NAUTILUS Inc.

Marketing Meetings

with Sidoti & Co

Safe Harbor Statement

This presentation includes forward-looking statements (statements which are not historical facts) within the meaning of the Private Securities Litigation Reform Act of 1995, including statements concerning the Company's prospects, resources, capabilities, current or future financial trends or operating results, demand for the Company's products, future plans for introduction of new products and the anticipated outcome of new business initiatives, estimates of market size and growth, planned capital expenditures and statements concerning our ability to finance growth plans with cash generated from our operations. Factors that could cause Nautilus, Inc.'s actual results to differ materially from these forward-looking statements include our ability to acquire inventory from sole source foreign manufacturers at acceptable costs, within timely delivery schedules and that meet our quality control standards, availability and price of media time consistent with our cost and audience profile parameters, a decline in consumer spending due to unfavorable economic conditions in one or more of our current or target markets, an adverse change in the availability of credit for our customers who finance their purchases, our ability to pass along vendor raw material price increases and increased shipping costs, our ability to effectively develop, market and sell future products, our ability to protect our intellectual property, and the introduction of competing products. Additional assumptions, risks and uncertainties are described in detail in our registration statements, reports and other filings with the Securities and Exchange Commission, including the "Risk Factors" set forth in our Annual Report on Form 10-K, as supplemented by our quarterly reports on Form 10-Q. Such filings are available on our website or at www.sec.gov. You are cautioned that such statements are not guarantees of future performance and that actual results or developments may differ materially from those set forth in the forward-looking statements. We undertake no obligation to publicly update or revise forward-looking statements to reflect subsequent events or circumstances.

Unless otherwise indicated, all information regarding our operating results pertain to continuing operations.

Presentation Overview

- **Who We Are:** A team focused on providing innovative fitness solutions and superior results
- **Our Strategies:** Strategic Innovation, Operational Excellence, Footprint Expansion
- **Our Results:** Robust top and bottom line growth; Strong Balance Sheet

Who We Are Today

- A leading provider of fitness equipment and related products for ***use in, and around, the home***

- Growing company which has ***dramatically improved profitability***

- Strong portfolio of ***brands***, including #1 in the fitness industry (Bowflex)*

- Industry leading capabilities in ***product quality and innovation***

- Revenue growth driven through expansion in three key channels: **Direct** to consumers, large and small **Retail** accounts, and **Royalty** revenue through licensing

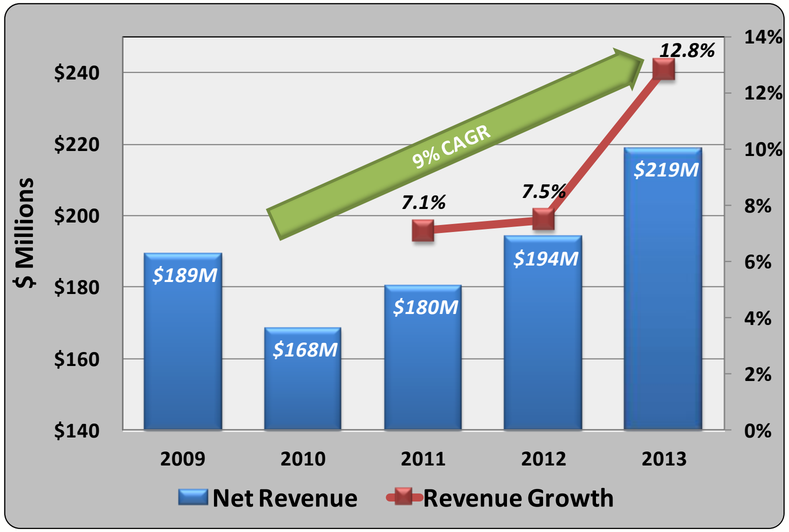
- An organization focused on ***increasing shareholder value***

Our mission is to provide products which allow consumers to achieve their health and fitness goals

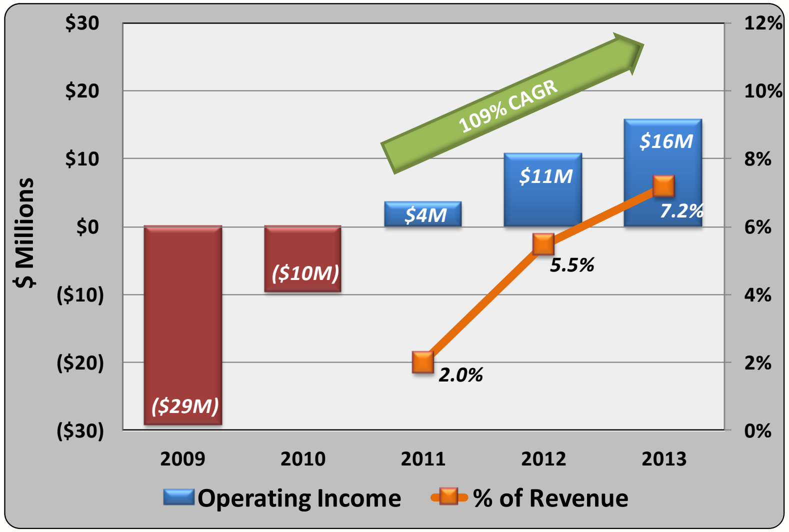
* Based on 2012 National Consumer Research Study

