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Q4 & Full Year 2018 Earnings Presentation



Forward Looking Statements & Disclosures

Forward Looking Statements: With the exception of the historical information contained in this presentation, the matters described herein contain forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The forward-looking statements contained herein include, but are not limited to, information regarding the ability of NN, Inc. (“NN”) and Paragon Medical, Inc. (“Paragon”) to complete the transactions contemplated by the Stock Purchase Agreement, dated April 2, 2018, including the satisfaction of conditions to the transactions set forth in the Stock Purchase Agreement, and NN’s and the combined entity’s estimated or anticipated future results of operations. These forward-looking statements involve risks and uncertainties that could cause NN’s and the combined entity’s results to differ materially from management’s current expectations. Such risks and uncertainties include, but are not limited to, general economic conditions and economic conditions in the industrial sector; competitive influences, risks that current customers of NN or Paragon will commence or increase captive production, delayed customer product launches, risks of capacity underutilization, quality issues, availability of raw materials, currency, pending and complete transactions and other risks associated with international trade, the Company’s dependence on certain major customers, unforeseen changes in future revenues, earnings and profitability of NN or Paragon, the risk that NN is not able to realize the savings or benefits expected from integration and restructuring activities related to the proposed acquisition of Paragon, the risk that the required regulatory approvals for the proposed acquisition of NN are not obtained, are delayed or are subject to conditions that are not anticipated, and those risks and uncertainties discussed in NN’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 2, 2018.

This presentation contains certain forward looking non-GAAP financial measures, estimated 2018 adjusted earnings before interest, taxes and depreciation and estimated 2018 adjusted operating margin, which cannot be reconciled without unreasonable effort. The following forward looking financial measures regarding Paragon is unavailable to NN: (i) depreciation and amortization; (ii) income taxes; and (iii) net income, and this information could have a material impact on these certain forward looking non-GAAP financial measures.

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Fourth Quarter 2018



Fourth Quarter 2018 Highlights

- **Net Sales of \$199.5M**
 - **Organic growth of 4% in the quarter driven by Life Sciences**
 - **Offset by continued headwinds in the global automotive market**
 - **Acquisitions contributed \$39.2M**
- **Adjusted Operating Margin expanded 300 bps to 11.8%**
 - **Improvements driven by Life Sciences growth and synergy capture**
 - **Enterprise flexing appropriately in the face of market and mix headwinds**
- **Adjusted Diluted EPS of \$0.22**
- **Free Cash Flow for Q4 of ~\$50M**
- **Net leverage reduction of ~20 bps in the quarter**
- **Non-Cash impairment charge of \$199M**
 - **Driven by GAAP requirements**
 - **Does not impact our operating performance, cash flows or strategic plans moving forward**



Fourth Quarter Financial Summary

\$ In Millions

Net Sales

Sales growth driven by Life Sciences



Adjusted Diluted Earnings Per Share

Expansion driven by growth in Life Sciences and Aerospace & Defense



Gross Margin

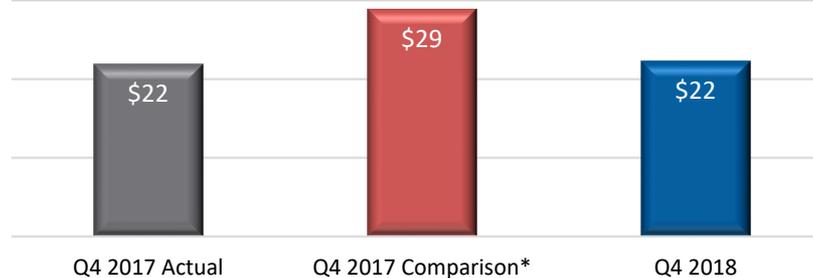
Q4 2018 impacted by 280bps of transformation and integration charges



\$ In Millions

SG&A

Realized synergies with acquisitions



* Full year effect for Life Sciences acquisitions

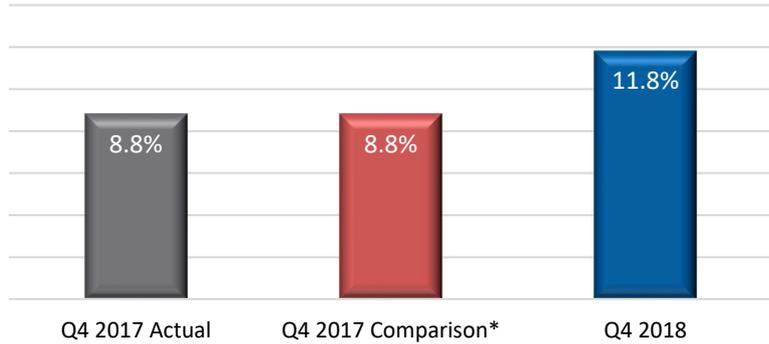
Adj. Diluted EPS based on 42.0M shares



Fourth Quarter Financial Summary

Adjusted Operating Margin

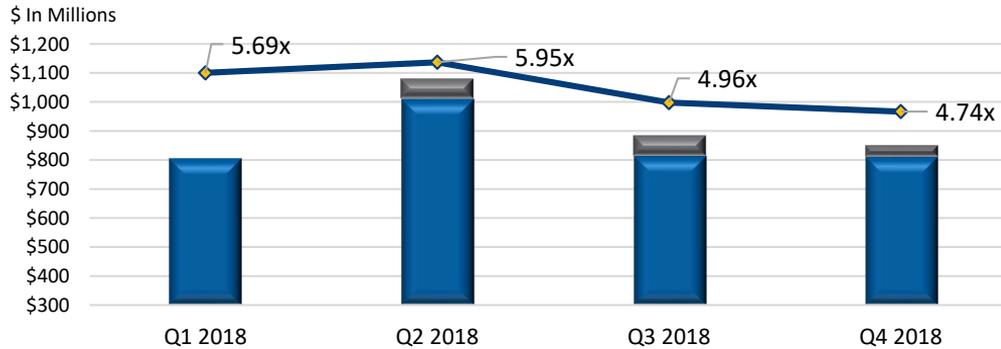
Incremental sales volume and synergy capture



