



First Quarter 2017 Earnings Release
May 4, 2017



Forward Looking Statements & Disclosures

Forward Looking Statement: With the exception of the historical information contained in this presentation, the matters described herein contain forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve a number of risks and uncertainties that may cause actual results to be materially different from such forward-looking statements. Such factors include, among others, general economic conditions and economic conditions in the industrial sector, competitive influences, risks that current customers will commence or increase captive production, delayed customer product launches, risks of capacity underutilization, quality issues, availability of raw materials, currency 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 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.

A horizontal collage of five images: a jet engine, a power line tower, a surgeon in blue scrubs, a red sports car, and a close-up of metal gears. A semi-transparent dark grey banner is overlaid across the center of the collage, containing the text "First Quarter" in white.

First Quarter



Highlights of 1st Quarter 2017

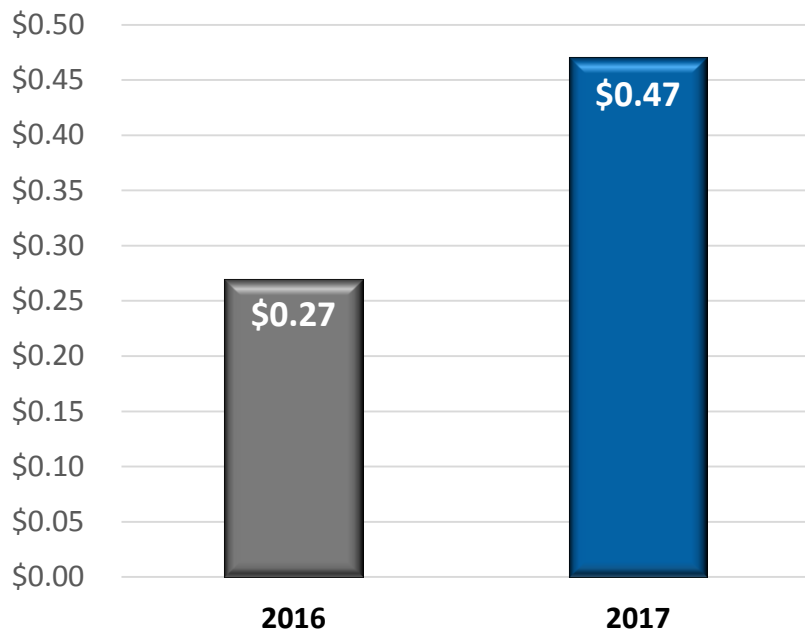
- **Sales of \$226.3M**
 - **Organic Sales growth of \$14.1M in the quarter compared to Q1 2016**
 - **Sales up \$24.3M compared to Q4 2016**
- **Adjusted Diluted Earnings Per Share of \$0.47**
- **Gross Margin improved 150 bps year over year**
- **Adjusted EBITDA of \$41.7M**
- **Adjusted Operating Margins of 12.8%**
- **Completed refinance of our 10.25% bonds on April 3rd**
 - **\$0.15 EPS improvement in 2017**
 - **\$7.0M Free Cash Flow improvement in 2017**
- **Free Cash Flow improved ~\$3M compared to prior year, beating expectations.**



