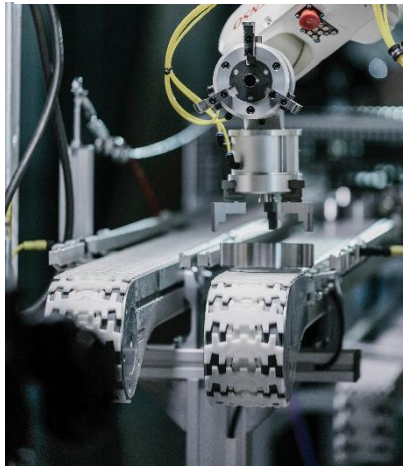
TIMKENSTEEL

TimkenSteel Investor Presentation

May 2021









Forward looking statements & non-GAAP financial measures

Forward looking statements

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" or "would" or other similar words, phrases or expressions that convey the uncertainty of future events or outcomes. The company cautions readers that actual results may differ materially from those expressed or implied in forward-looking statements made by or on behalf of the company due to a variety of factors, such as: the potential impact of the COVID-19 pandemic on the company's operations and financial results, including cash flows and liquidity ; 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, 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, including the ability of the company to refinance or repay at maturity the convertible notes due June 1, 2021 and December 1, 2025; 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 pension and other postretirement benefit 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.

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: EBIT, adjusted EBIT, EBITDA, adjusted EBITDA, free cash flow and base sales. 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 these non-GAAP financial measures is useful to investors as these measures are representative of the company's performance and provide improved comparability of results.

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.

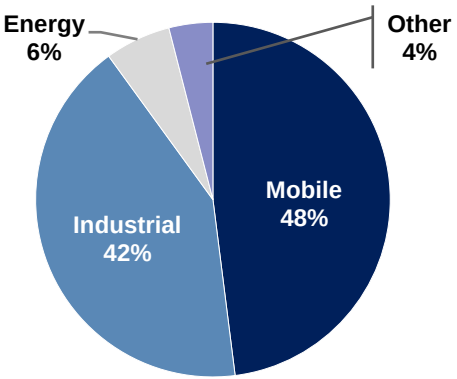
TimkenSteel at a glance

Overview

- Headquartered in Canton, Ohio
- Annual melt capacity of ~1.2M tons with ~900k tons annual ship capacity
- Focused North American SBQ producer with wide size range of bar capability
- Largest domestic producer of seamless mechanical tubes
- Producer of manufacturer steel components

2020 Shipments by End Market

Tons: 640,400



Products [1]

76% [2] Alloy Steel Bars (SBQ)



9% Seamless Mechanical Tubing



Quality

TimkenSteel applications

- Bearings
- Gears
- Crankshafts
- Energy drilling tools







Non-TimkenSteel applications

- Fasteners
- Hand tools
- Reinforcing bar
- Leaf springs







15% Manufactured Components



[1] As a percentage of 2020 shipments
[2] Includes billets

Key investment considerations

Founded in 1917 and established as an independent public company in 2014, TimkenSteel is a manufacturer of high-quality, high-performance engineered steel, manufactured components and supply chain solutions





Broadest SBQ product offering in North America

Tubes

Tubes
1.875” – 13” (47.6mm – 330.2mm)

Bars

Round Corner Squares
3.1” – 12.5” (79.4mm – 317.5mm)

Bar
1” – 16” (25.4mm – 406.4mm)

Broad Commercial Position

- 400+ customers
- ~400 grades of steel
- ~8,000 customer specifications
- 35-ton average order size
- ~33,000+ orders per year
- Additional product offering forms including ingots, cast blooms, billets & manufactured components

Manufactured Components Overview

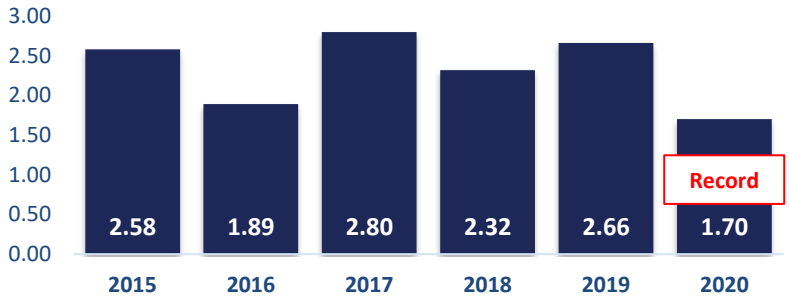
Mobile	• Planetary gear preforms; blanks for shafts and hubs • Awarded contracts for electric & hybrid vehicles • Served through SW Ohio owned facility & supplier network
Industrial	• Bearing, heavy equipment and military blanks • Served through N. Carolina owned facility & supplier network
Energy	• Transitioned to supplier network



