

**iRobot®**



## Canaccord Genuity Growth Conference 2018

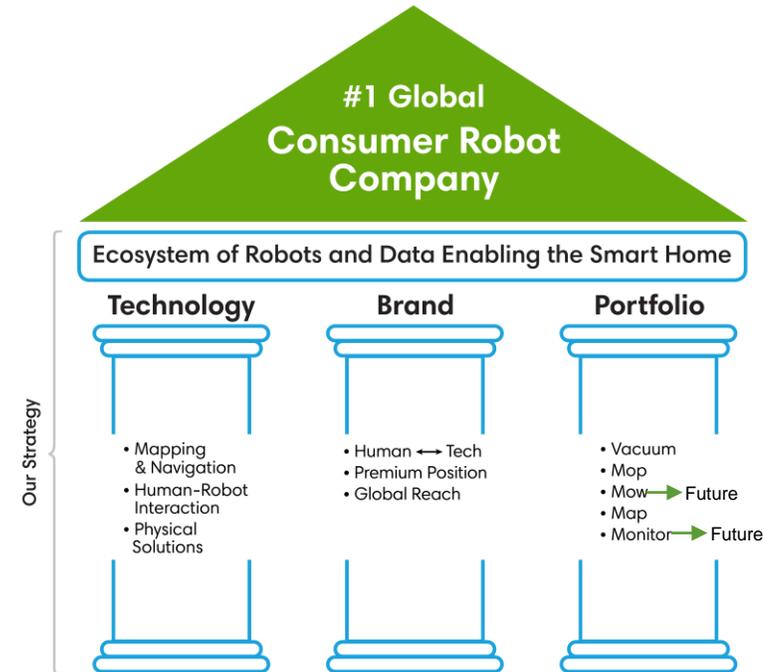
# Forward Looking Statements

- 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

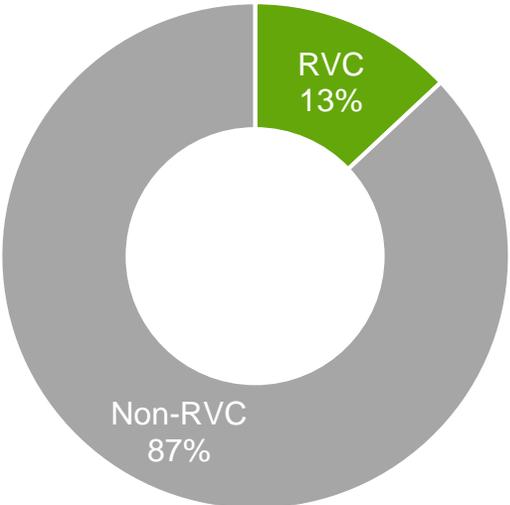


**More than 25 years of global robotic-technology market leadership**

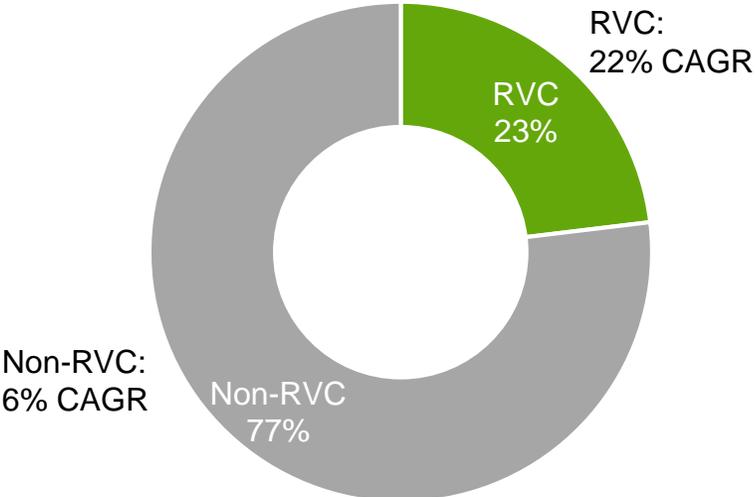
# RVC Segment Continues to Grow: Now 23% of Total Vacuums

