KMT Investor Day
December 12, 2017

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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.”

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Introduction

Chris Rossi

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KMT Executive Leadership Team

- **Chris Rossi** – President and Chief Executive Officer
- **Chuck Byrnes** – VP and President, Industrial Business Segment
- **Alexander Broetz** – VP and President, WIDIA Business Segment
- **Pete Dragich** – VP and President, Infrastructure Business Segment
- **Bob Clemens** – VP and Chief Technology Officer
- **Brian Maglosky** – VP, Strategic Sourcing and Supply Planning
- **Jan Kees van Gaalen** – VP and Chief Financial Officer
- **Michelle Keating** – VP, Secretary and General Counsel
- **Judy Bacchus** – VP and Chief Human Resources and Corporate Relations Officer
- **Tom McKee** – VP and Chief Information Officer

Agenda

I.	Introduction and Company Overview	Chris Rossi
II.	Business Update and Market Overview	
	i. Industrial	Chuck Byrnes
	ii. WIDIA	Alexander Broetz
	iii. Infrastructure	Pete Dragich

20 minute break

III.	Future State	Bob Clemens & Brian Maglosky
IV.	Financials	Jan Kees van Gaalen
V.	Summary and Q&A	Chris Rossi

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Introduction

- Corporate Overview

- Where are We Going?
  - Summary of the initiatives

- What's the Potential?
  - An update of our multi-year plan

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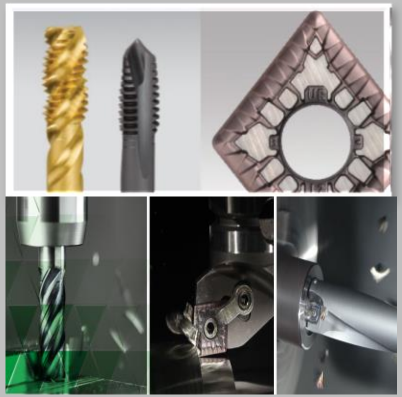
Two Well-known and Respected Brands / Three Business Segments

Infrastructure

Industrial

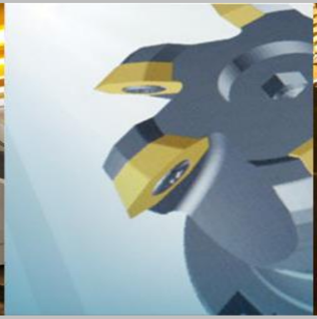
WIDIA



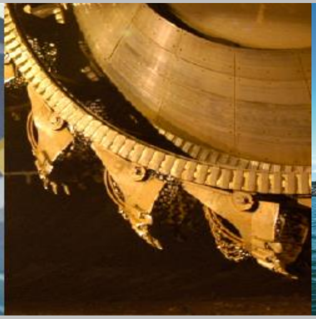
Delivering productivity with standard & custom solutions to diverse core end-markets

Aerospace

Transportation



General Engineering



Earthworks

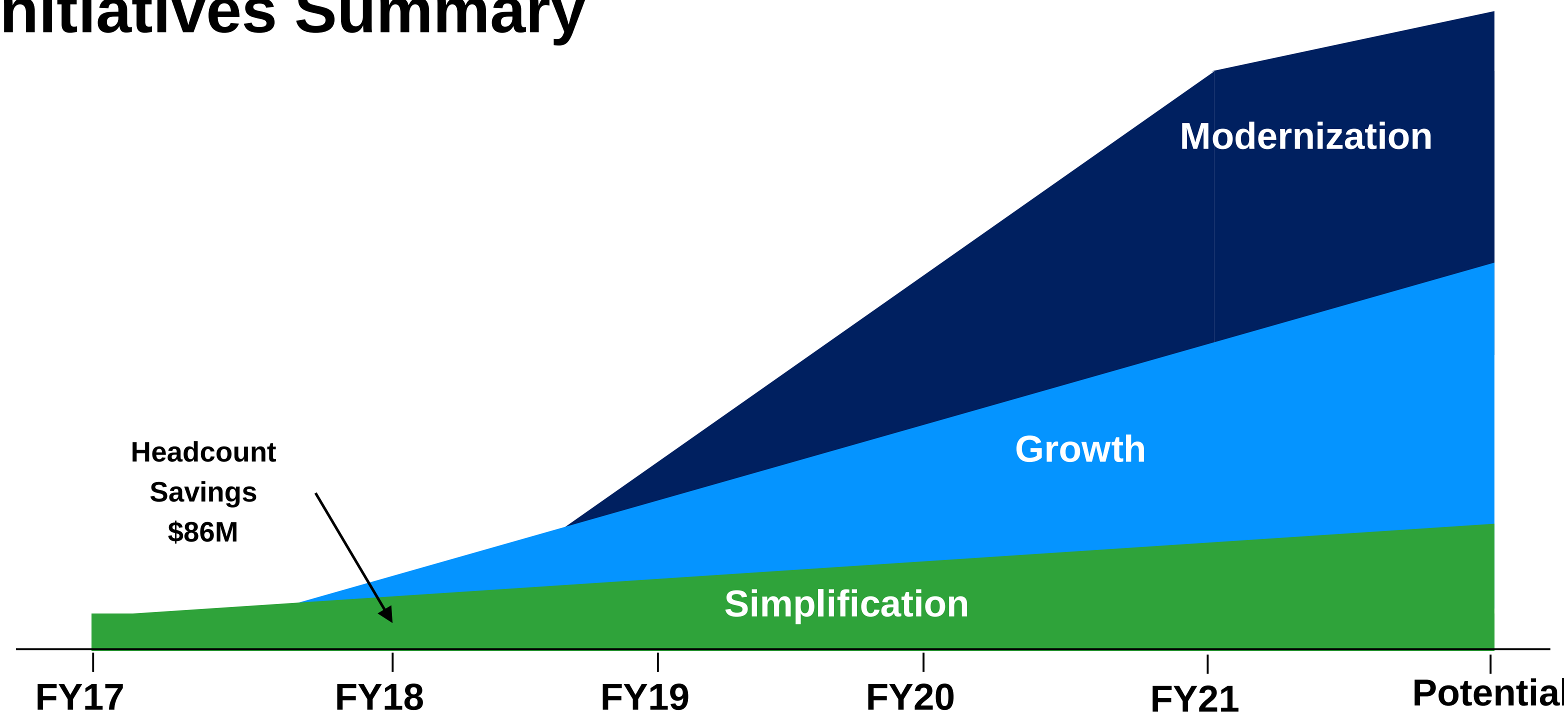
Energy

Why Invest in KMT?

- Global leader in cutting and wear-resistant technology
- Strong brand recognition of both Kennametal and WIDIA products
- Diversified and improving end-markets
- Consumables business with strong operating cash flow and EBITDA through the cycle
- Strong, conservative balance sheet and capital structure

Significant opportunities for capturing efficiencies, growth and margin improvement

Initiatives Summary



Simplification

- Re-organized into P&Ls vs. complex, siloed matrix
- Reduce product complexity
  - SKUs, coatings, powders
- Implement strategic sourcing
- Focus on productivity and improve customer service

Growth

- Improve sales effectiveness
  - Customer segmentation, CRM tool
- Optimize direct/indirect partner strategy
- Multi-brand strategy/price perception
- Dramatic growth in key focus areas
- New products

Modernization

- Optimize end-to-end production
- Invest in latest production and automation technology
- Deploy flexible manufacturing model
  - Strategic outsourcing / subcontracting
- Design for manufacturability and lower material cost

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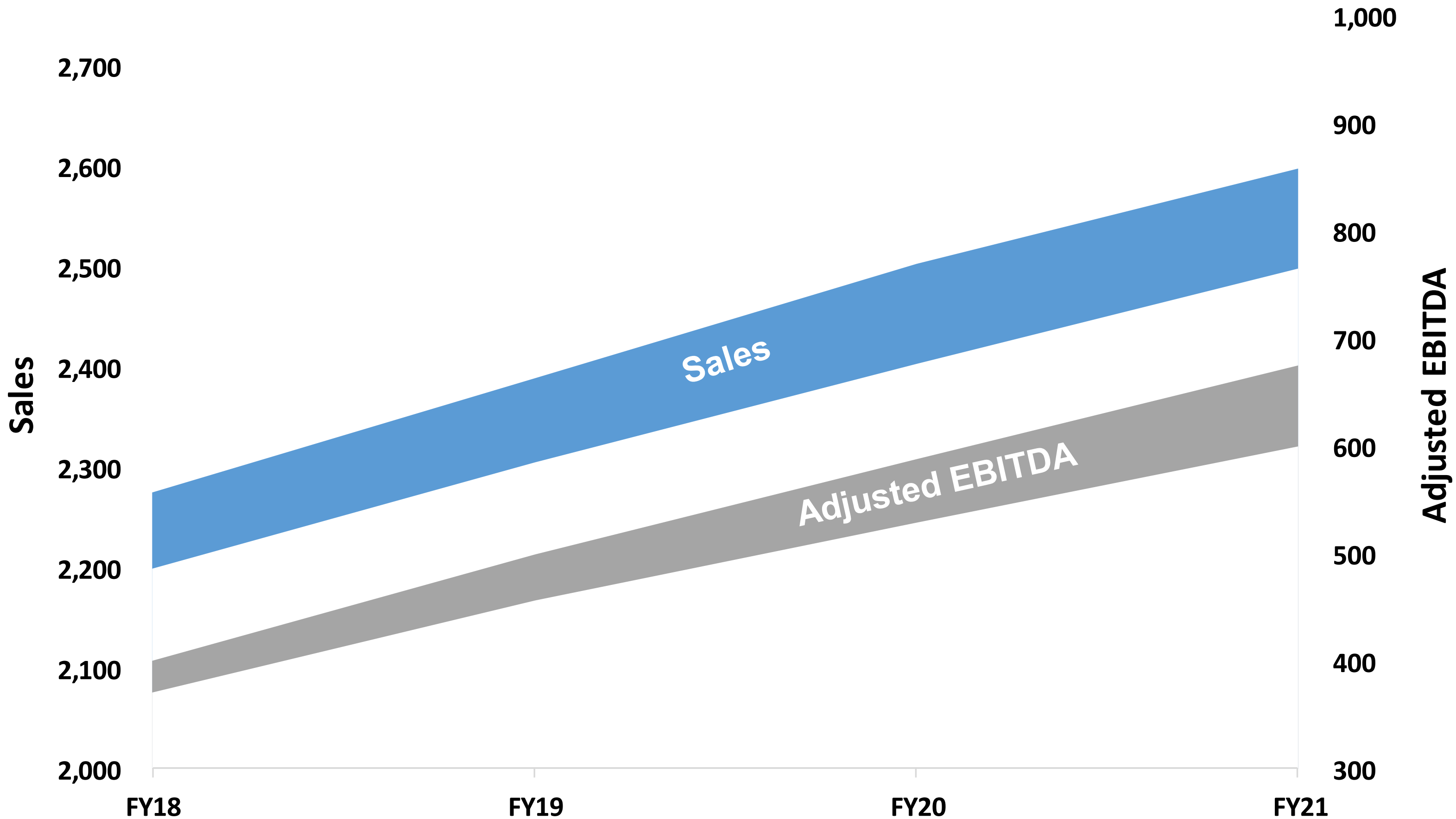
Financial Projections: Sales & Adjusted EBITDA

($ in Millions)



