UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2018

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______to _____

Commission file number: 1-36313

TIMKENSTEEL CORPORATION

(Exact name of registrant as specified in its charter)

Ohio	**46-4024951**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1835 Dueber Avenue SW, Canton, OH	**44706**
(Address of principal executive offices)	(Zip Code)

330.471.7000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ (Do not check if smaller reporting company)	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial reporting accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 15, 2018
Common Shares, without par value	44,529,226

TimkenSteel Corporation
Table of Contents

Table of Contents

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENT

TimkenSteel Corporation
Consolidated Statements of Operations (Unaudited)

	Three Months Ended March 31,	
	2018	**2017**
(Dollars in millions, except per share data)		
Net sales	**$380.8**	$309.4
Cost of products sold	**359.7**	292.4
Gross Profit	**21.1**	17.0
Selling, general and administrative expenses	**24.7**	22.9
Operating Loss	**(3.6)**	(5.9)
Interest expense	**4.6**	3.6
Other income, net	**6.4**	4.5
Loss Before Income Taxes	**(1.8)**	(5.0)
Provision for income taxes	**0.1**	0.3
Net Loss	**($1.9)**	($5.3)
Per Share Data:		
Basic loss per share	**($0.04)**	($0.12)
Diluted loss per share	**($0.04)**	($0.12)
Dividends per share	**$—**	$—

See accompanying Notes to Unaudited Consolidated Financial Statements.

Table of Contents

TimkenSteel Corporation
Consolidated Statements of Comprehensive Loss (Unaudited)

	Three Months Ended March 31,	
	2018	**2017**
(Dollars in millions)		
Net Loss	**($1.9)**	($5.3)
Other comprehensive income, net of tax:		
Foreign currency translation adjustments	**0.8**	0.2
Pension and postretirement liability adjustments	**0.1**	0.3
Other comprehensive income, net of tax	**0.9**	0.5
Comprehensive Loss, net of tax	**($1.0)**	($4.8)

See accompanying Notes to Unaudited Consolidated Financial Statements.

TimkenSteel Corporation
Consolidated Balance Sheets (Unaudited)

	March 31, 2018	December 31, 2017
(Dollars in millions)		
ASSETS		
Current Assets		
Cash and cash equivalents	**$35.4**	$24.5
Accounts receivable, net of allowances (2018 - $1.5 million; 2017 - $1.4 million)	**181.1**	149.8
Inventories, net	**252.8**	224.0
Deferred charges and prepaid expenses	**3.5**	3.9
Other current assets	**7.6**	8.0
Total Current Assets	**480.4**	410.2
Property, Plant and Equipment, Net	**691.9**	706.7
Other Assets		
Pension assets	**17.4**	14.6
Intangible assets, net	**18.8**	19.9
Other non-current assets	**5.9**	5.2
Total Other Assets	**42.1**	39.7
Total Assets	**$1,214.4**	$1,156.6
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable, trade	**$171.0**	$135.3
Salaries, wages and benefits	**29.1**	32.4
Accrued pension and postretirement costs	**11.5**	11.5
Other current liabilities	**19.4**	27.6
Total Current Liabilities	**231.0**	206.8
Non-Current Liabilities		
Convertible notes, net	**71.1**	70.1
Other long-term debt	**130.0**	95.2
Accrued pension and postretirement costs	**209.2**	210.8
Deferred income taxes	**—**	0.3
Other non-current liabilities	**11.1**	12.7
Total Non-Current Liabilities	**421.4**	389.1
Shareholders' Equity		
Preferred shares, without par value; authorized 10.0 million shares; none issued	**—**	—
Common shares, without par value; authorized 200.0 million shares; issued 2018 and 2017- 45.7 million shares	**—**	—
Additional paid-in capital	**842.6**	843.7
Retained deficit	**(239.3)**	(238.0)
Treasury shares - 2018 - 1.2 million; 2017 - 1.3 million	**(34.6)**	(37.4)
Accumulated other comprehensive loss	**(6.7)**	(7.6)
Total Shareholders' Equity	**562.0**	560.7
Total Liabilities and Shareholders' Equity	**$1,214.4**	$1,156.6

See accompanying Notes to Unaudited Consolidated Financial Statements.

TimkenSteel Corporation
Consolidated Statements of Cash Flows (Unaudited)

	Three Months Ended March 31,	
	2018	**2017**
(Dollars in millions)		
CASH PROVIDED (USED)		
Operating Activities		
Net loss	**($1.9)**	($5.3)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	**18.5**	18.9
Amortization of deferred financing fees and debt discount	**1.8**	1.2
Deferred income taxes	**(0.3)**	0.3
Stock-based compensation expense	**2.2**	1.6
Pension and postretirement expense (benefit), net	**(1.4)**	0.8
Pension and postretirement contributions and payments	**(2.5)**	(1.6)
Changes in operating assets and liabilities:		
Accounts receivable, net	**(31.3)**	(56.3)
Inventories, net	**(28.8)**	(26.7)
Accounts payable, trade	**35.7**	39.4
Other accrued expenses	**(13.2)**	2.9
Deferred charges and prepaid expenses	**0.4**	(0.3)
Other, net	**1.4**	(1.2)
Net Cash Used by Operating Activities	**(19.4)**	(26.3)
Investing Activities		
Capital expenditures	**(2.2)**	(2.7)
Net Cash Used by Investing Activities	**(2.2)**	(2.7)
Financing Activities		
Proceeds from exercise of stock options	**0.1**	0.2
Shares surrendered for employee taxes on stock compensation	**(0.7)**	(1.2)
Revenue Refunding Bonds repayments	**(30.2)**	—
Credit Agreement repayments	**(65.0)**	
Amended Credit Agreement borrowings	**130.0**	25.0
Debt issuance costs related to Amended Credit Agreement	**(1.7)**	—
Net Cash Provided by Financing Activities	**32.5**	24.0
Increase (Decrease) In Cash and Cash Equivalents	**10.9**	(5.0)
Cash and cash equivalents at beginning of period	**24.5**	25.6
Cash and Cash Equivalents at End of Period	**$35.4**	$20.6

See accompanying Notes to Unaudited Consolidated Financial Statements.

TimkenSteel
Notes to Unaudited Consolidated Financial Statements
(dollars in millions, except per share data)

Note 1 - Company and Basis of Presentation

The accompanying Unaudited Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP) for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) and disclosures considered necessary for a fair presentation have been included. For further information, refer to TimkenSteel's Audited Consolidated Financial Statements and Notes included in its Annual Report on Form 10-K for the year ended December 31, 2017 .

TimkenSteel Corporation (the Company or TimkenSteel) manufactures alloy steel, as well as carbon and micro-alloy steel, with an annual melt capacity of approximately 2 million tons and shipment capacity of 1.5 million tons. TimkenSteel's portfolio includes special bar quality (SBQ) bars, seamless mechanical tubing (tubes), value-add solutions such as precision steel components, and billets. In addition, TimkenSteel manages machining, thermal treatment, and raw material recycling programs that are used as a feeder system for the Company's melt operations. The Company's products and services are used in a diverse range of demanding applications in the following market sectors: oil and gas; oil country tubular goods (OCTG); automotive; industrial equipment; mining; construction; rail; aerospace and defense; heavy truck; agriculture; and power generation.

The SBQ bars, tubes, and billets production processes take place at the Company's Canton, Ohio manufacturing location. This location accounts for all of the SBQ bars, seamless mechanical tubes and billets the Company produces and includes three manufacturing facilities: the Faircrest, Harrison, and Gambrinus facilities. TimkenSteel's value-add solutions production processes take place at three downstream manufacturing facilities: TimkenSteel Material Services (Houston, TX), Tryon Peak (Columbus, NC), and St. Clair (Eaton, OH). Many of the production processes are integrated, and the manufacturing facilities produce products that are sold in all of the Company's market sectors. As a result, investments in the Company's facilities and resource allocation decisions affecting the Company's operations are designed to benefit the overall business of the Company, not any specific aspect of the business.

Note 2 - Recent Accounting Pronouncements

Adoption of New Accounting Standards

The Company adopted the following Accounting Standard Updates (ASU) during the period ended March 31, 2018 , all of which were effective as of date January 1, 2018. With the exception of ASU 2014-09 "Revenue from Contracts with Customers" and the related amendments (collectively, the new revenue standard), which is discussed below, the adoption of these standards did not have a material impact on the Unaudited Consolidated Financial Statements or the related Notes to the Unaudited Consolidated Financial Statements.

Standards Adopted	**Description**
2014-09, Revenue from Contracts with Customers	The standard defines that a company will recognize revenue when it transfers control of goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This standard also requires additional disclosures about the nature, amount, timing and uncertainty of revenues and cash flows from contracts with customers.
2017-01, Clarifying the Definition of a Business	The standard clarifies the definition of a business when evaluating whether transactions should be accounted for as acquisitions, or disposals of assets or businesses.
2017-09, Stock Compensation, Scope of Modification Accounting	The standard provides guidance intended to reduce diversity in practice when accounting for a modification to the terms and conditions of a share-based payment award.

On January 1, 2018, TimkenSteel adopted the new revenue standard using the modified retrospective approach as applied to customer contracts that were not completed as of January 1, 2018. As a result, financial information for reporting periods beginning on or after January 1, 2018, are presented in accordance with the new revenue standard. Comparative financial information for reporting periods beginning prior to January 1, 2018, has not been adjusted and continues to be reported in accordance with the Company's revenue recognition policies prior to the adoption of the new revenue standard. The cumulative effect was an adjustment to the opening balance of retained earnings. Under the new revenue standard, the Company will continue to recognize revenue at a point in time when it transfers promised goods or services to customers. Refer to Note 10 - Revenue Recognition in the Notes to Unaudited Consolidated Financial Statements for further discussion.

The following table outlines the cumulative effect of adopting the new revenue standard as of January 1, 2018.

Consolidated Balance Sheet caption	As of December 31, 2017	ASU 2014-09 Adjustment	As of January 1, 2018
Inventories, net	$224.0	($3.3)	$220.7
Other current liabilities	$27.6	($4.0)	$23.6
Retained deficit	($238.0)	$0.7	($237.3)

The ASU 2014-09 adoption adjustment is due to transactions in which the Company bills a customer for product but retains physical possession of the product until it is transferred to the customer at a point in time in the future. Prior to the adoption of the new revenue standard, TimkenSteel would recognize revenue when the product was physically transferred to the customer. Under the new revenue standard, the Company has satisfied its performance obligation and the customer obtains control when the goods are ready to be transferred to the customer and revenue is recorded at that time.

