



**Second Quarter 2015 Earnings Release**  
**August 5, 2015**



# Forward-Looking Statement and Non-GAAP Financial Information

**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, risks of capacity underutilization, quality issues, availability of raw materials, currency 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, 2014.

**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.

This presentation includes certain non-GAAP measures as defined by SEC rules. A reconciliation of those measures to the most directly comparable GAAP equivalent is provided at the end of this presentation.



**2<sup>nd</sup> Quarter 2015**



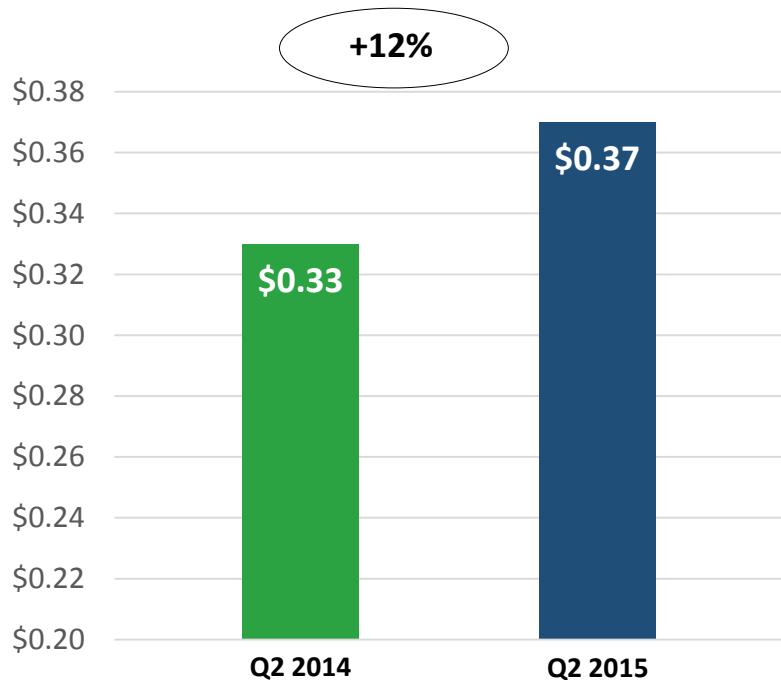
## Highlights of 2<sup>nd</sup> Quarter 2015

- **Raised \$182M in capital to prepare for acquisitions and fund future growth**
- **Made our first acquisition in the plastics portfolio as outlined in our strategic plan**
- **Adjusted operating margin for Q2 continued to improve, reaching 9.7% excluding Brazil**
  - **80 bps improvement vs the previous quarter**
- **Adjusted earnings per share of \$0.37**
- **Net sales of \$164.9M, an increase of \$58.2M compared to 2014**
- **Strong start in Europe continued in second quarter, which help to offset the impact of Brazil**
- **North America and Asia continue to perform in line with our expectations**
- **Foreign Currency impact for Q2:**
  - **Net sales impact of negative \$9.3M compared to Q2 2014**
  - **Reduced EPS \$0.05 due to translation effect**
- **Acquisitions made after Q1 2014 contributed \$64.3M of net sales in the quarter**
- **Free cash flow for the quarter of \$12.8M excluding acquisitions**
- **Autocam synergies remain ahead of 2015 target of \$15M**



