Section 1: 8-K (8-K)

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

Current Report Pursuant
to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 25, 2017

THE TIMKEN COMPANY
(Exact Name of Registrant as Specified in its Charter)

Ohio
(State or Other Jurisdiction of Incorporation)

1-1169	**34-0577130**
(Commission File Number)	(I.R.S. Employer Identification No.)

4500 Mt. Pleasant St. NW, North Canton, Ohio 44720-5450
(Address of Principal Executive Offices) (Zip Code)

(234) 262-3000
(Registrant's Telephone Number, Including Area Code)

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

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Emerging growth company ☐

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

Item 2.02 Results of Operations and Financial Condition.

The Timken Company (the “Company”) issued a press release on October 25, 2017 announcing results for the third quarter of 2017. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by this reference.

Also on October 25, 2017, the Company will host a conference call and post conference call materials to its website, www.timken.com.

This information shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be incorporated by reference into a filing under the Securities Act of 1933, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Press Release of The Timken Company dated October 25, 2017

SIGNATURES

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

THE TIMKEN COMPANY

By: /s/ Carolyn E. Cheverine

Carolyn E. Cheverine

Executive Vice President, General Counsel
and Secretary

Date: October 25, 2017

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release of The Timken Company dated October 25, 2017

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Section 2: EX-99.1 (EXHIBIT 99.1)

TIMKEN

Timken Reports Strong Third-Quarter 2017 Results; Raises Full-Year Outlook

- ***Reports sales of $771 million, up 17 percent from the third quarter of 2016***
- ***Generated earnings per diluted share of $0.68 on a GAAP basis, with adjusted earnings per diluted share of $0.71***
- ***Now expects 2017 GAAP earnings of $2.78 to $2.83 per diluted share and adjusted earnings of $2.58 to $2.63 per diluted share***

NORTH CANTON, Ohio: October 25, 2017 **-** The Timken Company (NYSE: TKR; www.timken.com), a world leader in engineered bearings and mechanical power transmission products, today reported third-quarter 2017 sales of $771.4 million, up 17.3 percent from the same period a year ago. The results reflect higher demand across most end-market sectors led by industrial distribution and off-highway, as well as the benefit of acquisitions and currency.

In the third quarter, Timken posted net income of $53.5 million or $0.68 per diluted share, versus net income of $33.6 million or $0.43 per diluted share for the same period a year ago. The year-over-year increase in net income reflects the impact of higher volume, favorable manufacturing performance, lower impairment and restructuring charges, and the benefit of acquisitions and currency. This was partially offset by higher material, logistics and selling, general and administrative (SG&A) costs.

Excluding special items (detailed in the attached tables), adjusted net income in the third quarter of 2017 was $55.9 million or $0.71 per diluted share, up from $42.1 million or $0.53 per diluted share for the same period in 2016.

“We reported strong revenue and earnings growth in the quarter as we continued to see increased demand for our products and services globally,” said Richard G. Kyle, Timken president and chief executive officer. “We executed well, delivering strong organic growth and expanding operating margins both sequentially and year-on-year. We also strengthened Timken’s strategic position with the completion of the Groeneveld acquisition, our fifth acquisition in the last four quarters. Our organic growth initiatives and recent acquisitions are progressing well and will continue to deliver value for our shareholders.”

Third-Quarter 2017 Segment Results

Mobile Industries reported sales of $422.8 million, up 19.7 percent compared with the same period a year ago, driven primarily by the benefit of acquisitions, increased demand in the off-highway and heavy truck sectors and favorable currency, partially offset by lower automotive demand.

Earnings before interest and taxes (EBIT) in the quarter were $34.9 million or 8.3 percent of sales, compared with EBIT of $25.9 million or 7.3 percent of sales for the same period a year ago. The increase in EBIT primarily reflects the impact of higher volume, favorable manufacturing performance, the benefit of acquisitions and currency, and lower impairment and restructuring charges, partially offset by unfavorable price/mix and higher material, logistics and SG&A costs.

Excluding special items (detailed in the attached tables), adjusted EBIT in the quarter was $37.6 million or 8.9 percent of sales, compared with $32.4 million or 9.2 percent of sales in the third quarter last year.

