

FY21 Third Quarter  
Investor Presentation  
JPM Industrials Conference

*March 2021*



# Safe Harbor Statement

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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 earnings, sales volumes, cash flow, capital expenditures and effective tax rate for fiscal year 2021 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: the duration of the COVID-19 pandemic and its impacts on our business operations, financial results and financial position and on the industries in which we operate and the global economy generally; other downturns in the business cycle or the economy; our ability to achieve all anticipated benefits of restructuring, simplification and modernization 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 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 and other risks are more fully described in Kennametal’s latest annual report on Form 10-K and our 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.”

## Uniquely positioned as we complete major initiatives and markets rebound

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- **Simplification/Modernization initiatives will be complete this year;** reducing our footprint, upgrading production facilities and permanently improving our cost structure
- **Addressable market recently expanded** by entering the multi-billion Fit-for Purpose market segment and focusing on end-market specific growth initiatives
- **These efforts to transform the company are intersecting with a market recovery,** positioning Kennametal particularly well for the future
- **Long- term adjusted EBITDA margin target remains intact;** 24-26% on sales of \$2.5-\$2.6B

**TRANSFORM**  
HOW EVERYDAY  
LIFE IS BUILT



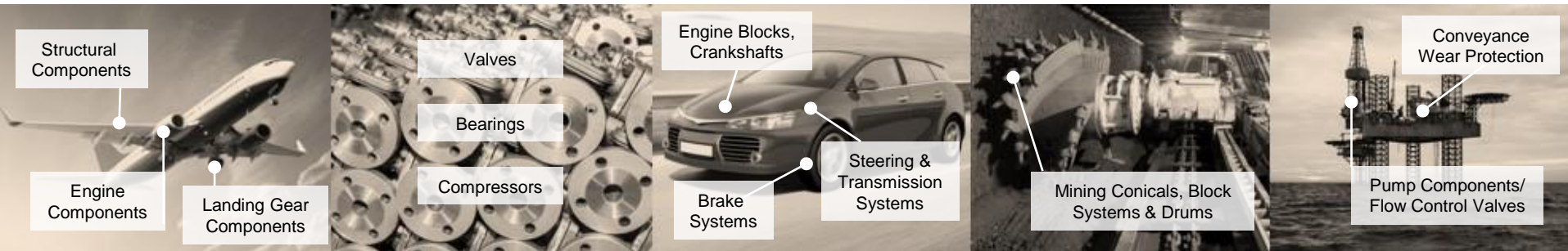
**Our innovation helps solve our customers' biggest challenges so they can deliver the products and services we rely on every day**

## Metal Cutting

62% of global revenue\*

## Infrastructure

38% of global revenue\*



 **AEROSPACE**

 **GENERAL ENGINEERING**

 **TRANSPORTATION**

 **EARTHWORKS**

 **ENERGY**

**9K** Employees globally

**~40** Plants worldwide

**~80%** "Consumables" products

**11** New products launched in FY20

\* based on FY20 sales

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# At-a-Glance: Kennametal's investment highlights

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- 1 Global leader in metal cutting and wear-resistant technologies**
  - ✓ Strong brand recognition with superior and innovative products
  - ✓ 80% consumables business
- 2 Successful execution of operational and commercial initiatives**
  - ✓ Simplification/Modernization initiative close to final
  - ✓ Entered multi-billion Fit-for-Purpose segment of addressable market
  - ✓ Growth initiatives yielding results
  - ✓ Consistently launching innovative industry-leading products
- 3 Initiatives resulting in improved margins**
  - ✓ Higher profitability throughout current downturn
  - ✓ Well-positioned for upturn; benefits increase as volumes increase
- 4 Strong balance sheet**
  - ✓ Commitment to investment grade ratings
  - ✓ New 10-year bond lengthens debt maturity schedule and reduces interest expense
- 5 Strong cashflow**
  - ✓ Completion of Simplification/Modernization resulting in significantly lower capex
  - ✓ Cash conversion target 100% of adjusted net income, post downturn
- 6 Experienced leadership team**
  - ✓ Focused and proven
  - ✓ Strong execution of strategy, even through downturn

- **Operational excellence initiatives on-track to original target, despite lower volumes**

- Achieving \$180M of Simplification/Modernization savings by end of FY21
- \$300M of capital spend on Simplification/Modernization substantially complete
  - In final stages of reducing manufacturing footprint by 6 plants
- Improved customer experience through better on-time-performance and quality
- Continue to selectively modernize beyond FY21

- **Commercial excellence initiatives progressing well**

- Launched brand strategy in FY21 to target Fit-for-Purpose application needs
  - Increased total addressable market by ~40%
- Growth initiatives in General Engineering and Aerospace driving share gains despite headwinds
- Consistently launching industry-leading products

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# Significant growth potential in Fit-for-Purpose & focused growth areas

