



**FY24 Third Quarter
Earnings Call Presentation
May 8, 2024**



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 third quarter and full year of fiscal 2024 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 and Russia's invasion of Ukraine and the resulting sanctions on Russia; the adverse effects 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 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 Gaza; 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. Once on the homepage, select “Investor Relations” and then “Events.”

Sales reflect soft market conditions; strong cash generation continues

Earnings per share: Reported \$0.24; Adjusted \$0.30 (vs. \$0.39 prior year)

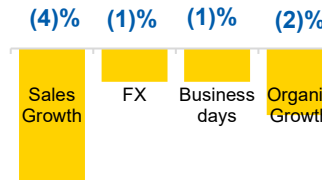
Lower volume

Partially Offset by Price and Strategic Initiatives

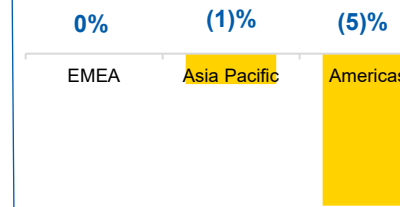
Sales of \$516M, (2)% organic decline year-over-year

- Metal Cutting flat and Infrastructure (5)%
- **Aero & Defense** – Benefits of strategic initiatives backed by market growth
- **Transportation** – Project orders in EMEA offset projects in the Americas that did not repeat
- **General Engineering** – Lower activity levels in EMEA and Americas
- **Earthworks** – Lower mining activity in China
- **Energy** – Lower oil and gas activity in Americas and Wind projects in Asia

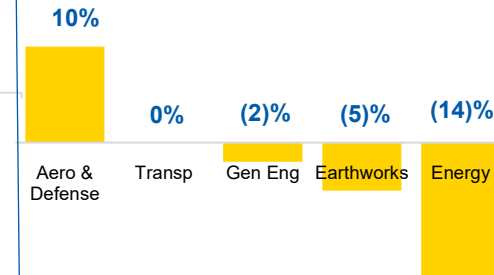
Sales Growth



Sales Growth by Region (in constant currency)



Sales Growth by End Market (in constant currency)



Volume and Price/raw timing pressure margins

Adjusted EBITDA of \$73.2 million at 14.2% margin down 150bps with prior year

- Lower sales and production volumes
- Higher wage and general inflation, unfavorable foreign exchange
- Unfavorable timing of pricing vs. raw material costs in Infrastructure

Partially offset by;

- Higher price in Metal Cutting
- \$6M of benefits from restructuring savings

Metal Cutting adjusted operating margins **down 230 bps** YoY; lower sales and production volumes, higher wages and general inflation partially offset by price and restructuring savings

Infrastructure adjusted operating margin **declined 100 bps** YoY due to lower sales volume, higher wages and general inflation, price/raw material timing partially offset by restructuring savings

Returned \$31M to Shareholders

- **\$15 million** share repurchases and **\$16 million** dividends

YTD cash from operating activities of **\$163M** up from **\$126M** in prior year
FOCF of **\$84M** up from **\$60M** in prior year

Expanding new product releases enabled by Modernization

Universal Turning Grade with KENGold™ PVD Coating delivers:

- Longer tool life = lasts 30% longer
- Faster cutting speeds = greater productivity
- Improved Quality Consistency = produces more even cuts throughout tool life
- Higher Versatility =
 - Cuts steel, stainless steel, high temperature alloys, non-ferrous materials
 - Broad range of applications including:
 - **Automotive:** machining transmission shafts
 - **Aerospace & Defense:** finish hi-temp alloy parts for jet turbines
 - **Medical:** tooling components used in trauma care and joint replacements
 - **General Engineering:** machining shafts, bushings and couplings

