November 9, 2023

Zacks Small-Cap Research

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NN Inc. (NASDAQ:NNBR)

NNBR: The company released 3rd quarter 2023 results which showed improved free cash flow generation and progress towards its strategic transformation initiatives.

Utilizing a DCF valuation process containing conservative estimates combined with other valuation methodologies, we believe NNBR could be worth **$5.00** per share. A negative economic environment may lower this value.

Current Price (11/08/23)	$2.13
Valuation	**$5.00**

OUTLOOK

NN Inc. is a high quality diversified industrial company that combines in-depth materials science expertise with advanced engineering and production capabilities to design and manufacture high-precision metal and plastic components and assemblies for a variety of end markets on a global basis. The company is targeting the electric vehicle and electric grid industries which should grow at above average growth rates. In 2023, the company began a series of strategic initiatives to strengthen leadership, improve profitability, and generate higher levels of free cash flow. The company is expected to return to positive free cash flow in 2023.

SUMMARY DATA

52-Week High	**$3.25**
52-Week Low	**$0.97**
One-Year Return (%)	**10.9**
Beta	**2.83**
Average Daily Volume (sh)	**65,379**
Shares Outstanding (mil)	**47.3**
Market Capitalization ($mil)	**$100.1**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**84**
Insider Ownership (%)	**3**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2022 Estimate	**N/A**
P/E using 2023 Estimate	**N/A**

Risk Level	**Medium**
Type of Stock	**Small-Value**
Industry	**Industrial**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2021	$127 A	$123 A	$117 A	$110 A	$478 A
2022	$128 A	$125 A	$127 A	$118 A	$499 A
2023	$127 A	$125 A	$124 A	$116 E	$493 E
2024					$503 E

Adjusted EPS / Loss Per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2021	$0.05 A	$0.00 A	$0.01 A	-$0.01 A	$0.04 A
2022	$0.00 A	-$0.09 A	$0.03 A	-$0.12 A	-$0.19 A
2023	-$0.12 A	-$0.08 A	$0.01 A	-$0.05 E	-$0.25 E
2024					-$0.16 E

Quarterly revenues may not equal annual revenues due to rounding. Quarterly EPS may not equal annual EPS due to rounding, dilution or intangibles. EPS figures are adjusted and non-GAAP.

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WHAT'S NEW

Financial Review

NN Inc. (NASDAQ:NNBR) reported 3rd quarter 2023 financial results on November 6, 2023 which showed improved profitability and free cash flow generation as well as progress towards strategic transformation initiatives. Sales decreased 2.2% to $124.4 million compared to the prior year period which was largely driven by reduced volumes and offset by price increases. On a sequential basis, sales decreased less than 1.0%.

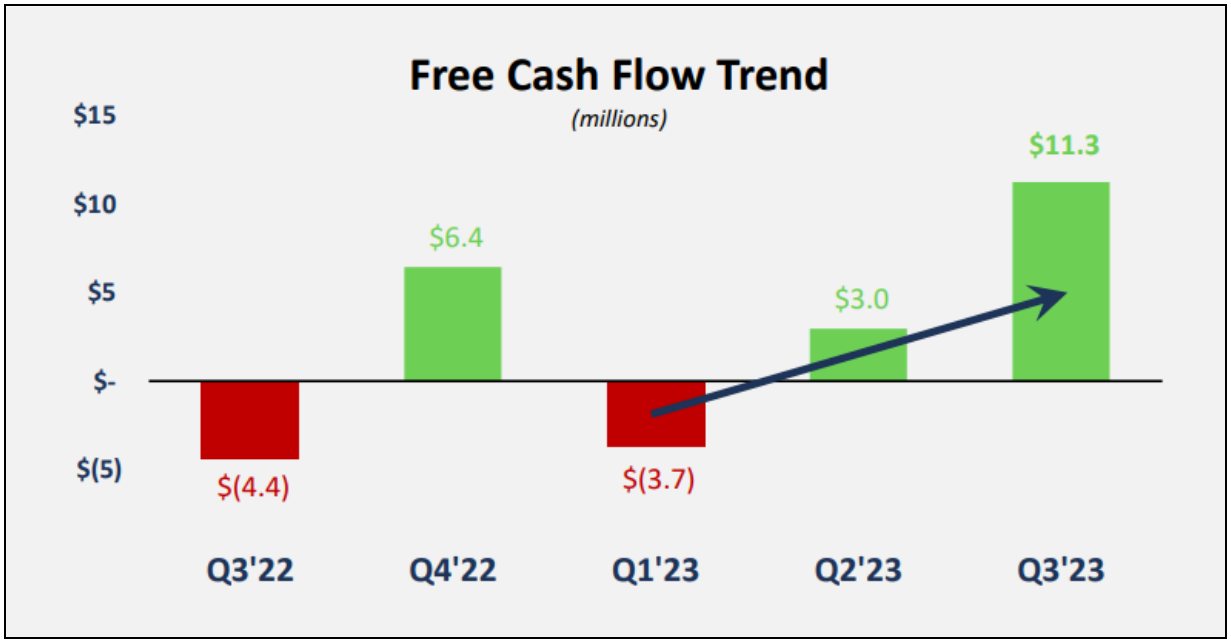
GAAP operating loss was ($2.7) million which compares to a GAAP operating loss of ($2.1) million in the 3rd quarter of 2022. Adjusted operating income was $3.7 million, an improvement from adjusted operating income of $2.5 million the 3rd quarter of 2022. The Non-GAAP operating income eliminates amortization expense and one-time unusual items such as facility closure expenses. Adjusted EBITDA was $14.5 million (*11.6% margin*) compared to $11.8 million (*9.3% margin*) in the prior period.

