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**First Quarter Earnings Release**  
**May 9, 2018**



# Forward Looking Statements & Disclosures

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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 completed 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, 2017.

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](http://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.



# Highlights of Q1 2018 Results

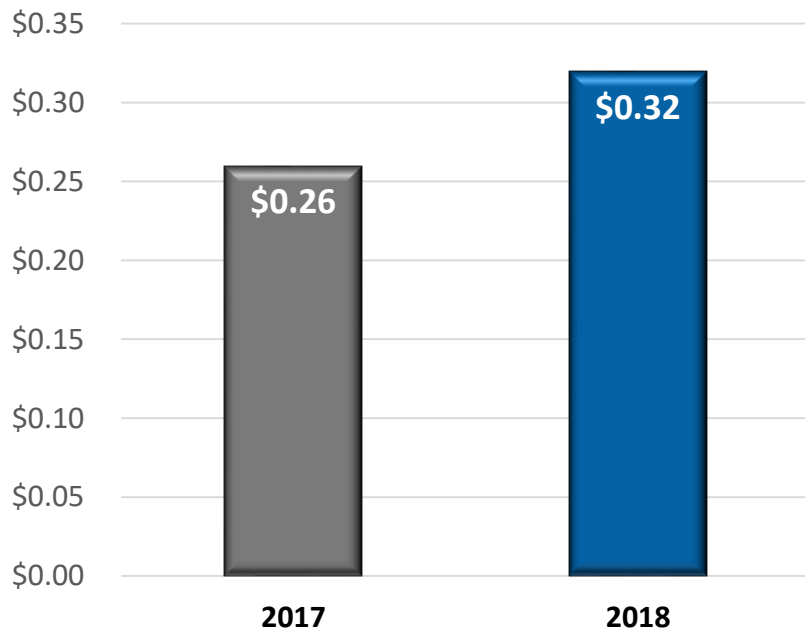
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- **Sales of \$169M**
  - **Sales growth of \$11.6 million or 7%**
  - **Power Solutions sales in quarter impacted by weather in the Northeast**
- **Adjusted EBITDA of \$28.6 million**
  - **Operating performance in the quarter as expected**
  - **Acquired businesses performing at pre-synergy margins**
- **Paid down \$3 million of debt in the quarter**
- **Adjusted Diluted Earnings Per Share of \$0.32**
- **Completed realignment of the enterprise to accelerate growth**
- **Continued investments in multi-year growth programs**
- **With the closing of Paragon, the redeployment of the proceeds from the divestiture is complete**



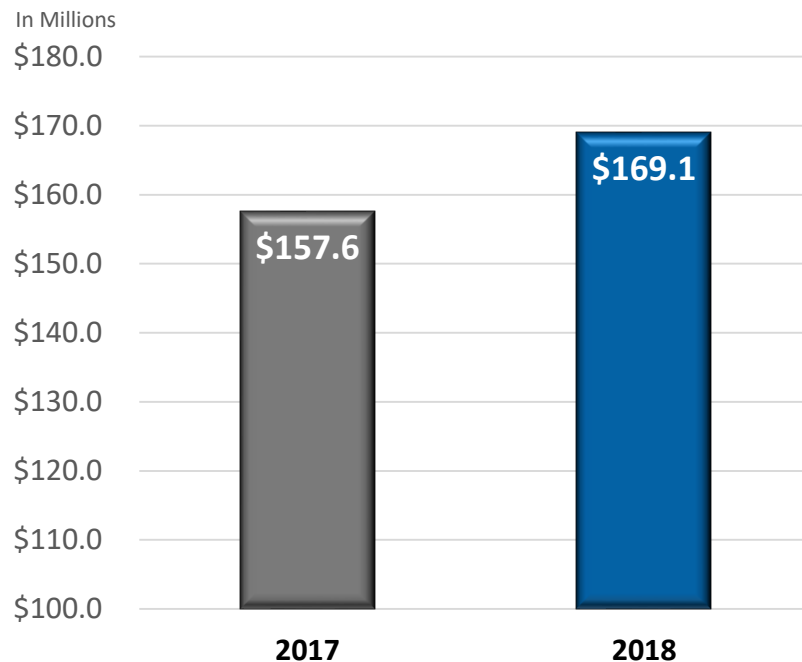
# 1<sup>st</sup> Quarter 2018 Financial Summary

