



November 2015 Marketing Trip



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 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, 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. Twelve Trailing Months (TTM) data reflects results through Q3 2015.

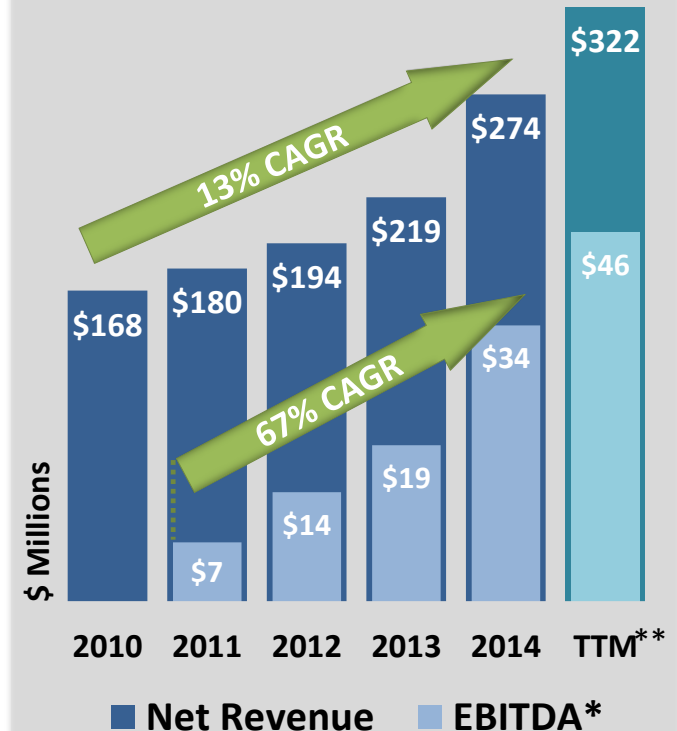
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Who We Are

- 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 **Bowflex**, the number one in the fitness 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

*Based on 2012 national consumer research study

Double-digit Revenue Growth Coupled with even Faster EBITDA Growth



*Non-GAAP information, see Appendix for reconciliation to GAAP; 2010 EBITDA was (\$2.5M)

