



October 15, 2002

2002 Third Quarter Report

Quarterly Sales Up 72% and Earnings Up 49% From Previous Year

VANCOUVER, Wash.--(BUSINESS WIRE)--Oct. 15, 2002--The Nautilus Group, Inc. (NYSE: NLS), a leading marketer, developer, and manufacturer of branded health and fitness products, today announced its results for the quarter ended September 30, 2002.

For the third quarter of 2002, The Nautilus Group reported net sales of \$152.9 million, an increase of 72% from \$88.7 million for the third quarter of 2001. Commercial and retail sales represented 30% of total sales, up from 17% of total sales for the same period of 2001. Net income for the third quarter of 2002 was \$25.1 million, or \$0.71 per diluted share, up 49% from \$16.8 million or \$0.46 per diluted share for the same period of 2001.

"We are very pleased with our strong sales and profits for the third quarter despite continued challenges in the macroeconomic environment," said Brian Cook, chief executive officer. "In our direct business, we continued to see strong demand for our high-quality products that address the major components of a healthy lifestyle -- fitness, rest and nutrition."

"In our commercial and retail business, we introduced a number of new products during the third quarter under our Nautilus and Schwinn brand names, which we expect to help fuel our retail sales in the fourth quarter and beyond. At the same time, we continue to integrate our acquisitions and consolidate operations, which is laying the foundation for long-term growth through further leveraging of our powerful brands, product lines and product development platform."

"We continue to expect to complete 2002 with 60% year-over-year sales growth and 50% earnings growth. As we move forward, we are seeing cautious consumer spending, a decline in overall consumer confidence and higher advertising rates. Assuming these trends continue into 2003, we would expect to see substantially slower sales growth next year while continuing to generate profits comparable to 2002. Despite the current uncertainty, we continue to focus on extending The Nautilus Group's leadership in the health and fitness industry, and we remain very excited about our long-term growth strategy and worldwide market opportunities."

During the quarter, the Company repurchased 430,500 shares of its common stock for approximately \$10.9 million. The Company ended the quarter with cash and short-term investments of \$63.2 million.

The Nautilus Group will host a conference call to discuss its third quarter 2002 results today at 2:00 p.m. Pacific (5:00 p.m. Eastern). A broadcast of the conference call will be available on the Company's Web site under "Investor Relations/Events Calendar" at www.nautilusgroup.com/ir/events.asp or by calling 800/240-6709 or 303/262-2140 (Reservation No. 499948). A 48-hour replay will be available by calling 800/405-2236 or 303/590-3000 (Reservation No. 4999948). A replay will also be available through October 28, 2002 on the Company's Web site.

About The Nautilus Group

The Nautilus Group, Inc. (formerly Direct Focus, Inc.) is a leading marketer, developer, and manufacturer of branded health and fitness products sold under such well-known names as Nautilus, Bowflex, Schwinn and StairMaster. The Company currently markets its Bowflex home fitness equipment and Nautilus Sleep Systems through its direct-marketing channel, using an effective combination of television commercials, infomercials, response mailings, the Internet, and inbound/outbound call centers. The Company sells its Nautilus, Schwinn and StairMaster commercial fitness equipment through its sales force and selected dealers to health clubs, government agencies, hotels, corporate fitness centers, colleges, universities, and assisted living facilities. The Nautilus Group also markets and sells a complete line of consumer fitness equipment, under its Nautilus, Schwinn and StairMaster brands, through a network of specialty dealers, distributors, and retailers worldwide. The Company is headquartered in Vancouver, Washington. The Nautilus Group is located on the Web at www.nautilusgroup.com.

This press release contains forward-looking statements relating to anticipated sales, revenue growth, and the development of The Nautilus Group's products and services, including statements regarding its Nautilus, Schwinn Fitness, and StairMaster businesses. Factors that could affect The Nautilus Group's actual results include its reliance on a limited product line, fluctuations in advertising rates, market acceptance of its existing and future products, growth management challenges including the growth resulting from the acquisition of the assets of Schwinn Fitness in September 2001 and StairMaster in February 2002, a decline in consumer spending due to unfavorable economic conditions, government regulatory action, its ability to effectively identify and negotiate any future strategic acquisitions, its ability to integrate the StairMaster business and

any other acquired businesses into its operations, unpredictable events and circumstances relating to international operations including its use of foreign manufacturers, and general economic conditions. Please refer to our reports and filings with the Securities and Exchange Commission, including our most recent annual report on Form 10-K and quarterly reports on Form 10-Q, for a further discussion of these risks and uncertainties. We also caution you not to place undue reliance on forward-looking statements, which speak only as of the date they are made. We undertake no obligation to update publicly any forward-looking statements to reflect new information, events or circumstances after the date they were made or to reflect the occurrence of unanticipated events.

THE NAUTILUS GROUP, INC.
Consolidated Statements of Operations
(In Thousands, Except Share and Per Share Data)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2002	2001	2002	2001
NET SALES	\$152,865	\$88,702	\$429,187	\$238,566
COST OF SALES	64,500	33,011	179,892	84,087
Gross profit	88,365	55,691	249,295	154,479
OPERATING EXPENSES:				
Selling and marketing	40,654	25,082	106,345	70,867
General and administrative	5,602	3,727	19,242	10,343
Royalties	2,915	1,686	7,809	5,008
Total operating expenses	49,171	30,495	133,396	86,218
OPERATING INCOME	39,194	25,196	115,899	68,261
OTHER INCOME (EXPENSE):				
Interest income	333	966	1,260	3,478
Other - net	(375)	31	(217)	218
Total other income (expense), net	(42)	997	1,043	3,696
INCOME BEFORE INCOME TAXES	39,152	26,193	116,942	71,957
INCOME TAX EXPENSE	14,093	9,429	42,099	25,904
NET INCOME	\$25,059	\$16,764	\$74,843	\$46,053

BASIC EARNINGS PER SHARE	\$0.72	\$0.48	\$2.14	\$1.31
DILUTED EARNINGS PER SHARE	\$0.71	\$0.46	\$2.10	\$1.28
Basic shares outstanding	34,672,293	35,209,547	34,949,988	35,268,137
Diluted shares outstanding	35,343,184	36,180,686	35,692,274	36,090,841

THE NAUTILUS GROUP, INC.
Consolidated Balance Sheets
(In Thousands)
(Unaudited)

	September 30, 2002	December 31, 2001

ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$37,860	\$35,639
Short-term investments	25,313	16,070
Trade receivables, net	37,759	24,858
Inventories, net	62,440	45,516
Prepaid expenses and other current assets	7,738	2,007
Notes receivable	3,004	2,672
Current deferred tax asset	2,214	1,425

Total current assets	176,328	128,187
PROPERTY, PLANT, AND EQUIPMENT, net	50,963	25,228
GOODWILL	29,755	29,625
OTHER ASSETS, net	16,921	10,865

TOTAL ASSETS	\$273,967	\$193,905
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LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$34,635	\$25,256
Accrued liabilities	15,927	10,888
Income taxes payable	4,066	4,792
Royalty payable to stockholders	2,531	1,885
Customer deposits	891	1,000

Total current liabilities	58,050	43,821

LONG-TERM DEFERRED TAX LIABILITY	6,985	2,670

STOCKHOLDERS' EQUITY:		
Common stock	570	4,900
Retained earnings	207,337	142,637
Accumulated other comprehensive income (loss)	1,025	(123)

Total stockholders' equity	208,932	147,414

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$273,967	\$193,905
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Investor Relations