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# Q3 2019 Earnings Presentation



# 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, 2018 and the Company's Quarterly Report on Form 10-Q for the three months ended September 30, 2019.

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."

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**Third Quarter 2019**



# Third Quarter 2019 Overview

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- **Sales** - Up 4.0% YOY to \$213.9M; Organic Sales +4.4%; Acquisition +0.3%; Foreign Exchange -0.7%
  - Life Sciences group up \$15.6M or 20% YOY.
- **Operating Income / EPS**
  - GAAP - Up 70bps and GAAP EPS at a loss of \$0.13 per share versus a loss of \$0.48 in the prior year
  - Adjusted - 12.9% of sales versus the prior year at 12.8% of sales and adjusted EPS of \$0.27 versus prior year at \$0.30
- **EBITDA**
  - Reported EBITDA was \$30.5M or 14.2% of sales versus \$27.1M or 13.2% of sales in the prior year
  - Adjusted EBITDA was \$40.2M or 18.8% of sales versus \$37.4M or 18.2% of sales in the prior year
- **Net debt** - \$855.0M at end of Q3 versus net debt of \$864.0M in the prior year
- **Free Cash Flow** - +\$17.5M in Q3, positively impacted by lower working capital and reduced rate of capital expenditures.
- **Key quarterly highlights**
  - Initiated plan to accelerate debt repayment through \$32 million cash improvement plan consisting of a reduction in operating expenses totaling \$10 million, reduction of capital expenditures, elimination of dividend (\$12 million)
  - Life Sciences margins continue to expand YOY
  - Power Solutions growth driven by organic growth associated with smart meters and acquisition of Technical Arts
  - Mobile Solutions driving lower fixed costs in reaction to reduced sales



# Cost and Cash Savings Activities

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- **Corporate Overhead & SGA Expenses**
  - Personnel – currently achieved a 20% headcount reduction at Charlotte headquarters yielding approximately \$5 million in annual cost reductions.
  - Rent – in process of consolidating corporate offices with targeted annual savings in excess of \$1.5 million.
    - Actively seeking new tenants for office space.
  - Audit, Legal and Professional fees – targeted reduction of \$1 million.
  - Travel & Entertainment – eliminated \$300k in expenses and have targeted 10% reduction of travel for 2020 (\$450k).
- **Operating Groups**
  - Power Solutions – closure of Fairfield facility by year end expected to save \$800k annually.
  - Mobile Solutions – Ohio facility reorganization in October 2019 resulted in \$1.5 million reduction in annual indirect labor and benefits.
  - Life Sciences – margin improvement through ongoing synergy realization.
  - All Groups – ongoing evaluation of opportunities for facility consolidation and reduction in fixed costs.
- **Dividend** – eliminated annual \$12 million cash dividend.
- **Capital Expenditures** – targeted reduction in CAPEX to approximately 4% of sales.

Management is focused on de-leveraging the balance sheet and improving earnings



# Revenue Metrics

Q3 2019 YOY Change %	Life Sciences	Power Solutions	Mobile Solutions	Total
Organic	20.6%	1.9%	-9.7%	4.4%
Acquisitions	0.0%	1.4%	0.0%	0.3%
Currency	-0.6%	-0.3%	-0.9%	-0.7%
Total	20.0%	2.9%	-10.7%	4.0%

YTD Q3 2019 YOY Change %	Life Sciences	Power Solutions	Mobile Solutions	Total
Organic	19.0%	0.3%	-9.1%	1.6%
Acquisitions	42.3%	2.7%	0.0%	13.2%
Currency	-0.4%	-0.3%	-2.1%	-1.2%
Total	60.8%	2.7%	-11.2%	13.6%

NN showed organic growth both on a quarter and year-to-date basis despite headwinds



# 3<sup>rd</sup> Quarter Profit and Loss

(In millions, except per share data)

