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Q1 2019 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, currency, pending and completed transactions 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, 2018.

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.



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First Quarter 2019



First Quarter 2019 Highlights

- **Net Sales of \$213.3M**
 - Sales growth of \$44.1M driven by Life Sciences
 - Acquisitions contributed \$55.2M
- **Adjusted EBITDA of \$34.5M**
 - Operating performance in the quarter as expected
 - Acquisition integrations on track
- **Adjusted Operating Margin expanded 30 bps to 10.8% compared to prior year**
 - Improvements driven by Life Sciences growth and synergy capture
 - Enterprise flexing appropriately in the face of market headwinds
- **Adjusted Diluted EPS of \$0.20**
- **Free Cash Flow for Q1 of (\$16.8M)**

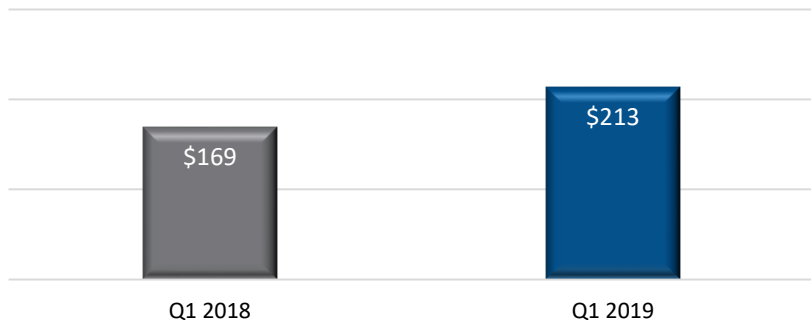


First Quarter Financial Summary

\$ In Millions

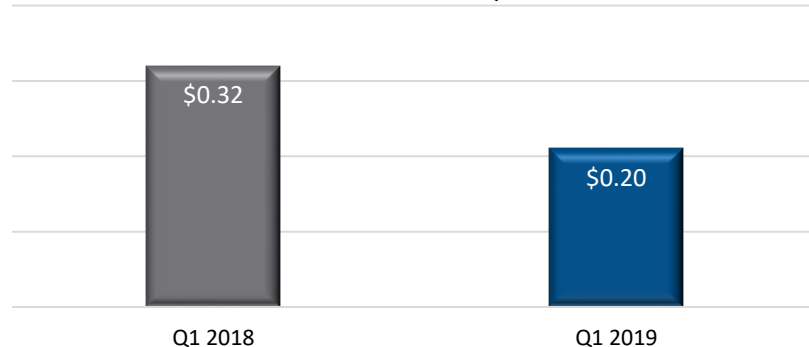
Net Sales

26% growth compared to prior year



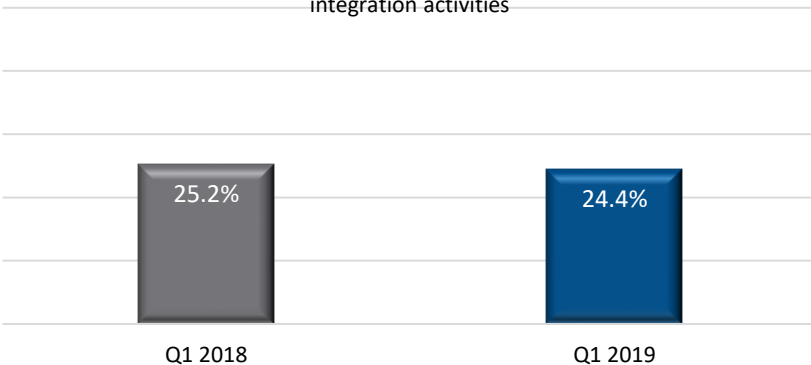
Adjusted Diluted Earnings Per Share

Issued 14.4M shares in Q3 of 2018



Gross Margin

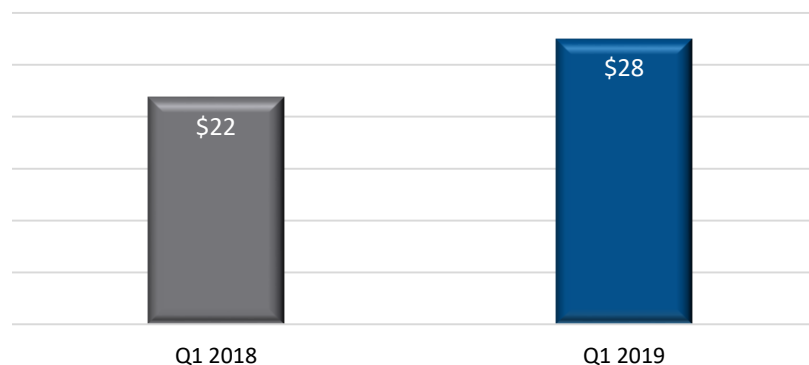
Margin offset by continued investments and integration activities



