Fiscal 2019 Third Quarter Earnings Call Presentation

May 7, 2019

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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.”

Continuing margin improvement through simplification/modernization initiatives

Q3 FY19 Highlights & Overview

- **<u>Organic sales growth:</u> 3% organic sales growth on top of 11% organic growth in prior year quarter**
  - 10th consecutive quarter of organic sales growth
  - All segments positive: Infrastructure +6%, WIDIA +3%, Industrial +1%
  - Americas and EMEA posting positive growth of 4%* and 2%*, respectively
  - AsiaPac relatively flat with sales decline of 1%*; however, recent news encouraging
- **<u>Strong margin improvement:</u> 14.3% Adjusted Operating Margin (vs. 13.6% prior year**)**
  - Headwinds this quarter: negative effect of FX and business days on sales of (4)% and (1)%, respectively
  - Adjusted operating expense margin improves 140 bps to 20.1% vs. 21.5% prior year
  - Adjusted EBITDA margin increases 120 bps to 19.4% vs. 18.2% prior year
- **<u>Simplification/modernization initiatives progressing</u>**
  - Benefits increase to 11 cents over Q3 FY18; YTD FY19 benefits at 30 cents vs. total FY18 benefit of 9 cents
  - Announced next phase of restructuring actions expected to reduce structural costs by $35 - $40 million by the end of FY20
  - On-track with FY21 adjusted EBITDA margin targets
- **<u>Earnings per share:</u> Reported $0.82; Adjusted $0.77 (vs. $0.70 prior year)**

* Constant Currency Regional Sales Growth
** See Footnote 1 on slide 15

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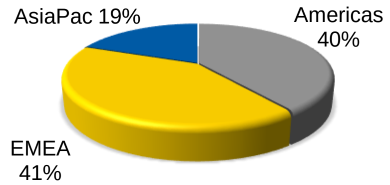
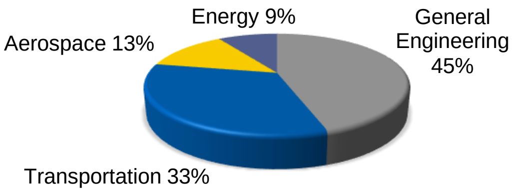
Focus on initiatives yields significant margin gains despite mixed markets

Industrial Business Segment
Q3 FY19 Highlights

Sales by Geography



Sales by End Market



Q3 FY19 sales $319 million; 1% organic growth YoY on top of 10% prior year

- Growth** in Americas at 4%; EMEA at (1)%; AsiaPac at (2)%
- Headwind from FX of (5)%
- Quarterly adjusted operating margin increased significantly, 290 bps, YoY to 18.3% from 15.4% prior year*

End-markets mixed

- Aerospace and General Engineering posted YoY growth of 13% and 5%, respectively***
- Energy and Transportation posted YoY sales declines of (2)% and (8)%, respectively***
- Transportation in EMEA and AsiaPac affected by macro factors
- Looking forward, cautiously optimistic; China showing signs of recent improvement

Operating margin improves significantly YoY to 18.3%

- Simplification/modernization initiatives contributing to operating margin expansion

* See Footnote 1 on slide 15
** Constant Currency Regional Sales Growth
*** Constant Currency End-Market Sales Growth

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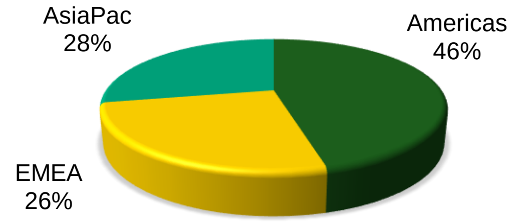
Organic growth continues, underlying operational performance improved

WIDIA Business Segment
Q3 FY19 Highlights

Sales by Region



Q3 FY19 sales $51 million; 3% organic growth on top of 9% prior year

- Regions**: EMEA 6%, AsiaPac 3%, Americas (1)%
- Headwinds this quarter: unfavorable FX of (4)% and business days of (1)%
- Quarterly adjusted operating margin decreased 110 bps to 1.3% from 2.4% prior year*
- Margin negatively affected this quarter by one-time costs associated with portfolio simplification
- Customer service levels increasing across all regions; focusing on upgrading distribution channels

