



ICR XChange Conference



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.

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Who We Are

- Leading provider of consumer fitness equipment and related products
- Strong portfolio of brands, including #1 in the fitness industry (Bowflex)*
- Unique products recognized for quality and innovation
- Multichannel growth strategy
- Focused on profitable growth and 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

Strong Brands



#1 Fitness Brand*
Innovation
Quick, Proven Results



Authentic
Professional Grade
Serious Fitness



Quality and Value
High Awareness



American Heritage
Strength



* Based on 2012 National Consumer Research Study

Industry Leading Product Quality & Innovation



Continual
Consumer
Feedback

In-depth
Consumer
Research

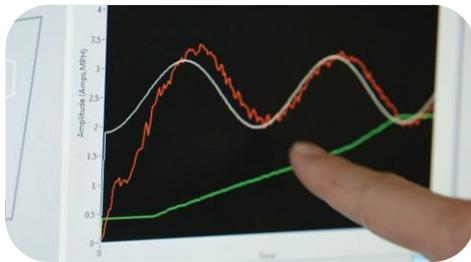
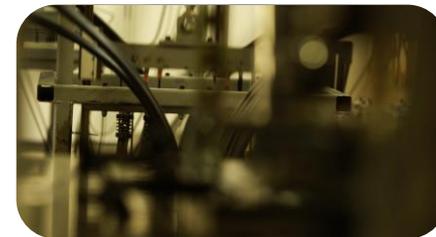


Ground Up
Design



Fitness
Results
Validation

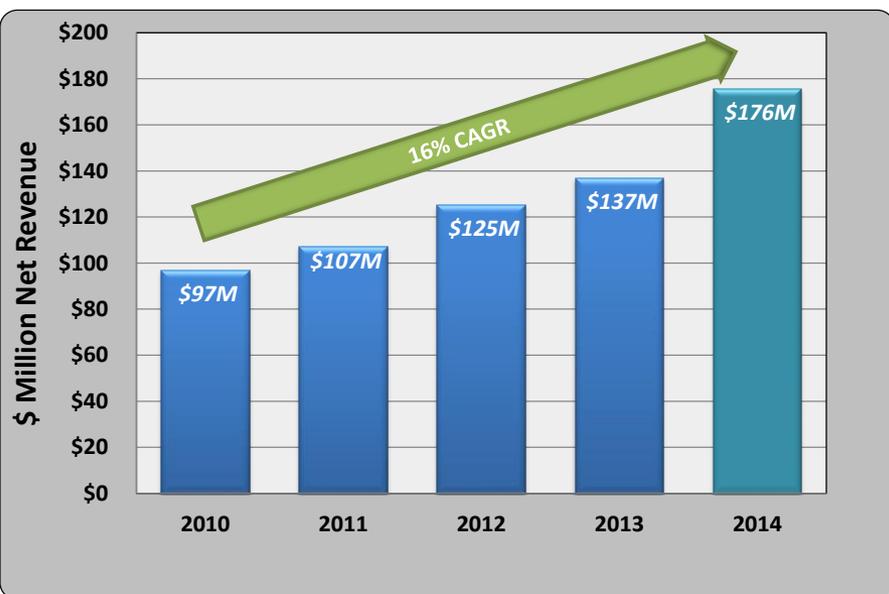
Rigorous
Equipment
Testing



Multichannel Growth Strategy

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



*All Q4 2014 and full year 2014 financial information is preliminary and unaudited; see preliminary earnings release dated January 12, 2015.

