FY18 4Q and Year-end Earnings Call Presentation August 7, 2018

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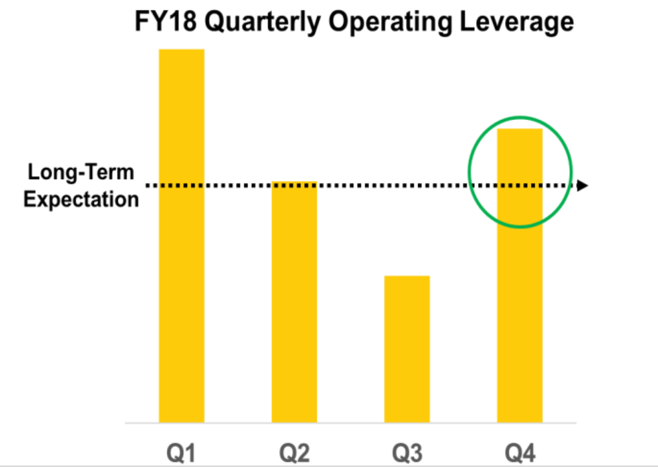
Certain statements in this presentation may be forward-looking in nature, or "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are statements that do not relate strictly to historical 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: economic recession; our ability to achieve all anticipated benefits of restructuring initiatives; 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; energy costs; commodity prices; 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.”

4Q FY18 and FY18 Total Year Highlights and Overview

4Q FY18 results reflect strong operating results

- **Growth:** +14% Sales growth (+10% organic)
- **Margins:** 16.0% Adjusted Operating Margin (vs. 11.2% in 4Q prior year)
  - Operating leverage dramatically improved, as expected
- **EPS:** $0.83 (vs $0.30 prior year); Adjusted $0.87 (vs. $0.56 adj. PY4Q)



FY18 was a year of significant positive change at Kennametal

- Delivering on commitments with results in-line or above outlook
- Strong progress on growth and simplification initiatives as well as the start of modernization
- Further margin improvement is expected in FY19 and beyond

- **Growth:** Sales growth +15% (+12% organic)
- **Margins:** 13.7% Adjusted Operating Margin (vs. 9.2% prior year)
- **EPS:** $2.42 (vs. $0.61 prior year); Adjusted $2.65 (vs. $1.52 prior year)
  - Adjusted EPS at the top of our outlook range

Significant margin improvement and return to operating leverage in line with expectations

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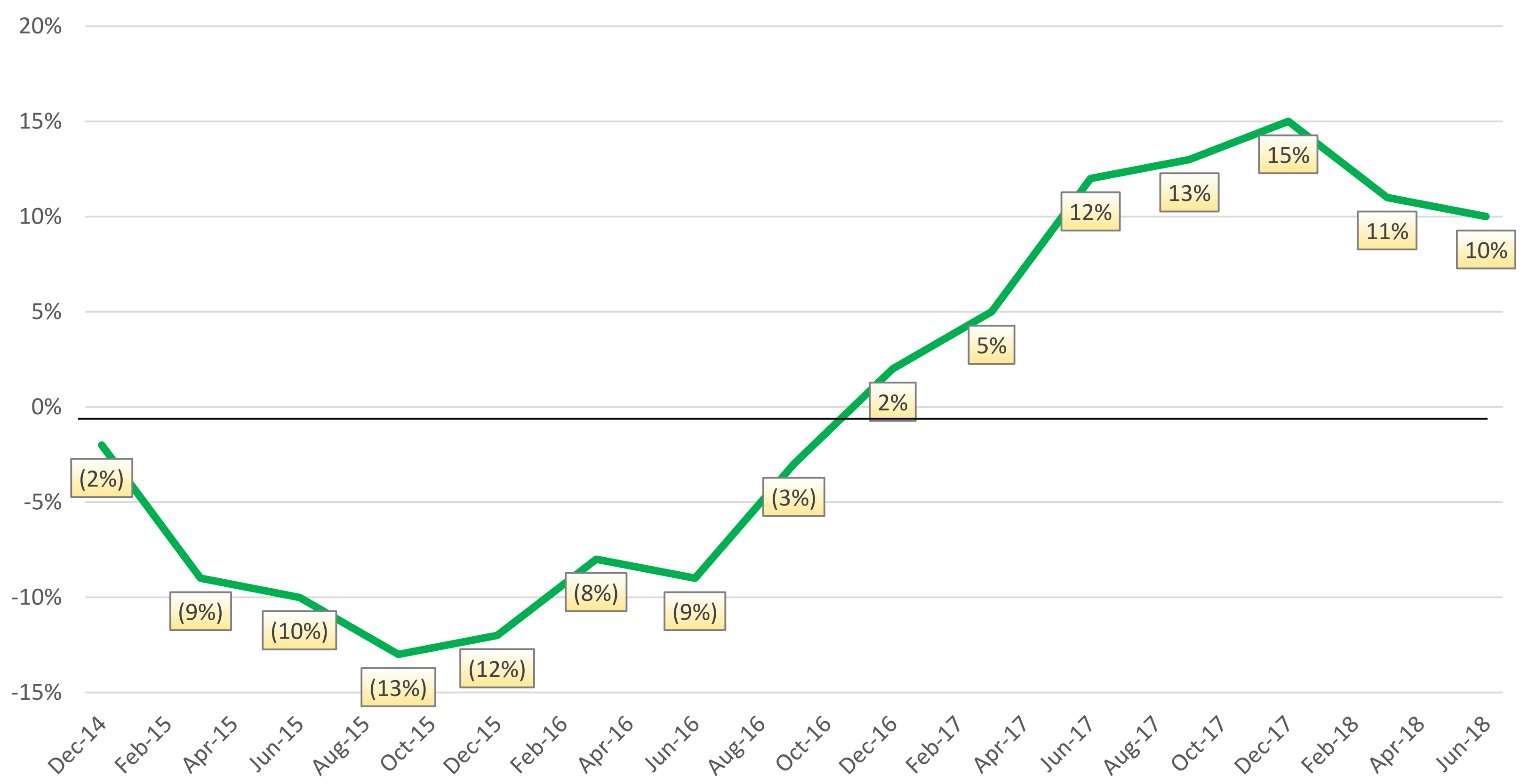
Quarterly Year-over-Year Organic Sales Growth



Continuing strong end-market demand, still at double-digit levels even with tougher "comps"

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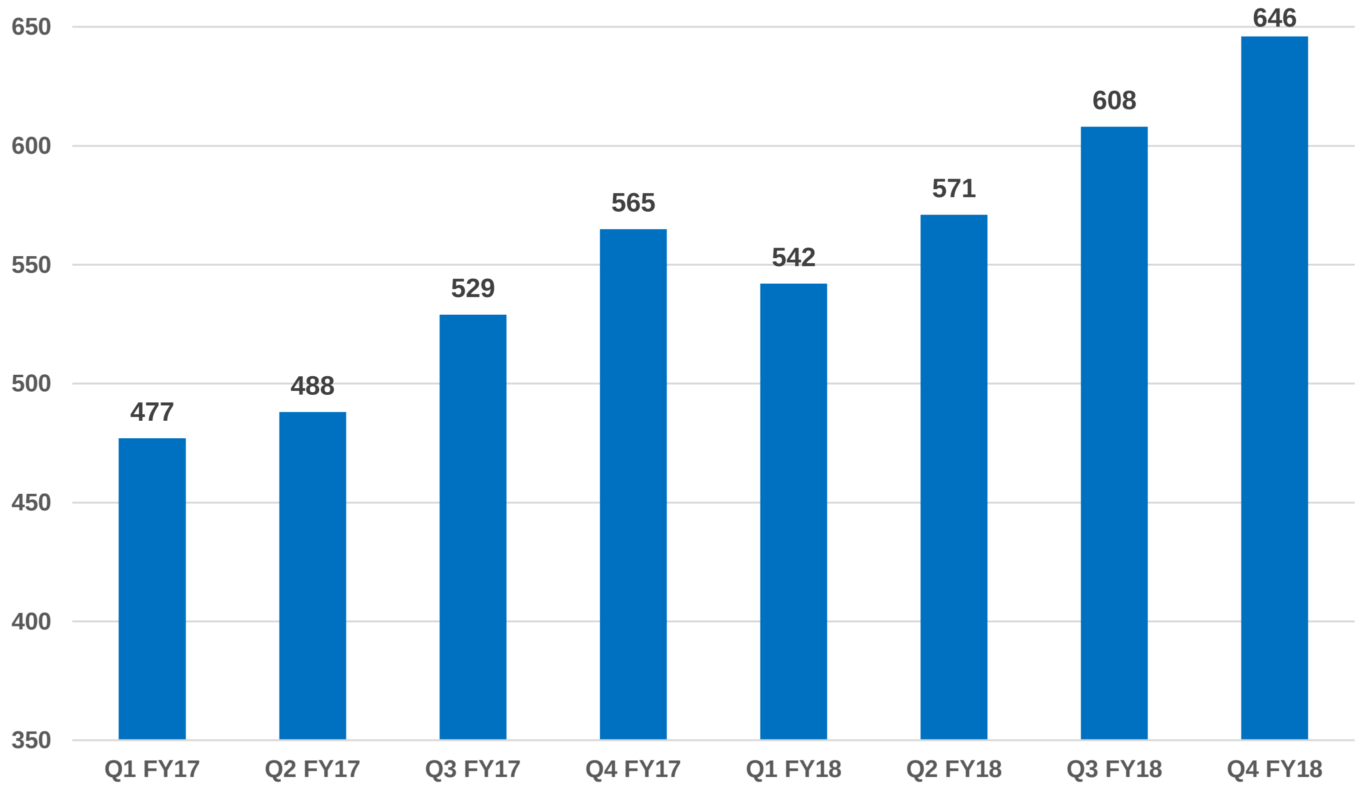
Quarterly Sales Trend

