



**FY25 Third Quarter  
Earnings Call Presentation  
May 7, 2025**



# Safe Harbor Statement

Certain statements in this release 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 sales, adjusted operating income, adjusted EPS, FOCF, primary working capital, capital expenditures and adjusted effective tax rate for the full year of fiscal 2025 and our 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: uncertainties related to changes in macroeconomic and/or global conditions, including as a result of increased inflation, tariffs, and Russia's invasion of Ukraine and the resulting sanctions on Russia; the conflict in the Middle East, other economic recession; our ability to achieve all anticipated benefits of restructuring, simplification and modernization initiatives; Commercial Excellence growth initiatives, Operational Excellence initiatives, our foreign operations and international markets, such as currency exchange rates, different regulatory environments, trade barriers, exchange controls, and social and political instability, including the conflicts in Ukraine and the Middle East; 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 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; energy costs; commodity prices; labor relations; and implementation of environmental remediation matters. Many of these risks and other 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](http://www.kennametal.com). Once on the homepage, select “Investor Relations” and then “Events.”

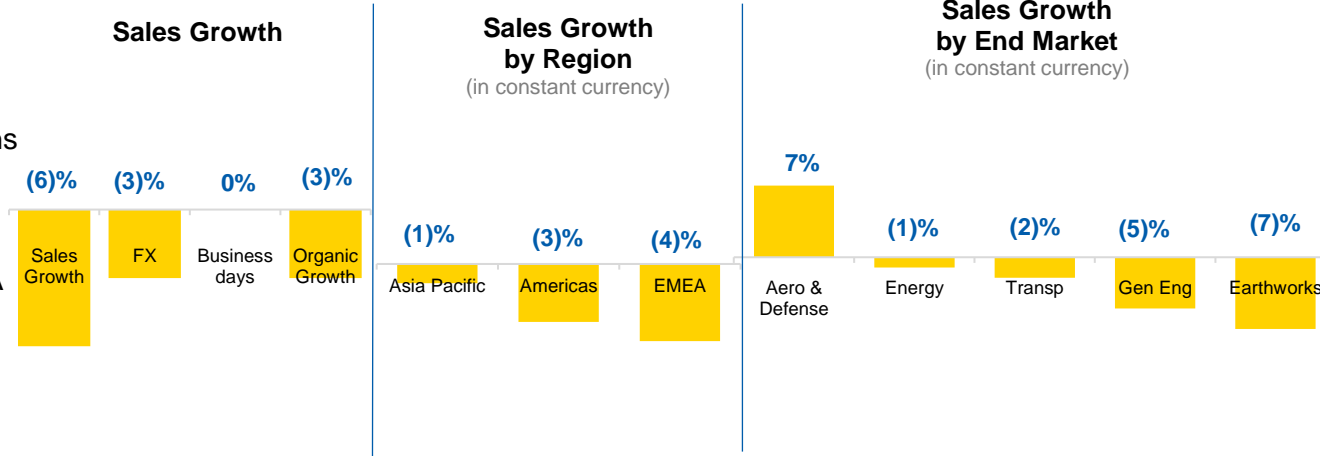
# Continued progress on growth and cost initiatives despite weak markets

**Earnings per Diluted Share (EPS):** Reported \$0.41; Adjusted \$0.47 (vs. \$0.24 reported and \$0.30 adjusted in prior year)

Lower global industrial activity partially offset by Aerospace and Defense

**Sales of \$486M, (3)% organic decline year-over-year**

- Metal Cutting (4)% and Infrastructure (2)%
- **Aerospace & Defense** – Project timing and strategic wins
- **Energy** – Lower industry growth partially offset by share gains
- **Transportation** – Lower OEM volume in EMEA partially offset by project wins in Asia Pacific and higher Americas volume
- **General Engineering** – Lower industrial production in EMEA and Americas
- **Earthworks** – Slower mining activity in the Americas and Asia Pacific partially offset by higher activity in EMEA



IRA\* credits, lower material costs & restructuring partially offset by lower volume

**Adjusted EBITDA of \$86.9 million at 17.9% margin up 370 bps against prior year**

- IRA\* advanced manufacturing production credit of approximately \$10M; substantiation complete, \$8M related to prior periods
  - Lower raw material costs and favorable price
  - Restructuring savings of \$6M
- Partially offset by:
- Lower sales and production volumes
  - Higher wages and general inflation
  - Unfavorable foreign exchange of ~\$3M

**Metal Cutting adjusted operating margin down 120 bps** YoY; due to lower sales and production volumes, unfavorable foreign exchange of ~\$3M, higher wages and general inflation partially offset by; price, restructuring savings of \$4M, lower raw material costs

**Infrastructure adjusted operating margin up 770 bps** YoY; IRA\* advanced manufacturing credit of \$10M, price/raw material timing, restructuring savings of \$2M, partially offset by lower sales and production volumes

Returned \$40M to Shareholders

- YTD cash flow from operations **\$130 million** and free operating cash flow of **\$63 million**

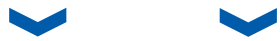
- **\$25 million** share repurchases and **\$15 million** dividends

# Mixed markets continue; effect of tariffs on market conditions uncertain

## FY25 Sales Assumptions at Outlook Midpoint

### General Engineering

Prior Current



Down slightly Down slightly

### Transportation

Prior Current



Down Down

### Energy

Prior Current



Down Slightly Down Slightly

### Earthworks

Prior Current



Down Slightly Down Slightly

### Aerospace & Defense

Prior Current



Up Slightly Up Slightly

## FY25 Market Factors

#### US S&P IPI forecast

- **Prior:** Flat 1HCY25
- **Current:** Flat 1HCY25

#### EMEA IPI forecast

- **Prior:** Down slightly in 1HCY25
- **Current:** Down slightly in 1HCY25

#### China PMI

- **Prior:** Flat at 50
- **Current:** Flat at 50

#### Light vehicle production

- **Prior:** Per IHS production down 1% vs. prior year primarily in EMEA
- **Current:** Per IHS production down 1% vs. prior year primarily in EMEA

