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The Timken Co. (TKR)

Q4 2025 Earnings Call

CORPORATE PARTICIPANTS

Neil Frohnapple

Vice President-Investor Relations, The Timken Co.

Lucian Boldea

President, Chief Executive Officer & Director, The Timken Co.

Michael A. Discenza

Chief Financial Officer & Vice President, The Timken Co.

OTHER PARTICIPANTS

Bryan F. Blair

Analyst, Oppenheimer & Co., Inc.

Rob Wertheimer

Analyst, Melius Research LLC

David Raso

Analyst, Evercore ISI

Stephen Volkmann

Analyst, Jefferies LLC

Angel O. Castillo

Analyst, Morgan Stanley & Co. LLC

Christian Zyla

Analyst, KeyBanc Capital Markets, Inc.

Kyle Menges

Analyst, Citigroup Global Markets, Inc.

Joe Ritchie

Analyst, Goldman Sachs & Co. LLC

Tomohiko Sano

Analyst, JPMorgan Securities Japan Co. Ltd.

Chris Dankert

Analyst, Loop Capital Markets LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good morning. My name is Emily, and I will be your conference operator today. At this time, I would like to welcome everyone to Timken's Fourth Quarter Earnings Release Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. [Operator Instructions] Thank you.

Mr. Frohnapple, you may begin your conference.

Neil Frohnapple

Vice President-Investor Relations, The Timken Co.

Thank you, operator, and welcome, everyone, to our fourth quarter 2025 earnings conference call. This is Neil Frohnapple, Vice President of Investor Relations for The Timken Company. We appreciate you joining us today.

Before we begin our remarks this morning, I want to point out that we have posted presentation materials on the company's website that we will reference as part of today's review of the quarterly results. You can also access this material through the download feature on the earnings call webcast link.

With me today are: The Timken Company's President and CEO, Lucian Boldea; and Mike Discenza, our Chief Financial Officer. We will have opening comments this morning from both Lucian and Mike before we open up the

call for your questions. During the Q&A, I would ask that you please limit your questions to one question and one follow-up at a time to allow everyone a chance to participate.

During today's call, you may hear forward-looking statements related to our future financial results, plans, and business operations. Our actual results may differ materially from those projected or implied due to a variety of factors, which we describe in greater detail in today's press release and in our reports filed with the SEC, which are available on the timken.com website.

We have included reconciliations between non-GAAP financial information and its GAAP equivalent in the press release and presentation materials.

Today's call is copyrighted by The Timken Company and without express written consent, we prohibit any use, recording, or transmission of any portion of the call.

Finally, note that we are planning to host an Investor Day on Wednesday, May 20 in New York City. So, we hope that you will join us either virtually or in person. Please stay tuned for more details.

With that, I would like to thank you for your interest in The Timken Company. And I will now turn the call over to Lucian.

Lucian Boldea

President, Chief Executive Officer & Director, The Timken Co.

Thanks, Neil. And good morning, everyone. We appreciate your interest in Timken and for joining us today.

I would like to start by thanking our Timken team for their hard work and resilience. While 2025 presented a challenging market environment, our team executed with discipline and we finished the year strong.

Turning to our results in the fourth quarter, we achieved adjusted earnings per share of \$1.14 which exceeded the high-end of our guidance range. Total sales in the fourth quarter were up 3.5% from last year. Organic revenue was up more than 1%. It was driven by higher pricing and volume growth in the Industrial Motion segment.

We increased free cash flow to \$141 million enabling us to return \$36 million of cash to shareholders and reduced debt by more than \$100 million during the fourth quarter.

The company ended the year with a strong balance sheet with net leverage at only 2 times, enabling us to continue our balanced approach with capital allocation. Mike will take you through the details of our 2026 outlook, but we expect to generate organic revenue growth, strong free cash flow, and higher margins.

Overall, we expect adjusted EPS to increase around 8% at the midpoint of the guidance range. We see encouraging order activity across several industrial markets and our backlog at the end of 2025 was up from the prior year. These trends support our expectation that customer demand will improve compared to 2025 and our outlook for organic sales to be up 2%. This reflects higher pricing and modest volume growth given the volatility of the ongoing trade situation. Despite macro uncertainty, our team is operating with urgency to execute our strategic initiatives and fulfill our commitment to delivering stronger performance in 2026.

We're making good progress on our near-term strategic initiatives, including the 80/20 portfolio work. Over time, we expect to exit underperforming businesses and prioritize our focus and resources on actions that will have the greatest impact to company margins and growth.

Based on early results from this work, we have decided to extend the 80/20 discipline across our entire enterprise. This will include simplification of the portfolio and process optimization. While we are still early in the process, it has become clear that applying this 80/20 approach more comprehensively will be a major driver of value creation. I am very excited about the potential, but please keep in mind that it will take some time for the benefit to flow through to the bottom line.

As we shared last quarter, I see plenty of opportunity to raise Timken's organic growth trajectory by focusing on the fastest growing verticals and regions. We will also continue to integrate acquisitions and drive synergies through global expansion of our acquired businesses.

To support this objective, we recently announced targeted strategic leadership appointments to better align the organization with our primary growth drivers and serve customers more comprehensively as one Timken.

New positions include a Chief Technology Officer, Vice President of Marketing, and Regional President. These additions to our leadership team directly support our growth strategy and will fuel innovation, strengthen commercial execution, and position us to capture greater share in key markets, verticals, and regions.

Together, we're energized by the many opportunities ahead to leverage Timken's strength and create new ways to drive improved performance.

With that, let me turn over the call to Mike for a more detailed review of the results and outlook. Mike?

Michael A. Discenza

Chief Financial Officer & Vice President, The Timken Co.

Thanks, Lucian, and good morning, everyone.

For the financial review, I'm going to start on slide 7 of the materials with a summary of our fourth quarter results.

Overall, total revenue for the quarter was \$1.11 billion, which is up 3.5% from last year. Adjusted EBITDA margins came in at 16%, and adjusted earnings per share for the quarter was \$1.14.

Turning to slide 8, let's take a closer look at our fourth quarter sales. Organically, sales were up 1.3% from last year. The increase was driven by higher pricing across both segments and higher volumes in the Industrial Motion segment, which more than offset lower demand in Engineered Bearings. Looking at the rest of the revenue walk, foreign currency translation contributed more than 2% growth to the top-line.

On the right, you can see fourth quarter performance in terms of organic growth by region. In the Americas, our largest region, we were flat as growth in North America was offset by lower revenue in Latin America.