Adjusted EBITDA Margin



Outstanding Senior Debt & Net Leverage¹



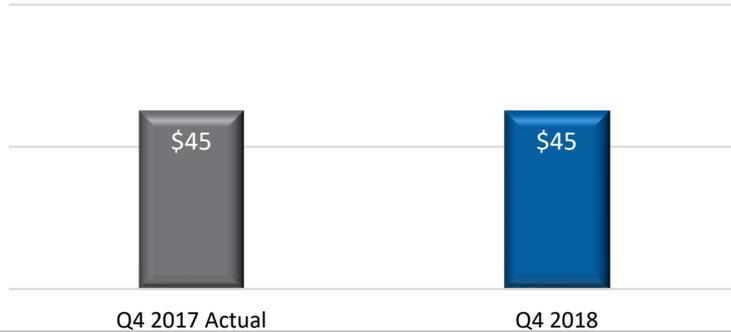
■ Term Loans ■ Revolver ◆ Net Leverage



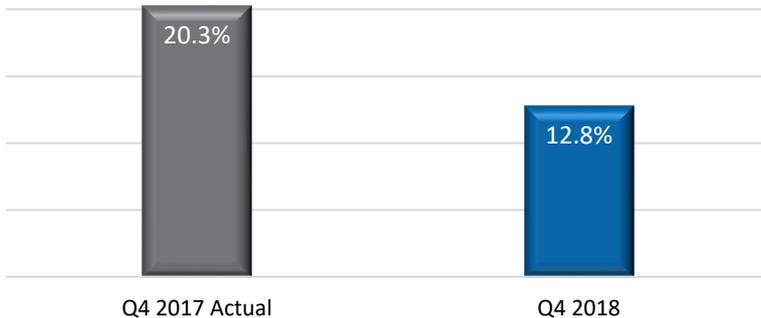
Power Solutions Group

\$ In Millions

Net Sales



Adjusted Operating Margin



Q4 Business Commentary

- Margins muted due to unfavorable mix and start-up costs
- New program launches in A&D and General Industrial expected to ramp in 2019.
- Proprietary technology investments for programs expected to launch late 2019

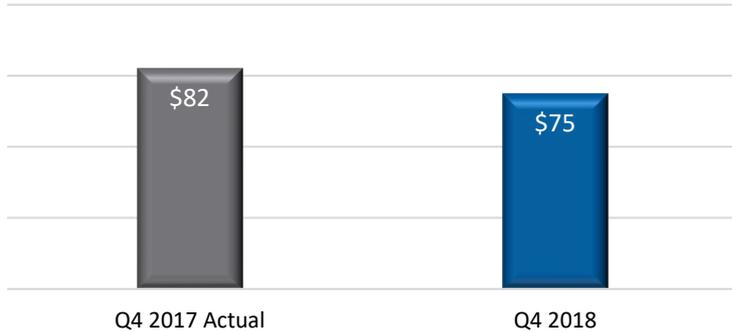


Mobile Solutions Group

\$ In Millions

Net Sales

Slowing global automotive markets

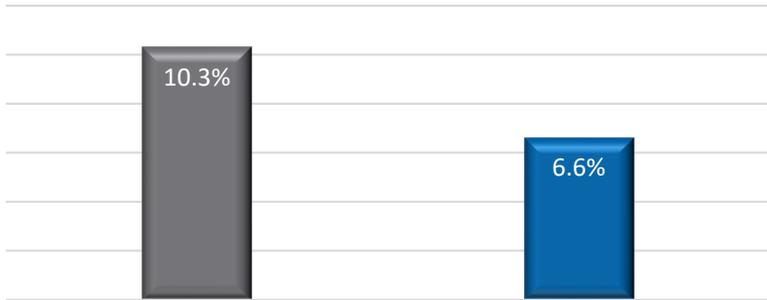


Q4 2017 Actual

Q4 2018

Adjusted Operating Margin*

Product launch cost expected to abate by Q2 2019



Q4 2017 Actual

Q4 2018

Q4 Business Commentary

- Global automotive markets continue to pull back
- FX impact accounts for a third of the sales decline
- Business flexing appropriately net of investments
- Margins expected to normalize mid-year

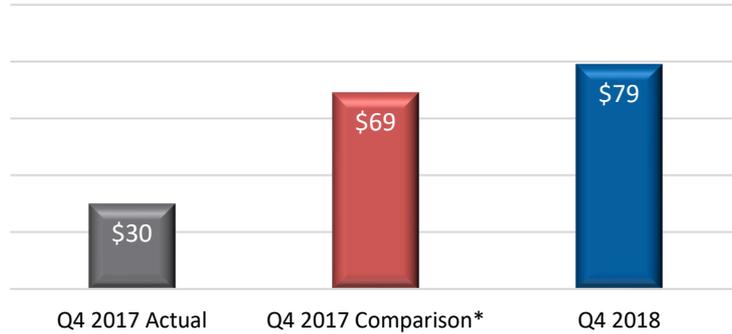


Life Sciences Group

\$ In Millions

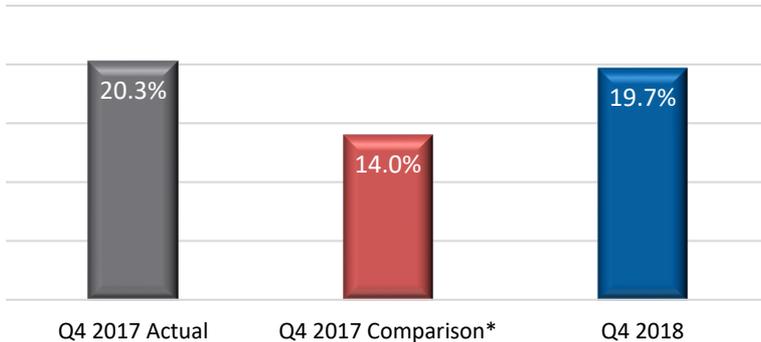
Net Sales

Life Sciences out performing expectations



Adjusted Operating Margin

Integration plan on track



Q4 Business Commentary

- Organic sales growth of 14% YoY
 - Paragon greater than 20%
 - Legacy business in line
- Backlog has almost doubled since mid-year 2018
- Overall performance ahead of plan
- Margins in line with typical seasonal activity



