

iRobot®



2016 Analyst Day



Agenda

10:00 – 10:30	Continental Breakfast
10:30 – 10:35	Welcome
10:35 – 10:50	Colin Angle, Chairman & CEO
10:50 – 11:25	Christian Cerda, COO
11:25 – 12:05	Dwight Brown, SVP Marketing
12:05 – 12:15	Q&A/Break
12:15 – 12:30	Tim Saeger, SVP Engineering
12:30 – 12:45	Alison Dean, CFO
12:45 – 1:00	Q&A
1:00 – 2:30	Lunch with iRobot Management/Braava jet demonstration



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.
- 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®

Colin Angle

Chairman & CEO



Strategy

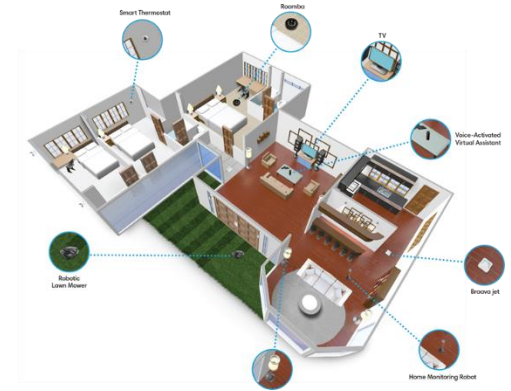
Continued RVC leadership



Build a connected system of home solutions



Enable the smart home



Understand and maintain the home

Roomba Growth & Leadership

2002 Created RVC Category

#1 RVC in the world*

60+% Global Segment Share



Platform for growth and key driver of connected product installed base

Braava Growth & Leadership

Established WFCR* as new category

#1 Global WFCR

WFCR could be larger than RVC in Asia



Building a second revenue stream

China

Exclusive Distributor



Direct Control

- ✓ iRobot marketing programs
- ✓ iRobot office and staff
- ✓ Multiple Distributors



Shanghai Office



Braava jet launch event



Taking direct control of the brand in China



System of Connected Solutions

“Roomba then Braava”

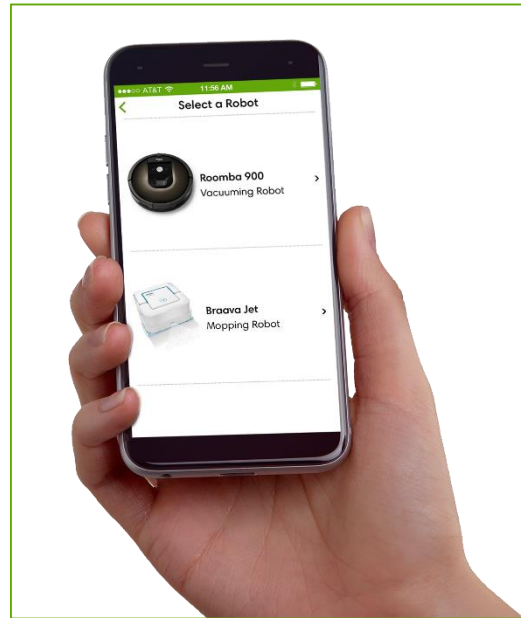


Robots working together deliver unique benefits

Milestones for Our Connected Strategy



Leveraging cloud technology from Amazon to enable scale



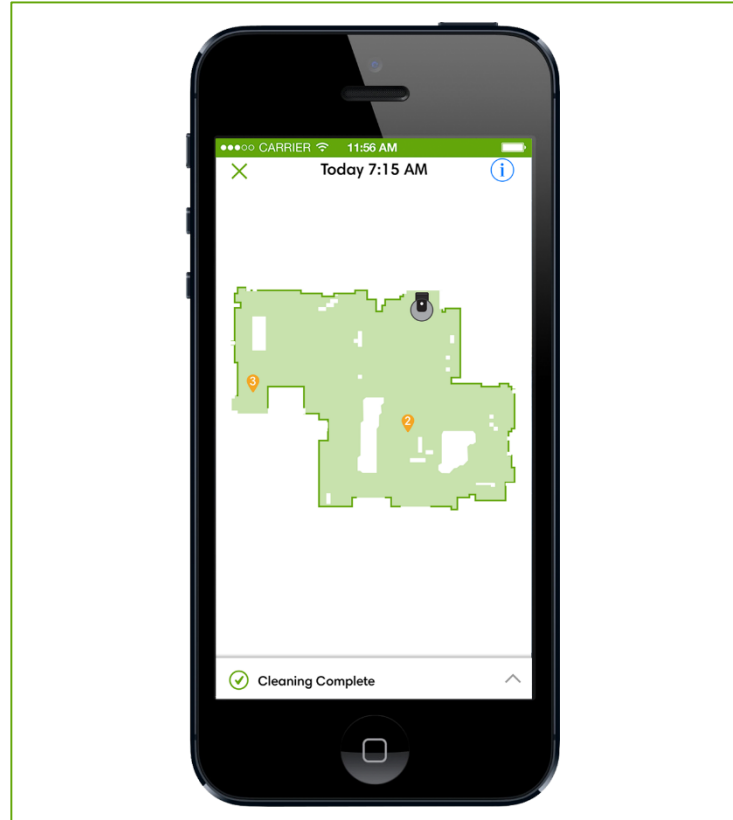
Common UI for robot control



Cost effective breakthrough NAV performance

Building incremental capabilities to enable Smart Home

Milestones for Our Connected Strategy

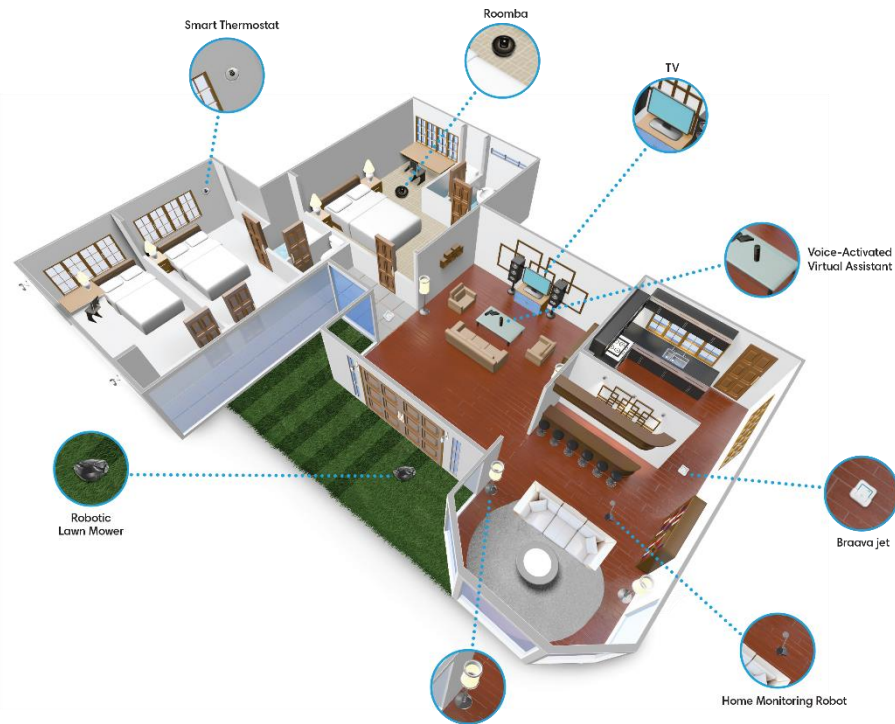


OTA update - Q1 2017

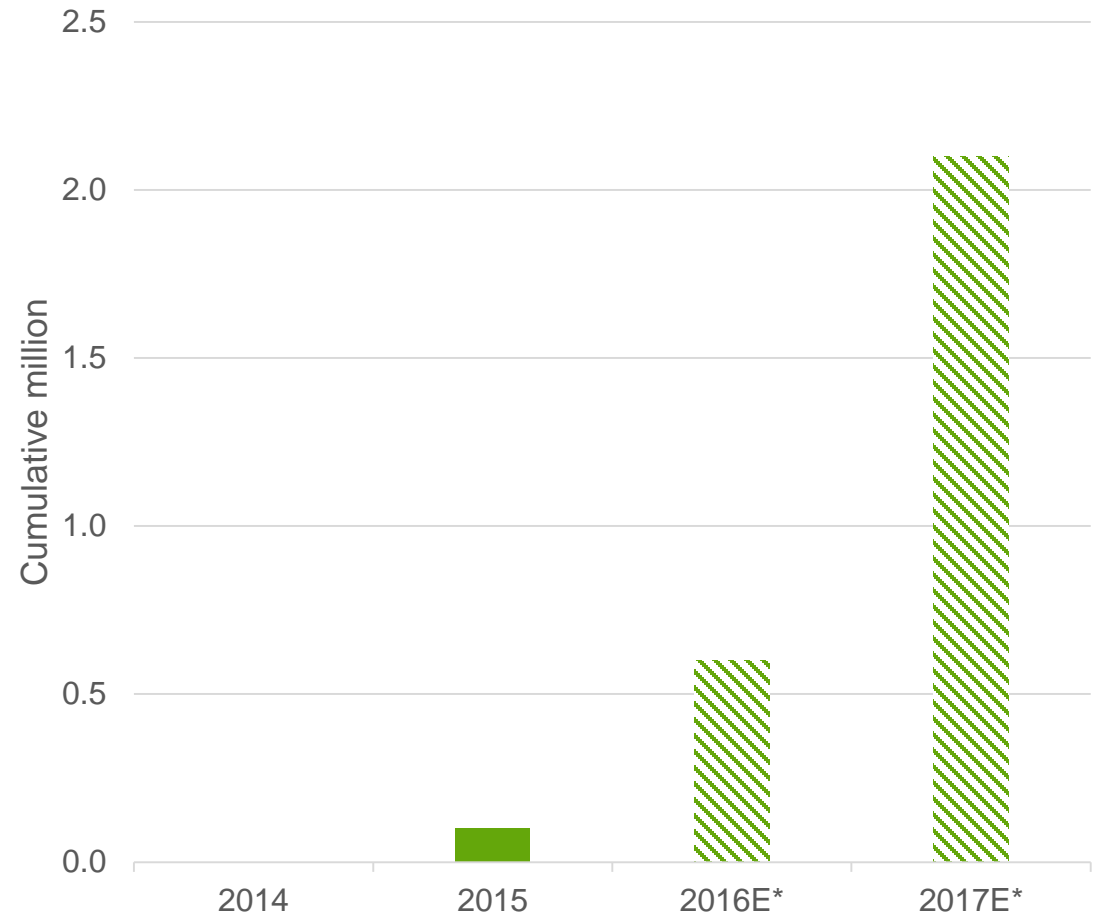
iRobot's virtual data platform

Smart Home

iRobot is an Emerging Player in IoT/Smart Home Market



Sales of iRobot Connected Robots



Spatial information enables the Smart Home



Continue to Widen Competitive Moat

IP Strategy

Sword

Encourage or force competitors to design products that avoid iRobot's technology and brand identity