In Asia-Pacific, we were up 4% from last year, as growth in India and other parts of the region more than offset lower revenue in China. And finally, we were up 4% in EMEA, led by solid growth from the Industrial Motion segment.

Turning to slide 9, adjusted EBITDA of \$178 million was flat with the prior year. Adjusted EBITDA margins came in at 16% of sales in the fourth quarter, compared to 16.6% of sales last year. Excluding the impact from currency, margins would have been nearly flat with the prior year.

Let me comment a little further on a few of the different drivers on the EBITDA bridge you can see on this slide. Starting with the impact from mix, it was a notable headwind as OE shipments outperformed distribution in the quarter. And you may recall, we were lapping favorable mix in our defense business in the prior year.

With respect to pricing in the quarter, it was positive \$25 million and added more than 2% to the top-line in the quarter, as we continue to put through pricing actions to mitigate the impact from tariffs. And as you can see on the slide, tariffs were a \$30 million headwind versus last year. And costs were also higher sequentially as expected.

Looking at material & logistics, costs were notably lower versus last year driven mostly by savings tactics in the Engineered Bearings segment.

Moving to the SG&A and other line, expenses were down from last year driven by cost reduction initiatives and lower accruals for bad debt.

Now, let's move to our business segment results starting with Engineered Bearings on slide 10. Engineered Bearings sales were \$714 million in the quarter, up 0.9% from last year. Currency translation added nearly 2%, while organic sales were down 1%, as higher pricing was more than offset by lower volumes.

Among market sectors, off-highway and renewable energy achieved the strongest gains versus last year. We also posted growth in aerospace and general industrial, while revenue was lower from last year across the distribution, on-highway, heavy industries, and rail sectors.

Engineered Bearings adjusted EBITDA was \$115 million, or 16.1% of sales in the fourth quarter, compared to \$122 million, or 17.2% of sales last year. Margins in the quarter were negatively impacted by unfavorable mix as well as incremental tariff costs which continue to disproportionately impact the segment.

On the positive side, cost savings and the benefit of higher pricing helped mitigate these margin headwinds.

Now, let's turn to Industrial Motion on slide 11. Industrial Motion sales were \$397 million in the quarter, up 8.4% from last year. Organically, sales increased 5.6% driven by higher demand across most sectors and higher pricing, while currency translation was a benefit of 2.8%.

The segment saw growth in the quarter across all product platforms and was led by strong regional gains in the Americas and Europe. Among market sectors, automation and aerospace achieved the strongest gains versus the prior year. We also generated growth in the off-highway and heavy industry sectors while solar and distribution sales were down.

The increase in segment margins reflects solid operational execution by the team in the quarter, as well as the impact of higher volumes and pricing which more than offset incremental tariff costs and unfavorable mix.

Moving to slide 12, you can see that we generated operating cash flow of \$183 million in the fourth quarter, and after CapEx of \$43 million, free cash flow was \$141 million, up from last year. This brought our free cash flow to \$406 million for the full year, an increase of \$100 million from the prior year.

Looking at the balance sheet, we reduced net debt by over \$130 million during 2025, and ended the fourth quarter with net debt-to-adjusted EBITDA at 2 times which is at the middle of our targeted range.

Now let's turn to the outlook for full year 2026 with a summary on slide 14. Starting on the sales outlook, we're planning for full year revenue to increase 2% to 4% in total. We're planning for currency to contribute around 1% to our revenue for the year, which reflects the weaker US dollar. Organically, we expect revenue to be up 2% at the midpoint driven by higher volumes and pricing in both segments.

On the bottom line, we expect adjusted earnings per share in the range of \$5.50 to \$6, up 8% at the midpoint versus 2025. For modeling purposes, think of the full year adjusted EPS outlook to be split roughly 54% in the first half and 46% in the second half. And the outlook assumes year-over-year earnings growth every quarter this year.

This earnings outlook implies that our 2026 consolidated adjusted EBITDA margin will be in the high-17% range at the midpoint, up from 17.4% in 2025. Note that the midpoint of the ranges implies an incremental margin of approximately 30% for the full year.

For the first quarter, currency is estimated to add around 3% to the top-line, while we expect organic sales and adjusted EBITDA margins to be relatively flat with last year.

Moving to free cash flow, we expect to generate around \$350 million for the full year, or approximately 105% conversion on GAAP net income at the midpoint.

On slide 15, we provide an initial view on our 2026 organic sales outlook by market and sector, which includes the impact of both volumes and pricing. As Lucian indicated, we are seeing increasing order activity across several of these industrial markets, which supports our outlook for organic sales to be up 2% at the midpoint.

Moving to slide 16, here we provide a bridge of the key drivers that walk our 2025 adjusted EPS to the 2026 outlook midpoint of \$5.75. You can see the \$0.25 positive impact from the organic sales change net of inflation while currency is expected to add \$0.05.

And finally, we're estimating a year-on-year positive impact from tariffs of approximately \$0.10 to \$0.15 per share. The trade situation continues to evolve. But we expect that our mitigation tactics will enable us to recapture the margin as we exit 2026.

Please note that this estimate does not include the potential impact from the announcement earlier this week related to the new tariff agreement with India.

In summary, the company delivered better-than-expected fourth quarter results and the team is focused on generating stronger top- and bottom-line performance in 2026.

Let me turn it back over to Lucian for some final remarks before we open the line for questions. Lucian?

Lucian Boldea

President, Chief Executive Officer & Director, The Timken Co.

Thanks, Mike. Our team is executing with urgency to position Timken for stronger growth and higher margins in 2026, and we see significant opportunities to improve both our top-line and bottom-line performance. I look forward to sharing more details with you soon at our Investor Day event in May.

Neil Frohnapple

Vice President-Investor Relations, The Timken Co.

Thanks, Lucian. This concludes our formal remarks and we'll now open up the line for questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. We will now begin the question-and-answer session. [Operator Instructions] Our first question today comes from Bryan Blair with Oppenheimer. Bryan, please go ahead.

Bryan F. Blair

Analyst, Oppenheimer & Co., Inc.

Thank you. Good morning, guys.

Q

Lucian Boldea

President, Chief Executive Officer & Director, The Timken Co.

Good morning, Bryan.

A

Michael A. Discenza

Chief Financial Officer & Vice President, The Timken Co.

Good morning, Bryan.

A

Bryan F. Blair

Analyst, Oppenheimer & Co., Inc.

To I guess level set a bit on demand trends, it would be great to hear how orders progressed through Q4. Whether there was any kind of a lull in December shipments you had somewhat guarded against that with guidance – perhaps some of that hit took place in bearings. And then more importantly, how orders progressed into January and what your team is seeing on I guess more of a real-time basis?

