

NAUTILUS
 Universal
 BOWFLEX
 SCHWINN
 Octane



March 2017 Investor Meetings



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, long-term growth capability, 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 opportunities for growth, planned capital expenditures, anticipated synergies and other benefits of the acquisition of Octane Fitness, and potential uses of our capital resources, including statements regarding potential share repurchases, acquisitions or dividend programs. 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, failure successfully integrate the Octane Fitness business, 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.

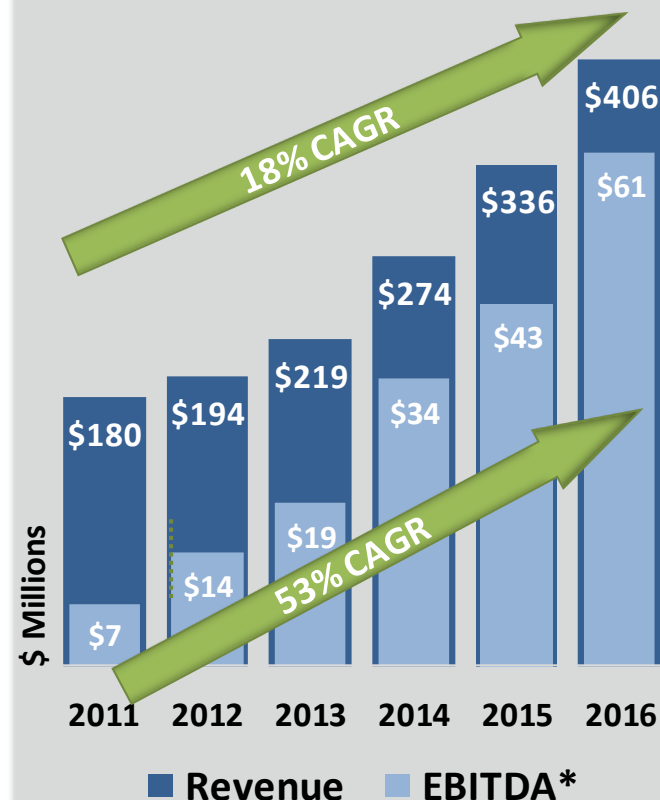
Unless otherwise indicated, all information regarding our operating results pertain to continuing operations.

© Nautilus, Inc. 2017

Who We Are

- Mission is to provide **innovative solutions** that make fitness more **attainable** and **motivate** people to live **healthier** lives
- We have a strong portfolio of **brands**, including three of the top five in the industry
- Consumer insights driven **innovation** and new products pipeline
- **Multichannel** growth strategy to meet consumer needs wherever they shop
- Focused on **profitable growth** and increasing shareholder value

Double-digit Revenue Growth Coupled with Even Faster EBITDA Growth



*Non-GAAP information, see Appendix for reconciliation to GAAP

*Based on a 2016 national consumer research study

Strong Brands

 **BOWFLEX**

SCHWINN

 **NAUTILUS**

Octane
FITNESS



Innovation
Quick, Proven Results

Quality and Value
High Awareness

Authentic
Professional Grade

Leader in Zero
Impact Cardio

Industry Leading Product Quality & Innovation

Award winning Bowflex Max Trainer®
M7 model launched early 2016



2013
GOLD
WINNER
IDA
INTERNATIONAL
DESIGN
AWARDS



reddot award 2015
winner

Octane XT-ONE™, the next generation cross-trainer
Walk, run, hike, and climb on one machine



