Third-Quarter 2018
Earnings & Investor Presentation

October 25, 2018

TIMKEN STEEL

Forward-looking statements and non-GAAP financial information

This presentation includes “forward-looking” statements within the meaning of the federal securities laws. You can generally identify the company’s forward-looking statements by words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “forecast,” “outlook,” “intend,” “may,” “possible,” “potential,” “predict,” “project,” “seek,” “target,” “could,” “may,” “should” or “would” or other similar words, phrases or expressions that convey the uncertainty of future events or outcomes. The company cautions readers that actual results may differ materially from those expressed or implied in forward-looking statements made by or on behalf of the company due to a variety of factors, such as: deterioration in world economic conditions, or in economic conditions in any of the geographic regions in which the company conducts business, including additional adverse effects from global economic slowdown, terrorism or hostilities, including political risks associated with the potential instability of governments and legal systems in countries in which the company or its customers conduct business, and changes in currency valuations; the effects of fluctuations in customer demand on sales, product mix and prices in the industries in which the company operates, including the ability of the company to respond to rapid changes in customer demand, the effects of customer bankruptcies or liquidations, the impact of changes in industrial business cycles, and whether conditions of fair trade exist in U.S. markets; competitive factors, including changes in market penetration, increasing price competition by existing or new foreign and domestic competitors, the introduction of new products by existing and new competitors, and new technology that may impact the way the company’s products are sold or distributed; changes in operating costs, including the effect of changes in the company’s manufacturing processes, changes in costs associated with varying levels of operations and manufacturing capacity, availability of raw materials and energy, the company’s ability to mitigate the impact of fluctuations in raw materials and energy costs and the effectiveness of its surcharge mechanism, changes in the expected costs associated with product warranty claims, changes resulting from inventory management, cost reduction initiatives and different levels of customer demands, the effects of unplanned work stoppages, and changes in the cost of labor and benefits; the success of the company’s operating plans, announced programs, initiatives and capital investments (including the jumbo bloom vertical caster and advanced quench-and-temper facility), the ability to integrate acquired companies, the ability of acquired companies to achieve satisfactory operating results, including results being accretive to earnings, and the company’s ability to maintain appropriate relations with unions that represent its associates in certain locations in order to avoid disruptions of business; unanticipated litigation, claims or assessments, including claims or problems related to intellectual property, product liability or warranty, and environmental issues and taxes, among other matters; the availability of financing and interest rates, which affect the company’s cost of funds and/or ability to raise capital, the company’s pension obligations and investment performance, and/or customer demand and the ability of customers to obtain financing to purchase the company’s products or equipment that contain its products; the amount of any dividend declared by the company’s Board of Directors on the company’s common shares; and the overall impact of mark-to-market accounting. Additional risks relating to the company’s business, the industries in which the company operates or the company’s common shares may be described from time to time in the company’s filings with the SEC. All of these risk factors are difficult to predict, are subject to material uncertainties that may affect actual results and may be beyond the company’s control. Readers are cautioned that it is not possible to predict or identify all of the risks, uncertainties and other factors that may affect future results and that the above list should not be considered to be a complete list. Except as required by the federal securities laws, the company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

The unaudited pro forma consolidated financial data in this presentation is subject to assumptions and adjustments described in the company’s registration statement on Form 10. TimkenSteel Corporation’s (“TimkenSteel”) management believes these assumptions and adjustments are reasonable under the circumstances. The unaudited pro forma consolidated financial data does not purport to represent what TimkenSteel’s financial position and results of operations actually would have been had the spinoff occurred on the dates indicated, or to project TimkenSteel’s financial performance for any future period following the spinoff.

This presentation also includes certain non-GAAP financial measures as defined by SEC rules. A reconciliation of those measures to the most directly comparable GAAP equivalent is contained in the Appendix. Please see discussion of non-GAAP financial measures in the Appendix.

Third-quarter 2018 highlights

- Net sales of $410 million, an increase of 21 percent year over year, benefited from improved product mix, higher prices and surcharges, and increased volume.
- Net income of $1.4 million exceeded the prior-year net loss of $5.9 million.
- Adjusted EBITDA[1] of $26.5 million exceeded expectations.
- Shipments of approximately 295,500 tons increased 2 percent year over year due to continued end-market strength.
- Safety performance remains top quartile among steel manufacturers.
- Recognized by the Employers' Resource Council as one of Northeast Ohio's best places to work.

