



iRobot Analyst Day May 9, 2013

iRobot®
Robots That Make A Difference

Agenda

- 9:30 – 10:00 Continental Breakfast
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- 10:00 – 10:05 Welcome
-

- 10:05 – 10:20 Colin Angle, Chairman & CEO – iRobot Strategic Initiatives
-

- 10:20 – 10:40 Paolo Pirjanian, CTO
-

- 10:40 – 10:55 Alison Dean, EVP & CFO- Financials
-

- 10:55 – 11:10 Q&A
-

- 11:10 – 11:20 Break
-

- 11:20 – 11:45 Jeff Beck, COO
-

- 11:45 – 12:00 Q&A – Christian Cerda, GM HR, Frank Wilson, GM D&S, Youssef Saleh, GM RP
-

- 12:00 – 12:15 RP-VITA Demonstration with ITH

- 12:15 – 2:00 Lunch/Other robot demos

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.

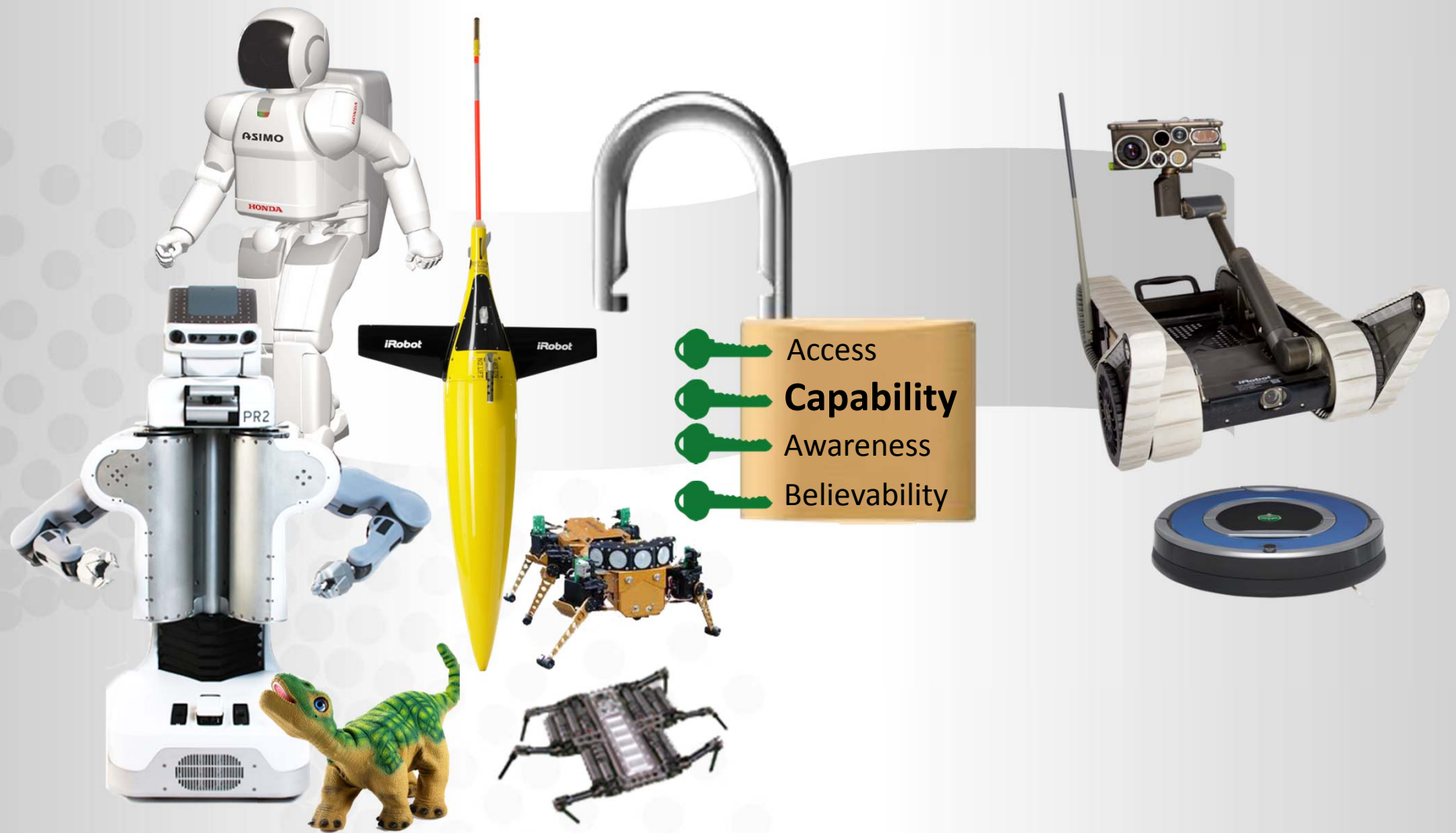


Strategic Initiatives

Colin Angle
Chairman & CEO

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Unlocking Robotics' Massive Economic Potential



May 9, 2013

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Harvesting Third Party Capabilities

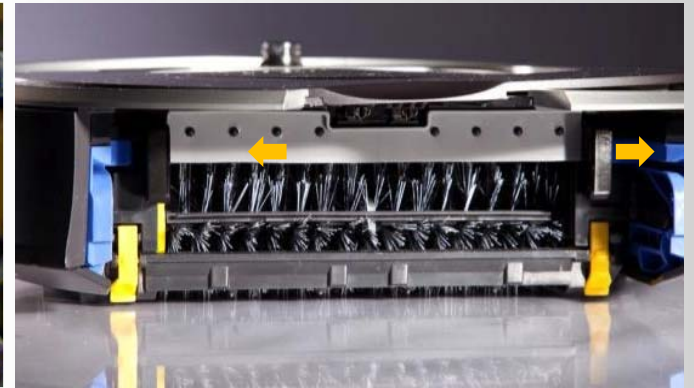
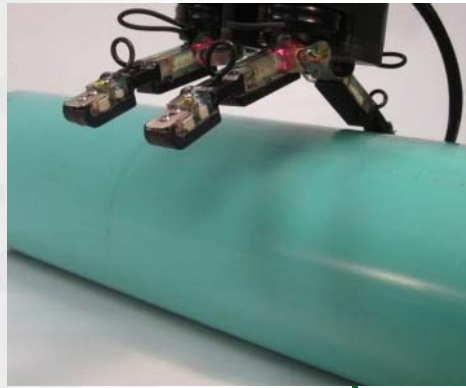


