

First Quarter 2016 Earnings Release

May 4, 2016



Forward Looking Statements

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, 2015.

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.

A collage of five images representing different industries: a jet engine, power lines, a surgeon, a red car, and gears. The text "First Quarter" is overlaid in the center.

First Quarter



Highlights of 1st Quarter 2016

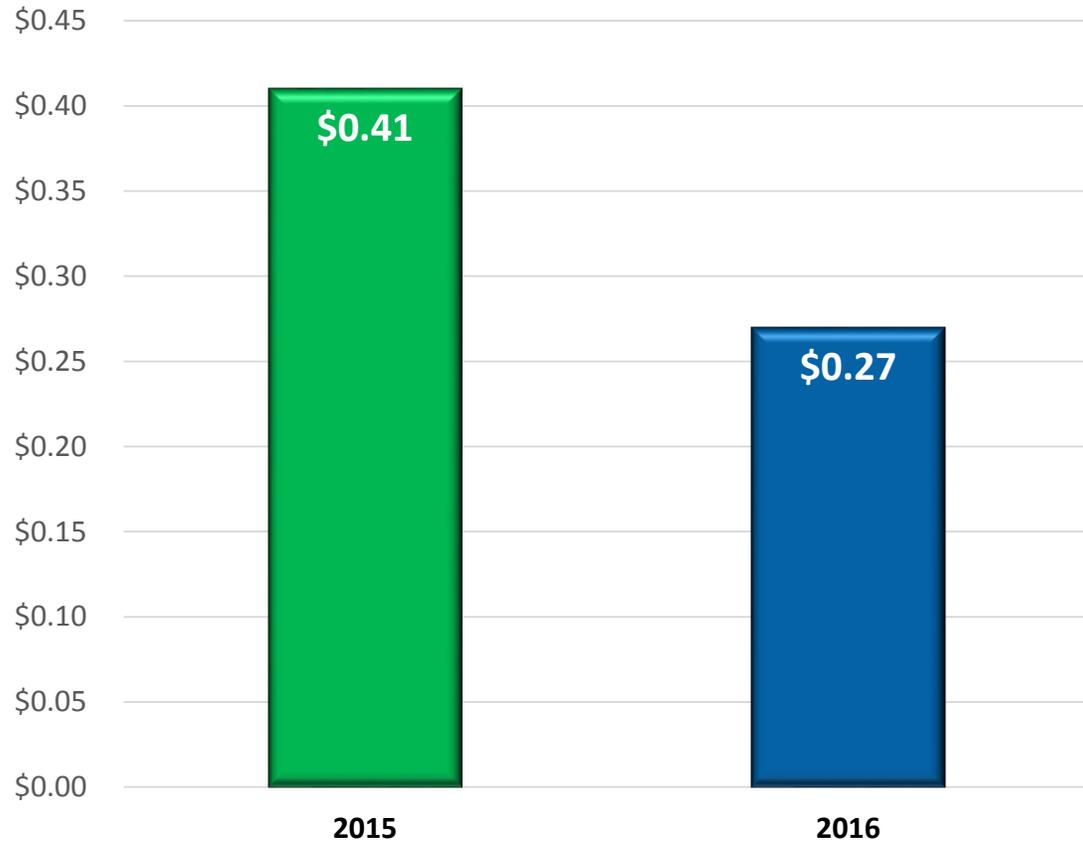
- **Sales of \$212.2M**
 - PEP acquisition contributed \$56.0M
- **Adjusted Earnings Per Share of \$0.27 above the midpoint of our guidance**
- **Adjusted EBITDA of \$35.6M at the top of our guidance range**
- **Adjusted Operating Margins increased 220 bps compared to Q1 2015, exceeding our guidance range**
- **Free Cash Flow ahead of expectations**