Employees across the company participated in TimkenSteel's Commit to Safety banner signing and submit-a-safety-share campaign. The promotion was in conjunction with OSHA's Safe + Sound initiative.

St. Clair plant employees, community leaders and company representatives gathered to celebrate the facility's 25 years of providing high-quality value-added components to automotive and industrial customers.

[1] *Please see the discussion of Non-GAAP Financial Measures in the Appendix. Adjusted EBITDA in the third quarter of 2018 excludes $1.7 million of executive severance costs.*

Operating performance

(Dollars per million)

EBIT 2017 3Q vs. 2018 3Q

- Higher demand in industrial and energy end markets resulted in improved product mix and higher base price per ton.
- Higher manufacturing expense due to timing of annual shutdown occurring in third quarter, as well as inflation. (Prior-year maintenance was performed in fourth quarter.)
- Raw material spread returned to more normal levels.
- SG&A variance driven by $1.7 million of severance costs.
- "Other" primarily includes a benefit from non-service related pension and other post-employment benefit (OPEB) plans.

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

Market outlook

Direct End Markets

	Market Sentiment	TimkenSteel Sentiment	
North American Light Vehicles	●	↔	Market remains strong; maintaining production levels to align inventory with demand.
Mining	●	↑	Mining market outlook is among the strongest in the industrial sector.
Machinery	●	↗	General industrial growth is expected to be more than 5 percent through 2019.
Rail	●	↔	Rail equipment sales outlook continues to be flat.
Agriculture	●	↗	Agriculture market continues to rebound.
Oil and Gas	●	↗	Drilling growth is moderating due to constraints on completion activity and takeaway capacity (pipelines to transport the oil and gas).
Oil County Tubular Goods (OCTG)	●	↑	The number of drilled but uncompleted wells (DUCs) remains at an all-time high; completion activity is expected to remain strong through 2019.

Channels

Distribution	●	↔	Downward inventory adjustments expected in fourth quarter.

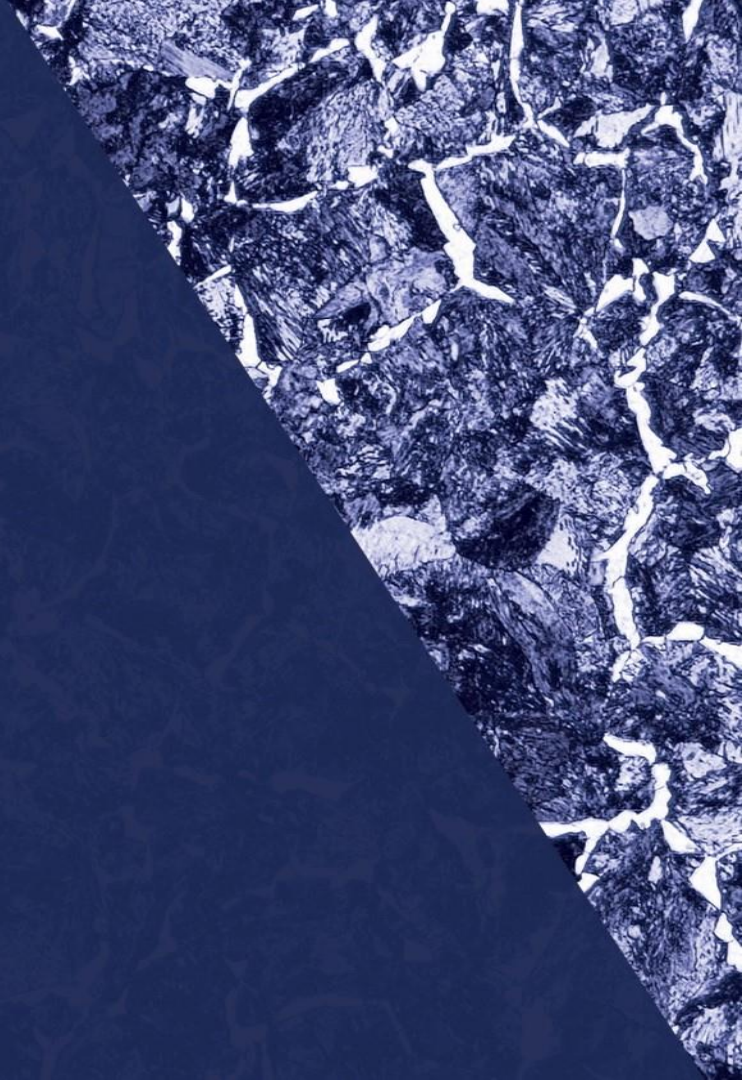
Source: TimkenSteel as of October 8, 2018

