TIMKEN

Investor Presentation

MARCH 2019



Delivering Next-Level Performance

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 and expectations regarding the future financial performance of the company 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 company's ability to respond to 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 material and energy costs; the impact of changes to the company's accounting methods; 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 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 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; 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, 2018, quarterly reports on Form 10-O 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 equivalents are provided in the Appendix to this presentation.



TIMKEN

Company Overview



Why Invest in Timken?

- Leading market, brand and technical position
- Focused, talented and committed management team
- Strong track record of results; exceeding targets
- Sound strategy to:
 - Grow and improve market position
 - Deliver higher levels of financial performance
- Timken is a compelling investment

FISCAL YEAR 2018 KEY METRICS

SALES

\$3.6 billior

EBIT MARGIN

EPS

12.8%

\$3.86

ADJUSTED EBIT MARGIN

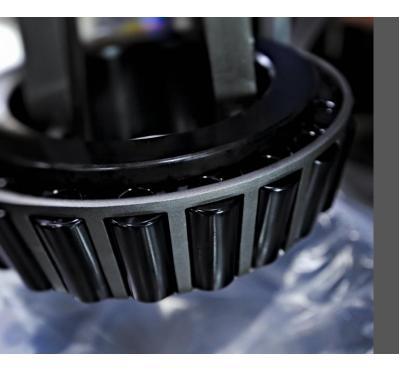
ADJUSTED EPS

14.0%

\$4.18

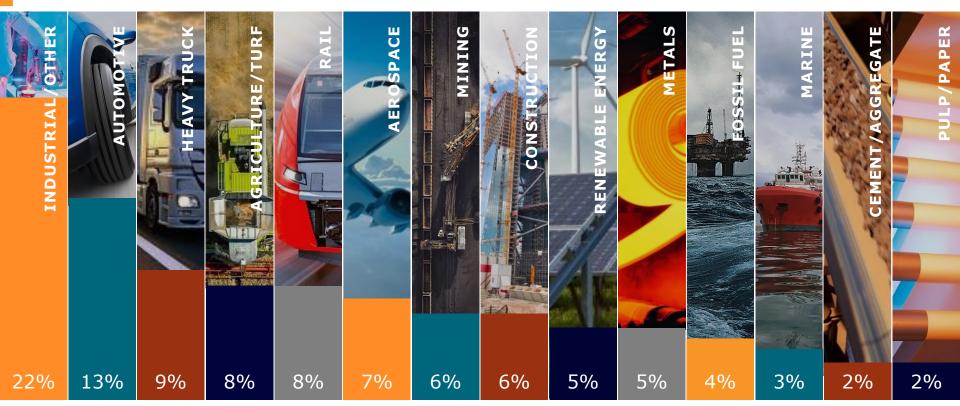


We Deliver Premium Bearings and Power Transmission Products and Services for the World's Equipment and Vehicles



- Timken engineered bearings feature a broad range of sizes, rolling elements and proprietary designs that are vital to a wide array of customer applications
- Timken power transmission products range from belts and chain to sealing technologies, improving the reliability of industrial equipment and machinery
- Timken industrial services provide bearing and power system rebuild services that can return components or entire systems to like-new specifications

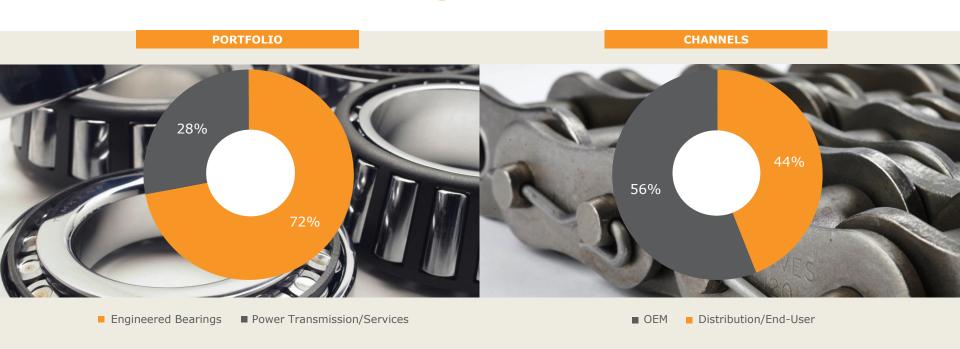
Our Sales Are Diversified Across Several End-Market Sectors



Percentage of Actual Sales for 2018



Portfolio and Channel Position Reflects Progress in Diversifying Product and Services Offerings