Process Industries reported sales of $348.6 million, up 14.6 percent from the same period a year ago, driven primarily by increased demand in the industrial distribution and heavy industries sectors, increased shipments in wind energy and favorable currency.

EBIT for the quarter was $61.7 million or 17.7 percent of sales, compared with EBIT of $42 million or 13.8 percent of sales for the same period a year ago. The increase in EBIT was driven by higher volume and favorable manufacturing performance, partially offset by higher material, logistics and SG&A costs. (Note: Adjusted EBIT is not detailed here, as there were no special items affecting Process Industries results in the current quarter.)

2017 Outlook

The company now expects 2017 revenue to be up approximately 12 percent in total versus 2016. Within its segments, the company estimates for full-year 2017:

- Mobile Industries sales to be up approximately 13 percent, driven by the benefit of acquisitions and currency, and improved demand in the off-highway and heavy truck sectors, partially offset by softer demand in the rail sector.

- Process Industries sales to be up approximately 11 percent, reflecting growth across most end-market sectors led by industrial distribution and the benefit of acquisitions and currency.

Timken now anticipates 2017 earnings per diluted share to range from $2.78 to $2.83 for the full year on a GAAP basis, which does not account for the mark-to-market pension remeasurement in the fourth quarter.

Excluding special items (detailed in the attached tables), the company expects 2017 adjusted earnings per diluted share to range from $2.58 to $2.63.

“We continue to advance our strategy, and combined with the strength in our end markets, we are forecasting to finish 2017 with strong year-on-year performance improvement,” said Kyle. “The mid-point of our guidance implies almost a 30 percent increase in fourth-quarter adjusted earnings per share and solid operating margin expansion versus the prior year. Additionally, we expect to start 2018 with a higher backlog, growing markets and a healthy growth pipeline.”

Conference Call Information

Timken will host a conference call today at 11 a.m. Eastern Time to review its financial results. Presentation materials will be available online in advance of the call for interested investors and securities analysts.

Conference Call: Wednesday, October 25, 2017
11 a.m. Eastern Time
Live Dial-In: 888-389-5988 or 719-457-2654
(Call in 10 minutes prior to be included.)
Conference ID: Timken’s 3Q Earnings Call

Conference Call Replay: Replay Dial-In available through November 8, 2017:
888-203-1112 or 719-457-0820
Replay Passcode: 2507783

Live Webcast: http://investors.timken.com

About The Timken Company

The Timken Company (NYSE: TKR; www.timken.com) engineers, manufactures and markets bearings, gear drives, belts, chain, couplings, lubrication systems and related products, and offers a spectrum of powertrain rebuild and repair services. The leading authority on tapered roller bearings, Timken today applies its deep knowledge of metallurgy, tribology and mechanical power transmission across a variety of bearings and related systems to improve reliability and efficiency of machinery and equipment all around the world. The company's growing product and services portfolio features many strong industrial brands including Timken®, Fafnir®, Philadelphia Gear®, Drives®, Lovejoy® and Groeneveld®. Known for its quality products and collaborative technical sales model, Timken posted $2.7 billion in sales in 2016. With more than 14,000 employees operating from 31 countries, Timken makes the world more productive and keeps industry in motion.

Certain statements in this release (including statements regarding the company's forecasts, estimates, plans and expectations) that are not historical in nature are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. In particular, the statements related to expectations regarding the company's future financial performance, including information under the heading "Outlook," are forward-looking.

The company cautions that actual results may differ materially from those projected or implied in forward-looking statements due to a variety of important factors, including: the finalization of the company's financial statements for the third quarter of 2017; the company's ability to respond to the changes in its end markets that could affect demand for the company's products; unanticipated changes in business relationships with customers or their purchases from the company; changes in the financial health of the company's customers, which may have an impact on the company's revenues, earnings and impairment charges; fluctuations in raw material and energy costs; the impact of changes to the company's accounting methods; weakness in global or regional economic conditions and capital markets; fluctuations in currency valuations; changes in the expected costs associated with product warranty claims; the ability to achieve satisfactory operating results in the integration of acquired companies; the impact on operations of general economic conditions; fluctuations in customer demand; the impact on the company's pension obligations due to changes in interest rates, investment performance and other tactics designed to reduce risk; the company's ability to complete and achieve the benefits of announced plans, programs, initiatives, and capital investments; and retention of U.S. Continued Dumping and Subsidy Offset Act distributions. Additional factors are discussed in the company's filings with the Securities and Exchange Commission, including the company's Annual Report on Form 10-K for the year ended Dec. 31, 2016, quarterly reports on Form 10-Q and current reports on Form 8-K. Except as required by the federal securities laws, the company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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The Timken Company

