TIMKEN STEEL

Second-Quarter 2017 Earnings Supporting Information

July 31, 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.

Second-quarter 2017 highlights

- Best-in-class safety performance
- Shipments of approximately 295,000 tons – an increase of 5 percent sequentially, driven by new business and increased market demand
- EBITDA of approximately $25 million improved sequentially; record labor productivity and significant operating cost improvements
- Increased liquidity by about $15 million (to $189 million) as of June 30, 2017
- Received American Iron and Steel Institute's (AISI) Finalist Award for technical expertise relating to jumbo bloom vertical caster

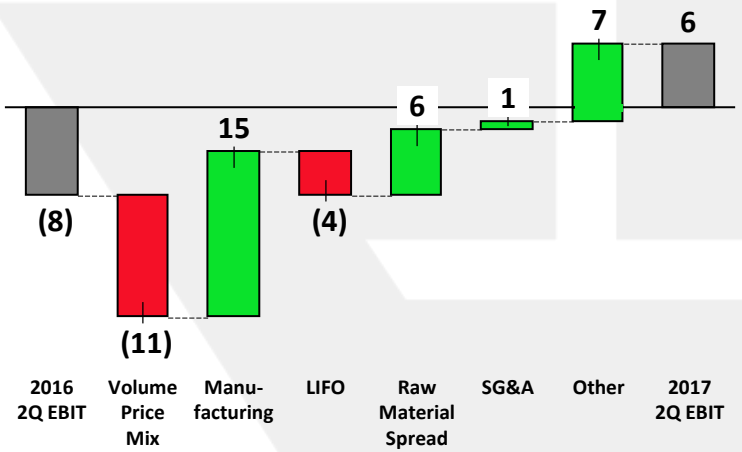
Shown from left to right: Tim Timken with Technology Center team members Chris Eastman, Peter Glaws and Ray Fryan. TimkenSteel's Technology Center is the only focused SBQ research and development center in the country.

Operating performance

(Dollars per million)

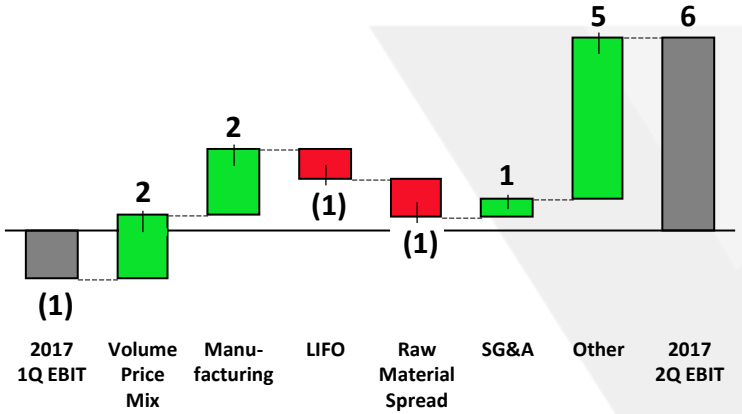
EBIT 2016 2Q vs. 2017 2Q

- Increased market penetration and end-market demand recovery were offset by shift in product mix and price pressure
- Melt utilization was 76 percent for the quarter, compared with 45 percent in second-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
- "Other" primarily represents a one-time supplier refund of $5 million related to prior periods



EBIT 2017 1Q vs. 2017 2Q

- Higher volumes from improving OCTG and energy end-markets
- Melt utilization was 76 percent for the quarter, compared with 71 percent in first-quarter 2017
- "Other" represents a one-time supplier refund related to prior periods



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 adjustments
Mining	●	↗	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	●	↔	Reduced net farm income expected to impact capital expenditures
Oil and Gas	●	↗	Drilling activity continues to increase at a “slow and steady” pace; oil prices are expected to remain stable; increased demand slightly offset by higher production levels
Oil County Tubular Goods (OCTG)	●	↑	The ramp-up of drilling activity and rig efficiency