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

2012: ~\$5B Market



2017: \$7.5B Market  
8.6% CAGR



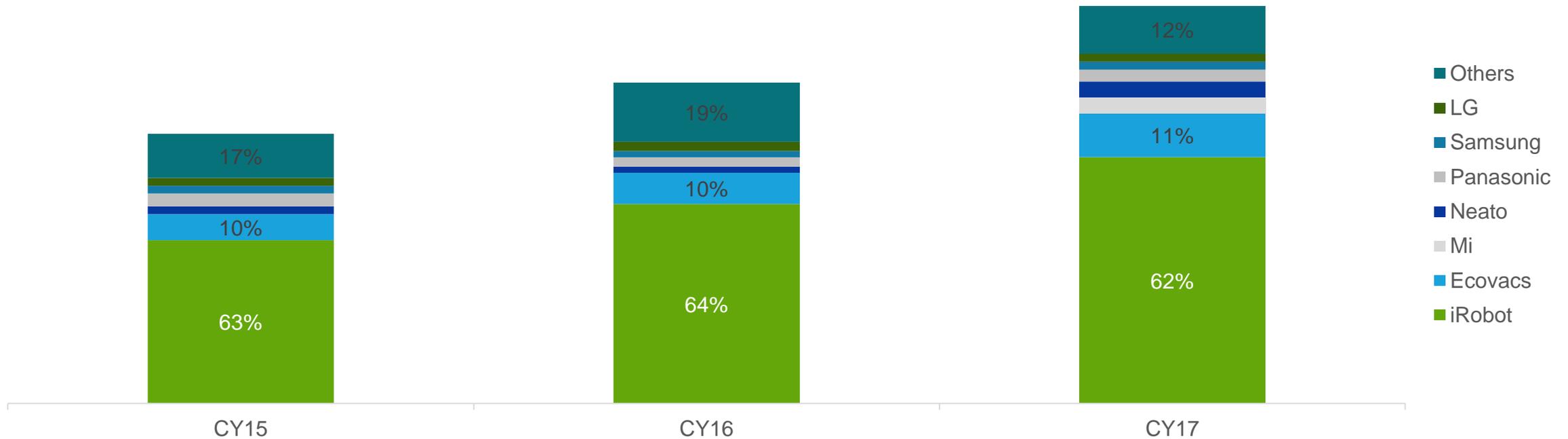
**RVC segment (>\$200) share growth expected to significantly outpace overall vacuum cleaner segment growth (>\$200)**

\*Source: 2017 Global market size for Vacuum Cleaners >\$200 (NPD, GfK, and iRobot internal estimates).



