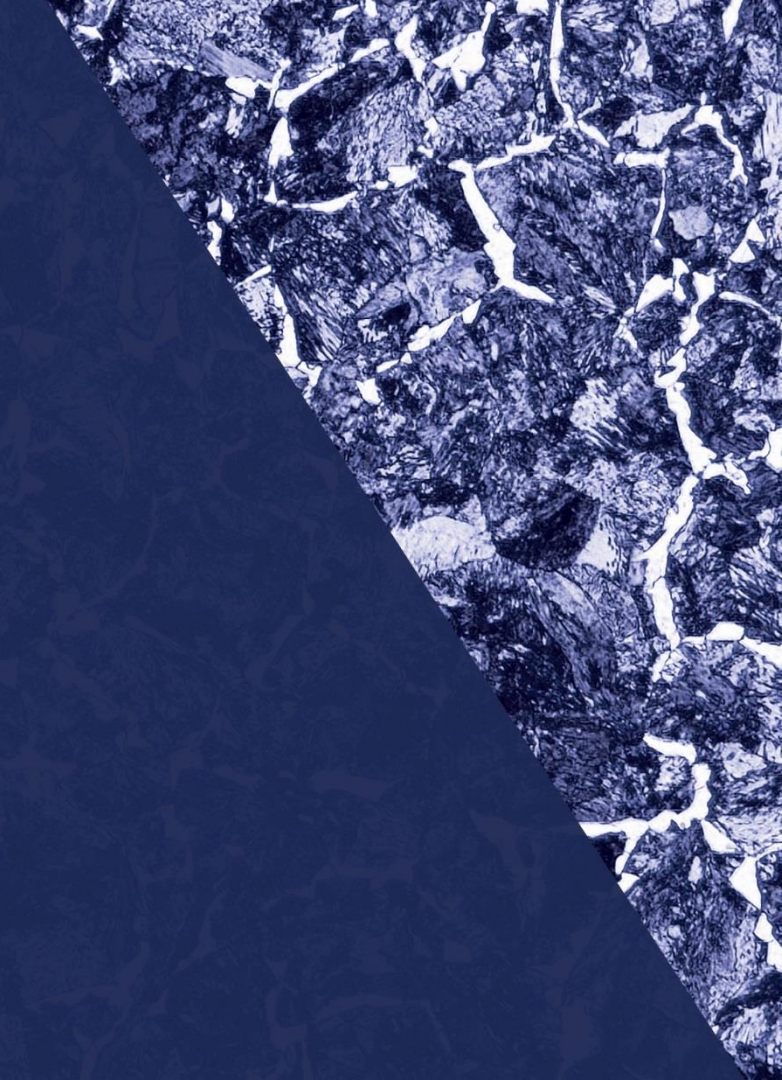
2019 Investor Presentation



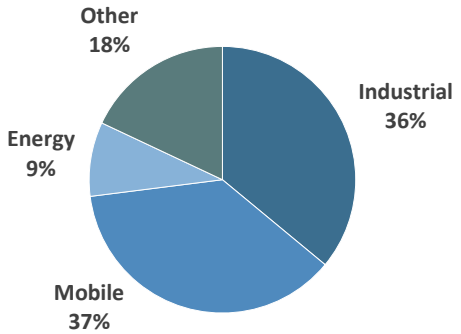
TIMKEN STEEL

TimkenSteel: At a glance

Overview

- Headquartered in Canton, Ohio
- Annual melt capacity of ~2m tons
- Only focused North American SBQ producer
- Widest size range of SBQ bar capability
- Largest domestic capacity of seamless mechanical tube capability

2018 shipments by end market



Alloy steel bars (SBQ) ~78%[1,2]

TimkenSteel Applications



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

High SBQ

QUALITY

Low (Not SBQ)



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

Non-TimkenSteel Applications

Value-added solutions ~10%[1]

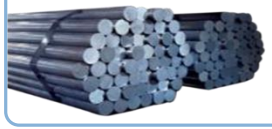
Machining, honing & drilling



Components



Supply chain



Seamless mechanical tubing ~12%[1]



Source: TimkenSteel

[1] As a percentage of 2018 shipments

[2] Includes billets

Highly engineered steels from 2 million tons of scrap metal

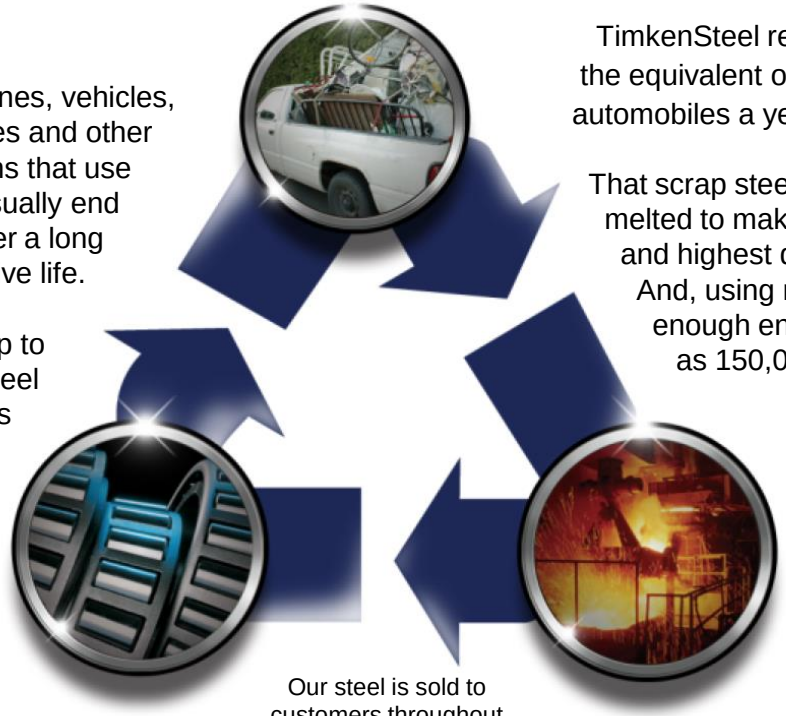
SCRAP METAL

Machines, vehicles, appliances and other applications that use TimkenSteel usually end up recycled after a long and productive life.

Plus, we recycle up to 400,000 tons of scrap steel from our own operations each year.

TimkenSteel recycles up to the equivalent of 1.35 million automobiles a year.

That scrap steel is carefully selected and melted to make some of the cleanest and highest quality steel in the world. And, using recycled steel saves enough energy to power as many as 150,000 households annually.

