

**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 June 30, 2017

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

(State or other jurisdiction of
incorporation or organization)

1835 Dueber Avenue SW, Canton, OH

(Address of principal executive offices)

46-4024951

(I.R.S. Employer
Identification No.)

44706

(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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if smaller reporting company)	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 July 14, 2017
Common Shares, without par value	44,424,987

TimkenSteel Corporation
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PART I. FINANCIAL INFORMATION

ITEM I. FINANCIAL STATEMENTS

TimkenSteel Corporation
Consolidated Statements of Operations (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
(Dollars in millions, except per share data)				
Net sales	\$339.3	\$223.1	\$648.7	\$441.0
Cost of products sold	315.5	210.8	607.9	423.3
Gross Profit	23.8	12.3	40.8	17.7
Selling, general and administrative expenses	22.3	22.9	45.2	45.0
Restructuring charges	—	0.3	—	0.3
Operating Income (Loss)	1.5	(10.9)	(4.4)	(27.6)
Interest expense	3.7	2.1	7.3	4.1
Other (income) expense, net	(4.3)	(2.6)	(8.8)	(5.2)
Income (Loss) Before Income Taxes	2.1	(10.4)	(2.9)	(26.5)
Provision (benefit) for income taxes	0.8	(3.8)	1.1	(10.2)
Net Income (Loss)	\$1.3	(\$6.6)	(\$4.0)	(\$16.3)
Per Share Data:				
Basic income (loss) per share	\$0.03	(\$0.15)	(\$0.09)	(\$0.37)
Diluted income (loss) per share	\$0.03	(\$0.15)	(\$0.09)	(\$0.37)
Dividends per share	\$—	\$—	\$—	\$—

See accompanying Notes to Unaudited Consolidated Financial Statements.

TimkenSteel Corporation
Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
<hr/>				
(Dollars in millions)				
Net Income (Loss)	\$1.3	(\$6.6)	(\$4.0)	(\$16.3)
Other comprehensive income, net of tax:				
Foreign currency translation adjustments	0.6	(1.8)	0.8	(2.3)
Pension and postretirement liability adjustments	—	4.6	0.3	5.6
Other comprehensive income, net of tax	0.6	2.8	1.1	3.3
Comprehensive Income (Loss), net of tax	\$1.9	(\$3.8)	(\$2.9)	(\$13.0)

See accompanying Notes to Unaudited Consolidated Financial Statements.

TimkenSteel Corporation
Consolidated Balance Sheets (Unaudited)

	June 30, 2017	December 31, 2016
(Dollars in millions)		
ASSETS		
Current Assets		
Cash and cash equivalents	\$36.2	\$25.6
Accounts receivable, net of allowances (2017 - \$2.7 million; 2016 - \$2.1 million)	153.5	91.6
Inventories, net	199.3	164.2
Deferred charges and prepaid expenses	1.8	2.8
Other current assets	6.2	6.2
Total Current Assets	397.0	290.4
Property, Plant and Equipment, Net	713.7	741.9
Other Assets		
Pension assets	9.3	6.2
Intangible assets, net	22.2	25.0
Other non-current assets	6.2	6.4
Total Other Assets	37.7	37.6
Total Assets	\$1,148.4	\$1,069.9
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable, trade	\$130.8	\$87.0
Salaries, wages and benefits	25.1	20.3
Accrued pension and postretirement costs	3.0	3.0
Other current liabilities	17.9	20.4
Total Current Liabilities	176.8	130.7
Non-Current Liabilities		
Convertible notes, net	68.2	66.4
Other long-term debt	100.2	70.2
Accrued pension and postretirement costs	193.4	192.1
Deferred income taxes	0.2	—
Other non-current liabilities	12.7	13.1
Total Non-Current Liabilities	374.7	341.8
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 2017 and 2016 - 45.7 million shares	—	—
Additional paid-in capital	841.6	845.6
Retained deficit	(198.2)	(193.9)
Treasury shares - 2017 - 1.3 million; 2016 - 1.5 million	(38.2)	(44.9)
Accumulated other comprehensive loss	(8.3)	(9.4)
Total Shareholders' Equity	596.9	597.4
Total Liabilities and Shareholders' Equity	\$1,148.4	\$1,069.9

See accompanying Notes to Unaudited Consolidated Financial Statements.

TimkenSteel Corporation
Consolidated Statements of Cash Flows (Unaudited)

	Six Months Ended June 30,	
	2017	2016
(Dollars in millions)		
CASH PROVIDED (USED)		
Operating Activities		
Net loss	(\$4.0)	(\$16.3)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	37.8	37.2
Amortization of deferred financing fees and debt discount	2.1	0.8
Impairment charges and loss on sale or disposal of assets	0.4	1.1
Deferred income taxes	0.2	(15.1)
Stock-based compensation expense	3.4	3.0
Pension and postretirement expense	1.6	2.4
Pension and postretirement contributions and payments	(2.7)	(3.3)
Reimbursement from postretirement plan assets	—	13.3
Changes in operating assets and liabilities:		
Accounts receivable, net	(61.9)	(16.5)
Inventories, net	(35.1)	16.5
Accounts payable, trade	43.8	23.1
Other accrued expenses	1.5	(13.9)
Deferred charges and prepaid expenses	1.0	9.7
Other, net	0.3	6.0
Net Cash (Used) Provided by Operating Activities	(11.6)	48.0
Investing Activities		
Capital expenditures	(6.8)	(15.2)
Net Cash Used by Investing Activities	(6.8)	(15.2)
Financing Activities		
Proceeds from exercise of stock options	0.2	—
Shares surrendered for employee taxes on stock compensation	(1.2)	—
Credit agreement repayments	—	(120.0)
Credit agreement borrowings	30.0	—
Debt issuance costs	—	(4.3)
Proceeds from issuance of convertible notes	—	86.3
Net Cash Provided (Used) by Financing Activities	29.0	(38.0)
Effect of exchange rate changes on cash	—	—
Increase (Decrease) In Cash and Cash Equivalents	10.6	(5.2)
Cash and cash equivalents at beginning of period	25.6	42.4
Cash and Cash Equivalents at End of Period	\$36.2	\$37.2

See accompanying Notes to Unaudited Consolidated Financial Statements.