# iRobot Roomba Share in the RVC Segment

## Global \$ Segment Share

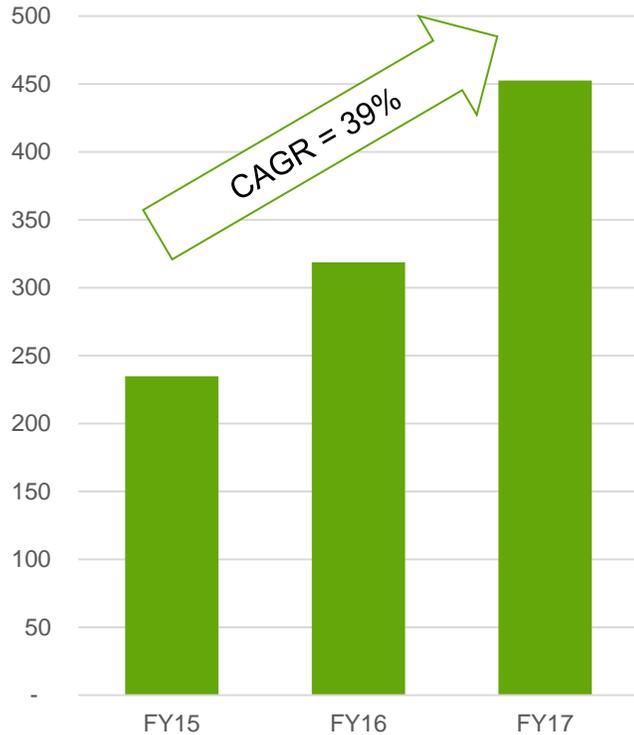


iRobot continues to hold 60+% share despite new competition

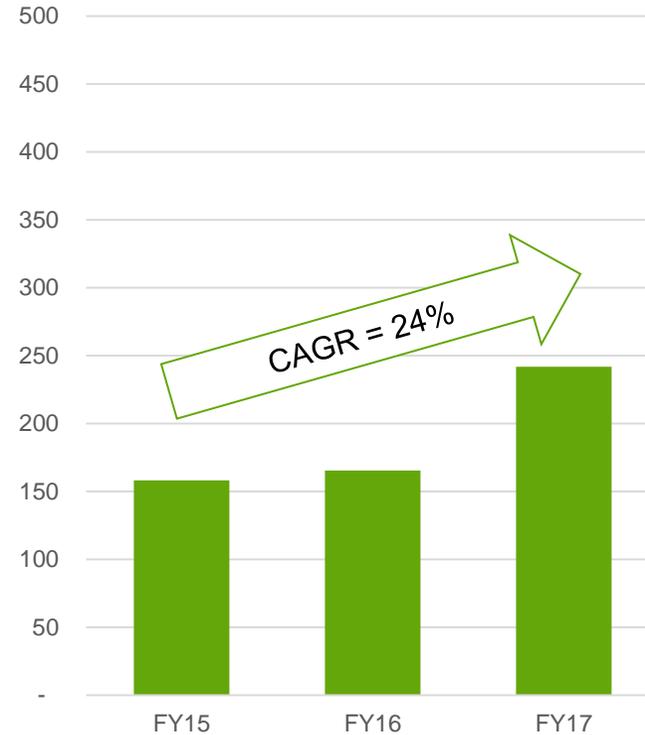


# Global Growth

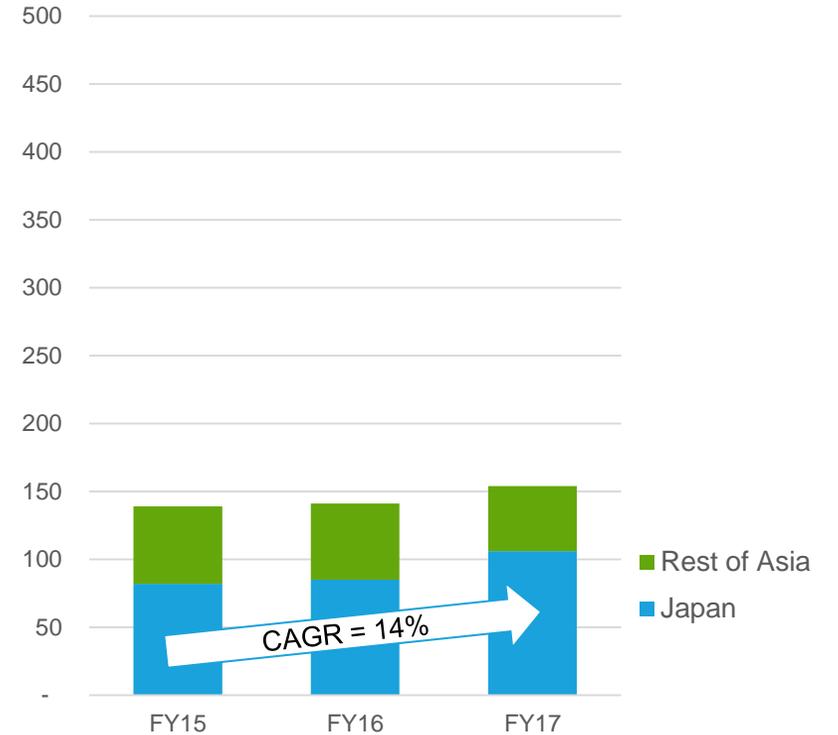
## U.S. Revenue



## EMEA Revenue



## APAC Revenue

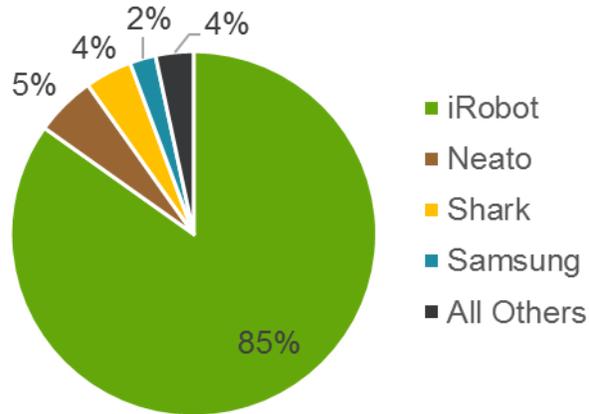


Sales and Marketing investment in U.S. | Apply proven model globally

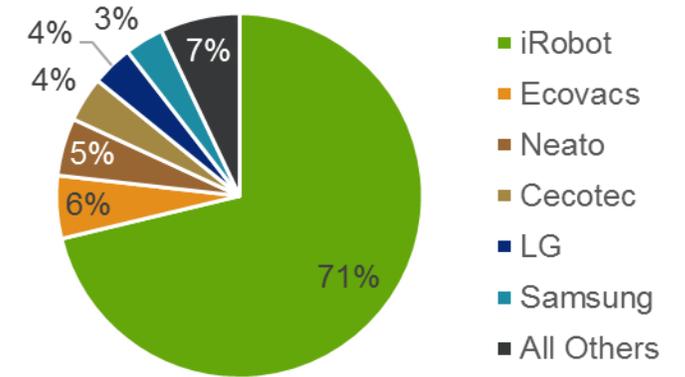


# 2017 Robotic Vacuum Segment: Global Retail \$ Share

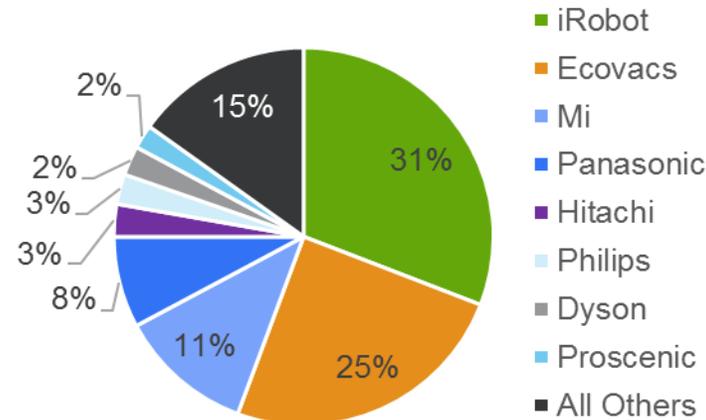
**North America - \$629M**



**EMEA - \$507M**



**APAC - \$642M**

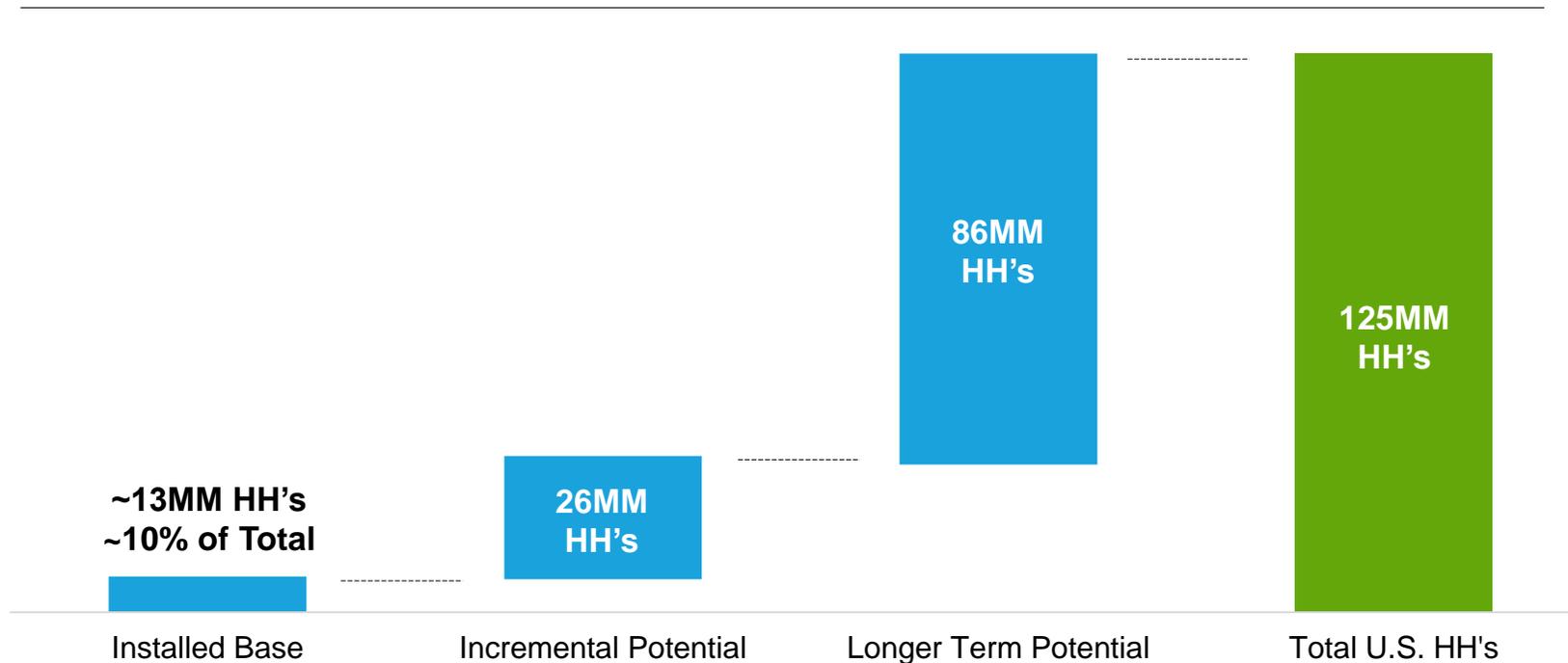


