



## 2021 Investor Update



# Forward Looking Statement & 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, pending and completed transactions and other risks associated with international trade, the Company's dependence on certain major customers, the impacts of the coronavirus (COVID-19) pandemic on the Company's financial condition, business operations and liquidity, foreign currency volatility, unstable economic growth, fluctuations in unemployment rates, retention of key employees, outcomes of legal proceedings, claims and investigations 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 Form 10-K for the fiscal year ended December 31, 2020.

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](http://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.

# Key Management



## **Warren Veltman**

*President and Chief Executive Officer*

- Appointed as President and CEO in September 2019
- Previously served as EVP of the Mobile Solutions Group after NN's acquisition of Autocam in 2014
- Served as CFO and Treasurer of Autocam Corporation and Autocam Medical from 1991 until 2014
- Prior to Autocam, worked as an audit manager with Deloitte & Touche
- Received BBA from University of Michigan; Certified Public Accountant



## **Thomas DeByle**

*Senior Vice President and Chief Financial Officer*

- Joined NN in September 2019 as Senior Vice President and CFO
- Prior to NN, he served as the CFO, VP, and Treasurer of Standex International since 2008
- Held multiple finance leadership roles with Ingersoll Rand, Actuant Corporation and Johnson Controls
- Serves on Chase Corporation Board of Directors
- Received MBA from Marquette University; Certified Public Accountant



## Today's Agenda

- Business Overview
- Transformational Growth
- 2025 Outlook

# NN at a Glance: Highly customized end-to-end solutions provider...

Two Segments: Power Solutions and Mobile Solutions

Best-in-class high-precision components and assemblies

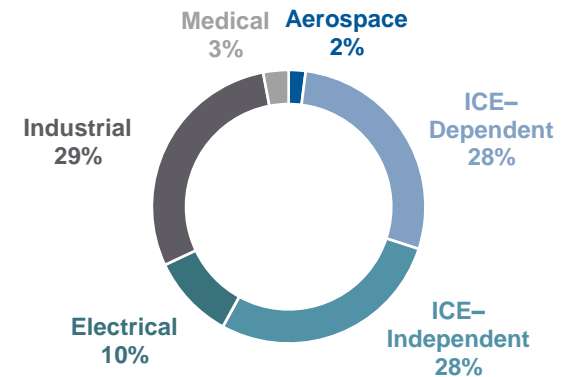
Strong reputation and steady foundational business

Key partner in the supply chain

Adds strategic value throughout the life cycle



Revenue by end market



2020 revenue:  
**\$428 mm**

2020 Adj. EBITDA:  
**\$46.5 mm**



Operating tolerance:  
**<10 microns**



Repeatable manufacturing:  
**1.5 billion+**  
components sold in the last 12 months



Best-in-class product quality:  
routinely **<5 PPM**



Customers:  
**1,150+** globally



Employees:  
**~3,500**

# ...that operates a portfolio of high-quality assets comprising two segments...

## Mobile Solutions

Key brands

**autocam**

Key end markets

CAFE<sup>1</sup> and electrification technologies, fuel and electronic power steering systems, general industrial

2020 revenue

**\$256mm**

2020 Adj. EBITDA

**\$40mm**  
**15.7%**

'20-'25E revenue CAGR

**~6.0 – 7.0%**

Sampling of Key customers



**BOSCH**



**DENSO**



**EMERSON**

**Nidec**



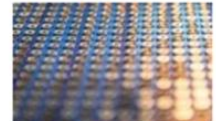
## Core capabilities



**Rotary transfer machining**



**Precision secondary machining**



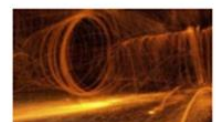
**Ultra-finishing**



**Precision turning, grinding and milling**



**Gear manufacturing**



**Heat treatment**



**Laser welding**



**Sub-assembly**



**In-house design and tooling**

**Mobile Solutions provides tier-1 suppliers with a development partner, dependable product quality, unmatched speed to market and advanced precision engineering capabilities**

Note: excludes corporate segment adjusted EBITDA

<sup>1</sup> National Highway Traffic Safety Administration standards regulating vehicle fuel economy for light and heavy-duty vehicles in the United States



# ...that service a diverse mix of end markets on a global basis

## Power Solutions

Key brands



**PRECISION  
ENGINEERED  
PRODUCTS**

Brainin

Key end markets

Commercial and residential electric,  
general industrial, automotive,  
aerospace & defense

2020  
revenue

**\$171mm**

2020 Adj.  
EBITDA

**\$27mm**  
**15.7%**

'20-'25E  
revenue  
CAGR

**~8.0 – 9.0%**

Sampling  
of Key  
customers

**Itron**

**SIEMENS**  
*Ingenuity for life*

**Sensata**  
Technologies

**ETHICON**  
a Johnson & Johnson company

**TE**  
connectivity

**Raytheon**

## Core capabilities



**Plastic  
machining and  
polishing**



**Metal  
machining**



**Clad and  
specialty metals**



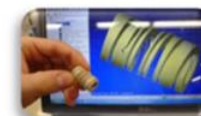
**Precision  
stamping**



**Electrical  
contacts**



**Precision plated  
parts and surface  
finishing**



**Rapid  
prototyping**



**Precision  
injection  
molding**

**Power Solutions provides customers with manufacturing capabilities to help co-design and produce safe, durable, and high-quality mission-critical components across a flexible volume / mix platform**



# Recent Business Evolution



**NN's recently completed strategic alternatives review and refinancing procedures provide financial flexibility to support the Company's next stage of growth**



# Why NN wins – our unique value proposition

NN provides engineered solutions to customers...