1st Quarter 2016 Financial Summary

Adjusted Earnings Per Share

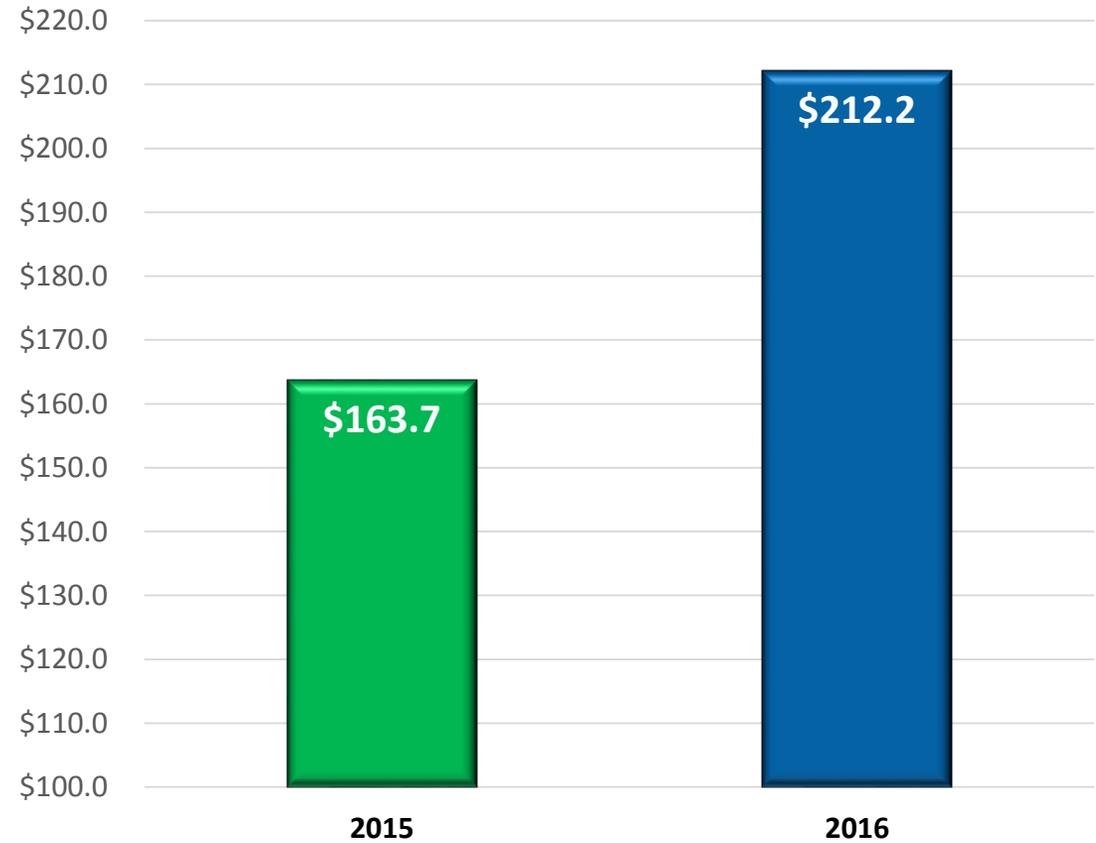
Issued 7.6M shares in Q3 2015



Net Sales

30% growth compared to prior year

In Millions

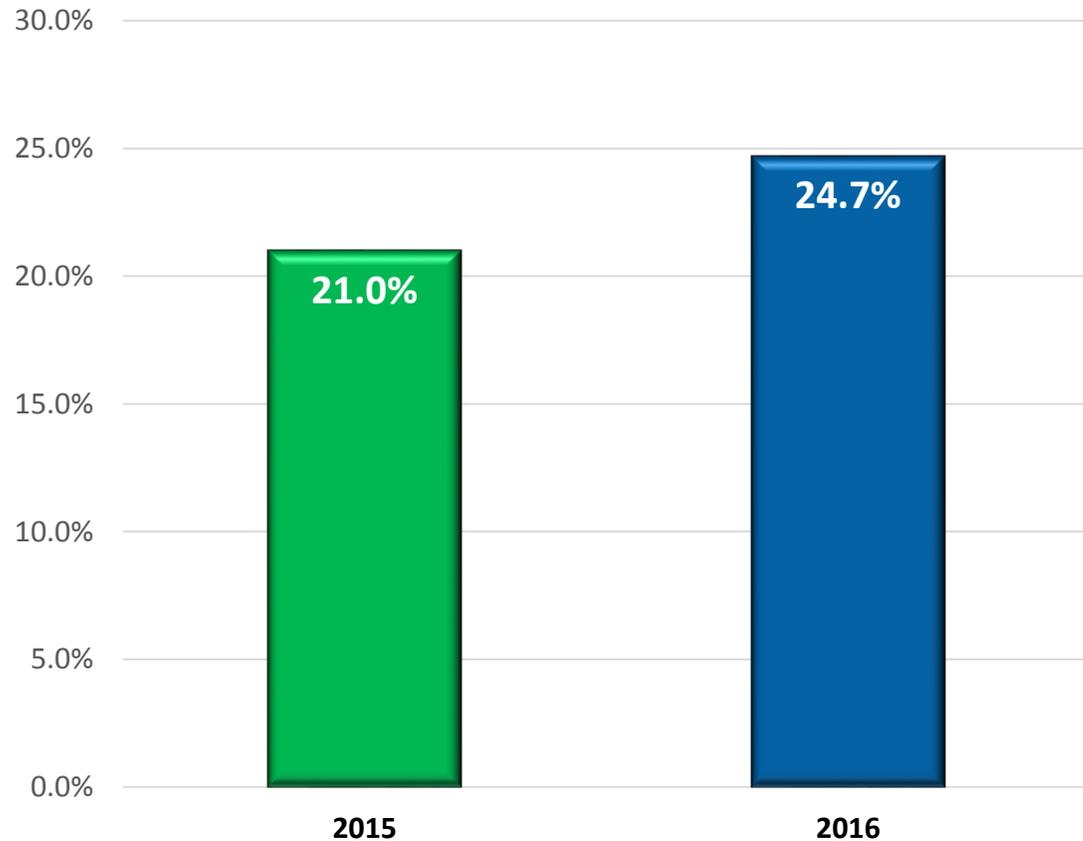




1st Quarter 2016 Financial Summary

