

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 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): November 2, 2004  
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NN, INC.  
(Exact Name of Registrant as Specified in Charter)

Delaware 0-23486 62-1096725

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(State or Other Jurisdiction of (Commission (I.R.S. Employer  
Incorporation or Organization) File Number) Identification Number)

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  
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Not Applicable

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(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition

Furnished as Exhibit 99.1 is a copy of the earnings release of NN, Inc. for the quarter ended September 30, 2004, which was issued on November 2, 2004.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits.

The following exhibit is furnished pursuant to Item 2.02, is not considered "filed" under the Securities Exchange Act of 1934, as amended, and shall not be incorporated by reference into any of the previous or future filings of NN, Inc. under the Securities Act of 1933, as amended, or the Exchange Act:

Exhibits:

Exhibit Number	Description of Exhibit
99.1	Press Release of NN, Inc. dated November 2, 2004

Signatures

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.

NN, Inc.

Dated: November 5, 2004

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

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

NEWS

FINANCIAL  
RELATIONS BOARDRE: NN, Inc.  
2000 Waters Edge Drive  
Johnson City, TN 37604

FOR FURTHER INFORMATION:

AT THE COMPANY

AT FINANCIAL RELATIONS BOARD

-----  
Will Kelly  
Treasurer & Manager of Investor Relations  
(423) 743-9151-----  
Alison Ziegler                      Susan Garland  
(General info)                      (Analyst info)  
212-445-8432                      212-445-8458FOR IMMEDIATE RELEASE  
November 2, 2004NN, INC. REPORTS REVENUE GAIN  
FOR THE THIRD QUARTER OF 2004

Revises 2004 Full Year Estimated Earnings Per Share

Johnson City, Tenn., November 2, 2004 - NN, Inc. (Nasdaq: NNBR) today reported its financial results for the third quarter and nine months ended September 30, 2004. 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, 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 third quarter of 2004 were \$72.9 million, up 12.8% from \$64.6 million for the same period of 2003. Net income for the third quarter of 2004 totaled \$2.2 million, or \$0.13 per diluted share, compared to \$3.2 million, or \$0.18 per diluted share, for the third quarter of 2003. Earnings per diluted share in the third quarter of 2003 included a \$0.01 per diluted share gain on the sales of assets related to the closing of the NN Arte facility in Mexico.

Net sales for the first nine months of 2004 were \$225.8 million, up 21.1%, compared to \$186.4 million for the same period of 2003. Net income for the first nine months of 2004 totaled \$7.4 million, or \$0.43 per diluted share, compared to \$7.5 million, or \$0.46 per diluted share, for the same period of 2003. Earnings per diluted share in 2003 included: an after-tax impairment charge of \$1.7 million, or \$0.11 per diluted share, related to the closing of NN Arte; a non-cash, after-tax charge of \$291,000, or \$0.02 per diluted share, related to the write-off of unamortized loan costs associated with the refinancing of the former credit facility; and a non-cash, after 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.

David L. Dyckman, Chief Financial Officer, commented, "Revenue growth of \$8.3 million, or 12.8% over the third quarter of 2003 was principally attributable to increased demand, particularly in Europe and approximately \$3.2 million related to the impact of currency exchange rates. While revenue growth was on target, our earnings were pressured by inventory reductions that were slightly greater than planned, continued material price inflation and Sarbanes-Oxley compliance costs.

"As a percentage of net sales, cost of products sold was 78.5% in the third quarter of 2004 versus 77.8% in the third quarter of 2003. The year-over-year increase primarily resulted from the previously mentioned inventory reductions and material price inflation. These were partially offset by volume improvement leverage and cost reduction initiatives.

"Selling, general and administrative expenses for the third quarter of 2004 increased \$1.9 million to 9.8% as a percentage of net sales compared to 8.1% for the same period in 2003. The increase was primarily due to Sarbanes-Oxley compliance and Level 3 implementation costs."

Mr. Dyckman concluded, "Our Level 3 initiatives are well underway and these efforts have positioned us well for 2005. Reductions in inventory levels, while continuing to negatively impact margins in 2004, will serve to benefit asset utilization and our return on invested capital over the long term. As of September 30, 2004, total debt minus cash was \$69.5 million versus \$79.5 million as of December 31, 2003, a reduction of \$10.0 million. Also, we are in the process of selling our idle Waltherboro, South Carolina ball manufacturing facility in an auction sale in mid November 2004. The net cash generated from the sale of this facility, which has been idle since early 2002, will be used to further reduce our outstanding debt. We continue to remain on track to reduce total debt minus cash by an estimated \$13 million to \$14 million for the full year."

