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2017 Investor Day Conference – Growing into the Future

September 28, 2017



Forward looking statements

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 complete 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, 2016.

With respect to any non-GAAP financial measures included in the following presentation, the accompanying information required by SEC Regulation G and a reconciliation of those measures to the most directly comparable GAAP equivalent can be found 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.



Presenters



Tom Burwell
SVP, Chief Financial Officer



Richard Holder
President & Chief Executive Officer



Robbie Atkinson
VP, Strategy & Investor Relations

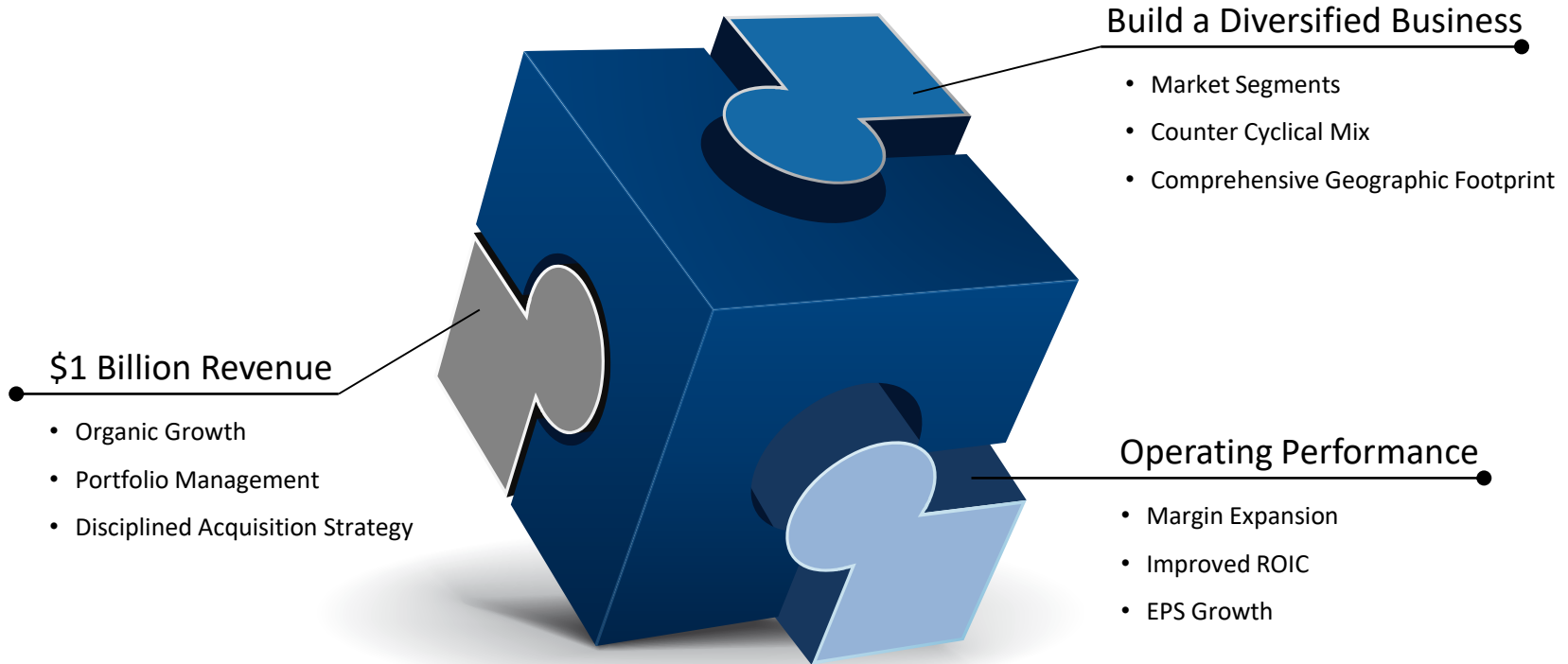


Agenda

- 1** Strategic Update
- 2** End Market Discussion
- 3** Financial Performance
- 4** Summary
- 5** Question & Answer



Strategic Plan at a Glance





NN Operating System

Integrated Operating Company

- Common methodologies delivering near & long term value

Flex Productivity

- Maximizing performance no matter the market conditions

Leverage Technology

- One Platform, one company

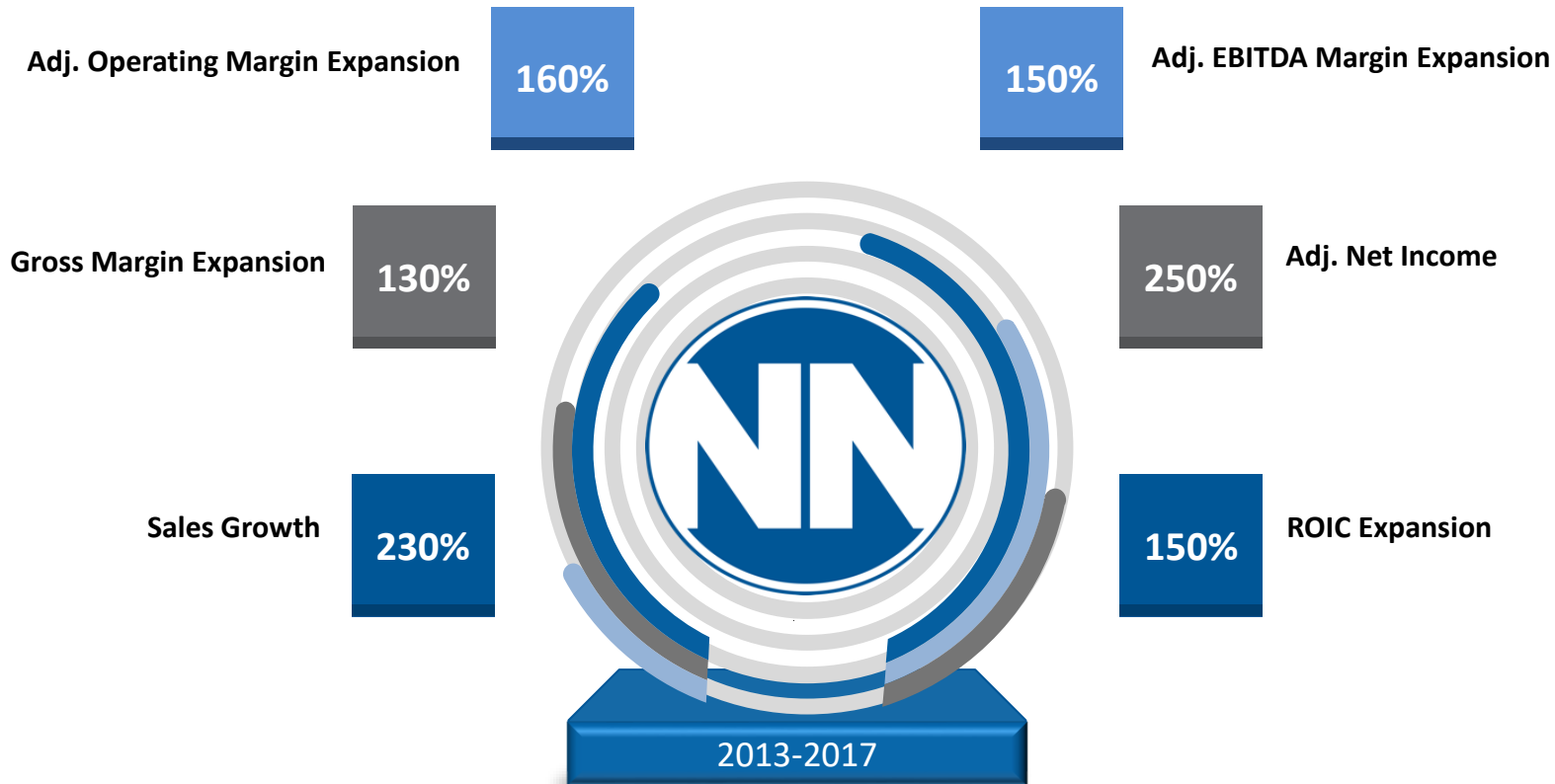
Prescriptive Processes

- Disciplined execution of the operating plan





Strategic Growth and Operating Performance





The Journey Continues



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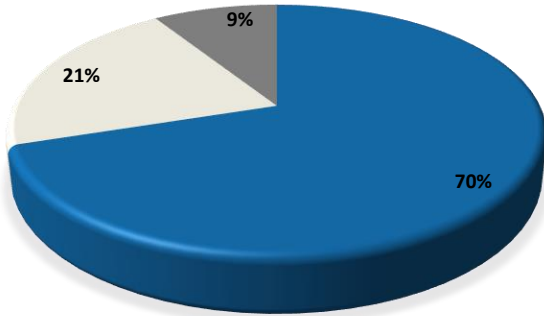
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Balanced Business Groups

2013

Segments as a % of revenue

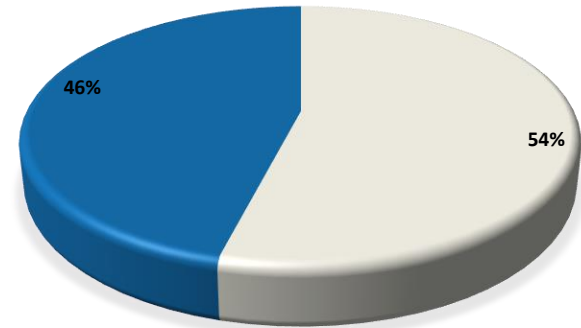


- Metal Bearing Components
- Precision Metal Components
- Plastic & Rubber Components