In the Mobile Solutions segment, net sales for the 3rd quarter of 2023 were $79.0 million, an increase of 3.7% compared to the 3rd quarter of 2022. The increase was primarily due to higher customer pricing actions, a favorable customer settlement, favorable foreign exchange effects, and was offset by lower sales volumes. Adjusted operating income was $1.6 million compared to adjusted operating income of $0.7 million in the prior year period. Adjusted EBITDA in this segment was $9.5 million compared to $8.0 million in the 3rd quarter of 2022. The increases in segment profitability were driven by customer settlement and employee rationalization actions. The company noted that the United Auto Workers strike may create some minor headwinds in the short-term but operating performance improvements should continue into the 4th quarter.

In the Power Solution segment sales decreased 11.0% to $45.4 million compared to the prior year period, primarily due to lower sales volumes. The lower sales volumes were driven by due to two auto customers losing market share, lower industrial component sales due to lower capital spending, and aerospace and defense sales declining due to the closures of the Irvine and Taunton facilities. However, adjusted operating income increased 22.4% to $7.1 million. Adjusted EBITDA increased 16.9% to $8.3 million. The improved profitability was driven by facility closures, employee streamlining, and retroactive material cost recovery.

Consolidated free cash flow generated in the quarter was $11.3 million compared to a use of cash of ($4.4) million for the same period in 2022. Trailing 12-month free cash flow as of September 30, 2023 was $17.0 million. Improving free cash flow generation is a key point of the company's strategic transformation plan.

Global liquidity remains strong at $50.5 million, which is comprised of $21.8 million in cash and $28.7 million in availability under its credit line. Working capital was $94.8 million and working capital turns improved to 5.3x from 4.8x in the 2nd quarter of 2023. The company's leverage ratio decreased to 3.37x from 3.87x in the 2nd quarter of 2023 and is expected to trend down going forward as the company continues to generate strong levels of free cash flow.



Source: NN Inc Investor Presentation

CFO Michael Felcher stated, *"We're pleased with the margin expansion and growth showcased in the third quarter which supported expansion of both our adjusted EBITDA and operating income. Our cost reduction efforts and aggressive strategic actions to eradicate unprofitable parts of the business have already positively impacted our results, and we continue to expect roughly $10 million in adjusted EBITDA improvement once we've completed this work. We're also encouraged by the free cash flow generation of our business which helped to reduce our leverage profile to 3.37x. While our demand outlook for the year remains the same, the recent traction we've gained on our initiatives aimed at cash flow generation, improving adjusted EBITDA results, and lowering our leverage are supportive to our improving forward expectations."*

Transformation Initiatives

The company is undergoing a series of strategic initiatives in order to grow sales, improve margins, and increase free cash flow generation that should increase shareholder value over time. These include five key components:

1. Strengthening Leadership and Accountability – The company recently hired a new COO, Tim French, and a new Chief Procurement Officer, David Harrison. Both have extensive business experience and transformation leadership.

2. Address Unprofitable Business – The company has begun the process of exiting unprofitable contracts and continues to assess the efficiency and capabilities of its global manufacturing footprint. The goal is to improve plant level EBITDA by over $10 million annually.

3. Expand Margins – The company has implemented many cost cutting measures and price increase initiatives and is rolling out a new Total Cost Productivity program on a global basis. The goal is to offset inflation and expand operating margins.

4. Institutionalize Free Cash Flow Generation – The company is refocusing its global culture around better business practices by balancing cash inflows with outflows. The company was free cash flow positive in the last two quarters and for the trailing twelve months.