Significant opportunity for margin improvement

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Industrial Segment

Chuck Byrnes

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Agenda

- Industrial at a Glance
- Current Environment
- Initiatives: Growth, Simplification and Modernization
- Action Plan
- Performance
- Summary

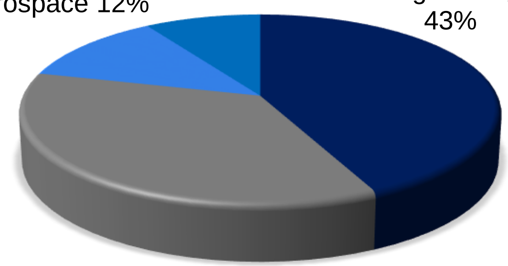
Industrial Segment at a Glance

Metalworking Solutions and Services

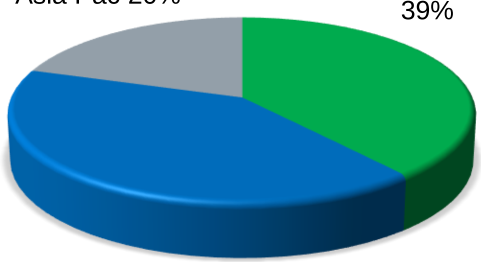
Kennametal Tooling

Metalworking Services

Market Size	~$14B
Sales FY17	**$1.1B**
Market Share	~9%



End-Markets



Geography

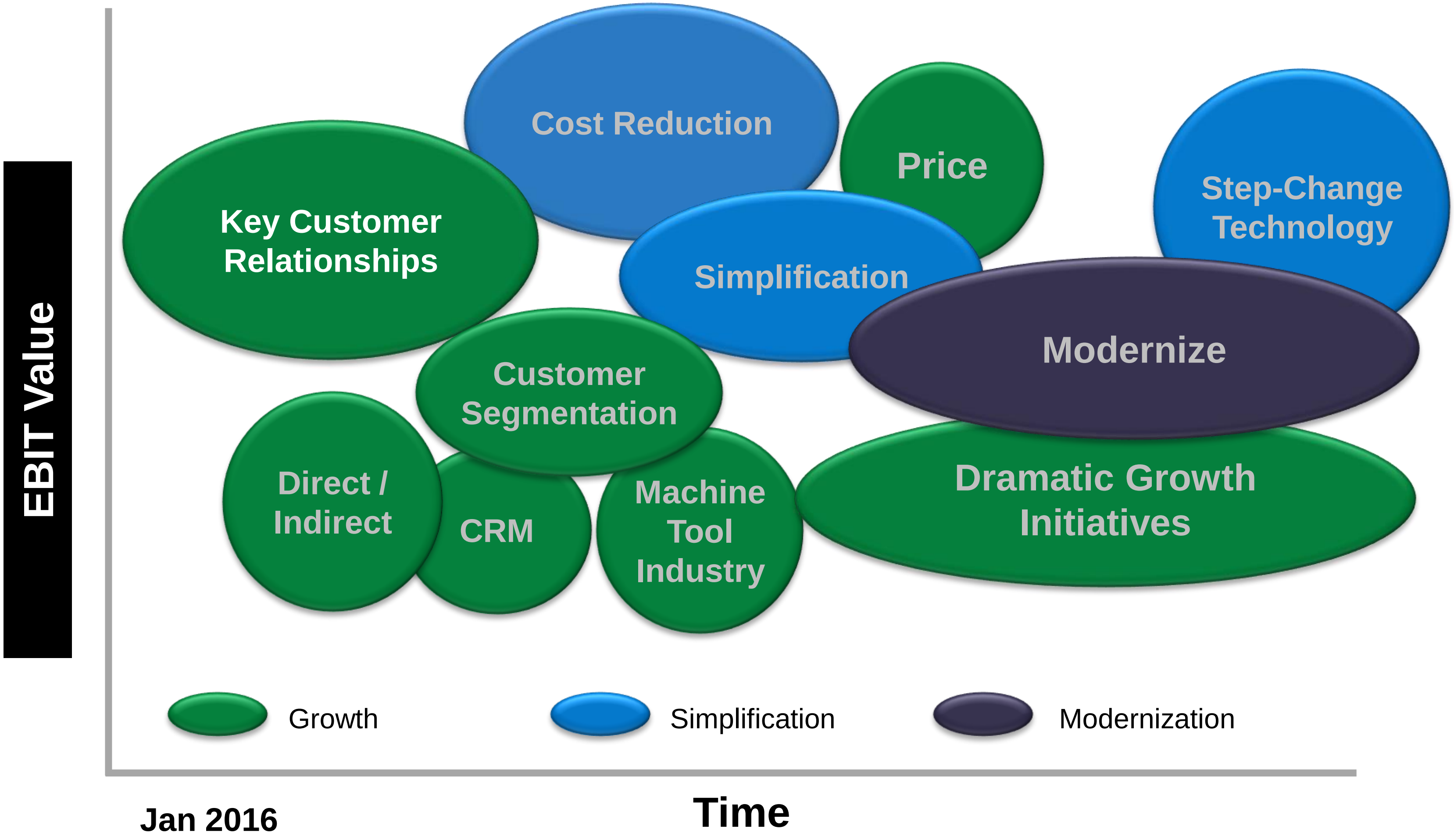
Delivering value by solving the most demanding customer requirements

Industrial End-Markets – Current Environment

- **General Engineering**
  - Strength across all regions in general distribution
  - Distributor consolidation reshaping market dynamics
  - No near-term restocking in the indirect channel
- **Transportation**
  - Vehicle production strong in EMEA and Asia through 1H
  - Americas disruption after recent strikes, production expected to be soft year over year
- **Aerospace**
  - Double digit growth in aircraft builds expected through 2022
- **Energy**
  - Oil and gas picking up; especially in Americas
  - Renewable energy markets improving

Positive end-market environment

What Are We Doing?



Significant progress achieved on multiple EBIT-driving initiatives

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What Are We Doing?

Supplier of the Year 2017

Supplier of the Year 2017

Commercialize New Technology
Supplier Award

Recognized as a trusted partner

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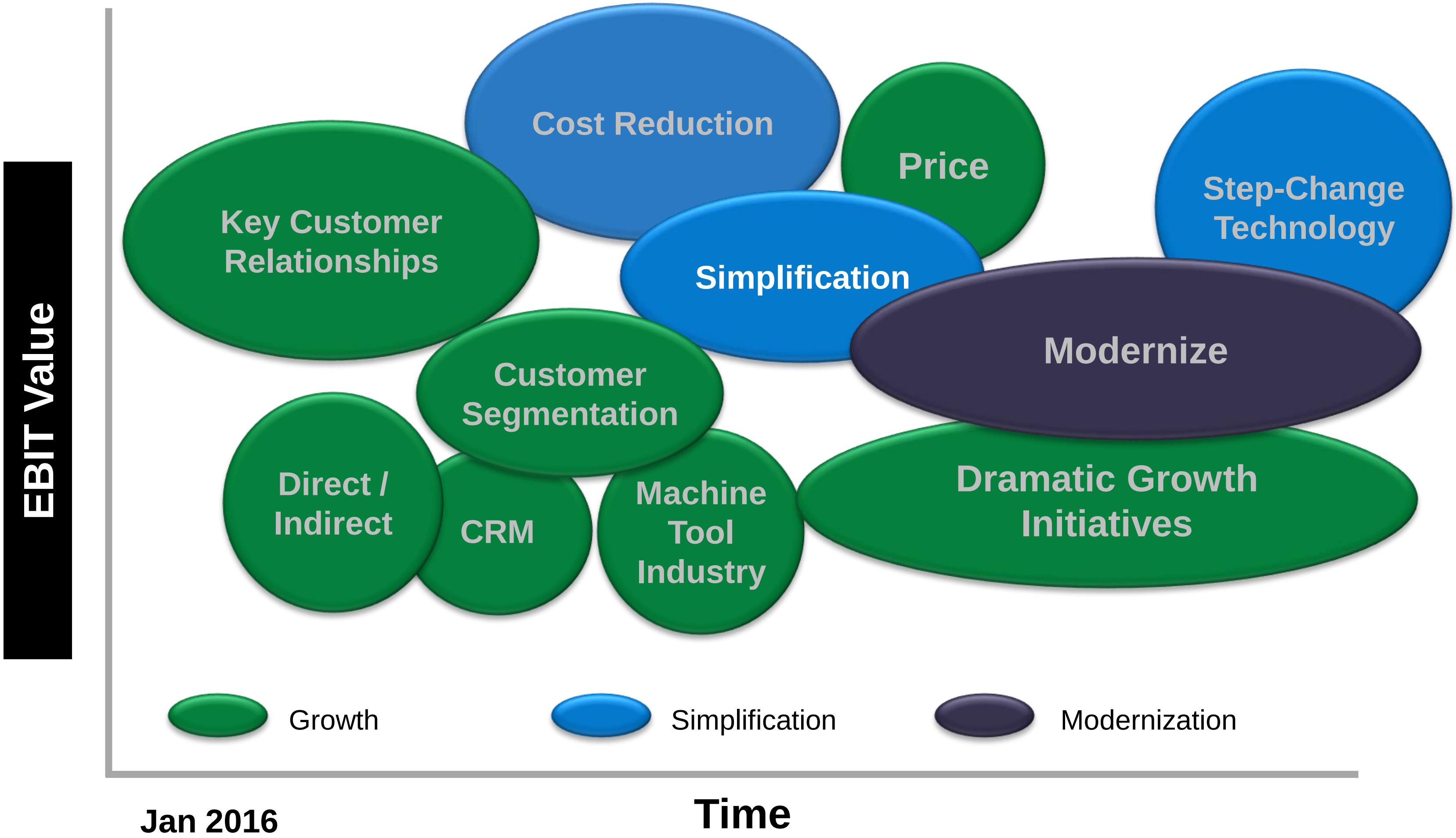
What Are We Doing?