Delivering Solid Financial Performance

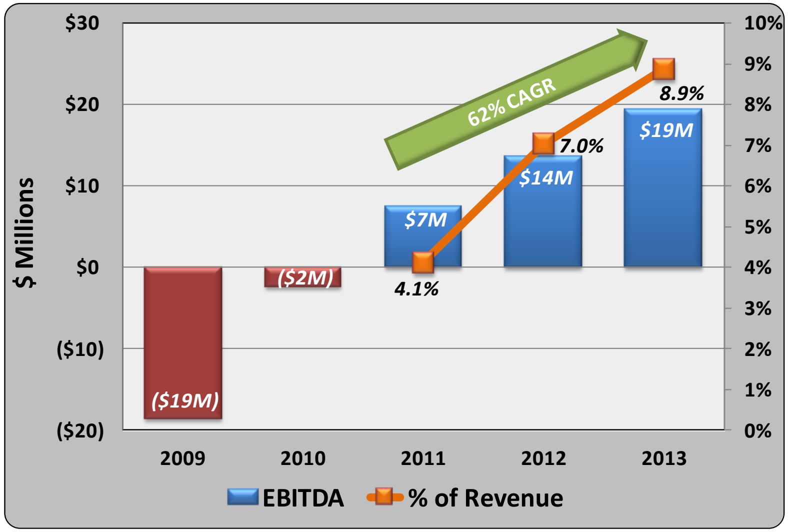
Strong Revenue Growth



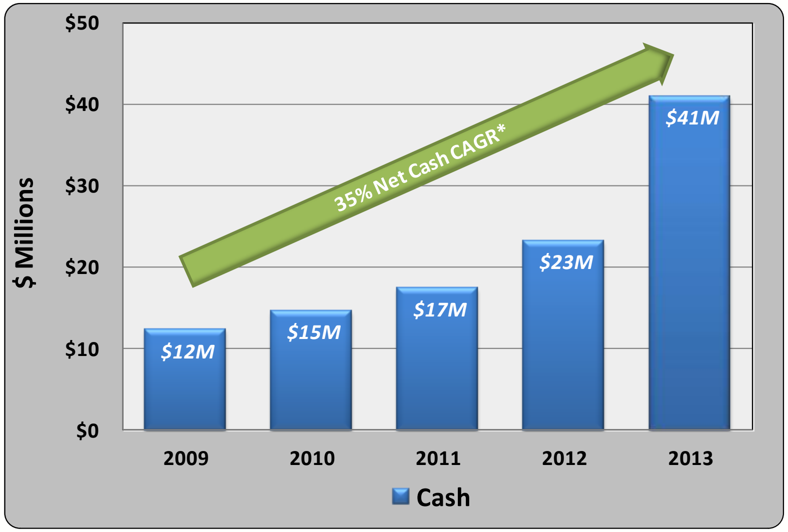
Op. Income Growth with Expense Leverage



Robust EBITDA* Growth



Cash Growth Driven by Efficient Balance Sheet

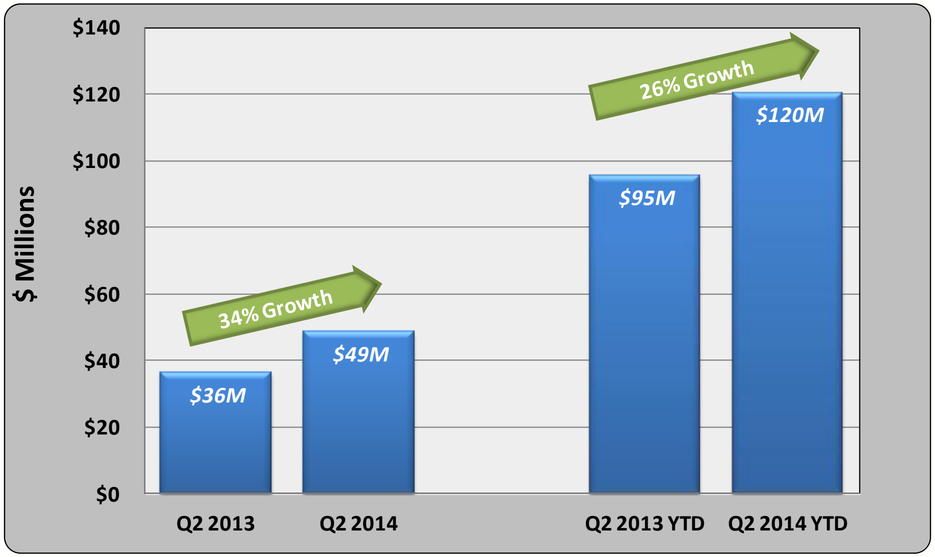


** Non-GAAP Information, see Appendix for a reconciliation to GAAP*

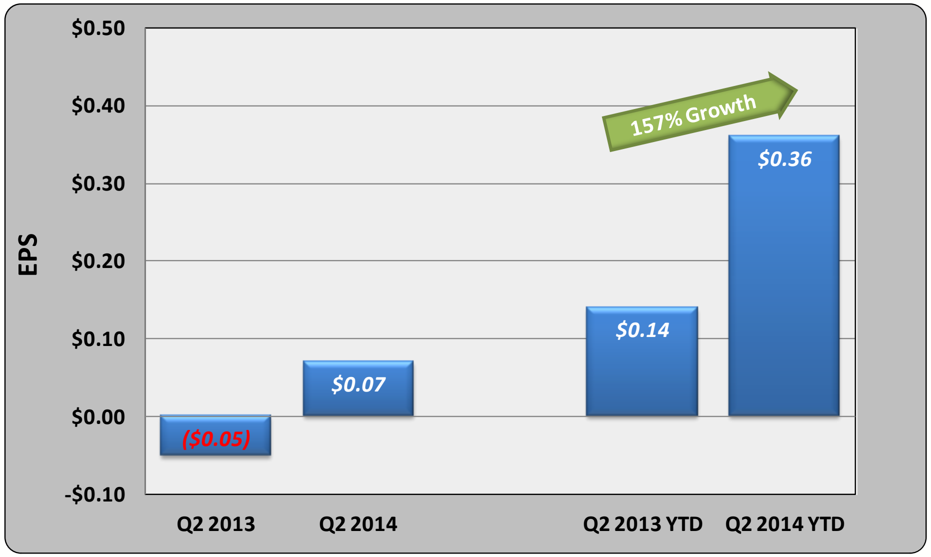
** Net Cash CAGR includes $5.1 million of debt in 2010 and $5.6 million of debt in 2011*

