

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

August 05, 2021



TIMKENSTEEL CORPORATION

(Exact name of registrant as specified in its charter)

Ohio

(State or Other Jurisdiction of Incorporation)

1-36313

(Commission File Number)

46-4024951

(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)

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, without par value	TMST	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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 accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On August 5, 2021, TimkenSteel Corporation (the “Company”) issued a press release announcing results for the second quarter of 2021. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information contained in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be incorporated by reference into a filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1**	Press Release of TimkenSteel Corporation dated August 5, 2021.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

** Furnished herewith.

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 hereunto duly authorized.

TIMKENSTEEL CORPORATION

Date: August 5, 2021

By: /s/ Kristopher R. Westbrooks
Kristopher R. Westbrooks
Executive Vice President and Chief Financial Officer



TimkenSteel Announces Second-Quarter 2021 Results

- *Net sales of \$327.3 million increased 20 percent sequentially on continued strength in industrial end-market demand*
- *Record profitability with net income of \$54.0 million and adjusted EBITDA⁽¹⁾ of \$71.0 million*
- *Operating cash flow of \$39.2 million resulted in further expansion of total liquidity⁽²⁾*

CANTON, Ohio: August 5, 2021 - TimkenSteel (NYSE: TMST), a leader in high-quality specialty steel, manufactured components, and supply chain solutions, today reported second-quarter 2021 net sales of \$327.3 million and net income of \$54.0 million, or \$0.98 per diluted share. On an adjusted basis⁽¹⁾, second-quarter 2021 net income was \$52.5 million, or \$0.96 per diluted share, and adjusted EBITDA was \$71.0 million.

In the same quarter last year, net sales were \$154.0 million with a net loss of \$15.3 million, or a loss of \$0.34 per diluted share. On an adjusted basis⁽¹⁾, second-quarter 2020 net loss was \$14.3 million, or a loss of \$0.31 per diluted share, and adjusted EBITDA was \$5.7 million.

First-quarter 2021 net sales were \$273.6 million with net income of \$9.8 million, or \$0.20 per diluted share. On an adjusted basis⁽¹⁾, first-quarter 2021 net income was \$22.6 million, or \$0.43 per diluted share, and adjusted EBITDA was \$40.8 million.

“During the quarter, we saw continued strength in most end markets despite semiconductor related customer outages which slowed second-quarter automotive shipments. I am pleased that our team remained agile and effectively shifted our product mix to serve customer needs in the industrial market while maintaining a high level of service. As a result, our industrial ship tons improved sequentially by 33 percent,” said Mike Williams, president and chief executive officer. “With the ongoing economic recovery, strong pricing environment and our focus on employee safety and continued cost discipline, we achieved record profitability in the quarter and continued to generate positive operating cash flow.”

SECOND QUARTER OF 2021 FINANCIAL SUMMARY

- **Net sales** of \$327.3 million increased 20 percent compared with \$273.6 million in the first quarter of 2021, driven primarily by improved industrial demand and higher raw material surcharges. The average raw material surcharge per ton increased 39 percent sequentially as a result of higher scrap and alloy prices. Compared with the prior-year pandemic impacted second quarter, net sales increased 113 percent, largely driven by improved automotive and industrial demand and a 117 percent increase in the average raw material surcharge per ton as a result of higher scrap and alloy prices.
- **Ship tons** of 214,200 increased 11 percent sequentially as a result of higher industrial and energy shipments despite an approximate 16,000 ton decrease related to the semiconductor chip shortage in the automotive market during the quarter. Compared with the prior-year second quarter, ship tons increased 97 percent with significant increases in both automotive and industrial shipments.
- **Manufacturing** costs improved sequentially and compared with the prior-year quarter primarily due to higher melt utilization and the impact of systemic cost reduction actions.
- **SG&A** expense was \$21.0 million, up slightly from the first quarter of 2021 primarily as a result of higher variable compensation expense. Compared with the prior-year second quarter, SG&A expense increased by \$4.2 million as a result of higher variable compensation expense and prior year pandemic-related temporary cost reduction actions.

(1) Please see discussion of non-GAAP financial measures in this news release.

(2) The company defines total liquidity as available borrowing capacity plus cash and cash equivalents.



CASH AND LIQUIDITY

As of June 30, 2021, the company's cash balance was \$115.2 million. During the quarter, the company settled its \$40.2 million convertible debt obligation due on June 1, 2021 with the payment of \$38.9 million in cash and the issuance of 113,000 shares. Operating cash flow of \$39.2 million benefitted from improved profitability partially offset by an increase in working capital to support demand requirements. Total liquidity⁽²⁾ was \$376.5 million as of June 30, 2021, an improvement of \$19 million from March 31, 2021.

OUTLOOK

Given continued strength in end market demand, the company expects third quarter ship tons to be similar to second-quarter levels. While the company's order book is full for the remainder of 2021, periodic automotive customer manufacturing outages due to the semiconductor chip shortage may negatively impact third quarter automotive shipments.

