



Fiscal 2019 First Quarter Earnings Call Presentation November 6, 2018

The 'Shaping Tomorrow' logo, which includes a yellow graphic of three parallel chevrons pointing to the right, followed by the words 'SHAPING' and 'TOMORROW' in a bold, white, sans-serif font.

**SHAPING
TOMORROW**

Safe Harbor Statement

Certain statements in this presentation 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, and capital expenditures, and 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: downturns in the business cycle or the economy; our ability to achieve all anticipated benefits of our restructuring 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 and security 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 are more fully described in Kennametal's latest annual report on Form 10-K and its 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."



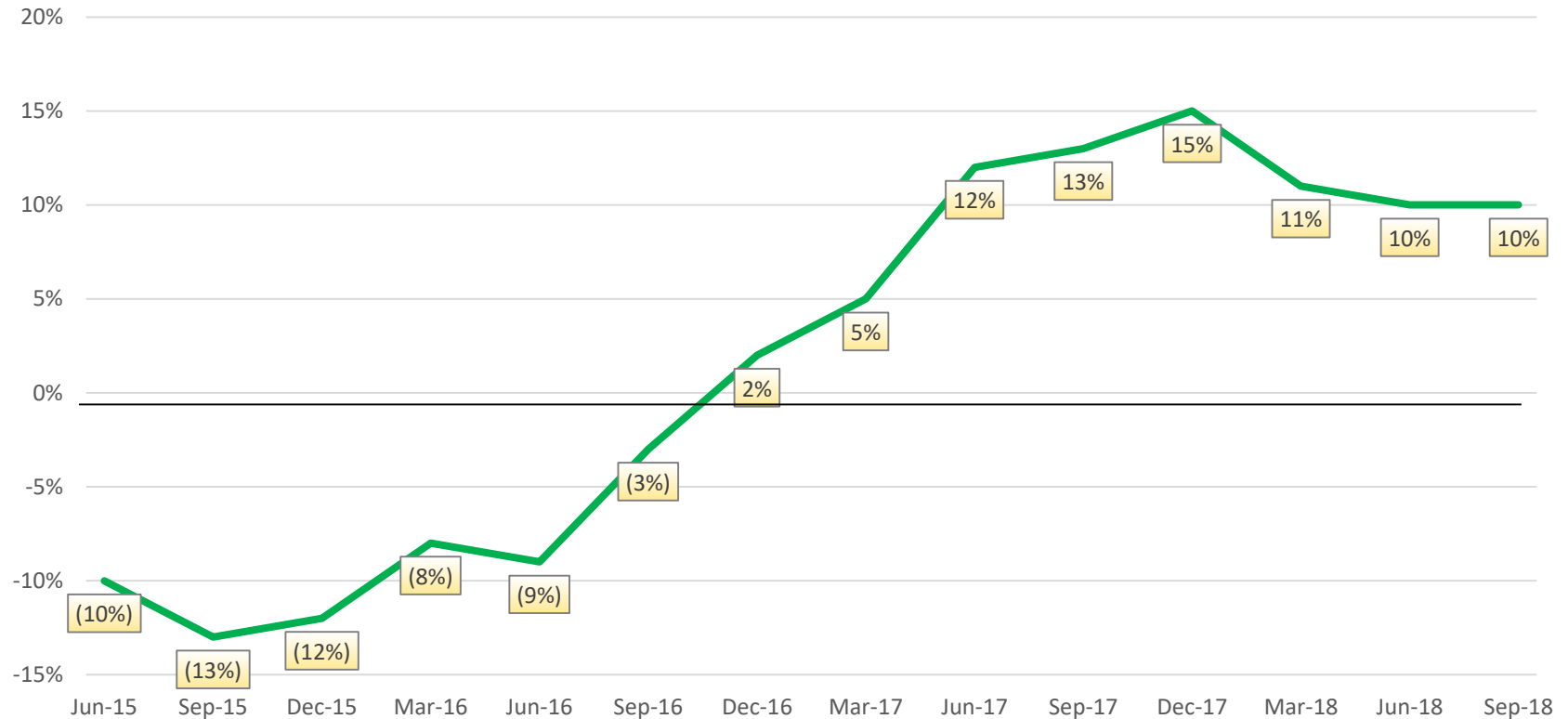
Q1 FY19 Highlights and Overview

- **Strong results reflect progress on initiatives and continuing end-market strength**
 - Operating leverage continued to strengthen
- **Sales Growth: 8% Sales (10% organic)**
 - All segments positive: Infrastructure +9%, Industrial +8%, WIDIA +8%
 - All regions* positive: AsiaPacific +14%, Americas +12%, EMEA +5%
 - All end-markets** positive: Aerospace +18%, Energy +14%, General Engineering +11%, Transportation +7%, Earthworks +0%
- **Margins: 14.4% Adjusted Operating Margin (vs. 10.9% 1Q prior year***)**
 - Adjusted Gross Profit Margin 36.0% (+220 bps vs. prior year***)
 - Adjusted Operating Expense 21.0% (-120 bps vs. prior year***)
 - Adjusted EBITDA margin 19.1% (+270 pts vs. prior year)
- **EPS: Reported \$0.68; Adjusted \$0.70 (vs. \$0.55 Adjusted 1Q prior year)**

* Constant Currency Regional Sales Growth
** Constant Currency End-Market Sales Growth
*** See Footnote 1 on slide 17

Execution of initiatives delivering significant year-over-year improvement

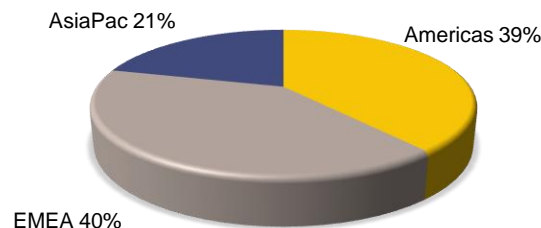
Quarterly Year-over-Year Organic Sales Growth



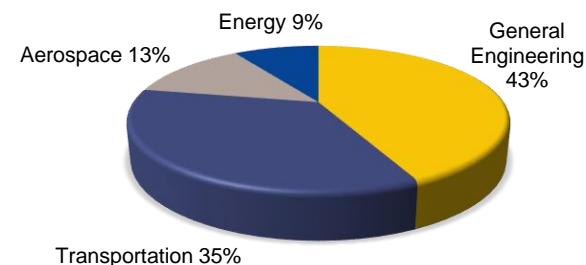
Continuing strong end-market demand; 6th quarter of double-digit growth

