



Stephens Industrial Conference

November 11, 2015



Forward-Looking Statement and Non-GAAP Financial Information

Except for specific historical information, many of the matters discussed in this presentation may express or imply projections of revenues or expenditures, statements of plans and objectives or future operations or statements of future economic performance. These, and similar statements, are forward-looking statements concerning matters that involve risks, uncertainties and other factors which may cause the actual performance of NN, Inc. and its subsidiaries to differ materially from those expressed or implied by this discussion. All forward-looking information is provided by the Company pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 and should be evaluated in the context of these factors. Factors which could materially affect actual results include, but are not limited to: general economic conditions and economic conditions in the industrial sector, deterioration of or instability in the economy, the Company's ability to integrate the recent acquisition of Precision Engineered Products Holdings, Inc. and achieve the anticipated benefits of that transaction, inventory levels, the Company's compliance with applicable laws and regulations (including regulations relating to medical devices and the healthcare industry) and changes in applicable laws and regulations, regulatory compliance costs and the Company's ability to manage these costs, start-up costs for new operations, the impact of debt obligations on operations and liquidity, competitive influences, risks that current customers will commence or increase captive production, risks of capacity underutilization, quality issues, availability and price of raw materials, currency and other risks associated with international trade, the Company's dependence on certain major customers, and the successful implementation of the global growth plan including development of new products. Additional information regarding the factors that may cause actual results to differ materially from these forward-looking statements is available in the Company's SEC filings, including its 2014 Annual Report on Form 10-K and Quarterly Report on Form 10-Q for the third quarter of 2015. These forward-looking statements speak only as of the date of this release, and the Company does not assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events and developments or otherwise.














With respect to any non-GAAP financial measures included in the following presentation, the accompanying information required by SEC Regulation G can be found in the "Investor Relations" section of the Company's web site, www.nninc.com, under the heading "News & Events" and subheading "Presentations." In addition, in addressing various financial metrics the presentation describes certain of the more significant factors that impacted year-over-year performance. Please refer to the Company's earnings release, Form 10-Q and the other related presentation materials supplementing today's call for additional factors that impacted year-over-year performance, all of which are available in the "Investor Relations" section of the Company's web site under the heading "News & Events" and subheading "Presentations."



NN – History at a Glance

- Founded in 1980
- Began as ball and roller manufacturer
- First strategic acquisition completed in 1999
- Five new Board appointments since 2012
- New President & CEO in 2013, key management retained
- Continuous investment in technology leadership
- Acquisition of Autocam in 2014
- Acquisition of Precision Engineered Products (“PEP”) in 2015



1980	1999	2000	2001	2003		2006	2014				2015	
NN founded in Erwin, TN	Industrial Molding Corporation	Euroball	Delta Rubber Company	Netherlands	Slovakia	Whirlaway Corporation	VS Industries	RFK	Chelsea Grinding	Autocam	Caprock	Precision Engineered Products
												



Strategic Plan in Review

- In January 2014, NN unveiled its new Strategic Plan focused on achieving the following by 2018:
 - Grow Revenues to \$800 million and triple EPS
 - Building a Diversified Industrial:
 - Balanced end markets and cyclical
 - Consistent earner through the economic cycle
- Focused on high precision
- Invest in transformational technology
- Flawless execution (NN Operating System)
- In February 2015, the Strategic Plan was updated to include the progress made and was updated to grow revenue to \$1 billion and quadruple EPS
- Closed acquisition of Precision Engineered Products in October 2015



Comprehensive Design and Manufacturing Capabilities

Initial Design

Design Review

Material Selection

- ✓ Engagement with customers on the front-end of processes to facilitate design recommendations
- ✓ Perform failure modes and effects analysis
- ✓ NN will integrate their own products and unique processes into customer designs to establish long-term sales

Tooling and Production

Prototyping

Tooling,
Automation,
Process Design

Production Part
Approval
Process

- ✓ Rapid prototype development for testing
- ✓ Process validation procedures
- ✓ NN will file for regulatory production approval and include customers' proprietary processes, discouraging supplier changes

Comprehensive Product Support

Supply Chain
Management

High Touch
Service

- ✓ NN will provide continuous supply chain management
- ✓ Comprehensive customer support for product lifecycle
- ✓ Continuously identify new operational efficiencies to drive down cost and improve production quality

