FY21 Second Quarter
Earnings Call Presentation

February 2, 2021

Safe Harbor Statement

Certain statements in this release 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, sales volumes, cash flow, capital expenditures and effective tax rate for fiscal year 2021 and our expectations regarding future growth and financial performance 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 duration of the COVID-19 pandemic and its impacts on our business operations, financial results and financial position and on the industries in which we operate and the global economy generally; other downturns in the business cycle or the economy; our ability to achieve all anticipated benefits of restructuring, simplification and modernization initiatives; risks related to 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; potential for future goodwill and other intangible asset impairment charges; our ability to protect and defend our intellectual property; continuity of information technology infrastructure; competition; our ability to retain our management and employees; demands on management resources; availability and cost of the raw materials we use to manufacture our products; product liability claims; integrating acquisitions and achieving the expected savings and synergies; global or regional catastrophic events; demand for and market acceptance of our products; business divestitures; labor relations; and implementation of environmental remediation matters. Many of these risks and other risks are more fully described in Kennametal’s latest annual report on Form 10-K and our other periodic filings with the Securities and Exchange Commission. 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.

This presentation includes certain non-GAAP financial measures as defined by SEC rules. As required by Regulation G, we have provided a reconciliation of those measures to the most directly comparable GAAP measures, which is available on our website at www.kennametal.com. Once on the homepage, select “Investor Relations” and then “Events.”

Strong results despite declining YoY sales; end-markets improved sequentially

Q2 FY21 Overview & Highlights

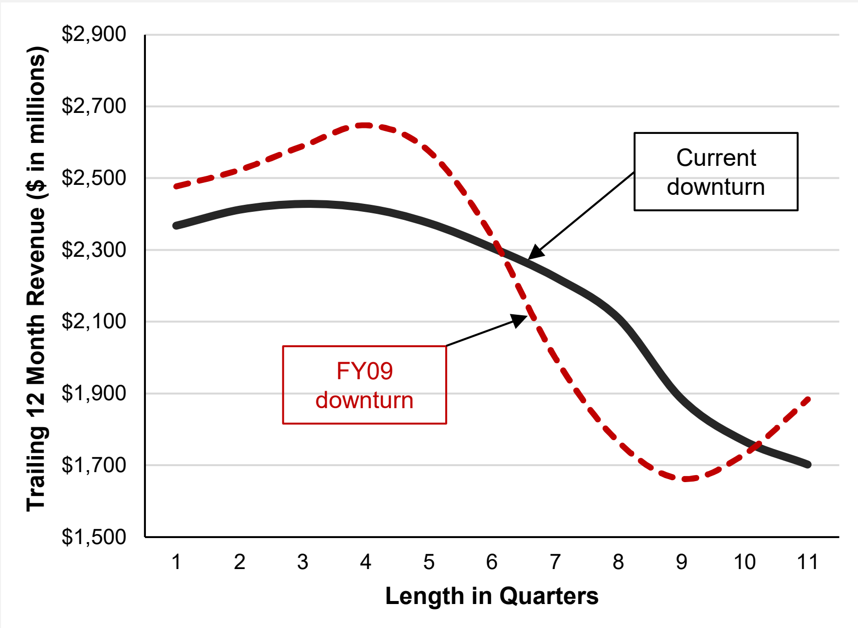
- **<u>Organic sales down due to declining end-markets:</u> (14)% organic sales decline vs. (12)% decline prior year**
  - Sales up 10% sequentially with 1% benefit from FX, outperforming expectations and typical average sequential increase of ~1-2%
  - Sequential improvement across all regions, particularly in transportation and associated general engineering end-markets
  - Segment YoY organic growth rates: Metal Cutting (14)%, Infrastructure (14)%
  - Regional YoY growth rates*: the Americas (19)%, EMEA (12)%, AsiaPac (3)%
- **<u>Higher margins despite lower volumes</u>: 5.3% Adj. Operating Margin vs. 4.8% PY**
  - Adjusted EBITDA margin improved 160 bps to 13.0% vs.11.4% prior year quarter
    - Improvement driven by raw materials (~590 bps), Simplification/Modernization and cost control actions, partially offset by volume declines and related under absorption
- **<u>Simplification/Modernization on-track; more benefits to come</u>**
  - Incremental benefits of $23M, up 117% year-over-year; $145M of benefits since program inception
  - Footprint rationalization activities progressing well
  - FY21 total benefits on-track for ~$80M
- **<u>Earnings per share:</u> Reported $0.23; Adjusted $0.16 (vs. $0.17 PY)**
  - Adjusted effective tax rate decreased to 25% from 30% prior year quarter
- **<u>Disciplined execution yielding results</u>**
  - Commercial Excellence and growth initiatives gaining traction, including new fit-for-purpose application focus
  - Simplification/Modernization benefits (including restructuring) on-track for $180M by FY21 year-end, even on low volumes
  - Q3 FY21 sales expected up mid to high-single digits sequentially, above typical average sequential increase of ~3-4%
  - Capital spend on Simplification/Modernization substantially complete; FY21 capital spending to be in the range of $110-$130M
  - Positive free operating cash flow in 2nd half and full year

* Constant Currency Regional Sales Growth

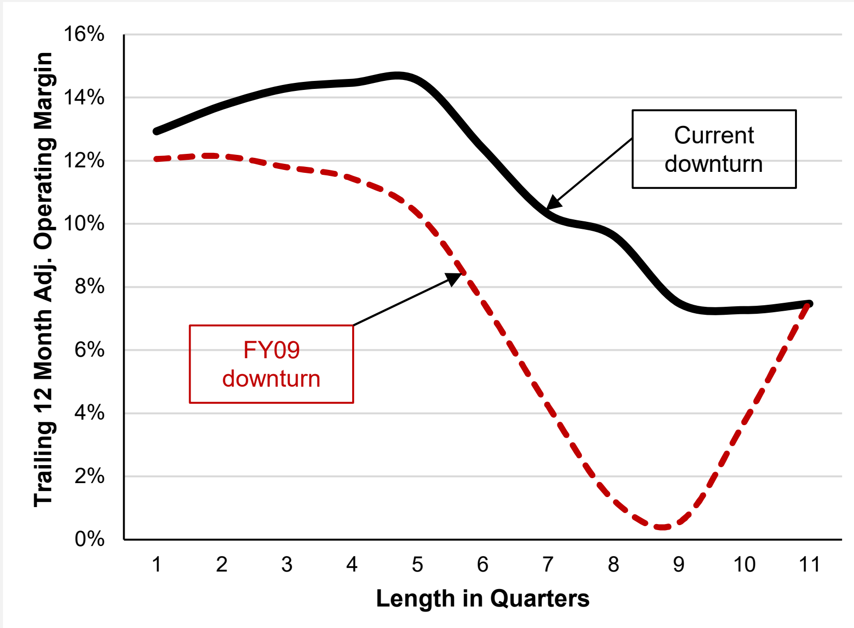
Substantially improved profitability throughout downturn; well positioned for upturn