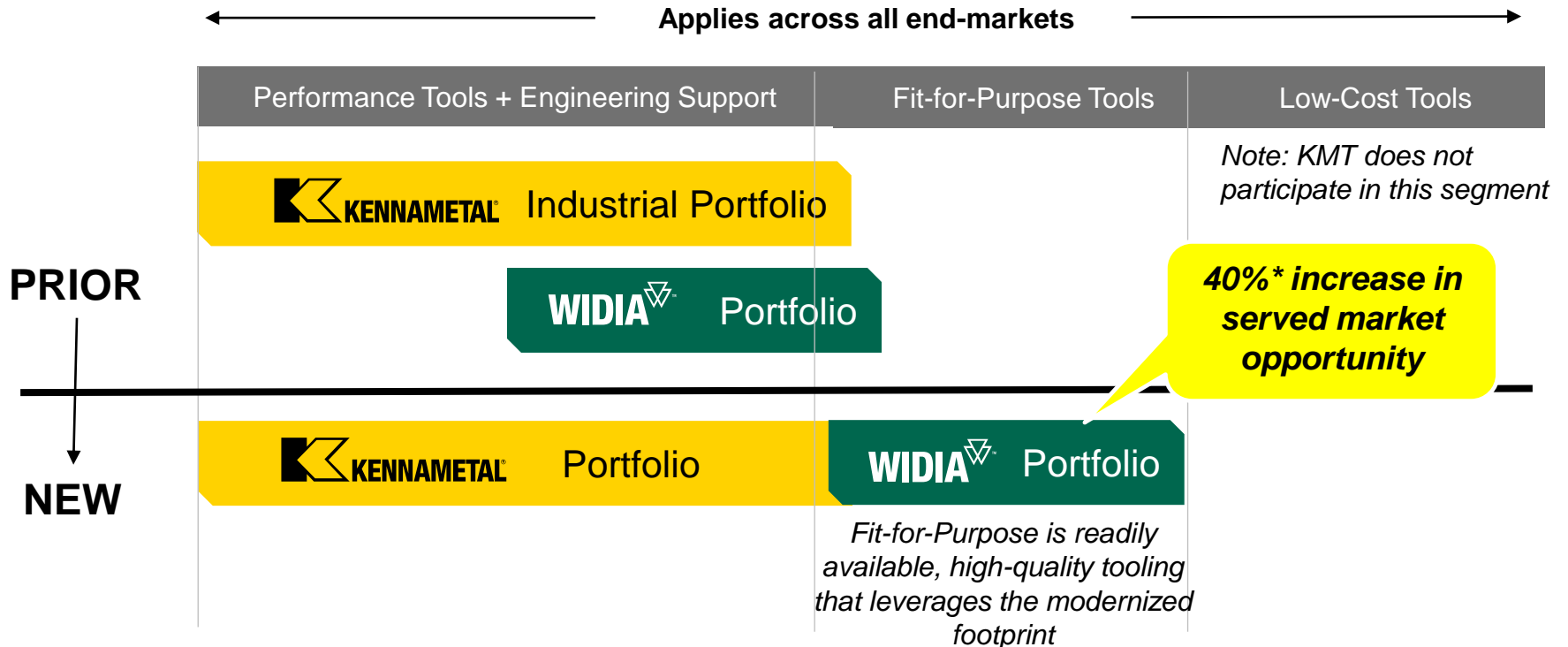
## *New structure and brand strategy target larger share-of-wallet*

**We moved...**

from separate Industrial and WIDIA organizations with limited interaction and brand differentiation



to a single metal cutting segment for improved strategic focus, utilization of resources, and shifted WIDIA to Fit-for-Purpose to maximize customer share-of-wallet



\* based on third party research and internal estimates

# 2 Driving strategic growth through game-changing product innovation

## General Engineering



**KOR™ 5**

*“Kennametal’s GOdrills, Harvi1’s, etc. have performed equally or better than many other brands I have put them against. However, after today, the KOR5...I have never used anything like it. It’s absolutely incredible.” – Machining Customer*

## Electric Vehicles

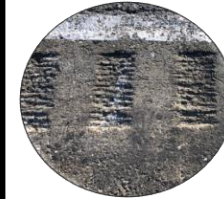


**RIQ Reamer - Fine Boring Tool**

*“With such low weight and tilting momentum, this tool solves many problems conventional tools of this size have!” – Drive Component Manufacturer*

## Road Milling

Traditional Technology



Kennametal PCD Technology



VS.

*Rumble strip customers get paid on quality of cut. Kennametal’s PCD tooling provides a higher quality cut with improved productivity.*

## General Engineering

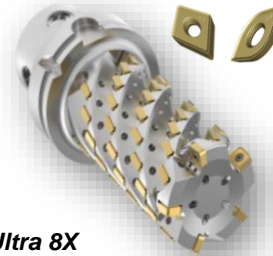
**2020 EDISON AWARD WINNER**  
**HARVI™ | TE**  
Applied Technology Metal Production



**HARVI™ 1 TE**

*“The most versatile and advanced endmill on the planet!” – Industry Expert*

## Aerospace



**HARVI™ Ultra 8X**

*“Keep coming up with the great innovations Kennametal and thank you for helping grow our business.” – Major Tier Supplier*

*“The Harvi Ultra 8X is a game changer.” – Major Tier Supplier*

## Energy



**TMS Matrix Powder**

*“TMS is increasing bit body life and allowing us to move away from face powder.” – Leading Equipment Provider*