2017

Segments as a % of revenue*

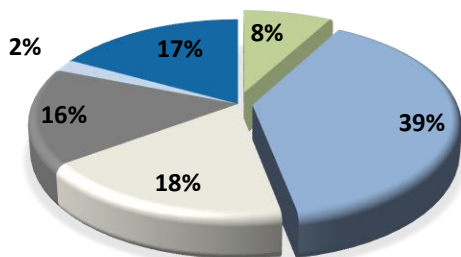




A Diversified Industrial Business

End Markets as a % of Revenue*

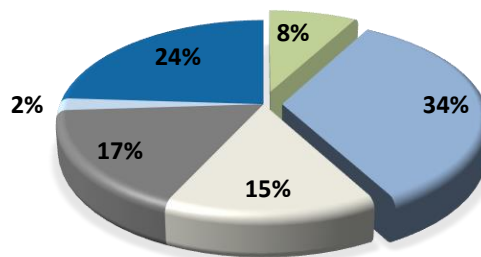
2017



53% Diverse Portfolio

End Markets as a % of EBITDA*

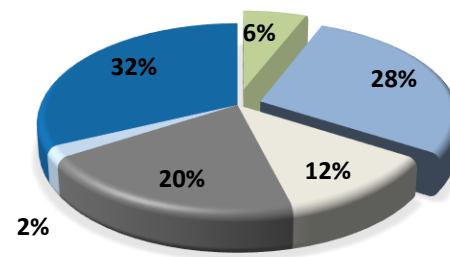
2017



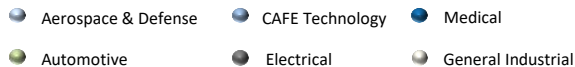
58% Diverse Portfolio

End Markets as a % of Free Cash Flow*

2017



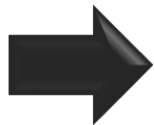
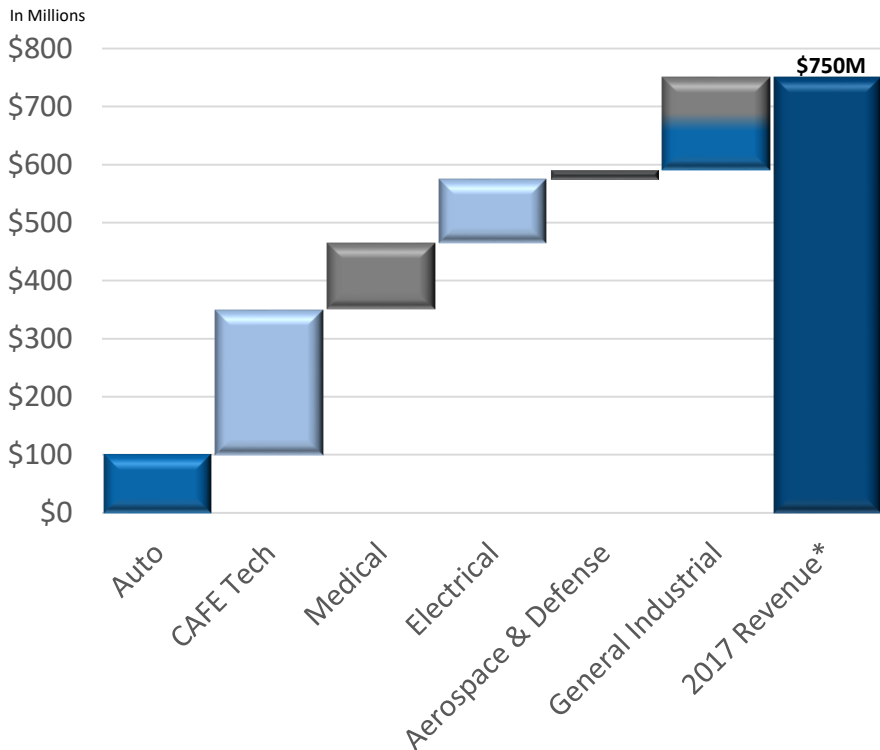
66% Diverse Portfolio



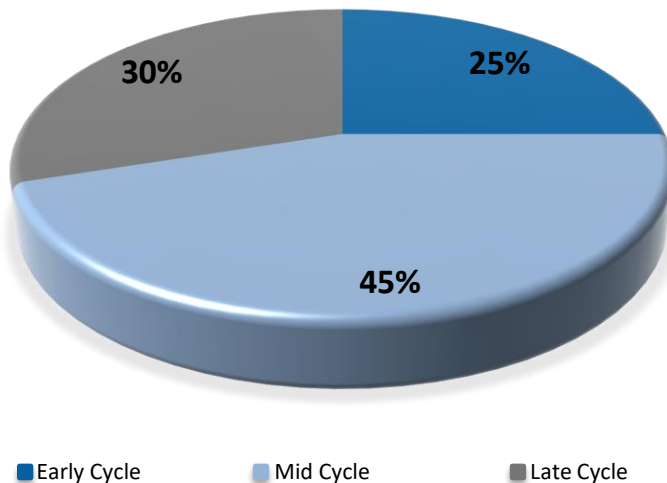


A Balanced Business – Cyclical Mix

2017 Market Segment Revenue*



Cyclical Mix



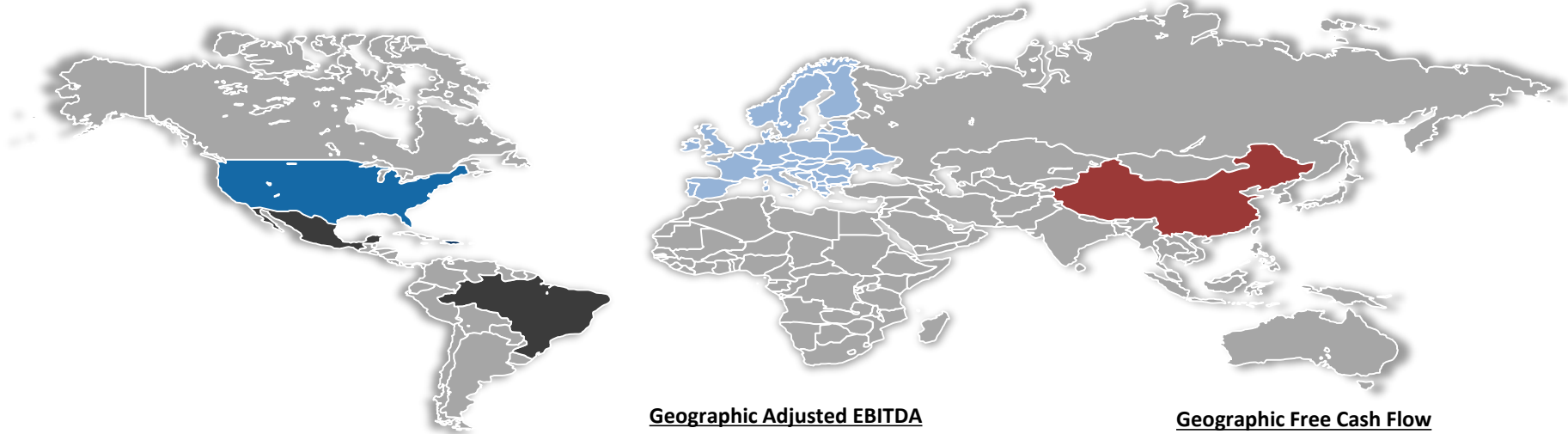
■ Early Cycle

■ Mid Cycle

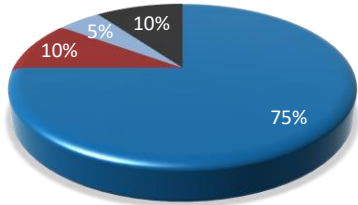
■ Late Cycle



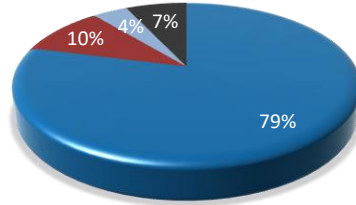
Strategic Global Footprint



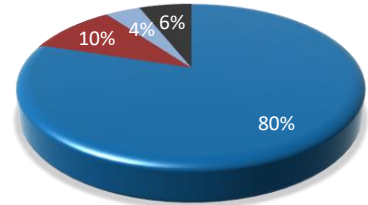
Geographic Revenue Contribution



Geographic Adjusted EBITDA Contribution



Geographic Free Cash Flow Contribution



33 Facilities on Four Continents



END MARKETS



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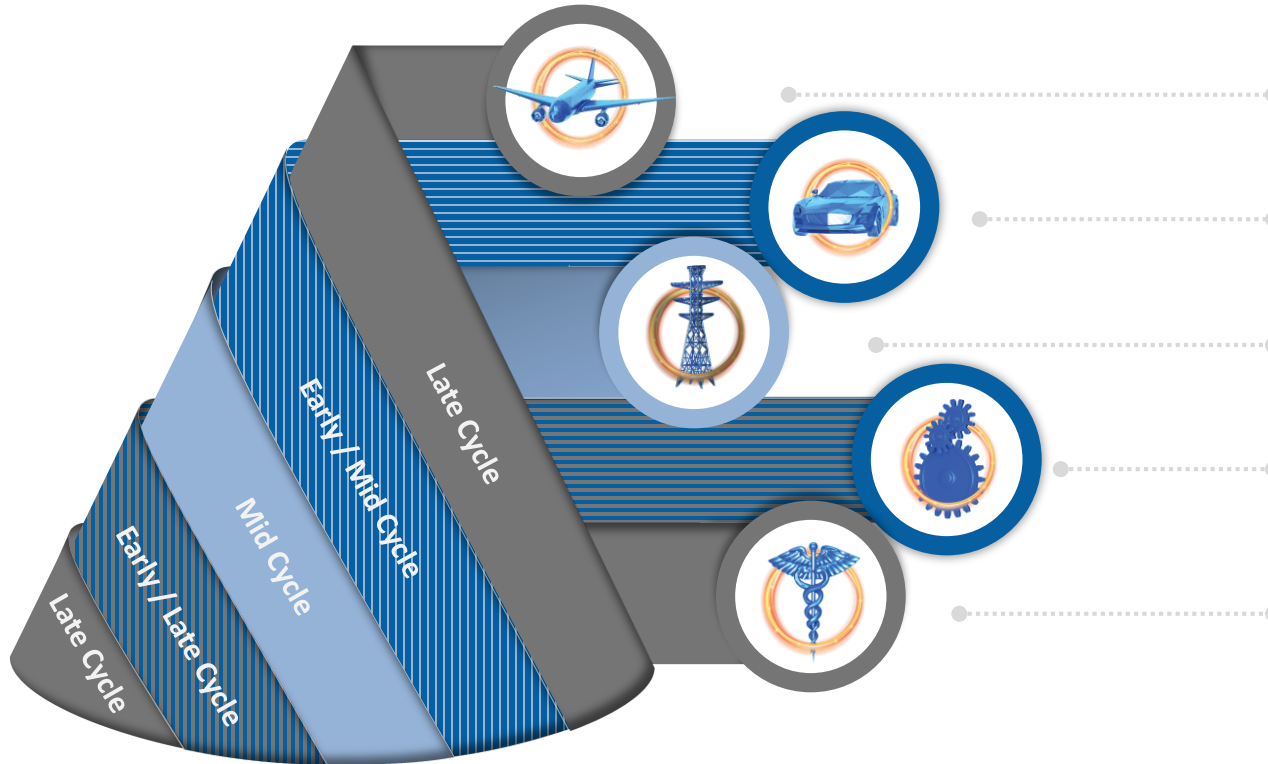
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Diversified Portfolio with Secular Trends