560 SelectTech® Dumbbells

Award winning first ever smart dumbbells



reddot award 2016
best of the best



**First of a kind Zero
Runner® ZR8000**
Enabling everyone to run
safely and comfortably

Diversified Multichannel Growth Strategy

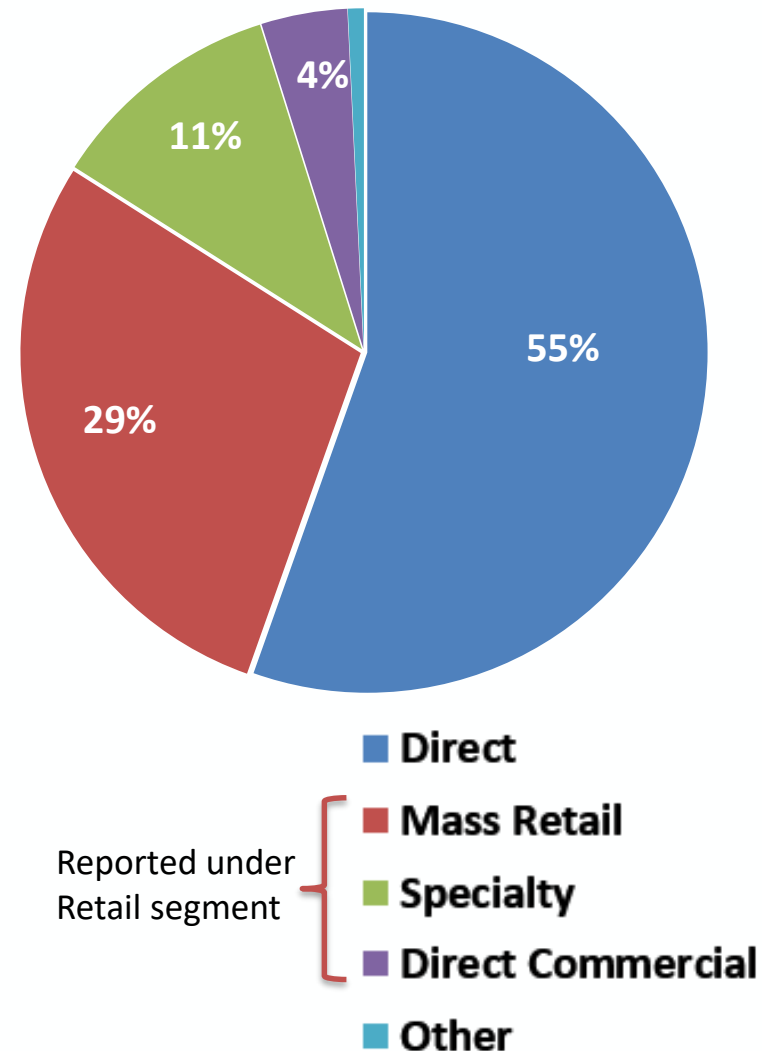
Direct to Consumer

- Unique innovative products
- Growing with five-year 16% CAGR
- Higher gross margins coupled with higher media expense structure
- Low working capital requirements
- Media penetration and conversion strategy
- Outstanding customer service

Retail Channel

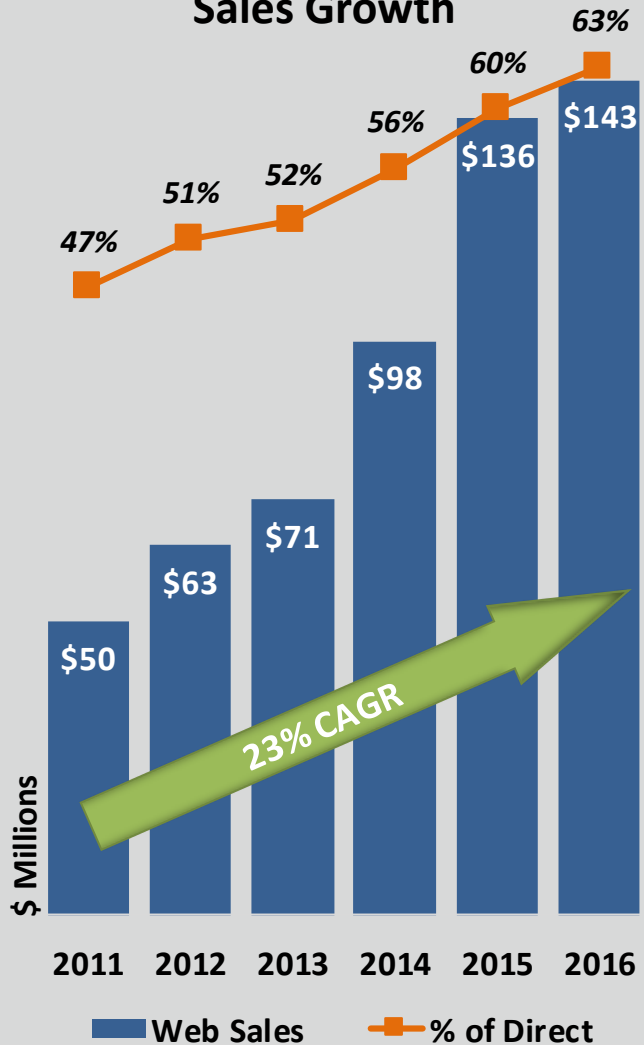
- Composed of Mass Retail and recently acquired Specialty and Direct Commercial channels (Octane Fitness)
- Robust growth with four-year 29% CAGR
- Lower gross margins coupled with lower sales expense structure
- Broad distribution network
- Consumer insight driven products
- Highest consumer ratings

