

TimkenSteel Corporation

Investor Presentation

November 3, 2022

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," "aspire," "believe," "could," "estimate," "expect," "forecast," "outlook," "intend," "may," "plan," "possible," "potential," "predict," "project," "seek," "target," "should," "would," "strategy," or "strategic direction" 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 impact of the Russia-Ukraine conflict on the global economy, sourcing of raw materials, and commodity prices; climate-related risks, including environmental and severe weather caused by climate changes, and legislative and regulatory initiatives addressing global climate change or other environmental concerns; 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 including but not limited to changes in customer operating schedules due to supply chain constraints, 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 the union that represents 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, employment matters, and environmental issues and taxes, among other matters; cyber-related risks, including information technology system failures, interruptions and security breaches; the company's ability to achieve its environmental, social, and governance ("ESG") goals, including its 2030 ESG goals; 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 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 overall impact of pension and other postretirement benefit mark-to-market accounting; the effects of the conditional conversion feature of the convertible notes due December 1, 2025, which, if triggered, entitles holders to convert the notes at any time during specified periods at their option and therefore could result in potential dilution if the holder elects to convert and the company elects to satisfy a portion or all of the conversion obligation by delivering common shares instead of cash; the timing required to ramp up melt production to forecasted demand levels, as the company recovers from the July 2022 melt shop incident; the amount, if any, that the company is able to obtain from its business interruption insurance claim in connection with the related incident at the company's melt shop; and the impacts from any repurchases of our common shares, including the timing and amount of any repurchases. Further, this news release represents our current policy and intent and is not intended to create legal rights or obligations. Certain standards of measurement and performance contained in this news release are developing and based on assumptions, and no assurance can be given that any plan, objective, initiative, projection, goal, mission, commitment, expectation, or prospect set forth in this news release can or will be achieved. Inclusion of information in this news release is not an indication that the subject or information is material to our business or operating results.

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 Appendix 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 today



- Founded in 1917 and established as a standalone public company in 2014, TimkenSteel (NYSE: TMST) is a manufacturer of high-quality specialty steel, manufactured components and supply chain solutions
- Produces 100% of steel primarily from recycled scrap metal in electric arc furnace (“EAF”)
- Annual melt capacity of ~1.2M tons with ~0.9M tons ship capacity
- Reported net sales of $1.3B in 2021
- Wide size range of special bar quality (“SBQ”) steel products
- Largest domestic producer of seamless mechanical tube (“SMT”) products
- Primary end market sectors served include mobile, industrial and energy
- Established 2030 environmental goals building on our long-standing reputation as a sustainable steel supplier
- Approximately 1,725 employees with headquarters and steel making operations in Canton, Ohio, manufactured components locations in Eaton, Ohio and Columbus, North Carolina, and a distribution center in Mexico

TimkenSteel investment highlights

- **Experienced leadership team** successfully executing on **business transformation** to drive profitable growth
- Long-standing commitment to **operating safely and responsibly** to protect our employees, our communities and the environment
- Leveraging long-term, trusted partnerships with **industry leading customers** to drive growth
- Serving **diverse and demanding end market sectors** with a broad portfolio of **differentiated and specialized products and solutions**
- Use of **EAF technology** enables our greenhouse gas ("GHG") emissions to be consistently less than the industry average(1)



(1) Global industry average GHG emissions data source: https://www.worldsteel.org/steel-by-topic/sustainability/sustainability-indicators.html. Global industry average includes all types of steel furnaces. Electric arc furnaces (EAFs) are widely acknowledged to be cleaner than blast furnaces and TimkenSteel produces steel only using EAFs.

Significant transformation underway

2014-19

Capital investment and volatility

- **Invested over $350M** to support and grow higher-value product manufacturing capabilities
- Experienced significant **financial and operational volatility** as end market sectors contracted and expanded

2020-21

Transformation begins through cost and cash discipline

Actions

- **New leadership team**
- **Indefinitely idled, closed and sold** underutilized and unprofitable assets
- **Restructured organization**, reducing headcount by 38%
- Improved **working capital management** process
- Enhanced **Commercial and Manufacturing** discipline
- Expanded **SW Ohio facility** to support growth

Successful Outcomes

- Achieved **over $100M of permanent cost reductions**
- Generated **$341M of free cash flow**(1)
- **Repaid all outstanding borrowings** on credit facility
- Excelled at **on-time delivery** to customers
- Finalized new 4-year **USW labor agreement**

2022+

Strategic direction and financial strength

- **Deliver strategic imperatives** for sustainable through-cycle profitability, targeting $80M run-rate profitability improvement
- Drive **growth** with **balanced capital allocation**
- Achieve 2030 **ESG targets**

(1) 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

Experienced leadership team executing sustainable growth strategy

MICHAEL WILLIAMS



President and Chief Executive Officer 39 Years Experience / 30 Years in Steel Industry

- Manufacturing Optimization
- Sales & Marketing
- Business Development
- Acquisitions & Divestitures
- Business Transformation
- Strategic Planning
- ESG
- Information Technology

KRISTOPHER WESTBROOKS



EVP and Chief Financial Officer 21 / 4

- Finance & Accounting
- Capital Markets
- Strategic Planning
- Treasury
- Acquisitions & Divestitures
- Working Capital Management
- Information Technology

KEVIN RAKETICH



EVP and Chief Commercial Officer 32 / 22

- Sales & Marketing
- Product Management
- Business Development
- Strategic Planning
- Manufacturing & Quality
- Acquisitions & Divestitures

KRISTINE SYRVALIN



EVP, General Counsel and Chief Human Resources Officer 28 / 8

- SEC & Finance
- Corporate Governance
- Ethics & Compliance
- ESG
- Human Resources
- Compensation & Benefits
- Labor & Employment
- Acquisitions & Divestitures

CAROLEE VANICEK

VP, Manufacturing 26 / 26

- Operations Management
- Workplace Safety
- Quality Assurance & Improvement

ANDREW BISSOT

VP, Engineering, Manufacturing Excellence and Reliability 21 / 21

- Operations Management
- Asset Management
- Procurement

MARCIN BINCZYK

VP, Supply Chain 29 / 11

- Supply Chain Planning
- Procurement
- Inventory Management
- Transportation & Logistics
- Forecasting & Demand Planning
- Warehouse Management

Financial summary and highlights

Q3 2022 summary

- **Net sales** of $316.8M
- **Net loss** of $13.3M with Adjusted EBITDA[(1)] of $10.8M
- **Operating cash flow** of $46.8M with record ending cash and cash equivalents of $262.5M
- 14th consecutive quarter of positive **free cash flow**[(2)]

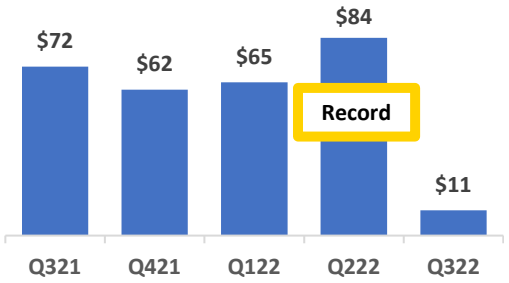
Q4 2022 outlook

- **Shipments** – expected to be slightly lower than Q3
- **Melt utilization** – expected to average approximately 50 to 60 percent as melt shop ramp up continues and planned annual shutdown maintenance is completed
- **Adjusted EBITDA** – continue to be challenged, excluding any potential business interruption insurance recovery related to the July melt shop incident

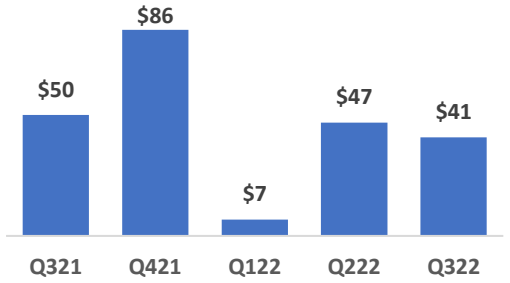
2023 outlook

- **Shipments** – expected to begin to recover to levels experienced in the 1H 2022
- **Melt utilization** – anticipated to be much improved in 2023 from the 2H 2022
- **Base sales prices** – further improvement in base pricing expected

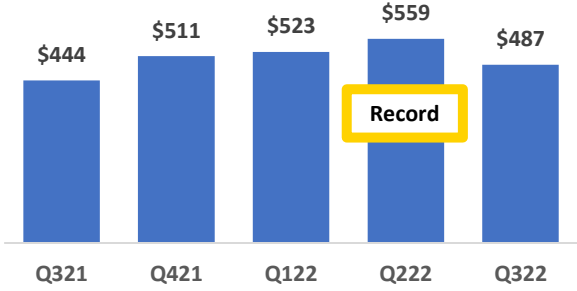
ADJUSTED EBITDA ($M)[(1)]



FREE CASH FLOW ($M)[(2)]



TOTAL LIQUIDITY ($M)[(3)]



(1) Adjusted EBITDA is defined as net income (loss) before interest (income) expense, net, 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) Total Liquidity is defined as available borrowing capacity under credit facility plus cash and cash equivalents; see Appendix for supporting calculations

Opportunities and headwinds impacting TimkenSteel

OPPORTUNITIES

- Trend favors EAF technology to replace higher cost, carbon intensive facilities as environmental, social and governance (“ESG”) continues to drive transformation in steelmaking
- Infrastructure spending, automation, reshoring and supply chain de-risking are driving increased demand in TMST end market sectors
- Increased demand in energy end market sector with renewed drilling activity
- Automakers continue to move to electric vehicle (“EV”) platforms with over 50%* of new vehicle sales in the U.S. expected to be EV by 2030 – resulting in more OEM sourced products



