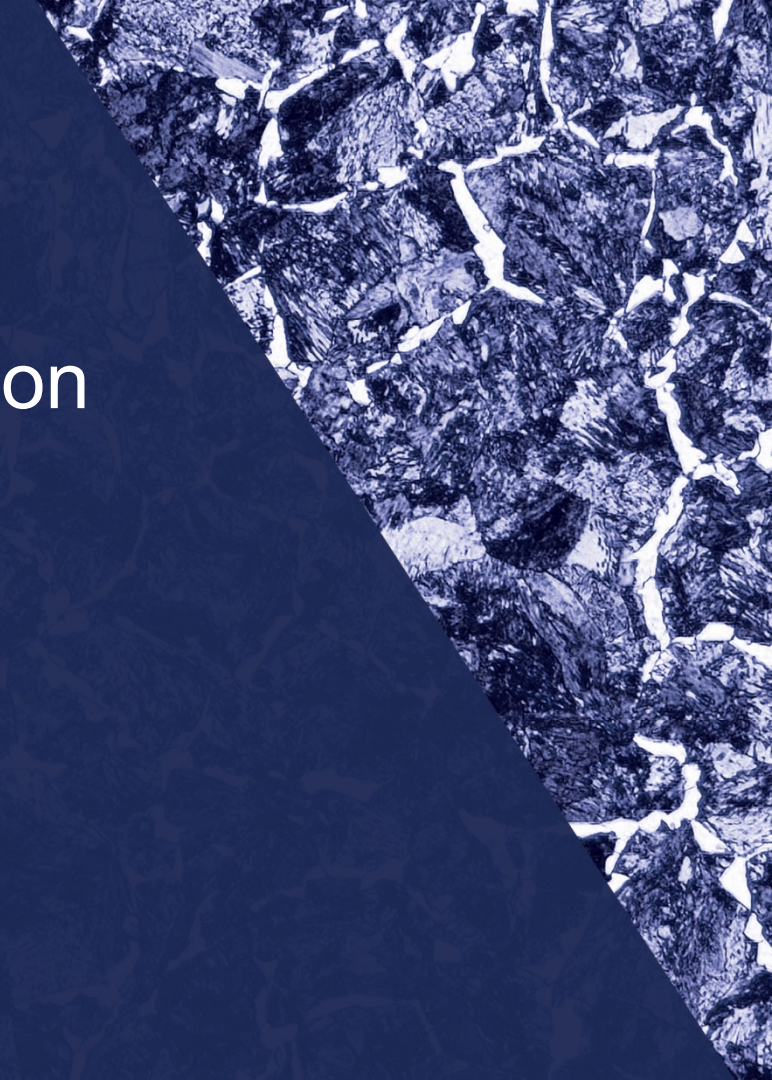
Second-Quarter 2019 Earnings & Investor Presentation

August 1, 2019



TIMKEN STEEL

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 "will," “anticipate,” “believe,” “could,” “estimate,” “expect,” “forecast,” “outlook,” “intend,” “may,” “possible,” “potential,” “predict,” “project,” “seek,” “target,” “could,” “may,” “should,” "target," "will," “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: whether the company is able to successfully implement actions designed to improve profitability on anticipated terms and timetables and whether the company is able to fully realize the expected benefits of such actions; 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 exist 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; unanticipated litigation, claims or assessments, including claims or problems related to intellectual property, product liability or warranty, and environmental issues and taxes, among other matters; the 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; the amount of any dividend declared by the company’s Board of Directors on the company’s common shares; and the overall impact of mark-to-market accounting. 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.

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.

Second-Quarter 2019 Results

- Delivered financial results above high end of guidance range while balancing production with near-term demand.
  - Net loss of $4.4M was a decrease of $8.6M sequentially.
  - Adjusted EBITDA[(1)] was $27.5M including LIFO benefit of approx. $11M.
  - Price and mix improvements of $13M over 2Q 2018.
  - Shipments of approximately 248,000 tons decreased 5% sequentially primarily from lower industrial demand.
- Profitability improvement target raised to approx. $60M on an annualized basis, with approx. $35M expected to be realized in 2019.



