



Second Quarter 2017 Earnings Release
August 3, 2017



Forward Looking Statements & Disclosures

Forward Looking Statement: 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. 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, 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, 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, 2016.

With respect to any non-GAAP financial measures included in the following presentation, the accompanying information required by SEC Regulation G can be found at the back of this presentation or in the "Investor Relations" section of the Company's web site, www.nninc.com, under the heading "News & Events" and subheading "Presentations."

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.



Second Quarter



Highlights of 2nd Quarter 2017

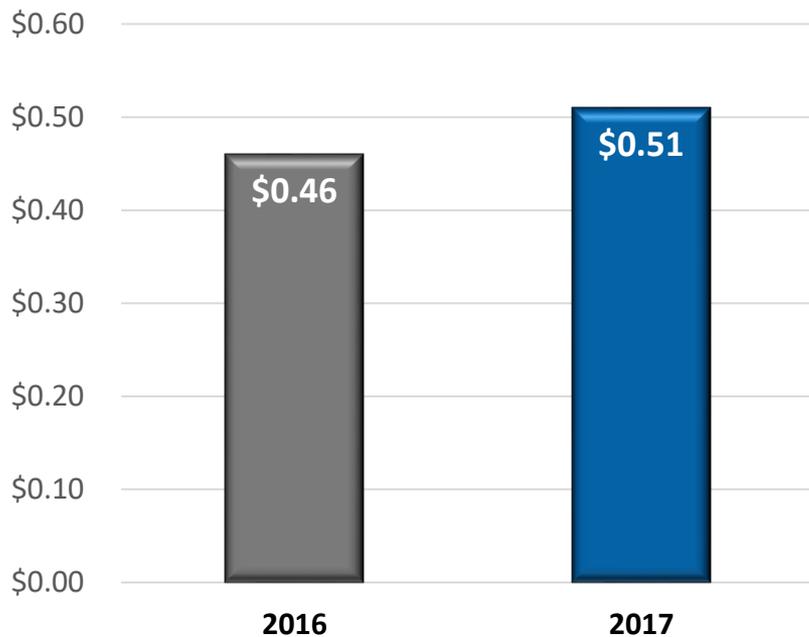
- **Sales of \$225.9M**
 - **Organic Sales growth of \$11.6M in the quarter compared to Q2 2016**
- **Adjusted Diluted Earnings Per Share of \$0.51**
- **Gross Margin in line with expectations at 26.5%**
- **Adjusted EBITDA of \$40.5M**
- **Adjusted Operating Margins of 12.4%**
- **Completed refinance of our 10.25% bonds on April 3rd**
 - **\$0.15 EPS improvement in 2017**
 - **\$7.0M Free Cash Flow improvement in 2017**
- **Repaid \$8M of debt in the second quarter.**