TimkenSteel Corporation
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, 2016 .

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) and value-add solutions, such as precision steel components. In addition, TimkenSteel supplies machining and thermal treatment services, as well as manages raw material recycling programs, which 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 and tubes production processes take place at the Company's Canton, Ohio manufacturing location. This location accounts for all of the SBQ bars and seamless mechanical tubes 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.

Presentation

Certain items previously reported in specific financial statement captions have been reclassified to conform to the fiscal 2017 presentation.

Change in Accounting Principle

On December 31, 2016, TimkenSteel voluntarily changed its accounting principle for recognizing actuarial gains and losses and expected returns on plan assets for its defined benefit pension and other postretirement benefit plans. Prior to 2016, the Company amortized, as a component of pension and other postretirement expense, unrecognized actuarial gains and losses (included within accumulated other comprehensive income (loss)) over the average remaining service period of active employees expected to receive benefits under the plan, or average remaining life expectancy of inactive participants when all or almost all of plan participants are inactive. The Company historically has calculated the market-related value of plan assets based on a 5 -year market adjustment. The value was determined by adjusting the fair value of plan assets to reflect the investment gains and losses during each of the last 5 years. The difference between the expected return on assets and actual return on assets was recognized at the rate of 20% per year (e.g., recognized over five years). Under the new principle, actuarial gains and losses are immediately recognized through net periodic benefit cost in the Statement of Operations upon the annual remeasurement at December 31, or on an interim basis as triggering events warrant remeasurement. In addition, the Company changed its accounting for measuring the market-related value of plan assets from a calculated amount (based on a five -year smoothing of asset returns) to fair value. The Company believes these changes are preferable, as they result in an accelerated recognition of changes in assumptions and market return on plan assets, as compared to the minimum amortization approach and market-related value of plan assets (i.e. delayed approach). Additionally, the Company believes the new accounting principles provide a better representation of the operating results of the Company and the impact of its benefit obligations (through the income statement) in the period when changes occur.

These changes have been applied retrospectively to prior periods beginning with the formation of the TimkenSteel pension and postretirement benefit plans during the second quarter of 2014. The cumulative effect of the change in accounting principles resulted in a reduction of additional paid in capital of \$ 229.4 million as of the date of establishment of the TimkenSteel pension and other postretirement plans. For further information refer to our Annual Report on Form 10-K for the year ended December 31, 2016 filed with the SEC.

Note 2 - Recent Accounting Pronouncements

Adoption of New Accounting Standards

The Company adopted the following Accounting Standard Updates (ASU) during the six months ended June 30, 2017. With the exception of ASU 2017-07, 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.

Standard	
2015-11	Inventory: Simplifying the Measurement of Inventory (Topic 330)
2016-15	Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments (a Consensus of the Emerging Issues Task Force)
2016-16	Accounting for Income Taxes: Intra-Entity Transfers of Assets Other Than Inventory (Topic 740)
2017-07	Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost (Topic 715)

In the first quarter of 2017, the FASB issued and the Company early adopted ASU 2017-07, “Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost (Topic 715).” This ASU is effective for annual periods beginning after December 31, 2018, with early adoption permitted. This ASU requires entities to present non-service cost components of net periodic benefit cost in a caption below operating loss and provides that only service cost is eligible to be capitalized in inventory or construction of an asset. This ASU requires retrospective application of the change in the statement of operations and prospective application for the capitalization of service cost in assets. This ASU permits previously disclosed components of net benefit costs as an estimation basis for applying the retrospective presentation as a practical expedient. Utilizing the practical expedient approach, based on amounts previously disclosed, the Company reclassified non-service components of net periodic benefit cost from cost of products sold and selling, general and administrative expenses, respectively, into other income, net on the Unaudited Consolidated Statements of Operations. See Note 9 - Retirement and Postretirement Plans for additional information.

Accounting Standards Issued But Not Yet Adopted

In May 2017, the FASB issued ASU 2017-09, Compensation — Stock Compensation (Topic 718), Scope of Modification Accounting. This ASU clarifies when changes to the terms or conditions of a share-based payment award must be accounted for as modifications. This ASU shall be applied prospectively to awards modified on or after the adoption date. It is effective for annual periods beginning after December 31, 2017. Early adoption is permitted, including adoption in any interim period for which financial statements have not yet been issued. TimkenSteel does not expect this ASU to have a material impact on its results of operations or financial condition.

In January 2017, the FASB issued ASU 2017-01, “Business Combinations - Clarifying the Definition of a Business.” This guidance clarifies the definition of a business when evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. It is effective for annual periods beginning after December 31, 2017. TimkenSteel will apply this ASU to business combinations effective after January 1, 2018, as applicable.

In June 2016, the FASB issued ASU 2016-13, “Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.” This ASU changes how entities will measure credit losses for most financial assets, including trade and other receivables. This guidance will replace the current incurred loss approach with an expected loss model. It is effective for annual periods beginning after December 31, 2019, and interim periods therein. Early adoption is permitted for annual periods beginning after December 15, 2018 and interim periods therein. TimkenSteel is currently evaluating the impact of the adoption of this ASU on its results of operations and financial condition.

In February 2016, the FASB issued ASU 2016-02, “Leases (Topic 842),” which 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. It is effective for annual reporting periods beginning after December 15, 2018. The Company regularly enters into operating leases. TimkenSteel is currently evaluating the impact of the adoption of this ASU on its results of operations and financial condition.

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In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)," which provides guidance for revenue recognition and will supersede Topic 605, "Revenue Recognition," and most industry-specific guidance. Under ASU 2014-09 and the subsequently issued amendments, the core principle is that a company will recognize revenue when it transfers promised 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. Additional disclosures will be required about the nature, amount, timing and uncertainty of revenues and cash flows from contracts with customers. This standard is effective for reporting periods after December 15, 2017. TimkenSteel is currently reviewing its significant customer pricing agreements and associated revenue streams, accounting policies, systems and related internal controls in anticipation of adopting ASU 2014-09 as of January 1, 2018. Based on the analysis completed to date, the Company's preliminary expectation is that this standard will not materially impact the amount or timing of revenue recognized. TimkenSteel anticipates adopting this standard using the modified retrospective approach.