Aerospace & Defense

- End Market Growth Rate: 3% - 5%
- NN Growth Rate: 7% - 9%

Automotive

- End Market Growth Rate: 2% - 4%
- NN Growth Rate: 4% - 6%

Electrical

- End Market Growth Rate: 3% - 5%
- NN Growth Rate: 6% - 8%

General Industrial

- End Market Growth Rate: 2% - 4%
- NN Growth Rate: 4% - 6%

Medical

- End Market Growth Rate: 5% - 8%
- NN Growth Rate: 7% - 9%



AUTOMOTIVE



Automotive Overview

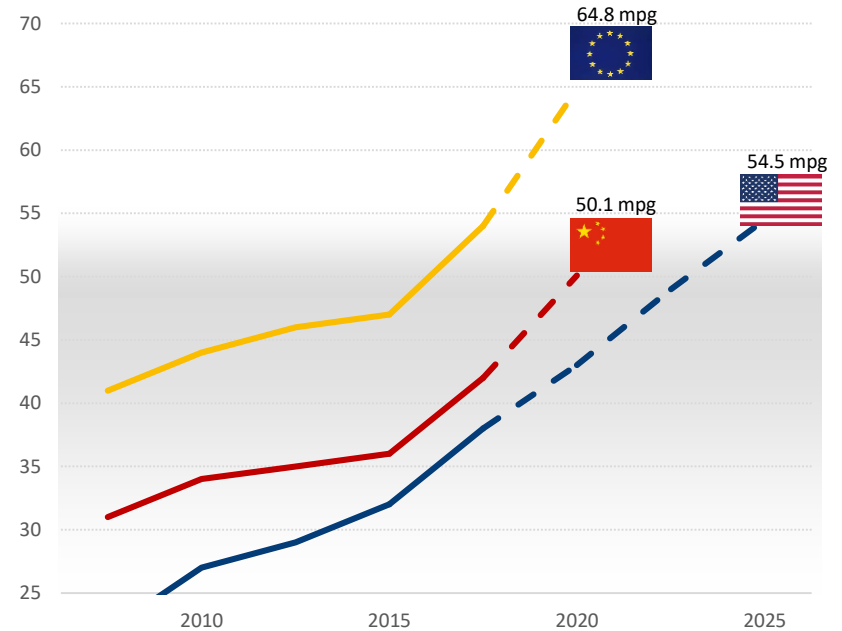
- 2017 estimated revenue*: \$350M
- Continued growth with key CAFE technologies
 - Established global leadership position
 - Engaged on current & next generation design
 - Deploying technologies globally to meet demand
- Engineered Solutions:
 - High precision process capabilities
 - Design / Co-Design capabilities
 - Global footprint provides supply chain optimizations
- Market position:
 - Engaged with top technology Tier 1's
 - Complex components & sub-assemblies
 - Manufacturing and design optimization





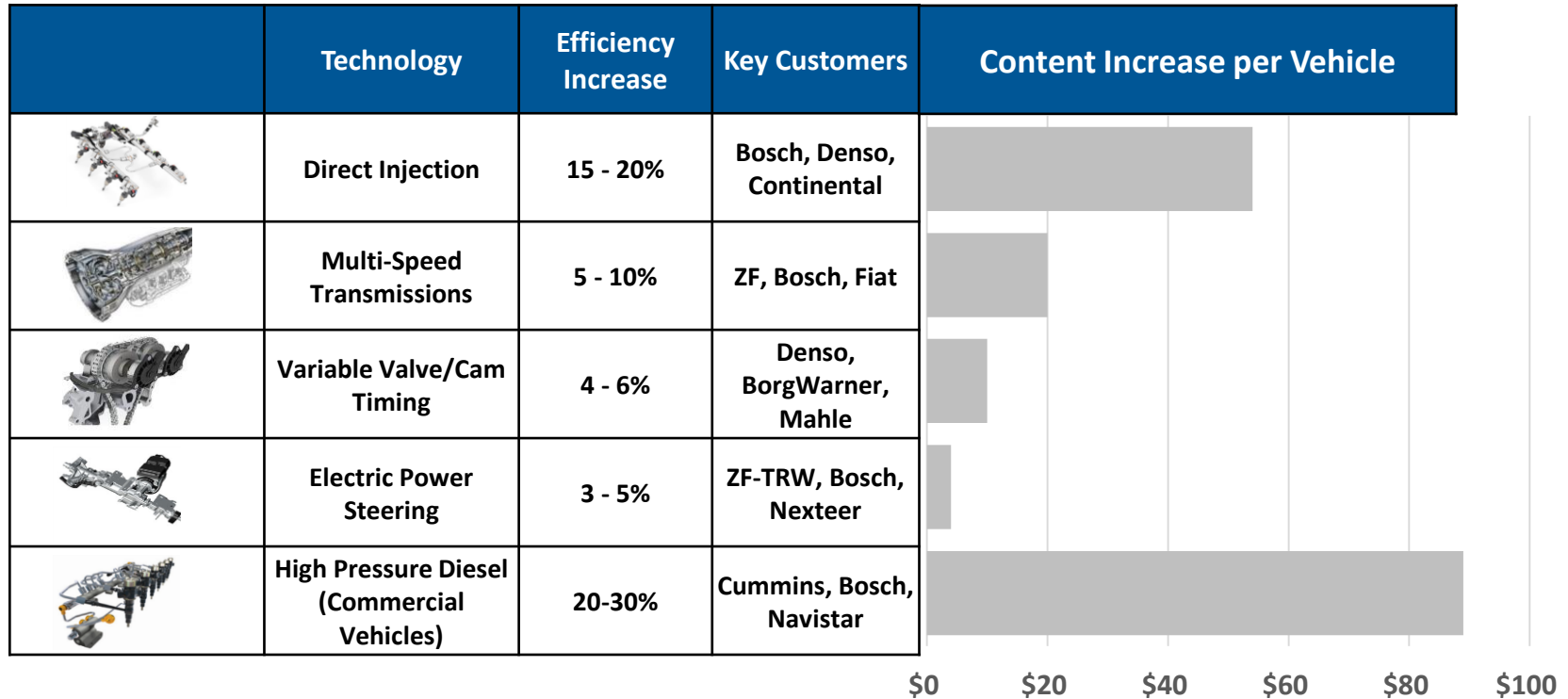
Market Trends

- **Fuel Systems** – GDI adoption rate increasing globally. Next generation GDI – 1000 Bar
- **Steering Systems** – Market continues to shift from Hydraulic to Electric Power Steering
- **Engine / Transmission Systems** – ‘Mild Hybridization of the Transmission’; 48V Technology
- **EV’s will represent 25% of vehicles on the road by 2030**
- **Technology Advances** – Continued drive toward autonomous vehicles





Mobile Solutions Efficiency Portfolio



Fuel efficiency standards necessitates adoption of all technologies

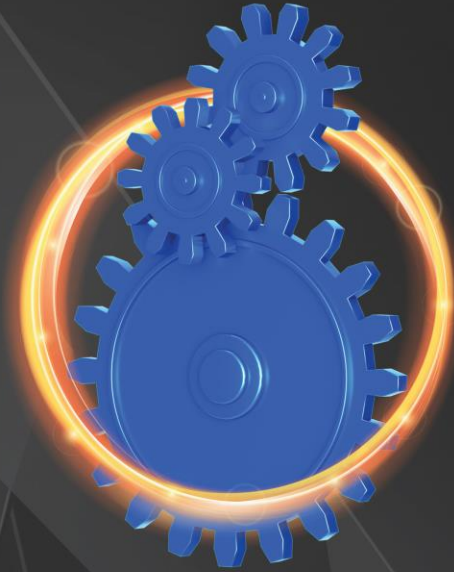


Value Proposition

Market Differentiation

- **Engineering Solutions**
 - Solutions to complex multi-system problems.
 - Cross technology partner
 - Support the total product life cycle
 - Next generation process and product development
- **Full Service Scalable Partner**
 - Simplify supply chain
 - Leverage global purchasing power
 - Value analysis / value engineering





GENERAL
INDUSTRY



General Industrial Overview

- 2017 estimated revenue*: \$160M
- Commercial, industrial and consumer durables
 - Adjacent market using our CAFE technologies
 - Extensive product platform
- Engineered Solutions:
 - High precision, complex components & sub-assemblies
 - Supply chain optimization
 - Value analysis / Value Engineering
- Market position:
 - Technology experts for manufacturing and design optimizations improving performance and cost
 - Relied upon for “continuous improvement” engineering and global support



