FY20 Second Quarter Earnings Call Presentation

February 4, 2020

Safe Harbor Statement

Certain statements in this presentation may be forward-looking in nature, or "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are statements that do not relate strictly to historical or current facts. For example, statements about Kennametal's outlook for earnings, sales volumes, cash flow, and capital expenditures, and expectations regarding future growth and financial performance are forward-looking statements. Any forward-looking statements are based on current knowledge, expectations and estimates that involve inherent risks and uncertainties. Should one or more of these risks or uncertainties materialize, or should the assumptions underlying the forward-looking statements prove incorrect, our actual results could vary materially from our current expectations. There are a number of factors that could cause our actual results to differ from those indicated in the forward-looking statements. They include: downturns in the business cycle or the economy; our ability to achieve all anticipated benefits of our restructuring initiatives; risks related to our foreign operations and international markets, such as currency exchange rates, different regulatory environments, trade barriers, exchange controls, and social and political instability; changes in the regulatory environment in which we operate, including environmental, health and safety regulations; potential for future goodwill and other intangible asset impairment charges; our ability to protect and defend our intellectual property; continuity and security of information technology infrastructure; competition; our ability to retain our management and employees; demands on management resources; availability and cost of the raw materials we use to manufacture our products; product liability claims; integrating acquisitions and achieving the expected savings and synergies; global or regional catastrophic events; demand for and market acceptance of our products; business divestitures; labor relations; and implementation of environmental remediation matters. Many of these risks are more fully described in Kennametal's latest annual report on Form 10-K and its other periodic filings with the Securities and Exchange Commission. We can give no assurance that any goal or plan set forth in forward-looking statements can be achieved and readers are cautioned not to place undue reliance on such statements, which speak only as of the date made. We undertake no obligation to release publicly any revisions to forward-looking statements as a result of future events or developments.

This presentation includes certain non-GAAP financial measures as defined by SEC rules. As required by Regulation G, we have provided a reconciliation of those measures to the most directly comparable GAAP measures, which is available on our website at www.kennametal.com. Once on the homepage, select “Investor Relations” and then “Events.”

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Q2 results affected by continuing weak end-markets; strong progress on initiatives

Q2 FY20 Overview & Highlights

- **<u>Organic sales down due to declining end-markets:</u> (12)% organic sales decline vs. 4% growth prior year**
  - Negative impacts from FX of (1)% and business divestiture (1)%
  - Segment organic growth rates: WIDIA (8)%, Industrial (11)%, Infrastructure (14)%
  - Regional growth rates*: AsiaPac (6)%, EMEA (11)%, the Americas (15)%
    - End-markets in the US, Germany and India worse than expected
- **<u>Temporary headwinds negatively affecting margins:</u> 4.8% Adjusted Operating Margin vs. 13.8% prior year**
  - Adjusted EBITDA margin decreased 740 bps to 11.4% vs.18.8% prior year, driven by three main factors
    - Sales decrease and under absorption due to sharp decline in volume
    - Significant and rapid decrease in raw material price – approx. 130 bps effect in Q2; expected to reverse in the 2nd half
    - Manufacturing inefficiencies due to footprint rationalization expected to decrease in coming quarters
- **<u>Simplification/Modernization on-track and progressing well</u>**
  - Incremental simplification/modernization benefits of $11 million over PY, $69 million of benefits since inception
- **<u>Earnings per share:</u> Reported ($0.07); Adjusted $0.17 (vs. $0.71 PY)**
- **<u>Looking ahead:</u>**
  - FY20 organic sales outlook reduced to reflect continuing further weakening end-markets
  - Effect of higher raw material costs to reverse in 2H FY20 and be roughly neutral for the full year
  - Manufacturing inefficiencies associated with footprint rationalization expected to decrease in 2H FY20
  - Benefits from simplification/modernization, including rationalization, accelerate in the second half of the year

* Constant Currency Regional Sales Growth

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Deteriorating trends occurred across all end-markets in Q2 FY20

Resulting in Lowered FY20 Outlook

	Q1 FY20 Call		Q2 FY20 Call
General Engineering	**Positive** Mfg. Industrial Production Q1 annualized rate	**U.S.** →	**Negative** actual Q2 annualized rate
	+ 4% Industrial Production forecast for Sep. leading into Q2	**India** →	**- 4%** actual
Transportation	**~3% down** Industrial Production forecasted YoY in Q2	**Germany** →	**~5% down** actual YoY in Q2
	Flat Light Vehicle Production YoY in Q1	**Western Europe** →	**- 6%** actual YoY in Q2
Aerospace	**In Production** and expected to increase	**737 MAX** →	**Production Stopped**
Energy	**~850** forecasted in operation for Q2	**U.S. Land Only Rig Count** →	**~800** in operation currently

Sources: IHS, Baker Hughes, Spears Research, Federal Reserve

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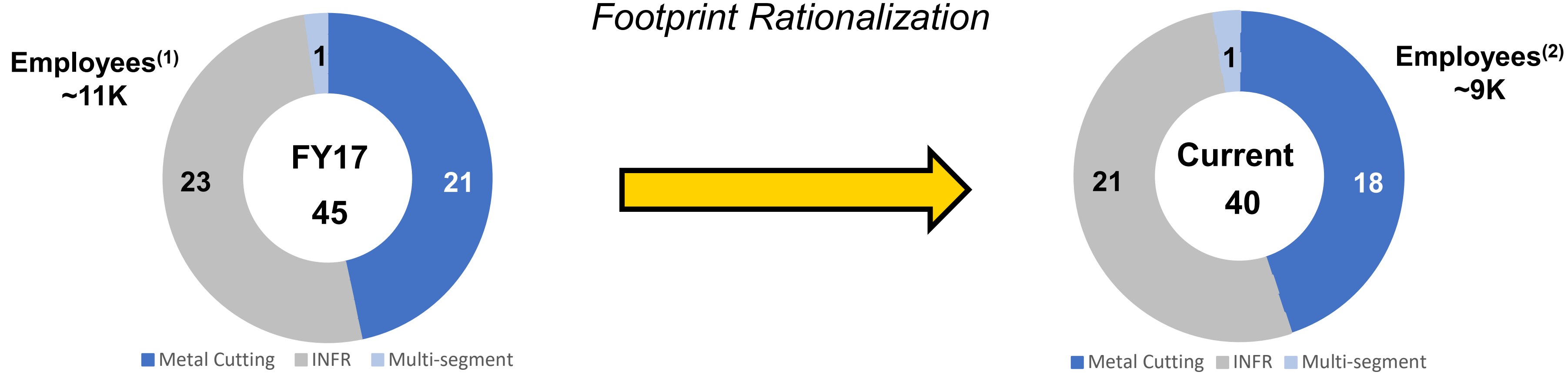
Simplification/Modernization improving financial performance