Continued Strong Results in Q2 2014

Net Revenue



Pretax EPS*



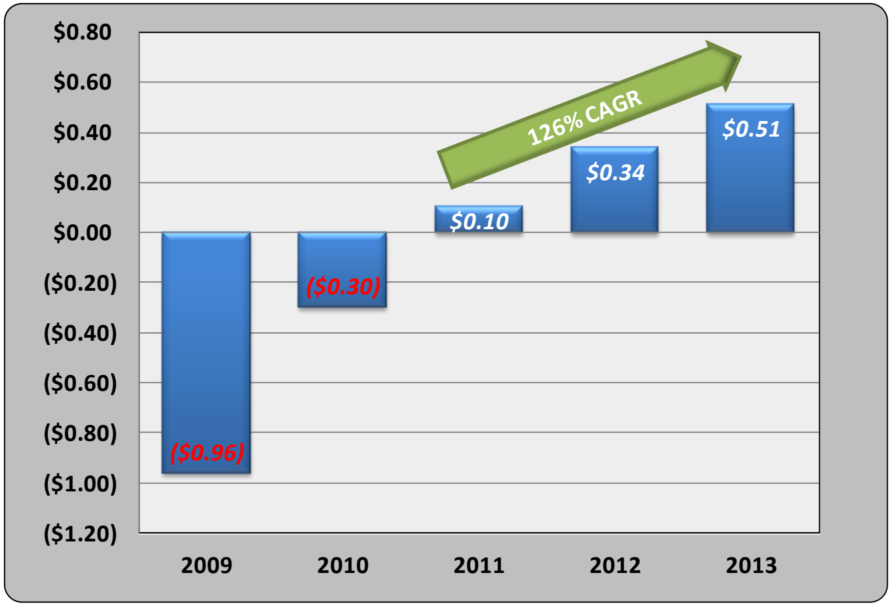
** Non-GAAP Information, see Appendix for a reconciliation to GAAP*

Strong Balance Sheet to Support Growth

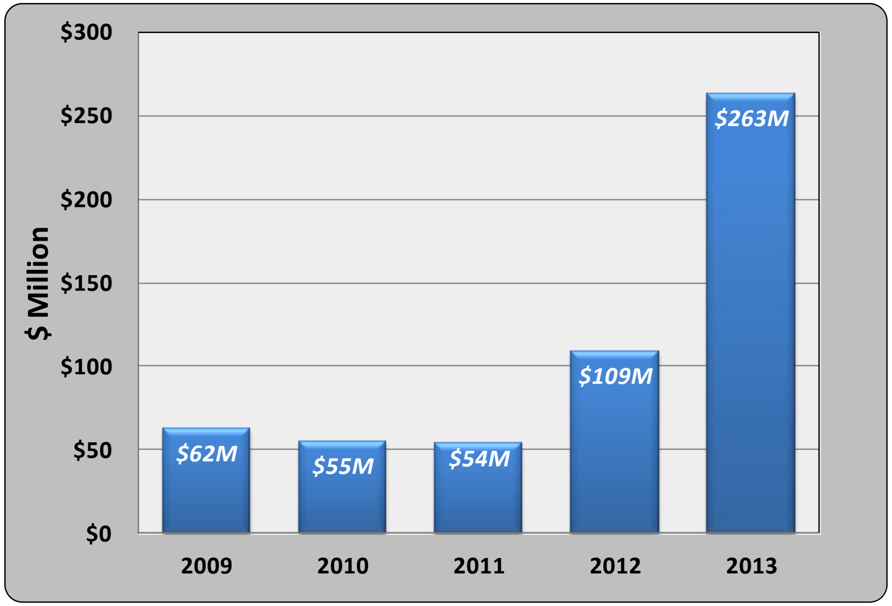
- $57.3M of cash and marketable securities and no debt as of June 30, 2014
- $27.1M of net deferred tax assets as of June 30, 2014
- Working capital utilization metrics among the best in the industry
- Internal cash generation expected to finance growth plans
- Modest capital expenditures of approximately $3M - $5M per year range expected

