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Zacks Small-Cap Research

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Tom Kerr, CFA
312-265-9417
tkerr@zacks.com

scr.zacks.com
10 S. Riverside Plaza, Chicago, IL 60606

NN Inc. (NASDAQ:NNBR)

NNBR: NN Inc. released 4th quarter and full year 2023 financial results. The company also highlighted approximately $63 million in new business wins during 2023.

Utilizing a DCF valuation process containing conservative estimates combined with other valuation methodologies, we believe NNBR could be worth **$7.00** per share. A negative economic environment may lower this value.

Current Price (3/15/24)	$4.75
Valuation	**$7.00**

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 returned to positive free cash flow in 2023 and is expected to generate free cash flow in 2024.

SUMMARY DATA

52-Week High	**$5.40**
52-Week Low	**$0.97**
One-Year Return (%)	**280.0**
Beta	**3.02**
Average Daily Volume (sh)	**178,188**
Shares Outstanding (mil)	**49.2**
Market Capitalization ($mil)	**$233.5**
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	$112 A	$489 A
2024	$124 E	$124 E	$126 E	$122 E	$497 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	-$0.10 A	-$0.29 A
2024	-$0.07 E	-$0.06 E	-$0.05 E	-$0.03 E	-$0.21 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

4th Quarter 2023 Results

Net sales in the 4th quarter were $112.5 million, which was a decrease of 4.6% from the 4th quarter of 2022. This was primarily the result of reduced volumes from recent facility closures and partially offset by higher customer pricing and favorable foreign exchange effects.

Operating loss was ($7.9) million compared to a loss from operations of ($11.0) million in the prior year period. The decrease in loss from operations was primarily driven by facility closures and labor cost savings.

GAAP net loss was ($20.5) million compared to net loss of ($12.0) million for the same period in 2022. The increase in net loss is primarily due to a non-recurring warrant valuation expense of $10.8 million due to an increase in the stock price. Interest expense also increased $1.3 million.

Adjusted operating loss for the 4th quarter of 2023 was ($1.4) million compared to adjusted operating loss of ($3.3) million for the prior year period. Adjusted EBITDA was $10.0 million (*8.9% margin*), compared to $7.8 million (*6.6% margin*) for the same period in 2022. Adjusted net loss was ($4.9 million), or ($0.10) per diluted share, compared to adjusted net loss of ($5.8 million), or ($0.12) per diluted share, in the prior year period..

Free cash flow was a generation of cash of $1.3 million compared to a generation of cash of $6.4 million for the same period in 2022.

In the Power Solutions segment, net sales for the 4th quarter decreased 13.4% to $43.3 million. The decrease in sales was primarily due to lower volumes as a result of the closure of the Taunton and Irvine facilities as well as general industry softness in the commercial truck and auto component markets. However, profitability improved due to the facility closures (which were losing money) as well right-sizing initiatives in the company's labor force. Adjusted operating income in the quarter was $5.8 million compared to $4.5 million in the 4th quarter of 2022. Adjusted EBITDA increased to $6.6 million in the 4th quarter and increased to $28.3 million for the full year. The company further commented that average daily sales increased sequentially in the 4th quarter and continued to grow. The company is also adding additional sales personnel in this segment to win new awards.

In the Mobile Solutions segments, net sales for the 4th quarter of 2023 increased 1.8% to $69.2 million. The increase in sales was due to favorable pricing and foreign exchange, partially offset by lower volumes. Adjusted operating loss was ($2.3) million compared to adjusted operating loss of ($3.7) million in the 4th quarter of 2022. The improvement in the operating loss was due to cost savings related to right-sizing the workforce as well as an improved product mix. Adjusted EBITDA increased to $7.1 million in the quarter and decreased to $29.8 million for the full year from $33.7 million in 2022. The company further commented that new business wins were in line with plans and that the China business was performing better than expected. The company also stated that it is reinforcing the sales team on a global basis and that it aggressively investing in digital marketing including processes such as search engine optimization.