Note 3 - Inventories

The components of inventories, net as of June 30, 2017 and December 31, 2016 were as follows:

	June 30, 2017	December 31, 2016
Inventories, net:		
Manufacturing supplies	\$35.0	\$37.9
Raw materials	25.6	16.2
Work in process	94.1	58.6
Finished products	53.0	59.6
Subtotal	207.7	172.3
Allowance for surplus and obsolete inventory	(8.4)	(8.1)
Total Inventories, net	\$199.3	\$164.2

Inventories are valued at the lower of cost or market, with approximately 64% 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.

The LIFO reserve as of June 30, 2017 and December 31, 2016 was \$49.3 million and \$44.6 million, respectively. TimkenSteel projects that its LIFO reserve will increase for the year ending December 31, 2017 due primarily to higher anticipated raw material costs and inventory quantities.

Note 4 - Property, Plant and Equipment

The components of property, plant and equipment, net as of June 30, 2017 and December 31, 2016, were as follows:

	June 30, 2017	December 31, 2016
Property, Plant and Equipment, net:		
Land	\$13.4	\$13.3
Buildings and improvements	421.9	420.6
Machinery and equipment	1,363.1	1,352.0
Construction in progress	51.4	63.9
Subtotal	1,849.8	1,849.8
Less allowances for depreciation	(1,136.1)	(1,107.9)
Property, Plant and Equipment, net	\$713.7	\$741.9

Total depreciation expense was \$34.2 million and \$33.7 million for the six months ended June 30, 2017 and 2016, respectively. TimkenSteel recorded capitalized interest related to construction projects of \$0.3 million and \$0.4 million for the six months ended June 30, 2017 and 2016, respectively. During the three and six months ended June 30, 2017, TimkenSteel recorded impairment charges of \$0.4 million in the caption cost of products sold on the Unaudited Consolidated Statements of

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Operations, related to the discontinued use of certain assets. There were no impairment charges recorded during the three or six months ended June 30, 2016 .

Note 5 - Intangible Assets

The components of intangible assets, net as of June 30, 2017 and December 31, 2016 were as follows:

	June 30, 2017			December 31, 2016		
	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	\$3.9	\$2.4	\$6.3	\$3.7	\$2.6
Technology use	9.0	5.6	3.4	9.0	5.2	3.8
Capitalized software	59.1	42.7	16.4	58.9	40.3	18.6
Total Intangible Assets	\$74.4	\$52.2	\$22.2	\$74.2	\$49.2	\$25.0

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 six months ended June 30, 2017 and 2016 was \$3.6 million and \$3.4 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 Amended Credit Agreement.

The components of the Convertible Notes as of June 30, 2017 and December 31, 2016 were as follows:

	June 30, 2017	December 31, 2016
Principal	\$86.3	\$86.3
Less: Debt issuance costs, net of amortization	(1.9)	(2.1)
Less: Debt discount, net of amortization	(16.2)	(17.8)
Convertible notes, net	\$68.2	\$66.4

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.

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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:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Contractual interest expense	\$1.3	\$0.4	\$2.6	\$0.4
Amortization of debt issuance costs	0.1	0.1	0.2	0.1
Amortization of debt discount	0.8	0.2	1.6	0.2
Total	\$2.2	\$0.7	\$4.4	\$0.7

The fair value of the Convertible Notes was approximately \$149.4 million as of June 30, 2017. 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 June 2017.

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 June 30, 2017 and December 31, 2016 were as follows:

	June 30, 2017	December 31, 2016
Variable-rate State of Ohio Water Development Revenue Refunding Bonds, maturing on November 1, 2025 (0.84% as of June 30, 2017)	\$12.2	\$12.2
Variable-rate State of Ohio Air Quality Development Revenue Refunding Bonds, maturing on November 1, 2025 (0.84% as of June 30, 2017)	9.5	9.5
Variable-rate State of Ohio Pollution Control Revenue Refunding Bonds, maturing on June 1, 2033 (0.84% as of June 30, 2017)	8.5	8.5
Amended Credit Agreement, due 2019 (LIBOR plus applicable spread)	70.0	40.0
Total Other Long-Term Debt	\$100.2	\$70.2

Amended Credit Agreement

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On February 26, 2016, the Company, as borrower, and certain domestic subsidiaries, as subsidiary guarantors, entered into Amendment No. 1 to the Amended and Restated Credit Agreement (as amended by the Amendment, the Amended Credit Agreement) with JPMorgan Chase Bank, N.A., as administrative agent, and the other lenders party thereto.

The Amended Credit Agreement provides for a \$265.0 million asset-based revolving credit facility, including a \$13.3 million sublimit for the issuance of commercial and standby letters of credit, and a \$26.5 million sublimit for swingline loans. The availability of borrowings is subject to a borrowing base calculation based upon a valuation of the eligible accounts receivable, inventory and machinery and equipment of TimkenSteel and the subsidiary guarantors, each multiplied by an applicable advance rate. The Amended Credit Agreement includes a block on availability equal to the greater of \$28.9 million or 12.5% of the aggregate commitments (except that in the event of a mandatory reduction in the commitments, the block on availability will be equal to the greater of \$20.0 million or 12.5% of the aggregate commitments), effectively reducing the Company's borrowing base by the availability block.

The Amended Credit Agreement contains certain customary covenants, including covenants that limit TimkenSteel's and its subsidiaries' ability 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 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. Further, the Amended Credit Agreement contains financial covenants that (i) limit the amount of capital expenditures TimkenSteel may make to \$45.0 million in fiscal year 2016 and \$50.0 million in fiscal years thereafter and (ii) require the Company to maintain a minimum specified fixed charge coverage ratio for the year-to-date periods beginning January 1, 2017 and ending June 30, 2017, July 31, 2017 and August 31, 2017. As of June 30, 2017, we are in compliance with all covenants.

