



# Sidoti Emerging Growth Investor Forum

## March 18, 2014

**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 – The Robot Company

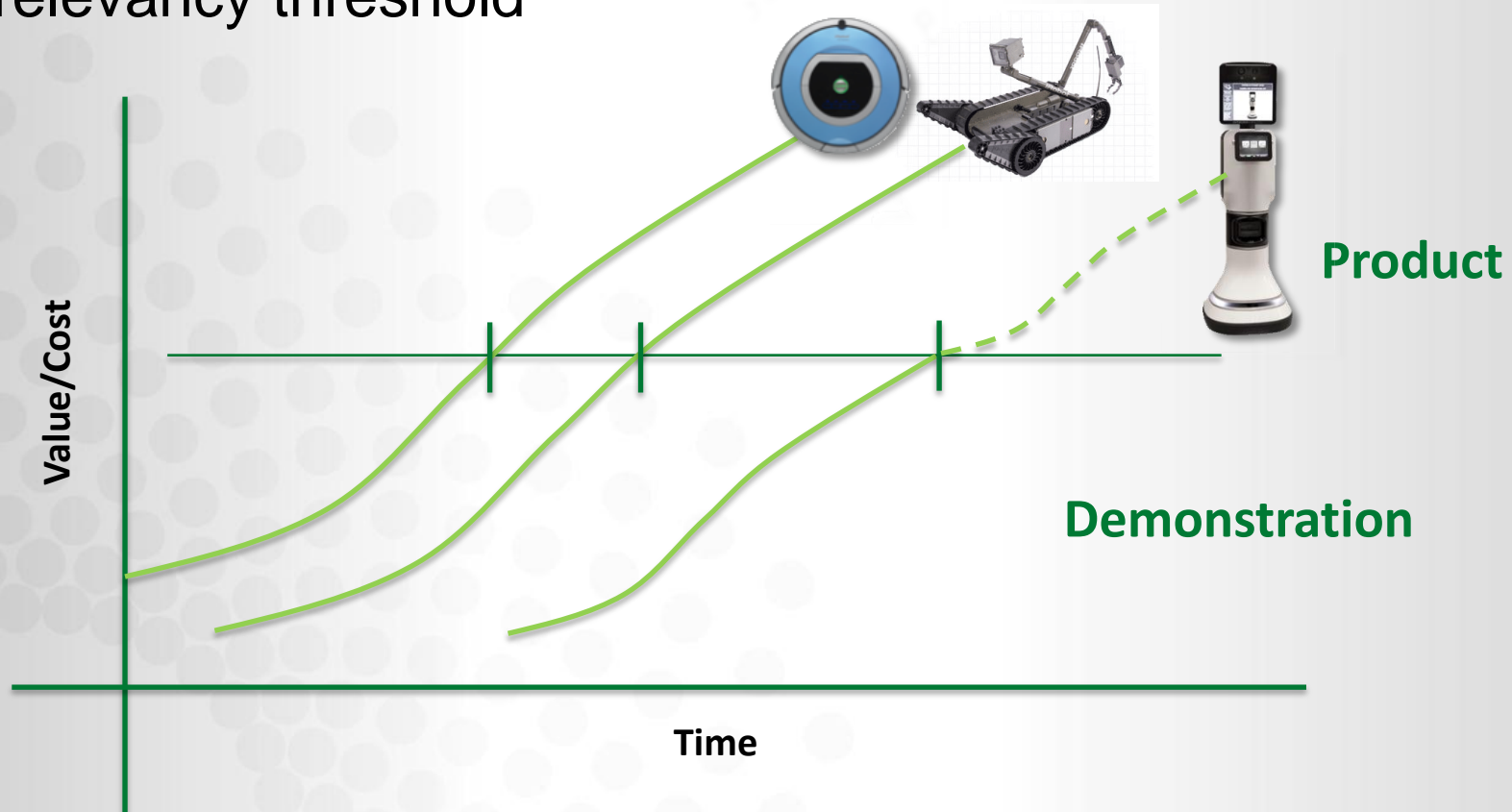
- Empowering people to accomplish more through practical robots
- Portfolio of robotic technology solutions currently serving 3 market verticals:
  - Home maintenance market – Roomba, Scooba, Braava, Mirra
  - Defense & Security – SUGV, FirstLook, PackBot
  - Emerging video collaboration markets – Ava 500, RP-VITA
- Huge addressable markets
  - Formidable IP portfolio
  - Market-leading brand recognition
  - First mover advantage
  - Limited competition

