TIMKEN STEEL

First-Quarter 2017 Earnings Supporting Information

April 27, 2017

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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: the impact of mark-to-market accounting; the company’s ability to realize the expected benefits of the spinoff; the costs associated with being an independent public company, which may be higher than anticipated; 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, the company’s ability to maintain appropriate relations with unions that represent its associates in certain locations in order to avoid disruptions of business; and 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. Additional risks relating to the company’s business, the industries in which the company operates or the company’s common shares may be described from time to time in the company’s filings with the SEC. All of these risk factors are difficult to predict, are subject to material uncertainties that may affect actual results and may be beyond the company’s control. Readers are cautioned that it is not possible to predict or identify all of the risks, uncertainties and other factors that may affect future results and that the above list should not be considered to be a complete list. Except as required by the federal securities laws, the company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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

First-quarter 2017 highlights

- Shipments of approximately 280,000 tons from new business and increased market demand
- EBITDA of $17 million improved by $16 million sequentially, from production efficiencies on higher melt utilization and raw material spread
- Received the American Petroleum Institute Q1 certification in March, which will help us better serve our customers in the oil and gas industry
- Increased liquidity by about $30 million, to $174 million as of March 31, 2017
- Announced $30 per ton price increase on spot shipments beginning April 3, 2017

TimkenSteel added another quality certification to its list of credentials, receiving the American Petroleum Institute (API) Q1 certification in March. The certification, which is one of the most prestigious in the oil and gas industry, will give customers added assurance that TimkenSteel tubular products bearing the API-5CT monogram have been manufactured and tested to withstand the rigorous demands presented by harsh oilfield environments. Shown above: tubular steel produced in TimkenSteel's Gambrinus Steel Plant.

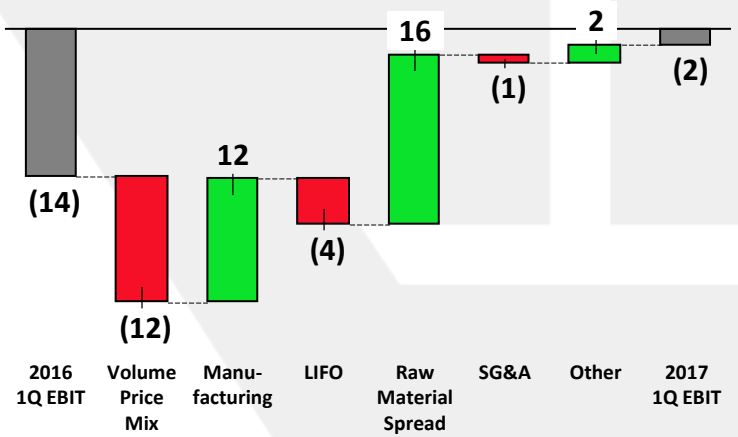
NOTE: Additional shipment and net sales information can be found on our investor relations website at investors.timkensteel.com under "Financial Information."

Operating performance

(Dollars per million)

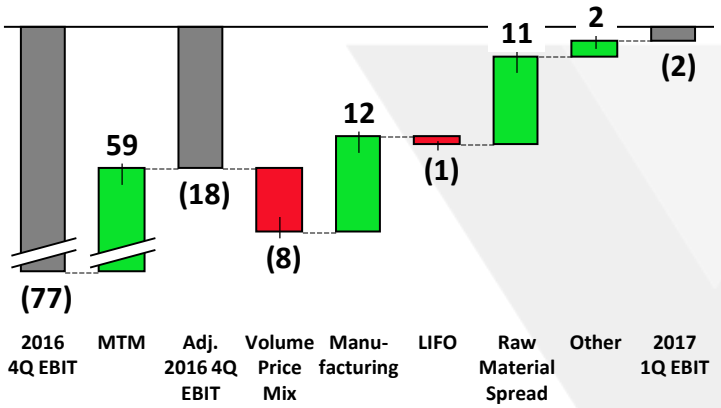
EBIT 2016 1Q vs. 2017 1Q

- Increased market penetration and sales initiatives were offset by shift in product mix and price pressure.
- Melt utilization was 71 percent for the quarter, compared with 47 percent in first-quarter 2016. Higher volumes improved both melt utilization and operating cost leverage.
- Favorable raw material spread largely driven by increase in scrap and alloy indices.



