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The Timken Company

4Q 2021 Earnings Investor Presentation

February 3, 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, "Growth Outlook – FY 2022 By Market/Sector", "2022 Outlook", "Business Spotlight – Automatic Lubrication Systems", "Looking Ahead to 2022", "4Q and FY-21 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 fourth quarter and full year of 2021; 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; fluctuations in material and energy costs; 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 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; the impact on operations of general economic conditions; 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 business, results of operations, financial position or liquidity as a result of COVID-19 or other epidemics and associated governmental measures such as restrictions on travel and manufacturing operations; 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, 2020, 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



4Q 2021 Performance Highlights

Sales of \$1.01 billion in 4Q-21 (record for 4Q), up 13% from prior-year period

- Double-digit organic growth in both Process and Mobile Industries
 - Higher demand in most end-market sectors led by industrial distribution and off-highway
 - Positive pricing in the quarter
 - Capitalized on robust customer demand despite supply chain disruptions
- Backlog grew significantly both YOY and sequentially from 3Q-21

Adjusted EBITDA margin of 13.4% compared to 16.2% in prior-year period

- YOY margin performance impacted by higher operating costs (inflation, supply chain challenges and labor inefficiencies)

4th quarter adjusted EPS of \$0.78 compared to \$0.84 per share in the prior-year period

Returned \$59 million of cash to shareholders during the quarter

- Payment of 398th consecutive quarterly dividend and repurchase of 500K shares

Ended the quarter with a strong balance sheet: net debt to TTM adjusted EBITDA at 1.7x

2021 in Review

Posted record revenue of \$4.1 billion, up nearly 18% compared to 2020

- Served customers' strong demand and continued to win new business despite supply chain disruptions
- Delivered another year of double-digit revenue growth in renewable energy

Achieved new record for adjusted EPS of \$4.72, up 15% from 2020

Increased investments in growth and operational excellence initiatives

- Invested \$148 million toward CapEx in support of future growth and margin expansion
 - Deployed capital to expand presence in attractive sectors like renewable energy and marine
 - Advanced manufacturing footprint initiatives, with focus on higher automation and labor efficiencies
- Expanded linear motion portfolio with the acquisition of Intelligent Machine Solutions (iMS)

Returned \$185 million of cash to shareholders

- 2021 marked the 8th consecutive year of higher annual dividends
- Repurchased 1.25M shares for the year

Continued to prioritize the safety of our employees and other stakeholders

Released 2020 CSR report detailing efforts to create a more efficient and resilient world

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	Automotive	Aerospace
			Industrial Services	General Industrial
			Marine	Heavy Industries
				Heavy Truck
				Ind. Distribution
				Off-Highway
				Rail

Expect revenue to be up 10% in total in 2022 (at mid-point)

- Both segments up double-digits organically
- Currency expected to be a slight headwind

■ Process Industries ■ Mobile Industries

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

2022 Outlook

CURRENT 2022 OUTLOOK (FEBRUARY 3, 2022)

Net Sales

~+10%

Adjusted EPS

\$5.00-\$5.40

Free Cash Flow

~70%
conversion

CURRENT OUTLOOK: FULL YEAR 2022 vs. 2021

Total sales up ~10% for the year (organic: +11%; FX: -1%)

- Higher demand across most end markets and positive pricing
- Second consecutive year of double-digit organic growth

Adj. EBITDA margin of ~17% for FY-22 at the mid-point

- FY-22 adj. EBITDA margins up from 2H-21 run-rate
- Positive impact from higher volume and price realization
- Supply chain and inflationary pressures to persist at 2H-21 levels through 2022
- Higher operating costs, including labor inflation

Adj. EPS up 10% at the mid-point

- Assumes full-year adjusted tax rate of ~25%; interest expense flattish

Cost and inflation

- Costs accelerated in 2H-21 and will start 2022 up significantly versus prior year

Free cash flow conversion expected to be roughly 70% of adjusted net income

Product Spotlight – Automatic Lubrication Systems

Overview

- Timken is the world's #2 largest producer of industrial automatic lubrication systems*
 - Achieved significant synergies following acquisitions of Groeneveld (2017) and BEKA (2019)
 - Lubrication systems today represent over 20% of company's total power transmission sales
 - Secular growth trend in automatic lubrication – displacing manual lubrication

