


The Timken Company

2019 Investor Day

December 12, 2019



The Timken Company

2019 Investor Day

Shelly Chadwick

Vice President, Finance and Chief Accounting Officer

Today’s Agenda

9:30	Welcome	**Shelly Chadwick**
	Advancing as a Global Industrial Leader	**Rich Kyle**
	Moving the World’s Industries Forward	**Chris Coughlin**
10:40	Break	
11:00	Reconvene	**Shelly Chadwick**
	Continued Leadership in Engineered Bearings	**Andreas Roellgen**
	Expanded Offering with Power Transmission	**Hans Landin**
	A Strong Investment with Enduring Value	**Phil Fracassa**
12:05	Q&A	
12:30	Networking Reception, Lunch and Departure	

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, future financial performance, 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 the changes in its end markets that could affect demand for the company's products; 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; weakness in global or regional economic conditions and capital markets; 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 due to changes in interest rates, investment performance and other tactics designed to reduce risk; the company's ability to complete and achieve the benefits of announced plans, programs, initiatives, and capital investments; political risks associated with governmental instability and recent world events that have increased the risk posed by international trade disputes, tariffs, and sanctions; the introduction of new disruptive technologies; unplanned plant shutdowns; the company's ability to maintain positive relations with unions and works councils; and the company's ability to satisfy its obligations under its debt agreements and renew or refinance borrowings on favorable terms. 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, 2018, 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.

Change to EBITDA as Main Operating Income Metric

Timken will begin using EBITDA and adjusted EBITDA as its main operating income metrics

- Recent acquisitions have resulted in a significant amount of purchase accounting amortization expense
- Affecting comparability of results across periods and versus other companies
- EBITDA will result in improved transparency around structural/cash earnings
- Prior operating income metrics were EBIT and adjusted EBIT

Will apply to Timken consolidated results as well as Mobile Industries and Process Industries segment results

No change to other key metrics expected (EPS, adjusted EPS, operating cash flow, free cash flow, etc.)

Change beginning with the 4th quarter of 2019

- This deck includes references to adjusted EBITDA

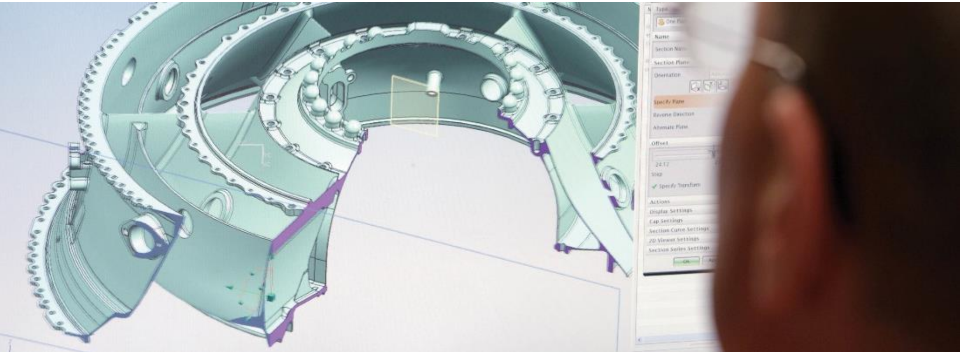
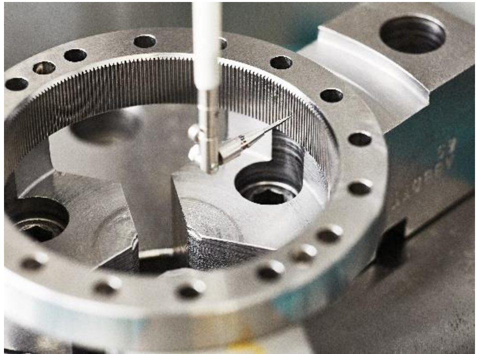
Prior to the release of Q4-19 results, Timken will furnish a Form 8-K to disclose EBITDA information for relevant prior periods

The Timken Company

Advancing as a Global Industrial Leader

Rich Kyle

President and Chief Executive Officer


Key Messages

Timken is advancing as a global industrial leader

- While maintaining focus on our bearing leadership position, we have added complementary product lines to the portfolio, and scaled and entered new growth markets
- Our actions have made Timken a better company—more diversified, more productive and more profitable
- Diverse macro, business and operational drivers will support revenue and earnings growth into the future
- Timken's strong financial position allows us to continue to invest in the enterprise while returning capital to shareholders

We have set new aggressive yet achievable goals for the future

- Highly experienced management team with a track record for driving executional success

Timken at a Glance

TKR
Founded 1899
NYSE listed
since 1922

18K
Timken
employees

35
Countries
worldwide

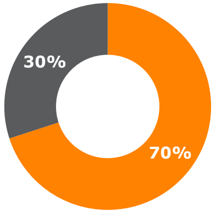
97+
Years
continuous
quarterly
dividends

14.0%
10-year
annualized
total
shareholder
return(1)(2)

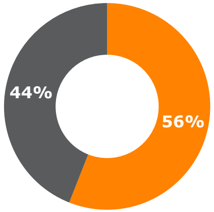
2019 Estimated Results(3)

$3.8B	Revenue
$737M	Adjusted EBITDA
19.5%	Adjusted EBITDA Margins
$4.72	Record Adjusted EPS
$375M	Free Cash Flow
2.1%	Dividend Yield(1)

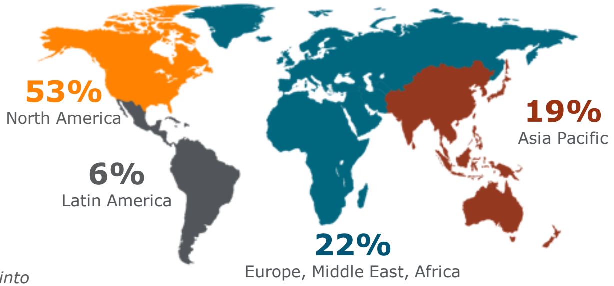
Product Offering Sales(3)



Sales by Channel(3)



Sales By Geography(3)



(1) *Based on market closing as of November 30, 2019.*
(2) *Total shareholder return for the Company was calculated on an annualized basis, assumes quarterly reinvestment of dividends and takes into account the value of TimkenSteel Corporation common shares distributed in the spinoff on June 30, 2014.*
(3) *Estimated results for 2019 based on mid-point of guidance as of December 12, 2019.*

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.

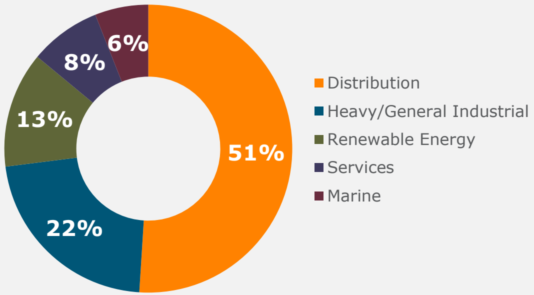
Segments Focused on the Market Sectors We Serve

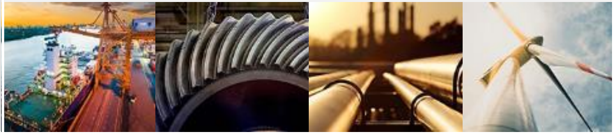
Process Industries Segment

Sales*
$1.9B

Adjusted EBITDA Margin*
26.0%

Market Sector Mix*



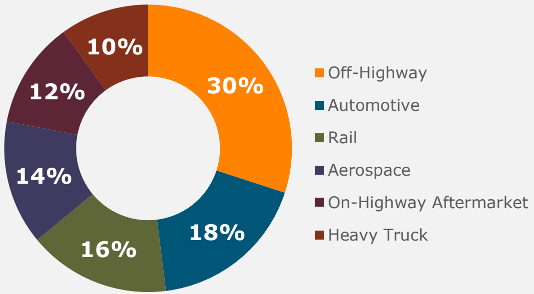


Mobile Industries Segment

Sales*
$1.9B

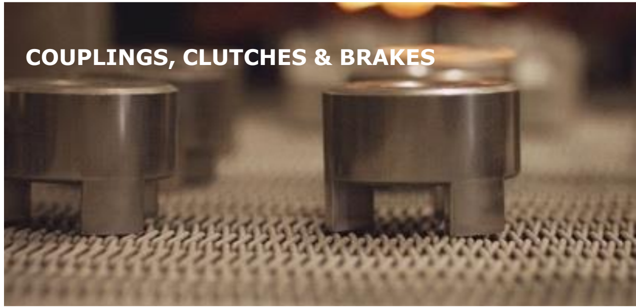
Adjusted EBITDA Margin*
15.5%

Market Sector Mix*



**Estimated results for 2019 based on mid-point of guidance as of December 12, 2019.*
See appendix for reconciliation of adjusted EBITDA margin to its most directly comparable GAAP financial measure.

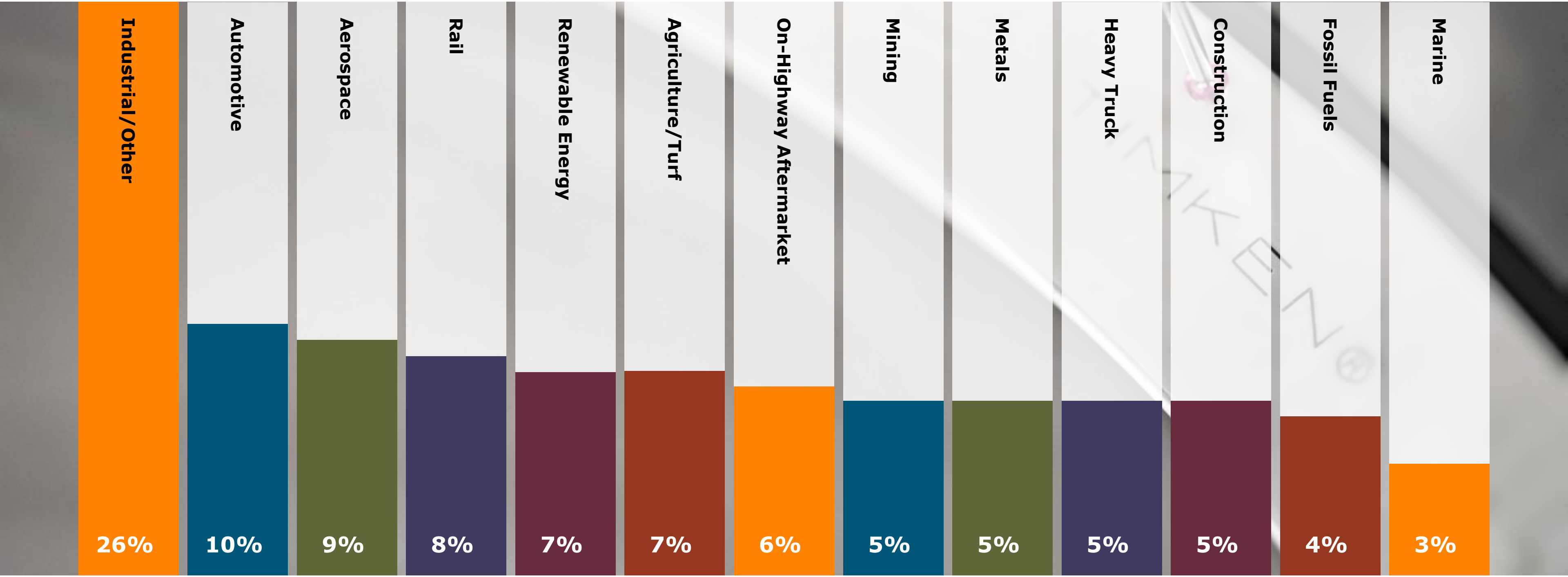
A Broad and Market-Leading Product Portfolio



TIMKEN ROLLON PHILADELPHIA GEAR DIAMOND Cone Drive DRIVES GROENEVELD Lovejoy BEKA PT TECH

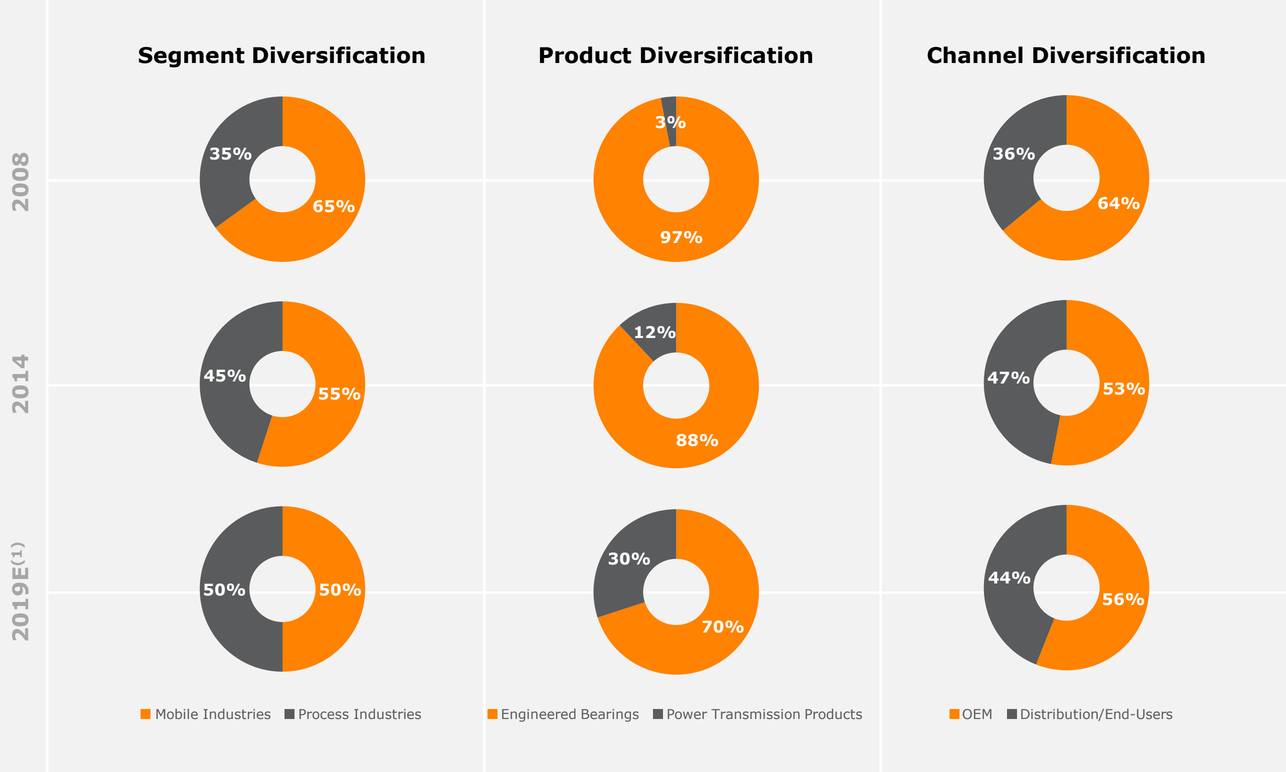
Serving a Diverse End-Market Sector Mix

End-Market Sector Diversification[(1)]



(1) Estimated results for 2019 based on mid-point of guidance as of December 12, 2019.

How Timken is Advancing:
Better-Positioned to Perform Through Cycles



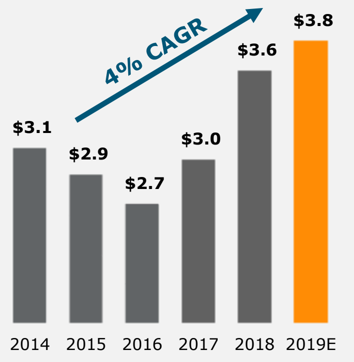
Better-Positioned to Perform Through a Cycle

- 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

(1) Estimated results for 2019 based on mid-point of guidance as of December 12, 2019.

