

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported):

November 5, 2024

THE TIMKEN COMPANY

(Exact name of registrant as specified in its charter)

Commission file number: 1-1169

Ohio
(State or other jurisdiction of incorporation or organization)

4500 Mount Pleasant Street NW
North Canton Ohio
(Address of principal executive offices)

34-0577130
(I.R.S. Employer Identification No.)

44720-5450
(Zip Code)

234.262.3000
(Registrant's telephone number, including area code)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Common Shares, without par value	TKR	The New York Stock Exchange

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

Emerging growth company

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

Item 2.02 Results of Operations and Financial Condition.

The Timken Company (the “Company”) issued a press release on November 5, 2024 announcing results for the third quarter of 2024. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by reference.

Also on November 5, 2024, the Company will host a conference call and post conference call materials to its website, www.timken.com.

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

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Press Release of The Timken Company dated November 5, 2024
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

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

THE TIMKEN COMPANY

By: /s/ Philip D. Fracassa

Philip D. Fracassa

Executive Vice President and Chief Financial Officer

Date: November 5, 2024

EXHIBIT INDEX

Exhibit No.	Description
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104	Cover Page Interactive Data File (embedded within the Inline XBRL document)



Timken Reports Third-Quarter 2024 Results

- **Sales of \$1.13 billion, down 1.4 percent from last year**
- **Third-quarter earnings per share of \$1.16; adjusted EPS of \$1.23**
- **Cash from operations of \$123 million and free cash flow of \$88 million**
- **Updates full-year 2024 outlook; now expects EPS of \$4.65-\$4.75, with adjusted EPS of \$5.55-\$5.65**

NORTH CANTON, Ohio: November 5, 2024 — The Timken Company (NYSE: TKR; www.timken.com), a global technology leader in engineered bearings and industrial motion, today reported third-quarter 2024 sales of \$1.13 billion, down 1.4 percent from the same period a year ago. The decrease was driven primarily by lower end-market demand in Europe and China, partially offset by the benefit of acquisitions. Organically, sales were down 2.9 percent from last year.

Timken posted net income in the third quarter of \$81.8 million or \$1.16 per diluted share. This compares to net income of \$87.9 million or \$1.23 per diluted share for the same period a year ago. The company's net income margin in the quarter was 7.3 percent, compared to 7.7 percent in the third quarter of last year.

Excluding special items (detailed in the attached tables), adjusted net income in the third quarter was \$87.0 million or \$1.23 per diluted share. This compares to adjusted net income of \$111.2 million or \$1.55 per diluted share for the same period in 2023. Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) in the quarter was \$190.0 million or 16.9 percent of sales, compared with \$215.8 million or 18.9 percent of sales in the third quarter of last year.

Net cash provided from operating activities in the quarter was \$123.2 million, and free cash flow was \$88.2 million. During the quarter, Timken completed the acquisition of CGI, Inc., a manufacturer of precision drive systems for medical robotics and other automation sectors. As of the end of the third quarter, the company's net debt-to-adjusted EBITDA ratio was 2.1 times, with no significant debt maturities until 2027.

"It is an honor to be part of the talented Timken team as we work to accelerate profitable growth and customer-centric innovation," said Tarak Mehta, president and chief executive officer. "Looking at the quarter, profitability fell short of our expectations, and we are taking further steps to improve operating margins. In the current market environment, we remain committed to improving reliability and efficiency for our customers and generating strong earnings and cash flow for our shareholders."

Third-Quarter 2024 Segment Results

Engineered Bearings sales of \$740.7 million decreased 4.5 percent from the same period a year ago. The decrease was driven primarily by lower end-market demand in Europe and China. Among market sectors, renewable energy saw the most significant organic decline in the quarter, driven by continued weakness in China. The off-highway, auto/truck and general & heavy industrial sectors were also lower, while industrial distribution, aerospace and rail shipments were higher compared to the same period a year ago.

EBITDA for the quarter was \$150.0 million or 20.3 percent of sales, compared with EBITDA of \$148.2 million or 19.1 percent of sales for the same period a year ago. The current quarter includes a gain related to the sale of a recently closed facility.

