

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) February 25, 2003

NN, Inc.

(Exact name of registrant as specified in its charter)

DELAWARE

0-23486

62-1096725

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

2000 Waters Edge Drive, Johnson City, Tennessee

37604

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (423) 743-9151

Not applicable

(Former name or former address, if changed since last report)

Item 5. Other Events and Regulation FD Disclosure.

On February 25, 2003, the Company issued a press release announcing its financial results for the fourth quarter and the fiscal year ended December 31, 2002. A copy of the press release is attached as Exhibit 99.1 hereto and incorporated herein by reference.

Item 7. Financial Statements and Exhibits.

(c) EXHIBITS. The following exhibits are filed herewith:

99.1 Press Release dated February 25, 2003.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 25, 2003

NN, INC.

By: /s/ William C. Kelly, Jr.

William C. Kelly, Jr.,
Treasurer, Secretary and Chief
Accounting Officer

RE: NN, Inc.
2000 Waters Edge Drive
Johnson City, TN 37604

FOR FURTHER INFORMATION:

AT THE COMPANY

Will Kelly
Treasurer & Manager of Investor Relations
(423) 743-9151

AT FRB|WEBER SHANDWICK

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FOR IMMEDIATE RELEASE

February 25, 2003

**NN, INC. REPORTS REVENUE IMPROVEMENTS OF 22.9%
IN THE 2002 FOURTH QUARTER AND 7.1% FOR THE FULL YEAR**

**Full Year 2002 Adjusted Earnings Per Share
Increased 100% From \$0.27 to \$0.54**

Johnson City, Tenn., February 25, 2003 - NN, Inc. (Nasdaq: NNBR) today reported its financial results for the fourth quarter ended December 31, 2002.

Net sales for the fourth quarter of 2002 were \$49.1 million, up 22.9% from \$40.0 million for the same period of 2001. Net income for the fourth quarter of 2002 totaled \$7.3 million, or \$0.46 per share compared to a net loss of \$1.0 million or \$0.07 loss per share for the fourth quarter of 2001. Earnings per share of \$0.46 for the fourth quarter of 2002 include a non-taxable gain of \$5.9 million, or \$0.38 per share, associated with the previously announced purchase of INA/FAG's 23 % interest in NN Euroball on December 20, 2002. Additionally, recorded in the 2002 fourth quarter was an after-tax charge of \$767,000, or \$0.05 per share. This charge was associated with an additional impairment charge related to the Walterboro, South Carolina facility, which was closed in September of 2001. Adjusting for these items, net income was \$2.2 million or \$0.14 per share for the 2002 fourth quarter.

The fourth quarter of 2001 net loss includes approximately \$1.2 million in net after-tax charges to earnings, or \$0.08 per share as well as \$300,000 of NN Arte minority interest losses included in NN's financial statements. The details of the approximately \$1.2 million of after-tax charges to earnings are as follows: \$766,000 associated with the closing of the Company's Walterboro, South Carolina manufacturing facility, including a charge related to the impairment of the facility at lower than book value; a loss of \$140,000 associated with the 2001 divestiture of NN's 30% interest in the joint venture ball company in China; an additional reserve of approximately \$270,000 in the fourth

quarter for the remaining balance of a trade account receivable associated with a previously announced customer that had filed for Chapter 7 bankruptcy protection; approximately \$145,000 in charges associated with Euroball corporate organizational and structuring charges; and finally, earnings of approximately \$100,000 associated with the receipt of insurance proceeds from the demutualization of an insurance carrier. Additionally, effective January 1, 2002, the Company adopted Statement of Financial Accounting Standard No. 142 (SFAS142) "Goodwill and Other Intangible Assets," which states that goodwill and intangible assets deemed to have indefinite lives are no longer subject to amortization, but are periodically evaluated for impairment. The fourth quarter of 2001 included goodwill amortization expense of \$279,000 net of tax and minority interest. Adjusting for these items, net income for the fourth quarter of 2001 was \$464,000 or \$0.03 per share.

Net sales for the full year of 2002 were \$193.0 million, up 7.1% compared to \$180.2 million in 2001. Net sales in 2001 reflect approximately 10 1/2 months of revenue contribution from Delta Rubber Company, which was acquired on February 16, 2001 in a transaction using the purchase method of accounting.

Net income for the full year of 2002 totaled \$13.7 million, or \$0.87 per share, compared to \$4.7 million or \$0.30 per share, for the same period of 2001.

Excluding the aforementioned non-taxable gain on the purchase of INA/FAG's 23% interest in NN Euroball of \$5.9 million and an after-tax charge of \$767,000 reflecting the impairment associated with the Walterboro closing, net income totaled \$8.5 million, or \$0.54 per share. Adjusting for the aforementioned items recorded in the fourth quarter as well as a full year of goodwill amortization, net income for 2001 totaled \$4.2 million, or \$0.27 per share.

David L. Dyckman, Chief Financial Officer, commented, "This was the third consecutive quarter in which we reported year-over-year improvement in revenues and operating results when compared to 2001. Revenues for the fourth quarter of 2002 of \$49.1 million grew by approximately 22.9% over fourth quarter 2001. We experienced good demand associated with strong automotive sales throughout 2002. However, sales to the general industrial segment continued to remain at depressed levels throughout 2002. Adjusted EPS of \$0.54 per share for 2002 increased 100% from the adjusted \$0.27 per share earned in 2001.