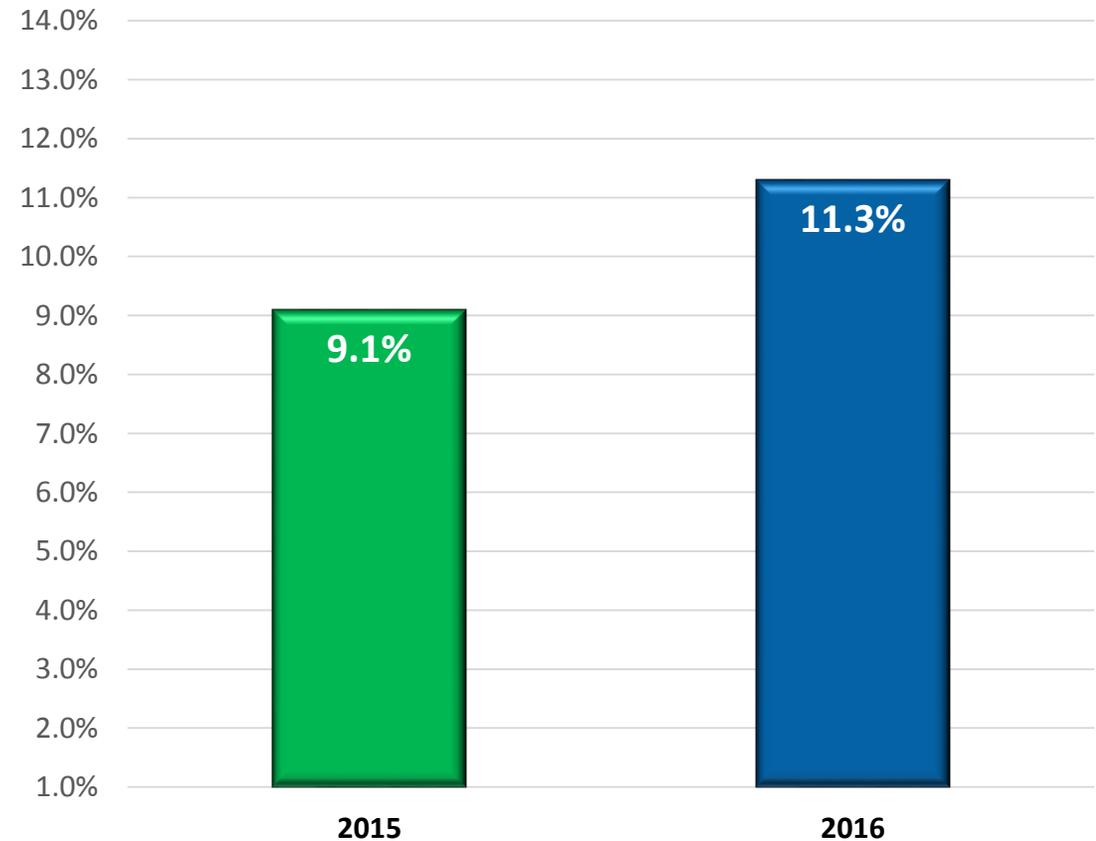
Gross Margin

370 bps improvement driven by acquisition of PEP and the NN Operating System



Adjusted Operating Margin

Continued margin expansion resulting from acquisitions and improvements in the NN Operating System