Focused on Increasing Shareholder Value

Pretax EPS*



Market Capitalization



** Non-GAAP Information, see Appendix for a reconciliation to GAAP*

Strongest Brands in Fitness Equipment

Nautilus, Inc

Bowflex
- *#1 Fitness Brand**
- *Innovation – Quick and proven results*

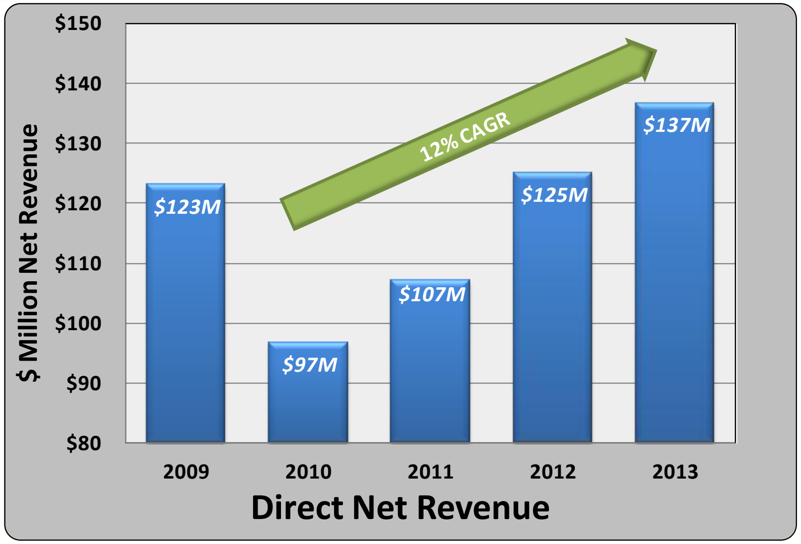
Nautilus
- Authenticity
- Professional grade – Serious fitness
- Corporate umbrella brand

Schwinn
- *Quality/Value cardio brand*
- *High awareness across all consumer groups*

Universal
- American heritage
- Strength brand used for differentiation

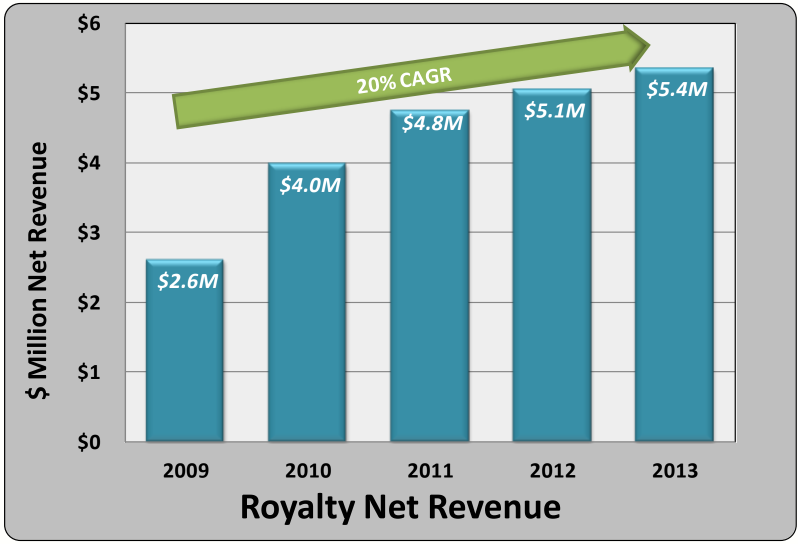
* Based on 2012 National Consumer Research Study

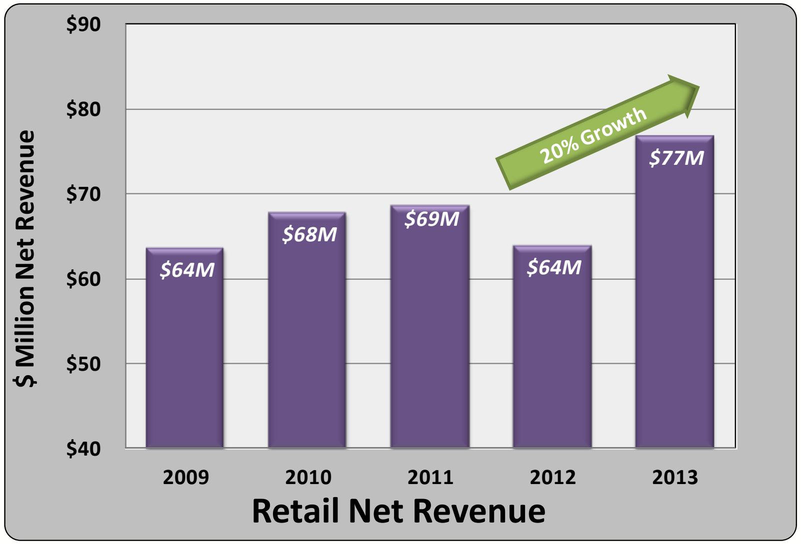
Expansion Across all Key Channels



Direct Channel

- Unique innovative products
- Media penetration and conversion strategy
- Outstanding customer service





Retail Channel

- Consumer insight driven products
- Market share growth opportunity
- Strong brand awareness
- Highest consumer ratings
- International footprint growth

Royalties

- Brand licensing
- IP licensing

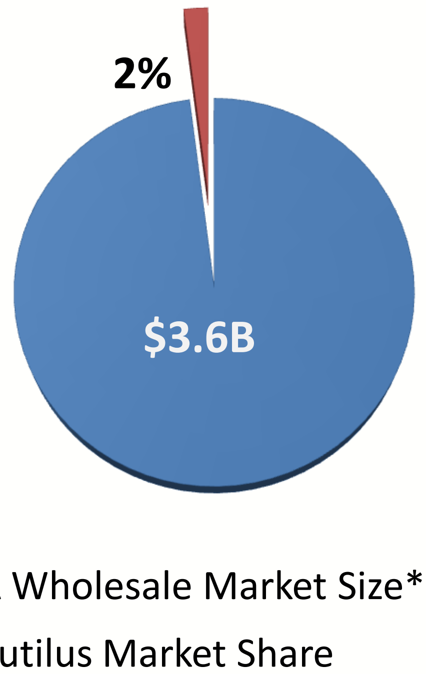
Industry Leading Product Quality & Innovation