iRobot continues to be the largest player in each market



# Opportunity: Low Household Penetration

Immediate addressable market ~2X current installed base



Significant Opportunity for Expanded Robot Vacuum Adoption in U.S.



# Roomba Leading Through Continuous Innovation...

Future  
Roomba  
Models

Advanced Mapping



Advanced Cleaning  
Performance



Ecosystem of Robots



R980  
\$899



R960  
\$699

iAdapt® 2.0 Navigation



Intelligent Cleaning  
Carpet Boost



Cloud Connectivity



R890  
\$499

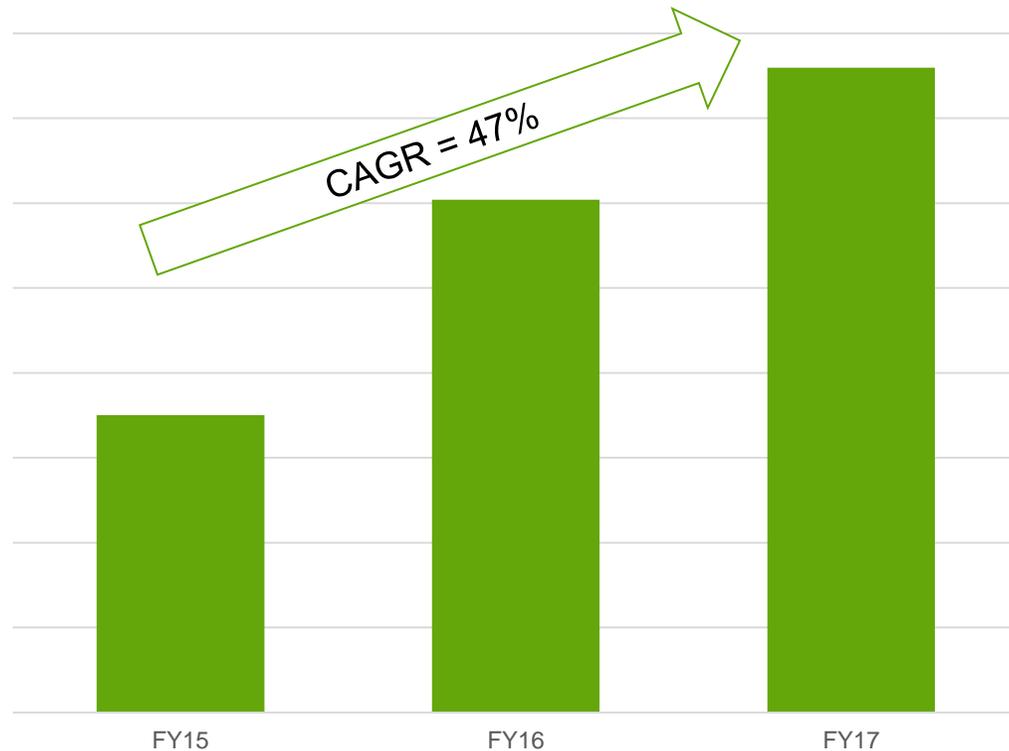
AeroForce® Cleaning System  
Virtually no Maintenance