Revenue and Adjusted Operating Margin in downturns

Revenue*



Adjusted Operating Margin*



Note: Starting point for each line is 4 quarters prior to start of negative organic growth
FY09 period plotted on graph: Q2 FY08 - Q4 FY10; downturn: Q2 FY09 - Q2 FY10
Current downturn period plotted on graph: Q4 FY18 - present; downturn: Q4 FY19 - present
* see footnote on slide 14

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Increasing margins despite reduced volumes proving effectiveness of initiatives

Consolidated Q2 FY21 Financial Overview

		Adjusted		Reported	
Quarter Ended *($ in millions)*	**Change from PY**	**Dec. 31, 2020**	**Dec. 31, 2019**	**Dec. 31, 2020**	**Dec. 31, 2019**
Sales	**(13)%**	**$441**	**$505**	**$441**	**$505**
Organic		(14)%	(12)%	(14)%	(12)%
FX		1%	(1)%	1%	(1)%
Divestiture		(1)%	(1)%	(1)%	(1)%
Business Days		1%	-	1%	-
Gross Profit	**(8)%**	**$124**	**$135**	**$122**	**$132**
% of sales	140 bps	28.2%	26.8%	27.6%	26.1%
Operating Expense	**(9)%**	**$98**	**$108**	**$98**	**$108**
% of sales	90 bps	22.2%	21.3%	22.2%	21.3%
EBITDA	**(1)%**	**$57**	**$58**	**$53**	**$(14)**
% of sales	160 bps	13.0%	11.4%	12.1%	(2.7)%
Operating Income	**(5)%**	**$23**	**$24**	**$19**	**$(48)**
% of sales	50 bps	5.3%	4.8%	4.3%	(9.4)%
Effective Tax Rate	(490) bps	24.7%	29.6%	(39.0)%	87.9%
EPS (Earnings per Diluted Share)	**(6)%**	**$0.16**	**$0.17**	**$0.23**	**$(0.07)**

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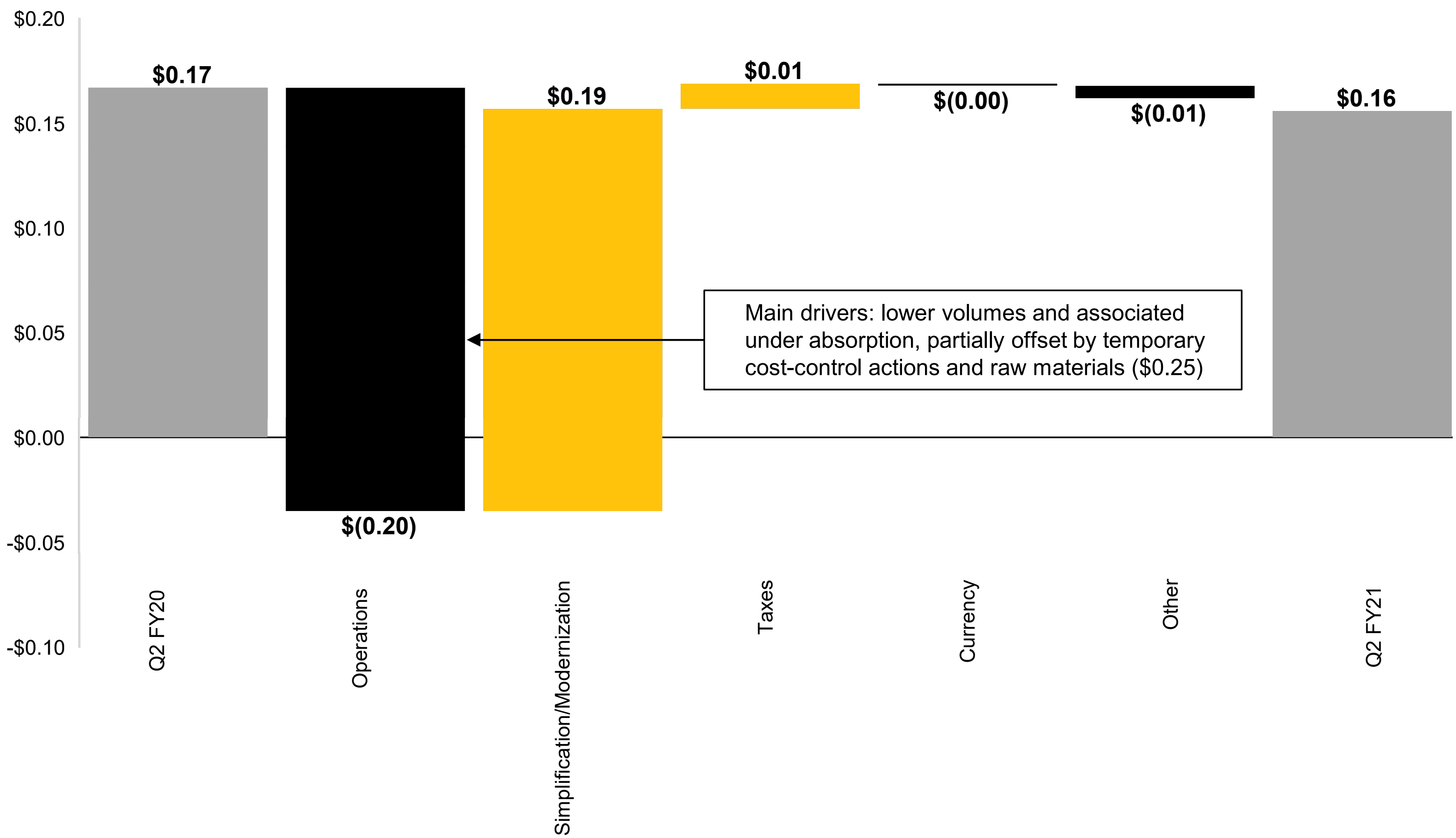
Higher Simplification/Modernization benefits partially offsets continuing low volumes

