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Q2 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 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."

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Second Quarter 2020



Second Quarter 2020 Overview

Key Quarterly Highlights

- Secured new bank amendment allowing for financial flexibility during the pandemic
- Positive Free Cash Flow resulted from proactive cash management measures
- Customer demand was met without supply disruption due to the resilient workforce
- Plants remained open as strong safety practices were implemented across all locations

Net Debt

- Net Debt \$767.9M at June 30, 2020, Q2 and Q3 leverage covenants waived
- Reduced Net Debt by \$94.3M versus prior year

Sales

- Sales of \$150.4M, down 32.1% from prior year after FX considerations
- Sales down across all three segments related to current economic environment

EBITDA

- Reported EBITDA of \$16.8M or 11.2% of sales versus \$30.2M or 13.6% in prior year
- Adjusted EBITDA of \$22.9M or 15.3% of sales versus \$39.3M or 17.7% in prior year

Operating Income / EPS

- GAAP – Operating Loss of \$8.2M versus a profit of \$7.5M in prior year
- Non-GAAP – Operating Income of \$8.0M versus \$27.3M in prior year
- GAAP EPS Loss of \$0.59 per share versus \$0.17 Loss in prior year
- Non-GAAP – EPS Loss of \$0.11 per share versus Profit of \$0.24 in prior year

Free Cash Flow / Working Capital

- Free Cash Flow of \$1.3M was a significant improvement in Q2 20 vs. Q2 19
- Working Capital – decreased by \$30.7M compared to prior year



Revenue Metrics

Q2 2020 YOY Change %	Life Sciences	Power Solutions	Mobile Solutions	Total
Organic	-20.1%	-28.2%	-46.7%	-31.6%
Currency	-0.6%	1.1%	-1.6%	-0.6%
Total	-20.7%	-27.1%	-48.3%	-32.1%

YTD 2020 YOY Change %	Life Sciences	Power Solutions	Mobile Solutions	Total
Organic	-11.2%	-17.7%	-27.6%	-18.7%
Currency	-0.5%	0.7%	-2.0%	-0.8%
Total	-11.8%	-17.0%	-29.6%	-19.5%

Continued anticipation of topline challenges in Q3 driven by COVID-19



2nd Quarter Profit and Loss

(In millions, except per share data)

	Q2 20					Q2 19					YOY Change		
	GAAP Reported	Special Items*	Non-GAAP Excl Special	Integration Non-Ops**	Total Adj Non-GAAP	GAAP Reported	Special Items*	Non-GAAP Excl Special	Integration Non-Ops**	Total Adj Non-GAAP	GAAP Reported	Non-GAAP Excl Special	Total Adj Non-GAAP
Net Revenues	\$ 150.4		\$ 150.4		\$ 150.4	\$ 221.7		\$ 221.7		\$ 221.7	\$ (71.2)	\$ (71.2)	\$ (71.2)
% Change											-32.1%	-32.1%	-32.1%
Gross Profit	35.0	0.3	35.4	1.7	37.1	57.6	0.3	57.8	3.6	61.5	(22.5)	(22.5)	(24.4)
%	23.3%		23.5%		24.7%	26.0%		26.1%		27.7%	-270 bps	-260 bps	-310 bps
Operating Income	(8.2)	0.2	(8.0)	16.0	8.0	7.5	1.7	9.2	18.0	27.3	(15.7)	(17.3)	(19.3)
%	-5.5%		-5.3%		5.3%	3.4%		4.2%		12.3%	-880 bps	-950 bps	-700 bps
Net Interest (Expense)	(18.7)	-	(18.7)	1.7	(17.0)	(14.0)	-	(14.0)	1.2	(12.8)			
Other Income (Expense)	0.9	-	0.9	(0.1)	0.8	(0.1)	0.7	0.6	(0.5)	0.2			
Pre-Tax Income	(26.0)	0.2	(25.8)	17.6	(8.2)	(6.5)	2.4	(4.1)	18.7	14.7	-300.1%	-535.4%	-156.3%
Provision for Income Taxes	3.3	2.8	6.2	(3.7)	2.5	(0.6)	(0.4)	(1.0)	(3.4)	(4.4)			
Share of net income (loss) from joint venture	0.9	-	0.9	-	0.9	(0.2)	-	(0.2)	-	(0.2)			
Net Income Continuing Operations	\$ (21.7)	3.0	\$ (18.7)	13.9	\$ (4.8)	\$ (7.3)	2.0	\$ (5.3)	15.3	\$ 10.0	\$ (14.5)	\$ (13.5)	\$ (14.9)
%	-14.5%		-12.5%		-3.2%	-3.3%		-2.4%		4.5%	-1120 bps	-1010 bps	-780 bps
Diluted EPS	\$ (0.59)		\$ (0.44)		\$ (0.11)	\$ (0.17)		\$ (0.13)		\$ 0.24	-239.0%	-253.0%	-148.1%
Weighted Avg Diluted Shares	42.2		42.2		42.2	42.0		42.0		42.0			
Non-GAAP Measures	<u>Reported</u>	<u>Special Items*</u>	<u>Non-GAAP Excl Special</u>	<u>Integration Non-Ops**</u>	<u>Total Adj Non-GAAP</u>	<u>Reported</u>	<u>Special Items*</u>	<u>Non-GAAP Excl Special</u>	<u>Integration Non-Ops**</u>	<u>Total Adj Non-GAAP</u>	<u>Reported</u>	<u>Non-GAAP Excl Special</u>	<u>Total Adj Non-GAAP</u>
EBITDA	\$ 16.8	0.2	\$ 17.0	6.0	\$ 22.9	\$ 30.2	2.4	\$ 32.6	6.7	\$ 39.3	\$ (13.4)	\$ (15.6)	\$ (16.3)
%	11.2%		11.3%		15.3%	13.6%		14.7%		17.7%	-240 bps	-340 bps	-240 bps
EBITA	\$ 4.9	0.2	\$ 5.1	6.0	\$ 11.1	\$ 19.1	2.4	\$ 21.5	6.7	\$ 28.2	\$ (14.1)	\$ (16.4)	\$ (17.1)
%	3.3%		3.4%		7.4%	8.6%		9.7%		12.7%	-530 bps	-630 bps	-530 bps