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

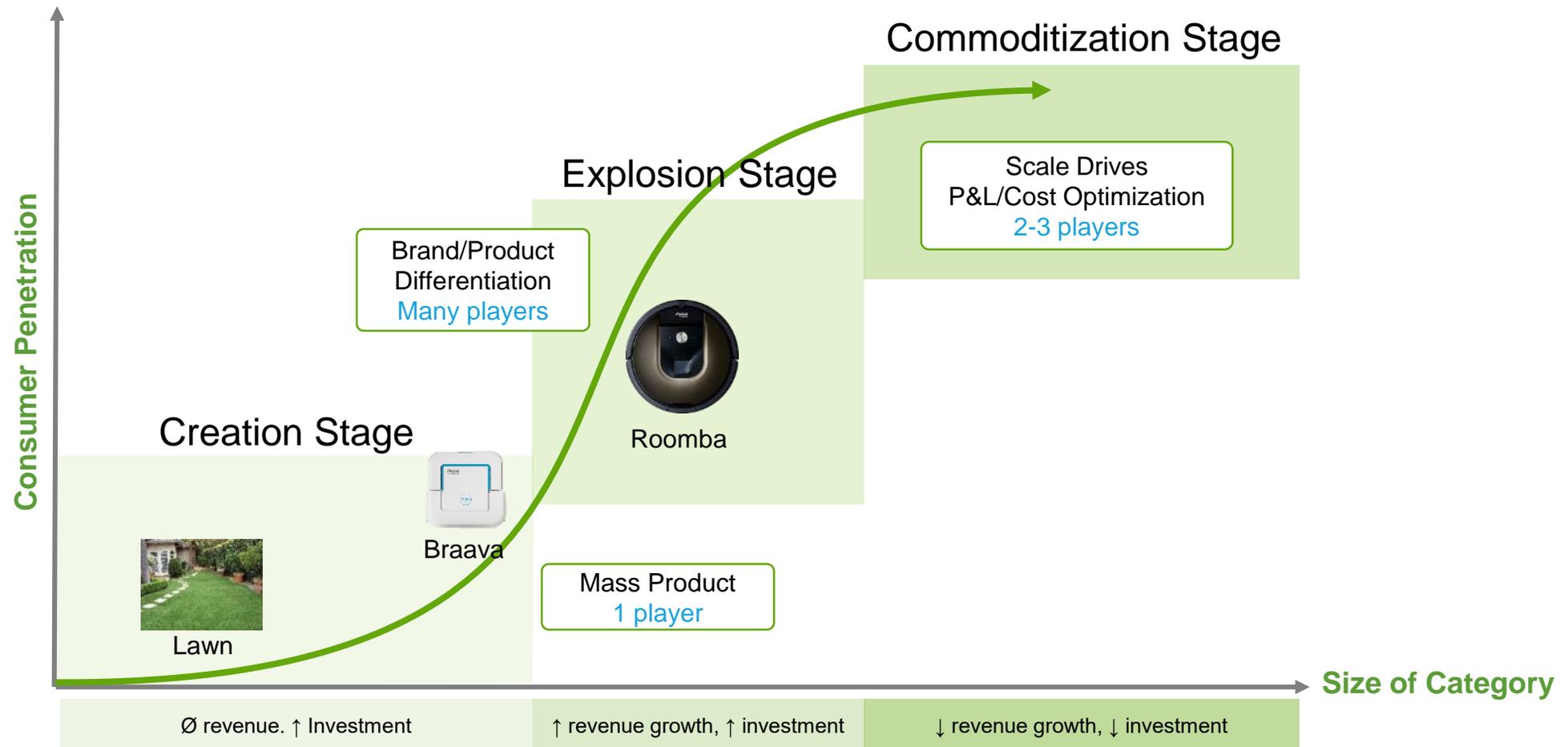
# Braava Family - Developing a Second Revenue Stream

## Global Braava Family Revenue Growth



Additional advertising investment in 2018 to create awareness and articulate value proposition will drive global category growth