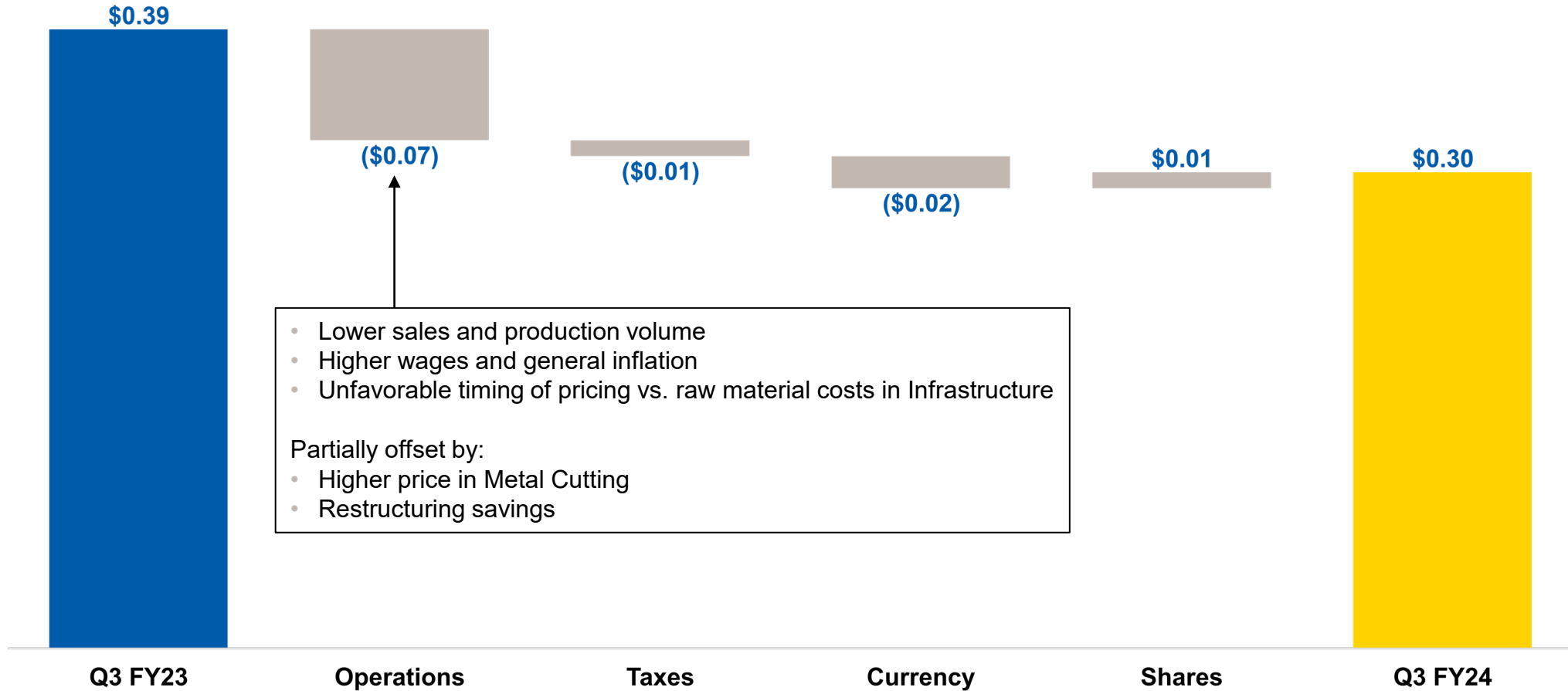


Higher cash flow; soft macro environment continues

Quarter Ended (\$ in millions)	Adjusted		Reported	
	Change from PY	March 31, 2024	March 31, 2024	March 31, 2023
Sales	(4)%	\$516	\$516	\$536
Organic		(2)%	(2)%	8%
FX		(1)%	(1)%	(4)%
Business Days		(1)%	(1)%	1%
Gross Profit	(9)%	\$153	\$153	\$168
% of sales	(160) bps	29.7%	29.7%	31.3%
Operating Expense	(4)%	\$109	\$109	\$113
% of sales	flat	21.1%	21.1%	21.1%
EBITDA	(13)%	\$73	\$67	\$84
% of sales	(150) bps	14.2%	12.9%	15.7%
Operating Income	(21)%	\$42	\$35	\$52
% of sales	(170) bps	8.1%	6.8%	9.8%
Effective Tax Rate	210 bps	26.5%	27.4%	24.4%
EPS (Earnings per Diluted Share)	(23)%	\$0.30	\$0.24	\$0.39
Year-to-Date				
Net Cash Flow Provided By Operations	29%	\$163	\$163	\$126
Free Operating Cash Flow (FOCF)	42%	\$84	\$84	\$60

*Note: Financial results were not adjusted in Q3 FY23; therefore, adjusted numbers are not presented