Roderick R. Baty, Chairman and Chief Executive Officer, commented, "Although the third quarter of 2004 was essentially on plan with our expectations, we continue

to experience volatile steel prices and, during the quarter, we saw prices for both scrap and finished steel rise beyond what we anticipated just one quarter ago, particularly in Europe. Due to contractual obligations, there continues to be a delay in our ability to pass through these higher raw material prices to our customers. As a result, we anticipate an additional negative impact to earnings in the fourth quarter of 2004 of approximately \$600,000, or \$0.03 per diluted share. Looking forward to 2005, we do anticipate recovering the majority of the raw material increases we incurred in 2004 and are currently having discussions with our customers regarding the elimination of the timing delay for 2005. Additionally, consistent with our strategy of rationalizing our global manufacturing capacity, we have begun to transfer the manufacture of certain automotive products from our facility in Eltmann, Germany to our new facility in Kysucke Nove Mesto, Slovakia. As a result of the transfer of this production, we will reduce our Eltmann workforce by approximately 40% in 2005. Although the displacement of these employees is unfortunate, we feel this transfer is necessary to best serve our customers by more efficiently balancing our global capacity. This balancing will improve the efficiencies of our European facilities and will provide us further opportunities for

continued cost structure improvements. We will provide a compensation package to our affected employees that will result in the recording of an estimated after-tax severance charge of approximately \$1.4 million or \$0.08 per diluted share. We anticipate recording this charge in the fourth quarter of 2004."

Adjusting for the aforementioned material inflation and estimated severance costs, NN currently expects earnings of \$0.49 to \$0.52 per diluted share for 2004, down from previous guidance of \$0.60 to \$0.63. This equates to estimated earnings for the fourth quarter of between \$0.05 to \$0.08 per diluted share.

Mr. Baty concluded, "From an operations standpoint, business continues to perform as expected. Slovakia is now up and running and we anticipate shipping approximately \$2.0 million of product in the fourth quarter 2004, putting us on track to reach our forecasted levels of production for the year. Additionally, construction has begun on our new Chinese facility and we are excited about the prospects for new business throughout Asia. Finally, we continue to make excellent progress in our Level 3 program with further achievements in training, helping to position us for continued quality, margin, cash flow and earnings improvements in 2005."

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 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, inventory levels, regulatory compliance costs, start-up costs for new operations, debt reduction, 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)

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2004	2003	2004	2003
	-----	-----	-----	-----
Net sales	\$ 72,917	\$ 64,612	\$ 225,815	\$ 186,415
Cost of products sold (exclusive of depreciation shown separately below)	57,263	50,294	176,590	142,758
Selling, general and administrative	7,126	5,247	22,309	15,650
Depreciation and amortization	3,999	3,602	11,918	10,103
Restructuring and impairment costs (gain)	--	(224)	--	2,498
	-----	-----	-----	-----
Income from operations	4,529	5,693	14,998	15,406
Interest expense, net	1,101	921	2,925	2,325
Other (income) expense	(177)	(38)	(208)	272
	-----	-----	-----	-----
Income before provision for income taxes	3,605	4,810	12,281	12,809
Provision for income taxes	1,453	1,646	4,926	4,630
Minority interest in consolidated subsidiary	--	--	--	675
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Net income	\$ 2,152	\$ 3,164	\$ 7,355	\$ 7,504
	=====	=====	=====	=====
Diluted income per common share	\$ 0.13	\$ 0.18	\$ 0.43	\$ 0.46
	=====	=====	=====	=====
Weighted average diluted shares	17,135	17,167	17,142	16,194
	=====	=====	=====	=====

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

	September 30, 2004	December 31, 2003
	-----	-----
Assets		
Current Assets:		
Cash	\$ 7,773	\$ 4,978
Accounts receivable, net	50,656	40,864
Inventories, net	32,292	36,278
Other current assets	6,092	6,299
	-----	-----
Total current assets	96,813	88,419
Property, plant and equipment, net	125,463	128,996
Assets held for sale	--	1,805
Goodwill, net	42,544	42,893
Other assets	4,871	4,304
	-----	-----
Total assets	\$ 269,691	\$ 266,417
	=====	=====
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 37,418	\$ 32,867
Accrued salaries and wages	12,106	12,032
Short-term note	--	2,000
Current portion of long-term debt	6,523	12,725
Other liabilities	6,519	3,070
	-----	-----
Total current liabilities	62,566	62,694
Deferred income taxes	14,102	13,423
Long-term notes payable	70,735	69,752
Other	13,355	14,080
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Total liabilities	160,758	159,949
Total stockholders' equity	108,933	106,468
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Total liabilities and stockholders' equity	\$ 269,691	\$ 266,417
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