POTENTIAL HEADWINDS

- Global trade environment
- Semiconductor and other supply chain bottlenecks may continue to disrupt end market demand
- Inflationary pressure on manufacturing inputs

MITIGATING ACTIONS ARE PLANNED TO MANAGE POTENTIAL HEADWINDS



** According to KPMG’s 22nd Annual Global Automotive Executive Survey 2021.*

Long-term, trusted partnerships with industry leading customers







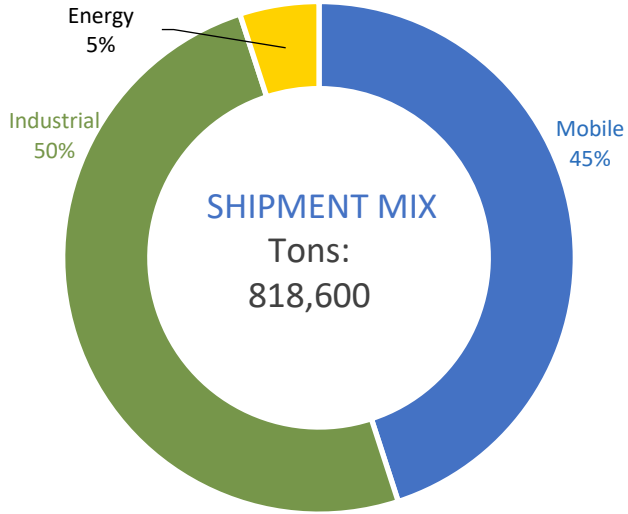

- Our specialized products and services are used in a wide range of demanding applications around the world
- Support more than 350 diverse customers in automotive, oil and gas, industrial equipment, mining, construction, rail, defense, heavy truck, agriculture and power generation
- Majority of customer relationships span more than 20 years
- Customer pricing agreements cover approximately 70% of our portfolio and are typically annual

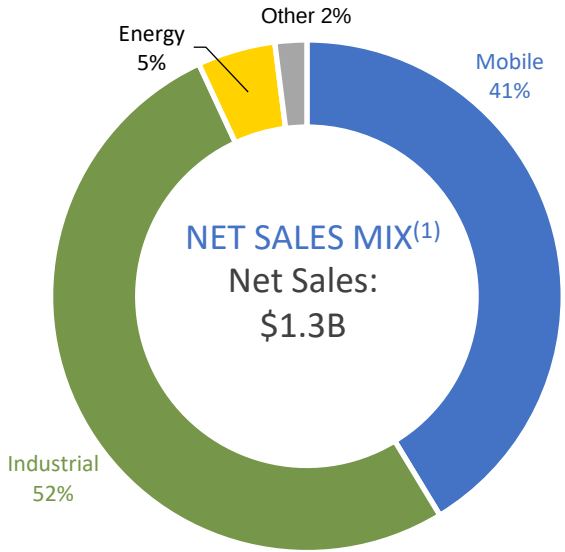
CUSTOMER APPLICATION EXAMPLES

- Bearings
- Crankshafts
- Electric vehicle ring gears and pinion shafts
- Munitions
- Energy drilling tools

Serving diverse and demanding end market sectors with broad product portfolio

2021 END MARKET SECTOR MIX





22% of total shipments were sold via distribution channel

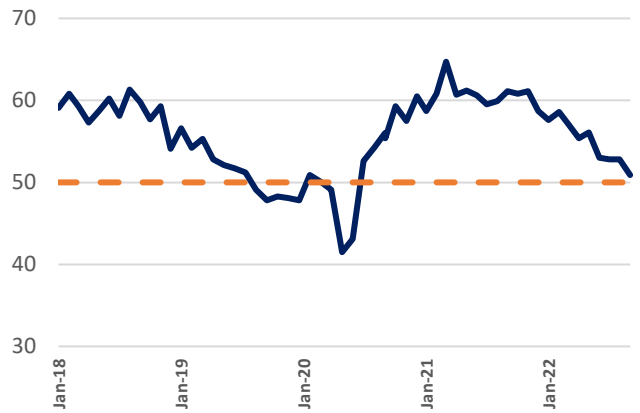
PRODUCT MIX

SHIPMENTS(2) (in tons)		NET SALES(3) (in $'s)
80%	Engineered Bars (SBQ)	67%
10%	Seamless Mechanical Tubing (SMT)	13%
10%	Manufactured Components	17%

(1) Net sales mix includes "other" sales attributable to the company's scrap sales
(2) Shipment tons, by product type, as a percentage of 2021 shipments
(3) Net sales dollars, by product type, as a percentage of 2021 net sales; excludes 3% of "other" sales attributable to the company's scrap sales

Key indicators for Industrial and Energy markets remain solid

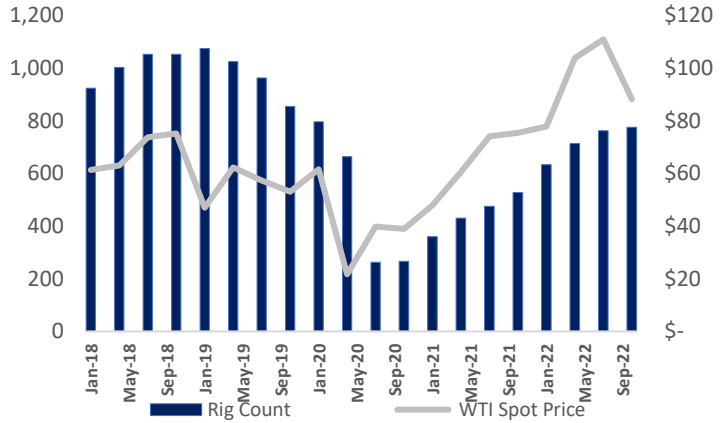
PURCHASING MANAGERS INDEX (PMI)



INDUSTRIAL

Purchasing Managers Index supports continued strength in demand across most sectors and distribution channels

U.S AVG. RIG COUNT / WTI SPOT PRICE



ENERGY

Customers ordering material to support more drilling and completion activity

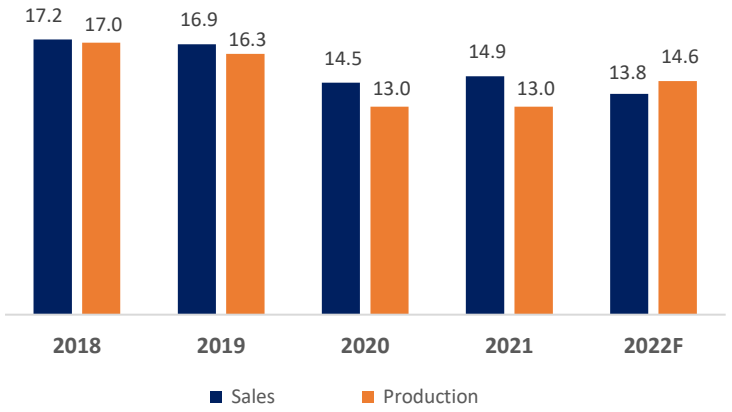
FAVORABLE CUSTOMER DEMAND ACROSS DIVERSE END MARKET SECTORS EXPECTED TO CONTINUE IN 2023

Source: Institute for Supply Management (ISM)

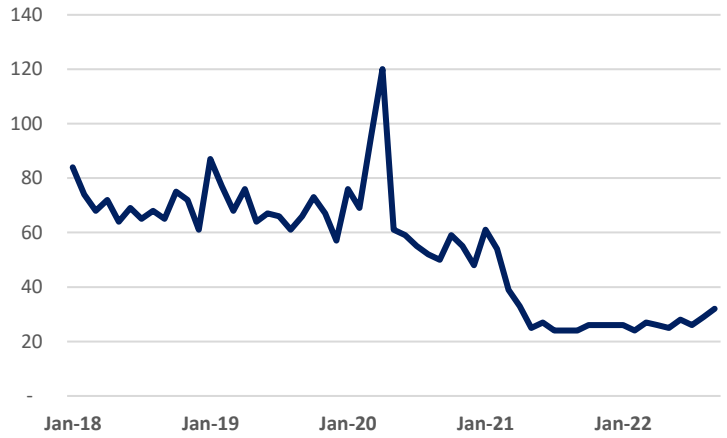
Source: Baker Hughes and U.S. Energy Information Administration (EIA)

Key indicators for Mobile market showing expected growth

N.A. LIGHT VEHICLE SAAR (M UNITS)



N.A LIGHT VEHICLE INVENTORY (DAYS)



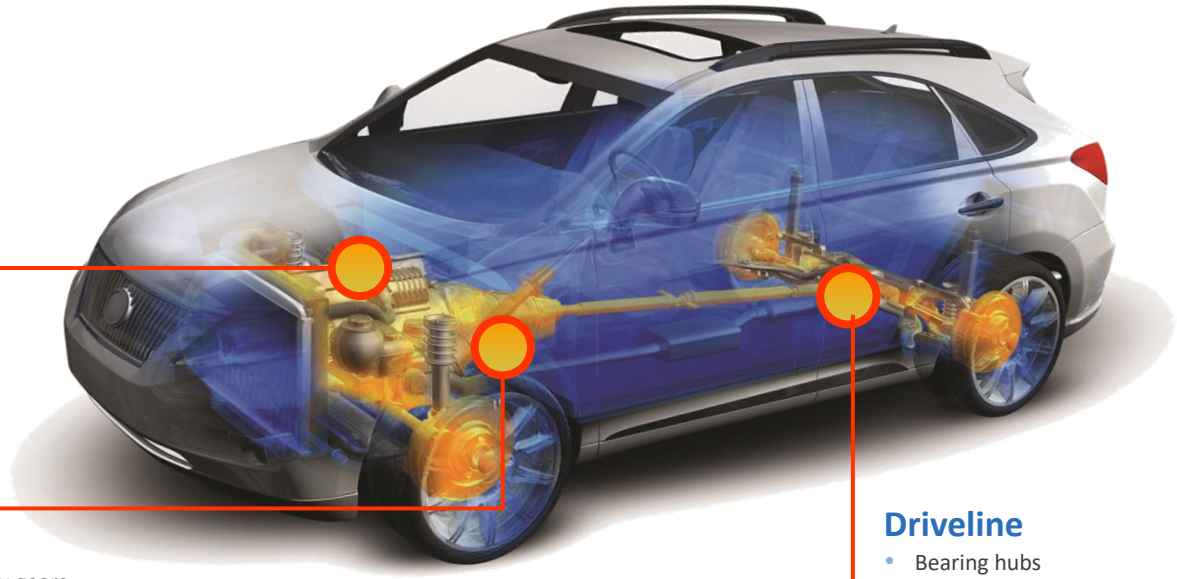
MOBILE-ON-HIGHWAY

Light vehicle production is still disrupted due to supply chain difficulties; however, growth is expected as consumer demand remains high and vehicle inventory remains at historic lows

