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Q1 2020 Earnings Presentation



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 March 31, 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."

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First Quarter 2020



First Quarter 2020 Overview

Key Quarterly Highlights

- Implemented broad range of cost reductions in response to COVID-19
- Secured a number of liquidity improvement measures
- Flex productivity – eliminate variable costs consistent with sales reductions
- Prioritized employee safety and customer service

Net Debt

- Net Debt \$768.9M at March 31, 2020 and leverage ratio at 4.89x
- Reduced Net Debt by \$79.1M versus prior year

Sales

- Sales of \$199.7M, down 6.3% from prior year after FX considerations
- Sales down across all three segments related to current economic environment

EBITDA

- Reported EBITDA excluding goodwill impairment of \$16.2M or 8.1% of Sales
- Adjusted EBITDA of \$30.4M or 15.2% of sales versus \$33.8M or 15.9% in prior year

Operating Income / EPS

- GAAP – Operating Loss of \$245.3M versus a loss of \$0.3M in prior year
- Non-GAAP – Operating Income of \$17.1M versus \$22.4M in prior year
- GAAP EPS Loss of \$5.96 per share versus \$0.47 loss in prior year
- Non-GAAP – EPS of \$0.01 per share versus \$0.19 in prior year

Free Cash Flow / Working Capital

- Free Cash Flow of (\$1.0M) was a significant improvement in Q1 20 vs. Q1 19
- Working Capital – decrease by \$11.8 million and DSO decreased by 4.3 Days



Key measures taken to protect employees

- Frequent employee communications regarding risks and preventions
- Halted all international and non-emergency travel
- Implemented COVID-19 Protocols
 - Corporate and segment leadership meeting on a daily basis
 - Following CDC and local government guidelines
 - Daily screening of all on-site personnel, including temperature checks prior to admission to facility (including visitors)
 - Appropriate personal protective equipment provided for all associates
 - Enhanced hygiene and cleaning
 - Work from home for most non-production employees
 - Focused workplace cleaning and disinfection following an employee's positive / presumed positive diagnosis

Health and Safety of our employees is top priority



Cash and Cost Savings Activities

Liquidity Measures

- Reduced planned CAPEX
- CARES Act benefits
 - Federal & State tax refunds
 - Payroll tax deferral
- Facility sale – Fairfield, OH
- Deferred rent payments

Liquidity measures in excess of \$45 million including cost actions

Cost Actions

- Temporary salary reductions
- Benefits reductions – 401k, gainsharing
- Indirect Labor and SG&A reductions
- Travel reductions
- Transfer price adjustments
- Suspend merit increases

Cost actions in excess of \$20 million

Borrowed \$60 million on Revolver, global cash balance was \$73.6 million as of May 5, 2020

Management put in aggressive cost and liquidity measures in response to COVID-19 crisis



Revenue Metrics

Q1 2020 YOY Change %	Life Sciences	Power Solutions	Mobile Solutions	Total
Organic	-1.9%	-6.8%	-8.1%	-5.3%
Currency	-0.4%	0.2%	-2.4%	-1.0%
Total	-2.3%	-6.6%	-10.5%	-6.3%

Anticipate further topline challenges in Q2 and Q3 driven by COVID-19



1st Quarter Profit and Loss

(In millions, except per share data)

Net Revenues

% Change

Gross Profit

%

Operating Income

%

Net Interest (Expense)

Other Income (Expense)

Pre-Tax Income

Provision for Income Taxes

Share of net income (loss) from joint venture

Net Income Continuing Operations

%

Diluted EPS

Weighted Avg Diluted Shares

Non-GAAP Measures

EBITDA

%

EBITA

%

	Q1 20				
	GAAP Reported	Special Items*	Non-GAAP Excl Special	Integration Non-Ops**	Total Adj Non-GAAP
Net Revenues	\$ 199.7		\$ 199.7		\$ 199.7
% Change					
Gross Profit	47.5	0.2	47.7	2.4	50.1
%	23.8%		23.9%		25.1%
Operating Income	(245.3)	245.0	(0.3)	17.5	17.1
%	-122.8%		-0.2%		8.6%
Net Interest (Expense)	(17.1)	-	(17.1)	1.7	(15.4)
Other Income (Expense)	(1.1)	-	(1.1)	1.6	0.5
Pre-Tax Income	(263.5)	245.0	(18.5)	20.8	2.2
Provision for Income Taxes	15.6	(13.0)	2.6	(4.3)	(1.7)
Share of net income (loss) from joint venture	(0.3)	-	(0.3)	-	(0.3)
Net Income Continuing Operations	\$ (248.2)	232.0	\$ (16.2)	16.5	\$ 0.2
%	-124.3%		-8.1%		0.1%
Diluted EPS	\$ (5.96)		\$ (0.39)		\$ 0.01
Weighted Avg Diluted Shares	42.1		42.1		42.1
	Reported	Special Items*	Non-GAAP Excl Special	Integration Non-Ops**	Total Adj Non-GAAP
EBITDA	\$ (223.5)	245.0	\$ 21.5	8.9	\$ 30.4
%	-111.9%		10.7%		15.2%
EBITA	\$ (235.4)	245.0	\$ 9.6	8.9	\$ 18.5
%	-117.8%		4.8%		9.3%

