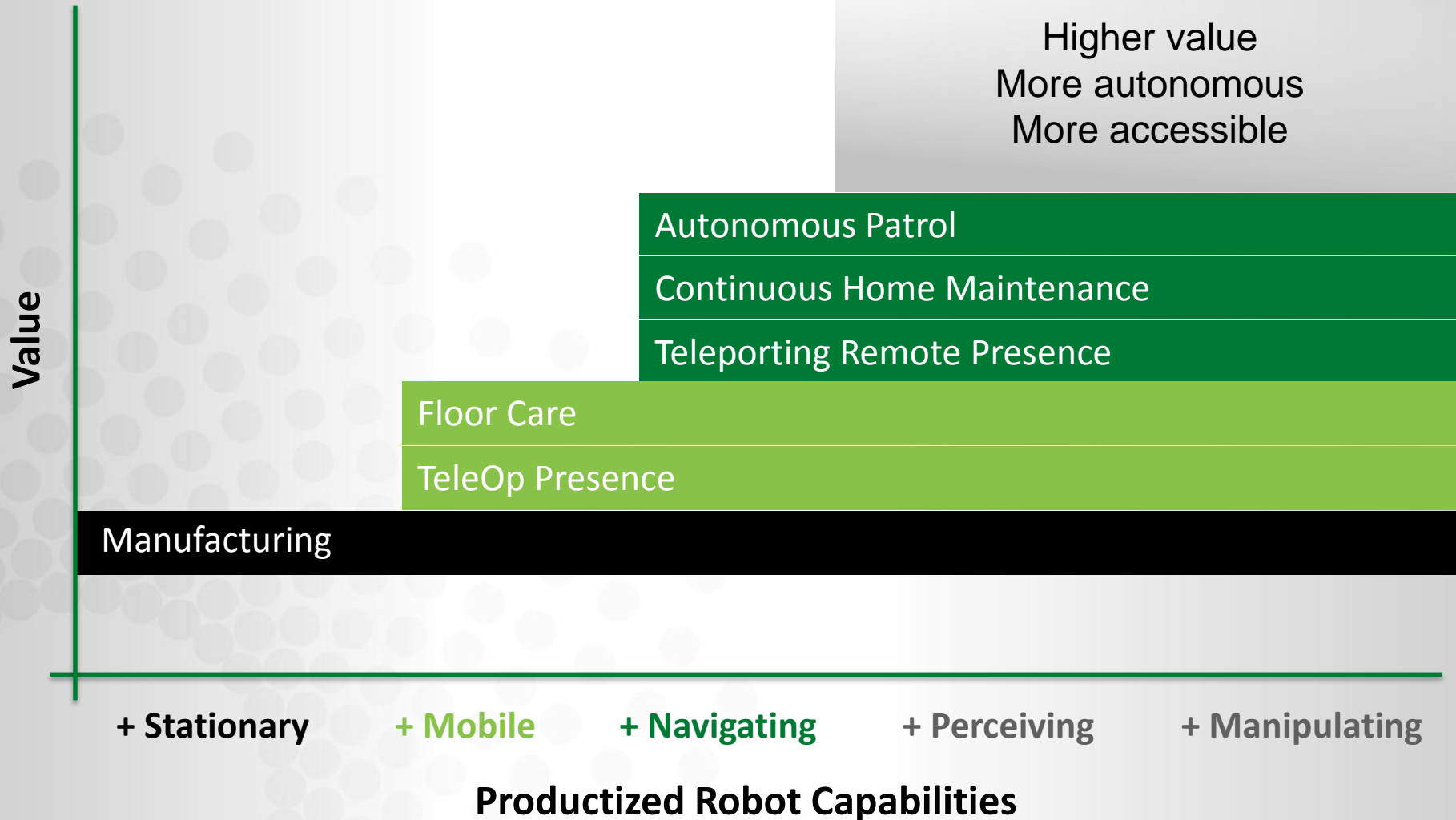
**More than two decades of robotic-technology market leadership**