\$ In Millions

SG&A

Acquisitions added \$5 million

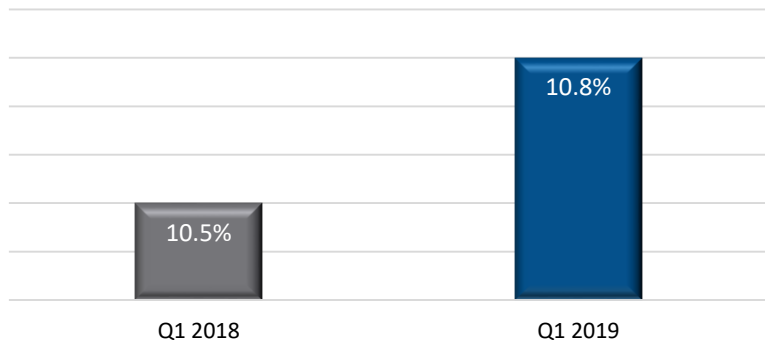




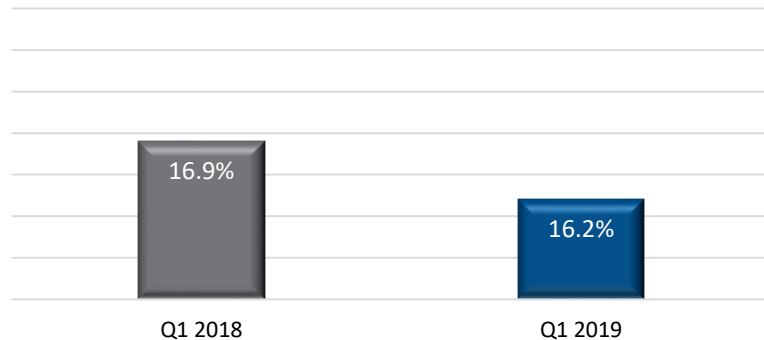
First Quarter Financial Summary

Adjusted Operating Margin

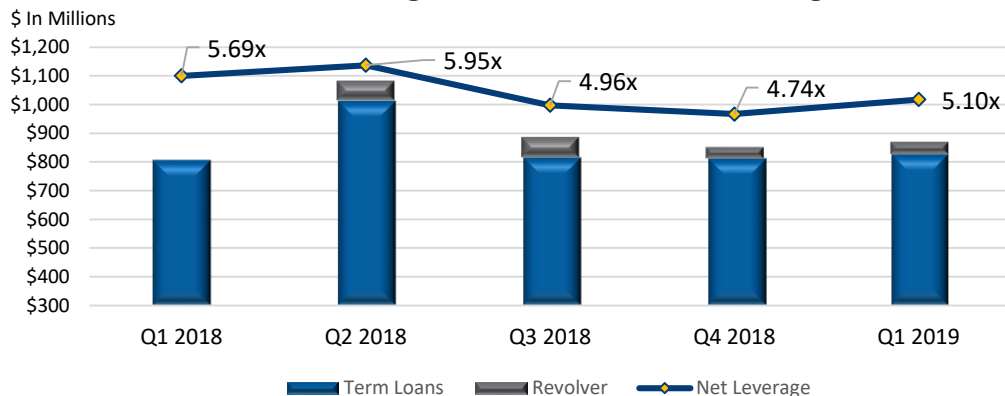
Incremental sales volume and synergy capture