	Q1 19				
	GAAP Reported	Special Items*	Non-GAAP Excl Special	Integration Non-Ops**	Total Adj Non-GAAP
Net Revenues	\$ 213.3		\$ 213.3		\$ 213.3
% Change					
Gross Profit	51.3	0.3	51.7	4.3	55.9
%	24.1%		24.2%		26.2%
Operating Income	(0.3)	0.7	0.4	22.0	22.4
%	-0.1%		0.2%		10.5%
Net Interest (Expense)	(16.5)	2.7	(13.8)	1.2	(12.6)
Other Income (Expense)	(0.7)	-	(0.7)	0.5	(0.2)
Pre-Tax Income	(17.5)	3.4	(14.1)	23.7	9.6
Provision for Income Taxes	(2.2)	5.3	3.0	(5.0)	(2.0)
Share of net income (loss) from joint venture	0.3	-	0.3	-	0.3
Net Income Continuing Operations	\$ (19.5)	8.7	\$ (10.8)	18.6	\$ 7.8
%	-9.2%		-5.1%		3.7%
Diluted EPS	\$ (0.47)		\$ (0.26)		\$ 0.19
Weighted Avg Diluted Shares	42.0		42.0		42.0
	Reported	Special Items*	Non-GAAP Excl Special	Integration Non-Ops**	Total Adj Non-GAAP
EBITDA	\$ 22.6	0.7	\$ 23.4	10.4	\$ 33.8
%	10.6%		11.0%		15.9%
EBITA	\$ 11.9	0.7	\$ 12.6	10.4	\$ 23.1
%	5.6%		5.9%		10.8%

	YOY Change		
	GAAP Reported	Non-GAAP Excl Special	Total Adj Non-GAAP
Net Revenues	\$ (13.5)	\$ (13.5)	\$ (13.5)
% Change	-6.3%	-6.3%	-6.3%
Gross Profit	\$ (3.8)	\$ (3.9)	\$ (5.8)
%	-30 bps	-30 bps	-110 bps
Operating Income	\$ (245.0)	\$ (0.8)	\$ (5.3)
%	-12270 bps	-40 bps	-190 bps
Net Interest (Expense)			
Other Income (Expense)			
Pre-Tax Income	-1401.9%	-31.4%	-76.8%
Provision for Income Taxes			
Share of net income (loss) from joint venture			
Net Income Continuing Operations	\$ (228.7)	\$ (5.4)	\$ (7.6)
%	-11510 bps	-310 bps	-360 bps
Diluted EPS	-1182.5%	-49.5%	-97.0%
Weighted Avg Diluted Shares			
	Reported	Non-GAAP Excl Special	Total Adj Non-GAAP
EBITDA	\$ (246.2)	\$ (1.9)	\$ (3.5)
%	-12250 bps	-20 bps	-70 bps
EBITA	\$ (247.3)	\$ (3.0)	\$ (4.5)
%	-12340 bps	-110 bps	-150 bps

* Special Items are one time discrete adjustments

** Integration Non-Ops represent additional discrete transition and acquisition, foreign currency and amortization expense adjustments

Strong marginal flex due to operations management and cost reduction initiatives



1st Quarter Bridge

(In millions, except per share data)

Reported - GAAP

Special Items*

Add:

	Q1 20	Q1 19	% Change
Asset Write-Downs	4.8	-	-
Impairments (Goodwill and JV)	239.7	-	-
Fairfield Transition and Move Costs	0.2	-	-
Brazil VAT / Law Change	-	0.3	0.01
Relocation, Recruiting & Severance Agreements	0.3	0.4	0.01
Write-off of unamortized debt issuance costs	-	2.7	0.05
Preferred Stock Cumulative dividends and deemed dividends***	-	-	-

Less:

Discrete Tax Items	(11.9)	6.0	0.14
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Total Non-GAAP Excluding Special Items

Integration Non-Ops**

Transition and Acquisition:

Capacity and Capabilities Development	1.1	2.9	0.05
Professional Fees	1.7	1.3	0.03
Integration & Transformation	3.3	5.2	0.10
Foreign exchange (gain) loss on inter-company loans	1.7	0.5	0.03
Change in fair value of preferred stock tax withholding	(0.1)	-	-
Amortization of intangibles and deferred financing costs	13.0	13.8	0.26