The Strategy is Working

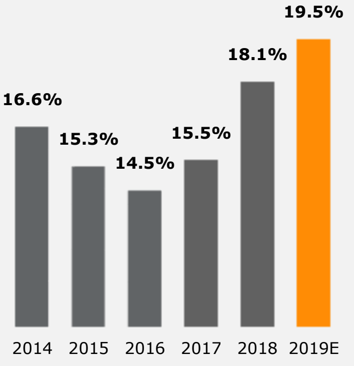
Revenue ($B)



5-Year sales CAGR of 4%

- Modest organic growth
- Acquisitions contributing meaningfully
- Currency translation negative

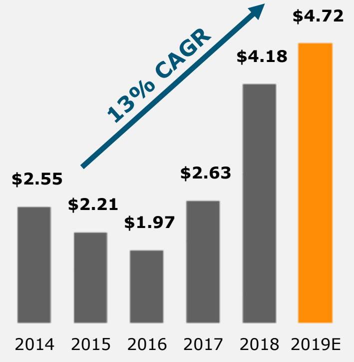
Adj. EBITDA Margin*



Adj. EBITDA margins approaching 20%

Growth, price/mix, acquisitions, operational excellence and pension de-risking delivering next-level results

Adj. EPS*

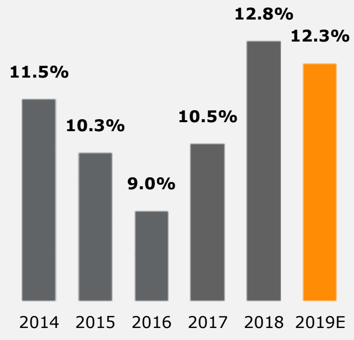


5-Year adj. EPS CAGR of 13%

Record adj. EPS of $4.70 to $4.75 in 2019

Demonstrates the new earnings power of the Company

Adj. ROIC*



Strong adj. ROIC over the cycle

Adj. ROIC at or above the cost of capital in all periods

** Amounts shown for 2014-2016 are before the adoption of mark-to-market accounting for pension/OPEB. EPS CAGR calculated based on 2014 adjusted EPS as originally reported (before adoption of mark-to-market accounting for pension/OPEB). 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 adjusted return on invested capital ("ROIC") to their most directly comparable GAAP financial measures. ROIC is defined as adjusted net operating profit after taxes ("ANOPAT") divided by average invested capital. Amounts for 2019E represent the mid-point of the Company's outlook as of December 12, 2019.*

Delivered on 2017 Investor Day Targets

Category	2017 Long-term Target	2019 Forecasted Performance[1]	Highlights
Revenue Growth	▪ Organic: Market growth plus 100 bps "outgrowth" ▪ Inorganic: 200+ bps growth from acquisitions	▪ **3-year revenue CAGR of ~12%** ▪ Organic CAGR ~7% ▪ Acquisitions CAGR ~7%	**Generated outgrowth in key markets/sectors** **Acquisitions contributing meaningfully**

Operating Margins	▪ Top-end: 13% adj. EBIT margin (consolidated)
	  ▪ Mobile Industries: 12%
	  ▪ Process Industries: 19%
		▪ **Cons. adj. EBIT margin of >15% (adj. EBITDA margin 19.5%)**
		  ▪ Mobile Ind.: 12% (15.5%)
		  ▪ Process Ind.: 21% (26.0%)
			Exceeded EBIT Margin targets by 200bps
			Shifted mix to Process

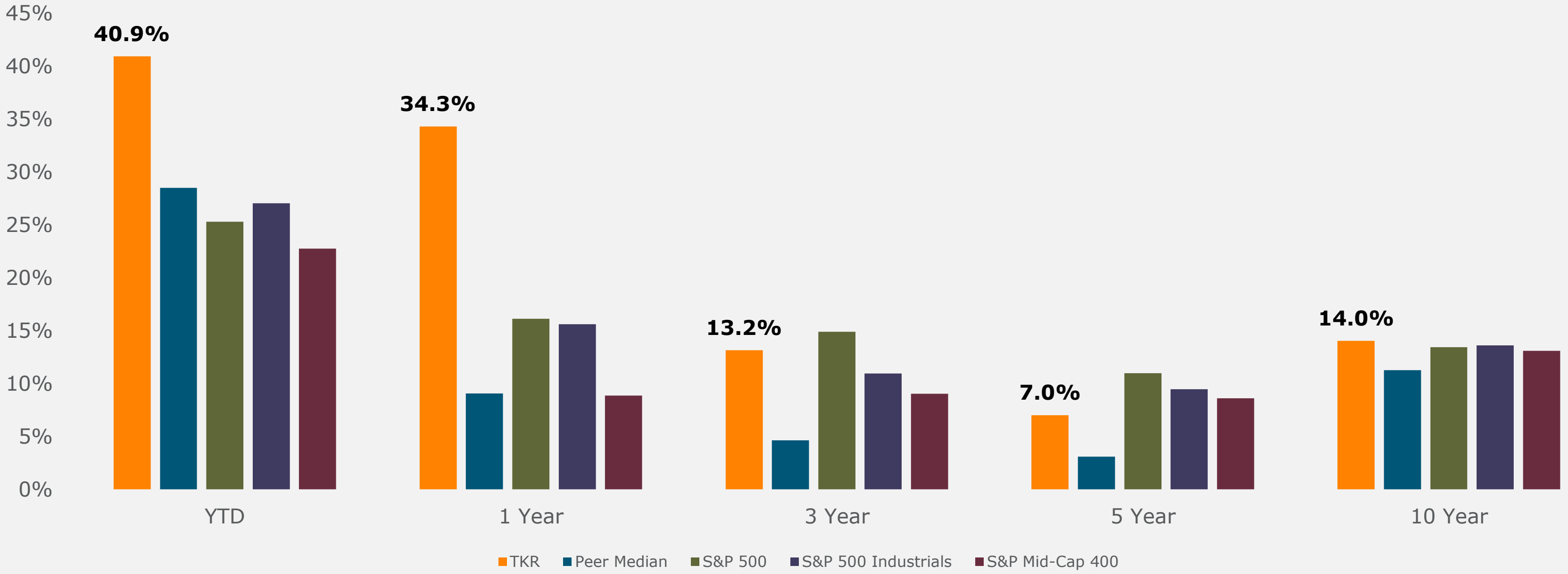
FCF and ROIC	▪ FCF conversion >100% ▪ Adj. ROIC average 12+%	▪ **FCF conversion >100%** ▪ Adj. ROIC of 12.3%	**2019 represents step change in free cash flow**
Capital Deployment	▪ Deploy cash and balance sheet with capital allocation framework ▪ Net debt to capital: 30-45%	▪ 2017-2019 capital deployed: ~$2.3B[2] ▪ Net debt to capital: 45% ▪ Net debt to adj. EBITDA: 2.1x	**Executed strategy, delivered value for shareholders, maintained leverage targets**

(1) Estimated results for 2019 based on mid-point of guidance as of December 12, 2019.
(2) Includes capital expenditures, dividends, share repurchases and acquisitions.

See appendix for reconciliations of adjusted EBIT margins, adjusted EBITDA margins, adjusted ROIC, net debt to capital and net debt to adjusted EBITDA to their most directly comparable GAAP financial measures. FCF conversion is defined as free cash flow divided by adjusted net income. Free cash flow is defined as net cash provided by operating activities minus capital expenditures.

Creating Value for Shareholders

Total Shareholder Returns (TSR) as of November 30, 2019



NOTE: YTD return is simple return and does not include dividends reinvested. All other periods were calculated on an annualized basis and assume quarterly reinvestment of dividends. 10 Year TSR for the company takes into account the value of TimkenSteel Corporation common shares distributed in the spinoff on June 30, 2014. Peers represent composite of 18-company group consisting primarily of S&P 400 Mid-Cap Industrials.

Advancing Our Industrial Leadership

Vision: Be the global leader in engineered bearings and power transmission, continually improving performance, reliability and efficiency.

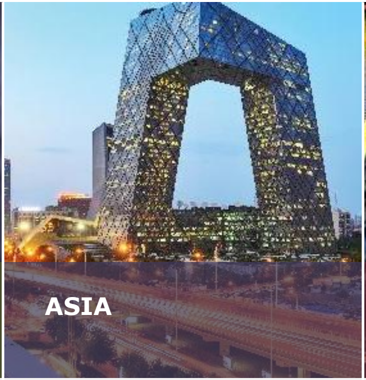
Emerging Trends Require Timken Expertise

SUSTAINABILITY

- Increasing penetration in renewable energy markets
- Helping our customers reduce resistance to motion to improve performance, reliability and efficiency

LIGHT WEIGHTING & MINIATURIZATION

- 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



ASIA

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

AUTOMATION

- Improving equipment reliability and driving manufacturing excellence through automation

FUEL EFFICIENCY & ELECTRIFICATION

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

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) Subject to Board approval on a quarterly basis.

Our Actions Are Driven by the Timken Business Model

DISCIPLINED FILTER FOR ATTRACTIVE OPPORTUNITIES

- Challenging Applications
- Aftermarket & Rebuild
- Fragmentation
- High Service Requirements

Markets Supported by Strong Macros

VALUE CREATION

Expand Reach with Adjacent Products and Services

TIMKEN COMPETITIVE DIFFERENTIATORS

- Talent
- Technology & Innovation
- Operational Excellence
- Business Capabilities

Winning With Customers: Timken's Competitive Advantage

DEEP EXPERTISE & INNOVATION IN BEARINGS AND POWER TRANSMISSION

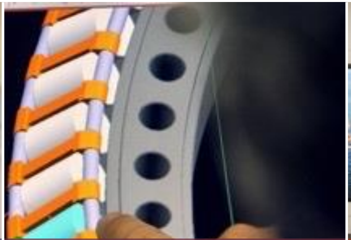
- Serving our customers' advancing product requirements with extensive knowledge and innovative solutions

GLOBAL REACH & DISTRIBUTION CHANNEL

- Further extending our global presence through capital investment and acquisitions
- Building an extensive global distribution network to serve fragmented markets

LONGSTANDING REPUTATION WITH CUSTOMERS

- Delivering on our brand promise, including industry-leading quality, reliability and customer service



OPERATIONAL EXCELLENCE

- Driving efficiencies and cost reductions across our supply chains
- Delivering the best service in the industry

TECHNICAL SALES AND SERVICE MODEL

- Delivering unparalleled value through our collaborative technical sales and service model which combines application engineering, product development and field service

Delivering an Industry-Leading Customer Experience

Moving Our World Forward, For Good—Through Products, Services, Actions

ENVIRONMENTAL

- Embrace energy efficiency, pollution prevention, waste management and recycling to protect our planet
- Design products that use less energy and reduce greenhouse gas emissions
- Engineer solutions to increase the efficiency and affordability of renewable-energy options

SOCIAL

- Operate ethically and honestly; 2019 was our ninth recognition by the Ethisphere Institute as one of the world's most ethical companies
- Commit to diversity and inclusion with investment in multiple initiatives to recruit and retain more diverse hires
- Focus on best-in-class safety

GOVERNANCE

- Promote the interests of the company and its shareholders
- Remain dedicated to an independent and diverse board; received a "Winning" designation by 2020 Women on Boards
- Align management compensation with shareholders; policy permits clawback following conduct that is detrimental to the Company

Allocating Capital to Create Shareholder Value

Invest in core business

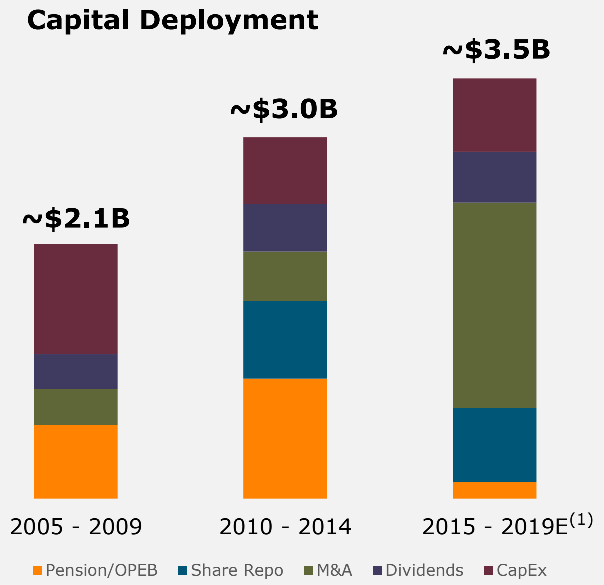
- Target projects with high IRR's
- Bulk of spend on organic growth and productivity/margin improvement initiatives

Grow inorganically

- Product line extensions with Diamond, BEKA
- New product lines with Cone, Rollon
- New attractive markets like automation, solar
- Deliver cost and revenue synergies

Return capital

- Strong commitment to dividend; paid 390th dividend in December 2019
- Increased annual dividend payout for six years running
- Repurchased 17% of stock (net) since June 30, 2014



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.

(1) *Estimated results for 2019 as of December 12, 2019.*

Acquisition Strategy Focused on Broader Power Transmission and Motion Space

Timken acquisition strategy:

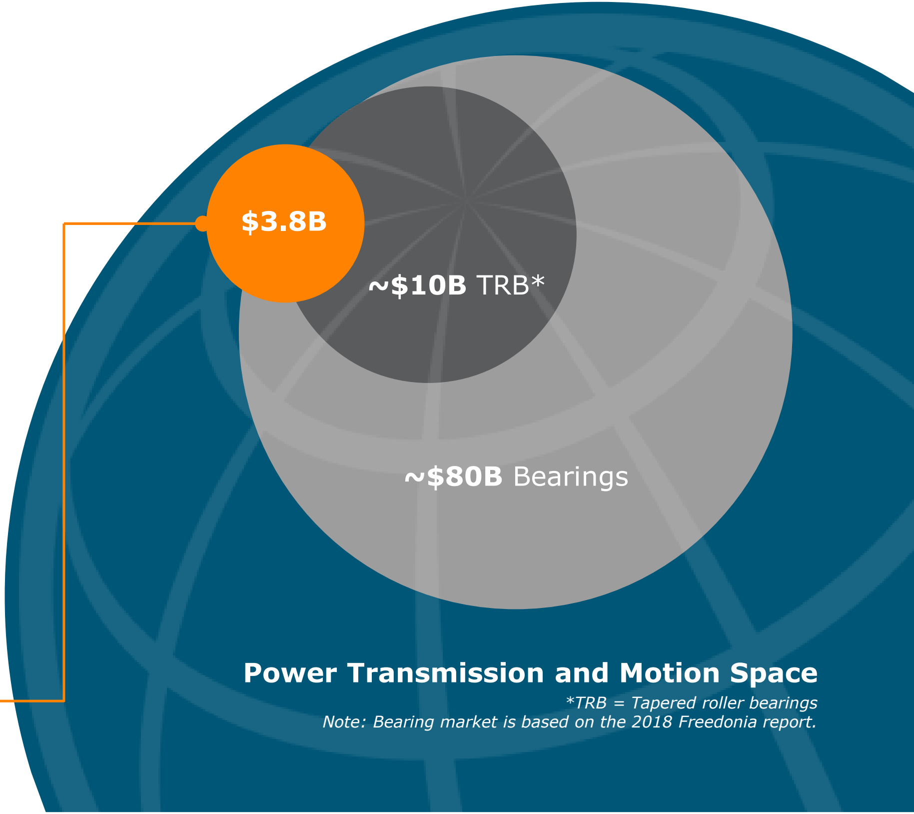
Consolidate attractive targets within the global bearing space

- 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 power transmission and motion space
- Enhance our organic growth and profitability over the long-term
- Continue to grow and enhance global industrial distribution platform

TIMKEN



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

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2024
QM Bearings	DRIVES PHILADELPHIA GEAR	WAZEE	SMITH SERVICES INTERLUBE STANDARD MACHINE	REVOLVO SCHULZ ELECTRIC	CARLISLE Belts	edt Lovejoy	GROENEVELD PT TECH TORSION CONTROL PRODUCTS	ABC Bearings Limited ROLLON Cone Drive	DIAMOND BEKA	

What to Expect Going Forward

Continue to drive the strategy and apply the Timken Business Model

Thoughtful and deliberate approach to our mix of business

- Products, markets, geographies, aftermarket
- Drive profitable growth, attractive mix and more resilient top line

Industry-leading operating performance

- Value-based pricing
- Systematic approach to cost reductions, footprint, variable cost structure, etc.
- Drive strong margins and cash flow

Capital deployment as a differentiator

- Make investments (organic and inorganic) to enhance growth, margins and mix
- Drive stronger shareholder returns, including capital return

Long-Term Financial Plan

		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	**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

Moving the World's Industries Forward

Chris Coughlin

Executive Vice President, Group President

Key Messages

Serving our markets: Timken industry segments

Driving our performance: The Timken Business Model

- Solving the world’s toughest challenges
- Broadening our aftermarket mix
- Building scale in attractive growing market sectors
- Leveraging our digital capabilities
- Creating value through Operational Excellence

Creating Value in Mobile Industries

Timken business approach

- Target the most attractive applications
- Create deep customer relationships with key global OEMs
- Use application engineering and industry-leading, on-time delivery to differentiate
- Be selective; achieve growth with strong margins

Growth drivers

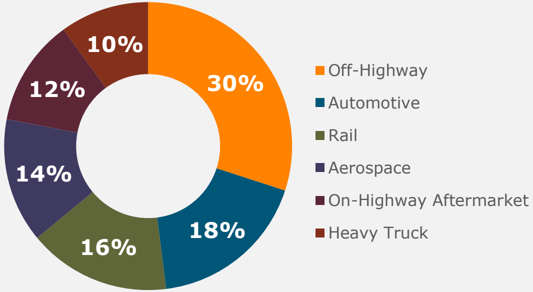
- Leverage expanded product offering in off-highway
- Electrification in automotive and heavy truck
- Global growth in rail, including passenger
- Next-generation aerospace platforms

Mobile Industries Segment

Sales*
$1.9B

Adjusted EBITDA Margin*
15.5%

Market Sector Mix*



*Estimated results for 2019 based on mid-point of guidance as of December 12, 2019.
See appendix for reconciliation of adjusted EBITDA margin to its most directly comparable GAAP financial measure.

