



Second Quarter 2016 Earnings Release

August 4, 2016



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, risks of capacity underutilization, quality issues, availability of raw materials, currency and other risks associated with international trade, the Company's dependence on certain major customers, 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 10-K for the fiscal year ended December 31, 2015.

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.



Second Quarter



Highlights of 2nd Quarter 2016

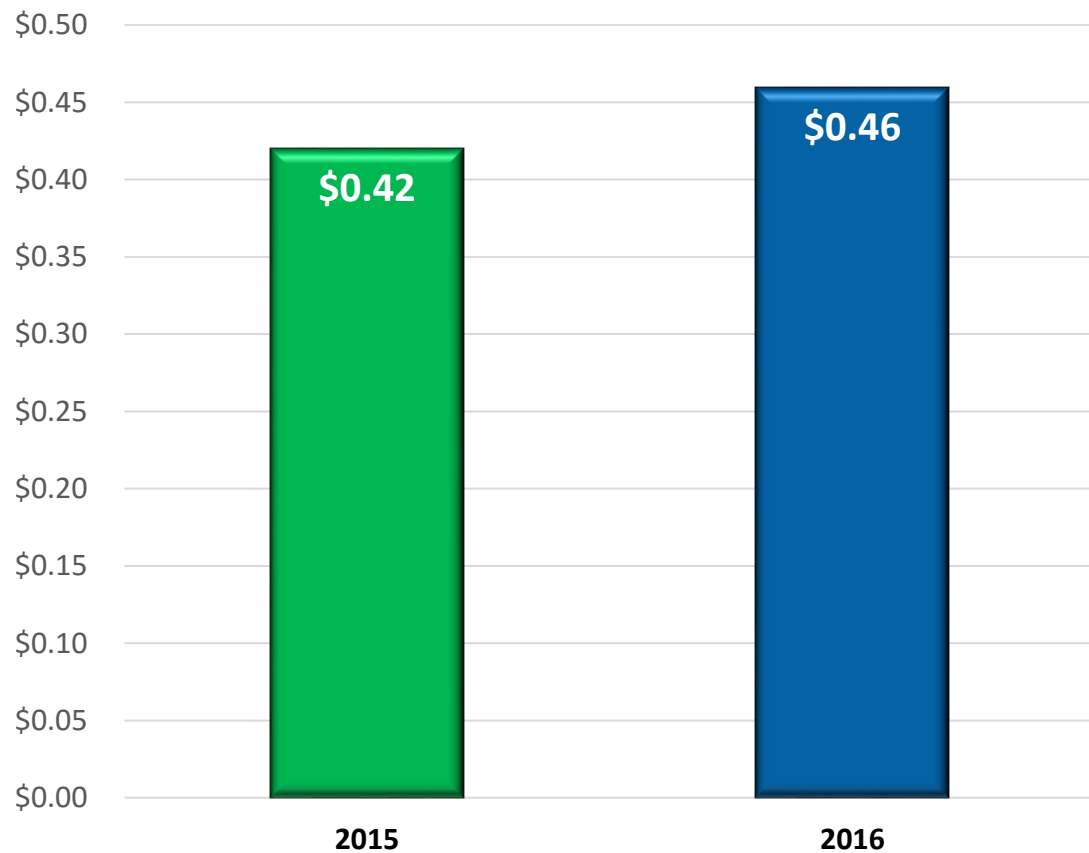
- **Sales of \$214.3M**
 - PEP acquisition contributed \$58.4M
- **Adjusted Diluted Earnings Per Share of \$0.46**
- **Adjusted EBITDA of \$40.8M**
- **Adjusted Operating Margins increased 420 bps to 13.4% compared to Q2 2015**
- **Free Cash Flow continues to exceed expectations**