($ in millions)



FY18 sales reflect accelerating progress with growth initiatives and continued strength in end-market demand

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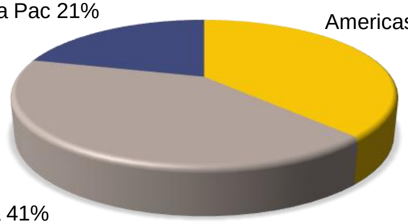
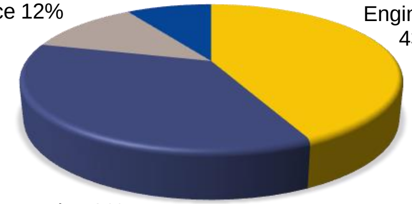
Industrial Business Segment

2018 Sales by Geography



2018 Sales by End Market



Q4 FY18 16% quarterly sales growth YoY; 11% organic growth

- Quarterly adjusted operating margin increased **660 bps** to **18.5%** from 11.9% prior year
- All end-markets and all regions positive; double-digit growth in AsiaPac and the Americas
- Operating leverage improved significantly in the quarter, as expected

All end-markets showing good strength

- General Engineering and Aerospace growing at double-digit rates YoY (15%* and 14%*, respectively)
- Transportation growing 8%* YoY

* Constant Currency End Market Sales Growth

Significantly improved operating margin for the quarter and total year

- Managing end-market mix to drive improved profitability
- Selectivity: Allocating capacity to our most profitable products
- Simplification initiatives gaining traction
- Modernization starting to show in the results, with the majority of benefits still to come

Significant improvement in operating leverage and margin for the quarter;
Majority of modernization benefits still to come

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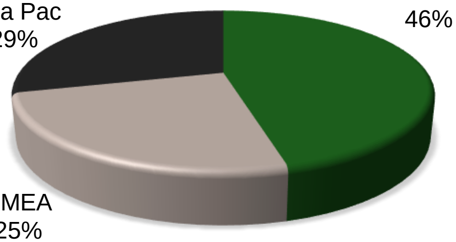
WIDIA Business Segment



Q4 FY18 12% quarterly sales growth YoY; 9% organic growth

- Quarterly adjusted operating margin increased **400 bps** to **4.0%** from 0% prior year
- All regions positive; record quarterly sales in India, APAC and EMEA
- Significant improvement in operating leverage for the quarter

Q4 FY18 regional highlights

AsiaPac
- 31% growth rate* reflects new demand stream opportunities gaining traction
- Good progress establishing brand channel distribution network
- India quarterly sales growth rate of >36% achieved; plant modernization still in early stages

EMEA
- Quarterly sales growth of 8%* reflects traction on growth initiatives in Aerospace

Americas:
- Making steady progress in establishing strong and effective distribution network
- Exiting selected portions of portfolio to drive improved profitability
- Significant growth achieved in Mexico, still in early stages

* Constant Currency Regional Sales Growth

Growth and profitability increasing steadily;
foundation set for accelerating margin improvement

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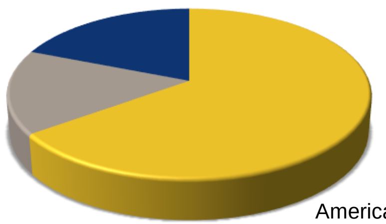
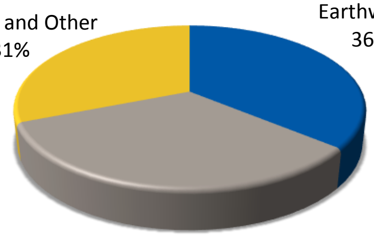
Infrastructure Business Segment

2018 Sales by Geography



2018 Sales by End Market



Q4 FY18 12% quarterly sales growth YoY; 9% organic growth

- Quarterly adjusted operating margin increased **440 bps** to **15.4%** from 11.0% prior year
- All end-markets and all regions positive; double-digit growth in AsiaPac and the Americas
- Operating leverage significantly improves in the quarter

End-markets continue to be strong

- Energy and General Engineering reporting double-digit growth again this quarter
- Average US land rig counts for the quarter up 17% YoY; stable above the 1000 level; current level 1029
- Moderate growth in Earthworks, affected by delays due to weather and timing of projects

Significant progress in all three areas of focus: growth, simplification and modernization

- Sales growth and cost reduction initiatives from both simplification and modernization are driving strong YoY leverage
- Modernization improvements on-track
- Improvement in operating margin ahead of plan

Great quarter with strong operating leverage; 2nd year of significant margin expansion

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Example of Modernization Project

Infrastructure – Pressing Upgrade

Before

After

80% efficiency improvement achieved

Consolidated Q4 FY18 Financial Results

Quarter Ended *($ in millions)*	Change from PY	Adjusted June 30, 2018	Adjusted June 30, 2017	Reported June 30, 2018	Reported June 30, 2017
Sales	**+14%**	**$646**	**$565**	**$646**	**$565**
Organic		10%	12%	10%	12%
FX		3%	-2%	3%	-2%
Divestiture		-	-	-	-
Business Days		1%	-2%	1%	-2%
Gross Profit	**+29%**	**$236**	**$182**	**$235**	**$180**
as a % of sales	+430 bps	36.5%	32.2%	36.4%	31.9%
Operating Expense	**+12%**	**$129**	**$115**	**$129**	**$115**
as a % of sales	-40 bps	19.9%	20.3%	20.0%	20.4%
Operating Income	**+63%**	**$103**	**$63**	**$98**	**$40**
as a % of sales	+480 bps	16.0%	11.2%	15.1%	7.1%
Effective Tax Rate	+530 bps	22.1%	16.8%	21.1%	22.6%
Earnings per Diluted Share	**+55%**	**$0.87**	**$0.56**	**$0.83**	**$0.30**
EBITDA	**+43%**	**$128**	**$89**	**$122**	**$66**
as a % of sales	+390 bps	19.7%	15.8%	18.8%	11.7%