… And Process Industries

Timken business approach

- Win at the OE to drive the installed base
- Utilize strong global distribution network to secure lifetime of revenue from aftermarket
- Bias towards fragmented applications
- Focus on new and attractive growth markets with heavy PT content
- Higher growth: 9% CAGR since 2009; Process Industries now equal in size to Mobile

Growth drivers

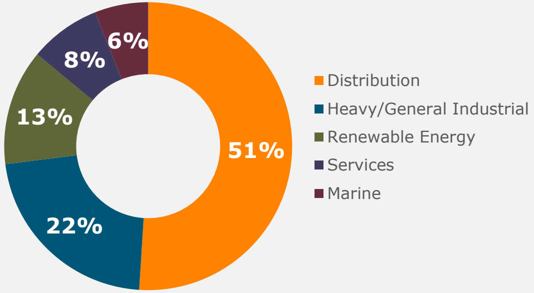
- Meet increasing renewable energy demand
- Expanding offering through global distribution network
- Delivering a diverse set of products to establish more meaningful positions

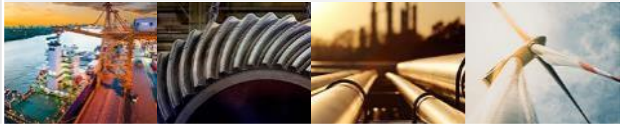
Process Industries Segment

Sales*
$1.9B

Adjusted EBITDA Margin*
26.0%

Market Sector Mix*





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Our Differentiated Business Model Is Creating Value

DISCIPLINED FILTER FOR ATTRACTIVE OPPORTUNITIES

- Challenging Applications
- Aftermarket & Rebuild
- Fragmentation
- High Service Requirements

Markets Supported by Strong Macros

VALUE CREATION

Expand Reach with Adjacent Products and Services

TIMKEN COMPETITIVE DIFFERENTIATORS

- Talent
- Technology & Innovation
- Operational Excellence
- Business Capabilities

The Timken Business Model Drives Our Performance

The Timken Business Model remains:

- Differentiated from bearing and power transmission competitors
- Consistent across Timken products and services
- Robust and scalable moving forward

The Timken Business Model delivers:

- Market outgrowth
- Defendable, long-term market positions
- Strong margins and returns

Our Differentiated Business Model Is Creating Value

DISCIPLINED FILTER
FOR ATTRACTIVE OPPORTUNITIES

Challenging Applications

Aftermarket & Rebuild

Fragmentation

High Service Requirements

Markets Supported by Strong Macros

VALUE CREATION

Expand Reach with Adjacent Products and Services

Talent

Technology & Innovation

Operational Excellence

Business Capabilities

TIMKEN COMPETITIVE
DIFFERENTIATORS

Solving the World's Toughest Challenges

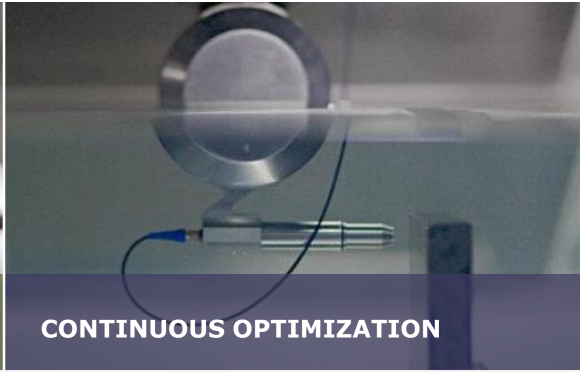
Customers value Timken in the design and launch phase of complex machinery platforms

PRODUCT DESIGN

- Use the 120 years of technical knowledge to develop highly engineered designs that optimize:
  - Risk
  - Technical performance
  - Cost

PRODUCT LAUNCH

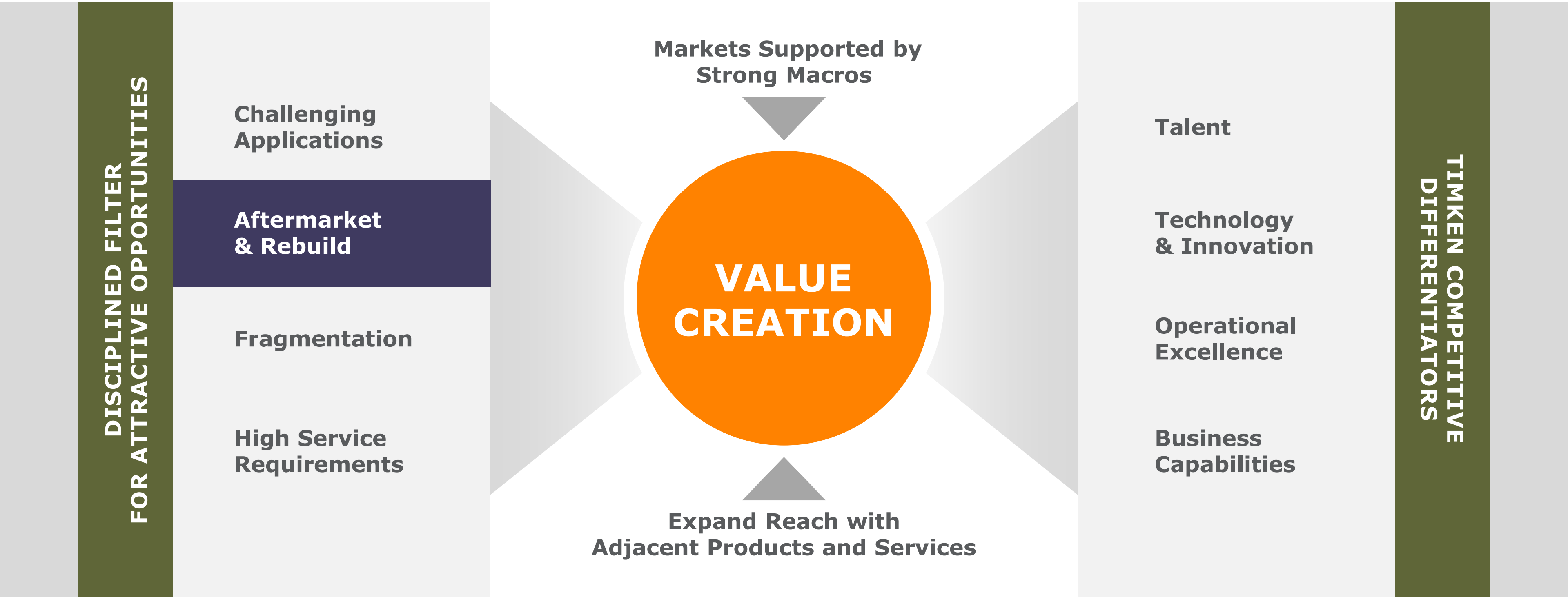
- Deliver quality, reliable engineered solutions that:
  - Arrive on time
  - Excel in the application
  - Minimize launch risk



CONTINUOUS OPTIMIZATION

- Continually refine technical design as application matures to:
  - Improve performance
  - Reduce cost
- Position Timken to participate in the long-term aftermarket

Our Differentiated Business Model Is Creating Value



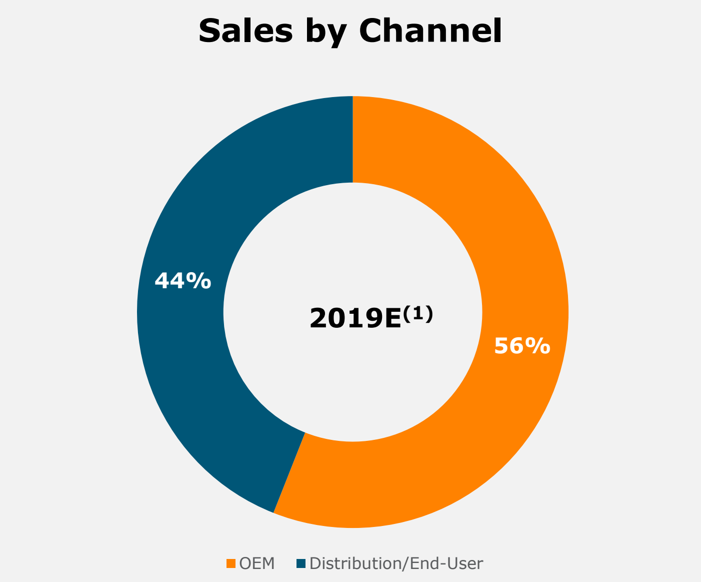
Winning Throughout the Application Lifecycle

Winning at the OEM

- Bias toward difficult applications that create long-term aftermarket opportunities
- Utilize technical knowledge to optimize performance, cost and durability of the application solution
- Utilize global footprint and integrated infrastructure to drive customer value in both cost and service

Winning in global distribution

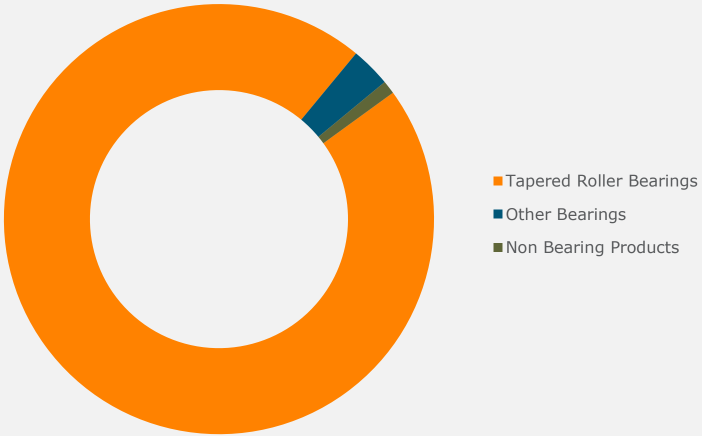
- Extensive distribution network essential to serve the fragmented installed base
- Distributors value customer service excellence
  - Availability
  - Speed
  - Field technical support
- Global infrastructure and breadth of offering critical



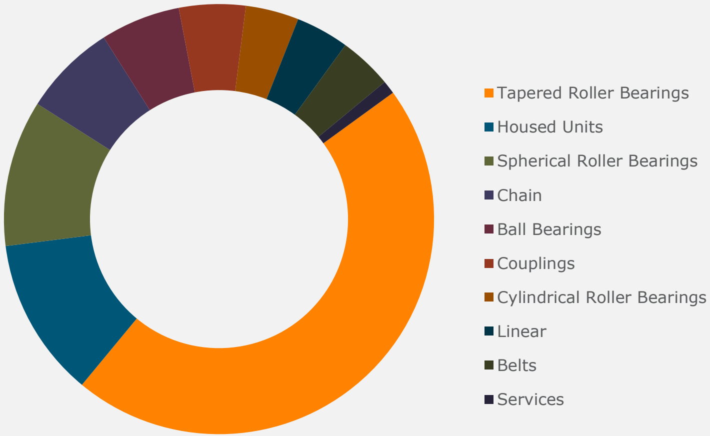
(1) Estimated results for 2019 based on mid-point of guidance as of December 12, 2019.

Global Distribution Product Diversification Continues

2001 Sales



2019E[(1)] Sales



(1) Estimated results for 2019 based on mid-point of guidance as of December 12, 2019.

