



# NN, INC. INVESTOR DAY

May 20, 2022



# GAIL NIXON

Senior Vice President and  
Chief Human Resources Officer

# 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; the impacts of the COVID-19 pandemic on the Company's financial condition, business operations and liquidity; competitive influences; risks that current customers will commence or increase captive production; risks of capacity underutilization; quality issues; material changes in the costs and availability of raw materials; economic, social, and political instability, currency fluctuation, and other risks of doing business outside of the United States; our dependence on certain major customers; the impact of acquisitions and divestitures; the level of our indebtedness; the restrictions contained in our debt agreements; our ability to obtain financing at favorable rates, if at all, and to refinance existing debt as it matures; unanticipated difficulties integrating acquisitions; new laws and

governmental regulations; the impact of climate change on our operations; cyber liability or potential liability for breaches of our or our service providers' information technology systems or business operations disruptions 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, 2021, and the Company's Quarterly Report on Form 10-Q for the three months ended March 31, 2022.

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.

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.



# TODAY'S AGENDA

- 1 Company & Strategic Overview**  
Warren Veltman • Chief Executive Officer
- 2 Commercial Strategy**  
Andrew Wall • Chief Commercial Officer
- 3 Manufacturing Capabilities Overview**  
John Buchan • EVP, Mobile Solutions & Power Solutions
- 4 Sustainability Overview**  
Matt Heiter • Senior Vice President & General Counsel
- 5 Financial Overview**  
Mike Felcher • Senior Vice President & Chief Financial Officer
- 6 Strategic Vision & Conclusion**  
Warren Veltman • Chief Executive Officer



# COMPANY & STRATEGIC OVERVIEW





# WARREN VELTMAN

President and Chief Executive Officer

# A COMPELLING INVESTMENT OPPORTUNITY

Leveraging a strong history across a dynamic portfolio of growth opportunities

- 1 World Class Customers**  
Support long-standing, strong, and industry leading customers that operate globally
- 2 Diverse Process Technologies**  
Excellence in numerous process technologies relevant to targeted growth industries and end customers
- 3 Defined Growth Strategy**  
Positioned to take advantage of megatrends associated with modernization of electric grid, and the shift from ICE to EV
- 4 Culture of Continuous Improvement**  
Culture of continuous quality improvement and process enhancement will drive improved operating margins
- 5 Capital Structure to Support Growth**  
2021 recapitalization established an appropriate financial leverage and provided strong foundation for future growth
- 6 Experienced Management Team**  
Experienced executive team and a reconstituted Board steeped with vast industry expertise consistent with NN's growth strategy

## Key Data Points

FY'22 REVENUE<sup>(1)</sup> **\$515-540M**      FY'22 ADJ. EBITDA<sup>(1)</sup> **\$57-63M**

EMPLOYEES  
**~3,400**

CUSTOMERS  
**1,150+**



**Operating Tolerance**

<10 microns



**Repeatable Manufacturing**

3M+ parts shipped each day



**Best-In-Class Product Quality**

Routinely <5 PPM



1). FY'22 Revenue and Adj. EBITDA guidance as of May 20, 2022.

# KEY MANAGEMENT



## Warren Veltman

*President and Chief Executive Officer*

- Appointed as President and CEO in 2019; officially appoint CEO in 2020
- Previously served as EVP of the Mobile Solutions Group after NN's acquisition of Autocam in 2014



## Mike Felcher

*Senior Vice President and Chief Financial Officer*

- Appointed CFO in 2021; Joined NN in 2018 as Vice President and CAO
- Prior to NN, served as Vice President, North America Chief Financial Officer for JELD-WEN



## Matt Heiter

*Senior Vice President and General Counsel*

- Appointed as Senior Vice President and General Counsel in 2015;
- Previously was a shareholder in the law firm of Baker, Donelson, Bearman, Caldwell and Berkowitz



## John Buchan

*Executive Vice President,  
Mobile & Power Solutions*

- Appointed as interim EVP of Mobile Solutions and Power Solutions in 2019
- Joined NN as part of the Autocam acquisition in 2014, where he served as Chief Operations Officer



## Andrew Wall

*Senior Vice President and  
Chief Commercial Officer*

- Appointed as CCO in early 2022
- Previously held numerous marketing and sales, strategy, general management, and factory and field service operations roles with ABB, Ltd.



## Gail Nixon

*Senior Vice President and  
Chief Human Resources Officer*

- Appointed Senior Vice President and Chief Human Resources Officer in 2018
- Previously worked in the non-profit sector; held various accounting and human resources positions with a multi-state healthcare organization



# TRANSFORMING NN FOR THE FUTURE

*NN's achievements have unlocked financial flexibility that support the next several stages of growth*

## SIGNIFICANT BOARD & 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

Pre-2018

2019

2020

2021

2022+



## HISTORY OF ACQUISITIONS

Period of rapid growth by acquisition financed mainly by debt

## 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

## 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

## DIVESTITURE

Strengthened balance sheet and enhanced financial flexibility by significantly deleveraging through the sale of Life Sciences



## ACCELERATING GROWTH & RETURNS

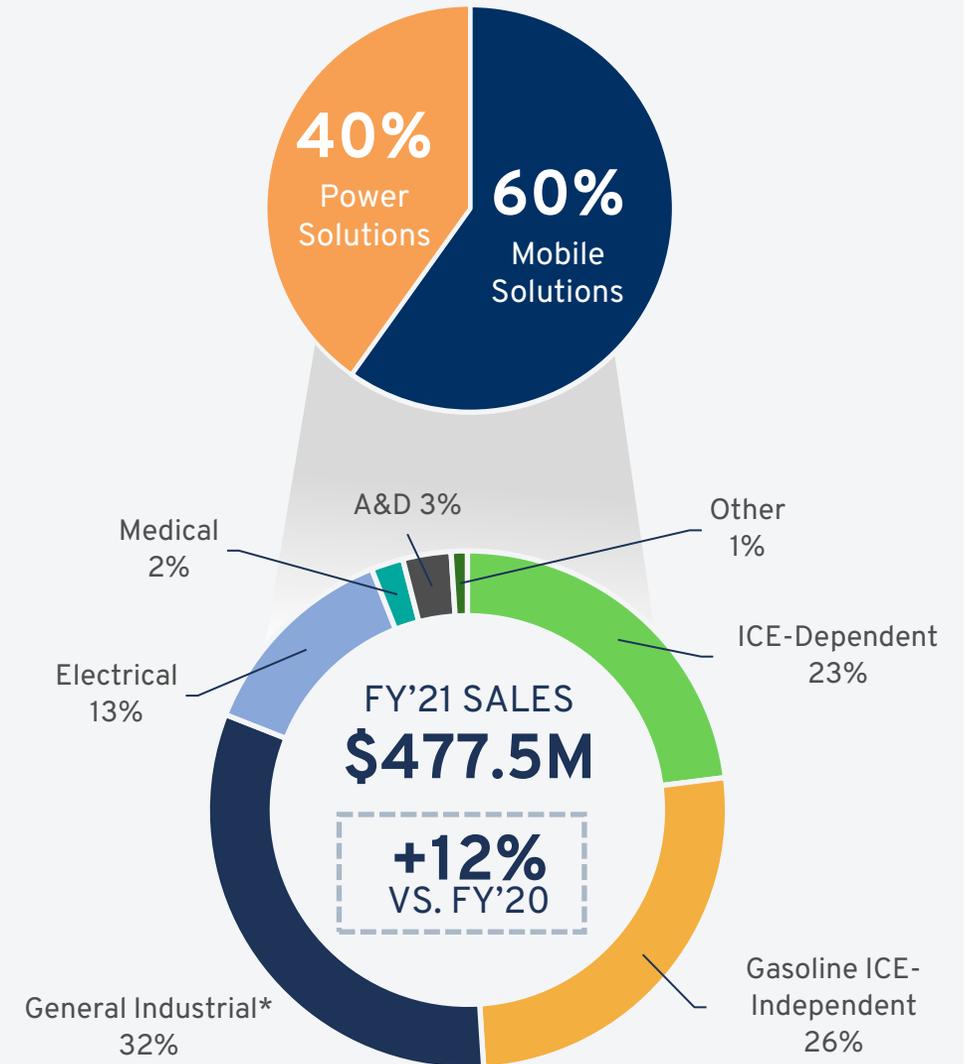


# A GROWING, GLOBAL SUPPLIER

Strategic supplier of highly customized and diverse end-to-end solutions, serving OEM customers globally

- **TWO SEGMENTS:** Power Solutions and Mobile Solutions
- **BEST-IN-CLASS** high-precision components and assemblies
- **STRONG REPUTATION** and steady foundational business
- **GLOBAL MANUFACTURING PLATFORM:**  
31 facilities in 6 countries
- **STRATEGIC PARTNER** to diversified customer base
- **ADDS VALUE** throughout the life cycle

## Global Manufacturing Platform



\*Diesel truck applications fall into the General Industrial category not ICE dependent



# NN, INC. TODAY

Strategically positioned at the convergence of EVs & grid modernization

## Mobile Solutions

### Provides:

Tier-1 automotive supplier customers with a development partner, dependable product quality, unmatched speed to market, and advanced precision engineering capabilities

### End Markets:

Automotive (ICE/BEV/HEV), General Industrial

### Key Product Applications:

Electric power steering, electric braking, electric motors, gas and diesel fuel systems, emissions control (dosing), HVAC compressors

## Power Solutions

### Provides:

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

### End Markets:

Electric, General Industrial, Automotive, Aerospace & Defense, Medical

### Key Product Applications:

Smart meters, BEV, charging stations, circuit breakers, sensors, transformers, switchgears, powder metal contacts, rockets and satellites, surgical instruments

Precision worm shafts  
(electric power steering)



Smart meter contact assembly or “blade”

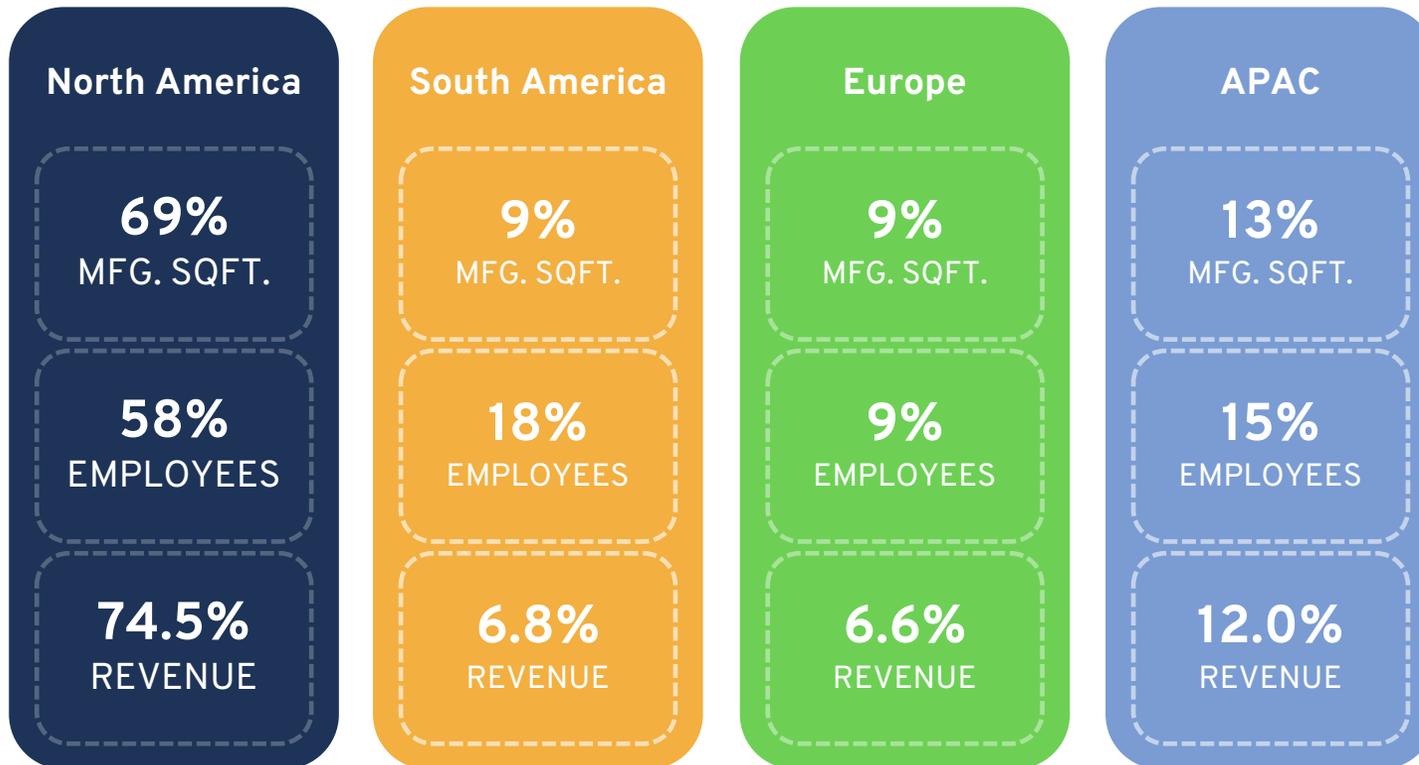


Electric motor shafts



# LEVERAGING A STRATEGICALLY PLACED FOOTPRINT

Global reach and significant scale of operations



## Global Manufacturing Platform



- Access to globally advantaged low-cost inputs, including power and labor
- Operations positioned near clients to effectively serve their needs
- Manufacturing footprint well situated for regional supply strategy
- Facility optimization continues to drive margin expansion



