Q2 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.”

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Second Quarter 2019

Second Quarter 2019 Highlights

- **Net Sales of $221.7M**
  - **Sales growth of $25.3M driven by Life Sciences**
  - **Acquisitions contributed $19.5M**

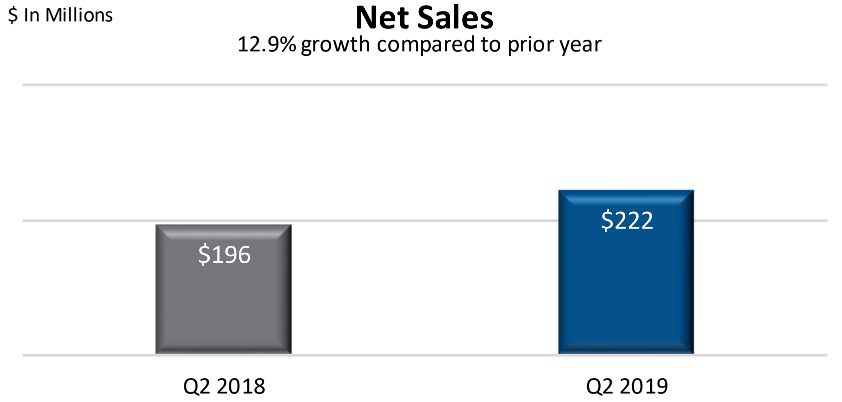
- **Adjusted EBITDA of $39.6M**
  - **Operating performance was in line with our expectations**
  - **Acquisition integrations on track**

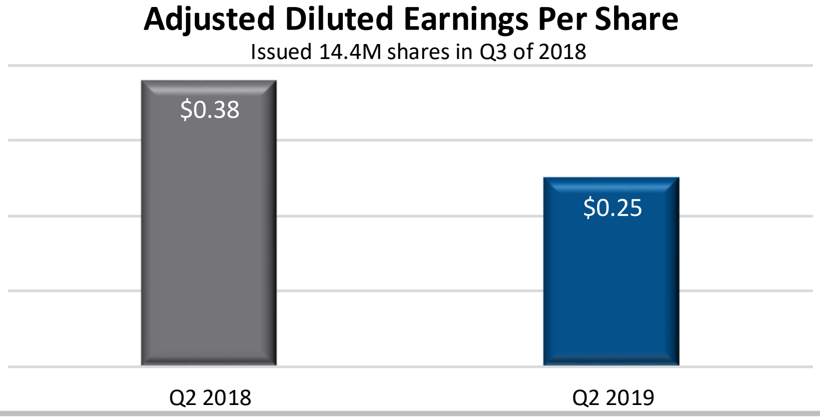
- **Adjusted Operating Margin decreased 20 bps to 12.4% compared to prior year quarter**
  - **The global vehicle market continues to negatively impact Mobile Solutions margins**
  - **Life Sciences margins expanded 60 bps on a comparative basis.**

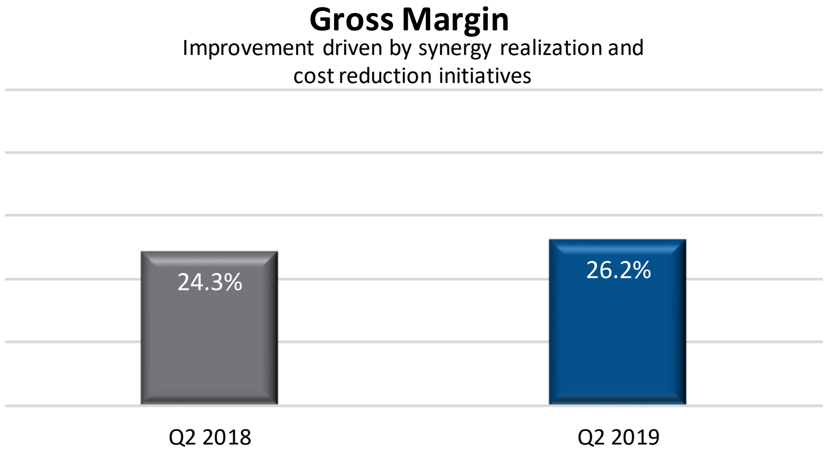
- **Adjusted Diluted EPS of $0.25**
  - **$0.04 negative tax impact for the quarter**
  - **Pay down foreign debt as a more efficient use of cash**
  - **Full year anticipated tax impact of $0.06 - $0.10**