2nd Quarter 2017 Financial Summary

Adjusted Diluted Earnings Per Share

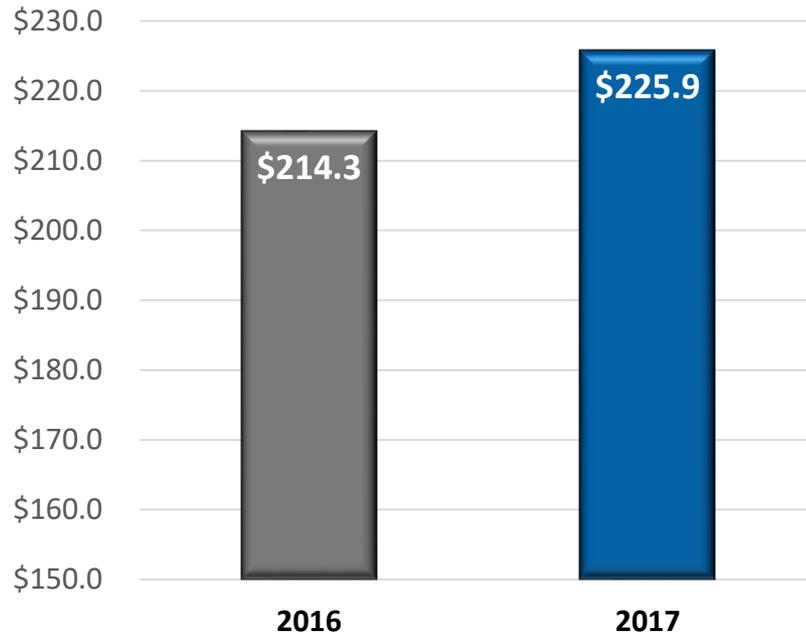
11% increase compared to prior year



Net Sales

5% growth compared to prior year

In Millions

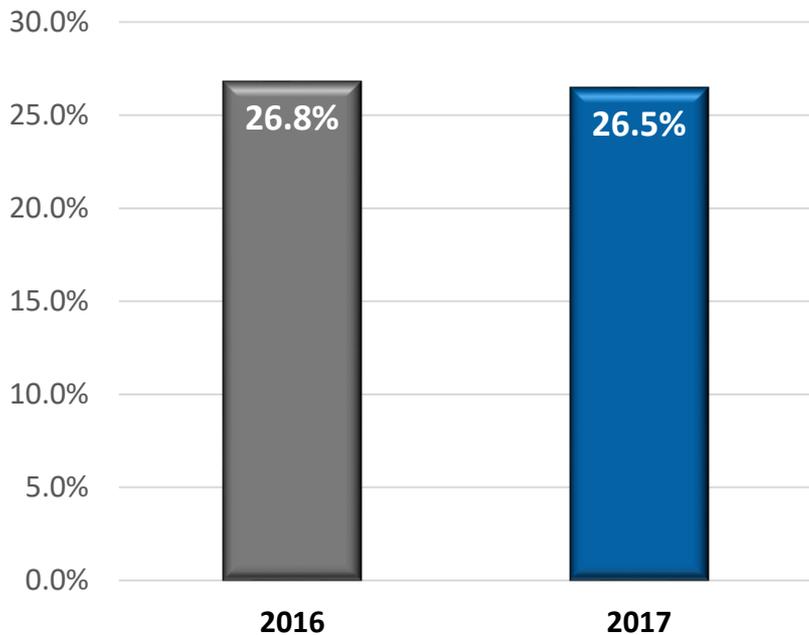




2nd Quarter 2017 Financial Summary

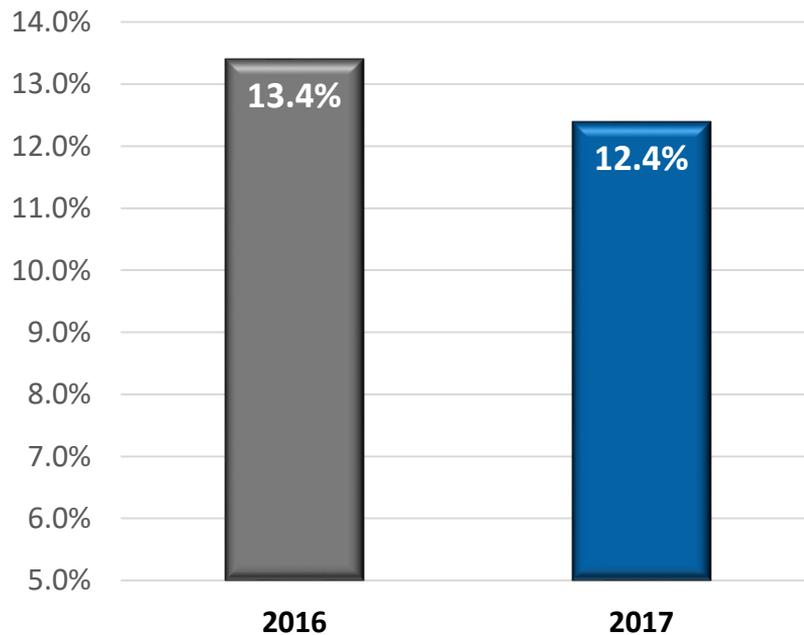
Gross Margin

In line with expectations



Adjusted Operating Margin

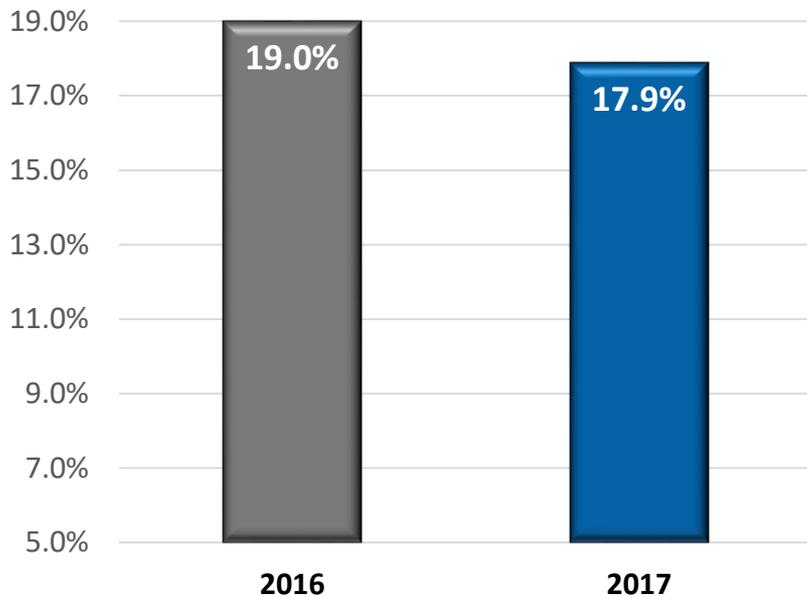
Impacted by New Program Start-Up Mix





2nd Quarter 2017 Financial Summary

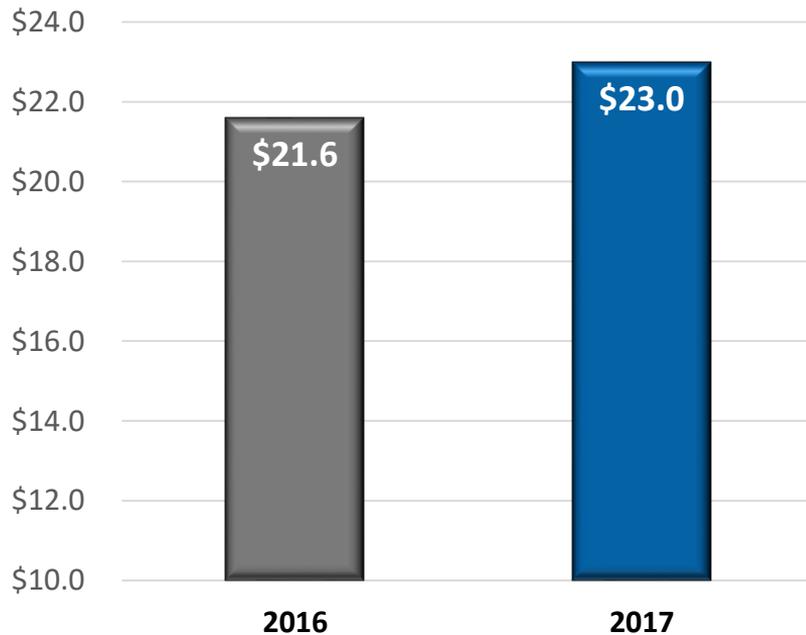
Adjusted EBITDA Margin



SG&A

Includes 1.3M of one time cost related to M&A as well as PBC divestiture

In Millions

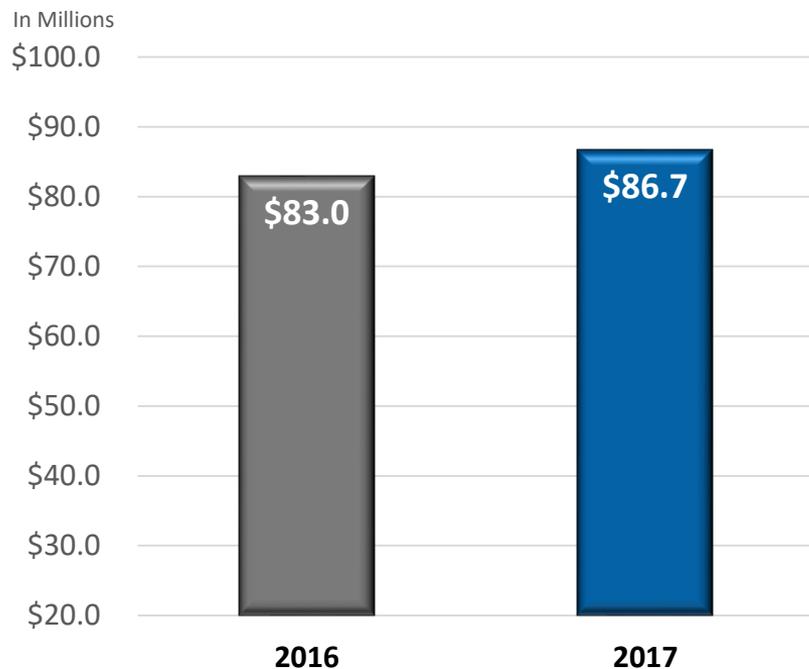




Autocam Precision Components Group

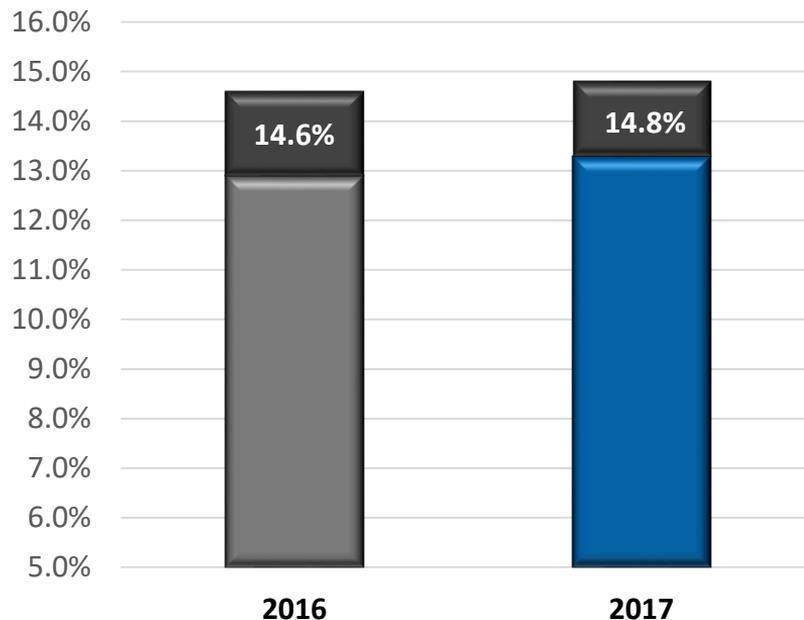
Net Sales

CAFE growth & Industrial market demand drive improvement