#### US Land based rig count

- **Prior:** decline
- **Current:** decline

#### Customer US Sentiment

- **Prior:** Cautious 1H CY25, rig productivity is focus
- **Current:** Cautious 1H CY25, rig productivity is focus

#### Road Construction

- **Prior:** Normal seasonality with improvement in 1H CY25, competitive pressures persist
- **Current:** Normal seasonality with improvement in 1H CY25, competitive pressures persist

#### Mining

- **Prior:** Declines in China and lower US exports
- **Current:** Declines in China and lower US exports

#### Major OEM Build Rates

- **Prior:** Up slightly with growth improving in 1H CY25
- **Current:** Up slightly with growth improving in 1H CY25

#### Defense

- **Prior:** Defense related orders driven by order timing, expected to remain strong throughout FY
- **Current:** Defense related orders driven by order timing, expected to remain strong throughout FY

# Actions underway to mitigate ~\$80M tariff cost exposure<sup>1</sup>



## Actions Underway

- Utilizing **global** footprint to optimize product flow
- Re-routing internal **supply chain** flows
- Re-balancing **production** capacity
- Implementing tariff **surcharges**
- Leveraging US footprint to **capture** market share

1. Estimated annual additional tariff cost based on tariffs in place effective 4/30

# Investments in commercial excellence driving share gains

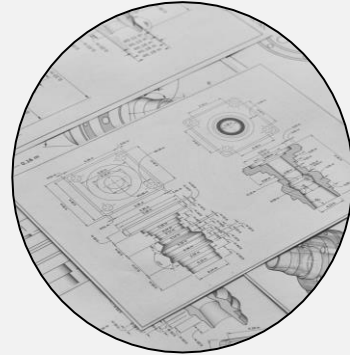
## Metal Cutting



### Aero and Defense

- Secured initial order to manufacture a part for an aerospace OEM; expect follow-on business

*Reduced customer manufacturing time while meeting exacting specifications*



### General Engineering

- Secured order to provide indexable drills for an industrial pump manufacturer

*Delivered a rapid, high-performance solution which exceeded customer's expectations*



### Transportation

- Won order displacing two competitors to be the exclusive tool supplier for the manufacture of high-speed railway switches

*Our customized solution provided improved performance and surface finish*

## Infrastructure



### Energy

- Re-engaged with a European battery manufacturer to provide corrosion resistant products

*Recent order opened new long-term global business opportunities*



### Earthworks

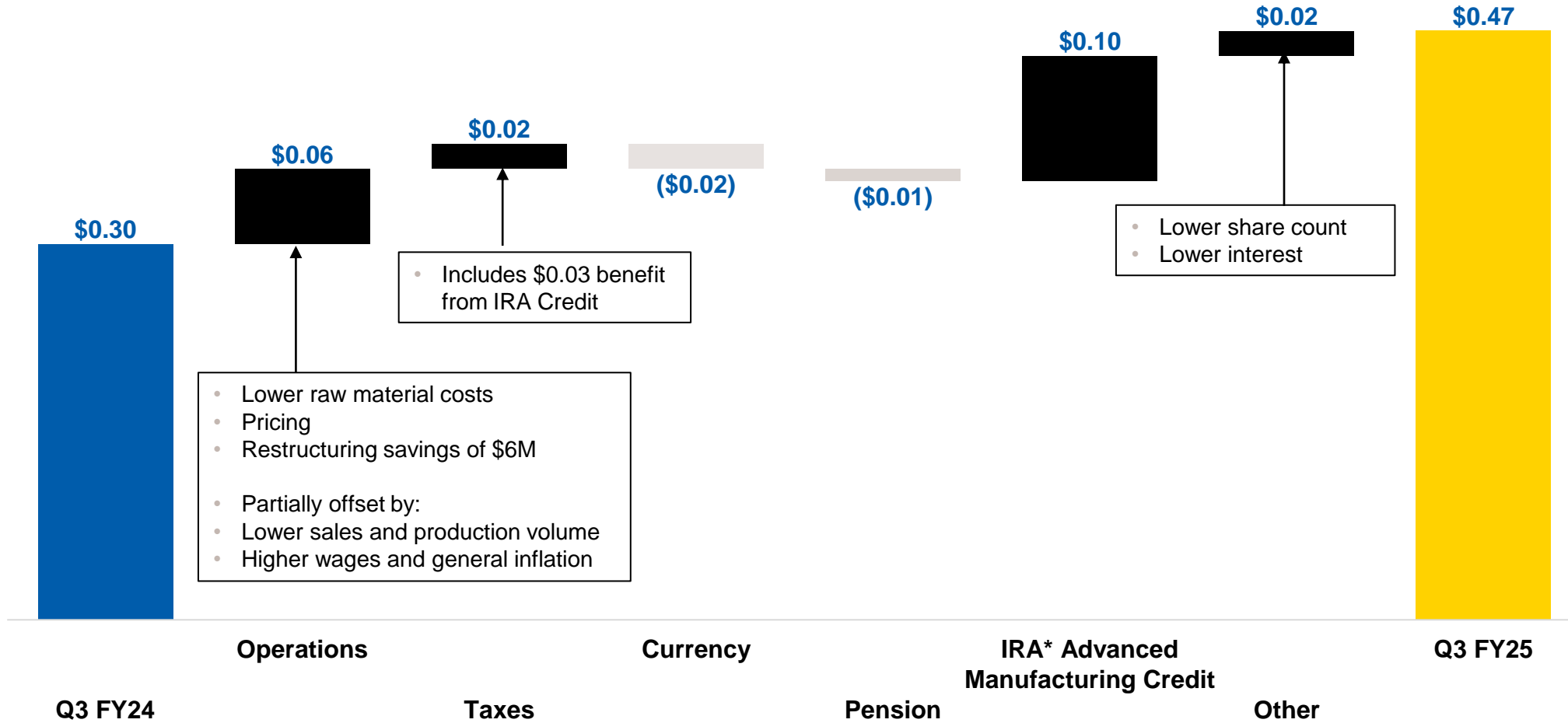
- Developed a custom pick solution to help a mining customer recover market share

*Leveraged business intelligence and industry knowledge to solve end-customer pain points*