Fourth Quarter 2018 Summary

- **Sales of \$199M**
 - **4% organic growth driven by 14% growth in Life Sciences**
- **Net Leverage down to 4.74x**
- **Free Cash Flow of ~\$50M**
- **Adjusted Operating Margins improved 300bps to 11.8%**
- **Subsequent to Q4, executed \$700M fixed interest rate swap**
 - **Removes significant interest rate variability from plan**
 - **Reduced our interest expense 6 bps immediately**



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Full Year 2018 & 2019 Business Expectations



2018 Financial Summary

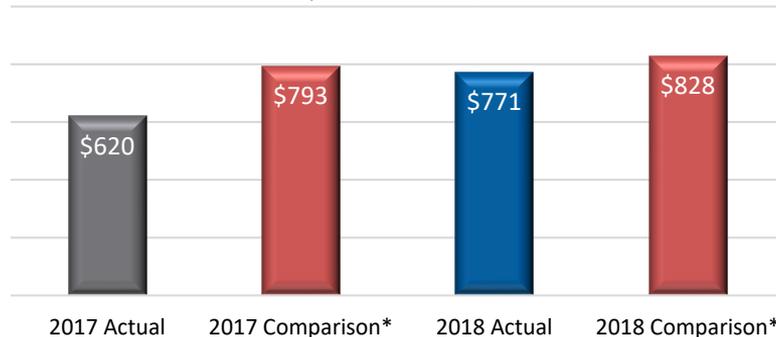
2018 Summary

- 4.4% organic growth despite mixed macro backdrop
- Counter cyclical portfolio performing as designed
- Key program wins and investment set up 2019 for continued growth
- 6.5% YoY Adj. Diluted EPS expansion

\$ In Millions

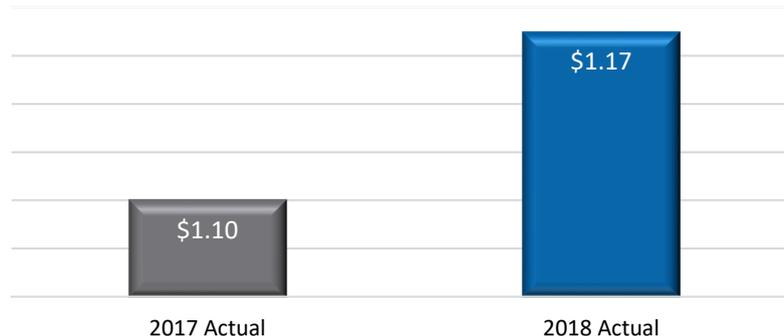
Net Sales

Acquisitions added \$134M



Adjusted Diluted Earnings Per Share

6.5% earnings expansion YoY



www.nninc.com

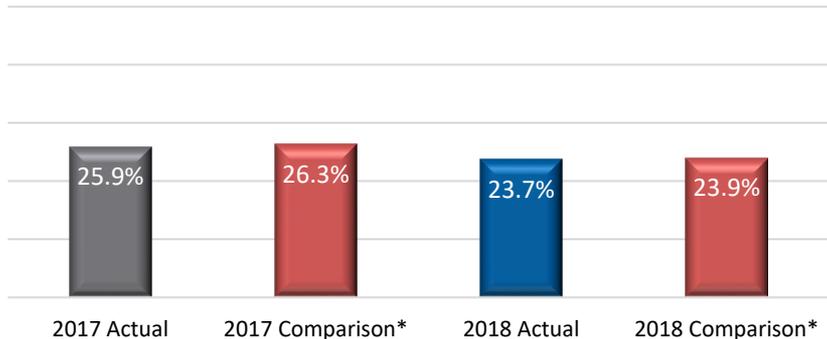
* Full year effect for Life Science acquisitions