Significant progress achieved on multiple EBIT-driving initiatives

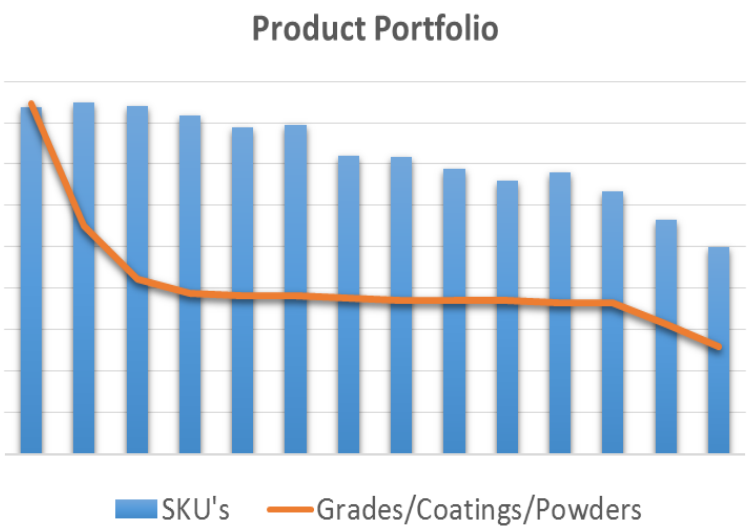
Simplification Initiatives

Product Life Cycle Management

- **SKU's reduced from 71,000 to 55,000**
- **Simplify material content by 50%**
  - Grades/coatings/powders

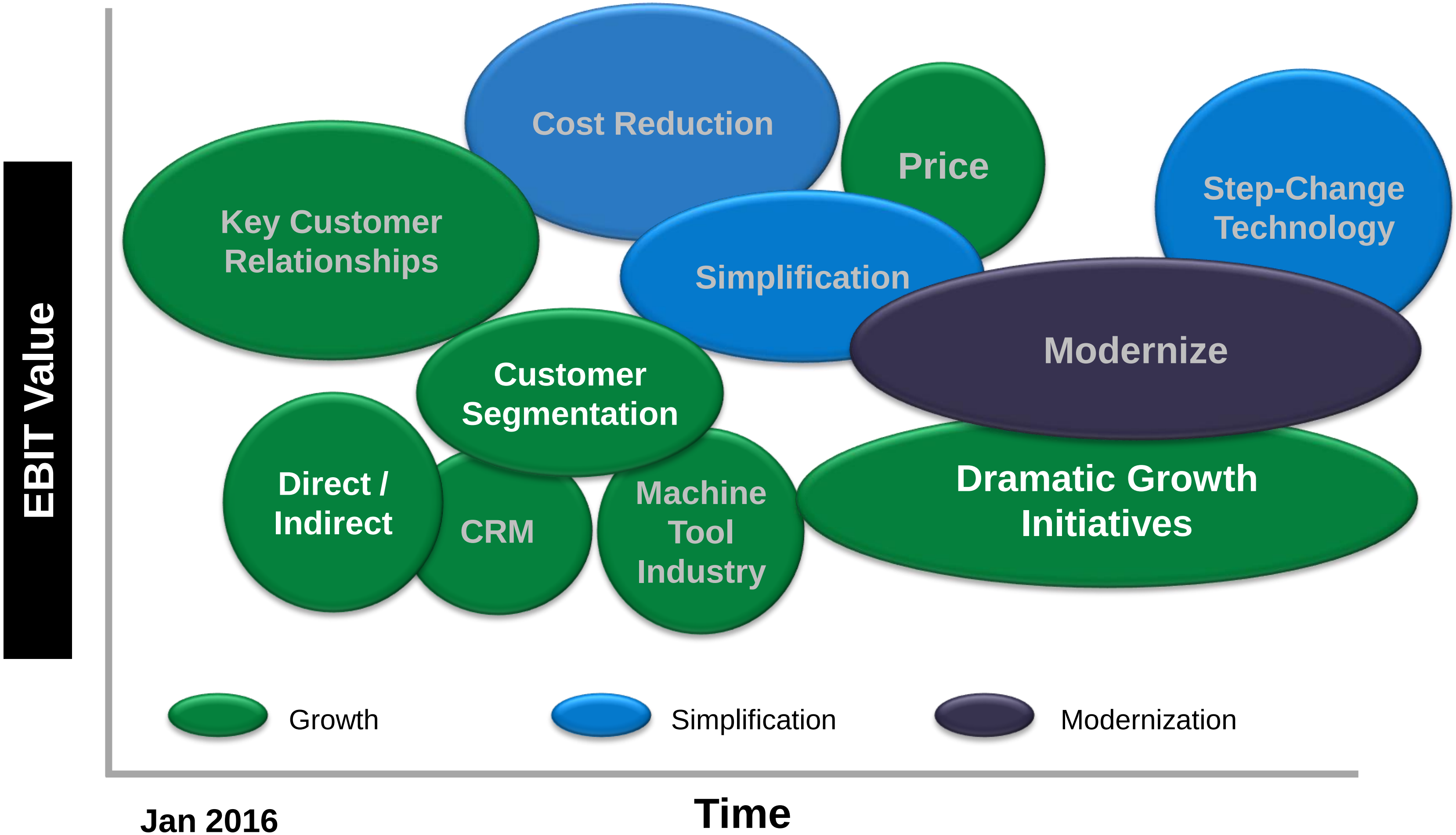
Additional Manufacturing Efficiency Changes

- **Minimum order quantities**
- **Higher quantity production runs**



Reducing portfolio complexity to free capacity for the up-market

What Are We Doing?



Significant progress achieved on multiple EBIT-driving initiatives

Growth Initiatives

Dramatic Growth Initiatives 5 year

New Products

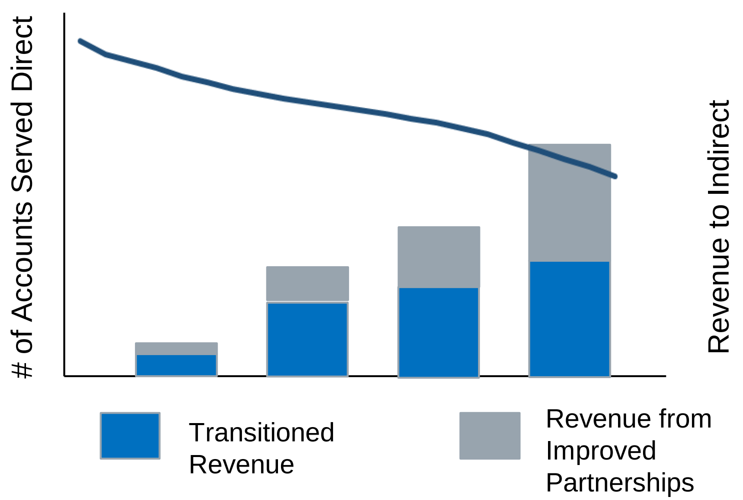


HARVI™ III   HARVI™ Ultra   KenTIP™ FS

Customer Segmentation

	Large	Medium	Small
% of Revenue:	40%	25%	35%
KMT Potential:	High	Medium	Low
Primary Sales Channels:	Direct, Integration	Distribution, Integration	Distribution, NOVO/ Konnect
Benefit From:	Frequent onsite engineering support	Single supplier to consolidate supply purchases and local stock	Ease of access and transaction simplicity

Best Channel to Serve



Improved sales execution and focused initiatives driving growth

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Industrial – Action Plan

($ in Millions)

Sales	FY19 – FY21	Notes
Growth		
Market & Growth Initiatives	2 - 4% CAGR	

Project	FY19 – FY21 Adjusted EBIT	Notes
Simplification		
Headcount Initiatives	N/A	Completed
Strategic Sourcing	$25 - $30	Ongoing
Other Capital Savings & Productivity	$40 - $45	Ongoing
Modernization		
Facility Rationalization	$20 - $25	~3 to 4 plants
Automation/E2E	$35 - $40	Underway

Industrial – Performance
($ in Millions)

	FY16	FY2017 presented Nov 2016	FY17 actual	Q1 FY18	FY21
Adjusted Sales	**$1,094**	**$1,075 - $1,125** ✓	**$1,126**	**$297**	**$1,325 - $1,370**
Adjusted Gross Profit Margin	**39.6%**	**40% - 41%**	**39.3%**	**40.0%**	**~ 50%**
Adjusted Operating Expense as a % of sales	**$310** 28.3%	**$310 - $350** ✓ 29% - 31%	**$313** 27.8%	**$80** **26.9%**	 **~ 25%**
Adjusted Operating Income as a % of sales	**$121** 11.0%	**$110 - $135** ✓ 10% - 12%	**$128** 11.3%	**$39** **13.1%**	 **~ 25%**

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Industrial – Summary

- Broad exposure to the global industrial economy
- Positive end-market environment
- Good progress on growth and simplification initiatives, more to come
- FY17 forecast delivered
- Modernization underway

Significant opportunity to increase profitability

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WIDIA Segment

Alexander Broetz

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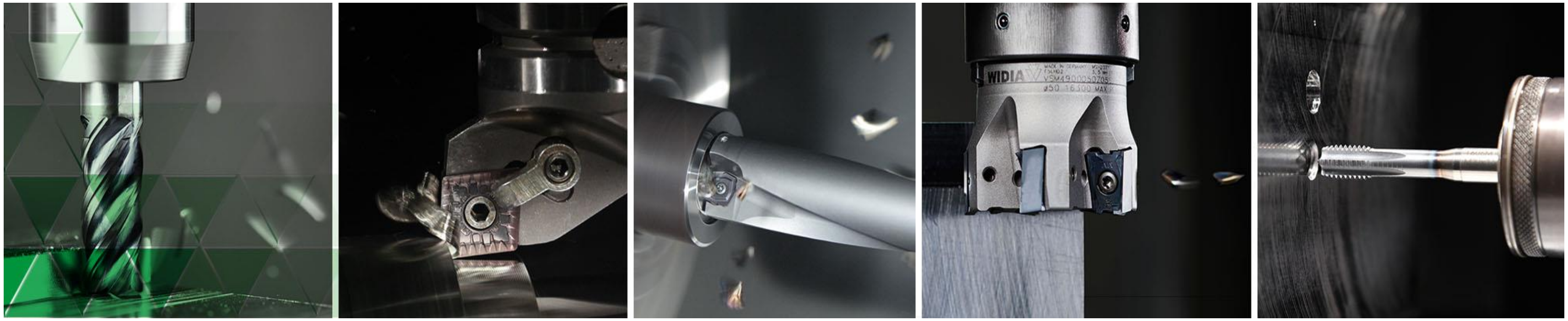
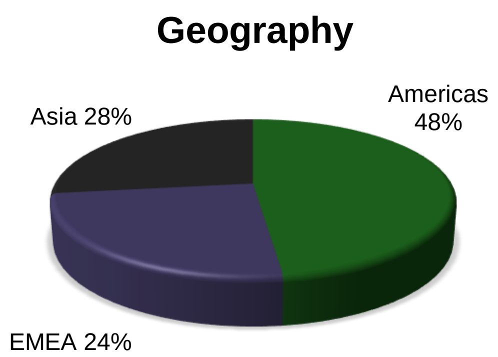
Agenda

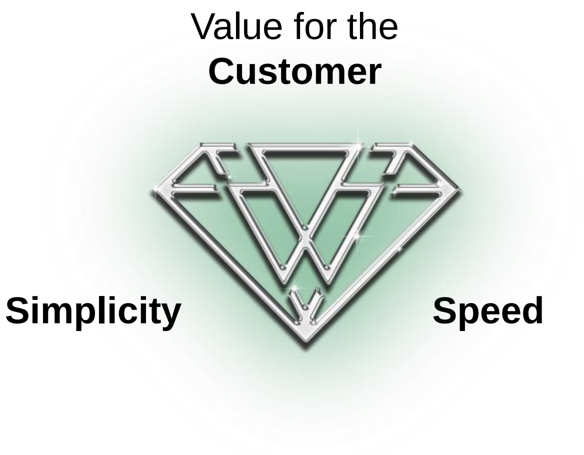
- WIDIA at a Glance
- Strategy
- Action Plan
- Performance
- Summary

WIDIA Segment at a Glance



Market Size	~$8B
Sales FY17	**$178M**
Market Share	~2%





Powerful history of high performance, positioned for future growth

Why Did We Separate?

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- Direct and indirect sales
  - Exclusive indirect partnerships
- Custom-engineered solutions in addition to broad standard offering
- Focus on larger OEM accounts
- Large field engineering and sales team

WIDIA

- Limited overlap with Kennametal
- Focused flagship portfolio
- Principally sold through distributors
- Strong and broad partner network
- Focused on white space, targetting under-served customers

Gives KMT two bites at the metalworking apple

The Metalworking Marketplace

WIDIA

SANDVIK

SANDVIK Coromant

SECO

WALTER

DORMER PRAMET

IMC INT'L METALWORKING CO.