Percentage of Actual Sales for 2018



We Have Strong Global Capabilities

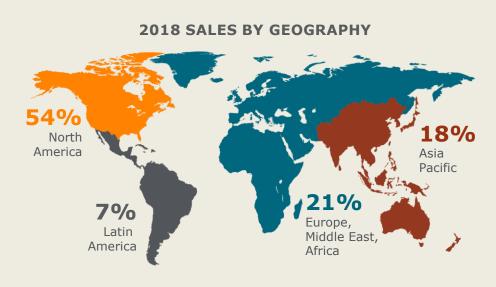
countries

95 sales offices

>17K associates







Percentage of Actual Sales for 2018



Mobile Industries Segment: A Balanced and Attractive Mix Across Mobile End-Market Sectors

MOBILE INDUSTRIES PRODUCT MARKET SECTOR MIX **FISCAL YEAR 2018 PORTFOLIO KEY METRICS** (SALES) **SALES** Engineered bearings, power transmission products and 12% \$1.9 billion 23% related services 15% **EBIT MARGIN** 17% 10.4% 33% **ADJUSTED EBIT MARGIN** ■ Heavy Truck Automotive 10.8% ■ Off-Highway ■ Rail Aerospace



Process Industries Segment: Industry-Leading Portfolio Serving OEMs and Aftermarket

FISCAL YEAR 2018 KEY METRICS

SALES

\$1.7 billion

EBIT MARGIN

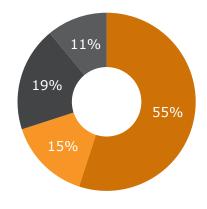
19.9%

ADJUSTED EBIT MARGIN

20.5%

MARKET SECTOR MIX (SALES)

PROCESS INDUSTRIES



- Distribution
- Gears & Services
- Heavy/General Industrial
- Wind/Solar

PRODUCT PORTFOLIO

Engineered bearings, power transmission products and related services





Proven Strategy to Drive Next-Level Performance



OUTGROW OUR MARKETS

- Be the technical leader in solving customers' friction and power transmission challenges
- Expand both our product portfolio and geographic presence
- Deliver best-in-class customer service experience using a differentiated technical sales model



OPERATE WITH EXCELLENCE

- Drive enterprise-wide Lean and continuous improvement efforts
- Build a more cost-effective global manufacturing footprint
- Deliver efficiencies across our supply chains
- Optimize processes and SG&A efficiency



DEPLOY CAPITAL TO DRIVE SHAREHOLDER VALUE

- Invest in organic growth and productivity initiatives
- Pay an attractive dividend that grows over time with earnings
- Broaden portfolio and reach through value-accretive M&A
- Return capital through share repurchases





Our Actions Are Driven by the Timken Business Model

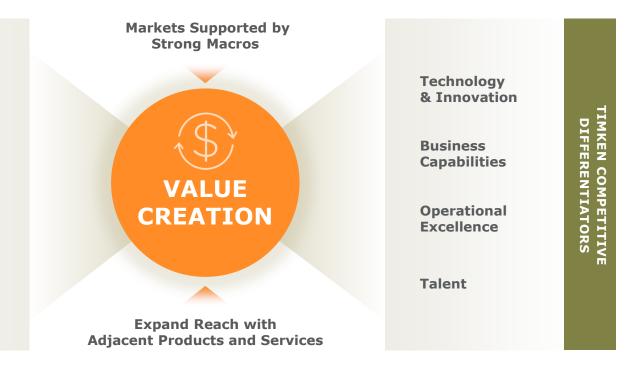
ATTRACTIVE OPPORTUNITIES DISCIPLINED FOR

Challenging **Applications**

Aftermarket & Rebuild

Fragmentation

High Service Requirements





Growth-Creating Megatrends Will Fuel Opportunities Going Forward











Timken's Strategy Will Drive Outgrowth

Timken's strategy is to be the supplier of choice for solving our customers' friction management and power transmission challenges. We will do this by:

- Strengthening our global leadership in tapered roller bearings, and enhancing our offering of other highly-engineered bearings
- Delivering a diverse portfolio of power transmission products that complement our bearing offering and enhance the value we provide to customers and end users across the globe
- Delivering a best-in-class customer service experience utilizing a differentiated technical sales and service model





