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Third Quarter 2017 Earnings Release

November 2, 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.



Highlights of 3rd Quarter 2017

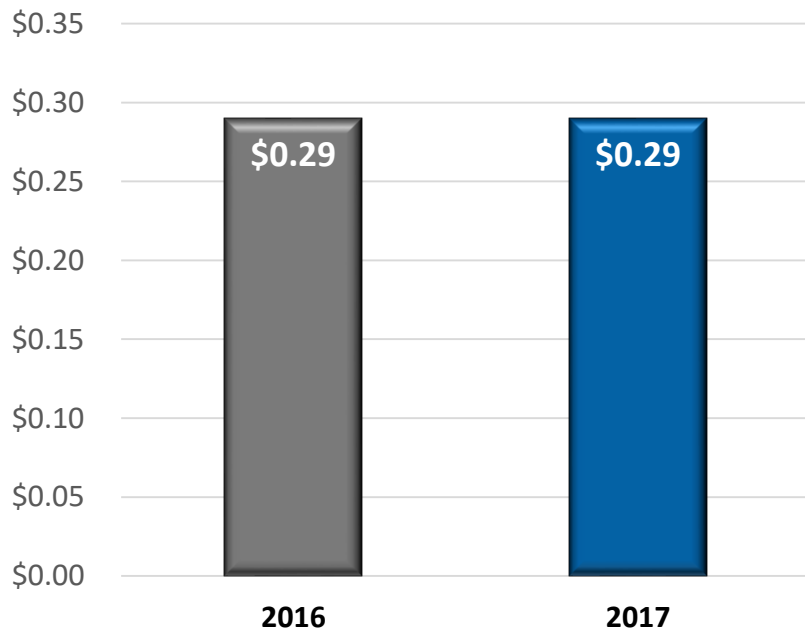
- **Sales of \$148.2M**
 - **Organic sales growth of 1%**
 - **Impacted by weather**
- **Adjusted Diluted Earnings Per Share of \$0.29**
- **Gross Margin was 25.2%**
- **Adjusted EBITDA of \$27.4M**
- **Adjusted Operating Margins of 10.4%**
 - **Severe weather negatively impacted volume and mix**
- **Repaid \$36M of debt in the second quarter.**



3rd Quarter 2017 Financial Summary

Adjusted Diluted Earnings Per Share

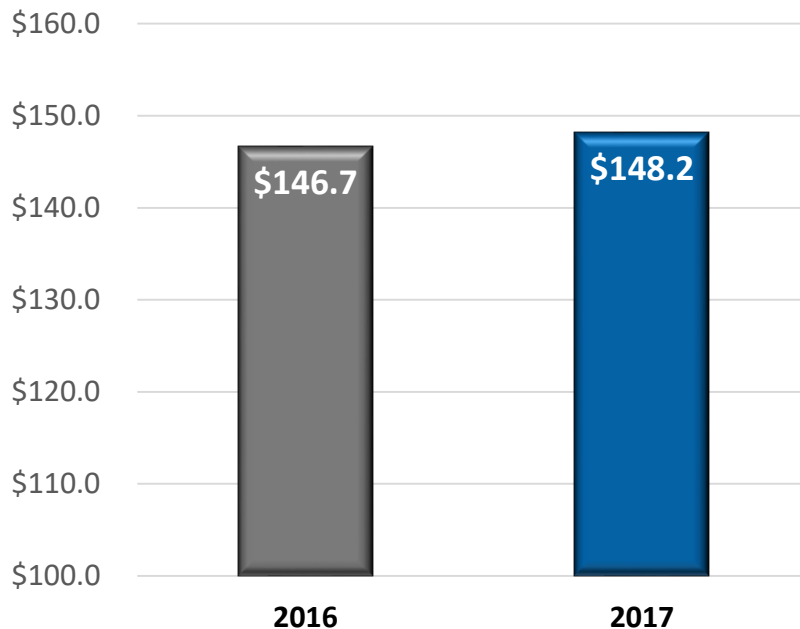
Impacted by carrying cost of existing infrastructure