## Adjusted Diluted Earnings Per Share



## Net Sales

7% growth compared to prior year

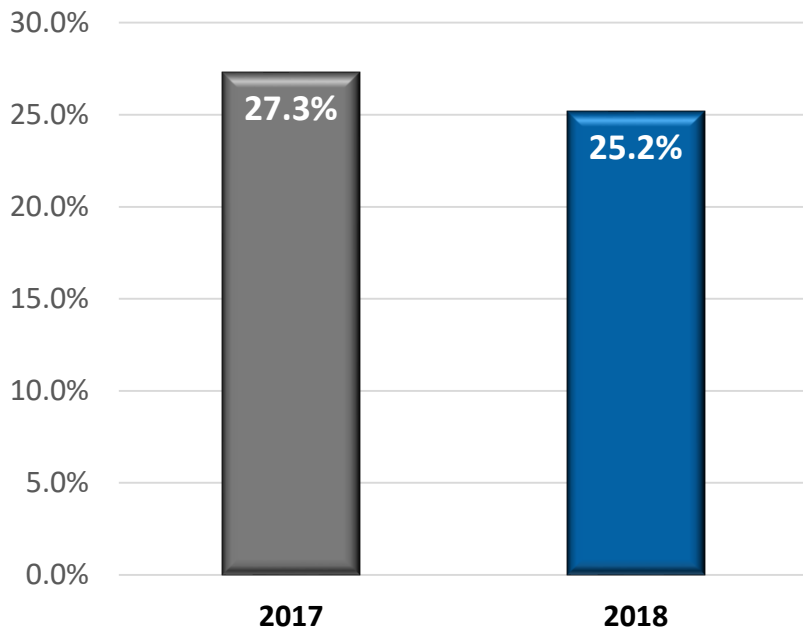




# 1<sup>st</sup> Quarter 2018 Financial Summary

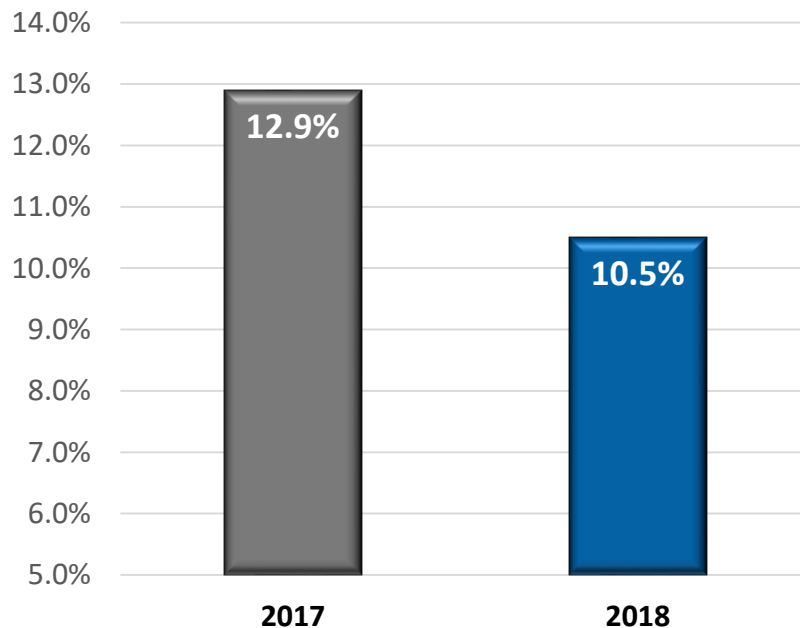
## Gross Margin

Impacted by growth investments in new sales programs and acquired operations performing at pre synergy levels