Delivering Outgrowth and Enhancing Market Sector Exposure





Operational Excellence is a Core Competency

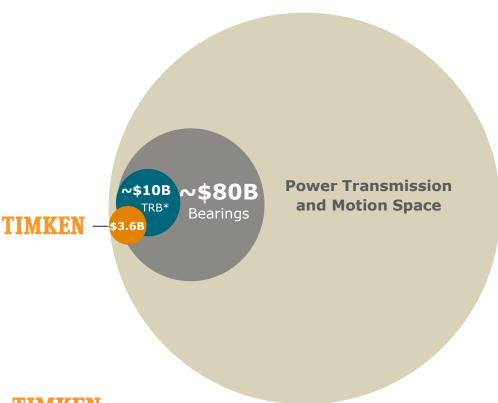


- Regional manufacturing hubs in Americas, Asia and Europe
- Expand capacity in low-cost geographies to support growth
- Improve efficiency in high-cost locations
- Drive Lean principles across the organization
- Continually look to streamline and leverage SG&A costs
- Part of our culture

TRANSFORMING OUR BEARING FOOTPRINT(1) 2018 2007 29% 42% 26% 64% 29% Americas EMEA Asia-Pacific



Focus on Broader Power Transmission and Motion Space Opens Up Significant Opportunity for Value Creation



Timken M&A Strategy:

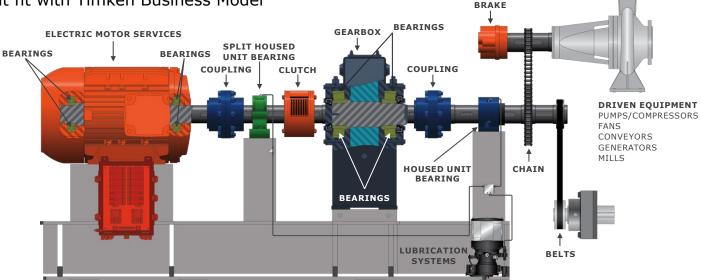
- Consolidate attractive targets within the global bearing space
 - Focus on "bolt-ons" to enhance industryleading product offering or extend reach
- Expand into attractive adjacencies that fit the Timken Business Model
 - Focus on high-quality businesses across the industrial power transmission and motion space
 - Look to enhance our organic growth and profitability over the long term



Power Transmission Products and Services – Strong Adjacency to Bearings

- Target products are critical components in the industrial drivetrain
 - Close proximity to bearing positions
 - Require same engineering expertise friction, motion and materials
 - Often served through same aftermarket channels

Excellent fit with Timken Business Model





Building Our Power Transmission Platforms with Bearings at the Core



Strengthening Our Position in Attractive Markets Around the World

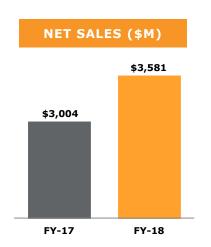


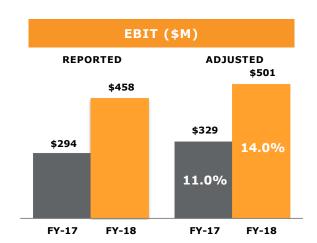
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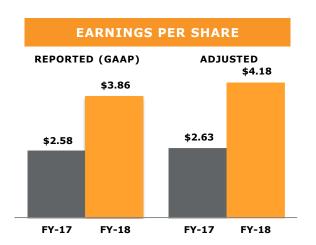
Financial Review and Capital Allocation



FY 2018: Strong Financial Performance, Advancing the Strategy







- Sales up 19.2% from FY-17
 - Reflects double-digit organic growth across both Process and Mobile Industries and the benefit of acquisitions; strong pricing for the year
- Adjusted EBIT margin at 14.0%, up 300 bps from FY-17
- Record adjusted EPS of \$4.18 per share, up 59% from FY-17



Cash Flow, Balance Sheet & Capital Allocation

(\$M)

		FY-17	FY-18			
Net Cash from Opera	tions	\$236.8	\$332.5			
Capital Expenditures		(104.7)	(112.6)			
Free Cash Flow (FCF)		\$132.1	\$219.9			
	Increase in FCF reflects higher earnings, partially offset by increased working capital to support higher sales levels.					

