



AEROSPACE  
& DEFENSE



AUTOMOTIVE



MEDICAL



GENERAL  
INDUSTRY



ELECTRICAL

May 2018 Investor Presentation



# Forward looking statements

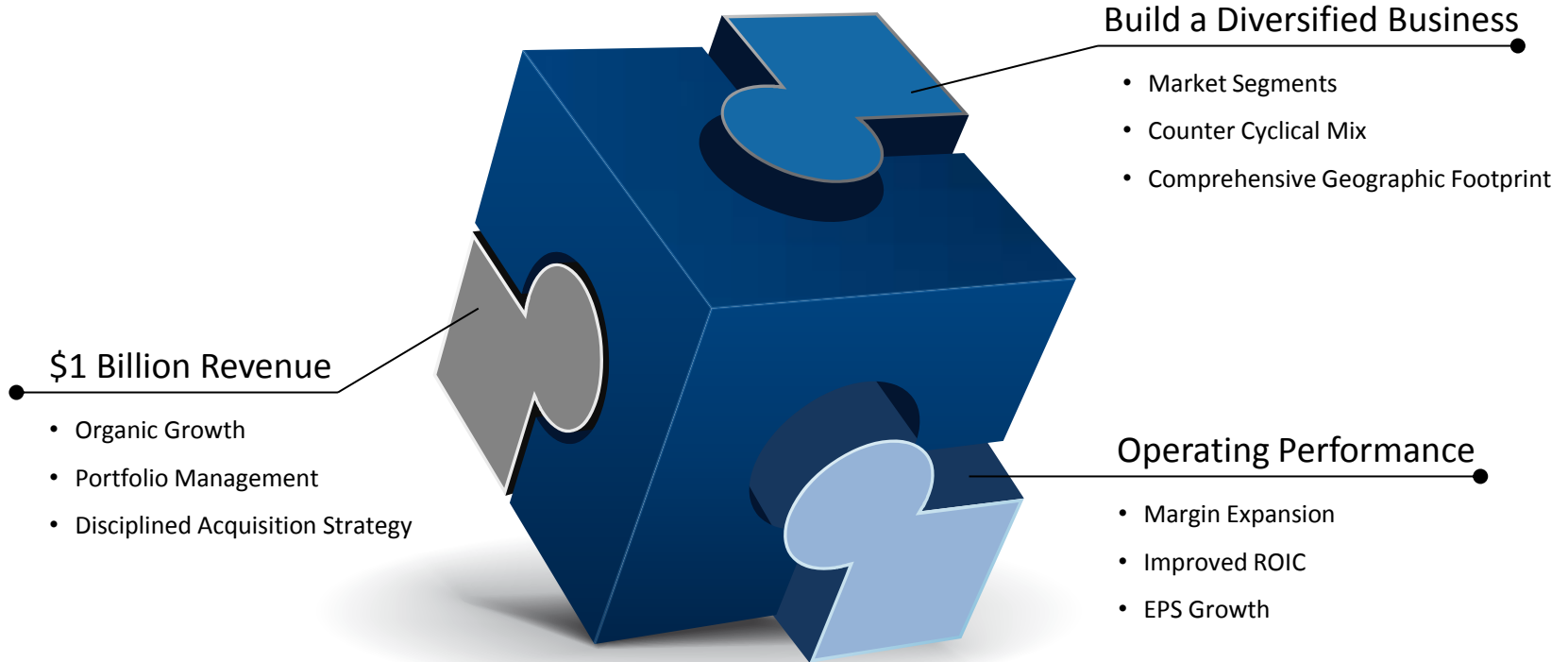
Forward Looking Statements: With the exception of the historical information contained in this presentation, the matters described herein contain forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The forward-looking statements contained herein include, but are not limited to, information regarding the ability of NN, Inc. (“NN”) and Paragon Medical, Inc. (“Paragon”) to complete the transactions contemplated by the Stock Purchase Agreement, dated April 2, 2018, including the satisfaction of conditions to the transactions set forth in the Stock Purchase Agreement, and NN’s and the combined entity’s estimated or anticipated future results of operations. These forward-looking statements involve risks and uncertainties that could cause NN’s and the combined entity’s results to differ materially from management’s current expectations. Such risks and uncertainties include, but are not limited to, general economic conditions and economic conditions in the industrial sector, competitive influences, risks that current customers of NN or Paragon will commence or increase captive production, delayed customer product launches, risks of capacity underutilization, quality issues, availability of raw materials, currency, pending and complete transactions and other risks associated with international trade, the Company’s dependence on certain major customers, unforeseen changes in future revenues, earnings and profitability of NN or Paragon, the risk that NN is not able to realize the savings or benefits expected from integration and restructuring activities related to the proposed acquisition of Paragon, the risk that the required regulatory approvals for the proposed acquisition of NN are not obtained, are delayed or are subject to conditions that are not anticipated, and those risks and uncertainties discussed in NN’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 2, 2018.