# CHINA JOINT VENTURE

JV has invested \$27.5M in capital expenditures between 2019-2020 to support incremental growth through 2025

While NN owns 49% of the JV, all decisions require a supermajority vote



**autocam**  
Precision Components Group

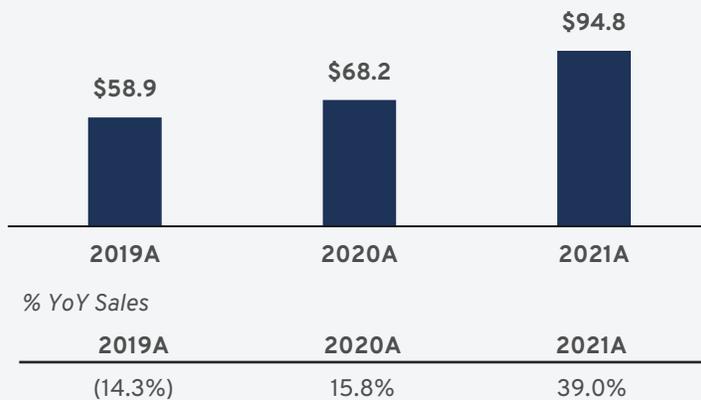
- Operations Management
- Technical Manufacturing and Engineering Expertise
- Supplier Relationships

**WEIFU**

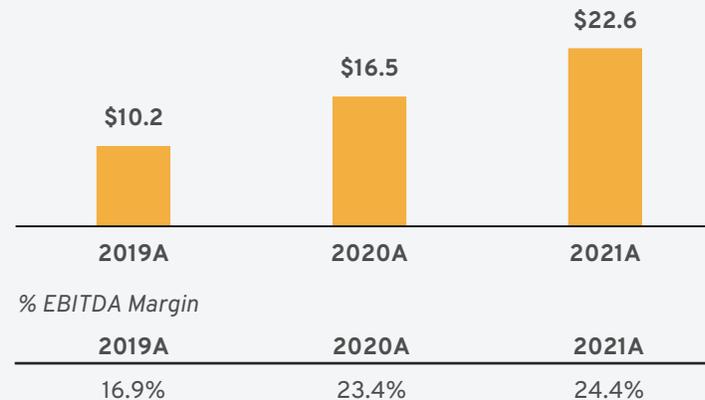
- Front Office Management
- Chinese Govt. and Regulatory Relations
- Local Supplier Management

## Source of consistent cash flow generation

### Joint Venture Sales (\$mm)



### Joint Venture EBITDA (\$mm)



(\$ mm)	2019	2020	2021
Joint Venture Net Income	\$ 3.4	\$ 7.4	\$ 12.8
Depreciation	5.2	5.6	6.8
Interest	0.9	0.8	0.8
Taxes	0.7	2.7	2.2
<b>Joint Venture EBITDA</b>	<b>\$ 10.2</b>	<b>\$ 16.5</b>	<b>\$ 22.6</b>
Joint Venture Net Income	\$ 3.4	\$ 7.4	\$ 12.8
<b>NN's 49% Share of Net Income</b>	<b>\$ 1.7</b>	<b>\$ 3.6</b>	<b>\$ 6.3</b>
<b>NN's 49% Share of JV EBITDA</b>	<b>\$ 5.0</b>	<b>\$ 8.1</b>	<b>\$ 11.1</b>

NOTE: NN's EBITDA includes our share of JV net income, not our share of JV EBITDA.



# GROWING LEADERSHIP POSITION IN EXPANSION OF ELECTRIC ECOSYSTEM

## Expansion & Modernization of Electric Grid

### TARGETS:

- Renewables
- Battery Energy Storage
- Smart Meters
- Electrical Distribution (industrial/commercial/residential)

### CAGR:

**6% to 10%**  
(2022-2027)

## Next Generation Mobility

### TARGETS:

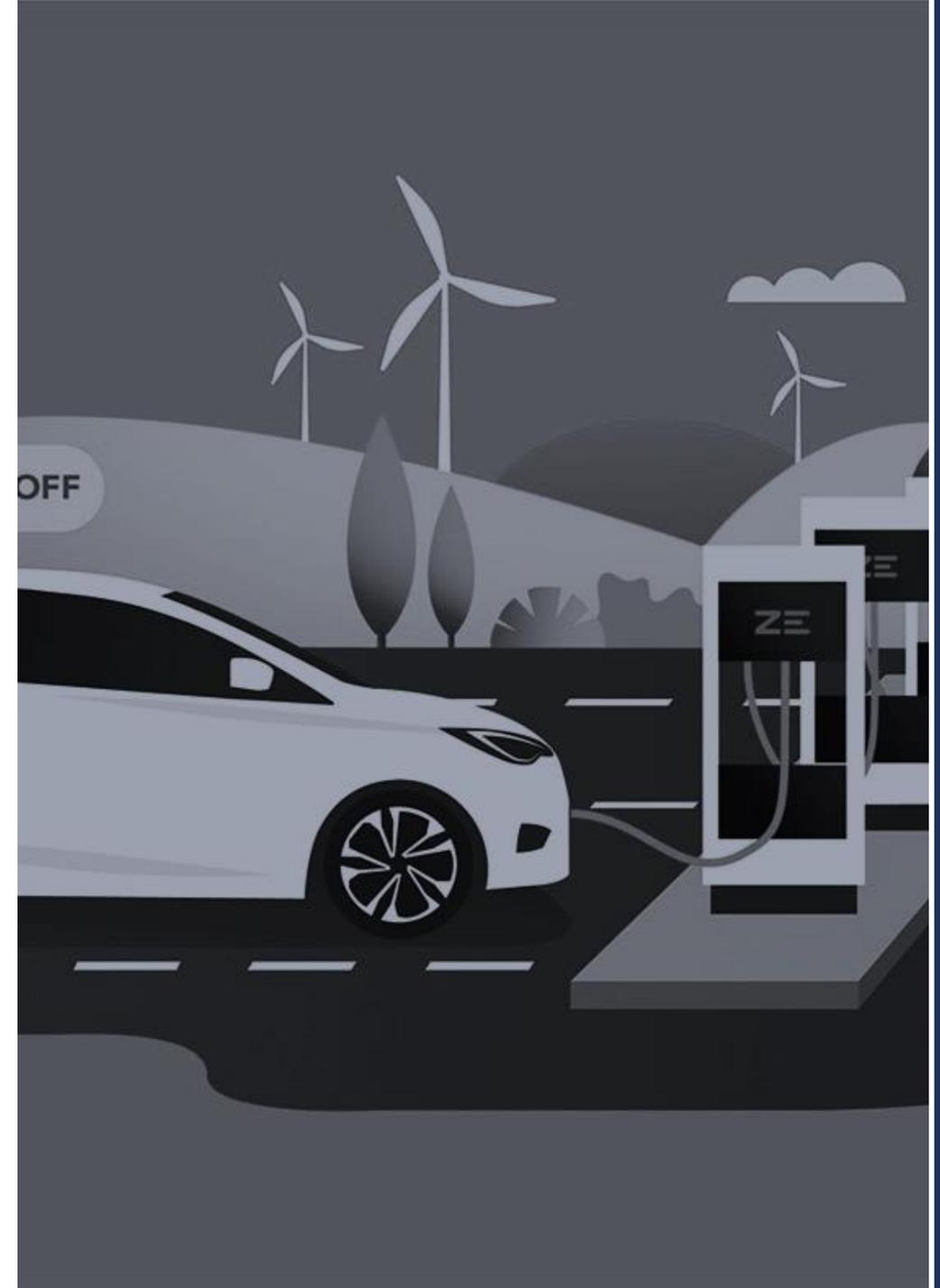
- Battery Systems
- Sensors
- On-Board Power Management
- Electric Motors
- Charging

### EV Production CAGR:

**16 to 20%**  
(2022-2027)

### Automotive Production CAGR:

**4 to 5%**  
(2022-2027)



# RIGHT TEAM IN PLACE FOR LONG-TERM SUCCESS

Experienced management team supports long-term growth initiatives



**Warren Veltman**  
*President & CEO*



**John Buchan**  
*EVP, Mobile & Power Solutions*



**Mike Felcher**  
*SVP & CFO*



**Andrew Wall**  
*SVP & CCO*



**Matt Heiter**  
*SVP & General Counsel*



**Gail Nixon**  
*SVP & CHRO*

**85 Years**

Combined Experience  
at NN

**188 Years**

Combined Industry  
Experience



# HIGHLY DIVERSE BOARD



**Warren Veltman**

*President & CEO  
2019*



**Robert Brunner**

*Appointed 2012*



**Rajeev Gautam**

*Appointed 2021*



**Jeri Harman**

*Non-Executive Chairman  
of the Board  
Appointed 2019*



**Christina Carroll**

*Appointed 2019*



**Shihab Kuran**

*Appointed 2021*



**Raynard Benvenuti**

*Appointed 2020*



**João Faria**

*Appointed 2021*



**Thomas Wilson Jr.**

*Appointed 2019*

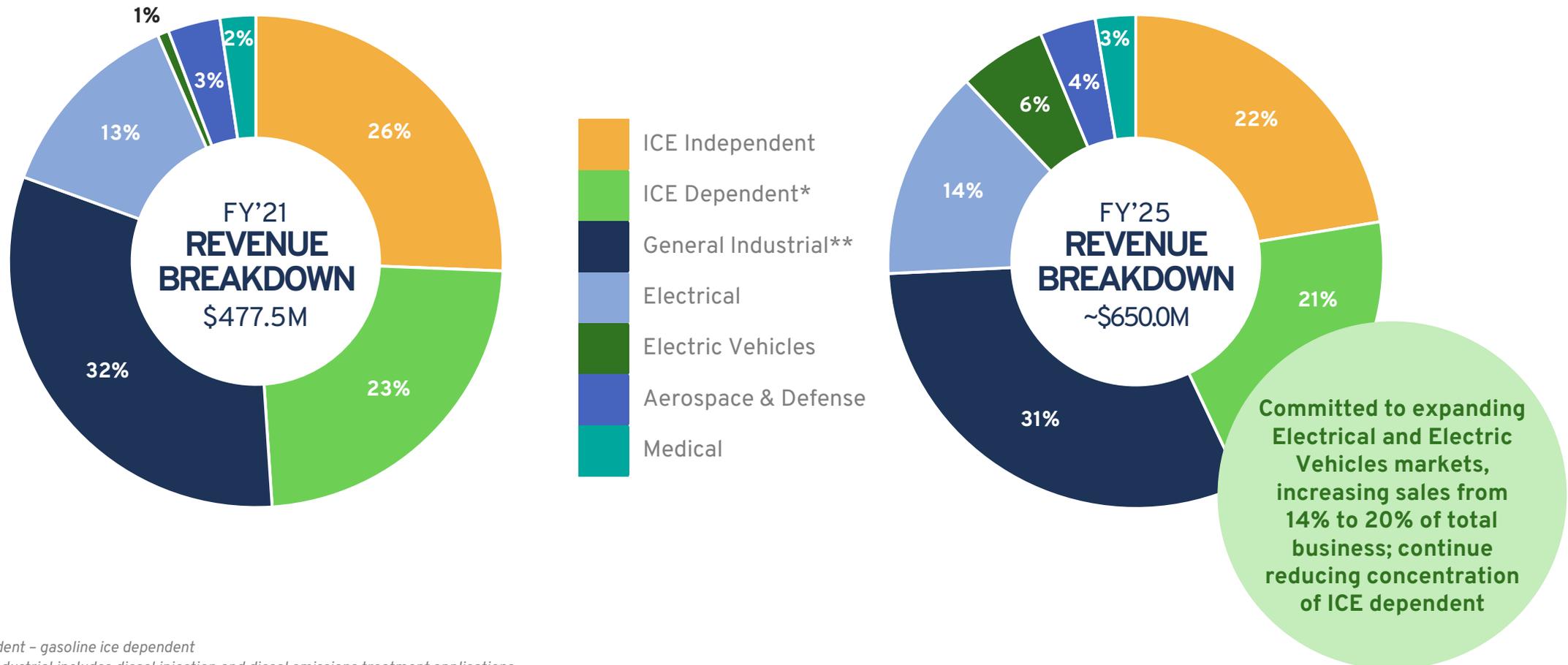
## Key Areas of Expertise

- Leadership
- Strategic Planning
- M&A
- Capital Markets
- Electric Grid
- Automotive (ICE & EVs)
- Aerospace & Defense
- Technology



# ORGANIC GROWTH FROM SUSTAINABILITY-DRIVEN SECULAR GROWTH TRENDS

Expect Organic Growth Of More Than 6-8% Between 2021 And 2025



\*ICE Dependent - gasoline ice dependent

\*\*General industrial includes diesel injection and diesel emissions treatment applications

# COMMERCIAL STRATEGY

The background of the slide is a dark blue color with a faint, semi-transparent image of various engine components, including what appears to be a cylinder head and a timing belt cover, arranged in a perspective view.