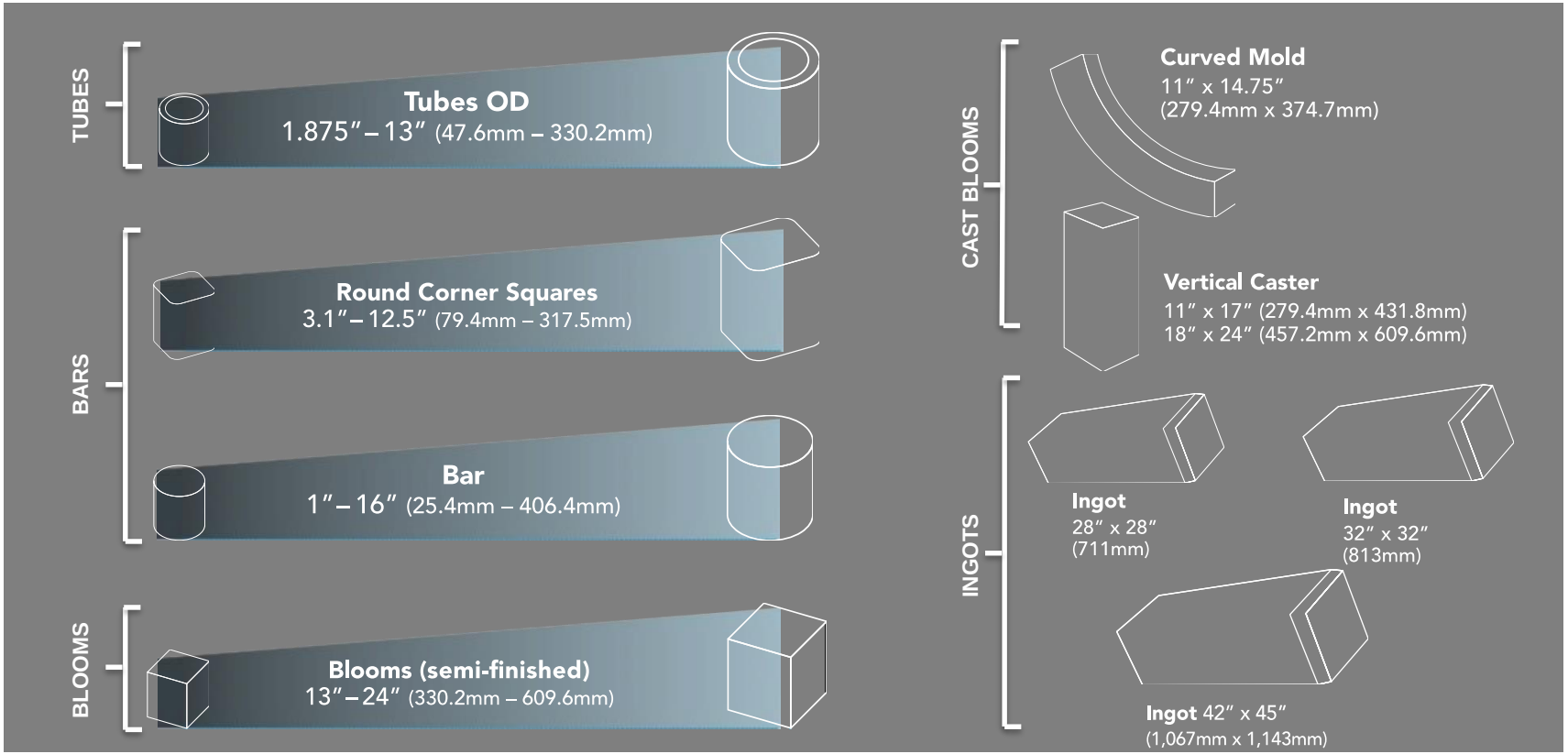


APPLICATIONS MADE WITH TIMKENSTEEL

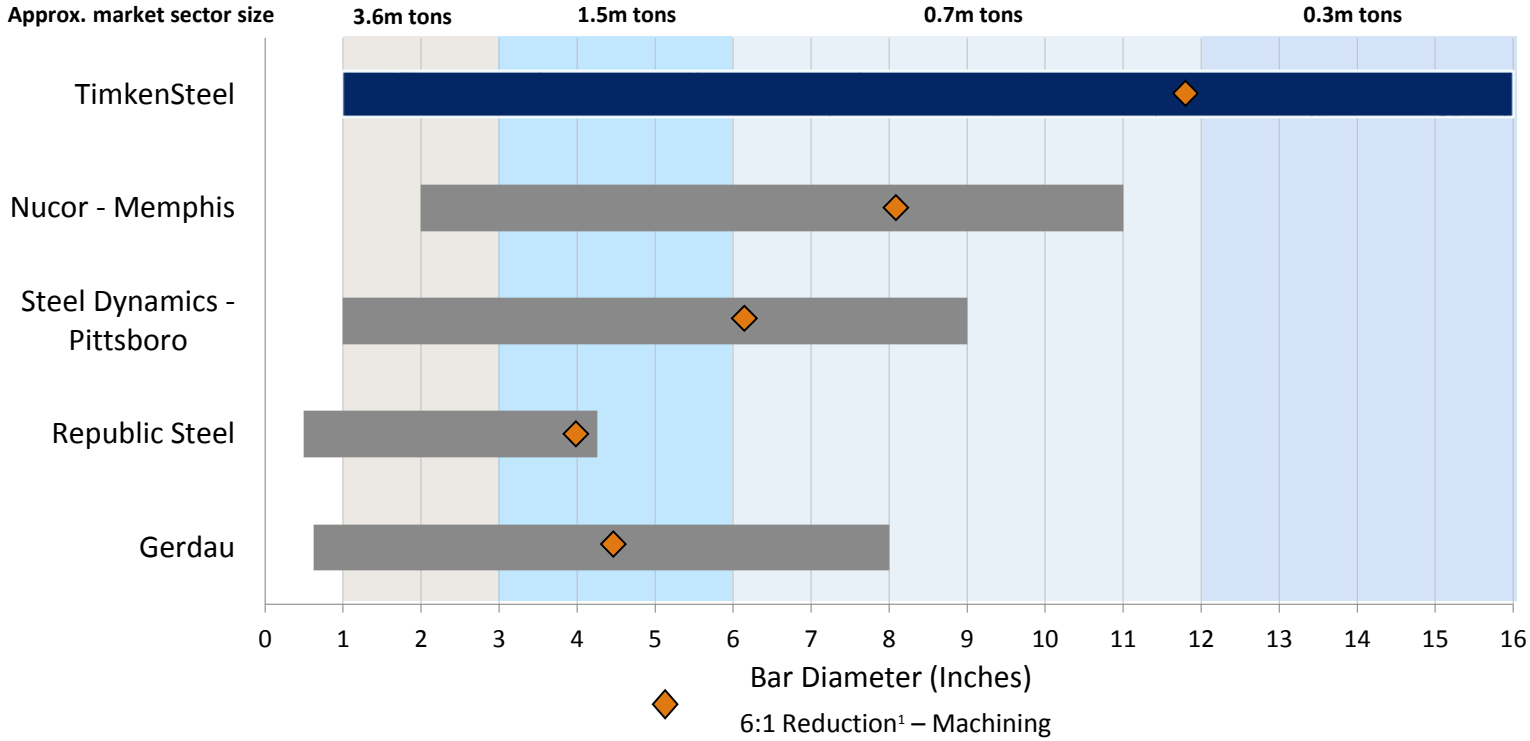
HIGHLY ENGINEERED STEEL PRODUCTS

Our steel is sold to customers throughout the industry for their most demanding applications.

A market leader in *a broad range* of products and services



Broad size range strengthens our competitive position



Source: TimkenSteel internal estimates as of 2/19/2019

[1] Reduction ratio is a critical quality measure for machining applications.

Meeting our customers' high-performance needs

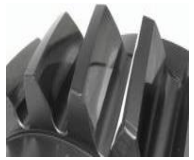
Value proposition

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
- FMC Technologies
- Ellwood Group
- Dril-Quip

- Timken
- Caterpillar
- Amstead Rail
- Ellwood Group
- Canton Drop Forge
- General Dynamics

