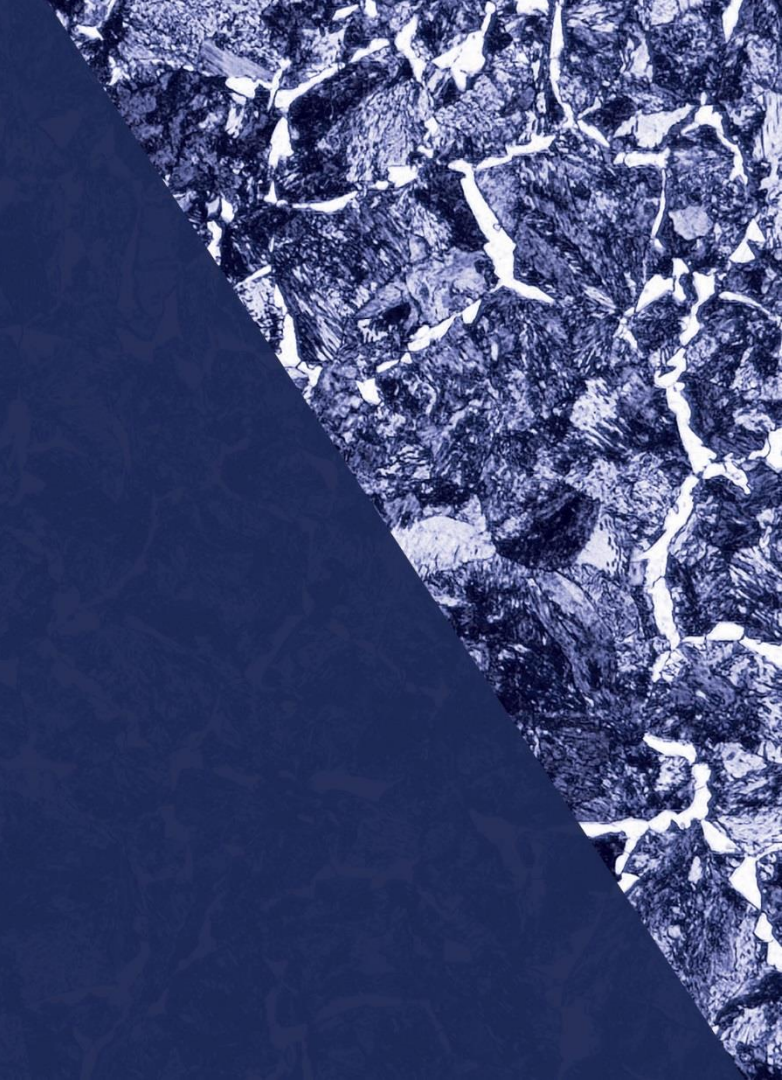
2019 Investor presentation



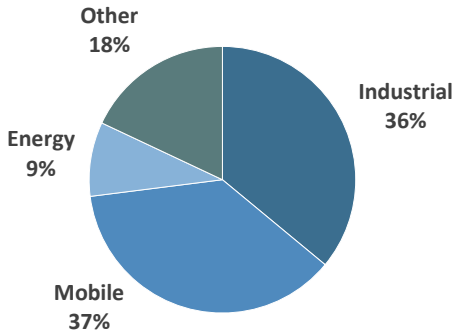
TIMKEN STEEL

TimkenSteel at a glance

Overview

- Headquartered in Canton, Ohio
- Annual melt capacity of ~2 million 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 and drilling



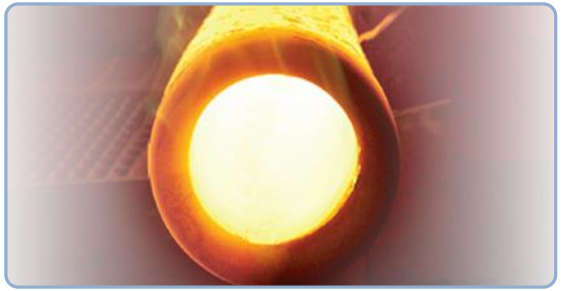
Components



Supply chain



Seamless mechanical tubing ~12%[1]



Source: TimkenSteel

[1] As a percentage of 2018 shipments

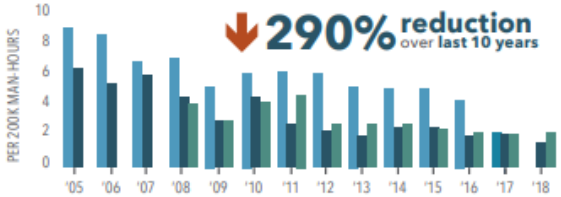
[2] Includes billets

Who we are: Environmental, social and governance (ESG)

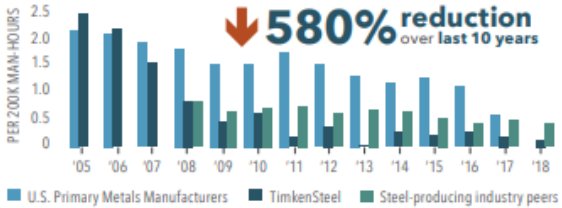
OPERATIONS / SAFETY

2018 was our **safest year on record!**

OSHA recordable incident rate



Lost-time accident rate



U.S. Primary Metals Manufacturers' data for 2018 available in November 2019.

All TimkenSteel manufacturing plants are **ISO 14001 Environmental Management System (EMS) certified.**

RECYCLING

Our steel products are made from **nearly 100% post-consumer scrap metal.**

Raw material is the **equivalent of 1.8 million cars a year and about 133,000 used passenger car tires.**



