

NN, Inc. Announces Divestiture of Life Sciences August 2020



Forward Looking Statements & Disclosures

Forward Looking Statement: 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. Forward-looking statements involve a number of risks and uncertainties that may cause actual results to be materially different from such forward-looking statements. Such factors include, among others, general economic conditions and economic conditions in the industrial sector, competitive influences, risks that current customers will commence or increase captive production, delayed customer product launches, risks of capacity underutilization, quality issues, availability of raw materials, pending and completed transactions and other risks associated with international trade, the Company's dependence on certain major customers, the impacts of the coronavirus (COVID-19) pandemic on the Company's financial condition, business operations and liquidity, foreign currency volatility, unstable economic growth, fluctuations in unemployment rates, retention of key employees, outcomes of legal proceedings, claims and investigations and other risk factors and cautionary statements listed from time to time in the Company's periodic reports filed with the Securities and Exchange Commission, including, but not limited to, the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and when filed, the Company's Quarterly Report on Form 10-Q for the three months ended June 30, 2020.

With respect to any non-GAAP financial measures included in the following presentation, the accompanying information required by SEC Regulation G can be found at the back of this presentation or in the "Investor Relations" section of the Company's web site, www.nninc.com, under the heading "News & Events" and subheading "Presentations."

Disclaimer: NN disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements included herein or therein to reflect future events or developments.

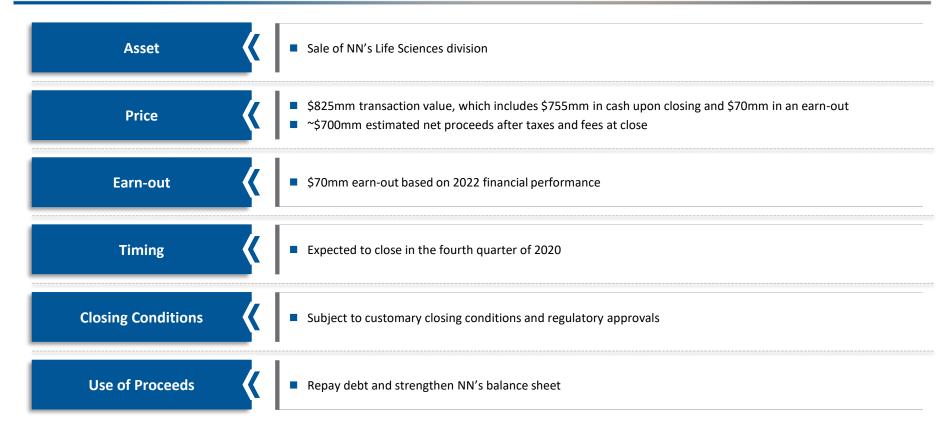


Executive Summary

- Concludes extensive strategic review with transaction to sell Life Sciences to American Securities for \$825mm, which includes \$755mm in cash upon closing and \$70mm in an earn-out
 - ~12.5x 2020E Adj. EBITDA multiple
- The sale will result in significant de-levering from 6.1x net leverage to ~1.8x and improve NN's debt profile
- Complementary and well-positioned business segments going forward
 - Focus on streamlining operations between remaining business segments
 - Able to deliver superior margins and high ROIC returns to capex
- Ongoing commitment to organic investments and significant opportunity for continued cost-out and improved cash flow
- Near-term focus on redemption of existing preferred



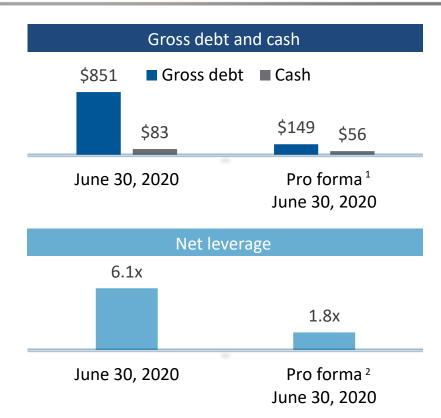
Key Terms of Life Sciences Divestiture





New NN – Strong Balance Sheet, Enhanced Liquidity

- Debt reduction of ~\$700mm following transaction close
- Reduction in annual cash interest expense on debt of ~\$50mm
- Enhanced liquidity and improved access to debt financing solutions
- Pro forma debt to capital³ of ~35% (compared to ~75% pre-transaction)
- Company subject to a consolidated net leverage covenant of 3.5x going forward