Focused on Mobile Solutions



Value Proposition

Market Differentiation

- Scalable & Diverse Partner
 - Commercial transportation, Consumer Durables, Automation
 - Integrated, complex performance critical assemblies
- Global reach
 - Localized partner
 - Technology transfer to global locations and across end markets is part of our DNA
- Design and Process Engineering
 - Provide opportunities to design out costs
 - Continuously improve on performance and durability
 - Full service solution provider





ELECTRICAL



Electrical Overview

2017 estimated revenue*: \$110M

Electrical sequencing components and sub-assemblies

Applications include low, medium and high voltage

- Transmission and distribution
- Residential devices and equipment
- Non-residential automation and controls

Comprehensive portfolio

- Material science
- Design & development
- Specialized manufacturing processes



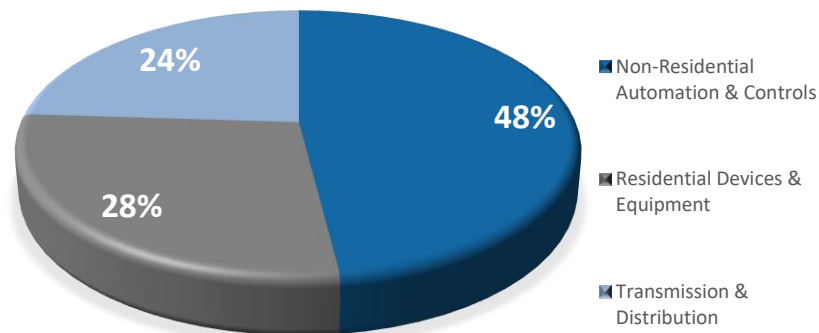
Ability to Support the Entire Grid



Distribution Control and Protection Applications

- **Transmission and Distribution**
 - Electric smart meters: 5-6% growth rate
 - Disconnect contacts, assemblies and molded bases
 - Switchgear: 5-7% growth rate
 - Contact assemblies
 - Transformers: 4-5% growth rate
 - Materials and components
- **Residential Devices and Equipment**
 - Switches, breakers, sensors, appliances: 6-7% growth rate
 - Sub-assemblies and components
- **Non-Residential Automation and Controls**
 - Relays, sensors and controls: 6-7% growth rate
 - Precision metal and plastic components

Addressable Market ~\$2.5B

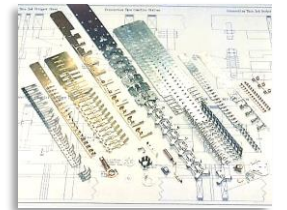




Value Proposition

Market Differentiation

- **Engineering Solutions**
 - Solutions to complex multi-system problems.
 - Total product life cycle support
 - Global product extension
- **Next generation process and product development**
 - Material Sciences
 - R&D focused on switching and synchronizing technology
- **Full Service Scalable Partner**
 - Simplify supply chain
 - Leverage global purchasing power
 - Value analysis / value engineering



Only Supplier with a Complete Product Portfolio

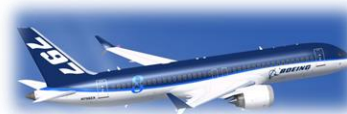


AEROSPACE
& DEFENSE



Aero-Space, Defense & Gov't Services Overview

- 2017 Estimated Revenue*: ~\$15M
- Positioned for aggressive growth
 - Installed highly skilled sales team
 - Technology investments
 - Aggressive direct marketing to target customers
- Engineered Solutions:
 - Customized applications
 - Supply chain optimization
 - Ability to co-design and invest in R&D with customers
- Market position:
 - Primarily engage with technology Tier 1's
 - High precision, complex components & sub-assemblies
 - Technology experts for manufacturing and design optimizations improving performance and cost

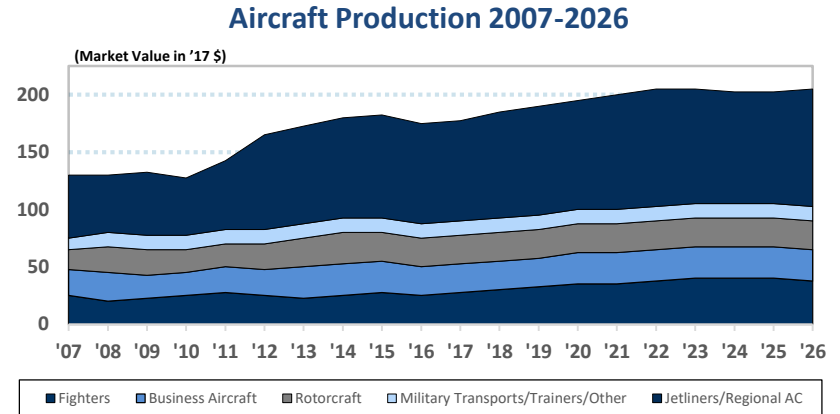
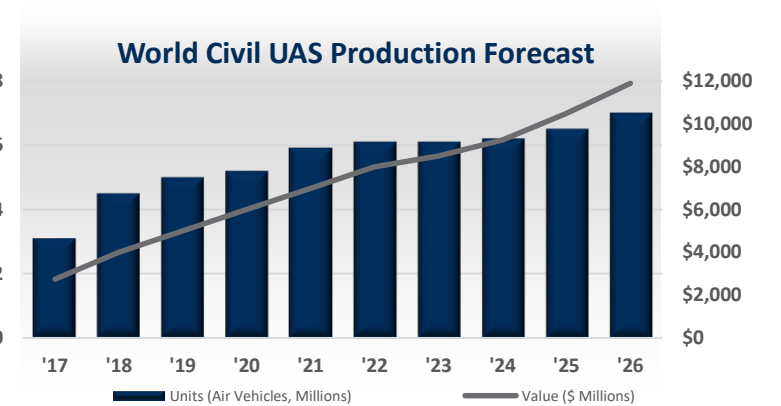


Ability to service all sectors with mission critical engineered solutions



Market Trends

- Increased efficiency driving demand for new and retrofit aircraft with improved performance
- Defense spending under scrutiny
 - Positive for upgrade programs
 - Negative for new air frame development
- International defense customers looking for strategic domestic partners to execute FMF
- Extremely fragmented supply chain
- Returnable space travel driving greater complexity





Value Proposition

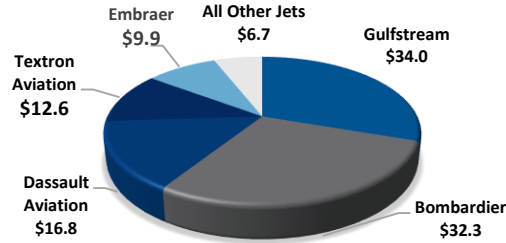
Market Differentiation

- Full Service Partner
 - In-house R&D
 - Testing Capability
 - Design for manufacturing expertise
 - All applicable certifications

- Scalable Partner
 - Independent capital investment
 - Program life management
 - Design & co-design expertise
 - Simplify supply chain

