

**iRobot®**



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# The NASDAQ 37th Investor Program

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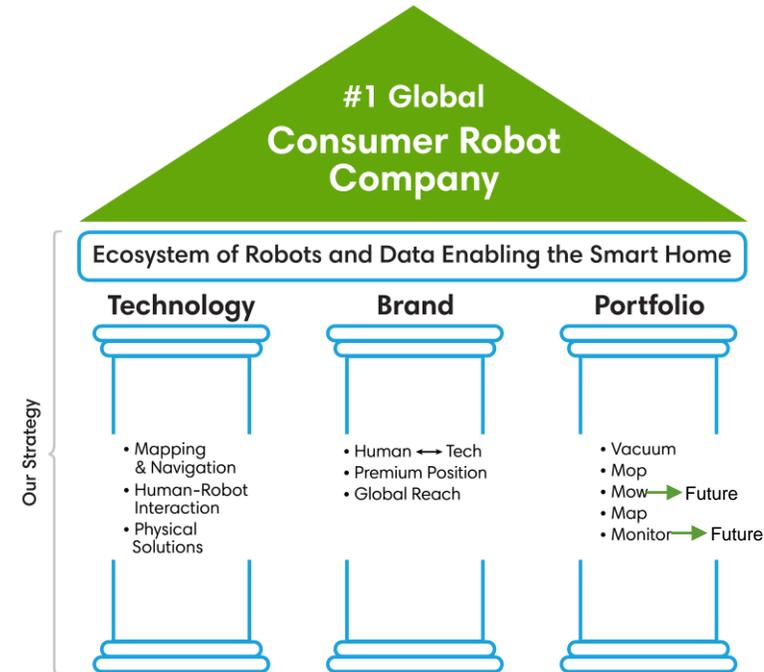
# Forward Looking Statements

- 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.
- 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.