	Q3 FY19					Q3 FY18					YOY Change		
	GAAP Reported	Special Items*	Non-GAAP Excl Special	Integration Non-Ops**	Total Adj Non-GAAP	GAAP Reported	Special Items*	Non-GAAP Excl Special	Integration Non-Ops**	Total Adj Non-GAAP	GAAP Reported	Non-GAAP Excl Special	Total Adj Non-GAAP
<b>Net Revenues</b>	\$ 213.9		\$ 213.9		\$ 213.9	\$ 205.7		\$ 205.7		\$ 205.7	\$ 8.2	\$ 8.2	\$ 8.2
% Change											4.0%	4.0%	4.0%
<b>Gross Profit</b>	53.1	-	53.1	3.6	56.7	49.3	0.5	49.7	3.3	53.1	\$ 3.8	\$ 3.3	\$ 3.7
%	24.8%		24.8%		26.5%	24.0%		24.2%		25.8%	90 bps	60 bps	70 bps
<b>Operating Income</b>	7.7	1.2	8.9	18.6	27.5	5.9	0.9	6.7	19.6	26.4	30.4%	11.0%	4.3%
%	3.6%		4.2%		12.9%	2.9%		3.3%		12.8%	70 bps	90 bps	10 bps
Net Interest (Expense)	(14.7)	-	(14.7)	1.2	(13.6)	(25.2)	6.6	(18.6)	1.4	(17.2)			
Other Income (Expense)	(0.1)	-	(0.1)	0.4	0.3	(0.3)	-	(0.3)	0.7	0.4			
Pre-Tax Income	(7.2)	1.2	(5.9)	20.2	14.3	(19.7)	7.5	(12.2)	21.7	9.5	63.6%	51.3%	49.9%
Provision for Income Taxes	1.3	(0.3)	1.0	(4.2)	(3.1)	5.6	(1.3)	4.3	(5.4)	(1.1)			
Share of net income (loss) from joint venture	0.3	-	0.3	-	0.3	0.3	-	0.3	-	0.3			
<b>Net Income Continuing Operations</b>	\$ (5.6)	1.0	\$ (4.6)	16.1	\$ 11.4	\$ (13.8)	6.2	\$ (7.6)	16.3	\$ 8.7	\$ 8.2	\$ 3.0	\$ 2.8
%	-2.6%		-2.2%		5.3%	-6.7%		-3.7%		4.2%	410 bps	150 bps	110 bps
<b>Diluted EPS</b>	\$ (0.13)		\$ (0.11)		\$ 0.27	\$ (0.48)		\$ (0.26)		\$ 0.30	72.3%	58.5%	-10.0%
Weighted Avg Diluted Shares	42.0		42.0		42.0	28.7		28.7		28.7			
<b>Non-GAAP Measures</b>													
<b>EBITDA</b>	\$ 30.5	1.2	\$ 31.7	8.5	\$ 40.2	\$ 27.1	0.9	\$ 28.0	9.5	\$ 37.4	\$ 3.4	\$ 3.7	\$ 2.8
%	14.2%		14.8%		18.8%	13.2%		13.6%		18.2%	110 bps	120 bps	60 bps
<b>EBITA</b>	\$ 19.1	1.2	\$ 20.4	8.5	\$ 28.9	\$ 17.0	0.9	\$ 17.8	9.5	\$ 27.3	\$ 2.2	\$ 2.5	\$ 1.6
%	8.9%		9.5%		13.5%	8.2%		8.7%		13.3%	70 bps	90 bps	20 bps

\*Special Items are one time discrete adjustments

\*\* Integration Non-Ops represent additional discrete transition and acquisition, foreign currency and amortization expense adjustments

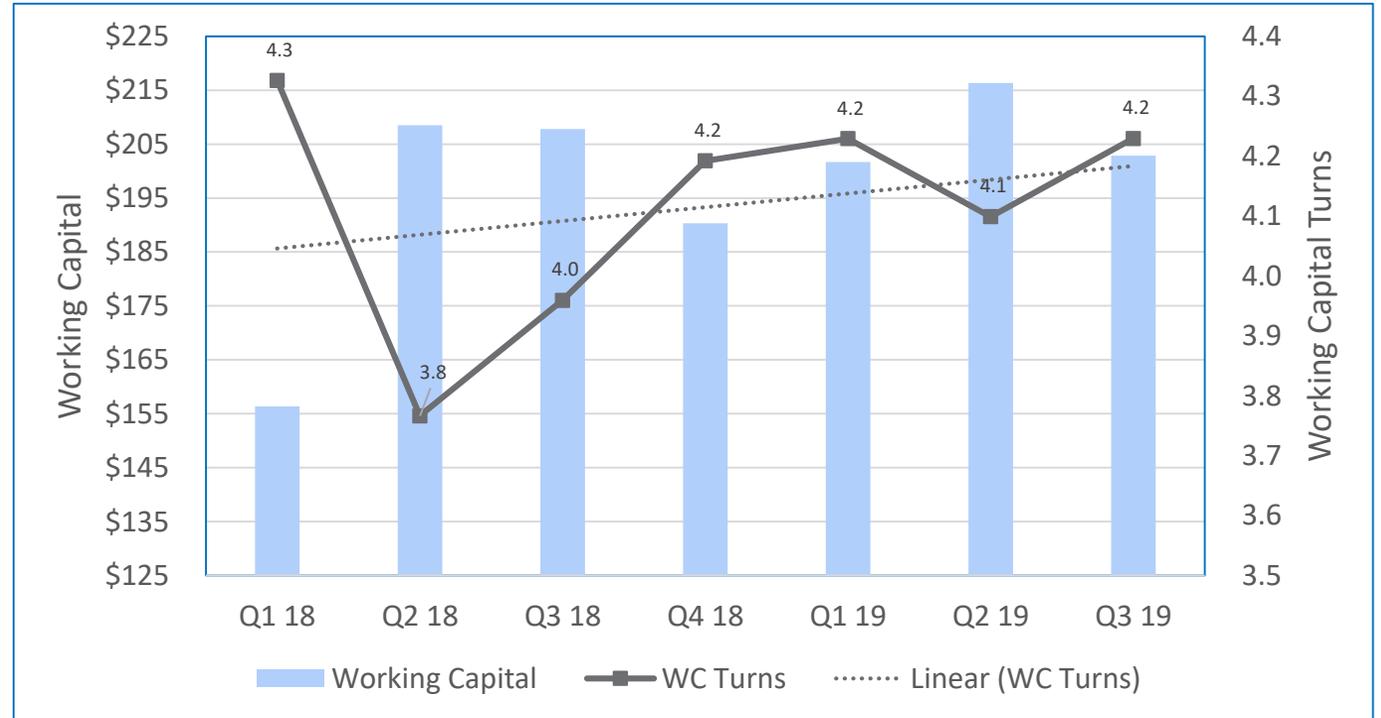
GAAP Operating Income +70 bps, Non-GAAP Operating Income Excl Special +90bps, Non-GAAP Operating income +10bps  
Reported EBITDA +110 BPS, Non-GAAP EBITDA Excl Special +120bps, Non-GAAP EBITDA +60 bps