Total Non-Operations Adjustments

Total Adjusted Non-GAAP

Diluted Shares

	Q1 20					Q1 19					% Change		
	Pre-tax Income	Tax	China JV	Net Income	EPS	Pre-tax Income	Tax	China JV	Net Income	EPS	Pre-tax Income	Net Income	EPS
Reported - GAAP	\$ (263.5)	\$ 15.6	\$ (0.3)	\$ (248.2)	\$ (5.96)	\$ (17.5)	\$ (2.2)	\$ 0.3	\$ (19.5)	\$ (0.47)	-1401.9%	-1171.6%	-1182.5%
Special Items*													
Add:													
Asset Write-Downs	4.8	(1.0)	-	3.8	0.09	-	-	-	-	-	-	-	-
Impairments (Goodwill and JV)	239.7	-	-	239.7	5.69	-	-	-	-	-	-	-	-
Fairfield Transition and Move Costs	0.2	(0.0)	-	0.2	0.00	-	-	-	-	-	-	-	-
Brazil VAT / Law Change	-	-	-	-	-	0.3	(0.1)	-	0.3	0.01	-	-	-
Relocation, Recruiting & Severance Agreements	0.3	(0.1)	-	0.2	0.01	0.4	(0.1)	-	0.3	0.01	-	-	-
Write-off of unamortized debt issuance costs	-	-	-	-	-	2.7	(0.6)	-	2.1	0.05	-	-	-
Preferred Stock Cumulative dividends and deemed dividends***	-	-	-	-	0.07	-	-	-	-	-	-	-	-
Less:													
Discrete Tax Items	-	(11.9)	-	(11.9)	(0.28)	-	6.0	-	6.0	0.14	-	-	-
Total Non-GAAP Excluding Special Items	\$ (18.5)	\$ 2.6	\$ (0.3)	\$ (16.2)	\$ (0.39)	\$ (14.1)	\$ 3.0	\$ 0.3	\$ (10.8)	\$ (0.26)	-31.3%	-49.9%	-49.4%
Integration Non-Ops**													
Transition and Acquisition:													
Capacity and Capabilities Development	1.1	(0.2)	-	0.9	0.02	2.9	(0.6)	-	2.2	0.05	-	-	-
Professional Fees	1.7	(0.4)	-	1.4	0.03	1.3	(0.3)	-	1.0	0.02	-	-	-
Integration & Transformation	3.3	(0.7)	-	2.6	0.06	5.2	(1.1)	-	4.1	0.10	-	-	-
Foreign exchange (gain) loss on inter-company loans	1.7	(0.3)	-	1.3	0.03	0.5	(0.1)	-	0.4	0.01	-	-	-
Change in fair value of preferred stock tax withholding	(0.1)	0.0	-	(0.0)	(0.00)	-	-	-	-	-	-	-	-
Amortization of intangibles and deferred financing costs	13.0	(2.7)	-	10.3	0.24	13.8	(3.0)	-	10.9	0.26	-	-	-
Total Non-Operations Adjustments	\$ 20.8	\$ (4.3)	\$ -	\$ 16.5	\$ 0.39	\$ 23.7	\$ (5.1)	\$ -	\$ 18.6	\$ 0.44	12.3%	11.5%	11.8%
Total Adjusted Non-GAAP	\$ 2.2	\$ (1.7)	\$ (0.3)	\$ 0.2	\$ 0.01	\$ 9.6	\$ (2.0)	\$ 0.3	\$ 7.8	\$ 0.19	-76.8%	-97.0%	-97.0%
Diluted Shares					42.111					41.972			

* Special Items are one time discrete adjustments

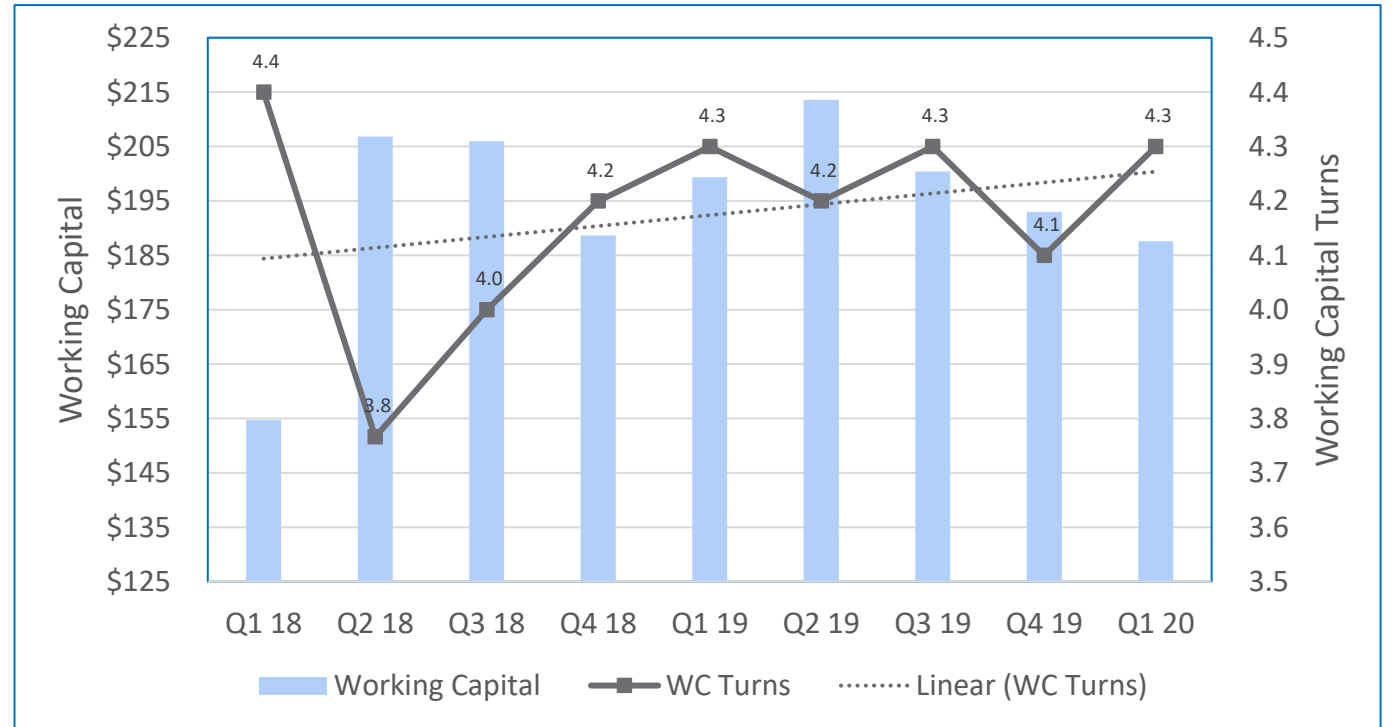
** Integration Non-Ops represent additional discrete transition and acquisition, foreign currency and amortization expense adjustments