1st Quarter 2017 Financial Summary

Adjusted Diluted Earnings Per Share

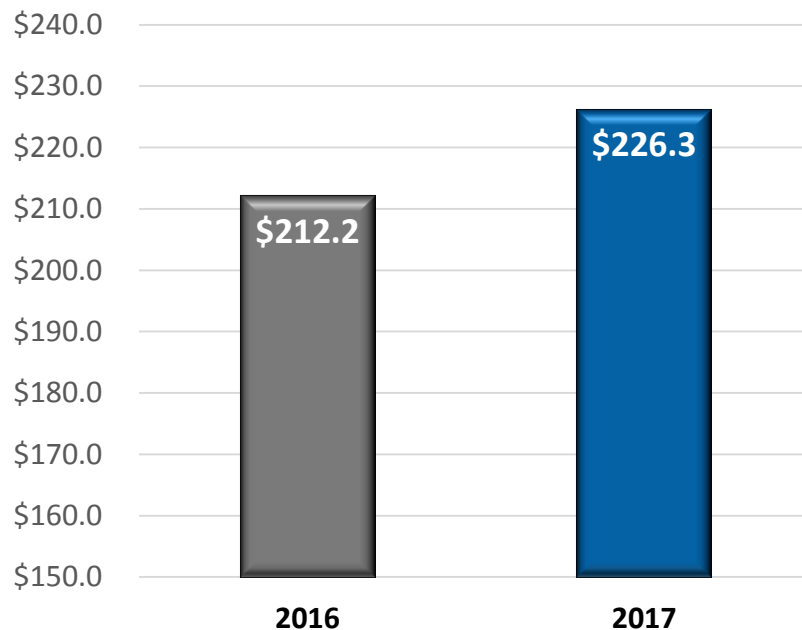
74% increase compared to prior year



Net Sales

7% growth compared to prior year

In Millions

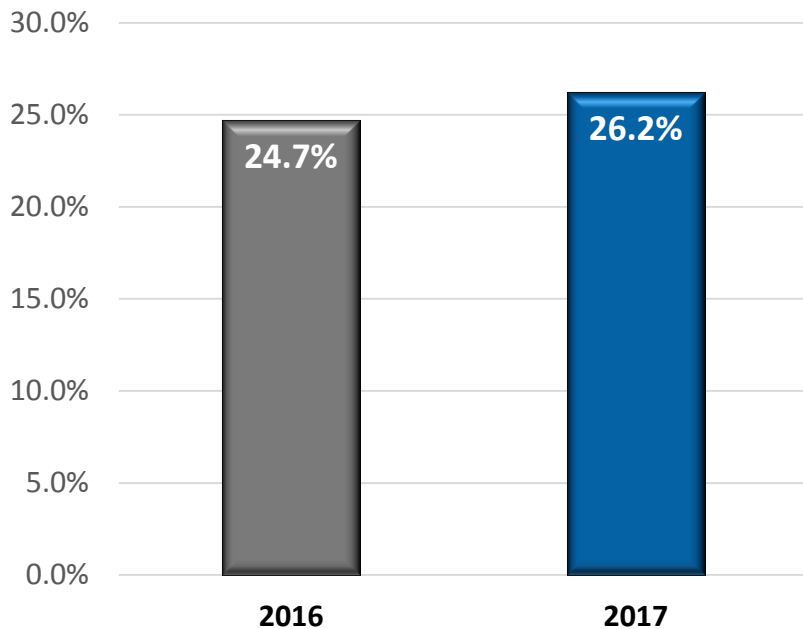




1st Quarter 2017 Financial Summary

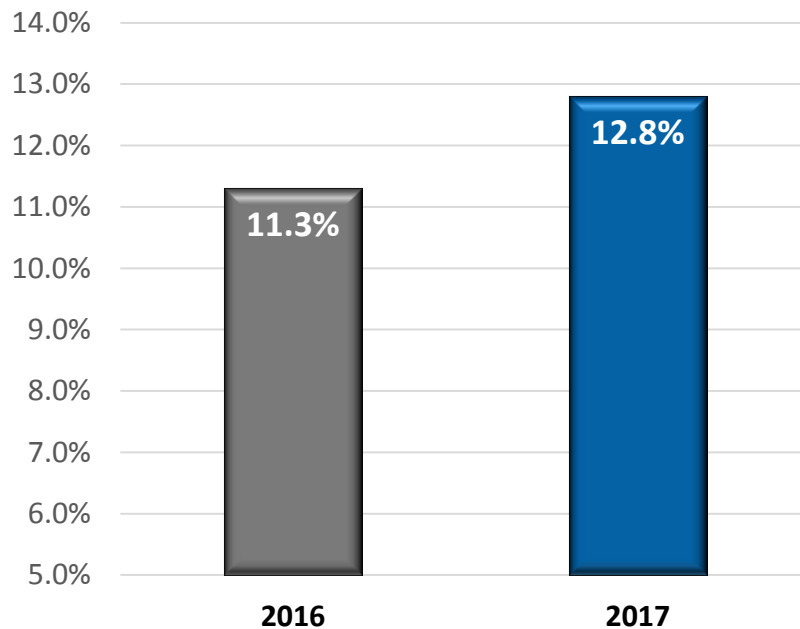
Gross Margin

150 bps improvement driven by the NN Operating System



Adjusted Operating Margin

150 bps improvement on higher sales and improvements in the NN Operating System

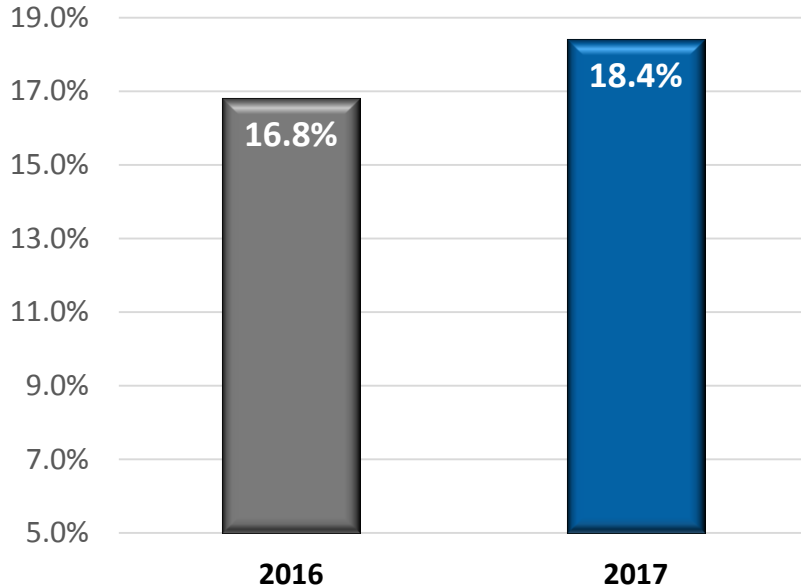




1st Quarter 2017 Financial Summary

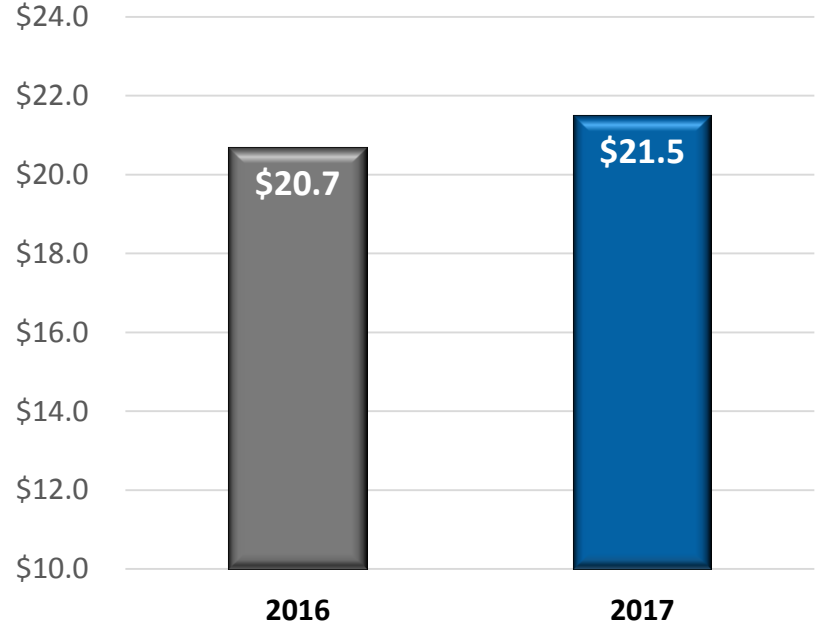
Adjusted EBITDA Margin

160 bps improvement



SG&A

In Millions

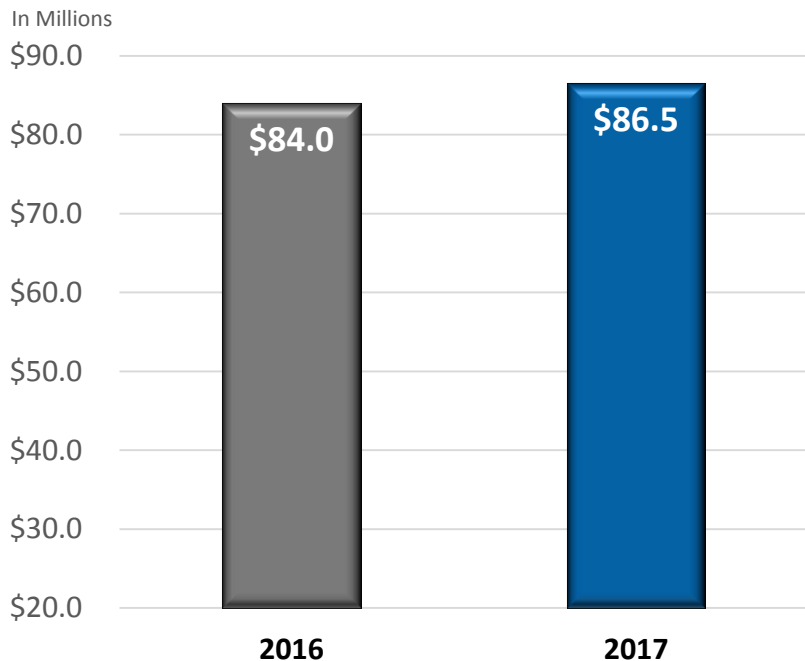




