TIMKEN STEEL

Investor Presentation

June 1, 2016

Forward-looking statements and non-GAAP financial information

This presentation includes “forward-looking” statements within the meaning of the federal securities laws. You can generally identify the company’s forward-looking statements by words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “forecast,” “outlook,” “intend,” “may,” “possible,” “potential,” “predict,” “project,” “seek,” “target,” “could,” “may,” “should” or “would” or other similar words, phrases or expressions that convey the uncertainty of future events or outcomes. The company cautions readers that actual results may differ materially from those expressed or implied in forward-looking statements made by or on behalf of the company due to a variety of factors, such as: the company’s ability to realize the expected benefits of the spinoff; the costs associated with being an independent public company, which may be higher than anticipated; deterioration in world economic conditions, or in economic conditions in any of the geographic regions in which the company conducts business, including additional adverse effects from global economic slowdown, terrorism or hostilities, including political risks associated with the potential instability of governments and legal systems in countries in which the company or its customers conduct business, and changes in currency valuations; the effects of fluctuations in customer demand on sales, product mix and prices in the industries in which the company operates, including the ability of the company to respond to rapid changes in customer demand, the effects of customer bankruptcies or liquidations, the impact of changes in industrial business cycles, and whether conditions of fair trade continue in U.S. markets; competitive factors, including changes in market penetration, increasing price competition by existing or new foreign and domestic competitors, the introduction of new products by existing and new competitors, and new technology that may impact the way the company’s products are sold or distributed; changes in operating costs, including the effect of changes in the company’s manufacturing processes, changes in costs associated with varying levels of operations and manufacturing capacity, availability of raw materials and energy, the company’s ability to mitigate the impact of fluctuations in raw materials and energy costs and the effectiveness of its surcharge mechanism, changes in the expected costs associated with product warranty claims, changes resulting from inventory management, cost reduction initiatives and different levels of customer demands, the effects of unplanned work stoppages, and changes in the cost of labor and benefits; the success of the company’s operating plans, announced programs, initiatives and capital investments (including the jumbo bloom vertical caster and advanced quench-and-temper facility), the ability to integrate acquired companies, the ability of acquired companies to achieve satisfactory operating results, including results being accretive to earnings, and the company’s ability to maintain appropriate relations with unions that represent its associates in certain locations in order to avoid disruptions of business; and changes in worldwide financial markets, including availability of financing and interest rates, which affect the company’s cost of funds and/or ability to raise capital, the company’s pension obligations and investment performance, and/or customer demand and the ability of customers to obtain financing to purchase the company’s products or equipment that contain its products, and the amount of any dividend declared by the company’s board of directors on its common shares. Additional risks relating to the company’s business, the industries in which the company operates or the company’s common shares may be described from time to time in the company’s filings with the SEC. All of these risk factors are difficult to predict, are subject to material uncertainties that may affect actual results and may be beyond the company’s control. Readers are cautioned that it is not possible to predict or identify all of the risks, uncertainties and other factors that may affect future results and that the above list should not be considered to be a complete list. Except as required by the federal securities laws, the company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

The unaudited pro forma consolidated financial data in this presentation is subject to assumptions and adjustments described in the company’s registration statement on Form 10. TimkenSteel Corporation’s (“TimkenSteel”) management believes these assumptions and adjustments are reasonable under the circumstances . The unaudited pro forma consolidated financial data does not purport to represent what TimkenSteel’s financial position and results of operations actually would have been had the spinoff occurred on the dates indicated, or to project TimkenSteel’s financial performance for any future period following the spinoff.

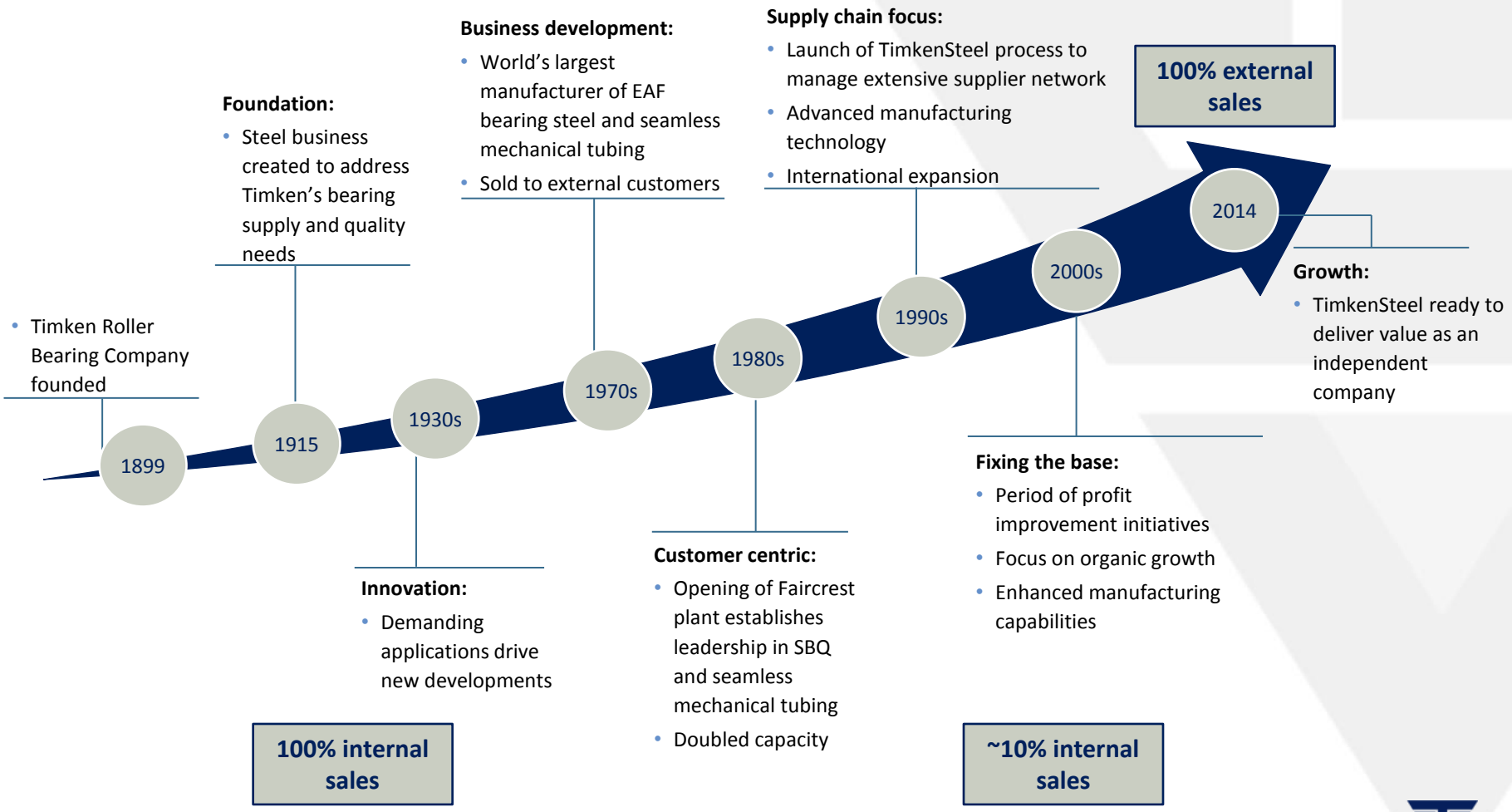
This presentation also includes certain non-GAAP financial measures as defined by SEC rules. A reconciliation of those measures to the most directly comparable GAAP equivalent is contained in the Appendix. Please see discussion of non-GAAP financial measures in the Appendix.

TIMKENSTEEL

Business overview

History of delivering value through focus on customer needs

History and milestones

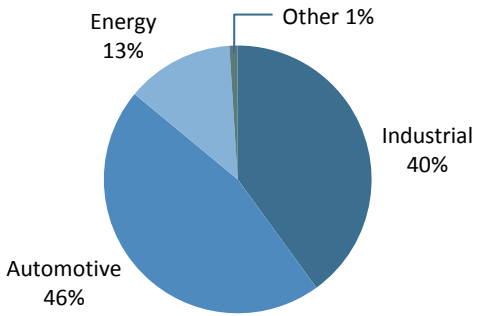


TimkenSteel: At a glance

Overview

- Headquartered in Canton, Ohio
- Annual melt capacity of ~2 million tons
- Only focused North American SBQ producer
- Supplies ~30% of seamless mechanical tube demand in North America
- 2015 AMM Steel Producer of the Year recipient
- 2015 AMM Best Innovation Award recipient

2015 net sales by end market



Alloy steel bars (SBQ) ~60%[1]

TimkenSteel Applications



- Bearings
- Fuel injectors
- Gun barrels
- Crankshafts
- Tri-Cone bits
- Percussion bits
- Energy CRA Production
- CV joints
- Gear

High SBQ

QUALITY

Low (Not SBQ)



- Fasteners
- Hand tools
- Leaf springs
- Shopping carts
- Table legs
- Reinforcing bar

Non-TimkenSteel Applications

Value-added solutions ~25%[1]

Machining, honing & drilling



Components



Supply chain



Seamless mechanical tubing ~15%[1]

