

iRobot®



Introduction to iRobot Investor Presentation November 2019

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.



Investment Highlights

NASDAQ: IRBT

Market Cap: \$1.5B

HQ: Bedford, MA

Category creator, innovator and leader in Robotic Vacuum Cleaners (RVCs)

Track record of strong revenue growth with continued runway to support expansion

Ongoing progress to diversify product portfolio and build position within Smart Home ecosystem

Navigating challenging market conditions in the U.S. that have impacted 2019 performance

Execute on 2020 strategic priorities to fuel growth, defend category leadership and fund initiatives critical to long-term value creation



Category Creator, Innovator & Leader

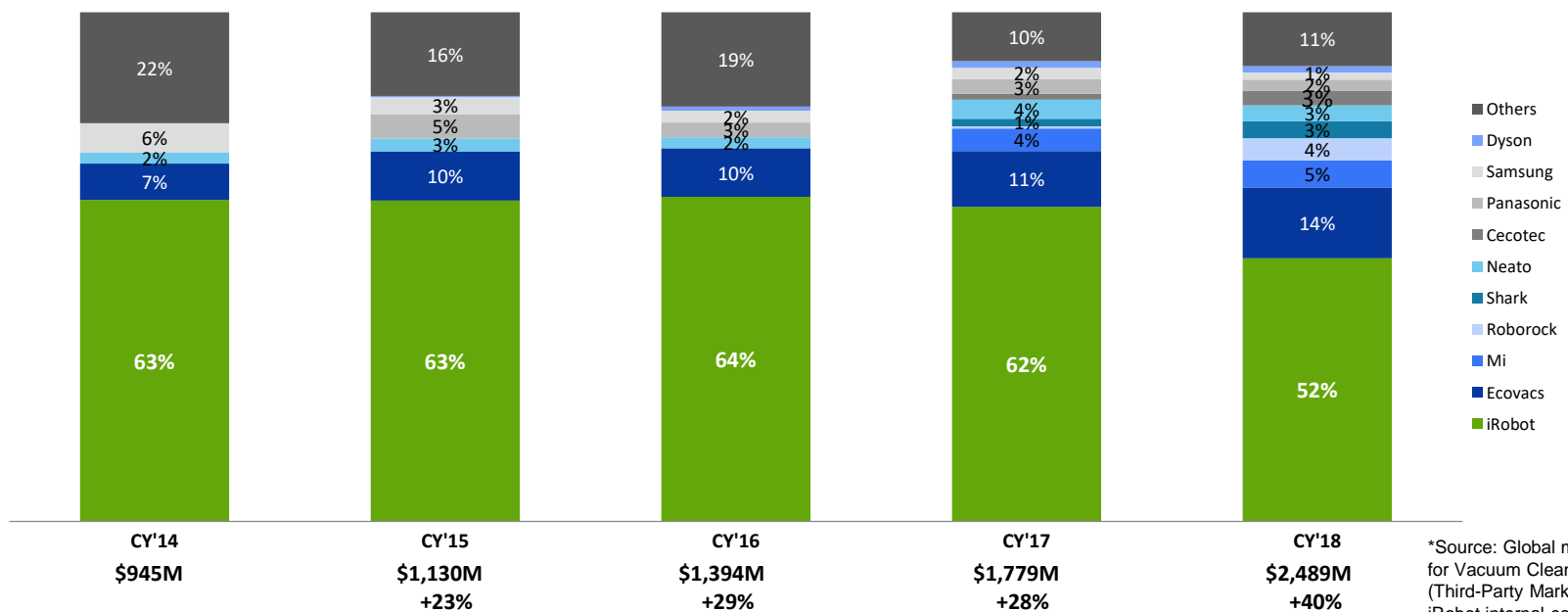
Introduced in 2002, 25m units sold, 9m+ connected robots

Global category leader well positioned for future expansion

Broadened portfolio over the past two years to extend premium position

Consistent innovation across the portfolio to widen competitive moat

Global \$ Segment Share (RVC+, +\$200)