Full Year 2023 Results

For the full year 2023, net sales decreased $9.5 million, or 1.9%, to $489.3 million compared to $498.7 million for 2022. This was primarily due to reduced volume, including the impact from the closure of the Taunton and Irvine facilities, lower customer settlements, and unfavorable foreign exchange, partially offset by better pricing actions. GAAP operating loss increased slightly to ($21.8) million compared to ($21.1) million in 2022. On an adjusted basis, operating income for 2023 was $3.1 million compared to adjusted operating income of $1.9 million in 2022. Adjusted EBITDA for 2023 was $43.1 million (*8.8%*

margin) compared to $43.9 million *(8.8% margin*) for the same period in 2022. The company generated free cash flow of $11.7 million in 2023 compared to a use of cash of $9.8 million in 2022.

In the Power Solutions segment, net sales for 2023 were $185.9 million compared to $205.2 million in 2022, a decrease of 9.4%, The decrease in sales was primarily due to lower volumes, including the impact from the closure of the Taunton and Irvine facilities, partially offset by higher pricing. Adjusted operating income for 2023 was $23.9 million compared to $20.1 million in 2022. The increase in adjusted operating income was primarily due to facility closure savings and a legal settlement reached during the 1st quarter of 2022, partially offset by lower sales volume.

In the Mobile Solutions segment, net sales for 2023 were $303.3 million compared to $293.5 million in 2022, an increase of 3.3%. The increase in sales was primarily due to higher customer pricing, partially offset by lower sales volume, and lower customer settlements. Adjusted operating loss for 2023 was ($1.3) million compared to $2.7 million of adjusted operating income in 2022. Adjusted operating income decreased due to lower sales volume, lower customer settlements and unfavorable foreign exchange effects, partially offset by cost savings and operating performance.

Balance Sheet Optimization

On March 8, 2024, the company announced it had entered into an agreement to sell and lease back three facilities for an aggregate purchase price of $16.8 million. The transactions should have no impact on EBITDA. The net proceeds from the transaction will be used to repay a portion of the outstanding balance under the company's term loan which is expected to lower future cash interest expenses. In addition, the company has reduced its corporate headquarters footprint by approximately two-thirds through a separate sublease transaction which will also lower ongoing operating costs. The company indicated there may be other sale/leaseback opportunities, particularly in the areas of large equipment holdings.

The company's leverage ratio at the end of 2023 was 3.20x, an improvement from 3.37x at the end of 2022. NN expects the leverage ratio to fall below 3.00x by the end of 2024.

2023 Strategic Business Wins

NN announced they had a record breaking level of new business wins in 2023 totaling $62.6 million. The company ended 2023 on a strong note as the acceleration in new business wins was a direct result of the company's new transformational business strategy. The company was awarded over 60 programs in steering systems, electric motors, commercial vehicles, passenger vehicles, airbag systems, battery management, defense, and vehicle sensors. The awards were diversified across various end markets and include electric vehicle (EV) and hybrid vehicle applications with total wins of approximately $30 million, vehicle connector components and electrical connector shielding with total wins of approximately $15 million, and diesel parts for large equipment with total awards of approximately $9 million.

Precision components supplied by the company are proving valuable in supporting advancements in noise reduction, vibration reduction and harshness performance requirements by manufacturers. Its capabilities in precision machining, precision stamping, plating, precious metals and injection molding are accepted in the marketplace, especially with certifications such as ISO-13485, ITAR, IATF-16949, ISO-9001, NADCAP AC7108 & AC7004. These certifications and internal capabilities have allowed NN to immediately re-enter the medical business with a focused agenda on surgical instruments, handpieces and implants for orthopedic applications, among others.

