

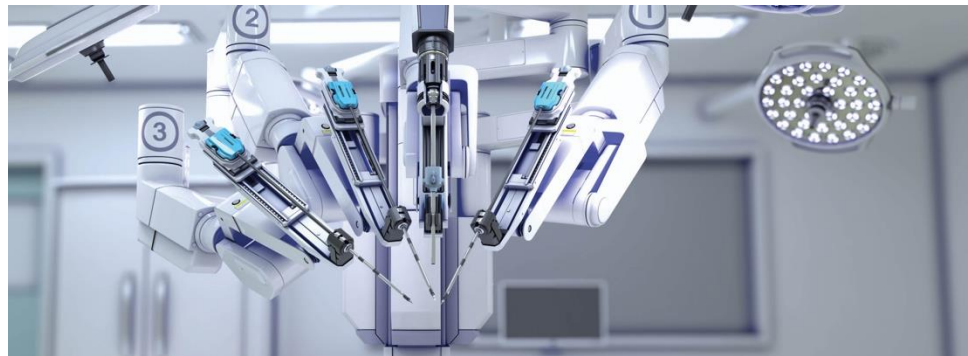
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The Timken Company

2Q 2022 Earnings Investor Presentation

July 28, 2022

Advancing as a Global Industrial Leader



Agenda

INTRODUCTION

Neil Frohnapple – Director, Investor Relations

OVERVIEW AND BUSINESS UPDATE

Rich Kyle – President and Chief Executive Officer

FINANCIAL REVIEW

Phil Fracassa – Executive Vice President and Chief Financial Officer

Q&A

Question and Answer Session

Forward-Looking Statements Safe Harbor and Non-GAAP Financial Information

Certain statements in this presentation (including statements regarding the company's forecasts, beliefs, estimates and expectations) that are not historical in nature are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. In particular, the statements related to Timken's plans, outlook, future financial performance, targets, projected sales, cash flows, liquidity, cost reduction measures and expectations regarding the future financial performance of the company, including the information under the headings, "Organic Growth Outlook – FY 2022 By Market/Sector", "2022 Outlook", "Key Takeaways", "Consistent, Growing and Strong Performance," "2Q-22 Financial Comparison – Net Income & Diluted EPS" and "Cash Flow, Leverage & Capital Allocation" 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 second quarter of 2022; the company's ability to respond to changes in its end markets that could affect demand for the company's products or services; 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; logistical issues associated with port closures or congestion, delays or increased costs; the impact of changes to the company's accounting methods; political risks associated with government instability; recent world events that have increased the risk posed by international trade disputes, tariffs and sanctions; weakness in global or regional general economic conditions and capital markets; the impact of inflation on employee expenses, shipping costs, raw material costs, energy and fuel prices, and other production costs; the company's ability to satisfy its obligations under its debt agreements and renew or refinance borrowings on favorable terms; fluctuations in currency valuations; changes in the expected costs associated with product warranty claims; the ability to achieve satisfactory operating results in the integration of acquired companies, including realizing any accretion, synergies, and expected cashflow generation within expected timeframes or at all; fluctuations in customer demand; the impact on the company's pension obligations and assets due to changes in interest rates, investment performance and other tactics designed to reduce risk; the introduction of new disruptive technologies; unplanned plant shutdowns; the effects of government-imposed restrictions and commercial requirements meant to address climate change; unanticipated litigation, claims, investigations or assessments; the Company's ability to maintain appropriate relations with unions and works councils; the company's ability to compete for skilled labor; negative impacts to the company's operations or financial position as a result of COVID-19 or other epidemics and associated governmental measures; and the company's ability to complete and achieve the benefits of announced plans, programs, initiatives, acquisitions and capital investments. 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, 2021, quarterly reports on Form 10-Q and current reports on Form 8-K. Except as required by the federal securities laws, the company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

This presentation includes certain non-GAAP financial measures as defined by the rules and regulations of the Securities and Exchange Commission. Reconciliation of those measures to the most directly comparable GAAP financial measures are provided in the Appendix to this presentation.

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The Timken Company

Overview and Business Update

Rich Kyle
President and Chief Executive Officer

Advancing as a Global Industrial Leader



2Q 2022 Performance Highlights

Outstanding results in a dynamic and inflationary environment

Record sales of \$1.15 billion in 2Q-22, up 8.5% from prior-year period

- Revenue up 11.4% organically
 - Growth in most end-market sectors led by industrial distribution and off-highway
 - Strong price realization in both segments
 - Backlog up significantly YOY; up modestly sequentially
- Total sales up nearly 3% from 1Q-22 despite impact from China COVID-19 lockdowns and FX headwinds

Adjusted EBITDA margin of 20.0% compared to 18.8% in prior-year period

- Strong margin performance despite higher costs and other headwinds

Record adjusted EPS of \$1.67, up from \$1.37 per share in the prior-year period

Returned \$67 million of cash to shareholders during the quarter

- Repurchased 750K shares
- Paid 400th consecutive quarterly dividend; raised dividend by 3% to \$0.31/share

Completed acquisition of Spinea: bolsters Timken's position in robotics and automation

Organic Growth Outlook – FY 2022 By Market/Sector

(Market/Sector Placement Reflects Mid-Point of Guidance)

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

Expect revenue to be up 7% in total, 9% organic, in 2022 (at mid-point)

- Higher demand across most end markets
- Strong price realization

■ Process Industries ■ Mobile Industries

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

2022 Outlook

	PRIOR OUTLOOK (MAY 2, 2022)	CURRENT OUTLOOK (Jul. 28, 2022)
Net Sales	~+8%	~+7%
Adjusted EPS	\$5.00 to \$5.40	\$5.50 to \$5.80
Free Cash Flow	~65% conversion	~65% conversion

CURRENT OUTLOOK: FULL YEAR 2022 vs. 2021

Total sales up ~7% for the year (organic: +9%; FX: -2.5%; M&A: +0.5%)

- Higher demand across most end markets and positive pricing
- Reflects unfavorable impact from FX and suspending operations in Russia
- Includes 7 months of Spinea (acquisition closed on 5/31)

Adj. EBITDA margin up ~100 bps YOY at the mid-point (vs. ~flat prior)

- Positive impact from higher volume and price-mix
- Price-cost outlook more favorable for FY-22 vs. prior outlook
- Higher operating costs YOY, including labor and energy inflation