FAVORABLE CUSTOMER DEMAND ACROSS DIVERSE END MARKET SECTORS EXPECTED TO CONTINUE IN 2023

Source: Wards' Intelligence and IHS Markit

TimkenSteel applications in vehicles with internal combustion engines



Engine

- Crankshafts
- Cam lobes
- Connecting rods
- Fuel components

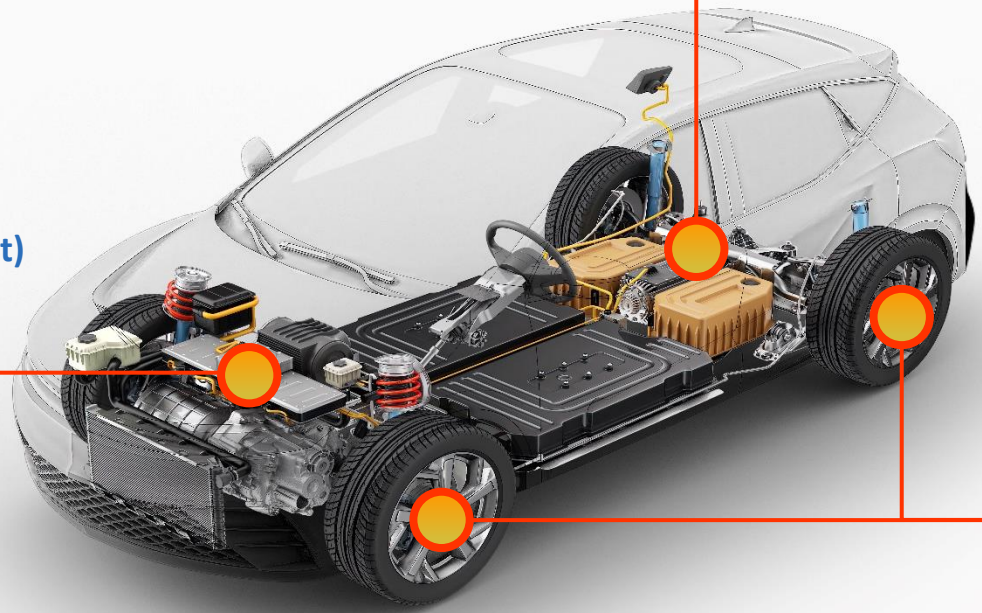
Transmission

- Sun, ring and pinion planetary gears
- Continuously variable transmission pulley
- Drive gears
- Shafts
- Hubs

Driveline

- Bearing hubs
- Drive pinion gears
- Axle tubing
- Constant-velocity joint housing and cages
- Ring gears
- Side gears
- Steering knuckles

TimkenSteel applications in electric vehicles



Motor/Transfer Drive (Front Unit)

- Motor shaft
- Pinion shaft
- Transfer gear
- Final drive gear
- Ring gear

Motor/Transfer Drive (Rear Unit/AWD)

- Motor shaft
- Pinion shaft
- Transfer gear
- Final drive gear
- Ring gears

Driveline/Chassis

- Bearing hubs
- Constant-velocity joint housing and cages
- Steering knuckles
- Suspension components

Electric vehicle transformation







- Long-term manufactured component agreements secured for growing EV and hybrid portfolio
- Current EV portfolio consists of more than 15 awarded applications and ~$60M annual base sales when fully ramped
- Margin in EV applications awarded to date is generally more favorable than comparable internal combustion engine (“ICE”) applications
- Actively quoting and exploring additional EV and hybrid manufactured component opportunities

WELL-POSITIONED FOR EV TRANSITION WITH LONG-STANDING CUSTOMER RELATIONSHIPS AND HIGH STRENGTH PRODUCTS

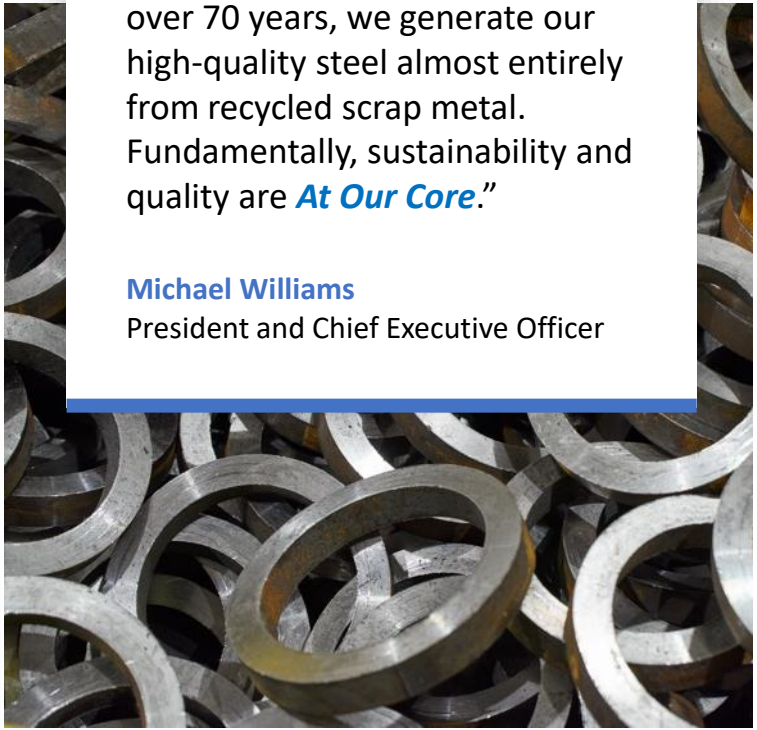
Our ongoing commitment to sustainability

"Advancing our commitment to ESG" is a strategic imperative for the company, as demonstrated by…

- ✓ Sustainability strategy overseen by Board of Directors, supported by leadership, ESG steering committee and core departmental working groups
- ✓ Establishment of 2030 environmental goals
- ✓ First sustainability report published in April 2022
- ✓ Second annual SASB disclosure published in April 2022
- ✓ Ongoing sustainability-related engagement and communications with our investors, employees, customers, suppliers and communities

"Using electric arc furnaces for over 70 years, we generate our high-quality steel almost entirely from recycled scrap metal. Fundamentally, sustainability and quality are ***At Our Core***."

Michael Williams
President and Chief Executive Officer



ESG pillars and focus areas

(based on the findings of our 2021 sustainability materiality assessment)

ENVIRONMENTAL STEWARDSHIP

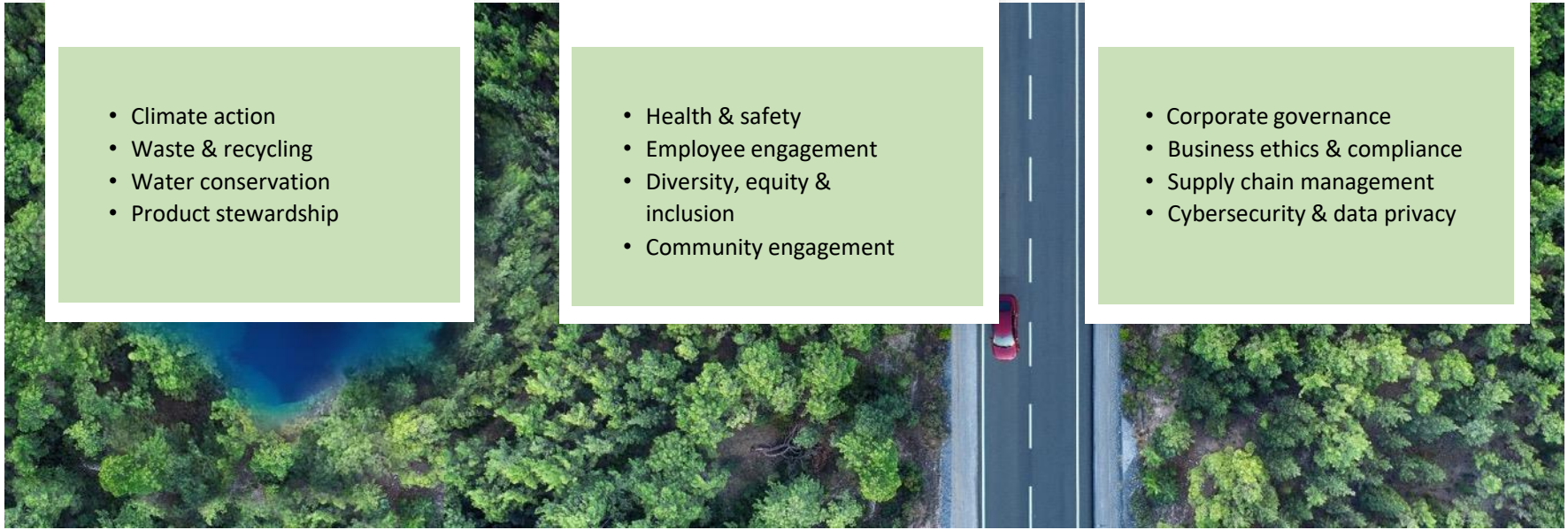
- Climate action
- Waste & recycling
- Water conservation
- Product stewardship

