

# FY21 Third Quarter Earnings Call Presentation

*May 4, 2021*



# Safe Harbor Statement

---

Certain statements in this release may be forward-looking in nature, or “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are statements that do not relate strictly to historical or current facts. For example, statements about Kennametal’s outlook for earnings, sales volumes, cash flow, capital expenditures and effective tax rate for fiscal year 2021 and our expectations regarding future growth and financial performance are forward-looking statements. Any forward-looking statements are based on current knowledge, expectations and estimates that involve inherent risks and uncertainties. Should one or more of these risks or uncertainties materialize, or should the assumptions underlying the forward-looking statements prove incorrect, our actual results could vary materially from our current expectations. There are a number of factors that could cause our actual results to differ from those indicated in the forward-looking statements. They include: the duration of the COVID-19 pandemic and its impacts on our business operations, financial results and financial position and on the industries in which we operate and the global economy generally; other downturns in the business cycle or the economy; our ability to achieve all anticipated benefits of restructuring, simplification and modernization initiatives; risks related to our foreign operations and international markets, such as currency exchange rates, different regulatory environments, trade barriers, exchange controls, and social and political instability; changes in the regulatory environment in which we operate, including environmental, health and safety regulations; potential for future goodwill and other intangible asset impairment charges; our ability to protect and defend our intellectual property; continuity of information technology infrastructure; competition; our ability to retain our management and employees; demands on management resources; availability and cost of the raw materials we use to manufacture our products; product liability claims; integrating acquisitions and achieving the expected savings and synergies; global or regional catastrophic events; demand for and market acceptance of our products; business divestitures; labor relations; and implementation of environmental remediation matters. Many of these risks and other risks are more fully described in Kennametal’s latest annual report on Form 10-K and our other periodic filings with the Securities and Exchange Commission. We can give no assurance that any goal or plan set forth in forward-looking statements can be achieved and readers are cautioned not to place undue reliance on such statements, which speak only as of the date made. We undertake no obligation to release publicly any revisions to forward-looking statements as a result of future events or developments.