Business Jets

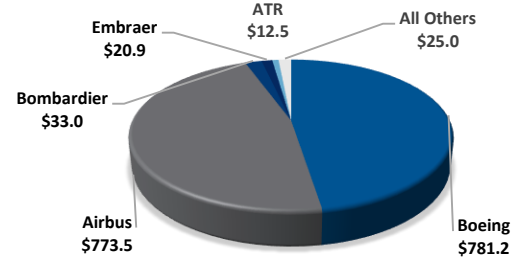
Billions of U.S. Fiscal 2017 Dollars



Total Value of 5-Year Production: \$112.3 Bn

Commercial Aircraft

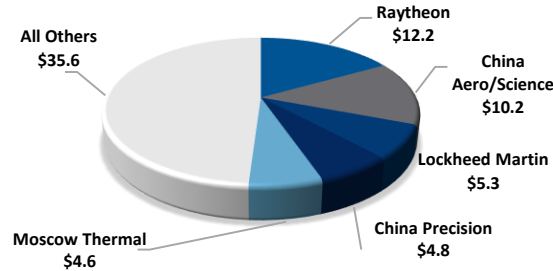
Billions of U.S. Fiscal 2017 Dollars



Total Value of 5-Year Production: \$1,646 Bn

Missiles

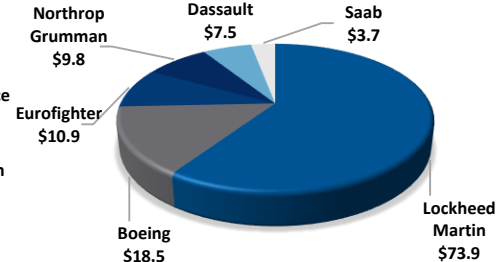
Billions of U.S. Fiscal 2017 Dollars



Total Value of 5-Year Production: \$72.7 Bn

Fighter/Attack Aircraft

Billions of U.S. Fiscal 2017 Dollars



Total Value of 5-Year Production: \$124.6 Bn

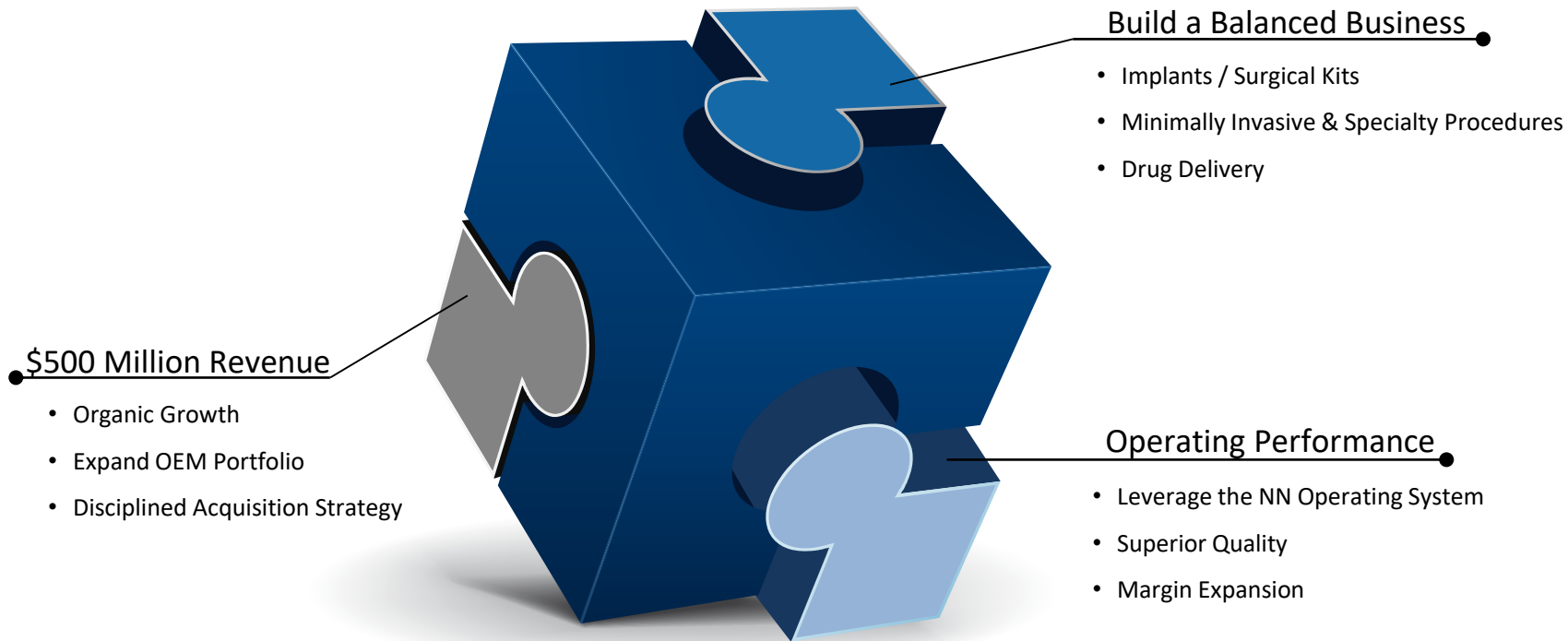
Focused on Tier 1 & 2 Systems OEM'S



MEDICAL



Strategic Plan at a Glance – Life Sciences





End Market Overview

Mega Trends

- **Aging Population**
 - U.S. 65+ population to increase 30% by 2030
 - Global Life Expectancy expansion
- **OEM Consolidation**
 - Sub-Tier consolidation has not yet occurred
 - OEM's continue to push out non-core components and sub-assemblies
- **Technology Driven Innovation**
 - IOT impact on Patient / Dr. interaction
 - Increased funding is speeding up the evolution of device design

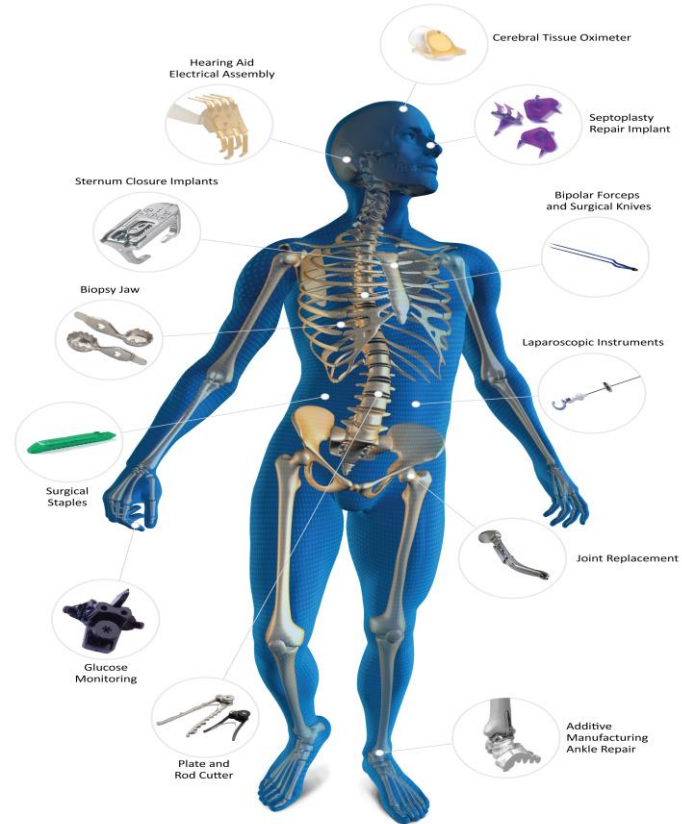
End Market Growth Dynamics

- **Orthopedic Instruments** – Global Market \$30B
 - Extremity – CAGR 10%
 - Trauma – CAGR 4%
 - Spine – CAGR 3%
- **Minimally Invasive Surgery** – Global Market \$10B
 - Robotic Assisted Surgery – CAGR 12%
 - Laparoscopic Surgery – 7%
- **Drug Delivery Devices** – Global Market \$2B
 - Wearables – CAGR 127% thru 2027
 - Handhelds – CAGR 6%



End to End Solution Capabilities

- **Research & Product Development**
 - Design & prototype capabilities
 - **Regulatory oversight and compliance**
 - Process development & sustaining engineering
- **Full Service Technology Leader**
 - Single digit micron tolerances
 - Precision molding, machining and stamping
 - **Certified clean room operations**
- **Expand OEM Product Offerings**
 - **Surgical kits**
 - Finished Devices
 - Packaging & Sterilization
- **Design Improvement & Product Innovation**
 - Next generation co-design
 - **Manufacturing process & design consulting**





Revenue

- Grow Existing Product Sets
 - Leverage innovation centers
 - Develop complimentary skillsets & components
 - Expand tool, kit, & implant offerings
- Expand OEM Brand
 - Self funded R&D yielding NN intellectual property
 - Pull from existing product set knowledge
 - Focus on Minimally invasive & specialty surgical devices
- Acquisition Strategy
 - Adjacent & complimentary technologies
 - Engineering & design capabilities
 - Expand finished device & cleanroom offerings

Medical Sub-Markets	Sub-Market Size	Market Growth Rate	Demand for engineered solutions
Orthopedic Instruments	\$30B	6% - 8%	High
Minimally Invasive Surgical (MIS) Instruments	\$10B	7% - 9%	High
Drug Delivery (Wearable Injectables)	Insulin:\$900M Other Biologics:\$100M	Insulin: 6% Other Biologics: 20%+	High



Operating Blueprint

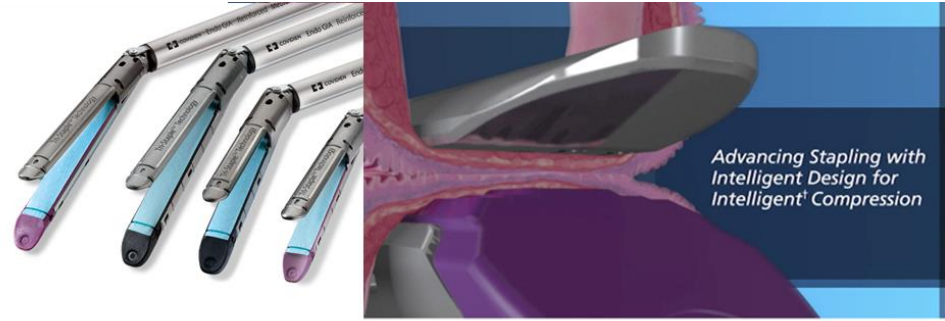
- Strategic OEM Partner
 - Investment in R&D (rapid prototyping)
 - Design / Co-Design Engineering
 - New Product Innovation
 - Supply Chain Management
- Comprehensive Manufacturing Capabilities
 - Cleanroom assembly
 - Packaging
 - Labeling
 - Sterilization management
- NN Operating System
 - FDA registered sites
 - Document management
 - OEM level quality systems





Balanced Business

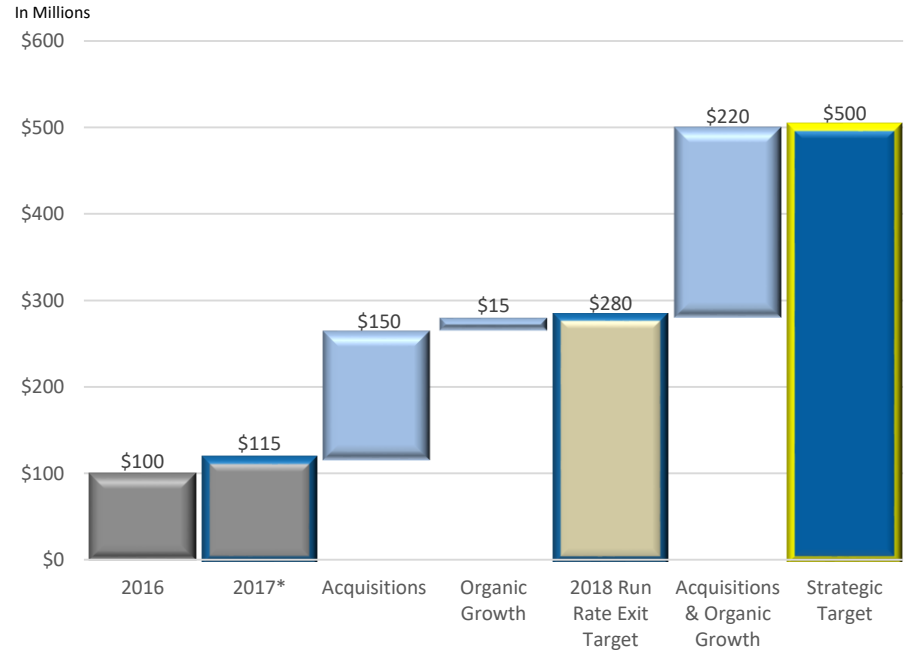
- Product & Device Offerings
 - Minimally invasive surgery, specialty & drug delivery
 - R&D and engineering services
 - Finished devices
- Geography
 - Leverage NN's existing footprint
 - Strategic opportunities in Asia
 - West coast footprint
- Expand Technology Leadership
 - Robotics
 - Wearables
 - In-depth process technology





