

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) October 30, 2003  
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NN, INC.  
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(Exact name of registrant as specified in its charter)

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DELAWARE

0-23486

62-1096725  
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(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

(IRS Employer  
Identification No.)

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2000 Waters Edge Drive, Johnson City, Tennessee

37604  
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(Address of principal executive offices)

(Zip Code)

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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 October 30, 2003.

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

On October 30, 2003 the Company issued a press release announcing its earnings for the third quarter of 2003. 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: October 30, 2003

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

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

FOR FURTHER INFORMATION:

**AT THE COMPANY**

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

**AT FRB|WEBER SHANDWICK**

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

**FOR IMMEDIATE RELEASE**

October 30, 2003

**NN, INC. REPORTS REVENUE AND NET INCOME UP 36% AND 51% RESPECTIVELY IN  
THE THIRD QUARTER OF 2003**

**Johnson City, Tenn., October 30, 2003** - NN, Inc. (Nasdaq: NNBR) today reported its financial results for the third quarter ended September 30, 2003. Results for the third quarter of 2003 include the operations of NN Netherlands (Veenendaal) a component manufacturing operation in Veenendaal, The Netherlands, which was acquired from the SKF Group (SKF) on May 2, 2003. Additionally, net income includes 100% ownership interest in NN Euroball (Euroball) due to the purchase of SKF's 23% minority interest on May 2, 2003.

Net sales for the third quarter of 2003 were \$64.6 million, up 36.2% from \$47.5 million for the same period of 2002. Net income for the third quarter of 2003 totaled \$3.2 million, or \$0.18 per diluted share, compared to \$2.1 million, or \$0.14 per diluted share, for the third quarter of 2002. Diluted earnings per share of \$0.18 for the third quarter of 2003 includes a \$0.01 gain on the sale of assets related to NN's plastic production facility, NN Arte, which was closed in the second quarter. Excluding the gain, adjusted net income was \$2.9 million and adjusted diluted earnings per share were \$0.17 per share.

Net sales for the first nine months of 2003 were \$186.4 million, up 29.6% compared to \$143.8 million for the same period of 2002. Net income for the first nine months of 2003 totaled \$14.1 million, or \$0.87 per diluted share, compared to \$6.4 million, or \$0.40 per diluted share, for the same period of 2002. Diluted earnings per share of \$0.87 for the first nine months of 2003 include a non-cash, non-taxable gain of \$6.6 million, or \$0.41 per diluted share, associated with the purchase of SKF's 23% minority interest in Euroball; an after-tax impairment charge of \$1.7 million, or \$0.11 per diluted share related to the closing of NN's plastic production facility, NN Arte; a non-cash, after-tax charge of \$291,000, or \$0.02 per diluted share, relating to the write-off of unamortized loan costs associated with the refinancing of the former credit facility; a non-cash, after

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tax charge of \$200,000, or \$0.01 per diluted share, for compensation charges associated with a portion of employee stock options accounted for under the variable accounting method. Adjusting for these items, adjusted net income was \$9.7 million and adjusted diluted earnings per share were \$0.60 per share.

David L. Dyckman, Chief Financial Officer, commented, "This is the sixth consecutive quarter that we have experienced year-over-year improvement in revenues and earnings. Revenue growth of 36.2% over the third quarter of 2002 was almost entirely attributable to the \$12.5 million in revenue contribution from the recently acquired Veenendaal operation and approximately \$3.2 million in favorable currency fluctuations. Excluding the impact from Veenendaal and currency, NN's underlying revenues grew approximately 4%. Looking at earnings, the accretion from Veenendaal and our purchase of SKF Group's remaining 23% ownership in Euroball contributed \$0.05 to diluted earnings per share for the quarter.

"As a percentage of net sales, the gross profit margin was 22.2% in the third quarter of 2003 versus 24.9% in third quarter of 2002 and 22.5% in the second quarter of 2003. The third quarter margins primarily reflect lower margins

associated with our recently acquired Veenendaal facility and unfavorable product mix factors. For the first nine months of 2003 and 2002, gross profit margin as a percentage of sales was 23.4% and 25.4% respectively.

"Selling, general and administrative expenses for the third quarter of 2003 declined to 8.1% as a percentage of net sales compared to 8.6% for the same period in 2002, within our historical target range of 8.0% to 8.5%."

Roderick R. Baty, Chairman and Chief Executive Officer, stated, "During October we announced that we had entered into an asset purchase agreement with KLF - Gulickaren, based in Kysucke Nove Mesto, Slovakia to acquire their precision ball operations for approximately 1.7 million Euros. The assets of this operation are being utilized in the formation of a new manufacturing facility which will better allow us to serve our worldwide bearing customers, many of whom have already established Eastern European operations. We are optimistic about the outlook for this operation and believe that it will provide new opportunities to create value for our customers. We anticipate that this facility will be operational in early 2004 and contribute approximately \$2.0 to \$3.0 million in revenues for the first year of operation.