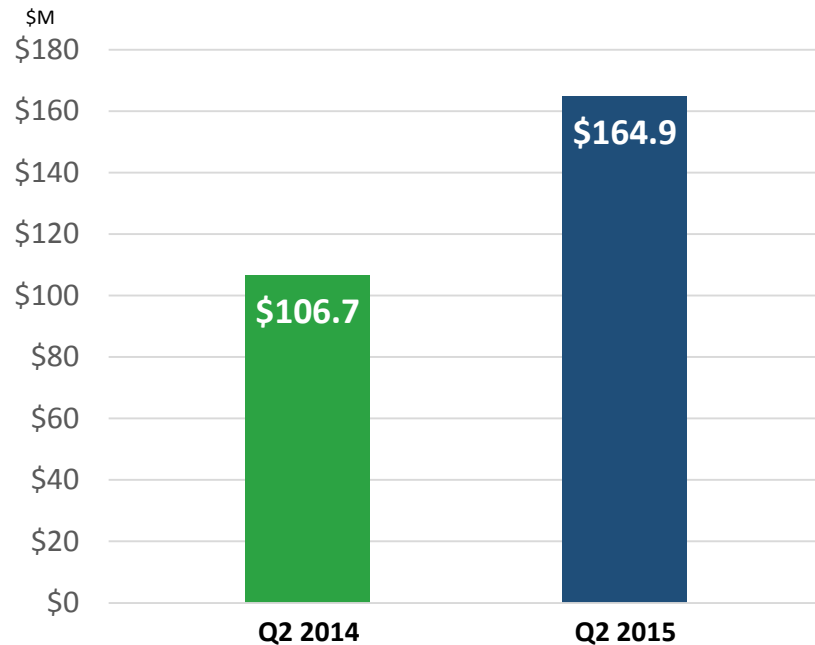
## 2<sup>nd</sup> Quarter 2015 Financial Summary

