



Kennametal Issues Preliminary FY03 Outlook; Reaffirms Fourth Quarter Fiscal 2002 Expectations

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LATROBE, Pa., May 28 /PRNewswire-FirstCall/ -- Kennametal Inc. (NYSE: KMT) today released preliminary expectations for fiscal 2003 performance, including the impact of the acquisition of the Widia Group in Europe and India from Milacron Inc. (NYSE: MZ), which is expected to close by July 1, 2002. The company also reaffirmed its outlook for the fourth quarter of fiscal 2002, ending June 30, 2002.

Fiscal 2003 Outlook \$ in millions, except EPS

	Pre-Widia	Including Widia *
Sales Growth	Plus 5% to 7%	Plus 19% to 23%
EBITDA	\$210 to \$240	\$230 to \$260
Diluted EPS	\$2.25 to \$2.55	\$2.10 to \$2.40
EPS Growth	Plus 15% to 30%	Plus 10% to 25%
Free Operating Cash Flow	\$100 to \$150	\$100 to \$150

* Assumes issuance of approximately 10% additional shares

EBITDA = Income before income taxes and minority interest plus interest expense, depreciation and amortization

This preliminary fiscal 2003 outlook is based on the assumption that the United States economy will lead the European recovery by one to two quarters, and that the United States recovery will not firmly take hold until the December 2002 quarter.

Kennametal President and Chief Executive Officer, Markos I. Tambakeras, remarked, "Over the last three years, Kennametal has been earning the right to grow. We have focused our culture on performance and accountability, strengthened the balance sheet and institutionalized the discipline of strong cash flow generation. Through restructuring and the Kennametal Lean Enterprise we have substantially reduced our cost structure and revitalized our product development process to provide our world-class sales force the tools to gain market share through the continuous improvement of our customers' competitiveness. As we look forward to fiscal 2003, we are eager to further benefit from the results of these efforts. We anticipate accelerating earnings growth as the actions of the last three years leverage the strengthening economy. Concurrently, we will be aggressively implementing our plan to integrate Widia, and realize the expected benefits of the acquisition."

As previously announced, sales for the fourth quarter of fiscal 2002 are expected to decline 5 to 10 percent year-over-year, but increase mid-single digits sequentially from the third quarter. Diluted earnings per share are anticipated to be between \$0.62 and \$0.72, excluding special charges, up 17 to 36 percent versus the third quarter. For fiscal 2002, EBITDA is expected to be between \$195 million and \$205 million, and free operating cash flow is still expected to be between \$100 million and \$125 million.

The outlook for fiscal 2003 will be discussed in a live Internet broadcast at 5:00 p.m. EDT today. Access the live or archived conference by visiting the Investor Relations section of Kennametal's corporate web site at www.kennametal.com.

This release contains "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. You can identify these forward-looking statements by the fact they use words such as "should," "anticipate," "estimate," "approximate," "expect," "may," "will," "project," "intend," "plan," "believe," and others words of similar meaning and expression in connection with any discussion of future operating or financial performance. One can also identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements are likely to relate to, among other things, our goals, plans and projections regarding our financial position, results of operations, market position and product development, which are based on current expectations that involve inherent risks and uncertainties, including factors that could delay, divert or change any of them in the next several years. Although it is not possible to predict or identify all factors, they may include the following: global economic conditions; risks associated with integrating and divesting businesses and achieving the expected savings and synergies; demands on management resources; risks associated with international markets such as currency exchange rates, and social and political environments; competition; labor relations; commodity prices; demand for and market acceptance of new and existing products; and risks associated with the implementation of restructuring plans and environmental remediation matters. 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.

Kennametal Inc. aspires to be the premier tooling solutions supplier in the world with operational excellence throughout the value chain and best-in-class manufacturing and technology. Kennametal strives to deliver superior shareowner value through top-tier financial performance. The company provides customers a broad range of technologically advanced tools, tooling systems and engineering services aimed at improving customers' manufacturing competitiveness. With approximately 12,000 employees worldwide, the company's fiscal 2001 annual sales were \$1.8 billion, with a third coming from sales outside the United States. Kennametal is a five-time winner of the GM "Supplier of the Year" award and is represented in more than 60 countries. Kennametal operations in Europe are headquartered in Furth, Germany. Kennametal Asia Pacific operations are headquartered in Singapore. For more information, visit the company's web site at www.kennametal.com.

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