Extensive Manufacturing Capabilities

Assembly	<ul style="list-style-type: none">▪ Electrical Assemblies: Custom, repeatable assemblies with tight control▪ Clean Room Assembly: Class 8 clean rooms for assembly of medical devices
Machining	<ul style="list-style-type: none">▪ Precision Plastics: Optical quality, burr-free tight tolerances▪ Precision Metals: High-speed machining with critical surface finishes
Molding	<ul style="list-style-type: none">▪ Clean Room Molding: Low particulate molding for assembly ready components▪ Molding Automation: Robotics for loading inserts, sprue removal, etc.
Stamping	<ul style="list-style-type: none">▪ Medical Stamping: High-speed stamping with tight tolerances▪ Advanced Stamping: Presses up to 400 tons and 1,800 strokes per minute
Finishing	<ul style="list-style-type: none">▪ Rack and Barrel Electroplating: Economical means for finishing needs▪ Other Performance Solutions: (Non)precious plating, electro-polishing

Operational Overview

3,000,000+	Sq. ft. of manufacturing capacity
7 billion+	Parts produced per year
200+	High speed presses
100+	Plastic molding machines
250+	Machining centers
100+	Cold heading machines



NN – Differentiated, System-Critical Products

Autocam Precision Components

- High precision metal components
- Automotive (fuel systems, steering systems, electric motors, braking systems), industrial and HVAC



Metal Bearing Components

- Precision rolling elements for the bearing industry and other non-bearing applications
- Automotive, industrial, hydraulic