Our Differentiated Business Model Is Creating Value

Expanding Industrial Market Opportunities

TIMKEN

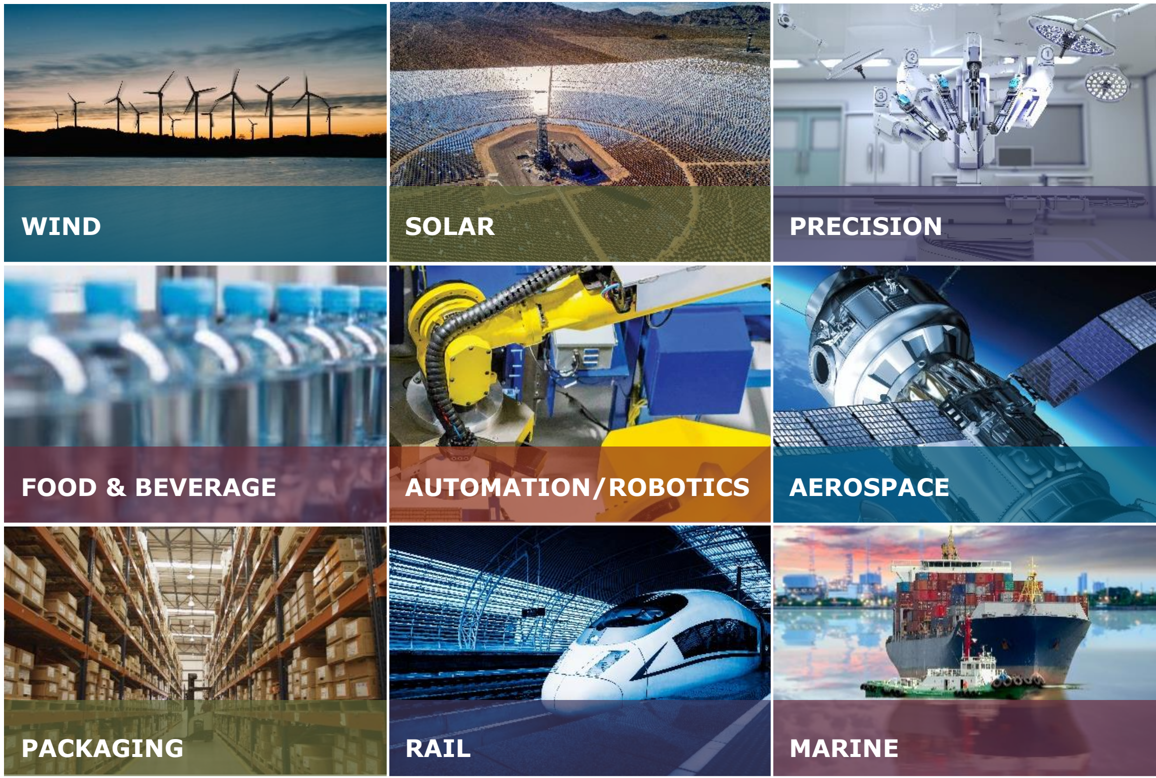
More Recent Focus

Historical Focus

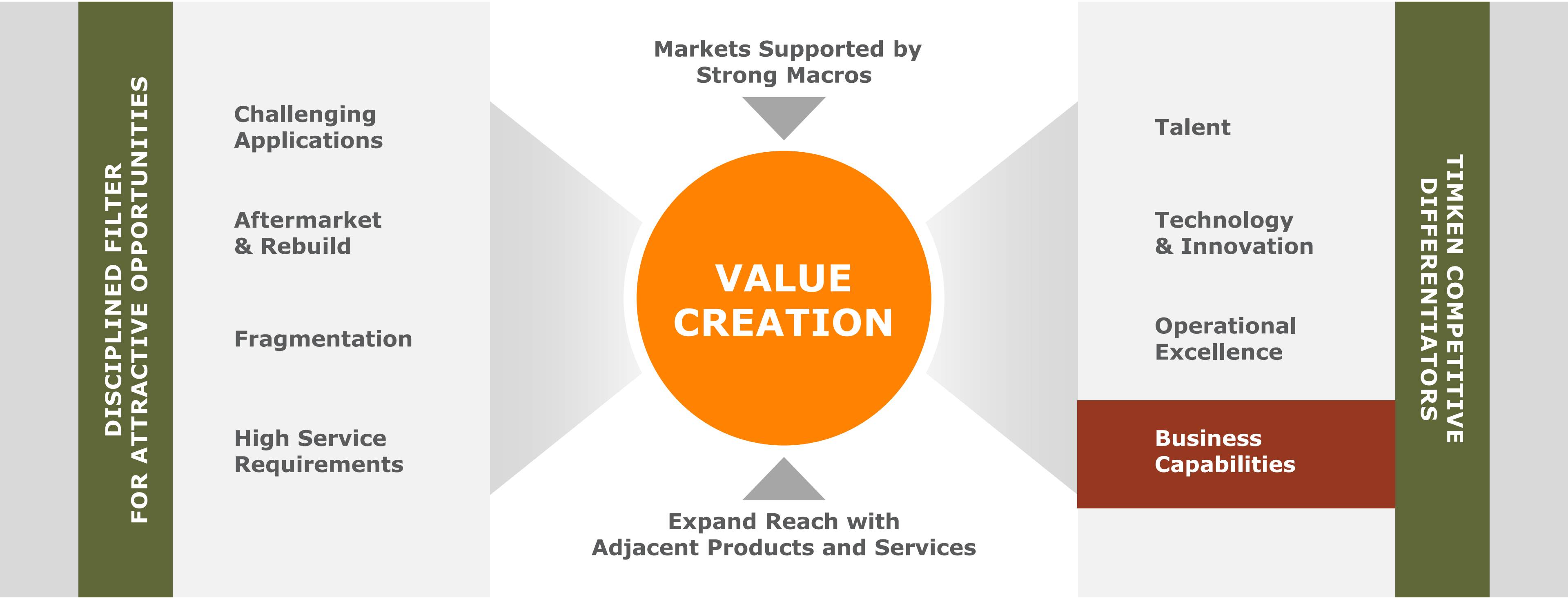
MARKET SECTORS	Light	Medium	Heavy
	▪ Consumer ▪ Medical ▪ Food and Beverage ▪ HVAC ▪ Material Handling ▪ Industrial Machinery ▪ Automation	▪ Printing/Packaging ▪ Rubber/Plastics ▪ Gearboxes ▪ Machine Tool ▪ Off-Highway ▪ Industrial Machinery ▪ Solar Energy	▪ Cement/Aggregate ▪ Forest Products ▪ Metals ▪ Oil/Gas ▪ Power Generation ▪ Rail ▪ Marine ▪ Wind Energy

Focus: 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 cyclicality 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



Our Differentiated Business Model Is Creating Value



Globally Integrated Technology Platforms

Integrated ERP system:

- Increases speed, visibility and accuracy of data to improve decision-making and efficiency
- Globally integrates engineering and pricing infrastructure
- Streamlines, standardizes and automates global business processes
- Value creation opportunity for acquisitions

Drive profitable growth and deliver – with speed – a differentiated customer experience via digital solutions.

Leveraging Digital to Drive Success

DIGITAL EXPERIENCE

ENHANCE EFFICIENCY

ERP Improve demand and supply planning to improve delivery, reliability and inventory efficiency

CRM Improve sales processes and pricing analytics to drive profitable growth

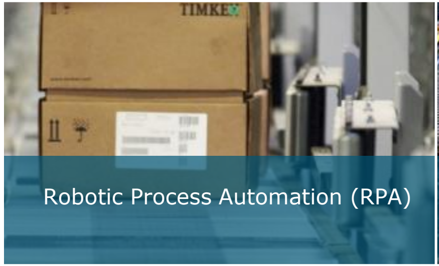
Product Management Improve new product introduction speed and engineering efficiency and effectiveness

WIN WITH CUSTOMERS

Digital Commerce Enhance capabilities with distributors and their end-user customers

Web & Social Reach individual customers, end users and distributors and aid in product selection & problem solving

Data Analysis Convert analysis into insights to deepen customer loyalty and drive growth


Robotic Process Automation (RPA)


Shop Floor Automation


QR Codes


3D Printing

Our Differentiated Business Model Is Creating Value

DISCIPLINED FILTER FOR ATTRACTIVE OPPORTUNITIES

- Challenging Applications
- Aftermarket & Rebuild
- Fragmentation
- High Service Requirements

Markets Supported by Strong Macros

VALUE CREATION

Expand Reach with Adjacent Products and Services

TIMKEN COMPETITIVE DIFFERENTIATORS

- Talent
- Technology & Innovation
- Operational Excellence
- Business Capabilities

Operational Excellence Framework

Drive enterprise-wide lean initiatives

Offset annual inflation with continuous improvement initiatives

Optimize global manufacturing footprint

Add capacity to grow in key markets

Invest in new proprietary technologies

Achieve top-quartile quality, safety, service and cost metrics

Deliver the best service in the industry

Drive efficiencies across our supply chains

Relentlessly focus on cost reduction

Strategic Footprint Bolsters Operational Excellence

Regional manufacturing hubs in Americas, Asia and Europe

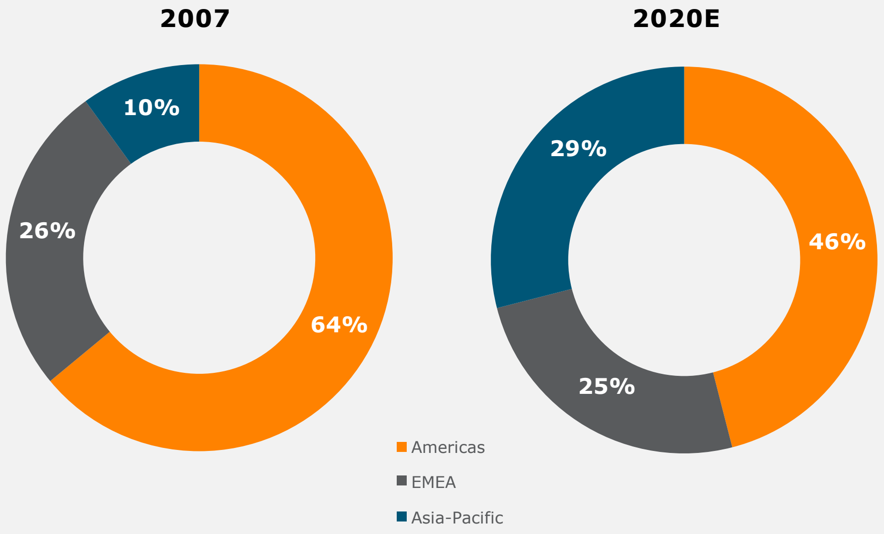
Expand capacity in low-cost geographies to support growth

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

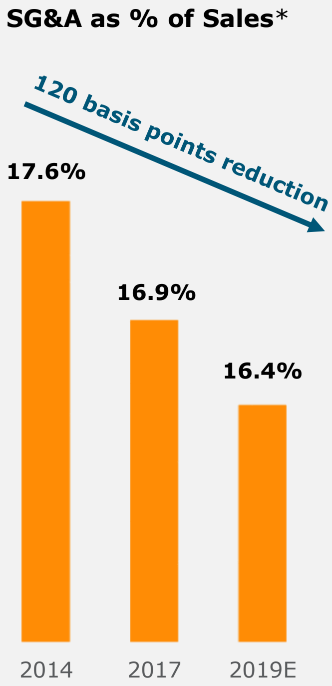
Transforming Our Bearing Footprint(1)



(1) Based on square feet of manufacturing floor space. 2020 figures are based on estimates as of December 12, 2019.

Driving Cost Efficiencies – SG&A

- Driving lean principles across the organization
- Leveraging best-cost locations
- Streamlining the organization
- Implementing tools and technologies to drive efficiencies
- Leveraging capabilities to reduce back-office SG&A at acquisitions



*SG&A as a percentage of sales excludes the impact of the change to mark-to-market accounting for pensions. Estimated results for 2019 based on mid-point of guidance as of December 12, 2019.

Timken participates in attractive markets with sustainable long-term profit opportunities.

Timken's business model differentiates us from the competition and is scalable across all products and services.

The Timken Business Model delivers:

- Defendable, long-term market positions
- Market outgrowth
- Strong, sustainable operating margins

The Timken Company

Growing a Global Diversified Portfolio: Continued Leadership in Engineered Bearings

Andreas Roellgen
Vice President, Europe, Asia and Africa

Key Messages

- Winning in diversified industrial markets with a focused strategy
- Expanding our portfolio to serve fragmented end-user needs
- Driving growth through technical innovation
- Maximizing a lifetime of revenue in distribution to drive margin performance
- Growing a pipeline of opportunities in attractive markets
- Capturing global growth opportunities

Engineered Bearings Product Strategy

Be THE world leader in engineered bearing solutions, focusing on diversified industrial markets

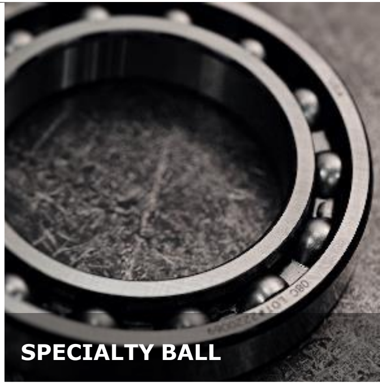
- Engineer the optimal bearing for our customers' applications
- Deliver customer-centric expertise from original design through the full lifecycle of the equipment
- Offer a complete range of bearings, enabling customers and distributors to source all their bearing needs from Timken
- Structure our manufacturing footprint and supply chains to deliver industry-leading service
- Leverage our global distribution network to ensure product availability where and when our customers need it

Full Portfolio of Engineered Bearings

Offering a comprehensive range of bearing sizes, rolling elements and proprietary designs vital to a wide array of customer applications

TAPERED

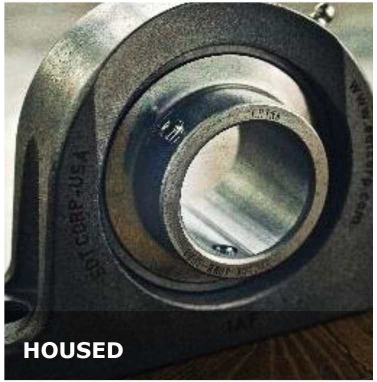
CYLINDRICAL



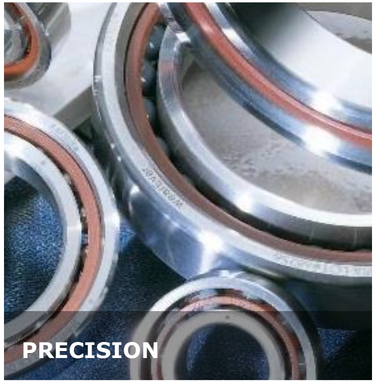
SPECIALTY BALL

SPHERICAL

THRUST



HOUSED



PRECISION

AEROSPACE

Leading With Our Technical Strength

Technology-driven innovation:

- Over a century of experience designing customer solutions
- Expert application modeling and analysis tools
- Proven design algorithms based on field performance experience
- Material systems designed for optimized performance
- Proprietary manufacturing technologies and surface treatments
- Advanced, integrated quality systems
- Extensive technical field presence with sales and service engineers

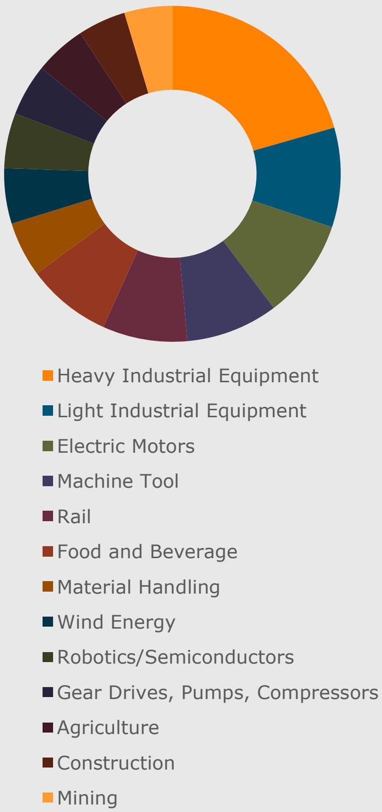
The Timken® brand = 120 years of accumulated strength

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
Barrier to Entry	Low	High

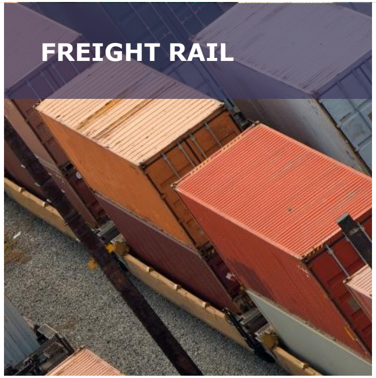
Market/Application Attractiveness

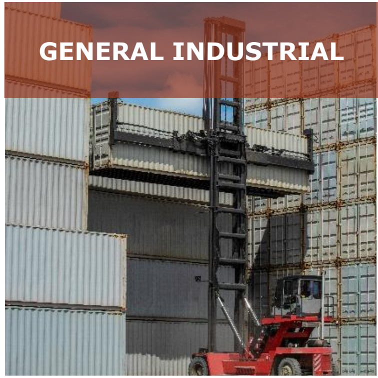
Industrial Bearing Space: ~$30B Market(1)

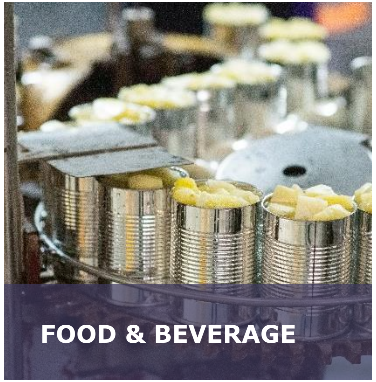


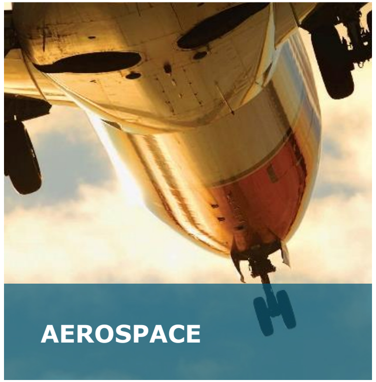
(1) Represents estimated premium industrial bearing space; excludes premium on-highway bearings and other non-premium bearings.

Targeting Attractive Market Sectors









Case Study – Where We Win

Innovating in Wind Energy

Background

- Timken has become a technology leader in the wind industry
- Continued need for optimizing reliability, cost and performance with ability to shorten transport distances

Solution: Invest in strategic areas to grow exposure in attractive wind markets

- Grow partnerships with leading OEMs and operators
- Ongoing organic capital investments in core bearings business to strengthen Timken as a local supplier
- Acquired lubrication systems (BEKA), couplings (PT Tech, Lovejoy) and other product lines to serve wind
- Applying the Timken Business Model, engineering expertise and manufacturing technology to partner with a large OEM to produce the world's largest wind turbine

Results

- Delivered significant growth and well-positioned for growing wind energy demand
- 2019E[1] sales approaching $200M; ~18% CAGR from 2010 with strong growth expected in the future

(1) Estimated results for 2019 based on mid-point of guidance as of December 12, 2019.