### Adjusted Diluted Net Earnings Per Share



### Net Sales

55% growth including the negative effects of Brazil and FX

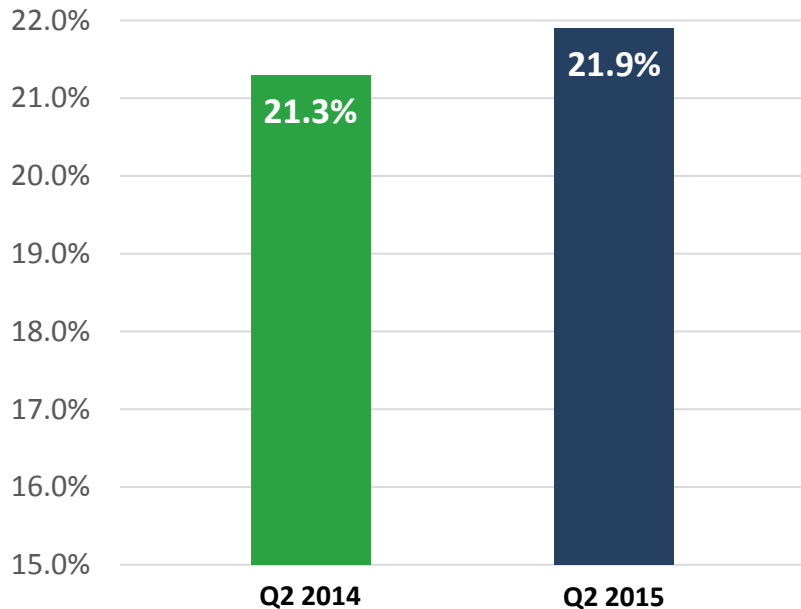




# 2<sup>nd</sup> Quarter 2015 Financial Summary

## Gross Margin

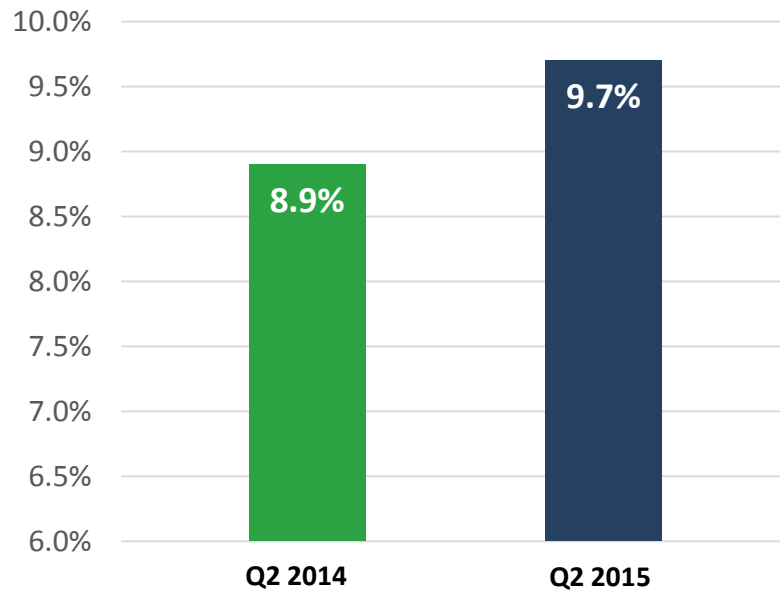
90 bps improve over Q1 2015 resulting from improved performance from new programs



## Adjusted Operating Margin

(Excluding Brazil)

Margins continue to expand as expected as new programs hit their operating targets excluding Brazil.