Strong Results Continued into Q4 2014

PRELIMINARY* UNAUDITED Q4 AND FULL YEAR 2014 RESULTS (CONTINUING OPERATIONS)

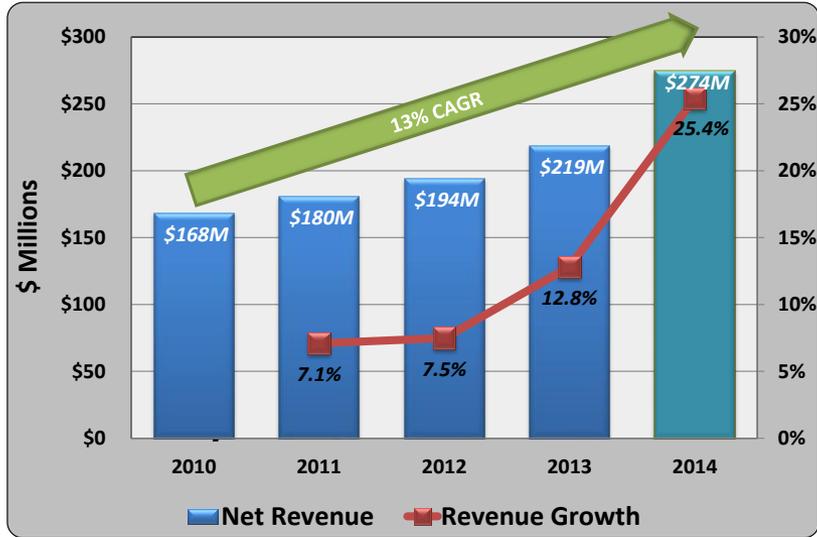
- **Q4 Revenues grew 23% over Q4 last year**
 - ✓ Direct business - 35% growth
 - ✓ Retail business - 8% growth
- **Full Year 2014 Revenues grew 25% over 2013**
 - ✓ Direct business - 29% growth
 - ✓ Retail business - 21% growth
- **Q4 Pretax EPS is expected to be between \$0.43 and \$0.46 per share****
 - ✓ Versus \$0.32 last year
- **Full year Pretax EPS is expected to be between \$0.92 and \$0.95 per share****
 - ✓ Versus \$0.51 last year
- **Ending Cash and Investments of \$72M and no debt**

* All Q4 2014 and full year 2014 financial information is preliminary and unaudited; see preliminary earnings release dated January 12, 2015.

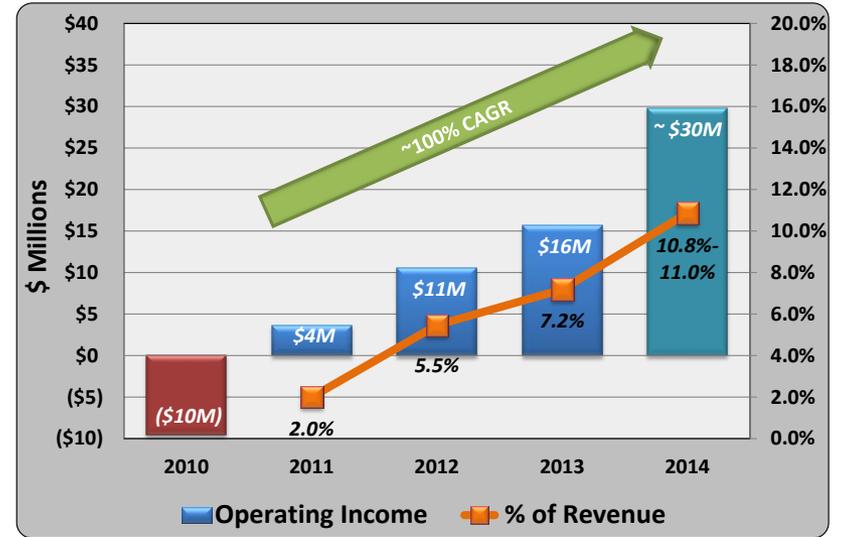
** Refer to preliminary earnings release dated January 12, 2015, available under "Investor Relations" at www.nautilusinc.com, for a reconciliation of Non-GAAP financial information.