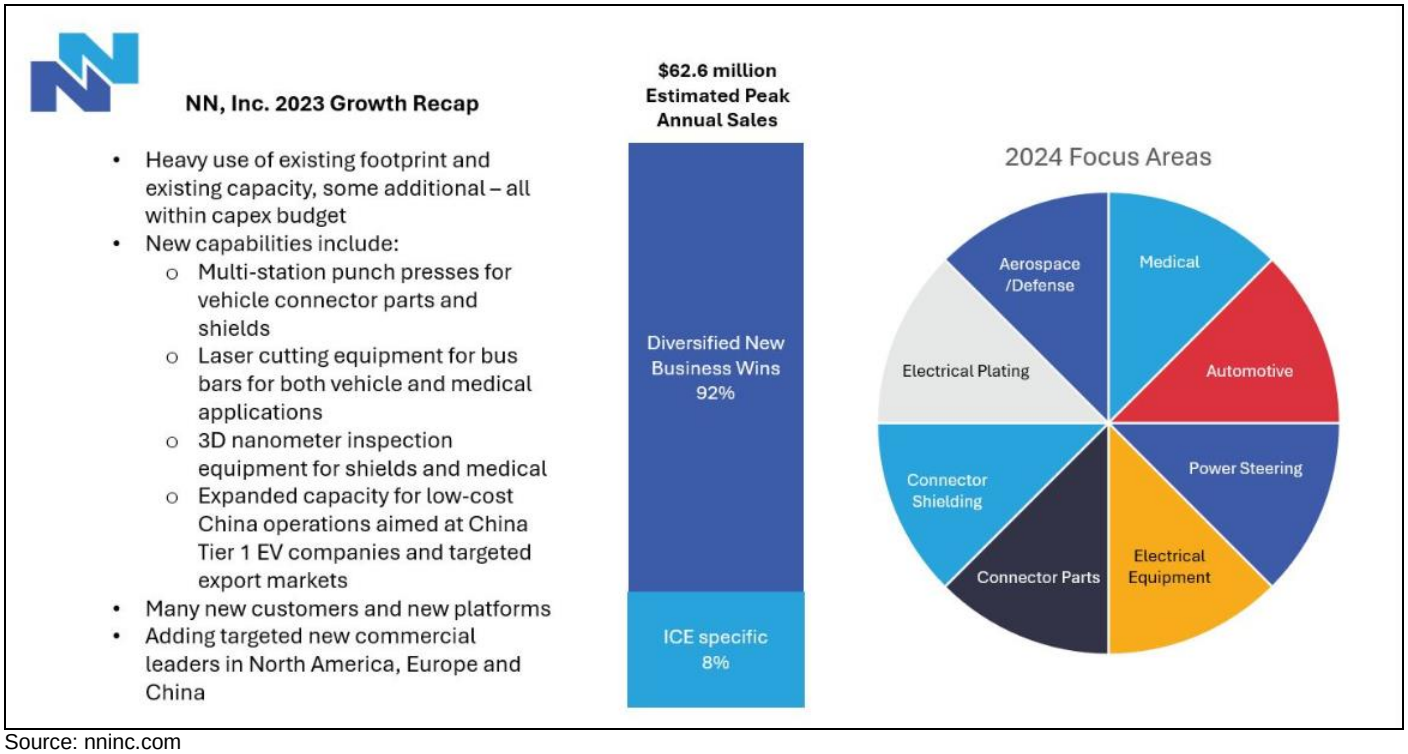
NN delivers single micron tolerance with its precision machining capabilities in Swiss-style, screw, and rotary transfer machines with worm milling and gear hobbing. Its micro milling and grinding are ideal for component needs such as motor shafts, pinion and worm gears, connectors, injector and spool valve components and armatures.

The company has progressive stamping capabilities with presses from two to 330 tons and specialized knowledge in producing high and low voltage connectors, electrical contacts and contact assemblies, including EMI connector box shields, bus bars and collector plates. These components are needed in EVs, hybrid vehicles, battery storage, meters and power distribution systems.

In addition, NN uniquely has in-house gold, silver, palladium, nickel and tin plating capabilities by rack or barrel method. This gives NN a unique one-stop capability for customer's metal component requirements.