Adj. EPS up 20% at the mid-point compared to 2021

- Higher EPS outlook reflects strong YTD and expected FY performance
- Assumes adjusted tax rate of ~25.5%; higher YOY net interest expense
- Positive impact from 1H-22 share repurchases

Free cash flow conversion expected to be roughly 65% of net income

Key Takeaways

Looking back on 2Q-22

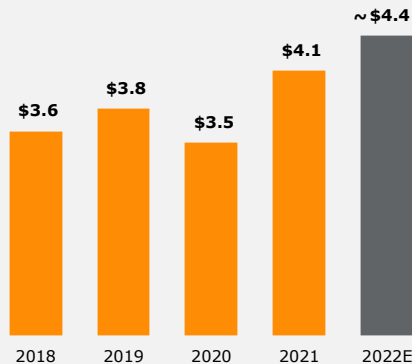
- Record revenue and adjusted EPS performance
 - Delivered double-digit organic sales growth, despite impact from China COVID-19 lockdowns and continued supply chain challenges
 - Adjusted EBITDA margin of 20.0%, up 120 bps compared to last year
 - Strong price realization
- Advanced strategic growth initiatives, including completing the acquisition of Spinea

Looking ahead

- Remain focused on delivering best-in-class customer service and driving operational excellence initiatives
- Strong price realization, with positive price-cost in second half
- Timken well-positioned to deliver strong results through changing economic conditions
 - Continue to demonstrate improved earnings power through the cycle, including in an inflationary environment
- CapEx focused on advancing long-term growth initiatives and driving labor efficiencies
- Expect to generate strong free cash flow in 2H-22
 - Capital allocation to be accretive to earnings growth
- Continue to advance profitable growth strategy and create value for shareholders

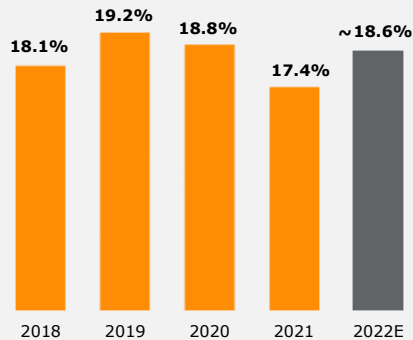
Consistent, Growing and Strong Performance

Revenue (\$B)



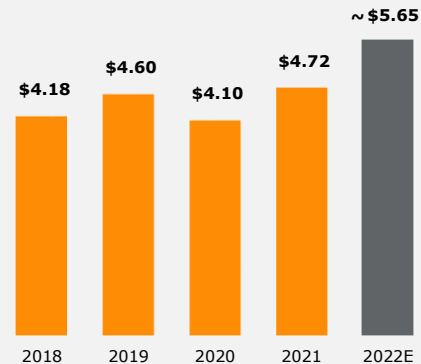
Record revenue four out of five years (including 2022E)
Outgrowth initiatives adding to top-line performance
Acquisitions contributing to revenue growth

Adj. EBITDA Margin



Consistent margin performance through dynamic operating environments
Attractive margin profile; higher and more consistent performance
Growth, price/mix, acquisitions and operational excellence delivering next-level results

Adj. EPS



Record earnings four out of five years (including 2022E); up ~20% YOY in 2022E
Consistently growing the earnings power and cash generation of the company through varying macro-economic conditions

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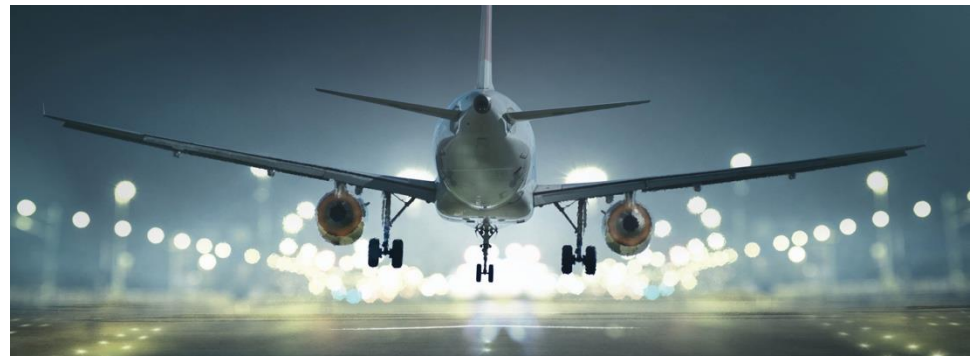
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Financial Performance

Phil Fracassa

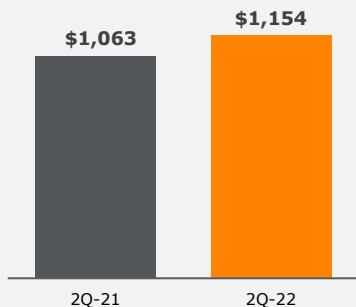
Executive Vice President and Chief Financial Officer

Advancing as a Global Industrial Leader

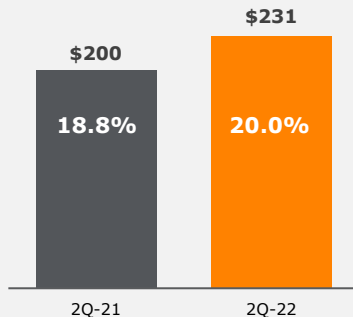


2Q 2022 Financial Overview

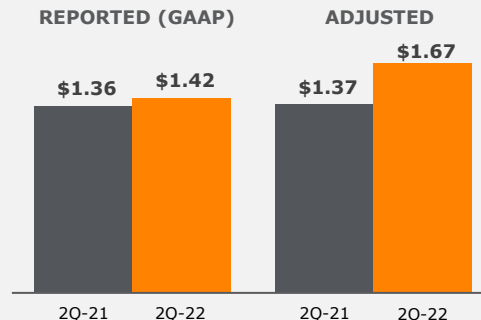
Net Sales (\$M)



Adjusted EBITDA (\$M)



