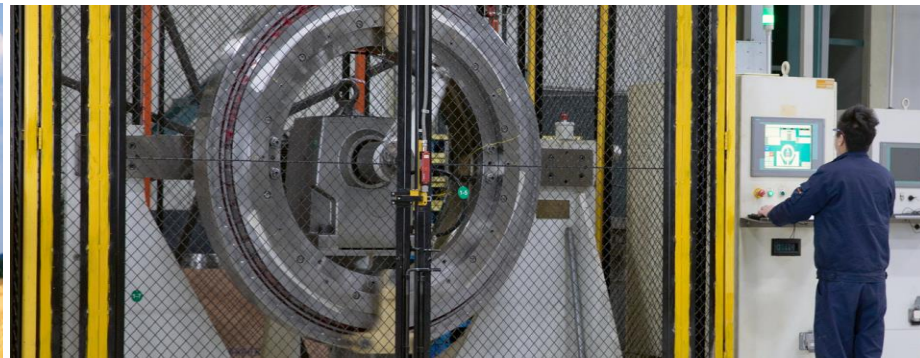


The Timken Company

Bank of America Global Industrials Conference

March 16, 2021

Advancing as a Global Industrial Leader



Forward-Looking Statements Safe Harbor and Non-GAAP Financial Information

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, projected cost savings, targets, projected sales, cash flows, liquidity and expectations regarding the future financial performance of the company are 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; fluctuations in material and energy 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 economic conditions and capital markets; 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 within expected timeframes or at all; the impact on operations of general economic conditions; 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 meant to address climate change; unanticipated litigation, claims, investigations or assessments; the Company's ability to maintain appropriate relations with unions and works councils; negative impacts to the company's business, results of operations, financial position or liquidity as a result of COVID-19 or other epidemics and associated governmental measures such as restrictions on travel and manufacturing operations; 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, 2020, 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.

This presentation includes certain non-GAAP financial measures as defined by the rules and regulations of the Securities and Exchange Commission. Reconciliation of those measures to the most directly comparable GAAP equivalents are provided in the Appendix to this presentation.

The Timken Company

Company Overview and Strategy

Advancing as a Global Industrial Leader



Timken at a Glance

TKR

Founded 1899
NYSE listed
since 1922

>17K

Timken
employees

42

Countries
worldwide

98+

Years
continuous
quarterly
dividends

25.1%

5-year
annualized
total
shareholder
return⁽¹⁾⁽²⁾

2020 Key Metrics

\$3.5B Revenue

\$659M Adjusted EBITDA

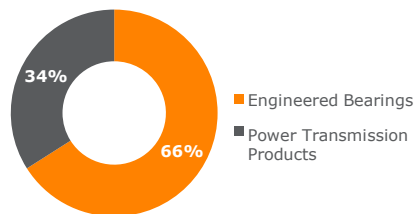
18.8% Adjusted EBITDA Margins

\$4.10 Adjusted EPS

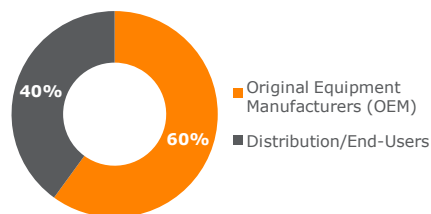
\$456M Free Cash Flow

1.4% Dividend Yield⁽¹⁾

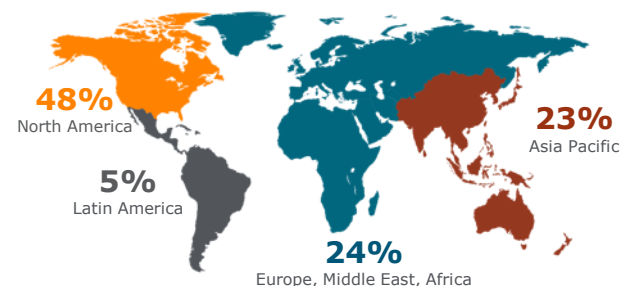
Product Offering Sales⁽³⁾



Sales by Channel⁽³⁾



Sales By Geography⁽³⁾



(1) Total shareholder return and dividend yield as of December 31, 2020.

(2) Total shareholder return for the Company was calculated on an annualized basis, assumes quarterly reinvestment of dividends

(3) Percentage of actual sales for 2020.

See appendix for reconciliations of adjusted EBITDA, adjusted EBITDA margin, adjusted EPS and free cash flow to their most directly comparable GAAP financial measures. Free cash flow is defined as net cash provided by operating activities minus capital expenditures.

A Broad and Market-Leading Product Portfolio

BEARINGS



LINEAR MOTION



LUBRICATION SYSTEMS



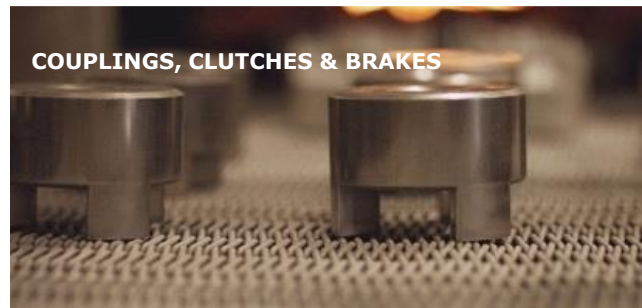
DRIVES & GEARS



BELTS & CHAIN



COUPLINGS, CLUTCHES & BRAKES



TIMKEN

ROLLON

PHILADELPHIA
GEAR

DIAMOND

Cone Drive

DRIVES

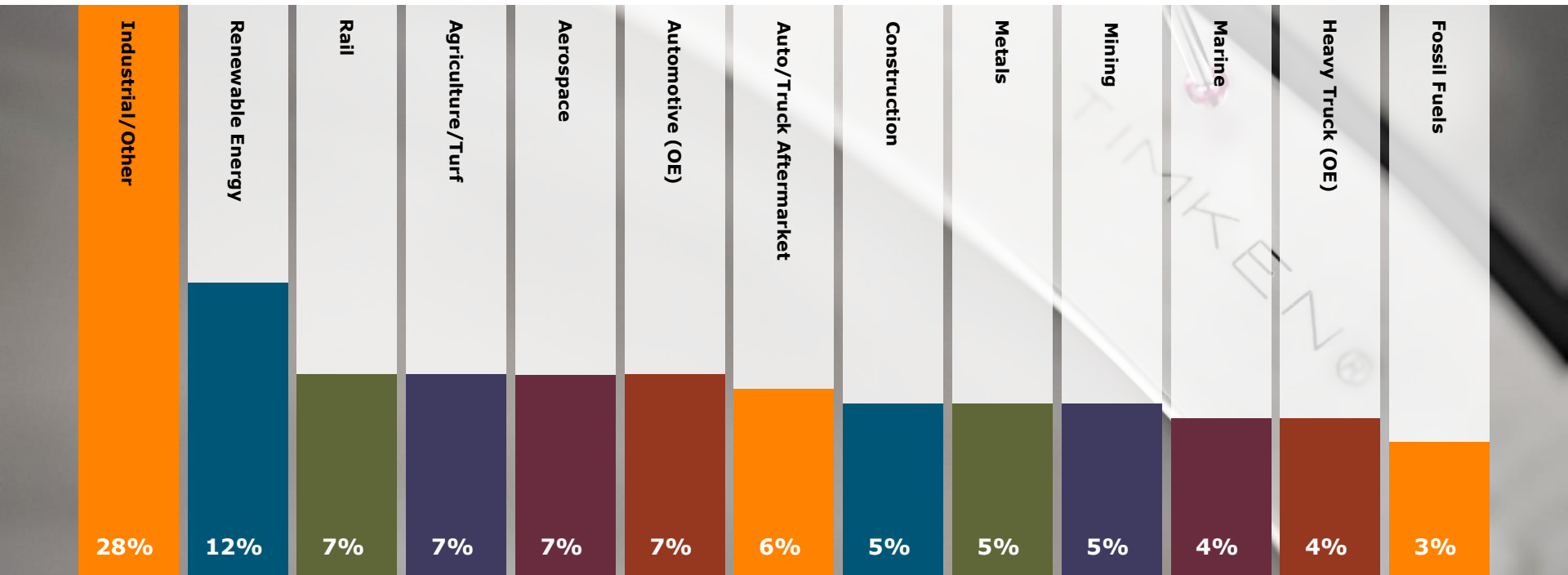
GROENEVELD

Lovejoy

BEKA

PTTECH

Serving an Attractive and Diverse End-Market Mix



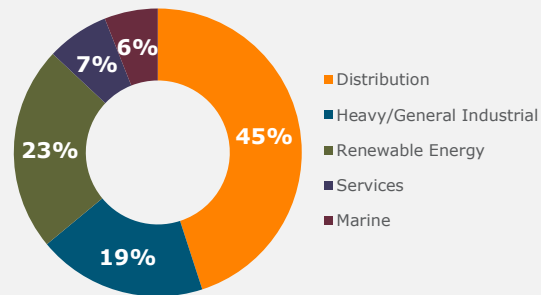
Percentage of actual sales for 2020. Certain data contained in the bar charts above has been rounded for presentation purposes.