Autocam Precision Components Group

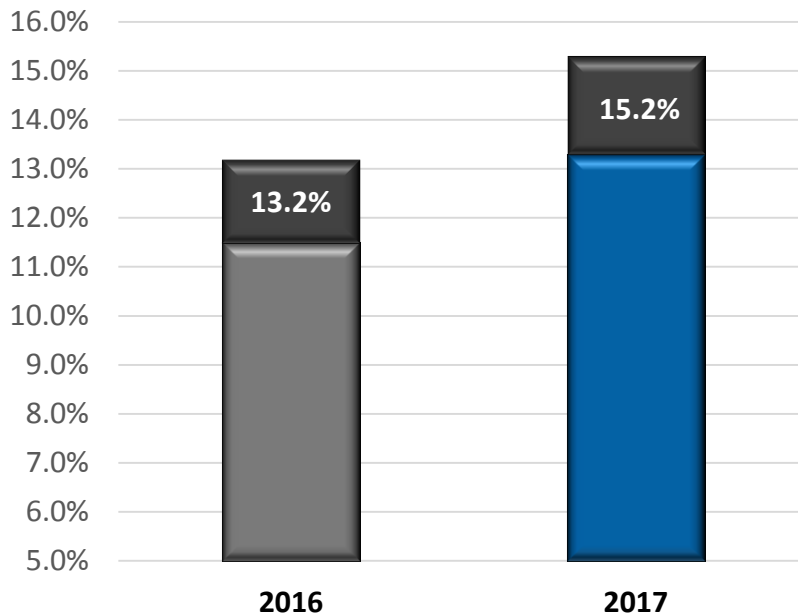
Net Sales

CAFE growth & Industrial market demand drive improvement



Adjusted Operating Margin

200 bps improvement on improved sales volumes & the NN Operating System



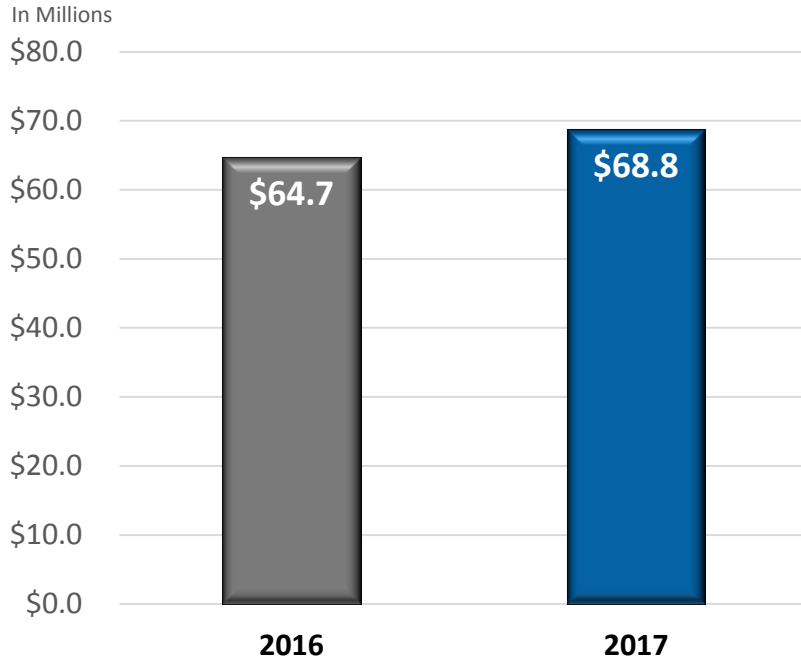
■ JV Contribution



Precision Bearing Components Group

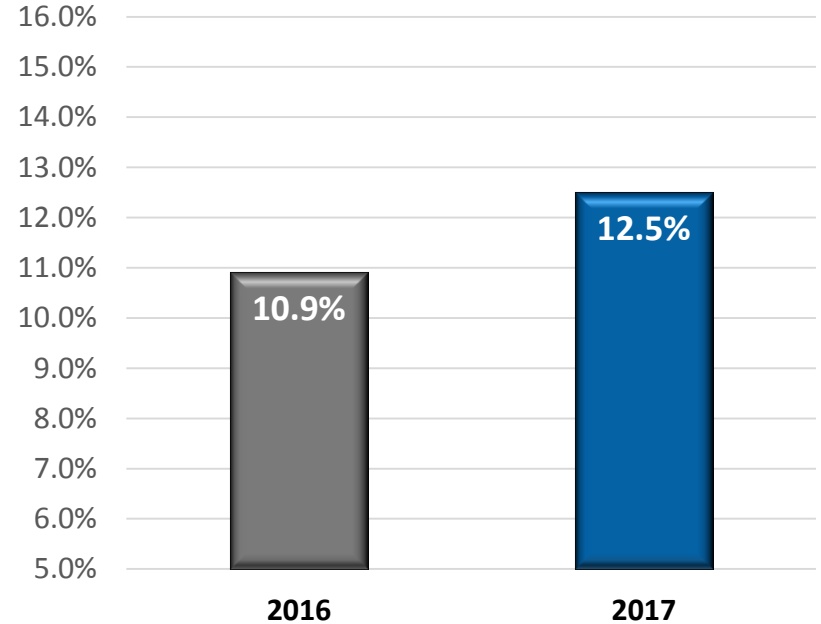
Net Sales

6% organic sales growth year over year



Adjusted Operating Margin

NN Operating System improvements

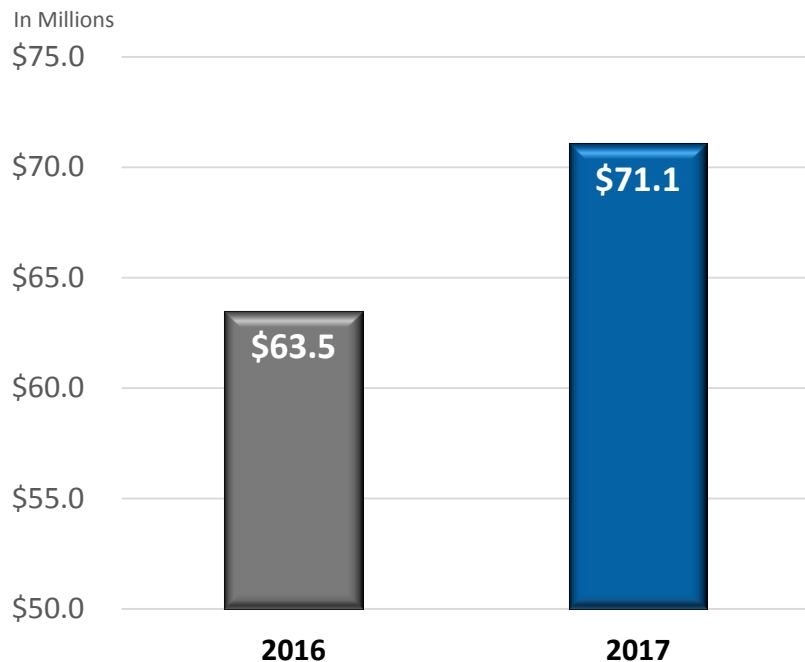




Precision Engineered Products Group

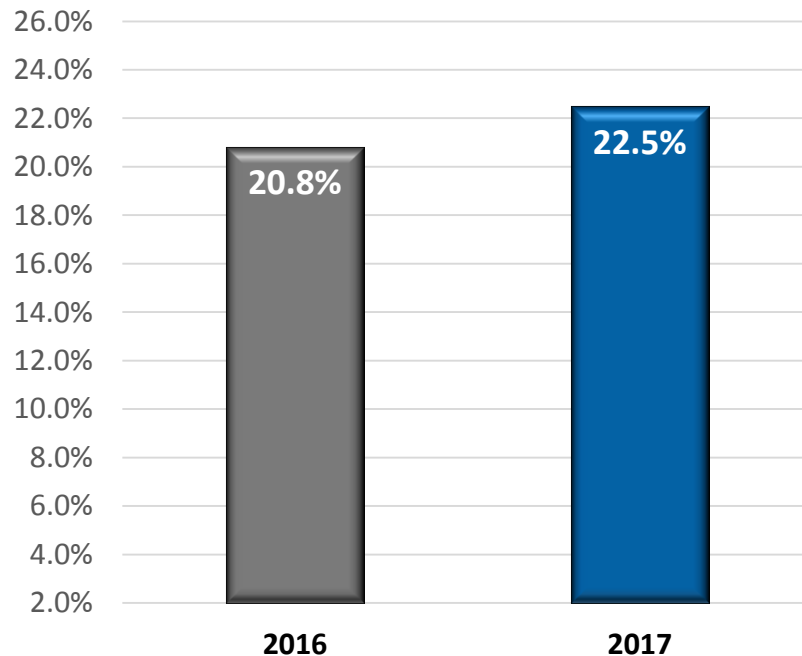
Net Sales

Organic growth of 12% led by medical and aerospace



Adjusted Operating Margin