Medical Summary

- **Focused on high growth sub-segments**
 - Implants
 - Drug delivery
 - Endoscopy
 - Orthopedics
- **Expand OEM portfolio offerings**
 - Finished devices
 - Specialty surgical kits
- **Complimentary acquisitions**
- **Geographic product extension**



OEM's need strategic partners that can deliver end to end solutions



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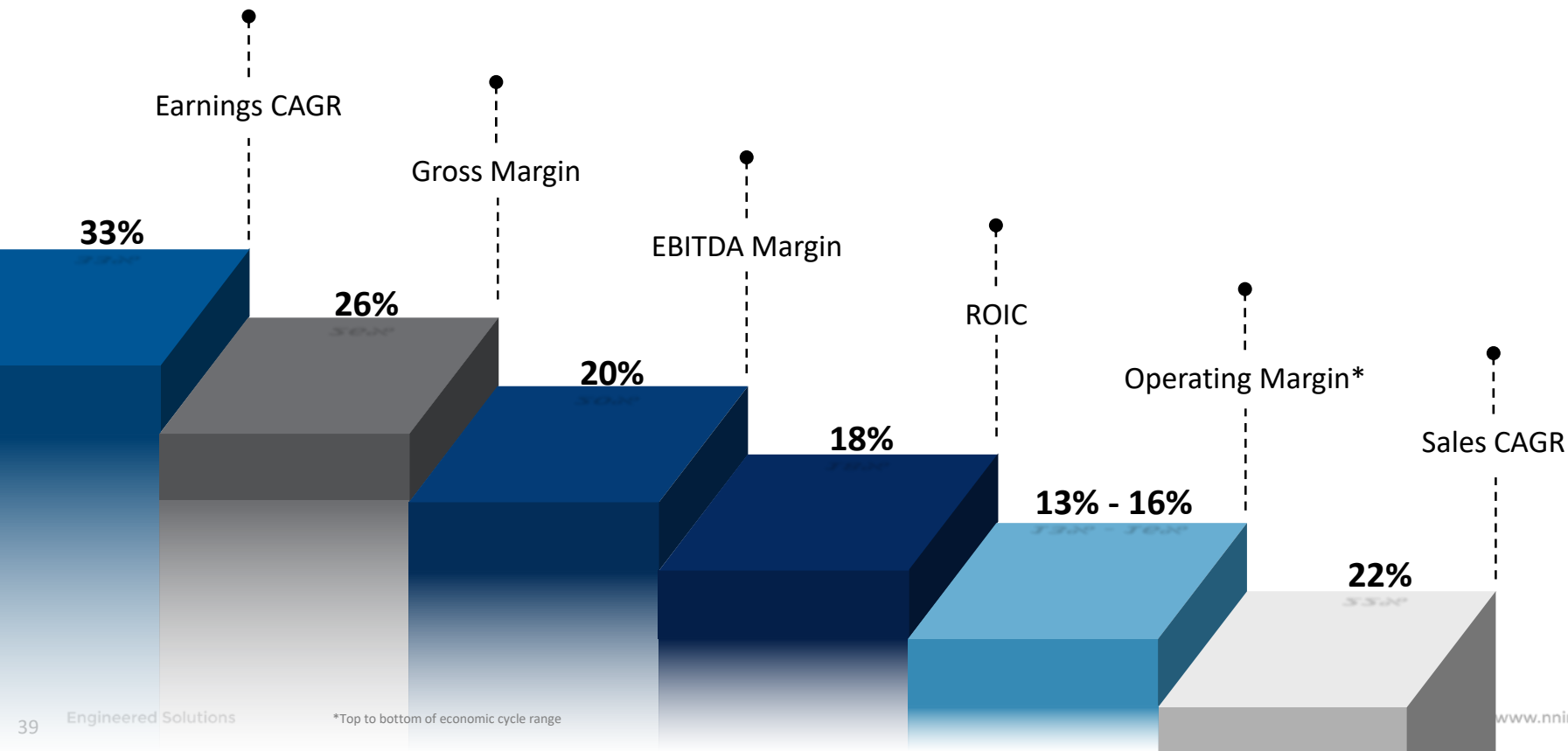
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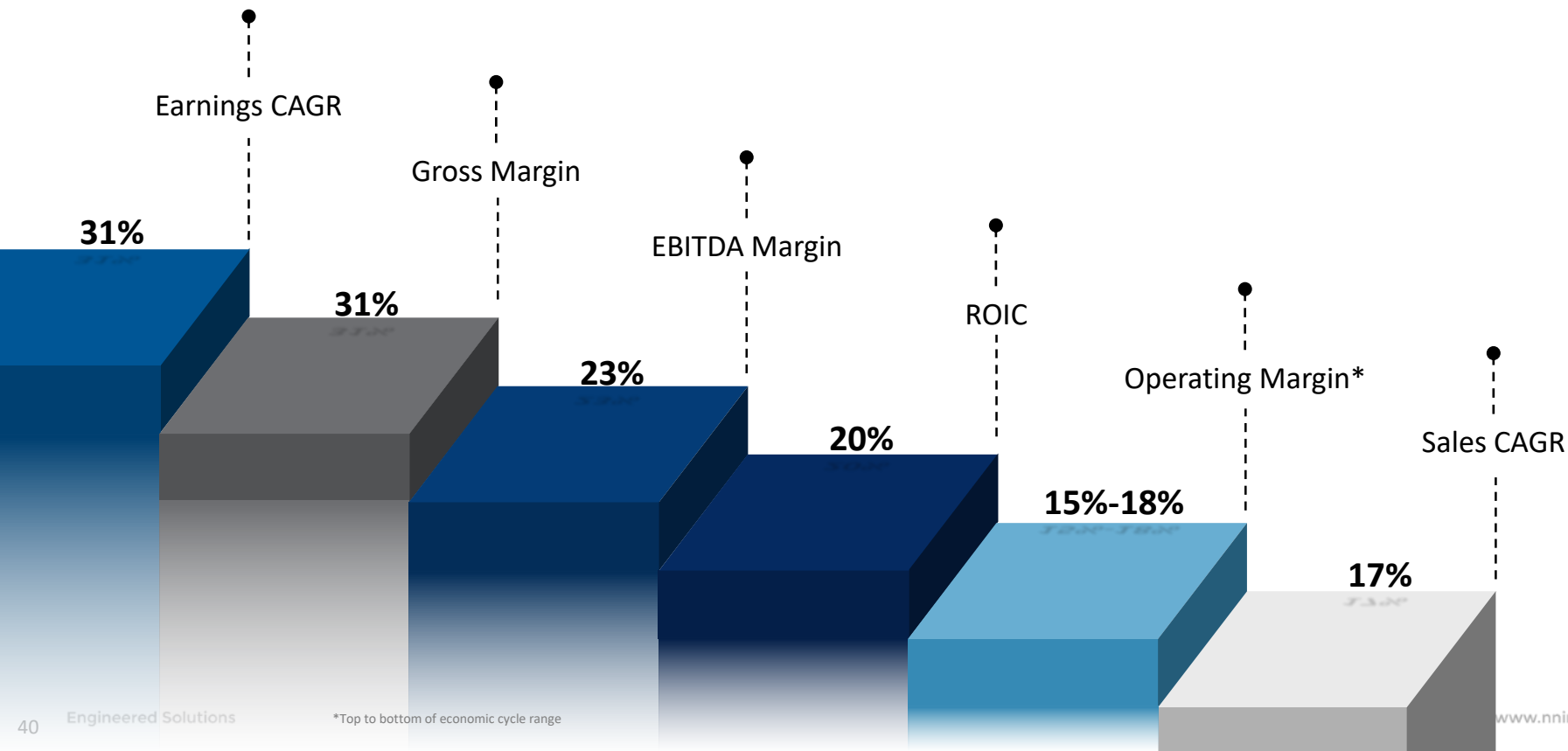


