

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) April 29, 2004  
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NN, INC.  
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(Exact name of registrant as specified in its charter)

DELAWARE

0-23486

62-1096725  
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(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

(IRS Employer  
Identification No.)

2000 Waters Edge Drive, Johnson City, Tennessee

37604  
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(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (423) 743-9151  
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Not applicable  
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(Former name or former address, if changed since last report)

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**Item 7. Financial Statements and Exhibits.**

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

99.1 Press Release dated April 29, 2004.

**Item 12. Results of Operations and Financial Condition.**

On April 29, 2004 the Company issued a press release announcing its earnings for the first quarter of 2004. A copy of the press release is furnished under Item 12 of this Form 8-K as Exhibit 99.1.

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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: April 29, 2004

NN, INC.

By: /s/ William C. Kelly, Jr.  
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William C. Kelly, Jr.,  
Secretary, Treasurer and Chief  
Administrative Officer

Exhibit 99.1



## FINANCIAL RELATIONS BOARD

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 FINANCIAL RELATIONS BOARD

Alison Ziegler	Susan Garland
General info)	(Analyst info)
212-445-8432	212-445-8458

### **FOR IMMEDIATE RELEASE**

April 29, 2004

### **NN, INC. REPORTS REVENUE GAIN OF 34.8% FOR THE FIRST QUARTER OF 2004**

#### **Completes Private Placement of \$40,000,000 Senior Unsecured Notes**

Johnson City, Tenn., April 29, 2004 - NN, Inc. (Nasdaq: NNBR) today reported its financial results for the first quarter ended March 31, 2004. First quarter results include the operations of NN Netherlands (Veenendaal) a component manufacturing operation in Veenendaal, The Netherlands since its acquisition from the SKF Group (SKF) on May 2, 2003. Additionally, first quarter net income includes 100% ownership interest in NN Euroball (Euroball) as a result of the purchase of SKF's 23% minority interest on May 2, 2003.

Net sales for the first quarter of 2004 were \$77.6 million, up 34.8% from \$57.6 million for the same period of 2003. Net income for the first quarter of 2004 totaled \$3.2 million, or \$0.19 per diluted share, compared to \$3.6 million, or \$0.23 per diluted share, for the first quarter of 2003.

David L. Dyckman, Chief Financial Officer, commented, "Revenue growth of \$20.0 million or 34.8% over the first quarter of 2003 was principally attributable to \$15.0 million in revenue contribution from our recently acquired Veenendaal operation and approximately \$4.7 million related to the impact of currency exchange rates. Our earnings were favorably impacted by the accretion of the Veenendaal acquisition and our purchase of SKF Group's remaining 23% ownership in Euroball by a combined \$0.03 in diluted earnings per share for the quarter. Offsetting these contributions was a substantial inventory reduction that impacted the income statement by \$0.04 per diluted share in the first quarter of 2004 versus a \$0.02 favorable inventory contribution for the same period in 2003. Additionally, Sarbanes-Oxley Section 404 ("SOX 404") compliance costs, start-up costs in Slovakia and China, and material price inflation adversely impacted earnings by a combined \$0.04 per diluted share.

"As a percentage of net sales, cost of goods sold was 77.8% in the first quarter of 2004 versus 74.2% in first quarter of 2003. The year-over-year change primarily resulted from the inclusion of the results of our recently acquired Veenendaal facility, which impacted margins by approximately 1.5% and the previously discussed change in inventories for the quarter impacting margins by approximately 2.5%.

"Selling, general and administrative expenses for the first quarter of 2004 increased \$2.5 million to 9.2% as a percentage of net sales compared to 8.0% for the same period in 2003. Veenendaal and currency contributed \$1.1 million and \$0.4 million, respectively to the increase and the remainder was comprised of start-up costs in Slovakia and China, Level 3 program initiatives, and SOX 404 compliance costs. It is important to note that while the Company is well positioned to comply with the internal control regulations of SOX 404, stricter guidelines have been recently issued that have dramatically increased the cost of compliance to approximately \$1.2 million in 2004 or \$0.04 per diluted share

versus the previously estimated \$0.02 per diluted share.

Mr. Dyckman concluded, "During the first quarter, we reduced debt \$2.5 million from the 2003 year end levels which put us on track with our annual target of \$10 to \$12 million reduction. We are also pleased to announce the completion of a private placement of notes to restructure our existing debt. We recently completed a private placement of \$40,000,000 aggregate principal amount of our 4.89% Senior Notes which are due April 26, 2014. The net proceeds of the offering were used to repay our senior domestic term loan and a portion of our senior revolving credit facility indebtedness. The notes are senior unsecured obligations of NN, Inc. with interest payable semiannually and principal payments due in seven equal installments commencing on the fourth anniversary of the closing. The notes are guaranteed by most of the Company's subsidiaries."