170 bps improvement driven increased sales volume





1st Quarter Summary

- **Second consecutive quarter of organic growth in all three groups**
- **Industrial demand is beginning to normalize**
- **NN Operating System driving margin expansion**
- **Repriced our Senior Notes into a new term loan on April 3rd**
- **Free Cash Flow ahead of plan**



Guidance



2nd Quarter 2017 Guidance

	First Quarter Actual	Second Quarter Guidance	Commentary
Net Sales	\$226.3M	\$218M - \$223M	Q2 Revenue in line with our expectations
Adj. Op Margin^(a)	12.8%	12.4% - 12.8%	NN Operating System continues to drive operational improvement
Adj. EBITDA	\$41.7M	\$39.8M - \$41.6M	
Adj. Diluted EPS^(b)	\$0.47	\$0.45 - \$0.49	Operational improvements drive consistent performance



2017 Guidance

	2017 Original Guidance	2017 Updated Guidance	Commentary
Net Sales	\$850M - \$880M	\$850M - \$880M	Sales growth driven by our medical and electrical portfolios
Adj. Operating Margin^(a)	12.4% - 13.0%	12.4% - 13.0%	Continued improvements in the NN Operating System driving expansion
Adj. EBITDA	\$157M - \$164M	\$157M - \$164M	
Adj. Diluted EPS^(b)	\$1.55 - \$1.75	\$1.70 - \$1.90	Updated to reflect the impact of the debt refinance
CAPEX	\$40M - \$50M	\$40M - \$50M	We continue to invest in growth
Free Cash Flow¹	\$55M - \$60M	\$62M - \$67M	Updated to reflect the impact of the debt refinance



Reconciliation Tables



Reconciliation of Adjusted Income from Operations & Adjusted Operating Margin

NN, Inc.