# ANDREW WALL

Senior Vice President and Chief Commercial Officer

# VALUE WE PROVIDE TO OUR CLIENTS

- **STRATEGIC PARTNERSHIP** with customers to evaluate options and make informed decisions
- **BROAD PORTFOLIO OF CLOSE TOLERANCE PROCESS TECHNOLOGIES** creating a single source partner for customer needs
- **APPLICATION-SPECIFIC** co-design and co-engineering capabilities ensuring speed to market
- **RELENTLESS FOCUS ON QUALITY AND FLEXIBILITY** based on proven manufacturing systems, and dedicated program management
- **CAPACITY TO SCALE PRODUCTION** across global platform



# STRATEGIC POSITION TO BETTER SERVE OUR CUSTOMERS

Geographic position allows NN to better serve our customers as a local partner



Close proximity to customers in all major markets to meet local needs



Low-cost country footprint aligned with strategy and facility optimization initiative



Centers of excellence in engineering and manufacturing spanning four continents supporting regional requirements



# KEY ACTIONS FOR GROWTH

1

Leverage established, long-standing relationships with industry leading customers

2

Strengthen commercial organization in areas critical to growth

3

Target opportunities that incorporate multiple process technologies

4

Aggressively pursue opportunities associated with high growth markets and segments

5

Improve brand recognition and positioning through focused target marketing

# MAINTAINING A CUSTOMER-CENTRIC BUSINESS MODEL

Challenging ourselves everyday to maximize what we provide to our customers

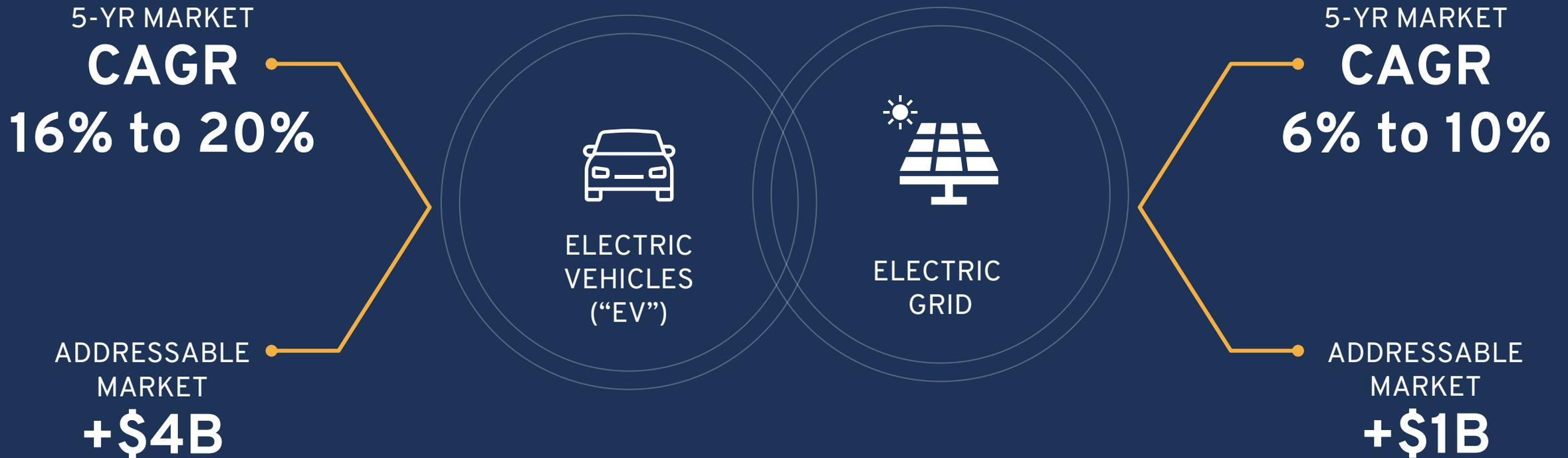
# WHERE YOU CAN FIND OUR PRODUCTS

*NN's innovative solutions can be found all around you, from your home to your car to your workplace*



# FOCUSED ON SUSTAINABLE GROWTH MARKETS

*Focused On Growing Exposure In The Electric Vehicle and Electrical Markets*



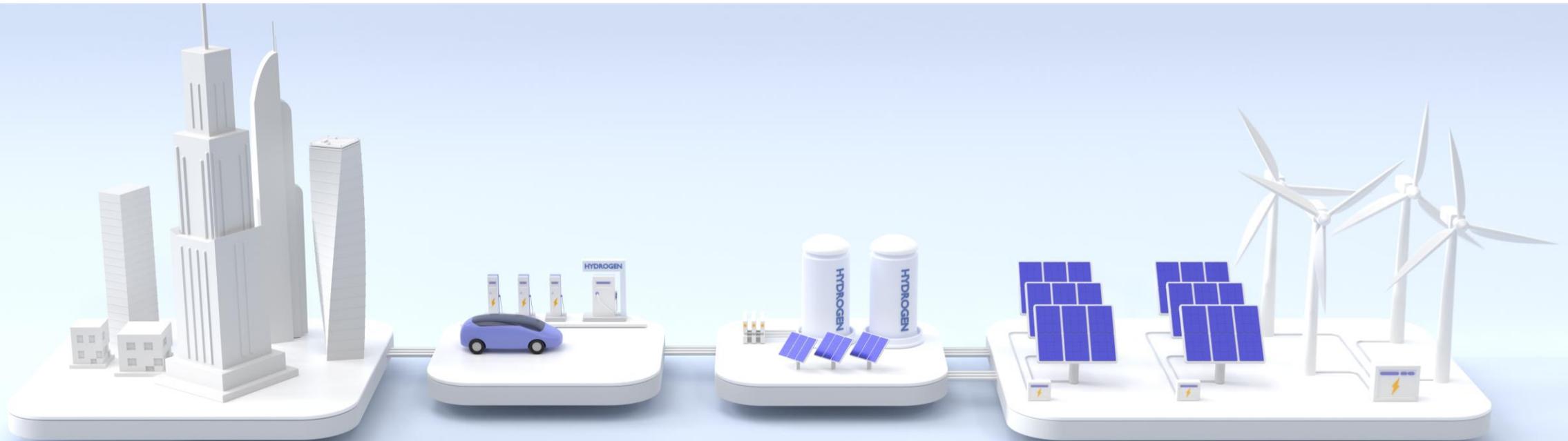
Source: Emergen Research, Market Insight Reports



# ORGANIC GROWTH FOCUSED ON DELIVERING A SUSTAINABLE TOMORROW

Employing the best of Mobile Solutions & Power  
Solutions to serve our customers

- Aggressively deploying organic investments and capital towards electrification
- Leveraging our broad portfolio of process technologies to solve customer challenges
- Creating solutions to support global transition to clean, energy-efficient world



# STRONG FOUNDATION TO DELIVER ON EV TRANSITION

Successful history in automotive powertrain space positions NN to benefit in the EV market



Decades of experience developing fuel efficiency technologies that reduce environmental impacts of ICE vehicles



Established relationships with key players in the ICE space

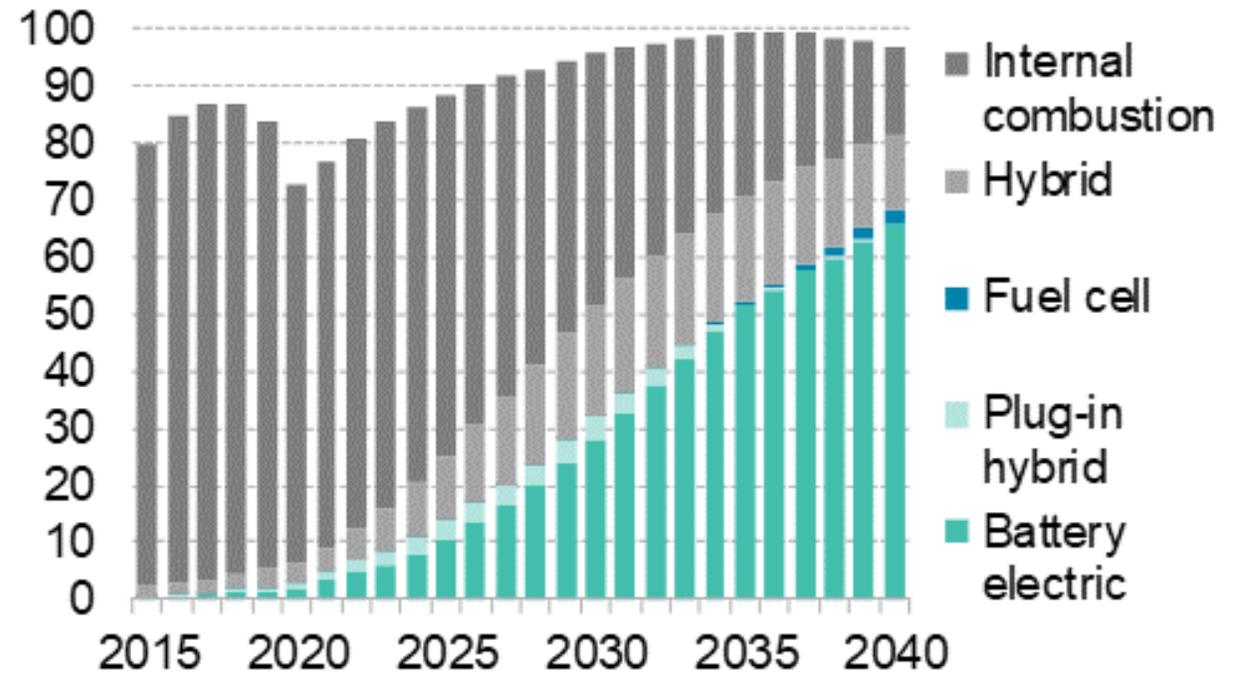


Advanced expertise enabling exceptional quality, tight tolerances, improved manufacturability



One of few suppliers with capability to serve ICE and EV space fully

## Global Passenger Vehicle Outlook by Powertrain



Source: BloombergNEF ElectricVehicleOutlook2021



# ELECTRIC VEHICLE EVOLUTION

*Systems required in electric powertrain translates to greater available market for NN*

- EVs on the road expected to increase by 8x between 2022 and 2027
- Significant overlap between components produced for ICE vehicles versus EVs
- Use cash generated by legacy automotive business to fuel organic growth