BALANCE SHEET (AS OF: 12/31/18)						
Capital Structure						
Cash	\$133.1					
Debt	1,681.6					
Net Debt	1,548.5					
Equity	1,642.7					
Net Capital	\$3,191.2					
Leverage						
Net Debt/Capital	48.5%					
Net Debt/Adjusted EBITDA TTM	2.4x					
Net Debt/PF Adj. EBITDA TTM ⁽¹⁾	2.2x					

2018 Capital Allocation Highlights:

CAPITAL EXPENDITURES

DIVIDEND

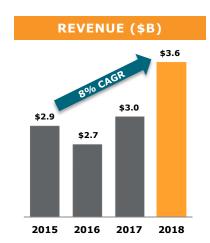
ACQUISITIONS

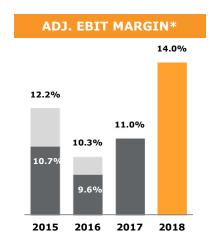
SHARE REPURCHASES

- CapEx of \$113M for the year (3.1% of sales)
- Increased dividend in May; paid \$1.11/share or \$86M for the year
- Allocated \$831M to acquisitions in 2018; acquired Cone Drive, Rollon and ABC Bearings
- Repurchased 2.3M shares in 2018 for \$99M

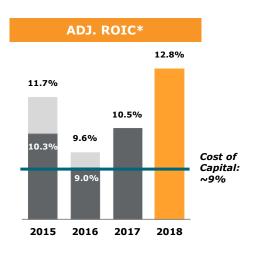


Delivering Next Level Financial Performance









- Revenue growth in 2017-2018 driven by organic growth initiatives and acquisitions
 - Strong market fundamentals; outgrowth initiatives clearly working
- Building track record for margin expansion and increased ROIC
 - Evidence of our focus on operational excellence
- Well-positioned to drive growth and margin expansion in 2019 and beyond
 - Strategy focused on driving growth over the long term



Exceeding Targets...With Room to Go

(Targets from May 2017 Investor Day)



STRATEGY TO DRIVE MEANINGFUL IMPROVEMENT IN FINANCIAL PERFORMANCE

REVENUE GROWTH

- Organic: Market growth plus 100 bps "outgrowth"
- Inorganic: 200+ bps growth from acquisitions

OPERATING MARGINS

- 11-13% adj. EBIT margin
 - Mobile Ind.: 10-12%
 - Process Ind.: 16-19%

FCF AND ROIC

- FCF conversion >100%
- ROIC average 12+%

CAPITAL DEPLOYMENT

- Deploy cash and balance sheet with capital allocation framework
- Net debt to capital: 30-45%
- Drive above-market top-line growth and meaningful margin expansion
 - Target top-end of EBIT margin range (13%)
- Generate strong cash flow and ROIC
- Continue to deploy balance sheet to create value



Disciplined Capital Allocation Strategy Enhances Shareholder Value

INVEST IN CORE BUSINESS

Organic Growth, Margin Improvement, R&D CapEx Target: < 4% of Sales

DIVIDEND

Pay Attractive Dividend Target: 20-35% Payout Ratio Over Cycle

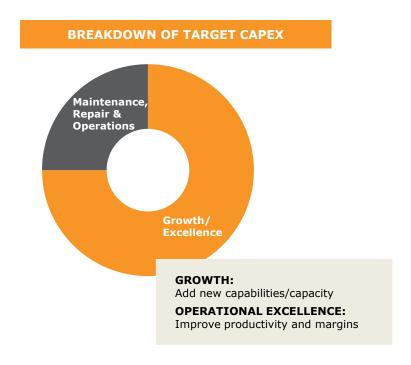
INORGANIC GROWTH	SHARE REPURCHASE
Target Accretive Transactions to Drive Portfolio Expansion	Return Capital to Shareholders Through Stock Buybacks

LEVERAGE TARGET: 30% TO 45% NET DEBT TO CAPITAL



Investing in Core Business Remains Top Priority for Growth

- Investing in core business remains top priority for capital allocation
 - Generally produces the highest risk-adjusted returns
- Includes investments in CapEx, R&D, etc.
- CapEx targeted at 4% or less of sales annually over the cycle
 - Includes normal maintenance (\sim 1% of sales)
 - Bulk of spend (~3% of sales) allocated to organic growth and productivity/margin improvement initiatives
 - New capacity/capabilities in lower-cost countries
 - Investments in productivity/automation in higher-cost countries

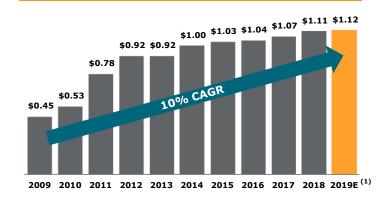




Rich History of Attractive and Growing Dividend

- Goal: Pay an attractive dividend that grows over time with earnings
 - Target 20-35% payout (adj. EPS) over the cycle
- In 2018:
 - Increased quarterly dividend 4% to 28 cents per share in May 2018
 - Reflects the company's financial strength and our confidence in our strategy and future growth prospects
- 2019: expected to be 6th consecutive year of annual dividend increases⁽¹⁾
 - Declared 387th consecutive quarterly dividend in February 2019
 - One of the longest active streaks on NYSE
- Commitment to dividend will continue