Delivering Solid Financial Performance

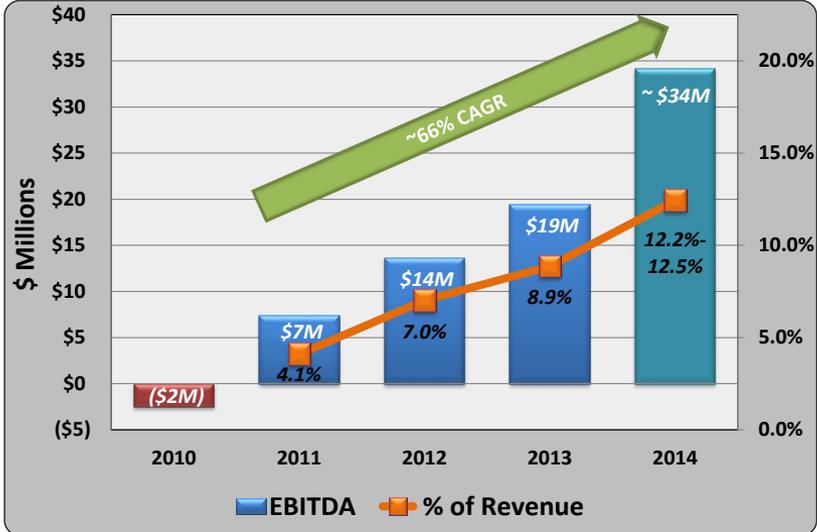
Strong Revenue Growth



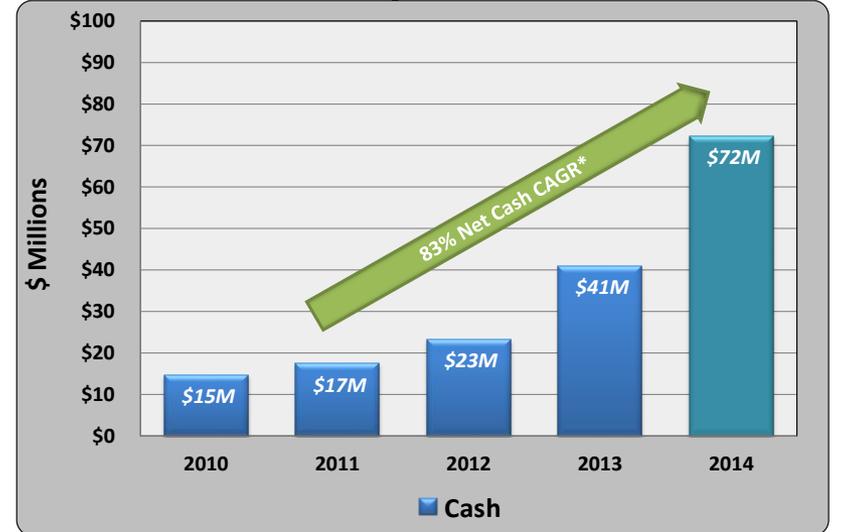
Op. Income Growth with Expense Leverage



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

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%

NLS stock consistently outperforming benchmarks

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

Pretax EPS**



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

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Retail Growth Drivers

Retail Growth Drivers

New Products

- Launched Schwinn cardio line Fall 2013
- Launched Nautilus cardio line Fall 2014

New Categories

- Launched Nautilus and Schwinn treadmills Fall 2014

Expanding Distribution

- International
- Additional customer unique SKUs
- Increasing door and SKU count
- Specialty channel potential

Leverage Brand and Media Investments

- Cascade Direct products when appropriate

New Product Category Potential

Focused entry into Treadmill category creates **opportunity**



US Wholesale Consumer
Treadmill Market*



- Bluetooth™ Smart connectivity to NautilusConnect™ and MyFitnessPal
- “Fitness Score” feature based on VO² Max estimates
- “Pacer” feature with “Compare” functionality to race against average or best times