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(Dollars in millions, except per share data)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Net sales	**$ 771.4**	$ 657.4	**$ 2,225.8**	$ 2,015.0
Cost of products sold	**554.4**	487.7	**1,626.5**	1,477.7
Gross Profit	**217.0**	169.7	**599.3**	537.3
Selling, general & administrative expenses	**134.0**	107.3	**377.4**	332.6
Impairment and restructuring charges	**1.3**	5.3	**3.8**	18.7
Operating Income	**81.7**	57.1	**218.1**	186.0
Continued Dumping and Subsidy Offset Act income (expense), net [1]	**—**	(0.2)	**—**	53.6
Other income (expense), net	**2.9**	(0.1)	**9.1**	(1.8)
Earnings Before Interest and Taxes (EBIT) [2]	**84.6**	56.8	**227.2**	237.8
Interest expense, net	**(9.4)**	(7.6)	**(24.5)**	(24.0)
Income Before Income Taxes	**75.2**	49.2	**202.7**	213.8
Provision for income taxes	**21.1**	15.2	**28.5**	65.8
Net Income	**54.1**	34.0	**174.2**	148.0
Less: Net income attributable to noncontrolling interest	**0.6**	0.4	**—**	0.3
Net Income Attributable to The Timken Company	**$ 53.5**	$ 33.6	**$ 174.2**	$ 147.7
Net Income per Common Share Attributable to The Timken Company Common Shareholders				
Basic Earnings per share	**$ 0.69**	$ 0.43	**$ 2.24**	$ 1.87
Diluted Earnings per share	**$ 0.68**	$ 0.43	**$ 2.21**	$ 1.86
Average Shares Outstanding	**77,694,974**	77,935,783	**77,766,828**	78,808,179
Average Shares Outstanding - assuming dilution	**78,804,296**	78,617,476	**78,889,930**	79,471,756

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

[2] EBIT is a non-GAAP measure defined as operating income plus other income (expense). EBIT is an important financial measure used in the management of the business, including decisions concerning the allocation of resources and assessment of performance. Management believes that reporting EBIT is useful to investors as this measure is representative of the Company's core operations.

BUSINESS SEGMENTS

(Unaudited)

(Dollars in millions)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Mobile Industries				
Net sales	**$ 422.8**	$ 353.1	**$ 1,214.2**	$ 1,104.1
Earnings before interest and taxes (EBIT) [(1)]	**$ 34.9**	$ 25.9	**$ 100.1**	$ 95.3
EBIT Margin [(1)]	**8.3%**	7.3%	**8.2%**	8.6%
Process Industries				
Net sales	**$ 348.6**	$ 304.3	**$ 1,011.6**	$ 910.9
Earnings before interest and taxes (EBIT) [(1)]	**$ 61.7**	$ 42.0	**$ 164.9**	$ 123.7
EBIT Margin [(1)]	**17.7%**	13.8%	**16.3%**	13.6%
Corporate expense	**$ (12.0)**	$ (10.9)	**$ (37.8)**	$ (34.8)
CDSOA income (expense), net [(2)]	**—**	(0.2)	**—**	53.6
Consolidated				
Net sales	**$ 771.4**	$ 657.4	**$ 2,225.8**	$ 2,015.0
Earnings before interest and taxes (EBIT) [(1)]	**$ 84.6**	$ 56.8	**$ 227.2**	$ 237.8
EBIT Margin [(1)]	**11.0%**	8.6%	**10.2%**	11.8%

[(1)] EBIT is a non-GAAP measure defined as operating income plus other income (expense). EBIT Margin is a non-GAAP measure defined as EBIT as a percentage of net sales. EBIT and EBIT Margin are important financial measures used in the management of the business, including decisions concerning the allocation of resources and assessment of performance. Management believes that reporting EBIT and EBIT Margin is useful to investors as these measures are representative of the Company's core operations of the segments and Company, respectively.