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

# Strong sales, free operating cash flow and sequential margin improvement

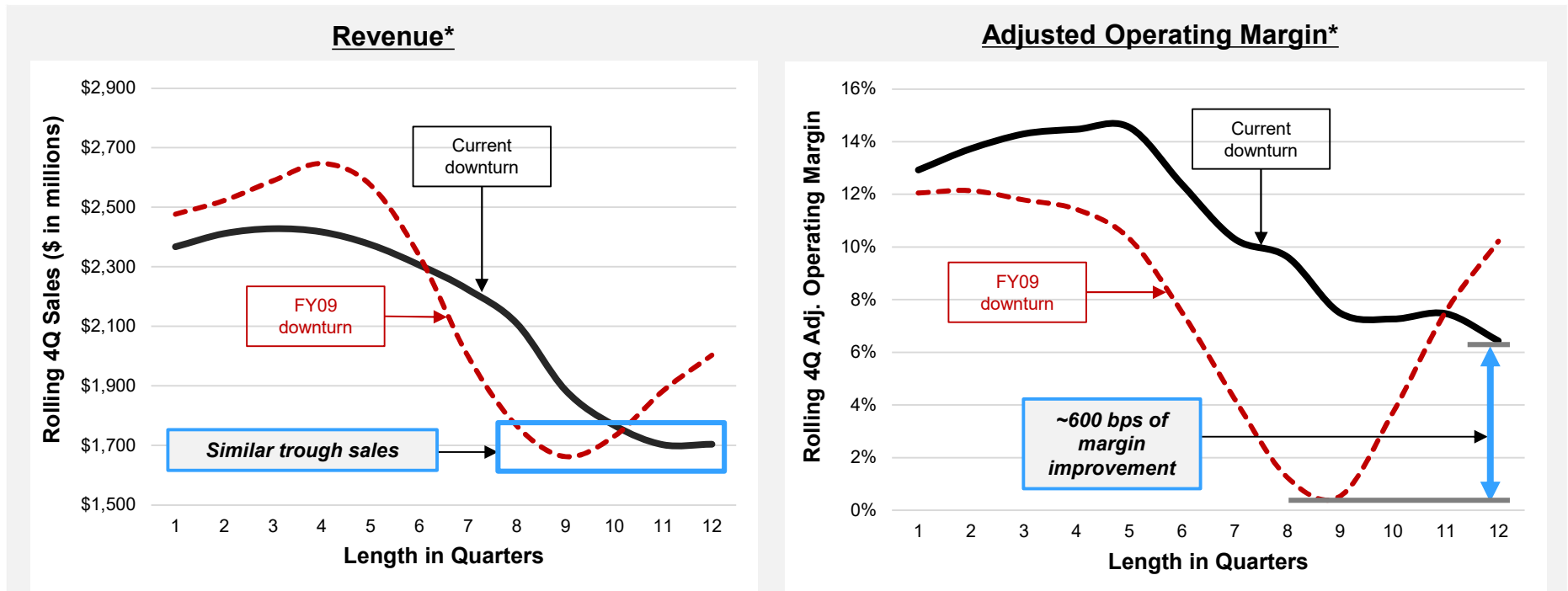
## Q3 FY21 Overview & Highlights

- **Organic sales modestly down YoY, but improving sequentially: (1)% YoY organic sales decline vs. (17)% decline prior year**
  - Sales up 10% sequentially with 2% benefit from FX, outperforming expectations
  - Sequential improvement across all regions, particularly in transportation and general engineering end-markets
  - YoY segment organic growth rates: Metal Cutting 0%, Infrastructure (3)%
  - YoY regional growth rates\*: the Americas (10)%, EMEA (3)%, AsiaPac +17%
- **Adjusted operating margin up 330 bps sequentially: 8.6% vs. 5.3% in Q2 FY21**
  - Sequential improvement driven primarily by stronger sales and improved manufacturing productivity, despite continued lifting of temporary cost-control actions (mainly salary restorations)
  - Adjusted operating margin declined YoY due to prior year temporary cost controls (furloughs and lower incentive comp), mix, lower production and volumes, partially offset by Simplification/Modernization benefits
- **Simplification/Modernization on-track; nearing completion**
  - Incremental benefits of \$18M, up 20% year-over-year; \$164 of benefits since program inception
  - FY21 total benefits on-track for ~\$80M and ~\$180M since inception, despite lower volumes
- **Earnings per share: Reported \$0.26; Adjusted \$0.32 (vs. \$0.46 PY)**
  - Adjusted effective tax rate decreased to 20.6% from 28.5% prior year quarter
- **Disciplined execution yielding results**
  - Commercial Excellence and growth initiatives gaining traction, including new fit-for-purpose application focus
  - Sequential underlying operating leverage inline with expectations
  - Strong free operating cash flow generation
  - Q4 FY21 sales expected to be up mid-single digits sequentially; above normal quarterly pattern of up ~3-4%
    - Expect Q4 FY21 adjusted operating margin to improve modestly both YoY and sequentially
    - Positive free operating cash flow expected in Q4

\* Constant Currency Regional Sales Growth

# Significantly higher profitability throughout downturn; well positioned for upturn

## Revenue and Adjusted Operating Margin in Downturns



Note: Starting point for each line is 4 quarters prior to start of negative organic growth  
 FY09 period plotted on graph: Q2 FY08 – Q1 FY11; downturn: Q2 FY09 - Q2FY10  
 Current downturn period plotted on graph: Q4 FY18 - present; downturn: Q4 FY19 - present  
 \* see footnote on slide 15

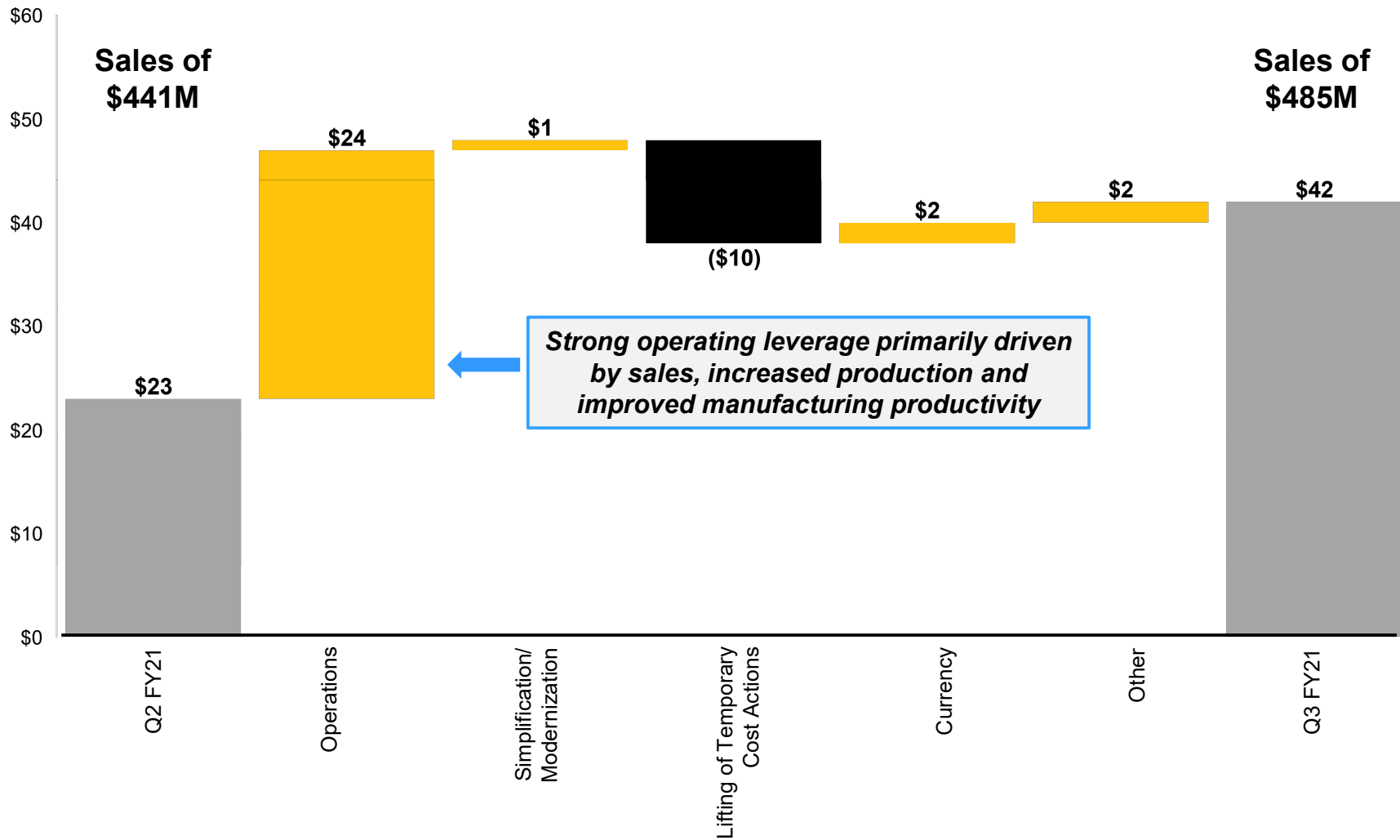
## Solid YoY performance despite reinstating COVID-related temporary costs & mix