2021 Highlights

- Record revenue performance with sales up mid-teens from 2020
 - Winning incremental business in new markets and regions
 - Growing presence in wind and Asia-Pacific markets
- Strong profitability with EBITDA margins higher than company average
- Record number of new products introduced
- Expanded manufacturing capabilities in North America and Asia to support growth

Outlook

- Anticipating another record year for automatic lubrication systems revenue in 2022
- Expecting greater than GDP growth in this product line going forward
 - Driven by product development initiatives and acceleration of global trend toward automation



Looking Ahead to 2022

Expect to achieve record levels of revenue and earnings again in 2022

- Positive outlook for industrial markets into 2023
- Full pipeline of outgrowth initiatives
- Strong price realization for the full year
- Positioned to meet increased demand – made significant progress on plant staffing, supply chains and inventory levels
- Greater manufacturing efficiencies and benefits from footprint and other CapEx initiatives

Expecting supply chain and inflationary pressures to persist at elevated levels through 2022

- Significantly higher operating costs to start the year versus 2021
- Planning for increased labor costs; continue to implement operational excellence initiatives to mitigate
- Uncertainty remains high – COVID-19, supply chain disruptions, inflation, etc.

Capital allocation to be accretive to earnings growth

- Profitable growth through M&A remains a priority
- 9 million shares remaining on share buyback authorization
- Increasing CapEx to advance long-term growth initiatives and drive labor efficiencies

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The Timken Company

Financial Performance

Phil Fracassa

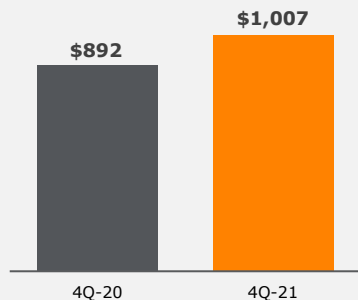
Executive Vice President and Chief Financial Officer

Advancing as a Global Industrial Leader

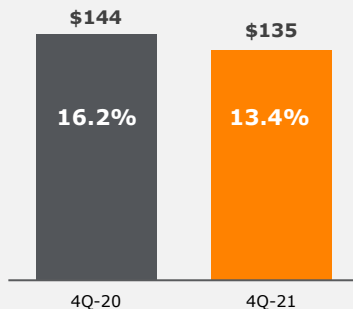


4Q 2021 Financial Overview

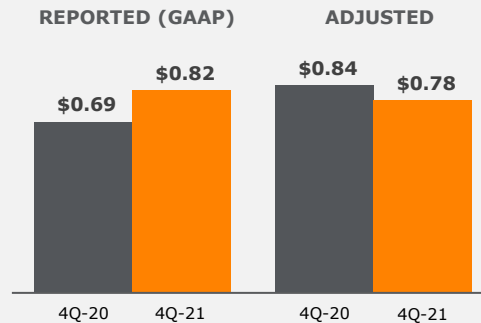
Net Sales (\$M)



Adjusted EBITDA (\$M)



Earnings Per Share



Sales of \$1.01 billion (record for 4Q), up 13% from 4Q-20

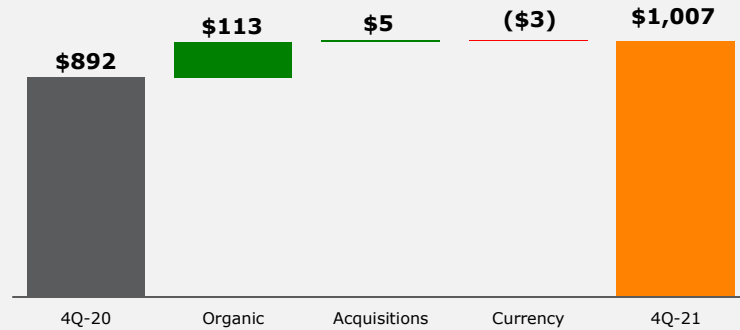
- Increase driven by organic growth across most end-market sectors and the impact of higher pricing

Adjusted EBITDA margin of 13.4%, down 280 bps from 4Q-20

- YOY EBITDA margin performance impacted by significantly higher operating costs, partially offset by the impact of higher volume and favorable price/mix

Fourth quarter adjusted EPS of \$0.78 per diluted share compared to \$0.84 in 4Q-20

