



2021 **Investor Update**

SEPTEMBER 2021 – LAKE STREET'S 5TH
ANNUAL BEST IDEAS GROWTH (BIG5)
CONFERENCE

Forward Looking Statement & 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, 2020, and the Company's Quarterly Report on Form 10-Q for the three months ended June 30, 2021.

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.

Key Management



Warren Veltman

President and Chief Executive Officer

- Appointed as President and CEO in September 2019
- Previously served as EVP of the Mobile Solutions Group after NN's acquisition of Autocam in 2014
- Served as CFO and Treasurer of Autocam Corporation and Autocam Medical from 1991 until 2014
- Prior to Autocam, worked as an audit manager with Deloitte & Touche
- Received BBA from University of Michigan; Certified Public Accountant



Mike Felcher

Senior Vice President and Chief Financial Officer

- Appointed CFO on July 1st, 2021; Joined NN in 2018 as Vice President and CAO
- Prior to NN, he served as Vice President, North America Chief Financial Officer for JELD-WEN, Inc.
- Held a variety of finance leadership roles with United Technologies Corp. / Goodrich
- Began career at PricewaterhouseCoopers in Boston
- Received MBA from Wake Forest University; Certified Public Accountant

Today's Agenda

1

Business Overview

2

Transformational Growth

3

2025 Outlook

Why Invest in NN, Inc.?



Mobile Solutions and Power Solutions segments positioned to take advantage of **megatrends** surrounding the **transition to electric vehicles** and **power grid modernization**



Culture, manufacturing processes, and engineering expertise along with **strong customer relationships** and **global platform** allow us to exploit end market growth



Strong organizational foundation and recent refinancing create a **platform for long-term growth** and opportunistic **tuck-in acquisitions**



New management team and Board, comprised of industry and financial experts, aligned on **creating sustainable shareholder value** and commitment to environmental, social, and governance initiatives



Strategic path to attaining 2025 objectives of **\$600 million in sales** and **16-18% adjusted EBITDA margins** organically to drive capital appreciation for our shareholders

NN at a Glance

Highly customized end-to-end solutions provider

- **TWO SEGMENTS:** Power Solutions and Mobile Solutions
- **BEST-IN-CLASS** high-precision components and assemblies
- **STRONG REPUTATION** and steady foundational business
- **STRATEGIC PARTNER** to diversified customer base
- **ADDS VALUE** throughout the life cycle

Global Manufacturing Platform



27 locations in **6** countries

Diversified Customer Base Across Mobile and Power

Experience Serving OEM Customers Globally creates opportunities to cross-sell capabilities

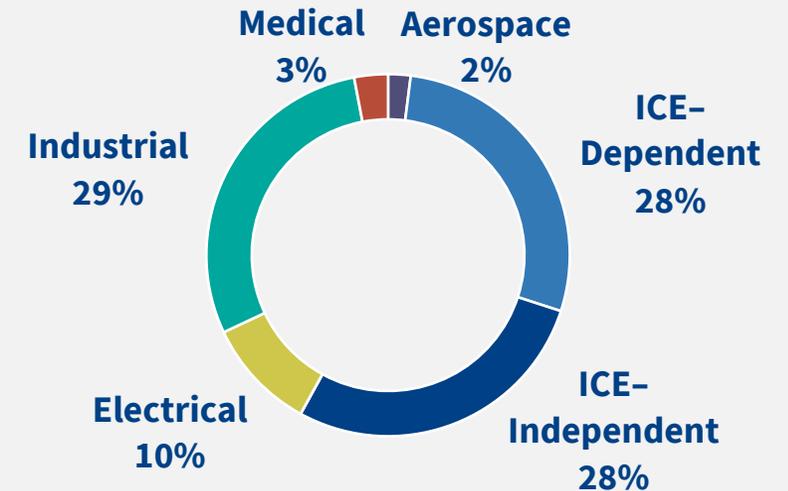
RECENT CUSTOMER RECOGNITIONS:

- Cummins Outstanding Supplier (18 awarded out of 25,000 suppliers)
- Nexteer Perfect Quality Award
- Bosch Best Turned Parts Supplier Award
- Siemens Supplier Award

Positioned for Growth



Revenue by end market



Operating tolerance

<10 microns



Repeatable manufacturing

1.5 billion+
components sold in
the last 12 months



Best-in-class product quality

Routinely
<5 PPM



Customers

1,150+
globally



Employees

~3,500

Portfolio

High-quality assets comprising two segments



**Mobile
Solutions**



**Power
Solutions**



Mobile Solutions

Providing tier-1 suppliers with a development partner, dependable product quality, unmatched speed to market, and advanced precision engineering capabilities

Key brands	 	Q2'21 TTM Revenue	\$297mm
Key end markets	Automotive (ICE/BEV/HEV), General Industrial	Q2'21 TTM Adj. EBITDA	\$54.8mm 18.4%
Key product applications¹	Electric power steering, electric braking, electric motors, gas and diesel fuel systems, emissions control (dosing), HVAC compressors	'20-'25E revenue CAGR	~6.0 – 7.0%

Sampling of Key customers



Core Capabilities



Note: excludes corporate segment adjusted EBITDA

¹ NN, Inc. produces components utilized within these applications

NN INC. INVESTOR UPDATE | September 2021

Power Solutions

Providing customers with manufacturing capabilities to help co-design and produce safe, durable, and high-quality mission-critical components across a flexible volume / mix platform