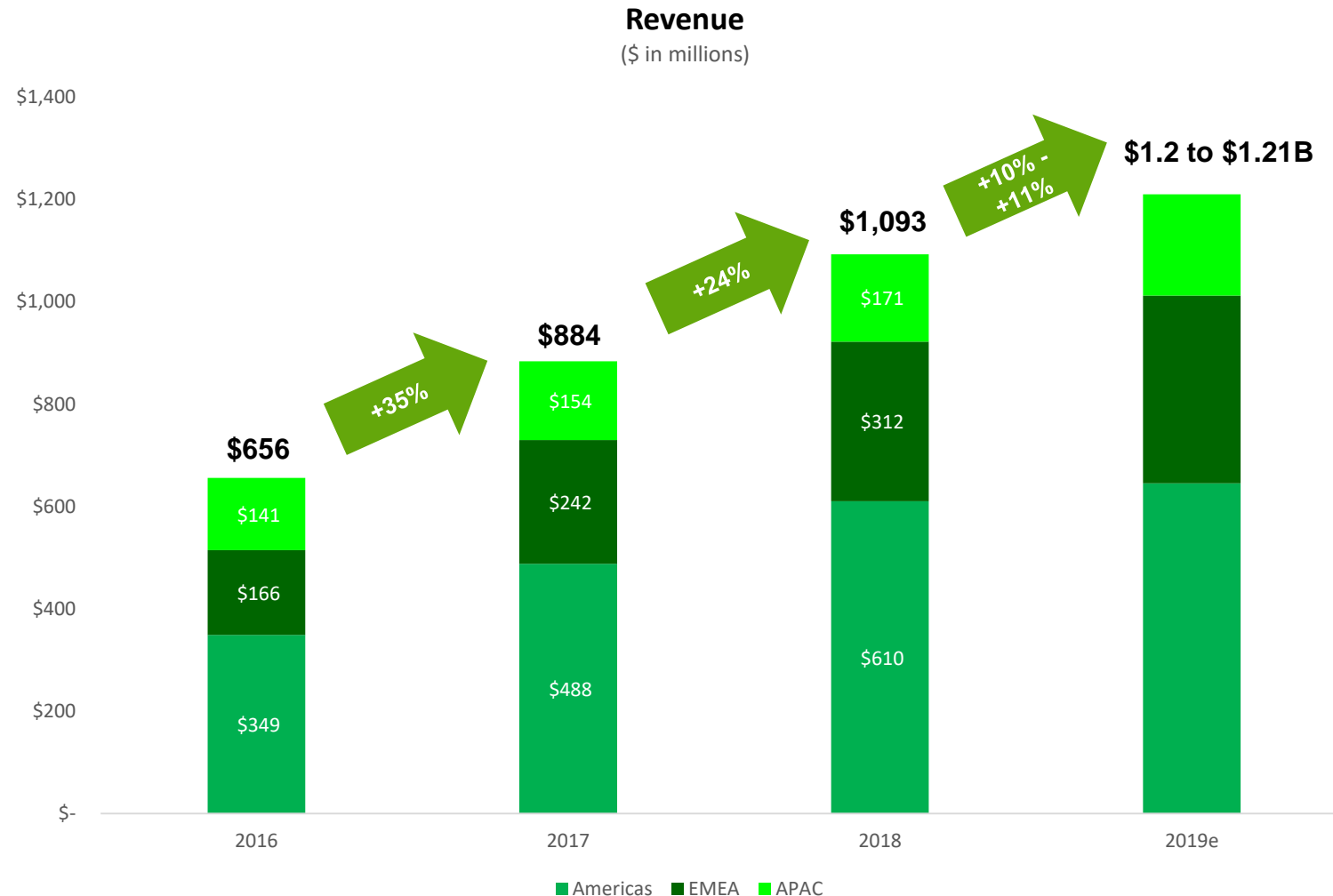


*Source: Global market size for Vacuum Cleaners >\$200 (Third-Party Market Data and iRobot internal estimates).