For the three months ended March 31, 2018 , the adoption of the new revenue standard did not have a material impact on the Unaudited Consolidated Financial Statements.

Accounting Standards Issued But Not Yet Adopted

The Company has considered the recent ASUs issued by the FASB summarized below.

Standard Pending Adoption	Description	Effective Date	Anticipated Impact
ASU 2018-02, Reporting Comprehensive Income: Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income	The standard permits entities to reclassify tax effects stranded in accumulated other comprehensive income as a result of tax reform to retained earnings.	January 1, 2019	The Company is currently evaluating the impact of the adoption of this ASU on its results of operations and financial condition.
ASU 2018-01, Leases - Land Easement Practical Expedient for Transition to Topic 842	The standard provides an optional transition practical expedient for land easements that allows an entity to continue applying its current accounting policy for certain land easements that exist or expire before the standard’s effective date.	January 1, 2019	The Company is currently evaluating the impact of the adoption of this ASU on its results of operations and financial condition.
ASU 2017-11, Distinguishing Liabilities from Equity; Derivatives and Hedging	The standard eliminates the requirement to consider “down round” features when determining whether certain equity-linked financial instruments or embedded features are indexed to an entity’s own stock.	January 1, 2019	The Company is currently evaluating the impact of the adoption of this ASU on its results of operations and financial condition.
ASU 2016-13, Measurement of Credit Losses on Financial Instruments	The standard changes how entities will measure credit losses for most financial assets, including trade and other receivables and replaces the current incurred loss approach with an expected loss model.	January 1, 2020	The Company is currently evaluating the impact of the adoption of this ASU on its results of operations and financial condition.
ASU 2016-02, Leases	The standard requires lessees to recognize lease liabilities and right-of-use assets on the balance sheet for operating leases, and requires additional quantitative and qualitative disclosures and must be adopted using a modified retrospective approach.	January 1, 2019	The Company is currently reviewing its lease contracts, related systems and internal controls as it continues to evaluate the impact of the adoption of this ASU on its results of operations and financial condition.

Note 3 - Inventories

The components of inventories, net as of March 31, 2018 and December 31, 2017 were as follows:

	March 31, 2018	December 31, 2017
Inventories:		
Manufacturing supplies	**$38.7**	$36.3
Raw materials	**34.4**	31.9
Work in process	**165.6**	137.8
Finished products	**79.9**	82.9
Gross inventory	**318.6**	288.9
Allowance for surplus and obsolete inventory	**(7.4)**	(7.8)
LIFO reserve	**(58.4)**	(57.1)
Total Inventories, net	**$252.8**	$224.0

Inventories are valued at the lower of cost or market, with approximately 65% valued by the LIFO method, and the remaining inventories, including manufacturing supplies inventory as well as international (outside the United States) inventories, valued by FIFO, average cost or specific identification methods.

An actual valuation of the inventory under the LIFO method can be made only at the end of each year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations must be based on management's estimates of expected year-end inventory levels and costs. Because these calculations are subject to many factors beyond management's control, annual results may differ from interim results as they are subject to the final year-end LIFO inventory valuation.

TimkenSteel projects that its LIFO reserve will increase for the year ending December 31, 2018 due primarily to higher anticipated manufacturing costs and inventory quantities.

Note 4 - Property, Plant and Equipment

The components of property, plant and equipment, net as of March 31, 2018 and December 31, 2017 , were as follows:

	March 31, 2018	December 31, 2017
Property, Plant and Equipment, net:		
Land	**$13.4**	$13.4
Buildings and improvements	**422.8**	420.6
Machinery and equipment	**1,399.2**	1,387.4
Construction in progress	**17.1**	30.4
Subtotal	**1,852.5**	1,851.8
Less allowances for depreciation	**(1,160.6)**	(1,145.1)
Property, Plant and Equipment, net	**$691.9**	$706.7

Total depreciation expense was $ 17.0 million and $ 17.1 million for the three months ended March 31, 2018 and 2017 , respectively. TimkenSteel recorded capitalized interest related to construction projects of $ 0.1 and $ 0.2 million for the three months ended March 31, 2018 and 2017 , respectively. There were no impairment charges recorded during the three months ended March 31, 2018 and 2017.

Note 5 - Intangible Assets

The components of intangible assets, net as of March 31, 2018 and December 31, 2017 were as follows:

	March 31, 2018			December 31, 2017		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible Assets Subject to Amortization:						
Customer relationships	**$6.3**	**$4.3**	**$2.0**	$6.3	$4.1	$2.2
Technology use	**9.0**	**6.0**	**3.0**	9.0	5.9	3.1
Capitalized software	**59.2**	**45.4**	**13.8**	59.1	44.5	14.6
Total Intangible Assets	**$74.5**	**$55.7**	**$18.8**	$74.4	$54.5	$19.9

Intangible assets subject to amortization are amortized on a straight-line method over their legal or estimated useful lives. Amortization expense for intangible assets for the three months ended March 31, 2018 and 2017 was $1.5 million and $1.8 million , respectively.

Note 6 - Financing Arrangements

Convertible Notes

In May 2016 , the Company issued $75.0 million aggregate principal amount of Convertible Senior Notes, and an additional $11.3 million principal amount to cover over-allotments (Convertible Notes). The Indenture for the Convertible Notes dated May 31, 2016, which was filed with the Securities and Exchange Commission as an exhibit to a Form 8-K filed on May 31, 2016, contains a complete description of the terms of the Convertible Notes. The key terms are as follows:

Maturity Date: June 1, 2021 unless repurchased or converted earlier

Interest Rate: 6.0% cash interest per year

Interest Payments Dates: June 1 and December 1 of each year, beginning on December 1, 2016

Initial Conversion Price: Approximately $12.58 per common share of the Company

Initial Conversion Rate: 79.5165 common shares per $1,000 principal amount of Notes

The net proceeds to the Company from the offering were $83.2 million , after deducting the initial underwriters' discount and fees and the offering expenses payable by the Company. The Company used the net proceeds to repay a portion of the amounts outstanding under the Credit Agreement.

The components of the Convertible Notes as of March 31, 2018 and December 31, 2017 were as follows:

	March 31, 2018	December 31, 2017
Principal	**$86.3**	$86.3
Less: Debt issuance costs, net of amortization	**(1.5)**	(1.6)
Less: Debt discount, net of amortization	**(13.7)**	(14.6)
Convertible notes, net	**$71.1**	$70.1

The initial value of the principal amount recorded as a liability at the date of issuance was $66.9 million , using an effective interest rate of 12.0% . The remaining $19.4 million of principal amount was allocated to the conversion feature and recorded as a component of shareholders' equity at the date of issuance. This amount represents a discount to the debt to be amortized through interest expense using the effective interest method through the maturity of the Convertible Notes.

Transaction costs were allocated to the liability and equity components based on their relative values. Transaction costs attributable to the liability component of $2.4 million are amortized to interest expense over the term of the Convertible Notes, and transaction costs attributable to the equity component of $0.7 million are included in shareholders' equity.

The following table sets forth total interest expense recognized related to the Convertible Notes for the three months ended March 31, 2018 and 2017 :

	Three Months Ended March 31,	
	2018	**2017**
Contractual interest expense	**$1.3**	$1.3
Amortization of debt issuance costs	**0.1**	0.1
Amortization of debt discount	**0.9**	0.8
Total	**$2.3**	$2.2

The fair value of the Convertible Notes was approximately $146.6 million as of March 31, 2018 . The fair value of the Convertible Notes, which falls within Level 1 of the fair value hierarchy, is based on the last price traded in March 2018 .

Holders may convert all or any portion of their Convertible Notes, in multiples of $1,000 principal amount, at their option at any time prior to the close of business on the business day immediately preceding March 1, 2021 only under certain circumstances described in the Convertible Notes Indenture, based on the reported sale price of the Company's common shares for specified trading days as a percentage of the conversion price of the Convertible Notes, and upon the occurrence of specified corporate events. On or after March 1, 2021 until the business day preceding the maturity date, holders may convert all or any portion of their Convertible Notes, in multiples of $1,000 principal amount, at their option.

Upon conversion, the Company will pay or deliver, as the case may be, cash, common shares or a combination of cash and common shares, at its election. If the Company satisfies its conversion obligation solely in cash or through payment and delivery, as the case may be, of a combination of cash and common shares, the amount of cash and number of common shares, if any, due upon conversion will be based on a daily conversion value calculated on a proportionate basis for each trading day in a 40 -trading day period.

If the Company undergoes a fundamental change, subject to certain conditions, holders may require the Company to repurchase for cash all or part of their Convertible Notes at a repurchase price equal to 100% of the principal amount of the Convertible Notes to be repurchased, plus accrued and unpaid interest to the repurchase date.

Upon certain events of default occurring and continuing (including failure to pay principal or interest on the Convertible Notes when due and payable), the Trustee or the holders of at least 25% in principal amount may declare 100% of the principal and accrued and unpaid interest, if any, on all the Convertible Notes to be due and payable. In case of certain events of bankruptcy, insolvency or reorganization, involving the Company or a significant subsidiary, 100% of the principal and accrued and unpaid interest on the Convertible Notes will become due and payable immediately.

Other Long-Term Debt

The components of other long-term debt as of March 31, 2018 and December 31, 2017 were as follows:

	March 31, 2018	December 31, 2017
Variable-rate State of Ohio Water Development Revenue Refunding Bonds, maturing on November 1, 2025 (1.58% as of December 31, 2017)	**$—**	$12.2
Variable-rate State of Ohio Air Quality Development Revenue Refunding Bonds, maturing on November 1, 2025 (1.60% as of December 31, 2017)	**—**	9.5
Variable-rate State of Ohio Pollution Control Revenue Refunding Bonds, maturing on June 1, 2033 (1.60% as of December 31, 2017)	**—**	8.5
Credit Agreement, due 2019 (LIBOR plus applicable spread)	**—**	65.0
Amended Credit Agreement, due 2023 (LIBOR plus applicable spread)	**130.0**	—
Total Other Long-Term Debt	**$130.0**	$95.2

Credit Agreement

On February 26, 2016, the Company entered into a $ 265 million asset based Revolving Credit Facility (Credit Agreement).

Amended Credit Agreement

On January 26, 2018, the Company as borrower, and certain domestic subsidiaries, as subsidiary guarantors, entered into the Second Amended and Restated Credit Agreement (Amended Credit Agreement), with JPMorgan Chase Bank, N.A., as administrative agent, Bank of America, N.A., as syndication agent, and the other lenders party thereto, which amended and restated the Company's Credit Agreement.