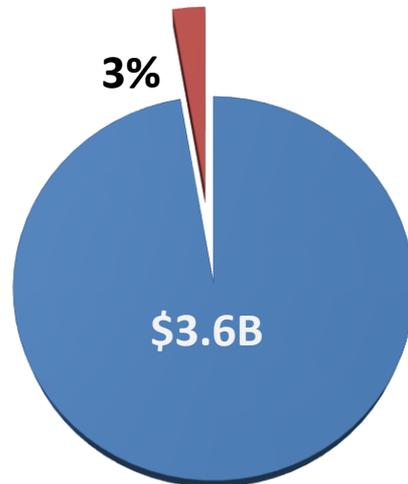
- SoftTrak™ technology to promote user safety and comfort
- USB connectivity to NautilusConnect™ and MyFitnessPal
- Exportable goal tracking

* Based on SFIA 2014 Manufacturers’ Sales by Category Report

Broad Footprint with Room for Growth

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

North America Wholesale Consumer
Fitness Equipment Market



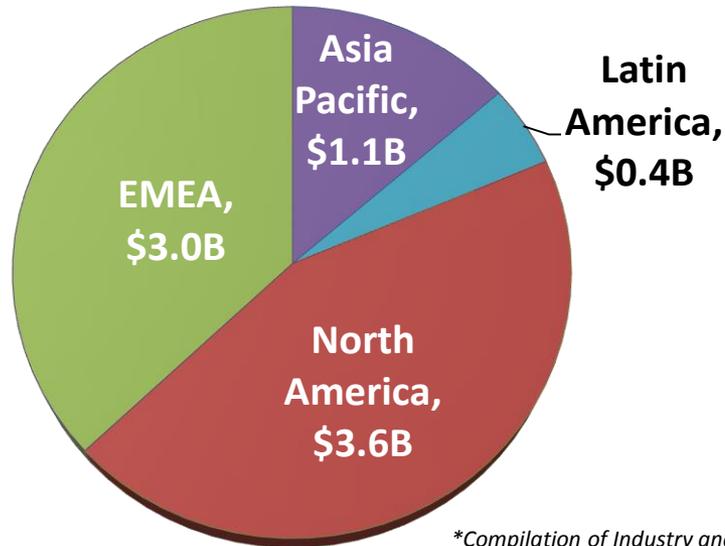
- NA Wholesale Market Size*
- Nautilus Market Share



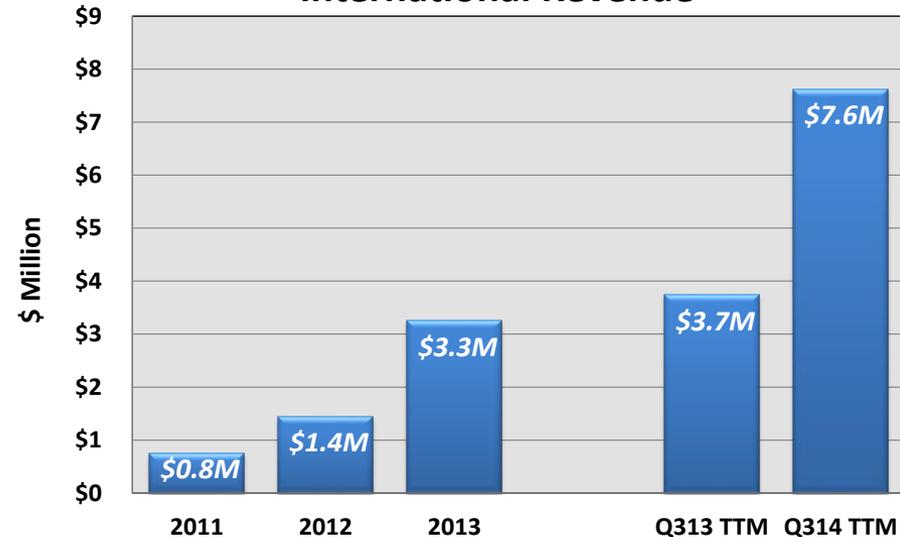
* Based on SFIA 2014 Manufacturers' Sales by Category Report