EBIT 2016 4Q vs. 2017 1Q

- Mark-to-market (MTM) represents the actuarial loss from the remeasurement of pension and other post-employment benefit plans, which occurred in the fourth-quarter 2016.
- Higher volumes from increased market penetration, new business, and seasonal restocking were offset by shift in product mix and price pressure.
- Melt utilization was 71 percent for the quarter, compared with 50 percent in fourth-quarter 2016. Higher volumes improved both melt utilization and operating cost leverage.
- Favorable raw material spread largely driven by increase in scrap and alloy indices



2017 market outlook

Direct End Markets

	Market Sentiment	TimkenSteel Sentiment	
North American Light Vehicles	●	↔	Market strong but peaking at a record-high level; anticipate periodic slowdowns for inventory adjustment
Mining	●	↗	Increasing share and expanding customer base; overall base activity levels improving
Machinery	●	↗	Improving aftermarket activity levels, but OEM build rates still flat
Rail	●	↔	Total railcar traffic improving; industry direction influenced by direction of automotive, construction and power (coal and oil/gas) markets
Agriculture	●	↔	Equipment purchases are slightly above 2017 forecast but remain low compared to historical levels
Oil and Gas	●	↗	Most in the industry are calling for a “slow and steady increase” in drilling and completion activity; expected to increase throughout 2017
Oil County Tubular Goods (OCTG)	●	↑	Oil prices at more than $50 a barrel driving more well completion activity and OCTG demand

Channels

Distribution	●	↑	Industrial inventories low; inventory levels in energy end-market improving

Source: TimkenSteel as of April 27, 2017

Outlook

Guidance	
Second-quarter 2017 revenue	▪ Shipments are expected to be approximately 10,000 to 20,000 tons (or about 5 percent) higher than first-quarter 2017 based upon positive sentiment across all markets. ▪ Shipments of billets to tube makers projected to be about 60,000 tons; 10,000 tons higher than first-quarter.
Second-quarter 2017 EBITDA	▪ Net income is projected to be between a loss of $8 million and income of $2 million. ▪ EBITDA is projected to be between $15 million and $25 million. ▪ Melt utilization is expected to increase from 71% to 74% from higher volumes. ▪ Raw material spread is expected to be similar to first-quarter (i.e. minimal sequential impact).
Other	▪ 2017 capital spending is projected to be $40 million. ▪ Anticipate commissioning of the advanced quench-and-temper facility in the fourth quarter.

Source: TimkenSteel as of April 27, 2017

Appendix

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(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: EBIT, Adjusted EBIT, EBITDA and Adjusted EBITDA. These are important financial measures used in the management of the business, including decisions concerning the allocation of resources and assessment of performance. Management believes that reporting these non-GAAP financial measures is useful to investors as these measures are representative of the Company’s performance and provide improved comparability of results.

See the attached schedules for definitions of the non-GAAP financial measures referred to above and corresponding reconciliations of these non-GAAP financial measures to the most comparable GAAP financial measures, as well as supplemental financial data. Non-GAAP financial measures should be viewed in addition to, and not as an alternative 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.