# IRA credits and restructuring actions offset soft markets

Quarter Ended (\$ in millions)	Change from PY	Adjusted		Reported	
		March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
<b>Sales</b>	<b>(6)%</b>	<b>\$486</b>	<b>\$516</b>	<b>\$486</b>	<b>\$516</b>
Organic		(3)%	(2)%	(3)%	(2)%
FX		(3)%	(1)%	(3)%	(1)%
Business Days		0%	(1)%	0%	(1)%
<b>Gross Profit</b>	<b>2%</b>	<b>\$157</b>	<b>\$153</b>	<b>\$156</b>	<b>\$153</b>
% of sales	250 bps	32.2%	29.7%	32.1%	29.7%
<b>Operating Expense</b>	<b>(4)%</b>	<b>\$104</b>	<b>\$109</b>	<b>\$104</b>	<b>\$109</b>
% of sales	30 bps	21.4%	21.1%	21.4%	21.1%
<b>EBITDA</b>	<b>19%</b>	<b>\$87</b>	<b>\$73</b>	<b>\$81</b>	<b>\$67</b>
% of sales	370 bps	17.9%	14.2%	16.7%	12.9%
<b>Operating Income</b>	<b>20%</b>	<b>\$50</b>	<b>\$42</b>	<b>\$44</b>	<b>\$35</b>
% of sales	220 bps	10.3%	8.1%	9.1%	6.8%
<b>Effective Tax Rate</b>	<b>(370) bps</b>	<b>22.8%</b>	<b>26.5%</b>	<b>23.6%</b>	<b>27.4%</b>
<b>EPS (Earnings per Diluted Share)</b>	<b>56%</b>	<b>\$0.47</b>	<b>\$0.30</b>	<b>\$0.41</b>	<b>\$0.24</b>
<b>Year-to-Date</b>					
Net Cash Flow Provided By Operations	(21)%	\$130	\$163	\$130	\$163
Free Operating Cash Flow (FOCF)	(26)%	\$63	\$84	\$63	\$84

# Advanced manufacturing credit & operations drive higher adjusted EPS



\* IRA Inflation Reduction Act

# Continued market weakness partially offset by growth initiatives

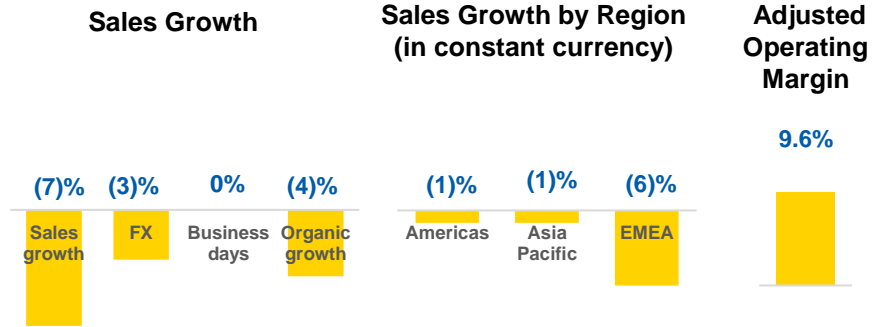
**Organic sales decline (4)%**  
Sales of \$304 million

▪ **EMEA drives decline**

- Americas - General Engineering weakness partially offset by Transportation
- Asia Pacific lower production volumes in General Engineering partially offset by project wins in Transportation
- EMEA - General Engineering and Transportation weakness partially offset by strength in Aerospace & Defense

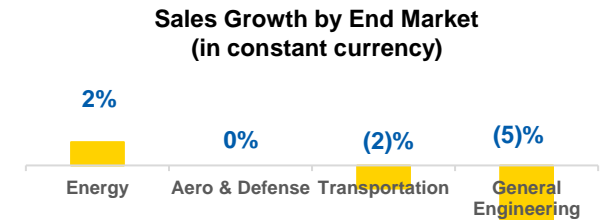
▪ **Adjusted operating margin of 9.6% below prior year 120 bps**

- Lower sales and production volumes, unfavorable foreign exchange of ~\$3M, higher wages and general inflation partially offset by price, restructuring savings of \$4M, and lower raw material costs



**Lower sales and production volumes**

- Energy up due to share gains in Asia Pacific
- Aerospace & Defense improved build rates in EMEA offset lower production in Asia Pacific due to customer quality issue and strike impact in Americas
- Transportation weakness due to lower volumes in EMEA partially offset by order timing in Asia Pacific and higher volumes in the Americas
- General Engineering down due to lower activity, primarily in EMEA and Americas



**Commercial and Operational Excellence**

Positioning for growth

- Strategic initiatives maintaining traction despite difficult market conditions
- Focused lean operational excellence initiatives making progress
- Continue to focus on customer service levels while optimizing inventory turns
- New product growth remains strong, especially in Aerospace & Defense end market
- Production ceased in Greenfield, MA facility in mid-April

# Strategic initiatives drive aerospace and defense growth

**Organic sales decline (2)%**

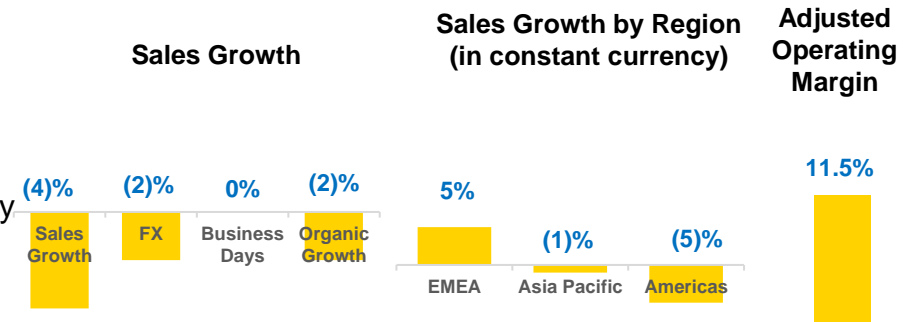
Sales of \$182 million

## Regional Sales

- EMEA – Growth in Aerospace & Defense and Earthworks partially offset by lower industrial activity and project timing impacting General Engineering
- Asia Pacific – Earthworks weakness partially offset by Energy and General Engineering
- Americas – Earthworks, General Engineering and Energy weakness partially offset by Aerospace and Defense

