TIMKEN STEEL

Third-Quarter 2016 Earnings Supporting Information

October 27, 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. 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.

Third-quarter 2016 highlights

- Shipments of approximately 178,000 tons, a decrease of 6 percent versus prior quarter, due to lower Mobile and Industrial shipments
- Earnings per share of minus 38 cents, compared with minus 24 cents for second-quarter 2016
- Positive operating performance was better than expected primarily from continued focus on cost reduction and lower maintenance costs
- $153 million of liquidity as of September 30, 2016



TimkenSteel's forged-rolled process for large bars creates a stronger, more uniform piece of steel with a sound center at reduction ratios lower than historically possible in rolled-only product.

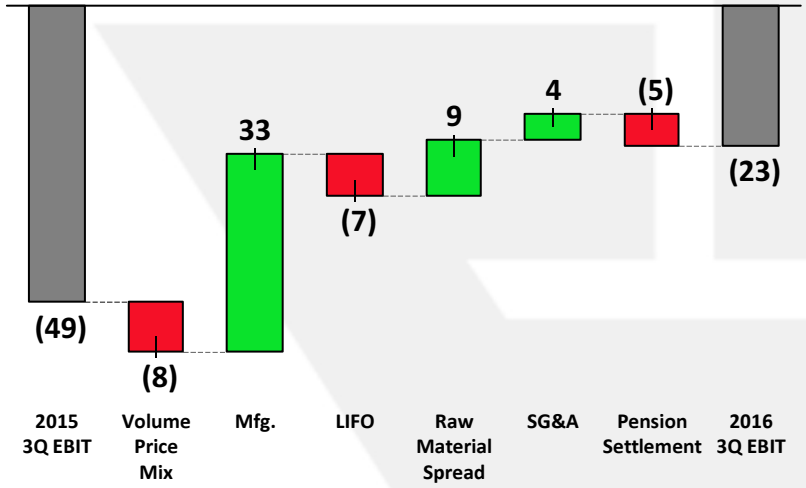
NOTE: Additional shipment and net sales information can be found in our most recently filed quarterly report or Form 10-Q and on our investor relations website at investors.timkensteel.com under "Financial Information."

Operating performance

(Dollars per million)

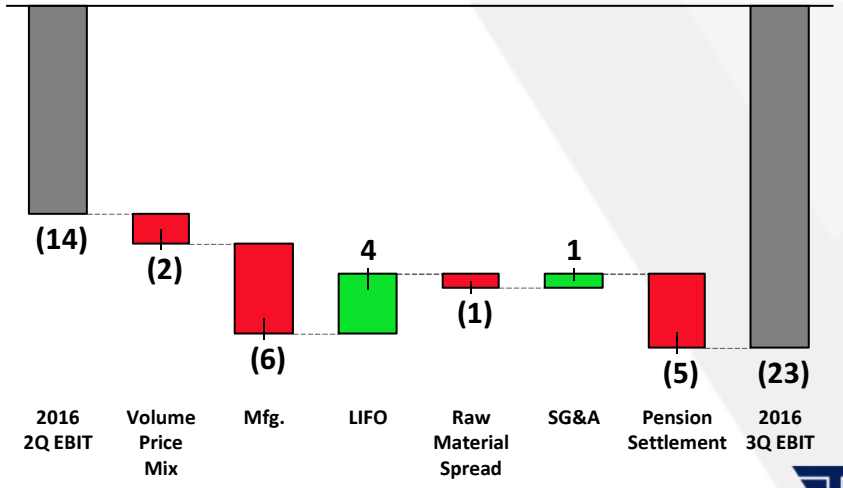
EBIT 2015 3Q vs. 2016 3Q

- Shift in end-market mix and pricing pressure drove the unfavorable volume/price/mix
- Manufacturing costs favorable as melt utilization increased from 40% in third-quarter 2015 to 44% in third-quarter 2016 in addition to cost reduction efforts
- Favorable raw material spread, largely driven by stabilization in scrap and alloy indices
- Favorable SG&A due to cost reduction efforts
- Year-to-date lump sum pension payments triggered re-measurement of pension assets and obligations in the third quarter resulting in non-cash pension settlement expense



EBIT 2016 2Q vs. 2016 3Q

- Lower shipments primarily due to seasonality in automotive end-markets
- Higher manufacturing costs primarily due to seasonal maintenance activities in the quarter of $3 million
- Year-to-date lump sum pension payments triggered re-measurement of pension assets and obligations in the third quarter, resulting in non-cash pension settlement expense