Q2 FY21 Adjusted EPS Bridge



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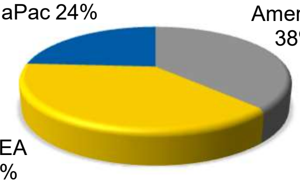
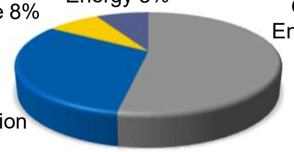
Sequential improvement and modernization benefits set up a profitable recovery

Metal Cutting Business Segment
Q2 FY21 Summary

Sales by Geography



Sales by End Market



Q2 FY21 sales $283 million; (14)% organic sales decline vs. (10)% decline in prior year quarter

- Regional sales declines*: Americas (20)%, EMEA (12)%, AsiaPac (6)%
- FX benefit of 1%, no effect from business days
- Adjusted operating margin decreased by 280 bps to 6.1%, due to lower volumes & associated under absorption, partially offset by benefits from Simplification/Modernization, cost-control measures and favorable raw materials (230 bps)

Sequential improvement most notably seen in Transportation and associated General Engineering end-markets, but down YoY

- Sequential improvement of 14% with 1% benefit from FX, outpacing normal seasonality of ~2%
- Transportation was the strongest end-market with YoY decline of (4)%**
- General Engineering YoY decline of (12)% reflects continued challenges from COVID-19**
- Energy (18)% decline; continuing low demand in oil & gas, partially offset by YoY growth in AsiaPac wind energy **
- Aerospace remains challenged with YoY decline of (43)%**

Simplification/Modernization initiatives on-track with increasing benefits, positioned well for the economic recovery

- Simplification/Modernization continue to progress with more benefits to come
- New products like the HARVI I TE supporting share gains
- Commercial strategy focused on fit-for-purpose and multi-brand selling on-track and driving share gains globally

* Constant Currency Regional Sales Growth
** Constant Currency End-Market Sales Growth

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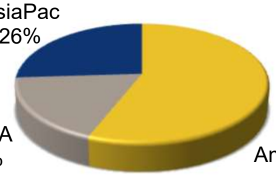
Improving sentiment and increased Simplification/Modernization benefits

Infrastructure Business Segment
Q2 FY21 Summary

Sales by Geography



Sales by End Market

Q2 FY21 sales $158 million; (14)% organic sales decline vs. (14)% decline in prior year quarter

- Benefit from extra selling days of 1% and FX of 1% partially offset by headwind of (1)% from divestiture
- Regions*: Americas (18)%, EMEA (12)%, AsiaPac +1%
- Quarterly adjusted operating margin increase YoY by 620 basis points to 4.4% from (1.8)% last year
  - Improvement driven by raw materials (1,230 bps), Simplification/Modernization benefits and temporary cost-control actions; partially offset by lower volumes

End-markets stabilizing at low levels with slight sequential improvement; oil & gas remains challenged

- Energy, Earthworks and General Engineering declined at (24)%, (10)% and (7)%, respectively**
- Oil & gas stabilizing at low levels, US land only rig count ended the quarter down (58)% YoY, but up 34% sequentially
- Earthworks YoY sales decline driven by Americas underground mining and construction

Progress in Simplification/Modernization and growth initiatives

- Simplification/Modernization on-track with more benefits to come
- Focus on growth initiatives resulting in share gains

* Constant Currency Regional Sales Growth
** Constant Currency End Market Sales Growth

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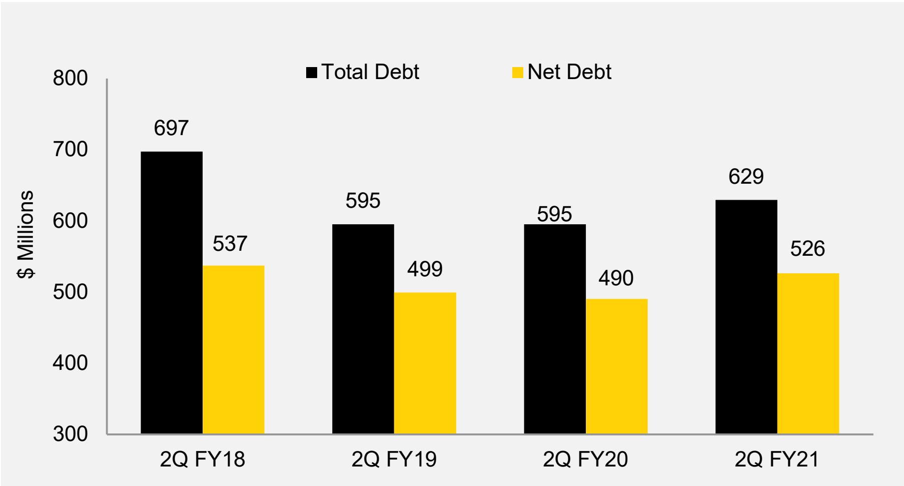
Strong balance sheet and cash flow allow continued focus on strategic initiatives