# Explosion Stage



RVC market is in the “explosion stage” of the s-curve; other categories are maturing

# Connected Products – Digital Strategy

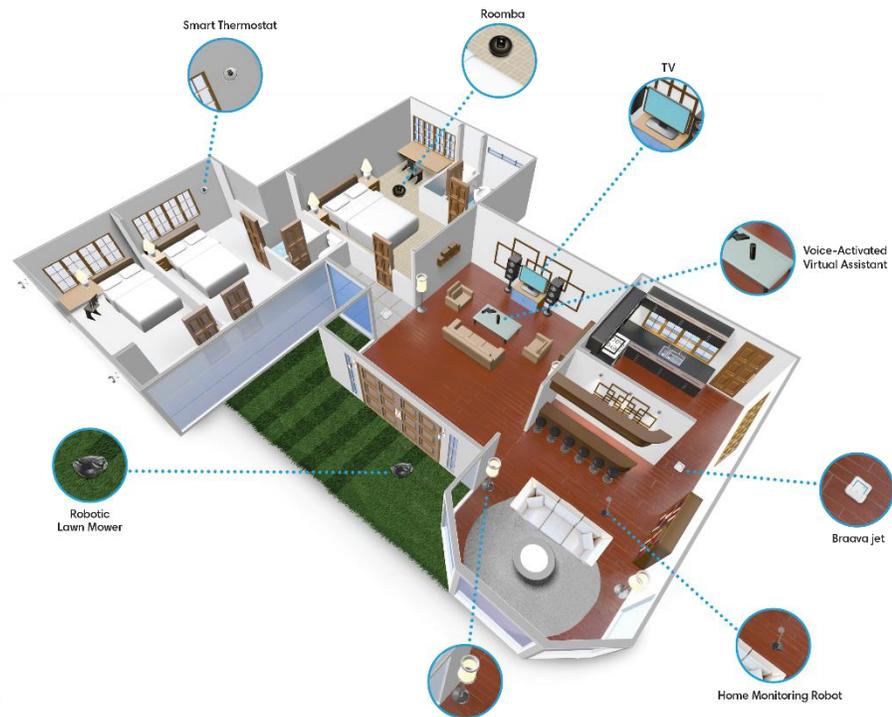
“Roomba then Braava”



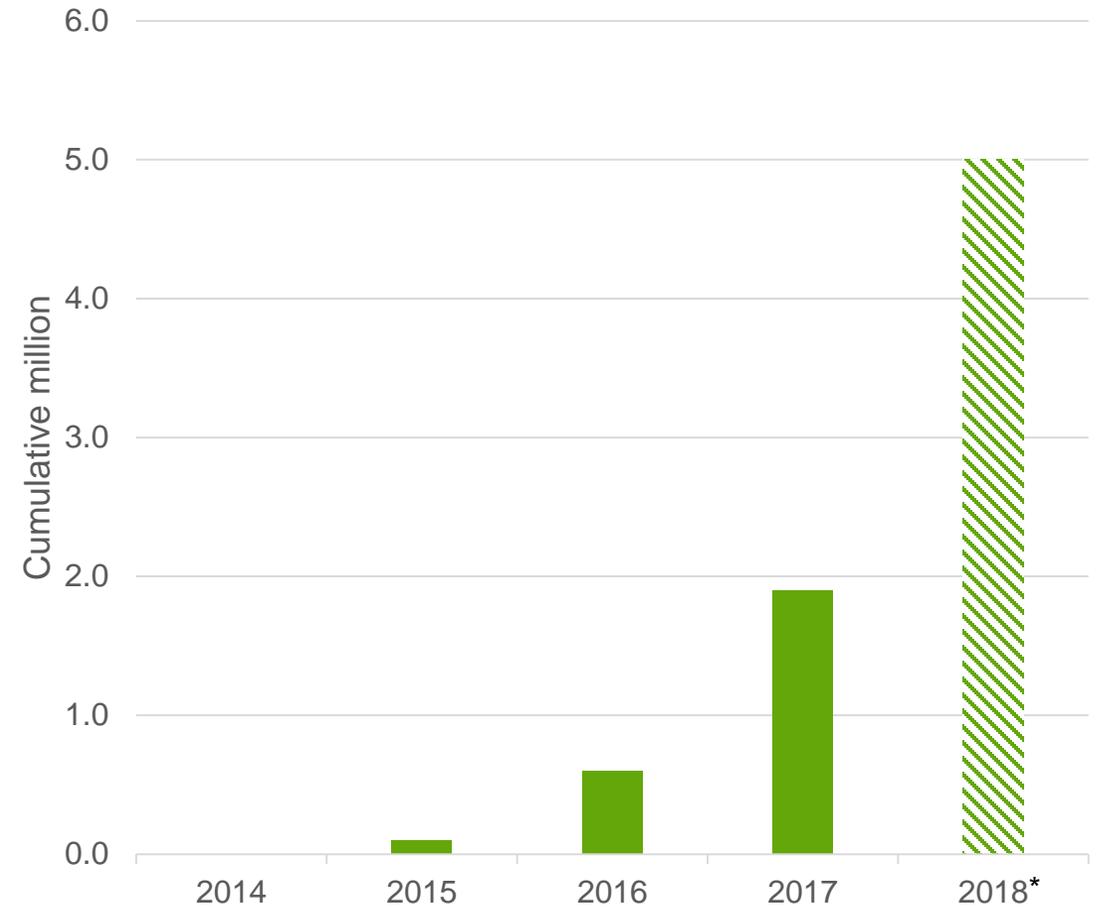
**Robots working together deliver unique benefits**