Lower volumes drive Adjusted EPS decline



Aerospace & Defense growth continues to offset other markets

Flat Organic sales with lower volumes

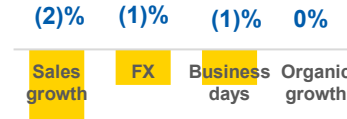
Sales of \$327 million

- Flat EMEA and slight declines in Americas and Asia Pacific
 - EMEA Transportation and Aerospace & Defense offset by General Engineering
 - Americas driven by Transportation and Energy partially offset by Aerospace & Defense and General Engineering
 - Asia Pacific driven by Energy and Aerospace partially offset by General Engineering and Transportation

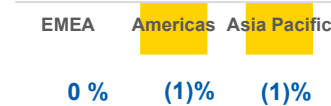
Adjusted operating margin of **10.8%**

- 230 bps** adjusted margin decline driven by lower sales and production volume, higher wages and general inflation and a one-time gain in the prior year that did not repeat, partially offset by higher price and restructuring benefits

Sales Growth



Sales Growth by Region (in constant currency)



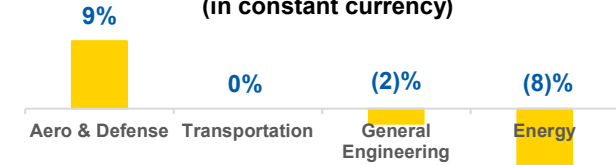
Adjusted Operating Margin



End market softness continues

- Aerospace & Defense growth despite OEM production issues
- Transportation flat as market growth moderates; continue to gain share in EV/hybrid
- General Engineering declines, headwinds in various markets continue
- Energy declines due to delays in wind energy projects and slower oil and gas markets

Sales Growth by End Market (in constant currency)



Commercial and Operational Excellence

Positioning for growth

- Strategic initiatives making headway despite market conditions
- Continue to focus on operational excellence initiatives, including adjusting variable costs in the short term for lower volume
- Increasing customer service levels while optimizing inventory turns
- Innovation driving strong new product growth

Sales remain soft; margin improving as expected

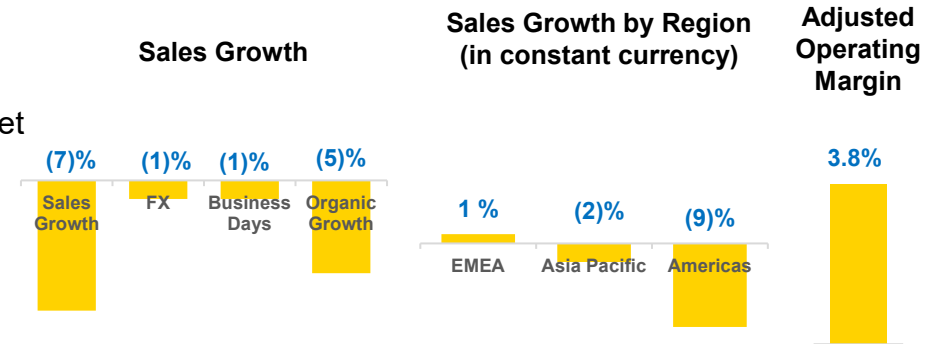
Organic sales decline 5%
Sales of \$189 million

Regional Sales

- EMEA – growth in General Engineering
- Asia Pacific – growth in General Engineering offset by Earthworks
- Americas – decline in most end markets, primarily Energy, partially offset by Aerospace & Defense

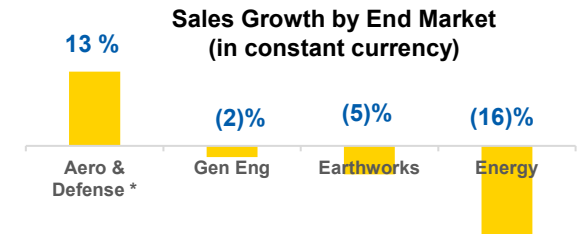
Adjusted operating margin of 3.8% below prior year (100) bps

- Lower sales volumes mainly due to Energy and Earthworks
- Higher wages and general inflation
- Unfavorable timing of pricing vs. raw material costs partially offset by restructuring savings and operational excellence