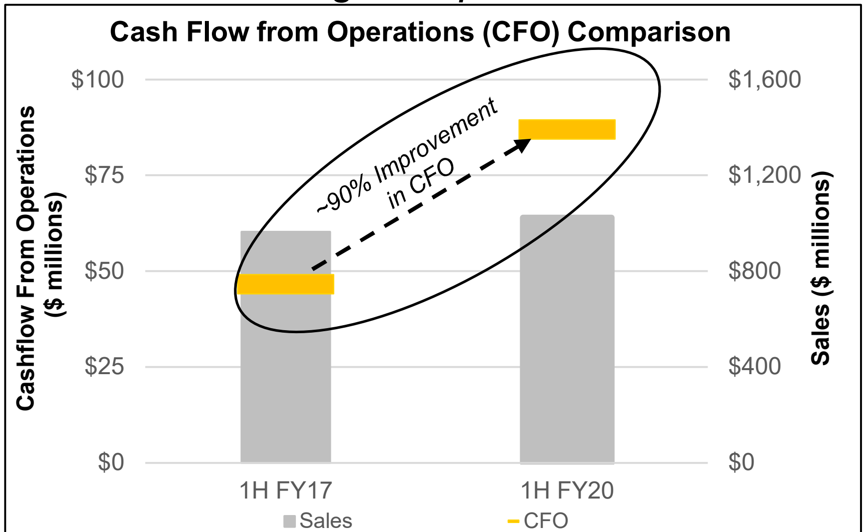
Footprint Rationalization



(1) Headcount as of December 31, 2016

(2) Projected headcount at end of FY20

Resulting in Improvements



Progress to Date with More to Come

- Footprint reduction of 5 versus 5 to 7 target[3]
- ~ 90% of incremental $300M Modernization CAPEX[3] spent by end FY20
- More productivity benefits from modernized processes still to come; ramping up in FY20/21
- On track to deliver adjusted EBITDA targets[3] once markets recover with sales at $2.5B to $2.6B

(3) From December 2017 Investor Day

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Margin decline driven by end-market slowdown & higher raw material costs

Consolidated Q2 FY20 Financial Overview

Quarter Ended *($ in millions)*	**Change from PY**	Adjusted **Dec. 31, 2019**	Adjusted **Dec. 30, 2018**	Reported **Dec. 30, 2019**	Reported **Dec. 30, 2018**
Sales	**(14)%**	**$505**	**$587**	**$505**	**$587**
Organic		(12)%	4%	(12)%	4%
FX		(1)%	(3)%	(1)%	(3)%
Divestiture		(1)%	-	(1)%	-
Business Days		-	2%	-	2%
Gross Profit	**(32)%**	**$135**	**$199**	**$132**	**$199**
% of sales	-710 bps	26.8%	33.9%	26.1%	33.8%
Operating Expense	**(6)%**	**$108**	**$115**	**$108**	**$115**
% of sales	+180 bps	21.3%	19.5%	21.3%	19.5%
EBITDA	**(48)%**	**$58**	**$110**	**($14)**	**$108**
% of sales	-740 bps	11.4%	18.8%	(2.7)%	18.5%
Operating Income (Loss)	**(70)%**	**$24**	**$81**	**($48)**	**$79**
% of sales	-900 bps	4.8%	13.8%	(9.4)%	13.4%
Effective Tax Rate	+830 bps	29.6%	21.3%	87.9%	24.8%
EPS (Earnings per Diluted Share)	**(76)%**	**$0.17**	**$0.71**	**($0.07)**	**$0.66**

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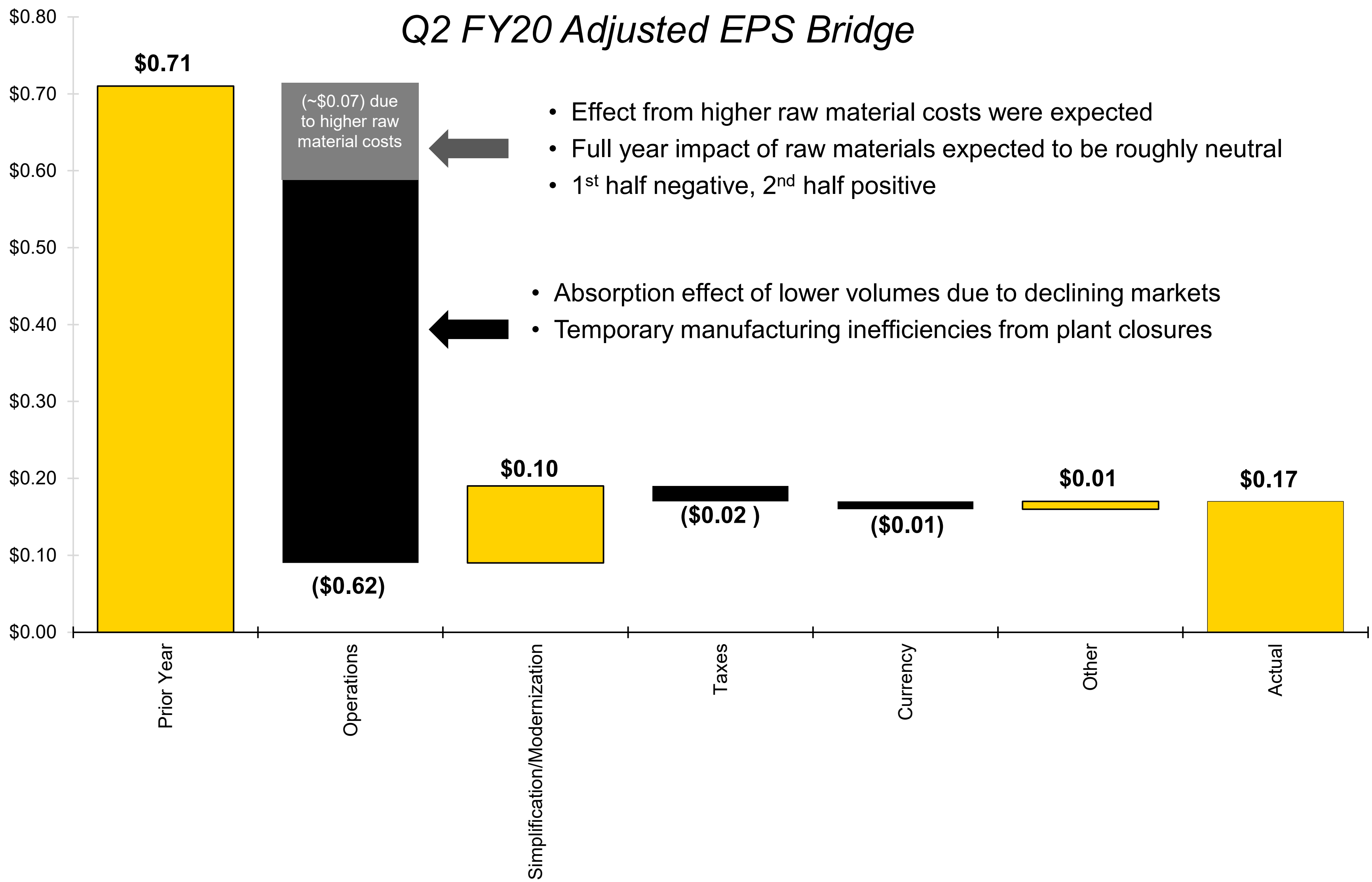
Market slowdown & temporarily increased raw material costs impacting margins