# Smart Home

iRobot is an Emerging Player in IoT/Smart Home Market



## Sales of iRobot Connected Robots



\*iRobot Internal Forecast

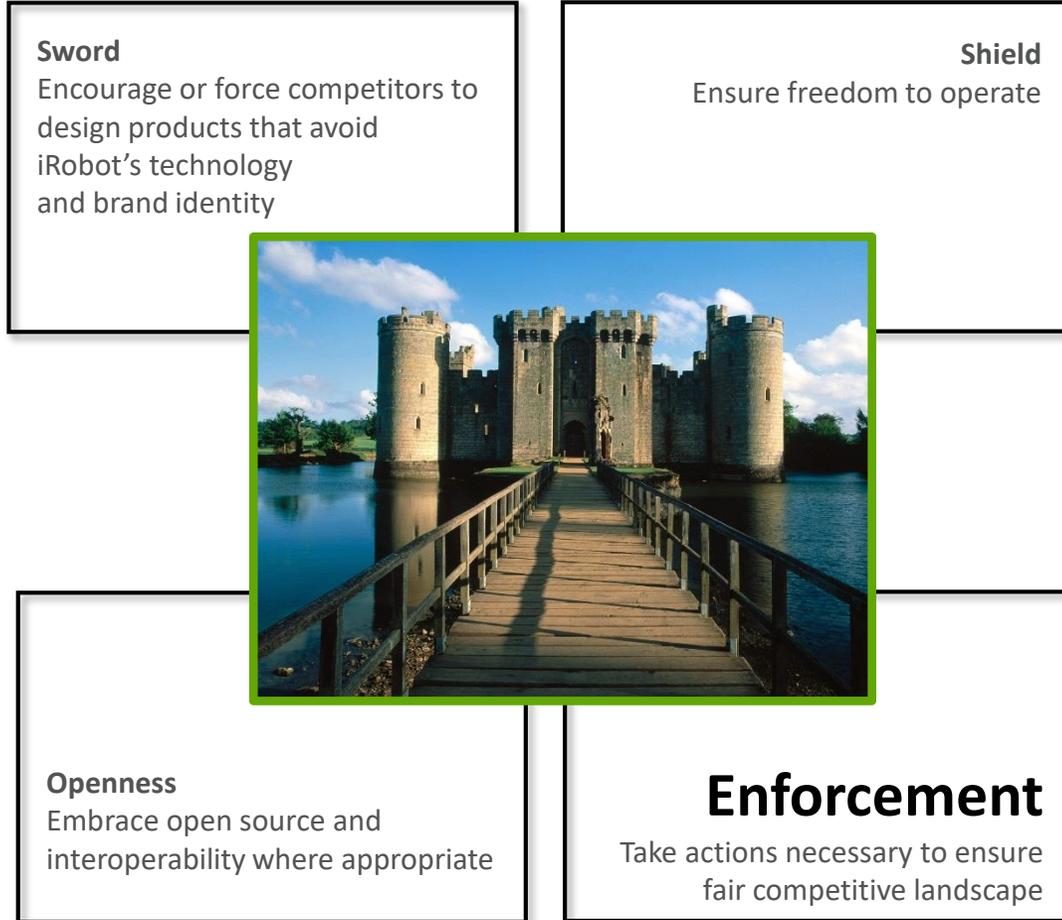
**Spatial information enables the Smart Home**