* Special Items are one time discrete adjustments

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

Cost reductions mitigated bottom line impact on lost sales



2nd Quarter Bridge

(In millions, except per share data)

Reported - GAAP

Special Items*

Add:

	Q2 20	Q2 19	% Change
Asset Write-Downs	(0.9)	-	-
Impairments of Fixed Asset Costs	-	0.4	-300.1%
Fairfield Transition and Move Costs	0.3	-	-198.6%
Brazil VAT / Law Change	-	0.3	-239.0%
Relocation, Recruiting & Severance Agreements	0.7	1.1	-
Costs related to divested businesses	-	0.7	-
Preferred Stock Cumulative dividends and deemed dividends***	-	-	-

Less:

Discrete Tax Items	2.9	-	-
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Total Non-GAAP Excluding Special Items

Integration Non-Ops**

Transition and Acquisition:

Capacity and Capabilities Development	0.7	2.4	-535.4%
Professional Fees	2.0	0.1	-254.4%
Integration & Transformation	2.0	3.7	-253.0%
Foreign exchange (gain) loss on inter-company loans	(0.1)	(0.5)	-
Change in fair value of preferred stock tax withholding	(0.0)	-	-
Amortization of intangibles and deferred financing costs	13.0	13.0	-

Total Non-Operations Adjustments

Total Adjusted Non-GAAP

Diluted Shares

	Q2 20					Q2 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	\$ (26.0)	\$ 3.3	\$ 0.9	\$ (21.7)	\$ (0.59)	\$ (6.5)	\$ (0.6)	\$ (0.2)	\$ (7.3)	\$ (0.17)			
Special Items*													
Add:													
Asset Write-Downs	(0.9)	0.2	-	(0.7)	(0.02)	-	-	-	-	-	-	-	-
Impairments of Fixed Asset Costs	-	-	-	-	-	0.4	(0.1)	-	0.3	0.01	-	-	-
Fairfield Transition and Move Costs	0.3	(0.1)	-	0.3	0.01	-	-	-	-	-	-	-	-
Brazil VAT / Law Change	-	-	-	-	-	0.3	(0.1)	-	0.2	0.01	-	-	-
Relocation, Recruiting & Severance Agreements	0.7	(0.1)	-	0.6	0.01	1.1	(0.2)	-	0.9	0.02	-	-	-
Costs related to divested businesses	-	-	-	-	-	0.7	(0.1)	-	0.6	0.01	-	-	-
Preferred Stock Cumulative dividends and deemed dividends***	-	-	-	-	0.07	-	-	-	-	-	-	-	-
Less:													
Discrete Tax Items	-	2.9	-	2.9	0.07	-	-	-	-	-	-	-	-
Total Non-GAAP Excluding Special Items	\$ (25.8)	\$ 6.2	\$ 0.9	\$ (18.7)	\$ (0.44)	\$ (4.1)	\$ (1.0)	\$ (0.2)	\$ (5.3)	\$ (0.13)	-535.4%	-254.4%	-253.0%
Integration Non-Ops**													
Transition and Acquisition:													
Capacity and Capabilities Development	0.7	(0.1)	-	0.5	0.01	2.4	(0.4)	-	2.0	0.05	-	-	-
Professional Fees	2.0	(0.4)	-	1.6	0.04	0.1	(0.0)	-	0.1	0.00	-	-	-
Integration & Transformation	2.0	(0.4)	-	1.6	0.04	3.7	(0.7)	-	3.0	0.07	-	-	-
Foreign exchange (gain) loss on inter-company loans	(0.1)	0.0	-	(0.1)	(0.00)	(0.5)	0.1	-	(0.4)	(0.01)	-	-	-
Change in fair value of preferred stock tax withholding	(0.0)	0.0	-	(0.0)	(0.00)	-	-	-	-	-	-	-	-
Amortization of intangibles and deferred financing costs	13.0	(2.7)	-	10.3	0.24	13.0	(2.4)	-	10.6	0.25	-	-	-
Total Non-Operations Adjustments	\$ 17.6	\$ (3.7)	\$ -	\$ 13.9	\$ 0.33	\$ 18.7	\$ (3.4)	\$ -	\$ 15.3	\$ 0.36	6.1%	9.4%	9.7%
Total Adjusted Non-GAAP	\$ (8.2)	\$ 2.5	\$ 0.9	\$ (4.8)	\$ (0.11)	\$ 14.7	\$ (4.4)	\$ (0.2)	\$ 10.0	\$ 0.24	-156.3%	-148.2%	-148.0%
Diluted Shares					42.197					42.028			