8.4% INCREASE

In overall recycling in 2018, a **4% increase over 5 years**

17% INCREASE

Recycled 9.7 billion gallons of water in 2018

16% INCREASE

Recycled 18,870 tons of electric arc furnace dust in 2018

2.5% DECREASE

In waste-to-landfill in 2018

ENVIRONMENT

Emissions footprint

Greenhouse gas (GHG) emissions

Average metric tons of CO_2 emitted per metric ton of steel produced

	2017	2018
Global average	1.83	N/A
TimkenSteel	0.41	0.40

Energy intensity

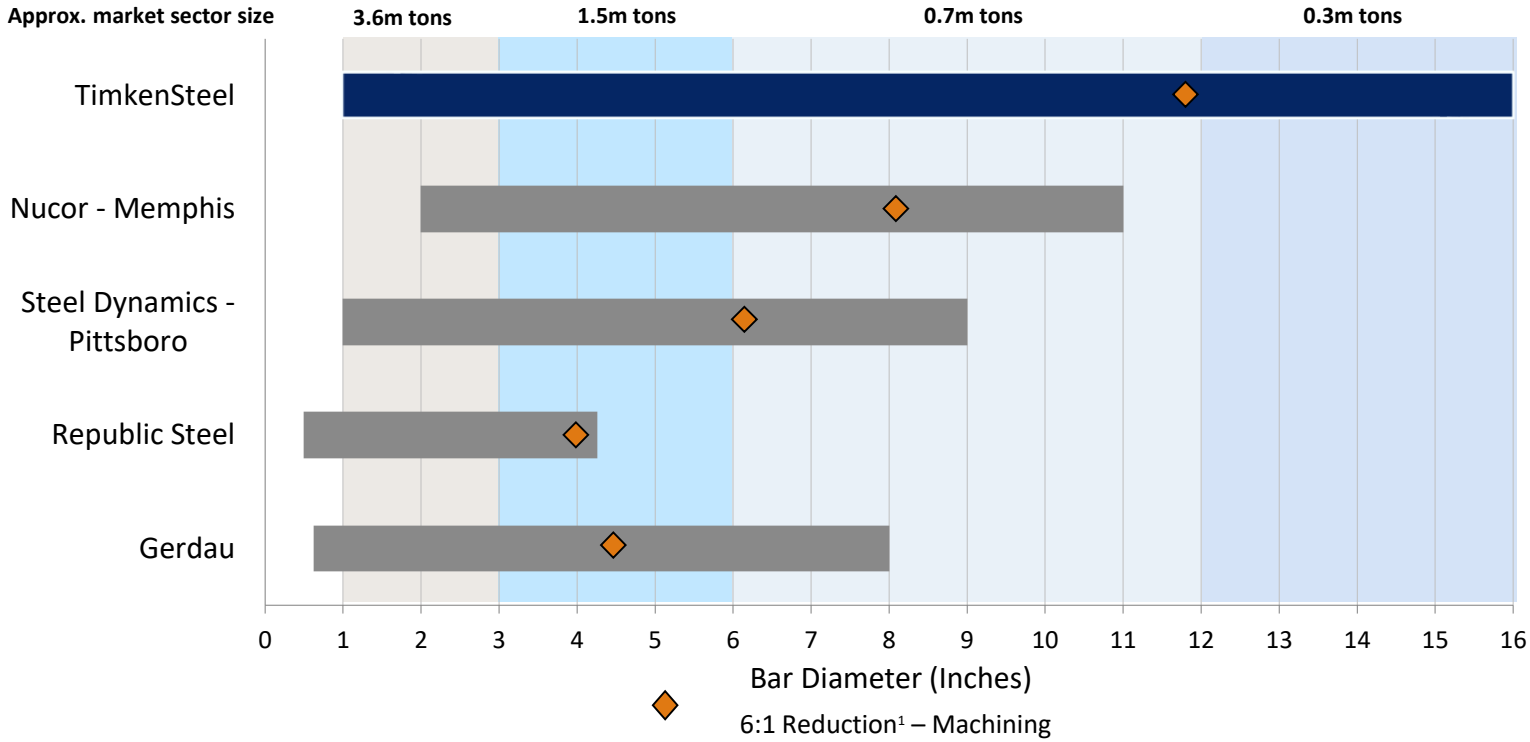
Average gigajoule per metric ton of steel produced

	2017	2018
Global average	19.85	N/A
TimkenSteel	6.04	5.92

TimkenSteel data represent electric arc furnace footprint using World Steel Association emission factors. This organization publishes data on a one-year delay; 2018 averages are not yet available.

We regularly rank in the **top 15% of the lowest-emitting EAF steel plants** World Steel Association analyzes for GHG.

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.

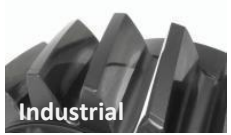
Meeting our customers' high-performance needs

Complete capabilities: Only known steel company combining high-performance alloy steel manufacturing, unique heat treatment and custom boring/finishing capabilities, as well as supply chain solutions and full-service scrap metal management

Value proposition



- 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



- 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



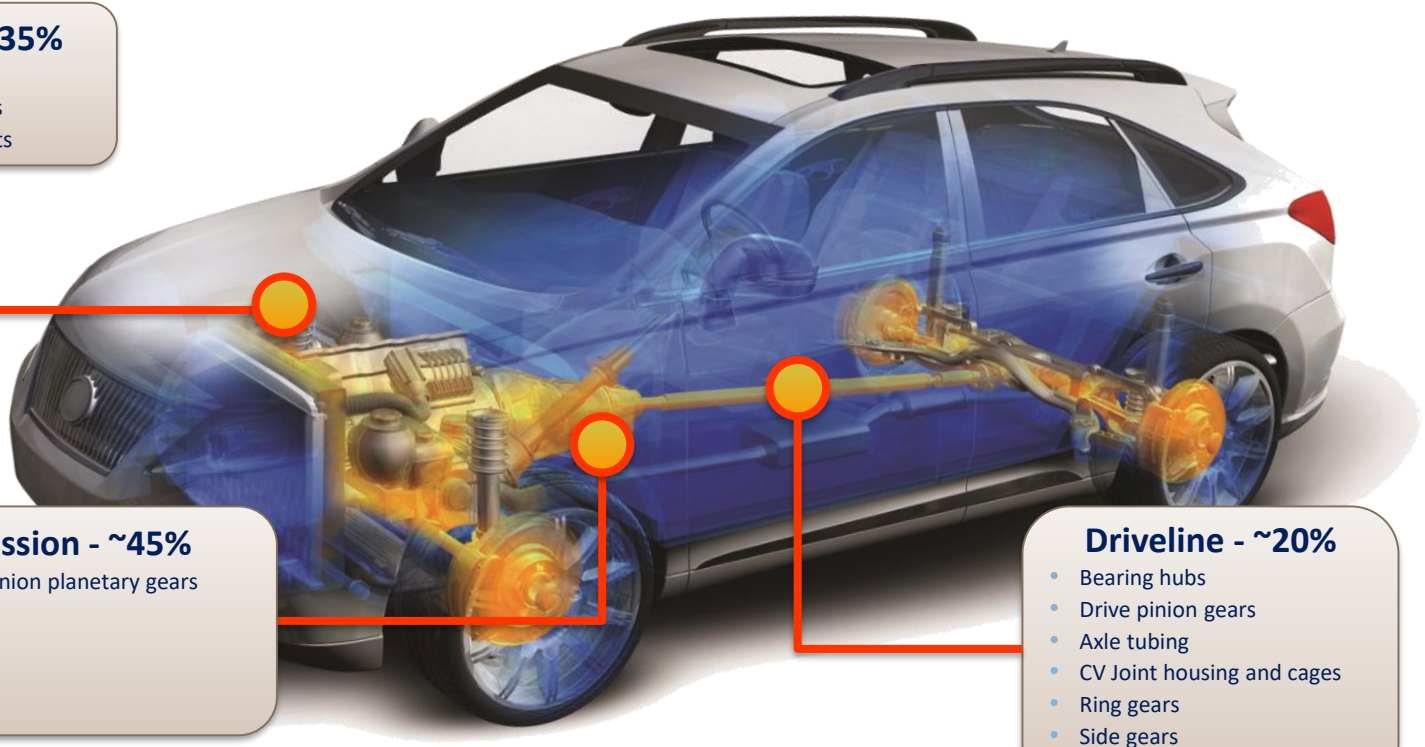
- On- and off-shore drilling and completion applications
- Offerings are valued and trusted by industry leaders
- Unique and integrated supply chain solution set combining high-performance materials, unmatched thermal treatment, proprietary machining processes and responsive delivery capabilities