NN's pipeline of new business opportunities entering 2024 is approximately $580 million in size. The company continues to evolve and strengthen its growth programs by focusing on specific product applications including electric steering systems, electrical systems, braking systems, electricity distribution, battery management, fluid management, EV charging systems and medical components.

CEO Harold Bevis stated, *"The NN sales team did a great job in 2023. Our sales growth goal is 5% CAGR, and this level of new business wins is consistent with our objectives and shows that the actions we have in place can deliver tremendous forward value. Coupled with our revamped approach to operational performance, the company intends for these new business wins to be additive as we increase our customer retention rates on existing business."*



Source: nninc.com

New Investor Presentation

The company released an updated investor presentation on March 11, 2024, in conjunction with the 4th quarter earnings release. The investor presentation can be found here.

Transformation Initiatives

The company is undergoing a series of strategic initiatives in order to grow sales, improve margins, and increase free cash flow generation which should increase shareholder value over time. The company indicated they have completed approximately 30% of the plan's overall objectives. These initiatives include five key components:

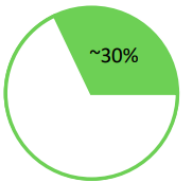
1. Strengthening Leadership and Accountability – The company recently hired a new COO, Tim French, and a new Chief Procurement Officer, David Harrison. Both have extensive business experience and transformation leadership. Headcount has also been reduced in underperforming areas. The company continues to add talent in the areas of sales, engineering, procurement, and manufacturing.

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. The company has also engaged in cost-out and asset management improvements at the plant level, with established quarterly or monthly targets.

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. 2024 free cash flow is expected to be similar to 2023 levels which is primarily driven by base business results, reinvestment rates, and a high cost cap structure.

5. Increase Business Wins – The company is trying to 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. The company plans to enter new and diverse markets.

Status	Goal	Progress and 2024 Actions
	1. Strengthen Leadership & Accountability	• Adding talent in sales, engineering, procurement, and manufacturing • Reducing headcount in underperforming areas • Bolstering operational processes and systems infrastructure • Strengthening teamwork and collaboration • Renewing focus on customer engagement, satisfaction, and growth
	2. Fix Unprofitable Business Areas	• Addressing unprofitable business strips • Utilizing open capacity to add new business at a faster pace • Cost-out and asset management improvements at plant level with established monthly and quarterly targets
	3. Expand Margins	• Global total cost productivity and procurement optimization programs are both just beginning • Margin expansion goals will be supported by achieving preferred supplier status with OEMs / improve operational performance
	4. Deliver Consistent Annual Free Cash Flow	• Significant FCF improvement in 2023, forecasting continued momentum in 2024 • Targeting similar levels of FCF in 2024, driven primarily by base business results, reinvestment rates, and high-cost capital structure • FCF continues to support further debt reduction and refinancing goals
	5. Increase New Business Wins	• Delivered record new business wins in 2023 and expect similar pace of wins in 2024 • Multiple initiatives in development and just beginning • Launching first-ever search engine optimization efforts for enhanced lead generation • Entering new and diverse markets; further upgrading our revenue mix

Source: nninc.com

2024 Outlook

The company provided a ranged outlook for the full year 2024 which includes:

- Revenue in the range of $485 million to $510 million;
- Adjusted EBITDA in the range of $47 million to $55 million;
- Free cash flow in the range of $10 million to $15 million;
- New business wins in the range of $55 million to $70 million; and
- Net leverage below 3.0x.

The company indicated that seven of its facilities are collectively creating a $10 million drain on annual EBITDA. The company hopes to push these losses to breakeven in 2024 and create a net profitable situation in 2025 on these facilities.

The free cash flow expectations for 2024 are roughly in the range of 2023 free cash flow generation which was $11.7 million despite expected higher levels of EBITDA. In 2024, the company is not expected to experience the high levels of positive working capital that occurred in 2023. Capital expenditures in 2024 are expected to be similar to 2023 levels, in the $20 million range.