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

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

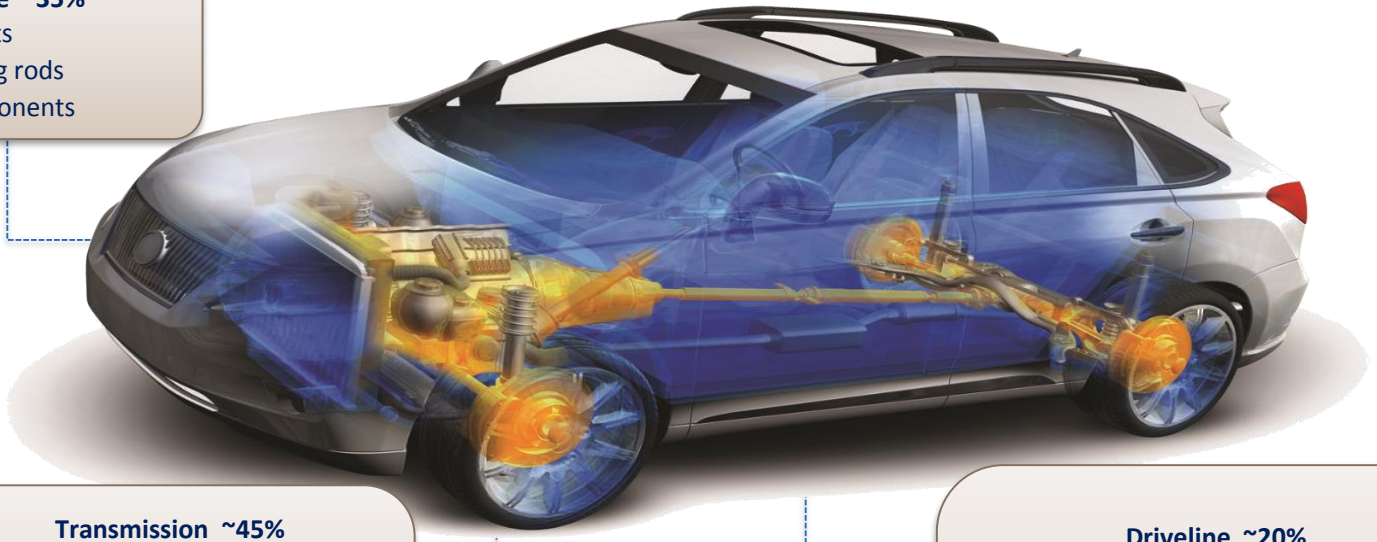
Key customers

- 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

TimkenSteel industrial applications










- Bearings components
- Connecting components
- Driveline/axle components
- Engine components
- Ground engaging tooling
- Hydraulic components
- Missile components and projectiles

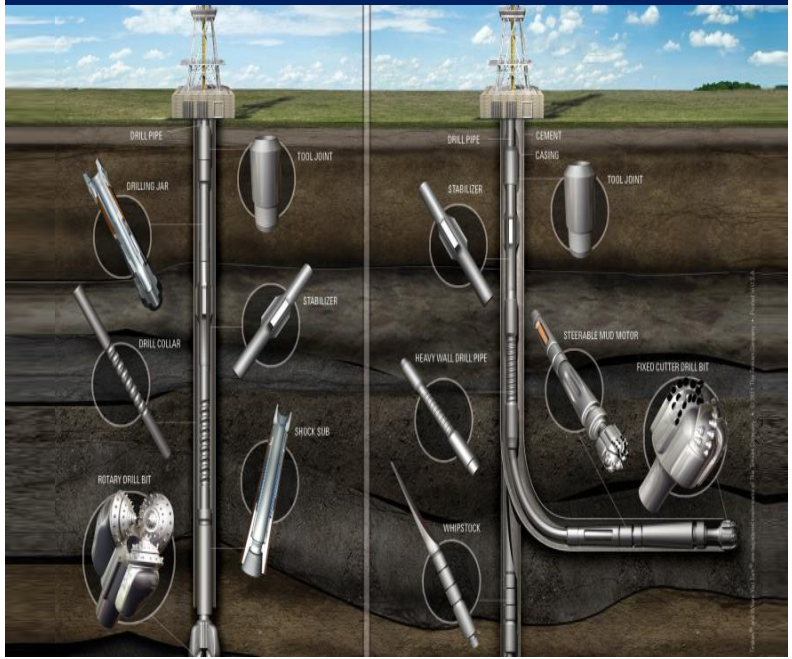
- Planetary gear components
- Steering components
- Track components
- Transmission components
- Drilling
- Others






Demanding applications using unique product and processes

Vertical and horizontal drilling applications



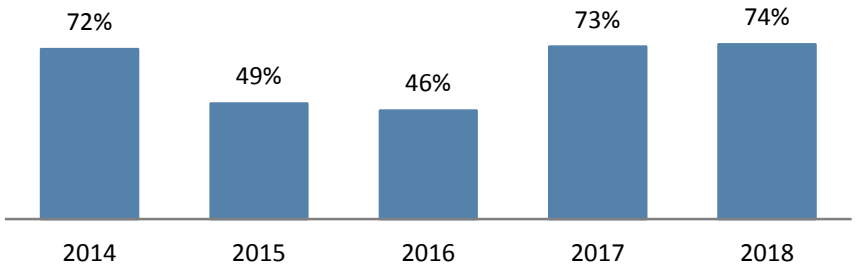
Completion and deepwater drilling applications



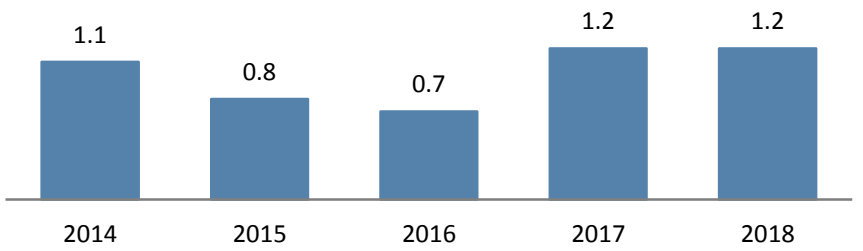
Custom-crafted, reliable solutions that address the distinct needs of the energy industry

High level financial performance history

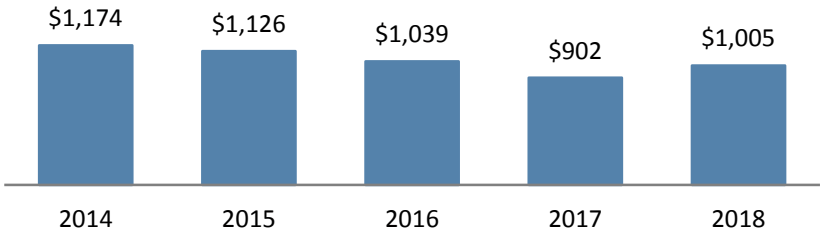
Melt Utilization



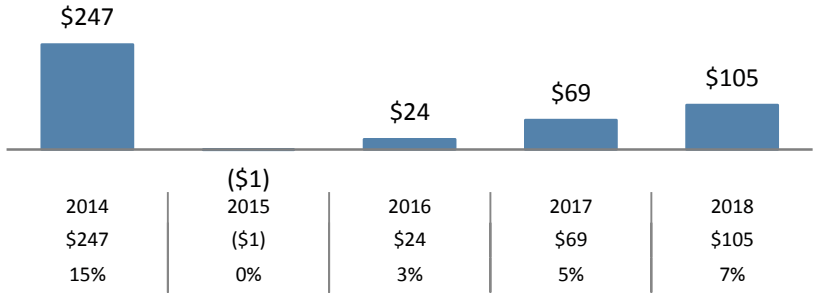
Shipments (million tons)



Average base selling price ($ / ton)[1,4]



Adjusted EBITDA ($m)[2,3,4]



	2014	2015	2016	2017	2018
EBITDA	$247	($1)	$24	$69	$105
Margin	15%	0%	3%	5%	7%

Source: TimkenSteel, The Timken Company

[1] Excludes surcharges

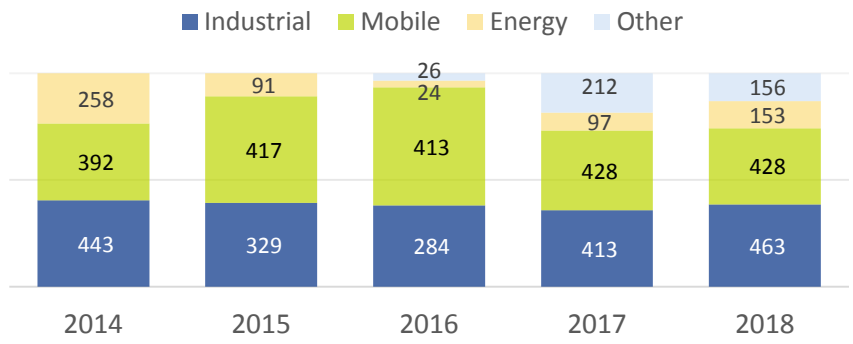
[2] 2014 adjusted EBITDA based on The Timken Company's Steel segment EBITDA, adjusted for previously unallocated corporate expenses and incremental stand-alone costs

[3] Effective January 1, 2016 the company adopted mark-to-market accounting. Adjusted EBITDA for all periods excludes the remeasurement impact of mark-to-market accounting. For 2014, the amortized actuarial losses reflected in adjusted EBITDA have been estimated.