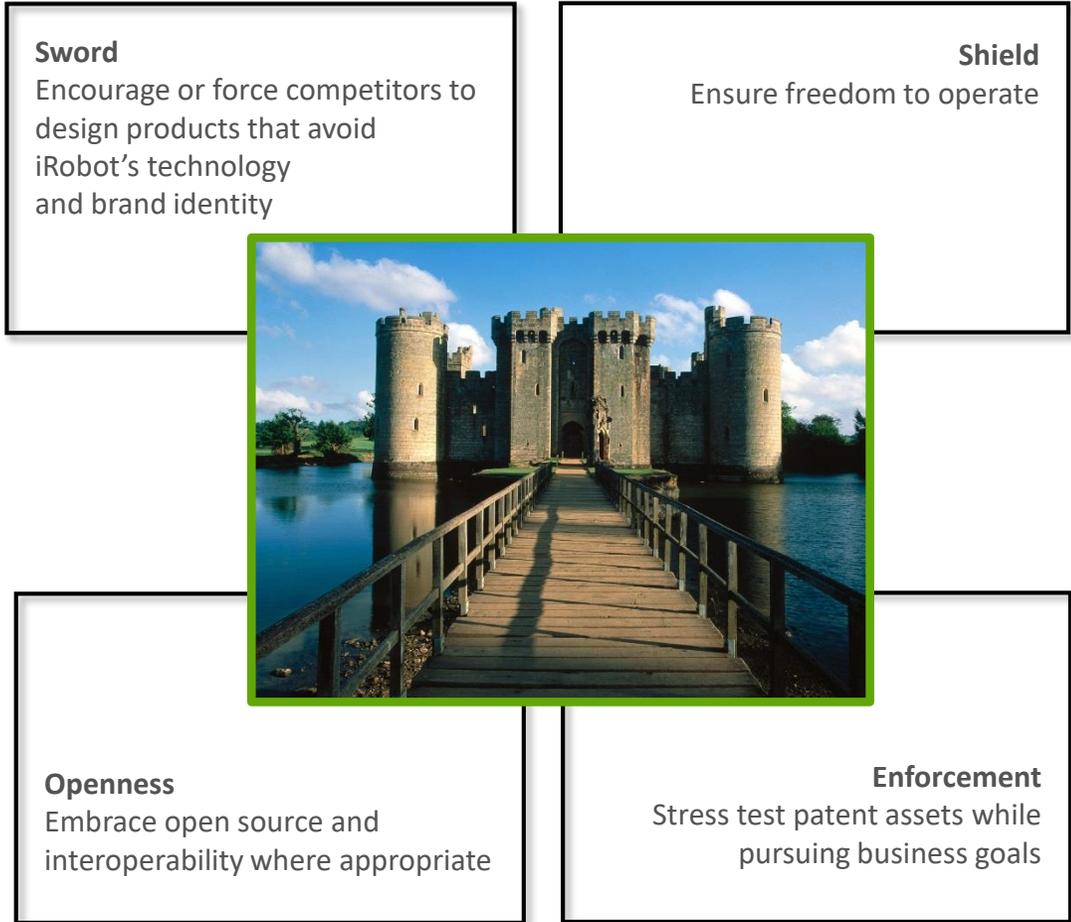
# The Consumer Robot Company

- **Focused** on the Consumer as our Customer
- **Leading Today**
  - Products, Technology, Brand, Marketing
- **Lead Tomorrow** through continued investment in:
  - Product & Technology Innovation
    - Robotic Vacuum Cleaners (RVC)
    - Additional product categories
  - Global market and brand awareness – deeper household penetration
  - Evolving connected product/digital strategy



**More than 25 years of global robotic-technology market leadership**

# Continue to Widen the Competitive Moat



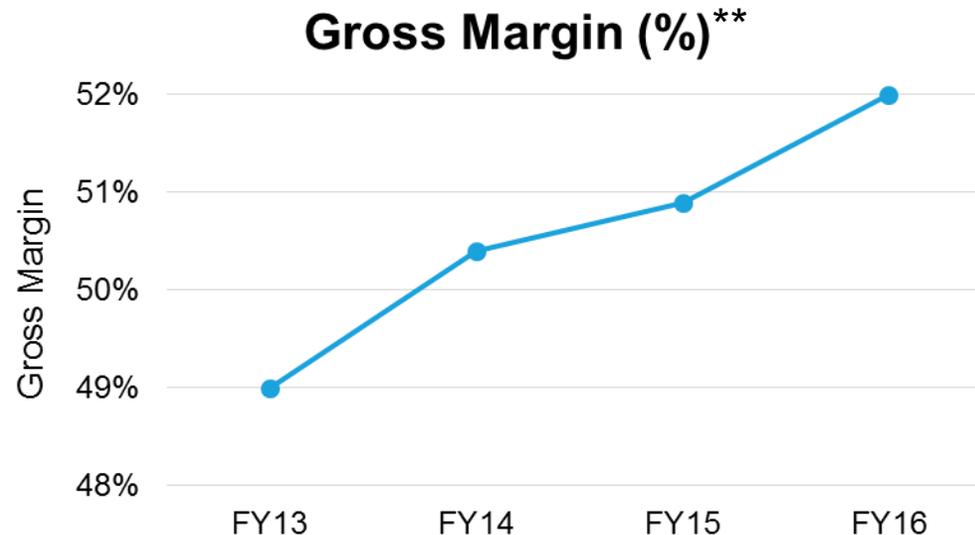
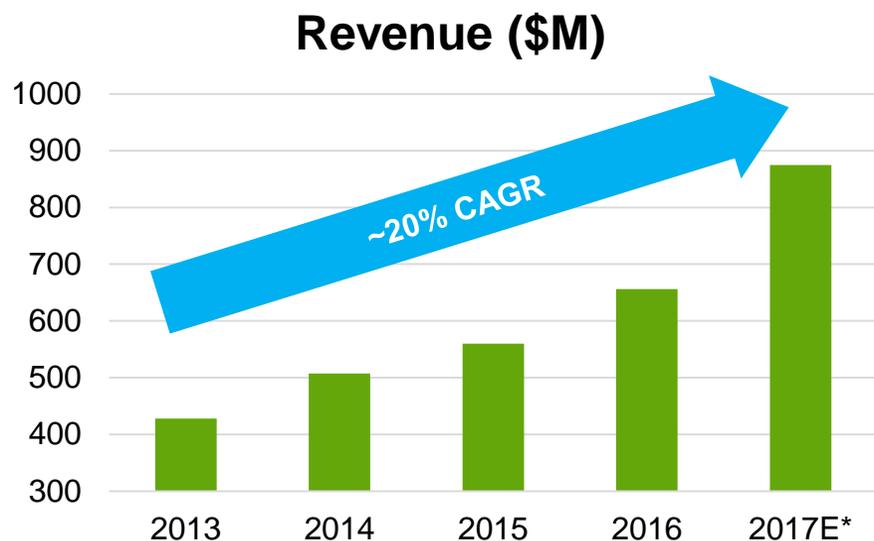
## IEEE Top 20 Patent Powerhouses Electronics - 2016