Reconciliation of Income from Operations to Adjusted Income from Operations

	Three Months Ended	
	March 31,	
NN, Inc. Consolidated	2017	2016
GAAP Income from Operations	\$ 22,158	\$ 11,874
Restructuring & impairment charges	240	2,963
Acquisition & integration expenses	573	3,263
Amortization of intangibles	5,891	5,926
Non-GAAP Adjusted Income from Operations	<u>\$ 28,862</u>	<u>\$ 24,026</u>
Non-GAAP Adjusted Operating Margin(a)	12.8%	11.3%
GAAP Sales	226,314	212,226

	2017	2016
Autocam Precision Components		
GAAP Income from Operations	\$ 10,601	\$ 6,527
Restructuring & impairment charges	11	2,274
Acquisition & integration expenses	-	
Amortization of intangibles	873	885
Non-GAAP Adjusted Income from Operations	<u>\$ 11,485</u>	<u>\$ 9,686</u>
JV Contribution	1,693	1,400
Adjusted Income from Operations	13,178	11,086
Non-GAAP Adjusted Operating Margin(a)	15.2%	13.2%
GAAP Sales	86,446	83,990

Three Months Ended March 31,

	2017	2016
Precision Bearing Components		
GAAP Income from Operations	\$ 8,402	\$ 6,326
Restructuring & impairment charges	129	689
Acquisition & integration expenses	-	
Amortization of intangibles	52	58
Non-GAAP Adjusted Income from Operations	<u>\$ 8,583</u>	<u>\$ 7,073</u>
Non-GAAP Adjusted Operating Margin(a)	12.5%	10.9%
GAAP Sales	68,759	64,745

	2017	2016
Precision Engineered Products		
GAAP Income from Operations	\$ 10,914	\$ 5,421
Restructuring & impairment charges	100	
Acquisition & integration expenses	-	2,777
Amortization of intangibles	4,966	4,983
Non-GAAP Adjusted Income from Operations	<u>\$ 15,980</u>	<u>\$ 13,181</u>
Non-GAAP Adjusted Operating Margin(a)	22.5%	20.8%
GAAP Sales	71,109	63,491

Adjusted Operating Margin = Non-GAAP Adjusted Income from Operations / GAAP Sales

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Reconciliation of Adjusted EBITDA & Adjusted EBITDA Margin

Reconciliation of GAAP Net Income to Non-GAAP Adjusted EBITDA

Net Income to Adjusted EBITDA	Three Months Ended March 31,	
	2017	2016
GAAP Net Income	\$ 7,407	\$ (1,299)
Provision for income taxes	2,300	(720)
Interest expense	14,956	16,422
Write-off of unamortized debt issuance cost	-	-
Write-off of interest rate swap	-	-
Depreciation & amortization	15,568	17,348
Acquisition & integration expenses	573	775
Non-cash stock compensation	1,152	1,001
Non-cash foreign exchange loss on inter-company loans	(447)	(882)
Restructuring & impairment charges	240	2,963
Non-GAAP Adjusted EBITDA (d)	<u>\$ 41,749</u>	<u>\$ 35,608</u>
Non-GAAP Adjusted EBITDA Margin	18.4%	16.8%
GAAP Sales	226,314	212,226



Reconciliation of Adjusted Net Income & Adjusted Diluted EPS

Reconciliation of Net Income to Adjusted Net Income

	Three Months Ended	
	March 31,	
GAAP Net Income to Adjusted Net Income:	2017	2016
GAAP Net Income	\$ 7,407	\$ (1,299)
Pre-tax acquisition and integration costs	573	3,245
Pre-tax foreign exchange loss on inter-company loans	(447)	(876)
Pre-tax reorganization and impairment charges	240	2,945
Pre-tax write-off unamortized debt issuance costs	-	-
Pre-tax write-off interest rate swap	-	-
Pre-tax amortization of intangibles & deferred financing costs	7,262	6,952
Tax effect of all adjustment reflected above (c)	(2,166)	(3,841)
Non-GAAP Adjusted Net Income (b)	<u>\$ 12,869</u>	<u>\$ 7,126</u>