### Consolidated Q3 FY21 Financial Overview

Quarter Ended (\$ in millions)	Change from PY	Adjusted		Reported	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
<b>Sales</b>	<b>0%</b>	<b>\$485</b>	<b>\$483</b>	<b>\$485</b>	<b>\$483</b>
Organic		(1)%	(17)%	(1)%	(17)%
FX		2%	(1)%	2%	(1)%
Divestiture		-	(1)%	-	(1)%
Business Days		(1)%	-	(1)%	-
<b>Gross Profit</b>	<b>(5)%</b>	<b>\$153</b>	<b>\$161</b>	<b>\$150</b>	<b>\$157</b>
% of sales	(170) Bps	31.6%	33.3%	31.0%	32.5%
<b>Operating Expense</b>	<b>10%</b>	<b>\$108</b>	<b>\$99</b>	<b>\$108</b>	<b>\$99</b>
% of sales	190 bps	22.3%	20.4%	22.3%	20.4%
<b>EBITDA</b>	<b>(17)%</b>	<b>\$74</b>	<b>\$90</b>	<b>\$72</b>	<b>\$70</b>
% of sales	(330) Bps	15.3%	18.6%	14.9%	14.4%
<b>Operating Income</b>	<b>(30)%</b>	<b>\$42</b>	<b>\$59</b>	<b>\$40</b>	<b>\$38</b>
% of sales	(360) Bps	8.6%	12.2%	8.2%	7.8%
<b>Effective Tax Rate</b>	(790) Bps	20.6%	28.5%	(8.0)%	93.0%
<b>EPS (Earnings per Diluted Share)</b>	<b>(30)%</b>	<b>\$0.32</b>	<b>\$0.46</b>	<b>\$0.26</b>	<b>\$0.03</b>

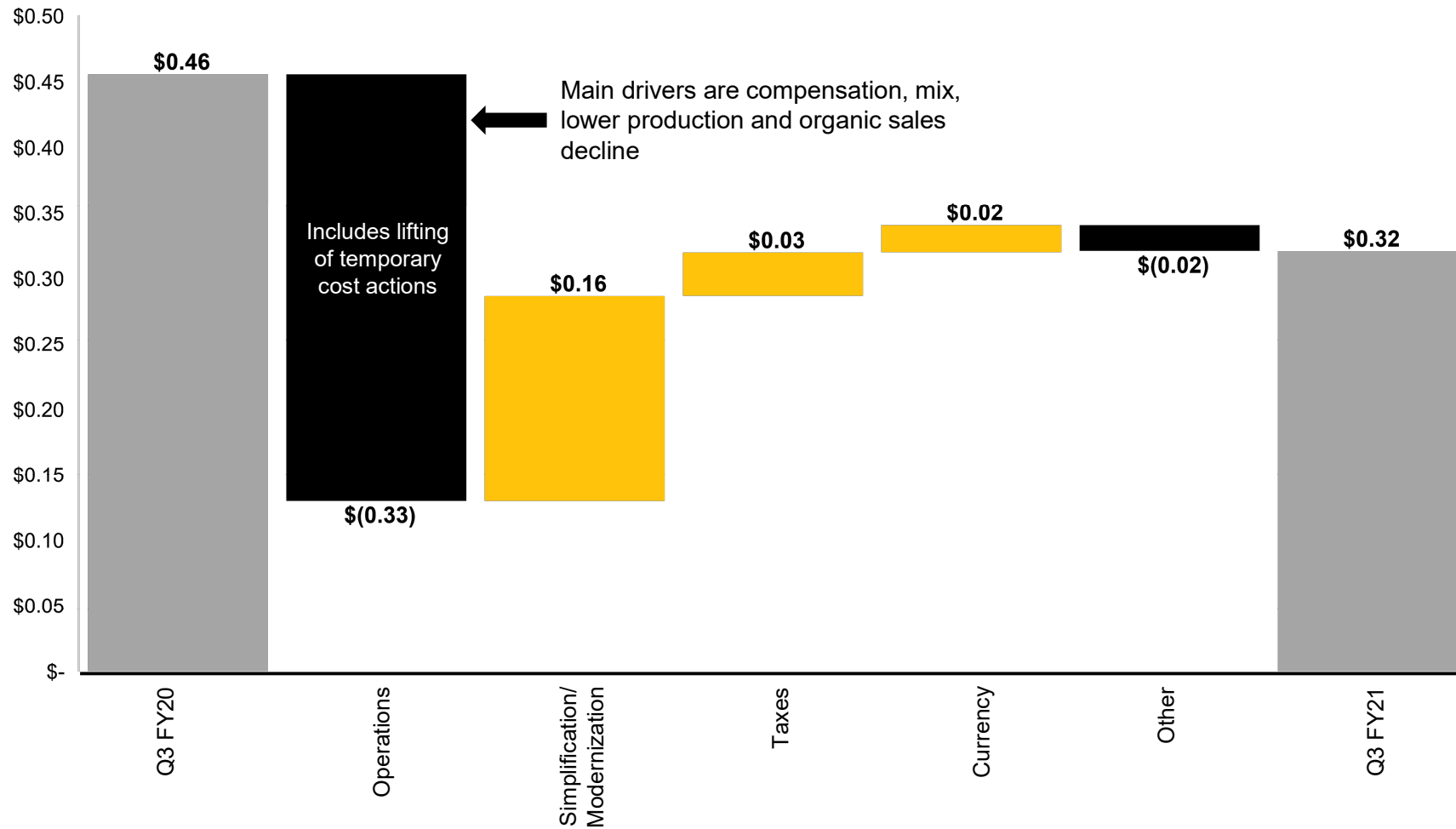
# Solid sequential operating leverage despite continued lifting of temporary costs