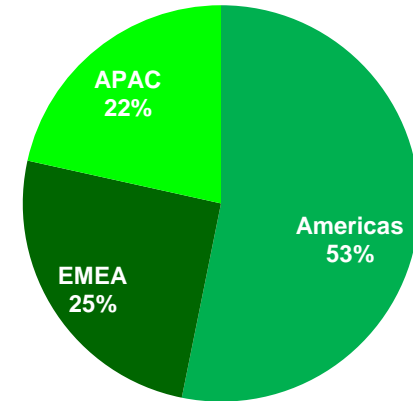


Track Record of Strong Revenue Growth

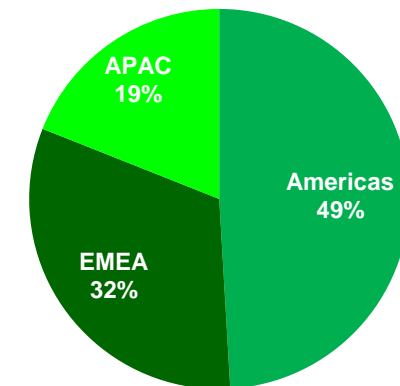
Continued double-digit international expansion



Revenue by Geography
(FY16)



Revenue by Geography
(9 Mos. 2019)



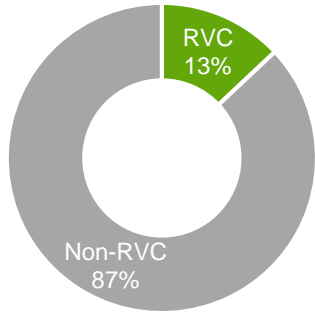
* Expectations for FY19e as of 10/23/19



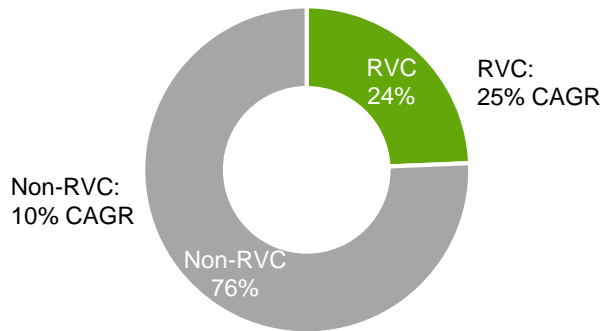
Continued Runway to Support Expansion