*** Preferred Stock Cumulative dividends and deemed dividends (\$2,951/42,111)=.07



Working Capital

Working Capital Metrics		
(Total Consolidated)	Total NN, Inc	
	Q1	Q1
\$000's	3/31/20	3/31/19
A/R	\$ 128,458	\$ 147,130
DSO	58.7	63.0
Inventory	\$ 118,919	\$ 126,599
Days Inventory	71.3	71.2
Inventory Turns	5.1	5.1
A/P	\$ (59,792)	\$ (74,349)
DPO	(35.8)	(41.8)
Net Working Capital	\$ 187,585	\$ 199,380
Cash Conversion Cycle	94.1	92.4
W/Cap Turns	4.3	4.3

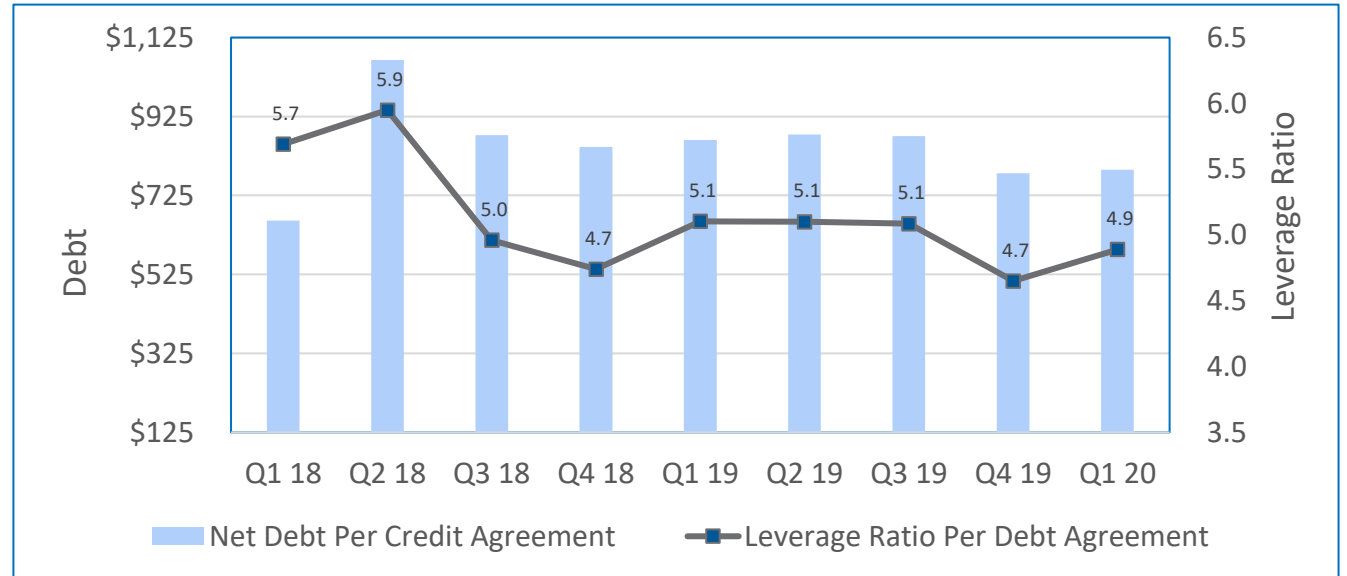


Working Capital – impacted by positive trends in DSOs



Debt

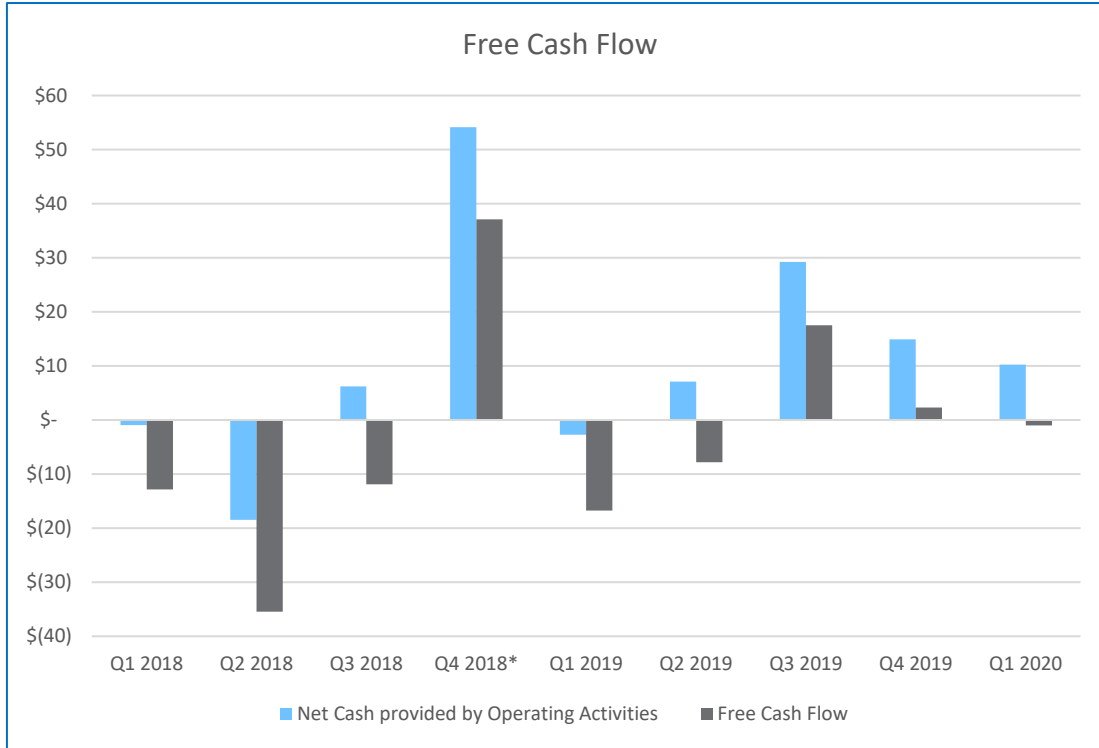
Debt Metrics		
	Q1 3/31/2020	Q1 3/31/2019
\$000's		
Short Term Debt	\$ 23,207	\$ 35,845
Long Term Debt (ex-issuance costs)	824,897	832,424
Funded Debt	848,104	868,269
Cash	79,214	20,268
Net Debt	768,890	848,001
Shareholders Equity	\$ 78,902	\$ 395,026
EBITDA per Credit Agreement	\$ 161,578	\$ 169,675
Cash allowed for Purposes of Leverage Calculation	\$ (57,826)	\$ (2,391)
EBITDA to Funded Debt	4.89 x	5.10 x
Maximum Leverage Per Agreement	5.25 x	5.75 x