Q

Lucian Boldea

President, Chief Executive Officer & Director, The Timken Co.

Yeah, thank you Bryan. So look, I think it's important to put this in context where we've come from. So you look at eight quarters of negative growth. Then Q3 we started seeing signs of life and green shoots but we said we don't want to extrapolate on that. Q4 I would say went a little better-than-expected. But I'll also remind you that the comp was a little bit easier for Q4 when you compare it to year-over-year.

A

But I think if we look at your specific question inside and what gives us hope for 2026 is really the order book. So the order book, when you look at where we ended the year, we ended the year up high-single-digits – off-highway, general industrial, wind and aero were the big contributors.

And then even the sequential order movement from Q3 to Q4, there was some decline because there is seasonality but really very, very low. You could almost call it flat. So from that standpoint, I think we feel good about it overall.

As to how it progressed inside, I would say the difference was that we had a very weak December a year ago. We had a more normal December this time as far as revenue. And I think the pacing of the orders was more steady throughout the quarter.

As Mike mentioned earlier, there was a bit of a downturn in distribution, but that's – we view that more as timing. It was a low-single-digit kind of movement. And so that's not a – definitely wouldn't call that a trend. And then general industrial was up.

So overall, I think in the quarter it was little better-than-expected and it was fairly broad-based. Regionally we already commented that it was really Latin America and China were the only minuses, everything else around the world was positive. And so, that's why we feel good going into Q1.

I think to your question on January, we – we're giving a guide on Q1 based on what we see today. There's still a lot of uncertainty. We read all the announcement that came out a couple of days ago on India tariffs. We haven't seen anything more specific on that yet, but it just illustrates that we still live in a pretty uncertain time.

The guide that we gave, we looked at that carefully for Q1 and for where volume sit versus orders and I would tell you that January at least up to this point is very consistent with that guide. So that's where we are, Bryan.

Bryan F. Blair

Analyst, Oppenheimer & Co., Inc.

Q

Okay, appreciate the color and understood in terms of the maybe uncertainty of the global backdrop but seems trends are pretty encouraging. If we think about your full year guide, maybe offer a little more color on segment contribution top-line and margin netting to the consolidated outlook. In Q4 there was a bit more diverging performance between Engineered Bearings and Industrial Motion than we anticipated in a good sense on the IM side. Just curious how your team's thinking about contemplating the moving parts going forward?

Michael A. Discenza

Chief Financial Officer & Vice President, The Timken Co.

A

Yeah. So, let me maybe I'll start with the margins Bryan and then I'll let Lucian comment more on the revenue outlook if you'd like. Just margins. So, fourth quarter margins, roughly in line with our expectations. And you noted the difference between Industrial Motion and Engineered Bearings and I would say that was largely a mix issue inside of Engineered Bearings. Where that revenue came in was a little more on the original equipment side, particularly on-highway a little stronger than we expected and that contributed to the mix issue for us in the fourth quarter and that combined with the strength we saw on the Industrial Motion revenue side, volume benefit plus the mix of the portfolio there. So that's what kind of created that fourth quarter differential.

As we look forward to margins, first I want to note that we are taking margins up year-on-year. And we're looking at call it a 30% incremental on our volume growth. So I would say a fairly typical incremental – organic incremental for us.

Just a reminder, when things turn on us and we start to see growth, we do tend to see incrementals at the lower end of our incremental range as we have headwinds like variable compensation, et cetera. So, as we look forward to next year, I think we've still got pricing actions that will benefit us. We are seeing the benefit of the cost savings tactics we implemented throughout the year, which were a little bit more heavily weighted to the end of 2025 so we benefit from those. And then, we do see some favorable mix as we look forward to next year as well. So that's what's leading to our high-17s guide on the margin range and with the actions we put in place, I feel pretty

comfortable that we'll be able to improve margins year-over-year. So, and maybe I'll ask Lucian to comment on the market trends.

Lucian Boldea

President, Chief Executive Officer & Director, The Timken Co.

A

Yeah, and look, I think we talked about it by market here in your first question, but I think where we expect organic sales is that plus 2% midpoint. It's both price and volume to get to that midpoint, but we are cautiously optimistic that demand will continue to improve. Again, the early signs are that that will be the case, but at this point, this outlook only reflects modest volume growth just given all the uncertainty and the volatility that we're still seeing today in the trade situation.

Bryan F. Blair

Analyst, Oppenheimer & Co., Inc.

Q

Understood. Thanks again, guys.

Michael A. Discenza

Chief Financial Officer & Vice President, The Timken Co.

A

Thank you.

Operator: Our next question comes from Rob Wertheimer with Melius Research. Please go ahead.

Rob Wertheimer

Analyst, Melius Research LLC

Q

Hi, just a couple of clarifications. So, off-highway was strong, there's some mixed signals in trucks, but it seems like that market is recovering, and then maybe autos lumped in there accounting for some of the less positivity on the outlook. So, I wonder if you could just talk to what you're seeing there. I think you touched on distribution a minute ago, but any headwinds from distribution inventories or anything else or should we expect to see that follow along if various cycles recover?

Michael A. Discenza

Chief Financial Officer & Vice President, The Timken Co.

A

Sure. So, let's start with where you started. So the heavy truck market, I would say, we're not seeing a lot of life there but as you know combined with the automotive – so the whole on-highway sector, not really a sign of strength for us there. So, on the off-highway side, it's a little bit – we are seeing strength in the order book. Lucian – we're strengthening I should say improvements Lucian referenced, but really if we look inside of there, it's not entirely broad-based. We still see agriculture, which is part of our off-highway segment as being down. So, while we're seeing some positive signs in mining and construction, agriculture still is a weight in that segment.

And then lastly on distribution, we feel pretty good about where distribution inventories are, so we don't see an issue. So, really selling through at the market rate there where we have visibility again. We don't have visibility across the entire distribution network but where we do have visibility, feel pretty comfortable with the inventory levels and so again see that being a – some growth next year I'll say low-single-digit close to neutral growth but comfortable with where the inventory is, so it should be a contributor next year.

Rob Wertheimer

Analyst, Melius Research LLC

Q

Thank you.

Operator: Thank you. The next question comes from David Raso with Evercore ISI. Please go ahead David.

David Raso

Analyst, Evercore ISI

Q

Hi. Thank you so much. Quick clarification [ph] if I didn't hear it (00:24:27). Volume growth in 2026. Do you expect volumes to turn positive in the first quarter? I know for the whole company they were still down slightly in the fourth quarter. Just making sure that's the starting point. And then I have a follow-up.

