

TimkenSteel Corporation

Investor Presentation

November 2, 2023

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: deterioration in global 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 global conflicts on the economy, sourcing of raw materials, and commodity prices; the potential impact of pandemics, epidemics, widespread illness or other health issues, such as COVID-19 or its variants 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; 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 or unplanned work stoppages, 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; with respect to the company's ability to achieve its sustainability goals, including its 2030 environmental goals, the ability to meet such goals within the expected timeframe, changes in laws, regulations, prevailing standards or public policy, the alignment of the scientific community on measurement and reporting approaches, the complexity of commodity supply chains and the evolution of and adoption of new technology, including traceability practices, tools and processes; 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 consistency of melt production to meet forecasted demand levels following unplanned downtime in the second half of 2022; additional amounts, if any, that the company is able to obtain from its business interruption insurance in connection with the unplanned downtime; availability of property insurance coverage at commercially reasonable rates or insufficient insurance coverage to cover claims or damages; and the impacts from any repurchases of our common shares, including the timing and amount of any repurchases. Further, this presentation 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 presentation 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 presentation can or will be achieved. Inclusion of information in this presentation 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: adjusted earnings (loss) per share, adjusted net income (loss), EBIT, adjusted EBIT, EBITDA, adjusted EBITDA, free cash flow, base sales, and other adjusted items. 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 provider 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 2022
- Wide size range of special bar quality (“SBQ”) steel products
- Largest domestic producer of seamless mechanical tube (“SMT”) products
- End market sectors served include mobile, industrial and energy with targeted growth in electric vehicle, defense and renewable applications
- Established 2030 environmental goals building on our long-standing reputation as a sustainable steel supplier
- Approximately 1,800 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
- Finalized 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 **environmental goals**

(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 40 Years Experience / 31 Years in Steel Industry

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

KRISTOPHER WESTBROOKS



EVP and Chief Financial Officer 22 / 5

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

KEVIN RAKETICH



EVP and Chief Commercial Officer 33 / 23

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

KRISTINE SYRVALIN



EVP, General Counsel and Chief Human Resources Officer 30 / 9

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

ANDREW BISSOT

VP, Engineering, Manufacturing Excellence and Reliability 23 / 23

- Operations Management
- Asset Management
- Procurement
- Strategic Asset Planning
- Capital Investments
- Manufacturing Excellence

JAMES HERFORTH

VP, Supply Chain 17 / 17

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

TIMOTHY LYNCH

VP, Corporate Development 30 / 30

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

CAROLEE VANICEK

VP, Manufacturing 27 / 27

- Operations Management
- Workplace Safety
- Quality Assurance & Improvement

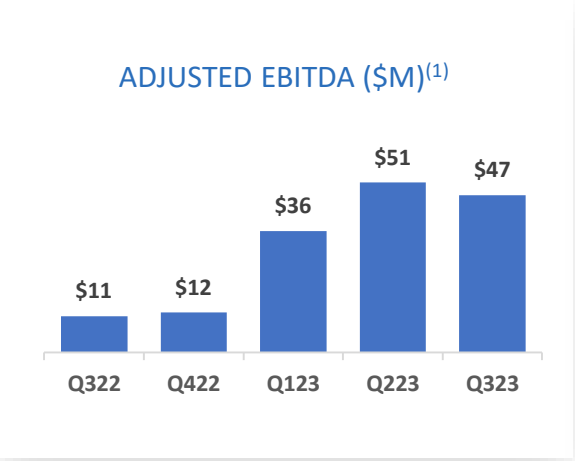
Financial summary and highlights

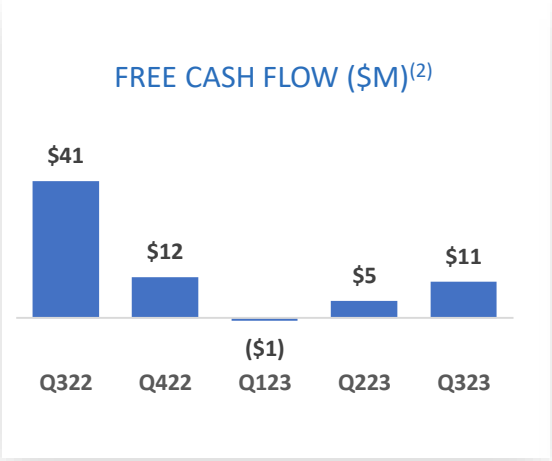
Q3 2023 summary

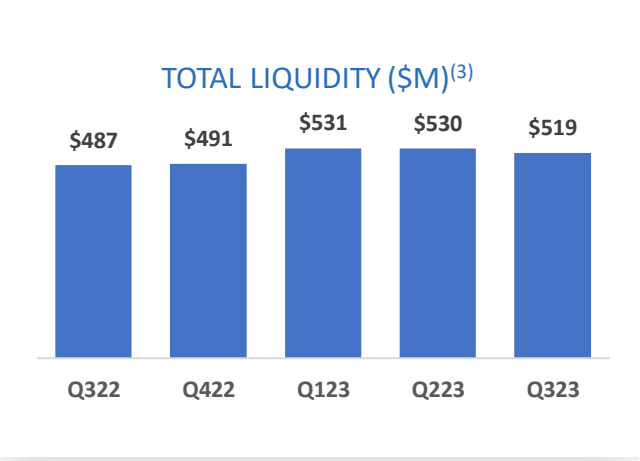
- **Net sales** of $354.2M with **net income** of $24.8M and **adjusted EBITDA**(1) of $46.8M
- **Operating cash flow** of $28.1M, representing 18th consecutive quarter of positive operating cash flow
- Deployed $17.5M of cash for **capital expenditures** and $7.7M to **repurchase common shares**

Outlook

- **Shipments** are expected to decrease in the fourth quarter from the sequential third quarter due to normal seasonality and automotive work stoppages
- **Base prices** are anticipated to remain strong in the fourth quarter
- **Adjusted EBITDA** is expected to decline sequentially in the fourth quarter
- **Operating cash flow** is expected to be positive in the fourth quarter, primarily driven by anticipated profitability
- **Capital expenditures** are expected to be approximately $50M in 2023







(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

- Infrastructure spending, reshoring and supply chain de-risking are driving increased demand in TMST end market sectors
- Expansion of the U.S. industrial supply base for major Department of Defense programs continues to drive accelerated demand
- Electric vehicle (“EV”) demand continues as automakers expect an uptick in EV sales
- Trend favors EAF technology to replace higher cost, carbon intensive facilities as sustainability continues to drive transformation in steelmaking





POTENTIAL HEADWINDS

- Concerns over recessionary environment
- Supply chain disruptions and labor issues may continue to disrupt end market demand
- Inflationary pressure on manufacturing input costs