Earnings Per Share



Record sales of \$1.15 billion, up 8.5% from 2Q-21

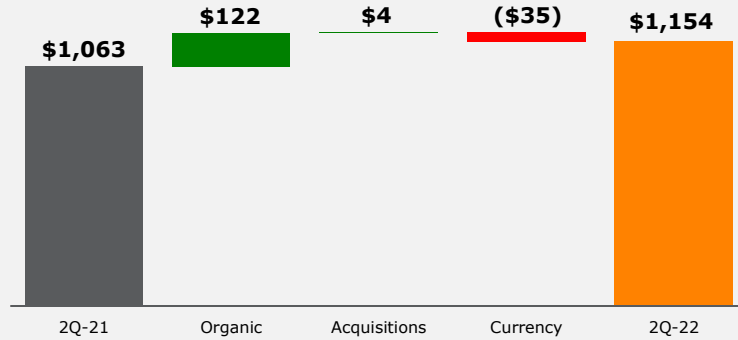
- Increase driven by growth across most end-market sectors and the impact of higher pricing, partially offset by unfavorable FX translation

Adjusted EBITDA margin of 20.0%, up 120 bps from 2Q-21

- Strong EBITDA margin performance, with favorable price/mix and the impact of higher volume more than offsetting significantly higher operating costs

Second quarter adjusted EPS of \$1.67 per diluted share (a quarterly record), up 22% from 2Q-21

2Q 2022 Financial Highlights - Sales



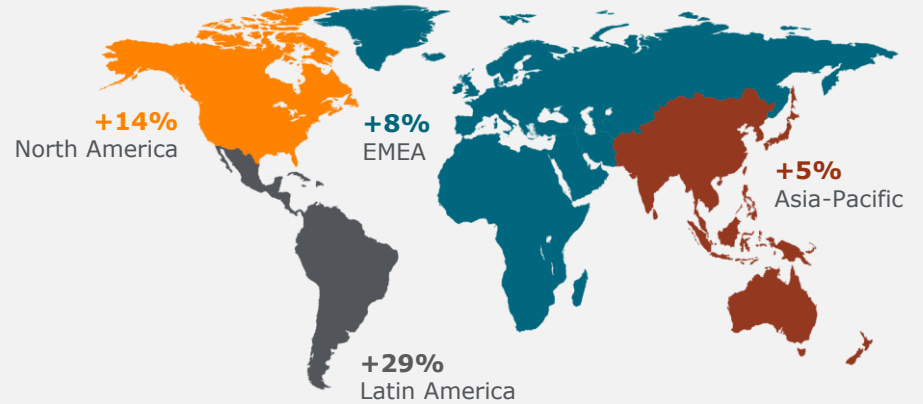
Sales of \$1.15 billion, up 8.5% from a year ago

- Organically, revenue was up 11.4% in the quarter
- Currency was negative 3.3%; acquisitions added 0.4%

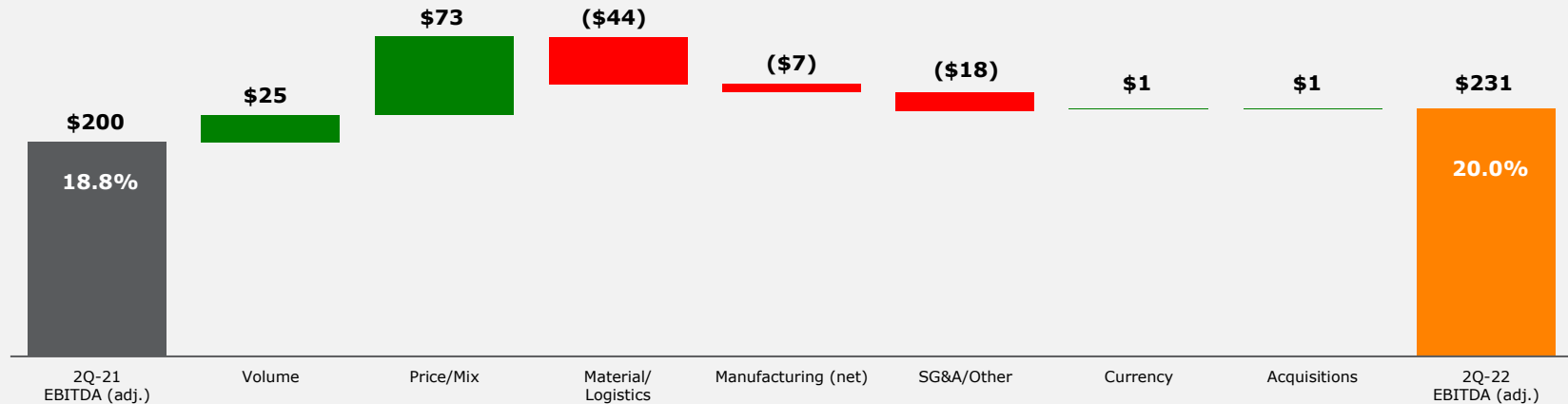
Organic revenue up in all regions

- All regions up, led by double-digit organic growth in the Americas

2Q-22 vs. 2Q-21 SALES BY GEOGRAPHY – ORGANIC *(Excludes Acquisitions and Currency Impact)*



2Q 2022 Financial Comparison – Adjusted EBITDA



Adjusted EBITDA of \$231 million or 20.0% of sales compared with \$200 million or 18.8% of sales in the same period a year ago

- The increase in adjusted EBITDA reflects favorable price/mix, the impact of higher sales volume, and strong execution, partially offset by higher operating costs
- Positive price-mix more than offset higher material & logistics and net manufacturing costs in the quarter
- SG&A expense up in dollars (as expected) to support sales growth and higher compensation; down slightly as a percentage of sales

2Q 2022 Financial Comparison – Net Income & Diluted EPS

	2Q-21		2Q-22	
	\$M	EPS	\$M	EPS
Net Income / EPS	\$104.8	\$1.36	\$105.0	\$1.42
Adjustments	1.3	0.01	18.9	0.25
Adjusted Net Income / Adjusted EPS	\$106.1	\$1.37	\$123.9	\$1.67
Average diluted shares outstanding:	77.3 million		74.2 million	
GAAP tax rate:	21.5%		29.4%	
Adjusted tax rate:	24.5%		25.5%	

Adjusted EPS of \$1.67, up 22% from the prior year

- Net interest expense of \$17.3 million in the quarter, up from \$14.6 million in 2Q-21
- Average diluted shares down YOY reflecting increased share buybacks

