



**Fourth Quarter 2015  
Non-GAAP to GAAP Reconciliation  
March 9, 2016**



# Non-GAAP to GAAP Reconciliations

The Company discloses in this press release the non-GAAP financial measures of adjusted income from operations and adjusted net income. Each of adjusted income from operations and adjusted net income provide supplementary information about the impacts of acquisition related expenses and foreign-exchange impacts on intercompany loans. We believe the presentation of adjusted income from operations and adjusted net income provides useful information in assessing our results of operations and potential future results. These measures should not be considered as an alternative to their comparable GAAP measures, nor should they be considered in isolation, or as a substitute for analysis of our results reported under GAAP. Additionally, because these measures may be defined differently by other companies in our industry, our definitions may not be comparable to similarly titled measures of other companies, thereby diminishing their utility.

Each of adjusted earnings per share and adjusted operating margin provide supplementary information about the impacts of acquisition related expenses and foreign-exchange impacts on intercompany loans. We believe the presentation of adjusted earnings per share and adjusted operating margin provides useful information in assessing our results of operations and potential future results.

We define adjusted EBITDA as net income before interest expense and interest income, income taxes, depreciation and amortization plus acquisition and integration costs, non-cash stock compensation, restructuring and impairment charges, foreign-exchange losses on intercompany loans, and full year effect of 2014 and 2015 acquisitions. We have included information concerning adjusted EBITDA because we believe such measure facilitates our evaluation of our ability to service debt and provides a more effective and comparable measure of performance and a clearer view of underlying trends

We have included information concerning free cash flow because we believe that this non-GAAP measure provides useful information to investors by reflecting an additional way of viewing our operations that, when reconciled to the respective GAAP measures, helps our investors to better understand the strength of our earnings as well as our ability to generate cash without external financings, to strengthen our balance sheet, and to invest in the business.



# Non-GAAP to GAAP Reconciliations

## Reconciliation of net income to adjusted net income:

NN, Inc - Total Company	Three Months Ended December 31, 2015		Three Months Ended December 31, 2014	
	In Thousands	Diluted Earnings Per Share	In Thousands	Diluted Earnings Per Share
Net income	(\$25,016)	(0.93)	1,618	0.08
After-tax acquisition and integration costs	23,410	0.87	3,199	0.17
After-tax foreign exchange loss on inter-company loans	31	0.00	317	0.02
After-tax impairment charges	4,565	0.17	577	0.03
Amortization of intangibles & deferred financing costs	3,796	0.14	969	0.05
Adjusted net income	<u>\$ 6,786</u>	<u>\$ 0.25</u>	<u>\$ 6,680</u>	<u>\$ 0.35</u>

## Reconciliation of net income to adjusted net income:

NN, Inc - Total Company	Twelve Months Ended December 31, 2015		Twelve Months Ended December 31, 2014	
	In Thousands	Diluted Earnings Per Share	In Thousands	Diluted Earnings Per Share
Net income	(\$7,431)	(\$0.35)	\$8,217	\$0.45
After-tax acquisition and integration costs	27,222	1.29	13,553	0.74
After-tax foreign exchange loss on inter-company loans	952	0.04	1,197	0.07
After-tax impairment charges	4,575	0.22	577	0.03
Amortization of intangibles & deferred financing costs	7,040	0.33	1,435	0.08
Adjusted net income	<u>\$ 32,358</u>	<u>\$ 1.53</u>	<u>\$ 24,979</u>	<u>\$ 1.37</u>