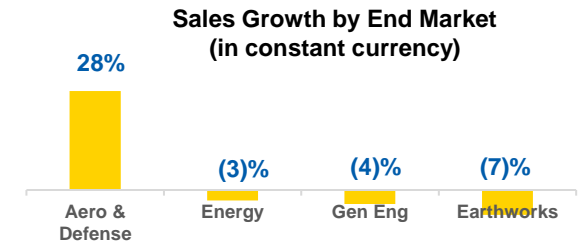
## Adjusted operating margin of 11.5% above prior year 770 bps

- IRA\* advanced manufacturing credit of \$10M, price/raw material timing, restructuring savings of \$2M, partially offset by lower sales and production volumes



**Growth initiatives partially offset end-market softness**

- Aerospace & Defense driven by growth initiatives and project timing in EMEA and Americas
- Energy lower due to lower land rig count in the Americas partially offset by project timing in Asia Pacific
- General Engineering decline due to lower industrial activity in Americas and EMEA
- Earthworks decline due to lower mining activity and competitive pressures in the Americas partially offset by higher construction activity



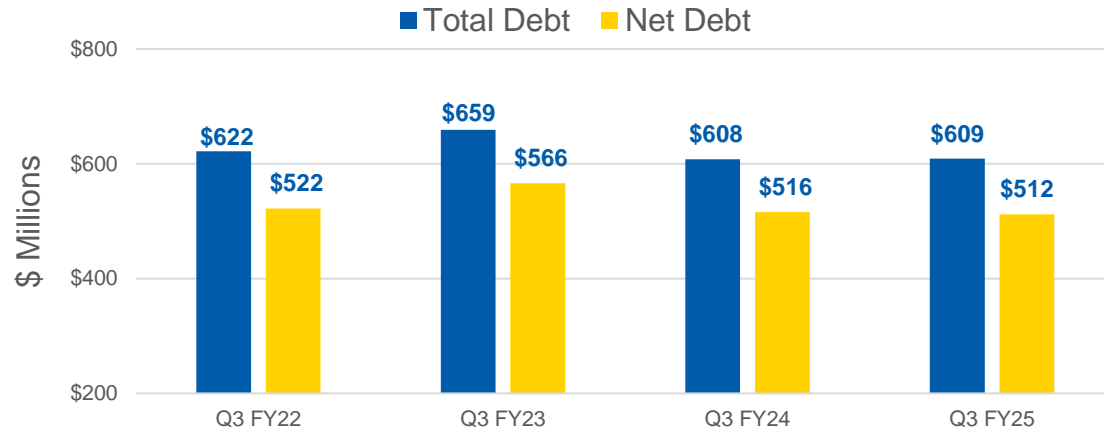
**Commercial and Operational Excellence**

Positioning for growth

- Making headway on growth initiatives despite challenging markets
- Disciplined focus driving operational efficiencies and cost savings
- Continue to focus on customer service levels while optimizing inventory turns
- Innovation driving new product growth

\* Inflation Reduction Act

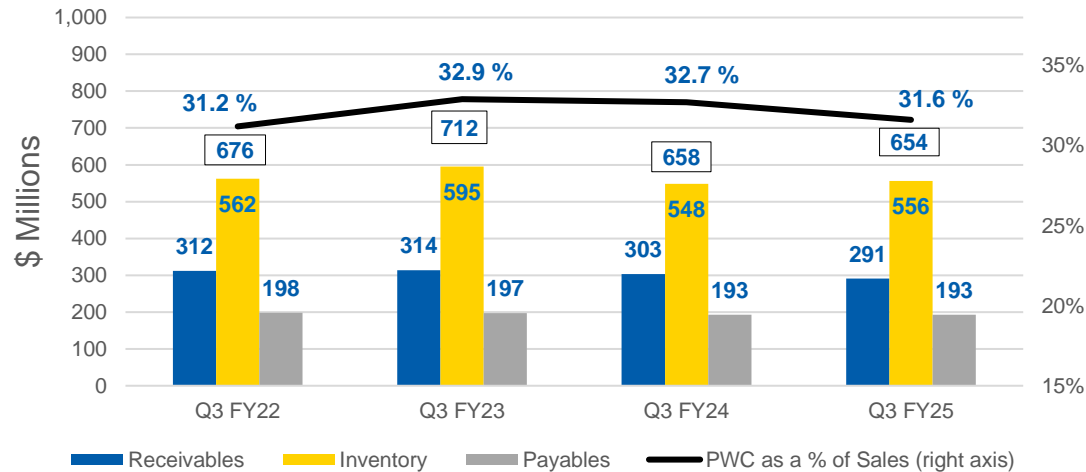
# Strong cash flow from operations continues



### Share Repurchases & Debt Profile

- **\$200M 3-year share repurchase program**
  - Q3: **\$25M** purchased; **1.1M** shares
- **Debt profile**
  - Two \$300M notes mature June 2028 & March 2031
  - \$700M revolver matures June 2027
  - Covenant ratio well within limits

Primary Working Capital



Consolidated Results (\$ in millions)	FY25 YTD	FY24 YTD
Net Cash from Operating Activities	\$130	\$163
Capital Expenditures, Net	\$(67)	\$(79)
Free Operating Cash Flow (FOCF)	\$63	\$84
Dividends	\$(47)	\$(48)

# FY25 Outlook

## FY25 TOTAL YEAR OUTLOOK

Sales  
**\$1.970- \$1.990B**

**~(5)% – (4)%**  
 Volume growth

**~2%**  
 Price realization

**~(1)%**  
 Foreign exchange

Interest Expense  
**~\$27M**

Adjusted Effective Tax Rate  
**~25%**

Adjusted EPS  
**\$1.30- \$1.45**

Depreciation & Amortization  
**~\$135M**

Capital Spending  
**~\$90M**

Primary Working Capital (% of sales)  
**~32%**  
 by fiscal year end

Free Operating Cash Flow (FOCF)  
**>125%**  
 of adjusted net income

Share Repurchase  
**Offset dilution**  
 from compensation programs, at a minimum