Borrowings under the Amended Credit Agreement bear interest based on the daily balance outstanding at LIBOR (with no rate floor), plus an applicable margin (varying from 3.00% to 3.50%) and an additional 0.75% on the machinery and equipment component or, in certain cases, an alternate base rate (based on certain lending institutions' Prime Rate or as otherwise specified in the Amended and Restated Credit Agreement, with no rate floor), plus an applicable margin (varying from 2.00% to 2.50%). The Amended Credit Agreement also carries a commitment fee equal to the unused borrowings multiplied by an applicable margin of 0.50%. The applicable margins are calculated quarterly and vary based on TimkenSteel's average quarterly availability as set forth in the Amended Credit Agreement. The interest rate under the Amended Credit Agreement was 5.3% as of June 30, 2017. The amount available under the Amended Credit Agreement as of June 30, 2017 was \$152.4 million net, after reducing for the block on availability of \$33.1 million.

Revenue Refunding Bonds

On June 1, 2014, The Timken Company (Timken) purchased, in lieu of redemption, the State of Ohio Water Development Revenue Refunding Bonds (Water Bonds), State of Ohio Air Quality Development Revenue Refunding Bonds (Air Quality Bonds) and State of Ohio Pollution Control Revenue Refunding Bonds (Pollution Control Bonds) (collectively, Bonds). Pursuant to an Assignment and Assumption Agreement dated June 24, 2014 between Timken and TimkenSteel, Timken assigned all of its right, title and interest in and to the loan agreements and the notes associated with the Bonds to, and these obligations were assumed by, TimkenSteel. Additionally, replacement letters of credit were issued for the Water Bonds and the Pollution Control Bonds. The Bonds were remarketed on June 24, 2014 (Remarketing Date) in connection with the conversion of the interest rate mode for the Bonds to the weekly rate and the delivery of the replacement letters of credit, as applicable. TimkenSteel is responsible for payment of the interest and principal associated with the Bonds subsequent to the Remarketing Date.

On September 1, 2016, the Water Bonds were remarketed in connection with the delivery of a replacement letter of credit issued by JP Morgan Chase Bank, N.A. The key terms of the Water Bonds did not change as a result of the remarketing.

All of TimkenSteel's other long-term debt is variable-rate debt. As such, the carrying value of this debt is a reasonable estimate of fair value as interest rates on these borrowings approximate current market rates, which is considered a Level 2 fair value input as defined by Accounting Standard Codification (ASC) 820, Fair Value Measurements. The valuation of Level 2 is based on quoted prices for similar assets and liabilities in active markets that are observable either directly or indirectly.

Advanced Quench-and-Temper Facility

In the second quarter of 2015, TimkenSteel entered into a lease arrangement with the Stark County Port Authority in connection with the construction of a new advanced quench-and-temper facility in Perry Township, Ohio and the issuance of an Industrial Revenue Bond. The bond is held 100% by TimkenSteel Material Services, LLC (a wholly-owned subsidiary of TimkenSteel) and, accordingly, the obligation under the lease agreement and investment in the Industrial Revenue Bond, as well as the related interest income and expense, are eliminated in the Unaudited Consolidated Financial Statements. As of June 30,

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2017, \$39.2 million has been spent on the new advanced quench-and-temper facility and is reported in property, plant and equipment, net in the Unaudited Consolidated Balance Sheets. Of this amount, \$11.8 million has been financed through the lease arrangement described above.

Note 7 - Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive loss for the six months ended June 30, 2017 and 2016 by component are as follows:

	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	0.8	—	0.8
Amounts reclassified from accumulated other comprehensive loss, before income tax	—	0.8	0.8
Income tax benefit	—	(0.5)	(0.5)
Net current period other comprehensive income, net of income taxes	0.8	0.3	1.1
Balance at June 30, 2017	(\$6.2)	(\$2.1)	(\$8.3)

	Foreign Currency Translation Adjustments	Pension and Postretirement Liability Adjustments	Total
Balance at December 31, 2015	(\$5.0)	(\$2.9)	(\$7.9)
Other comprehensive (loss) income before reclassifications, before income tax	(2.3)	—	(2.3)
Amounts reclassified from accumulated other comprehensive loss, before income tax	—	0.9	0.9
Income tax benefit	—	(0.1)	(0.1)
Net current period other comprehensive (loss) income, net of income taxes	(2.3)	0.8	(1.5)
Balance at June 30, 2016	(\$7.3)	(\$2.1)	(\$9.4)

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 six months ended June 30, 2017 were as follows:

	Total	Additional Paid-in Capital	Retained Deficit	Treasury Shares	Accumulated Other Comprehensive Loss
Balance at December 31, 2016	\$597.4	\$845.6	(\$193.9)	(\$44.9)	(\$9.4)
Net loss	(4.0)	—	(4.0)	—	—
Pension and postretirement adjustment, net of tax	0.3	—	—	—	0.3
Foreign currency translation adjustments	0.8	—	—	—	0.8
Stock-based compensation expense	3.4	3.4	—	—	—
Stock option activity	0.2	0.2	—	—	—
Issuance of treasury shares	—	(7.6)	(0.3)	7.9	—
Shares surrendered for taxes	(1.2)	—	—	(1.2)	—
Balance at June 30, 2017	\$596.9	\$841.6	(\$198.2)	(\$38.2)	(\$8.3)

Note 9 - Retirement and Postretirement Plans

The components of net periodic benefit cost for the three and six months ended June 30, 2017 and 2016 were as follows:

Components of net periodic benefit cost:	Three Months Ended June 30, 2017		Three Months Ended June 30, 2016	
	Pension	Postretirement	Pension	Postretirement
Service cost	\$4.6	\$0.4	\$3.6	\$0.4
Interest cost	12.3	2.1	13.5	2.4
Expected return on plan assets	(17.7)	(1.3)	(17.7)	(1.4)
Amortization of prior service cost	0.1	0.3	0.1	0.3
Net Periodic Benefit Cost	(\$0.7)	\$1.5	(\$0.5)	\$1.7

Components of net periodic benefit cost:	Six Months Ended June 30, 2017		Six Months Ended June 30, 2016	
	Pension	Postretirement	Pension	Postretirement
Service cost	\$9.2	\$0.8	\$7.8	\$0.8
Interest cost	24.5	4.2	26.6	4.7
Expected return on plan assets	(35.2)	(2.7)	(35.5)	(2.9)
Amortization of prior service cost	0.2	0.6	0.3	0.6
Net Periodic Benefit Cost	(\$1.3)	\$2.9	(\$0.8)	\$3.2

The service cost component is included in cost of products sold and selling, general and administrative expenses. The non-service cost components of net periodic benefit costs are included in other income, net in the Unaudited Consolidated Statements of Operations. The Company utilized the practical expedient approach, based on amounts previously disclosed, to reclassify non-service components of net periodic benefit cost from cost of products sold and selling, general and administrative expenses, into other income, net on the Unaudited Consolidated Statements of Operations.