## Energy

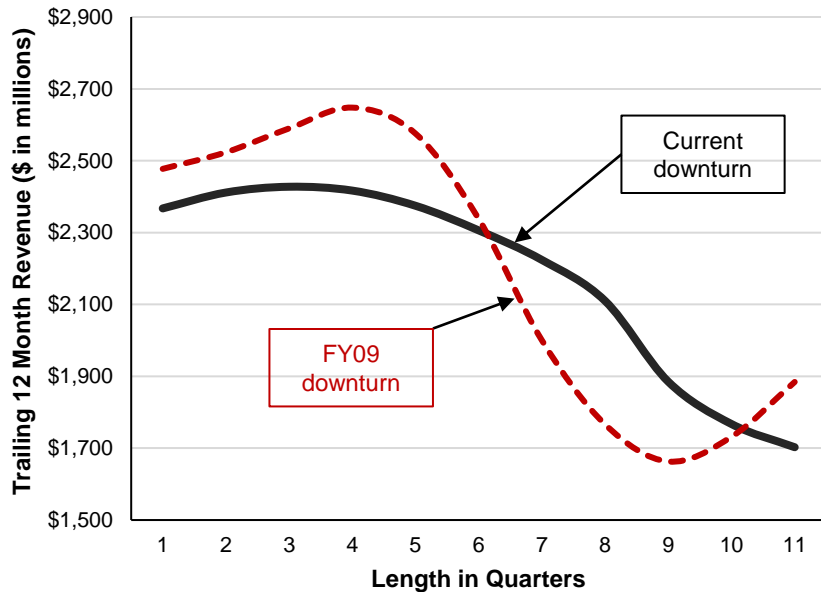


**Additive Manufactured Flow Cassette with new Stellite™ 720 AM grade**

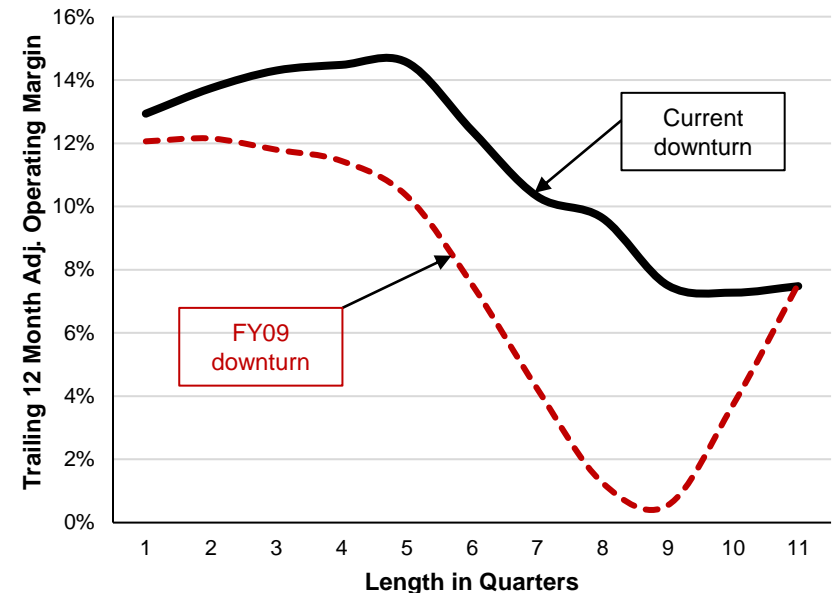
*“Overall, we are surprised with the performance of the devices and believe that 720AM will be a good material selection for us to start penetrating the market with.” – Oilfield Service Provider*

## Revenue and adjusted operating margin in downturns

### Revenue\*



### Adjusted Operating Margin\*



Note: Starting point for each line is 4 quarters prior to start of negative organic growth  
 FY09 period plotted on graph: Q2 FY08 - Q4 FY10; downturn: Q2 FY09 - Q2 FY10  
 Current downturn period plotted on graph: Q4 FY18 - present; downturn: Q4 FY19 - present

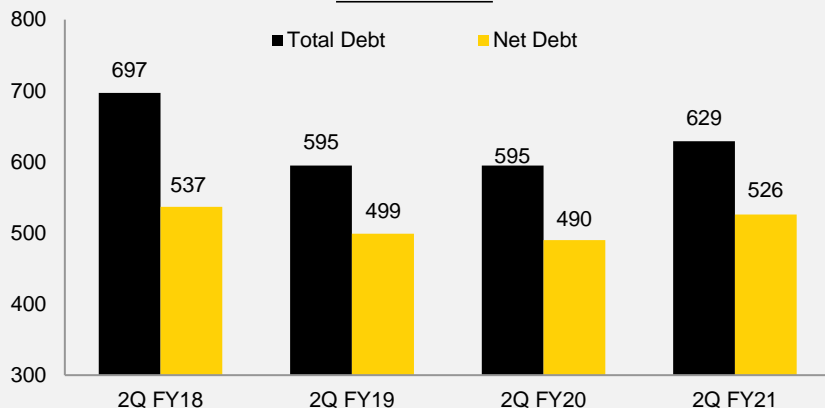
\* see footnote on slide 20

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## Strong balance sheet and cashflow

### Total Debt



### Debt Structure

- Two \$300M notes; mature June 2028 & March 2031
- Issued \$300M 10-yr bonds to refinance bonds maturing 2022
- Lowered annual interest expense by \$4M
- \$700M revolver matures June 2023

### Cashflow improving significantly in FY21 and beyond

- Multi-year Simplification/Modernization substantially complete
  - Run-rate capex expected to be ~\$120M going forward
- Positioned for improved profitability as markets recover
- Adjusted EBITDA margin target of 24%-26% achievable when end-markets recover such that sales levels reach \$2.5B - \$2.6B
- Targeting cash conversion 100% of adjusted net income, post downturn

Consolidated Results (\$ in millions)	2Q FY21	2Q FY20
Net Cash Provided by Operating Activities	\$58	\$60
Capital Expenditures	\$(29)	\$(75)
Free Operating Cash Flow (FOCF)	\$29	\$(15)
Dividends	\$(17)	\$(17)

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## Experienced, dynamic and focused leadership



**Christopher Rossi**  
President and Chief Executive Officer

- 30+ years of experience
- Previous experiences: CEO, Dresser-Rand; Siemens



**Damon Audia**  
Vice President and Chief Financial Officer

- 25+ years of experience
- Previous experiences: SVP and CFO, Carpenter Technology Corporation; SVP, Goodyear