GAAP tax rate of 29.4% in 2Q-22, versus rate of 21.5% in 2Q-21

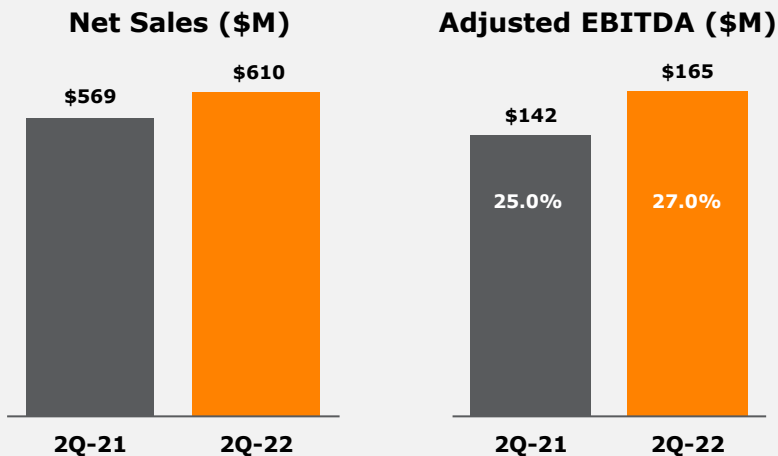
- Higher rate reflects discrete tax expense in the current period versus a benefit in the prior year

Adjusted tax rate of 25.5% in 2Q-22, compared to 24.5% in the prior year

- Higher adjusted rate driven by geographic mix and higher US effective rate
- Expect FY 2022 adj. tax rate of ~25.5% (unchanged from prior outlook)

2Q 2022 Segment Performance

Process Industries



Sales of \$610 million, up 7.3% from the same period last year

- Organically, sales up 9.9% YOY: distribution and general industrial posted the largest gains; heavy industries and services also up; renewable energy and marine down; pricing positive
- Sales down 3.3% from currency; acquisitions added 0.7%

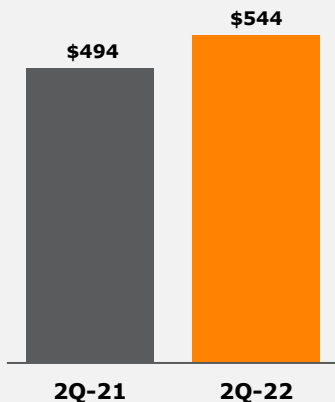
Adjusted EBITDA of \$165 million, or 27.0% of sales

- Increase in adjusted EBITDA reflects positive price/mix and the favorable impact of higher volume, partially offset by higher operating costs

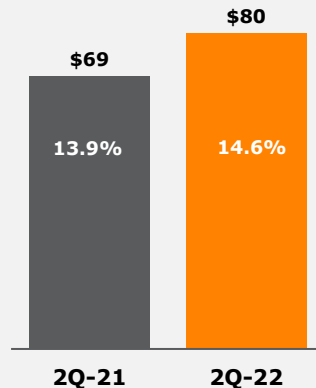
2Q 2022 Segment Performance

Mobile Industries

Net Sales (\$M)



Adjusted EBITDA (\$M)



Sales of \$544 million, up 10.0% from the same period last year

- Organically, sales up 13.2% YOY: off-highway up significantly; rail, heavy-truck and automotive also up; aerospace down modestly; pricing positive
- Sales down 3.2% from currency

Adjusted EBITDA of \$80 million, or 14.6% of sales

- Increase in adjusted EBITDA reflects positive price/mix and the impact of higher volume, partially offset by higher operating costs
- YOY increase in adjusted EBITDA margin driven by meaningful improvement in price-cost performance and higher volume

Cash Flow, Leverage & Capital Allocation

(\$M)	2Q-21	2Q-22	Capital Structure (\$M)		
			12/31/21	06/30/22	
Net Cash from Operations	\$147.1	\$78.3	Cash	\$257	\$305
Capital Expenditures	(31.1)	(40.9)	Total Debt	1,465	1,816
Free Cash Flow (FCF)	\$116.0	\$37.4	Net Debt	1,208	1,511
			Adjusted EBITDA (TTM)	\$718	\$770
			Net Debt/Adj. EBITDA	1.7x	2.0x

2Q-22 FCF reflects higher working capital to support sales growth

Commentary:

- Expect significant step-up in cash flow in the second half of the year
- Increased quarterly dividend by 3% to \$0.31/share in May; paid 400th consecutive quarterly dividend in June
- Completed the acquisition of Spinea on May 31
- Repurchased 750K shares during the second quarter
 - 2.25M shares repurchased YTD (~3% of total shares outstanding)
- Net debt/adj. EBITDA of 2.0x as of June 30 (TTM)

FY-22 Outlook:

- CapEx of 4-4½% of sales; spend supports long-term growth and operational excellence initiatives
- FY-22 net interest expense: ~\$70M (pre-tax)
- Continue to pay an attractive dividend⁽¹⁾
- Drive profitable growth strategy with accretive M&A
- Share buyback remains an attractive option

2022 Outlook

	PRIOR OUTLOOK (MAY 2, 2022)	CURRENT OUTLOOK (Jul. 28, 2022)
Net Sales	~+8%	~+7%
Adjusted EPS	\$5.00 to \$5.40	\$5.50 to \$5.80
Free Cash Flow	~65% conversion	~65% conversion

CURRENT OUTLOOK: FULL YEAR 2022 vs. 2021

Total sales up ~7% for the year (organic: +9%; FX: -2.5%; M&A: +0.5%)

- Higher demand across most end markets and positive pricing
- Reflects unfavorable impact from FX and suspending operations in Russia
- Includes 7 months of Spinea (acquisition closed on 5/31)

Adj. EBITDA margin up ~100 bps YOY at the mid-point (vs. ~flat prior)

- Positive impact from higher volume and price-mix
- Price-cost outlook more favorable for FY-22 vs. prior outlook
- Higher operating costs YOY, including labor and energy inflation

Adj. EPS up 20% at the mid-point compared to 2021

- Higher EPS outlook reflects strong YTD and expected FY performance
- Assumes adjusted tax rate of ~25.5%; higher YOY net interest expense
- Positive impact from 1H-22 share repurchases

Free cash flow conversion expected to be roughly 65% of net income

The Timken Company

Appendix: GAAP Reconciliations

Advancing as a Global Industrial Leader



Supplemental Information: EBITDA Adjustments and Depreciation & Amortization by Segment

(Unaudited)