Michael A. Discenza

Chief Financial Officer & Vice President, The Timken Co.

A

Yeah. So, let me address the Q1 organic sales. We said that we expect those to be flattish year-over-year. And what that means obviously with pricing coming in up that means volumes would be slightly lower. Again, there's a function of just the comp that we're talking about. We had a pretty strong volume in Q1 a year ago. There was some timing on a couple of market segments, renewable being one of them, that drove that comp to be a little more challenging. So, down volume, up pricing, and then flat year-over-year organic growth. And then from an EBITDA standpoint, also flat year-over-year from a margin standpoint.

David Raso

Analyst, Evercore ISI

Q

Okay. Thank you. So my real question, you made the comment about 80/20 across the portfolio exiting some underperforming businesses, but you made the comment, remember it could take some time. When I look at the bridge for 2026, you pull out the tariff relief separately, you pull out the currency. It seems like you're implying only mid-20% incrementals on the organic piece, right? The \$0.25 in the bridge on slide 16.

Are there costs embedded into your actions that are weighing on those margins? And just give us a sense of what you meant by take some time. I'm just trying to make sure I understand, is 2026 a year of cost and we don't see benefits till 2027? I'm just trying to get a sense of the cadence of what you were implying? Thank you.

Lucian Boldea

President, Chief Executive Officer & Director, The Timken Co.

A

Yeah, I appreciate the question. And so, we introduced 80/20 in the last conference call as really being directed at the portfolio. And the idea there was let's critically examine the portfolio and look at where do we want to double down on investment. Again, the intent is, invest more in growth but with a finite set of resources. That also means walk away from certain things. And so, that process is well underway. We've identified the parts of the portfolio that we want to de-emphasize.

Obviously to de-emphasize those there's really two ways of doing that. You're either having to extract yourself or exit a piece of business or you have to go through an M&A transaction. In any event those need to be handled confidentially and obviously when we have something to announce publicly then then we will.

What we've also communicated this morning was that we're expanding that 80/20 discipline now to the entire enterprise. And so what that means is really now looking at our operations. So looking at not only our customer and product mix and how do we simplify that, looking at our supply chain, our asset footprint and how do we simplify that.

The latter part, so this broader 80/20 naturally has an upfront investment and then has a benefit. And if you look at companies typically who have done this, I would say there's a couple of quarters of cost, then the benefits start, and so, you kind of have a couple of quarters of cost, a couple of quarters where the cost and the benefit maybe neutralize each other and then you get into net benefit. That's usually what happens.

Now, we're very, very early in this process. We're just using the experience of our partners that we work with. We have an external firm that we're working with and their experience is very aligned with what I'm saying in terms of the timing.

But at this point, what I would say is there's not a significant amount of cost or a significant amount of benefit baked into what we're giving you today. Between now and Investor Day, we plan to have all this fleshed out. And so, that's one of the things that we do – we do plan to communicate at that point is really a roadmap not only on the portfolio but also a roadmap on the cost actions that we're taking and really the simplification – and again, the motivation for the simplification is two-fold. One is we think there's opportunity for margin, but two really, it's to free up resources for growth.

David Raso

Analyst, Evercore ISI

Q

And at the meeting would we expect – or maybe haven't decided – to get multi-year targets when it comes to sales and earnings and I assume obviously some quantification around the savings you just discussed.

Lucian Boldea

President, Chief Executive Officer & Director, The Timken Co.

A

Yeah, I can maybe foreshadow a little bit the table of contents because that much we know. I think we're still working on the content, but we're clearly now laying out a very disciplined transformation for the 0 to 36 months timeframe. And that involves the portfolio 80/20, that involves the simplification, that involves the doubling down regionally to grow our acquisitions that we already have. So that transformation roadmap will be very clearly laid out with the timeline with what the objectives are.

And then, obviously that's the bridge to something and then we also will share with you what that something is and how we envision the company transforming as we move forward. So that second piece is a little more forward-looking but the first piece that 36 months certainly will have not only growth algorithms for top-line, for bottom-line, but then obviously financial targets for ourselves. But as much visibility and transparency as we can, we will give you so that you can follow along with us and obviously hold us accountable to delivering what we tell you.

David Raso

Analyst, Evercore ISI

Q

All right, that's great. I appreciate the color. Thank you.

Lucian Boldea

President, Chief Executive Officer & Director, The Timken Co.

A

Sure.

Operator: Our next question comes from Steven Volkmann with Jefferies. Please go ahead.

Stephen Volkmann

Analyst, Jefferies LLC

Thank you. Good morning. Maybe I'll just run with that...

Q

Lucian Boldea

President, Chief Executive Officer & Director, The Timken Co.

Good morning.

A

Stephen Volkmann

Analyst, Jefferies LLC

...for a second. Lucian, I don't know if you're willing to comment on this, but a lot of 80/20 and sort of simplification does involve exiting certain products and maybe even certain businesses. And the PLS impact of 80/20 is kind of usually the first step. And you talked about the cost, but I'm just wondering like is there a scenario where there's a significant portion of revenue that gets exited as part of this process before we go forward?

Q

Lucian Boldea

President, Chief Executive Officer & Director, The Timken Co.

Yeah, thanks for the question. Look, if we look at sizing even what's in scope, so if you start with the portfolio itself, we're talking about a single-digit percentage of the company that we're considering. Some of the product lines that we're talking about, we've communicated before our intent to look at our auto OEM business. So, that would be part of that total. So, in the end we're not looking to shrink to the perfect company. That's for sure. We're looking to grow the company. So the entire objective of 80/20 is to reposition ourselves, simplify ourselves, lean ourselves out, have really robust processes for growth.

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If you look at the organizational announcements that we've made, first thing we put in place was a Chief Technology Officer, Head of Marketing to really look at macro trends, what happens in the industry and how do we align our portfolio for growth? How do we align ourselves with higher growth verticals than maybe where we've been historically that ultimately will align our M&A portfolio as well with that? But the answer to your question is no, we don't intend to shrink significantly and we intend to also work very hard on these regional growth opportunities that we have in the short term to offset some of those exits to the extent that it's possible. Again, we'll have to get the timing just right and sometimes you don't control that but in the end it's not the intent to shrink.

Stephen Volkmann

Analyst, Jefferies LLC

Got it. That's helpful. And then just to pivot, as you're thinking about 2026. I mean it sounds like you're fairly optimistic and your slide 15 shows a fair amount of growth and markets there. But you have this 2% organic growth target. I would think you could do frankly better than 2% just on pricing. So, I guess I'm a little surprised that – are you – do you think about this as conservative? Is there some reason that pricing would be this low as you start to capture things like steel costs and tariffs and so forth? It just feels like I would have expected more than that.

