



**NN, Inc. Announces Divestiture of Life Sciences
August 2020**



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, pending and completed transactions and other risks associated with international trade, the Company's dependence on certain major customers, the impacts of the coronavirus (COVID-19) pandemic on the Company's financial condition, business operations and liquidity, foreign currency volatility, unstable economic growth, fluctuations in unemployment rates, retention of key employees, outcomes of legal proceedings, claims and investigations 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 Form 10-K for the fiscal year ended December 31, 2019 and when filed, the Company's Quarterly Report on Form 10-Q for the three months ended June 30, 2020.

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.



Executive Summary

- Concludes extensive strategic review with transaction to sell Life Sciences to American Securities for \$825mm, which includes \$755mm in cash upon closing and \$70mm in an earn-out
 - ~12.5x 2020E Adj. EBITDA multiple
- The sale will result in significant de-levering from 6.1x net leverage to ~1.8x and improve NN's debt profile
- Complementary and well-positioned business segments going forward
 - Focus on streamlining operations between remaining business segments
 - Able to deliver superior margins and high ROIC returns to capex
- Ongoing commitment to organic investments and significant opportunity for continued cost-out and improved cash flow
- Near-term focus on redemption of existing preferred



Key Terms of Life Sciences Divestiture

Asset

- Sale of NN's Life Sciences division

Price

- \$825mm transaction value, which includes \$755mm in cash upon closing and \$70mm in an earn-out
- ~\$700mm estimated net proceeds after taxes and fees at close

Earn-out

- \$70mm earn-out based on 2022 financial performance

Timing

- Expected to close in the fourth quarter of 2020

Closing Conditions

- Subject to customary closing conditions and regulatory approvals

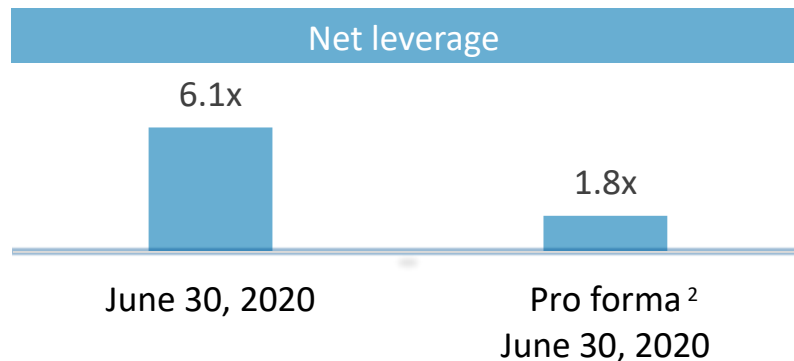
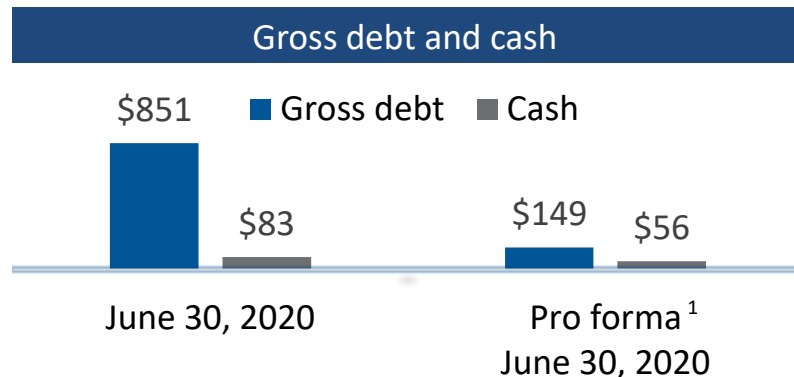
Use of Proceeds

- Repay debt and strengthen NN's balance sheet



New NN – Strong Balance Sheet, Enhanced Liquidity

- Debt reduction of ~\$700mm following transaction close
- Reduction in annual cash interest expense on debt of ~\$50mm
- Enhanced liquidity and improved access to debt financing solutions
- Pro forma debt to capital³ of ~35% (compared to ~75% pre-transaction)
- Company subject to a consolidated net leverage covenant of 3.5x going forward