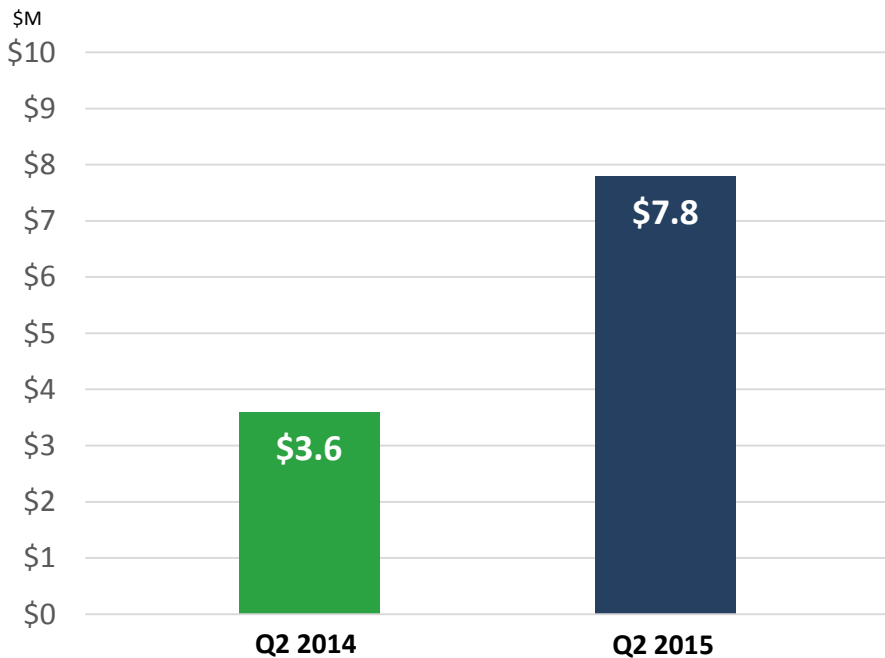




# 2<sup>nd</sup> Quarter 2015 Financial Summary

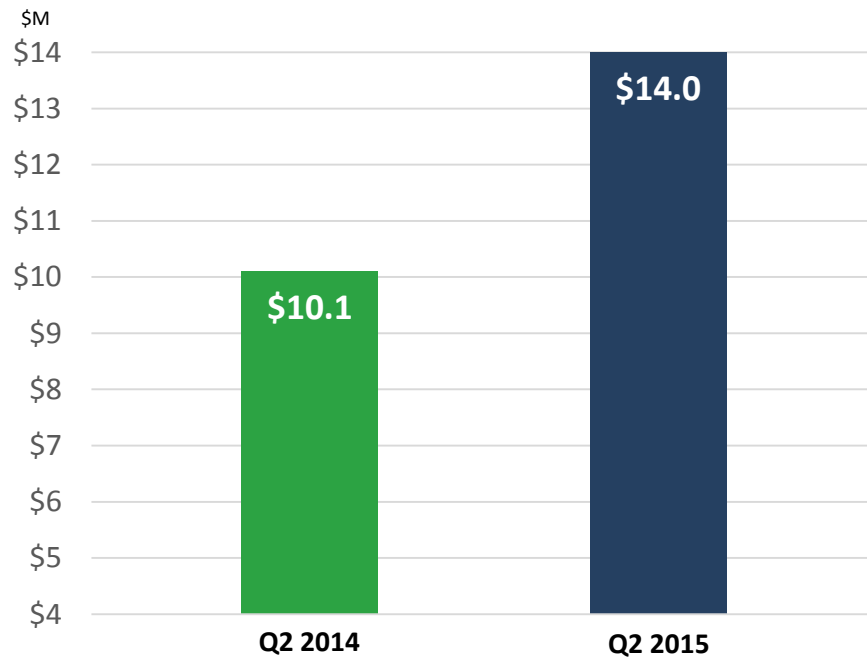
## CapEx

Capital spending continues to meet our expectations



## SG&A

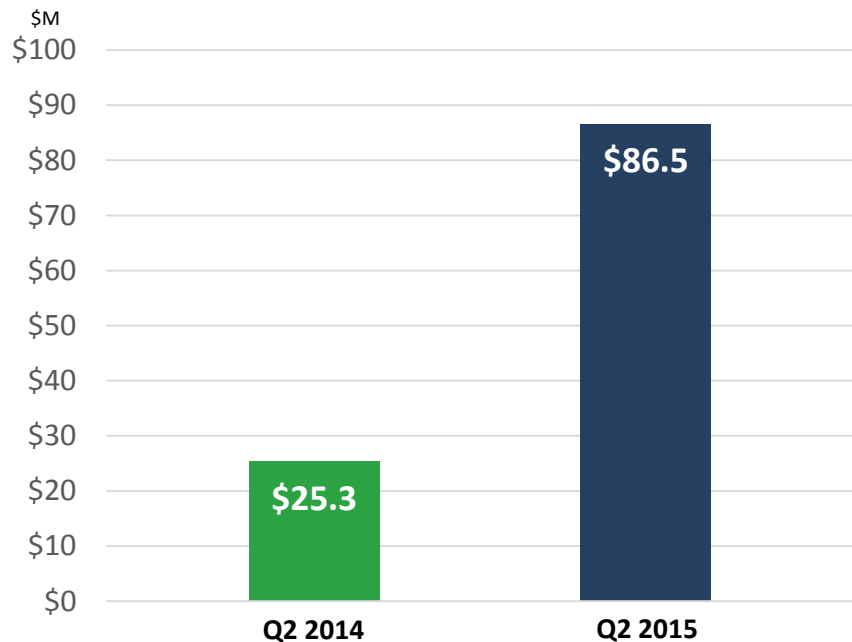
