



# 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](http://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.***

# 2012 / 2013 Highlights

Our company achieved growth and significantly improved profitability

Capabilities were built to deliver long term profitability

Overall margins improved in both businesses

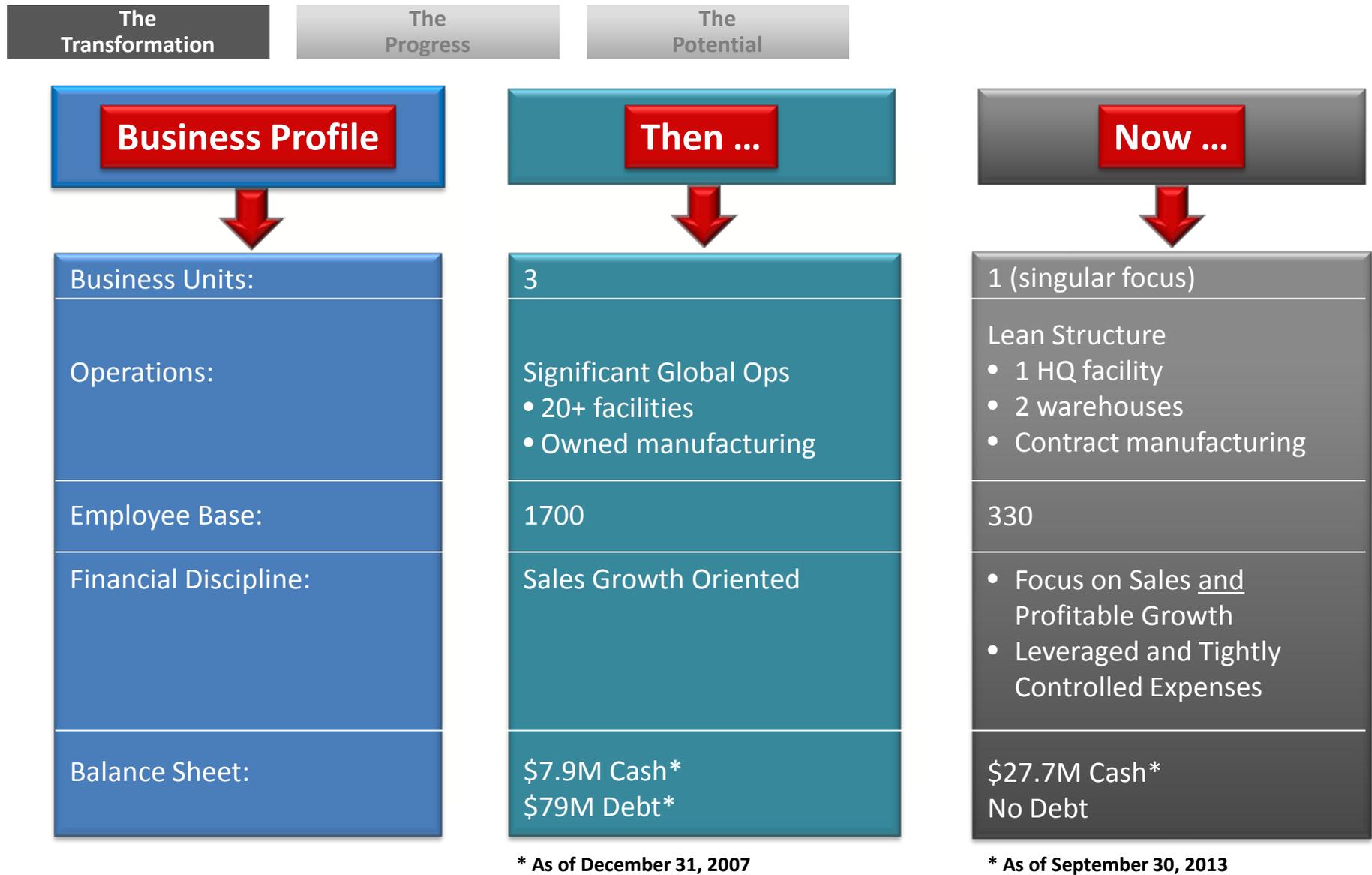
Cost Improvement initiatives have become part of our culture / normal course of doing business