Excluding special items, adjusted EBITDA in the quarter was \$138.4 million or 18.7 percent of sales, compared with \$156.7 million or 20.2 percent of sales in the third quarter of last year. The decrease in adjusted EBITDA was driven primarily by the impact of lower volume and higher logistics and manufacturing costs, partially offset by favorable price/mix.

Industrial Motion sales of \$386.1 million increased 5.2 percent compared with the same period a year ago. The increase was driven primarily by the benefit of acquisitions, partially offset by modestly lower end-market demand. Organically, the automatic lubrication systems platform posted the largest decline, while drive systems revenue was notably up.

EBITDA for the quarter was \$70.9 million or 18.4 percent of sales, compared with EBITDA of \$70.3 million or 19.2 percent of sales for the same period a year ago.

Excluding special items, adjusted EBITDA in the quarter was \$74.2 million or 19.2 percent of sales, compared with \$75.2 million or 20.5 percent of sales in the third quarter of last year. The modest decrease in adjusted EBITDA was driven primarily by the impact of lower volume and higher operating costs, partially offset by the benefit of acquisitions.

2024 Outlook

Timken is reducing its full-year 2024 outlook, with earnings per diluted share now forecasted to be in the range of \$4.65 to \$4.75 and adjusted earnings per diluted share in the range of \$5.55 to \$5.65. The company now expects revenue to be down approximately 4 percent in total from 2023.

"The second half of this year has been more challenging than expected, and we are taking appropriate actions to strengthen the company for 2025 and beyond," said Mehta. "Our team is focused on reducing costs near-term while advancing the company for the long-term. Timken remains well-positioned to capitalize on an industrial market recovery when it occurs and to benefit from continuing secular growth trends. As Timken celebrates its 125th anniversary, we are more confident than ever about the future of the company and excited by the opportunities that lie ahead."

Conference Call Information

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

Conference Call: Tuesday, November 5, 2024
11:00 a.m. Eastern Time
Live Dial-In: 833-470-1428
Or 404-975-4839
Access Code: 612523
(Call in 10 minutes prior to be included.)

Conference Call Replay: Replay Dial-In available through
November 19, 2024:
866-813-9403 or 929-458-6194
Replay Access Code: 368646

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

Register in advance: <https://tmkn.biz/3BxRhk2>

About The Timken Company

The Timken Company (NYSE: TKR; www.timken.com), a global technology leader in engineered bearings and industrial motion, designs a growing portfolio of next-generation products for diverse industries. For 125 years, Timken has used its specialized expertise to innovate and create customer-centric solutions that increase reliability and efficiency. Timken posted \$4.8 billion in sales in 2023 and employs more than 19,000 people globally, operating from 45 countries.

Certain statements in this release (including statements regarding the company's forecasts, estimates, plans and expectations) that are not historical in nature are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. In particular, the statements related to expectations regarding the company's future financial performance, including information under the heading "2024 Outlook," are forward-looking.