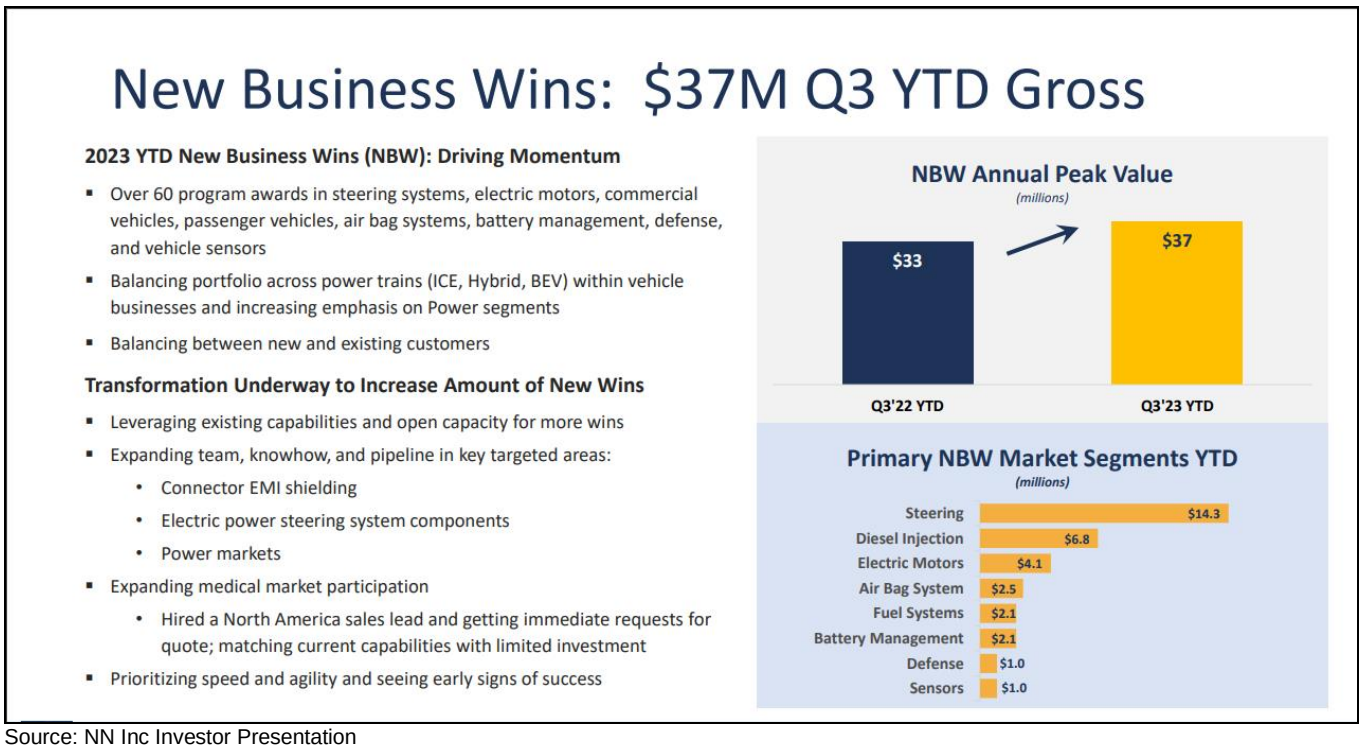
5. Increase Business Wins – The company is trying balance wins between Power and Mobile Segments and within Mobile, across ICE, EV, and Hybrid vehicles. The company is aligning the sales organization between people, products and a stronger focus.

New CEO Harold Bevis stated*, "In our first quarter with the newly supplemented management team, we delivered improved operating results and made significant progress against many of our strategic transformation initiatives. We've been intently focused on fixing and/or exiting unprofitable business, diligently managing our working capital, and implementing rigorous cost productivity and margin expansion programs across the organization. The early stages of our strategy to increase organizational commitment around our transformation strategy can be clearly seen in our strong free cash flow performance this period. I'm encouraged by the early results of these initiatives and believe there is much more to accomplish."*

New Business Wins

In 2023, the company has been successful in winning new contracts from customers across various end markets which is driving future sales momentum. The company has been awarded over 60 programs in areas such as steering systems, electric motors, commercial vehicles, passenger vehicles, air bag systems, battery management and vehicle sensors. These awards are also diversified across ICE, Hybrid, and BEV vehicles. New business wins include both existing and new customers.

Part of the ongoing transformation process includes efforts to increase new business wins. This includes leveraging existing capabilities and open capacity for more wins as well as expanding the sales team. Increased sales team and knowledge focus will be in three target areas, connector EMI shielding, electric power steering components, and power markets. There will also be a focus on expansion in the medical markets to grow the new medical segment.



Source: NN Inc Investor Presentation

New Medical Division

On October 18th, 2023, the company announced it was creating a new medical device division called NN Medical, which will expand its current medical business to leverage NN's full capacity across a global manufacturing and operating footprint. The company is immediately targeting growth of its medical components business and believes it has the knowledge, capacity and footprint to execute on its plans.

The company originally created a Life Sciences division in 2018 through various acquisitions but was sold in 2020 in order to reduce debt and focus on the automotive, industrial, and electrical businesses. The company had a non-compete clause that recently expired, and they are now able to reenter the medical market in a significant manner.

CEO Harold Bevis stated, *"We're uniquely positioned to grow the medical market globally, as we tap into our deep experience in precision manufacturing practices and our dedication to grow in this end market. We're confident NN Medical will drive value for our customers and stakeholders across the board."*

NN announced that Willy Beach has joined as Director of Medical Sales for North America. Mr. Beach is a seasoned veteran in the medical market with over 15 years of experience in medical contract manufacturing. Additionally, search processes are underway for a global business leader and sales leaders for China and Europe.

NN Medical will share plants, assets and capabilities with the company's Power Solutions and Mobile Solutions business units in North America, South America, Europe and China. The new division will offer a range of capabilities suitable for both local and global OEMs in the medical market. This fits well in the company's capabilities in precision metal machining, stamping and assemblies. NN's existing orthopedic instruments business will continue to serve its customers in the medical industry. Currently there are approximately $10 million in annual sales related to medical products.