Combined Channel Mix



Ecommerce Driving Growth

Robust Direct Channel Web Sales Growth

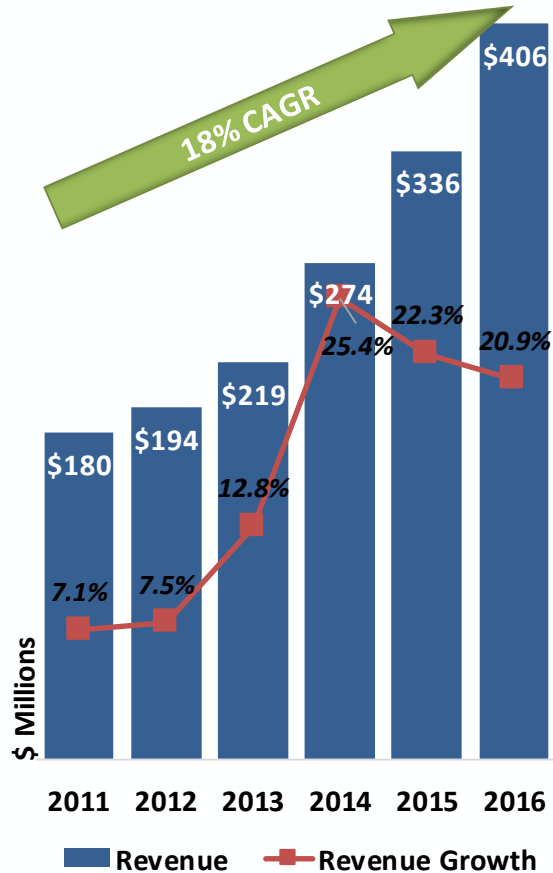


2016 Key Web Metrics

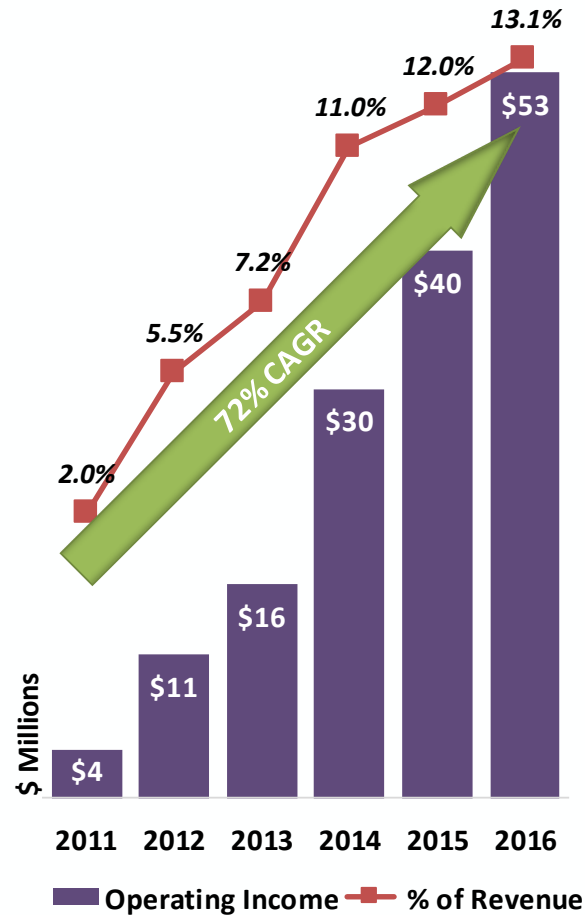
- 4.6 billion impressions
- 13 million web visits to Bowflex.com/ca
- 56% of web visits from mobile devices (phone & tablet)
- 30+ web properties

Delivering Solid Financial Performance

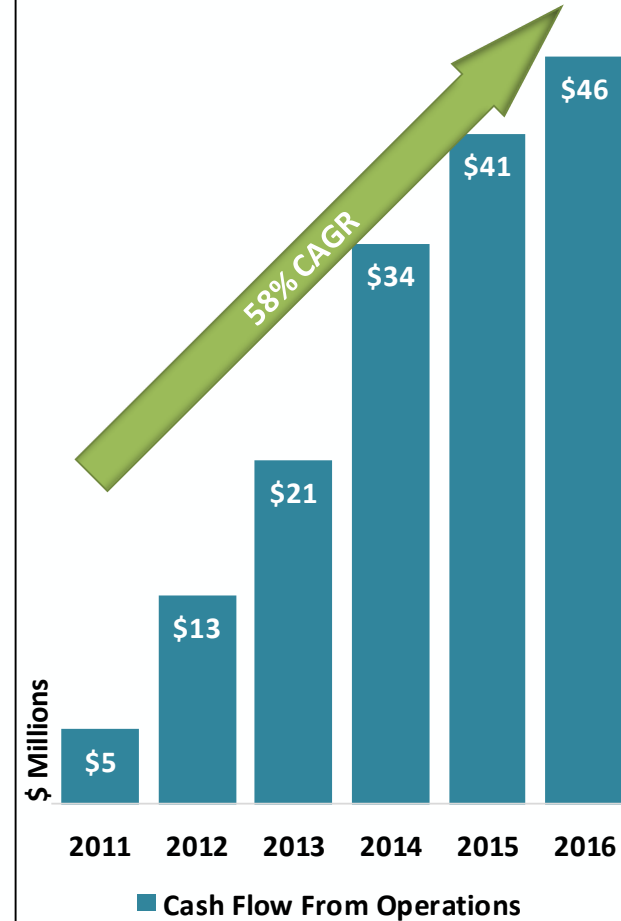
Strong revenue growth...



Coupled with improving profitability...