Sales channel



- 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

TimkenSteel applications in autos



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

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

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

TimkenSteel industrial applications







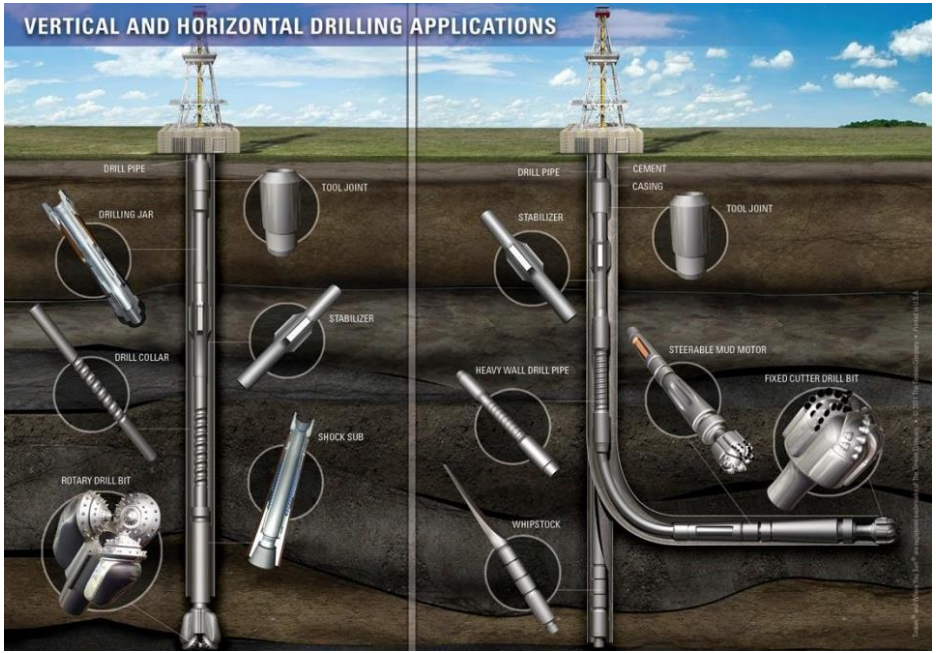


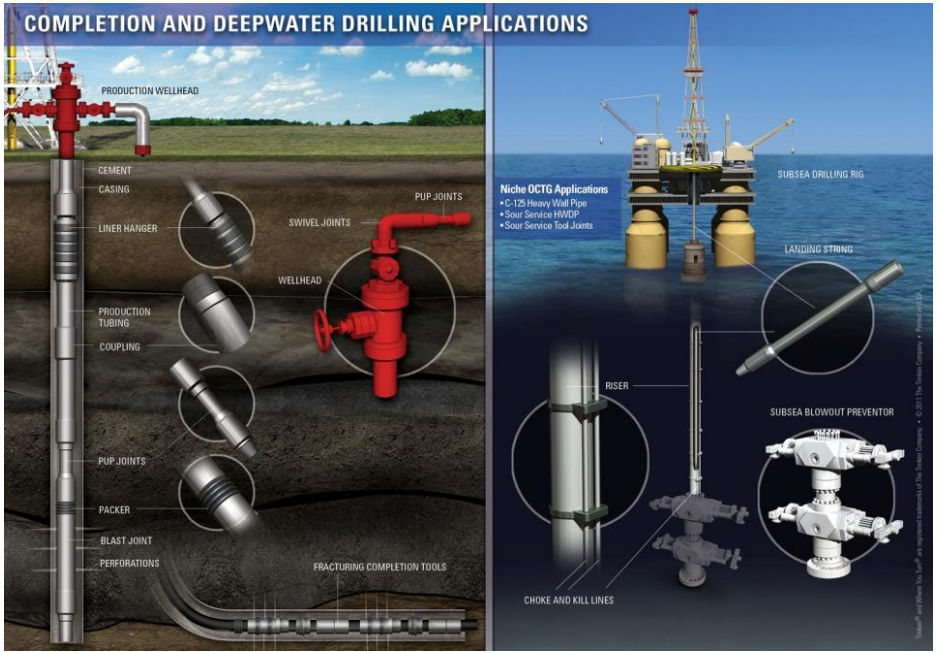

- Bearings components
- Connecting components
- Driveline/axle components
- Engine components
- Ground engaging tooling
- Hydraulic components
- Missile components and projectiles
- Planetary gear components
- Steering components
- Track components
- Transmission components
- Drilling
- Others