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

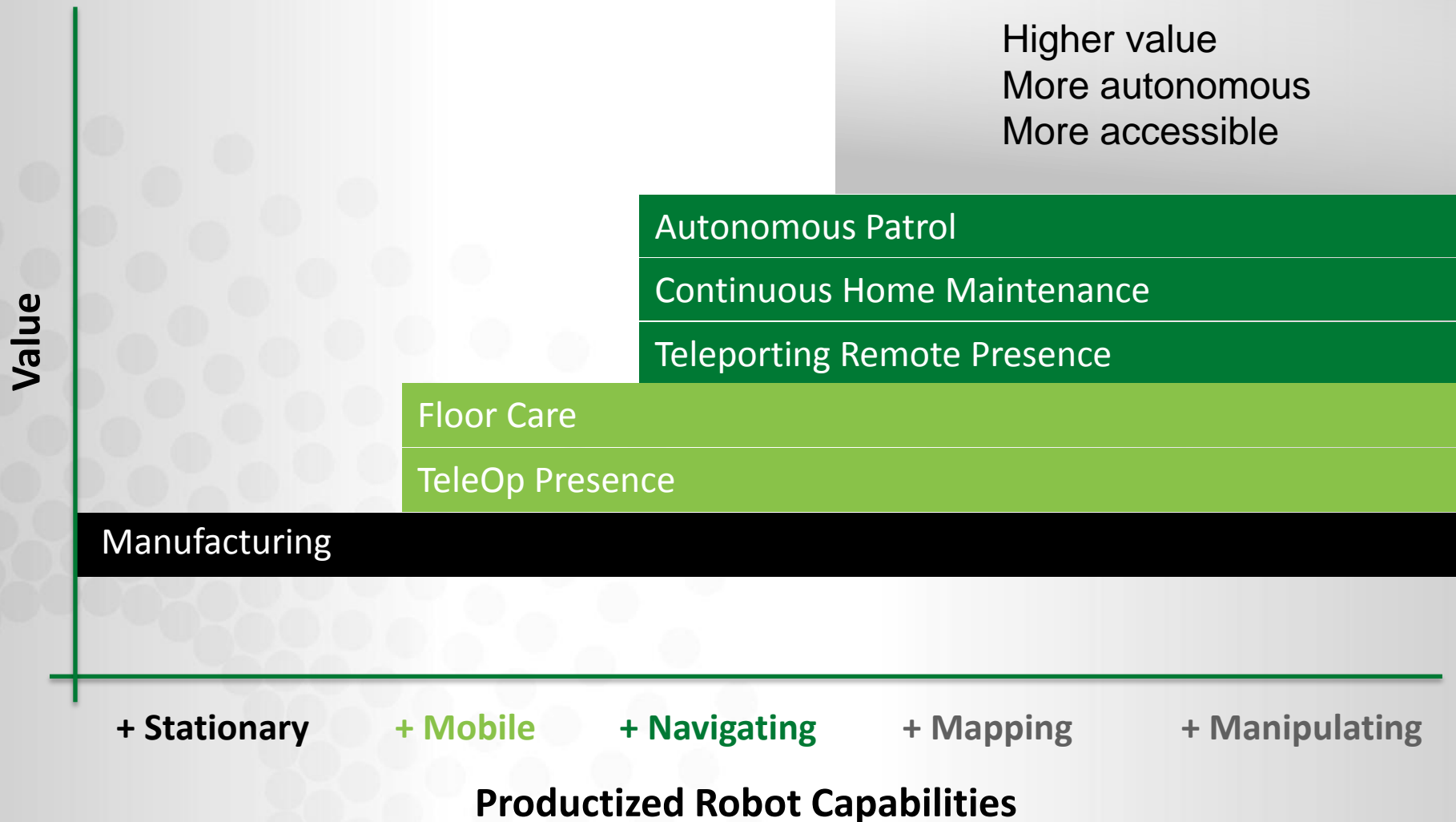


# The Emerging Robot