Updated Strategic Targets – Pre-Divestiture



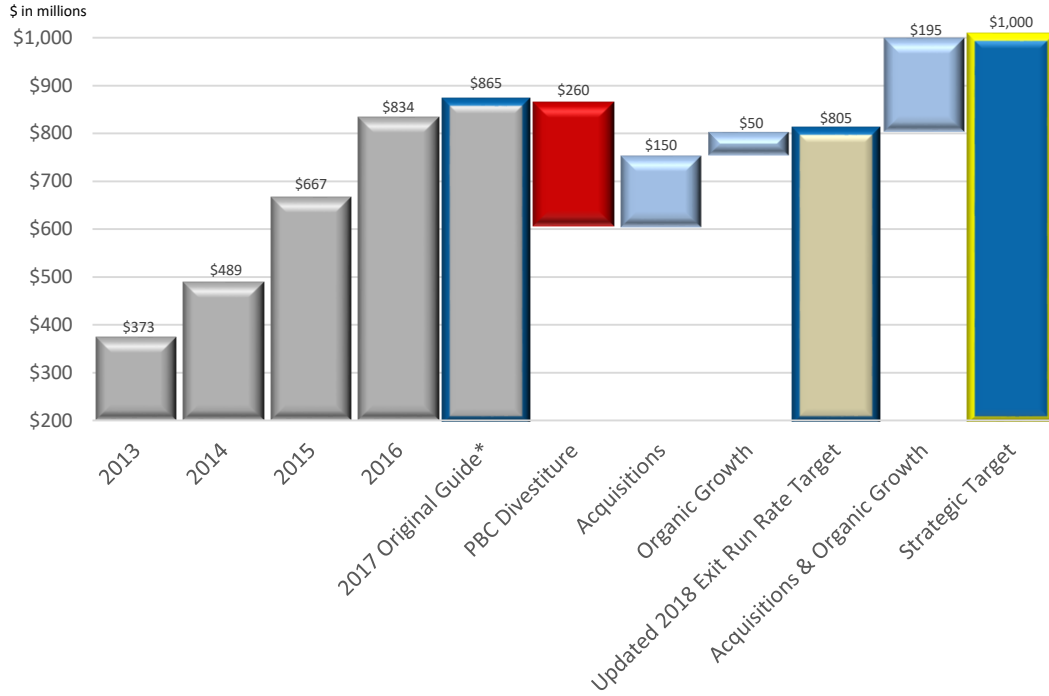


Updated Strategic Targets – Post Divestiture





Road to \$1 Billion Plus

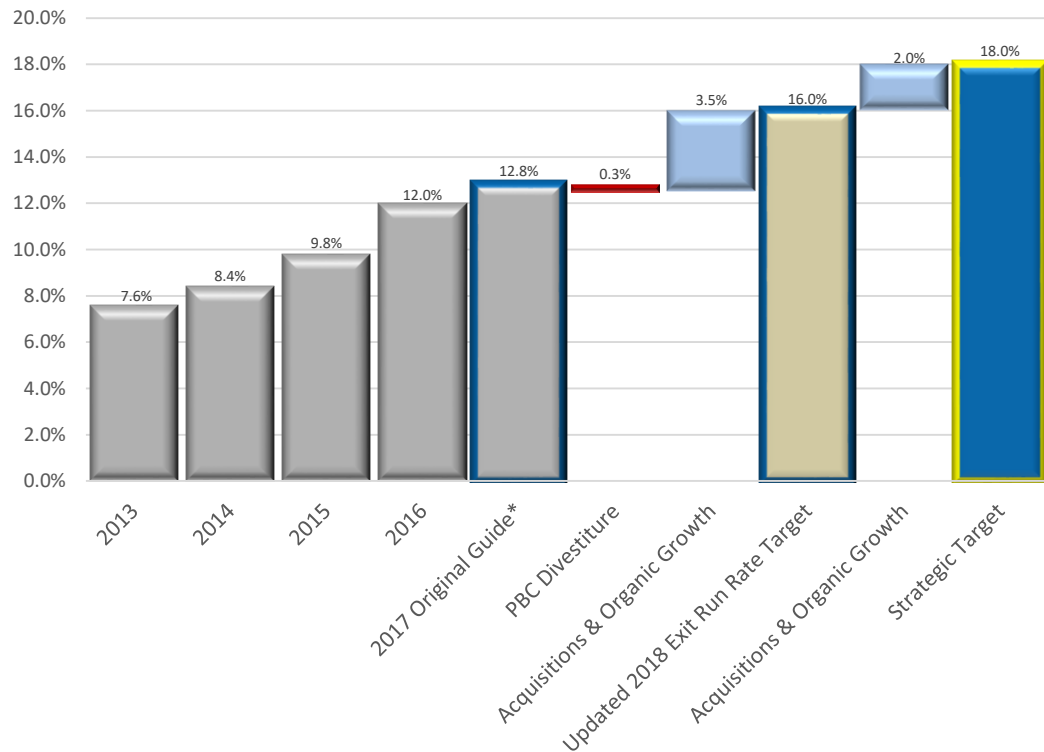


- All numbers proforma full year run rates
- PBC Divestiture represents full year impact
- Acquisitions already in our pipeline
- Organic growth driven by booked business expected to start production in 2018
- Post 2018 growth driven by high probability sales pipeline and acquisitions from the pipeline

Strategic Target Remains Unchanged



Adjusted Operating Margin

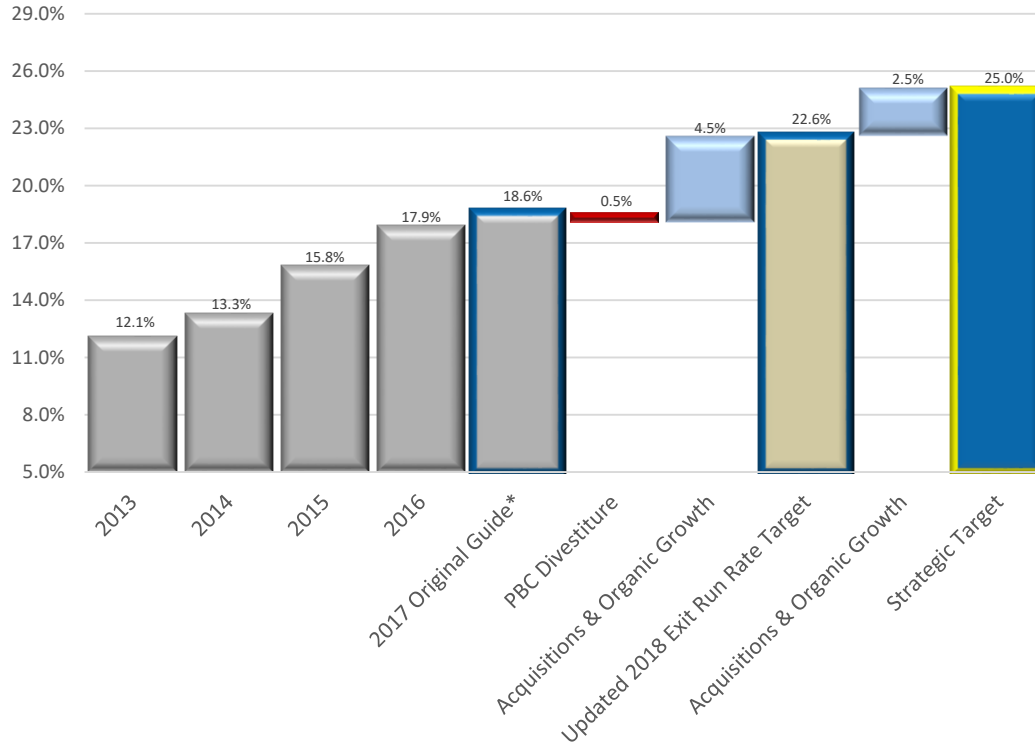


- Appropriate flex productivity on organic growth
- Mix begins to shift toward higher margin medical and aerospace & defense
- Acquisitions provide additional expansion opportunities
- NN Operating System continues to lift the entire business

200 bps Expansion from Original Target



Adjusted EBITDA Margin

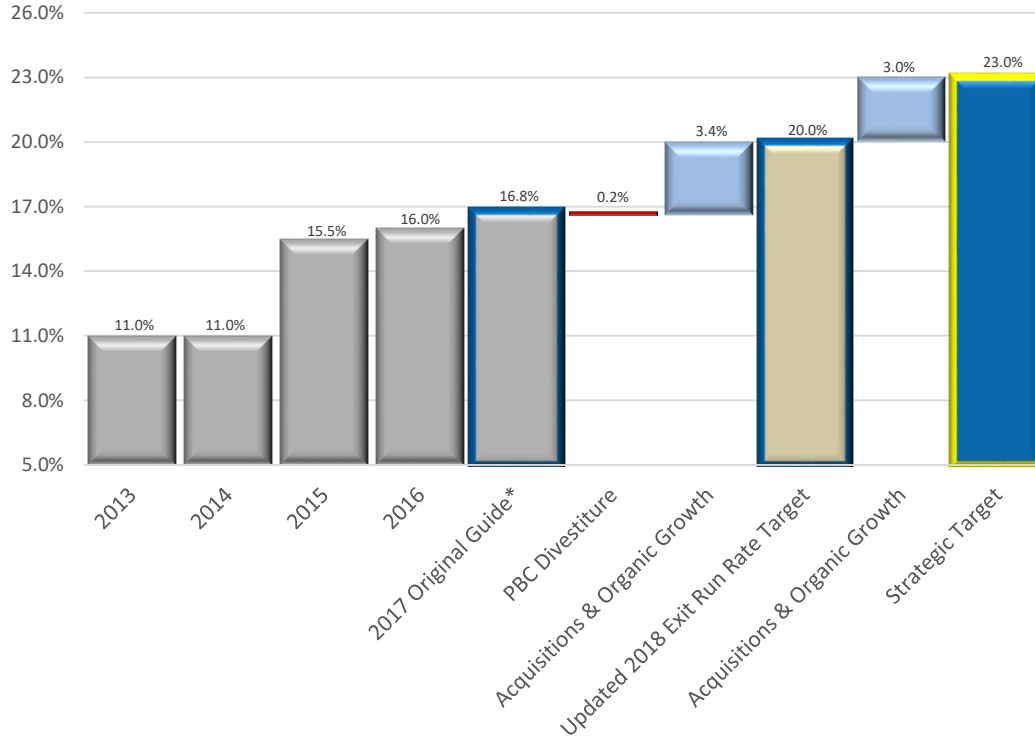


- Expect to replace PBC EBITDA on slightly more than half the sales
- 2018 run rate EBITDA expected to out strip original 2017 guide
- While sales will be 7% lower
- Organic growth and acquisitions in our medical and aerospace end markets bring higher margin profiles

300 bps Improvement to Original Target



Return on Invested Capital (ROIC)