## OUTLOOK CONSIDERS THE FOLLOWING ASSUMPTIONS

**Inflationary environment continues to moderate**  
 Estimated effect of Tariff cost and mitigation actions included

**Revenue Assumptions Year over Year**  
**Transportation:** Decline

**Gen Engineering:** Slight Decline

**Aerospace & Defense:** Slight growth

**Energy:** Slight Decline

**Earthworks:** Slight Decline

**Pricing to cover raw material, wage and general cost increases, on a dollar basis. Tungsten prices expected to be stable at current level**

**Pension (non-cash) headwind of ~\$4M compared to FY24**  
**Foreign exchange headwind of ~\$4M compared to FY24**

**Restructuring savings of ~\$14M included mainly in first half**  
**Run-rate savings of ~\$15M for new actions included mainly in Q4**

# Staying the course despite turbulent macro conditions

## Three Value Creation Pillars

### DELIVERING GROWTH

#### Growing Above Market

- Innovative solutions
- Best in class customer service
- Applications support
- Material science expertise
- Commercial Excellence

### CONTINUOUS IMPROVEMENT

#### Doing Things Better

- Operational Excellence
- Enterprise-wide Lean
- Business system & tools

### PORTFOLIO OPTIMIZATION

#### Right Products, Right Places

- Optimize product & business portfolio
- Inorganic growth
- Sustain investment-grade rating

Sustainable Competitive Advantages

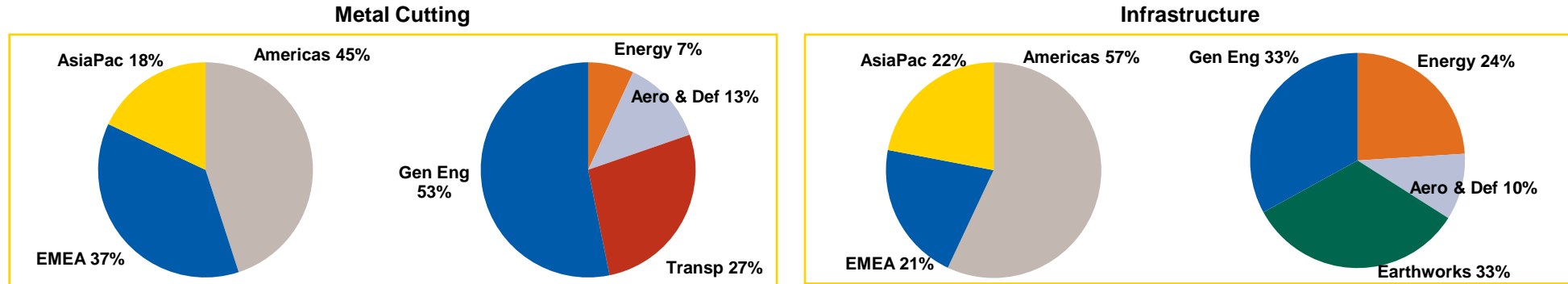
Above Market Growth

Margin Expansion & Strong Cash Flow

Balanced Capital Allocation

# Appendix

# Sales decline due to weak market conditions



Quarter Ending March 31, 2025  
(\$ in millions)

	Q3 FY25			
	% of KMT total	Metal Cutting	Infrastructure	Total
<b>Sales</b>		<b>\$304</b>	<b>\$182</b>	<b>\$486</b>
Organic		(4)%	(2)%	(3)%
FX		(3)%	(2)%	(3)%
Business Days		0%	0%	0%
<b>Constant Currency Regional Growth:</b>				
Americas	49%	(1)%	(5)%	(3)%
EMEA	31%	(6)%	5%	(4)%
AsiaPac	20%	(1)%	(1)%	(1)%
<b>Constant Currency End Market Growth:</b>				
General Engineering	45%	(5)%	(4)%	(5)%
Energy	13%	2%	(3)%	(1)%
Transportation	17%	(2)%	N/A	(2)%
Earthworks	13%	N/A	(7)%	(7)%
Aerospace & Defense	12%	0%	28%	7%
<b>Adjusted Operating Income</b>		<b>\$29</b>	<b>\$21</b>	<b>\$50</b>
<b>Adjusted Operating Margin</b>		<b>9.6%</b>	<b>11.5%</b>	<b>10.3%</b>

# Strong balance sheet

<b>ASSETS</b> (\$ in millions)	<b>March 31, 2025</b>	<b>June 30, 2024</b>
Cash and cash equivalents	\$97	\$128
Accounts receivable, net	291	303
Inventories	556	515
Other current assets	69	57
<b>Total current assets</b>	<b>1,013</b>	<b>1,003</b>
Property, plant and equipment, net	912	938
Goodwill and other intangible assets, net	346	353
Other assets	219	210
<b>Total assets</b>	<b>\$2,491</b>	<b>\$2,504</b>
<b>LIABILITIES</b>		
Revolving and other lines of credit and notes payable	\$13	\$1
Accounts payable	193	192
Other current liabilities	210	223
<b>Total current liabilities</b>	<b>416</b>	<b>416</b>
Long-term debt	597	596
Other liabilities	199	203
<b>Total liabilities</b>	<b>1,212</b>	<b>1,215</b>
Kennametal Shareowners' Equity	1,237	1,250
Noncontrolling interest	42	39
<b>Total liabilities and equity</b>	<b>\$2,491</b>	<b>\$2,504</b>

\* Amounts may not sum due to rounding

# Non-GAAP Reconciliations

The information presented by the Company contains certain non-GAAP financial measures. 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.

Accordingly, we have compiled below certain definitions and reconciliations as required by Regulation G. Reconciliations to the most directly comparable GAAP financial measures for the following forward-looking non-GAAP financial measures for the full fiscal year of 2025 have not been provided, including but not limited to: FOCF, adjusted operating income, adjusted net income, adjusted EPS, adjusted ETR and primary working capital. The most comparable GAAP financial measures are net cash flow from operating activities, operating income, net income attributable to Kennametal, ETR and working capital (defined as current assets less current liabilities), respectively. Primary working capital is defined as accounts receivable, net plus inventories, net minus accounts payable. 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.