4Q 2021 Financial Highlights - Sales



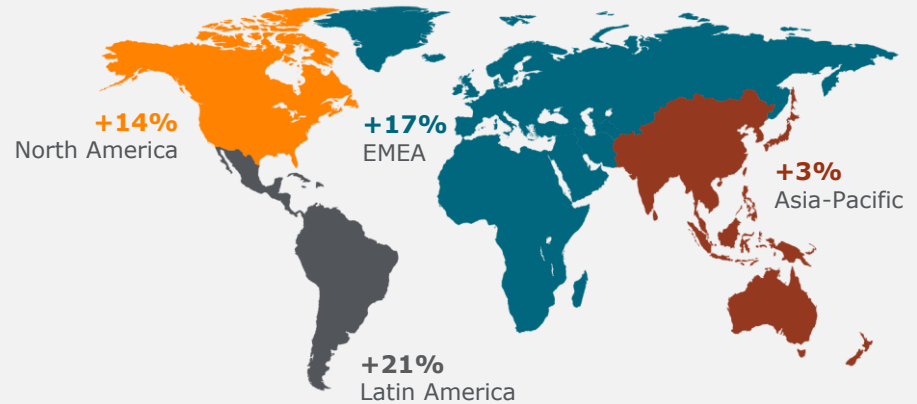
Sales of \$1.01 billion, up 13.0% from a year ago

- Organically, revenue was up 12.7% in the quarter
- Double-digit organic growth from both bearings and power transmission product lines
- Acquisitions contributed 0.6%; currency slightly negative

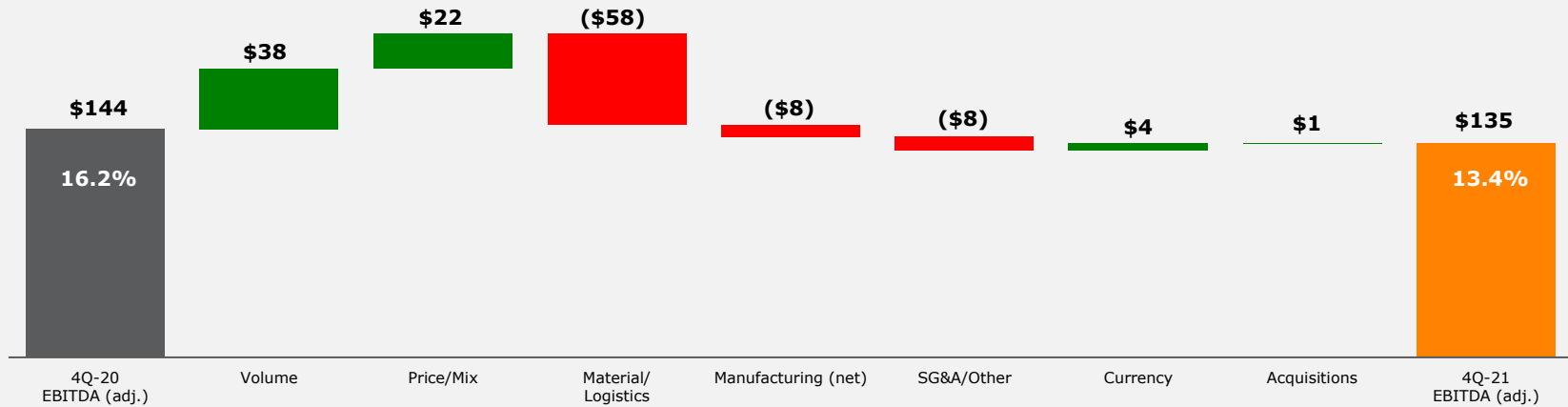
Organic revenue up in all regions

- Strong increases in most regions; Asia-Pacific up slightly

4Q-21 vs. 4Q-20 SALES BY GEOGRAPHY – ORGANIC *(Excludes Acquisitions and Currency Impact)*



4Q 2021 Financial Comparison – Adjusted EBITDA



Adjusted EBITDA of \$135 million or 13.4% of sales compared with \$144 million or 16.2% of sales in the same period a year ago

- The decrease in adjusted EBITDA reflects the impact of significantly higher operating costs, partially offset by higher volume, positive price/mix and favorable currency
- The increase in material & logistics cost driven by inflation and higher freight costs
- Unfavorable manufacturing performance driven by higher labor costs and plant inefficiencies