1. Assumes taxes, fees expenses and other transaction related adjustments; 2. Assumes estimated run-rate reduction of ~\$10mm in annual corporate expenses following divestiture of Life Sciences; 3. Trading metrics as of 08/21/2020
Engineered Solutions www.nninc.com



New NN – At a Glance

Mobile Solutions

- Manufactures high-volume, precision components and assemblies for automotive, general industrial, Corporate Average Fuel Economy¹ ("CAFE") and electrification technologies

Select products



Financial highlights

| | 2019A | LTM 6/30/2020 |
|-------------|---------|---------------|
| Revenue | \$298mm | \$251mm |
| Adj. EBITDA | \$43mm | \$32mm |

Power Solutions

- Manufactures highly engineered components, specialty metals and assemblies for electrical and aerospace & defense end markets



| | 2019A | LTM 6/30/2020 |
|-------------|---------|---------------|
| Revenue | \$192mm | \$175mm |
| Adj. EBITDA | \$37mm | \$31mm |

Combined highlights

| | 2019A | LTM 6/30/2020 |
|-------------|---------|---------------|
| Revenue | \$490mm | \$426mm |
| Adj. EBITDA | \$80mm | \$63mm |
| Margin | 16.4% | 14.8% |

Value Proposition

Superior technology and engineering

Product development support and design capabilities

Extensive manufacturing capabilities

Differentiated materials science expertise

Note: Results exclude corporate segment revenue and adjusted EBITDA; ¹ National Highway Traffic Safety Administration standards regulating vehicle fuel economy for light and heavy-duty vehicles in the United States



New NN – Long-term Strategic Plan

5-year targets

Growth Strategy

- Leverage opportunities within electric vehicles
- Expand A&D to fully utilize existing facilities (Irvine / Taunton)
 - Evaluate acquisition opportunities when economy and leverage stabilize
 - Low volume / high mix opportunities can be launched in A&D group
- Fully utilize existing automotive capacity
- Utilize existing global footprint to expand Power Solutions reach

- **2020 Revenue: \$400-\$420mm**
- **2025 Revenue: \$600mm**

Margin Enhancement

- Reduce SG&A and indirect labor costs
 - Additional efficiencies between Mobile / Power
 - Facility consolidation
- Improved operating / financial systems to drive data to product

- **2020 Adj. EBITDA: \$55-\$60mm¹**
- **2025 Adj. EBITDA margin: 16% – 18%**

Cash Flow / De-leveraging

- Focus on drive to generate cash flow for further de-levering
- Exercise prudent control of capital expenditures

- Redemption of preferred investment
- Target leverage ratio of below 2.0x

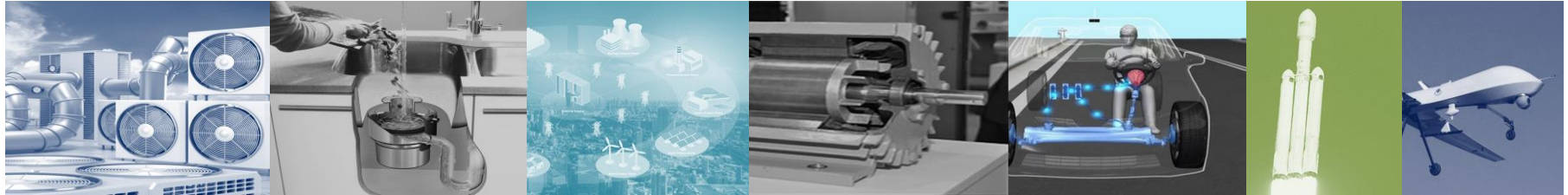
1. Excludes corporate expenses; annual corporate expenses following divestiture of Life Sciences are expected to decline by ~\$10mm
Engineered Solutions