Industry

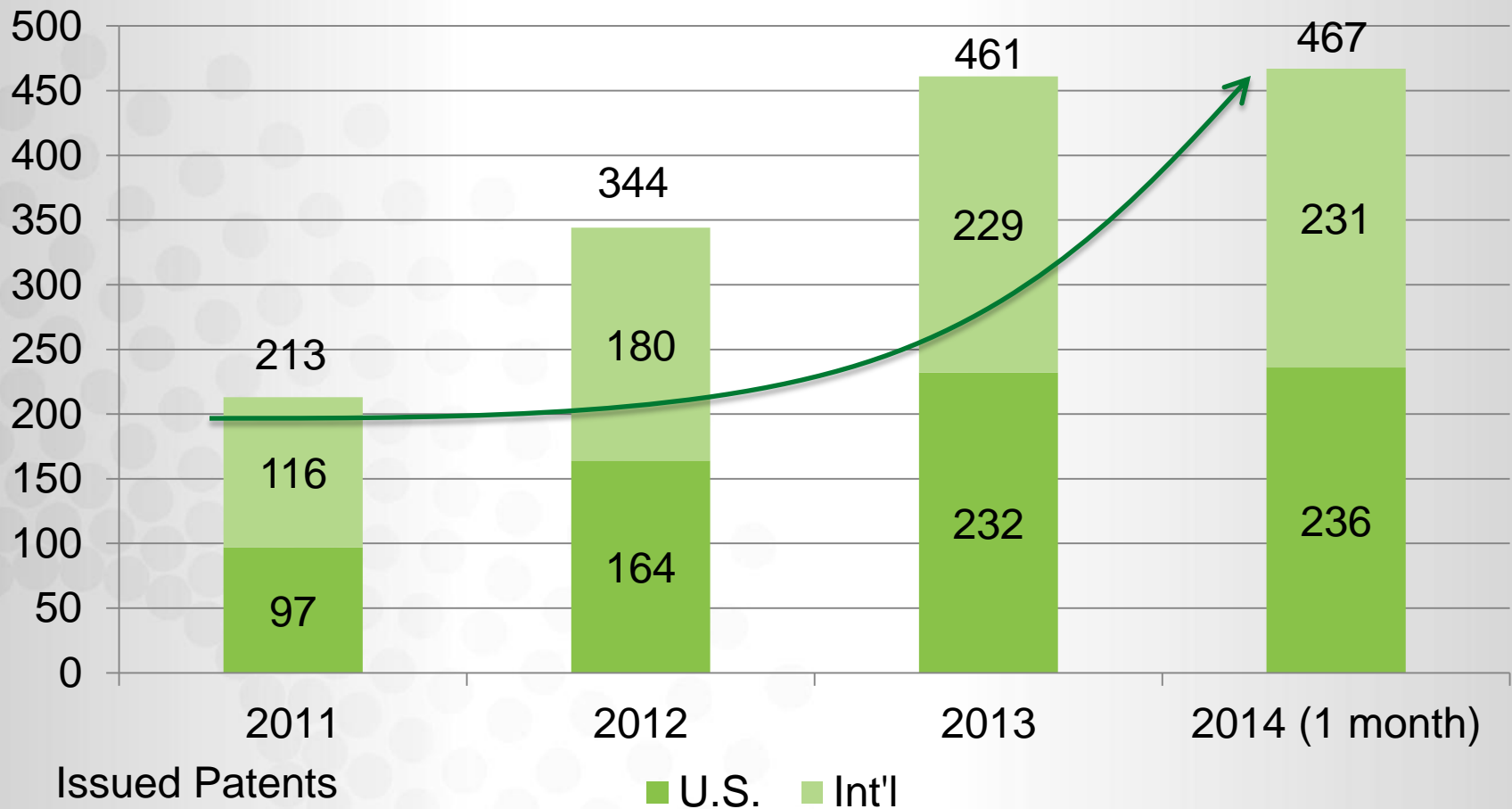
New capabilities unlock new opportunities to cross the relevancy threshold