Q3 FY21 Adjusted Operating Income Sequential Bridge



# YoY influenced by pandemic related effects; Simplification/Modernization on-track

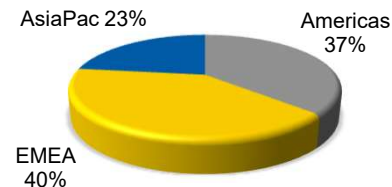
Q3 FY21 Adjusted EPS YoY Bridge



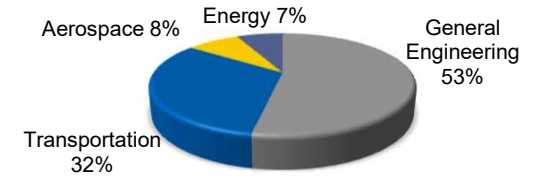
# Sequential improvement and modernization benefits set-up a profitable recovery

## Metal Cutting Business Segment Q3 FY21 Summary

Sales by Geography



Sales by End Market



### Q3 FY21 sales \$308 million; organic sales flat YoY vs. (17)% decline in prior year quarter

- Regional sales trends\*: Americas (9)%, EMEA 0%, AsiaPac +10%
- FX benefit of 3%, partially offset by (1)% headwind from fewer business days
- Adjusted operating margin decreased by 380 bps to 8.2%, due mainly to prior year temporary cost controls, mix and lower production, partially offset by Simplification/Modernization benefits

### Sequential improvement most notably in Transportation and General Engineering end-markets

- Sequential improvement of 9%, with 2% benefit from FX; outpacing normal seasonality of ~3-4%
- Transportation strongest end-market with YoY growth of 11%\*\*; sequential growth of 11%
- General Engineering also returned to YoY growth, up 1%\*\*; sequential growth of 9%
- Energy (16)% YoY decline\*\*; sequential growth of 4% with O&G improving
- Aerospace remains challenged with YoY decline of (34)%\*\*; however, sequential growth of 7%

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

- Simplification/Modernization continues to progress with more benefits to come; operationalizing new equipment
- New innovative products like the Mill 4 - 15 with ramping capability supporting share gains
- Commercial strategy focused on growth initiatives including fit-for-purpose also driving share gains globally

Note: Sequential growth at actual foreign exchange rates

\* Constant Currency Regional Sales Growth

\*\* Constant Currency End-Market Sales Growth

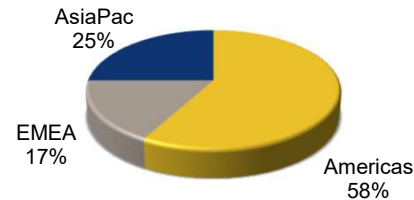




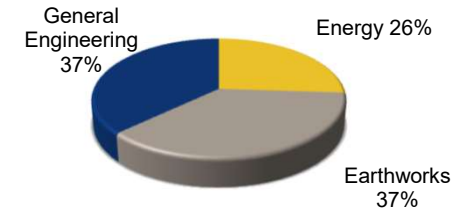
# Market recovery and share gain initiatives driving sequential improvement

## Infrastructure Business Segment Q3 FY21 Summary

Sales by Geography



Sales by End Market



### Q3 FY21 sales \$177 million; (3)% organic sales decline vs. (17)% decline in prior year quarter

- FX benefit of 2% partially offset by few business days of (1)%
- Regional sales trends\*: EMEA (13)%, Americas (11)%, AsiaPac +30%
- Adjusted operating margin declined YoY by 290 basis points to 10.1% from 13.0% last year
  - Decline driven mainly by prior year temporary cost controls, mix and lower volumes, partially offset by Simplification/Modernization benefits

### End-markets improving; sales up 12% sequentially (1% from FX) with oil & gas improving from low levels

- 2% YoY growth in General Engineering\*\*; Energy and Earthworks declined YoY at (14)% and (3)%, respectively\*\*
- US land only rig count ended the quarter down (43)% YoY\*\*, but up 22% sequentially
- Earthworks YoY sales decline driven by Americas underground mining and construction

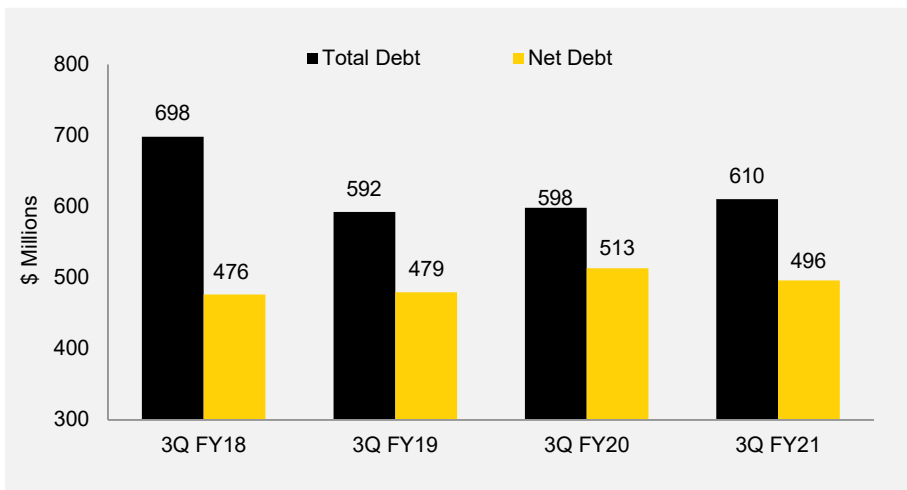
### Progress in Simplification/Modernization and growth initiatives