# Non-GAAP to GAAP Reconciliations

## Reconciliation of income from operations to adjusted income from operations:

NN, Inc - Total Company

Three Months Ended December 31,

Twelve Months Ended December 31,

	<u>2015</u>		<u>2014</u>		<u>2015</u>		<u>2014</u>	
	\$'000	% of Sales	\$'000	% of Sales	\$'000	% of Sales	\$'000	% of Sales
<b>Income from operations</b>	(\$10,848)	-5.9%	\$8,560	5.6%	\$26,797	4.0%	\$27,687	5.7%
Restructuring & impairment charges	7,379	4.0%	875	0.6%	7,379	1.1%	875	0.2%
Acquisition & integration expenses	17,931	9.8%	1,452	0.9%	23,749	3.6%	11,311	2.3%
Amortization of intangibles	4,940	2.7%	971	0.6%	7,790	1.2%	1,340	0.3%
<b>Adjusted income from operations</b>	<b>\$19,402</b>	<b>10.6%</b>	<b>\$11,858</b>	<b>7.7%</b>	<b>\$65,715</b>	<b>9.8%</b>	<b>\$41,213</b>	<b>8.4%</b>
<b>Total Sales</b>								
	\$183,855		\$153,761		\$667,280		\$488,601	



# Non-GAAP to GAAP Reconciliations

## Reconciliation of income from operations to adjusted income from operations:

NN, Inc - Autocam Precision

Components Group

	Three Months Ended December 31,				Twelve Months Ended December 31,			
	2015		2014		2015		2014	
	\$'000	% of Sales	\$'000	% of Sales	\$'000	% of Sales	\$'000	% of Sales
<b>Income from operations</b>	\$3,993	5.3%	\$7,171	8.8%	\$31,700	9.7%	\$15,732	8.9%
Restructuring & impairment Charges	2,634	3.5%	-	0.0%	2,624	0.8%	2,163	1.2%
Acquisition & integration expenses	1,185	1.6%	-	0.0%	1,195	0.4%	-	0.0%
Amortization of intangibles	889	1.2%	904	1.1%	3,518	1.1%	1,205	0.7%
<b>Adjusted income from operations</b>	<b>\$8,701</b>	<b>11.5%</b>	<b>\$8,075</b>	<b>9.9%</b>	<b>\$39,037</b>	<b>11.9%</b>	<b>\$19,100</b>	<b>10.8%</b>
China JV Contribution	951		832		3,454		1,057	
<b>Adjusted income from operations</b>	<b>\$9,652</b>	<b>12.7%</b>	<b>\$8,907</b>	<b>10.9%</b>	<b>\$42,491</b>	<b>12.9%</b>	<b>\$20,157</b>	<b>11.4%</b>
<b>Total Sales</b>	<b>\$75,924</b>		<b>\$81,582</b>		<b>\$328,260</b>		<b>\$177,224</b>	





# Non-GAAP to GAAP Reconciliations

## Reconciliation of income from operations to adjusted income from operations:

NN, Inc - Precision Bearing  
Components Group

	Three Months Ended December 31,				Twelve Months Ended December 31,			
	2015		2014		2015		2014	
	\$'000	% of Sales	\$'000	% of Sales	\$'000	% of Sales	\$'000	% of Sales
<b>Income from operations</b>	\$1,186	2.0%	\$6,749	10.5%	\$26,310	10.0%	\$31,872	11.5%
Restructuring & impairment Charges	2,019	3.4%	145	0.2%	2,019	0.8%	186	0.1%
Amortization of intangibles	52	0.1%	67	0.1%	208	0.1%	135	0.0%
<b>Adjusted income from operations</b>	<b>\$3,257</b>	<b>5.5%</b>	<b>\$6,961</b>	<b>10.8%</b>	<b>\$28,537</b>	<b>10.9%</b>	<b>\$32,193</b>	<b>11.6%</b>
<b>Total Sales</b>	<b>\$58,796</b>		<b>\$64,513</b>		<b>\$261,837</b>		<b>\$278,026</b>	