Retail Channel

Broad North America Footprint with Room for Growth

Market **share growth** potential with **existing** customers

North America Wholesale Consumer Fitness Equipment Market



Sports Authority, Amazon, Dick's Sporting Goods, Walmart, Academy Sports + Outdoors

* Based on SFIA 2014 Manufacturers' Sales by Category Report

New Product Category Potential

Focused entry into Treadmill category creates **opportunity**

US Wholesale Consumer Treadmill Market*

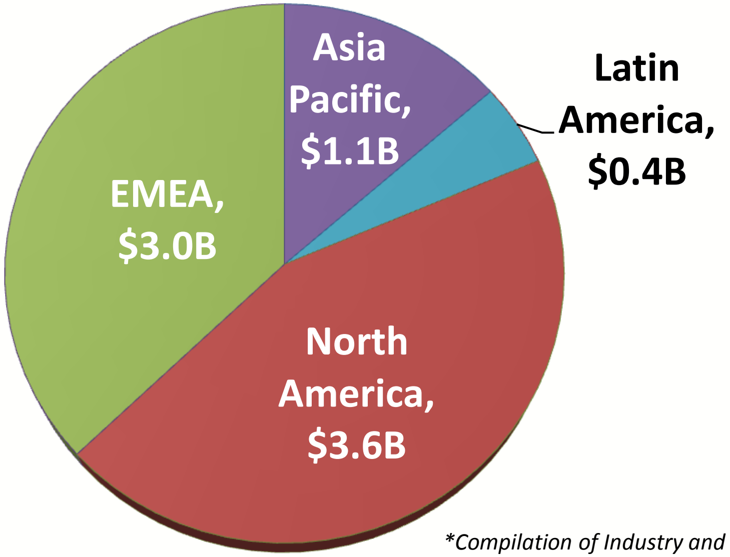
- Bluetooth$^{\text{TM}}$ Smart connectivity to NautilusConnect$^{\text{TM}}$ and MyFitnessPal
- "Fitness Score" feature based on VO^2 Max estimates
- "Pacer" feature with "Compare" functionality to race against average or best times

- SoftTrak$^{\text{TM}}$ technology to promote user safety and comfort
- USB connectivity to NautilusConnect$^{\text{TM}}$ and MyFitnessPal
- Exportable goal tracking

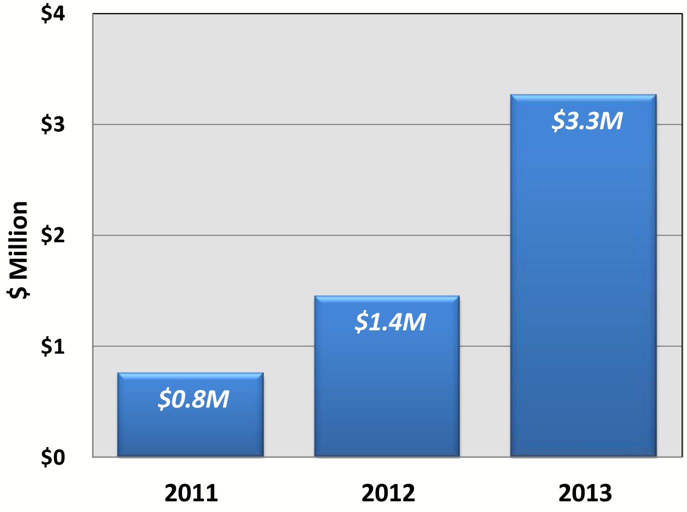
* Based on SFIA 2014 Manufacturers' Sales by Category Report

Untapped International Markets

Estimated Wholesale Retail Market Size by Region*



International Revenue



**Compilation of Industry and Internal Data*

North America	EMEA	Asia Pacific	Latin America
• Mature market; 3.5%/yr growth projected as recovery from recession continues • NLS brands have top brand recognition	• Mature and crowded market; 3%/yr growth projected, stronger in some countries • Nautilus and Bowflex have high awareness	• Emerging market; strong growth (>15%/yr) projected, especially in China • Nautilus brand recognized overall. Bowflex strong in Australia / NZ	• Emerging market with barriers to entry in key areas such as Brazil; growth of 10%/yr projected • Nautilus brand is known

Direct Channel

Innovative Products

BOWFLEX

Still strong growth after first version launched in 2004

TreadClimber **uniquely** addresses needs of very large and growing consumer Cardio market

BOWFLEX

MAX Trainer targeted against **rapidly growing** elliptical and stepper markets

Design appeal with effective functionality

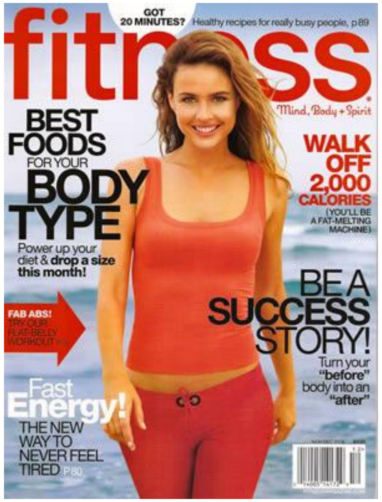
Building on Strong Legacy of TV Marketing