Net Sales

1% growth compared to prior year

In Millions

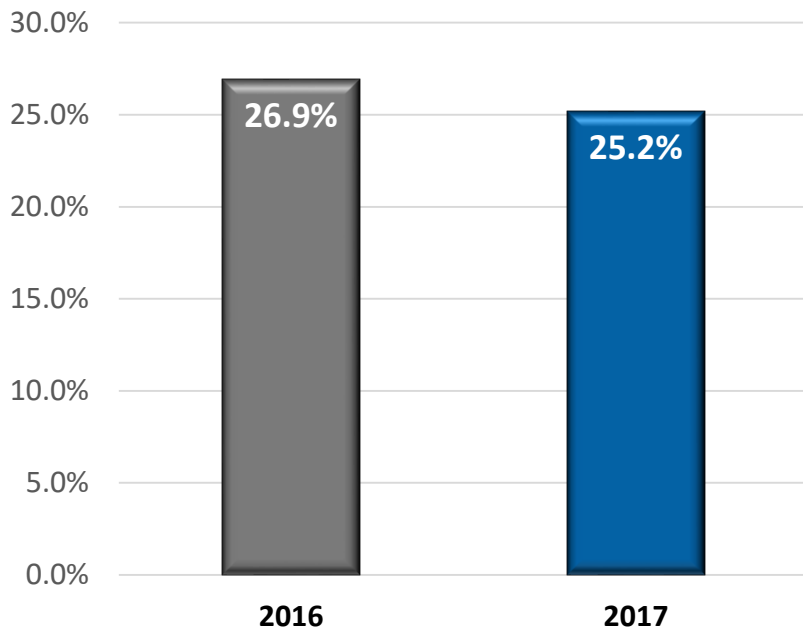




3rd Quarter 2017 Financial Summary

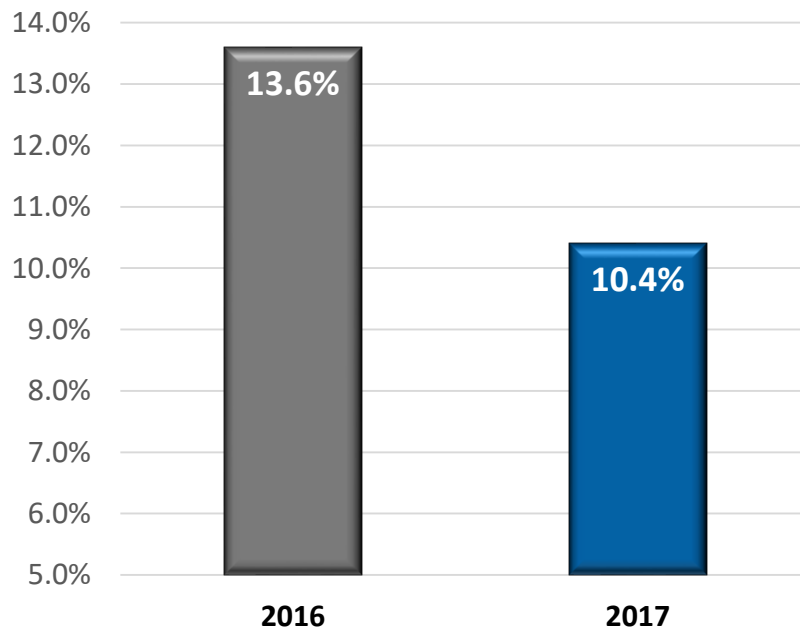
Gross Margin

Impacted by weather and new program start-up cost



Adjusted Operating Margin