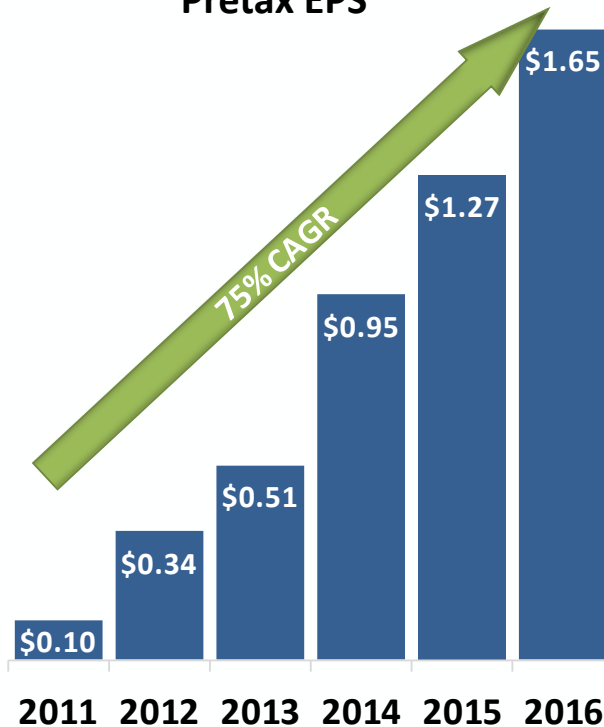


Resulted in robust cash generation



Focused on Increasing Shareholder Value

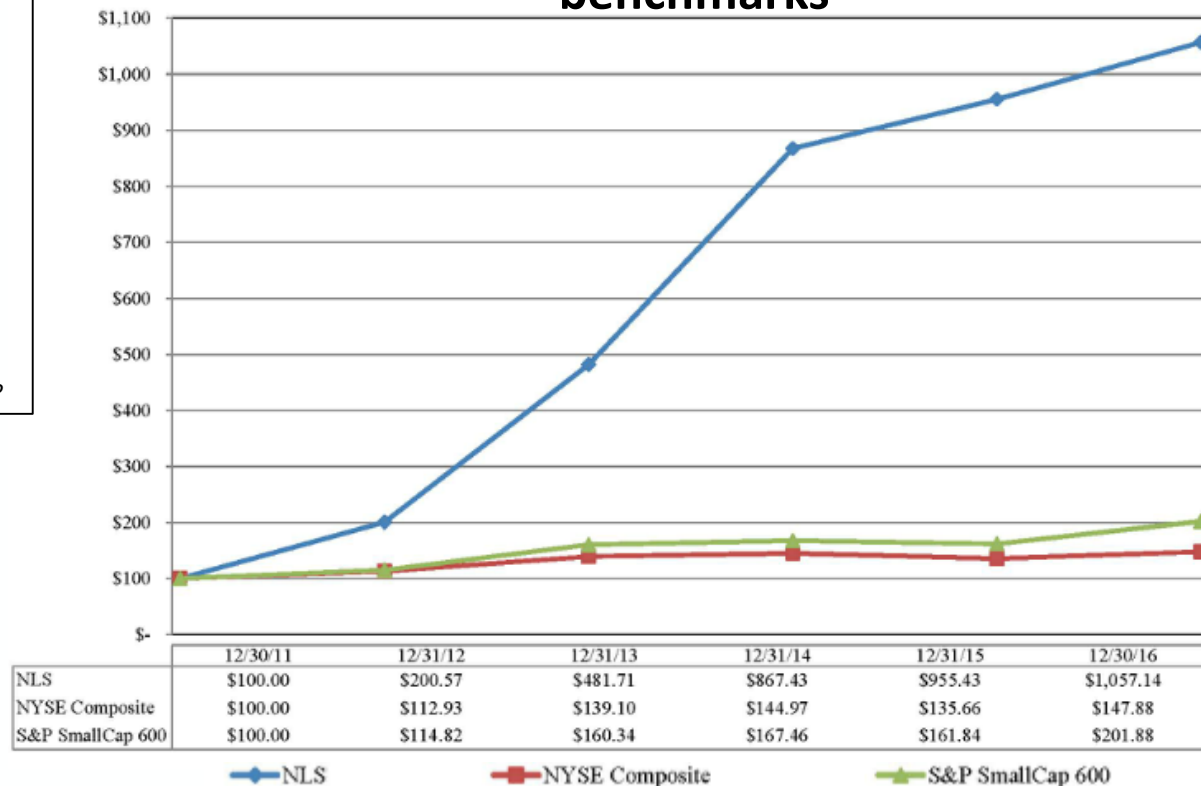
Pretax EPS*



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

Increasing shareholder value driven by superior operating results

NLS stock consistently outperforming benchmarks



Five Key Growth Drivers

Mass Retail

Growing market share but still below 5%

New Distribution Opportunities

Octane acquisition provides accelerator into specialty, vertical, and commercial markets

Innovation

Cadence of new products with enhanced consumer experience and engagement

International

Large market, small share. Nautilus and Octane brands recognized worldwide.