**Judith L. Bacchus**  
Vice President and Chief Administrative Officer

- 30+ years of experience
- Previous experiences: Chief Human Resources Officer, Kennametal



**Franklin Cardenas**  
Vice President and President of Infrastructure Segment

- 25+ years of experience
- Previous experiences: Vice President, Donaldson Company



**Michelle R. Keating**  
Vice President and Secretary and General Counsel

- 25+ years of experience
- Previous experiences: Assistant General Council, Kennametal



**Nick Pflug**  
Interim Chief Commercial Officer of Metal Cutting

- 25+ years of experience
- Previous experiences: VP Industrial Inserts,



**Naem Rahman**  
Vice President, Operations Metal Cutting

- 20+ years of experience
- Previous experiences: Global Operations Director, TE Connectivity



**Dr. Carlonda Reilly**  
Vice President and Chief Technology Officer

- 25+ years of experience
- Previous experiences: Global technology director, Dupont



**Patrick Watson**  
Vice President and Corporate Controller

- 25+ years of experience
- Previous experiences: VP Industrial Finance, Director EMEA Finance

Team of seasoned executives with an average industry experience of ~25+ years

# Uniquely positioned to grow as markets rebound, completion of strategic initiatives

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## ***KMT Investment Highlights***

- 1 Global leader in metal cutting and wear-resistant technologies**
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# Appendix

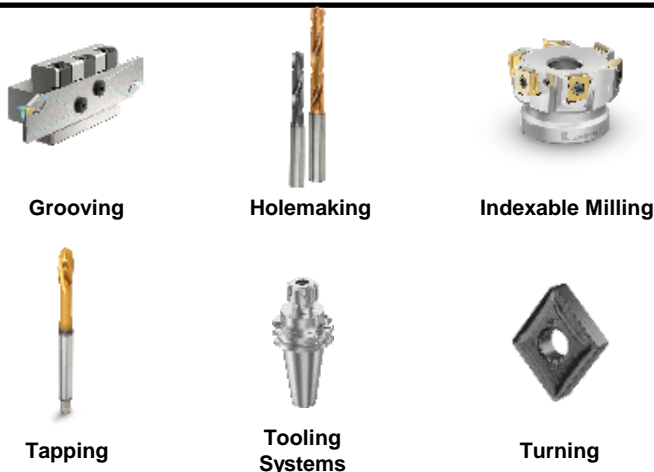


# 1 Metal Cutting segment overview

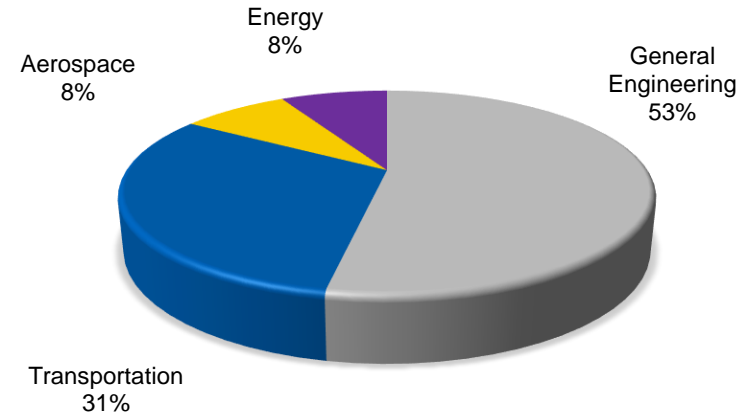
## Business highlights

- Diversified portfolio of end-market exposure; FY20 sales 1.2B
  - Q2 FY21 sales of \$283M; (14)% organic sales decline
  - Q2 FY21 adjusted operating margin of 6.1%
- Broad portfolio of precision-engineered products and custom solution services
- Develop and manufacture world-class high-performance tooling and metal cutting products and services
- Two world-class brands: Kennametal and WIDIA
- Commercial Excellence initiatives driving share gains
- Operational Excellence initiatives improving margins