Adjusted Operating Margin

20 bps improvement on improved sales volumes & the NN Operating System



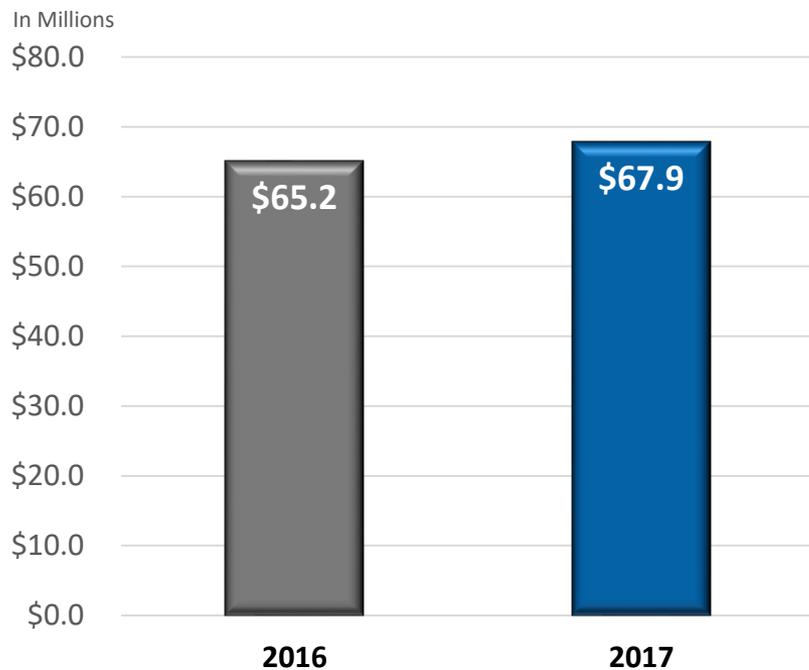
■ JV Contribution



Precision Bearing Components Group

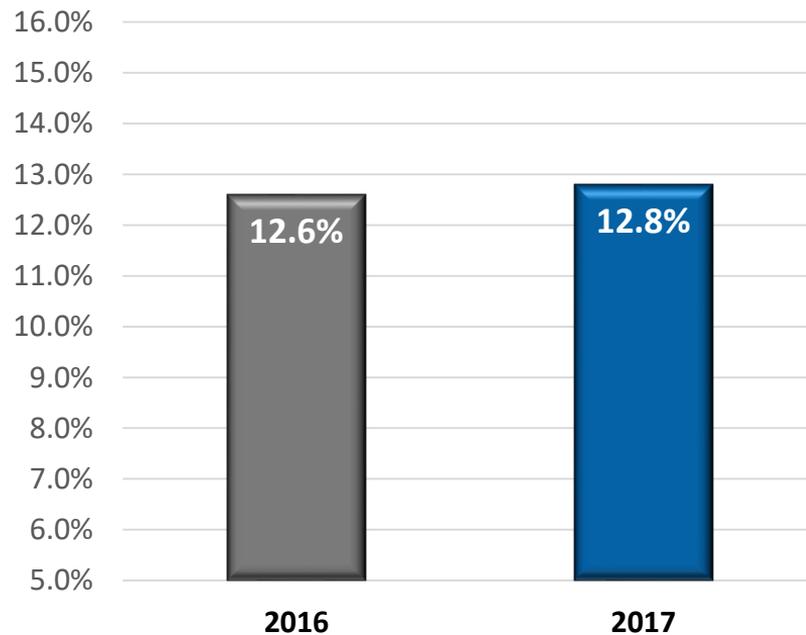
Net Sales

4% organic sales growth year over year



Adjusted Operating Margin

NN Operating System improvements

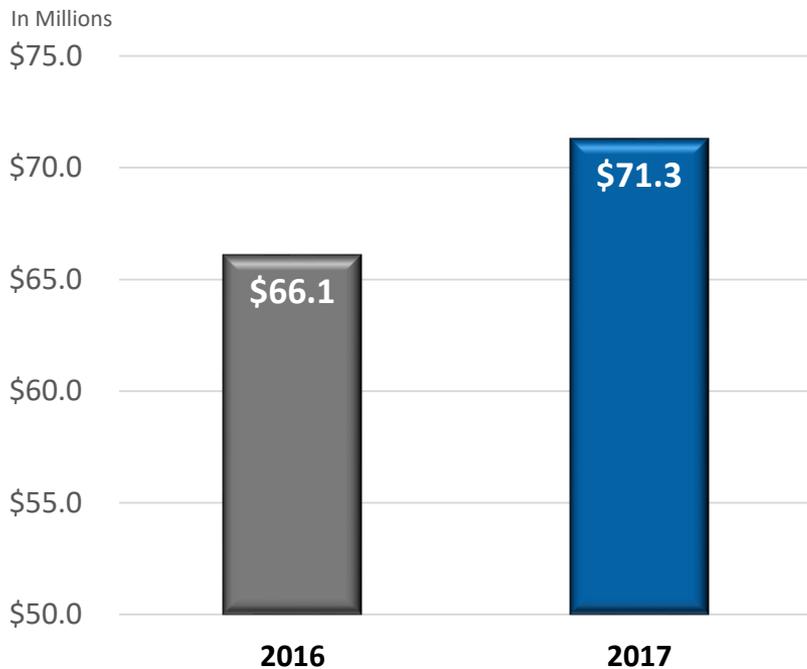




Precision Engineered Products Group

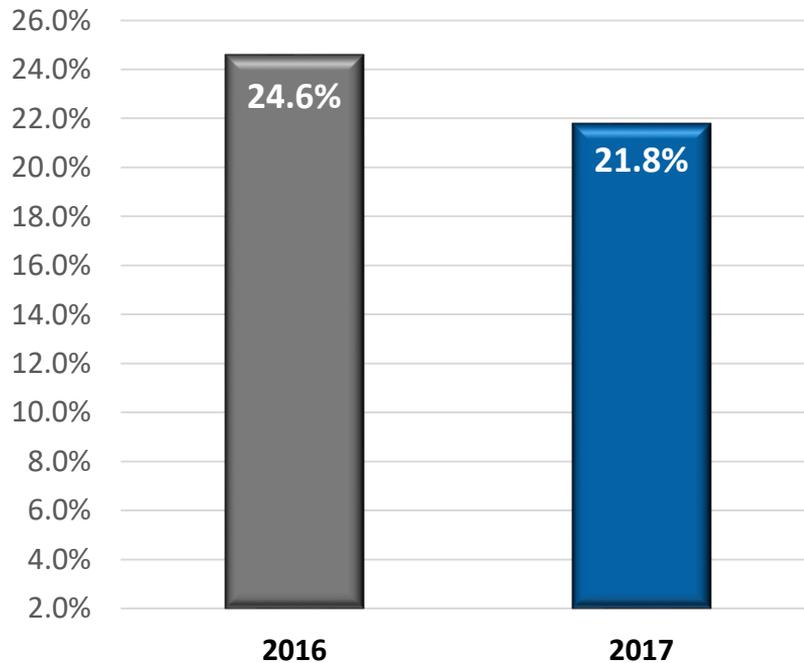
Net Sales

Organic growth of 8% led by medical and aerospace



Adjusted Operating Margin

Impacted by new program start up mix





2nd Quarter Summary

- **Third consecutive quarter of organic growth in all three groups**
- **Investment in new programs in our aerospace, and medical business at record levels**
- **PBC divestiture remains on track and expected to close in H2**