Key brands	 Brainin	Q2'21 TTM Revenue	\$186mm
Key end markets	Electric, general industrial, automotive, aerospace & defense, medical	Q2'21 TTM Adj. EBITDA	\$25.9mm 13.9%
Key product applications¹	Smart meters, BEV, charging stations, circuit breakers, sensors, transformers, switchgears, powder metal contacts, rockets and satellites, surgical instruments	'20-'25E revenue CAGR	~8.0 – 9.0%

Sampling of Key customers



Core Capabilities



Plastic Machining & Polishing



Metal Machining



Clad & Specialty Metals



Precision Stamping



Electrical Contacts



Precision Plated Parts & Surface Finishing



Rapid Prototyping



Precision Injection Molding

Note: excludes corporate segment adjusted EBITDA

¹ NN, Inc. produces components utilized within these applications

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Recent Business Evolution

NN's recently completed strategic alternatives review and refinancing provide financial flexibility to support the Company's next stage of growth

MANAGEMENT CHANGES

Appointed Warren Veltman as CEO; followed by consolidation of the Mobile and Power leadership teams to capitalize on cross segment efficiencies

UNSUSTAINABLE CAPITAL STRUCTURE

High debt levels created leverage in excess of ~6x leading to customer and supplier concerns that inhibited operational goals; Prospective target leverage of ~2x-3x

STRATEGIC REVIEW

Review of strategic alternatives conducted to identify best option to support long-term growth and success

REFINANCING TRANSACTION

Transition to longer-term capital structure to provide flexibility and financial stability for growth

2019

RIGHTSIZING BUSINESS

Made moves to optimize operational footprint, reduce SG&A costs, eliminate quarterly dividend, and decrease capital expenditures improving cash flow by ~\$32 million

2020

PANDEMIC RESPONSE

Took immediate action to ensure the safety of employees and continued service to our customers while reducing expenses, capital expenditures, and working capital by ~\$16 million

2021

DIVESTITURE

Strengthened balance sheet and enhanced financial flexibility by significantly deleveraging through the sale of Life Sciences for \$825 million



TRANSFORMED COMPANY

Transformational growth driven by end market megatrends and synergies between Mobile and Power Solutions



Unique Value Proposition

NN provides engineered solutions to customers that serve mission critical applications

- **STATE-OF-THE-ART** engineering capabilities
- **CLOSE-TOLERANCE** manufacturing and in-house tooling development
- **INTEGRATED** supply chain capabilities
- **APPLICATION-SPECIFIC** co-design and co-engineering capabilities
- **FOCUS ON QUALITY** with speed and regulatory certifications
- **CAPACITY TO GROW** across global platform

Deeply
entrenched
customer
relationships
across all
segments



Advanced braking technologies, electric power steering, and electric motors driving efficiency and precision in the evolving market



Smart grids / meters
lower energy production costs and usage in a world constantly looking for more efficient living



Aerospace and defense applications that enable safe transportation for satellites and rockets

Culture of Long-Term Success



Deploying a “Founder’s Mentality” across the enterprise

- Eliminating bureaucracy and treating the business as your own
- Empowering employees to identify innovative solutions
- Historical record of continuous process improvement



Investing in employees

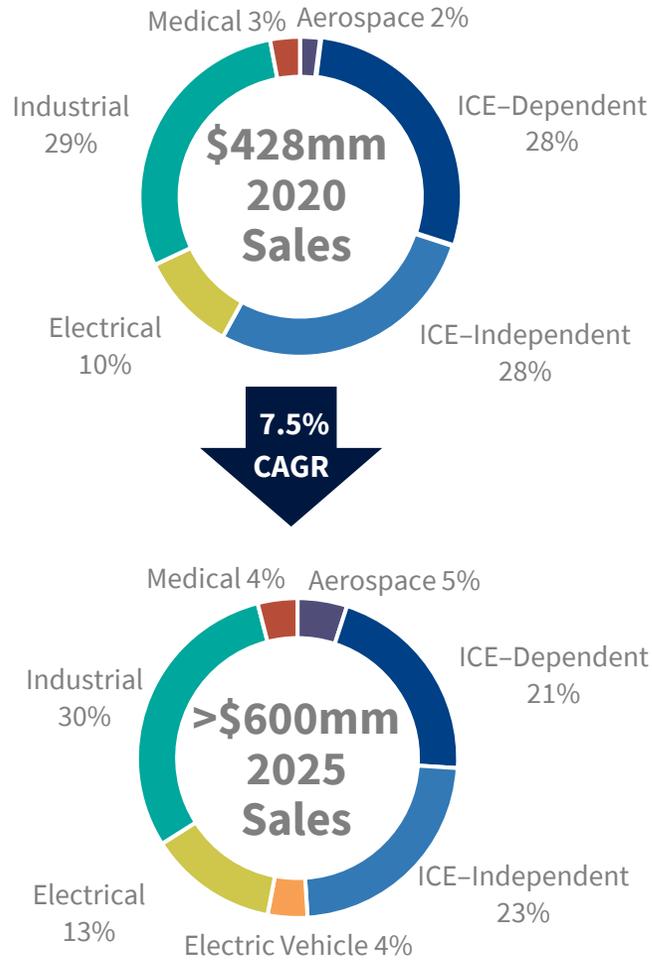
- Standardized training program driving process consistency and reliable quality
- Shainin – problem solving
- Leadership training
- Apprenticeship/Co-op programs



Expanding the customer development engineering group with a focus on Power Solutions

- Leverage relationships for increases in opportunities with existing customers
- Identify new business opportunities to leverage our strengths to solve customer needs