MITIGATING ACTIONS ARE PLANNED TO MANAGE POTENTIAL HEADWINDS



Long-term, trusted partnerships with industry leading customers







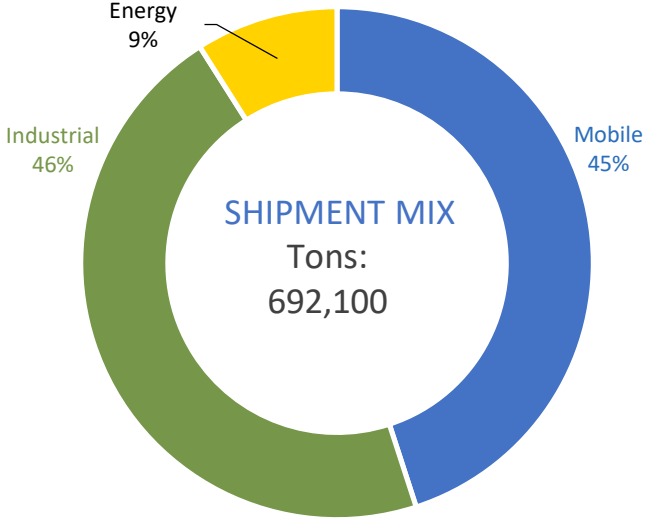

CUSTOMER APPLICATION EXAMPLES

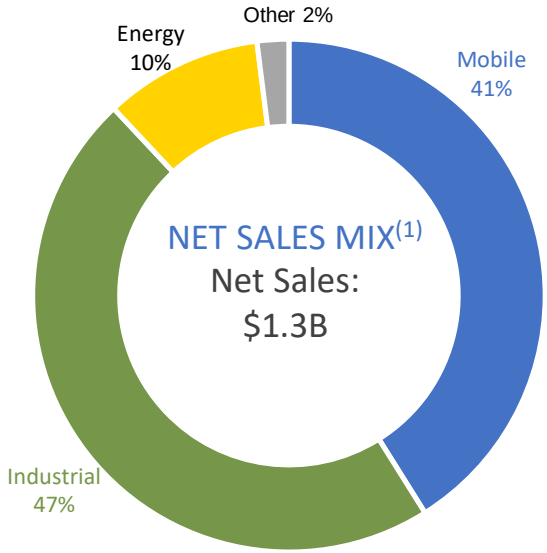
- Bearings
- Crankshafts
- Electric vehicle ring gears and pinion shafts
- Munitions
- Energy drilling tools

- Our specialized products and services are used in a wide range of demanding applications around the world
- Support approximately 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

Serving diverse and demanding end market sectors with broad product portfolio

2022 END MARKET SECTOR MIX





25% of total shipments were sold via distribution channel

PRODUCT MIX

SHIPMENTS(2) (in tons)		NET SALES(3) (in $'s)
78%	Engineered Bars (SBQ)	67%
11%	Seamless Mechanical Tubing (SMT)	13%
11%	Manufactured Components	18%

(1) Net sales mix includes "other" sales attributable to the company's scrap sales
(2) Shipment tons, by product type, as a percentage of 2022 shipments
(3) Net sales dollars, by product type, as a percentage of 2022 net sales; excludes 2% of "other" sales attributable to the company's scrap sales

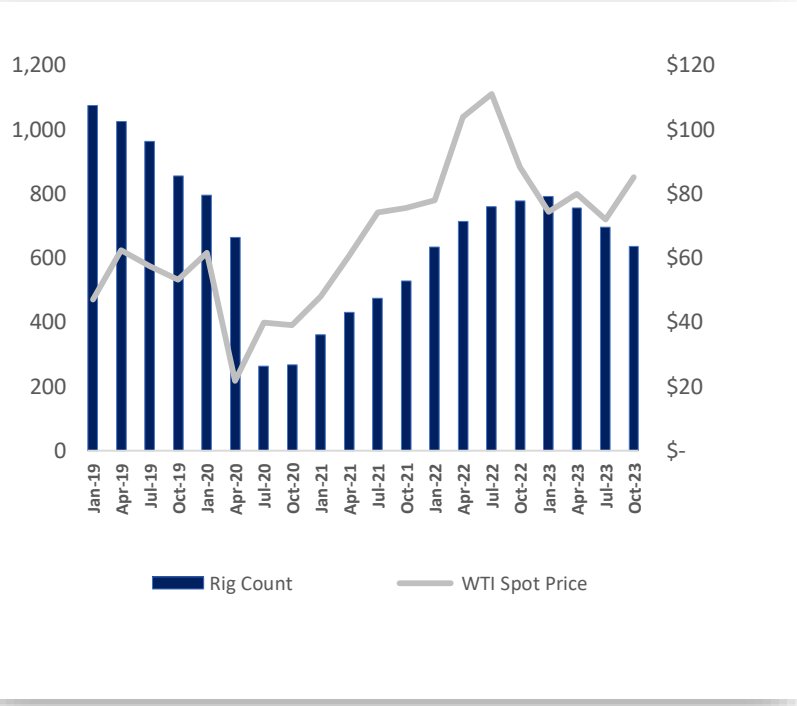
Industrial and Energy market indicators

PURCHASING MANAGERS INDEX (PMI)



Source: Institute for Supply Management (ISM)

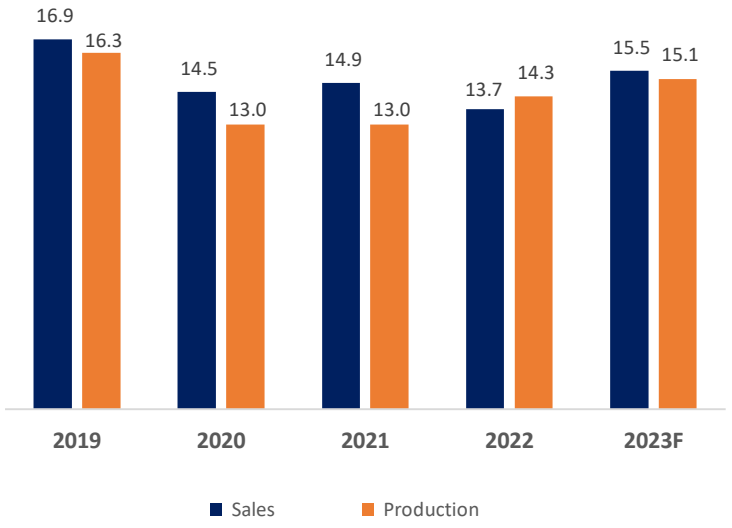
U.S AVG. RIG COUNT / WTI SPOT PRICE



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

Mobile market indicators

N.A. LIGHT VEHICLE SAAR (M UNITS)