(Dollars in millions)	Three Months Ended June 30, 2022				Three Months Ended June 30, 2021			
	Mobile Industries	Process Industries	Corporate	Timken	Mobile Industries	Process Industries	Corporate	Timken
Cost of products sold	\$ 1.7	\$ 3.1	\$ —	\$ 4.8	\$ 0.3	\$ 0.8	\$ —	\$ 1.1
Selling, general and administrative expense	(1.1)	(2.2)	0.6	(2.7)	—	—	1.0	1.0
Impairment and restructuring charges	9.7	0.3	—	10.0	1.1	0.2	—	1.3
Other expense (income), net	0.1	(0.2)	11.6	11.5	—	—	3.5	3.5
Total Adjustments to EBITDA	\$ 10.4	\$ 1.0	\$ 12.2	\$ 23.6	\$ 1.4	\$ 1.0	\$ 4.5	\$ 6.9

(Unaudited)

(Dollars in millions)	Three Months Ended June 30, 2022				Three Months Ended June 30, 2021			
	Mobile Industries	Process Industries	Corporate	Timken	Mobile Industries	Process Industries	Corporate	Timken
Depreciation and amortization expense (GAAP)	\$ 18.9	\$ 21.5	\$ 0.3	\$ 40.7	\$ 20.2	\$ 21.7	\$ 0.3	\$ 42.2
Adjusted depreciation and amortization expense	18.9	21.5	0.3	40.7	20.2	21.5	0.3	42.0
Total Adjustments to Depreciation and Amortization	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 0.2	\$ —	\$ 0.2
Total Adjustments to Income Before Income Taxes	\$ 10.4	\$ 1.0	\$ 12.2	\$ 23.6	\$ 1.4	\$ 1.2	\$ 4.5	\$ 7.1

Supplemental Information: EBITDA Adjustments and Depreciation & Amortization by Segment

(Unaudited)

(Dollars in millions)	Six Months Ended June 30, 2022				Six Months Ended June 30, 2021			
	Mobile Industries	Process Industries	Corporate	Timken	Mobile Industries	Process Industries	Corporate	Timken
Cost of products sold	\$ 2.8	\$ 3.7	\$ —	\$ 6.5	\$ 0.6	\$ 1.7	\$ —	\$ 2.3
Selling, general and administrative expense	0.9	(0.3)	1.3	1.9	—	—	0.5	0.5
Impairment and restructuring charges	10.7	0.3	—	11.0	1.3	4.0	—	5.3
Other expense (income), net	0.1	(0.2)	14.2	14.1	—	—	3.8	3.8
Total Adjustments to EBITDA	\$ 14.5	\$ 3.5	\$ 15.5	\$ 33.5	\$ 1.9	\$ 5.7	\$ 4.3	\$ 11.9

(Unaudited)

(Dollars in millions)	Six Months Ended June 30, 2022				Six Months Ended June 30, 2021			
	Mobile Industries	Process Industries	Corporate	Timken	Mobile Industries	Process Industries	Corporate	Timken
Depreciation and amortization expense (GAAP)	\$ 38.1	\$ 43.4	\$ 0.6	\$ 82.1	\$ 40.6	\$ 44.0	\$ 0.6	\$ 85.2
Adjusted depreciation and amortization expense	38.1	43.4	0.6	82.1	40.6	43.5	0.6	84.7
Total Adjustments to Depreciation and Amortization	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 0.5	\$ —	\$ 0.5
Total Adjustments to Income Before Income Taxes	\$ 14.5	\$ 3.5	\$ 15.5	\$ 33.5	\$ 1.9	\$ 6.2	\$ 4.3	\$ 12.4

GAAP Reconciliation: Net Income & EPS

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

(Unaudited)

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

(Dollars in millions, except share data)	Three Months Ended June 30,				Six Months Ended June 30,			
	2022	EPS	2021	EPS	2022	EPS	2021	EPS
Net Income Attributable to The Timken Company	\$ 105.0	\$ 1.42	\$ 104.8	\$ 1.36	\$ 223.2	\$ 2.98	\$ 218.1	\$ 2.82
Adjustments: ⁽¹⁾								
Impairment, restructuring and reorganization charges ⁽²⁾	\$ 2.0		\$ 2.2		\$ 3.6		\$ 7.4	
Corporate pension and other postretirement benefit related expense ⁽³⁾	11.6		3.5		14.2		4.4	
Russia-related charges ⁽⁴⁾	8.4		—		13.0		—	
Acquisition-related charges ⁽⁵⁾	1.6		1.4		2.7		0.6	
Noncontrolling interest of above adjustments	(4.5)		—		(5.8)		0.2	
Provision for income taxes ⁽⁶⁾	(0.2)		(5.8)		(5.3)		(17.9)	
Total Adjustments:	18.9	0.25	1.3	0.01	22.4	0.30	(5.3)	(0.07)
Adjusted Net Income Attributable to The Timken Company	\$ 123.9	\$ 1.67	\$ 106.1	\$ 1.37	\$ 245.6	\$ 3.28	\$ 212.8	\$ 2.75

⁽¹⁾ Adjustments are pre-tax, with the net tax provision 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; (iii) severance related to cost reduction initiatives and (iv) related depreciation and amortization. The Company re-assesses its operating footprint and cost structure periodically, and makes adjustments as needed that result in restructuring charges. However, management believes these actions are not representative of the Company's core operations.

⁽³⁾ Corporate pension and other postretirement benefit related expense represents actuarial losses and (gains) that resulted from the remeasurement of plan assets and obligations as a result of changes in assumptions or experience. The Company recognizes actuarial losses and (gains) in connection with the annual remeasurement in the fourth quarter, or if specific events trigger a remeasurement. Refer to the Retirement Benefit Plans and Other Postretirement Benefit Plans footnotes within the Company's annual reports on Form 10-K and quarterly reports on Form 10-Q for additional discussion.

⁽⁴⁾ Russia-related charges include impairments or allowances recorded against certain property, plant and equipment, inventory and trade receivables to reflect the current impact of Russia's invasion of Ukraine (and associated sanctions) on the Company's operations. Refer to Russia Operations in Management Discussion and Analysis within the Company's quarterly report on Form 10-Q for additional information.

⁽⁵⁾ Acquisition-related charges represent the contingent consideration related to the acquisition of Intelligent Machine Solutions ("iMS") that closed on August 20, 2021, and deal-related expenses associated with completed transactions and certain unsuccessful transactions, as well as any resulting inventory step-up impact. In addition, the 2021 acquisition-related charges includes an acquisition-related gain due to measurement period adjustments to the bargain purchase gain on the acquisition of the assets of Aurora Bearing Company ("Aurora") that closed on November 30, 2020.