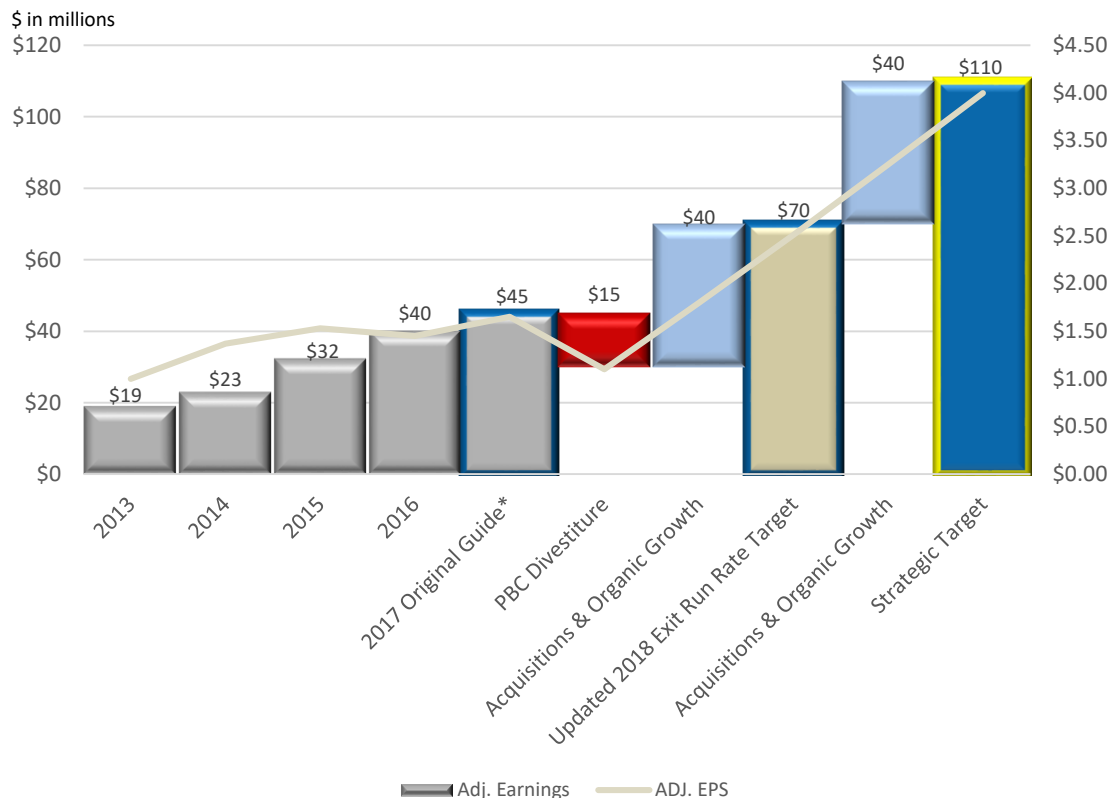


- Fastest growing end markets are less capital intensive and more profitable
- Improved operating and capital efficiency achieved through NN Operating System
- Divestiture of PBC accelerates improvement

Goal Increased by 200 bps



Adjusted Earnings Growth



- Organic growth & acquisitions have higher return on sales than legacy business
- Reduction in interest expense from free cash flow & repricing opportunities
- NN Operating system continues to provide margin expansion and enhanced profitability
- **Earnings CAGR from 2017 original guidance to strategic target = 34%**



Capital Structure

Capital Structure

- Significant improvement from the beginning of 2017
- Strategic goal to have ~2x forward EBITDA in long term patient capital

Flexible Repricing Options

- Opportunities exist to reprice and/or reorganize our debt now and through the remainder of the strategic period

Power of Free Cash Flow

- Significant free cash flow allows us to de-lever quickly while investing in growth
- Target 2-3x leveraged by the end of the strategic period

Continuous proactive management of the capital structure



SUMMARY



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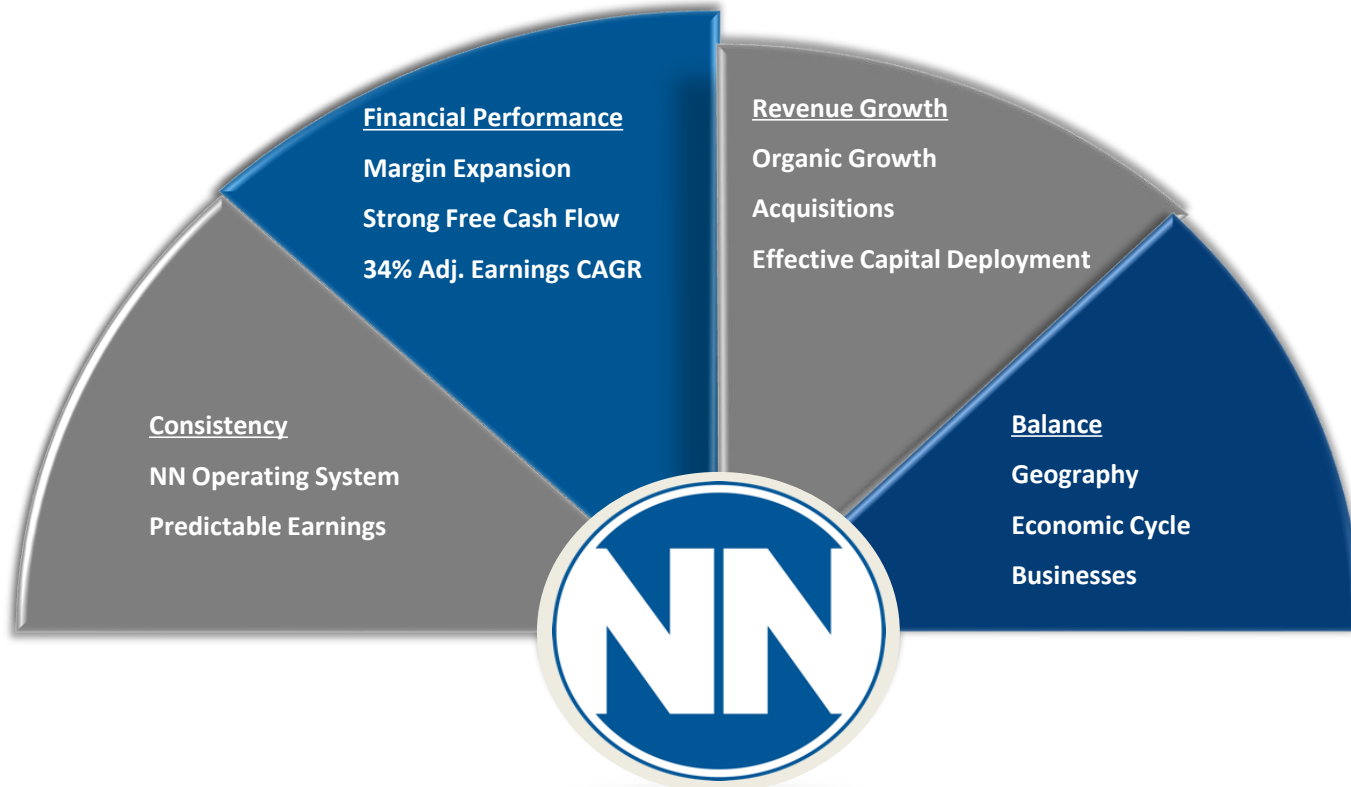
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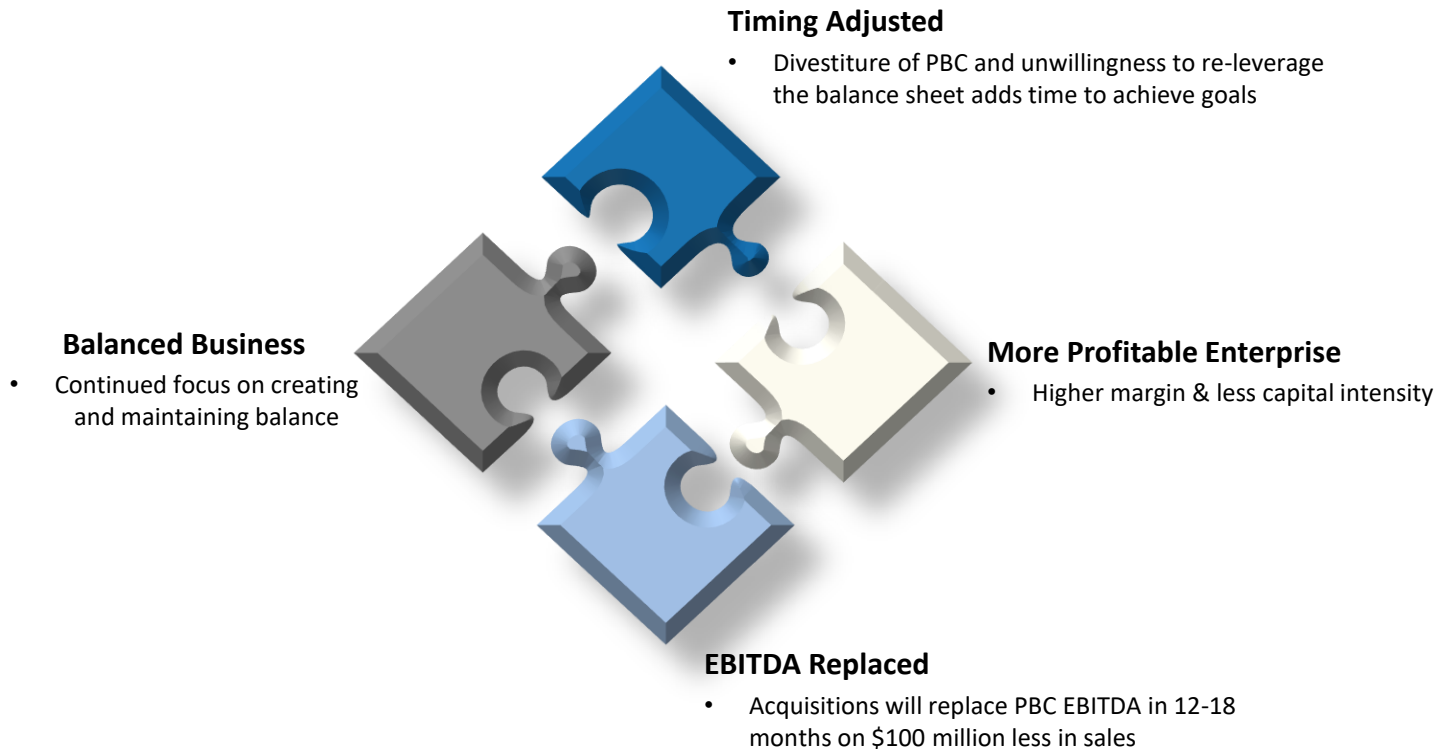
Key Takeaways



Our Strategy is Working



Strategy Remains Unchanged



Engineered Solutions



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Inspired by **i**nnovation