



THE TRANSFORMATION, THE PROGRESS, THE POTENTIAL

15th Annual ICR XChange
JANUARY 2013

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. 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.



Nautilus Highlights At a Glance

Business transformed into a focused, profitable growth oriented model

Significant momentum in profitability improvement

Portfolio of industry leading brands, including the #1 (Bowflex)

Increased new product development initiatives are beginning to deliver results

Unique multi-channel business model capabilities

Cash generation and strong balance sheet (no debt) provides flexibility for growth



The
Transformation

The
Progress

The
Potential

Business Transformation (2007 to Today)

Business Profile



Business Units:

Operations:

Employee Base:

Financial Discipline:

Balance Sheet:

Then ...



3

Significant Global Ops
• 20+ facilities
• Owned manufacturing

1700

Sales Growth Oriented

\$7.9M Cash
\$79M Debt

Now ...



1 (singular focus)

Lean Structure
• 1 major facility
• 2 warehouses

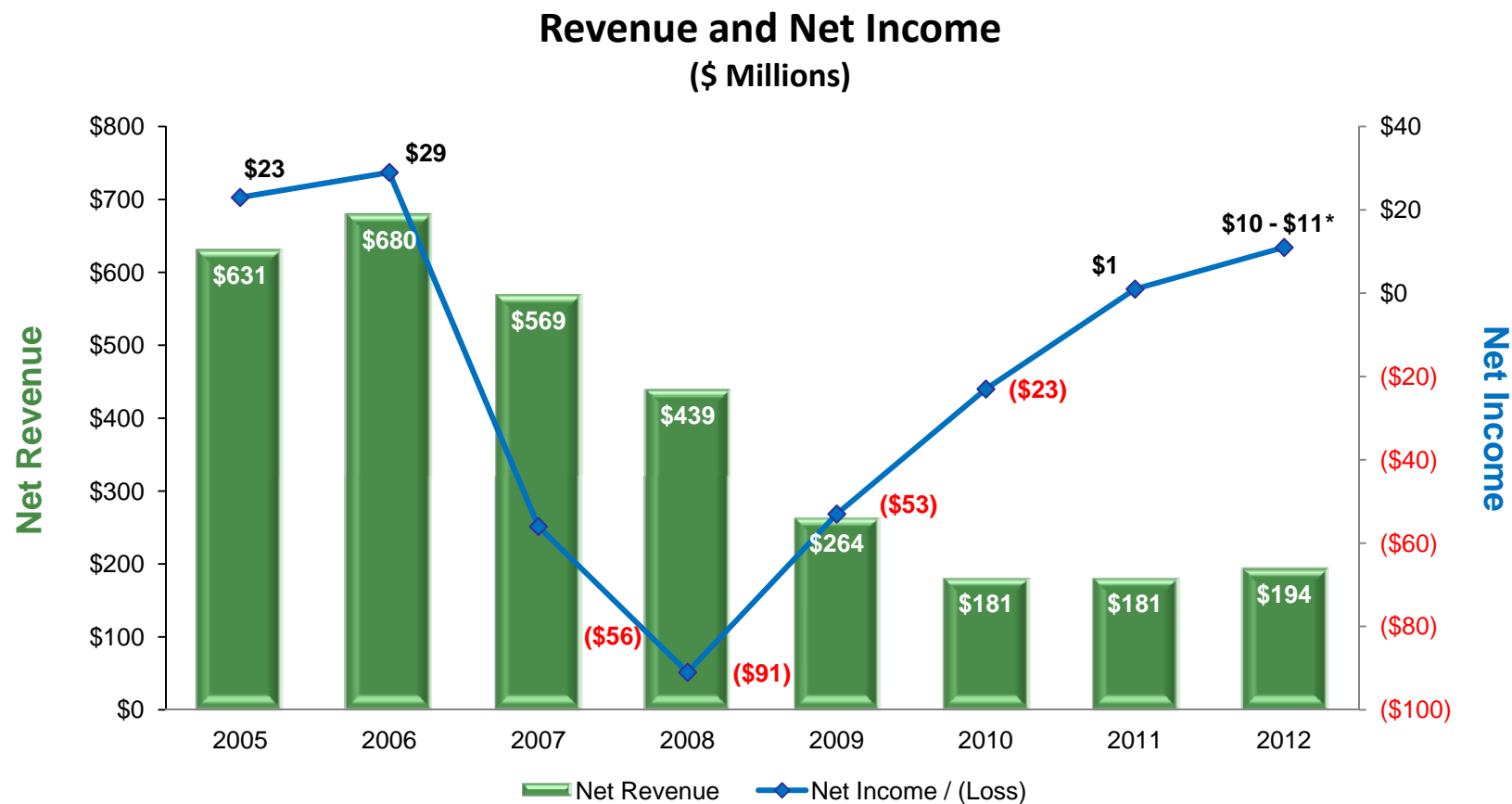
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• Focus on Sales and
Profitable Growth
• Leveraged and Tightly
Controlled Expenses