[(2)] CDSOA income (expense), net, represents the amount of funds received by the Company from monies collected by U.S. Customs on entries of merchandise subject to anti-dumping orders that entered the U.S. prior to October 1, 2007.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in millions)

	(Unaudited) September 30, 2017	December 31, 2016
ASSETS		
Cash and cash equivalents	**$ 137.2**	$ 148.8
Restricted cash	**3.3**	2.7
Accounts receivable	**542.2**	438.0
Inventories, net	**687.5**	553.7
Other current assets	**104.1**	68.7
Total Current Assets	**1,474.3**	1,211.9
Property, plant and equipment, net	**842.2**	804.4
Goodwill and other intangible assets	**939.2**	628.5
Non-current pension assets	**31.6**	32.1
Other assets	**76.3**	86.3
Total Assets	**$ 3,363.6**	$ 2,763.2
LIABILITIES		
Accounts payable	**$ 248.1**	$ 176.2
Short-term debt, including current portion of long-term debt	**46.1**	24.2
Income taxes	**7.4**	16.9
Accrued expenses	**267.1**	235.4
Total Current Liabilities	**568.7**	452.7
Long-term debt	**959.8**	635.0
Accrued pension cost	**160.3**	154.7
Accrued postretirement benefits cost	**126.7**	131.5
Other non-current liabilities	**92.2**	78.4
Total Liabilities	**1,907.7**	1,452.3
EQUITY		
The Timken Company shareholders' equity	**1,423.0**	1,279.7
Noncontrolling Interest	**32.9**	31.2
Total Equity	**1,455.9**	1,310.9
Total Liabilities and Equity	**$ 3,363.6**	$ 2,763.2

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in millions)	**2017**	2016	**2017**	2016
Cash Provided by (Used in)				
OPERATING ACTIVITIES				
Net income attributable to The Timken Company	**$ 53.5**	$ 33.6	**$ 174.2**	$ 147.7
Net income attributable to noncontrolling interest	**0.6**	0.4	**—**	0.3
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	**35.7**	33.3	**102.5**	98.3
Impairment charges	**—**	1.2	**—**	3.8
CDSOA receivable	**—**	6.2	**—**	—
Pension and other postretirement expense	**2.7**	4.8	**12.6**	14.5
Pension and other postretirement benefit contributions and payments	**(4.1)**	(8.0)	**(16.3)**	(22.3)
Changes in operating assets and liabilities:				
Accounts receivable	**(15.6)**	7.5	**(61.6)**	12.2
Inventories	**(47.3)**	(5.4)	**(85.4)**	(13.6)
Accounts payable	**5.2**	2.5	**55.7**	15.0
Accrued expenses	**13.9**	(8.6)	**15.9**	(17.5)
Income taxes	**(3.1)**	(1.7)	**(52.1)**	27.5
Other, net	**(13.1)**	8.8	**(2.6)**	12.8
Net Cash Provided by Operating Activities	**$ 28.4**	$ 74.6	**$ 142.9**	$ 278.7
INVESTING ACTIVITIES				
Capital expenditures	**$ (22.6)**	$ (34.0)	**$ (62.5)**	$ (84.4)
Acquisitions	**(283.1)**	(62.1)	**(347.2)**	(62.8)
Other, net	**7.2**	3.8	**2.3**	3.9
Net Cash Used in Investing Activities	**$ (298.5)**	$ (92.3)	**$ (407.4)**	$ (143.3)
FINANCING ACTIVITIES				
Cash dividends paid to shareholders	**$ (21.0)**	$ (20.3)	**$ (62.4)**	$ (61.4)
Purchase of treasury shares	**(14.0)**	(15.1)	**(41.0)**	(83.3)
Proceeds from exercise of stock options	**2.0**	0.3	**27.7**	0.7
Shares surrendered for taxes	**(1.4)**	(0.1)	**(10.8)**	(1.6)
Net proceeds (payments) from credit facilities	**(304.5)**	43.4	**27.6**	19.0
Net proceeds (payments) from long-term debt	**299.4**	(15.1)	**299.4**	(15.1)
Other, net	**(4.1)**	(2.8)	**(4.2)**	2.0
Net Cash Provided by (Used in) Financing Activities	**$ (43.6)**	$ (9.7)	**$ 236.3**	$ (139.7)
Effect of exchange rate changes on cash	**5.8**	0.4	**16.6**	3.7
Decrease in Cash and Cash Equivalents	**$ (307.9)**	$ (27.0)	**$ (11.6)**	$ (0.6)
Cash and Cash Equivalents at Beginning of Period	**445.1**	156.0	**148.8**	129.6
Cash and Cash Equivalents at End of Period	**$ 137.2**	$ 129.0	**$ 137.2**	$ 129.0