**TTM values reflect trailing 12 months through Sep 30, 2015

Strong Brands

BOWFLEX



Innovation
Quick, Proven Results

SCHWINN



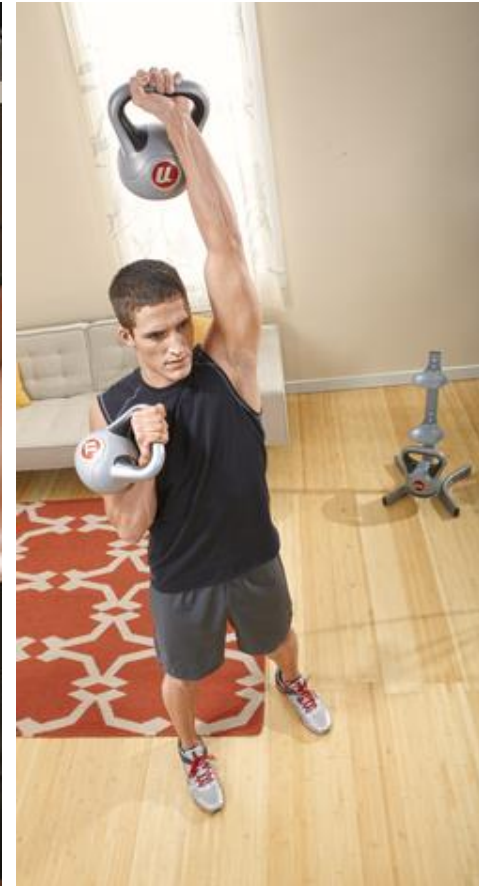
Quality and Value
High Awareness

NAUTILUS



Authentic
Professional Grade

Universal



American Heritage
Strength

Industry Leading Product Quality & Innovation



Continual
Consumer
Feedback

In-depth
Consumer
Research



Ground Up
Design



Rigorous
Equipment
Testing



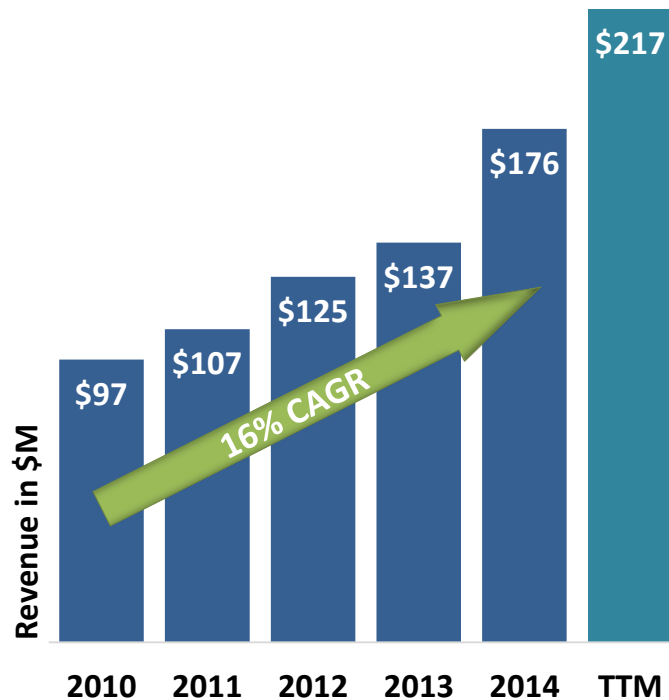
Fitness
Results
Validation



Multichannel Growth Strategy

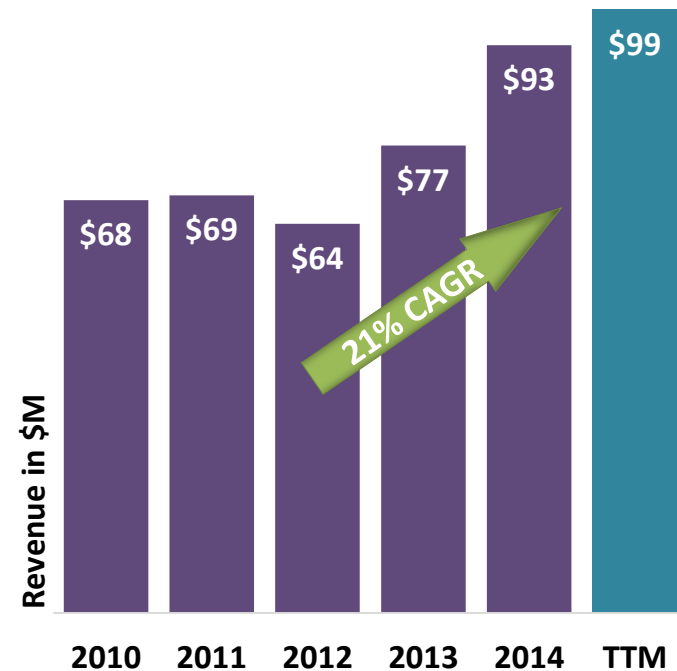
Direct to Consumer

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



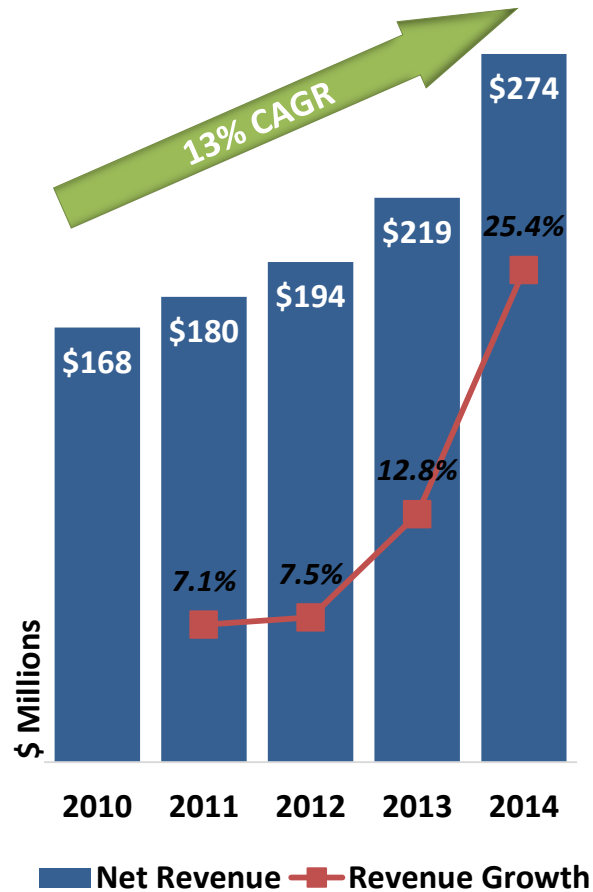