Segments Focused on the Markets We Serve

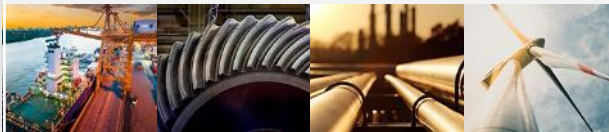
Process Industries Segment

2020 Sales
\$1.8B

Market/Sector Mix*



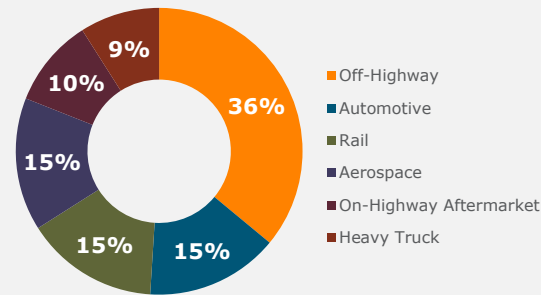
2020 Adjusted
EBITDA Margin
24.9%



Mobile Industries Segment

2020 Sales
\$1.7B

Market/Sector Mix*

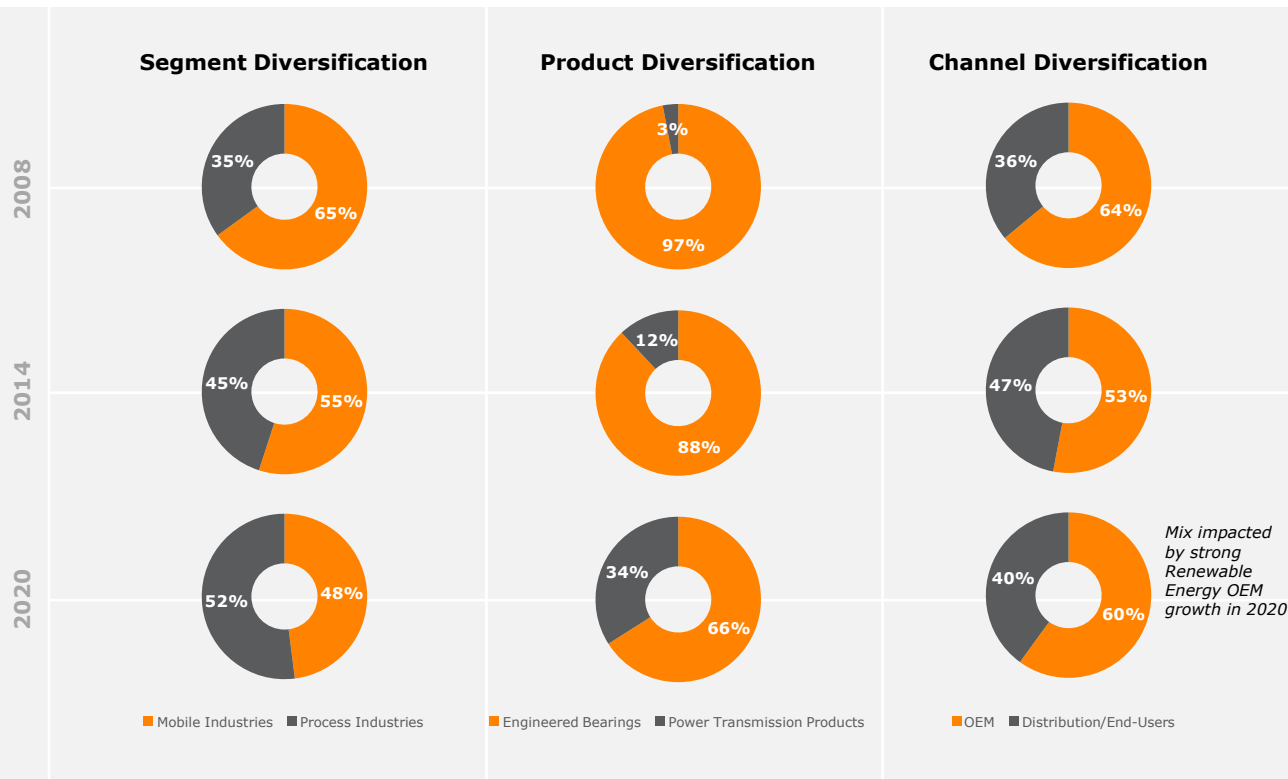


2020 Adjusted
EBITDA Margin
14.4%



*Percentage of actual sales for 2020. Certain data contained in the pie charts above has been rounded for presentation purposes. See appendix for reconciliation of adjusted EBITDA margin to its most directly comparable GAAP financial measure.

Progress in Diversification Better-Positions Timken to Deliver Higher Returns Through the Cycle



Better-Positioned to Perform Through Cycles

- Diversified product portfolio
- Growing in Process faster than Mobile
- Scaling in new markets
- Improved pricing model
- Variablized cost structure
- Lower-cost footprint
- Significantly reduced legacy liabilities
- Enhanced margin profile
- Strong cash flow

Proven Strategy to Drive Shareholder Value



DRIVE PROFITABLE ORGANIC GROWTH

- Be the technical leader in solving customers' friction and power transmission challenges
- Expand both our product portfolio and geographic presence
- Deliver a best-in-class customer service experience using a differentiated technical sales model



OPERATE WITH EXCELLENCE

- Drive enterprise-wide lean and continuous improvement efforts
- Build a more cost-effective global manufacturing footprint
- Deliver efficiencies across our supply chains
- Optimize processes and SG&A efficiency



DEPLOY CAPITAL TO DELIVER SHAREHOLDER VALUE

- Invest in organic growth and productivity initiatives
- Pay an attractive dividend that grows over time with earnings⁽¹⁾
- Broaden portfolio and reach through value-accretive M&A
- Return capital through share repurchases⁽¹⁾

(1) Subject to Board approval.

Our Actions Are Driven by the Timken Business Model



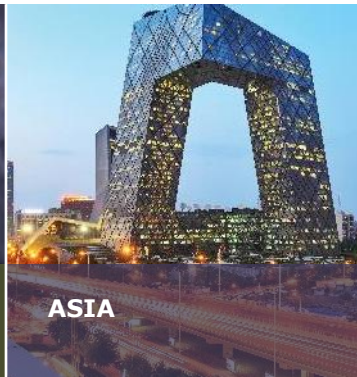
Emerging Trends Require Timken Expertise



- Increasing penetration in wind and solar energy market sectors, with renewable energy now the company's single largest end-market sector
- Helping our customers reduce resistance to motion to improve performance, reliability and efficiency



- Leveraging our engineering expertise to support the global shift towards lighter, more dynamic industrial motion solutions
- Enabling our customers to reduce costs and material usage through miniaturization



- Seizing opportunities to expand in growth markets like Asia
- Significant aftermarket opportunity as installed base grows



- Improving equipment reliability and driving manufacturing excellence through automation



- Developing power-dense solutions to maximize efficiency without sacrificing performance
- Fueling next-generation solutions in electrification to meet customers' evolving expectations

Focused on Building Scale in Growing Market Sectors

- Timken is an established leader serving capital goods sectors
- Recent focus on higher-growth market sectors with strong margins and different cyclical profiles
- Align our resources and products towards the difficult, high-valued applications
- Increase our pace through both organic and inorganic growth
- Improving market mix over time; making Timken a stronger company



WIND



SOLAR



PRECISION



FOOD & BEVERAGE



AUTOMATION/ROBOTICS



AEROSPACE



PACKAGING



RAIL



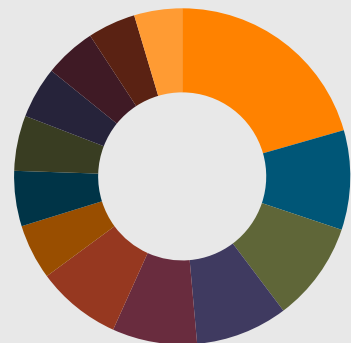
MARINE

Targeting the Most Attractive Opportunities

Key Characteristics	Selective niche opportunities	Full portfolio, broad application set
Equipment Operating Lifecycles	Short	Long, 20-30+ years
Bearing Product Requirements	Standard	Custom-engineered
Volume	High	Medium to Low
Service and Support	Low	High
Ease of Substitution	Easy	Difficult
Aftermarket Channel	Concentrated, OE-owned	Fragmented
Barriers to Entry	Low	High

Market/Application Attractiveness

Industrial Bearing Space:
~\$30B Market⁽¹⁾



- Heavy Industrial Equipment
- Light Industrial Equipment
- Electric Motors
- Machine Tool
- Rail
- Food and Beverage
- Material Handling
- Wind Energy
- Robotics/Semiconductors
- Gear Drives, Pumps, Compressors
- Agriculture
- Construction
- Mining

⁽¹⁾ Represents the Company's estimate of premium industrial bearing space; excludes premium on-highway bearings and other non-premium bearings.