Addressable Content Per Vehicle



**EVs are expected to yield an increase of 2-3x in content per vehicle for NN**

# GRID MODERNIZATION

Global electric market undergoing significant transition



Transition to sustainable renewable energy



Deployment of smart grid technologies



Upgrading aging electric grid



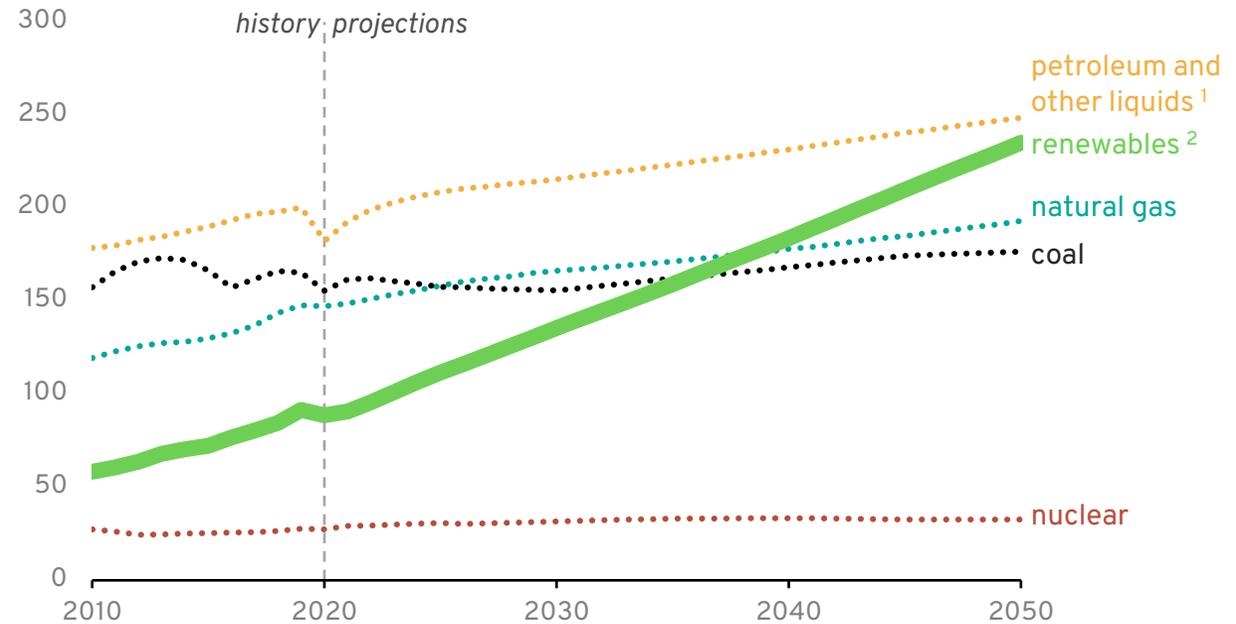
Advancing infrastructure to support electrification of transportation segment



US grid investment levels expected to reach \$140B during 2023 and 2024

## Primary energy consumption by energy source, world

quadrillion British thermal units



Source: IEA International Energy Outlook 2021

**Wide range of precision process technologies play an important role in electrical market transitions**



\*Expected US grid investment levels sourced from Edison Electric Institute

# LEVERAGING OUR HISTORY

NN has been active in the electrical market for decades

Smart meter precision components enabling Smart Grid innovation



Powdered and bi-metal contacts used in circuit breaks and connections



Bus bars, switches and connections to maintain controlled, safe electricity flow



# EXPANDING REACH IN BATTERY STORAGE

## Battery storage underpins the electrical evolution

- Increase of renewable generation and expansion of uninterruptible power supply requirements
- Data centers, telecommunications, process industries, and medical facilities
- Batteries, module packs, connectors, cables, and bus bars are part of battery energy storage manufacturing process

***Energy storage infrastructure including batteries, battery module packs, bus bars, switches, and terminals are NN's sweet spot***

Source: WindPower, IEA International Energy Outlook 2021

***Overall battery storage market forecasted to grow at 20-25% CAGR through 2027***



*A typical lithium-ion battery system can store and regulate wind energy for the electric grid.*



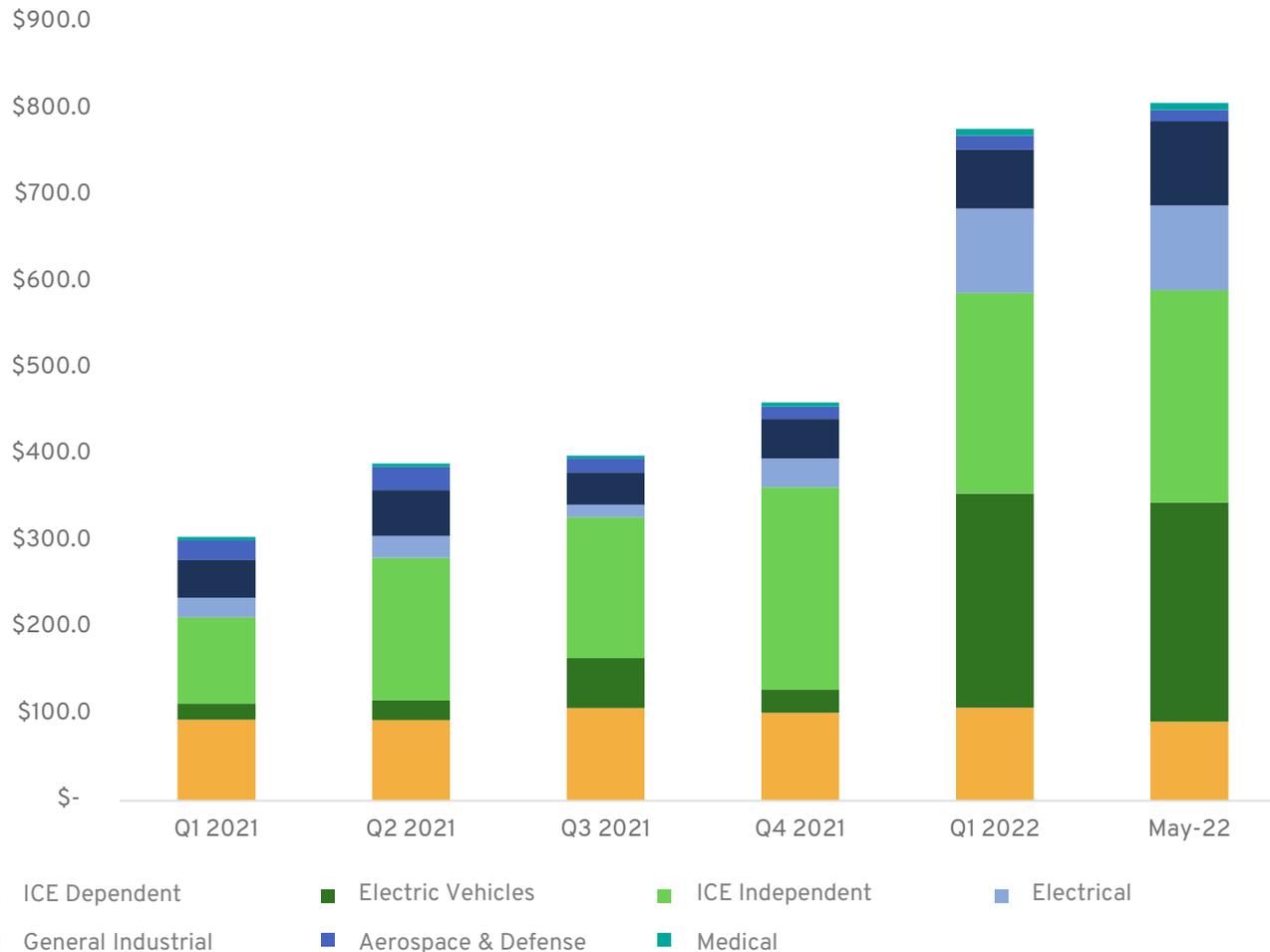
# DEEP INDUSTRY REACH

Engaged with manufacturers of equipment and systems across the distribution grid

- Leveraging our precision machining, injection molding, and assembly portfolio
- Critical assemblies that underpin the performance of equipment and system ‘workhorses’ of the modern grid
- Components designed to maintain the controlled flow of safe and reliable electricity



# PIPELINE DEVELOPING IN ALIGNMENT TO STRATEGY



- Reorganized sales and business development teams are driving significant pipeline expansion in target growth markets
- Significantly increase penetration of Electrical market
- Leverage automotive experience; expand EV offering
- Selective strategy in Aerospace and Defense, and Medical



# EMBRACING OUR HUNTERS MENTALITY TO GROW DEMAND

Differentiating with service, innovation, and years of expertise



Analyze our target markets in the context of our competencies and capabilities



Leverage our extensive network



Implement Key Performance Indicators (“KPIs”) related to opportunity pipeline development in our strategic areas



Amplify our story to the customer

*NN’s focused marketing will help achieve recognition as a key strategic partner to industry leading companies*

# INITIATIVES ENHANCING OUR POSITION

NN is taking necessary steps to increase customer experience and marketing efforts



## 1 REFRESHED CORPORATE WEBSITE

- Updated website provides more clear and insightful representation of business
- Showcases insights and expertise for current and prospective customers to leverage



## 2 ENHANCED APPROACH TO MARKETING

- In the process of recruiting Marketing Communications leader focused on amplifying NN's message to target market communities
- Increase activity in areas such as social media, press releases, white paper publications, and speaking engagements



## 3 TRADESHOW/ INDUSTRY EVENT PARTICIPATION

- Participate in various industry forums (National Electric Manufacturers Association or "NEMA", IEEE)
- Scheduled to participate in 4 upcoming tradeshows focused on electrical grid, battery storage, and electric vehicles
- Actively securing face-to-face meetings with current and target customers as COVID eases

# MANUFACTURING CAPABILITIES OVERVIEW





# JOHN BUCHAN

Executive Vice President, Power and Mobile Solutions

# PROVIDING CRITICAL COMPONENTS FOR CRITICAL SOLUTIONS

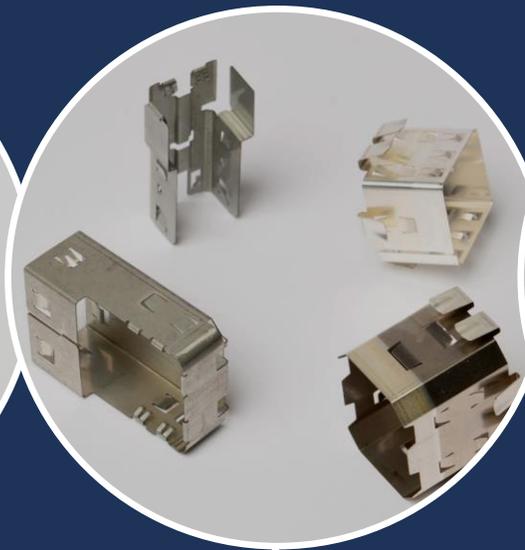
*Our solutions are found in products that surround you; +3M pieces shipped every day*