2nd Quarter 2016 Financial Summary

Adjusted Diluted Earnings Per Share

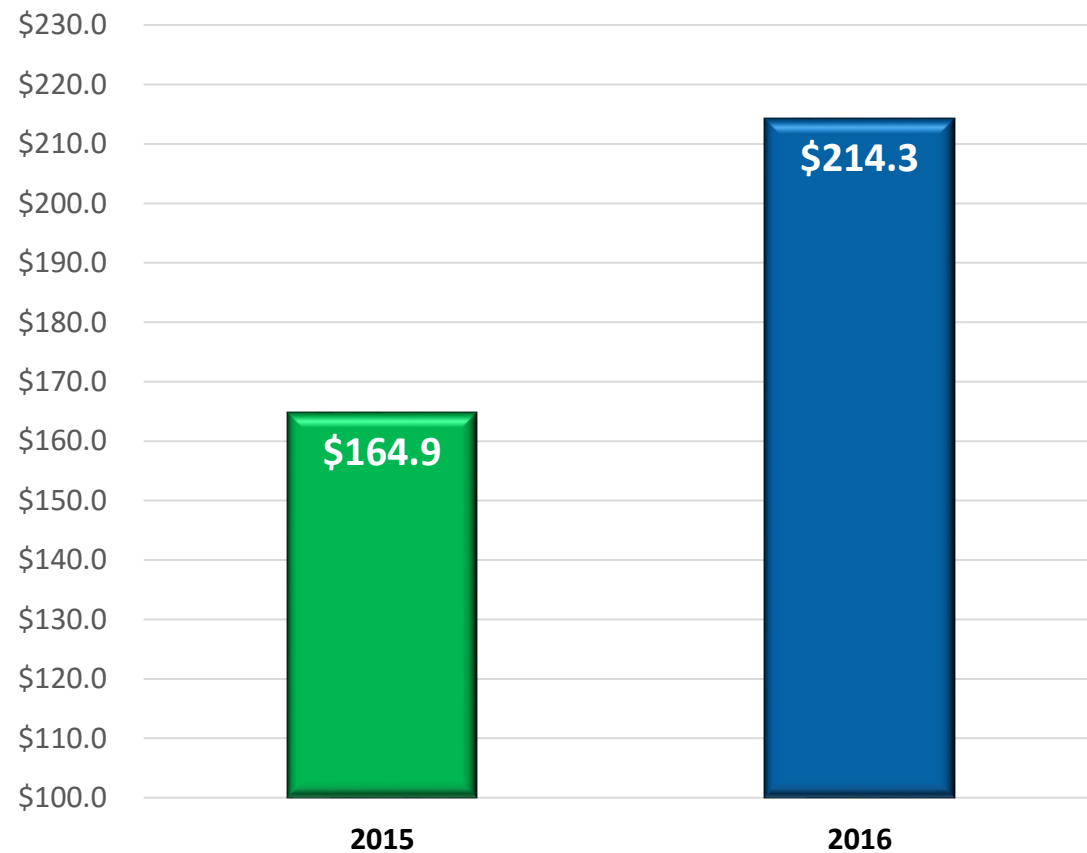
Issued 7.6M shares in Q3 2015



Net Sales

30% growth compared to prior year

In Millions

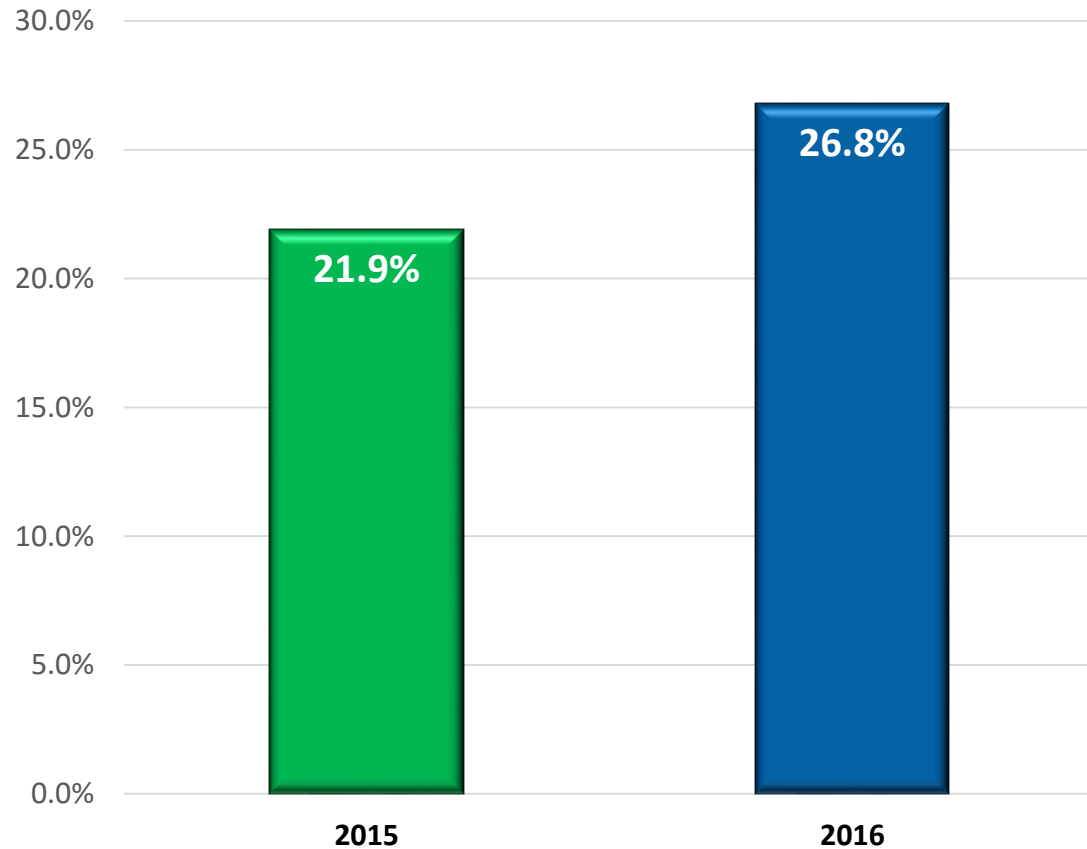




2nd Quarter 2016 Financial Summary

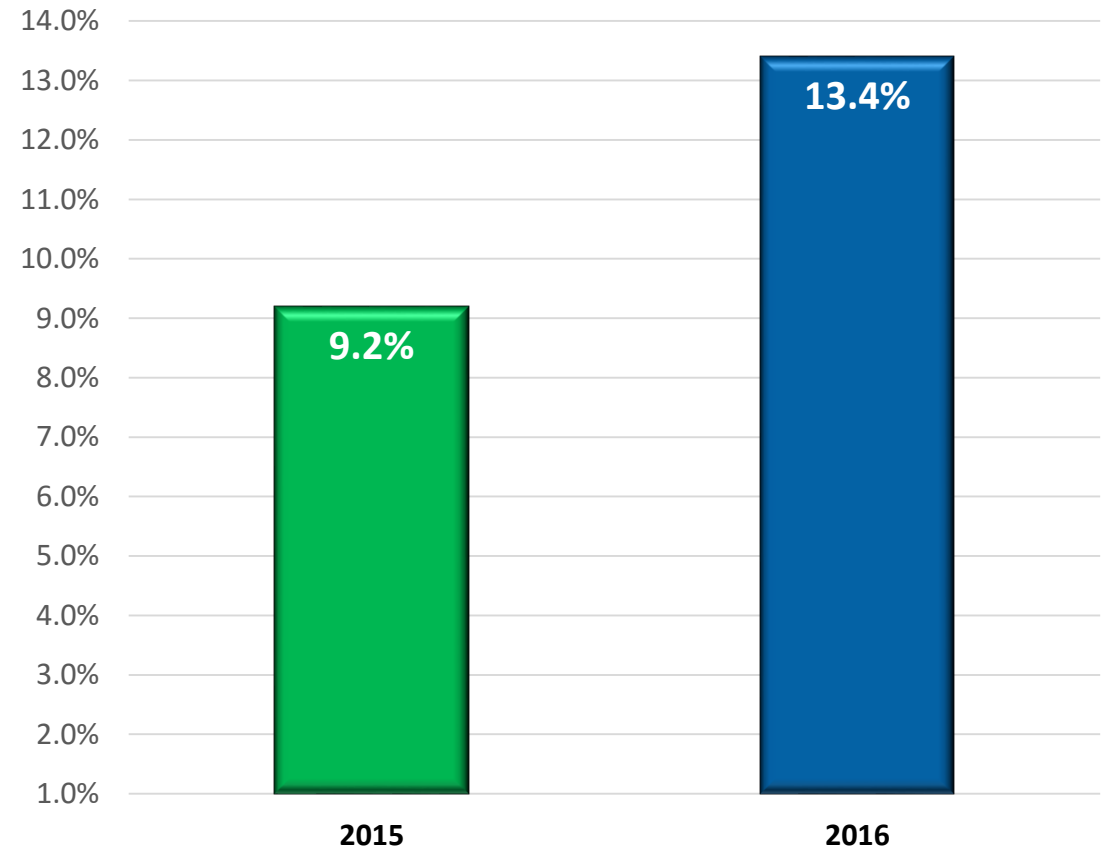
Gross Margin

490 bps improvement driven by acquisition of PEP and the NN Operating System



Adjusted Operating Margin

420bps margin expansion resulting from acquisitions and improvements in the NN Operating System