TV remains the core channel to reach a mass audience

In 2013, we invested > <u>$20 million</u> in Short Form and
Long Form television resulting in over 5 billion impressions

Magazines capture an engaged, niche audience

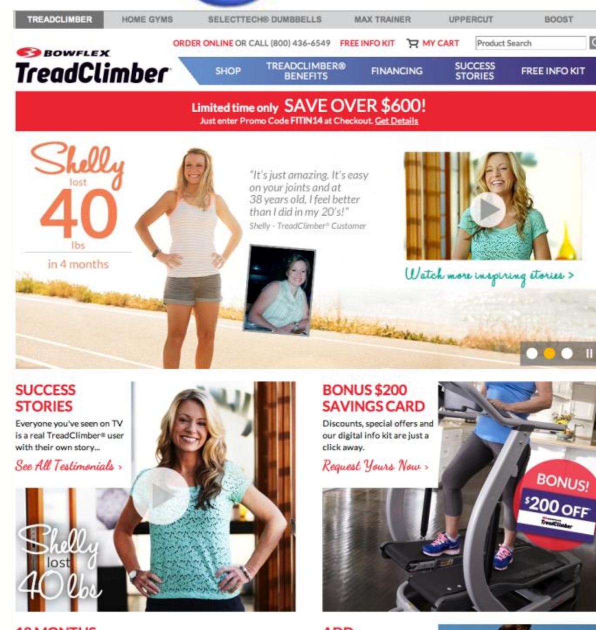
- *Top titles were Weight Watchers, Woman's Day, Health*
- *Ran Full-Page ads and advertorials during the peak season*



Rapidly Expanding Digital Media Presence

Our **Online Media spend** was **> $10 million** and delivered nearly

3 billion impressions



Resulting in over 15 million visitors to our 30+ US & Canada ecommerce & content sites

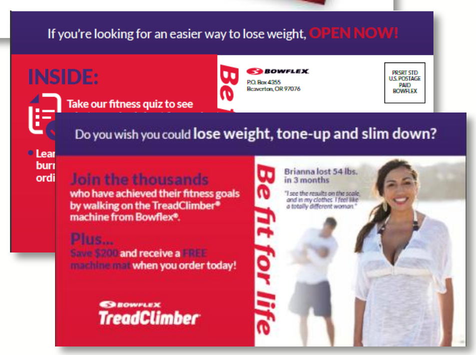
Active presence across 17 social media platforms

Large Opportunity for Cross-selling

Information Kit

Email

Self Mailer



Modeling

Buyer SPM Model
10/13/13 Scores

	N	spm_score Mean	Min
All	1169227	1.0735	0.00
1	59270	10.7445	6.65
2	59235	5.2068	3.84
3	58117	2.3421	1.45
4	54640	1.1118	0.89
5	56465	0.7238	0.57
6	58652	0.4242	0.31
7	58676	0.2524	0.20
8	58500	0.1657	0.14
9	58404	0.1139	0.09
10	58413	0.0800	0.07
11	58687	0.0573	0.05
12	58757	0.0402	0.03
13	58861	0.0285	0.02
14	58908	0.0203	0.02
15	58956	0.0149	0.01
16	58945	0.0115	0.01
17	58951	0.0086	0.01
18	58904	0.0062	0.01
19	58935	0.0043	0.00
20	58951	0.0027	0.00

Catalog

Database of over 12 million customer names

Communicate to several million annually

Deep Conversion Stream

Includes an information kit, self mailers, postcards and emails that incentivize conversion to sale

Email

Large campaigning tool used to support print, promotions, retention, and content as well as lead, sales and testimonial prospecting

Catalog

- 3 drops a year – Summer, Holiday and Winter
- Use complex consumer modeling & segmentation