Impacted by weather and new program start-up cost

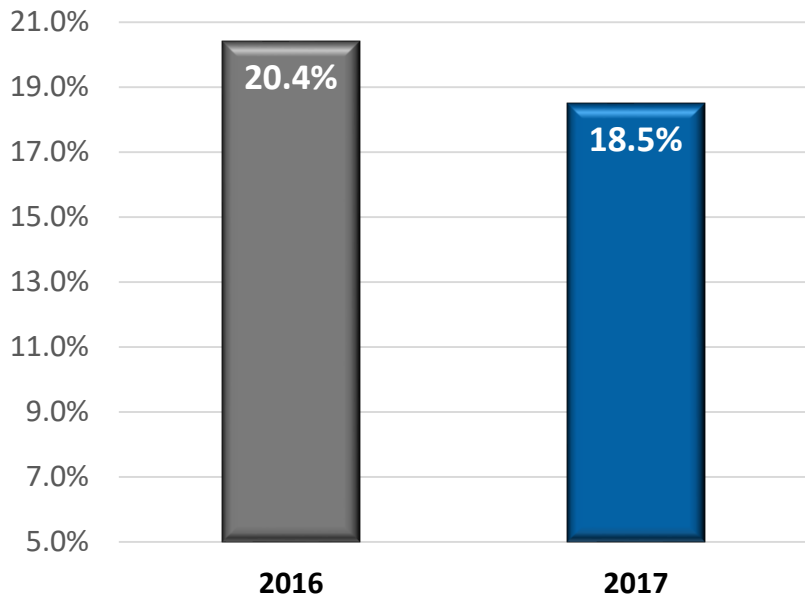




3rd Quarter 2017 Financial Summary

Adjusted EBITDA Margin

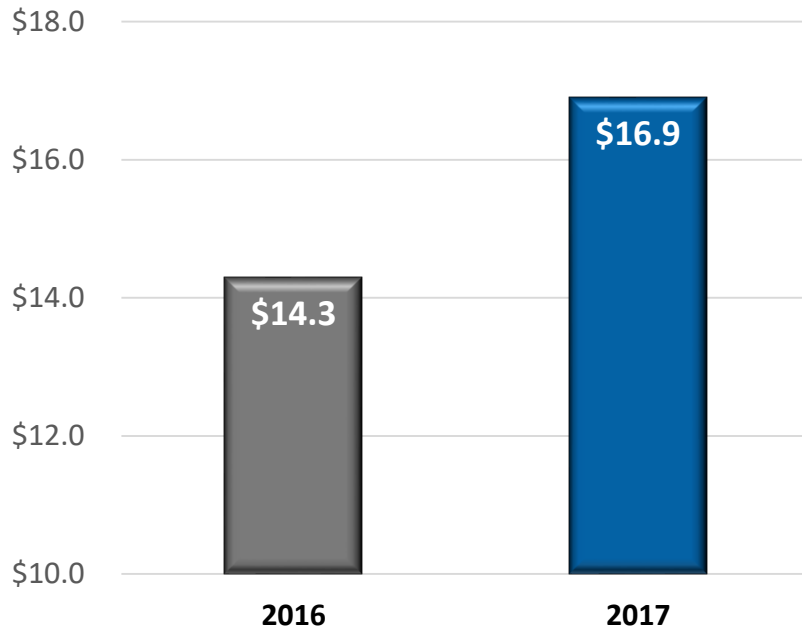
Impacted by carrying cost of existing infrastructure