## Adjusted Operating Margin

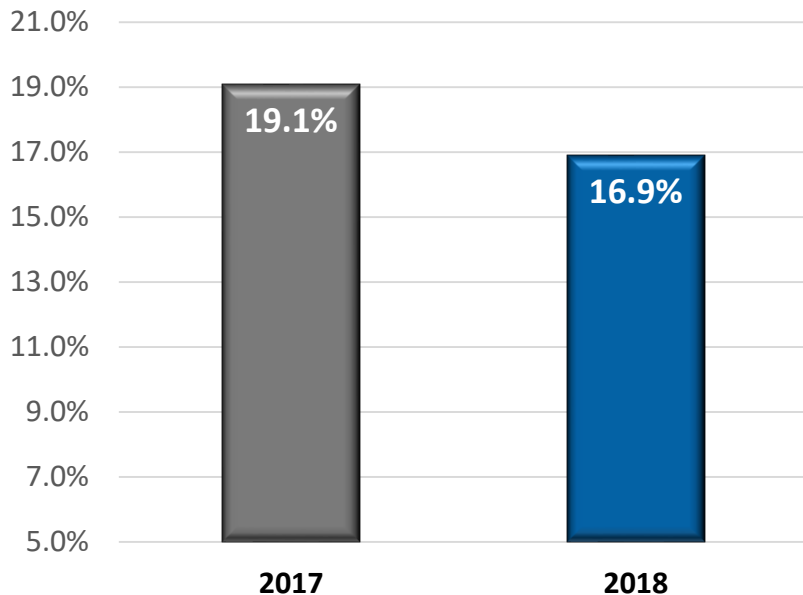
Impacted by growth investments and continued SG&A carrying costs





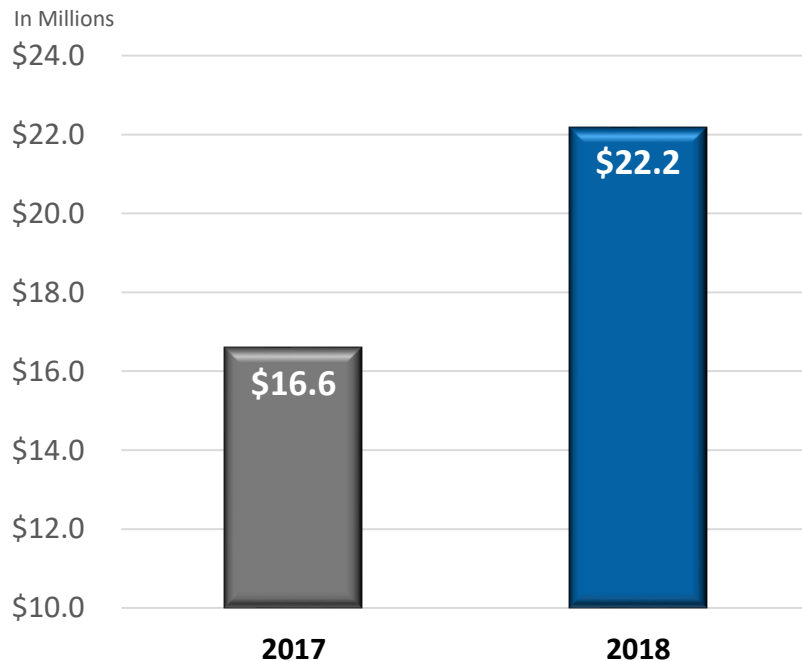
# 1<sup>st</sup> Quarter 2018 Financial Summary

## Adjusted EBITDA Margin



## SG&A

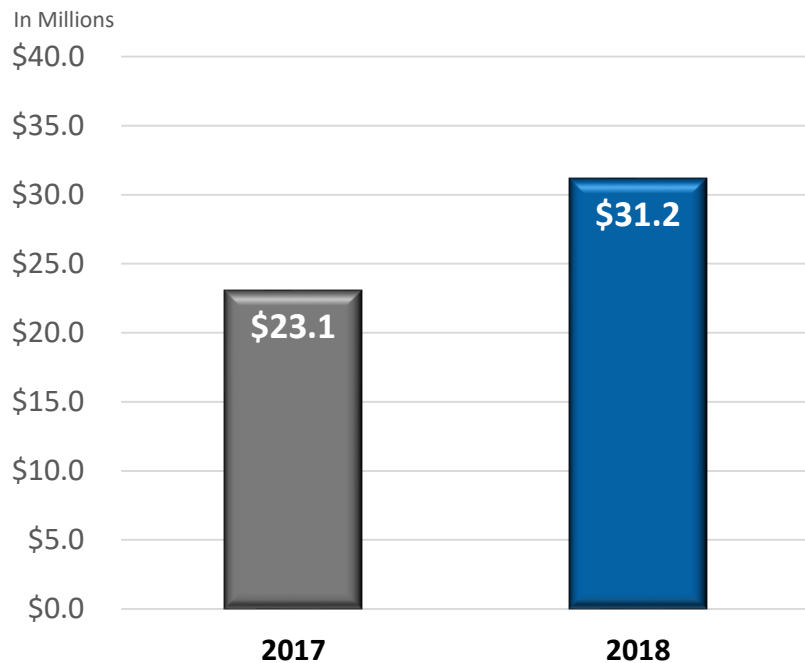
Maintaining infrastructure costs. 2018 includes \$3.7 million of integration and transition expense