# The Emerging Robot Industry

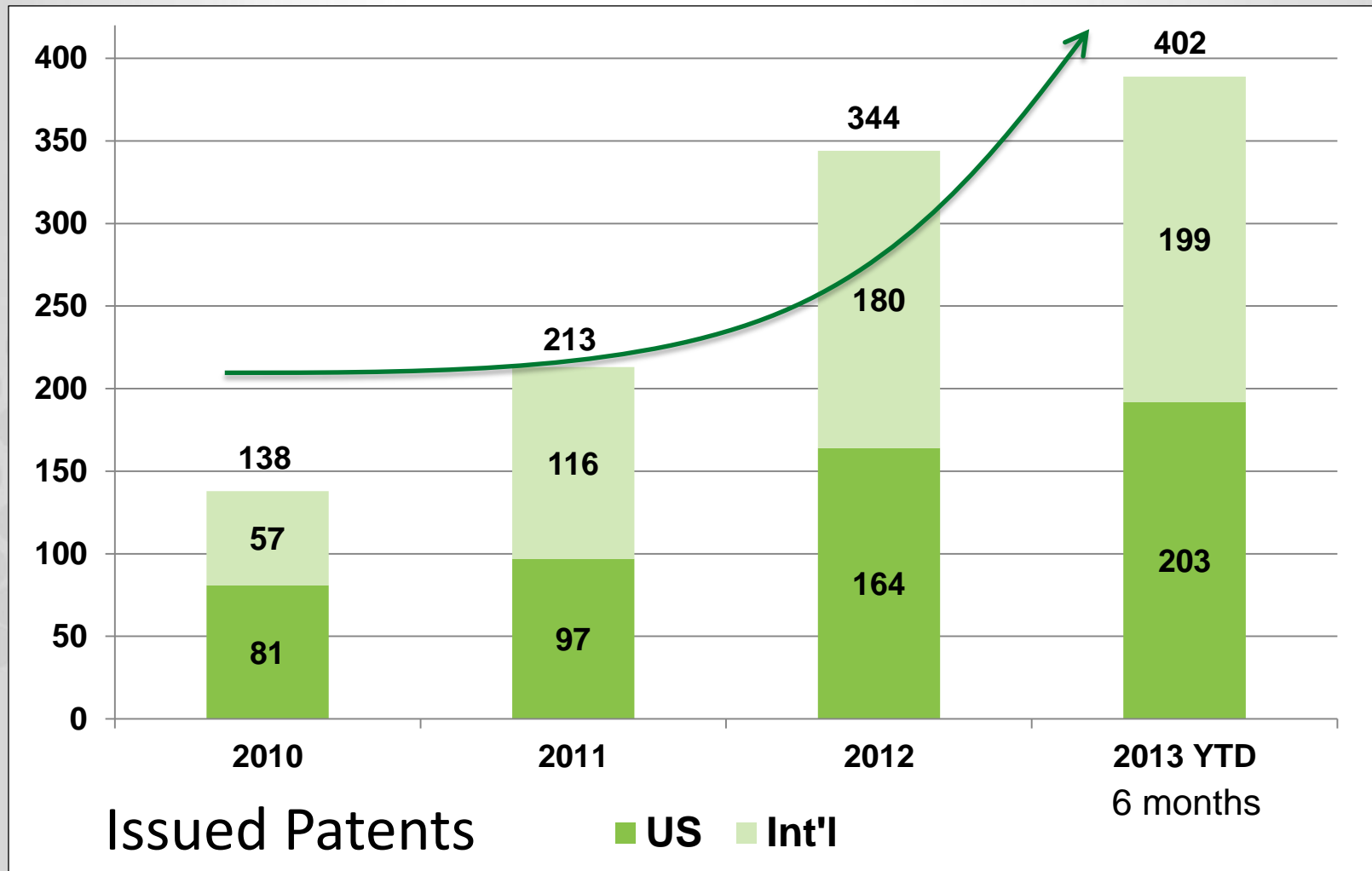
New capabilities unlock new opportunities to cross the relevancy threshold