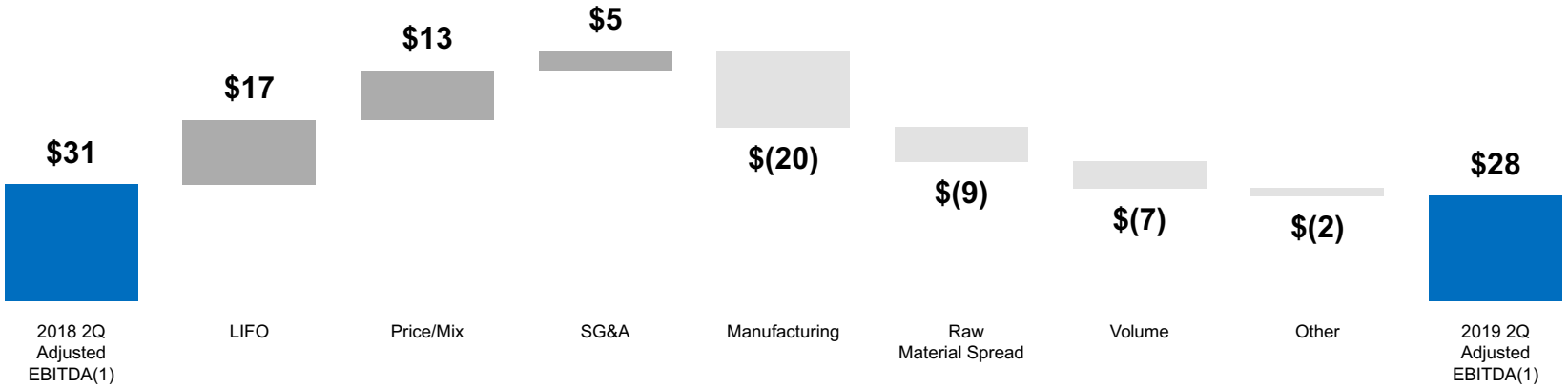
We continue to strengthen our leadership position in value-added automotive powertrain components.

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

Operating Performance

(Dollars per million)

Adjusted EBITDA 2018 2Q vs 2019 2Q



- LIFO benefit was driven by lower YOY anticipated raw material and manufacturing costs as well as lower anticipated year-end quantities.
- Price and mix benefited from increases in spot price vs. prior year, increases in 2019 contract pricing, and lower shipments of OCTG billets, contributing to a richer mix of products.
- SG&A was favorable from lower variable compensation expense and benefit of cost reduction actions.
- Manufacturing was a headwind due to a YOY 27% decrease in production levels which resulted in $20M unfavorable fixed cost leverage and planned annual maintenance costs of $4M (prior year maintenance occurred in 3Q 2018). The decrease was partially offset by lower variable compensation expense.
- Raw material spread was driven largely by timing of declining No. 1 busheling scrap index, compared with rising No. 1 busheling scrap index last year.
- Volume declined from lower industrial end market demand.

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

Profitability Improvement Plan Update



Profitability improvement target raised to approx. $60M on an annualized basis, with approx. $35M expected to be realized in 2019.

- Company continued to execute profitability improvement actions aggressively, with a focus on:
  - cost savings
  - improved efficiency
  - better resource allocation
  - growth in targeted markets
- Recent restructuring actions implemented to enhance profitability
  - Eliminated approximately 55 salaried positions during 2Q
  - Reductions are expected to generate savings of approx. $2M in 2019 and annual savings of approx. $7M beginning in 2020
- Additionally, the company is actively managing variable expenses within manufacturing to align with demand
  - For the six months ended June 30, 2019, variable manufacturing expenses declined approx. $30M from the prior year comparable period
  - This reduction in variable manufacturing expenses due to volume/demand is excluded from profitability improvement plan targets

2019 Market Outlook

Direct End Markets

	Market Sentiment	TimkenSteel Sentiment	
North American Light Vehicles			Production adjustments in 1Q and 2Q have brought inventory in line with sales. Overall volume remains stable.
Mining			Mining market is positive and remains the strongest of the industrial market spaces.
Machinery			Industrial equipment is expected to remain stable in the second half.
Rail			Rail equipment is expected to remain stable into 2020.
Agriculture			Farming income is down, negatively impacting equipment purchases.
Oil and Gas			Drilling activity continues to decrease. Large number of uncompleted wells and current production levels constrain demand for new drilling.
Oil Country Tubular Goods (OCTG)			OCTG inventory levels are increasing throughout the supply chain.