The following table sets forth the amounts reclassified into other income, net for the three and six months ended June 30, 2016 .

	Three Months ended June 30, 2016	Six Months ended June 30, 2016
Cost of products sold	\$2.5	\$5.6
Selling, general and administrative expenses	0.3	0.6
	\$2.8	\$6.2

Note 10 - Earnings Per Share

Basic earnings (loss) per share is computed based upon the weighted average number of common shares outstanding. Diluted earnings (loss) per share is computed based upon the weighted average number of common shares outstanding plus the dilutive effect of common share equivalents calculated using the treasury stock or if-converted method. For the convertible notes, the Company utilizes the if-converted method to calculate diluted earnings (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 earnings (loss) per share.

Common share equivalents for shares issuable for equity-based awards were excluded from the computation of diluted earnings (loss) per share for the six months ended June 30, 2017 and the three and six months ended June 30, 2016 because the effect of their inclusion would have been anti-dilutive. Common share equivalents for shares issuable upon the conversion of

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outstanding convertible notes were excluded from the computation of diluted earnings (loss) per share for the three and six months ended June 30, 2017 and 2016 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 and diluted earnings (loss) per share for the three and six months ended June 30, 2017 and 2016 :

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Numerator:				
Net income (loss) for basic and diluted earnings per share	\$1.3	(\$6.6)	(\$4.0)	(\$16.3)
Denominator:				
Weighted average shares outstanding, basic	44,399,070	44,220,496	44,346,422	44,212,796
Dilutive effect of stock-based awards	431,244	—	—	—
Weighted average shares outstanding, diluted	44,830,314	44,220,496	44,346,422	44,212,796
Basic earnings (loss) per share	\$0.03	(\$0.15)	(\$0.09)	(\$0.37)
Diluted earnings (loss) per share	\$0.03	(\$0.15)	(\$0.09)	(\$0.37)

Note 11 - Income Taxes

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 June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Provision (benefit) for income taxes	\$0.8	(\$3.8)	\$1.1	(\$10.2)
Effective tax rate	39.6%	36.5%	(39.1)%	38.5%

For the six months ended June 30, 2017 and the year ended December 31, 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 June 30, 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, in the fourth quarter of 2016, the Company recorded full valuation allowance on its net U.S. deferred tax asset of \$ 15.6 million . 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. 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. The increase in the effective tax rate for the three and six months ended June 30, 2017 is primarily due to a discrete charge of approximately \$1.0 million recorded in the second quarter of 2017.

Note 12 - 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 June 30, 2017 and December 31, 2016 , TimkenSteel had a \$0.6 million and \$0.2 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. Accruals related to such environmental matters represent management's best

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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 June 30, 2017 and December 31, 2016, TimkenSteel had a \$0.6 million reserve for such environmental matters as other current and non-current liabilities on the Unaudited Consolidated Balance Sheets.

The following is a rollforward of the accrual related to environmental matters for the six months ended June 30, 2017 and 2016:

	Six Months Ended June 30,	
	2017	2016
Beginning Balance, January 1	\$0.6	\$0.8
Expenses	0.1	—
Payments	(0.1)	(0.2)
Ending Balance, June 30	\$0.6	\$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 (Timken) 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) and value-add solutions, such as precision steel components. In addition, we supply machining and thermal treatment services, as well as manage raw material recycling programs, which 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; oil country tubular goods (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 the 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 with a competitive cost structure similar to that of a high-volume producer. 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 and tubes production processes take place at our Canton, Ohio manufacturing location. This location accounts for all of the SBQ bars and seamless mechanical tubes 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.

On July 17, 2014, we began investing in additional advanced quench-and-temper heat-treat capacity. The approximately \$40 million facility will perform quench-and-temper heat-treat operations and, we believe, will have capacity for up to 50,000 process-tons annually of 4-inch to 13-inch bars and tubes. This facility will be located in Perry Township, Ohio on the site of our Gambrinus Steel Plant near three existing thermal treatment facilities. This facility will be larger than each of our three existing thermal treatment facilities in Canton, Ohio. The Company anticipates beginning operations in the fourth quarter of 2017.

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 approximately 64% 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

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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 material 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

	Three Months Ended June 30,			
	2017	2016	Increase (Decrease)	% Change
Net sales	\$339.3	\$223.1	\$116.2	52.1%
Net sales, excluding surcharges	261.7	199.9	61.8	30.9%
Gross profit	23.8	12.3	11.5	93.5%
Gross margin	7.0%	5.5%	NM	150 bps
Selling, general and administrative expenses	22.3	22.9	(0.6)	(2.6)%
Net income (loss)	1.3	(6.6)	7.9	(119.7)%
Average scrap index per ton (30 day lag)	374	239	135	56.5%
Average selling price per ton, including surcharges	\$1,152	\$1,176	(\$24)	(2.0)%
Shipments (in tons)	294,600	189,671	104,929	55.3%
Melt utilization	76%	45%	NM	31 pp

	Six Months Ended June 30,			
	2017	2016	Increase (Decrease)	% Change
Net sales	\$648.7	\$441.0	\$207.7	47.1%
Net sales, excluding surcharges	512.7	402.3	110.4	27.4%
Gross profit	40.8	17.7	23.1	130.5%
Gross margin	6.3%	4.0%	NM	230 bps
Selling, general and administrative expenses	45.2	45.0	0.2	0.4%
Net loss	(4.0)	(16.3)	12.3	75.5%
Average scrap index per ton (30 day lag)	343	208	135	64.9%
Average selling price per ton, including surcharges	\$1,129	\$1,173	(\$44)	(3.8)%
Shipments (in tons)	574,504	375,823	198,681	52.9%
Melt utilization	74%	46%	NM	28 pp

The table above presents net sales, 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 adjusted to exclude raw material surcharges provides additional insight into key drivers of net sales such as base price and product mix.