Valuation & Estimates

We are maintaining our DCF based price target of **$7.00** per share based on the company's updated long-term goals of revenues exceeding $650 million in 2028 and obtaining adjusted EBITDA margins to the 12%-13% range. We note that this price target incorporates approximately $20-$30 million in additional revenues from accretive acquisitions during that time frame. We also lower our DCF discount rate to account for the likely de-risking of the overall story.

Our 2024 revenue estimate is adjusted to $498 million and our adjusted 2024 EPS estimate is now ($0.21).

Summary

We believe NN can be an active participant in four growing and attractive markets:

1) Automotive Parts & Passenger Vehicles – Although modest market growth is expected in 2024, long-term growth is expected to overcome a weaker economic outlook which historically prompts contractions in light vehicle (LV) output. A more normalized supply-side & vehicle pricing strategy is expected to provide further support this year. In addition, the China markets may provide incremental long-term growth opportunities.

2) Commercial Vehicles – The global heavy-duty truck market is estimated to be 3.1 million units in 2023. The heavy-duty commercial vehicle sector is expected to continue to grow annually and may deliver a CAGR of 3.3%, reaching 3.7 million units by 2028. In addition, engine advancements focused on emission reduction and enhanced vehicle functions may provide additional opportunities.

3) Grid & Electrical Investment – The global power grid market is expected to grow at a CAGR of 4.37% through 2032. This is driven by the growing energy needs from residential and industrial usage, the ongoing shift towards renewable energy sources, and the adoption of new related technologies.

4) Medical Components - Orthopedic sales are expected to increase 3.4% for 2023 and 3.4%–3.7% year-over-year through 2026. Procedure volumes in most product segments and geographic regions have normalized since COVID-19 which had reduced the availability of elective procedures. While there may

be pockets of backlogged procedures that produce a market demand tailwind, this anticipated upside may be partially offset by staffing shortages.

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 and beyond.



Source: nninc.com



Source: nninc.com

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 $489.0 million in revenues 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 has undergone a turnaround and restructuring which included 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 $214.8 million. The leverage ratio as of the 12/31/23 was 3.20x, however based on 2024 EBITDA estimates, the leverage ratio is expected to decline on a forward-looking basis. We believe that by 2026 or sooner, the leverage ratio could be reduced to approximately 2.0x.

- We believe NNBR stock is worth **$7.00** based on a discounted cash flow (DCF) calculation and a peer multiple comparison using EV/EBITDA.

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



Source: nninc.com

OVERVIEW

Inspired by iNNovation

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 72% of revenues are derived from North America, 12% from the Asia/Pacific region, and 9% from South America and 8% from Europe.

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 December 31, 2023, the company had approximately $159.9 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. 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

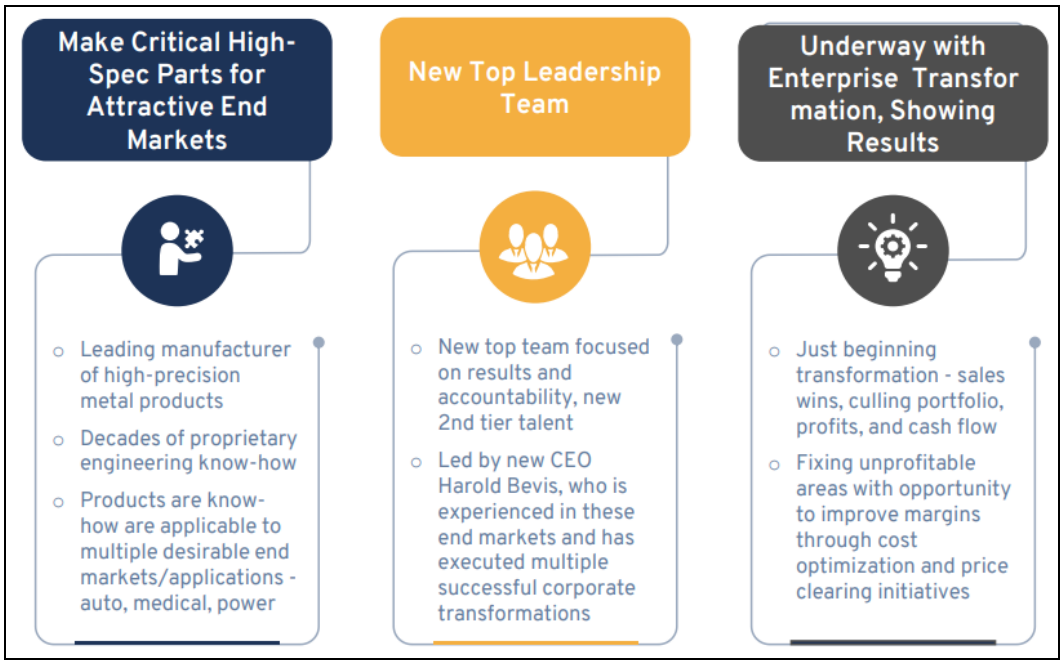
Mr. Bevis has more than 25 years of business leadership experience, including more than 20 years' experience in the CEO role at various companies. He was previously President and CEO of Commercial Vehicle Group, Inc. (NASDAQ: CVGI), a publicly traded manufacturer of electrical, mechanical and seating 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.