Q3 FY19 regional highlights

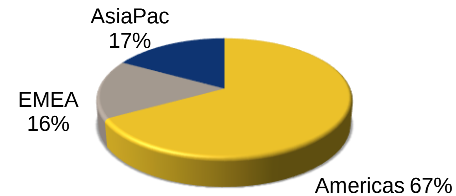
- EMEA: 6% growth rate** reflects continuing progress with Aerospace initiatives
- AsiaPac: 3% growth rate** reflects short term market softness in India due to upcoming national election, auto
- Americas: Underlying demand remains strong; 1%** decline reflects timing related to changes in distributors

* See Footnote 1 on slide 15
** Constant Currency Regional Sales Growth

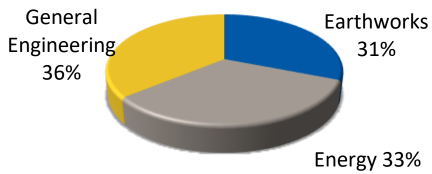
Strong sales growth, sequential improvement in operating margin

Infrastructure Business Segment
Q3 FY19 Highlights

Sales by Geography



Sales by End Market



Q3 FY19 sales $228 million; 2% quarterly sales growth YoY; 6% organic growth on top of 14% growth prior year

- Regions**: EMEA 11%; Americas 5%; AsiaPac (1)%
- Margins negatively affected by headwinds of FX (3)% and business days (1)%
- Price covered raw material costs; expectation positive for the year and over the cycle
- Quarterly adjusted operating margin decreased to 11.7% from 13.8% prior year*, but up sequentially
- Margin to be flat for full year due to unexpected volume challenge of large customer

Underlying end-markets remain stable

- Double-digit quarterly growth*** in general engineering at 16%; moderate growth in energy at 2%
- Earthworks sales declined by 3%***, due to large customer dealing with unanticipated volume challenge

Progress in focus areas: growth and simplification/modernization

- Capital investment in Rogers modernization is essentially complete with additional benefits to come
- New distribution agreement with Gardner Denver for KennaFlow valve seats

* See Footnote 1 on slide 15
** Constant Currency Regional Sales Growth
*** Constant Currency End Market Sales Growth

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Modernization continues: +80% efficiency

Before

- 25 manual machines
- Manually loaded and unloaded
- One operator per machine
- Multiple set-ups required

After

- 6 automated machines
- Automatic loading and unloading
- One operator runs 4-6 machines
- Single set-up; integrated data analytics
- Quality improvements; less scrap

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Improving profitability driven by simplification/modernization

Consolidated Q3 FY19 Financial Overview

		Adjusted		Reported	
Quarter Ended *($ in millions)*	**Change from PY**	**March 31, 2019**	**March 31, 2018**	**March 31, 2019**	**March 31, 2018**
Sales	**(2)%**	**$597**	**$608**	**$597**	**$608**
Organic		**3%**	11%	3%	11%
FX		(4)%	6%	(4)%	6%
Business Days		(1)%	(2)%	(1)%	(2)%
Gross Profit*	**(4)%**	**$209**	**$217**	**$208**	**$216**
% of sales*	(70) bps	35.0%	35.7%	34.8%	35.6%
Operating Expense*	**(8)%**	**$120**	**$131**	**$120**	**$131**
% of sales*	(140) bps	20.1%	21.5%	20.1%	21.5%
EBITDA	**+5%**	**$116**	**$111**	**$112**	**$109**
% of sales	+120 bps	19.4%	18.2%	18.8%	17.9%
Operating Income*	**+3%**	**$85**	**$83**	**$82**	**$81**
% of sales*	+70 bps	14.3%	13.6%	13.7%	13.3%
Effective Tax Rate	(330) bps	19.8%	23.1%	11.0%	31.2%
EPS (Earnings per Diluted Share)	**+10%**	**$0.77**	**$0.70**	**$0.82**	**$0.61**