ANNUAL DIVIDEND PAYOUT



DIVIDEND YIELD (AS OF: 3/1/19)

The Timken Company	2.6%
Peer Median ⁽²⁾	1.3%
S&P 500	2.0%
S&P Mid-Cap 400 Industrials	1.2%



Returning Capital Through Share Repurchases

- Share repurchase an important component of capital allocation strategy
- Since June 30, 2014:
 - Repurchased 17.6M shares for \$672M (avg. ~\$38/share)
 - Basic shares outstanding reduced by ~16% since June 30, 2014
- Current share repurchase authorization:
 - 10 million shares authorized for repurchase through February 2021
 - ~6.8 million shares remaining as of 12/31/18





M&A: What We Look To Achieve

Existing **Portfolio**



Industrial Bearings



Adjacent Products



Stronger. Together.

DELIVER FINANCIAL VALUE

Discipline & Returns

Maintain financial discipline & deliver returns

- ROIC earn the cost of capital by Year 3
- FPS accretive in Year 1
- Improve mix margins & growth

STRENGTHEN THE COMPANY'S STRATEGIC POSITION

Customer Reach

Customers, channels, markets & geography

Cost

Scale, operational excellence & business capabilities

Mix

Growth, technology, margins, diversity & cyclicality

Talent

Leverage existing & add new



Timken Is Positioned to Deliver Next-Level Performance

We will:

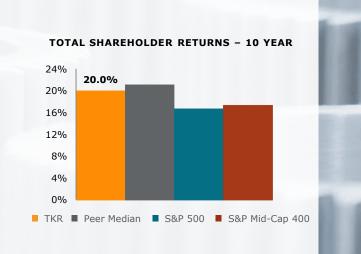
- **Win with customers –** innovate, differentiate, deliver value
- **Outgrow improving end markets** through the differentiators of the Timken Business Model
- Invest in the business to drive competitive advantage
- **Generate strong cash flow and create value through capital allocation –** core business, dividend, M&A and buyback
- **Deliver next-level financial performance –** revenue, margins, EPS and ROIC





Why Invest in Timken?

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- Timken is a compelling investment





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Appendix: Additional Slides



Tariffs and Estimated Impact on Timken

- Timken serves the U.S. market primarily with its U.S. footprint and serves the China market primarily with its China footprint
- Total 4Q-18 impact from tariffs was ~\$5M of additional expense (~\$8M total for full year 2018)
- Estimated 2019 impact is ~\$25M in total (pre-mitigation)
 - Slightly lower than prior estimate due to exclusion on ball bearing imports from China into the U.S., as well as the delayed implementation of higher U.S. tariffs on Chinese imports
- Sourcing, supply chain and other initiatives expected to mitigate over one-third of the impact
- Pricing expected to more than offset remaining impact in 2019

Tariffs Expected to be a Manageable Headwind

Incentive Compensation Plans

	ANNUAL (STIP)	LONG-TERM (LTIP)						
OBJECTIVE	Short-Term Operational Business Priorities	3-Year Strategic Business Priorities	:	Shareholder Creation				
PARTICIPANTS	~13,000 Associates Globally	~275 Leadership Associates	~275 Leadership Associates	~100 Senior Leadership Associates				
TIME HORIZON	1 Year	3 Years	4-Year Vesting	4-Year Vesting with a 10-Year Term				
METRICS ⁽¹⁾	EBIT Free Cash Flow EBIT Margin	Cumulative EPS ROIC Share Price and Dividend	Share Price and Dividend	Share Price				
AWARD	Cash	Equity – Performance-Based Restricted Stock Units	Equity – Performance-Based Equity – Time-Based Equi					

Compensation Aligned to Shareholder Value Creation

⁽¹⁾ Represents metrics applicable to participants in the corporate STIP plan. Metrics for individual business unit STIPs can vary.