Strategic growth opportunities were identified and are being pursued

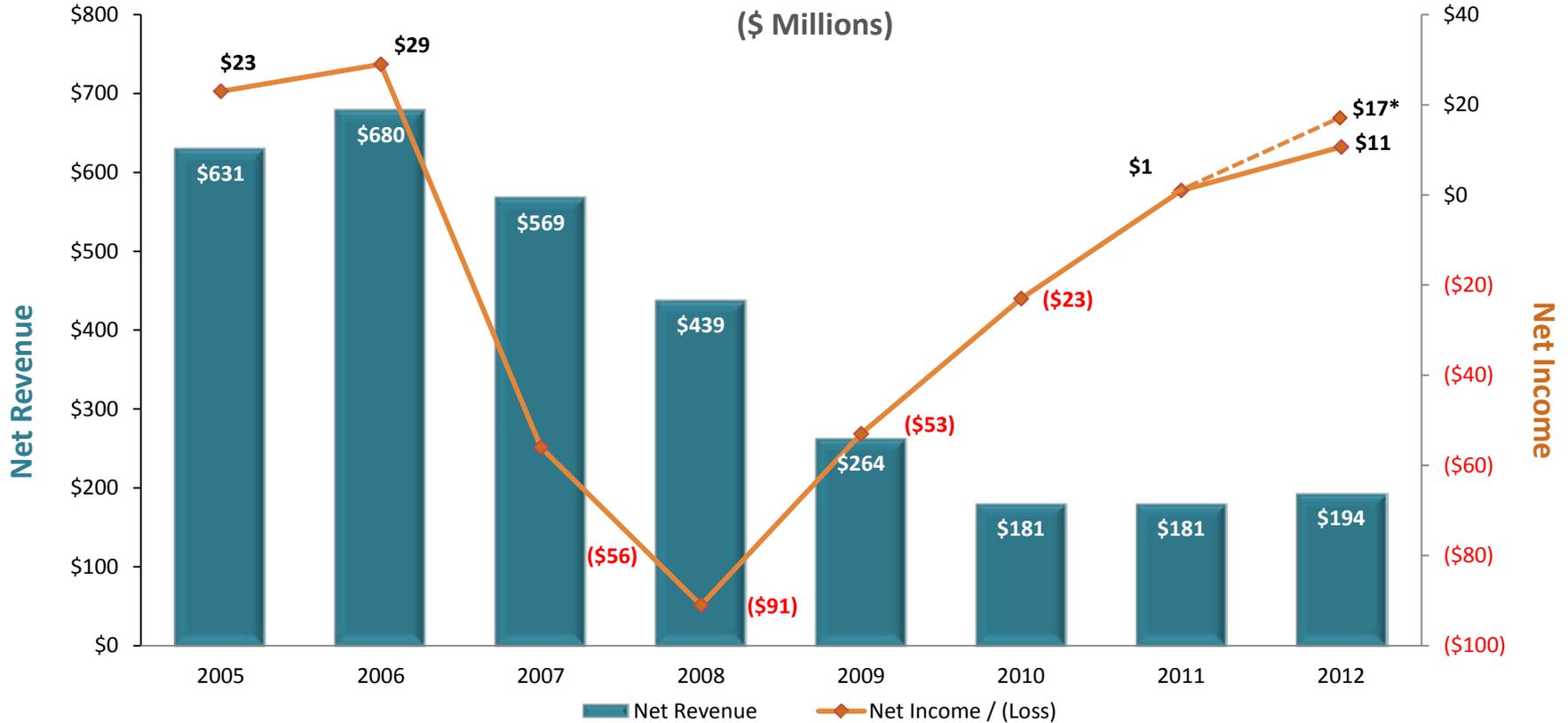
Balance sheet was strengthened with cash and remaining debt was paid off in March 2012



# Business Transformation (2007 to Today)



# Revenue and Net Income Progress



**Revenue and Income from both Discontinued and Continuing Operations**

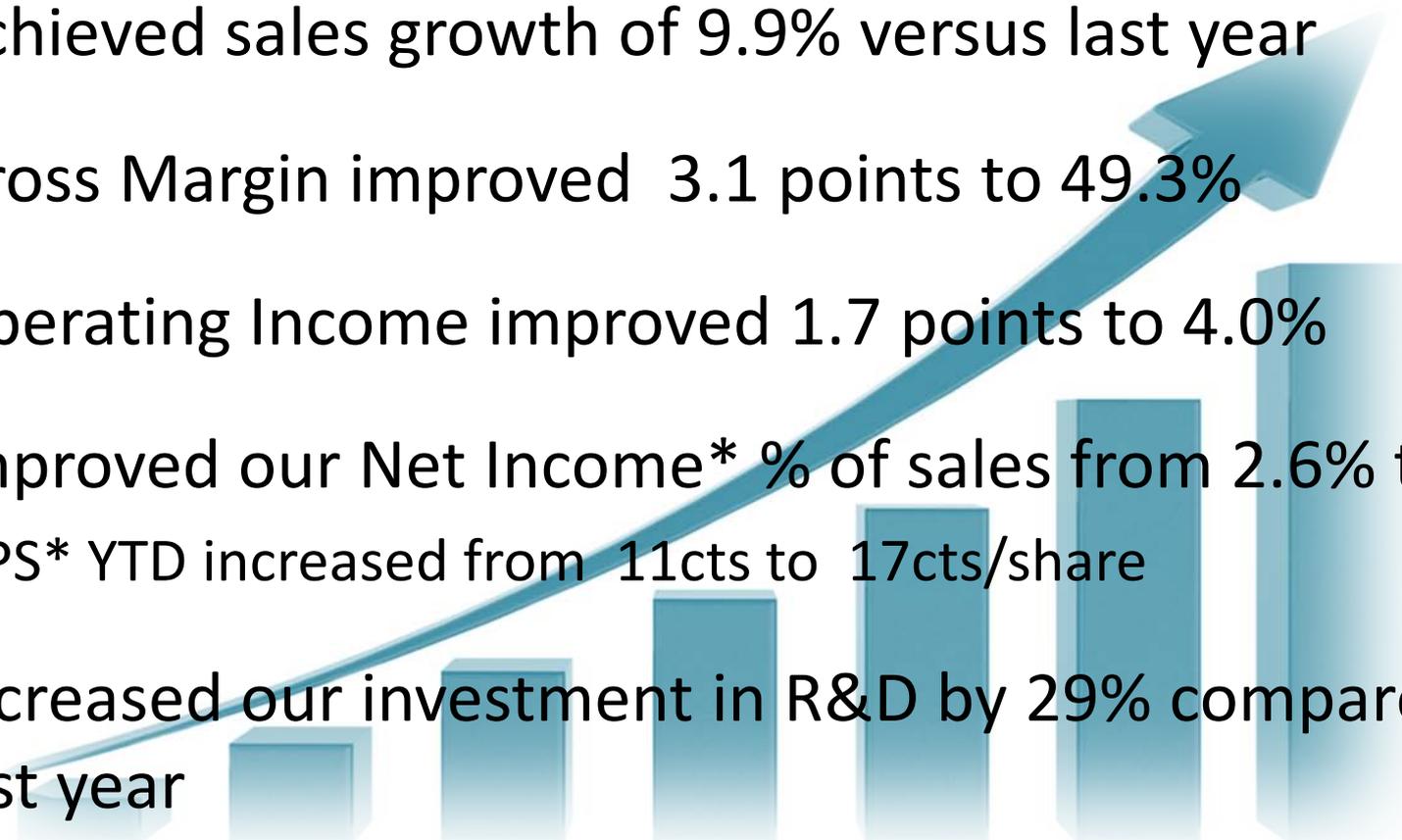
*\* Includes one time (non-cash) cumulative translation adjustment in Discontinued Operations*