* Special Items are one time discrete adjustments

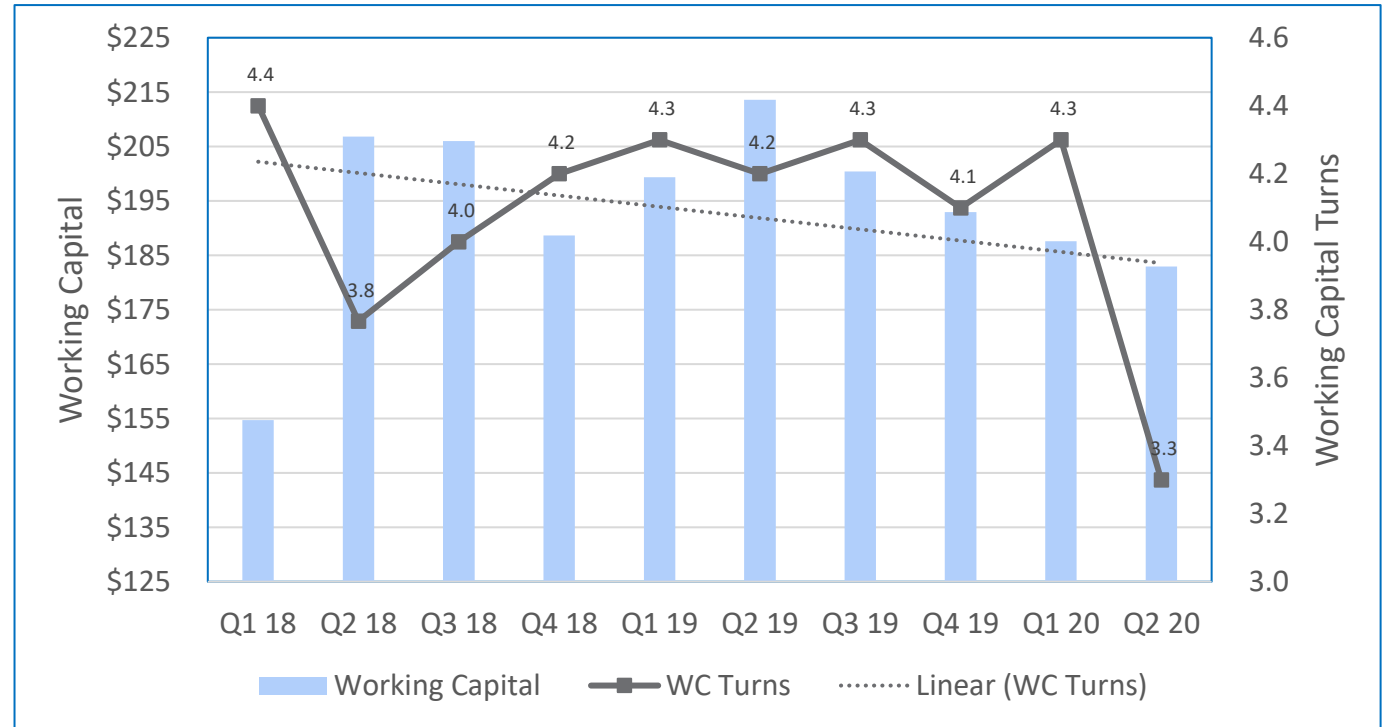
** Integration Non-Ops represent additional discrete transition and acquisition, foreign currency and amortization expense adjustments