Shield

Ensure freedom to operate



Openness

Embrace open source and interoperability where appropriate

Enforcement

Stress test patent assets while pursuing business goals

Most valuable IP position in robotics

IEEE Top 20 Patent Powerhouses Electronics - 2015

Rank	Company	Headquarters
1	Apple Inc.	US
2	Canon Inc.	Japan
3	Sony Corp.	Japan
4	LG Electronics Inc.	South Korea
5	Xerox	US
6	iRobot Corp.	US
7	Koninklijke Philips NV	Netherlands
8	TLC Corp.	China
9	Hitachi Ltd.	Japan
10	Lightning Science Group Corp	US
11	Fujifilm Holdings Corp.	Japan
12	Panasonic Corp.	Japan
13	Sharp Corp.	Japan
14	Eastman Kodak Corp.	US
15	Samsung SDI Co.	South Korea
16	Hon Hai Precision Industry Co.	Taiwan
17	TE Connectivity Ltd.	US
18	Dolby Laboratories Inc.	US
19	Nichia Corp.	Japan
20	Wistron Corp.	Taiwan



Summary

- Focused solely on the home
- 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
- Emerging as a strategic player in the Smart Home



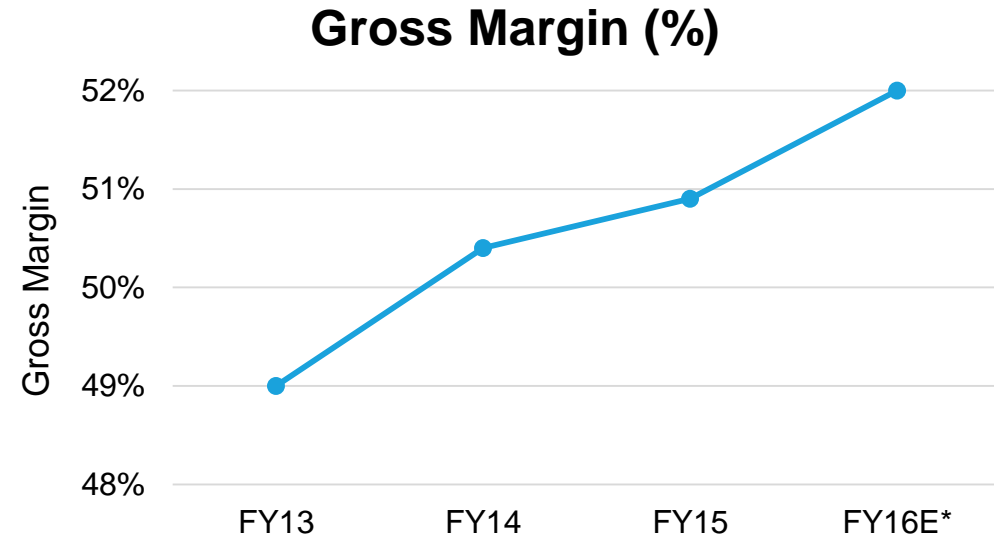
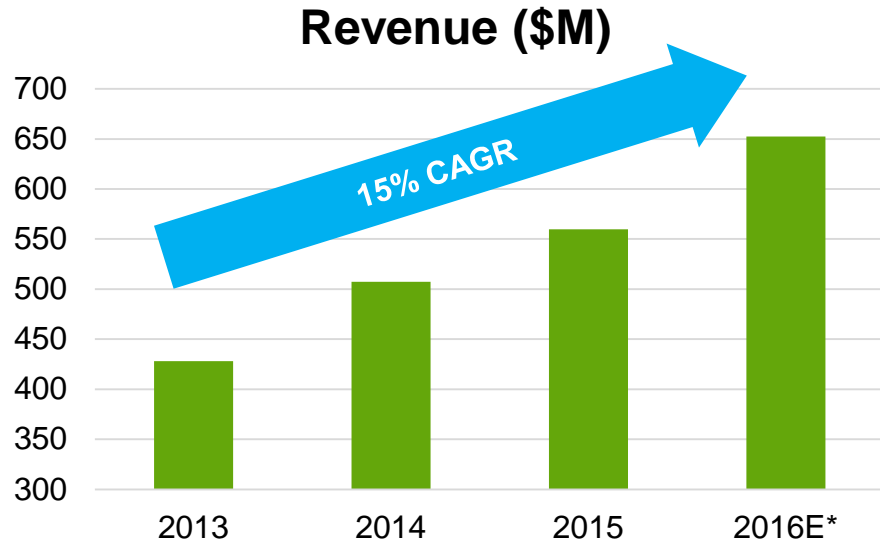
iRobot®

Christian Cerda

COO



Consumer Leadership & Profitable Growth

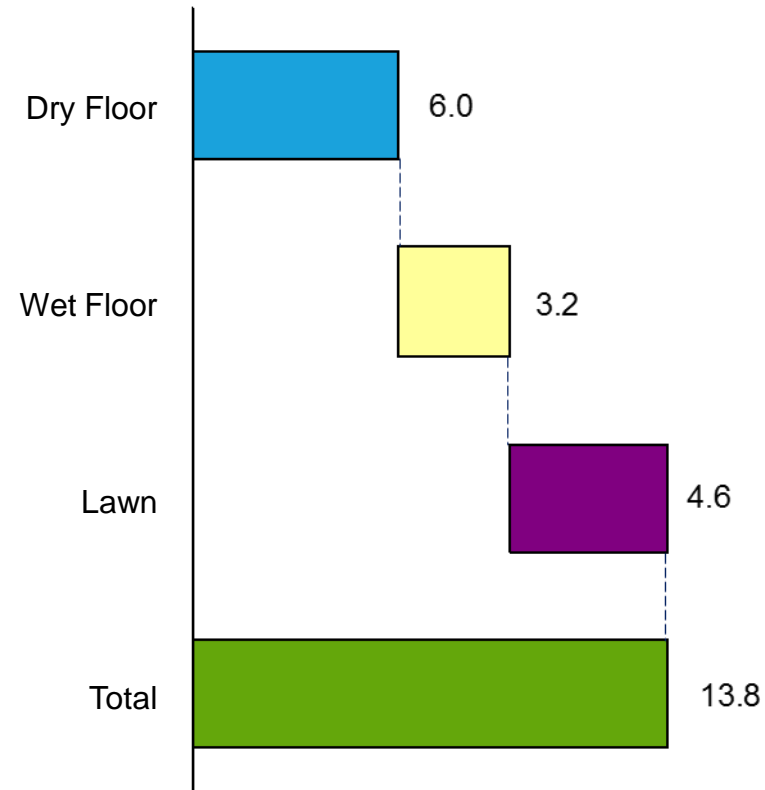


- **Holding 60+% segment share globally**
- **Innovation and technology leadership, significant R&D investment every year**
- **Established a strong global brand**
- **Growing a second robotic category with Braava, exploring robotic lawn care**
- **Mapping technology creates further product differentiation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



iRobot Currently Addressing Markets Totaling ~\$14B in Size

**Global Markets
(\$B, Annual Retail)**



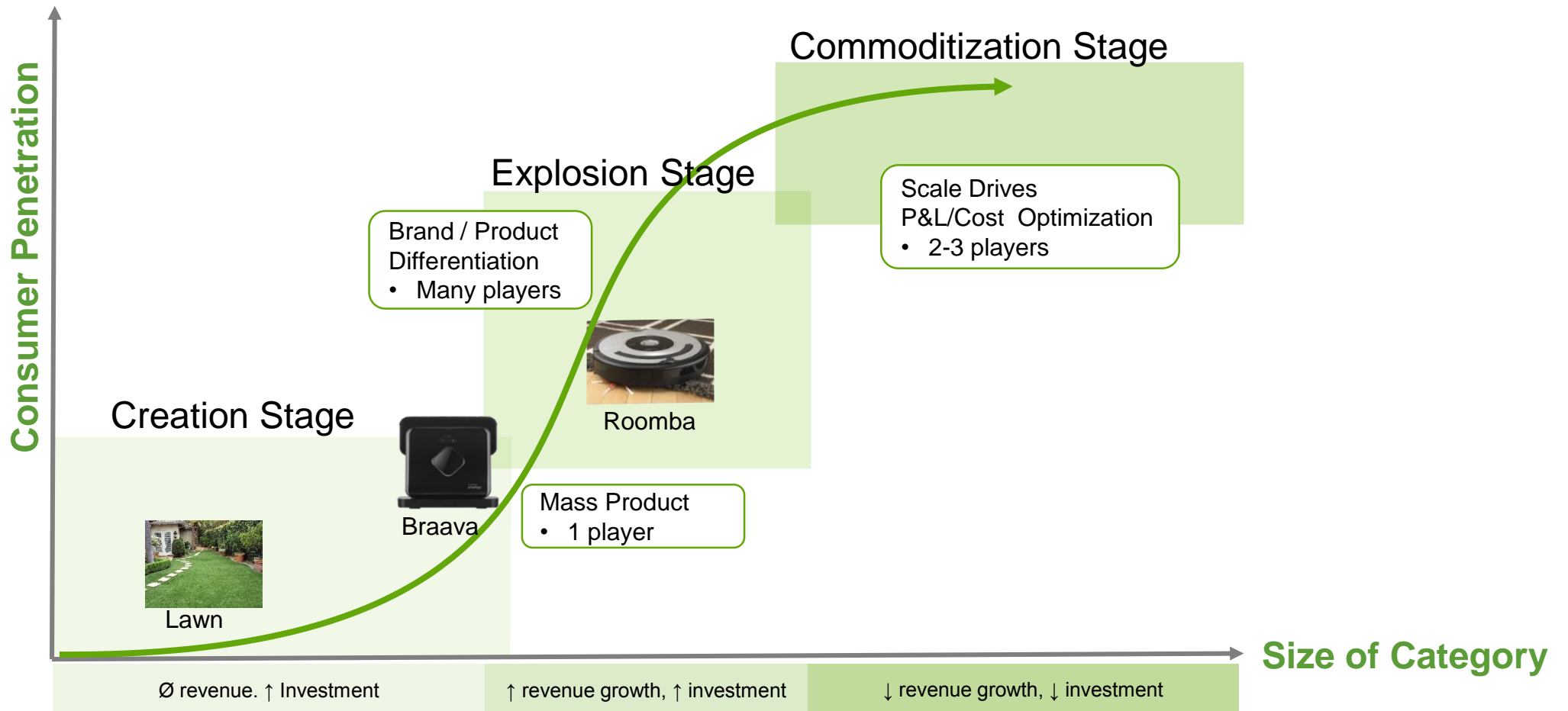
Dry Floor: Global market size for vacuum cleaners >\$200 (NPD, GfK, Euromonitor, HBU estimates & analysis)