Industrial Business Segment

Q1 FY19 Sales by Geography



Q1 FY19 Sales by End Market



Q1 FY19 8% quarterly sales growth YoY; 10% organic growth

- Quarterly adjusted operating margin increased 620 bps YoY to 18.3% from 12.1% prior year*
- All regions** and all end-markets*** positive growth; double-digit growth in Americas and AsiaPac
- Operating leverage improved significantly

All end-markets showing good strength

- Significant Aerospace and General Engineering growth YoY of 18% and 10%, respectively***
- Transportation and Energy remain strong, growing YoY 7% and 5%, respectively***

Significantly improved quarterly operating margin

- Selectivity: Strategically allocating capacity to most profitable products and end-markets
- Simplification/modernization initiatives gaining traction
- Balancing strong customer demand while modernizing
- Highlighted multiple new products in key growth segments at IMTS

* See Footnote 1 on slide 17

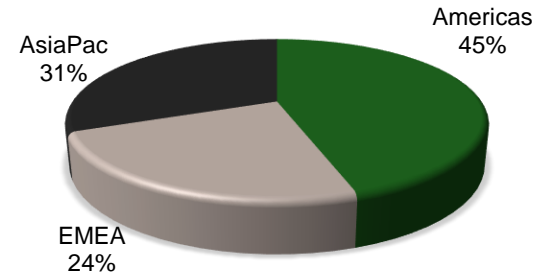
** Constant Currency Regional Sales Growth

*** Constant Currency End-Market Sales Growth

**Significant improvement in operating leverage and margin;
majority of modernization benefits still to come**

WIDIA Business Segment

Q1 FY19 Sales by Geography



Q1 FY19 8% quarterly sales growth YoY; 11% organic growth

- Quarterly adjusted operating margin increased 330 bps to 4.4% from 1.1% prior year*
- All regions* positive with double-digit growth in AsiaPac and EMEA

Q1 FY19 regional highlights

- | | |
|-----------|---|
| AsiaPac | <ul style="list-style-type: none">• 24% growth rate** reflects accelerating results in India• Bangalore operational and capacity enhancements progressing well• Establishing distribution network and capturing new demand stream opportunities progressing |
| EMEA | <ul style="list-style-type: none">• 11% growth rate** reflects progress with Aerospace growth initiatives |
| Americas: | <ul style="list-style-type: none">• Moderate growth reflects changes in distributor network; demand remains strong• Exiting selected portions of portfolio to drive improved profitability |

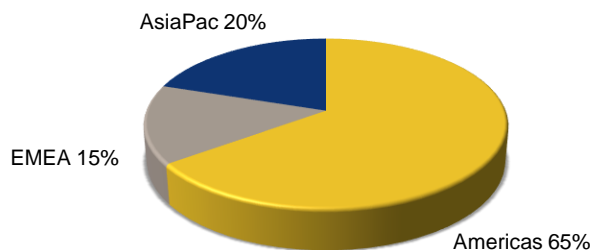
* See Footnote 1 on slide 17

** Constant Currency Regional Sales Growth

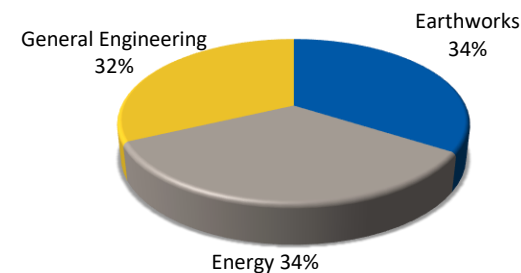
Growth and profitability steadily increasing

Infrastructure Business Segment

Q1 FY19 Sales by Geography



Q1 FY19 Sales by End Market



Q1 FY19 9% quarterly sales growth YoY; 10% organic growth

- Quarterly adjusted operating margin increased slightly to 11.4% from 11.2% prior year*
- Price continues to cover raw material cost increases
- Double-digit growth** in AsiaPac and Americas

End-markets continue to be strong

- Energy and General Engineering reporting double-digit quarterly growth** (18% and 13%, respectively***)
- Quarterly average US land rig counts up 12% YoY; current level 1032
- Earthworks flat due to a temporary disruption in South African coal production

* See Footnote 1 on slide 17

** Constant Currency Regional Sales Growth

*** Constant Currency End Market Sales Growth

Progress in all areas of focus: growth and simplification/modernization

- Quarterly sales strong and price realization continuing; price expected to cover raw material costs over the cycle
- Simplification/modernization improvements progressing; more benefits still to come
- Rogers modernization capital substantially in place; operating benefits still ramping up

Strong quarterly volume growth in key end-markets

Example of Modernization Project

Before



- Up to 10 passes through multiple operations
- Manually loaded and unloaded
- 3-4 operators per production cell

After



- Single pass continuous operation
- Automated loading and unloading
- 1 operator per production line