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Appendix: GAAP Reconciliations



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. M anagement 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)			T	welv	e Months Er	nded	December 3	1,			
	2 0 18	2 0 17	,		2 0 16	As	2016 Reported ⁽¹⁾		2 0 15	As	2015 Reported ⁽¹⁾
Net Income (Loss) Attributable to The Timken Company	\$ 302.8	\$	203.4	\$	140.8	\$	152.6	\$	188.6	\$	(70.8)
Adjustments:											
CDSOA income, net of expense	-		-		(59.6)		(59.6)		-		-
Pension related charges ⁽²⁾	12.8		18.1		67.0		28.1		100.0		465.0
Impairment and restructuring charges ⁽³⁾	7.1		13.1		28.0		28.0		15.9		15.9
Loss (gain) on divestitures and sale of real estate	8.0		(3.6)		(0.5)		(0.5)		(28.7)		(28.7)
Acquisition related charges	20.6		9.0		4.2		4.2		5.7		5.7
Tax Indemnification and related items	1.5		(1.0)		-		-		-		-
Health care plan modification costs	-		(0.7)		2.9		2.9		-		-
Fixed asset write-off	-		-		-		-		9.7		9.7
Noncontrolling interest	(1.3)		-		-		-		-		-
Provision for income taxes	(16.8)		(30.8)		(13.8)		0.5		(74.6)		(207.7)
Total Adjustments	24.7		4.1		28.2		3.6		28.0		259.9
Adjusted Net Income	\$ 327.5	\$	207.5	\$	169.0	\$	156.2	\$	216.6	\$	189.1
Diluted Earnings per Share (EPS) - Continuing Operations	\$ 3.86	\$	2.58	\$	1.78	\$	1.92	\$	2.21	\$	(0.84)
Adjusted EPS - Continuing Operations	\$ 4.18	\$	2.63	\$	2.13	\$	1.97	\$	2.54	\$	2.21
Diluted Shares	78,337,481	78,9	911,149		79,234,324		79,234,324		85,346,246		85,346,246

^{(1) 2015-2016} results depicted above are as originally reported and prior to the adoption of mark-to-market accounting.

⁽³⁾ Impairment and restructuring charges, including items recorded in cost of products sold, are related to plant closures, the rationalization of certain plants and 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⁾ Pension related charges represent curtailments, professional fees associated with pension de-risking and actuarial gains and 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. Pension related charges also include pension settlement charges.

GAAP Reconciliation: Consolidated EBIT & EBIT Margin

Reconciliation of EBIT to GAAP Net Income, and EBIT Margin, After Adjustments, to Net Income as a Percentage of Sales and EBIT, 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 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 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)					Twelve Months Ended December 31,								
	2018	2 0 17	2016	2016 As Reported ⁽¹⁾	2 0 15	2015 As Reported ⁽¹⁾							
\$	3,580.8 \$	3,003.8 \$	2,669.8	\$ 2,669.8	\$ 2,872.3	\$ 2,872.3							
	305.5	202.3	14 1.1	152.9	191.4	(68.0)							
	102.6	57.6	60.5	69.2	26.3	(121.6)							
	51.7	37.1	33.5	33.5	33.4	33.4							
	(2.1)	(2.9)	(1.9)	(1.9)	(2.7)	(2.7)							
\$	457.7 \$	294.1 \$	233.2	\$ 253.7	\$ 248.4	\$ (158.9)							
	12.8%	9.8%	8.7%	9.5%	8.6%	% -5.5%							
	-	-	(59.6)	(59.6)	-	-							
	12.8	18.1	67.0	28.1	100.0	465.0							
	7.1	13.1	28.0	28.0	15.9	15.9							
	0.8	(3.6)	(0.5)	(0.5)	(28.7)	(28.7)							
	20.6	9.0	4.2	4.2	5.7	5.7							
	1.5	(1.0)	-	-	-	-							
	-	(0.7)	2.9	2.9	-	-							
	-	-	-	-	9.7	9.7							
	42.8	34.9	42.0	3.1	102.6	467.6							
\$	500.5 \$	329.0 \$	275.2	\$ 256.8	\$ 351.0	\$ 308.7							
	14.0%	11.0%	10.3%	9.6%	12.29	6 10.7%							
	·	\$ 3,580.8 \$ 305.5 102.6 51.7 (2.1) \$ 457.7 \$ 12.8% 12.8 20.6 1.5 42.8 \$ 500.5 \$	2018 2017 \$ 3,580.8 \$ 3,003.8 \$ 3,003.8 \$ 305.5 102.6 57.6 51.7 37.1 (2.1) (2.9) \$ 457.7 \$ 294.1 \$ 12.8% - - - 12.8 18.1 7.1 13.1 0.8 (3.6) 20.6 9.0 1.5 (1.0) - (0.7) - - 42.8 34.9 \$ 500.5 \$ 329.0	2018 2017 2016 \$ 3,580.8 \$ 3,003.8 \$ 2,669.8 305.5 202.3 141.1 102.6 57.6 60.5 51.7 37.1 33.5 (2.1) (2.9) (1.9) \$ 457.7 \$ 294.1 \$ 233.2 12.8% 9.8% 8.7% - - (59.6) 12.8 18.1 67.0 7.1 13.1 28.0 0.8 (3.6) (0.5) 20.6 9.0 4.2 1.5 (10) - - (0.7) 2.9 - - - 42.8 34.9 42.0 \$ 500.5 \$ 329.0 275.2	2018 2017 2016 2016 As Reported (1) \$ 3,580.8 \$ 3,003.8 \$ 2,669.8 \$ 2,669.8 305.5 202.3 141.1 152.9 102.6 57.6 60.5 69.2 51.7 37.1 33.5 33.5 (2.1) (2.9) (1.9) (1.9) \$ 457.7 \$ 294.1 \$ 233.2 \$ 253.7 12.8% 9.8% 8.7% 9.5% - - (59.6) (59.6) 12.8 18.1 67.0 28.1 7.1 13.1 28.0 28.0 0.8 (3.6) (0.5) (0.5) 20.6 9.0 4.2 4.2 1.5 (10) - - - (0.7) 2.9 2.9 - - - - 42.8 34.9 42.0 3.1 \$ 500.5 \$ 329.0 275.2 256.8	2018 2017 2016 2017 2014 2017 2014 2017 2014 2017 2014 2017 2017 2017 2017 2017 2017 2018 <th< td=""></th<>							

