FY23 Second Quarter Earnings Call Presentation

February 7, 2023

KENNAMETAL®

Safe Harbor Statement

Certain statements in this release may be forward-looking in nature, or “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are statements that do not relate strictly to historical or current facts. For example, statements about Kennametal’s outlook for sales, adjusted operating income, adjusted EPS, FOCF, primary working capital, capital expenditures and adjusted effective tax rate for the third quarter and full year of fiscal 2023 and our expectations regarding future growth and financial performance are forward-looking statements. Any forward-looking statements are based on current knowledge, expectations and estimates that involve inherent risks and uncertainties. Should one or more of these risks or uncertainties materialize, or should the assumptions underlying the forward-looking statements prove incorrect, our actual results could vary materially from our current expectations. There are a number of factors that could cause our actual results to differ from those indicated in the forward-looking statements. They include: uncertainties related to changes in macroeconomic and/or global conditions, including as a result of increased inflation and Russia's invasion of Ukraine and the resulting sanctions on Russia; uncertainties related to the effects of the ongoing COVID-19 pandemic, including the emergence of more contagious or virulent strains of the virus, its impacts on our business operations, financial results and financial position and on the industries in which we operate and the global economy generally, including as a result of travel restrictions, business and workforce disruptions associated with the pandemic; other economic recession; our ability to achieve all anticipated benefits of restructuring, simplification and modernization initiatives; Commercial Excellence growth initiatives, Operational Excellence initiatives, our foreign operations and international markets, such as currency exchange rates, different regulatory environments, trade barriers, exchange controls, and social and political instability, including the conflict in Ukraine; changes in the regulatory environment in which we operate, including environmental, health and safety regulations; potential for future goodwill and other intangible asset impairment charges; our ability to protect and defend our intellectual property; continuity of information technology infrastructure; competition; our ability to retain our management and employees; demands on management resources; availability and cost of the raw materials we use to manufacture our products; product liability claims; integrating acquisitions and achieving the expected savings and synergies; global or regional catastrophic events; demand for and market acceptance of our products; business divestitures; energy costs; commodity prices; labor relations; and implementation of environmental remediation matters. Many of these risks and other risks are more fully described in Kennametal’s latest annual report on Form 10-K and 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.

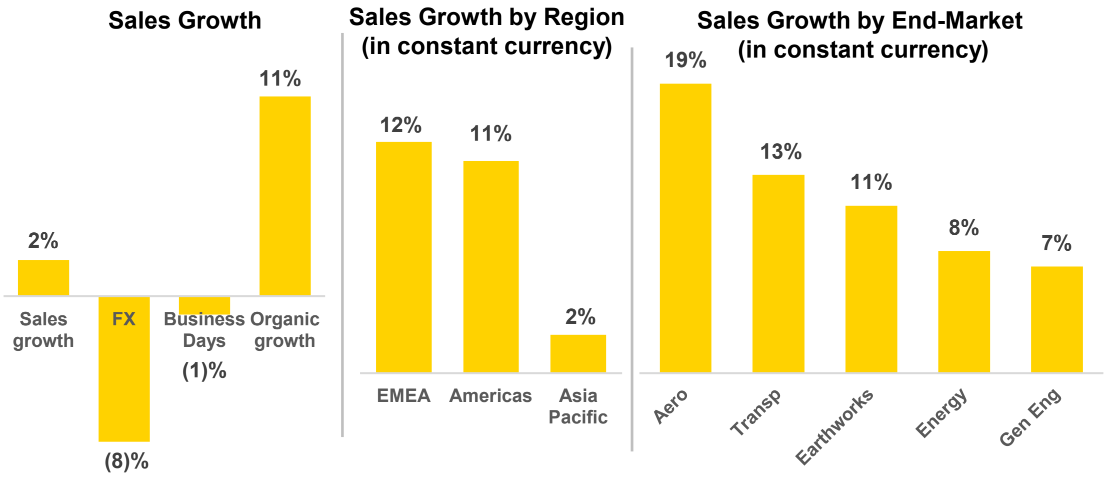
This presentation includes certain non-GAAP financial measures as defined by SEC rules. As required by Regulation G, we have provided a reconciliation of those measures to the most directly comparable GAAP measures, which is available on our website at www.kennametal.com. Once on the homepage, select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

Q2 FY23 Summary

Strong growth and free operating cash flow despite macroeconomic headwinds

Price and growth initiatives driving sales gains

- **Sales up YoY to $497 million**
  - Strong organic growth in both segments
  - Metal Cutting 11%, Infrastructure 12%
  - Strong YoY FX headwinds continue
- **Growth in all regions**
  - EMEA - strong growth, despite negative ~300 bps effect of Russian exit in 3Q22
  - Americas - strong growth
  - AsiaPac - China negatively affected by ~550 bps from COVID; strong growth in other countries
- **Growth in all end-markets**
  - Resiliency of demand continues, despite macroeconomic uncertainties



Underlying operating performance masked by inflation and FX

Reducing Safety Stocks; supply chain constraints improving

- **Adjusted EBITDA of $68 million at 13.7% margin***
  - Metal Cutting volume at expected operating leverage level
  - Infrastructure under-absorption; intentionally extended planned shutdowns to lower powder safety stocks
  - Foreign exchange headwinds
  - Reduced pension income
  - Price substantially mitigates raw materials, wage and general inflation

* Financial results were not adjusted in Q2 FY23

Returned $27M to shareholders

- $11 million in share repurchases and $16 million dividends
- Free operating cash flow increased to $44M