Strong Runway for Transformational Growth



Icon	NN MARKETS	5-YEAR MARKET CAGR	ADDRESSABLE MARKET
	ICE ¹ Independent	+6% to +9%	~\$4.0 Billion
	ICE Dependent	-2% to +5%	~\$5.0 Billion
	Electric Vehicle	+20%	~\$4.0 Billion
	Industrial	+3% to 5%	~\$11.0 Billion
	Electrical	+5% to 7%	~\$5.0 Billion
	Aerospace	+4% to 6%	~\$7.0 Billion
	Medical	+7% to 9%	~\$4.0 Billion

Targeted Adj. EBITDA as a % of Sales between 16-18% by 2025

¹Internal Combustion Engine

Multiple Growth and Profitability Initiatives and Drivers



Capitalize on Transition to Battery Electric Vehicles and Modernization of Electric Grid

Future investment focused on EV technologies and sustainable power



Execute 3-Pillar Tactical Plan to Grow Organically

Sales growth by leveraging existing customers and optimizing pricing models to fill installed capacity



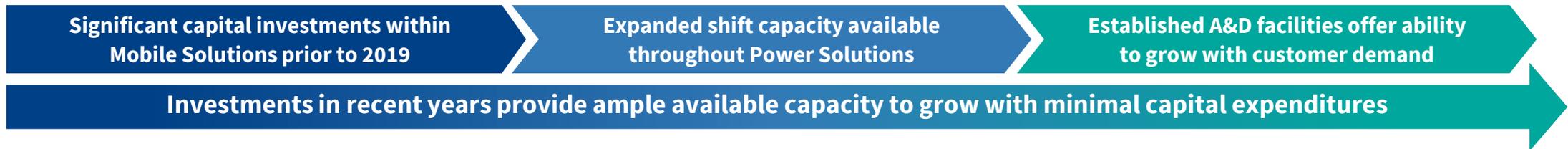
Acquire Complementary Technologies, Targeted Customers and End Markets

Incremental growth and further penetration into targeted markets



Continue to Improve Overall Profitability

Improved operations, corporate cost reductions, controlled capital expenditures, and improved net working capital management



Agnostic Product Lines

Facilitating ICE, Hybrid, or BEV

NN IS WELL POSITIONED FOR THE ICE TRANSITION:

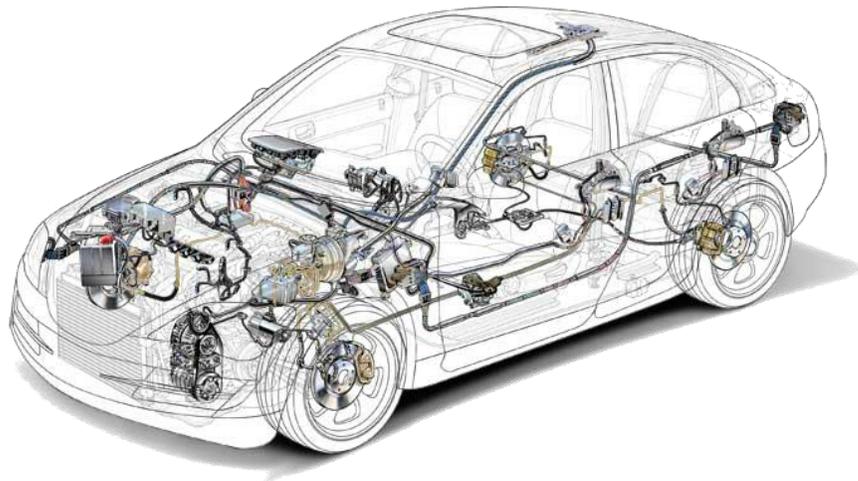
- Capital equipment is flexible and re-deployable
- We maintain strong relationships with our customers
- The EV transition will benefit the Power Solutions business
- Precision engineered components are essential for EV

Current Product Lines	ICE	Hybrid	BEV
Electric Power Steering	✓	✓	✓
Braking (Electric & Regenerative)	✓	✓	✓
Transmissions	✓	✓	✓
Armature Shafts & Hollow Worms	✓	✓	✓
Air Bag / Safety Systems	✓	✓	✓
Electric Motors (including Traction)	✓	✓	✓
Sensors / Cameras	✓	✓	✓
Miscellaneous Auto	✓	✓	✓
Auto-Electrical	✓	✓	✓
Connectors	✓	✓	✓
Battery Management & Inverters	-	✓	✓
Battery Packs	-	✓	✓
Valve Train	✓	✓	-
Gasoline Fuel Injection	✓	✓	-