*** Preferred Stock Cumulative dividends and deemed dividends (\$3,043/42,197)=.07



Working Capital

Working Capital Metrics		
(Total Consolidated)	Total NN, Inc	
	Q2 6/30/20	Q2 6/30/19
\$000's		
A/R	\$ 105,661	\$ 151,282
DSO	64.1	62.3
Inventory	\$ 121,031	\$ 125,847
Days Inventory	95.7	70.0
Inventory Turns	3.8	5.2
A/P	\$ (43,751)	\$ (63,498)
DPO	(34.6)	(35.3)
Net Working Capital	\$ 182,941	\$ 213,631
Cash Conversion Cycle	125.2	96.9
W/Cap Turns	3.3	4.2



Working Capital decreased by \$30.7 million compared to prior year



Debt

Debt Metrics			
	Q2	Q2	
\$000's	6/30/2020	6/30/2019	Change
Short Term Debt	\$ 24,178	\$ 27,446	
Long Term Debt (ex-issuance costs)	826,368	856,753	
Funded Debt	850,546	884,199	(33,653)
Cash	82,695	22,077	
Net Debt	767,851	862,122	(94,271)

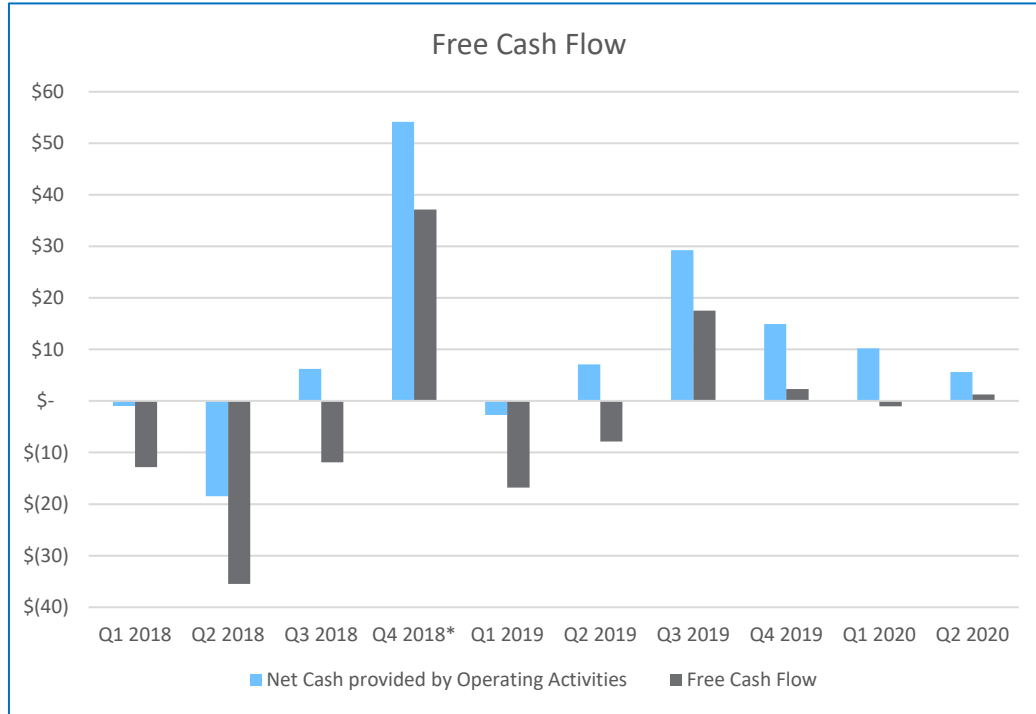
Key Amendment Measures

- ✓ Signed Bank Amendment on July 29th
- ✓ Leverage covenants for Q2 & Q3 waived
- ✓ Required monthly liquidity grid in place of quarterly leverage covenants

Net Debt decreased \$94.3 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				
	Q2	Q2	YTD	YTD
	FY 2020	FY 2019	FY 20	FY 19
<i>Free operating cash flow (continuing ops):</i>				
Net cash provided by operating activities, as reported	\$ 5,638	\$ 7,079	\$ 15,862	\$ 4,367
Less: Capital Expenditures	(4,364)	(14,921)	(15,624)	(28,994)
Free operating cash flow	\$ 1,274	\$ (7,842)	\$ 238	\$ (24,627)
Net Income	\$ (21,748)	\$ (7,283)	\$ (269,939)	\$ (26,801)
Conversion of free operating cash flow	N/A	N/A	N/A	N/A