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

(Unaudited)

The following reconciliation is provided as additional relevant information about the Company's performance deemed useful to investors. Management believes that the non-GAAP measures of adjusted net income and adjusted diluted earnings per share are important financial measures used in the management of the business, including decisions concerning the allocation of resources and assessment of performance. Management believes that reporting adjusted net income and adjusted diluted earnings per share is useful to investors as these measures are representative of the Company's core operations.

(Dollars in millions, except share data)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2017	**EPS**	2016	EPS	**2017**	**EPS**	2016	EPS
Net Income Attributable to The Timken Company	**$ 53.5**	**$0.68**	$ 33.6	$0.43	**$ 174.2**	**$2.21**	$147.7	$1.86
Adjustments: [1]								
Impairment, restructuring and reorganization charges [2]	**$ 2.6**		$ 7.3		**$ 10.5**		$ 21.4	
Acquisition related charges [3]	**4.4**		2.5		**6.9**		3.3	
Gain on sale of real estate [4]	**(1.6)**		—		**(3.6)**		—	
Pension related charges [5]	**—**		0.1		**4.4**		1.3	
CDSOA (income) expense, net [6]	**—**		0.2		**—**		(53.6)	
Health care plan modification costs [7]	**—**		—		**(0.7)**		—	
(Gain) loss on dissolution of subsidiary	**—**		0.9		**—**		(0.5)	
Tax indemnification [8]	**—**		—		**(1.0)**		—	
(Benefit) provision for income taxes [9]	**(3.0)**		(2.5)		**(37.1)**		9.2	
Total Adjustments:	**2.4**	**0.03**	8.5	0.10	**(20.6)**	**(0.26)**	(18.9)	(0.24)
Adjusted Net Income from The Timken Company	**$ 55.9**	**$0.71**	$ 42.1	$0.53	**$ 153.6**	**$1.95**	$128.8	$1.62

[1] Adjustments are pre-tax, with net tax provision (benefit) listed separately.

[2] Impairment, restructuring and reorganization charges (including items recorded in cost of products sold) relate to: (i) plant closures; (ii) the rationalization of certain plants; and (iii) severance related to cost reduction initiatives. The Company re-assesses its operating footprint and makes adjustments as needed that result in restructuring charges. However, management believes these actions are not representative of the Company's core operations.

[3] Acquisition related charges in 2017 relate to the acquisition of Groeneveld Group ("Groeneveld"), Torsion Control Products, Inc. ("Torsion Control Products"), PT Tech, Inc. ("PT Tech") and EDT Corp. ("EDT"), including one-time transaction costs.

[4] The gain on the sale of real estate related to the sale of a manufacturing facility in South Africa and a manufacturing facility in Altavista, Virgina during the second and third quarter of 2017, respectively.

[5] In 2017, pension related charges represent actuarial losses that resulted from the remeasurement of pension plan assets and obligations as a result of changes in assumptions. The Company recognizes actuarial (gains) and losses through earnings in connection with the annual remeasurement in the fourth quarter, or on an interim basis if specific events trigger a remeasurement. In 2016, pension related charges represented professional fees associated with the implementation of a group annuity contract.

[6] CDSOA (income) expense, net, represents the amount of funds received by the Company from monies collected by U.S. Customs on entries of merchandise subject to anti-dumping orders that entered the U.S. prior to October 1, 2007.

[7] Health care plan modification costs represent one-time charges associated with a redesign in medical insurance options available for active associates. In connection with the redesign, the Company elected to pay certain unused reimbursement account balances to associates impacted by the change in available options.