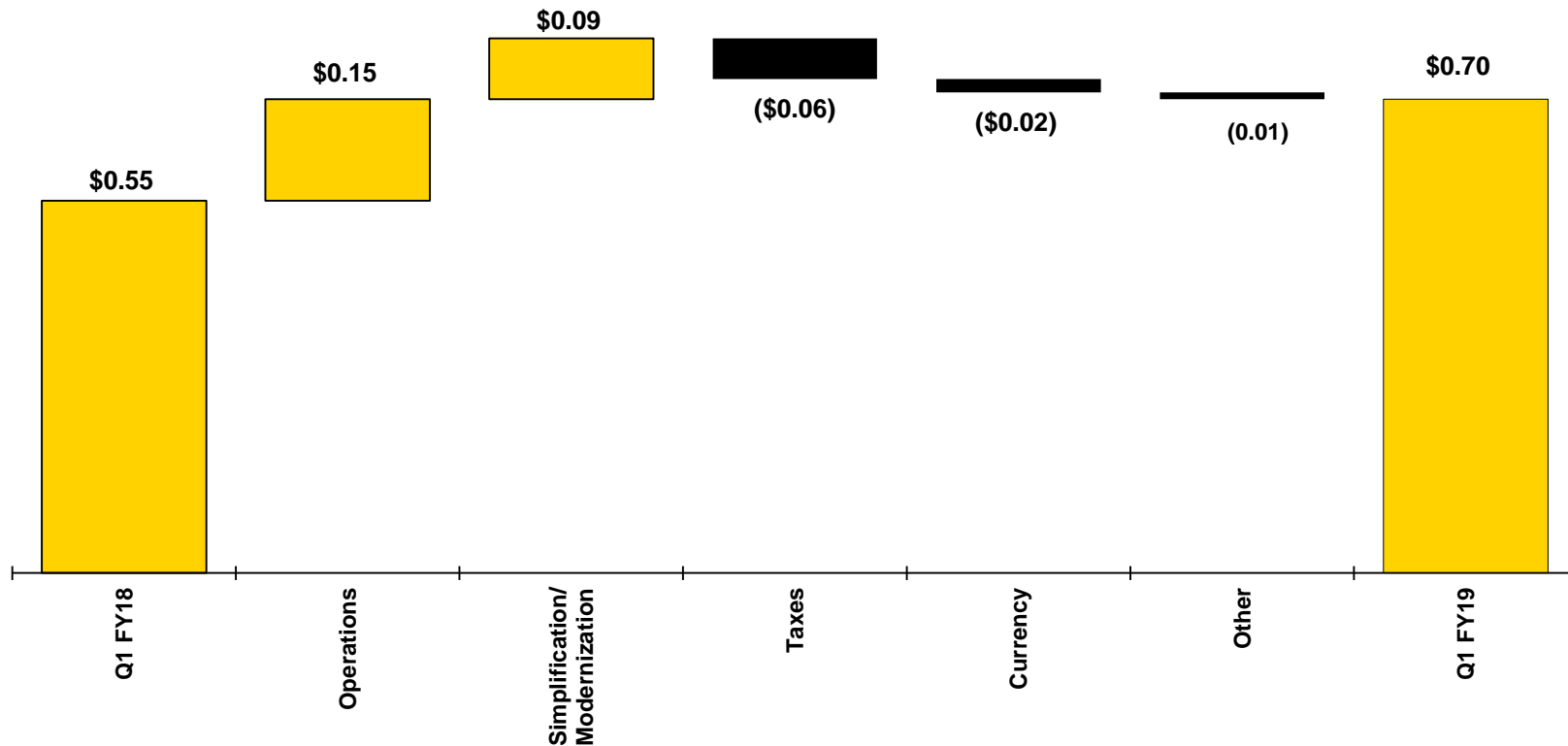
Greater than 100% efficiency improvement

Consolidated Q1 FY19 Financial Results

		Adjusted		Reported	
Quarter Ended (\$ in millions)	Change from PY	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Sales	+8%	\$587	\$542	\$587	\$542
Organic		10%	13%	10%	13%
FX		-2%	2%	-2%	2%
Business Days		-	-1%	-	-1%
Gross Profit*	+15%	\$211	\$183	\$211	\$182
% of sales*	+220 bps	36.0%	33.8%	36.0%	33.5%
Operating Expense*	+2%	\$123	\$120	\$123	\$121
% of sales*	-120 bps	21.0%	22.2%	21.0%	22.2%
EBITDA	+26%	\$112	\$89	\$111	\$82
% of sales	+270 bps	19.1%	16.4%	18.9%	15.1%
Operating Income*	+43%	\$84	\$59	\$83	\$52
% of sales*	+350 bps	14.4%	10.9%	14.2%	9.6%
Effective Tax Rate	+560 bps	23.6%	18.0%	24.9%	19.5%
EPS (Earnings per Diluted Share)	+27%	\$0.70	\$0.55	\$0.68	\$0.48

* See Footnote 1 on Slide 17

Q1 FY19 Adjusted EPS Bridge



Strong market execution and simplification/modernization efforts delivering significant improvement