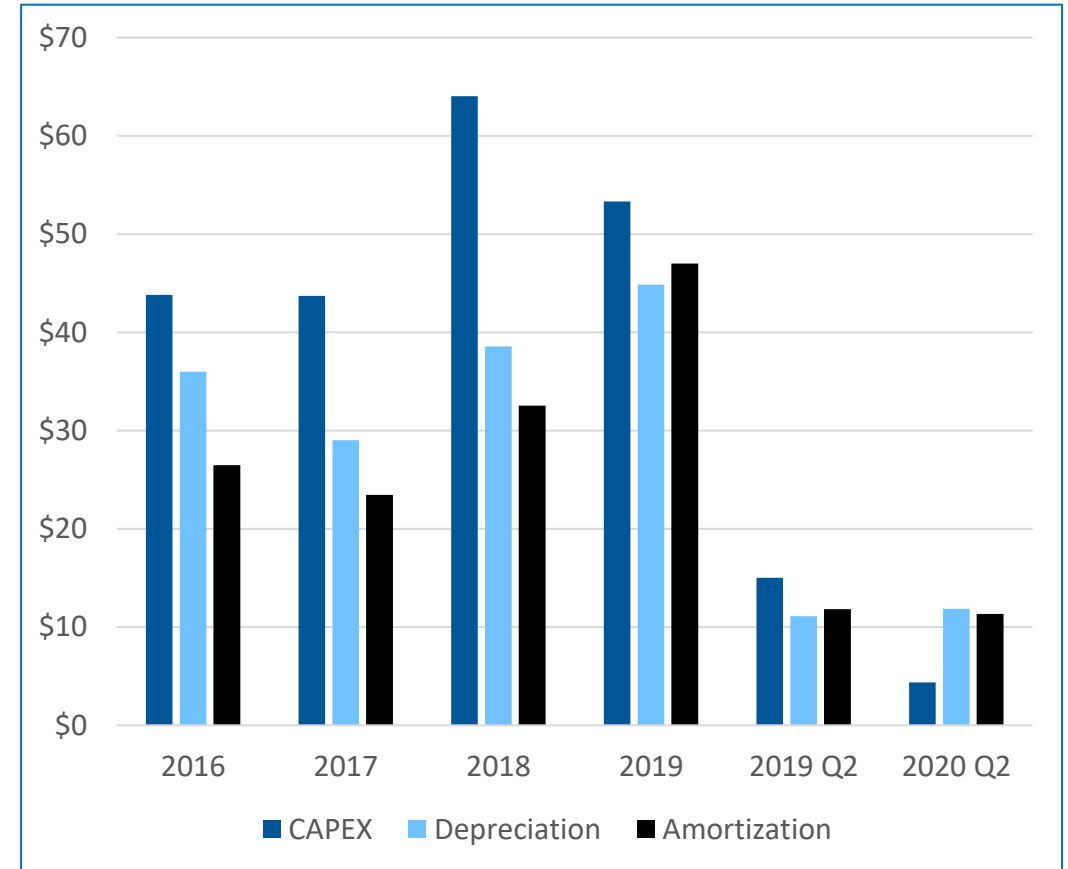
- Free cash flow improved significantly over second quarter 2019

Fifth consecutive quarter of positive “Net Cash provided by Operating Activities”



Capital Spending

Capital Spending Metrics				
	Jun-20	Jun-19	Jun-20	Jun-19
\$000's	QTD	QTD	YTD	YTD
Life Sciences	\$ 1,753	\$ 4,129	\$ 4,951	\$ 11,707
Power Solutions	511	780	1,837	1,549
Mobile Solutions	1,908	6,342	8,594	12,710
Corporate HQ	236	79	540	686
Total CAPEX including AP	\$ 4,408	\$ 11,330	\$ 15,922	\$ 26,652
Sales	\$ 150,420	\$ 221,666	\$ 350,165	\$ 434,922
CAPEX % of Sales	2.9%	5.1%	4.5%	6.1%
Non-cash Capex Movements	\$ 43	\$ (3,591)	\$ 298	\$ (2,342)
Cash CAPEX	\$ 4,364	\$ 14,921	\$ 15,624	\$ 28,994
Cash CAPEX % of Sales	2.9%	6.7%	4.5%	6.7%