Rank	Company	Headquarters
1	Apple Inc.	US
2	Flex Ltd.	Singapore
3	Canon Inc.	Japan
4	Sonos Inc.	US
<b>5</b>	<b>iRobot Corp.</b>	<b>US</b>
6	LG Electronics Inc.	South Korea
7	Sony Corp.	Japan
8	Koninklijke Philips NV	Netherlands
9	Hand Held Products Inc. (Honeywell Int'l.)	US
10	GoPro Inc.	US
11	Panasonic Corp.	Japan
12	LuxVue Technology Corp.	US
13	Samsung SDI Co.	South Korea
14	Dolby Laboratories Inc.	US
15	Xerox Corp	US
16	TCL Corp.	China
17	Hitachi Ltd.	Japan
18	Kyocera Corp.	Japan
19	Fujifilm Holdings Corp.	Japan
20	Knowles Corp.	US

**ITC investigating iRobot U.S. infringement claim - We will vigorously defend our IP**



# Consumer Growth and Margin Expansion



## Driven by:

- Sustained RVC category leadership
- Establishment of Wet Floor Care category
- Continued focus on product quality, operational efficiencies and scale

\* Midpoint of expectations provided 10/25/17; inclusive of Japanese distributor acquired at beginning of Q2 2017 and acquisition of European distributor acquired at the beginning of Q4 2017

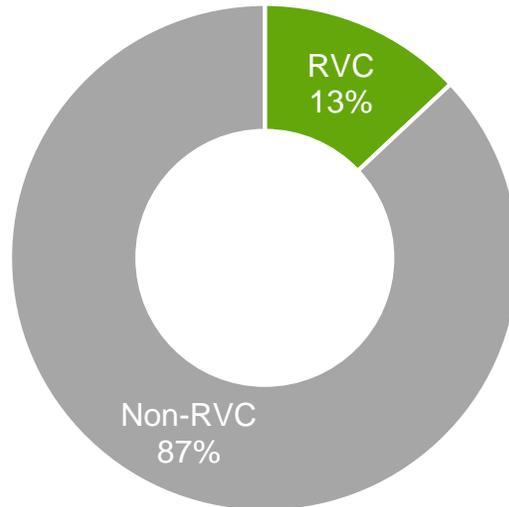
\*\* Consumer segment gross margin



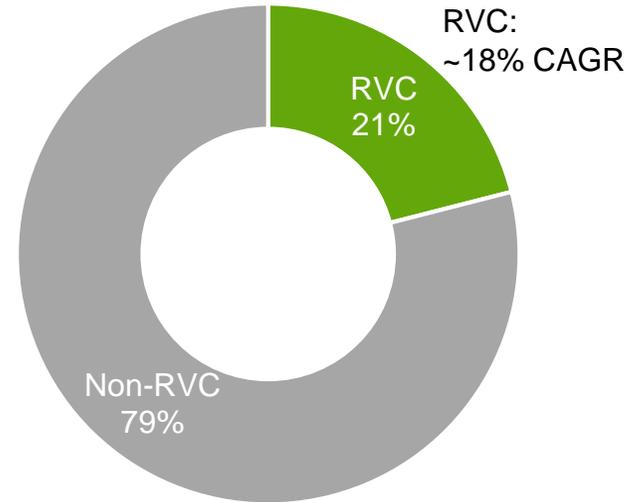
# RVC Segment Continues to Grow Now ~20% of Total Vacuums