- ✓ State-of-the-art engineering capabilities
- ✓ Close-tolerance manufacturing and in-house tooling development
- ✓ Integrated supply chain capabilities
- ✓ Application-specific co-design and co-engineering capabilities
- ✓ A focus on quality with speed, with regulatory certifications
- ✓ Capacity to grow with their needs

...that serve mission critical applications



- Advanced powertrain, steering and braking technologies increasing fuel economy by ~30% without impacting the utility of vehicles



- Smart grids / meters lower energy production costs and usage in a world constantly looking for more efficient living



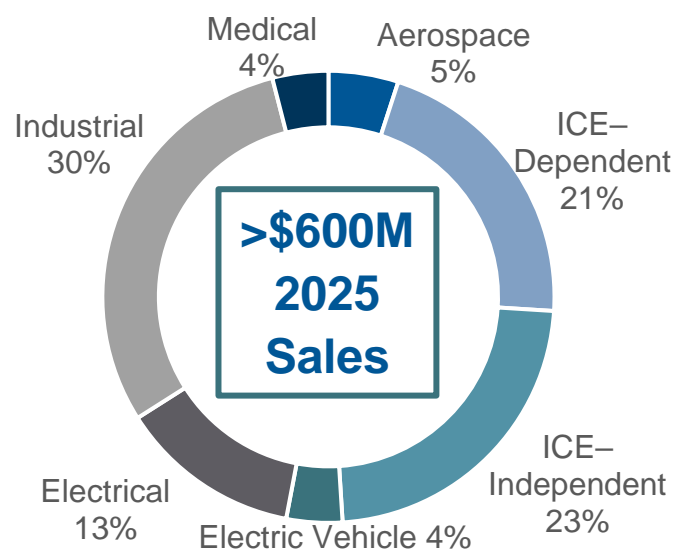
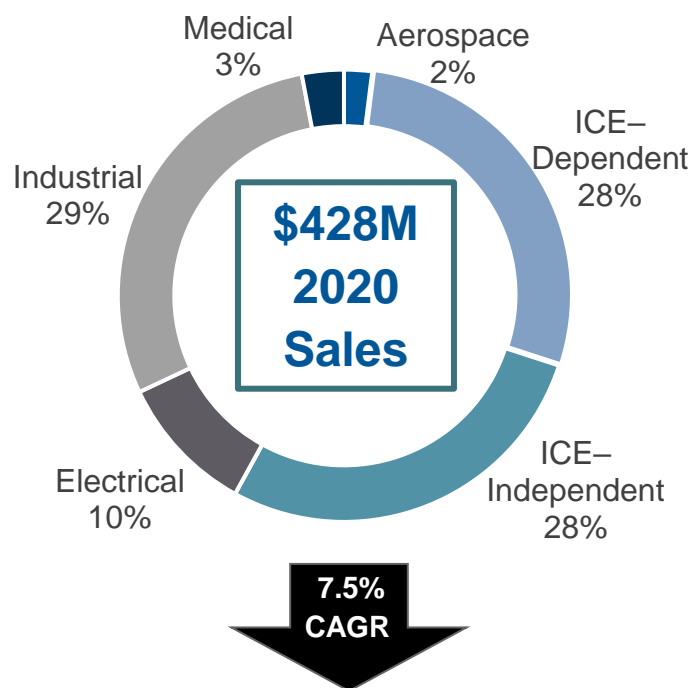
- Fuel, hydraulic and structural components that enable safe space transportation for satellites and rockets

# Culture of Long-Term Success

- ✓ • **Deploy a “Founder’s Mentality” across the enterprise**
  - Eliminate bureaucracy and treat the business as your own
  - Empowering employees to identify innovative solutions
- ✓ • **Investing in employees**
  - Training programs transferred to Power Solutions
  - Shainin – problem solving
  - Leadership training
  - Apprenticeship/Co-op programs
- ✓ • **Expanding the customer development engineering group with a focus on Power Solutions**
  - Leverage relationships for increases in opportunities with existing customers
  - Identify new business opportunities to leverage our strengths to solve customer needs