# First 9 Months 2013 – Results from Continuing Operations

The Transformation

The Progress

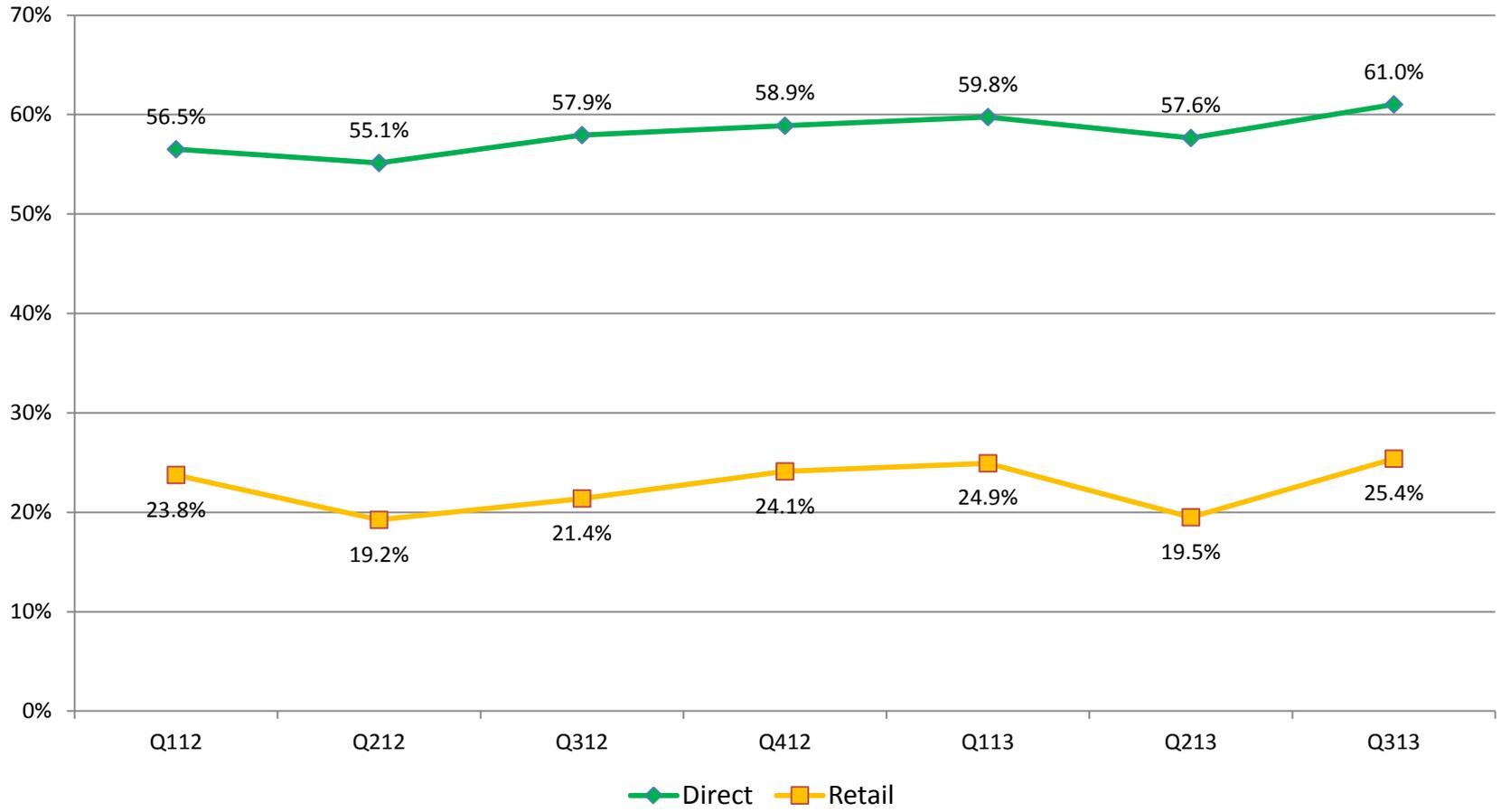
The Potential

- Achieved sales growth of 9.9% versus last year
  - Gross Margin improved 3.1 points to 49.3%
  - Operating Income improved 1.7 points to 4.0%
  - Improved our Net Income\* % of sales from 2.6% to 3.9%  
⇒EPS\* YTD increased from 11cts to 17cts/share
  - Increased our investment in R&D by 29% compared to last year
- 