* See Footnote 1 on Slide 15

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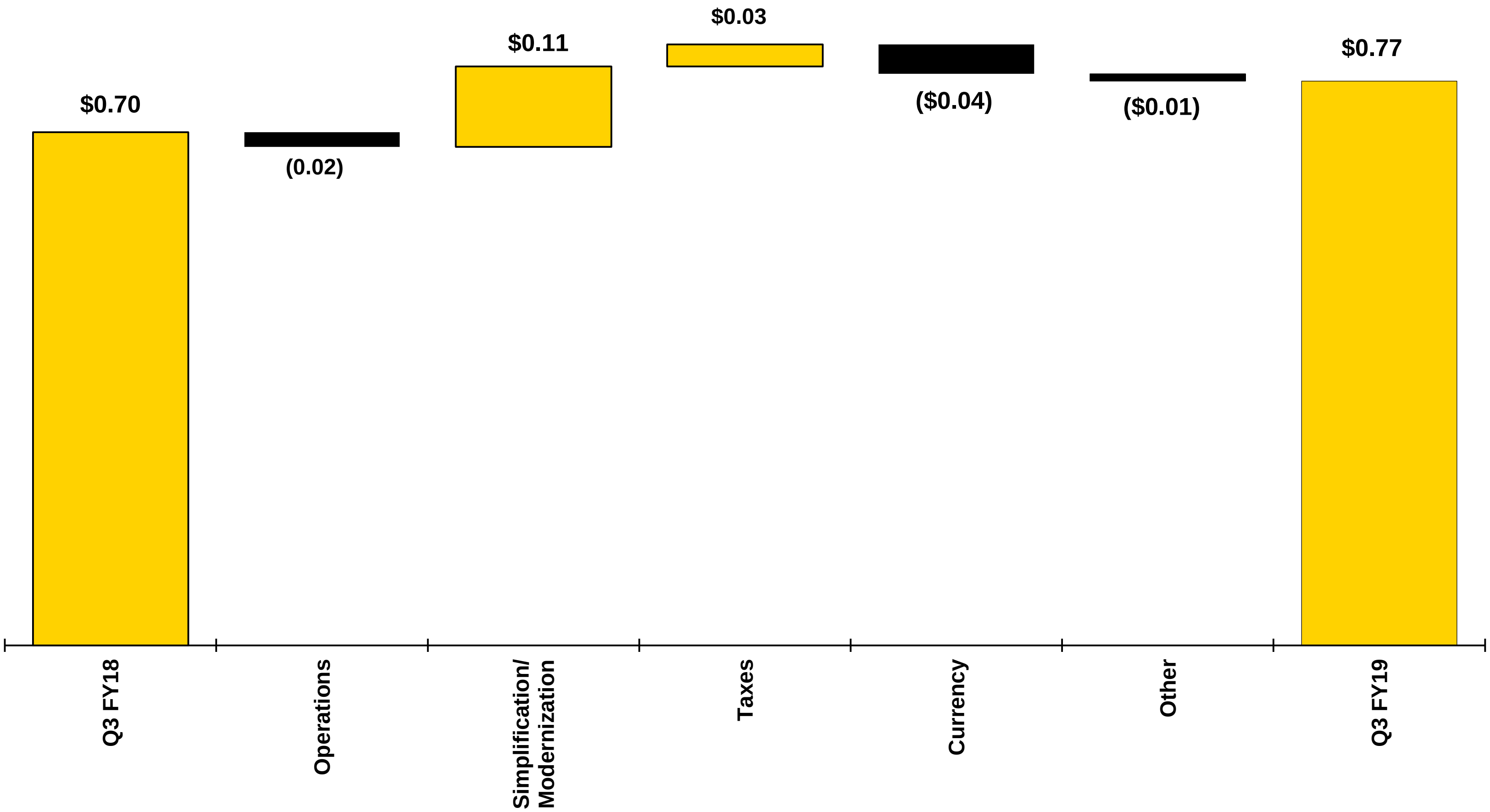
Simplification/modernization benefits delivering strong EPS growth

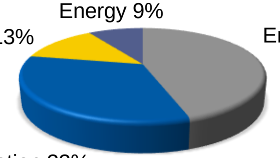
Q3 FY19 Adjusted EPS Bridge



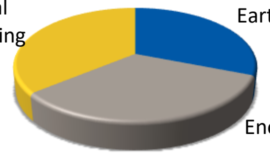
Excluding transportation, underlying markets remain positive

Q3 FY19 Adjusted Segment Results

INDUSTRIAL



INFRASTRUCTURE



* all WIDIA sales are classified as general engineering

Quarter ended *($ in millions)*	March 31, 2019			
	Industrial	**WIDIA**	**Infrastructure**	**Total**
Sales	**$319**	**$51**	**$228**	**$597**
Organic	1%	3%	6%	3%
FX	(5)%	(4)%	(3)%	(4)%
Business Days	-	(1)%	(1)%	(1)%
Total	(4)%	(2)%	2%	(2)%
Constant Currency Regional Sales Growth:				
Americas	4%	(1)%	5%	4%
EMEA	(1)%	6%	11%	2%
AsiaPac	(2)%	3%	(1)%	(1)%
Constant Currency End-Market Sales Growth:				
Energy	(2)%	-	2%	1%
General Engineering	5%	2%*	16%	7%
Transportation	(8)%	-	-	(8)%
Aerospace & Defense	13%	-	-	13%
Earthworks	-	-	(3)%	(3)%
Adjusted Operating Income	**$58**	**$1**	**$27**	**$85**
Adjusted Operating Margin	**18.3%**	**1.3%**	**11.7%**	**14.3%**