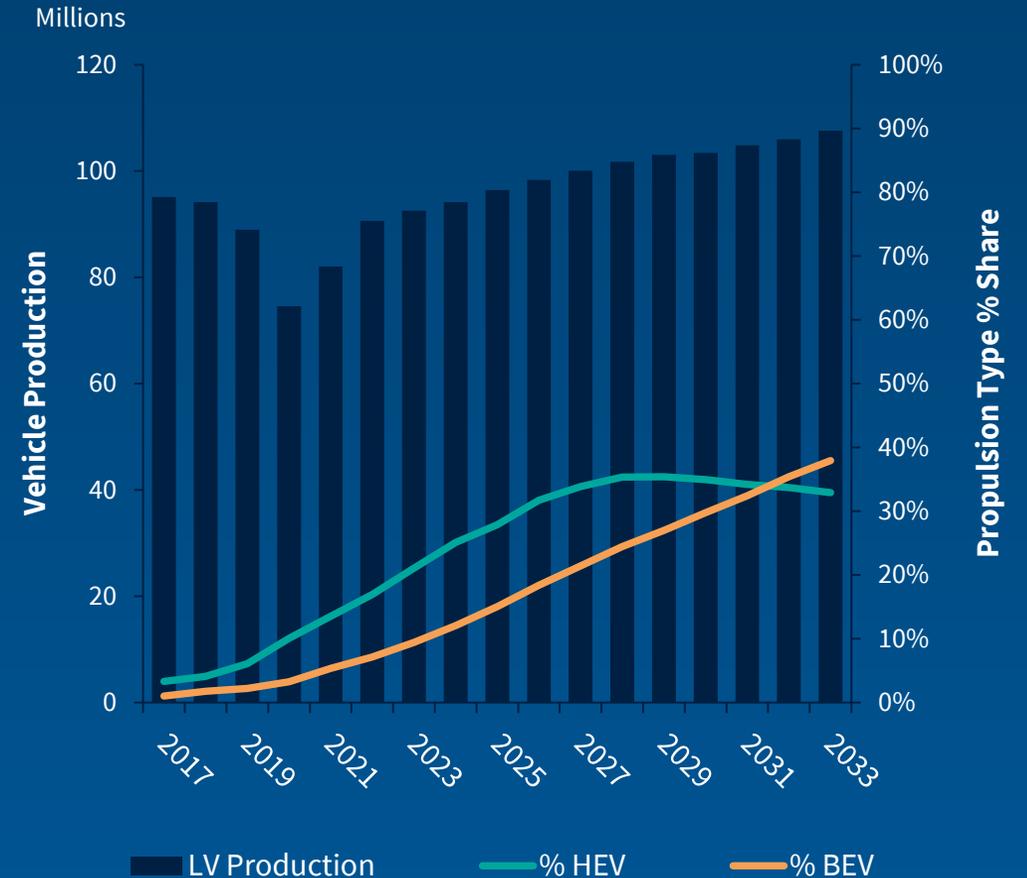
Growing EV Automotive Business

Focus investment on EV / ICE-independent products to capture EV growth opportunity and align product portfolio with projected market trends

Existing ICE-dependent applications maintain relatively long life and will generate free cash flow



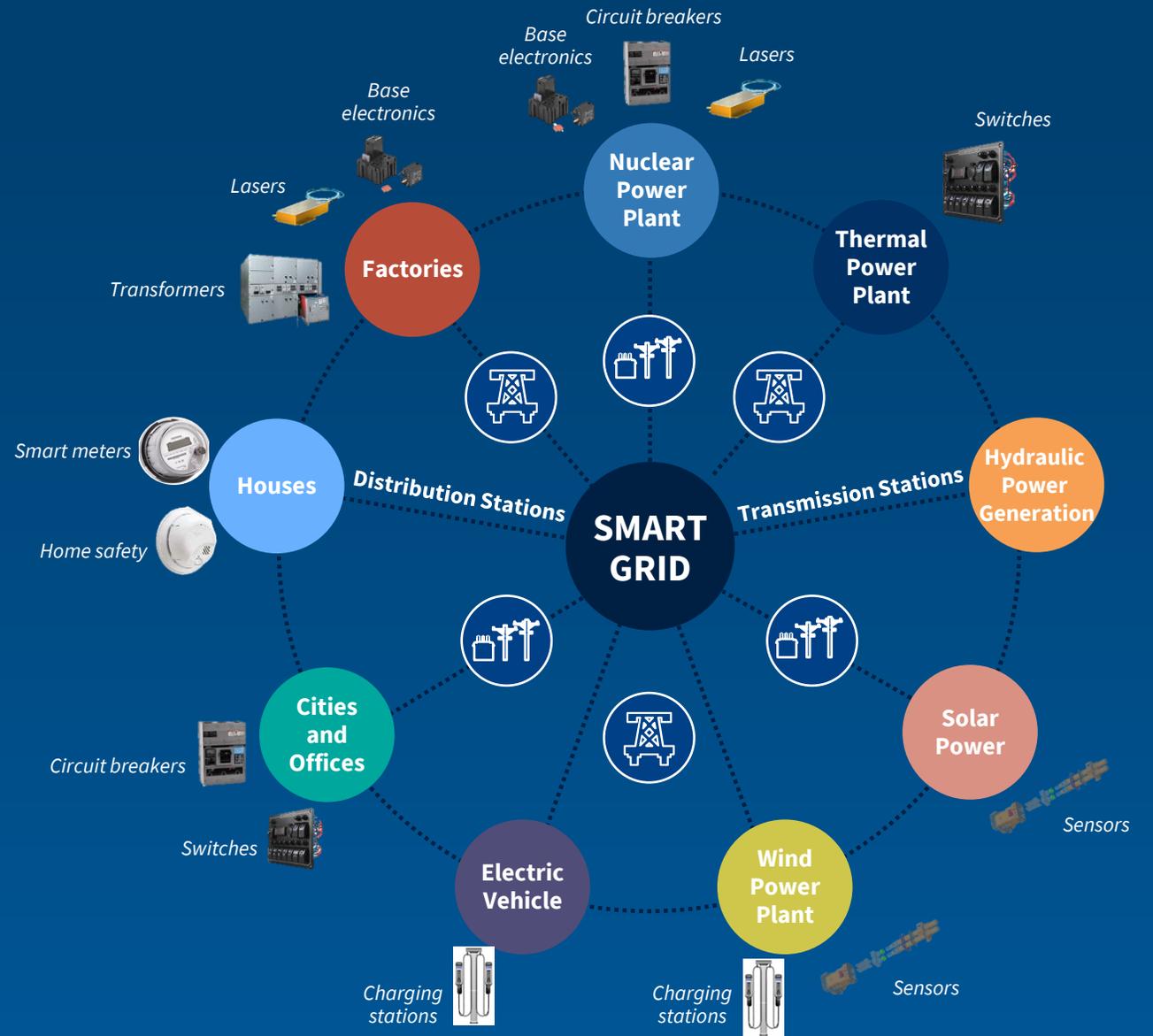
Global Production 2017-2033, % Share by Propulsion Type