Channels

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

Source: TimkenSteel as of July 31, 2017

Outlook

	Guidance
Third-quarter 2017 revenue	▪ Shipments are expected to be between 2 percent and 5 percent higher than second-quarter 2017, primarily from industrial products and billets to tube makers
Third-quarter 2017 EBITDA	▪ EBITDA is projected to be between $10 million and $20 million, excluding pension settlement expense ▪ At this time, the company is unable to reconcile its EBITDA outlook to a comparable GAAP range due to an expected non-cash pension settlement expense. Because this expense is dependent on a full re-measurement of our salaried pension plan assets and obligations as of September 30, 2017, the amount of the expense cannot currently be estimated. ▪ Expenses associated with labor agreement negotiations anticipated ▪ Raw material spread expected to be similar to second-quarter 2017; minimal sequential impact
Other	▪ 2017 capital spending is projected to be $40 million ▪ Startup of the advanced quench-and-temper facility expected in the fourth quarter

Source: TimkenSteel as of July 31, 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, EBITDA and EBITDA excluding pension settlement expenses. 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. At this time, the company is unable to reconcile its third quarter outlook for EBITDA excluding pension settlement expenses to a comparable GAAP range due to an expected non-cash pension settlement expense. Because this expense is dependent on a full re-measurement of our salaried pension plan assets and obligations as of September 30, 2017, the amount of the expense 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.

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	102.8	64.9	70.2		58.4	67.4		328.9	284.3	202.2
Net Sales	$ 164.9	$ 82.3	$ 110.6	$ 118.4	$ 84.2	$ 120.2	$ 85.0	$ 79.7		$ 69.5	$ 77.5		$ 437.8	$ 323.7	230.8
Less Surcharges	34.2	6.1	20.4	18.3	9.5	27.7	12.7	11.3		7.1	9.0		72.3	35.9	48.1
Base Sales	$ 130.7	$ 76.2	$ 90.2	$ 100.1	$ 74.7	$ 92.5	$ 72.3	$ 68.4		$ 62.4	$ 68.5		$ 365.5	$ 287.8	$ 182.7
Net Sales/Ton	$ 1,415	$ 1,141	$ 1,113	$ 1,329	$ 1,129	$ 1,169	$ 1,310	$ 1,135		$ 1,190	$ 1,150		$ 1,331	$ 1,139	$ 1,141
Base Sales/Ton	$ 1,122	$ 1,057	$ 907	$ 1,123	$ 1,001	$ 900	$ 1,114	$ 974		$ 1,068	$ 1,016		$ 1,111	$ 1,012	$ 904

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	108.7	102.4	100.5		106.9	95.6		417.2	413.0	223.6
Net Sales	$ 131.3	$ 121.3	$ 136.6	$ 127.3	$ 124.1	$ 135.6	$ 124.7	$ 120.4		$ 121.1	$ 109.6		$ 504.4	$ 475.4	272.2
Less Surcharges	24.2	8.8	22.9	16.4	12.9	28.2	15.7	16.3		10.7	12.3		67.0	50.3	51.1
Base Sales	$ 107.1	$ 112.5	$ 113.7	$ 110.9	$ 111.2	$ 107.4	$ 109.0	$ 104.1		$ 110.4	$ 97.3		$ 437.4	$ 425.1	$ 221.1
Net Sales/Ton	$ 1,287	$ 1,132	$ 1,189	$ 1,202	$ 1,131	$ 1,247	$ 1,218	$ 1,198		$ 1,133	$ 1,146		$ 1,209	$ 1,151	$ 1,217
Base Sales/Ton	$ 1,050	$ 1,049	$ 990	$ 1,047	$ 1,014	$ 988	$ 1,064	$ 1,036		$ 1,033	$ 1,018		$ 1,048	$ 1,029	$ 989