# Unlocking the Potential



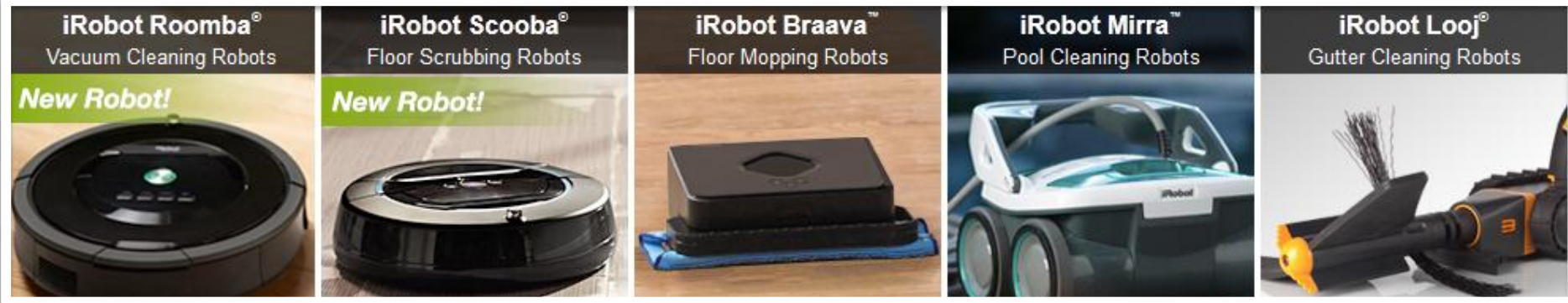
# Formidable Patent Portfolio



iRobot ranked #5 by the Patent Board™ for having one of the top patent portfolios within the electronics and instruments industry

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# Home Robot Products



Flagship product  
Driving iRobot revenue growth  
**New iRobot Roomba® 880 Vacuum  
Cleaning Robot**

**More Than 10 Million Home Robots Sold Since 2002  
Currently Sold in More Than 50 Countries**

**iRobot®**

# New iRobot Roomba 880

## Revolutionary AeroForce™ Extractors



### New Features:

- **Removes up to 50 percent more** dirt, dust, hair and debris.
- **Virtually maintenance free** – AeroForce Extractors eliminate tangled hair.
- **5x more powerful vacuum** than previous Roomba models.
- **Holds 60 percent more dirt** in the high capacity bin.
- **Delivers double the cleaning cycles** over the life of the robot, with the new XLife battery.