[8] The tax indemnification in 2017 represents a receivable from TimkenSteel related to the settlement of certain tax liabilities and pursuant to the Tax Sharing Agreement between the Company and TimkenSteel dated June 30, 2014. This amount was recorded in other income.

[9] (Benefit) provision for income taxes includes the impact of discrete tax items recorded during the respective periods, including the net benefit of prior year tax matters during the second quarter of 2017, as well as the net tax impact on pre-tax adjustments, to reflect the use of one overall effective tax rate on adjusted pre-tax income in interim periods.

Reconciliation of EBIT to GAAP Net Income (Loss), and EBIT Margin, After Adjustments, to Net Income (Loss) as a Percentage of Sales and EBIT, After Adjustments, to Net Income (Loss):

(Unaudited)

The following reconciliation is provided as additional relevant information about the Company's performance deemed useful to investors. Management believes consolidated earnings (loss) before interest and taxes (EBIT) is a non-GAAP measure that is useful to investors as it is representative of the Company's performance and that it is appropriate to compare GAAP net income (loss) to consolidated EBIT. Management also believes that non-GAAP measures of adjusted EBIT and adjusted EBIT margin are useful to investors as they are representative of the Company's core operations and are used in the management of the business, including decisions concerning the allocation of resources and assessment of performance.

(Dollars in millions)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2017	**Percentage to Net Sales**	2016	Percentage to Net Sales	**2017**	**Percentage to Net Sales**	2016	Percentage to Net Sales
Net Income	**$54.1**	**7.0 %**	$34.0	5.2 %	**$174.2**	**7.8 %**	$148.0	7.3 %
Provision for income taxes	**21.1**	**2.7 %**	15.2	2.3 %	**28.5**	**1.3 %**	65.8	3.3 %
Interest expense	**10.1**	**1.3 %**	8.0	1.2 %	**26.5**	**1.2 %**	25.1	1.3 %
Interest income	**(0.7)**	**— %**	(0.4)	(0.1)%	**(2.0)**	**(0.1)%**	(1.1)	(0.1)%
Consolidated EBIT	**$84.6**	**11.0 %**	$56.8	8.6 %	**$227.2**	**10.2 %**	$237.8	11.8 %
Adjustments:								
Impairment, restructuring and reorganization charges [1]	**$ 2.6**	**0.3 %**	$ 7.3	1.2 %	**$ 10.5**	**0.4 %**	$ 21.4	1.1 %
CDSOA (income) expense, net [2]	**—**	**— %**	0.2	— %	**—**	**— %**	(53.6)	(2.7)%
Health care plan modification costs [3]	**—**	**— %**	—	— %	**(0.7)**	**— %**	—	— %
Acquisition related charges [4]	**4.4**	**0.6 %**	2.5	0.4 %	**6.9**	**0.3 %**	3.3	0.1 %
Gain on sale of real estate [5]	**(1.6)**	**(0.2)%**	—	— %	**(3.6)**	**(0.2)%**	—	— %
Pension related charges [6]	**—**	**— %**	0.1	— %	**4.4**	**0.2 %**	1.3	0.1 %
Tax indemnification [7]	**—**	**— %**	—	— %	**(1.0)**	**— %**	—	— %
(Gain) loss on dissolution of subsidiary	**—**	**— %**	0.9	0.1 %	**—**	**— %**	(0.5)	— %
Total Adjustments	**5.4**	**0.7 %**	11.0	1.7 %	**16.5**	**0.7 %**	(28.1)	(1.4)%
Adjusted EBIT	**$90.0**	**11.7 %**	$67.8	10.3 %	**$243.7**	**10.9 %**	$209.7	10.4 %

[1] Impairment, restructuring and reorganization charges (including items recorded in cost of products sold) relate to: (i) plant closures; (ii) the rationalization of certain plants; and (iii) severance related to cost reduction initiatives. The Company re-assesses its operating footprint and makes adjustments as needed that result in restructuring charges. However, management believes these actions are not representative of the Company's core operations.

[2] CDSOA (income) expense, net, represents the amount of funds received by the Company from monies collected by U.S. Customs on entries of merchandise subject to anti-dumping orders that entered the U.S. prior to October 1, 2007.