\$20M Cash
No Debt



Net Income Progress



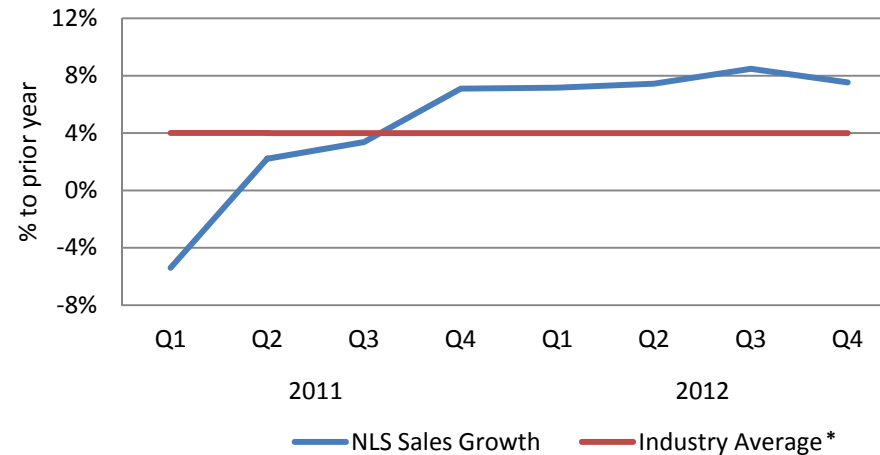
Revenue and Income from both Discontinued and Continuing Operations 2005 thru 2011