Q

Lucian Boldea

President, Chief Executive Officer & Director, The Timken Co.

Yeah. Look, I'll let Mike walk you through the waterfall in a minute. But let me maybe make a few high-level comments. So I think if you look at price and what we said with price around tariffs cost. We said that we will

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recapture the margin by the end of the year. So, when you're looking at a whole year versus a whole year, that obviously doesn't show you the true run rate picture of where we're going to end 2026. It just gives you the area under the curve. And so there's that comment I would have on pricing. And certainly we're all awaiting on where the Supreme Court decision comes on tariffs. And so, all those things certainly have an impact in what additional pricing is warranted or not depending on where we end up with pricing as the year progresses.

So, on volumes themselves, where we sit today I would say is what we see as we look out as far out as we can see. The visibility into the back half of the year obviously is way more limited than we can all speculate on scenarios or look at history where a recovery would have been better. But this, we view as realistic based on what we see today.

I'll also remind you that there is a limit to how fast whether it's ourselves or the entire supply chain can ramp up with increased demand because everybody has kind of right-sized their operations to the demand. So, if you see a big snapback, then that certainly will result in some growth on the – more growth on the order book but the translation into revenue will also take a little bit of time and ramp up. So, that's where it sits. Is it conservative? Is it not? I would say we've done our best to try to be realistic. But we're also cautious here given the dynamic environment.

So, Mike, if you want to comment on the margin, maybe.

Michael A. Discenza

Chief Financial Officer & Vice President, The Timken Co.

A

Yeah. Well, just maybe elaborating a little more on price volume. I think we say 1% – I would say 1%-plus pricing. And I think the important thing to know is that we have consistently over time achieved solid pricing. And we expect another year of solid pricing and we'll continue to push price higher where and when we have the opportunity. So, as Lucian said starting the year maybe with what we have visibility to, both on the volume and pricing side. But it doesn't mean that we're not going to continue to look for opportunities throughout the year. So I would – that's how I'd characterize that, cautious with what we can see and continuing to look for opportunities as we move forward.

Stephen Volkmann

Analyst, Jefferies LLC

Q

Got it. Okay. Appreciate the color.

Operator: Our next question comes from Angel Castillo with Morgan Stanley. Please go ahead.

Angel O. Castillo

Analyst, Morgan Stanley & Co. LLC

Q

Hi, thanks for taking my question. Just maybe wanted to continue on the price cost conversation a little bit. Obviously talked a lot about uncertainty with tariffs and a lot of moving pieces there that we won't know for a little bit. But just can you talk about the other buckets whether it's labor or materials and just your general kind of strategy in terms of how we should be thinking about any kind of material headwinds, again outside of tariffs?

Michael A. Discenza

Chief Financial Officer & Vice President, The Timken Co.

A

Sure. Thanks, Angel, for the question. So, maybe just answering that last part first. The material, we look for – there will be material inflation. So, it is an inflationary environment but we talked about cost savings in 2025. And

some of those cost savings were absolutely built around material cost savings tactics. And so we'd look for those to continue. And while we expect some logistics headwinds, I would say material and logistics costs should be a positive for us heading into next year.

We do have labor inflation across both our manufacturing and SG&A footprint. So, labor inflation will be a headwind next year as well as variable compensation. I referenced in an earlier comment, variable compensation is a headwind for us as well. As we inflect to a year where we're projecting growth, that's typically what happens for us. So, we do have inflationary pressure, we have cost savings tactics. Net-net we will be positive price cost and as you saw on the walk, tariffs will be a positive for us. And then on the overall price cost, we see a net positive. So, overall, contributing to that 30% incremental is cost savings tactics to offset the inflation combined with pricing and that's how we get there.

Angel O. Castillo

Analyst, Morgan Stanley & Co. LLC

Q

That's helpful. Thank you. And then maybe just switching over to industrial automation. I think you talked about strong growth there in the fourth quarter. Can you just talk about what your order books are showing kind of exiting the year or I guess into January in terms of the growth in automation, and how that kind of compares to maybe the mid-single-digit outlook that you provided for the full year? And then Lucian, if you don't mind just maybe commenting maybe bigger picture given your background, I guess how are you going to see the longer term strategic role of automation within the business as we think about accelerating growth, your overall kind of portfolio strategy, M&A, et cetera?

Lucian Boldea

President, Chief Executive Officer & Director, The Timken Co.

A

Yeah. Look, I appreciate the question. And I made a comment earlier that we're certainly very interested in aligning our portfolio a little bit better. And that's why we have a new CTO. That's why we have a new Head of Marketing with macro trends and then markets that really are driven by those macro trends. And if you think about that electrification, automation are kind of the top of the list of macro trends that we are already aligned with and need to further align with.

So, to answer the first part of your question, certainly automation was a driver for us. In terms of increases we see, especially our exposure there on the Industrial Motion, on linear motion in particular where we've benefited from that. That's actually a big driver and one of the things we talked about is taking these acquisitions. So, I'll remind you that our linear motion business is primarily a European business historically. We've invested significantly in resources in the Americas to grow that. And we're up 20% in that business, it's off of a smaller base but we're up 20% in the Americas in that business as a result of that effort and investment. So, certainly shows that there's opportunity and a lot of that is in automation.

As to your bigger question on the automation of the market itself, look, I think humanoid has gotten a disproportionate amount of press because it's obviously exciting. At some point it will be part of our future. We are participating in that as well. We're sharing that excitement. We're working with OEMs on key programs and we're certainly looking forward to success in that market. But I would say, that's still early. It's still at the – at a prototyping and the designing phase. But what is not at the prototyping and designing phase is industrial automation overall.

And I think when you look at how we participate there, there's a lot of product lines where we participate. So, you think about our automated lubrication systems that we have in our Industrial Motion portfolio. If you think about where we participate with drive with harmonics, with our linear actuators in factory robots, think about our medical

robots through our CGI acquisition, our Cone Drive going into autonomous guided vehicles, and then last but not least, humanoids. So, really a broad product portfolio here across the enterprise that positions us very nicely.

So, you might see this as a topic at Investor Day where we would cover this in a little more detail. But we're certainly overall excited this is a trend. This trend and then electrification utilities, power gen are certainly two that early looks that there's opportunity here for us to align ourselves better and to have a more comprehensive offering because we just have so much content and bringing that together into a customer solution, into an engineered solution is really the way forward.

Michael A. Discenza

Chief Financial Officer & Vice President, The Timken Co.