\* Excluding onetime tax benefit of \$34.2M or \$1.09 per diluted share

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

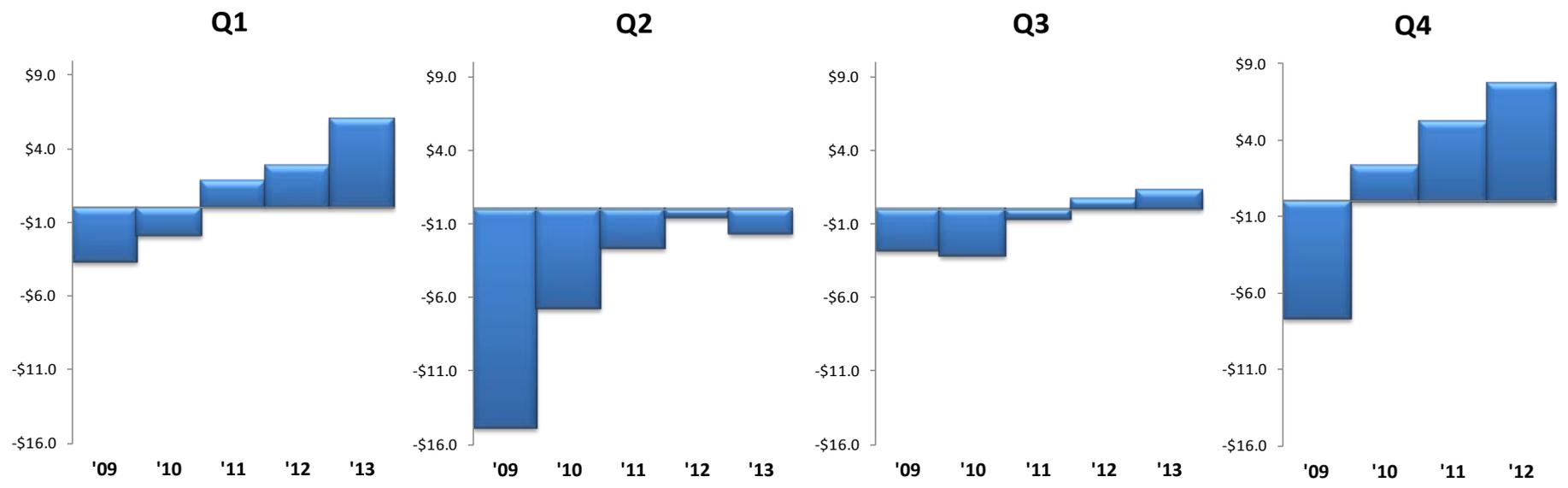
# Gross Margin Trend



# Operating Income From Continuing Operations



Millions (USD)