The Amended Credit Agreement provides for a $ 300.0 million asset-based revolving credit facility, including a $ 15.0 million sublimit for the issuance of commercial and standby letters of credit and a $ 30.0 million sublimit for swingline loans. Pursuant to the terms of the Amended Credit Agreement, the Company is entitled, on up to two occasions and subject to the satisfaction of certain conditions, to request increases in the commitments under the Amended Credit Agreement in the aggregate principal amount of up to $ 50.0 million , to the extent that existing or new lenders agree to provide such additional commitments.

The availability of borrowings under the Amended Credit Agreement is subject to a borrowing base calculation based upon a valuation of the eligible accounts receivable, inventory and machinery and equipment of the Company and the subsidiary guarantors, each multiplied by an applicable advance rate. The availability of borrowings may be further modified by reserves established from time to time by the administrative agent in its permitted discretion.

The interest rate per annum applicable to loans under the Amended Credit Agreement will be, at the Company's option, equal to either (i) the alternate base rate plus the applicable margin or (ii) the relevant adjusted LIBO rate for an interest period of one, two, three or six months (as selected by the Company) plus the applicable margin. The base rate will be a fluctuating rate per annum equal to the greatest of (i) the prime rate of the administrative agent, (ii) the effective Federal Reserve Bank of New York rate plus 0.50% and (iii) the adjusted LIBO rate for a one-month interest period on the applicable date, plus 1.00% . The adjusted LIBO rate will be equal to the applicable London interbank offered rate for the selected interest period, as adjusted for statutory reserve requirements for eurocurrency liabilities. The applicable margin will be determined by a pricing grid based on the Company's average quarterly availability. In addition, the Company will pay a commitment fee on the average daily unused amount of the credit facility in a percentage determined by the Company's average daily availability for the most recently completed calendar month. The interest rate under the Amended Credit Agreement was 3.9% as of March 31, 2018 . The amount available under the Amended Credit Agreement as of March 31, 2018 was $167.4 million .

The proceeds of the Amended Credit Agreement will be used to finance working capital, capital expenditures, certain permitted acquisitions and other general corporate purposes. In addition, $30.2 million of the proceeds were used to redeem the revenue refunding bonds (discussed below). All of the indebtedness under the Amended Credit Agreement is guaranteed by the Company's material domestic subsidiaries, as well as any other domestic subsidiary the Company elects to make a party to the Amended Credit Agreement, and is secured by substantially all of the personal property of the Company and the subsidiary guarantors.

The Amended Credit Agreement matures on January 26, 2023. Prior to the maturity date, amounts outstanding are required to be repaid (without reduction of the commitments thereunder) from mandatory prepayment events from the proceeds of certain asset sales, equity or debt issuances or casualty events.

The Amended Credit Agreement contains certain customary covenants, including covenants that limit the ability of the Company and its subsidiaries to, among other things, (i) incur or suffer to exist certain liens, (ii) make investments, (iii) incur or guaranty additional indebtedness, (iv) enter into consolidations, mergers, acquisitions, sale-leaseback transactions and sales of assets, (v) make distributions and other restricted payments, (vi) change the nature of its business, (vii) engage in transactions with affiliates and (viii) enter into restrictive agreements, including agreements that restrict the ability to incur liens or make distributions.

In addition, the Amended Credit Agreement requires the Company to (i) unless certain conditions are met, maintain certain minimum liquidity as specified in the Amended Credit Agreement during the period commencing on March 1, 2021 and ending on June 1, 2021 and (ii) maintain a minimum specified fixed charge coverage ratio on a springing basis if minimum availability requirements as specified in the Amended Credit Agreement are not maintained.

The Amended Credit Agreement contains certain customary events of default. If any event of default occurs and is continuing, the Lenders would be entitled to take various actions, including the acceleration of amounts due under the Amended Credit Agreement, and exercise other rights and remedies.

Revenue Refunding Bonds

In connection to the Amended Credit Agreement, on January 23, 2018, the Company redeemed in full $ 12.2 million of Ohio Water Development Revenue Refunding Bonds (originally due on November 1, 2025), $ 9.5 million of Ohio Air Quality Development Revenue Refunding Bonds (originally due on November 1, 2025) and $ 8.5 million of Ohio Pollution Control Revenue Refunding Bonds (originally due on June 1, 2033).

Note 7 - Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive loss for the three months ended March 31, 2018 and 2017 by component are as follows:

	Foreign Currency Translation Adjustments	Pension and Postretirement Liability Adjustments	Total
Balance at December 31, 2017	**($5.9)**	**($1.7)**	**($7.6)**
Other comprehensive income before reclassifications, before income tax	**0.8**	**—**	**0.8**
Amounts reclassified from accumulated other comprehensive loss, before income tax	**—**	**0.1**	**0.1**
Income tax benefit	**—**	**—**	**—**
Net current period other comprehensive (loss) income, net of income taxes	**0.8**	**0.1**	**0.9**
Balance as of March 31, 2018	**($5.1)**	**($1.6)**	**($6.7)**

	Foreign Currency Translation Adjustments	Pension and Postretirement Liability Adjustments	Total
Balance at December 31, 2016	($7.0)	($2.4)	($9.4)
Other comprehensive income before reclassifications, before income tax	0.2	—	0.2
Amounts reclassified from accumulated other comprehensive loss, before income tax	—	0.3	0.3
Income tax expense	—	—	—
Net current period other comprehensive income, net of income taxes	0.2	0.3	0.5
Balance at March 31, 2017	($6.8)	($2.1)	($8.9)

The amount reclassified from accumulated other comprehensive loss for the pension and postretirement liability adjustment was included in other income, net in the Unaudited Consolidated Statements of Operations. These accumulated other comprehensive loss components are components of net periodic benefit cost. See Note 9 - Retirement and Postretirement Plans for additional information.

Note 8 - Changes in Shareholders' Equity

Changes in the components of shareholders’ equity for the three months ended March 31, 2018 were as follows:

	Total	Additional Paid-in Capital	Retained Deficit	Treasury Shares	Accumulated Other Comprehensive Loss
Balance at December 31, 2017	$560.7	$843.7	($238.0)	($37.4)	($7.6)
Net loss	(1.9)	—	(1.9)	—	—
Pension and postretirement adjustment, net of tax	0.1	—	—	—	0.1
Foreign currency translation adjustments	0.8	—	—	—	0.8
ASU 2014-09 adjustment	0.7	—	0.7	—	—
Stock-based compensation expense	2.2	2.2	—	—	—
Stock option activity	0.1	0.1	—	—	—
Issuance of treasury shares	—	(3.4)	(0.1)	3.5	—
Shares surrendered for taxes	(0.7)	—	—	(0.7)	—
Balance at March 31, 2018	**$562.0**	**$842.6**	**($239.3)**	**($34.6)**	**($6.7)**

Note 9 - Retirement and Postretirement Plans

The components of net periodic benefit cost for the three months ended March 31, 2018 and 2017 were as follows:

	Three Months Ended March 31, 2018		Three Months Ended March 31, 2017	
Components of net periodic benefit cost:	**Pension**	**Postretirement**	**Pension**	**Postretirement**
Service cost	**$4.3**	**$0.4**	$4.6	$0.4
Interest cost	**11.4**	**1.9**	12.2	2.1
Expected return on plan assets	**(18.4)**	**(1.2)**	(17.5)	(1.4)
Amortization of prior service cost	**0.1**	**0.1**	0.1	0.3
Net Periodic Benefit Cost	**($2.6)**	**$1.2**	($0.6)	$1.4

Note 10 - Revenue Recognition

As discussed in Note 2 - Recent Accounting Pronouncements , on January 1, 2018 TimkenSteel adopted the new revenue recognition standard. Under this new standard, TimkenSteel recognizes revenue from contracts at a point in time when it has satisfied its performance obligation and the customer obtains control of the goods, at the amount that reflects the consideration the Company expects to receive for those goods. The Company receives and acknowledges purchase orders from its customers, which define the quantity, pricing, payment and other applicable terms and conditions. In some cases, the Company receives a blanket purchase order from its customer, which includes pricing, payment and other terms and conditions, with quantities defined at the time the customer issues periodic releases from the blanket purchase order. Certain contracts contain variable consideration, which primarily consists of rebates, that are accounted for in net sales and accrued based on the estimated probability of the requirements being met. Amounts billed to customers related to shipping and handling costs are included in net sales and related costs are included in costs of products sold in the Unaudited Consolidated Financial Statements.

Table of Contents

The following table provides the major sources of revenue by end market sector.

	Three Months Ended March 31,	
	2018	**2017**
Mobile	**$142.5**	$136.6
Industrial	**147.7**	110.6
Energy	**49.1**	23.7
Other	**41.5**	38.5
Total Net Sales	**$380.8**	$309.4

The following table provides the major sources of revenue by product type.

	Three Months Ended March 31,	
	2018	**2017**
Bar	**$234.4**	$198.1
Tube	**63.7**	34.6
Value-add	**72.7**	67.9
Other	**10.0**	8.8
Total Net Sales	**$380.8**	$309.4

Note 11 - Earnings Per Share

Basic loss per share is computed based upon the weighted average number of common shares outstanding. Diluted loss per share are computed based upon the weighted average number of common shares outstanding plus the dilutive effect of common share equivalents calculated using the treasury stock method or if-converted method. For the Convertible Notes, the Company utilizes the if-converted method to calculate diluted loss per share. Under the if-converted method, the Company adjusts net earnings to add back interest expense (including amortization of debt discount) recognized on the Convertible Notes and includes the number of shares potentially issuable related to the Convertible Notes in the weighted average shares outstanding. Treasury stock is excluded from the denominator in calculating both basic and diluted loss per share.

Common Share equivalents, which include shares issuable for equity-based awards and upon the conversion of outstanding convertible notes, were excluded from the computation of diluted earnings (loss) per share because the effect of their inclusion would have been anti-dilutive.

The following table sets forth the reconciliation of the numerator and the denominator of basic loss per share and diluted loss per share for the three months ended March 31, 2018 and 2017 :

	Three Months Ended March 31,	
	2018	**2017**
Numerator:		
Net loss for basic and diluted earnings per share	**($1.9)**	($5.3)
Denominator:		
Weighted average shares outstanding, basic	**44.5**	44.3
Weighted average shares outstanding, diluted	**44.5**	44.3
Basic loss per share	**($0.04)**	($0.12)
Diluted loss per share	**($0.04)**	($0.12)

Note 12 - Income Tax Provision

TimkenSteel's provision (benefit) for income taxes in interim periods is computed by applying the appropriate estimated annual effective tax rates to income or loss before income taxes for the period. In addition, non-recurring or discrete items, including interest on prior-year tax liabilities, are recorded during the periods in which they occur.