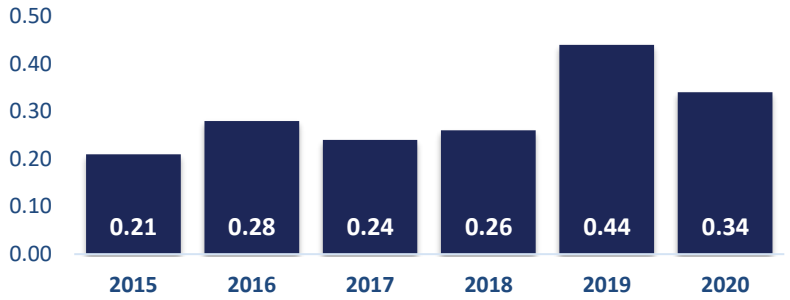


Safety remains our top priority

Total Recordable Injury Rate [1]



Lost Time Injury Rate [2]



Focus in 2021

- **Maintain incident rate** – top 1/3 Steel Manufacturers Association performance
- **Strategic projects continue** – COVID-19 mitigation planning & protocols, fatality & serious injury prevention training, confined space rescue, machine guarding, lockout tagout
- **Systemic / foundational projects** – incident & corrective action item tracking, serious incident/fatality investigation, case management & program auditing, improved use of union safety reps
- **Employee engagement & awareness** – through safety teams & Iron Shield annual safety projects

(1) Total Recordable Injury Rate is defined as OSHA recordable incidents x 200,000 / hours worked
(2) Lost Time Injury Rate is defined as OSHA days away from work cases x 200,000 / hours worked

Operating responsibly & sustainably is a strategic imperative

Emissions Footprint

Greenhouse Gas Emissions[1]

	2018	2019	2020
Global Average[3]	1.81	1.83	N/A
TimkenSteel	0.82	0.87	0.83

Energy Intensity[2]

	2018	2019	2020
Global Average[3]	19.5	19.8	N/A
TimkenSteel	7.4	7.8	8.4

Highlights

- Steel production is 100% from electric arc furnaces
- Products are made from nearly 100% post-consumer scrap metal

Focus in 2021

- Published first SASB disclosure on TMST website in April 2021
- Plan to reduce GHG emissions intensity by 10% in 2021
- In process of establishing long-term goals, including GHG reduction targets, to be communicated by end of 2021



TimkenSteel maintained ISO 14001 Environmental Management System certifications for all of its domestic facilities which produce or process steel.



Received Encouraging Environmental Excellence Award from Ohio EPA for metals reclamation at the company's water treatment plant.



802,278 tons of 100% recycled scrap were delivered to our melt shops in 2020.

(1) Greenhouse Gas (GHG) Emissions defined as average metric tons of CO_2 emitted per metric ton of steel produced
(2) Energy Intensity defined as average gigajoule per metric ton of steel produced
(3) https://www.worldsteel.org/steel-by-topic/sustainability/sustainability-indicators.html. Global average GHG emissions incorporates Scopes 1 (direct), 2 (indirect), and 3 (optional). TimkenSteel data incorporates Scopes 1 and 2. TimkenSteel has not created a Scope 3 inventory.

Significant investments

Our investments have built the leading domestic capacity for high-performance SBQ materials and manufacturing components capabilities

Major Project	Commission Year	Investment ($M)	Rationale
New Refiner	2013	25	Reduce melt constraint; target high alloy products
Intermediate Finishing Line	2013	46	Improve safety & productivity; target completion tubing
Forge Press & Peeler	2013	34	Improve yield; target highly uniform bars for industrial & energy markets
Jumbo Bloom Vertical Caster	2014	200	Increase yield, capacity & flexibility
Advanced Quench & Temper Facility	2016	41	Increase share in energy completion products
Manufactured Components Expansion	2020	21	Grow manufacturing components capabilities to support automotive market share gain

Jumbo Bloom Vertical Caster



- ~125,000 tons of added capacity
- 10% yield improvement
- Flexible capacity in all environments
- Superior cleanness for strand cast products
- Broader capability to support higher-value SBQ products

Manufactured Components Expansion



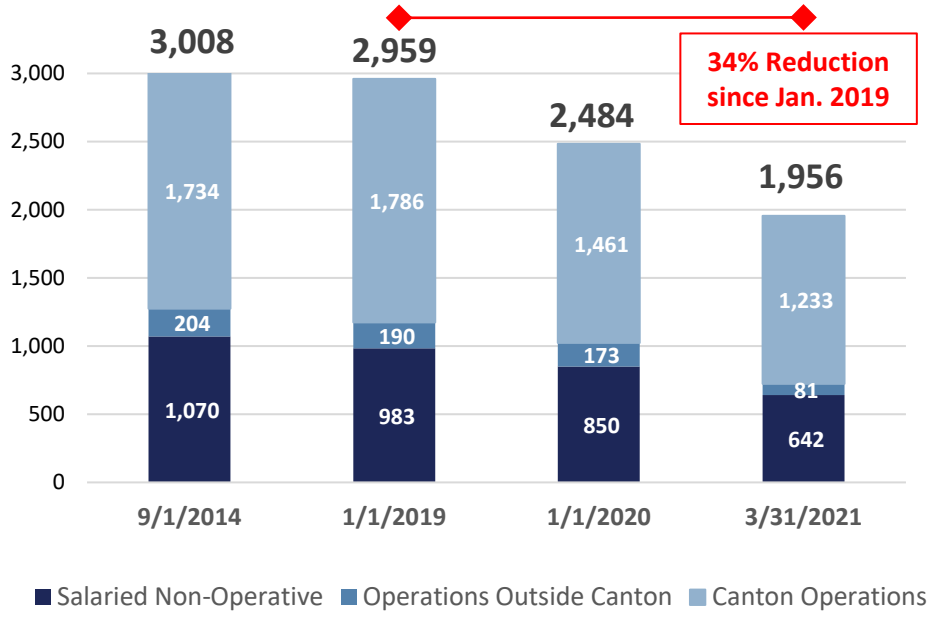
- $21M expansion at in Eaton, Ohio facility completed in 2020
- Specialized machining focus in automotive high-quality components
- 6 additional machining lines installed with room to grow
- ~3.5M unit incremental gear machining capacity
- Currently executing planned new business through 2028+