Earnings per share: Reported and Adjusted EPS of $0.27 (vs. $0.35 adjusted EPS prior year)

Sustainable growth from strong competitive position and well-defined Commercial Excellence initiatives

Grow share in current base business

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- KMT holds leadership position in its markets through innovative products and best-in-class customer support
- Commercial Excellence initiatives protect existing position and drives share-of-wallet
- Operational Excellence initiatives target increased productivity and improved customer service

Mega-trends align with KMT expertise

+

- Steady demand for electric vehicles (EV), aircraft, clean energy and fossil fuels
- Changing workforce expects on-demand, digital customer experience
- ESG-focused customers want tools that increase productivity while decreasing energy and resource consumption

Growth in underserved markets

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- Targeting existing, but underserved markets:
- Small & Medium General Engineering job shops
- Applications including medical, micro parts and fit-for-purpose
- Complex machining for Aerospace and Electric Vehicles
- Global opportunities with large Energy & Mining multinationals

Accelerate with M&A

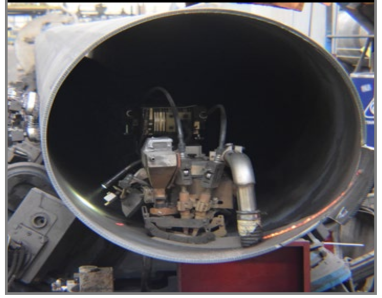
- M&A focus is to drive profitable growth
- Supplement core areas of expertise
- Bolt-on targets to further penetrate under-served markets

Combination of current leading position, mega-trends and new opportunities creates environment for growth

Recent Customer Wins

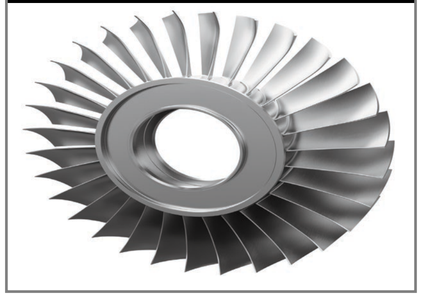
Investments in Commercial Excellence and Innovation driving share gain

Fit-for-Purpose



- Provided tooling for global structural pipe manufacturer
- Won by delivering a WIDIA brand solution that increased tool life by up to 5x; increased share-of-wallet by securing additional business in new startup facility

Aerospace

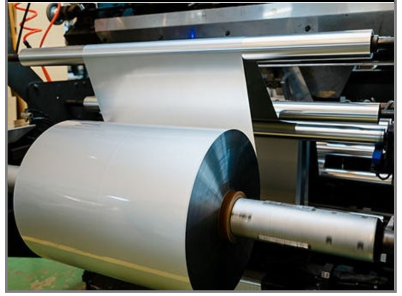


- Achieved new product penetration with customer producing parts for aerospace, power generation, petrochemical and General Engineering
- Won by demonstrating consistent, high-precision tooling with a 50% benefit to the customers; great potential to win more applications with customer

Chemicals

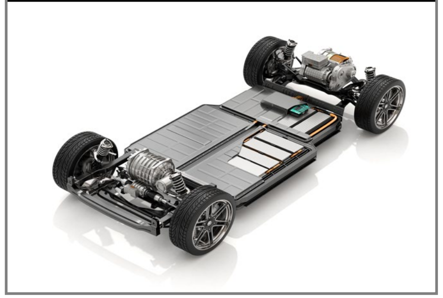
- Renewed sole-source supplier status for corrosion-resistant mixer paddles with large US-based global chemical company
- Won by leveraging depth of experience and knowledge and providing well-tested and reliable long-term solution to meet expedited timeline

Packaging



- Increased our leading market share position in evaporator boats used in the production of food packaging materials
- Won new business with a market leader in flexible packaging by outperforming an entrenched competitor; solution reduces defects by 10% and energy consumption by 8%

Hybrid/EV Battery



- Secured preferred-tooling supplier status for hybrid/EV aluminum transaxle battery housing platform at a US-based leading global auto manufacturer
- Won by closely partnering with the customer; further evidence of strong leadership position in the rapidly-expanding hybrid/EV market

Game-changing solutions enabled by design and additive manufacturing expertise

Customer Goal: Multi-stage, light-weight, one-operator tool capable of precision machining in one operation

"The Kennametal tool delivered outstanding quality and performance from the first use, achieving a 50% reduction in machining time, while still meeting accuracy and surface finish requirements. Additionally, the reduced weight limits the load on the machine magazine, tool changer and spindle effectively reducing maintenance costs."

Director Production Technology – Voith GmbH & Co.

- 50% improvement in productivity
- 40% reduction in energy usage
- 45% reduction in weight
- Utilizes proprietary Kennametal inserts
- Coolant through arms enabled by Additive expertise
- Designed to fit standard machine tool