Channels

Distribution			Bar and tube inventory levels are improving, but are still high relative to shipments.

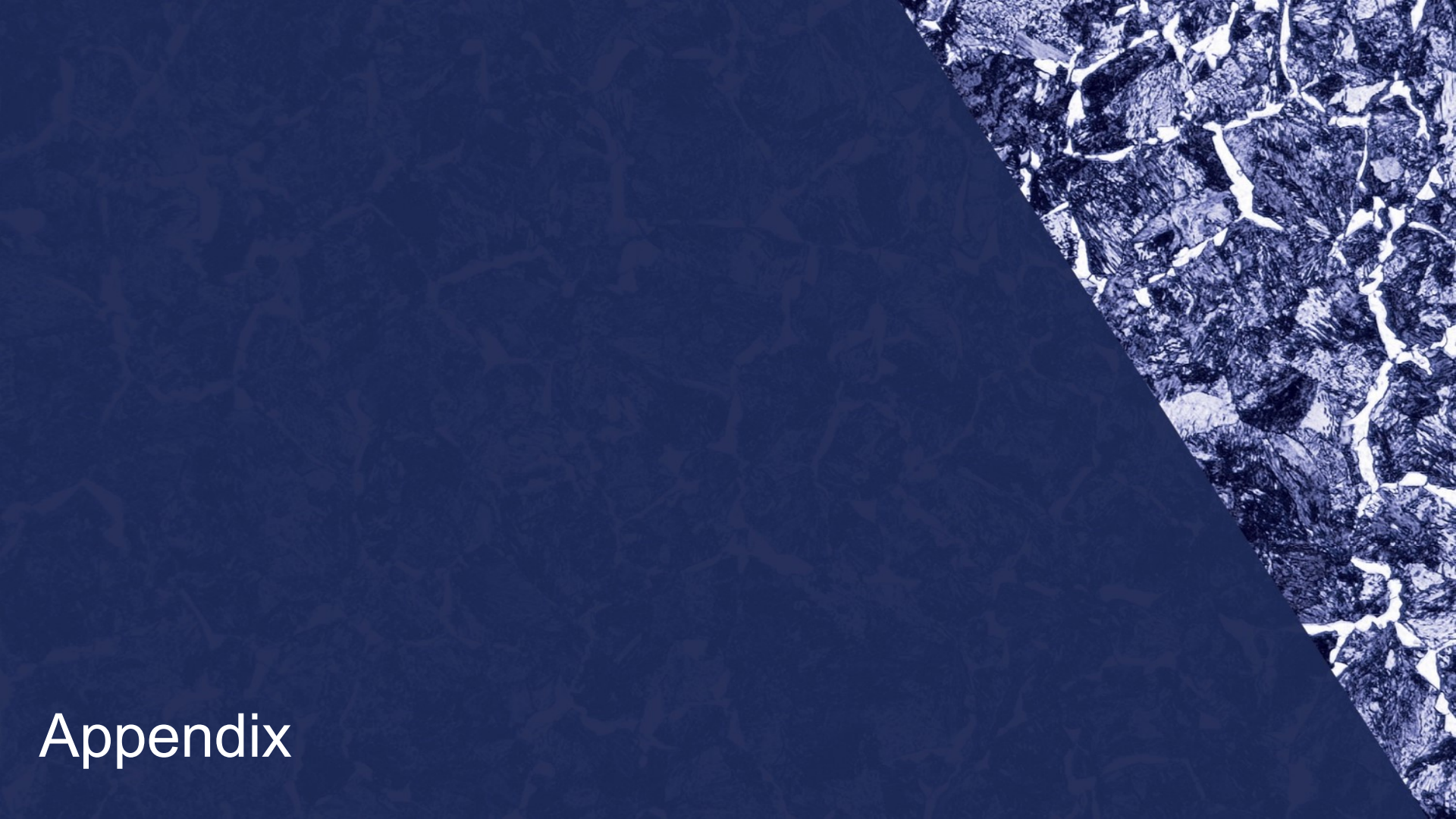
Source: TimkenSteel as of August 1, 2019