SG&A

Includes \$1.4 million of integration cost

In Millions

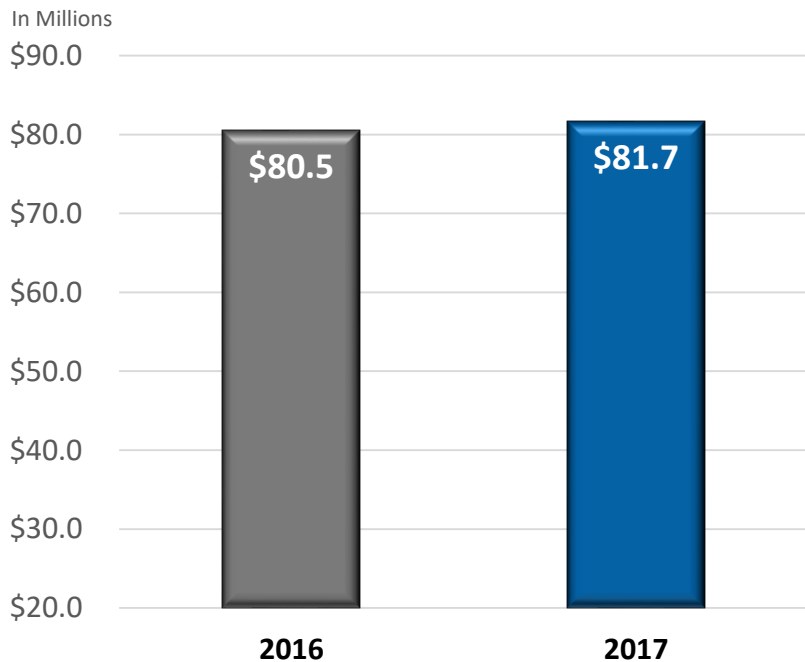




Autocam Precision Components Group

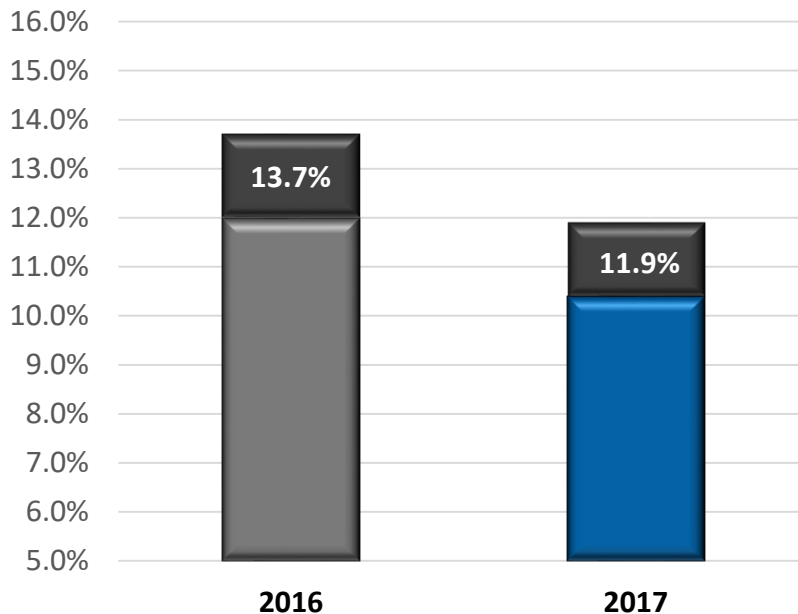
Net Sales

CAFE growth & Industrial market demand drive improvement



Adjusted Operating Margin

Continued investment in new program wins



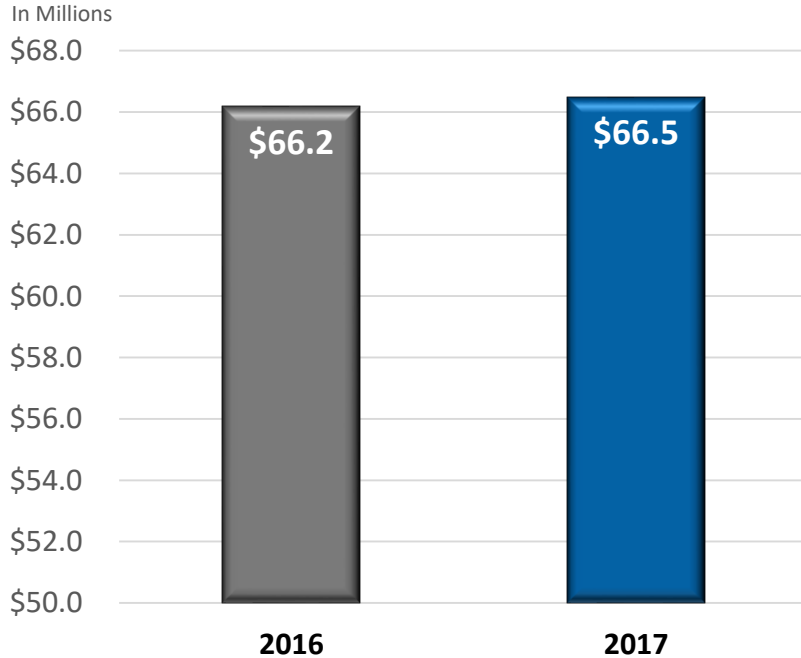
■ JV Contribution



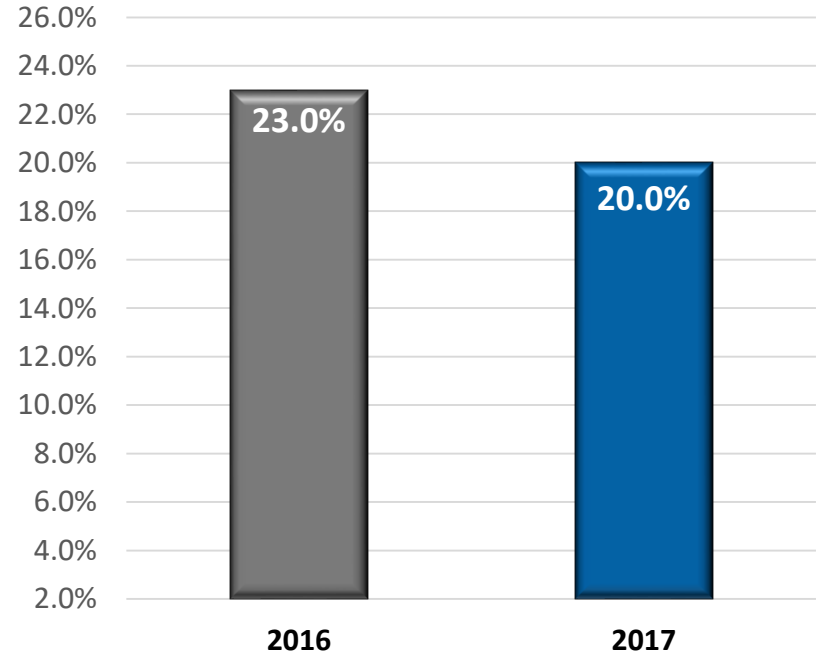
Precision Engineered Products Group

Net Sales

Impacted inclement weather



Adjusted Operating Margin





3rd Quarter Summary

- **Fourth consecutive quarter of organic growth**
- **Continued investment in new multi-year program wins**
- **One time events impacted profitability**
- **PBC divestiture completed on August 17th**
- **Repaid \$36M of debt in the quarter**



4th Quarter 2017 Guidance

	Third Quarter Actual	Fourth Quarter Guidance	Commentary
Net Sales	\$148.2M	\$152M - \$157.5M	
Adj. Op Margin^(a)	10.4%	10.6% - 11.0%	Reduced manufacturing days in Q4
Adj. EBITDA	\$27.4M	\$28M - \$29M	Continued improvements in the NN Operating System driving expansion
Adj. Diluted EPS^(b)	\$0.29	\$0.30 - \$0.34	Continued investment in new programs and holding SG&A