The company cautions that actual results may differ materially from those projected or implied in forward-looking statements due to a variety of important factors, including: the finalization of the company's financial statements for the third quarter of 2024; fluctuations in customer 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, 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 risks posed by international trade disputes, tariffs, sanctions and hostilities; strained geopolitical relations between countries in which we have significant operations; weakness in global or regional general economic conditions and capital markets (as a result of financial stress affecting the banking system or otherwise); the impact of inflation on wages, 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 in a high interest rate environment; 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 company's ability to effectively adjust prices for its products in response to changing dynamics; 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, commercial requirements, and company goals associated with climate change and emissions or other sustainability initiatives; unanticipated litigation, claims, investigations remediation, or assessments; changes in the global regulatory landscape; restrictions on the use of, or claims or remediation associated with, per- and polyfluoroalkyl substances; the company's ability to maintain positive relations with unions and works councils; the company's ability to compete for skilled labor and to attract, retain and develop management, other key employees, and skilled personnel; negative impacts to the company's operations or financial position as a result of pandemics, epidemics, or other public health concerns 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, 2023, quarterly reports on Form 10-Q and current reports on Form 8-K. Except as required by the federal securities laws, the company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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The Timken Company
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Dollars in millions, except share data) (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net sales	\$ 1,126.8	\$ 1,142.7	\$ 3,499.4	\$ 3,677.8
Cost of products sold	782.4	787.1	2,383.8	2,500.0
Selling, general & administrative expenses	189.7	179.6	564.5	551.3
Amortization of intangible assets	19.7	17.5	58.7	48.3
Impairment and restructuring charges	2.5	8.9	8.1	40.3
Gain on sale of real estate	(13.8)	—	(13.8)	—
Operating Income	146.3	149.6	498.1	537.9
Non-service pension and other postretirement expense	(0.9)	(0.9)	(2.9)	(0.8)
Other (expense) income, net	(6.3)	0.4	(6.0)	5.8
Interest expense, net	(26.9)	(24.9)	(85.8)	(73.9)
Income Before Income Taxes	112.2	124.2	403.4	469.0
Provision for income taxes	24.6	33.3	103.2	122.9
Net Income	87.6	90.9	300.2	346.1
Less: Net income attributable to noncontrolling interest	5.8	3.0	18.7	10.7
Net Income Attributable to The Timken Company	\$ 81.8	\$ 87.9	\$ 281.5	\$ 335.4
Net Income per Common Share Attributable to The Timken Company Common Shareholders				
Basic Earnings per share	\$ 1.17	\$ 1.24	\$ 4.01	\$ 4.68
Diluted Earnings per share	\$ 1.16	\$ 1.23	\$ 3.98	\$ 4.63
Average Shares Outstanding	70,120,860	70,878,673	70,246,103	71,740,846
Average Shares Outstanding - assuming dilution	70,663,741	71,535,609	70,793,086	72,456,849

BUSINESS SEGMENTS**(Unaudited)**

(Dollars in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Engineered Bearings				
Net sales	\$ 740.7	\$ 775.6	\$ 2,326.6	\$ 2,533.5
Earnings before interest, taxes, depreciation and amortization (EBITDA) ⁽¹⁾	\$ 150.0	\$ 148.2	\$ 492.0	\$ 538.7
EBITDA Margin ⁽¹⁾	20.3 %	19.1 %	21.1 %	21.3 %
Industrial Motion				
Net sales	\$ 386.1	\$ 367.1	\$ 1,172.8	\$ 1,144.3
Earnings before interest, taxes, depreciation and amortization (EBITDA) ⁽¹⁾	\$ 70.9	\$ 70.3	\$ 223.8	\$ 199.4
EBITDA Margin ⁽¹⁾	18.4 %	19.2 %	19.1 %	17.4 %
Unallocated corporate expense	\$ (25.7)	\$ (17.0)	\$ (61.0)	\$ (47.9)
Corporate pension and other postretirement benefit related income (expense) ⁽²⁾	—	(0.2)	—	1.7
Consolidated				
Net sales	\$ 1,126.8	\$ 1,142.7	\$ 3,499.4	\$ 3,677.8
Earnings before interest, taxes, depreciation and amortization (EBITDA) ⁽¹⁾	\$ 195.2	\$ 201.3	\$ 654.8	\$ 691.9
EBITDA Margin ⁽¹⁾	17.3 %	17.6 %	18.7 %	18.8 %

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

⁽²⁾ Corporate pension and other postretirement benefit related income (expense) primarily 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.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in millions)