Member IMC Group ISCAR

Member IMC Group Ingersoll Cutting Tools

Member IMC Group Tungaloy

TaeguTec Member IMC Group

Examples of other companies with independent global brands

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WIDIA Brands and History

WIDIA

WIDIA GTD

- Founded 1912
- 1915 – Greenfield Tap & Die Corporation introduces the Gun Tap, the first tap to wear out before it breaks.
- *Today:* **the most trusted Tap brand in America.**

WIDIA

- Founded 1926
- 1926 – Introduction of sintered tungsten carbide in machining of metal.
- *Today:* **the word "WIDIA" is synonymous with sintered carbide.**

WIDIA HANITA

- Founded 1955
- 2002 – Hanita launches VariMill I^{TM}, the first variable flute design end mill, revolutionizing milling machining.
- *Today:* **the preferred choice for Aerospace customers.**

Trusted brands and innovative technology positioned for global growth

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How We Go To Market

WIDIA → Channel → End Users

WIDIA
- WIDIA
- WIDIA HANITA
- WIDIA GTD

Channel
- HAHN+KOLB GRUPPE
- GRAINGER
- BLACKHAWK INDUSTRIAL
- FASTENAL
- itc industrial tooling
- amazon
- AHNO 阿诺 Cutting Tool Technology
- WIDIS GROUP
- 集福五金机械有限公司 JIFUK METAL & MACHINERY CO., LTD.

End Users
- HAL
- HALLIBURTON
- United Technologies
- Red Bull Racing
- NISSAN MOTOR COMPANY
- SAMSUNG
- Ahresty
- TATA
- facc
- Elbit Systems
- ORMAT
- VSMPO AVISMA
- Ferrari.com
- ADI
- IAI ISRAEL AEROSPACE INDUSTRIES
- FCA FIAT CHRYSLER AUTOMOBILES

Strong distributor network serving diverse customer base

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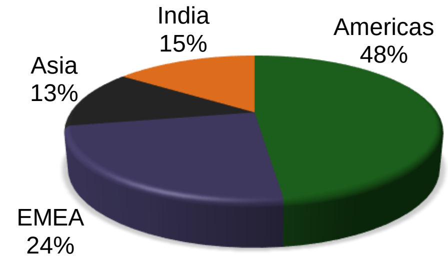
Ongoing Initiatives

Regional strategy leverages WIDIA history and strength of brand and products



WIDIA

Region	FY19 - 21	Objectives	Initiatives	Progress to date
Americas	5% CAGR	• Stabilize legacy business • Grow in emerging demand streams	• Bring back the originals • Channel partner program • Improve and widen access to market • Amazon as distribution partner	✓ ✓ ✓
EMEA	7% CAGR	• Continue sustainable growth • Grow in emerging demand streams	• Focus on ESEER & SW Europe • Aerospace integration • Footprint Germany • Amazon as distribution partner	✓ ✓ ✓
India	14% CAGR	• Regain market share leadership • Upgrade local manufacturing	• Portfolio made in India, for India • Business partner development • Follow aerospace transfers into India • Engage with govt and institutional customers	✓ ✓
APAC	26% CAGR	• Focus on industrial hot-spots • Grow in emerging demand streams	• Strategic partnership with domestic integrator • Build dedicated partner network • Deploy e-commerce and communication capabilities	✓ ✓

Good traction on initiatives

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WIDIA – Action Plan

($ in Millions)

Sales	FY19 – 21	Notes
Growth		
Market & Growth Initiatives	9 - 11% CAGR	

Project	FY19 – 21 Adjusted EBIT	Notes
Simplification		
Headcount Initiatives	N/A	Completed
Strategic Sourcing	$2 - $3	Ongoing
Other Capital Savings & Productivity	$10 - $12	Ongoing
Modernization		
Facility Rationalization	N/A	N/A
Automation/E2E	$13 - $15	Underway

WIDIA – Performance

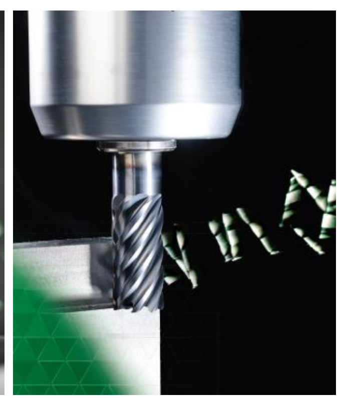
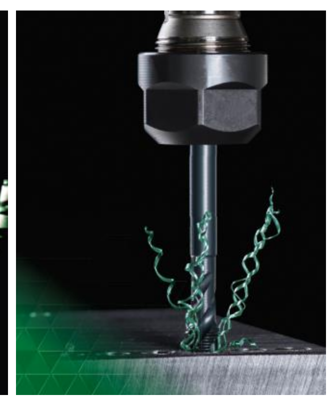
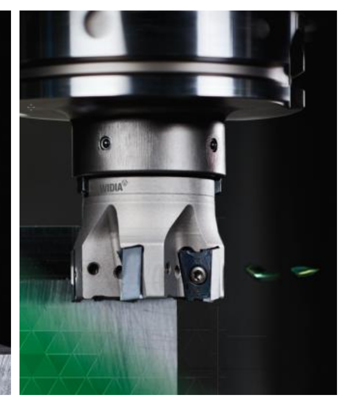
($ in Millions)

	FY16	FY2017 presented Nov 2016	FY17 actual	Q1 FY18	FY21
Sales	**$171**	**$170 - $180** ✓	**$178**	**$45**	**$260 - $270**
Adjusted Gross Profit Margin	**27.3%**	**28% - 31%** ✓	**28.8%**	**31.9%**	**~ 42%**
Adjusted Operating Expense as a % of sales	**$49** 28.4%	**$51 - $56** ✓ 30% - 31%	**$53** 29.9%	**$13** 29.8%	**~ 24%**
Adjusted Operating (Loss) Income as a % of sales	**($2)** (1.3%)	**($5) – ($3)** ✓ (3%) – (1.5%)	**($2)** (1.3%)	**$1** 1.9%	**~ 18%**

Summary

- Two bites at the metalworking apple
- Full P&L responsibility leading to focus and results
- With 1 ½ years of independent operation, showing good progress on initiatives
- Regional strategy leverages strong history, brand and products
- Focused portfolio of flagship products
- Broad market access sold principally through distributors
- Solid plan for continued margin improvement



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Infrastructure Segment

Pete Dragich

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Agenda

- Infrastructure at a Glance
- Current Environment
- Initiatives – Growth, Simplification and Modernization
- Action Plan
- Performance
- Summary

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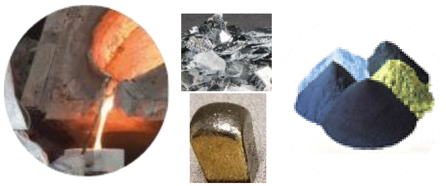
Infrastructure Segment at a Glance



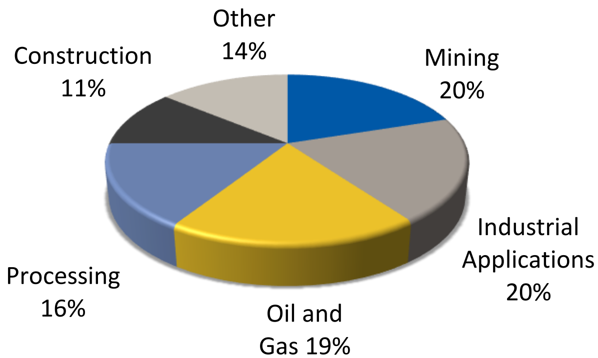
Advanced Materials

Earth Cutting Tools

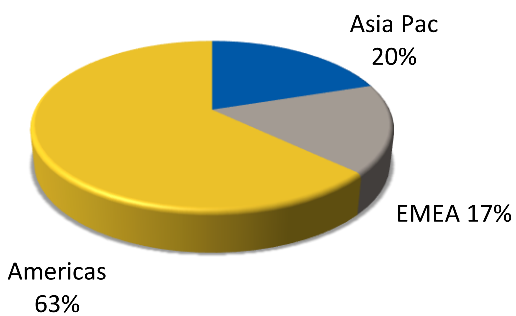
Engineered Components

Ceramics

Market Size	~$6B
Sales FY17	**$754M**
Market Share	~12%



End-Markets



Geography

Partnering with our customers to achieve superior productivity at a competitive price

Infrastructure End-Markets

- **Industrial Applications**
  - Diversified portfolio
  - Growth in the second half of FY17, continuing in FY18
- **Mining**
  - US mining has stabilized but growth not expected
  - China is stabilizing & growth is expected
- **Oil & Gas**
  - US rig count has improved significantly throughout FY17 & Q1 FY18
  - New product introductions have contributed to growth
- **Process Industries**
  - Petrochemical / Refinery – Americas and Middle East adding capacity
  - Compounded plastics shows moderate growth
- **Construction**
  - Road-milling – CAT agreement will position us for growth
  - Opportunities: tunnel boring & ground engaging tools

Diversified and balanced end-markets experiencing positive trends

Note: Rig count source – Baker Hughes

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On-going Initiatives

- **Growth**
  - Sales growth in Q1 of FY18 was $33M or 19.6%
    - YoY growth in all end-markets & regions
    - FY17 sales increased by $4M & operating income by $53M*
  - New product introductions
  - Strategic partnerships
  - Target mid-tier opportunities
  - Regional growth opportunities using existing products

- **Simplification**
  - Implemented general manager operating model
  - Headcount control
  - Strategic sourcing
  - Reduce product offerings & number of grades
- **Modernization**
  - Value Engineering: design for manufacturability & lower costs
  - Facility rationalization
  - Automation project started at our Rogers, Arkansas location
  - Evaluation of other automation projects are underway

*Adjusted results

Comprehensive initiatives driving overall business improvement

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Infrastructure – Action Plan
($ in Millions)

Sales	FY19 – FY21	Notes
Growth		
Market & Growth Initiatives	3 - 5% CAGR	

Project	FY19 – FY21 Adjusted EBIT	Notes
Simplification		
Headcount Initiatives	N/A	Completed
Strategic Sourcing	$9 - $10	Ongoing
Localization & Other Productivity	$6 - $8	Ongoing
Modernization		
Value Engineering	$4 - $6	Ongoing
Facility Rationalization	$6 - $8	~2 to 3 plants
Automation/E2E	$10 - $18	Underway

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Infrastructure – Performance

($ in Millions)

	FY16	FY17 presented Nov 2016		FY17 actual	Q1 FY18	FY21
Adjusted Sales	**$751**	**$700 - $750**	✓	**$754**	**$200**	**$915 - $960**
Adjusted Gross Profit Margin	**17.7%**	**23% - 24%**	✓	**22.7%**	**26.5%**	**~28%**
Adjusted Operating Expense	**$106**	**$98 - $105**	✓	**$93**	**$25**	
as a % of sales	14.1%	13% - 14%		12.3%	**12.7%**	**~12%**
Adjusted Operating Income	**$11**	**$52 - $65**	✓	**$64**	**$24**	
as a % of sales	1.5%	7.5% - 8.5%		8.5%	**12.1%**	**~15%**

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Infrastructure – Summary

Strong foundation established for future growth and margin improvement

- **Infrastructure has delivered significantly improved operating results**
- **Growth opportunities**
- **Simplification initiatives are driving cost structure improvement**
- **Modernization underway**

Growth and profit expansion through focus and disciplined execution

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We are on a 20 minute break.

The presentation will resume shortly.