# Working Capital

Working Capital Metrics		
(Total Consolidated)	Total NN, Inc	
	Q3 9/30/19	Q3 9/30/18
\$000's		
A/R	\$ 141,583	\$ 149,982
<b>DSO</b>	<b>60.4</b>	<b>66.5</b>
Inventory	\$ 126,832	\$ 124,109
Days Inventory	72.0	72.4
<b>Inventory Turns</b>	<b>5.1</b>	<b>5.0</b>
A/P	\$ (65,534)	\$ (66,302)
<b>DPO</b>	<b>(37.2)</b>	<b>(38.7)</b>
Net Working Capital	\$ 202,881	\$ 207,789
Cash Conversion Cycle	95.2	100.3
<b>W/Cap Turns</b>	<b>4.2</b>	<b>4.0</b>

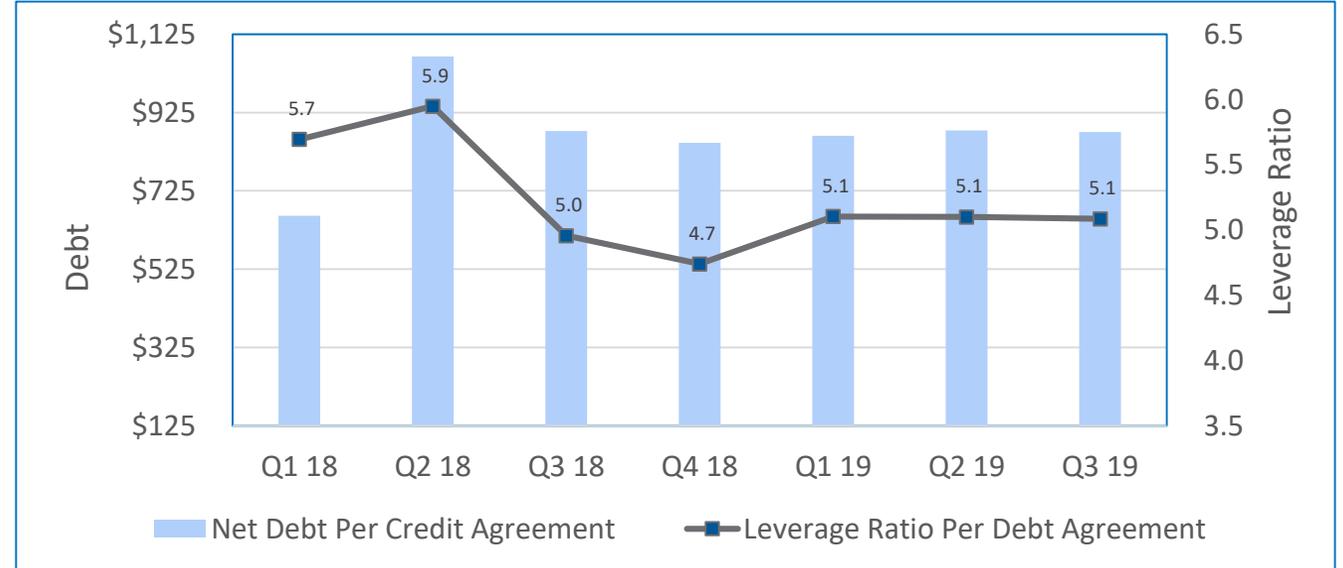


Working Capital Trends improving as business mix moves toward higher sales concentration in Life Sciences