SOCIAL COMMITMENT

- Health & safety
- Employee engagement
- Diversity, equity & inclusion
- Community engagement

GOVERNANCE & ETHICS

- Corporate governance
- Business ethics & compliance
- Supply chain management
- Cybersecurity & data privacy



Environmental stewardship highlights

OUR 2030 ENVIRONMENTAL GOALS

(compared with a 2018 baseline)

40% absolute reduction in combined Scope 1 and Scope 2 GHG emissions

30% absolute reduction in total energy consumption

35% absolute reduction in fresh water withdrawn

10% reduction in waste-to-landfill intensity

PERFORMANCE AGAINST OUR GOALS (2018-2021)

Goal: 40% absolute reduction in combined Scope 1 and Scope 2 GHG emissions[1] ***Status: Met & Monitoring***

Year	Scopes 1 and 2 GHG Emissions (tons/yr CO_2eq)	% Change YoY	% Change from Baseline
2018	1,246,633	NA	NA
2019	869,015	-30%	-30%
2020	609,056	-30%	-51%
2021	750,260	+23%	-40%

Goal: 35% absolute reduction in fresh water withdrawn ***Status: Significant Progress***

Year	Fresh Water Withdrawn (million gal)	% Change YoY	% Change from Baseline
2018	1,750	NA	NA
2019	1,570	-10%	-10%
2020	1,460	-7%	-17%
2021	1,208	-17%	-31%

Goal: 30% absolute reduction in total energy consumption ***Status: Met & Monitoring***

Year	Energy Consumption (GJ)	% Change YoY	% Change from Baseline
2018	10,545,937	NA	NA
2019	7,564,176	-28%	-28%
2020	5,563,317	-26%	-47%
2021	6,985,043	+26%	-34%

Goal: 10% reduction in Waste-to-Landfill (WTL) intensity ***Status: Met & Monitoring***

Year	Waste to Landfill Intensity (lb/ton steel)	% Change YoY	% Change from Baseline
2018	8.35	NA	NA
2019	7.92	-5%	-5%
2020	7.19	-9%	-14%
2021	5.97	-17%	-29%

[1] Scope 1 and 2 GHG emissions intensity (measured by tons/year CO_2eq divided by tons of steel produced as reported in our SASB Index) decreased from 0.94 in 2020 to 0.81 in 2021, and energy intensity (measured by GJ energy consumed divided by tons of steel produced as reported in our SASB Index) decreased from 8.58 in 2020 to 7.56 in 2021.

Social commitment highlights

ALIGNMENT OF ESG COMMITMENTS WITH OUR CORE VALUES

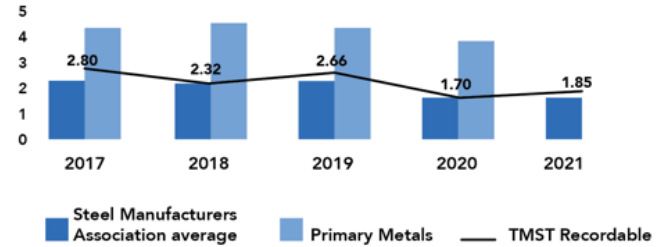
- Safety First
- Customer-Driven
- Best-in-Class Quality
- Innovative and Collaborative
- Ethical and Responsible

PROMOTING DIVERSITY, EQUITY AND INCLUSION AT ALL LEVELS OF OUR ORGANIZATION

- 44% of our Board members identify as diverse in terms of gender, race or ethnicity
- 45% of our leaders, defined as senior managers and above, identify as diverse
- Long-standing member of the Ohio Diversity Council
- Internal DE&I advisory council driving initiatives
- Approximately 15% of our workforce has served in the U.S. military, and we have been recognized by third parties as a veteran-friendly employer

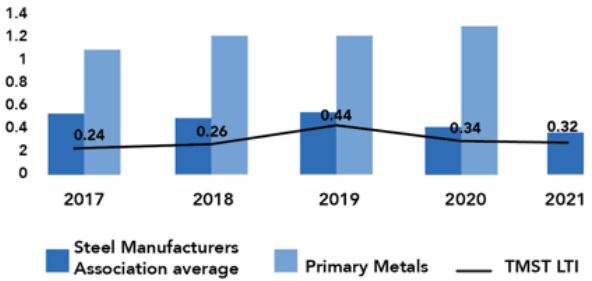
SAFETY PERFORMANCE

OSHA RECORDABLE INCIDENT RATE[1]



[1] *OSHA-recordable incident rate is defined as OSHA-recordable incidents multiplied by 200,000, then divided by the total number of hours worked during the applicable year.*

LOST-TIME INCIDENT RATE[2]



[2] *Lost-Time Injury Rate is defined as OSHA days away from work cases multiplied by 200,000, then divided by the total number of hours worked during the applicable year.*



GROWTH STRATEGY AND LONG-TERM OUTLOOK

Successfully executing on our sustainable growth strategy



- Targeting **$80M of run-rate profitability improvement** through optimization of commercial excellence, manufacturing and reliability excellence, and administrative cost reduction
- Maintain **working capital discipline** and further strengthen balance sheet

- Continue to grow industrial portfolio in order to achieve **optimal end market sector mix**
- Employ long-term **balanced capital allocation philosophy**
- Progress to deliver on **2030 ESG targets**

Strategic imperatives driving innovation and growth

Invest in reducing greenhouse gas emissions and intensity, and achieve published 2030 ESG targets

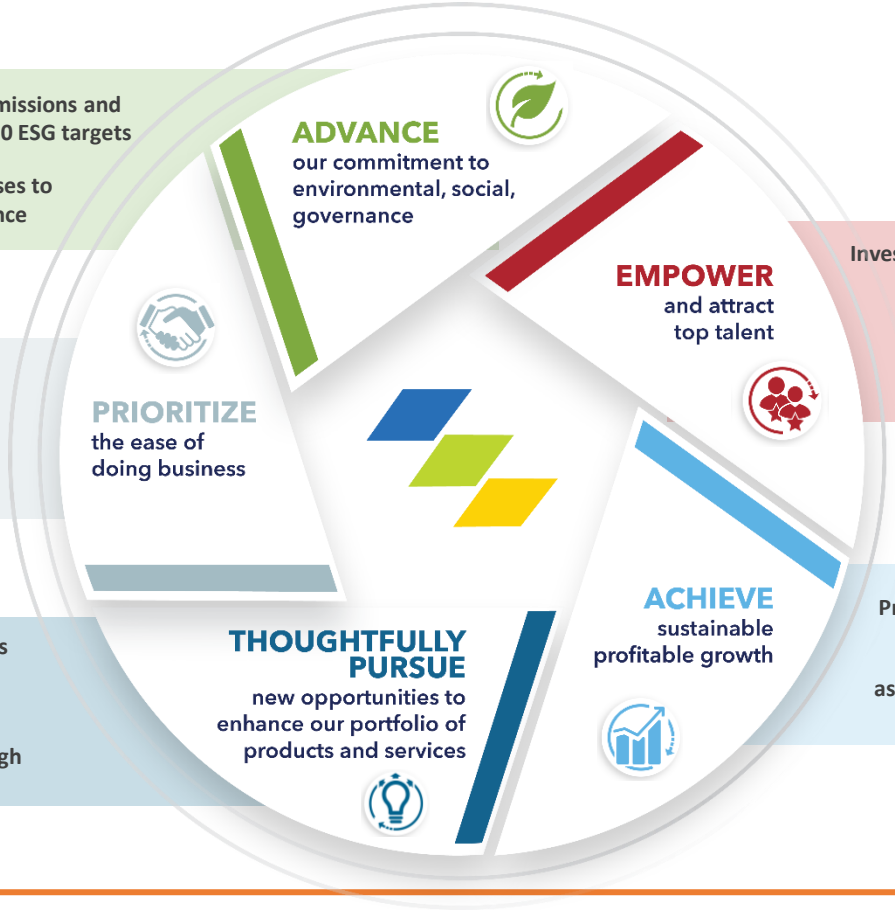
Continuously improve safety processes to maintain industry leading performance

Reduce time to service

Improve business process efficiency and effectiveness with the use of digital technologies

Separate, but coordinated, strategies for SBQ, SMT and Manufactured Components

Optimize mix and profitability through on-going portfolio review process



Invest in talent and leadership development at all levels throughout the organization

Align compensation, performance management and organization system consistent with vision and mission

Prioritize efforts to highest value activities

Improve cost competitiveness across all aspects of the organization and operations

Long-term operational and financial targets

	HISTORICAL AVERAGE[1]	THROUGH-CYCLE LONG-TERM TARGETS[2]
Melt utilization rate	61%	Mid 80%'s
Adjusted EBITDA margin[3]	8%	> 12%
Return on capital employed[4]	11%	15% to 17%
Capital expenditures	$28M	$30M to $40M
Net leverage[5]	1.2x	< 1.0x



(1) Historical average calculated from 2017 through 2021; see Appendix for reconciliation of non-GAAP measures and supporting calculations.
(2) Through-cycle long-term (five-year) targets first published in Q1 2022
(3) Adjusted EBITDA Margin is adjusted EBITDA as a percentage of net sales; see Appendix for a reconciliation of non-GAAP measures
(4) Return on Capital Employed is defined as Adjusted EBITDA divided by average total assets minus average current liabilities; see Appendix for supporting calculations
(5) Net Leverage is defined as total debt minus cash, divided by Adjusted EBITDA; see Appendix for supporting calculations