Untapped International Markets

Estimated Wholesale Retail Market Size by Region*



International Revenue



North America

- Mature market; 3.5%/yr growth projected as recovery from recession continues
- NLS brands have top brand recognition

EMEA

- Mature and crowded market; 3%/yr growth projected, stronger in some countries
- Nautilus and Bowflex have high awareness

Asia Pacific

- Emerging market; strong growth (>15%/yr) projected, especially in China
- Nautilus brand recognized overall. Bowflex strong in Australia / NZ

Latin America

- Emerging market with barriers to entry in key areas such as Brazil; growth of 10%/yr projected
- Nautilus brand is known

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Direct Growth Drivers

Direct Growth Drivers

New Products

- Bowflex Max Trainer introduced December 2013

New Categories

- Bowflex Body nutrition line introduced November 2014

Leveraging Existing Customers

- Customer database >12M names

Media Penetration

- >\$40M annual spend on TV & digital

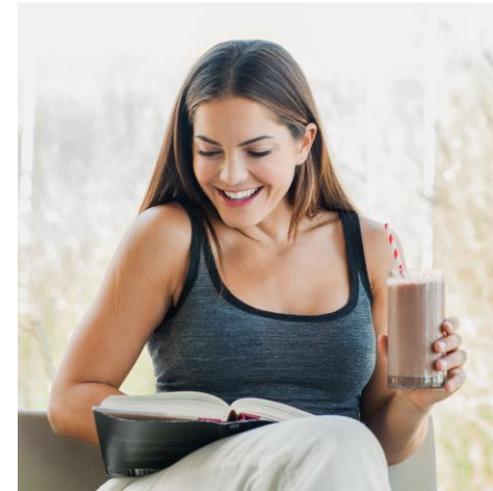
Improve Conversion

- Evolving media strategy
- Continuous testing

Innovative New Products



Max Trainer targets the **rapidly growing** \$1.2 Billion* elliptical and stepper markets