GENERAL INDUSTRIAL



ELECTRIC POWER STEERING



HIGH VOLTAGE CONNECTOR

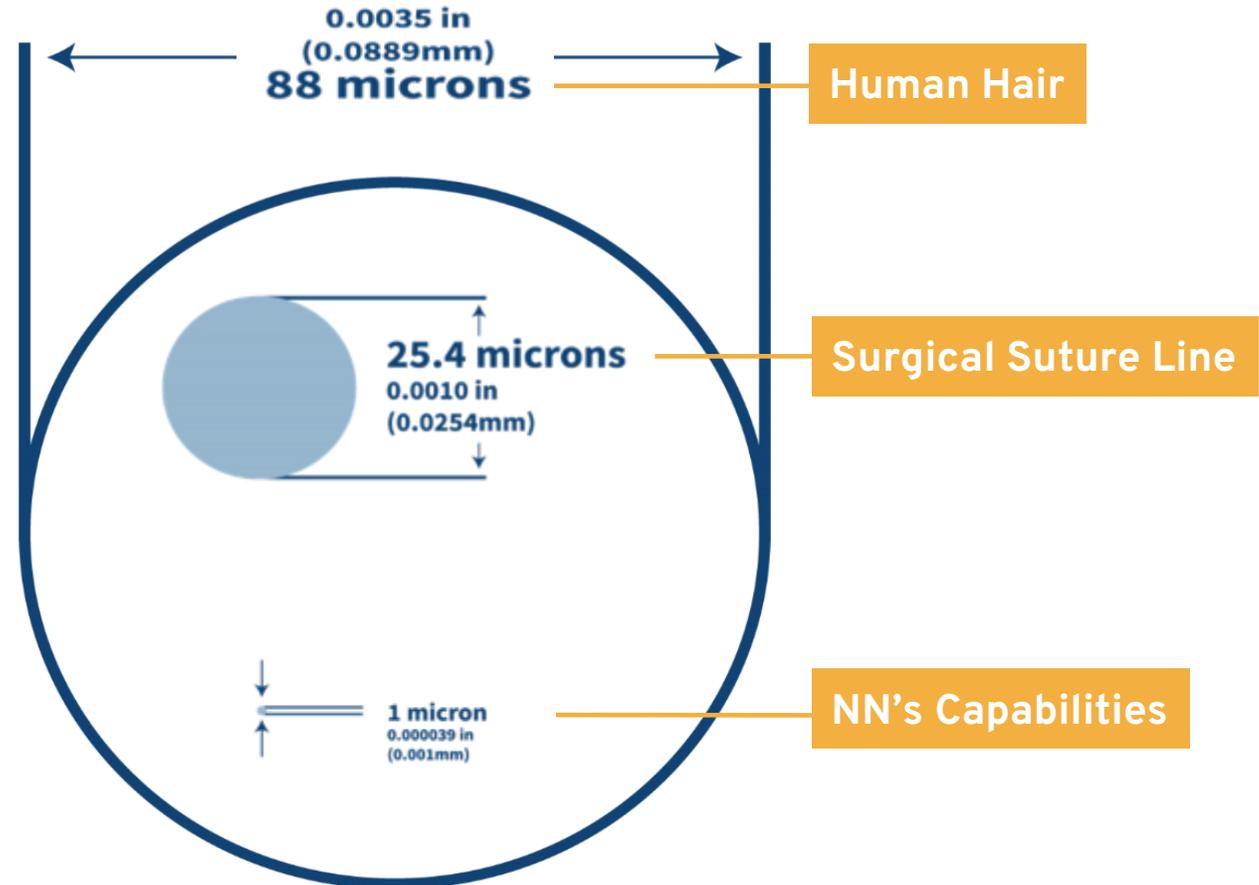


ELECTRICAL SWITCHING



# WHAT WE OFFER OUR CUSTOMERS

- Comprehensive portfolio of world-class process technologies
- Application-specific, engineered solution provider
- Decades of experience in high precision manufacturing
- Global reach, full service in every region



*We are an extension of our customer's teams*

# ELECTRIFICATION IS SHAPING OUR BUSINESS TODAY

## NN's Opportunity:

- Machined and turned components
- Stampings and injection molded components
- Electrical plating and surface treatment
- Electrical connections, bus bars and assemblies

## Trends:

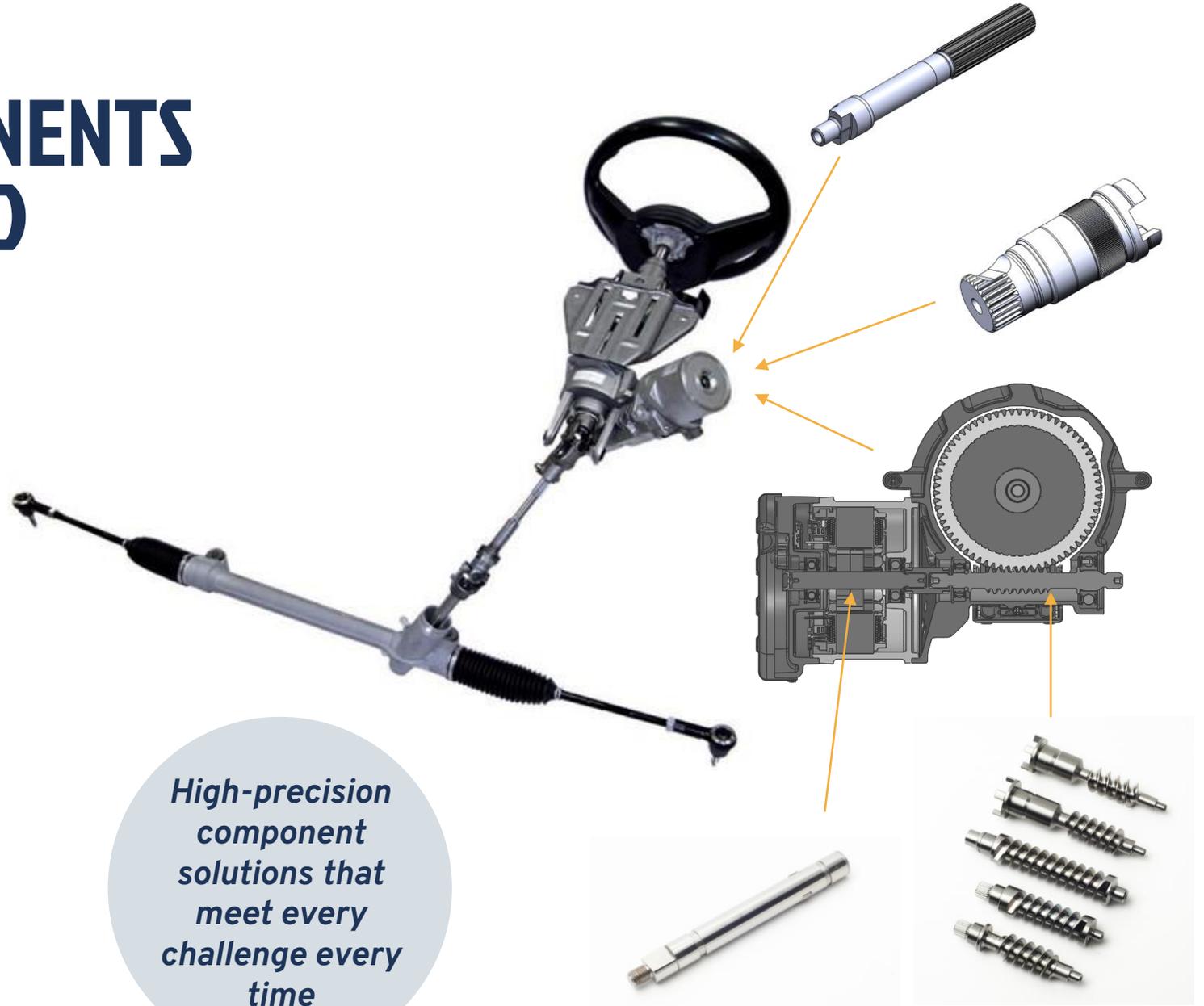
- Greater electrical connections, sensors, switching, motors
- Quieter and more reliable motor assemblies
- Localized/regional production



# PROVIDING COMPONENTS CRITICAL TO ICE AND ELECTRIC VEHICLES

Where our products make an impact

- Vehicle Electrification Growth
- Automation
- Quieter Vehicles (Noise Control)
- More Sub Assemblies
- Innovative Design



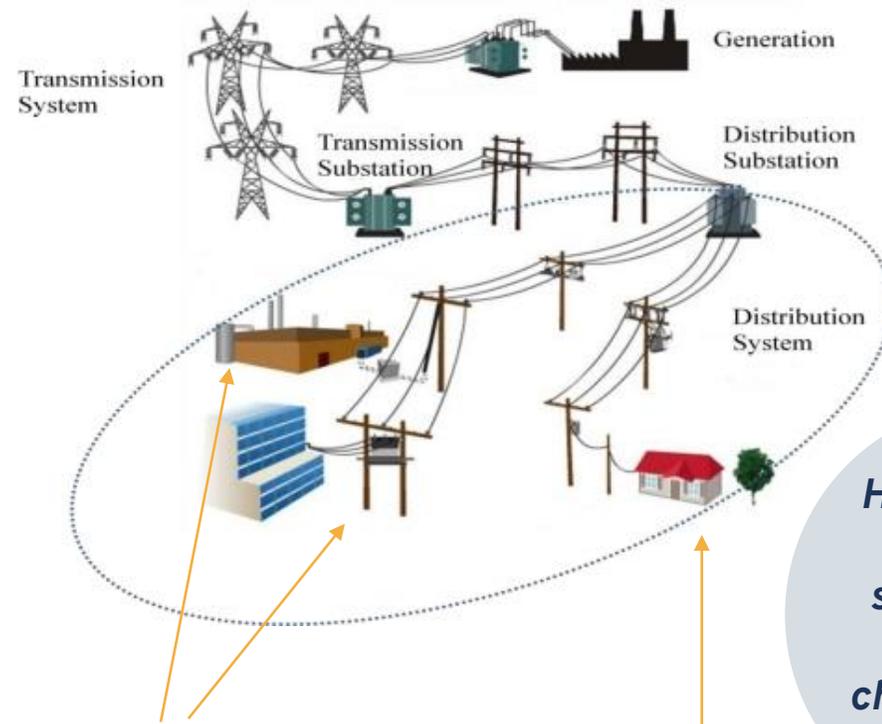
*High-precision  
component  
solutions that  
meet every  
challenge every  
time*



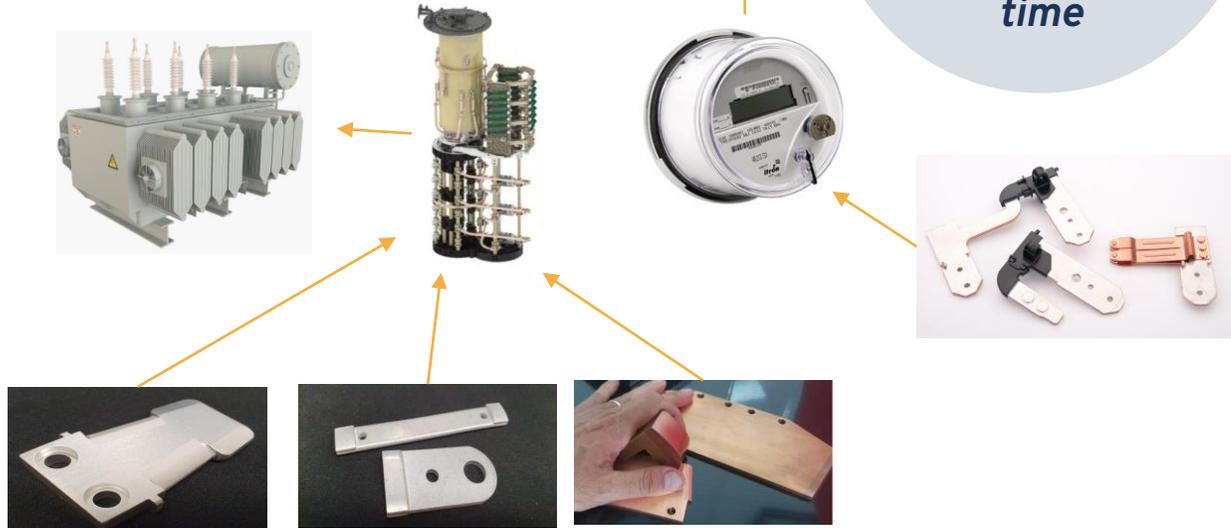
# PROVIDING COMPONENTS CRITICAL TO GRID MODERNIZATION

## Where our products make an impact

- EV Charging Infrastructure
- Renewable Power Transmission
- Renewable Power Storage
- Residential/Non-Residential Automation & Controls



*High-precision  
component  
solutions that  
meet every  
challenge every  
time*



# OUR OPERATIONAL TOOLBOX

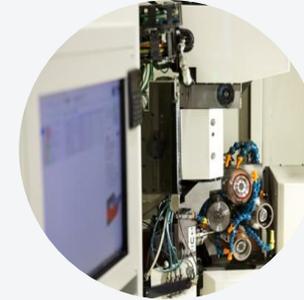
Full range of capabilities from design to delivery

## Our tools & capabilities...

- World class production machines
- State of the art measuring equipment
- In-house tooling/equipment design & build
- Disciplined project launch protocols

## Enable us to...

- Simulate our manufacturing processes
- Generate rapid prototypes
- Measure tightest tolerances
- Evaluated composition of materials
- Validate life cycle of components
- Shorten development lead times from weeks to days