[3] Health care plan modification costs represent one-time charges associated with a redesign in medical insurance options available for active associates. In connection with the redesign, the Company elected to pay certain unused reimbursement account balances to associates impacted by the change in available options.

[4] Acquisition related charges in 2017 relate to the acquisition of Groeneveld, Torsion Control Products, PT Tech and EDT, including one-time transaction costs.

[5] The gain on the sale of real estate related to the sale of a manufacturing facility in South Africa and a manufacturing facility in Altavista, Virgina during the second and third quarter of 2017, respectively.

[6] In 2017, pension related charges represent actuarial losses that resulted from the remeasurement of pension plan assets and obligations as a result of changes in assumptions. The Company recognizes actuarial (gains) and losses through earnings in connection with the annual remeasurement in the fourth quarter, or on an interim basis if specific events trigger a remeasurement. In 2016, pension related charges represented professional fees associated with the implementation of a group annuity contract.

[7] The tax indemnification in 2017 represents a receivable from TimkenSteel related to the settlement of certain tax liabilities and pursuant to the Tax Sharing Agreement between the Company and TimkenSteel dated June 30, 2014. This amount was recorded in other income.

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

(Unaudited)

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

Mobile Industries

(Dollars in millions)	Three Months Ended September 30, 2017	Percentage to Net Sales	Three Months Ended September 30, 2016	Percentage to Net Sales	Nine Months Ended September 30, 2017	Percentage to Net Sales	Nine Months Ended September 30, 2016	Percentage to Net Sales
Earnings before interest and taxes (EBIT)	$ 34.9	8.3 %	$ 25.9	7.3%	$ 100.1	8.2 %	$ 95.3	8.6 %
Impairment, restructuring and reorganization charges [1]	2.6	0.6 %	6.5	1.9%	9.8	0.8 %	15.9	1.4 %
Gain on dissolution of subsidiary	—	— %	—	—%	—	— %	(1.4)	(0.1)%
Gain on sale of real estate [2]	(1.6)	(0.4)%	—	—%	(3.6)	(0.2)%	—	— %
Health care plan modification costs [3]	—	— %	—	—%	(0.4)	— %	—	— %
Acquisition related charges [4]	1.7	0.4 %	—	—%	2.4	0.2 %	—	— %
Pension related charges [5]	—	— %	—	—%	1.8	0.1 %	—	— %
Adjusted EBIT	$ 37.6	8.9 %	$ 32.4	9.2%	$ 110.1	9.1 %	$ 109.8	9.9 %

Process Industries

(Dollars in millions)	Three Months Ended September 30, 2017	Percentage to Net Sales	Three Months Ended September 30, 2016	Percentage to Net Sales	Nine Months Ended September 30, 2017	Percentage to Net Sales	Nine Months Ended September 30, 2016	Percentage to Net Sales
Earnings before interest and taxes (EBIT)	$ 61.7	17.7 %	$ 42.0	13.8%	$ 164.9	16.3 %	$ 123.7	13.6 %
Impairment, restructuring and reorganization charges [1]	—	— %	0.9	0.3%	0.1	— %	5.5	0.6 %
Loss on dissolution/divestment of subsidiary [2]	—	— %	0.9	0.3%	—	— %	0.9	0.1 %
Health care plan modification costs [3]	—	— %	—	—%	(0.2)	— %	—	— %
Acquisition related charges [4]	—	— %	1.7	0.6%	0.2	— %	1.7	0.2 %
Pension related charges [5]	—	— %	—	—%	1.1	0.1 %	—	— %
Adjusted EBIT	$ 61.7	17.7 %	$ 45.5	15.0%	$ 166.1	16.4 %	$ 131.8	14.5 %

[1] Impairment, restructuring and reorganization charges (including items recorded in cost of products sold) relate to: (i) plant closures; (ii) the rationalization of certain plants; and (iii) severance related to cost reduction initiatives. The Company re-assesses its operating footprint and makes adjustments as needed that result in restructuring charges. However, management believes these actions are not representative of the Company's core operations.

[2] The gain on the sale of real estate related to the sale of a manufacturing facility in South Africa and a manufacturing facility in Altavista, Virgina during the second and third quarter of 2017, respectively.

[3] Health care plan modification costs represent one-time charges associated with a redesign in medical insurance options available for active associates. In connection with the redesign, the Company elected to pay certain unused reimbursement account balances to associates impacted by the change in available options.