"As a percentage of net sales, the gross profit margin was 24.8% in the fourth quarter of 2002 versus 22.2% in the fourth quarter of 2001. For the full year of 2002, the gross profit margin was 25.2% as compared to 23.8% for the full year of 2001. This improvement over the prior year reflects the continuing benefit of the initiatives to lower our cost structure, the consolidation of our domestic ball and roller operations in the fourth quarter of 2001 and increased efficiencies associated with higher volume levels.

"Selling, general and administrative expenses for the fourth quarter of 2002 declined to 8.0% as a percentage of net sales compared to 11.1% in the prior year. For the full year of

2002, selling, general and administrative expenses as a percentage of sales were 8.9% compared to 9.3% in 2001.

Roderick R. Baty, Chairman and Chief Executive Officer, stated, "We are especially pleased to report positive results for both the fourth quarter and full year despite the fact that economies in both Europe and North America remain uncertain.

"During 2002, we focused on prudent balance sheet management as evidenced by our strong cash flow and debt reduction results. Excluding the impact of purchasing INA/FAG's interest in NN Euroball in December 2002, the Company reduced debt by \$15.3 million for the year, exceeding our goal of reducing debt by \$12 million.

"Looking forward into 2003, we believe NN is well positioned to achieve solid results despite the continuing uncertainty of the current global economic environment. Accordingly, we anticipate earnings per share for the first quarter of 2003 to be in the range of \$0.16 per share to \$0.18 per share. After considering the earnings accretion of the purchase of INA/FAG's 23% share in NN Euroball, we are raising our full year earnings per share guidance to \$0.68 to \$0.71, on revenues of approximately \$200 million. While we will continue to focus on debt reduction and maximizing cash flow, we anticipate increasing our capital expenditures from \$6.6 million in 2002 to \$9.4 million in 2003.

"We are continuing our due diligence process regarding the acquisition of SKF's Veenendaal, the Netherlands, tapered roller and metal cage manufacturing operation. Pending successful negotiations, we would anticipate closing in the first quarter of 2003. In addition, we are currently in discussions with SKF regarding their right to sell NN their 23% ownership interest in NN Euroball. We believe these pending transactions would expand NN's bearing component product offering while at the same time would provide additional value to our global bearing customers. Assuming the completion of the above transactions, our debt profile will still be at relatively conservative levels, approximately two times debt-to-EBITDA."

"Our shelf registration filed with the Securities and Exchange Commission on September 26, 2002 was declared effective on February 11, 2003. The registration provides for the sale of 3.7 million selling stockholder shares and up to \$36.0 million of company shares."

NN, Inc. manufactures and supplies high precision bearing components consisting of balls, rollers, seals, and retainers for leading bearing manufacturers on a global basis. In addition, the Company manufactures a variety of other plastic components. NN, Inc. had sales of US \$193 million in 2002.

With the exception of the historical information contained in the release, 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

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, 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, 2001.

(Financial Tables Follow)

NN, Inc.
Condensed Statements of Income
(In Thousands, except per share amounts)
(Unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2002	2001	2002	2001
Net sales	\$ 49,144	\$ 39,997	\$ 192,981	\$ 180,151
Cost of goods sold	36,972	31,105	144,274	137,221
Gross profit	12,172	8,892	48,707	42,930
Selling, general and administrative	3,947	4,428	17,259	16,752
Depreciation and amortization	2,769	3,169	11,212	13,340
Restructuring and impairment costs	1,199	1,562	1,277	2,312
Income from operations	4,257	(267)	18,959	10,526
Interest expense, net	574	792	2,451	4,006
Equity in (earnings) loss of unconsolidated affiliate	-	13	-	-
Net gain on involuntary conversion	-	-	-	(3,901)
Net gain on purchase of minority interest	(5,904)	-	(5,904)	-
Other income	29	275	(487)	(186)
Income before provision for income taxes	9,558	(1,347)	22,899	10,607
Provision for income taxes	1,500	(786)	6,457	4,094
Minority interest in consolidated subsidiary	769	474	2,778	1,753
Income before cumulative effect of change in accounting principle	7,289	(1,035)	13,664	4,760
Cumulative effect of change in accounting principle, net of income tax benefit of \$112	-	-	-	98
Net income	\$ 7,289	\$ (1,035)	\$ 13,664	\$ 4,662
Diluted income (loss) per common share	\$ 0.46	\$ (0.07)	\$ 0.87	\$ 0.30
Weighted average diluted shares	15,709	15,679	15,714	15,540

NN, Inc.
Condensed Balance Sheets
(In Thousands)
(Unaudited)

	December 31, 2002	December 31, 2001
Assets		
Current assets:		
Cash	\$ 5,144	\$ 3,024
Accounts receivable, net	28,966	24,832
Inventories, net	23,402	23,418
Other current assets	4,359	4,343
Total current assets	61,871	55,617
Property, plant and equipment, net	88,199	82,770
Assets held for sale	2,213	4,348
Goodwill, net	42,166	40,282
Other assets	4,016	5,118
Total assets	\$ 198,465	\$ 188,135
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$23,020	\$15,693
Accrued salaries and wages	6,354	3,813
Income taxes payable	620	2,377
Payable to affiliates	566	1,277
Short-term portion of long-term notes payable	7,000	7,000
Other liabilities	2,675	3,237
Total current liabilities	40,235	33,397
Minority interest in consolidated subsidiaries	19,706	30,932
Deferred income taxes	9,791	6,499
Long-term notes payable	46,135	47,661
Other	9,319	7,607
Total Liabilities	125,186	126,096
Total stockholders' equity	73,279	62,039
Total liabilities and stockholders' equity	\$ 198,465	\$ 188,135