2018 Financial Summary

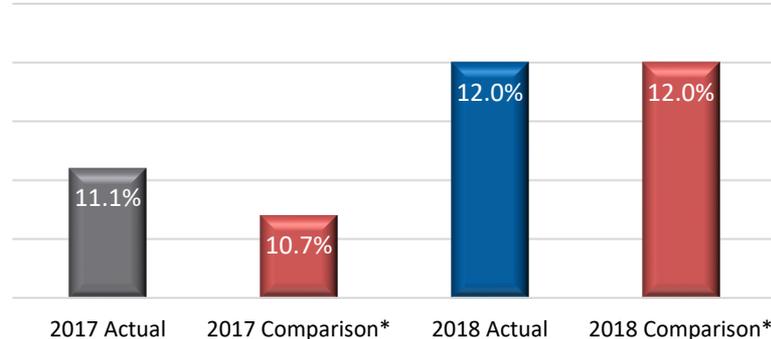
Gross Margin

Includes ~220bps of Acquisition and Integration Expense

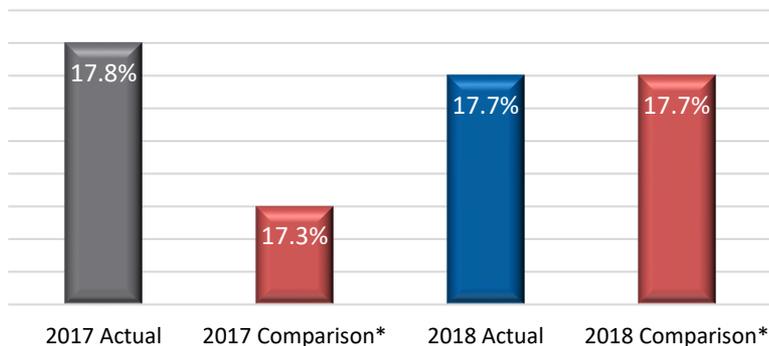


Adjusted Operating Margin

Margins in line with expectations



Adjusted EBITDA Margin

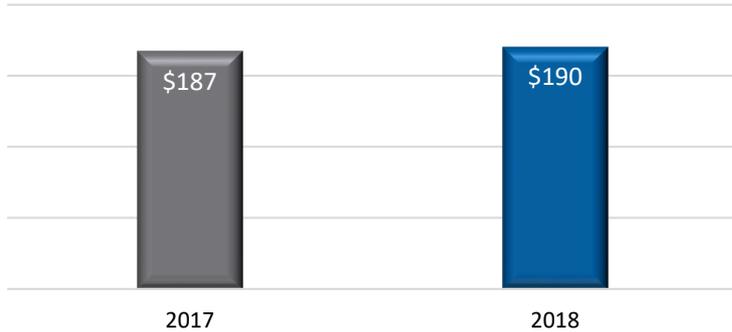




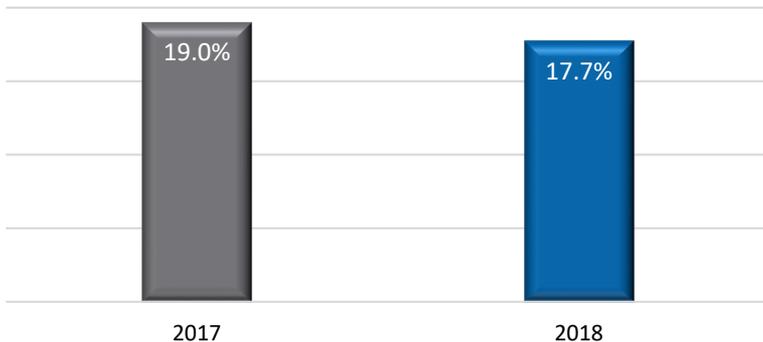
Power Solutions Group

\$ In Millions

2018 Net Sales



2018 Adjusted Operating Margin



2019 Business Outlook

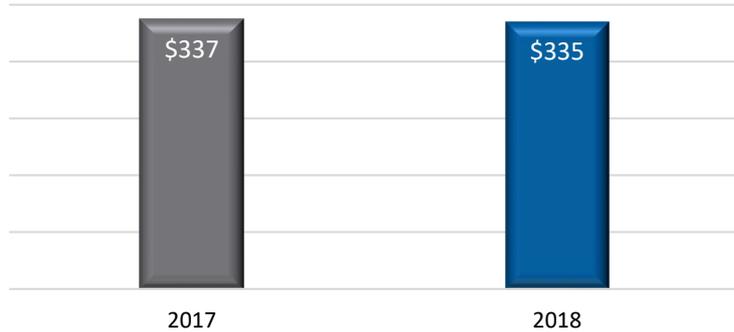
- Housing starts flat, non-residential and Aerospace & Defense markets displaying growth in line with expectations
- Organic growth of 6-8%
 - Driven by new program start ups
- Continued improvement in operational efficiency
 - 2 new Aerospace & Defense facilities coming fully online
- Margin improvements driven by continued Aerospace & Defense growth



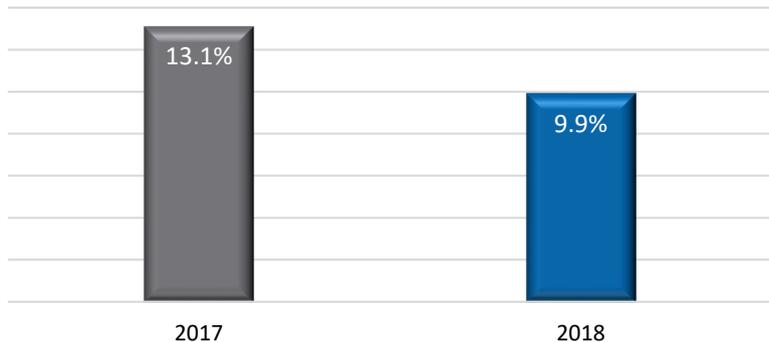
Mobile Solutions Group

\$ In Millions

2018 Net Sales



2018 Adjusted Operating Margin*



2019 Business Outlook

- 1% - 3% organic growth despite slowing global automotive markets
 - New programs reaching production levels
 - CAFE adoption rate consistent with expectations
- Adjusted operating margins expected to normalize mid-year
- We continue to invest in growth programs