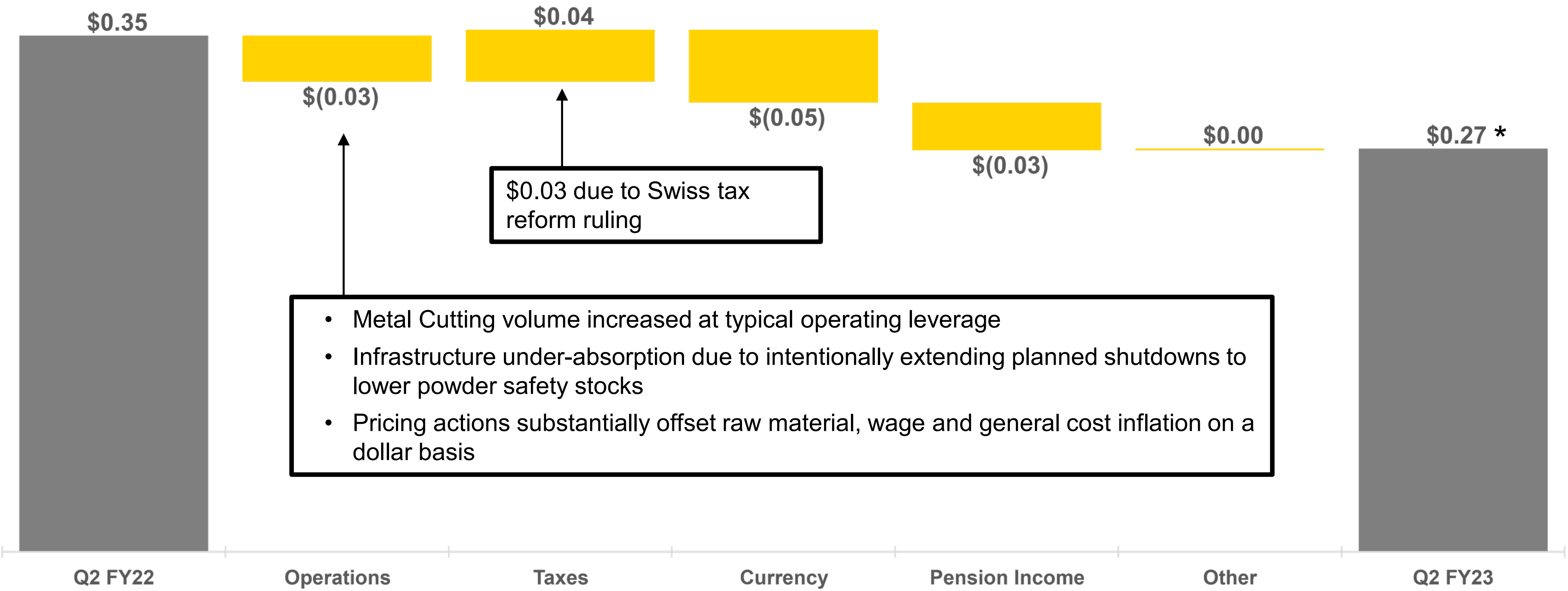
Continued focus on execution in an inflationary and strong FX environment

Quarter Ended ($ in millions)	Change from PY	Reported* December 31, 2022	Adjusted December 31, 2021	Reported December 31, 2021
Sales	**2%**	**$497**	**$487**	**$487**
Organic		11%	11%	11%
FX		(8)%	-	-
Business Days		(1)%	(1)%	(1)%
Gross Profit	**(8)%**	**$143**	**$155**	**$153**
% of sales	-310 bps	28.7%	31.8%	31.4%
Operating Expense	**(1)%**	**$106**	**$107**	**$107**
% of sales	-60 bps	21.3%	21.9%	21.9%
EBITDA	**(13)%**	**$68**	**$79**	**$81**
% of sales	-250 bps	13.7%	16.2%	16.7%
Operating Income	**(21)%**	**$35**	**$45**	**$48**
% of sales	-210 bps	7.1%	9.2%	9.8%
Effective Tax Rate	**-870 bps**	**17.8%**	**26.5%**	**25.9%**
EPS (Earnings per Diluted Share)	**(22)%**	**$0.27**	**$0.35**	**$0.37**

*Note: Financial results were not adjusted in Q2 FY23; therefore, adjusted numbers are not presented.

Q2 FY23 Adjusted EPS Bridge

Volume growth offset by inflation, foreign exchange and macro headwinds



$0.03 due to Swiss tax reform ruling

- Metal Cutting volume increased at typical operating leverage
- Infrastructure under-absorption due to intentionally extending planned shutdowns to lower powder safety stocks
- Pricing actions substantially offset raw material, wage and general cost inflation on a dollar basis

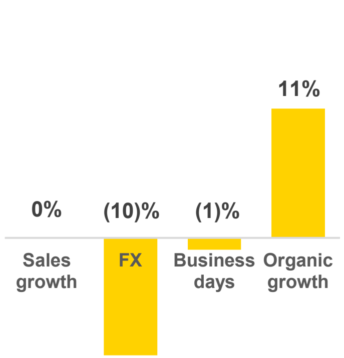
* Financial results were not adjusted for Q2 FY23

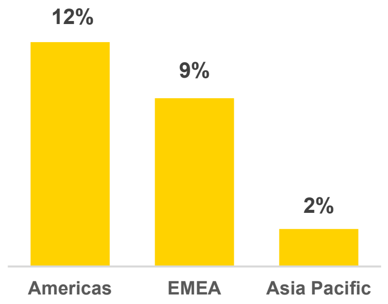
Steady performance despite challenging macro dynamics

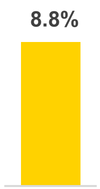
11% Organic sales growth

Sales of $299 million

- **Growth in all regions**
  - Americas strength driven by broad, resilient demand
  - EMEA strength, despite Russia exit
  - Asia Pacific - China significantly affected by COVID