Over $400M of capital investments over last ~10 years while sustaining a long-term approach to asset integrity

Ongoing efforts to improve cost competitiveness

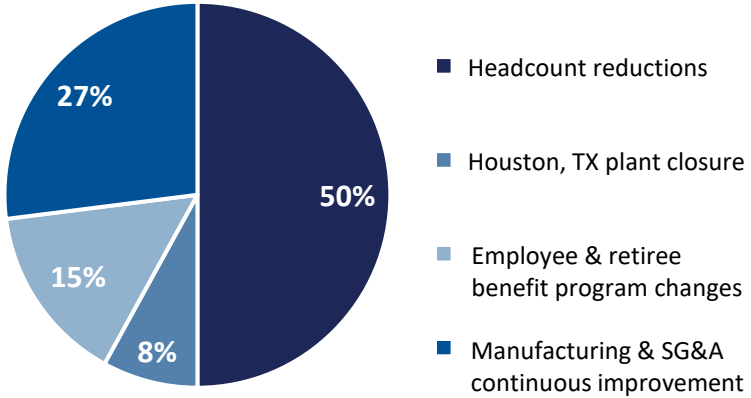
Delivered >$100M of run rate savings in 2020, with additional actions to be completed and in process in 2021+

Total Employees



Summary of Cost Reduction Actions

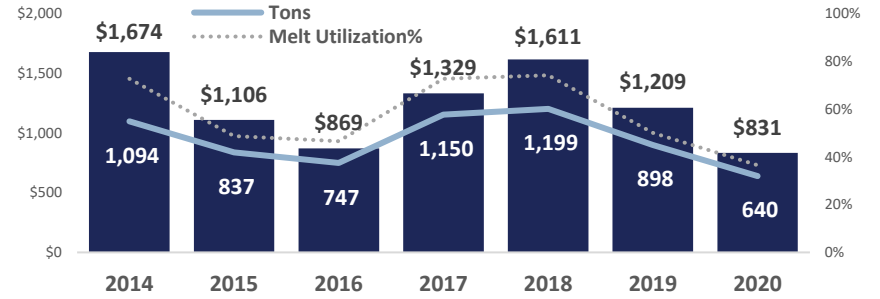
- **Achieved > $100M of run rate savings in 2020** with ~75% structural & ~25% variable with volume
- **Components of achieved > $100M run rate savings:**



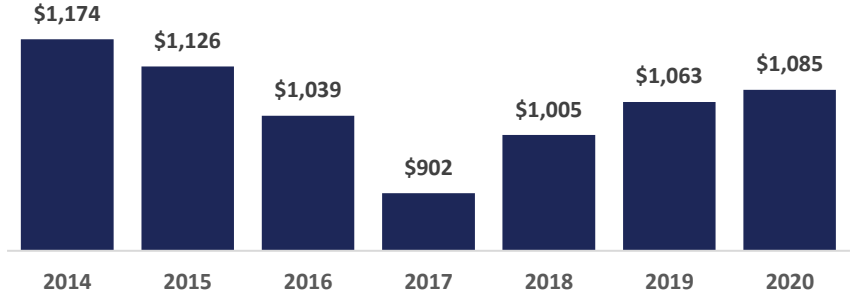
- **Additional recent actions:**
  - Transition to single melt shop = ~$15M to ~$20M of annual savings (~50% savings recognized in 2020 / ~50% savings beginning in 2022)
  - Exit small diameter tubing = ~$3M annual savings (starting Q2 2021)

Historical annual financial performance

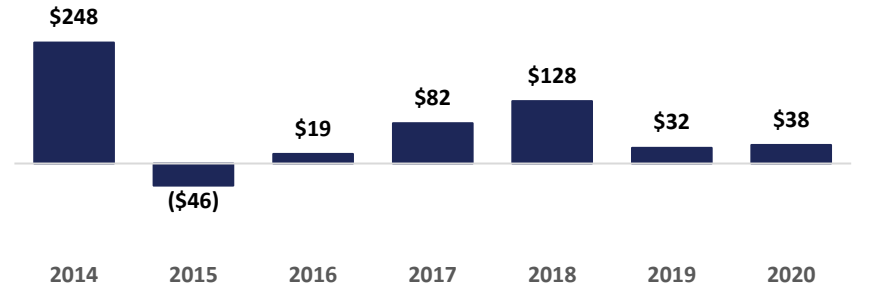
Net Sales ($M) / Shipped Tons (k) / Melt Utilization