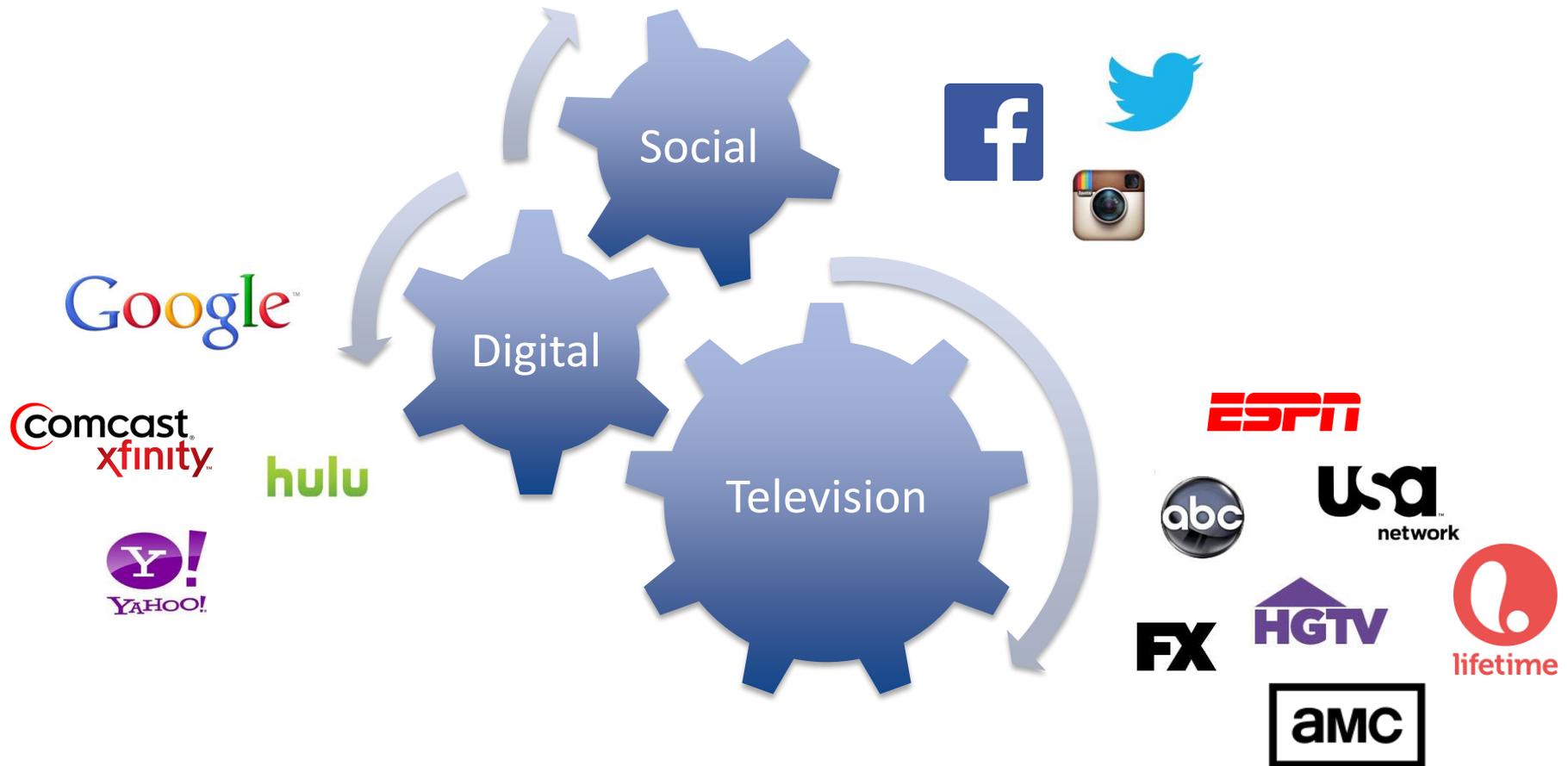
Bowflex Body provides **simple but compelling** nutrition solution in >\$20 Billion** adjacent market

* Based on SFIA 2014 Manufacturers' Sales by Category Report. Assumes 30% average retailer mark-up.

** Sources: Euromonitor, MarketData, Natural Products Insider, Packaged Facts

Diverse Direct Media Portfolio

\$43 million profitably deployed in direct advertising and media, delivering more than 6 billion impressions