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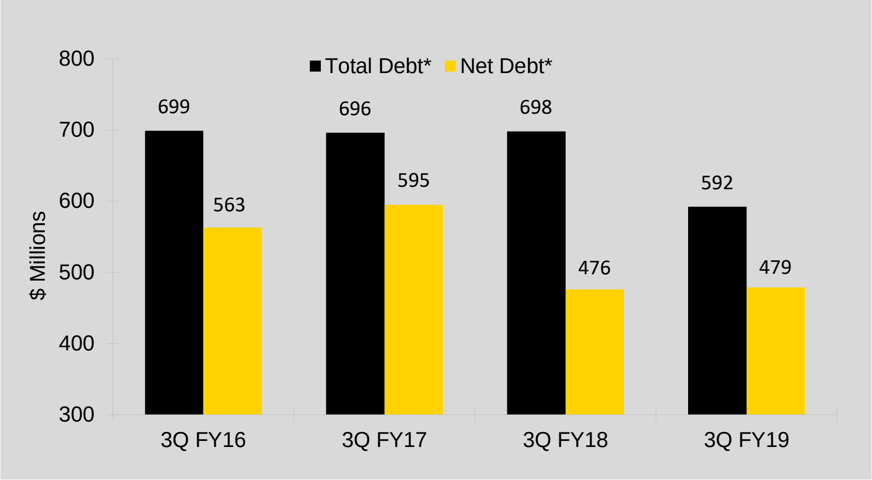
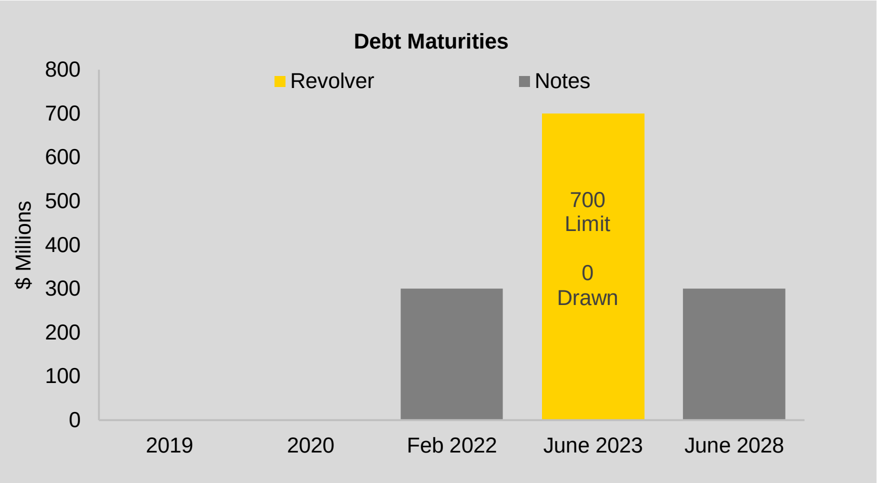
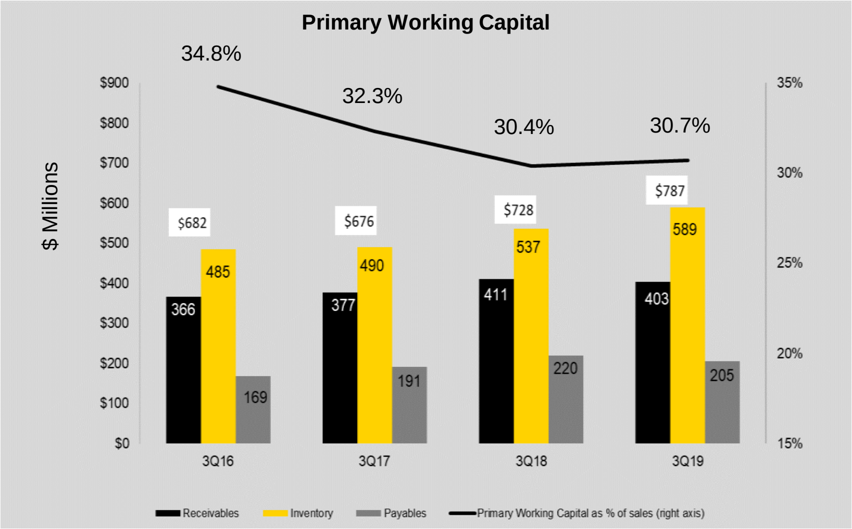
Strong balance sheet; significant financial flexibility