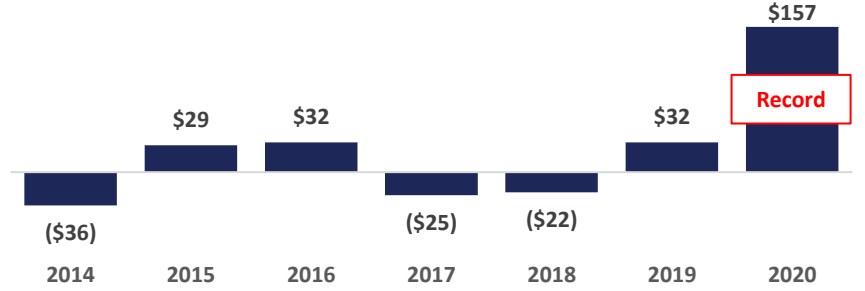
Average Base Selling Price ($/ton)[3]



Adjusted EBITDA ($M)[1]



Free Cash Flow ($M)[2]



(1) Adjusted EBITDA is defined as net income (loss) before interest expense, income taxes, depreciation and amortization, presented on a non-GAAP basis excluding certain items; see Appendix for a reconciliation of non-GAAP measures
(2) Free Cash Flow is defined as net cash provided (used) by operating activities less capital expenditures; see Appendix for a reconciliation of non-GAAP measures
(3) Base Selling Price is defined as Net sales excluding surcharges; see the reconciliation of base sales to net sales in the Appendix

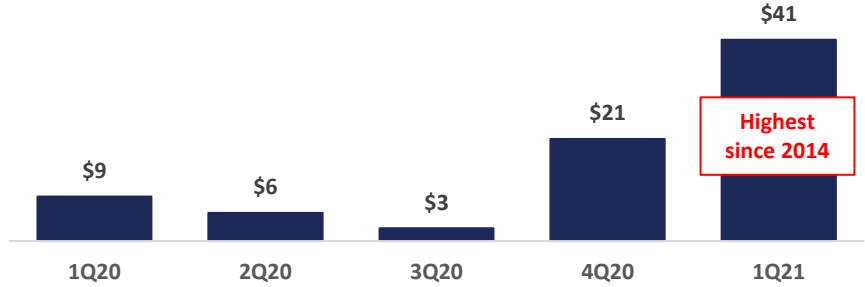
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Recent quarterly financial performance

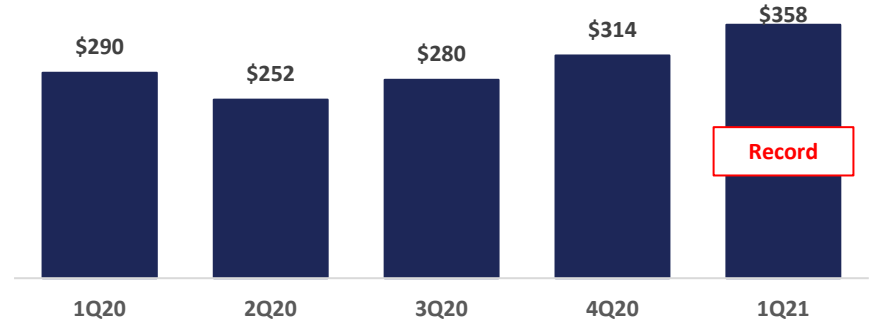
1Q 2021 Highlights & Outlook

- Net sales of $273.6M increased 30% sequentially
- Net income of $9.8 million with adj. EBITDA[(1)] of $40.8 million, a significant improvement both sequentially & compared with 1Q 2020
- Completed transition to single melt & casting shop at Faircrest facility
- **Outlook for 2Q 2021**
  - **Ship tons** – high-single digit sequential increase on a percentage basis
  - **Adj. EBITDA** – growth from 1Q 2021
  - **Melt utilization** – plan 80% or higher with single Faircrest melt shop
  - **CapEx** – approx. $20 million in 2021

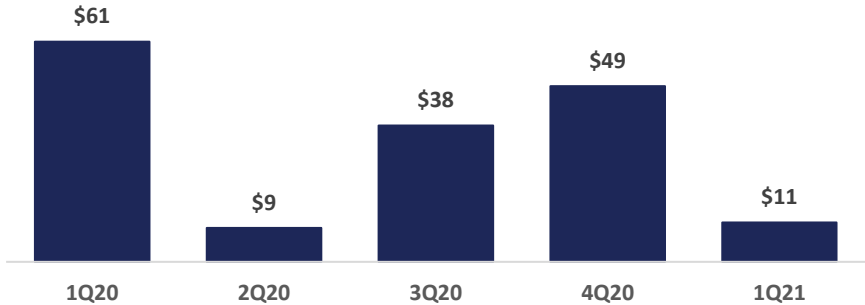
Adjusted EBITDA ($M)[(1)]



Total Liquidity ($M)[(2)]