Net Sales

Net sales for the second quarter of 2017 were \$339 million, an increase of \$116 million compared to the second quarter of 2016. Excluding surcharges, net sales increased \$62 million, or 31%. The increase was due to higher volumes of \$115 million and favorable raw material spread of \$54 million, partially offset by price/mix of approximately \$53 million. For the three months ended June 30, 2017, ship tons increased 105 thousand tons, or 55% compared to the same period in 2016, due primarily to market penetration and sales initiatives, including 57 thousand tons of new billet business related to the tube manufacturers supplying the OCTG market.

Net sales for the first half 2017 were \$649 million, an increase of 47% compared to the first half 2016. Excluding surcharges, net sales increased \$110 million, or 27%. The increase was due to higher volumes of \$222 million and favorable raw material spread of \$97 million, partially offset by price/mix of approximately \$111 million. For the six months ended June 30, 2017,

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ship tons increased 199 thousand tons, or 53% compared to the same period in 2016 , due primarily to market penetration and sales initiatives, including 106 thousand tons of new billet business related to the tube manufacturers supplying the OCTG market.

Gross Profit

Gross profit for the second quarter of 2017 was \$24 million , an increase of \$ 12 million , or 93% , compared to gross profit of \$12 million for the second quarter of 2016 . The increase was driven primarily by higher volumes of approximately \$19 million, favorable raw material spread of approximately \$6 million, a supplier refund of approximately \$5 million and production efficiencies of approximately \$15 million as a result of increased melt utilization of 76% for the second quarter of 2017 compared to 45% for the second quarter of 2016 , partially offset by price/mix of approximately \$30 million and lower LIFO income of approximately \$4 million.

Gross profit for the first half of 2017 was \$41 million , an increase of \$23 million , or 131% , compared to gross profit of \$18 million for the first half 2016 . The increase was driven primarily by higher volumes of approximately \$37 million, favorable raw material spread of approximately \$22 million, a supplier refund of approximately \$5 million and production efficiencies of approximately \$27 million as a result of increased melt utilization of 74% for the first half 2017 compared to 46% for the first half 2016 , partially offset by price/mix of approximately \$60 million and lower LIFO income of approximately \$8 million.

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. For the first half 2017 , the surcharge favorably impacted gross margin as a percent of sales.

Selling, General and Administrative Expenses

Selling, general and administrative (SG&A) expenses decreased approximately \$ 1 million , or 3% , for the second quarter of 2017 compared to the second quarter of 2016 due primarily to variable compensation costs. SG&A was flat in the first half 2017 compared to the first half 2016 .

Interest Expense

	Three Months Ended June 30,		
	2017	2016	\$ Change
Cash interest paid	\$2.2	\$0.9	\$1.3
Accrued interest	0.6	0.6	—
Amortization of convertible notes discount and deferred financing	0.9	0.6	0.3
Total Interest Expense	\$3.7	\$2.1	\$1.6

	Six Months Ended June 30,		
	2017	2016	\$ Change
Cash interest paid	\$4.6	\$2.7	\$1.9
Accrued interest	0.6	0.6	—
Amortization of convertible notes discount and deferred financing	2.1	0.8	1.3
Total Interest Expense	\$7.3	\$4.1	\$3.2

Interest expense for the three and six months ended June 30, 2017 increased approximately \$2 million and \$3 million , compared to the same periods in 2016 , due primarily to the issuance in May 2016 of the 6.00% Convertible Senior Notes due in 2021 (Convertible Notes).

Provision (Benefit) for Income Taxes

	Three Months Ended June 30,			
	2017	2016	\$ Change	% Change
Provision (benefit) for income taxes	\$0.8	(\$3.8)	(\$4.6)	(121.1)%
Effective tax rate	39.6%	36.5%	NM	310 bps

	Six Months Ended June 30,			
	2017	2016	\$ Change	% Change
Provision (benefit) for income taxes	\$1.1	(\$10.2)	(\$11.3)	(110.8)%
Effective tax rate	(39.1)%	38.5%	NM	(7,760bps)

For the year ended December 31, 2016, 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 that would result in a net U.S. deferred tax asset at December 31, 2016. In light of our recent operating performance in the U.S. and current industry conditions, we assessed, based upon all available evidence, and concluded that it was more likely than not that we would not realize our U.S. deferred tax assets. As a result, in the first half of 2017 and in the fourth quarter of 2016, we recorded full valuation allowance on our net U.S. deferred tax asset. 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 full valuation allowance against our deferred tax assets in the U.S. and applicable foreign countries until sufficient positive evidence exists to eliminate them. The increase in the effective tax rate for the three and six months ended June 30, 2017 is primarily due to a discrete charge of approximately \$1.0 million recorded in the second quarter of 2017.

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.

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

	Three Months Ended June 30,									
	2017					2016				
	Mobile	Industrial	Energy	Other	Total	Mobile	Industrial	Energy	Other	Total
Tons	108.7	102.8	25.7	57.4	294.6	109.7	74.6	5.4	—	189.7
Net Sales	\$135.6	\$120.2	\$37.6	\$45.9	\$339.3	\$124.1	\$84.2	\$9.0	\$5.8	\$223.1
Less: Surcharges	28.2	27.7	6.0	15.7	77.6	12.9	9.5	0.8	—	23.2
Base Sales	\$107.4	\$92.5	\$31.6	\$30.2	\$261.7	\$111.2	\$74.7	\$8.2	\$5.8	\$199.9
Net Sales / Ton	\$1,247	\$1,169	\$1,463	\$800	\$1,152	\$1,131	\$1,130	\$1,667	N/A	\$1,176
Base Sales / Ton	\$988	\$900	\$1,230	\$526	\$888	\$1,014	\$1,003	\$1,519	N/A	\$1,054