Robot Capability Frontiers

Navigation



Perception

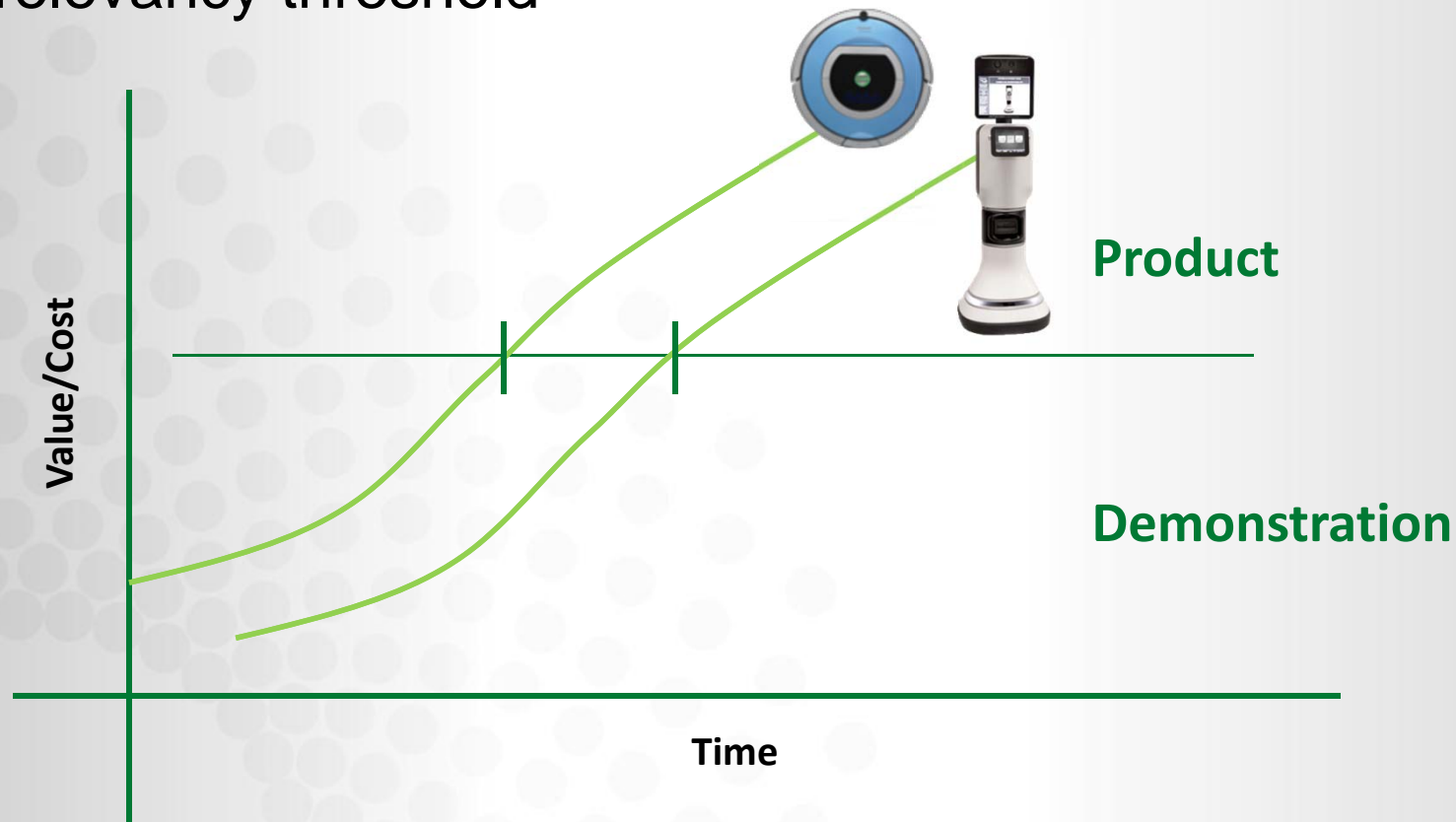


Manipulation

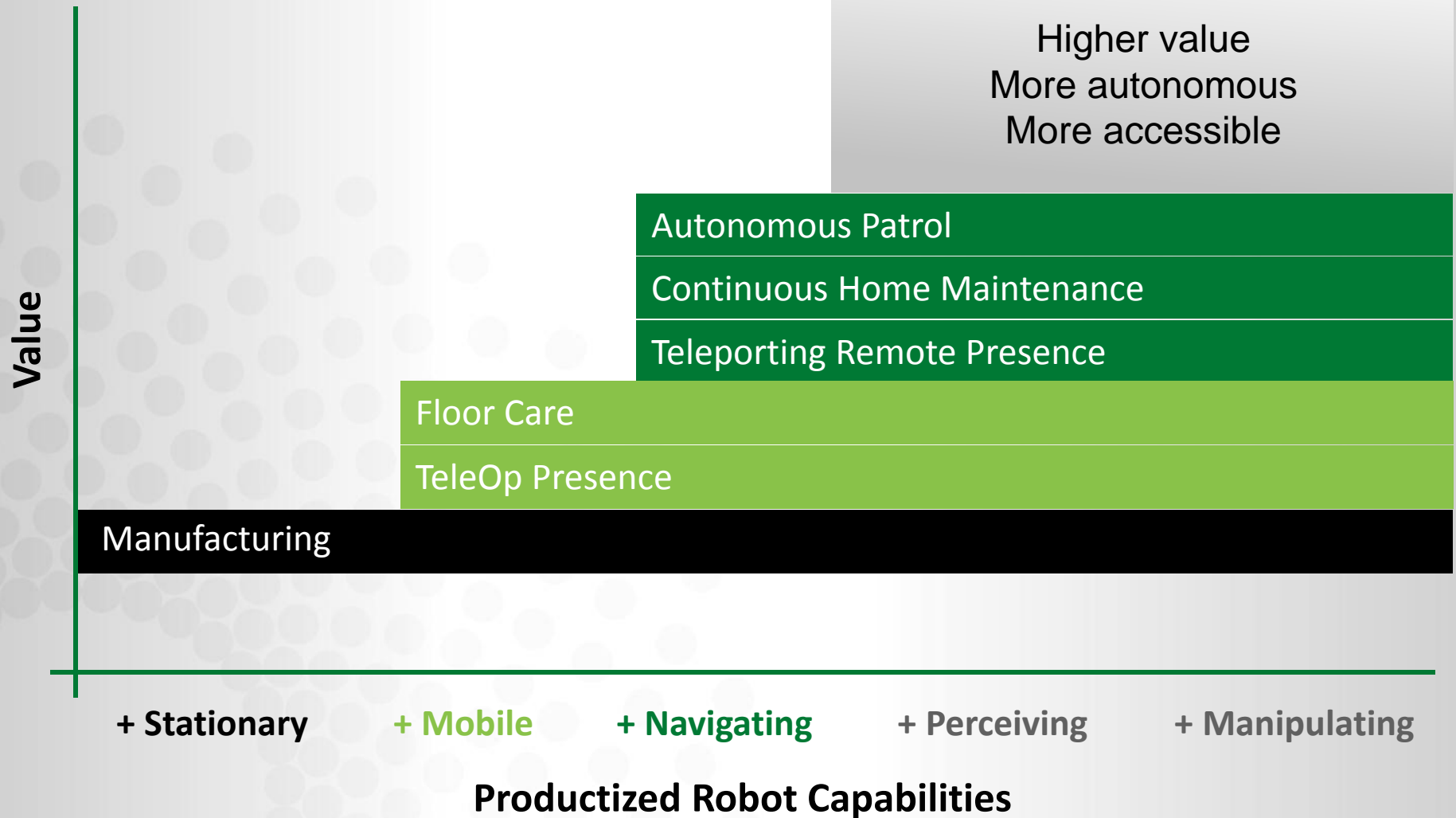
Cleaning

The Emerging Robot Industry

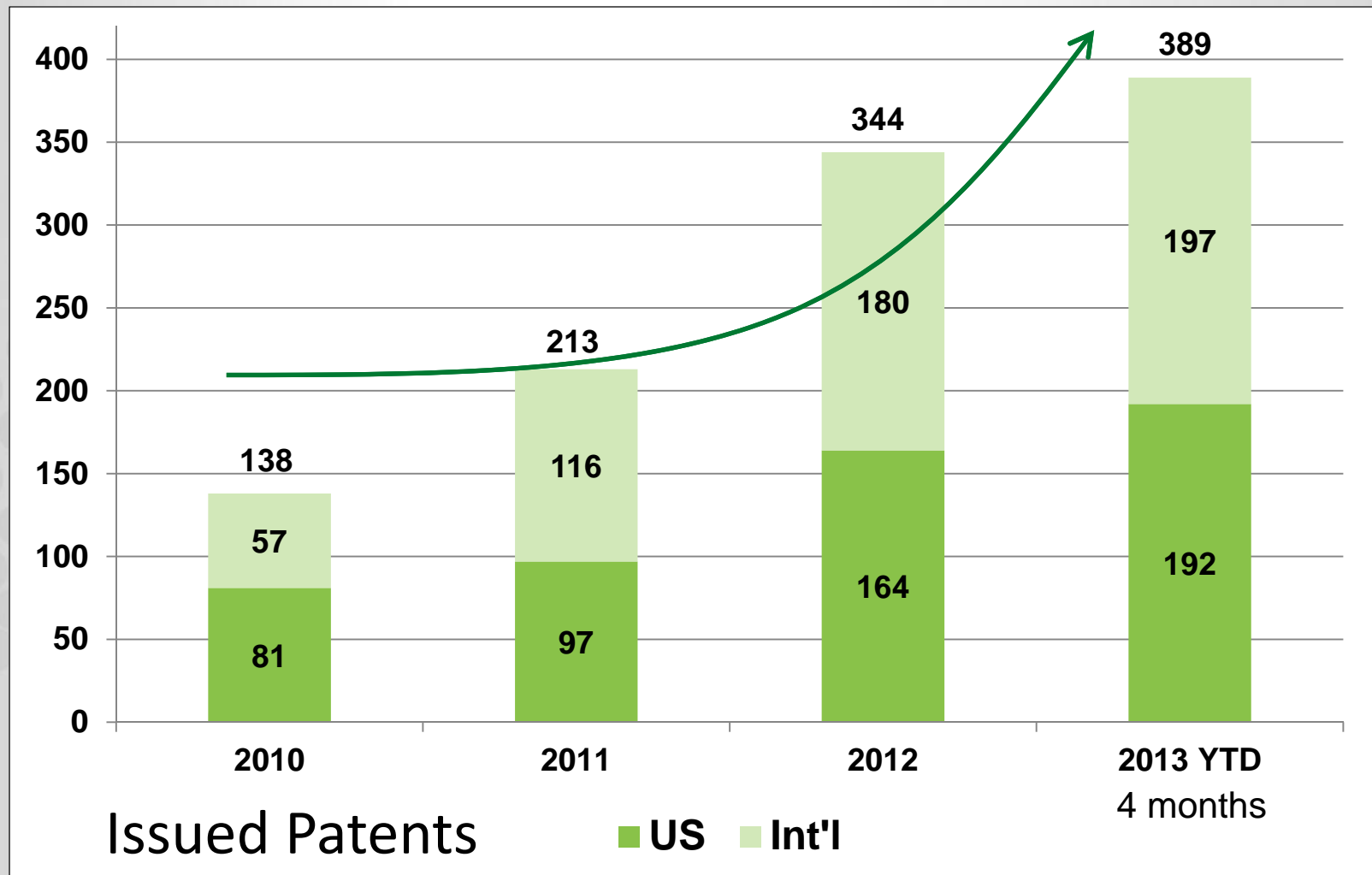
New capabilities unlock new opportunities to cross the relevancy threshold



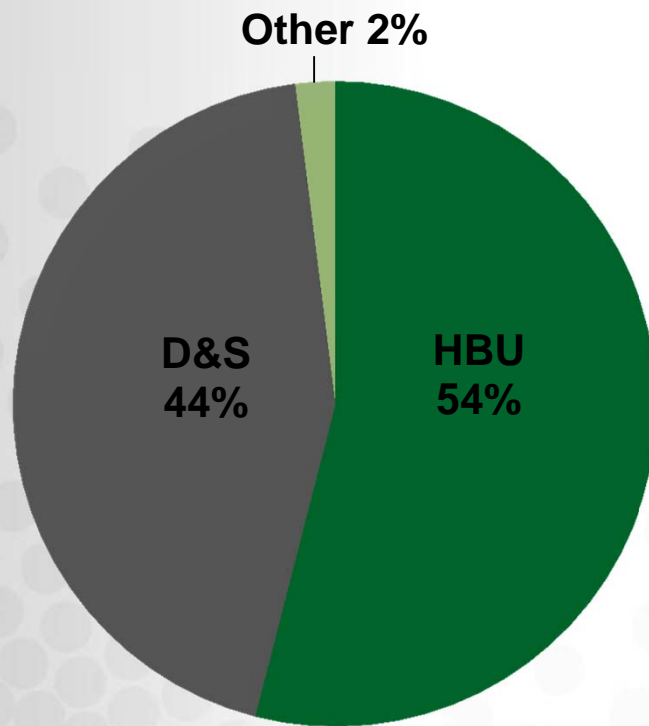
Unlocking the Potential



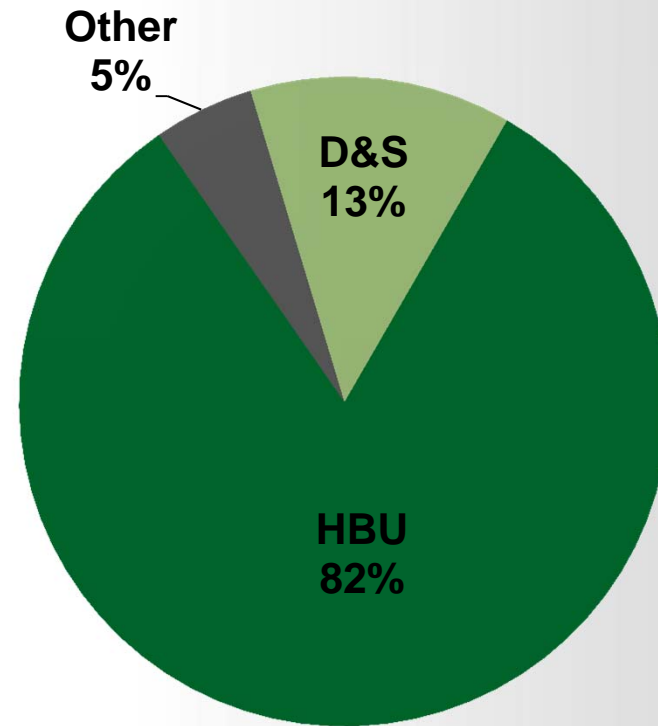
Sustainable Leadership



Patent Distribution



US Issued



International

New Capabilities, coupled with investments
in the market, yield sustainable **Profitable
Growth**



Key Revenue Growth Drivers

- Home Robots
 - Domestic
 - China
 - New products
- Remote Presence
 - Healthcare
 - B2B