Free Cash Flow ($M)[(3)]



(1) Adjusted EBITDA is defined as net income (loss) before interest expense, income taxes, depreciation and amortization, presented on a non-GAAP basis excluding certain items; see Appendix for a reconciliation of non-GAAP measures
(2) Total Liquidity is defined as available debt under credit facility plus cash and cash equivalents
(3) Free Cash Flow is defined as net cash provided (used) by operating activities less capital expenditures; see Appendix for a reconciliation of non-GAAP measures

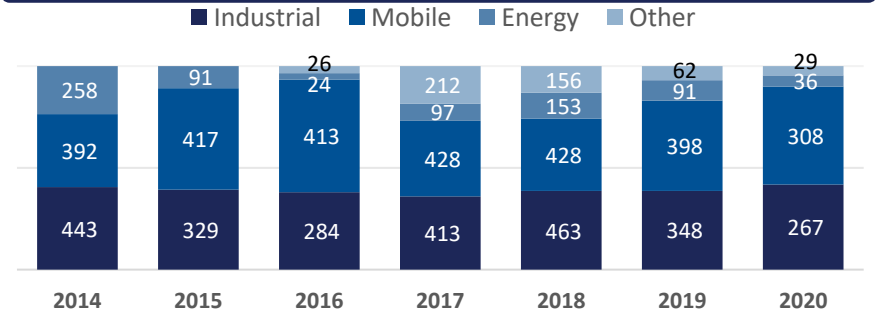


Appendix

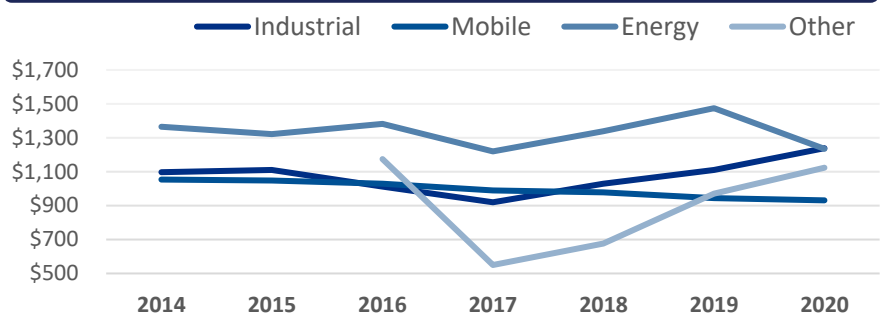
TIMKENSTEEL

Select performance history by end market

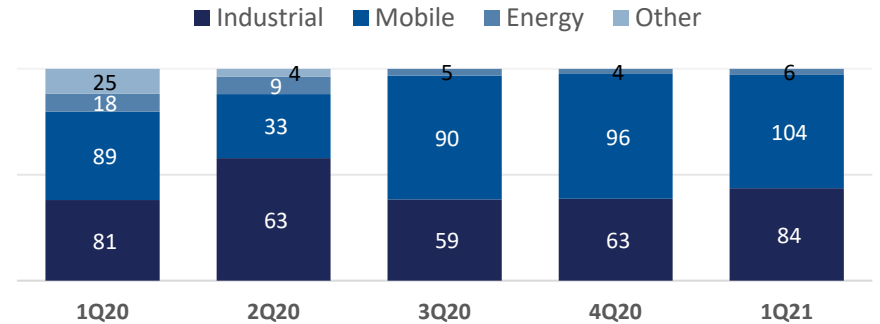
Shipments by End Market (k tons)[3]

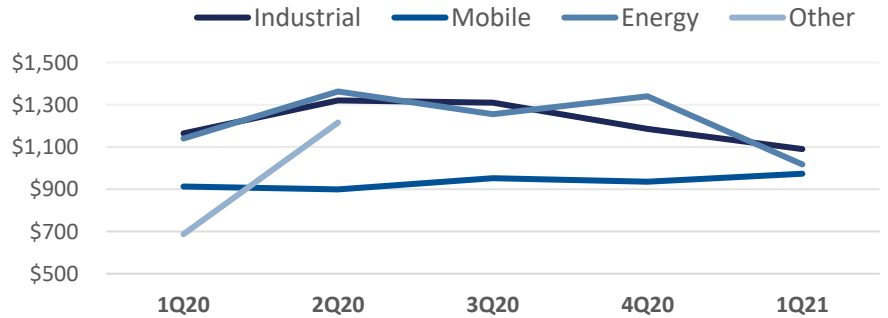


Average Base Sales by End Market ($ / ton)[1][2][3]



Quarterly





(1) Net sales excluding surcharges
(2) See the reconciliation of base sales to net sales in the Appendix
(3) OCTG Billet business began in 2016 – represented in "Other"

Annual 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	2019	2020
Net Sales	$ 535.0	$ 504.4	$ 475.4	$ 528.6	$ 553.9	$ 479.3	$ 346.0
Less: Surcharges	122.3	67.0	50.3	105.1	134.4	104.1	59.3
Base sales(1)	$ 412.7	$ 437.4	$ 425.1	$ 423.5	$ 419.5	$ 375.2	$ 286.7
Ship tons (k)	391.9	417.2	413.0	428.1	428.3	397.6	308.1
Avg. base sales per ton	$ 1,053	$ 1,048	$ 1,029	$ 989	$ 980	$ 944	$ 931
Avg. net sales per ton	$ 1,365	$ 1,209	$ 1,151	$ 1,235	$ 1,293	$ 1,205	$ 1,123