Source: IHS Markit

Significant Opportunity in Grid Modernization

Expansion throughout Power Distribution channels with focused efforts in Renewable Integration, Residential, and Industrial / Commercial applications



Execute 3-Pillar Tactical Plan for Continued Growth

Global manufacturing footprint has flexibility and capacity to drive sales growth with minimal incremental capital expenditure



1

WALLET SHARE EXPANSION

- Leverage key relationships with existing customers
- NN customer service, engineering, advanced development, and quality



2

REVIVAL / CROSS-SELL

- Leverage relationships with former customers or other NN segment customers
- Facilitated through strong communication within and across groups / platforms



3

NEW TARGETS

- Expand deeper into industries served by leveraging industry knowledge and experience
- Adjacent markets / emerging technologies

APPROACH TO ACQUISITION-DRIVEN GROWTH:

Acquire Complementary Technologies, Targeted Customers & End Markets

Disciplined approach to acquire bolt on complementary technologies, targeted customers or end markets



Key Profitability Initiatives



1 EFFICIENCIES ACROSS POWER & MOBILE

- Continue integration of SG&A functions
- Post-COVID inventory and materials management optimization
- Continued labor productivity improvement
- Further optimization of in-house tool making opportunities



2 FACILITY OPTIMIZATION

- Streamline underutilized facilities
- Expand key low-cost country facilities
 - Mexico, China, Poland, and Brazil
- Rationalize underperforming facilities/submarkets



3 IMPROVED OPERATING & FINANCIAL SYSTEMS

- Finalize updates to Customer Relationship Management system
- Complete low volume/high mix ERP system installment within key Power Solutions facilities
- Expand capacity and demand forecasting capabilities

Significantly boost NN's long-term profitability and cost profile through multiple cost saving and corporate/operational initiatives

Continue to Improve Overall Profitability

Profitability Strategy & Objectives

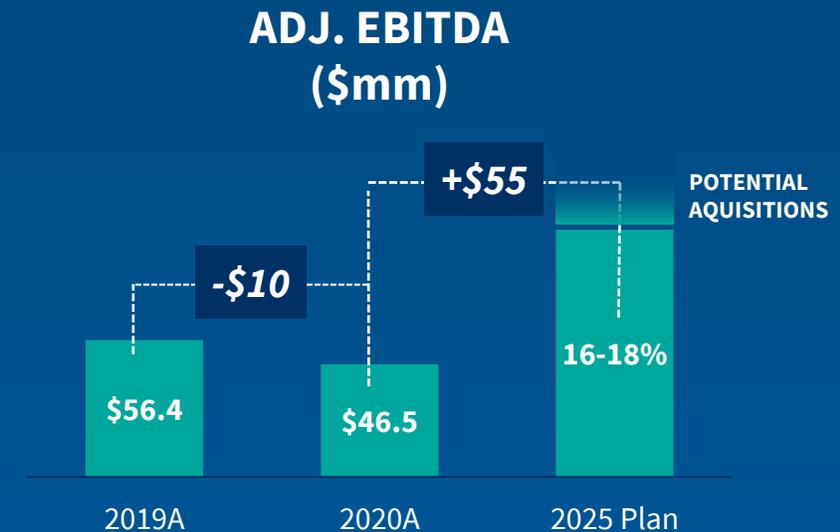
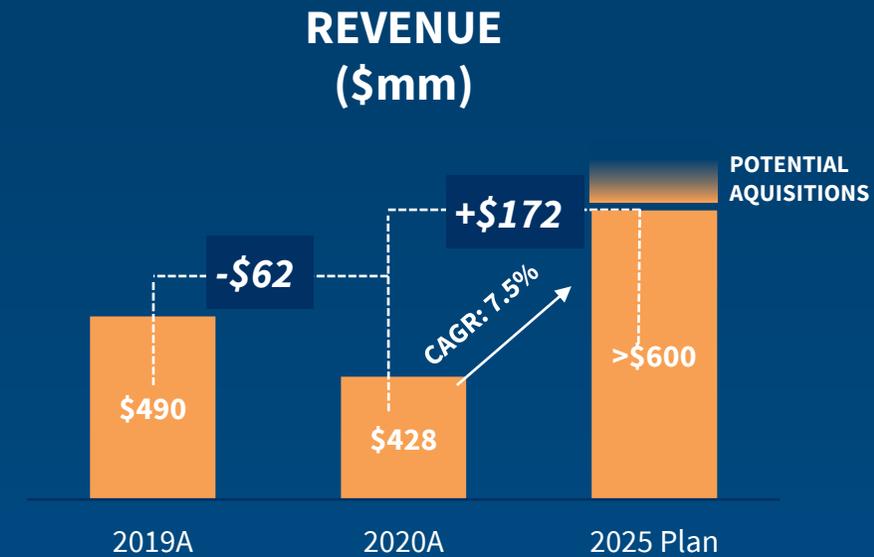
GROW revenue through market share gains and penetration into adjacent markets