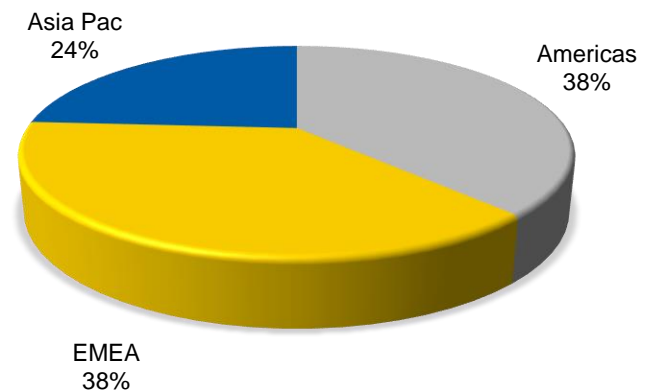
## Portfolio overview



## Q2 FY21 Sales by End Market




## Q2 FY21 Sales by Geography

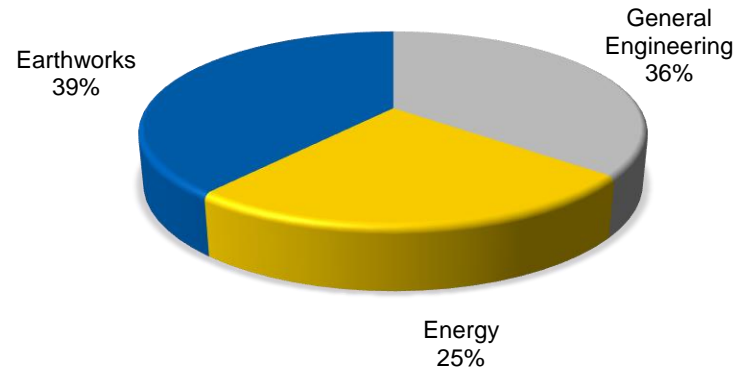


# 1 Infrastructure segment overview

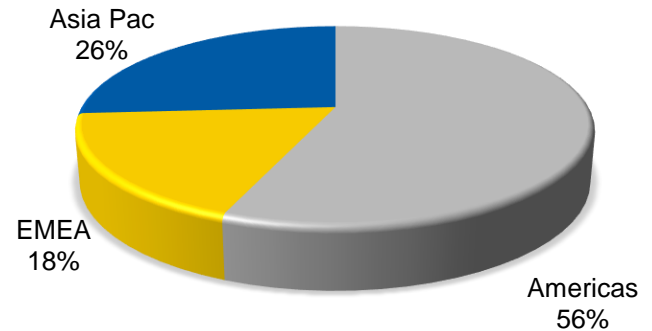
## Business highlights

- Broad market access with \$707M in sales in FY20
  - Q2 FY21 sales of \$158M; (14)% organic sales decline
  - Q2 FY21 adjusted operating margin of 4.4%
- Competitive strength in energy and earth-cutting applications through performance products
- Sold under the  **KENNAMETAL** brand and sold through a direct sales force as well as distributors
- Growth initiatives resulting in share gains; particularly in general engineering
- Simplification/Modernization on-track, benefits increasing sequentially

## Q2 FY21 Sales by End Market



## Q2 FY21 Sales by Geography



## Portfolio overview



Block systems



Cladding



Conicals



Drums



Rods & Blanks

# Increasing margins despite reduced volumes proving effectiveness of initiatives

## Consolidated Q2 FY21 Financial Overview

Quarter Ended (\$ in millions)	Change from PY	Adjusted		Reported	
		Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
<b>Sales</b>	<b>(13)%</b>	<b>\$441</b>	<b>\$505</b>	<b>\$441</b>	<b>\$505</b>
Organic		(14)%	(12)%	(14)%	(12)%
FX		1%	(1)%	1%	(1)%
Divestiture		(1)%	(1)%	(1)%	(1)%
Business Days		1%	-	1%	-
<b>Gross Profit</b>	<b>(8)%</b>	<b>\$124</b>	<b>\$135</b>	<b>\$122</b>	<b>\$132</b>
% of sales	140 bps	28.2%	26.8%	27.6%	26.1%
<b>Operating Expense</b>	<b>(9)%</b>	<b>\$98</b>	<b>\$108</b>	<b>\$98</b>	<b>\$108</b>
% of sales	90 bps	22.2%	21.3%	22.2%	21.3%
<b>EBITDA</b>	<b>(1)%</b>	<b>\$57</b>	<b>\$58</b>	<b>\$53</b>	<b>\$(14)</b>
% of sales	160 bps	13.0%	11.4%	12.1%	(2.7)%
<b>Operating Income</b>	<b>(5)%</b>	<b>\$23</b>	<b>\$24</b>	<b>\$19</b>	<b>\$(48)</b>
% of sales	50 bps	5.3%	4.8%	4.3%	(9.4)%
<b>Effective Tax Rate</b>	(490) bps	24.7%	29.6%	(39.0)%	87.9%
<b>EPS (Earnings per Diluted Share)</b>	<b>(6)%</b>	<b>\$0.16</b>	<b>\$0.17</b>	<b>\$0.23</b>	<b>\$(0.07)</b>

# Adjusted Segment Results

Quarter ended (\$ in millions)	December 31, 2020			December 31, 2019		
	Metal Cutting	Infrastructure	Total	Metal Cutting	Infrastructure	Total
<b>Sales</b>	<b>\$283</b>	<b>\$158</b>	<b>\$441</b>	<b>\$324</b>	<b>\$182</b>	<b>\$505</b>
Organic	(14)%	(14)%	(14)%	(10)%	(14)%	(12)%
FX	1%	1%	1%	(2)%	(1)%	(1)%
Business Days	-	1%	1%	-	(1)%	-
Divestiture	-	(1)%	(1)%	-	(2)%	(1)%
<b>Constant Currency Regional Growth:</b>						
Americas	(20)%	(18)%	(19)%	(9)%	(22)%	(15)%
EMEA	(12)%	(12)%	(12)%	(14)%	2%	(11)%
AsiaPac	(6)%	1%	(3)%	(7)%	(5)%	(6)%
<b>Constant Currency End-market Growth:</b>						
Energy	(18)%	(24)%	(22)%	(9)%	(33)%	(27)%
General Engineering	(12)%	(7)%	(10)%	(10)%	(6)%	(9)%
Transportation	(4)%	n/a	(4)%	(13)%	n/a	(13)%
Aerospace	(43)%	n/a	(43)%	(6)%	n/a	(6)%
Earthworks	n/a	(10)%	(10)%	n/a	(3)%	(3)%
<b>Adjusted Operating Income</b>	<b>\$17</b>	<b>\$7</b>	<b>\$23</b>	<b>\$29</b>	<b>\$(3)</b>	<b>\$24</b>
<b>Adjusted Operating Margin</b>	<b>6.1%</b>	<b>4.4%</b>	<b>5.3%</b>	<b>8.9%</b>	<b>(1.8)%</b>	<b>4.8%</b>