Energy slowness in Americas continued

- Aerospace and Defense growth in the Americas
- Energy in Americas declined on lower US Land Based Rig count
- General Engineering decline primarily due to prior year sale of excess ore inventory
- Earthworks decline mainly due to lower underground mining in Asia Pacific and lower sales of snowplow blades in the Americas

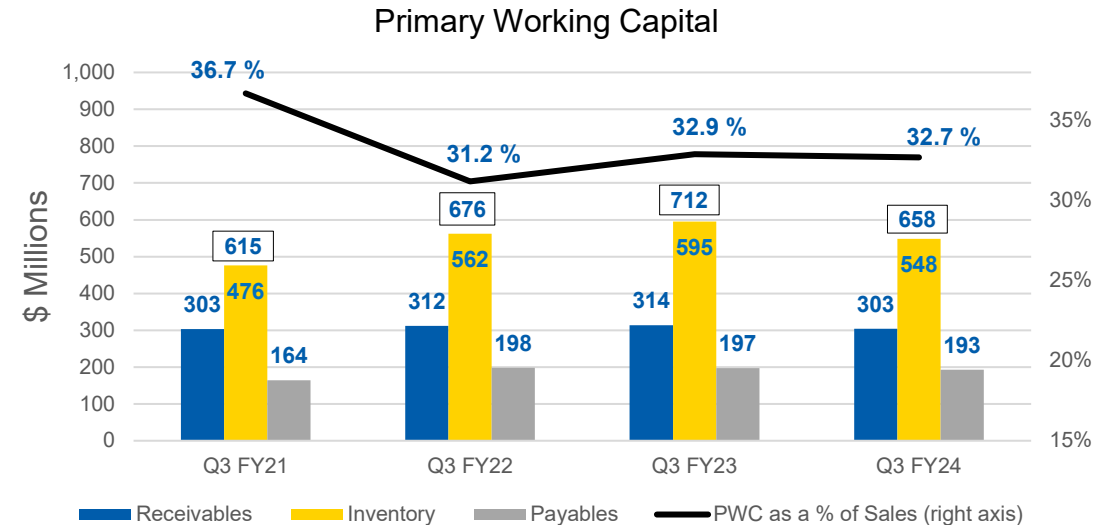
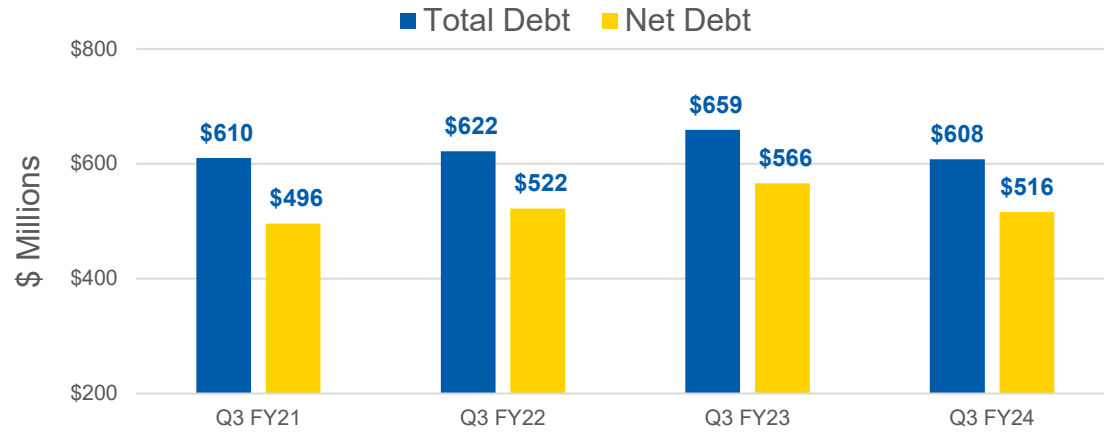


Commercial and Operational Excellence

Positioning for growth

- Share gains in strategic initiatives partially mitigating impact of market headwinds
- Disciplined focus driving operational efficiencies and cost savings
- Increasing customer service levels while optimizing inventory turns
- Last quarter of unfavorable price/raw material timing since tungsten prices have stabilized