A

Maybe if I could just add a reminder. And Lucian referenced CGI, but for most of 2025, CGI would have been in our acquisitions inorganic bucket. That flipped at the end of the year and now is part of our automation segment. And we've seen very strong growth from that acquisition and very happy with where it is. So, Lucian referred to it but I just wanted to from a modeling perspective remind you that it's now part of automation.

Angel O. Castillo

Analyst, Morgan Stanley & Co. LLC

Q

Very helpful. Thank you.

Operator: The next question comes from Steve Barger with KeyBanc Capital Markets. Please go ahead.

Christian Zyla

Analyst, KeyBanc Capital Markets, Inc.

Q

Good morning, everyone. This is Christian Zyla on for Steve Barger.

Lucian Boldea

President, Chief Executive Officer & Director, The Timken Co.

A

Good morning.

Christian Zyla

Analyst, KeyBanc Capital Markets, Inc.

Q

Thanks for taking the questions.

Michael A. Discenza

Chief Financial Officer & Vice President, The Timken Co.

A

Good morning, Christian.

Christian Zyla

Analyst, KeyBanc Capital Markets, Inc.

Q

You've mentioned...

Lucian Boldea

President, Chief Executive Officer & Director, The Timken Co.

A

Hi, good morning.

Christian Zyla

Analyst, KeyBanc Capital Markets, Inc.



...a few times on this call. Good morning. You've mentioned a few times on this call about the CTO and executive appointments. So, maybe this is a follow-up to that previous answer. But can you just talk more specifically about how those new appointments will translate to innovation and sales growth? Like what specifically will you be doing differently with these new appointments? And what parts of your business are you focusing on initially? Is that inward facing or is that more market facing?

Lucian Boldea

President, Chief Executive Officer & Director, The Timken Co.



Yeah, absolutely market facing. So, first thing we're trying to do is create the appropriate ecosystem and the framework and the processes and the discipline to be able to invest more. So, if you look at what we invest today in R&D, there is room for increasing that potentially. But what you have to have for that is really clear, really good alignment on, what are the focus areas.

To be very clear with you as to what macro trends are we following, what are our focus industries where we try to bring these solutions, and then that drives our innovation portfolio and it also drives our M&A portfolio. And so, really the early days of both the CTO and the Head of Marketing is really to establish the growth processes, establish the growth framework and really clarify those across the company so that we have one set of metrics, one set of language. We can compare apples to apples. We can track timelines. We can execute. And like with all innovation, we can fail fast and pivot and move to success. So, that's the intent of the early days.

By Investor Day, we hope to share with you what those focus areas are, what the macro trends are, and then obviously as we give you our multi-year outlook, then we'll also be able to give you some glimpse into what the investment and what the outcome can be from that effort. But we're – I'll remind you this is not a new muscle. This is a 125-year company that's built on technology, that's built on innovation, that's built on patents. So this is really doubling down on our roots, just focusing a little better on macro trends and recognizing that we need to align our growth a little better with high growth verticals as we do the portfolio work and exit some of the more challenging verticals.

Christian Zyla

Analyst, KeyBanc Capital Markets, Inc.



Fair enough. And then just my second question kind of on M&A. M&A backdrop looks favorable. Interest rate environment is positive yet you guys haven't really added anything to your portfolio which seems uncharacteristic for Timken. Do you feel your portfolio is in a good spot or is debt leverage the greater priority or 80/20? Just has this fallen down the priority list? Just any thoughts there. Thank you.

Lucian Boldea

President, Chief Executive Officer & Director, The Timken Co.



Yeah, I would say it's not down on the priority list but maybe a couple of comments. So, definitely it's not because we were solely focused on delevering. I think that was certainly just the effect of good cash generation and good discipline and the opportunities that we had. What we do want to do and maybe the reason there was a little bit of a pause on M&A is really roll out a strategy very clearly and doing that at Investor Day. And then really rolling out that roadmap of what's in play, what's not and then how we look – what is our philosophy, how do we look at M&A.

And I think I shared this in a prior call, we look at this universe of good businesses, then inside of that what businesses are transactable and then inside of those two circles is where are we the natural owner. So how do we define that for you so that when we explain an M&A transaction or we announce an M&A transaction, it's very clear that we're the natural owner here.

I think there is still a very active pipeline that we have. We're working on that pipeline. There is a – there are new areas that we're looking to focus as we flesh out our strategy so that exists and then there's always the list of acquisitions that will fill our portfolio very nicely that we've had for some time. Those are more – I would characterize those opportunistic because we know they fit but it's a matter of when are they available, when are they transactable. So in that case call that a little more opportunistic.

But activity is not down on M&A but I think there's more now on defining what it needs to be defining what we want and then also frankly some focus on the portfolio 80/20, what are the pieces that maybe are on the other side of the ledger not on the acquisition but maybe on the divestiture.

Christian Zyla

Analyst, KeyBanc Capital Markets, Inc.

Q

Appreciate the color. Thank you.

Operator: The next question comes from Kyle Menges with Citi. Kyle, please go ahead.

Kyle Menges

Analyst, Citigroup Global Markets, Inc.

Q

Thanks for taking the question, guys. I was hoping if you could just provide a little more color on the auto and truck outlook just in terms of what you're seeing in the end markets for 2026, and then how is the auto OE pruning factoring into that outlook?

Lucian Boldea

President, Chief Executive Officer & Director, The Timken Co.

A

Yeah. So, I think let me start with Q4. So, I think if you look at the Q4 auto and truck was down and it was, as Mike said earlier, both heavy truck and automotive OE was down, aftermarket was more flattish. We don't see big changes to that as we head into Q1 at this point and no reason to call that very, very different.

I think as to the pruning of auto, a lot of progress I would say in the last 90 days. Give you a little bit of color of where we are. So these are long-standing customer relationships with customers that we've done business with for quite some time. And so we had to work with them to find appropriate outcomes that work for both as we do this exit.

And so those conversations are mostly complete, some still ongoing, but mostly complete. And I really have to express my appreciation to our customers because they work with us and I think we're headed to some outcomes that work for both. By Investor Day we hope to have those finalized so that we can communicate with you a specific timeline, but I can give you a little bit of color now.

The arrangements that we're looking at will have us see more significant revenue decline in 2027. But both in 2026 and in 2027, we expect to have some margin uplift from these negotiations. So, again, I think that's a good outcome for all the parties involved and it will position us to give you visibility in a way that you can track our progress on how we're doing with that pruning.

Kyle Menges

Analyst, Citigroup Global Markets, Inc.