"Additionally, in the fourth quarter we are initiating a company wide program in all nine of our global manufacturing operations that will continue NN's history of being in the forefront of low cost, high quality component manufacturing companies. This program integrates the principles of Lean Enterprise, Six Sigma and Total Productive Maintenance and will provide our employees with the tools to excel in an increasingly demanding and competitive global market place.

Mr. Baty, concluded, "Looking forward into the fourth quarter of 2003 and into 2004, we continue to remain cautious on the outlook of economies around the world. The addition of Veenendaal and the purchase of the remaining SKF minority interest will benefit

fourth quarter results and continue into 2004. With this being said, we currently expect to report fourth quarter revenue in a range of \$64 to \$65 million and earnings per diluted share from underlying operations of \$0.17 to \$0.18."

*Adjusted Net Income and Diluted Earnings Per Share*

In accordance with generally accepted accounting principles, reported net income and diluted earnings per share include the after-tax effect of: the gain from the purchase of SKF's interest in Euroball; impairment charges and gain on the sale of assets related to the planned closing of NN Arte; the write-off of unamortized loan costs of the former credit facility; and the non-cash compensation charges associated with a portion of employee stock options. The Company's management believes that by adjusting reported net income and diluted earnings per share to exclude the effects of these items, the resulting earnings better represent the operating results of the Company. The Company's management uses adjusted earnings to evaluate operating performance of consolidated business units from one period to another. The reconciliation of adjusted net income and diluted earnings per share is provided below:

	Three Months Ended September 30, 2003		Nine Months Ended September 30, 2003	
	Net Income (Millions)	Diluted EPS	Net Income (Millions)	Diluted EPS
As Reported	\$3.2	\$0.18	\$14.1	\$0.87
Add:				
Restructuring and Impairment Charges	-	-	2.0	0.12
Unamortized Loan Costs	-	-	0.3	0.02
Non-cash Compensation Charges	-	-	0.2	0.01
Less:				
Gain on Purchase of Minority Interest	-	-	6.6	0.41
Gain on Sales of Impaired Assets	0.3	0.01	0.3	0.01
Adjusted	\$2.9	\$0.17	\$9.7	\$0.60

NN, Inc. manufacturers 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.

*The comments by Mr. Baty regarding the fourth quarter and full year 2003 and the 2004 revenues of the Slovakian facility 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 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, 2002.

(Financial Tables Follow)

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2003	2002	2003	2002
Net sales	\$64,612	\$ 47,451	\$ 186,415	\$ 143,836
Cost of goods sold	50,294	35,631	142,758	107,302
Gross profit	14,318	11,820	43,657	36,534
Selling, general and administrative	5,247	4,076	15,650	13,311
Depreciation and amortization	3,642	2,881	10,203	8,443
Restructuring and impairment costs/(gain)	(224)	-	2,498	78
Income from operations	5,653	4,863	15,306	14,702
Interest expense, net	881	597	2,225	1,876
Net gain on involuntary conversion	-	-	(6,600)	-
Other (income) expense	(38)	(20)	272	(516)
Income before provision for income taxes	4,810	4,286	19,409	13,342
Provision for income taxes	1,646	1,612	4,630	4,957
Minority interest in consolidated subsidiary	-	555	675	2,010
Net income	\$ 3,164	\$ 2,119	\$ 14,104	\$ 6,375
Diluted income per common share	\$ 0.18	\$ 0.14	\$ 0.87	\$ 0.40
Weighted average shares outstanding	17,167	15,584	16,194	15,505

**NN, Inc.**  
**Condensed Balance Sheet**  
(In Thousands, Except Per Share Amounts)  
(Unaudited)

Assets	Consolidated 09/30/03	Consolidated 12/31/02
Current assets:		
Cash and cash equivalents	\$ 4,790	\$ 5,144
Accounts receivable, net	45,431	28,965
Inventories, net	34,391	23,402
Other current assets	5,860	3,901
Total current assets	90,472	61,412
Property, plant and equipment, net	105,621	88,199
Assets held for sale	1,805	2,214
Goodwill, net	54,090	42,166
Other assets	4,667	4,016
Total assets	\$ 256,655	\$ 198,007

Liabilities and Stockholders' Equity

Current liabilities:

Accounts payable	\$ 32,139	\$ 23,020
Accrued wages	11,453	6,354
Income taxes payable	1,755	620
Short term portion of long term debt	12,206	7,000
Other liabilities	4,270	3,240
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Total current liabilities	61,823	40,234
Minority interest in consolidated subsidiaries	-	19,706
Deferred income taxes	10,732	9,334
Long-term debt	73,191	46,135
Other	10,468	9,319
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Total liabilities	156,214	124,728
Total stockholders' equity	100,441	73,279
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Total liabilities and stockholders' equity	\$ 256,655	\$ 198,007
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