	Three Months Ended March 31,	
	2018	**2017**
Provision for incomes taxes	**$0.1**	$0.3
Effective tax rate	**(5.6)%**	(6.0)%

For the three months ended March 31, 2018 and the years ended December 31, 2017 and 2016, operating losses generated in the U.S. resulted in a decrease in the carrying value of the Company's U.S. net deferred tax liability to the point that would result in a net U.S. deferred tax asset at March 31, 2018 , December 31, 2017 and December 31, 2016. In light of TimkenSteel's recent operating performance in the U.S. and current industry conditions, the Company assessed, based upon all available evidence, and concluded that it was more likely than not that it would not realize its U.S. deferred tax assets. As a result, the Company will maintain a full valuation allowance against its deferred tax assets in the U.S. and applicable foreign countries until sufficient positive evidence exists to conclude that a valuation allowance is not necessary. Going forward, the need to maintain valuation allowances against deferred tax assets in the U.S. and other affected countries will cause variability in the Company's effective tax rate.

Tax Cuts and Jobs Act Bill

On December 22, 2017, the Tax Cut and Jobs Act (the Act) was signed into law, which resulted in significant changes to U.S. tax and related laws. Some of the provisions of the Act affecting corporations include, but are not limited to reducing the federal corporate income tax rate from 35% to 21%, limiting the interest expense deduction, expensing of cost of acquired qualified property and eliminating the domestic production activities deduction. We are currently evaluating the impact of the Act, however we do not anticipate that the Act will have a material impact on our financial condition and results of operations. At this time, we do not anticipate a significant reduction in our effective income tax rate or our net deferred federal income tax assets as a result of the income tax rate reduction, as we expect to be in a valuation allowance in 2018.

Other provisions of the Act include a new minimum tax on certain foreign earnings, the Global Intangibles Low-taxed Income, a new tax on certain payments to foreign related parties, the Base Erosion Anti-avoidance Tax, a new incentive for Foreign-derived Intangibles Income, changes to the limitation on the deductibility of certain executive compensation, and new limitations on the deductibility of interest expense. Generally, these other provisions take effect for the Company in the year ending December 31, 2018. On December 22, 2017, the SEC issued Staff Accounting Bulletin No. 118 (SAB 118). This guidance allows registrants a "measurement period," not to exceed one year from the date of enactment, to complete their accounting for the tax effects of the Act. SAB 118 further directs that, during the measurement period, registrants that are able to make reasonable estimates of the tax effects of the Act should include those amounts in their financial statements as "provisional" amounts. Registrants should reflect adjustments over subsequent periods as they are able to refine their estimates and complete their accounting for the tax effects of the Act. The tax effects related to the Act described in the paragraph above represent the Company's reasonable estimates within the meaning of SAB 118. Also, it is expected that the U.S. Treasury will issue regulations and other guidance on the application of certain provisions of the Act. In subsequent periods, but within the measurement period, the Company will analyze that guidance and other necessary information.

Note 13 - Contingencies

TimkenSteel has a number of loss exposures incurred in the ordinary course of business, such as environmental claims, product warranty claims, and litigation. Establishing loss reserves for these matters requires management's estimate and judgment regarding risk exposure and ultimate liability or realization. These loss reserves are reviewed periodically and adjustments are made to reflect the most recent facts and circumstances. As of March 31, 2018 and December 31, 2017 , TimkenSteel had a $ 0.8 million and a $ 0.9 million contingency reserve, respectively, related to loss exposures incurred in the ordinary course of business.

Environmental Matters

From time to time, TimkenSteel may be a party to lawsuits, claims or other proceedings related to environmental matters and/or may receive notices of potential violations of environmental laws and regulations from the U.S. Environmental Protection Agency (EPA) and similar state or local authorities. TimkenSteel recorded reserves for such environmental matters as other current and non-current liabilities on the Consolidated Balance Sheets. Accruals related to such environmental matters represent management's best estimate of the fees and costs associated with these matters. Although it is not possible to predict with certainty the outcome of such matters, management believes that their ultimate dispositions should not have a material adverse effect on TimkenSteel's financial position, cash flows, or results of operations. As of March 31, 2018 and December 31, 2017 , TimkenSteel had a $ 0.9 million and $ 0.5 million reserve for such environmental matters as other current and non-current liabilities on the Unaudited Consolidated Balance Sheets, respectively.

The following rollforward of the accrual related to environmental matters for the three months ended March 31, 2018 and 2017 :

	Three Months Ended March 31,	
	2018	**2017**
Beginning balance, January 1	**$0.5**	$0.6
Expenses	**0.4**	—
Payments	**—**	—
Ending balance, March 31	**$0.9**	$0.6

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(dollars in millions, except per share data)

Business Overview

TimkenSteel Corporation (we, us, our, the Company or TimkenSteel) was incorporated in Ohio on October 24, 2013, and became an independent, publicly traded company as the result of a spinoff from The Timken Company on June 30, 2014 .

We manufacture alloy steel, as well as carbon and micro-alloy steel, with an annual melt capacity of approximately 2 million tons and shipment capacity of 1.5 million tons. Our portfolio includes special bar quality (SBQ) bars, seamless mechanical tubing (tubes), value-add solutions such as precision steel components, and billets. In addition, we manage machining, thermal treatment, and raw material recycling programs that are used as a feeder system for our melt operations. Our products and services are used in a diverse range of demanding applications in the following market sectors: oil and gas; OCTG; automotive; industrial equipment; mining; construction; rail; aerospace and defense; heavy truck; agriculture; and power generation.

Based on our knowledge of the steel industry, we believe we are the only focused SBQ steel producer in North America and have the largest SBQ steel large bar (6-inch diameter and greater) production capacity among North American steel producers. In addition, we are the only steel manufacturer able to produce rolled SBQ steel large bars up to 16-inches in diameter. SBQ steel is made to restrictive chemical compositions and high internal purity levels and is used in critical mechanical applications. We make these products from nearly 100% recycled steel, using our expertise in raw materials to create custom steel products. We focus on creating tailored products and services for our customers' most demanding applications. Our engineers are experts in both materials and applications, so we can work closely with each customer to deliver flexible solutions related to our products as well as to their applications and supply chains. We believe our unique operating model and production assets give us a competitive advantage in our industry.

The SBQ bars, tubes, and billets production processes take place at our Canton, Ohio manufacturing location. This location accounts for all of the SBQ bars, seamless mechanical tubes and billets, we produce and includes three manufacturing facilities: the Faircrest, Harrison, and Gambrinus facilities. Our value-add solutions production processes take place at three downstream manufacturing facilities: TimkenSteel Material Services (Houston, TX), Tryon Peak (Columbus, NC), and St. Clair (Eaton, OH). Many of the production processes are integrated, and the manufacturing facilities produce products that are sold in all of our market sectors. As a result, investments in our facilities and resource allocation decisions affecting our operations are designed to benefit the overall business, not any specific aspect of the business.

Capital Investments

Our recent capital investments are expected to significantly strengthen our position as a leader in providing differentiated solutions for the energy, industrial and automotive market sectors, while enhancing our operational performance and customer service capabilities.

In the fourth quarter of 2017, we launched our new advanced quench-and-temper heat-treat line. The approximately $40 million investment performs quench-and-temper heat-treat operations and has the capacity for up to 50,000 process-tons annually of 4-inch to 13-inch bars and tubes. This equipment is located in a separate facility in Perry Township, Ohio on the site of our Gambrinus Steel Plant, and is one of our larger thermal treatment facilities. This new equipment allows us to meet stringent industry requirements regardless of the order size, resulting in better service for our customers.

Impact of Raw Material Prices and LIFO

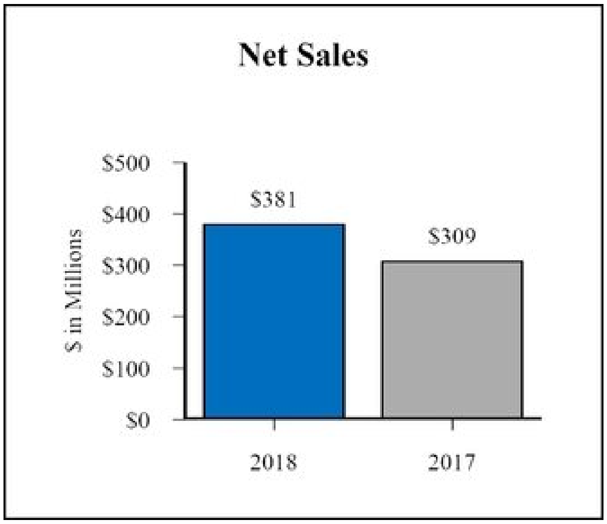
In the ordinary course of business, we are exposed to the volatility of the costs of our raw materials. Whenever possible, we manage our exposure to commodity risks primarily through the use of supplier pricing agreements that enable us to establish the purchase prices for certain inputs that are used in our manufacturing process. We utilize a raw material surcharge mechanism that is designed to mitigate the impact of increases or decreases in raw material costs, although generally with a lag effect. This timing effect can result in raw material spread whereby costs can be over- or under-recovered in certain periods. While the surcharge generally protects gross profit, it has the effect of diluting gross margin as a percent of sales.

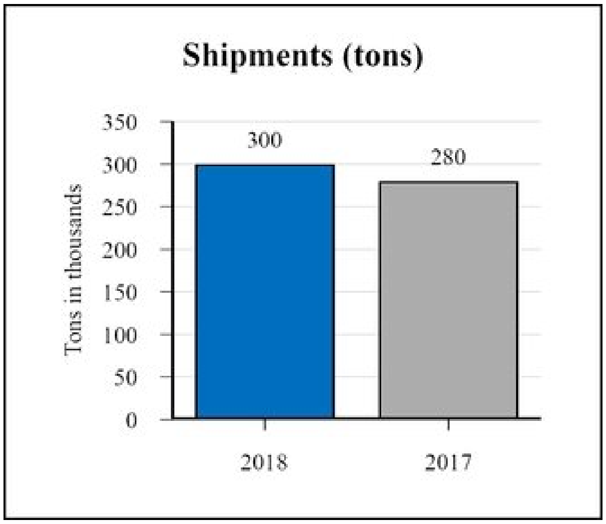
We value some of our inventory utilizing the LIFO inventory valuation method. Changes in the cost of raw materials and production activities are recognized in cost of products sold in the current period even though these materials and other costs may have been incurred in different periods at significantly different values due to the length of time of our production cycle. In a period of rising raw material prices, cost of products sold recognized under LIFO is generally higher than the cash costs incurred to acquire the inventory sold. Conversely, in a period of declining raw materials prices, cost of products sold recognized under LIFO is generally lower than cash costs incurred to acquire the inventory sold. In periods of rising inventories and deflating raw material prices, the likely result will be a positive impact to net income. Conversely, in periods of rising inventories and increasing raw materials prices, the likely result will be a negative impact to net income.