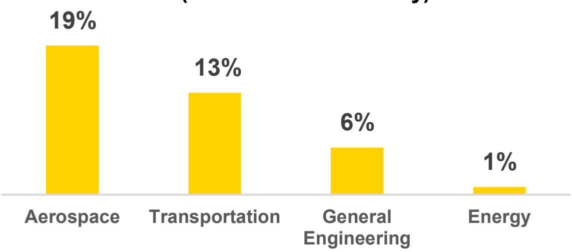


- **Adjusted operating margin steady at 8.8%*, despite ~120 bps FX headwind**
  - Volume increased at typical operating leverage
  - Macroeconomic headwinds from FX and inflation continue
  - Price substantially mitigates raw materials, wage and general inflation

End-markets remain resilient

Growth across all markets

- **Growth in all end markets**
  - Aerospace strength continues with execution on strategic initiatives
  - Transportation improving despite ongoing supply chain challenges
  - General Engineering solid growth despite effect of COVID in China
  - Energy growth moderated with O&G customer fiscal year-end inventory adjustments



Commercial and Operational Excellence

Positioning for growth

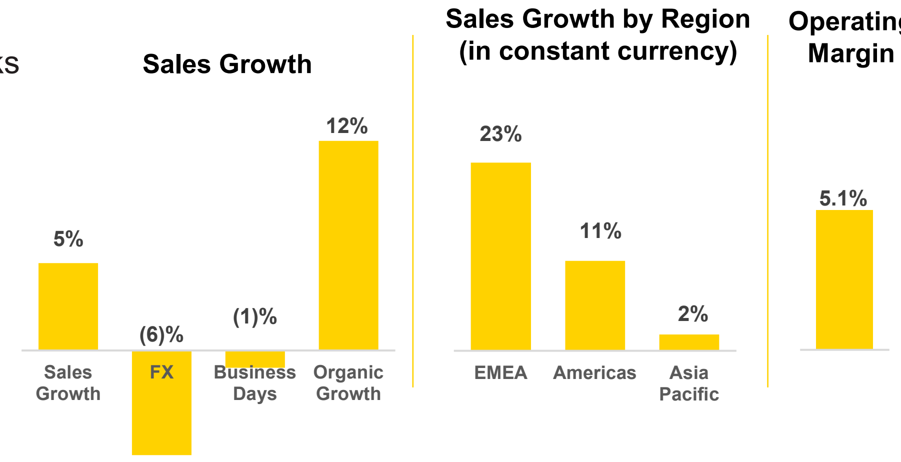
- Winning larger share-of-wallet with existing customers, securing new customers through innovation and market leadership position
- Focusing on Lean Operations to drive additional productivity and profitability
- Increasing customer service levels

* Financial results were not adjusted in Q2 FY23

Price and productivity reducing effects of inflation and safety stock reduction actions

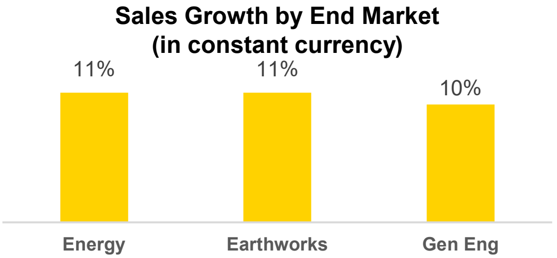
12% Organic sales growth
Sales of $198 million

- **Growth across all regions**
  - EMEA - growth driven mainly by Gen Eng and Earthworks
  - Americas - growth driven mainly by Energy and Earthworks
  - Asia Pacific - China significantly affected by COVID surge
- **Adjusted operating margin of 5.1%***
  - Affected by temporary under-absorption; intentionally extended planned shutdowns to lower powder safety stocks as supply chain constraints improve
  - Lower year-over-year price/raw favorability
  - Pricing substantially covered raw material, wage and general cost inflation
- **2HFY23 margin recovery expected**
  - Under-absorption abates by end Q3; Q4 margins expected to return to 1Q FY23 level



Strength in End-markets continues
Growth across all markets

- **Growth across all end markets**
  - Energy end-market demand supported by US-land-only-rig count up ~35%, partially offset by some customer destocking at calendar yearend
  - Earthworks strong in all regions driven mainly by underground mining
  - General Engineering driven mainly by strength in EMEA



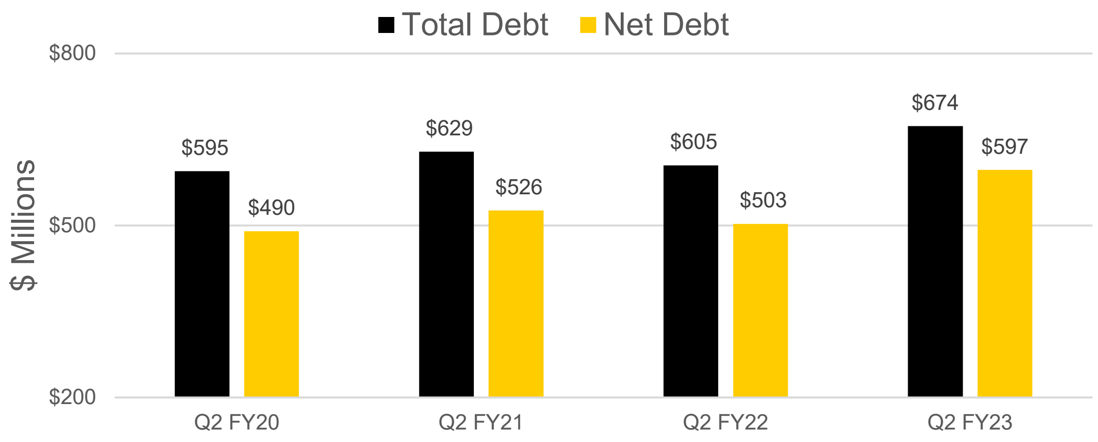
Commercial and Operational Excellence
Positioning for growth