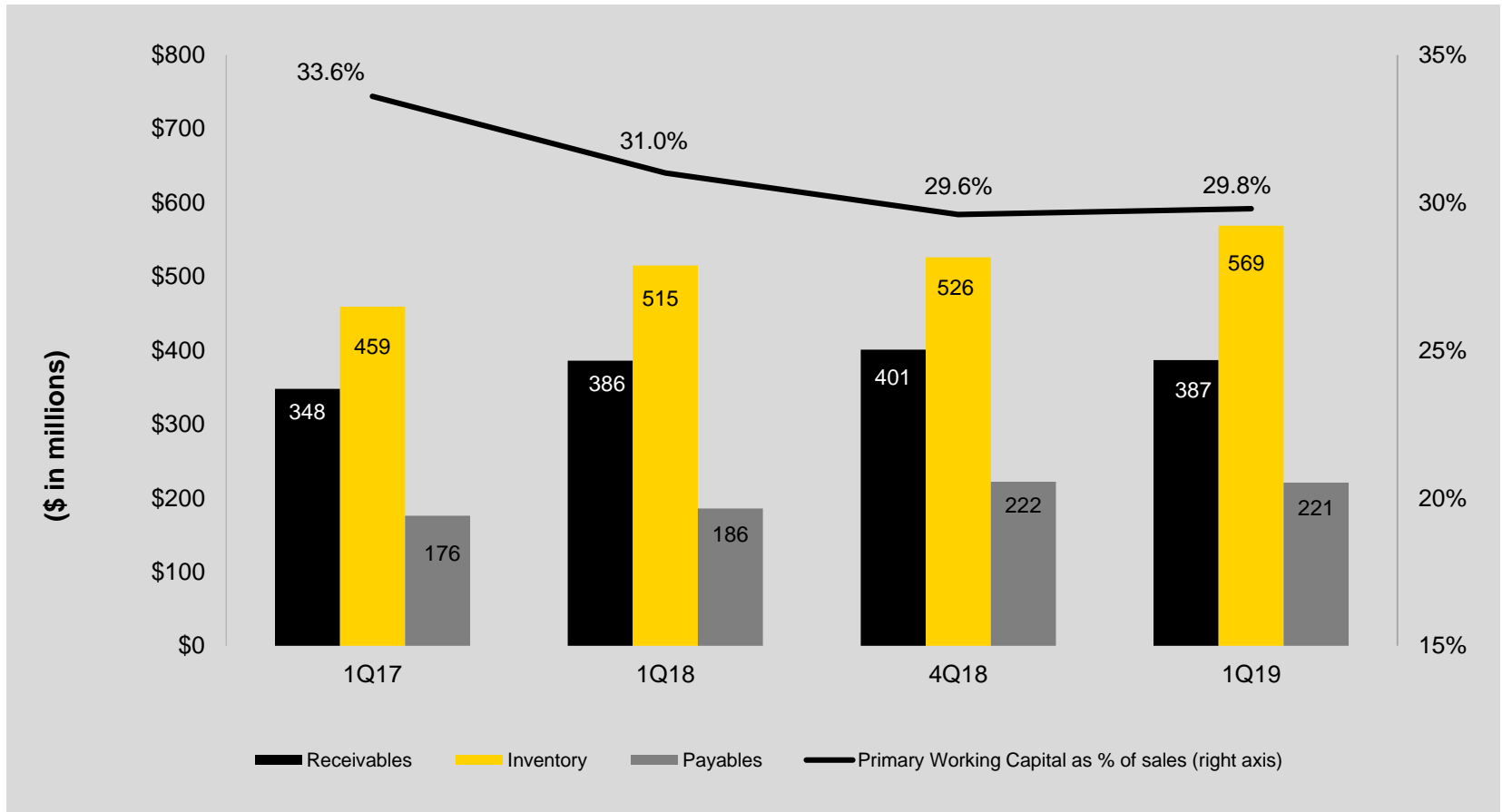
Adjusted Segment Results

Quarter ended (\$ in millions)	September 30, 2018		
	Industrial	WIDIA	Infrastructure
Sales	\$321	\$49	\$217
Organic	10%	11%	10%
FX	-2%	-3%	-1%
Business Days	-	-	-
Constant Currency Regional Growth:			
Americas	13%	2%	12%
EMEA	7%	11%	-2%
AsiaPac	12%	24%	13%
Constant Currency End-market Growth:			
Energy	5%	n/a	18%
General Engineering*	10%	11%	13%
Transportation	7%	n/a	n/a
Aerospace & Defense	18%	n/a	n/a
Earthworks	n/a	n/a	0%
Adjusted Operating Income**	\$59	\$2	\$25
Adjusted Operating Margin**	18.3%	4.4%	11.4%

* WIDIA sales classified as general engineering

** See Footnote on Slide 17

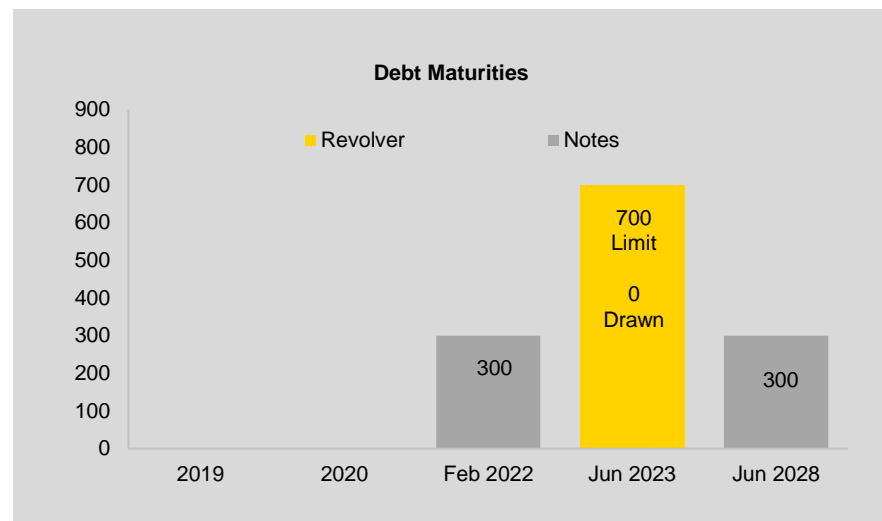
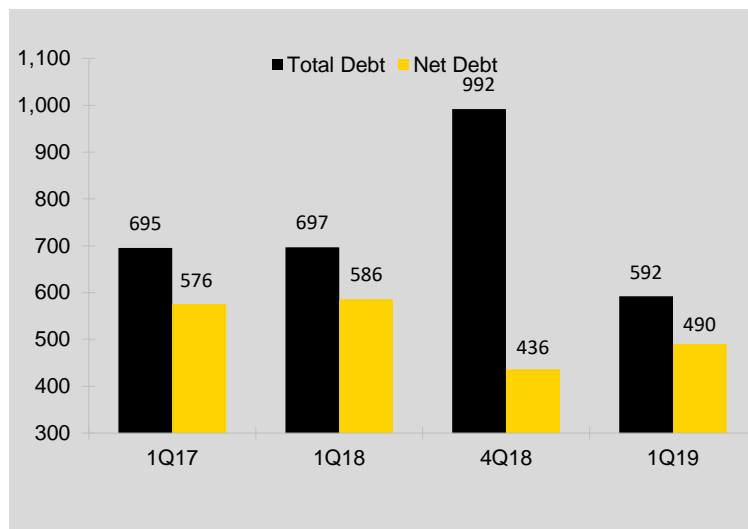
Primary Working Capital



Improved working capital year-over-year even with increasing sales

Balance Sheet and Cashflow Highlights

(\$ in millions)



Consolidated Results (\$ in millions)	1Q FY19	1Q FY18
Net Cash Provided by (Used for) Operating Activities*	\$9	(\$40)
Net Capital Expenditures*	(\$42)	(\$22)
Free Operating Cash Flow	(\$33)	(\$62)
Dividends	(\$16)	(\$16)

* See Footnote 2 on Slide 17

Strong balance sheet and liquidity positions



FY19 Outlook

	<u>FY18 Actual</u>	<u>FY19 Outlook</u>
Organic Sales Growth	12%	5% - 8%
Adjusted Effective Tax Rate	22.9%	22% - 25%
Adjusted EPS	\$2.65	\$2.90 - \$3.20
Capital Spending	\$171M	\$240M - \$260M
Free Operating Cash Flow	\$121M	\$120M - \$140M