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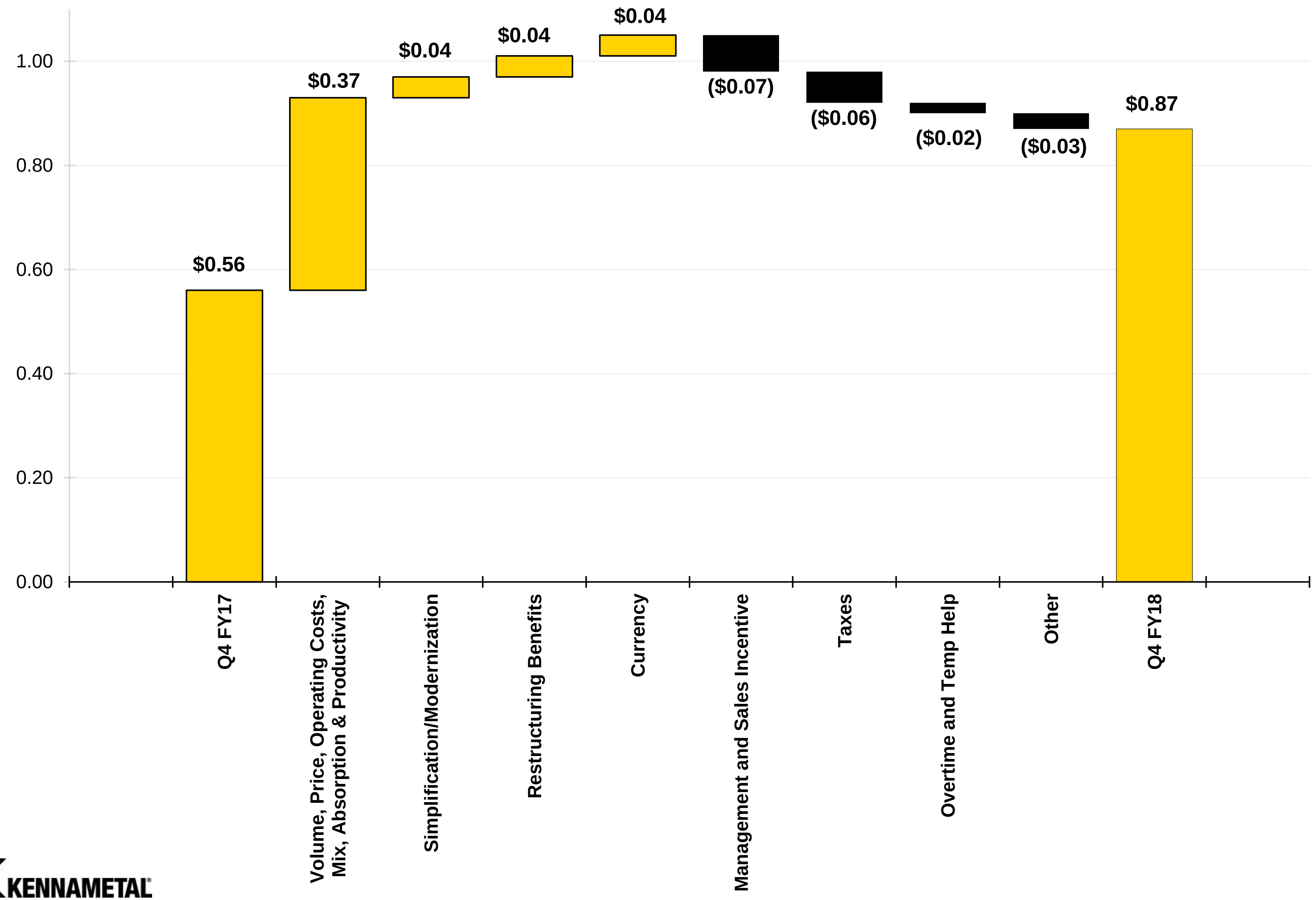
Adjusted EPS Q4 Bridge



Consolidated FY18 Financial Results

Year Ended ($ in millions)	Change from PY	Adjusted June 30, 2018	Adjusted June 30, 2017	Reported June 30, 2018	Reported June 30, 2017
Sales	**+15%**	**$2,368**	**$2,058**	**$2,368**	**$2,058**
Organic		12%	4%	12%	4%
FX		4%	-2%	4%	-2%
Divestiture		-	-4%	-	-4%
Business Days		-1%	-	-1%	-
Gross Profit	**+26%**	**$836**	**$665**	**$832**	**$658**
as a % of sales	+300 bps	35.3%	32.3%	35.1%	32.0%
Operating Expense	**+8%**	**$498**	**$460**	**$498**	**$463**
as a % of sales	-130 bps	21.0%	22.3%	21.0%	22.5%
Operating Income	**+71%**	**$323**	**$189**	**$308**	**$113**
as a % of sales	+450 bps	13.7%	9.2%	13.0%	5.5%
Effective Tax Rate	+250 bps	22.9%	20.4%	25.4%	36.5%
Earnings per Diluted Share	**+74%**	**$2.65**	**$1.52**	**$2.42**	**$0.61**
EBITDA	**+45%**	**$422**	**$291**	**$406**	**$215**
as a % of sales	+370 bps	17.8%	14.1%	17.1%	10.4%

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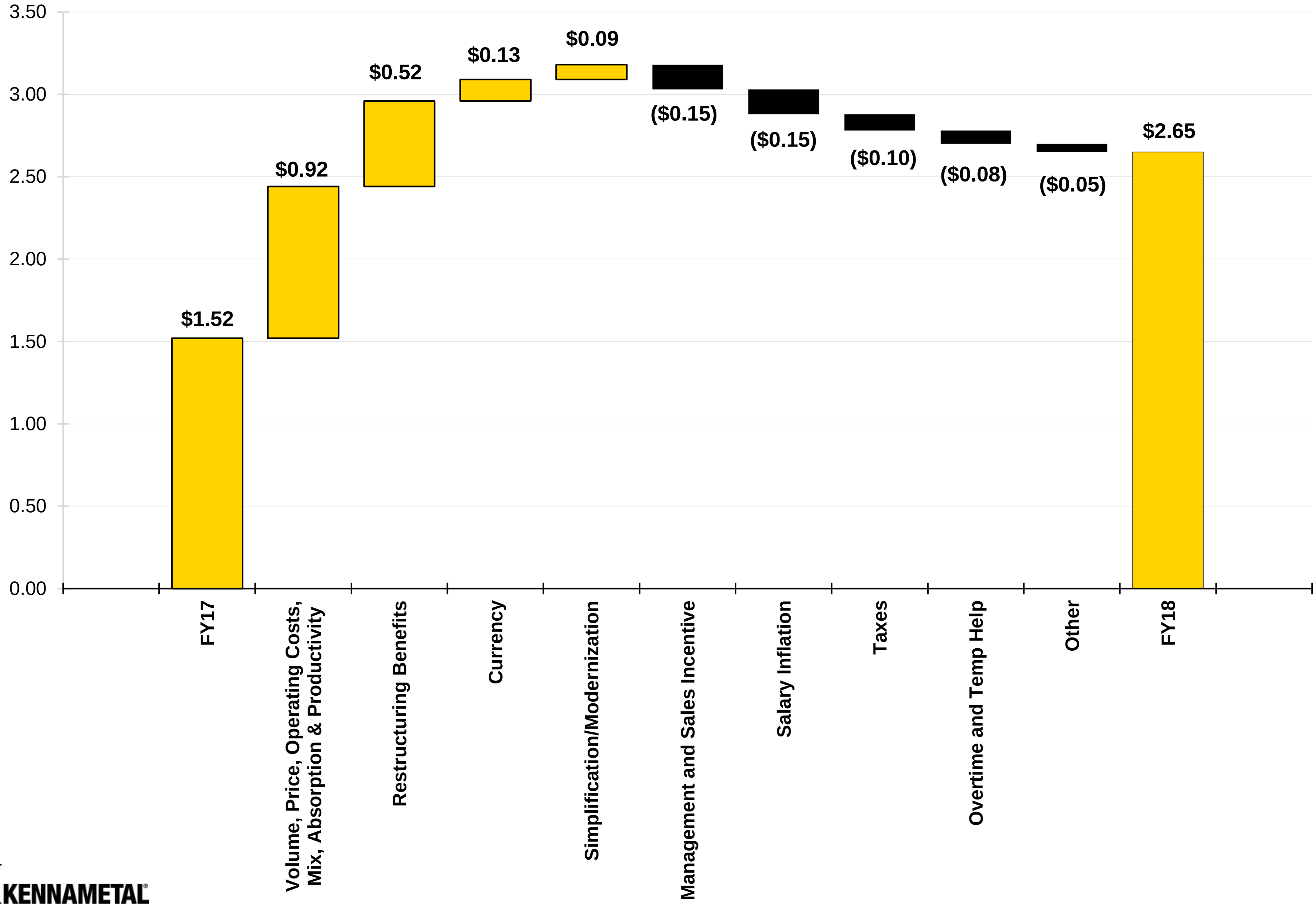
Adjusted EPS FY18 Bridge