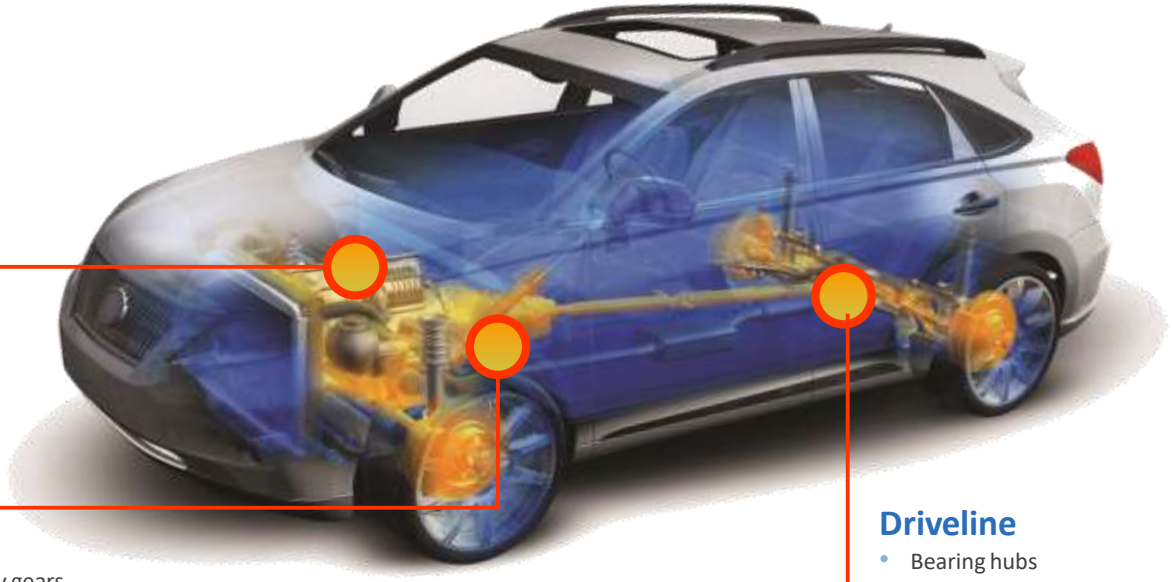
N.A LIGHT VEHICLE INVENTORY (DAYS)



MOBILE DEMAND HAS REMAINED RESILIENT AS INVENTORY LEVELS ARE STILL BELOW HISTORICAL AVERAGES

Source: Wards' Intelligence and IHS Markit (S&P Global)

TimkenSteel applications in vehicles with internal combustion engines



Engine

- Crankshafts
- Cam lobes
- Connecting rods
- Fuel components

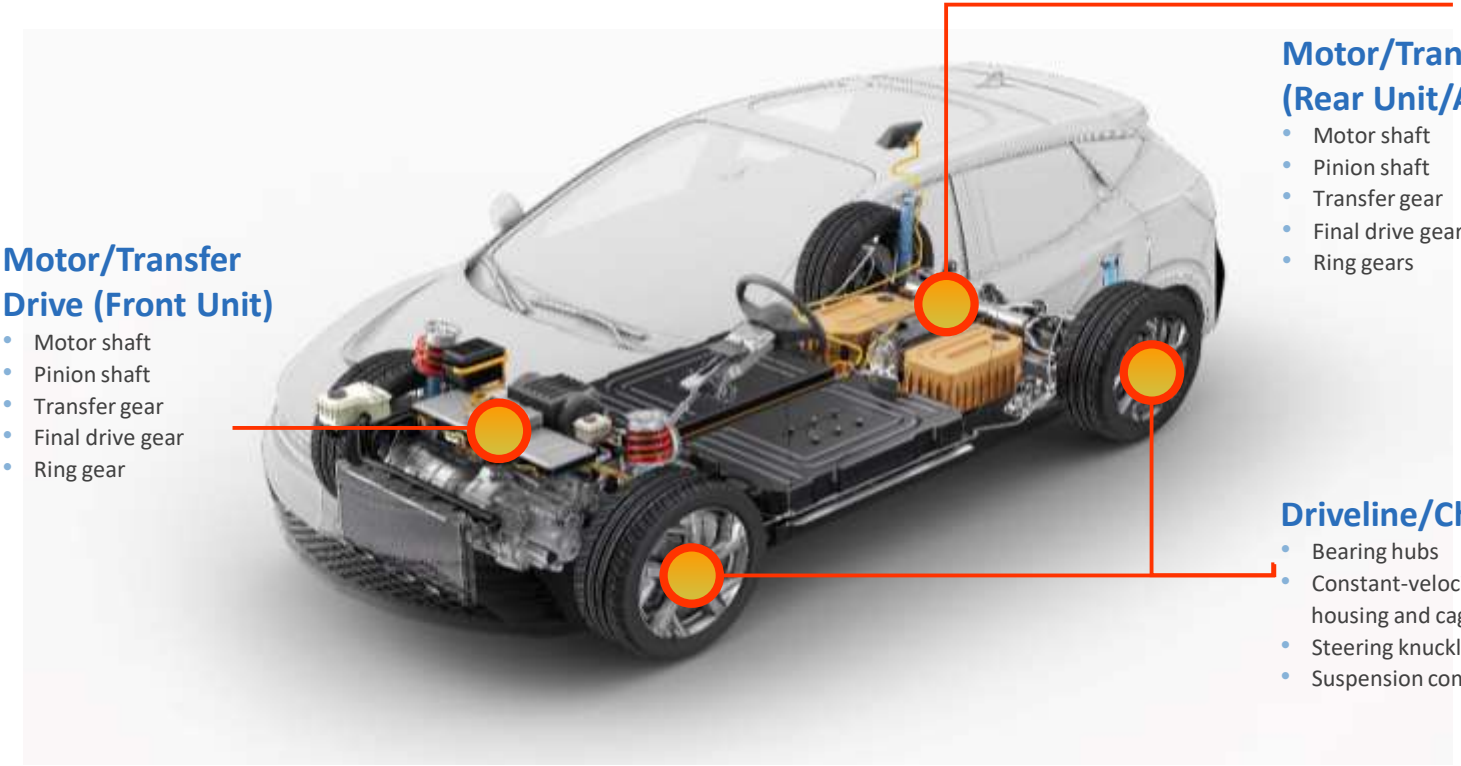
Transmission

- 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 (EV) transformation

EV Motor Rotor Shaft Process

2.5” Diameter SBQ

Forged Component

13” EV Motor Rotor Shaft



- Long-term manufactured component agreements secured for growing EV and hybrid portfolio
- EV portfolio consists of ~20 awarded component parts
- Actively quoting and exploring additional EV and hybrid manufactured component opportunities



8” and 9” EV rings

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

Our ongoing commitment to sustainability

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

- ✓ Increased transparency with Global Reporting Initiative (GRI) reporting
- ✓ Embedded focus on sustainability across the company
- ✓ Targeted capital allocation for continuous improvement
- ✓ Enhanced safety training and commitment to improving safety culture
- ✓ Evaluated environmental impact, including Scope 3 emissions

"Sustainability is embedded into our daily work and represents a lens through which we evaluate every aspect of our operations, from the shop floor to our office spaces. ***It is what we believe in and what we do."***

Michael Williams
President and Chief Executive Officer



Sustainability pillars and focus areas

ENVIRONMENTAL STEWARDSHIP

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

SOCIAL COMMITMENT

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

GOVERNANCE AND ETHICS

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



Note: Based on the findings of our 2021 sustainability materiality assessment.