From an operational perspective:

- Melt utilization is expected to be at or above 85 percent during the third quarter.
- Annual shutdown maintenance was completed at the company's rolling and finishing operations during the third quarter at a cost of approximately \$5 million.
- In the fourth quarter, annual shutdown maintenance is planned at the Faircrest melt shop at a cost of approximately \$5 million.
- As previously announced, the company will begin negotiations with the United Steelworkers on August 9 regarding the current labor agreement that is set to expire on September 27. The company anticipates \$2 million to \$3 million of incremental cost in the second half of 2021 associated with labor agreement negotiations.

Capital expenditures are expected to be in the range of \$15 million to \$20 million in 2021.

TIMKENSTEEL EARNINGS WEBCAST INFORMATION

TimkenSteel will provide live Internet listening access to its conference call with the financial community scheduled for Friday, August 6, 2021 at 9:00 a.m. ET. The live conference call will be broadcast at investors.timkensteel.com. A replay of the conference call will also be available at investors.timkensteel.com.

ABOUT TIMKENSTEEL CORPORATION

TimkenSteel (NYSE: TMST) manufactures high-performance carbon and alloy steel products in Canton, OH serving demanding applications in automotive, energy and a variety of industrial end markets. The company is a premier U.S. producer of alloy steel bars (up to 16 inches in diameter), seamless mechanical tubing and manufactured components. In the business of making high-quality steel primarily from recycled materials for more than 100 years, TimkenSteel's proven expertise contributes to the performance of our customers' products. The company employs approximately 1,900 people and had sales of \$831 million in 2020. For more information, please visit us at www.timkensteel.com.

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NON-GAAP FINANCIAL MEASURES

TimkenSteel reports its financial results in accordance with accounting principles generally accepted in the United States (“GAAP”) and corresponding metrics as non-GAAP financial measures. This earnings release includes references to the following non-GAAP financial measures: adjusted earnings (loss) per share, adjusted net income (loss), EBIT, adjusted EBIT, EBITDA, adjusted EBITDA, free cash flow and base sales. These are important financial measures used in the management of the business, including decisions concerning the allocation of resources and assessment of performance. Management believes that reporting these non-GAAP financial measures is useful to investors as these measures are representative of the company’s performance and provide improved comparability of results. See the attached schedules for definitions of the non-GAAP financial measures referred to above and corresponding reconciliations of these non-GAAP financial measures to the most comparable GAAP financial measures. Non-GAAP financial measures should be viewed as additions to, and not as alternatives for, TimkenSteel’s results prepared in accordance with GAAP. In addition, the non-GAAP measures TimkenSteel uses may differ from non-GAAP measures used by other companies, and other companies may not define the non-GAAP measures TimkenSteel uses in the same way.

FORWARD-LOOKING STATEMENTS

This news release includes “forward-looking” statements within the meaning of the federal securities laws. You can generally identify the company’s forward-looking statements by words such as “will,” “anticipate,” “believe,” “could,” “estimate,” “expect,” “forecast,” “outlook,” “intend,” “may,” “possible,” “potential,” “predict,” “project,” “seek,” “target,” “could,” “may,” “should” or “would” or other similar words, phrases or expressions that convey the uncertainty of future events or outcomes. The company cautions readers that actual results may differ materially from those expressed or implied in forward-looking statements made by or on behalf of the company due to a variety of factors, such as: the potential impact of the COVID-19 pandemic on the company’s operations and financial results, including cash flows and liquidity; whether the company is able to successfully implement actions designed to improve profitability on anticipated terms and timetables and whether the company is able to fully realize the expected benefits of such actions; deterioration in world economic conditions, or in economic conditions in any of the geographic regions in which the company conducts business, including additional adverse effects from global economic slowdown, terrorism or hostilities, including political risks associated with the potential instability of governments and legal systems in countries in which the company or its 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 the company operates, including the ability of the company to respond to rapid changes in customer demand including but not limited to changes in customer operating schedules due to supply chain constraints, the effects of customer bankruptcies or liquidations, the impact of changes in industrial business cycles, and whether conditions of fair trade exist in 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 the company’s products are sold or distributed; changes in operating costs, including the effect of changes in the company’s manufacturing processes, changes in costs associated with varying levels of operations and manufacturing capacity, availability of raw materials and energy, the company’s ability to mitigate the impact of fluctuations in raw materials and energy costs and the effectiveness of its 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 the company’s operating plans, announced programs, initiatives and capital investments, and the company’s ability to maintain appropriate relations with unions that represent its 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 the company’s cost of funds and/or ability to raise capital, including the ability of the company to refinance or repay at maturity the convertible notes due December 1, 2025; the company’s pension obligations and investment performance, and/or customer demand and the ability of customers to obtain financing to purchase the company’s products or equipment that contain its products; the amount of any dividend declared by the company’s Board of Directors on the company’s common shares; the overall impact of pension and other postretirement benefit mark-to-market accounting; and the effects of the conditional conversion feature of the Convertible Notes due



December 1, 2025, which, if triggered, entitles holders to convert the notes at any time during specified periods at their option and therefore could result in potential dilution if the holder elects to convert and the company elects to satisfy a portion or all of the conversion obligation by delivering common shares instead of cash. Additional risks relating to the company's business, the industries in which the company operates, or the company's common shares may be described from time to time in the company's filings with the SEC. All of these risk factors are difficult to predict, are subject to material uncertainties that may affect actual results and may be beyond the company's control. Readers 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, the company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.



CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except per share data) (Unaudited)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net sales	\$ 327.3	\$ 154.0	\$ 600.9	\$ 413.6
Cost of products sold	260.1	158.0	503.0	409.8
Gross Profit	67.2	(4.0)	97.9	3.8
Selling, general & administrative expenses (SG&A)	21.0	16.8	40.5	40.2
Restructuring charges	1.0	0.3	1.6	0.9
Loss (gain) on sale or disposal of assets, net	0.4	(0.9)	0.4	(3.2)
Impairment charges	—	—	8.2	—
Other (income) expense, net	(12.3)	(8.1)	(21.7)	(5.4)
Earnings (Loss) Before Interest and Taxes (EBIT) (1)	57.1	(12.1)	68.9	(28.7)
Interest expense	1.7	3.0	3.5	6.2
Income (Loss) Before Income Taxes	55.4	(15.1)	65.4	(34.9)
Provision (benefit) for income taxes	1.4	0.2	1.6	0.3
Net Income (Loss)	\$ 54.0	\$ (15.3)	\$ 63.8	\$ (35.2)
Net Income (Loss) per Common Share:				
Basic earnings (loss) per share	\$ 1.18	\$ (0.34)	\$ 1.40	\$ (0.78)
Diluted earnings (loss) per share (2)	\$ 0.98	\$ (0.34)	\$ 1.19	\$ (0.78)
Weighted average shares outstanding - basic	45.9	45.0	45.6	44.9
Weighted average shares outstanding - diluted	56.1	45.0	55.8	44.9

(1) EBIT is defined as net income (loss) before interest expense and income taxes. EBIT is an important financial measure used in the management of the business, including decisions concerning the allocation of resources and assessment of performance. Management believes that reporting EBIT is useful to investors as this measure is representative of the company's performance.

(2) For the three and six months ended June 30, 2021, common share equivalents for shares issuable upon the conversion of outstanding convertible notes (8.3 million shares and 8.6 million shares, respectively) and common share equivalents for shares issuable for equity-based awards (1.9 million shares and 1.6 million shares, respectively) were included in the computation of diluted earnings (loss) per share, as they were considered dilutive. The total diluted weighted average shares outstanding for the three and six months ended June 30, 2021 were 56.1 million shares and 55.8 million shares, respectively. For the convertible notes, the Company utilizes the if-converted method to calculate diluted earnings (loss) per share. As such, net income was adjusted to add back \$1.2 million and \$2.5 million for the three and six months ended June 30, 2021, respectively, of convertible debt interest expense (including amortization of debt issuance costs).



CONSOLIDATED BALANCE SHEETS

(Dollars in millions) (Unaudited)	June 30,		December 31, 2020	
	2021			
ASSETS				
Cash and cash equivalents	\$	115.2	\$	102.8
Accounts receivable, net of allowances		121.3		63.3
Inventories, net		210.2		178.4
Deferred charges and prepaid expenses		2.1		4.0
Assets held for sale		—		0.3
Other current assets		7.5		8.8
Total Current Assets		456.3		357.6
Property, plant and equipment, net		537.3		569.8
Operating lease right-of-use assets		19.2		21.0
Pension assets		40.0		33.5
Intangible assets, net		7.9		9.3
Other non-current assets		2.4		2.8
Total Assets	\$	1,063.1	\$	994.0
LIABILITIES				
Accounts payable	\$	129.1	\$	89.5
Salaries, wages and benefits		35.8		29.4
Accrued pension and postretirement costs		6.3		2.3
Current operating lease liabilities		7.0		7.5
Current convertible notes, net		44.7		38.9
Other current liabilities		12.8		13.4
Total Current Liabilities		235.7		181.0
Non-current convertible notes, net		—		39.3
Credit agreement		—		—
Non-current operating lease liabilities		12.2		13.5
Accrued pension and postretirement costs		233.8		240.7
Deferred income taxes		0.9		1.0
Other non-current liabilities		10.5		11.0
Total Liabilities		493.1		486.5
SHAREHOLDERS' EQUITY				
Additional paid-in capital		827.5		843.4
Retained deficit		(295.4)		(363.4)
Treasury shares		—		(12.9)
Accumulated other comprehensive income (loss)		37.9		40.4
Total Shareholders' Equity		570.0		507.5
Total Liabilities and Shareholders' Equity	\$	1,063.1	\$	994.0



CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in millions) (Unaudited)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
CASH PROVIDED (USED)				
Operating Activities				
Net income (loss)	\$ 54.0	\$ (15.3)	\$ 63.8	\$ (35.2)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	15.4	16.8	33.0	35.4
Amortization of deferred financing fees and debt discount	0.2	1.4	0.5	2.7
Loss (gain) on sale or disposal of assets	0.4	(0.3)	0.4	(3.2)
Impairment charges	—	—	8.2	—
Deferred income taxes	(0.1)	0.1	(0.1)	0.3
Stock-based compensation expense	1.8	1.6	3.6	3.6
Pension and postretirement expense (benefit), net	(5.2)	(3.2)	(9.9)	4.9
Changes in operating assets and liabilities:				
Accounts receivable, net	(25.0)	31.3	(58.0)	13.9
Inventories, net	(7.5)	34.1	(35.7)	75.5
Accounts payable	(8.1)	(43.9)	40.0	(17.2)
Other accrued expenses	7.7	(7.6)	5.3	(2.0)
Pension and postretirement contributions and payments	(0.4)	(0.7)	(2.0)	(3.2)
Deferred charges and prepaid expenses	1.6	1.7	1.9	1.4
Other, net	4.4	0.1	1.4	3.0
Net Cash Provided (Used) by Operating Activities	39.2	16.1	52.4	79.9
Investing Activities				
Capital expenditures	(1.5)	(6.7)	(3.8)	(9.6)
Proceeds from disposals of property, plant and equipment	—	0.6	—	8.4
Net Cash Provided (Used) by Investing Activities	(1.5)	(6.1)	(3.8)	(1.2)
Financing Activities				
Proceeds from exercise of stock options	0.7	—	3.2	—
Shares surrendered for employee taxes on stock compensation	—	(0.1)	(0.5)	(0.3)
Repayments on credit agreements	—	—	—	(30.0)
Repayments on convertible notes	(38.9)	—	(38.9)	—
Net Cash Provided (Used) by Financing Activities	(38.2)	(0.1)	(36.2)	(30.3)
Increase (Decrease) in Cash and Cash Equivalents	(0.5)	9.9	12.4	48.4
Cash and cash equivalents at beginning of period	115.7	65.6	102.8	27.1
Cash and Cash Equivalents at End of Period	\$ 115.2	\$ 75.5	\$ 115.2	\$ 75.5



Reconciliation of Free Cash Flow⁽¹⁾ to GAAP Net Cash Provided (Used) by Operating Activities:

This reconciliation is provided as additional relevant information about the company's financial position. Free cash flow is an important financial measure used in the management of the business. Management believes that free cash flow is useful to investors because it is a meaningful indicator of cash generated from operating activities available for the execution of its business strategy.

(Dollars in millions) (Unaudited)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net Cash Provided (Used) by Operating Activities	\$ 39.2	\$ 16.1	\$ 52.4	\$ 79.9
Less: Capital expenditures	(1.5)	(6.7)	(3.8)	(9.6)
Free Cash Flow	\$ 37.7	\$ 9.4	\$ 48.6	\$ 70.3

(1) Free Cash Flow is defined as net cash provided (used) by operating activities less capital expenditures.



Reconciliation of adjusted net income (loss)⁽³⁾ to GAAP net income (loss) and adjusted diluted earnings (loss) per share^(1,4,5) to GAAP diluted earnings (loss) per share for the three months ended June 30, 2021, June 30, 2020, and March 31, 2021

Adjusted net income (loss), adjusted diluted earnings (loss) per share and other adjusted items referred to below are financial measures not required by, or presented in accordance with GAAP. These Non-GAAP financial measures should be considered as a supplement to, and not as a substitute for, the financial measures prepared in accordance with GAAP, and a reconciliation of these financial measures to the most comparable GAAP financial measures is presented. Management believes this data provides investors with additional useful information on the underlying operations and trends of the business and enables period-to-period comparability of the company's financial performance.