Strategic Footprint Bolsters Operational Excellence

Regional manufacturing hubs in Americas, Asia and Europe

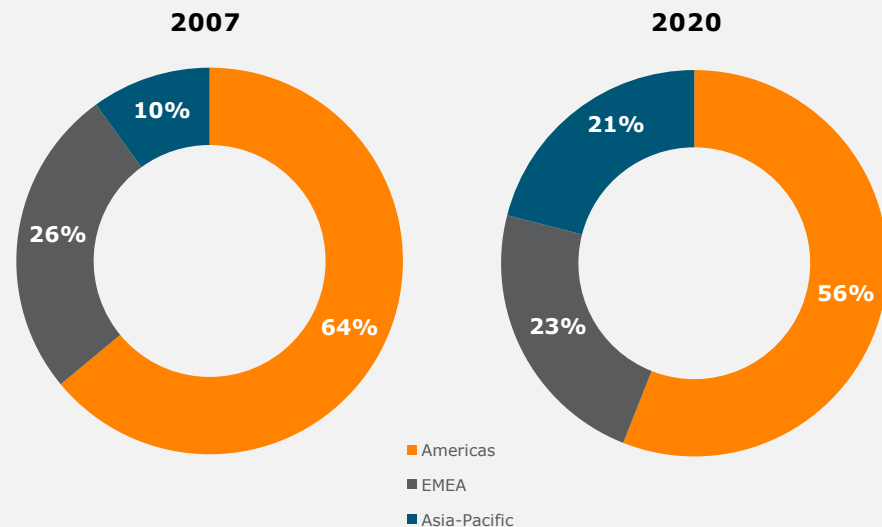
Expand capacity in low-cost geographies to support growth

Improve efficiency in high-cost locations

Implement state-of-the-art processes and technologies to reduce manual effort and improve efficiency

- Visual inspection systems
- Robotic manufacturing

Transforming Our Global Manufacturing Footprint⁽¹⁾



(1) Based on square feet of manufacturing floor space.

Corporate Social Responsibility (CSR): Three Key Focus Areas



Growing Knowledge

- Investing in education, training and development programs to support a **culture of learning**
- Enhancing **diversity and inclusion** initiatives to encourage global, diverse viewpoints
- Deploying comprehensive employee surveys to increase **associate engagement**
- Rewarding associates with strong wages and competitive benefits to recognize **professional excellence and achievement**



Advancing Sustainability

- Engineering innovative products that increase **efficiency** and propel **renewable energy**
- Improving our **world-class safety programs** to protect associates
- Embracing energy efficiency, pollution prevention, waste management and recycling programs to **reduce our environmental footprint**



Promoting Leadership

- Building and **investing in our communities** through giving, partnership and volunteerism
- Upholding **strong corporate governance** principles and practices
- Leading with and **living our values** every day, while operating ethically and responsibly

2019 CSR Report: Tracking Progress

In 2020, we released our second corporate social responsibility report. See www.Timken.com/about/corporate-social-responsibility/ for the full report. Here are some highlights:



Achieved **lowest lost-time-accident rate** in our 121-year history in 2019



Named one of the **world's most ethical companies** by the Ethisphere® Institute for the 10th time



Donated \$1.6 million+ to address basic needs, education, and community-building in the U.S.



Diverted around 90% of waste from landfills through recycling, waste-to-energy and other methods

The Timken Company

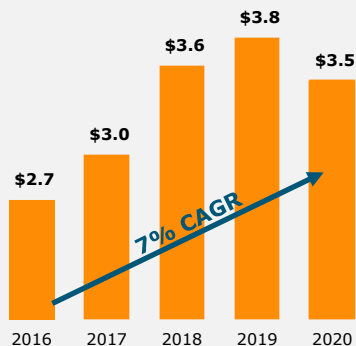
Financial Performance & Capital Allocation Strategy

Advancing as a Global Industrial Leader



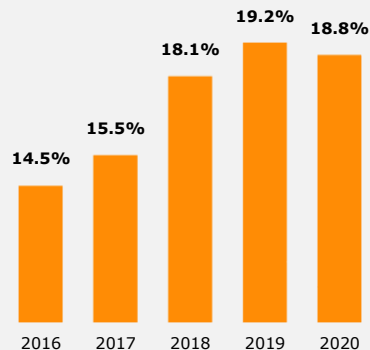
The Strategy is Working

Revenue (\$B)



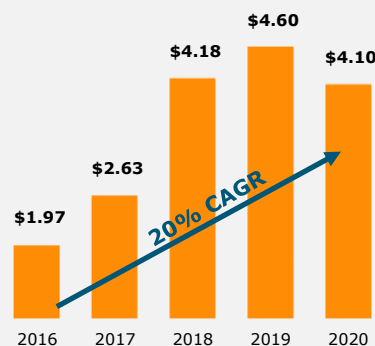
Acquisitions contributing meaningfully to revenue growth over the last 5-Years
Modest organic growth
Unfavorable currency over the period

Adj. EBITDA Margin*



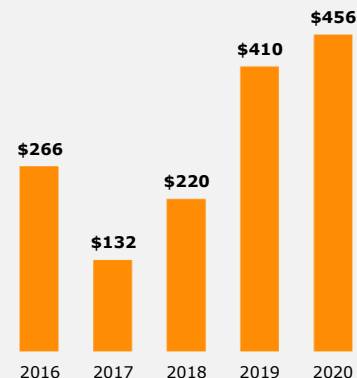
Adj. EBITDA margin of nearly 19% in 2020 is significantly higher than the 2016 trough
Growth, price/mix, acquisitions, operational excellence and pension de-risking delivering next-level results

Adj. EPS*



Greater than \$4/share in 2020 despite COVID-19
Demonstrating the new earnings power of the Company through challenging end markets

Free Cash Flow (\$M)*

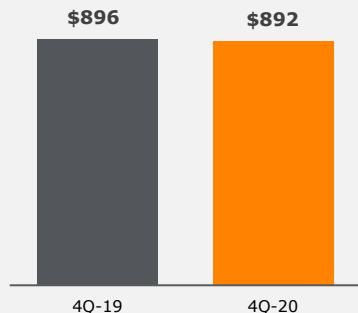


2019/2020 represents step change in free cash flow
Expect strong cash flow going forward – targeting 100%+ conversion of net income through the cycle

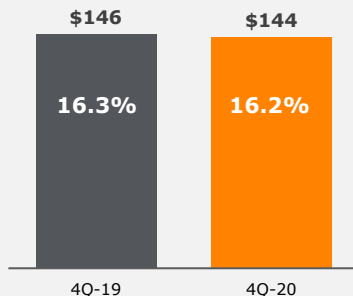
* Amounts shown for 2016 are before the adoption of mark-to-market accounting for pension/OPEB. Adj. EPS CAGR calculated based on 2016 adjusted EPS as originally reported (before adoption of mark-to-market accounting for pension/OPEB). Free cash flow in 2016 includes \$39 million in after-tax income received under the U.S. Continued Dumping Subsidy Offset Act. See appendix for reconciliations, both before and after the adoption of mark-to-market accounting for pension/OPEB, of adjusted EBITDA margins, adjusted EPS and free cash flow to their most directly comparable GAAP financial measures. Free cash flow is defined as net cash provided by operating activities minus capital expenditures.

