GAAP Reconciliation: EBITDA and EBITDA, After Adjustments to GAAP Net Income

Reconciliation of EBITDA to GAAP Net Income, EBITDA Margin to Net Income as a Percentage of Sales, and EBITDA Margin, After Adjustments, to Net Income as a Percentage of Sales, and EBITDA, After Adjustments, to Net Income:

(Unaudited)

The following reconciliation is provided as additional relevant information about the Company's performance deemed useful to investors. Management believes consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) is a non-GAAP measure that is useful to investors as it is representative of the Company's performance and that it is appropriate to compare GAAP net income to consolidated EBITDA. Management also believes that adjusted EBITDA, adjusted EBITDA margin and EBITDA margin are useful to investors as they are representative of the Company's core operations and are used in the management of the business, including decisions concerning the allocation of resources and assessment of performance.

(Dollars in millions)	Three Months Ended December 31,				Twelve Months Ended December 31,			
	2022	**Percentage to Net Sales**	2021	Percentage to Net Sales	**2022**	**Percentage to Net Sales**	2021	Percentage to Net Sales
Net Income	**$ 99.1**	**9.2 %**	$ 66.7	6.6 %	**$ 417.0**	**9.3 %**	$ 381.5	9.2 %
Provision for income taxes	**25.0**		20.0		**133.9**		95.1	
Interest expense	**22.7**		13.8		**74.6**		58.8	
Interest income	**(1.1)**		(0.6)		**(3.8)**		(2.3)	
Depreciation and amortization	**42.0**		41.3		**164.0**		167.8	
Consolidated EBITDA	**$ 187.7**	**17.3 %**	$ 141.2	14.0 %	**$ 785.7**	**17.5 %**	$ 700.9	17.0 %
Adjustments:								
Impairment, restructuring and reorganization charges (1)	**$ 3.8**		$ 1.8		**$ 39.5**		$ 14.3	
Corporate pension and other postretirement benefit related (income) expense (2)	**(12.3)**		(8.0)		**2.9**		0.3	
Russia-related charges (3)	**0.3**		—		**15.6**		—	
Acquisition-related charges (4)	**9.1**		0.2		**14.8**		2.3	
Gain on divestitures and sale of real estate (5)	**(2.9)**		—		**(2.9)**		—	
Tax indemnification and related items	**0.3**		0.2		**0.3**		0.2	
Total Adjustments	**(1.7)**	**(0.1)%**	(5.8)	(0.6)%	**70.2**	**1.5 %**	17.1	0.4 %
Adjusted EBITDA	**$ 186.0**	**17.2 %**	$ 135.4	13.4 %	**$ 855.9**	**19.0 %**	$ 718.0	17.4 %

(1) Impairment, restructuring and reorganization charges (including items recorded in cost of products sold) relate to: (i) plant closures; (ii) the rationalization of certain plants; (iii) severance related to cost reduction initiatives; and (iv) impairment of assets held for sale. Impairment, restructuring and reorganization charges for 2022 included $29.3 million related to the sale of ADS. The Company re-assesses its operating footprint and cost structure periodically, and makes adjustments as needed that result in restructuring charges. However, management believes these actions are not representative of the Company's core operations.

(2) Corporate pension and other postretirement benefit related (income) expense represents actuarial (gains) and losses that resulted from the remeasurement of plan assets and obligations as a result of changes in assumptions or experience. The Company recognizes actuarial losses and (gains) in connection with the annual remeasurement in the fourth quarter, or if specific events trigger a remeasurement. Refer to the Retirement Benefit Plans and Other Postretirement Benefit Plans footnotes within the Company's annual reports on Form 10-K and quarterly reports on Form 10-Q for additional discussion.

(3) Russia-related charges include impairments or allowances recorded against certain property, plant and equipment, inventory and trade receivables to reflect the current impact of Russia's invasion of Ukraine (and associated sanctions) on the Company's operations. In addition to impairments and allowances recorded, the Company recorded a loss on the divestiture of its Timken Russia business during the third quarter of 2022. Refer to Russia Operations in Management Discussion and Analysis within the Company's annual report on Form 10-K for additional information.

(4) Acquisition-related charges represent deal-related expenses associated with completed transactions and certain unsuccessful transactions, as well as any resulting inventory step-up impact. In addition, the 2021 acquisition-related charges includes an acquisition-related gain due to measurement period adjustments to the bargain purchase gain on the acquisition of the assets of Aurora that closed on November 30, 2020.