Case Study – Why We Win

Leading in Housed Units

Background

- Fragmented market sector with few industry players offering complete portfolio of housed units
- Customers in the cement/aggregate, food & beverage and other process industries have unique product needs

Solution: Invest in expanding our existing portfolio to become a full-service product provider of industrial housed units

- Timken has built the broadest product range in the industry
  - Torrington acquisition in 2003 (Fafnir brand) established our position in housed units
  - Later developed several new products organically, and made 3 additional acquisitions (QM, Revolvo, EDT) to broaden the product portfolio

Results

- Housed unit revenues have grown from $0 in 2002 to over $150M in 2019(1)
- Heavy aftermarket content with higher margins

(1) Estimated results for 2019 based on mid-point of guidance as of December 12, 2019.

Delivering Global Growth, Capturing Local Opportunies

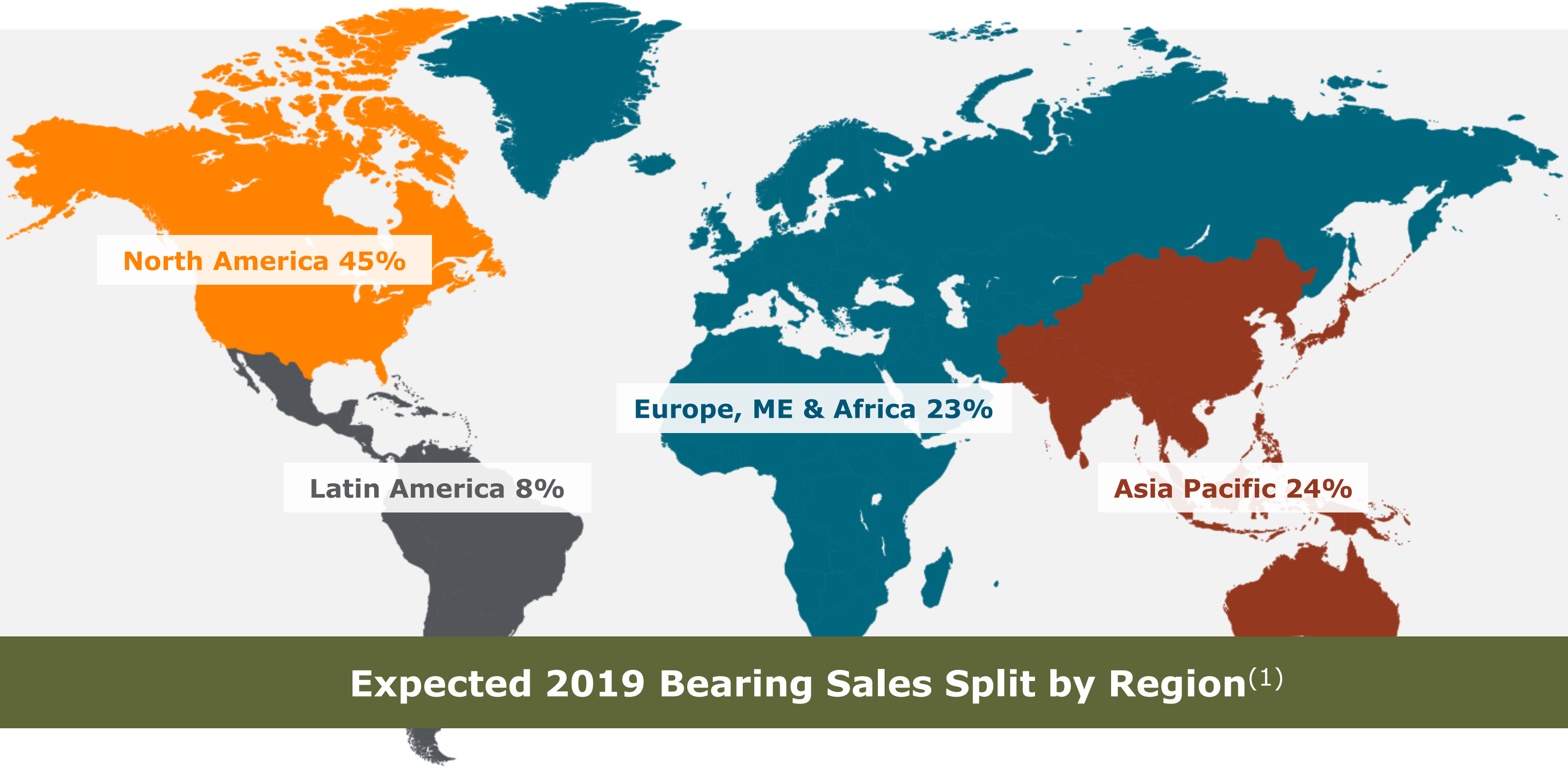
LEVERAGING GLOBAL COMPETENCIES

- Consistent values and business model
- Global engineering know-how and technology
- Product platforms
- Key accounts expanding globally
- Operational Excellence

CAPTURING LOCAL OPPORTUNITIES

- Local management teams
- Sales and engineering adapted to local culture
- Application-specific solutions
- Committed to distribution to serve fragmented end users
- Local sourcing and flexible supply chains

Expanding Our Global Reach



Expected 2019 Bearing Sales Split by Region(1)

(1) Estimated results for 2019 based on mid-point of guidance as of December 12, 2019.

Case Study – Where We Win

Capturing Growth in Asia

Opportunity

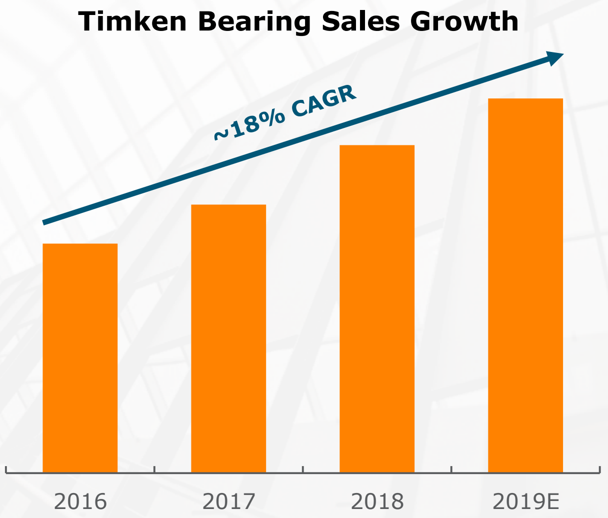
- By 2025, almost two thirds of world population will live in Asia
- 2.5B Asians are expected to live in cities as urbanization continues
- Over 90% of population growth is expected to be outside developed countries
- Massive infrastructure development; huge demand for clean energy, steel, cement, mining, construction, mobility, logistics, packaged food

Timken Solution

- Leverage global competences through strong local management to capture opportunities in fast-growing markets of heavy industry, energy, rail, off-highway
- Expanded manufacturing footprint with local sourcing
- Record number of new product introductions
- Appointed authorized distributors to grow in MRO

Results

- Asia-Pacific bearing sales ~18% CAGR since 2016



(1) Estimated results for 2019 based on mid-point of guidance as of December 12, 2019.

Case Study – How We Win

Growing with Metric Bearings

Opportunity

- Historically strong in inch dimension bearings
- Over half of the world bearing market is metric-based
- Opportunity to leverage our position to expand in Europe and Asia with metric bearings
- Asia is the fastest growing bearing market globally

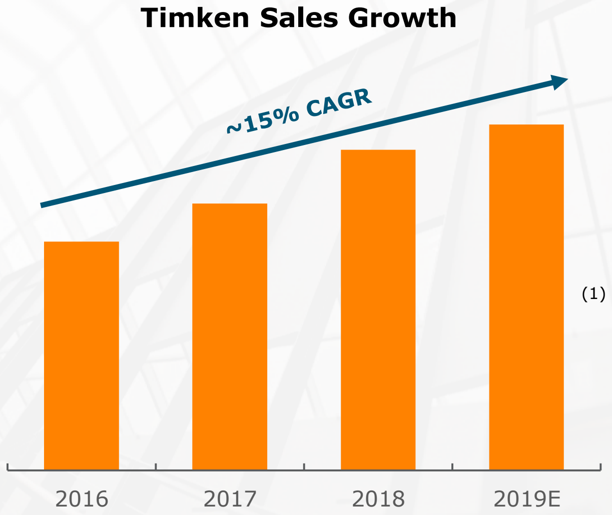
Timken Solution

- Expanded our product range with metric bearings of all relevant sizes, forms and features
- Invested in best-cost manufacturing footprint with latest technology in central/eastern Europe and Asia
- Leveraged newly-implemented corporate CRM system to capture growth opportunities

Results

- Won record number of new customers
- Gained share in targeted industrial markets
- ~15% CAGR in metric bearings since 2016 with strong growth expected in the future

(1) Estimated results for 2019 based on mid-point of guidance as of December 12, 2019.



Bearings Are Vital to the World’s Machinery & Equipment

- Timken has been successfully advancing and differentiating its operating model for 120 years
- Latest technology trends provide more opportunities for new/advanced designs, aligning with our key strengths
- Ample opportunities to further differentiate our products and profitably grow in fragmented industrial markets
- A massive installed base of product in equipment operating around the world provides a constant stream of profitable aftermarket opportunities
- In a world of changing technology, bearings will remain a vital component to the world’s equipment and vehicles

The Timken Company

Growing a Global Diversified Portfolio: Expanded Offering with Power Transmission

Hans Landin

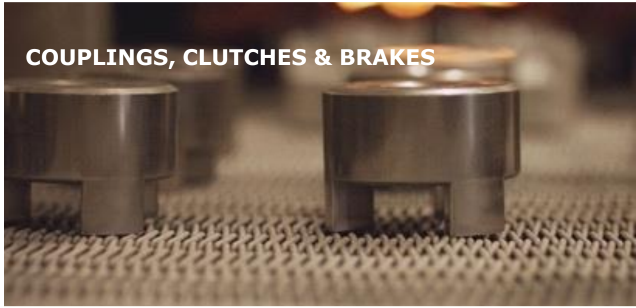
Group Vice President



Key Messages

- Power transmission portfolio delivering value creation
- Highly complementary to bearing portfolio
- Product diversification enables us to serve customers more fully
- Creating a stronger distribution channel
- M&A strengthens our portfolio, reduces cyclicality
- Key element of our outgrowth strategy

Delivering a Diversified Product Portfolio



TIMKEN | ROLLON | PHILADELPHIA GEAR | DIAMOND | Cone Drive | DRIVES | GROENEVELD | Lovejoy | BEKA | PT TECH

The Potential Within Power Transmission

Power transmission is an attractive space

- Engineered product with high-aftermarket content
- Complementary to Timken's core bearing portfolio
- Increases penetration in higher-growth end markets with strong profit pools and different cyclicality profiles
- Consolidating a historically fragmented industry through strategic M&A

Strong opportunities for growth

- Packaging the bearing and PT offering together
- Strengthening our aftermarket portfolio and adding value through our distributors
- Building scale and reach to drive revenue growth
- Developing a strong position in North America while expanding into Europe and Asia

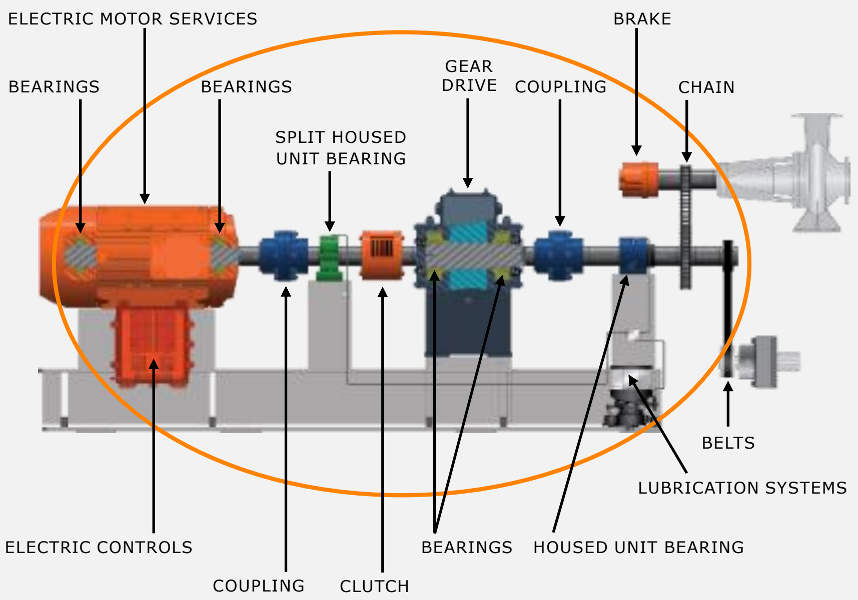
Total PT Sales*

**Estimated results for 2019 based on mid-point of guidance as of December 12, 2019.*

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

PT Strengthens Our Position in Distribution

Customer accessibility

- Serve a wider geographical customer base
- Improve product/service availability to customers
- Increase technical support for fragmented applications

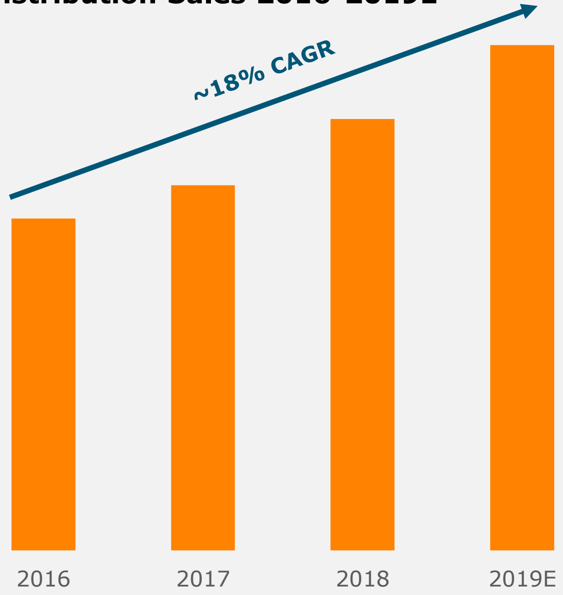
Breadth of offering

- Distribution channels are scaling and consolidating
- Additional points of sale for new and existing customers
- Larger offering helps with fragmentation

Global coverage and leverage of capabilities

- Eliminate coverage gaps in emerging markets
- Leverage current relationships to find/build distributors
- Leverage Timken capabilities and investments

Distribution Sales 2016-2019E*



Estimated results for 2019 based on mid-point of guidance as of December 12, 2019.