Management Transition

A new CEO hire was announced on May 9th with an effective start date of May 22nd. Harold Bevis has more than 25 years of business leadership experience, including more than 20 years' experience in the CEO role at various companies. He was previously President and CEO of Commercial Vehicle Group, Inc. (NASDAQ: CVGI), a publicly traded manufacturer of electrical, mechanical and seating systems for electric and internal combustion engine commercial vehicles, as well as industrial automation and robotic systems to retailers and ecommerce shippers. At CVGI, Mr. Bevis demonstrated a track record of driving automation and connectivity. Prior to his experience at CVGI, Mr. Bevis was Chairman and CEO of Boxlight, a startup company focused on education technology solutions. Previously, Mr. Bevis led a number of companies in the packaging industry, including as President and CEO of Xerium Technologies, Inc., Chairman and CEO of Prolamina, and President and CEO of Pliant Corporation. Mr. Bevis has a bachelor's degree in industrial engineering from Iowa State University, and an MBA in marketing from Columbia Business School.

2023 Outlook

The company updated its 2023 outlook which calls for total revenues in the range of $487-$497 million and adjusted EBITDA in the range of $40-$44 million. Free cash flow guidance was increased and is expected to be positive and be between $10- $14 million. The free cash flow guidance does not include the CARES Act tax refund of approximately $11 million due to uncertain timing on when that may be received.

The company mentioned that there are approximately $10 million in potential cost savings from underperforming plants and customer contracts. This equates to approximately $70-$80 million in

revenues that are operating at a loss and that are expected to be recaptured at a profitable level in the future.

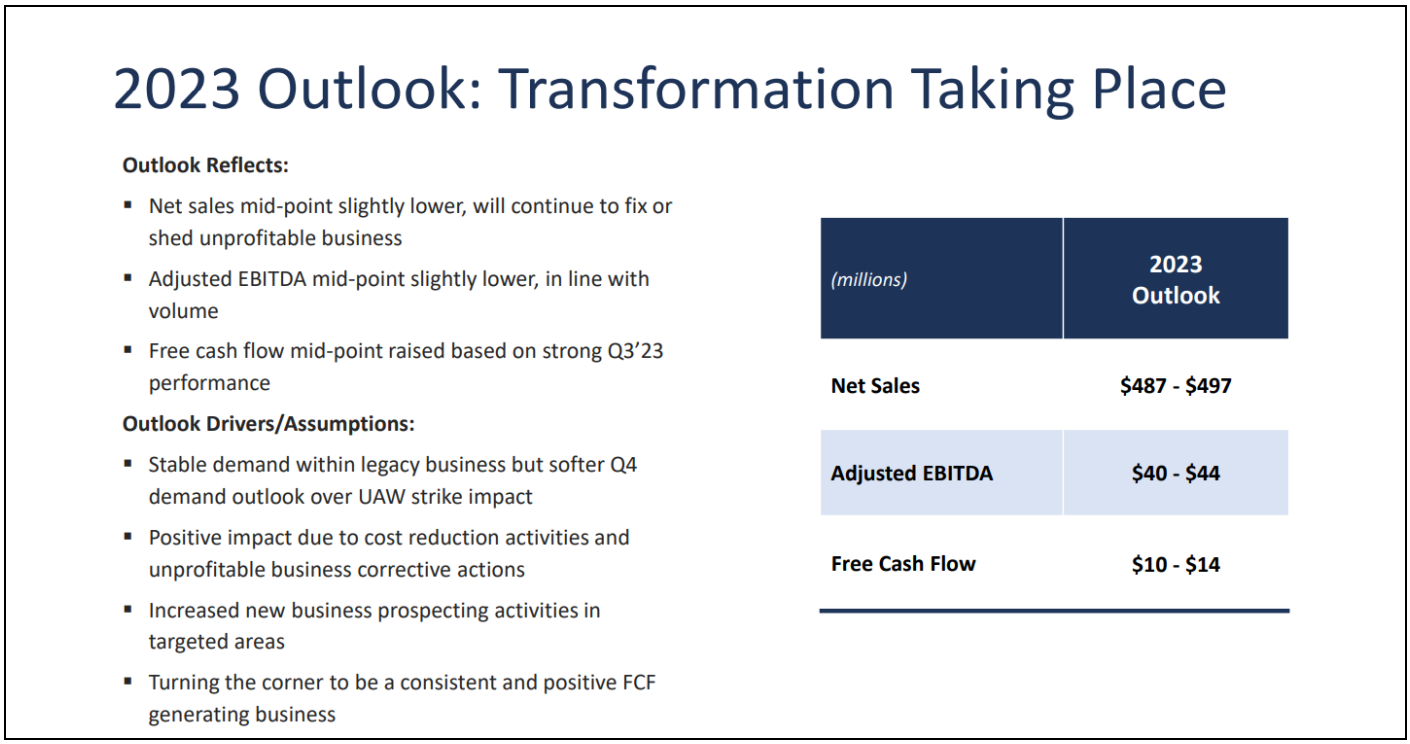
Valuation & Estimate Changes

We are adjusting our 4th quarter and full year 2023 EPS estimates to account for the improved margins and higher free cash flow generated in the 3rd quarter of 2023. Our 4th quarter adjusted EPS estimate is revised to ($0.05) and our full year adjusted EPS estimate is revised to ($0.25). Our adjusted EBITDA estimate is approximately $42.0 million.

We are maintaining our DCF derived valuation target of **$5.00**. In addition, the stock is trading below book value per share. We estimate NNBR stock is selling at approximately 66.0% of book value.