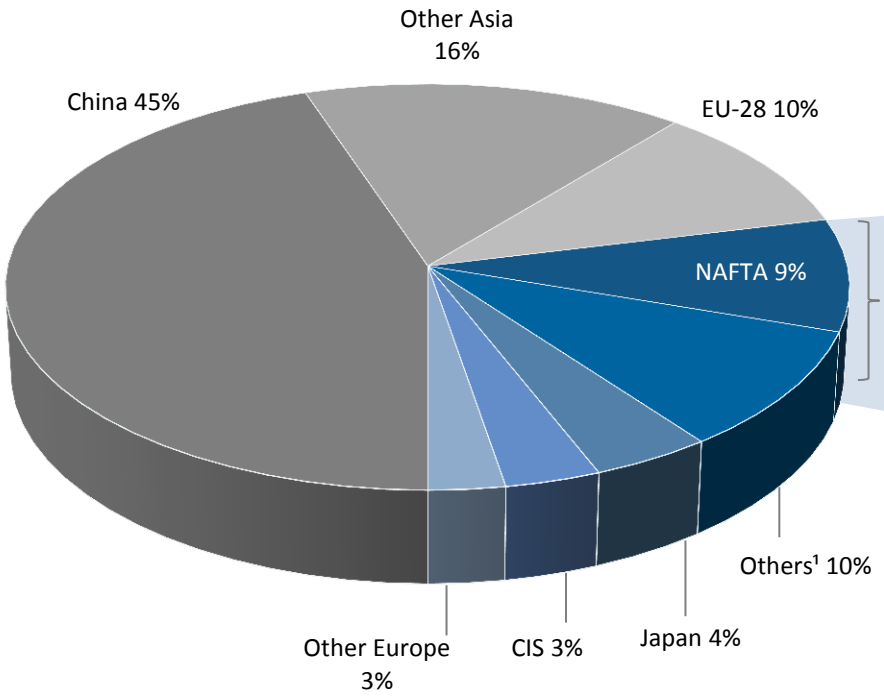


Source: TimkenSteel

[1] As a percentage of 2015 net sales

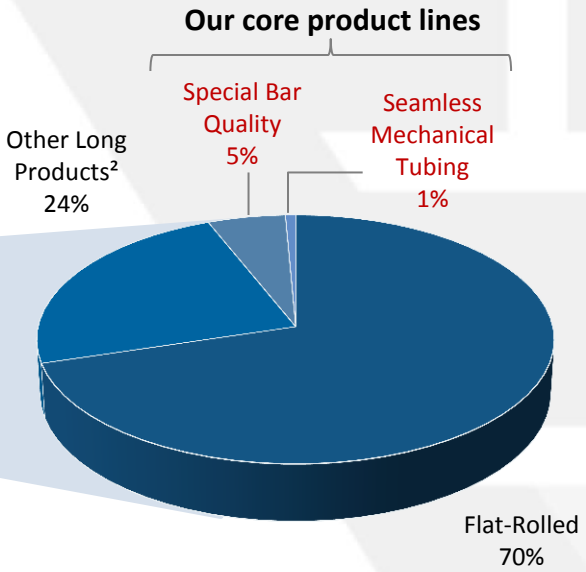
Focused in niche market sectors where we have competitive strength

Global finished steel products



World: 1,654 mm tons

USA finished steel products

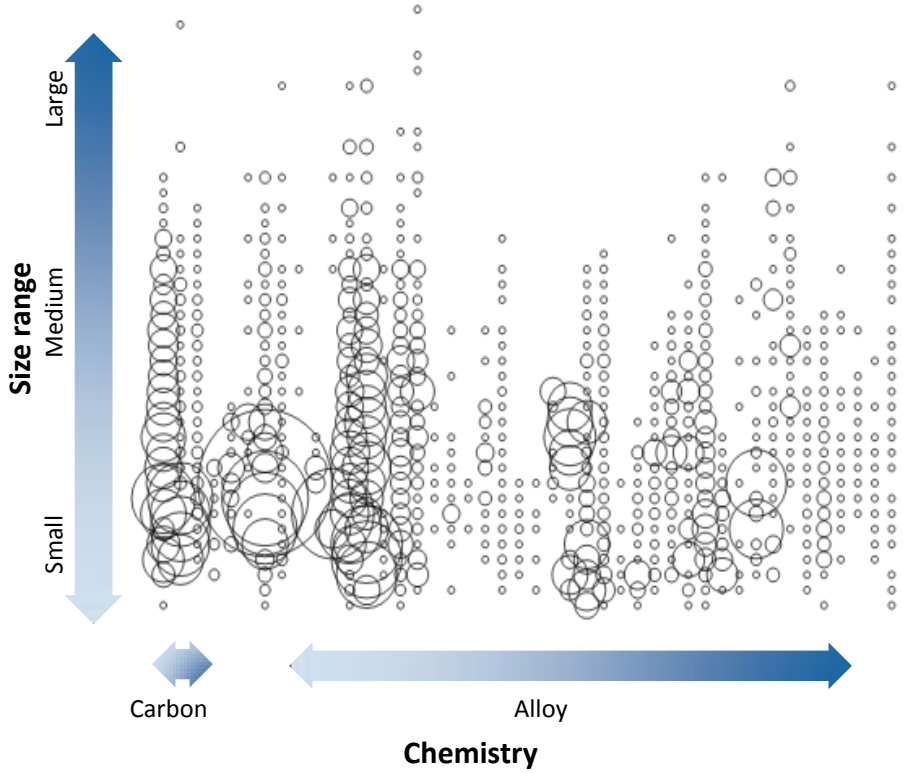


USA: 108 mm tons

Source: World Steel Association (2015FY); American Iron and Steel Institute (2015FY)
¹ Others: Middle East 4%, Central & South America 3%, Africa 3%, Australia & New Zealand 0.5%
² Other Long Products: Light Shapes, Reinforcing Bars, Merchant Bars, Wire, Pipe & Tubing

Unique combination of processes, experience and systems is a competitive advantage

Complex order book



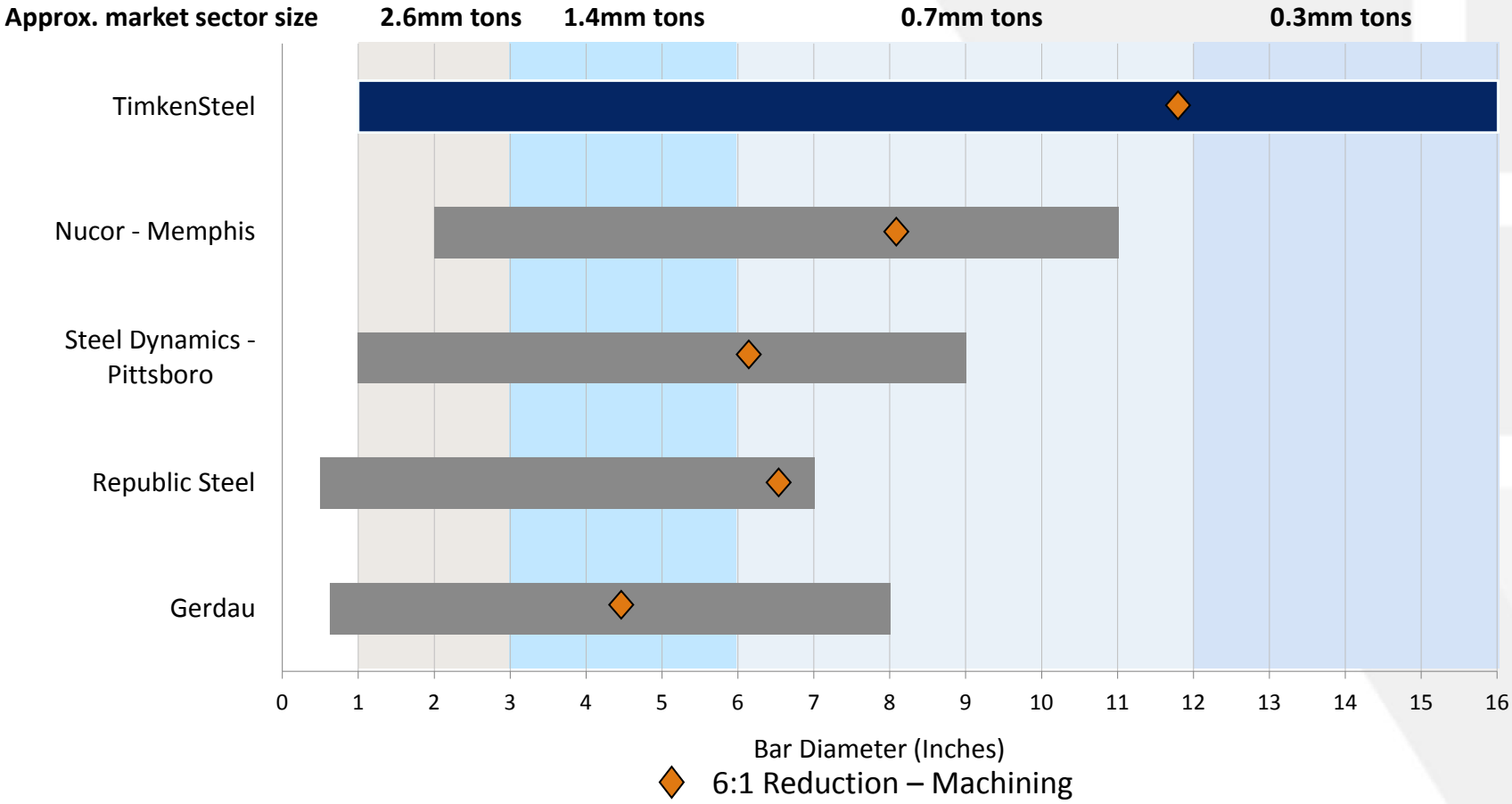
Complex planning environment

- > 500 grades of steel
- 400,000 bar configurations, more for tubes
- More than 10,000 customer specifications
- Over 500 customers
- 30 ton average order size
- Shipped over 40,000 orders a year on average
- 7 manufacturing plants, 4 warehouses
- 30 major flow paths, 100 operations, 258 work centers