** 2012 results are Continuing Operations only, preliminary pending audit*



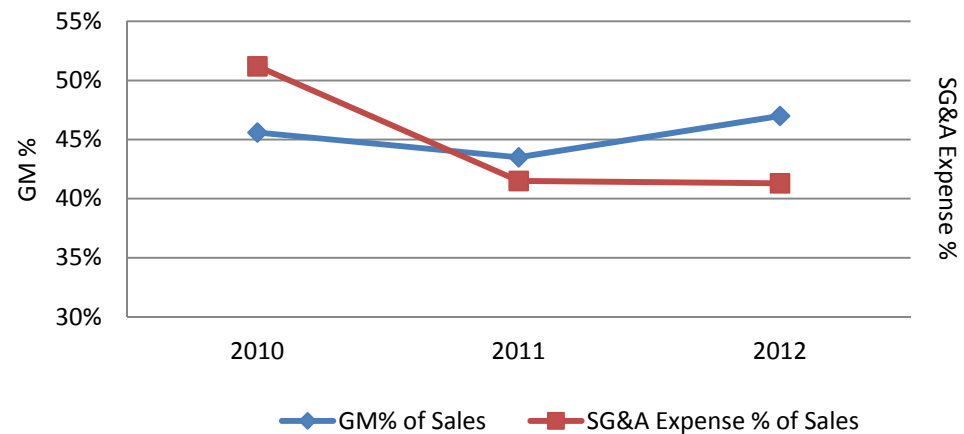
Recent Key Metric Improvements

Sales Growth in Excess of Industry Rate



* Source: 2012 SGMA Data

Increasing Gross Margin and Declining Expense Ratio

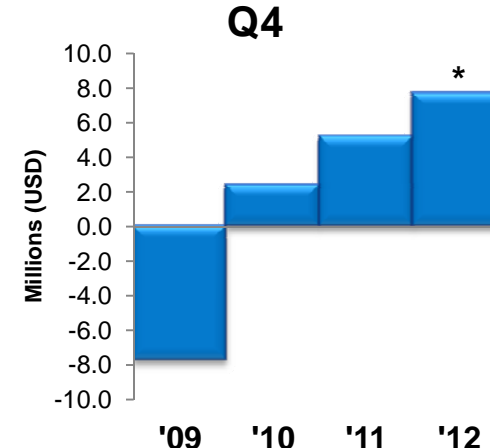
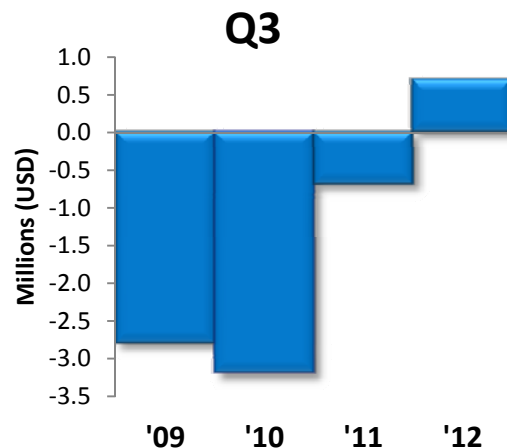
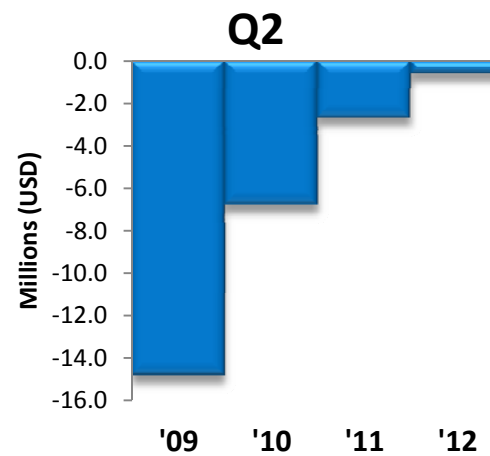
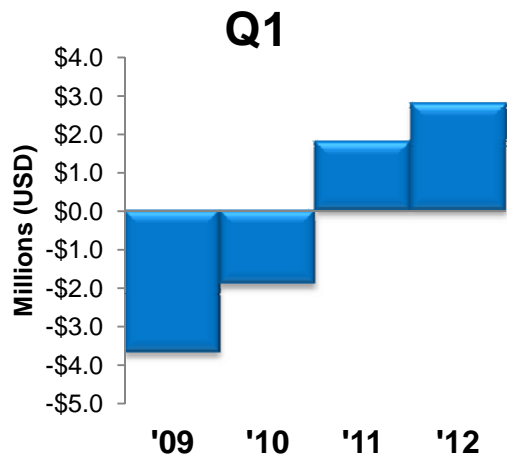