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

2012: ~\$5B Market



2016: ~\$7B Market  
~5% CAGR



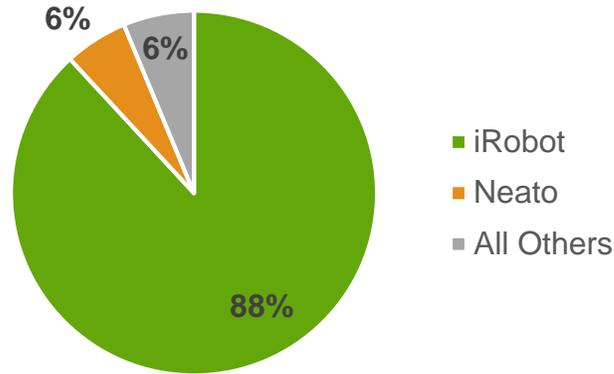
**RVC segment (>\$200) growth expected to significantly outpace overall vacuum cleaner market growth (>\$200)**

\*Source: Global market size for vacuum cleaners >\$200 (NPD, GfK, and iRobot internal estimates)

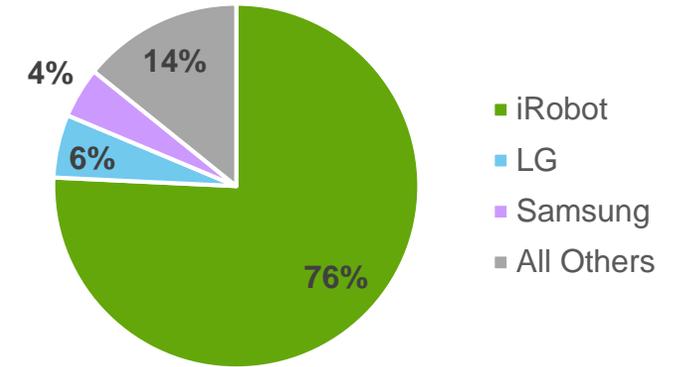


# 2016 Robotic Vacuum Segment: Global Retail \$ Share

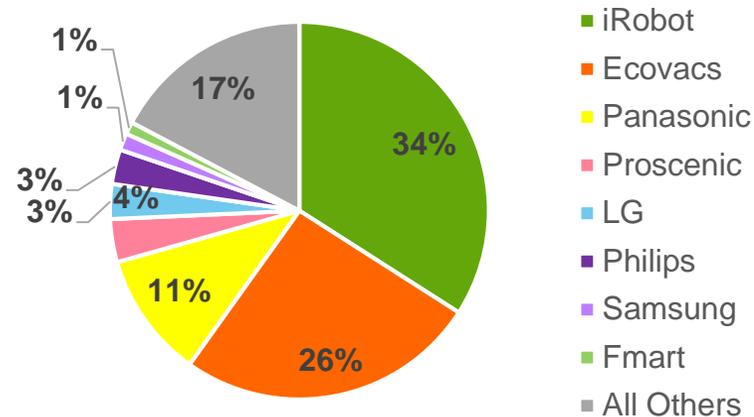
North America - \$441M



EMEA - \$415M



APAC - \$538M

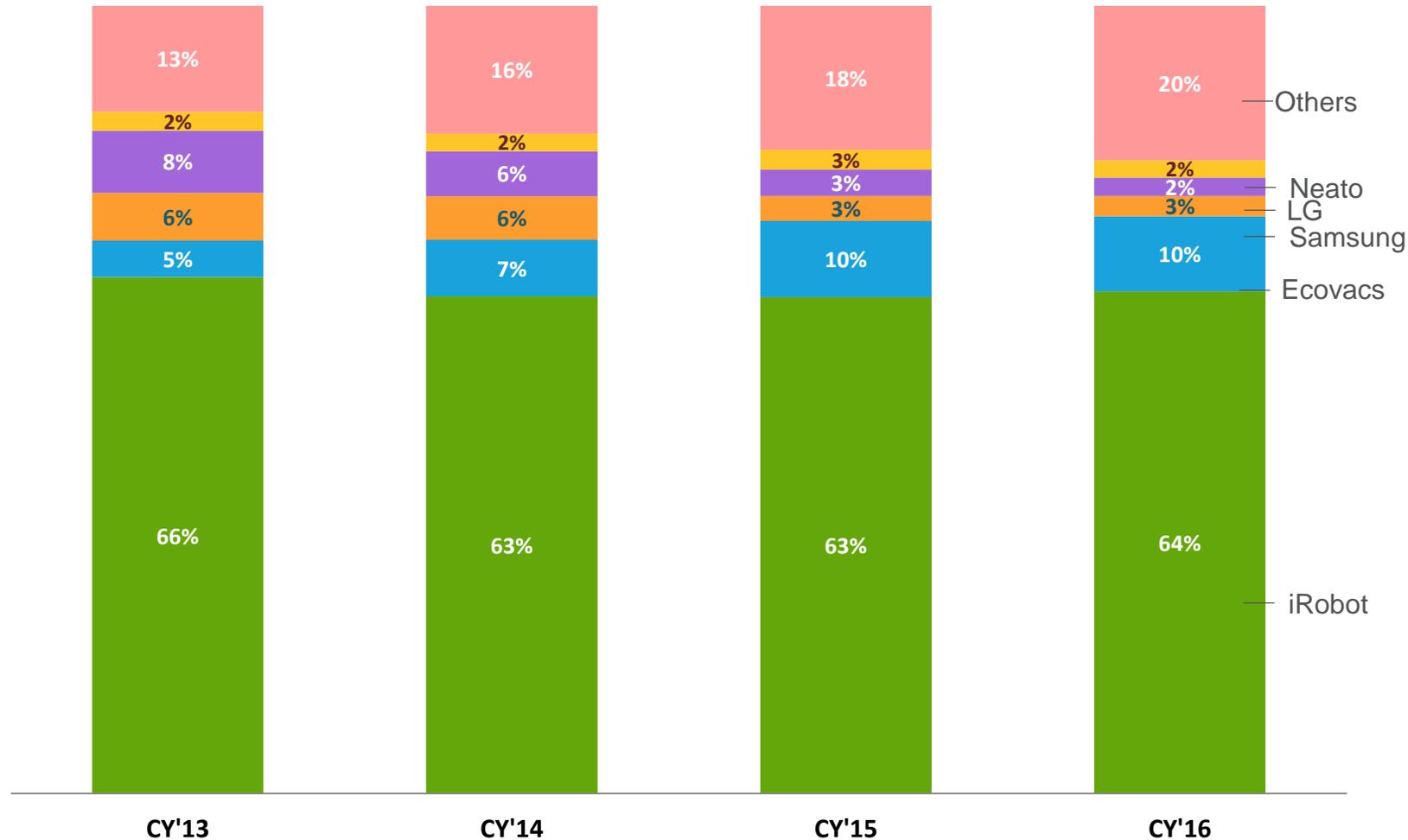


**iRobot is the largest player in each market**



# iRobot Roomba Share in the Robot Segment Constant

## Global \$ Segment Share

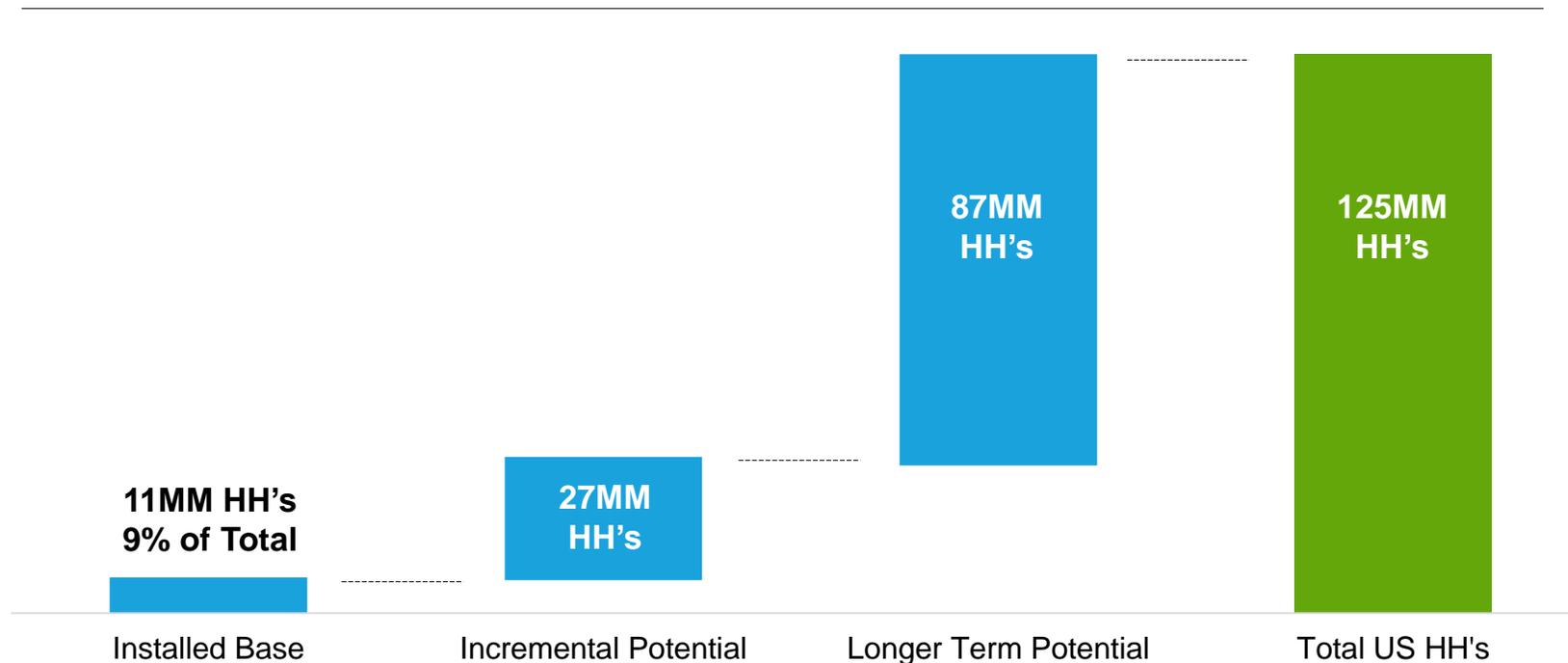