RVCs Gaining Momentum with Consumers but Household Penetration Remains Low

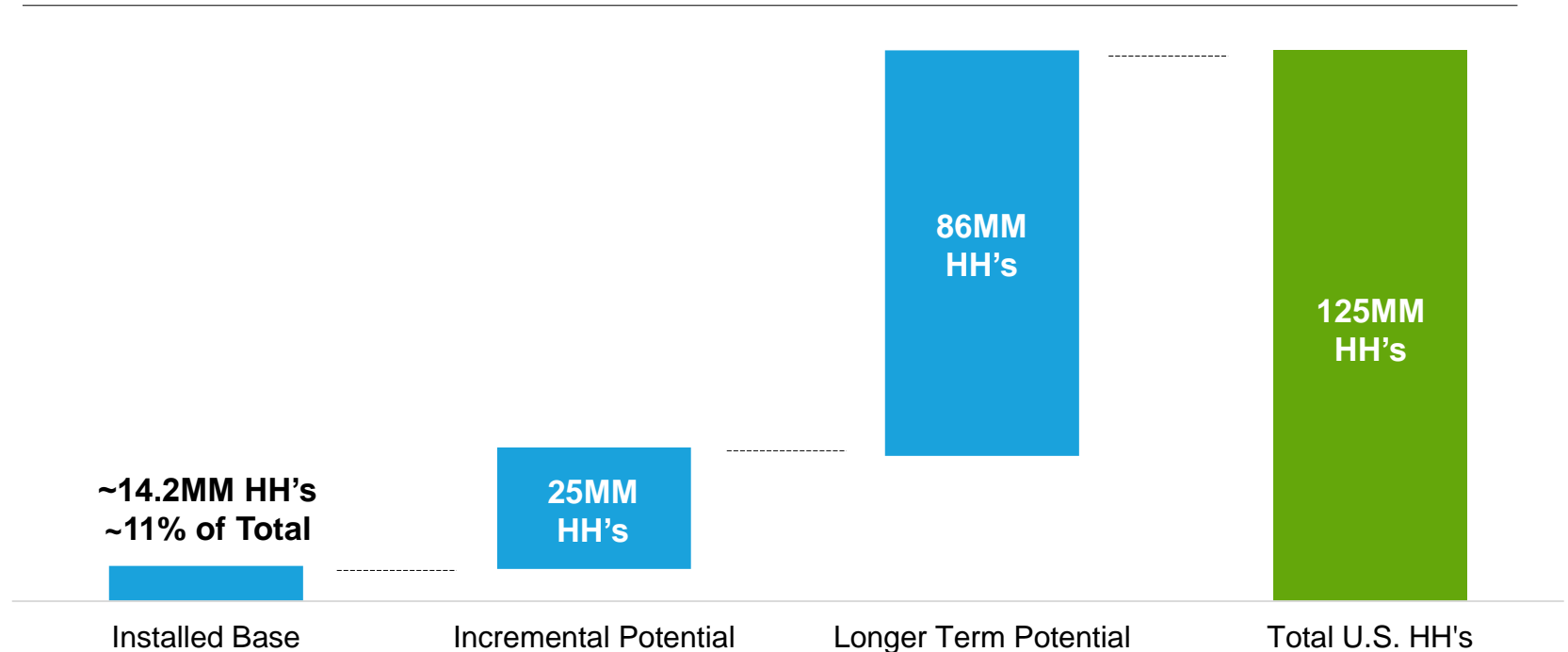
2012: ~\$5B Market



2018: \$10B Market
12% CAGR



Immediate addressable market ~2X current installed base



Source: iRobot estimate at the end of 2018

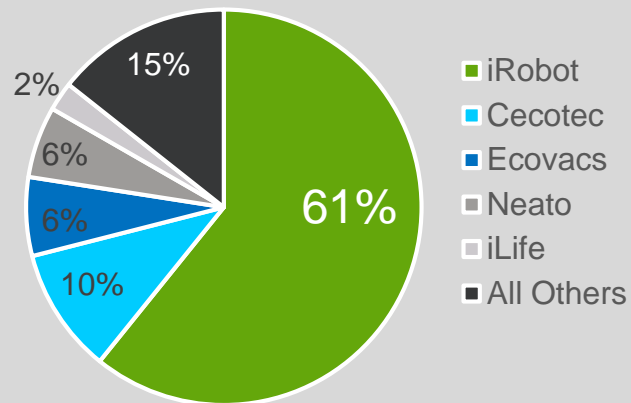
*Source: Global market size for Vacuum Cleaners >\$200 (Third-Party Market Data and iRobot internal estimates).