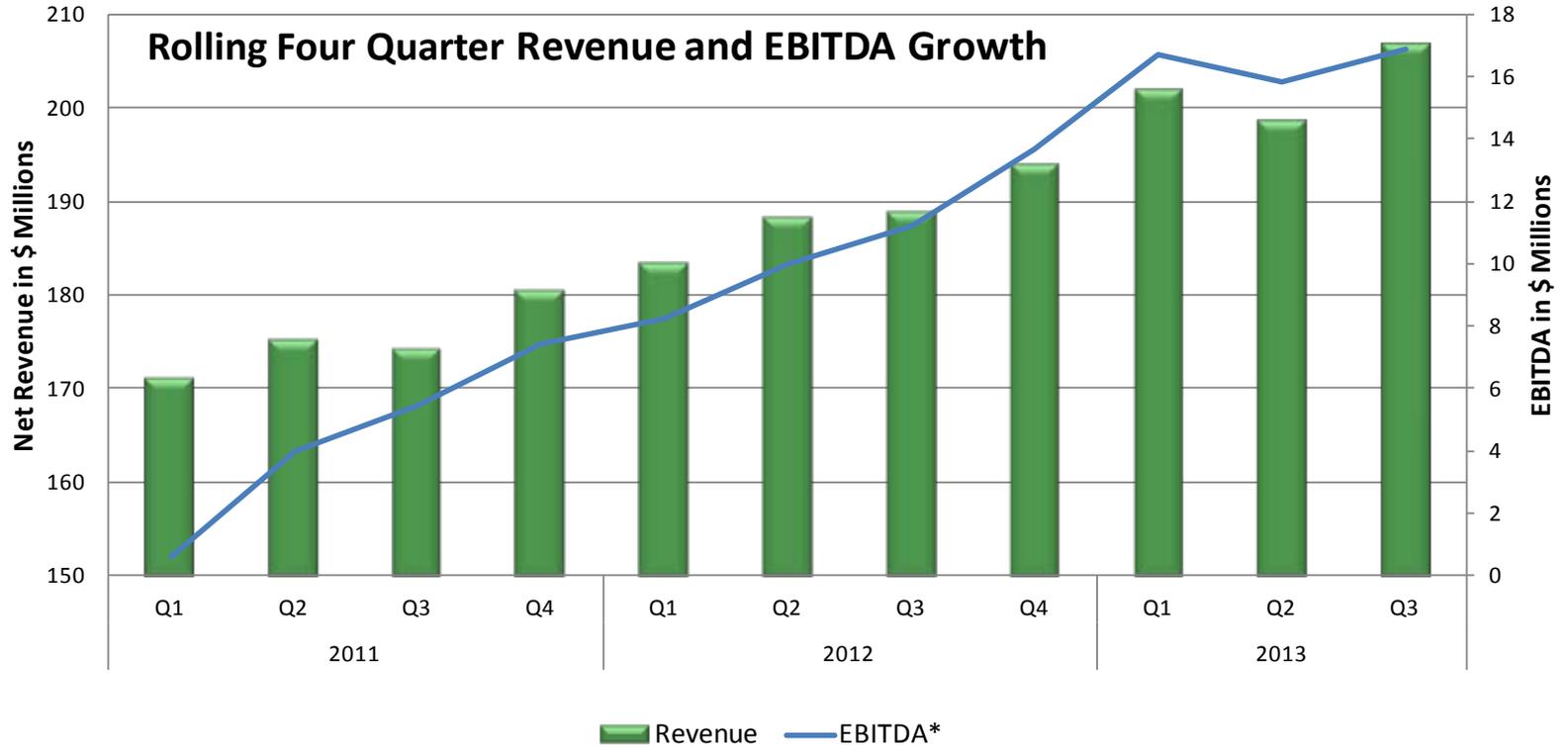


Trajectory of quarterly improvements is positive

# Consistent Profit Improvement

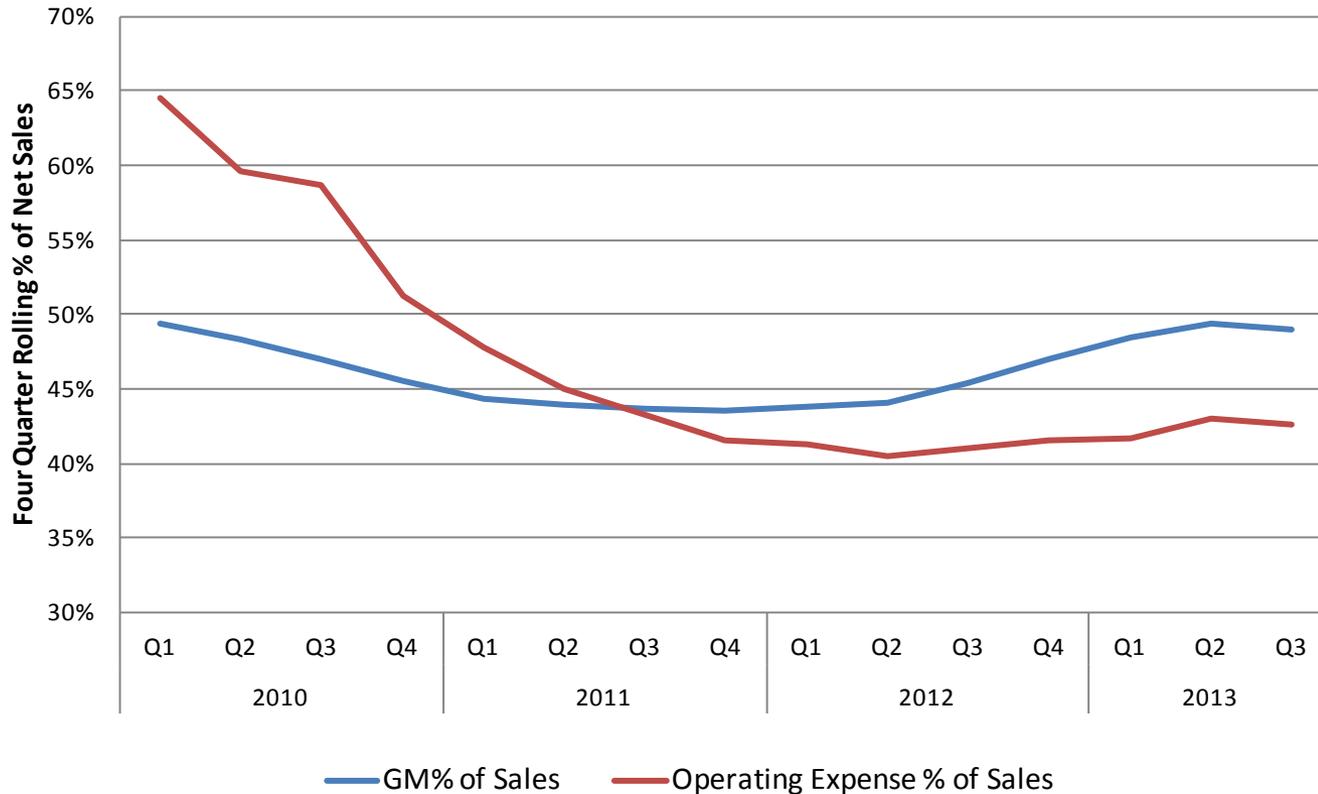


EBITDA growing faster than Revenue due to operating leverage of business



\* Non-GAAP Information, see Nautilus' website under "Investor Relations" for a reconciliation to GAAP  
 \* Net Revenue and EBITDA are rolling four quarter total, Continuing Operations