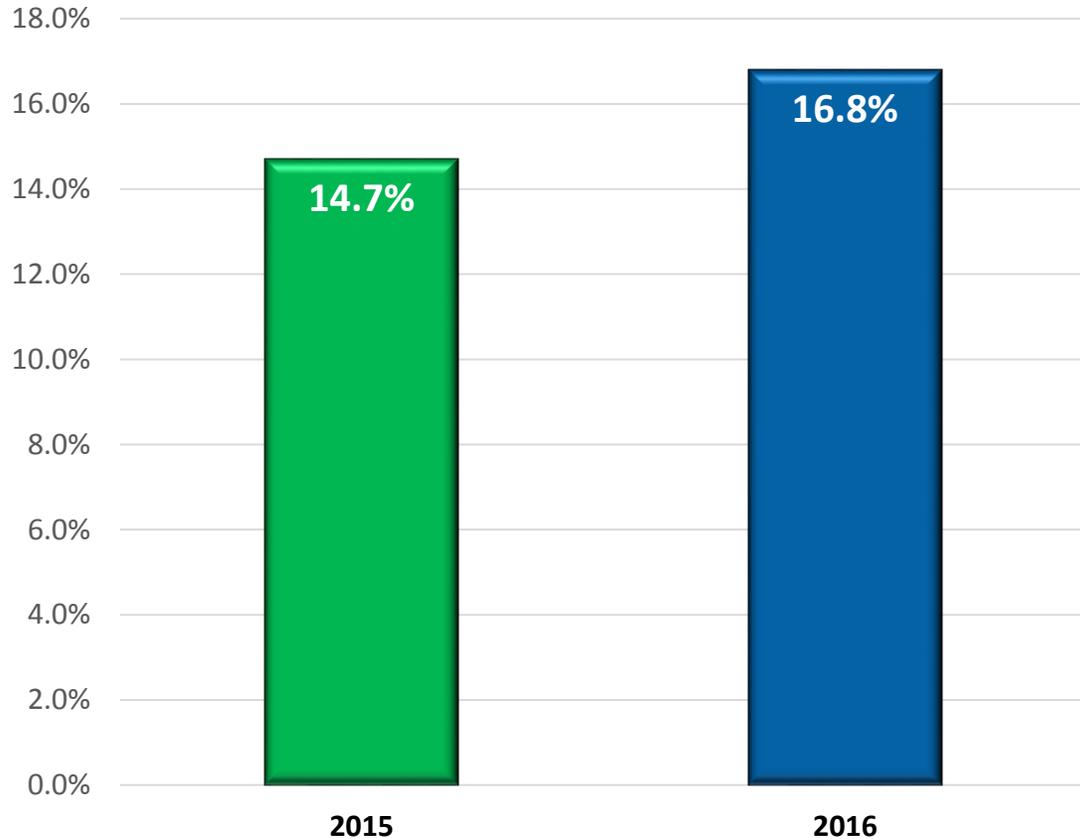




1st Quarter 2016 Financial Summary

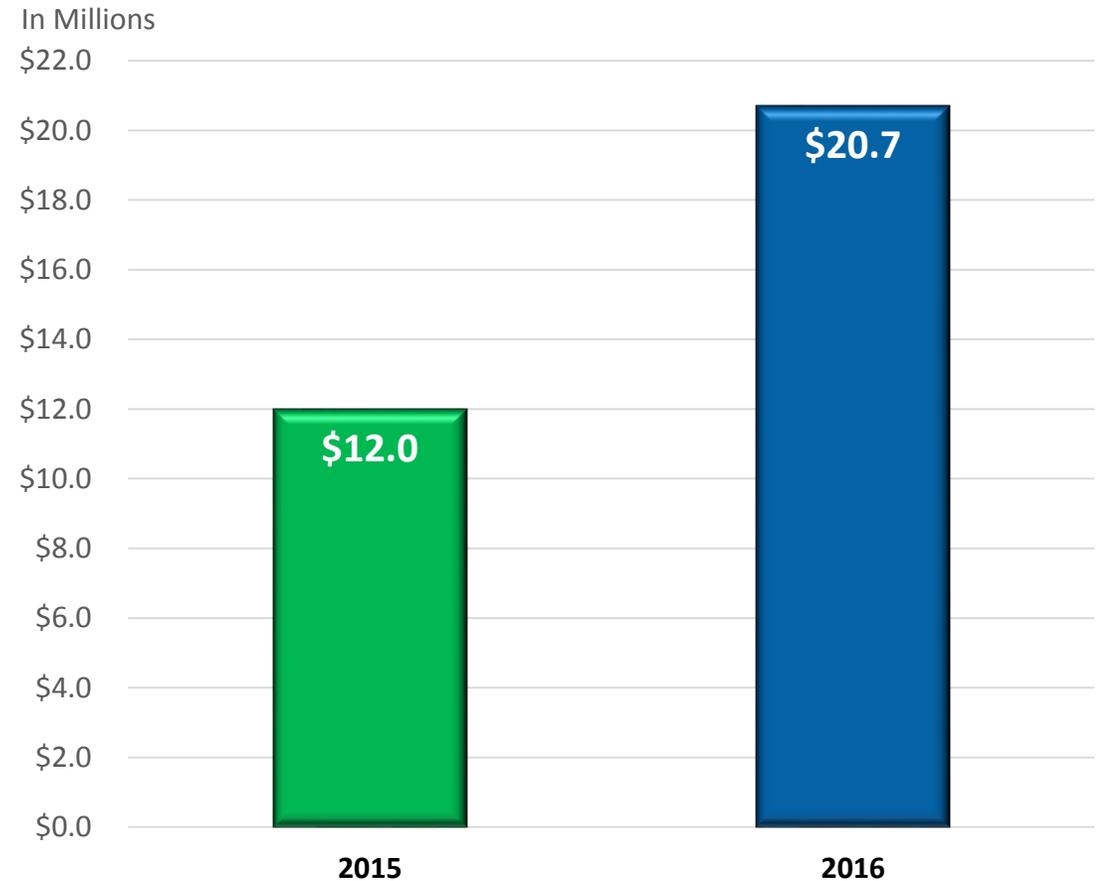
Adjusted EBITDA Margin

210 bps improvement resulting from the acquisition of PEP & the NN Operating System