Adjusted EBITDA Margin



Outstanding Senior Debt & Net Leverage¹



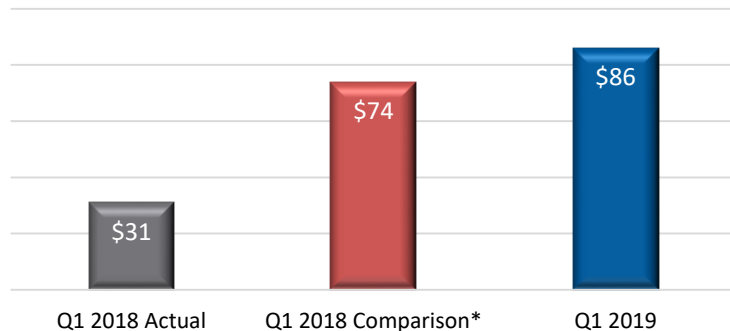


Life Sciences Group

\$ In Millions

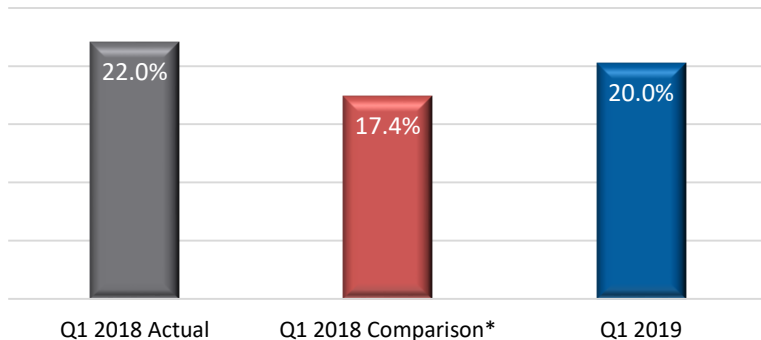
Net Sales

Life Sciences out performing expectations



Adjusted Operating Margin

Integration plan on track



Q1 Business Commentary

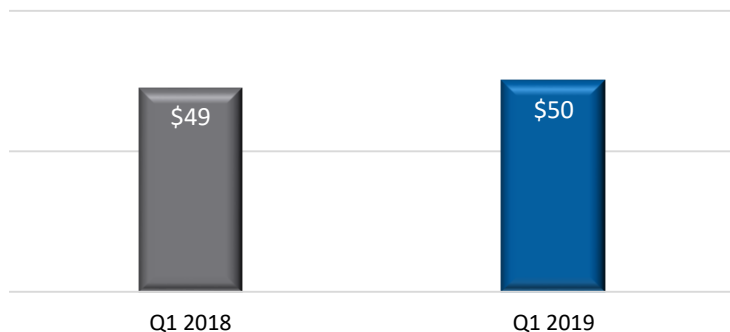
- Organic sales growth of 17% YoY
- Integration and synergy plan on track
- Margins in line with expectations



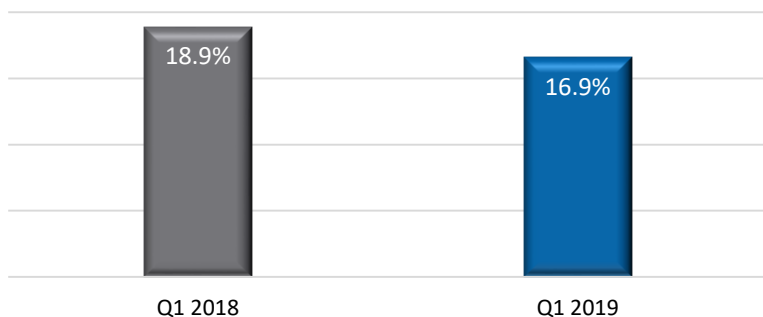
Power Solutions Group

\$ In Millions

Net Sales



Adjusted Operating Margin



Q1 Business Commentary

- Customer supply chain issue impacted Q1 performance. Expected resolution in Q2
- New program launches are on track
 - Program volumes still not at full production levels