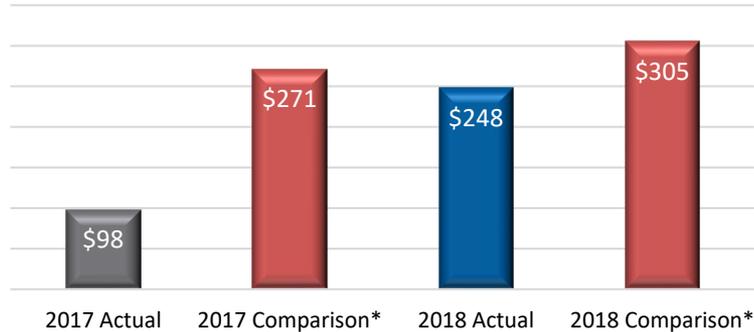


Life Sciences Group

\$ In Millions

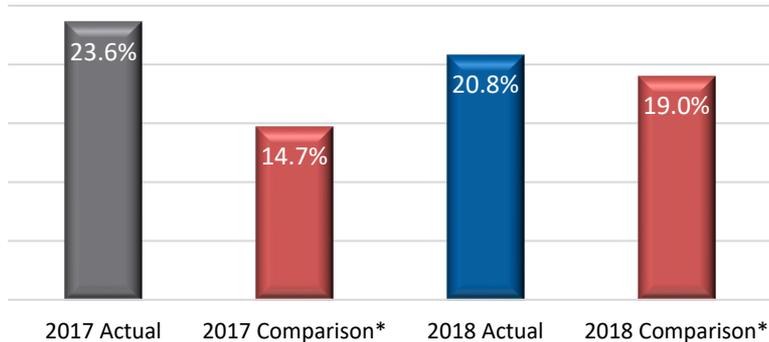
Net Sales

13% organic growth



Adjusted Operating Margin

Synergy capture remains on plan



2019 Business Outlook

- Solid macro backdrop expected to continue throughout 2019
- Anticipated organic growth of 12%-15%
- Synergy capture and continued operating improvements expected to drive further margin expansion
- Backlog expected to normalize as production capacity comes on line



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Guidance



2019 Preview

2019 Business Outlook

- Mixed macro expected to persist in 2019
 - Tailwinds in Medical & Aerospace & Defense
- 6% organic growth across the enterprise, driven by Life Sciences
- 35% YoY Adj. EPS Expansion to mid-point of guide
- Continued focus on de-leveraging

2019 Operating Highlights⁺

Adjusted Operating Margin	12.7%	70bps Improvement
Adjusted EBITDA	\$170M	
Free Cash Flow	\$45M	
Forecasted FYE Net Leverage ¹	4.5x	Quarter turn reduction

Transformed NN Annual Time Phasing

	Q1	Q2	Q3	Q4
Net Sales %	23% - 25%	25% - 27%	25% - 27%	24% - 26%
Adj EPS %	13% - 15%	24% - 26%	30% - 32%	30% - 32%



2019 Guidance

	2019 Guidance	Commentary
Net Sales	\$870M - \$890M	All three segments expected to grow
Adj. Operating Margin^(a)	12.4% - 13.0%	Continued improvements in the NN Operating System driving expansion
Adj. EBITDA	\$166M - \$174M	
Adj. Diluted EPS^(b)	\$1.10 - \$1.30	35% YoY Adj. EPS Expansion to mid-point of guide, on a comparable diluted basis
Free Cash Flow¹	\$40M - \$50M	Free cash flow focused on de-leveraging



1st Quarter 2019 Guidance

	Fourth Quarter Actual	First Quarter Guidance	Commentary
Net Sales	\$199.5M	\$205M - \$215M	Q1 Revenue in line with our expectations
Adj. EBITDA	\$34.4M	\$33M - \$36M	



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Reconciliation Tables



Reconciliation of GAAP Income from Operations to Non-GAAP Adjusted Income from Operations

<i>\$000s</i>	Three Months Ended	
	December 31,	
	2018	2017
NN, Inc. Consolidated		
GAAP income from operations	\$ (188,170)	\$ 1,069
Restructuring and integration expense	(10)	24
Acquisition and transition expense	15,568	6,696
Amortization of intangibles	8,439	5,938
Impairments (Goodwill and fixed assets)	187,778	-
Non-GAAP adjusted income from operations (a)	<u>\$ 23,605</u>	<u>\$ 13,727</u>
Non-GAAP adjusted operating margin (1)	11.8%	8.8%
GAAP net sales	\$ 199,477	\$ 156,135

<i>\$000s</i>	Three Months Ended	
	December 31,	
	2018	2017
Mobile Solutions		
GAAP income from operations	\$ (75,925)	\$ 6,317
Restructuring and integration expense	(10)	24
Acquisition and transition expense	1,493	195
Amortization of intangibles	885	859
Impairments (Goodwill and fixed assets)	78,054	-
Non-GAAP adjusted income from operations (a)	<u>\$ 4,497</u>	<u>\$ 7,395</u>
Share of net income from joint venture	(16,134)	1,072
Impairment of joint venture	16,589	-
Non-GAAP adjusted income from operations with JV	<u>\$ 4,952</u>	<u>\$ 8,467</u>
Non-GAAP adjusted operating margin (1)	6.6%	10.3%
GAAP net sales	\$ 75,359	\$ 82,084

<i>\$000s</i>	Three Months Ended	
	December 31,	
	2018	2017
Elimination		
GAAP net sales	\$ (533)	\$ (501)

<i>\$000s</i>	Three Months Ended	
	December 31,	
	2018	2017
Power Solutions		
GAAP income from operations	\$ (109,054)	\$ 5,660
Restructuring and integration expense	-	-
Acquisition and transition expense	3,524	664
Amortization of intangibles	2,193	2,724
Impairments (Goodwill and fixed assets)	109,100	-
Non-GAAP adjusted income from operations (a)	<u>\$ 5,763</u>	<u>\$ 9,048</u>
Non-GAAP adjusted operating margin (1)	12.8%	20.3%
GAAP net sales	\$ 45,194	\$ 44,620

<i>\$000s</i>	Three Months Ended	
	December 31,	
	2018	2017
Life Sciences		
GAAP income from operations	\$ 6,174	\$ 2,840
Restructuring and integration expense	-	-
Acquisition and transition expense	4,122	884
Amortization of intangibles	5,361	2,355
Impairments (Goodwill and fixed assets)	-	-
Non-GAAP adjusted income from operations (a)	<u>\$ 15,657</u>	<u>\$ 6,079</u>
Non-GAAP adjusted operating margin (1)	19.7%	20.3%
GAAP net sales	\$ 79,457	\$ 29,932

(1) Non-GAAP adjusted operating margin = Non-GAAP adjusted income from operations/ GAAP net sales



Reconciliation of GAAP Income from Operations to Non-GAAP Adjusted Income from Operations