Three months ended June 30, 2021							
(Dollars in millions) (Unaudited)	Net income (loss)	SG&A	Restructuring charges	Other (income) expense, net	Diluted earnings (loss) per share⁽¹⁾		
As reported	\$ 54.0	\$ 21.0	\$ 1.0	\$ (12.3)	\$ 0.98		
Adjustments:⁽³⁾							
Restructuring charges	1.0	—	(1.0)	—	0.02		
Gain from remeasurement of benefit plans	(0.7)	—	—	0.7	(0.01)		
Business transformation costs⁽²⁾	0.2	(0.2)	—	—	0.00		
Sales and use tax refund	(2.5)	—	—	2.5	(0.04)		
Executive severance and transition costs	0.5	(0.5)	—	—	0.01		
As adjusted	\$ 52.5	\$ 20.3	\$ —	\$ (9.1)	\$ 0.96		

Three months ended June 30, 2020							
(Dollars in millions) (Unaudited)	Net income (loss)	Cost of products sold	Restructuring charges	Loss (gain) on sale or disposal of assets, net	SG&A	Other (income) expense, net	Diluted earnings (loss) per share⁽⁴⁾
As reported	\$ (15.3)	\$ 158.0	\$ 0.3	\$ (0.9)	\$ 16.8	\$ (8.1)	\$ (0.34)
Adjustments:⁽³⁾							
Gain on sale of TMS assets	(1.0)	—	—	1.0	—	—	(0.02)
Restructuring charges	0.3	—	(0.3)	—	—	—	0.01
TMS inventory write-down	3.1	(3.1)	—	—	—	—	0.07
Gain from remeasurement of benefit plans	(1.9)	—	—	—	—	1.9	(0.04)
Business transformation costs⁽²⁾	0.5	—	—	—	(0.5)	—	0.01
As adjusted	\$ (14.3)	\$ 154.9	\$ —	\$ 0.1	\$ 16.3	\$ (6.2)	\$ (0.31)

Three months ended March 31, 2021

(Dollars in millions) (Unaudited)	Net income (loss)	Cost of products sold	SG&A	Restructuring charges	Impairment charges	Other (income) expense, net	Diluted earnings (loss) per share(5)
As reported (Adjusted)	\$ 9.8	\$ 242.9	\$ 19.5	\$ 0.5	\$ 8.2	\$ (9.4)	\$ 0.20
Adjustments:(3)							
Restructuring charges	0.5	—	—	(0.5)	—	—	0.01
Accelerated depreciation and amortization	1.5	(1.5)	—	—	—	—	0.03
Loss from remeasurement of benefit plans	0.2	—	—	—	—	(0.2)	0.00
Write-down of supplies inventory	2.1	(2.1)	—	—	—	—	0.04
Business transformation costs(2)	0.3	—	(0.3)	—	—	—	0.00
TMS impairment charges	0.3	—	—	—	(0.3)	—	0.01
Harrison melt impairment charges	7.9	—	—	—	(7.9)	—	0.14
As adjusted	\$ 22.6	\$ 239.3	\$ 19.2	\$ —	\$ —	\$ (9.6)	\$ 0.43

(1) For the three months ended June 30, 2021, common share equivalents for shares issuable upon the conversion of outstanding convertible notes (8.3 million shares) and common share equivalents for shares issuable for equity-based awards (1.9 million shares) were included in the computation of adjusted diluted earnings (loss) per share, as they were considered dilutive. The total diluted weighted average shares outstanding for the three months ended June 30, 2021 was 56.1 million shares. For the convertible notes, the Company utilizes the if-converted method to calculate diluted earnings (loss) per share. As such, net income was adjusted to add back \$1.2 million of convertible debt interest expense (including amortization of debt issuance costs).

(2) Business transformation costs consist of items that are non-routine in nature. For the three months ended June 30, 2021 and March 31, 2021, these costs are primarily related to professional service fees associated with organizational changes. For the three months ended June 30, 2020, these costs are primarily related to professional service fees associated with the disposition of non-core assets.

(3) Adjusted net income (loss) and adjusted diluted earnings (loss) per share are defined as net income (loss) and diluted earnings (loss) per share, respectively, excluding, as applicable, adjustments listed in the foregoing table. Other adjusted items referred to in the foregoing tables are also defined as the applicable item excluding any adjustments listed in the foregoing tables with respect to such item.

(4) Common share equivalents for shares issuable upon the conversion of outstanding convertible notes and common share equivalents for shares issuable for equity-based awards for the three months ended June 30, 2020, were excluded from the computation of adjusted diluted earnings (loss) per share because the effect of their inclusion would have been anti-dilutive.

(5) For the three months ended March 31, 2021, common share equivalents for shares issuable upon the conversion of outstanding convertible notes (9.1 million shares) and common share equivalents for shares issuable for equity-based awards (1.2 million shares) were included in the computation of adjusted diluted earnings (loss) per share, as they were considered dilutive. The total diluted weighted average shares outstanding for the three months ended March 31, 2021 was 55.7 million shares. For the convertible notes, the Company utilizes the if-converted method to calculate diluted earnings (loss) per share. As such, net income was adjusted to add back \$1.3 million of convertible debt interest expense (including amortization of debt issuance costs).