## **Adjusted Gross Profit and Margin, Adjusted Operating Expense, Adjusted Operating Expense as a Percentage of Sales, Adjusted Operating Income and Margin, Adjusted ETR, Adjusted Net Income Attributable to Kennametal and Adjusted EPS**

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 and margin, ETR, net income and EPS. 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<sup>(1)</sup>, divestitures<sup>(2)</sup>, business days<sup>(3)</sup> and foreign currency exchange<sup>(4)</sup> 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<sup>(1)</sup>, divestitures<sup>(2)</sup> and foreign currency exchange<sup>(4)</sup> 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.

# 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<sup>(1)</sup>, divestitures<sup>(2)</sup> and foreign currency exchange<sup>(4)</sup> 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 and current period sales at prior period foreign exchange rates by prior period sales.

# Adjusted Results – Q3

(\$ in millions, except percents and per share data)	Sales	Gross Profit	Operating Expense	Operating Income	Net Income <sup>(5)</sup>	Diluted EPS	Effective Tax Rate
Q3 FY25 Reported Results	\$ 486.4	\$ 156.4	\$ 104.0	\$ 44.1	\$ 31.5	\$ 0.41	23.6 %
Reported Margins		32.1 %	21.4 %	9.1 %			
Restructuring and related charges	—	0.2	—	5.8	4.7	0.06	19.4
Differences in projected annual tax rates	—	—	—	—	0.1	—	(20.2)
Q3 FY25 Adjusted Results	\$ 486.4	\$ 156.6	\$ 104.0	\$ 49.9	\$ 36.3	\$ 0.47	22.8 %
Q3 FY25 Adjusted Margins		32.2 %	21.4 %	10.3 %			

<sup>(5)</sup> Attributable to Kennametal Shareholders.

(\$ in millions, except percents and per share data)	Sales	Gross Profit	Operating Expense	Operating Income	Net Income <sup>(5)</sup>	Diluted EPS	Effective Tax Rate
Q3 FY24 Reported Results	\$ 515.8	\$ 153.3	\$ 108.7	\$ 35.2	\$ 19.0	\$ 0.24	27.4 %
Reported Margins		29.7 %	21.1 %	6.8 %			
Restructuring and related charges	—	—	—	6.5	5.1	0.06	20.4
Differences in projected annual tax rates	—	—	—	—	(0.1)	—	(21.3)
Q3 FY24 Adjusted Results	\$ 515.8	\$ 153.3	\$ 108.7	\$ 41.7	\$ 23.9	\$ 0.30	26.5 %
Q3 FY24 Adjusted Margins		29.7 %	21.1 %	8.1 %			

# Adjusted EBITDA and EBITDA Margin – Q3

(\$ in millions, except percents)	Three Months Ended March 31,	
	2025	2024
Net income attributable to Kennametal, reported	\$ 31.5	\$ 19.0
Add back:		
Interest expense	6.2	6.8
Interest income	(0.7)	(0.4)
Provision for income taxes	10.2	7.8
Depreciation	31.1	30.7
Amortization	2.7	2.9
<b>EBITDA</b>	<b>\$ 81.1</b>	<b>\$ 66.8</b>
<b>Margin</b>	<b>16.7 %</b>	<b>12.9 %</b>
Adjustments:		
Restructuring and related charges	5.8	6.5
<b>Adjusted EBITDA</b>	<b>\$ 86.9</b>	<b>\$ 73.2</b>
<b>Adjusted Margin</b>	<b>17.9 %</b>	<b>14.2 %</b>

## Adjusted Segment Operating Income and Margins – Q3

(\$ in millions, except percents)	Metal Cutting Sales	Metal Cutting Operating Income	Infrastructure Sales	Infrastructure Operating Income
Q3 FY25 Reported Results	\$ 304.3	\$ 24.9	\$ 182.1	\$ 19.4
Reported Operating Margin		8.2 %		10.7 %
Restructuring and related charges	—	4.3	—	1.5
Q3 FY25 Adjusted Results	\$ 304.3	\$ 29.2	\$ 182.1	\$ 20.9
Q3 FY25 Adjusted Operating Margin		9.6 %		11.5 %

(\$ in millions, except percents)	Metal Cutting Sales	Metal Cutting Operating Income	Infrastructure Sales	Infrastructure Operating Income
Q3 FY24 Reported Results	\$ 326.6	\$ 30.8	\$ 189.2	\$ 5.1
Reported Operating Margin		9.4 %		2.7 %
Restructuring and related charges	—	4.5	—	2.0
Q3 FY24 Adjusted Results	\$ 326.6	\$ 35.3	\$ 189.2	\$ 7.1
Q3 FY24 Adjusted Operating Margin		10.8 %		3.8 %

# Organic Sales Growth (Decline) – Q3

<b>Three Months Ended March 31, 2025</b>	<b>Metal Cutting</b>	<b>Infrastructure</b>	<b>Kennametal</b>
Organic sales decline	(4)%	(2)%	(3)%
Foreign currency exchange effect	(3)	(2)	(3)
Business days effect	—	—	—
<b>Sales decline</b>	<b>(7)%</b>	<b>(4)%</b>	<b>(6)%</b>

<b>Three Months Ended March 31, 2024</b>	<b>Metal Cutting</b>	<b>Infrastructure</b>	<b>Kennametal</b>
Organic sales decline	— %	(5)%	(2)%
Foreign currency exchange effect	(1)	(1)	(1)
Business days effect	(1)	(1)	(1)
<b>Sales decline</b>	<b>(2)%</b>	<b>(7)%</b>	<b>(4)%</b>

# Constant Currency Regional Sales Growth (Decline) – Q3 FY25

<b>Metal Cutting</b>			
<b>Three Months Ended March 31, 2025</b>	<b>Americas</b>	<b>EMEA</b>	<b>Asia Pacific</b>
Constant currency regional sales decline	(1)%	(6)%	(1)%
Foreign currency exchange effect	(3)	(5)	(3)
<b>Regional sales decline</b>	<b>(4)%</b>	<b>(11)%</b>	<b>(4)%</b>

