



October 16, 2001

## **DIRECT FOCUS ANNOUNCES RECORD THIRD QUARTER RESULTS**

### **QUARTERLY SALES UP 53% AND EARNINGS UP 51% FROM PREVIOUS YEAR**

**Vancouver, WA?October 16, 2001**--Direct Focus, Inc. (Nasdaq: DFXI), a leading marketing company for fitness and healthy lifestyle products, today announced its results for the quarter ended September 30, 2001.

For the third quarter of 2001, Direct Focus reported net sales of \$88.7 million, an increase of 53% from \$57.8 million for the third quarter of 2000. Net income for the third quarter of 2001 was \$16.8 million or \$0.46 per diluted share, up 51% from \$11.1 million or \$0.31 per diluted share for the same period of 2000. eCommerce sales for the third quarter were \$16.7 million, up 45% from \$11.5 million for the same period of 2000.

For the first nine months of 2001, Direct Focus reported net sales of \$238.6 million, up 56% from \$153.3 million for the same period of 2000. Net income for the first nine months of 2001 was \$46.1 million, or \$1.28 per diluted share, up 63% from \$28.2 million or \$0.78 per diluted share for the same period of 2000.

During the quarter, Direct Focus completed its acquisition of the fitness division of Schwinn/GT (?Schwinn Fitness?) for approximately \$65 million. From the date of acquisition on September 20, 2001, Schwinn Fitness contributed \$4.3 million in sales to the Company?s commercial and retail division. Total sales from the commercial and retail division were \$14.7 million, or 17% of total revenue. With the acquisition of Schwinn Fitness, the commercial and retail division is expected to represent about 33% of total sales in 2002.

Schwinn Fitness was accretive to earnings in the third quarter of 2001 and is again expected to be accretive in the fourth quarter. In 2002, Schwinn Fitness is expected to contribute over \$120 million in revenue and be strongly accretive to earnings.

?Despite the generally weak economic environment, we are very pleased with our record sales and earnings, and our completion of a major acquisition in the third quarter,? said Brian Cook, chief executive officer. ?Our combination with Schwinn Fitness has positioned us as a worldwide leader in the fitness and healthy lifestyle markets.?

?In our direct business, we continue to see sustained sales growth as we leverage our direct business model and powerful brand names. Our Bowflex and Nautilus Sleep System products continue to address the fitness and healthy lifestyles needs of our direct customers. We are also pleased with the continued growth of our eCommerce channel, which has proven to be a strong complement to our data-driven business model.?

?In our retail and commercial business, we saw strength in sales for our Nautilus Nitro commercial products and the growing popularity of our retail products. We believe that the addition of Schwinn?s popular line of cardiovascular equipment will complement our consumer Nautilus line of strength-building products. We have also significantly enhanced our global distribution and product development capabilities.?

?Looking ahead, we believe that our powerful combination of distribution channels and branded product lines?Bowflex, Nautilus, and Schwinn?gives us an unmatched platform for continued growth in sales, earnings and market share.?

During the quarter, the Company repurchased 354,300 shares of its common stock for approximately \$6.5 million. The Company ended the quarter with cash and short-term investments of \$44.1 million. The ?Proforma Balance Sheets? for the combined company as of September 30, 2001 represent a current estimate and are not final because Direct Focus has not yet completed its purchase accounting analysis of the Schwinn Fitness acquisition. The Company expects to report final numbers for the third quarter on Form 10-Q.

A listen-only Internet broadcast of Direct Focus? third quarter conference call (2:00 PM Pacific/5:00 PM Eastern) will be available today at [www.directfocusinc.com](http://www.directfocusinc.com) under ?Investor Relations? or by calling 866-503-1965 (reservation # 19805175). A 48-hour replay will be available by calling 800-633-8284 (reservation # 19805175). A replay will also be available through October 29, 2001 under ?Investor Relations? at [www.directfocusinc.com](http://www.directfocusinc.com).

About Direct Focus, Inc.

Direct Focus is a leading marketing company for fitness and healthy lifestyle products with direct, retail, and commercial sales channels worldwide. The Company currently markets its Bowflex line of home fitness equipment and Nautilus Sleep Systems directly to consumers, using an effective combination of television advertising, 800-call centers and Web sites. The Company sells its Nautilus and Schwinn consumer fitness products through retail athletic stores. In addition, Direct Focus sells its Nautilus

and Schwinn commercial fitness equipment directly to health clubs and other institutions. The Company is headquartered in Vancouver, Washington. Direct Focus is located on the Web at [www.directfocusinc.com](http://www.directfocusinc.com).