Reconciliation of adjusted net income (loss)⁽³⁾ to GAAP net income (loss) and adjusted diluted earnings (loss) per share^(1,4) to GAAP diluted earnings (loss) per share for the six months ended June 30, 2021 and June 30, 2020

Adjusted net income (loss), adjusted diluted earnings (loss) per share and other adjusted items referred to below are financial measures not required by, or presented in accordance with GAAP. These Non-GAAP financial measures should be considered as a supplement to, and not as a substitute for, the financial measures prepared in accordance with GAAP, and a reconciliation of these financial measures to the most comparable GAAP financial measures is presented. Management believes this data provides investors with additional useful information on the underlying operations and trends of the business and enables period-to-period comparability of the company's financial performance.

Six months ended June 30, 2021							
(Dollars in millions) (Unaudited)	Net income (loss)	Cost of products sold	SG&A	Restructuring charges	Impairment charges	Other (income) expense, net	Diluted earnings (loss) per share ⁽¹⁾
As reported	\$ 63.8	\$ 503.0	\$ 40.5	\$ 1.6	\$ 8.2	\$ (21.7)	\$ 1.19
Adjustments: ⁽³⁾							
Restructuring charges	1.6	—	—	(1.6)	—	—	0.03
Accelerated depreciation and amortization	1.5	(1.5)	—	—	—	—	0.03
Gain from remeasurement of benefit plans	(0.5)	—	—	—	—	0.5	(0.01)
Write-down of supplies inventory	2.1	(2.1)	—	—	—	—	0.04
Business transformation costs ⁽²⁾	0.5	—	(0.5)	—	—	—	0.01
TMS impairment charges	0.3	—	—	—	(0.3)	—	(0.00)
Sales and use tax refund	(2.5)	—	—	—	—	2.5	(0.05)
Executive severance and transition costs	0.5	—	(0.5)	—	—	—	0.01
Harrison melt impairment charges	7.9	—	—	—	(7.9)	—	0.14
As adjusted	\$ 75.2	\$ 499.4	\$ 39.5	\$ —	\$ —	\$ (18.7)	\$ 1.39

Six months ended June 30, 2020							
(Dollars in millions) (Unaudited)	Net income (loss)	Cost of products sold	SG&A	Restructuring charges	Loss (gain) on sale or disposal of assets, net	Other (income) expense, net	Diluted earnings (loss) per share ⁽⁴⁾
As reported	\$ (35.2)	\$ 409.8	\$ 40.2	\$ 0.9	\$ (3.2)	\$ (5.4)	\$ (0.78)
Adjustments: ⁽³⁾							
Loss on sale of scrap processing facility	0.1	—	—	—	(0.1)	—	—
Gain on sale of TMS assets	(4.2)	—	—	—	4.2	—	(0.09)
Restructuring charges	0.9	—	—	(0.9)	—	—	0.02
Accelerated depreciation and amortization	1.6	(1.6)	—	—	—	—	0.04
Loss from remeasurement of benefit plans	7.6	—	—	—	—	(7.6)	0.17
Faircrest plant asset disposal, net of recovery	(0.1)	—	—	—	(0.2)	0.3	—
Business transformation costs ⁽²⁾	0.5	—	(0.5)	—	—	—	0.01
TMS inventory write-down	3.1	(3.1)	—	—	—	—	0.07
As adjusted	\$ (25.7)	\$ 405.1	\$ 39.7	\$ —	\$ 0.7	\$ (12.7)	\$ (0.56)

(1) For the six months ended June 30, 2021, common share equivalents for shares issuable upon the conversion of outstanding convertible notes (8.6 million shares) and common share equivalents for shares issuable for equity-based awards (1.6 million shares) were included in the computation of adjusted diluted earnings (loss) per share, as they were considered dilutive. The total diluted weighted average shares outstanding for the six months ended June 30, 2021 was 55.8 million shares. For the convertible notes, the Company utilizes the if-converted method to calculate diluted earnings (loss) per share. As such, net income was adjusted to add back \$2.5 million of convertible debt interest expense (including amortization of debt issuance costs).

(2) Business transformation costs consist of items that are non-routine in nature. For the six months ended June 30, 2021, these costs are primarily related to professional service fees associated with organizational changes. For the six months ended June 30, 2020, these costs are primarily related to professional service fees associated with the disposition of non-core assets.

(3) Adjusted net income (loss) and adjusted diluted earnings (loss) per share are defined as net income (loss) and diluted earnings (loss) per share, respectively, excluding, as applicable, adjustments listed in the foregoing table. Other adjusted items referred to in the foregoing tables are also defined as the applicable item excluding any adjustments listed in the foregoing tables with respect to such item.

(4) Common share equivalents for shares issuable upon the conversion of outstanding convertible notes and common share equivalents for shares issuable for equity-based awards for the six months ended June 30, 2020, were excluded from the computation of adjusted diluted earnings (loss) per share because the effect of their inclusion would have been anti-dilutive.