Net Debt decreased \$79.1 million year over year



Free Cash Flow



*2018 4th Quarter includes a \$34.4 million tax refund due to the sale of the Precision Bearing Components

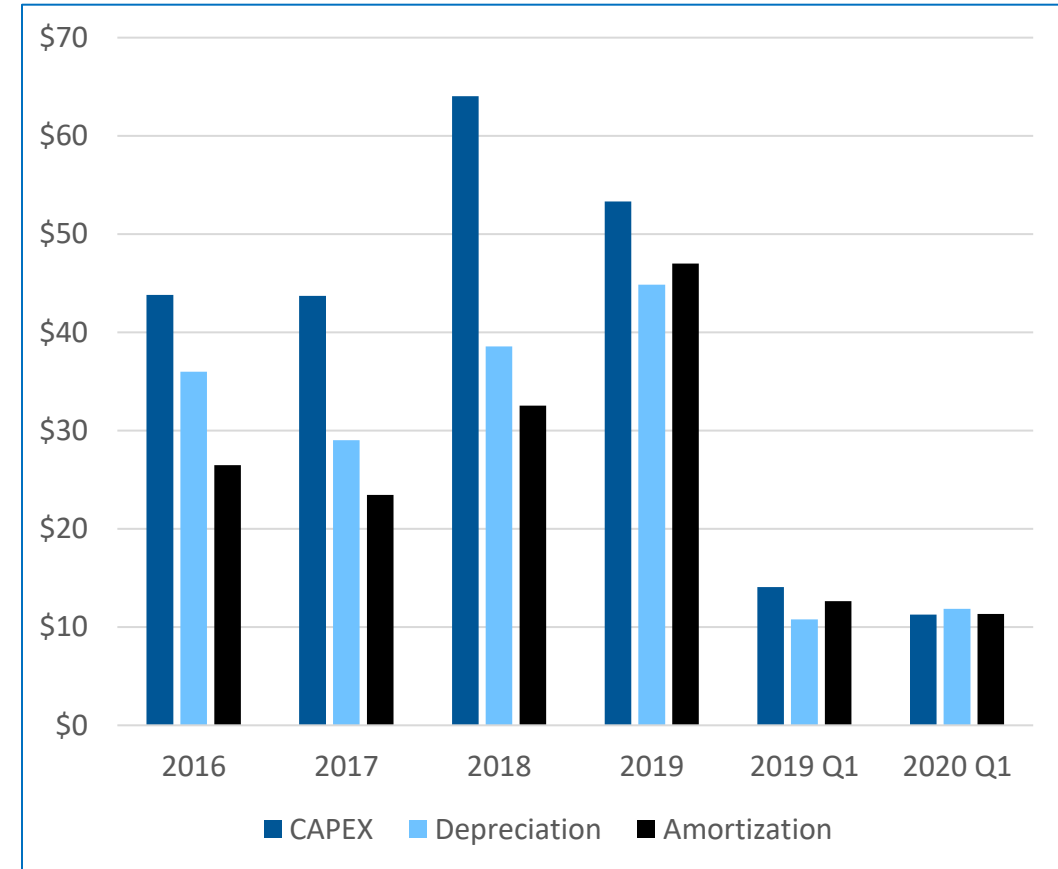
Cash Flow Metrics		
\$000's		
<i>Free operating cash flow (continuing ops):</i>	Q1 FY 2020	Q1 FY 2019
Net cash provided by operating activities, as reported	\$ 10,224	\$ (2,712)
Less: Capital Expenditures	(11,260)	(14,073)
Free operating cash flow	\$ (1,036)	\$ (16,785)
Net Income	\$ (248,191)	\$ (19,518)
Conversion of free operating cash flow	N/A	N/A

Free cash flow improved significantly over first quarter of 2019



Capital Spending

Capital Spending Metrics		
	Mar-20	Mar-19
\$000's	QTD	QTD
Life Sciences	\$ 3,198	\$ 7,579
Power Solutions	1,326	768
Mobile Solutions	6,687	6,368
Corporate HQ	304	607
Total CAPEX including AP	\$ 11,515	\$ 15,322
Sales	\$ 199,745	\$ 213,256
CAPEX % of Sales	5.8%	7.2%
Non-cash Capex Movements	\$ 255	\$ 1,248
Cash CAPEX	\$ 11,260	\$ 14,073
Cash CAPEX % of Sales	5.6%	6.6%