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 (2018-2022)

Goal: 40% absolute reduction in combined Scope 1 and Scope 2 greenhouse gas emissions by 2030 from 2018 baseline

Status: Met & Monitoring

Year	Year Scopes 1 and 2 GHG Emissions (tons/yr CO_2eq)	% Change YoY	% Change from Baseline (2018)
2018	1,246,633	N/A	N/A
2019	869,015	-30%	-30%
2020	609,056	-30%	-51%
2021	750,260	+23%	-40%
2022	700,078	-7%	-44%

Goal: 35% absolute reduction in fresh water withdrawn by 2030 from 2018 baseline

Status: Met & Monitoring

Year	Fresh Water Withdrawn (million gal)	% Change YoY	% Change from Baseline (2018)
2018	1,750	N/A	N/A
2019	1,570	-30%	-30%
2020	1,460	-30%	-51%
2021	1,208	+23%	-40%
2022	935	-23%	-46%

Goal: 30% absolute reduction in total energy consumption (direct and indirect) by 2030 from 2018 baseline

Status: Met & Monitoring

Year	Energy Consumption (GJ)	% Change YoY	% Change from Baseline (2018)
2018	10,545,937	N/A	N/A
2019	7,564,176	-28%	-28%
2020	5,563,317	-26%	-47%
2021	6,985,043	+26%	-34%
2022	6,320,335	-9.5%	-40%

Goal: 10% reduction in Waste-to-Landfill (WTL) intensity by 2030 from 2018 baseline

Status: Met & Monitoring

Year	Waste-to-Landfill Intensity (lb/ton steel)	% Change YoY	% Change from Baseline (2018)
2018	8.35	N/A	N/A
2019	7.92	-5%	-5%
2020	7.19	-9%	-14%
2021	5.97	-17%	-29%
2022	6.89	+15%	-17%

Social commitment highlights

ALIGNMENT OF ENVIRONMENTAL COMMITMENTS WITH OUR CORE VALUES

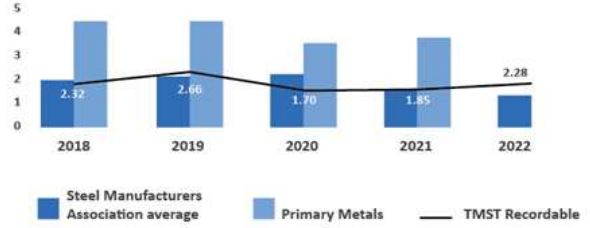
- Safety First
- Customer-Driven
- Best-in-Class Quality
- Innovative and Collaborative
- Ethical and Responsible

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

- 45% of our Board members identify as diverse in terms of gender, race or ethnicity
- 47% 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

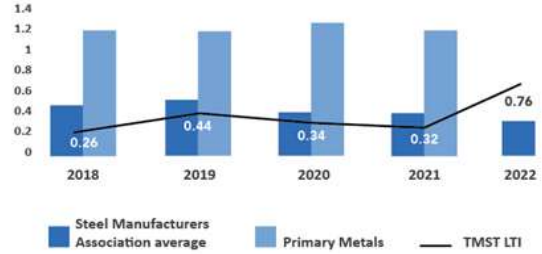
SAFETY PERFORMANCE

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 diverse industrial portfolio to achieve **optimal end market mix**
- Employ long-term **balanced capital allocation philosophy**
- Progress to deliver on **2030 environmental goals**

Strategic imperatives driving innovation and growth

Invest in reducing greenhouse gas emissions and intensity, and achieve published 2030 environmental goals

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 profit 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 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
- 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 2022 to reduce U.S. pension liability by ~25%; additional pension annuitization actions underway
- Convertible notes – reduced outstanding convertible notes by 71% in 2022 and 2023; $13.3M principal balance outstanding

Balanced approach to capital allocation

INVEST IN PROFITABLE GROWTH

- Focused organic investments with **returns in excess of cost of capital**
- 2023 **CapEx** forecast of **$50M**

MAINTAIN A STRONG BALANCE SHEET

- **Sound capital structure** supported by $519.1M of total liquidity(1) as of September 30, 2023, no outstanding borrowings on asset-based revolving credit facility ("ABL"), and an ABL maturity date of September 2027
- Continue to maintain **working capital discipline**

RETURN CAPITAL TO SHAREHOLDERS

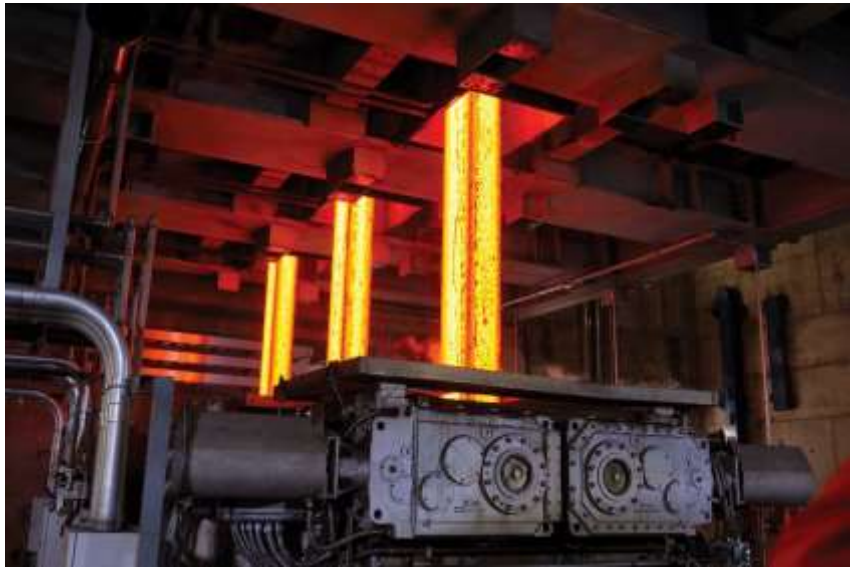
- Since early 2022, **repurchased 4.5 million common shares** at a total cost of $80.5 million; $44.5M remaining on the share repurchase program as of September 30, 2023
- **Repurchased $32.7M convertible notes** in 2022 and 2023
- Common share and convertible note repurchase activity above **reduced diluted shares outstanding by 16.1%**