# Strong Runway for Transformational Growth

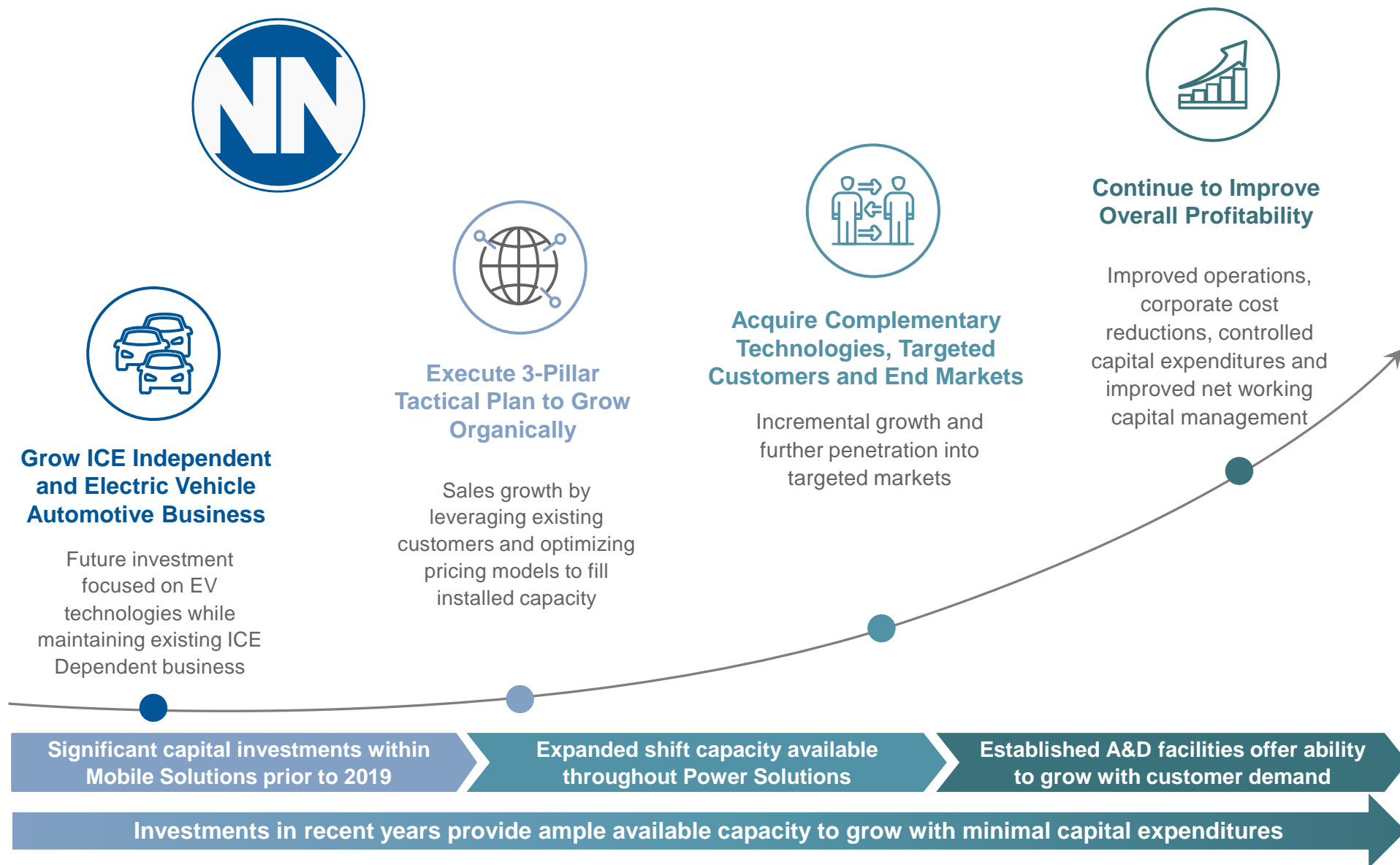


NN Markets	5 Year CAGR	Addressable Market
ICE <sup>1</sup> Independent	+6% to +9%	~\$4.0 Billion
ICE Dependent	-2% to +5%	~\$5.0 Billion
Electric Vehicle	+20%	~\$4.0 Billion
Industrial	+3% to 5%	~\$11.0 Billion
Electrical	+5% to 7%	~\$5.0 Billion
Aerospace	+4% to 6%	~\$7.0 Billion
Medical	+7% to 9%	~\$4.0 Billion

Targeted Adj. EBITDA as a % of Sales between 16-18% by 2025



# Multiple Growth and Profitability Initiatives and Drivers





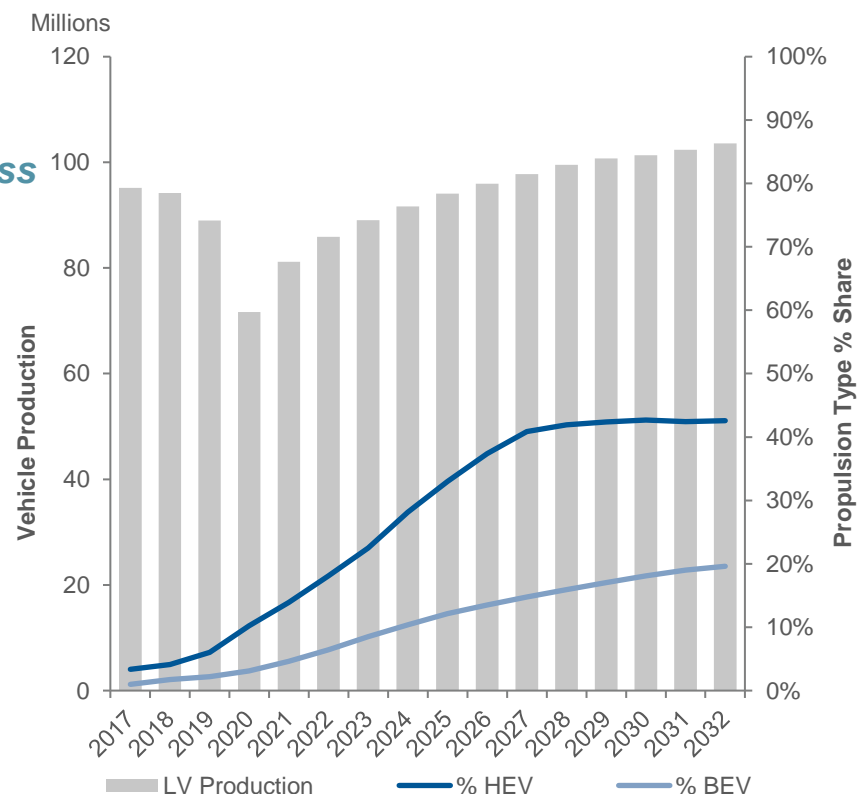
# Agnostic Product Lines Facilitating ICE, Hybrid or BEV