**FASTER TO  
MARKET**



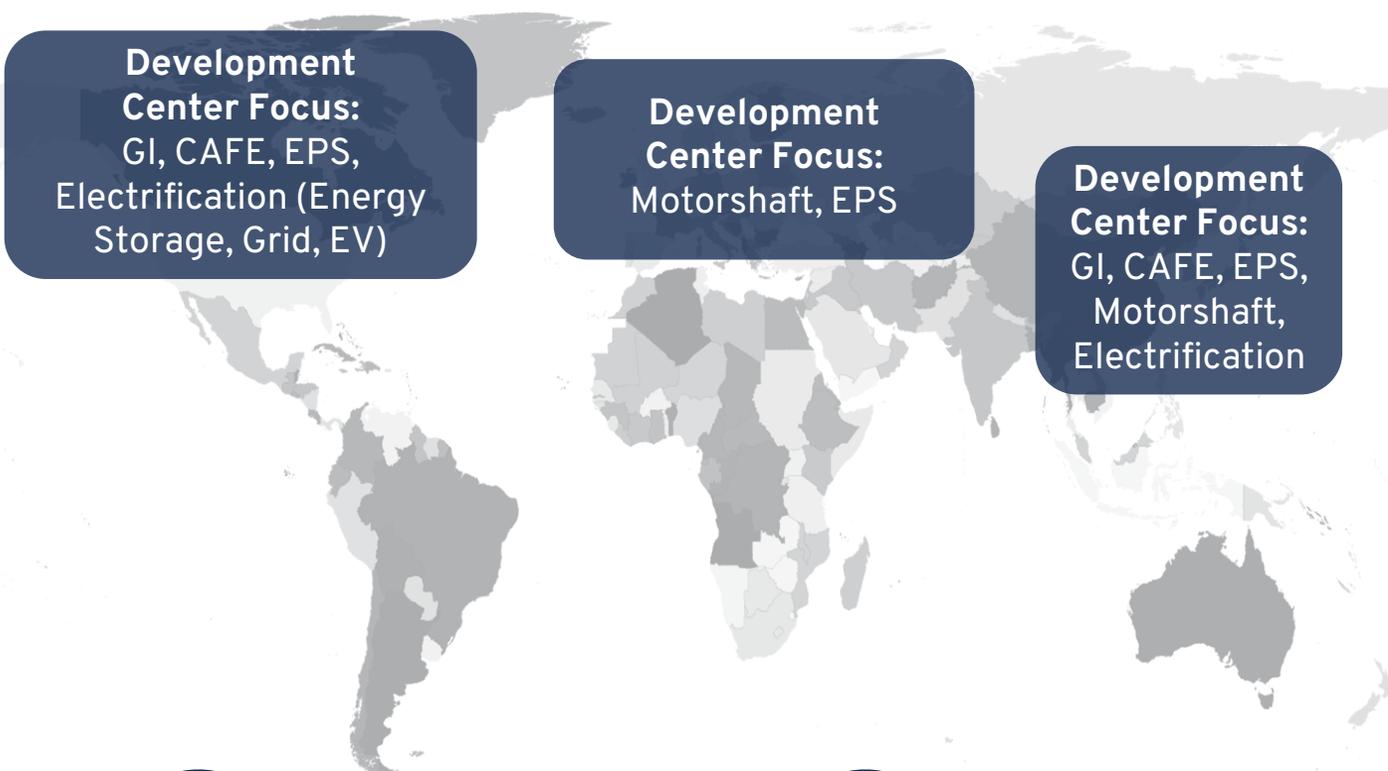
**GREATER  
RELIABILITY**



**LOWER TOTAL  
COMPONENT COST**

# IMPRESSIVE GLOBAL FOOTPRINT

Enables global collaboration and knowledge share



*Global footprint & available production capacity creates flexibility & opportunities for higher margins at higher volumes*

## Global Technology Sharing:

- **Motorshafts:** EU → Asia & Mexico
- **EPS Components:** EU → N.A., Asia, S.A.
- **CAFE Components:** N.A. → EU, Asia, S.A.
- **GI Components:** N.A. → EU & Asia
- **EV Components:** N.A. → EU, Mexico
- **Electrification Components:** N.A. → Mexico, Asia → Mexico

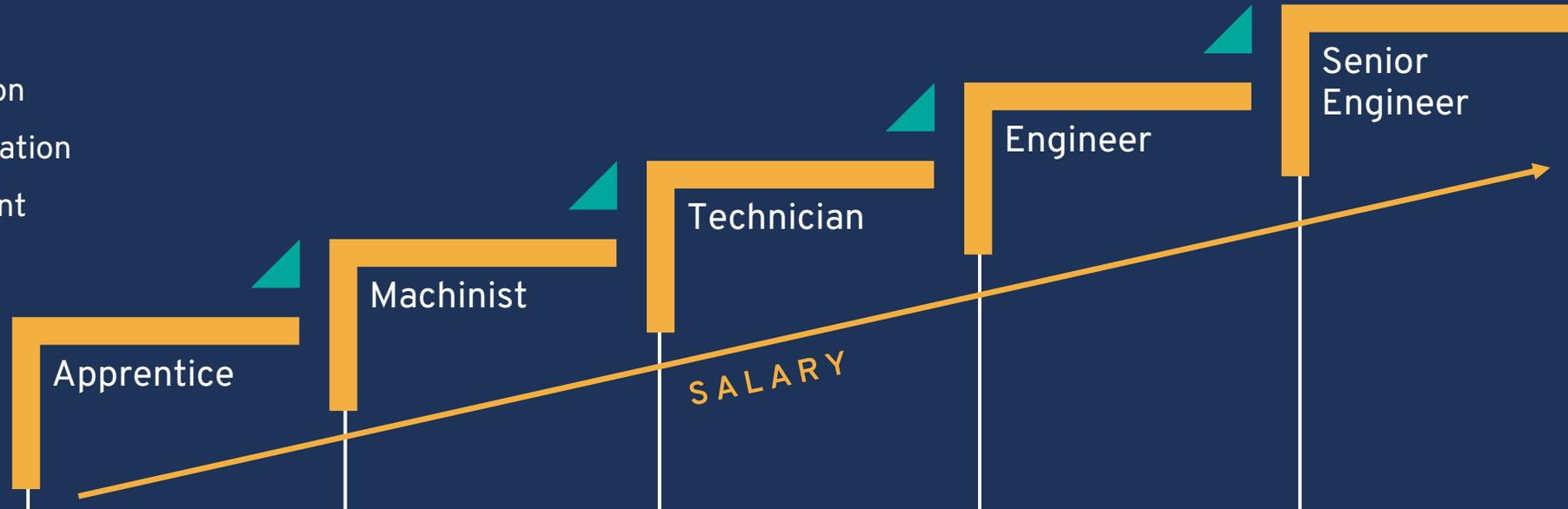


# LEARN & EARN PROGRAM

*Our quality is a behavior, built through culture, not procedures*

Supporting our employees to meet the needs of customers:

- Associate development program
- Core skills training
- Pay for skills recognition
- Apprenticeship certification
- Leadership development



<b>Education</b>	High School Diploma / GED	Community College 2 years	Community College 2-3 years	Bachelor's Degree Manufacturing Engineer /Mechanical Engineer 7-9 years to complete
<b>Work Experience</b>	Entry level program	1-2 Years	2-5 Years	5-10+ Years
<b>Type of Work</b>		Work on a variety of high tech machines	Setting up and changing over machines	Technician -> Engineer



# CASE STUDY: MOBILE SOLUTIONS



**Customer Need:** Diesel dosing nozzle with extremely tight geometrical tolerancing, surface finish & material durability requirements

- NN's team worked with several laser manufacturers to investigate an alternative process capable of generating a complex nozzle feature
- Developed production-ready automated specialty machine
- Resulted in high-quality components and customer savings of \$400k annualized
- NN now produces 100% of this component's worldwide volume



**Customer Need:** Part with small but very high precision channels (single digit micron tolerances for parallelism and depth)

- Customer recommended specialty chemical machining process that did not meet quality and cost objectives
- Developed unique micro-milling process to machine features to print
- Estimated savings for customer of \$1.5M annualized
- NN now produces 100% of this component's worldwide volume



# CASE STUDY: POWER SOLUTIONS



**Customer Need:** Support customer design team to remove cost from all manufacturing processes

- NN supported customer to identify potential material savings in design of a component
- Modified existing design to replace two solid silver contacts with 4 bimetals contacts which only have silver on the functional surface



**Customer Need:** Reduce cost of critical component within prismatic battery manufacturers' products

- NN utilized knowledge of several processes (machining, stamping, and molding) to develop an innovative approach to produce the assembly
- Reduced the number of components required to produce the assembly along with achieving a more robust assembly
- Component reduction along with optimization of the remaining components achieved a 20% reduction in the sub-assembly cost



# ACHIEVING CUSTOMER EXCELLENCE

NN's culture is the backbone of our success



*Recognized by numerous customers with awards for quality and delivery*

# SUSTAINABILITY OVERVIEW





# MATT HEITER

Senior Vice President and General Counsel

# FOUNDATION OF SUSTAINABILITY



## FOUR PILLARS



### OUR PEOPLE

People are at the heart of our business and the drivers of our success



### SUSTAINABLE OPERATIONS

Operating sustainability means being responsible stewards of our assets



### SUSTAINABLE PRODUCTS

Our products enable our customers' products to make the world cleaner/more efficient



### RESPONSIBLE MANAGEMENT

We act ethically and strive to always do the right thing

*Fundamental set of principles tied to business outcomes*

# PILLAR 1: OUR PEOPLE



People are at the heart of our business and the drivers of our success

- **ATTRACT AND RETAIN** the most skilled and dedicated workforce possible
- **COMMITMENT TO IMPROVEMENT:** Focused on continuous improvement of the health and well-being of our employees and communities we serve
- **RECOGNITION:** Seek to offer competitive wages and benefits to all our employees
  - As our employees grow in their position, we reward them for that growth
- **HUMAN RIGHTS:** Committed to human rights and equity and demonstrate that commitment at every level of the organization.
- **COMMUNITY:** Focused on the communities where we operate – we strive to be good neighbors!

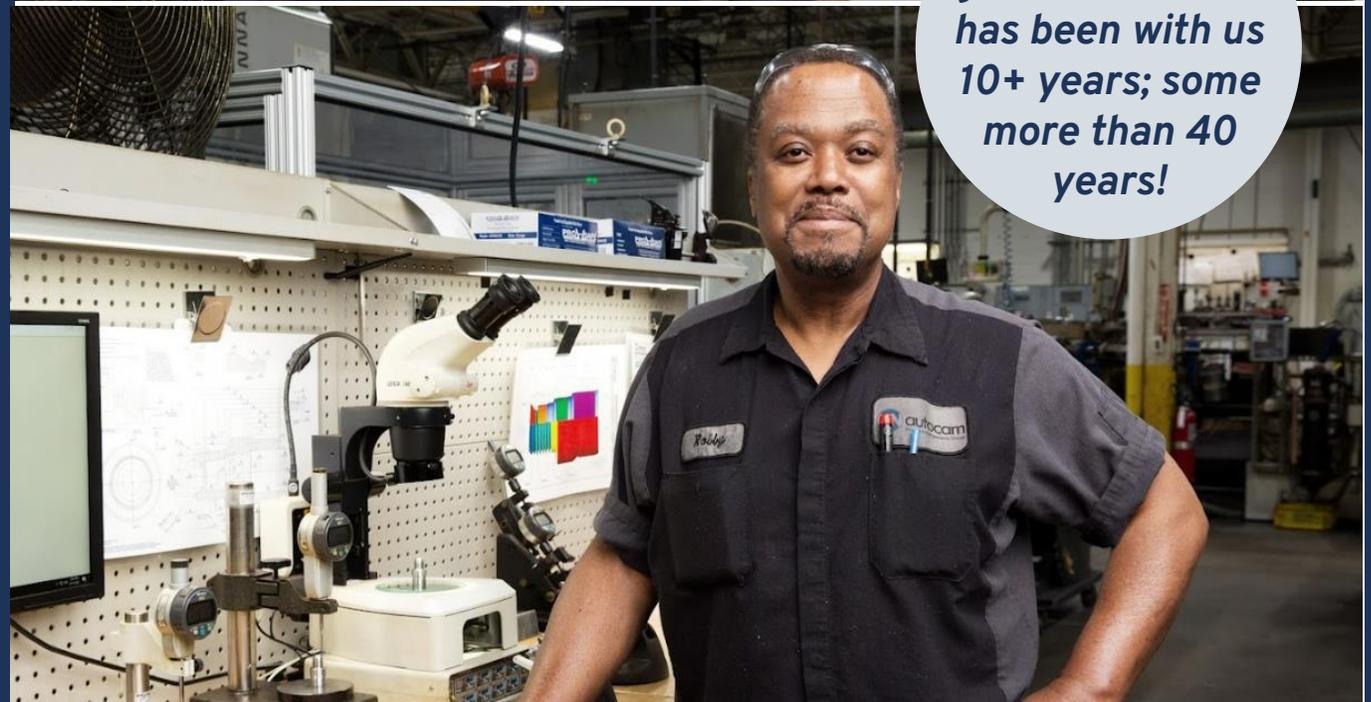


# PILLAR 1: OUR PEOPLE CONTINUED

## Training & Apprenticeship:

- Raise the image of manufacturing
- Create a pipeline for talent
- Address key skill shortages
- Pay for skill program