4Q and FY-21 Financial Comparison – Net Income & Diluted EPS

	4Q-20		4Q-21		FY-20		FY-21	
	\$M	EPS	\$M	EPS	\$M	EPS	\$M	EPS
Net Income / EPS	\$53.1	\$0.69	\$62.9	\$0.82	\$284.5	\$3.72	\$369.1	\$4.79
Adjustments	11.9	0.15	(3.3)	(0.04)	28.6	0.38	(5.7)	(0.07)
Adjusted Net Income / Adjusted EPS	\$65.0	\$0.84	\$59.6	\$0.78	\$313.1	\$4.10	\$363.4	\$4.72
Average diluted shares outstanding:	77.2 million		76.6 million		76.4 million		77.0 million	
GAAP tax rate:	26.3%		23.1%		26.2%		20.0%	
Adjusted tax rate:	23.6%		21.3%		25.5%		24.0%	

4Q-21 adjusted EPS of \$0.78, down 7% from the prior year

- Net interest expense of \$13.2 million in the quarter, down from \$14.6 million in 4Q-20

GAAP tax rate of 23.1% in 4Q-21, down from 26.3% in 4Q-20

- FY-21 GAAP tax rate of 20.0%, down from 26.2% in FY-20

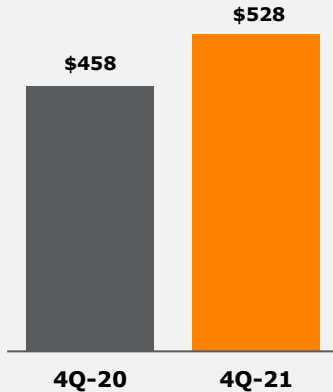
Adjusted tax rate of 21.3% in 4Q-21, down from 23.6% in 4Q-20

- FY-21 adj. tax rate of 24.0%; expect ~25% adj. tax rate for FY-22

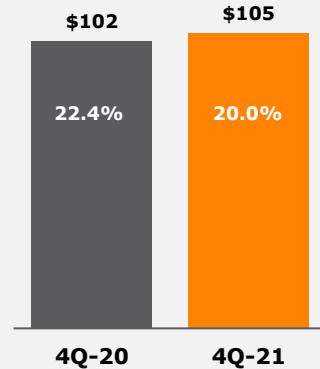
4Q 2021 Segment Performance

Process Industries

Net Sales (\$M)



Adjusted EBITDA (\$M)



Sales of \$528 million, up 15.2% from the same period last year

- Organically, sales up 14.5% YOY: distribution and general industrial posted the largest gains; marine and services also up; heavy industries up slightly; renewable energy flat
- Linear motion posted the strongest percentage gain among non-bearing product lines
- Sales up 0.7% from acquisitions; currency neutral

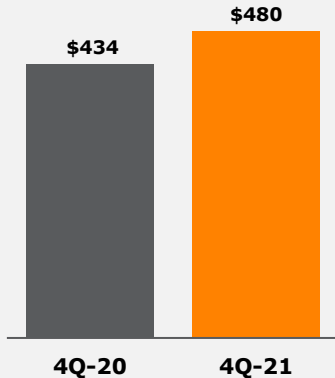
Adjusted EBITDA of \$105 million, or 20.0% of sales

- Slight increase in adjusted EBITDA reflects the impact of higher volume, positive price/mix and favorable currency, partially offset by significantly higher operating costs
- Margin performance impacted by higher material & logistics and manufacturing costs

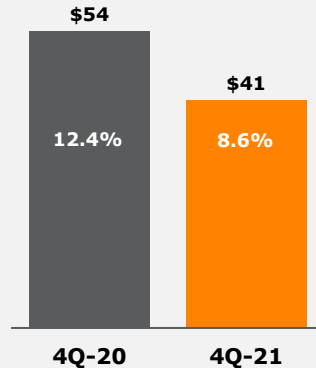
4Q 2021 Segment Performance

Mobile Industries

Net Sales (\$M)



Adjusted EBITDA (\$M)



Sales of \$480 million, up 10.6% from the same period last year

- Organically, sales up 10.8% YOY: off-highway up significantly; aerospace, rail and heavy-truck also up; automotive relatively flat; pricing positive
- Sales up 0.5% from acquisitions; down 0.7% from currency