Adjusted Segment Results

Period ending June 30, 2018 *($ in millions)*	**Quarter**			**Year**		
	Industrial	**WIDIA**	**Infrastructure**	**Industrial**	**WIDIA**	**Infrastructure**
Sales	**$349**	**$53**	**$244**	**$1,292**	**$199**	**$877**
Organic	11%	9%	9%	11%	9%	15%
FX	4%	2%	2%	5%	3%	2%
Business Days	1%	1%	1%	-1%	-	-1%
Constant Currency Regional Growth:						
Americas	14%	1%	10%	11%	4%	16%
Europe	7%	8%	2%	8%	14%	1%
Asia	16%	31%	17%	12%	15%	20%
Constant Currency End-market Growth:						
Energy	4%	n/a	13%	11%	n/a	19%
General Engineering*	15%	10%	17%	10%	9%	16%
Transportation	8%	n/a	n/a	8%	n/a	n/a
Aerospace & Defense	14%	n/a	n/a	11%	n/a	n/a
Earthworks	n/a	n/a	1%	n/a	n/a	7%
Adjusted Operating Income	**$65**	**$2**	**$38**	**$201**	**$6**	**$121**
Adjusted Operating Margin	**18.5%**	**4.0%**	**15.4%**	**15.5%**	**2.9%**	**13.8%**

* all WIDIA sales are classified as general engineering

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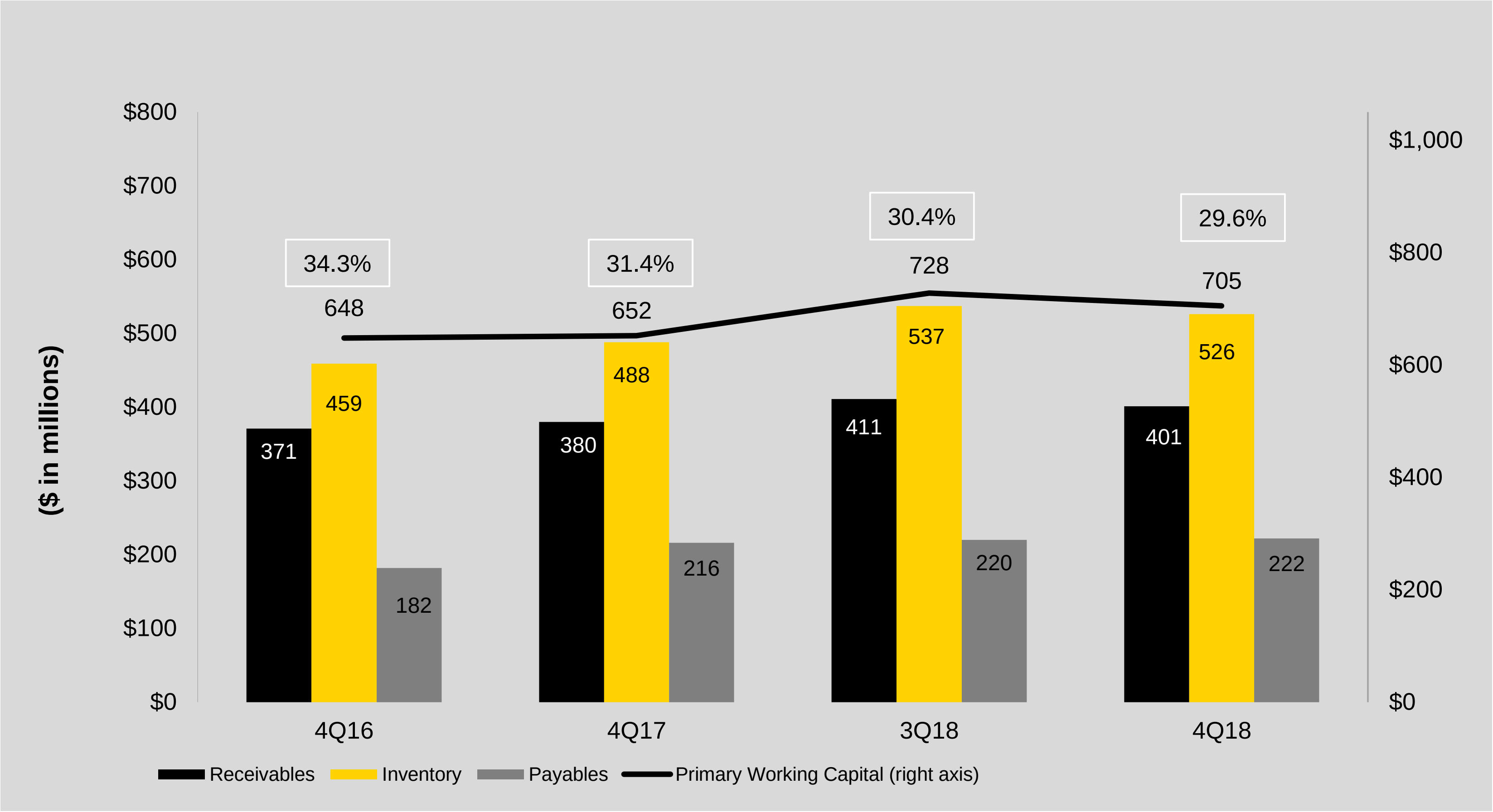
Primary Working Capital



Note: %'s refer to Primary Working Capital as a percentage of sales

Success in keeping working capital within target ranges, even with increasing sales

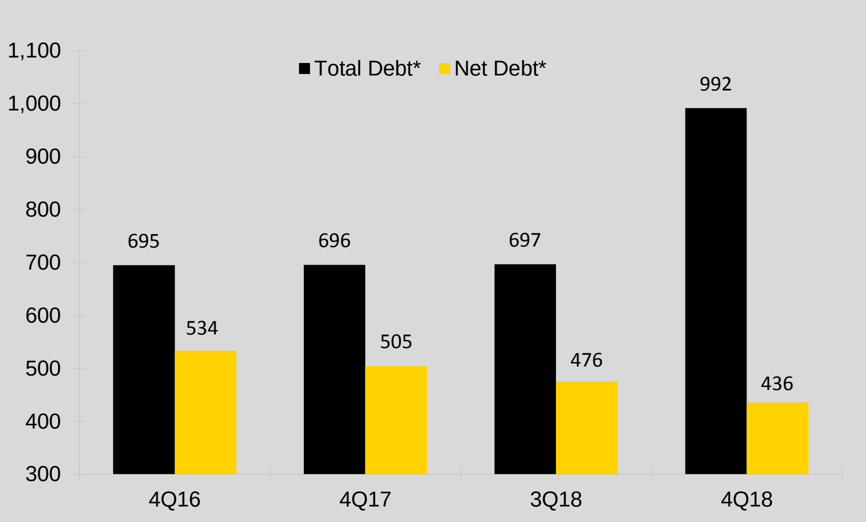
4Q FY18 and Total Year Cash Flow

($ in millions)

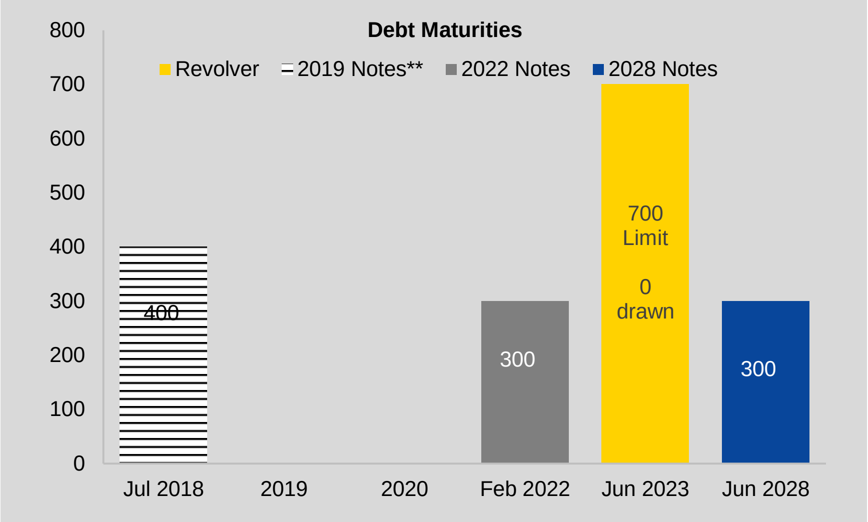
Consolidated Results	Quarter		Full Year	
	4Q FY18	4Q FY17	FY18	FY17
Net Cash Provided by Operating Activities	$97	$113	$277	$195
Investing Activities	($31)	($23)	($157)	($113)
Financing Activities	$278	($3)	$247	($53)
Effect of Exchange Rate	($10)	$3	($2)	-
Net Change in Cash	$334	$90	$365	$29
Beginning Cash	$222	$101	$191	$162
Ending Cash	$556	$191	$556	$191
Net Capital Expenditures*	$31	$23	$156	$113
Free Operating Cash Flow	$66	$90	$121	$82