Case Study – Where We Win

Leveraging Distribution

Background

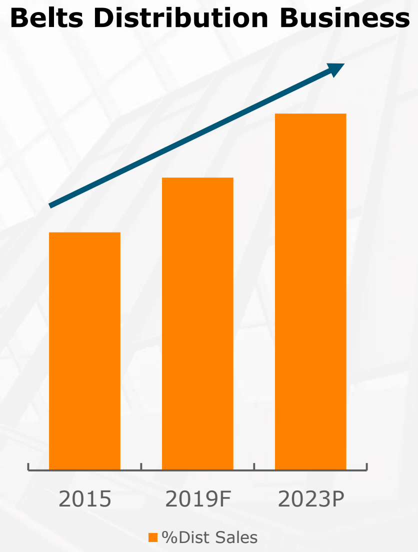
- Timken Belt business historically heavily weighted towards OEM customers with limited aftermarket presence

Solution: Create world-class distribution model by developing key distributors and growing our aftermarket share

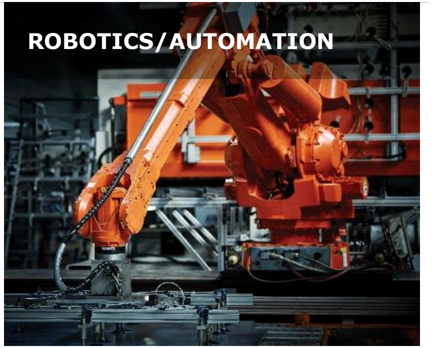
- Integrating belt and bearing sales enables Timken to maximize coverage and support for customers
- Quality product that is engineered to perform equal to or better than the best competitors

Results

- Leveraging the relationships built from our strong bearings business and creating significant value for our customers
- Growing revenue and margin accretion from shift toward aftermarket in belts
- Further extending Timken's brand to our customers



PT Accelerating Market Sector Expansion



Power Transmission Diversification and Entry Into New Markets

Case Study – Where We Win

Entering Solar Market Sector

Background

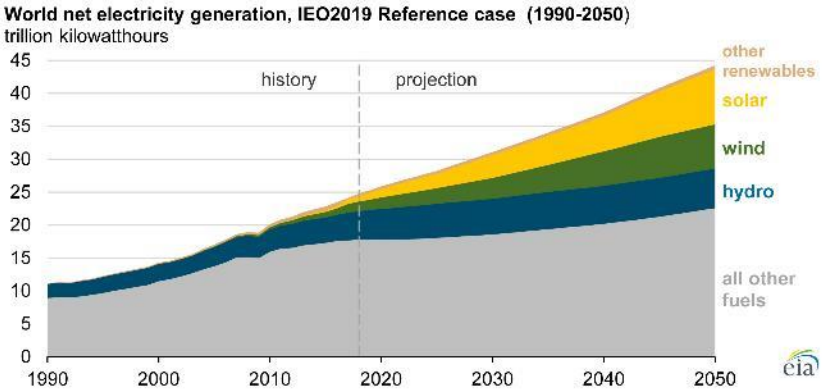
- Solar market sector is growing and supported by strong macros
- High requirements for reliability in remote locations
- Requires ability to deliver high-precision panel positioning requirements to both PV and CSP applications

Solution: Grow market penetration through M&A

- Timken acquisition of Cone Drive provides access to new solar energy market sector
  - Cone Drive's precision technology is a best-in-class solution
- Meeting growing demand by expanding manufacturing, engineering and testing capabilities in U.S. and China

Results

- Double-digit growth in solar tracker units
- Early entrant establishing reputation as a trusted partner for world's largest OEM customers for application expertise
- Strong market sector position creates broader opportunities



Two-Pronged PT Strategy

Drive organic growth in existing products

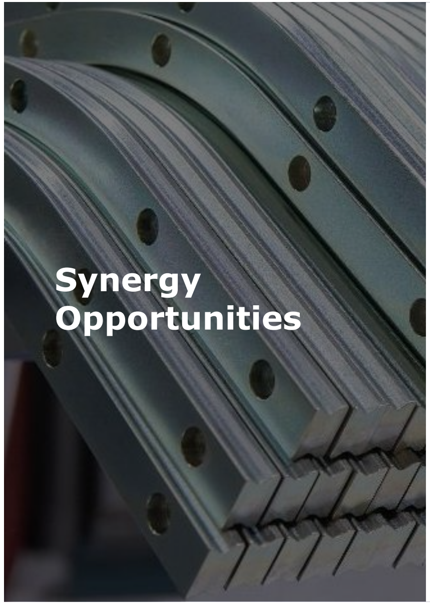
- Accelerate product vitality and innovation
- Geographic and market expansion
- Leverage Timken’s distribution channel and global relationships
- Capture cost and cross-selling synergies and continue to expand margins

Continue to pursue attractive M&A

- Build on existing product positions to strengthen leadership position
- Selectively add new product categories to the portfolio
- In all cases, deploy our proven M&A playbook

M&A: How We Add Value

Key: Acquire Good Businesses and Make Them Better



Operational Efficiencies

- Apply Timken Business Model
- Drive savings in manufacturing, purchasing and logistics
- Leverage Timken talent and IT infrastructure
- Absorb and streamline back office activities to reduce SG&A expenses

PT Growth

- Accelerate product innovation/vitality
- Bundle products to increase customer relevance
- Invest for growth in attractive geographies and markets
- Strengthen distribution presence

Power Transmission Acquisitions Strengthen Position and Drive Growth

Recent Acquisitions Enhancing the Company's Performance

GROENEVELD

- Acquired in 2017
- ~$115M 2019 forecasted revenue
- >20% adj. EBITDA margin
- Key synergies: global expansion with focus on U.S.; purchasing and logistics savings

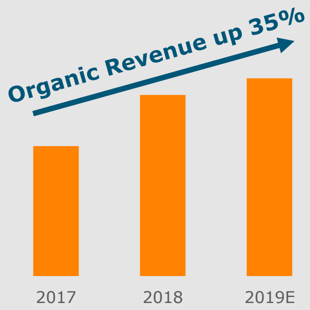
ROLLON®

- Acquired in 2018
- $~$135M 2019 forecasted revenue
- >30% adj. EBITDA margin
- Key synergies: distribution growth; global sales coverage; purchasing and logistics savings

Cone Drive

- Acquired in 2018
- ~$150M 2019 forecasted revenue
- >20% adj. EBITDA margin
- Key synergies: distribution growth and geographic expansion

Groeneveld + Rollon + Cone*



- Organic revenue growth of 35% from 2017 to 2019
- Expanded consolidated adj. EBITDA margins by 60 bps in 2019
- Growth and synergies have bought down net acquisition multiple by over 3 turns

**Estimated results for 2019 based on mid-point of guidance as of December 12, 2019.*

PT: What's Next?

- Continue to strengthen product offering
- Ensure successful acquisition integrations, deliver synergy cases
- Expand geographically
- Increase presence in distribution channel
- Identify and capture cross-selling opportunities
- Rationalize back-office functions to drive margins

Power transmission remains a key element of our outgrowth strategy

The Timken Company

A Strong Investment with Enduring Value

Phil Fracassa
Executive Vice President and Chief Financial Officer

Key Messages

Timken is a strong investment with enduring value

We have delivered next-level performance

- Strong performance over the cycle
- Expect record adj. EPS in 2019 with strong cash flow and adj. ROIC
- Exceeding our targets from 2017

Our balanced approach to capital deployment creates value

We expect to demonstrate the earnings power of the Company with strong performance again in 2020

Our new long-term targets reflect how we are advancing as a global industrial leader

We expect to perform even better over the next cycles

- Higher peaks and higher troughs with improved overall performance

Full Year 2019 Affirmed Outlook
(Charts reflect mid-point of guidance)

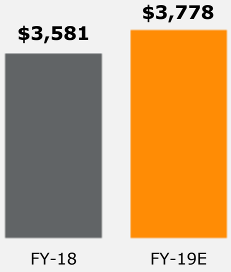
Still expect sales to be up 5-6% in FY-2019 versus FY-2018

- Reflects the benefit of acquisitions (~+7.5%), offset partially by negative currency translation (~-2%); organic revenue roughly flat for the year

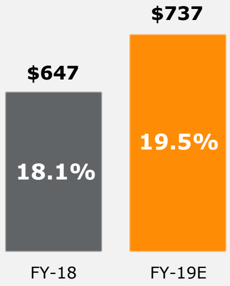
Adjusted EBITDA margin of ~19.5%, up 140 bps from FY-2018

Record adjusted EPS of $4.70-$4.75 per share, up 13% at expected mid-point from FY-2018

Net Sales ($M)

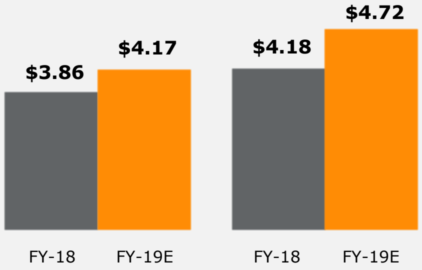


Adjusted EBITDA ($M)



Earnings Per Share

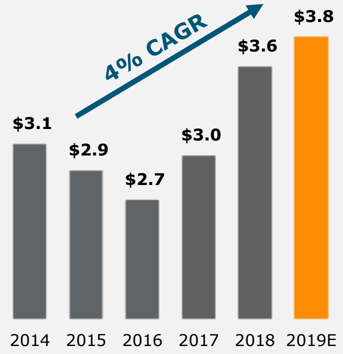
REPORTED (GAAP) ADJUSTED



NOTE: All 2019 figures are estimated results based on mid-point of guidance as of December 12, 2019.
See appendix for reconciliations adjusted EBITDA, adjusted EBITDA margin and adjusted EPS to their most directly comparable GAAP financial measures.

Next-Level Financial Performance Delivered

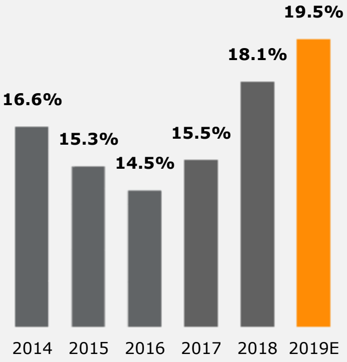
Revenue ($B)



5-Year sales CAGR of 4%

- Modest organic growth
- Acquisitions contributing meaningfully
- Currency translation negative

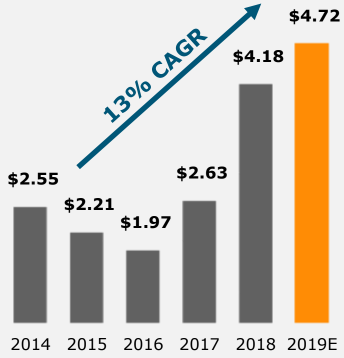
Adj. EBITDA Margin*



Adj. EBITDA margins approaching 20%

Growth, price/mix, acquisitions, operational excellence and pension de-risking delivering next-level results

Adj. EPS*

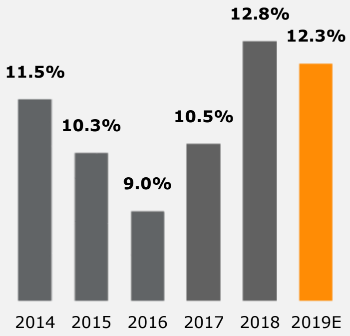


5-Year adj. EPS CAGR of 13%

Record adj. EPS of $4.70 to $4.75 in 2019

Demonstrates the new earnings power of the Company

Adj. ROIC*



Strong adj. ROIC over the cycle

Adj. ROIC at or above the cost of capital in all periods

** Amounts shown for 2014-2016 are before the adoption of mark-to-market accounting for pension/OPEB. EPS CAGR calculated based on 2014 adjusted EPS as originally reported (before adoption of mark-to-market accounting for pension/OPEB). 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 adjusted return on invested capital ("ROIC") to their most directly comparable GAAP financial measures. ROIC is defined as adjusted net operating profit after taxes ("ANOPAT") divided by average invested capital. Amounts for 2019E represent the mid-point of the Company's outlook as of December 12, 2019.*

Cash Flow and Balance Sheet

2019 represents step change in free cash flow

Expect strong cash flow going forward

- Over 100% conversion of net income through the cycle
- Improved working capital performance
- Free cash flow metric included in our annual incentive compensation plans

Net debt/adj. EBITDA target range of 1.5-2.5x

- Maintain low/mid BBB investment grade credit rating (target 2.0-3.0x "rating agency" debt-to-EBITDA)

Balance Sheet (as of: 12/31/19E)*

Capital Structure ($M)	
Cash	$200
Debt	1,747
Net Debt	1,547
Equity	1,870
Net Capital	$3,417
Leverage	
Net Debt/Capital	45%
Net Debt/Adj. EBITDA	2.1x

Free Cash Flow ($M)*

*2016 includes $39 million in after-tax income received under CDSOA.
Amounts for 2019E represent the mid-point of the Company's outlook as of December 12, 2019.
See appendix for reconciliations of net debt, net debt/capital, net debt/adjusted EBITDA 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. FCF conversion is defined as free cash flow divided by adjusted net income.

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	**SHARE REPURCHASE**
Target Accretive Transactions to Drive Portfolio Expansion	Return Capital to Shareholders Through Stock Buybacks

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

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

Capital Deployment is Focused on Highest Returns

Balanced approach to capital deployment having a significant impact

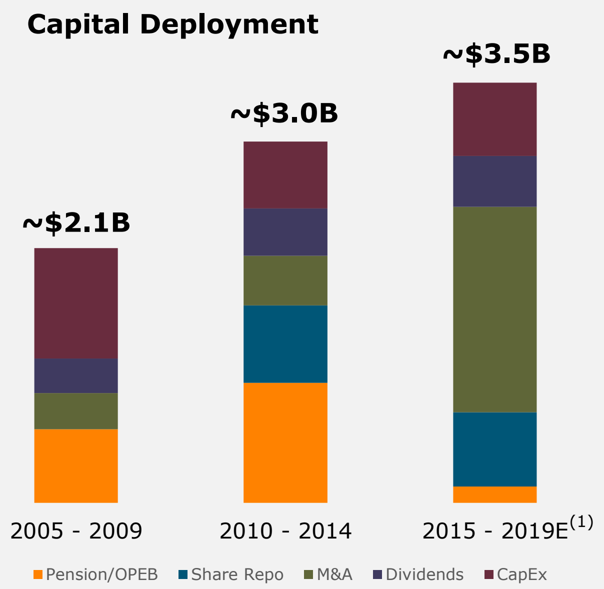
Allocated nearly $3.5B of capital over the past five years; all four elements represented:

- ~$610M in CapEx
- ~$420M in dividends
- ~$1,710M in acquisitions
- ~$620M in share buybacks

Pensions require much less cash versus prior periods

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

Expect balanced approach to continue, with a bias towards growth initiatives/M&A



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.

(1) Estimated results for 2019 as of December 12, 2019.

Investing in Core Business Remains Top Priority

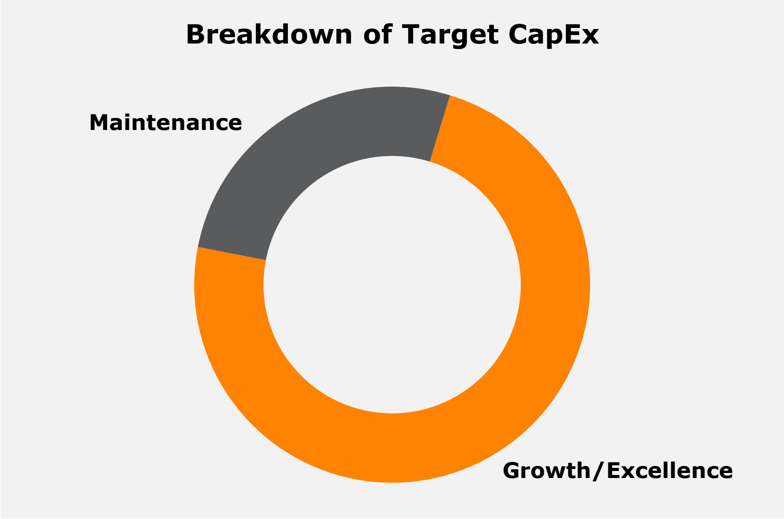
Investing in core business remains top priority for capital deployment

- 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



GROWTH
Add new capabilities/capacity

OPERATIONAL EXCELLENCE
Improve productivity and margins

Rich History of Attractive and Growing Dividend

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

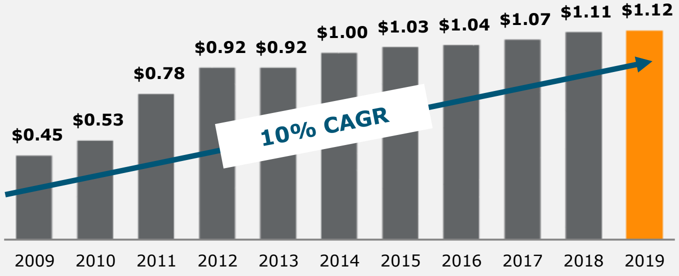
- Target 20-35% payout (adj. EPS) over the cycle

2019: Expected to be 6th consecutive year of annual dividend increases[1]

- Paid 390th consecutive quarterly dividend in December 2019
  - One of the longest active streaks on NYSE
  - Current dividend yield is attractive compared to benchmarks
- 2019 annual dividend payout ($1.12) expected to be roughly 24% of adjusted EPS for the year

Commitment to dividend will continue[1]

Annual Dividend Payout



Dividend Yield (as of: 11/30/19)	
The Timken Company	2.1%
Peer Median[2]	1.3%
S&P 500	1.9%
S&P Mid-Cap 400 Industrials	1.1%