- Simplification/Modernization on-track with more benefits to come
- Focus on growth initiatives such as mining adjacencies and Energy resulting in share gains

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

Note: Sequential growth at actual foreign exchange rates

# Strong balance sheet & cash flow generation allows capital allocation flexibility



## Debt Structure & Covenants

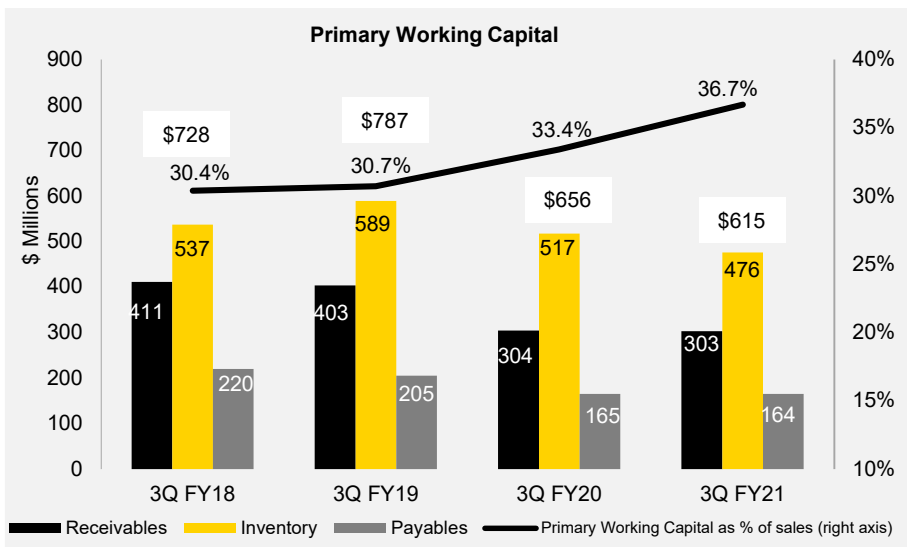
### Refinancing significantly extended debt profile

- Two \$300M notes mature June 2028 & March 2031
- Issued \$300M 10-yr notes to refinance notes maturing 2022
- New annualized interest expense expected to be ~\$28M
- \$700M revolver matures June 2023

### Covenants<sup>(2)</sup> well within limits

- Net Debt/EBITDA  $\leq$  4.25x; ratio at March 31<sup>st</sup>: 1.9x
- EBITDA/Interest  $\geq$  3.5x; ratio at March 31<sup>st</sup>: 7.4x

<sup>(2)</sup> definitions as per the credit agreement



Consolidated Results (\$ Millions)	3Q FY21	3Q FY20
Cash flow from Operations	\$72	\$59
Capital Expenditures, Net	\$25	\$57
Free Operating Cash Flow (FOCF)	\$47	\$2
Dividends	(\$17)	(\$17)

## Primary EPS and Free Operating Cash Flow drivers

	Q3 to Q4 Sequential	Q4 Year-over-Year	
<b>EPS Drivers</b>	Sales	<ul style="list-style-type: none"> <li>• <b>Mid-single digit growth</b></li> </ul>	<ul style="list-style-type: none"> <li>• Up over ~30%; (~5% FX)</li> </ul>
	Simplification/Modernization	<ul style="list-style-type: none"> <li>• <b>Up modestly</b> (FY21 at ~\$80M)</li> </ul>	<ul style="list-style-type: none"> <li>• Up ~\$17M</li> </ul>
	Temporary Costs	<ul style="list-style-type: none"> <li>• <b>None</b></li> </ul>	<ul style="list-style-type: none"> <li>• ~\$40 - \$45M headwind</li> </ul>
	Adjusted Effective Tax Rate	<ul style="list-style-type: none"> <li>• <b>Q4 ~28% vs. Q3 20.6%</b> (FY21 at ~25%)</li> </ul>	
<b>FOCF Drivers</b>	Capital Spending	<ul style="list-style-type: none"> <li>• <b>Flat at ~\$25M</b> (FY21 at ~\$120M)</li> </ul>	<ul style="list-style-type: none"> <li>• Down ~\$13M</li> </ul>
	Cash Restructuring	<ul style="list-style-type: none"> <li>• <b>Down ~\$5M</b></li> </ul>	<ul style="list-style-type: none"> <li>• Up ~\$5M</li> </ul>
	Primary Working Capital	<ul style="list-style-type: none"> <li>• <b>Modest use of cash</b></li> </ul>	<ul style="list-style-type: none"> <li>• Use of cash based on sales</li> </ul>

## Sales momentum and operating leverage positioning us well for recovery

---

- Continued momentum in sales, manufacturing performance and free cash flow are evidence of improving fundamentals and strong execution of initiatives
- Commercial Excellence initiatives progressing well
  - Growth initiatives performing well, including Fit-for-purpose initiative
- Operational Excellence initiatives on-track
  - Simplification/Modernization nearing completion and on-track for \$180 million since inception, despite low volume levels
- Adjusted EBITDA profitability targets achievable on sales of \$2.5B - \$2.6B
- Well positioned for improved profitability and share gain as markets recover