Anticipate spending approximately \$35M in CAPEX in 2020



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Segment Highlights



Life Sciences – Q1 2020

Life Sciences <i>(In millions)</i>	Q1 FY20	% of Sales	Q1 FY19	% of Sales	% Change	Margin Change
Sales	\$ 84.0		\$ 86.0		-2.3%	
Operating Profit - GAAP	\$ (141.0)	-167.7%	\$ 3.8	4.5%	-3765.6%	17220 bps
Operating Profit - Adjusted*	\$ 16.1	19.1%	\$ 17.2	20.0%	-6.6%	-90 bps
Reported EBITDA	\$ (129.0)	-153.5%	\$ 15.9	18.5%	-912.0%	17190 bps
Adjusted EBITDA*	\$ 20.3	24.1%	\$ 20.2	23.5%	0.0%	60 bps
Goodwill Impairment	\$ 146.8		\$ -			
EBITDA (excluding impairment)	\$ 17.8	21.2%	\$ 15.9	18.5%		270 bps

*Excludes Special Items and Integration Non-Ops Expenses

PARAGON MEDICAL INTUBATION SHIELD

Additional layer of PPE protection
for healthcare personnel during
intubation/extubation



Q1 Summary

Sales

- The reduction versus prior year was driven by 2 primary factors
 - Tempering of new launch demand from 2019 as distribution “channel fill” volumes are normalizing
 - COVID impact that effected deliveries in both China and US

Backlog

- Order backlog increased versus the previous quarter ('19Q4)
 - \$163M at end of Q1 reflecting an increase of \$15M
 - Increase primarily driven by an influx of orders in our MedSurg business

Margin Expansion

- Margins improvement are a result of CI programs in 2019 carrying into Q1 and SG&A/Indirect cost control measures
- Direct labor costs were flexed to mitigate the COVID impact in China and our US C&T business

Current Focus & Looking Forward

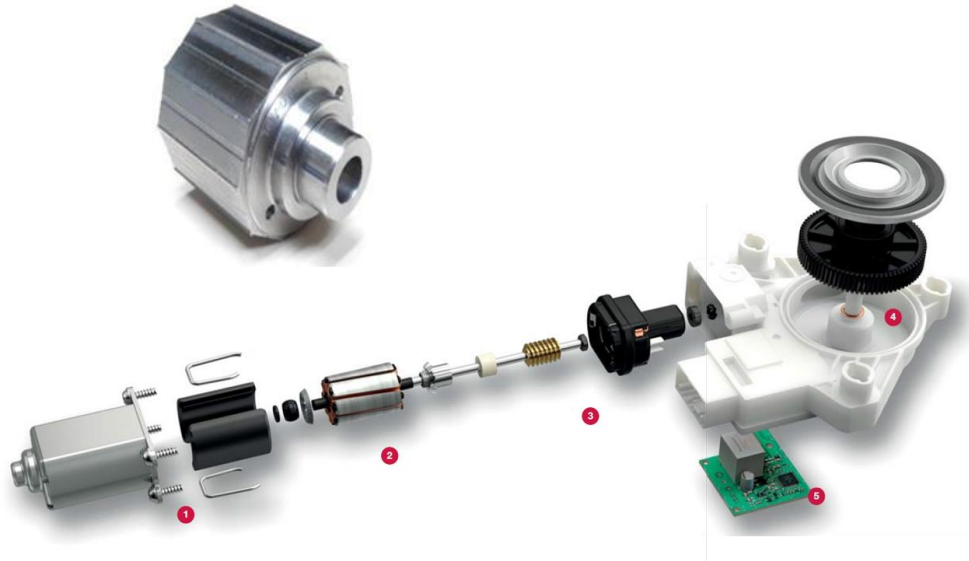
- Manage COVID situation
 - S&OP forecasting efforts to best understand demand over Q2/Q3
 - Cost control: DL flex, SG&A/IDL reductions, plant furloughs`



Mobile Solutions – Q1 2020

Mobile Solutions <i>(In millions)</i>	Q1 FY20	% of Sales	Q1 FY19	% of Sales	% Change	Margin Change
Sales	\$ 69.9		\$ 78.1		-10.5%	
Operating Profit - GAAP	\$ 0.3	0.4%	\$ 3.2	4.1%	-91.7%	-370 bps
Operating Profit - Adjusted*	\$ 1.5	2.1%	\$ 5.8	7.4%	-74.2%	-520 bps
Reported EBITDA	\$ 6.2	8.9%	\$ 10.0	12.8%	-37.7%	-390 bps
Adjusted EBITDA*	\$ 7.4	10.6%	\$ 11.8	15.1%	-37.4%	-450 bps

*Excludes Special Items and Integration Non-Ops Expenses



Q1 Summary

Sales

- Sales adversely impacted by COVID-19 pandemic, particularly in China during February and March, and emerging in Europe and North America during the second half of March

Adjusted Operating Profit

- Variable margin reductions associated with COVID-19 sales declines and unfavorable geographic shifts in product mix (-\$3.8M)
- Inventory reductions between periods resulted in unfavorable burden (-\$2.1M)
- Increased depreciation expense commensurate with capital investments (-\$0.4M)
- Fixed cost reductions – Indirect and SG&A labor, benefits and T&E (+\$2.0M)

Current Focus & Looking Forward

- Appropriately flexing variable costs commensurate with the reductions in customer demand
- Fixed cost reductions through staffing furloughs, salary reductions, and travel curtailment
- Protecting cash flow through capital expenditure reductions, rent deferrals, participating in government payroll and benefits payment obligation deferrals, and working capital management