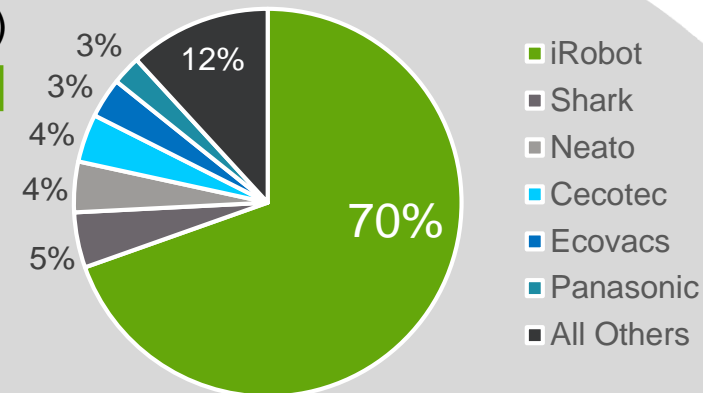
Fortify RVC Category Leadership

2018 Global Retail Share

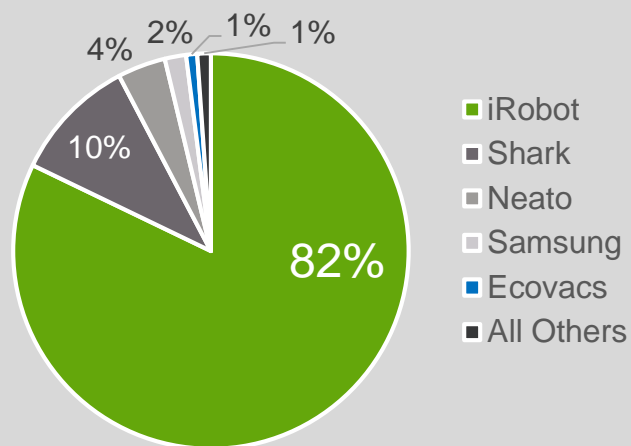
EMEA
\$706M



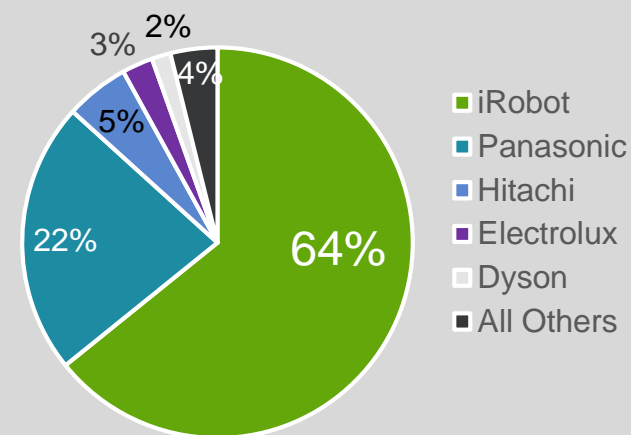
Global (excl China)
\$1,785M



North America
\$809M



Japan
\$187M



*Source: Global market size for Vacuum Cleaners >\$200 (Third-Party Market Data and iRobot internal estimates).



Fortifying RVC Category Leadership

The Roomba Experience  What our customers want



AUTONOMY



I want...
my robot to complete
its mission every time



CLEANING



I want...
clean floors.



EASE OF USE



I want...
my robot to work
the way that I would



Experience-Driven Design



Our Innovation Establishes New Bars for RVC Leadership

Roomba s9/s9+



\$1,099 ~~**\$1,399**~~
with Clean Base™
Automatic Dirt Disposal
vSLAM Advanced Navigation
40x the air power*
Deepest cleaning robot yet

Introduced in May 2019

Imprint™ Smart Mapping



Clean Base™
Automatic Dirt Disposal



Roomba i7/i7+



\$699 ~~**\$1,099**~~
with Clean Base™
Automatic Dirt Disposal
vSLAM Advanced Navigation
10x the air power*

Introduced in Sept. 2018

Roomba 900



\$649
vSLAM Advanced Navigation
5x the air power*

Roomba e5



\$375

Introduced in Sept. 2018

AeroForce® Cleaning System Virtually no Maintenance



Cloud Connectivity



Washable Bin



Roomba 675



\$299

Cloud Connectivity



Dual multi-surface brushes



Intelligent Navigation



Introduce Innovation in flagship product; Flow innovation across lower price point products

* Compared to Roomba 600 series

Digital Features Help Drive Differentiation



Mapping & Navigation

Makes our robots smarter, simpler to use, and to provide valuable spatial context



User Experience

Rich, convenient ways to interact with our family of products and customize their utility to support an ever-changing range of lifestyles



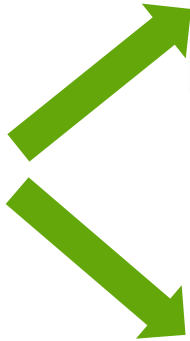
Smart Home

An ecosystem of connected, coordinated robots, sensors, and devices that helps deliver a higher quality of life

Diversify Product Portfolio Beyond RVCs



Vacuuming



Mopping – Braava robot mopping family

- 2019e revenue: ~\$100m
- Introduced new Braava jet® m6 Robot Mop in May 2019
 - Advanced cleaning performance
 - Extended Coverage
 - iAdapt® 3.0 Navigation with Imprint™ Smart Mapping Technology
 - Imprint™ Link Technology for teaming missions with s9, i7 or 900 series RVCs
 - Smart Charge & Resume and other Roomba digital features