*NN is well positioned for the ICE transition:*

- *Capital equipment is flexible and re-deployable*
- *We maintain strong relationships with our customers*
- *The EV transition will benefit the Power Solutions business*
- *Precision engineered components are essential for EV*

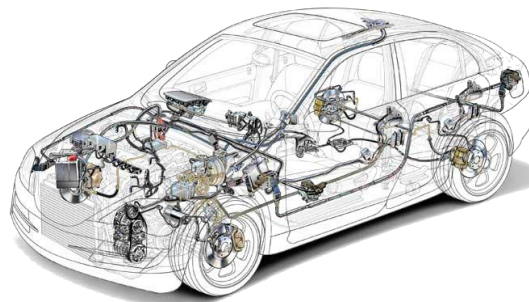
Current Product Lines	ICE	Hybrid	BEV
Electric Power Steering	✓	✓	✓
Braking (Electric & Regenerative)	✓	✓	✓
Transmissions	✓	✓	✓
Armature Shafts & Hollow Worms	✓	✓	✓
Air Bag / Safety Systems	✓	✓	✓
Electric Motors (including Traction)	✓	✓	✓
Sensors / Cameras	✓	✓	✓
Miscellaneous Auto	✓	✓	✓
Auto-Electrical (Power Solutions)	✓	✓	✓
Auto-Ride (Power Solutions)	✓	✓	✓
Connectors	✓	✓	✓
Battery Management & Inverters	-	✓	✓
Battery Packs	-	✓	✓
Valve Train	✓	✓	-
Gasoline Fuel Injection	✓	✓	-

Global Production 2017-2032, % Share by Propulsion Type



Source: IHS Markit September 2020: Alternative Propulsion PLUS Forecast

*Increase in market share of full BEV will be absorbed by increases in global auto production levels.*





# Execute 3-Pillar Tactical Plan for Continued Growth



## 1 Wallet Share Expansion

- Leverage key relationships with existing customers
- NN customer service, engineering, advanced development, quality



## 2 Revival / Cross-sell

- Leverage relationships with former customers or other NN segment customers
- Facilitated through strong communication within and across groups / platforms



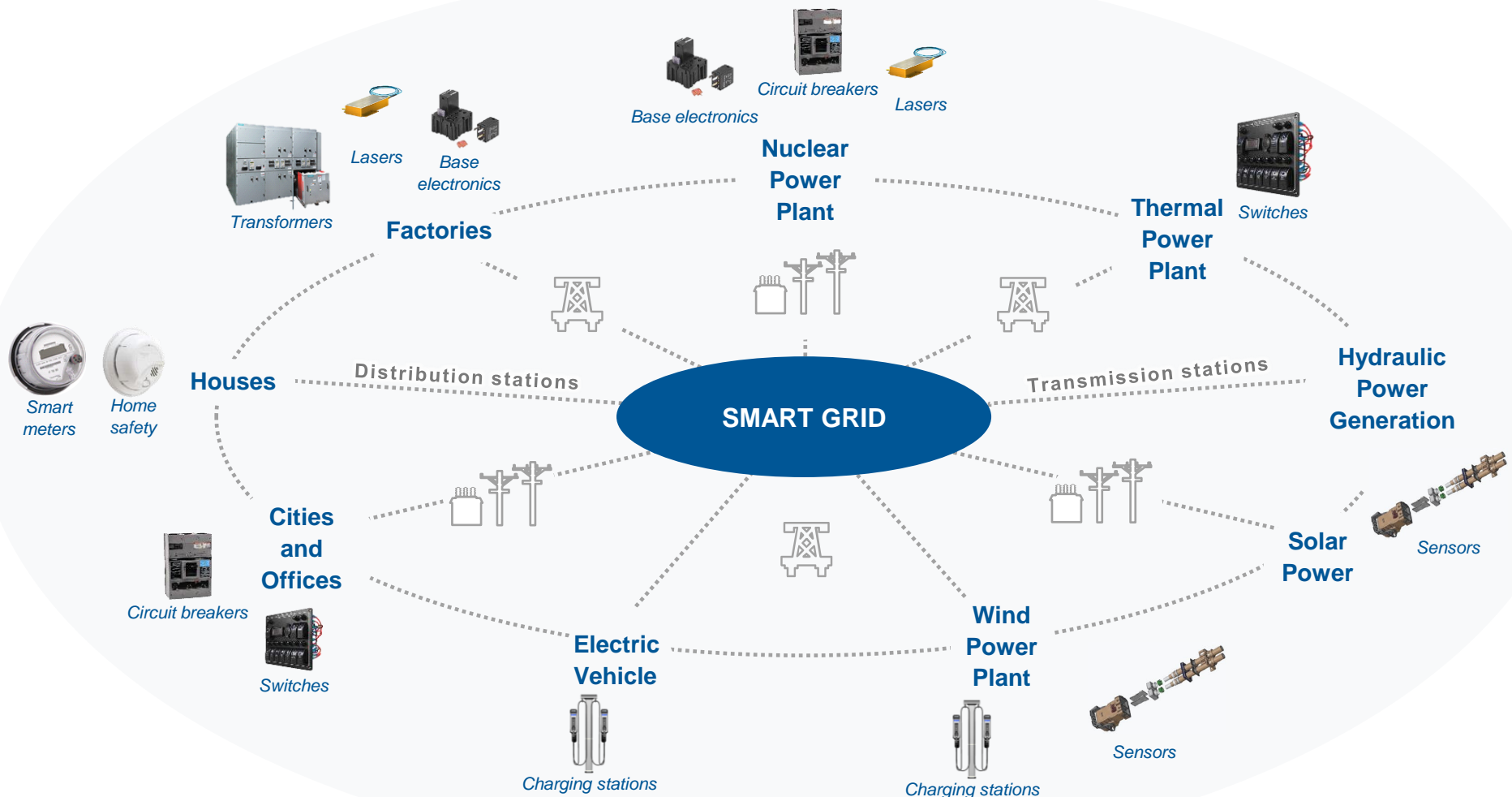
## 3 New Targets

- Expand deeper into industries served by leveraging industry knowledge and experience
- Adjacent markets / emerging technologies