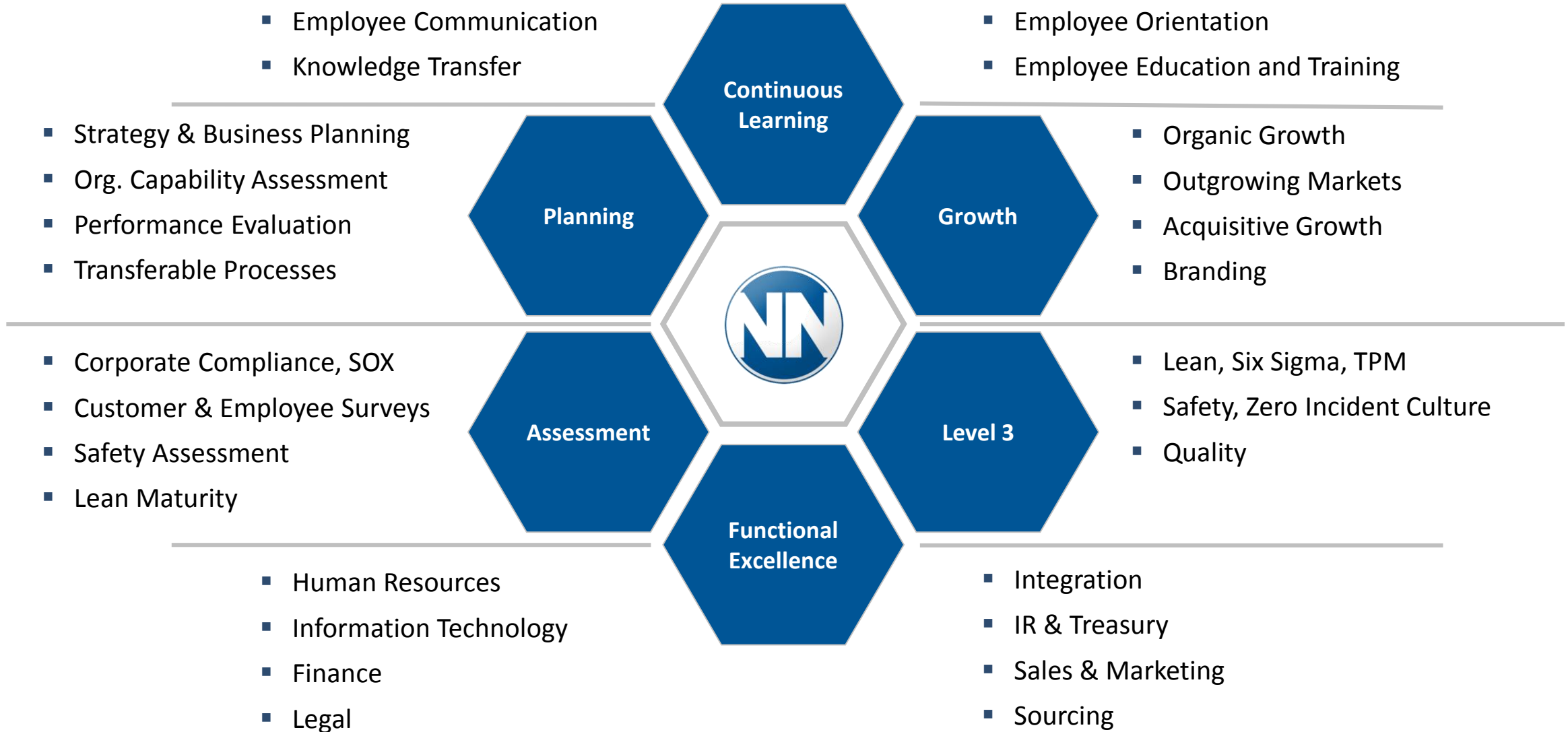
Precision Engineered Products

- High precision metal and plastic components and assemblies
- Discrete components to finished devices
- Medical, electrical, automotive, aerospace/defense and consumer





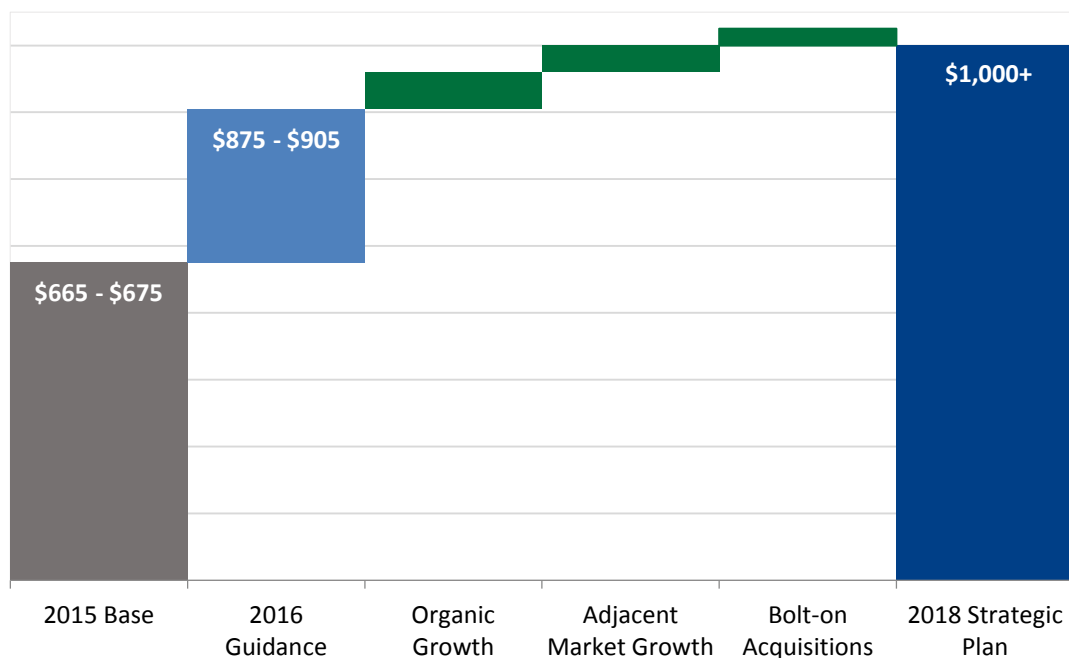
The NN Operating System





Road to \$1 Billion and Beyond

The key tenets of the Company's strategic plan remain in place, while the acquisition of PEP positions NN to expand to \$1 billion in revenue and beyond