# Debt

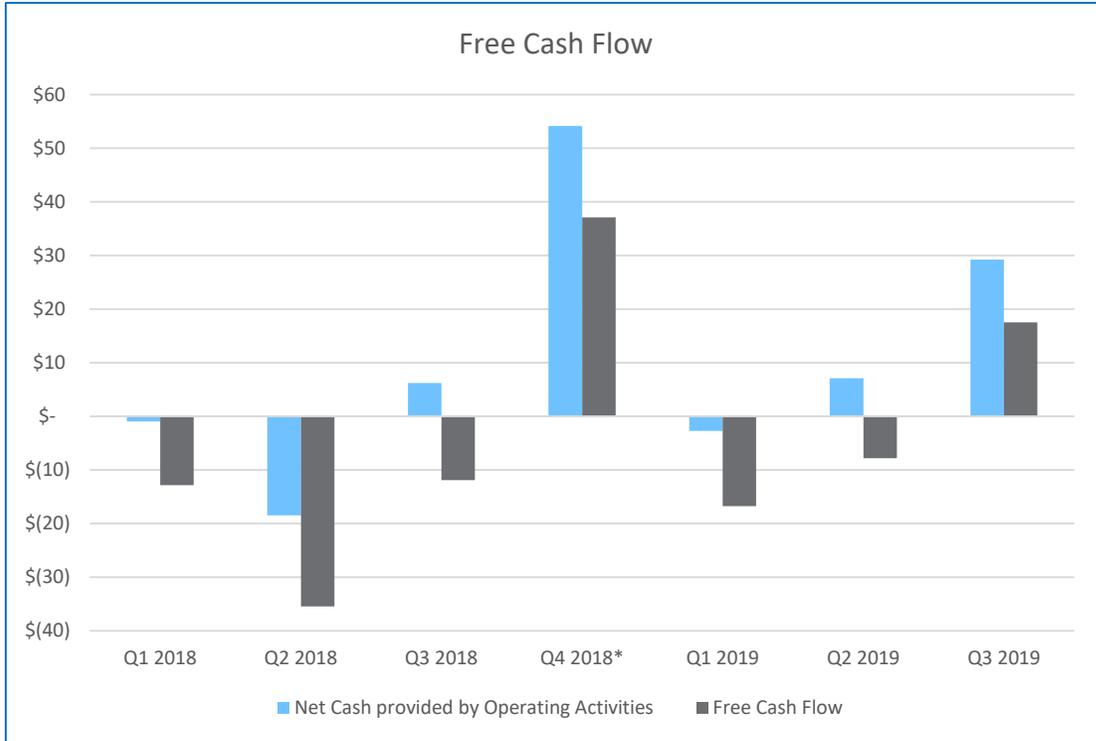
Debt Metrics		
	Q3 9/30/2019	Q3 9/30/2018
<i>\$000's</i>		
Short Term Debt	\$ 28,440	\$ 34,199
Long Term Debt	851,016	847,835
Funded Debt	879,455	882,034
Cash	24,409	17,988
Net Debt	855,047	864,046
Shareholders Equity	\$ 359,797	\$ 641,034
EBITDA per Credit Agreement	\$ 171,652	\$ 177,118
Cash allowed for Purposes of Leverage Calculation	\$ (4,144)	\$ (4,183)
<b>EBITDA to Funded Debt</b>	<b>5.10 x</b>	<b>4.96 x</b>
Maximum Leverage Per Credit Agreement	5.75 x	5.75 x