Outlook

Guidance

Fourth-quarter 2018 revenue	• Shipments are expected to be similar to fourth-quarter 2017 with continued improvement in mix. • Normal seasonality will impact fourth-quarter outlook as customers balance inventories.
Fourth-quarter 2018 EBITDA[1]	• Adjusted EBITDA[1] is projected to be between $15 million and $25 million. At this time, the company is unable to reconcile its fourth-quarter outlook for Adjusted EBITDA[1] to a comparable GAAP range due to an expected full re-measurement of its pension and OPEB plan assets and obligations at December 31, 2018. The amount of the gain or loss from the re-measurement cannot currently be estimated. • Raw material spread is expected to be similar to third-quarter 2018. • Higher manufacturing costs and consumables inflation will be a headwind.
Other	• 2018 capital spending is projected to be approximately $40 million.

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

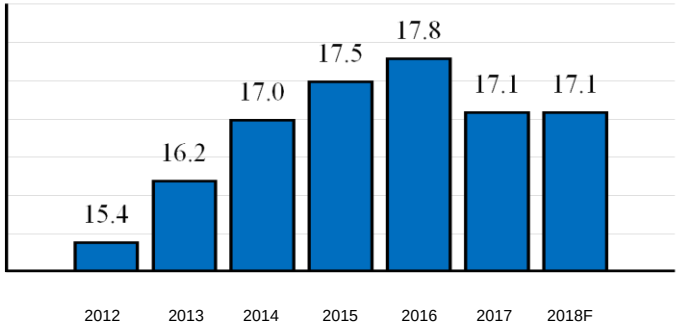


Appendix

Economic indicators

Mobile

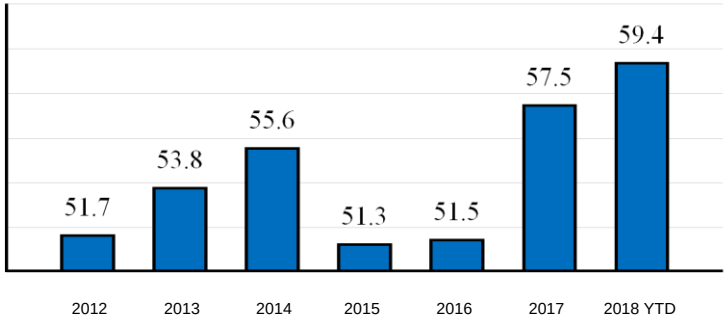
North American light vehicle production *(millions)*



Source: IHS Automotive (September 2018)

Industrial

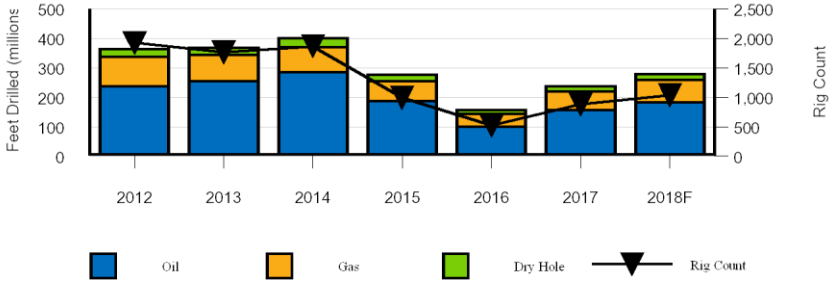
U.S. manufacturing PMI index, seasonally adjusted



Source: Institute For Supply Management (September 2018)