<i>\$000s</i>	Twelve Months Ended	
	December 31,	
	2018	2017
NN, Inc. Consolidated		
GAAP income from operations	\$ (178,888)	\$ 33,114
Restructuring and integration expense	2,127	386
Acquisition and transition expense	48,952	11,570
Amortization of intangibles	32,553	23,454
Impairments (Goodwill and fixed assets)	187,778	-
Non-GAAP adjusted income from operations (a)	<u>\$ 92,522</u>	<u>\$ 68,524</u>
Non-GAAP adjusted operating margin (1)	12.0%	11.1%
GAAP net sales	\$ 770,657	\$ 619,793

<i>\$000s</i>	Twelve Months Ended	
	December 31,	
	2018	2017
Mobile Solutions		
GAAP income from operations	\$ (54,103)	\$ 34,405
Restructuring and integration expense	63	386
Acquisition and transition expense	3,567	695
Amortization of intangibles	3,540	3,474
Impairments (Goodwill and fixed assets)	78,054	-
Non-GAAP adjusted income from operations (a)	<u>\$ 31,121</u>	<u>\$ 38,960</u>
Share of net income from joint venture	(14,390)	5,211
Impairment of joint venture	16,589	-
Non-GAAP adjusted income from operations with JV	<u>\$ 33,320</u>	<u>\$ 44,171</u>
Non-GAAP adjusted operating margin (1)	9.9%	13.1%
GAAP net sales	\$ 335,037	\$ 336,852

<i>\$000s</i>	Twelve Months Ended	
	December 31,	
	2018	2017
Elimination		
GAAP net sales	\$ (2,331)	\$ (1,990)

<i>\$000s</i>	Twelve Months Ended	
	December 31,	
	2018	2017
Power Solutions		
GAAP income from operations	\$ (95,115)	\$ 23,440
Restructuring and integration expense	-	-
Acquisition and transition expense	8,698	1,164
Amortization of intangibles	10,939	10,899
Impairments (Goodwill and fixed assets)	109,100	-
Non-GAAP adjusted income from operations (a)	<u>\$ 33,622</u>	<u>\$ 35,503</u>
Non-GAAP adjusted operating margin (1)	17.7%	19.0%
GAAP net sales	\$ 189,778	\$ 186,602

<i>\$000s</i>	Three Months Ended	
	Twelve Months Ended	
	2018	2017
Life Sciences		
GAAP income from operations	\$ 19,136	\$ 13,271
Restructuring and integration expense	1,336	-
Acquisition and transition expense	13,064	884
Amortization of intangibles	18,074	9,081
Impairments (Goodwill and fixed assets)	-	-
Non-GAAP adjusted income from operations (a)	<u>\$ 51,610</u>	<u>\$ 23,236</u>
Non-GAAP adjusted operating margin (1)	20.8%	23.6%
GAAP net sales	\$ 248,173	\$ 98,329

(1) Non-GAAP adjusted operating margin = Non-GAAP adjusted income from operations/ GAAP net sales



Reconciliation of Net Income (Loss) to Non-GAAP Adjusted EBITDA

<i>\$000s</i>	Three Months Ended	
	December 31,	
	2018	2017
GAAP net income (loss)	\$(220,189)	\$ 50,818
Provision (benefit) for income taxes	1,775	(64,822)
Interest expense	14,651	12,169
Write-off of unamortized debt issuance cost	-	2,448
Gain on change in fair value of interest rate swap	-	(87)
Depreciation and amortization	19,330	13,400
Acquisition and transition expense	15,228	6,696
Non-cash stock compensation	(210)	1,510
Non-cash foreign exchange (gain) loss on inter-company loans	(547)	559
Restructuring and integration expense	(10)	24
Income from discontinued operations	-	2,507
Impairments (Goodwill, JV and fixed assets)	204,367	-
Non-GAAP adjusted EBITDA (b)	<u>\$ 34,395</u>	<u>\$ 25,222</u>
Non-GAAP adjusted EBITDA margin (2)	17.2%	16.2%
GAAP net sales	\$ 199,477	\$ 156,135

(2) Non-GAAP adjusted EBITDA margin = Non-GAAP adjusted EBITDA / GAAP net sales



Reconciliation of Net Income (Loss) to Non-GAAP Adjusted EBITDA

<i>\$000s</i>	Twelve Months Ended	
	December 31,	
	2018	2017
GAAP net income (loss)	\$(264,467)	\$ 163,052
Provision (benefit) for income taxes	(10,957)	(79,026)
Interest expense	61,243	52,085
Write-off of unamortized debt issuance cost	19,562	42,087
Gain on change in fair value of interest rate swap	-	(101)
Depreciation and amortization	71,128	52,406
Acquisition and transition expense	48,612	11,570
Non-cash stock compensation	2,413	5,226
Non-cash foreign exchange (gain) loss on inter-company loans	2,620	258
Restructuring and integration expense	2,127	386
Income from discontinued operations	-	(137,688)
Impairments (Goodwill, JV and fixed assets)	204,367	-
Non-GAAP adjusted EBITDA (b)	<u>\$ 136,648</u>	<u>\$ 110,255</u>
Non-GAAP adjusted EBITDA margin (2)	17.7%	17.8%
GAAP net sales	\$ 770,657	\$ 619,793

(2) Non-GAAP adjusted EBITDA margin = Non-GAAP adjusted EBITDA / GAAP net sales



**Reconciliation of Net Income (Loss) to Non-GAAP Adjusted Net Income (Loss) and Net
Income (Loss) per Diluted Share to Non-GAAP Adjusted Net Income (Loss) per Diluted Share**