Key focus of management is to reduce overall leverage of the company



# Free Cash Flow



\*2018 4<sup>th</sup> Quarter included a \$34.4 million tax refund

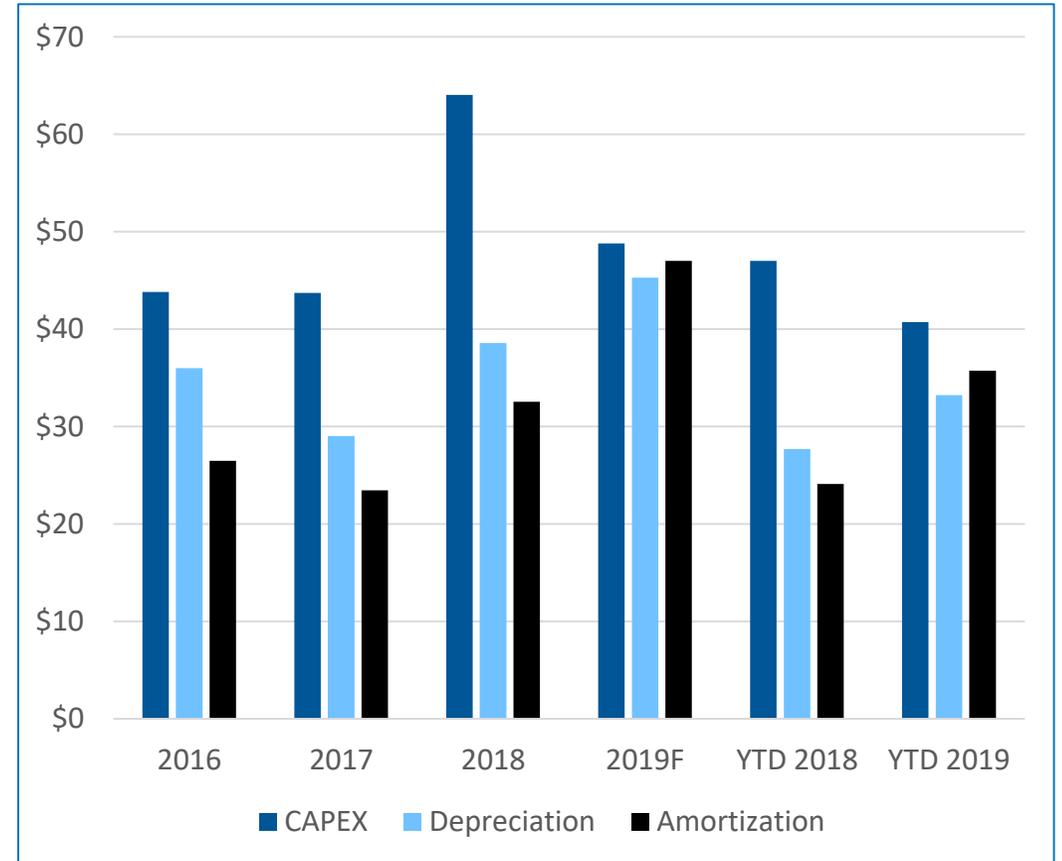
Cash Flow Metrics				
\$000's	Q3 FY 2019	Q3 FY 2018	YTD FY 19	YTD FY 18
<i>Free operating cash flow (continuing ops):</i>				
Net cash provided by operating activities, as reported	\$ 29,240	\$ 6,210	\$ 33,607	\$ (13,215)
Less: Capital Expenditures	(11,726)	(18,110)	(40,720)	(46,998)
<b>Free operating cash flow</b>	<b>\$ 17,514</b>	<b>\$ (11,900)</b>	<b>\$ (7,113)</b>	<b>\$ (60,213)</b>
Net Income	\$ (5,597)	\$ (13,784)	\$ (30,894)	\$ (44,796)
<b>Conversion of free operating cash flow</b>	NM	NM	NM	NM

NN produced strong free cash flow during the 3<sup>rd</sup> Quarter



# Capital Spending

Capital Spending Metrics				
	Sep 2019	Sept 2018	Sep 2019	Sept 2018
\$000's	QTD	QTD	YTD	YTD
Life Sciences	\$ 3,617	\$ 5,504	\$ 15,324	\$ 9,283
Power Solutions	2,471	4,240	4,020	5,555
Mobile Solutions	5,820	8,696	18,530	27,591
Corporate HQ	1,042	2,399	1,728	6,166
<b>Total CAPEX including AP</b>	<b>\$ 12,950</b>	<b>\$ 20,839</b>	<b>\$ 39,602</b>	<b>\$ 48,595</b>
Sales	\$ 213,897	\$ 205,683	\$ 648,819	\$ 571,180
CAPEX % of Sales	6.1%	10.1%	6.1%	8.5%
Capex liability movements	\$ 1,224	\$ 2,729	\$ (1,118)	\$ 1,597
<b>Cash CAPEX</b>	<b>\$ 11,726</b>	<b>\$ 18,110</b>	<b>\$ 40,720</b>	<b>\$ 46,998</b>
Cash CAPEX % of Sales	5.5%	8.8%	6.3%	8.2%



Capital Spending to return to a more normalized one to one ratio with depreciation in 2020