⇒ Generates Operating Margin Improvement; Approximately 5% in 2012



Recent Key Metric Improvements

Operating Income From Continuing Operations



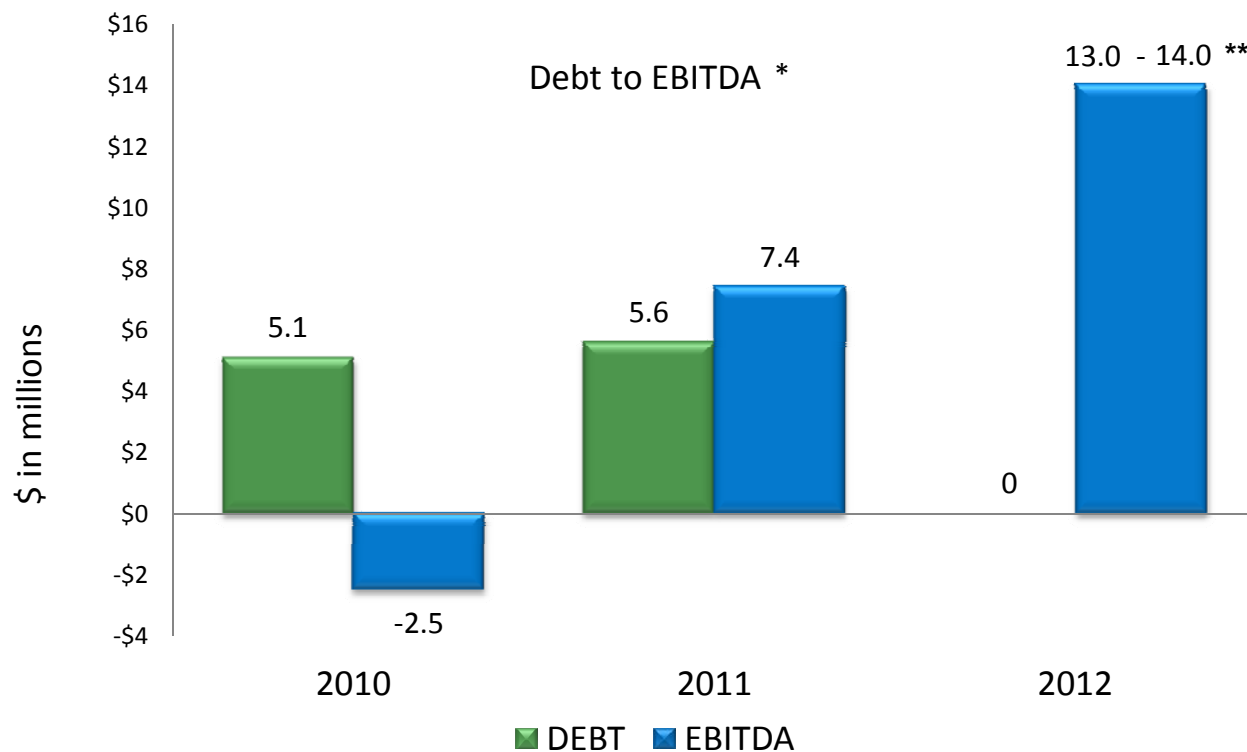
The Trajectory has been Positive

* Q4 2012 results are preliminary, pending audit



Strong Cash Generation and Balance Sheet

- Direct model allows for growth with little additional working capital
- Tight controls on operating expense and working capital provide significant leverage



* Non-GAAP Information, see Nautilus' website under "Investor Relations" for a reconciliation to GAAP