# Appendix



## Adjusted Segment Results

Quarter ended (\$ in millions)	March 31, 2021			March 31, 2020		
	Metal Cutting	Infrastructure	Total	Metal Cutting	Infrastructure	Total
<b>Sales</b>	<b>\$308</b>	<b>\$177</b>	<b>\$485</b>	<b>\$303</b>	<b>\$180</b>	<b>\$483</b>
Organic	0%	(3)%	(1)%	(17)%	(17)%	(17)%
FX	3%	2%	2%	(2)%	(1)%	(1)%
Business Days	(1)%	(1)%	(1)%	1%	-	-
Divestiture	-	-	-	-	(3)%	(1)%
<b>Constant Currency Regional Growth:</b>						
Americas	(9)%	(11)%	(10)%	(15)%	(21)%	(18)%
EMEA	0%	(13)%	(3)%	(19)%	(6)%	(16)%
AsiaPac	10%	30%	17%	(15)%	(16)%	(15)%
<b>Constant Currency End-market Growth:</b>						
Energy	(16)%	(14)%	(14)%	(6)%	(29)%	(23)%
General Engineering	1%	2%	1%	(17)%	(17)%	(17)%
Transportation	11%	n/a	11%	(16)%	n/a	(17)%
Aerospace	(34)%	n/a	(34)%	(18)%	n/a	(16)%
Earthworks	n/a	(3)%	(3)%	n/a	(6)%	(6)%
<b>Adjusted Operating Income</b>	<b>\$25</b>	<b>\$18</b>	<b>\$42</b>	<b>\$36</b>	<b>\$23</b>	<b>\$59</b>
<b>Adjusted Operating Margin</b>	<b>8.2%</b>	<b>10.1%</b>	<b>8.6%</b>	<b>12.0%</b>	<b>13.0%</b>	<b>12.2%</b>

# Balance Sheet

<b>ASSETS</b> ( <i>\$ in millions</i> )	<b>March 2021</b>	<b>June 2020</b>
Cash and cash equivalents	\$114	\$607
Accounts receivable, net	303	238
Inventories	476	522
Other current assets	74	74
<b>Total current assets</b>	<b>\$967</b>	<b>\$1,441</b>
Property, plant and equipment, net	1,054	1,038
Goodwill and other intangible assets, net	400	403
Other assets	194	155
<b>Total assets</b>	<b>\$2,615</b>	<b>\$3,038</b>
<b>LIABILITIES</b> ( <i>\$ in millions</i> )		
Revolving and other lines of credit and notes payable	\$19	\$500
Accounts payable	164	165
Other current liabilities	243	233
<b>Total current liabilities</b>	<b>\$426</b>	<b>\$898</b>
Long-term debt	592	594
Other liabilities	279	277
<b>Total liabilities</b>	<b>\$1,297</b>	<b>\$1,769</b>
Kennametal Shareowners' Equity	\$1,277	1,230
Noncontrolling interests	41	39
<b>Total liabilities and equity</b>	<b>\$2,615</b>	<b>\$3,038</b>

# 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.

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

### **Organic Sales Decline**

Organic sales decline is a non-GAAP financial measure of sales growth (decline) (which is the most directly comparable GAAP measure) excluding the impacts of acquisitions<sup>(1)</sup>, divestitures<sup>(2)</sup>, business days<sup>(3)</sup> and foreign currency exchange<sup>(4)</sup> 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 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<sup>(1)</sup>, divestitures<sup>(2)</sup> and foreign currency exchange<sup>(4)</sup> from year-over-year comparisons. We note that, unlike organic sales 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<sup>(1)</sup>, divestitures<sup>(2)</sup> and foreign currency exchange<sup>(4)</sup> from year-over-year comparisons. We note that, unlike organic sales 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.

<sup>(1)</sup> Acquisition impact is calculated by dividing current period sales attributable to acquired businesses by prior period sales.

<sup>(2)</sup> Divestiture impact is calculated by dividing prior period sales attributable to divested businesses by prior period sales.

<sup>(3)</sup> 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.

<sup>(4)</sup> Foreign currency exchange impact is calculated by dividing the difference between current period sales and current period sales at prior period foreign exchange rates by prior period sales.

## Non-GAAP Reconciliations (cont'd)

(\$ in millions, except per share data and percents)	Sales	Gross Profit	Operating Expense	Operating Income	Effective Tax Rate	Net Income <sup>(5)</sup>	Diluted EPS
Q3 FY21 Reported Results	\$ 484.7	\$ 150.2	\$ 108.1	\$ 39.5	(8.0%)	\$ 21.6	\$ 0.26
Reported Margins		31.0%	22.3%	8.2%			
Restructuring and related charges	-	2.9	-	2.1	28.6	1.5	0.02
Effects of early debt extinguishment	-	-	-	-	48.6	6.4	0.08
Discrete tax benefit	-	-	-	-	(43.5)	(9.3)	(0.12)
Differences in projected annual tax rates	-	-	-	-	(5.1)	6.9	0.08
Q3 FY21 Adjusted Results	\$ 484.7	\$ 153.1	\$ 108.1	\$ 41.6	20.6%	\$ 27.1	\$ 0.32
Q3 FY21 Adjusted Margins		31.6%	22.3%	8.6%			

<sup>(5)</sup> Attributable to Kennametal Shareholders

(\$ in millions, except per share data and percents)	Sales	Gross Profit	Operating Expense	Operating Income	Effective Tax Rate	Net Income <sup>(5)</sup>	Diluted EPS
Q3 FY20 Reported Results	\$ 483.1	\$ 157.0	\$ 98.5	\$ 37.9	93.1%	\$ 2.9	\$ 0.03
Reported Margins		32.5%	20.4%	7.8%			
Restructuring and related charges	-	4.0	-	5.6	12.8	4.9	0.06
Goodwill and other intangible asset impairment charges	-	-	-	15.6	3.1	14.3	0.17
Differences in projected annual tax rates	-	-	-	-	(80.5)	16.1	0.20
Q3 FY20 Adjusted Results	\$ 483.1	\$ 161.0	\$ 98.5	\$ 59.1	28.5%	\$ 38.1	\$ 0.46
Q3 FY20 Adjusted Margins		33.3%	20.4%	12.2%			