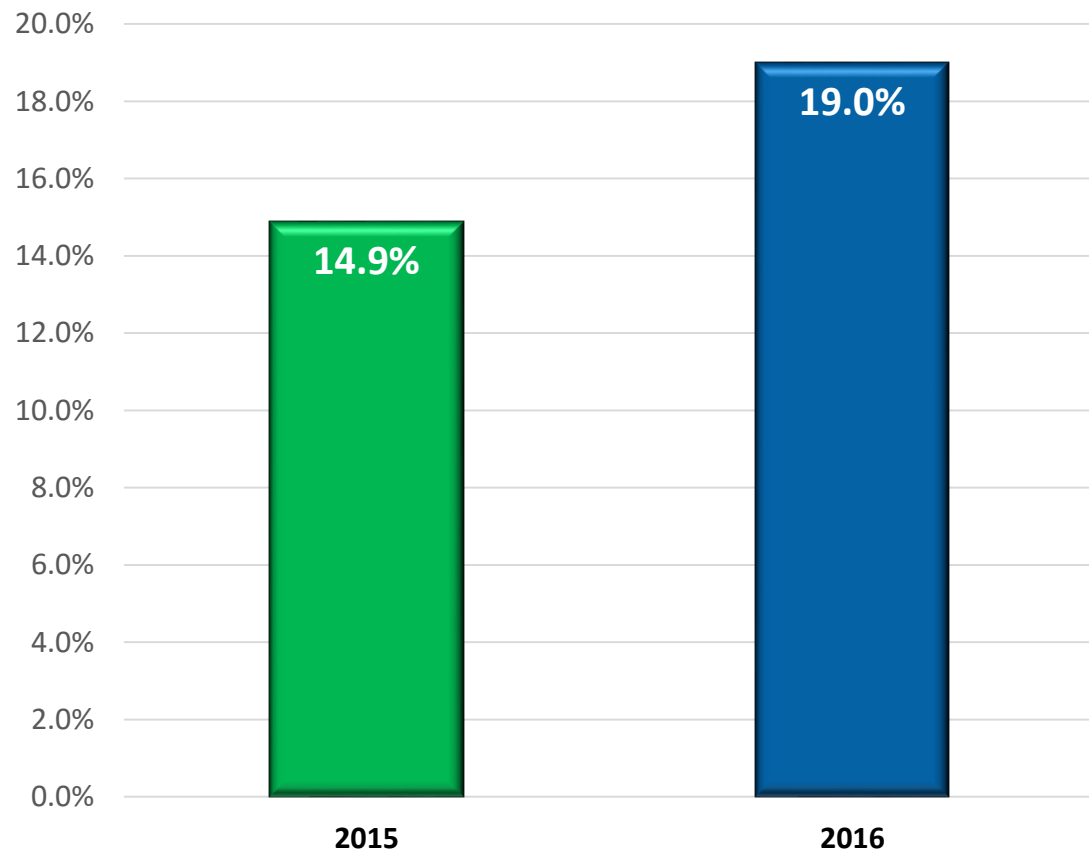




2nd Quarter 2016 Financial Summary

Adjusted EBITDA Margin

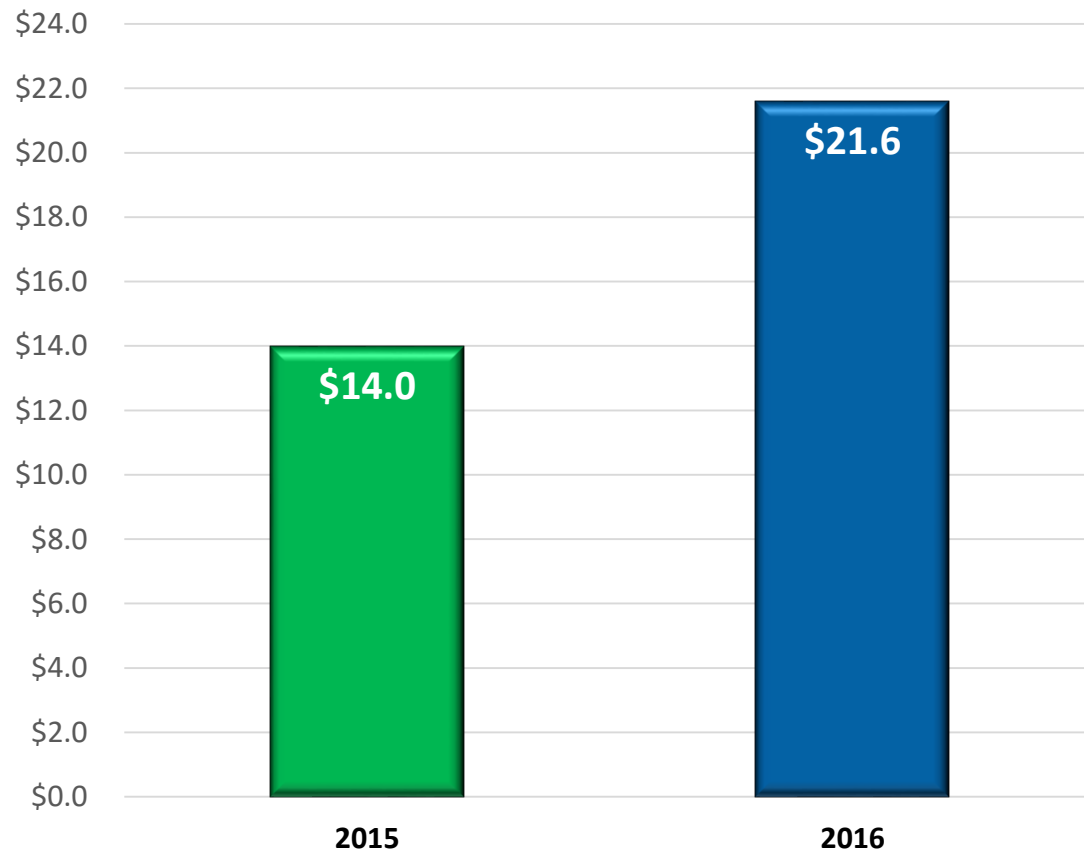
410bps improvement resulting from the acquisition of PEP & the NN Operating System



SG&A

Includes \$1.9M of restructuring and M&A cost
\$4.6 million of the increase from the acquisition of PEP