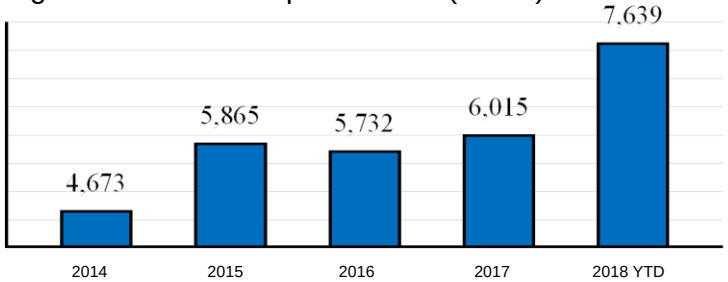
Energy

U.S. drilling activity



Source: Spears Drilling and Production Outlook (September 2018 publication)
*Prior-year drilling data may be restated due to the availability of more comprehensive data.

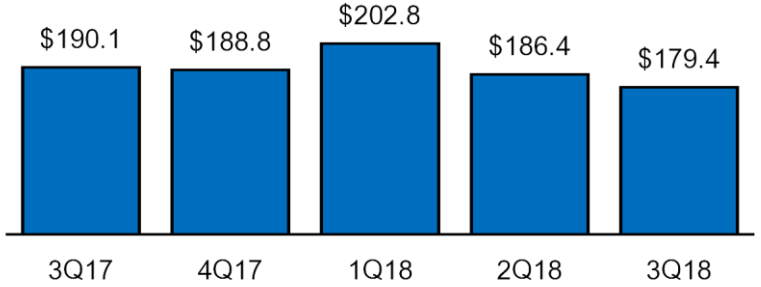
Avg. drilled but uncompleted wells (DUCs)



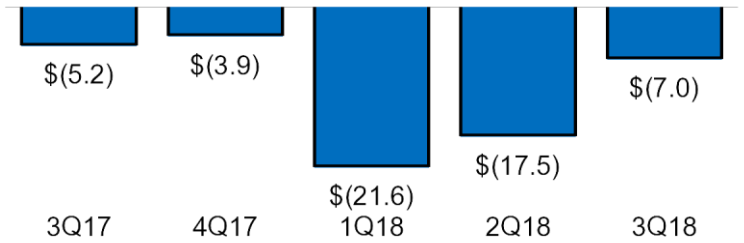
Source: U.S. Energy Information Administration (EIA) (September 2018)
*EIA regularly modifies its calculations due to changes in correlation methodology, which modification may result in changes to prior-year figures.

Financial performance - rolling five quarters

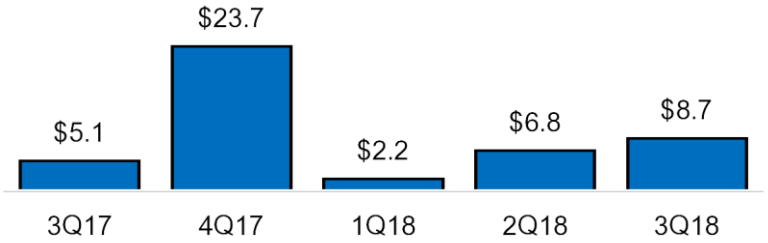
Available Liquidity ($m)



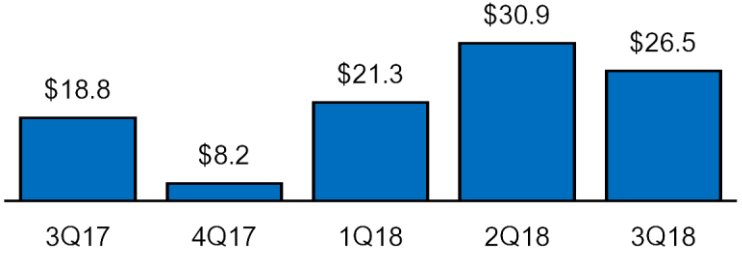
Free Cash Flow ($m)[2]



Capex ($m)



Adjusted EBITDA ($m)[1]



Source: TimkenSteel

(1) *Adjusted EBITDA is defined as EBITDA excluding (a) for third and fourth quarters of 2017, the loss from remeasurement of benefit plans and (b) for the third quarter 2018, executive severance.*