Note: FY17 restated to reflect adoption of FASB ASU 2016-09.
* includes 14 million of PP&E disposals in FY18 and $5 million of PP&E disposals in FY17

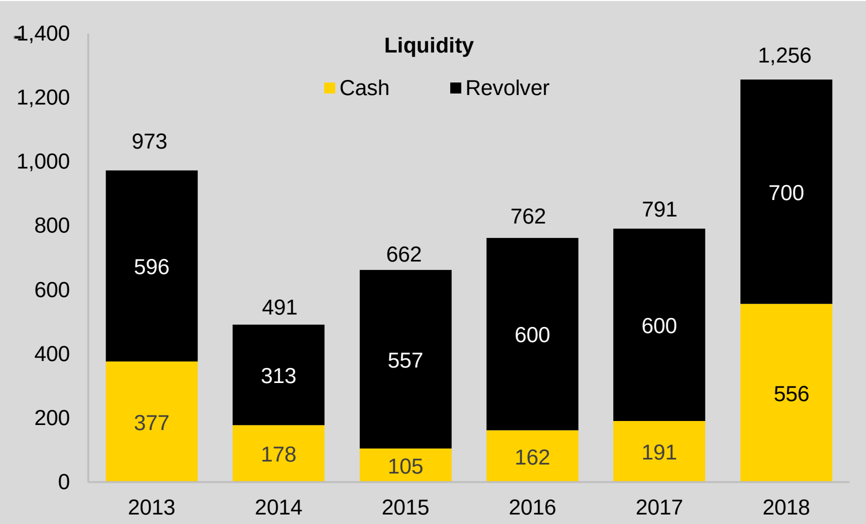
Strong Balance Sheet and Liquidity
($ in millions)

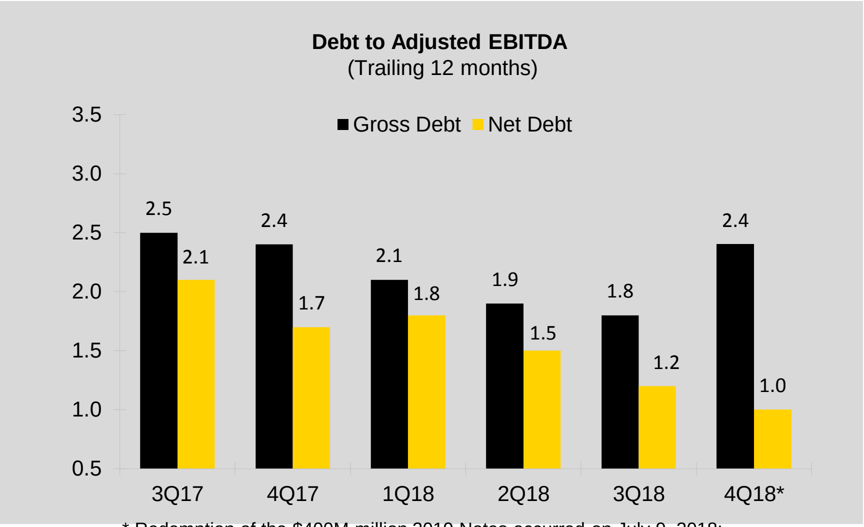


*Restated to reflect adoption of FASB ASU 2015-03



** Early redemption





* Redemption of the $400M million 2019 Notes occurred on July 9, 2018;
Ratio of gross debt to EBITDA after repayment of 2019 notes is 1.4x.

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FY19 Outlook

	FY19 Outlook
Organic Sales Growth	5% - 8%
Effective Tax Rate	22% - 25%
Adjusted EPS	$2.90 - $3.20
Capital Spending	$240M - $260M
Free Operating Cash Flow	$120M- $140M

Margins

- Margin improvement tracking to Investor Day projection
- Benefits from simplification & modernization accelerating
- Managing price to offset material cost increases on average
- Performance-based compensation resetting to target
- Effects of overtime and temporary help now in base figures

Growth

- End-markets expected to remain strong
- Modest level of sales growth assumed in outlook; FX assumed a sales headwind in FY19
- Simplification of product portfolio; reducing complexity and pruning low profitable products

Macro-economic Factors

- Effect of tariffs on raw material costs still expected to be immaterial
- Trade environment is fluid; however, not currently expected to have material effect on sales or cost structure

FY19 outlook represents another significant step forward in improved profitability

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Summary of Key Points

- **Q4 FY18 shows significantly improved leverage and margins**
  - Managing operations with a focus on efficiency
  - Managing sales with a focus on profitability
  - Aligning capacity utilization with a focus on our most profitable products
- **Our FY19 outlook reflects:**
  - A moderate level of sales growth, against a background of continuing strong markets,
  - Continuing to align capacity with most profitable sales
  - Accelerating simplification/modernization benefits
- **Modernization program still in early stages**
  - Main benefits from this program are still to come
- **We are delivering on our multi-year Adjusted EBITDA plan presented at Investor Days**
  - FY17: met the plan
  - FY18: exceeded the plan with a **45% YoY improvement**
  - FY19 Plan: **on-track to meet the plan**
- **We are strengthening the foundation for sustained margin improvement in the long term**

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Appendix

Balance Sheet

ASSETS *($ in millions)*	June 2018	June 2017
Cash and cash equivalents	$556	$191
Accounts receivable, net	401	380
Inventories	526	488
Other current assets	63	55
Total current assets	**$1,546**	**$1,114**
Property, plant and equipment, net	824	744
Goodwill and other intangible assets, net	478	492
Other assets	77	65
Total assets	**$2,925**	**$2,415**

LIABILITIES *($ in millions)*		
Current maturities of long-term debt and capital leases, including notes payable	$400	$1
Accounts payable	222	216
Other current liabilities	264	245
Total current liabilities	**$886**	**$462**
Long-term debt and capital leases	592	695
Other liabilities	217	206
Total liabilities	**$1,695**	**$1,363**
Kennametal Shareowners' Equity	1,194	1,017
Noncontrolling interests	36	35
Total liabilities and equity	**$2,925**	**$2,415**

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Non-GAAP Reconciliations

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

Kennametal management believes that presentation of these non-GAAP financial measures provides useful information about the results of operations of the Company for the current, past and future periods. Management believes that investors should have available the same information that management uses to assess operational performance, determine compensation and assess the capital structure of the Company. These Non-GAAP financial measures should not be considered in isolation or as a substitute for the most comparable GAAP measures. Investors are cautioned that non-GAAP financial measures utilized by the Company may not be comparable to non-GAAP financial measures used by other companies.

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

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

Adjusted Gross Profit and Margin, Adjusted Operating Expense, Adjusted Operating Expense as a Percentage of Sales, Adjusted Operating Income (Loss) and Margin, Adjusted ETR, Adjusted Net Income Attributable to Kennametal and Adjusted EPS
The following GAAP financial measures have been presented on an adjusted basis: gross profit and margin, operating expense, operating expense as a percentage of adjusted sales, operating income (loss) and margin, ETR, net income and EPS. Detail of these adjustments is included in the reconciliations following these definitions. Management adjusts for these items in measuring and compensating internal performance to more readily compare the Company's financial performance period-to-period.

Organic Sales Growth (Decline)
Organic sales growth (decline) is a non-GAAP financial measure of sales growth (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 at the consolidated and segment levels.

Constant Currency Regional Sales Growth
Constant currency regional sales growth is a non-GAAP financial measure of sales growth (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, constant currency regional sales growth 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 on a consistent basis. Also, we report constant currency regional sales growth at the consolidated and segment levels.