Includes \$0.7M of M&A related cost





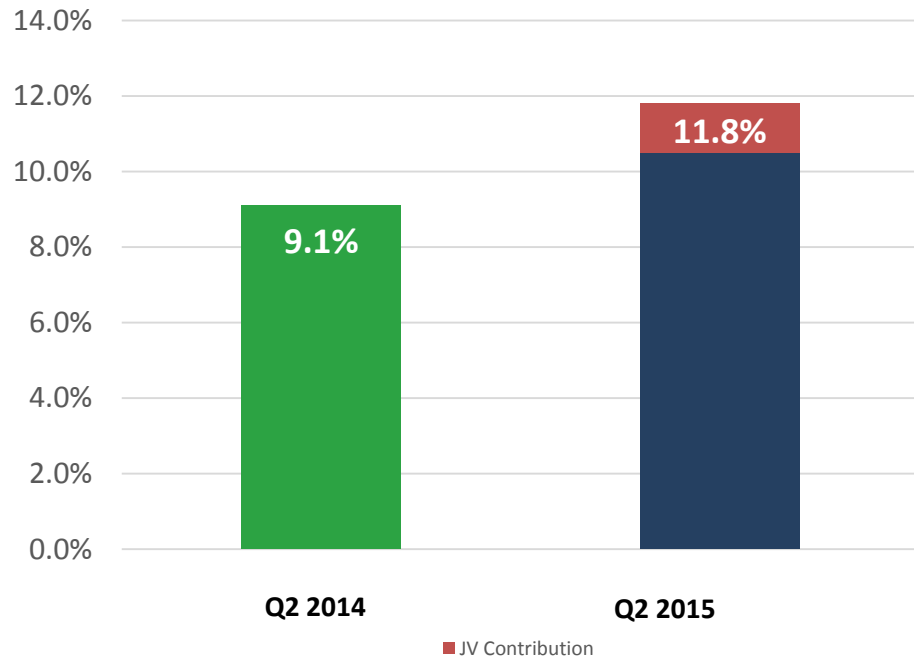
# Autocam Precision Components Group

## Net Sales



## Adjusted Operating Margin

Margins continue to expand as new platforms reach their operating targets.