# Balance Sheet

<b>ASSETS</b> ( <i>\$ in millions</i> )	<b>December 2020</b>	<b>June 2020</b>
Cash and cash equivalents	\$103	\$607
Accounts receivable, net	275	238
Inventories	497	522
Other current assets	73	74
<b>Total current assets</b>	<b>\$949</b>	<b>\$1,441</b>
Property, plant and equipment, net	1,073	1,038
Goodwill and other intangible assets, net	409	403
Other assets	184	155
<b>Total assets</b>	<b>\$2,615</b>	<b>\$3,038</b>
<b>LIABILITIES</b> ( <i>\$ in millions</i> )		
Revolving and other lines of credit and notes payable	\$35	\$500
Accounts payable	134	165
Other current liabilities	234	233
<b>Total current liabilities</b>	<b>\$403</b>	<b>\$898</b>
Long-term debt	594	594
Other liabilities	298	277
<b>Total liabilities</b>	<b>\$1,295</b>	<b>\$1,769</b>
Kennametal Shareowners' Equity	\$1,279	1,230
Noncontrolling interests	41	39
<b>Total liabilities and equity</b>	<b>\$2,615</b>	<b>\$3,038</b>

# Primary 2H FY21 EPS and Free Operating Cash Flow drivers

	Year-over-Year Change	2H FY21 Notes
<b>EPS Drivers</b>	<b>Simplification/Modernization</b>	<b>+</b> <ul style="list-style-type: none"> <li>• Full year benefits ~\$80M</li> <li>• \$45M achieved fiscal year-to-date</li> </ul>
	<b>Temporary Cost-Control Actions</b>	<b>—</b> <ul style="list-style-type: none"> <li>• ~\$50M-\$55M YoY headwind (~\$10M in 3Q and \$40-\$45M in 4Q)</li> <li>• Sequentially, \$10M headwind in 3Q</li> </ul>
	<b>Raw Materials</b>	<b>Neutral</b> <ul style="list-style-type: none"> <li>• Neutral YoY and sequentially</li> </ul>
	<b>Depreciation &amp; Amortization</b>	<b>—</b> <ul style="list-style-type: none"> <li>• \$130M-\$140M versus \$120M in FY20</li> <li>• Majority of increase occurring in 2H</li> </ul>
	<b>Adjusted Effective Tax Rate</b>	Expect FY21 tax rate to be ~30% vs. 33% in FY20; may vary by quarter
<b>FOCF Drivers</b>	<b>Capital Spending</b>	<b>++</b> <ul style="list-style-type: none"> <li>• Capital spending \$110M-\$130M</li> <li>• \$69M fiscal year-to-date</li> </ul>
	<b>Cash Restructuring</b>	<b>—</b> <ul style="list-style-type: none"> <li>• FY21 Restructuring Actions of \$90M-\$100M, majority cash</li> <li>• Modestly higher cash charges both YoY and sequential</li> </ul>
	<b>Primary Working Capital</b>	Expect 2H FY21 to be a modest use of cash from Q2 FY21 balances

# Non-GAAP Reconciliations

The information presented by the Company contains certain non-GAAP financial measures including organic sales decline, constant currency regional sales growth (decline), constant currency end market sales 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 net income (loss) attributable to Kennametal; adjusted earnings (loss) per diluted share (E(L)PS); adjusted earnings before interest, taxes, depreciation and amortization (EBITDA); adjusted Metal Cutting operating income (loss) and margin; adjusted Infrastructure operating (loss) income 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.

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, Adjusted Net Income (Loss) Attributable to Kennametal 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, net income (loss) 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.

Note that Trailing Twelve Month Adjusted Operating Margin is derived from the Company's previously disclosed sales and adjusted operating income (loss) information. It is calculated by taking total adjusted operating income (loss) in four consecutive quarters and dividing it by total sales in the same four consecutive quarters. There may be inconsistencies in management's calculation of adjusted operating income (loss) over time due to the nature of the adjustments made to operating income (loss) as well as changes in GAAP reporting requirements.

### **Organic Sales Growth Decline**

Organic sales growth decline is a non-GAAP financial measure of sales 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 decline on a consistent basis. Also, we report organic sales decline at the consolidated and segment levels.

# Non-GAAP Reconciliations (cont'd)

## **Constant Currency End Market Sales Decline**

Constant currency end market sales decline is a non-GAAP financial measure of sales 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 decline, constant currency end market sales 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 decline on a consistent basis. Also, we report constant currency end market sales decline at the consolidated and segment levels.

## **EBITDA**

EBITDA is a non-GAAP financial measure and is defined as net income (loss) 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 (loss), 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.

<sup>(1)</sup> Acquisition impact is calculated by dividing current period sales attributable to acquired businesses by prior period sales.

<sup>(2)</sup> Divestiture impact is calculated by dividing prior period sales attributable to divested businesses by prior period sales.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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.

# Non-GAAP Reconciliations (cont'd)

(\$ in millions, except per share data and percents)	Sales	Gross Profit	Operating Expense	Operating Income	Effective Tax Rate	Net Income <sup>(5)</sup>	Diluted EPS
Q2 FY21 Reported Results	\$ 440.5	\$ 121.5	\$ 97.8	\$ 19.0	(39.0%)	\$ 19.4	\$ 0.23
Reported Margins		27.6%	22.2%	4.3%			
Restructuring and related charges	-	2.8	-	4.2	17.3	3.5	0.04
Differences in projected annual tax rates <sup>(6)</sup>	-	-	-	-	46.4	(9.6)	(0.11)
Q2 FY21 Adjusted Results	\$ 440.5	\$ 124.4	\$ 97.8	\$ 23.3	24.7%	\$ 13.3	\$ 0.16
Q2 FY21 Adjusted Margins		28.2%	22.2%	5.3%			

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

<sup>(6)</sup> Represents a change in the method in which management calculates the tax effect on adjustments within the non-GAAP reconciliations. By separately presenting the effect of the differences in projected annual tax rates during the current period, management believes that the tax effects related to restructuring and related charges are more accurately reflected. This change does not affect adjusted results.