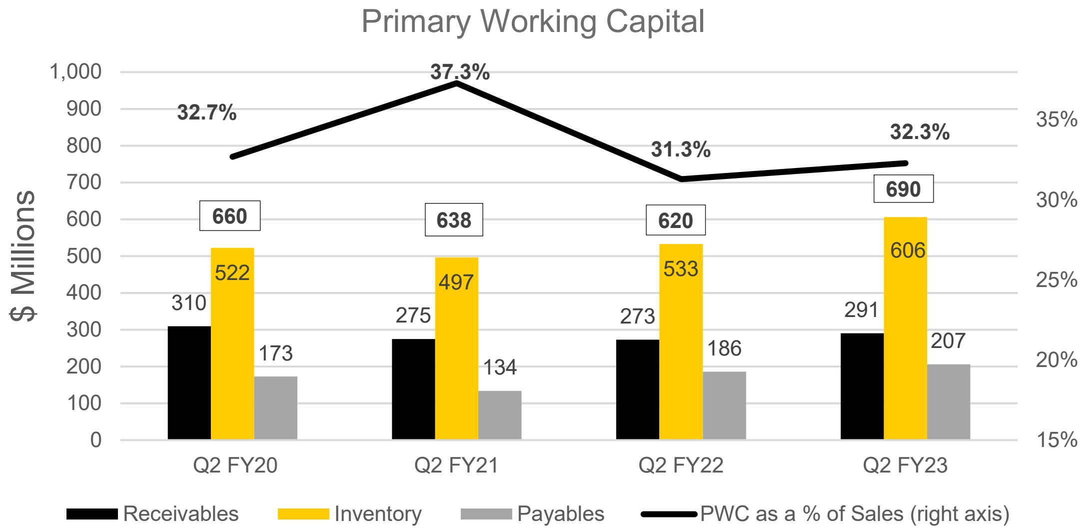
- Driving share gain in underserved geographies and customer segments by leveraging technical expertise and solutions
- Leveraging improvements in operating efficiency to drive productivity and increase customer service levels

* Financial results were not adjusted in Q2 FY23

Balance Sheet and Cashflow Statement Highlights

Strong cashflow and balance sheet support investment and returning cash to shareholders





Share Repurchases & Debt Profile

- **$200M 3-year share repurchase program**
  - Q2: $11M purchased; 468K shares
  - Since inception: $115M purchased; 4.0M shares, ~5% shares outstanding
- **Debt profile**
  - Two $300M notes mature June 2028 & March 2031
  - $700M revolver amended and extended to June 2027
    - $77M outstanding at quarter-end
  - Covenant ratio well within limits

Consolidated Results ($ in millions)	**Q2 FY23**	**Q2 FY22**
Net Cash from Operating Activities	$63	$42
Capital Expenditures, Net	$(19)	$(20)
Free Operating Cash Flow (FOCF)	$44	$22
Dividends	$(16)	$(17)

Sequential improvement despite continuing high inflation, FX and other macro headwinds

Q3 FY23 Outlook	
Sales	$520M - $540M
Volume growth	~(2)% - 2%
Price Realization	~7%
Foreign exchange	~$20M headwind
Interest Expense	~$8M
Adjusted Operating Income	≥$40M

Revenue Assumptions YoY:

- Continued growth in Aerospace, Energy, Earthworks and General Engineering
- Transportation gradually improves through the year as supply chain disruptions abate
- Earthworks follows normal seasonal pattern
- Headwinds from COVID in China expected to improve in Q3

Profitability Assumptions YoY:

- Inflationary environment continues
  - Price substantially offsets raw material, wage and general cost increases, on a dollar basis
  - Significant raw material YoY headwind ~$23 million
- FX YoY headwind ~$4 million on operating income
- Metal Cutting volume levers at expected rate
- Infrastructure under-absorption and price/raw effects expected to improve sequentially
- Non-cash pension income lower by ~$4 million (does not affect operating income)

FY23 Total Year Outlook

Ending the year stronger through focused execution of initiatives

FY23 Total Year Outlook	
Sales Volume growth Price realization Foreign exchange	$2,050M - $2,100M 0% - 2% ~7% ~$100M headwind
Interest Expense	~$30M
Adjusted Effective Tax Rate	24% - 26%
Adjusted EPS	$1.30 - $1.70
Depreciation & Amortization	~$135M
Capital Spending	$100M - $120M
Primary Working Capital (% of sales)	31 - 33% throughout the year
Free Operating Cash Flow (FOCF)	~100% of adjusted net income
Share Repurchases	Offset dilution from compensation programs, at a minimum

Revenue Assumptions YoY:

- 2H sales expected to be approximately in line with normal seasonality; excluding the effects of currency exchange
- Continued resilience in all end-markets
- Headwinds from COVID in China expected to further improve in Q4

Profitability Assumptions YoY:

- Inflationary environment continues
  - Pricing to cover raw material, wage and general cost increases, on a dollar basis
  - Raw material cost YoY headwinds continue; tungsten prices expected to be flat for the remainder of FY23
- FX YoY headwind of ~$20 million on operating income
- Metal Cutting volume levers at expected rate
- Infrastructure margin in Q4 to return to approximately Q1 FY23 level
- Non-cash pension income lower by ~$14 million