4Q 2020 Financial Overview

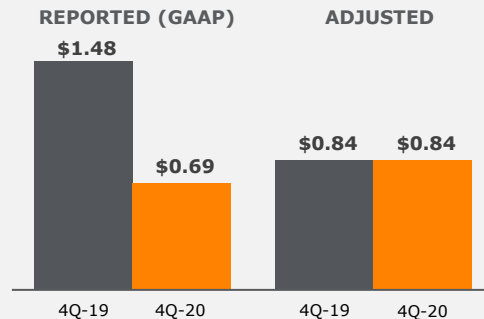
Net Sales (\$M)



Adjusted EBITDA (\$M)



Earnings Per Share



Sales of \$892 million, down only 0.5% from 4Q-19

- Lower demand more than offset the favorable impact of acquisitions, currency translation and positive pricing

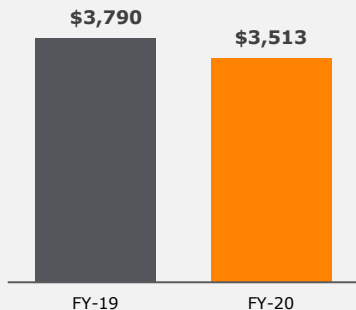
Adjusted EBITDA margin of 16.2%, down 10 bps from 4Q-19

- Flattish YOY adjusted EBITDA margin as the impact of lower volume, unfavorable mix and currency were almost fully offset by lower operating expenses resulting from cost reduction initiatives
- Unfavorable mix, currency headwinds and higher costs to serve accelerated customer demand impacted margins versus the fourth-quarter outlook

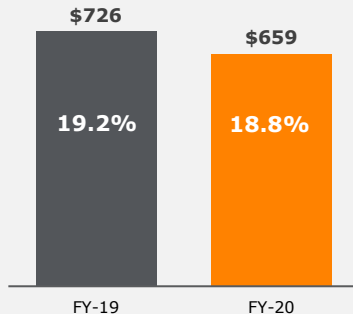
Fourth quarter adjusted EPS of \$0.84, flat with the prior-year period

Full Year 2020 Financial Overview

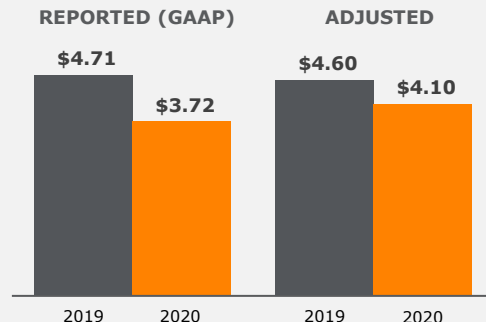
Net Sales (\$M)



Adjusted EBITDA (\$M)



Earnings Per Share



Sales of \$3.5 billion, down 7.3% from 2019

- Lower organic revenue in most end markets due to the broad economic slowdown caused by COVID-19, partially offset by strong growth in renewable energy, the favorable impact of acquisitions and positive pricing

Adjusted EBITDA margin of 18.8%, down only 40 bps from 2019

- Strong YOY EBITDA margin performance despite lower volumes and currency headwind
- Structural cost initiatives and good execution helped offset revenue decline

2020 adjusted EPS of \$4.10

- Adjusted EPS down only 11% from 2019 (a record year) due mainly to lower volume and FX headwinds, partially offset by cost reduction actions and a lower tax rate

Renewable Energy – Powering to New Heights

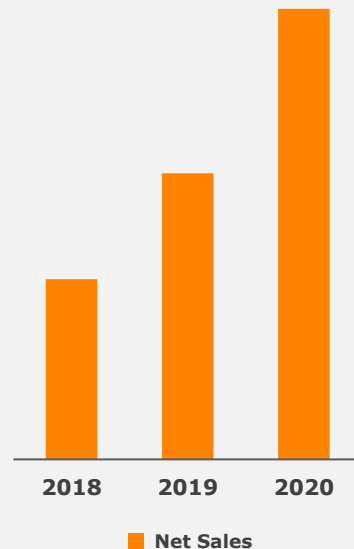
Wind and Solar experienced >50% YOY growth in 2020

- Strong underlying market growth and share gains driving the increase in sales
- Our technology and innovation continue to support the global sustainability trend
- Renewable energy was Timken's single largest individual market sector in 2020 at 12% of total sales

Outgrowth initiatives and industry design trends support long-term growth

- Making >\$75 million in capital investments through early 2022 to increase the company's renewable energy capabilities across its footprint
- Active pipeline of new program wins
- Timken expanding product line coverage in renewables
- Increasing size of wind turbines creates opportunities for further share gains
- Increasing install rate of off-shore turbines is a positive for Timken
- Aftermarket revenue is an additional long-term revenue opportunity

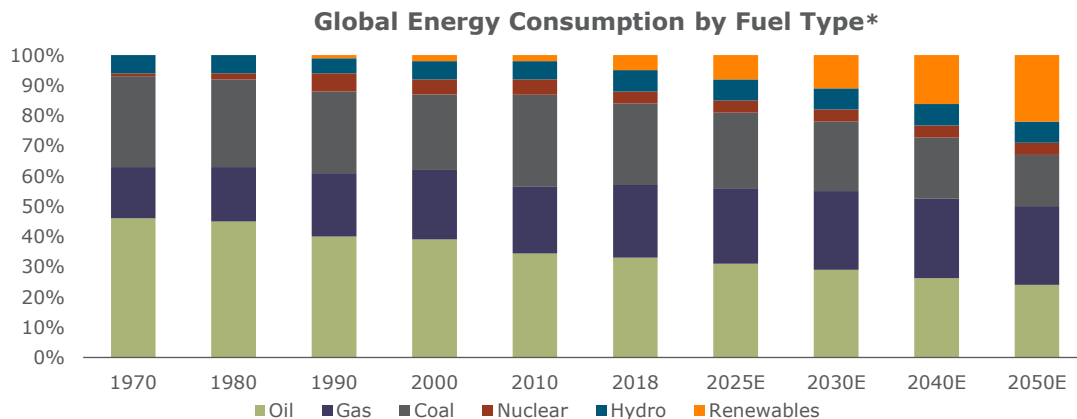
**Renewable Energy was
12% of total sales in 2020**



Renewable Energy Market Outlook

Positive global macro trends support significant long-term growth for our renewable energy business

- The global energy demand outlook for renewables is strong, with an expected CAGR of ~8% over the next decade*
- Solar and wind are more competitive than ever with conventional sources of electricity
- The share of electricity generation from renewables is expected to more than double by 2030*
- Renewable energy has higher bearing and power transmission content per MW compared to fossil energy



Fuels	2018-2030E CAGR*
Oil	0.0%
Gas	1.5%
Coal	-0.5%
Nuclear	1.0%
Hydro	1.6%
Renewables	8.2%
TOTAL	1.0%

Source: BP Energy Outlook 2020 Edition *2018-2030E CAGR; Based on BP's 'Business-as-usual scenario'