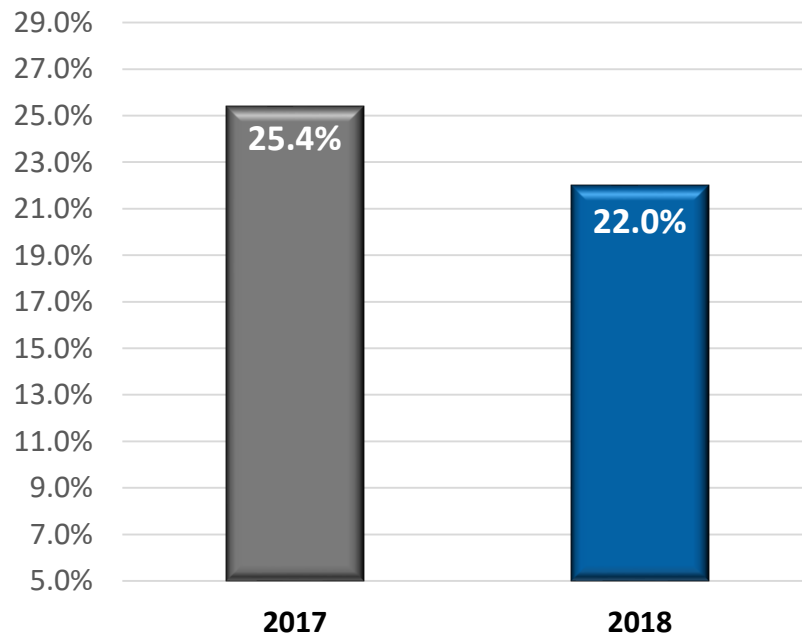
## Net Sales

Growth driven by acquisitions



## Adjusted Operating Margin

Acquired operations performing at pre-synergy levels

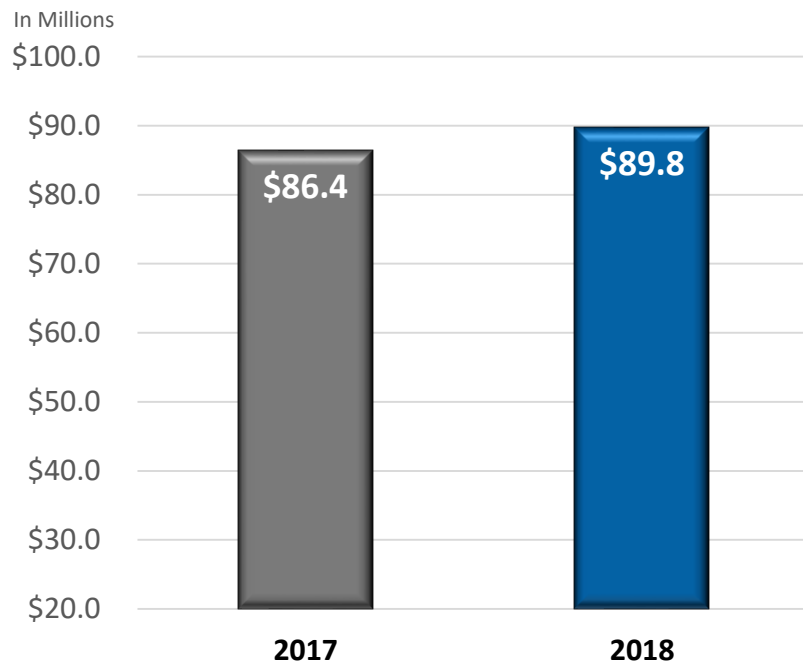




# Mobile Solutions Division

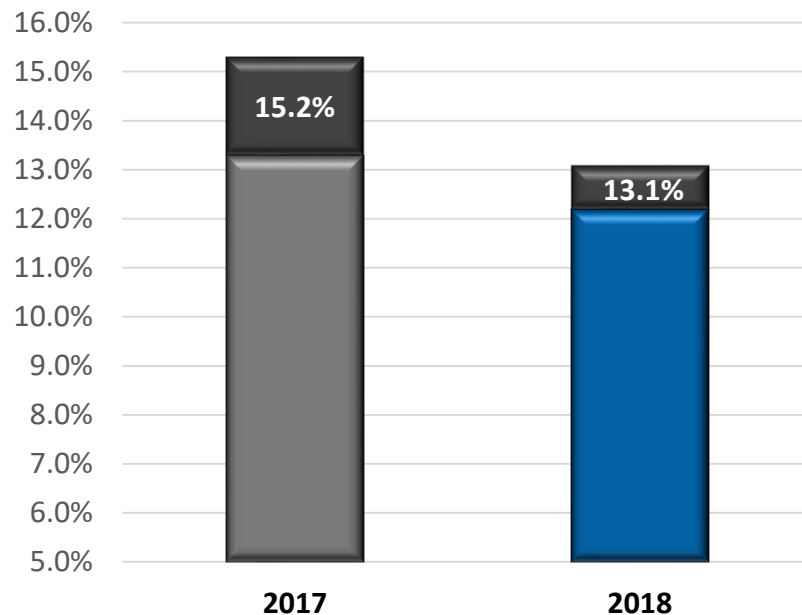
## Net Sales

CAFE growth & industrial market demand drove improvement



## Adjusted Operating Margin

Continued investment in new programs impacts margins in the short term



■ JV Contribution

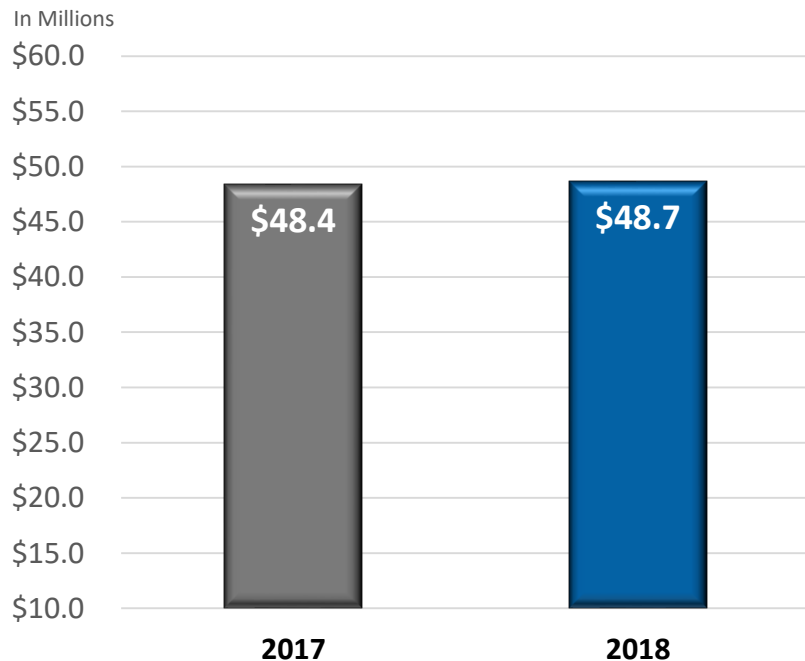




# Power Solutions Division

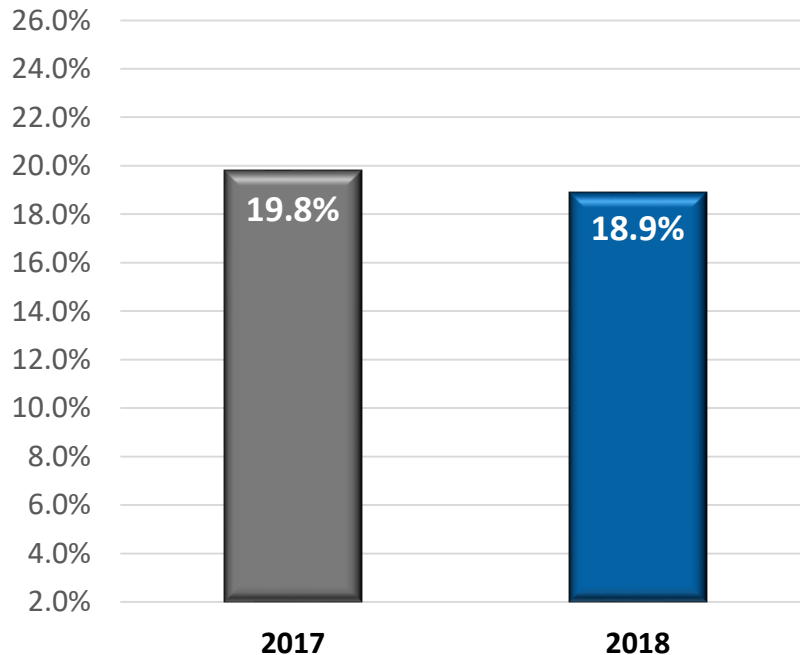
## Net Sales

Sales in quarter impacted by weather in the Northeast



## Adjusted Operating Margin

Continued investment in new programs





# 1st Quarter Summary

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- **Sales growth and operating performance in the quarter as expected**
- **Completed realignment of the enterprise to accelerate growth**
- **Redeployment of proceeds from divestiture complete**
  - **DRT**
  - **Bridgemedica**
  - **Paragon**
- **Investment in new multi-year programs continue**



## 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



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## Reconciliation Tables