Anticipate spending approximately \$30M in CAPEX in 2020



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Segment Highlights

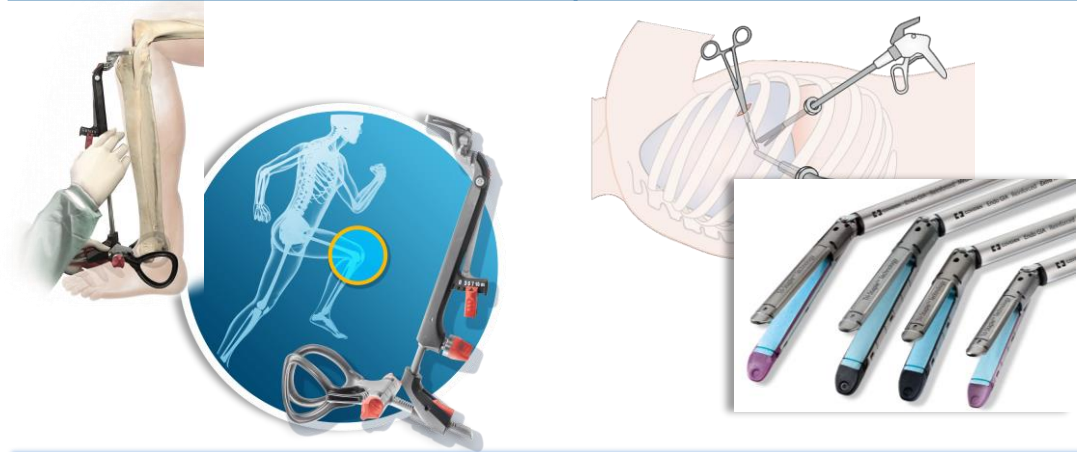


Life Sciences – Q2 2020

Life Sciences <i>(In millions)</i>	Q2 FY20	% of Sales	Q2 FY19	% of Sales	% Change	Margin Change
Sales	\$ 72.4		\$ 91.3		-20.7%	
Operating Profit - GAAP	\$ 4.3	6.0%	\$ 9.3	10.2%	-53.4%	-420 bps
Operating Profit - Adjusted*	\$ 13.9	19.2%	\$ 20.4	22.4%	-31.9%	-310 bps
Reported EBITDA	\$ 16.2	22.4%	\$ 21.2	23.3%	-23.6%	-80 bps
Adjusted EBITDA*	\$ 18.1	25.0%	\$ 24.2	26.5%	-25.3%	-150 bps

Orthopedics

MedSurg



Delivering comprehensive engineered solutions for medical devices

Sales

- The reduction versus the prior year was primarily driven by the impact of 60% less elective surgeries in the period due to COVID-19 compared to 2019. The result of this drove reduced demand from customers and delays in new product launches.

Backlog

- Order backlog decreased versus the prior quarter ('20Q1 reflecting the impacts of COVID-19) as customers adjusted their businesses to react to the situation.
 - \$142M at end of Q2 reflecting a decrease of \$21M

Margin Expansion

- Margins reduced slightly in Q2 compared to the prior year resulting from a 21% reduction in revenues.
- The full impact of the variable margin on the lower sales, was partially offset by the positive impact of Continuous Improvement (CI) projects carrying over from 2019 and projects completed in Q1 2020. Additionally, cost containment initiatives associated with indirect and SG&A labor, and reduction in travel improved margins.

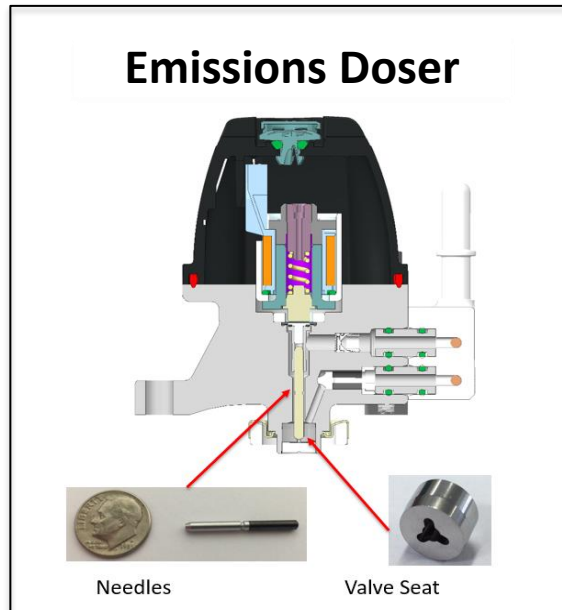
Current Focus & Looking Forward

- Manage COVID-19 situation
 - S&OP forecasting efforts to best understand demand for Q3/Q4
 - Cost control: DL flex, SGA/IDL reductions, plant furloughs
 - Q3/Q4 demand expected to remain flat to slightly down with Q2 sales
 - Elective surgery demand not expected to return to normalized (2019) levels until Q2 2021



Mobile Solutions – Q2 2020

Mobile Solutions <i>(In millions)</i>	Q2 FY20	% of Sales	Q2 FY19	% of Sales	% Change	Margin Change
Sales	\$ 41.0		\$ 79.4		-48.3%	
Operating Profit - GAAP	\$ (4.6)	-11.2%	\$ 3.5	4.4%	-231.0%	-1560 bps
Operating Profit - Adjusted*	\$ (3.4)	-8.3%	\$ 5.6	7.1%	-160.5%	-1540 bps
Reported EBITDA	\$ 3.7	9.0%	\$ 10.2	12.8%	-63.9%	-390 bps
Adjusted EBITDA*	\$ 4.1	10.0%	\$ 11.3	14.3%	-64.0%	-430 bps



Sales

- Q2 sales were negatively impacted by significantly lower customer demand due to COVID-19 pandemic.
- June saw volume increases as many customers ramped production. Worldwide sales increased 50%+ over May 2020.
- June regional sales as % of PY: NAO (73%); EO (61%); SAO (38%); AO (121%).