The Power Behind the Power

Mainshaft

Spherical Roller Bearings
Tapered Roller Bearings
BEKA® Lubrication Systems

Gearbox

Tapered Roller Bearings
Cylindrical Roller Bearings

Generator

Deep-Groove Ball Bearings

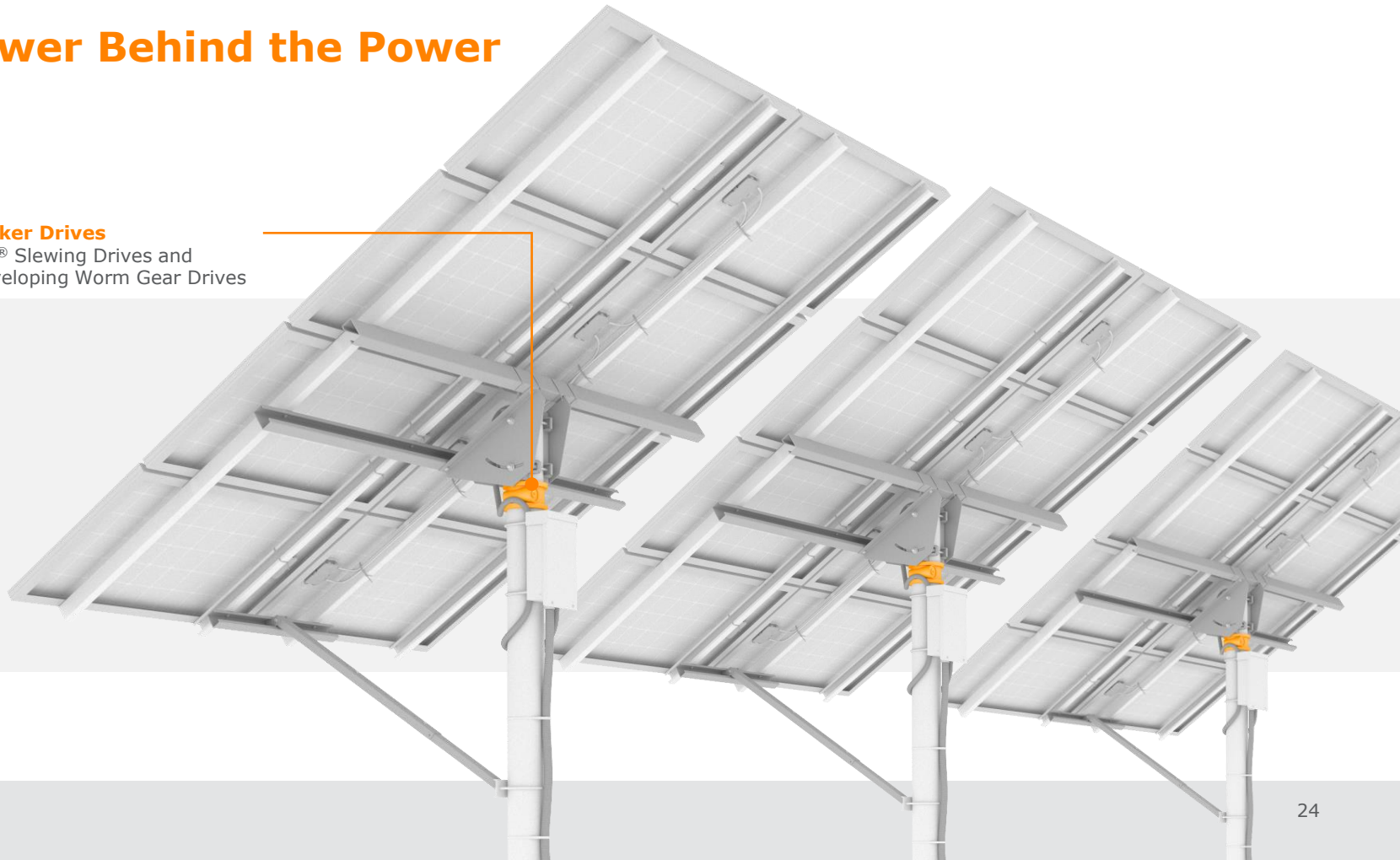
Couplings

Lovejoy® Couplings
AeroTorque® Torsional Control Technology

The Power Behind the Power

Solar Tracker Drives

Cone Drive® Slewing Drives and
Double-Enveloping Worm Gear Drives



Disciplined Capital Deployment Framework a Differentiator

INVEST IN CORE BUSINESS

Organic Growth, Margin Improvement, R&D
CapEx Target: 3.5-4.0% of Sales

DIVIDEND

Pay Attractive Dividend⁽¹⁾
Target: 20-35% Payout Ratio Over Cycle

INORGANIC GROWTH

Target Accretive Transactions
to Drive Portfolio Expansion

SHARE REPURCHASE

Return Capital to Shareholders
Through Stock Buybacks⁽¹⁾

Leverage Target: 1.5X - 2.5X NET DEBT-TO-ADJ. EBITDA

(1) Subject to Board approval.

Cash Flow, Leverage & Capital Allocation

(\$M)	4Q-19	4Q-20	FY-19	FY-20	Capital Structure (\$M)	
					12/31/19	12/31/20
Net Cash from Operations	\$195.3	\$120.5	\$550.1	\$577.6	Cash	\$209 \$320
Capital Expenditures	(57.7)	(35.9)	(140.6)	(121.6)	Total Debt	1,730 1,565
Free Cash Flow (FCF)	\$137.6	\$84.6	\$409.5	\$456.0	Net Debt	\$1,521 \$1,244
					Adjusted EBITDA (TTM)	\$726 \$659
					Net Debt/Adj. EBITDA	2.1x 1.9x

2020 Highlights:

- FY-20 FCF of \$456M = 146% conversion on adj. net income
- CapEx of \$122M in 2020 (~3.5% of sales); spend supports long-term growth and operational excellence initiatives
- Paid 394th consecutive quarterly dividend of \$0.29/share during the 4th quarter, up 4% from the prior quarter
- Reduced net debt by ~\$276M during 2020; net debt to adjusted EBITDA of 1.9x at December 31 (LT target 1.5-2.5x)
- Strong liquidity of ~\$1B at 12/31/20

Free cash flow is defined as net cash provided by operating activities minus capital expenditures.

See appendix for reconciliations of net debt, adjusted EBITDA, net debt/adjusted EBITDA and adjusted net income to their most directly comparable GAAP equivalents.

(1) Subject to Board approval

Capital Deployment is Focused on Highest Returns

Balanced approach to capital deployment having a significant impact

Allocated significantly more capital to drive growth in the years since the steel-spin

- ~\$2.6B in acquisitions and CapEx from 2014-2020, up from ~\$1.5B during 2007-2013

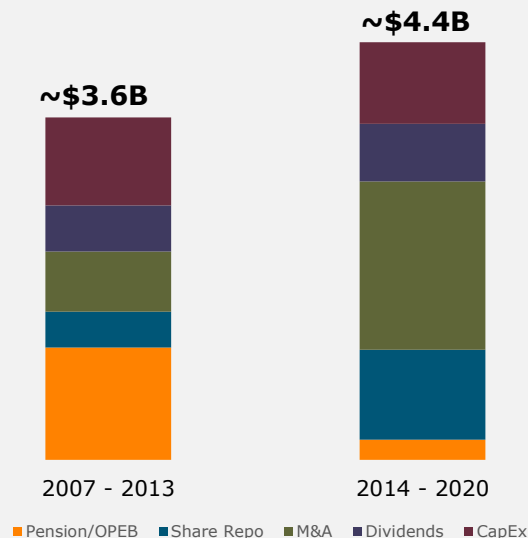
Returned over \$1.5B of cash to shareholders through dividends and share buybacks from 2014-2020

- ~\$600M in dividends
- ~\$935M in share buybacks

Pensions require much less cash versus prior period

Strong balance sheet and cash flow allow for further deployment to create value

Capital Deployment



NOTE: All periods are excluding the company's steel business which was spun off on June 30, 2014. Prior to 2012 assumes pension/OPEB split of 65% bearing/35% steel.

Investing in Core Business Remains Top Priority

Investing in core business remains top priority for capital deployment

- Supporting organic growth and margin expansion in the core business
- Generally produces the highest risk-adjusted returns

Includes investments in CapEx, R&D, etc.

CapEx – target 3½ to 4% of sales over the cycle

- Includes maintenance (~1% of sales)
- Bulk of spend allocated to organic growth and productivity/margin improvement initiatives
 - New capacity/capabilities – focused on lower-cost countries
 - Investments in productivity/automation – focused on higher-cost countries
 - Operational excellence initiatives across the footprint



Rich History of Dividend Payments

Goal: Pay an attractive dividend that grows over time with earnings

- Target 20-35% payout (adj. EPS) over the cycle
- Attractive yield as compared to peers and other mid-cap industrials benchmarks

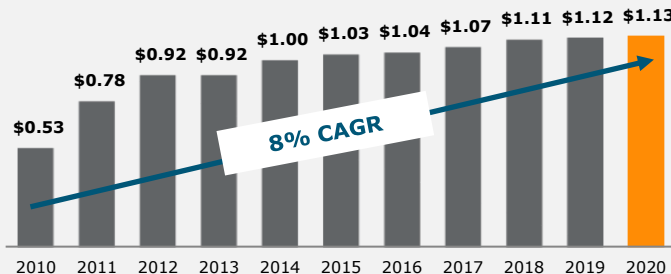
Paid 395th consecutive quarterly dividend in March 2021

- Dividend of \$0.29/share
- One of the longest active streaks on NYSE

2020 marked the 7th consecutive year of annual dividend increases

Commitment to dividend expected to continue⁽¹⁾

Annual Dividend Payout



Dividend Yield (as of: 12/31/20)

The Timken Company	1.4%
Peer Median ⁽²⁾	0.8%
S&P 500	1.5%
S&P Mid-Cap 400 Industrials	0.9%

⁽¹⁾ Subject to Board approval on a quarterly basis.