Strong cash flow generation continues



Share Repurchases & Debt Profile

- \$200M 3-year share repurchase program - ending June 2024**
 - Q3: **\$15M** purchased; **609K** shares
 - Since inception: **\$178M** purchased; **6.5M** shares, **~8%** shares outstanding
- \$200M 3-year share repurchase program – announced Feb 2024; no activity**
- Debt profile**
 - Two \$300M notes mature June 2028 & March 2031
 - \$700M revolver matures June 2027
 - Covenant ratio well within limits

Consolidated Results (\$ in millions)	FY24 YTD	FY23 YTD
Net Cash from Operating Activities	\$163	\$126
Capital Expenditures, Net	\$(79)	\$(66)
Free Operating Cash Flow (FOCF)	\$84	\$60
Dividends	\$(48)	\$(48)

FY24 Outlook



FY24 TOTAL YEAR OUTLOOK




OUTLOOK CONSIDERS THE FOLLOWING ASSUMPTIONS

Sales		
\$2.03 - \$2.05B		
~(4) – (3)% Volume growth	~2% Price realization	Neutral FY ~1% in Q4 Foreign exchange

Interest Expense ~\$28M	Adjusted Effective Tax Rate ~21%	Adjusted EPS \$1.40- \$1.55	Depreciation & Amortization ~\$135M
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Capital Spending ~\$100 - \$110M	Primary Working Capital (% of sales) ~32% throughout the year	Free Operating Cash Flow (FOCF) >125% of adjusted net income	Share Repurchase Offset dilution from compensation programs, at a minimum
--------------------------------------------	----------------------------------------------------------------------------	------------------------------------------------------------------------------	----------------------------------------------------------------------------------------

-  Inflationary environment continues to moderate
-  Revenue Assumptions Year over Year

Transportation: Slight growth	Gen Engineering: Slight decline	Aerospace & Defense: Moderate growth
Energy: Decline	Earthworks: Decline	China: Decline
-  Pricing to cover raw material, wage and general cost increases, on a dollar basis. Tungsten prices expected to be flat
-  Pension income neutral (non-cash)
-  Restructuring savings annualized run rate of ~\$35M at end of FY24

A compelling investment opportunity

Sustainable Competitive Advantages

- Deep customer insight and application expertise in core markets
- Materials Science and engineering expertise
- Advanced product development and innovative product portfolio

Above Market Growth

- Market-leading products serving diversified and expanded TAM
- End markets benefiting from global megatrends
- Disciplined innovation increasing speed to market

Margin Expansion and Strong FOCF

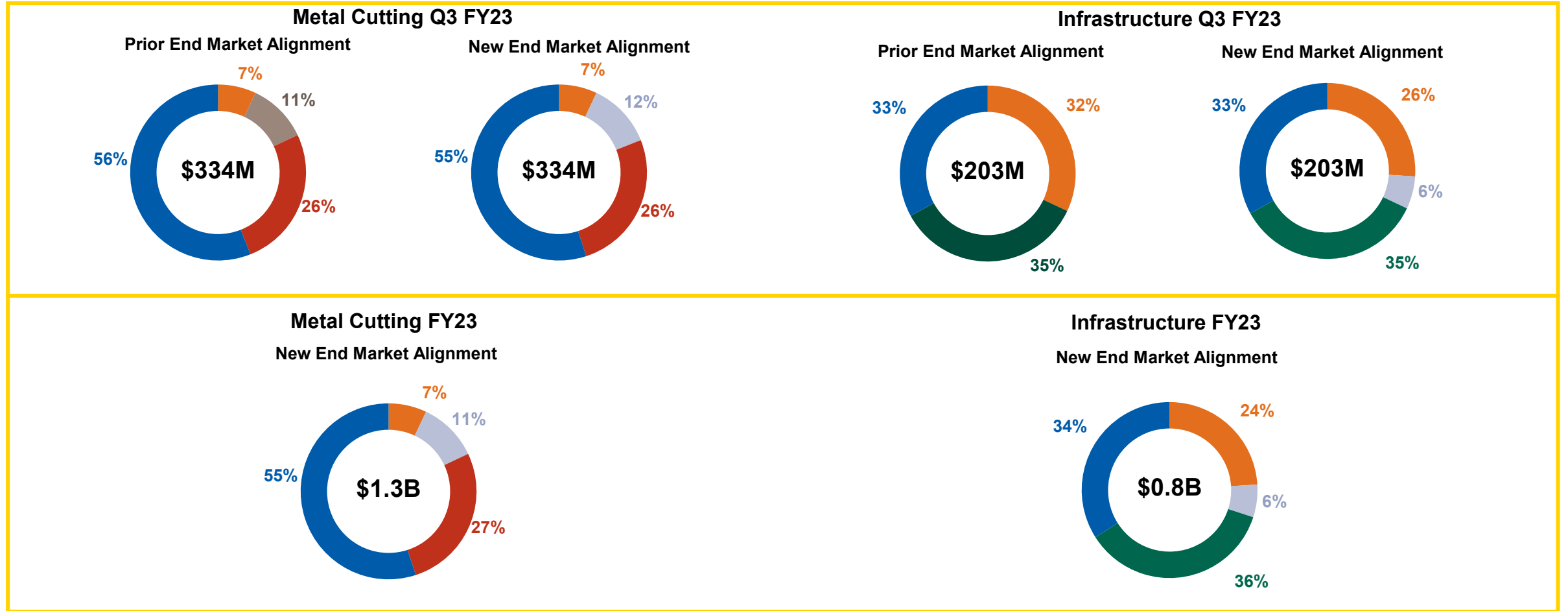
- Excellent operating leverage
- Improved productivity and working capital through volume, Operational Excellence, and Capacity Optimization 2.0