This presentation contains certain forward looking non-GAAP financial measures, estimated 2018 adjusted earnings before interest, taxes and depreciation and estimated 2018 adjusted operating margin, which cannot be reconciled without unreasonable effort. The following forward looking financial measures regarding Paragon is unavailable to NN: (i) depreciation and amortization; (ii) income taxes; and (iii) net income, and this information could have a material impact on these certain forward looking non-GAAP financial measures.

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. The information contained in this presentation is submitted on a confidential basis solely for the recipient’s use and the recipient agrees to maintain the confidentiality of the information contained herein and not to reproduce or distribute any confidential information contained herein to any third party without our express written authorization.



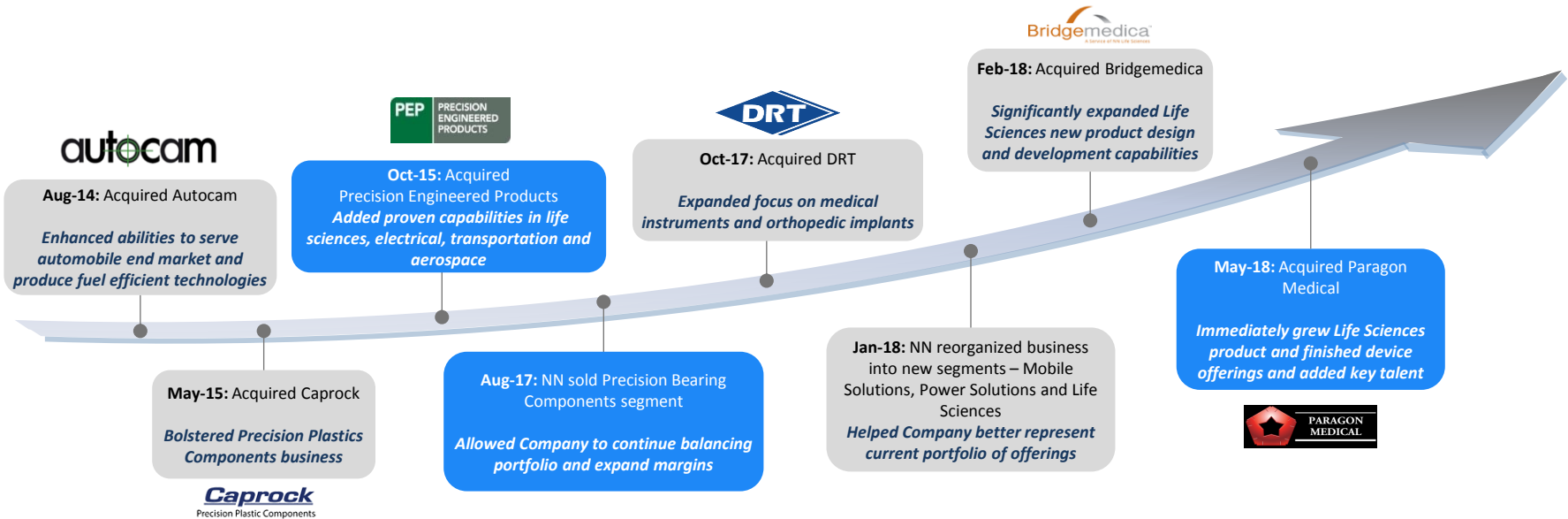
# Strategic Plan at a Glance





# NN, Inc. Timeline of Strategic Events

NN has taken many strategic actions in the last several years to enhance Company growth