⁽²⁾ Pension related charges represent curtailments, professional fees associated with pension de-risking and actuarial gains and 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 guarter, or on an interim basis if specific events

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GAAP Reconciliation: Segment EBIT & EBIT Margin

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)	Twelve Months Ended December 31, 2018	
Earnings before interest and taxes (EBIT)	\$ 198.7	10.4%
Impairment, restructuring and reorganization charges (1)	3.0	0.2%
Loss on divestiture (2)	0.8	-%
Acquisition-related charges (3)	3.1	0.2%
Adjusted EBIT	\$ 205.6	10.8%

Process Industries

(Dollars in millions)	Twelve Months Ended December 31, 2018		Percentage to Net Sales	
Earnings before interest and taxes (EBIT)	\$	333.8	19.9%	
Impairment, restructuring and reorganization charges (1)		2.6	0.1%	
Acquisition-related charges (3)		8.0	0.5%	
Adjusted EBIT	\$	344.4	20.5%	

⁽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 reassesses 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⁾ Loss on divestiture relates to the sale of the Groeneveld Information Technology Holding B.V. (the "ICT Business"), located in Gorinchem, Netherlands,

⁽³⁾ Acquisition-related charges in 2018 related to the ABC Bearings Limited ("ABC Bearings"), Apiary Investments Holdings Limited ("Cone Drive") and Rollon S.p.A. ("Rollon") acquisitions. In 2017, acquisition-related charges related to the Groeneveld Group ("Groeneveld"), Torsion Control Products, Inc. ("Torsion Control Products, Inc. ("Torsion Control Products, Inc. ("Torsion Control Products"), PT Tech, Inc. ("PT Tech") and EDT Corp. ("EDT") acquisitions, including transaction costs and inventory step-up impact.

GAAP Reconciliation: Net Debt and Net Debt to Capital

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 to Capital sate at the Capital is a non-GAAP measure defined as total 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)

	December 31, 2018	December 31, 2017
Short-term debt, including current portion of long-term debt	\$ 43.0	\$ 108.1
Long-term debt	1,638.6	854.2
Total Debt	\$ 1,681.6	\$ 962.3
Less: Cash, cash equivalents and restricted cash	(133.1)	(125.4)
Net Debt	\$ 1,548.5	\$ 836.9
Total Equity	\$ 1,642.7	\$ 1,474.9
Ratio of Net Debt to Capital	48.5%	36.2



GAAP Reconciliation: Consolidated EBITDA

Reconciliation of EBIT. EBIT. After Adjustments, EBITDA, After Adjustments, and Pro Forma 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 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 to consolidated EBIT. Management also believes that non-GAAP measures of adjusted EBIT and adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) is 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. Management also believes that the non-GAAP measure of adjusted Pro Forma EBITDA is useful to investors as it is representative of the Company's performance including a full year impact from acquired companies.