Long-term Goals

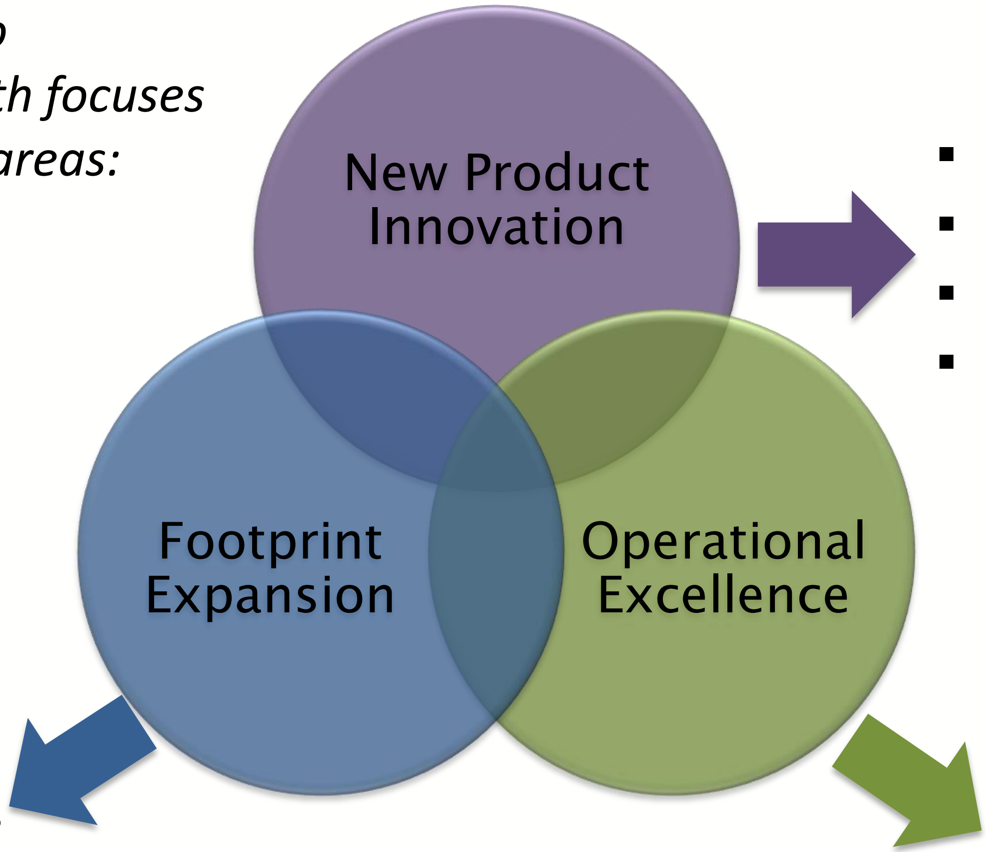
Our Five Management Principles

1. Focus on profitable growth while leveraging and tightly controlling expenses
2. Deliver a steady flow of consumer-insight driven innovations
3. Continue investing in our brands and new product launches
    - Longer term view
4. Apply sense of urgency and intense focus on strategy and execution
    - Achieve what we say we're going to do
5. Support and nurture our vibrant culture of organizational excellence

Continue to drive positive shareholder return!

"The Road Map" for Profitable Growth

Our approach to profitable growth focuses on three major areas:



- Process Rigor
- IP Portfolio
- Brand Engagement
- Margin Discipline

- New Price Points
- New Core Categories
- Plus Growth Opportunities
- Access to Broader Audience
- Licensing

- Leverage Infrastructure
- Continuous Cost Improvements
- Supply Chain Efficiency
- Media Planning

Longer Term Expectations

Stated Strategic Goal	Run Rate	2013 Results vs. 2012
Revenue Growth	9-10% year	12.8% vs. 7.5% prior year
Gross Margin	Sustain gains in each channel	>2 margin point improvement in both channels
Operating Expense Leverage	1-3 points better	Expense % of Revenue flat
Operating Income	7-10% of revenue Absolute dollars increasing at double digit pace	7.2% vs. 5.5% prior year 49% growth
EBITDA Growth	Strong (outpacing revenue)	43% growth vs. 84% prior year

Key Take Aways

- ✓ Our company is achieving growth and significantly improved profitability
- ✓ Capabilities have been built to deliver long-term profitability
- ✓ Strategic growth drivers and opportunities have been identified and are being pursued
- ✓ Strong asset position is unique and leverage-able
  - Brands, IP, balance sheet, business model, human capital
- ✓ Our team is highly skilled and motivated behind a solid plan

  ….. and the plan is working

Thank You

Appendix

P&L Summary

All values in $ millions except per share amounts	2009	2010	2011	2012	2013	Q2 2013 YTD	Q2 2014 YTD
Retail Revenue	$ 63.6	$ 67.8	$ 68.6	$ 63.9	$ 76.8	$ 25.3	$ 35.1
Direct Revenue	123.0	96.7	107.1	125.0	136.7	67.9	83.1
Royalties	2.6	4.0	4.8	5.1	5.4	2.2	2.2
Total Revenue	**189.3**	**168.4**	**180.4**	**193.9**	**218.8**	**95.5**	**120.5**
Retail Gross Margin	19.3	18.7	16.0	14.4	19.5	5.8	8.8
% of Retail Rev	*30.4%*	*27.6%*	*23.4%*	*22.5%*	*25.3%*	*22.7%*	*24.9%*
Direct Gross Margin	75.5	54.0	57.7	71.6	81.7	40.1	52.3
% of Direct Rev	*61.4%*	*55.9%*	*53.9%*	*57.3%*	*59.7%*	*59.0%*	*62.9%*
Royalty	1.7	4.0	4.8	5.1	5.4	2.2	2.2
Total Gross Margin	**96.5**	**76.7**	**78.5**	**91.0**	**106.5**	**48.0**	**63.3**
% of Rev	*51.0%*	*45.6%*	*43.5%*	*46.9%*	*48.7%*	*50.3%*	*52.5%*
Selling and Marketing	75.8	64.0	54.5	58.6	66.5	32.4	37.5
General and Administrative	24.6	19.4	17.1	17.7	18.7	8.9	10.8
Research and Development	5.2	2.9	3.2	4.2	5.6	2.4	3.7
Restructuring	14.2	-	-	-	-	-	-
Asset impairment	5.9	-	-	-	-	-	-
Total Operating Expense	**125.7**	**86.3**	**74.9**	**80.4**	**90.8**	**43.8**	**51.9**
% of Rev	*66.4%*	*51.2%*	*41.5%*	*41.5%*	*41.5%*	*45.8%*	*43.1%*
Retail Operating Income	10.8	11.4	9.5	7.9	11.4	2.1	3.8
% of Retail Rev	*17.0%*	*16.8%*	*13.8%*	*12.3%*	*14.9%*	*8.3%*	*10.9%*
Direct Operating Income (Loss)	(0.7)	(10.8)	3.0	12.5	14.1	7.2	14.2
% of Direct Rev	*-0.6%*	*-11.1%*	*2.8%*	*10.0%*	*10.3%*	*10.6%*	*17.1%*
Royalties and Unallocated Corporate	(39.3)	(10.2)	(8.8)	(9.7)	(9.8)	(5.0)	(6.7)
Total Operating Income (Loss)	**$ (29.2)**	**$ (9.6)**	**$ 3.6**	**$ 10.6**	**$ 15.7**	**$ 4.3**	**$ 11.4**
% of Rev	*-15.4%*	*-5.7%*	*2.0%*	*5.5%*	*7.2%*	*4.5%*	*9.5%*
Other Expense (Income)	0.3	(0.3)	0.4	0.2	(0.3)	(0.0)	0.1
Pretax Income (Loss)	**$ (29.5)**	**$ (9.2)**	**$ 3.2**	**$ 10.4**	**$ 16.0**	**$ 4.3**	**$ 11.3**
Pretax Income (Loss) per Diluted share	$ (0.96)	$ (0.30)	$ 0.10	$ 0.34	$ 0.51	$ 0.14	$ 0.36
Income Tax Expense (Benefit)	(10.9)	0.6	0.7	(0.2)	(32.1)	(33.9)	4.0
Net Income (Loss) from Continuing Operations	**$ (18.6)**	**$ (9.8)**	**$ 2.5**	**$ 10.6**	**$ 48.1**	**$ 38.2**	**$ 7.2**
Net Income (Loss) per Diluted share	$ (0.61)	$ (0.32)	$ 0.08	$ 0.34	$ 1.53	$ 1.22	$ 0.23