IMPROVE variable margin through CI initiatives

REDUCE SG&A expenses

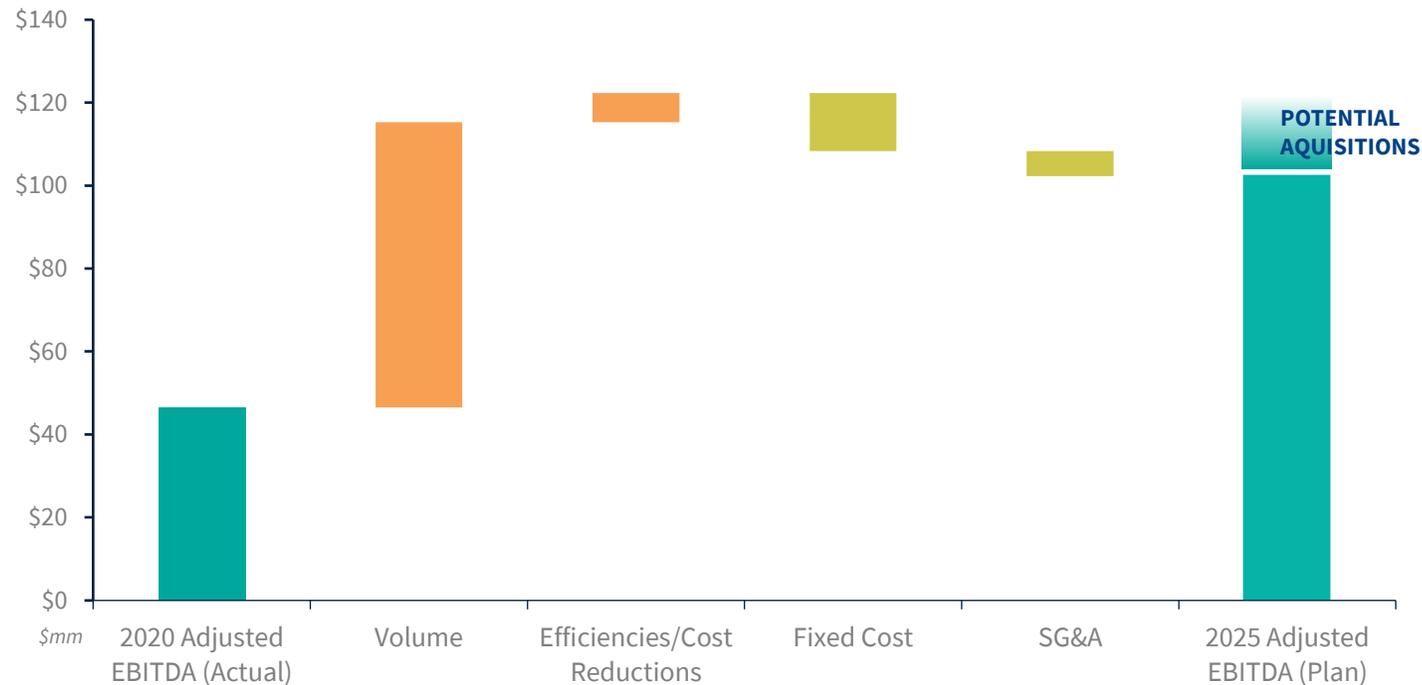
FULLY UTILIZE existing facility and equipment capacity