# New iRobot Scooba 450

## Wet Floor Scrubbing System

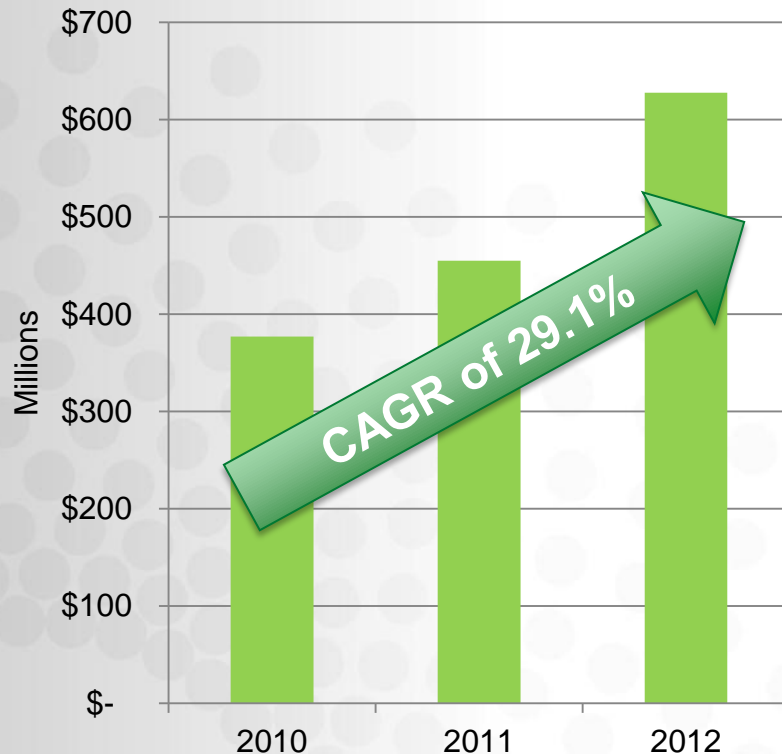


### New Features:

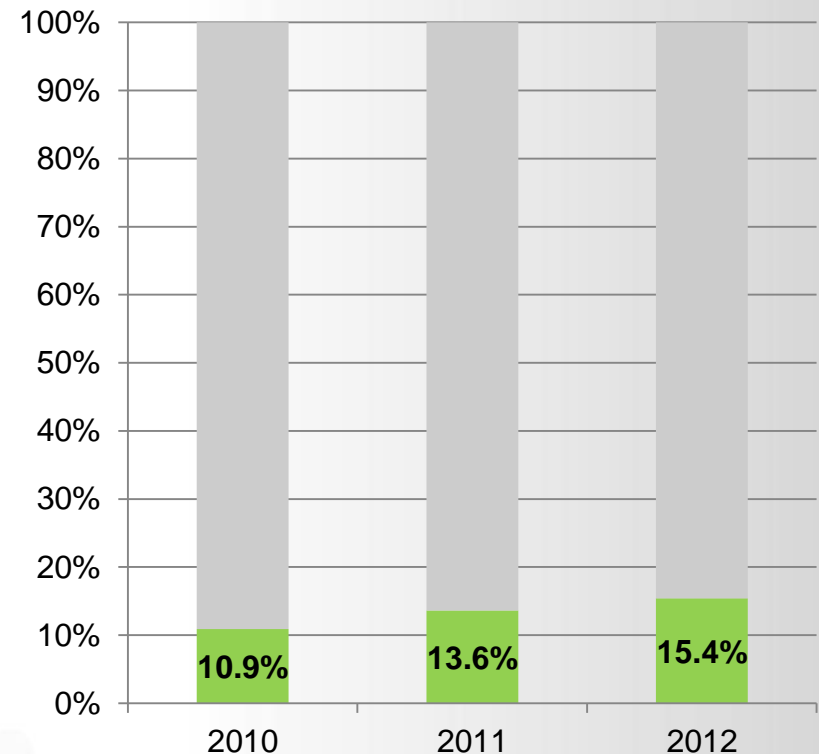
- **Three-Cycle Cleaning Process** – sweeps and pre-soaks, scrubs, finishes with squeegee; 3x more effective than previous models
- **iAdapt® Responsive Navigation** – optimized for wet floor care
- **Two cleaning options** – 40-minute cycle or 20-minute cycle for smaller spaces
- **Uses same accessories as Roomba** - Virtual Wall® Barriers, wall chargers and batteriers
- **Significantly improved user interface** – easier to use and clean