	(Unaudited)	
	September 30, 2024	December 31, 2023
ASSETS		
Cash and cash equivalents	\$ 412.7	\$ 418.9
Restricted cash	0.7	0.4
Accounts receivable, net	762.0	671.7
Unbilled receivables	162.6	144.5
Inventories, net	1,255.3	1,229.1
Other current assets	138.6	170.3
Total Current Assets	2,731.9	2,634.9
Property, plant and equipment, net	1,314.8	1,311.9
Operating lease assets	119.7	119.7
Goodwill and other intangible assets	2,525.0	2,401.0
Other assets	76.0	74.2
Total Assets	\$ 6,767.4	\$ 6,541.7
LIABILITIES		
Accounts payable	\$ 344.6	\$ 367.2
Short-term debt, including current portion of long-term debt	49.7	605.6
Income taxes	30.8	19.9
Accrued expenses	485.2	478.6
Total Current Liabilities	910.3	1,471.3
Long-term debt	2,189.2	1,790.3
Accrued pension benefits	160.9	172.3
Accrued postretirement benefits	30.3	30.2
Long-term operating lease liabilities	75.5	78.7
Other non-current liabilities	310.5	296.5
Total Liabilities	3,676.7	3,839.3
EQUITY		
The Timken Company shareholders' equity	2,933.3	2,582.4
Noncontrolling interest	157.4	120.0
Total Equity	3,090.7	2,702.4
Total Liabilities and Equity	\$ 6,767.4	\$ 6,541.7

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Dollars in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Cash Provided by (Used in)				
OPERATING ACTIVITIES				
Net Income	\$ 87.6	\$ 90.9	\$ 300.2	\$ 346.1
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	56.1	52.2	165.6	149.0
Impairment charges	0.1	4.9	2.0	33.2
Gain on divestitures	—	(0.1)	—	(3.7)
Stock-based compensation expense	5.2	5.8	16.7	22.9
Pension and other postretirement expense	1.6	1.5	4.9	2.6
Pension and other postretirement benefit contributions and payments	(6.8)	(16.9)	(22.9)	(24.1)
Changes in operating assets and liabilities:				
Accounts receivable	42.7	100.4	(88.5)	13.0
Unbilled receivables	(14.5)	(14.6)	(18.3)	(32.3)
Inventories	8.1	32.3	(12.5)	47.6
Accounts payable	(30.5)	(43.9)	(16.7)	(58.8)
Accrued expenses	31.6	14.7	11.1	(14.4)
Income taxes	(55.5)	(33.7)	(29.0)	(63.2)
Other, net	(2.5)	0.8	(15.5)	(1.0)
Net Cash Provided by Operating Activities	\$ 123.2	\$ 194.3	\$ 297.1	\$ 416.9
INVESTING ACTIVITIES				
Capital expenditures	\$ (35.0)	\$ (43.6)	\$ (116.4)	\$ (134.9)
Acquisitions, net of cash received	(167.3)	(140.1)	(167.7)	(464.7)
Investments in short-term marketable securities, net	(4.3)	(4.8)	16.5	(5.6)
Other, net	16.0	1.4	17.6	6.1
Net Cash Used in Investing Activities	\$ (190.6)	\$ (187.1)	\$ (250.0)	\$ (599.1)
FINANCING ACTIVITIES				
Cash dividends paid to shareholders	\$ (23.8)	\$ (23.4)	\$ (72.2)	\$ (70.8)
Purchase of treasury shares	(1.7)	(63.9)	(31.4)	(218.4)
Proceeds from exercise of stock options	0.1	4.1	5.5	21.3
Payments related to tax withholding for stock-based compensation	—	(1.3)	(10.0)	(16.4)
Net proceeds (payments) from credit facilities	25.4	(88.9)	(456.1)	37.7
Net (payments) proceeds on long-term debt	(1.1)	201.1	285.5	198.5
Proceeds on sale of shares in Timken India Limited	—	—	232.3	284.8
Other, net	(1.1)	(1.1)	(7.8)	(1.1)
Net Cash (Used in) Provided by Financing Activities	\$ (2.2)	\$ 26.6	\$ (54.2)	\$ 235.6
Effect of exchange rate changes on cash	12.0	(11.0)	1.2	(19.0)
(Decrease) Increase in Cash, Cash Equivalents and Restricted Cash	\$ (57.6)	\$ 22.8	\$ (5.9)	\$ 34.4
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	471.0	352.3	419.3	340.7
Cash, Cash Equivalents and Restricted Cash at End of Period	\$ 413.4	\$ 375.1	\$ 413.4	\$ 375.1