Retail Channel

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

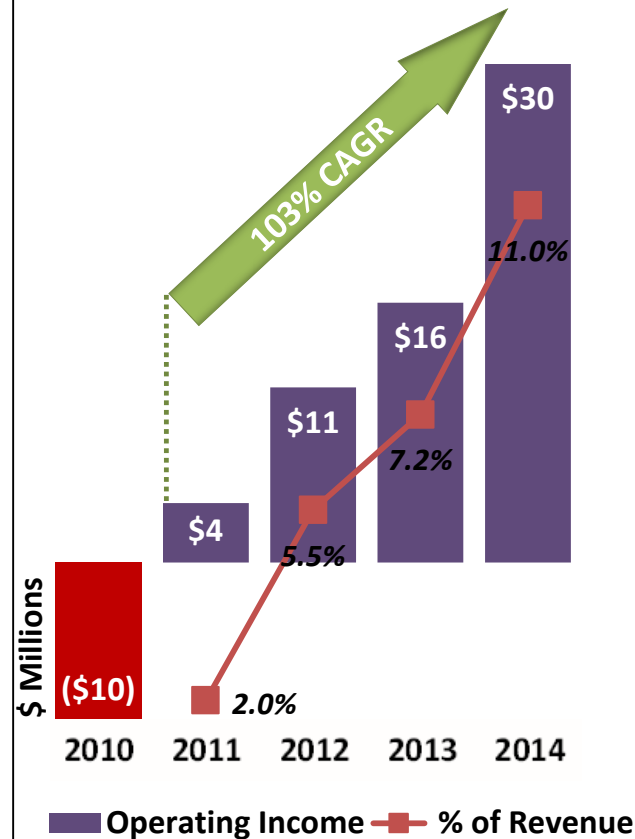


Delivering Solid Financial Performance

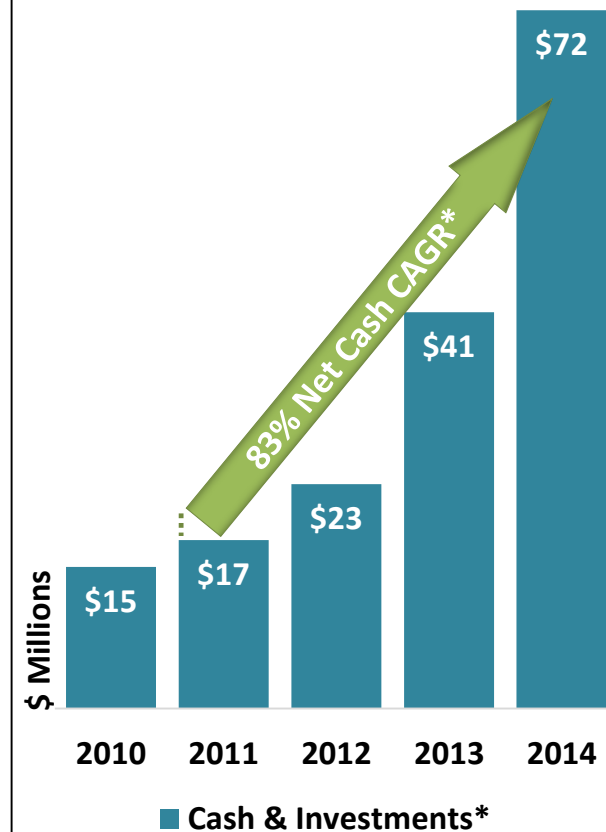
Strong Revenue Growth...



Coupled with improving profitability...



Resulted in robust cash generation



*Cash figures exclude debt of \$5.1 million and \$5.6 million in 2010 and 2011

Focused on Increasing Shareholder Value

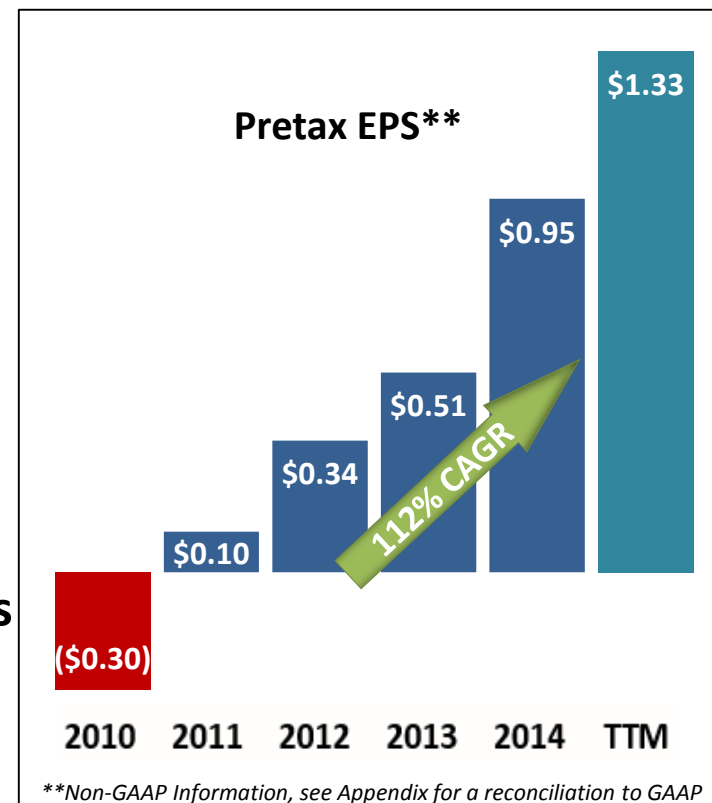
	<u>NLS</u>	<u>Leading Active Lifestyle Brands*</u>	<u>S&P 500 Consumer Discretionary</u>	<u>Russell 2000</u>
1-year	80.1%	0.5%	8.0%	3.5%
3-year	767.4%	101.5%	85.6%	62.6%
5-year	647.8%	254.3%	143.6%	92.6%
7-year	213.0%	183.1%	120.7%	57.3%