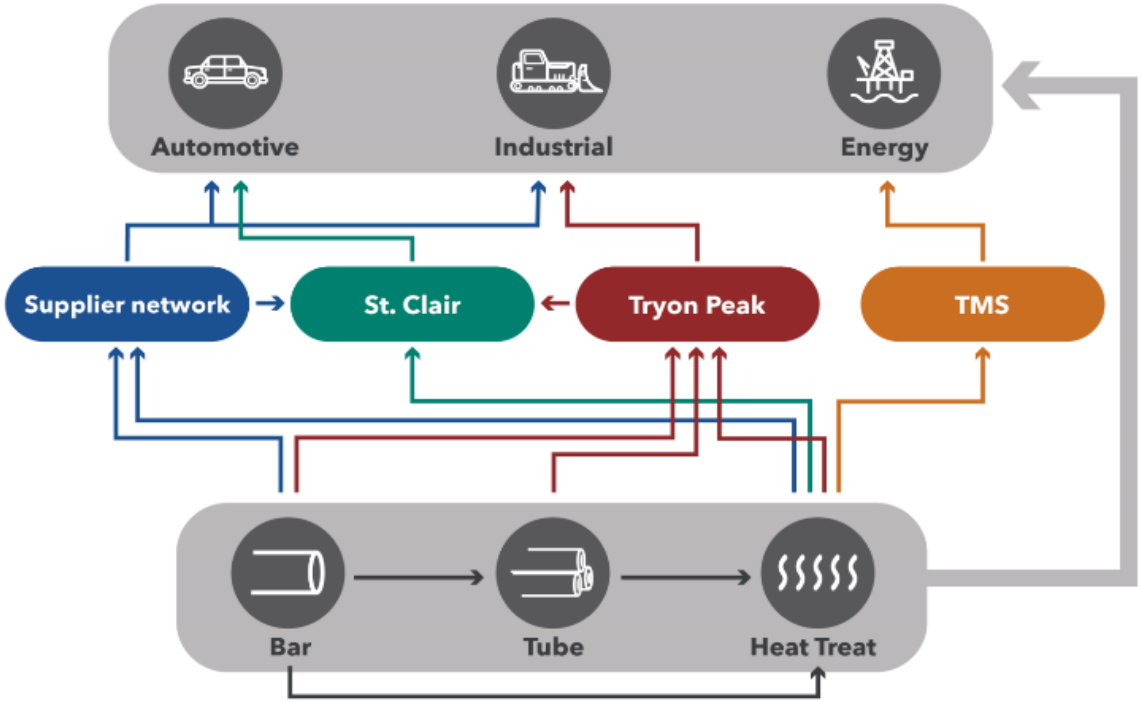

Demanding energy applications require our unique product and process capabilities