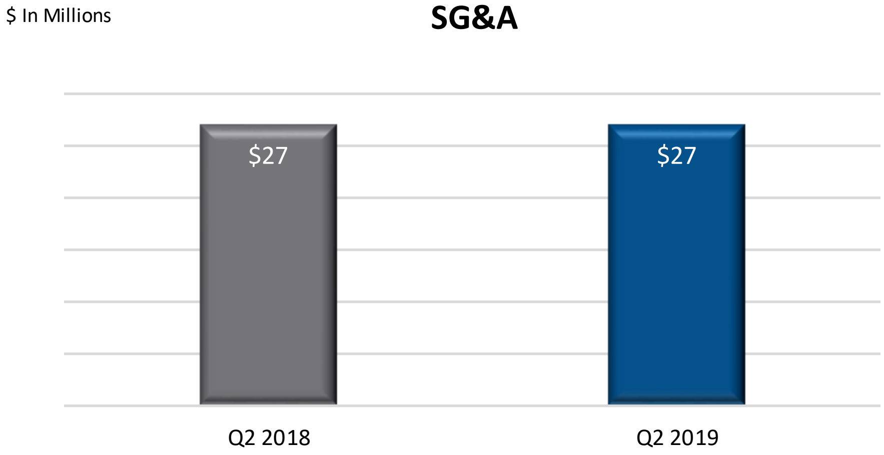
- **Free Cash Flow for Q2 of ($7.8M)**

Second Quarter Financial Summary





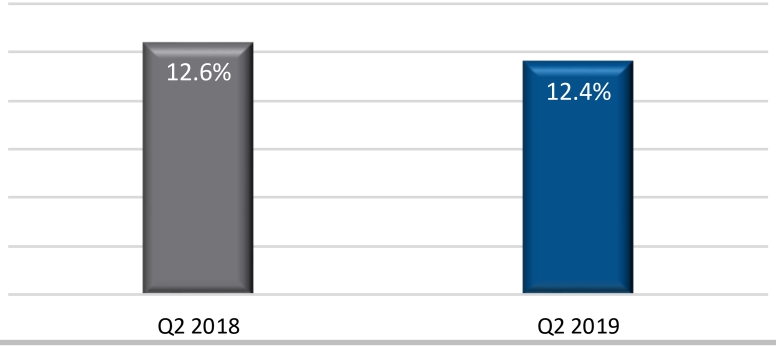




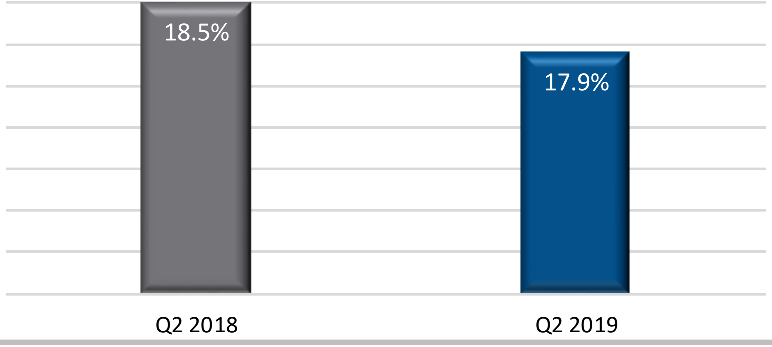
Second Quarter Financial Summary

Adjusted Operating Margin

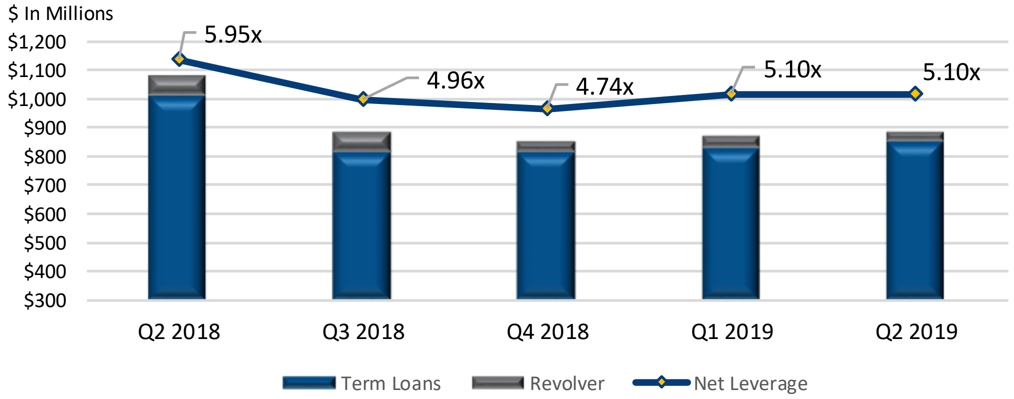
Impacted by slowing global vehicle markets



Adjusted EBITDA Margin



Outstanding Senior Debt & Net Leverage[1]



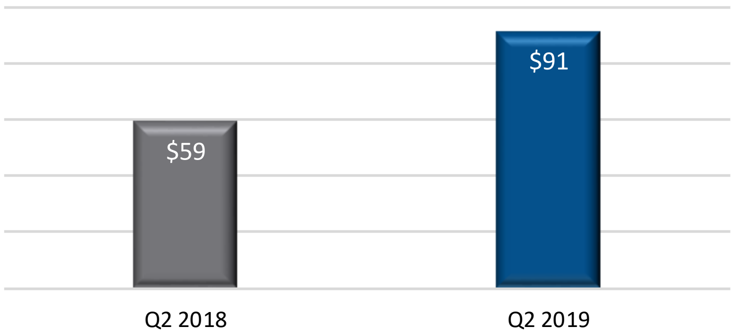