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 September 30,				Nine Months Ended September 30,			
	2024	EPS	2023	EPS	2024	EPS	2023	EPS
Net Income Attributable to The Timken Company	\$ 81.8	\$ 1.16	\$ 87.9	\$ 1.23	\$ 281.5	\$ 3.98	\$ 335.4	\$ 4.63
Adjustments: ⁽¹⁾								
Acquisition intangible amortization	\$ 19.7		\$ 17.5		\$ 58.7		\$ 48.3	
Impairment, restructuring and reorganization charges ⁽²⁾	3.4		11.6		12.8		47.9	
Corporate pension and other postretirement benefit related (income) expense ⁽³⁾	—		0.2		—		(1.7)	
Acquisition-related charges ⁽⁴⁾	3.1		4.3		10.8		12.8	
Gain on divestitures and sale of certain assets ⁽⁵⁾	(13.8)		(1.5)		(14.7)		(5.9)	
CEO succession expenses ⁽⁶⁾	1.5		—		2.7		—	
Property losses and related expenses ⁽⁷⁾	0.9		—		1.1		—	
Noncontrolling interest of above adjustments	(0.1)		(1.8)		(0.2)		(2.0)	
Provision for income taxes ⁽⁸⁾	(9.5)		(7.0)		(24.8)		(24.0)	
Total Adjustments:	5.2	0.07	23.3	0.32	46.4	0.65	75.4	1.04
Adjusted Net Income Attributable to The Timken Company	\$ 87.0	\$ 1.23	\$ 111.2	\$ 1.55	\$ 327.9	\$ 4.63	\$ 410.8	\$ 5.67

⁽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; (iv) impairment of assets; and (v) related depreciation and amortization. Impairment, restructuring and reorganization charges for 2023 included \$28.3 million related to the impairment of goodwill. 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 transactions and any resulting inventory step-up impact.

⁽⁵⁾ Represents the net gain resulting from divestitures and sale of certain assets. Gain on divestitures and sale of certain assets for the third quarter of 2024 included \$13.8 million gain related to the sale of the Gaffney, South Carolina plant.

⁽⁶⁾ On March 26, 2024, the Company announced that Richard G. Kyle, President and Chief Executive Officer ("CEO") of the Company would be retiring from his position as CEO and that Tarak Mehta would be appointed CEO on September 5, 2024. CEO succession expenses include the acceleration of certain stock compensation awards for Mr. Kyle and other one-time costs associated with the transition.

⁽⁷⁾ Represents property loss and related expenses incurred during the periods presented resulting from property loss that occurred during the second quarter of 2024 at one of the Company's plants in Slovakia.

⁽⁸⁾ 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.

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 September 30,				Nine Months Ended September 30,			
	2024	Percentage to Net Sales	2023	Percentage to Net Sales	2024	Percentage to Net Sales	2023	Percentage to Net Sales
Net Income	\$ 87.6	7.8 %	\$ 90.9	8.0 %	\$ 300.2	8.6 %	\$ 346.1	9.4 %
Provision for income taxes	24.6		33.3		103.2		122.9	
Interest expense	30.3		27.5		97.1		79.9	
Interest income	(3.4)		(2.6)		(11.3)		(6.0)	
Depreciation and amortization	56.1		52.2		165.6		149.0	
Consolidated EBITDA	\$ 195.2	17.3 %	\$ 201.3	17.6 %	\$ 654.8	18.7 %	\$ 691.9	18.8 %
Adjustments:								
Impairment, restructuring and reorganization charges ⁽¹⁾	\$ 3.1		\$ 11.5		\$ 11.9		\$ 47.2	
Corporate pension and other postretirement benefit related (income) expense ⁽²⁾	—		0.2		—		(1.7)	
Acquisition-related charges ⁽³⁾	3.1		4.3		10.8		12.8	
Gain on divestitures and sale of certain assets ⁽⁴⁾	(13.8)		(1.5)		(14.7)		(5.9)	
CEO succession expenses ⁽⁵⁾	1.5		—		2.7		—	
Property losses and related expenses ⁽⁶⁾	0.9		—		1.1		—	
Total Adjustments	(5.2)	(0.4)%	14.5	1.3 %	11.8	0.3 %	52.4	1.4 %
Adjusted EBITDA	\$ 190.0	16.9 %	\$ 215.8	18.9 %	\$ 666.6	19.0 %	\$ 744.3	20.2 %