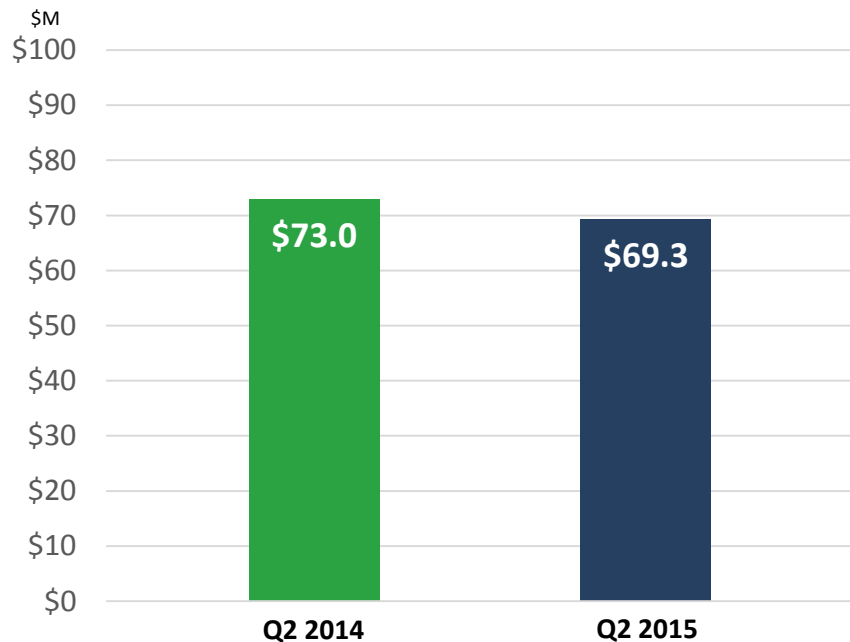




# Metal Bearing Components Group

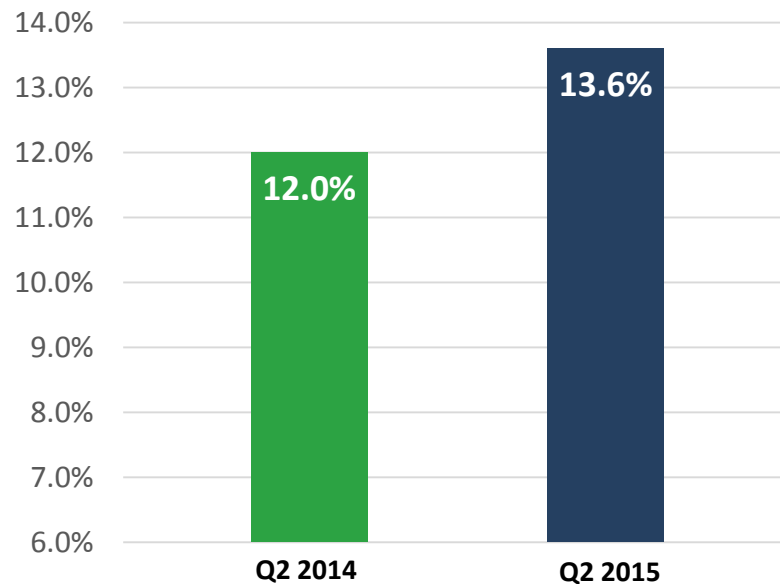
## Net Sales

Growth offset by \$9.3 million of negative currency translation



## Adjusted Operating Margin

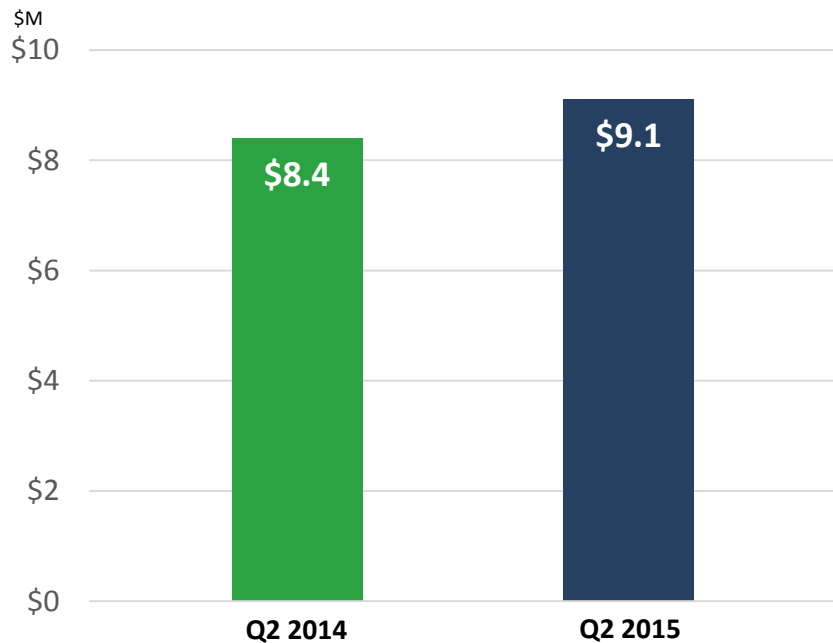
Margin expansion driven by organic & adjacent market growth