Significant drivers to deliver long-term targets

$30M

COMMERCIAL EXCELLENCE

- Portfolio optimization to improve product mix and margin
- Targeted growth applications and markets

$30M

MANUFACTURING & RELIABILITY EXCELLENCE

- Manufacturing productivity and efficiency projects
- Example of 2022 project – scrap yard relocation to improve efficiency and drive run rate savings by $2M

$20M

ADMINISTRATIVE PROCESS SIMPLIFICATION

- Multi-year IT transformation in process – $7M run rate savings; CapEx $13M
- Leverage shared services to drive efficiency and cost reduction

$80M

Overall objective is to deliver sustainable through-cycle profitability, aided by $80M of targeted profitability improvement opportunities, while maintaining a strong balance sheet and operating cash flow

MAINTAIN A STRONG BALANCE SHEET

- Pension de-risking – completed $256M U.S. bargaining plan partial pension annuitization in July 2022 to reduce U.S. pension liability by ~25%; additional pension annuitization actions underway
- Convertible notes – reduced convertible notes by $25.2M principal amount in first half of 2022; $20.8M principal outstanding

Balanced approach to capital allocation

INVEST IN PROFITABLE GROWTH

- Focused organic investments with **returns in excess of cost of capital**
- 2022 **CapEx** estimate of **$25M** to **$30M**
- Targeting $30M to $40M of annual **CapEx going forward**, with approximately half allocated to profitability improvement projects
- Committed to deliver **2030 ESG targets** with annual spending of approximately $3M

MAINTAIN A STRONG BALANCE SHEET

- **Sound capital structure** supported by $487.2M of total liquidity(1) at the end of Q3 2022, no outstanding borrowings on asset-based revolving credit facility ("ABL"), and an ABL maturity date of September 2027
- Continue to maintain **working capital discipline**
- **No required pension contributions** in the near-term

RETURN CAPITAL TO SHAREHOLDERS

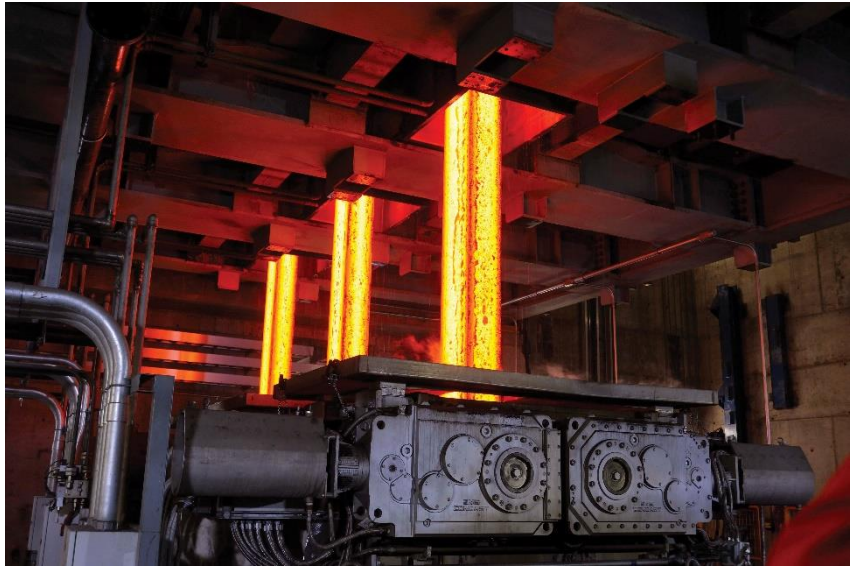
- **Repurchased 2.6M common shares** at a cost of $44.5M from January to October 2022, leaving $5.5M remaining on the existing $50.0M share repurchase program; Board authorized an additional $75.0M repurchase program in November 2022
- **Repurchased $25.2M of convertible notes** in the first half of 2022
- Common share and convertible notes repurchase activity above **reduced diluted shares outstanding by 11%**



(1) Total Liquidity is defined as available borrowings capacity under credit facility plus cash and cash equivalents; see Appendix for supporting calculations

TimkenSteel investment highlights

- **Experienced leadership team** successfully executing on **business transformation** to drive profitable growth
- Long-standing commitment to **operating safely and responsibly** to protect our employees, our communities and the environment
- Leveraging long-term, trusted partnerships with **industry leading customers** to drive growth
- Serving **diverse and demanding end market sectors** with a broad portfolio of **differentiated and specialized products and solutions**
- Use of **EAF technology** enables our greenhouse gas ("GHG") emissions to be consistently less than the industry average[1]



(1) Global industry average GHG emissions data source: https://www.worldsteel.org/steel-by-topic/sustainability/sustainability-indicators.html. Global industry average includes all types of steel furnaces. Electric arc furnaces (EAFs) are widely acknowledged to be cleaner than blast furnaces and TimkenSteel produces steel only using EAFs.



APPENDIX

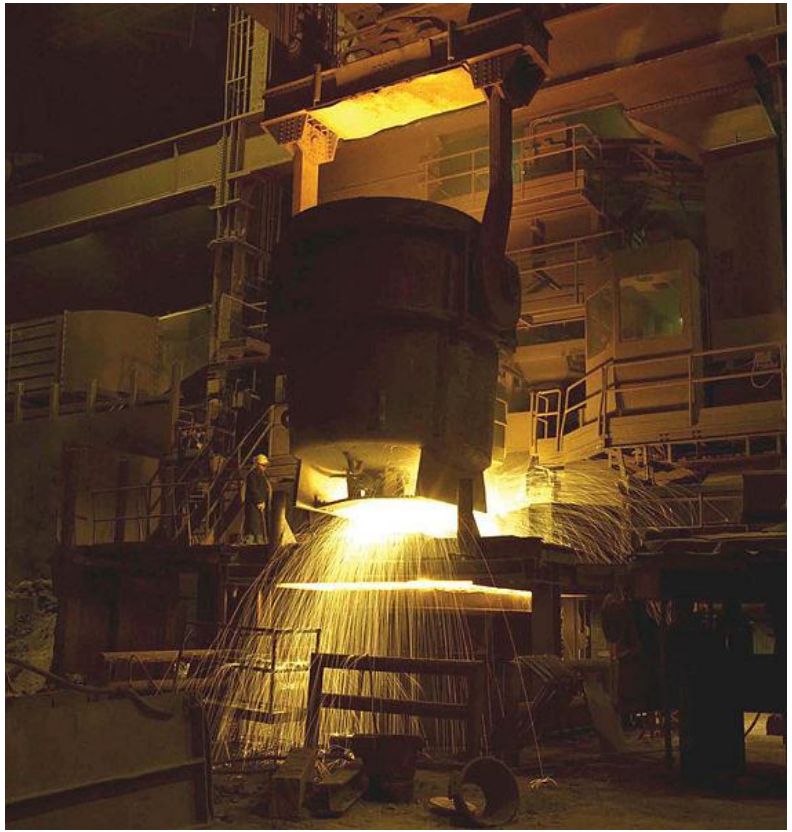
TimkenSteel uses EAF technology for its steelmaking

EAF process

- Uses recycled steel scrap as primary raw material
- Uses electricity as main source of energy to melt scrap
- Produces substantially fewer emissions and consumes less energy than traditional blast furnace technology
- EAF allows for all types of steel to be created

Blast furnace process

- Uses iron ore as primary raw material and coal as the main source of energy
- Melts iron ore and coke to produce pig iron and then feeds into a converter to remove impurities
- Requires a significant investment in facility development and takes up a large footprint
- Emits ~2x amount of carbon dioxide to the environment compared with EAF process



Overview of broad product offering

BROAD COMMERCIAL POSITION

- Diversified customer mix
- 35-ton average order size
- ~33,000+ orders per year
- Additional product offering forms including ingots, cast blooms, billets and manufactured components

SEAMLESS MECHANICAL TUBES

3” – 13”

ENGINEERED BARS

Round Corner Squares
3.1” – 12.5”

Bars
1” – 16”

MANUFACTURED COMPONENTS OVERVIEW

Mobile	▪ Planetary gear preforms; blanks for shafts and hubs ▪ Awarded contracts for electric and hybrid vehicles ▪ Served through SW Ohio owned facility and supplier network
Industrial	▪ Bearing, heavy equipment and military blanks ▪ Manufactured through North Carolina owned facility and supplier network
Energy	▪ Tubular products for drilling applications ▪ Manufactured through supplier network





Pension and OPEB benefit plans overview

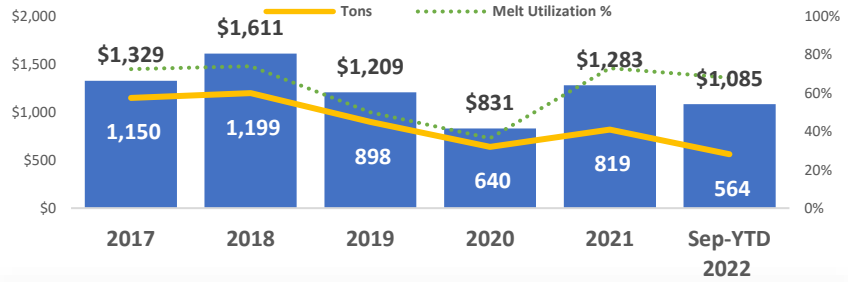
	Plan status	Assets*	Liabilities*	% Funded	Number of participants**	Recent actions / current projects
U.S. bargaining plan	Closed, accruing	$863	$1,025	84%	4,530	• Closed to new entrants effective 1/1/22 • Lump sum option added effective 1/1/22 • Increased return seeking asset allocation in Q1 2022 • Completed $256M annuitization in July 2022; impact not reflected in 12/31/2021 figures in chart
U.S. salaried plan	Closed, frozen	206	187	110%	1,424	• Board approved plan termination effective 3/31/22 • Annuity purchase targeted for 2023
U.S. Supplemental Executive Retirement Plan	Closed, frozen	0	24	0%	28	• Accruals frozen effective 12/31/20 • Liabilities funded with cash as required
UK pension scheme	Closed, no actives	107	83	129%	594	• Initiated plan settlement process in 2021 • Annuity purchase targeted for 2023
Total pension plans		**1,176**	**1,319**	**89%**	**6,576**	
U.S. other postemployment benefit plans (OPEB)	Closed, accruing	77	118	65%	4,349	• Salaried Medicare-eligible retirees moved to exchange effective 1/1/17 • Bargaining Medicare-eligible retirees who retired prior to 1/1/18 moved to exchange effective 8/1/19

PROACTIVE PENSION MANAGEMENT EXPECTED TO SIGNIFICANTLY DE-RISK THE BALANCE SHEET OVER NEXT SEVERAL YEARS. NO REQUIRED NEAR-TERM CASH CONTRIBUTIONS TO U.S. BARGAINING PLAN.