<b>Infrastructure</b>			
<b>Three Months Ended March 31, 2025</b>	<b>Americas</b>	<b>EMEA</b>	<b>Asia Pacific</b>
Constant currency regional sales (decline) growth	(5)%	5 %	(1)%
Foreign currency exchange effect	(1)	(3)	(2)
<b>Regional sales (decline) growth</b>	<b>(6)%</b>	<b>2 %</b>	<b>(3)%</b>

<b>Kennametal</b>			
<b>Three Months Ended March 31, 2025</b>	<b>Americas</b>	<b>EMEA</b>	<b>Asia Pacific</b>
Constant currency regional sales decline	(3)%	(4)%	(1)%
Foreign currency exchange effect	(2)	(4)	(3)
<b>Regional sales decline</b>	<b>(5)%</b>	<b>(8)%</b>	<b>(4)%</b>

# Constant Currency Regional Sales Growth (Decline) – Q3 FY24

<b>Metal Cutting</b>			
<b>Three Months Ended March 31, 2024</b>	<b>Americas</b>	<b>EMEA</b>	<b>Asia Pacific</b>
Constant currency regional sales decline	(1)%	— %	(1)%
Foreign currency exchange effect	(2)	—	(2)
<b>Regional sales decline</b>	<b>(3)%</b>	<b>— %</b>	<b>(3)%</b>

<b>Infrastructure</b>			
<b>Three Months Ended March 31, 2024</b>	<b>Americas</b>	<b>EMEA</b>	<b>Asia Pacific</b>
Constant currency regional sales (decline) growth	(9)%	1 %	(2)%
Foreign currency exchange effect	(1)	—	(3)
<b>Regional sales (decline) growth</b>	<b>(10)%</b>	<b>1 %</b>	<b>(5)%</b>

<b>Kennametal</b>			
<b>Three Months Ended March 31, 2024</b>	<b>Americas</b>	<b>EMEA</b>	<b>Asia Pacific</b>
Constant currency regional sales decline	(5)%	— %	(1)%
Foreign currency exchange effect	(1)	—	(3)
<b>Regional sales decline</b>	<b>(6)%</b>	<b>— %</b>	<b>(4)%</b>

# Constant Currency End Market Sales Growth (Decline) – Q3 FY25

## Metal Cutting

Three Months Ended March 31, 2025	General Engineering	Transportation	Aerospace & Defense	Energy
Constant currency end market sales (decline) growth	(5)%	(2)%	— %	2 %
Foreign currency exchange effect	(4)	(4)	(3)	(4)
End market sales decline	(9)%	(6)%	(3)%	(2)%

## Infrastructure

Three Months Ended March 31, 2025	Energy	Earthworks	General Engineering	Aerospace & Defense
Constant currency end market sales (decline) growth	(3)%	(7)%	(4)%	28 %
Foreign currency exchange effect	—	(1)	(2)	(4)
End market sales (decline) growth	(3)%	(8)%	(6)%	24 %

## Kennametal

Three Months Ended March 31, 2025	Energy	Earthworks	General Engineering	Transportation	Aerospace & Defense
Constant currency end market sales (decline) growth	(1)%	(7)%	(5)%	(2)%	7 %
Foreign currency exchange effect	(2)	(1)	(3)	(4)	(3)
End market sales (decline) growth	(3)%	(8)%	(8)%	(6)%	4 %

# Constant Currency End Market Sales Growth (Decline) – Q3 FY24

## Metal Cutting

Three Months Ended March 31, 2024	General Engineering	Transportation	Aerospace & Defense	Energy
Constant currency end market sales (decline) growth	(2)%	— %	9 %	(8)%
Foreign currency exchange effect	(2)	—	(1)	—
End market sales (decline) growth	(4)%	— %	8 %	(8)%

## Infrastructure

Three Months Ended March 31, 2024	Energy	Earthworks	General Engineering	Aerospace & Defense
Constant currency end market sales (decline) growth	(16)%	(5)%	(2)%	13 %
Foreign currency exchange effect	—	(1)	(2)	2
End market sales (decline) growth	(16)%	(6)%	(4)%	15 %

## Kennametal

Three Months Ended March 31, 2024	Energy	Earthworks	General Engineering	Transportation	Aerospace & Defense
Constant currency end market sales (decline) growth	(14)%	(5)%	(2)%	— %	10 %
Foreign currency exchange effect	1	(1)	(2)	—	—
End market sales (decline) growth	(13)%	(6)%	(4)%	— %	10 %

# Net Debt and Free Operating Cash Flow

Net Debt (in millions)	Three Months Ended			
	3/31/2025	3/31/2024	3/31/2023	3/31/2022
Total debt (gross)	\$ 609.1	\$ 608.1	\$ 659.0	\$ 621.9
Less: cash and cash equivalents	97.5	92.1	93.5	100.0
Net debt	\$ 511.7	\$ 516.0	\$ 565.5	\$ 521.9

(in millions)	Nine Month Ended March 31,	
	2025	2024
Net cash flow provided by operating activities	\$ 129.7	\$ 163.5
Purchases of property, plant and equipment	(67.5)	(84.2)
Proceeds from disposals of property, plant and equipment	0.5	5.3
Free operating cash flow	\$ 62.7	\$ 84.5

# Primary Working Capital – Q3 FY25

(in thousands, except percents)	3/31/2025	12/31/2024	9/30/2024	6/30/2024	3/31/2024	Average
Current assets	\$ 1,013,360	\$ 968,774	\$ 1,003,869	\$ 1,002,592	\$ 999,937	
Current liabilities	415,626	382,228	398,386	415,961	413,245	
Working capital, GAAP	\$ 597,734	\$ 586,546	\$ 605,483	\$ 586,631	\$ 586,692	
Excluding items:						
Cash and cash equivalents	(97,467)	(121,151)	(119,588)	(127,971)	(92,119)	
Other current assets	(68,960)	(56,848)	(58,390)	(57,179)	(56,708)	
Total excluded current assets	(166,427)	(177,999)	(177,978)	(185,150)	(148,827)	
Adjusted current assets	846,933	790,775	825,891	817,442	851,110	
Revolving and other lines of credit and notes payable	(12,561)	(1,370)	(1,426)	(1,377)	(12,302)	
Other current liabilities	(210,142)	(182,346)	(195,052)	(223,043)	(208,174)	
Total excluded current liabilities	(222,703)	(183,716)	(196,478)	(224,420)	(220,476)	
Adjusted current liabilities	192,923	198,512	201,908	191,541	192,769	
Primary working capital	\$ 654,010	\$ 592,263	\$ 623,983	\$ 625,901	\$ 658,341	\$ 630,900
	<b>Three Months Ended</b>					
	3/31/2025	12/31/2024	9/30/2024	6/30/2024	Total	
Sales	\$ 486,399	\$ 482,051	\$ 481,948	\$ 543,308	\$ 1,993,706	
Primary working capital as a percentage of sales						31.6 %