SG&A

\$5.4 million of the increase from the acquisition of PEP



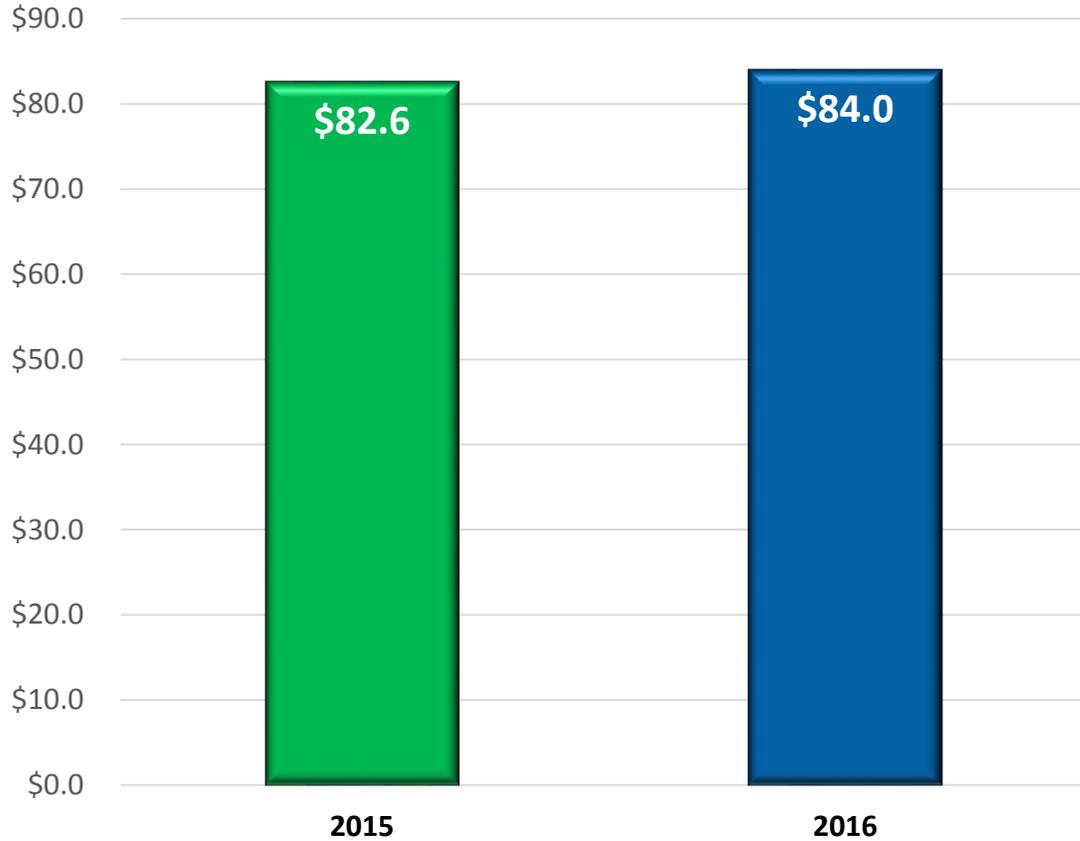


Autocam Precision Components Group

Net Sales

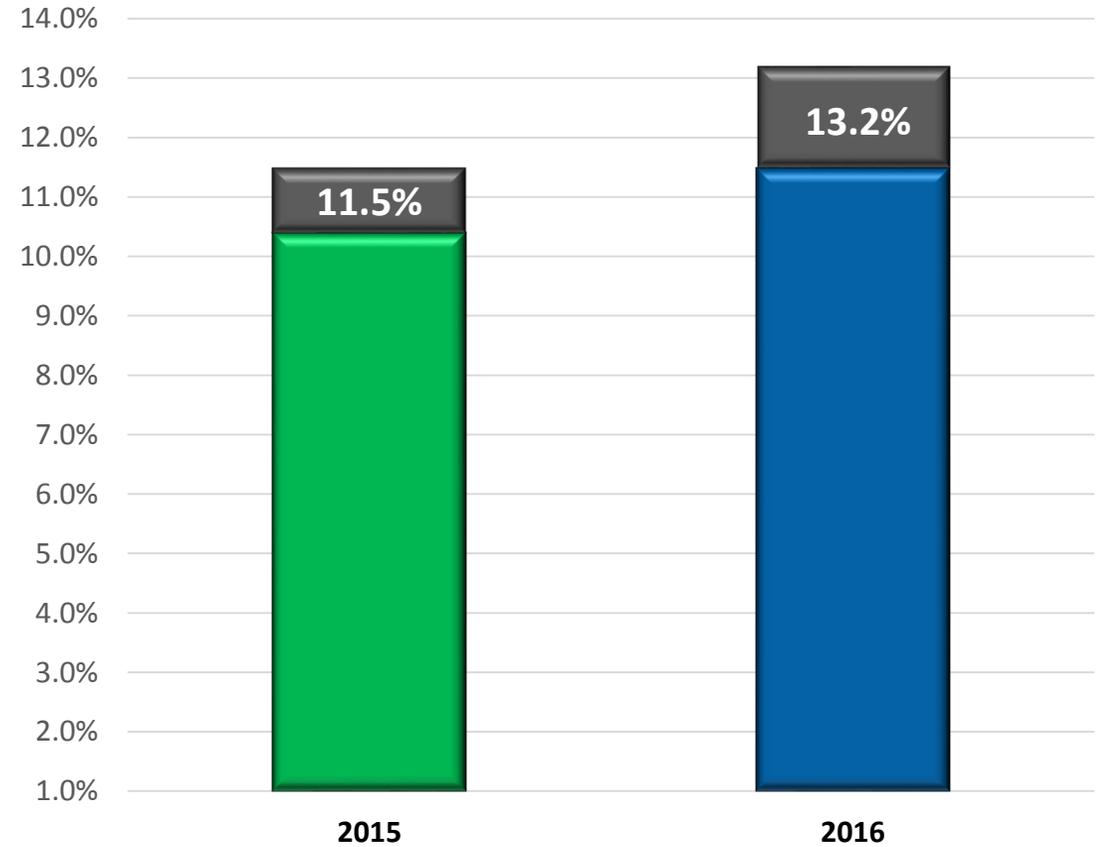
CAFE adoption continues to drive increased content & margin expansion