- **Repriced our Senior Notes into a new term loan on April 3rd**
- **Repaid \$8M of debt in the quarter**



Guidance



3rd Quarter 2017 Guidance

	Second Quarter Actual	Third Quarter Guidance	Commentary
Net Sales	\$225.9M	\$146M - \$151M	Excludes PBC sales for the 3 rd & 4 th quarter
Adj. Op Margin^(a)	12.4%	12.4% - 13.0%	Continued investment in new programs and holding SG&A
Adj. EBITDA	\$40.6M	\$29M - \$31M	Continued improvements in the NN Operating System driving expansion
Adj. Diluted EPS^(b)	\$0.51	\$0.26 - \$0.31	Continued investment in new programs and holding SG&A



2017 Guidance

	2017 Updated Guidance	Commentary
Net Sales	\$745M - \$755M	Excludes PBC sales for the 3 rd & 4 th quarter
Adj. Operating Margin^(a)	12.5% - 13.0%	Holding on to infrastructure to support future growth and acquisitions
Adj. EBITDA	\$141M - \$144M	Holding on to infrastructure to support future growth and acquisitions
Adj. Diluted EPS^(b)	\$1.57 - \$1.70	Improving profitability
CAPEX	\$40M - \$50M	We continue to invest in growth
Free Cash Flow¹	\$47M - \$53M	Excludes free cashflow post the close of the PBC divestiture



Reconciliation Tables



Reconciliation of Adjusted Income from Operations & Adjusted Operating Margin

NN, Inc.

Reconciliation of Income from Operations to Adjusted Income from Operations

For the Period Ending:

June 30,

NN, Inc. Consolidated

	2017	2016
GAAP Income from Operations	\$ 20,593	\$ 16,703
Restructuring & impairment charges	306	4,745
Acquisition & integration expenses	1,279	1,178
Amortization of intangibles	5,893	6,101
Non-GAAP Adjusted Income from Operations	<u>\$ 28,071</u>	<u>\$ 28,727</u>
Non-GAAP Adjusted Operating Margin (a)	12.4%	13.4%
GAAP Sales	225,875	214,272