# Robotic Vacuum Market

## Robotic Vacuum Revenues\*



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



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

Source: \*GfK – April 2013

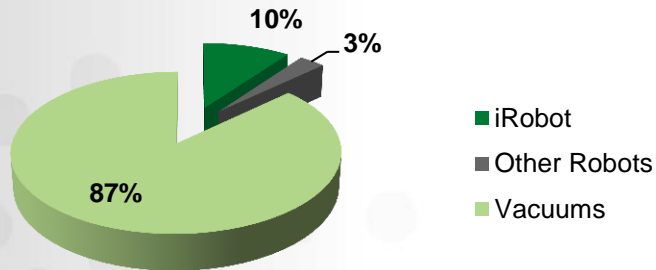
\*\*Vacuum cleaners >\$200/robotic vacuum revenues

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

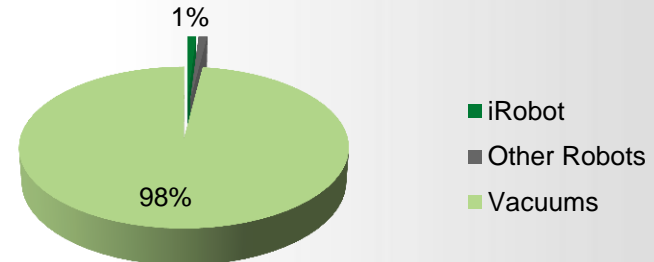
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# Huge Addressable Markets\*

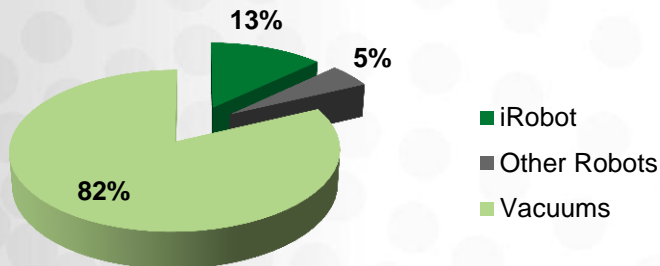
North America - \$2.1 billion



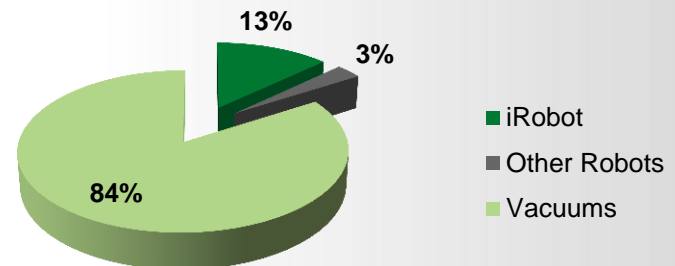
Latin America - \$200 million



EMEA - \$2.4 billion



APAC - \$2.3 billion



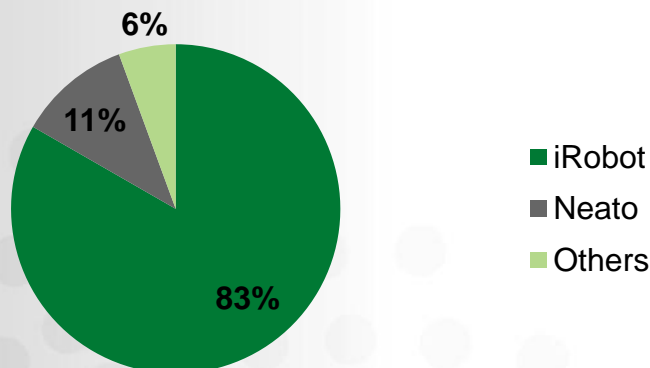
**\$7 billion annual market opportunity**