⁽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; (iii) severance related to cost reduction initiatives; and (iv) impairment of assets. Impairment, restructuring and reorganization charges for 2023 included \$28.3 million related to the impairment of goodwill. 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 transactions and any resulting inventory step-up impact.

⁽⁴⁾ Represents the net gain resulting from divestitures and sale of certain assets. Gain on divestitures and sale of certain assets for the third quarter of 2024 included \$13.8 million gain related to the sale of the Gaffney, South Carolina plant.

⁽⁵⁾ On March 26, 2024, the Company announced that Richard G. Kyle, President and CEO of the Company would be retiring from his position as CEO and that Tarak Mehta would be appointed CEO on September 5, 2024. CEO succession expenses include the acceleration of certain stock compensation awards for Mr. Kyle and other one-time costs associated with the transition.

⁽⁶⁾ Represents property loss and related expenses incurred during the periods presented resulting from property loss that occurred during the second quarter of 2024 at one of the Company's plants in Slovakia.

Reconciliation of segment EBITDA, after adjustments, to segment EBITDA, and segment EBITDA, after adjustments, as a percentage of sales to segment EBITDA, as a percentage of sales:

(Unaudited)

The following reconciliation is provided as additional relevant information about the Company's Engineered Bearings and Industrial Motion 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.

Engineered Bearings

(Dollars in millions)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	Percentage to Net Sales	2023	Percentage to Net Sales	2024	Percentage to Net Sales	2023	Percentage to Net Sales
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 150.0	20.3 %	\$ 148.2	19.1 %	\$ 492.0	21.1 %	\$ 538.7	21.3 %
Impairment, restructuring and reorganization charges ⁽¹⁾	1.3		9.0		6.4		14.4	
Acquisition-related charges ⁽²⁾	—		0.9		1.2		3.2	
Property losses and related expenses ⁽³⁾	0.9		—		1.1		—	
Gain on divestitures and sale of certain assets ⁽⁴⁾	(13.8)		(1.4)		(14.7)		(6.2)	
Adjusted EBITDA	\$ 138.4	18.7 %	\$ 156.7	20.2 %	\$ 486.0	20.9 %	\$ 550.1	21.7 %

Industrial Motion

(Dollars in millions)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	Percentage to Net Sales	2023	Percentage to Net Sales	2024	Percentage to Net Sales	2023	Percentage to Net Sales
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 70.9	18.4 %	\$ 70.3	19.2 %	\$ 223.8	19.1 %	\$ 199.4	17.4 %
Impairment, restructuring and reorganization charges ⁽¹⁾	1.8		2.5		5.5		32.7	
Acquisition-related charges ⁽²⁾	1.5		2.5		6.7		5.8	
Loss (gain) on divestitures and sale of certain assets ⁽⁴⁾	—		(0.1)		—		0.3	
Adjusted EBITDA	\$ 74.2	19.2 %	\$ 75.2	20.5 %	\$ 236.0	20.1 %	\$ 238.2	20.8 %

⁽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; (iii) severance related to cost reduction initiatives; and (iv) impairment of assets. Impairment, restructuring and reorganization charges for 2023 included \$28.3 million related to the impairment of goodwill. 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 of the completed acquisitions.

⁽³⁾ Represents property loss and related expenses incurred during the periods presented resulting from property loss that occurred during the second quarter of 2024 at one of the Company's plants in Slovakia.

⁽⁴⁾ Represents the net (gain) loss resulting from divestitures and sale of certain assets. (Gain) loss on divestitures and sale of certain assets for the third quarter of 2024 included \$13.8 million gain related to the sale of the Gaffney, South Carolina plant.