Reconciliation of Earnings (Loss) Before Interest and Taxes (EBIT)⁽¹⁾, Adjusted EBIT⁽³⁾, Earnings (Loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA)⁽²⁾ and Adjusted EBITDA⁽⁴⁾ to GAAP Net Income (Loss):

This reconciliation is provided as additional relevant information about the company's performance. EBIT, Adjusted EBIT, EBITDA and Adjusted EBITDA are important financial measures used in the management of the business, including decisions concerning the allocation of resources and assessment of performance. Management believes that reporting EBIT, Adjusted EBIT, EBITDA and Adjusted EBITDA is useful to investors as these measures are representative of the company's performance. Management also believes that it is appropriate to compare GAAP net income (loss) to EBIT, Adjusted EBIT, EBITDA and Adjusted EBITDA.

(Dollars in millions) (Unaudited)	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended March 31,	
	2021	2020	2021	2020	2021	
Net income (loss)	\$ 54.0	\$ (15.3)	\$ 63.8	\$ (35.2)	\$ 9.8	
Provision (benefit) for income taxes	1.4	0.2	1.6	0.3	0.2	
Interest expense	1.7	3.0	3.5	6.2	1.9	
Earnings Before Interest and Taxes (EBIT) (1)	\$ 57.1	\$ (12.1)	\$ 68.9	\$ (28.7)	\$ 11.9	
EBIT Margin (1)	17.4%	(7.9%)	11.5%	(6.9%)	4.3%	
Depreciation and amortization	15.4	16.8	33.0	35.4	17.6	
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) (2)	\$ 72.5	\$ 4.7	\$ 101.9	\$ 6.7	\$ 29.5	
EBITDA Margin (2)	22.2%	3.1%	17.0%	1.6%	10.8%	
Adjustments:						
Loss on sale of scrap processing facility	—	—	—	(0.1)	—	
Gain on sale of TMS assets	—	1.0	—	4.2	—	
Restructuring charges	(1.0)	(0.3)	(1.6)	(0.9)	(0.5)	
Accelerated depreciation and amortization (EBIT only)	—	—	(1.5)	(1.6)	(1.5)	
Gain (loss) from remeasurement of benefit plans	0.7	1.9	0.5	(7.6)	(0.2)	
Write-down of supplies inventory	—	—	(2.1)	—	(2.1)	
Faircrest plant asset disposal, net of recovery	—	—	—	0.1	—	
Business transformation costs (5)	(0.2)	(0.5)	(0.5)	(0.5)	(0.3)	
Sales and use tax refund	2.5	—	2.5	—	—	
Executive severance and transition costs	(0.5)	—	(0.5)	—	—	
TMS inventory write-down	—	(3.1)	—	(3.1)	—	
Harrison melt impairment charges	—	—	(7.9)	—	(7.9)	
TMS impairment charges	—	—	(0.3)	—	(0.3)	
Adjusted EBIT (3)	\$ 55.6	\$ (11.1)	\$ 80.3	\$ (19.2)	\$ 24.7	
Adjusted EBIT Margin (3)	17.0%	(7.2%)	13.4%	(4.6%)	9.0%	
Adjusted EBITDA (4)	\$ 71.0	\$ 5.7	\$ 111.8	\$ 14.6	\$ 40.8	
Adjusted EBITDA Margin (4)	21.7%	3.7%	18.6%	3.5%	14.9%	



- (1) EBIT is defined as net income (loss) before interest expense and income taxes. EBIT Margin is EBIT as a percentage of net sales.
- (2) EBITDA is defined as net income (loss) before interest expense, income taxes, depreciation and amortization. EBITDA Margin is EBITDA as a percentage of net sales.
- (3) Adjusted EBIT is defined as EBIT excluding, as applicable, adjustments listed in the table above. Adjusted EBIT Margin is Adjusted EBIT as a percentage of net sales.
- (4) Adjusted EBITDA is defined as EBITDA excluding, as applicable, adjustments listed in the table above. Adjusted EBITDA Margin is Adjusted EBITDA as a percentage of net sales.
- (5) Business transformation costs consist of items that are non-routine in nature. For the three and six months ended June 30, 2021 and three months ended March 31, 2021, these costs were primarily related to professional service fees associated with organizational changes. For the three and six months ended June 30, 2020, these costs are primarily related to professional service fees associated with the disposition of non-core assets.



Reconciliation of Base Sales by end market sector to GAAP Net Sales by end-market sector:

The tables below present base sales by end-market sector, which represents a financial measure that has not been determined in accordance with U.S. GAAP. Base sales by end-market sector is defined as net sales by end-market sector excluding raw material surcharges. Base Sales by end-market sector is an important financial measure used in the management of the business. Management believes presenting base sales by end-market sector is useful to investors as it provides additional insight into key drivers of base sales such as base price and product mix.

