



## Kennametal Increases Integration Synergies Following Completion of ATI Tungsten Materials Acquisition

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- Actions identified to enhance profitability in combined business
- Annualized savings expected to range between \$35-\$45 million in FY16
  - Cash tax benefits projected from \$60-70 million
- Accelerated metallurgical strategy including planned tungsten carbide recycling and production facility to cut \$30-35 million in previously planned capital expenditures

LATROBE, Pa., Nov. 6, 2013 /PRNewswire/ -- During its Analyst Day event, Kennametal Inc. (NYSE: KMT) today shared detailed plans for integration synergies expected as it combines the Tungsten Materials business acquired from Allegheny Technologies Incorporated (NYSE: ATI) with Kennametal's Industrial and Infrastructure segments.

Kennametal completed the \$605 million transaction on Monday, Nov. 4. The acquired business, which employs approximately 1,175 people, brings industry-leading tungsten carbide production and recycling capabilities, as well as a tooling and product portfolio with a strong position in aerospace, energy and process industries.

Stressing opportunities to achieve synergies across Kennametal and the acquired business, management projected integration costs of approximately \$40 to \$50 million through fiscal 2016, while it expects to realize annual savings of approximately \$35 to \$45 million, across three main areas as follows:

1. **Concentrating the Footprint:** Consolidating operations among both organizations, while driving productivity improvements with standardized processes;
2. **Reducing Administrative Overhead:** Reducing selling, general and administrative expense, increased sourcing efficiencies; and
3. **Leveraging the Supply Chain:** Combining supply chains, including raw-material costs; procurement; and streamlined manufacturing and distribution logistics.

For the eight months of fiscal 2014, Kennametal expects the acquisition to generate sales ranging from \$200 to \$220 million, with a neutral effect on earnings per share. The company also said it would realize approximately \$60 to \$70 million in cash tax benefits on the transaction (net present value).

The acquisition also defrays \$30 to \$35 million in capital expenditures which Kennametal had earmarked to build a new tungsten production and recycling facility in the United States. The company now plans to accelerate its metallurgical strategy by building on the acquired business' capabilities.

Celebrating its 75<sup>th</sup> year as an industrial technology leader, Kennametal Inc. delivers productivity to customers seeking peak performance in demanding environments. The company provides innovative wear-resistant products, application engineering and services backed by advanced material science, serving customers in 60 countries across diverse sectors of aerospace, earthworks, energy, industrial production, transportation and infrastructure. With approximately 13,000 employees and nearly \$3 billion in sales, the company realizes half of its revenue from outside North America, and 40% globally from innovations introduced in the past five years. Recognized among the "World's Most Ethical Companies" (Ethisphere); "Outstanding Corporate Innovator" (Product Development Management Association); and "America's Safest Companies" (EHS Today) with a focus on 100% safety, Kennametal and its foundation invest in technical education, industrial technologies and material science to deliver the promise of progress and economic prosperity to people everywhere. For more information, visit the company's website at [www.kennametal.com](http://www.kennametal.com).

*Certain statements in this presentation may be forward-looking in nature, or "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are statements that do not relate strictly to historical or current facts. For example, statements about Kennametal's outlook for earnings, and expectations regarding future growth 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 failure of any conditions to consummation of the transaction not being satisfied or waived, economic recession; availability and cost of the raw materials we use to manufacture our products; 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; our ability to protect and defend our intellectual property; competition; our ability to retain our management and employees; demands on management resources; demand for and market acceptance of our products; potential claims relating to our products; integrating acquisitions and achieving the expected savings and synergies; business divestitures; and implementation of environmental remediation matters. Many of these risks are more fully described in Kennametal's latest annual report on Form 10-K and its other periodic filings with the Securities and Exchange Commission. We undertake no obligation to release publicly any revisions to forward-looking statements as a result of future events or developments.*

SOURCE Kennametal Inc.

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