The markets that NN is focusing on are expected to produce above average growth rates over the long-term. According to an IHS Market study, products used to expand and modernize the electric grid are expected to grow at an average annual rate of between 6%-10% from 2022 to 2027. The next generation mobility market, which are components used in the manufacturing of electric vehicles, is also a high-growth market. Electric vehicle production is expected to grow at double digit rates between 2023 and 2028.

We do not believe the market is recognizing the future margin enhancement and strong free cash flow generation that will likely occur going forward. The company is expected to continue to have success in new business wins which will provide a stable growth platform in the future. The company has a focused plan for cost reduction and sales improvement that has already taken hold in 2023 and will continue into 2024.



Source: NN Inc Investor Presentation

KEY INVESTMENT POINTS

Source: nninc.com

- Founded in 1980, NN Inc. (NNBR) has grown from a single ball and roller factory into a global diversified manufacturer with over $500 million in revenues (estimated) and advanced engineering and technology capabilities.

- The company combines in-depth materials science expertise with advanced engineering and production capabilities to design and manufacture high-precision metal and plastic components and assemblies for a variety of customers on a global basis.

- The company recently underwent a turnaround and restructuring efforts which include the divestiture of a major business segment, the reduction of debt, and other recapitalization efforts. These efforts should improve the overall viability of the company and transition to a longer-term capital structure which would provide flexibility and financial stability for growth.

- The company has a defined growth strategy to take advantage of global trends associated with the shift from Internal Combustion Engine vehicles to Electric Vehicles as well as the modernization of the electric grid to accommodate the inevitable transition to EVs.

- The company has evolved from a traditional contract manufacturer into a high-tech partner in numerous technologies that provide relevant dynamic growth opportunities to its customers.

- NN has an experienced management team and a reconstituted Board of Directors that possess vast industry expertise relevant to the company's overall long-term growth strategies.

- The company went public in 1994 and currently has a market capitalization of $100.1 million. The leverage ratio as of the 9/30/23 was 3.37x, however based on 2024 EBITDA estimates, the leverage ratio is expected to decline on a forward-looking basis.

- We believe NNBR stock is worth **$5.00** based on a discounted cash flow (DCF) calculation and a peer multiple comparison using EV/EBITDA. In addition, the stock is selling below book value per share.

NN's innovative solutions can be found all around you, from your home to your car to your workplace.



Source: nninc.com

OVERVIEW



Source: nninc.com

NN, Inc. is a diversified industrial company that combines complex materials science expertise with advanced engineering and production capabilities to design and manufacture high-precision metal and plastic components and assemblies for a variety of customers on a global basis. The company has evolved from a traditional contract manufacturer to an advanced technology focused partner with its customers.

The company operates under two distinct segments that represent a variety of products and end customers. Mobile Solutions is focused on growth in the automotive and general industrial end markets. The company has developed an expertise in manufacturing highly complex, tight tolerance, system critical components. This segment currently manufactures components on a high-volume basis for use in vehicle power steering, braking, transmissions, and gasoline fuel system applications. In addition, manufactured components include use in heating, ventilation, and air conditioning systems as well as diesel injection and diesel emissions treatment applications.

Power Solutions is focused on growth in the electrical, general industrial, automotive, aerospace and defense markets. Within this group the company combines materials science expertise with advanced engineering and production capabilities to design and manufacture a broad range of high-precision metal and plastic components, assemblies, and finished devices used in applications ranging from power control to flight control and for military devices.

In addition, under the Power Solutions segment, the company manufactures a variety of products including electrical contacts, connectors, contact assemblies, and precision stampings for the electrical end market. The company also produces high precision products for the aerospace and defense end market utilizing extensive process technologies for optical grade plastics, thermally conductive plastics, titanium, Inconel, magnesium, and electroplating.

The company is making a concerted effort to focus on sustainable growth markets, particularly in the areas of electric vehicle components and products related to upgrading the electric grid. According to a report by Emergen Research, the 5-year compound annual growth rate for electric vehicles is expected to be in the range of 16%-20% range and reach an addressable market of over $4 billion. The industry associated with the upgrade of the national electric grid infrastructure is expected to grow at an annual rate of between 6%-10% and reach an addressable market of over $1 billion.

NN has a strategically placed global footprint with 69% of its manufacturing capacity located in North America, 13% in the Asia/Pacific region, and 9% in both Europe and South America. Approximately 75% of revenues are derived from North America, 12% from the Asia/Pacific region, and roughly 7% from both Europe and South America.

After a series of multiple acquisitions over the 2015-2018 time frame which were mostly financed by debt, the company realized that its overleveraged capital structure was hindering potential investment and growth opportunities. In 2020, the company sold its Life Sciences business for approximately $743 million in net proceeds. This medical related segment produced a variety of tools and instruments for the orthopedics and surgical end markets. The proceeds from this divestiture were used to repay approximately $710 million in net debt which significantly reduced leverage ratios which had been in excess of 6x prior to the sale.

RISKS

- NN depends on a relatively limited number of customers and the loss of any major customer would have a material adverse effect on the business. Revenues from their ten largest customers accounted for approximately 43% of consolidated net sales. The loss of all or a substantial portion of sales to these customers would result in the company losing a substantial portion of total revenues and would lower operating margins and cash flows from operations.