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

Our value-added portfolio

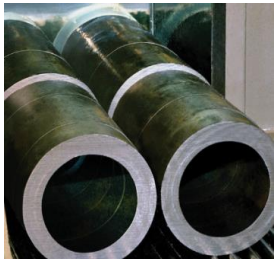


St. Clair



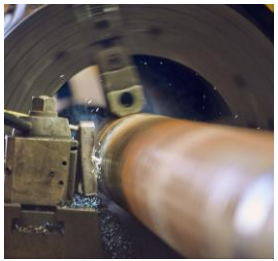


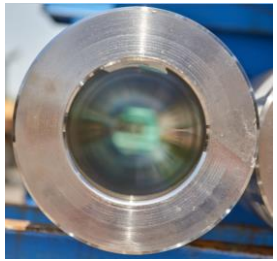
Tryon Peak



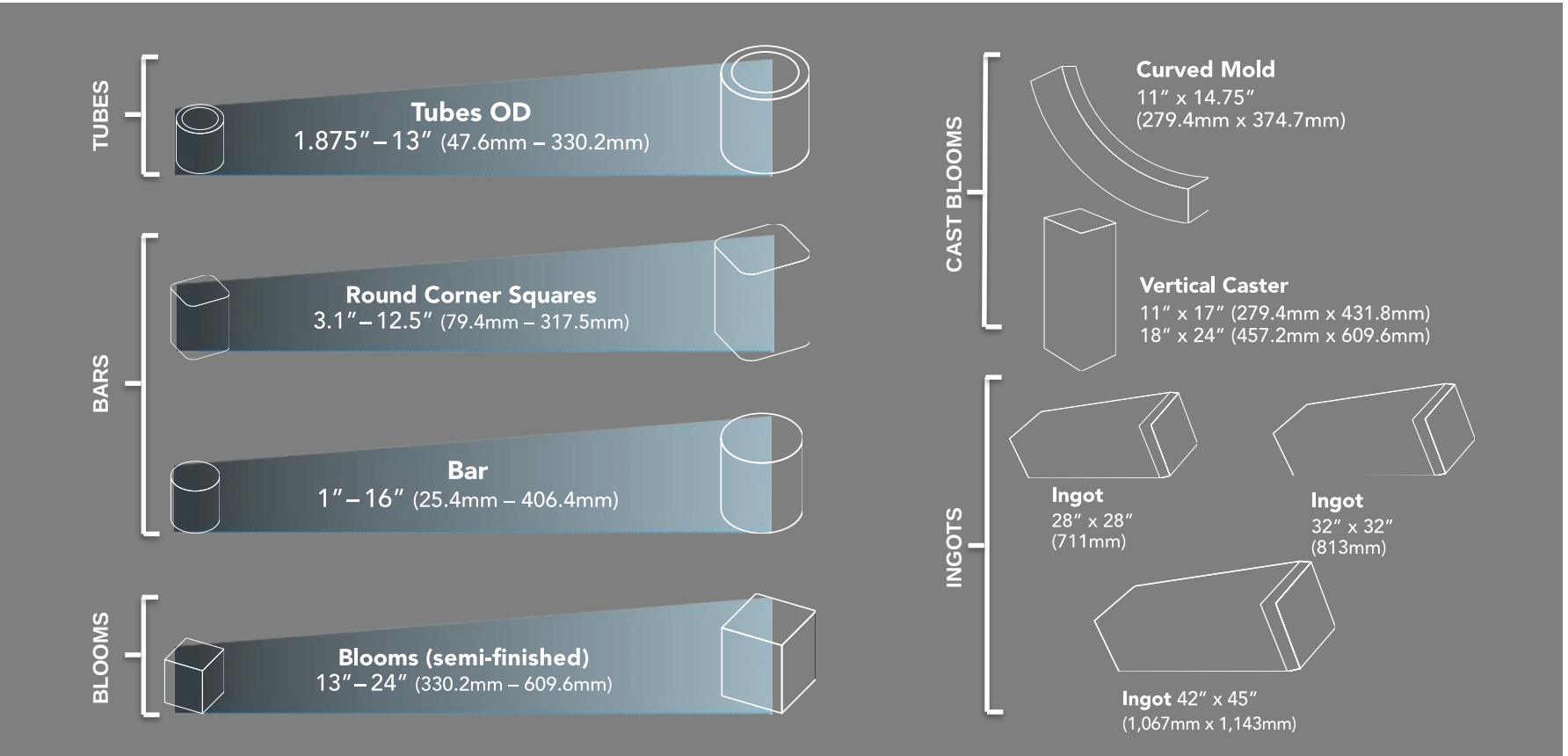


TimkenSteel Material Services



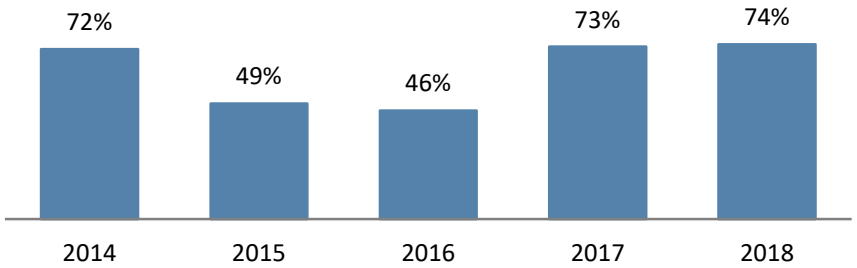


A market leader in *a broad range* of products and services

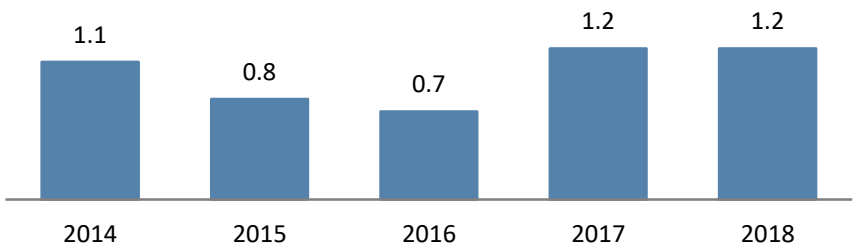


High-level financial performance history

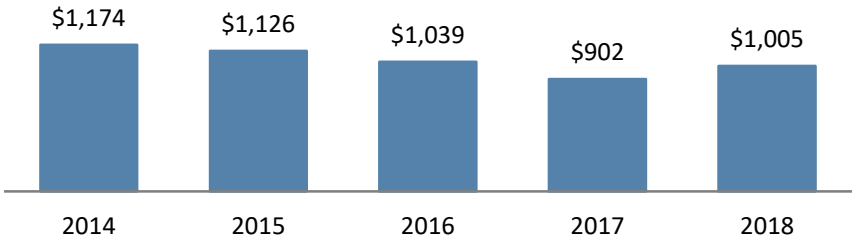
Melt utilization



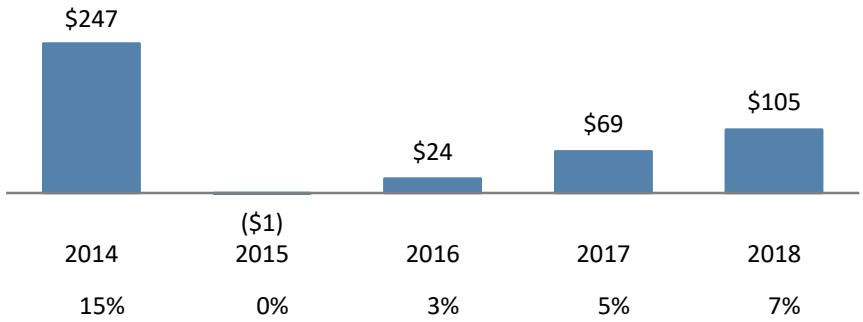
Shipments (million tons)



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



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



Source: TimkenSteel, The Timken Company

[1] Excludes surcharges

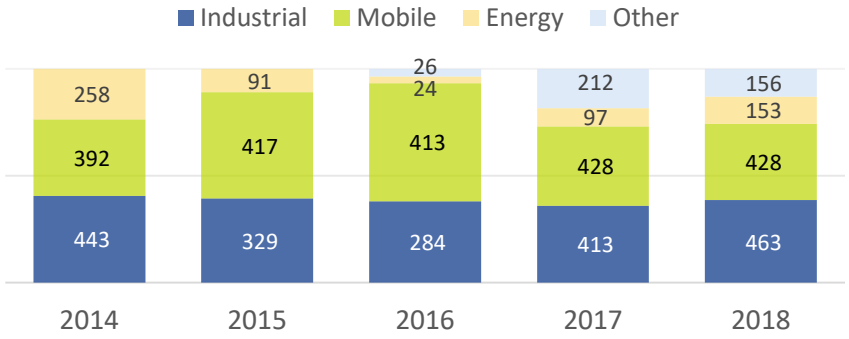
[2] 2014 adjusted EBITDA based on The Timken Company's Steel segment EBITDA, adjusted for previously unallocated corporate expenses and incremental stand-alone costs

[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.

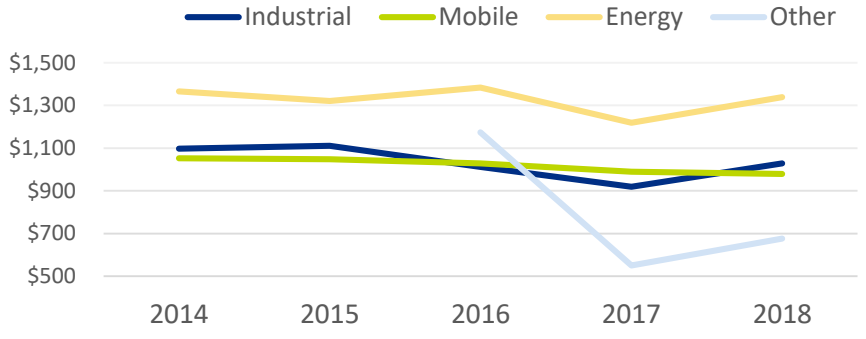
[4] *Please see Appendix for a reconciliation of base sales to net sales and Adjusted EBITDA to Net Income.*

Select performance history by end market

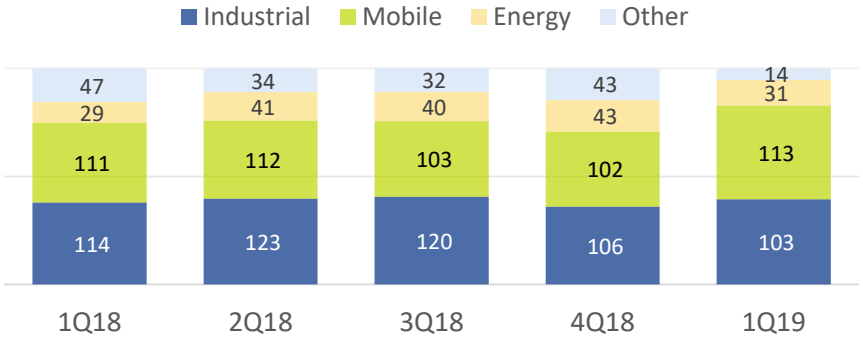
Shipments by end market (k tons)