(\$ in millions, except per share data and percents)	Sales	Operating Income
Q2 FY21 Reported Results	\$ 440.5	\$ 19.0
Reported Margins		4.3%
Restructuring and related charges	-	4.2
Differences in projected annual tax rates <sup>(6)</sup>	-	-
Q2 FY21 Adjusted Results	\$ 440.5	\$ 23.3
Q2 FY21 Adjusted Margins		5.3%

## Non-GAAP Reconciliations (cont'd)

(\$ in millions)	Three months ended March 31,	
	2021	2020
Net income attributable to Kennametal, reported	\$ 21.6	\$ 2.9
Add back:		
Interest expense	20.9	7.9
Interest income	(0.2)	(0.2)
(Benefit) provision for income taxes, reported	(1.7)	30.2
Depreciation	28.2	25.3
Amortization	3.4	3.4
<b>EBITDA</b>	<b>\$ 72.2</b>	<b>\$ 69.5</b>
<b>Margin</b>	<b>14.9%</b>	<b>14.4%</b>
Adjustments:		
Restructuring and related charges	2.1	5.6
Goodwill and other intangible asset impairment charges	-	14.7
<b>Adjusted EBITDA</b>	<b>\$ 74.3</b>	<b>\$ 89.8</b>
<b>Adjusted Margin</b>	<b>15.3%</b>	<b>18.6%</b>

## Non-GAAP Reconciliations (cont'd)

(\$ in millions, except percents)	Metal Cutting Sales	Metal Cutting Operating Income	Infrastructure Sales	Infrastructure Operating Income
Q3 FY21 Reported Results	\$ 308.1	\$ 22.7	\$ 176.5	\$ 18.3
Reported Operating Margin		7.4%		10.4%
Restructuring and related charges	-	2.5	-	(0.4)
Q3 FY21 Adjusted Results	\$ 308.1	\$ 25.2	\$ 176.5	\$ 17.8
Q3 FY21 Adjusted Operating Margin		8.2%		10.1%

(\$ in millions, except percents)	Metal Cutting Sales <sup>(6)</sup>	Metal Cutting Operating Income <sup>(6)</sup>	Infrastructure Sales	Infrastructure Operating Income
Q3 FY20 Reported Results	\$ 303.5	\$ 16.6	\$ 179.6	\$ 21.9
Reported Operating Margin		5.5%		12.2%
Restructuring and related charges	-	4.1	-	1.4
Goodwill and other intangible asset impairment charges	-	15.6	-	-
Q3 FY20 Adjusted Results	\$ 303.5	\$ 36.4	\$ 179.6	\$ 23.4
Q3 FY20 Adjusted Operating Margin		12.0%		13.0%

<sup>(6)</sup> Amounts for the three months ended March 31, 2020 have been restated to reflect the change in reportable operating segments.

## Non-GAAP Reconciliations (cont'd)

<b>Three months ended March 31, 2021:</b>	<b>Metal Cutting</b>	<b>Infrastructure</b>	<b>Kennametal</b>
Organic Sales Decline	0%	(3%)	(1%)
Foreign Currency Exchange Impact	3%	2%	2%
Business Days Impact	(1%)	(1%)	(1%)
<b>Sales Growth (Decline)</b>	<b>2%</b>	<b>(2%)</b>	<b>0%</b>

<b>Three months ended March 31, 2020:</b>	<b>Metal Cutting<sup>(6)</sup></b>	<b>Infrastructure</b>	<b>Kennametal</b>
Organic Sales Decline	(17%)	(17%)	(17%)
Foreign Currency Exchange Impact	(2%)	(1%)	(1%)
Business Days Impact	1%	0%	0%
Divestiture Impact	0%	(3%)	(1%)
<b>Sales Decline</b>	<b>(18%)</b>	<b>(21%)</b>	<b>(19%)</b>

<sup>(6)</sup> Amounts for the three months ended March 31, 2020 have been restated to reflect the change in reportable operating segments.

## Non-GAAP Reconciliations (cont'd)

### Metal Cutting

Three months ended March 31, 2021:	Americas	EMEA	Asia Pacific
Constant currency regional sales (decline) growth	(9%)	0%	10%
Foreign currency exchange impact	(1%)	7%	5%
Regional sales (decline) growth	(10%)	7%	15%

### Infrastructure

Three months ended March 31, 2021:	Americas	EMEA	Asia Pacific
Constant currency regional sales (decline) growth	(11%)	(13%)	30%
Foreign currency exchange impact	0%	6%	7%
Regional sales (decline) growth	(11%)	(7%)	37%

### Kennametal

Three months ended March 31, 2021:	Americas	EMEA	Asia Pacific
Constant currency regional sales (decline) growth	(10%)	(3%)	17%
Foreign currency exchange impact	0%	7%	5%
Regional sales (decline) growth	(10%)	4%	22%

## Non-GAAP Reconciliations (cont'd)

### Metal Cutting

Three months ended March 31, 2020 <sup>(6)</sup> :	Americas	EMEA	Asia Pacific
Constant currency regional sales decline	(15%)	(19%)	(15%)
Foreign currency exchange impact	0%	(2%)	(1%)
Regional sales decline	(15%)	(21%)	(16%)

<sup>(6)</sup> Amounts for the three months ended March 31, 2020 have been restated to reflect the change in reportable operating segments.