## Reconciliation of GAAP Income from Operations to Non-GAAP Adjusted Income from Operations

<i>\$000s</i>	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>NN, Inc. Consolidated</b>		
GAAP income from operations	\$ 3,693	\$ 13,852
Restructuring and integration expense	755	11
Acquisition and transition expense	7,338	673
Amortization of intangibles	6,007	5,789
Non-GAAP adjusted income from operations (a)	<u>\$ 17,793</u>	<u>\$ 20,325</u>
Non-GAAP adjusted operating margin (1)	10.5%	12.9%
GAAP net sales	\$ 169,148	\$ 157,555

<i>\$000s</i>	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Mobile Solutions</b>		
GAAP income from operations	\$ 9,785	\$ 10,601
Restructuring and integration expense	27	11
Acquisition and transition expense	256	-
Amortization of intangibles	885	873
Non-GAAP adjusted income from operations (a)	<u>\$ 10,953</u>	<u>\$ 11,485</u>
Share of net income from joint venture	831	1,693
Non-GAAP adjusted income from operations with JV	11,784	13,178
Non-GAAP adjusted operating margin (1)	13.1%	15.2%
GAAP net sales	\$ 89,794	\$ 86,446

<i>\$000s</i>	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Power Solutions</b>		
GAAP income from operations	\$ 5,233	\$ 6,795
Restructuring and integration expense	-	-
Acquisition and transition expense	1,251	100
Amortization of intangibles	2,725	2,674
Non-GAAP adjusted income from operations (a)	<u>\$ 9,209</u>	<u>\$ 9,569</u>