^{1.} Assumes taxes, fees expenses and other transaction related adjustments; 2. Assumes estimated run-rate reduction of ~\$10mm in annual corporate expenses following divestiture of Life Sciences; 3. Trading metrics as of 08/21/2020 Engineered Solutions



Select products

Financial highlights

New NN – At a Glance

Mobile Solutions

 Manufactures high-volume, precision components and assemblies for automotive, general industrial, Corporate Average Fuel Economy¹ ("CAFE") and electrification technologies











	2019A	LTM 6/30/2020
Revenue	\$298mm	\$251mm
Adj. EBITDA	\$43mm	\$32mm

Power Solutions

 Manufactures highly engineered components, specialty metals and assemblies for electrical and aerospace & defense end markets











	2019A	LTM 6/30/2020				
Revenue	\$192mm	\$175mm				
Adj. EBITDA	\$37mm	\$31mm				

Combined highlights

	2019A	LTM 6/30/2020				
Revenue	\$490mm	\$426mm				
Adj. EBITDA	\$80mm	\$63mm				
Margin	16.4%	14.8%				

Value Proposition

Superior technology and engineering

Product development support and design capabilities

Extensive manufacturing capabilities

Differentiated materials science expertise



New NN – Long-term Strategic Plan

	5-year targets
Growth Strategy	
 Leverage opportunities within electric vehicles Expand A&D to fully utilize existing facilities (Irvine / Taunton) Evaluate acquisition opportunities when economy and leverage stabilize Low volume / high mix opportunities can be launched in A&D group Fully utilize existing automotive capacity Utilize existing global footprint to expand Power Solutions reach 	 2020 Revenue: \$400-\$420mm 2025 Revenue: \$600mm
Margin Enhancement	
 Reduce SG&A and indirect labor costs — Additional efficiencies between Mobile / Power — Facility consolidation Improved operating / financial systems to drive data to product 	 2020 Adj. EBITDA: \$55-\$60mm¹ 2025 Adj. EBITDA margin: 16% – 18%
Focus on drive to generate cash flow for further de-levering Exercise prudent control of capital expenditures	 Redemption of preferred investment Target leverage ratio of below 2.0x

^{1.} Excludes corporate expenses; annual corporate expenses following divestiture of Life Sciences are expected to decline by ~\$10mm

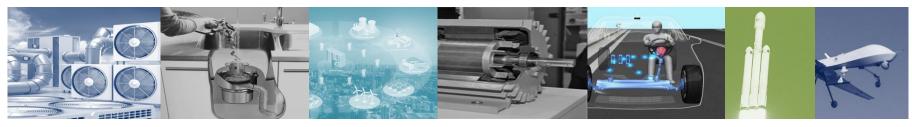
Engineered Solutions 6 www.nninc.com



Appendix



Diversified Industrial Platform



Electrical: Residential and Commercial

General industrial

Automotive

Aerospace and defense

Market focus

Customer focus Expand wallet

Target technologies

Limited capex
Growth allocation

Entrepreneurial competitions



Materials



Metal stamping & machining



Plastic molding & machining



Surface finishing



Electrical contacts

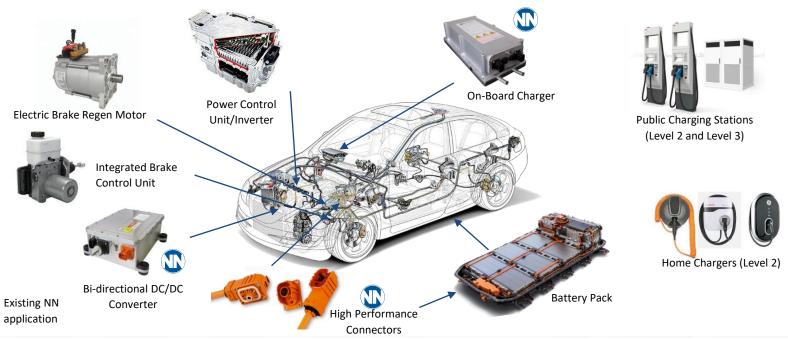


Contact assemblies



Synergistic Opportunity between Power and Mobile

Opportunity in hybrids, battery electric vehicles and charging stations



Subsystems, components and charging systems have critical content requiring precise stampings, molding, machined parts and sub-assemblies that have synergistic benefits between Power and Mobile Solutions