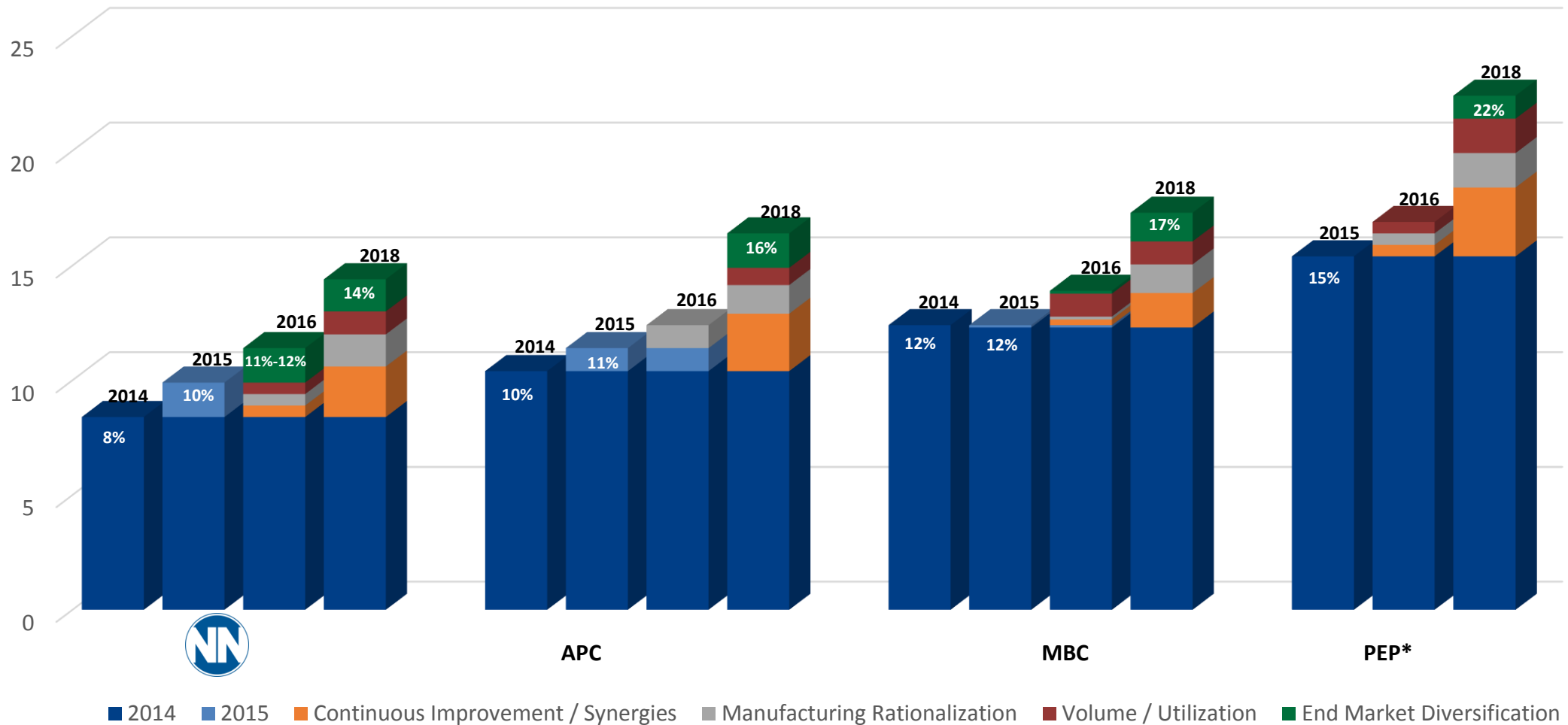
Using the NN Operating System, NN will significantly outgrow its end markets over the strategic period

PEP opens new global markets including the high growth medical and electrical industries