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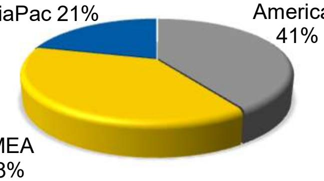
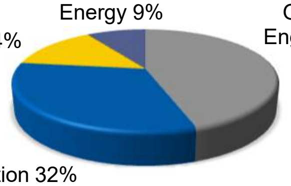
Slowdown in end-markets continuing; simplification/modernization benefits increasing

Industrial Business Segment
Q2 FY20 Summary





Q2 FY20 sales $279 million; (11)% organic sales decline YoY on top of 3% growth in the prior year quarter

- Sales decline* in AsiaPac at (4)%, Americas at (10)%, EMEA at (14)%
- Headwind from FX of (1)%, no impact from business days
- Quarterly adjusted operating margin decreased by 790 bps to 10.7% from 18.6% PY, 70 bps effect from higher raw materials

Global manufacturing slow down has impacted all end-markets

- Manufacturing contraction increased in Americas and EMEA with extended customer holiday shut-downs; Asia stable
- Aerospace posted YoY decline (6)%**; driven by developments in 737 MAX associated supply chain
- Transportation, General Engineering and Energy posted YoY sales declines of (13)%, (10)% and (9)%, respectively**

Growth and Simplification/Modernization initiatives progressing well

- Simplification/Modernization continues to progress; benefits expected to increase in the 2nd half
- Closure of Lichtenau manufacturing plant completed; Essen operations downsizing on-track
- Cost reduction actions being implemented to align the cost structure to lower volumes

* Constant Currency Regional Sales Growth
** Constant Currency End-Market Sales Growth

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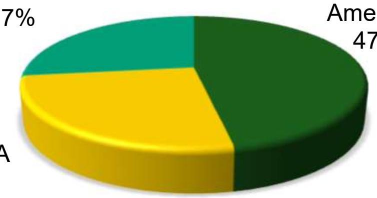
Slowing global demand offsetting operational improvements; progress on growth initiatives

WIDIA Business Segment
Q2 FY20 Summary

Sales by Region



Q2 FY20 sales $44 million; (8)% organic decline on top of 4% organic growth in prior year quarter

- Regions*: EMEA (6)%, Americas (6)%, AsiaPac (17)%
- Headwind from less business days (1)%, FX neutral YoY
- Quarterly adjusted operating margin loss of (2.4)%, compared to 3.7% in the prior year period, due primarily to volume loss and associated under absorption; higher raw material costs represented 230 bps of the decline

Q2 FY20 regional summary

- EMEA: Continuing weak end-markets, partially offset by continuing success in aerospace applications
- Americas: Results reflect end-market deceleration and developments in 737 MAX and associated supply chain
- AsiaPac: Continuous significant decline in India (27)%*, primarily in auto

* Constant Currency Regional Sales Growth

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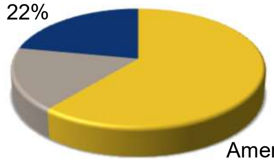
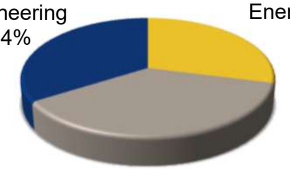
Decelerating end-markets and raw material costs affect quarterly results

Infrastructure Business Segment
Q2 FY20 Summary

Sales by Geography



Sales by End Market



Q2 FY20 sales $182 million; (14)% organic sales decline YoY on top of 4% growth in the prior year quarter

- Regions*: EMEA 2%, AsiaPac (5)%, Americas (22)%
- Headwinds of (2)% from a business divestiture, (1)% from FX, and (1)% from less business days
- Quarterly adjusted operating margin loss of (1.8)% compared to 9.6% in the prior year, due primarily to volume declines and the associated under absorption effect; the temporary effect of higher raw material costs was ~180 bps of the decline
- Effect of higher raw material costs to reverse in 2H FY20

Steep global slowdown negatively affecting end-markets including oil & gas

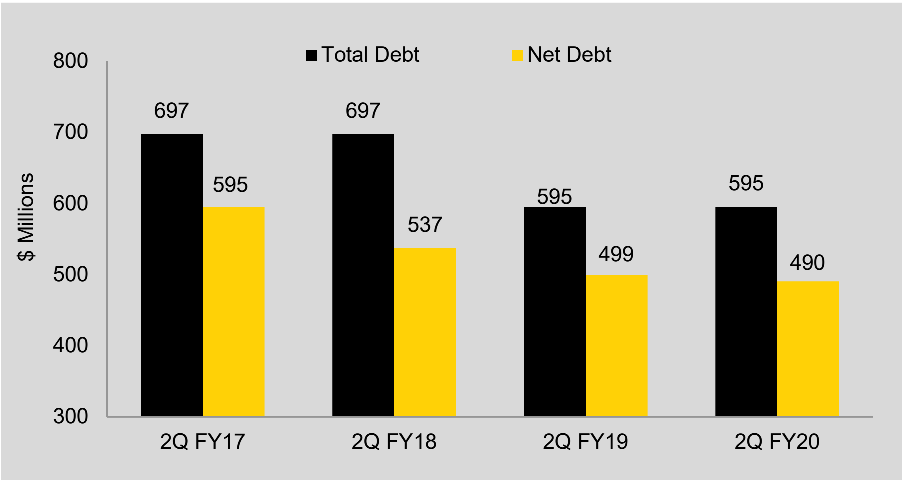
- Energy, General Engineering and Earthworks decline at (33)%, (6)% and (3)%, respectively**
- Oil & gas slowdown accelerated this quarter; average US land only rig count down (24)% YoY
- Earthworks sales declined slightly by (3)%**, underground mining remains steady and US construction positive