	Six Months Ended June 30,									
	2017					2016				
	Mobile	Industrial	Energy	Other	Total	Mobile	Industrial	Energy	Other	Total
Tons	223.6	202.2	42.6	106.1	574.5	216.9	146.6	12.3	—	375.8
Net Sales	\$272.2	\$230.8	\$61.3	\$84.4	\$648.7	\$245.4	\$166.5	\$19.0	\$10.1	\$441.0
Less: Surcharges	51.1	48.1	8.9	27.8	135.9	21.7	15.6	1.4	—	38.7
Base Sales	\$221.1	\$182.7	\$52.4	\$56.6	\$512.8	\$223.7	\$150.9	\$17.6	\$10.1	\$402.3
Net Sales / Ton	\$1,217	\$1,141	\$1,439	\$795	\$1,129	\$1,131	\$1,136	\$1,545	N/A	\$1,173
Base Sales / Ton	\$989	\$904	\$1,230	\$533	\$893	\$1,031	\$1,029	\$1,431	N/A	\$1,071

Balance Sheet

The following discussion is a comparison of the Consolidated Balance Sheets as of June 30, 2017 (Unaudited) and December 31, 2016 :

	June 30, 2017	December 31, 2016
Current Assets		
Cash and cash equivalents	\$36.2	\$25.6
Accounts receivable, net	153.5	91.6
Inventories, net	\$199.3	\$164.2
Deferred charges and prepaid expenses	1.8	2.8
Other current assets	6.2	6.2
Total Current Assets	\$397.0	\$290.4

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 \$62 million as of June 30, 2017 compared to December 31, 2016 , due to an increase in net sales of \$125 million in the second quarter of 2017 compared to the fourth quarter of 2016. Inventories, net increased \$35 million as of June 30, 2017 compared to December 31, 2016 primarily due to efforts to align inventories with anticipated sales volumes as well as increased costs.

	June 30, 2017	December 31, 2016
Property, Plant and Equipment		
Property, plant and equipment, net	\$713.7	\$741.9

Property, plant and equipment, net decreased \$28 million as of June 30, 2017 compared to December 31, 2016 . The decrease was primarily due to depreciation expense of approximately \$34 million , partially offset by capital expenditures of \$7 million , during the six months ended June 30, 2017 .

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Other Assets	June 30, 2017	December 31, 2016
Pension assets	\$9.3	\$6.2
Intangible assets, net	22.2	25.0
Other non-current assets	6.2	6.4
Total Other Assets	\$37.7	\$37.6

Pension assets increased \$ 3 million as of June 30, 2017 compared to December 31, 2016 , primarily driven by an annual pension contribution made in the first quarter of 2017 to the Company's U.K. pension plan. Intangible assets, net decreased \$3 million as of June 30, 2017 compared to December 31, 2016 , primarily due to amortization expense recognized in the six months ended June 30, 2017 .

Liabilities and Shareholders' Equity	June 30, 2017	December 31, 2016
Current liabilities	\$176.8	\$130.7
Convertible notes, net	68.2	66.4
Other long-term debt	100.2	70.2
Accrued pension and postretirement costs - long-term	193.4	192.1
Deferred income taxes	0.2	—
Other non-current liabilities	12.7	13.1
Total shareholders' equity	596.9	597.4
Total Liabilities and Shareholders' Equity	\$1,148.4	\$1,069.9

Current liabilities increased \$46 million as of June 30, 2017 compared to December 31, 2016 , primarily due to an increase in accounts payable of approximately \$44 million from increased inventory levels, and higher benefit accruals.

See Note 6 - Financing Arrangements in the Notes to Unaudited Consolidated Financial Statements for a discussion of the change in the Convertible Notes.

Other long-term debt increased due to borrowings of \$30 million on the Amended Credit Agreement primarily to fund working capital.

Refer to Note 8 - Changes in Shareholders' Equity in the Notes to Unaudited Consolidated Financial Statements for details of the decrease in Shareholders' 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 the offering expenses payable. We used the net proceeds to repay a portion of the amounts outstanding under our Amended Credit Agreement.

Credit Agreement

During the third quarter of 2015, we projected that at December 31, 2015, we would not be in compliance with the interest coverage ratio covenant contained in our then-existing revolving credit facility, due to a steeper-than-expected drop in industrial demand driven by depressed commodity prices. Accordingly, on December 21, 2015, we amended and restated our existing revolving credit facility, effectively converting it from a cash flow-based facility to an asset-based facility in order to eliminate various financial covenants that are customary in cash flow-based facilities, including the interest coverage ratio covenant.

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On February 26, 2016, we entered into Amendment No. 1 (the Amendment) to the Amended and Restated Credit Agreement dated as of December 21, 2015 (as amended by the Amendment, the Amended Credit Agreement) in order to provide more flexibility with respect to the amount and form of financing we could obtain to enhance our liquidity.

Pursuant to the Amendment, we also reduced the size of the revolving credit facility from \$300 million to \$265 million given that, in the near-term, it was unlikely we would have a borrowing base sufficient to support such availability. The Amended Credit Agreement also includes a block on availability equal to the greater of \$28.9 million or 12.5% of the aggregate commitments (except that in the event of a mandatory reduction in the commitments, the block on availability will be equal to the greater of \$20.0 million or 12.5% of the aggregate commitments), effectively reducing our borrowing base by the availability block. Refer to Note 6 - Financing Arrangements in the Notes to the Unaudited Consolidated Financial Statements and the Covenant Compliance section within Management's Discussion and Analysis for details on the Amended Credit Agreement covenants.

The Amended Credit Agreement has a term of five years through June 30, 2019. The following represents a summary of key liquidity measures as of June 30, 2017 and December 31, 2016:

	June 30, 2017	December 31, 2016
Cash and cash equivalents	\$36.2	\$25.6
Amended Credit Agreement:		
Maximum availability	\$257.1	\$194.4
Amount borrowed	70.0	40.0
Letter of credit obligations	1.6	1.6
Availability not borrowed	185.5	152.8
Availability block	33.1	33.1
Net availability	\$152.4	\$119.7
Total liquidity	\$188.6	\$145.3

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 and maintaining the benefits to our operating results and cash flows driven by the restructuring and cost reduction activities taken during 2015 that streamlined our organizational structure, lowered operating costs and increased liquidity.

As of June 30, 2017, taking into account the foregoing, as well as our view of industrial, energy, and automotive market demands for our products, our 2017 operating plan and our long-range plan, we believe that our cash balance as of June 30, 2017 of \$36 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 June 30, 2019, 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 are 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 that 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, 2016.

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

[Table of Contents](#)**Cash Flows**

The following table reflects the major categories of cash flows for the six months ended June 30, 2017 and 2016 . For additional details, please see the Unaudited Consolidated Statements of Cash Flows contained elsewhere in this quarterly report.