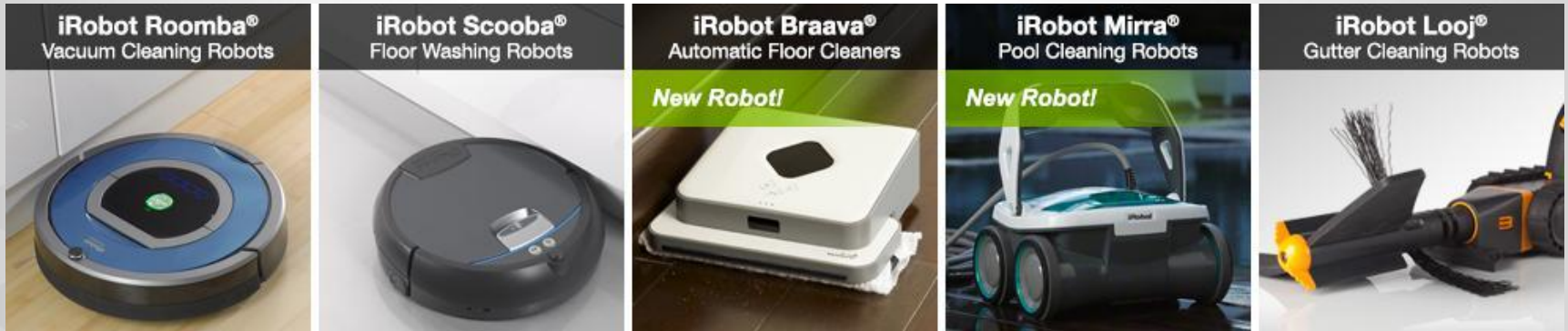
# Unlocking the Potential



# Patent Portfolio



# 2013 Home Robot Products



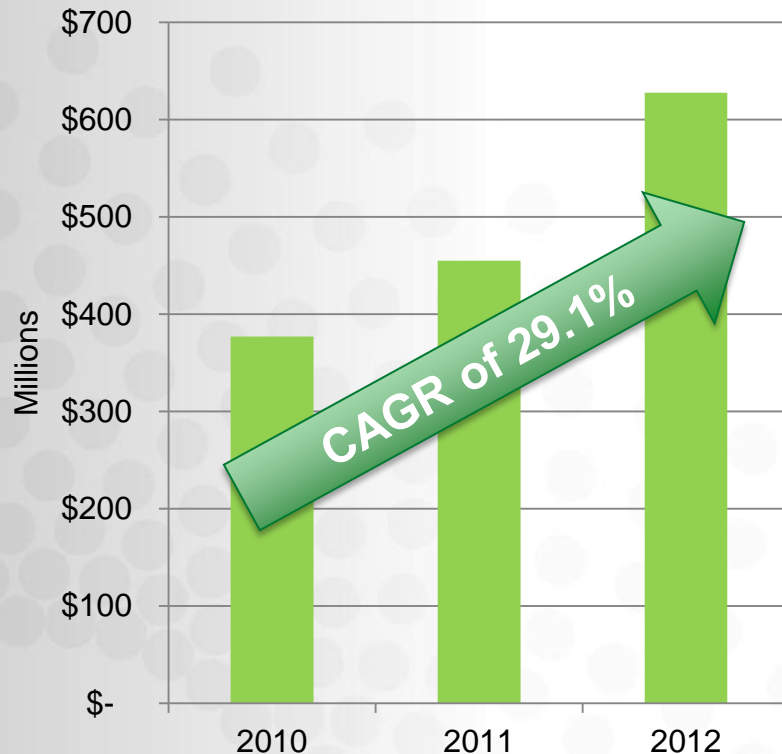
Flagship product  
Driving iRobot revenue growth  
Next generation – Q4 2013