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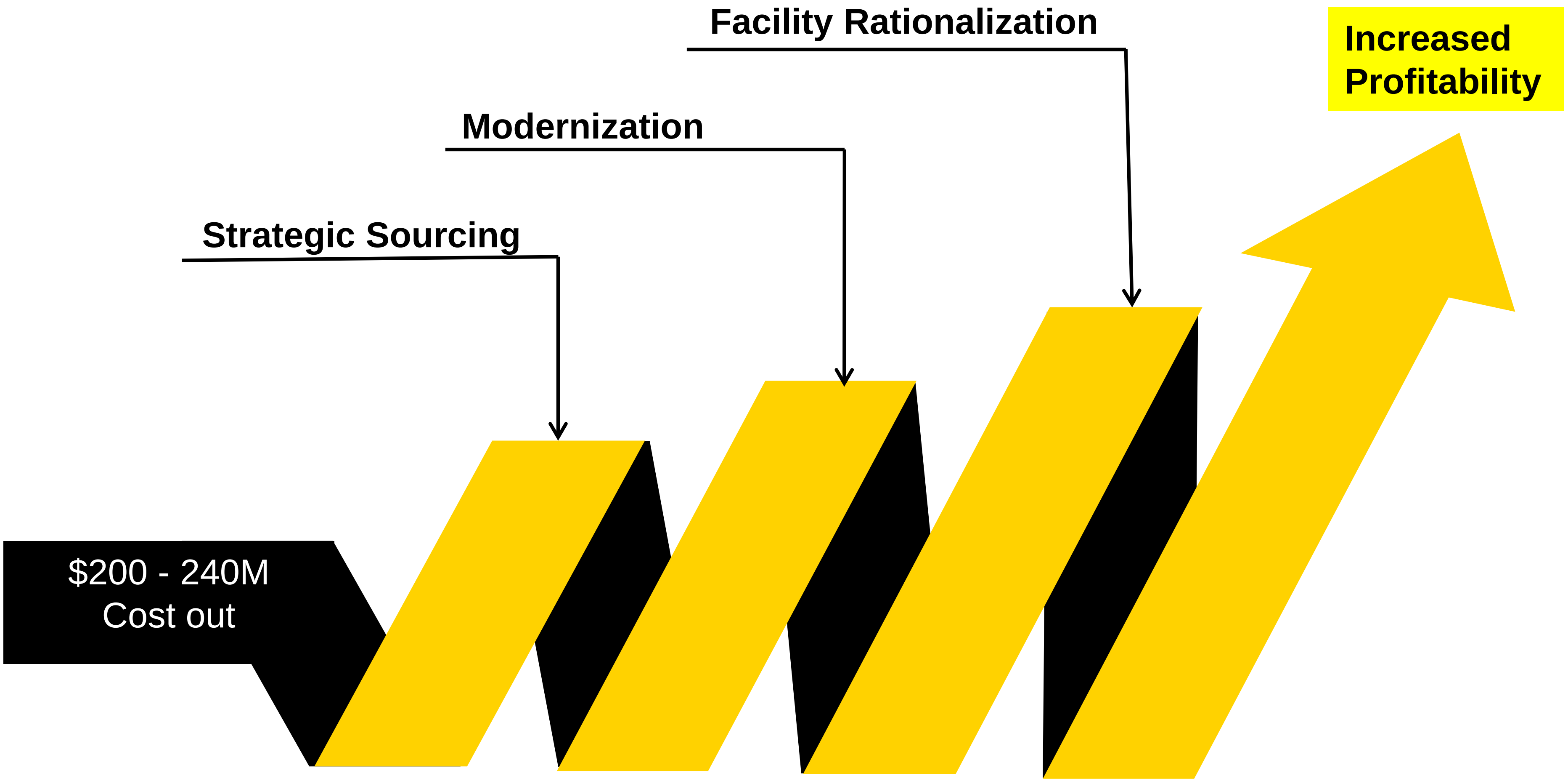
Future State

Bob Clemens

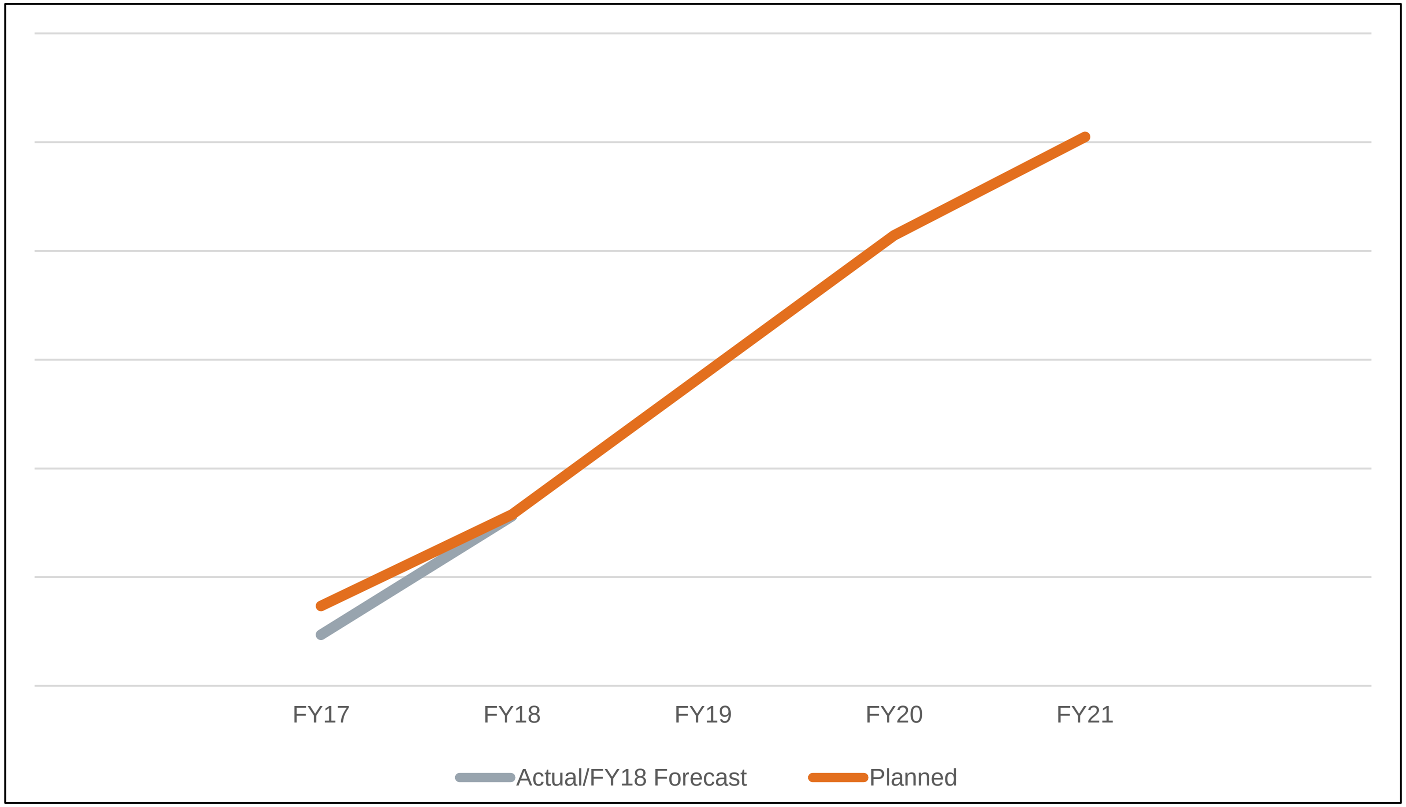
Brian Maglosky

Pathway To Improve Profitability



Equipment Modernization Progress

Capital Expenditure



Equipment modernization is progressing as planned

Strategic Sourcing Initiatives

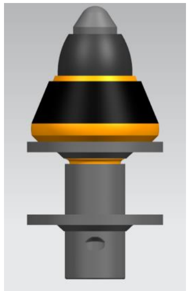
- **Transition from tactical buying to strategic sourcing**
- **Continued focus on outsourcing vs. investment, where it makes business sense**
- **Modern software and tools**
- **Focus on strategic business partners**

Sourcing savings efforts are progressing as planned

Modernization via Process Improvement

<u>**Four Main Focus Areas**</u>

- **Inserts**
  - Simplify, standardize, automate for cost
  - Improve processes for quality and consistency
- **Round Tools, Including PCD (diamond)**
  - Modernize and automate from design to packaging
- **Steel Toolholders**
  - Standardize from design through manufacture
- **Infrastructure**
  - Conical production
  - Rogers facility, including rods
  - Metallurgical production



Modernization of all key areas and processes

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Insert Production

Design & Data → Powder → Press & Die → Sinter → Grind → Pre-coat → Coating → Mark, Pack & Lid → Customer

Priorities

- **Data and Design Automation**
  - All manufacturing data from original design
- **Grinding Modernization**
- **Pre-Coating Standardization**
  - New pre-coat process
  - Standardize across all plants
- **Coating Recipe Consolidation & Automation**
  - Standardize equipment, process & procedures
  - Eliminate older furnaces to drive cost reduction
  - Automate loading/unloading
- **Packaging**

Modernization and standardization for efficiency and quality

Automation: Insert Grinding

Design & Data → Powder → Press & Die → Sinter → **Grind** → Pre-coat → Coating → Mark, Pack & Lid → Customer

Before

After

Grinding equipment yielding >30% improved productivity and quality

KENNAMETAL

Automation: Insert Pre-Coat

Design & Data → Powder → Press & Die → Sinter → Grind → Pre-coat → Coating → Mark, Pack & Lid → Customer

What: Modify the surface texture before coating

How: Proprietary process modifications on automated commercial equipment

FY16

Past Process

Completed in FY17

Prototype Development and Installation

FY19

Full Deployment

Process improvements yielding >50% productivity and quality improvements

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Automation: Insert Inspection and Packaging

Design & Data → Powder → Press & Die → Sinter → Grind → Pre-coat → Coating → Mark, Pack & Lid → Customer

Manual Process

Current and Future State

Automation resulting >50% productivity improvement, timeline accelerated

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Round Tools

Already implemented:

- Improved rod manufacturing
- Lights-out capability
- State-of-the-art grinding operations
- Laser finishing for diamond (PCD) tooling

New PCD manufacturing

Improved quality and >20% productivity improvement

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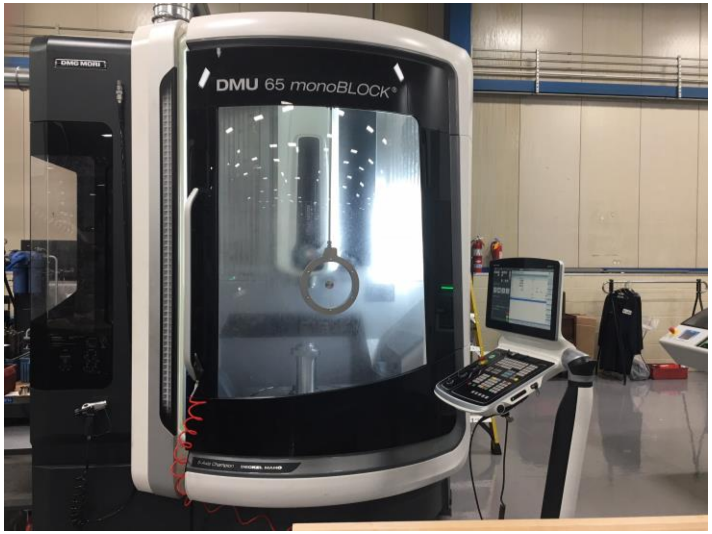
Steel Toolholder Production