**Global manufacturing footprint has flexibility and capacity to drive sales growth with minimal incremental capital expenditure**



# Significant opportunity in Grid Modernization



*Expansion throughout Power Distribution channels with focused efforts in Renewable Integration, Residential, and Industrial / Commercial applications.*





# Acquire Complementary Technologies, Targeted Customers and End Markets

## Approach to acquisition-driven growth:



### Complementary Technologies

- Gear manufacturing
- Electric motor drive and switching
- EV battery thermal management
- General industrial spool valves
- Surgical robot end effectors



### Customers in Adjacent and Existing End Markets

- Smart grid / meters / EV charging station infrastructure
- Tier 1 EV auto technology, including hydrogen fuel cell development
- Commercial launch and micro satellite components
- General industrial HVAC, motor & valving



### Geographies

- Establish presence in countries and regions leading the transition to electric vehicles (e.g., China and Europe)
- Acquire targets serving Power Solutions end markets in countries that already have a Mobile Solutions presence
- Increase manufacturing capabilities in low-cost countries such as China, Mexico, Brazil and Poland

**Disciplined approach to acquire bolt on complementary technologies, targeted customers, or end markets in the range of \$20M - \$40M**



# Continue to Improve Overall Profitability

*Over the past 18 months, the NN team made significant strides to improve operating efficiencies and conserve cash, with more actions currently underway*

## Key profitability initiatives



### Efficiencies across Power and Mobile

- Continue integration of SG&A functions
- Post-COVID inventory and materials management optimization
- Continued labor productivity improvement within AD&M
- Further optimization of in-house tool making opportunities



### Facility optimization

- Streamline underutilized facilities
- Expand key low-cost country facilities
  - Mexico, China, Poland, Brazil
- Rationalize underperforming facilities/submarkets

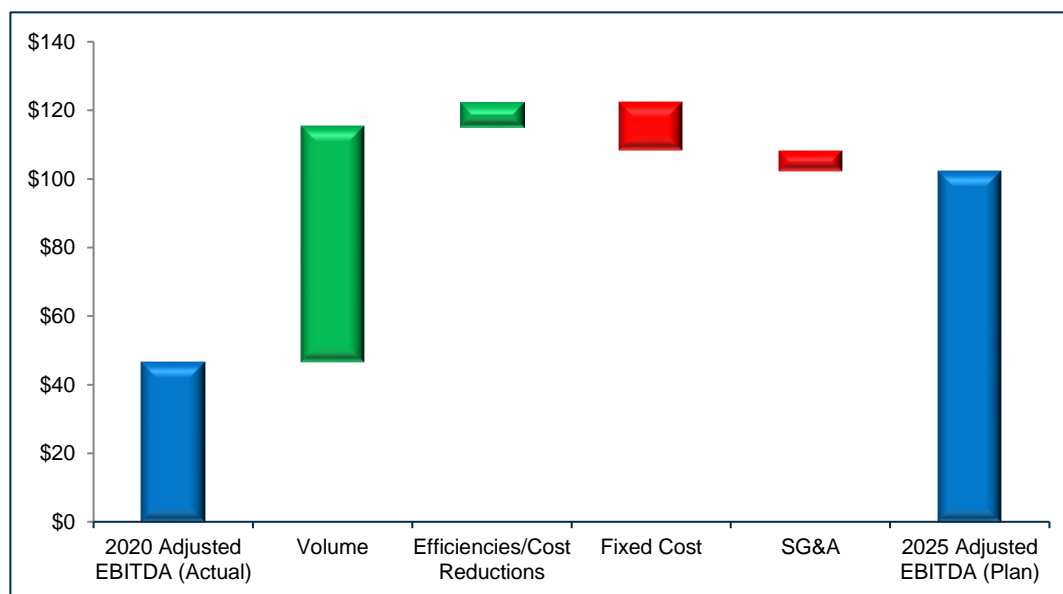
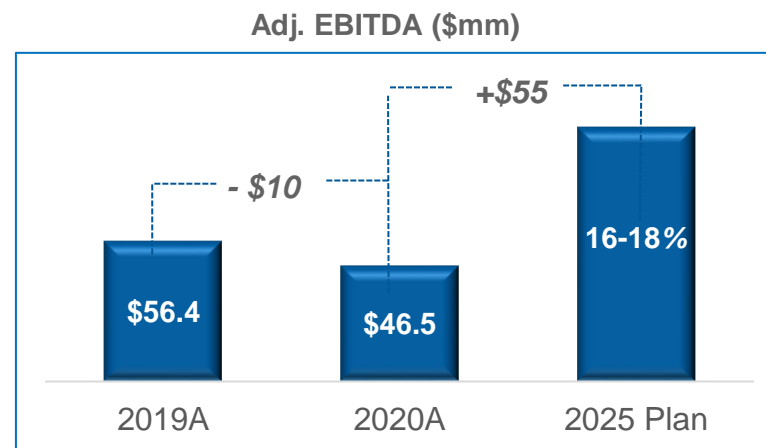
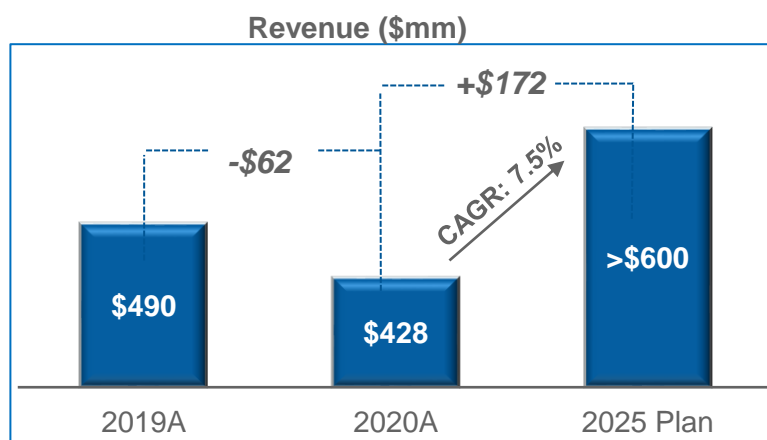