Debt Structure & Covenants

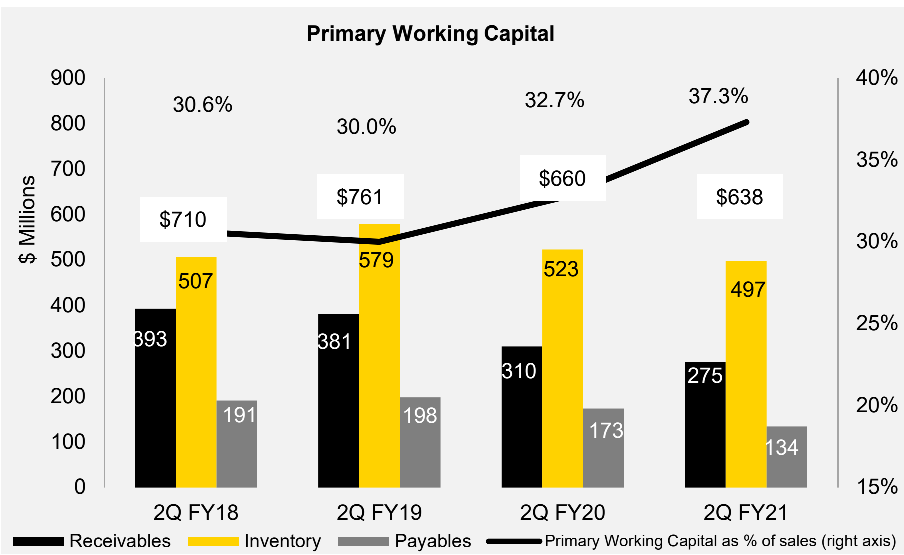
Debt Structure

- Two $300M notes; mature February 2022 & June 2028
- $700M revolver matures June 2023; $25M outstanding at Dec 31st

Debt Covenant Limits[1]

- All ratios remain well within covenant limits
- Net Debt/EBITDA ≤ 4.25x max; Dec 31st ratio: 1.9x
- EBITDA/Interest ≥ 3.5x min; Dec 31st ratio: 7.8x

[1] definitions as per the amended credit agreement



Consolidated Results ($ in millions)	2Q FY21	2Q FY20
Net Cash Provided by Operating Activities	$58	$60
Capital Expenditures	$(29)	$(75)
Free Operating Cash Flow (FOCF)	$29	$(15)
Dividends	$(17)	$(17)

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Primary 2H FY21 EPS and Free Operating Cash Flow drivers

		Year-over-Year Change	2H FY21 Notes
EPS Drivers	Simplification/Modernization	+	• Full year benefits ~$80M • $45M achieved fiscal year-to-date
	Temporary Cost-Control Actions	—	• ~$50M-$55M YoY headwind (~$10M in 3Q and $40-$45M in 4Q) • Sequentially, $10M headwind in 3Q
	Raw Materials	Neutral	• Neutral YoY and sequentially
	Depreciation & Amortization	—	• $130M-$140M versus $120M in FY20 • Majority of increase occurring in 2H
	Adjusted Effective Tax Rate	Expect FY21 tax rate to be ~30% vs. 33% in FY20; may vary by quarter	
FOCF Drivers	Capital Spending	++	• Capital spending $110M-$130M • $69M fiscal year-to-date
	Cash Restructuring	—	• FY21 Restructuring Actions of $90M-$100M, majority cash • Modestly higher cash charges both YoY and sequential
	Primary Working Capital	Expect 2H FY21 to be a modest use of cash from Q2 FY21 balances	

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Strong execution of initiatives producing higher margins, positioning us for recovery

- Commercial Excellence initiatives progressing well
  - Fit-for-purpose initiative on-track as we roll out program globally
  - Good initial feedback from distributors on updated brand strategy
- Operational Excellence initiatives on-track, with Simplification/Modernization nearing completion
    - Capital spending substantially complete
    - Footprint rationalization on-track for completion by FY21 year-end
    - Benefits still accruing on actions already taken, and more to come
  - Effectively managing costs and aligning production
- Adjusted EBITDA profitability targets achievable when end-markets recover such that sales levels reach $2.5B - $2.6B
- Strong free operating cash flow further strengthening financial and liquidity position
- Well positioned for improved profitability and gain share as markets recover

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Appendix

Adjusted Segment Results

Quarter ended *($ in millions)*	**December 31, 2020**			**December 31, 2019**		
	Metal Cutting	**Infrastructure**	**Total**	**Metal Cutting**	**Infrastructure**	**Total**
Sales	**$283**	**$158**	**$441**	**$324**	**$182**	**$505**
Organic	(14)%	(14)%	(14)%	(10)%	(14)%	(12)%
FX	1%	1%	1%	(2)%	(1)%	(1)%
Business Days	-	1%	1%	-	(1)%	-
Divestiture	-	(1)%	(1)%	-	(2)%	(1)%
Constant Currency Regional Growth:						
Americas	(20)%	(18)%	(19)%	(9)%	(22)%	(15)%
EMEA	(12)%	(12)%	(12)%	(14)%	2%	(11)%
AsiaPac	(6)%	1%	(3)%	(7)%	(5)%	(6)%
Constant Currency End-market Growth:						
Energy	(18)%	(24)%	(22)%	(9)%	(33)%	(27)%
General Engineering	(12)%	(7)%	(10)%	(10)%	(6)%	(9)%
Transportation	(4)%	n/a	(4)%	(13)%	n/a	(13)%
Aerospace	(43)%	n/a	(43)%	(6)%	n/a	(6)%
Earthworks	n/a	(10)%	(10)%	n/a	(3)%	(3)%
Adjusted Operating Income	**$17**	**$7**	**$23**	**$29**	**$(3)**	**$24**
Adjusted Operating Margin	**6.1%**	**4.4%**	**5.3%**	**8.9%**	**(1.8)%**	**4.8%**

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Balance Sheet

ASSETS *($ in millions)*	**December 2020**	**June 2020**
Cash and cash equivalents	$103	$607
Accounts receivable, net	275	238
Inventories	497	522
Other current assets	73	74
Total current assets	**$949**	**$1,441**
Property, plant and equipment, net	1,073	1,038
Goodwill and other intangible assets, net	409	403
Other assets	184	155
Total assets	**$2,615**	**$3,038**

LIABILITIES *($ in millions)*		
Revolving and other lines of credit and notes payable	$35	$500
Accounts payable	134	165
Other current liabilities	234	233
Total current liabilities	**$403**	**$898**
Long-term debt	594	594
Other liabilities	298	277
Total liabilities	**$1,295**	**$1,769**
Kennametal Shareowners' Equity	$1,279	1,230
Noncontrolling interests	41	39
Total liabilities and equity	**$2,615**	**$3,038**