100% made to order products delivered at industry leading customer service

Source: TimkenSteel

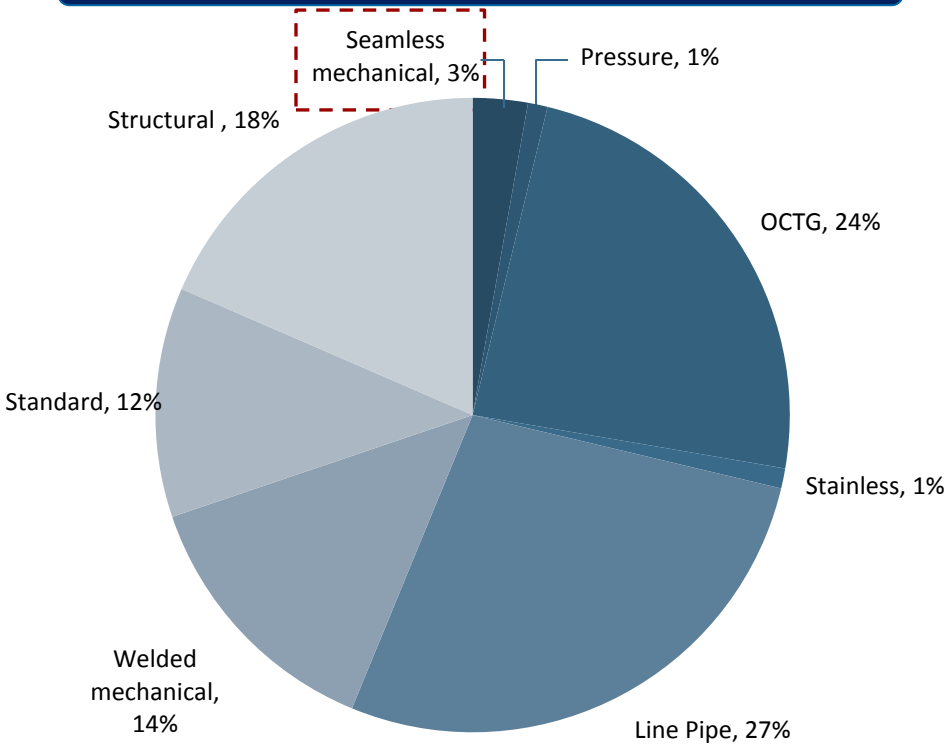
Broad size range strengthens our competitive position



Source: TimkenSteel internal estimates as of 3/31/2016

A leading producer of seamless mechanical tubing

U.S. tubing landscape[1]



16.2mm annual tons - welded and seamless

Differentiation

- Largest domestic capacity
- Broadest size range
  - 1.875” to 13.0”
- Heavier walls
- Higher value – added niche volume and alloy grade categories
- Leading producer of quench and tempered capability
- Custom grades, small order sizes, demanding applications make barrier to entry difficult

Source: 2015 Preston Pipe and Tube Report

[1] The chart is organized from lightest to darkest shading, with the darkest shading denoting the highest material value and performance

Meeting our customers' high-performance needs

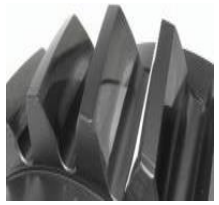
Value proposition

Energy



- On and off-shore drilling and completion applications
- Offerings are valued and trusted by industry leaders
- Unique and integrated supply chain solution set which combines high performance materials, unmatched thermal treatment, proprietary machining processes and responsive delivery capabilities

Industrial



- Diverse industrial applications where performance is critical in a variety of end markets including mining, rail, agriculture, military, machinery and more
- Manufacturing flexibility supports large scale assets with small scale solutions
- Trusted, long-term, reliable supplier

Mobile



- Known for our leadership in quality, consistency, and technical support
- Broad experience fostering deep material, application, and process know-how that creates value
- Critical automotive applications where high performance is required, primarily engine, transmission and driveline components

Key customers

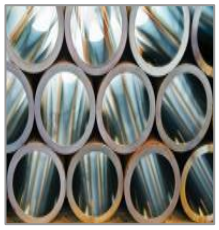
- National Oilwell Varco
- Schlumberger
- Halliburton (via distribution)
- FMC Technologies
- Ellwood Group
- Dril-Quip

- Timken
- Caterpillar
- Brenco
- Ellwood Group
- Canton Drop Forge
- General Dynamics

- General Motors
- Ford
- Honda
- Nissan
- Toyota
- Fiat Chrysler Automobiles

Sales channel

Distribution



- Selected distribution channel partners leveraging one another's strengths
- Authorized service centers valued for differentiated supply chain solutions
- Wide yet tailored offering of sizes, value levels and quantities

Key customers

- Reliance Steel & Aluminum
- A.M. Castle
- Eaton Steel
- Marmon Keystone

Source: TimkenSteel

TimkenSteel applications in autos

Engine ~35%
- Crankshafts
- Connecting rods
- Fuel components

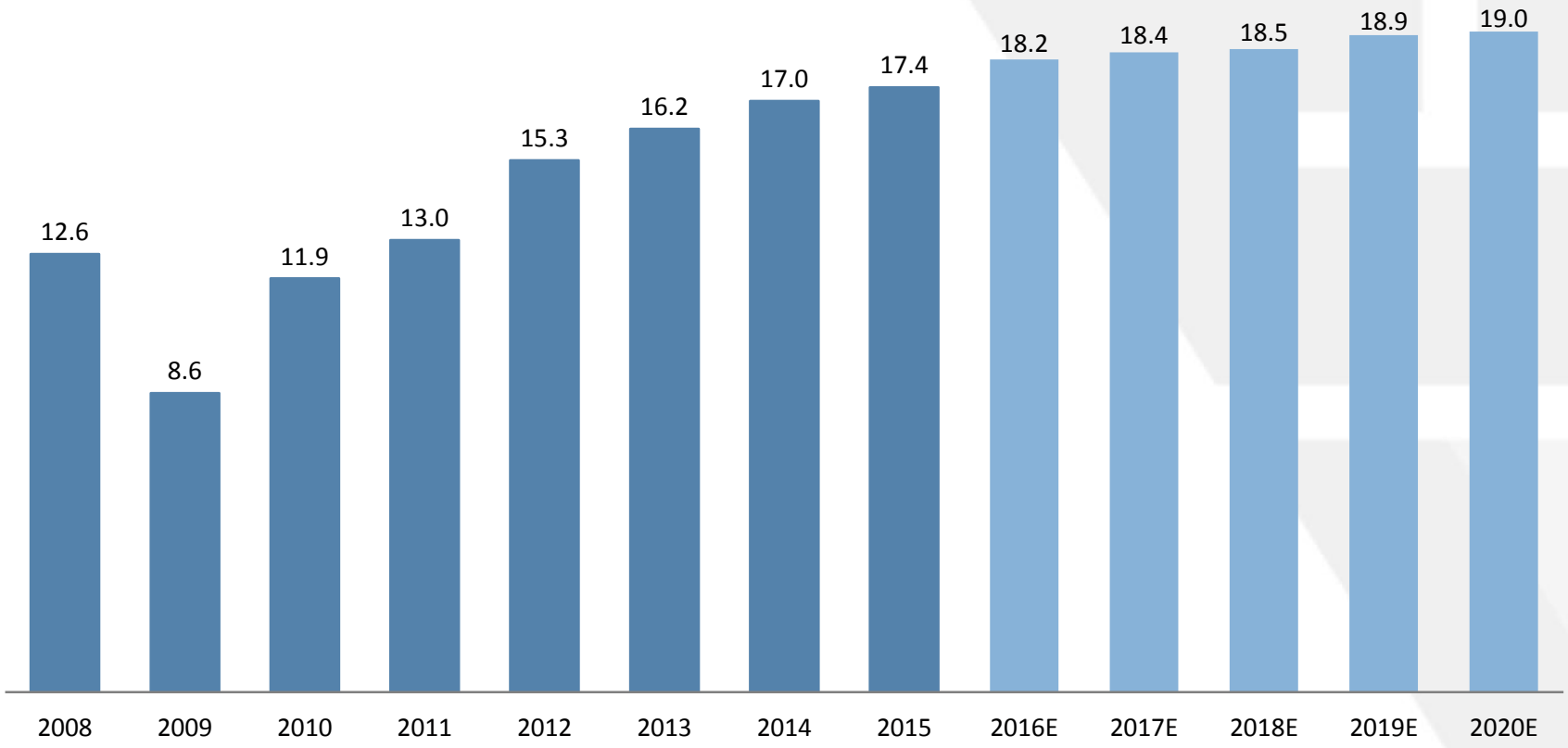


Transmission ~45%
- Sun, ring, pinion and planetary gears
- CVT pulley
- Drive gears
- Shafts
- Hubs

Driveline ~20%
- Bearing hubs
- Ring gears
- Drive pinion gears
- Side gears
- Axle tubing
- Steering knuckles
- CV Joint housing and cages

Automotive market continues to be strong

North American light vehicle production (mm)



Source: IHS Automotive

TimkenSteel industrial applications









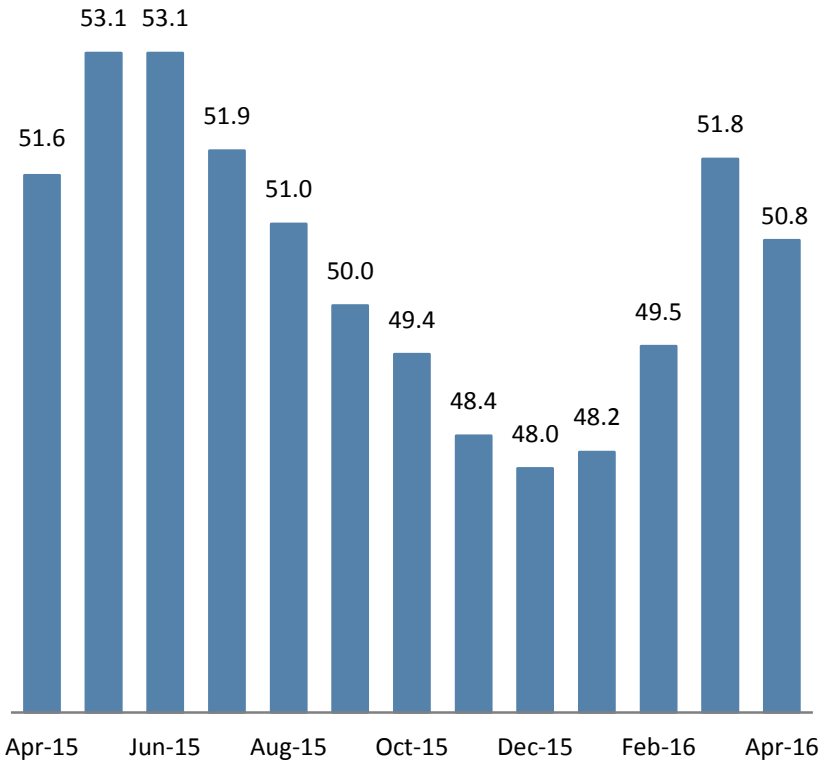

- Bearings components
- Connecting components
- Driveline/axle components
- Engine components
- Ground engaging tooling
- Hydraulic components
- Missile components and projectiles
- Planetary gear components
- Steering components
- Track components
- Transmission components
- Drilling
- Others