In Millions

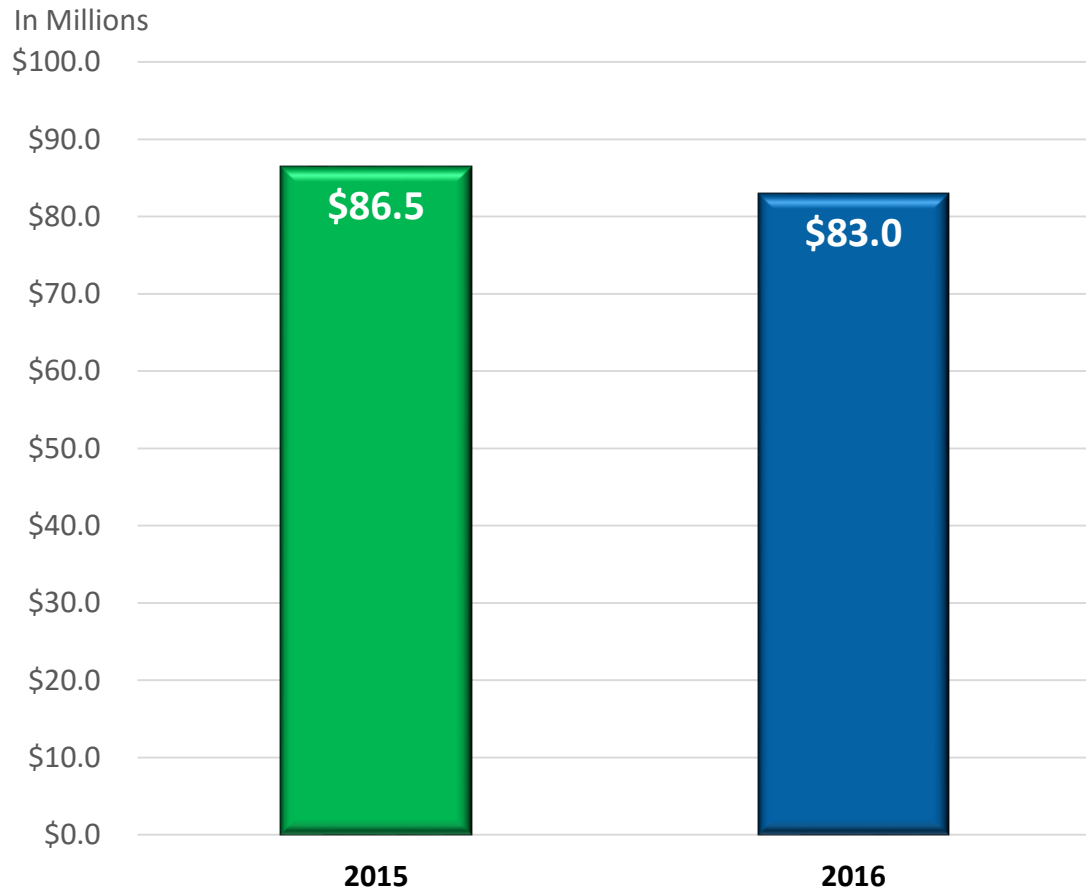




Autocam Precision Components Group

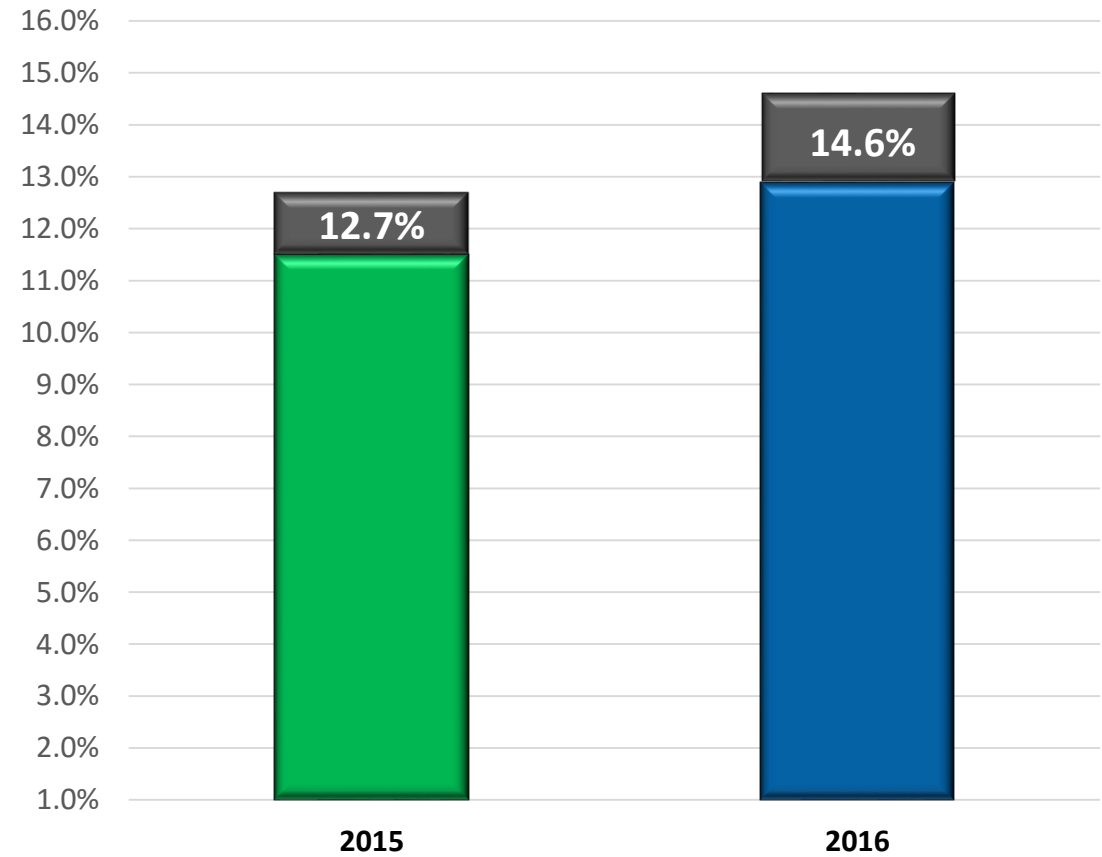
Net Sales

Weakness in industrial markets drove the decline



Adjusted Operating Margin

NN Operating System continues to drive margin expansion



■ JV Contribution

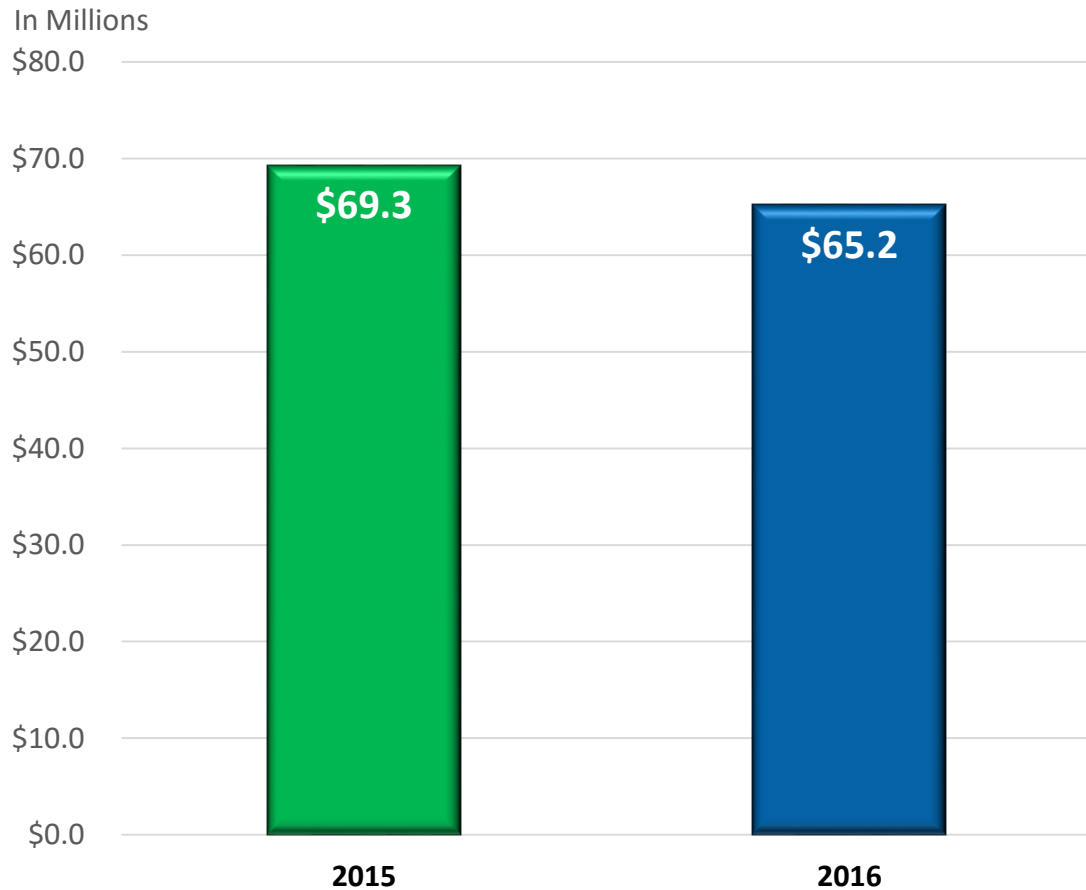
www.nninc.com



Precision Bearing Components Group

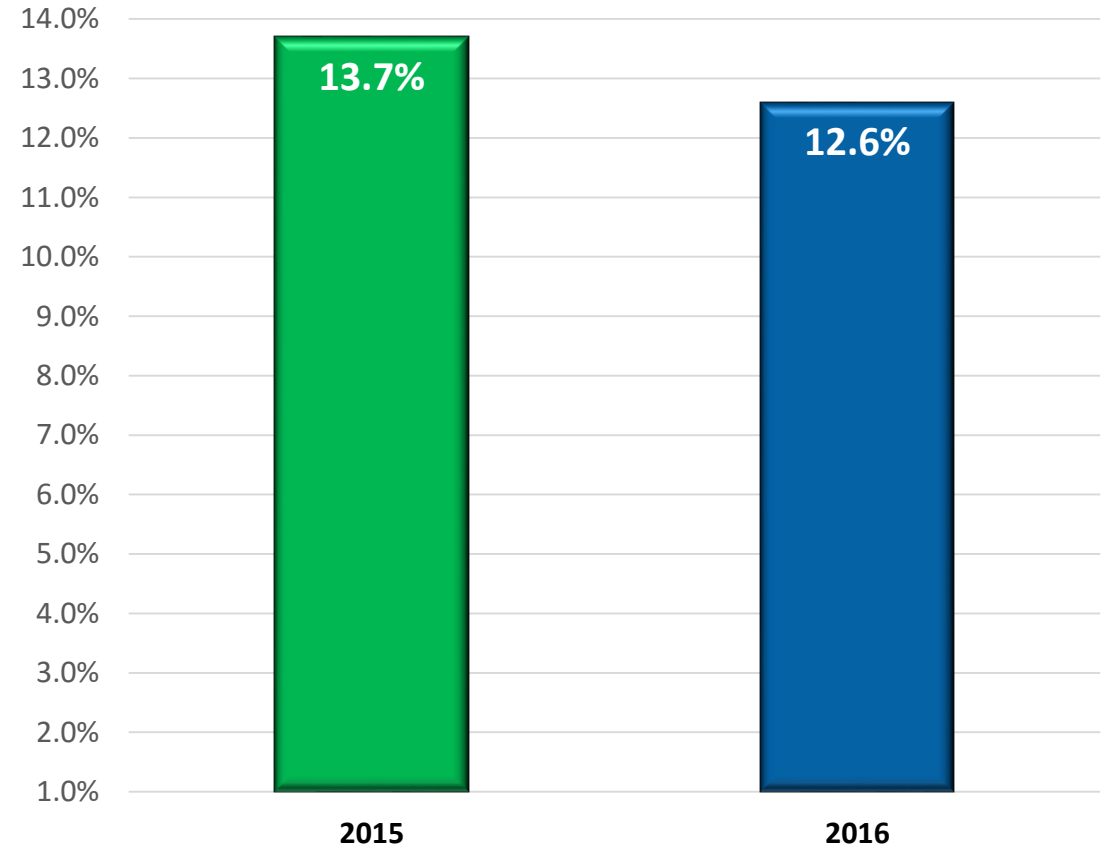
Net Sales

Weakness in industrial markets drove the decline



Adjusted Operating Margin

Margins flexing in line with expectations

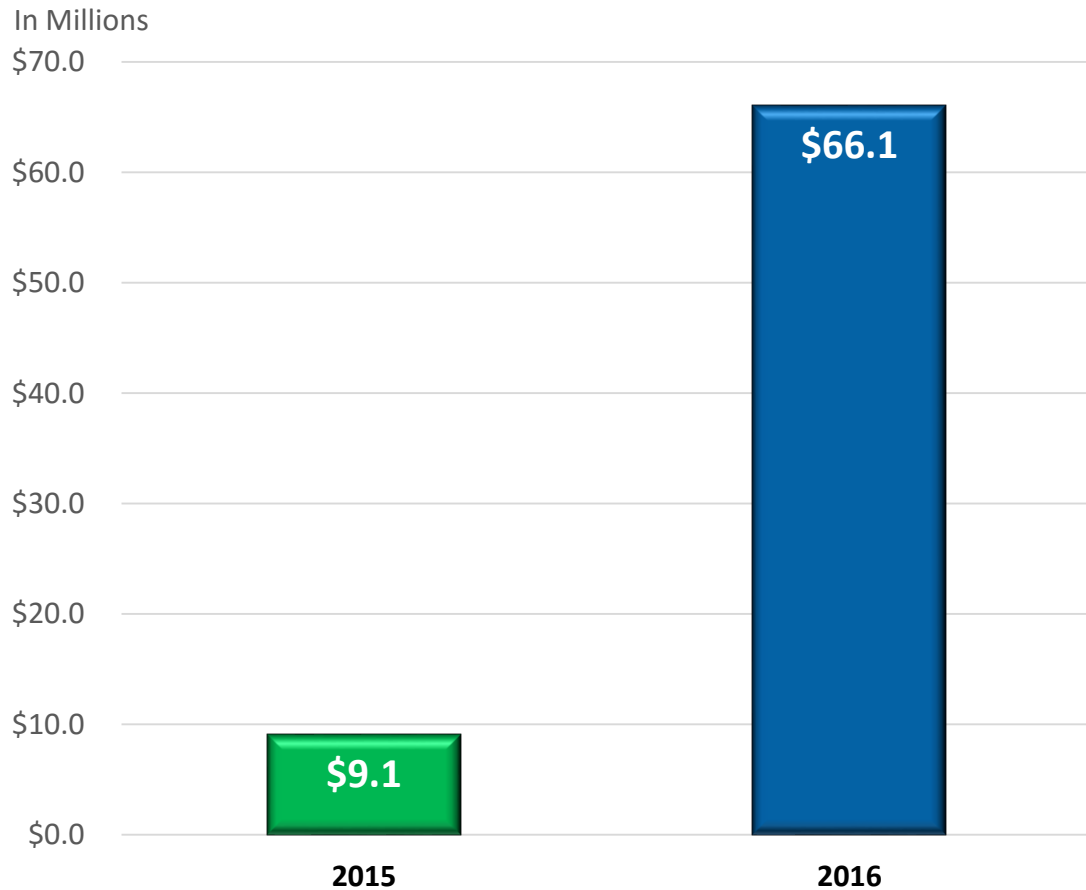




Precision Engineered Products Group

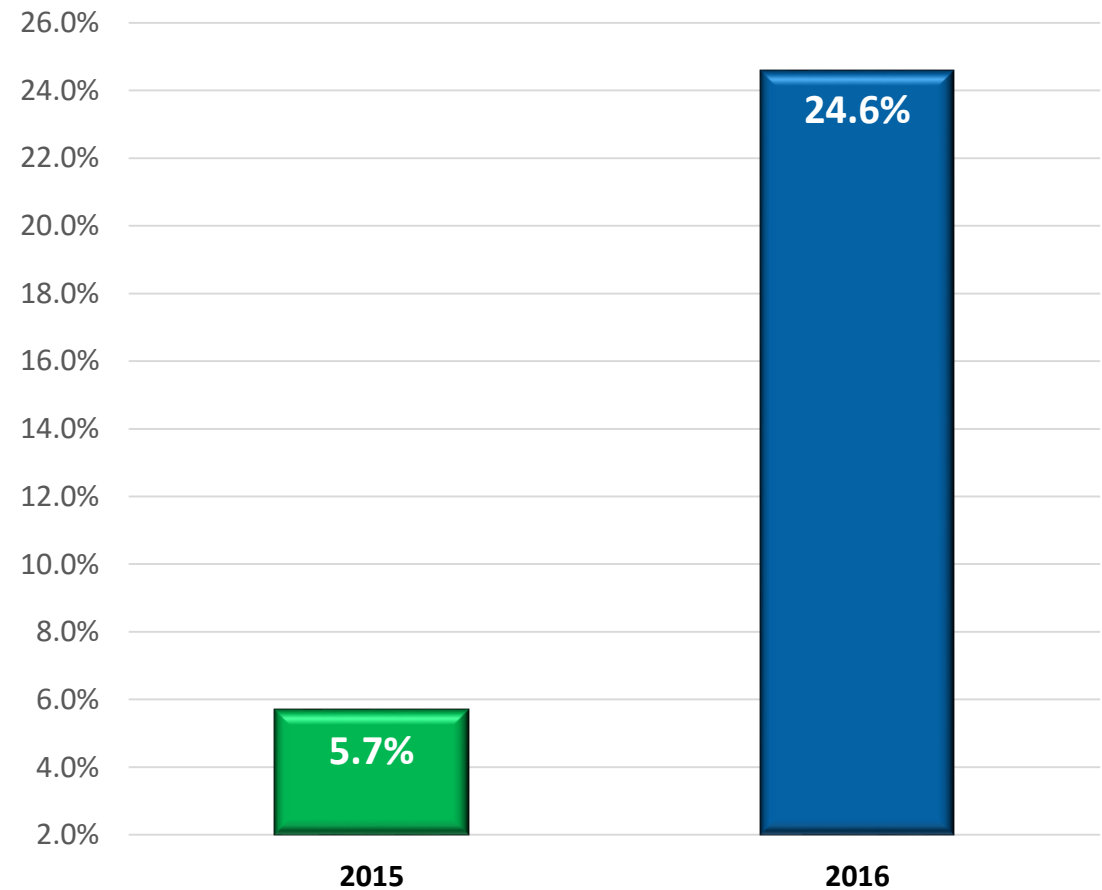
Net Sales

Acquisition of PEP added \$58M



Adjusted Operating Margin

380bps improvement compared to Q1 2016





2nd Quarter Summary

- **Balanced portfolio continues to be benefit**
- **Continued weakness in the industrial end market impacted the top line**
- **Excluding industrials our portfolio continues to grow in line with our expectations**
- **NN Operating System driving margin expansion**