Adjusted EBITDA of \$41 million, or 8.6% of sales

- Decrease in adjusted EBITDA reflects the impact of higher operating costs, partially offset by higher volume and positive price/mix
- Material & logistics costs impacted margin performance of Mobile Industries to a greater degree than Process Industries

Cash Flow, Leverage & Capital Allocation

(\$M)	4Q-20	4Q-21	FY-20	FY-21	Capital Structure (\$M)		
					12/31/20	12/31/21	
Net Cash from Operations	\$120.5	\$102.8	\$577.6	\$387.3	Cash	\$320	\$257
Capital Expenditures	(35.9)	(44.7)	(121.6)	(148.3)	Total Debt	1,565	1,465
Free Cash Flow (FCF)	\$84.6	\$58.1	\$456.0	\$239.0	Net Debt	1,244	1,208
					Adjusted EBITDA (TTM)	\$659	\$718
					Net Debt/Adj. EBITDA	1.9x	1.7x

FY-21 Highlights:

- FCF impacted by higher working capital needs to support sales growth and CapEx to fuel growth initiatives
- CapEx of \$148M in 2021 (~3.6% of sales)
- Returned a total of \$185M of cash to shareholders in 2021
 - 8th consecutive year of higher annual dividends
 - Repurchased 1.25M shares during the year
- Net debt to adjusted EBITDA of 1.7x at December 31
 - Near low-end of 1.5-2.5x targeted range

FY-22 Outlook:

- CapEx of ~4% of sales; spend supports long-term growth and operational excellence initiatives, incl. labor efficiencies
- FY-22 net interest expense flattish with FY-21
- Continue to pay an attractive dividend⁽¹⁾
- Drive profitable growth strategy with accretive M&A
- Share buyback remains an attractive option

Free cash flow is defined as net cash provided by operating activities minus capital expenditures.

See appendix for reconciliations of net debt, adjusted EBITDA and net debt/adjusted EBITDA to their most directly comparable GAAP equivalents.

(1) Subject to Board approval

2022 Outlook

CURRENT 2022 OUTLOOK (FEBRUARY 3, 2022)

Net Sales

~+10%

Adjusted EPS

\$5.00-\$5.40

Free Cash Flow

~70%
conversion

CURRENT OUTLOOK: FULL YEAR 2022 vs. 2021

Total sales up ~10% for the year (organic: +11%; FX: -1%)

- Higher demand across most end markets and positive pricing
- Second consecutive year of double-digit organic growth

Adj. EBITDA margin of ~17% for FY-22 at the mid-point

- FY-22 adj. EBITDA margins up from 2H-21 run-rate
- Positive impact from higher volume and price realization
- Supply chain and inflationary pressures to persist at 2H-21 levels through 2022
- Higher operating costs, including labor inflation

Adj. EPS up 10% at the mid-point

- Assumes full-year adjusted tax rate of ~25%; interest expense flattish

Cost and inflation

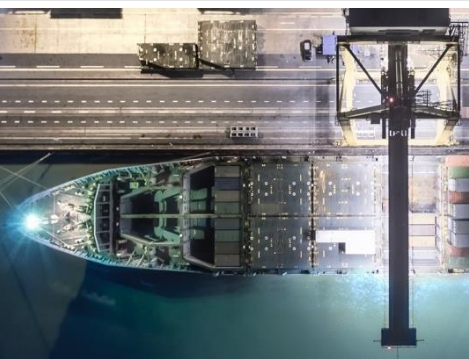
- Costs accelerated in 2H-21 and will start 2022 up significantly versus prior year

Free cash flow conversion expected to be roughly 70% of adjusted net income

The Timken Company

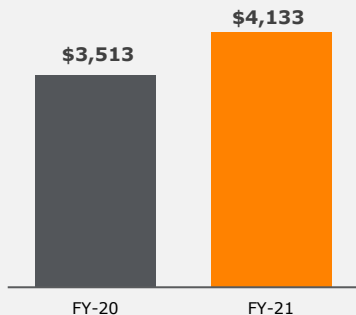
Appendix: Backup Slides and GAAP Reconciliations