Design → CAD/CAM → Steel Machining → Heat Treat → Grind → Surface Treatment → Customer

- Standard design specification, engineering automation
- Standard tooling, manufacturing equipment, programming

Last Year



Today

Upgrades yielding ~30% improvement in productivity with global standardization

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Modernization: Infrastructure Segment

Engineered Components Processing Equipment

Past

Current

>50% improvement in productivity, with improved quality

Summary

Projects in process to support the cost reduction objective

- Strategic Sourcing activities are on plan
- Previously announced facility rationalization complete
- Modernization activities progress per plan yielding improved cycle time, productivity, quality and throughput

Executing modernization activities to plan

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KMT Investor Day
December 12, 2017

Financials

Jan Kees van Gaalen

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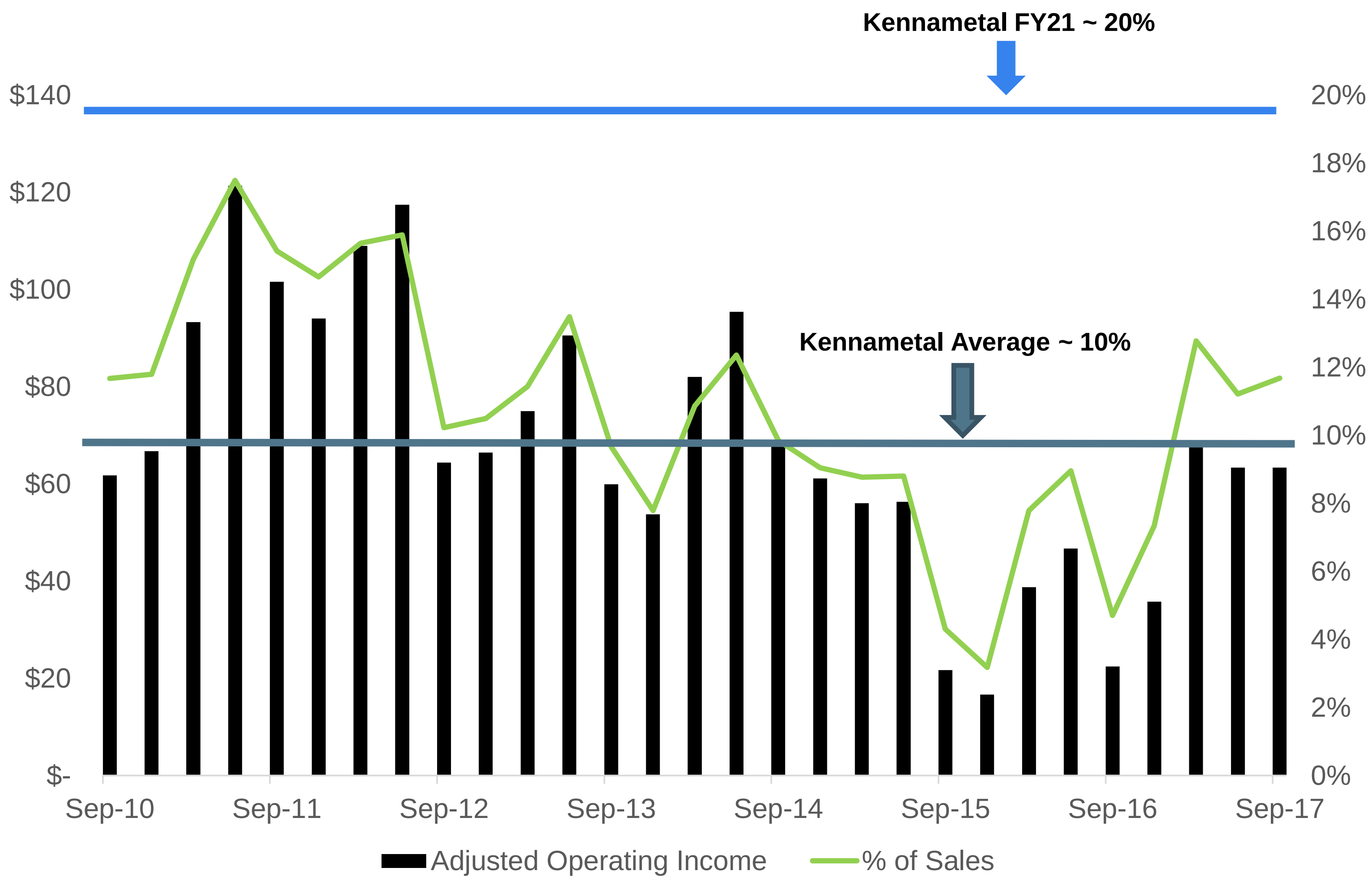
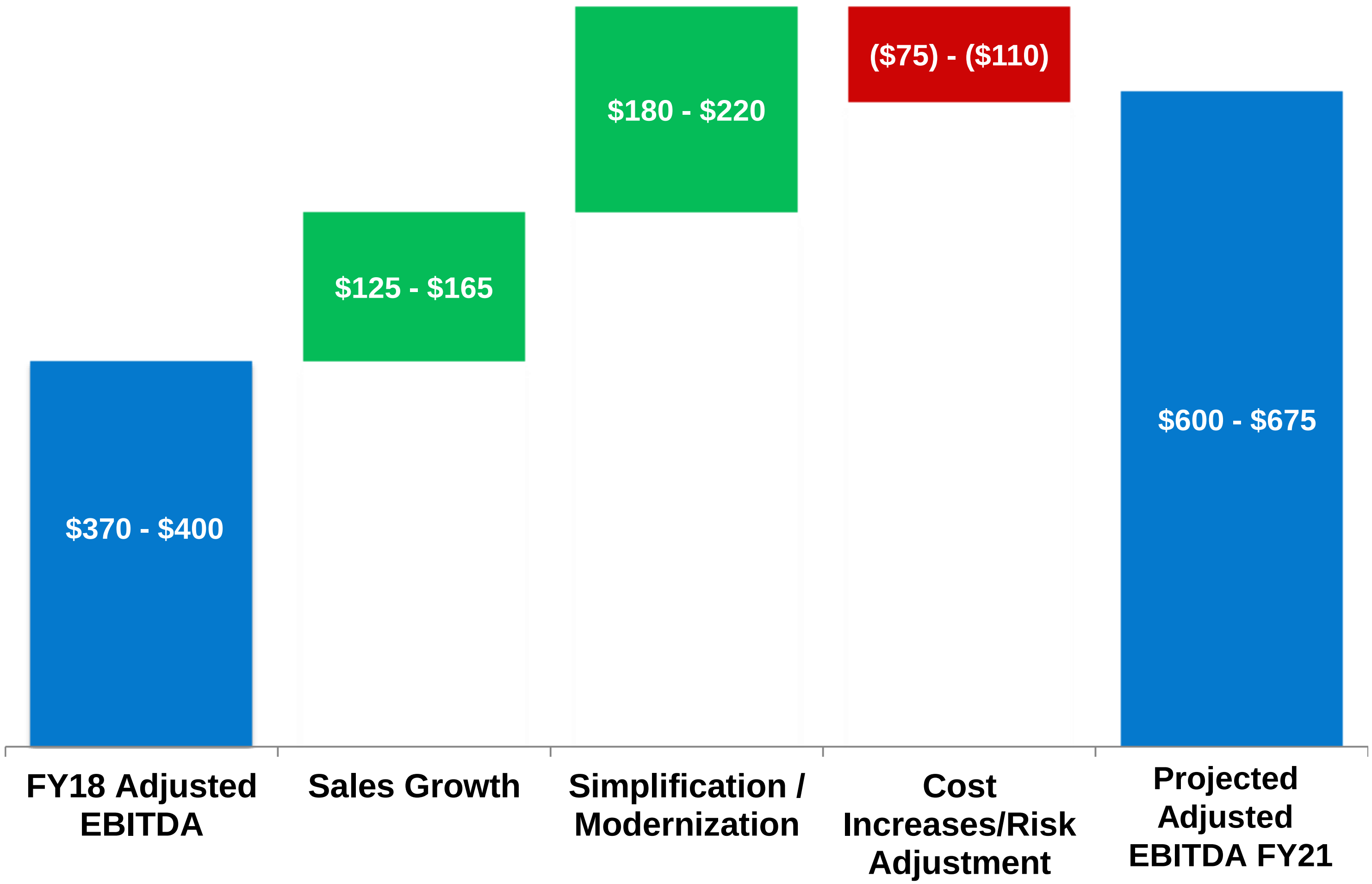
Adjusted Operating Income Trend

($ in Millions)



EBITDA Waterfall

($ in Millions)



Kennametal Performance

($ in Millions)

	FY16 Actual	FY17 Actual	FY18 Outlook
Adjusted Sales	**$2,016**	**$2,058**	**$2,200 - $2,275**
Adjusted Gross Profit Margin	**30.4%**	**32.3%**	**34.5% - 35.5%**
Adjusted Operating Expense	**$468**	**$460**	**$480 - $510**
as a % of sales	23.2%	22.3%	21.5% - 22.5%
Adjusted EBITDA	**$244**	**$291**	**$370 - $400**
as a % of sales	12.1%	14.1%	16.5% - 17.5%
Adjusted Operating Income	**$126**	**$189**	**$260 - $290**
as a % of sales	6.2%	9.2%	11.5% - 12.5%

Kennametal Performance

($ in Millions)

	FY18 Outlook	FY21 Projection
Adjusted Sales	**$2,200 - $2,275**	**$2,500 - $2,600**
Adjusted Gross Profit Margin	**34.5% - 35.5%**	**~ 41%**
Adjusted Operating Expense	**$480 - $510**	
as a % of sales	21.5% - 22.5%	**~ 20%**
Adjusted EBITDA	**$370 - $400**	**$600 - $675**
as a % of sales	16.5% - 17.5%	24% - 26%
Adjusted Operating Income	**$260 - $290**	**$475 - $550**
as a % of sales	11.5% - 12.5%	19% - 21%