(\$ in millions, except per share data and percents)	Sales	Gross Profit	Operating Expense	Operating (Loss) Income	Effective Tax Rate	Net (Loss) Income <sup>(5)</sup>	Diluted (L)EPS
Q2 FY20 Reported Results	\$ 505.1	\$ 132.0	\$ 107.5	\$ (47.6)	87.9%	\$ (5.9)	\$ (0.07)
Reported Margins		26.1%	21.3%	(9.4%)			
Restructuring and related charges	-	3.3	-	51.0	(10.0)	45.9	0.55
Goodwill and other intangible asset impairment charges <sup>(7)</sup>	-	-	-	14.6	(3.0)	13.4	0.16
Loss on divestiture <sup>(8)</sup>	-	-	-	6.5	(21.0)	5.1	0.06
Discrete benefit from Swiss tax reform <sup>(9)</sup>	-	-	-	-	(29.7)	(15.3)	(0.18)
Differences in projected annual tax rates <sup>(10)</sup>	-	-	-	-	5.4	(29.2)	(0.35)
Q2 FY20 Adjusted Results	\$ 505.1	\$ 135.3	\$ 107.5	\$ 24.5	29.6%	\$ 14.0	\$ 0.17
Q2 FY20 Adjusted Margins		26.8%	21.3%	4.8%			

<sup>(7)</sup> 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.

<sup>(8)</sup> The Company completed the divestiture of its non-core specialty alloys business in the Infrastructure segment as part of its ongoing simplification/modernization initiatives.

<sup>(9)</sup> One-time transition benefits related to the enactment of tax reform in Switzerland.

<sup>(10)</sup> Represents a change in the method in which management calculates the tax effect on adjustments within the non-GAAP reconciliations. By separately presenting the effect of the differences in projected annual tax rates during the current period, management believes that the tax effects related to restructuring and related charges and other adjustments are more accurately reflected. This change does not affect adjusted results. The tax effects presented above for the three months ended December 31, 2019 have been retrospectively adjusted to align with this change in methodology.

# Non-GAAP Reconciliations (cont'd)

(\$ in millions)	Three months ended December 31,	
	2020	2019
Net income (loss) attributable to Kennametal, reported	\$ 19.4	\$ (5.9)
Add back:		
Interest expense	8.3	8.1
Interest income	(0.1)	(0.2)
Benefit for income taxes, reported	(5.7)	(45.3)
Depreciation	27.9	26.5
Amortization	3.3	3.3
<b>EBITDA</b>	<b>\$ 53.1</b>	<b>\$ (13.6)</b>
<b>Margin</b>	<b>12.1%</b>	<b>(2.7%)</b>
Adjustments:		
Restructuring and related charges	4.2	51.0
Goodwill and other intangible asset impairment charges	-	13.8
Loss on divestiture	-	6.5
<b>Adjusted EBITDA</b>	<b>\$ 57.3</b>	<b>\$ 57.7</b>
<b>Adjusted Margin</b>	<b>13.0%</b>	<b>11.4%</b>

## Non-GAAP Reconciliations (cont'd)

(\$ in millions, except percents)	Metal Cutting Sales	Metal Cutting Operating Income	Infrastructure Sales	Infrastructure Operating Income
Q2 FY21 Reported Results	\$ 282.9	\$ 13.7	\$ 157.6	\$ 6.3
Reported Operating Margin		4.8%		4.0%
Restructuring and related charges	-	3.5	-	0.7
Q2 FY21 Adjusted Results	\$ 282.9	\$ 17.2	\$ 157.6	\$ 7.0
Q2 FY21 Adjusted Operating Margin		6.1%		4.4%

(\$ in millions, except percents)	Metal Cutting Sales <sup>(11)</sup>	Metal Cutting Operating (Loss) Income <sup>(11)</sup>	Infrastructure Sales	Infrastructure Operating Loss
Q2 FY20 Reported Results	\$ 323.6	\$ (35.2)	\$ 181.5	\$ (11.6)
Reported Operating Margin		(10.9%)		(6.4%)
Restructuring and related charges	-	49.2	-	1.7
Goodwill and other intangible asset impairment charges	-	14.6	-	-
Loss on divestiture	-	-	-	6.5
Q2 FY20 Adjusted Results	\$ 323.6	\$ 28.7	\$ 181.5	\$ (3.3)
Q2 FY20 Adjusted Operating Margin		8.9%		(1.8%)

<sup>(11)</sup> Amounts for the three months ended December 31, 2019 have been restated to reflect the change in reportable operating segments.

## Non-GAAP Reconciliations (cont'd)

<b>Three months ended December 31, 2020:</b>	<b>Metal Cutting</b>	<b>Infrastructure</b>	<b>Kennametal</b>
Organic Sales Decline	(14%)	(14%)	(14%)
Foreign Currency Exchange Impact	1%	1%	1%
Business Days Impact	0%	1%	1%
Divestiture Impact	0%	(1%)	(1%)
<b>Sales Decline</b>	<b>(13%)</b>	<b>(13%)</b>	<b>(13%)</b>

<b>Three months ended December 31, 2019:</b>	<b>Metal Cutting<sup>(11)</sup></b>	<b>Infrastructure</b>	<b>Kennametal</b>
Organic Sales Decline	(10%)	(14%)	(12%)
Foreign Currency Exchange Impact	(2%)	(1%)	(1%)
Business Days Impact	0%	(1%)	0%
Divestiture Impact	0%	(2%)	(1%)
<b>Sales Decline</b>	<b>(12%)</b>	<b>(18%)</b>	<b>(14%)</b>

<sup>(11)</sup> Amounts for the three months ended December 31, 2019 have been restated to reflect the change in reportable operating segments.