Reaffirming FY19 outlook, despite FX headwind and tariff uncertainties

Summary of Key Points

- **Q1 FY19 was a strong start to the fiscal year**
 - Sales and margins improving year-over-year
 - Results reflect continued execution of growth and simplification/modernization initiatives
- **End-markets remain strong**
 - All regions and end-markets delivered growth
 - Expecting continued solid markets overall
 - Well-diversified portfolio of end-markets and regions helps diversify risk
- **Simplification/modernization efforts progressing well**
 - Balancing strong demand environment with modernization initiatives
 - Strong execution of selectivity initiatives, including allocation of capacity to most profitable products and improving mix
 - Benefits ramping up, with majority still to come
- **Methodically building the foundation for improved and sustainable long-term performance**

Appendix

Balance Sheet

ASSETS (\$ in millions)	September 2018	June 2018
Cash and cash equivalents	\$102	\$556
Accounts receivable, net	387	401
Inventories	569	526
Other current assets	63	63
Total current assets	\$1,121	\$1,546
Property, plant and equipment, net	835	824
Goodwill and other intangible assets, net	473	478
Other assets	83	77
Total assets	\$2,512	\$2,925
LIABILITIES (\$ in millions)		
Current maturities of long-term debt and capital leases, including notes payable	\$1	\$400
Accounts payable	221	222
Other current liabilities	217	264
Total current liabilities	\$439	\$886
Long-term debt and capital leases	591	592
Other liabilities	218	217
Total liabilities	\$1,248	\$1,695
Kennametal Shareowners' Equity	1,228	1,194
Noncontrolling interests	36	36
Total liabilities and equity	\$2,512	\$2,925

Footnotes

(1) Prior period amounts were restated to reflect the retrospective adoption of ASU No. 2017-07, "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost" on July 1, 2018.

(2) During the current quarter, the Company revised its statement of cash flow for the three months ended September 30, 2017, resulting in an increase of \$20 million to net cash flow used for operating cash flows and a corresponding decrease in investing cash flows. The Company has concluded that the impact of the revision was not material to the previously issued interim financial statements. The revision had no impact on the previously issued annual financial statements nor FOCF in any period.

(3) Represents amounts attributable to Kennametal Shareholders.

(4) Additional charge recorded to reflect adjustments to the provisional amounts recorded in fiscal 2018 for the application of a measure of the Tax Cuts and Jobs Act of 2017 requiring a one-time transition tax on previously untaxed accumulated earnings and profits of non-U.S. companies (toll tax). The toll tax charge is preliminary and subject to finalization of the 2018 U.S. federal income tax return and applying any additional regulatory guidance issued after September 30, 2018. The estimated toll tax charge is currently \$82 million after available foreign tax credits.

(5) Represents a non-cash charge associated with the out-of-period impact of recording an adjustment to deferred tax charges associated with intra-entity product transfers.

(6) During fiscal year 2018, we estimated the toll tax charge to be \$81 million after available foreign tax credits. The toll tax charge consumed our entire U.S. federal net operating loss carryforward and other credit carryforwards, which represent a significant portion of our previously available deferred tax assets, and was offset by the release of the valuation allowance associated with these assets.

Non-GAAP Reconciliations

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

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.

Reconciliations to the most directly comparable GAAP financial measures for the following forward-looking non-GAAP financial measures for full fiscal year of 2019 are not presented, including but not limited to: adjusted EPS, organic sales growth, adjusted ETR and FOCF. The most comparable GAAP measures are EPS, sales growth, ETR and net cash flow from operating activities, respectively. Because the non-GAAP financial measures on a forward-looking basis are subject to uncertainty and variability as they are dependent on many factors - including, but not limited to, the effect of foreign currency exchange fluctuations, impacts from potential acquisitions or divestitures, gains or losses on the potential sale of businesses or other assets, restructuring costs, asset impairment charges, gains or losses from early extinguishment of debt, the tax impact of the items above and the impact of tax law changes or other tax matters - reconciliations to the most directly comparable forward-looking GAAP financial measures are not available without unreasonable effort.

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 Attributable to Kennametal and Adjusted EPS

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 and EPS. 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.

Organic Sales Growth (Decline)

Organic sales growth (decline) is a non-GAAP financial measure of sales growth (decline) (which is the most directly comparable GAAP measure) excluding the impacts of acquisitions⁽⁷⁾, divestitures⁽⁸⁾, business days⁽⁹⁾ and foreign currency exchange⁽¹⁰⁾ from year-over-year comparisons. Management believes this measure provides investors with a supplemental understanding of underlying sales trends by providing sales growth (decline) on a consistent basis. Also, we report organic sales growth (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⁽⁷⁾, divestitures⁽⁸⁾ and foreign currency exchange⁽¹⁰⁾ 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.

Non-GAAP Reconciliations (cont'd)

Constant Currency End Market Sales Growth (Decline)

Constant currency end market sales growth (decline) is a non-GAAP financial measure of sales growth (decline) (which is the most directly comparable GAAP measure) by end market excluding the impacts of acquisitions⁽⁷⁾, divestitures⁽⁸⁾ and foreign currency exchange⁽¹⁰⁾ from year-over-year comparisons. We note that, unlike organic sales growth (decline), constant currency end market sales growth (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 growth (decline) on a consistent basis. Also, we report constant currency end market sales growth (decline) at the consolidated and segment levels. Widia sales are reported only in the general engineering end market. Therefore, we do not provide constant currency end market sales growth for the Widia segment and, thus, do not include a reconciliation for that metric.

EBITDA

EBITDA is a non-GAAP financial measure and is defined as net income 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, 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.

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.

Debt to adjusted EBITDA and net debt to adjusted EBITDA

Debt to adjusted EBITDA is a non-GAAP financial measure and is defined by Kennametal as total debt divided by the sum of the four trailing quarters of adjusted EBITDA. Net debt to adjusted EBITDA is a non-GAAP financial measure and is defined by Kennametal as total debt less cash and cash equivalents, divided by the sum of the four trailing quarters of adjusted EBITDA. The most directly comparable GAAP measure is debt to net income attributable to Kennametal. Management believes that debt to EBITDA provides additional insight into the underlying capital structure, liquidity and performance of the Company. Additionally, Kennametal will present debt to EBITDA on an adjusted basis.

⁽⁷⁾ Acquisition impact is calculated by dividing current period sales attributable to acquired businesses by prior period sales.

⁽⁸⁾ Divestiture impact is calculated by dividing prior period sales attributable to divested businesses by prior period sales.

⁽⁹⁾ 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.

⁽¹⁰⁾ Foreign currency exchange impact is calculated by dividing the difference between current period sales at prior period foreign exchange rates and prior period sales by prior period sales.