(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

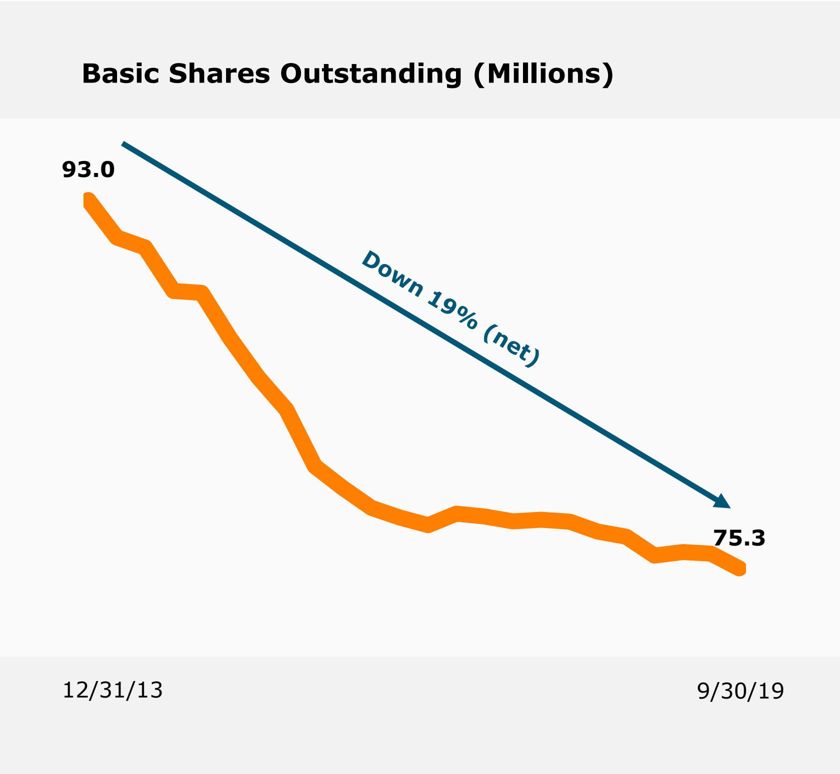
Share repurchase an important component of capital deployment strategy

Since 2013:

- Repurchased 21.4M shares for $880M (avg. ~$41/share)
    - Basic shares outstanding have been reduced by ~19% since December 31, 2013; this is net of shares issued for stock compensation

Current share repurchase authorization:

- 10 million shares authorized for repurchase through February 2021
- ~5.5 million shares remaining as of 9/30/19



Broadening Our Offering Through Acquisitions

QM Bearings
2010
Spherical roller bearing steel housed unit bearings, elastomeric and steel couplings

PHILADELPHIA GEAR
2011
Industrial gear drive and repair services

DRIVES
2011
Chain and augers

WAZEE
2012
Electric motor repair, related services and up-tower wind maintenance and repair

INTERLUBE
2013
Lubrication systems

SMITH SERVICES
2013
Electric motor repair and services

STANDARD MACHINE
2013
Industrial gear drive and repair services

SCHULZ
2014
Electric motor repair and services

REVOLVO
2014
Split roller housed unit bearings

CARLISLE
2015
Industrial and commercial belts

Lovejoy
2016
Industrial couplings and universal joints

edt
2016
Polymer housed unit bearings and stainless steel ball bearings

TORSION CONTROL PRODUCTS
2017
Spring couplings

PT TECH
2017
Industrial clutches and brakes

GROENEVELD
2017
Lubrication systems

ABC Bearings Limited
2018
Tapered, cylindrical and spherical roller bearings and slewing rings

Cone Drive
2018
Precision motion control technology

ROLLON
2018
Linear motion

DIAMOND
2019
Roller chain

BEKA LUBRICATION
2019
Lubrication systems

2020 Preliminary Outlook

Current 2020 Outlook (Dec. 12, 2019)

Net Sales	**$3.70B-$3.85B**
Adjusted EPS	**$4.40 to $4.80**
Free Cash Flow	**>$400M***

** At mid-point of guidance*

Current Outlook: Full Year 2020 vs. 2019

Net sales -2% to +2% (roughly flat at mid-point)

~-2% Organic	**~+3%** Acquisitions	**~-1%** Currency

Components (at mid-point)

Organic sales roughly flat to down 4% for the year

Adj. EPS down 3% at the mid-point

- Adj. tax rate similar to 2019 (26.5-27.0%)

Strong free cash flow of over $400M

EPS outlook does not include the impact of any potential mark-to-market pension remeasurement adjustments. See appendix for reconciliations of 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.

Organic Growth Outlook – FY 2020 By Market/Sector

(Market/Sector Placement Reflects __Mid-Point__ of Guidance)

NEGATIVE (down HSD+)	-------------------- (down MSD)	NEUTRAL (flat to +/- LSD)	-------------------- (up MSD)	POSITIVE (up HSD+)
Heavy Truck	**Automotive**	**General Industrial**	**Aerospace**	**Wind/Solar**
Off-Highway		**Heavy Industries**	**Industrial Services**	
		Ind. Distribution		
		Marine		
		Rail		

Expect revenue to be flat to down 4% organically in 2020 (down 2% at mid-point)

- Wind/Solar, Aero and Services expected to grow
- Heavy Truck, Off-Highway and Auto expected to decline

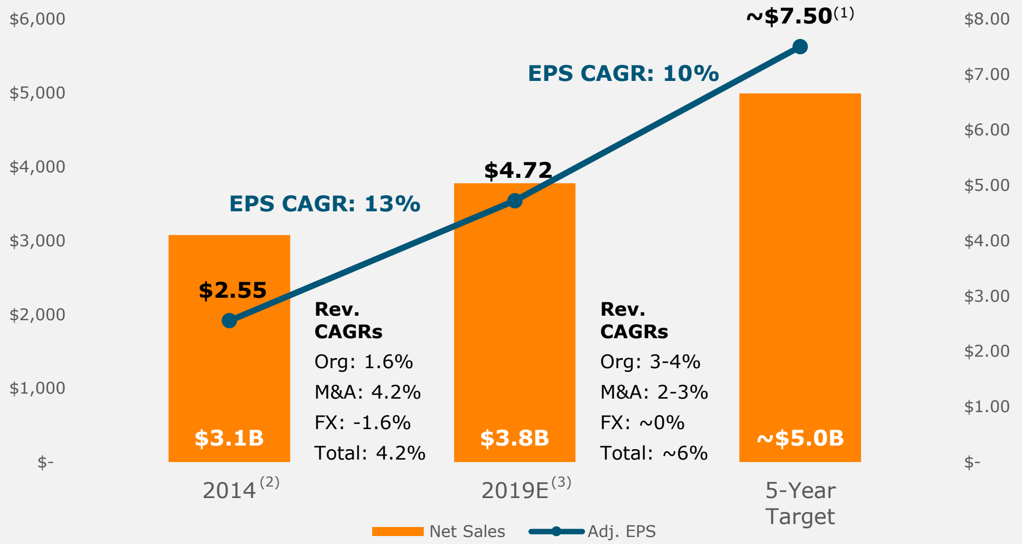
Process Industries Mobile Industries

LSD = low-single digit percentage change
MSD = mid-single digit percentage change
HSD = high-single digit percentage change

Long-Term Financial Plan

		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	**Leverage: 1.5-2.5x Net Debt-to-Adj. EBITDA**

Performance Targets: What's Possible



	2014[2]	2019E[3]	5-Year Target
Adj. EBITDA Margin	16.6%	19.5%	20%
Adj. EPS[1]	$2.55	$4.72	~$7.50
Free Cash Flow	$172M	$375M	>100% (conversion)
Adj. ROIC	11.5%	12.3%	>13%

(1) Assumes share buyback and leverage near middle of targeted range.
(2) 2014 excludes impact of change to mark-to-market accounting for pensions.
(3) Estimated results for 2019 based on mid-point of guidance as of December 12, 2019.

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

Imperatives to Achieve Targets

Continue to drive the strategy and apply the Timken Business Model

Thoughtful and deliberate approach to our mix of business

- Products, markets, geographies, aftermarket
- Drive profitable growth, attractive mix and more resilient top line

Industry-leading operating performance

- Value-based pricing
- Systematic approach to cost reductions, footprint, variable cost structure, etc.
- Drive strong margins and cash flow

Capital deployment as a differentiator

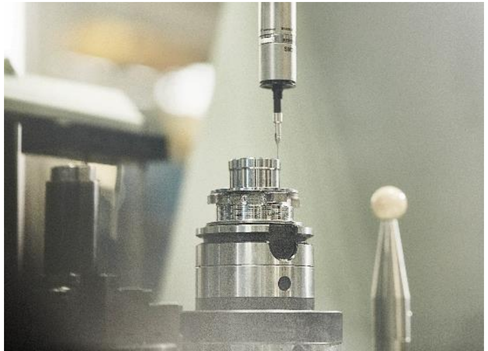
- Make investments (organic and inorganic) to enhance growth, margins and mix
- Drive stronger shareholder returns, including capital return

The Timken Company

Advancing as a Global Industrial Leader

Rich Kyle

President and Chief Executive Officer


Advancing as a Global Industrial Leader

- Timken has been a strong investment over the last decade
- Our leading portfolio of engineered bearings and power transmission products are enduring technologies that remain vital in next-generation equipment
- Our capable and experienced management team
  - Successfully transformed the company
  - Delivered next-level financial performance
  - Positioned the company to achieve new targets
- We will generate significant cash flow over the next 5 years and maintain our deliberate approach to deploying capital to create shareholder value
- Timken remains a compelling investment opportunity today and in the future

The Timken Company

Appendix: Executive Bios



Richard G. Kyle

PRESIDENT AND CHIEF EXECUTIVE OFFICER

TIMKEN SERVICE

Prior to being elected president and CEO in 2014, Kyle served as chief operating officer of The Timken Company's Bearings and Power Transmission Group. From 2012 to 2014, he was group president responsible for the company's Aerospace and Steel segments as well as the engineering and technology organizations.

Kyle joined Timken in 2006 as vice president of manufacturing, responsible for the company's global bearings operations. He was named president of the Aerospace and Mobile Industries segments in 2008. During his tenure, he led the company through significant changes to Mobile Industries by reshaping its product portfolio, market mix and operating capabilities. The results yielded dramatic improvements in the company's financial performance.

ADDITIONAL LEADERSHIP

Kyle has also held management positions with Cooper Industries and Hubbell, Inc. In 2015, he was elected to the board of directors of Sonoco, a global provider of consumer packaging, industrial products, protective solutions and display and packaging services. He also served on the board of directors for the National Association of Manufacturers.

EDUCATION

Bachelor's degree in mechanical engineering – *Purdue University*

Master's degree in business administration – *Northwestern University's Kellogg Graduate School of Management*

ELECTED TO TIMKEN BOARD

2013

Philip D. Fracassa

EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

TIMKEN SERVICE

Named to his current position in 2014, Fracassa leads the Timken global finance organization, including external reporting, treasury, tax and trade, financial planning and analysis, internal audit, risk management and investor relations. In addition, he oversees global enterprise shared services and government affairs.

In 2012, Fracassa served as senior vice president for corporate planning and development. He directed the development of enterprise-wide strategy, including the evaluation and execution of inorganic growth initiatives. He also led the project to complete the spin off the company's steel business in 2014.

Fracassa joined Timken in 2005 and has held several key finance positions, including senior vice president and group controller and senior vice president of tax and treasury.

ADDITIONAL LEADERSHIP

Prior to joining Timken, Fracassa was director of taxes for Visteon Corp. He began his career with Price Waterhouse in Detroit and served as a tax attorney with General Motors.

Currently, Fracassa is a member of Financial Executives International, the Manufacturers Alliance for Productivity and Innovation (MAPI) and the Association for Corporate Growth. He sits on the Regional Advisory Board for FM Global, a world leader in commercial and industrial property insurance and loss prevention engineering. Fracassa also serves on the Board of Directors for the American Red Cross – Northeast Ohio Region and Walsh University (North Canton, Ohio).

He is a certified public accountant and licensed attorney in the state of Michigan.

EDUCATION

Bachelor's degree in accounting –
University of Detroit Mercy

Juris doctor degree in law –
University of Detroit Mercy

Advanced Management Program –
INSEAD in Fontainebleau, France

Christopher A. Coughlin

EXECUTIVE VICE PRESIDENT, GROUP PRESIDENT

TIMKEN SERVICE

Named to his current position in 2014, Coughlin is responsible for the operational and commercial activities related to the Timken portfolio of engineered bearings and industrial services. He also holds corporate-wide responsibilities for quality assurance and technology advancement.

In 2010, Coughlin became president of the Process Industries segment and was also responsible for distribution and global supply chain management in the Bearings and Power Transmission Group, as well as for the Timken global purchasing organization.

Coughlin led a multi-year initiative to streamline business processes and implement an enterprise resource planning (ERP) system in 2004. He was previously based in Colmar, France, where he held a variety of management positions including vice president of industrial equipment, vice president of process industries and vice president of primary metals. Coughlin joined Timken in 1984 as a metallurgist.

ADDITIONAL LEADERSHIP

Coughlin currently serves on the board of directors of the American Bearing Manufacturers Association.

EDUCATION

Bachelor’s degree in metallurgical engineering – *University of Cincinnati*

Master’s degree in business administration – *Case Western Reserve University*

Andreas Roellgen

VICE PRESIDENT - EUROPE, ASIA AND AFRICA

TIMKEN SERVICE

Named to his current position in 2016, Roellgen leads the company's strategy for growing profitable sales across all segments and markets in Europe, China, India, Russia, Asia Pacific and Africa. He is also responsible for sales and engineering efforts in those regions.

Previously, Roellgen served as Timken's managing director of Europe and vice president of global process industries. He was responsible for the company's engineered bearings business in heavy industries, power transmission and energy markets. Before that, he held the position of director for manufacturing and supply chain, as well as positions in corporate strategy and new business development.

Roellgen joined Timken in 1997 as business development manager in France.

EDUCATION

Master's degree in mechanical engineering – *Technical University of Munich*

Master's degree in business administration – *INSEAD in Fontainebleau, France*

Hans Landin

GROUP VICE PRESIDENT

TIMKEN SERVICE

Named to his current position in 2014, Landin is responsible for driving and leading the company's growth in power transmission markets with a portfolio that includes industrial belts, chain, couplings, clutches and brakes, lubrication systems and linear motion products.

Landin previously served as vice president of business advancement. Named to that position in 2012, he led an organization responsible for accelerating and sustaining profitable growth in support of the company's strategy. He also served as director of Process Industries, original equipment and wind energy, expanding the business and its global customer base.

In 2007, he served as director of rail with overall responsibility for global rail business growth. Prior to that, Hans was operations manager at several Timken facilities and served as manager of global market development with a focus on Asia.

Hans joined Timken in 1996 as a sales associate.

EDUCATION

Master's degree in mechanical engineering – *Chalmers University of Technology, Gothenburg, Sweden*

Shelly M. Chadwick

VICE PRESIDENT, FINANCE AND CHIEF ACCOUNTING OFFICER

TIMKEN SERVICE

Chadwick leads The Timken Company's global accounting, financial reporting, treasury and investor relations functions. Named to her current position in 2016, she is responsible for accurate and timely financial reporting within a robust framework of internal controls, as well as a broad scope of corporate finance activities including cash management, debt financing, pensions, insurance and risk management.

Chadwick joined Timken in 2011 and has held the positions of vice president of treasury and investor relations, assistant corporate controller, and segment controller for the company's process industries business—providing financial leadership to support decision making for driving profitable growth and achieving business plans.

ADDITIONAL LEADERSHIP

Chadwick has held leadership positions with Eckart America Corporation, where she served as vice president of finance and chief financial officer, as well as Noveon Inc. and BF Goodrich.

She is a charter member of the local chapter of Zonta International, which focuses on advancing the status of women worldwide. She serves on the board of The Battered Women's Shelter of Summit and Medina Counties as well as the Kluber Family Foundation. She is also a member of Financial Executives International and the Manufacturers Alliance for Productivity and Innovation (MAPI).

EDUCATION

Bachelor's degree in business management and finance –
Westfield State University

Master's degree in general business administration –
Anna Maria College

Neil A. Frohnapple

DIRECTOR, INVESTOR RELATIONS

EXPERIENCE

Frohnapple is responsible for communicating the Company's vision and performance to the financial community.

Prior to joining Timken, Frohnapple spent over 13 years as a sell-side equity research analyst covering industrial companies in the machinery (heavy truck, construction and agriculture) sector. He was most recently the managing director of the Cleveland office of The Buckingham Research Group. He began his career with FTN Midwest Securities and was also an industrial analyst at Longbow Research.