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## Segment Highlights



# Life Sciences

<b>Life Sciences</b>	<b>Q3</b>	<b>% of</b>	<b>Q3</b>	<b>% of</b>	<b>%</b>	<b>Margin</b>
<i>(In millions)</i>	<b>FY19</b>	<b>Sales</b>	<b>FY18</b>	<b>Sales</b>	<b>Change</b>	<b>Change</b>
Sales	\$94.0		\$78.4		20.0%	
Operating Profit - GAAP	\$ 9.4	10.0%	\$ 6.7	8.6%	40.0%	140 bps
Operating Profit - Adjusted*	\$20.5	21.8%	\$16.2	20.7%	26.3%	110 bps
Reported EBITDA	\$21.0	22.4%	\$17.3	22.1%	21.6%	30 bps
Adjusted EBITDA*	\$24.4	26.0%	\$19.6	25.0%	24.9%	100 bps

\*Excludes Special Items and Integration Non-Ops Expenses

## Q3 Summary

- **Sales:** Continued overperformance driven primarily by our orthopedic & delivery systems businesses
  - Major program launches related to large joint systems continued to drive growth
- **Backlog:** Backlog remained consistent on a YoY basis at \$186M
  - Compared to Q2 2019 backlog reduced ~\$20M as we continue to reduce lead times and meet customers demand expectations
  - Improvements driven by operational improvements and the implementation of our new S&OP initiative
- **Margin Expansion:**
  - Continued realization of the Paragon acquisition synergy plan
  - Increased automation and productivity related to existing product lines
  - Improved profit realization in our international sites compared to 2018
- **Current Focus & Looking Forward:**
  - Q4 to finish consistent with recent trends, sales increasing >10% year over year
  - 2020 growth expected to return to growth rate range of 5%-9%
  - Macro back drop remains strong within Med Device as OEM's continue to look for strategic partners with scale and a broad base of engineering and technical capabilities within their portfolios
  - Growth in 2020 and beyond will balance between our Ortho and Medsurg divisions.
  - We continue to expect margin expansion in 2020 and beyond as we complete the Paragon integration and realize synergies
  - Tariffs to date have had little to no direct impact, however raw material cost are increasing as suppliers adjust prices to match foreign supply cost



*Delivering engineered solutions across a broad medical device platform*



# Mobile Solutions

<b>Mobile Solutions</b>	<b>Q3 FY19</b>	<b>% of Sales</b>	<b>Q3 FY18</b>	<b>% of Sales</b>	<b>% Change</b>	<b>Margin Change</b>
<i>(In millions)</i>						
Sales	\$73.1		\$81.8		-10.7%	
Operating Profit - GAAP	\$ 3.7	5.0%	\$ 4.7	5.7%	-21.0%	-70 bps
Operating Profit - Adjusted*	\$ 5.0	6.9%	\$ 6.6	8.0%	-23.1%	-110 bps
Reported EBITDA	\$10.6	14.5%	\$11.3	13.8%	-6.1%	70 bps
Adjusted EBITDA*	\$11.3	15.5%	\$12.3	15.0%	-7.7%	50 bps

\*Excludes Special Items and Integration Non-Ops Expenses

**Mobile Solutions**  
*expanding in components  
serving the growing  
electric motor marketplace*



## Q3 Summary

- **Sales** – Dollar decrease driven by:
  - Program lives ended in 2019 as expected, coupled with unexpected delays in replacement business launches
  - Market declines in North America
  - US and foreign retaliatory tariffs have negatively impacted demand from dual- or multi-source customers
  - UAW strike against GM’s NA operations (~ 1 week of lost sales)
- **Operating Profit** – Dollar decrease driven by the offsetting impacts of the following:
  - Variable margin reductions associated with Sales declines (-\$3.4M)
  - Increased depreciation expense commensurate with capital investments (-\$0.6M)
  - Fixed cost reductions – Indirect labor, benefits and T&E (+\$1.0M)
  - Litigation settlement income (+\$1.4M)

## Current Focus & Looking Forward:

- Q4 2019:
  - China/Asia volumes have temporarily increased; however, customer demand may be negatively impacted by year-end inventory adjustments
  - UAW NA strike volume loss likely to be recovered in Q1 2020, not Q4 2019
  - Continued fixed cost reductions in response to lower sales
- 2020:
  - Moderate sales growth (~3%)
  - Free cash flow generation through: (1) targeted variable cost improvement actions; (2) further fixed cost right-sizing; (3) limiting capital expenditures; and (4) reducing inventory levels



# Power Solutions

<b>Power Solutions</b>	<b>Q3</b>	<b>% of</b>	<b>Q3</b>	<b>% of</b>	<b>%</b>	<b>Margin</b>
<i>(In millions)</i>	<b>FY19</b>	<b>Sales</b>	<b>FY18</b>	<b>Sales</b>	<b>Change</b>	<b>Change</b>
Sales	\$47.4		\$46.1		2.9%	
Operating Profit - GAAP	\$ 3.4	7.1%	\$ 2.7	5.9%	23.8%	120 bps
Operating Profit - Adjusted*	\$ 8.5	18.0%	\$ 7.9	17.1%	8.4%	90 bps
Reported EBITDA	\$ 7.1	14.9%	\$ 6.8	14.8%	3.9%	10 bps
Adjusted EBITDA*	\$ 9.5	20.0%	\$ 8.9	19.4%	6.2%	60 bps