(5) Represents the net gain resulting from divestitures and the sale of real estate.

GAAP Reconciliation: Net Debt & Free Cash Flow

Reconciliation of Total Debt to Net Debt, the Ratio of Net Debt to Capital, and the Ratio of Net Debt to Adjusted EBITDA:

(Unaudited)

These reconciliations are provided as additional relevant information about the Company's financial position deemed useful to investors. Capital, used for the ratio of net debt to capital, is a non-GAAP measure defined as total debt less cash and cash equivalents plus total shareholders' equity. Management believes Net Debt, the Ratio of Net Debt to Capital, Adjusted EBITDA (see prior two pages), and the Ratio of Net Debt to Adjusted EBITDA are important measures of the Company's financial position, due to the amount of cash and cash equivalents on hand. The Company presents net debt to adjusted EBITDA because it believes it is more representative of the Company's financial position as it is reflective of the ability to cover its net debt obligations with results from its core operations.

(Dollars in millions)

	December 31, 2022	December 31, 2021
Short-term debt, including current portion of long-term debt	**$ 49.0**	$ 53.8
Long-term debt	**1,914.2**	1,411.1
Total Debt	**$ 1,963.2**	$ 1,464.9
Less: Cash and cash equivalents	**(331.6)**	(257.1)
Net Debt	**$ 1,631.6**	$ 1,207.8
Total Equity	**$ 2,352.9**	$ 2,377.7
Ratio of Net Debt to Capital	**40.9 %**	33.7 %
Adjusted EBITDA for the Twelve Months Ended	**$ 855.9**	$ 718.0
Ratio of Net Debt to Adjusted EBITDA	**1.9**	1.7

Reconciliation of Free Cash Flow to GAAP Net Cash Provided by Operating Activities:

(Unaudited)

Management believes that free cash flow is a non-GAAP measure that is useful to investors because it is a meaningful indicator of cash generated from operating activities available for the execution of its business strategy.

(Dollars in millions)

	Three Months Ended December 31,		**Twelve Months Ended December 31,**	
	2022	2021	**2022**	2021
Net cash provided by operating activities	**$ 241.5**	$ 102.8	**$ 463.8**	$ 387.3
Less: capital expenditures	**(55.9)**	(44.7)	**(178.4)**	(148.3)
Free cash flow	**$ 185.6**	$ 58.1	**$ 285.4**	$ 239.0

GAAP Reconciliation: Net Income & EPS (Prior Definition)

Reconciliations of Adjusted Net Income to GAAP Net Income and Adjusted Earnings Per Share to GAAP Earnings Per Share (Prior Definition): (Unaudited)

The following reconciliation is provided as additional relevant information about the Company's performance deemed useful to investors. Management believes that the non-GAAP measures of adjusted net income and adjusted diluted earnings per share 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 adjusted net income and adjusted diluted earnings per share is useful to investors as these measures are representative of the Company's core operations.

(Dollars in millions, except share data)	Three Months Ended December 31,				Twelve Months Ended December 31,			
	2022	**EPS**	2021	EPS	**2022**	**EPS**	2021	EPS
Net Income Attributable to The Timken Company	**$ 97.2**	**$ 1.32**	$ 62.9	$ 0.82	**$ 407.4**	**$ 5.48**	$ 369.1	$ 4.79
Adjustments: [(1)]								
Impairment, restructuring and reorganization charges [(2)]	**$ 3.8**		$ 1.8		**$ 39.5**		$ 15.1	
Corporate pension and other postretirement benefit related (income) expense [(3)]	**(12.3)**		(8.0)		**2.9**		0.3	
Russia-related charges [(4)]	**0.3**		—		**15.6**		—	
Acquisition-related charges [(5)]	**9.1**		0.2		**14.8**		2.3	
Gain on divestitures and sale of real estate [(6)]	**(2.9)**		—		**(2.9)**		—	
Tax indemnification and related items	**0.3**		0.2		**0.3**		0.2	
Noncontrolling interest of above adjustments	**0.4**		(0.2)		**(5.3)**		—	
Provision for income taxes [(7)]	**(6.3)**		2.7		**(24.5)**		(23.6)	
Total Adjustments:	**(7.6)**	**(0.10)**	(3.3)	(0.04)	**40.4**	**0.54**	(5.7)	(0.07)
Adjusted Net Income Attributable to The Timken Company	**$ 89.6**	**$ 1.22**	$ 59.6	$ 0.78	**$ 447.8**	**$ 6.02**	$ 363.4	$ 4.72

(1) Adjustments are pre-tax, with the net tax provision listed separately.