Acquisitions going forward will be primarily tuck-ins / product extensions



Expanding Operating Margins



All percentages rounded to the nearest whole number

2014 Adjusted Operating Margin, 2015 Forecasted Adjusted Operating Margin

* Includes NN's Legacy Plastic & Rubber Components

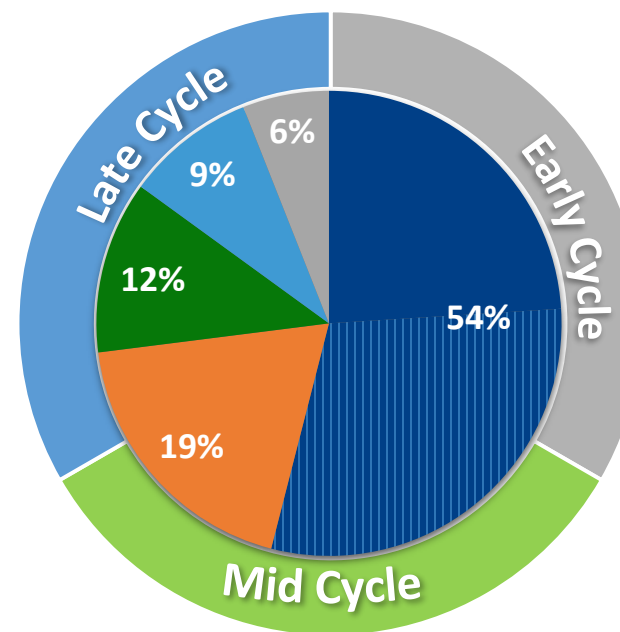


Strategic Fit: End Market Balance

	NN Inc.	PEP
Light Auto	✓	✓
Light Auto (CAFE)	✓	
Aerospace / General Industrial	✓	✓
Medical		✓
Electrical		✓
Commercial Transportation	✓	✓
Other	✓	✓