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

(1) Non-GAAP financial measures

TimkenSteel reports its financial results in accordance with accounting principles generally accepted in the United States (“GAAP”) and corresponding metrics as non-GAAP financial measures. This presentation includes references to the following non-GAAP financial measures: Base Sales, EBIT, EBITDA, Adjusted EBIT, Adjusted EBITDA and Free Cash Flow. These are important financial measures used in the management of the business, including decisions concerning the allocation of resources and assessment of performance. Management believes that reporting Base Sales is important to investors as it provides additional insight into key drivers of net sales such as base price and product mix. Management believes that reporting EBIT, EBITDA, Adjusted EBIT and Adjusted EBITDA is useful to investors as these measures are representative of the Company’s performance and provide improved comparability of results. Management believes that reporting Free Cash Flow is useful to investors because it is a meaningful indicator of cash generated from operating activities available for the execution of its business strategy.

See the attached schedules for definitions of the non-GAAP financial measures referred to above and corresponding reconciliations of these non-GAAP financial measures to the most comparable GAAP financial measures. At this time, the company is unable to reconcile its fourth quarter outlook for Adjusted EBITDA to a comparable GAAP range due to an expected full re-measurement of its pension and OPEB plan assets and obligations at December 31, 2018. The amount of the gain or loss from the re-measurement cannot currently be estimated.
Non-GAAP financial measures should be viewed as additions to, and not as alternatives for, TimkenSteel's results prepared in accordance with GAAP. In addition, the non-GAAP measures TimkenSteel uses may differ from non-GAAP measures used by other companies, and other companies may not define the non-GAAP measures TimkenSteel uses in the same way.

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

The tables below present net sales by end-market sector, adjusted to exclude raw material surcharges, which represents a financial measure that has not been determined in accordance with U.S. GAAP. We believe presenting net sales by end-market sector, adjusted to exclude raw material surcharges, provides additional insight into key drivers of net sales such as base price and product mix.

Mobile

$m	3Q 2017	4Q 2017	1Q 2018	2Q 2018	3Q 2018
Net Sales	$ 127.5	$ 128.9	$ 142.5	$ 141.6	$ 136.4
Less: Surcharges	27.1	26.9	31.3	34.9	34.2
Base sales[1]	$ 100.4	$ 102.0	$ 111.2	$ 106.7	$ 102.2
Ship tons (k)	100.8	103.7	110.4	111.9	103.6
Avg. base sales per ton	$ 996.0	$ 983.6	$ 1,007.2	$ 953.5	$ 986.5
Avg. net sales per ton	$ 1,264.9	$ 1,243.0	$ 1,290.8	$ 1,265.4	$ 1,316.6

Industrial

$m	3Q 2017	4Q 2017	1Q 2018	2Q 2018	3Q 2018
Net Sales	$ 126.3	$ 129.3	$ 147.7	$ 166.9	$ 169.7
Less: Surcharges	28.8	29.7	35.2	42.9	45.1
Base sales[1]	$ 97.5	$ 99.6	$ 112.5	$ 124.0	$ 124.6
Ship tons (k)	106.2	105.0	113.7	123.0	119.9
Avg. base sales per ton	$ 918.1	$ 948.6	$ 989.4	$ 1,008.1	$ 1,039.2
Avg. net sales per ton	$ 1,189.3	$ 1,231.4	$ 1,299.0	$ 1,356.9	$ 1,415.3

Energy

$m	3Q 2017	4Q 2017	1Q 2018	2Q 2018	3Q 2018
Net Sales	$ 37.7	$ 42.7	$ 49.1	$ 68.8	$ 70.1
Less: Surcharges	6.4	8.2	11.0	15.1	17.7
Base sales[1]	$ 31.3	$ 34.5	$ 38.1	$ 53.7	$ 52.4
Ship tons (k)	26.7	27.7	29.0	40.5	40.4
Avg. base sales per ton	$ 1,172.3	$ 1,245.5	$ 1,313.8	$ 1,325.9	$ 1,297.0
Avg. net sales per ton	$ 1,412.0	$ 1,541.5	$ 1,693.1	$ 1,698.8	$ 1,735.1