Industrial

$m	2014	2015	2016	2017	2018	2019	2020
Net Sales	$ 649.2	$ 437.8	$ 323.7	$ 486.4	$ 637.5	$ 486.3	$ 391.7
Less: Surcharges	162.2	72.3	35.9	106.6	161.5	99.9	61.1
Base sales(1)	$ 487.0	$ 365.5	$ 287.8	$ 379.8	$ 476.0	$ 386.4	$ 330.6
Ship tons (k)	443.4	328.9	284.3	413.4	462.7	348.2	267.0
Avg. base sales per ton	$ 1,098	$ 1,111	$ 1,012	$ 919	$ 1,029	$ 1,110	$ 1,238
Avg. net sales per ton	$ 1,464	$ 1,331	$ 1,139	$ 1,177	$ 1,378	$ 1,397	$ 1,467

Energy

$m	2014	2015	2016	2017	2018	2019	2020
Net Sales	$ 458.1	$ 144.6	$ 35.7	$ 141.7	$ 265.6	$ 166.4	$ 53.2
Less: Surcharges	105.5	24.4	3.2	23.5	61.2	32.8	8.4
Base sales(1)	$ 352.6	$ 120.2	$ 32.5	$ 118.2	$ 204.4	$ 133.6	$ 44.8
Ship tons (k)	258.4	91.0	23.5	97.0	152.8	90.6	36.3
Avg. base sales per ton	$ 1,365	$ 1,321	$ 1,383	$ 1,219	$ 1,338	$ 1,475	$ 1,234
Avg. net sales per ton	$ 1,773	$ 1,589	$ 1,519	$ 1,461	$ 1,738	$ 1,837	$ 1,466

Other

$m	2014	2015	2016	2017	2018	2019	2020
Net Sales	$ 31.9	$ 19.4	$ 34.7	$ 172.5	$ 153.6	$ 76.8	$ 39.8
Less: Surcharges	—	—	4.3	56.1	48.3	16.7	7.2
Base sales(1)	$ 31.9	$ 19.4	$ 30.4	$ 116.4	$ 105.3	$ 60.1	$ 32.6
Ship tons (k)	—	—	25.9	211.7	155.6	61.9	29.0
Avg. base sales per ton	—	—	$ 1,174	$ 550	$ 677	$ 971	$ 1,124
Avg. net sales per ton	—	—	$ 1,340	$ 815	$ 987	$ 1,241	$ 1,372

(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

Annual reconciliation of base sales(1) to 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.

Annual – Consolidated Total

$m	2014	2015	2016	2017	2018	2019	2020
Net Sales	$ 1,674.2	$ 1,106.2	$ 869.5	$ 1,329.2	$ 1,610.6	$ 1,208.8	$ 830.7
Less: Surcharges	390.0	163.7	93.7	291.3	405.4	253.5	136.0
Base sales(1)	$ 1,284.2	$ 942.5	$ 775.8	$ 1,037.9	$ 1,205.2	$ 955.3	$ 694.7
Ship tons (k)	1,093.7	837.1	746.7	1,150.2	1,199.4	898.3	640.4
Avg. base sales per ton	$ 1,174	$ 1,126	$ 1,039	$ 902	$ 1,005	$ 1,063	$ 1,085
Avg. net sales per ton	$ 1,531	$ 1,321	$ 1,164	$ 1,156	$ 1,343	$ 1,346	$ 1,297

(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 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 2020	2Q 2020	3Q 2020	4Q 2020	1Q 2021
Net Sales	$ 97.7	$ 36.1	$ 103.1	$ 109.1	$ 133.6
Less: Surcharges	16.6	6.7	17.0	19.0	32.8
Base sales(1)	$ 81.1	$ 29.4	$ 86.1	$ 90.1	$ 100.8
Ship tons (k)	88.8	32.7	90.3	96.3	103.5
Avg. base sales per ton	$ 913	$ 899	$ 953	$ 936	$ 974
Avg. net sales per ton	$ 1,100	$ 1,104	$ 1,142	$ 1,133	$ 1,291

Industrial

$m	1Q 2020	2Q 2020	3Q 2020	4Q 2020	1Q 2021
Net Sales	$ 113.3	$ 98.0	$ 90.7	$ 89.7	$ 124.7
Less: Surcharges	18.8	14.6	13.0	14.7	32.7
Base sales(1)	$ 94.5	$ 83.4	$ 77.7	$ 75.0	$ 92.0
Ship tons (k)	81.2	63.2	59.3	63.3	84.4
Avg. base sales per ton	$ 1,164	$ 1,320	$ 1,310	$ 1,185	$ 1,090
Avg. net sales per ton	$ 1,395	$ 1,551	$ 1,530	$ 1,417	$ 1,477