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 next page), 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)

	September 30, 2024	December 31, 2023
Short-term debt, including current portion of long-term debt	\$ 49.7	\$ 605.6
Long-term debt	2,189.2	1,790.3
Total Debt	\$ 2,238.9	\$ 2,395.9
Less: Cash and cash equivalents	(412.7)	(418.9)
Net Debt	\$ 1,826.2	\$ 1,977.0
Total Equity	\$ 3,090.7	\$ 2,702.4
Ratio of Net Debt to Capital	37.1 %	42.2 %
Adjusted EBITDA for the Twelve Months Ended	\$ 862.0	\$ 939.7
Ratio of Net Debt to Adjusted EBITDA	2.1	2.1

Reconciliation of Free Cash Flow to GAAP Net Cash Provided by Operating Activities:**(Unaudited)**

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

(Dollars in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net cash provided by operating activities	\$ 123.2	\$ 194.3	\$ 297.1	\$ 416.9
Less: capital expenditures	(35.0)	(43.6)	(116.4)	(134.9)
Free cash flow	\$ 88.2	\$ 150.7	\$ 180.7	\$ 282.0

Reconciliation of 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 September 30, 2024	Twelve Months Ended December 31, 2023
Net Income	\$ 362.1	\$ 408.0
Provision for income taxes	102.8	122.5
Interest expense	127.9	110.7
Interest income	(14.6)	(9.3)
Depreciation and amortization	217.9	201.3
Consolidated EBITDA	\$ 796.1	\$ 833.2
Adjustments:		
Impairment, restructuring and reorganization charges ⁽¹⁾	\$ 24.0	\$ 59.3
Corporate pension and other postretirement benefit related expense ⁽²⁾	22.3	20.6
Acquisition-related charges ⁽³⁾	29.8	31.8
Gain on divestitures and sale of certain assets ⁽⁴⁾	(14.0)	(5.2)
Property losses and related expenses ⁽⁵⁾	1.1	—
CEO succession expenses ⁽⁶⁾	2.7	—
Total Adjustments	65.9	106.5
Adjusted EBITDA	\$ 862.0	\$ 939.7

⁽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; (iii) severance related to cost reduction initiatives; and (iv) impairment of assets. Impairment, restructuring and reorganization charges for the twelve months ended December 31, 2023 included \$28.3 million related to the impairment of goodwill. 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 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 deal-related expenses associated with completed transactions and any resulting inventory step-up impact.

⁽⁴⁾ Represents the net gain resulting from divestitures and sale of certain assets. (Gain) loss on divestitures and sale of certain assets included \$13.8 million gain related to the sale of the Gaffney plant.

⁽⁵⁾ Represents property loss and related expenses incurred during the periods presented resulting from property loss that occurred during the second quarter of 2024 at one of the Company's plants in Slovakia.

⁽⁶⁾ On March 26, 2024, the Company announced that Richard G. Kyle, President and CEO of the Company would be retiring from his position as CEO and that Tarak Mehta would be appointed CEO on September 5, 2024. CEO Succession expenses include the acceleration of certain stock compensation awards for Mr. Kyle and other one-time costs associated with the transition.

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, divestitures 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 September 30, 2024	Three Months Ended September 30, 2023	\$ Change	% Change
Net sales	\$ 1,126.8	\$ 1,142.7	\$ (15.9)	(1.4)%
Less: Acquisitions and divestitures	20.5	—	20.5	NM
Currency	(3.2)	—	(3.2)	NM
Net sales, excluding the impact of acquisitions, divestitures and currency	\$ 1,109.5	\$ 1,142.7	\$ (33.2)	(2.9)%

Reconciliation of Adjusted Earnings per Share to GAAP Earnings per Share for Full Year 2024 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	\$ 4.65	\$ 4.75
Forecasted Adjustments:		
Impairment, restructuring and other special items, net ⁽¹⁾	0.10	0.10
Acquisition-related intangible amortization expense, net	0.80	0.80
Forecasted full year adjusted diluted earnings per share	\$ 5.55	\$ 5.65

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