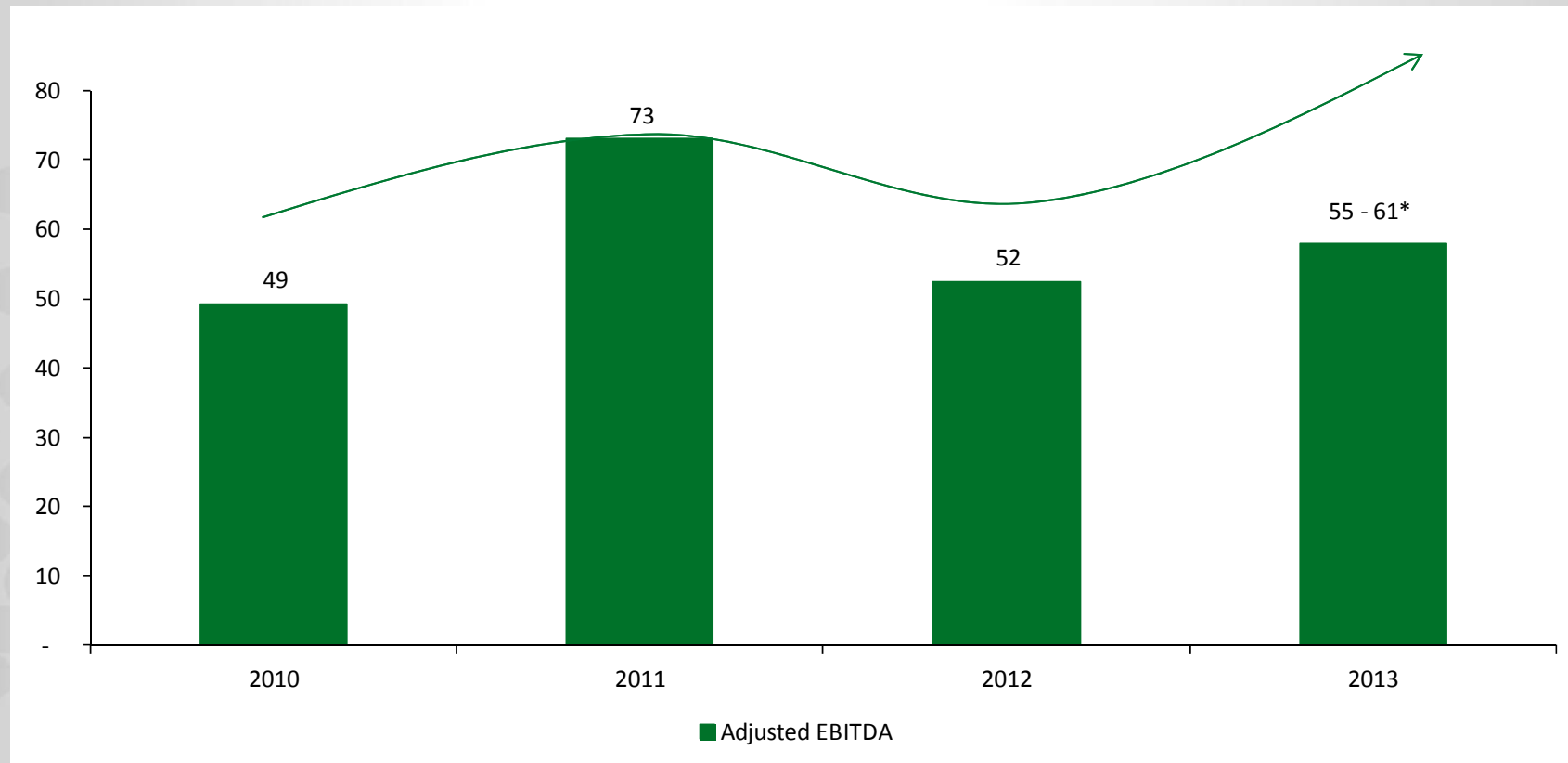
* Q1 2013 vs. Q1 2012

Large and growing untapped markets



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Adjusted EBITDA



* Guidance provided April 23, 2013

Committed to Profitable Growth

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Paolo Pirjanian
Chief Technology Officer

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CTO Objectives

To drive product-focused R&D

- Develop practical solutions in support of products and long-term vision
- Successfully reduce results into mature solutions integrated into revenue-generating products

To create a technology platform for enabling our product roadmap

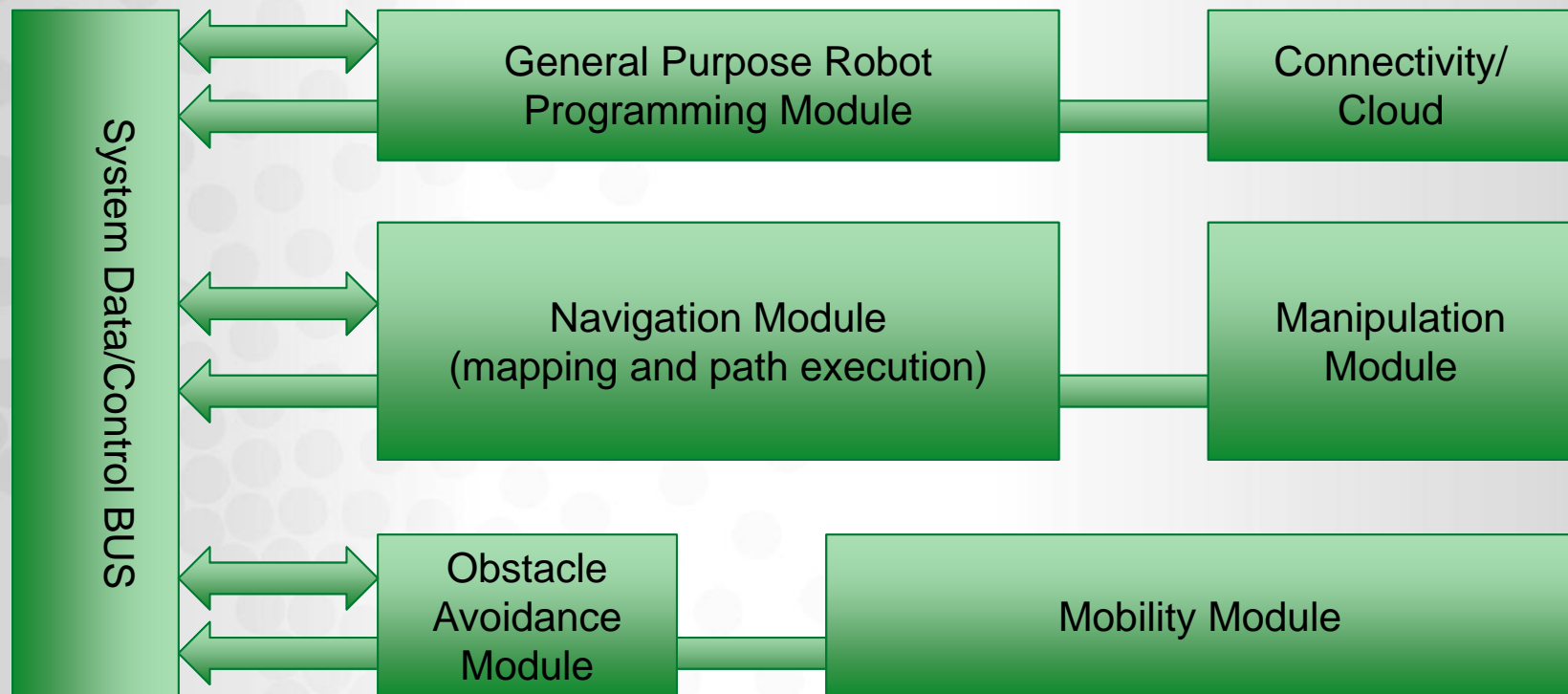
- Build a platform of optimized building blocks of autonomy and intelligence that can be reused to support of product roadmap
- We consider internal development as well as sourcing and acquisitions as part of the strategy

To dominate in key technological areas

- Lead in relevant areas including navigation, perception, and manipulation
- Produce clear discrimination and sustainable competitive advantage

Product-focused Technology Platform

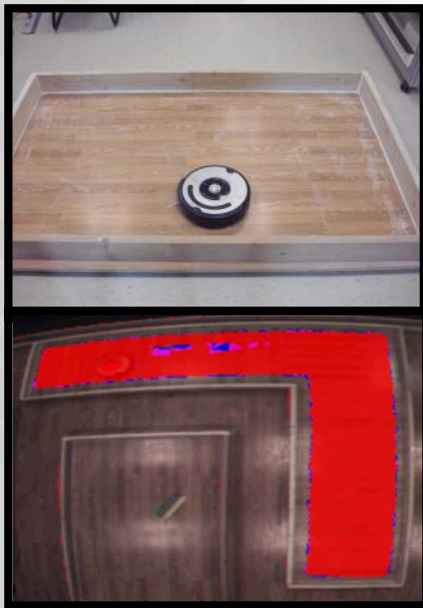
Modules of cost-optimized solutions to support a scalable technology platform for enabling new products on our roadmap



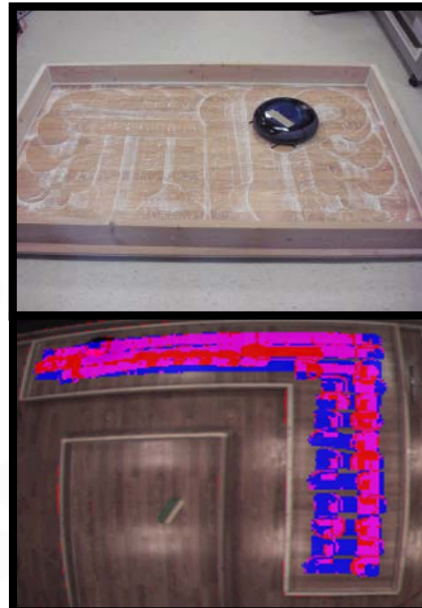
Areas of Dominance

Robotic floor cleaning technology

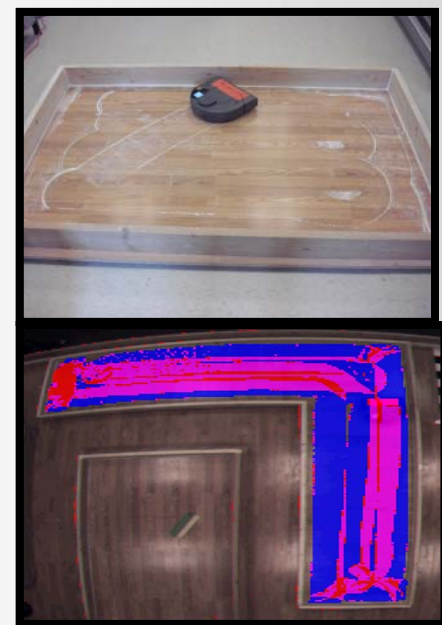
- We've developed several proprietary floor cleaning systems that deliver category leading performance with superb power efficiencies
- Independent 3rd party testing rate Roomba as best-in-class cleaner