Energy

$m	1Q 2020	2Q 2020	3Q 2020	4Q 2020	1Q 2021
Net Sales	$ 25.2	$ 14.6	$ 7.0	$ 6.4	$ 7.7
Less: Surcharges	4.2	2.2	1.1	0.9	2.1
Base sales(1)	$ 21.0	$ 12.4	$ 5.9	$ 5.5	$ 5.6
Ship tons (k)	18.4	9.1	4.7	4.1	5.5
Avg. base sales per ton	$ 1,141	$ 1,363	$ 1,255	$ 1,341	$ 1,018
Avg. net sales per ton	$ 1,370	$ 1,604	$ 1,489	$ 1,561	$ 1,400

Other

$m	1Q 2020	2Q 2020	3Q 2020	4Q 2020	1Q 2021
Net Sales	$ 23.5	$ 5.3	$ 5.1	$ 6.0	$ 7.6
Less: Surcharges	6.3	0.8	—	0.1	—
Base sales(1)	$ 17.2	$ 4.5	$ 5.1	$ 5.9	$ 7.6
Ship tons (k)	25.0	3.7	—	0.3	—
Avg. base sales per ton	$ 688	$ 1,216	$ —	$ —	$ —
Avg. net sales per ton	$ 940	$ 1,432	$ —	$ —	$ —

(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 – Consolidated Total

$m	1Q 2020	2Q 2020	3Q 2020	4Q 2020	1Q 2021
Net Sales	$ 259.7	$ 154.0	$ 205.9	$ 211.2	$ 273.6
Less: Surcharges	45.9	24.3	31.1	34.7	67.6
Base sales(1)	$ 213.8	$ 129.7	$ 174.8	$ 176.5	$ 206.0
Ship tons (k)	213.4	108.7	154.3	164.0	193.4
Avg. base sales per ton	$ 1,002	$ 1,193	$ 1,133	$ 1,076	$ 1,065
Avg. net sales per ton	$ 1,217	$ 1,417	$ 1,334	$ 1,288	$ 1,415

(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 — Annual – Consolidated Total

(Unaudited)	December 31, 2014	2015	2016	2017	2018	2019	2020
Net income (loss)	$ 67.4	$ (95.7)	$ (110.5)	$ (31.3)	$ (10.0)	$ (110.0)	$ (61.9)
Provision for income taxes	22.6	(26.7)	(36.5)	1.5	1.8	(16.1)	1.2
Interest expense	0.9	3.4	11.4	14.8	17.1	15.7	12.2
Earnings (loss) Before Interest and Taxes (EBIT)[1]	$ 90.9	$ (119.0)	$ (135.6)	$ (15.0)	$ 8.9	$ (110.4)	$ (48.5)
EBIT margin[1]	5.4%	(10.8%)	(15.6%)	(1.1%)	0.6%	(9.1%)	(5.8%)
Depreciation and amortization	58.0	73.4	74.9	74.9	73.0	73.5	70.0
Earnings (loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA)[2]	$ 148.9	$ (45.6)	$ (60.7)	$ 59.9	$ 81.9	$ (36.9)	$ 21.5
EBITDA margin[2]	8.9%	(4.1%)	(7.0%)	4.5%	5.1%	(3.1)%	2.6%
Executive severance and transition costs					(1.7)	(5.6)	
Impairment charges and loss on sale or disposal of assets						(8.9)	
Loss on sale of scrap processing facility							(0.1)
Gain/(loss) on sale of TMS assets							3.6
Restructuring charges	(1.2)	(6.5)	(0.3)	(0.7)	(0.9)	(8.9)	(3.2)
Accelerated depreciation and amortization (EBIT only)						(2.8)	(3.4)
Gain (loss) from remeasurement of benefit plans	(98.3)	6.5	(79.7)	(21.8)	(43.5)	(40.6)	(14.7)
Loss on extinguishment of debt							(0.9)
Employee retention credit							2.3
Facility phase down: Inventory write-down						(4.8)	
Faircrest plant asset disposal, net of recovery							0.1
Business transformation costs						(0.5)	(1.0)
TMS inventory write-down							(3.1)
Gain on sale of non-core property							0.5
Adjusted EBIT[3]	$ 190.4	$ (119.0)	$ (55.6)	$ 7.5	$ 55.0	$ (38.3)	$ (28.6)
Adjusted EBIT margin[3]	11.4%	(10.8%)	(6.4%)	0.6%	3.4%	(3.2%)	(3.4%)
Adjusted EBITDA[4]	$ 248.4	$ (45.6)	$ 19.3	$ 82.4	$ 128.0	$ 32.4	$ 38.0
Adjusted EBITDA margin[4]	14.8%	(4.1%)	2.2%	6.2%	7.9%	2.7%	4.6%

(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, as applicable, adjustments listed in the table above; adjusted EBIT Margin is Adjusted EBIT as a percentage of net sales
(4) Adjusted EBITDA is defined as EBITDA excluding, as applicable, adjustments listed in the table above; adjusted EBITDA Margin is Adjusted EBITDA as a percentage of net sales

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 — Quarterly – Consolidated Total