(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

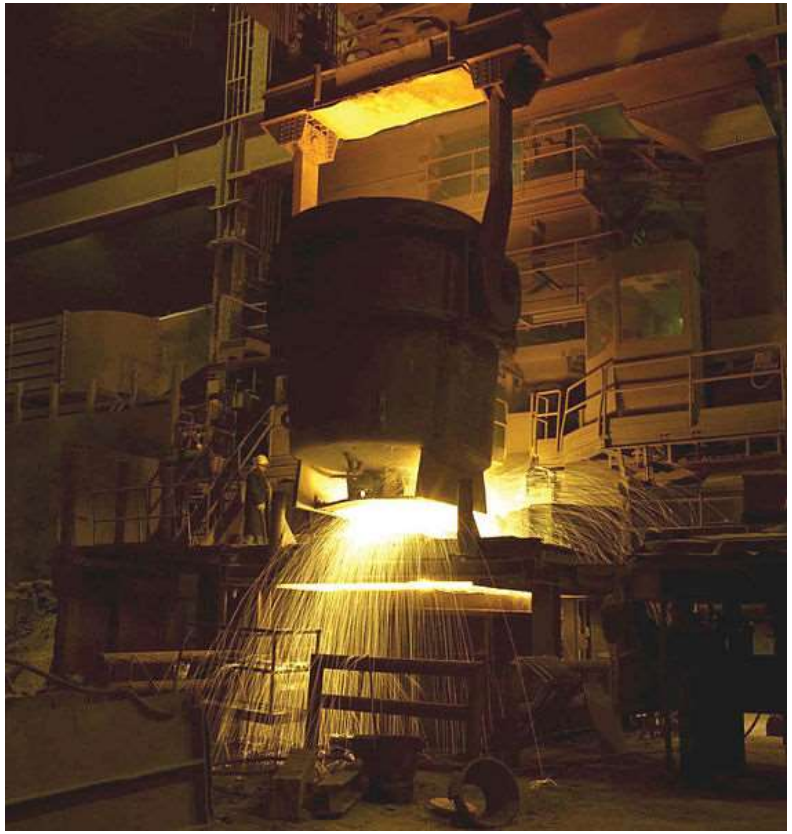
TimkenSteel uses EAF technology for its steelmaking

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

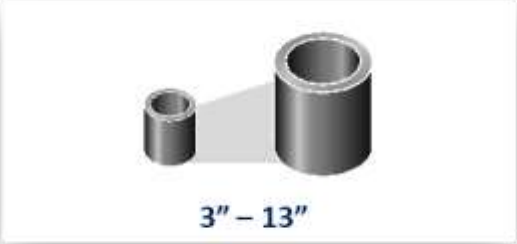


Overview of broad product offering

BROAD COMMERCIAL POSITION

- Diversified customer mix
- 37-ton average order size
- Additional product offering forms including ingots, cast blooms, billets and manufactured components

SEAMLESS MECHANICAL TUBES



ENGINEERED BARS



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

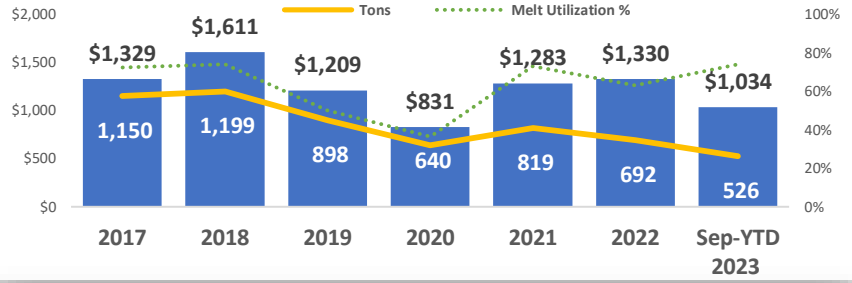
	Plan status	Assets*	Liabilities*	% Funded	Number of participants**	Recent actions / current projects
U.S. bargaining plan	Closed, accruing	$354	$475	75%	2,338	• Closed to new entrants effective 1/1/22 • Lump sum option added effective 1/1/22 • Completed $256M annuitization in July 2022 • Increased return seeking asset allocation in Q2 2023
U.S. salaried plan	Closed, frozen	138	128	108%	1,345	• Board approved plan termination effective 3/31/22 • Annuitization in process with targeted completion in 2024
U.S. Supplemental Executive Retirement Plan	Closed, frozen	0	16	0%	26	• Accruals frozen effective 12/31/20 • Liabilities funded with cash as required
UK pension scheme	Closed, no actives	57	48	119%	588	• Initiated plan settlement process in 2021 • Scheme wind-up is ongoing at this time
Total pension plans		**549**	**667**	**82%**	**4,297**	
U.S. other postemployment benefit plans (OPEB)	Closed, accruing	59	87	68%	4,118	• 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 HAS SIGNIFICANTLY DE-RISKED THE BALANCE SHEET AND WILL CONTINUE OVER NEXT SEVERAL YEARS

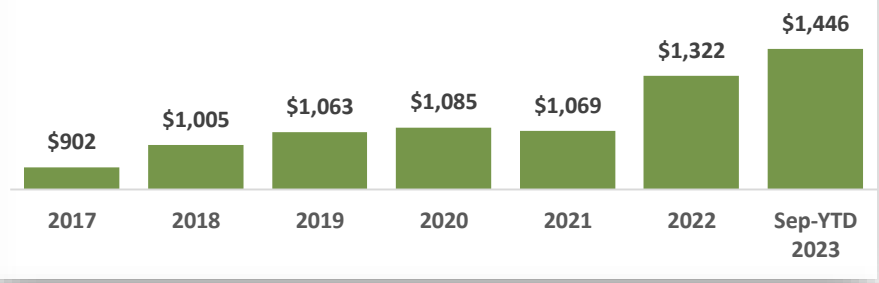
** Actual as of 12/31/22 in $M*
*** Participant counts as of 10/1/22*

Historical financial performance

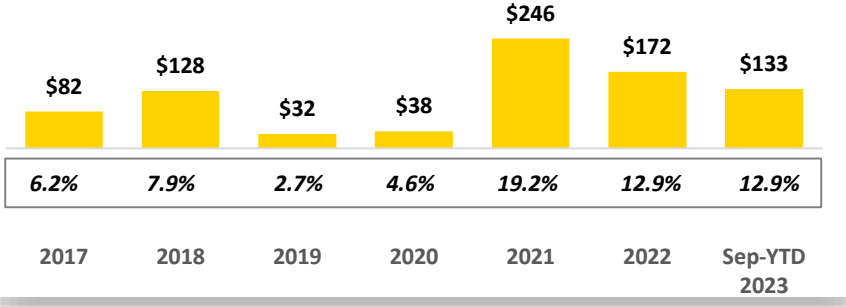
NET SALES ($M) / SHIPPED TONS (K) / MELT UTILIZATION



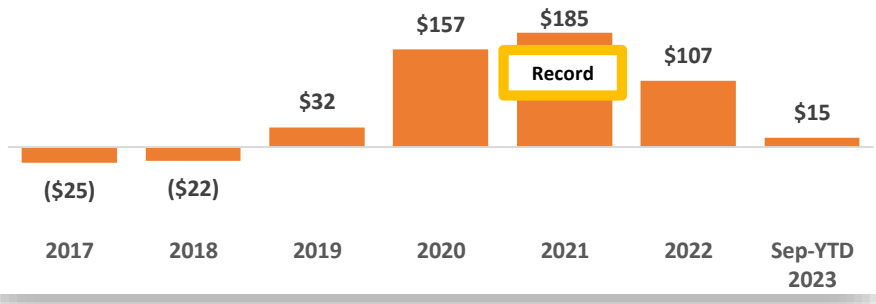
AVERAGE BASE SELLING PRICE ($/TON)[3]