Dollars in millions)		Twelve Months Ended December 31, 2018	Percentage to Net Sales	
Net Income	\$	305.5	8.5%	
Provision for income taxes		102.6	2.9%	
Interest expense		51.7	1.5%	
Interest income		(2.1)	(0.1)%	
Consolidated EBIT Adjustments:	\$	457.7	12.8%	
Impairment, restructuring and reorganization charges (1)	\$	7.1	0.2%	
Acquisition-related charges (2)		20.6	0.6%	
Loss on divestiture (3)		0.8	-%	
Corporate pension-related charges (4)		12.8	0.4%	
Tax indemnification and related items		1.5	- %	
Total Adjustments		42.8	1.2%	
Adjusted EBIT	\$	500.5	14.0%	
Depreciation and amortization		146.0	4.1%	
Adjusted EBITDA (5)	\$	646.5	18.1%	
Pro Forma Estimated Adjusted EBITDA from acquisitions (6)		45.0		
Pro Forma Adjusted EBITDA (7)	\$	691.5		

(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) Acquisition-related charges in 2018 related to the ABC Bearings, Cone Drive and Rollon acquisitions. In 2017, acquisition charges related to the Groeneveld, Torsion Control Products, PT Tech and EDT acquisitions, including transaction costs and inventory step-up impact.

(3) Loss on divestiture relates to the sale of the ICT Business, located in Gorinchem, Netherlands

(4) Corporate pension-related charges represent curtailments and actuarial (gains) and losses that resulted from the remeasurement of pension plan assets and obligations as a result of charges 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.

(5) Twelve months trailing adjusted EBITDA reflects results from acquired companies from the acquisition date through December 31, 2018.

(6) Pro Forma adjusted EBITDA from acquisitions reflects the estimated twelve months trailing EBITDA results from acquired companies through December 31, 2018, less EBITDA included above.

(7) Twelve months trailing pro forma adjusted EBITDA reflects estimated results from acquired companies for the last twelve months through December 31, 2018.



GAAP Reconciliation: Adjusted ROIC

Reconciliation of Adjusted Return on Invested Capital: (Unaudited)

The following reconciliation is provided as additional relevant information about the Company's performance deemed useful to investors. Management believes adjusted return on invested capital ("ROIC") is useful to investors as it is representative of the Company's performance. Adjusted ROIC is defined as adjusted net operating profit after taxes ("ANOPAT") divided by average invested capital. The Company uses ANOPAT/Average Invested Capital as a non-GAAP ratio that indicates return on invested capital, which is useful to investors as a measure of return on their investment.

(Dollars in millions) Twelve Months Ended December 31. 2016 2015 2014 2014 2018 2017 2016 2015 As Reported (1) As Reported (1) As Reported (1) Adjusted EBIT \$ 500.5 \$ 329.0 \$ 275.2 \$ 256.8 \$ 351.0 \$ 308.7 Adjusted tax rate 26.5% 30.0% 30.5% 30.5% 31.0% 31.0% Calculated income taxes 132.6 98.7 83.9 78.3 108.8 95.7 Adjusted net operating profit after taxes (ANOPAT) \$ 367.9 \$ 230.3 \$ 191.3 \$ 178.5 \$ 242.2 \$ 213.0 Total debt \$ 1.681.6 \$ 962.3 \$ 659.2 \$ 659.2 \$ 656.5 \$ 656.5 \$ 526.4 \$ 526.4 1.642.7 1.474.9 1.310.9 1.306.0 1.349.6 1.344.6 1.594.2 1.589.1 Total equity Invested capital (Total debt + Total equity) 3.324.3 2.437.2 1.970.1 1.965.2 2.006.1 2.001.1 2.120.6 2,115.5 Invested capital (two-point average) \$ 2,880.8 \$ 2,203.7 \$ 1,988.1 \$ 1,983.2 \$ 2,063.4 \$ 2,058.3 ANOPAT \$ 367.9 \$ 242.2 \$ 213.0 230.3 \$ 191.3 \$ 178.5 \$ Invested capital (two-point average) 2.880.8 2.203.7 1.988.1 1.983.2 2.063.4 2.058.3 12.8% 10.5% 9.6% 10.3% Adjusted return on invested capital (ROIC) 9.0% 11.7%

(1) 2014-2016 results depicted above are as originally reported and prior to the adoption of mark-to-market accounting.