■ Denotes significant event  
Source: Company press releases



# Impressive Historical Financial Performance

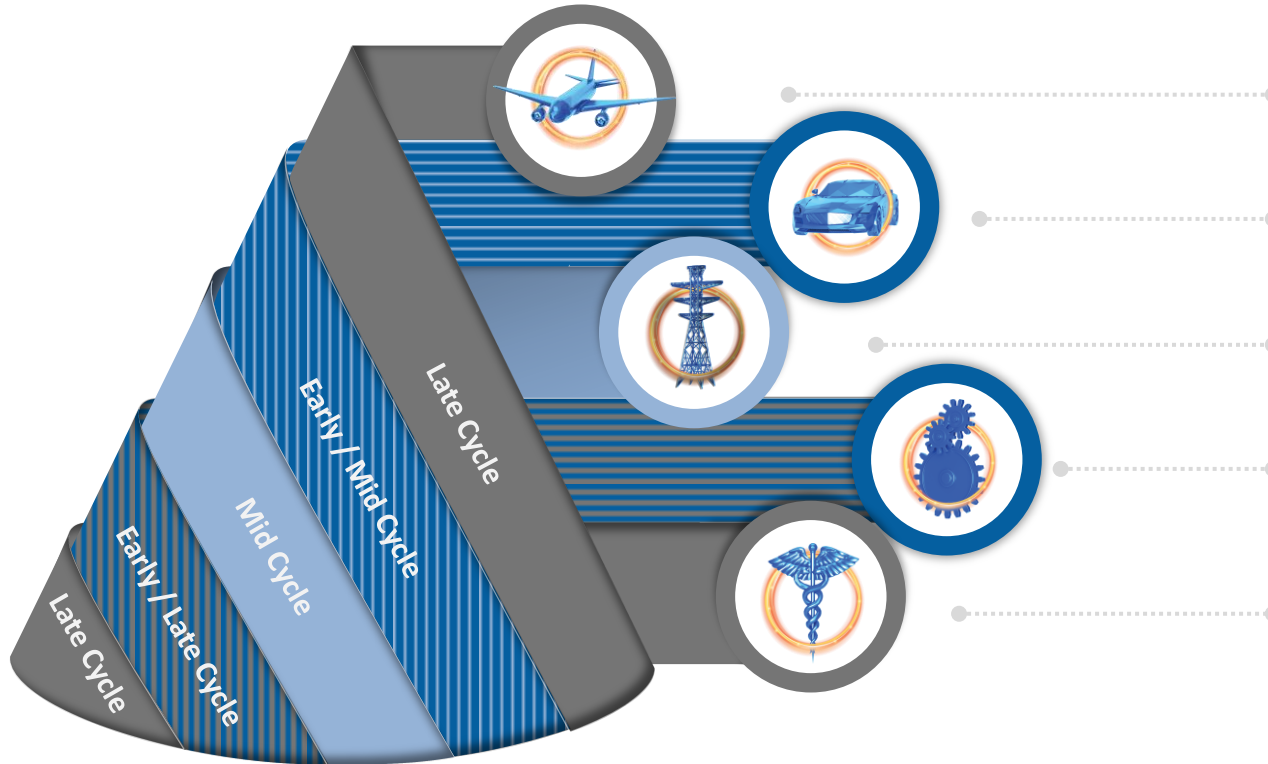


<sup>1</sup> Please see appendix for reconciliation

We expect current operating model and recent strategic initiatives to offer strong future growth opportunities



# Diversified Portfolio with Secular Trends



## Aerospace & Defense

- End Market Growth Rate: 3% - 5%
- NN Growth Rate: 7% - 9%

## Automotive

- End Market Growth Rate: 2% - 4%
- NN Growth Rate: 4% - 6%

## Electrical

- End Market Growth Rate: 3% - 5%
- NN Growth Rate: 6% - 8%

## General Industrial

- End Market Growth Rate: 2% - 4%
- NN Growth Rate: 4% - 6%

## Medical

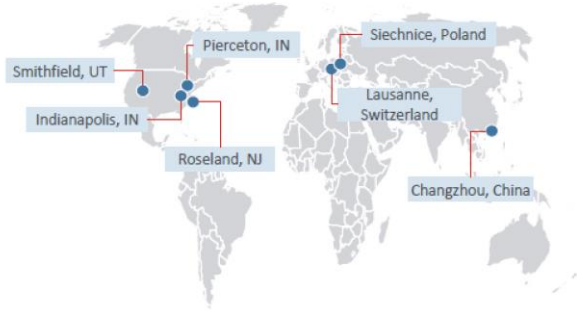
- End Market Growth Rate: 5% - 8%
- NN Growth Rate: 7% - 9%



# Paragon Medical Acquisition Overview

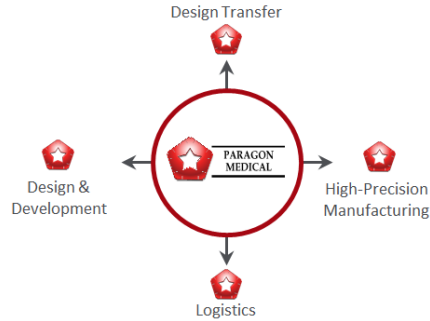
## Global Centers of Excellence

Over 350,000 sqft Manufacturing Space  
~1,300 Employees



## Integrated, End-to-End Solutions

Single source Partner from design to commercial production



## Full Suite of Product Applications

Product applications across all orthopaedic segments (e.g., large joints, trauma, extremities)