### Improved operating and financial systems

- Finalize updates to Customer Relationship Management system
- Complete low volume/high mix ERP system installment within key Power Solutions facilities
- Expand capacity and demand forecasting capabilities

*The Result: Significantly boost NN's long-term profitability and cost profile*

# Sales and Profitability 2020 to 2025 Outlook

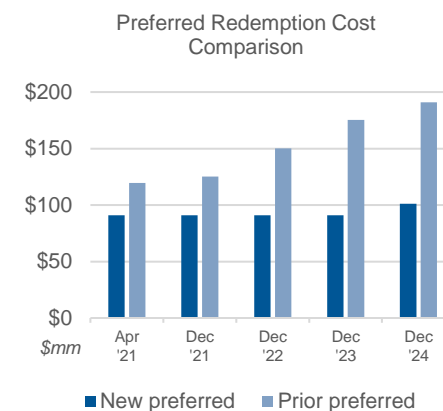
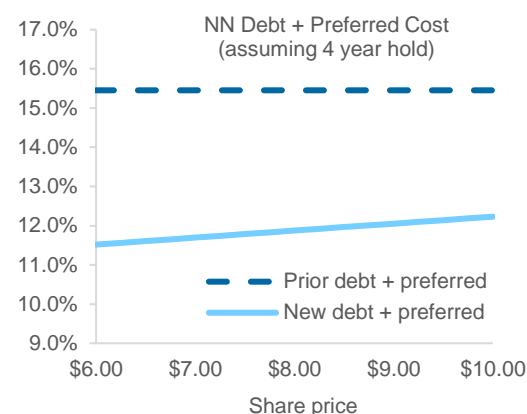
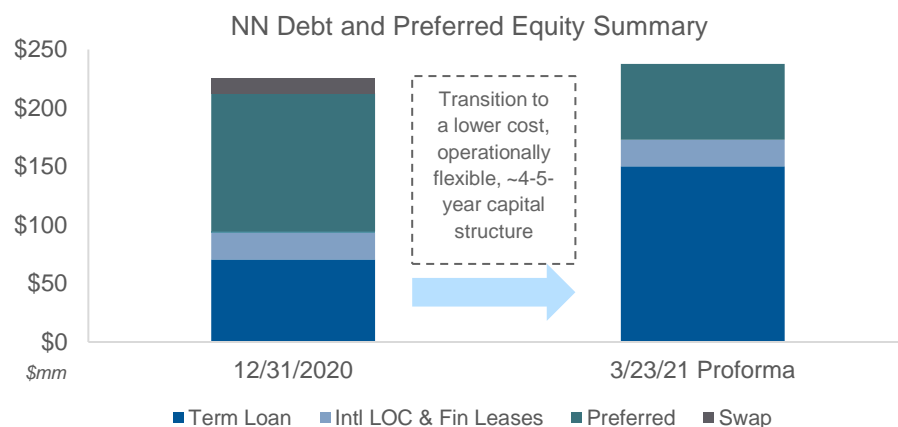


## Steps to achieve results

- ✓ Exposure to end market megatrends
- ✓ Mobile Solutions pursuing opportunities with electric motors and electric power steering
- ✓ Power Solutions growing supporting growth in Electric Vehicles, Smart Grid applications along with Aerospace and Defense
- ✓ Leverage global manufacturing footprint
- ✓ Continued cost discipline, increase capacity utilization and facility consolidation

**Sales growth of >\$600 million with a 16-18% Adjusted EBITDA Margin by 2025**

# Recapitalization



***New capital structure provides financial and operational flexibility with long-term strategic partners that will allow NN to focus on serving its customers and delivering value to its shareholders***

## Takeaways:

- Structure includes \$150 million term loan, \$65 million preferred equity, and \$50 million undrawn ABL
- Successfully shifts from short-term mezzanine capital structure with near term debt maturities, to longer-term capital structure with the flexibility to address strategic growth for our 2025 plan
- Reduces blended cost of debt and equity from ~15% to ~12%
- Eliminate punitive preferred redemption premium
- Lower leverage position viewed more favorably by customers and suppliers