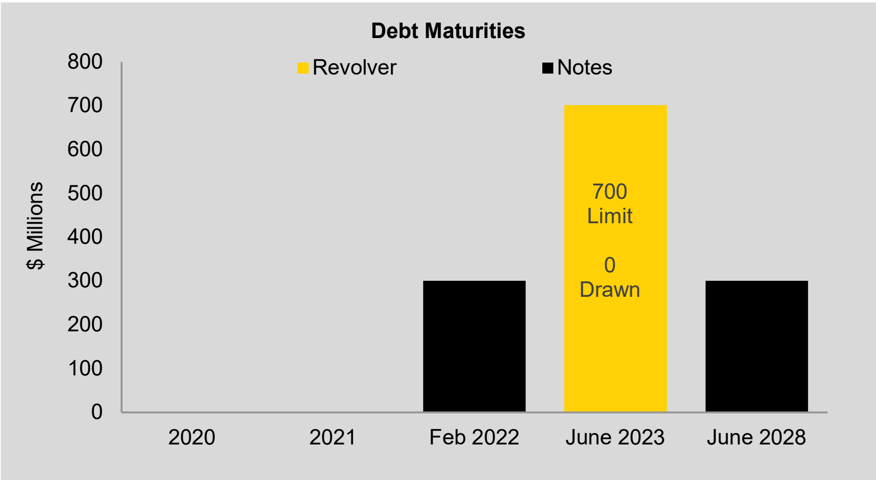
Progress in Simplification/Modernization

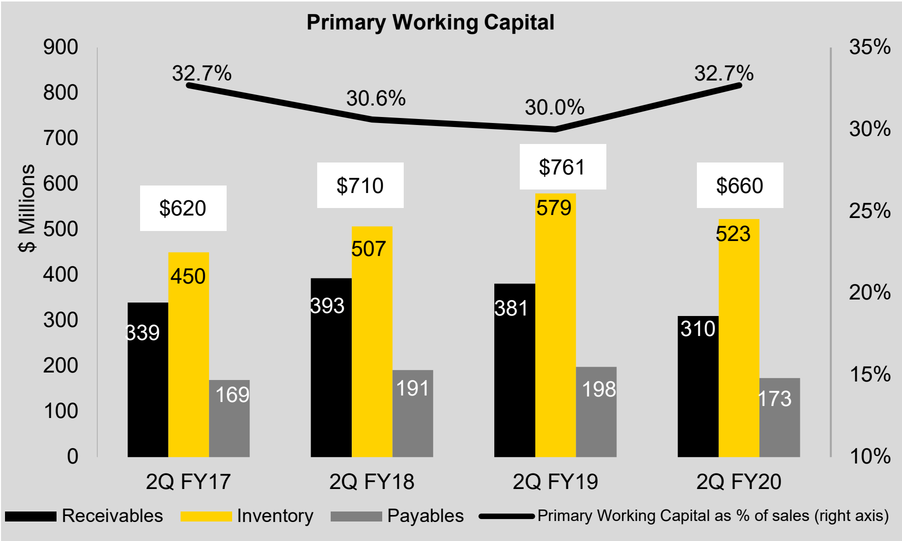
- Simplification/Modernization on-track, including Irwin, Pennsylvania closure & New Castle business divestiture

* Constant Currency Regional Sales Growth
** Constant Currency End Market Sales Growth

Strong balance sheet & cash position allow continued focus on initiatives







Consolidated Results ($ in millions)	2Q FY20	2Q FY19
Net Cash Provided by Operating Activities	$60	$52
Capital Expenditures, Net	($75)	($43)
Free Operating Cash Flow (FOCF)	($15)	$9
Dividends	($17)	($16)

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FY20 outlook reflects further end-markets weakening

Outlook for Fiscal 2020

	Prior Outlook	Current Outlook
Organic Sales Growth (Decline)	(9)% - (5)%	(12)% - (9)%
Adjusted Effective Tax Rate	22% - 24%	25% - 28%
Adjusted EPS	$1.70 - $2.10	$1.20 - $1.50
Capital Spending	$240M - $260M	$240M - $260M
Free Operating Cash Flow	$20M - $50M	Break-even

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Focused on improving performance throughout the economic cycle

- We are focused on what we can control
  - Exercising strong cost discipline
  - Delivering on Simplification/Modernization initiatives
  - Increasing FY20 Simplification/Modernization benefits over FY19 and accelerating in 2H FY20
- Margin improvement actions expected to improve performance throughout the economic cycle

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Appendix

Adjusted Segment Results

Quarter ended *($ in millions)*	**December 31, 2019**				**December 31, 2018**			
	Industrial	**WIDIA**	**Infrastructure**	**Total**	**Industrial**	**WIDIA**	**Infrastructure**	**Total**
Sales	**$279**	**$44**	**$182**	**$505**	**$317**	**$49**	**$221**	**$587**
Organic	(11)%	(8)%	(14)%	(12)%	3%	4%	4%	4%
FX	(1)%	-	(1)%	(1)%	(4)%	(4)%	(1)%	(3)%
Divestiture	-	-	(2)%	(1)%	-	-	-	-
Business Days	-	(1)%	(1)%	-	3%	3%	2%	2%
Constant Currency Regional Growth:								
Americas	(10)%	(6)%	(22)%	(15)%	12%	2%	7%	9%
EMEA	(14)%	(6)%	2%	(11)%	5%	8%	4%	5%
AsiaPac	(4)%	(17)%	(5)%	(6)%	(4)%	12%	7%	2%
Constant Currency End-market Growth:								
Energy	(9)%	-	(33)%	(27)%	6%	-	19%	15%
General Engineering	(10)%	(9)%*	(6)%	(9)%	9%	7%*	9%	8%
Transportation	(13)%	-	-	(13)%	(5)%	-	-	(5)%
Aerospace	(6)%	-	-	(6)%	22%	-	-	22%
Earthworks	-	-	(3)%	(3)%	-	-	(7)%	(7)%
Adjusted Operating Income (Loss)	**$30**	**($1)**	**($3)**	**$24**	**$59**	**$2**	**$21**	**$81**
Adjusted Operating Margin	**10.7%**	**(2.4)%**	**(1.8)%**	**4.8%**	**18.6%**	**3.7%**	**9.6%**	**13.8%**