Balance Sheet

All values in $ millions	2009	2010	2011	2012	2013	Q2 2013	Q2 2014
Assets							
Cash and cash equivalents	$ 7.3	$ 14.3	$ 17.4	$ 23.2	$ 41.0	$ 28.4	$ 38.3
Restricted cash	-	0.4	-	-	-	-	-
Marketable securities, current portion	-	-	-	-	-	-	19.0
Trade receivables, net	27.8	19.6	23.8	21.8	25.3	8.1	8.9
Inventories, net	13.1	10.3	11.6	18.8	15.8	13.3	23.2
Deferred income tax assets	0.1	0.1	0.1	0.2	4.4	3.3	6.2
Prepaids and other current assets	29.0	6.9	5.2	5.9	7.0	4.4	5.1
Total current assets	**77.3**	**51.6**	**58.1**	**69.9**	**93.6**	**57.6**	**100.8**
Restricted cash	4.9	-	-	-	-	-	-
Marketable securities, non-current	-	-	-	-	-	-	-
Property, plant and equipment, net	8.0	3.8	4.4	6.1	8.5	7.5	8.7
Goodwill	2.8	2.9	2.9	2.9	2.7	2.8	2.7
Other intangible assets, net	20.8	18.8	16.7	14.7	12.6	13.6	11.6
Long-term deferred income tax assets	0.4	0.4	0.3	0.2	25.7	28.6	20.9
Other assets	0.9	0.9	0.4	0.4	0.4	0.4	0.3
Total assets	**$ 115.2**	**$ 78.4**	**$ 82.8**	**$ 94.3**	**$ 143.6**	**$ 110.5**	**$ 145.0**
Liabilities and Shareholders' Equity							
Trade payables	$ 37.1	$ 24.5	$ 28.6	$ 32.8	$ 37.2	$ 16.6	$ 32.0
Warranty obligations, current portion	7.1	3.5	1.8	2.3	1.6	2.1	2.1
Other current liabilities	12.0	8.2	8.3	9.4	9.1	5.7	8.1
Total current liabilities	**56.2**	**36.3**	**38.6**	**44.5**	**47.9**	**24.4**	**42.2**
Long-term notes payable	-	5.1	5.6	-	-	-	-
Other long-term liabilities	6.5	6.1	6.6	6.5	4.1	4.7	4.8
Shareholders' equity	52.5	30.8	32.0	43.3	91.6	81.4	98.1
Total liabilities and shareholders' equity	**$ 115.2**	**$ 78.4**	**$ 82.8**	**$ 94.3**	**$ 143.6**	**$ 110.5**	**$ 145.0**

Reconciliation of Non-GAAP Financial Measures

Pretax Income per Diluted Share from Continuing Operations (unaudited):

	2009	2010	2011	2012	2013	Q2 2013	Q2 2014	Q2 2013 YTD	Q2 2014 YTD
Pretax income (loss) per diluted share from continuing operations	**$ (0.96)**	**$ (0.30)**	**$ 0.10**	**$ 0.34**	**$ 0.51**	**$ (0.05)**	**$ 0.07**	**$ 0.14**	**$ 0.36**
Income (loss) per diluted share from income tax provision	0.35	(0.02)	(0.02)	0.01	1.02	1.09	(0.03)	1.08	(0.13)
Net income (loss) per diluted share from continuing operations(1)	**$ (0.61)**	**$ (0.32)**	**$ 0.08**	**$ 0.34**	**$ 1.53**	**$ 1.04**	**$ 0.05**	**$ 1.22**	**$ 0.23**

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) (unaudited):

	2009	2010	2011	2012	2013
Income (loss) from continuing operations	**$ (18.6)**	**$ (9.8)**	**$ 2.5**	**$ 10.6**	**$ 48.1**
Interest expense (income), net	0.1	0.1	0.4	(0.1)	0.0
Income tax expense (benefit) of continuing operations	(10.9)	0.6	0.7	(0.2)	(32.1)
Depreciation and amortization	10.7	6.6	3.8	3.3	3.3
EBITDA from continuing operations(1)	**$ (18.7)**	**$ (2.5)**	**$ 7.4**	**$ 13.6**	**$ 19.4**

(1) May not add due to rounding