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Non-GAAP Reconciliations

The information presented by the Company contains certain non-GAAP financial measures including organic sales decline, constant currency regional sales growth (decline), constant currency end market sales decline, adjusted gross profit and margin; adjusted operating expense and adjusted operating expense as a percentage of sales; adjusted operating income (loss) and margin; adjusted effective tax rate (ETR); adjusted net income (loss) attributable to Kennametal; adjusted earnings (loss) per diluted share (E(L)PS); adjusted earnings before interest, taxes, depreciation and amortization (EBITDA); adjusted Metal Cutting operating income (loss) and margin; adjusted Infrastructure operating (loss) income and margin; free operating cash flow (FOCF); net debt; and primary working capital (PWC).

Kennametal management believes that presentation of these non-GAAP financial measures provides useful information about the results of operations of the Company for the current, past and future periods. Management believes that investors should have available the same information that management uses to assess operational performance, determine compensation and assess the capital structure of the Company. These Non-GAAP financial measures should not be considered in isolation or as a substitute for the most comparable GAAP measures. Investors are cautioned that non-GAAP financial measures utilized by the Company may not be comparable to non-GAAP financial measures used by other companies.

Accordingly, we have compiled below certain definitions and reconciliations as required by Regulation G.

Adjusted Gross Profit and Margin, Adjusted Operating Expense, Adjusted Operating Expense as a Percentage of Sales, Adjusted Operating Income (Loss) and Margin, Adjusted ETR, Adjusted Net Income (Loss) Attributable to Kennametal and Adjusted E(L)PS
The following GAAP financial measures have been presented on an adjusted basis: gross profit and margin, operating expense, operating expense as a percentage of adjusted sales, operating income (loss) and margin, ETR, net income (loss) and E(L)PS. Detail of these adjustments is included in the reconciliations following these definitions. Management adjusts for these items in measuring and compensating internal performance to more readily compare the Company's financial performance period-to-period.

Note that Trailing Twelve Month Adjusted Operating Margin is derived from the Company's previously disclosed sales and adjusted operating income (loss) information. It is calculated by taking total adjusted operating income (loss) in four consecutive quarters and dividing it by total sales in the same four consecutive quarters. There may be inconsistencies in management's calculation of adjusted operating income (loss) over time due to the nature of the adjustments made to operating income (loss) as well as changes in GAAP reporting requirements.

Organic Sales Growth Decline
Organic sales growth decline is a non-GAAP financial measure of sales decline (which is the most directly comparable GAAP measure) excluding the impacts of acquisitions[1], divestitures[2], business days[3] and foreign currency exchange[4] from year-over-year comparisons. Management believes this measure provides investors with a supplemental understanding of underlying sales trends by providing sales decline on a consistent basis. Also, we report organic sales decline at the consolidated and segment levels.

Constant Currency Regional Sales Growth (Decline)
Constant currency regional sales growth (decline) is a non-GAAP financial measure of sales growth (decline) (which is the most directly comparable GAAP measure) by region excluding the impacts of acquisitions[1], divestitures[2] and foreign currency exchange[4] from year-over-year comparisons. We note that, unlike organic sales growth (decline), constant currency regional sales growth (decline) does not exclude the impact of business days. We believe this measure provides investors with a supplemental understanding of underlying regional trends by providing regional sales growth (decline) on a consistent basis. Also, we report constant currency regional sales growth (decline) at the consolidated and segment levels.

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Non-GAAP Reconciliations (cont'd)

Constant Currency End Market Sales Decline

Constant currency end market sales decline is a non-GAAP financial measure of sales decline (which is the most directly comparable GAAP measure) by end market excluding the impacts of acquisitions[(1)], divestitures[(2)] and foreign currency exchange[(4)] from year-over-year comparisons. We note that, unlike organic sales decline, constant currency end market sales decline does not exclude the impact of business days. We believe this measure provides investors with a supplemental understanding of underlying end market trends by providing end market sales decline on a consistent basis. Also, we report constant currency end market sales decline at the consolidated and segment levels.

EBITDA

EBITDA is a non-GAAP financial measure and is defined as net income (loss) attributable to Kennametal (which is the most directly comparable GAAP measure), with interest expense, interest income, provision for income taxes, depreciation and amortization added back. Management believes that EBITDA is widely used as a measure of operating performance and is an important indicator of the Company's operational strength and performance. Nevertheless, the measure should not be considered in isolation or as a substitute for operating income (loss), cash flows from operating activities or any other measure for determining liquidity that is calculated in accordance with GAAP. Additionally, Kennametal will present EBITDA on an adjusted basis. Management uses this information in reviewing operating performance.

Free Operating Cash Flow

FOCF is a non-GAAP financial measure and is defined by the Company as cash provided by operations (which is the most directly comparable GAAP measure) less capital expenditures, plus proceeds from disposals of fixed assets. Management considers FOCF to be an important indicator of the Company's cash generating capability because it better represents cash generated from operations that can be used for dividends, debt repayment, strategic initiatives, and other investing and financing activities.

Net Debt

Net debt is a non-GAAP financial measure and is defined by the Company as total debt less cash and cash equivalents. The most directly comparable GAAP financial measure is total debt. Management believes that net debt aids in the evaluation of the Company's financial condition.

Primary Working Capital

Primary working capital is a non-GAAP financial measure and is defined as accounts receivable, net plus inventories, net minus accounts payable. The most directly comparable GAAP measure is working capital, which is defined as current assets less current liabilities. We believe primary working capital better represents Kennametal's performance in managing certain assets and liabilities controllable at the segment level and is used as such for internal performance measurement.

[(1)] Acquisition impact is calculated by dividing current period sales attributable to acquired businesses by prior period sales.
[(2)] Divestiture impact is calculated by dividing prior period sales attributable to divested businesses by prior period sales.
[(3)] Business days impact is calculated by dividing the year-over-year change in weighted average working days (based on mix of sales by country) by prior period weighted average working days.
[(4)] Foreign currency exchange impact is calculated by dividing the difference between current period sales and current period sales at prior period foreign exchange rates by prior period sales.