Non-GAAP adjusted operating margin (1)	18.9%	19.8%
GAAP net sales	\$ 48,682	\$ 48,424

<i>\$000s</i>	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Life Sciences</b>		
GAAP income from operations	\$ 4,204	\$ 3,622
Restructuring and integration expense	-	-
Acquisition and transition expense	261	-
Amortization of intangibles	2,397	2,242
Non-GAAP adjusted income from operations (a)	<u>\$ 6,862</u>	<u>\$ 5,864</u>
Non-GAAP adjusted operating margin (1)	22.0%	25.4%
GAAP net sales	\$ 31,200	\$ 23,129

(1) Non-GAAP adjusted operating margin = Non-GAAP adjusted income from operations/ GAAP net sales

## Reconciliation of GAAP Net Income (Loss) to Non-GAAP Adjusted EBITDA

<i>\$000s</i>	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>
GAAP net income (loss)	\$ (5,983)	\$ 7,411
Provision (benefit) for income taxes	(1,176)	(377)
Interest expense	11,996	14,839
Gain on change in fair value of interest rate swap	-	(88)
Depreciation and amortization	14,281	12,571
Acquisition and transition expense	7,338	673
Non-cash stock compensation	1,256	1,059
Non-cash foreign exchange (gain) loss on inter-company loans	98	(417)
Restructuring and integration expense	755	11
Income from discontinued operations	-	(5,518)
Non-GAAP adjusted EBITDA (b)	\$ 28,565	\$ 30,164
Non-GAAP adjusted EBITDA margin (2)	16.9%	19.1%
GAAP net sales	\$ 169,148	\$ 157,555