Hard Floor: Global hard floor care market (mops, brooms, chemicals) (Intel, HBU estimates & analysis)

Lawn: Global pushmower & robotic lawn mower market (Freedonia, NPD, Harris, IBIS, HBU estimates & analysis). Excludes services



Consumer Robots Maturity Curve

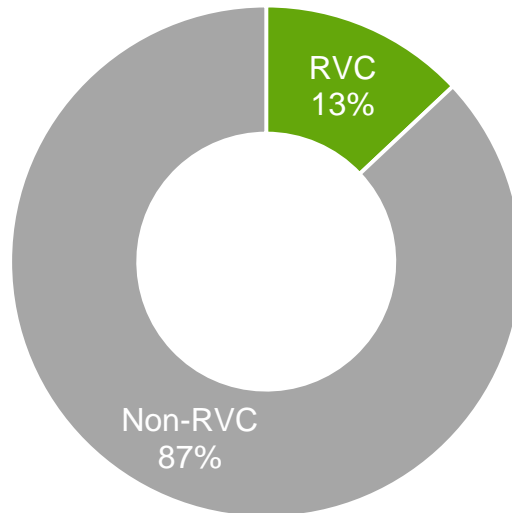


- Roomba beginning explosion stage
- Braava crossing out of creation
- Lawn still in creation stage

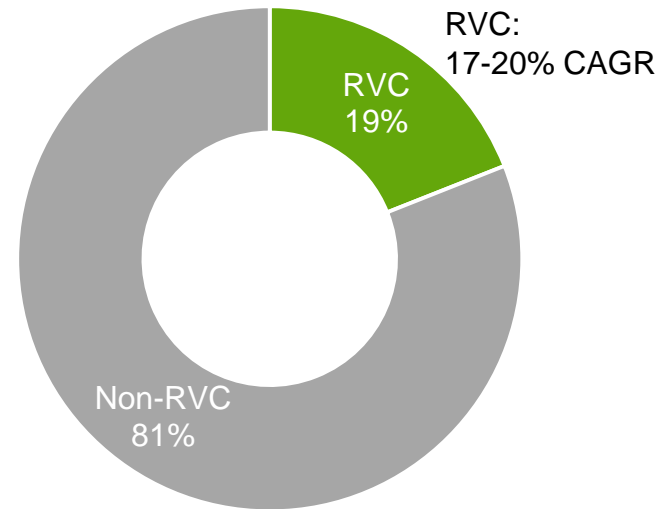
RVC Segment Continues to Grow Now ~20% of Total Vacuums

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

2012: ~\$5B Market



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



RVC 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)



Many Brands have Launched into the RVC Space

2015



Dyson 360 eye
(Japan)



Neato Botvac
D Series



Neato Botvac
Connected



Panasonic Rulo
(Japan)



Dirt Devil Spider
(EMEA)



Haier SWR-T320
(China)



Bissell SmartClean
(NA)



bObsweep bObi
(NA)

2016



Dyson 360 eye
(USA-EMEA)



Samsung
POWERbot
Turbo



Neato Botvac
D3/D5



Xiaomi Mi
(China)



Ecovacs DT85g
(China)



ILIFE A4 (NA)



LG Hombot
Square Turbo+

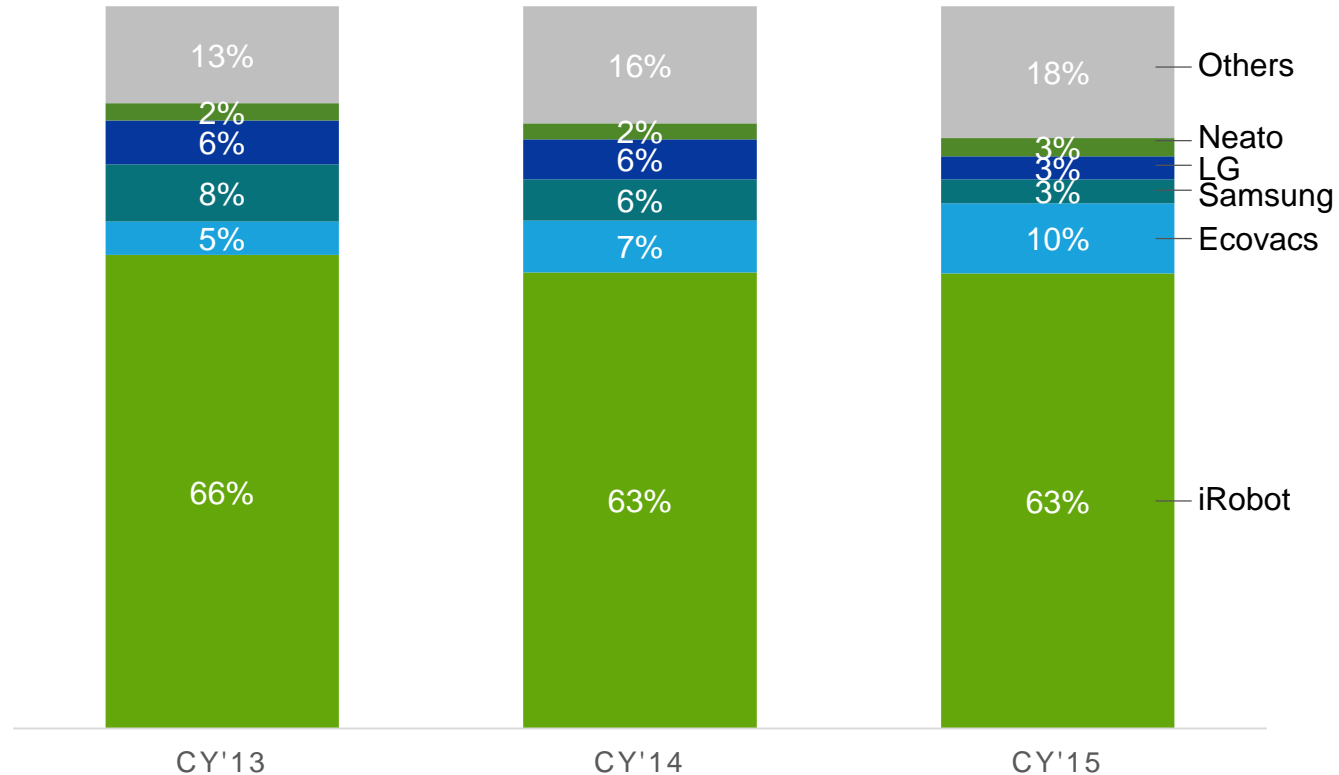


Hoover Quest
(NA)

iRobot continues to lead in robot vacuum segment in spite of increased competition

iRobot Roomba Continues to Lead in RVC Segment

Global Retail \$ Segment Share



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

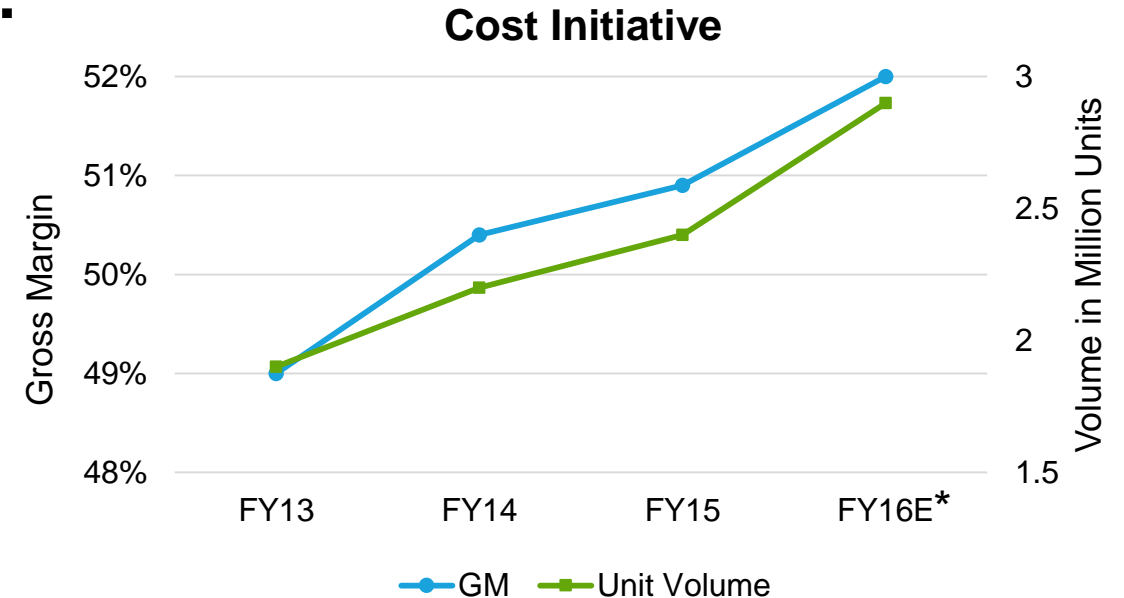
NIKKEI STYLE, Junko Fukuzawa, 1.16.16
...Roomba performed best...

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



...Continuous Cost and Quality Improvement From Scale...