- Work stoppages or similar difficulties and unanticipated business disruptions could significantly disrupt manufacturing operations, reduce company revenues and materially affect earnings. A work stoppage at one or more facilities could have a material adverse effect on the company's business, prospects, financial condition, operating results, and free cash flows. Also, if end-market customers were to experience a work stoppage, that customer would likely halt or limit purchases of company products.

- The company's markets are highly competitive, and many competitors have significant financial advantages that could adversely affect business operations. The company faces substantial competition in the sale of components, system subassemblies, and finished devices in the vertical end markets in which they sell products.

- Competitors are continuously exploring and implementing improvements in technology and manufacturing processes in order to improve product quality, and their ability to remain competitive will depend on whether NN is able to keep pace with such quality improvements in a cost-effective manner. Further, the company's customers' internal manufacturing capabilities are a significant competitor in which they may choose to manufacture products internally as opposed to outsourced providers.

- The company's debt levels could adversely affect the overall business, prospects, financial condition, results of operations, and cash flows. As of September 30, 2023, the company had approximately $159.5 million of funded indebtedness outstanding.

- Total debt obligations could have important consequences, including increasing vulnerability to adverse economic or competitive developments, requiring a substantial portion of operating cash flows from operations to be dedicated to debt obligations. In addition, certain debt agreements contain restrictions that will limit flexibility in business operations such as covenants that limit the ability to engage in certain types of transactions.

- The company has international operations that are subject to foreign economic uncertainties and foreign currency fluctuations. Approximately 39% of total revenues are denominated in foreign currencies, which may result in additional risk of fluctuating currency values and exchange rates and controls on currency exchange. Any increased costs or reduced revenues as a result of foreign currency fluctuations could affect profits. The company also has material specific country risk exposure to China with its 49.0% investment in Wuxi Weifu Autocam Precision Machinery Company, Ltd.

MANAGEMENT

Harold Bevis
Chief Executive Officer

Mr. Bevis has more than 25 years of business leadership experience, including more than 20 years' experience in the CEO role at various companies. He was previously President and CEO of Commercial Vehicle Group, Inc. (NASDAQ: CVGI), a publicly traded manufacturer of electrical, mechanical and seating systems for electric and internal combustion engine commercial vehicles, as well as industrial automation and robotic systems to retailers and ecommerce shippers. At CVGI, Mr. Bevis demonstrated a track record of driving automation and connectivity. Prior to his experience at CVGI, Mr. Bevis was Chairman and CEO of Boxlight, a startup company focused on education technology solutions. Previously, Mr. Bevis led a number of companies in the packaging industry, including as President and CEO of Xerium Technologies, Inc., Chairman and CEO of Prolamina, and President and CEO of Pliant Corporation. Mr. Bevis has a bachelor's degree in industrial engineering from Iowa State University, and an MBA in marketing from Columbia Business School.

Michael Felcher
Senior Vice President and Chief Financial Officer

Mike Felcher was appointed Senior Vice President and Chief Financial Officer in July 2021, after having served as Vice President and Chief Accounting Officer since June 2018. Prior to joining NN, he served as the Vice President, North America Chief Financial Officer for JELD-WEN, Inc. Before assuming his role at JELD-WEN, Inc., Felcher served in finance roles of increasing responsibility with United Technologies Corporation's Aerospace Systems Division, and its predecessor, Goodrich Corporation. He began his career at PricewaterhouseCoopers and is a licensed CPA. He holds a Bachelor of Science, Accountancy from Bentley University and a Master of Business Administration from Wake Forest University.

Matthew Heiter
Senior Vice President, General Counsel and Secretary

Matt Heiter joined NN in July 2015 as Senior Vice President and General Counsel. Prior to joining NN, he was a shareholder in the law firm of Baker, Donelson, Bearman, Caldwell and Berkowitz, P.C., where he served as chair of the firm's Securities Practice Group. Heiter is a graduate of Vanderbilt Law School and has earned numerous honors while in private practice, including being listed in Best Lawyers in America and Chambers USA

Andrew Wall
Senior Vice President and Chief Commercial Officer

Andrew Wall joined NN in January 2022 as Senior Vice President and Chief Commercial Officer. Prior to joining NN, he held numerous marketing and sales, strategy, general management, and factory and field service operations roles with ABB, Ltd., a publicly held, global manufacturer of heavy electrical equipment and automation technology. Most recently, Wall served as Vice President, Product Marketing and Sales, Electrification U.S. He serves on the Board of Directors for Research Triangle Cleantech Cluster, an industry-funded, industry-led initiative focused on accelerating cleantech innovation and the cleantech economy of North Carolina. Wall holds a Bachelor of Science, Business Management from North Carolina State University and a Master of Business Administration from Elon University.