Source: Factset; cumulative returns calculated through 12/31/14

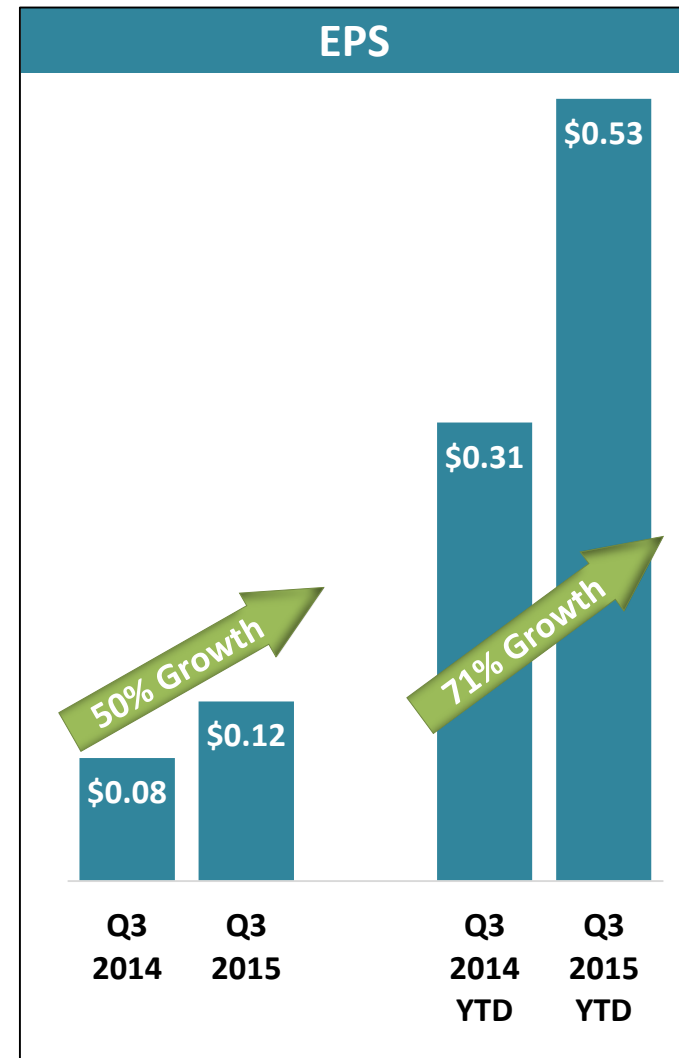
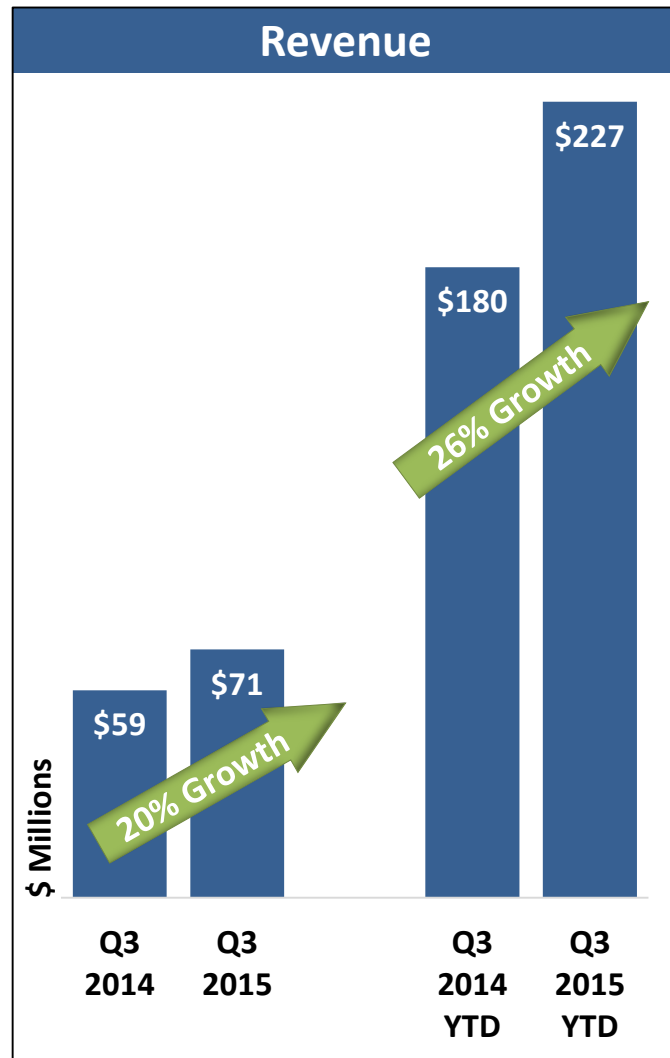
*Average return for BC, BDE, CAB, COLM, DECK, DKS, ELY, JAH, JOUT, LULU, NKE, PII, UA, VFC, ZQK