- Best-in-class Contract Manufacturers
- Established iRobot Supply Chain team in China
- Manufacturing, Quality, Supply Chain
- Modularity design driving standardization
- High utilization of manufacturing robots
- Increased direct purchasing of components



Maintaining competitive value proposition

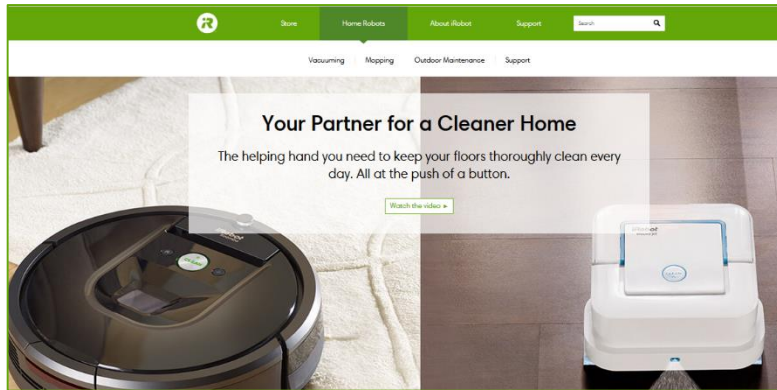
* Expectations provided 10/25/16

November 10, 2016

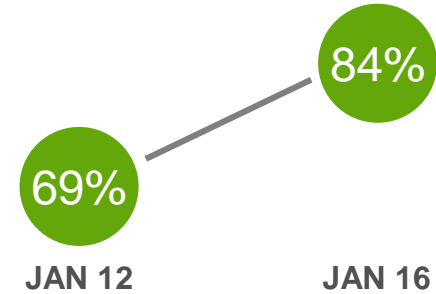
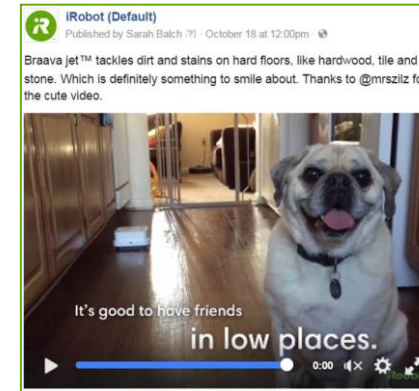
23



...and Continuous Improvement in Marketing Strategy and Execution



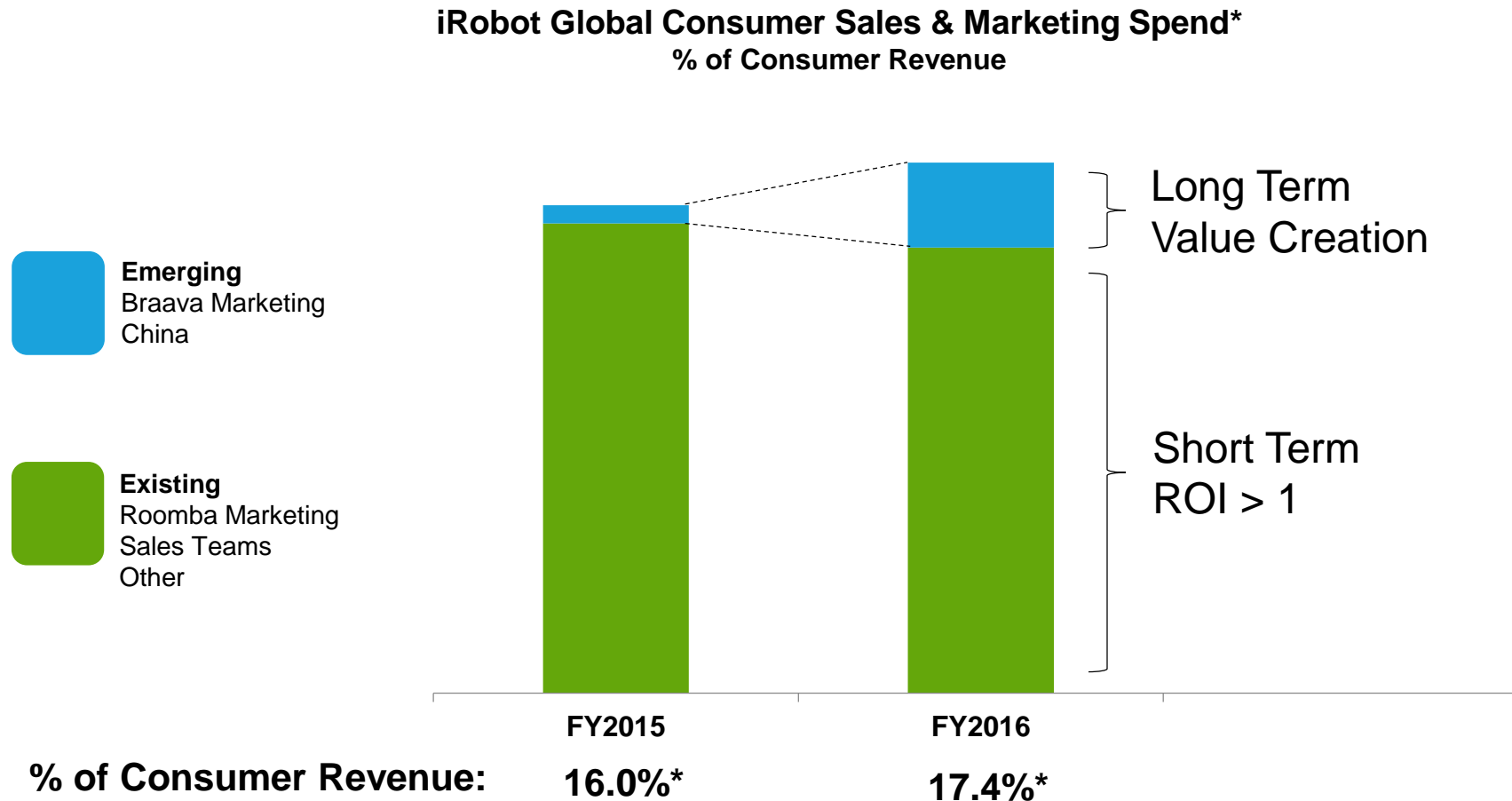
Q4 Roomba TV USA
1.4B Impressions



Facebook Likes:
685K



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



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



Launch of the Braava jet 240

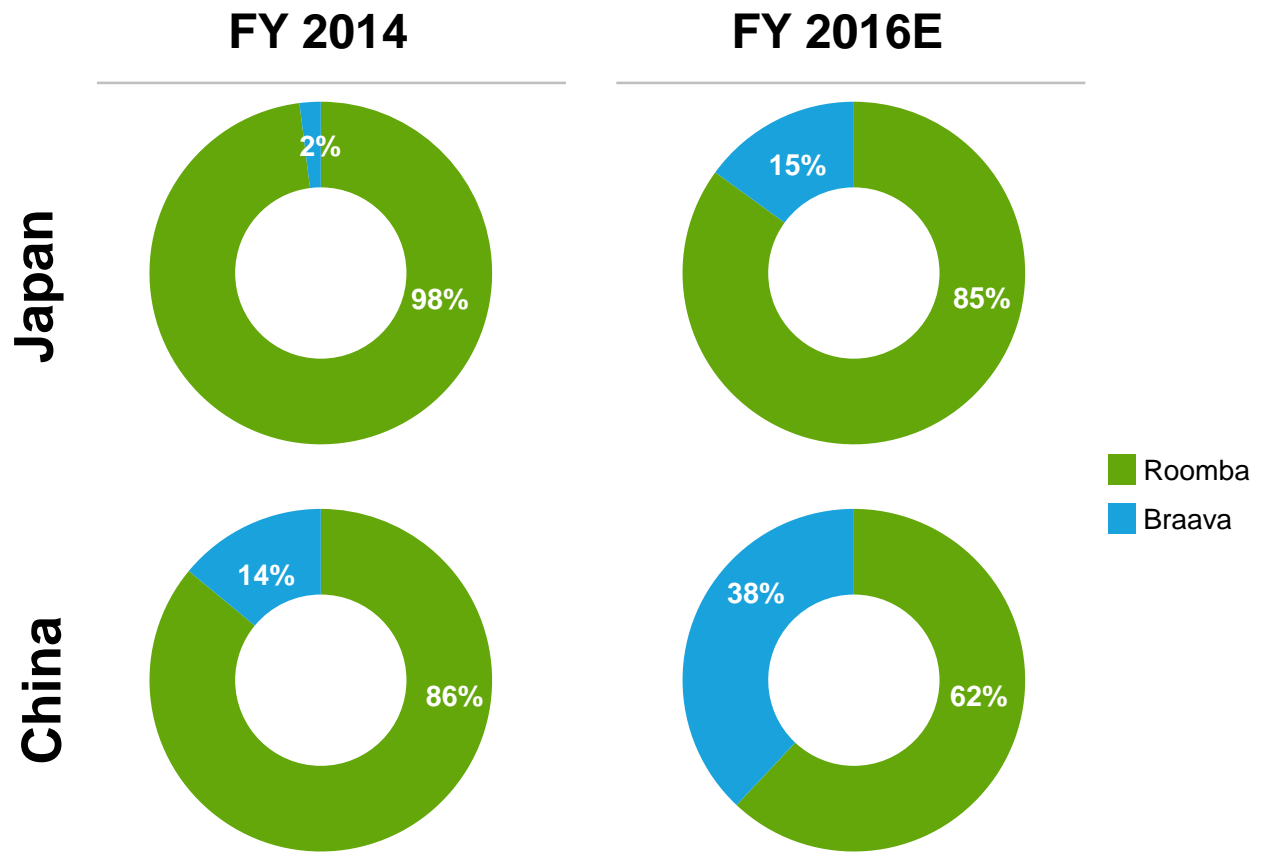
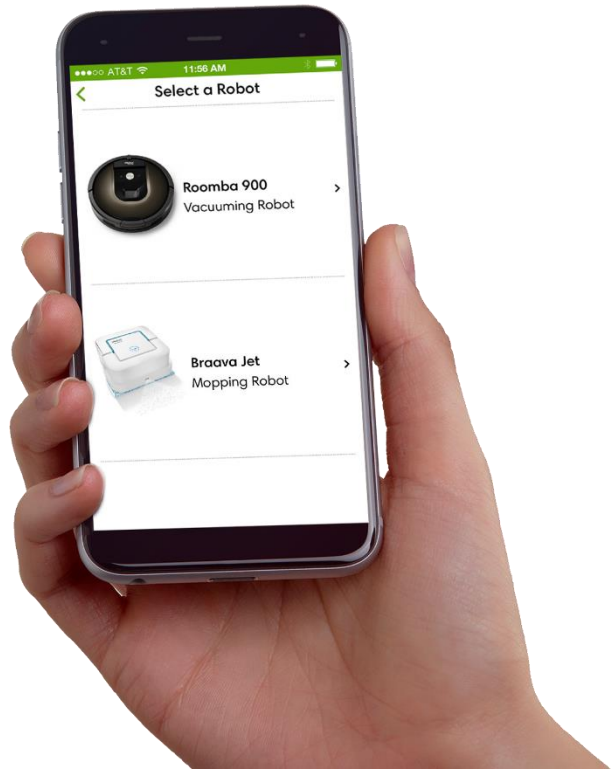
The mopping robot for small spaces with hard to reach places, like the kitchen or bathroom

- **\$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 Expected to be ~10% of 2016 Consumer Revenue, Significantly Higher Revenue Percentage in APAC



