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. 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.
2012 / 2013 Highlights

Our company achieved growth and significantly improved profitability

Capabilities were built to deliver long term profitability

Overall margins improved in both businesses

Cost Improvement initiatives have become part of our culture / normal course of doing business

Strategic growth opportunities were identified and are being pursued

Balance sheet was strengthened with cash and remaining debt was paid off in March 2012
Business Units:
Operations:
Employee Base:
Financial Discipline:
Balance Sheet:

**Business Profile**

**Operations:**
- Significant Global Ops
  - 20+ facilities
  - Owned manufacturing

**Employee Base:**
- 1700

**Financial Discipline:**
- Sales Growth Oriented

**Balance Sheet:**
- $7.9M Cash*
- $79M Debt*

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**Then ...**

**Operations:**
- Lean Structure
  - 1 HQ facility
  - 2 warehouses
  - Contract manufacturing

**Employee Base:**
- 330

**Financial Discipline:**
- Sales Growth Oriented

**Balance Sheet:**
- $27.7M Cash*
- No Debt

*As of December 31, 2007

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**Now ...**

**Operations:**
- 1 (singular focus)

**Employee Base:**
- 1700

**Financial Discipline:**
- Sales Growth Oriented

**Balance Sheet:**
- $7.9M Cash*
- $79M Debt*

*As of September 30, 2013
Revenue and Net Income Progress

- **Net Revenue**
  - 2005: $631
  - 2006: $680
  - 2007: $569
  - 2008: $439
  - 2009: $264
  - 2010: $181
  - 2011: $181
  - 2012: $194

- **Net Income / (Loss)**
  - 2005: $23
  - 2006: $29
  - 2007: ($56)
  - 2008: ($91)
  - 2009: ($23)
  - 2010: $1
  - 2011: $11
  - 2012: $17*

*Includes one time (non-cash) cumulative translation adjustment in Discontinued Operations*

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**Revenue and Income from both Discontinued and Continuing Operations**

- **The Transformation**
- **The Progress**
- **The Potential**

Graph showing revenue and net income progression from 2005 to 2012.
• Achieved sales growth of 9.9% versus last year
• Gross Margin improved 3.1 points to 49.3%
• Operating Income improved 1.7 points to 4.0%
• Improved our Net Income* % of sales from 2.6% to 3.9%
  ⇒EPS* YTD increased from 11cts to 17cts/share
• Increased our investment in R&D by 29% compared to last year

* Excluding onetime tax benefit of $34.2M or $1.09 per diluted share
* Non-GAAP Information, see Nautilus’ website under “Investor Relations” for a reconciliation to GAAP
Gross Margin Trend

The Transformation

The Progress

The Potential

Q112 Q212 Q312 Q412 Q113 Q213 Q313

Direct
Retail

Gross Margin Trend

The Potential
The Progress
The Transformation

23.8% 19.2% 21.4% 24.1% 24.9% 19.5% 25.4%

56.5% 55.1% 57.9% 58.9% 59.8% 57.6% 61.0%

0% 10% 20% 30% 40% 50% 60% 70%

Q112 Q212 Q312 Q412 Q113 Q213 Q313

Direct Retail
Operating Income From Continuing Operations

The Transformation

The Progress

The Potential

Millions (USD)

Q1

Q2

Q3

Q4

Trajectory of quarterly improvements is positive
Consistent Profit Improvement

EBITDA growing faster than Revenue due to operating leverage of business

* Non-GAAP Information, see Nautilus’ website under “Investor Relations” for a reconciliation to GAAP
* Net Revenue and EBITDA are rolling four quarter total, Continuing Operations
Increasing Gross Margin and Declining Expense Ratio

The Transformation

The Progress

The Potential

⇒ Generates Operating Margin Improvement

2010: (5.7%) 2011: 2.0% 2012: 5.5% Trailing 4 Qtr thru 3Q13: 6.4%
Sales Growth in Excess of Industry Rate