Summary

Strong growth and cash flow in the quarter with more growth and margin improvement ahead

Commercial Excellence

- Pricing actions, strategic initiatives and market resiliency supporting growth despite macroeconomic uncertainties in FY23
- Strong growth prospects including:
  - Base business expansion through innovation and customer focus
  - Mega-trends such as Hybrid and Electric Vehicles, Digitalization and ESG align well with our technical expertise and market exposure
  - Significant opportunity to increase share-of-wallet and secure new customers in underserved markets, geographies and applications spaces

Operational Excellence

- Opportunity to further advance Operational Excellence benefits, including:
  - Driving greater productivity and profitability through lean and smart factory initiatives
  - Continuing to elevate service levels to delight customers and earn a larger share of their business
  - Leveraging modernized processes to enable new product innovations

Cash Flow

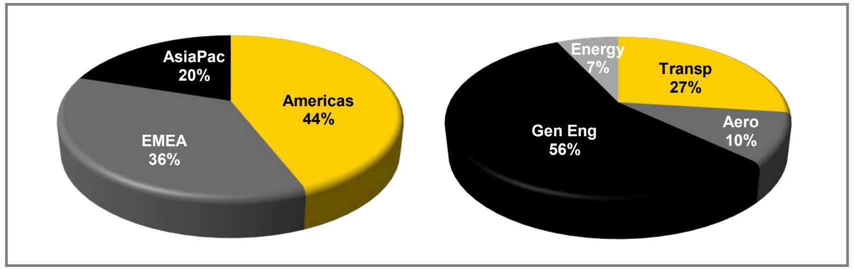
- Delivered strong cashflow in Q2
- Opportunity ahead to further increase cash flow through margin expansion and working capital improvements, including inventory reductions
- Maintaining focus on returning cash to shareholders and investing in strategic initiatives

Appendix

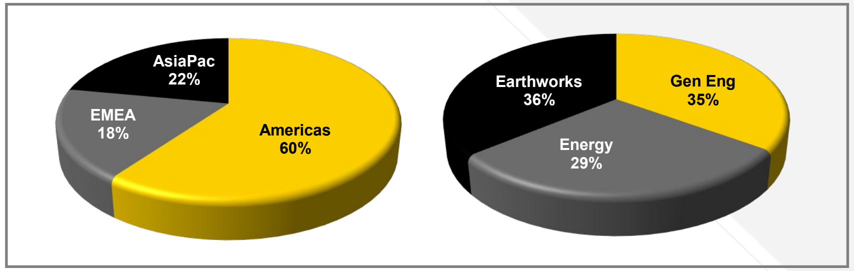
Segment Results

Growth in all end-markets and regions; aerospace, transportation & earthworks at double-digit YoY growth

Metal Cutting



Infrastructure



Period Ending December 31, 2022

($ in millions)

		Q2 FY23		
	% of KMT total	**Metal Cutting**	**Infrastructure**	**Total**
Sales		**$299**	**$198**	**$497**
Organic		**11%**	**12%**	**11%**
FX		**(10)%**	**(6)%**	**(8)%**
Working Days		**(1)%**	**(1)%**	**(1)%**
Constant Currency Regional Growth:				
Americas	*50%*	12%	11%	11%
EMEA	*29%*	9%	23%	12%
AsiaPac	*21%*	2%	2%	2%
Constant Currency End-Market Growth:				
General Engineering	*47%*	6%	10%	7%
Energy	*17%*	1%	11%	8%
Transportation	*16%*	13%	N/A	13%
Earthworks	*14%*	N/A	11%	11%
Aerospace	*6%*	19%	N/A	19%
Operating Income		**$26**	**$10**	**$35**
Operating Margin		**8.8%**	**5.1%**	**7.1%**

Strong balance sheet supports initiatives

ASSETS *($ in millions)*	**December 2022**	**June 2022**
Cash and cash equivalents	$77	$86
Accounts receivable, net	291	295
Inventories	606	571
Other current assets	75	73
Total current assets	1,048	1,025
Property, plant and equipment, net	982	1,002
Goodwill and other intangible assets, net	366	370
Other assets	183	177
Total assets	$2,579	$2,574
LIABILITIES *($ in millions)*		
Revolving and other lines of credit and notes payable	$79	$21
Accounts payable	207	228
Other current liabilities	209	237
Total current liabilities	494	486
Long-term debt	595	594
Other liabilities	200	202
Total liabilities	1,289	1,282
Kennametal Shareowners' Equity	1,250	1,253
Noncontrolling interest	39	39
Total liabilities and equity	$2,579	$2,574

Non-GAAP Reconciliations

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

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(1), divestitures(2), business days(3) and foreign currency exchange(4) from year-over-year comparisons. Management believes this measure provides investors with a supplemental understanding of underlying sales trends by providing sales 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(1), divestitures(2) and foreign currency exchange(4) from year-over-year comparisons. We note that, unlike organic sales growth (decline), constant currency regional sales growth (decline) does not exclude the impact of business days. We believe this measure provides investors with a supplemental understanding of underlying regional trends by providing regional sales growth (decline) on a consistent basis. Also, we report constant currency regional sales growth (decline) at the consolidated and segment levels.

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(1), divestitures(2) and foreign currency exchange(4) 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, (benefit) 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.