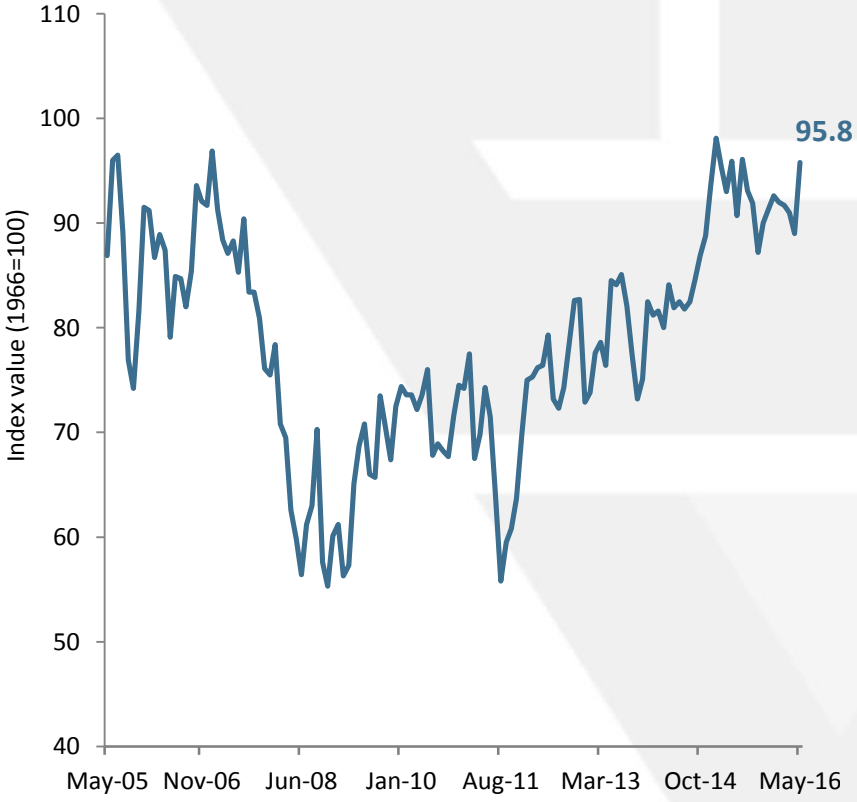

Key industrial economic indicators have trended positively in 2016

U.S. manufacturing PMI index, seasonally adjusted



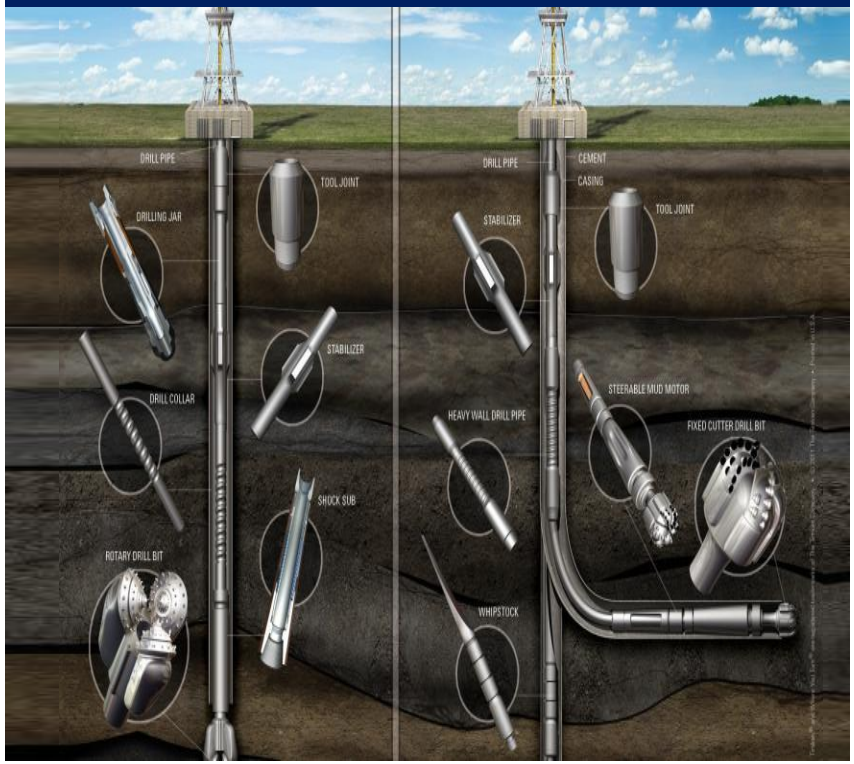
Source: Bloomberg

U.S. Consumer Sentiment Index

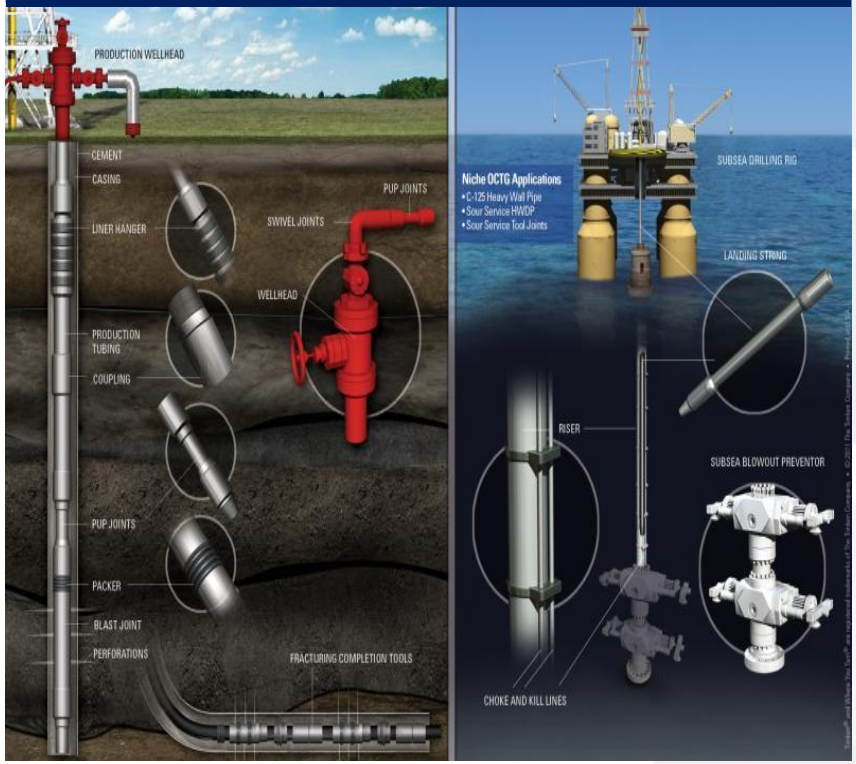


Demanding applications require our unique product and process capabilities

Vertical and horizontal drilling applications



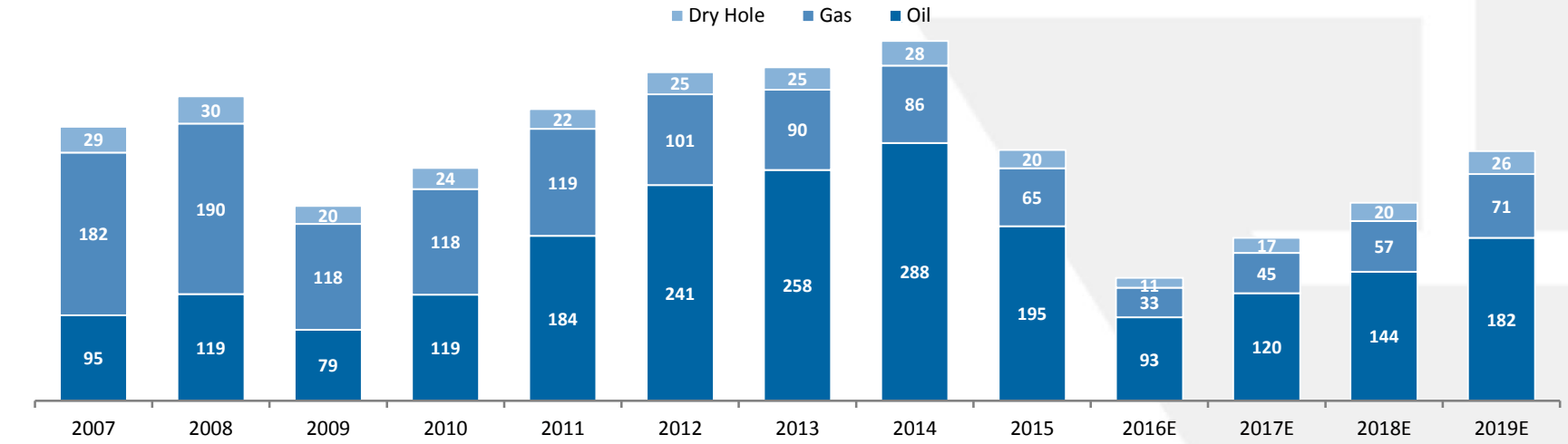
Completion and deepwater drilling applications



Custom-crafted, reliable solutions that address the distinct needs of the energy industry