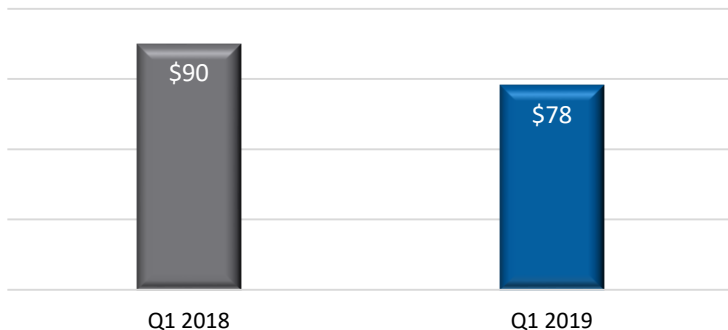


Mobile Solutions Group

\$ In Millions

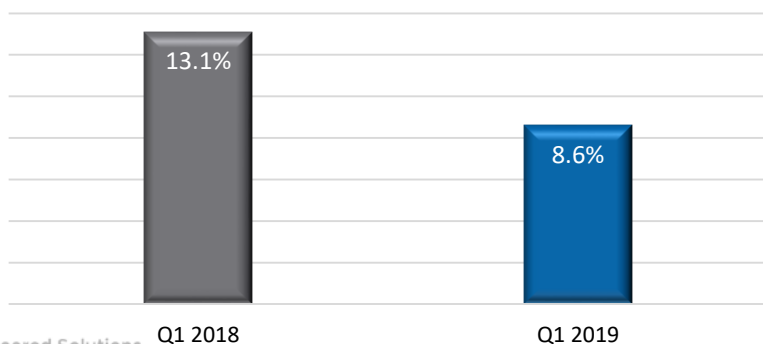
Net Sales

Slowing global automotive markets



Adjusted Operating Margin*

Product launch cost expected to abate by Q2 2019



Q1 Business Commentary

- Global automotive markets continue to display headwinds
- FX impact accounts for a fifth of the sales decline
- Business flexing appropriately
- Margins expected to normalize mid-year



First Quarter 2019 Summary

- **Sales of \$213.3M**
 - **1% organic growth driven by 17% growth in Life Sciences**
- **Adjusted EBITDA of \$34.5M**
- **Adjusted Operating Margins improved 30bps to 10.8%**
- **Adjusted Diluted EPS of \$0.20**



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Guidance



2019 Guidance

	2019 Guidance	Commentary
Net Sales	\$870M - \$890M	All three segments expected to grow
Adj. Operating Margin^(a)	12.4% - 13.0%	Continued improvements in the NN Operating System driving expansion
Adj. EBITDA	\$166M - \$174M	
Adj. Diluted EPS^(b)	\$1.10 - \$1.30	35% YoY Adj. EPS Expansion to mid-point of guide, on a comparable diluted basis
Free Cash Flow¹	\$40M - \$50M	Free cash flow focused on de-leveraging



2nd Quarter 2019 Guidance

	First Quarter Actual	Second Quarter Guidance
Net Sales	\$213.3M	\$215M - \$222M
Adj. EBITDA	\$34.5M	\$35M - \$40M



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Reconciliation Tables



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

<i>\$000s</i>	Three Months Ended	
	March 31,	
NN, Inc. Consolidated	2019	2018
GAAP income from operations	\$ 601	\$ 3,693
Restructuring and integration expense	(12)	755
Acquisition and transition expense*	9,828	7,338
Amortization of intangibles	12,650	6,007
Non-GAAP adjusted income from operations (a)	<u>\$ 23,067</u>	<u>\$ 17,793</u>
Non-GAAP adjusted operating margin (1)	10.8%	10.5%
GAAP net sales	\$ 213,256	\$ 169,148

<i>\$000s</i>	Three Months Ended	
	March 31,	
Mobile Solutions	2019	2018
GAAP income from operations	\$ 4,107	\$ 9,785
Restructuring and integration expense	(12)	27
Acquisition and transition expense	1,451	256
Amortization of intangibles	885	885
Non-GAAP adjusted income from operations (a)	<u>\$ 6,431</u>	<u>\$ 10,953</u>
Share of net income from joint venture	269	831
Impairment of joint venture	-	-
Non-GAAP adjusted income from operations with JV	<u>6,700</u>	<u>11,784</u>
Non-GAAP adjusted operating margin (1)	8.6%	13.1%
GAAP net sales	\$ 78,075	\$ 89,794

<i>\$000s</i>	Three Months Ended	
	March 31,	
Elimination	2019	2018
GAAP net sales	\$ (484)	\$ (528)