Advancing as a Global Industrial Leader

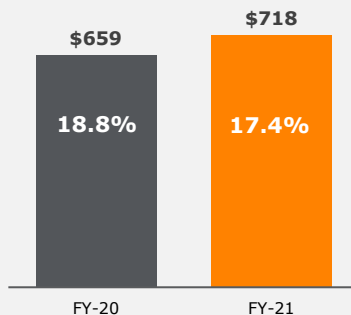


Full Year 2021 Financial Overview

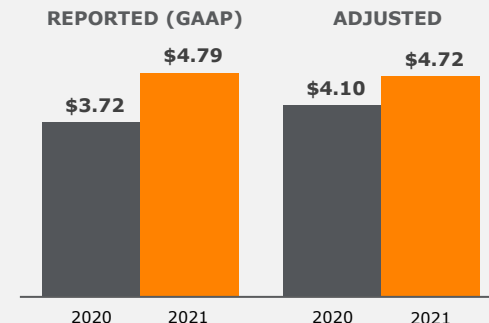
Net Sales (\$M)



Adjusted EBITDA (\$M)



Earnings Per Share



Sales of \$4.1 billion, up 17.6% from 2020

- Higher organic revenue in most end-market sectors and the favorable impact of currency

Adjusted EBITDA margin of 17.4%, down 140 bps from 2020

- EBITDA margin performance impacted by significantly higher material and other operating costs, and the non-recurrence of 2020 temporary cost reduction actions

2021 adjusted EPS of \$4.72 (a record year)

- Adjusted EPS up 15% due mainly to higher volume, favorable FX, positive price/mix and a lower tax rate, partially offset by significantly higher operating costs

Supplemental Information: EBITDA Adjustments and Depreciation & Amortization by Segment

(Unaudited)

(Dollars in millions)	Three Months Ended December 31, 2021				Three Months Ended December 31, 2020			
	Mobile Industries	Process Industries	Corporate	Timken	Mobile Industries	Process Industries	Corporate	Timken
Cost of products sold	\$ 0.7	\$ 0.8	\$ —	\$ 1.5	\$ 0.1	\$ 1.1	\$ —	\$ 1.2
Selling, general and administrative expense	0.1	—	—	0.1	—	—	0.1	0.1
Impairment and restructuring charges	0.3	0.4	—	0.7	1.1	1.4	—	2.5
Other expense (income), net	0.2	(0.3)	(8.0)	(8.1)	(1.9)	—	10.8	8.9
Total Adjustments to EBITDA	\$ 1.3	\$ 0.9	\$ (8.0)	\$ (5.8)	\$ (0.7)	\$ 2.5	\$ 10.9	\$ 12.7

(Unaudited)

(Dollars in millions)	Three Months Ended December 31, 2021				Three Months Ended December 31, 2020			
	Mobile Industries	Process Industries	Corporate	Timken	Mobile Industries	Process Industries	Corporate	Timken
Depreciation and amortization expense (GAAP)	\$ 19.7	\$ 21.3	\$ 0.3	\$ 41.3	\$ 20.1	\$ 21.6	\$ 0.2	\$ 41.9
Adjusted depreciation and amortization expense	19.7	21.3	0.3	41.3	20.1	21.3	0.2	41.6
Total Adjustments to Depreciation and Amortization	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 0.3	\$ —	\$ 0.3
Total Adjustments to Income Before Income Taxes	\$ 1.3	\$ 0.9	\$ (8.0)	\$ (5.8)	\$ (0.7)	\$ 2.8	\$ 10.9	\$ 13.0

Supplemental Information: EBITDA Adjustments and Depreciation & Amortization by Segment

(Unaudited)

(Dollars in millions)	Twelve Months Ended December 31, 2021				Twelve Months Ended December 31, 2020			
	Mobile Industries	Process Industries	Corporate	Timken	Mobile Industries	Process Industries	Corporate	Timken
Cost of products sold	\$ 3.7	\$ 3.2	\$ —	\$ 6.9	\$ 2.9	\$ 3.3	\$ —	\$ 6.2
Selling, general and administrative expense	0.1	—	1.9	2.0	—	—	0.7	0.7
Impairment and restructuring charges	4.2	4.7	—	8.9	9.0	11.7	0.5	21.2
Other (income) expense, net	0.2	(0.3)	(0.6)	(0.7)	(4.1)	—	7.6	3.5
Total Adjustments to EBITDA	\$ 8.2	\$ 7.6	\$ 1.3	\$ 17.1	\$ 7.8	\$ 15.0	\$ 8.8	\$ 31.6