1: As calculated per our credit agreement

Life Sciences Group

$ In Millions

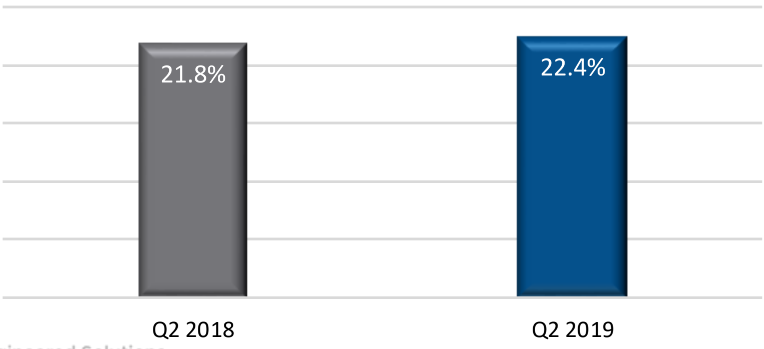
Net Sales

Life Sciences out-performing expectations



Adjusted Operating Margin

Integration plan on track



Q2 Business Commentary

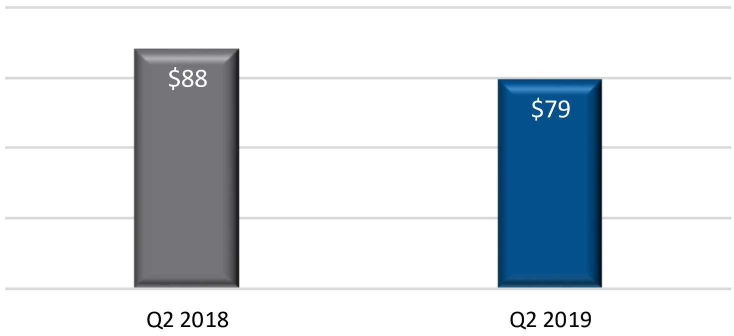
- Organic sales growth of 25% YoY on a comparative basis
- Integration and synergy plan on track
- Margins ahead of plan through first half 2019
- Outperformance driven by the orthopedic business