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

Non-GAAP Reconciliations (cont'd)

($ in millions, except percents and per share data)	Sales	Gross Profit	Operating Expense	Operating Income	Net Income[5]	Diluted EPS	Effective Tax Rate
Q2 FY22 Reported Results	$ 486.7	$ 153.0	$ 106.7	$ 47.5	$ 31.4	$ 0.37	25.9 %
Reported Margins		31.4 %	21.9 %	9.8 %			
Net benefit from reversal of restructuring and related charges	—	1.7	—	(1.7)	(1.8)	(0.02)	(7.4)
Gain on New Castle divestiture	—	—	—	(1.0)	(0.8)	(0.01)	21.0
Differences in projected annual tax rates	—	—	—	—	0.4	0.01	(13.0)
Q2 FY22 Adjusted Results	$ 486.7	$ 154.7	$ 106.7	$ 44.8	$ 29.2	$ 0.35	26.5 %
Q2 FY22 Adjusted Margins		31.8 %	21.9 %	9.2 %			

[5] Attributable to Kennametal Shareholders

Non-GAAP Reconciliations (cont'd)

($ in millions)	Three Months Ended December 31, 2022		2021	
Net income attributable to Kennametal, reported	$	21.9	$	31.4
Add back:				
Interest expense		7.0		6.5
Interest income		(0.3)		(0.2)
Provision for income taxes		5.0		11.5
Depreciation		31.5		29.1
Amortization		3.1		3.3
EBITDA	$	68.3	$	81.5
Margin		13.7 %		16.7 %
Adjustments:				
Net benefit from the reversal of restructuring and related charges		—		(1.7)
Gain on New Castle divestiture		—		(1.0)
Adjusted EBITDA	$	68.3	$	78.8
Adjusted Margin		13.7 %		16.2 %

Non-GAAP Reconciliations (cont’d)

($ in millions, except percents)	Metal Cutting Sales	Metal Cutting Operating Income	Infrastructure Sales	Infrastructure Operating Income
Q2 FY22 Reported Results	$ 298.6	$ 27.9	$ 188.1	$ 20.0
Reported Operating Margin		9.3 %		10.6 %
Net benefit from reversal of restructuring and related charges	—	(1.7)	—	—
Gain on New Castle divestiture	$ —	$ —	$ —	$ (1.0)
Q2 FY22 Adjusted Results	$ 298.6	$ 26.2	$ 188.1	$ 19.0
Q2 FY22 Adjusted Operating Margin		8.8 %		10.1 %

Non-GAAP Reconciliations (cont'd)

Three Months Ended December 31, 2022	Metal Cutting	Infrastructure	Kennametal
Organic sales growth	11 %	12 %	11 %
Foreign currency exchange effect	(10)	(6)	(8)
Business days effect	(1)	(1)	(1)
Sales growth	— %	5 %	2 %

Three Months Ended December 31, 2021	Metal Cutting	Infrastructure	Kennametal
Organic sales growth	7 %	18 %	11 %
Foreign currency exchange effect	—	1	—
Business days effect	(1)	—	(1)
Sales growth	6 %	19 %	10 %

Non-GAAP Reconciliations (cont'd)

Metal Cutting			
Three Months Ended December 31, 2022	**Americas**	**EMEA**	**Asia Pacific**
Constant currency regional sales growth	12 %	9 %	2 %
Foreign currency exchange effect	(1)	(15)	(10)
Regional sales growth (decline)	11 %	(6)%	(8)%

Infrastructure			
Three Months Ended December 31, 2022	**Americas**	**EMEA**	**Asia Pacific**
Constant currency regional sales growth	11 %	23 %	2 %
Foreign currency exchange effect	(1)	(17)	(10)
Regional sales growth (decline)	10 %	6 %	(8)%

Kennametal			
Three Months Ended December 31, 2022	**Americas**	**EMEA**	**Asia Pacific**
Constant currency regional sales growth	11 %	12 %	2 %
Foreign currency exchange effect	—	(15)	(10)
Regional sales growth (decline)	11 %	(3)%	(8)%

Non-GAAP Reconciliations (cont'd)

Metal Cutting			
Three Months Ended December 31, 2021	**Americas**	**EMEA**	**Asia Pacific**
Constant currency regional sales growth (decline)	11 %	8 %	(4)%
Foreign currency exchange effect	—	(3)	1
Regional sales growth (decline)	11 %	5 %	(3)%

Infrastructure			
Three Months Ended December 31, 2021	**Americas**	**EMEA**	**Asia Pacific**
Constant currency regional sales growth	22 %	15 %	14 %
Foreign currency exchange effect	—	—	3
Regional sales growth	22 %	15 %	17 %

Kennametal			
Three Months Ended December 31, 2021	**Americas**	**EMEA**	**Asia Pacific**
Constant currency regional sales growth	16 %	9 %	3 %
Foreign currency exchange effect	—	(2)	1
Regional sales growth	16 %	7 %	4 %

Non-GAAP Reconciliations (cont'd)

Metal Cutting

Three Months Ended December 31, 2022	General Engineering	Transportation	Aerospace	Energy
Constant currency end market sales growth	6 %	13 %	19 %	1 %
Foreign currency exchange effect	(8)	(10)	(7)	(7)
End market sales (decline) growth	(2)%	3 %	12 %	(6)%

Infrastructure

Three Months Ended December 31, 2022	Energy	Earthworks	General Engineering
Constant currency end market sales growth	11 %	11 %	10 %
Foreign currency exchange effect	(3)	(7)	(7)
End market sales growth	8 %	4 %	3 %