Results of Operations

Net Sales

The charts below present net sales and shipments for the three months ended March 31, 2018 and 2017 .

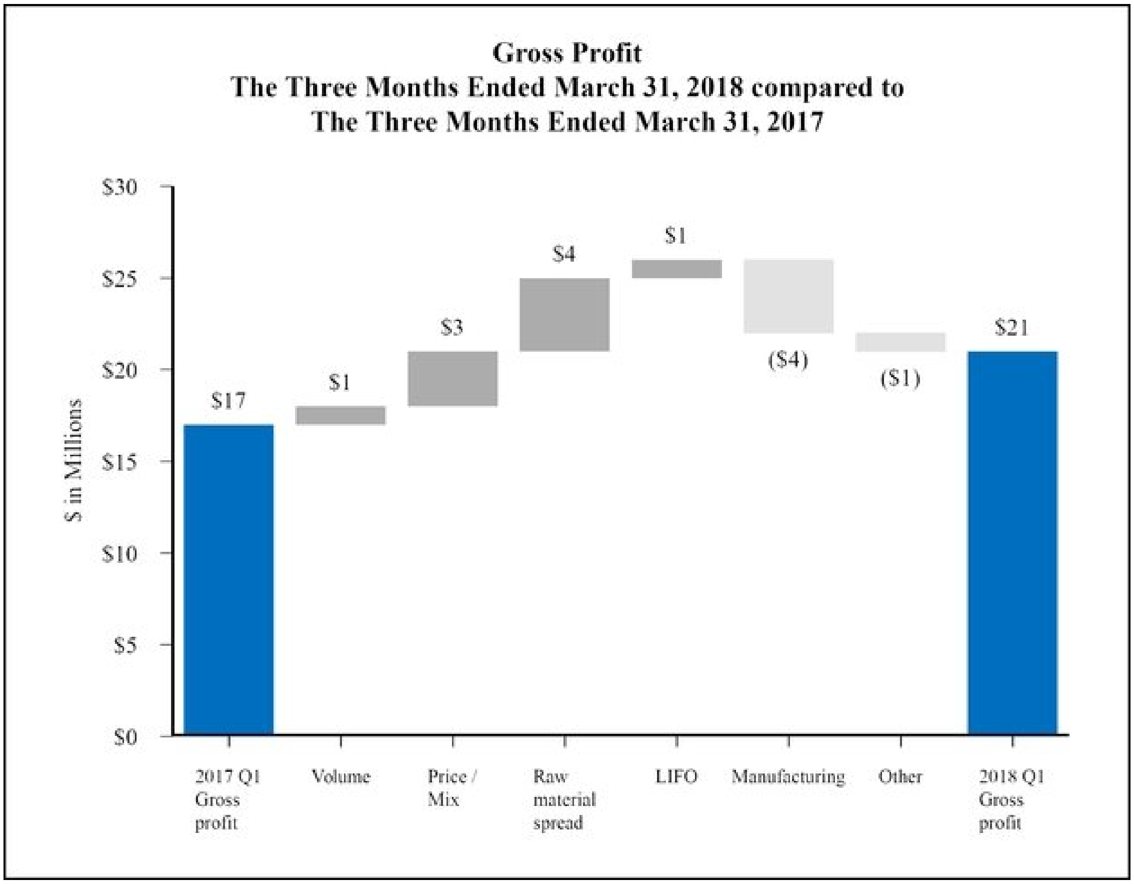




Net sales for the three months ended March 31, 2018 were $381 million , an increase of approximately $72 million or 23% compared to the three months ended March 31, 2017 . Excluding surcharges, net sales increased $39 million , or 16% . The increase was due to higher volumes of $22 million and price/mix of approximately $18 million . For the three months ended March 31, 2018 , ship tons increased by 20 thousand tons, or 7% compared to the three months ended March 31, 2017 , due primarily to higher demand in industrial and energy end markets **.**

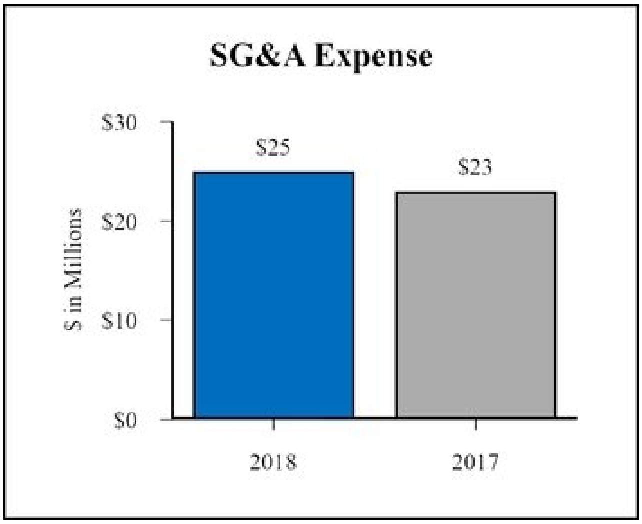
Our surcharge mechanism is designed to mitigate the impact of increases or decreases in raw material costs, although generally with a lag effect. This timing effect can result in raw material costs being over- or under-recovered in certain periods.

Gross Profit



Gross profit for the three months ended March 31, 2018 increased $4 million, or 24%, compared to the three months ended March 31, 2017 . The increase was driven primarily by a favorable raw material spread, largely driven by a rising No.1 Busheling Index. As well as increased prices and higher demands in the industrial and energy end markets. Partially offsetting the increase was unfavorable manufacturing costs, primarily due to non-recurring legal costs and employee benefits claims and production inefficiencies.

Selling, General and Administrative Expenses



Selling, general and administrative (SG&A) expense for the three months ended March 31, 2018 increased by $2 million compared to the three months ended March 31, 2017 , due primarily to an increase in variable compensation and employee costs.

Interest Expense

	Three Months Ended March 31,		
	2018	**2017**	**$ Change**
Cash interest paid	**$0.9**	$0.5	$0.4
Accrued interest	**1.9**	1.9	—
Amortization of convertible notes discount and deferred financing	**1.8**	1.2	0.6
Total Interest Expense	**$4.6**	$3.6	$1.0

Interest expense for the three months ended March 31, 2018 was approximately $5 million , an increase of $1 million compared to the three months ended March 31, 2017 . The increase is due to the write-off of deferred financing costs of $0.5 million associated with amending the Credit Agreement and $0.2 million associated with the redemption of the Revenue Refunding Bonds, which occurred in the first quarter of 2018 and higher average borrowings on the Amended Credit Agreement in the first quarter of 2018 compared to average borrowings on the Credit Agreement in the same period in 2017, partially offset by lower interest rates. For additional details regarding the Credit Agreement, the Amended Credit Agreement and the Revenue Refunding Bonds, please refer to Note 6 - Financing Arrangements in the Notes to Unaudited Consolidated Financial Statements.

Provision (Benefit) for Income Taxes

	Three Months Ended March 31,			
	2018	**2017**	**$ Change**	**% Change**
Provision (benefit) for income taxes	**$0.1**	$0.3	($0.2)	(66.7)%
Effective tax rate	**(5.6)%**	(6.0)%	NM	— bps

Operating losses generated in the U.S. resulted in a decrease in the carrying value of our U.S. deferred tax liability to the point of a net U.S. deferred tax asset at December 31, 2016. At that time, we assessed, based upon operating performance in the U.S. and industry conditions that it was more likely than not we would not realize a portion of our U.S. deferred tax assets. The Company recorded a valuation allowance in 2016 and 2017 remained in a valuation allowance position in the first quarter of 2018. Going forward, the need to maintain valuation allowances against deferred tax assets in the U.S. and other affected countries will cause variability in our effective tax rate. We will maintain a valuation allowance against our deferred tax assets in the U.S. and applicable foreign countries until sufficient positive evidence exists to eliminate them.

The effective tax rate for the three months ended March 31, 2018 was similar to the same period in 2017.

On December 22, 2017, the Tax Cut and Jobs Act (the Act) was signed into law, which enacts significant changes to U.S. tax and related laws. We are currently evaluating the impact of the Act, however we do not anticipate that the Act will have a material impact on our financial condition and results of operations. At this time, we do not anticipate a significant reduction in our effective income tax rate or our net deferred federal income tax assets as a result of the income tax rate reduction, as we expect to be in a valuation allowance in 2018.

Net Sales, Excluding Surcharges

The table below presents net sales by end market sector, adjusted to exclude raw material surcharges, which represents a financial measure that has not been determined in accordance with U.S. GAAP. We believe presenting net sales by end market sector adjusted to exclude raw material surcharges provides additional insight into key drivers of net sales such as base price and product mix.