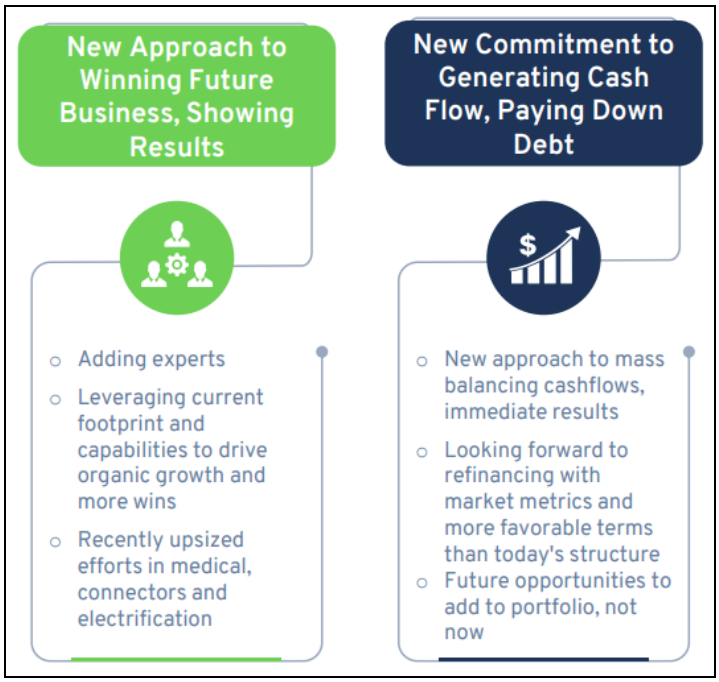
Michael Felcher
Senior Vice President and Chief Financial Officer

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.

Tim French
Chief Operating Officer

Tim French joined NN in 2023 as Chief Operating Officer. He is a seasoned senior level executive with more than 35 years of hands on manufacturing experience. Over the last 15 years he has held CEO, President, COO and Vice President of Operations positions at various companies as well as being the senior operations leader at two company turnarounds. As the COO of a greenfield company, he was instrumental in the development of a global manufacturing business helping it grow from inception to $1.4 billion in revenue, with 34 facilities in 7 countries and more than 4,000 employees. During his tenure he also led the turnaround of multiple underperforming facilities and the integration of several profitable acquisitions creating significant enterprise value for shareholders. Tim holds an Advanced Graduate Diploma Management and has an MBA.