2017 Guidance

	2017 Updated Guidance	Commentary
Net Sales	\$616M - \$621M	Excludes PBC sales for the year 2017
Adj. Operating Margin^(a)	11.6% - 11.7%	Excludes PBC for the entire year. Holding on to infrastructure to support future growth and acquisitions
Adj. EBITDA	\$138M - \$139M	Holding on to infrastructure to support future growth and acquisitions
Adj. Diluted EPS^(b)	\$1.57 - \$1.61	Continued carrying cost of infrastructure
CAPEX	\$35M - \$45M	We continue to invest in growth
Free Cash Flow¹	\$48M - \$51M	Excludes free cashflow post the close of the PBC divestiture



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Reconciliation Tables



Reconciliation of Income from Operations to Adjusted Income from Operations

<i>\$000s</i>	Three Months Ended	
	September 30,	
NN, Inc. Consolidated	2017	2016
GAAP income from operations	\$ 6,296	\$ 12,985
Restructuring and integration expense	345	286
Acquisition and transition expense	2,922	757
Amortization of intangibles	5,840	5,865
Non-GAAP adjusted income from operations (a)	<u>\$ 15,403</u>	<u>\$ 19,893</u>
Non-GAAP adjusted operating margin (1)	10.4%	13.6%
GAAP net sales	148,156	146,714

<i>\$000s</i>	Three Months Ended	
	September 30,	
Autocam Precision Components	2017	2016
GAAP income from operations	\$ 6,799	\$ 8,464
Restructuring and integration expense	345	286
Acquisition and transition expense	500	-
Amortization of intangibles	874	885
Share of net income from joint venture	1,202	1,427
Non-GAAP adjusted income from operations (a)	<u>\$ 9,720</u>	<u>\$ 11,062</u>
Non-GAAP adjusted operating margin (1)	11.9%	13.7%
GAAP net sales	81,664	80,492

<i>\$000s</i>	Three Months Ended	
	September 30,	
Precision Engineered Products	2017	2016
GAAP income from operations	\$ 7,922	\$ 9,913
Restructuring and integration expense	-	-
Acquisition and transition expense	400	320
Amortization of intangibles	4,966	4,980
Non-GAAP adjusted income from operations (a)	<u>\$ 13,288</u>	<u>\$ 15,213</u>
Non-GAAP adjusted operating margin (1)	20.0%	23.0%
GAAP net sales	66,492	66,222

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



Reconciliation of Income from Continuing Operation to Non-GAAP Adjusted EBITDA

<i>\$000s</i>	Three Months Ended	
	September 30,	
	2017	2016
Income (loss) from continuing operations	\$ (3,355)	\$ 279
Provision (benefit) for income taxes	(1,011)	(7,733)
Interest expense	12,739	16,410
Write-off of unamortized debt issuance cost	-	2,589
Write-off of interest rate swap	-	3,130
Depreciation and amortization	13,075	11,744
Acquisition and transition expense	2,922	757
Non-cash stock compensation	1,766	900
Non-cash foreign exchange (gain) loss on inter-company loans	(386)	95
Restructuring and integration expense	345	286
Net income from Precision Bearing Components group	1,330	1,522
Non-GAAP adjusted EBITDA	\$ 27,425	\$ 29,979
Non-GAAP adjusted EBITDA margin (b) (2)	18.5%	20.4%
GAAP net sales	148,156	146,714

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



Reconciliation of Income (Loss) from Continuing Operations to Non-GAAP Adjusted Net Income (Loss) from Segment Operations

	Three Months Ended September 30,	
	2017	2016
<i>\$000s</i>		
Income (loss) from continuing operations	\$ (3,355)	\$ 279
Pre-tax acquisition and transition expense	2,922	757
Pre-tax foreign exchange (gain) loss on inter-company loans	(386)	95
Pre-tax restructuring and integration expense	345	286
Pre-tax write-off unamortized debt issuance costs	-	2,589
Pre-tax write-off interest rate swap	-	3,900
Pre-tax amortization of intangibles & deferred financing costs	7,038	7,041
Pre-tax interest expense on cash held from divestiture	2,440	-
Tax effect of adjustment reflected above	(2,313)	(8,582)
Net income from Precision Bearing Components group (3)	1,330	1,522
Non-GAAP adjusted income (loss) from segment operations (c) (d)	\$ 8,021	\$ 7,887