 - **Margin expansion ahead of plan**
- **Free Cash Flow outperformance**
- **Integration of PEP remains on track**

A collage of four images representing different industries: an airplane engine, a power line tower, a surgeon, and a red car with gears. The word "Guidance" is centered over the collage.

Guidance



2nd Quarter 2016 Guidance

	Second Quarter Actual	Third Quarter Guidance	Commentary
Net Sales	\$214.3M	\$213M - \$228M	Industrial markets remain tepid
Adj. Op Margin	13.4%	13.3% - 14.5%	Margin expansion driven by end market diversification & operational improvements
Adj. EBITDA	\$40.1M	\$40.1M - \$45.1M	
Adj. EPS	\$0.46	\$0.40 - \$0.50	Growth in non-industrial markets along with operational improvements drive consistent performance



2016 Guidance

	Prior 2016 Guidance ⁴	Updated 2016 Guidance	Commentary
Net Sales	\$875M - \$905M	\$850M - \$875M	Growth in other end markets offset by industrial uncertainty
Adj. Operating Margin	12.5% - 13.2%	12.9% - 13.3%	Continued improvements in the NN Operating System driving expansion
Adj. EBITDA	\$162.5M - \$175M	\$158M - \$166M	
Adj. EPS¹	\$1.60 - \$1.80	\$1.55 - \$1.65	Benefits of our portfolio balance and operating improvements will continue to offset industrial weakness
CAPEX	\$40M - \$50M	\$35M - \$40M	We continue to invest in growth
Adj. Tax Rate²	22% - 26%	14% - 22%*	
Free Cash Flow³	\$50M - \$60M	\$50M - \$60M	Significant increase in free cash flow allows us to de-lever faster

1: Excludes the amortization of intangibles and the amortization of financing charges

3: Free Cash Flow available for debt repayment

*: Excluding the effects of amortization of intangibles & deferred financing charges the adj. tax rate would be 25% - 30%

2: Excludes the effects of M&A activity, amortization of intangibles & deferred financing charges

4: Reconciliation of prior 2016 guidance can be found in the Q1 presentation located on our website

A collage of five images: a jet engine, a power line tower, a surgeon in blue scrubs, a red sports car, and a close-up of metal gears. The text "Reconciliation Tables" is overlaid in white on a dark horizontal band across the center.