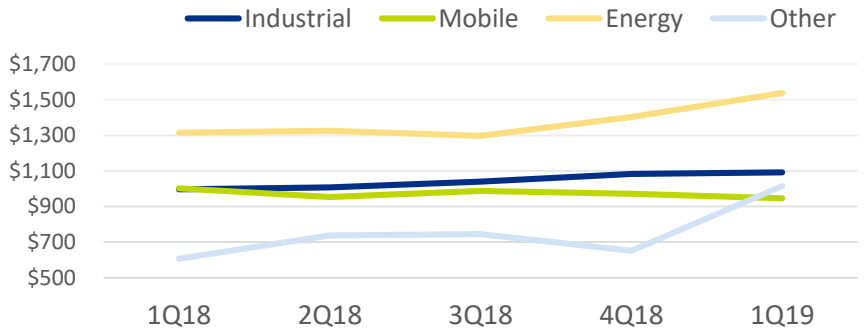


Average base sales by end market ($ / ton)[1,2,3]



Quarterly





Source: TimkenSteel, The Timken Company

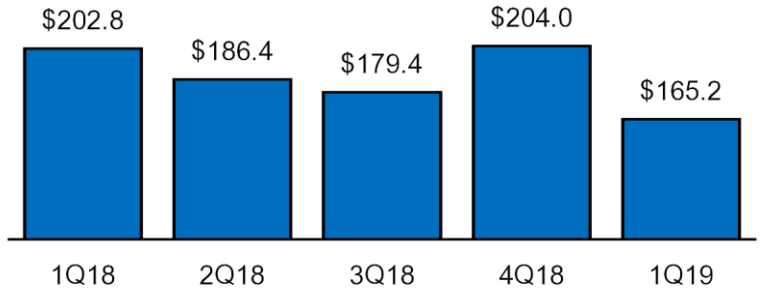
(1) *Net sales excluding surcharges*

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

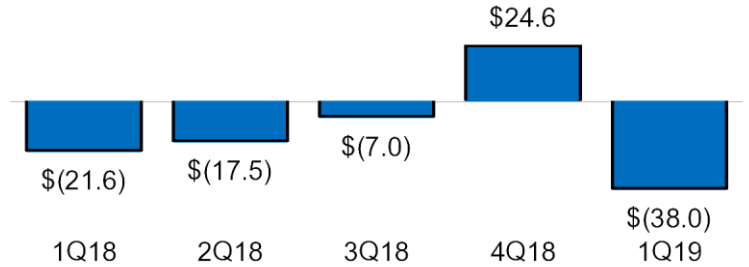
(3) *Billet business began in 2016 – represented in "Other"*

Financial performance – rolling five quarters

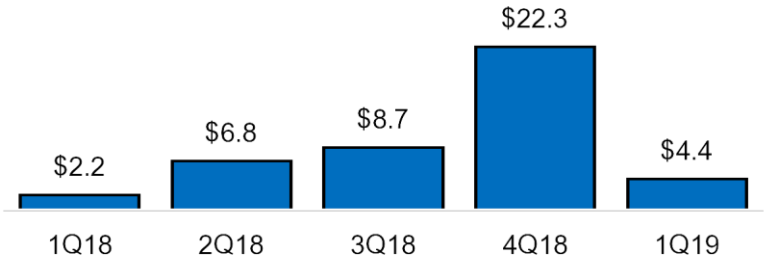
Total liquidity ($m)[3]



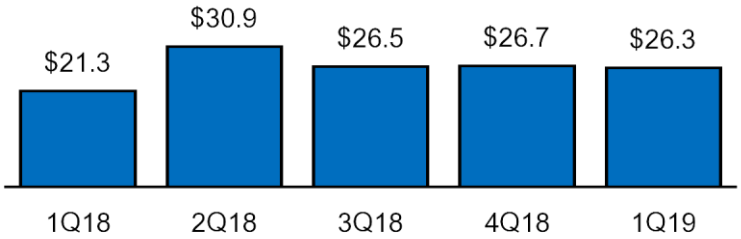
Free cash flow ($m)[2]



Capex ($m)



Adjusted EBITDA ($M)[1]



Source: TimkenSteel

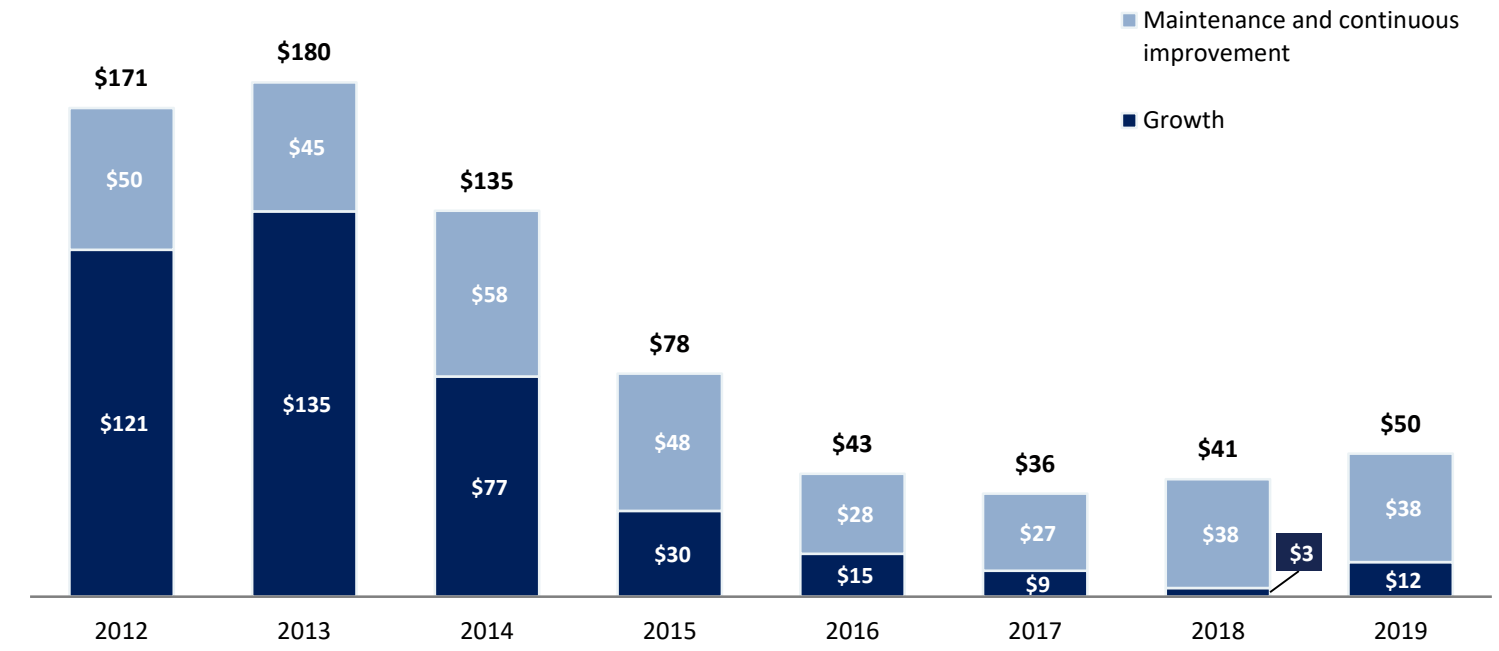
(1) *Adjusted EBITDA is defined as EBITDA excluding (a) for the fourth quarter of 2018, the loss from remeasurement of benefit plans and (b) for the third quarter 2018, executive severance.*