Mowing – Tera robot mower

- 2019 beta tests in Germany and the U.S.
- Limited online sales in 2020 – larger scale commercial launch in 2021
- Highly differentiated
 - Newly-developed wire-free beacon system
 - Imprint™ Smart Mapping Technology for intelligent navigation
 - iRobot HOME App for customization and control
 - Smart Charge & Resume and other Roomba digital features

Large, Global and Growth-Oriented Total Addressable Markets

Build position within Smart Home Ecosystem

Smart devices provide **actionable insights** into the home...



...and a system of devices using our products' **Home Understanding** can deliver on the **promise of the Smart Home.**



Navigating Challenging Market Conditions in the U.S.

- Direct and indirect headwinds from U.S.-China trade war and escalating tariffs
 - May 2019: 25% tariff on RVCs, up from 10% in Sept. 2018
 - Limited competitor marketing in the U.S. through October 2019
- Price increases in July 2019 aimed at partially offsetting tariffs but resulted in suboptimal sell-through
 - Category growth slower than originally expected
 - iRobot gained share through August 2019
- Rolled back prices to pre-tariff levels on most SKUs and expect demand/sell-through to increase
- Excellent progress with supply chain diversification
 - Establish manufacturing in Malaysia
 - Rebalance manufacturing volumes within China
- Disciplined management of cost structure



Supply Chain Diversification – Considerations

Industry Trends

Diversification outside of China gains momentum

Product Roadmap

We won't sacrifice the timing of new product introductions

ROI

Cost to establish manufacturing in Malaysia vs. cost in China with Tariffs

Geographic Risk

Location outside China with optimal balance of infrastructure, expertise, cost and proximity to iRobot offices