**10 Million Home Robots sold since 2002**  
**Currently sold in more than 45 countries**

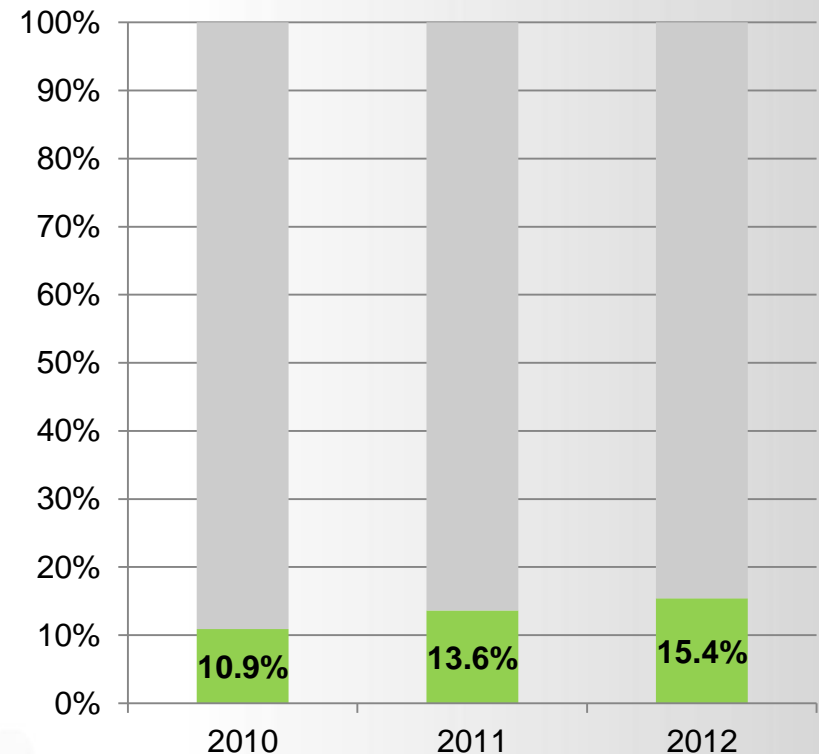
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# Robotic Vacuum Market

## Robotic Vacuum Revenues\*



## Robotic Vacuums as % of Vacuum Market\*\*



**Strong growth continues in robotic vacuum cleaning market**

Source: \*GfK – April 2013

\*\*Vacuum cleaners >\$200/robotic vacuum revenues

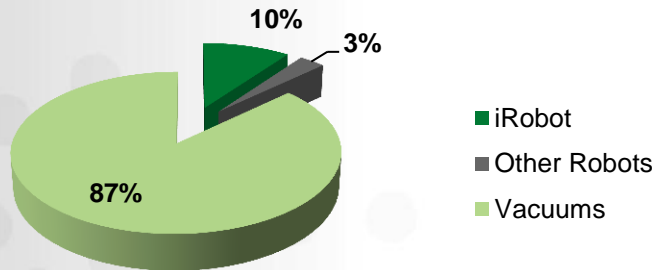
\*\*\*Units purchased/number of households in markets tracked

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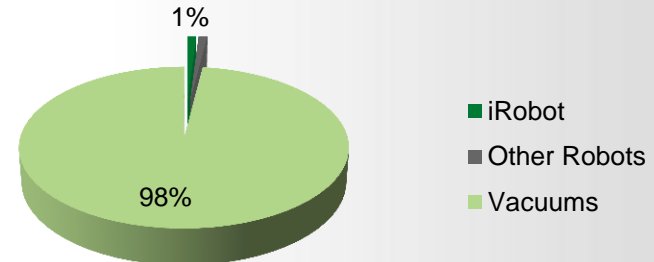