PROJECTED INCOME STATEMENT

Income Statement		Dec-21	Dec-22	Dec-23	Dec-24	Dec-25
Adjusted EBITDA		46,668,000	43,916,000	42,435,824	54,910,773	63,669,488
Net Sales		**477,584,000**	**498,738,000**	**493,568,880**	**503,440,258**	**528,612,270**
Growth		*11.7%*	*4.4%*	*-1.0%*	*2.0%*	*5.0%*
Cost of Goods Sold		**389,995,000**	**421,105,000**	**416,460,356**	**414,720,758**	**430,170,673**
%		*81.7%*	*84.4%*	*84.4%*	*82.4%*	*81.4%*
Depreciation & Amort		**31,847,000**	**31,404,000**	**31,968,000**	**31,968,000**	**31,968,000**
Gross Profit		**55,742,000**	**46,229,000**	**45,140,524**	**56,751,499**	**66,473,597**
Margin		*11.7%*	*9.3%*	*9.1%*	*11.3%*	*12.6%*
SG&A Expenses		**51,489,000**	**42,663,000**	**46,356,700**	**45,429,566**	**46,338,157**
% of sales		*10.8%*	*8.6%*	*9.4%*	*9.0%*	*8.8%*
Other		**(1,091,000)**	**2,829,000**	**(526,000)**	**(531,260)**	**(536,573)**
% of sales		*-0.2%*	*0.6%*	*-0.1%*	*-0.1%*	*-0.1%*
Research & Development		**0**	**0**	**0**	**0**	**0**
% of sales		*14`%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Amortization		**14,348,000**	**15,827,000**	**14,252,000**	**13,895,700**	**13,548,308**
% of sales		*3.0%*	*3.2%*	*2.9%*	*2.8%*	*2.6%*
Operating Income		**(9,004,000)**	**(15,090,000)**	**(14,942,176)**	**(2,042,507)**	**7,123,705**
Margin		*-1.9%*	*-3.0%*	*-3.0%*	*-0.4%*	*1.3%*
EBITDA (non-adjusted)		**37,191,000**	**32,141,000**	**31,277,824**	**43,821,193**	**52,640,012**
Margin		*7.8%*	*6.4%*	*6.3%*	*8.7%*	*10.0%*
Other Expenses/(Income)		**774,000**	**(5,064,000)**	**1,313,333**	**(473,149)**	**(737,391)**
%		*0.2%*	*-1.0%*	*0.3%*	*-0.1%*	*-0.1%*
EBIT		**(9,778,000)**	**(10,026,000)**	**(16,255,509)**	**(1,569,357)**	**7,861,096**
%		*-2.0%*	*-2.0%*	*-3.3%*	*-0.3%*	*1.5%*
Total Interest Exp (net)		**12,664,000**	**15,041,000**	**20,936,050**	**14,938,900**	**14,938,900**
%		*2.7%*	*3.0%*	*4.2%*	*3.0%*	*2.8%*
Net Profit Before Tax		**(22,442,000)**	**(25,067,000)**	**(37,191,559)**	**(16,508,257)**	**(7,077,804)**
%		*-4.7%*	*-5.0%*	*-7.5%*	*-3.3%*	*-1.3%*
Income Tax		**(1,756,000)**	**1,621,000**	**1,586,680**	**1,618,413**	**1,650,781**
% Effective Rate		*7.8%*	*-6.5%*	*-4.3%*	*-9.8%*	*-23.3%*
% Cash Tax Rate		*7.8%*	*-6.5%*	*-4.3%*	*-9.8%*	*-23.3%*
Preferred Stock and JV		**15,217,000**	**4,302,000**	**8,158,000**	**8,239,580**	**8,321,976**
Net Profit		**(35,903,000)**	**(22,386,000)**	**(46,936,239)**	**(26,366,251)**	**(17,050,561)**
%		*-7.5%*	*-4.5%*	*-9.5%*	*-5.2%*	*-3.2%*
Non-recurring income (expense)			(4,674,800)			
Average Diluted Shares Outstanding		44,011,000	44,680,000	45,309,000	45,309,000	45,309,000
Reported FD EPS						
Zacks Adjusted Cash EPS		**0.04**	**(0.19)**	**(0.25)**	**(0.16)**	**0.04**
Zacks EPS		**(0.79)**	**(0.83)**	**(1.00)**	**(0.40)**	**(0.19)**

Source: Zacks analyst

KEY PRODUCTS

- **Precision Worm Shafts (Steering Worms)**
  - Application: automotive/electric power steering
  - Competitive Advantage: Turning, milling, griding (some are heat treated)
  - Distribution: France, Brazil, China, US

- **Terminal Assemblies**
  - Application: Electrical/Smart Meters
  - Competitive Advantage: Stamping, Contacts, Over-molding, Assembly
  - Distribution: Attleboro, Massachusetts

- **Electric Motor Shafts**
  - Application: Automotive/ Window/Seat/Wiper Motors
  - Competitive Advantage: Turning, Milling, Rolling, Grinding, Heat Treating
  - Distribution: France, Poland, Brazil

- **Terminal Assemblies**
  - Application: Electrical/Smart Meters
  - Competitive Advantage: Stamping, Contacts, Over-molding, Assembly
  - Distribution: Attleboro, Massachusetts

- **Electrical Contacts**
  - Application: Electrical (100s of various applications)
  - Competitive Advantage: Forming, Cladding, Plating, Machining, Precision Cleaning
  - Distribution: Massachusetts, China

- **Electrical Contact Assemblies**
  - Application: Electrical/ Grid and General Industrial
  - Competitive Advantage: Forming, Contact Manufacturing, Machining, Stamping, Plating, Brazing, Heat Treating, Assembly
  - Distribution: Massachusetts, China, Mexico City