(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)

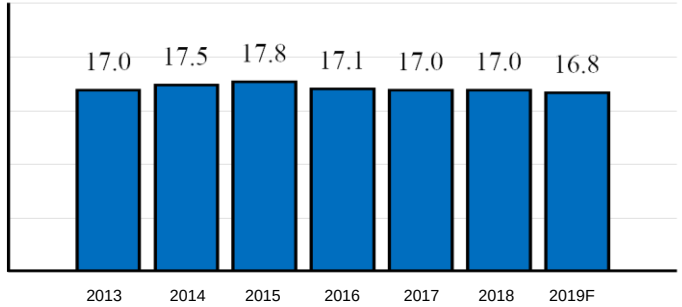


Source: TimkenSteel

Economic indicators

Mobile

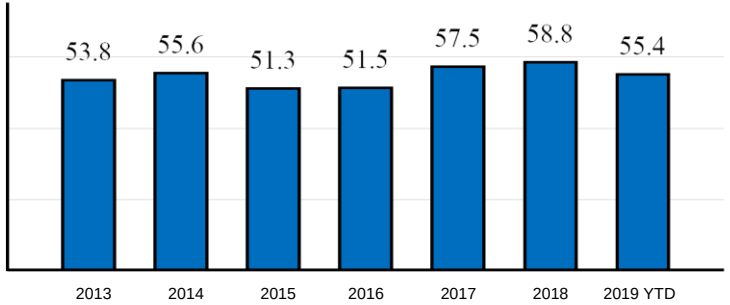
North American light vehicle production *(millions)*



Source: IHS Automotive (April 2019)

Industrial

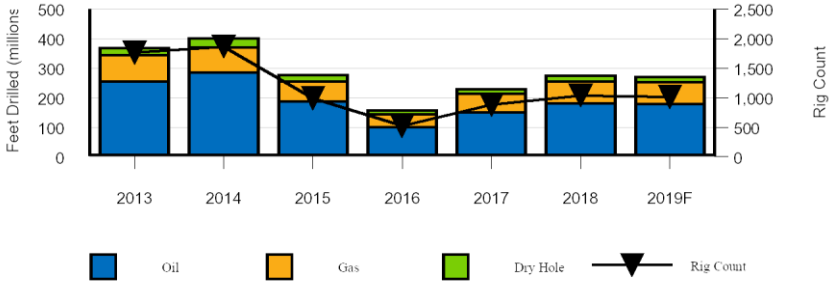
U.S. manufacturing PMI index, seasonally adjusted



Source: Institute For Supply Management (April 2019)

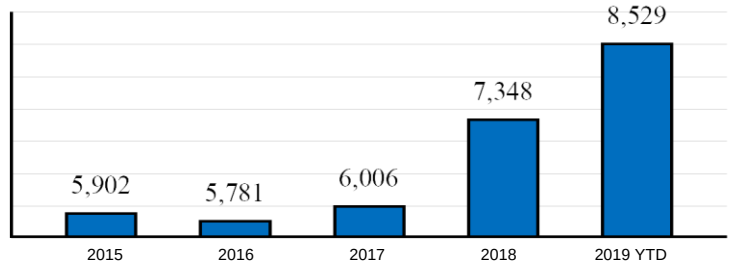
Energy

U.S. drilling activity



Source: Spears Drilling and Production Outlook (March 2019 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) (March 2019)
*EIA regularly modifies its calculations due to changes in correlation methodology, which modification may result in changes to prior-year figures.

Market outlook

Direct end markets

	Market sentiment	TimkenSteel sentiment	
North American Light Vehicles			Overall volume and production remains stable.
Mining			Mining market continues to have a strong growth outlook.
Machinery			Industrial equipment's growth outlook continues to be flat.
Rail			Rail equipment growth remains positive.
Agriculture			Agriculture market outlook has softened.
Oil and Gas			Drilling activity slightly decreasing. Large number of uncompleted wells and current production levels constrain demand for new drilling.
Oil County Tubular Goods (OCTG)			OCTG demand has softened.