	Three Months Ended September 30,	
	2017	2016
Income (loss) from continuing operations	\$ (0.12)	\$ 0.01
Pre-tax acquisition and transition expense	0.11	0.03
Pre-tax foreign exchange (gain) loss on inter-company loans	(0.01)	0.00
Pre-tax restructuring and integration expense	0.01	0.01
Pre-tax write-off unamortized debt issuance costs	-	0.09
Pre-tax write-off interest rate swap	-	0.14
Pre-tax amortization of intangibles & deferred financing costs	0.26	0.26
Pre-tax interest expense on cash held from divestiture	0.09	-
Tax effect of adjustment reflected above	(0.08)	(0.31)
Net income from Precision Bearing Components group (3)	0.05	0.06
Non-GAAP adjusted income (loss) from segment operations per share (c) (d)	\$ 0.29	\$ 0.29
Weighted average shares outstanding, diluted	27,544	27,322

(3) Reflects Precision Bearing Components group net income for the period July 1-August 16, 2017 and estimated net income for the period July 1-August 16, 2016



4th Quarter & Full Year 2017 Guidance – Adjusted Income from Operations & Adjusted Operating Margin

<i>\$000s</i>	Three Months Ended December 31, 2017					Twelve Months Ended December 31, 2017				
	Low		High		Low		High			
	\$'000	% of Sales	\$'000	% of Sales	\$'000	% of Sales	\$'000	% of Sales		
GAAP income from operations	\$ 9,328	6.1%	\$ 10,416	6.6%	\$ 41,622	6.8%	\$ 42,810	6.9%		
Restructuring and integration expense	-	0.0%	-	0.0%	462	0.1%	462	0.1%		
Acquisition and transition expense	1,000	0.7%	1,000	0.6%	5,774	0.9%	5,774	0.9%		
Amortization of intangibles	5,858	3.9%	5,892	3.7%	23,377	3.8%	23,411	3.8%		
Non-GAAP adjusted income from operations	\$ 16,186	10.6%	\$ 17,307	11.0%	\$ 71,235	11.6%	\$ 72,456	11.7%		
GAAP net sales	\$ 152,000		\$ 157,500		\$ 616,000		\$ 621,000			



4th Quarter & Full Year 2017 Guidance – Adjusted EBITDA & Adjusted EBITDA Margin

<i>\$000s</i>	Three Months Ended December 31, 2017				Twelve Months Ended December 31, 2017			
	Low		High		Low		High	
	\$'000	% of Sales	\$'000	% of Sales	\$'000	% of Sales	\$'000	% of Sales
GAAP Income (loss) from continued operations	\$ (441)	(0.3%)	\$ 485	0.3%	\$ (29,319)	(4.8%)	\$ (28,393)	(4.6%)
Provision (benefit) for income taxes	(792)	(0.5%)	(504)	(0.3%)	(14,077)	(2.3%)	(13,789)	(2.2%)
Interest expense	12,200	8.4%	12,200	8.1%	52,116	8.5%	52,116	8.4%
Write-off of unamortized debt issuance cost	-	0.0%	-	0.0%	39,639	6.4%	39,639	6.4%
Write-off of interest rate swap	1,200	0.8%	1,200	0.8%	1,200	0.2%	1,200	0.2%
Depreciation and amortization	13,926	9.2%	14,137	9.0%	52,358	8.5%	52,569	8.5%
Acquisition and transition expense	1,000	0.7%	1,000	0.6%	5,774	0.9%	5,774	0.9%
Non-cash stock compensation	900	0.6%	900	0.6%	4,885	0.8%	4,885	0.8%
Non-cash foreign exchange (gain) loss on inter-company loans	-	0.0%	-	0.0%	(63)	(0.0%)	(63)	(0.0%)
Income from Precision Bearing Components group (3)	-	-	-	-	24,606	-	24,606	-
Restructuring and integration expense	-	0.0%	-	0.0%	891	0.1%	891	0.1%
Non-GAAP adjusted EBITDA	\$ 27,993	18.7%	\$ 29,418	19.0%	\$ 138,010	18.4%	\$ 139,434	18.5%
Non-GAAP adjusted EBITDA margin (2)		18.7%		19.0%		18.4%		18.5%
GAAP net sales	\$	152,000	\$	157,500	\$	616,000	\$	621,000