Strategic Opportunities

Additional opportunities to advance existing strategies

Mass Retail

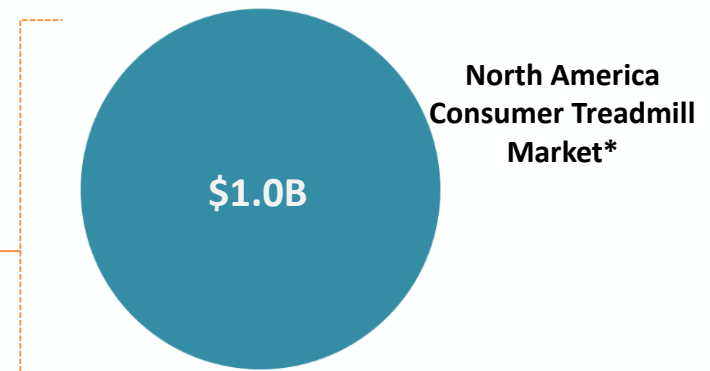
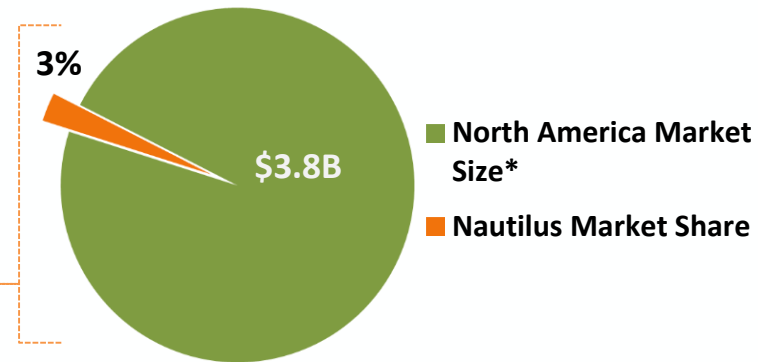
New Distribution Opportunities

Innovation

International

Strategic Opportunities

- Balance of sales between traditional storefront and faster growing e-commerce
- Current small market share provides opportunity for growth within existing market
- Broaden assortment of SKUs among existing customers
- Expand use of brand portfolio to address new price points and consumer segments
- Continue to ramp treadmills growth post launch in late 2014
- Enter \$200M handheld fitness market



*Based on SFIA 2016 Manufacturers' Sales by Category Report; values reflect wholesale pricing

Five Key Growth Drivers

New Distribution Opportunities

Mass Retail

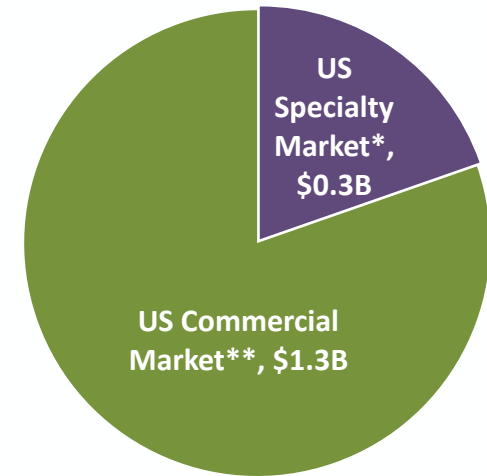
**New
Distribution
Opportunities**

Innovation

International

Strategic
Opportunities

- Large and growing markets
- Incremental sales opportunity with favorable pricing and margin dynamics
- Octane acquisition enhances position
- Brand centric – Nautilus and Schwinn have strong legacy and are widely recognized by consumers; Octane has strong brand equity
- Develop & launch key products to address these markets
- Pursue strategic partnerships to build market share



AD Pro Launched into Specialty



*Based on internal analysis; values reflect wholesale pricing;

**Based on SFIA 2016 Manufacturers' Sales by Category Report

Five Key Growth Drivers

Innovation

Mass Retail

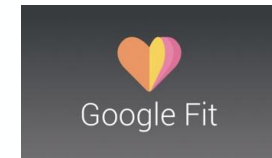
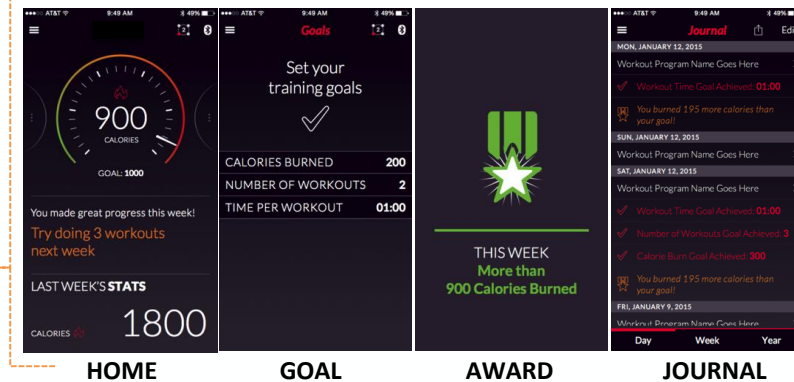
New
Distribution
Opportunities

Innovation

International

Strategic
Opportunities

- 65% of 2016 revenue was from products and categories launched in the last three years
- Reinvent consumer experience with real-time coaching, tracking, and motivation
- Innovating with apps and connectivity options
- Partnering with leading platforms to seamlessly sync and share workout data
- Continuously innovating consumer engagement to leverage changing industry dynamics