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



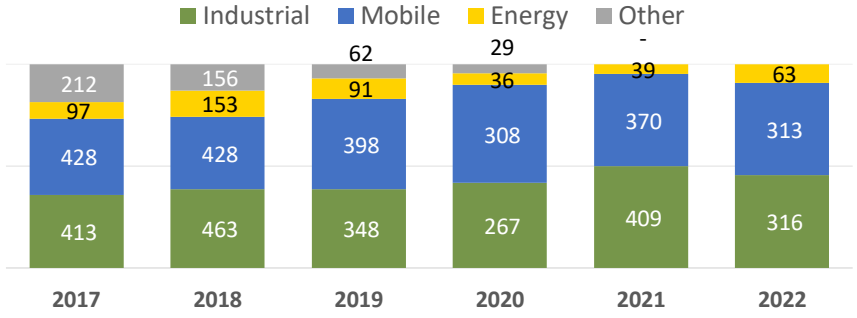
FREE CASH FLOW ($M)[2]



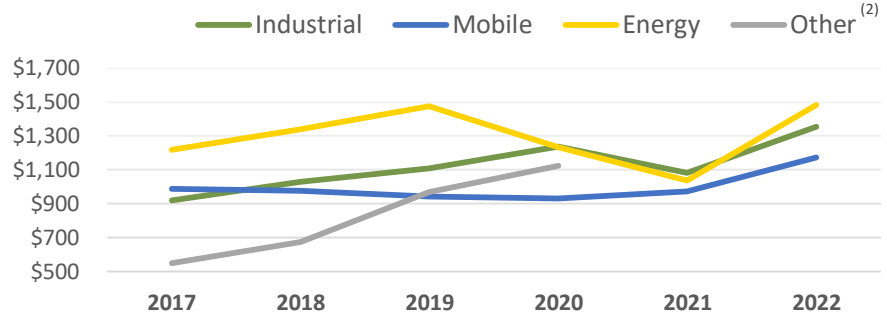
(1) Adjusted EBITDA is defined as net income (loss) before interest (income) expense, net, income taxes, depreciation and amortization, presented on a non-GAAP basis excluding certain items; see Appendix for a reconciliation of non-GAAP measures
(2) Free Cash Flow is defined as net cash provided (used) 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

Select performance history by end market sector

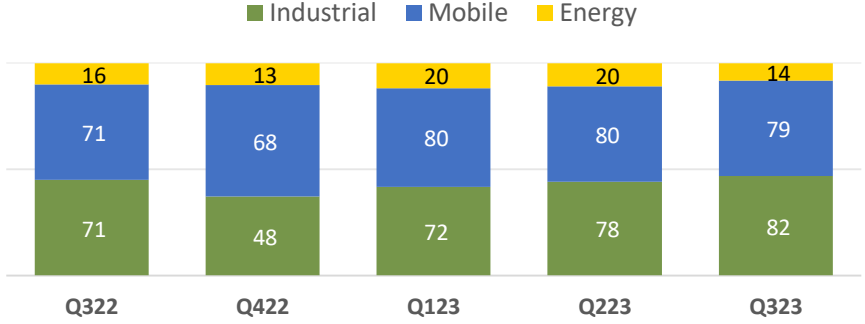
SHIPMENTS BY END MARKET SECTOR (K TONS)

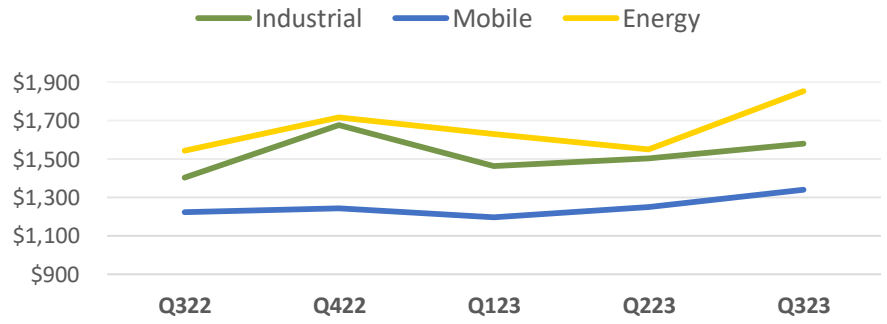


AVERAGE BASE SALES BY END MARKET SECTOR ($ / TON)[1][2]



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.

When surcharges are included in a customer agreement and are applicable (i.e., reach the threshold amount), based on the terms outlined in the respective agreement, surcharges are then included as separate line items on a customer's invoice. These additional surcharge line items adjust base prices to match cost fluctuations due to market conditions. Each month, the company will post on the surcharges page of its external website, as well as our customer portal, the scrap, alloy, and natural gas surcharges that will be applied (as a separate line item) to invoices dated in the following month (based upon shipment volumes in the following month). All surcharges invoiced are included in GAAP net sales. 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	2022
Net Sales	$ 528.6	$ 553.9	$ 479.3	$ 346.0	$ 527.9	$ 539.1
Less: Surcharges	105.1	134.4	104.1	59.3	167.7	171.6
Base sales(1)	$ 423.5	$ 419.5	$ 375.2	$ 286.7	$ 360.2	$ 367.5
Ship tons (k)	428.1	428.3	397.6	308.1	370.4	313.2
Avg. base sales per ton	$ 989	$ 980	$ 944	$ 931	$ 972	$ 1,173
Avg. net sales per ton	$ 1,235	$ 1,293	$ 1,205	$ 1,123	$ 1,425	$ 1,721

INDUSTRIAL

$m	2017	2018	2019	2020	2021	2022
Net Sales	$ 486.4	$ 637.5	$ 486.3	$ 391.7	$ 661.2	$ 628.7
Less: Surcharges	106.6	161.5	99.9	61.1	218.3	200.6
Base sales(1)	$ 379.8	$ 476.0	$ 386.4	$ 330.6	$ 442.9	$ 428.1
Ship tons (k)	413.4	462.7	348.2	267.0	408.9	315.8
Avg. base sales per ton	$ 919	$ 1,029	$ 1,110	$ 1,238	$ 1,083	$ 1,356
Avg. net sales per ton	$ 1,177	$ 1,378	$ 1,397	$ 1,467	$ 1,617	$ 1,991

ENERGY

$m	2017	2018	2019	2020	2021	2022
Net Sales	$ 141.7	$ 265.6	$ 166.4	$ 53.2	$ 62.9	$ 136.6
Less: Surcharges	23.5	61.2	32.8	8.4	22.1	43.1
Base sales(1)	$ 118.2	$ 204.4	$ 133.6	$ 44.8	$ 40.8	$ 93.5
Ship tons (k)	97.0	152.8	90.6	36.3	39.3	63.1
Avg. base sales per ton	$ 1,219	$ 1,338	$ 1,475	$ 1,234	$ 1,038	$ 1,482
Avg. net sales per ton	$ 1,461	$ 1,738	$ 1,837	$ 1,466	$ 1,601	$ 2,165

OTHER

$m	2017	2018	2019	2020	2021	2022
Net Sales	$ 172.5	$ 153.6	$ 76.8	$ 39.8	$ 30.9	$ 25.5
Less: Surcharges	56.1	48.3	16.7	7.2	-	-
Base sales(1)	$ 116.4	$ 105.3	$ 60.1	$ 32.6	$ 30.9	$ 25.5
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, 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, 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, adjusted to exclude surcharges including on a per ton basis, allows management and investors to better analyze key market indicators and trends.