(2) Impairment, restructuring and reorganization charges (including items recorded in cost of products sold) relate to: (i) plant closures; (ii) the rationalization of certain plants; (iii) severance related to cost reduction initiatives; (iv) impairment of assets held for sale; and (v) related depreciation and amortization. Impairment, restructuring and reorganization charges for 2022 included $29.3 million related to the sale of Timken Aerospace Drives Systems, LLC ("ADS"). The Company re-assesses its operating footprint and cost structure periodically, and makes adjustments as needed that result in restructuring charges. However, management believes these actions are not representative of the Company's core operations.

(3) Corporate pension and other postretirement benefit related (income) expense represents actuarial (gains) and losses that resulted from the remeasurement of plan assets and obligations as a result of changes in assumptions or experience. The Company recognizes actuarial losses and (gains) in connection with the annual remeasurement in the fourth quarter, or if specific events trigger a remeasurement. Refer to the Retirement Benefit Plans and Other Postretirement Benefit Plans footnotes within the Company's annual reports on Form 10-K and quarterly reports on Form 10-Q for additional discussion.

(4) Russia-related charges include impairments or allowances recorded against certain property, plant and equipment, inventory and trade receivables to reflect the current impact of Russia's invasion of Ukraine (and associated sanctions) on the Company's operations. In addition to impairments and allowances recorded, the Company recorded a loss on the divestiture of its Timken-Rus Service Company ooo ("Timken Russia") business during the third quarter of 2022. Refer to Russia Operations in Management Discussion and Analysis within the Company's annual report on Form 10-K for additional information.

(5) Acquisition-related charges represent deal-related expenses associated with completed transactions and certain unsuccessful transactions, as well as any resulting inventory step-up impact. In addition, the 2021 acquisition-related charges includes an acquisition-related gain due to measurement period adjustments to the bargain purchase gain on the acquisition of the assets of Aurora Bearing Company ("Aurora") that closed on November 30, 2020.

(6) Represents the net gain resulting from divestitures and the sale of real estate.

(7) Provision for income taxes includes the net tax impact on pre-tax adjustments (listed above), the impact of discrete tax items recorded during the respective periods as well as other adjustments to reflect the use of one overall effective tax rate on adjusted pre-tax income in interim periods.

GAAP Reconciliation: 2017-2022 Net Income & EPS (Excluding Intangible Amortization Expense)

Reconciliations of Adjusted Net Income to GAAP Net Income and Adjusted Earnings Per Share to GAAP Earnings Per Share (New Definition):

(Unaudited)

The following reconciliation is provided as additional relevant information about the Company's performance deemed useful to investors. Management believes that the non-GAAP measures of adjusted net income and adjusted diluted earnings per share (see the previous two pages) 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 adjusted net income and adjusted diluted earnings per share is useful to investors as these measures are representative of the Company's core operations. Going forward, the Company is excluding intangible amortization expense in its adjusted net income and adjusted earnings per share calculation. Amortization expense has grown in recent years due to the large number of acquisitions completed, and the Company believes this change will better reflect its core operating earnings and improve comparability.

(Dollars in millions, except share data)	**2022**	**EPS**	2021	EPS	2020	EPS	2019	EPS	2018	EPS	2017	EPS
Adjusted Net Income (Prior Definition)	**$ 447.8**	**$ 6.02**	$ 363.4	$ 4.72	$ 313.1	$ 4.10	$ 353.8	$ 4.60	$ 327.5	4.18	$ 207.5	2.63
Intangible amortization, net	**32.6**	**0.44**	35.6	0.46	35.2	0.46	34.3	0.45	25.6	0.33	17.8	0.23
Adjusted Net Income (Excluding Intangible Amortization Expense)	**$ 480.4**	**$ 6.46**	$ 399.0	$ 5.18	$ 348.3	$ 4.56	$ 388.1	$ 5.05	$ 353.1	$ 4.51	$ 225.3	$ 2.86
Diluted Shares	**74,323,839**		77,006,589		76,401,366		76,896,565		78,337,481		78,911,149	