Non-GAAP Reconciliations (cont'd)

($ in millions, except per share data and percents)	Sales	Gross Profit	Operating Expense	Operating Income	Effective Tax Rate	Net Income[5]	Diluted EPS
Q2 FY21 Reported Results	$ 440.5	$ 121.5	$ 97.8	$ 19.0	(39.0%)	$ 19.4	$ 0.23
Reported Margins		27.6%	22.2%	4.3%			
Restructuring and related charges	-	2.8	-	4.2	17.3	3.5	0.04
Differences in projected annual tax rates[6]	-	-	-	-	46.4	(9.6)	(0.11)
Q2 FY21 Adjusted Results	$ 440.5	$ 124.4	$ 97.8	$ 23.3	24.7%	$ 13.3	$ 0.16
Q2 FY21 Adjusted Margins		28.2%	22.2%	5.3%			

[5] Attributable to Kennametal Shareholders

[6] Represents a change in the method in which management calculates the tax effect on adjustments within the non-GAAP reconciliations. By separately presenting the effect of the differences in projected annual tax rates during the current period, management believes that the tax effects related to restructuring and related charges are more accurately reflected. This change does not affect adjusted results.

($ in millions, except per share data and percents)	Sales	Gross Profit	Operating Expense	Operating (Loss) Income	Effective Tax Rate	Net (Loss) Income[5]	Diluted (L)EPS
Q2 FY20 Reported Results	$ 505.1	$ 132.0	$ 107.5	$ (47.6)	87.9%	$ (5.9)	$ (0.07)
Reported Margins		26.1%	21.3%	(9.4%)			
Restructuring and related charges	-	3.3	-	51.0	(10.0)	45.9	0.55
Goodwill and other intangible asset impairment charges[7]	-	-	-	14.6	(3.0)	13.4	0.16
Loss on divestiture[8]	-	-	-	6.5	(21.0)	5.1	0.06
Discrete benefit from Swiss tax reform[9]	-	-	-	-	(29.7)	(15.3)	(0.18)
Differences in projected annual tax rates[10]	-	-	-	-	5.4	(29.2)	(0.35)
Q2 FY20 Adjusted Results	$ 505.1	$ 135.3	$ 107.5	$ 24.5	29.6%	$ 14.0	$ 0.17
Q2 FY20 Adjusted Margins		26.8%	21.3%	4.8%			

[7] The Company recorded non-cash pre-tax Widia goodwill and other intangible asset impairment charges of $15 million as a result of deteriorating market conditions, primarily in general engineering and transportation applications in India and China, in addition to overall global weakness in the manufacturing sector.

[8] The Company completed the divestiture of its non-core specialty alloys business in the Infrastructure segment as part of its ongoing simplification/modernization initiatives.

[9] One-time transition benefits related to the enactment of tax reform in Switzerland.

[10] Represents a change in the method in which management calculates the tax effect on adjustments within the non-GAAP reconciliations. By separately presenting the effect of the differences in projected annual tax rates during the current period, management believes that the tax effects related to restructuring and related charges and other adjustments are more accurately reflected. This change does not affect adjusted results. The tax effects presented above for the three months ended December 31, 2019 have been retrospectively adjusted to align with this change in methodology.

Non-GAAP Reconciliations (cont'd)

($ in millions)	Three months ended December 31, 2020		2019	
Net income (loss) attributable to Kennametal, reported	$	19.4	$	(5.9)
Add back:				
Interest expense		8.3		8.1
Interest income		(0.1)		(0.2)
Benefit for income taxes, reported		(5.7)		(45.3)
Depreciation		27.9		26.5
Amortization		3.3		3.3
EBITDA	$	53.1	$	(13.6)
Margin		12.1%		(2.7%)
Adjustments:				
Restructuring and related charges		4.2		51.0
Goodwill and other intangible asset impairment charges		-		13.8
Loss on divestiture		-		6.5
Adjusted EBITDA	$	57.3	$	57.7
Adjusted Margin		13.0%		11.4%

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Non-GAAP Reconciliations (cont'd)

($ in millions, except percents)	Metal Cutting Sales	Metal Cutting Operating Income	Infrastructure Sales	Infrastructure Operating Income
Q2 FY21 Reported Results	$ 282.9	$ 13.7	$ 157.6	$ 6.3
Reported Operating Margin		4.8%		4.0%
Restructuring and related charges	-	3.5	-	0.7
Q2 FY21 Adjusted Results	$ 282.9	$ 17.2	$ 157.6	$ 7.0
Q2 FY21 Adjusted Operating Margin		6.1%		4.4%

($ in millions, except percents)	Metal Cutting Sales(11)	Metal Cutting Operating (Loss) Income(11)	Infrastructure Sales	Infrastructure Operating Loss
Q2 FY20 Reported Results	$ 323.6	$ (35.2)	$ 181.5	$ (11.6)
Reported Operating Margin		(10.9%)		(6.4%)
Restructuring and related charges	-	49.2	-	1.7
Goodwill and other intangible asset impairment charges	-	14.6	-	-
Loss on divestiture	-	-	-	6.5
Q2 FY20 Adjusted Results	$ 323.6	$ 28.7	$ 181.5	$ (3.3)
Q2 FY20 Adjusted Operating Margin		8.9%		(1.8%)

(11) Amounts for the three months ended December 31, 2019 have been restated to reflect the change in reportable operating segments.

KENNAMETAL

Non-GAAP Reconciliations (cont'd)

Three months ended December 31, 2020:	Metal Cutting	Infrastructure	Kennametal
Organic Sales Decline	(14%)	(14%)	(14%)
Foreign Currency Exchange Impact	1%	1%	1%
Business Days Impact	0%	1%	1%
Divestiture Impact	0%	(1%)	(1%)
Sales Decline	(13%)	(13%)	(13%)

Three months ended December 31, 2019:	Metal Cutting(11)	Infrastructure	Kennametal
Organic Sales Decline	(10%)	(14%)	(12%)
Foreign Currency Exchange Impact	(2%)	(1%)	(1%)
Business Days Impact	0%	(1%)	0%
Divestiture Impact	0%	(2%)	(1%)
Sales Decline	(12%)	(18%)	(14%)

(11) Amounts for the three months ended December 31, 2019 have been restated to reflect the change in reportable operating segments.