Net Sales adjusted to exclude surcharges
(dollars in millions, tons in thousands)

	Three Months Ended March 31, 2018				
	Mobile	**Industrial**	**Energy**	**Other**	**Total**
Tons	**110.4**	**113.7**	**29.0**	**46.6**	**299.7**
Net Sales	**$142.5**	**$147.7**	**$49.1**	**$41.5**	**$380.8**
Less: Surcharges	**31.3**	**35.2**	**11.0**	**13.2**	**90.7**
Base Sales	**$111.2**	**$112.5**	**$38.1**	**$28.3**	**$290.1**
Net Sales / Ton	**$1,291**	**$1,299**	**$1,693**	**$891**	**$1,271**
Base Sales / Ton	**$1,007**	**$989**	**$1,314**	**$607**	**$968**

	Three Months Ended March 31, 2017				
	Mobile	**Industrial**	**Energy**	**Other**	**Total**
Tons	114.9	99.4	16.9	48.7	279.9
Net Sales	$136.6	$110.6	$23.7	$38.5	$309.4
Less: Surcharges	22.9	20.4	2.9	12.1	58.3
Base Sales	$113.7	$90.2	$20.8	$26.4	$251.1
Net Sales / Ton	$1,189	$1,113	$1,402	$791	$1,105
Base Sales / Ton	$990	$907	$1,231	$542	$897

THE BALANCE SHEET

The following discussion is a comparison of the Consolidated Balance Sheets as of March 31, 2018 (Unaudited) and December 31, 2017 :

Current Assets	**March 31, 2018**	**December 31, 2017**
Cash and cash equivalents	**$35.4**	$24.5
Accounts receivable, net	**181.1**	149.8
Inventories, net	**252.8**	224.0
Deferred charges and prepaid expenses	**3.5**	3.9
Other current assets	**7.6**	8.0
Total Current Assets	**$480.4**	$410.2

Refer to the Liquidity and Capital Resources section of this Management's Discussion and Analysis of Financial Condition and Results of Operations for a discussion of the change in cash and cash equivalents. Accounts receivable, net increased approximately $31 million as of March 31, 2018 compared to December 31, 2017 , due to an increase in net sales of approximately

$39 million in the first quarter of 2018 compared to the fourth quarter of 2017 . Inventories, net increased approximately $29 million as of March 31, 2018 compared to December 31, 2017 , primarily due to increased raw material costs and an inventory build in support of anticipated sales volumes.

Property, Plant and Equipment	**March 31, 2018**	**December 31, 2017**
Property, plant and equipment, net	**$691.9**	$706.7

Property, plant and equipment, net decreased approximately $15 million as of March 31, 2018 compared to December 31, 2017 . The decrease was primarily due to depreciation expense of approximately $17 million , partially offset by capital expenditures of approximately $2 million during the three months ended March 31, 2018 .

Other Assets	**March 31, 2018**	**December 31, 2017**
Pension assets	**$17.4**	$14.6
Intangible assets, net	**18.8**	19.9
Other non-current assets	**5.9**	5.2
Total Other Assets	**$42.1**	$39.7

Pension assets increased approximately $3 million as of March 31, 2018 compared to December 31, 2017 , primarily driven by the annual pension contribution made in the first quarter of 2018 to the Company's U.K. pension plan. Intangible assets, net decreased approximately $1 million as of March 31, 2018 compared to December 31, 2017 , primarily due to amortization expense of $2 million recognized, partially offset by capitalized software expenditures during the three months ended March 31, 2018 .

Liabilities and Shareholders' Equity	**March 31, 2018**	**December 31, 2017**
Current liabilities	**$231.0**	$206.8
Convertible notes, net	**71.1**	70.1
Other long-term debt	**130.0**	95.2
Accrued pension and postretirement costs - long-term	**209.2**	210.8
Other non-current liabilities	**11.1**	12.7
Total shareholders' equity	**562.0**	560.7
Total Liabilities and Shareholders' Equity	**$1,214.4**	$1,156.6

Current liabilities increased approximately $24 million as of March 31, 2018 compared to December 31, 2017 , primarily due to an increase in accounts payable of approximately $36 million from higher productions and scrap costs, partially offset by lower plant maintenance cost accruals related to our annual shutdown that occurred in the fourth quarter of 2017.

Other long-term debt increased due to borrowings of $35 million on the Amended Credit Agreement primarily to fund working capital. See Note 6 - Financing Arrangements in the Notes to Unaudited Consolidated Financial Statements and the Liquidity and Capital Resources section of this Management's Discussion and Analysis of Financial Condition and Results of Operations for additional discussion of our other long-term debt and the Convertible Notes.

Refer to Note 8 - Changes in Shareholders' Equity in the Notes to Unaudited Consolidated Financial Statements for details regarding the decrease in total shareholder's equity.

LIQUIDITY AND CAPITAL RESOURCES

Convertible Notes

In May 2016, we issued $75.0 million aggregate principal amount of Convertible Notes, plus an additional $11.3 million principal amount to cover over-allotments. The Convertible Notes bear cash interest at a rate of 6.0% per year, payable semiannually on June 1 and December 1, beginning on December 1, 2016. The Convertible Notes will mature on June 1, 2021, unless earlier repurchased or converted. The net proceeds received from the offering were $83.2 million , after deducting the initial underwriters' discount and fees and paying the offering expenses. We used the net proceeds to repay a portion of the amounts outstanding under the Credit Agreement.

Credit Agreement

On February 26, 2016, the Company entered into a $265 million asset based Revolving Credit Facility (Credit Agreement).

Amended Credit Agreement

On January 26, 2018, we as borrower, and certain domestic subsidiaries, as subsidiary guarantors, entered into the Second Amended and Restated Credit Agreement (Amended Credit Agreement), with JPMorgan Chase Bank, N.A., as administrative agent, Bank of America, N.A., as syndication agent, and the other lenders party thereto, which amended and restated the Company's existing Credit Agreement.

The Amended Credit Agreement provides for a $ 300 million asset-based revolving credit facility, including a $ 15 million sublimit for the issuance of commercial and standby letters of credit and a $ 30 million sublimit for swingline loans. Pursuant to the terms of the Amended Credit Agreement, we are entitled, on up to 0.0 million occasions and subject to the satisfaction of certain conditions, to request increases in the commitments under the Amended Credit Agreement in the aggregate principal amount of up to $ 50 million , to the extent that existing or new lenders agree to provide such additional commitments.

The availability of borrowings under the Amended Credit Agreement is subject to a borrowing base calculation based upon a valuation of the eligible accounts receivable, inventory and machinery and equipment of us and our subsidiary guarantors, each multiplied by an applicable advance rate. The availability of borrowings may be further modified by reserves established from time to time by the administrative agent in its permitted discretion.

The interest rate per annum applicable to loans under the Amended Credit Agreement will be, at our option, equal to either (i) the alternate base rate plus the applicable margin or (ii) the relevant adjusted LIBO rate for an interest period of one, two, three or six months (as selected by the Company) plus the applicable margin. The base rate will be a fluctuating rate per annum equal to the greatest of (i) the prime rate of the administrative agent, (ii) the effective Federal Reserve Bank of New York rate plus 0.50% and (iii) the adjusted LIBO rate for a one-month interest period on the applicable date, plus 1.00% . The adjusted LIBO rate will be equal to the applicable London interbank offered rate for the selected interest period, as adjusted for statutory reserve requirements for eurocurrency liabilities. The applicable margin will be determined by a pricing grid based on our average quarterly availability. In addition, we will pay a commitment fee on the average daily unused amount of the credit facility in a percentage determined by our average daily availability for the most recently completed calendar month. The interest rate under the Amended Credit Agreement was 3.9% as of March 31, 2018 . The amount available under the Amended Credit Agreement as of March 31, 2018 was approximately $167 million .

The Amended Credit Agreement matures on January 26, 2023. Prior to the maturity date, amounts outstanding are required to be repaid (without reduction of the commitments thereunder) from mandatory prepayment events from the proceeds of certain asset sales, equity or debt issuances or casualty events.

The Amended Credit Agreement contains certain customary covenants, including covenants that limit the ability of the Company and its subsidiaries to, among other things, (i) incur or suffer to exist certain liens, (ii) make investments, (iii) incur or guaranty additional indebtedness, (iv) enter into consolidations, mergers, acquisitions, sale-leaseback transactions and sales of assets, (v) make distributions and other restricted payments, (vi) change the nature of its business, (vii) engage in transactions with affiliates and (viii) enter into restrictive agreements, including agreements that restrict the ability to incur liens or make distributions.

In addition, the Amended Credit Agreement requires us to (i) unless certain conditions are met, maintain certain minimum liquidity as specified in the Amended Credit Agreement during the period commencing on March 1, 2021 and ending on June 1, 2021 and (ii) maintain a minimum specified fixed charge coverage ratio on a springing basis if minimum availability requirements as specified in the Amended Credit Agreement are not maintained.

The Amended Credit Agreement contains certain customary events of default. If any event of default occurs and is continuing, the Lenders would be entitled to take various actions, including the acceleration of amounts due under the Amended Credit Agreement, and exercise other rights and remedies.

Revenue Refunding Bonds

In connection to the Amended Credit Agreement, on January 23, 2018, we redeemed in full $12.2 million of Ohio Water Development Revenue Refunding Bonds (originally due on November 1, 2025), $9.5 million of Ohio Air Quality Development Revenue Refunding Bonds (originally due on November 1, 2025) and $8.5 million of Ohio Pollution Control Revenue Refunding Bonds (originally due on June 1, 2033).

The following represents a summary of key liquidity measures under the Amended Credit Agreement as of March 31, 2018 and the Credit Agreement as of December 31, 2017 :

	March 31, 2018	December 31, 2017
Cash and cash equivalents	**$35.4**	$24.5
Maximum availability	**$300.0**	$265.0
Amount borrowed	**130.0**	65.0
Letter of credit obligations	**2.6**	2.6
Availability not borrowed	**167.4**	197.4
Availability block	—	33.1
Net availability	**$167.4**	$164.3
Total liquidity	**$202.8**	$188.8

Our principal sources of liquidity are cash and cash equivalents, cash flows from operations and available borrowing capacity under our Amended Credit Agreement. We currently expect that our cash and cash equivalents on hand, expected cash flows from operations and borrowings available under the Amended Credit Agreement will be sufficient to meet liquidity needs; however, these plans rely on certain underlying assumptions and estimates that may differ from actual results. Such assumptions include growing market demand, lowered operating costs and increased liquidity.

As of March 31, 2018 , taking into account the foregoing, as well as our view of industrial, energy, and automotive market demands for our products, our 2018 operating plan and our long-range plan, we believe that our cash balance as of March 31, 2018 of $35 million , projected cash generated from operations, and borrowings available under the Amended Credit Agreement, will be sufficient to satisfy our working capital needs, capital expenditures and other liquidity requirements associated with our operations, including servicing our debt obligations, for at least the next twelve months and through January 26, 2023, the maturity date of our Amended Credit Agreement.

To the extent our liquidity needs prove to be greater than expected or cash generated from operations is less than anticipated, and cash on hand or credit availability is insufficient, we would seek additional financing to provide additional liquidity. We regularly evaluate our potential access to the equity and debt capital markets as sources of liquidity and we believe additional financing would likely be available if necessary, although we can make no assurance as to the form or terms of any such financing. We would also consider additional cost reductions and further reductions of capital expenditures. Regardless, we will continue to evaluate additional financing or may seek to refinance outstanding borrowings under the Amended Credit Agreement to provide us with additional flexibility and liquidity. Any additional financing beyond that incurred to refinance existing debt would increase our overall debt and could increase interest expense. For additional discussion regarding risk factors related to our business and our debt, see Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2017 .