Five Key Growth Drivers

International

Mass Retail

New
Distribution
Opportunities

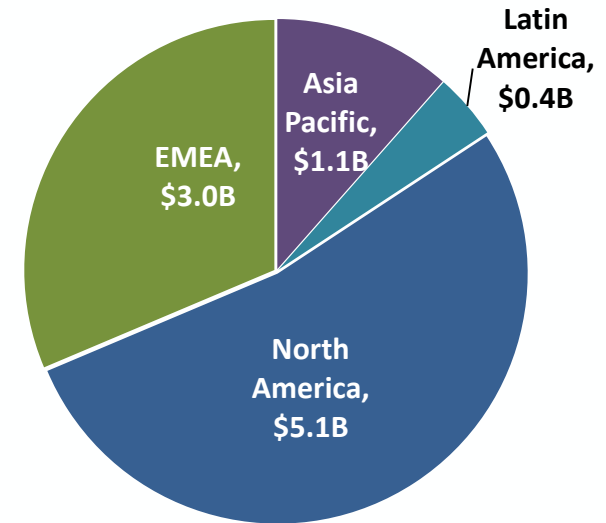
Innovation

International

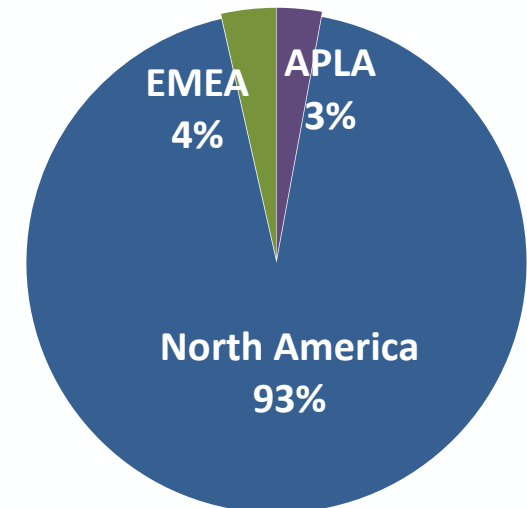
Strategic
Opportunities

- Large potential opportunity outside North America to grow low current market share
- Nautilus and Octane brands widely recognized worldwide
- Aggressively adding best of breed distributor partners in target countries
- Introduced Max Trainer into international market in Q3 2015

Estimated Global Market Size
by Region*



2016 Nautilus Regional Mix



*Compilation of industry and internal data; values reflect wholesale pricing

Mass Retail

New
Distribution
Opportunities

Innovation

International

**Strategic
Opportunities**

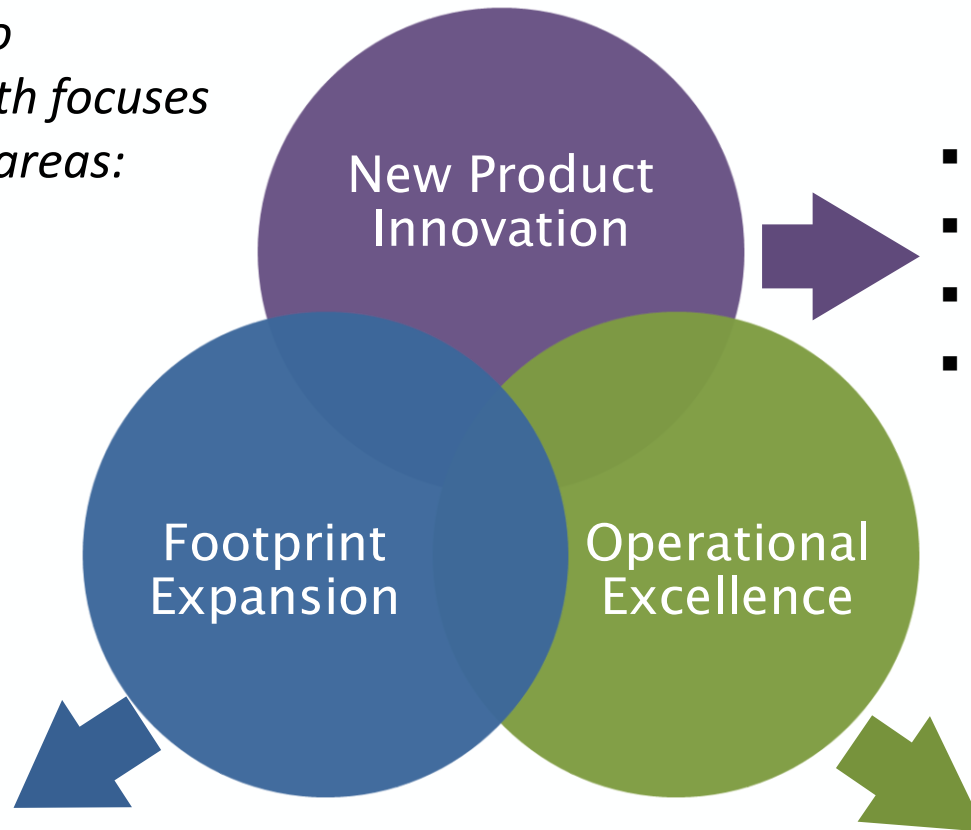
- Company in solid position to expand
 - Strong balance sheet with >\$79M in cash
 - Significant free cash flow
 - Leverageable infrastructure to capture synergies
- Opportunities to accelerate existing strategies through further acquisitions (e.g. strength and handheld fitness)
- Invest in intellectual property portfolio to drive new product innovation and potentially increase royalty stream
- Explore opportunities in incremental adjacent categories