Outlook

Guidance

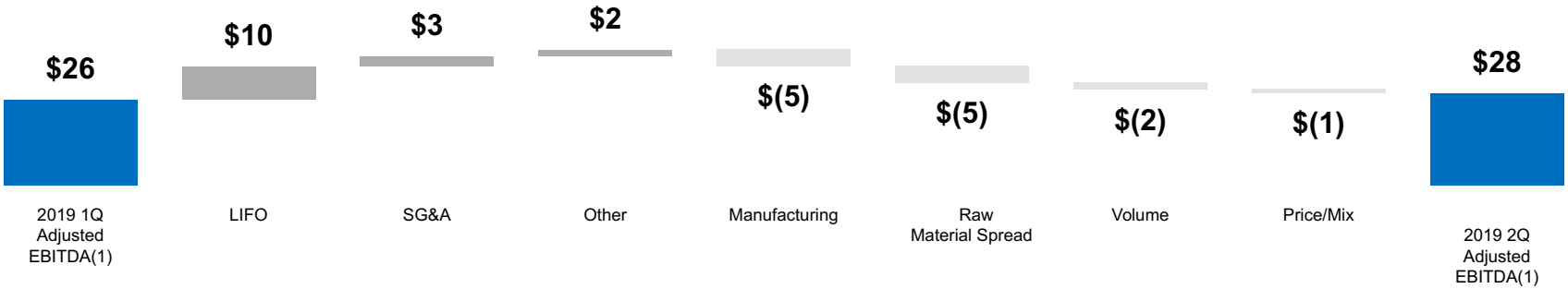
Third-quarter 2019 volume	• Shipments are expected to be 10% below 2Q 2019
Third-quarter 2019 income	• Net loss is projected to be between $17M and $27M • EBITDA[(1)] is projected to be between ($5)M and $5M • Aligning production levels with demand will result in a decline in planned production levels in 3Q 2019 to 47% melt utilization from 57% utilization in Q1 2019. This lower level of production, combined with the second half of planned annual maintenance of approx. $6M, will negatively impact fixed cost leverage and profitability during 3Q 2019 • LIFO is projected to be a benefit of approx. $6M
Full-year 2019	• Profitability improvements continue to be implemented aggressively; raising profitability improvement target to approximately $60M on an annualized basis, with approximately $35M expected to be realized in 2019 • 2019 capital spending is projected to be approximately $50M

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



Appendix

ADJUSTED EBITDA 2019 1Q vs. 2019 2Q



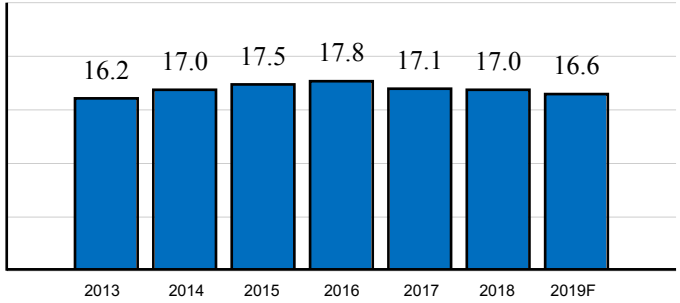
- LIFO benefit was driven by lower YOY anticipated raw material and manufacturing costs as well as lower anticipated year-end quantities.
- Favorable SG&A from lower variable compensation expense and the benefit of cost reduction actions.
- Manufacturing was unfavorable due to planned annual maintenance in 2Q of $4M, and unfavorable fixed cost absorption of $6M on 12% lower production, partially offset by lower variable compensation expense.
- Raw material spread was driven by timing from the declining No. 1 busheling scrap index.
- Mix was negatively impacted by higher OCTG billet shipments.

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

Economic indicators

Mobile

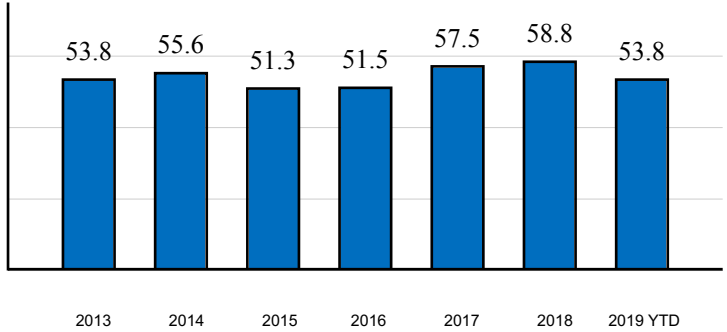
North American light vehicle production *(millions)*