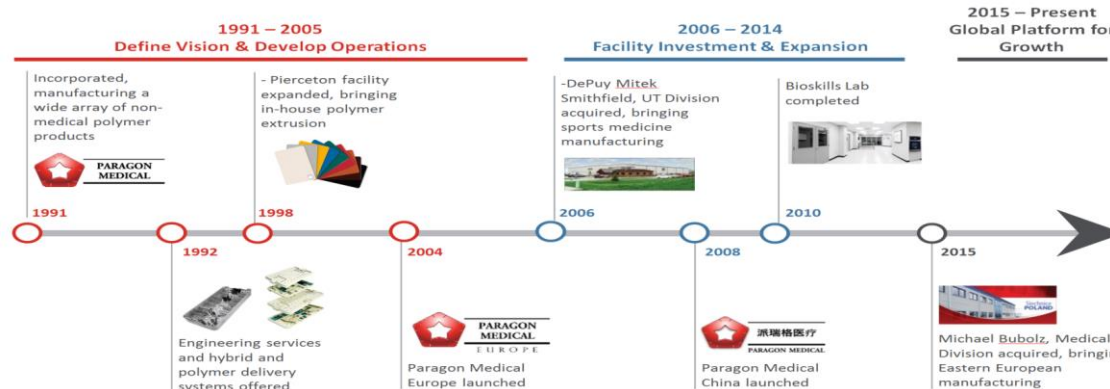
Implantable Components  
23% of Sales



Custom Delivery Systems  
33% of Sales



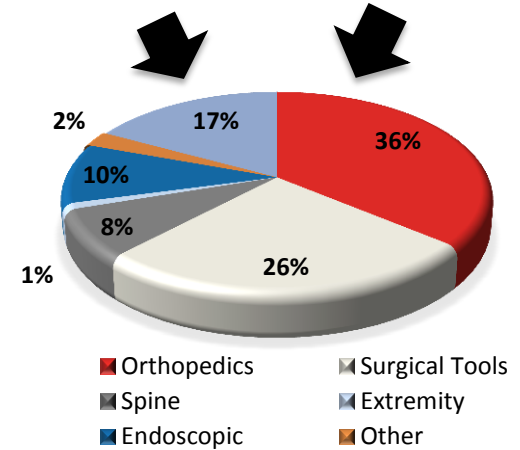
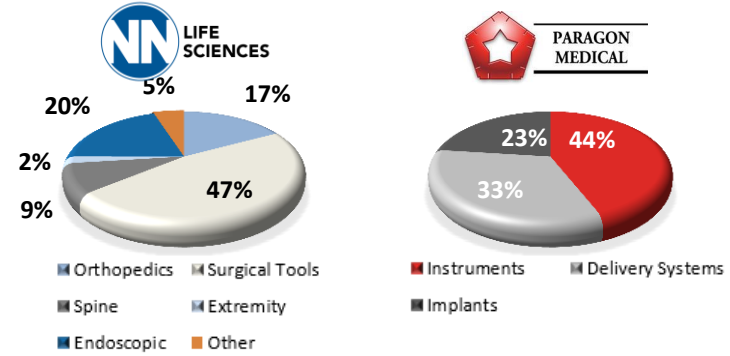
Surgical Instrumentation  
44% of Sales