ADDITIONAL LEADERSHIP

Frohnapple was recognized multiple times by *StarMine* as a top-three earnings estimator in the United States of trading companies and distributors. His research has been cited by *Transport Topics*, *CNBC*, *Barron's*, *Reuters* and *Bloomberg*.

EDUCATION

Bachelor's degree in finance – *John Carroll University*

The Timken Company

Appendix:
GAAP Reconciliations

GAAP Reconciliation: 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)	2018	2017	2016 (1)	2016 As Reported (2)	2015 (1)	2015 As Reported (2)	2014 (1)	2014 As Reported (2)
Net Income (Loss) Attributable to The Timken Company	$ 302.8	$ 203.4	$ 140.8	$ 152.6	$ 188.6	$ (70.8)	$ 82.7	$ 146.8
Adjustments:								
CDSOA income, net of expense (3)	—	—	(59.6)	(59.6)	—	—	—	—
Pension related charges (4)	12.8	18.1	67.0	28.1	100.0	465.0	161.9	33.7
Impairment and restructuring charges (5)	7.1	13.1	28.0	28.0	15.9	15.9	136.2	136.2
(Gain) loss on divestitures and sale of real estate	0.8	(3.6)	(0.5)	(0.5)	(28.7)	(28.7)	(22.6)	(22.6)
Acquisition related charges (6)	20.6	9.0	4.2	4.2	5.7	5.7	—	—
Tax indemnification and related items	1.5	(1.0)	—	—	—	—	—	—
Health care plan modification costs	—	(0.7)	2.9	2.9	—	—	—	—
Fixed asset write-off	—	—	—	—	9.7	9.7	—	—
Noncontrolling interest	(1.3)	—	—	—	—	—	—	—
Provision for income taxes	(16.8)	(30.8)	(13.8)	0.5	(74.6)	(207.7)	(96.8)	(61.2)
Total Adjustments:	24.7	4.1	28.2	3.6	28.0	259.9	178.7	86.1
Adjusted Net Income Attributable to The Timken Company	$ 327.5	$ 207.5	$ 169.0	$ 156.2	$ 216.6	189.1	$ 261.4	$ 232.9
Diluted Earnings per Share (EPS) - Continuing Operations	$ 3.86	$ 2.58	$ 1.78	$ 1.92	$ 2.21	(0.84)	$ 0.91	$ 1.61
Adjusted EPS - Continuing Operations	$ 4.18	$ 2.63	$ 2.13	$ 1.97	$ 2.54	2.21	$ 2.87	$ 2.55
Diluted Shares	78,337,481	78,911,149	79,234,324	79,234,324	85,346,246	85,346,246	91,224,328	91,224,328

(1) These 2014-2016 results are depicted to incorporate an estimate of the impact if mark-to-market accounting was adopted in that respective year,

(2) These 2014-2016 results are as 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 charges represent actuarial (gains) and losses that resulted from the remeasurement of plan assets and obligations as a result of changes in assumptions. The Company recognizes actuarial (gains) and losses in connection with the annual remeasurement in the fourth quarter, or if specific events trigger a remeasurement.

(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: Adjusted EPS Outlook

Reconciliation of Adjusted Earnings per Share to GAAP Earnings per Share for Full Year 2019 and 2020 Outlook:

(Unaudited)

The following reconciliation is provided as additional relevant information about the Company's outlook deemed useful to investors. Forecasted full year adjusted diluted earnings per share is an important financial measure that management believes is useful to investors as it is representative of the Company's expectation for the performance of its core business operations.

2019 Outlook

		Low End Earnings Per Share		**High End Earnings Per Share**
Forecasted full year GAAP diluted earnings per share	$	4.15	$	4.20
Forecasted Adjustments:				
Corporate pension and other postretirement benefit related charges (1)	$	0.16	$	0.16
Acquisition-related charges (2)	$	0.14	$	0.14
Restructuring and other special items, net	$	0.25	$	0.25
Forecasted full year adjusted diluted earnings per share	$	4.70	$	4.75

2020 Outlook

		Low End Earnings Per Share		**High End Earnings Per Share**
Forecasted full year GAAP diluted earnings per share	$	4.15	$	4.55
Forecasted Adjustments:				
Restructuring and other special items, net (3)	$	0.25	$	0.25
Forecasted full year adjusted diluted earnings per share	$	4.40	$	4.80

(1) Corporate pension and other postretirement benefit related charges represent actuarial (gains) and losses that resulted from the remeasurement of plan assets and obligations as a result of changes in assumptions. The Company recognizes actuarial (gains) and losses in connection with the annual remeasurement in the fourth quarter, or if specific events trigger a remeasurement. However, the impact of any potential fourth quarter mark-to-market pension and other postretirement remeasurement adjustment is excluded, because the amounts will not be known until incurred.

(2) Acquisition-related charges in 2019 primarily related to the Rollon S.p.A. ("Rollon"), The Diamond Chain Company ("Diamond Chain"), and BEKA Lubrication ("BEKA") acquisitions, including transaction costs and inventory step-up impact.

(3) Restructuring and other special items, net do not include the impact of any potential future mark-to-market pension and other postretirement remeasurement adjustment, because the amounts will not be known until incurred.

GAAP Reconciliation: 2014-18 EBIT, EBIT, After Adjustments, and EBITDA, After Adjustments to GAAP 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 and taxes (EBIT) 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 EBIT. Management also believes that non-GAAP measures of EBIT, 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.

Reconciliation of Adjusted EBITDA and Margin	2018	2017	2016 [1]	2016 As Reported [2]	2015 [1]	2015 As Reported [2]	2014 [1]	2014 As Reported [2]
Net Sales	$ 3,580.8	$ 3,003.8	$ 2,669.8	$ 2,669.8	$ 2,872.3	$ 2,872.3	$ 3,076.2	$ 3,076.2
Net Income	305.5	202.3	141.1	152.9	191.4	(68.0)	85.2	149.3
Provision for income taxes	102.6	57.6	60.5	69.2	26.3	(121.6)	36.2	54.7
Interest expense, net	49.6	34.2	31.6	31.6	30.7	30.7	24.3	24.3
Consolidated Earnings Before Interest and Taxes (EBIT)	$ 457.7	$ 294.1	$ 233.2	$ 253.7	$ 248.4	$ (158.9)	$ 145.7	$ 228.3
Adjustments:								
CDSOA income, net of expense [3]	—	—	(59.6)	(59.6)	—	—	—	—
Pension related charges [4]	12.8	18.1	67.0	28.1	100.0	465.0	183.5	33.7
Impairment and restructuring charges [5]	7.1	13.1	28.0	28.0	15.9	15.9	136.2	136.2
(Gain) loss on divestitures and sale of real estate	0.8	(3.6)	(0.5)	(0.5)	(28.7)	(28.7)	(22.6)	(22.6)
Acquisition related charges [6]	20.6	9.0	4.2	4.2	5.7	5.7	—	—
Tax indemnification and related items	1.5	(1.0)	—	—	—	—	—	—
Health care plan modification costs	—	(0.7)	2.9	2.9	—	—	—	—
Fixed asset write-off	—	—	—	—	9.7	9.7	—	—
Total Adjustments	42.8	34.9	42.0	3.1	102.6	467.6	297.1	147.3
Adjusted EBIT	$ 500.5	$ 329.0	$ 275.2	$ 256.8	$ 351.0	$ 308.7	$ 442.8	$ 375.6
Adjusted depreciation and amortization [7]	146.0	135.8	130.2	130.2	130.2	130.2	136.7	136.7
Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)	646.5	464.8	405.4	387.0	481.2	438.9	579.5	512.3
Adjusted EBITDA Margin (% of net Sales)	18.1%	15.5%	15.2%	14.5%	16.8%	15.3%	18.8%	16.6%

(1) These 2014-2016 results are depicted to incorporate an estimate of the impact if mark-to-market accounting was adopted in that respective year,

(2) These 2014-2016 results are as 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 charges represent actuarial (gains) and losses that resulted from the remeasurement of plan assets and obligations as a result of changes in assumptions. The Company recognizes actuarial (gains) and losses in connection with the annual remeasurement in the fourth quarter, or if specific events trigger a remeasurement.

(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.

(7) Adjusted depreciation and amortization removes the impact of depreciation recognized in reorganization charges, if any.

GAAP Reconciliation: Consolidated EBIT, EBITDA, and EBITDA Margin Outlook

Reconciliation of EBITDA Margin, After Adjustments, as a Percentage of Sales, EBITDA, After Adjustments, for the 2019 Full Year Outlook:

(Unaudited)

The following reconciliation is provided as additional relevant information about the Company's outlook deemed useful to investors. Management believes consolidated earnings before interest and taxes (EBIT) is a non-GAAP measure that is useful to investors as it is representative of the Company's expectations of performance and that it is appropriate to compare GAAP net income to consolidated EBIT. Management also believes that non-GAAP measures of adjusted EBITDA and adjusted EBITDA margin are useful to investors as they are representative of the Company's expectations for the performance of its 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)		2019 [1]	Percentage to Net Sales
Net Sales	$	3,778	
Net Income		329	8.7%
Provision for Income Taxes		137	3.6%
Interest Expense, Net		69	1.8%
Consolidated Earnings Before Interest and Taxes (EBIT)		535	14.2%
Restructuring and other special items, net [2]		40	1.1%
Adjusted EBIT	$	575	15.2%
Adjusted depreciation and amortization [3]	$	162	4.3%
Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	$	737	19.5%

[1] 2019 guidance is estimated results based on mid-point guidance as of December 12, 2019.

[2] Restructuring and other special items, net do not include the impact of any potential mark-to-market pension and other postretirement remeasurement adjustment in the fourth quarter.

[3] Adjusted depreciation and amortization removes the impact of depreciation recognized in reorganization charges, if any.

GAAP Reconciliation: Segment EBIT, EBITDA, and EBITDA Margin Outlook

Reconciliation of EBITDA Margin, After Adjustments, as a Percentage of Sales, EBITDA, After Adjustments, for the 2019 Full Year Outlook:

(Unaudited)

The following reconciliation is provided as additional relevant information about the Company's Mobile and Process Industries segment outlook deemed useful to investors. Management believes consolidated earnings before interest and taxes (EBIT) is a non-GAAP measure that is useful to investors as it is representative of the Company's expectations of performance. 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 expectations for the performance of its 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)		2019 [1]	Percentage to Net Sales
Net Sales	$	1,891	
Earnings Before Interest and Taxes (EBIT)		223	11.8%
Restructuring and other special items, net		4	0.2%
Adjusted EBIT	$	227	12.0%
Adjusted depreciation and amortization [2]	$	66	3.5%
Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	$	293	15.5%

Process Industries

(Dollars in millions)		2019 [1]	Percentage to Net Sales
Net Sales	$	1,887	
Earnings before interest, taxes, depreciation and amortization (EBITDA)		382	20.2%
Restructuring and other special items, net		14	0.8%
Adjusted EBIT	$	396	21.0%
Adjusted depreciation and amortization [2]	$	95	5.0%
Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	$	491	26.0%

[1] 2019 guidance is estimated results based on mid-point guidance as of December 12, 2019.

[2] Adjusted depreciation and amortization removes the impact of depreciation recognized in reorganization charges, if any.

GAAP Reconciliation: Free Cash Flow and Outlook

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 2014-2018 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		2015		2014
Net cash provided from operating activities	$	332.5	$	236.8	$	403.9	$	380.3	$	299.2
Less: capital expenditures		112.6		104.7		137.5		105.6		126.8
Free cash flow	$	219.9	$	132.1	$	266.4	$	274.7	$	172.4

Reconciliation of Free Cash Flow to GAAP Net Cash Provided by Operating Activities for the 2019 and 2020 Full Year Outlook:

(Unaudited)

The following reconciliation is provided as additional relevant information about the Company's 2019 and 2020 outlook deemed useful to investors. Management believes that free cash flow outlook is a non-GAAP measure that is useful to investors because it is representative of the Company's expectation of cash that will be generated from operating activities and available for the execution of its business strategy.

Reconciliation of Free Cash Flow		2019 [1]		2020 [1]
Net cash provided from operating activities	$	525.0	$	550.0
Less: capital expenditures		(150.0)		(150.0)
Free cash flow	$	375.0	$	400.0

[1] 2019 and 2020 guidance is estimated results based on mid-point guidance as of December 12, 2019.

GAAP Reconciliation: Net Debt Outlook

Reconciliation of Total Debt to Net Debt, the Ratio of Net Debt to Capital, and the Ratio of Net Debt to Adjusted EBITDA for the 2019 Full Year Outlook:

(Unaudited)

These reconciliations are provided as additional relevant information about the Company's financial outlook 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, cash equivalents and restricted cash 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 expectations regarding its financial position, due to the amount of cash and cash equivalents expected to be on hand.

(Dollars in millions)

		2019 [1]
Total Debt	$	1,747
Less: Cash, cash equivalents and restricted cash		(200)
Net Debt	$	1,547
Total Equity	$	1,870
Ratio of Net Debt to Capital		45%
Adjusted EBITDA [2]	$	737
Ratio of Net Debt to Adjusted EBITDA		2.1

[1] 2019 guidance is estimated results based on mid-point guidance as of December 12, 2019.

[2] Adjusted EBITDA is reconciled to net income in the preceding reconciliations for 2014-2018 EBIT and Consolidated EBIT.

GAAP Reconciliation: ROIC

Reconciliations of GAAP to Non-GAAP Measures:

(Unaudited)

The following reconciliation is provided as additional relevant information about the Company's performance and outlook deemed useful to investors. The Company uses Average Invested Capital as a type of non-GAAP ratio that indicates return on invested capital which management believes is useful to investors as a measure of return on their investment.

Reconciliation of Adjusted Return on Invested Capital	2019 Full Year Outlook [(1)]	2018	2017	2016 [(2)]	2016 As Reported [(3)]	2015 [(2)]	2015 As Reported [(3)]	2014 [(2)]	2014 As Reported [(3)(4)]
Adjusted EBIT [(5)]	$ 578.0	$ 500.5	$ 329.0	$ 275.2	$ 256.8	$ 351.0	$ 308.7	$ 442.8	$ 375.6
Adjusted Tax rate	26.75%	26.5%	30.0%	30.5%	30.5%	31.0%	31.0%	33.0%	33.0%
Calculated income taxes	154.6	132.6	98.7	83.9	78.3	108.8	95.7	146.1	123.9
Adjusted net operating profit after taxes (ANOPAT)	423.4	367.9	230.3	191.3	178.5	242.2	213.0	296.7	251.7
Total debt	1,747.0	1,681.6	962.3	659.2	659.2	656.5	656.5	526.4	526.4
Total equity	1,870.0	1,642.7	1,474.9	1,310.9	1,306.0	1,349.6	1,344.6	1,594.3	1,589.1
Invested capital (Total debt + Total equity)	3,617.0	3,324.3	2,437.2	1,970.1	1,965.2	2,006.1	2,001.1	2,120.7	2,115.5
Invested capital (two-point average)	3,470.7	2,880.8	2,203.7	1,988.1	1,983.2	2,063.4	2,058.3	2,194.6	2,191.6
ANOPAT	423.4	367.9	230.3	191.3	178.5	242.2	213.0	296.7	251.7
Invested capital (two-point average)	3,470.7	2,880.8	2,203.7	1,988.1	1,983.2	2,063.4	2,058.3	2,194.6	2,191.6
Return on invested capital	12.3%	12.8%	10.5%	9.6%	9.0%	11.7%	10.3%	13.5%	11.5%

(1) 2019 guidance is estimated results based on mid-point guidance as of December 12, 2019.

(2) These 2014-2016 results are depicted to incorporate an estimate of the impact if mark-to-market accounting was adopted in that respective year,

(3) These 2014-2016 results are as reported in the respective year (prior to the adoption of mark-to-market accounting).

(4) The 2013 invested capital amounts ($2,268.4 million (2) for 2013 and $2,267.6 million (3) for 2013, as reported, respectively) remove an estimated proportionate amount of equity related to the Company's prior steel business that was spun off June 30, 2014.

(5) Adjusted EBIT is reconciled to net income in the preceding reconciliations for 2014-2018 EBIT and Consolidated EBIT.