Roderick R. Baty, Chairman and Chief Executive Officer, stated, "We continued to make excellent progress during the quarter on the Slovakian and Chinese facility start-ups, as well as our company wide Level 3 program which integrates the principles of Lean Enterprise, Six Sigma and Total Productive Maintenance. We will begin production in Slovakia in the second quarter of this year, which is on schedule with our original planning. With respect to China, we are also on schedule to begin production in the first quarter of 2005. Our Level 3 program is up and running with training and improvement activities increasing in both our North American and European facilities. We are excited regarding the cost, cash flow, and quality improvement opportunities the program will deliver.

Mr. Baty concluded, "We experienced good levels of demand from our customers in the first quarter and we anticipate these demand levels will continue through the second quarter. In addition, we are passing along higher raw material prices to our customers in those situations that do not call for a contractual delay in pass through provisions. Although forecasting the effect of steel pricing and the resulting pass through remains difficult, we reconfirm our previous 2004 forecast of \$295 million in revenues and earnings of approximately \$0.76 to \$0.78 per diluted share for the full year. As we discussed previously, increased costs in 2004 resulting from dramatic price increases of

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steel, costs associated with the SOX 404 compliance, start up costs in Slovakia and China, as well as costs in connection with the Company's financing needs are estimated to result in added expenses of approximately \$0.22 per share for the year. This is expected to offset the benefit of our planned cost reductions, volume increases, the expected accretion from the full year ownership of Veenendaal and the buyout of the remaining 23% interest of SKF's ownership of Euroball."

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 \$253 million in 2003.

The 4.89% Senior Notes due April 26, 2014 which are the subject of the private placement have not been registered under the Securities Act of 1933, as amended, and may not be offered or sold in the United States or to U.S. persons, except to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A and to certain persons in offshore transactions in reliance on Regulation S. This press release does not constitute an offer to sell or the solicitation of an offer to buy any security and shall not constitute an offer, solicitation or sale in any jurisdiction in which it would be unlawful.

*The comments by Mr. Baty regarding production schedules, forecasted demand and revenues, earnings, and costs and by Mr. Dyckman regarding certain estimated cost, debt reduction and earnings are forward looking statements 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, risks of capacity underutilization, quality issues, availability and price 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, 2003.*

**(Financial Tables Follow)**

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

	<b>Three Months Ended March 31,</b>	
	<b>2004</b>	<b>2003</b>
	-----	-----
Net sales	\$ 77,632	\$ 57,609
Cost of goods sold (exclusive of depreciation shown separately below)	60,390	42,743
Selling, general and administrative	7,143	4,632
Depreciation and amortization	3,999	3,079
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Income from operations	6,100	7,155
Interest expense, net	841	513
Other income	(56)	(7)
	-----	-----
Income before provision for income taxes	5,315	6,649
Provision for income taxes	2,097	2,472
Minority interest in consolidated subsidiary	--	534
	-----	-----
Net income	\$ 3,218	\$ 3,643
	=====	=====
Diluted income per common share	\$ 0.19	\$ 0.23
	=====	=====
Weighted average diluted shares	17,189	15,574
	=====	=====

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

	<b>March 31, 2004</b>	<b>December 31, 2003</b>
	-----	-----
<b>Assets</b>		
Current Assets:		
Cash	\$ 7,143	\$ 4,978
Accounts receivable, net	48,728	40,864
Inventories, net	33,322	36,278
Other current assets	6,342	6,299
	-----	-----
Total current assets	95,535	88,419
Property, plant and equipment, net	126,142	128,996
Assets held for sale	--	1,805
Goodwill, net	42,245	42,893
Other assets	4,103	4,304
	-----	-----
Total assets	\$ 268,025	\$ 266,417
	=====	=====
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 35,901	\$ 32,867
Dividends payable	1,337	--
Accrued salaries and wages	11,181	12,032
Short-term note	--	2,000
Short-term portion of long-term notes payable	6,426	12,725
Other liabilities	4,996	3,070
	-----	-----
Total current liabilities	59,841	62,694
Deferred income taxes	13,157	13,423

Long-term notes payable	75,579	69,752
Other	13,586	14,080
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Total liabilities	162,163	159,949
Total stockholders' equity	105,862	106,468
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Total liabilities and stockholders' equity	\$ 268,025	\$ 266,417
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