	2017	2016
GAAP Net Income	\$ 0.27	\$ (0.05)
Pre-tax acquisition and integration costs	0.02	0.12
Pre-tax foreign exchange loss on inter-company loans	(0.02)	(0.03)
Pre-tax reorganization and impairment charges	0.01	0.11
Pre-tax write-off unamortized debt issuance costs	-	-
Pre-tax write-off interest rate swap	-	-
Pre-tax amortization of intangibles & deferred financing costs	0.26	0.26
Tax effect of all adjustment reflected above (c)	(0.08)	(0.14)
Non-GAAP Adjusted Net Income (b)	<u>\$ 0.47</u>	<u>\$ 0.27</u>
Diluted Shares O/S	27,634	26,869



2nd Quarter & Full Year 2017 Guidance – Adjusted Income from Operations & Adjusted Operating Margin

NN, Inc.	Low		High	
	\$'000	% of Sales	\$'000	% of Sales
Operating Income to Adjusted Operating Income:				
GAAP Income from Operations	\$ 81,450	9.6%	\$ 90,505	10.3%
Restructuring & impairment charges	240	0.0%	240	0.0%
Acquisition & integration expenses	573	0.1%	573	0.1%
Amortization of intangibles	23,511	2.8%	23,511	2.7%
Non-GAAP Adjusted Income from Operations	\$ 105,774	12.4%	\$ 114,829	13.0%
GAAP Sales Revenue		850,000		880,000

NN, Inc.	Three Months Ending June 30, 2017			
	Low		High	
Operating Income to Adjusted Operating Income:	\$'000	% of Sales	\$'000	% of Sales
GAAP Income from Operations	\$ 21,110	9.7%	\$ 22,730	10.2%
Restructuring & impairment charges	-	0.0%	-	0.0%
Acquisition & integration expenses	-	0.0%	-	0.0%
Amortization of intangibles	5,891	2.7%	5,891	2.6%
Non-GAAP Adjusted Income from Operations	\$ 27,001	12.4%	\$ 28,621	12.8%
GAAP Sales		218,000		223,000



2nd Quarter 2017 Guidance – Adjusted EBITDA & Adjusted EBITDA Margin

Full-Year and Quarterly Guidance

NN, Inc.	Year Ending December 31, 2017			
	Low		High	
Net Income to Adjusted EBITDA	\$'000	% of Sales	\$'000	% of Sales
GAAP Net Income	400		6,093	
Provision for income taxes	(2,058)		(219)	
Interest expense	51,942		51,942	
Write-off of unamortized debt issuance cost	36,500		36,500	
Write-off of interest rate swap				
Depreciation & amortization	65,109		65,109	
Acquisition & integration expenses	573		573	
Non-cash stock compensation	4,608		4,608	
Non-cash foreign exchange loss on inter-company	(447)		(447)	
Restructuring & impairment charges	240		240	
Non-GAAP Adjusted EBITDA	156,867	18%	164,399	19%
Non-GAAP Adjusted EBITDA Margin		18.5%		18.7%
GAAP Sales		850,000		880,000

NN, Inc.	Three Months Ending June 30, 2017			
	Low		High	
Net Income to Adjusted EBITDA	\$'000	% of Sales	\$'000	% of Sales
GAAP Net Income	(17,836)		(16,787)	
Provision for income taxes	(8,491)		(7,920)	
Interest expense	12,756		12,756	
Write-off of unamortized debt issuance cost	36,500		36,500	
Write-off of interest rate swap	-		-	
Depreciation & amortization	15,791		15,921	
Acquisition & integration expenses	-		-	
Non-cash stock compensation	1,100		1,100	
Non-cash foreign exchange loss on inter-company	-		-	
Restructuring & impairment charges	-		-	
Non-GAAP Adjusted EBITDA	39,820	18.3%	41,570	18.6%
Non-GAAP Adjusted EBITDA Margin		18.3%		18.6%
GAAP Sales		218,000		223,000



2nd Quarter 2017 Guidance – Adjusted Net Income & Adjusted EPS

Full-Year and Quarterly Guidance

NN, Inc.	Year Ending December 31, 2017			
	Low		High	
	\$'000	EPS	\$'000	EPS
GAAP NI to Adjusted NI:				
GAAP Net Income	\$ 400	\$ 0.01	\$ 6,093	\$ 0.22
Pre-tax acquisition and integration costs	573	\$ 0.02	573	\$ 0.02
Pre-tax foreign exchange loss on inter-company loans	(447)	\$ (0.02)	(447)	\$ (0.02)
Pre-tax reorganization and impairment charges	240	\$ 0.01	240	\$ 0.01
Pre-tax write-off unamortized debt issuance costs	36,500	\$ 1.32	36,500	\$ 1.32
Pre-tax write-off interest rate swap	-	\$ -	-	\$ -
Pre-tax amortization of intangibles & deferred financing costs	27,945	\$ 1.01	27,945	\$ 1.01
Tax effect of all adjustment reflected above	(18,341)	\$ (0.66)	(18,341)	\$ (0.66)
Non-GAAP Adjusted Net Income	<u>\$ 46,870</u>	<u>\$ 1.70</u>	<u>\$ 52,563</u>	<u>\$ 1.90</u>
Weighted Average Diluted Shares		27,650		27,650