Roomba and Braava: An ecosystem solution to clean your floors better

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

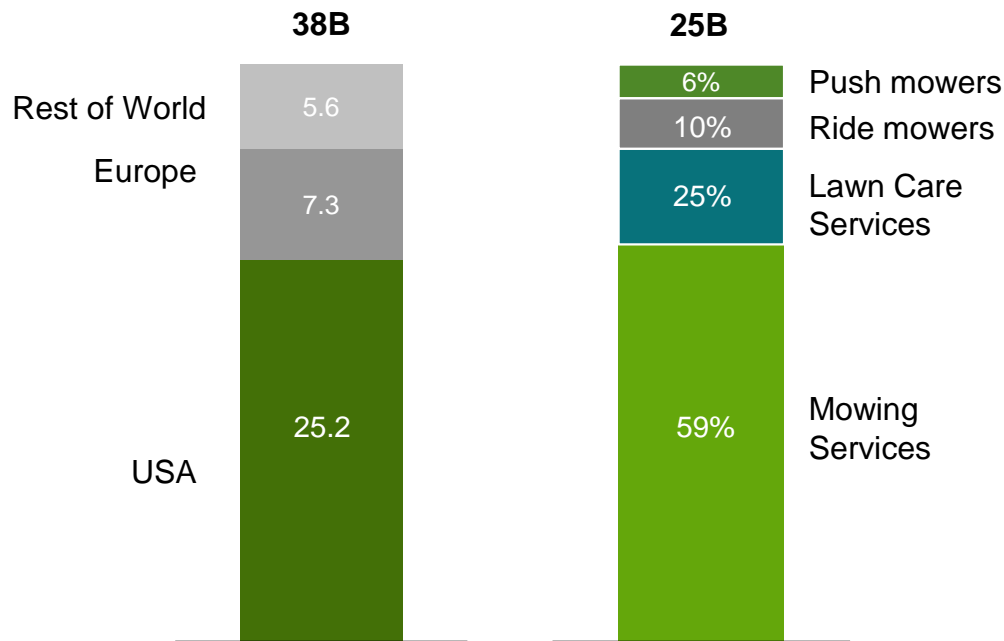


First iRobot product with true consumables model

Lawn

Global Lawn Care Market = \$38B; US Market = \$25B

Global Lawn Care Market 2015E
(Annual Retail \$B)



<p>Strategic Alignment</p> <ul style="list-style-type: none"> ✓ Does the opportunity support or advance our strategic vision? ✓ Is this business similar to our existing businesses? ✓ Can we leverage our current resources or technologies? 	<p>Market Attractiveness</p> <ul style="list-style-type: none"> ✓ Size of addressable market ✓ Estimated growth of market ✓ Barriers to entry are high for others ☐ Competition
<p>Competitive Strength</p> <ul style="list-style-type: none"> ☐ Expertise in relevant technologies - navigation, grass cutting, safety ☐ Brand strength in addressable market ☐ Familiarity with customer / channels ✓ Manufacturing / Operational efficiencies 	<p>Investment/Return</p> <ul style="list-style-type: none"> ☐ Pricing Strategy ☐ Gross Margin ☐ Investment needed - start-up and ongoing ☐ Expected return/timeframe

☐ Still exploring/evaluating

Current robot lawn mower segment in EMEA is a \$300M annual retail market

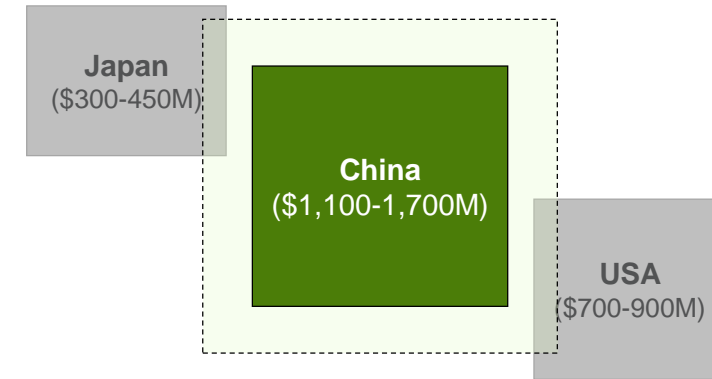
Source: Source: Freedonia "World Power Lawn & Garden Equipment" (August 2011); Harris Interactive / Planet "U.S. Poll of Consumer Perceptions about Yards, Landscapes, and Landscape Companies; Europe market participant interviews, HBU / Corp Dev analysis



China 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 marketing and distribution
- We are focused on premium and premium-mass market
- Braava jet launched in Q3, very well received
- China with strong sell through growth in 2016

+5 years forecast*



China could become the largest global market for consumer robots enabling long term growth opportunities

Summary

- Track record of continuous revenue growth and margin expansion
- Large addressable markets (Vacuum, Mop, Lawn) – with low penetration
- iRobot Roomba uncontested leadership in RVC segment despite more competition in market
 - Innovation, marketing and supply chain effectiveness
- Building a second revenue stream with Braava mopping robot; consumables enabling potential long term incremental value
- Market expansion in China is an area of focus and growth potential
- Focus on consumer business accelerating value creation



iRobot®

Dwight Brown

SVP Global Marketing



Global Marketing

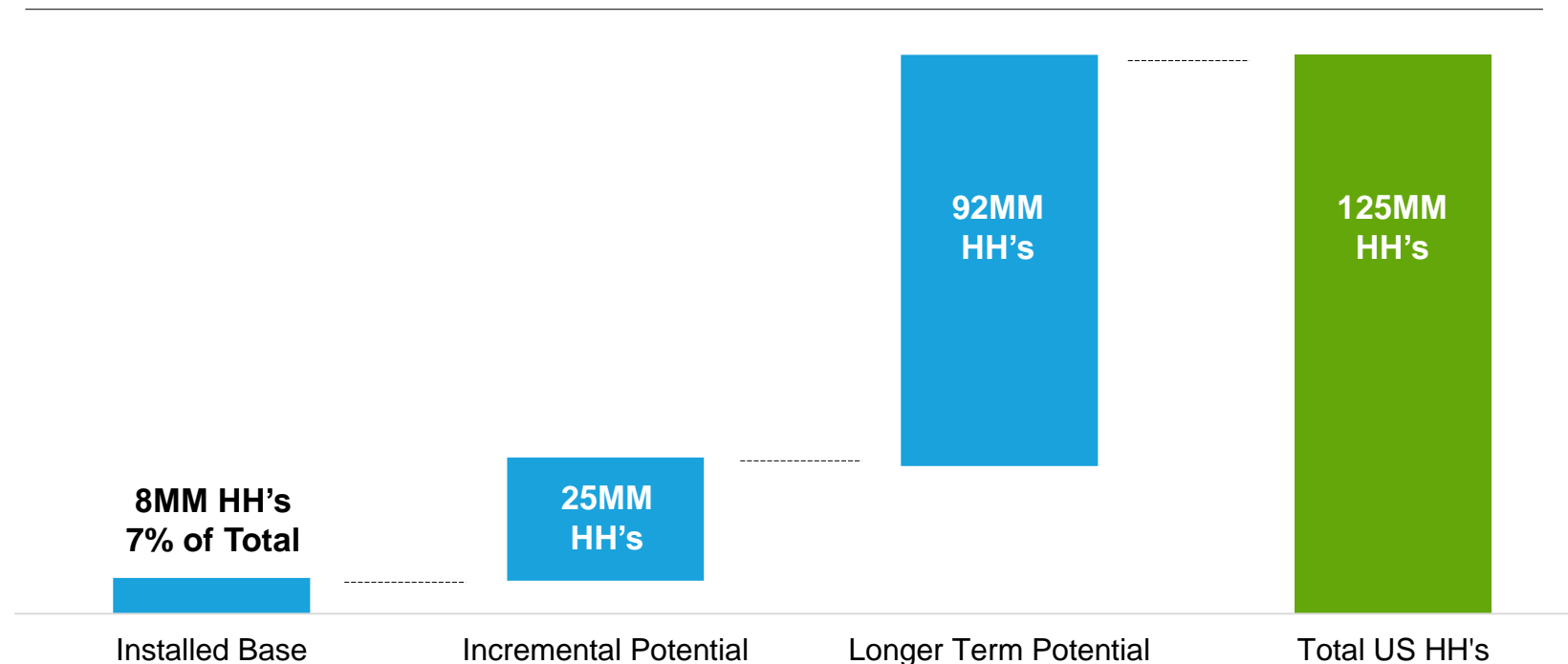


- Household penetration of consumer robotics has significant global growth potential
- iRobot is uniquely poised to capitalize on this opportunity
- Roomba vacuum adoption is growing with the help of effective marketing awareness drivers
- Wet Floor Care (Braava) and China represent emerging opportunities requiring incremental spending



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



Awareness & Familiarity

Keys to Unlocking Potential



Consumers Unfamiliar with RVC's:

Robot vacuums “probably” do not clean well enough

Roomba User Reality:

Cleaning performance is the key driver of satisfaction and high net promoter scores

iRobot is creating category demand by convincing consumers about Roomba efficacy

Global Marketing Optimization

Quantifying Marketing Effectiveness



- iRobot quantifies the impact of our marketing investments
- Two examples include:
 - Independent testing of our advertising effectiveness using standardized testing in all major markets (IPSOS)
 - Independent auditing of our marketing ROI (MMA)
 - All forms of marketing (eg. TV, search, promotion)
 - Different periods of the year
 - U.S., Japan and select countries in EMEA

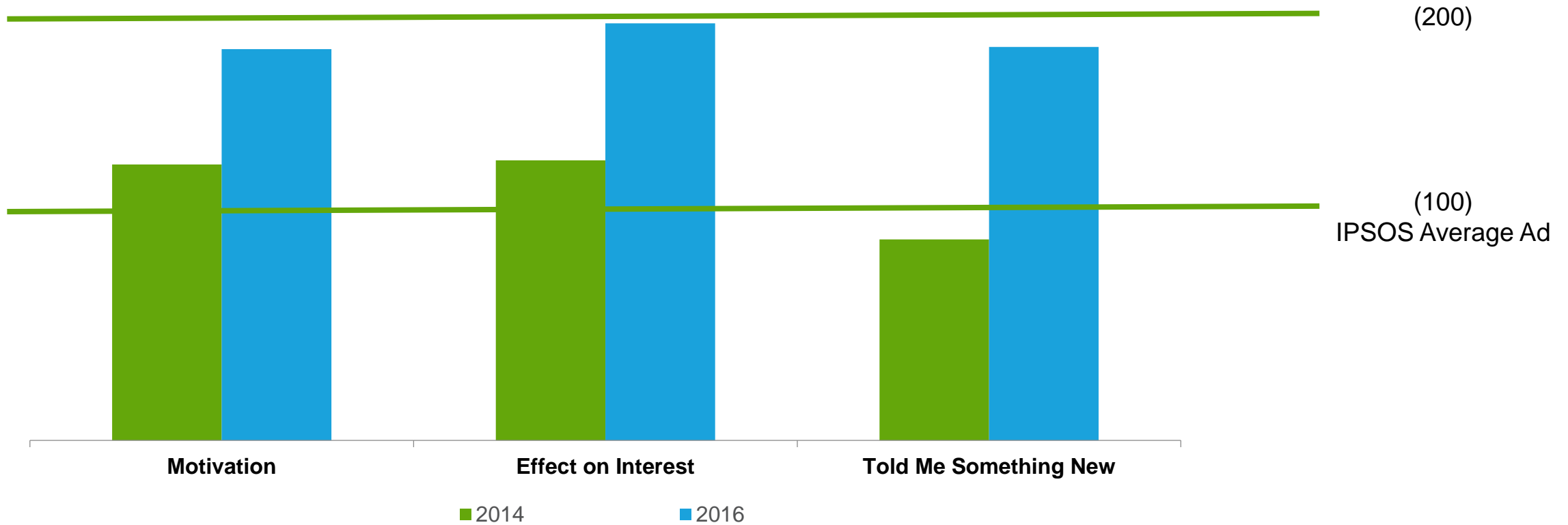


Roomba 2016 Advertising



Roomba Advertising Performs Well Ahead of Test Norms

Ipsos ASI Advertising Test Results
Roomba :30 USA
2016 vs 2014



Roomba advertising is impactful at driving consumer interest



Q4 2016 Holiday Activation



iRobot[®]