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

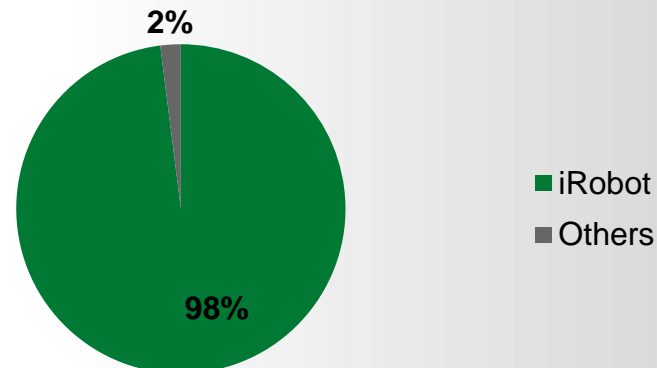
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# Robotic Floor Care Global Market Share

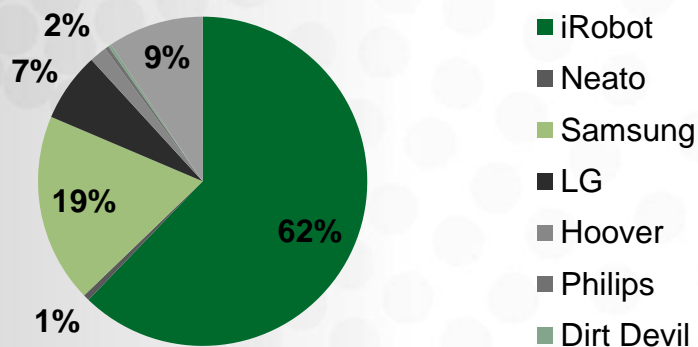
## North America



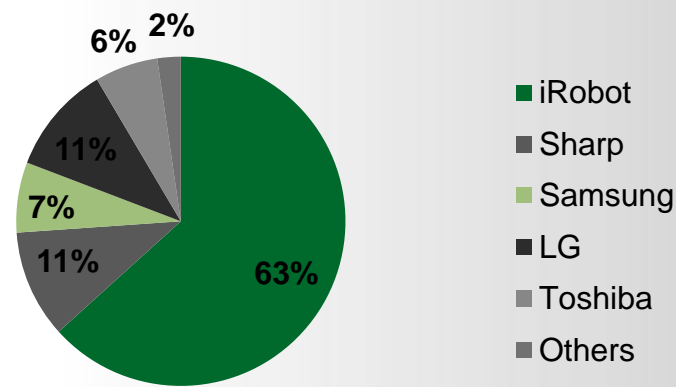
## Latin America



## Europe



## Asia

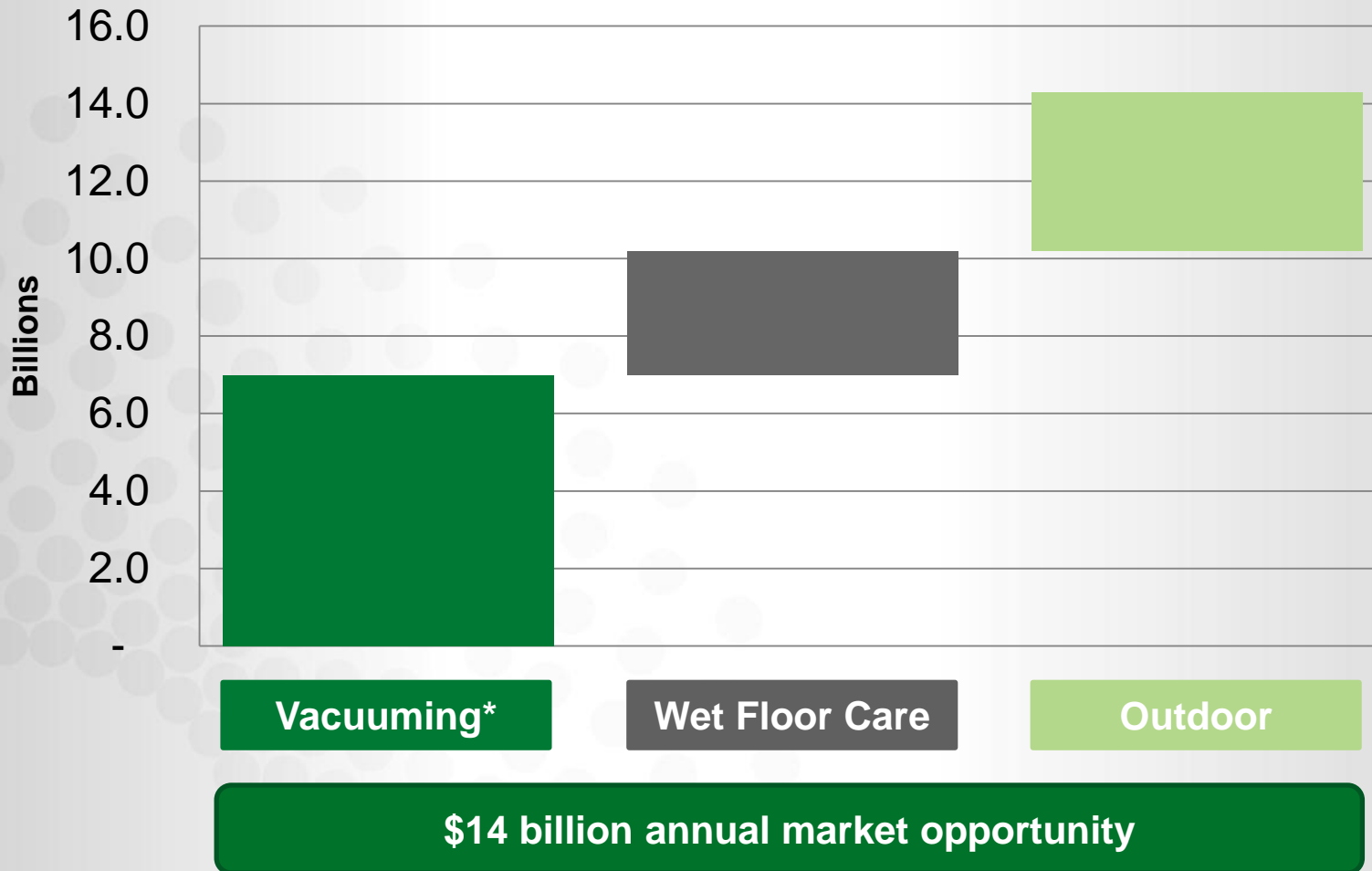


\*Sources Gfk & NPD

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# Global Home Maintenance Market Opportunity

## Total Available Market



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

# 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

# Immediate Market Focus

RP- VITA  
Health Care Telepresence  
InTouch Health



Annual video telemedicine market is expected to grow to \$1B by 2016\*. iRobot estimates that 10% will be robotic telemedicine.

\* 2011 report from InMedica – unit of IMS Research

Ava 500  
Video Collaboration  
Cisco



Annual Personal Video market is expected to reach \$1.1B by 2017\*\*. iRobot estimates that Video Collaboration market will be 10%.

\*\* IDC

**Partnering to address broad market opportunity**

**iRobot®**

# 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

# Capital Allocation Strategy – Cash Priorities

- Rebuild cash position post acquisition of ER
  - 12/31/13 = \$187M; 9/30/12 = \$190M
- Investment/acquisition opportunities
- Purchase of stock under \$25M buy back plan

**Cash generation to leverage Robot industry investment options**

# Full-year expectations

	<u>FY 2013</u>	<u>FY 2014**</u>	<u>B/(W)</u>
Revenue (\$M)	487	560 – 570	15 - 17%
EPS (\$)	0.94*	1.00 – 1.15	6 – 17%
Adjusted EBITDA (\$M)	62	74 - 78	19 – 26%

**Home Robot driving growth**

\* Favorably impacted by \$0.18

\*\* Guidance provided February 5, 2014

# Investment Thesis

- 2014 revenue growth of 15 – 17%
- 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
- Commitment to generating profitable growth