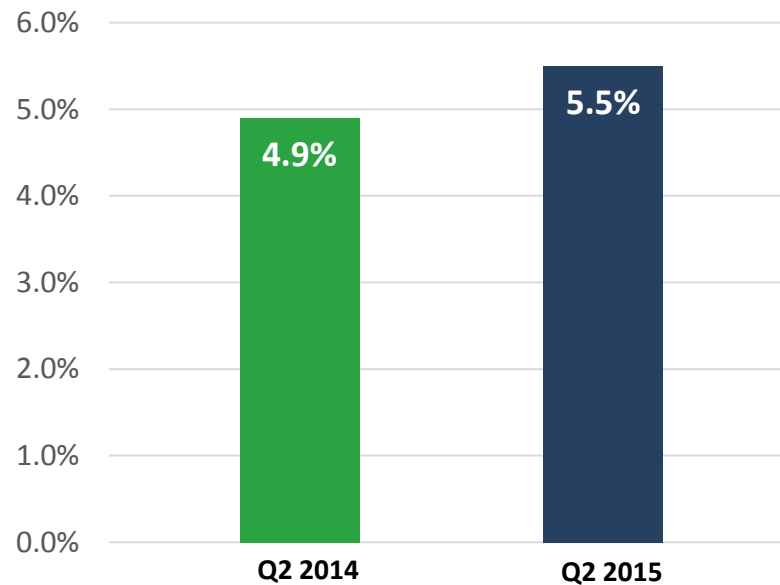


# Plastic & Rubber Components Group

## Net Sales



## Adjusted Operating Margin





## Summary

- **Successful equity raise of \$182M, 3x oversubscribed**
- **Completed first plastics acquisition in accordance with strategic plan**
- **Excluding Brazil, our businesses continue to operate at or ahead of expectations**
- **Second quarter and first half in line with expectations**
- **Brazil and negative currency translation continue to mask better than expected performance**
- **New programs began to positively impact margin performance**
- **Autocam synergies remain ahead of schedule**
- **Reaffirms revenue guidance of \$660M – \$670M**



## **Non-GAAP to GAAP Reconciliations**



# Non-GAAP to GAAP Reconciliations

## Reconciliation of net income to adjusted net income:

	Three Months Ended June 30, 2015		Three Months Ended March 31, 2014	
	(In Thousands)	Diluted Earnings Per Share	(In Thousands)	Diluted Earnings Per Share
Net Income	\$6,953	\$0.36	\$5,200	\$0.29
After tax acquisition and integration expenses	436	0.02	818	0.04
After-tax foreign exchange loss on inter- company loans	(232)	-0.01	-	0.00
Adjusted Net Income	<u>\$7,157</u>	<u>\$0.37</u>	<u>\$6,018</u>	<u>\$0.33</u>

## Reconciliation of net income to adjusted net income:

	Six Months Ended June 30, 2015		Six Months Ended June 30, 2014	
	(In Thousands)	Diluted Earnings Per Share	(In Thousands)	Diluted Earnings Per Share
Net Income	\$12,955	\$0.67	\$10,438	\$0.58
After tax acquisition and integration expenses	436	0.02	1,132	0.06
After-tax foreign exchange loss on inter- company loans	655	0.03	-	0.00
Adjusted Net Income	<u>\$14,046</u>	<u>\$0.72</u>	<u>\$11,570</u>	<u>\$0.64</u>



# Non-GAAP to GAAP Reconciliations

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

	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
	(In Thousands)	(In Thousands)	(In Thousands)	(In Thousands)
Income from operations	\$13,589	\$8,237	\$27,524	\$16,574
Acquisition and integration expenses	681	1,279	681	1,770
Adjusted Income from operations	<u>\$14,270</u>	<u>\$9,516</u>	<u>\$28,205</u>	<u>\$18,344</u>

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

### EXCLUDING BRAZIL

	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014
	(In Thousands)	(In Thousands)
Income from operations	14,788	8,237
Acquisition and integration expenses	681	1,279
Adjusted Income from operations	<u>15,469</u>	<u>9,516</u>
	9.7%	8.9%



# Non-GAAP to GAAP Reconciliations

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

	Three Months Ended		June 30, 2015		Six Months Ended		June 30, 2015	
	MBC	APC	PRC	NN Inc	MBC	APC	PRC	NN Inc
Income from operations	9,403	9,095	501	13,588	18,491	16,813	714	27,523
Eliminate Acquisition and integration expenses				681				681
China JV Income	-	1,021		1,021	-	1,882		1,882
Adjusted Income from operations Including China JV	9,403	10,116	501	15,290	18,491	18,695	714	30,086
Adjusted Operating Margin	13.6%	11.80%	5.5%	9.3%	13.0%	11.1%	4.2%	9.2%

	Three Months Ended		June 30, 2014		Six Months Ended		June 30, 2014	
	MBC	APC	PRC	NN Inc	MBC	APC	PRC	NN Inc
Income from operations	8,748	2,306	414	8,237	17,520	4,868	649	16,575
Acquisition and integration expenses	-	-	-	1,279				1,770
Adjusted Income from operations Including China JV	8,748	2,306	414	9,516	17,520	4,868	649	18,345
Adjusted Operating Margin	12.0%	9.1%	4.9%	8.9%	12.2%	9.9%	4.0%	8.8%



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