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



4th Quarter & Full Year 2017 Guidance – Adjusted Net Income & Adjusted EPS

<i>\$000s</i>	Three Months Ended December 31, 2017				Twelve Months Ended December 31, 2017			
	Low		High		Low		High	
	\$'000	EPS	\$'000	EPS	\$'000	EPS	\$'000	EPS
GAAP Income (loss) from continued operations	\$ (441)	\$ (0.02)	\$ 485	\$ 0.02	\$ (29,319)	\$ (1.06)	\$ (28,393)	\$ (1.03)
Pre-tax acquisition and transition expense	1,000	\$ 0.04	1,000	\$ 0.04	5,774	\$ 0.21	5,774	\$ 0.21
Pre-tax foreign exchange (gain) loss on inter-company loans	-	\$ -	-	\$ -	(63)	\$ (0.00)	(63)	\$ (0.00)
Pre-tax restructuring and integration expense	-	\$ -	-	\$ -	891	\$ 0.03	891	\$ 0.03
Pre-tax write-off unamortized debt issuance costs	-	\$ -	-	\$ -	39,639	\$ 1.44	39,639	\$ 1.44
Pre-tax write-off interest rate swap	1,200	\$ 0.04	1,200	\$ 0.04	1,200	\$ 0.04	1,200	\$ 0.04
Pre-tax amortization of intangibles & deferred financing costs	6,758	\$ 0.24	7,092	\$ 0.26	27,873	\$ 1.01	28,207	\$ 1.02
Pre-tax interest expense on cash held from divestiture	4,125	\$ 0.15	4,125	\$ 0.15	6,565	\$ 0.24	6,565	\$ 0.24
Tax effect of adjustment reflected above	(4,448)	\$ (0.16)	(4,562)	\$ (0.16)	(22,925)	\$ (0.83)	(23,039)	\$ (0.83)
Net income from Precision Bearing Components group (3)	-		-		13,637	\$ 0.49	13,637	\$ 0.49
Non-GAAP adjusted income (loss) from segment operations (c) (d)	\$ 8,194	\$ 0.30	\$ 9,340	\$ 0.34	\$ 43,272	\$ 1.57	\$ 44,418	\$ 1.61
Weighted average diluted shares outstanding		27,650		27,650		27,600		27,600



2017 Guidance – Free Cash Flow

<i>\$000s</i>	Twelve Months Ended December 31, 2017	
	Low	High
	<u>\$'000</u>	<u>\$'000</u>
Non-GAAP adjusted EBITDA	\$ 136,024	\$ 137,448
CAPEX	(35,000)	(45,000)
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>\$ 48,099</u>	<u>\$ 51,027</u>



Non-GAAP Financial Measures Footnotes

The Company discloses in this presentation the non-GAAP financial measures of adjusted income from operations and adjusted income (loss) from continuing operations. Each of these non-GAAP financial measures provide 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 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 and adjusted income (loss) from continuing operations 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, divestiture 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 EBITDA represents GAAP income (loss) from continuing operations, 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 income (loss) from continuing operations.

(c) Non-GAAP adjusted income (loss) from segment operations, represents GAAP income (loss) from continuing operations, 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, divestiture 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 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.

(d) 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.