Non-GAAP Reconciliations (cont.)

(\$ in millions, except per share data and percents)	Sales	Gross Profit	Operating Expense	Operating Income	Effective Tax Rate	Net Income ⁽³⁾	Diluted EPS
Q1 FY19 Reported Results	\$ 586.7	\$ 211.1	\$ 123.3	\$ 83.2	24.9%	\$ 56.7	\$ 0.68
Reported Margins		36.0%	21.0%	14.2%			
Restructuring and related charges	-	-	-	1.1	-	0.8	0.01
Effect of tax reform ⁽⁴⁾	-	-	-	-	(1.3)	1.0	0.01
Q1 FY19 Adjusted Results	\$ 586.7	\$ 211.1	\$ 123.3	\$ 84.2	23.6%	\$ 58.5	\$ 0.70
Q1 FY19 Adjusted Margins		36.0%	21.0%	14.4%			

(\$ in millions, except per share data and percents)	Sales	Gross Profit ⁽¹⁾	Operating Expense ⁽¹⁾	Operating Income ⁽¹⁾	Effective Tax Rate	Net Income ⁽³⁾	Diluted EPS
Q1 FY18 Reported Results	\$ 542.5	\$ 181.9	\$ 120.6	\$ 52.2	19.5%	\$ 39.2	\$ 0.48
Reported Margins		33.5%	22.2%	9.6%			
Restructuring and related charges	-	1.2	(0.1)	6.9	(1.5)	6.4	0.07
Q1 FY18 Adjusted Results	\$ 542.5	\$ 183.2	\$ 120.5	\$ 59.0	18.0%	\$ 45.6	\$ 0.55
Q1 FY18 Adjusted Margins		33.8%	22.2%	10.9%			

(\$ in millions, except per share data and percents)	Sales	Effective Tax Rate	Net Income ⁽³⁾	Diluted EPS
FY18 Reported Results	\$ 2,367.9	25.4%	\$ 200.2	\$ 2.42
Reported Margins				
Restructuring and related charges	-	(0.4)	13.5	0.16
Impact of out of period adjustment to provision for income taxes ⁽⁵⁾		(1.9)	5.3	0.06
Net impact of tax reform ⁽⁶⁾	-	(0.2)	0.5	0.01
FY18 Adjusted Results	\$ 2,367.9	22.9%	\$ 219.4	\$ 2.65
FY18 Adjusted Margins				

Footnotes are on page 17

Non-GAAP Reconciliations (cont.)

(\$ in millions, except percents)	Industrial Sales	Industrial Operating Income	WIDIA Sales	WIDIA Operating Income	Infrastructure Sales	Infrastructure Operating Income
Q1 FY19 Reported Results	\$ 320.6	\$ 58.5	\$ 48.7	\$ 2.1	\$ 217.5	\$ 23.9
Reported Operating Margin		18.3%		4.3%		11.0%
Restructuring and related charges	-	0.2	-	0.0	-	0.8
Q1 FY19 Adjusted Results	\$ 320.6	\$ 58.7	\$ 48.7	\$ 2.1	\$ 217.5	\$ 24.7
Q1 FY19 Adjusted Operating Margin		18.3%		4.4%		11.4%

(\$ in millions, except percents)	Industrial Sales	Industrial Operating Income ⁽¹⁾	WIDIA Sales	WIDIA Operating Loss ⁽¹⁾	Infrastructure Sales	Infrastructure Operating Income ⁽¹⁾
Q1 FY18 Reported Results	\$ 297.5	\$ 32.0	\$ 45.2	\$ (0.3)	\$ 199.7	\$ 20.4
Reported Operating Margin		10.8%		-0.7%		10.2%
Restructuring and related charges	-	4.0	-	0.8	-	2.1
Q1 FY18 Adjusted Results	\$ 297.5	\$ 36.1	\$ 45.2	\$ 0.5	\$ 199.7	\$ 22.4
Q1 FY18 Adjusted Operating Margin		12.1%		1.1%		11.2%

Twelve months ended June 30, 2018

	Kennametal
Organic Sales Growth	12%
Foreign Currency Exchange Impact	4%
Business Days Impact	-1%
Sales Growth	15%

Three months ended September 30, 2018:

	Industrial	Widia	Infrastructure	Kennametal
Organic Sales Growth	10%	11%	10%	10%
Foreign Currency Exchange Impact	-2%	-3%	-1%	-2%
Sales Growth	8%	8%	9%	8%

Footnotes are on page 17

Non-GAAP Reconciliations (cont.)

Kennametal Inc.					
Three months ended:	Organic Sales Growth (Decline)	Foreign Currency Exchange Impact	Business Days Impact	Divestiture Impact	Sales Growth (Decline)
June 30, 2018	10%	3%	1%	0%	14%
March 31, 2018	11%	6%	-2%	0%	15%
December 31, 2017	15%	3%	-1%	0%	17%
September 30, 2017	13%	2%	-1%	0%	14%
June 30, 2017	12%	-2%	-2%	0%	8%
March 31, 2017	5%	-1%	2%	0%	6%
December 31, 2016	2%	-1%	-2%	-6%	-7%
September 30, 2016	-3%	-2%	0%	-9%	-14%
June 30, 2016	-9%	-1%	1%	-9%	-18%
March 31, 2016	-8%	-4%	0%	-10%	-22%
December 31, 2015	-12%	-6%	0%	-4%	-22%
September 30, 2015	-13%	-7%	0%	0%	-20%
June 30, 2015	-10%	-7%	1%	-1%	-17%

(\$ in millions, except percents)

Organic Sales Growth, Three months ended September 30, 2018	10%
Sales, Three months ended September 30, 2017	\$ 542.5
Dollarized Organic Sales Growth	\$ 54.2
Organic Sales Growth, Three months ended September 30, 2017	13%
Sales, Three months ended September 30, 2016	\$ 477.1
Dollarized Organic Sales Growth	62.0
Combined dollarized organic sales Dollars	116.3
Sales, Three months ended September 30, 2016	477.1
Organic sales growth, combined	24%

Non-GAAP Reconciliations (cont.)