Supplemental information [1]

(Dollars in millions, except per ton data) (Unaudited)

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

Industrial	First Quarter			Second Quarter			Third Quarter			Fourth Quarter			Total		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Ship Tons (k)	116.5	72.1	99.4	89.1	74.6		64.9	70.2		58.4	67.4		328.9	284.3	99.4
Net Sales	$ 164.9	$ 82.3	$ 110.6	$ 118.4	$ 84.2		$ 85.0	$ 79.7		$ 69.5	$ 77.5		$ 437.8	$ 323.7	110.6
Less Surcharges	34.2	6.1	20.4	18.3	9.5		12.7	11.3		7.1	9.0		72.3	35.9	20.4
Base Sales	$ 130.7	$ 76.2	$ 90.2	$ 100.1	$ 74.7		$ 72.3	$ 68.4		$ 62.4	$ 68.5		$ 365.5	$ 287.8	$ 90.2
Net Sales/Ton	$ 1,415	$ 1,141	$ 1,113	$ 1,329	$ 1,129		$ 1,310	$ 1,135		$ 1,190	$ 1,150		$ 1,331	$ 1,139	$ 1,113
Base Sales/Ton	$ 1,122	$ 1,057	$ 907	$ 1,123	$ 1,001		$ 1,114	$ 974		$ 1,068	$ 1,016		$ 1,111	$ 1,012	$ 907

Mobile	First Quarter			Second Quarter			Third Quarter			Fourth Quarter			Total		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Ship Tons (k)	102.0	107.2	114.9	105.9	109.7		102.4	100.5		106.9	95.6		417.2	413.0	114.9
Net Sales	$ 131.3	$ 121.3	$ 136.6	$ 127.3	$ 124.1		$ 124.7	$ 120.4		$ 121.1	$ 109.6		$ 504.4	$ 475.4	136.6
Less Surcharges	24.2	8.8	22.9	16.4	12.9		15.7	16.3		10.7	12.3		67.0	50.3	22.9
Base Sales	$ 107.1	$ 112.5	$ 113.7	$ 110.9	$ 111.2		$ 109.0	$ 104.1		$ 110.4	$ 97.3		$ 437.4	$ 425.1	$ 113.7
Net Sales/Ton	$ 1,287	$ 1,132	$ 1,189	$ 1,202	$ 1,131		$ 1,218	$ 1,198		$ 1,133	$ 1,146		$ 1,209	$ 1,151	$ 1,189
Base Sales/Ton	$ 1,050	$ 1,049	$ 990	$ 1,047	$ 1,014		$ 1,064	$ 1,036		$ 1,033	$ 1,018		$ 1,048	$ 1,029	$ 990

Energy	First Quarter			Second Quarter			Third Quarter			Fourth Quarter			Total		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Ship Tons (k)	52.6	6.9	16.9	16.9	5.4		11.4	4.8		10.1	6.4		91.0	23.5	16.9
Net Sales	$ 87.7	$ 10.0	$ 23.7	$ 26.9	$ 9.0		$ 17.7	$ 7.4		$ 12.3	$ 9.3		$ 144.6	$ 35.7	23.7
Less Surcharges	16.7	0.6	2.9	3.7	0.8		2.6	0.9		1.4	0.9		24.4	3.2	2.9
Base Sales	$ 71.0	$ 9.4	$ 20.8	$ 23.2	$ 8.2		$ 15.1	$ 6.5		$ 10.9	$ 8.4		$ 120.2	$ 32.5	$ 20.8
Net Sales/Ton	$ 1,667	$ 1,449	$ 1,402	$ 1,592	$ 1,667		$ 1,553	$ 1,542		$ 1,218	$ 1,453		$ 1,589	$ 1,519	$ 1,402
Base Sales/Ton	$ 1,350	$ 1,362	$ 1,231	$ 1,373	$ 1,519		$ 1,325	$ 1,354		$ 1,079	$ 1,313		$ 1,321	$ 1,383	$ 1,231