<i>\$000s</i>	Three Months Ended	
	December 31,	
	2018	2017
GAAP net income (loss)	\$ (220,189)	\$ 50,818
Pre-tax acquisition and transition expense	15,568	6,696
Pre-tax foreign exchange (gain) loss on inter-company loans	(547)	559
Pre-tax restructuring and integration expense	(10)	24
Pre-tax write-off unamortized debt issuance costs	-	2,448
Pre-tax gain on change in fair value of interest rate swap	-	(87)
Pre-tax amortization of intangibles and deferred financing costs	9,653	7,111
Pre-tax interest expense on cash held from divestiture	-	3,720
Pre-tax impairments of fixed asset costs	5,236	-
Tax effect of adjustment reflected above (c)	(6,772)	(5,695)
Impairments (Goodwill and JV)	199,131	-
Impact due to tax cuts and jobs act	-	(51,823)
Divestiture of Business Segment, exclusive of tax reform	7,198	(7,983)
Income from discontinued operations	-	2,507
Non-GAAP adjusted net income (loss) (d)	<u>\$ 9,268</u>	<u>\$ 8,295</u>

<i>Amounts per share, diluted</i>	Three Months Ended	
	December 31,	
	2018	2017
GAAP net income (loss) per diluted share	\$ (5.25)	\$ 1.82
Pre-tax acquisition and transition expense	0.37	0.24
Pre-tax foreign exchange (gain) loss on inter-company loans	(0.01)	0.02
Pre-tax restructuring and integration expense	(0.00)	0.00
Pre-tax write-off unamortized debt issuance costs	-	0.09
Pre-tax gain on change in fair value of interest rate swap	-	(0.00)
Pre-tax amortization of intangibles and deferred financing costs	0.23	0.25
Pre-tax interest expense on cash held from divestiture	-	0.13
Pre-tax impairments of fixed asset costs	0.12	-
Tax effect of adjustment reflected above (c)	(0.16)	(0.20)
Impairments (Goodwill and JV)	4.75	-
Impact due to tax cuts and jobs act	-	(1.86)
Divestiture of Business Segment, exclusive of tax reform	0.17	(0.29)
Income from discontinued operations	-	0.09
Non-GAAP adjusted net income (loss) per diluted share (d)	<u>\$ 0.22</u>	<u>\$ 0.30</u>
Weighted average shares outstanding, diluted	41,959	27,925



**Reconciliation of Net Income (Loss) to Non-GAAP Adjusted Net Income (Loss) and Net
Income (Loss) per Diluted Share to Non-GAAP Adjusted Net Income (Loss) per Diluted Share**

<i>\$000s</i>	Twelve Months Ended	
	December 31,	
	2018	2017
GAAP net income (loss)	\$ (264,467)	\$ 163,052
Pre-tax acquisition and transition expense	48,952	11,570
Pre-tax foreign exchange (gain) loss on inter-company loans	2,620	258
Pre-tax restructuring and integration expense	2,127	386
Pre-tax write-off unamortized debt issuance costs	19,562	42,087
Pre-tax gain on change in fair value of interest rate swap	-	(101)
Pre-tax amortization of intangibles and deferred financing costs	37,741	28,206
Pre-tax interest expense on cash held from divestiture	3,607	6,160
Pre-tax impairments of fixed asset costs	5,236	-
Tax effect of adjustment reflected above (c)	(24,525)	(23,485)
Impairments (Goodwill and JV)	199,131	-
Impact due to tax cuts and jobs act	-	(51,823)
Divestiture of Business Segment, exclusive of tax reform	7,198	(7,983)
Income from discontinued operations	-	(137,688)
Non-GAAP adjusted net income (loss) (d)	<u>\$ 37,182</u>	<u>\$ 30,638</u>

	Twelve Months Ended	
	December 31,	
	2018	2017
<i>Amounts per share, diluted</i>		
GAAP net income (loss) per diluted share	\$ (8.35)	\$ 5.87
Pre-tax acquisition and transition expense	1.55	0.42
Pre-tax foreign exchange (gain) loss on inter-company loans	0.08	0.01
Pre-tax restructuring and integration expense	0.07	0.01
Pre-tax write-off unamortized debt issuance costs	0.62	1.52
Pre-tax gain on change in fair value of interest rate swap	-	(0.00)
Pre-tax amortization of intangibles and deferred financing costs	1.19	1.02
Pre-tax interest expense on cash held from divestiture	0.11	0.22
Pre-tax impairments of fixed asset costs	0.17	-
Tax effect of adjustment reflected above (c)	(0.77)	(0.85)
Impairments (Goodwill and JV)	6.29	-
Impact due to tax cuts and jobs act	-	(1.87)
Divestiture of Business Segment, exclusive of tax reform	0.23	(0.29)
Income from discontinued operations	-	(4.96)
Non-GAAP adjusted net income (loss) per diluted share (d)	<u>\$ 1.17</u>	<u>\$ 1.10</u>
Weighted average shares outstanding, diluted	31,678	27,755



Guidance - Reconciliation of GAAP Income from Operations to Non-GAAP Adjusted Income from Operations

	Twelve Months Ending December 31, 2019			
	Low		High	
	\$000s	% of Sales	\$000s	% of Sales
GAAP income from operations	\$ 40,175	4.6%	\$ 51,285	5.8%
Restructuring and integration expense	-	0.0%	-	0.0%
Acquisition and transition expense	21,000	2.4%	17,500	2.0%
Amortization of intangibles	46,968	5.4%	46,968	5.3%
Non-GAAP adjusted income from operations (a)	\$ 108,143	12.4%	\$ 115,753	13.0%
GAAP net sales	\$	870,000	\$	890,000



Guidance - Reconciliation of GAAP Income from Operations to Non-GAAP Adjusted EBITDA

	Three Months Ending March 31, 2019	
	Low	High
	\$000s	\$000s
GAAP Income from Operations	\$ 1,206	\$ 3,588
Depreciation and amortization	24,386	24,386
Acquisition and transition expense	5,964	5,964
Non-cash stock compensation	1,300	1,300
Share of NI from China JV	164	164
Restructuring and integration expense	-	-
Non-GAAP adjusted EBITDA (b)	\$ 33,020	\$ 35,402