⁽⁶⁾ Provision for income taxes includes the net tax impact on pre-tax adjustments (listed above), the impact of discrete tax items recorded during the respective periods as well as other adjustments to reflect the use of one overall effective tax rate on adjusted pre-tax income in interim periods.

GAAP Reconciliation: 2018-2021 Net Income & EPS

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

(Unaudited)

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

(Dollars in millions, except share data)	2021	2020	2019	2018
Net Income Attributable to The Timken Company	\$ 369.1	\$ 284.5	\$ 362.1	\$ 302.8
Adjustments:				
Corporate pension and other postretirement benefit related expense (income) ⁽¹⁾	0.3	18.5	(4.1)	12.8
Impairment, restructuring and reorganization charges ⁽²⁾	15.1	29.0	9.8	7.1
(Gain) loss on divestitures and sale of real estate	—	(0.4)	(4.5)	0.8
Acquisition-related charges ⁽³⁾	3.2	3.7	15.5	20.6
Acquisition-related gain ⁽⁴⁾	(0.9)	(11.1)	—	—
Tax indemnification and related items	0.2	0.5	0.7	1.5
Property loss and related expenses ⁽⁵⁾	—	(5.5)	7.6	—
Brazil legal matter ⁽⁶⁾	—	—	1.8	—
Noncontrolling interest	—	(0.1)	(0.5)	(1.3)
Provision for income taxes	(23.6)	(6.0)	(34.6)	(16.8)
Total Adjustments:	(5.7)	28.6	(8.3)	24.7
Adjusted Net Income Attributable to The Timken Company	\$ 363.4	\$ 313.1	\$ 353.8	\$ 327.5
Diluted Earnings per Share (EPS) - Continuing Operations	\$ 4.79	\$ 3.72	\$ 4.71	\$ 3.86
Adjusted EPS - Continuing Operations	\$ 4.72	\$ 4.10	\$ 4.60	\$ 4.18
Diluted Shares	77,006,589	76,401,366	76,896,565	78,337,481

⁽¹⁾ Corporate pension and other postretirement benefit related expense (income) represent actuarial losses and (gains) that resulted from the remeasurement of plan assets and obligations as a result of changes in assumptions. The Company recognizes actuarial losses and (gains) in connection with the annual remeasurement in the fourth quarter, or if specific events trigger a remeasurement. Refer to the Retirement Benefit Plans and Other Postretirement Benefit Plans footnotes within the Company's annual reports on Form 10-K and quarterly reports on Form 10-Q for additional discussion.

⁽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 cost structure periodically, and makes adjustments as needed that result in restructuring charges. However, management believes these actions are not representative of the Company's core operations.

⁽³⁾ Acquisition-related charges represent deal-related expenses associated with completed and certain unsuccessful transactions, as well as any resulting inventory step-up impact.

⁽⁴⁾ The acquisition-related gain represents a bargain purchase price gain on the acquisition of the assets of Aurora that closed on November 30, 2020.

⁽⁵⁾ Represents property loss and related expenses during the year (net of insurance proceeds) resulting from property loss that occurred during the first quarter of 2019 at one of the Company's warehouses in Knoxville, Tennessee and during the third quarter of 2019 at one of the Company's warehouses in Yantai, China.

⁽⁶⁾ The Brazil legal matter represents expense recorded to establish a liability associated with an investigation into alleged antitrust violations in the bearing industry that was settled in the fourth quarter of 2019.

GAAP Reconciliation: EBITDA and EBITDA, After Adjustments to GAAP Net Income

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Reconciliation of EBITDA to GAAP Net Income, EBITDA Margin to Net Income as a Percentage of Sales, and EBITDA Margin, After Adjustments, to Net Income as a Percentage of Sales, and EBITDA, After Adjustments, to Net Income:

(Unaudited)

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

(Dollars in millions)	Three Months Ended June 30,				Six Months Ended June 30,			
	2022	Percentage to Net Sales	2021	Percentage to Net Sales	2022	Percentage to Net Sales	2021	Percentage to Net Sales
Net Income	\$ 105.6	9.2 %	\$ 107.2	10.1 %	\$ 227.5	10.0 %	\$ 223.2	10.7 %
Provision for income taxes	44.0		29.4		82.2		54.7	
Interest expense	18.3		15.3		32.6		30.2	
Interest income	(1.0)		(0.7)		(1.6)		(1.2)	
Depreciation and amortization	40.7		42.2		82.1		85.2	
Consolidated EBITDA	\$ 207.6	18.0 %	\$ 193.4	18.2 %	\$ 422.8	18.6 %	\$ 392.1	18.8 %
Adjustments:								
Impairment, restructuring and reorganization charges ⁽¹⁾	\$ 2.0		\$ 2.0		\$ 3.6		\$ 6.9	
Corporate pension and other postretirement benefit related expense ⁽²⁾	11.6		3.5		14.2		4.4	
Russia-related charges ⁽³⁾	8.4		—		13.0		—	
Acquisition-related charges ⁽⁴⁾	1.6		1.4		2.7		0.6	
Total Adjustments	23.6	2.0 %	6.9	0.6 %	33.5	1.4 %	11.9	0.5 %
Adjusted EBITDA	\$ 231.2	20.0 %	\$ 200.3	18.8 %	\$ 456.3	20.0 %	\$ 404.0	19.3 %

⁽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 cost structure periodically, and makes adjustments as needed that result in restructuring charges. However, management believes these actions are not representative of the Company's core operations.

⁽²⁾ Corporate pension and other postretirement benefit related expense represents actuarial losses and (gains) in connection with the annual remeasurement of plan assets and obligations as a result of changes in assumptions or experience. The Company recognizes actuarial losses and (gains) in connection with the annual remeasurement in the fourth quarter, or if specific events trigger a remeasurement. Refer to the Retirement Benefit Plans and Other Postretirement Benefit Plans footnotes within the Company's annual reports on Form 10-K and quarterly reports on Form 10-Q for additional discussion.

⁽³⁾ Russia-related charges include impairments or allowances recorded against certain property, plant and equipment, inventory and trade receivables to reflect the current impact of Russia's invasion of Ukraine (and associated sanctions) on the Company's operations. Refer to Russia Operations in Management Discussion and Analysis within the Company's quarterly report on Form 10-Q for additional information.