Source: IHS Automotive (July 2019)

Industrial

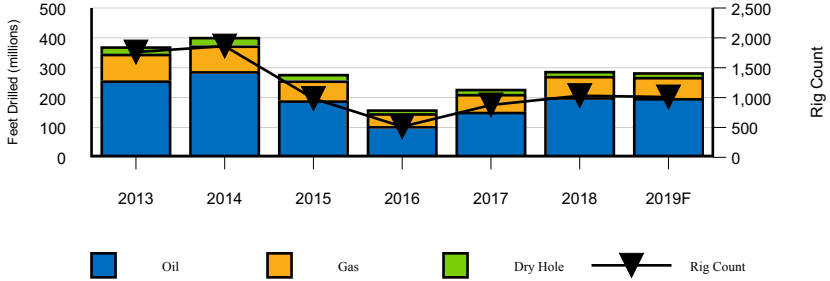
U.S. manufacturing PMI index, seasonally adjusted



Source: Institute For Supply Management (July 2019)

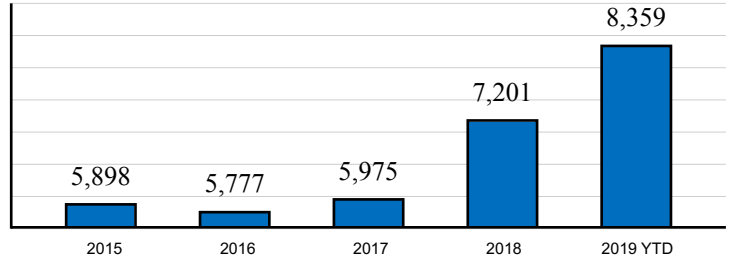
Energy

U.S. drilling activity



Source: Spears Drilling and Production Outlook (June 2019 publication)
*Prior-year drilling data may be restated due to the availability of more comprehensive data.

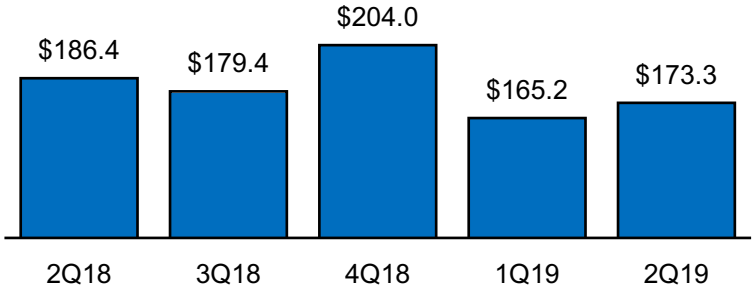
Avg. drilled but uncompleted wells (DUCs)



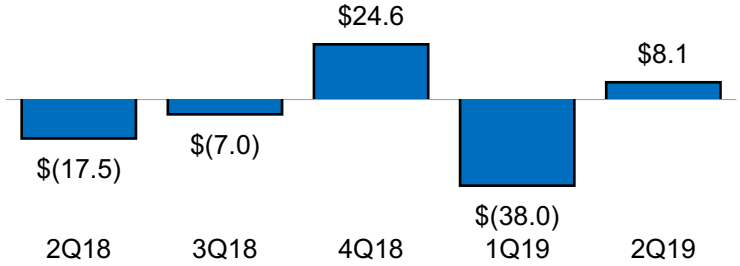
Source: U.S. Energy Information Administration (EIA) (July 2019)
*EIA regularly modifies its calculations due to changes in correlation methodology, which modification may result in changes to prior-year figures.