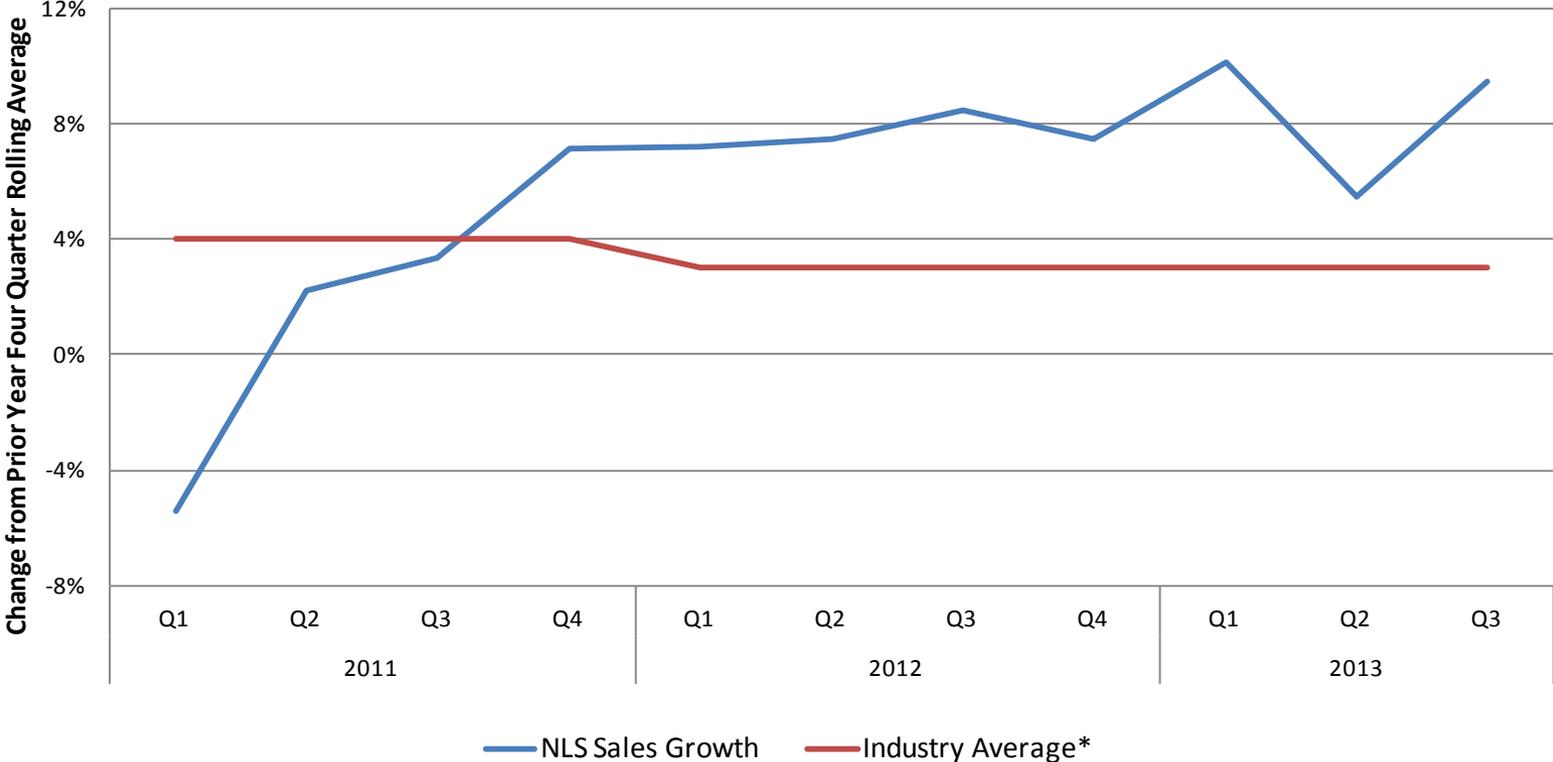
# Increasing Gross Margin and Declining Expense Ratio