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

Twelve Months Ended

	Twelve Months Ende	d	Twelve Mo	onths Ended	\$000s		bor 21			Months Ended
\$000s	December 31,	\$000s	Dogombon 21		Mobile Solutions	December 31, 2019		\$000s	December 31,	
NN, Inc. Consolidated	2019	Power Solutions	20	019	- GAAP income from operations	\$	9,553	Life Sciences		2019
GAAP income from operations	\$ 9,88	GAAP income from operations	\$	13,881	Restructuring and integration expense	,	(12)	GAAP income from operations	\$	28,157
Restructuring and integration expense	(1:) Restructuring and integration expense		-	Acquisition and transition expense		4.884	Restructuring and integration expense		-
Acquisition and transition expense*	39,46	Acquisition and transition expense		7,725	Amortization of intangibles		3,479	Acquisition and transition expense		15,353
Amortization of intangibles	46,99	Amortization of intangibles		10,994	Impairments (Goodwill and fixed assets)		3,175	Amortization of intangibles		32,526
Impairments (Goodwill and fixed assets)	64	Impairments (Goodwill and fixed assets)		244	Non-GAAP adjusted income from operations (a)	•	17,904	Impairments (Goodwill and fixed assets)		
Non-GAAP adjusted income from operations (a)	\$ 96,98	Non-GAAP adjusted income from operations (a)	\$	32,843	- Non-Graff adjusted meonic nonroperations (a)	-	17,704	Non-GAAP adjusted income from operations (a)	\$	76,036
Non-GAAP adjusted operating margin (1)	11.4	Non-GAAP adjusted operating margin (1)		17.1%	Share of net income from joint venture Impairment of joint venture Non-GAAP adjusted income from operations with JV		1,681 - 19,585	Non-GAAP adjusted operating margin (1)		21.1%
Depreciation	\$ 43,88	Depreciation	\$	4,307	Non-CAAF adjusted income nonroperations with 1 v		19,363	Depreciation	\$	14,205
Other income/expense Non-cash foreign exchange (gain) loss on inter-company loans Change in fair value of preferred stock tax withholding Share of net income from joint venture Impairments (JV) Non-cash stock compensation Non-GAAP adjusted EBITDA (b) Non-GAAP adjusted EBITDA margin (2) GAAP net sales	(17, 30)	Other income/expense Non-cash foreign exchange (gain) loss on inter-company loans Change in fair value of preferred stock tax withholding Share of net income from joint venture Impairments (IV) Non-cash stock compensation Non-GAAP adjusted EBITDA (b)		(388) 125 - - - 36,888 19,2%	Non-GAAP adjusted operating margin (1) Depreciation Other income/expense Non-cash foreign exchange (gain) loss on inter-company loans Change in fair value of preferred stock tax withholding Share of net income from joint venture Impairments (IV) Non-cash stock compensation Non-GAAP adjusted EBITDA (b)	s	6.6% 23,667 108 80 - 1,681 43,440	Other income/expense Non-cash foreign exchange (gain) loss on inter-company loans Change in fair value of preferred stock tax withholding Share of net income from joint venture Impairments (JV) Non-cash stock compensation Non-GAAP adjusted EBITDA (b) Non-GAAP adjusted EBITDA margin (2) GAAP net sales	s	61 23 - - - 90,324 25,1%
(1) Non-GAAP adjusted operating margin = Non-GAA	P adjusted income	rom operations/ GAAP net			GAAP net sales S000s Dimination GAAP net sales	S Twelve Mo Decement	ber 31,			

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

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

^{* 2019} Includes Capacity & Capabilities Dev - \$9.1 / Prof Fees - \$4.5 / Integration & Transformation - \$25.5 / Acq Transaction Costs - \$0.0 / Asset Write-Downs/Inventory Step-Up - \$0.4