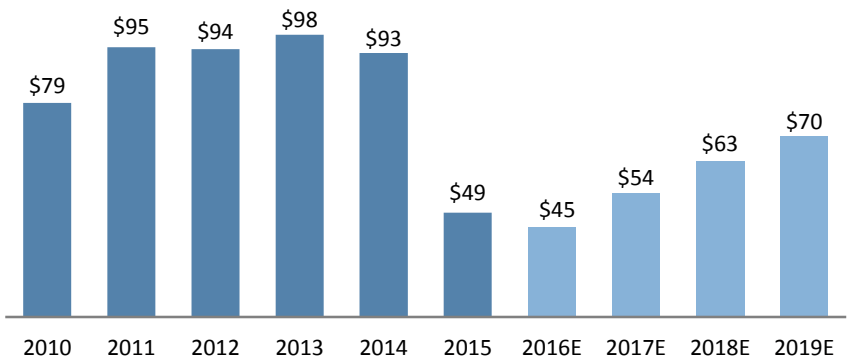
Oil & Gas Outlook

U.S. footage drilled by type (million feet)



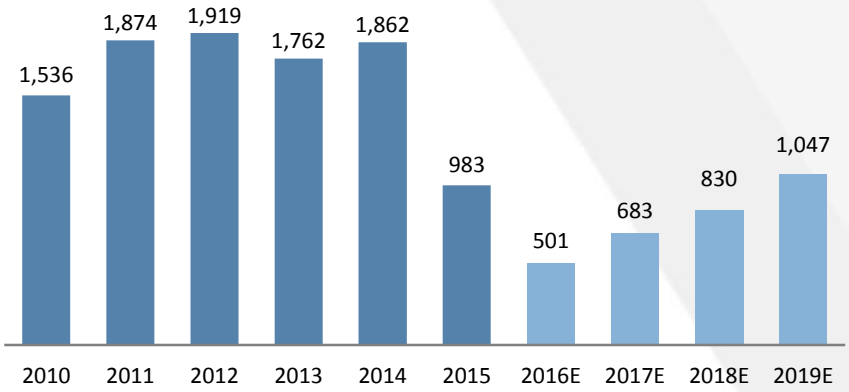
Source: Spears DPO (Jun 2016)

Spot WTI prices ($/bbl)



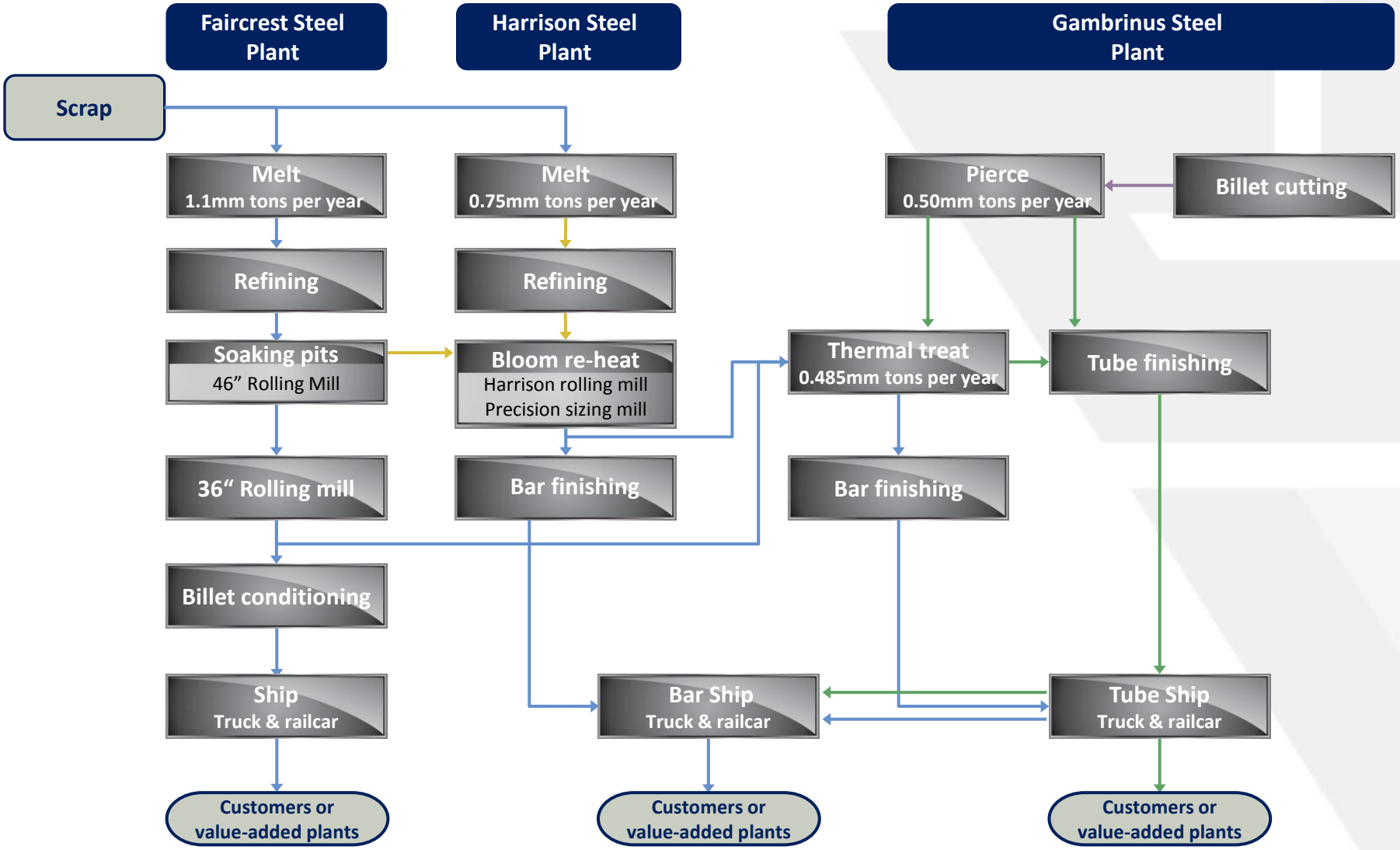
Source: Spears DPO (Jun 2016)

U.S. average rig count



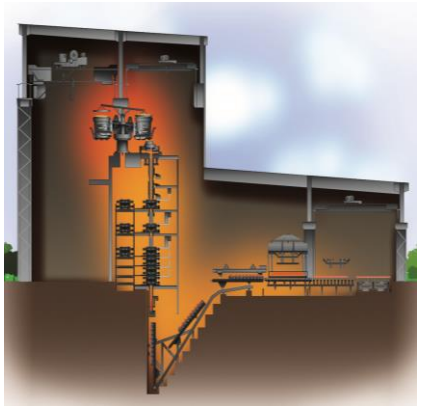
Source: Spears DPO (Jun 2016)

Maximizing our assets and process paths to service diverse industries



Investing for growth and competitive strength

Jumbo Caster



- ~$200m investment commissioned 3Q 2014
- 125k tons added capacity
- 10% yield improvement
- Flexible capacity in all markets
- Proprietary tundish design
- Superior cleanness for stand cast products
- Broader capability to support higher value SBQ and seamless mechanical tube markets

Ladle refining station



- ~$25m investment commissioned April 2013
- Exotic and new grades
- Steel cleanness and tight chemistry control
- Steelmaking capacity for 40k additional finish tons
- Ensures steel is delivered with correct chemistry, cleanness, temperature and time

In-Line Forge Press



- ~$35m investment commissioned April 2013
- 2% yield improvement
- 40k ton increase in rolling capacity
- Achieves required soundness up to 16” bar
- Entrance to new markets
- Unique in-line process creates “forged” internal quality with rolling mill precision and productivity

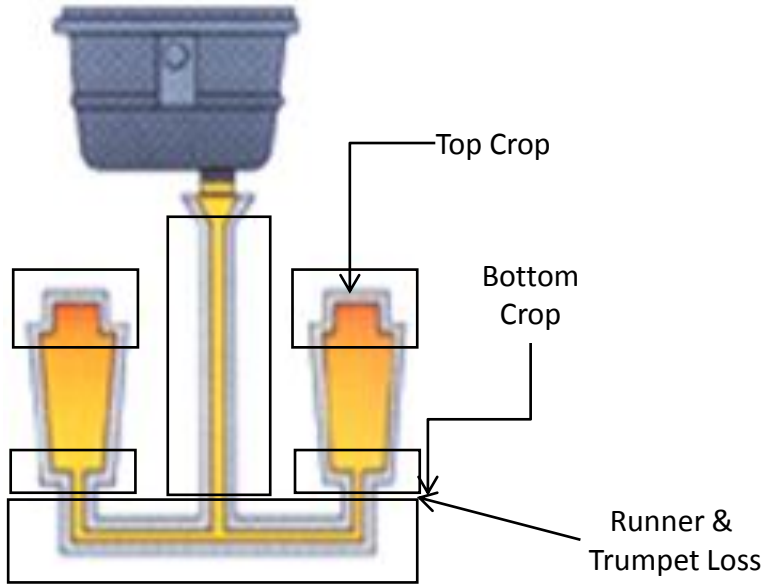
Intermediate Finishing Line (IFL)



- ~$50m investment commissioned April 2013
- 65% cycle time reduction
- 40% labor productivity
- State-of-the-art finishing processes
- Enhanced safety and environmental controls

Benefits of continuous cast – yield improvement and productivity

Bottom pour



Liquid to bloom yield = ~85%

Continuous cast



Liquid to bloom yield = ~95%

Quench-and-temper capabilities:

Changing drilling technology

Background / scope

- Multiple thermal treatment options made available since 1980s to meet customer needs