# Non-GAAP to GAAP Reconciliations

## Reconciliation of income from operations to adjusted income from operations:

NN, Inc - Precision Engineered  
Products Group

	Three Months Ended December 31,				Twelve Months Ended December 31,			
	2015		2014		2015		2014	
	\$'000	% of Sales	\$'000	% of Sales	\$'000	% of Sales	\$'000	% of Sales
<b>Income from operations</b>	(\$5,027)	-10.2%	\$404	5.3%	(\$3,718)	-4.8%	\$1,231	3.7%
Acquisition & integration expenses	11,150	22.7%	-	0.0%	11,150	14.4%	-	0.0%
Amortization of intangibles	3,999	8.1%	-	0.0%	4,064	5.3%	-	0.0%
<b>Adjusted income from operations</b>	<b>\$10,122</b>	<b>20.6%</b>	<b>\$404</b>	<b>5.3%</b>	<b>\$11,496</b>	<b>14.9%</b>	<b>\$1,231</b>	<b>3.7%</b>
<b>Total Sales</b>								
	\$49,135		\$7,666		\$77,183		\$33,351	



# Non-GAAP to GAAP Reconciliations

## Reconciliation of net income to adjusted EBITDA:

### NN, Inc - Total Company

### Three Months Ended December 31,

## Reconciliation of net income to adjusted EBITDA:

### NN, Inc - Total Company

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Net income	(\$25,016)	\$ 1,618	-\$ 26,634
Provision for income taxes	(14,527)	1,539	(16,066)
Interest Expense	13,357	5,556	7,801
Write off of unamortized debt issuance cost	18,673	-	18,673
Depreciation & Amortization	18,780	8,322	10,458
Acquisition & Integration Expenses	12,590	1,452	11,138
Non-cash stock compensation	789	647	142
Non-cash foreign exchange loss or intercompany loans	49	495	(446)
Restructuring & impairment charges	7,268	875	6,393
<b>Adjusted EBITDA</b>	<u>\$ 31,963</u>	<u>\$ 20,504</u>	<u>\$ 11,459</u>

## Reconciliation of net income to adjusted EBITDA:

### NN, Inc - Total Company

### Twelve Months Ended December 31,

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Net income	(\$7,431)	\$ 8,217.00	-\$ 15,648.00
Provision for income taxes	(10,518)	5,786.00	(16,304)
Interest Expense	29,899	10,895.00	19,004
Write off of unamortized debt issuance cost	18,673	1,398.00	17,275
Depreciation & Amortization	44,482	22,146.00	22,336
Acquisition & Integration Expenses	19,356	11,311.00	8,045
Non-cash stock compensation	2,918	2,595.00	323
Non-cash foreign exchange loss or intercompany loans	558	1,870.00	(1,312)
Restructuring & impairment charges	7,268	875.00	6,393
<b>Adjusted EBITDA</b>	<u>\$ 105,205</u>	<u>\$ 65,093</u>	<u>\$ 40,112.00</u>





# Non-GAAP to GAAP Reconciliations

Reconciliation of Gross Margin to Adjusted Gross Margin: NN, Inc - Total Company	Three Months Ended December 31,		Twelve Months Ended December 31,	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Net sales	183,855	153,761	667,280	488,601
Cost of products sold (exclusive of depreciation shown separately)	147,773	119,879	525,993	384,889
Less acquisition and integration expense included in cost of products sold	<u>(6,473)</u>	<u>716</u>	<u>(7,663)</u>	<u>(2,064)</u>
Adjusted Gross Margin	42,555	33,166	148,950	105,776
Adjusted Gross margin %	23.1%	21.6%	22.3%	21.6%



# Guidance



# Non-GAAP to GAAP Reconciliations

## Reconciliation of net income to adjusted EBITDA:

NN, Inc - Total Company	Three Months Ending March 31, 2016	
	<u>Low</u>	<u>High</u>
Net income	(\$3,500)	(\$4,143)
Provision for income taxes	(1,050)	(1,240)
Interest Expense	15,575	15,973
Depreciation & Amortization	13,100	16,285
Acquisition & integration expenses	1,000	2,000
Non-cash stock compensation	875	1,125
Restructuring & Impairment Charges	4,000	5,000
<b>Adjusted EBITDA</b>	<b><u>\$ 30,000</u></b>	<b><u>\$ 35,000</u></b>