Establish Manufacturing in Penang, Malaysia in 2019 with continued ramp in 2020

Rebalance manufacturing volume within China; ensure dual sourcing

Dual-Source Risk

Opportunity to further dual-sourcing efforts across iRobot SKUs

Expectations

Balance profitability expectations with need to ensure continuity of supply

Tariffs

Impacts timing and volume

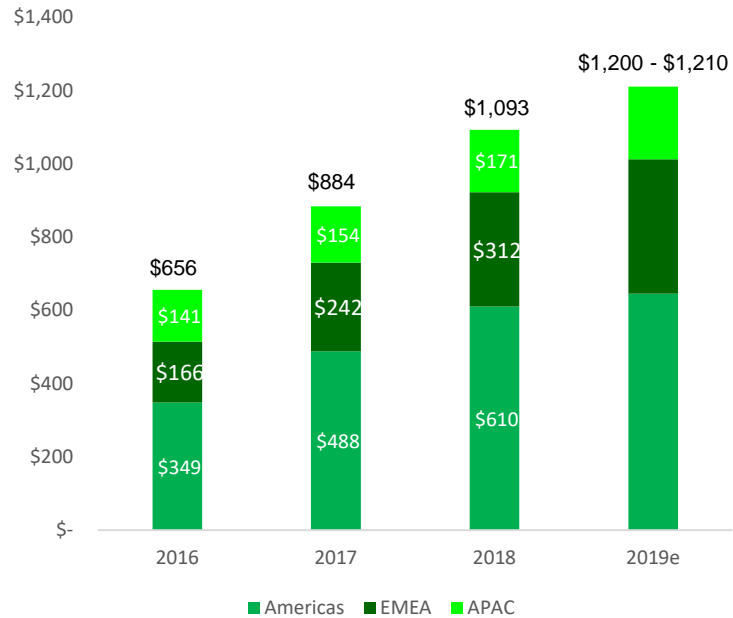


Malaysia Manufacturing Update

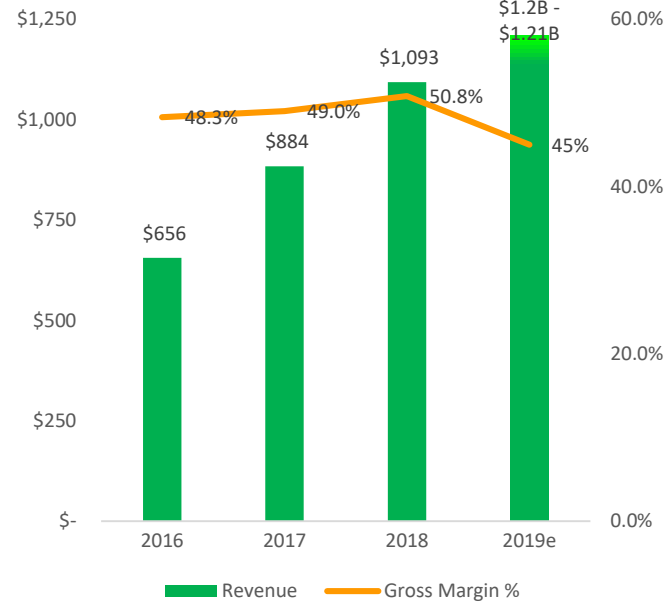
- Great progress during 2019
- Successfully qualified production in Q319
- 2020 volume plans being finalized
- Plan to produce one entry-level SKU and add additional SKUs as needed

Anticipated 2019 Performance* Shaped By ...

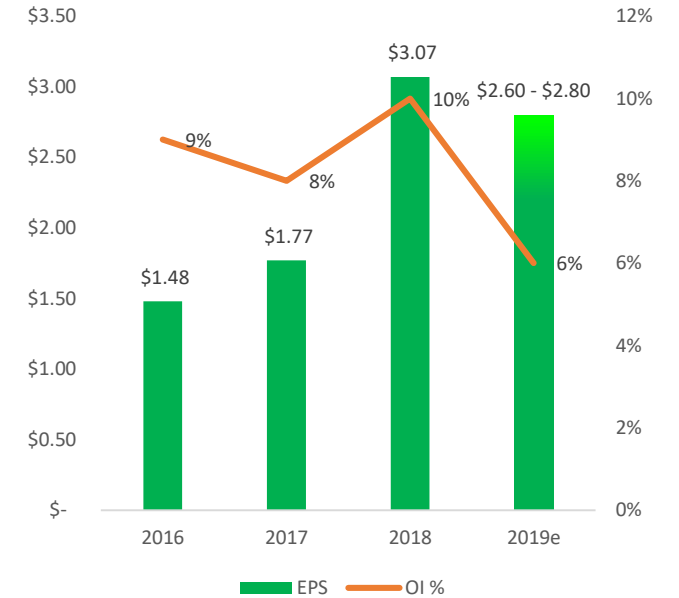
Revenue by Geography
(\$ in millions)



Annual Revenue & Gross Margin
(\$ in millions)



Annual Operating Margin & EPS



Muted U.S. category growth colored by tariffs

Strong category growth in EMEA with aggressive competitor pricing & promotion

Modest category expansion in Japan as expected – and we have gained notable share

Pricing/Promotion actions and tariffs impact gross margin

Adjusted OpEx to mitigate lower revenue and gross margin pressure

* Expectations for FY19e as of 10/23/19



2020 Strategic Priorities

Drive U.S. segment growth

Pre-tariff pricing, ongoing promotion and new marketing activities

Fuel Roomba sales globally

Capitalize on working media efficiency while tapping further into strong brand loyalty

Leverage substantial investment in software

Extend differentiation and elevate consumer experience through digital features

Deliver on product roadmaps

Delight consumers across portfolio of RVCs, robotic mops and robotic lawn mowers

Defend intellectual property

Protect three decades of innovation and 1,400+ patents; advance current IP litigation

Limit expense growth while funding key initiatives

Diversify supply chain, tighten discretionary spending and control timing/pacing of new hires



Preliminary View into 2020*

Revenue growth in excess of 10%

Gross margins expected to drop below 40%

Maintain investment to drive long-term
shareholder value

Minimal operating expense leverage only partially
offsets gross margin decline

Operating income down significantly from 2019



Summary

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Robot

THANK YOU

Any questions?