Channels

Distribution			Bar and tube inventories remain elevated at distributors

Source: TimkenSteel as of May 2, 2019

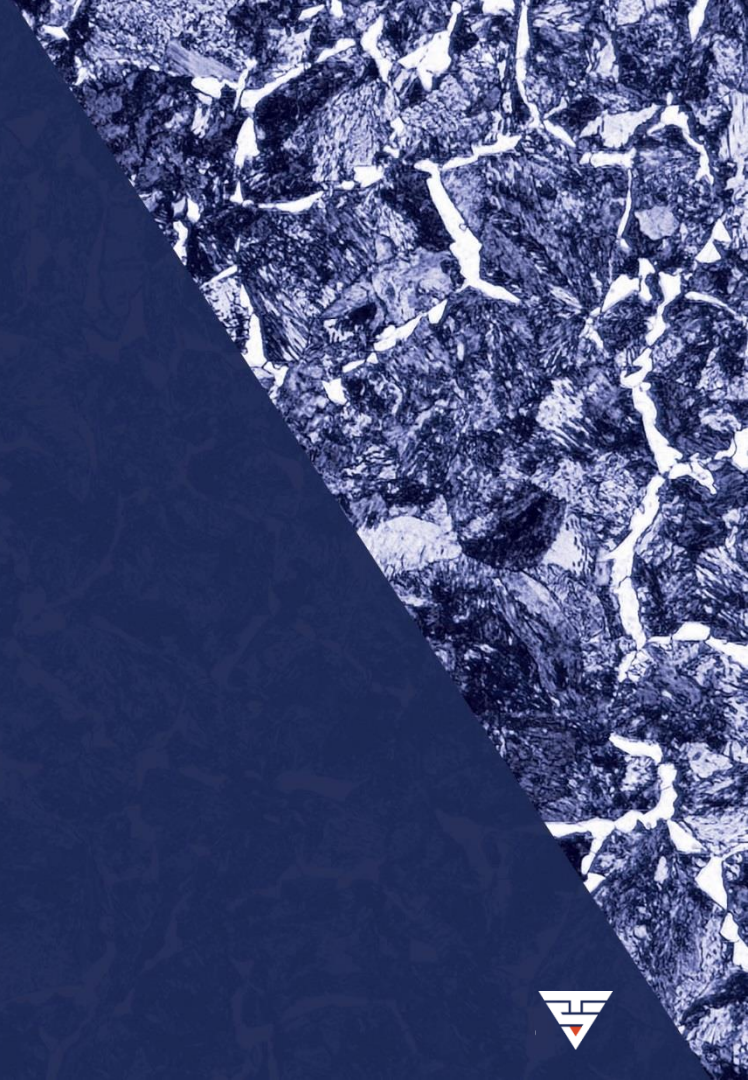
Outlook

Guidance

Second-quarter 2019 volume	• Shipments are expected to be similar to first-quarter 2019 on 12% lower production.
Second-quarter 2019 income	• Lower second-quarter demand and production provides the opportunity to accelerate certain scheduled maintenance into the second quarter from third-quarter 2019. As a result of this timing change, second-quarter fixed-cost leverage will be lower by approximately $10 million and second-quarter maintenance will increase by approximately $7 million, with an offsetting benefit in third-quarter 2019. • Raw material spread is expected to be a headwind as the No.1 busheling scrap index trends downward compared with first-quarter 2019. • Adjusted EBITDA[(1)] is projected to be between $0 and $10 million. At this time the company is unable to reconcile its second-quarter outlook for adjusted EBITDA[(1)] to a comparable GAAP range due to an expected re-measurement of one of its postretirement plans during the second-quarter 2019. The gain or loss from the re-measurement cannot currently be estimated.
Full-year 2019	• Improved product mix and price compared to 2018 are expected to continue to benefit the company for the remainder of 2019. • Actions are being implemented which are expected to drive improved profitability of approximately $50 million on an annualized basis, with approximately $30 million being realized in the remainder of 2019. • 2019 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

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
- **Advanced Quench-and-Temper Facility:** $40 million facility commissioned in 2017; capacity for 50,000 process tons annually of 4”-13” bars and tubes
    - ☐ Contributed significant 2018 growth in thermal treatment

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: 2018 award • 3 years: 2019 award
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	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019
Net sales	$ 142.5	$ 141.6	$ 136.4	$ 133.4	$ 144.2
Less: Surcharges	31.3	34.9	34.2	34.0	37.5
Base sales[(1)]	$ 111.2	$ 106.7	$ 102.2	$ 99.4	$ 106.7
Ship tons (k)	110.4	111.9	103.6	102.4	112.8
Avg. base sales per ton	$ 1,007.2	$ 953.5	$ 986.5	$ 970.7	$ 945.9
Avg. net sales per ton	$ 1,290.8	$ 1,265.4	$ 1,316.6	$ 1,302.7	$ 1,278.4

Industrial

$m	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019
Net sales	$ 147.7	$ 166.9	$ 169.7	$ 153.2	$ 147.0
Less: Surcharges	35.2	42.9	45.1	38.3	35.1
Base sales[(1)]	$ 112.5	$ 124.0	$ 124.6	$ 114.9	$ 111.9
Ship tons (k)	113.7	123.0	119.9	106.1	102.5
Avg. base sales per ton	$ 989.4	$ 1,008.1	$ 1,039.2	$ 1,082.9	$ 1,091.7
Avg. net sales per ton	$ 1,299.0	$ 1,356.9	$ 1,415.3	$ 1,443.9	$ 1,434.1

Energy

$m	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019
Net sales	$ 49.1	$ 68.8	$ 70.1	$ 77.6	$ 60.8
Less: Surcharges	11.0	15.1	17.7	17.4	12.5
Base sales[(1)]	$ 38.1	$ 53.7	$ 52.4	$ 60.2	$ 48.3
Ship tons (k)	29.0	40.5	40.4	42.9	31.4
Avg. base sales per ton	$ 1,313.8	$ 1,325.9	$ 1,297.0	$ 1,403.3	$ 1,538.2
Avg. net sales per ton	$ 1,693.1	$ 1,698.8	$ 1,735.1	$ 1,808.9	$ 1,936.3

Other

$m	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019
Net sales	$ 41.5	$ 36.2	$ 33.7	$ 42.2	$ 19.0
Less: Surcharges	13.2	10.9	10.1	14.1	4.6
Base sales[(1)]	$ 28.3	$ 25.3	$ 23.6	$ 28.1	$ 14.4
Ship tons (k)	46.6	34.3	31.6	43.1	14.2
Avg. base sales per ton	$ 607.3	$ 737.6	$ 746.8	$ 652.0	$ 1,014.1
Avg. net sales per ton	$ 890.6	$ 1,055.4	$ 1,066.5	$ 979.1	$ 1,338.0

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)	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019
Net income (loss)	**($1.9)**	**$8.4**	**$1.4**	**($39.6)**	**$4.2**
Provision for income taxes	**0.1**	**0.2**	**0.9**	**0.6**	**0.1**
Interest expense	**4.6**	**3.9**	**4.4**	**4.2**	**4.2**
Earnings (loss) Before Interest and Taxes (EBIT) [1]	**$2.8**	**$12.5**	**$6.7**	**($34.8)**	**$8.5**
EBIT margin [1]	**0.7%**	**3.0%**	**1.6%**	**(8.6)%**	**2.3%**
Depreciation and amortization	**18.5**	**18.4**	**18.1**	**18.0**	**17.8**
Earnings (loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA) [2]	**$21.3**	**$30.9**	**$24.8**	**($16.8)**	**$26.3**
EBITDA margin[2]	**5.6%**	**7.5%**	**6.1%**	**(4.1)%**	**7.1%**
Executive severance	**—**	**—**	**(1.7)**	**—**	**—**
Loss from remeasurement of benefit plans	**—**	**—**	**—**	**(43.5)**	**—**
Adjusted EBIT [3]	**$2.8**	**$12.5**	**$8.4**	**$8.7**	**$8.5**
Adjusted EBIT margin[3]	**0.7%**	**3.0%**	**2.0%**	**2.1%**	**2.3%**
Adjusted EBITDA [4]	**$21.3**	**$30.9**	**$26.5**	**$26.7**	**$26.3**
Adjusted EBITDA margin[4]	**5.6%**	**7.5%**	**6.5%**	**6.6%**	**7.1%**

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 fourth quarter of 2018, 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 fourth quarter of 2018, 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.

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 (Unaudited)	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019
Net cash provided (used) by operating activities	**($19.4)**	**($10.7)**	**$1.7**	**$46.9**	**($33.6)**
Less: Capital expenditures	**(2.2)**	**(6.8)**	**(8.7)**	**(22.3)**	**(4.4)**
Free cash flow	**($21.6)**	**($17.5)**	**($7.0)**	**$24.6**	**($38.0)**

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