Reconciliation Tables



Reconciliation of Adjusted Income from Operations

Reconciliation of GAAP income from operations to Non-GAAP adjusted income from operations:

NN, Inc - Total Company

	Three Months Ended June 30,				Six Months Ended June 30,			
	2016		2015		2016		2015	
	\$'000	% of Sales	\$'000	% of Sales	\$'000	% of Sales	\$'000	% of Sales
GAAP Income from operations	\$16,703	7.8%	\$13,589	8.2%	\$28,577	6.7%	\$27,524	8.4%
Restructuring & impairment charges	4,745	2.2%	-	0.0%	7,708	1.8%	-	0.0%
Acquisition & integration expenses	1,178	0.5%	681	0.4%	4,441	1.0%	681	0.2%
Amortization of intangibles	6,101	2.8%	962	0.6%	12,028	2.8%	2,131	0.6%
Non-GAAP Adjusted income from operations (a)	\$28,727	13.4%	\$15,232	9.2%	\$52,754	12.4%	\$30,336	9.2%
GAAP Total Sales	\$214,272		\$164,856		\$426,498		\$328,601	

Reconciliation of GAAP income from operations to Non-GAAP adjusted income from operations:

NN, Inc - Autocam Precision Components Group

	Three Months Ended June 30,				Six Months Ended June 30,			
	2016		2015		2016		2015	
	\$'000	% of Sales	\$'000	% of Sales	\$'000	% of Sales	\$'000	% of Sales
GAAP Income from operations	\$7,770	9.4%	\$9,095	10.5%	\$14,297	8.6%	\$16,813	9.9%
Restructuring & impairment Charges	2,085	2.5%	-	0.0%	4,359	2.6%	-	0.0%
Acquisition & integration expenses	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Amortization of intangibles	885	1.1%	885	1.0%	1,770	1.1%	1,795	1.1%
Non-GAAP Adjusted income from operations (a)	\$10,740	12.9%	\$9,980	11.5%	\$20,426	12.2%	\$18,608	11.0%
China JV Contribution	1,343		1,021		2,743		1,882	
Non-GAAP Adjusted income from operations	\$12,083	14.6%	\$11,001	12.7%	\$23,169	13.9%	\$20,490	12.1%
GAAP Total Sales	\$82,991		\$86,471		\$166,981		\$169,093	

Reconciliation of GAAP income from operations to Non-GAAP adjusted income from operations:

NN, Inc - Precision Bearing Components Group

	Three Months Ended June 30,				Six Months Ended June 30,			
	2016		2015		2016		2015	
	\$'000	% of Sales	\$'000	% of Sales	\$'000	% of Sales	\$'000	% of Sales
GAAP Income from operations	\$6,474	9.9%	\$9,403	13.6%	\$12,800	9.9%	\$18,491	13.0%
Restructuring & impairment Charges	1,651	2.5%	-	0.0%	2,340	1.8%	-	0.0%
Amortization of intangibles	57	0.1%	57	0.1%	116	0.1%	116	0.1%
Non-GAAP Adjusted income from operations (a)	\$8,182	12.6%	\$9,460	13.7%	\$15,256	11.7%	\$18,607	13.1%
GAAP Total Sales	\$65,157		\$69,261		\$129,902		\$142,496	

Reconciliation of GAAP income from operations to Non-GAAP adjusted income from operations:

NN, Inc - Precision Engineered Components Group

	Three Months Ended June 30,				Six Months Ended June 30,			
	2016		2015		2016		2015	
	\$'000	% of Sales	\$'000	% of Sales	\$'000	% of Sales	\$'000	% of Sales
GAAP Income from operations	\$10,782	16.3%	\$501	5.5%	\$16,203	12.5%	\$714	4.2%
Acquisition & integration expenses	311	0.5%	-	0.0%	3,088	2.4%	-	0.0%
Amortization of intangibles	5,159	7.8%	20	0.2%	10,142	7.8%	20	0.1%
Non-GAAP Adjusted income from operations (a)	\$16,252	24.6%	\$521	5.7%	\$29,433	22.7%	\$734	4.3%
GAAP Total Sales	\$66,124		\$9,124		\$129,615		\$17,012	



Reconciliation of Adjusted EBITDA

Reconciliation of GAAP net income to Non-GAAP adjusted EBITDA:

NN, Inc - Total Company

Three Months Ended June 30,

Reconciliation of GAAP net income to Non-GAAP adjusted EBITDA:

NN, Inc - Total Company	<u>2016</u>	<u>2015</u>	<u>Change</u>
GAAP Net income	\$ 2,031	\$ 6,953	\$ (4,922)
Provision for income taxes	674	1,617	(943)
Interest Expense	16,165	6,021	10,144
Depreciation & Amortization	15,136	8,597	6,539
Acquisition & Integration Expenses	1,178	681	497
Non-cash stock compensation	1,484	988	496
Non-cash foreign exchange loss or intercompany loans	(643)	(363)	(281)
Restructuring & impairment charges	4,745	-	4,745
Non-GAAP Adjusted EBITDA	<u>\$ 40,770</u>	<u>\$ 24,495</u>	<u>\$ 16,276</u>
Non-GAAP Adjusted EBITDA Margin	19.0%	14.9%	
GAAP Total Sales	214,272	164,856	

Reconciliation of GAAP net income to Non-GAAP adjusted EBITDA:

NN, Inc - Total Company

Six Months Ended June 30,

	<u>2016</u>	<u>2015</u>	<u>Change</u>
GAAP Net income	\$ 732	\$ 1,295	\$ (563)
Provision for income taxes	(46)	3,073	(3,119)
Interest Expense	32,587	17,091	15,496
Depreciation & Amortization	32,484	25,961	6,523
Acquisition & Integration Expenses	1,953	681	1,272
Non-cash stock compensation	2,485	1,772	713
Non-cash foreign exchange loss or intercompany loans	(1,524)	-	(1,524)
Restructuring & impairment charges	7,708	-	7,708
Non-GAAP Adjusted EBITDA	<u>\$ 76,379</u>	<u>\$ 49,873</u>	<u>\$ 26,506</u>
Non-GAAP Adjusted EBITDA Margin	17.9%	15.2%	
GAAP Total Sales	426,498	328,601	