**iRobot continues to hold share at 60+% despite new competition**



# Significant Near Term Opportunity for Expanded Robot Vacuum Adoption in US

Immediate Addressable Market ~2-3X Current Installed Base



**Building Roomba awareness & familiarity; the keys to unlocking another 27MM U.S. HH's**



# Roomba Leading Through Continuous Innovation

## Future Roomba Models



2017  
R690  
\$375



2017  
R890  
\$500



2015  
R980  
\$899



2016  
R960  
\$699



2013  
R880  
\$699



2014  
R870  
\$599

### Advanced Mapping



### Advanced Cleaning Performance



### Ecosystem of Robots



### iAdapt® 2.0 Navigation



### Intelligent Cleaning Carpet Boost



### Cloud Connectivity



### AeroForce® Cleaning System Virtually no Maintenance



**Introduce Innovation in premium product; Flow innovation across lower price point products over time  
Focused on improving cleaning efficacy and autonomous operation**



# Revenue Diversification - Braava Family of Mopping Robots

For large (Braava) and small (Braava jet) hard floor surfaces

- Leveraging Roomba customer base
- Attracting new customers to Robotic Floor Care category with <\$200 price point
- Mopping aligned with consumer behavior in Asian markets
- Trend towards more hard floors vs carpets
- Consumable opportunity once Braava jet installed base is established