	Twelve Months Ending December 31, 2019	
	Low	High
	\$000s	\$000s
GAAP Income from Operations	\$ 40,175	\$ 51,285
Depreciation and amortization	96,936	96,936
Acquisition and transition expense	21,000	17,500
Non-cash stock compensation	5,200	5,200
Share of NI from China JV	3,000	3,000
Restructuring and integration expense	-	-
Non-GAAP adjusted EBITDA (b)	\$ 166,311	\$ 173,921



Guidance - Reconciliation of GAAP Net Income to Non-GAAP Adjusted Net Income

	Twelve Months Ending December 31, 2019			
	Low		High	
	\$000s	per share	\$000s	per share
GAAP net income (loss)	\$ (10,520)	\$ (0.25)	\$ 1,807	\$ 0.04
Pre-tax acquisition and transition expense	22,610	0.5	17,500	0.4
Pre-tax foreign exchange (gain)/loss on inter-company loans	-	-	-	-
Pre-tax restructuring and integration expense	-	-	-	-
Pre-tax write-off unamortized debt issuance costs	-	-	-	-
Pre-tax write-off interest rate swap	-	-	-	-
Pre-tax interest expense on cash held from divestiture	-	-	-	-
Pre-tax amortization of intangibles and deferred financing costs	52,349	1.2	52,349	1.2
Tax effect of adjustment reflected above (c)	(17,889)	(0.4)	(16,663)	(0.4)
Non-GAAP adjusted net income per share (d)	\$ 46,550	\$ 1.10	\$ 54,993	\$ 1.30
Weighted average shares outstanding, diluted		42,200		42,200



Guidance - Non-GAAP Free Cash Flow

	Twelve Months Ending December 31, 2018	
	Low	High
	<u>\$000s</u>	<u>\$000s</u>
Cash provided by operations	\$ 79,973	\$ 99,300
CAPEX	<u>(40,000)</u>	<u>(49,264)</u>
Non-GAAP free cash flow	<u>\$ 39,973</u>	<u>\$ 50,036</u>



Non-GAAP Financial Measures Footnotes

The Company discloses in this presentation the non-GAAP financial measures of adjusted income from operations, adjusted net income and adjusted diluted earnings per share. Each of these non-GAAP financial measures provide supplementary information about the impacts of acquisition and integration related expenses, foreign-exchange impacts on inter-company loans reorganizational and impairment charges. Over the past three years, we have completed six acquisitions, two of which were transformative for the Company. The costs we incurred in completing such acquisitions, including the amortization of intangibles and deferred financing costs, have been excluded from these measures because their size and inconsistent frequency are unrelated to our commercial performance during the period, and which we believe are not indicative of our ongoing operating costs. We exclude the impact of currency translation from these measures because foreign exchange rates are not under management's control and are subject to volatility. Other non-operating charges such as, the write-off of our interest rate swap, are excluded as the charges on not indicative of our ongoing operating cost. We believe the presentation of adjusted income from operations, adjusted net income and adjusted diluted earnings per share provide useful information in assessing our underlying business trends and facilitates comparison of our long-term performance over given periods

(a) Non-GAAP Adjusted income from operations represents GAAP income from operations, adjusted to exclude the effects of restructuring and integration expense, non-operational charges related to acquisition and transition expense, intangible amortization costs for fair value step-up in values related to acquisitions, non-cash impairment charges, and when applicable, our share of income from joint venture operations. We believe this presentation is commonly used by investors and professional research analysts in the valuation, comparison, rating and investment recommendations of companies in the industrial industry. We use this information for comparative purposes within the industry. Non-GAAP adjusted income from operations is not a measure of financial performance under GAAP and should not be considered as a measure of liquidity or as an alternative to GAAP income from operations.

(b) Non-GAAP adjusted EBITDA represents GAAP net income (loss), adjusted to include income taxes, interest expense, Interest rate swaps and write-offs, depreciation and amortization, charges related to acquisition and transition costs, non-cash stock compensation expense, foreign exchange gain (loss) on inter-company loans, restructuring and integration expense, income from discontinued operations, and non-cash impairment charges, to the extent applicable. We believe this presentation is commonly used by investors and professional research analysts in the valuation, comparison, rating and investment recommendations of companies in the industrial industry. We use this information for comparative purposes within the industry. Non-GAAP adjusted EBITDA is not a measure of financial performance under GAAP and should not be considered as a measure of liquidity or as an alternative to GAAP income (loss) from continuing operations.

(c) This line item reflects the aggregate tax effect of all nontax adjustments reflected in the respective table. In addition, the footnotes reflect the after-tax amount of each individual adjustment item. NN, Inc. estimates the tax effect of the adjustment items identified in the reconciliation schedule above by applying NN, Inc's. overall estimated effective tax rate to the pretax amount, unless the nature of the item and/or the tax jurisdiction in which the item has been recorded requires application of a specific tax rate or tax treatment.



Non-GAAP Financial Measures Footnotes

(d) Non-GAAP adjusted net income (loss) represents GAAP net income (loss) adjusted to exclude the tax-affected effects of restructuring and integration charges (related to plant closures and other charges incurred to implement our strategic goals that do not necessarily represent a major strategic shift in operations), charges related to acquisition and transition costs, amortization of intangibles costs for fair value step-up in values related to acquisitions and amortization of deferred financing costs, foreign exchange gain (loss) on inter-company loans, gains and losses in the fair value of interest rate swaps, estimated interest expense on cash held from divestiture, non-cash impairment charges, the impact of the Tax Cut and Jobs Act and income from discontinued operations. We believe this presentation is commonly used by investors and professional research analysts in the valuation, comparison, rating and investment recommendations of companies in the industrial industry. We use this information for comparative purposes within the industry. Non-GAAP adjusted income (loss) from segment operations is not a measure of financial performance under GAAP and should not be considered as a measure of liquidity or as an alternative to GAAP income (loss) from continuing operations.