Roomba



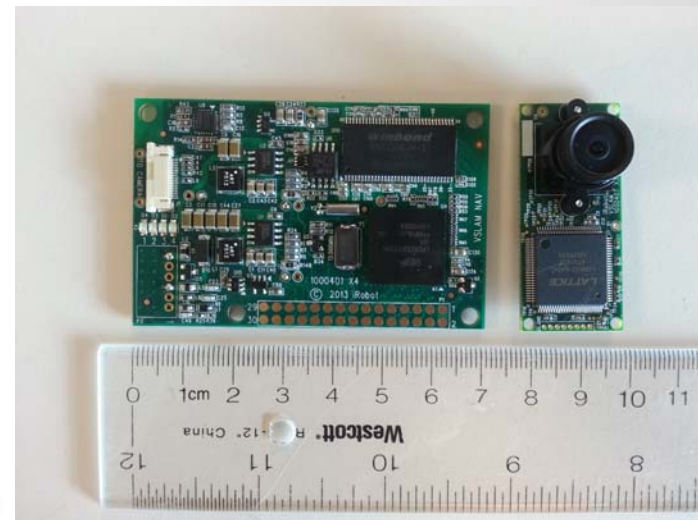
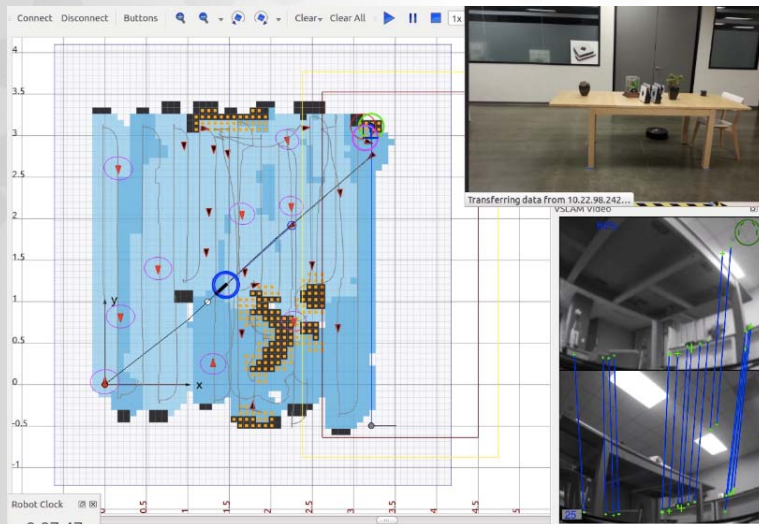
Samsung Navibot



Neato

Autonomous Navigation

- We have developed world-leading solutions for navigation that advance the state of the art in autonomy and safety and price/performance
- SLAM: Deployed on FDA-approved RP-VITA™ for large scale facilities, e.g., hospitals
- NorthStar: World's lowest cost navigation solution deployed on Braava®
- vSLAM: Our next-gen solution for vision-based navigation that provides a major shift on the price/performance curve

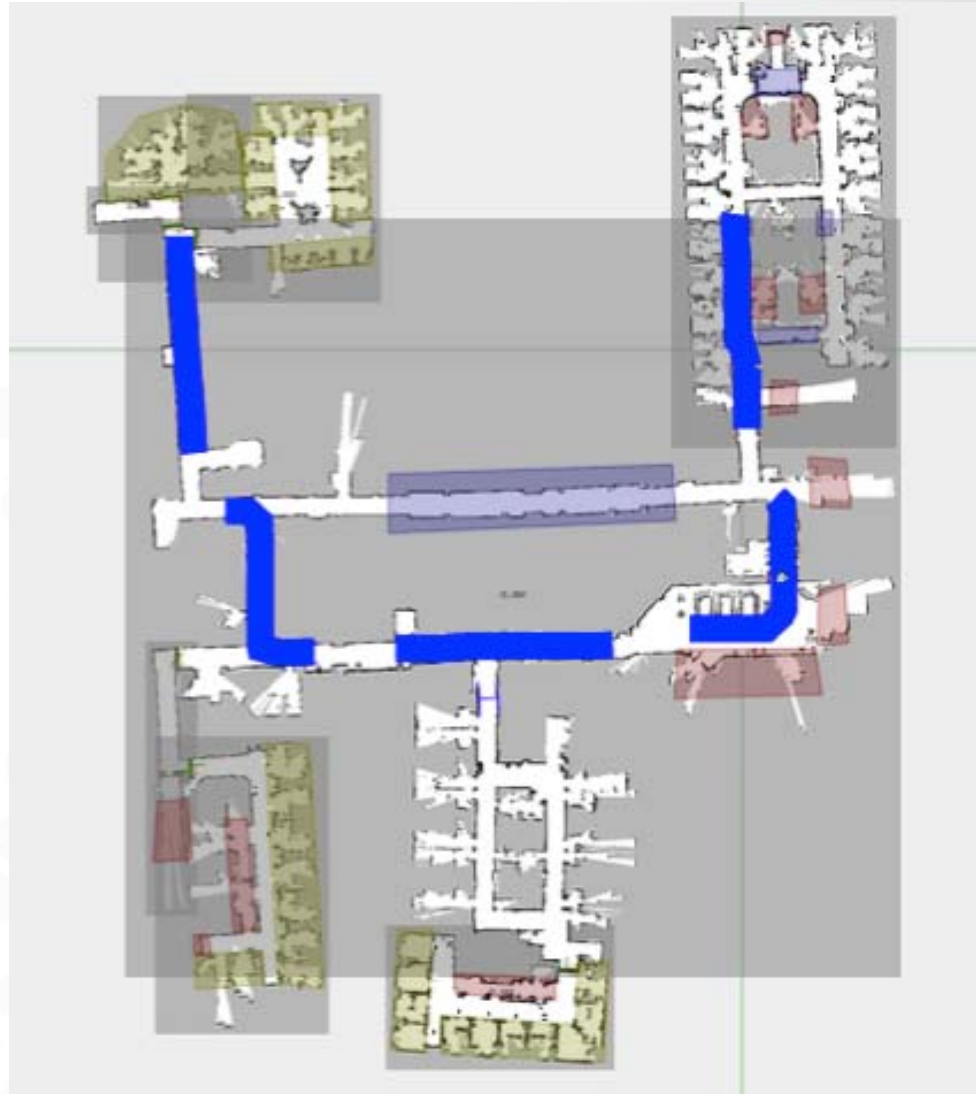


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RP-VITA™ Autonomous Navigation

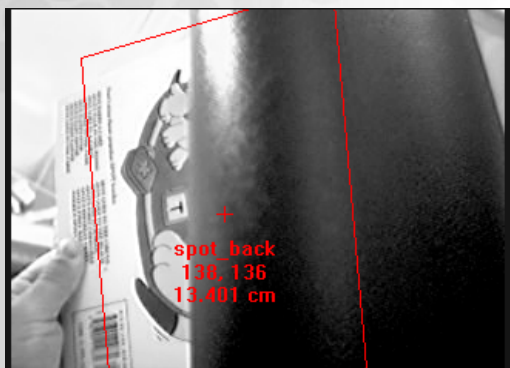
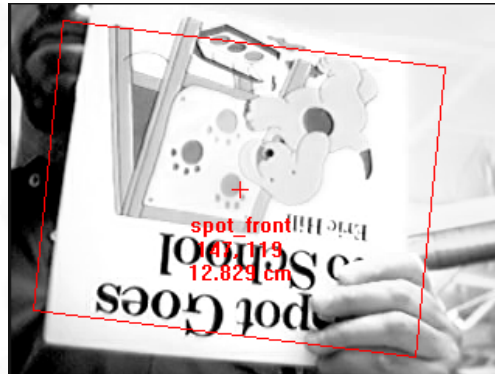


Mercy San Juan
4 ICU Departments



Perception, Particularly Computer Vision

- ViPR and iSpot provide state-of-the-art visual pattern recognition and object classification to provide an unprecedented level of sensing and awareness
- Provided both in large scale and extremely low-cost

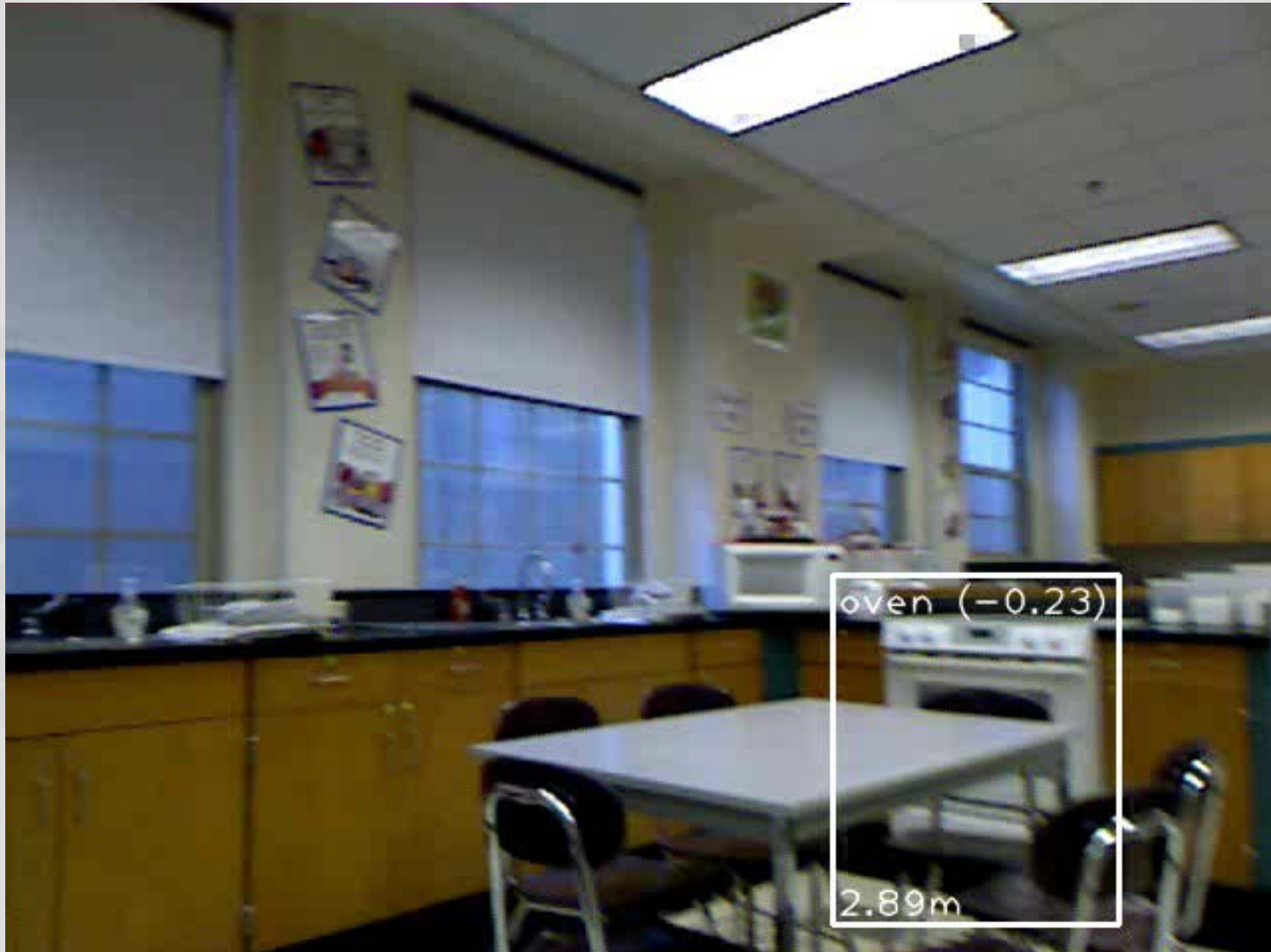


Chair Detections



iSpot People Detection





Areas of Emerging Importance

Cost-effective, practical manipulation

- Physical interaction with the environment is a key enabler and we are developing core technologies for cost-effective, practical solutions for manipulation to support tasks ranging from accessibility (e.g., door opening) to pick-and-place tasks.