Other

$m	3Q 2017	4Q 2017	1Q 2018	2Q 2018	3Q 2018
Net Sales	$ 47.6	$ 40.5	$ 41.5	$ 36.2	$ 33.7
Less: Surcharges	15.6	12.7	13.2	10.9	10.1
Base sales[1]	$ 32.0	$ 27.8	$ 28.3	$ 25.3	$ 23.6
Ship tons (k)	56.2	49.4	46.6	34.3	31.6
Avg. base sales per ton	$ 569.4	$ 562.8	$ 607.3	$ 737.6	$ 746.8
Avg. net sales per ton	$ 847.0	$ 819.8	$ 890.6	$ 1,055.4	$ 1,066.5

Source: TimkenSteel

[1] *Base Sales is defined as net sales adjusted to exclude raw material surcharges.*

Figures in the table may not recalculate exactly as presented in the earnings release due to rounding.

Yearly reconciliation of base sales[1] to GAAP net sales

The tables below present net sales by end-market sector, adjusted to exclude raw material surcharges, which represents a financial measure that has not been determined in accordance with U.S. GAAP. We believe presenting net sales by end-market sector, adjusted to exclude raw material surcharges, provides additional insight into key drivers of net sales such as base price and product mix.

Mobile

$m	2013	2014	2015	2016	2017
Net Sales	$ 550.4	$ 535.0	$ 504.4	$ 475.4	$ 528.6
Less: Surcharges	121.3	122.3	67.0	50.3	105.1
Base sales[1]	$ 429.1	$ 412.7	$ 437.4	$ 425.1	$ 423.5
Ship tons (k)	420.2	391.9	417.2	413.0	428.1
Avg. base sales per ton	$ 1,021.2	$ 1,053.1	$ 1,048.4	$ 1,029.3	$ 989.3
Avg. net sales per ton	$ 1,309.9	$ 1,365.1	$ 1,209.0	$ 1,151.1	$ 1,234.8

Industrial

$m	2013	2014	2015	2016	2017
Net Sales	$ 499.5	$ 649.2	$ 437.8	$ 323.7	$ 486.4
Less: Surcharges	112.0	162.2	72.3	35.9	106.6
Base sales[1]	$ 387.5	$ 487.0	$ 365.5	$ 287.8	$ 379.8
Ship tons (k)	325.6	443.4	328.9	284.3	413.4
Avg. base sales per ton	$ 1,190.1	$ 1,098.3	$ 1,111.3	$ 1,012.3	$ 918.7
Avg. net sales per ton	$ 1,534.1	$ 1,464.1	$ 1,331.1	$ 1,138.6	$ 1,176.6

Energy

$m	2013	2014	2015	2016	2017
Net Sales	$ 301.2	$ 458.1	$ 144.6	$ 35.7	$ 141.7
Less: Surcharges	66.9	105.5	24.4	3.2	23.5
Base sales[1]	$ 234.3	$ 352.6	$ 120.2	$ 32.5	$ 118.2
Ship tons (k)	172.4	258.4	91.0	23.5	97.0
Avg. base sales per ton	$ 1,359.0	$ 1,364.6	$ 1,320.9	$ 1,383.0	$ 1,218.6
Avg. net sales per ton	$ 1,747.1	$ 1,772.8	$ 1,589.0	$ 1,519.1	$ 1,460.8

Other

$m	2013	2014	2015	2016	2017
Net Sales	$ 29.9	$ 31.9	$ 19.4	$ 34.7	$ 172.5
Less: Surcharges	—	—	—	4.3	56.1
Base sales[1]	$ 29.9	$ 31.9	$ 19.4	$ 30.4	$ 116.4
Ship tons (k)	—	—	—	25.9	211.7
Avg. base sales per ton	—	—	—	$ 1,173.7	$ 549.8
Avg. net sales per ton	—	—	—	$ 1,339.8	$ 814.8

Source: TimkenSteel, The Timken Company

[1]*Base Sales is defined as net sales adjusted to exclude raw material surcharges.*

Figures in the table may not recalculate exactly as presented in the earnings release due to rounding.