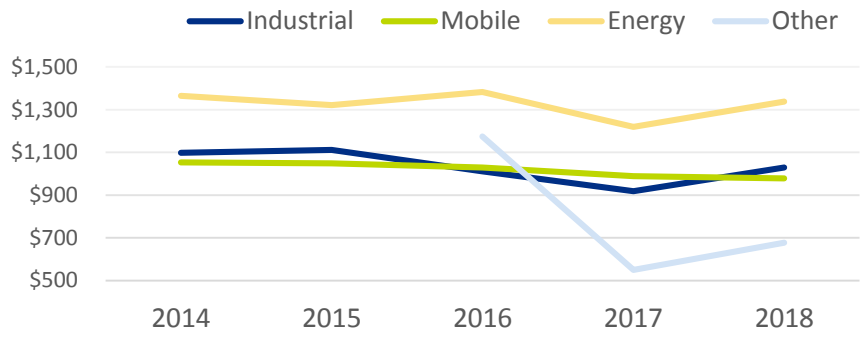
[4] *Please see Appendix for a reconciliation of base sales to net sales and Adjusted EBITDA to Net Income.*

Select performance history by end market

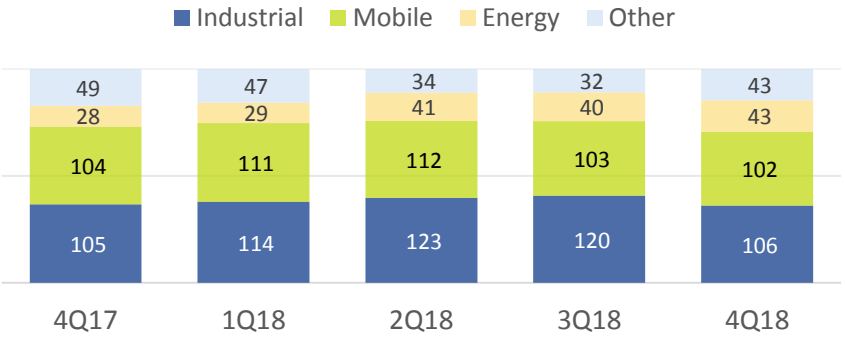
Shipments by end market (k tons)

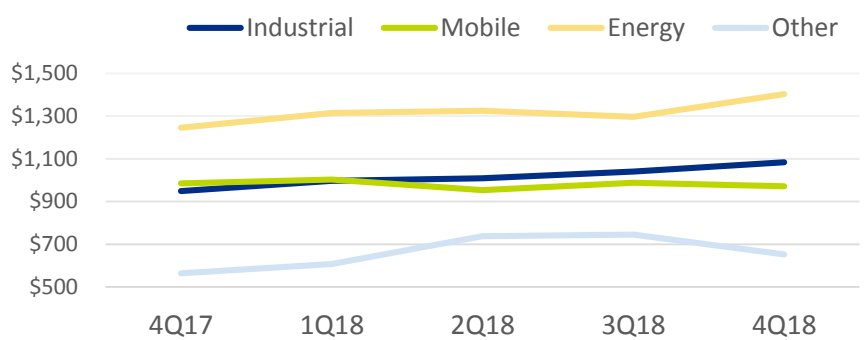


Average base sales by end market ($ / ton)[1,2,3]



Quarterly





Source: TimkenSteel, The Timken Company

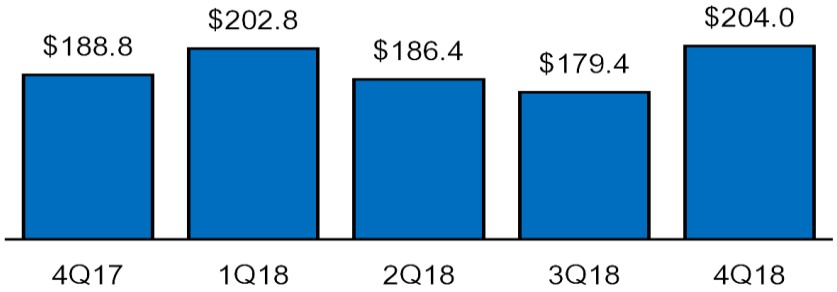
(1) *Net Sales excluding surcharges*

(2) *Please see the reconciliation of base sales to net sales in the Appendix*

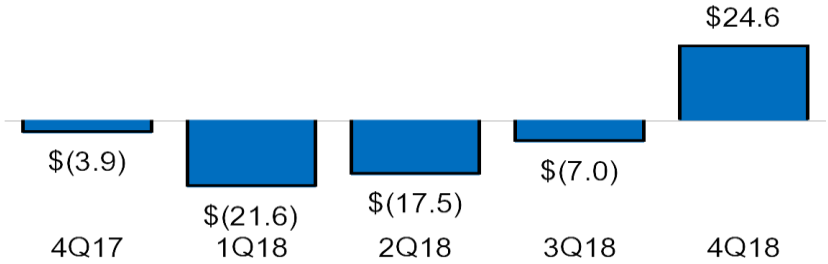
(3) *Billet business began in 2016 – represented in "Other"*

Financial performance - rolling five quarters

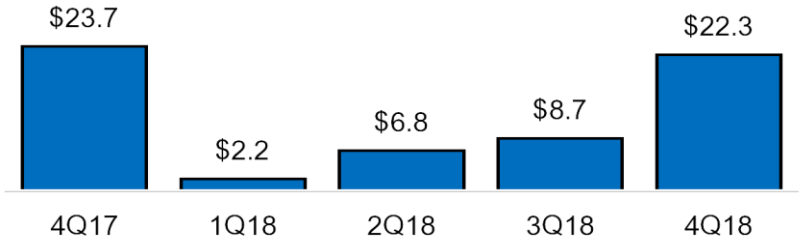
Total Liquidity ($m)[3]



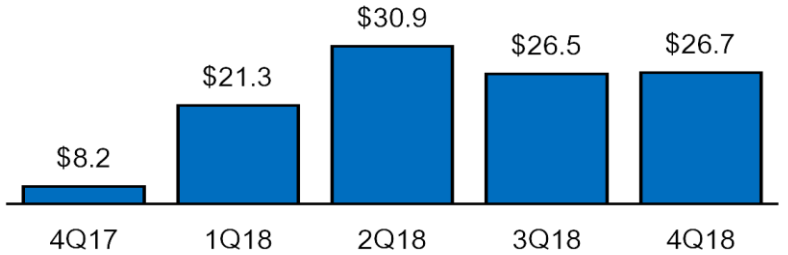
Free Cash Flow ($m)[2]



Capex ($m)



Adjusted EBITDA ($m)[1]