Financial performance - rolling five quarters

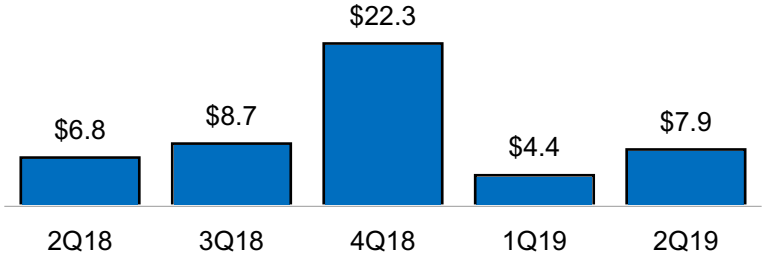
Total Liquidity ($m)[3]



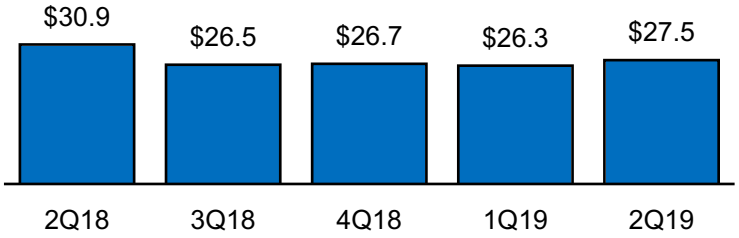
Free Cash Flow ($m)[2]



Capex ($m)



Adjusted EBITDA ($m)[1]



Source: TimkenSteel

(1) *Adjusted EBITDA is defined as EBITDA excluding (a) for the third quarter 2018, executive severance, (b) fourth quarter of 2018, the loss from remeasurement of benefit plans, and (c) for the second quarter of 2019, restructuring charges, loss on abandonment of long-lived assets, and the loss from remeasurement of benefit plans.*

(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*

(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: Adjusted earnings per share, Adjusted net income (loss), Base Sales, EBIT, EBITDA, Adjusted EBIT, 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 Adjusted earnings per share, Adjusted net income (loss), Base Sales, EBIT, EBITDA, Adjusted EBIT 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 the Company's 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	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019
Net Sales	$ 141.6	$ 136.4	$ 133.4	$ 144.2	$ 135.3
Less: Surcharges	34.9	34.2	34.0	37.5	32.1
Base sales[(1)]	$ 106.7	$ 102.2	$ 99.4	$ 106.7	$ 103.2
Ship tons (k)	111.9	103.6	102.4	112.8	110.3
Avg. base sales per ton	$ 953.5	$ 986.5	$ 970.7	$ 945.9	$ 935.6
Avg. net sales per ton	$ 1,265.4	$ 1,316.6	$ 1,302.7	$ 1,278.4	$ 1,226.7

Industrial

$m	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019
Net Sales	$ 166.9	$ 169.7	$ 153.2	$ 147.0	$ 124.3
Less: Surcharges	42.9	45.1	38.3	35.1	27.4
Base sales[(1)]	$ 124.0	$ 124.6	$ 114.9	$ 111.9	$ 96.9
Ship tons (k)	123.0	119.9	106.1	102.5	86.4
Avg. base sales per ton	$ 1,008.1	$ 1,039.2	$ 1,082.9	$ 1,091.7	$ 1,121.5
Avg. net sales per ton	$ 1,356.9	$ 1,415.3	$ 1,443.9	$ 1,434.1	$ 1,438.7

Energy

$m	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019
Net Sales	$ 68.8	$ 70.1	$ 77.6	$ 60.8	$ 54.1
Less: Surcharges	15.1	17.7	17.4	12.5	12.0
Base sales[(1)]	$ 53.7	$ 52.4	$ 60.2	$ 48.3	$ 42.1
Ship tons (k)	40.5	40.4	42.9	31.4	31.0
Avg. base sales per ton	$ 1,325.9	$ 1,297.0	$ 1,403.3	$ 1,538.2	$ 1,358.1
Avg. net sales per ton	$ 1,698.8	$ 1,735.1	$ 1,808.9	$ 1,936.3	$ 1,745.2

Other

$m	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019
Net Sales	$ 36.2	$ 33.7	$ 42.2	$ 19.0	$ 23.0
Less: Surcharges	10.9	10.1	14.1	4.6	6.4
Base sales[(1)]	$ 25.3	$ 23.6	$ 28.1	$ 14.4	$ 16.6
Ship tons (k)	34.3	31.6	43.1	14.2	20.4
Avg. base sales per ton	$ 737.6	$ 746.8	$ 652.0	$ 1,014.1	$ 813.7
Avg. net sales per ton	$ 1,055.4	$ 1,066.5	$ 979.1	$ 1,338.0	$ 1,127.5

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.

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

The tables below present net sales by quarter, 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, adjusted to exclude raw material surcharges, provides additional insight into key drivers of net sales such as base price.