Mobile Solutions Group

$ In Millions

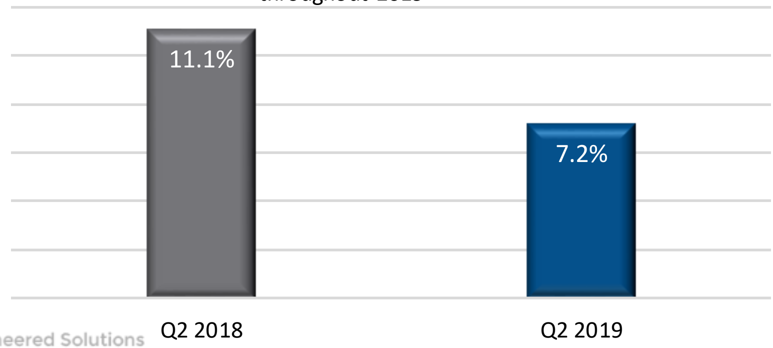
Net Sales

Slowing global vehicle markets



Adjusted Operating Margin*

Expected to continue cost reduction initiatives throughout 2019



* Includes JV Contribution

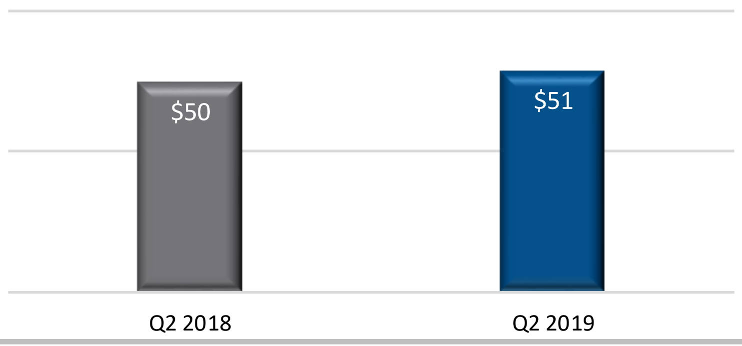
Q2 Business Commentary

- Continued headwinds in global vehicle market
- Ongoing focus on cost reduction and operating efficiency
- Margins expected to improve through H2

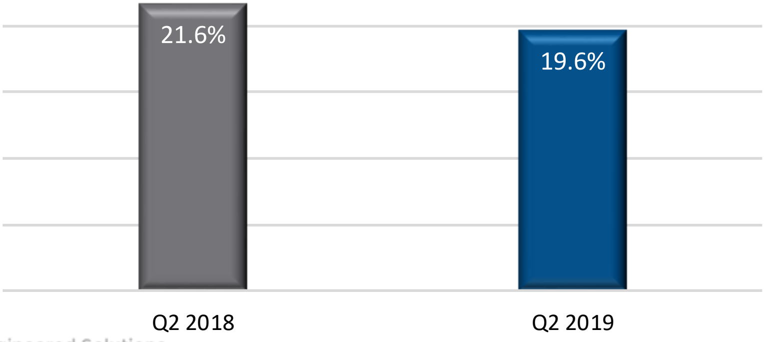
Power Solutions Group

$ In Millions

Net Sales



Adjusted Operating Margin



Q2 Business Commentary

- Customer supply chain impact abated mid-second quarter with volumes returning to normal in Q3
- Adjusted operating margin in line with expectations

Second Quarter 2019 Summary

- **Sales of $221.7M for the quarter**
  - **Sales growth of $25.3M driven by Life Sciences**
- **Adjusted EBITDA of $39.6M**
- **Adjusted Operating Margin of 12.4%**
- **Adjusted Diluted EPS of $0.25**
- **Leverage better than expectation through second quarter**

Mid-Year Business Update

LIFE SCIENCES

2019 Initial Outlook

- Solid macro backdrop expected to continue throughout 2019
- Anticipated organic growth of 12%-15%
- Synergy capture and continued operating improvements expected to drive further margin expansion