KENNAMETAL

Non-GAAP Reconciliations (cont'd)

Metal Cutting **Three months ended December 31, 2020:**	**Americas**	**EMEA**	**Asia Pacific**
Constant currency regional sales decline	(20%)	(12%)	(6%)
Foreign currency exchange impact	(1%)	3%	3%
Regional sales decline	(21%)	(9%)	(3%)

Infrastructure **Three months ended December 31, 2020:**	**Americas**	**EMEA**	**Asia Pacific**
Constant currency regional sales (decline) growth	(18%)	(12%)	1%
Foreign currency exchange impact	0%	2%	4%
Divestiture impact	(3%)	0%	0%
Regional sales (decline) growth	(21%)	(10%)	5%

Kennametal **Three months ended December 31, 2020:**	**Americas**	**EMEA**	**Asia Pacific**
Constant currency regional sales decline	(19%)	(12%)	(3%)
Foreign currency exchange impact	(1%)	3%	3%
Divestiture impact	(1%)	0%	0%
Regional sales decline	(21%)	(9%)	0%

Non-GAAP Reconciliations (cont'd)

Metal Cutting

Three months ended December 31, 2019[11]:	**Americas**	**EMEA**	**Asia Pacific**
Constant currency regional sales decline	(9%)	(14%)	(7%)
Foreign currency exchange impact	0%	(3%)	0%
Regional sales decline	(9%)	(17%)	(7%)

[11] Amounts for the three months ended December 31, 2019 have been restated to reflect the change in reportable operating segments.

Infrastructure

Three months ended December 31, 2019:	**Americas**	**EMEA**	**Asia Pacific**
Constant currency regional sales (decline) growth	(22%)	2%	(5%)
Foreign currency exchange impact	0%	(4%)	(1%)
Divestiture impact	(3%)	0%	0%
Regional sales decline	(25%)	(2%)	(6%)

Kennametal

Three months ended December 31, 2019:	**Americas**	**EMEA**	**Asia Pacific**
Constant currency regional sales decline	(15%)	(11%)	(6%)
Foreign currency exchange impact	0%	(3%)	(1%)
Divestiture impact	(2%)	0%	0%
Regional sales decline	(17%)	(14%)	(7%)

Non-GAAP Reconciliations (cont'd)

Metal Cutting

Three months ended December 31, 2020:	General Engineering	Transportation	Aerospace	Energy
Constant currency end market sales decline	(12%)	(4%)	(43%)	(18%)
Foreign currency exchange impact	1%	1%	1%	2%
End market sales decline	(11%)	(3%)	(42%)	(16%)

Infrastructure

Three months ended December 31, 2020:	Energy	Earthworks	General Engineering
Constant currency end market sales decline	(24%)	(10%)	(7%)
Foreign currency exchange impact	1%	1%	2%
Divestiture impact	0%	0%	(4%)
End market sales decline	(23%)	(9%)	(9%)

Kennametal

Three months ended December 31, 2020:	Energy	Earthworks	General Engineering	Transportation	Aerospace
Constant currency end market sales decline	(22%)	(10%)	(10%)	(4%)	(43%)
Foreign currency exchange impact	2%	1%	1%	1%	1%
Divestiture impact	0%	0%	(1%)	0%	0%
End market sales decline	(20%)	(9%)	(10%)	(3%)	(42%)

KENNAMETAL

Non-GAAP Reconciliations (cont'd)

Metal Cutting

Three months ended December 31, 2019[11]:	General Engineering	Transportation	Aerospace	Energy
Constant currency end market sales decline	(10%)	(13%)	(6%)	(9%)
Foreign currency exchange impact	(1%)	(1%)	(1%)	(1%)
End market sales decline	(11%)	(14%)	(7%)	(10%)

(11) Amounts for the three months ended December 31, 2019 have been restated to reflect the change in reportable operating segments.

Infrastructure

Three months ended December 31, 2019:	Energy	Earthworks	General Engineering
Constant currency end market sales decline	(33%)	(3%)	(6%)
Foreign currency exchange impact	0%	(1%)	(1%)
Divestiture impact	(2%)	0%	(5%)
End market sales decline	(35%)	(4%)	(12%)

Kennametal

Three months ended December 31, 2019:	Energy	Earthworks	General Engineering	Transportation	Aerospace
Constant currency end market sales decline	(27%)	(3%)	(9%)	(13%)	(6%)
Foreign currency exchange impact	0%	(1%)	(2%)	(1%)	(1%)
Divestiture impact	(1%)	0%	(1%)	0%	0%
End market sales decline	(28%)	(4%)	(12%)	(14%)	(7%)

Non-GAAP Reconciliations (cont'd)

($ in millions)	Three months ended December 31, 2020	2019
Net cash flow from operating activities	$ 57.7	$ 59.6
Purchases of property, plant and equipment	(29.3)	(75.1)
Proceeds from disposals of property, plant and equipment	0.6	0.4
Free operating cash flow	$ 29.0	$ (15.1)

(in thousands, except percents)	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019	Average
Current assets	$ 948,686	$ 935,721	$ 1,440,812	$ 966,723	$ 1,035,912	
Current liabilities	402,641	415,573	898,080	383,131	409,110	
Working capital, GAAP	$ 546,045	$ 520,148	$ 542,732	$ 583,592	$ 626,802	
Excluding items:						
Cash and cash equivalents	(103,188)	(98,290)	(606,684)	(85,230)	(105,210)	
Other current assets	(73,123)	(78,700)	(73,698)	(60,550)	(97,824)	
Total excluded current assets	(176,311)	(176,990)	(680,382)	(145,780)	(203,034)	
Adjusted current assets	772,375	758,731	760,430	820,943	832,878	
Revolving and other lines of credit and notes payable to banks	(34,979)	(46,458)	(500,368)	(4,500)	(2,102)	
Other current liabilities	(233,509)	(233,039)	(233,071)	(213,569)	(233,848)	
Total excluded current liabilities	(268,488)	(279,497)	(733,439)	(218,069)	(235,950)	
Adjusted current liabilities	134,153	136,076	164,641	165,062	173,160	
Primary working capital	$ 638,222	$ 622,655	$ 595,789	$ 655,881	$ 659,718	$ 634,453