Appendix



Diversified Industrial Platform



Electrical: Residential and Commercial

General industrial

Automotive

Aerospace and defense



Materials



Metal stamping & machining



Plastic molding & machining



Surface finishing



Electrical contacts

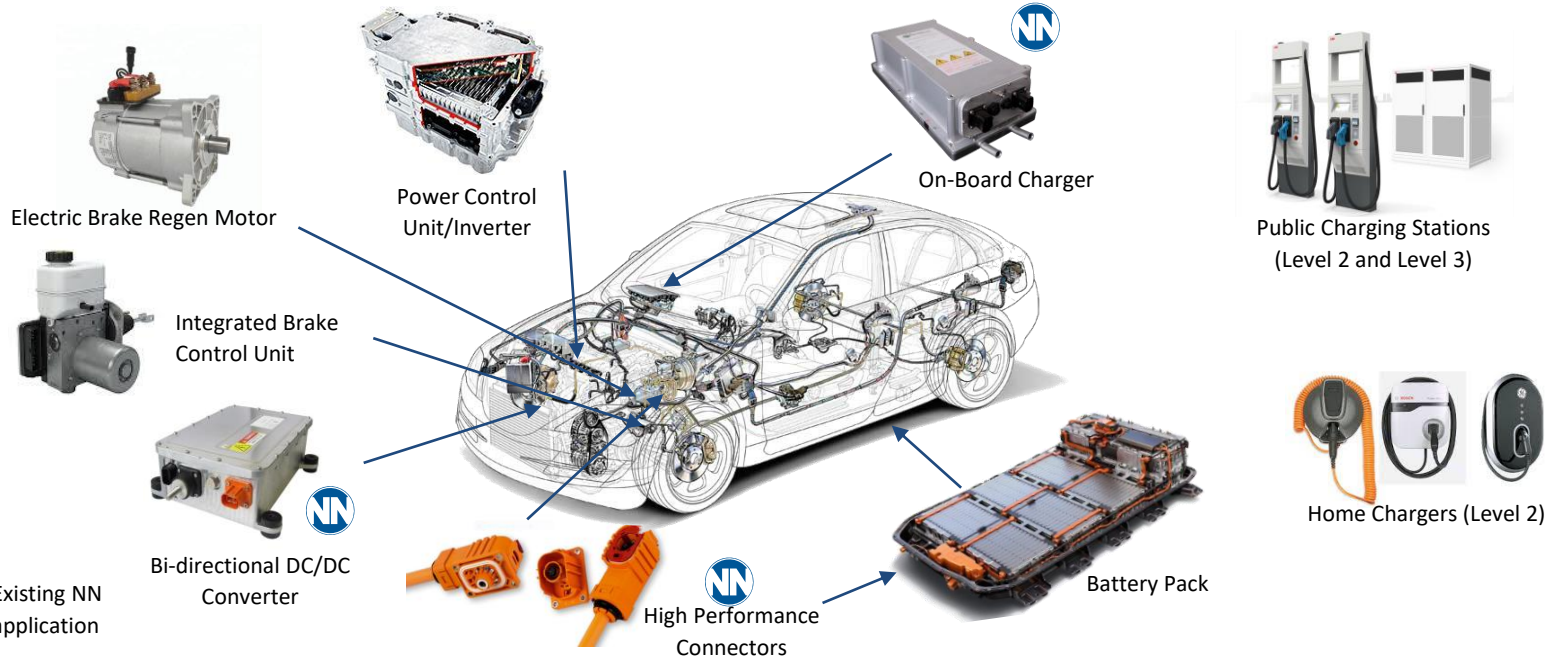


Contact assemblies



Synergistic Opportunity between Power and Mobile

Opportunity in hybrids, battery electric vehicles and charging stations



Subsystems, components and charging systems have critical content requiring precise stampings, molding, machined parts and sub-assemblies that have synergistic benefits between Power and Mobile Solutions



Non-GAAP Financial Measures Footnotes

The Company discloses in this presentation the non-GAAP financial measures of adjusted income from operations, adjusted EBITDA, adjusted net income (loss), adjusted net income per diluted share, free cash flow and net debt. 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 five 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 EBITDA, adjusted net income (loss), adjusted net income per diluted share, free cash flow and net debt provides 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, non-cash impairment charges, 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 net income (loss), adjusted to include income taxes, interest expense, Interest rate swaps and write-offs, change in fair value of preferred stock tax withholding, depreciation and amortization, charges related to acquisition and transition costs, non-cash stock compensation expense, foreign exchange gain (loss) on inter-company loans, restructuring and integration expense, income from discontinued operations, and non-cash impairment charges, to the extent applicable. 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.