** Actual as of 12/31/21 in $M; ** Participant counts as of 10/1/21*

Historical financial performance

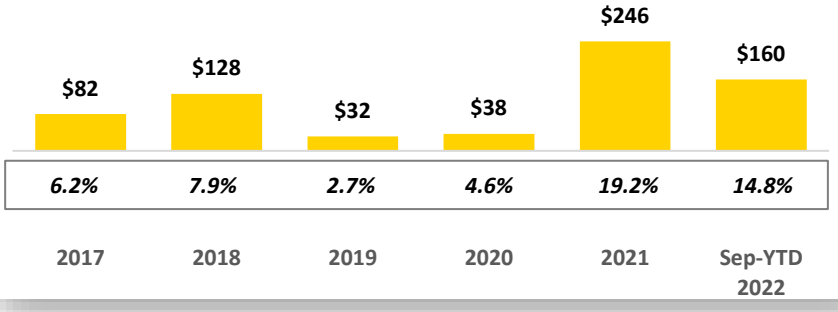
NET SALES ($M) / SHIPPED TONS (K) / MELT UTILIZATION



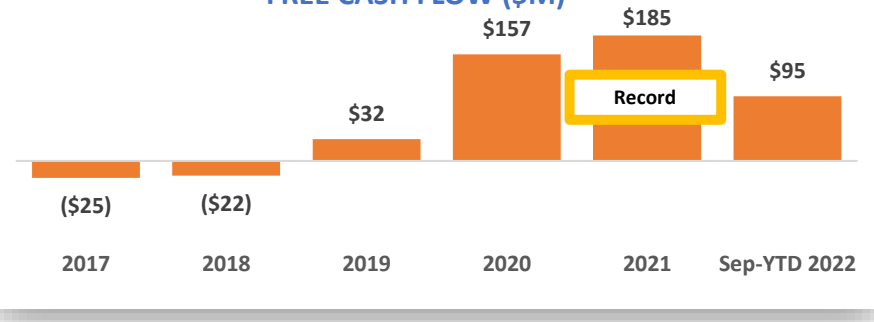
AVERAGE BASE SELLING PRICE ($/TON)[3]



ADJUSTED EBITDA ($M)[1] AND MARGIN %[4]



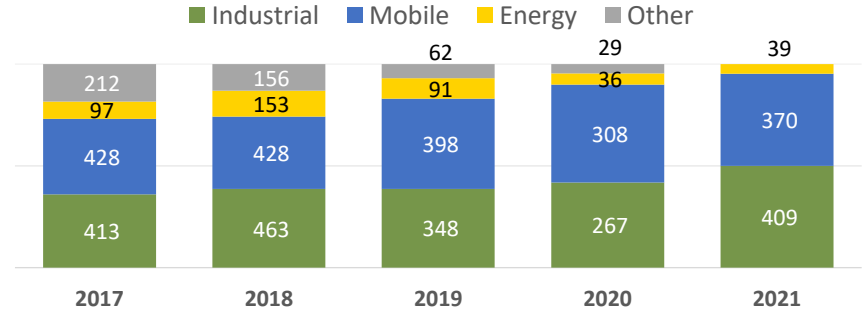
FREE CASH FLOW ($M)[2]



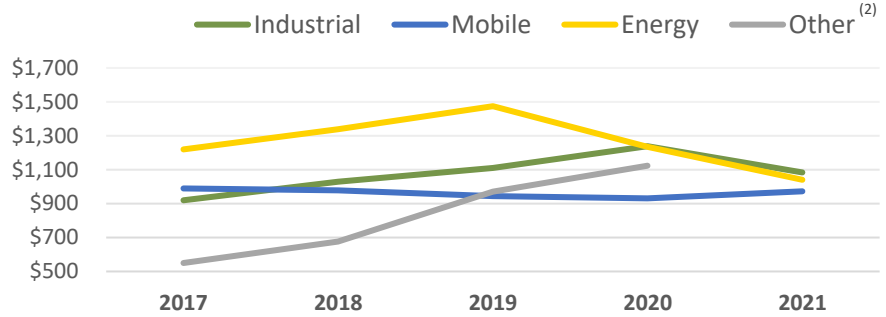
(1) Adjusted EBITDA is defined as net income (loss) before interest (income) expense, net, income taxes, depreciation and amortization, presented on a non-GAAP basis excluding certain items; see Appendix for a reconciliation of non-GAAP measures
(2) Free Cash Flow is defined as net cash provided (used) 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
(4) Adjusted EBITDA Margin is Adjusted EBITDA as a percentage of net sales, see Appendix for a reconciliation of non-GAAP measures. The five-year historical average for Adjusted EBITDA Margin is calculated by adding the Adjusted EBITDA margin for the applicable periods and dividing by the respective number of periods.

Select performance history by end market sector

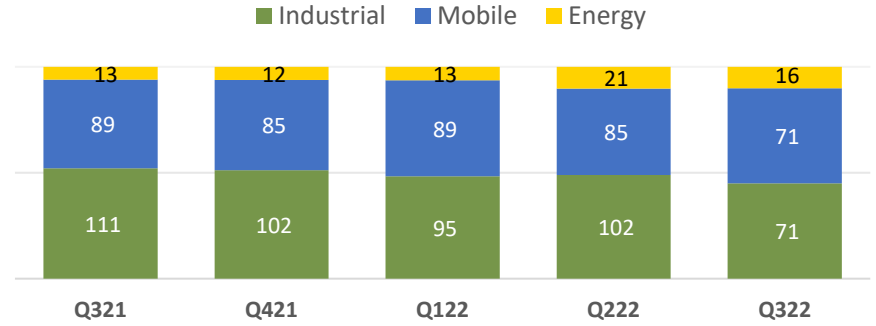
SHIPMENTS BY END MARKET SECTOR (K TONS)[3]

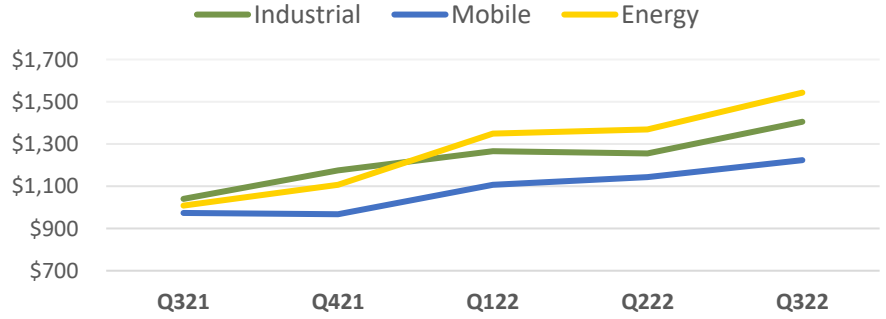


AVERAGE BASE SALES BY END MARKET SECTOR ($ / TON)[1][2]



QUARTERLY





(1) Base Sales is defined as Net sales excluding surcharges; see the reconciliation of base sales to net sales in the Appendix
(2) 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 surcharges, which represents a financial measure that has not been determined in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). We believe presenting net sales by end-market sector, both on a gross basis and on a per ton basis, adjusted to exclude raw material and natural gas surcharges, provides additional insight into key drivers of net sales such as base price and product mix. Due to the fact that the surcharge mechanism can introduce volatility to our net sales, net sales adjusted to exclude surcharges provides management and investors clarity of our core pricing and results. Presenting net sales by end-market sector, adjusted to exclude surcharges including on a per ton basis, allows management and investors to better analyze key market indicators and trends and allows for enhanced comparison between our end-market sectors. For a full discussion regarding the base sales reconciliation shown below refer to the most recently filed 10-Q/10-K.