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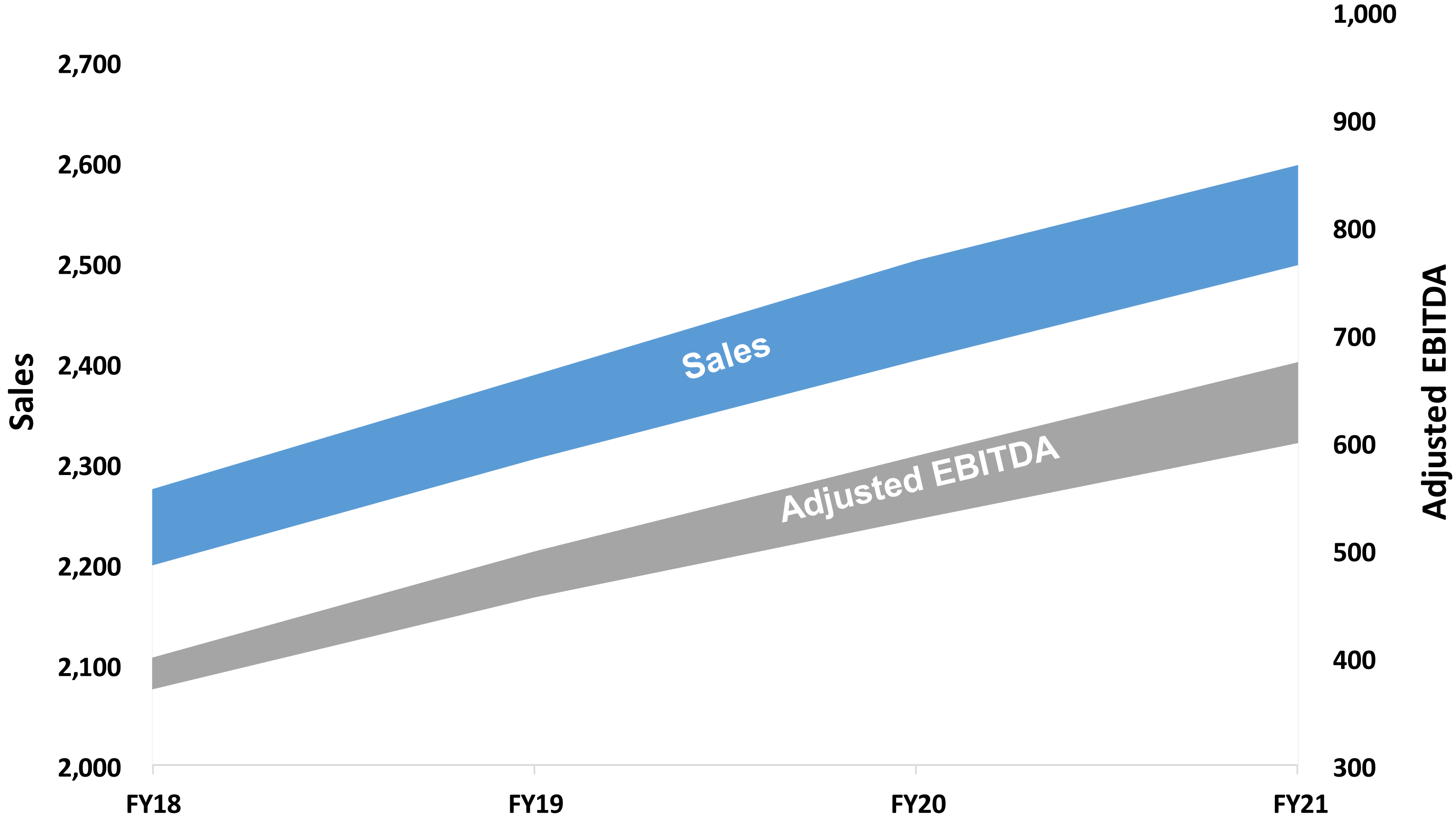
Financial Projections: Sales & Adjusted EBITDA

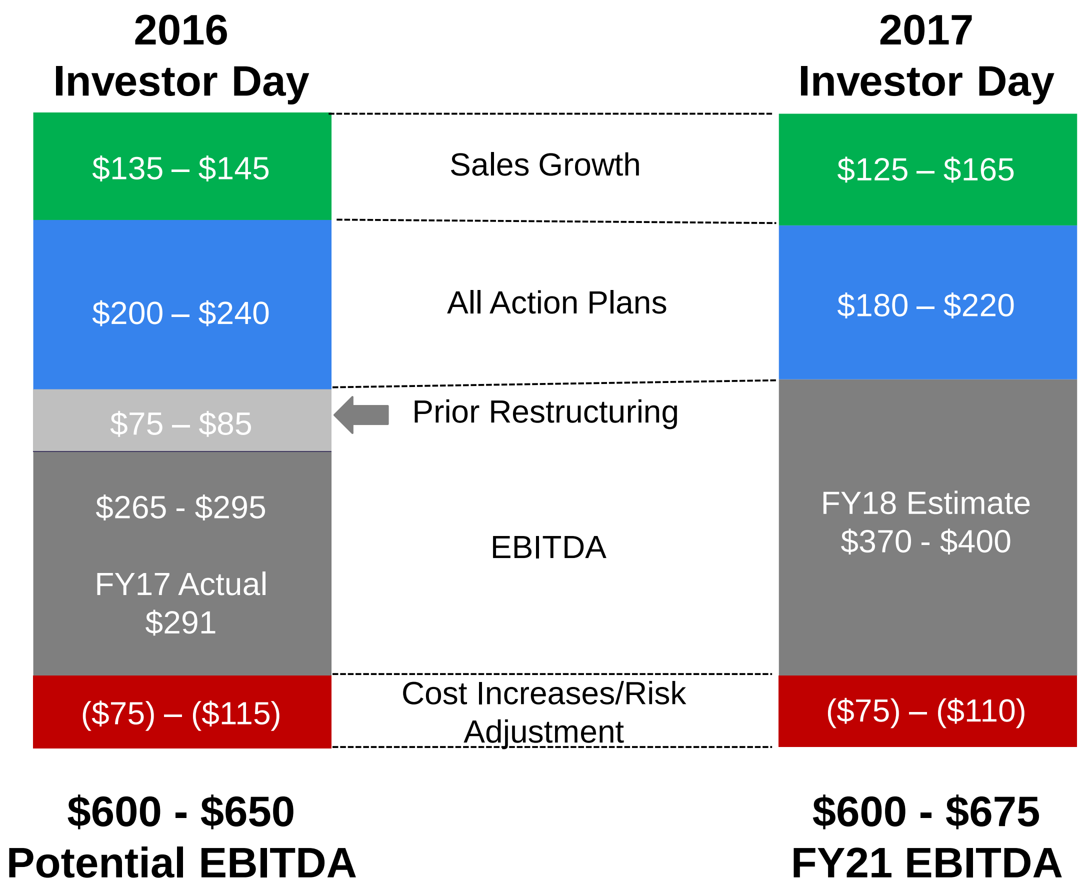
($ in Millions)



Significant opportunity for margin improvement

Adjusted EBITDA Projections

($ in Millions)



KMT Investor Day

December 12, 2017

Summary and Conclusions

Chris Rossi

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Summary of Key Points

- **Diversified consumables business with strong operating cash flow**
- **Strong balance sheet**
- **Initiatives for margin improvement are well-defined and on-track**
  - Growth initiatives already yielding results
  - Simplification initiatives already reducing costs and laying the groundwork for modernization
  - Modernization plans are on-track and starting to yield benefits
- **Execution is key**
- **The result will be an increasingly profitable, competitive company**

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KMT Investor Day

December 12, 2017

Q&A Session

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KMT Investor Day

December 12, 2017

Appendix:
Non-GAAP reconciliations

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KENNAMETAL INC.
December 12, 2017

RECONCILIATION OF NON-GAAP FINANCIAL INFORMATION REQUIRED BY REGULATION G

On December 12, 2017, management of Kennametal Inc. (Kennametal or the Company) presented to the financial community at the New York Stock Exchange in New York, NY. The information presented by the Company contains certain non-GAAP financial measures including adjusted sales, adjusted gross profit and margin; adjusted operating expense and adjusted operating expense as a percentage of sales; adjusted operating income and margin; adjusted earnings before interest, taxes, depreciation and amortization (EBITDA); adjusted Industrial sales; adjusted Industrial gross profit and margin; adjusted Industrial operating expense and adjusted Industrial operating expense as a percentage of sales; adjusted Industrial operating income and margin; adjusted Widia gross profit and margin; adjusted Widia operating expense and adjusted Widia operating expense as a percentage of sales; adjusted Widia operating income (loss) and margin; adjusted Infrastructure sales; adjusted Infrastructure gross profit and margin; adjusted Infrastructure operating expense and adjusted Infrastructure operating expense as a percentage of sales; and adjusted Infrastructure operating income and margin.

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. 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 comparable GAAP measure for the following forecasted non-GAAP financial measures are not available: gross profit margin, operating expense, operating expense as a percentage of sales, EBITDA and margin, and operating income and margin. The most comparable GAAP measures are gross profit margin, operating expense, operating expense as a percentage of sales, net income and operating income and margin, respectively. As the forecasted non-GAAP measures are dependent on many factors and not derived from a specific calculation, reconciliation to the comparable GAAP measures are not available. For the purposes of this presentation, the Company does not consider the lack of this reconciliation to be significant.

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

Adjusted Sales, Adjusted Gross Profit and Margin, Adjusted Operating Expense, Adjusted Operating Expense as a Percentage of Adjusted Sales, Adjusted Operating Income (Loss) and Adjusted Operating Income (Loss) and Margin
The following GAAP financial measures have been presented on an adjusted basis: sales, gross profit and margin, operating expense, operating expense as a percentage of adjusted sales, operating income (loss) and margin. 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.

Adjusted EBITDA
EBITDA are a non-GAAP financial measure and are 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 are widely used as a measure of operating performance and are 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 adjust EBITDA. Management uses this information in reviewing operating performance.

RECONCILIATIONS

YEAR ENDED JUNE 30, 2017 (UNAUDITED)

($ in millions, except per share data and percents)	Sales	Gross Profit	Operating Expense	Operating Income
FY17 Reported Results	$ 2,058.4	$ 657.7	$ 463.2	$ 112.9
Reported Margins		32.0%	22.5%	5.5%
Restructuring and related charges	-	7.7	(3.5)	76.2
Australia deferred tax valuation allowance	-	-	-	-
FY17 Adjusted Results	$ 2,058.4	$ 665.4	$ 459.7	$ 189.2
FY17 Adjusted Margins		32.3%	22.3%	9.2%

RECONCILIATIONS (CONTINUED)

YEAR ENDED JUNE 30, 2016 (UNAUDITED)

($ in millions, except per share data and percents)	Sales	Gross Profit	Operating Expense	Operating (Loss) Income
Reported Results	$ 2,098.4	$ 616.1	$ 495.0	$ (174.9)
Reported Margins		29.4%	23.6%	-8.3%
Restructuring and related charges	-	7.3	(16.2)	53.5
Goodwill and other intangible asset impairment charges	-	-	-	108.5
Loss on divestiture and related charges	-	-	-	131.5
Fixed asset disposal charges	-	-	-	5.4
Operations of divested businesses	(82.5)	(11.4)	(10.5)	1.9
U.S. deferred tax valuation allowance	-	-	-	-
Adjusted Results	$ 2,015.9	$ 612.0	$ 468.3	$ 125.8
Adjusted Margins		30.4%	23.2%	6.2%

	Three months ended September 30, 2017	
($ in millions)	Sales	Operating Income
Reported Results	$ 542.5	$ 56.5
Reported Margins		10.4%
Restructuring and related charges	-	6.9
Adjusted Results	$ 542.5	$ 63.4
Adjusted Margins		11.7%

	Three months ended							
	June 30, 2017		March 31, 2017		December 31, 2016		September 30, 2016	
($ in millions)	Sales	Operating Income	Sales	Operating Income	Sales	Operating Income	Sales	Operating (Loss) Income
Reported Results	$ 565.0	$ 40.2	$ 528.6	$ 57.9	$ 487.6	$ 24.0	$ 477.1	$ (9.2)
Reported Margins		7.1%		11.0%		4.9%		-1.9%
Restructuring and related charges	-	23.2	-	9.6	-	11.8	-	31.6
Adjusted Results	$ 565.0	$ 63.4	$ 528.6	$ 67.5	$ 487.6	$ 35.8	$ 477.1	$ 22.4
Adjusted Margins		11.2%		12.8%		7.3%		4.7%