Balanced Capital Allocation

- Invest in strategic initiatives
- Return cash to shareholders via dividends and stock repurchases
- Accelerate growth through inorganic investment
- Sustain investment-grade debt rating

Appendix

End markets focused on future strategic growth initiatives

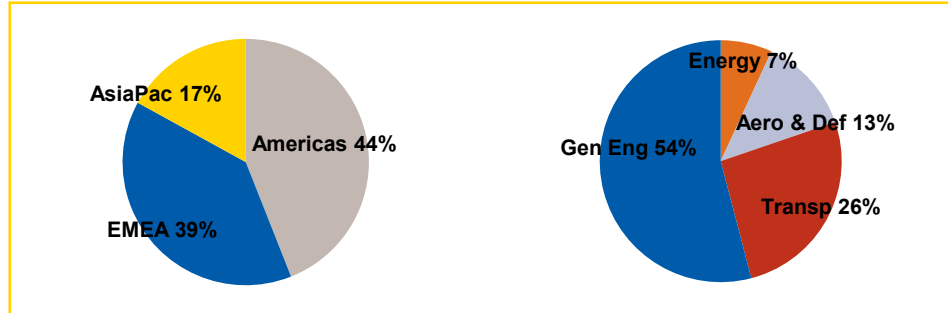


Defense sales from general engineering combined with aerospace sales for the new aerospace and defense end market
 Certain Metal Cutting sales reclassified from general engineering to the aerospace and defense end market
 Infrastructure's ceramic sales have been reclassified from energy to the general engineering end market

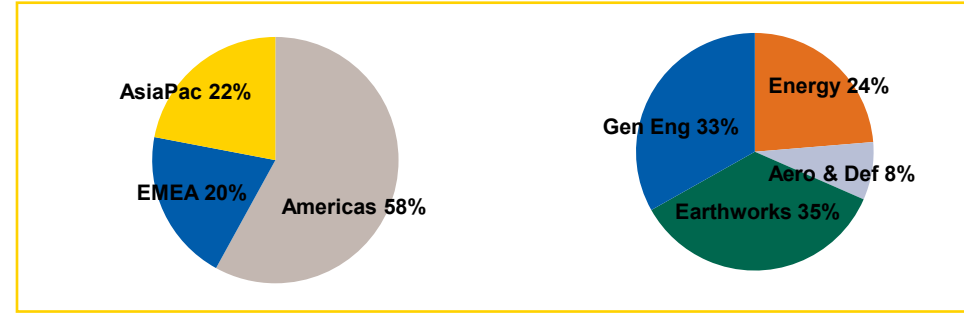
- General Engineering
- Energy
- Aerospace & Defense
- Transportation
- Aerospace
- Earthworks

Flat sales as end markets remain challenging

Metal Cutting



Infrastructure



Period Ending March 31, 2024

(\$ in millions)