MOBILE

$m	2017	2018	2019	2020	2021
Net Sales	$ 528.6	$ 553.9	$ 479.3	$ 346.0	$ 527.9
Less: Surcharges	105.1	134.4	104.1	59.3	167.7
Base sales(1)	$ 423.5	$ 419.5	$ 375.2	$ 286.7	$ 360.2
Ship tons (k)	428.1	428.3	397.6	308.1	370.4
Avg. base sales per ton	$ 989	$ 980	$ 944	$ 931	$ 972
Avg. net sales per ton	$ 1,235	$ 1,293	$ 1,205	$ 1,123	$ 1,425

INDUSTRIAL

$m	2017	2018	2019	2020	2021
Net Sales	$ 486.4	$ 637.5	$ 486.3	$ 391.7	$ 661.2
Less: Surcharges	106.6	161.5	99.9	61.1	218.3
Base sales(1)	$ 379.8	$ 476.0	$ 386.4	$ 330.6	$ 442.9
Ship tons (k)	413.4	462.7	348.2	267.0	408.9
Avg. base sales per ton	$ 919	$ 1,029	$ 1,110	$ 1,238	$ 1,083
Avg. net sales per ton	$ 1,177	$ 1,378	$ 1,397	$ 1,467	$ 1,617

ENERGY

$m	2017	2018	2019	2020	2021
Net Sales	$ 141.7	$ 265.6	$ 166.4	$ 53.2	$ 62.9
Less: Surcharges	23.5	61.2	32.8	8.4	22.1
Base sales(1)	$ 118.2	$ 204.4	$ 133.6	$ 44.8	$ 40.8
Ship tons (k)	97.0	152.8	90.6	36.3	39.3
Avg. base sales per ton	$ 1,219	$ 1,338	$ 1,475	$ 1,234	$ 1,038
Avg. net sales per ton	$ 1,461	$ 1,738	$ 1,837	$ 1,466	$ 1,601

OTHER

$m	2017	2018	2019	2020	2021
Net Sales	$ 172.5	$ 153.6	$ 76.8	$ 39.8	$ 30.9
Less: Surcharges	56.1	48.3	16.7	7.2	-
Base sales(1)	$ 116.4	$ 105.3	$ 60.1	$ 32.6	$ 30.9
Ship tons (k)	211.7	155.6	61.9	29.0	-
Avg. base sales per ton	$ 550	$ 677	$ 971	$ 1,124	$ -
Avg. net sales per ton	$ 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 table below presents net sales by end-market sector, adjusted to exclude surcharges, which represents a financial measure that has not been determined in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). We believe presenting net sales by end-market sector, both on a gross basis and on a per ton basis, adjusted to exclude raw material and natural gas surcharges, provides additional insight into key drivers of net sales such as base price and product mix. Due to the fact that the surcharge mechanism can introduce volatility to our net sales, net sales adjusted to exclude surcharges provides management and investors clarity of our core pricing and results. Presenting net sales by end-market sector, adjusted to exclude surcharges including on a per ton basis, allows management and investors to better analyze key market indicators and trends and allows for enhanced comparison between our end-market sectors. For a full discussion regarding the base sales reconciliation shown below refer to the most recently filed 10-Q/10-K.

ANNUAL – CONSOLIDATED TOTAL

$m	2017	2018	2019	2020	2021	Sep-YTD 2022
Net Sales	$ 1,329.2	$ 1,610.6	$ 1,208.8	$ 830.7	$ 1,282.9	$ 1,084.5
Less: Surcharges	291.3	405.4	253.5	136.0	408.1	360.8
Base sales(1)	$ 1,037.9	$ 1,205.2	$ 955.3	$ 694.7	$ 874.8	$ 723.7
Ship tons (k)	1,150.2	1,199.4	898.3	640.4	818.6	563.8
Avg. base sales per ton	$ 902	$ 1,005	$ 1,063	$ 1,085	$ 1,069	$ 1,284
Avg. net sales per ton	$ 1,156	$ 1,343	$ 1,346	$ 1,297	$ 1,567	$ 1,924

(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 surcharges, which represents a financial measure that has not been determined in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). We believe presenting net sales by end-market sector, both on a gross basis and on a per ton basis, adjusted to exclude raw material and natural gas surcharges, provides additional insight into key drivers of net sales such as base price and product mix. Due to the fact that the surcharge mechanism can introduce volatility to our net sales, net sales adjusted to exclude surcharges provides management and investors clarity of our core pricing and results. Presenting net sales by end-market sector, adjusted to exclude surcharges including on a per ton basis, allows management and investors to better analyze key market indicators and trends and allows for enhanced comparison between our end-market sectors. For a full discussion regarding the base sales reconciliation shown below refer to the most recently filed 10-Q/10-K.

MOBILE

$m	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Net Sales	$ 133.5	$ 127.9	$ 144.1	$ 152.9	$ 130.0
Less: Surcharges	47.0	46.2	45.7	55.2	42.9
Base sales(1)	$ 86.5	$ 81.7	$ 98.4	$ 97.7	$ 87.1
Ship tons (k)	88.8	84.5	88.9	85.4	71.2
Avg. base sales per ton	$ 974	$ 967	$ 1,107	$ 1,144	$ 1,223
Avg. net sales per ton	$ 1,503	$ 1,514	$ 1,621	$ 1,790	$ 1,826

INDUSTRIAL

$m	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Net Sales	$ 182.0	$ 180.9	$ 175.0	$ 208.2	$ 146.0
Less: Surcharges	66.6	61.5	54.9	80.0	45.8
Base sales(1)	$ 115.4	$ 119.4	$ 120.1	$ 128.2	$ 100.2
Ship tons (k)	111.0	101.6	94.9	102.1	71.3
Avg. base sales per ton	$ 1,040	$ 1,175	$ 1,266	$ 1,256	$ 1,405
Avg. net sales per ton	$ 1,640	$ 1,781	$ 1,844	$ 2,039	$ 2,048

ENERGY

$m	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Net Sales	$ 20.4	$ 21.5	$ 25.0	$ 46.3	$ 36.0
Less: Surcharges	7.4	8.0	8.0	17.0	11.3
Base sales(1)	$ 13.0	$ 13.5	$ 17.0	$ 29.3	$ 24.7
Ship tons (k)	12.9	12.2	12.6	21.4	16.0
Avg. base sales per ton	$ 1,008	$ 1,107	$ 1,349	$ 1,369	$ 1,544
Avg. net sales per ton	$ 1,581	$ 1,762	$ 1,984	$ 2,164	$ 2,250

OTHER

$m	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Net Sales	$ 7.8	$ 8.0	$ 7.9	$ 8.3	$ 4.8
Less: Surcharges	—	—	—	—	—
Base sales(1)	$ 7.8	$ 8.0	$ 7.9	$ 8.3	$ 4.8
Ship tons (k)	—	—	—	—	—
Avg. base sales per ton	$ —	$ —	$ —	$ —	$ —
Avg. net sales per ton	$ —	$ —	$ —	$ —	$ —

(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 table below presents net sales by end-market sector, adjusted to exclude surcharges, which represents a financial measure that has not been determined in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). We believe presenting net sales by end-market sector, both on a gross basis and on a per ton basis, adjusted to exclude raw material and natural gas surcharges, provides additional insight into key drivers of net sales such as base price and product mix. Due to the fact that the surcharge mechanism can introduce volatility to our net sales, net sales adjusted to exclude surcharges provides management and investors clarity of our core pricing and results. Presenting net sales by end-market sector, adjusted to exclude surcharges including on a per ton basis, allows management and investors to better analyze key market indicators and trends and allows for enhanced comparison between our end-market sectors. For a full discussion regarding the base sales reconciliation shown below refer to the most recently filed 10-Q/10-K.

QUARTERLY – CONSOLIDATED TOTAL

$m	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Net Sales	$ 343.7	$ 338.3	$ 352.0	$ 415.7	$ 316.8
Less: Surcharges	121.0	115.7	108.6	152.2	100.0
Base sales(1)	$ 222.7	$ 222.6	$ 243.4	$ 263.5	$ 216.8
Ship tons (k)	212.7	198.3	196.4	208.9	158.5
Avg. base sales per ton	$ 1,047	$ 1,123	$ 1,239	$ 1,261	$ 1,368
Avg. net sales per ton	$ 1,616	$ 1,706	$ 1,792	$ 1,990	$ 1,999

(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

	December 31,					Sep-YTD
(Unaudited)	2017	2018	2019	2020	2021	2022
Net income (loss)	$ (31.3)	$ (10.0)	$ (110.0)	$ (61.9)	$ 171.0	$ 98.3
Provision (benefit) for income taxes	1.5	1.8	(16.1)	1.2	5.7	3.1
Interest (income) expense, net	14.8	17.1	15.7	12.2	5.9	1.6
Earnings (loss) Before Interest and Taxes (EBIT)[1]	$ (15.0)	$ 8.9	$ (110.4)	$ (48.5)	$ 182.6	$ 103.0
EBIT margin[1]	(1.1%)	0.6%	(9.1%)	(5.8%)	14.2%	9.5%
Depreciation and amortization	74.9	73.0	73.5	70.0	63.1	43.7
Earnings (loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA)[2]	$ 59.9	$ 81.9	$ (36.9)	$ 21.5	$ 245.7	$ 146.7
EBITDA margin[2]	4.5%	5.1%	(3.1%)	2.6%	19.2%	13.5%
Executive severance and transition costs		(1.7)	(5.6)		(0.5)	
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	0.1	
Restructuring charges	(0.7)	(0.9)	(8.9)	(3.2)	(6.7)	(0.8)
Accelerated depreciation and amortization (EBIT only)			(2.8)	(3.4)	(1.5)	
(Loss) gain from remeasurement of benefit plans, net	(21.8)	(43.5)	(40.6)	(14.7)	20.1	37.2
Write-down of supplies inventory					(2.1)	
Loss on extinguishment of debt				(0.9)		(43.1)
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[5]			(0.5)	(1.0)	(2.0)	(1.5)
IT transformation costs[7]						(2.9)
Sales and use tax refund					2.5	
TMS inventory write-down				(3.1)		
Harrison melt impairment charges					(7.9)	
TMS impairment charges					(0.3)	
Loss on sale of consolidation subsidiary					(1.1)	
Customer program early termination					(1.4)	
Loss on sale or disposal of assets, net[6]					(0.9)	(2.5)
Gain on sale of non-core property				0.5		
Adjusted EBIT[3]	$ 7.5	$ 55.0	$ (38.3)	$ (28.6)	$ 184.3	$ 116.6
Adjusted EBIT margin[3]	0.6%	3.4%	(3.2%)	(3.4%)	14.4%	10.8%
Adjusted EBITDA[4]	$ 82.4	$ 128.0	$ 32.4	$ 38.0	$ 245.9	$ 160.3
Adjusted EBITDA margin[4]	6.2%	7.9%	2.7%	4.6%	19.2%	14.8%