Profitability

- Unfavorable variable margin performance in early Q2 primarily driven by productivity impact of COVID-19 absenteeism and abrupt customer demand reductions.
- Quarter end trends indicative of successful flexing of variable costs and implementation of fixed cost reduction measures.
- Q2 fixed cost reductions – Indirect and SG&A labor, benefits and T&E (\$6.1M).

Current Focus & Looking Forward

- Q3 demand continues to strengthen in all regions with North America predicted to be 90% of prior year sales levels in September.
- Further cost reduction measures underway in Europe and South America as the pace of recoveries is expected to be slower than North America and China.
- Protecting cash flow through capital expenditure reductions, rent deferrals, participating in government payroll and benefits payment obligation deferrals, and working capital management.



Power Solutions – Q2 2020

Power Solutions	Q2	% of	Q2	% of	%	Margin
<i>(In millions)</i>	FY20	Sales	FY19	Sales	Change	Change
Sales	\$ 37.5		\$ 51.4		-27.0%	
Operating Profit - GAAP	\$ 1.5	3.9%	\$ 5.7	11.1%	-74.4%	-720 bps
Operating Profit - Adjusted*	\$ 4.7	12.6%	\$ 10.1	19.6%	-53.2%	-700 bps
Reported EBITDA	\$ 5.8	15.4%	\$ 9.3	18.2%	-38.0%	-270 bps
Adjusted EBITDA*	\$ 6.2	16.5%	\$ 11.0	21.4%	-43.5%	-480 bps



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

Sales

- Q2 sales were negatively impacted by customer shutdowns in Mexico (4-6 weeks) and lower automotive customer demand due to the COVID-19 pandemic. Additionally, travel restrictions delayed validation approvals for A&D customer programs.
- June sales saw a resumption of demand as many customers began ramping production. Worldwide sales increased 35% over May.

Profitability

- Unfavorable variable margin in early Q2 primarily driven by productivity impact of COVID-19 absenteeism, production shutdowns and A&D validation delays.
- Quarter end trends indicative of successful flexing of variable costs and implementation of fixed cost reduction measures.

Current Focus & Looking Forward

- Q3 demand continues to strengthen in all regions with North America predicted to be 95%+ of prior year sales levels in September.
- Backorders within the aerospace and defense business grew from Q1 and currently represents up to 6 months of planned sales.
- Protecting cash flow through capital expenditure reductions, rent deferrals, participating in government payroll and benefits payment obligation deferrals, and working capital management.



Key Takeaways

Focus over the next quarter

- Keep employees safe and continue to employ precautionary measures
- Satisfy customer requirements and manage the supply base
- Continue flexing our costs based on volume changes
- Manage working capital and improve inventory turns
- Reduce capital expenditures and improve cash flows
- Manage cash and adhere to bank liquidity requirements

No Sales, Cash Flow or EPS guidance due to uncertain environment



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Reconciliation Tables



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

\$000s	Three Months Ended	
	June 30,	
NN, Inc. Consolidated	2020	2019
GAAP income from operations	\$ (8,206)	\$ 7,512
Acquisition and transition expense*	4,843	7,546
Amortization of intangibles	11,341	11,811
Impairments (Goodwill and fixed assets)	-	\$ 400
Non-GAAP adjusted income from operations (a)	\$ 7,977	\$ 27,268
Non-GAAP adjusted operating margin (1)	5.3%	12.3%
Depreciation	\$ 11,860	\$ 10,931
Other income/expense	882	644
Non-cash foreign exchange (gain) loss on inter-company loans	(79)	(454)
Change in fair value of preferred stock tax withholding	(31)	-
Share of net income from joint venture	926	(203)
Non-cash stock compensation	1,412	1,106
Non-GAAP adjusted EBITDA (b)	\$ 22,947	\$ 39,292
Non-GAAP adjusted EBITDA margin (2)	15.3%	17.7%
GAAP net sales	\$ 150,420	\$ 221,666