2015E Pro Forma End Market Mix



Light Auto

Light Auto – CAFE Technologies

Aerospace / General Industrial

Medical

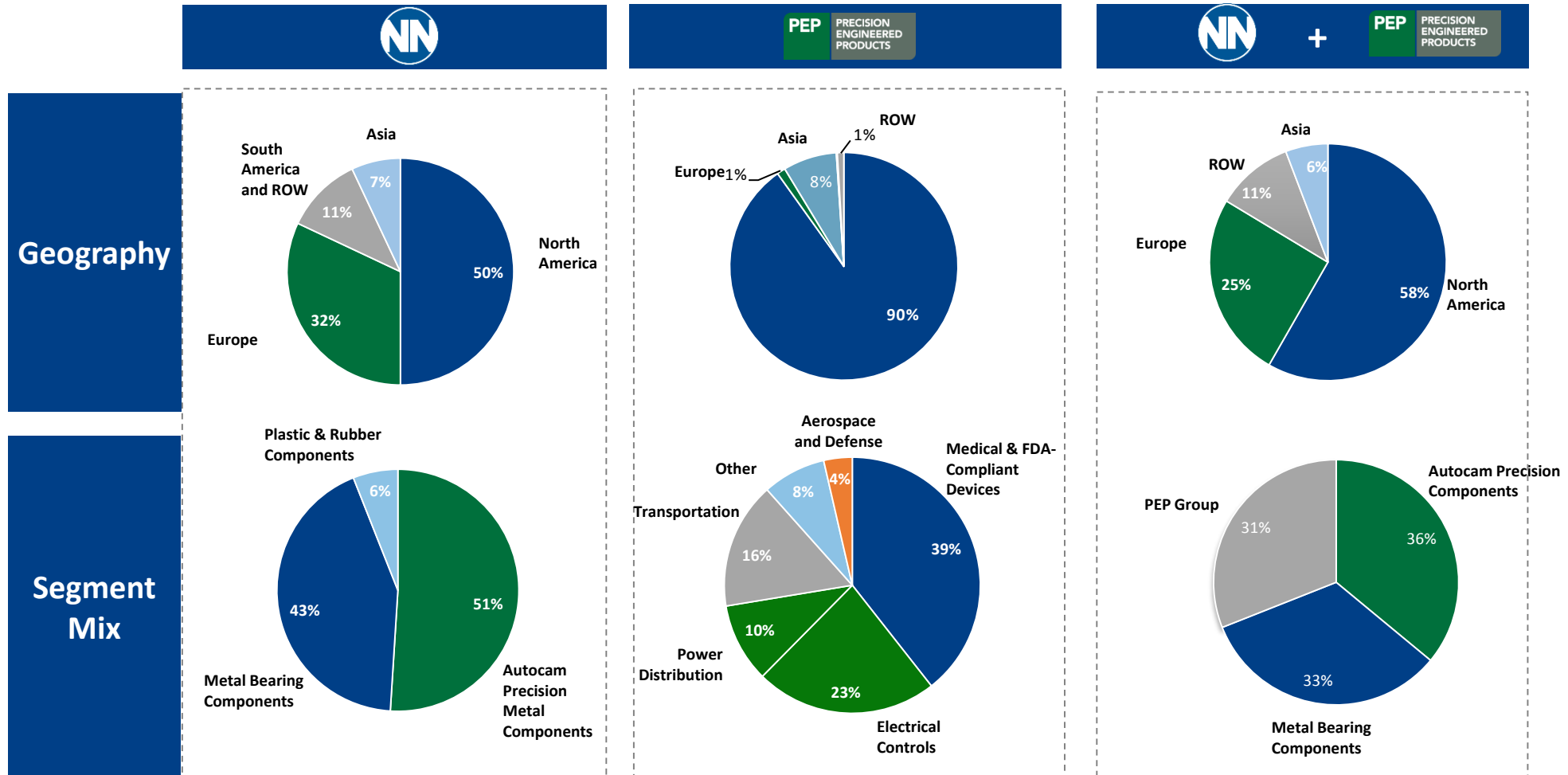
Electrical

Commercial Transportation

Balanced business that earns throughout the cycle

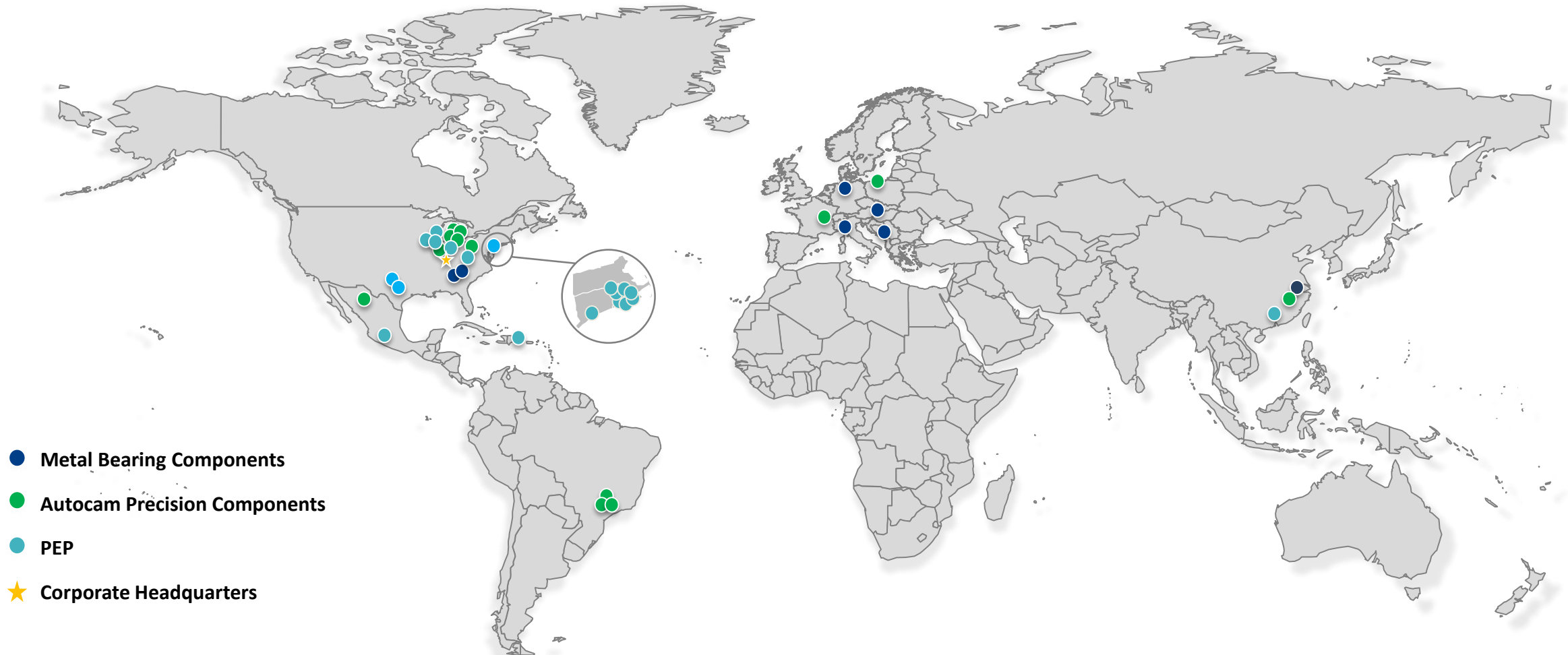


Strategic Fit: Pro Forma Revenue Mix





Strategic Global Footprint



43 High-Precision Manufacturing Facilities on Four Continents



Attractive End Market Dynamics

	Addressable Market ^[1]	Segment	Market Outlook	Growth Drivers	Representative Customers
Aerospace	>\$10 billion	PEP, MBC,		<ul style="list-style-type: none"> Commercial build rate Weight reduction 	
Fluid Power	\$5 billion	Autocam MBC		<ul style="list-style-type: none"> Manufacturing investment Higher pressure / control 	
HVAC	\$3 billion	Autocam		<ul style="list-style-type: none"> Compressor modulation 	
Industrial Motors	\$3 billion	Autocam, MBC, PEP		<ul style="list-style-type: none"> High efficiency motors 	
Consumer Tools	\$2 billion	Autocam		<ul style="list-style-type: none"> Longer battery life Lighter weight 	
Automotive	\$3 billion	PEP, Autocam, MBC		<ul style="list-style-type: none"> Fuel efficiency standards Developing markets / fleet age 	
Railway	\$125 million	MBC		<ul style="list-style-type: none"> Increasing use of rail 	
Linear Systems	\$100 million	MBC, PEP		<ul style="list-style-type: none"> Expanding industrial automation 	
Medical	>\$10 billion	PEP		<ul style="list-style-type: none"> Aging Population Minimally Invasive Surgery 	
Electrical	\$400 million	PEP		<ul style="list-style-type: none"> Residential & Light Commercial Construction Micro Grids 	



Low Growth



Moderate Growth



High Growth

[1] Addressable market size based on Management estimates



Blue Chip Customer Base

- Expansion of Blue Chip customer base to include medical and electrical sector
- More diversified product mix into some of the Company's existing Diversified Industrial customers
- Industry leading names in diversified end markets
- NN and PEP combined product capabilities and expertise will provide cross selling opportunities with existing customers
- Top ten customers' average relationship exceeds 15 years; longest tenured customer over 50 years

Customer Overview





Financial Update



Financial Policy / Strategy

- Build upon a strong, global operating platform while maintaining financial strength and flexibility
- Financial policy:
 - Maintain healthy leverage over business cycles and strategic growth period: Debt to EBITDA 2.0x – 3.0x, < 4.0x at peak
 - Cash flow priorities:
 - Debt repayment to achieve target leverage
 - Capex to achieve operational excellence and growth
 - Stable common dividends to shareholders (< 20% free cash flow)
 - Strategic acquisitions financed by debt and equity issuance to maintain leverage target
- Generate above-market-average revenue growth and capture market share in key areas of new technology over Strategic Plan period
 - Improve market mix by decreasing auto exposure from 70% to 50%
 - Increase industrial /aerospace/medical offerings in existing product lines
- Expand segment gross and operating margins (optimize mix, operational improvement, cost reductions)
- Continue to invest in R&D
- Continue to pursue selective strategic acquisitions to diversify end markets and expand global reach, within leverage targets



Financial Policy / Strategy Related to PEP Transaction

Focus on Deleveraging

- Targeting 3.0x total debt / EBITDA leverage profile in approximately 2.5 years
- Demonstrated ability to issue equity in order to preserve debt protection measures
- Near term acquisitions limited to product extensions and gap-fillers
- Focus on maintaining ample liquidity and financial flexibility

Appropriate Financial Structure

- Capital structure designed to provide significant financial flexibility
 - Bond structure (along with approximately a \$150 million interest rate swap) is a natural mix of fixed and floating rate debt
- Debt service increasing \$15 million vs. significant increase in free cash flow



2016 Guidance

	2015	2016	Commentary
Net Sales	\$665M - \$675M	\$875M - \$905M	Sales growth of ~30% driven by PEP acquisition
Adj. Operating Margin	8.7% - 9.0%	11.0% - 12.0%	Driven by improvements in the NN Operating System & PEP acquisition
Adj. EBITDA	\$104M - \$109M	\$162.5M - \$175M	
Adj. EPS ¹	\$1.37 - \$1.42	\$1.60 - \$1.80	
CAPEX	\$40M - \$45M	\$40M - \$50M	We continue to invest in growth
Adj. Tax Rate ²	24% - 26%	22% - 26%	
Free Cash Flow ³	\$20M - \$25M	\$50M - \$60M	Significant increase in free cash flow allows us to de-lever faster

1: Excludes the amortization of intangibles and the amortization of financing charges

2: Excludes the effects of M&A activity

3: Free Cash Flow available for debt repayment



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