* all WIDIA sales are classified as general engineering

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Balance Sheet

ASSETS *($ in millions)*	December 2019	September 2019
Cash and cash equivalents	$105	$114
Accounts receivable, net	310	328
Inventories	523	557
Other current assets	98	67
Total current assets	**$1,036**	**$1,065**
Property, plant and equipment, net	1,009	964
Goodwill and other intangible assets, net	427	451
Other assets	151	118
Total assets	**$2,623**	**$2,599**

LIABILITIES *($ in millions)*	December 2019	September 2019
Current maturities of long-term debt, including notes payable	$2	$4
Accounts payable	173	199
Other current liabilities	234	216
Total current liabilities	**$409**	**$419**
Long-term debt	593	593
Other liabilities	274	250
Total liabilities	**$1,276**	**$1,262**
Kennametal Shareowners' Equity	1,306	1,298
Noncontrolling interests	41	39
Total liabilities and equity	**$2,623**	**$2,599**

Non-GAAP Reconciliations

The information presented by the Company contains certain non-GAAP financial measures including organic sales growth (decline), constant currency regional sales growth (decline), constant currency end market sales growth (decline), adjusted gross profit and margin; adjusted operating expense and adjusted operating expense as a percentage of sales; adjusted operating income (loss) and margin; adjusted effective tax rate (ETR); adjusted earnings (loss) per diluted share (E(L)PS); adjusted earnings before interest, taxes, depreciation and amortization (EBITDA); adjusted Industrial operating income (loss) and margin; adjusted Widia operating income (loss) and margin; adjusted Infrastructure operating income (loss) and margin; free operating cash flow (FOCF); net debt; and primary working capital (PWC).

Kennametal management believes that presentation of these non-GAAP financial measures provides useful information about the results of operations of the Company for the current, past and future periods. Management believes that investors should have available the same information that management uses to assess operational performance, determine compensation and assess the capital structure of the Company. These Non-GAAP financial measures should not be considered in isolation or as a substitute for the most comparable GAAP measures. Investors are cautioned that non-GAAP financial measures utilized by the Company may not be comparable to non-GAAP financial measures used by other companies.

Reconciliations to the most directly comparable GAAP financial measures for the following forward-looking non-GAAP financial measures for full fiscal year of 2020 are not presented, including but not limited to: adjusted E(L)PS, organic sales growth (decline), adjusted ETR and FOCF. The most comparable GAAP measures are EPS, sales growth (decline), ETR and net cash flow from operating activities, respectively. Because the non-GAAP financial measures on a forward-looking basis are subject to uncertainty and variability as they are dependent on many factors - including, but not limited to, the effect of foreign currency exchange fluctuations, impacts from potential acquisitions or divestitures, gains or losses on the potential sale of businesses or other assets, restructuring costs, asset impairment charges, gains or losses from early extinguishment of debt, the tax impact of the items above and the impact of tax law changes or other tax matters - reconciliations to the most directly comparable forward-looking GAAP financial measures are not available without unreasonable effort.

Accordingly, we have compiled below certain definitions and reconciliations as required by Regulation G.

Adjusted Gross Profit and Margin, Adjusted Operating Expense, Adjusted Operating Expense as a Percentage of Sales, Adjusted Operating Income (Loss) and Margin, Adjusted ETR and Adjusted E(L)PS
The following GAAP financial measures have been presented on an adjusted basis: gross profit and margin, operating expense, operating expense as a percentage of adjusted sales, operating income (loss) and margin, ETR and E(L)PS. Detail of these adjustments is included in the reconciliations following these definitions. Management adjusts for these items in measuring and compensating internal performance to more readily compare the Company's financial performance period-to-period.

Organic Sales Growth (Decline)
Organic sales growth (decline) is a non-GAAP financial measure of sales growth (decline) (which is the most directly comparable GAAP measure) excluding the impacts of acquisitions[(1)], divestitures[(2)], business days[(3)] and foreign currency exchange[(4)] from year-over-year comparisons. Management believes this measure provides investors with a supplemental understanding of underlying sales trends by providing sales growth (decline) on a consistent basis. Also, we report organic sales growth (decline) at the consolidated and segment levels.

Constant Currency Regional Sales Growth (Decline)
Constant currency regional sales growth (decline) is a non-GAAP financial measure of sales growth (decline) (which is the most directly comparable GAAP measure) by region excluding the impacts of acquisitions[(1)], divestitures[(2)] and foreign currency exchange[(4)] from year-over-year comparisons. We note that, unlike organic sales growth (decline), constant currency regional sales growth (decline) does not exclude the impact of business days. We believe this measure provides investors with a supplemental understanding of underlying regional trends by providing regional sales growth (decline) on a consistent basis. Also, we report constant currency regional sales growth (decline) at the consolidated and segment levels.

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Non-GAAP Reconciliations (cont'd)

Constant Currency End Market Sales Growth (Decline)
Constant currency end market sales growth (decline) is a non-GAAP financial measure of sales growth (decline) (which is the most directly comparable GAAP measure) by end market excluding the impacts of acquisitions[(1)], divestitures[(2)] and foreign currency exchange[(4)] from year-over-year comparisons. We note that, unlike organic sales growth (decline), constant currency end market sales growth (decline) does not exclude the impact of business days. We believe this measure provides investors with a supplemental understanding of underlying end market trends by providing end market sales growth (decline) on a consistent basis. Also, we report constant currency end market sales growth (decline) at the consolidated and segment levels.

EBITDA
EBITDA is a non-GAAP financial measure and is defined as net income attributable to Kennametal (which is the most directly comparable GAAP measure), with interest expense, interest income, provision for income taxes, depreciation and amortization added back. Management believes that EBITDA is widely used as a measure of operating performance and is an important indicator of the Company's operational strength and performance. Nevertheless, the measure should not be considered in isolation or as a substitute for operating income, cash flows from operating activities or any other measure for determining liquidity that is calculated in accordance with GAAP. Additionally, Kennametal will present EBITDA on an adjusted basis. Management uses this information in reviewing operating performance.

Free Operating Cash Flow
FOCF is a non-GAAP financial measure and is defined by the Company as cash provided by operations (which is the most directly comparable GAAP measure) less capital expenditures, plus proceeds from disposals of fixed assets. Management considers FOCF to be an important indicator of the Company's cash generating capability because it better represents cash generated from operations that can be used for dividends, debt repayment, strategic initiatives, and other investing and financing activities.