⁽²⁾ Peers represent composite of 18-company group consisting primarily of S&P 400 Mid-Cap Industrials

Returning Capital Through Share Repurchases

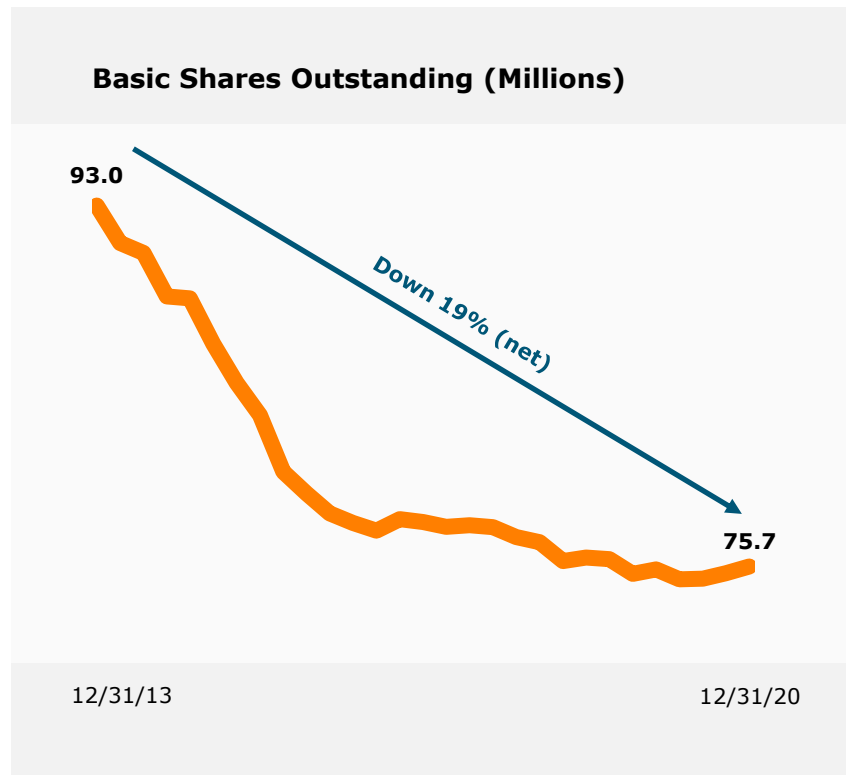
Share repurchase an important component of capital deployment strategy

Since 2013:

- Repurchased 22.7M shares for \$935M (avg. ~\$41/share)
 - Basic shares outstanding have been reduced by ~19% since December 31, 2013; this is net of shares issued for equity-based compensation

The Board recently approved a new share repurchase plan:

- 10 million shares authorized for repurchase through February 2026
- Replaces the prior share repurchase plan that expired on February 28, 2021
 - 5.75 million shares repurchased under the previous plan at an avg. price of ~\$44/share



Track Record of Strategic Acquisitions to Accelerate Growth

Concentrated on bearings

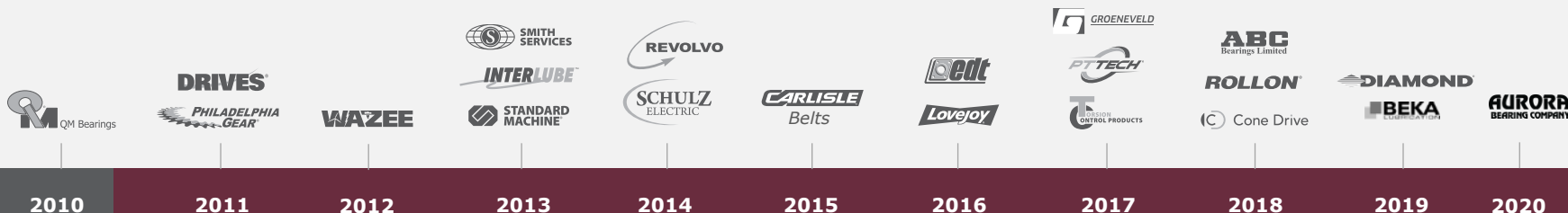
Bearings as primary offering
Industrial-focused end markets

Growing our PT portfolio

Adding complementary products/services
Better serving current customers
Expanding global customer base
Accretive to earnings
Scale in new markets

Strengthening our position for the future

Deepen position in established product lines
Higher-growth end markets and geographies
Significant cost and sales synergies



Acquisition Strategy Focused on Broader Power Transmission and Motion Space

Timken acquisition strategy:

Consolidate attractive targets within the global bearing space

- Focus on “bolt-ons” to enhance industry-leading product offering or extend reach

Expand into attractive adjacencies that fit the Timken Business Model

- Focus on high-quality businesses across the industrial PT and motion space
- Enhance our organic growth and profitability over the long-term
- Continue to grow and enhance global industrial distribution platform

Power transmission is an attractive space

- Significantly larger and more fragmented than the bearing space
- Engineered products with high-aftermarket content; strengthens our aftermarket portfolio
- Complementary to Timken’s core bearing portfolio; opportunities for growth by packaging the bearing and PT offering together
- Increases penetration in higher-growth end markets with strong profit pools and different cyclicity profiles
- Consolidating a historically fragmented industry through strategic M&A

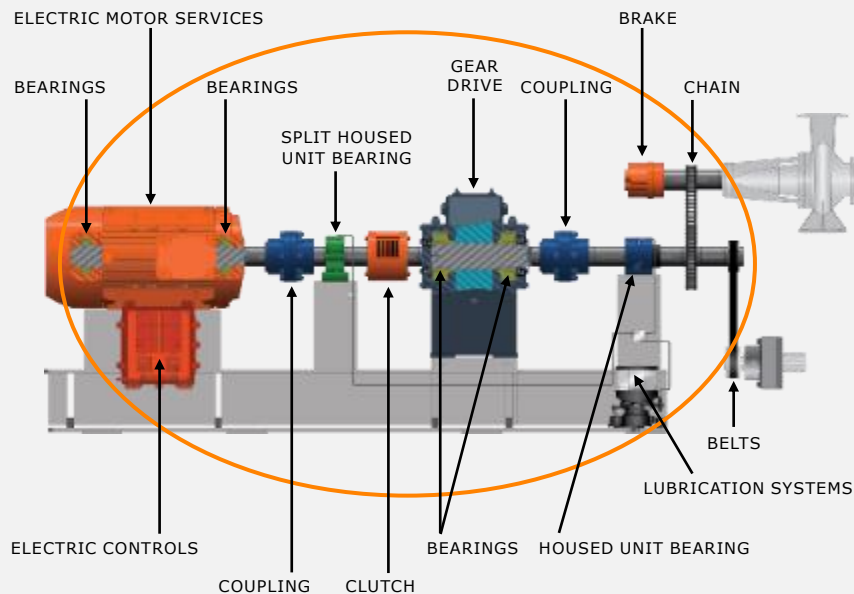
Total PT Sales



PT Products and Services Align with Timken Business Model

- Engineered components
- Critical wear parts with regular aftermarket demand
- Often served through same aftermarket channels
- Close proximity to bearing positions - targets same end users
- Requires similar engineering expertise - friction, motion and materials
- Fragmented industry with healthy profit pools

- **Customer and channel relevance**



DRIVEN EQUIPMENT: PUMPS/COMPRESSORS, FANS, CONVEYORS, GENERATORS, MILLS

Long-Term Financial Goals

Long-Term (5-year) Targets

Strong Top-line Growth

- Positive macros support market growth of 2-3% over cycle
- Organic outgrowth driven by new products and markets
- Accretive acquisitions will enhance growth

Organic Growth CAGR: 3-4%
Inorganic Growth CAGR: 2-3%
Total Growth CAGR: ~6%

Earnings Growth

- Operational Excellence delivers strong EBITDA margins
- Strong EPS growth over the cycle
- Share buyback will contribute

EPS CAGR: 10%
EBITDA Margins: 20%

Robust Cash Generation

- Expect strong cash flow to continue
- Improved working capital performance
- Supports capital deployment strategy

Free Cash Flow: >100% Conversion on Net Income

Value-creating Capital Deployment

- Organic growth remains top priority with greatest returns
- M&A drives long-term value creation
- Capital return remains important

Adjusted ROIC: >13%
Leverage: 1.5-2.5x Net Debt-to-Adj. EBITDA

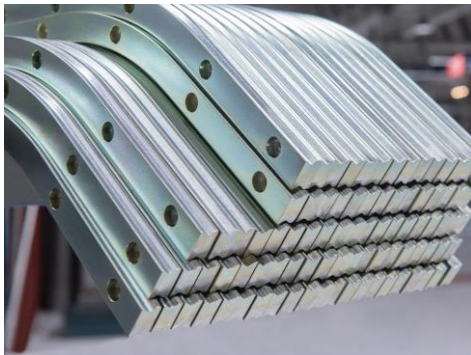
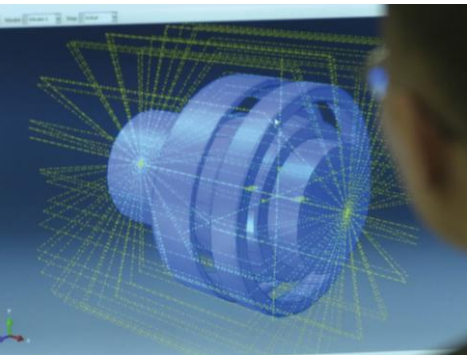
Why Invest in Timken?