Training and apprenticeship programs help advance our already skilled workers & increases loyalty of workforce



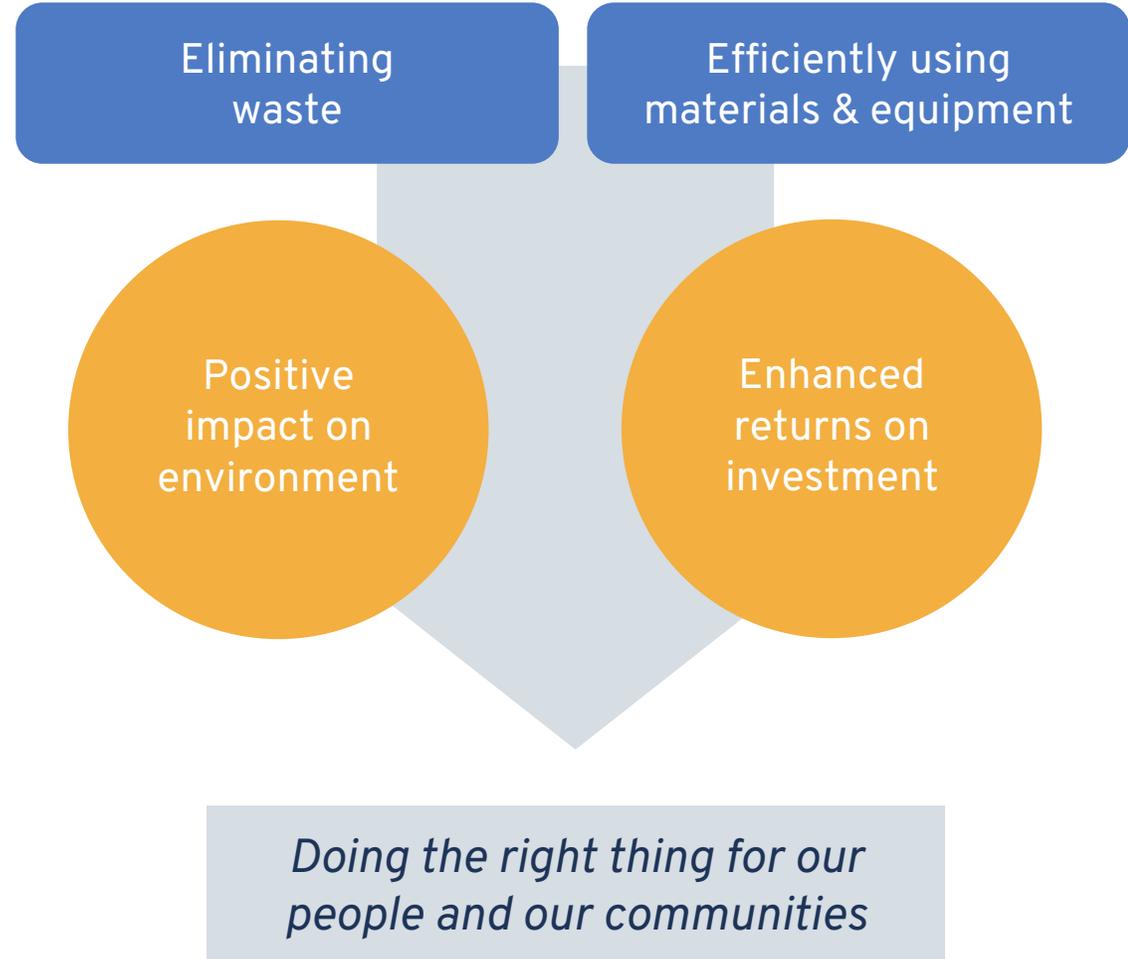
*~35% of NN's  
global workforce  
has been with us  
10+ years; some  
more than 40  
years!*



# PILLAR 2: OPERATING SUSTAINABILITY



Operating sustainability means being responsible stewards of our assets



# PILLAR 3: SUSTAINABLE PRODUCTS



Our products enable our customers' products to make the world cleaner/more efficient

- **DELIVERING** sustainable products to our customers since our founding
- **BOLSTERED** board and management with smart grid and electric vehicle experience
- **POISED** to further penetrate smart power grid and electric vehicle market

Going beyond simply operating in a sustainable manner.



Thinking of the second & third derivatives of our actions



# PILLAR 4: RESPONSIBLE MANAGEMENT



We act ethically and  
strive to always do  
the right thing

## Responsible Management Extends Beyond Governance

4 Leading ethically increases  
ease of managing legal and  
regulatory environment

2 Managing business &  
corporate governance  
come natural when we  
act ethically

5

Data security &  
protecting intellectual  
property have become  
increasingly important

3

Our board, a revitalized  
group of industry leaders,  
bring the highest  
standards and support

1

Demonstrate ethical  
behavior in every  
aspect of our business

# FINANCIAL OVERVIEW



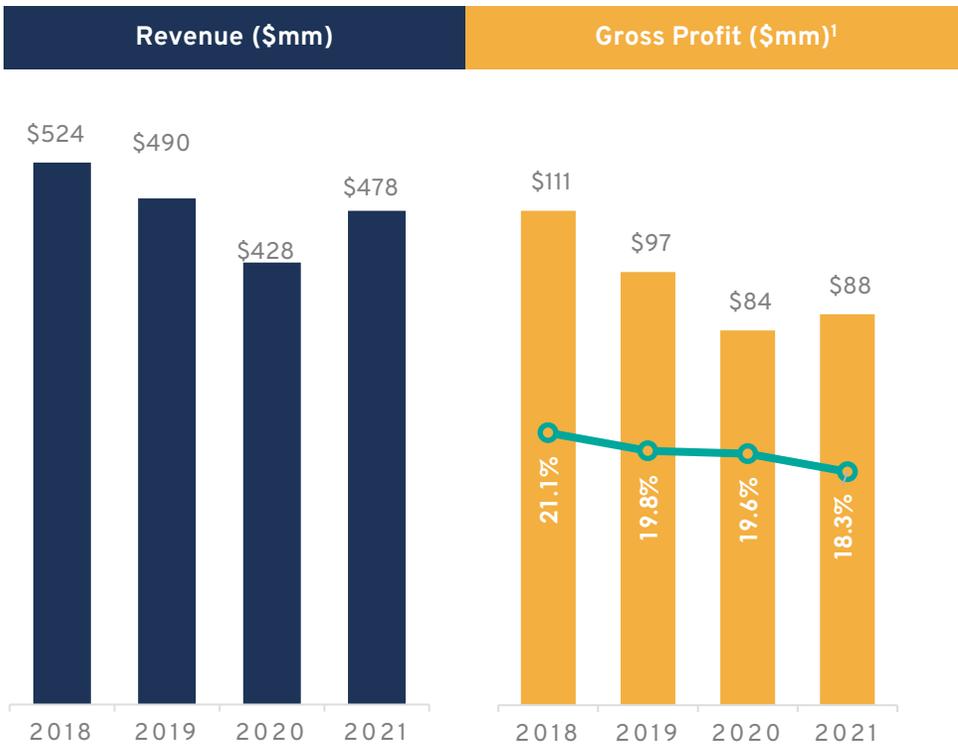


# MIKE FELCHER

Senior Vice President and Chief Financial Officer

# HISTORICAL GROUP PERFORMANCE

## NN, Inc. Consolidated



— Gross Profit Margin %

1) Gross profit excludes depreciation and amortization.

## Mobile Solutions

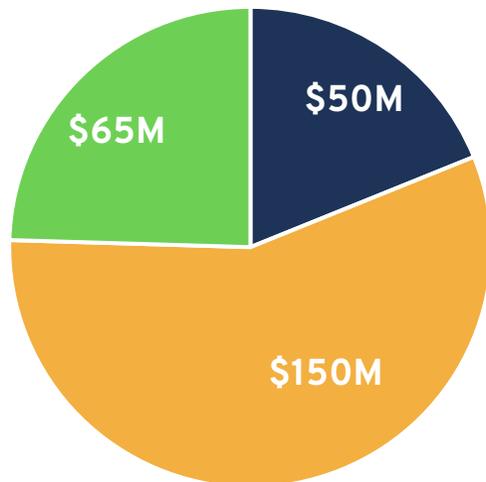


## Power Solutions



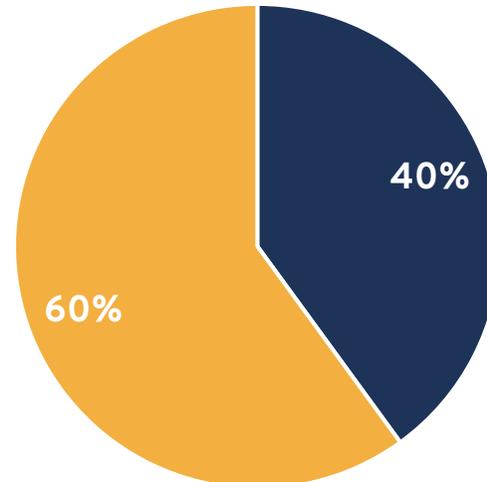
# RECAPITALIZATION MARCH 2021

### Recapitalization Breakdown



■ ABL ■ Term Loan ■ Preferred

### Term Loan/Preferred Stock Obligations



■ Variable Rate Exposure ■ Fixed Rate Exposure

## Takeaways:

- Structure includes \$150 million term loan
- Reduced blended cost of debt and equity from ~15% to ~12%
- Preferred stock dividend is 12% paid-in-kind; 10% if paid in cash
- Executed 3-Yr. \$60 million notional variable-to-fixed interest rate swap to hedge rate exposure
- Provides financial and operational flexibility with long-term strategic partners
- Allows NN to focus on serving its customers and delivering value to its shareholders



# REAFFIRMING 2022 OUTLOOK:

## Net Sales

\$515-\$540mm / Up 8-13%  
2021 Actual - \$477.6mm

## Adjusted EBITDA

\$57-\$63mm / Up 9-21%  
2021 Actual - \$52.1mm

## Free Cash Flow

\$14-\$20mm / Up \$17-\$23mm  
2021 Actual - (\$2.6)mm

Includes cash outflow of ~\$7mm for Life Sciences sale tax / FICA deferral repayment / litigation / severance & facility closure costs

(Does not include CARES Act tax refund of ~\$10 mm due to uncertain timing)

# OPTIMIZING OPERATIONAL FOOTPRINT



## OPERATIONAL IMPROVEMENT

Continue to evaluate opportunities to improve operational efficiencies and reduce costs



## FACILITY OPTIMIZATION

Closure of Taunton facility; overall cost savings will result in A \$5 million annualized improvement in adjusted EBITDA



## OPERATING FOOTPRINT

Continuously evaluate operating footprint for strategic opportunities to enhance customer service or markets served

# NN HAS EXECUTED WELL IN CHALLENGING ENVIRONMENT

## COVID-19 continued to impact business during Q1'22

- Expect limited impact in future periods

## Maintained inventory safety stock levels to support customers through supply chain challenges including semiconductor chip shortage