Power Solutions – Q1 2020

Power Solutions	Q1	% of	Q1	% of	%	Margin
<i>(In millions)</i>	FY20	Sales	FY19	Sales	Change	Change
Sales	\$ 46.4		\$ 49.7		-6.6%	
Operating Profit - GAAP	\$ (90.3)	-194.7%	\$ 3.8	7.7%	-2462.3%	20240 bps
Operating Profit - Adjusted*	\$ 7.0	15.0%	\$ 8.4	16.9%	-16.9%	-190 bps
Reported EBITDA	\$ (86.8)	-187.0%	\$ 7.6	15.3%	-1242.1%	20230 bps
Adjusted EBITDA*	\$ 8.4	18.1%	\$ 9.4	19.0%	-11.1%	-90 bps
Goodwill Impairment	\$ 92.9		\$ -			
EBITDA (excluding impairment)	\$ 6.2	13.3%	\$ 7.6	15.3%		-200 bps

*Excludes Special Items and Integration Non-Ops Expenses



Switchgear Assemblies



Insert and overmolding

**Providing best in class metal to metal
or metal to plastic assemblies**

Q1 Summary

Sales

- Automotive and oil & gas markets negatively impacted by COVID-19 pandemic
- Delayed customer approvals after facility move during Q1 '20

Adjusted Operating Profit

- Variable margin reductions associated with sales declines and unfavorable customer shifts in product mix (-\$1.8M)
- Fixed cost reductions – Indirect and SG&A labor, benefits and T&E (+\$0.4M)

Current Focus & Looking Forward

- Appropriately flexing variable costs commensurate with the reductions in customer demand
- Fixed cost reductions through staffing furloughs, salary reductions, and travel curtailment
- Protecting cash flow through capital expenditure reductions, rent deferrals, participating in government payroll and benefits payment obligation deferrals, and working capital management



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Reconciliation Tables



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

	Three Months Ended			Three Months Ended	
	March 31,			March 31,	
\$000s	2020	2019	\$000s	2020	2019
NN, Inc. Consolidated					
GAAP income from operations	\$ (245,332)	\$ (317)	Power Solutions	\$ (90,334)	\$ 3,824
Restructuring and integration expense	-	\$ (12)	GAAP income from operations	-	-
Acquisition and transition expense*	11,418	\$ 10,069	Restructuring and integration expense	-	-
Amortization of intangibles	11,342	\$ 12,650	Acquisition and transition expense	1,621	1,832
Impairments (Goodwill and fixed assets)	239,706	-	Amortization of intangibles	2,748	2,748
Non-GAAP adjusted income from operations (a)	<u>\$ 17,135</u>	<u>\$ 22,390</u>	Impairments (Goodwill and fixed assets)	92,948	-
			Non-GAAP adjusted income from operations (a)	<u>\$ 6,983</u>	<u>\$ 8,404</u>
Non-GAAP adjusted operating margin (1)	8.6%	10.5%	Non-GAAP adjusted operating margin (1)	15.0%	16.9%
Depreciation	\$ 11,691	\$ 10,537	Depreciation	\$ 1,087	\$ 1,069
Other income/expense	(1,120)	(729)	Other income/expense	(278)	(43)
Non-cash foreign exchange (gain) loss on inter-company loans	1,686	499	Non-cash foreign exchange (gain) loss on inter-company loans	591	-
Change in fair value of preferred stock tax withholding	(57)	-	Change in fair value of preferred stock tax withholding	-	-
Share of net income from joint venture	(271)	269	Share of net income from joint venture	-	-
Non-cash stock compensation	1,296	874	Non-cash stock compensation	-	-
Non-GAAP adjusted EBITDA (b)	<u>\$ 30,359</u>	<u>\$ 33,839</u>	Non-GAAP adjusted EBITDA (b)	<u>\$ 8,384</u>	<u>\$ 9,430</u>
Non-GAAP adjusted EBITDA margin (2)	15.2%	15.9%	Non-GAAP adjusted EBITDA margin (2)	18.1%	19.0%
GAAP net sales	\$ 199,745	\$ 213,256	GAAP net sales	\$ 46,401	\$ 49,657
Mobile Solutions					
GAAP income from operations	\$ 264	\$ 3,189	GAAP income from operations	\$ (140,979)	\$ 3,846
Restructuring and integration expense	-	(12)	Restructuring and integration expense	-	-
Acquisition and transition expense	383	1,692	Acquisition and transition expense	2,534	4,342
Amortization of intangibles	838	885	Amortization of intangibles	7,755	9,017
Impairments (Goodwill and fixed assets)	-	-	Impairments (Goodwill and fixed assets)	146,758	-
Non-GAAP adjusted income from operations (a)	<u>\$ 1,486</u>	<u>\$ 5,754</u>	Non-GAAP adjusted income from operations (a)	<u>\$ 16,068</u>	<u>\$ 17,205</u>
Share of net income from joint venture	(271)	269	Non-GAAP adjusted operating margin (1)	19.1%	20.0%
Impairment of joint venture	-	-	Depreciation	\$ 3,989	\$ 3,340
Non-GAAP adjusted income from operations with JV	<u>1,215</u>	<u>6,023</u>	Other income/expense	198	(319)
Non-GAAP adjusted operating margin (1)	1.7%	7.7%	Non-cash foreign exchange (gain) loss on inter-company loans	-	23
Depreciation	\$ 6,185	\$ 5,787	Change in fair value of preferred stock tax withholding	-	-
Other income/expense	(773)	(110)	Share of net income from joint venture	-	-
Non-cash foreign exchange (gain) loss on inter-company loans	770	111	Non-cash stock compensation	-	-
Change in fair value of preferred stock tax withholding	-	-	Non-GAAP adjusted EBITDA (b)	<u>\$ 20,255</u>	<u>\$ 20,249</u>
Share of net income from joint venture	(271)	269	Non-GAAP adjusted EBITDA margin (2)	24.1%	23.5%
Non-cash stock compensation	-	-	GAAP net sales	\$ 84,048	\$ 86,008
Non-GAAP adjusted EBITDA (b)	<u>\$ 7,397</u>	<u>\$ 11,811</u>			
Non-GAAP adjusted EBITDA margin (2)	10.6%	15.1%			
GAAP net sales	\$ 69,884	\$ 78,075			
Life Sciences					
GAAP income from operations	\$ 264	\$ 3,189	GAAP income from operations	\$ (140,979)	\$ 3,846
Restructuring and integration expense	-	(12)	Restructuring and integration expense	-	-
Acquisition and transition expense	383	1,692	Acquisition and transition expense	2,534	4,342
Amortization of intangibles	838	885	Amortization of intangibles	7,755	9,017
Impairments (Goodwill and fixed assets)	-	-	Impairments (Goodwill and fixed assets)	146,758	-
Non-GAAP adjusted income from operations (a)	<u>\$ 1,486</u>	<u>\$ 5,754</u>	Non-GAAP adjusted income from operations (a)	<u>\$ 16,068</u>	<u>\$ 17,205</u>
Share of net income from joint venture	(271)	269	Non-GAAP adjusted operating margin (1)	19.1%	20.0%
Impairment of joint venture	-	-	Depreciation	\$ 3,989	\$ 3,340
Non-GAAP adjusted income from operations with JV	<u>1,215</u>	<u>6,023</u>	Other income/expense	198	(319)
Non-GAAP adjusted operating margin (1)	1.7%	7.7%	Non-cash foreign exchange (gain) loss on inter-company loans	-	23
Depreciation	\$ 6,185	\$ 5,787	Change in fair value of preferred stock tax withholding	-	-
Other income/expense	(773)	(110)	Share of net income from joint venture	-	-
Non-cash foreign exchange (gain) loss on inter-company loans	770	111	Non-cash stock compensation	-	-
Change in fair value of preferred stock tax withholding	-	-	Non-GAAP adjusted EBITDA (b)	<u>\$ 20,255</u>	<u>\$ 20,249</u>
Share of net income from joint venture	(271)	269	Non-GAAP adjusted EBITDA margin (2)	24.1%	23.5%
Non-cash stock compensation	-	-	GAAP net sales	\$ 84,048	\$ 86,008
Non-GAAP adjusted EBITDA (b)	<u>\$ 7,397</u>	<u>\$ 11,811</u>			
Non-GAAP adjusted EBITDA margin (2)	10.6%	15.1%			
GAAP net sales	\$ 69,884	\$ 78,075			
Elimination					
GAAP net sales	\$ (588)	\$ (484)			