# Non-GAAP Reconciliations (cont'd)

## Metal Cutting

<b>Three months ended December 31, 2020:</b>	<b>Americas</b>	<b>EMEA</b>	<b>Asia Pacific</b>
Constant currency regional sales decline	(20%)	(12%)	(6%)
Foreign currency exchange impact	(1%)	3%	3%
Regional sales decline	(21%)	(9%)	(3%)

## Infrastructure

<b>Three months ended December 31, 2020:</b>	<b>Americas</b>	<b>EMEA</b>	<b>Asia Pacific</b>
Constant currency regional sales (decline) growth	(18%)	(12%)	1%
Foreign currency exchange impact	0%	2%	4%
Divestiture impact	(3%)	0%	0%
Regional sales (decline) growth	(21%)	(10%)	5%

## Kennametal

<b>Three months ended December 31, 2020:</b>	<b>Americas</b>	<b>EMEA</b>	<b>Asia Pacific</b>
Constant currency regional sales decline	(19%)	(12%)	(3%)
Foreign currency exchange impact	(1%)	3%	3%
Divestiture impact	(1%)	0%	0%
Regional sales decline	(21%)	(9%)	0%

# Non-GAAP Reconciliations (cont'd)

## Metal Cutting

Three months ended December 31, 2019 <sup>(11)</sup> :	Americas	EMEA	Asia Pacific
Constant currency regional sales decline	(9%)	(14%)	(7%)
Foreign currency exchange impact	0%	(3%)	0%
Regional sales decline	(9%)	(17%)	(7%)

<sup>(11)</sup> Amounts for the three months ended December 31, 2019 have been restated to reflect the change in reportable operating segments.

## 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%)

# Non-GAAP Reconciliations (cont'd)

## Metal Cutting

Three months ended December 31, 2020:	General			
	Engineering	Transportation	Aerospace	Energy
Constant currency end market sales decline	(12%)	(4%)	(43%)	(18%)
Foreign currency exchange impact	1%	1%	1%	2%
End market sales decline	(11%)	(3%)	(42%)	(16%)

## Infrastructure

Three months ended December 31, 2020:	General		
	Energy	Earthworks	Engineering
Constant currency end market sales decline	(24%)	(10%)	(7%)
Foreign currency exchange impact	1%	1%	2%
Divestiture impact	0%	0%	(4%)
End market sales decline	(23%)	(9%)	(9%)

## Kennametal

Three months ended December 31, 2020:	General				
	Energy	Earthworks	Engineering	Transportation	Aerospace
Constant currency end market sales decline	(22%)	(10%)	(10%)	(4%)	(43%)
Foreign currency exchange impact	2%	1%	1%	1%	1%
Divestiture impact	0%	0%	(1%)	0%	0%
End market sales decline	(20%)	(9%)	(10%)	(3%)	(42%)

# Non-GAAP Reconciliations (cont'd)

## Metal Cutting

Three months ended December 31, 2019 <sup>(11)</sup> :	General			
	Engineering	Transportation	Aerospace	Energy
Constant currency end market sales decline	(10%)	(13%)	(6%)	(9%)
Foreign currency exchange impact	(1%)	(1%)	(1%)	(1%)
End market sales decline	(11%)	(14%)	(7%)	(10%)

<sup>(11)</sup> Amounts for the three months ended December 31, 2019 have been restated to reflect the change in reportable operating segments.

## Infrastructure

Three months ended December 31, 2019:	General		
	Energy	Earthworks	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:	General				
	Energy	Earthworks	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%)



# Non-GAAP Reconciliations (cont'd)

<b>(in thousands, except percents)</b>	<b>12/31/2019</b>	<b>9/30/2019</b>	<b>6/30/2019</b>	<b>3/31/2019</b>	<b>12/31/2018</b>	<b>Average</b>
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
			<b>Three Months Ended</b>			
		<b>12/31/2019</b>	<b>9/30/2019</b>	<b>6/30/2019</b>	<b>3/31/2019</b>	<b>Total</b>
Sales		\$ 505,080	\$ 518,088	\$ 603,949	\$ 597,204	\$ 2,224,321
Primary working capital as a percentage of sales						32.7%

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

# Non-GAAP Reconciliations (cont'd)

<b>(in thousands, except percents)</b>	<b>12/31/2017</b>	<b>9/30/2017</b>	<b>6/30/2017</b>	<b>3/31/2017</b>	<b>12/31/2016</b>	<b>Average</b>
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
	<b>Three Months Ended</b>					
	<b>12/31/2017</b>	<b>9/30/2017</b>	<b>6/30/2017</b>	<b>3/31/2017</b>	<b>Total</b>	
Sales	\$ 571,345	\$ 542,454	\$ 565,025	\$ 528,630	\$ 2,207,454	
Primary working capital as a percentage of sales						30.6%

<b>Net Debt</b> (in millions)	<b>Three months ended</b>			
	<b>12/31/2020</b>	<b>12/31/2019</b>	<b>12/31/2018</b>	<b>12/31/2017</b>
Total debt (gross)	\$ 628.7	\$ 595.3	\$ 595.1	\$ 697.1
Less: cash and cash equivalents	103.2	105.2	96.3	159.9
Net debt	\$ 525.5	\$ 490.1	\$ 498.8	\$ 537.1