Autocam Precision Components

	2017	2016
GAAP Income from Operations	\$ 10,688	\$ 7,770
Restructuring & impairment charges	6	2,085
Acquisition & integration expenses	-	-
Amortization of intangibles	874	885
Non-GAAP Adjusted Income from Operations	<u>\$ 11,568</u>	<u>\$ 10,740</u>
JV Contribution	1,244	1,343
Adjusted Income from Operations	12,812	12,083
Non-GAAP Adjusted Operating Margin (a)	14.8%	14.6%
GAAP Sales	86,658	82,991

Precision Bearing Components

	2017	2016
GAAP Income from Operations	\$ 8,351	\$ 6,474
Restructuring & impairment charges	300	1,651
Acquisition & integration expenses	-	-
Amortization of intangibles	53	57
Non-GAAP Adjusted Income from Operations	<u>\$ 8,704</u>	<u>\$ 8,182</u>
Non-GAAP Adjusted Operating Margin (a)	12.8%	12.6%
GAAP Sales	67,928	65,157

Precision Engineered Products

	2017	2016
GAAP Income from Operations	\$ 10,600	\$ 10,782
Restructuring & impairment charges	-	-
Acquisition & integration expenses	-	311
Amortization of intangibles	4,966	5,159
Non-GAAP Adjusted Income from Operations	<u>\$ 15,566</u>	<u>\$ 16,252</u>
Non-GAAP Adjusted Operating Margin (a)	21.8%	24.6%
GAAP Sales	71,289	66,124



Reconciliation of Adjusted EBITDA & Adjusted EBITDA Margin

NN, Inc.

Reconciliation of GAAP Net Income to Non-GAAP Adjusted EBITDA

For the Period Ending:

June 30,

Net Income to Adjusted EBITDA

2017 2016

	2017	2016
GAAP Net Income	\$ (21,529)	\$ 2,031
Provision for income taxes	(9,428)	674
Interest expense	12,409	16,165
Loss on extinguishment of debt and write-off of unamortized debt issuance costs	39,740	
Write-off of interest rate swap	-	
Depreciation & amortization	15,900	15,136
Acquisition & integration expenses	1,279	1,178
Non-cash stock compensation	1,067	1,484
Non-cash foreign exchange loss on inter-company loans	770	(643)
Restructuring & impairment charges	306	4,745
Non-GAAP Adjusted EBITDA (d)	\$ 40,514	\$ 40,770
Non-GAAP Adjusted EBITDA Margin	17.9%	19.0%
GAAP Sales	225,875	214,272



Reconciliation of Adjusted Net Income & Adjusted Diluted EPS

NN, Inc.

Reconciliation of Net Income to Adjusted Net Income

For the Period Ending:

GAAP Net Income to Adjusted Net Income	June 30,	
	2017	2016
GAAP Net Income	\$ (21,529)	\$ 2,031
Pre-tax acquisition and integration costs	1,279	1,178
Pre-tax foreign exchange loss (gain) on inter-company loans	770	(643)
Pre-tax reorganization and impairment charges	306	4,745
Loss on extinguishment of debt and write-off of unamortized debt issuance costs	39,740	-
Pre-tax write-off interest rate swap	-	-
Pre-tax amortization of intangibles & deferred financing costs	6,920	7,254
Tax effect of all adjustment reflected above (c)	(13,548)	(2,133)
Non-GAAP Adjusted Net Income (b)	<u>\$ 13,938</u>	<u>\$ 12,432</u>

Diluted Earnings per Share

	2017	2Q16
GAAP Net Income	\$ (0.78)	\$ 0.07
Pre-tax acquisition and integration costs	0.05	0.04
Pre-tax foreign exchange loss (gain) on inter-company loans	0.03	(0.02)
Pre-tax reorganization and impairment charges	0.01	0.18
Loss on extinguishment of debt and write-off of unamortized debt issuance costs	1.45	-
Pre-tax write-off interest rate swap	-	-
Pre-tax amortization of intangibles & deferred financing costs	0.25	0.27
Tax effect of all adjustment reflected above (c)	(0.49)	(0.08)
Non-GAAP Adjusted Net Income (b)	<u>\$ 0.51</u>	<u>\$ 0.46</u>
Diluted Shares O/S	27,468	27,100



3rd Quarter & Full Year 2017 Guidance – Adjusted Income from Operations & Adjusted Operating Margin

NN, Inc.

Reconciliation of Income from Operations to Adjusted Income from Operations

Full-Year and Quarterly Guidance

Three Months Ended September 30, 2017

NN, Inc.	Low		High	
	\$'000	% of Sales	\$'000	% of Sales
Operating Income to Adjusted Operating Income				
GAAP Income from Operations	\$ 12,200	8.4%	\$ 13,750	9.1%
Restructuring & impairment charges	-	0.0%	-	0.0%
Acquisition & integration expenses	-	0.0%	-	0.0%
Amortization of intangibles	5,854	4.0%	5,854	3.9%
Non-GAAP Adjusted Income from Operations	\$ 18,054	12.4%	\$ 19,604	13.0%
GAAP Sales		146,000		151,000

Year Ended December 31, 2017

NN, Inc.	Low		High	
	\$'000	% of Sales	\$'000	% of Sales
Operating Income to Adjusted Operating Income				
GAAP Income from Operations	\$ 66,916	9.0%	\$ 72,447	9.6%
Restructuring & impairment charges	546	0.1%	546	0.1%
Acquisition & integration expenses	1,852	0.2%	1,852	0.2%
Amortization of intangibles	23,455	3.1%	23,455	3.1%
Non-GAAP Adjusted Income from Operations	\$ 92,769	12.5%	\$ 98,300	13.0%
GAAP Sales		745,000		755,000



3rd Quarter 2017 Guidance – Adjusted EBITDA & Adjusted EBITDA Margin

NN, Inc.