\*Excludes Special Items and Integration Non-Ops Expenses



Smart meter sub-assemblies

*Power Solutions expanding in components serving the Smart Meter marketplace*



Critical components for A&D applications

## Q3 Summary

- **Sales:** Increase driven by strong demand for smart meter products & Technical Arts acquisition (full quarter of sales vs. partial in 2018)
- **Structure changes:** \$1M/yr. savings, \$650K of one-time costs
  - Fairfield closure announced, EOP by 12/31/19
  - Placentia CA (2) locations moving into Irvine plant: 11/30/19
  - Former PEP HQ closure: 1/31/20
- **Margin expansion**
  - Efficiencies in Labor & SGA optimizations executed during 2019
  - Favorable mix toward higher order products & new A&D programs
  - Lower tooling costs in A&D resulting from integration projects with TechArts acquisition
  - EBITDA % flat Q3 2018 to Q3 2019: one-time charge for Fairfield closure costs
- **Current Focus & Looking Forward:**
  - Outlook: moderate sales growth in both Electrical and A&D segments
    - \$8M of new projects ramping up in 2020
    - Exiting ~\$2M of low/negative margin business with Fairfield closure
  - A&D facilities and equipment fully on line by Q2 2020: reduce lead-times and capacity to grow organically with minimal CAPEX
    - A&D had 8 ASL customers in 2016, currently its now at 53
  - Continuous improvement, Structure & organizational optimizations combined with moderate growth will offset economic pressures & provide margin expansion.
  - Tariffs have negatively impacted a top 10 customer who sells 45% of its products into China. Their demand is down. We have seen a corresponding 50% reduction in demand that we do not expect to recover in 2020. (-\$5M/yr.)



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# Guidance



# 2019 Guidance

	Q4 2019 Guidance	2019 Guidance
<b>Net Sales</b>	\$196M - \$203M	\$845M - \$852M
<b>Adj. Operating Margin</b>	9.0% - 11.0%	11.3% - 11.8%
<b>Adj. EBITDA<sup>(b)</sup></b>	\$31M - \$36M	\$145M - \$150M
<b>Adj. Diluted EPS</b>	\$0.12 - \$0.18	\$0.84 - \$0.90
<b>Free Cash Flow<sup>(1)</sup></b>	\$12M - \$22M	\$5M - \$15M



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## Reconciliation Tables



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

	Three Months Ended September 30,	
	2019	2018
<b>\$000s</b>		
<b>NN, Inc. Consolidated</b>		
GAAP income from operations	\$ 7,672	\$ 5,881
Restructuring and integration expense	-	(209)
Acquisition and transition expense*	8,559	9,569
Amortization of intangibles	11,284	11,129
Non-GAAP adjusted income from operations (a)	\$ 27,516	\$ 26,370
Non-GAAP adjusted operating margin (1)	12.9%	12.8%
Depreciation	\$ 11,154	\$ 10,130
Other income/expense	(99)	(308)
Non-cash foreign exchange (gain) loss on inter-company loans	420	658
Share of net income from joint venture	279	266
Non-cash stock compensation	943	289
Non-GAAP adjusted EBITDA (b)	\$ 40,213	\$ 37,405
Non-GAAP adjusted EBITDA margin (2)	18.8%	18.2%
GAAP net sales	\$ 213,897	\$ 205,683
<b>\$000s</b>		
<b>Mobile Solutions</b>		
GAAP income from operations	\$ 3,681	\$ 4,657
Restructuring and integration expense	-	51
Acquisition and transition expense	499	974
Amortization of intangibles	869	885
Non-GAAP adjusted income from operations (a)	\$ 5,049	\$ 6,567
Share of net income from joint venture	279	266
Impairment of joint venture	-	-
Non-GAAP adjusted income from operations with JV	\$ 5,328	\$ 6,833
Non-GAAP adjusted operating margin (1)	7.3%	8.4%
Depreciation	\$ 5,949	\$ 5,598
Other income/expense	(200)	(135)
Non-cash foreign exchange (gain) loss on inter-company loans	266	-
Share of net income from joint venture	279	266
Non-cash stock compensation	-	-
Non-GAAP adjusted EBITDA (b)	\$ 11,343	\$ 12,296
Non-GAAP adjusted EBITDA margin (2)	15.5%	15.0%
GAAP net sales	\$ 73,071	\$ 81,805
<b>\$000s</b>		
<b>Elimination</b>		
GAAP net sales	\$ (615)	\$ (567)