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ANNUAL – CONSOLIDATED TOTAL

$m	2017	2018	2019	2020	2021	2022	Sep-YTD 2023
Net Sales	$ 1,329.2	$ 1,610.6	$ 1,208.8	$ 830.7	$ 1,282.9	$ 1,329.9	$ 1,034.4
Less: Surcharges	291.3	405.4	253.5	136.0	408.1	415.3	273.5
Base sales(1)	$ 1,037.9	$ 1,205.2	$ 955.3	$ 694.7	$ 874.8	$ 914.6	$ 760.9
Ship tons (k)	1,150.2	1,199.4	898.3	640.4	818.6	692.1	526.2
Avg. base sales per ton	$ 902	$ 1,005	$ 1,063	$ 1,085	$ 1,069	$ 1,322	$ 1,446
Avg. net sales per ton	$ 1,156	$ 1,343	$ 1,346	$ 1,297	$ 1,567	$ 1,922	$ 1,966

(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.

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MOBILE

$m	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Net Sales	$ 130.0	$ 112.1	$ 127.8	$ 136.9	$ 140.1
Less: Surcharges	42.9	27.8	31.7	37.6	34.1
Base sales(1)	$ 87.1	$ 84.3	$ 96.1	$ 99.3	$ 106.0
Ship tons (k)	71.2	67.7	80.4	79.5	79.1
Avg. base sales per ton	$ 1,223	$ 1,245	$ 1,196	$ 1,250	$ 1,340
Avg. net sales per ton	$ 1,826	$ 1,656	$ 1,590	$ 1,722	$ 1,771

INDUSTRIAL

$m	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Net Sales	$ 146.0	$ 99.5	$ 143.7	$ 168.8	$ 173.7
Less: Surcharges	45.8	19.9	38.0	51.0	43.4
Base sales(1)	$ 100.2	$ 79.6	$ 105.7	$ 117.8	$ 130.3
Ship tons (k)	71.3	47.5	72.2	78.4	82.4
Avg. base sales per ton	$ 1,405	$ 1,676	$ 1,464	$ 1,502	$ 1,581
Avg. net sales per ton	$ 2,048	$ 2,095	$ 1,990	$ 2,153	$ 2,108

ENERGY

$m	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Net Sales	$ 36.0	$ 29.3	$ 46.2	$ 45.9	$ 35.6
Less: Surcharges	11.3	6.8	13.1	15.5	9.1
Base sales(1)	$ 24.7	$ 22.5	$ 33.1	$ 30.4	$ 26.5
Ship tons (k)	16.0	13.1	20.3	19.6	14.3
Avg. base sales per ton	$ 1,544	$ 1,718	$ 1,631	$ 1,550	$ 1,854
Avg. net sales per ton	$ 2,250	$ 2,237	$ 2,276	$ 2,342	$ 2,490

OTHER

$m	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Net Sales	$ 4.8	$ 4.5	$ 5.8	$ 5.0	$ 4.8
Less: Surcharges	—	—	—	—	—
Base sales(1)	$ 4.8	$ 4.5	$ 5.8	$ 5.0	$ 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

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QUARTERLY – CONSOLIDATED TOTAL

$m	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Net Sales	$ 316.8	$ 245.4	$ 323.5	$ 356.6	$ 354.2
Less: Surcharges	100.0	54.5	82.8	104.1	86.6
Base sales(1)	$ 216.8	$ 190.9	$ 240.7	$ 252.5	$ 267.6
Ship tons (k)	158.5	128.3	172.9	177.5	175.8
Avg. base sales per ton	$ 1,368	$ 1,488	$ 1,392	$ 1,423	$ 1,522
Avg. net sales per ton	$ 1,999	$ 1,913	$ 1,871	$ 2,009	$ 2,015

(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)[2], Adjusted EBIT[4], Earnings (Loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA)[3] and Adjusted EBITDA[5] 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. 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)	2017	2018	2019	2020	2021	2022	Sep-YTD 2023
Net income (loss)	$ (31.3)	$ (10.0)	$ (110.0)	$ (61.9)	$ 171.0	$ 65.1	$ 68.1
Net Income Margin[1]	(2.4%)	(0.6%)	(9.1%)	(7.5%)	13.3%	4.9%	6.6%
Provision (benefit) for income taxes	1.5	1.8	(16.1)	1.2	5.7	32.0	24.6
Interest (income) expense, net	14.8	17.1	15.7	12.2	5.9	0.6	(5.0)
Earnings (loss) Before Interest and Taxes (EBIT)[2]	$ (15.0)	$ 8.9	$ (110.4)	$ (48.5)	$ 182.6	$ 97.7	$ 87.7
EBIT margin[2]	(1.1%)	0.6%	(9.1%)	(5.8%)	14.2%	7.3%	8.5%
Depreciation and amortization	74.9	73.0	73.5	70.0	63.1	58.3	42.8
Earnings (loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA)[3]	$ 59.9	$ 81.9	$ (36.9)	$ 21.5	$ 245.7	$ 156.0	$ 130.5
EBITDA margin[3]	4.5%	5.1%	(3.1%)	2.6%	19.2%	11.7%	12.6%
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)		(0.7)
Gain (loss) from remeasurement of benefit plans, net	(21.8)	(43.5)	(40.6)	(14.7)	20.1	35.4	(1.7)
Write-down of supplies inventory					(2.1)		
Loss on extinguishment of debt				(0.9)		(43.1)	(11.4)
Employee retention credit				2.3			
Facility phase down: Inventory write-down			(4.8)				
Faircrest plant asset disposal, net of recovery				0.1			
Insurance recoveries[8]							11.3
Business transformation costs[6]			(0.5)	(1.0)	(2.0)	(1.6)	(0.7)
IT transformation costs[7]						(4.2)	(3.1)
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)		
Gain (loss) on sale or disposal of assets, net					(0.9)	(1.9)	2.8
Gain on sale of non-core property				0.5			
Adjusted EBIT[4]	$ 7.5	$ 55.0	$ (38.3)	$ (28.6)	$ 184.3	$ 113.9	$ 91.2
Adjusted EBIT margin[4]	0.6%	3.4%	(3.2%)	(3.4%)	14.4%	8.6%	8.8%
Adjusted EBITDA[5]	$ 82.4	$ 128.0	$ 32.4	$ 38.0	$ 245.9	$ 172.2	$ 133.3
Adjusted EBITDA margin[5]	6.2%	7.9%	2.7%	4.6%	19.2%	12.9%	12.9%

