



NN, Inc. Announces Anticipated Non-Cash Intangible Asset Impairment Charges

March 13, 2019

CHARLOTTE, N.C., March 13, 2019 /PRNewswire/ -- NN, Inc., (NASDAQ: NNBR) ("NN" or "the Company") a diversified industrial company, today announced that the Company expects to record a non-cash intangible asset impairment charge in its Mobile Solutions and Power Solutions groups in the fourth quarter of its fiscal year ending December 31, 2018 (FY18). The Company does not expect the impairment charge to have any impact on future operations, nor affect its liquidity, cash flows from operating activities, or compliance with the financial covenants set forth in its debt instruments.

In accordance with Accounting Standards Codification (ASC) 350 "Intangibles Goodwill and Other," the Company is required to test its goodwill and other indefinite-lived intangible assets for impairment annually. During the fourth quarter of FY18, NN's market capitalization declined to a level that was less than the net book value of stockholders' equity. NN performed its annual goodwill impairment analysis as of October 1, 2018. The goodwill impairment analysis required the Company to calculate the fair value for each of its business groups, including estimation of future cash flows, which is dependent on internal forecasts, estimation of the long-term growth rate for each operating segment, and determination of weighted average cost of capital. As a result of the analysis, the Company expects to record an impairment loss on goodwill of \$73.4 million and \$109.1 million for Mobile Solutions and Power Solutions, respectively. NN does not expect to record any such charges for its Life Sciences group.

In addition, as a result of changing market conditions in China, NN determined that the carrying amount of the Company's investment in the Mobile Solutions' China joint venture exceeded its estimated fair market value. As a result, the Company expects to record an impairment charge of \$16.6 million against its investment in the China joint venture.

NN, Inc., a diversified industrial company combines advanced engineering and production capabilities with in-depth materials science expertise to design and manufacture high-precision components and assemblies for a variety of markets on a global basis. NN has 51 facilities in North America, Western Europe, Eastern Europe, South America and China.

Except for specific historical information, many of the matters discussed in this press release may express or imply projections of revenues or expenditures, statements of plans and objectives or future operations or statements of future economic performance. These, and similar statements, are forward-looking statements concerning matters that involve risks, uncertainties and other factors which may cause the actual performance of NN, Inc. and its subsidiaries to differ materially from those expressed or implied by this discussion. All forward-looking information is provided by the Company pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 and should be evaluated in the context of these factors. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "assumptions", "target", "guidance", "outlook", "plans", "projection", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "potential" or "continue" (or the negative or other derivatives of each of these terms) or similar terminology. Factors which could materially affect actual results include, but are not limited to: general economic conditions and economic conditions in the industrial sector, inventory levels, regulatory compliance costs and the Company's ability to manage these costs, start-up costs for new operations, debt reduction, competitive influences, risks that current customers will commence or increase captive production, risks of capacity underutilization, quality issues, availability and price of raw materials, currency and other risks associated with international trade, the Company's dependence on certain major customers, and the successful implementation of the global growth plan including development of new products. Similarly, statements made herein and elsewhere regarding pending and completed transactions are also forward-looking statements, including statements relating to the future performance and prospects of an acquired business, the expected benefits of an acquisition on the Company's future business and operations and the ability of the Company to successfully integrate recently acquired businesses or the possibility that the Company will be unable to execute on the intended redeployment of proceeds from a divestiture, whether due to a lack of favorable investment opportunities or otherwise.

For additional information concerning such risk factors and cautionary statements, please see the section titled "Risk Factors" 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, 2017. Except as required by law, we undertake no obligation to update or revise any forward-looking statements we make in our press releases, whether as a result of new information, future events or otherwise.

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