[4] Acquisition related charges in 2017 relate to the acquisition of Groeneveld, Torsion Control Products, PT Tech and EDT, including one-time transaction costs.

[5] Pension related charges represent actuarial losses that resulted from the remeasurement of pension plan assets and obligations as a result of changes in assumptions. The Company recognizes actuarial (gains) and losses through earnings in connection with the annual remeasurement in the fourth quarter, or on an interim basis if specific events trigger a remeasurement.

Reconciliation of Total Debt to Net Debt and the Ratio of Net Debt to Capital to the Ratio of Total Debt to Capital:

(Unaudited)

These reconciliations are provided as additional relevant information about the Company's financial position deemed useful to investors. Capital, used for the ratio of total debt to capital, is a non-GAAP measure defined as total debt plus total shareholders' equity. Capital, used for the ratio of net debt to capital, is a non-GAAP measure defined as total debt less cash, cash equivalents and restricted cash plus total shareholders' equity. Management believes Net Debt and the Ratio of Net Debt to Capital are important measures of the Company's financial position, due to the amount of cash and cash equivalents on hand.

(Dollars in millions)

	September 30, 2017	December 31, 2016
Short-term debt, including current portion of long-term debt	**$ 46.1**	$ 24.2
Long-term debt	**959.8**	635.0
Total Debt	**$ 1,005.9**	$ 659.2
Less: Cash, cash equivalents and restricted cash	**(140.5)**	(151.5)
Net Debt	**$ 865.4**	$ 507.7
Total equity	**$ 1,455.9**	$ 1,310.9
Ratio of Total Debt to Capital	**40.9%**	33.5%
Ratio of Net Debt to Capital	**37.3%**	27.9%

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

(Unaudited)

Management believes that free cash flow is a non-GAAP measure that is useful to investors because it is a meaningful indicator of cash generated from operating activities available for the execution of its business strategy.

(Dollars in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net cash provided by operating activities	**$ 28.4**	$ 74.6	**$ 142.9**	$ 278.7
Less: capital expenditures	**(22.6)**	(34.0)	**(62.5)**	(84.4)
Free cash flow	**$ 5.8**	$ 40.6	**$ 80.4**	$ 194.3

Reconciliation of Adjusted Earnings per Share to GAAP Earnings per Share for Full Year 2017 Outlook:

(Unaudited)

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

	Low End Earnings Per Share	High End Earnings Per Share
Forecasted full year GAAP diluted earnings per share	$ 2.78	$ 2.83
Forecasted Adjustments:		
Impairment, restructuring and reorganization charges [1]	0.10	0.10
Pension related charges [2]	0.05	0.05
Acquisition related charges [3]	0.05	0.05
(Benefit) provision for income taxes [4]	(0.40)	(0.40)
Total Adjustments:	$ (0.20)	$ (0.20)
Forecasted full year adjusted diluted earnings per share	$ 2.58	$ 2.63

[1] Impairment, restructuring and reorganization charges relate to severance and other cost reduction initiatives, net of tax.

[2] Pension related charges represent actuarial losses that resulted from the remeasurement of pension plan assets and obligations as a result of changes in assumptions. The Company recognizes actuarial (gains) and losses through earnings in connection with the annual remeasurement in the fourth quarter, or on an interim basis if specific events trigger a remeasurement. The full year 2017 outlook does not account for the annual remeasurement because the amount will not be known until the fourth quarter.

[3] Acquisition related charges in 2017, including one-time transaction costs.

[4] (Benefit) provision for income taxes includes the impact of discrete tax items, including the net benefit of prior year tax matters during the second quarter of 2017.

Reconciliation of Free Cash Flow to GAAP Net Cash Provided by Operating Activities for Full Year 2017 Outlook:

(Unaudited)

Forecasted full year free cash flow is a non-GAAP measure that is useful to investors because it is representative of the Company's expectation of cash that will be generated from operating activities and available for the execution of its business strategy.

(Dollars in Millions)	**Free Cash Flow Outlook**
Net cash provided by operating activities	**$ 280.0**
Less: capital expenditures	**(100.0)**
Free cash flow	**$ 180.0**

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