Net Debt
Net debt is a non-GAAP financial measure and is defined by the Company as total debt less cash and cash equivalents. The most directly comparable GAAP financial measure is total debt. Management believes that net debt aids in the evaluation of the Company's financial condition.

Primary Working Capital
Primary working capital is a non-GAAP financial measure and is defined as accounts receivable, net plus inventories, net minus accounts payable. The most directly comparable GAAP measure is working capital, which is defined as current assets less current liabilities. We believe primary working capital better represents Kennametal's performance in managing certain assets and liabilities controllable at the segment level and is used as such for internal performance measurement.

[(1)] Acquisition impact is calculated by dividing current period sales attributable to acquired businesses by prior period sales.
[(2)] Divestiture impact is calculated by dividing prior period sales attributable to divested businesses by prior period sales.
[(3)] Business days impact is calculated by dividing the year-over-year change in weighted average working days (based on mix of sales by country) by prior period weighted average working days.
[(4)] Foreign currency exchange impact is calculated by dividing the difference between current period sales at prior period foreign exchange rates and prior period sales by prior period sales.

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Non-GAAP Reconciliations (cont'd)

($ in millions, except per share data and percents)	Sales	Gross Profit	Operating Expense	Operating (Loss) Income	Effective Tax Rate	Diluted (LPS) EPS
Q2 FY20 Reported Results	$ 505.1	$ 132.0	$ 107.5	$ (47.6)	87.9%	$ (0.07)
Reported Margins		26.1%	21.3%	(9.4%)		
Restructuring and related charges	-	3.3	-	51.0	(11.5)	0.39
Goodwill and other intangible asset impairment charges(5)	-	-	-	14.6	(13.3)	-
Loss on divestiture(6)	-	-	-	6.5	(3.8)	0.03
Discrete benefit from Swiss tax reform(7)	-	-	-	-	(29.7)	(0.18)
Q2 FY20 Adjusted Results	$ 505.1	$ 135.3	$ 107.5	$ 24.5	29.6%	$ 0.17
Q2 FY20 Adjusted Margins		26.8%	21.3%	4.8%		

(5) The Company recorded non-cash pre-tax Widia goodwill and other intangible asset impairment charges of $15 million as a result of deteriorating market conditions, primarily in general engineering and transportation applications in India and China, in addition to overall global weakness in the manufacturing sector.

(6) The Company completed the divestiture of its non-core specialty alloys business in the Infrastructure segment as part of its ongoing simplification/modernization initiatives.

(7) One-time transition benefits related to the enactment of tax reform in Switzerland.

($ in millions, except per share data and percents)	Sales	Gross Profit	Operating Expense	Operating Income	Effective Tax Rate	Diluted EPS
Q2 FY19 Reported Results	$ 587.4	$ 198.6	$ 114.6	$ 78.9	24.8%	$ 0.66
Reported Margins		33.8%	19.5%	13.4%		
Restructuring and related charges	-	0.5	-	2.1	-	0.02
Discrete effect from U.S. tax reform(8)	-	-	-	-	4.6	(0.04)
Tax charge from change in permanent reinvestment assertion(9)	-	-	-	-	(8.1)	0.07
Q2 FY19 Adjusted Results	$ 587.4	$ 199.1	$ 114.6	$ 80.9	21.3%	$ 0.71
Q2 FY19 Adjusted Margins		33.9%	19.5%	13.8%		

(8) Additional charge recorded to reflect adjustments to the amounts recorded for the application of a measure of the Tax Cuts and Jobs Act of 2017 (TCJA) requiring a one-time transition tax on previously untaxed accumulated earnings and profits of non-U.S. companies (toll tax) considering regulatory guidance issued through December 31, 2018.

(9) As a result of TCJA, the Company reevaluated its permanent reinvestment assertion in certain jurisdictions, concluding that the unremitted earnings and profits of certain of our non-U.S. subsidiaries and affiliates will no longer be permanently reinvested. This change in assertion required the recognition of a tax charge of $6 million primarily for foreign withholding and state income taxes.

Non-GAAP Reconciliations (cont'd)

($ in millions)	Three months ended December 31, 2019	2018
Net (loss) income attributable to Kennametal, reported	$ (5.9)	$ 54.7
Add back:		
Interest expense	8.1	8.1
Interest income	(0.2)	(0.3)
Provision for income taxes, reported	(45.3)	18.5
Depreciation	26.5	23.8
Amortization	3.3	3.6
EBITDA	$ (13.6)	$ 108.4
Margin	(2.7%)	18.5%
Adjustments:		
Restructuring and related charges	51.0	2.1
Goodwill and other intangible asset impairment charges	13.8	
Loss on divestiture	6.5	-
Adjusted EBITDA	57.7	110.5
Adjusted Margin	11.4%	18.8%

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Non-GAAP Reconciliations (cont'd)

($ in millions, except percents)	Industrial Sales	Industrial Operating (Loss) Income	WIDIA Sales	WIDIA Operating Loss	Infrastructure Sales	Infrastructure Operating Loss
Q2 FY20 Reported Results	$ 279.2	$ (19.3)	$ 44.3	$ (15.9)	$ 181.5	$ (11.6)
Reported Operating Margin		(6.9%)		(35.9%)		(6.4%)
Restructuring and related charges	-	49.0	-	0.2	-	1.7
Goodwill and other intangible asset impairment charges	-	-	-	14.6	-	
Loss on divestiture	-	-	-		-	6.5
Q2 FY20 Adjusted Results	$ 279.2	$ 29.8	$ 44.3	$ (1.1)	$ 181.5	$ (3.3)
Q2 FY20 Adjusted Operating Margin		10.7%		(2.4%)		(1.8%)

($ in millions, except percents)	Industrial Sales	Industrial Operating Income	WIDIA Sales	WIDIA Operating Income	Infrastructure Sales	Infrastructure Operating Income
Q2 FY19 Reported Results	$ 317.3	$ 57.5	$ 49.0	$ 1.7	$ 221.1	$ 20.6
Reported Operating Margin		18.1%		3.5%		9.3%
Restructuring and related charges	-	1.5	-	0.1	-	0.5
Q2 FY19 Adjusted Results	$ 317.3	$ 59.0	$ 49.0	$ 1.8	$ 221.1	$ 21.1
Q2 FY19 Adjusted Operating Margin		18.6%		3.7%		9.6%

KENNAMETAL

Non-GAAP Reconciliations (cont'd)

Three months ended December 31, 2019:	Industrial	Widia	Infrastructure	Kennametal
Organic Sales Decline	(11%)	(8%)	(14%)	(12%)
Foreign Currency Exchange Impact	(1%)	0%	(1%)	(1%)
Business Days Impact	0%	(1%)	(1%)	0%
Divestiture Impact	0%	0%	(2%)	(1%)
Sales Decline	(12%)	(9%)	(18%)	(14%)