MAINTAIN strict ROIC discipline on capital investments



Sales & Profitability 2020 to 2025 Outlook

2025 Sales of >\$600 million with a 16-18% Adjusted EBITDA margin doubles 2020 Adjusted EBITDA

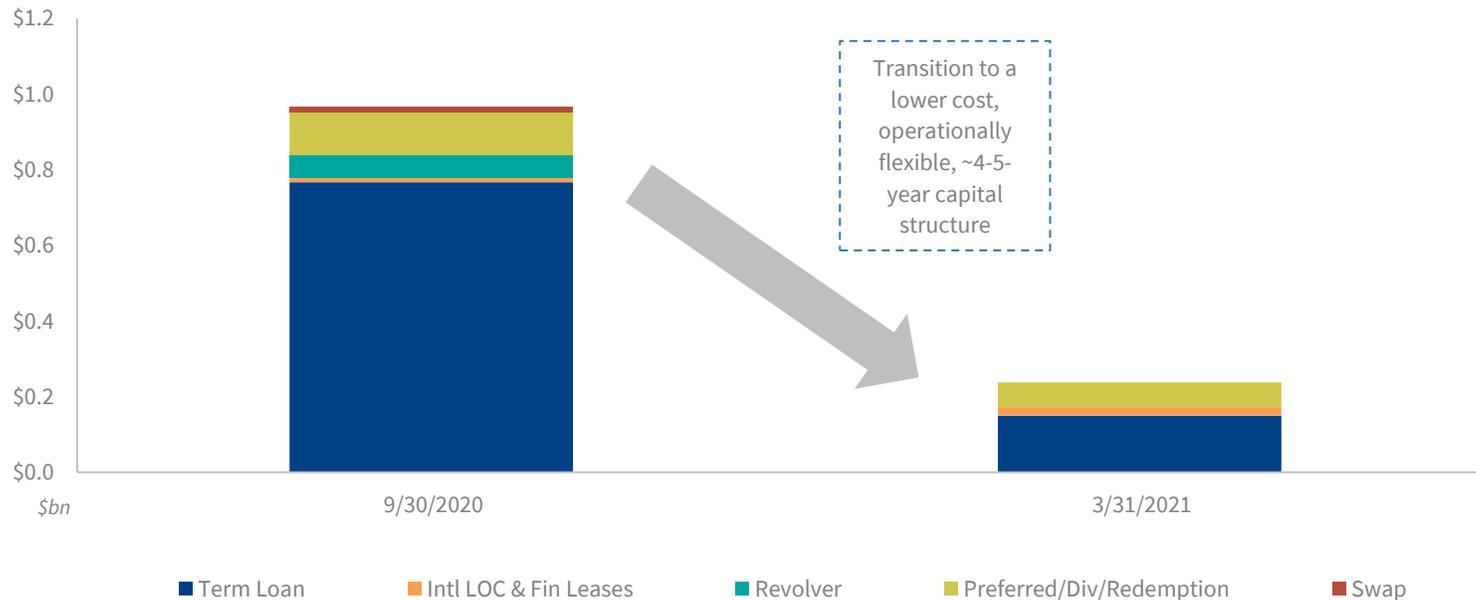


Steps to achieve results

- Capture growth opportunities driven by end market megatrends
- Mobile Solutions pursuing opportunities with electric vehicles, electric motors, and electric power steering
- Power Solutions growth is focused on smart grid applications, electric vehicles, and aerospace and defense
- Leverage global manufacturing footprint
- Continue cost discipline, increase capacity utilization and facility consolidation

Recapitalization

NN Debt and Preferred Equity Summary



Takeaways:

- Structure includes \$150 million term loan, \$65 million preferred equity, and \$50 million ABL
- Reduced blended cost of debt and equity from ~15% to ~12%
- Preferred stock dividend is 12% paid-in-kind and 10% if paid in cash
- Preferred stock component of capital structure allows us to maintain lower leverage ratio, alleviating customer concerns about our financial stability
- Capital structure provides capacity for additional financing to fund acquisitions

New capital structure provides financial and operational flexibility with long-term strategic partners that will allow NN to focus on serving its customers and delivering value to its shareholders

2021-2025 Pathways to Success

- **Capture growth driven by end market megatrends** in smart grid modernization, battery electric vehicles, and aerospace and defense
- **Organic growth to \$600mm in revenue;** Power growth rates of 8%-9%; Mobile growth rates of 6%-7%
- **Targeted Adjusted EBITDA margin of 16-18%**
- **Long-term capital structure** in place enabling financial flexibility
- **Continued discipline on cash** with focus on working capital, debt reduction, and growth capital investments
- **Founder's Mentality** to drive operational efficiencies and eliminate waste
- **Disciplined acquisition approach;** bolt on complementary technologies, targeted customers or end markets



Questions & Answers



Appendix

Mobile Solutions Product Overview

Broad Range of Vehicle System Expertise

- Components and Assemblies for:
 - Electric Power Steering
 - Hybrid/Electric Braking Systems
 - Electric Motors
 - Vehicle HVAC
 - Safety (sensors, airbags, seatbelts)
 - Diesel Fuel Systems (pumps and injectors)
 - Emissions Control (dosing)
 - Cylinder Deactivation
 - Transmission and 4x4 transfer systems
 - High Pressure Gas Direct Injection Systems

Quality Systems and Certifications

- IATF 16949
- Six Sigma Black Belts
- Apprenticeship Program



Sensors



Electric Power Steering



Braking



4-Wheel Drive



Fuel Injector



Emissions Control



Electric Motors

Mobile Solutions Product Overview

Broad Range of Sub-End Markets

- Components and Assemblies for:
 - Diesel Engines
 - Electric Rail Systems
 - HVAC Compressors
 - Consumer Power Tools
 - Medical Power Tools
 - Industrial Lasers
 - ATV Steering
 - Appliances
 - Manufacturing Equipment

Quality Systems and Certifications

- ISO 9001
- ISO 13485



Appliances



Compressor Shafts



Power Tool Shafts



Diesel Engines



Industrial Motor Shafts



ATV Power Steering

Power Solutions Product Overview

Broad Range of Expertise

- Components, Assemblies, and Instruments for various applications within diverse end markets:
 - Medical
 - Aerospace
 - Defense
 - Auto
 - Electrical
 - General Industrial

Quality Systems and Certifications

- AS9100 D | ISO13485 | ISO9001 :2015
- ITAR | NADCAP | IATF 16949
- Six Sigma Black Belts
- Apprenticeship Program



Terminal Assemblies:
Residential Smart
Electrical Meters



Medical Instruments:
Class 1 Handheld
Surgical Instruments



Sensor Components:
Patriot Land-Based
Missile Defense System



Terminal Assemblies: Low
and Medium Voltage Circuit
Breakers



Burst Discs and Brackets:
Automotive Airbags



Fluid Bellow
Components: F-35
Hydraulics System



Bus Bars: Battery-Electric
Locomotive Battery Packs



Stamping: High Voltage
Connectors Hybrid and BEV

Power Solutions Product Overview

Broad Range Stamping and Molding

- Bimetal Contacts
- Powder Metal Contacts
- Contact Assemblies
- Aluminum Bus Bars
- Copper Bus Bars
- Bimetal Bus Bars