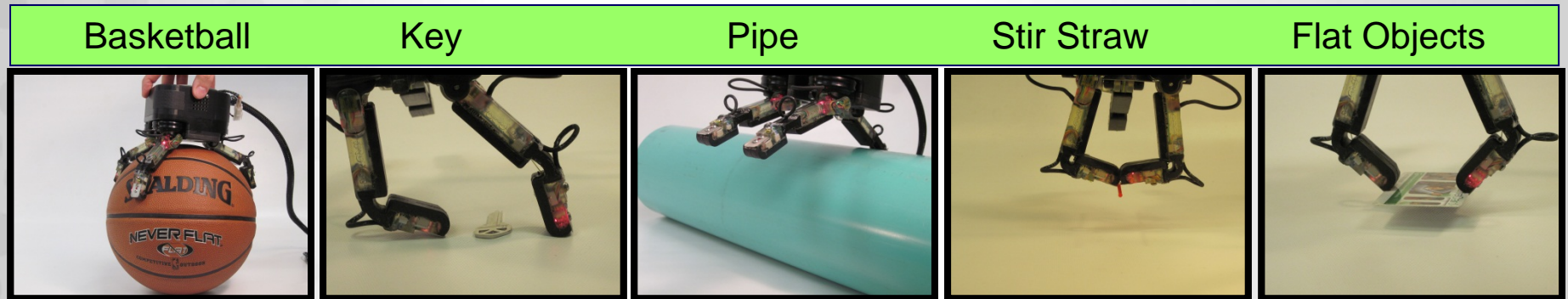
Cloud computing for robotics

- Currently, RP-Vita and D&S Robots are data connected
- We see future home robots benefiting from cloud computing for enhanced user experience to enhanced computing and autonomy

User Experience and user interaction

- With increasing autonomy and connectivity the user experience of our robots will resemble that of our smart devices.

DEXTER Hand



Summary

- Research and Development driven by product roadmap and business objectives
- Pushing state-of-the-art from demo to product-ready
- Building platform to enable high-value apps and fuel growth



CFO Perspective

Alison Dean
Chief Financial Officer

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Our Commitment: Grow Shareholder Value

- Grow adjusted EBITDA through profitable revenue growth
- Respond quickly to changes in the marketplace
- Focus and appropriately invest
- Leverage operational capabilities
- Build investor confidence

Our Results: Improved Shareholder Value

- **Centralized Engineering and Supply Chain resources**

- Company level prioritization
- Agility and ability to scale

- **Enhanced rigor around resource allocation**

- Decreased Investment

Right-sized D&S

Shutdown Seaglider

- Increased Investment

Acquired Evolution Robotics

RPBU – Internal & External (ITH)

- **Strengthened management team**

Financial Performance

	<u>2013 Expectations*</u>	<u>2012</u>	<u>2011</u>
Revenue (M)	\$485 - \$495	\$436	\$466
Gross Margin		44%	43%
Opex (% of rev)		38%	32%
EPS	\$0.80 - \$1.00	\$0.61	\$1.44
Adjusted EBITDA (M)	\$55 - \$61	\$52	\$73
<i>% of Revenue</i>	<i>11% - 13%</i>	<i>12%</i>	<i>16%</i>

*Guidance provided April 23, 2013

Company transformation in 2012; growth returns in 2013

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Current Performance – Q1 2013

	<u>Q1-13</u>	<u>Q1-12</u>	<u>B/(W)</u>
Revenue (M)	\$106	\$98	\$8
Gross Margin	44%	38%	5pp
Opex (% of rev)	35%	38%	2pp
EPS	\$0.29	\$0.02	\$0.27
Adjusted EBITDA (M)	\$15	\$6	\$9
<i>% of Revenue</i>	14%	6%	8pp

Revenue grows 8% while Adjusted EBITDA grows 150%

FY 2013 Financial Expectations

	<u>Current Expectations*</u>	<u>February Guidance</u>
Revenue (M)	\$485 - \$495	\$480 - \$490
<i>YoY Growth %</i>	11% - 14%	
EPS	\$0.80 - \$1.00	\$0.57 - \$0.72
Adjusted EBITDA (M)	\$55 - \$61	\$46 - \$52
<i>% of Revenue</i>	11% - 13%	

*Guidance provided April 23, 2013

Increased full year guidance in April

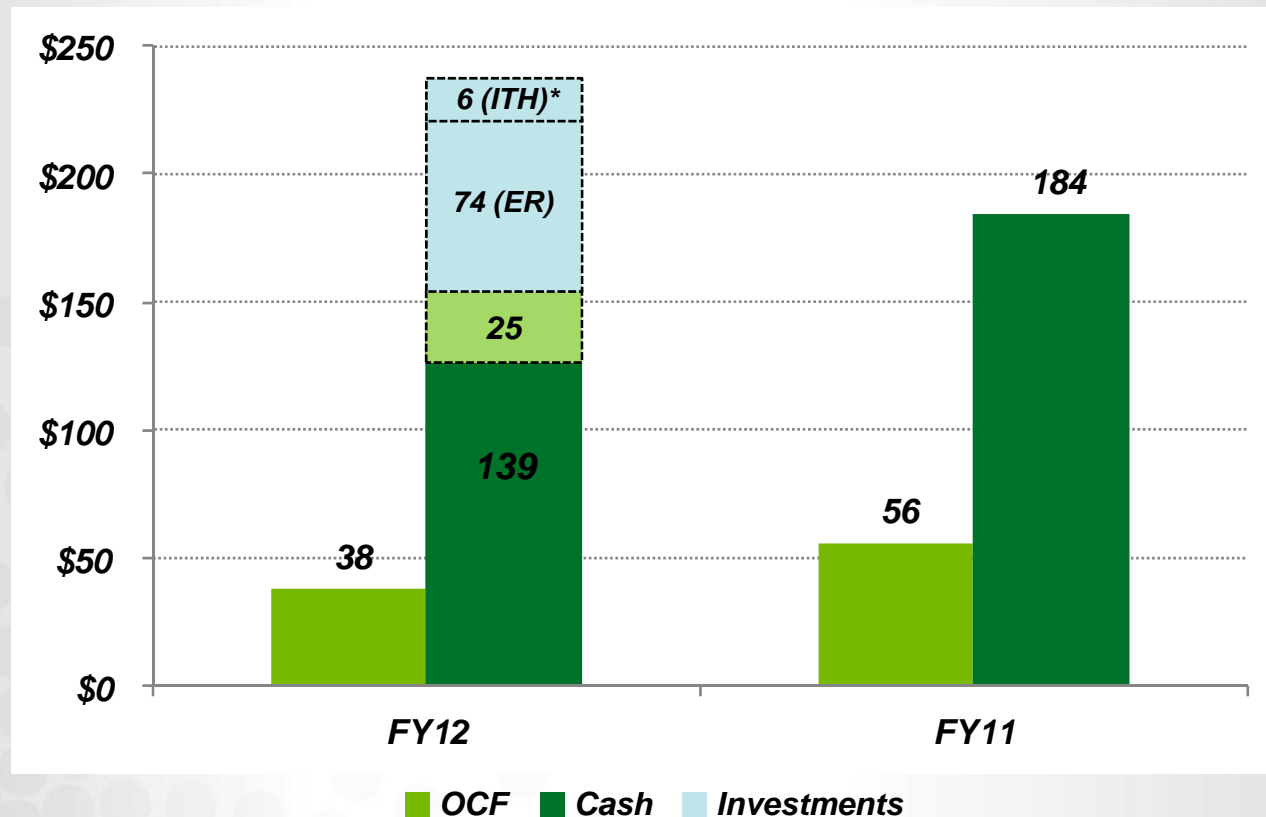
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Strong Balance Sheet

	<u>Q1-13</u>	<u>Q1-12</u>	<u>B/(W)</u>
Cash (M)	\$137	\$182	(\$45)
Debt	\$0	\$0	\$0
DSO (days)	25	29	4
DII (days)	51	50	(1)

Operational execution yields very healthy DSO and DII.

Targeted Capital Allocation



*Additional \$2M investment was made in ITH in Q1-13

Strong cash generation; available for additional investments

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Investment Framework

Market Attractiveness

- ✓ Size of addressable market
- ✓ Estimated growth of market
- ✓ Profitability of market/opportunity
- ✓ Significant barriers to entry

Competitive Strength

- ✓ Expertise in relevant technologies
- ✓ Brand strength in addressable market
- ✓ Familiarity with customer channels
- ✓ Do we have manufacturing or operations efficiencies?

Strategic Alignment

- ✓ Does the opportunity support or advance our strategic vision?
- ✓ How similar is this business to our existing businesses?
- ✓ Can we leverage our current resources or technologies?

Investment Timing

- ✓ Is the opportunity near or long term?
- ✓ Significant one-time investment or multiple years of sustained investments?
- ✓ Timing of cash outflows and inflows

Framework drove ER acquisition, ITH and RPBU investments, Seaglider exit.

Financial Targets - Unchanged

- **REVENUE** - Mid to high teen CAGR
- **Adjusted EBITDA Margin** - High teens
- **OCF** - High single digit cash flow margin

Timing dependent on defense outlook and RPBU rate of growth

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**

- Ongoing profitability reviews – price and cost
- 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 ER integration
- Having investment discipline

Summary

- **2012 - Transformational year**

- D&S precipitous decline and subsequent business stabilization
- Evolution Robotics Acquisition
- Centralization of Company-wide Resources

- **2013 - Momentum resumes**

- Q1 results strong; Home growing; D&S stable
- Operating expense under control
- Full year performance expectations increased