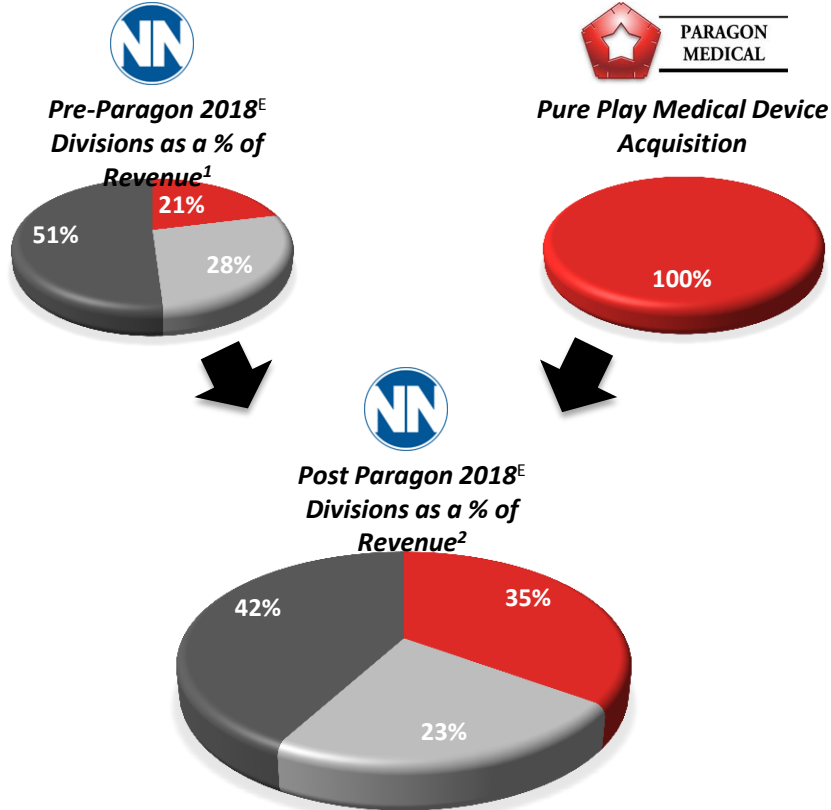
# Comprehensive Product Portfolio – Life Sciences

			<b>Combined Life Sciences Portfolio</b>
Finished Devices			
Orthopedics			
Surgical Tools			
Spine			
Extremity			
Endoscopic			
Drug Delivery			
Delivery Systems			





# Balanced Portfolio



- \$860M of estimated revenue moves us closer to strategic target of \$1B
- Post transaction cyclical automotive exposure reduced to ~5%
- Fills strategic EBITDA gap left by PBC divestiture
- Balances economic cyclicality
- Enhances path to long term sustainability
- Accretive to margin and earnings profile day 1
- Improves capital intensity profile

E - Estimated

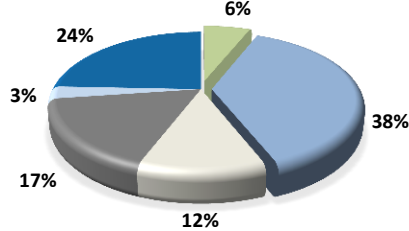
1: Based on 2018 full year guidance, assumes Bridgemedica acquisition occurred 1-1-18

2: Based on 2018 full year guidance, assumes Bridgemedica & Paragon acquisition occurred 1-1-