**Braava**<sup>®</sup>  
Mopping Robot 



# Global Brand Consistency

- China – Q3 2016 - Shanghai office opened and team set for better control of ecommerce marketing and distribution
- Japan – Q2 2017 - Forward integration of Japanese distributor
- EMEA – Q4 2017 – Forward integration of Robopolis, iRobot's largest European distributor



Figure 2. Europe: Economic Associations



**Taking more direct control of the brand in international markets**



# Connected Products – Digital Strategy

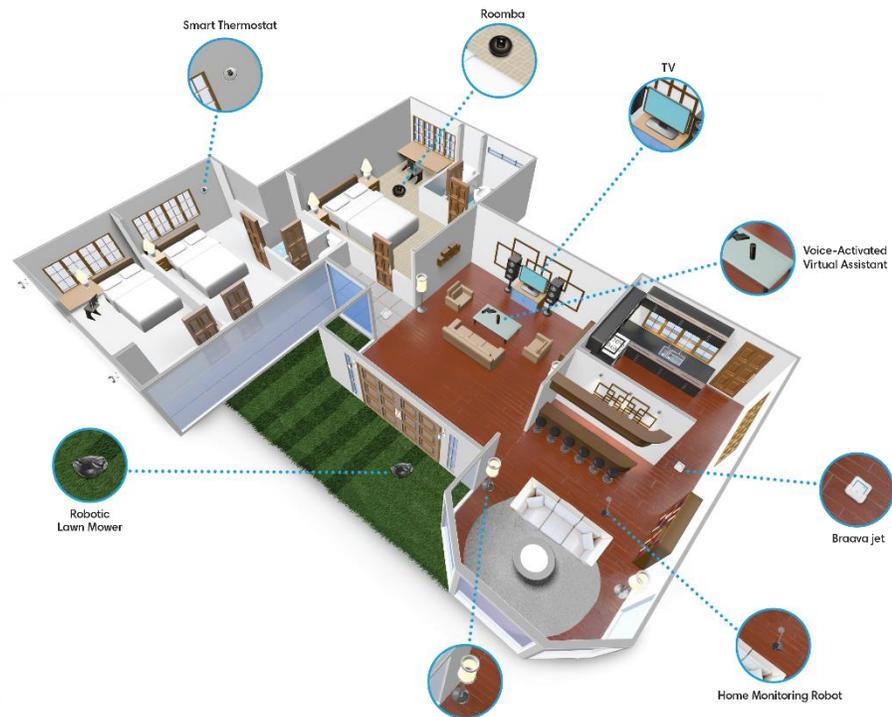
“Roomba then Braava”