⇒ Generates Operating Margin Improvement

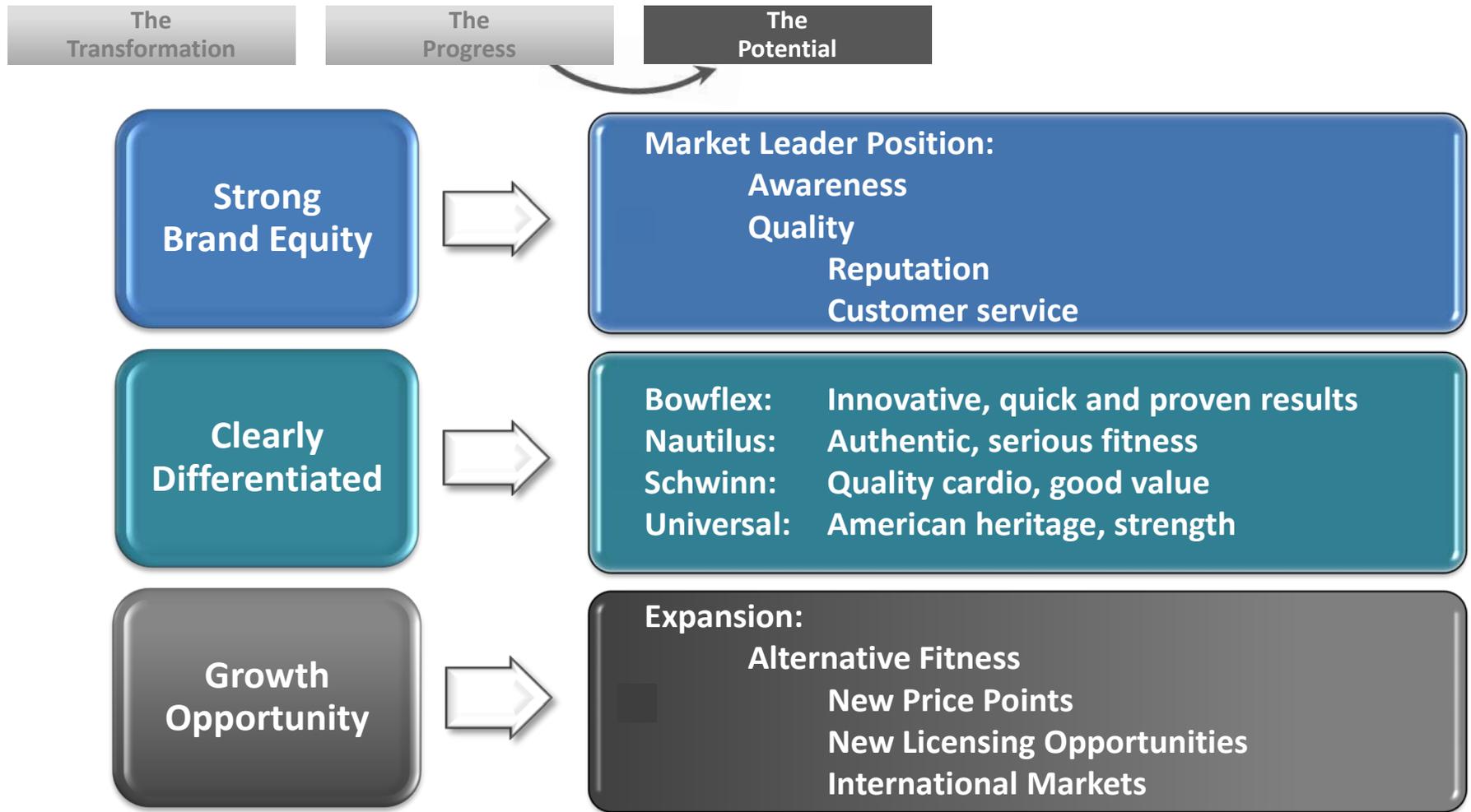


# Sales Growth in Excess of Industry Rate



\* Source: 2012 SGMA Data

# Leading Brands Poised for Growth



Note: Based on National Consumer Research Study Completed in 2011

# Increased Focus on New Product Development

The  
Transformation

The  
Progress

The  
Potential

- R&D spend and resources were stepped up since 2011 (2x)
- Expansion into new price points and alternative fitness in 2012
  - Boost band, UpperCut
- Extensive complementary network of outside idea resources is yielding positive results
- Rigorous new product development process ensures market traction and drives improved margins

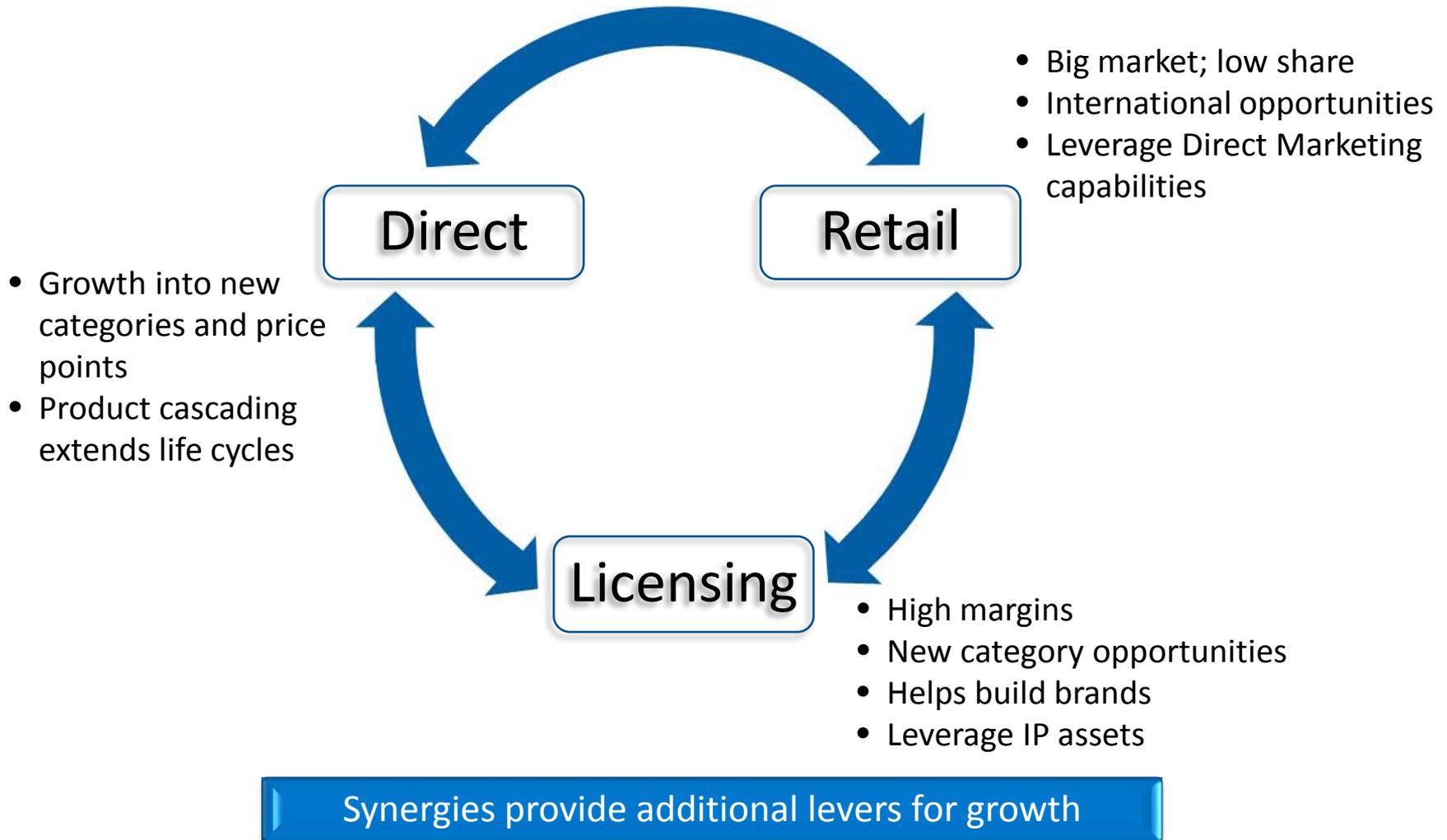
Sales growth, margin improvement, and product reviews prove that the strategy is working

# Unique Multi-Channel Business Model

The Transformation

The Progress

The Potential



# 2014 Focus Areas – “the big 3” (same as 2012 & 2013)

The  
Transformation

The  
Progress

The  
Potential

- 1) Continue emphasis on new product development
  - Expanding our product portfolio
  - Integration of consumer insights to improve product success
- 2) Improve our product margins
- 3) Tightly manage our operating costs and create leverage as we grow revenues

Continue to deliver short term improvements while building strong foundation for future profitable growth