## Reconciliation of net income to adjusted EBITDA:

NN, Inc - Total Company	Year Ending December 31, 2016	
	<u>Low</u>	<u>High</u>
Net income	\$ 20,000	\$ 26,965
Provision for income taxes	6,930	10,500
Interest Expense	67,000	64,400
Depreciation & Amortization	60,070	63,635
Acquisition & integration expenses	1,000	1,000
Non-cash stock compensation	3,500	4,500
Restructuring & Impairment Charges	4,000	4,000
<b>Adjusted EBITDA</b>	<b><u>\$ 162,500</u></b>	<b><u>\$ 175,000</u></b>



# Non-GAAP to GAAP Reconciliations

## Reconciliation of income from operations to adjusted income from operations:

NN, Inc - Total Company

Three Months Ending March 31, 2016

Twelve Months Ending December 31, 2016

	<u>Low</u>		<u>High</u>		<u>Low</u>		<u>High</u>	
	\$'000	% of Sales	\$'000	% of Sales	\$'000	% of Sales	\$'000	% of Sales
Income from operations	\$9,500	4.6%	\$9,250	4.4%	\$80,070	9.2%	\$90,600	10.0%
Restructuring & impairment charges	4,000	2.0%	5,000	2.4%	4,000	0.5%	4,000	0.4%
Acquisition & integration expenses	1,000	0.5%	2,000	0.9%	1,000	0.1%	1,000	0.1%
Amortization of intangibles	6,000	2.9%	6,000	2.8%	24,000	2.7%	24,000	2.7%
<b>Adjusted income from operations</b>	<b>\$20,500</b>	<b>10.0%</b>	<b>\$22,250</b>	<b>10.5%</b>	<b>\$109,070</b>	<b>12.5%</b>	<b>\$119,600</b>	<b>13.2%</b>
<b>Total Sales</b>	<b>\$205,000</b>		<b>\$212,000</b>		<b>\$875,000</b>		<b>\$905,000</b>	



# Non-GAAP to GAAP Reconciliations

## Reconciliation of EPS to adjusted EPS:

NN, Inc - Total Company

Three Months Ending March 31, 2016

	Low		High	
	In Thousands	Earnings Per Share	In Thousands	Earnings Per Share
Net income	(\$3,500)	(\$0.13)	(\$4,143)	(\$0.15)
After-tax acquisition and integration costs	1,000	0.04	2,000	0.07
Restructuring & Impairment Charges	4,000	0.15	5,000	0.18
Amortization of intangibles & deferred financing costs	4,750	0.17	4,750	0.17
Adjusted net income	<u>\$ 6,250</u>	<u>\$ 0.23</u>	<u>\$ 7,607</u>	<u>\$ 0.28</u>
Weighted average diluted shares outstanding		27,170		27,170



# Non-GAAP to GAAP Reconciliations

## Reconciliation of EPS to adjusted EPS:

NN, Inc - Total Company

Year Ending December 31, 2016

	Low		High	
	In Thousands	Earnings Per Share	In Thousands	Earnings Per Share
Net income	\$ 20,000	\$0.74	\$ 26,965	\$0.99
After-tax acquisition and integration costs	1,000	0.04	640	0.02
Restructuring & Impairment Charges	4,000	0.15	2,560	0.09
Amortization of intangibles & deferred financing costs	18,441	0.68	18,741	0.69
Adjusted net income	<u>\$ 43,441</u>	<u>\$ 1.60</u>	<u>\$ 48,906</u>	<u>\$ 1.80</u>
Weighted average diluted shares outstanding		27,170		27,170





# Non-GAAP to GAAP Reconciliations

## Free Cash Flow

NN, Inc - Total Company	Year Ending December 31, 2016	
	<u>Low</u>	<u>High</u>
EBITDA	\$162,500	\$175,000
CAPEX	(40,000)	(50,000)
Interest Expense*	(62,000)	(60,000)
Dividends	(6,072)	(6,072)
Income Tax Expense	(6,000)	(6,444)
Working Capital	<u>1,572</u>	<u>7,516</u>
Free Cash Flow <sup>+</sup>	<u>\$50,000</u>	<u>\$60,000</u>

\*Excludes deferred financing cost

+ Free cash flow available for debt repayment



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