Processing / capabilities

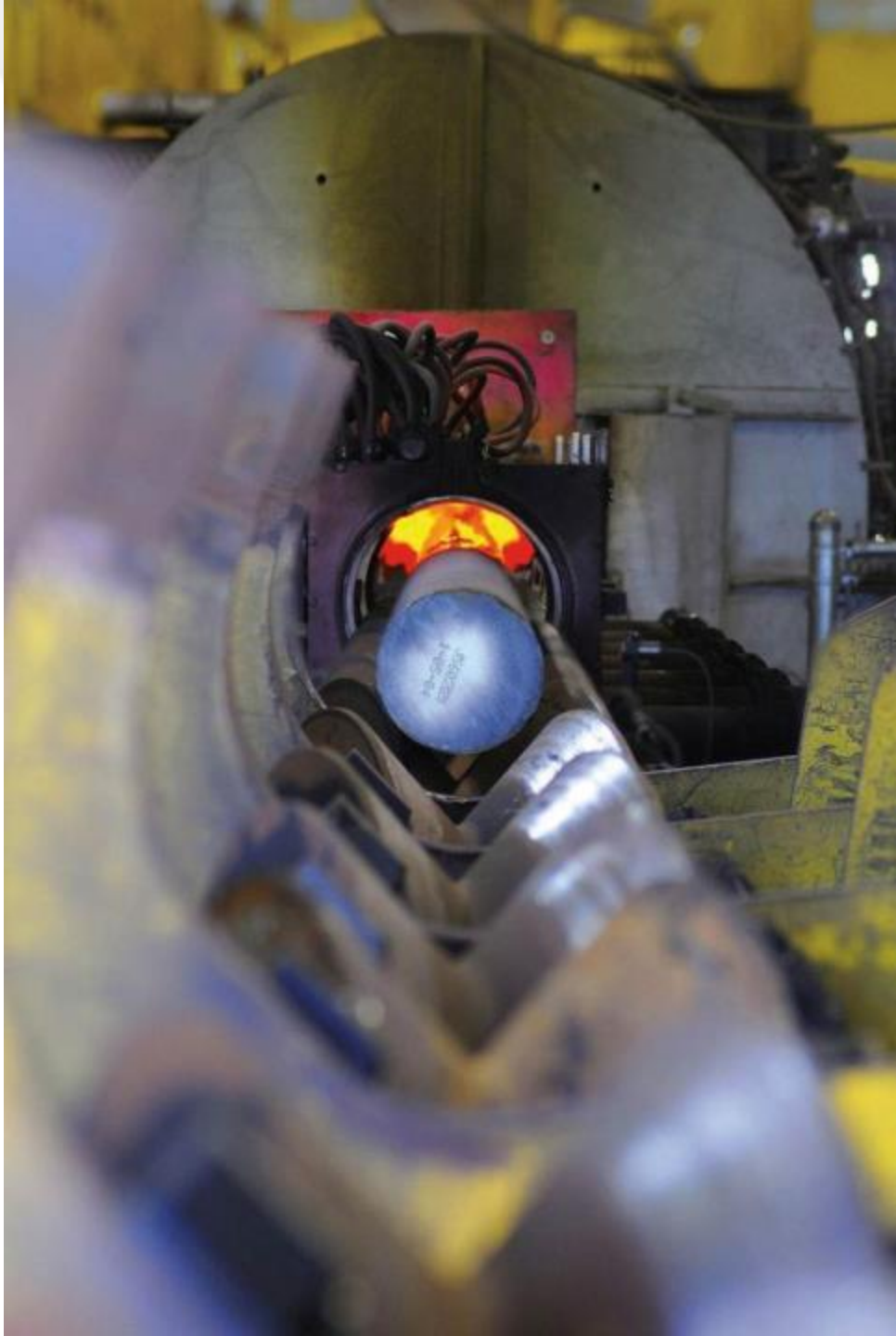
- **General Thermal Treatment Facilities:** 10 car-bottom furnaces, five roller-hearth furnaces, one tunnel-hearth furnace
- **Continuous Thermal Treatment Facility:** Sizes up to 12” in diameter
- **Induction Thermal Treatment Facility:** Sizes up to 8” in diameter
- **Quench-and-Temper Facility:** Sizes up to 9” in diameter
- **COMING SOON: Advanced Quench-and-Temper Facility:** Capacity for 50,000 process tons annually of 4”-13” bars and tubes

Customer advantages

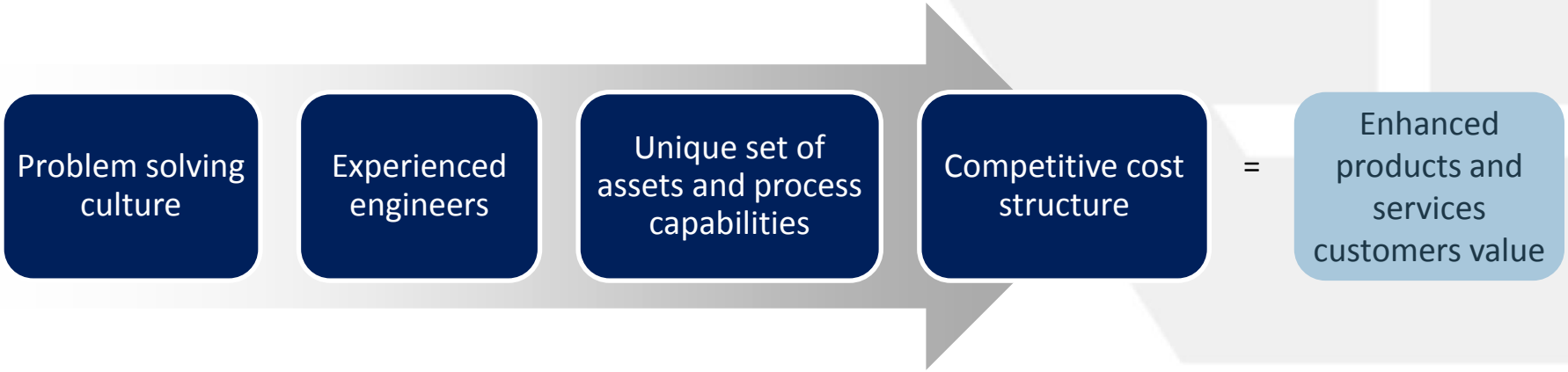
- Diverse range of processes to meet demanding strength and hardness requirements, regardless of order size

Competitive advantages

- Meeting stringent mechanical properties is becoming increasingly valuable as drilling demands in harsh environments increase



Unique combination of process, experienced engineering and systems drive operational excellence and superior performance

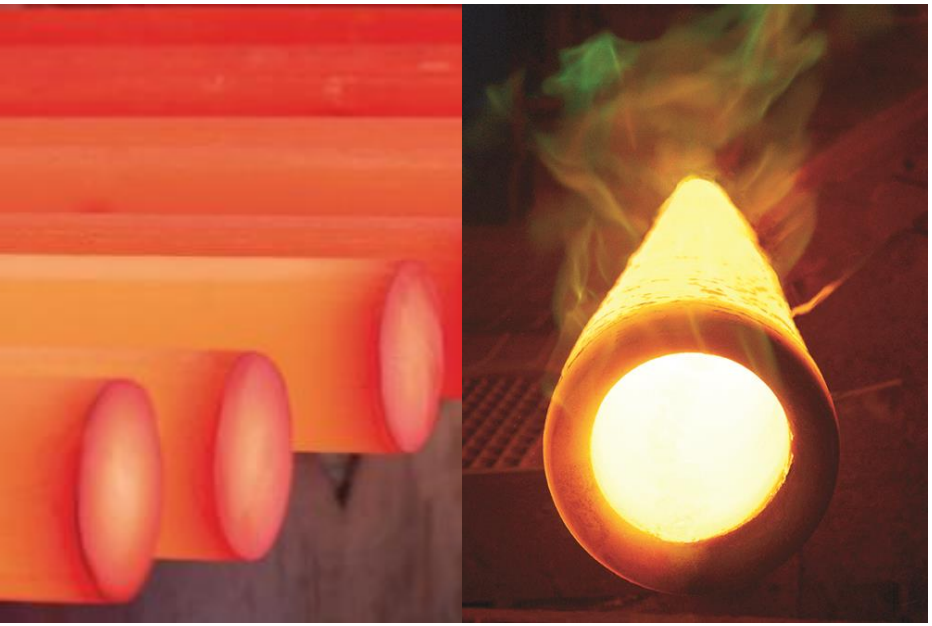


Consistent, cost-effective engineered product solutions for the superior performance our customers count on in demanding applications

American Metal Market Awards for Steel Excellence

AMM AWARDS
FOR STEEL EXCELLENCE
2015 WINNER
STEEL PRODUCER OF THE YEAR

AMM AWARDS
FOR STEEL EXCELLENCE
2015 WINNER
BEST INNOVATION: PROCESS



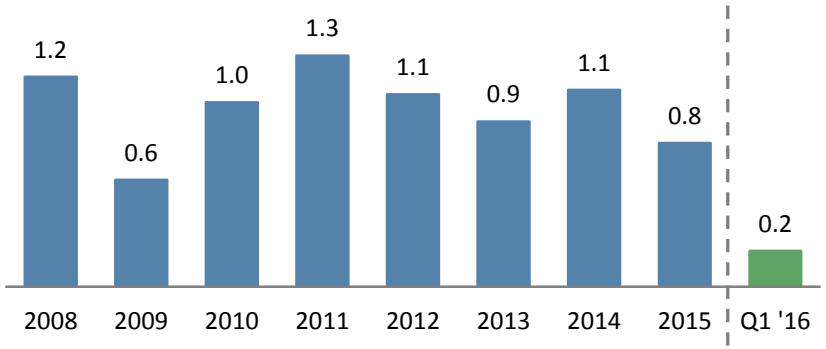


TIMKEN STEEL

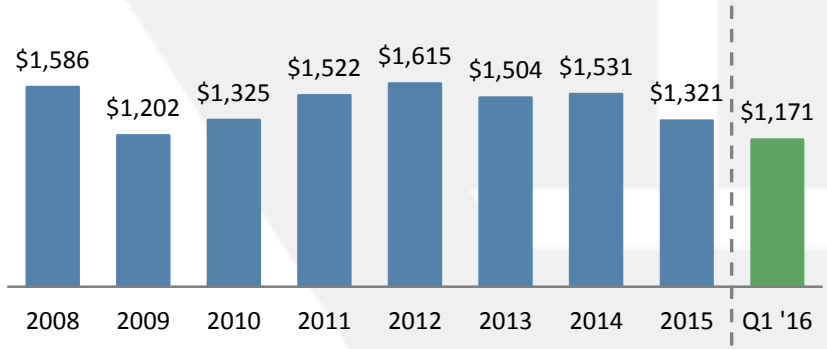
Financial performance review and guidance