### Infrastructure

Three months ended March 31, 2020:	Americas	EMEA	Asia Pacific
Constant currency regional sales decline	(21%)	(6%)	(16%)
Foreign currency exchange impact	1%	(3%)	(2%)
Divestiture impact	(4%)	(1%)	0%
Regional sales decline	(24%)	(10%)	(18%)

### Kennametal

Three months ended March 31, 2020:	Americas	EMEA	Asia Pacific
Constant currency regional sales decline	(18%)	(16%)	(15%)
Foreign currency exchange impact	0%	(3%)	(2%)
Divestiture impact	(2%)	0%	0%
Regional sales decline	(20%)	(19%)	(17%)

## Non-GAAP Reconciliations (cont'd)

### Metal Cutting

Three months ended March 31, 2021:	General			
	Engineering	Transportation	Aerospace	Energy
Constant currency end market sales growth (decline)	1%	11%	(34%)	(16%)
Foreign currency exchange impact	3%	4%	2%	4%
End market sales growth (decline)	4%	15%	(32%)	(12%)

### Infrastructure

Three months ended March 31, 2021:	General		
	Energy	Earthworks	Engineering
Constant currency end market sales (decline) growth	(14%)	(3%)	2%
Foreign currency exchange impact	2%	3%	3%
End market sales (decline) growth	(12%)	0%	5%

### Kennametal

Three months ended March 31, 2021:	General				
	Energy	Earthworks	Engineering	Transportation	Aerospace
Constant currency end market sales (decline) growth	(14%)	(3%)	1%	11%	(34%)
Foreign currency exchange impact	2%	3%	3%	4%	2%
End market sales (decline) growth	(12%)	0%	4%	15%	(32%)



## Non-GAAP Reconciliations (cont'd)

### Metal Cutting

Three months ended March 31, 2020 <sup>(6)</sup> :	General			
	Engineering	Transportation	Aerospace	Energy
Constant currency end market sales decline	(18%)	(17%)	(16%)	(6%)
Foreign currency exchange impact	(1%)	(2%)	(1%)	(1%)
End market sales decline	(19%)	(19%)	(17%)	(7%)

<sup>(6)</sup> Amounts for the three months ended March 31, 2020 have been restated to reflect the change in reportable operating segments.

### Infrastructure

Three months ended March 31, 2020:	General		
	Energy	Earthworks	Engineering
Constant currency end market sales decline	(29%)	(6%)	(17%)
Foreign currency exchange impact	0%	(2%)	0%
Divestiture impact	(2%)	0%	(6%)
End market sales decline	(31%)	(8%)	(23%)

### Kennametal

Three months ended March 31, 2020:	General				
	Energy	Earthworks	Engineering	Transportation	Aerospace
Constant currency end market sales decline	(23%)	(6%)	(17%)	(17%)	(16%)
Foreign currency exchange impact	0%	(2%)	(1%)	(2%)	(1%)
Divestiture impact	(2%)	0%	(2%)	0%	0%
End market sales decline	(25%)	(8%)	(20%)	(19%)	(17%)



## Non-GAAP Reconciliations (cont'd)

(in thousands, except percents)	3/31/2020	12/31/2019	9/30/2019	6/30/2019	3/31/2019	Average
Current assets	\$ 966,723	\$ 1,035,912	\$ 1,065,389	\$ 1,190,827	\$ 1,162,842	
Current liabilities	383,131	409,110	418,719	461,726	430,018	
Working capital, GAAP	\$ 583,592	\$ 626,802	\$ 646,670	\$ 729,101	\$ 732,824	
Excluding items:						
Cash and cash equivalents	(85,230)	(105,210)	(113,522)	(182,015)	(112,597)	
Other current assets	(60,550)	(97,824)	(67,106)	(57,381)	(58,221)	
Total excluded current assets	(145,780)	(203,034)	(180,628)	(239,396)	(170,818)	
Adjusted current assets	820,943	832,878	884,761	951,431	992,024	
Current maturities of long-term debt and capital leases, including notes payable	(4,500)	(2,102)	(3,528)	(157)	-	
Other current liabilities	(213,569)	(233,848)	(216,517)	(248,661)	(224,949)	
Total excluded current liabilities	(218,069)	(235,950)	(220,045)	(248,818)	(224,949)	
Adjusted current liabilities	165,062	173,160	198,674	212,908	205,069	
Primary working capital	\$ 655,881	\$ 659,718	\$ 686,087	\$ 738,523	\$ 786,955	\$ 705,433
			<b>Three Months Ended</b>			
		<b>3/31/2020</b>	<b>12/31/2019</b>	<b>9/30/2019</b>	<b>6/30/2019</b>	<b>Total</b>
Sales		\$ 483,084	\$ 505,080	\$ 518,088	\$ 603,949	\$ 2,110,201
Primary working capital as a percentage of sales						33.4%

## Non-GAAP Reconciliations (cont'd)

<b>(in thousands, except percents)</b>	<b>3/31/2019</b>	<b>12/31/2018</b>	<b>9/30/2018</b>	<b>6/30/2018</b>	<b>3/31/2018</b>	<b>Average</b>	
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	
			<b>Three Months Ended</b>				
			<b>3/31/2019</b>	<b>12/31/2018</b>	<b>9/30/2018</b>	<b>6/30/2018</b>	<b>Total</b>
Sales			\$ 597,204	\$ 587,394	\$ 586,687	\$ 646,119	\$ 2,417,404
Primary working capital as a percentage of sales							30.7%

