



Kennametal Breaks Ground in China for New Manufacturing Facility

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LATROBE, Pa., March 15 /PRNewswire-FirstCall/ -- Kennametal Inc. (NYSE: KMT) announced today that it broke ground on Tuesday, March 15 for the firm's new Chinese manufacturing plant. Located in the Tianjin Economic Development Area (TEDA), the facility, initially sized at 15,000 square meters, will employ some 200 people in manufacturing, and advanced engineering and design activities. This facility could grow to 35,000 square meters and employment could reach 400 people. Estimated investment in this new plant will be between 30 to 40 million USD, which is in addition to the approximately \$35 million US that Kennametal has already invested in its China business.

Kennametal, a global company headquartered in western Pennsylvania in the USA, began operations in China in 1991 via a wholly owned foreign Beijing company now named the Kennametal Xuzhou Co. Ltd. In the ensuing fourteen years, Kennametal has established Kennametal Ltd., a manufacturing plant in Jinqiao Export Processing Zone in Pudong, Shanghai, and completed the purchase of what is now Kennametal Hardpoint Inc. It is from this center that Kennametal offers world-class products, engineering, design services and training activities to a broad customer base in China.

"We are accelerating our growth in China in order to more effectively serve this rapidly developing market as well as to support our global customers in China," said Markos Tambakeras, Kennametal chairman, president, and chief executive officer. Our TEDA plant will support the growth inside China producing our latest products utilizing state of the art equipment, advance engineering and design. We are also very appreciative of the guidance, support and professionalism of the TEDA organization and other senior government officials. This plant will form the corner stone of our ambition to become the undisputed market leader in China by the end of this decade.

"The size and importance of this rapidly expanding market demands that we enhance our presence," added Kennametal Executive Vice President and Chief Operating Officer Carlos Cardoso. "Our global and local customers expect us to be there with them, and to serve their needs with world class products and services. Our presence promotes customer intimacy, shorter lead times, global quality/local availability, and positions Kennametal well to succeed in this market."

Currently Kennametal annual sales in China top \$50 million US, with more than 400 employees serving customers in many market segments, including automotive, aerospace, heavy industry, electronics, and mining and construction. Plans for the design and construction of the new TEDA facility are underway, and Kennametal expects to begin serving customers from the new plant my mid-2006.

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; future terrorist attacks; epidemics; 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. is a premier consumable materials company in tooling solutions, engineered components and services. By deploying operational excellence throughout the value chain and best-in-class manufacturing and technology, the company provides customers a broad range of technologically advanced tools, tooling systems, engineered components and services aimed at improving customers' competitiveness. Kennametal strives to deliver superior shareowner value through top-tier financial performance. With 14,000 employees worldwide, the company's annual sales exceed \$2 billion, with nearly half coming from 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.

SOURCE Kennametal Inc.

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