Three months ended December 31, 2018:	Industrial	Widia	Infrastructure	Kennametal
Organic Sales Growth	3%	4%	4%	4%
Foreign Currency Exchange Impact	(4%)	(4%)	(1%)	(3%)
Business Days Impact	3%	3%	2%	2%
Sales Growth	2%	3%	5%	3%

Widia	
Three months ended December 31, 2019:	**India**
Constant currency regional sales decline	(27%)
Foreign currency exchange impact	1%
Regional sales decline	(26%)

KENNAMETAL

Non-GAAP Reconciliations (cont'd)

Industrial			
Three months ended December 31, 2019:	**Americas**	**EMEA**	**Asia Pacific**
Constant currency regional sales decline	(10%)	(14%)	(4%)
Foreign currency exchange impact	0%	(3%)	(1%)
Regional sales decline	(10%)	(17%)	(5%)

Widia			
Three months ended December 31, 2019:	**Americas**	**EMEA**	**Asia Pacific**
Constant currency regional sales decline	(6%)	(6%)	(17%)
Foreign currency exchange impact	0%	(2%)	0%
Regional sales decline	(6%)	(8%)	(17%)

Infrastructure			
Three months ended December 31, 2019:	**Americas**	**EMEA**	**Asia Pacific**
Constant currency regional sales (decline) growth	(22%)	2%	(5%)
Foreign currency exchange impact	0%	(4%)	(1%)
Divestiture impact	(3%)	0%	0%
Regional sales decline	(25%)	(2%)	(6%)

Kennametal			
Three months ended December 31, 2019:	**Americas**	**EMEA**	**Asia Pacific**
Constant currency regional sales decline	(15%)	(11%)	(6%)
Foreign currency exchange impact	0%	(3%)	(1%)
Divestiture impact	(2%)	0%	0%
Regional sales decline	(17%)	(14%)	(7%)

KENNAMETAL

Non-GAAP Reconciliations (cont'd)

Industrial			
Three months ended December 31, 2018:	**Americas**	**EMEA**	**Asia Pacific**
Constant currency regional sales growth (decline)	12%	5%	(4%)
Foreign currency exchange impact	(2%)	(5%)	(4%)
Regional sales growth (decline)	10%	0%	(8%)

Widia			
Three months ended December 31, 2018:	**Americas**	**EMEA**	**Asia Pacific**
Constant currency regional sales growth	2%	8%	12%
Foreign currency exchange impact	0%	(6%)	(7%)
Regional sales growth	2%	2%	5%

Infrastructure			
Three months ended December 31, 2018:	**Americas**	**EMEA**	**Asia Pacific**
Constant currency regional sales growth	7%	4%	7%
Foreign currency exchange impact	(1%)	(3%)	(5%)
Regional sales growth	6%	1%	2%

Kennametal			
Three months ended December 31, 2018:	**Americas**	**EMEA**	**Asia Pacific**
Constant currency regional sales growth	9%	5%	2%
Foreign currency exchange impact	(2%)	(5%)	(5%)
Regional sales growth (decline)	7%	0%	(3%)

KENNAMETAL

Non-GAAP Reconciliations (cont'd)

Industrial

Three months ended December 31, 2019:	General Engineering	Transportation	Aerospace	Energy
Constant currency end market sales decline	(10%)	(13%)	(6%)	(9%)
Foreign currency exchange impact	(2%)	(1%)	(1%)	(1%)
End market sales decline	(12%)	(14%)	(7%)	(10%)

Widia

Three months ended December 31, 2019:	General Engineering
Constant currency end market sales growth	(9%)
Foreign currency exchange impact	0%
End market sales growth	(9%)

Infrastructure

Three months ended December 31, 2019:	Energy	Earthworks	General Engineering
Constant currency end market sales decline	(33%)	(3%)	(6%)
Foreign currency exchange impact	0%	(1%)	(1%)
Divestiture impact	(2%)	0%	(5%)
End market sales decline	(35%)	(4%)	(12%)

Kennametal

Three months ended December 31, 2019:	Energy	Earthworks	General Engineering	Transportation	Aerospace
Constant currency end market sales decline	(27%)	(3%)	(9%)	(13%)	(6%)
Foreign currency exchange impact	0%	(1%)	(2%)	(1%)	(1%)
Divestiture impact	(1%)	0%	(1%)	0%	0%
End market sales decline	(28%)	(4%)	(12%)	(14%)	(7%)

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Non-GAAP Reconciliations (cont'd)

Industrial

Three months ended December 31, 2018:	General Engineering	Transportation	Aerospace	Energy
Constant currency end market sales growth (decline)	9%	(5%)	22%	6%
Foreign currency exchange impact	(3%)	(4%)	(4%)	(3%)
End market sales growth (decline)	6%	(9%)	18%	3%

Widia

Three months ended December 31, 2018:	General Engineering
Constant currency end market sales growth	7%
Foreign currency exchange impact	(4%)
End market sales growth	3%

Infrastructure

Three months ended December 31, 2018:	Energy	Earthworks	General Engineering
Constant currency end market sales growth (decline)	19%	(7%)	9%
Foreign currency exchange impact	(1%)	(2%)	(2%)
End market sales growth (decline)	18%	(9%)	7%

Kennametal

Three months ended December 31, 2018:	Energy	Earthworks	General Engineering	Transportation	Aerospace
Constant currency end market sales growth (decline)	15%	(7%)	8%	(5%)	22%
Foreign currency exchange impact	(1%)	(2%)	(3%)	(4%)	(4%)
End market sales growth (decline)	14%	(9%)	5%	(9%)	18%

Non-GAAP Reconciliations (cont'd)

($ in millions)	Three months ended December 31, 2019	2018
Net cash flow from operating activities	$ 59.6	$ 52.3
Purchases of property, plant and equipment	(75.1)	(44.8)
Proceeds from disposals of property, plant and equipment	0.4	1.7
Free operating cash flow	$ (15.1)	$ 9.1