The Transformation

The Progress

The Potential

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NLS Sales Growth

Industry Average*

* Source: 2012 SGMA Data
Leading Brands Poised for Growth

- **Strong Brand Equity**
- **Clearly Differentiated**
- **Growth Opportunity**

**Market Leader Position:**
- Awareness
- Quality
- Reputation
- Customer service

**Bowflex:** Innovative, quick and proven results
**Nautilus:** Authentic, serious fitness
**Schwinn:** Quality cardio, good value
**Universal:** American heritage, strength

**Expansion:**
- Alternative Fitness
  - New Price Points
  - New Licensing Opportunities
  - International Markets

*Note: Based on National Consumer Research Study Completed in 2011*
Increased Focus on New Product Development

- R&D spend and resources were stepped up since 2011 (2x)
- Expansion into new price points and alternative fitness in 2012
  - Boost band, UpperCut
- Extensive complementary network of outside idea resources is yielding positive results
- Rigorous new product development process ensures market traction and drives improved margins

Sales growth, margin improvement, and product reviews prove that the strategy is working
Unique Multi-Channel Business Model

- Growth into new categories and price points
- Product cascading extends life cycles

**Direct**
- High margins
- New category opportunities
- Helps build brands
- Leverage IP assets

**Retail**
- Big market; low share
- International opportunities
- Leverage Direct Marketing capabilities

**Licensing**

Synergies provide additional levers for growth
2014 Focus Areas – “the big 3” (same as 2012 & 2013)

1) Continue emphasis on new product development
   – Expanding our product portfolio
   – Integration of consumer insights to improve product success

2) Improve our product margins

3) Tightly manage our operating costs and create leverage as we grow revenues

Continue to deliver short term improvements while building strong foundation for future profitable growth
Strategic Goal - Run Rates Generating EPS Growth

Revenue Growth: Sustaining 9 – 10% / Year
Gross Margin: Sustain gains achieved by each channel
Operating Expense Leverage: 1 – 3 Points better

Operating Income @ 7 – 10%
(increasing at double digit pace)
+
Cash Generation

Strong EPS Growth / Year
Why Consider Nautilus

Our company is achieving growth and significantly improved profitability

Capabilities built to deliver long term profitability
- New product development
- Supply Chain efficiencies

Cost improvement initiatives have become part of our culture / normal course of doing business

Strategic growth opportunities identified and are being pursued
- New price points and new categories
- Branding / Licensing
- International opportunities

Strong asset position is leverageable
- Balance sheet
- Talented employees
- Unique and complimentary business segments
- Strengths not easily replicated
The Focus Areas are clear and
The Plan is achievable
New Initiatives to Launch New Product

"Sweat and the City” Sept 9-11

• Sneak peak at MY13 Retail products, Boost, SelectTech Trainer app and MAX Trainer
• Interviews, product demonstrations, presentations (oh and a party)

What Did We Accomplish?

• 30 + reporter/blogger presentations
• 37 financial analysts and share holder attendees
• 19 original articles with over 10 million impressions
• Successful “friend raising” with fitness pros, traditional press, bloggers and Wall Street
EASIER TO **STAY MOTIVATED**
Boost Activity Band

- AVAILABLE SEPTEMBER 2013
- COMPATIBLE STARTING WITH IOS 6 & IPHONE 4S AND NEWER

**How Boost Works**

1. **Set Your Goal**
   - This Boost app lets you set daily personal goals and check your progress at a glance.

2. **Start Tracking**
   - Day & Night, Boost will keep track of your activity and sleep.

3. **Sync Wirelessly**
   - Wireless Bluetooth technology automatically syncs your activity data to your iPhone.

4. **Stay Active**
   - Boost motivates you to stay active and reach your goals.

**Your Progress at a Glance**

- Even when you’re away from your phone, Boost’s simple and intuitive display lets you know when you’ve met your daily goal.

[Image of a person wearing the Boost Activity Band]
THANK YOU