In Millions



Adjusted Operating Margin

NN Operating System continues to drive margin expansion



■ JV Contribution

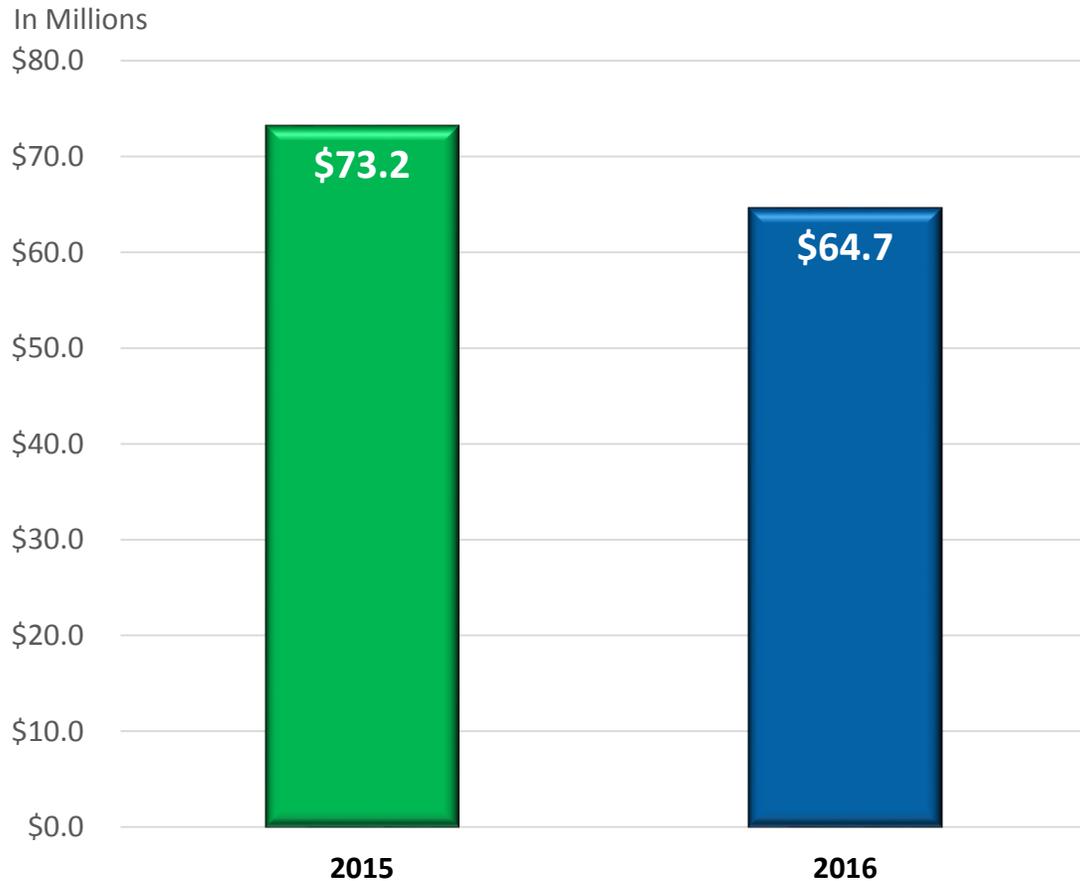
www.nninc.com



Precision Bearing Components Group

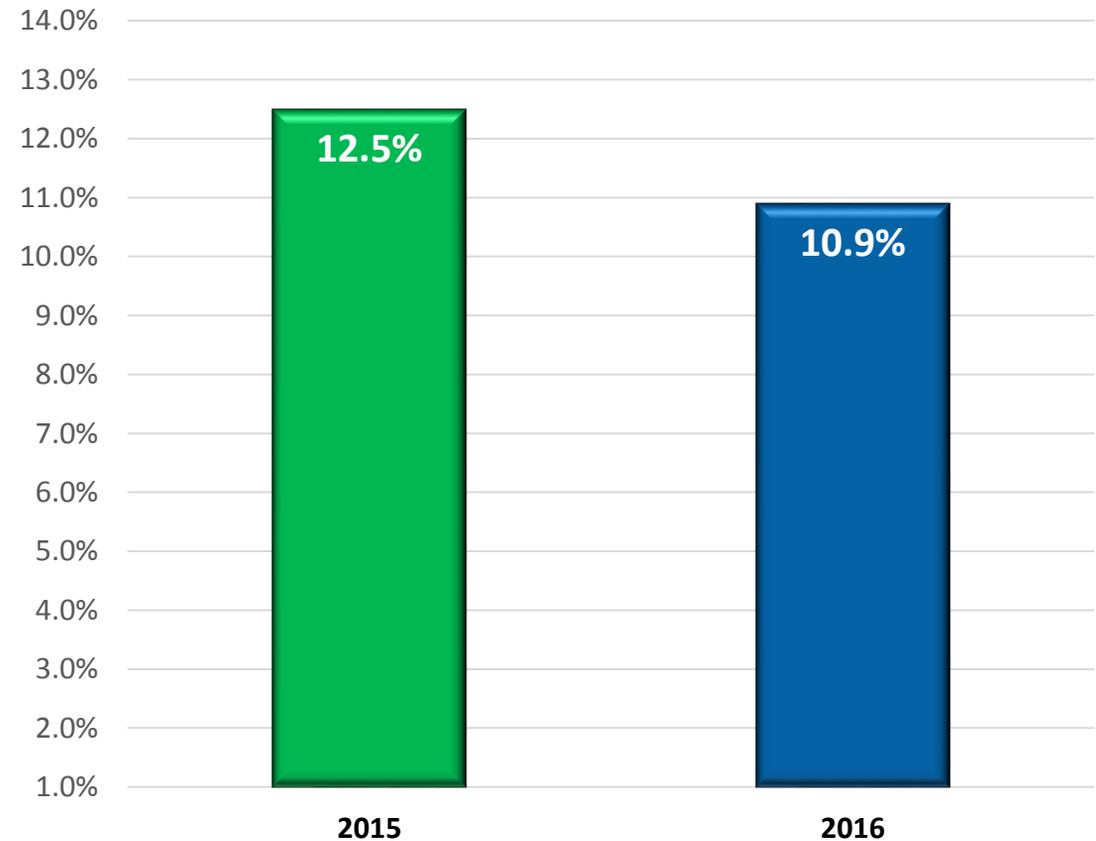
Net Sales

Negative impact of currency translation and industrial end market softness impacted the quarter by \$8.5M