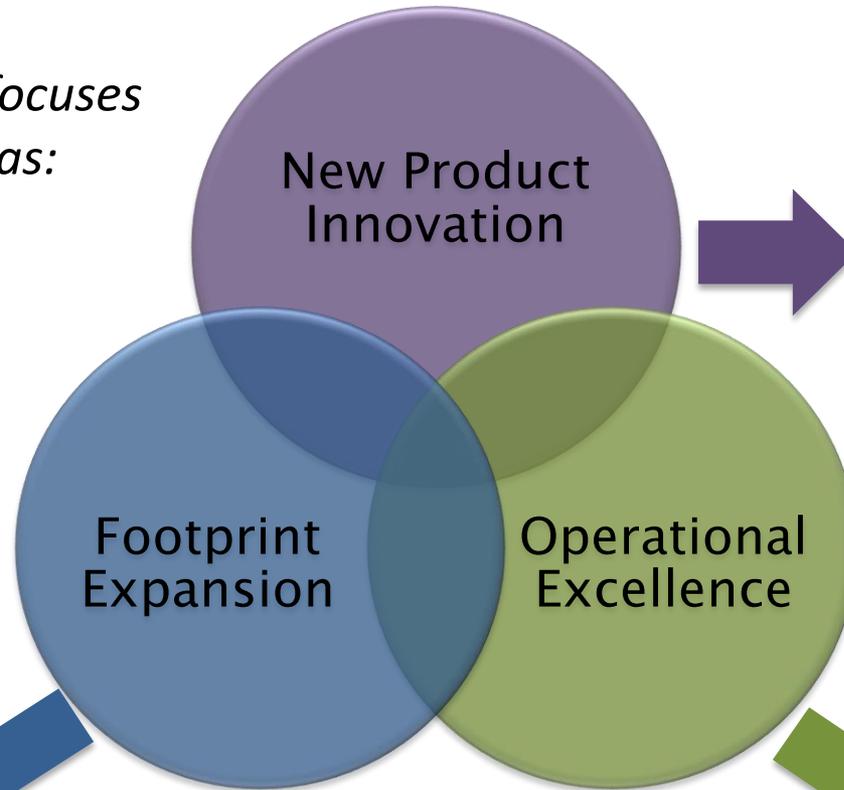


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Long-term Goals

“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
- Licensing

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

Longer Term Expectations

Stated Strategic Goal	Run Rate	2013 Results	2014 Prelim Results
Revenue Growth	10-12% per year	12.8% growth	25.4% growth
Gross Margin	Sustain gains in each channel	>2 margin point improvement in both channels	See Below*
Operating Expense Leverage	1-3% of Revenue better	Expense % flat	See Below*
Operating Income	9-13% of Revenue Growth in excess of revenue growth	7.2% of Revenue 48.5% growth	10.8%-11.0% of Revenue ~90% growth

*Details to be included in final earnings release scheduled for late February 2015.

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 across the middle of the page. It consists of several overlapping, curved shapes in shades of blue, creating a sense of movement and depth. The word "Appendix" is centered within the right portion of this graphic.

Appendix

P&L Summary

All values in \$ millions except per share amounts

	2009	2010	2011	2012	2013
Retail Revenue	\$ 63.6	\$ 67.8	\$ 68.6	\$ 63.9	\$ 76.8
Direct Revenue	123.0	96.7	107.1	125.0	136.7
Royalties	2.6	4.0	4.8	5.1	5.4
Total Revenue	189.3	168.4	180.4	193.9	218.8
Retail Gross Margin	19.3	18.7	16.0	14.4	19.5
<i>% of Retail Rev</i>	30.4%	27.6%	23.4%	22.5%	25.3%
Direct Gross Margin	75.5	54.0	57.7	71.6	81.7
<i>% of Direct Rev</i>	61.4%	55.9%	53.9%	57.3%	59.7%
Royalty	1.7	4.0	4.8	5.1	5.4
Total Gross Margin	96.5	76.7	78.5	91.0	106.5
<i>% of Rev</i>	51.0%	45.6%	43.5%	46.9%	48.7%
Selling and Marketing	75.8	64.0	54.5	58.6	66.5
General and Administrative	24.6	19.4	17.1	17.7	18.7
Research and Development	5.2	2.9	3.2	4.2	5.6
Restructuring	14.2	-	-	-	-
Asset impairment	5.9	-	-	-	-
Total Operating Expense	125.7	86.3	74.9	80.4	90.8
<i>% of Rev</i>	66.4%	51.2%	41.5%	41.5%	41.5%
Retail Operating Income	10.8	11.4	9.5	7.9	11.4
<i>% of Retail Rev</i>	17.0%	16.8%	13.8%	12.3%	14.9%
Direct Operating Income (Loss)	(0.7)	(10.8)	3.0	12.5	14.1
<i>% of Direct Rev</i>	-0.6%	-11.1%	2.8%	10.0%	10.3%
Royalties and Unallocated Corporate	(39.3)	(10.2)	(8.8)	(9.7)	(9.8)
Total Operating Income (Loss)	\$ (29.2)	\$ (9.6)	\$ 3.6	\$ 10.6	\$ 15.7
<i>% of Rev</i>	-15.4%	-5.7%	2.0%	5.5%	7.2%
Other Expense (Income)	0.3	(0.3)	0.4	0.2	(0.3)
Pretax Income (Loss)	\$ (29.5)	\$ (9.2)	\$ 3.2	\$ 10.4	\$ 16.0
Pretax Income (Loss) per Diluted share	\$ (0.96)	\$ (0.30)	\$ 0.10	\$ 0.34	\$ 0.51
Income Tax Expense (Benefit)	(10.9)	0.6	0.7	(0.2)	(32.1)
Net Income (Loss) from Continuing Operations	\$ (18.6)	\$ (9.8)	\$ 2.5	\$ 10.6	\$ 48.1
Net Income (Loss) per Diluted share	\$ (0.61)	\$ (0.32)	\$ 0.08	\$ 0.34	\$ 1.53