(Unaudited)

(Dollars in millions)	Twelve Months Ended December 31, 2021				Twelve Months Ended December 31, 2020			
	Mobile Industries	Process Industries	Corporate	Timken	Mobile Industries	Process Industries	Corporate	Timken
Depreciation and amortization expense (GAAP)	\$ 80.1	\$ 86.6	\$ 1.1	\$ 167.8	\$ 79.7	\$ 86.6	\$ 0.8	\$ 167.1
Adjusted depreciation and amortization expense	80.1	85.8	1.1	167.0	77.8	85.4	0.8	164.0
Total Adjustments to Depreciation and Amortization	\$ —	\$ 0.8	\$ —	\$ 0.8	\$ 1.9	\$ 1.2	\$ —	\$ 3.1
Total Adjustments to Income Before Income Taxes	\$ 8.2	\$ 8.4	\$ 1.3	\$ 17.9	\$ 9.7	\$ 16.2	\$ 8.8	\$ 34.7

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 December 31,				Twelve Months Ended December 31,			
	2021	EPS	2020	EPS	2021	EPS	2020	EPS
Net Income Attributable to The Timken Company	\$ 62.9	\$ 0.82	\$ 53.1	\$ 0.69	\$ 369.1	\$ 4.79	\$ 284.5	\$ 3.72
Adjustments: ⁽¹⁾								
Impairment, restructuring and reorganization charges ⁽²⁾	\$ 1.8		\$ 4.1		\$ 15.1		\$ 29.0	
Corporate pension and other postretirement benefit related (income) expense ⁽³⁾	(8.0)		21.6		0.3		18.5	
Acquisition-related charges ⁽⁴⁾	0.2		—		3.2		3.7	
Acquisition-related gain ⁽⁵⁾	—		(11.1)		(0.9)		(11.1)	
Property recoveries and related expenses ⁽⁶⁾	—		(1.7)		—		(5.5)	
Other, net	—		—		0.2		—	
Provision for income taxes ⁽⁷⁾	2.7		(1.0)		(23.6)		(6.0)	
Total Adjustments:	(3.3)	(0.04)	11.9	0.15	(5.7)	(0.07)	28.6	0.38
Adjusted Net Income Attributable to The Timken Company	\$ 59.6	\$ 0.78	\$ 65.0	\$ 0.84	\$ 363.4	\$ 4.72	\$ 313.1	\$ 4.10

⁽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 (income) expense represents actuarial (gains) and losses that resulted from the remeasurement of plan assets and obligations as a result of changes in assumptions or experience. The Company recognizes actuarial (gains) and losses 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⁾ Acquisition-related charges represent deal-related expenses associated with completed and certain unsuccessful transactions, as well as any resulting inventory step-up impact.

⁽⁵⁾ The acquisition-related gain represents a bargain purchase price gain on the acquisition of the assets of Aurora Bearing Company ("Aurora") that closed on November 30, 2020.

⁽⁶⁾ Represents property loss and related expenses during the period presented (net of insurance recoveries received in 2020) 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.

⁽⁷⁾ 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: EBITDA and EBITDA, After Adjustments to GAAP Net Income

These materials were presented on February 3, 2022 and have not been confirmed or updated. The Company disclaims any obligation to do so based on subsequent events or for any other reason

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 December 31,				Twelve Months Ended December 31,			
	2021	Percentage to Net Sales	2020	Percentage to Net Sales	2021	Percentage to Net Sales	2020	Percentage to Net Sales
Net Income	\$ 66.7	6.6 %	\$ 55.3	6.2 %	\$ 381.5	9.2 %	\$ 292.4	8.3 %
Provision for income taxes	20.0		19.7		95.1		103.9	
Interest expense	13.8		15.3		58.8		67.6	
Interest income	(0.6)		(0.7)		(2.3)		(3.7)	
Depreciation and amortization	41.3		41.9		167.8		167.1	
Consolidated EBITDA	\$ 141.2	14.0 %	\$ 131.5	14.7 %	\$ 700.9	17.0 %	\$ 627.3	17.9 %
Adjustments:								
Impairment, restructuring and reorganization charges ⁽¹⁾	\$ 1.8		\$ 3.8		\$ 14.3		\$ 25.9	
Corporate pension and other postretirement benefit related (income) expense ⁽²⁾	(8.0)		21.6		0.3		18.5	
Acquisition-related charges ⁽³⁾	0.2		—		3.2		3.7	
Acquisition-related gain ⁽⁴⁾	—		(11.1)		(0.9)		(11.1)	
Property recoveries and related expenses ⁽⁵⁾	—		(1.7)		—		(5.5)	
Other, net	0.2		0.1		0.2		0.1	
Total Adjustments	(5.8)	(0.6) %	12.7	1.5 %	17.1	0.4 %	31.6	0.9 %
Adjusted EBITDA	\$ 135.4	13.4 %	\$ 144.2	16.2 %	\$ 718.0	17.4 %	\$ 658.9	18.8 %