# Huge Addressable Markets\*

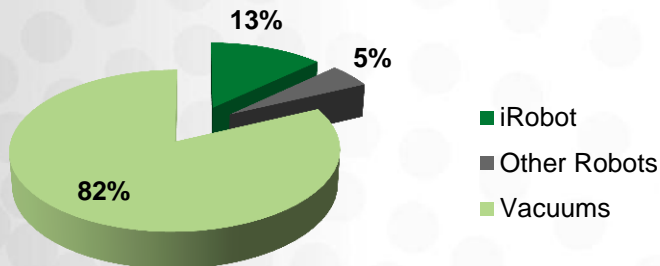
North America - \$2.1 billion



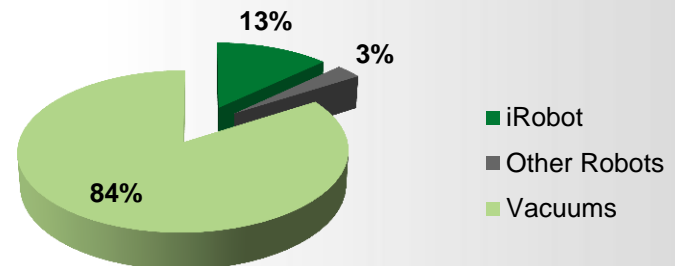
Latin America - \$200 million



EMEA - \$2.4 billion



APAC - \$2.3 billion



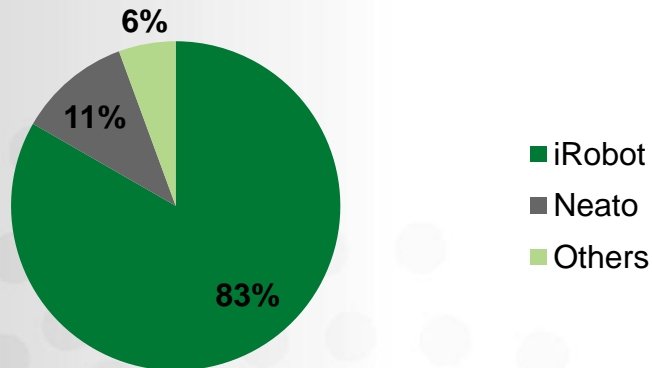
**\$7 billion annual market opportunity**

\*Source: vacuum cleaners >\$200 USD, 2012 retail prices (based on NPD, GfK, Euromonitor)

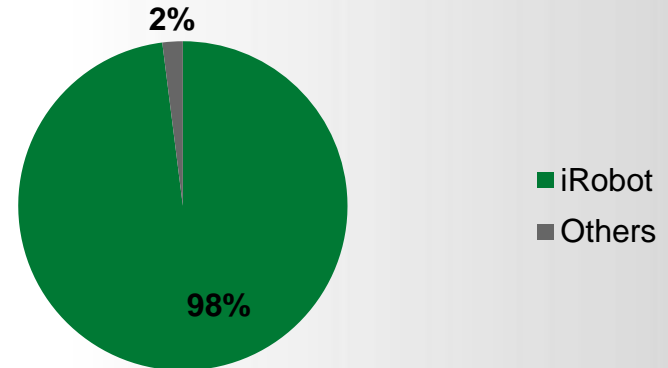
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# Robotic Floor Care Global Market Share