2016 market outlook

Direct End Markets		
North American Light Vehicles	🟢	Continued growth driven by strong economic fundamentals, pent-up demand and production growth in Mexico for export outside of NAFTA countries; anticipate periodic production slowdowns to adjust inventory
Mining	🔴	Continued weakness in new equipment build due to suppressed global demand
Machinery	🔴	Weak global growth, impact of the strong dollar and high import levels
Rail	🔴	Coal, oil and gas, and intermodal shipments down due to weak market conditions
Agriculture	🔴	Depressed equipment sales due to decline in net farm income for a third consecutive year
Oil and Gas	🔴	Rig count trends positive, but energy exploration and production spend remain at low levels
Channels		
Distribution	🟡	Weaker oil and gas demand and high inventory levels in energy end-market; balanced inventories for industrial products on weak demand

Source: TimkenSteel as of October 27, 2016

Outlook

Guidance	

Fourth - quarter 2016 revenue	▪ Shipments are expected to be approximately 5 percent lower than third-quarter 2016.
	  ▪ Automotive demand is likely to be lower due to ongoing seasonal impacts.
	  ▪ Continued pressure on oil and gas shipments is expected due to low levels of energy exploration and production spend.
	  ▪ Industrial demand is expected to remain low, but stable.
	▪ Weak market dynamics and imports are expected to continue to pressure pricing.

Fourth - quarter 2016 EBITDA	▪ EBITDA, excluding pension settlement expenses, is projected to be between a loss of $10 million and breakeven. At this time, the company is unable to reconcile its EBITDA outlook to a comparable GAAP range due to an expected non-cash pension settlement expense. Since this expense is dependent on a full re-measurement of our salaried pension plan assets and obligations as of December 31, 2016, the amount of the expense cannot currently be estimated. ▪ Melt utilization is expected to be similar to third quarter. ▪ Negative impact from raw material spread is expected due to declining scrap prices.
Other	▪ 2016 capital spending is projected to be $45 million.

Source: TimkenSteel as of October 27, 2016

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Appendix

(1) Non-GAAP financial measures

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. EBIT is defined as net earnings (loss) before interest expense and income taxes and EBITDA is defined as net earnings (loss) before interest expense, income taxes, depreciation and amortization. EBIT, EBITDA and EBITDA excluding pension settlement expenses 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 EBIT, EBITDA and EBITDA excluding pension settlement expenses is useful to investors as these measures are representative of the company's performance. It also is a useful reflection of the underlying growth from the ongoing activities of the business and provides improved comparability of results.

See the attached schedules for supplemental financial data and corresponding 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.

Reconciliation of Earnings (Loss) Before Interest and Taxes (EBIT) [1] and Earnings (Loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA) [2] to GAAP Net Loss

This reconciliation is provided as additional relevant information about the Company's performance. Management believes EBIT and EBITDA are representative of the Company's performance and therefore useful to investors. Management also believes that it is appropriate to compare GAAP net loss to EBIT and EBITDA.

(Dollars in millions) (Unaudited)

	Nine Months Ended September 30,		Three Months Ended September 30,		Three Months Ended June 30,
	2016	**2015**	**2016**	**2015**	**2016**
Net loss	**($40.7)**	($48.2)	**($16.6)**	($30.8)	**($10.5)**
Benefit for income taxes	**(24.8)**	(29.4)	**(10.0)**	(19.0)	**(6.1)**
Interest expense	**8.0**	2.0	**3.9**	0.9	**2.1**
Earnings (Loss) Before Interest and Taxes (EBIT) [1]	**($57.5)**	($75.6)	**($22.7)**	($48.9)	**($14.5)**
EBIT Margin [1]	**(8.8)%**	(8.4)%	**(10.6)%**	(21.0)%	**(6.5)%**
Depreciation and amortization	**56.2**	54.6	**19.0**	17.9	**18.5**
Earnings (Loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA) [2]	**($1.3)**	($21.0)	**($3.7)**	($31.0)	**$4.0**
EBITDA Margin [2]	**(0.2)%**	(2.3)%	**(1.7)%**	(13.3)%	**1.8 %**

(1) EBIT is defined as net earnings (loss) before interest expense and income taxes. EBIT Margin is EBIT as a percentage of net sales. EBIT and EBIT Margin 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 EBIT and EBIT Margin is useful to investors as these measures are representative of the Company's performance.

(2) EBITDA is defined as net earnings (loss) before interest expense, income taxes, depreciation and amortization. EBITDA Margin is EBITDA as a percentage of net sales. EBITDA and EBITDA Margin 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 EBITDA Margin is useful to investors as these measures are representative of the Company's performance.


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