# Primary Working Capital – Q3 FY24

(in thousands, except percents)	3/31/2024	12/31/2023	9/30/2023	6/30/2023	3/31/2023	Average
Current assets	\$ 999,937	\$ 1,009,820	\$ 1,010,555	\$ 1,026,789	\$ 1,079,035	
Current liabilities	413,245	414,108	419,846	433,975	488,729	
Working capital, GAAP	\$ 586,692	\$ 595,712	\$ 590,709	\$ 592,814	\$ 590,306	
Excluding items:						
Cash and cash equivalents	(92,119)	(90,735)	(95,098)	(106,021)	(93,474)	
Other current assets	(56,708)	(57,753)	(56,457)	(55,825)	(76,607)	
Total excluded current assets	(148,827)	(148,488)	(151,555)	(161,846)	(170,081)	
Adjusted current assets	851,110	861,332	859,000	864,943	908,954	
Revolving and other lines of credit and notes payable	(12,302)	(23,315)	(31,179)	(689)	(64,055)	
Other current liabilities	(208,174)	(197,791)	(191,298)	(229,945)	(227,516)	
Total excluded current liabilities	(220,476)	(221,106)	(222,477)	(230,634)	(291,571)	
Adjusted current liabilities	192,769	193,002	197,369	203,341	197,158	
Primary working capital	\$ 658,341	\$ 668,330	\$ 661,631	\$ 661,602	\$ 711,796	\$ 672,340
			<b>Three Months Ended</b>			
		<b>3/31/2024</b>	<b>12/31/2023</b>	<b>9/30/2023</b>	<b>6/30/2023</b>	<b>Total</b>
Sales		\$ 515,794	\$ 495,320	\$ 492,476	\$ 550,234	\$ 2,053,824
Primary working capital as a percentage of sales						32.7 %

# Primary Working Capital – Q3 FY23

(in thousands, except percents)	3/31/2023	12/31/2022	9/30/2022	6/30/2022	3/31/2022	Average
Current assets	\$ 1,079,035	\$ 1,048,303	\$ 1,011,486	\$ 1,024,708	\$ 1,043,241	
Current liabilities	488,729	494,334	497,488	485,610	460,365	
Working capital, GAAP	\$ 590,306	\$ 553,969	\$ 513,998	\$ 539,098	\$ 582,876	
Excluding items:						
Cash and cash equivalents	(93,474)	(76,784)	(64,568)	(85,586)	(99,982)	
Other current assets	(76,607)	(74,723)	(76,732)	(72,940)	(69,582)	
Total excluded current assets	(170,081)	(151,507)	(141,300)	(158,526)	(169,564)	
Adjusted current assets	908,954	896,796	870,186	866,182	873,677	
Revolving and other lines of credit and notes payable	(64,055)	(78,805)	(85,239)	(21,186)	(28,736)	
Other current liabilities	(227,516)	(208,807)	(206,309)	(236,537)	(233,942)	
Total excluded current liabilities	(291,571)	(287,612)	(291,548)	(257,723)	(262,678)	
Adjusted current liabilities	197,158	206,722	205,940	227,887	197,687	
Primary working capital	\$ 711,796	\$ 690,074	\$ 664,246	\$ 638,295	\$ 675,990	\$ 676,080
	<b>Three Months Ended</b>					
		<b>3/31/2023</b>	<b>12/31/2022</b>	<b>9/30/2022</b>	<b>6/30/2022</b>	<b>Total</b>
Sales	\$	536,036	\$ 497,121	\$ 494,792	\$ 530,016	\$ 2,057,965
Primary working capital as a percentage of sales						32.9 %

# Primary Working Capital – Q3 FY22

(in thousands, except percents)	3/31/2022	12/31/2021	9/30/2021	6/30/2021	3/31/2021	Average
Current assets	\$ 1,043,241	\$ 984,210	\$ 966,948	\$ 1,004,807	\$ 966,916	
Current liabilities	460,365	410,983	389,223	437,394	425,553	
Working capital, GAAP	\$ 582,876	\$ 573,218	\$ 577,725	\$ 567,413	\$ 541,363	
Excluding items:						
Cash and cash equivalents	(99,982)	(101,799)	(107,316)	(154,047)	(114,307)	
Other current assets	(69,582)	(76,794)	(74,906)	(71,470)	(73,235)	
Total excluded current assets	(169,564)	(178,593)	(182,222)	(225,517)	(187,542)	
Adjusted current assets	873,677	805,608	784,726	779,290	779,374	
Revolving and other lines of credit and notes payable	(28,736)	(12,228)	(368)	(8,365)	(18,745)	
Other current liabilities	(233,942)	(212,898)	(211,778)	(251,370)	(242,327)	
Total excluded current liabilities	(262,678)	(225,126)	(212,146)	(259,735)	(261,072)	
Adjusted current liabilities	197,687	185,857	177,077	177,659	164,481	
Primary working capital	\$ 675,990	\$ 619,751	\$ 607,649	\$ 601,631	\$ 614,893	\$ 623,983
	<b>Three Months Ended</b>					
		3/31/2022	12/31/2021	9/30/2021	6/30/2021	Total
Sales		\$ 512,259	\$ 486,673	\$ 483,509	\$ 515,971	\$ 1,998,412
Primary working capital as a percentage of sales						31.2 %