GLOBAL BRAND ROLLOUT
iRobot Logo update
NEW iRobot Symbol
Global executions

DIGITAL MEDIA
Video
Search
Targeted/programmatic
Amazon

SOCIAL MEDIA
Amplification of authentic
consumer voices via holiday
testimonials
Contest

TELEVISION
Roomba National
Braava jet Local

#Conquer
the **Holidays**



Q4 Media Activation

North America

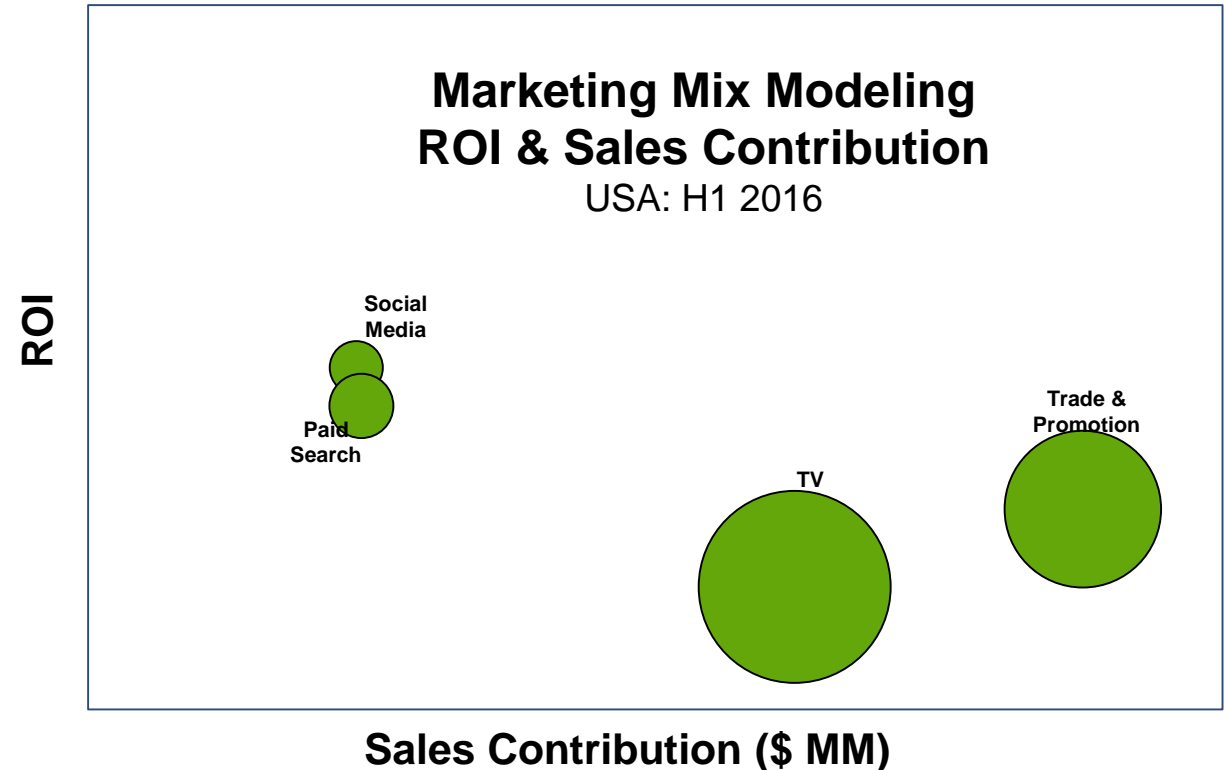


- Increased investments for Roomba and Braava this Fall
 - National and Local Television Networks
 - Targeted digital media partners
 - Video
 - Search
- Focused investments on Amazon to deliver more visibility to customer reviews and impact Amazon search results
- Amplify the voice of the iRobot believer on our social platforms using authentic holiday testimonials



Global Marketing Optimization Using Marketing Mix Modeling to Optimize ROI

- An on-going commitment to Marketing Mix Modeling is yielding:
 - Improved effectiveness of invested marketing and trade dollars
 - A reduction of non value-added efforts or approaches
 - Better tracking of activities
- Underway in U.S., Japan and select EMEA countries



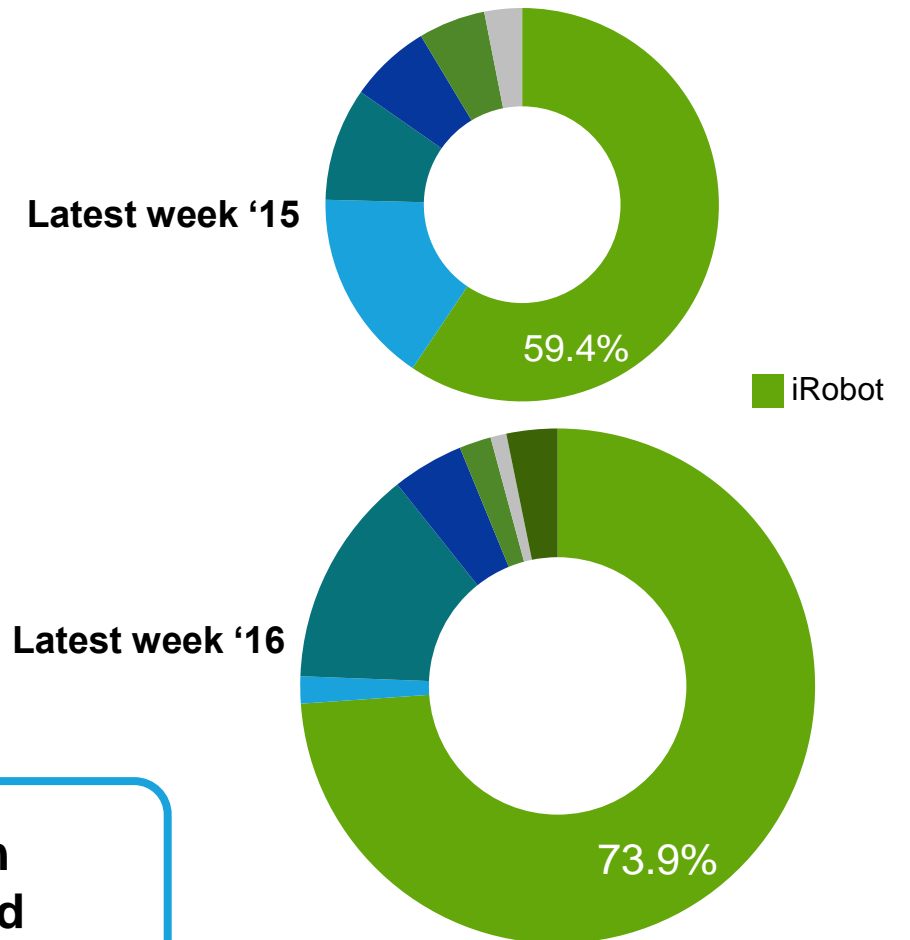
**iRobot is optimizing marketing investments to yield a strong ROI
by using advertising testing and other quantitative tools**

Marketing Optimization Exporting Best Practices Globally

- The use of Marketing Mix and standardized Advertising testing is in use in iRobot's major markets around the world
- For example in Japan:
 - Advertising testing has proven that global Roomba TV creative – when localized for the Japanese consumer – is highly impactful
 - Marketing Mix Modeling has demonstrated how to optimize our ROI using levels and approaches appropriate for the Japanese consumer

The principles of iRobot global marketing optimization are yielding strong results in USA and around the world

**Japan RVC Segment
Unit Share %
GfK Data**



Establishing the Wet Floor Care Category

- The launch of Braava jet in early 2016 was the opportunity to establish Wet Floor Care as a strong category alongside Roomba.
- In Asian markets, Wet Mopping is the most prevalent floor cleaning method
- The September '16 launch of Braava jet in Japan was supported with a strong national digital and retail campaign:
 - Additionally, a TV media test was conducted in three regions of Japan to determine incremental effect
 - As a result, national TV for Braava jet will run in Nov/Dec along with digital media
- As of mid-October '16, Braava jet (model 240) and Braava (model 380) represent the #1 and #2 best selling robotic cleaners in the Japanese market.



Braava jet 2016 Advertising



Global Retail Merchandising

Driving awareness and familiarity with iRobot products is not limited to advertising – the retail environment is where purchase decisions are made

We conducted a global retail audit in mid-'16 to determine:

- The way iRobot - the brand and products - comes to life at retail
- Determine effectiveness and consistency
- Compare iRobot to best in class brands

Global Discovery

6

Markets
visited

32

Retailers
Audited

6

Distributors
Interviewed

18

Trade
Interviews

5

Demonstrators
Interviewed

21

Consumer & Shopper
Research Analyses



Global Retail Merchandising

How is the category organized today?

China



EMEA



Japan



USA



Are category benefits clear and obvious?



What is iRobot's overall brand experience at retail?



What other brands are doing it well?

Is iRobot's message clear and differentiated?

Is the iRobot product trade up progression obvious?