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	25.7	11.4	4.8		10.1	6.4		91.0	23.5	42.6
Net Sales	$ 87.7	$ 10.0	$ 23.7	$ 26.9	$ 9.0	$ 37.6	$ 17.7	$ 7.4		$ 12.3	$ 9.3		$ 144.6	$ 35.7	61.3
Less Surcharges	16.7	0.6	2.9	3.7	0.8	6.0	2.6	0.9		1.4	0.9		24.4	3.2	8.9
Base Sales	$ 71.0	$ 9.4	$ 20.8	$ 23.2	$ 8.2	$ 31.6	$ 15.1	$ 6.5		$ 10.9	$ 8.4		$ 120.2	$ 32.5	$ 52.4
Net Sales/Ton	$ 1,667	$ 1,449	$ 1,402	$ 1,592	$ 1,667	$ 1,463	$ 1,553	$ 1,542		$ 1,218	$ 1,453		$ 1,589	$ 1,519	$ 1,439
Base Sales/Ton	$ 1,350	$ 1,362	$ 1,231	$ 1,373	$ 1,519	$ 1,230	$ 1,325	$ 1,354		$ 1,079	$ 1,313		$ 1,321	$ 1,383	$ 1,230

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	-	-	57.4	-	2.3		-	23.6		-	25.9	106.1
Net Sales	$ 4.8	$ 4.3	$ 38.5	$ 5.6	$ 5.8	$ 45.9	$ 5.3	$ 6.3		$ 3.7	$ 18.3		$ 19.4	$ 34.7	84.4
Less Surcharges	-	-	12.1	-	-	15.7	-	0.4		-	3.9		-	4.3	27.8
Base Sales	$ 4.8	$ 4.3	$ 26.4	$ 5.6	$ 5.8	$ 30.2	$ 5.3	$ 5.9		$ 3.7	$ 14.4		$ 19.4	$ 30.4	$ 56.6
Net Sales/Ton	N/A	N/A	$ 791	N/A	N/A	$ 800	N/A	$ 2,739		N/A	$ 775		N/A	$ 1,340	$ 796
Base Sales/Ton	N/A	N/A	$ 542	N/A	N/A	$ 526	N/A	$ 2,565		N/A	$ 610		N/A	$ 1,174	$ 533

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	294.6	178.7	177.8		175.4	193.0		837.1	746.7	574.5
Net Sales	$ 388.7	$ 217.9	$ 309.4	$ 278.2	$ 223.1	$ 339.3	$ 232.7	$ 213.8		$ 206.6	$ 214.7		$ 1,106.2	$ 869.5	648.7
Less Surcharges	75.1	15.5	58.3	38.4	23.2	77.6	31.0	28.9		19.2	26.1		163.7	93.7	135.9
Base Sales	$ 313.6	$ 202.4	$ 251.1	$ 239.8	$ 199.9	$ 261.7	$ 201.7	$ 184.9		$ 187.4	$ 188.6		$ 942.5	$ 775.8	$ 512.8
Net Sales/Ton	$ 1,434	$ 1,170	$ 1,105	$ 1,313	$ 1,176	$ 1,152	$ 1,302	$ 1,202		$ 1,178	$ 1,112		$ 1,321	$ 1,164	$ 1,129
Base Sales/Ton	$ 1,157	$ 1,087	$ 897	$ 1,132	$ 1,054	$ 888	$ 1,129	$ 1,040		$ 1,068	$ 977		$ 1,126	$ 1,039	$ 893

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

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

This reconciliation is provided as additional relevant information about the Company's performance. EBIT and 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 and 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 and EBITDA.

	Six Months Ended June 30,		Three Months Ended June 30,		Three Months Ended March 31,	
(Dollars in millions) (Unaudited)	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Net Income (Loss)	**($4.0)**	($16.3)	**$1.3**	($6.6)	**($5.3)**	($9.7)
Provision (Benefit) for income taxes	**1.1**	(10.2)	**0.8**	(3.8)	**0.3**	(6.4)
Interest expense	**7.3**	4.1	**3.7**	2.1	**3.6**	2.0
Earnings (Loss) Before Interest and Taxes (EBIT) [1]	**$4.4**	($22.4)	**$5.8**	($8.3)	**($1.4)**	($14.1)
EBIT Margin [1]	**0.7%**	(5.1)%	**1.7%**	(3.7)%	**(0.5)%**	(6.5)%
Depreciation and amortization	**37.8**	37.2	**18.9**	18.5	**18.9**	18.7
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) [2]	**$42.2**	$14.8	**$24.7**	$10.2	**$17.5**	$4.6
EBITDA Margin [2]	**6.5%**	3.4 %	**7.3%**	4.6 %	**5.7 %**	2.1 %

[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.

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