Long-term Goals

“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

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

Targeted Operating Metrics

	Revenue Growth	Operating Income Growth	Operating Income % of Revenue	EBITDA % of Revenue
Long-term Run Rate	10-12%	Growth in excess of revenue growth	11-15%	13-17%
2013 Results	12.8%	48.5%	7.2%	8.9%
2014 Results	25.4%	91.8%	11.0%	12.5%
2015 Results	22.3%	33.6%	12.0%	12.9%
2016 Results	20.9%	32.6%	13.1%	15.1%

- Long-term Run Rate reflects management assessment of Nautilus' organic growth capability over the next 3-5 years
- Annual results will fluctuate within stated Long-term Run Rate due to industry dynamics and specific product life cycles

Capital Deployment Initiatives

Organic Growth

New Product Introductions

Expanding Distribution

Infrastructure Investments

Acquisition Strategy

Enhance or Accelerate Revenue Growth Drivers

Opportunistically Expand IP Portfolio

Return Capital to Shareholders

Add'l \$10M Share Buyback Program Announced Q1 2016

Potential for Special/Ongoing Dividend Program

Priority

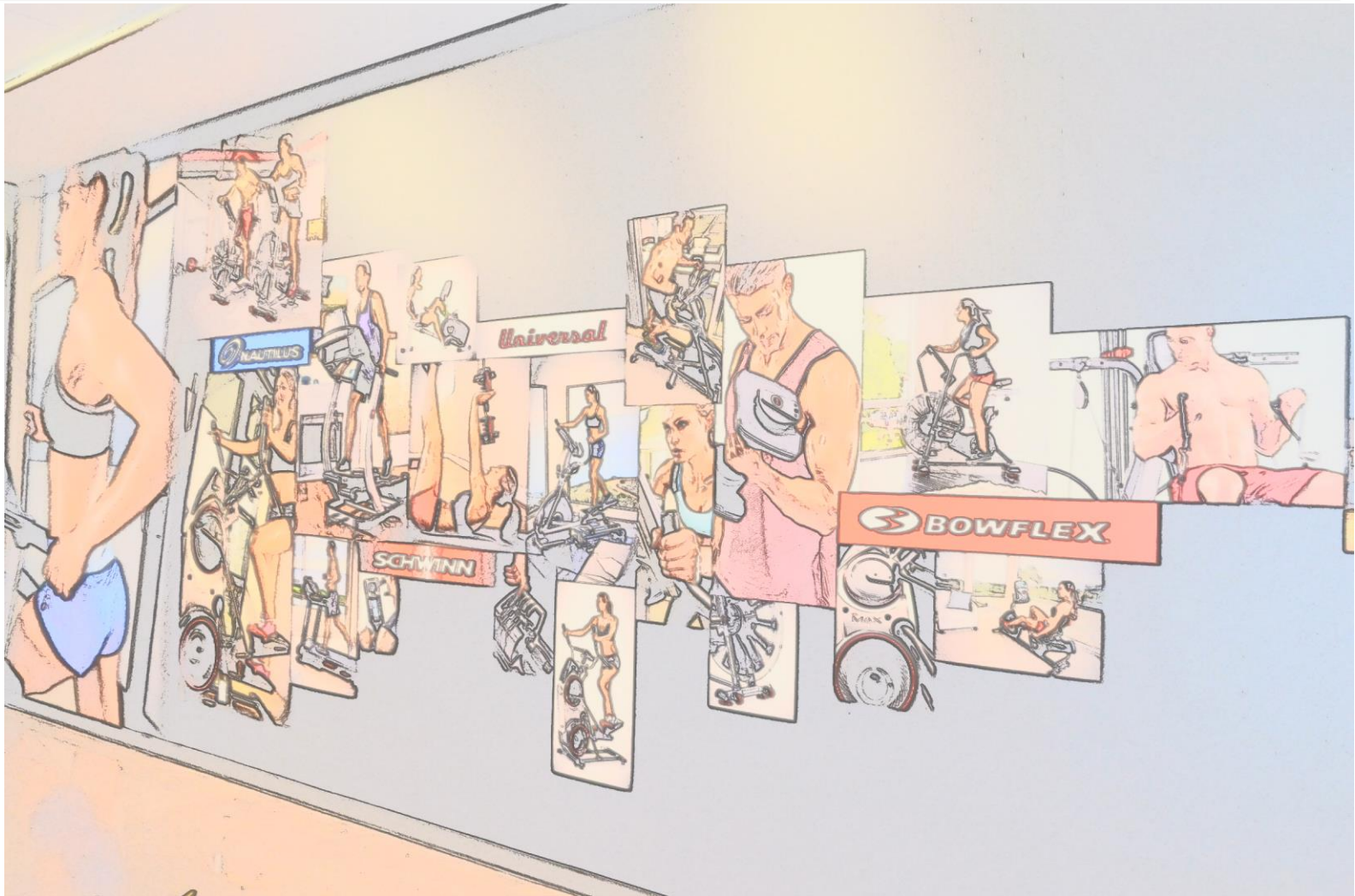
#1

#2

#3

Key Takeaways

- ✓ Leading portfolio of fitness brands
- ✓ Unique & innovative products and IP
- ✓ Solid sales & earnings growth; significantly improved profitability
- ✓ Strong financial condition
- ✓ Scalable platform & infrastructure
- ✓ Experienced management team that delivers on expectations