Other	First Quarter			Second Quarter			Third Quarter			Fourth Quarter			Total		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Ship Tons (k)	-	-	48.7	-	-		-	2.3		-	23.6		-	25.9	48.7
Net Sales	$ 4.8	$ 4.3	$ 38.5	$ 5.6	$ 5.8		$ 5.3	$ 6.3		$ 3.7	$ 18.3		$ 19.4	$ 34.7	38.5
Less Surcharges	-	-	12.1	-	-		-	0.4		-	3.9		-	4.3	12.1
Base Sales	$ 4.8	$ 4.3	$ 26.4	$ 5.6	$ 5.8		$ 5.3	$ 5.9		$ 3.7	$ 14.4		$ 19.4	$ 30.4	$ 26.4
Net Sales/Ton	N/A	N/A	$ 791	N/A	N/A		N/A	$ 2,739		N/A	$ 775		N/A	$ 1,340	$ 791
Base Sales/Ton	N/A	N/A	$ 542	N/A	N/A		N/A	$ 2,565		N/A	$ 610		N/A	$ 1,174	$ 542

Total	First Quarter			Second Quarter			Third Quarter			Fourth Quarter			Total		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Ship Tons (k)	271.1	186.2	279.9	211.9	189.7		178.7	177.8		175.4	193.0		837.1	746.7	279.9
Net Sales	$ 388.7	$ 217.9	$ 309.4	$ 278.2	$ 223.1		$ 232.7	$ 213.8		$ 206.6	$ 214.7		$ 1,106.2	$ 869.5	309.4
Less Surcharges	75.1	15.5	58.3	38.4	23.2		31.0	28.9		19.2	26.1		163.7	93.7	58.3
Base Sales	$ 313.6	$ 202.4	$ 251.1	$ 239.8	$ 199.9		$ 201.7	$ 184.9		$ 187.4	$ 188.6		$ 942.5	$ 775.8	$ 251.1
Net Sales/Ton	$ 1,434	$ 1,170	$ 1,105	$ 1,313	$ 1,176		$ 1,302	$ 1,202		$ 1,178	$ 1,112		$ 1,321	$ 1,164	$ 1,105
Base Sales/Ton	$ 1,157	$ 1,087	$ 897	$ 1,132	$ 1,054		$ 1,129	$ 1,040		$ 1,068	$ 977		$ 1,126	$ 1,039	$ 897

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

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 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 loss to EBIT, Adjusted EBIT, EBITDA and Adjusted EBITDA.

	Three Months Ended		
	March 31,		December 31,
(Dollars in millions) (Unaudited)	**2017**	**2016**	**2016**
Net loss	**($5.3)**	($9.7)	($67.0)
Provision (Benefit) for income taxes	**0.3**	(6.4)	(13.0)
Interest expense	**3.6**	2.0	3.4
Earnings (Loss) Before Interest and Taxes (EBIT) [1]	**($1.4)**	($14.1)	($76.6)
EBIT Margin [1]	**(0.5)%**	(6.5)%	(35.7)%
Depreciation and amortization	**18.9**	18.7	18.7
Earnings (Loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA) [2]	**$17.5**	$4.6	($57.9)
EBITDA Margin [2]	**5.7 %**	2.1 %	(27.0)%
Actuarial gains/(losses) from remeasurement of mark-to-market accounting	**—**	—	(59.3)
Adjusted EBIT [3]	**($1.4)**	($14.1)	($17.3)
Adjusted EBITDA [4]	**$17.5**	$4.6	$1.4

[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 the remeasurement impact of mark-to-market accounting.

[4] Adjusted EBITDA is defined as EBITDA excluding the remeasurement impact of mark-to-market accounting.

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

This reconciliation is provided as additional relevant information about the Company's second quarter guidance. EBITDA is an important financial measure used in the management of the business, including decisions concerning the allocation of resources and assessment of performance. Management believes that reporting EBITDA is useful to investors as this measure is representative of the Company's performance. Management also believes that it is appropriate to compare GAAP net income (loss) to EBITDA.

	Three Months Ended June 30,	
(Dollars in millions) (Unaudited)	**2017**	**2017**
	Low	**High**
Net income (loss)	($8.0)	$2.0
Provision (benefit) for income taxes	—	—
Interest expense	4.0	4.0
Depreciation and amortization	19.0	19.0
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)[1]	**$15.0**	**$25.0**

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

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