Quarterly

$m	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019
Net Sales	$ 413.5	$ 409.9	$ 406.4	$ 371.0	$ 336.7
Less: Surcharges	103.8	107.1	103.8	89.7	77.9
Base sales[(1)]	$ 309.7	$ 302.8	$ 302.6	$ 281.3	$ 258.8
Ship tons (k)	309.7	295.5	294.5	260.9	248.1
Avg. base sales per ton	$ 1,000.0	$ 1,024.7	$ 1,027.5	$ 1,078.2	$ 1,043.1
Avg. net sales per ton	$ 1,335.2	$ 1,387.1	$ 1,380.0	$ 1,422.0	$ 1,357.1

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.

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)	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019
Net income (loss)	$ 8.4	$ 1.4	$ (39.6)	$ 4.2	$ (4.4)
Provision for income taxes	0.2	0.9	0.6	0.1	0.2
Interest expense	3.9	4.4	4.2	4.2	4.2
Earnings (Loss) Before Interest and Taxes (EBIT) [1]	$ 12.5	$ 6.7	$ (34.8)	$ 8.5	$ —
EBIT Margin [1]	3.0%	1.6%	(8.6)%	2.3%	—%
Depreciation and amortization	18.4	18.1	18.0	17.8	17.9
Earnings (Loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA) [2]	$ 30.9	$ 24.8	$ (16.8)	$ 26.3	$ 17.9
EBITDA Margin[2]	7.5%	6.1%	(4.1)%	7.1%	5.3%
Loss on abandonment of long-lived assets	—	—	—	—	(1.6)
Restructuring expenses	—	—	—	—	(3.6)
Executive severance	—	(1.7)	—	—	—
Loss from remeasurement of benefit plans	—	—	(43.5)	—	(4.4)
Adjusted EBIT [3]	$ 12.5	$ 8.4	$ 8.7	$ 8.5	$ 9.6
Adjusted EBIT Margin[3]	3.0%	2.0%	2.1 %	2.3%	2.9%
Adjusted EBITDA [4]	$ 30.9	$ 26.5	$ 26.7	$ 26.3	$ 27.5
Adjusted EBITDA Margin[4]	7.5%	6.5%	6.6 %	7.1%	8.2%

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 2018, executive severance, (b) fourth quarter of 2018, the loss from remeasurement of benefit plans, and (c) for the second quarter of 2019, restructuring charges, loss on abandonment of long-lived assets, and the loss from remeasurement of benefit plans. 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 2018, executive severance, (b) fourth quarter of 2018, the loss from remeasurement of benefit plans, and (c) for the second quarter of 2019, restructuring charges, loss on abandonment of long-lived assets, and the loss from remeasurement of benefit plans. 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 adjusted net income (loss)[3] to GAAP net income (loss) and adjusted diluted earnings per share[4] to GAAP diluted earnings per share for the three months ended June 30, 2019

Adjusted net income, adjusted diluted earnings per share and other adjusted items referred to below are financial measures not required by, or presented in accordance with GAAP. These Non-GAAP financial measures should be considered as a supplement to, and not as a substitute for, the financial measures prepared in accordance with GAAP, and a reconciliation of these financial measures to the most comparable GAAP financial measures is presented. We believe this data provides investors with additional useful information on the underlying operations and trends of the business and enables period-to-period comparability of our financial performance.

$m

Three months ended June 30, 2019						
(Unaudited)	Net income (loss)	Restructuring charges	Impairment charges and loss on asset disposals	Other income (expense), Net	Income tax (benefit) expense[2]	Diluted earnings per share[1]
As reported	**$ (4.4)**	**$ 3.6**	**$ 1.8**	**$ 0.2**	**$ 0.2**	**$ (0.10)**
Adjustments:[3]						
Loss on abandonment of long-lived assets	1.6	—	(1.6)	—	—	0.04
Restructuring charges	3.6	(3.6)	—	—	—	0.08
Loss from remeasurement of benefit plans	4.4	—	—	4.4	—	0.10
As adjusted	**$ 5.2**	**$ —**	**$ 0.2**	**$ 4.6**	**$ 0.2**	**$ 0.12**

[1] Common share equivalents for shares issuable upon the conversion of outstanding convertible notes for the three months ended June 30, 2019, were excluded from the computation of diluted adjusted earnings (loss) per share because the effect of their inclusion would have been anti-dilutive.