Reconciliation of GAAP Net Income to Non-GAAP Adjusted EBITDA

Full-Year and Quarterly Guidance

NN, Inc.	Three Months Ended September 30, 2017			
	Low		High	
	\$'000	% of Sales	\$'000	% of Sales
Net Income to Adjusted EBITDA				
GAAP Net Income	2,808	2%	4,250	3%
Provision for income taxes	50	0%	550	0%
Interest expense	12,500	9%	12,500	8%
Write-off of unamortized debt issuance cost	-	0%	-	0%
Depreciation & amortization	13,000	9%	13,000	9%
Acquisition & integration expenses	-	0%	-	0%
Non-cash stock compensation	1,100	1%	1,100	1%
Non-cash foreign exchange loss on inter-company	-	0%	-	0%
Restructuring & impairment charges	-	0%	-	0%
Non-GAAP Adjusted EBITDA	29,458	20%	31,400	21%
Non-GAAP Adjusted EBITDA Margin		20.2%		20.8%
GAAP Sales		146,000		151,000

NN, Inc.	Twelve Months Ended December 31, 2017			
	Low		High	
	\$'000	% of Sales	\$'000	% of Sales
Net Income to Adjusted EBITDA				
GAAP Net Income	(6,635)	-1%	(3,162)	-0.4%
Provision for income taxes	(5,430)	-1%	(5,051)	-0.7%
Interest expense	48,473	7%	48,473	6.4%
Loss on extinguishment of debt and write-off of unamortized debt issuance costs	39,740	5%	39,740	5.3%
Depreciation & amortization	57,643	8%	57,643	7.6%
Acquisition & integration expenses	1,852	0%	1,852	0.2%
Non-cash stock compensation	4,000	1%	4,000	0.5%
Non-cash foreign exchange loss on inter-company	323	0%	323	0.0%
Restructuring & impairment charges	546	0%	546	0.1%
Non-GAAP Adjusted EBITDA	140,512	18.9%	144,364	19.1%
Non-GAAP Adjusted EBITDA Margin		18.9%		19.1%
GAAP Sales		745,000		755,000



3rd Quarter 2017 Guidance – Adjusted Net Income & Adjusted EPS

NN, Inc.

Reconciliation of Income from Operations to Adjusted Income from Operations

Full-Year and Quarterly Guidance

NN, Inc.	Three Months Ended September 30, 2017			
	Low		High	
	\$'000	EPS	\$'000	EPS
GAAP NI to Adjusted NI:				
GAAP Net Income	\$ 2,808	\$ 0.10	\$ 4,250	\$ 0.15
Pre-tax acquisition and integration costs	-	\$ -	-	\$ -
Pre-tax foreign exchange loss on inter-company loans	-	\$ -	-	\$ -
Pre-tax reorganization and impairment charges	-	\$ -	-	\$ -
Pre-tax write-off unamortized debt issuance costs	-	\$ -	-	\$ -
Pre-tax write-off interest rate swap	-	\$ -	-	\$ -
Pre-tax amortization of intangibles & deferred financing costs	6,880	\$ 0.25	6,880	\$ 0.25
Tax effect of all adjustment reflected above	(2,427)	\$ (0.09)	(2,427)	\$ (0.09)
Non-GAAP Adjusted Net Income	<u>\$ 7,261</u>	<u>\$ 0.26</u>	<u>\$ 8,703</u>	<u>\$ 0.31</u>
Weighted Average Diluted Shares		27,650		27,650

NN, Inc.	Twelve Months Ended December 31, 2017			
	Low		High	
	\$'000	EPS	\$'000	EPS
GAAP NI to Adjusted NI:				
GAAP Net Income	\$ (6,635)	\$ (0.24)	\$ (3,162)	\$ (0.11)
Pre-tax acquisition and integration costs	1,852	\$ 0.07	1,852	\$ 0.07
Pre-tax foreign exchange loss on inter-company loans	323	\$ 0.01	323	\$ 0.01
Pre-tax reorganization and impairment charges	546	\$ 0.02	546	\$ 0.02
Loss on extinguishment of debt and write-off of unamortized debt issuance costs	39,740	\$ 1.44	39,740	\$ 1.44
Pre-tax amortization of intangibles & deferred financing costs	27,533	\$ 1.00	27,533	\$ 1.00
Tax effect of all adjustment reflected above	(19,963)	\$ (0.72)	(19,963)	\$ (0.72)
Non-GAAP Adjusted Net Income	<u>\$ 43,396</u>	<u>\$ 1.57</u>	<u>\$ 46,869</u>	<u>\$ 1.70</u>
Weighted Average Diluted Shares		27,650		27,650