	Three Months Ended September 30,	
	2019	2018
<b>\$000s</b>		
<b>Power Solutions</b>		
GAAP income from operations	\$ 3,351	\$ 2,706
Restructuring and integration expense	-	-
Acquisition and transition expense	2,430	2,139
Amortization of intangibles	2,748	3,021
Non-GAAP adjusted income from operations (a)	\$ 8,529	\$ 7,866
Non-GAAP adjusted operating margin (1)	18.0%	17.1%
Depreciation	\$ 1,032	\$ 1,008
Other income/expense	(59)	74
Non-cash foreign exchange (gain) loss on inter-company loans	-	-
Share of net income from joint venture	-	-
Non-cash stock compensation	-	-
Non-GAAP adjusted EBITDA (b)	\$ 9,502	\$ 8,948
Non-GAAP adjusted EBITDA margin (2)	20.0%	19.4%
GAAP net sales	\$ 47,430	\$ 46,082
<b>\$000s</b>		
<b>Life Sciences</b>		
GAAP income from operations	\$ 9,402	\$ 6,717
Restructuring and integration expense	-	(260)
Acquisition and transition expense	3,407	2,532
Amortization of intangibles	7,666	7,223
Non-GAAP adjusted income from operations (a)	\$ 20,475	\$ 16,212
Non-GAAP adjusted operating margin (1)	21.8%	20.7%
Depreciation	\$ 3,659	\$ 3,096
Other income/expense	287	246
Non-cash foreign exchange (gain) loss on inter-company loans	-	-
Share of net income from joint venture	-	-
Non-cash stock compensation	-	-
Non-GAAP adjusted EBITDA (b)	\$ 24,421	\$ 19,554
Non-GAAP adjusted EBITDA margin (2)	26.0%	25.0%
GAAP net sales	\$ 94,011	\$ 78,363

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

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

\* 2019 Includes Capacity & Capabilities Dev - \$1.9 / Prof Fees - \$0.5 / Integration & Transformation - \$5.9 / Acq Transaction Costs - \$0.0 / Asset Write-Downs/Inventory Step-Up - \$0.3

2018 Includes Capacity & Capabilities Dev - \$2.4 / Prof Fees - \$1.6 / Integration & Transformation - \$4.5 / Acq Transaction Costs - \$0.6 / Asset Write-Downs/Inventory Step-Up - \$0.5



# 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</b>	
	<b>September 30,</b>	
	<b>2019</b>	<b>2018</b>
GAAP net income (loss)	\$ (5,597)	\$ (13,784)
Pre-tax acquisition and transition expense	8,559	9,569
Pre-tax foreign exchange (gain) loss on inter-company loans	420	658
Pre-tax restructuring and integration expense	-	(209)
Pre-tax write-off of unamortized debt issuance costs	-	6,624
Pre-tax amortization of intangibles and deferred financing costs	12,468	12,550
Tax effect of adjustments reflected above (c)	(4,408)	(7,327)
Non-GAAP discrete tax adjustments	-	590
Non-GAAP adjusted net income (loss) (d)	<u>\$ 11,442</u>	<u>\$ 8,671</u>

<i>Amounts per share, diluted</i>	<b>Three Months Ended</b>	
	<b>September 30,</b>	
	<b>2019</b>	<b>2018</b>
GAAP net income (loss) per diluted share	\$ (0.13)	\$ (0.48)
Pre-tax acquisition and transition expense	0.20	0.33
Pre-tax foreign exchange (gain) loss on inter-company loans	0.01	0.02
Pre-tax restructuring and integration expense	-	(0.01)
Pre-tax write-off of unamortized debt issuance costs	-	0.23
Pre-tax amortization of intangibles and deferred financing costs	0.30	0.44
Tax effect of adjustments reflected above (c)	(0.10)	(0.26)
Non-GAAP discrete tax adjustments	-	0.02
Non-GAAP adjusted net income (loss) per diluted share (d)	<u>\$ 0.27</u>	<u>\$ 0.30</u>
Weighted average shares outstanding, diluted	42,038	28,688



# 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, 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.*

*(c) This line item reflects the aggregate tax effect of all nontax adjustments reflected in the respective table. NN, Inc. estimates the tax effect of the adjustment items identified in the reconciliation schedule above by applying the applicable statutory rates by tax jurisdiction 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, foreign exchange gain (loss) on inter-company loans, estimated interest expense on cash held from divestiture, non-cash impairment charges, the impact of enactment of the Tax Cut and Jobs Act 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 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.*