**Quarterly End Market Sector Sales Data
(Dollars in millions, tons in thousands)**

	Three Months Ended June 30, 2021				
	Mobile	Industrial	Energy	Other	Total
Tons	93.6	111.9	8.7	—	214.2
Net Sales	\$ 132.9	\$ 173.6	\$ 13.2	\$ 7.6	\$ 327.3
Less: Surcharges	41.7	57.6	4.6	—	103.9
Base Sales	\$ 91.2	\$ 116.0	\$ 8.6	\$ 7.6	\$ 223.4
Net Sales / Ton	\$ 1,420	\$ 1,551	\$ 1,517	\$ —	\$ 1,528
Surcharges / Ton	\$ 446	\$ 514	\$ 528	\$ —	\$ 485
Base Sales / Ton	\$ 974	\$ 1,037	\$ 989	\$ —	\$ 1,043

	Three Months Ended June 30, 2020				
	Mobile	Industrial	Energy	Other	Total
Tons	32.7	63.2	9.1	3.7	108.7
Net Sales	\$ 36.1	\$ 98.0	\$ 14.6	\$ 5.3	\$ 154.0
Less: Surcharges	6.7	14.6	2.2	0.8	24.3
Base Sales	\$ 29.4	\$ 83.4	\$ 12.4	\$ 4.5	\$ 129.7
Net Sales / Ton	\$ 1,104	\$ 1,551	\$ 1,604	\$ 1,432	\$ 1,417
Surcharges / Ton	\$ 205	\$ 231	\$ 241	\$ 216	\$ 224
Base Sales / Ton	\$ 899	\$ 1,320	\$ 1,363	\$ 1,216	\$ 1,193



(Dollars in millions, tons in thousands)

	Six Months Ended June 30, 2021				
	Mobile	Industrial	Energy	Other	Total
Tons	197.1	196.3	14.2	—	407.6
Net Sales	\$ 266.5	\$ 298.3	\$ 20.9	\$ 15.2	\$ 600.9
Less: Surcharges	74.5	90.3	6.7	—	171.5
Base Sales	\$ 192.0	\$ 208.0	\$ 14.2	\$ 15.2	\$ 429.4
Net Sales / Ton	\$ 1,352	\$ 1,520	\$ 1,472	\$ —	\$ 1,474
Surcharges /Ton	\$ 378	\$ 460	\$ 472	\$ —	\$ 421
Base Sales / Ton	\$ 974	\$ 1,060	\$ 1,000	\$ —	\$ 1,053

	Six Months Ended June 30, 2020				
	Mobile	Industrial	Energy	Other	Total
Tons	121.5	144.4	27.5	28.7	322.1
Net Sales	\$ 133.8	\$ 211.3	\$ 39.8	\$ 28.7	\$ 413.6
Less: Surcharges	23.3	33.4	6.4	7.1	70.2
Base Sales	\$ 110.5	\$ 177.9	\$ 33.4	\$ 21.6	\$ 343.4
Net Sales / Ton	\$ 1,101	\$ 1,463	\$ 1,447	\$ 1,000	\$ 1,284
Surcharges / Ton	\$ 192	\$ 231	\$ 232	\$ 247	\$ 218
Base Sales / Ton	\$ 909	\$ 1,232	\$ 1,215	\$ 753	\$ 1,066

Calculation of Total Liquidity⁽¹⁾:

This calculation is provided as additional relevant information about the company's financial position.

(Dollars in millions) (Unaudited)	June 30, 2021	March 31, 2021	December 31, 2020
Cash and cash equivalents	\$ 115.2	\$ 115.7	\$ 102.8
Credit Agreement:			
Maximum availability	\$ 400.0	\$ 400.0	\$ 400.0
Suppressed availability ⁽²⁾	(133.2)	(152.7)	(183.2)
Availability	266.8	247.3	216.8
Credit facility amount borrowed	—	—	—
Letter of credit obligations	(5.5)	(5.5)	(5.5)
Availability not borrowed	\$ 261.3	\$ 241.8	\$ 211.3
Total liquidity	\$ 376.5	\$ 357.5	\$ 314.1

⁽¹⁾ Total Liquidity is defined as available borrowing capacity plus cash and cash equivalents.

⁽²⁾ As of June 30, 2021, March 31, 2021 and December 31, 2020, TimkenSteel had less than \$400 million in collateral assets to borrow against.

ADJUSTED EBITDA⁽¹⁾ WALKS

(Dollars in millions) (Unaudited)	2020 2Q vs. 2021 2Q		2021 1Q vs. 2021 2Q	
Beginning Adjusted EBITDA ⁽¹⁾	\$	6	\$	41
Volume		22		2
Price/Mix		(15)		5
Raw Material Spread		30		13
Manufacturing		26		10
Inventory Reserve		5		3
SG&A		(4)		(1)
Other		1		(2)
Ending Adjusted EBITDA ⁽¹⁾	\$	71	\$	71

(1) Please refer to the Reconciliation of Earnings (Loss) Before Interest and Taxes (EBIT), Adjusted EBIT, Earnings (Loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA) and Adjusted EBITDA to GAAP Net Income (Loss).