Reconciliation of Adjusted Net Income

Reconciliation of GAAP net income to Non-GAAP adjusted net income:

NN, Inc - Total Company	Three Months Ended June 30, 2016		Three Months Ended June 30, 2015	
	In Thousands	Diluted Earnings Per Share	In Thousands	Diluted Earnings Per Share
GAAP Net income	\$2,031	\$ 0.07	6,953	\$ 0.3551
After-tax acquisition and integration costs	1,285	0.05	436	0.02
After-tax foreign exchange gain on inter-company loans	(700)	(0.02)	(232)	(0.01)
After-tax restructuring and impairment charges	5,174	0.19	-	-
Amortization of intangibles & deferred financing costs	4,642	0.17	1,148	0.06
Non-GAAP Adjusted net income	<u>\$ 12,432</u>	<u>\$ 0.46</u>	<u>\$ 8,305</u>	<u>\$ 0.4241</u>

Reconciliation of GAAP net income to Non-GAAP adjusted net income:

NN, Inc - Total Company	Six Months Ended June 30, 2016		Six Months Ended June 30, 2015	
	In Thousands	Diluted Earnings Per Share	In Thousands	Diluted Earnings Per Share
GAAP Net income	\$732	\$0.03	\$12,955	\$0.67
After-tax acquisition and integration costs	3,707	0.14	436	0.02
After-tax foreign exchange (gain) loss on inter-company loans	(1,354)	(0.05)	655	0.03
After-tax restructuring and impairment charges	7,372	0.27	-	-
Amortization of intangibles & deferred financing costs	9,101	0.34	935	0.05
Non-GAAP Adjusted net income	<u>\$ 19,558</u>	<u>\$ 0.72</u>	<u>\$ 14,981</u>	<u>\$ 0.77</u>



3rd Quarter & Full Year Guidance – Adjusted Operating Margin

Reconciliation of GAAP income from operations to Non-GAAP adjusted income from operations:

NN, Inc - Total Company

	Three Months Ending September, 2016				Twelve Months Ending December 31, 2016			
	<u>Low</u>		<u>High</u>		<u>Low</u>		<u>High</u>	
	\$'000	% of Sales	\$'000	% of Sales	\$'000	% of Sales	\$'000	% of Sales
GAAP Income from operations	\$21,873	10.3%	\$26,616	11.7%	\$71,756	8.4%	\$78,428	9.0%
Restructuring & impairment charges	300	0.1%	300	0.1%	9,010	1.1%	9,010	1.0%
Acquisition & integration expenses	300	0.1%	300	0.1%	4,638	0.5%	4,638	0.5%
Amortization of intangibles	5,926	2.8%	5,926	2.6%	23,878	2.8%	23,878	2.7%
Non-GAAP adjusted income from operations	\$28,399	13.3%	\$33,142	14.5%	\$109,282	12.9%	\$115,954	13.3%
Total Sales	\$213,000		\$228,000		\$850,000		\$875,000	



3rd Quarter & Full Year Guidance – Adjusted EBITDA

Reconciliation of GAAP net income to Non-GAAP adjusted EBITDA:

NN, Inc - Total Company	Three Months Ending September 30, 2016	
	<u>Low</u>	<u>High</u>
GAAP Net income	\$6,009	\$8,691
Provision for income taxes	1,256	3,036
Interest Expense	16,042	16,113
Depreciation & Amortization	15,218	15,672
Acquisition & integration expenses	300	300
Non-cash stock compensation	1,000	1,000
Restructuring & Impairment Charges	300	300
Non-GAAP Adjusted EBITDA	<u>\$ 40,125</u>	<u>\$ 45,112</u>

Reconciliation of GAAP net income to Non-GAAP adjusted EBITDA:

NN, Inc - Total Company	Year Ending December 31, 2016	
	<u>Low</u>	<u>High</u>
GAAP Net income	\$ 14,382	\$ 17,275
Provision for income taxes	449	3,664
Interest Expense	64,586	64,729
Depreciation & Amortization	60,642	62,028
Acquisition & integration expenses	4,638	4,638
Non-cash stock compensation	4,500	4,500
Restructuring & Impairment Charges	9,010	9,010
Non-GAAP Adjusted EBITDA	<u>\$ 158,207</u>	<u>\$ 165,844</u>



3rd Quarter & Full Year Guidance – Adjusted Net Income & EPS

Reconciliation of GAAP net income to Non-GAAP adjusted net income:

NN, Inc - Total Company

Three Months Ending September 30, 2016

	Low		High	
	In Thousands	Earnings Per Share	In Thousands	Earnings Per Share
GAAP Net income	\$6,009	\$0.22	\$8,691	\$0.32
After-tax acquisition and integration costs	240	0.01	240	0.01
Restructuring & Impairment Charges	240	0.01	240	0.01
Amortization of intangibles & deferred financing costs	4,461	0.16	4,461	0.16
Non-GAAP Adjusted net income	\$ 10,950	\$ 0.40	\$ 13,632	\$ 0.50
Weighted average diluted shares outstanding		27,187		27,187

Reconciliation of GAAP net income to Non-GAAP adjusted net income:

NN, Inc - Total Company

Year Ending December 31, 2016

	Low		High	
	In Thousands	Earnings Per Share	In Thousands	Earnings Per Share
GAAP Net income	\$ 14,382	\$0.53	\$ 17,275	\$0.64
After-tax acquisition and integration costs	3,610	0.13	3,610	0.1332
Restructuring & Impairment Charges	7,137	0.26	7,137	0.2634
After-tax foreign exchange gain on inter-company loans	(1,232)	(0.05)	(1,232)	(0.0455)
Amortization of intangibles & deferred financing costs	18,024	0.67	18,024	0.67
Non-GAAP Adjusted net income	\$ 41,921	\$ 1.55	\$ 44,814	\$ 1.65
Weighted average diluted shares outstanding		27,100		27,100



Full Year Guidance – Free Cash Flow

Non- GAAP Free Cash Flow

NN, Inc - Total Company	Year Ending December 31, 2016	
	<u>Low</u>	<u>High</u>
Non-GAAP Adjusted EBITDA	\$158,207	\$165,844
CAPEX	(35,000)	(40,000)
Interest Expense*	(60,000)	(60,000)
Dividends	(6,072)	(6,072)
Income Tax Expense	(449)	(3,664)
Working Capital	<u>(6,686)</u>	<u>3,892</u>
Free Cash Flow ⁺	<u>\$50,000</u>	<u>\$60,000</u>

*Excludes deferred financing cost

+ Free cash flow available for debt repayment