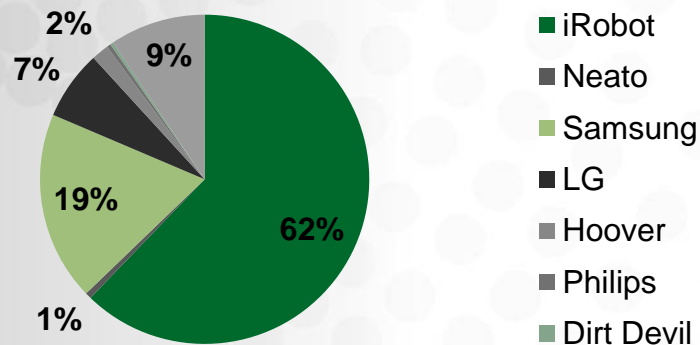
## North America



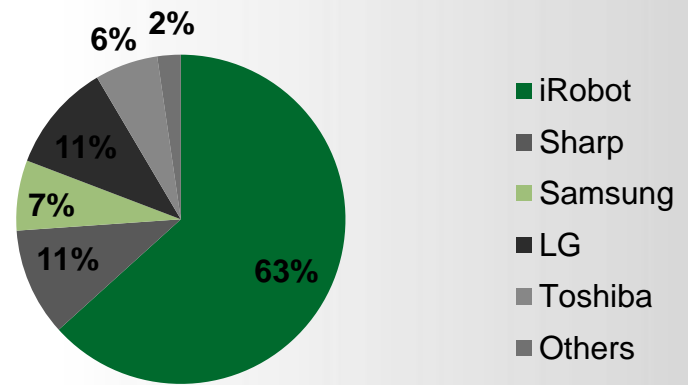
## Latin America



## Europe



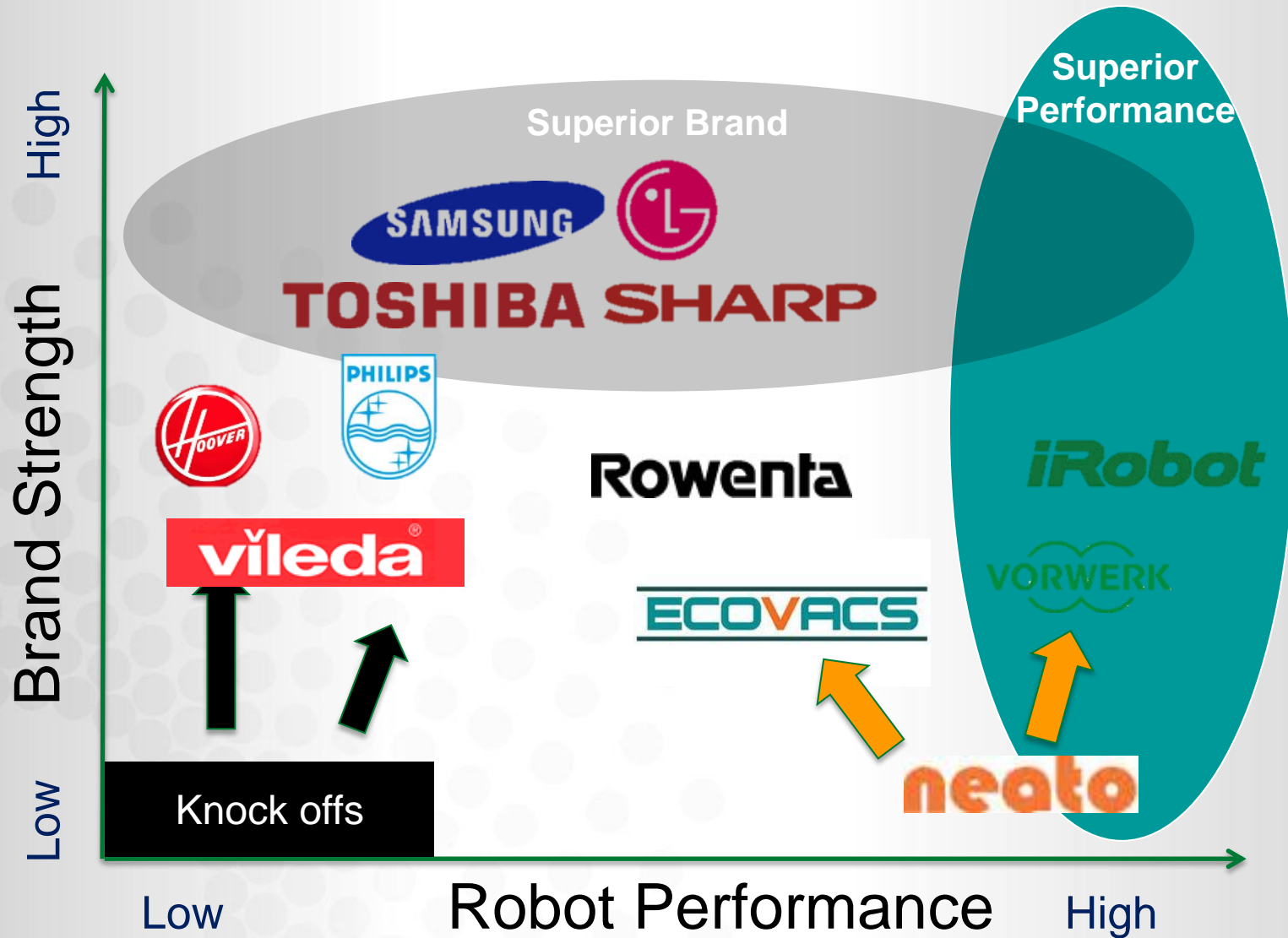