	Three Months Ended 12/31/2020	9/30/2020	6/30/2020	3/31/2020	Total
Sales	$ 440,507	$ 400,305	$ 379,053	$ 483,084	$ 1,702,949
Primary working capital as a percentage of sales					37.3%

KENNAMETAL

Non-GAAP Reconciliations (cont'd)

(in thousands, except percents)	12/31/2019	9/30/2019	6/30/2019	3/31/2019	12/31/2018	Average
Current assets	$ 1,035,912	$ 1,065,389	$ 1,190,827	$ 1,162,842	$ 1,119,034	
Current liabilities	409,110	418,719	461,726	430,018	412,053	
Working capital, GAAP	$ 626,802	$ 646,670	$ 729,101	$ 732,824	$ 706,981	
Excluding items:						
Cash and cash equivalents	(105,210)	(113,522)	(182,015)	(112,597)	(96,276)	
Other current assets	(97,824)	(67,106)	(57,381)	(58,221)	(63,509)	
Total excluded current assets	(203,034)	(180,628)	(239,396)	(170,818)	(159,785)	
Adjusted current assets	832,878	884,761	951,431	992,024	959,249	
Current maturities of long-term debt and capital leases, including notes payable	(2,102)	(3,528)	(157)	-	(3,371)	
Other current liabilities	(233,848)	(216,517)	(248,661)	(224,949)	(210,332)	
Total excluded current liabilities	(235,950)	(220,045)	(248,818)	(224,949)	(213,703)	
Adjusted current liabilities	173,160	198,674	212,908	205,069	198,350	
Primary working capital	$ 659,718	$ 686,087	$ 738,523	$ 786,955	$ 760,899	$ 726,436
		Three Months Ended				
		12/31/2019	9/30/2019	6/30/2019	3/31/2019	Total
Sales		$ 505,080	$ 518,088	$ 603,949	$ 597,204	$ 2,224,321
Primary working capital as a percentage of sales						32.7%

KENNAMETAL

Non-GAAP Reconciliations (cont'd)

(in thousands, except percents)	12/31/2018	9/30/2018	6/30/2018	3/31/2018	12/31/2017	Average
Current assets	$ 1,119,034	$ 1,121,482	$ 1,546,166	$ 1,240,587	$ 1,128,382	
Current liabilities	412,053	439,171	886,531	477,790	407,621	
Working capital, GAAP	$ 706,981	$ 682,311	$ 659,635	$ 762,797	$ 720,761	
Excluding items:						
Cash and cash equivalents	(96,276)	(102,084)	(556,153)	(221,906)	(159,940)	
Other current assets	(63,509)	(63,461)	(63,257)	(70,926)	(68,057)	
Total excluded current assets	(159,785)	(165,545)	(619,410)	(292,832)	(227,997)	
Adjusted current assets	959,249	955,937	926,756	947,755	900,385	
Current maturities of long-term debt and capital leases, including notes payable	(3,371)	(756)	(400,200)	(1,399)	(1,360)	
Other current liabilities	(210,332)	(217,528)	(264,428)	(256,186)	(215,669)	
Total excluded current liabilities	(213,703)	(218,284)	(664,628)	(257,585)	(217,029)	
Adjusted current liabilities	198,350	220,887	221,903	220,205	190,592	
Primary working capital	$ 760,899	$ 735,050	$ 704,853	$ 727,550	$ 709,793	$ 727,629

	Three Months Ended				
	12/31/2018	9/30/2018	6/30/2018	3/31/2017	Total
Sales	$ 587,394	$ 586,687	$ 646,119	$ 607,936	$ 2,428,136
Primary working capital as a percentage of sales					30.0%

Non-GAAP Reconciliations (cont'd)

(in thousands, except percents)	12/31/2017	9/30/2017	6/30/2017	3/31/2017	12/31/2016	Average
Current assets	$ 1,128,382	$ 1,075,915	$ 1,113,901	$ 1,043,046	$ 971,745	
Current liabilities	407,621	396,967	461,478	426,799	390,151	
Working capital, GAAP	$ 720,761	$ 678,948	$ 652,423	$ 616,247	$ 581,594	
Excluding items:						
Cash and cash equivalents	(159,940)	(110,697)	(190,629)	(100,817)	(102,001)	
Other current assets	(68,057)	(64,874)	(55,166)	(75,061)	(80,375)	
Total excluded current assets	(227,997)	(175,571)	(245,795)	(175,878)	(182,376)	
Adjusted current assets	900,385	900,344	868,106	867,168	789,369	
Current maturities of long-term debt and capital leases, including notes payable	(1,360)	(1,252)	(925)	(1,591)	(2,263)	
Other current liabilities	(215,669)	(209,373)	(244,831)	(234,367)	(219,008)	
Total excluded current liabilities	(217,029)	(210,625)	(245,756)	(235,958)	(221,271)	
Adjusted current liabilities	190,592	186,342	215,722	190,841	168,880	
Primary working capital	$ 709,793	$ 714,002	$ 652,384	$ 676,327	$ 620,489	$ 674,599

		Three Months Ended			
	12/31/2017	9/30/2017	6/30/2017	3/31/2017	Total
Sales	$ 571,345	$ 542,454	$ 565,025	$ 528,630	$ 2,207,454
Primary working capital as a percentage of sales					30.6%

Net Debt (in millions)	Three months ended			
	12/31/2020	12/31/2019	12/31/2018	12/31/2017
Total debt (gross)	$ 628.7	$ 595.3	$ 595.1	$ 697.1
Less: cash and cash equivalents	103.2	105.2	96.3	159.9
Net debt	$ 525.5	$ 490.1	$ 498.8	$ 537.1