**Increasing shareholder value
driven by superior operating results**

**NLS stock consistently
outperforming benchmarks**



Reported Strong Results in Q3 2015



A large, stylized blue wave graphic that spans the width of the slide. It consists of three main curved segments that create a sense of motion and depth. The text "Growth Drivers" is centered within the rightmost, solid blue segment of the wave.

Growth Drivers

Five Key Growth Drivers

Retail

Retail

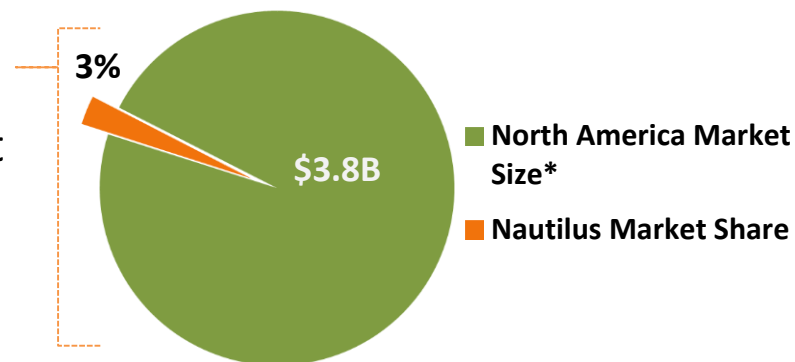
Specialty &
Light
Commercial

Innovation

International

Strategic
Opportunities

- Current small market share provides opportunity for growth within existing market
- Expand use of brand portfolio to address new price points and consumer segments
- Broaden assortment of SKUs among existing customers
- Continue to ramp treadmills growth post launch in late 2014
- Enter \$200M shelf fitness market



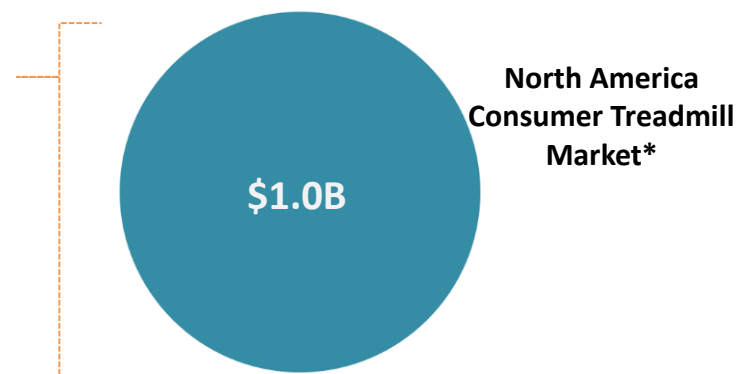
Academy
SPORTS+OUTDOORS

DICK'S
SPORTING GOODS

Walmart

SPORTS
AUTHORITY

a



*Based on SFIA 2015 Manufacturers' Sales by Category Report; values reflect wholesale pricing

Five Key Growth Drivers

Specialty & Light
Commercial

Retail

Specialty &
Light
Commercial

Innovation

International

Strategic
Opportunities

- Large and growing market
- Incremental sales opportunity with favorable pricing and margin dynamics
- Brand centric – Nautilus and Schwinn have strong legacy and are widely recognized by consumers
- Develop & launch key products to address this market
- Pursue strategic partnerships to build market share