- Expect stabilization in second half of 2022

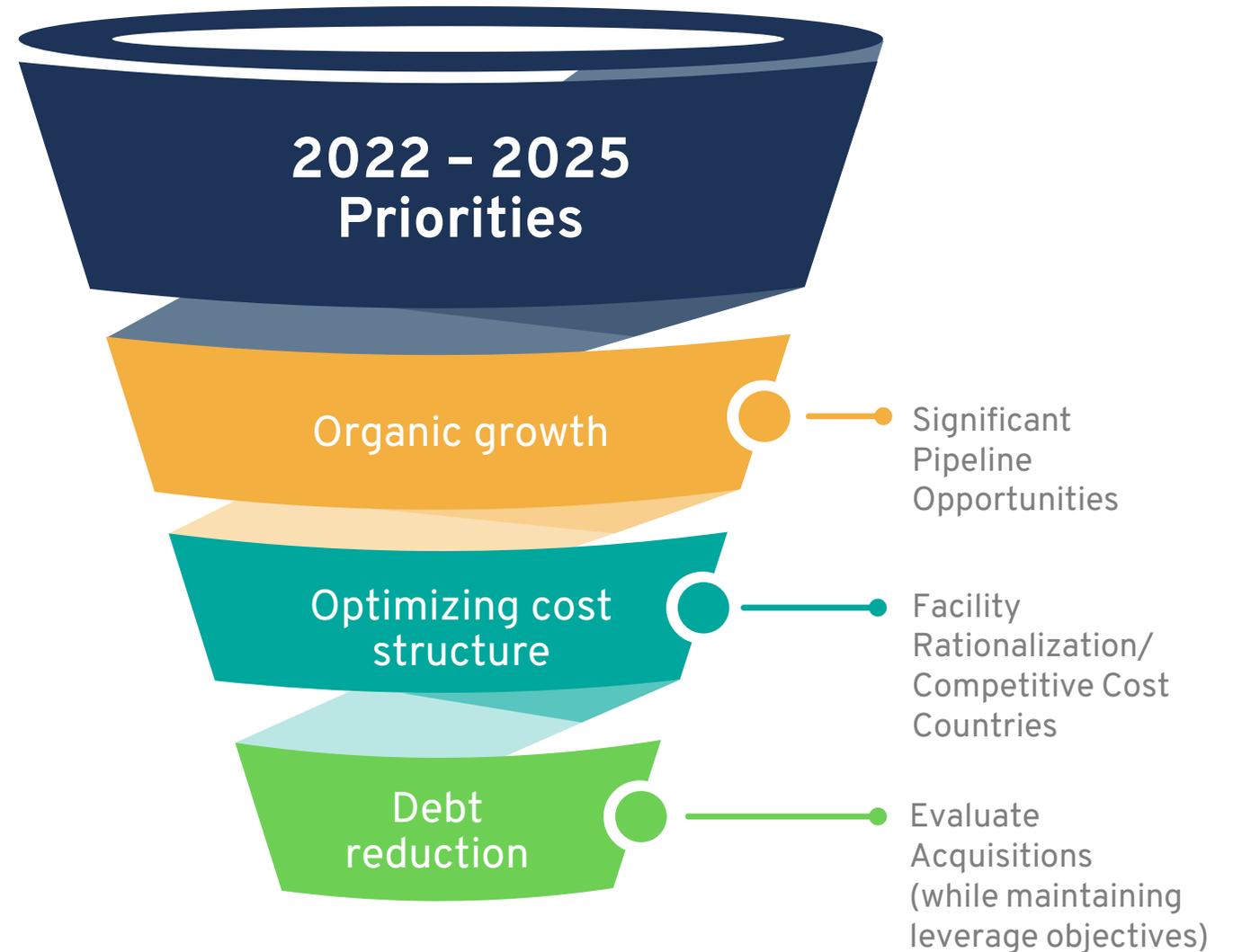
## Negotiated pricing with customers to recover nearly all material inflation

- Continued discussions on other inflationary costs and volume impacts

## Slated four facilities for closure in 2022 to address underutilization of facilities



# CAPITAL / CASH FLOW PRIORITIZATION



# FUTURE CAPITAL OPPORTUNITY

## Refreshing our capital structure to maintain a lower cost of capital

- Current structure designed for a 4-5 year duration
- Prioritize reduction of term loan before preferred stock redemption
- Free cash flow generation between 2022-2025 will fund growth and pay down term loan
- Revisit refinancing options in 2024 to further reduce the cost of capital

## 2024 refinancing must satisfy the following criteria:

- Eliminate preferred stock component of capital structure
- New term loan at improved credit risk
- Retain low cost ABL component
- Timing will depend on market conditions



# REVENUES: 2021 TO 2025

2025 sales of +\$650 million driven by organic growth



*NN will target volume growth in our strategic growth focus areas of ICE Independent / BEVs and Electric Grid*

## Steps to achieve results:

- Prioritize opportunities in high-growth markets
- Opportunities with electric vehicles, more electric motors, more sensors, and more connectors
- Smart grid/infrastructure applications, leveraging demand in renewable generation
- Leverage global manufacturing footprint
- Continue leveraging synergies across businesses

# ADJUSTED EBITDA: 2021 TO 2025

## 2025 Target Of \$100 Million In Adjusted EBITDA



## Steps to achieve results:

- Achieve variable margin pass through on incremental sales
- Managing cost inflation through pricing or productivity
- Maintain cost discipline, increase capacity utilization and facility consolidation
- Culture of continuous improvement to drive further efficiencies



# STRATEGIC VISION & CONCLUSION





# WARREN VELTMAN

President and Chief Executive Officer

# POSITIONED FOR THE FUTURE

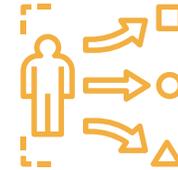
NN has made significant progress in its transformation over the past three years



Right team in place to maximize returns of our two business units



Positioned ourselves to benefit from significant growth opportunities



Unique capabilities to meet emerging needs of customers



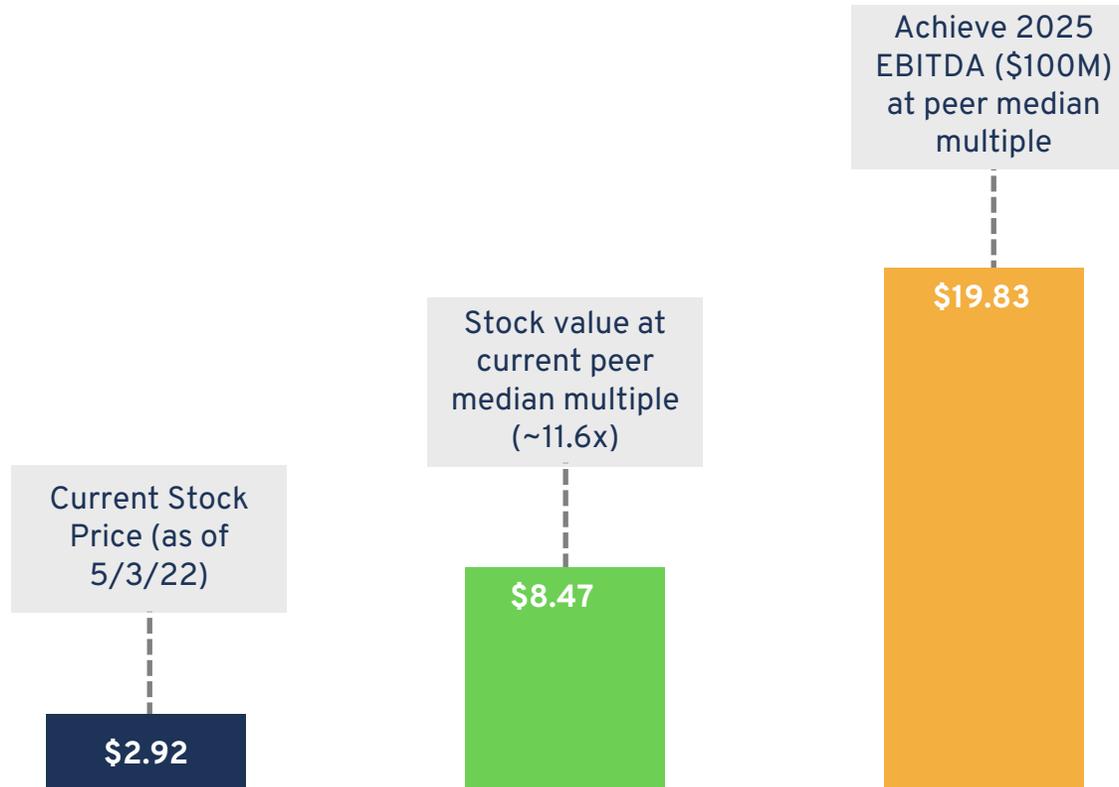
Strong customer relationships – working as extension of their team



Recapitalized balance sheet to support growth

# SIGNIFICANTLY UNDERVALUED

## Common Stock Price



## FOR ILLUSTRATIVE PURPOSES

### Assumptions:

- Debt, cash and weighted average shares outstanding as disclosed in Form 10-Q as of March 31, 2022.
- Conservatively assume no debt reduction between now and 2025 target achievement.
- Median peer group EV/EBITDA multiple (~11.6x) based on 2021 results as reported in FactSet. EBITDA reconciliation can be found on slide 92 in the appendix.
- EV = Market value of equity + net debt + preferred stock outstanding.
- Peer Group: ATRO, CIR, CMCO, CVGI, NPO, ESE, HLIO, SXI, SRI. NN believes the peer group selected provides an applicable comparison based on market capitalization and customer end markets. A different peer group would likely yield different results. No assurances can be given that the financial targets and peer group valuation described herein will be achieved.



# WORKING TO ACHIEVE A BRIGHT FUTURE

*As we execute, the value we create for shareholders  
present an opportunity for strong returns*

Now is the time to generate results:

Execute on growth plan

Focus on free cash flow

Meet our 2025 targets



# APPENDIX



# COMPONENT GLOSSARY



- **Precision Worm Shafts (Steering Worms) – slide 11, top image**
  - Application: automotive/electric power steering
  - Why We Do It Better: Turning, milling, grinding (some are heat treated)
  - Distribution: France, Brazil, China, US



- **Terminal Assemblies – slide 11, middle image**
  - Application: Electrical/Smart Meters
  - Why We Do It Better: Stamping, Contacts, Over-molding, Assembly
  - Distribution: Attleboro, Massachusetts



- **Electric Motor Shafts – slide 11, bottom image**
  - Application: Automotive/ Window/Seat/Wiper Motors
  - Why We Do It Better: Turning, Milling, Rolling, Grinding, Heat Treating
  - Distribution: France, Poland, Brazil



- **Terminal Assemblies**
  - Application: Electrical/Smart Meters
  - Why We Do It Better: Stamping, Contacts, Over-molding, Assembly
  - Distribution: Attleboro, Massachusetts



- **Electrical Contacts**
  - Application: Electrical (100s of various applications)
  - Why We Do It Better: Forming, Cladding, Plating, Machining, Precision Cleaning
  - Distribution: Massachusetts, China



- **Electrical Contact Assemblies**
  - Application: Electrical/ Grid and General Industrial
  - Why We Do It Better: Forming, Contact Manufacturing, Machining, Stamping, Plating, Brazing, Heat Treating, Assembly
  - Distribution: Massachusetts, China, Mexico City



- **High Voltage Connector Shields**
  - Application: Automotive/ EV Battery Connectors
  - Why We Do It Better: Stamping, Custom Tooling, Precision Cleaning
  - Distribution: Algonquin, IL, Attleboro, MA



- **Emissions Components- Diesel**
  - Application: General Industrial/Diesel After-Treatment
  - Why We Do It Better: Turning, Micro-milling, Heat Treating, Honing, EDM Drilling, Grinding, Precision Deburr, Precision Washing
  - Distribution: Kentwood, MI



- **Electrical Reversing Switch**
  - Application: General Industrial/ Garbage Disposal
  - Why We Do It Better: Stamping, Riveting, Contact Manufacturing, Molding, Assembly
  - Distribution: Mexico City, Attleboro, MA



- **Electrical Contact Assemblies**
  - Application: Electrical/ Grid and General Industrial
  - Why We Do It Better: Forming, Contact Manufacturing, Machining, Stamping, Plating, Brazing, Heat Treating, Assembly
  - Distribution: Massachusetts, China, Mexico City



- **Steering Shafts and Pinions**
  - Application: Automotive/ Electric Power Steering
  - Why We Do It Better: Forming, Turning, Milling, Gear Hobbing, Heat Treating, Grinding
  - Distribution: Wellington, OH, Juarez, MX, France, Dowagiac, Michigan



# NON-GAAP FINANCIAL MEASURES FOOTNOTES

The Company discloses in this presentation the non-GAAP financial measure of adjusted EBITDA. We believe the presentation of 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.

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.



# RECONCILIATION OF NET INCOME (LOSS) TO NON-GAAP ADJUSTED EBITDA

<i>\$000s</i>	<u>2021</u>
GAAP net income (loss)	\$ (13,225)
Provision (benefit) for income taxes	(1,754)
Interest expense	12,664
Write-off of unamortized debt issuance cost	2,390
Interest rate swap payments and change in fair value	3,750
Change in fair value of preferred stock derivatives and warrants	(7,009)
Depreciation and amortization	46,194
Acquisition and transition expense	4,801
Non-cash stock compensation	3,528
Non-cash foreign exchange (gain) loss on inter-company loans	474
Restructuring and integration expense	-
Costs related to divested businesses and litigation settlement	1,500
(Income) loss from discontinued operations	(1,200)
Impairments (Goodwill, JV and fixed assets)	-
Non-GAAP adjusted EBITDA (b)	<u>\$ 52,113</u>

# THANK YOU!

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