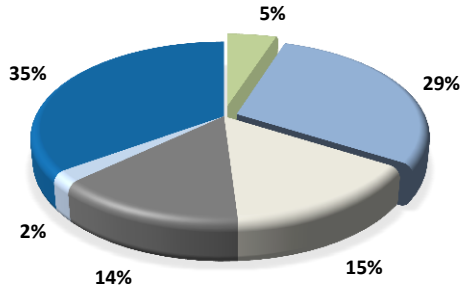
# A Diversified Industrial Business

**End Markets as a % of Revenue**  
Pre-Paragon - 2017



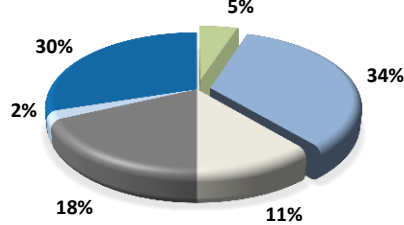
56% Diverse Portfolio

**End Markets as a % of Revenue<sup>1</sup>**  
2018<sup>E</sup>



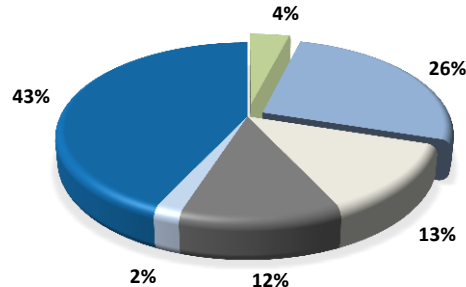
66% Diverse Portfolio

**End Markets as a % of EBITDA**  
Pre-Paragon - 2017



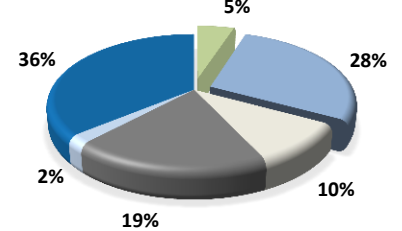
61% Diverse Portfolio

**End Markets as a % of EBITDA<sup>1</sup>**  
2018<sup>E</sup>



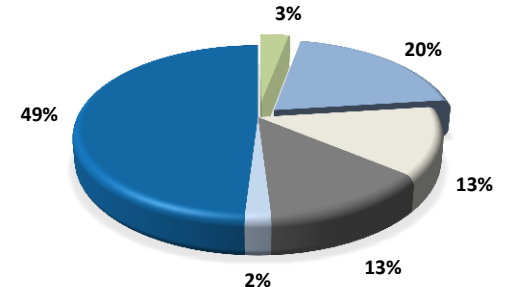
70% Diverse Portfolio

**End Markets as a % of Free Cash Flow**  
Pre-Paragon - 2017



67% Diverse Portfolio

**End Markets as a % of Free Cash Flow<sup>1</sup>**  
2018<sup>E</sup>



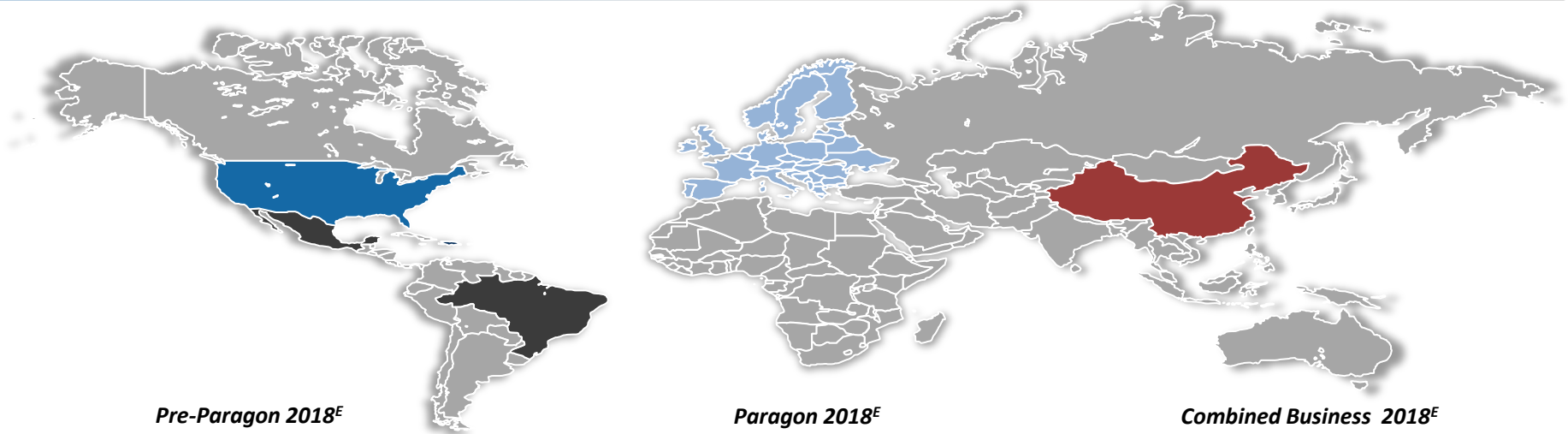
77% Diverse Portfolio

● Automotive
 ● Electrical
 ● General Industrial
 ● Aerospace & Defense
 ● CAFE Technology
 ● Medical

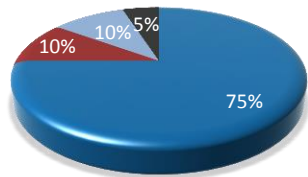
<sup>E</sup> Estimated; <sup>1</sup> Based on 2018 full year guidance, assumes Bridgemedica & Paragon acquisitions occurred 1-1-18



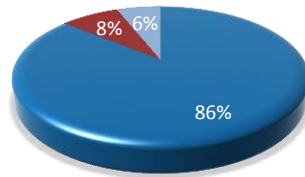
# Strategic Global Footprint



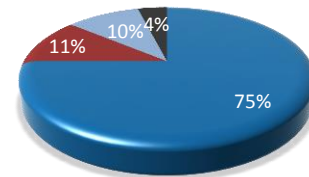
**Pre-Paragon 2018<sup>E</sup>  
Geographic Revenue Mix\***