Industrial

	General		Aerospace and	
Three months ended September 30, 2018:	Engineering	Transportation	Defense	Energy
Constant currency end market sales growth	10%	7%	18%	5%
Foreign currency exchange impact	-1%	-3%	-1%	-1%
End market sales growth	9%	4%	17%	4%

Infrastructure

			General
Three months ended September 30, 2018:	Energy	Earthworks	Engineering
Constant currency end market sales growth	18%	0%	13%
Foreign currency exchange impact	0%	-1%	-1%
End market sales growth	18%	-1%	12%

Kennametal

			General		Aerospace and
Three months ended September 30, 2018:	Energy	Earthworks	Engineering	Transportation	Defense
Constant currency end market sales growth	14%	0%	11%	7%	18%
Foreign currency exchange impact	0%	-1%	-2%	-3%	-1%
End market sales growth	14%	-1%	9%	4%	17%

Non-GAAP Reconciliations (cont.)

Industrial

Three months ended September 30, 2018:	Americas	EMEA	Asia Pacific
Constant currency regional sales growth	13%	7%	12%
Foreign currency exchange impact	-3%	-3%	-2%
Regional sales growth	10%	4%	10%

Widia

Three months ended September 30, 2018:	Americas	EMEA	Asia Pacific
Constant currency regional sales growth	2%	11%	24%
Foreign currency exchange impact	-1%	-4%	-5%
Regional sales growth	1%	7%	19%

Infrastructure

Three months ended September 30, 2018:	Americas	EMEA	Asia Pacific
Constant currency regional sales growth	12%	-2%	13%
Foreign currency exchange impact	0%	-1%	-2%
Regional sales growth	12%	-3%	11%

Kennametal

Three months ended September 30, 2018:	Americas	EMEA	Asia Pacific
Constant currency regional sales growth	12%	5%	14%
Foreign currency exchange impact	-2%	-2%	-3%
Regional sales growth	10%	3%	11%

Non-GAAP Reconciliations (cont.)

(\$ in millions)	Three months ended September 30,	
	2018	2017
Net income attributable to Kennametal, reported	\$ 56.7	\$ 39.2
Add back:		
Interest expense	8.1	7.1
Interest income	(0.6)	(0.3)
Provision for income taxes, reported	19.4	9.6
Depreciation	24.0	22.8
Amortization	3.6	3.7
EBITDA	\$ 111.1	\$ 82.1
Margin	18.9%	15.1%
Adjustments:		
Restructuring and related charges	1.1	6.9
Adjusted EBITDA	\$ 112.2	\$ 89.0
Adjusted Margin	19.1%	16.4%

(\$ in millions)	Three months ended September 30,	
	2018	2017
Net cash flow from operating activities ⁽²⁾	\$ 9.2	\$ (39.7)
Purchases of property, plant and equipment ⁽²⁾	(43.3)	(22.3)
Proceeds from disposals of property, plant and equipment	0.8	0.4
Free operating cash flow	\$ (33.2)	\$ (61.6)

Non-GAAP Reconciliations (cont.)

(\$ in millions)	Twelve months ended June 30, 2018
Net cash flow from operating activities	\$ 277.3
Purchases of property, plant and equipment	(171.0)
Proceeds from disposals of property, plant and equipment	14.4
Free operating cash flow	\$ 120.7

(in thousands, except percents)	9/30/2018	6/30/2018	3/31/2018	12/31/2017	9/30/2017	Average
Current assets	\$ 1,121,482	\$ 1,546,166	\$ 1,240,587	\$ 1,128,382	\$ 1,075,915	
Current liabilities	439,171	886,531	477,790	407,621	396,967	
Working capital, GAAP	\$ 682,311	\$ 659,635	\$ 762,797	\$ 720,761	\$ 678,948	
Excluding items:						
Cash and cash equivalents	(102,084)	(556,153)	(221,906)	(159,940)	(110,697)	
Other current assets	(63,461)	(63,257)	(70,926)	(68,057)	(64,874)	
Total excluded current assets	(165,545)	(619,410)	(292,832)	(227,997)	(175,571)	
Adjusted current assets	955,937	926,756	947,755	900,385	900,344	
Current maturities of long-term debt and capital leases, including notes payable	(756)	(400,200)	(1,399)	(1,360)	(1,252)	
Other current liabilities	(217,528)	(264,428)	(256,186)	(215,669)	(209,373)	
Total excluded current liabilities	(218,284)	(664,628)	(257,585)	(217,029)	(210,625)	
Adjusted current liabilities	220,887	221,903	220,205	190,592	186,342	
Primary working capital	\$ 735,050	\$ 704,853	\$ 727,550	\$ 709,793	\$ 714,002	\$ 718,250
	Three Months Ended					
	9/30/2018	6/30/2018	3/31/2018	12/31/2017	Total	
Sales	\$ 586,687	\$ 646,119	\$ 607,936	\$ 571,345	\$ 2,412,087	
Primary working capital as a percentage of sales						29.8%

Non-GAAP Reconciliations (cont.)

(in thousands, except percents)	6/30/2018	3/31/2018	12/31/2017	9/30/2017	6/30/2017	Average
Current assets	\$ 1,546,166	\$ 1,240,587	\$ 1,128,382	\$ 1,075,915	\$ 1,113,901	
Current liabilities	886,531	477,790	407,621	396,967	461,478	
Working capital, GAAP	\$ 659,635	\$ 762,797	\$ 720,761	\$ 678,948	\$ 652,423	
Excluding items:						
Cash and cash equivalents	(556,153)	(221,906)	(159,940)	(110,697)	(190,629)	
Other current assets	(63,257)	(70,926)	(68,057)	(64,874)	(55,166)	
Total excluded current assets	(619,410)	(292,832)	(227,997)	(175,571)	(245,795)	
Adjusted current assets	926,756	947,755	900,385	900,344	868,106	
Current maturities of long-term debt and capital leases, including notes payable	(400,200)	(1,399)	(1,360)	(1,252)	(925)	
Other current liabilities	(264,428)	(256,186)	(215,669)	(209,373)	(244,831)	
Total excluded current liabilities	(664,628)	(257,585)	(217,029)	(210,625)	(245,756)	
Adjusted current liabilities	221,903	220,205	190,592	186,342	215,722	
Primary working capital	\$ 704,853	\$ 727,550	\$ 709,793	\$ 714,002	\$ 652,384	\$ 701,716
Three Months Ended						
	6/30/2018	3/31/2018	12/31/2017	9/30/2017	Total	
Sales	\$ 646,119	\$ 607,936	\$ 571,345	\$ 542,454	\$ 2,367,854	
Primary working capital as a percentage of sales						29.6%

Non-GAAP Reconciliations (cont.)