2019 Updated Second Half Outlook

↑ Continued strength in the broader end market supporting growth

↑ Organic growth expected at or above the top end of initial outlook

↑ Synergy capture expected to meet or exceed plan for full year 2019

MOBILE SOLUTIONS

2019 Initial Outlook

- 1% -3% organic growth despite slowing global automotive markets
  - New programs reaching production levels
  - CAFE adoption rate consistent with expectations
- Adjusted operating margins expected to normalize mid-year

2019 Updated Second Half Outlook

↓ Significant weakness in global vehicle markets
  - Trade uncertainties adding to end market headwinds

↓ New programs launching in 3rd and 4th quarters as expected, but at significantly reduced volumes

↓ 7% - 10% retraction in topline anticipated for 2019

POWER SOLUTIONS

2019 Initial Outlook

- Housing starts flat, non-residential and Aerospace & Defense markets displaying growth in line with expectations
- Organic growth of 6-8%
  - Driven by new program start ups

2019 Updated Second Half Outlook

→ Supplier disruptions have resolved, and macro is expected to be supportive in H2

→ New programs continue to progress in Aerospace & Defense business

↓ YoY growth expected 5% - 7%

NN

2019 Initial Outlook

- 6% organic growth across the enterprise, driven by Life Sciences
- 35% YoY Adj. EPS Expansion to mid-point of guide
- Continued focus on de-leveraging

2019 Updated Second Half Outlook

→ Macro continues to be mixed as tailwinds in medical are offset by unforecasted challenges in global vehicle markets

→ Topline growth driven by Life Sciences

↑ Cost reduction initiatives underway and included in second half plan

→ Leverage in line with expectations


AEROSPACE & DEFENSE
AUTOMOTIVE
LIFE SCIENCES
GENERAL INDUSTRIAL
ELECTRICAL

Guidance

2019 Guidance

	Prior 2019 Guidance	Revised 2019 Guidance	Commentary
Net Sales	\$870M - \$890M	\$860M - \$870M	Increased softness in the global vehicle market
Adj. Operating Margin[(a)]	12.4% - 13.0%	12.4% - 13.0%	Margins in line
Adj. EBITDA[(b)]	\$166M - \$174M	\$158M - \$165M	Margins in line
Adj. Diluted EPS[(d)]	\$1.10 - \$1.30	\$1.00 - \$1.15	Lower sales and tax impacts
Free Cash Flow[1]	\$40M - \$50M	\$30M - \$40M	Free cash flow remains focused on de-leveraging

1: Operating Cash Flow - Capex

3rd Quarter 2019 Guidance

	Second Quarter Actual	Third Quarter Guidance
Net Sales	$221.7M	$217M - $222M
Adj. EBITDA[(b)]	$39.6M	$40M - $44M

Reconciliation Tables

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

$000s	Three Months Ended June 30,	
NN, Inc. Consolidated	**2019**	**2018**
GAAP income from operations	$ 8,098	$ (292)
Restructuring and integration expense	-	1,591
Acquisition and transition expense*	7,269	16,477
Amortization of intangibles	11,810	6,978
Impairments (Goodwill and fixed assets)	400	-
Non-GAAP adjusted income from operations (a)	$ 27,577	$ 24,754
Non-GAAP adjusted operating margin (1)	12.4%	12.6%
GAAP net sales	$ 221,666	$ 196,349

$000s	Three Months Ended June 30,	
Power Solutions	**2019**	**2018**
GAAP income from operations	$ 5,682	$ 6,000
Restructuring and integration expense	-	-
Acquisition and transition expense	1,640	1,784
Amortization of intangibles	2,749	3,000
Impairments (Goodwill and fixed assets)	-	-
Non-GAAP adjusted income from operations (a)	$ 10,071	$ 10,784
Non-GAAP adjusted operating margin (1)	19.6%	21.6%
GAAP net sales	$ 51,393	$ 49,820

$000s	Three Months Ended June 30,	
Mobile Solutions	**2019**	**2018**
GAAP income from operations	$ 4,092	$ 7,380
Restructuring and integration expense	-	(5)
Acquisition and transition expense	964	844
Amortization of intangibles	885	885
Impairments (Goodwill and fixed assets)	-	-
Non-GAAP adjusted income from operations (a)	$ 5,941	$ 9,104
Share of net income from joint venture	(203)	647
Impairment of joint venture	-	-
Non-GAAP adjusted income from operations with JV	5,738	9,751
Non-GAAP adjusted operating margin (1)	7.2%	11.1%
GAAP net sales	$ 79,444	$ 88,079