	% of KMT total	Metal Cutting	Infrastructure	Total
Sales		\$327	\$189	\$516
Organic		0%	(5)%	(2)%
FX		(1)%	(1)%	(1)%
Business Days		(1)%	(1)%	(1)%
Constant Currency Regional Growth:				
Americas	49%	(1)%	(9)%	(5)%
EMEA	32%	0%	1%	0%
AsiaPac	19%	(1)%	(2)%	(1)%
Constant Currency End Market Growth:				
General Engineering	46%	(2)%	(2)%	(2)%
Energy	13%	(8)%	(16)%	(14)%
Transportation	17%	0%	N/A	0%
Earthworks	13%	N/A	(5)%	(5)%
Aerospace & Defense	11%	9%	13%	10%
Adjusted Operating Income		\$35	\$7	\$42
Adjusted Operating Margin		10.8%	3.8%	8.1%

Strong balance sheet fuels cash flow generation

ASSETS (\$ in millions)	March 2024	June 2023
Cash and cash equivalents	\$92	\$106
Accounts receivable, net	303	307
Inventories	548	558
Other current assets	57	56
Total current assets	1,000	1,027
Property, plant and equipment, net	948	969
Goodwill and other intangible assets, net	357	363
Other assets	214	189
Total assets	\$2,519	\$2,547
LIABILITIES (\$ in millions)		
Revolving and other lines of credit and notes payable	\$12	\$1
Accounts payable	193	203
Other current liabilities	208	230
Total current liabilities	413	434
Long-term debt	596	595
Other liabilities	204	204
Total liabilities	1,213	1,233
Kennametal Shareowners' Equity	1,265	1,275
Noncontrolling interest	41	39
Total liabilities and equity	\$2,519	\$2,547

* 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 2024 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⁽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.

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 and current period sales at prior period foreign exchange rates by prior period sales.

Non-GAAP Reconciliations (cont'd)

(\$ in millions, except percents and per share data)	Sales	Gross Profit	Operating Expense	Operating Income	Net Income ⁽⁵⁾	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 %			

⁽⁵⁾ Attributable to Kennametal Shareholders.

Non-GAAP Reconciliations (cont'd)

(\$ in millions, except percents)	Three Months Ended March 31,	
	2024	2023
Net income attributable to Kennametal, reported	\$ 19.0	\$ 31.9
Add back:		
Interest expense	6.8	7.7
Interest income	(0.4)	(0.3)
Provision for income taxes	7.8	10.7
Depreciation	30.7	30.8
Amortization	2.9	3.2
EBITDA	\$ 66.8	\$ 84.0
Margin	12.9 %	15.7 %
Adjustments:		
Restructuring and related charges	6.5	—
Adjusted EBITDA	\$ 73.2	\$ 84.0
Adjusted Margin	14.2 %	15.7 %

Non-GAAP Reconciliations (cont'd)

(\$ 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 %

Non-GAAP Reconciliations (cont'd)

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

Three Months Ended March 31, 2023	Metal Cutting	Infrastructure	Kennametal
Organic sales growth	10 %	5 %	8 %
Foreign currency exchange effect	(5)	(3)	(4)
Business days effect	1	—	1
Sales growth	6 %	2 %	5 %

Non-GAAP Reconciliations (cont'd)

Metal Cutting

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

Infrastructure

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

Kennametal

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

Non-GAAP Reconciliations (cont'd)

Metal Cutting

Three Months Ended March 31, 2023	Americas	EMEA	Asia Pacific
Constant currency regional sales growth (decline)	16 %	11 %	(3)%
Foreign currency exchange effect	—	(6)	(7)
Regional sales growth (decline)	16 %	5 %	(10)%

Infrastructure

Three Months Ended March 31, 2023	Americas	EMEA	Asia Pacific
Constant currency regional sales growth	— %	24 %	7 %
Foreign currency exchange effect	(1)	(8)	(7)
Regional sales (decline) growth	(1)%	16 %	— %

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Three Months Ended March 31, 2023	Americas	EMEA	Asia Pacific
Constant currency regional sales growth	8 %	14 %	1 %
Foreign currency exchange effect	—	(7)	(7)
Regional sales growth (decline)	8 %	7 %	(6)%

Non-GAAP Reconciliations (cont'd)

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 %

Non-GAAP Reconciliations (cont'd)