(Unaudited)	1Q 2020	2Q 2020	3Q 2020	4Q 2020	1Q 2021
Net income (loss)	$ (19.9)	$ (15.3)	$ (13.9)	$ (12.8)	$ 9.8
Provision for income taxes	0.1	0.2	0.3	0.6	0.2
Interest expense	3.2	3.0	3.0	3.0	1.9
Earnings (loss) Before Interest and Taxes (EBIT)[1]	$ (16.6)	$ (12.1)	$ (10.6)	$ (9.2)	$ 11.9
EBIT margin[1]	(6.4%)	(7.9%)	(5.1%)	(4.4%)	4.3%
Depreciation and amortization	18.6	16.8	17.0	17.8	17.6
Earnings (loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA)[2]	$ 2.0	$ 4.7	$ 6.4	$ 8.6	$ 29.5
EBITDA margin[2]	0.8%	3.1%	3.1%	4.1%	10.8%
Executive severance and transition costs					
Impairment charges and loss on sale or disposal of assets					
Loss on sale of scrap processing facility	(0.2)				
Gain/(loss) on sale of TMS assets	3.2	1.0	0.5	(1.0)	
Restructuring charges	(0.6)	(0.3)	(0.7)	(1.6)	(0.5)
Accelerated depreciation and amortization (EBIT only)	(1.6)		(0.4)	(1.3)	(1.5)
Gain (loss) from remeasurement of benefit plans	(9.5)	1.9	4.1	(11.2)	(0.2)
Loss on extinguishment of debt				(0.9)	
Write-down of supplies inventory					(2.1)
Employee retention credit				2.3	
Facility phase down: Inventory write-down					
Faircrest plant asset disposal, net of recovery	0.1				
Business transformation costs		(0.5)	(0.1)	(0.2)	(0.3)
TMS impairment charges					(0.3)
Harrison melt impairment charges					(7.9)
TMS inventory write-down		(3.1)			
Gain on sale of non-core property				0.5	
Adjusted EBIT[3]	$ (8.0)	$ (11.1)	$ (14.0)	$ 4.2	$ 24.7
Adjusted EBIT margin[3]	(3.1%)	(7.2%)	(6.8%)	2.0%	9.0%
Adjusted EBITDA[4]	$ 9.0	$ 5.7	$ 2.6	$ 20.7	$ 40.8
Adjusted EBITDA margin[4]	3.5%	3.7%	1.3%	9.8%	14.9%

(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, as applicable, adjustments listed in the table above. Adjusted EBIT Margin is Adjusted EBIT as a percentage of net sales
(4) Adjusted EBITDA is defined as EBITDA excluding, as applicable, adjustments listed in the table above. Adjusted EBITDA Margin is Adjusted EBITDA as a percentage of net sales

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 — Quarterly – Consolidated Total

(Unaudited)	1Q 2020	2Q 2020	3Q 2020	4Q 2020	1Q 2021
Net Cash Provided (Used) by Operating Activities	$ 63.8	$ 16.1	$ 41.1	$ 52.5	$ 13.2
Less: Capital expenditures	(2.9)	(6.7)	(3.4)	(3.9)	(2.3)
Free Cash Flow[(1)]	$ 60.9	$ 9.4	$ 37.7	$ 48.6	$ 10.9

$M — Annual – Consolidated Total

(Unaudited)	2014	2015	2016	2017	2018	2019	2020
Net Cash Provided (Used) by Operating Activities	$ 93.9	$ 107.1	$ 74.4	$ 8.1	$ 18.5	$ 70.3	$ 173.5
Less: Capital expenditures	(129.6)	(78.2)	(42.7)	(33.0)	(40.0)	(38.0)	(16.9)
Free Cash Flow[(1)]	$ (35.7)	$ 28.9	$ 31.7	$ (24.9)	$ (21.5)	$ 32.3	$ 156.6

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

Calculation of Total Liquidity[1]

This calculation is provided as additional relevant information about the company's financial position.

$M	Quarterly – Consolidated Total				
(Unaudited)	**1Q 2020**	**2Q 2020**	**3Q 2020**	**4Q 2020**	**1Q 2021**
Cash and cash equivalents	$ 65.6	$ 75.5	$ 74.8	$ 102.8	$ 115.7
Credit Agreement:					
Maximum availability	$ 400.0	$ 400.0	$ 400.0	$ 400.0	$ 400.0
Suppressed availability[2]	(111.9)	(159.9)	(171.0)	(183.2)	(152.7)
Availability	288.1	240.1	229.0	216.8	247.3
Credit facility amount borrowed	(60.0)	(60.0)	(20.0)	-	-
Letter of credit obligations	(3.7)	(3.7)	(3.8)	(5.5)	(5.5)
Availability not borrowed	$ 224.4	$ 176.4	$ 205.2	$ 211.3	$ 241.8
Total liquidity[1]	$ 290.0	$ 251.9	$ 280.0	$ 314.1	$ 357.5

[1] Total Liquidity is defined as available borrowing capacity plus cash and cash equivalents
[2] As of each respective period above, TimkenSteel had less than $400 million in collateral assets to borrow against