# Strategic Goal - Run Rates Generating EPS Growth

The  
Transformation

The  
Progress

The  
Potential

Revenue Growth: Sustaining 9 – 10% / Year  
Gross Margin: Sustain gains achieved by each channel  
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

The  
Transformation

The  
Progress

The  
Potential

Our company is achieving growth and significantly improved profitability

Capabilities built to deliver long term profitability

- New product development
- Supply Chain efficiencies

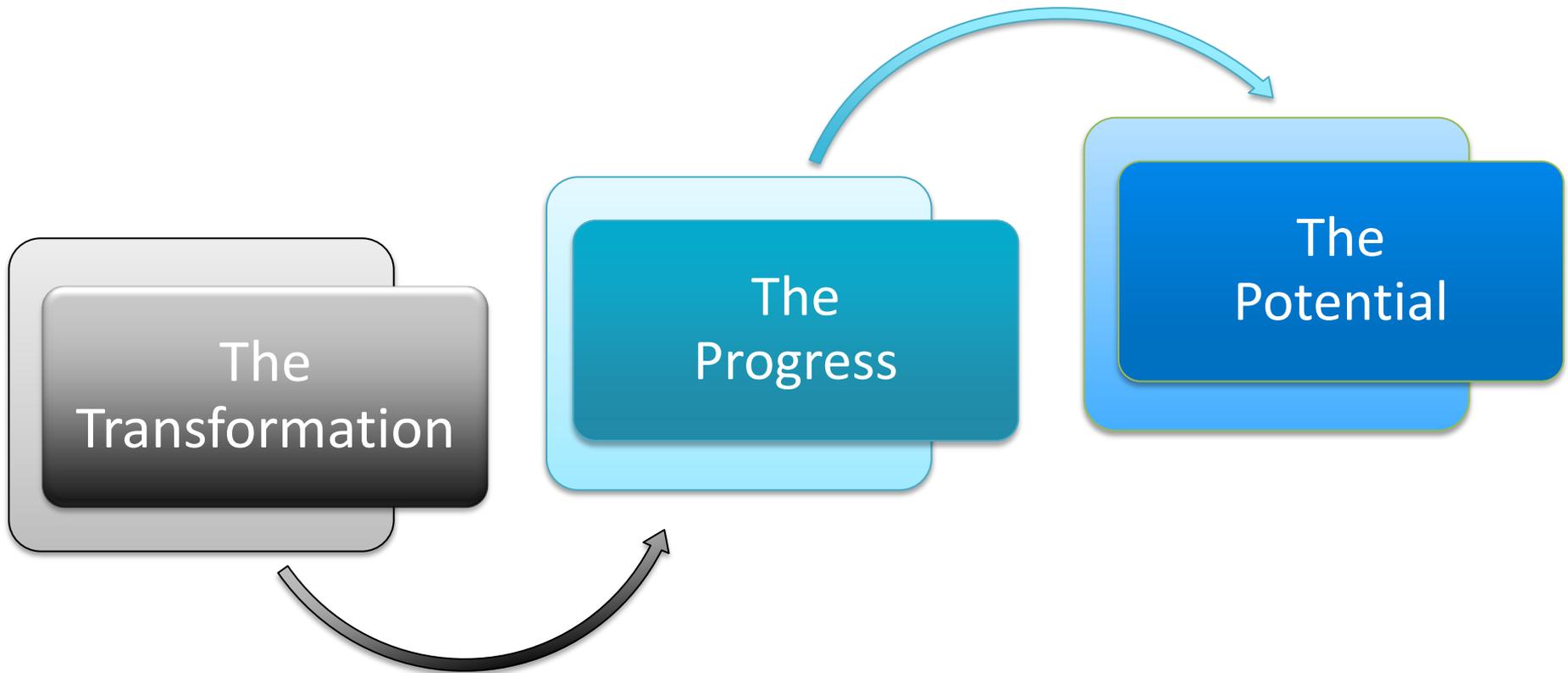
Cost improvement initiatives have become part of our culture / normal course of doing business

Strategic growth opportunities identified and are being pursued

- New price points and new categories
- Branding / Licensing
- International opportunities

Strong asset position is leverageable

- Balance sheet
- Talented employees
- Unique and complimentary business segments
- Strengths not easily replicated



The Focus Areas are clear and  
The Plan is achievable

# New Initiatives to Launch New Product

## "Sweat and the City" Sept 9-11

- Sneak peak at MY13 Retail products, Boost, SelectTech Trainer app and MAX Trainer
- Interviews, product demonstrations, presentations (oh and a party)



## What Did We Accomplish?

- 30 + reporter/blogger presentations
- 37 financial analysts and share holder attendees
- 19 original articles with over 10 million impressions
- Successful “friend raising” with fitness pros, traditional press, bloggers and Wall Street

# MAX Trainer

**BOWFLEX**  
**MAX**  
TRAINER™





EASIER TO **STAY MOTIVATED**

# Boost Activity Band

## **BOOST**

- AVAILABLE SEPTEMBER 2013
- COMPATIBLE STARTING WITH IOS 6 & IPHONE 4S AND NEWER

### HOW BOOST WORKS



#### 1 SET YOUR GOAL

The Boost app lets you set daily personal goals and check your progress at a glance.

#### 2 START TRACKING

Day & Night, Boost will keep track of your activity and sleep.

#### 3 SYNC WIRELESSLY

Wireless bluetooth technology automatically syncs activity data to your iPhone.

#### 4 STAY ACTIVE

Boost makes it easier than ever to hit your goals, stay motivated and on track.



### YOUR PROGRESS AT A GLANCE

Even when you're away from your phone, Boost's simple and intuitive display lets you know when you've met your daily goal.





**THANK YOU**