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This press release contains forward-looking statements relating to anticipated sales, revenue growth, gross margins, seasonal patterns, expense as a percentage of revenue, and the development of Direct Focus' products and services, including statements regarding its Nautilus and Schwinn businesses. Factors that could affect Direct Focus' 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, its limited experience in marketing Nautilus Sleep Systems, 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 Schwinn Fitness 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. A more detailed description of certain factors that could affect actual results include, but are not limited to, those discussed in Direct Focus' annual report on Form 10-K for the fiscal year ended December 31, 2000.

DIRECT FOCUS, INC. - CONSOLIDATED  
Statement of Operations

	3 Mos. Ended September 30,		9 Mos. Ended September 30,	
	2001	2000	2001	2000
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NET SALES	\$88,701,833	\$57,834,085	\$238,566,220	\$153,298,248
COST OF SALES	33,011,137	18,770,650	84,087,294	50,896,359
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Gross profit	55,690,746	39,063,435	154,478,926	102,401,889
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EXPENSES				
Selling and marketing	25,082,161	19,054,085	70,867,246	51,270,420
General and administrative	3,726,318	2,459,320	10,342,756	6,241,623
Royalties	1,685,888	1,288,811	5,007,430	3,454,124
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Total operation expenses	30,494,367	22,802,216	86,217,432	60,966,167
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INCOME FROM OPERATIONS	25,196,379	16,261,219	68,261,494	41,435,722
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OTHER INCOME				
Interest income	966,819	969,872	3,478,664	2,409,584
other -net	30,657	83,866	217,490	168,897
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Total other income-net	996,819	1,053,738	3,696,154	2,578,481
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INCOME BEFORE INCOME TAXES	23,193,198	17,314,957	71,957,648	44,014,203
INCOME TAX EXPENSE	9,429,682	6,233,387	25,904,734	15,845,114
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NET INCOME	\$16,763,516	\$11,081,570	\$46,052,914	\$28,169,089
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BASIC EARNINGS PER SHARE	\$0.48	\$0.31	\$1.31	\$0.80
DILUTED EARNINGS PER SHARE	\$0.46	\$0.31	\$1.28	\$0.78
Basic shares outstanding	35,209,547	35,283,269	35,268,137	35,280,281
Diluted shares outstanding	36,180,696	36,186,172	36,090,841	36,030,996

DIRECT FOCUS, INC.-CONSOLIDATED  
Proforma Balance Sheet\*

	<b>Balance Sheet without Schwinn September 30, 2001</b>	<b>Consolidated September 30, 2001</b>	<b>December 31, 2000</b>
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ASSETS			
CURRENT ASSETS			
Cash	\$34,884,549	\$34,895,769	\$77,181,064
Short Term Investments	9,234,970	9,234,970	-
Trade receivables	5,817,608	19,019,798	4,941,286
Inventories	20,547,410	38,552,748	12,653,117
Prepaid expenses and other current assets	2,497,896	2,863,125	591,453
Notes receivable	2,739,785	2,7739,785	-
Deferred income taxes	740,511	740,511	950,303
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Total Current assets	76,462,729	108,046,706	96,317,283
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PROPERTY, PLANT AND EQUIPMENT	18,502,502	25,714,298	16,668,884
INVESTMENT IN SCHWINN FITNESS	65,739,262	-	-
OTHER ASSETS -NET	4,224,605	37,347,624	4,140,277
TOTAL ASSETS	\$164,929,098	\$171,108,628	\$117,126,444
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LIABILITIES AND STOCKHOLDERS' EQUITY			

# CURRENT LIABILITIES

Trade payables	\$17,727,265	\$21,497,564	\$12,335,776
Accrued liabilities	8,042,112	9,945,240	5,344,225
Income taxes payable	9,680,425	10,024,466	2,542,967
Royalty payable to stockholders	1,617,383	1,617,383	1,481,886
Customer deposits	853,219	853,219	2,092,611

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Total current liabilities	37,920,404	43,937,872	23,797,465
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LONG-TERM DEFERRED TAX LIABILITY	1,037,023	1,037,023	462,004
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# STOCKHOLDERS' EQUITY

Common stock	4,026,320	4,026,320	16,812,476
Retained earnings	121,945,351	122,107,413	76,054,499

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Total stockholders' equity	125,971,671	126,133,733	92,866,975
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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$164,929,098	\$171,108,628	\$177,126,444
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\*Proforma Balance Sheets represent a current estimate as of September 30, 2001 and are not final because Direct Focus has not yet completed its purchase accounting analysis of the Schwinn Fitness acquisition. The Company expects to report final numbers for the third quarter on Form 10-Q.