Reconciliation of Earnings (Loss) Before Interest and Taxes (EBIT)[1], Adjusted EBIT[3], Earnings (Loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA)[2] and Adjusted EBITDA[4] to GAAP Net Income (Loss):

This reconciliation is provided as additional relevant information about the Company's performance. EBIT, Adjusted EBIT, EBITDA and Adjusted EBITDA are important financial measures used in the management of the business, including decisions concerning the allocation of resources and assessment of performance. Management believes that reporting EBIT, Adjusted EBIT, EBITDA and Adjusted EBITDA is useful to investors as these measures are representative of the Company's performance, and provide improved comparability of results. Management also believes that it is appropriate to compare GAAP net income (loss) to EBIT, Adjusted EBIT, EBITDA and Adjusted EBITDA.

$m					
(Unaudited)	**3Q 2017**	**4Q 2017**	**1Q 2018**	**2Q 2018**	**3Q 2018**
Net income (loss)	**($5.9)**	**($33.9)**	**($1.9)**	**$8.4**	**$1.4**
Provision for income taxes	**0.1**	**0.3**	**0.1**	**0.2**	**0.9**
Interest expense	**3.7**	**3.8**	**4.6**	**3.9**	**4.4**
Earnings (Loss) Before Interest and Taxes (EBIT) [1]	**($2.1)**	**($29.8)**	**$2.8**	**$12.5**	**$6.7**
EBIT Margin [1]	**(0.6)%**	**(8.7)%**	**0.7%**	**3.0%**	**1.6%**
Depreciation and amortization	**18.6**	**18.5**	**18.5**	**18.4**	**18.1**
Earnings (Loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA) [2]	**$16.5**	**($11.3)**	**$21.3**	**$30.9**	**$24.8**
EBITDA Margin[2]	**4.9%**	**(3.3)%**	**5.6%**	**7.5%**	**6.1%**
Executive severance	**—**	**—**	**—**	**—**	**(1.7)**
Loss from remeasurement of benefit plans	**(2.3)**	**(19.5)**	**—**	**—**	**—**
Adjusted EBIT [3]	**$0.2**	**($10.3)**	**$2.8**	**$12.5**	**$8.4**
Adjusted EBIT Margin[3]	**0.1%**	**(3.0)%**	**0.7%**	**3.0%**	**2.0%**
Adjusted EBITDA [4]	**$18.8**	**$8.2**	**$21.3**	**$30.9**	**$26.5**
Adjusted EBITDA Margin[4]	**5.5%**	**2.4%**	**5.6%**	**7.5%**	**6.5%**

Source: TimkenSteel

[1]EBIT is defined as net income (loss) before interest expense and income taxes. EBIT Margin is EBIT as a percentage of net sales.

[2] EBITDA is defined as net income (loss) before interest expense, income taxes, depreciation and amortization. EBITDA Margin is EBITDA as a percentage of net sales.

[3] Adjusted EBIT is defined as EBIT excluding (a) for the third and fourth quarters of 2017, the loss from remeasurement of benefit plans and (b) for the third quarter 2018, executive severance. Adjusted EBIT Margin is Adjusted EBIT as a percentage of net sales.

[4] Adjusted EBITDA is defined as EBITDA excluding (a) for the third and fourth quarters of 2017, the loss from remeasurement of benefit plans and (b) for the third quarter 2018, executive severance. Adjusted EBITDA Margin is Adjusted EBITDA as a percentage of net sales.

Figures in the table may not recalculate exactly as presented in the earnings release due to rounding.

Reconciliation of 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	3Q 2017	4Q 2017	1Q 2018	2Q 2018	3Q 2018
(Unaudited)					
Net Cash Provided (Used) by Operating Activities	**($0.1)**	**$19.8**	**($19.4)**	**($10.7)**	**$1.7**
Less: Capital expenditures	**(5.1)**	**(23.7)**	**(2.2)**	**(6.8)**	**(8.7)**
Free Cash Flow	**($5.2)**	**($3.9)**	**($21.6)**	**($17.5)**	**($7.0)**

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

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

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

$m (Unaudited)	September 30, 2018	December 31, 2017
Convertible notes, net	$73.0	$70.1
Other long-term debt	145.0	95.2
Total long-term financing	218.0	165.3
Less: Cash and cash equivalents	27.0	24.5
Net Debt	**$191.0**	**$140.8**
Total Equity	**$574.3**	**$560.7**
Ratio of Total Debt to Capital	**27.5%**	**22.8%**
Ratio of Net Debt to Capital	**24.1%**	**19.4%**

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