Helpful. Thank you. And it would be helpful to hear a little bit more color on expanding the 80/20 philosophy across the entire enterprise and maybe the impetus for that as you look more now at the operations and supply chain footprint. I guess is that because you see some low-hanging fruit there to go after and yeah, maybe just talk a little bit about what you could execute on as you look to implement 80/20 across the entire enterprise and how maybe the timing would look as well.

Lucian Boldea

President, Chief Executive Officer & Director, The Timken Co.



Yeah, I mean look, what I can tell you at this point is we're a few weeks, maybe a month into this in the broadening the effort away from just the portfolio to the overall operations. So, you can more refer to what is typical for a company our size and what you can expect, and I mentioned in terms of timing a couple of quarters of heavy analysis, heavy training the organization on the discipline. [ph] Picture big training (00:50:36) this a little bit like lean where you really go through pretty extensive training. You collect a lot of data, has very specific metrics.

We have done some of that. We're starting pretty broad training here in another week. And that's global around the world. So we're – that is the early phases of it. The early insights from the analysis would tell you, no surprise when you apply it to a portfolio this big that the product complexity is quite high and a disproportionate amount of revenue rests on very few customers or very few product lines. And then you have to ask yourself a couple of questions which is, do you really need to spend a lot of energy on a very fragmented tail in the market or is that really valuable to customers and can you collect more price on that. Is there another way to create value?

But in the end, it is about simplifying. And the reason to simplify is to get a little more margin, but also to free resources for growth. Because in the end, the – not only theory, but vast experience of firms that have done 80/20, firms like Strategex who we're working with who are very versed at this, is – as you double down on that focus on your top customers, top products, top market, you can actually create offerings for them where you can grow way more there than you would lose on the other side by shedding some more fragmented business that really has a higher cost to serve than maybe your accounting ledger would say.

So that's where we are, again early in the days for me to give you anything definitive. I'm just trying to provide color more on what is our process and where we are and what is typical in 80/20 and so far our data says that there's no reason to believe we would be vastly different from what is typical. And so we're very, very excited about it, which is why we're making this investment right now.

Kyle Menges

Analyst, Citigroup Global Markets, Inc.



Good to hear. Thank you.

Lucian Boldea

President, Chief Executive Officer & Director, The Timken Co.



Sure. Thank you.

Operator: The next question comes from Joe Ritchie with Goldman Sachs. Please go ahead.

Joe Ritchie

Analyst, Goldman Sachs & Co. LLC

Thank you. Good morning, guys.

Q

Lucian Boldea

President, Chief Executive Officer & Director, The Timken Co.

Morning.

A

Michael A. Discenza

Chief Financial Officer & Vice President, The Timken Co.

Good morning.

A

Joe Ritchie

Analyst, Goldman Sachs & Co. LLC

I wanted to – hey, good morning. Yeah, I just want to get a clarification on the 2026 outlook bridge, the \$0.10 to \$0.15 that you have in there for tariffs. I'm assuming that that includes the pricing that you put through for those tariffs already. And then also because you've kind of had this, two to three quarters of a headwind, is the expectation that you'll see most of this benefit in the first half of the year as well?

Q

Michael A. Discenza

Chief Financial Officer & Vice President, The Timken Co.

Yeah, sure. Thanks for the question. Yes, the answer is in that \$0.10 to \$0.15, it does include the price benefits of that and we are, as you noted, putting in price actions which were more heavily weighted in the second half. So on a year-over-year comp basis that will look a little more favorable in the first half than the second half.

A

Having said that we are going to continue to put pricing in throughout the year and as we've committed to previously we will recapture the margin on the tariffs but we don't expect to do that until we're exiting 2026. So from modeling the pricing benefit, because we were getting that towards the second half, will come in stronger in the first half and then exiting the year we'll be at, call it, margin neutral on price tariff.

Joe Ritchie

Analyst, Goldman Sachs & Co. LLC

Okay, great. Thanks Mike. And then the other question I have is for Lucian. I know that the business is short cycle. I also know that you don't have a lot of volume growth baked into your expectations. But look, it was interesting to see the [ph] ISM print over 50 (00:54:50) just this past week. I'm just curious just like as you're looking at kind of like leading indicators across your business on where you could potentially see an inflection? Like what are you looking at really closely and like where is – where do you see maybe some potential sources of optimism given the backdrop seems to be getting a little bit better.

Q

Lucian Boldea

President, Chief Executive Officer & Director, The Timken Co.

Yeah, I think when you look at the order book in general, off-highway, general industrial, renewables, wind, not solar but wind and aerospace those are certainly areas that would tell us to be optimistic. General industrial we expect the sector to be up mid-single digits versus 2025. So that's still strong. I think where you still see is these later in the cycle businesses. Oil and gas is kind of the poster child of that that tends to be the last one that rebound. So those are businesses that are still slower.

A

I think as I said heavy industries, power gen strong, aggregate strong but oil and gas and metals are still slow and that weighs down that entire sector. So that's kind of overall if you step back and look at the segments and then by region as we mentioned Europe was actually the pleasant surprise in Q3 and we almost didn't believe it, in Q4 it continued to do well. And US is doing okay, LatAm is down and China still continues to be down and solar is a big contributor to China being down, but India's more than making up for it. So we're certainly excited about that.

Joe Ritchie

Analyst, Goldman Sachs & Co. LLC

Okay. Thank you.

Q

Lucian Boldea

President, Chief Executive Officer & Director, The Timken Co.

Sure.

A

Operator: The next question comes from Tomo Sano with JPMorgan. Please go ahead.

Tomohiko Sano

Analyst, JPMorgan Securities Japan Co. Ltd.

Hello everyone.

Q

Lucian Boldea

President, Chief Executive Officer & Director, The Timken Co.

Hello.

A

Michael A. Discenza

Chief Financial Officer & Vice President, The Timken Co.

Hey Tomo.

A

Tomohiko Sano

Analyst, JPMorgan Securities Japan Co. Ltd.

Hi, thank you for taking my questions. Question to Lucian. While we understand that the more details will be shared at the May Investor Day, but could you share how you have spent your first 100-plus days as CEO? Especially like on the process side, what approaches or activities have you undertaken to identify opportunities for organizational transformations and in what areas do you see the greatest potential for improvement please?

Q

Lucian Boldea

President, Chief Executive Officer & Director, The Timken Co.

Yeah, thanks for the question, Tomo. So if I just look back at the last 100 days, first thing I usually do when I try to learn a new business is visit the factories. And so I've spent a lot of time trying to see how we operate, how we make it. It teaches you a lot about the business. It teaches you about the sources of differentiation. It teaches you about how unique you are. How easy is it for somebody to do what you're doing? Because ultimately strategy has to do with your competitive advantage.

