



## JLK Reports First-Quarter Results

October 25, 2000

LATROBE, Pa., Oct. 25 /PRNewswire/ -- JLK Direct Distribution Inc. (NYSE: JLK) reported net income for the first quarter ended September 30, 2000 of \$2.3 million or \$0.10 per share, excluding special charges, compared to \$4.2 million or \$0.17 per share last year.

Chairman William R. Newlin said, "We are pleased with the progress we have made this quarter. We delivered on our commitment and are implementing our action plan to further improve performance. JLK remains a good franchise and we are confident that we can continue improving our performance."

Sales for the quarter were \$120.5 million compared to \$118.3 million last year.

Special charges for the quarter of \$3.3 million or \$0.09 per share, include \$1.6 million in restructuring charges.

JLK sells a broad range of metalworking consumables and related products, including a full line of cutting tools, carbide and other metalworking inserts, abrasives, drills, machine tool accessories and other industrial supplies. The company markets to the needs of the small- and medium-sized customers through its direct marketing catalog and showroom programs and serves medium- and large-sized industrial manufacturers through integrated industrial supply programs and distributor-based direct field sales.

### FINANCIAL HIGHLIGHTS

Consolidated financial highlights for JLK Direct Distribution Inc. (NYSE: JLK) for the quarter ended September 30, 2000 and 1999 are shown in the following tables (in thousands, except per share amounts). All fiscal year 2001 data is subject to year-end (June 30) adjustment and audit by independent public accountants.

#### Consolidated Statements of Income

|   | Quarter Ended<br>September 30, |           |
|---|--------------------------------|-----------|
| Operations:                                 | 2000                           | 1999      |
| Net sales                                   | \$120,451                      | \$118,315 |
| Cost of goods sold                          | 83,656                         | 79,737    |
| Gross profit                                | 36,795                         | 38,578    |
| Operating expense (A)                       | 34,656                         | 31,599    |
| Restructuring charges                       | 1,587                          | ----      |
| Operating income                            | 552                            | 6,979     |
| Interest expense and other                  | (11)                           | 117       |
| Income before provision for income taxes    | 563                            | 6,862     |
| Provision for income taxes                  | 222                            | 2,708     |
| Net income                                  | \$341                          | \$4,154   |
| Per Share Data:                             |                                |           |
| Diluted earnings per share                  | \$0.01                         | \$0.17    |
| Diluted weighted average shares outstanding | 24,525                         | 24,510    |

(A) For the quarter and year ended September 30, 2000, these amounts include a charge of \$1.7 million, primarily related to the tender offer.

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 the economic conditions in the United States and, to a lesser extent, Europe are not sustained, risks associated with integrating businesses, demands on management resources and competition. The company undertakes no obligation to publicly release any revisions to forward- looking statements to reflect events or circumstances occurring after the date hereof.

SOURCE JLK Direct Distribution Inc.

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

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