Global Retail Merchandising

Areas of Focus:

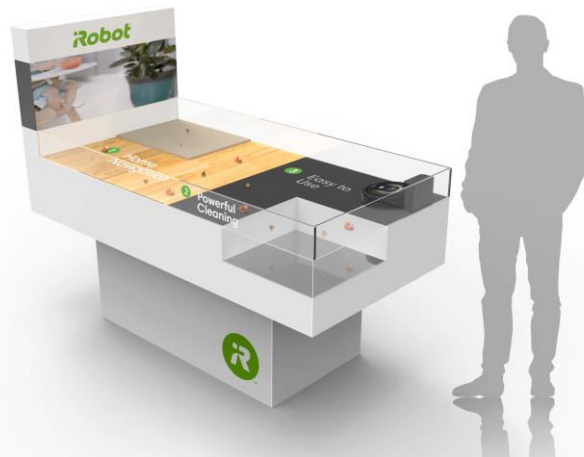
- A Premium Brand Experience
- RVC & iRobot Messaging to optimize both the category and brand positioning at retail
- Product On-Shelf Configuration to separate vacs/mops and encourage trade-up and discovery
- Product Messaging System for ease of shopping/self-service/trade-up at retail

Examples of WIP:

Brand Experience



Product Efficacy & Credibility



Product Trade-Up



Deployment of new retail solutions in 2017

Global Marketing



- Household penetration of consumer robotics remains underdeveloped globally
- Roomba vacuum adoption is growing on an accelerated basis
- Trade and consumer marketing investments drive improved category awareness and yield a strong ROI
- Incremental spending in '16 helping to launch Wet Floor Care and establish a strong China presence
- The in-store environment – like advertising – is key to category understanding & conversion



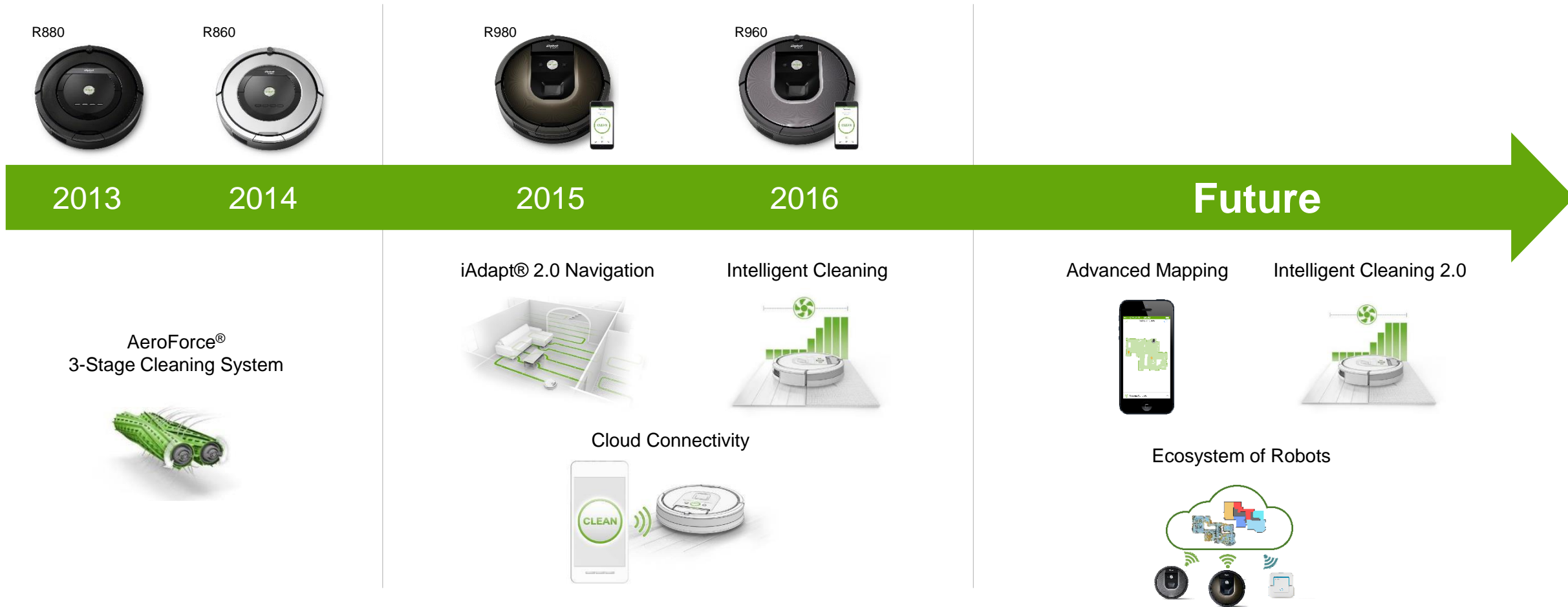
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Tim Saeger

SVP Engineering



Product & Technology Roadmap



Aligning the technology pipeline with the product pipeline



Key Areas of Focus

1



Mapping &
Navigation

2



User
Experience

3



Performance
Leadership

Drive VSLAM and Connectivity Through the Product Roadmap

1



Mapping & Navigation

2



User Experience

3



Performance Leadership

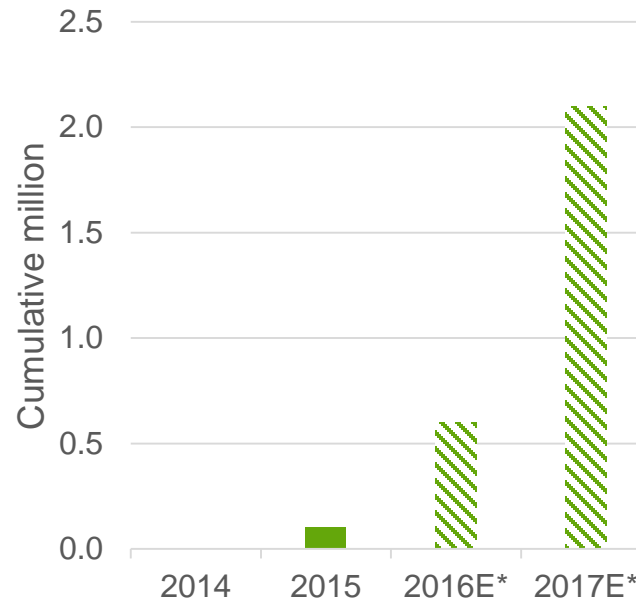


Mapping & Navigation

1. Move VSLAM & Mapping technology down the line

2. Aggressively extend connectivity & application control

3. Utilize technology platforms to drive speed



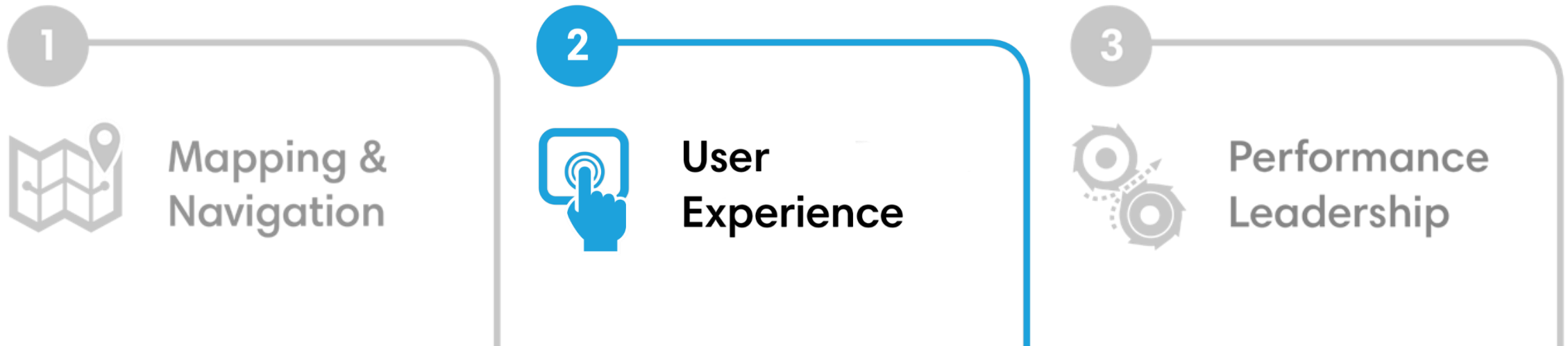
1. VSLAM

2. Connectivity & Cloud

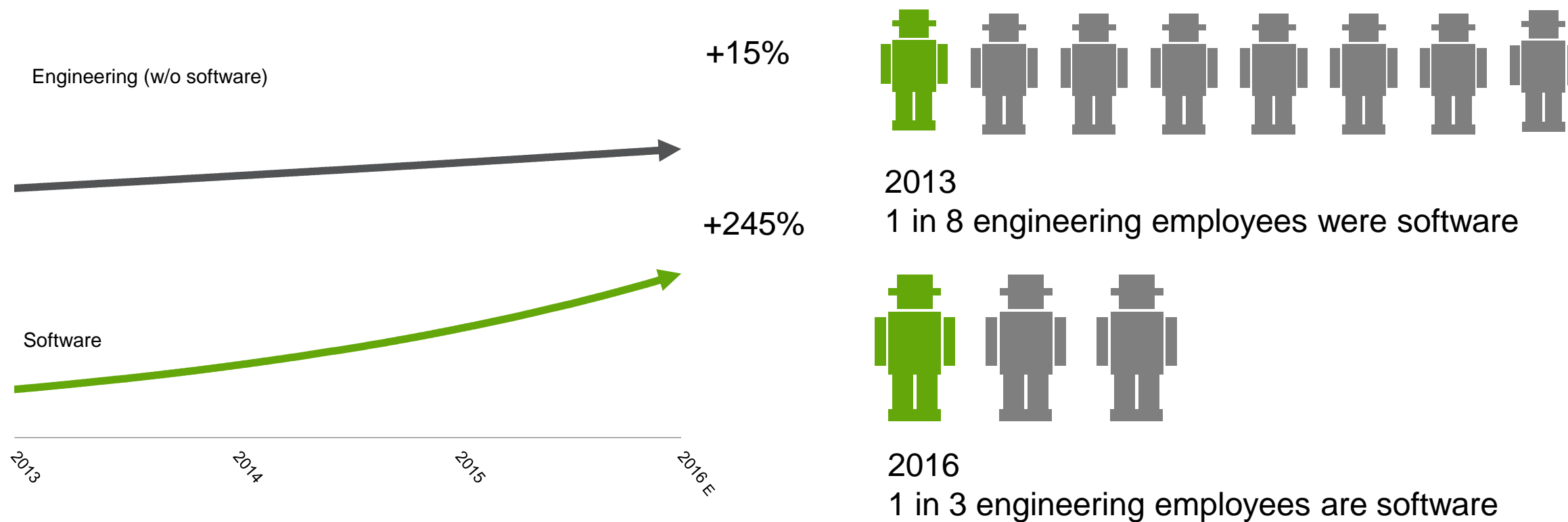
3. Application Control

Roomba is getting connected

Disproportionately Invest in Software as a Capability to Enable Great User Experience