Source: nninc.com

PROJECTED INCOME STATEMENT

Income Statement	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25
Adjusted EBITDA	46,668,000	43,916,000	43,121,000	52,830,966	59,488,307
Net Sales	**477,584,000**	**498,738,000**	**489,270,000**	**497,500,000**	**527,350,000**
Growth	*11.7%*	*4.4%*	*-1.9%*	*1.7%*	*6.0%*
Cost of Goods Sold	**389,995,000**	**421,105,000**	**419,175,000**	**413,788,434**	**433,342,240**
%	*81.7%*	*84.4%*	*85.7%*	*83.2%*	*82.2%*
Depreciation & Amort	**31,847,000**	**31,404,000**	**31,953,000**	**31,313,940**	**30,687,661**
Gross Profit	**55,742,000**	**46,229,000**	**38,142,000**	**52,397,626**	**63,320,099**
Margin	*11.7%*	*9.3%*	*7.8%*	*10.5%*	*12.0%*
SG&A Expenses	**51,489,000**	**42,663,000**	**47,436,000**	**46,250,100**	**47,175,102**
% of sales	*10.8%*	*8.6%*	*9.7%*	*9.3%*	*8.9%*
Other	**(1,091,000)**	**2,829,000**	**(1,657,000)**	**(1,988,400)**	**(2,008,284)**
% of sales	*-0.2%*	*0.6%*	*-0.3%*	*-0.4%*	*-0.4%*
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**	**14,167,000**	**13,812,825**	**13,467,504**
% of sales	*3.0%*	*3.2%*	*2.9%*	*2.8%*	*2.6%*
Operating Income	**(9,004,000)**	**(15,090,000)**	**(21,804,000)**	**(5,676,899)**	**4,685,777**
Margin	*-1.9%*	*-3.0%*	*-4.5%*	*-1.1%*	*0.9%*
EBITDA (non-adjusted)	**37,191,000**	**32,141,000**	**24,316,000**	**39,449,866**	**48,840,942**
Margin	*7.8%*	*6.4%*	*5.0%*	*7.9%*	*9.3%*
Other Expenses/(Income)	**774,000**	**(5,064,000)**	**10,730,000**	**(399,122)**	**(563,790)**
%	*0.2%*	*-1.0%*	*2.2%*	*-0.1%*	*-0.1%*
EBIT	**(9,778,000)**	**(10,026,000)**	**(32,534,000)**	**(5,277,777)**	**5,249,566**
%	*-2.0%*	*-2.0%*	*-6.6%*	*-1.1%*	*1.0%*
Total Interest Exp (net)	**12,664,000**	**15,041,000**	**21,137,000**	**19,287,970**	**19,027,970**
%	*2.7%*	*3.0%*	*4.3%*	*3.9%*	*3.6%*
Net Profit Before Tax	**(22,442,000)**	**(25,067,000)**	**(53,671,000)**	**(24,565,747)**	**(13,778,404)**
%	*-4.7%*	*-5.0%*	*-11.0%*	*-4.9%*	*-2.6%*
Income Tax	**(1,756,000)**	**1,621,000**	**2,285,000**	**2,330,700**	**2,377,314**
% Effective Rate	*7.8%*	*-6.5%*	*-4.3%*	*-9.5%*	*-17.3%*
% Cash Tax Rate	*7.8%*	*-6.5%*	*-4.3%*	*-9.5%*	*-17.3%*
Preferred Stock and JV	**15,217,000**	**4,302,000**	**7,292,000**	**8,021,200**	**8,101,412**
Net Profit	**(35,903,000)**	**(22,386,000)**	**(63,248,000)**	**(34,917,647)**	**(24,257,130)**
%	*-7.5%*	*-4.5%*	*-12.9%*	*-7.0%*	*-4.6%*
Non-recurring income (expense)		(4,674,800)			
Average Diluted Shares Outstanding	44,011,000	44,680,000	46,738,000	49,165,450	49,165,450
Reported FD EPS					
NNBR Adjusted EPS	**0.04**	**(0.19)**	**(0.29)**	**(0.21)**	**(0.11)**
GAAP EPS	**(0.79)**	**(0.83)**	**(1.35)**	**(0.55)**	**(0.33)**