(1) EBIT is defined as net income (loss) before interest (income) expense, net and income taxes. EBIT Margin is EBIT as a percentage of net sales
(2) EBITDA is defined as net income (loss) before interest (income) expense, net, 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
(5) Business transformation costs consist of items that are non-routine in nature
(6) Loss on sale or disposal of assets, net, consists of losses on sales of assets and write-offs of aged assets removed from service
(7) IT transformation costs were primarily related to professional services fees not eligible for capitalization that are associated specifically with an information technology application simplification and modernization project

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)	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Net income (loss)	$ 50.1	$ 57.1	$ 37.1	$ 74.5	$ (13.3)
Provision (benefit) for income taxes	0.5	3.6	0.9	1.5	0.7
Interest (income) expense, net	1.2	1.2	1.2	0.6	(0.2)
Earnings (loss) Before Interest and Taxes (EBIT)[1]	$ 51.8	$ 61.9	$ 39.2	$ 76.6	$ (12.8)
EBIT margin[1]	15.1%	18.3%	11.1%	18.4%	(4.0%)
Depreciation and amortization	15.1	15.0	14.6	14.7	14.4
Earnings (loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA)[2]	$ 66.9	$ 76.9	$ 53.8	$ 91.3	$ 1.6
EBITDA margin[2]	19.5%	22.7%	15.3%	22.0%	0.5%
Gain/(loss) on sale of TMS assets		0.1			
Restructuring charges	(0.4)	(4.7)	(0.4)	(0.4)	
(Loss) gain from remeasurement of benefit plans, net	(2.7)	22.3	6.5	35.5	(4.8)
Loss on extinguishment of debt			(17.0)	(26.0)	(0.1)
Business transformation costs[5]	(0.9)	(0.6)	(0.5)	(0.2)	(0.8)
IT transformation costs[7]				(1.3)	(1.6)
Loss on sale of consolidated subsidiary	(1.1)				
Customer program early termination		(1.4)			
Loss on sale or disposal of assets, net[6]		(0.9)	(0.1)	(0.5)	(1.9)
Adjusted EBIT[3]	$ 56.9	$ 47.1	$ 50.7	$ 69.5	$ (3.6)
Adjusted EBIT margin[3]	16.6%	13.9%	14.4%	16.7%	(1.1%)
Adjusted EBITDA[4]	$ 72.0	$ 62.1	$ 65.3	$ 84.2	$ 10.8
Adjusted EBITDA margin[4]	20.9%	18.4%	18.6%	20.3%	3.4%

(1) EBIT is defined as net income (loss) before interest (income) expense, net and income taxes. EBIT Margin is EBIT as a percentage of net sales
(2) EBITDA is defined as net income (loss) before interest (income) expense, net, 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
(5) Business transformation costs consist of items that are non-routine in nature
(6) Loss on sale or disposal of assets, net, consists of losses on sales of assets and write-offs of aged assets removed from service
(7) IT transformation costs were primarily related to professional services fees not eligible for capitalization that are associated specifically with an information technology application simplification and modernization project

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				
	Q3	Q4	Q1	Q2	Q3
(Unaudited)	2021	2021	2022	2022	2022
Net Cash Provided (Used) by Operating Activities	$ 53.8	$ 90.7	$ 13.3	$ 50.7	$ 46.8
Less: Capital expenditures	(3.5)	(4.9)	(6.5)	(3.5)	(5.7)
Free Cash Flow[(1)]	$ 50.3	$ 85.8	$ 6.8	$ 47.2	$ 41.1

$M	ANNUAL – CONSOLIDATED TOTAL					
						Sep-YTD
(Unaudited)	2017	2018	2019	2020	2021	2022
Net Cash Provided (Used) by Operating Activities	$ 8.1	$ 18.5	$ 70.3	$ 173.5	$ 196.9	$ 110.8
Less: Capital expenditures	(33.0)	(40.0)	(38.0)	(16.9)	(12.2)	(15.7)
Free Cash Flow[(1)]	$ (24.9)	$ (21.5)	$ 32.3	$ 156.6	$ 184.7	$ 95.1

(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				
	Q3	Q4	Q1	Q2	Q3
(Unaudited)	2021	2021	2022	2022	2022
Cash and cash equivalents	$ 172.0	$ 259.6	$ 239.9	$ 238.5	$ 262.5
Credit Agreement:					
Maximum availability	$ 400.0	$ 400.0	$ 400.0	$ 400.0	$ 400.0
Suppressed availability[2]	(122.2)	(143.5)	(111.7)	(74.3)	(169.9)
Availability	277.8	256.5	288.3	325.7	230.1
Credit facility amount borrowed	-	-	-	-	-
Letter of credit obligations	(5.4)	(5.4)	(5.4)	(5.5)	(5.4)
Availability not borrowed	$ 272.4	$ 251.1	$ 282.9	$ 320.2	$ 224.7
Total Liquidity[1]	$ 444.4	$ 510.7	$ 522.8	$ 558.7	$ 487.2

(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

Calculation of Average Capital Expenditures and Average Melt Utilization

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

$M	ANNUAL – CONSOLIDATED TOTAL					
	2017	2018	2019	2020	2021	Historical Average[1]
Capital Expenditures	$ 33.0	$ 40.0	$ 38.0	$ 16.9	$ 12.2	$ 28.0

	ANNUAL – CONSOLIDATED TOTAL					
	2017	2018	2019	2020	2021	Historical Average[1]
Melt Utilization[2]	73%	74%	50%	37%	73%	61%

(1) Historical average calculated from 2017 through 2021
(2) Melt Utilization is actual melt divided by total melt capacity, see historical information published on our website for additional details

Calculation of Average Net Leverage[1]

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

$M	ANNUAL – CONSOLIDATED TOTAL					
	2017	2018	2019	2020	2021	Historical Average[2]
Short-Term Debt	$ —	$ —	$ —	$ 38.9	$ 44.9	$ 16.8
Long-Term Debt	70.1	74.1	78.6	39.3	—	52.4
Convertible Debt	95.2	115.0	90.0	—	—	60.0
Less: Cash and Cash Equivalents	24.5	21.6	27.1	102.8	259.6	87.1
Net Debt	$ 140.8	$ 167.5	$ 141.5	$ (24.6)	$ (214.7)	$ 42.1
Adjusted EBITDA[3]	$ 82.4	$ 128.0	$ 32.4	$ 38.0	$ 245.9	$ 105.3
Net Leverage[1]	1.7x	1.3x	4.4x	(0.6x)	(0.9x)	1.2x

(1) Net Leverage is defined as total debt minus cash, divided by Adjusted EBITDA
(2) Historical average calculated from 2017 through 2021
(3) Adjusted EBITDA is defined as net income (loss) before interest (income) expense, net, income taxes, depreciation and amortization, presented on a non-GAAP basis excluding certain items; see Appendix for a reconciliation of non-GAAP measures

Calculation of Average Return on Capital Employed[1]

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

2017 ($M)

	2016	2017
Total Assets	$ 1,113.4	$ 1,212.6
Less: Total Current Liabilities	130.7	206.8
Capital Employed	$ 982.7	$ 1,005.8
Average Capital Employed		$ 994.3
Adjusted EBITDA[3]		$ 82.4
Return on Capital Employed[1]		8.3%

2018 ($M)

	2017	2018
Total Assets	$ 1,212.6	$ 1,275.3
Less: Total Current Liabilities	206.8	220.8
Capital Employed	$ 1,005.8	$ 1,054.5
Average Capital Employed		$ 1,030.2
Adjusted EBITDA[3]		$ 128.0
Return on Capital Employed[1]		12.4%

2019 ($M)

	2018	2019
Total Assets	$ 1,275.3	$ 1,085.2
Less: Total Current Liabilities	220.8	112.3
Capital Employed	$ 1,054.5	$ 972.9
Average Capital Employed		$ 1,013.7
Adjusted EBITDA[3]		$ 32.4
Return on Capital Employed[1]		3.2%

2020 ($M)

	2019	2020
Total Assets	$ 1,085.2	$ 994.0
Less: Total Current Liabilities	112.3	181.0
Capital Employed	$ 972.9	$ 813.0
Average Capital Employed		$ 893.0
Adjusted EBITDA[3]		$ 38.0
Return on Capital Employed[1]		4.3%

2021 ($M)

	2020	2021
Total Assets	$ 994.0	$ 1,158.9
Less: Total Current Liabilities	181.0	250.8
Capital Employed	$ 813.0	$ 908.1
Average Capital Employed		$ 860.6
Adjusted EBITDA[3]		$ 245.9
Return on Capital Employed[1]		28.6%

HISTORICAL AVERAGE[2]

2017 Return on Capital Employed[1]	8.3%
2018 Return on Capital Employed[1]	12.4%
2019 Return on Capital Employed[1]	3.2%
2020 Return on Capital Employed[1]	4.3%
2021 Return on Capital Employed[1]	28.6%
Historical Average[2] Return on Capital Employed[1]	11.3%

(1) Return on Capital Employed is defined as Adjusted EBITDA divided by average total assets minus average current liabilities
(2) Historical average calculated from 2017 through 2021
(3) Adjusted EBITDA is defined as net income (loss) before interest (income) expense, net, income taxes, depreciation and amortization, presented on a non-GAAP basis excluding certain items; see Appendix for a reconciliation of non-GAAP measures