⁽⁴⁾ Acquisition-related charges represent the contingent consideration related to the acquisition of IMS that closed on August 20, 2021, and deal-related expenses associated with completed transactions and certain unsuccessful transactions, as well as any resulting inventory step-up impact. In addition, the 2021 acquisition-related charges includes an acquisition-related gain due to measurement period adjustments to the bargain purchase gain on the acquisition of the assets of Aurora that closed on November 30, 2020.

GAAP Reconciliation: Segment EBITDA & EBITDA Margin

Reconciliation of segment EBITDA Margin, After Adjustments, to segment EBITDA as a Percentage of Sales and segment EBITDA, After Adjustments, to segment EBITDA: (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 EBITDA and adjusted EBITDA 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 June 30,				Six Months Ended June 30,			
	2022	Percentage to Net Sales	2021	Percentage to Net Sales	2022	Percentage to Net Sales	2021	Percentage to Net Sales
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 69.1	12.7 %	\$ 67.3	13.6 %	\$ 144.2	13.3 %	\$ 146.9	14.7 %
Impairment, restructuring and reorganization charges ⁽¹⁾	1.0		1.2		2.0		1.5	
Russia-related charges ⁽²⁾	9.4		—		12.5		—	
Acquisition-related charges ⁽³⁾	—		0.2		—		0.4	
Adjusted EBITDA	\$ 79.5	14.6 %	\$ 68.7	13.9 %	\$ 158.7	14.6 %	\$ 148.8	14.9 %

Process Industries

(Dollars in millions)	Three Months Ended June 30,				Six Months Ended June 30,			
	2022	Percentage to Net Sales	2021	Percentage to Net Sales	2022	Percentage to Net Sales	2021	Percentage to Net Sales
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 163.5	26.8 %	\$ 141.2	24.8 %	\$ 319.1	26.7 %	\$ 272.2	25.0 %
Impairment, restructuring and reorganization charges ⁽¹⁾	1.0		0.8		1.6		5.4	
Russia-related charges ⁽²⁾	(1.0)		—		0.5		—	
Acquisition-related charges ⁽³⁾	1.0		0.2		1.4		0.3	
Adjusted EBITDA	\$ 164.5	27.0 %	\$ 142.2	25.0 %	\$ 322.6	27.0 %	\$ 277.9	25.5 %

⁽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 cost structure periodically, and makes adjustments as needed that result in restructuring charges. However, management believes these actions are not representative of the Company's core operations.

⁽²⁾ Russia-related charges include impairments or allowances recorded against certain property, plant and equipment, inventory and trade receivables to reflect the current impact of Russia's invasion of Ukraine (and associated sanctions) on the Company's operations. Refer to Russia Operations in Management Discussion and Analysis within the Company's quarterly report on Form 10-Q for additional information.

⁽³⁾ The acquisition-related charges represent contingent consideration related to the acquisition of iMS that closed on August 20, 2021 and the inventory step-up impact of the acquisitions.

GAAP Reconciliation: 2018-2021 EBITDA, and EBITDA, After Adjustments to Net Income

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Reconciliations of GAAP to Non-GAAP Measures: (Unaudited)

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

Reconciliation of Adjusted EBITDA and Margin	2021	2020	2019	2018
Net Sales	\$ 4,132.9	\$ 3,513.2	\$ 3,789.9	\$ 3,580.8
Net Income	381.5	292.4	374.7	305.5
Provision for income taxes	95.1	103.9	97.7	102.6
Interest expense, net	56.5	63.9	67.2	49.6
Depreciation and amortization	167.8	167.1	160.6	146.0
Consolidated Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	\$ 700.9	\$ 627.3	\$ 700.2	\$ 603.7
Adjustments:				
Corporate pension and other postretirement benefit related expense (income) ⁽¹⁾	0.3	18.5	(4.1)	12.8
Impairment, restructuring and reorganization charges ⁽²⁾	14.3	25.9	9.1	7.1
(Gain) loss on divestitures and sale of real estate	—	(0.4)	(4.5)	0.8
Acquisition related charges ⁽³⁾	3.2	3.7	15.5	20.6
Acquisition-related gain ⁽⁴⁾	(0.9)	(11.1)	—	—
Tax indemnification and related items	0.2	0.5	0.7	1.5
Property loss and related expenses ⁽⁵⁾	—	(5.5)	7.6	—
Brazil legal matter ⁽⁶⁾	—	—	1.8	—
Total Adjustments	17.1	31.6	26.1	42.8
Adjusted EBITDA	\$ 718.0	\$ 658.9	\$ 726.3	\$ 646.5
Adjusted EBITDA Margin (% of net Sales)	17.4 %	18.8 %	19.2 %	18.1 %

⁽¹⁾ Corporate pension and other postretirement benefit related expense (income) represent actuarial losses and (gains) that resulted from the remeasurement of plan assets and obligations as a result of changes in assumptions. The Company recognizes actuarial losses and (gains) in connection with the annual remeasurement in the fourth quarter, or if specific events trigger a remeasurement. Refer to the Retirement Benefit Plans and Other Postretirement Benefit Plans footnotes within the Company's annual reports on Form 10-K and quarterly reports on Form 10-Q for additional discussion.

⁽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 cost structure periodically, and makes adjustments as needed that result in restructuring charges. However, management believes these actions are not representative of the Company's core operations.

⁽³⁾ Acquisition-related charges represent deal-related expenses associated with completed and certain unsuccessful transactions, as well as any resulting inventory step-up impact.

⁽⁴⁾ The acquisition-related gain represents a bargain purchase price gain on the acquisition of the assets of Aurora that closed on November 30, 2020.

⁽⁵⁾ Represents property loss and related expenses during the year (net of insurance proceeds) resulting from property loss that occurred during the first quarter of 2019 at one of the Company's warehouses in Knoxville, Tennessee and during the third quarter of 2019 at one of the Company's warehouses in Yantai, China.

⁽⁶⁾ The Brazil legal matter represents expense recorded to establish a liability associated with an investigation into alleged antitrust violations in the bearing industry that was settled in the fourth quarter of 2019.

GAAP Reconciliation: Net Debt & Free Cash Flow

Reconciliation of Total Debt to Net Debt, the Ratio of Net Debt to Capital, and the Ratio of Net Debt to Adjusted EBITDA:

(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 net debt to capital, is a non-GAAP measure defined as total debt less cash and cash equivalents plus total shareholders' equity. Management believes Net Debt, the Ratio of Net Debt to Capital, Adjusted EBITDA (see above), and the Ratio of Net Debt to Adjusted EBITDA are important measures of the Company's financial position, due to the amount of cash and cash equivalents on hand. The Company presents net debt to adjusted EBITDA because it believes it is more representative of the Company's financial position as it is reflective of the ability to cover its net debt obligations with results from its core operations.

