



Kennametal Provides Update on Previously Announced Restructuring Actions

January 7, 2020

- FY20 Restructuring Actions on track; closures of manufacturing facilities in Lichtenau, Germany and Irwin, Pennsylvania completed

- FY21 Restructuring Actions savings on track with lower estimated pre-tax charges

PITTSBURGH, Jan. 7, 2020 /PRNewswire/ -- Kennametal Inc. (NYSE: KMT) today provided an update on its progress toward previously announced restructuring actions. These actions are part of the Company's ongoing Simplification/Modernization initiatives to enable a leaner structure and optimize its operations globally, including footprint rationalization and consolidation.

FY20 Restructuring Actions

The Company recently completed the full closures of its manufacturing facilities in Lichtenau, Germany and Irwin, Pennsylvania, and consolidated those operations into other lower-cost and newly modernized Kennametal facilities. Additionally, it has completed negotiations with the employee representatives of the Neunkirchen, Germany, distribution center. Distribution activities have been transitioned to a third-party logistics provider.

"We have made good progress on our restructuring actions and reducing structural costs while also improving efficiency, consolidating plants and driving increased shareholder value," said President and Chief Executive Officer, Christopher Rossi. "Throughout the process we have maintained a focus on serving our customers and supporting our employees while we work through these transitions."

As expected, these actions will begin to reduce structural costs beginning in the second half of fiscal 2020. The closures and corresponding savings are part of the previously announced FY20 Restructuring Actions that are expected to result in annualized savings of \$35 to \$40 million with pre-tax charges of \$55 to \$65 million.

FY21 Restructuring Actions

The Company also expects to deliver the FY21 Restructuring Actions with the original estimated annualized savings of \$25 to \$30 million but with lower estimated pre-tax charges of approximately \$55 to \$65 million, down from \$60 to \$75 million.

Following negotiations with local employee representatives, the Company has agreed to downsize the Essen, Germany facility instead of the previously proposed closure. The facility will be substantially smaller with considerably lower operating costs. Additionally, a significant reduction in labor will take place as products are moved to other lower-cost Kennametal facilities. The agreement between Kennametal and the Essen employee representatives is effective through June 30, 2022. The Company is also evaluating the acceleration of other facility closures as part of these restructuring activities.

"Our decision to maintain a much smaller presence in Essen was the result of a compelling proposal offered by the local employee representatives," said Rossi. "The facility will be more competitive globally with improved productivity from increased work hours, lower costs and a smaller, but more profitable, product portfolio. We recognize the effect these changes will have on our employees, and we will continue to work closely with their representatives to assist them."

About Kennametal

With over 80 years as an industrial technology leader, Kennametal Inc. delivers productivity to customers through materials science, tooling and wear-resistant solutions. Customers across aerospace, earthworks, energy, general engineering and transportation turn to Kennametal to help them manufacture with precision and efficiency. Every day approximately 10,000 employees are helping customers in more than 60 countries stay competitive. Kennametal generated nearly \$2.4 billion in revenues in fiscal 2019.

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