- **2014 and beyond**

- Defined path and team confidence to achieve financial targets

Q&A

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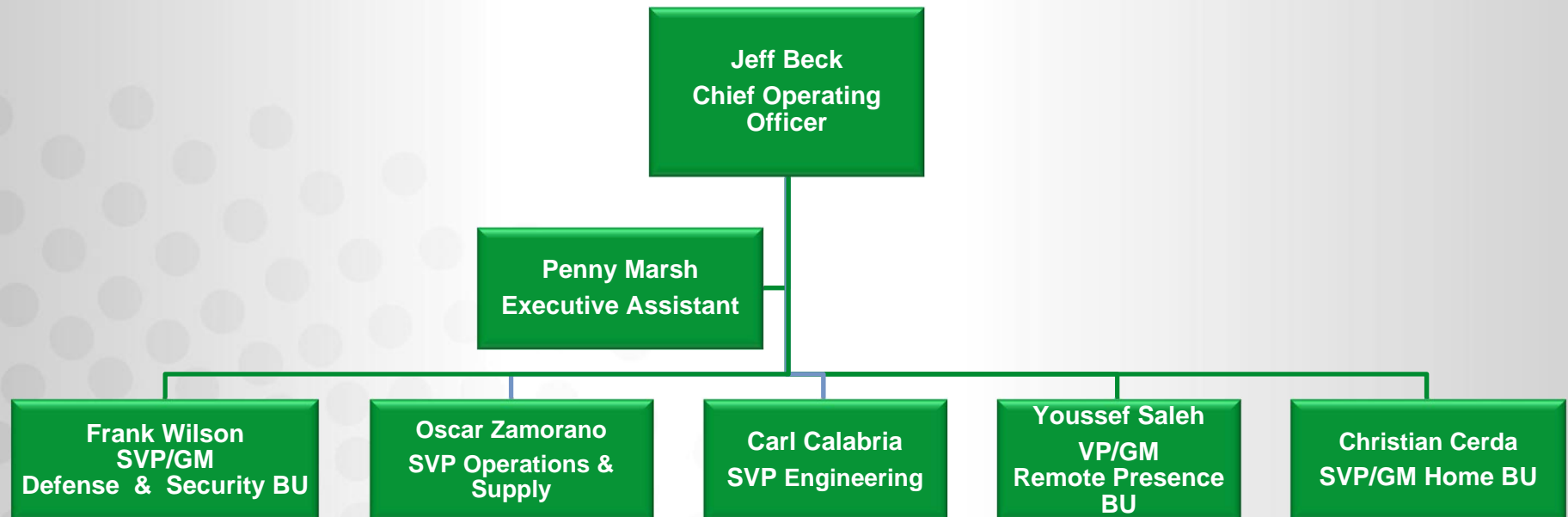


Operating Business Units

Jeff Beck
Chief Operating Officer

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Chief Operating Officer Organization Chart





Home Robots BU

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Home Robot Outlook

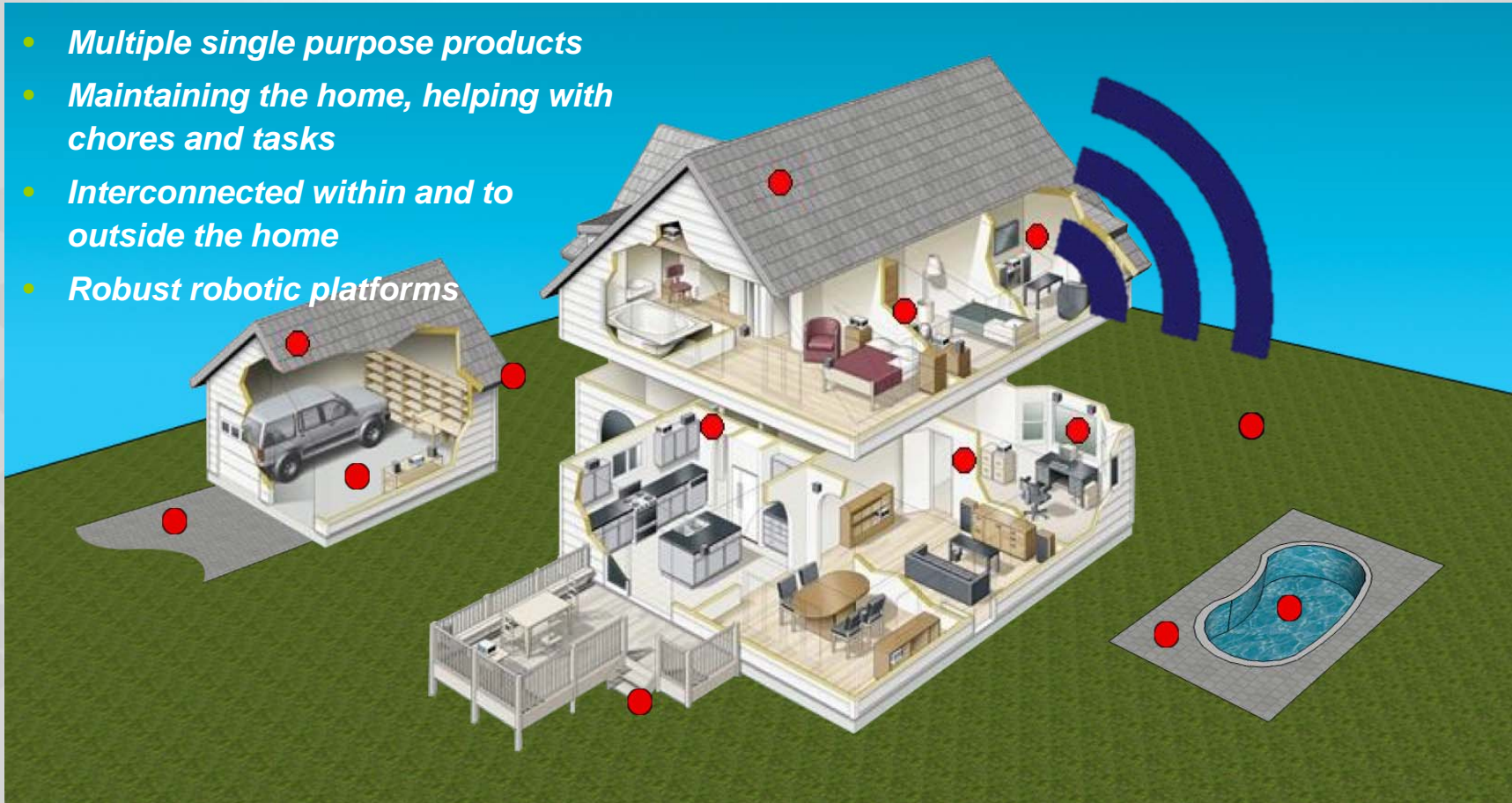
- Vision
- Strategic Initiatives
- Growth & Profitability
- Market Opportunity
- Product and Technologies
- Competitive Landscape



Market leader in automated home maintenance

HBU Vision: Autonomous Interconnected Home

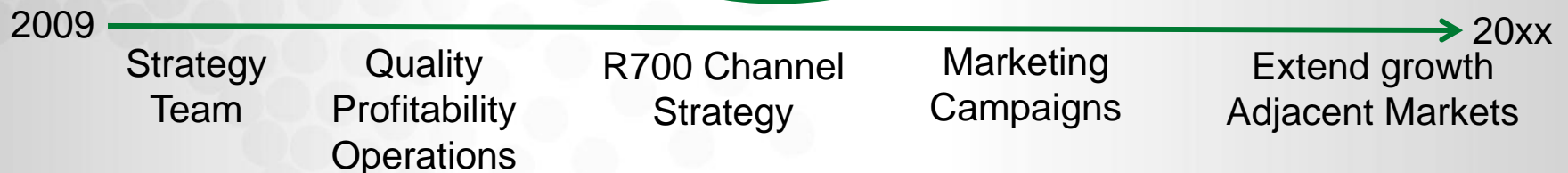
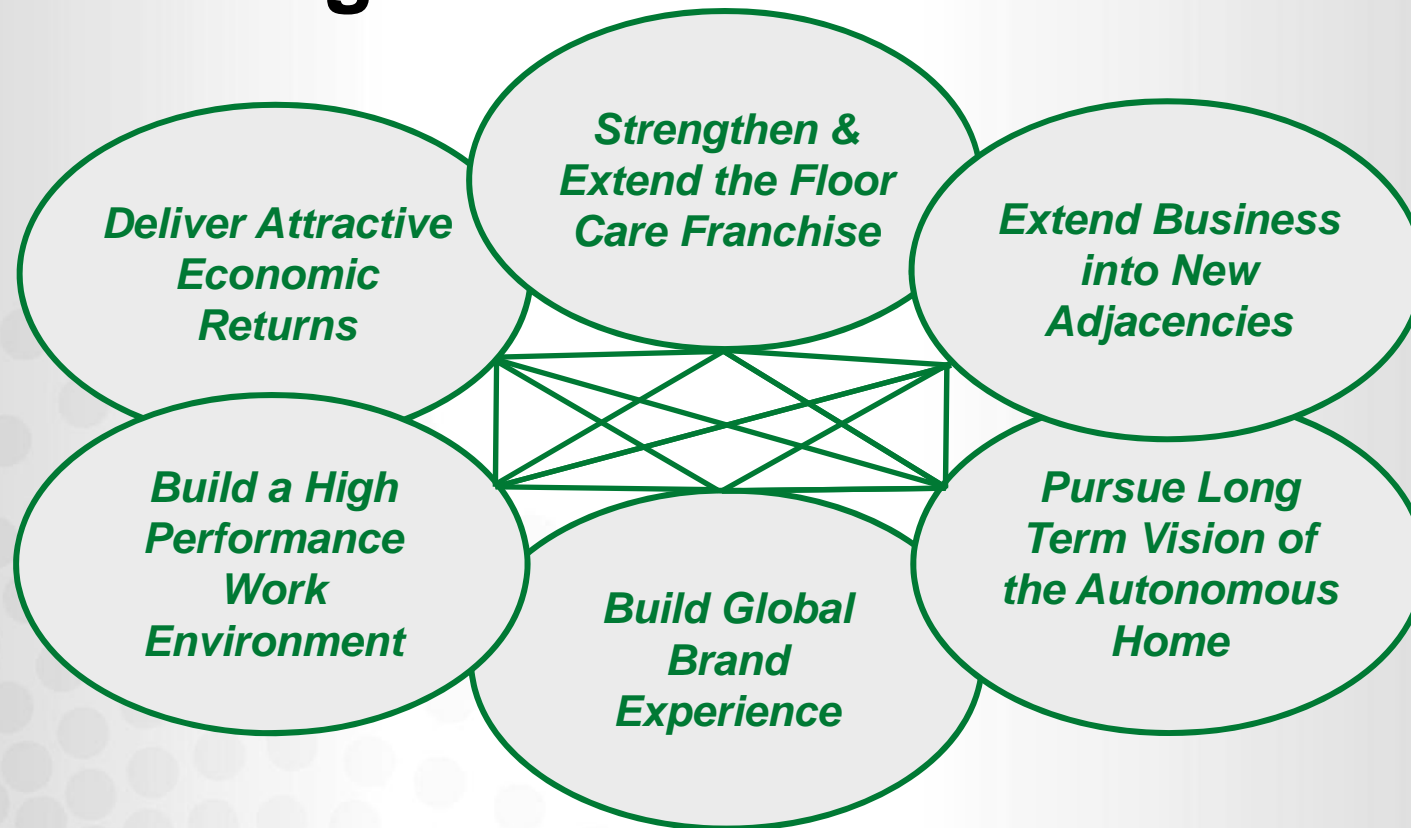
- *Multiple single purpose products*
- *Maintaining the home, helping with chores and tasks*
- *Interconnected within and to outside the home*
- *Robust robotic platforms*