(1) Net Income Margin is defined as net income (loss) as a percentage of net sales
(2) 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
(3) 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
(4) 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
(5) 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
(6) Business transformation costs consist of items that are non-routine in nature
(7) IT transformation costs are primarily related to professional service fees not eligible for capitalization that are associated specifically with an information technology application simplification and modernization project
(8) During the second half of 2022, the Faircrest melt shop experienced unplanned operational downtime. During the first half of 2023, TimkenSteel recognized insurance recoveries of $11.3 million related to the unplanned downtime

Reconciliation of Earnings (Loss) Before Interest and Taxes (EBIT)[2], Adjusted EBIT[4], Earnings (Loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA)[3] and Adjusted EBITDA[5] 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. 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 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Net income (loss)	$ (13.3)	$ (33.2)	$ 14.4	$ 28.9	$ 24.8
Net Income Margin[1]	(4.2%)	(13.5%)	4.5%	8.1%	7.0%
Provision (benefit) for income taxes	0.7	28.9	3.8	11.0	9.8
Interest (income) expense, net	(0.2)	(1.0)	(1.5)	(1.7)	(1.8)
Earnings (loss) Before Interest and Taxes (EBIT)[2]	$ (12.8)	$ (5.3)	$ 16.7	$ 38.2	$ 32.8
EBIT margin[2]	(4.0%)	(2.2%)	5.2%	10.7%	9.3%
Depreciation and amortization	14.4	14.6	14.5	14.3	14.0
Earnings (loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA)[3]	$ 1.6	$ 9.3	$ 31.2	$ 52.5	$ 46.8
EBITDA margin[3]	0.5%	3.8%	9.6%	14.7%	13.2%
Restructuring charges					
Accelerated depreciation and amortization (EBIT only)			(0.3)	(0.3)	(0.1)
Gain (loss) from remeasurement of benefit plans, net	(4.8)	(1.8)	(2.2)	(0.5)	1.0
Loss on extinguishment of debt	(0.1)		(11.4)		
Insurance recoveries [8]			9.8	1.5	
Business transformation costs[6]	(0.8)	(0.1)	(0.1)	(0.3)	(0.3)
IT transformation costs[7]	(1.6)	(1.3)	(0.8)	(1.3)	(1.0)
Gain (loss) on sale or disposal of assets, net	(1.9)	0.6	(0.1)	2.6	0.3
Adjusted EBIT[4]	$ (3.6)	$ (2.7)	$ 21.8	$ 36.5	$ 32.9
Adjusted EBIT margin[4]	(1.1%)	(1.1%)	6.7%	10.2%	9.3%
Adjusted EBITDA[5]	$ 10.8	$ 11.9	$ 36.0	$ 50.5	$ 46.8
Adjusted EBITDA margin[5]	3.4%	4.8%	11.1%	14.2%	13.2%

(1) Net Income Margin is defined as net income (loss) as a percentage of net sales
(2) 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
(3) 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
(4) 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
(5) 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
(6) Business transformation costs consist of items that are non-routine in nature
(7) IT transformation costs are primarily related to professional service fees not eligible for capitalization that are associated specifically with an information technology application simplification and modernization project
(8) During the second half of 2022, the Faircrest melt shop experienced unplanned operational downtime. TimkenSteel recognized an insurance recovery of $11.3 million related to the unplanned downtime in the first half of 2023, of which $9.8 million was recorded during the first quarter and $1.5 million was recorded in the second quarter.

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)	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Net Cash Provided (Used) by Operating Activities	$ 46.8	$ 23.7	$ 9.8	$ 13.3	$ 28.1
Less: Capital expenditures	(5.7)	(11.4)	(10.6)	(8.1)	(17.5)
Free Cash Flow[(1)]	$ 41.1	$ 12.3	$ (0.8)	$ 5.2	$ 10.6

$M — ANNUAL – CONSOLIDATED TOTAL

(Unaudited)	2017	2018	2019	2020	2021	2022	Sep-YTD 2023
Net Cash Provided (Used) by Operating Activities	$ 8.1	$ 18.5	$ 70.3	$ 173.5	$ 196.9	$ 134.5	$ 51.2
Less: Capital expenditures	(33.0)	(40.0)	(38.0)	(16.9)	(12.2)	(27.1)	(36.2)
Free Cash Flow[(1)]	$ (24.9)	$ (21.5)	$ 32.3	$ 156.6	$ 184.7	$ 107.4	$ 15.0

(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)	2022	2022	2023	2023	2023
Cash and cash equivalents	$ 262.5	$ 257.2	$ 227.4	$ 221.9	$ 225.4
Credit Agreement:					
Maximum availability	$ 400.0	$ 400.0	$ 400.0	$ 400.0	$ 400.0
Suppressed availability[2]	(169.9)	(161.2)	(91.4)	(86.7)	(100.9)
Availability	230.1	238.8	308.6	313.3	299.1
Credit facility amount borrowed	-	-	-	-	-
Letter of credit obligations	(5.4)	(5.3)	(5.3)	(5.3)	(5.4)
Availability not borrowed	$ 224.7	$ 233.5	$ 303.3	$ 308.0	$ 293.7
Total Liquidity[1]	$ 487.2	$ 490.7	$ 530.7	$ 529.9	$ 519.1

(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]	2022
Capital Expenditures	$ 33.0	$ 40.0	$ 38.0	$ 16.9	$ 12.2	$ 28.0	$ 27.1

	ANNUAL – CONSOLIDATED TOTAL						
	2017	2018	2019	2020	2021	Historical Average[1]	2022
Melt Utilization[2]	73%	74%	50%	37%	73%	61%	63%

(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]	2022
Total Debt[4]	$ 165.3	$ 189.1	$ 168.6	$ 78.2	$ 44.9	$ 129.2	$ 20.4
Less: Cash and Cash Equivalents	24.5	21.6	27.1	102.8	259.6	87.1	257.2
Net Debt	$ 140.8	$ 167.5	$ 141.5	$ (24.6)	$ (214.7)	$ 42.1	$ (236.8)
Adjusted EBITDA[3]	$ 82.4	$ 128.0	$ 32.4	$ 38.0	$ 245.9	$ 105.3	$ 172.2
Net Leverage[1]	1.7x	1.3x	4.4x	(0.6x)	(0.9x)	1.2x	(1.4x)

(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
(4) Total Debt is defined as the accumulated balances of current convertible notes, net, non-current convertible notes, net, and the outstanding debt balance on the credit agreement

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(2)		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%

2022 ($M)

	2021	2022
Total Assets	$ 1,158.9	$ 1,082.0
Less: Total Current Liabilities	250.8	186.7
Capital Employed	$ 908.1	$ 895.3
Average Capital Employed		$ 901.7
Adjusted EBITDA		$ 172.2
Return on Capital Employed		19.1%

(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