(2) Non-GAAP adjusted EBITDA margin = Non-GAAP adjusted EBITDA / GAAP net sales

**Reconciliation of Net Income (Loss) to Non-GAAP Adjusted Net Income (Loss) and Net Income (Loss) per Diluted Share to Non-GAAP Adjusted Net Income (Loss) per Diluted Share**

<i>\$000s</i>	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
GAAP net income (loss)	\$ (5,983)	\$ 7,411
Pre-tax acquisition and transition expense	7,338	673
Pre-tax foreign exchange (gain) loss on inter-company loans	98	(417)
Pre-tax restructuring and integration expense	755	11
Pre-tax gain on change in fair value of interest rate swap	-	(88)
Pre-tax amortization of intangibles and deferred financing costs	7,221	7,142
Pre-tax interest expense on cash held from divestiture	2,728	-
Tax effect of adjustment reflected above (c)	(3,418)	(2,079)
Income from discontinued operations	-	(5,518)
Non-GAAP adjusted net income (loss) (d)	\$ 8,739	\$ 7,135

<i>Amounts per share, diluted</i>	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
GAAP net income (loss) per diluted share	\$ (0.22)	\$ 0.27
Pre-tax acquisition and transition expense	0.27	0.02
Pre-tax foreign exchange (gain) loss on inter-company loans	0.00	(0.02)
Pre-tax restructuring and integration expense	0.03	0.00
Pre-tax gain on change in fair value of interest rate swap	-	(0.00)
Pre-tax amortization of intangibles and deferred financing costs	0.26	0.26
Pre-tax interest expense on cash held from divestiture	0.10	-
Tax effect of adjustment reflected above (c)	(0.12)	(0.08)
Income from discontinued operations	-	(0.20)
Non-GAAP adjusted net income (loss) per diluted share (d)	\$ 0.32	\$ 0.26
Weighted average shares outstanding, diluted	27,597	27,634



# Guidance Quarter Ending June 30, 2018

## Reconciliation of GAAP Income From Operations to Non-GAAP Adjusted Income from Operations

<i>\$000s</i>	Three Months Ended	
	June 30, 2018	
<b>NN, Inc. Consolidated</b>	<b>Low</b>	<b>High</b>
GAAP income from operations	\$ 10,730	\$ 12,380
Acquisition and transition expense	5,075	5,075
Amortization of intangibles	7,554	7,554
Non-GAAP adjusted income from operations (a)	<u>\$ 23,359</u>	<u>\$ 25,009</u>
Non-GAAP adjusted operating margin (1)	12.0%	12.5%
GAAP net sales	\$ 195,000	\$ 200,000

(1) Non-GAAP adjusted operating margin = Non-GAAP adjusted income from operations/ GAAP net sales

## Reconciliation of GAAP Income From Operations to Non-GAAP Adjusted EBITDA

	Three Months Ended	
	June 30, 2018	
	<b>Low</b>	<b>High</b>
GAAP income from operations	\$ 10,730	\$ 12,380
Acquisition and transition expense	5,075	5,075
Depreciation and amortization	16,956	16,956
Non-cash stock compensation	1,200	1,200
Share of NI from China JV	996	996
Non-GAAP adjusted EBITDA (b)	<u>\$ 34,957</u>	<u>\$ 36,607</u>

## Guidance Quarter Ending June 30, 2018

### Reconciliation of Net Income (Loss) per Diluted Share to Non-GAAP Adjusted Net Income (Loss) per Diluted Share

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<i>Amounts per share, diluted</i>	<b>Three Months Ended June 30, 2018</b>	
	<b>Low</b>	<b>High</b>
GAAP net income (loss) per diluted share	\$ (0.39)	\$ (0.33)
Pre-tax acquisition and transition expense	0.18	0.18
Pre-tax write-off unamortized debt issuance costs	0.44	0.44
Pre-tax amortization of intangibles and deferred financing costs	0.31	0.31
Pre-tax interest expense on cash held from divestiture	0.03	0.03
Tax effect of adjustment reflected above (c)	(0.20)	(0.20)
Non-GAAP adjusted net income (loss) per diluted share (d)	\$ 0.37	\$ 0.43
Weighted average shares outstanding, diluted	27,800	27,800