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

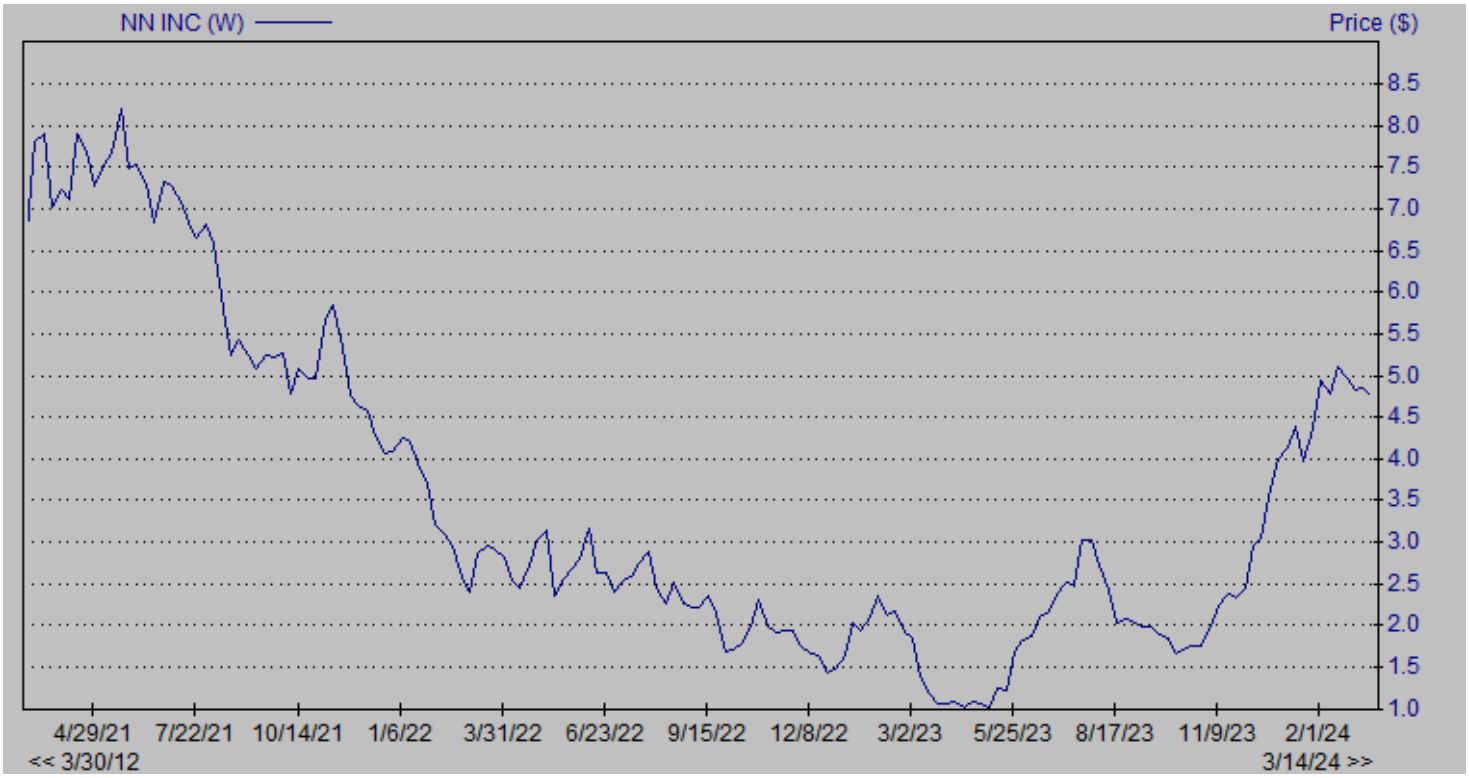
- **Electrical Contact Assemblies**
  - Application: Electrical/ Grid and General Industrial
  - Competitive Advantage: Forming, Contact Manufacturing, Machining, Stamping, Plating, Brazing, Heat Treating, Assembly
  - Distribution: Massachusetts, China, Mexico City

- **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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