

NAUTILUS, INC.  
Form 10-Q  
August 06, 2015

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the quarterly period ended June 30, 2015

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-31321

NAUTILUS, INC.  
(Exact name of Registrant as specified in its  
charter)

Washington  
(State or other jurisdiction of  
incorporation or organization)

94-3002667  
(I.R.S. Employer  
Identification No.)

17750 S.E. 6th Way  
Vancouver, Washington 98683  
(Address of principal executive offices, including zip code)

(360) 859-2900  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T

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(§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act:

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

(do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

The number of shares outstanding of the registrant's common stock as of July 31, 2015 was 31,552,269 shares.

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NAUTILUS, INC.  
FORM 10-Q  
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2015

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## PART I. FINANCIAL INFORMATION

## Item 1. Condensed Financial Statements

NAUTILUS, INC.  
 CONDENSED CONSOLIDATED BALANCE SHEETS  
 (Unaudited and in thousands)

	As of June 30, 2015	December 31, 2014
Assets		
Cash and cash equivalents	\$37,489	\$45,206
Available-for-sale securities	49,748	26,984
Trade receivables, net of allowances of \$31 and \$108	12,635	26,260
Inventories	28,379	24,896
Prepays and other current assets	4,469	6,987
Income taxes receivable	170	50
Deferred income tax assets, current portion	9,511	12,368
Total current assets	142,401	142,751
Property, plant and equipment, net	10,544	9,634
Goodwill	2,372	2,520
Other intangible assets, net	10,106	10,575
Long-term deferred income tax assets	5,087	9,546
Other assets	485	628
Total assets	\$ 170,995	\$ 175,654
Liabilities and Shareholders' Equity		
Trade payables	\$32,702	\$47,574
Accrued liabilities	7,340	9,851
Warranty obligations	2,819	2,246
Total current liabilities	42,861	59,671
Income taxes payable	3,614	3,725
Other long-term liabilities	1,759	1,186
Total liabilities	48,234	64,582
Commitments and contingencies (Note 13)		
Shareholders' equity:		
Common stock - no par value, 75,000 shares authorized, 31,551 and 31,333 shares issued and outstanding	6,905	8,033
Retained earnings	116,503	103,347
Accumulated other comprehensive loss	(647	) (308
Total shareholders' equity	122,761	111,072
Total liabilities and shareholders' equity	\$ 170,995	\$ 175,654

See accompanying Notes to Condensed Consolidated Financial Statements.



NAUTILUS, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited and in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net sales	\$59,695	\$48,546	\$155,934	\$120,450
Cost of sales	29,039	23,766	71,389	57,189
Gross profit	30,656	24,780	84,545	63,261
Operating expenses:				
Selling and marketing	20,052	15,690	48,451	37,463
General and administrative	4,293	4,959	9,871	10,762
Research and development	2,379	1,752	4,686	3,655
Total operating expenses	26,724	22,401	63,008	51,880
Operating income	3,932	2,379	21,537	11,381
Other income (expense):				
Interest income	59	16	103	24
Interest expense	(6	) (5	) (11	) (12
Other, net	(281	) (56	) (397	) (117
Total other income (expense), net	(228	) (45	) (305	) (105
Income from continuing operations before income taxes	3,704	2,334	21,232	11,276
Income tax provision	1,485	836	8,154	4,030
Income from continuing operations	2,219	1,498		