Improving quality of life through integrated robotic solutions

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HBU Strategic Priorities

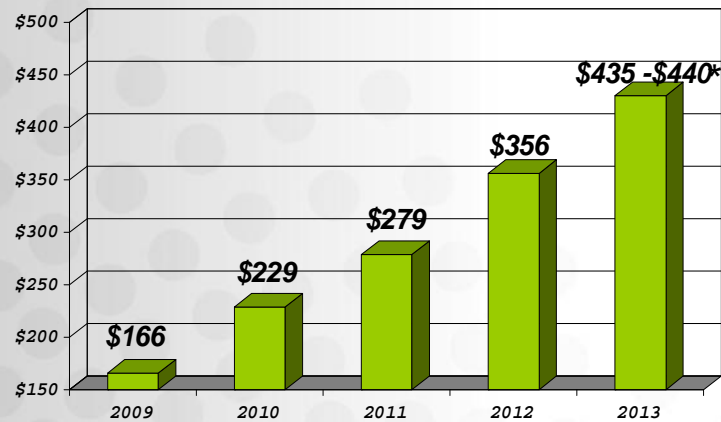


Great products, premium branding, increasing efficiencies

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Home Business Unit Growth & Profitability

HBU Sales in millions, 27% CAGR



*Guidance provided April 23, 2013

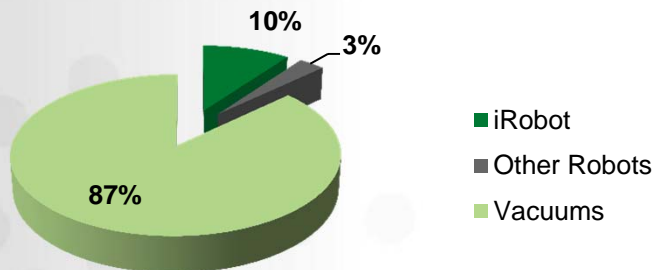
Key Metrics

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
GM%	32%	40%	45%	49%	49%
Int'l Sales	54% 				70%

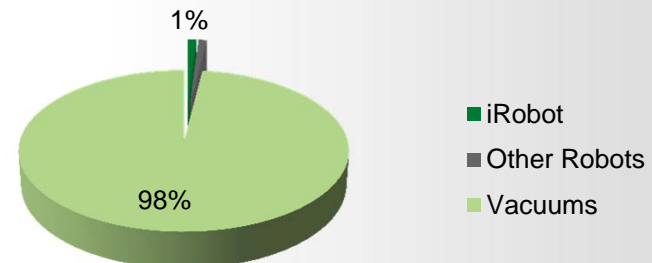
Delivering continuous profitable growth

Huge Addressable Markets*

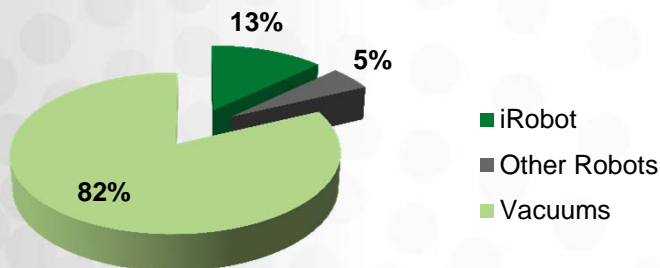
North America - \$2.1 billion



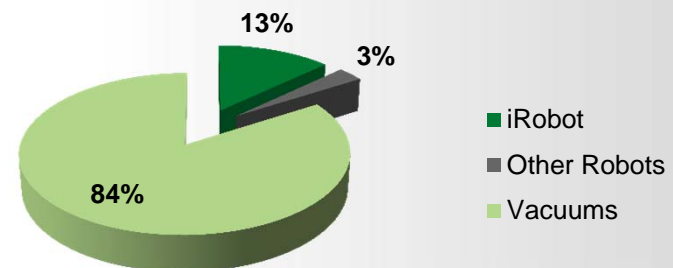
Latin America - \$200 million



EMEA - \$2.4 billion



APAC - \$2.3 billion



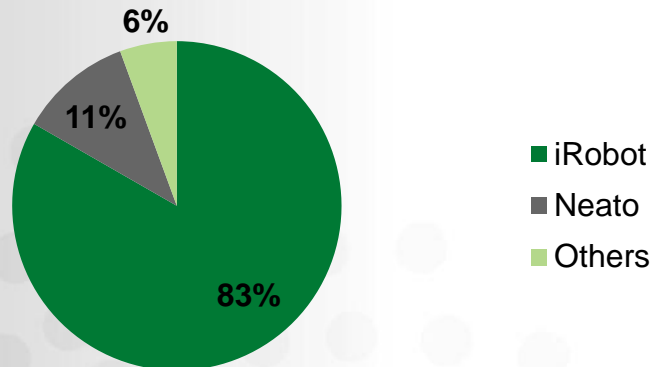
\$7 billion annual market opportunity

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

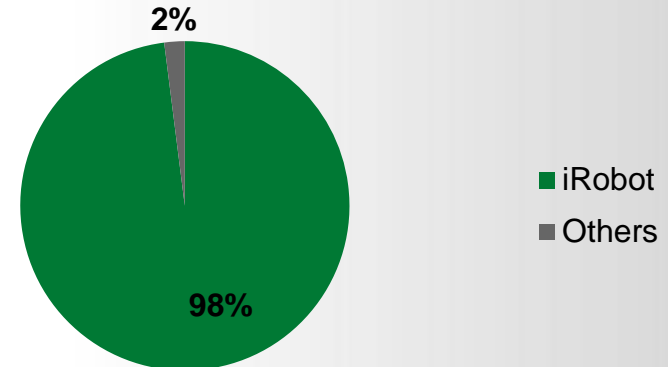
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Robotic Floor Care Global Market Share

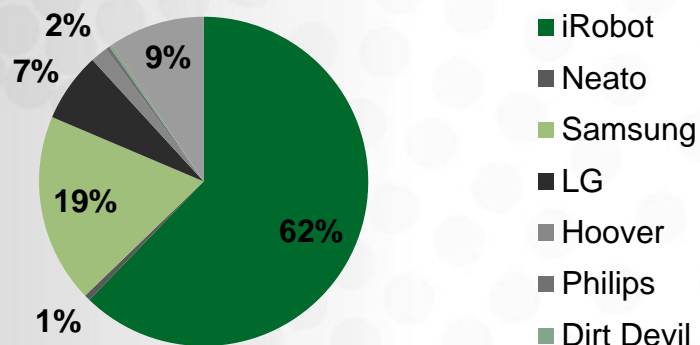
North America



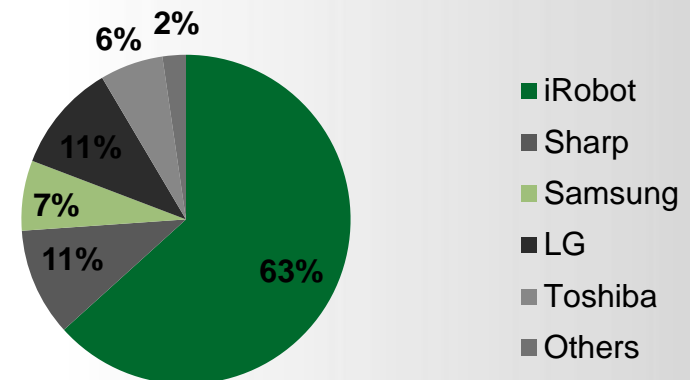
Latin America



Europe



Asia



*Sources Gfk & NPD

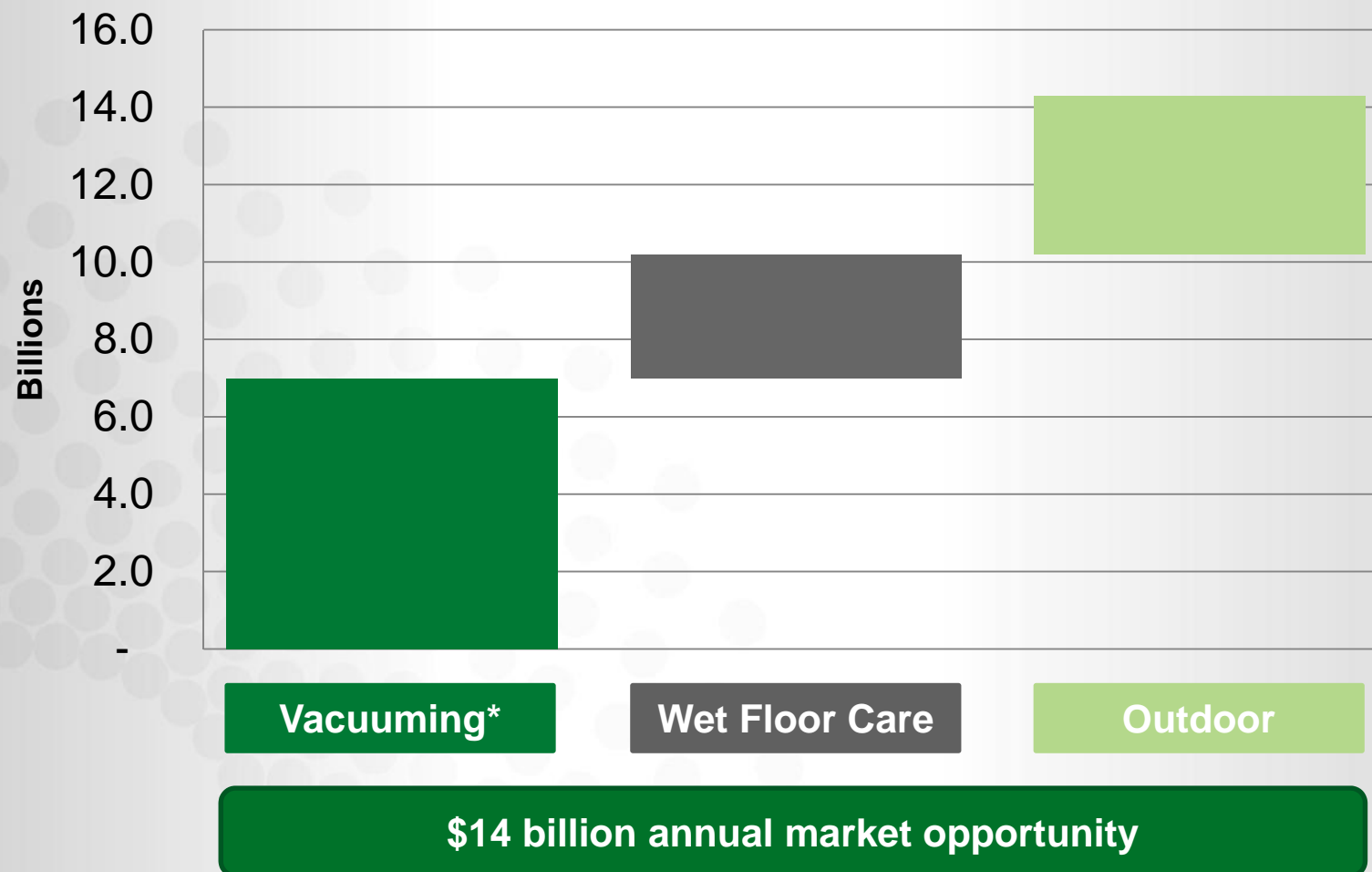
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Global Market Opportunity