Source: TimkenSteel

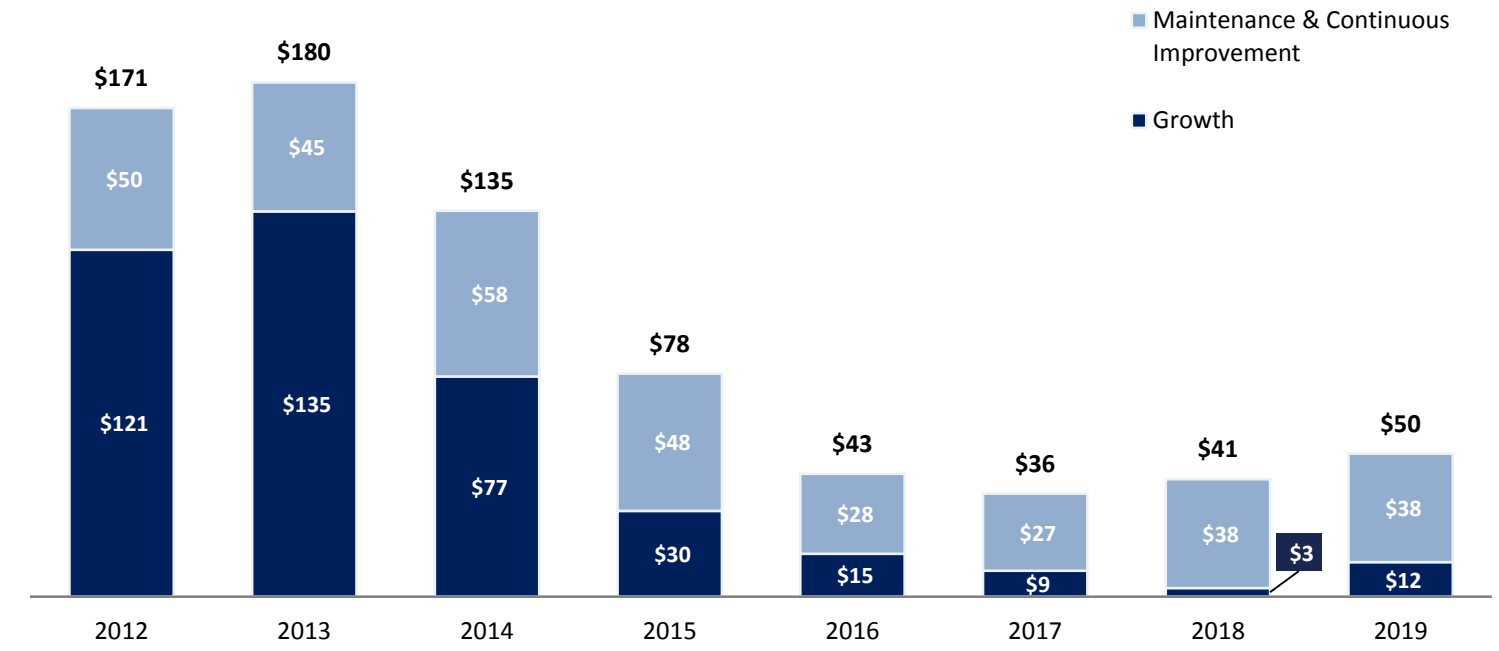
(1) *Adjusted EBITDA is defined as EBITDA excluding (a) for the third quarter of 2017 and the fourth quarter of 2018 and 2017, the loss from remeasurement of benefit plans and (b) for the third quarter 2018, executive severance.*

(2) *Free Cash Flow is defined as net cash provided (used) by operating activities less capital expenditures.*

(3) *Total Liquidity is defined as available debt plus cash and cash equivalents*

Investments in major growth projects nearly complete

Capital expenditures ($m)

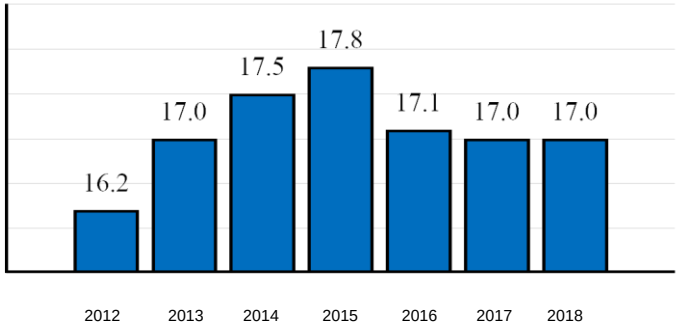


Source: TimkenSteel

Economic indicators

Mobile

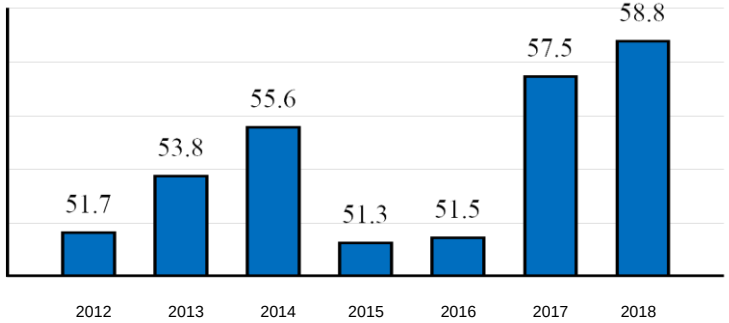
North American light vehicle production *(millions)*



Source: IHS Automotive (January 2019)

Industrial

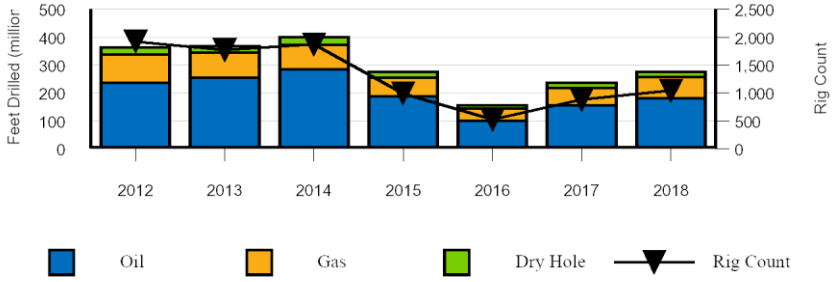
U.S. manufacturing PMI index, seasonally adjusted



Source: Institute For Supply Management (January 2019)

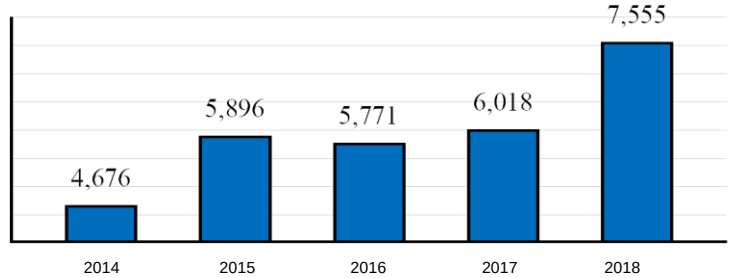
Energy

U.S. drilling activity



Source: Spears Drilling and Production Outlook (December 2018 publication)
*Prior-year drilling data may be restated due to the availability of more comprehensive data.

Avg. drilled but uncompleted wells (DUCs)



Source: U.S. Energy Information Administration (EIA) (January 2019)
*EIA regularly modifies its calculations due to changes in correlation methodology, which modification may result in changes to prior-year figures.

2019 market outlook

Direct End Markets

	Market Sentiment	TimkenSteel Sentiment	
North American Light Vehicles			Production remains stable at good levels.
Mining			Mining market is anticipating high single-digit growth through 2019.
Machinery			Industrial equipment outlook has softened, modest growth expected.
Rail			Rail equipment sales outlook expects modest growth.
Agriculture			Agriculture market is anticipating steady growth for the year.
Oil and Gas			Drilling activity expected to be stable.
Oil County Tubular Goods (OCTG)			OCTG demand has softened but is expected to recover during the year.

Channels

Distribution			Demand is still good but replenishment rates are lagging.