Adjusted Operating Margin

Margins were in line with expectations for the 1st quarter, rebounding from Q4



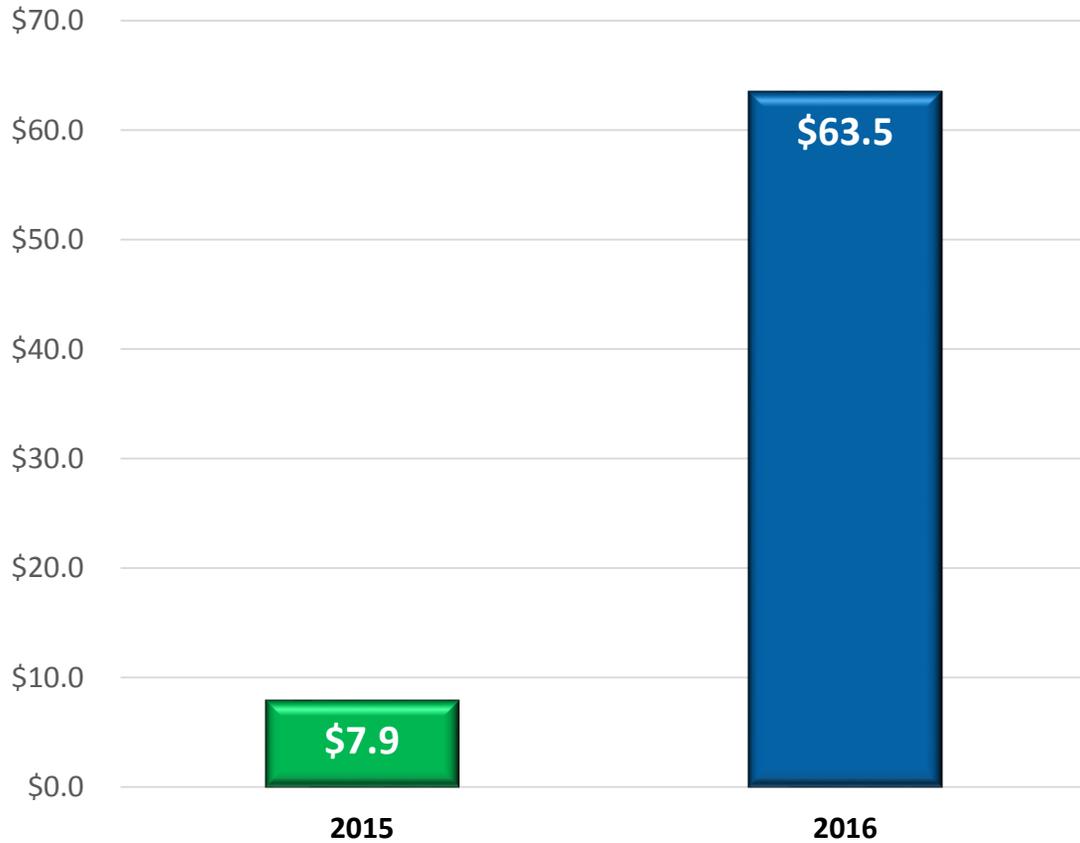


Precision Engineered Products Group

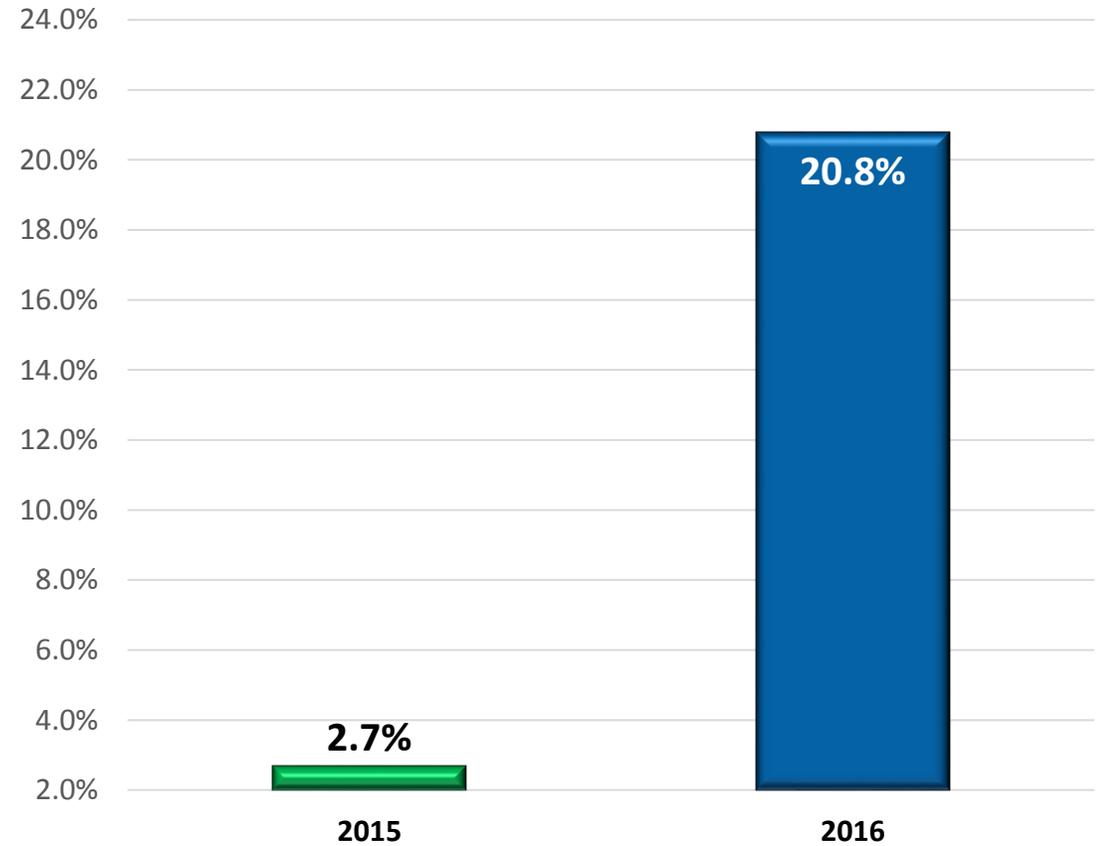
Net Sales

Acquisition of PEP added \$56M

In Millions



Adjusted Operating Margin





1st Quarter Summary

- **First quarter in line with expectations**
- **NN Operating System continues to drive margin expansion**
- **Free Cash Flow better than expected**
- **PBC group rebounded from difficult Q4**
- **Integration of PEP is on track**
- **Reaffirm our 2016 guidance**

A collage of five images representing different industries: a jet engine, power lines, a surgeon, a red car, and gears. The word "Guidance" is centered over the collage.

Guidance



2nd Quarter 2016 Guidance

	First Quarter Actual	Second Quarter Guidance	Commentary
Net Sales	\$212.2M	\$215M - \$225M	Sales continue to increase
Adj. Op Margin	11.3%	13.2% - 14.0%	Margin expansion driven by end market diversification
Adj. EBITDA	\$35.6M	\$40.2M - \$43M	
Adj. EPS	\$0.27	\$0.41 - \$0.48	



2016 Guidance Reaffirmed

	2016	Commentary
Net Sales	\$875M - \$905M	Sales growth of ~30% driven by PEP acquisition
Adj. Operating Margin	12.5% - 13.2%	Driven by improvements in the NN Operating System & PEP acquisition
Adj. EBITDA	\$162.5M - \$175M	
Adj. EPS¹	\$1.60 - \$1.80	
CAPEX	\$40M - \$50M	We continue to invest in growth
Adj. Tax Rate²	22% - 26%	
Free Cash Flow³	\$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

A collage of five images: a jet engine, a power line tower, a surgeon in blue scrubs, a red sports car, and a close-up of metal gears. The text 'Reconciliation Tables' is overlaid in white on a dark horizontal band across the center.

Reconciliation Tables



Reconciliation of Adjusted Income from Operations

Reconciliation of income from operations to adjusted income from operations:

NN, Inc - Total Company

Three Months Ended March 31,

	<u>2016</u>		<u>2015</u>	
	\$'000	% of Sales	\$'000	% of Sales
Income from operations	\$11,874	5.6%	\$13,934	8.5%
Restructuring & impairment charges	2,963	1.4%	-	0.0%
Acquisition & integration expenses	3,263	1.5%	-	0.0%
Amortization of intangibles	5,926	2.8%	983	0.6%
Adjusted income from operations	<u>\$24,026</u>	<u>11.3%</u>	<u>\$14,917</u>	<u>9.1%</u>
Total Sales	\$212,226		\$163,746	

Reconciliation of income from operations to adjusted income from operations:

NN, Inc - Precision Bearing Components Group

Three Months Ended March 31,

	<u>2016</u>		<u>2015</u>	
	\$'000	% of Sales	\$'000	% of Sales
Income from operations	\$6,326	9.8%	\$9,089	12.4%
Restructuring & impairment Charges	689	1.1%	-	0.0%
Amortization of intangibles	58	0.1%	73	0.1%
Adjusted income from operations	<u>\$7,073</u>	<u>10.9%</u>	<u>\$9,162</u>	<u>12.5%</u>
Total Sales	\$64,745		\$73,236	

Reconciliation of income from operations to adjusted income from operations:

NN, Inc - Autocam Precision Components Group

Three Months Ended March 31,

	<u>2016</u>		<u>2015</u>	
	\$'000	% of Sales	\$'000	% of Sales
Income from operations	\$6,527	7.8%	\$7,718	9.3%
Restructuring & impairment Charges	2,274	2.7%	-	0.0%
Acquisition & integration expenses	-	0.0%	-	0.0%
Amortization of intangibles	885	1.1%	910	1.1%
Adjusted income from operations	<u>\$9,686</u>	<u>11.5%</u>	<u>\$8,628</u>	<u>10.4%</u>
China JV Contribution	1,400		861	
Adjusted income from operations	\$11,086	13.2%	\$9,489	11.5%
Total Sales	\$83,990		\$82,622	

Reconciliation of income from operations to adjusted income from operations:

NN, Inc - Precision Engineered Products Group

Three Months Ended March 31,

	<u>2016</u>		<u>2015</u>	
	\$'000	% of Sales	\$'000	% of Sales
Income from operations	\$5,421	8.5%	\$213	2.7%
Restructuring & impairment Charges	-	0.0%	-	0.0%
Acquisition & integration expenses	2,777	4.4%	-	0.0%
Amortization of intangibles	4,983	7.8%	-	0.0%
Adjusted income from operations	<u>\$13,181</u>	<u>20.8%</u>	<u>\$213</u>	<u>2.7%</u>
Total Sales	\$63,491		\$7,888	



Reconciliation of Adjusted EBITDA

Reconciliation of net income to adjusted EBITDA:

NN, Inc - Total Company

Three Months Ended March 31,

Reconciliation of net income to adjusted EBITDA:

NN, Inc - Total Company

	<u>2016</u>	<u>2015</u>	<u>Change</u>
Net income	(\$1,299)	\$ 6,001	-\$ 7,300
Provision for income taxes	(720)	1,456	(2,174)
Interest Expense	16,422	5,938	10,484
Write off of unamortized debt issuance cost	-	-	-
Depreciation & Amortization	17,348	8,494	8,854
Acquisition & Integration Expenses	775	-	775
Non-cash stock compensation	1,001	783	218
Non-cash foreign exchange (gain) loss on intercompany loans	(882)	1,384	(2,266)
Restructuring & impairment charges	2,963	-	2,963
Adjusted EBITDA	<u>\$ 35,608</u>	<u>\$ 24,056</u>	<u>\$ 11,554</u>
	16.8%	14.7%	2.1%



Reconciliation of Adjusted Net Income

Reconciliation of net income to adjusted net income:

NN, Inc - Total Company

	Three Months Ended March 31, 2016		Three Months Ended March 31, 2015	
	<u>In Thousands</u>	<u>Diluted Earnings Per Share</u>	<u>In Thousands</u>	<u>Diluted Earnings Per Share</u>
Net income	(\$1,299)	(0.05)	6,001	\$ 0.31
After-tax acquisition and integration costs	2,422	0.09	-	-
After-tax foreign exchange loss on inter-company loans	(654)	(0.02)	886	0.04
Restructuring & impairment charges	2,198	0.08	-	-
Amortization of intangibles & deferred financing costs	4,459	0.17	1,140	0.06
Adjusted net income	<u>\$ 7,126</u>	<u>\$ 0.27</u>	<u>\$ 8,027</u>	<u>\$ 0.41</u>



2nd Quarter Guidance – Adjusted Operating Margin

Reconciliation of income from operations to adjusted income from operations:

NN, Inc - Total Company

	Three Months Ending June 30, 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	\$19,397	9.0%	\$22,597	10.0%	\$80,070	9.2%	\$90,600	10.0%
Restructuring & impairment charges	3,000	1.4%	3,000	1.3%	4,000	0.5%	4,000	0.4%
Acquisition & integration expenses	-	0.0%	-	0.0%	1,000	0.1%	1,000	0.1%
Amortization of intangibles	5,926	2.8%	5,926	2.6%	24,000	2.7%	24,000	2.7%
Adjusted income from operations	\$28,323	13.2%	\$31,523	14.0%	\$109,070	12.5%	\$119,600	13.2%
Total Sales	\$215,000		\$225,000		\$875,000		\$905,000	



2nd Quarter Guidance – Adjusted EBITDA

Reconciliation of net income to adjusted EBITDA:

NN, Inc - Total Company	Three Months Ending June 30, 2016	
	<u>Low</u>	<u>High</u>
Net income	\$4,267	\$6,129
Provision for income taxes	247	1,104
Interest Expense	16,598	16,598
Depreciation & Amortization	15,286	15,286
Acquisition & integration expenses	-	-
Non-cash stock compensation	875	875
Restructuring & Impairment Charges	<u>3,000</u>	<u>3,000</u>
Adjusted EBITDA	<u>\$ 40,273</u>	<u>\$ 42,992</u>

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
Non-cash stock compensation	3,500	4,500
Restructuring & Impairment Charges	<u>3,000</u>	<u>4,000</u>
Adjusted EBITDA	<u>\$ 160,500</u>	<u>\$ 175,000</u>



2nd Quarter Guidance – Adjusted Net Income & EPS

Reconciliation of EPS to adjusted EPS:

NN, Inc - Total Company

	Three Months Ending June 30, 2016			
	Low		High	
	In Thousands	Earnings Per Share	In Thousands	Earnings Per Share
Net income	\$4,267	\$0.16	\$6,129	\$0.23
After-tax acquisition and integration costs	-	-	-	-
Restructuring & Impairment Charges	2,400	0.09	2,400	0.09
Amortization of intangibles & deferred financing costs	4,460	0.16	4,460	0.16
Adjusted net income	<u>\$ 11,127</u>	<u>\$ 0.41</u>	<u>\$ 12,989</u>	<u>\$ 0.48</u>
Weighted average diluted shares outstanding	27,170		27,170	

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	0.0236
Restructuring & Impairment Charges	4,000	0.15	2,560	0.0942
Amortization of intangibles & deferred financing costs	18,441	0.68	18,741	0.6898
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	



Guidance – Free Cash Flow

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 ⁺	<u>\$50,000</u>	<u>\$60,000</u>

*Excludes deferred financing cost

+ Free cash flow available for debt repayment