$000s	Three Months Ended June 30,	
Life Sciences	**2019**	**2018**
GAAP income from operations	$ 9,305	$ 2,041
Restructuring and integration expense	-	1,596
Acquisition and transition expense	2,936	6,149
Amortization of intangibles	8,176	3,093
Impairments (Goodwill and fixed assets)	-	-
Non-GAAP adjusted income from operations (a)	$ 20,417	$ 12,879
Non-GAAP adjusted operating margin (1)	22.4%	21.8%
GAAP net sales	$ 91,332	$ 59,153

$000s	Three Months Ended June 30,	
Elimination	**2019**	**2018**
GAAP net sales	$ (503)	$ (703)

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

* 2019 Includes Capacity & Capabilities Dev - $2.5 / Prof Fees - $0.1 / Integration & Transformation - $4.7 / Acq Transaction Costs - $0.0 / Asset Write-Downs/Inventory Step-Up - $0.0
2018 Includes Capacity & Capabilities Dev - $1.7 / Prof Fees - $3.0 / Integration & Transformation - $4.9/ AcqTransaction Costs - $3.5 / Asset Write-Downs/Inventory Step-Up - $3.4

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

$000s	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018
GAAP net income (loss)	$ (6,697)	$ (24,511)
Provision (benefit) for income taxes	577	(5,947)
Interest expense	13,958	15,988
Write-off of unamortized debt issuance cost	-	12,938
Depreciation and amortization	22,924	16,258
Acquisition and transition expense	7,087	16,477
Non-cash stock compensation	1,106	1,078
Non-cash foreign exchange (gain) loss on inter-company loans	(452)	2,411
Restructuring and integration expense	-	1,591
Costs related to divested businesses	700	-
Impairments (Goodwill, JV and fixed assets)	400	-
Non-GAAP adjusted EBITDA (b)	$ 39,603	$ 36,283
Non-GAAP adjusted EBITDA margin (2)	17.9%	18.5%
GAAP net sales	$ 221,666	$ 196,349

(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

$000s	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018
GAAP net income (loss)	$ (6,697)	$ (24,511)
Pre-tax acquisition and transition expense	7,269	16,477
Pre-tax foreign exchange (gain) loss on inter-company loans	(452)	2,411
Pre-tax restructuring and integration expense	-	1,591
Pre-tax write-off of unamortized debt issuance costs	-	12,938
Pre-tax amortization of intangibles and deferred financing costs	12,972	8,317
Pre-tax interest expense on cash held from divestiture	-	879
Pre-tax impairments of fixed asset costs	400	-
Pre-tax costs related to divested businesses	700	-
Tax effect of adjustments reflected above (c)	(3,839)	(7,981)
Non-GAAP discrete tax adjustments	-	383
Non-GAAP adjusted net income (loss) (d)	$ 10,353	$ 10,504

Amounts per share, diluted	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018
GAAP net income (loss) per diluted share	$ (0.16)	$ (0.89)
Pre-tax acquisition and transition expense	0.17	0.59
Pre-tax foreign exchange (gain) loss on inter-company loans	(0.01)	0.09
Pre-tax restructuring and integration expense	-	0.06
Pre-tax write-off of unamortized debt issuance costs	-	0.47
Pre-tax amortization of intangibles and deferred financing costs	0.31	0.30
Pre-tax interest expense on cash held from divestiture	-	0.03
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)	(0.29)
Non-GAAP discrete tax adjustments	-	0.01
Non-GAAP adjusted net income (loss) per diluted share (d)	$ 0.25	$ 0.38
Weighted average shares outstanding, diluted	42,028	27,696

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

$000s	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018
Net cash provided (used) by operating activities	$ 7,079	$ (18,451)
Acquisition of property, plant and equipment	(14,921)	(17,028)
Free Cash Flow	$ (7,842)	$ (35,479)

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.*