For additional details regarding the Credit Agreement, the Amended Credit Agreement and the Convertible Notes, please refer to Note 6 - Financing Arrangements in the Notes to Unaudited Consolidated Financial Statements.

Cash Flows

The following table reflects the major categories of cash flows for the three months ended March 31, 2018 and 2017 . For additional details, please see the Unaudited Consolidated Statements of Cash Flows contained elsewhere in this quarterly report.

Cash Flows	Three Months Ended March 31,	
	2018	2017
Net cash used by operating activities	**($19.4)**	($26.3)
Net cash used by investing activities	**(2.2)**	(2.7)
Net cash provided by financing activities	**32.5**	24.0
Increase (Decrease) in Cash and Cash Equivalents	**$10.9**	($5.0)

Operating activities

Net cash used by operating activities for the three months ended March 31, 2018 and 2017 was approximately $19 million , a decrease of approximately $7 million compared to the same period in 2017 . The decrease was driven primarily due to the effect of managing working capital with volume. During the three months ended March 31, 2018 , our working capital was a use of cash and cash equivalents of $37 million, funded primarily by $35 million of cash provided from borrowings on the Amended Credit Agreement. Refer to the Unaudited Consolidated Statements of Cash Flows for additional information.

Investing activities

Net cash used by investing activities for the three months ended March 31, 2018 and 2017 was approximately $2 million and $3 million , respectively. Cash used for investing activities primarily relates to maintaining capital investments in our production processes.

Our business sometimes requires capital investments to maintain our plants and equipment to remain competitive and ensure we can implement strategic initiatives. Our construction in progress balance of approximately $17 million as of March 31, 2018 includes: (a) $8 million relating to growth initiatives (e.g. new product offerings, additional capacity and new capabilities) and continuous improvement projects; and (b) $9 million relating primarily to routine capital costs to maintain the reliability, integrity and safety of our manufacturing equipment and facilities. In the next one to three years, we expect to incur approximately $25 million of additional costs (made up of approximately $20 million relating to additional growth initiatives and approximately $5 million related to continuous improvement) to complete other remaining projects.

Financing activities

Net cash provided by financing activities for the three months ended March 31, 2018 and 2017 was approximately $33 million and $24 million , respectively. The change was mainly due to net borrowings of $35 million on the Amended Credit Agreement during the three months ended March 31, 218 as compared to $25 million on the Credit Agreement during the three months ended March 31, 2017 . See Note 6 - Financing Arrangements in the Notes to Unaudited Consolidated Financial Statements for additional discussion of our Credit Agreement and Amended Credit Agreement.

Covenant Compliance

As stated above, on January 26, 2018, we entered into the Amended Credit Agreement, which amended and restated the Credit Agreement.

The Amended Credit Agreement contains certain customary covenants, including covenants that limit the ability of the Company and its subsidiaries to, among other things, (i) incur or suffer to exist certain liens, (ii) make investments, (iii) incur or guaranty additional indebtedness, (iv) enter into consolidations, mergers, acquisitions, sale-leaseback transactions and sales of assets, (v) make distributions and other restricted payments, (vi) change the nature of its business, (vii) engage in transactions with affiliates and (viii) enter into restrictive agreements, including agreements that restrict the ability to incur liens or make distributions. As of March 31, 2018 , we were in compliance with the covenants of the Amended Credit Agreement.

We expect to remain in compliance with our debt covenants for at least the next twelve months. If at any time we expect that we will be unable to meet the covenants under the Amended Credit Agreement, we would seek to further amend the Amended Credit Agreement to be in compliance and avoid a default or pursue other alternatives, such as additional financing. If, contrary to our expectations, we were unable to amend the terms of our Amended Credit Agreement to remain in compliance or refinance the debt under the Amended Credit Agreement, we would experience an event of default and all outstanding debt under the revolving credit facility would be subject to acceleration and may become immediately due and payable.

For additional discussion regarding risk factors related to our business and our debt, see Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2017.

Dividends and Share Repurchases

On November 13, 2015, our Board of Directors suspended the cash dividend as we continued to manage through a challenging market environment. Our Board of Directors will review dividend considerations as business conditions improve.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our financial statements are prepared in accordance with U.S. GAAP. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. We review our critical accounting policies throughout the year.

On January 1, 2018, TimkenSteel adopted ASU 2014-09 “Revenue from Contracts with Customers.” Refer to Note 2 - Recent Accounting Pronouncements and Note 10 - Revenue Recognition for additional information.

New Accounting Guidance

See Note 2 - Recent Accounting Pronouncements in the Notes to the Unaudited Consolidated Financial Statements.

FORWARD-LOOKING STATEMENTS

Certain statements set forth in this Quarterly Report on Form 10-Q (including our forecasts, beliefs 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, Management's Discussion and Analysis of Financial Condition and Results of Operations contains numerous forward-looking statements. Forward-looking statements generally will be accompanied by words such as "anticipate," "believe," "could," "estimate," "expect," "forecast," "outlook," "intend," "may," "plan," "possible," "potential," "predict," "project," "seek," "should," "target," "would," or other similar words, phrases or expressions that convey the uncertainty of future events or outcomes. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this report. We caution readers that actual results may differ materially from those expressed or implied in forward-looking statements made by or on behalf of us due to a variety of factors, such as:

- deterioration in world economic conditions, or in economic conditions in any of the geographic regions in which we conduct business, including additional adverse effects from global economic slowdown, terrorism or hostilities. This includes: political risks associated with the potential instability of governments and legal systems in countries in which we or our customers conduct business, and changes in currency valuations;

- the effects of fluctuations in customer demand on sales, product mix and prices in the industries in which we operate. This includes: our ability to respond to rapid changes in customer demand; the effects of customer bankruptcies or liquidations; the impact of changes in industrial business cycles; and whether conditions of fair trade exist in the U.S. markets;

- competitive factors, including changes in market penetration; increasing price competition by existing or new foreign and domestic competitors; the introduction of new products by existing and new competitors; and new technology that may impact the way our products are sold or distributed;

- changes in operating costs, including the effect of changes in our manufacturing processes; changes in costs associated with varying levels of operations and manufacturing capacity; availability of raw materials and energy; our ability to mitigate the impact of fluctuations in raw materials and energy costs and the effectiveness of our surcharge mechanism; changes in the expected costs associated with product warranty claims; changes resulting from inventory management, cost reduction initiatives and different levels of customer demands; the effects of unplanned work stoppages; and changes in the cost of labor and benefits;

- the success of our operating plans, announced programs, initiatives and capital investments (including the jumbo bloom vertical caster and advanced quench-and-temper facility); the ability to integrate acquired companies; the ability of acquired companies to achieve satisfactory operating results, including results being accretive to earnings; and our ability to maintain appropriate relations with unions that represent our associates in certain locations in order to avoid disruptions of business;

- unanticipated litigation, claims or assessments, including claims or problems related to intellectual property, product liability or warranty, and environmental issues and taxes, among other matters;

- the availability of financing and interest rates, which affect our cost of funds and/or ability to raise capital; our pension obligations and investment performance; and/or customer demand and the ability of customers to obtain financing to purchase our products or equipment that contain our products; and the amount of any dividend declared by our Board of Directors on our common shares;

- The overall impact of mark-to-market accounting; and

- Those items identified under the caption Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2017.

You are cautioned that it is not possible to predict or identify all of the risks, uncertainties and other factors that may affect future results, and that the above list should not be considered to be a complete list. Except as required by the federal securities laws, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Our borrowings include both fixed and variable-rate debt. The variable debt consists principally of borrowings under our Credit Agreement. We are exposed to the risk of rising interest rates to the extent we fund our operations with these variable-rate borrowings. As of March 31, 2018 , we have approximately $201 million of aggregate debt outstanding, of which $130 million consists of debt with variable interest rates. Based on the amount of debt with variable-rate interest outstanding, a 1% rise in interest rates would result in an increase in interest expense of approximately $1 million annually, with a corresponding increase in loss before income taxes of the same amount.

Foreign Currency Exchange Rate Risk

Fluctuations in the value of the U.S. dollar compared to foreign currencies may impact our earnings. Geographically, our sales are primarily made to customers in the United States. Currency fluctuations could impact us to the extent they impact the currency or the price of raw materials in foreign countries in which our competitors operate or have significant sales.

Commodity Price Risk

In the ordinary course of business, we are exposed to market risk with respect to commodity price fluctuations, primarily related to our purchases of raw materials and energy, principally scrap steel, other ferrous and non-ferrous metals, alloys, natural gas and electricity. Whenever possible, we manage our exposure to commodity risks primarily through the use of supplier pricing agreements that enable us to establish the purchase prices for certain inputs that are used in our manufacturing business. We utilize a raw material surcharge as a component of pricing steel to pass through the cost increases of scrap, alloys and other raw materials, as well as natural gas. From time to time, we may use financial instruments to hedge a portion of our exposure to price risk related to natural gas and electricity purchases. In periods of stable demand for our products, the surcharge mechanism has worked effectively to reduce the normal time lag in passing through higher raw material costs so that we can maintain our gross margins. When demand and cost of raw materials is lower, however, the surcharge impacts sales prices to a lesser extent.

ITEM 4. Controls and Procedures

(a) Disclosure Controls and Procedures

As of the end of the period covered by this quarterly report, we carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)). Based upon that evaluation, the principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this quarterly report.

(b) Changes in Internal Control Over Financial Reporting

During the Company’s most recent fiscal quarter, there have been no changes in the Company’s internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are involved in various claims and legal actions arising in the ordinary course of business. In the opinion of our management, the ultimate disposition of these matters will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Canton, Ohio U.S. EPA Notice of Violation.

The EPA issued two related Notices of Violation (NOV) to TimkenSteel on August 5, 2014 and November 2, 2015. The EPA alleges violations under the Clean Air Act based on alleged violations of permitted emission limits and engineering requirements at TimkenSteel’s Faircrest and Harrison Steel Plants in Canton, Ohio. TimkenSteel disputes many of EPA’s allegations but is working cooperatively with EPA and the U.S. Department of Justice to resolve the government’s claims. Negotiations to resolve the NOVs are ongoing, but it is not anticipated that the ultimate resolution of the NOVs will have a material adverse effect on our consolidated financial position, results of operations or cash flows. For additional information, please refer to Note 13 - Contingencies in the Notes to Unaudited Consolidated Financial Statements.