Consolidated Results ($ in millions)	3Q FY19	3Q FY18
Net Cash Provided by Operating Activities*	$96	$117
Net Capital Expenditures*	$57	$45
Free Operating Cash Flow	$39	$72
Dividends	($16)	($16)

* See Footnote 2 on Slide 15

Focused on delivering fiscal year 2019

Narrowing full-year FY19 outlook within previous range

	Previous Outlook	**Current FY19 Outlook**
Organic Sales Growth	5% - 8%	~5%
Adjusted Effective Tax Rate	22% - 25%	~22%
Adjusted EPS	$2.90 - $3.20	$3.00 - $3.10
Capital Spending	$240M - $260M	$200M - $220M
Free Operating Cash Flow	$120M - $140M	$120M - $140M

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Strengthening foundation for continued improved performance

Summary of Q3 FY19

- Strong quarterly results, with both sales and margins increasing year-over-year
- Narrowing outlook for FY19
- Delivering on simplification/modernization initiatives
  - Driving margin expansion, with further benefits to come
  - Next phase of restructuring actions announced demonstrates further progress
- On-track to meet FY21 EBITDA targets

Appendix

Balance Sheet

ASSETS *($ in millions)*	**March 2019**	**June 2018**
Cash and cash equivalents	$113	$556
Accounts receivable, net	403	401
Inventories	589	526
Other current assets	58	63
Total current assets	**$1,163**	**$1,546**
Property, plant and equipment, net	886	824
Goodwill and other intangible assets, net	463	478
Other assets	95	77
Total assets	**$2,607**	**$2,925**

LIABILITIES *($ in millions)*		
Current maturities of long-term debt, including notes payable	-	$400
Accounts payable	205	222
Other current liabilities	225	264
Total current liabilities	**$430**	**$886**
Long-term debt	592	592
Other liabilities	220	217
Total liabilities	**$1,242**	**$1,695**
Kennametal Shareowners' Equity	1,325	1,194
Noncontrolling interests	40	36
Total liabilities and equity	**$2,607**	**$2,925**

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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) The Company revised its statement of cash flow for the three months ended March 31, 2018, resulting in a increase of $3 million to previously reported net cash flow provided by operating activities and a corresponding increase to previously reported net cash flow used for investing activities. 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 benefit recorded to reflect the effect of regulations and other relevant guidance issued through March 31, 2019 on the amounts recorded for the application of a measure of the Tax Cuts and Jobs Act of 2017 (TCJA) 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 $71 million.

(5) Additional charge recorded to reflect adjustments to the amounts recorded for the toll tax considering regulatory guidance issued through March 31, 2018.

Non-GAAP Reconciliations

The information presented by the Company contains certain non-GAAP financial measures including organic sales growth, constant currency regional sales growth (decline), constant currency end market sales growth (decline), 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); 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.

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 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 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.

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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.

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.

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.

(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.

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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[3]	Diluted EPS
Q3 FY19 Reported Results	$ 597.2	$ 208.1	$ 120.1	$ 81.9	11.0%	$ 68.6	$ 0.82
Reported Margins		34.8%	20.1%	13.7%			
Restructuring and related charges	-	0.9	(0.1)	3.4	0.1	2.6	0.03
Non-recurring effect of tax reform[4]	-	-	-	-	8.7	(6.8)	(0.08)
Q3 FY19 Adjusted Results	$ 597.2	$ 209.0	$ 120.1	$ 85.3	19.8%	$ 64.3	$ 0.77
Q3 FY19 Adjusted Margins		35.0%	20.1%	14.3%			