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

							Twelve Months Ended				Twelve Months Ended		
		onths Ended				\$000s	June	30,	\$000s		June 30,		
\$000s		ne 30,	\$000s		ne 30,	Mobile Solutions	20:	20	Life Sciences		2020		
NN, Inc. Consolidated	2	020	Power Solutions		020	GAAP income from operations	S	(1,470)	GAAP income from operations	S	(121,640)		
GAAP income from operations	\$	(250,844)		\$	(84,506)	Restructuring and integration expense		-	Restructuring and integration expense	3	(121,040)		
Restructuring and integration expense		-	Restructuring and integration expense		-	Acquisition and transition expense		2,680	0 0 .		12,432		
Acquisition and transition expense*		38,108	Acquisition and transition expense		6,380	Amortization of intangibles		3,384	Acquisition and transition expense		, .		
Amortization of intangibles		45,220	Amortization of intangibles		10,994	Impairments (Goodwill and fixed assets)		-	Amortization of intangibles		30,842		
Impairments (Goodwill and fixed assets)		239,950	Impairments (Goodwill and fixed assets)		93,193	Non-GAAP adjusted income from operations (a)	s	4,594	Impairments (Goodwill and fixed assets)		146,758		
Non-GAAP adjusted income from operations (a)	\$	72,435	Non-GAAP adjusted income from operations (a)	\$	26,061	:			Non-GAAP adjusted income from operations (a)	\$	68,391		
Non-GAAP adjusted operating margin (1)		9.5%	Non-GAAP adjusted operating margin (1)		14.9%	Share of net income from joint venture Impairment of joint venture		2,271	Non-GAAP adjusted operating margin (1)		20.2%		
Depreciation	s	45,971	Depreciation	\$	4,474	Non-GAAP adjusted income from operations with JV		6,866	Depreciation	\$	15,419		
Other income/expense		(332)	Other income/expense		(91)				Other income/expense		401		
Non-cash foreign exchange (gain) loss on inter-company loans		1,869	Non-cash foreign exchange (gain) loss on inter-company loans		620	Non-GAAP adjusted operating margin (1)		2.7%	Non-cash foreign exchange (gain) loss on inter-company loans		-		
Change in fair value of preferred stock tax withholding		(88)	Change in fair value of preferred stock tax withholding			B 12		24 201	Change in fair value of preferred stock tax withholding		-		
Share of net income from joint venture		2,271	Share of net income from joint venture		-	Depreciation Other income/expense	\$	24,301 (294)	Share of net income from joint venture		-		
Impairments (JV)		-	Impairments (JV)		-	Non-cash foreign exchange (gain) loss on inter-company loans		903	Impairments (JV)		-		
Non-cash stock compensation		4,612	Non-cash stock compensation		-			903	Non-cash stock compensation		-		
Non-GAAP adjusted EBITDA (b)	\$	126,739	Non-GAAP adjusted EBITDA (b)	\$	31,064	Change in fair value of preferred stock tax withholding Share of net income from joint venture		2,271	Non-GAAP adjusted EBITDA (b)	\$	84,211		
Non-GAAP adjusted EBITDA margin (2)		16.6%	Non-GAAP adjusted EBITDA margin (2)		17.8%	Impairments (JV) Non-cash stock compensation			Non-GAAP adjusted EBITDA margin (2)		24.9%		
GAAP net sales	\$	762,694	GAAP net sales	\$	174,943	Non-GAAP adjusted EBITDA (b)	\$	31,775	GAAP net sales	s	338,839		
						Non-GAAP adjusted EBITDA margin (2)		12.7%					
						GAAP net sales	\$	251,151					
							Twelve Mor						
						\$000s	June	30,					
(I) Y GAAD F A L C C C C C C C C C C C C C C C C C C					Dimination	20:							
 Non-GAAP adjusted operating margin = Non-GA 	AAP adjust	ed income	from operations/ GAAP			GAAP net sales	\$	(2,238)					

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

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

^{*} Includes Capacity & Capabilities Dev - \$5.6 / Prof Fees - \$6.9 / Integration & Transformation - \$21.4 / Acq Transaction Costs - \$0.0 / Asset Write-Downs/Inventory Step-Up/Lease Modification - \$4.2



Non-GAAP Financial Measures Footnotes

The Company discloses in this presentation the non-GAAP financial measures of adjusted income from operations, adjusted net income (loss), adjusted net income per diluted share, free cash flow and net debt. Each of these non-GAAP financial measures provides supplementary information about the impacts of acquisition, divestiture and integration related expenses, foreign-exchange impacts on inter-company loans, reorganizational and impairment charges. Over the past five years, we have completed seven acquisitions, two of which were transformative for the Company, and sold two of our businesses. The costs we incurred in completing such acquisitions, including the amortization of intangibles and deferred financing costs, and these divestitures 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 are excluded as the charges are not indicative of our ongoing operating cost. We believe the presentation of adjusted income from operations, adjusted BITDA, adjusted net income (loss), adjusted net income per diluted share, free cash flow and net debt provides useful information in assessing our underlying business trends and facilitates comparison of our long-term performance over given periods.

The non-GAAP financial measures provided herein may not provide information that is directly comparable to that provided by other companies in the Company's industry, as other companies may calculate such financial results differently. The Company's non-GAAP financial measures are not measurements of financial performance under GAAP and should not be considered as alternatives to actual income growth derived from income amounts presented in accordance with GAAP. The Company does not consider these non-GAAP financial measures to be a substitute for, or superior to, the information provided by GAAP financial results.

(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 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, change in fair value of preferred stock tax withholding, 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 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.