- Advancing as a global industrial leader
- Robust product portfolio with deep technical and commercial capabilities
- Focusing on growth with a compelling pipeline of opportunities for innovation
- Positioned to grow in attractive end markets where we can leverage our global footprint and efficiently serve customers
- Creating value by performing through cycles with solid margins and strong cash flow
- Maintaining our track record of bolt-on acquisitions to support growth, market penetration and new end market and geographic opportunities
- Highly experienced management team driving executional success

The Timken Company

Appendix: GAAP Reconciliations

Advancing as a Global Industrial Leader



GAAP Reconciliation: 2020 and 2019 Net Income & EPS

Reconciliations of Adjusted Net Income to GAAP Net Income and Adjusted Earnings Per Share to GAAP Earnings Per Share:

(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,			
	2020	EPS	2019	EPS	2020	EPS	2019	EPS
Net Income Attributable to The Timken Company	\$ 53.1	\$ 0.69	\$ 113.5	\$ 1.48	\$ 284.5	\$ 3.72	\$ 362.1	\$ 4.71
Adjustments: ⁽¹⁾								
Impairment, restructuring and reorganization charges ⁽²⁾	\$ 4.1		\$ 5.3		\$ 29.0		\$ 9.8	
Property (recoveries) losses and related expenses ⁽³⁾	(1.7)		1.1		(5.5)		7.6	
Acquisition-related charges ⁽⁴⁾	—		4.7		3.7		15.5	
Acquisition-related gain ⁽⁵⁾	(11.1)		—		(11.1)		—	
Brazil legal matter ⁽⁶⁾	—		(1.5)		—		1.8	
Gain on sale of real estate	(0.4)		(2.8)		(0.4)		(4.5)	
Corporate pension and other postretirement benefit related expense (income) ⁽⁷⁾	21.6		(21.0)		18.5		(4.1)	
Tax indemnification and related items	0.5		0.2		0.5		0.7	
Noncontrolling interest of above adjustments	(0.1)		(0.4)		(0.1)		(0.5)	
Provision for income taxes ⁽⁸⁾	(1.0)		(34.8)		(6.0)		(34.6)	
Total Adjustments:	11.9	0.15	(49.2)	(0.64)	28.6	0.38	(8.3)	(0.11)
Adjusted Net Income Attributable to The Timken Company	\$ 65.0	\$ 0.84	\$ 64.3	\$ 0.84	\$ 313.1	\$ 4.10	\$ 353.8	\$ 4.60

⁽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 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.

⁽³⁾ Represents property loss and related expenses during the periods presented (net of insurance recoveries received in 2020) resulting from property loss 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.

⁽⁴⁾ Acquisition-related charges in 2020 primarily related to the BEKA Lubrication ("BEKA") acquisition and the Aurora Bearing Company ("Aurora") acquisition, including transaction costs and inventory step-up impact. Acquisition-related charges in 2019 primarily related to the Rollon S.p.A. ("Rollon"), The Diamond Chain Company ("Diamond Chain"), and BEKA acquisitions, including transaction costs and inventory step-up impact. Acquisition-related charges in 2019 also include transaction costs related to the acquisition of the joint venture partner's interest in Timken-XEMC (Hunan) Bearing Co., Ltd.

⁽⁵⁾ The acquisition-related gain represents a bargain purchase price gain on the acquisition of the assets of Aurora acquired on November 30, 2020.

⁽⁶⁾ The Brazil legal matter represents expense recorded to establish a liability associated with an investigation into alleged antitrust violations in the bearing industry that was settled in the fourth quarter of 2019.

⁽⁷⁾ Corporate pension and other postretirement benefit related expense (income) represent 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) 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.

⁽⁸⁾ 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, including the reduction of a valuation allowance in the fourth quarter of 2019 of \$39.2 million, 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: 2016-2018 Net Income & EPS

Reconciliations of Adjusted Net Income to GAAP Net Income and Adjusted Earnings Per Share to GAAP Earnings Per Share:

(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.

	2018	2017	2016 (MTM) ⁽¹⁾	2016 As Originally Reported ⁽²⁾
(Dollars in millions, except share data)				
Net Income (Loss) Attributable to The Timken Company	\$ 302.8	\$ 203.4	\$ 140.8	\$ 152.6
Adjustments:				
CDSOA income, net of expense ⁽³⁾	—	—	(59.6)	(59.6)
Corporate pension and other postretirement benefit related charges ⁽⁴⁾	12.8	18.1	67.0	28.1
Impairment and restructuring charges ⁽⁵⁾	7.1	13.1	28.0	28.0
(Gain) loss on divestitures and sale of real estate	0.8	(3.6)	(0.5)	(0.5)
Acquisition related charges ⁽⁶⁾	20.6	9.0	4.2	4.2
Tax indemnification and related items	1.5	(1.0)	—	—
Health care plan modification costs	—	(0.7)	2.9	2.9
Noncontrolling interest	(1.3)	—	—	—
Provision for income taxes	(16.8)	(30.8)	(13.8)	0.5
Total Adjustments:	24.7	4.1	28.2	3.6
Adjusted Net Income Attributable to The Timken Company	\$ 327.5	\$ 207.5	\$ 169.0	\$ 156.2
Diluted Earnings per Share (EPS) - Continuing Operations	\$ 3.86	\$ 2.58	\$ 1.78	\$ 1.92
Adjusted EPS - Continuing Operations	\$ 4.18	\$ 2.63	\$ 2.13	\$ 1.97
Diluted Shares	78,337,481	78,911,149	79,234,324	79,234,324

⁽¹⁾ The 2016 results are depicted to incorporate an estimate of the financial impact if mark-to-market accounting was adopted in that respective year.

⁽²⁾ The 2016 results are as originally reported in the respective year (prior to the adoption of mark-to-market accounting).

⁽³⁾ Continued Dumping and Subsidy Offset Act (CDSOA) income represents the amount of funds received by the Company from monies collected by U.S. Customs and Border Protection on merchandise subject to anti-dumping orders that entered the U.S. prior to October 1, 2007.

⁽⁴⁾ Corporate pension and other postretirement benefit related expense (income) represent 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) 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.

⁽⁵⁾ Impairment, restructuring and reorganization charges (including items recorded in cost of products sold) relate to: (i) plant closures; (ii) the rationalization of certain plants and (iii) severance related to cost reduction initiatives. 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⁾ Acquisition-related charges represent transaction costs and the inventory step-up impact of acquisitions.