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Non-GAAP Reconciliations (cont'd)

Constant Currency End Market Sales Growth
Constant currency end market sales growth is a non-GAAP financial measure of sales growth (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, constant currency end market sales growth 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 on a consistent basis. Also, we report constant currency end market sales growth at the consolidated and segment levels. Widia sales are reported only in the general engineering end market. Therefore, we do not provide constant currency end market sales growth for the Widia segment and, thus, do not include a reconciliation for that metric.

EBITDA
EBITDA is a non-GAAP financial measure and is defined as net income attributable to Kennametal (which is the most directly comparable GAAP measure), with interest expense, interest income, provision for income taxes, depreciation and amortization added back. Management believes that EBITDA is widely used as a measure of operating performance and is an important indicator of the Company's operational strength and performance. Nevertheless, the measure should not be considered in isolation or as a substitute for operating income, cash flows from operating activities or any other measure for determining liquidity that is calculated in accordance with GAAP. Additionally, Kennametal will present EBITDA on an adjusted basis. Management uses this information in reviewing operating performance.

Free Operating Cash Flow
FOCF is a non-GAAP financial measure and is defined by the Company as cash provided by operations (which is the most directly comparable GAAP measure) less capital expenditures, plus proceeds from disposals of fixed assets. Management considers FOCF to be an important indicator of the Company's cash generating capability because it better represents cash generated from operations that can be used for dividends, debt repayment, strategic initiatives, and other investing and financing activities.

Primary Working Capital
Primary working capital is a non-GAAP financial measure and is defined as accounts receivable, net plus inventories, net minus accounts payable. The most directly comparable GAAP measure is working capital, which is defined as current assets less current liabilities. We believe primary working capital better represents Kennametal's performance in managing certain assets and liabilities controllable at the segment level and is used as such for internal performance measurement.

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

[(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 at prior period foreign exchange rates and prior period sales by prior period sales.

Non-GAAP Reconciliations

($ in millions, except per share data and percents)	Sales	Gross Profit	Operating Expense	Operating Income	Effective Tax Rate	Net Income[1]	Diluted EPS
Q4 FY18 Reported Results	$ 646.1	$ 235.3	$ 129.0	$ 97.6	21.1%	$ 68.5	$ 0.83
Reported Margins		36.4%	20.0%	15.1%			
Restructuring and related charges[2]	-	0.3	(0.4)	5.8	(1.3)	5.7	0.07
Effect of tax reform[3]	-	-	-	-	2.3	(2.0)	(0.03)
Q4 FY18 Adjusted Results	$ 646.1	$ 235.6	$ 128.6	$ 103.4	22.1%	$ 72.2	$ 0.87
Q4 FY18 Adjusted Margins		36.5%	19.9%	16.0%			

[1] Represents amounts attributable to Kennametal Shareholders.

[2] Net of a $5 million gain on sale of long-lived assets from a manufacturing location in the Infrastructure segment that was previously closed in association with our legacy restructuring programs.

[3] Net benefit recorded to reflect adjustments to the provisional amounts recorded in the December and March quarters of fiscal 2018 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. The toll tax charge is based on a reasonable estimate and is subject to finalization of collecting all information and analyzing the calculation in reasonable detail to complete the accounting.

($ in millions, except per share data and percents)	Sales	Gross Profit	Operating Expense	Operating Income	Effective Tax Rate	Net Income[1]	Diluted EPS
Q4 FY17 Reported Results	$ 565.0	$ 180.3	$ 115.4	$ 40.2	22.6%	$ 24.6	$ 0.30
Reported Margins		31.9%	20.4%	7.1%			
Restructuring and related charges	-	1.7	(0.7)	23.2	(5.8)	21.2	0.26
Q4 FY17 Adjusted Results	$ 565.0	$ 182.0	$ 114.7	$ 63.4	16.8%	$ 45.8	$ 0.56
Q4 FY17 Adjusted Margins		32.2%	20.3%	11.2%			

[1] Represents amounts attributable to Kennametal Shareholders.

Non-GAAP Reconciliations (cont.)

($ in millions, except per share data and percents)	Sales	Gross Profit	Operating Expense	Operating Income	Effective Tax Rate	Net Income (1)	Diluted EPS
FY18 Reported Results	$ 2,367.9	$ 832.3	$ 498.2	$ 307.6	25.4%	$ 200.2	$ 2.42
Reported Margins		35.1%	21.0%	13.0%			
Restructuring and related charges	-	3.5	(0.5)	15.9	(0.4)	13.5	0.16
Impact of out of period adjustment to provision for income taxes[4]	-	-	-	-	(1.9)	5.3	0.06
Net tax reform charge[5]	-	-	-	-	(0.2)	0.5	0.01
FY18 Adjusted Results	$ 2,367.9	$ 835.8	$ 497.7	$ 323.4	22.9%	$ 219.4	$ 2.65
FY18 Adjusted Margins		35.3%	21.0%	13.7%			

[1] Represents amounts attributable to Kennametal Shareholders.

[4] Non-cash charge associated with the out-of-period impact of recording an adjustment to deferred tax charges associated with intra-entity product transfers.

[5] Net tax charge associated with TCJA. TCJA required a one-time transition tax on previously untaxed accumulated earnings and profits of non-U.S. companies. This transition tax of $81 million resulted in an estimated toll charge, which was mostly offset by our U.S. tax carryforwards, which were subject to a full valuation allowance. After the effect of the toll charge and utilization of existing tax attributes, deferred tax assets were remeasured and the valuation allowance was released in the December quarter of fiscal 2018, yielding a net benefit of $4 million in that quarter. Additional $6 million expense and $2 million benefit were recorded in the third quarter and fourth quarter, respectively, to reflect adjustments to the toll charge. The toll charge of $81 million is based on a reasonable estimate and is subject to finalization of collecting all information and analyzing the calculation in reasonable detail to complete the accounting.

($ in millions, except per share data and percents)	Sales	Gross Profit	Operating Expense	Operating Income	Effective Tax Rate	Net Income (1)	Diluted EPS
FY17 Reported Results	$ 2,058.4	$ 657.7	$ 463.2	$ 112.9	36.5%	$ 49.1	$ 0.61
Reported Margins		32.0%	22.5%	5.5%			
Restructuring and related charges	-	7.7	(3.5)	76.2	(14.5)	72.7	0.89
Australia deferred tax valuation allowance	-	-	-	-	(1.6)	1.3	0.02
FY17 Adjusted Results	$ 2,058.4	$ 665.4	$ 459.7	$ 189.2	20.4%	$ 123.1	$ 1.52
FY17 Adjusted Margins		32.3%	22.3%	9.2%			

[1] Represents amounts attributable to Kennametal Shareholders.

KENNAMETAL

Non-GAAP Reconciliations (cont.)

($ in millions, except percents)	Industrial Sales	Industrial Operating Income	WIDIA Sales	WIDIA Operating Income	Infrastructure Sales	Infrastructure Operating Income
Q4 FY18 Reported Results	$ 349.2	$ 56.4	$ 53.4	$ 1.9	$ 243.6	$ 40.4
Reported Operating Margin		16.1%		3.5%		16.6%
Restructuring and related charges[2]	-	8.2	-	0.3	-	(2.8)
Q4 FY18 Adjusted Results	$ 349.2	$ 64.6	$ 53.4	$ 2.2	$ 243.6	$ 37.5
Q4 FY18 Adjusted Operating Margin		18.5%		4.0%		15.4%

[2] Net of a $5 million gain on sale of long-lived assets from a manufacturing location in the Infrastructure segment that was previously closed in association with our legacy restructuring programs.

($ in millions, except percents)	Industrial Sales	Industrial Operating Income	WIDIA Sales	WIDIA Operating Loss	Infrastructure Sales	Infrastructure Operating Income
Q4 FY17 Reported Results	$ 300.3	$ 20.7	$ 47.5	$ (1.8)	$ 217.2	$ 17.6
Reported Operating Margin		6.9%		-3.8%		8.1%
Restructuring and related charges	-	15.1	-	1.8	-	6.3
Q4 FY17 Adjusted Results	$ 300.3	$ 35.8	$ 47.5	$ (0.0)	$ 217.2	$ 23.9
Q4 FY17 Adjusted Operating Margin		11.9%		0.0%		11.0%

KENNAMETAL

Non-GAAP Reconciliations (cont.)