\$000s	Three Months Ended	
	June 30,	
Mobile Solutions	2020	2019
GAAP income from operations	\$ (4,592)	\$ 3,506
Acquisition and transition expense	344	1,240
Amortization of intangibles	838	886
Impairments (Goodwill and fixed assets)	-	-
Non-GAAP adjusted income from operations (a)	\$ (3,410)	\$ 5,632
Share of net income from joint venture	926	(203)
Impairment of joint venture	-	-
Non-GAAP adjusted income from operations with JV	(2,483)	5,429
Non-GAAP adjusted operating margin (1)	-6.1%	6.8%
Depreciation	\$ 6,137	\$ 5,902
Other income/expense	379	117
Non-cash foreign exchange (gain) loss on inter-company loans	54	(109)
Change in fair value of preferred stock tax withholding	-	-
Share of net income from joint venture	926	(203)
Non-cash stock compensation	-	-
Non-GAAP adjusted EBITDA (b)	\$ 4,087	\$ 11,339
Non-GAAP adjusted EBITDA margin (2)	10.0%	14.3%
GAAP net sales	\$ 41,037	\$ 79,444

\$000s	Three Months Ended	
	June 30,	
Elimination	2020	2019
GAAP net sales	\$ (507)	\$ (503)

\$000s	Three Months Ended	
	June 30,	
Power Solutions	2020	2019
GAAP income from operations	\$ 1,454	\$ 5,682
Acquisition and transition expense	507	1,640
Amortization of intangibles	2,748	2,749
Impairments (Goodwill and fixed assets)	-	-
Non-GAAP adjusted income from operations (a)	\$ 4,709	\$ 10,071
Non-GAAP adjusted operating margin (1)	12.6%	19.6%
Depreciation	\$ 1,215	\$ 1,067
Other income/expense	369	(163)
Non-cash foreign exchange (gain) loss on inter-company loans	(96)	-
Change in fair value of preferred stock tax withholding	-	-
Share of net income from joint venture	-	-
Non-cash stock compensation	-	-
Non-GAAP adjusted EBITDA (b)	\$ 6,198	\$ 10,975
Non-GAAP adjusted EBITDA margin (2)	16.5%	21.4%
GAAP net sales	\$ 37,491	\$ 51,393

\$000s	Three Months Ended	
	June 30,	
Life Sciences	2020	2019
GAAP income from operations	\$ 4,333	\$ 9,305
Acquisition and transition expense	1,823	2,937
Amortization of intangibles	7,754	8,176
Impairments (Goodwill and fixed assets)	-	-
Non-GAAP adjusted income from operations (a)	\$ 13,910	\$ 20,418
Non-GAAP adjusted operating margin (1)	19.2%	22.4%
Depreciation	\$ 4,095	\$ 3,530
Other income/expense	61	237
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	-	-
Non-cash stock compensation	-	-
Non-GAAP adjusted EBITDA (b)	\$ 18,066	\$ 24,185
Non-GAAP adjusted EBITDA margin (2)	25.0%	26.5%
GAAP net sales	\$ 72,399	\$ 91,332

(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 - \$0.7 / Prof Fees - \$2.0 / Integration & Transformation - \$3.0 / Acq Transaction Costs - \$0.0 / Asset Write-Downs/Inventory Step-Up - (\$0.9)

* 2019 Includes Capacity & Capabilities Dev - \$2.4 / Prof Fees - \$0.1 / Integration & Transformation - \$5.0 / Acq Transaction Costs - \$0.0 / Asset Write-Downs/Inventory Step-Up - \$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	
	June 30,	
	2020	2019
GAAP net income (loss)	\$ (21,748)	\$ (7,283)
Pre-tax acquisition and transition expense	4,843	7,546
Pre-tax foreign exchange (gain) loss on inter-company loans	(79)	(454)
Pre-tax change in fair value of preferred stock tax withholding	(31)	-
Pre-tax amortization of intangibles and deferred financing costs	13,039	12,973
Pre-tax impairments of fixed asset costs	-	400
Pre-tax costs related to divested businesses	-	700
Tax effect of adjustments reflected above (c)	(3,732)	(3,839)
Non-GAAP discrete tax adjustments	2,864	-
Non-GAAP adjusted net income (loss) (d)	<u>\$ (4,845)</u>	<u>\$ 10,043</u>

<i>Amounts per share, diluted</i>	Three Months Ended	
	June 30,	
	2020	2019
GAAP net income (loss) per diluted share	\$ (0.59)	\$ (0.17)
Pre-tax acquisition and transition expense	0.11	0.18
Pre-tax foreign exchange (gain) loss on inter-company loans	(0.00)	(0.01)
Pre-tax change in fair value of preferred stock tax withholding	(0.00)	-
Pre-tax amortization of intangibles and deferred financing costs	0.31	0.31
Pre-tax impairments of fixed asset costs	-	0.01
Pre-tax costs related to divested businesses	-	0.02
Tax effect of adjustments reflected above (c)	(0.09)	(0.09)
Non-GAAP discrete tax adjustments	0.07	-
Preferred stock cumulative dividends and deemed dividends	0.07	-
Non-GAAP adjusted net income (loss) per diluted share (d)	<u>\$ (0.11)</u>	<u>\$ 0.24</u>
Weighted average shares outstanding, diluted	42,197	42,028



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.