History of strong financial performance

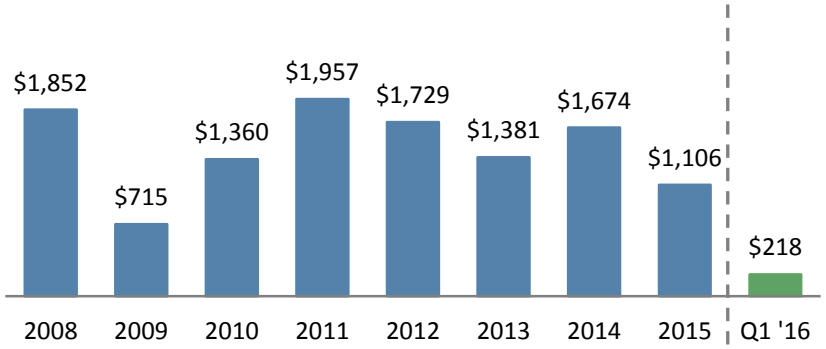
Shipments (mm tons)



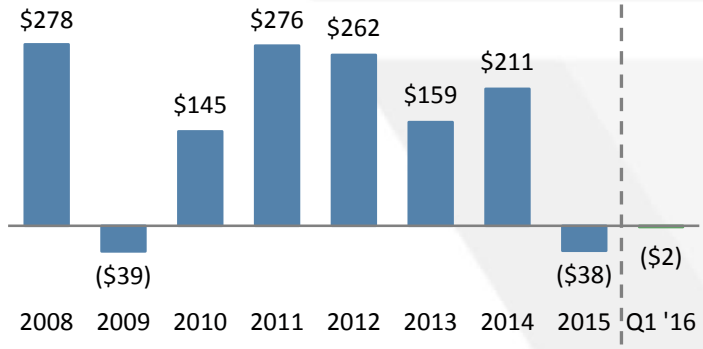
Average selling price ($ / ton)[1]



Net sales ($mm)



Adjusted EBITDA ($mm)[2]



Adj. EBITDA margin	15%	(6%)	11%	14%	15%	12%	13%	(3%)	(1%)

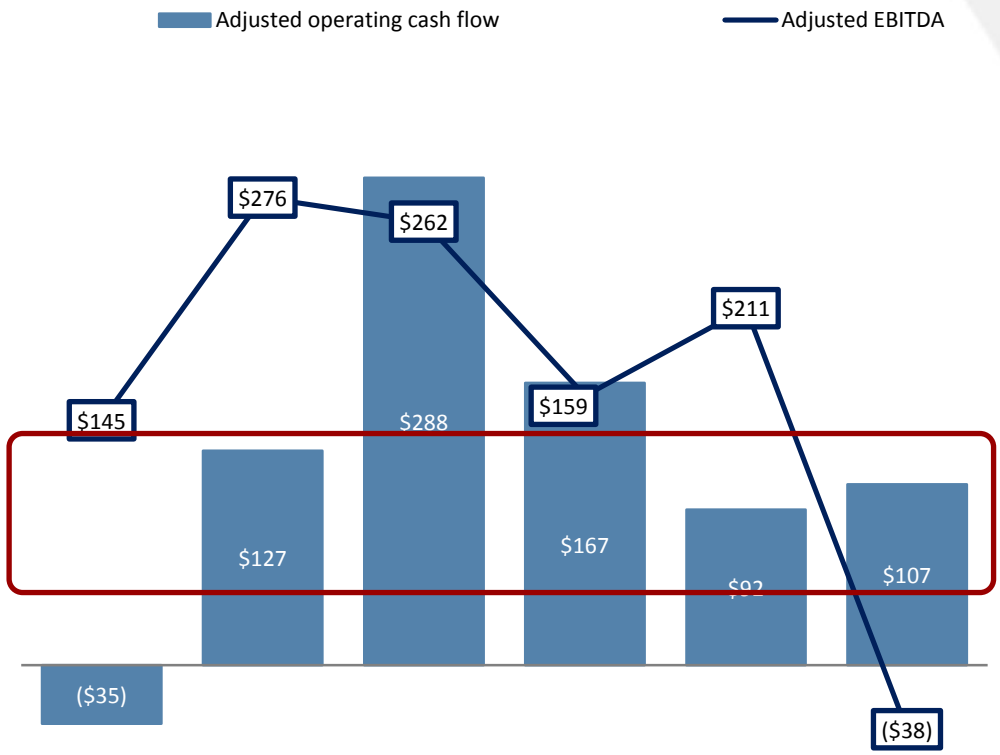
Source: TimkenSteel, The Timken Company

[1] Includes surcharges

[2] 2008-2013 adjusted EBITDA based on The Timken Company's Steel segment EBITDA, adjusted for previously unallocated corporate expenses and incremental standalone costs; see Appendix for reconciliation

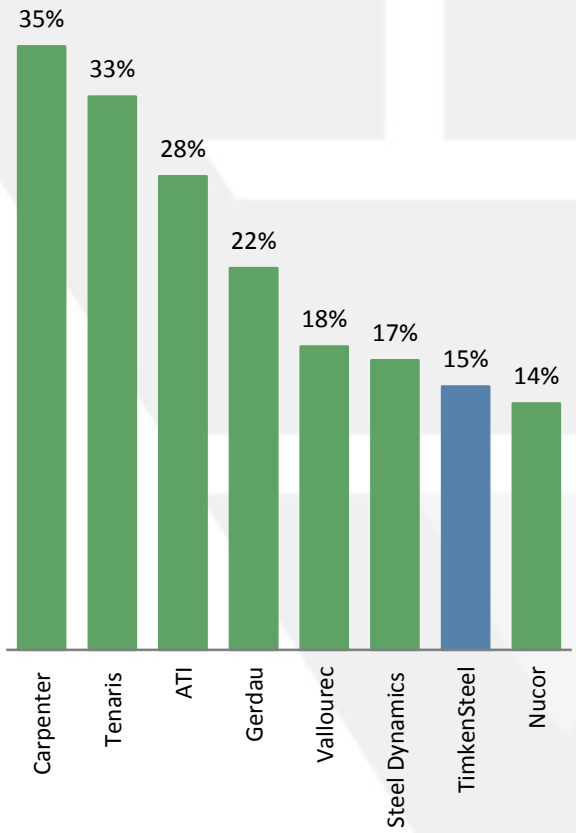
History of cash flow generation through the cycle

Adjusted operating cash flow ($mm)[1]



	2010	2011	2012	2013	2014	2015
Capex	43	99	171	180	135	78

2015 operating working capital/sales[2]



Source: TimkenSteel, Company filings
Note: Capex numbers represent capital expenditures incurred during the relevant period
[1] See appendix for reconciliation of adjusted operating cash flow for years 2010-2014; no adjustment to 2015 operating cash flow
[2] Operating working capital defined as (Current assets – Cash and cash equivalents – Short Term Investments) – (Current liabilities – Short-term debt)

Taking decisive steps to preserve liquidity and protect low breakeven operating structure

Overview

Efficient cash management

- Focus on preserving liquidity through the current cycle
  - Generated $124 million of cash from working capital management in 2015
  - Increased supplier payment terms
- 2016 OPEB expenses to be funded from VEBA trust rather than operating cash flow

Expense reduction and control tactics

- Executed over $75 million of annualized cost savings in 2015
- Delayed installation and startup of Advanced Quench and Temper Facility to align with business conditions
- Deployed creative operating schedule (sprint/rest) to maximize manufacturing efficiencies and minimize start-up / shut-down costs

Capital allocation management

- Suspended dividend in fourth quarter of 2015
- Ceased share repurchases in the third quarter of 2015
- Reduced capital spend to $45 million in 2016

Source: TimkenSteel
Note: OPEB represents TimkenSteel's other postretirement benefits plan; VEBA represents TimkenSteel's voluntary employees beneficiary association trust for postretirement employment benefits

Solid capital structure with good liquidity position

Pro forma capital structure

$mm	3/31/2016	Pro Forma
Cash	$38	$38
ABL credit facility	$155	$80
Environmental rev. bonds	$30	$30
Convertible notes	$0	$75
Total debt	**$185**	**$185**
Shareholder equity	$678	$678
Total capitalization	**$863**	**$863**