	Three months ended							
	June 30, 2016		March 31, 2016		December 31, 2015		September 30, 2015	
($ in millions)	Sales	Operating Income	Sales	Operating Income	Sales	Operating (Loss) Income	Sales	Operating Income
Reported Results	$ 521.2	$ 25.1	$ 497.8	$ 27.3	$ 524.0	$ (234.0)	$ 555.4	$ 6.6
Reported Margins		4.8%		5.5%		-44.7%		1.2%
Restructuring and related charges	-	15.5	-	14.0	-	8.9	-	15.1
Fixed asset disposal charges	-	5.4	-	-	-	-	-	-
Loss on divestiture and related charges	-	0.7	-	(2.6)	-	133.3	-	-
Goodwill and other intangible asset impairment charges	-	-	-	-	-	108.5	-	-
Adjusted Results	$ 521.2	$ 46.7	$ 497.8	$ 38.7	$ 524.0	$ 16.7	$ 555.4	$ 21.7
Adjusted Margins		9.0%		7.8%		3.2%		3.9%

RECONCILIATIONS (CONTINUED)

($ in millions)	June 30, 2015 Sales	June 30, 2015 Operating Income	March 31, 2015 Sales	March 31, 2015 Operating (Loss) Income	December 31, 2014 Sales	December 31, 2014 Operating (Loss) Income	September 30, 2014 Sales	September 30, 2014 Operating Income
	Three months ended							
Reported Results	$ 637.7	$ 35.3	$ 639.0	$ (120.4)	$ 675.6	$ (333.8)	$ 694.9	$ 61.0
Reported Margins		5.5%		-18.8%		-49.4%		8.8%
Restructuring and related charges	-	21.0	-	16.7	-	12.9	-	7.5
Goodwill and other intangible asset impairment charges	-	-	-	159.7	-	382.0	-	-
Adjusted Results	$ 637.7	$ 56.3	$ 639.0	$ 56.0	$ 675.6	$ 61.1	$ 694.9	$ 68.5
Adjusted Margins		8.8%		8.8%		9.0%		9.9%

($ in millions)	June 30, 2014 Sales	June 30, 2014 Operating Income	March 31, 2014 Sales	March 31, 2014 Operating Income	December 31, 2013 Sales	December 31, 2013 Operating Income	September 30, 2013 Sales	September 30, 2013 Operating Income
	Three months ended							
Reported Results	$ 772.2	$ 78.1	$ 755.2	$ 76.8	$ 689.9	$ 49.7	$ 619.8	$ 58.8
Reported Margins		10.1%		10.2%		7.2%		9.5%
Restructuring and related charges	-	14.0	-	2.8	-	2.3	-	-
Acquisition-related charges	-	3.4	-	2.5	-	1.7	-	1.1
Adjusted Results	$ 772.2	$ 95.5	$ 755.2	$ 82.1	$ 689.9	$ 53.7	$ 619.8	$ 59.9
Adjusted Margins		12.4%		10.9%		7.8%		9.7%

($ in millions)	June 30, 2013 Sales	June 30, 2013 Operating Income	March 31, 2013 Sales	March 31, 2013 Operating Income	December 31, 2012 Sales	December 31, 2012 Operating Income	September 30, 2012 Sales	September 30, 2012 Operating Income
	Three months ended							
Reported Results	$ 671.4	$ 90.6	$ 655.4	$ 75.0	$ 633.1	$ 66.5	$ 629.5	$ 64.4
Reported Margins		13.5%		11.4%		10.5%		10.2%
Adjusted Results	$ 671.4	$ 90.6	$ 655.4	$ 75.0	$ 633.1	$ 66.5	$ 629.5	$ 64.4
Adjusted Margins		13.5%		11.4%		10.5%		10.2%

($ in millions)	June 30, 2012 Sales	June 30, 2012 Operating Income	March 31, 2012 Sales	March 31, 2012 Operating Income	December 31, 2011 Sales	December 31, 2011 Operating Income	September 30, 2011 Sales	September 30, 2011 Operating Income
	Three months ended							
Reported Results	$ 739.2	$ 117.5	$ 696.4	$ 103.3	$ 641.7	$ 94.0	$ 658.9	$ 101.6
Reported Margins		15.9%		14.8%		14.7%		15.4%
Acquisition-related charges	-	-	-	5.7	-	-	-	-
Adjusted Results	$ 739.2	$ 117.5	$ 696.4	$ 109.0	$ 641.7	$ 94.0	$ 658.9	$ 101.6
Adjusted Margins		15.9%		15.7%		14.7%		15.4%

($ in millions)	June 30, 2011 Sales	June 30, 2011 Operating Income	March 31, 2011 Sales	March 31, 2011 Operating Income	December 31, 2010 Sales	December 31, 2010 Operating Income	September 30, 2010 Sales	September 30, 2010 Operating Income
	Three months ended							
Reported Results	$ 693.7	$ 114.8	$ 614.8	$ 87.8	$ 565.8	$ 61.6	$ 529.2	$ 57.5
Reported Margins		16.5%		14.3%		10.9%		10.9%
Restructuring and related charges	-	6.6	-	5.5	-	5.1	-	4.3
Adjusted Results	$ 693.7	$ 121.4	$ 614.8	$ 93.3	$ 565.8	$ 66.7	$ 529.2	$ 61.8
Adjusted Margins		17.5%		15.2%		11.8%		11.7%

RECONCILIATIONS (CONTINUED)

EBITDA (UNAUDITED)

($ in millions)	Year Ended June 30, 2017	2016
Net income (loss) attributable to Kennametal, reported	$ 49.1	$ (226.0)
Add back:		
Interest expense	28.8	27.8
Interest income	(1.0)	(1.7)
Provision (benefit) for income taxes	29.9	25.3
Depreciation	91.1	96.7
Amortization	16.6	20.8
E(L)BITDA	$ 214.5	$ (57.1)
Reported Margins	10.4%	(2.7%)
Adjustments:		
Restructuring and related charges	76.2	53.5
Loss and divestiture and related charges	-	131.5
Goodwill and other intangible asset impairment charges	-	108.5
Fixed asset disposal charges	-	5.4
Operations of divested businesses	-	1.9
Adjusted EBITDA	$ 290.8	$ 243.6
Adjusted Margins	14.1%	12.1%

THREE MONTHS ENDED SEPTEMBER 30, 2017 (UNAUDITED)

	Industrial Segment			
($ in millions)	Sales	Gross Profit	Operating Expense	Operating Income
Reported Results	$ 297.5	$ 118.9	$ 80.0	$ 34.8
Reported Margins		40.0%	26.9%	11.7%
Restructuring and related charges	-	0.1	(0.1)	4.0
Adjusted Results	$ 297.5	$ 119.0	$ 79.9	$ 38.8
Adjusted Margins		40.0%	26.9%	13.1%

YEAR ENDED JUNE 30, 2017 (UNAUDITED)

	Industrial Segment			
($ in millions)	Sales	Gross Profit	Operating Expense	Operating Income
Reported Results	$ 1,126.3	$ 441.1	$ 315.7	$ 82.8
Reported Margins		39.2%	28.0%	7.4%
Restructuring and related charges	-	1.8	(2.4)	44.9
Adjusted Results	$ 1,126.3	$ 443.0	$ 313.2	$ 127.7
Adjusted Margins		39.3%	27.8%	11.3%

RECONCILIATIONS (CONTINUED)

YEAR ENDED JUNE 30, 2016 (UNAUDITED)

($ in millions)	Industrial Segment Sales	Gross Profit	Operating Expense	Operating Income
Reported Results	$ 1,098.4	$ 430.6	$ 315.6	$ 90.3
Reported Margins		39.2%	28.7%	8.2%
Restructuring and related charges	-	2.6	(5.5)	24.3
Loss on divestiture	-	-	-	3.6
Fixed asset disposal charges	-	-	-	2.6
Operations of divested businesses	(4.1)	(0.4)	(0.4)	-
Adjusted Results	$ 1,094.3	$ 432.9	$ 309.8	$ 120.9
Adjusted Margins		39.6%	28.3%	11.0%

THREE MONTHS ENDED SEPTEMBER 30, 2017 (UNAUDITED)

($ in millions)	WIDIA Segment Sales	Gross Profit	Operating Expense	Operating Income
Reported Results	$ 45.2	$ 14.5	$ 13.5	$ 0.1
Reported Margins		31.9%	29.9%	0.1%
Restructuring and related charges	-	-	(0.0)	0.8
Adjusted Results	$ 45.2	$ 14.5	$ 13.5	$ 0.9
Adjusted Margins		31.9%	29.8%	1.9%

YEAR ENDED JUNE 30, 2017 (UNAUDITED)

($ in millions)	WIDIA Segment Sales	Gross Profit	Operating Expense	Operating Loss
Reported Results	$ 177.7	$ 50.9	$ 53.4	$ (9.6)
Reported Margins		28.7%	30.1%	-5.4%
Restructuring and related charges	-	0.2	(0.4)	7.3
Adjusted Results	$ 177.7	$ 51.1	$ 53.0	$ (2.3)
Adjusted Margins		28.8%	29.9%	-1.3%

YEAR ENDED JUNE 30, 2016 (UNAUDITED)

($ in millions)	WIDIA Segment Sales	Gross Profit	Operating Expense	Operating Loss
Reported Results	$ 170.7	$ 46.4	$ 49.9	$ (9.1)
Reported Margins		27.2%	29.3%	-5.3%
Restructuring and related charges	-	0.2	(1.4)	3.7
Goodwill and other intangible asset impairment charges	-	-	-	2.3
Fixed asset disposal charges	-	-	-	0.7
Adjusted Results	$ 170.7	$ 46.7	$ 48.5	$ (2.3)
Adjusted Margins		27.3%	28.4%	-1.3%

RECONCILIATIONS (CONTINUED)

THREE MONTHS ENDED SEPTEMBER 30, 2017 (UNAUDITED)	Infrastructure Segment			
($ in millions)	Sales	Gross Profit	Operating Expense	Operating Income
Reported Results	$ 199.7	$ 51.7	$ 25.5	$ 22.1
Reported Margins		25.9%	12.8%	11.0%
Restructuring and related charges	-	1.2	(0.0)	2.1
Adjusted Results	$ 199.7	$ 52.9	$ 25.5	$ 24.1
Adjusted Margins		26.5%	12.7%	12.1%

YEAR ENDED JUNE 30, 2017 (UNAUDITED)	Infrastructure Segment			
($ in millions)	Sales	Gross Profit	Operating Expense	Operating Income
Reported Results	$ 754.4	$ 165.3	$ 93.4	$ 40.0
Reported Margins		21.9%	12.4%	5.3%
Restructuring and related charges	-	5.7	(0.6)	24.0
Adjusted Results	$ 754.4	$ 171.0	$ 92.8	$ 64.0
Adjusted Margins		22.7%	12.3%	8.5%

YEAR ENDED JUNE 30, 2016 (UNAUDITED)	Infrastructure Segment			
($ in millions)	Sales	Gross Profit	Operating Expense	Operating (Loss) Income
Reported Results	$ 829.3	$ 139.3	$ 119.8	$ (246.3)
Reported Margins		16.8%	14.4%	-29.7%
Restructuring and related charges	-	4.4	(3.5)	19.8
Goodwill and other intangible asset impairment charges	-	-	-	106.1
Loss on divestiture	-	-	-	127.9
Fixed asset disposal charges	-	-	-	2.0
Operations of divested businesses	(78.4)	(11.0)	(10.2)	1.9
Adjusted Results	$ 750.9	$ 132.7	$ 106.1	$ 11.3
Adjusted Margins		17.7%	14.1%	1.5%