(in thousands, except percents)	9/30/2017	6/30/2017	3/31/2017	12/31/2016	9/30/2016	Average
Current assets	\$ 1,075,915	\$ 1,113,901	\$ 1,043,046	\$ 971,745	\$ 991,837	
Current liabilities	396,967	461,478	426,799	390,151	402,574	
Working capital, GAAP	\$ 678,948	\$ 652,423	\$ 616,247	\$ 581,594	\$ 589,263	
Excluding items:						
Cash and cash equivalents	(110,697)	(190,629)	(100,817)	(102,001)	(119,411)	
Other current assets	(64,874)	(55,166)	(75,061)	(80,375)	(64,660)	
Total excluded current assets	(175,571)	(245,795)	(175,878)	(182,376)	(184,071)	
Adjusted current assets	900,344	868,106	867,168	789,369	807,766	
Current maturities of long-term debt and capital leases, including notes payable	(1,252)	(925)	(1,591)	(2,263)	(1,381)	
Other current liabilities	(209,373)	(244,831)	(234,367)	(219,008)	(225,189)	
Total excluded current liabilities	(210,625)	(245,756)	(235,958)	(221,271)	(226,570)	
Adjusted current liabilities	186,342	215,722	190,841	168,880	176,004	
Primary working capital	\$ 714,002	\$ 652,384	\$ 676,327	\$ 620,489	\$ 631,762	\$ 658,993
Three Months Ended						
	9/30/2017	6/30/2017	3/31/2017	12/31/2016	Total	
Sales	\$ 542,454	\$ 565,025	\$ 528,630	\$ 487,573	\$ 2,123,682	
Primary working capital as a percentage of sales						31.0%

Non-GAAP Reconciliations (cont.)

(in thousands, except percents)	9/30/2016	6/30/2016	3/31/2016	12/31/2015	9/30/2015	Average
Current assets	\$ 991,837	\$ 1,075,341	\$ 1,099,260	\$ 1,062,992	\$ 1,168,511	
Current liabilities	402,574	427,275	421,415	394,983	438,406	
Working capital, GAAP	\$ 589,263	\$ 648,066	\$ 677,845	\$ 668,009	\$ 730,105	
Excluding items:						
Cash and cash equivalents	(119,411)	(161,579)	(136,564)	(138,978)	(97,199)	
Other current assets	(64,660)	(84,016)	(111,479)	(113,113)	(120,583)	
Total excluded current assets	(184,071)	(245,595)	(248,043)	(252,091)	(217,782)	
Adjusted current assets	807,766	829,746	851,217	810,901	950,729	
Current maturities of long-term debt and capital leases, including notes payable	(1,381)	(1,895)	(4,140)	(5,942)	(25,285)	
Other current liabilities	(225,189)	(243,341)	(247,943)	(237,444)	(235,385)	
Total excluded current liabilities	(226,570)	(245,236)	(252,083)	(243,386)	(260,670)	
Adjusted current liabilities	176,004	182,039	169,332	151,597	177,736	
Primary working capital	\$ 631,762	\$ 647,707	\$ 681,885	\$ 659,304	\$ 772,993	\$ 678,730
Three Months Ended						
	9/30/2016	6/30/2016	3/31/2016	12/31/2015	Total	
Sales	\$ 477,140	\$ 521,224	\$ 497,837	\$ 524,021	\$ 2,020,222	
Primary working capital as a percentage of sales						33.6%

Non-GAAP Reconciliations (cont.)

Debt to Adjusted EBITDA

(in millions, except debt to adjusted EBITDA)

EBITDA	Three months ended								
	9/30/2018	6/30/2018	3/31/2018	12/31/2017	9/30/2017	6/30/2017	3/31/2017	12/31/2016	9/30/2016
Net income (loss) attributable to Kennametal	\$ 56.7	\$ 68.5	\$ 50.9	\$ 41.6	\$ 39.2	\$ 24.6	\$ 38.9	\$ 7.3	\$ (21.7)
Add back:									
Interest expense	8.1	8.2	7.5	7.2	7.1	7.4	7.3	7.2	7.0
Interest income	(0.6)	(1.5)	(1.0)	(0.3)	(0.3)	(0.2)	(0.3)	(0.2)	(0.2)
Provision for income taxes	19.4	18.8	24.1	17.5	9.6	7.5	9.3	8.2	4.9
Depreciation	24.0	24.0	23.9	23.3	22.8	22.7	22.4	22.8	23.2
Amortization	3.6	3.6	3.7	3.7	3.7	3.9	4.2	4.2	4.3
EBITDA	\$ 111.1	\$ 121.7	\$ 109.1	\$ 93.0	\$ 82.1	\$ 65.9	\$ 81.8	\$ 49.4	\$ 17.4

Adjustments:

Restructuring and related charges	1.1	5.8	1.7	1.5	6.9	23.2	9.6	11.8	31.7
Adjusted EBITDA	\$ 112.2	\$ 127.5	\$ 110.7	\$ 94.5	\$ 89.0	\$ 89.0	\$ 91.5	\$ 61.2	\$ 49.1

	9/30/2018	6/30/2018	3/31/2018	12/31/2017	9/30/2017	6/30/2017	9/30/2016
Total debt (gross)	\$ 592.1	\$ 991.7	\$ 697.5	\$ 697.1	\$ 696.6	\$ 695.9	
Trailing four quarters adjusted EBITDA	444.9	421.8	383.3	364.0	330.7	290.8	
Debt to adjusted EBITDA	1.3	2.4	1.8	1.9	2.1	2.4	
Total debt (gross)	\$ 592.1	\$ 991.7	\$ 697.5	\$ 697.1	\$ 696.6	\$ 695.9	\$ 695.4
Less: cash and cash equivalents	102.1	556.2	221.9	159.9	110.7	190.6	119.4
Net debt	\$ 490.0	\$ 435.6	\$ 475.6	\$ 537.1	\$ 585.9	\$ 505.3	\$ 576.0
Trailing four quarters adjusted EBITDA	444.9	421.8	383.3	364.0	330.7	290.8	
Net debt to adjusted EBITDA	1.1	1.0	1.2	1.5	1.8	1.7	