(in thousands, except percents)	12/31/2019	9/30/2019	6/30/2019	3/31/2019	12/31/2018	Average
Current assets	$ 1,035,912	$ 1,065,389	$ 1,190,827	$ 1,162,842	$ 1,119,034	
Current liabilities	409,110	418,719	461,726	430,018	412,053	
Working capital, GAAP	$ 626,802	$ 646,670	$ 729,101	$ 732,824	$ 706,981	
Excluding items:						
Cash and cash equivalents	(105,210)	(113,522)	(182,015)	(112,597)	(96,276)	
Other current assets	(97,824)	(67,106)	(57,381)	(58,221)	(63,509)	
Total excluded current assets	(203,034)	(180,628)	(239,396)	(170,818)	(159,785)	
Adjusted current assets	832,878	884,761	951,431	992,024	959,249	
Current maturities of long-term debt and capital leases, including notes payable	(2,102)	(3,528)	(157)	-	(3,371)	
Other current liabilities	(233,848)	(216,517)	(248,661)	(224,949)	(210,332)	
Total excluded current liabilities	(235,950)	(220,045)	(248,818)	(224,949)	(213,703)	
Adjusted current liabilities	173,160	198,674	212,908	205,069	198,350	
Primary working capital	$ 659,718	$ 686,087	$ 738,523	$ 786,955	$ 760,899	$ 726,436

	Three Months Ended 12/31/2019	9/30/2019	6/30/2019	3/31/2019	Total
Sales	$ 505,080	$ 518,088	$ 603,949	$ 597,204	$ 2,224,321
Primary working capital as a percentage of sales					32.7%

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Non-GAAP Reconciliations (cont’d)

(in thousands, except percents)	12/31/2018	9/30/2018	6/30/2018	3/31/2018	12/31/2017	Average
Current assets	$ 1,119,034	$ 1,121,482	$ 1,546,166	$ 1,240,587	$ 1,128,382	
Current liabilities	412,053	439,171	886,531	477,790	407,621	
Working capital, GAAP	$ 706,981	$ 682,311	$ 659,635	$ 762,797	$ 720,761	
Excluding items:						
Cash and cash equivalents	(96,276)	(102,084)	(556,153)	(221,906)	(159,940)	
Other current assets	(63,509)	(63,461)	(63,257)	(70,926)	(68,057)	
Total excluded current assets	(159,785)	(165,545)	(619,410)	(292,832)	(227,997)	
Adjusted current assets	959,249	955,937	926,756	947,755	900,385	
Current maturities of long-term debt and capital leases, including notes payable	(3,371)	(756)	(400,200)	(1,399)	(1,360)	
Other current liabilities	(210,332)	(217,528)	(264,428)	(256,186)	(215,669)	
Total excluded current liabilities	(213,703)	(218,284)	(664,628)	(257,585)	(217,029)	
Adjusted current liabilities	198,350	220,887	221,903	220,205	190,592	
Primary working capital	$ 760,899	$ 735,050	$ 704,853	$ 727,550	$ 709,793	$ 727,629

	Three Months Ended				
	12/31/2018	9/30/2018	6/30/2018	3/31/2017	Total
Sales	$ 587,394	$ 586,687	$ 646,119	$ 607,936	$ 2,428,136
Primary working capital as a percentage of sales					30.0%

KENNAMETAL

Non-GAAP Reconciliations (cont'd)

(in thousands, except percents)	12/31/2017	9/30/2017	6/30/2017	3/31/2017	12/31/2016	Average
Current assets	$ 1,128,382	$ 1,075,915	$ 1,113,901	$ 1,043,046	$ 971,745	
Current liabilities	407,621	396,967	461,478	426,799	390,151	
Working capital, GAAP	$ 720,761	$ 678,948	$ 652,423	$ 616,247	$ 581,594	
Excluding items:						
Cash and cash equivalents	(159,940)	(110,697)	(190,629)	(100,817)	(102,001)	
Other current assets	(68,057)	(64,874)	(55,166)	(75,061)	(80,375)	
Total excluded current assets	(227,997)	(175,571)	(245,795)	(175,878)	(182,376)	
Adjusted current assets	900,385	900,344	868,106	867,168	789,369	
Current maturities of long-term debt and capital leases, including notes payable	(1,360)	(1,252)	(925)	(1,591)	(2,263)	
Other current liabilities	(215,669)	(209,373)	(244,831)	(234,367)	(219,008)	
Total excluded current liabilities	(217,029)	(210,625)	(245,756)	(235,958)	(221,271)	
Adjusted current liabilities	190,592	186,342	215,722	190,841	168,880	
Primary working capital	$ 709,793	$ 714,002	$ 652,384	$ 676,327	$ 620,489	$ 674,599

	Three Months Ended				
	12/31/2017	9/30/2017	6/30/2017	3/31/2017	Total
Sales	$ 571,345	$ 542,454	$ 565,025	$ 528,630	$ 2,207,454
Primary working capital as a percentage of sales					30.6%

Non-GAAP Reconciliations (cont'd)

(in thousands, except percents)	12/31/2016	9/30/2016	6/30/2016	3/31/2016	12/31/2015	Average
Current assets	$ 971,745	$ 991,837	$ 1,075,341	$ 1,099,260	$ 1,062,992	
Current liabilities	390,151	402,574	427,275	421,415	394,983	
Working capital, GAAP	$ 581,594	$ 589,263	$ 648,066	$ 677,845	$ 668,009	
Excluding items:						
Cash and cash equivalents	(102,001)	(119,411)	(161,579)	(136,564)	(138,978)	
Other current assets	(80,375)	(64,660)	(84,016)	(111,479)	(113,113)	
Total excluded current assets	(182,376)	(184,071)	(245,595)	(248,043)	(252,091)	
Adjusted current assets	789,369	807,766	829,746	851,217	810,901	
Current maturities of long-term debt and capital leases, including notes payable	(2,263)	(1,381)	(1,895)	(4,140)	(5,942)	
Other current liabilities	(219,008)	(225,189)	(243,341)	(247,943)	(237,444)	
Total excluded current liabilities	(221,271)	(226,570)	(245,236)	(252,083)	(243,386)	
Adjusted current liabilities	168,880	176,004	182,039	169,332	151,597	
Primary working capital	$ 620,489	$ 631,762	$ 647,707	$ 681,885	$ 659,304	$ 648,229

	Three Months Ended				
	12/31/2016	9/30/2016	6/30/2016	3/31/2016	Total
Sales	$ 487,573	$ 521,224	$ 477,140	$ 497,837	$ 1,983,774
Primary working capital as a percentage of sales					32.7%

Net Debt (in millions)	Three months ended			
	12/30/2019	12/31/2018	12/31/2017	12/31/2016
Total debt (gross)	$ 595.3	$ 595.1	$ 697.1	$ 696.6
Less: cash and cash equivalents	105.2	96.3	159.9	102.0
Net debt	$ 490.1	$ 498.8	$ 537.1	$ 594.6