# Guidance Year Ending December 31, 2018

## Reconciliation of GAAP Income From Operations to Non-GAAP Adjusted Income from Operations

<i>\$000s</i>	Year Ending	
	December 31, 2018	
	Low	High
<b>NN, Inc. Consolidated</b>		
GAAP income from operations	\$ 51,729	\$ 58,904
Restructuring and integration expense	755	755
Acquisition and transition expense	12,413	12,413
Amortization of intangibles	32,321	32,321
Non-GAAP adjusted income from operations (a)	<u>\$ 97,218</u>	<u>\$ 104,393</u>
Non-GAAP adjusted operating margin (1)	12.5%	13.0%
GAAP net sales	\$ 775,000	\$ 800,000

(1) Non-GAAP adjusted operating margin = Non-GAAP adjusted income from operations/ GAAP net sales

## Reconciliation of GAAP Income From Operations to Non-GAAP Adjusted EBITDA

	Year Ending	
	December 31, 2018	
	Low	High
GAAP income from operations	\$ 51,729	\$ 58,904
Depreciation and amortization	69,205	69,205
Acquisition and transition expense	12,413	12,413
Non-cash stock compensation	4,500	4,500
Share of NI from China JV	4,071	4,071
Restructuring and integration expense	755	755
Non-GAAP adjusted EBITDA (b)	<u>\$ 142,673</u>	<u>\$ 149,848</u>

## Reconciliation of Net Income (Loss) per Diluted Share to Non-GAAP Adjusted Net Income (Loss) per Diluted Share

<i>Amounts per share, diluted</i>	Year Ending	
	December 31, 2018	
	Low	High
GAAP net income (loss) per diluted share	\$ (0.28)	\$ (0.13)
Pre-tax acquisition and transition expense	0.45	0.45
Pre-tax foreign exchange (gain) loss on inter-company loans	-	-
Pre-tax restructuring and integration expense	0.03	0.03
Pre-tax write-off unamortized debt issuance costs	0.44	0.44
Pre-tax write-off interest rate swap	-	-
Pre-tax amortization of intangibles and deferred financing co	1.33	1.33
Pre-tax interest expense on cash held from divestiture	0.13	0.13
Tax effect of adjustment reflected above (c)	(0.50)	(0.50)
Non-GAAP adjusted net income (loss) per diluted share (d)	<u>\$ 1.60</u>	<u>\$ 1.75</u>
Weighted average shares outstanding, diluted	27,700	27,700

## Non-GAAP Free Cash Flow

	Year Ending	
	December 31, 2018	
	Low	High
	<u>\$'000</u>	<u>\$'000</u>
EBITDA	\$ 142,673	\$ 149,848
CAPEX	(45,000)	(53,000)
Interest expense	(50,000)	(50,000)
Dividends	(7,600)	(7,600)
Working capital	-	7,000
Non-GAAP free cash flow	<u>\$ 40,073</u>	<u>\$ 46,248</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 (loss), and adjusted net income per diluted share. Each of these non-GAAP financial measures provides supplementary information about the impacts of acquisition, divestiture and integration related expenses, foreign-exchange impacts on inter-company loans, reorganizational and impairment charges. Over the past four years, we have completed seven acquisitions, two of which were transformative for the Company, and sold two of our businesses. The costs we incurred in completing such acquisitions, including the amortization of intangibles and deferred financing costs, and these divestitures 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 are excluded as the charges are not indicative of our ongoing operating cost. We believe the presentation of adjusted income from operations, adjusted net income (loss), and adjusted net income per diluted 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 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 integration expense; non-operational charges related to acquisition and transition expense, 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 EBITDA represents GAAP income, adjusted to include income taxes, interest expense, interest rate swaps and write-offs, depreciation and amortization, charges related to acquisition and transition costs, and non-cash stock compensation expense, foreign exchange gain (loss) on inter-company loans, restructuring and integration expense and income from discontinued 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 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 income (loss) from continuing operations.

(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 net income (loss) represents GAAP net income (loss) adjusted to exclude the tax-affected effects of restructuring and integration 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), charges related to acquisition and transition costs, amortization of intangibles costs for fair value step-up in values related to acquisitions and amortization of deferred financing costs, interest rate swaps and write-offs, foreign exchange gain (loss) on inter-company loans, gains and losses in the fair value of interest rate swaps, estimated interest expense on cash held from divestiture, and on a non-tax affected basis income from discontinued 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 (loss) from segment 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 (loss) from continuing operations.