Source: TimkenSteel as of February 20, 2019

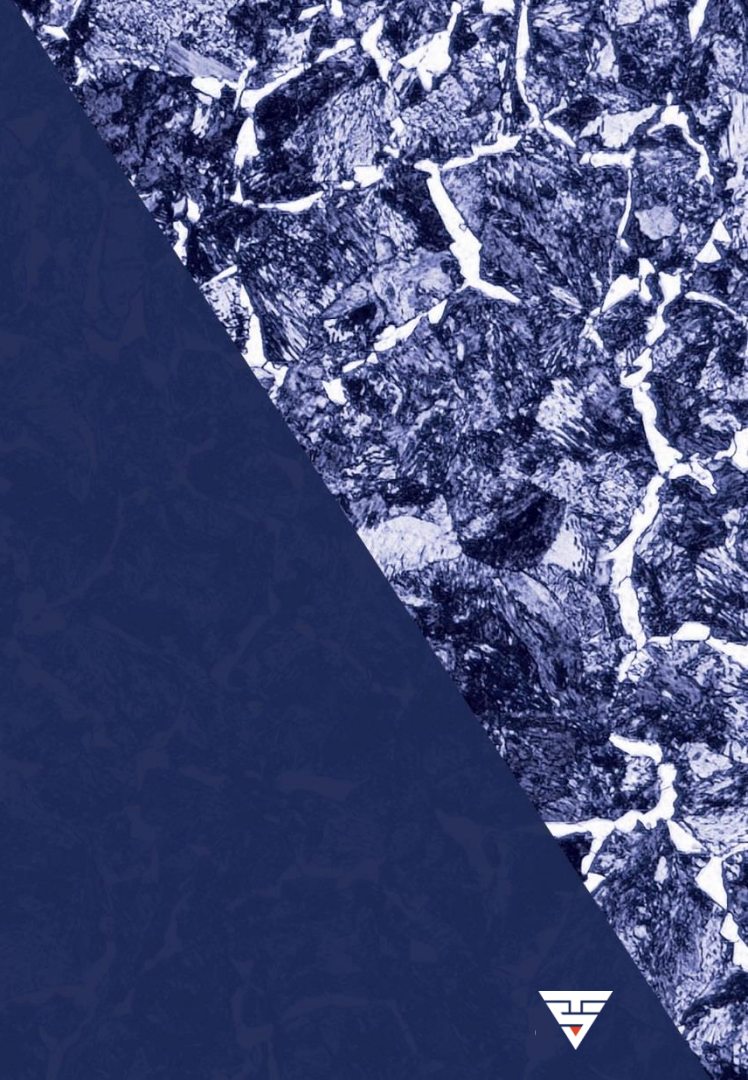
Outlook

Guidance

First-quarter 2019 volume	• Shipments are expected to be approximately 30,000 tons less than fourth-quarter 2018, primarily influenced by a reduction in OCTG billet demand.
First-quarter 2019 income	• Product mix and price will be improved over fourth-quarter 2018. • Raw material spread is expected to be a headwind due to a decline in the No. 1 Busheling Index compared to fourth-quarter 2018. • Planned production downtime to balance inventory with short-term demand will result in lower fixed-cost leverage, along with maintenance and consumables headwinds. • Net income (loss) is projected to be between $(4) million and $6 million. • EBITDA[(1)] is projected to be between $20 million and $30 million.
Full-year 2019	• Significant benefit from improved price and product mix is expected throughout 2019. • Increased pension and post-retirement benefit expense of $13 million (recorded in “other expense, net” on the consolidated income statement) due to lower 2018 pension asset returns and updated actuarial assumptions. • Capital spending is projected to be approximately $50 million.

[(1)] Please see the discussion of Non-GAAP Financial Measures in the Appendix.

Appendix



Quench-and-temper capabilities:

Changing drilling technology

Background / scope

- Multiple thermal treatment options made available since 1980s to meet customer needs
- ~$40m investment commissioned 4Q 2017

Processing / capabilities

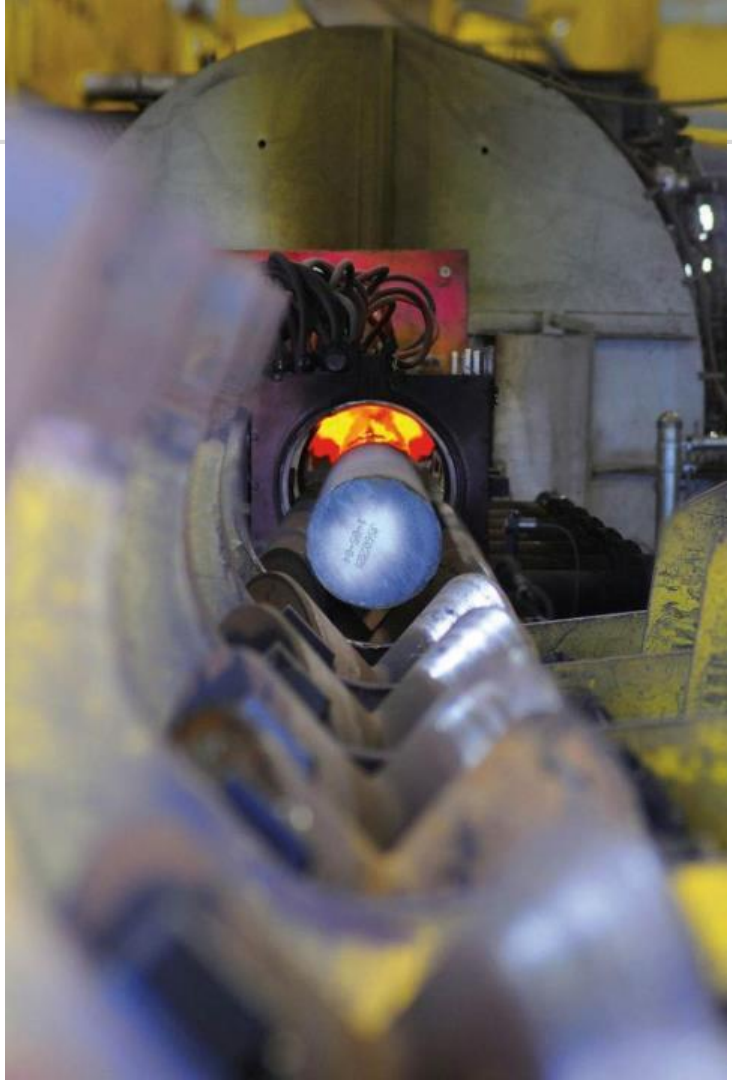
- **Advanced Quench-and-Temper Facility:** Capacity for 50,000 process tons annually of 4”-13” bars and tubes

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



Pension plan adequately funded

Global pension plans and postretirement benefit plans

($m)	Pension	OPEB	Total
Liabilities	$1,178	$195	$1,373
Assets	$1,054	$87	$1,141
Funded %	90%	45%	83%

No significant funding requirements expected in the next year

Source: TimkenSteel as of December 31, 2018

Incentive compensation

Award	Objective	Metrics	Employees	Time Period
Annual Incentive	• Execution of annual operational priorities • Variable cash compensation based on performance	• EBIT/BIC[(1)] • Cash flow • Key process path sales	• 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 strategic business priorities • Reward for accomplishment of mid-term financial performance	• Average return on invested capital • Cumulative sales • Share price (metrics in current cycles)	• Directors and above including Officers and CEO[(2)]	• 2 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

(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. This presentation includes references to the following non-GAAP financial measures: Base Sales, EBITDA, Adjusted EBITDA and Free Cash Flow. These 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 Base Sales is important to investors as it provides additional insight into key drivers of net sales such as base price and product mix. Management believes that reporting EBITDA, and Adjusted EBITDA is useful to investors as these measures are representative of the Company’s performance and provide improved comparability of results. Management believes that reporting Free Cash Flow is useful to investors because it is a meaningful indicator of cash generated from operating activities available for the execution of its business strategy.

See the attached schedules for definitions of the non-GAAP financial measures referred to above and corresponding reconciliations of these non-GAAP financial measures to the most comparable GAAP financial measures. Non-GAAP financial measures should be viewed as additions to, and not as alternatives 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.

Quarterly reconciliation of base sales[1] to GAAP net sales

The tables below present net sales by end-market sector, adjusted to exclude raw material surcharges, which represents a financial measure that has not been determined in accordance with U.S. GAAP. We believe presenting net sales by end-market sector, adjusted to exclude raw material surcharges, provides additional insight into key drivers of net sales such as base price and product mix.