US Specialty and
Light Commercial
Market*

AD Pro Launching Fall 2015



*Based on internal analysis; values reflect wholesale pricing

Five Key Growth Drivers

Innovation

Retail

Specialty &
Light
Commercial

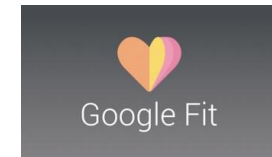
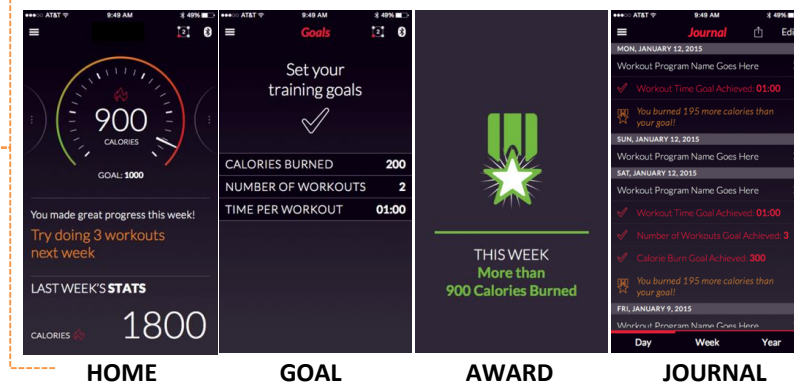
Innovation

International

Strategic
Opportunities

- 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

*Soon to be released
SelectTech 560 to
re-define strength
training experience*



Five Key Growth Drivers

International

Retail

Specialty &
Light
Commercial

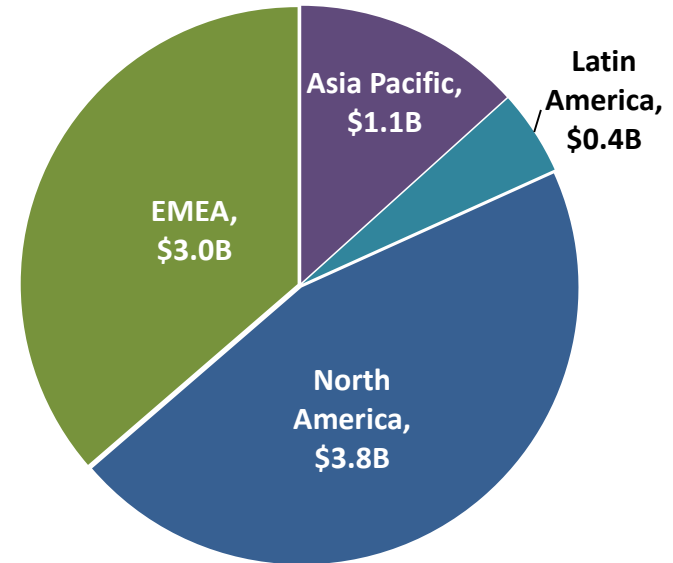
Innovation

International

Strategic
Opportunities

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

Estimated Global Retail Market Size by Region*



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

Five Key Growth Drivers

Strategic
Opportunities

Retail

Specialty &
Light
Commercial

Innovation

International

Strategic
Opportunities

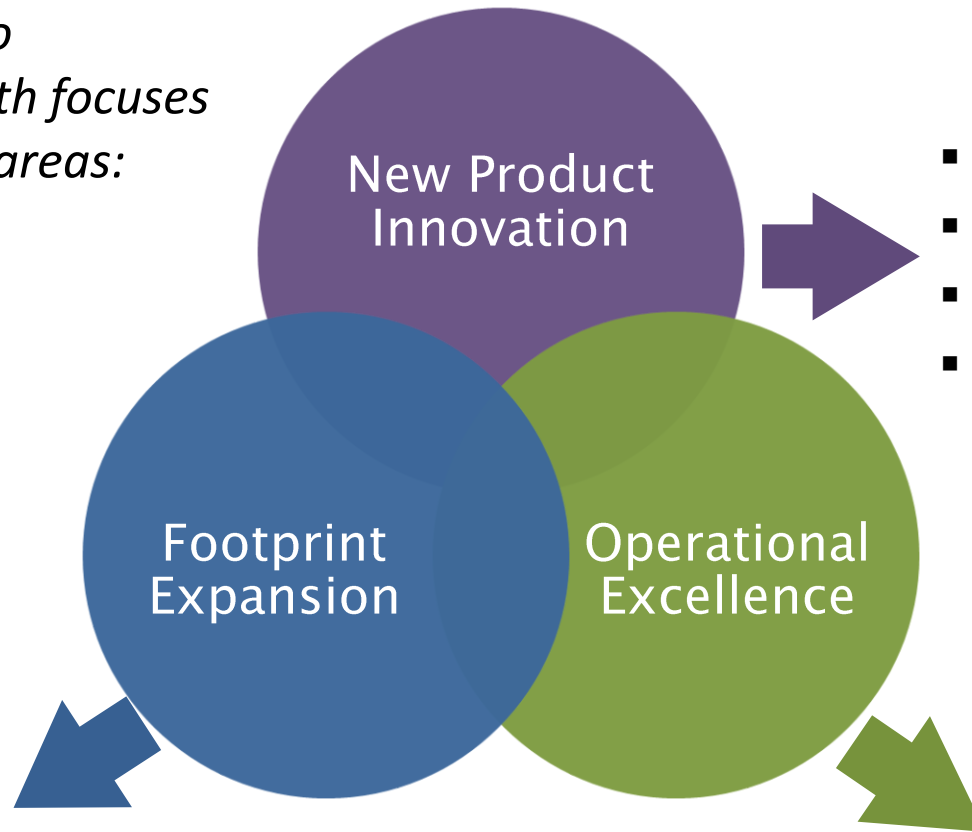
- Company in solid position to expand
 - Strong balance sheet with >\$70M in cash and no debt
 - Significant free cash flow
 - Leverageable infrastructure to capture synergies
- Opportunities to accelerate existing strategies through acquisitions
 - Specialty & vertical markets
 - International
 - Retail growth via shelf fitness
- Invest in intellectual property portfolio to drive new product innovation and potentially increase royalty stream
- Explore opportunities in incremental adjacent categories (e.g. nutrition)