## Asia



\*Sources Gfk & NPD

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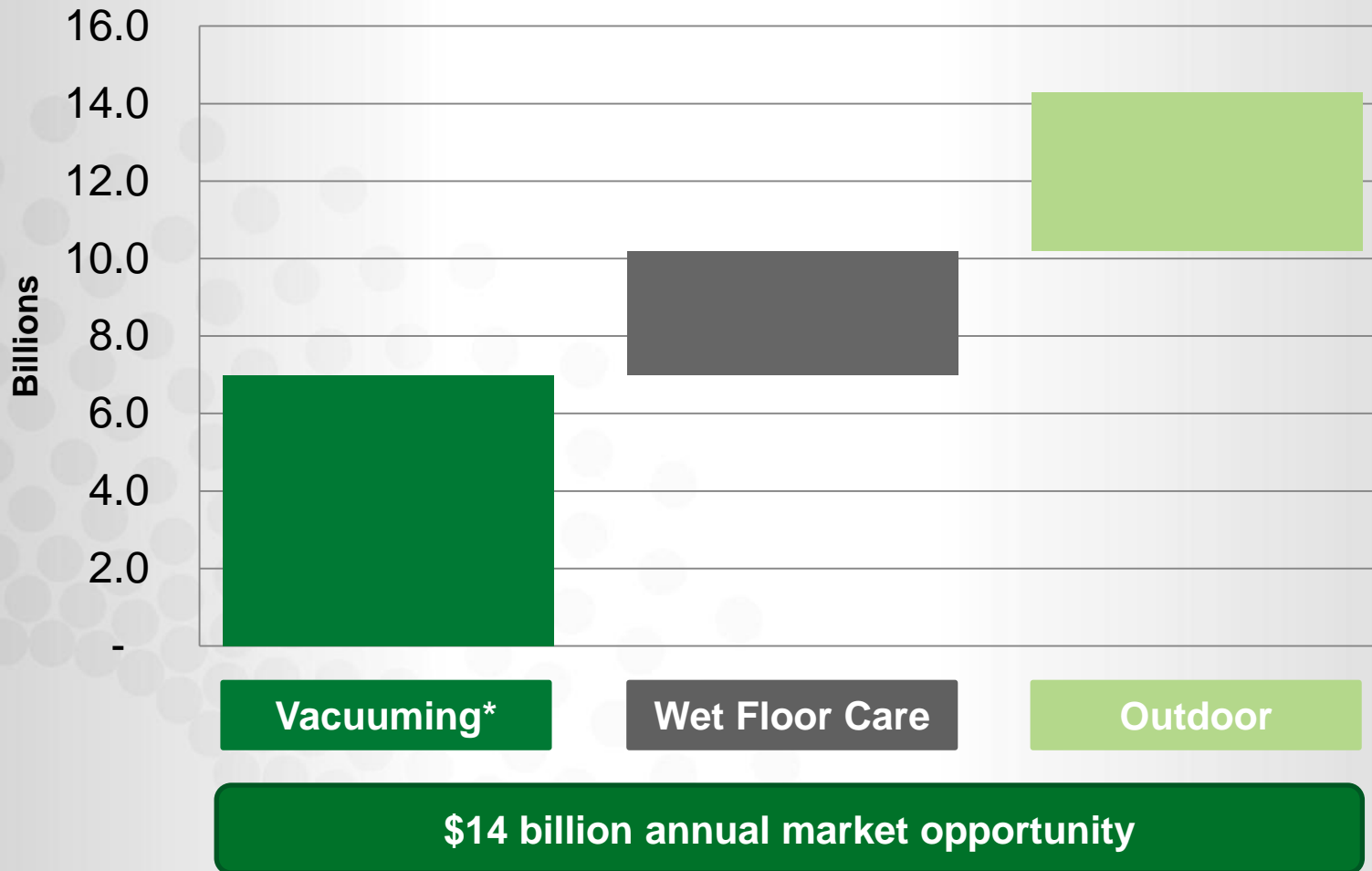
# Competitive Positioning - Today