Custom Connector Components, Contacts, Moldings, and Machined Parts

- Molding
- Over-molding
- Machining
- Assembly



Terminal Assemblies



Electrical Contacts: 100's of applications and customers



Bus Bars and Contact Assemblies: Circuit Breakers/Switch Gears



Airbag Burst Discs (oriented and packaged for assembly)



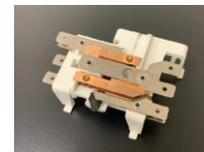
Various Machined Components for Aircraft



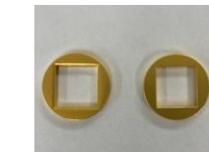
Shielded Connector Component for EV Connector



Over-molded Fuel Fitting



Switch Assembly



Gold-plated Stampings

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

	Twelve Months Ended December 31,			Twelve Months Ended December 31,	
	2020	2019		2020	2019
\$000s			\$000s		
NN, Inc. Consolidated			Mobile Solutions		
GAAP income (loss) from operations	\$ (117,457)	\$ (17,593)	GAAP income (loss) from operations	\$ 5,228	\$ 9,553
Restructuring and integration expense	-	\$ (12)	Restructuring and integration expense	-	(12)
Acquisition and transition expense*	16,939	\$ 24,070	Acquisition and transition expense	1,594	4,885
Amortization of intangibles	14,347	\$ 14,473	Amortization of intangibles	3,353	3,479
Impairments (Goodwill and fixed assets)	93,968	\$ 644	Impairments (Goodwill and fixed assets)	1,019	-
Non-GAAP adjusted income from operations (a)	<u>\$ 7,797</u>	<u>\$ 21,581</u>	Non-GAAP adjusted income from operations (a)	<u>\$ 11,195</u>	<u>\$ 17,904</u>
Non-GAAP adjusted operating margin (1)	1.8%	4.4%	Share of net income from joint venture	3,626	1,681
Depreciation	\$ 31,245	\$ 29,638	Non-GAAP adjusted income from operations with JV	<u>14,821</u>	<u>19,586</u>
Other income/expense	213	(962)	Non-GAAP adjusted operating margin (1)	5.8%	6.6%
Non-cash foreign exchange (gain) loss on inter-company loans	274	45	Depreciation	\$ 24,944	\$ 23,668
Change in fair value of preferred stock derivatives and warrants	(499)	-	Other income/expense	(517)	108
Costs related to divested businesses	247	960	Non-cash foreign exchange (gain) loss on inter-company loans	1,010	79
Share of net income from joint venture	3,626	1,681	Change in fair value of preferred stock derivatives and warrants	-	-
Non-cash stock compensation	3,581	3,493	Costs related to divested businesses	-	-
Non-GAAP adjusted EBITDA (b)	<u>\$ 46,483</u>	<u>\$ 56,437</u>	Share of net income from joint venture	3,626	1,681
Non-GAAP adjusted EBITDA margin (2)	10.9%	11.5%	Non-cash stock compensation	-	-
GAAP net sales	\$ 427,534	\$ 489,514	Non-GAAP adjusted EBITDA (b)	<u>\$ 40,258</u>	<u>\$ 43,441</u>
			Non-GAAP adjusted EBITDA margin (2)	15.7%	14.6%
			GAAP net sales	\$ 256,360	\$ 297,749
\$000s					
Power Solutions					
GAAP income (loss) from operations	\$ (85,983)	\$ 13,881			
Restructuring and integration expense	-	-			
Acquisition and transition expense	4,235	7,724			
Amortization of intangibles	10,994	10,994			
Impairments (Goodwill and fixed assets)	92,948	244			
Non-GAAP adjusted income from operations (a)	<u>\$ 22,195</u>	<u>\$ 32,844</u>			
Non-GAAP adjusted operating margin (1)	13.0%	17.1%			
Depreciation	\$ 4,736	\$ 4,307			
Other income/expense	(194)	(388)			
Non-cash foreign exchange (gain) loss on inter-company loans	184	125			
Change in fair value of preferred stock derivatives and warrants	-	-			
Costs related to divested businesses	-	-			
Share of net income from joint venture	-	-			
Non-cash stock compensation	-	-			
Non-GAAP adjusted EBITDA (b)	<u>\$ 26,921</u>	<u>\$ 36,888</u>			
Non-GAAP adjusted EBITDA margin (2)	15.7%	19.2%			
GAAP net sales	\$ 171,269	\$ 192,100			

(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 - \$2.4 / Prof Fees - \$3.2 / Integration & Transformation - \$7.5 / Acq Transaction Costs - \$0.0 / Asset Write-Downs/Inventory Step-Up - \$3.9
* 2019 Includes Capacity & Capabilities Dev - \$7.4 / Prof Fees - \$4.5 / Integration & Transformation - \$11.8 / Acq Transaction Costs - \$0.0 / Asset Write-Downs/Inventory Step-Up - \$0.4

Non-GAAP Financial Measures Footnotes

The Company discloses in this presentation the non-GAAP financial measures of adjusted income (loss) from operations and adjusted EBITDA. 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 several acquisitions, one of which was 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 (loss) from operations and adjusted EBITDA 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 (loss) from operations represents GAAP income (loss) 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 (loss) 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 (loss) from operations.

(b) Non-GAAP adjusted EBITDA represents GAAP income (loss) from operations, adjusted to include income taxes, interest expense, write-off of unamortized debt issuance costs, interest rate swap payments and change in fair value, change in fair value of preferred stock derivatives and warrants, 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, costs related to divested businesses and litigation settlements, 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.