($ in millions, except percents)	Industrial Sales	Industrial Operating Income	WIDIA Sales	WIDIA Operating Income	Infrastructure Sales	Infrastructure Operating Income
FY18 Reported Results	$ 1,292.1	$ 187.5	$ 198.6	$ 4.4	$ 877.2	$ 119.7
Reported Operating Margin		14.5%		2.2%		13.6%
Restructuring and related charges	-	13.4	-	1.3	-	1.0
FY18 Adjusted Results	$ 1,292.1	$ 200.9	$ 198.6	$ 5.7	$ 877.2	$ 120.7
FY18 Adjusted Operating Margin		15.5%		2.9%		13.8%

($ in millions, except percents)	Industrial Sales	Industrial Operating Income	WIDIA Sales	WIDIA Operating Loss	Infrastructure Sales	Infrastructure Operating Income
FY17 Reported Results	$ 1,126.3	$ 82.8	$ 177.7	$ (9.6)	$ 754.4	$ 40.0
Reported Operating Margin		7.4%		-5.4%		5.3%
Restructuring and related charges	-	44.9	-	7.3	-	24.0
FY17 Adjusted Results	$ 1,126.3	$ 127.7	$ 177.7	$ (2.3)	$ 754.4	$ 64.0
FY17 Adjusted Operating Margin		11.3%		-1.3%		8.5%

KENNAMETAL

Non-GAAP Reconciliations (cont.)

Three months ended June 30, 2018:	**Industrial**	**Widia**	**Infrastructure**	**Kennametal**
Organic Sales Growth	11%	9%	9%	10%
Foreign Currency Exchange Impact	4%	2%	2%	3%
Business Days Impact	1%	1%	1%	1%
Divestiture Impact	0%	0%	0%	0%
Acquisition Impact	0%	0%	0%	0%
Sales Growth	16%	12%	12%	14%

Year ended June 30, 2018:	**Industrial**	**Widia**	**Infrastructure**	**Kennametal**
Organic Sales Growth	11%	9%	15%	12%
Foreign Currency Exchange Impact	5%	3%	2%	4%
Business Days Impact	-1%	0%	-1%	-1%
Divestiture Impact	0%	0%	0%	0%
Acquisition Impact	0%	0%	0%	0%
Sales Growth	15%	12%	16%	15%

Twelve months ended June 30, 2017	**Kennametal**
Organic Sales Growth	4%
Foreign Currency Exchange Impact	-2%
Business Days Impact	0%
Divestiture Impact	-4%
Acquisition Impact	0%
Sales Growth	-2%

KENNAMETAL

Non-GAAP Reconciliations (cont.)

	Kennametal Inc.					
Three months ended:	**Organic Sales Growth (Decline)**	**Foreign Currency Exchange Impact**	**Business Days Impact**	**Divestiture Impact**	**Acquisition Impact**	**Sales Growth (Decline)**
March 31, 2018	11%	6%	-2%	0%	0%	15%
December 31, 2017	15%	3%	-1%	0%	0%	17%
September 30, 2017	13%	2%	-1%	0%	0%	14%
June 30, 2017	12%	-2%	-2%	0%	0%	8%
March 31, 2017	5%	-1%	2%	0%	0%	6%
December 31, 2016	2%	-1%	-2%	-6%	0%	-7%
September 30, 2016	-3%	-2%	0%	-9%	0%	-14%
June 30, 2016	-9%	-1%	1%	-9%	0%	-18%
March 31, 2016	-8%	-4%	0%	-10%	0%	-22%
December 31, 2015	-12%	-6%	0%	-4%	0%	-22%
September 30, 2015	-13%	-7%	0%	0%	0%	-20%
June 30, 2015	-10%	-7%	1%	-1%	0%	-17%
March 31, 2015	-9%	-6%	0%	0%	0%	-15%
December 31, 2014	-2%	-4%	1%	3%	0%	-2%

Non-GAAP Reconciliations (cont.)

Kennametal

Three months ended June 30, 2018:	**Energy**	**Earthworks**	**General Engineering**	**Transportation**	**Aerospace and Defense**
Constant currency end market sales growth	10%	2%	15%	8%	12%
Foreign currency exchange impact	3%	3%	4%	5%	3%
Divestiture impact	0%	0%	0%	0%	0%
Acquisition impact	0%	0%	0%	0%	0%
End market sales growth	13%	5%	19%	13%	15%

Kennametal

Year ended June 30, 2018:	**Energy**	**Earthworks**	**General Engineering**	**Transportation**	**Aerospace and Defense**
Constant currency end market sales growth	17%	7%	11%	8%	11%
Foreign currency exchange impact	2%	3%	4%	5%	4%
Divestiture impact	0%	0%	0%	0%	0%
Acquisition impact	0%	0%	0%	0%	0%
End market sales growth	19%	10%	15%	13%	15%

KENNAMETAL

Non-GAAP Reconciliations (cont.)

Industrial

Three months ended June 30, 2018:	General Engineering	Transportation	Aerospace and Defense	Energy
Constant currency end market sales growth	15%	8%	14%	4%
Foreign currency exchange impact	5%	4%	3%	5%
Divestiture impact	0%	0%	0%	0%
Acquisition impact	0%	0%	0%	0%
End market sales growth	20%	12%	17%	9%

Widia

Three months ended June 30, 2018:	General Engineering
Constant currency end market sales growth	10%
Foreign currency exchange impact	2%
Divestiture impact	0%
Acquisition impact	0%
End market sales growth	12%

Infrastructure

Three months ended June 30, 2018:	Energy	Earthworks	General Engineering
Constant currency end market sales growth	13%	1%	17%
Foreign currency exchange impact	1%	3%	4%
Divestiture impact	0%	0%	0%
Acquisition impact	0%	0%	0%
End market sales growth	14%	4%	21%

KENNAMETAL

Non-GAAP Reconciliations (cont.)

Industrial

Year ended June 30, 2018:	**General Engineering**	**Transportation**	**Aerospace and Defense**	**Energy**
Constant currency end market sales growth	10%	8%	11%	11%
Foreign currency exchange impact	5%	5%	3%	4%
Divestiture impact	0%	0%	0%	0%
Acquisition impact	0%	0%	0%	0%
End market sales growth	15%	13%	14%	15%

Widia

Year ended June 30, 2018:	**General Engineering**
Constant currency end market sales growth	9%
Foreign currency exchange impact	3%
Divestiture impact	0%
Acquisition impact	0%
End market sales growth	12%

Infrastructure

Year ended June 30, 2018:	**Energy**	**Earthworks**	**General Engineering**
Constant currency end market sales growth	19%	7%	16%
Foreign currency exchange impact	1%	3%	3%
Divestiture impact	0%	0%	0%
Acquisition impact	0%	0%	0%
End market sales growth	20%	10%	19%

KENNAMETAL

Non-GAAP Reconciliations (cont.)

Kennametal Three months ended June 30, 2018:	Americas	EMEA	Asia Pacific
Constant currency regional sales growth	11%	6%	18%
Foreign currency exchange impact	0%	9%	5%
Divestiture impact	0%	0%	0%
Acquisition impact	0%	0%	0%
Regional sales growth	11%	15%	23%

Kennametal Year ended June 30, 2018:	Americas	EMEA	Asia Pacific
Constant currency regional sales growth	13%	7%	15%
Foreign currency exchange impact	0%	9%	4%
Divestiture impact	0%	0%	0%
Acquisition impact	0%	0%	0%
Regional sales growth	13%	16%	19%

KENNAMETAL

Non-GAAP Reconciliations (cont.)

Industrial

Three months ended June 30, 2018:	Americas	EMEA	Asia Pacific
Constant currency regional sales growth	14%	7%	16%
Foreign currency exchange impact	0%	9%	5%
Divestiture impact	0%	0%	0%
Acquisition impact	0%	0%	0%
Regional sales growth	14%	16%	21%

Widia

Three months ended June 30, 2018:	Americas	EMEA	Asia Pacific
Constant currency regional sales growth	1%	8%	31%
Foreign currency exchange impact	0%	5%	2%
Divestiture impact	0%	0%	0%
Acquisition impact	0%	0%	0%
Regional sales growth	1%	13%	33%

Infrastructure

Three months ended June 30, 2018:	Americas	EMEA	Asia Pacific
Constant currency regional sales growth	10%	2%	17%
Foreign currency exchange impact	0%	9%	7%
Divestiture impact	0%	0%	0%
Acquisition impact	0%	0%	0%
Regional sales growth	10%	11%	24%

KENNAMETAL

Non-GAAP Reconciliations (cont.)

