

The Timken Company

Timken to Acquire GGB Bearing Technology



Strengthening and Expanding Timken's Engineered Bearings Portfolio

Supplemental Slides

September 6, 2022

Forward-Looking Statements Safe Harbor

Certain statements in this presentation (including statements regarding the company's forecasts, beliefs, estimates and expectations) that are not historical in nature are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. In particular, the statements related to Timken's plans, outlook, future financial performance, targets, projected sales, cash flows, liquidity, cost reduction measures and expectations regarding the future financial performance of the company, including the information under the heading, "Strong Value Creation for Timken Shareholders" is forward-looking.

The Company cautions that actual results may differ materially from those projected or implied in forward-looking statements due to a variety of important factors, including: the company's ability to respond to changes in its end markets that could affect demand for the company's products or services; unanticipated changes in business relationships with customers or their purchases from the company; changes in the financial health of the company's customers, which may have an impact on the company's revenues, earnings and impairment charges; logistical issues associated with port closures or congestion, delays or increased costs; the impact of changes to the company's accounting methods; political risks associated with government instability; recent world events that have increased the risk posed by international trade disputes, tariffs and sanctions; weakness in global or regional general economic conditions and capital markets; the impact of inflation on employee expenses, shipping costs, raw material costs, energy and fuel prices, and other production costs; the company's ability to satisfy its obligations under its debt agreements and renew or refinance borrowings on favorable terms; fluctuations in currency valuations; changes in the expected costs associated with product warranty claims; the ability to achieve satisfactory operating results in the integration of acquired companies, including realizing any accretion, synergies, and expected cashflow generation within expected timeframes or at all; fluctuations in customer demand; the impact on the company's pension obligations and assets due to changes in interest rates, investment performance and other tactics designed to reduce risk; the introduction of new disruptive technologies; unplanned plant shutdowns; the effects of government-imposed restrictions and commercial requirements meant to address climate change; unanticipated litigation, claims, investigations or assessments; the Company's ability to maintain appropriate relations with unions and works councils; the company's ability to compete for skilled labor; negative impacts to the company's operations or financial position as a result of COVID-19 or other epidemics and associated governmental measures; and the company's ability to complete and achieve the benefits of announced plans, programs, initiatives, acquisitions and capital investments. Additional factors are discussed in the company's filings with the Securities and Exchange Commission, including the company's Annual Report on Form 10-K for the year ended Dec. 31, 2021, quarterly reports on Form 10-Q and current reports on Form 8-K. 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.

Strong Value Creation for Timken Shareholders

TRANSACTION DESCRIPTION	<ul style="list-style-type: none">▪ Timken is acquiring GGB Bearing Technology (“GGB”), a division of Enpro Industries▪ GGB is a leading global supplier of premium engineered plain bearings and advanced tribological coatings used in a variety of industrial and automotive applications▪ Projected FY-2022 revenue: ~\$200 million
TRANSACTION CONSIDERATION	<ul style="list-style-type: none">▪ \$305 million purchase price (enterprise value)▪ Represents a purchase price multiple of ~10x estimated FY-2022 adjusted EBITDA▪ Strong synergy case; expect run-rate synergies exceeding 7% of FY-2022 sales by Year 3
STRONG STRATEGIC FIT	<ul style="list-style-type: none">▪ Highly complementary to Timken’s engineered bearings portfolio with similar operating model▪ Meaningfully expands Timken’s targeted addressable market with solid growth outlook▪ Excellent cultural fit; strong commitment to CSR including a portfolio of environmentally sustainable solutions
INDUSTRY LEADING PERFORMER	<ul style="list-style-type: none">▪ 125 years in business with reputation for material science expertise, proven product capabilities, strong application engineering and collaboration with customers on their unique application needs▪ 75% of revenue generated from products that are custom engineered and sold to a highly fragmented customer base▪ Global manufacturing and sales footprint to effectively serve customers and support additional growth
EXPECTED FINANCIAL IMPACT	<ul style="list-style-type: none">▪ Estimated to be accretive to Timken’s adjusted EPS immediately (first full quarter of ownership)▪ Significant synergy potential; adjusted EBITDA margin-accretive with synergies (accretive to gross margin immediately)▪ To be funded with cash on hand and borrowings on US senior credit facility; pro-forma net leverage well within 1.5-2.5x target▪ Expect to exceed the company’s cost of capital by Year 3 with continued expansion thereafter
CLOSING	<ul style="list-style-type: none">▪ Expected closing in Q4 2022, subject to customary regulatory approvals and the satisfaction of other customary closing conditions

Attractive Product Portfolio Serving Diverse End-Market Sectors

- GGB is a global supplier of premium, highly engineered and customized plain bearings with a leadership position in metal-polymer bearings
- Highly complementary to Timken's engineered bearings portfolio
- Diverse and fragmented global customer base
- Roughly 50/50 split between Process and Mobile Industries
- Serves a broad array of end markets, including distribution, general industrial, off-highway, renewable energy, aerospace and automotive

Metal-Polymer Bearings



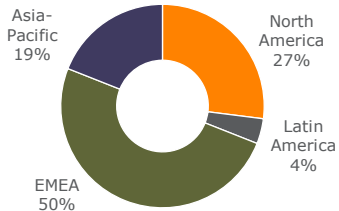
High wear resistance
with low friction

Fiber Reinforced Bearings

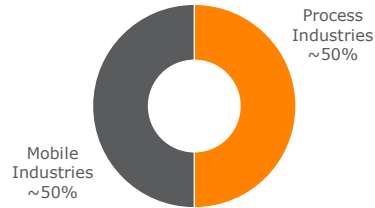


Excellent in high load &
low speed applications

Geographic Mix



Segment Mix

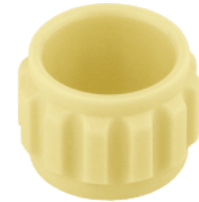


Metal/Bimetal Bearings



Minimal maintenance &
low operating cost

Engineered Plastic Bearings



Flexible design without
the need for lubricants