A

So I would say, I overinvested there to try to understand our operations. Likewise you alluded to it. Understand the business processes and what I would say is, both on the operations side and on the business processes side,

I found opportunities. And what I found opportunities is not to invent something new but to really do a better job at translating best practices across the enterprise.

So this company has gone through a lot of acquisitions over the last few years and really almost anything you think about somebody in Timken is doing it very well. But how do we institutionalize that across the enterprise. And I would say that was probably the first 60 to 80 days and then the last 30 to 60 was okay, so what – so now what do we do? And what we are working on now is really a very disciplined operating model that's based on a single version of the truth, transparency, accountability, metrics that are simple enough, leaned out enough that they're not burdensome and they're reflective of the size company we are, but at the same time really rigid enough that you can operate a business of this complexity at scale and operate it efficiently.

So a lot of work going on right now on the operating model, at the same time work on 80/20 as I said on simplifying the operations, simplifying the supply chain. So really tackling the entire operation, tackling it so that it's nimble, it's lean, it's quick. And then as we do the 80/20 and we focus our growth into our macro trends, into our growth areas, then we can operate with agility and speed. But that's really been the first 120 days and I can tell you I'm very, very excited about what I found because rarely do you find a combination of a very strong balance sheet, very strong cash generation, tremendous heritage in terms of technology, excellent customer reputation and relationships, a very willing and engaged team that I'm working with, a very willing and engaged workforce overall that's very proud and very ready to take this to the next level. So, we're really excited about May 20th to share with you what we have so far and where we're headed and so yeah, can't wait to be able to share that.

Tomohiko Sano

Analyst, JPMorgan Securities Japan Co. Ltd.

Q

Thank you, Lucian. And just one follow-up, free cash flow generation was pretty strong in Q4 and what was the major drivers behind this performance and as you look forward to 2026 with the \$350 million free cash flow target like which areas will we focus on to achieve this and do you see any potential upside?

Michael A. Discenza

Chief Financial Officer & Vice President, The Timken Co.

A

Yeah, sure. Thanks, Tomo. This is Mike. So really in the fourth quarter, fourth quarter is typically a strong free cash quarter for us anyway. And across the board excellent performance in working capital. The teams brought in AR, reduced days. So really it was working capital management on top of the earnings that contributed to the fourth quarter.

Looking forward to next year it's another year with improved earnings and then we are expecting CapEx in the, call it, 3.5% range which is on the low end of our typical range. So that doesn't help with cash flow, but obviously spending on the lower end taking less free cash flow or less operating cash flow. So that's what we're looking for next year is just, I'll say, continued working capital performance and leveraging the earnings.

Tomohiko Sano

Analyst, JPMorgan Securities Japan Co. Ltd.

Q

Thank you, Mike.

Michael A. Discenza

Chief Financial Officer & Vice President, The Timken Co.

A

Thank you, Tomo.

Operator: Thank you. We have time for one more question. And so our final question today comes from Chris Dankert with Loop Capital Markets. Please go ahead.

Chris Dankert

Analyst, Loop Capital Markets LLC

Q

Morning. Thanks for squeezing me in here, guys. Appreciate it.

Michael A. Discenza

Chief Financial Officer & Vice President, The Timken Co.

A

Morning.

Chris Dankert

Analyst, Loop Capital Markets LLC

Q

I guess Lucian, as you've been looking around the enterprise, the manufacturing footprint has been on kind of a long-term move to cost optimized regions. I'm thinking Mexico, UK, what have you. As 80/20 kind of really kicks in, are you seeing further opportunity on the manufacturing footprint? How impactful are tariffs in terms of thinking about that realignment, maybe just what the opportunity is on manufacturing footprint would be helpful.

Lucian Boldea

President, Chief Executive Officer & Director, The Timken Co.

A

Yeah. So the one-word answer to your question is yes, we see opportunity. The manufacturing footprint of the future or at least of the present is very different from what it's been in the past. Not too many years ago it was put in one place, have a lot of scale and stay there forever. And the name of the game now is agile and nimble. And because of tariffs, primarily because of geopolitics, because of supply chain – potential supply chain disruptions.

And so, we're very fortunate to have that nimble footprint right now, very nicely globally spread as you said. If you look at our flagship factories, there's one in every region that is very strong or more than one frankly in every region. We have a very strong footprint in India. We have a strong footprint in China. Good one in Eastern Europe, good one in North America, so. And that's both across Engineered Bearings and Industrial Motion. But in the end it is also about efficiency. So what that means is as we look at certain markets and these are not general purpose factories necessarily, they're more aligned with certain industries. So as we look at doubling down in certain industries and then pulling away in others, then that also creates some opportunity.

But what I want to also tell you is another way we look at this is to say what export opportunities within that macro region does our footprint create. So our India footprint has certainly been instrumental in us gaining share in India. What does it do as a base for exports in emerging regions, whether that's in sub-Saharan Africa, whether that's in Central Asia, whether that's in the Middle East, whether that's in Southeast Asia, likewise our China footprint. So really thinking about those businesses that's why we appointed those regional leaders too, thinking about those almost like a local business that's looking at the regional export markets and trying to leverage that footprint, that cost position.

So, it's an exciting opportunity. Our regional leaders are certainly very excited about that to have a little more of that entrepreneurial spirit. But to do that, you really have to have back to the earlier question – you have to have a global framework, you have to have the processes, you have to have the operating model in place so that you can allow that, call it, global systems, regional autonomy and decisions and empowerment and allow that balance to

happen. So that's what has me most excited is how do we leverage the footprint, but we also have room to simplify what we have and really that will help us with our margins.

Chris Dankert

Analyst, Loop Capital Markets LLC

Q

Yeah, I mean it sounds like you're really thinking about things holistically. So looking forward to hear more about that at the analyst day and I'll leave it there, but best of luck on 2026, guys.

Lucian Boldea

President, Chief Executive Officer & Director, The Timken Co.

A

Thank you.

Michael A. Discenza

Chief Financial Officer & Vice President, The Timken Co.

A

Thank you.

Lucian Boldea

President, Chief Executive Officer & Director, The Timken Co.

A

Thank you. We appreciate it, thank you very much.

Operator: Thank you. This concludes the Q&A session. Sir, do you have any final comments or remarks?

Neil Frohnapple

Vice President-Investor Relations, The Timken Co.

Thanks, operator. And thank you everyone for joining us today. If you have any further questions after today's call, please contact me. Thank you. And this concludes our call.

Operator: Thank you for participating in Timken's fourth quarter earnings release conference call. You may now disconnect.

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