- **High Voltage Connector Shields**
  - Application: Automotive/ EV Battery Connectors
  - Competitive Advantage: Stamping, Custom Tooling, Precision Cleaning
  - Distribution: Algonquin, IL, Attleboro, MA

- **Emissions Components- Diesel**
  - Application: General Industrial/Diesel After-Treatment
  - Competitive Advantage: Turning, Micro-milling, Heat Treating, Honing, EDM Drilling, Grinding, Deburr, Precision Washing
  - Distribution: Kentwood, MI

- **Electrical Reversing Switch**
  - Application: General Industrial/ Garbage Disposal
  - Competitive Advantage: Stamping, Riveting, Contact Manufacturing, Molding, Assembly
  - Distribution: Mexico City, Attleboro, MA

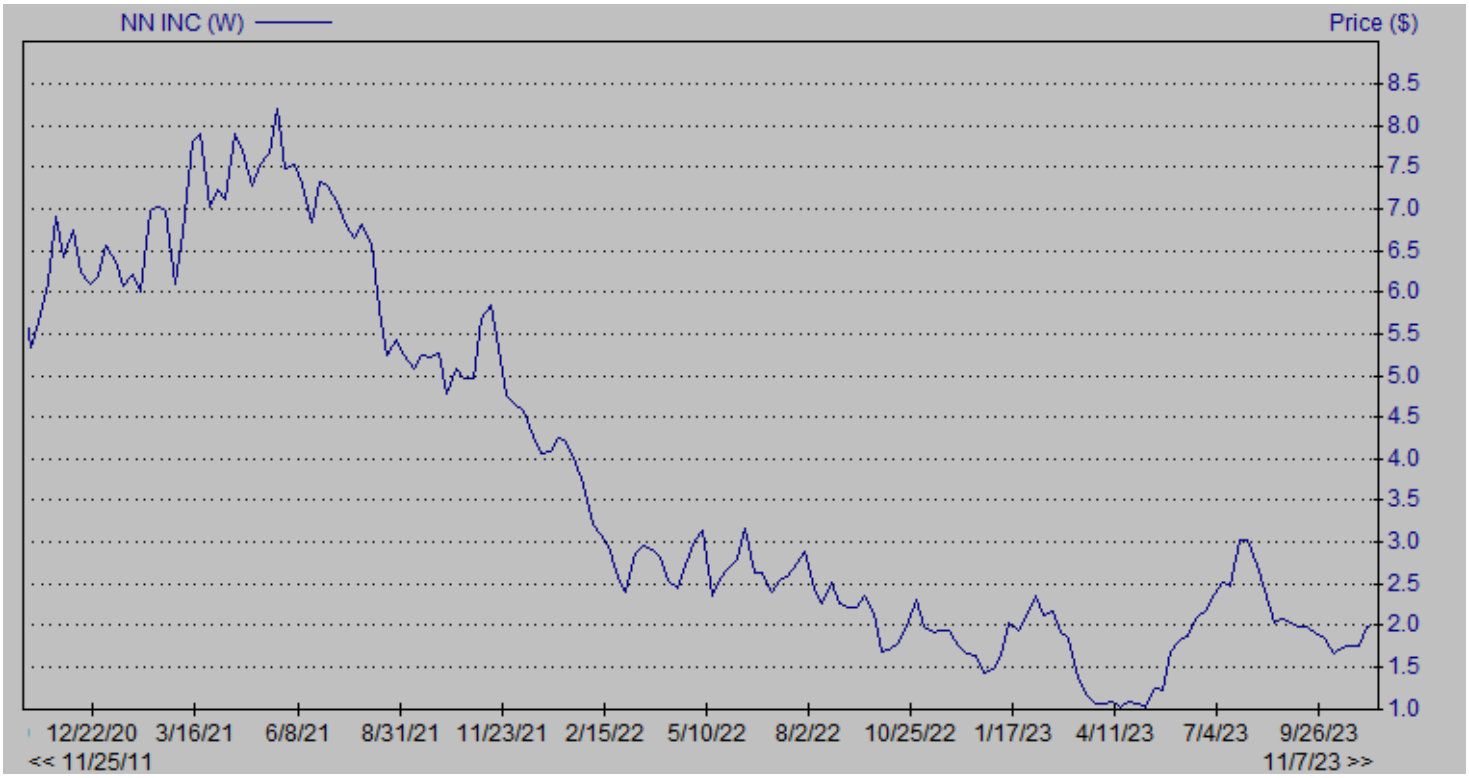
- **Electrical Contact Assemblies**
  - Application: Electrical/ Grid and General Industrial
  - Competitive Advantage: Forming, Contact Manufacturing, Machining, Stamping, Plating, Brazing, Heat Treating, Assembly
  - Distribution: Massachusetts, China, Mexico City

- **Steering Shafts and Pinions**
  - Application: Automotive/ Electric Power Steering
  - Competitive Advantage: Forming, Turing, Milling, Gear Hobbing, Heat Treating, Grinding
  - Distribution: Wellington, OH, Juarez, MX, France, Dowagiac, Michigan



Source: NN Investor Presentation

HISTORICAL STOCK PRICE



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