Metal Cutting

Three Months Ended March 31, 2023	General Engineering	Transportation	Aerospace & Defense	Energy
Constant currency end market sales growth	11 %	5 %	25 %	7 %
Foreign currency exchange effect	(4)	(5)	(4)	(4)
End market sales growth (decline)	7 %	— %	21 %	3 %

Infrastructure

Three Months Ended March 31, 2023	Energy	Earthworks	General Engineering	Aerospace & Defense
Constant currency end market sales growth	11 %	1 %	3 %	10 %
Foreign currency exchange effect	—	(4)	(3)	(1)
End market sales growth (decline)	11 %	(3)%	— %	9 %

Kennametal

Three Months Ended March 31, 2023	Energy	Earthworks	General Engineering	Transportation	Aerospace & Defense
Constant currency end market sales growth	10 %	1 %	9 %	5 %	21 %
Foreign currency exchange effect	(2)	(4)	(4)	(5)	(3)
End market sales growth (decline)	8 %	(3)%	5 %	— %	18 %

Non-GAAP Reconciliations (cont'd)

Net Debt (in millions)	Three Months Ended			
	3/31/2024	3/31/2023	3/31/2022	3/31/2021
Total debt (gross)	\$ 608.1	\$ 659.0	\$ 621.9	\$ 610.4
Less: cash and cash equivalents	92.1	93.5	100.0	114.3
Net debt	\$ 516.0	\$ 565.5	\$ 521.9	\$ 496.1

(in millions)	Nine Months Ended March 31,	
	2024	2023
Net cash flow provided by operating activities	\$ 163.5	\$ 126.2
Purchases of property, plant and equipment	(84.2)	(71.1)
Proceeds from disposals of property, plant and equipment	5.3	4.8
Free operating cash flow	\$ 84.5	\$ 59.9

Non-GAAP Reconciliations (cont'd)

(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
	Three Months Ended					
	3/31/2024	12/31/2023	9/30/2023	6/30/2023	Total	
Sales	\$ 515,794	\$ 495,320	\$ 492,476	\$ 550,234	\$ 2,053,824	
Primary working capital as a percentage of sales						32.7 %

Non-GAAP Reconciliations (cont'd)

(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
	Three Months Ended					
		3/31/2023	12/31/2022	9/30/2022	6/30/2022	Total
Sales		\$ 536,036	\$ 497,121	\$ 494,792	\$ 530,016	\$ 2,057,965
Primary working capital as a percentage of sales						32.9 %

Non-GAAP Reconciliations (cont'd)

(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
	Three Months Ended					
		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 %

Non-GAAP Reconciliations (cont'd)

(in thousands, except percents)	3/31/2021	12/31/2020	9/30/2020	6/30/2020	3/31/2020	Average
Current assets	\$ 966,916	\$ 948,686	\$ 935,721	\$ 1,440,812	\$ 966,723	
Current liabilities	425,553	402,641	415,573	898,080	383,131	
Working capital, GAAP	\$ 541,363	\$ 546,045	\$ 520,148	\$ 542,732	\$ 583,592	
Excluding items:						
Cash and cash equivalents	(114,307)	(103,188)	(98,290)	(606,684)	(85,230)	
Other current assets	(73,235)	(73,123)	(78,700)	(73,698)	(60,550)	
Total excluded current assets	(187,542)	(176,311)	(176,990)	(680,382)	(145,780)	
Adjusted current assets	779,374	772,375	758,731	760,430	820,943	
Revolving and other lines of credit and notes payable	(18,745)	(34,979)	(46,458)	(500,368)	(4,500)	
Other current liabilities	(242,327)	(233,509)	(233,039)	(233,071)	(213,569)	
Total excluded current liabilities	(261,072)	(268,488)	(279,497)	(733,439)	(218,069)	
Adjusted current liabilities	164,481	134,153	136,076	164,641	165,062	
Primary working capital	\$ 614,893	\$ 638,222	\$ 622,655	\$ 595,789	\$ 655,881	\$ 625,488
	Three Months Ended					
	3/31/2021	12/31/2020	9/30/2020	6/30/2020	Total	
Sales	\$ 484,658	\$ 440,507	\$ 400,305	\$ 379,053	\$ 1,704,523	
Primary working capital as a percentage of sales						36.7 %