RECONCILIATION OF GAAP TO NON-GAAP MEASURES

Reconciliation of Net Income to Adjusted Net Income, EBITDA and Margin[1]	2020	2019	2018	2017	2016
Net Sales	**$ 3,513.2**	$ 3,789.9	$ 3,580.8	$ 3,003.8	$ 2,669.8
Net Income Attributable to The Timken Company	**284.5**	362.1	302.8	203.4	140.8
Impairment, restructuring and reorganization charges[5]	**29.0**	9.8	7.1	13.1	28.0
Corporate pension and other postretirement benefit related expense (income)[6]	**18.5**	(4.1)	12.8	18.1	67.0
Acquisition-related charges	**3.7**	15.5	20.6	9.0	4.2
Acquisition-related gain[7]	**(11.1)**	-	-	-	-
(Gain) loss on divestitures and sale of real estate	**(0.4)**	(4.5)	0.8	(3.6)	(0.5)
Property (recoveries) losses and related expenses[8]	**(5.5)**	7.6	-	-	-
Brazil legal matter	**-**	1.8	-	-	-
Tax Indemnification and related items	**0.5**	0.7	1.5	(1.0)	-
Health care plan modification costs	**-**	-	-	(0.7)	2.9
CDSOA income, net of expense	**-**	-	-	-	(59.6)
Noncontrolling interest	**(0.1)**	(0.5)	(1.3)	-	-
Provision for income taxes	**(6.0)**	(34.6)	(16.8)	(30.8)	(13.8)
Adjusted Net Income	**$ 313.1**	$ 353.8	$ 327.5	$ 207.5	$ 169.0
Net income (loss) attributable to noncontrolling interest	**7.9**	12.6	2.7	(1.1)	0.3
Provision for income taxes (as reported)	**103.9**	97.7	102.6	57.6	60.5
Interest expense	**67.6**	72.1	51.7	37.1	33.5
Interest income	**(3.7)**	(4.9)	(2.1)	(2.9)	(1.9)
Depreciation and amortization expense[9]	**164.0**	159.9	146.0	135.8	130.2
Less: Noncontrolling interest	**(0.1)**	(0.5)	(1.3)	-	-
Less: Provision for income taxes	**(6.0)**	(34.6)	(16.8)	(30.8)	(13.8)
Adjusted EBITDA	**$ 658.9**	$ 726.3	$ 646.5	$ 464.8	$ 405.4
Adjusted EBITDA Margin (% of net sales)	**18.8%**	19.2%	18.1%	15.5%	15.2%

Reconciliation of Diluted EPS to Adjusted EPS[1]	2020	2019	2018	2017	2016
Diluted earnings per share (EPS)	**$ 3.72**	$ 4.71	$ 3.86	$ 2.58	$ 1.78
Adjusted EPS	**$ 4.10**	$ 4.60	$ 4.18	$ 2.63	$ 2.13
Diluted shares	**76,401,366**	76,896,565	78,337,481	78,911,149	79,234,324

Reconciliation of Adjusted Net Operating Profit after Taxes	2020	2019	2018	2017	2016
Adjusted EBITDA	**$ 658.9**	$ 726.3	$ 646.5	$ 464.8	$ 405.4
Less: depreciation and amortization expense[9]	**164.0**	159.9	146.0	135.8	130.2
Adjusted EBIT	**$ 494.9**	$ 566.4	$ 500.5	$ 329.0	$ 275.2
Adjusted tax rate	**25.5%**	26.5%	26.5%	30.0%	30.5%
Calculated income taxes	**126.2**	150.1	132.6	98.7	83.9
Adjusted net operating profit after taxes (ANOPAT)	**$ 368.7**	$ 416.3	$ 367.9	$ 230.3	$ 191.3

Reconciliation of Adjusted Invested Capital	2020	2019	2018	2017	2016	2015
Total debt	**$ 1,564.6**	$ 1,730.1	$ 1,681.6	$ 962.3	$ 659.2	$ 656.5
Total equity	**2,225.2**	1,954.8	1,642.7	1,474.9	1,310.9	1,349.6
Invested capital (Total debt + Total equity)	**3,789.8**	3,684.9	3,324.3	2,437.2	1,970.1	2,006.1
Invested capital (two-point average)	**$ 3,737.4**	$ 3,504.6	$ 2,880.8	$ 2,203.7	$ 1,988.1	

Calculation of Return on Adjusted Invested Capital[2]	2020	2019	2018	2017	2016
ANOPAT	**$ 368.7**	$ 416.3	$ 367.9	$ 230.3	$ 191.3
Invested capital (two-point average)	**3,737.4**	3,504.6	2,880.8	2,203.7	1,988.1
Return on invested capital	**9.9%**	11.9%	12.8%	10.5%	9.6%

Reconciliation of Free Cash Flow[3]	2020	2019	2018	2017	2016
Net cash provided from operating activities	**$ 577.6**	$ 550.1	$ 332.5	$ 236.8	$ 403.9
Less: capital expenditures	**121.6**	140.6	112.6	104.7	137.5
Free cash flow	**$ 456.0**	$ 409.5	$ 219.9	$ 132.1	$ 266.4

Reconciliation of Net Debt[4]	2020	2019
Short-term debt	**$ 130.7**	$ 82.0
Long-term debt	**1,433.9**	1,648.1
Total debt	**1,564.6**	1,730.1
Less: cash and cash equivalents	**320.3**	209.5
Net debt	**$ 1,244.3**	$ 1,520.6

Calculation of Net Debt to Capital[4]	2020	2019
Net debt	**$ 1,244.3**	$ 1,520.6
Total equity	**2,225.2**	1,954.8
Total capital	**3,469.5**	3,475.4
Net debt to capital	**35.9%**	43.8%

[1]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 non-GAAP measures of adjusted EBITDA, adjusted EBITDA margin, adjusted net income and adjusted diluted earnings per share 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.

[2]The Company uses ANOPAT/Average Invested Capital as a non-GAAP ratio that indicates return on invested capital, which is useful to investors as a measure of return on their investment.

[3]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.

[4]Management believes Net Debt and the ratio of Net Debt to Capital are important measures of the Company's financial position, due to the amount of cash and cash equivalents on hand. 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.

[5]Impairment, restructuring and reorganization charges (including items recorded in cost of products sold) are related to: (i) plant closures; (ii) the rationalization of certain plants; (iii) severance related to cost reduction initiatives and (iv) related depreciation and amortization. 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.

[6]Corporate pension and other postretirement benefit related expense (income) primarily represents actuarial losses and (gains) that resulted from the remeasurement of plan assets and obligations as a result of changes in assumptions. The Company recognizes actuarial losses and (gains) through earnings in connection with the annual remeasurement in the fourth quarter, or on an interim basis if specific events trigger a remeasurement. Corporate pension and other postretirement benefit related expense (income) also include curtailments.

[7]The acquisition-related gain represents a bargain purchase price gain on the acquisition of the assets of Aurora Bearing Company that closed on November 30, 2020.

[8]Property (recoveries) losses and related expenses represent property loss and related expenses during the periods presented (net of insurance recoveries received) that occurred during the first quarter of 2019 at one of the Company's warehouses in Knoxville, Tennessee and during the third quarter of 2019 at one of the Company's warehouses in Yantai, China.

[9]Depreciation and amortization shown excludes depreciation recognized in reorganization charges, if any.