



Kennametal Inc. Provides Outlook for Fourth Quarter and Fiscal Year

June 13, 2000

LATROBE, Pa., June 13 /PRNewswire/ -- Kennametal Inc. (NYSE: KMT) announced that it expects to achieve strong earnings growth in its core businesses in the range of 50 to 60 percent for the June 2000 quarter compared to the same quarter last year on a three to five percent increase in sales. Sales include a sequential foreign exchange rate deterioration of one percentage point from the March quarter.

For the same period, consolidated earnings are expected to grow 25 to 35 percent, excluding special charges, on a two to four percent increase in sales despite lower than expected performance announced at its distribution subsidiary, JLK Direct Distribution Inc. (NYSE: JLK).

President and Chief Executive Officer Markos I. Tambakeras said, "I am very pleased with the continuing improvement in the core Kennametal businesses. Despite the sequential strengthening of the U.S. dollar throughout fiscal year 2000 which has exerted continuous pressure on our financial performance, we continue to deliver on our ambitious goals. We are staying focused on executing our strategy on all fronts, with the priorities of operational improvements to drive earnings, regaining balance sheet flexibility and positioning Kennametal for accelerated growth. The extent of our improvement is demonstrated by Kennametal's ability to deliver on our aggressive full year earnings targets despite the deterioration in JLK's results."

In commenting on JLK, Mr. Tambakeras said, "While we are very disappointed in JLK's performance, we remain determined to correct the situation as quickly as possible. Jeff Boetticher, JLK interim Chief Executive Officer, is completing a thorough evaluation of JLK following which we will develop an action plan and push aggressively to improve performance. As stated previously, the JLK Board has initiated a search for a chief executive officer. JLK is a good business with good assets and we remain fully committed to realizing its full potential."

Kennametal is a global leader in providing tools, tooling systems and solutions to the metalworking, mining, highway construction, oil and energy industries, and wear-resistant parts for a wide range of industries. Headquartered in Latrobe, Pa., Kennametal has approximately 13,000 employees worldwide and annual sales of approximately \$1.9 billion.

This release contains "forward-looking statements" as defined by Section 21E of the Securities Exchange Act of 1934. Actual results may differ materially from those expressed or implied in the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the extent that global economic conditions do not change materially, risks associated with integrated businesses and restructuring programs, demands on management resources, competition and risks associated with international markets such as currency exchange rates. The company undertakes no obligation to publicly release any revisions to forward-looking statements to reflect events or circumstances occurring after the date hereof.

Kennametal Inc.
June 2000 Quarter Outlook

4Q99 4Q00 Outlook

Sales (\$ in millions)

Consolidated \$459 + 2% to + 4% KMT Core (A) 334 + 3% to + 5% JLK - KMT Basis 125 (B) FLAT

EPS (\$ per share)

Consolidated \$0.52 +25% to + 35% KMT Core (A) 0.38 +50% to + 60% JLK - KMT Basis 0.14 (C) \$0.08 to \$0.10

Consolidated EPS (\$ per share)

Nine Months Ended March 31, 2000 \$1.45 4Q00 Outlook \$0.65 - \$0.70 Full Year \$2.10 - \$2.15

NOTE:

EPS excludes special charges. (A) KMT Core excludes the operations of JLK and any intercompany sales and earnings from KMT to JLK.

(B) JLK reported sales of \$128 million due to the inclusion of \$3 million in sales from JLK to KMT which are eliminated in KMT consolidation.

(C) JLK reported EPS of \$0.21 per share which is calculated using JLK outstanding shares. JLK EPS on a KMT basis calculates JLK EPS using KMT outstanding shares.

SOURCE Kennametal Inc.

Web site: <http://www.kennametal.com>

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