Kennametal

Three Months Ended December 31, 2022	Energy	Earthworks	General Engineering	Transportation	Aerospace
Constant currency end market sales growth	8 %	11 %	7 %	13 %	19 %
Foreign currency exchange effect	(4)	(7)	(7)	(10)	(7)
End market sales growth	4 %	4 %	— %	3 %	12 %

Non-GAAP Reconciliations (cont'd)

Metal Cutting

Three Months Ended December 31, 2021	General Engineering	Transportation	Aerospace	Energy
Constant currency end market sales growth (decline)	13 %	(10) %	24 %	7 %
Foreign currency exchange effect	(1)	(1)	—	—
End market sales growth (decline)	12 %	(11) %	24 %	7 %

Infrastructure

Three Months Ended December 31, 2021	Energy	Earthworks	General Engineering
Constant currency end market sales growth	33 %	11 %	17 %
Foreign currency exchange effect	—	1	—
End market sales growth	33 %	12 %	17 %

Kennametal

Three Months Ended December 31, 2021	Energy	Earthworks	General Engineering	Transportation	Aerospace
Constant currency end market sales growth (decline)	24 %	11 %	14 %	(10) %	24 %
Foreign currency exchange effect	—	1	—	(1)	—
End market sales growth (decline)	24 %	12 %	14 %	(11) %	24 %

Non-GAAP Reconciliations (cont'd)

Net Debt	Three Months Ended			
(in millions)	12/31/2022	12/31/2021	12/31/2020	12/31/2019
Total debt (gross)	$ 673.6	$ 605.0	$ 628.7	$ 595.3
Less: cash and cash equivalents	76.8	101.8	103.2	105.2
Net debt	$ 596.8	$ 503.2	$ 525.5	$ 490.1

	Three Months Ended December 31,	
(in millions)	2022	2021
Net cash flow provided by operating activities	$ 63.3	$ 42.0
Purchases of property, plant and equipment	(21.1)	(19.9)
Proceeds from disposals of property, plant and equipment	2.3	0.2
Free operating cash flow	$ 44.4	$ 22.3

Non-GAAP Reconciliations (cont'd)

(in thousands, except percents)	12/31/2022	9/30/2022	6/30/2022	3/31/2022	12/31/2021	Average
Current assets	$ 1,048,303	$ 1,011,486	$ 1,024,708	$ 1,043,241	$ 984,201	
Current liabilities	494,334	497,488	485,610	460,365	410,983	
Working capital, GAAP	$ 553,969	$ 513,998	$ 539,098	$ 582,876	$ 573,218	
Excluding items:						
Cash and cash equivalents	(76,784)	(64,568)	(85,586)	(99,982)	(101,799)	
Other current assets	(74,723)	(76,732)	(72,940)	(69,582)	(76,794)	
Total excluded current assets	(151,507)	(141,300)	(158,526)	(169,564)	(178,593)	
Adjusted current assets	896,796	870,186	866,182	873,677	805,608	
Revolving and other lines of credit and notes payable to banks	(78,805)	(85,239)	(21,186)	(28,736)	(12,228)	
Other current liabilities	(208,807)	(206,309)	(236,537)	(233,942)	(212,898)	
Total excluded current liabilities	(287,612)	(291,548)	(257,723)	(262,678)	(225,126)	
Adjusted current liabilities	206,722	205,940	227,887	197,687	185,857	
Primary working capital	$ 690,074	$ 664,246	$ 638,295	$ 675,990	$ 619,751	$ 657,671

	Three Months Ended				
	12/31/2022	9/30/2022	6/30/2022	3/31/2022	Total
Sales	$ 497,121	$ 494,792	$ 530,016	$ 512,259	$ 2,034,188
Primary working capital as a percentage of sales					32.3 %

Non-GAAP Reconciliations (cont'd)

(in thousands, except percents)	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020	Average
Current assets	$ 984,201	$ 966,948	$ 1,004,807	$ 966,916	$ 948,686	
Current liabilities	410,983	389,223	437,394	425,553	402,641	
Working capital, GAAP	$ 573,218	$ 577,725	$ 567,413	$ 541,363	$ 546,045	
Excluding items:						
Cash and cash equivalents	(101,799)	(107,316)	(154,047)	(114,307)	(103,188)	
Other current assets	(76,794)	(74,906)	(71,470)	(73,235)	(73,123)	
Total excluded current assets	(178,593)	(182,222)	(225,517)	(187,542)	(176,311)	
Adjusted current assets	805,608	784,726	779,290	779,374	772,375	
Revolving and other lines of credit and notes payable to banks	(12,228)	(368)	(8,365)	(18,745)	(34,979)	
Other current liabilities	(212,898)	(211,778)	(251,370)	(242,327)	(233,509)	
Total excluded current liabilities	(225,126)	(212,146)	(259,735)	(261,072)	(268,488)	
Adjusted current liabilities	185,857	177,077	177,659	164,481	134,153	
Primary working capital	$ 619,751	$ 607,649	$ 601,631	$ 614,893	$ 638,222	$ 616,429

	Three Months Ended				
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	Total
Sales	$ 486,673	$ 483,509	$ 515,971	$ 484,658	$ 1,970,811
Primary working capital as a percentage of sales					31.3 %

Non-GAAP Reconciliations (cont'd)

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

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

Non-GAAP Reconciliations (cont'd)

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

	Three Months Ended				
	12/31/2019	9/30/2019	6/30/2019	3/31/2019	Total
Sales	$ 505,080	$ 518,088	$ 603,949	$ 597,204	$ 2,224,321
Primary working capital as a percentage of sales					32.7 %

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