[2] These adjustments have a $0 net tax effect, since the company has Net Operating Loss carryforwards.

[3] Adjusted net income (loss) is defined as net income (loss) excluding for the three months ended June 30, 2019, the loss from remeasurement of benefit plans, restructuring charges, and loss on abandonment of long-lived assets.

[4] Adjusted diluted earnings per share is defined as diluted earnings per share excluding for the three months ended June 30, 2019, the loss from remeasurement of benefit plans, restructuring charges, and loss on abandonment of long-lived assets.

Reconciliation of adjusted net income (loss)[3] to GAAP net income (loss) and adjusted diluted earnings per share[4] to GAAP diluted earnings per share for the six months ended June 30, 2019

Adjusted net income, adjusted diluted earnings per share and other adjusted items referred to below are financial measures not required by, or presented in accordance with GAAP. These Non-GAAP financial measures should be considered as a supplement to, and not as a substitute for, the financial measures prepared in accordance with GAAP, and a reconciliation of these financial measures to the most comparable GAAP financial measures is presented. We believe this data provides investors with additional useful information on the underlying operations and trends of the business and enables period-to-period comparability of our financial performance.

$m

	Six months ended June 30, 2019					
(Unaudited)	**Net income (loss)**	**Restructuring charges**	**Impairment charges and loss on asset disposals**	**Other income (expense), Net**	**Income tax (benefit) expense[2]**	**Diluted earnings per share[1]**
As reported	**$ (0.2)**	**$ 3.6**	**$ 1.8**	**$ 2.9**	**$ 0.3**	**$ —**
Adjustments:[3]						
Loss on abandonment of long-lived assets	1.6	—	(1.6)	—	—	0.04
Restructuring charges	3.6	(3.6)	—	—	—	0.08
Loss from remeasurement of benefit plans	4.4	—	—	4.4	—	0.10
As adjusted	**$ 9.4**	**$ —**	**$ 0.2**	**$ 7.3**	**$ 0.3**	**$ 0.22**

[1] Common share equivalents for shares issuable upon the conversion of outstanding convertible notes for the six months ended June 30, 2019, were excluded from the computation of diluted adjusted earnings (loss) per share because the effect of their inclusion would have been anti-dilutive.

[2] These adjustments have a $0 net tax effect, since the company has Net Operating Loss carryforwards.

[3] Adjusted net income (loss) is defined as net income (loss) excluding for the six months ended June 30, 2019, the loss from remeasurement of benefit plans, restructuring charges, and loss on abandonment of long-lived assets.

[4] Adjusted diluted earnings per share is defined as diluted earnings per share excluding for the six months ended June 30, 2019, the loss from remeasurement of benefit plans, restructuring charges, and loss on abandonment of long-lived assets.

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)	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019
Net Cash Provided (Used) by Operating Activities	$ (10.7)	$ 1.7	$ 46.9	$ (33.6)	$ 16.0
Less: Capital expenditures	(6.8)	(8.7)	(22.3)	(4.4)	(7.9)
Free Cash Flow	$ (17.5)	$ (7.0)	$ 24.6	$ (38.0)	$ 8.1

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

Reconciliation of Total Debt to Net Debt and the Ratio of Total Debt and Net Debt to Capital:

This reconciliation is provided as additional relevant information about the Company's financial position. Capital, used for the ratio of total debt to capital and net debt to capital, is defined as total debt plus total equity. Management believes net debt is useful to investors as it is an important measure of the Company's financial position due to the amount of cash and cash equivalents.

$m (Unaudited)	June 30, 2019	December 31, 2018
Convertible notes, net	$ 76.3	$ 74.1
Other long-term debt	145.0	115.0
Total long-term financing	221.3	189.1
Less: Cash and cash equivalents	20.9	21.6
Net Debt	$ 200.4	$ 167.5

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 third 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

(Dollars in millions) (Unaudited)	Three Months Ended September 30,	
	2019 Low	2019 High
Net Loss	$ (27.0)	$ (17.0)
Provision for income taxes	—	—
Interest expense	4.0	4.0
Depreciation and amortization	18.0	18.0
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) [1]	$ (5.0)	$ 5.0

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


TIMKENSTEEL