Mobile

$m	4Q 2017	1Q 2018	2Q 2018	3Q 2018	4Q 2018
Net Sales	$ 128.9	$ 142.5	$ 141.6	$ 136.4	$ 133.4
Less: Surcharges	26.9	31.3	34.9	34.2	34.0
Base sales[1]	$ 102.0	$ 111.2	$ 106.7	$ 102.2	$ 99.4
Ship tons (k)	103.7	110.4	111.9	103.6	102.4
Avg. base sales per ton	$ 983.6	$ 1,007.2	$ 953.5	$ 986.5	$ 970.7
Avg. net sales per ton	$ 1,243.0	$ 1,290.8	$ 1,265.4	$ 1,316.6	$ 1,302.7

Industrial

$m	4Q 2017	1Q 2018	2Q 2018	3Q 2018	4Q 2018
Net Sales	$ 129.3	$ 147.7	$ 166.9	$ 169.7	$ 153.2
Less: Surcharges	29.7	35.2	42.9	45.1	38.3
Base sales[1]	$ 99.6	$ 112.5	$ 124.0	$ 124.6	$ 114.9
Ship tons (k)	105.0	113.7	123.0	119.9	106.1
Avg. base sales per ton	$ 948.6	$ 989.4	$ 1,008.1	$ 1,039.2	$ 1,082.9
Avg. net sales per ton	$ 1,231.4	$ 1,299.0	$ 1,356.9	$ 1,415.3	$ 1,443.9

Energy

$m	4Q 2017	1Q 2018	2Q 2018	3Q 2018	4Q 2018
Net Sales	$ 42.7	$ 49.1	$ 68.8	$ 70.1	$ 77.6
Less: Surcharges	8.2	11.0	15.1	17.7	17.4
Base sales[1]	$ 34.5	$ 38.1	$ 53.7	$ 52.4	$ 60.2
Ship tons (k)	27.7	29.0	40.5	40.4	42.9
Avg. base sales per ton	$ 1,245.5	$ 1,313.8	$ 1,325.9	$ 1,297.0	$ 1,403.3
Avg. net sales per ton	$ 1,541.5	$ 1,693.1	$ 1,698.8	$ 1,735.1	$ 1,808.9

Other

$m	4Q 2017	1Q 2018	2Q 2018	3Q 2018	4Q 2018
Net Sales	$ 40.5	$ 41.5	$ 36.2	$ 33.7	$ 42.2
Less: Surcharges	12.7	13.2	10.9	10.1	14.1
Base sales[1]	$ 27.8	$ 28.3	$ 25.3	$ 23.6	$ 28.1
Ship tons (k)	49.4	46.6	34.3	31.6	43.1
Avg. base sales per ton	$ 562.8	$ 607.3	$ 737.6	$ 746.8	$ 652.0
Avg. net sales per ton	$ 819.8	$ 890.6	$ 1,055.4	$ 1,066.5	$ 979.1

Source: TimkenSteel

[1]*Base Sales is defined as net sales adjusted to exclude raw material surcharges.*

Figures in the table may not recalculate exactly as presented in the earnings release due to rounding.

Yearly reconciliation of base sales[(1)] to GAAP net sales

The tables below present net sales by end-market sector, adjusted to exclude raw material surcharges, which represents a financial measure that has not been determined in accordance with U.S. GAAP. We believe presenting net sales by end-market sector, adjusted to exclude raw material surcharges, provides additional insight into key drivers of net sales such as base price and product mix.

Mobile

$m	2014	2015	2016	2017	2018
Net Sales	$ 535.0	$ 504.4	$ 475.4	$ 528.6	$ 553.9
Less: Surcharges	122.3	67.0	50.3	105.1	134.4
Base sales[(1)]	$ 412.7	$ 437.4	$ 425.1	$ 423.5	$ 419.5
Ship tons (k)	391.9	417.2	413.0	428.1	428.3
Avg. base sales per ton	$ 1,053.1	$ 1,048.4	$ 1,029.3	$ 989.3	$ 979.5
Avg. net sales per ton	$ 1,365.1	$ 1,209.0	$ 1,151.1	$ 1,234.8	$ 1,293.3

Industrial

$m	2014	2015	2016	2017	2018
Net Sales	$ 649.2	$ 437.8	$ 323.7	$ 486.4	$ 637.5
Less: Surcharges	162.2	72.3	35.9	106.6	161.5
Base sales[(1)]	$ 487.0	$ 365.5	$ 287.8	$ 379.8	$ 476.0
Ship tons (k)	443.4	328.9	284.3	413.4	462.7
Avg. base sales per ton	$ 1,098.3	$ 1,111.3	$ 1,012.3	$ 918.7	$ 1,028.7
Avg. net sales per ton	$ 1,464.1	$ 1,331.1	$ 1,138.6	$ 1,176.6	$ 1,377.8

Energy

$m	2014	2015	2016	2017	2018
Net Sales	$ 458.1	$ 144.6	$ 35.7	$ 141.7	$ 265.6
Less: Surcharges	105.5	24.4	3.2	23.5	61.2
Base sales[(1)]	$ 352.6	$ 120.2	$ 32.5	$ 118.2	$ 204.4
Ship tons (k)	258.4	91.0	23.5	97.0	152.8
Avg. base sales per ton	$ 1,364.6	$ 1,320.9	$ 1,383.0	$ 1,218.6	$ 1,337.7
Avg. net sales per ton	$ 1,772.8	$ 1,589.0	$ 1,519.1	$ 1,460.8	$ 1,738.2

Other

$m	2014	2015	2016	2017	2018
Net Sales	$ 31.9	$ 19.4	$ 34.7	$ 172.5	$ 153.6
Less: Surcharges	—	—	4.3	56.1	48.3
Base sales[(1)]	$ 31.9	$ 19.4	$ 30.4	$ 116.4	$ 105.3
Ship tons (k)	—	—	25.9	211.7	155.6
Avg. base sales per ton	—	—	$ 1,173.7	$ 549.8	$ 676.7
Avg. net sales per ton	—	—	$ 1,339.8	$ 814.8	$ 987.1

Source: TimkenSteel, The Timken Company

[(1)]*Base Sales is defined as net sales adjusted to exclude raw material surcharges.*

Figures in the table may not recalculate exactly as presented in the earnings release due to rounding.

Yearly reconciliation of average base sales[(1)] to average GAAP net sales

The tables below present net sales by year, adjusted to exclude raw material surcharges, which represents a financial measure that has not been determined in accordance with U.S. GAAP. We believe presenting net sales by year, adjusted to exclude raw material surcharges, provides additional insight into key drivers of net sales such as base price and product mix.

Yearly

$m	2014	2015	2016	2017	2018
Net Sales	$ 1,674.2	$ 1,106.2	$ 869.5	$ 1,329.2	$ 1,610.6
Less: Surcharges	390.0	163.7	93.7	291.3	405.4
Base sales[(1)]	$ 1,284.2	$ 942.5	$ 775.8	$ 1,037.9	$ 1,205.2
Ship tons (k)	1,093.7	837.1	746.7	1,150.2	1,199.4
Avg. base sales per ton	$ 1,174.2	$ 1,125.9	$ 1,039.0	$ 902.4	$ 1,004.8
Avg. net sales per ton	$ 1,530.8	$ 1,321.5	$ 1,164.5	$ 1,155.6	$ 1,342.8

Source: TimkenSteel, The Timken Company

[(1)]*Base Sales is defined as net sales adjusted to exclude raw material surcharges.*

Figures in the table may not recalculate exactly as presented in the earnings release due to rounding.

Reconciliation of Earnings (Loss) Before Interest and Taxes (EBIT)[1], Adjusted EBIT[3], Earnings (Loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA)[2] and Adjusted EBITDA[4] to GAAP Net Income (Loss):

This reconciliation is provided as additional relevant information about the Company's performance. EBIT, Adjusted EBIT, 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 EBIT, Adjusted EBIT, EBITDA and Adjusted EBITDA is useful to investors as these measures are representative of the Company's performance, and provide improved comparability of results. Management also believes that it is appropriate to compare GAAP net income (loss) to EBIT, Adjusted EBIT, EBITDA and Adjusted EBITDA.