2017 Guidance – Free Cash Flow

NN, Inc. Free Cash Flow	Full Year	
	Low \$'000	High \$'000
EBITDA	\$ 140,512	\$ 144,364
CAPEX	(40,000)	(50,000)
Interest Expense	(43,425)	(42,425)
Dividends	(7,600)	(7,600)
Income Tax Expense	(1,900)	(1,990)
Working Capital	-	10,594
	-	-
Non-GAAP Free Cash Flow	<u>\$ 47,587</u>	<u>\$ 52,943</u>



Non-GAAP Financial Measures Footnotes

The Company discloses in this presentation the non-GAAP financial measures of adjusted income from operations, adjusted net income and adjusted diluted earnings per share. Each of these non-GAAP financial measures provide supplementary information about the impacts of acquisition and integration related expenses, foreign-exchange impacts on inter-company loans reorganizational and impairment charges. Over the past three years, we have completed six acquisitions, two of which were transformative for the Company. The costs we incurred in completing such acquisitions, including the amortization of intangibles and deferred financing costs, have been excluded from these measures because their size and inconsistent frequency are unrelated to our commercial performance during the period, and which we believe are not indicative of our ongoing operating costs. We exclude the impact of currency translation from these measures because foreign exchange rates are not under management's control and are subject to volatility. Other non-operating charges such as, the write-off of our interest rate swap, are excluded as the charges on not indicative of our ongoing operating cost. We believe the presentation of adjusted income from operations, adjusted net income and adjusted diluted earnings per share provide useful information in assessing our underlying business trends and facilitates comparison of our long-term performance over given periods

The non-GAAP financial measures provided herein may not provide information that is directly comparable to that provided by other companies in the Company's industry, as other companies may calculate such financial results differently. The Company's non-GAAP financial measures are not measurements of financial performance under GAAP, and should not be considered as alternatives to actual net income growth derived from income amounts presented in accordance with GAAP. The Company does not consider these non-GAAP financial measures to be a substitute for, or superior to, the information provided by GAAP financial results.

(a) Non-GAAP Adjusted income from operations, represents GAAP income from operations, adjusted to exclude the effects of restructuring and non-cash impairment charges (related to plant closures and other charges incurred to implement our strategic goals, that do not necessarily represent a major strategic shift in operations), one-time charges related to acquisition and integration costs, intangible amortization costs for fair value step-up in values related to acquisitions, and when applicable, our share of income from joint venture operations. We believe this presentation is commonly used by investors and professional research analysts in the valuation, comparison, rating and investment recommendations of companies in the industrial industry. We use this information for comparative purposes within the industry. Non-GAAP adjusted income from operations, is not a measure of financial performance under GAAP and should not be considered as a measure of liquidity or as an alternative to GAAP income from operations.

(b) Non-GAAP adjusted net income and adjusted diluted earnings per share, represents GAAP net income, adjusted to exclude the tax-affected effects of restructuring and impairment charges (related to plant closures and other charges incurred to implement our strategic goals, that do not necessarily represent a major strategic shift in operations), one-time charges related to acquisition and integration costs, amortization of intangibles costs for fair value step-up in values related to acquisitions and amortization of deferred financing costs, and foreign exchange gain (loss) on inter-company loans. We believe this presentation is commonly used by investors and professional research analysts in the valuation, comparison, rating and investment recommendations of companies in the industrial industry. We use this information for comparative purposes within the industry. Non-GAAP adjusted net income and Non-GAAP adjusted diluted earnings per share, is not a measure of financial performance under GAAP and should not be considered as a measure of liquidity or as an alternative to GAAP net income.

(c) This line item reflects the aggregate tax effect of all nontax adjustments reflected in the table above. In addition, the footnotes above indicate the after-tax amount of each individual adjustment item. NN, Inc. estimates the tax effect of the adjustment items identified in the reconciliation schedule above by applying NN, Inc's. overall estimated effective tax rate to the pretax amount, unless the nature of the item and/or the tax jurisdiction in which the item has been recorded requires application of a specific tax rate or tax treatment.

(d) Non-GAAP adjusted EBITDA represents GAAP net income, adjusted to include income taxes, interest expense, depreciation and amortization, one-time charges related to acquisition and integration costs, non-cash stock compensation expense, and foreign exchange gain (loss) on inter-company loans. We believe this presentation is commonly used by investors and professional research analysts in the valuation, comparison, rating and investment recommendations of companies in the industrial industry. We use this information for comparative purposes within the industry. Non-GAAP adjusted EBITDA is not a measure of financial performance under GAAP and should not be considered as a measure of liquidity or as an alternative to GAAP net income.