**Paragon 2018<sup>E</sup>  
Geographic Revenue Mix**



**Combined Business 2018<sup>E</sup>  
Geographic Revenue Mix\***



**51 Facilities Worldwide**



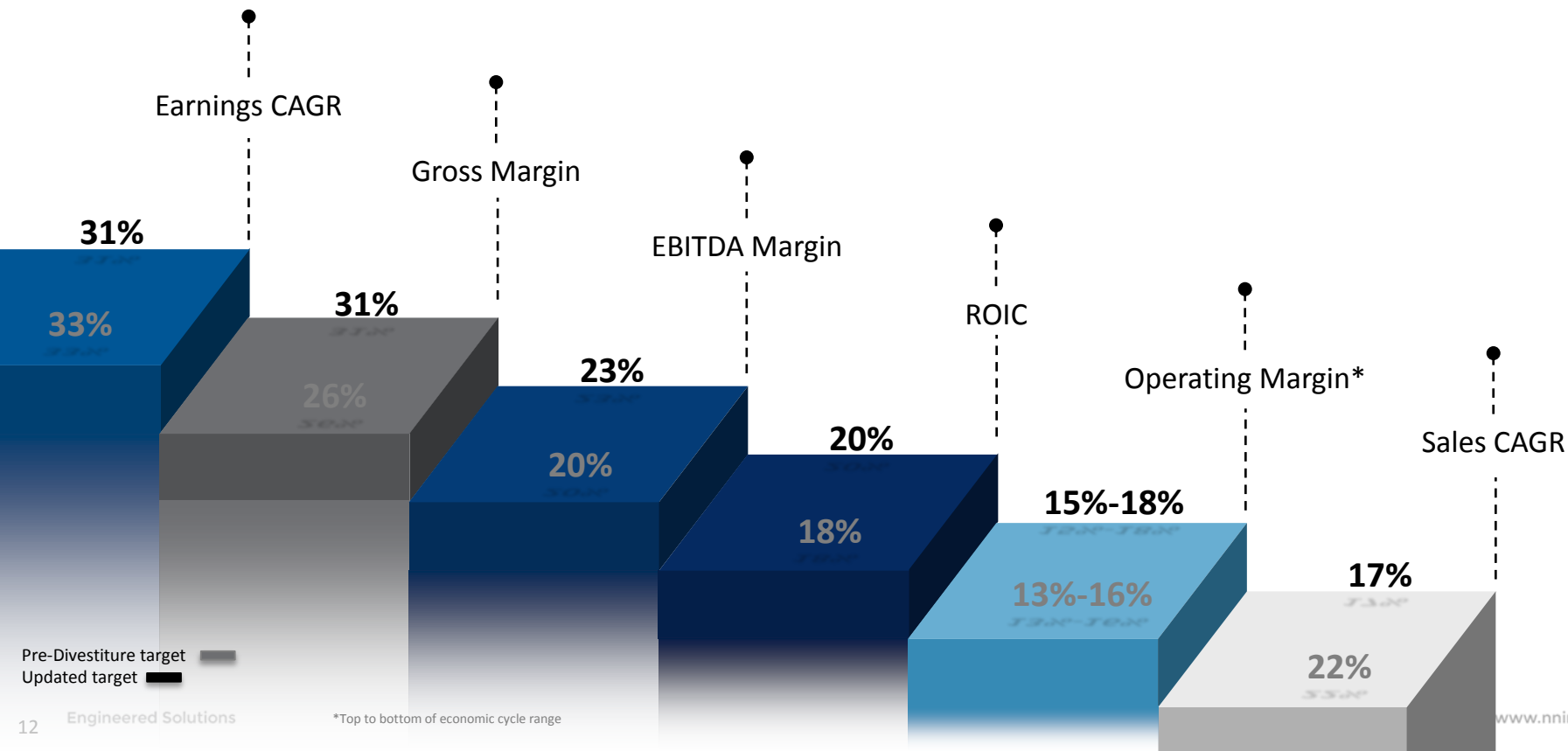
# Balanced Customer Base



- More balanced customer mix
- 3 new Life Sciences customers enter top 10
- No Customer greater than 8%
- Balance early and late cycle of the portfolio
- Blue Chip customer base in every market