ITEM 1A. RISK FACTORS

We are subject to various risks and uncertainties in the course of our business. The discussion of such risks and uncertainties may be found under Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2017 filed with the SEC. There have been no material changes to such risk factors.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
10.1	TimkenSteel Corporation Amended and Restated Annual Performance Award Plan, effective January 1, 2018 .
12.1	Computation of Ratio of Earnings to Fixed Charges.
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14 of the Exchange Act, as adopted, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14 of the Exchange Act, as adopted, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TIMKENSTEEL CORPORATION

Date:	April 26, 2018	/s/ Christopher J. Holding
		Christopher J. Holding Executive Vice President and Chief Financial Officer (Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

INDEX TO EXHIBITS

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101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.

Exhibit 10.1

Exhibit B

TIMKENSTEEL CORPORATION
AMENDED AND RESTATED
ANNUAL PERFORMANCE AWARD PLAN
(Effective as of January 1, 2018)

Purpose

The purpose of the TimkenSteel Corporation Annual Performance Award Plan (the "Plan") is to promote the profitable growth of TimkenSteel Corporation (the "Company") by:

- Recognizing corporate, business unit and individual performance achievement.
- Attracting, motivating and retaining superior talent.

Administration

It is the responsibility of senior management of the Company to execute the provisions of the Plan (except for such responsibilities as are specifically reserved by the Plan for the Compensation Committee). Based on senior management recommendations, the Compensation Committee (the "Committee") approves financial goals, participation, target incentive awards, actual incentive awards, timing of payment and other actions necessary to the administration of the Plan.

Participation

The participant group includes Company executive officers and other key employees of the Company and its subsidiaries who are designated as participants by the Committee or its designee.

Incentive Opportunity

Each position is assigned a target incentive expressed as a percentage of annual base salary. The targets are based on market data for companies that are similar for compensation purposes, including companies of similar size and similar industries. The targets are reviewed annually by management, and the Committee will approve all target incentives for executive officers.

The full target incentive opportunity represents an appropriate incentive award if performance standards are met for corporate, business unit and individual results.

Incentive funds for the established components—corporate and business unit— will be developed independently based on performance achievement versus the goal(s) for each component. The actual value of each component can range from 0% to 200% of target based on performance.

For most participants, the total incentive will be the sum of the amounts for corporate and business unit results multiplied by the individual results. The weightings for each component can vary dependent on the assigned grades for participants.

The allocations to corporate, business unit and individual performance will be reviewed annually and changes to the allocations will be determined by senior management (or with respect to any changes to allocations applicable to executive officer incentive opportunities, by the Committee).

Performance Measures

Corporate and Business Unit Components

The primary corporate and business unit performance measure is Return on Invested Capital, one measure of which is Earnings Before Interest and Taxes (EBIT) divided by Beginning Invested Capital (BIC).

At the beginning of each year (or, in the case of the year in which this Plan becomes effective, no later than the 60th day after the initial effective date of the Plan), the Committee will specify the EBIT/BIC and other financial or non-financial performance measures to be used to evaluate corporate and business unit performance for the coming year. Potential performance measures include, but are not limited to:

- Cash flow (including free cash flow)
- Comparisons with various stock market indices
- Continuous improvement
- Cost of capital
- Customer service
- Debt reduction
- Earnings growth (including earnings per share and earnings before interest and taxes)
- Financial performance exceeding that of peer/competitor companies
- Gross profits
- Improvement of shareholder return
- Inventory management
- Net income
- Productivity improvement
- Profit after taxes
- Quality
- Recruitment and development of excellent employees with emphasis on diversity
- Reduction of fixed costs
- Return on assets
- Return on equity
- Return on invested capital (EBIT/BIC)
- Sales from new products
- Sales growth
- Successful start-up of new facility

- Successful acquisition/divestiture
- Working capital
- Economic profit

For the corporate and business unit components of the Plan, the size of the award will be determined by the degree to which targets are achieved for each measure within that component. Awards for corporate and business unit performance that falls between threshold, target and maximum will be interpolated unless established otherwise at the beginning of the plan year.

If the Committee determines that a change in the business, operations, corporate structure or capital structure of the Company, the manner in which it conducts business or other events or circumstances render the performance objectives to be unsuitable, the Committee may modify such performance objectives or the related minimum acceptable level of achievement, in whole or in part, as the Committee deems appropriate.

Individual Component

Individual performance goals will be established for each participant consistent with the Company’s performance management process. The participant’s supervisor (or with respect to executive officer participants, the Committee) will assess the participant’s performance against these goals and make a determination of the individual multiplier to be applied to the sum of the corporate and business unit awards. While the individual multiplier can range from 0% to 130% for a specific individual, the sum of all individual incentive awards for all participants must not exceed 100% of the final total fund.

Award Determination

A participant’s incentive award will be determined by adding the value of each of the applicable components (corporate and business unit) times the individual multiplier once performance is considered. The sum of all participant incentive determinations will equal the total fund.

Incentive Payments

At the end of the year, senior management will determine whether corporate performance has exceeded the minimum performance requirement for paying incentives. Senior management will recommend to the Committee the total fund based on its assessment of performance achievement at corporate and business unit levels. The Committee may make further adjustments to such management recommendations based on its assessment of financial and non-financial performance.

For the avoidance of doubt, the Committee will determine and measure achievement of corporate and individual goals and objectives for executive officers under the Plan.

Awards under the Plan will be paid in cash as soon as practicable after the Committee's determination of the award payments. For U.S. participants, in no event will the awards be paid later than two and one-half months after the close of the last fiscal year of the Company to which the award relates.

For U.S. participants, one hundred percent of awards under the Plan will be included in pension earnings and earnings for the purpose of calculating 401(k) plan benefits. Awards will not be included for purposes of any other employee benefits plans, except long-term disability.

Recovery of Incentive Payments

If any restatement of any part of the Company's financial statements for any fiscal year or years due to material noncompliance with any financial reporting requirement under the U.S. securities laws applicable to such fiscal year or years occurs (a "Restatement") and the Committee determines that a participant is personally responsible for causing the Restatement as a result of the participant's personal misconduct or any fraudulent activity on the part of the participant, then the Committee has discretion to, based on applicable facts and circumstances and subject to applicable law, cause the Company to recover all or any portion (but no more than 100%) of the incentive payments paid or payable to the participant for some or all of the years covered by the Restatement. The amount of any incentive payments recovered by the Company shall be limited to the amount by which such incentive payments exceeded the amount that would have been paid to or received by the participant had the Company's financial statements for the applicable restated fiscal year or years been initially filed as restated, as reasonably determined by the Committee. Unless otherwise required by applicable law or regulation, the Company may seek recovery of any incentive payments under this Plan only if the restatement occurs within thirty-six (36) months of the publication of the financial statements that are required to be restated.

The Committee shall also determine whether the Company shall effect any recovery by: (a) seeking repayment from the participant; (b) reducing, except with respect to any non-qualified deferred compensation under Section 409A of the Internal Revenue Code of 1986, as amended, the amount that would otherwise be payable to the participant under any compensatory plan, program or arrangement maintained by the Company (subject to applicable law and the terms and conditions of such plan, program or arrangement); (c) by withholding, except with respect to any non-qualified deferred compensation under Section 409A of the Internal Revenue Code of 1986, as amended, payment of future increases in compensation (including the payment of any discretionary bonus amount) that would otherwise have been made to the participant in accordance with the Company's compensation practices; or (d) by any combination of these alternatives.

No Right to Bonus or Continued Employment

Neither the establishment of the Plan, the provision for or payment of any amounts hereunder nor any action of the Company, the Board of Directors of the Company or the Committee with respect to the Plan shall be held or construed to confer upon any person (a) any legal right to receive, or any interest in, an incentive payment or any other benefit under the Plan or (b) any legal right to continue to serve as an officer or employee of the Company or any subsidiary thereof.

Withholding

The Company shall have the right to withhold, or require a participant to remit to the Company, an amount sufficient to satisfy any applicable federal, state, local or foreign withholding tax requirements imposed with respect to the payment of any incentive payment.

Nontransferability

Except as expressly provided by the Committee, the rights and benefits under the Plan shall not be transferable or assignable other than by will or the laws of descent and distribution.

Exhibit 12.1

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(Dollars in millions, except ratio amounts)

			Year Ended December 31,		
	Q1 2018	**2017**	**2016**	**2015**	**2014**
(Loss) income before income taxes	**$(1.8)**	**$(42.3)**	$(142.0)	$(71.7)	$68.7
Plus:					
Fixed charges	**6.0**	**16.1**	13.4	5.5	8.9
Amortization of capitalized interest	**0.4**	**1.8**	1.9	1.7	0.7
Less:					
Interest capitalized	**0.1**	**0.6**	0.7	1.0	6.9
Earnings (loss)	**4.5**	**(25.0)**	(127.4)	(65.5)	71.4
Interest (A)	**5.4**	**13.8**	10.6	3.9	7.1
Amortization of deferred financing costs	**0.4**	**1.6**	1.5	0.5	0.9
Interest portion of rental expense	**0.2**	**0.7**	1.3	1.1	0.9
Fixed Charges	**$6.0**	**$16.1**	$13.4	$5.5	$8.9
Ratio of Earnings to Fixed Charges	**0.75**	**(B)**	**(B)**	**(B)**	**8.02**

(A) Amount includes interest expense on debt and capitalized interest during the period.

(B) For the year ended December 31, 2017, there was a deficiency of earnings to cover the fixed charges of $8.9 million. For the year ended December 31, 2016, there was a deficiency of earnings to cover the fixed charges of $114.0 million. For the year ended December 31, 2015, there was a deficiency of earnings to cover the fixed charges of $60.0 million. Accordingly, the ratios for these periods have not been presented.

Exhibit 31.1

CERTIFICATION

I, Ward J. Timken, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of TimkenSteel Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant‘s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: April 26, 2018

/s/ Ward J. Timken, Jr.

Ward J. Timken, Jr.
Chairman, Chief Executive Officer and President
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Christopher J. Holding, certify that:

I have reviewed this quarterly report on Form 10-Q of TimkenSteel Corporation;

1. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

2. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

3. The registrant‘s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

4. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: April 26, 2018

/s/ Christopher J. Holding

Christopher J. Holding
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of TimkenSteel Corporation (the "Company") on Form 10-Q for the period March 31, 2018 , as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Date: April 26, 2018

/s/ Ward J. Timken, Jr.
Ward J. Timken, Jr.
Chairman, Chief Executive Officer and President
(Principal Executive Officer)

Date: April 26, 2018

/s/ Christopher J. Holding
Christopher J. Holding
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)