($ 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
Q3 FY18 Reported Results	$ 607.9	$ 216.4	$ 130.6	$ 80.8	31.2%	$ 50.9	$ 0.61
Reported Margins		35.6%	21.5%	13.3%			
Restructuring and related charges	-	0.7	0.3	1.7	0.2	1.2	0.01
Non-recurring effect of tax reform[5]	-	-	-	-	(8.3)	6.4	0.08
Q3 FY18 Adjusted Results	$ 607.9	$ 217.1	$ 130.9	$ 82.5	23.1%	$ 58.5	$ 0.70
Q3 FY18 Adjusted Margins		35.7%	21.5%	13.6%			

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Non-GAAP Reconciliations (cont'd)

($ in millions, except percents)	Industrial Sales	Industrial Operating Income	WIDIA Sales	WIDIA Operating Income	Infrastructure Sales	Infrastructure Operating Income
Q3 FY19 Reported Results	$ 318.6	$ 57.2	$ 51.0	$ (0.0)	$ 227.6	$ 24.9
Reported Operating Margin		18.0%		0.0%		11.0%
Restructuring and related charges	-	1.0	-	0.7	-	1.8
Q3 FY19 Adjusted Results	$ 318.6	$ 58.2	$ 51.0	$ 0.7	$ 227.6	$ 26.7
Q3 FY19 Adjusted Operating Margin		18.3%		1.3%		11.7%

($ in millions, except percents)	Industrial Sales	Industrial Operating Income[1]	WIDIA Sales	WIDIA Operating Income[1]	Infrastructure Sales	Infrastructure Operating Income[1]
Q3 FY18 Reported Results	$ 333.0	$ 50.2	$ 52.2	$ 1.3	$ 222.7	$ 30.1
Reported Operating Margin		15.1%		2.4%		13.5%
Restructuring and related charges	-	1.0	-	0.0	-	0.6
Q3 FY18 Adjusted Results	$ 333.0	$ 51.3	$ 52.2	$ 1.3	$ 222.7	$ 30.7
Q3 FY18 Adjusted Operating Margin		15.4%		2.4%		13.8%

Non-GAAP Reconciliations (cont'd)

Three months ended March 31, 2019:	Industrial	Widia	Infrastructure	Kennametal
Organic Sales Growth	1%	3%	6%	3%
Foreign Currency Exchange Impact	(5%)	(4%)	(3%)	(4%)
Business Days Impact	0%	(1%)	(1%)	(1%)
Sales Growth (Decline)	(4%)	(2%)	2%	(2%)

Three months ended March 31, 2018:	Industrial	Widia	Infrastructure	Kennametal
Organic Sales Growth	10%	9%	14%	11%
Foreign Currency Exchange Impact	8%	5%	3%	6%
Business Days Impact	(3%)	(1%)	(2%)	(2%)
Sales Growth	15%	13%	15%	15%

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Three months ended March 31, 2019:	Americas	EMEA	Asia Pacific
Constant currency regional sales growth (decline)	4%	2%	(1%)
Foreign currency exchange impact	(1%)	(8%)	(6%)
Regional sales growth (decline)	3%	(6%)	(7%)

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Three months ended March 31, 2019:	Energy	Earthworks	General Engineering	Transportation	Aerospace and Defense
Constant currency end market sales growth (decline)	1%	(3%)	7%	(8%)	13%
Foreign currency exchange impact	(2%)	(4%)	(4%)	(5%)	(4%)
End market sales (decline) growth	(1%)	(7%)	3%	(13%)	9%

Non-GAAP Reconciliations (cont'd)

Industrial

Three months ended March 31, 2019:	**Americas**	**EMEA**	**Asia Pacific**
Constant currency regional sales growth (decline)	4%	(1%)	(2%)
Foreign currency exchange impact	(2%)	(7%)	(5%)
Regional sales growth (decline)	2%	(8%)	(7%)

Widia

Three months ended March 31, 2019:	**Americas**	**EMEA**	**Asia Pacific**
Constant currency regional sales (decline) growth	(1%)	6%	3%
Foreign currency exchange impact	(1%)	(8%)	(6%)
Regional sales decline	(2%)	(2%)	(3%)

Infrastructure

Three months ended March 31, 2019:	**Americas**	**EMEA**	**Asia Pacific**
Constant currency regional sales growth (decline)	5%	11%	(1%)
Foreign currency exchange impact	0%	(9%)	(6%)
Regional sales growth (decline)	5%	2%	(7%)

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Non-GAAP Reconciliations (cont'd)