NN, Inc.	Three Months Ending June 30, 2017			
	Low		High	
	\$'000	EPS	\$'000	EPS
GAAP NI to Adjusted NI:				
GAAP Net Income	\$ (17,836)	\$ (0.65)	\$ (16,787)	\$ (0.61)
Pre-tax acquisition and integration costs	-	\$ -	-	\$ -
Pre-tax foreign exchange loss on inter-company loans	-	\$ -	-	\$ -
Pre-tax reorganization and impairment charges	-	\$ -	-	\$ -
Pre-tax write-off unamortized debt issuance costs	36,500	\$ 1.32	36,500	\$ 1.32
Pre-tax write-off interest rate swap	-	\$ -	-	\$ -
Pre-tax amortization of intangibles & deferred financing costs	7,249	\$ 0.26	7,249	\$ 0.26
Tax effect of all adjustment reflected above	(13,367)	\$ (0.48)	(13,367)	\$ (0.48)
Non-GAAP Adjusted Net Income	<u>\$ 12,546</u>	<u>\$ 0.45</u>	<u>\$ 13,595</u>	<u>\$ 0.49</u>



Full Year 2017 Guidance – Free Cash Flow

NN, Inc.

Reconciliation of GAAP Net Income to Non-GAAP Adjusted EBITDA

Full-Year Guidance

NN, Inc.	Year Ending December 31, 2017	
	Low	High
Free Cash Flow:	\$'000	\$'000
EBITDA	\$ 156,867	\$ 164,400
CAPEX	(40,000)	(50,000)
Interest Expense	(47,894)	(46,894)
Dividends	(7,600)	(7,600)
Income Tax Expense	(3,150)	(5,000)
Working Capital	3,411	12,094
	-	-
Non-GAAP Free Cash Flow	\$ 61,634	\$ 67,000



Non-GAAP Financial Measures Footnotes

The Company discloses in this presentation the non-GAAP financial measures of adjusted income from operations, adjusted net income and adjusted diluted earnings per share. Each of these non-GAAP financial measures provide supplementary information about the impacts of acquisition and integration related expenses, foreign-exchange impacts on inter-company loans reorganizational and impairment charges. Over the past three years, we have completed six acquisitions, two of which were transformative for the Company. The costs we incurred in completing such acquisitions, including the amortization of intangibles and deferred financing costs, 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 such as, the write-off of our interest rate swap, are excluded as the charges on not indicative of our ongoing operating cost. We believe the presentation of adjusted income from operations, adjusted net income and adjusted diluted earnings per share provide 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 net income growth derived from income amounts presented in accordance with GAAP. The Company does not consider these non-GAAP financial measures to be a substitute for, or superior to, the information provided by GAAP financial results.

(a) Non-GAAP Adjusted income from operations, represents GAAP income from operations, adjusted to exclude the effects of restructuring and non-cash impairment charges (related to plant closures and other charges incurred to implement our strategic goals, that do not necessarily represent a major strategic shift in operations), one-time charges related to acquisition and integration costs, intangible amortization costs for fair value step-up in values related to acquisitions, and when applicable, our share of income from joint venture operations. We believe this presentation is commonly used by investors and professional research analysts in the valuation, comparison, rating and investment recommendations of companies in the industrial industry. We use this information for comparative purposes within the industry. Non-GAAP adjusted income from operations, is not a measure of financial performance under GAAP and should not be considered as a measure of liquidity or as an alternative to GAAP income from operations.

(b) Non-GAAP adjusted net income and adjusted diluted earnings per share, represents GAAP net income, adjusted to exclude the tax-affected effects of restructuring and impairment charges (related to plant closures and other charges incurred to implement our strategic goals, that do not necessarily represent a major strategic shift in operations), one-time charges related to acquisition and integration costs, amortization of intangibles costs for fair value step-up in values related to acquisitions and amortization of deferred financing costs, and foreign exchange gain (loss) on inter-company loans. 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 net income and Non-GAAP adjusted diluted earnings per share, 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 net income.

(c) This line item reflects the aggregate tax effect of all nontax adjustments reflected in the table above. In addition, the footnotes above indicate the after-tax amount of each individual adjustment item. NN, Inc. estimates the tax effect of the adjustment items identified in the reconciliation schedule above by applying NN, Inc's. overall estimated effective tax rate to the pretax amount, unless the nature of the item and/or the tax jurisdiction in which the item has been recorded requires application of a specific tax rate or tax treatment.

(d) Non-GAAP adjusted EBITDA represents GAAP net income, adjusted to include income taxes, interest expense, depreciation and amortization, one-time charges related to acquisition and integration costs, non-cash stock compensation expense, and foreign exchange gain (loss) on inter-company loans. 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 net income.