* Continuing Operations

** Q4 2012 results are preliminary, pending audit

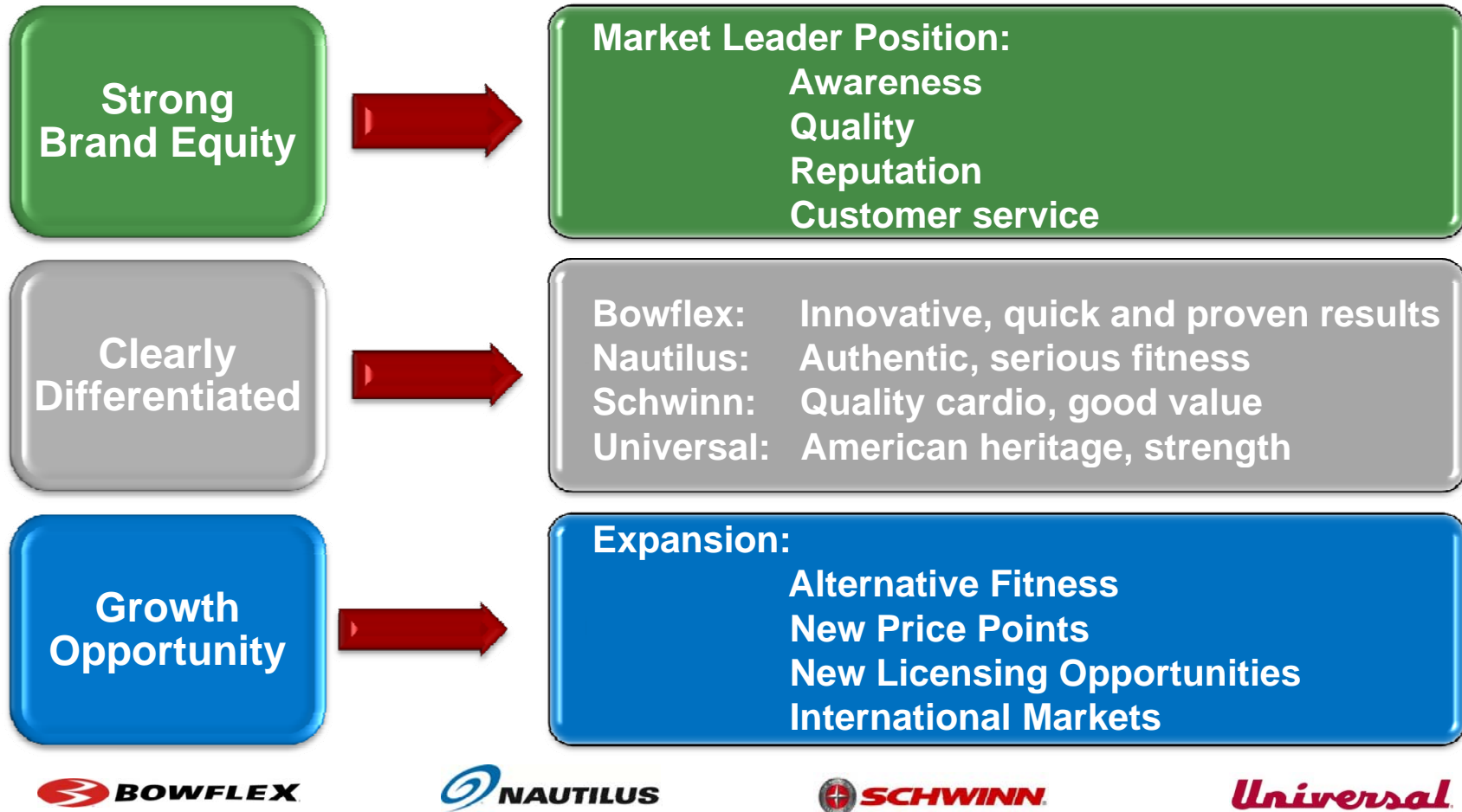


The
Transformation

The
Progress

The
Potential

Leading Brands Poised for Growth



Note: Based on National Consumer Research Study Completed in 2011



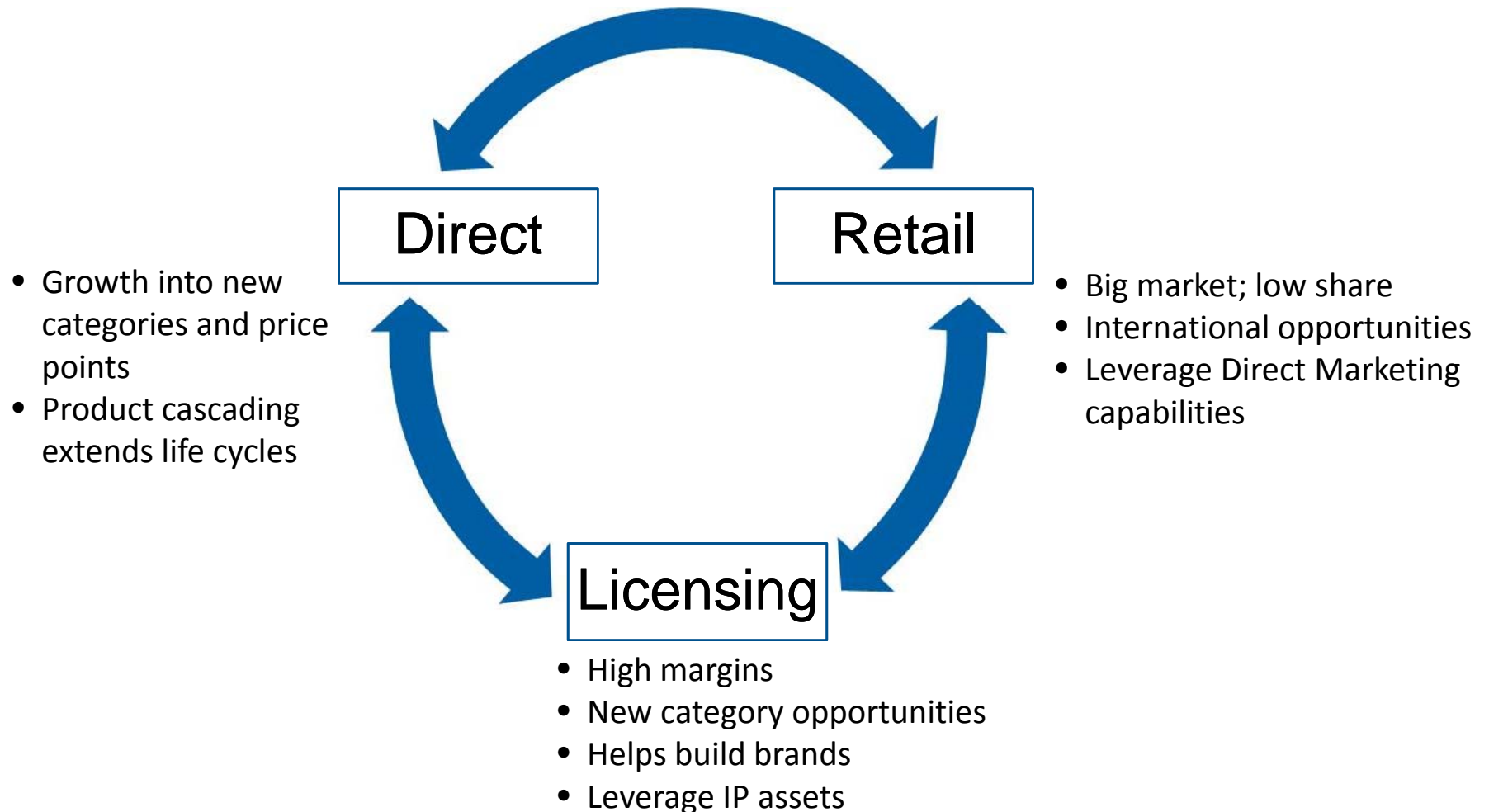
Increased Focus on New Product Development

- R&D spend and resources were stepped up in 2011 and 2012
- Expansion into new price points and alternative fitness in 2012
 - CoreBody Reformer, Peak Fitness
- 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



Synergies provide additional levers for growth



Strategic Goal - Run Rates Generating EPS Growth

Revenue Growth: Sustaining 9 – 10% / Year
Gross Margin Improvement: 3 – 4 Points Higher
Operating Expense Leverage: 1 – 3 Points Better