⁽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 (income) expense represents actuarial (gains) and losses that resulted from the remeasurement of plan assets and obligations as a result of changes in assumptions or experience. The Company recognizes actuarial (gains) and losses 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⁾ 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 gain on the acquisition of the assets of Aurora that closed on November 30, 2020.

⁽⁵⁾ Represents property loss and related expenses during the period presented (net of insurance recoveries received in 2020) 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.

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 December 31,				Twelve Months Ended December 31,			
	2021	Percentage to Net Sales	2020	Percentage to Net Sales	2021	Percentage to Net Sales	2020	Percentage to Net Sales
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 40.0	8.3 %	\$ 54.6	12.6 %	\$ 240.1	12.2 %	\$ 232.5	13.9 %
Impairment, restructuring and reorganization charges ⁽¹⁾	1.0		1.1		7.3		11.3	
Acquisition-related charges ⁽²⁾	0.1		—		0.7		2.1	
Property recoveries and related expenses ⁽³⁾	—		(1.7)		—		(5.5)	
Other, net	0.2		(0.1)		0.2		(0.1)	
Adjusted EBITDA	\$ 41.3	8.6 %	\$ 53.9	12.4 %	\$ 248.3	12.6 %	\$ 240.3	14.4 %

Process Industries

(Dollars in millions)	Three Months Ended December 31,				Twelve Months Ended December 31,			
	2021	Percentage to Net Sales	2020	Percentage to Net Sales	2021	Percentage to Net Sales	2020	Percentage to Net Sales
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 104.4	19.8 %	\$ 99.9	21.8 %	\$ 506.3	23.4 %	\$ 442.9	24.0 %
Impairment, restructuring and reorganization charges ⁽¹⁾	0.8		2.5		7.0		14.0	
Acquisition-related charges ⁽²⁾	0.1		—		0.6		1.0	
Adjusted EBITDA	\$ 105.3	20.0 %	\$ 102.4	22.4 %	\$ 513.9	23.7 %	\$ 457.9	24.9 %

⁽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⁾ The acquisition-related charges represent the inventory step-up impact.

⁽³⁾ Represents property loss and related expenses during the period presented (net of insurance recoveries received in 2020) 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.

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)

	December 31, 2021	December 31, 2020
Short-term debt, including current portion of long-term debt	\$ 53.8	\$ 130.7
Long-term debt	1,411.1	1,433.9
Total Debt	\$ 1,464.9	\$ 1,564.6
Less: Cash and cash equivalents	(257.1)	(320.3)
Net Debt	\$ 1,207.8	\$ 1,244.3
Total Equity	\$ 2,377.7	\$ 2,225.2
Ratio of Net Debt to Capital	33.7 %	35.9 %
Adjusted EBITDA for the Twelve Months Ended	\$ 718.0	\$ 658.9
Ratio of Net Debt to Adjusted EBITDA	1.7	1.9

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 December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
Net cash provided by operating activities	\$ 102.8	\$ 120.5	\$ 387.3	\$ 577.6
Less: capital expenditures	(44.7)	(35.9)	(148.3)	(121.6)
Free cash flow	\$ 58.1	\$ 84.6	\$ 239.0	\$ 456.0

GAAP Reconciliation: Adjusted EPS & Free Cash Flow 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	\$ 4.85	\$ 5.25
Forecasted Adjustments:		
Restructuring and other special items, net ⁽¹⁾	0.15	0.15
Total Adjustments:	\$ 0.15	\$ 0.15
Forecasted full year adjusted diluted earnings per share	\$ 5.00	\$ 5.40

⁽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	72 %
Impact of adjustments	(2)%
Free cash flow conversion on adjusted net income	70 %