$m (Unaudited)	4Q 2017	1Q 2018	2Q 2018	3Q 2018	4Q 2018
Net income (loss)	**($33.9)**	**($1.9)**	**$8.4**	**$1.4**	**($39.6)**
Provision for income taxes	**0.3**	**0.1**	**0.2**	**0.9**	**0.6**
Interest expense	**3.8**	**4.6**	**3.9**	**4.4**	**4.2**
Earnings (Loss) Before Interest and Taxes (EBIT) [1]	**($29.8)**	**$2.8**	**$12.5**	**$6.7**	**($34.8)**
EBIT Margin [1]	**(8.7)%**	**0.7%**	**3.0%**	**1.6%**	**(8.6)%**
Depreciation and amortization	**18.5**	**18.5**	**18.4**	**18.1**	**18.0**
Earnings (Loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA) [2]	**($11.3)**	**$21.3**	**$30.9**	**$24.8**	**($16.8)**
EBITDA Margin[2]	**(3.3)%**	**5.6%**	**7.5%**	**6.1%**	**(4.1)%**
Executive severance	**—**	**—**	**—**	**(1.7)**	**—**
Loss from remeasurement of benefit plans	**(19.5)**	**—**	**—**	**—**	**(43.5)**
Adjusted EBIT [3]	**($10.3)**	**$2.8**	**$12.5**	**$8.4**	**$8.7**
Adjusted EBIT Margin[3]	**(3.0)%**	**0.7%**	**3.0%**	**2.0%**	**2.1%**
Adjusted EBITDA [4]	**$8.2**	**$21.3**	**$30.9**	**$26.5**	**$26.7**
Adjusted EBITDA Margin[4]	**2.4%**	**5.6%**	**7.5%**	**6.5%**	**6.6%**

Source: TimkenSteel

[1]EBIT is defined as net income (loss) before interest expense and income taxes. EBIT Margin is EBIT as a percentage of net sales.

[2] EBITDA is defined as net income (loss) before interest expense, income taxes, depreciation and amortization. EBITDA Margin is EBITDA as a percentage of net sales.

[3] Adjusted EBIT is defined as EBIT excluding (a) for the third quarter of 2017 and fourth quarter of 2018 and 2017, the loss from remeasurement of benefit plans and (b) for the third quarter 2018, executive severance. Adjusted EBIT Margin is Adjusted EBIT as a percentage of net sales.

[4] Adjusted EBITDA is defined as EBITDA excluding (a) for the third quarter of 2017 and fourth quarter of 2018 and 2017, the loss from remeasurement of benefit plans and (b) for the third quarter 2018, executive severance. Adjusted EBITDA Margin is Adjusted EBITDA as a percentage of net sales.

Figures in the table may not recalculate exactly as presented in the earnings release due to rounding.

Yearly Reconciliation of Earnings (Loss) Before Interest and Taxes (EBIT)[1], Adjusted EBIT[3], Earnings (Loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA)[2] and Adjusted EBITDA[4] to GAAP Net Income (Loss):

This reconciliation is provided as additional relevant information about the Company's performance. EBIT, Adjusted EBIT, 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 EBIT, Adjusted EBIT, EBITDA and Adjusted EBITDA is useful to investors as these measures are representative of the Company's performance, and provide improved comparability of results. Management also believes that it is appropriate to compare GAAP net income (loss) to EBIT, Adjusted EBIT, EBITDA and Adjusted EBITDA.

$m

	December 31,				
(Unaudited)	**2014**	**2015**	**2016**	**2017**	**2018**
Net income (loss)	**$46.1**	**($45.0)**	**($105.5)**	**(43.8)**	**($31.7)**
Provision for income taxes	**22.6**	**(26.7)**	**(36.5)**	**1.5**	**1.8**
Interest expense	**0.9**	**3.4**	**11.4**	**$14.8**	**17.1**
Earnings (Loss) Before Interest and Taxes (EBIT) [1]	**$69.6**	**($68.3)**	**($130.6)**	**($27.5)**	**($12.8)**
EBIT Margin [1]	**4.2%**	**(6.2)%**	**(15.0)%**	**(2.1)%**	**(0.8)%**
Depreciation and amortization	**63.4**	**73.4**	**74.9**	**$74.9**	**73.0**
Earnings (Loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA) [2]	**$133.0**	**$5.1**	**($55.7)**	**$47.4**	**$60.2**
EBITDA Margin[2]	**7.9%**	**0.5%**	**(6.4)%**	**3.6%**	**3.7%**
Stand-alone costs	**(7.6)**	**—**	**—**	**—**	**—**
Executive severance	**—**	**—**	**—**	**—**	**(1.7)**
Loss from remeasurement of benefit plans	**(106.0)**	**6.5**	**(79.7)**	**($21.8)**	**(43.5)**
Adjusted EBIT [3]	**$183.2**	**($74.8)**	**($50.9)**	**($5.7)**	**$32.4**
Adjusted EBIT Margin[3]	**10.9%**	**(6.8)%**	**(5.9)%**	**(0.4)%**	**2.0%**
Adjusted EBITDA [4]	**$246.6**	**($1.4)**	**$24.0**	**$69.2**	**$105.4**
Adjusted EBITDA Margin[4]	**14.7%**	**(0.1)%**	**2.8%**	**5.2%**	**6.5%**

Source: TimkenSteel

[1] *EBIT is defined as net income (loss) before interest expense and income taxes. EBIT Margin is EBIT as a percentage of net sales.*

[2] *EBITDA is defined as net income (loss) before interest expense, income taxes, depreciation and amortization. EBITDA Margin is EBITDA as a percentage of net sales.*

[3] *Adjusted EBIT is defined as EBIT excluding (a) for 2018, 2017, 2016, 2015 and 2014 the gain (loss) from remeasurement of benefit plans, (b) for 2018, executive severance and (c) for 2014 stand alone costs allocated to TimkenSteel. Adjusted EBIT Margin is Adjusted EBIT as a percentage of net sales.*

[4] *Adjusted EBITDA is defined as EBITDA excluding (a) for 2018, 2017, 2016, 2015 and 2014 the gain (loss) from remeasurement of benefit plans, (b) for 2018, executive severance and (c) for 2014 stand alone costs allocated to TimkenSteel. Adjusted EBITDA Margin is Adjusted EBITDA as a percentage of net sales.*

Figures in the table may not recalculate exactly as presented in the earnings release due to rounding.

Reconciliation of Free Cash Flow[(1)] to GAAP Net Cash Provided (Used) by Operating Activities:

This reconciliation is provided as additional relevant information about the Company's financial position. Free cash flow is an important financial measure used in the management of the business. Management believes that free cash flow is useful to investors because it is a meaningful indicator of cash generated from operating activities available for the execution of its business strategy.

$m	4Q	1Q	2Q	3Q	4Q
(Unaudited)	**2017**	**2018**	**2018**	**2018**	**2018**
Net Cash Provided (Used) by Operating Activities	**$19.8**	**($19.4)**	**($10.7)**	**$1.7**	**$46.9**
Less: Capital expenditures	**(23.7)**	**(2.2)**	**(6.8)**	**(8.7)**	**(22.3)**
Free Cash Flow	**($3.9)**	**($21.6)**	**($17.5)**	**($7.0)**	**$24.6**

(1) Free Cash Flow is defined as net cash provided (used) by operating activities less capital expenditures.

Reconciliation of Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) [1] to GAAP Net Income:

This reconciliation is provided as additional relevant information about the Company's first-quarter guidance. EBITDA is an important financial measure used in the management of the business, including decisions concerning the allocation of resources and assessment of performance. Management believes that reporting EBITDA is useful to investors as this measure is representative of the Company's performance. Management also believes that it is appropriate to compare GAAP net income (loss) to EBITDA.

$m

	Three Months Ended March 31,	
(Dollars in millions) (Unaudited)	**2019 Low**	**2019 High**
Net Income (Loss)	**(4.0)**	**6.0**
Provision for income taxes	**1.0**	**1.0**
Interest expense	**4.0**	**4.0**
Depreciation and amortization	**19.0**	**19.0**
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) (1)	**$20.0**	**$30.0**

[1]EBITDA is defined as net income (loss) before interest expense, income taxes, depreciation and amortization.