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



Strong EPS Growth / Year

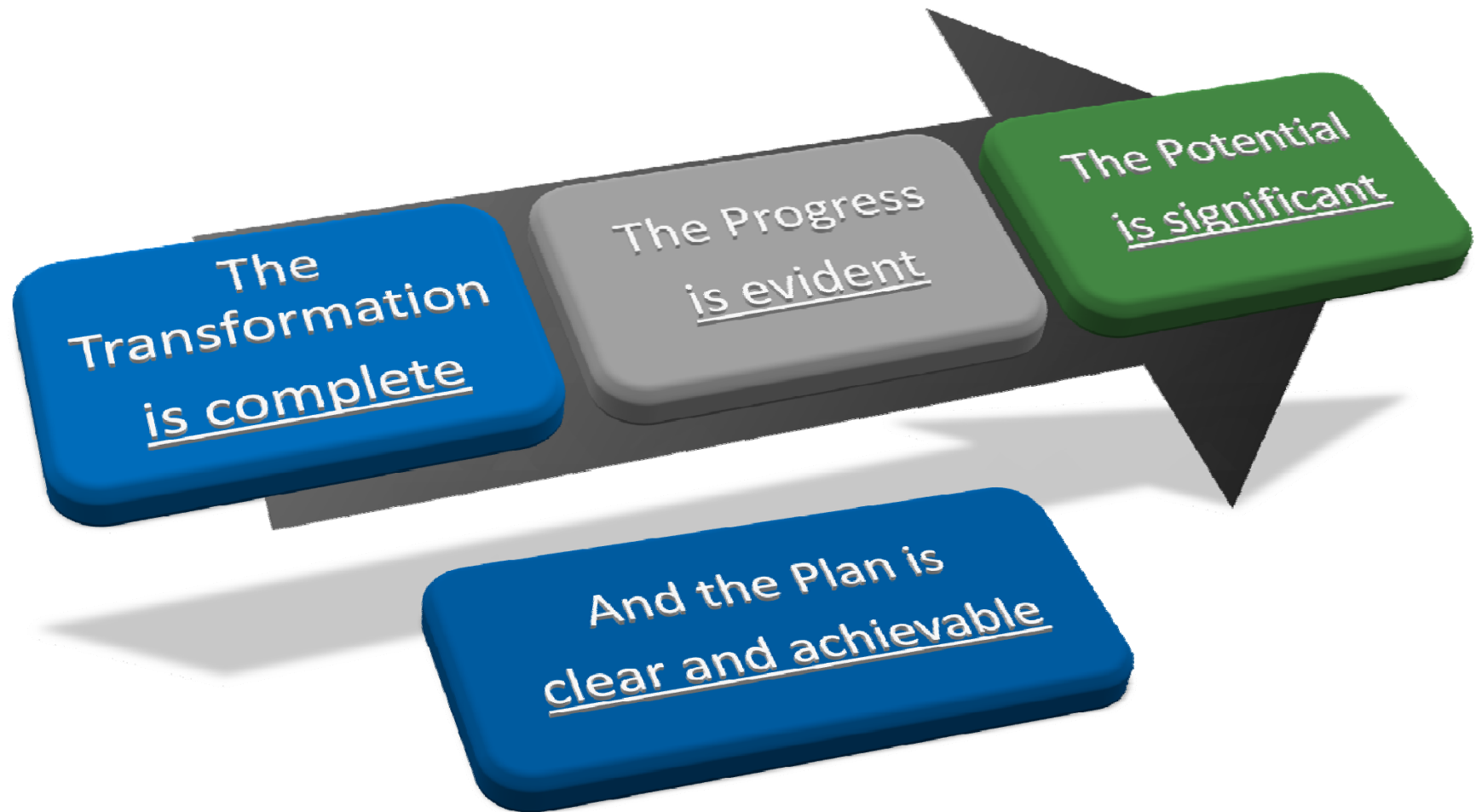


Why Consider Nautilus?

- Base financial performance has been re-established and trajectory is good
- Industry has favorable market trends
- Strengths and capabilities are leveragable and not easily replicated
- Balance sheet provides flexibility for growth
- Management team is in place and motivated to deliver
- New product development initiatives are just beginning to be harvested



Why Consider Nautilus?





Thank you!