(1) 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

* 2020 Includes Capacity & Capabilities Dev - \$1.1 / Prof Fees - \$1.7 / Integration & Transformation - \$3.8 / Acq Transaction Costs - \$0.0 / Asset Write-Downs/Lease Modification - \$4.8

* 2019 Includes Capacity & Capabilities Dev - \$2.9 / Prof Fees - \$1.3 / Integration & Transformation - \$5.9 / Acq Transaction Costs - \$0.0 / Asset Write-Downs/Lease Modification - \$0.0



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	
	March 31,	
	2020	2019
GAAP net income (loss)	\$ (248,191)	\$ (19,518)
Pre-tax acquisition and transition expense	11,418	10,069
Pre-tax foreign exchange (gain) loss on inter-company loans	1,686	499
Pre-tax restructuring and integration expense	-	(12)
Pre-tax write-off of unamortized debt issuance costs	-	2,699
Pre-tax change in fair value of preferred stock tax withholding	(57)	-
Pre-tax amortization of intangibles and deferred financing costs	12,995	13,841
Pre-tax impairments of fixed asset costs	7	-
Tax effect of adjustments reflected above (c)	(5,393)	(5,741)
Non-GAAP discrete tax adjustments	(11,929)	6,000
Impairments (Goodwill and JV)	239,699	-
Non-GAAP adjusted net income (loss) (d)	<u>\$ 236</u>	<u>\$ 7,837</u>

	Three Months Ended	
	March 31,	
	2020	2019
<i>Amounts per share, diluted</i>		
GAAP net income (loss) per diluted share	\$ (5.96)	\$ (0.47)
Pre-tax acquisition and transition expense	0.27	0.24
Pre-tax foreign exchange (gain) loss on inter-company loans	0.04	0.01
Pre-tax restructuring and integration expense	-	(0.00)
Pre-tax write-off of unamortized debt issuance costs	-	0.06
Pre-tax change in fair value of preferred stock tax withholding	(0.00)	-
Pre-tax amortization of intangibles and deferred financing costs	0.31	0.33
Pre-tax impairments of fixed asset costs	0.00	-
Tax effect of adjustments reflected above (c)	(0.13)	(0.14)
Non-GAAP discrete tax adjustments	(0.28)	0.14
Impairments (Goodwill and JV)	5.69	-
Preferred stock cumulative dividends and deemed dividends	0.07	-
Non-GAAP adjusted net income (loss) per diluted share (d)	<u>\$ 0.01</u>	<u>\$ 0.19</u>
Weighted average shares outstanding, diluted	42,111	41,972



Non-GAAP Financial Measures Footnotes

The Company discloses in this presentation the non-GAAP financial measures of adjusted income from operations, adjusted EBITDA, 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 EBITDA, 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 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, 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 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. NN, Inc. estimates the tax effect of the adjustment items identified in the reconciliation schedule above by applying the applicable statutory rates by tax jurisdiction 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.

(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, estimated interest expense on cash held from divestiture, non-cash impairment charges, change in fair value of preferred stock tax withholding, the impact of enactment 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.