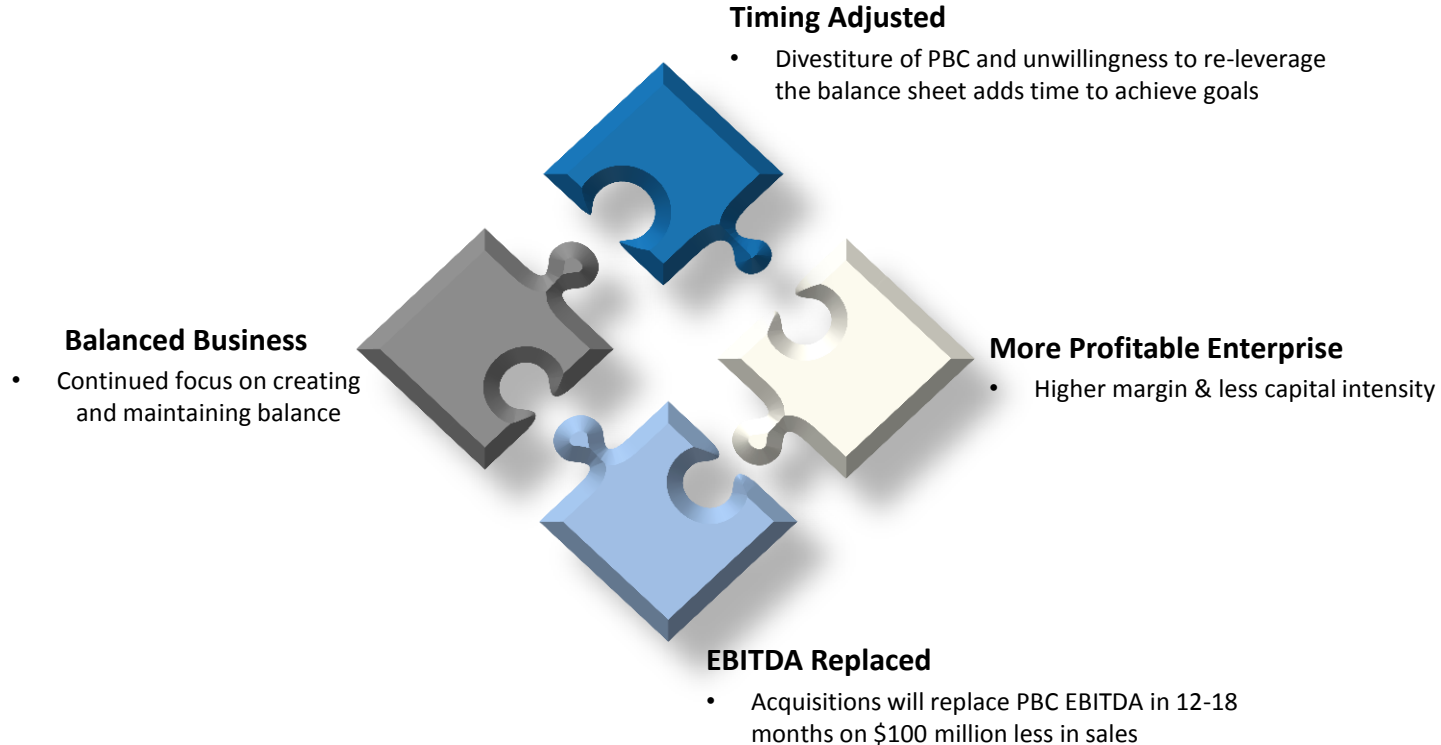
# Updated Strategic Targets





# Strategy Remains Unchanged

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## 2<sup>nd</sup> Quarter 2018 Guidance

	First Quarter 2018 Actual	Second Quarter 2018 Guidance	
<b>Net Sales</b>	\$169.1M	\$195M-\$200M	Incremental sales growth from Q1 inclusive of acquisitions
<b>Adjusted Operating Margin<sup>(a)</sup></b>	10.5%	12.0% - 12.5%	Margin expansion from flex productivity on incremental sales volume and inclusion of acquisitions
<b>Adjusted EBITDA</b>	\$28.6M	\$35M - \$37M	
<b>Adjusted Diluted EPS<sup>(b)</sup></b>	\$0.32	\$0.37- \$0.43	EPS expansion due to sales growth and inclusion of acquisitions



# 2018 Full Year Guidance (Guidance Revised for Inclusion of Acquisitions)

	2018 Initial Guidance	Revised Guidance	Commentary
<b>Net Sales</b>	\$660M - \$690M	\$775M-\$800M	Markets performing as expected
<b>Adjusted Operating Margin<sup>(a)</sup></b>	11.5% - 12.0%	12.5%-13.0%	Margin expansion reflecting flex productivity and acquired business performance
<b>Adjusted EBITDA</b>	\$116M - \$123M	\$143M-\$150M	
<b>Adjusted Diluted EPS<sup>(b)</sup></b>	\$1.30- 1.50	\$1.60-\$1.75	Tax on foreign earnings impact of \$0.02-\$0.04
<b>CAPEX</b>	\$40M - \$48M	\$45M-\$53M	Inclusive of acquisitions
<b>Free Cash Flow<sup>1</sup></b>	\$25M - \$33M	\$40M-\$46M	Performance continues to improve

# Engineered Solutions



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Inspired by i**INN**ovation