# 2021-2025 Path to Success

- **Organic growth to >\$600M in revenue;** Power growth rates of 8%-9%; Mobile growth rates of 6%-7%;
- **Growth driven by exposure to market megatrends** in Smart Grid, Electrification, and Aerospace and Defense
- **Targeted Adjusted EBITDA margin of 16-18%**
- **Long term capital structure** in place enabling financial flexibility
- **Continued discipline on cash** with focus on working capital, debt reduction, and growth capital investments
- **Founder's Mentality** to drive operational efficiencies and eliminate waste
- **Disciplined acquisition approach;** bolt on complementary technologies, targeted customers, or end markets in the range of \$20M - \$40M
- **Q1'21 Update:** Sales exceed prior year ~9%+

# Questions & Answers



# Appendix





# Mobile Solutions Product Overview

## Broad Range of Vehicle System Expertise

- Components and Assemblies for:
  - High Pressure Gas Direct Injection Systems
  - Electric Power Steering
  - Hybrid/Electric Braking Systems
  - Electric Motors
  - Vehicle HVAC
  - Diesel Fuel Systems (pumps and injectors)
  - Emissions Control (dosing)
  - Safety (sensors, airbags, seatbelts)
  - Cylinder Deactivation
  - Transmission and 4x4 transfer systems

## Quality Systems and Certifications

- IATF 16949
- Six Sigma Black Belts
- Apprenticeship Program



Emissions Control



Electric Power Steering



Fuel Injector



4-Wheel Drive



Electric Motors



Sensors



Braking

# Mobile Solutions Product Overview

## Broad Range of Sub-End Markets

- Components and Assemblies for:
  - Diesel Engines
  - Locomotive Batteries
  - Electric Rail Systems
  - HVAC Compressors
  - Consumer Power Tools
  - Medical Power Tools
  - Industrial Lasers
  - ATV Steering
  - Appliances
  - Manufacturing Equipment

## Quality Systems and Certifications

- ISO 9001
- ISO 13485



Appliances



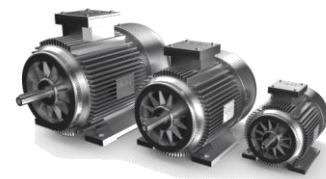
Compressor Shafts



Power Tool Shafts



Diesel Engines



Industrial Motor Shafts



ATV Power Steering

# Power Solutions Product Overview

## Broad Range of Expertise

- Components, Assemblies and Instruments for various applications within diverse end markets:
  - Medical
  - Aerospace
  - Defense
  - Auto
  - Electrical
  - General Industrial

## Quality Systems and Certifications

- AS9100 D | ISO13485 | ISO9001 :2015
- ITAR | NADCAP | IATF 16949
- Six Sigma Black Belts
- Apprenticeship Program



Terminal Assemblies:  
Residential Smart  
Electrical Meters



Medical Instruments:  
Class 1 Hand Held  
Surgical Instruments



Sensor Components:  
Patriot Land-Based  
Missile Defense System



Terminal Assemblies: Low  
and Medium Voltage  
Circuit Breakers



Burst Discs and  
Brackets: Automotive  
Airbags



Fluid Bellow  
Components: F-35  
Hydraulics System



Bus Bars: Battery-Electric  
Locomotive Battery Packs



Stamping: High Voltage  
Connectors Hybrid and BEV

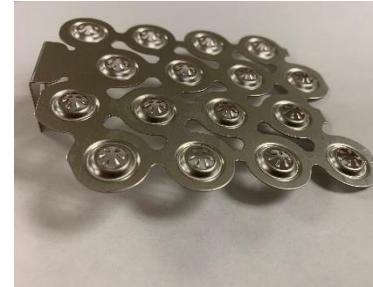
# Power Solutions Product Overview

## Broad Range Stamping and Molding to Support Battery Module Construction

- Aluminum Bus Bars
- Copper Bus Bars
- Bimetal Bus Bars
- Battery End Caps and Assemblies
  - Molding and Heat-Staking



Custom Plated Copper Weld Tab for High Power EV Connector



Battery Stack Bus Bars and Assemblies for Industrial and On-Highway Applications



## Custom Connector Components and Contacts

- Shielded Connector Boxes (Stamped)
- Plated Copper Weld Tabs and Bus Bars
- DC Contactor Sub-Assemblies
- Molded Connector Housings
- Insert/Over Molding



Custom Shielded Connector Component for EV Connector



DC Contactor Sub-Assemblies

# Power Solutions Product Overview

## Stamping and Contacts

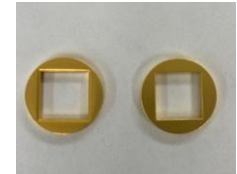
- Bimetal Contacts
- Powder Metal Contacts
- Compliant Pins
- General Stampings
- Contact Assemblies



Terminal Assemblies



Electrical Contacts:  
100's of applications  
and customers



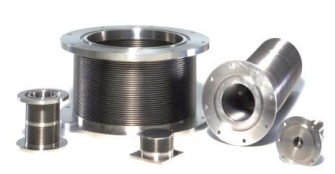
Gold-plated Stampings



Airbag Burst Discs  
(oriented and packaged  
for assembly)



Bus Bars and Contact  
Assemblies: Circuit  
Breakers/Switch Gears



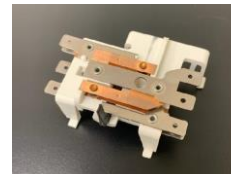
Various Machined  
Components for  
Aircraft