Cash Flows	Six Months Ended June 30,	
	2017	2016
Net cash (used) provided by operating activities	(\$11.6)	\$48.0
Net cash used by investing activities	(6.8)	(15.2)
Net cash provided (used) by financing activities	29.0	(38.0)
Increase (Decrease) in Cash and Cash Equivalents	\$10.6	(\$5.2)

Operating activities

Net cash used by operating activities for the six months ended June 30, 2017 was \$12 million compared to cash provided by operating activities of \$48 million for the six months ended June 30, 2016 . The \$60 million decrease was primarily due to cash used by working capital of \$51 million for the six months ended June 30, 2017 compared to cash provided by working capital of \$19 million for the six months ended June 30, 2016 . Refer to the Unaudited Consolidated Statements of Cash Flows for additional information.

Investing activities

Net cash used by investing activities for the six months ended June 30, 2017 and 2016 was \$7 million and \$15 million , respectively. Cash used for investing activities primarily relates to capital investments in our production processes. Capital spending decreased \$ 8 million due to lower spending compared to the six months ended June 30, 2016 , as a result of targeted strategic capital allocations.

Our business sometimes requires capital investments to maintain our plants and equipment to remain competitive and ensure we can implement strategic initiatives. Our \$51 million construction in progress balance as of June 30, 2017 includes: (a) \$41 million relating to growth initiatives (i.e., new product offerings, additional capacity and new capabilities) and continuous improvement projects; and (b) \$10 million relating primarily to routine capital costs to maintain the reliability, integrity and safety of our manufacturing equipment and facilities. We expect to incur approximately \$29 million of additional costs including approximately \$25 million relating to additional growth initiatives and continuous improvement and approximately \$4 million of additional costs to complete other remaining projects. These additional costs are expected to be incurred during the next one to three years.

Financing activities

Net cash provided by financing activities for the six months ended June 30, 2017 was \$29 million compared to net cash used by financing activities of \$38 million for the six months ended June 30, 2016 . The change was mainly due to borrowings of \$30 million on the Amended Credit Agreement during the six months ended June 30, 2017 compared to repayments of \$120 million on the Amended Credit Agreement, partially offset by the proceeds of \$86.3 million from the issuance of the Convertible Notes during the six months ended June 30, 2016 .

Covenant Compliance

Under the Amended Credit Agreement, we are required to comply with certain customary covenants, including covenants that limit our ability 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 and sales of assets, (v) make distributions and other restricted payments, (vi) change the nature of our 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. Further, the Amended Credit Agreement contains financial covenants that (i) limit the amount of capital expenditures we may make to \$45 million in fiscal year 2016 and \$50 million in fiscal years thereafter and (ii) require the Company to maintain a minimum specified fixed charge coverage ratio for the year-to-date periods beginning January 1, 2017 and ending June 30, 2017, July 31, 2017 and August 31, 2017. The fixed charge coverage ratio is the ratio of EBITDA to fixed charges. Fixed charges include, among other things, cash interest, scheduled principal payments, cash taxes, dividends, capital expenditures, and capital lease obligation payments. As of

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June 30, 2017 , based on our first half 2017 results and our third quarter of 2017 guidance, we believe that our earnings will be sufficient to meet this covenant throughout the term 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, 2016.

Dividends and Share Repurchases

On November 13, 2015, our Board of Directors decided to suspend the cash dividend as we continue to manage through a challenging market environment. Our Board of Directors will review the dividend 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.

There have been no material changes to these policies during the three months ended June 30, 2017 . For a summary of the critical accounting policies and estimates that we used in the preparation of our Unaudited Consolidated Financial Statements, see our Annual Report on Form 10-K for the year ended December 31, 2016 .

New Accounting Guidance

See Note 2 - Recent Accounting Pronouncements to our Unaudited Consolidated Financial Statements for a discussion of recently issued accounting pronouncements.

Forward-Looking Statements

Certain statements set forth in this 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 Form 10-Q. 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; and
- those items identified under Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2016 .

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 Amended 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 June 30, 2017, we have \$168.4 million of aggregate debt outstanding, of which \$100.2 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 \$1.0 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 derivative 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.

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, 2016 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.

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Item 6. Exhibits

Exhibit Number	Exhibit Description
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

* Filed herewith.

** 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 thereunto duly authorized.

TIMKENSTEEL CORPORATION

Date: July 31, 2017

/s/ Christopher J. Holding

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

INDEX TO EXHIBITS

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COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(Dollars in millions, except ratio amounts)

	Six Months Ended June 30,		Year Ended December 31,			
	2017	2016	2015 Adjusted	2014 Adjusted	2013	2012
(Loss) income before income taxes	\$ (2.9)	\$ (142.0)	\$ (71.7)	\$ 68.7	\$ 127.6	\$ 234.3
Plus:						
Fixed charges	8.2	13.4	5.5	8.9	12.0	5.8
Amortization of capitalized interest	0.8	1.9	1.7	0.7	0.6	0.6
Less:						
Interest capitalized	0.3	0.7	1.0	6.9	10.8	4.5
Earnings (loss)	5.8	(127.4)	(65.5)	71.4	129.4	236.2
Interest (A)	6.8	10.6	3.9	7.1	11.0	4.8
Amortization of deferred financing costs	0.8	1.5	0.5	0.9	0.1	0.2
Interest portion of rental expense	0.6	1.3	1.1	0.9	0.9	0.8
Fixed Charges	\$ 8.2	\$ 13.4	\$ 5.5	\$ 8.9	\$ 12.0	\$ 5.8
Ratio of Earnings to Fixed Charges	0.71	(B)	(B)	8.02	10.78	40.72

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

(B) For the year ended December 31, 2016, there was a deficiency of earnings to cover the fixed charges of \$114.2 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.

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: July 31, 2017

/s/ Ward J. Timken, Jr.

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

CERTIFICATION

I, Christopher J. Holding, 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: July 31, 2017

/s/ Christopher J. Holding

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

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 ended June 30, 2017, 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: July 31, 2017

/s/ Ward J. Timken, Jr.

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

Date: July 31, 2017

/s/ Christopher J. Holding

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