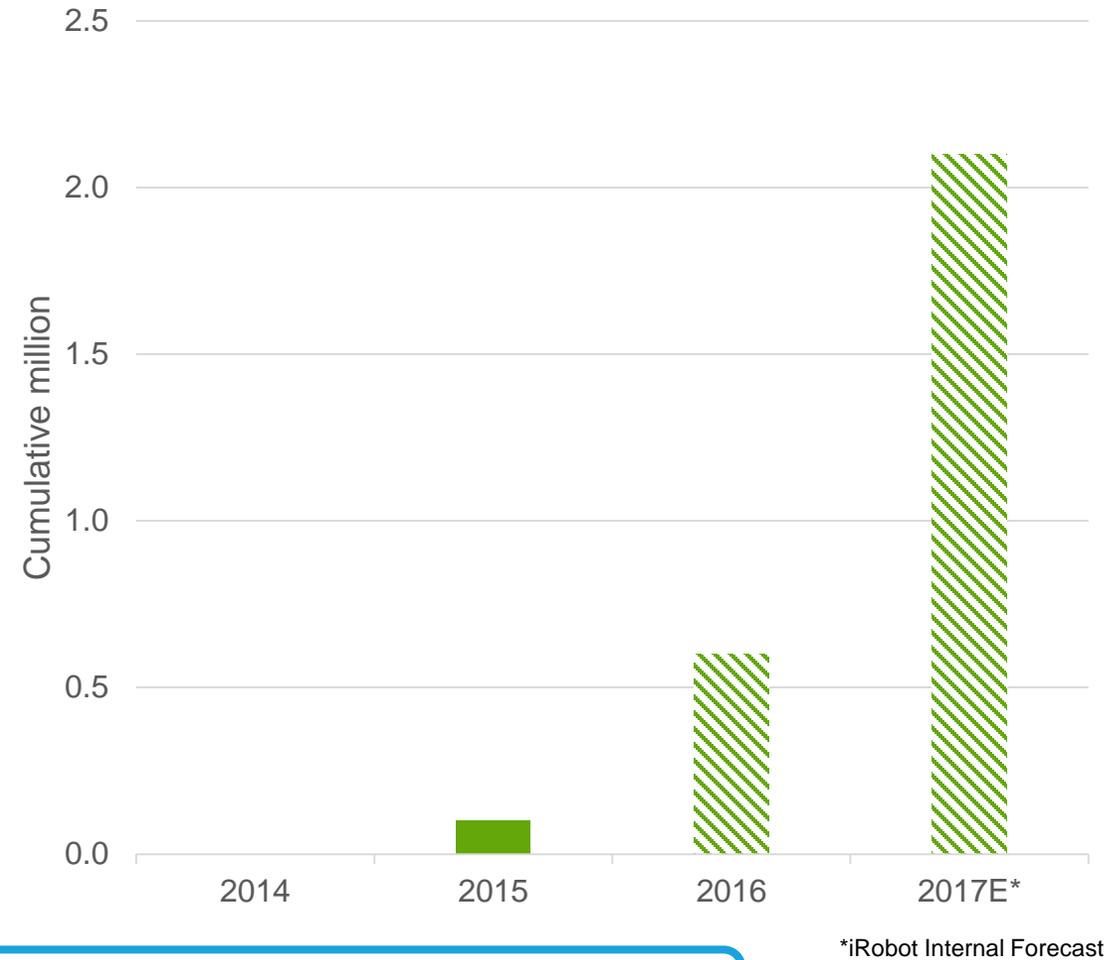
**Robots working together deliver unique benefits**

# Smart Home

iRobot is an Emerging Player in IoT/Smart Home Market



## Sales of iRobot Connected Robots



**Spatial information enables the Smart Home**

**Note:** iRobot is committed to the absolute privacy of our customer-related data, including data collected by our connected products. No data is sold to third-parties. No data will be shared with third-parties without the informed consent of our customers



# Capital Allocation Strategy

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

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



# Profitability Improvement Opportunities

Gross Margin  
Improvement

Operating  
Expense Leverage

## Business Maturity

Example: Taking more direct control in China, Japan and EMEA

## 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



# FY 2017 Expectations\* Increased For The 3<sup>rd</sup> Time

<b>\$M</b> except EPS	<b>Previous Expectations</b>	<b>Current Expectations</b>
<b>Total Revenue</b>	<b>840 - 860</b>	<b>870 - 880</b>
<i>YoY %</i>	<i>27% - 30%</i>	<i>32% - 33%</i>
<b>Operating Income</b>	<b>50 - 60</b>	<b>55 - 65</b>
<i>% of Revenue</i>	<i>6% - 7%</i>	<i>6% - 7%</i>
<b>EPS</b>	<b>1.35 - 1.70</b>	<b>1.65 - 2.00</b>

Revenue upside allows incremental investments as well as increased returns to our shareholders

\* 2017 financial expectations provided 10/25/17



# Summary

- 2017: First full year as a consumer-only company; off to a very strong start
  - Continuing strong U.S. and EMEA momentum
  - Accelerating growth in Japan
- Maintaining and extending leadership in growing RVC segment
- Significant opportunity to drive global household penetration
- Expanding technology throughout product line
- Building wet floor care into second revenue stream
- Connecting iRobot products within the smart home