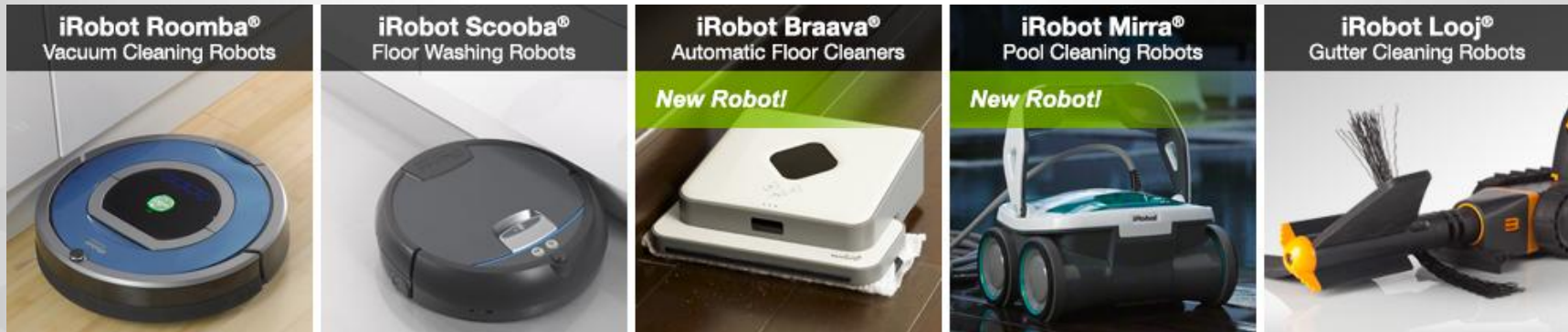
Total Available Market



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

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2013 Home Robot Products



Roomba® is flagship product

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New in 2013

Braava 300 Series Floor Mopping Robots




- Efficient / effective floor cleaning
- Whisper quiet operation
- Simple to setup and maintain

Mirra 330 Series Pool Cleaning Robot



- iAdapt Nautiq navigation
- Simple to setup, signal button start
- Convenient access to dual top-load debris canisters

Roomba Series Product Range

					
Product	630	650	760	770	780
MSRP \$	\$349.99	\$399.99	\$449.99	\$499.99	\$599.99
Bin & Filter Type	AeroVac	AeroVac	AeroVac II, HEPA	AeroVac II, HEPA	AeroVac II, HEPA
Dirt Detect	Series I	Series I	Series I	Series II	Series II
Scheduling		Included	Included	Included	Included
Integrated soft bumper			Included	Included	Included
Persistent Pass Cleaning Mode			Included	Included	Included
Remote Control			Included	Included	Included
Bin Full Indicator				Included	Included
Capacitive Touch Interface					Included
Room to Room Cleaning Capability					Included

Platform advancements enable higher prices & margins

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Scooba & Braava Product Range

		
Product	Scooba 230	Scooba 390
MSRP \$	\$279.99	\$499.99
Diameter	6.5"	14.6"
Cleaning	3 Stage Process	4 Stage Process
Scrubbing	Brush arrays	Rotating brush
Coverage	150 Sq Ft per Tank 150 Sq Ft per Charge	425 Sq Ft per Tank 800 Sq Ft per Charge

		
Product	Braava 320	Braava 380T
MSRP \$	\$199.99	\$299.99
Navigation system	NS2	NS2
Pro-Clean	Compatible	YES
Cube-to-Cube Nav		YES
Furniture guard		YES
Charge Time	10 hours	2 hours
Sweep/Mopping run time	3 hours/2 hours	4 hours/2.5 hours
Sweeping area per cycle	Up to 800 sq ft / 75 sq m	Up to 2000 sq ft / 186 sq m w/ multiple cubes

Re-energized hard floor care with dynamic product lineup

Outdoor Product Range



Product	Mirra 530
MSRP \$	\$1299.99
Intelligence	iAdapt Nautiq
Scheduling	Automatic cycle
Easy to Use	Single button operation
Mobility	4-wheel drive
Debris Removal	Dual top-load canisters
Autonomous	Yes
Power	110V-220V converter



Product	Looj 330
MSRP \$	\$299.99
Intelligence	Auto-debris sensing
Scheduling	Manual placement
Easy to Use	Single button operation
Mobility	Tank trends
Debris Removal	Spinning ejector
Autonomous	Yes/Dual mode
Power	Li-ion

Continuous presence and expansion on adjacent markets

Takeaways

- Clear strategy and operational acumen to implement
- Addressable market is huge and growing; extending into adjacent markets
- iRobot's foundational technologies enable significant & sustainable competitive advantage
- Home Robots will drive iRobot growth and profitability for the next couple of years

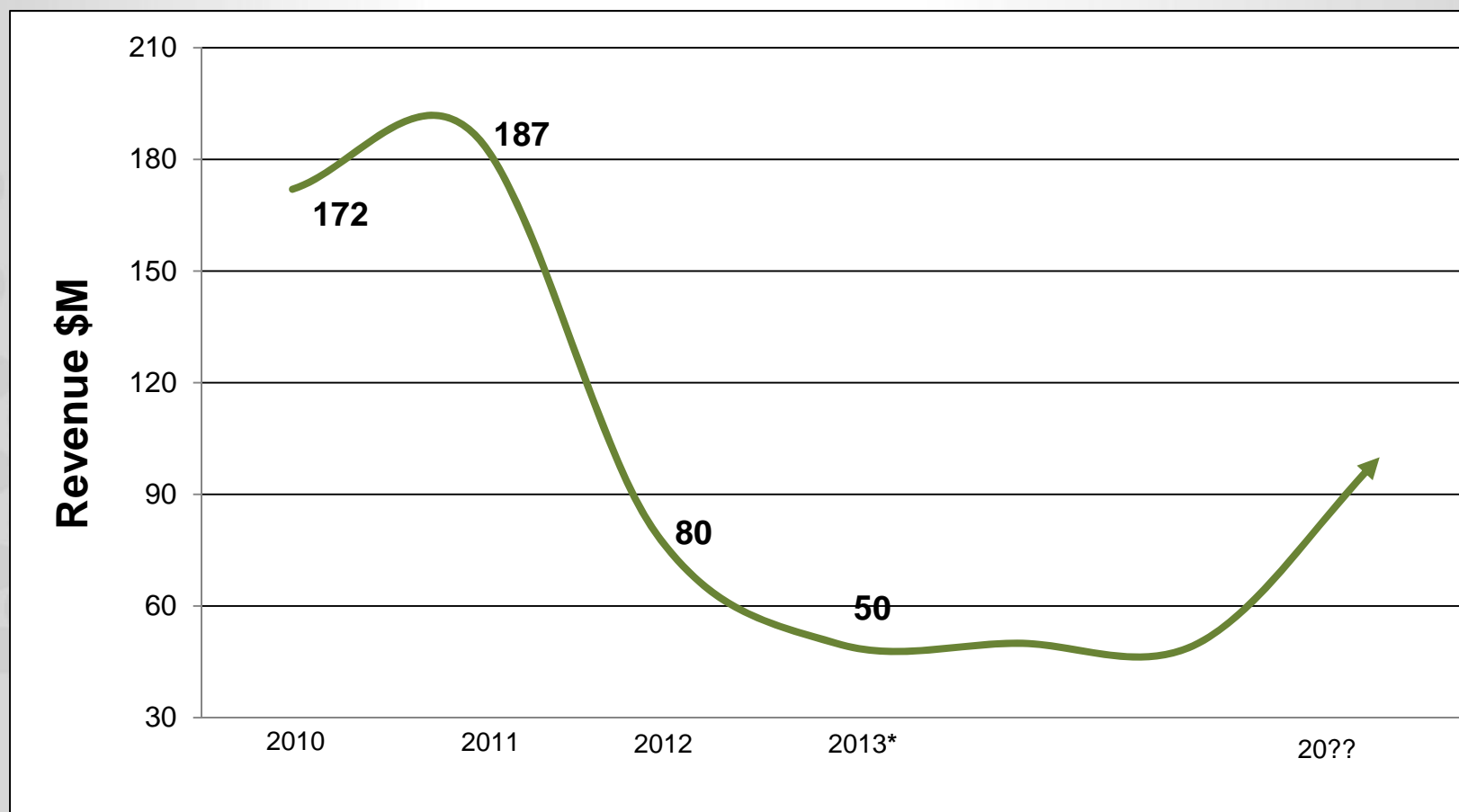
Home Business Unit: Consistent Profitable Growth



Defense & Security BU

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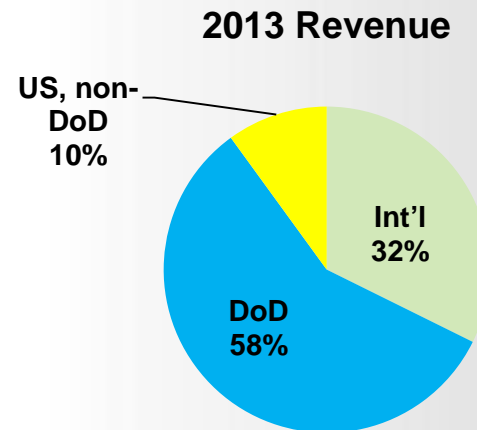
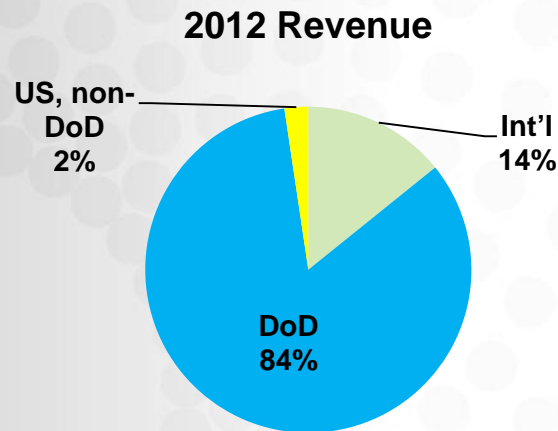
D&S Overview



*Guidance provided April 23, 2013

Revenue Drivers

- International
- Domestic non-DoD: Nuclear/State & Local
- DoD
 - PLR: Upgrades/Sustainment
 - Commercial Off The Shelf units: FirstLook/PackBot/SUGV



Other Initiatives

- **Business Development**

- Focused on influencing future DoD requirements
- Autonomy

- **Cost Control**

- Right sized business
- Corporate realignment – single corporate cost structure



Remote Presence BU

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iRobot Ava™ Platform



- Breakthrough mobile robotics platform
- Able to move autonomously with complete safety throughout indoor facilities
- Simple user interface – just point and click

Broad Market Opportunity

Health Care Telepresence



Enterprise Telepresence



Physical Security



Retail



Elderly Care



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Partners For Application & Go To Market Leverage

- Optimizes internal development, resource, and expertise
- Improves time to market
- Accelerates marketing, brand positioning and channel engagement

Examples



Q&A

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THANK YOU