Industrial

Three months ended March 31, 2019:	**General Engineering**	**Transportation**	**Aerospace and Defense**	**Energy**
Constant currency end market sales growth (decline)	5%	(8%)	13%	(2%)
Foreign currency exchange impact	(5%)	(5%)	(4%)	(3%)
End market sales growth (decline)	0%	(13%)	9%	(5%)

Widia

Three months ended March 31, 2019:	**General Engineering**
Constant currency end market sales growth	2%
Foreign currency exchange impact	(4%)
End market sales decline	(2%)

Infrastructure

Three months ended March 31, 2019:	**Energy**	**Earthworks**	**General Engineering**
Constant currency end market sales growth (decline)	2%	(3%)	16%
Foreign currency exchange impact	(1%)	(4%)	(3%)
End market sales growth (decline)	1%	(7%)	13%

Non-GAAP Reconciliations (cont'd)

($ in millions)	Three months ended March 31, 2019	2018
Net cash flow from operating activities[2]	$ 96.0	$ 116.8
Purchases of property, plant and equipment[2]	(57.9)	(46.1)
Proceeds from disposals of property, plant and equipment	1.1	1.4
Free operating cash flow	$ 39.2	$ 72.1

Net Debt (in millions)	Three months ended 3/31/2019	3/31/2018	3/31/2017	3/31/2016
Total debt (gross)	$ 592.1	$ 697.5	$ 696.2	$ 699.1
Less: cash and cash equivalents	112.6	221.9	100.8	136.6
Net debt	$ 479.5	$ 475.6	$ 595.4	$ 562.5

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Non-GAAP Reconciliations (cont'd)

($ in millions)	Three months ended March 31, 2019		2018	
Net income attributable to Kennametal, reported	$	68.6	$	50.9
Add back:				
Interest expense		8.1		7.5
Interest income		(0.8)		(1.0)
Provision for income taxes, reported		8.6		24.1
Depreciation		24.3		23.9
Amortization		3.6		3.7
EBITDA	$	112.5	$	109.1
Margin		18.8%		17.9%
Adjustments:				
Restructuring and related charges		3.4		1.7
Adjusted EBITDA	$	115.9	$	110.7
Adjusted Margin		19.4%		18.2%

Non-GAAP Reconciliations (cont'd)

(in thousands, except percents)	3/31/2019	12/31/2018	9/30/2018	6/30/2018	3/31/2018	Average
Current assets	$ 1,162,842	$ 1,119,034	$ 1,121,482	$ 1,546,166	$ 1,240,587	
Current liabilities	430,018	412,053	439,171	886,531	477,790	
Working capital, GAAP	$ 732,824	$ 706,981	$ 682,311	$ 659,635	$ 762,797	
Excluding items:						
Cash and cash equivalents	(112,597)	(96,276)	(102,084)	(556,153)	(221,906)	
Other current assets	(58,221)	(63,509)	(63,461)	(63,257)	(70,926)	
Total excluded current assets	(170,818)	(159,785)	(165,545)	(619,410)	(292,832)	
Adjusted current assets	992,024	959,249	955,937	926,756	947,755	
Current maturities of long-term debt and capital leases, including notes payable	-	(3,371)	(756)	(400,200)	(1,399)	
Other current liabilities	(224,949)	(210,332)	(217,528)	(264,428)	(256,186)	
Total excluded current liabilities	(224,949)	(213,703)	(218,284)	(664,628)	(257,585)	
Adjusted current liabilities	205,069	198,350	220,887	221,903	220,205	
Primary working capital	$ 786,955	$ 760,899	$ 735,050	$ 704,853	$ 727,550	$ 743,061

	Three Months Ended				
	3/31/2019	12/31/2018	9/30/2018	6/30/2018	Total
Sales	$ 597,204	$ 587,394	$ 586,687	$ 646,119	$ 2,417,404
Primary working capital as a percentage of sales					30.7%

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Non-GAAP Reconciliations (cont'd)