<i>\$000s</i>	Three Months Ended	
	March 31,	
Power Solutions	2019	2018
GAAP income from operations	\$ 3,824	\$ 5,233
Restructuring and integration expense	-	-
Acquisition and transition expense	1,832	1,251
Amortization of intangibles	2,748	2,725
Non-GAAP adjusted income from operations (a)	<u>\$ 8,404</u>	<u>\$ 9,209</u>
Non-GAAP adjusted operating margin (1)	16.9%	18.9%
GAAP net sales	\$ 49,657	\$ 48,682

<i>\$000s</i>	Three Months Ended	
	March 31,	
Life Sciences	2019	2018
GAAP income from operations	\$ 3,846	\$ 4,204
Restructuring and integration expense	-	-
Acquisition and transition expense	4,342	261
Amortization of intangibles	9,017	2,397
Non-GAAP adjusted income from operations (a)	<u>\$ 17,205</u>	<u>\$ 6,862</u>
Non-GAAP adjusted operating margin (1)	20.0%	22.0%
GAAP net sales	\$ 86,008	\$ 31,200

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

* 2019 Includes Capacity & Capabilities Development - \$2.9 / Professional Fees - \$1.3 / Integration & Transformation - \$5.7 / Acquisition Transaction Costs - \$0.0

2018 Includes Capacity & Capabilities Development - \$1.0 / Professional Fees - \$3.0 / Integration & Transformation - \$1.6 / Acquisition Transaction Costs - \$1.8



Reconciliation of Net Income (Loss) to Non-GAAP Adjusted EBITDA

<i>\$000s</i>	Three Months Ended	
	March 31,	
	2019	2018
GAAP net income (loss)	\$ (18,600)	\$ (5,983)
Provision (benefit) for income taxes	2,241	(1,176)
Interest expense	13,801	11,996
Write-off of unamortized debt issuance cost	2,699	-
Depreciation and amortization	23,425	14,281
Acquisition and transition expense	9,590	7,338
Non-cash stock compensation	874	1,256
Non-cash foreign exchange (gain) loss on inter-company loans	499	98
Restructuring and integration expense	(12)	755
Non-GAAP adjusted EBITDA (b)	<u>\$ 34,517</u>	<u>\$ 28,565</u>
Non-GAAP adjusted EBITDA margin (2)	16.2%	16.9%
GAAP net sales	\$ 213,256	\$ 169,148

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



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,	
	2019	2018
GAAP net income (loss)	\$ (18,600)	\$ (5,983)
Pre-tax acquisition and transition expense	9,828	7,338
Pre-tax foreign exchange (gain) loss on inter-company loans	499	98
Pre-tax restructuring and integration expense	(12)	755
Pre-tax write-off of unamortized debt issuance costs	2,699	-
Pre-tax amortization of intangibles and deferred financing costs	13,841	7,221
Pre-tax interest expense on cash held from divestiture	-	2,728
Tax effect of adjustments reflected above (c)	(5,741)	(3,418)
Non-GAAP discrete tax adjustments	6,000	-
Non-GAAP adjusted net income (loss) (d)	\$ 8,514	\$ 8,739

<i>Amounts per share, diluted</i>	Three Months Ended	
	March 31,	
	2019	2018
GAAP net income (loss) per diluted share	\$ (0.44)	\$ (0.22)
Pre-tax acquisition and transition expense	0.23	0.27
Pre-tax foreign exchange (gain) loss on inter-company loans	0.01	0.00
Pre-tax restructuring and integration expense	(0.00)	0.03
Pre-tax write-off of unamortized debt issuance costs	0.06	-
Pre-tax amortization of intangibles and deferred financing costs	0.33	0.26
Pre-tax interest expense on cash held from divestiture	-	0.10
Tax effect of adjustments reflected above (c)	(0.14)	(0.12)
Non-GAAP discrete tax adjustments	0.14	-
Non-GAAP adjusted net income (loss) per diluted share (d)	\$ 0.20	\$ 0.32
Weighted average shares outstanding, diluted	41,972	27,597



Reconciliation of GAAP Operating Cash Flow to Non-GAAP Free Cash Flow

	Three Months Ended	
	March 31,	
<i>\$000s</i>	2019	2018
Net cash used by operating activities	\$ (2,712)	\$ (974)
Acquisition of property, plant and equipment	(14,073)	(11,860)
Free Cash Flow	<u>\$ (16,785)</u>	<u>\$ (12,834)</u>



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), and adjusted net income per diluted share. 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 net income (loss), and adjusted net income per diluted share 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, 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, 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.