A large, stylized blue wave graphic that spans the width of the slide. It consists of three main curved segments that create a sense of motion and depth. The text "Long-term Goals" is centered within the rightmost, solid blue segment of the wave.

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
Long-term Run Rate	10-12%	Growth in excess of revenue growth	9-13%
2013 Results	12.8%	48.5%	7.2%
2014 Results	25.4%	91.8%	11.0%
2015 YTD*	26.2%	78.3%	12.2%

*Through September 30, 2015

- Long-term Run Rate reflects management assessment of Nautilus' organic growth capability over the next 5-7 years
- Annual results could fluctuate around stated Long-term Run Rate due to industry dynamics and specific product life cycles
- In some years, including 2015, the Company could exceed the Long-term Run Rate range

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

\$15M Share Buyback Program Announced Q4 2014

Potential for Special/Ongoing Dividend Program

Priority

#1

#2

#3

Key Takeaways

- ✓ Leading portfolio of consumer 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

Plus...multiple initiatives underway to build additional platforms for growth



THANK YOU

A large, stylized blue wave graphic that spans the width of the slide. It consists of three main curved segments that create a sense of motion and depth. The word "Appendix" is written in white, sans-serif font, centered within the rightmost, solid blue segment of the wave.

Appendix

P&L Summary

All values in \$ millions except per share amounts

	2010	2011	2012	2013	2014	Q3 2014 YTD	Q3 2015 YTD
Retail Revenue	\$ 67.8	\$ 68.6	\$ 63.9	\$ 76.8	\$ 93.2	\$ 58.6	\$ 64.4
Direct Revenue	96.7	107.1	125.0	136.7	175.6	117.6	158.6
Royalties	4.0	4.8	5.1	5.4	5.6	3.3	3.6
Total Revenue	168.4	180.4	193.9	218.8	274.4	179.5	226.6
Retail Gross Margin	18.7	16.0	14.4	19.5	23.7	15.0	15.4
% of Retail Rev	27.6%	23.4%	22.5%	25.3%	25.4%	25.6%	23.8%
Direct Gross Margin	54.0	57.7	71.6	81.7	111.2	73.8	101.8
% of Direct Rev	55.9%	53.9%	57.3%	59.7%	63.3%	62.7%	64.2%
Royalty	4.0	4.8	5.1	5.4	5.6	3.3	3.6
Total Gross Margin	76.7	78.5	91.0	106.5	140.6	92.1	120.8
% of Rev	45.6%	43.5%	46.9%	48.7%	51.2%	51.3%	53.3%
Selling and Marketing	64.0	54.5	58.6	66.5	81.1	54.5	70.2
General and Administrative	19.4	17.1	17.7	18.7	22.1	16.5	15.4
Research and Development	2.9	3.2	4.2	5.6	7.2	5.3	7.3
Total Operating Expense	86.3	74.9	80.4	90.8	110.4	76.4	92.8
% of Rev	51.2%	41.5%	41.5%	41.5%	40.2%	42.6%	41.0%
Retail Operating Income	11.4	9.5	7.9	11.4	13.3	7.5	5.9
% of Retail Rev	16.8%	13.8%	12.3%	14.9%	14.2%	12.9%	9.2%
Direct Operating Income (Loss)	(10.8)	3.0	12.5	14.1	29.3	18.4	30.1
% of Direct Rev	-11.1%	2.8%	10.0%	10.3%	16.7%	15.6%	19.0%
Royalties and Unallocated Corporate	(10.2)	(8.8)	(9.7)	(9.8)	(12.5)	(10.2)	(8.0)
Total Operating Income (Loss)	\$ (9.6)	\$ 3.6	\$ 10.6	\$ 15.7	\$ 30.2	\$ 15.7	\$ 27.9
% of Rev	-5.7%	2.0%	5.5%	7.2%	11.0%	8.7%	12.3%
Other Expense (Income)	(0.3)	0.4	0.2	(0.3)	(0.1)	0.1	0.3
Pretax Income (Loss)	\$ (9.2)	\$ 3.2	\$ 10.4	\$ 16.0	\$ 30.2	\$ 15.6	\$ 27.7
Pretax Income (Loss) per Diluted share	\$ (0.30)	\$ 0.10	\$ 0.34	\$ 0.51	\$ 0.95	\$ 0.49	\$ 0.87
Income Tax Expense (Benefit)	0.6	0.7	(0.2)	(32.1)	9.8	5.7	10.7
Net Income (Loss) from Continuing Operations	\$ (9.8)	\$ 2.5	\$ 10.6	\$ 48.1	\$ 20.4	\$ 9.9	\$ 17.0
Net Income (Loss) per Diluted share	\$ (0.32)	\$ 0.08	\$ 0.34	\$ 1.53	\$ 0.64	\$ 0.31	\$ 0.53