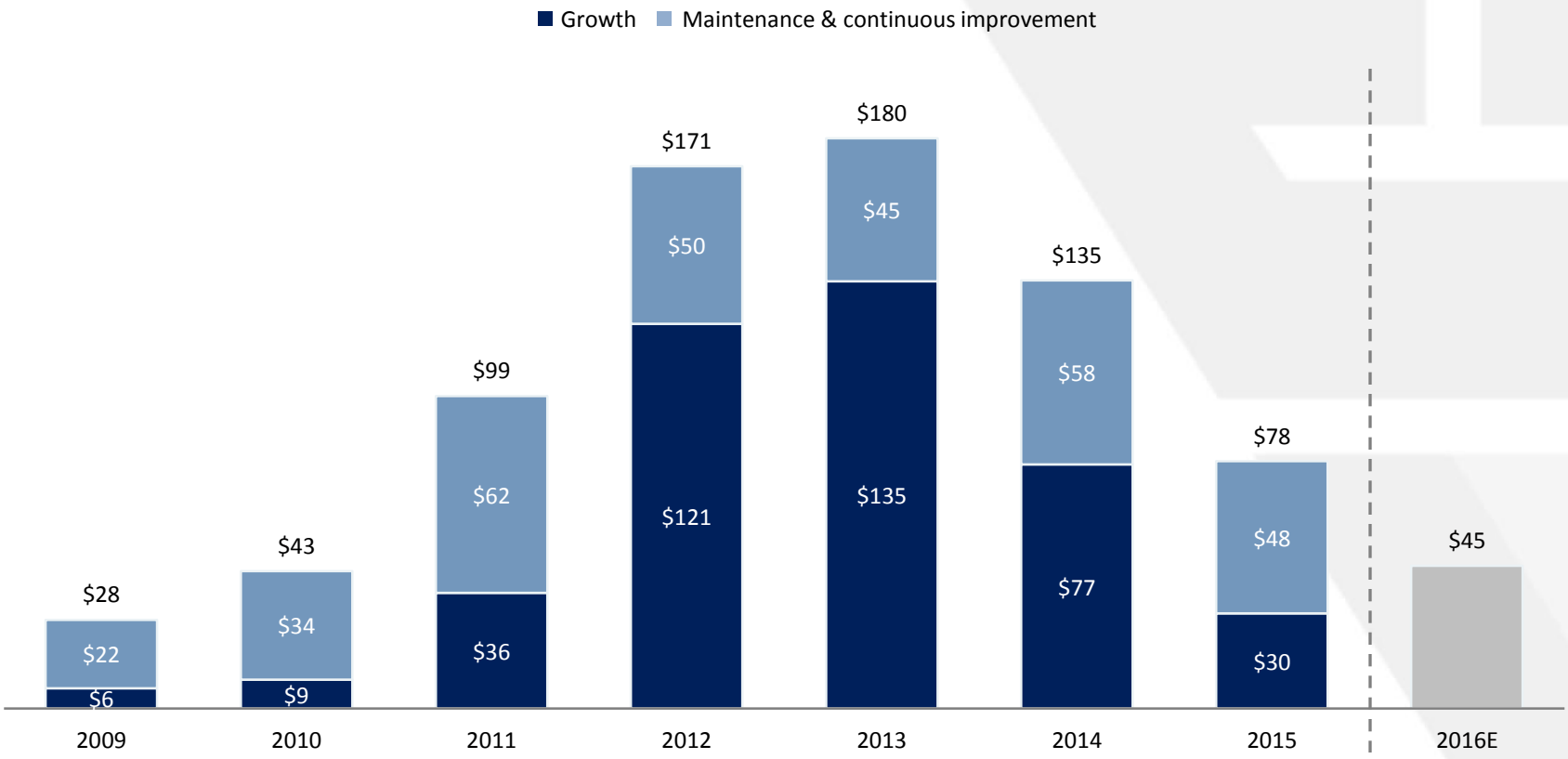
Note: Excludes transaction costs
Source: TimkenSteel

Liquidity summary

$mm	3/31/2016	Pro forma
Cash	$38	$38
Availability under ABL facility	$17	$92
Total liquidity	**$55**	**$130**

Investments in major growth projects nearly complete

Capital expenditure ($mm)



Source: TimkenSteel
Note: Numbers represent capital expenditures incurred during the relevant period

Pension plan fully funded

Global Pension plans & OPEB as of 12/31/2015

($mm)	Qualified	Non-qualified	Total	OPEB
Liabilities	$1,137	$26	$1,163	$215
Assets	$1,144	$0	$1,144	$138
Funded %	**101%**	**0%**	**98%**	**64%**

No significant cash outflows expected in the near term

Source: TimkenSteel as of December 31, 2015

TimkenSteel: A compelling investment

- A leading manufacturer of high-quality, high-performance engineered steel products and value-added services
- Problem solving culture delivers tailored solutions
- A market leader in products and services at volumes and cost levels we believe cannot be replicated
- Close and trusted working relationship with customers across diverse end markets
- Competitive operating cost structure with breakeven at 50% melt utilization
- Solid capital structure with good liquidity position
- Deep and experienced management and technical team

Appendix

Incentive Compensation

Award	Objective	Metrics	Employees	Time Period
Annual Incentive	• Execution of annual operational priorities • Variable cash compensation based on performance	• EBIT/BIC[(1)] • Working capital as a percentage of net sales • New business sales • 2016 focus on cash flow	• All salaried	• 1 year
Restricted Stock Units	• Retention • Build ownership • Alignment with shareholders	• Share price	• Senior Managers	• 4 years • Ratable vested
Performance-based Restricted Stock Units	• Long-term shareholder value creation • Alignment with 3 year strategic business priorities • Reward for accomplishment of long-term financial performance	• Cumulative earnings per share • Average return on invested capital • 2016 cumulative cash flow • Share Price	• Directors and above including Officers and CEO[(2)]	• 3 years
Cliff Vested Restricted Stock Units	• Retention of top talent • Build ownership • Alignment with shareholders	• Share price	• Directors and above including Officers	• 3 years
Non-Qualified Stock Options	• Long-term shareholder value creation • Alignment with shareholders	• Share price	• Directors and above including Officers and CEO[(2)]	• 4 years ratable vested • 10 year exercise period

Source: TimkenSteel

[1]EBIT/BIC is defined as earnings before interest and taxes divided by beginning invested capital

[2]CEO's Long-term incentive portfolio comprised of performance-based restricted stock units and non-qualified stock options

Non-GAAP Reconciliations

TimkenSteel reports its financial results in accordance with accounting principles generally accepted in the United States ("GAAP") and corresponding metrics as non-GAAP financial measures. EBITDA is defined as net (loss) income before interest expense, income taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA adjusted for previously unallocated corporate expenses and incremental standalone costs. EBITDA and Adjusted EBITDA are important financial measures used in the management of the business, including decisions concerning the allocation of resources and assessment of performance. Management believes that reporting EBITDA and Adjusted EBITDA is useful to investors as these measures are representative of the company's performance, are a useful reflection of the underlying growth from the ongoing activities of the business and provide improved comparability of results.

Adjusted operating cash flow is defined as operating cash flow [reduced for stand-alone costs reflected at a normal run-rate]. Management believes that reporting adjusted cash flow is useful to investors as this measure is representative of the company's performance and provide an indication of the company's performance as an independent public company.

For the periods prior to the spinoff, the consolidated financial statements have been prepared on a stand-alone basis and are derived from the consolidated financial statements and accounting records of TimkenSteel's former parent company, The Timken Company. TimkenSteel's consolidated financial statements include certain expenses of its former parent that were allocated to the steel business for certain functions, including general corporate expenses related to finance, legal, information technology, human resources, compliance, shared services, insurance, employee benefits and incentives and stock-based compensation. TimkenSteel considers the expense allocation methodology and results to be reasonable for all periods presented. However, these allocations may not be indicative of the actual expenses TimkenSteel would have incurred as an independent public company or of the costs it will incur in the future.

See the attached schedules for reconciliations of the non-GAAP financial measures referred to above to the most comparable GAAP financial measures. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, TimkenSteel's results prepared in accordance with GAAP. In addition, the non-GAAP measures TimkenSteel uses may differ from non-GAAP measures used by other companies, and other companies may not define the non-GAAP measures TimkenSteel uses in the same way.

Adjusted EBITDA reconciliation

$mm

$mm	2008	2009	2010	2011	2012	2013	2014	2015	Q1 2016
Net sales	**$1,852.0**	**$714.9**	**$1,359.5**	**$1,956.5**	**$1,728.7**	**$1,380.9**	**$1,674.2**	**$1,106.2**	**$217.9**
Reported EBIT	$264.0	($63.4)	$146.3	$267.4	$251.8	$140.2	$159.1	($111.6)	($20.3)
Less: audit / other adjustments	0.0	0.0	(8.7)	0.4	(0.8)	2.3	–	–	–
Adjusted EBIT	**$264.0**	**($63.4)**	**$137.6**	**$267.8**	**$251.0**	**$142.5**	**$159.1**	**($111.6)**	**($20.3)**
D&A	$48.5	$45.9	$46.1	$45.8	$49.7	$53.8	$58.0	$73.4	$18.7
Incremental D&A	10.0	9.0	7.0	7.0	7.0	7.0	5.4	–	–
Total D&A	$58.5	$54.9	$53.1	$52.8	$56.7	$60.8	$63.4	$73.4	$18.7
EBITDA	**$322.5**	**($8.5)**	**$190.7**	**$320.6**	**$307.7**	**$203.3**	**$222.5**	**($38.2)**	**($1.6)**
Total standalone costs	(44.0)	(30.8)	(46.0)	(44.2)	(45.5)	(44.0)	(11.4)	–	–
Adjusted EBITDA	**$278.5**	**($39.3)**	**$144.7**	**$276.4**	**$262.2**	**$159.3**	**$211.1**	**($38.2)**	**($1.6)**
% of sales	*15.0%*	*(5.5%)*	*10.6%*	*14.1%*	*15.2%*	*11.5%*	*12.6%*	*(3.5%)*	*(0.7%)*

Source: TimkenSteel
Note: 2008-2013 based on The Timken Company 10-K filings; 2014-2015 based on TimkenSteel public filings

Adjusted operating cash flow reconciliation

$mm	2010	2011	2012	2013	2014	2015
Operating cash flow	**($23.6)**	**$135.6**	**$296.6**	**$175.1**	**$93.9**	**$107.1**
Incremental standalone costs	(21.2)	(19.0)	(18.9)	(19.0)	(7.4)	–
Incremental D&A	10.2	10.2	10.5	10.8	5.4	–
Adjusted operating cash flow	**($34.6)**	**$126.8**	**$288.2**	**$166.9**	**$91.9**	**$107.1**

Source: TimkenSteel
Note: 2010 – 2013 based on TimkenSteel Form 10 filings; Incremental standalone costs tax-effected at a 35% tax rate; 2014-2015 based on TimkenSteel public filings

TIMKEN STEEL