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# Global Home Maintenance Market Opportunity

## Total Available Market



\*Source: vacuum cleaners >\$200 USD, retail prices (based on NPD, GfK, Euromonitor)

# HBU Strategy

## Brand Preference

- The Robot Company
- Premium position
- 360 to consumer

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## Product Leadership

- Core performance
- Automation of task
- User experience
- Quality

## Portfolio Expansion

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**Major new Roomba launching in Q4 2013**

?

**Supported by a winning team and effective go-to-market strategy**

# 2013 Defense & Security Products



iRobot 110 FirstLook



iRobot 310 SUGV



iRobot 510 PackBot

## Revenue Drivers

- International
- Domestic non-DoD: Nuclear/State & Local
- DoD
  - PLR: Upgrades/Sustainment
  - Commercial Off The Shelf units: FirstLook/PackBot/SUGV

## Other Initiatives

- Focused on influencing future DoD requirements

# iRobot Ava™ Platform



- Breakthrough mobile robotics platform
- Able to move autonomously with complete safety throughout indoor facilities
- Simple user interface – just point and click

# Partnering to Address Broad Market Opportunity



Current

RP- VITA  
Health Care Telepresence  
InTouch Health



Ava 500  
Video Collaboration  
Cisco



Potential

Physical Security



Retail



Elderly Care



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# Our Commitment: Grow Shareholder Value

## Financial Targets - 2016

- **Revenue** - Mid to high teen CAGR
- **Adjusted EBITDA Margin** - High teens
- **OCF** - High single digit cash flow margin

**Build investor confidence**

# Path to Achieving Financial Targets

## ■ Revenue Growth

- Home primary driver via both product and market expansion
- Remote Presence will start to contribute over the next few years

## ■ Gross Margin

- Improvements in product quality – reduces returns and lowers warranty cost
- Leverage supply chain centralization to control/reduce cost

## ■ Opex

- Leverage from shared service model and revenue growth
- Investment discipline

# Full-year expectations

	<u>FY 2013*</u>	<u>FY 2012</u>
Revenue (\$M)	485 – 490	436
EPS (\$)	0.90 – 0.95	0.61
EBITDA (\$M)	58 - 61	52

**Home Robot driving growth; D&S stabilized**

\* Guidance provided October 22, 2013

# Investment Thesis

- 2014 revenue growth of mid-high teens
- Home Robots will drive iRobot growth and profitability for the next couple of years
- Addressable markets are huge and growing
- Continued investment in high growth and emerging high potential remote presence business
- iRobot's foundational technologies enable significant & sustainable competitive advantage
- Strong balance sheet – no debt
- Commitment to generating profitable growth