Balance Sheet

All values in \$ millions

	2010	2011	2012	2013	2014	Q3 2014	Q3 2015
Assets							
Cash and cash equivalents	\$ 14.3	\$ 17.4	\$ 23.2	\$ 41.0	\$ 45.2	\$ 23.7	\$ 29.0
Restricted cash	0.4	-	-	-	-	-	-
Available-for-sale securities	-	-	-	-	27.0	18.0	45.6
Trade receivables, net	19.6	23.8	21.8	25.3	26.3	18.3	19.1
Inventories, net	10.3	11.6	18.8	15.8	24.9	21.3	35.6
Deferred income tax assets	0.1	0.1	0.2	4.4	12.4	7.4	8.9
Prepays and other current assets	6.9	5.2	5.9	7.0	7.0	6.3	6.1
Total current assets	51.6	58.1	69.9	93.6	142.7	95.0	144.3
Marketable securities, non-current	-	-	-	-	-	-	-
Property, plant and equipment, net	3.8	4.4	6.1	8.5	9.6	9.8	11.7
Goodwill	2.9	2.9	2.9	2.7	2.5	2.6	2.2
Other intangible assets, net	18.8	16.7	14.7	12.6	10.6	11.1	10.5
Long-term deferred income tax assets	0.4	0.3	0.2	25.7	9.5	18.3	3.5
Other assets	0.9	0.4	0.4	0.4	0.6	0.3	0.5
Total assets	\$ 78.4	\$ 82.8	\$ 94.3	\$ 143.6	\$ 175.7	\$ 137.1	\$ 172.6
Liabilities and Shareholders' Equity							
Trade payables	\$ 24.5	\$ 28.6	\$ 32.8	\$ 37.2	\$ 47.6	\$ 21.2	\$ 38.9
Warranty obligations, current portion	3.5	1.8	2.3	1.6	2.2	2.1	2.7
Other current liabilities	8.2	8.3	9.4	9.1	9.9	8.4	8.7
Total current liabilities	36.3	38.6	44.5	47.9	59.7	31.7	50.3
Long-term notes payable	5.1	5.6	-	-	-	-	-
Other long-term liabilities	6.1	6.6	6.5	4.1	4.9	4.8	5.5
Shareholders' equity	30.8	32.0	43.3	91.6	111.1	100.6	116.9
Total liabilities and shareholders' equity	\$ 78.4	\$ 82.8	\$ 94.3	\$ 143.6	\$ 175.7	\$ 137.1	\$ 172.6

Reconciliation of Non-GAAP Financial Measures

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>TTM⁽²⁾</u>
Pretax income (loss) per diluted share from continuing operations	\$ (0.30)	\$ 0.10	\$ 0.34	\$ 0.51	\$ 0.95	\$ 1.33
Income (loss) per diluted share from income tax provision	(0.02)	(0.02)	0.01	1.02	(0.31)	(0.47)
Net income (loss) per diluted share from continuing operations⁽¹⁾	\$ (0.32)	\$ 0.08	\$ 0.34	\$ 1.53	\$ 0.64	\$ 0.86

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>TTM⁽²⁾</u>
Income (loss) from continuing operations	\$ (9.8)	\$ 2.5	\$ 10.6	\$ 48.1	\$ 20.4	\$ 27.4
Interest expense (income), net	0.1	0.4	(0.1)	0.0	(0.0)	(0.2)
Income tax expense (benefit) of continuing operations	0.6	0.7	(0.2)	(32.1)	9.8	14.9
Depreciation and amortization	6.6	3.8	3.3	3.3	4.0	3.6
EBITDA from continuing operations⁽¹⁾	\$ (2.5)	\$ 7.4	\$ 13.6	\$ 19.4	\$ 34.2	\$ 45.7

(1) May not add due to rounding

(2) TTM values reflect results through Q3 2015