(Dollars in millions)

	June 30, 2022	December 31, 2021
Short-term debt, including current portion of long-term debt	\$ 81.6	\$ 53.8
Long-term debt	1,734.3	1,411.1
Total Debt	\$ 1,815.9	\$ 1,464.9
Less: Cash and cash equivalents	(305.3)	(257.1)
Net Debt	\$ 1,510.6	\$ 1,207.8
Total Equity	\$ 2,289.2	\$ 2,377.7
Ratio of Net Debt to Capital	39.8 %	33.7 %
Adjusted EBITDA for the Twelve Months Ended	\$ 770.3	\$ 718.0
Ratio of Net Debt to Adjusted EBITDA	2.0	1.7

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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net cash provided by operating activities	\$ 78.3	\$ 147.1	\$ 77.1	\$ 178.8
Less: capital expenditures	(40.9)	(31.1)	(75.2)	(60.5)
Free cash flow	\$ 37.4	\$ 116.0	\$ 1.9	\$ 118.3

GAAP Reconciliation: Consolidated EBITDA

Reconciliation of EBITDA and EBITDA, After Adjustments, to GAAP Net Income:

(Unaudited)

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

(Dollars in millions)	Twelve Months Ended June 30, 2022		Twelve Months Ended December 31, 2021	
Net Income	\$	385.8	\$	381.5
Provision for income taxes		122.6		95.1
Interest expense		61.2		58.8
Interest income		(2.7)		(2.3)
Depreciation and amortization		164.7		167.8
Consolidated EBITDA	\$	731.6	\$	700.9
Adjustments:				
Impairment, restructuring and reorganization charges ⁽¹⁾	\$	11.0	\$	14.3
Corporate pension and other postretirement benefit related expense ⁽²⁾		10.1		0.3
Acquisition-related charges ⁽³⁾		4.4		2.3
Russia-related charges ⁽⁴⁾		13.0		—
Tax indemnification and related items		0.2		0.2
Total Adjustments		38.7		17.1
Adjusted EBITDA	\$	770.3	\$	718.0

⁽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 cost structure periodically, and makes adjustments as needed that result in restructuring charges. However, management believes these actions are not representative of the Company's core operations.

⁽²⁾ Corporate pension and other postretirement benefit related expense represents actuarial losses and (gains) that resulted from the remeasurement of plan assets and obligations as a result of changes in assumptions or experience. The Company recognizes actuarial losses and (gains) in connection with the annual remeasurement in the fourth quarter, or if specific events trigger a remeasurement.

⁽³⁾ Acquisition-related charges represent contingent consideration related to the acquisition of iMS that closed on August 20, 2021, and deal-related expenses associated with completed transactions and certain unsuccessful transactions, as well as any resulting inventory step-up impact. Also included is the acquisition-related gain related to measurement period adjustments to the bargain purchase gain on the acquisition of the assets of Aurora that closed on November 30, 2020.

⁽⁴⁾ Russia-related charges include impairments or allowances recorded against certain property, plant equipment, inventory and trade receivables to reflect the current impact of Russia's invasion of Ukraine (and associated sanctions) on the Company's operations. Refer to Russia Operations in Management Discussion and Analysis within the Company's quarterly report on Form 10-Q for additional information.

GAAP Reconciliation: Net Sales to Organic Sales and Adjusted EBITDA to GAAP Net Income Outlook

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Reconciliation of Net Sales to Organic Sales

(Unaudited)

The following reconciliation is provided as additional relevant information about the Company's performance deemed useful to investors. Management believes that net sales, excluding the impact of acquisitions and foreign currency exchange rate changes, allow investors and the Company to meaningfully evaluate the percentage change in net sales on a comparable basis from period to period.

	Three Months Ended June 30, 2022		Three Months Ended June 30, 2021		\$ Change	% Change
Net sales	\$ 1,153.7	\$	1,062.9	\$	90.8	8.5 %
Less: Acquisitions	3.9		—		3.9	NM
Currency	(34.7)		—		(34.7)	NM
Net sales, excluding the impact of acquisitions and currency	\$ 1,184.5	\$	1,062.9	\$	121.6	11.4 %

Reconciliation of Adjusted EBITDA to GAAP Net Income for Full Year 2022 Outlook:

(Unaudited)

The following reconciliation is provided as additional relevant information about the Company's outlook deemed useful to investors. Management believes forecasted adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) is a non-GAAP measure that is useful to investors as it is representative of the Company's expectation for the performance of its core business operations and are used in the management of the business, including decisions concerning the allocation of resources and assessment of performance.

(Dollars in millions)

	2022 Outlook
Net Sales	\$ 4,422
Net Income	\$ 405
Income taxes, interest, depreciation and amortization	383
Consolidated EBITDA	\$ 788
Adjustments:	
Restructuring and other special items, net ⁽¹⁾	\$ 34
Total Adjustments	34
Adjusted EBITDA	\$ 822
Adjusted EBITDA Margin (% of net sales)	18.6 %

⁽¹⁾ Restructuring and other special items, net do not include the impact of any potential mark-to-market pension and other postretirement remeasurement adjustments, because the amounts will not be known until incurred.

GAAP Reconciliation: Adjusted EPS and FCF Conversion Outlook

Reconciliation of Adjusted Earnings per Share to GAAP Earnings per Share for Full Year 2022 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	\$ 5.15	\$ 5.45
Forecasted Adjustments:		
Restructuring and other special items, net ⁽¹⁾	0.35	0.35
Total Adjustments:	\$ 0.35	\$ 0.35
Forecasted full year adjusted diluted earnings per share	\$ 5.50	\$ 5.80

⁽¹⁾ Restructuring and other special items, net do not include the impact of any potential mark-to-market pension and other postretirement remeasurement adjustments, because the amounts will not be known until incurred.

Reconciliation of Free Cash Flow Conversion on Adjusted Net Income to Free Cash Flow Conversion on GAAP Net Income for Full Year 2022 Outlook:

(Unaudited)

Forecasted full year free cash flow conversion on adjusted net income 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.

	2022 Outlook
Free cash flow conversion on net income	67 %
Impact of adjustments	(2)%
Free cash flow conversion on adjusted net income	65 %