Engineering Headcount Trend



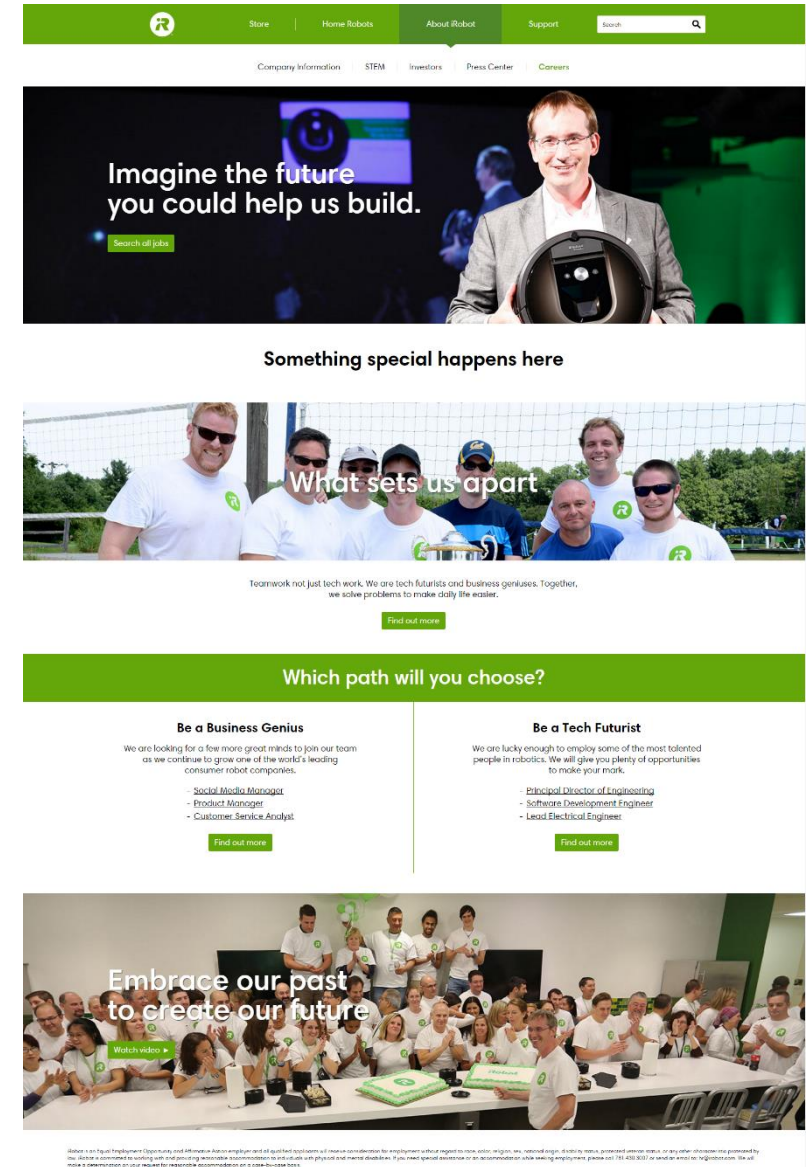
The home ecosystem is enabled by software

Note: Trend does NOT include Defense & Security BU Engineering (11) and Software (19) headcount divested
Interns and contractors not included

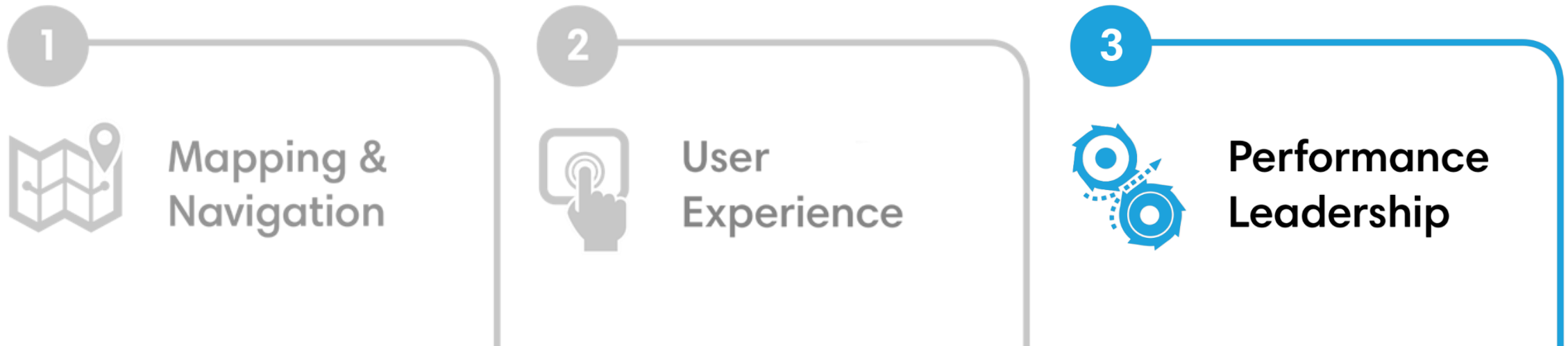


Creating Our Software Employment Brand

- In-house Recruiting Expertise
- Industry Events
- University Engagement
- Sourcing Partnerships



Extend Performance Leadership in Core Businesses



Focused on Performance Leadership



iRobot Roomba 980 Robotic Vacuum Cleaner
★★★★★ (583)
\$899.99 Prime



iRobot Roomba 960 Robotic Vacuum...
★★★★★ (38)
\$699.99 Prime



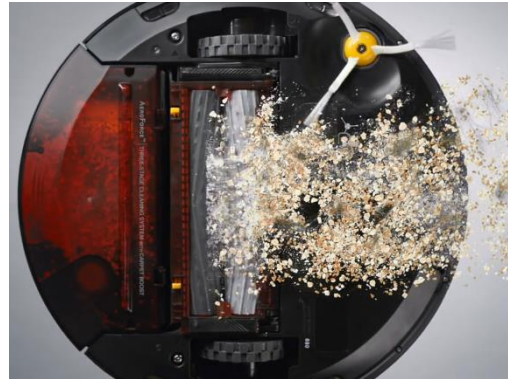
iRobot Roomba 880 Robotic Vacuum...
★★★★★ (1,599)
\$524.99 Prime



iRobot Roomba 860 Robotic Vacuum Cleaner
★★★★★ (186)
\$499.00 Prime



iRobot Roomba 650 Robotic Vacuum Cleaner
★★★★★ (3,024)
\$322.88 Prime



Cleaning



Coverage



Mission Completion

Developing products that drive real value



iRobot®

Alison Dean

CFO



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 – 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

Scale

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

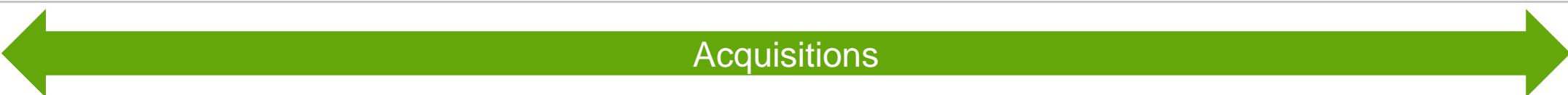

Efficiency

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%
			
Inorganic			

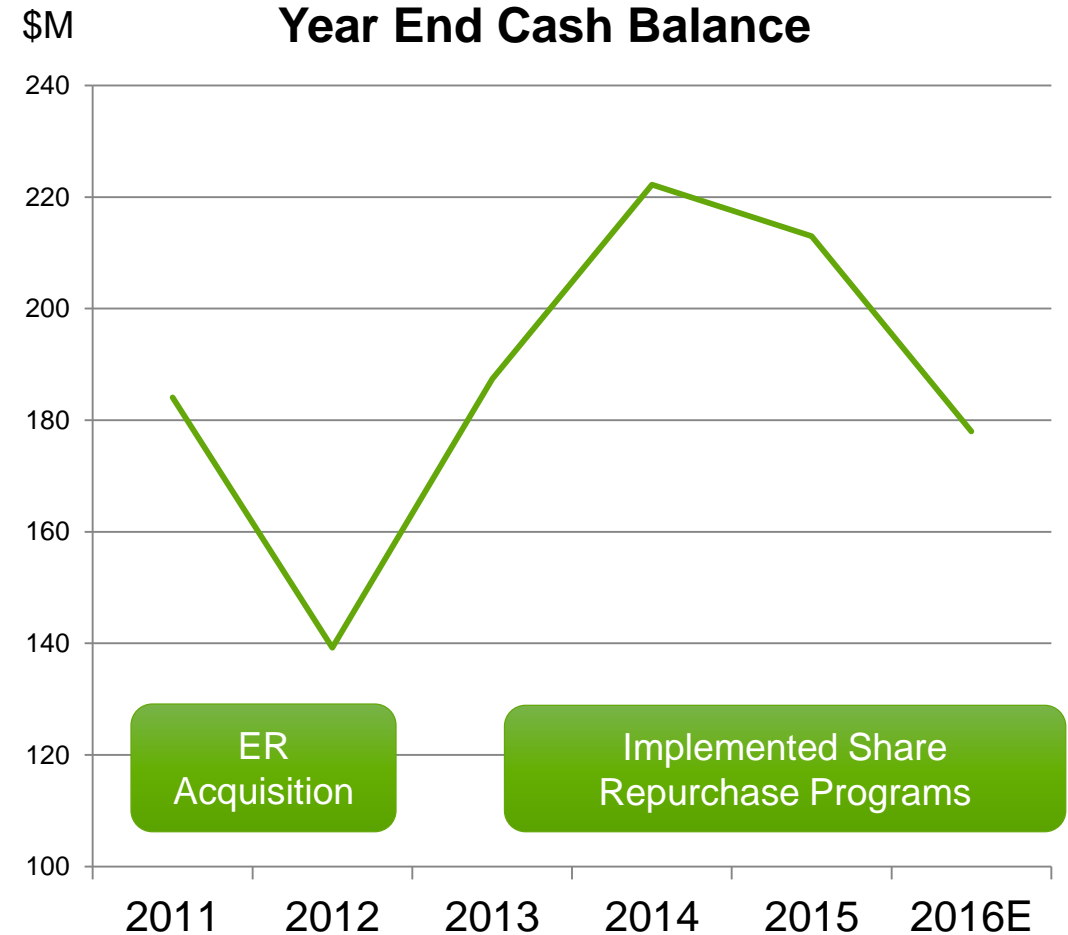
Ongoing review to address company's changing needs



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**



2017: Evolving Financial Expectation Metrics

2016

Temporal Expectations provided:

- Subsequent quarter
- Full year

Financial metrics for guidance:

- Revenue
- EPS
- Adjusted EBITDA

-
- Added Net Income – due to SEC reconciliation requirement

2017

Temporal Expectations provided:

- Full year plus quarterly color

Financial metrics for guidance:

- Revenue
- EPS
- Operating income

-
- Report Adjusted EBITDA actuals for historical comparative purposes

Metrics evolving with business maturity



Summary

- Off to a great start on our consumer-focused strategy
- Capital allocation decisions fueling business momentum and creating shareholder value



Thank You

Robot[®]