(in thousands, except percents)	3/31/2018	12/31/2017	9/30/2017	6/30/2017	3/31/2017	Average
Current assets	$ 1,240,587	$ 1,128,382	$ 1,075,915	$ 1,113,901	$ 1,043,046	
Current liabilities	477,790	407,621	396,967	461,478	426,799	
Working capital, GAAP	$ 762,797	$ 720,761	$ 678,948	$ 652,423	$ 616,247	
Excluding items:						
Cash and cash equivalents	(221,906)	(159,940)	(110,697)	(190,629)	(100,817)	
Other current assets	(70,926)	(68,057)	(64,874)	(55,166)	(75,061)	
Total excluded current assets	(292,832)	(227,997)	(175,571)	(245,795)	(175,878)	
Adjusted current assets	947,755	900,385	900,344	868,106	867,168	
Current maturities of long-term debt and capital leases, including notes payable	(1,399)	(1,360)	(1,252)	(925)	(1,591)	
Other current liabilities	(256,186)	(215,669)	(209,373)	(244,831)	(234,367)	
Total excluded current liabilities	(257,585)	(217,029)	(210,625)	(245,756)	(235,958)	
Adjusted current liabilities	220,205	190,592	186,342	215,722	190,841	
Primary working capital	$ 727,550	$ 709,793	$ 714,002	$ 652,384	$ 676,327	$ 696,011

		Three Months Ended			
	3/31/2018	12/31/2017	9/30/2017	6/30/2017	Total
Sales	$ 607,936	$ 571,345	$ 542,454	$ 565,025	$ 2,286,760
Primary working capital as a percentage of sales					30.4%

Non-GAAP Reconciliations (cont'd)

(in thousands, except percents)	3/31/2017	12/31/2016	9/30/2016	6/30/2016	3/31/2016	Average
Current assets	$ 1,043,046	$ 971,745	$ 991,837	$ 1,075,341	$ 1,099,260	
Current liabilities	426,799	390,151	402,574	427,275	421,415	
Working capital, GAAP	$ 616,247	$ 581,594	$ 589,263	$ 648,066	$ 677,845	
Excluding items:						
Cash and cash equivalents	(100,817)	(102,001)	(119,411)	(161,579)	(136,564)	
Other current assets	(75,061)	(80,375)	(64,660)	(84,016)	(111,479)	
Total excluded current assets	(175,878)	(182,376)	(184,071)	(245,595)	(248,043)	
Adjusted current assets	867,168	789,369	807,766	829,746	851,217	
Current maturities of long-term debt and capital leases, including notes payable	(1,591)	(2,263)	(1,381)	(1,895)	(4,140)	
Other current liabilities	(234,367)	(219,008)	(225,189)	(243,341)	(247,943)	
Total excluded current liabilities	(235,958)	(221,271)	(226,570)	(245,236)	(252,083)	
Adjusted current liabilities	190,841	168,880	176,004	182,039	169,332	
Primary working capital	$ 676,327	$ 620,489	$ 631,762	$ 647,707	$ 681,885	$ 651,634

	Three Months Ended				
	3/31/2017	12/31/2016	9/30/2016	6/30/2016	Total
Sales	$ 528,630	$ 487,573	$ 477,140	$ 521,224	$ 2,014,567
Primary working capital as a percentage of sales					32.3%

Non-GAAP Reconciliations (cont'd)

(in thousands, except percents)	3/31/2016	12/31/2015	9/30/2015	6/30/2015	3/31/2015	Average
Current assets	$ 1,099,260	$ 1,062,992	$ 1,168,511	$ 1,258,546	$ 1,341,312	
Current liabilities	421,415	394,983	438,406	482,744	524,518	
Working capital, GAAP	$ 677,845	$ 668,009	$ 730,105	$ 775,802	$ 816,794	
Excluding items:						
Cash and cash equivalents	(136,564)	(138,978)	(97,199)	(105,494)	(146,175)	
Other current assets	(111,479)	(113,113)	(120,583)	(132,148)	(111,124)	
Total excluded current assets	(248,043)	(252,091)	(217,782)	(237,642)	(257,299)	
Adjusted current assets	851,217	810,901	950,729	1,020,904	1,084,013	
Current maturities of long-term debt and capital leases, including notes payable	(4,140)	(5,942)	(25,285)	(15,702)	(99,620)	
Other current liabilities	(247,943)	(237,444)	(235,385)	(279,661)	(250,586)	
Total excluded current liabilities	(252,083)	(243,386)	(260,670)	(295,363)	(350,206)	
Adjusted current liabilities	169,332	151,597	177,736	187,381	174,312	
Primary working capital	$ 681,885	$ 659,304	$ 772,993	$ 833,523	$ 909,701	$ 771,481

		Three Months Ended			
	3/31/2016	12/31/2015	9/30/2015	6/30/2015	Total
Sales	$ 497,837	$ 524,021	$ 555,354	$ 637,653	$ 2,214,865
Primary working capital as a percentage of sales					34.8%

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