Balance Sheet

All values in \$ millions

	2009	2010	2011	2012	2013
Assets					
Cash and cash equivalents	\$ 7.3	\$ 14.3	\$ 17.4	\$ 23.2	\$ 41.0
Restricted cash	-	0.4	-	-	-
Available-for-sale securities	-	-	-	-	-
Trade receivables, net	27.8	19.6	23.8	21.8	25.3
Inventories, net	13.1	10.3	11.6	18.8	15.8
Deferred income tax assets	0.1	0.1	0.1	0.2	4.4
Prepays and other current assets	29.0	6.9	5.2	5.9	7.0
Total current assets	77.3	51.6	58.1	69.9	93.6
Restricted cash	4.9	-	-	-	-
Marketable securities, non-current	-	-	-	-	-
Property, plant and equipment, net	8.0	3.8	4.4	6.1	8.5
Goodwill	2.8	2.9	2.9	2.9	2.7
Other intangible assets, net	20.8	18.8	16.7	14.7	12.6
Long-term deferred income tax assets	0.4	0.4	0.3	0.2	25.7
Other assets	0.9	0.9	0.4	0.4	0.4
Total assets	\$ 115.2	\$ 78.4	\$ 82.8	\$ 94.3	\$ 143.6
Liabilities and Shareholders' Equity					
Trade payables	\$ 37.1	\$ 24.5	\$ 28.6	\$ 32.8	\$ 37.2
Warranty obligations, current portion	7.1	3.5	1.8	2.3	1.6
Other current liabilities	12.0	8.2	8.3	9.4	9.1
Total current liabilities	56.2	36.3	38.6	44.5	47.9
Long-term notes payable	-	5.1	5.6	-	-
Other long-term liabilities	6.5	6.1	6.6	6.5	4.1
Shareholders' equity	52.5	30.8	32.0	43.3	91.6
Total liabilities and shareholders' equity	\$ 115.2	\$ 78.4	\$ 82.8	\$ 94.3	\$ 143.6

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>
Pretax income (loss) per diluted share from continuing operations	\$ (0.30)	\$ 0.10	\$ 0.34	\$ 0.51	\$ 0.92-0.95
Income (loss) per diluted share from income tax provision	(0.02)	(0.02)	0.01	1.02	(0.31)
Net income (loss) per diluted share from continuing operations⁽¹⁾	\$ (0.32)	\$ 0.08	\$ 0.34	\$ 1.53	\$ 0.61-0.64

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Income (loss) from continuing operations	\$ (9.8)	\$ 2.5	\$ 10.6	\$ 48.1	\$ 19.3-20.2
Interest expense (income), net	0.1	0.4	(0.1)	0.0	(0.0)
Income tax expense (benefit) of continuing operations	0.6	0.7	(0.2)	(32.1)	10.1
Depreciation and amortization	6.6	3.8	3.3	3.3	4.1
EBITDA from continuing operations⁽¹⁾	\$ (2.5)	\$ 7.4	\$ 13.6	\$ 19.4	\$ 33.5-34.3

(1) May not add due to rounding

*All 2014 financial information is preliminary and unaudited; see preliminary earnings release dated January 12, 2015.