**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.



# Continue to Widen the Competitive Moat

## IEEE Top 20 Patent Powerhouses Electronics - 2017



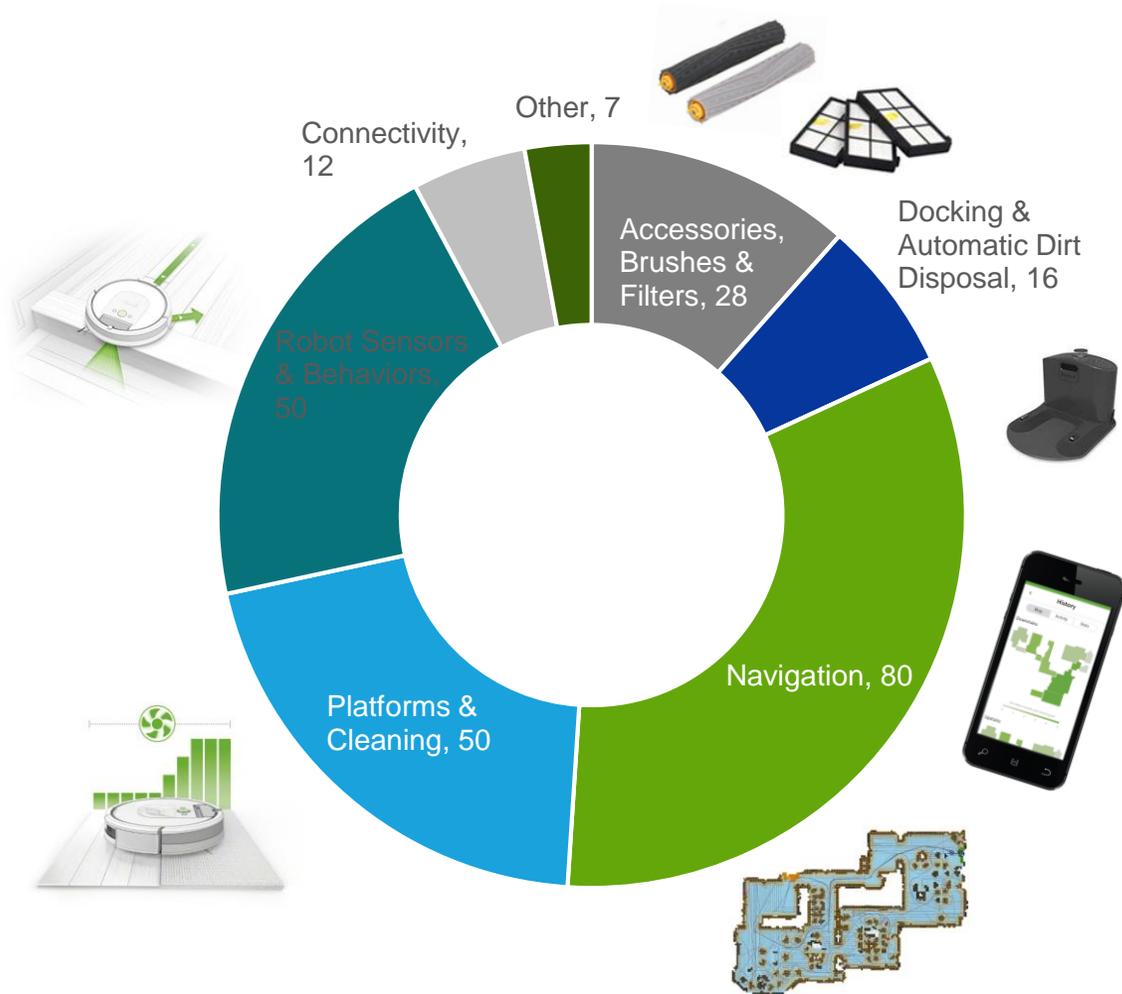
Rank	Company	Headquarters
1	Apple Inc.	US
2	Sonos Inc.	US
3	LG Electronics Inc.	South Korea
4	GoPro Inc.	US
<b>5</b>	<b>iRobot Corp.</b>	<b>US</b>
6	Dolby Laboratories Inc.	US
7	Sony Corp.	Japan
8	Canon	Japan
9	Koninklijke Philips NV	Netherlands
10	Hand Held Products Inc. (Honeywell Int'l.)	US
11	Goertek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

**Favorable initial determination from ITC on iRobot U.S. infringement claim  
We will vigorously defend our IP**



# Roomba Portfolio

## 243 U.S. Patents



## 436 International Patents

Tier 1	 	123
Tier 2	   	125
Tier 3	        	117
Tier 4	   	71



# Capital Allocation Strategy

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

Regular review to address industry and market evolution and company requirements



# 2018 Expectations: Key Messages

\$M	FY17 Actual	FY18 Expectations *
Revenue	884	1,060 - 1,080
YoY Growth	34%	20% - 22%
Gross Margin	49%	50% - 51%
R&D	13%	13%
S&M	18%	19% - 20%
G&A	10%	9%
OI	8%	8% - 9%
EPS	\$1.77	\$2.30 – \$2.50

Increased expectations on July 24, 2018

Strong global growth continues

Gross Margin expansion from acquisitions delivered

Maintain investment in innovation and product development

1) Full year cost of acquired businesses; 2) Continued investment to create awareness & adoption of Roomba and Braava; 3) support new product launches

Leverage G&A globally

Plan assumes reinvesting incremental margin to drive critical 2018 launches and future growth initiatives

\* Increased expectations provided 7/24/18



# Financial Targets

\$M, excluding EPS	FY17 Actual	FY18 Expectations*	FY19 / FY20 LTFM Targets
Revenue	884	1,060 - 1,080	~ 20%
YoY Growth	34%	20% - 22%	
Gross Margin	49%	~51%	50%
Operating Margin	8%	8% - 9%	Growing to 10%
EPS	1.77	2.30 - 2.50	NA

Strong revenue growth expected through 2020 with increasing operating margins

\*Increased expectations provided 7/24/18



# Summary

- 2018 – Off to the strong start we expected; well on our way to meeting our increased full-year financial expectations
- Maintaining unambiguous global product and brand leadership in RVC category
- Forward integration is enabling more consistent global control of brand and execution of marketing programs – Amazon Prime Day
- Continuing investment in innovation to extend technology and product leadership
- Introducing several new products in third quarter of the year