## Molding and Machined Parts

- Molding
- Over-molding
- Machining
- Assembly



Over-molded Fuel Fitting



Switch Assembly

# Reconciliation of GAAP Income from Operations to Non-GAAP Adjusted Income from Operations and Non-GAAP Adjusted EBITDA

<i>\$000s</i> <b>NN, Inc. Consolidated</b>	<b>Twelve Months Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
GAAP income (loss) from operations	\$ (117,457)	\$ (17,593)
Restructuring and integration expense	-	\$ (12)
Acquisition and transition expense*	16,939	\$ 24,070
Amortization of intangibles	14,347	\$ 14,473
Impairments (Goodwill and fixed assets)	93,968	\$ 644
Non-GAAP adjusted income from operations (a)	<u>\$ 7,797</u>	<u>\$ 21,581</u>
Non-GAAP adjusted operating margin (1)	1.8%	4.4%
Depreciation	\$ 31,245	\$ 29,638
Other income/expense	213	(962)
Non-cash foreign exchange (gain) loss on inter-company loans	274	45
Change in fair value of preferred stock derivatives and warrants	(499)	-
Costs related to divested businesses	247	960
Share of net income from joint venture	3,626	1,681
Non-cash stock compensation	3,581	3,493
Non-GAAP adjusted EBITDA (b)	<u>\$ 46,483</u>	<u>\$ 56,437</u>
Non-GAAP adjusted EBITDA margin (2)	10.9%	11.5%
GAAP net sales	\$ 427,534	\$ 489,514
<b>Twelve Months Ended December 31,</b>		
<b>Power Solutions</b>		
GAAP income (loss) from operations	\$ (85,983)	\$ 13,881
Restructuring and integration expense	-	-
Acquisition and transition expense	4,235	7,724
Amortization of intangibles	10,994	10,994
Impairments (Goodwill and fixed assets)	92,948	244
Non-GAAP adjusted income from operations (a)	<u>\$ 22,195</u>	<u>\$ 32,844</u>
Non-GAAP adjusted operating margin (1)	13.0%	17.1%
Depreciation	\$ 4,736	\$ 4,307
Other income/expense	(194)	(388)
Non-cash foreign exchange (gain) loss on inter-company loans	184	125
Change in fair value of preferred stock derivatives and warrants	-	-
Costs related to divested businesses	-	-
Share of net income from joint venture	-	-
Non-cash stock compensation	-	-
Non-GAAP adjusted EBITDA (b)	<u>\$ 26,921</u>	<u>\$ 36,888</u>
Non-GAAP adjusted EBITDA margin (2)	15.7%	19.2%
GAAP net sales	\$ 171,269	\$ 192,100

<i>\$000s</i> <b>Mobile Solutions</b>	<b>Twelve Months Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
GAAP income (loss) from operations	\$ 5,228	\$ 9,553
Restructuring and integration expense	-	(12)
Acquisition and transition expense	1,594	4,885
Amortization of intangibles	3,353	3,479
Impairments (Goodwill and fixed assets)	1,019	-
Non-GAAP adjusted income from operations (a)	<u>\$ 11,195</u>	<u>\$ 17,904</u>
Share of net income from joint venture	3,626	1,681
Non-GAAP adjusted income from operations with JV	<u>14,821</u>	<u>19,586</u>
Non-GAAP adjusted operating margin (1)	5.8%	6.6%
Depreciation	\$ 24,944	\$ 23,668
Other income/expense	(517)	108
Non-cash foreign exchange (gain) loss on inter-company loans	1,010	79
Change in fair value of preferred stock derivatives and warrants	-	-
Costs related to divested businesses	-	-
Share of net income from joint venture	3,626	1,681
Non-cash stock compensation	-	-
Non-GAAP adjusted EBITDA (b)	<u>\$ 40,258</u>	<u>\$ 43,441</u>
Non-GAAP adjusted EBITDA margin (2)	15.7%	14.6%
GAAP net sales	\$ 256,360	\$ 297,749
<b>Twelve Months Ended December 31,</b>		
<b>Elimination</b>		
GAAP net sales	\$ (95)	\$ (334)

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

\* 2020 Includes Capacity & Capabilities Dev - \$2.4 / Prof Fees - \$3.2 / Integration & Transformation - \$7.5 / Acq Transaction Costs - \$0.0 / Asset Write-Downs/Inventory Set-Up - \$3.9  
\* 2019 Includes Capacity & Capabilities Dev - \$7.4 / Prof Fees - \$4.5 / Integration & Transformation - \$11.8 / Acq Transaction Costs - \$0.0 / Asset Write-Downs/Inventory Set-Up - \$0.4



# Non-GAAP Financial Measures Footnotes

*The Company discloses in this presentation the non-GAAP financial measures of adjusted income from operations and adjusted EBITDA. Each of these non-GAAP financial measures provides 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 few 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 are excluded as the charges are not indicative of our ongoing operating cost. We believe the presentation of adjusted income from operations and adjusted EBITDA provides 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 and transition expense, intangible amortization costs for fair value step-up in values related to acquisitions, non-cash impairment charges, 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 from operations, adjusted to include income taxes, interest expense, interest rate swap payments and change in fair value, change in fair value of preferred stock derivatives and warrants, depreciation and amortization, charges related to acquisition and transition costs, non-cash stock compensation expense, foreign exchange gain (loss) on inter-company loans, restructuring and integration expense, costs related to divested businesses and litigation settlements, income from discontinued operations, and non-cash impairment charges, to the extent applicable. 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.*