GAAP Reconciliation: 2020 and 2019 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,			
	2020	Percentageto Net Sales	2019	Percentageto NetSales	2020	Percentageto Net Sales	2019	Percentageto NetSales
Net Income	\$ 55.3	6.2 %	\$ 117.8	13.1 %	\$ 292.4	8.3 %	\$ 374.7	9.9 %
Provision for income taxes	19.7		(12.7)		103.9		97.7	
Interest expense	15.3		16.6		67.6		72.1	
Interest income	(0.7)		(1.4)		(3.7)		(4.9)	
Depreciation and amortization	41.9		40.2		167.1		160.6	
Consolidated EBITDA	\$ 131.5	14.7 %	\$ 160.5	17.9 %	\$ 627.3	17.9 %	\$ 700.2	18.5 %
Adjustments:								
Impairment, restructuring and reorganization charges ⁽¹⁾	\$ 3.8		\$ 4.6		\$ 25.9		\$ 9.1	
Property (recoveries) losses and related expenses ⁽²⁾	(1.7)		1.1		(5.5)		7.6	
Acquisition-related charges ⁽³⁾	—		4.7		3.7		15.5	
Acquisition-related gain ⁽⁴⁾	(11.1)		—		(11.1)		—	
Brazil legal matter ⁽⁵⁾	—		(1.5)		—		1.8	
Gain on sale of real estate	(0.4)		(2.8)		(0.4)		(4.5)	
Corporate pension and other postretirement benefit related expense (income) ⁽⁶⁾	21.6		(21.0)		18.5		(4.1)	
Tax indemnification and related items	0.5		0.2		0.5		0.7	
Total Adjustments	12.7	1.5 %	(14.7)	(1.6) %	31.6	0.9 %	26.1	0.7 %
Adjusted EBITDA	\$ 144.2	16.2 %	\$ 145.8	16.3 %	\$ 658.9	18.8 %	\$ 726.3	19.2 %

⁽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 and (iii) severance related to cost reduction initiatives. 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⁾ Represents property loss and related expenses during the periods presented (net of insurance recoveries received in 2020) resulting from property loss 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.

⁽³⁾ Acquisition-related charges in the 2020 primarily related to the BEKA and Aurora acquisitions, including transaction costs and inventory step-up impact. Acquisition-related charges in 2019 primarily related to the Rollon, Diamond Chain and BEKA acquisitions, including transaction costs and inventory step-up impact.

⁽⁴⁾ The acquisition-related gain represents a bargain purchase price gain on the acquisition of the assets of Aurora acquired on November 30, 2020.

⁽⁵⁾ The Brazil legal matter represents expense recorded to establish a liability associated with an investigation into alleged antitrust violations in the bearing industry that was settled in the fourth quarter of 2019.

⁽⁶⁾ Corporate pension and other postretirement benefit related expense (income) represent 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) 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.

GAAP Reconciliation: 2016-2018 EBITDA, and EBITDA, After Adjustments to Net Income

Reconciliations of GAAP to Non-GAAP Measures:

(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 non-GAAP measures adjusted EBITDA and adjusted 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.

	2018	2017	2016 ⁽¹⁾ (MTM)	2016 As Originally Reported ⁽²⁾
Reconciliation of Adjusted EBITDA and Margin				
Net Sales	\$ 3,580.8	\$ 3,003.8	\$ 2,669.8	\$ 2,669.8
Net Income	305.5	202.3	141.1	152.9
Provision for income taxes	102.6	57.6	60.5	69.2
Interest expense, net	49.6	34.2	31.6	31.6
Depreciation and amortization	146.0	137.7	131.7	131.7
Consolidated Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	\$ 603.7	\$ 431.8	\$ 364.9	\$ 385.4
Adjustments:				
CDSOA income, net of expense ⁽³⁾	—	—	(59.6)	(59.6)
Corporate pension and other postretirement benefit related charges ⁽⁴⁾	12.8	18.1	67.0	28.1
Impairment and restructuring charges ⁽⁵⁾	7.1	11.2	26.5	26.5
(Gain) loss on divestitures and sale of real estate	0.8	(3.6)	(0.5)	(0.5)
Acquisition related charges ⁽⁶⁾	20.6	9.0	4.2	4.2
Tax indemnification and related items	1.5	(1.0)	—	—
Health care plan modification costs	—	(0.7)	2.9	2.9
Total Adjustments	42.8	33.0	40.5	1.6
Adjusted EBITDA	\$ 646.5	\$ 464.8	\$ 405.4	\$ 387.0
Adjusted EBITDA Margin (% of net sales)	18.1%	15.5%	15.2%	14.5%

⁽¹⁾ The 2016 results are depicted to incorporate an estimate of the financial impact if mark-to-market accounting was adopted in that respective year.

⁽²⁾ The 2016 results are as originally reported in the respective year (prior to the adoption of mark-to-market accounting).

⁽³⁾ CDSOA income represents the amount of funds received by the Company from monies collected by U.S. Customs and Border Protection on merchandise subject to anti-dumping orders that entered the U.S. prior to October 1, 2007.

⁽⁴⁾ Corporate pension and other postretirement benefit related expense (income) represent 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) 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.

⁽⁵⁾ Impairment, restructuring and reorganization charges (including items recorded in cost of products sold) relate to: (i) plant closures; (ii) the rationalization of certain plants and (iii) severance related to cost reduction initiatives. 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⁾ Acquisition-related charges represent transaction costs and the inventory step-up impact of acquisitions.

GAAP Reconciliation: Segment EBITDA & EBITDA Margin

Reconciliation of segment EBITDA Margin, After Adjustments, to segment EBITDA as a Percentage of Sales and segment EBITDA, After Adjustments, to segment EBITDA:

(Unaudited)

The following reconciliation is provided as additional relevant information about the Company's Mobile Industries and Process Industries segment performance deemed useful to investors. Management believes that non-GAAP measures of adjusted EBITDA and adjusted EBITDA margin for the segments are useful to investors as they are representative of each segment's core operations and are used in the management of the business, including decisions concerning the allocation of resources and assessment of performance.

Mobile Industries

(Dollars in millions)	Three Months Ended December 31,				Twelve Months Ended December 31,			
	2020	Percentage to Net Sales	2019	Percentage to Net Sales	2020	Percentage to Net Sales	2019	Percentage to Net Sales
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 54.6	12.6 %	\$ 57.5	12.9 %	\$ 232.5	13.9 %	\$ 284.9	15.0 %
Impairment, restructuring and reorganization charges ⁽¹⁾	1.1		3.1		11.3		5.2	
Gain on sale of real estate	(0.4)		(2.8)		(0.4)		(4.5)	
Property (recoveries) losses and related expenses ⁽²⁾	(1.7)		1.1		(5.5)		7.6	
Acquisition-related charges ⁽³⁾	—		1.4		2.1		1.5	
Tax indemnification	\$ 0.3		\$ —		\$ 0.3		\$ —	
Adjusted EBITDA	\$ 53.9	12.4 %	\$ 60.3	13.5 %	\$ 240.3	14.4 %	\$ 294.7	15.6 %

Process Industries

(Dollars in millions)	Three Months Ended December 31,				Twelve Months Ended December 31,			
	2020	Percentage to Net Sales	2019	Percentage to Net Sales	2020	Percentage to Net Sales	2019	Percentage to Net Sales
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 99.9	21.8 %	\$ 96.8	21.5 %	\$ 442.9	24.0 %	\$ 466.6	24.6 %
Impairment, restructuring and reorganization charges ⁽¹⁾	2.5		1.1		14.0		3.5	
Acquisition-related charges ⁽³⁾	—		0.4		1.0		8.3	
Adjusted EBITDA	\$ 102.4	22.4 %	\$ 98.3	21.8 %	\$ 457.9	24.9 %	\$ 478.4	25.2 %

⁽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 and (iii) severance related to cost reduction initiatives. The Company reassesses 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⁾ Represents property loss and related expenses during the periods presented (net of insurance recoveries received in 2020) resulting from property loss 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.

⁽³⁾ Acquisition-related charges in the 2020 primarily related to the inventory step-up impact of the BEKA and Aurora acquisitions. Acquisition-related charges in 2019 primarily related to the inventory step-up impact of the Rollon, Diamond Chain and BEKA acquisitions.

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 below), 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.

(Dollars in millions)

	December 31, 2020	December 31, 2019
Short-term debt, including current portion of long-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
Total Equity	\$ 2,225.2	\$ 1,954.8
Ratio of Net Debt to Capital	35.9%	43.8%
Adjusted EBITDA for the Twelve Months Ended	\$ 658.9	\$ 726.3
Ratio of Net Debt to Adjusted EBITDA	1.9	2.1

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,	
	2020	2019	2020	2019
Net cash provided by operating activities	\$ 120.5	\$ 195.3	\$ 577.6	\$ 550.1
Less: capital expenditures	(35.9)	(57.7)	(121.6)	(140.6)
Free cash flow	\$ 84.6	\$ 137.6	\$ 456.0	\$ 409.5

GAAP Reconciliation: 2016-2018 Consolidated Free Cash Flow

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

(Unaudited)

The following reconciliation is provided as additional relevant information about the Company's 2016-2018 performance deemed useful to investors. 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.

Reconciliation of Free Cash Flow	2018		2017		2016	
Net cash provided from operating activities	\$	332.5	\$	236.8	\$	403.9
Less: capital expenditures		112.6		104.7		137.5
Free cash flow	\$	219.9	\$	132.1	\$	266.4