THANK YOU



Appendix

P&L Summary

All values in \$ millions except per share amounts

	2011	2012	2013	2014	2015	2016
Retail Revenue	\$ 68.6	\$ 63.9	\$ 76.8	\$ 93.2	\$ 106.2	\$ 177.9
Direct Revenue	107.1	125.0	136.7	175.6	225.6	225.1
Royalties	4.8	5.1	5.4	5.6	4.0	3.1
Total Revenue	180.4	193.9	218.8	274.4	335.8	406.0
Retail Gross Margin	16.0	14.4	19.5	23.7	26.9	58.8
<i>% of Retail Rev</i>	23.4%	22.5%	25.3%	25.4%	25.3%	33.1%
Direct Gross Margin	57.7	71.6	81.7	111.2	142.4	149.7
<i>% of Direct Rev</i>	53.9%	57.3%	59.7%	63.3%	63.1%	66.5%
Royalty	4.8	5.1	5.4	5.6	4.0	3.0
Total Gross Margin	78.5	91.0	106.5	140.6	173.2	211.5
<i>% of Rev</i>	43.5%	46.9%	48.7%	51.2%	51.6%	52.1%
Selling and Marketing	54.5	58.6	66.5	81.1	101.6	115.4
General and Administrative	17.1	17.7	18.7	22.1	21.4	28.8
Research and Development	3.2	4.2	5.6	7.2	9.9	13.9
Total Operating Expense	74.9	80.4	90.8	110.4	133.0	158.1
<i>% of Rev</i>	41.5%	41.5%	41.5%	40.2%	39.6%	38.9%
Retail Operating Income	9.5	7.9	11.4	13.3	12.9	29.5
<i>% of Retail Rev</i>	13.8%	12.3%	14.9%	14.2%	12.1%	16.6%
Direct Operating Income (Loss)	3.0	12.5	14.1	29.3	39.9	43.2
<i>% of Direct Rev</i>	2.8%	10.0%	10.3%	16.7%	17.7%	19.2%
Royalties and Unallocated Corporate	(8.8)	(9.7)	(9.8)	(12.5)	(12.5)	(19.3)
Total Operating Income (Loss)	\$ 3.6	\$ 10.6	\$ 15.7	\$ 30.2	\$ 40.3	\$ 53.4
<i>% of Rev</i>	2.0%	5.5%	7.2%	11.0%	12.0%	13.2%
Other Expense (Income)	0.4	0.2	(0.3)	(0.1)	0.2	1.8
Pretax Income (Loss)	\$ 3.2	\$ 10.4	\$ 16.0	\$ 30.2	\$ 40.0	\$ 51.6
Pretax Income (Loss) per Diluted share	\$ 0.10	\$ 0.34	\$ 0.51	\$ 0.95	\$ 1.27	\$ 1.65
Income Tax Expense (Benefit)	0.7	(0.2)	(32.1)	9.8	13.2	16.5
Net Income (Loss) from Continuing Operations	\$ 2.5	\$ 10.6	\$ 48.1	\$ 20.4	\$ 26.8	\$ 35.1
Net Income (Loss) per Diluted share	\$ 0.08	\$ 0.34	\$ 1.53	\$ 0.64	\$ 0.85	\$ 1.12

Reconciliation of Non-GAAP Financial Measures

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Pretax income (loss) per diluted share from continuing operations	\$ 0.10	\$ 0.34	\$ 0.51	\$ 0.95	\$ 1.27	\$ 1.65
Income (loss) per diluted share from income tax provision	(0.02)	0.01	1.02	(0.31)	(0.42)	(0.53)
Net income (loss) per diluted share from continuing operations⁽¹⁾	\$ 0.08	\$ 0.34	\$ 1.53	\$ 0.64	\$ 0.85	\$ 1.12

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

Values in \$ millions

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net income (loss) from continuing operations	\$ 2.5	\$ 10.6	\$ 48.1	\$ 20.4	\$ 26.8	\$ 35.1
Interest expense (income), net	0.4	(0.1)	0.0	(0.0)	(0.2)	1.7
Income tax expense (benefit) of continuing operations	0.7	(0.2)	(32.1)	9.8	13.2	16.5
Depreciation and amortization	3.8	3.3	3.3	4.0	3.4	7.9
EBITDA from continuing operations⁽¹⁾	\$ 7.4	\$ 13.6	\$ 19.4	\$ 34.2	\$ 43.2	\$ 61.1

(1) May not add due to rounding