Industrial

Year ended June 30, 2018:	Americas	EMEA	Asia Pacific
Constant currency regional sales growth	12%	8%	12%
Foreign currency exchange impact	0%	9%	4%
Divestiture impact	0%	0%	0%
Acquisition impact	0%	0%	0%
Regional sales growth	12%	17%	16%

Widia

Year ended June 30, 2018:	Americas	EMEA	Asia Pacific
Constant currency regional sales growth	4%	14%	15%
Foreign currency exchange impact	0%	6%	3%
Divestiture impact	0%	0%	0%
Acquisition impact	0%	0%	0%
Regional sales growth	4%	20%	18%

Infrastructure

Year ended June 30, 2018:	Americas	EMEA	Asia Pacific
Constant currency regional sales growth	16%	1%	20%
Foreign currency exchange impact	0%	9%	4%
Divestiture impact	0%	0%	0%
Acquisition impact	0%	0%	0%
Regional sales growth	16%	10%	24%

KENNAMETAL

Non-GAAP Reconciliations (cont.)

($ in millions)	Three months ended June 30, 2018	Three months ended June 30, 2017	Twelve months ended June 30, 2018	Twelve months ended June 30, 2017
Net income attributable to Kennametal, reported	$ 68.5	$ 24.6	$ 200.2	$ 49.1
Add back:				
Interest expense	8.2	7.4	30.1	28.8
Interest income	(1.5)	(0.2)	(3.0)	(1.0)
Provision for income taxes, reported	18.8	7.5	70.0	29.9
Depreciation	24.0	22.7	94.0	91.1
Amortization	3.6	3.9	14.7	16.6
EBITDA	$ 121.7	$ 65.9	$ 405.9	$ 214.5
Margin	18.8%	11.7%	17.1%	10.4%
Adjustments:				
Restructuring and related charges	5.8	23.2	15.9	76.2
Adjusted EBITDA	$ 127.5	$ 89.0	$ 421.8	$ 290.8
Adjusted Margin	19.7%	15.8%	17.8%	14.1%

KENNAMETAL

Non-GAAP Reconciliations (cont.)

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

		Three Months Ended			
	6/30/2018	3/31/2018	12/31/2017	9/30/2017	Total
Sales	$ 646,119	$ 607,936	$ 571,345	$ 542,454	$ 2,367,854
Primary working capital as a percentage of sales					29.6%

KENNAMETAL

Non-GAAP Reconciliations (cont.)

(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%

KENNAMETAL

Non-GAAP Reconciliations (cont.)

(in thousands, except percents)	6/30/2017	3/31/2017	12/31/2016	9/30/2016	6/30/2016	Average
Current assets	$ 1,113,901	$ 1,043,046	$ 971,745	$ 991,837	$ 1,075,341	
Current liabilities	461,478	426,799	390,151	402,574	427,275	
Working capital, GAAP	$ 652,423	$ 616,247	$ 581,594	$ 589,263	$ 648,066	
Excluding items:						
Cash and cash equivalents	(190,629)	(100,817)	(102,001)	(119,411)	(161,579)	
Other current assets	(55,166)	(75,061)	(80,375)	(64,660)	(84,016)	
Total excluded current assets	(245,795)	(175,878)	(182,376)	(184,071)	(245,595)	
Adjusted current assets	868,106	867,168	789,369	807,766	829,746	
Current maturities of long-term debt and capital leases, including notes payable	(925)	(1,591)	(2,263)	(1,381)	(1,895)	
Other current liabilities	(244,831)	(234,367)	(219,008)	(225,189)	(243,341)	
Total excluded current liabilities	(245,756)	(235,958)	(221,271)	(226,570)	(245,236)	
Adjusted current liabilities	215,722	190,841	168,880	176,004	182,039	
Primary working capital	$ 652,384	$ 676,327	$ 620,489	$ 631,762	$ 647,707	$ 645,734
			Three Months Ended			
		6/30/2017	3/31/2017	12/31/2016	9/30/2016	Total
Sales		$ 565,025	$ 528,630	$ 487,573	$ 477,140	$ 2,058,368
Primary working capital as a percentage of sales						31.4%

Non-GAAP Reconciliations (cont.)

(in thousands, except percents)	6/30/2016	3/31/2016	12/31/2015	9/30/2015	6/30/2015	Average
Current assets	$ 1,075,341	$ 1,099,260	$ 1,062,992	$ 1,168,511	$ 1,258,546	
Current liabilities	427,275	421,415	394,983	438,406	482,744	
Working capital, GAAP	$ 648,066	$ 677,845	$ 668,009	$ 730,105	$ 775,802	
Excluding items:						
Cash and cash equivalents	(161,579)	(136,564)	(138,978)	(97,199)	(105,494)	
Other current assets	(84,016)	(111,479)	(113,113)	(120,583)	(132,148)	
Total excluded current assets	(245,595)	(248,043)	(252,091)	(217,782)	(237,642)	
Adjusted current assets	829,746	851,217	810,901	950,729	1,020,904	
Current maturities of long-term debt and capital leases, including notes payable	(1,895)	(4,140)	(5,942)	(25,285)	(15,702)	
Other current liabilities	(243,341)	(247,943)	(237,444)	(235,385)	(279,661)	
Total excluded current liabilities	(245,236)	(252,083)	(243,386)	(260,670)	(295,363)	
Adjusted current liabilities	182,039	169,332	151,597	177,736	187,381	
Primary working capital	$ 647,707	$ 681,885	$ 659,304	$ 772,993	$ 833,523	$ 719,082
			Three Months Ended			
		6/30/2016	3/31/2016	12/31/2015	9/30/2015	Total
Sales		$ 521,224	$ 497,837	$ 524,021	$ 555,354	$ 2,098,436
Primary working capital as a percentage of sales						34.3%

Non-GAAP Reconciliations (cont.)

($ in millions)	Three months ended June 30, 2018		Three months ended June 30, 2017	
Net cash flow from operating activities [6]	$	96.7	$	112.5
Purchases of property, plant and equipment		(42.7)		(23.9)
Proceeds from disposals of property, plant and equipment		12.2		1.2
Free operating cash flow	$	66.2	$	89.8

[6] Amounts for fiscal 2017 have been restated to reflect adoption of FASB ASU 2016-09.

($ in millions)	Twelve months ended June 30, 2018		Twelve months ended June 30, 2017	
Net cash flow from operating activities [6]	$	277.3	$	195.3
Purchases of property, plant and equipment		(171.0)		(118.0)
Proceeds from disposals of property, plant and equipment		14.4		5.0
Free operating cash flow	$	120.7	$	82.3

[6] Amounts for fiscal 2017 have been restated to reflect adoption of FASB ASU 2016-09.

KENNAMETAL

Non-GAAP Reconciliations (cont.)

Debt to Adjusted EBITDA
(in millions, except debt to adjusted EBITDA)

	Three months ended								
EBITDA	**6/30/2018**	**3/31/2018**	**12/31/2017**	**9/30/2017**	**6/30/2017**	**3/31/2017**	**12/31/2016**	**9/30/2016**	**6/30/2016**
Net income (loss) attributable to Kennametal	$ 68.5	$ 50.9	$ 41.6	$ 39.2	$ 24.6	$ 38.9	$ 7.3	$ (21.7)	$ (66.5)
Add back:									
Interest expense	8.2	7.5	7.2	7.1	7.4	7.3	7.2	7.0	6.9
Interest income	(1.5)	(1.0)	(0.3)	(0.3)	(0.2)	(0.3)	(0.2)	(0.2)	(0.6)
Provision for income taxes	18.8	24.1	17.5	9.6	7.5	9.3	8.2	4.9	86.8
Depreciation	24.0	23.9	23.3	22.8	22.7	22.4	22.8	23.2	23.4
Amortization	3.6	3.7	3.7	3.7	3.9	4.2	4.2	4.3	4.4
EBITDA	$ 121.7	$ 109.1	$ 93.0	$ 82.1	$ 65.9	$ 81.8	$ 49.4	$ 17.4	$ 54.4
Adjustments:									
Restructuring and related charges	5.8	1.7	1.5	6.9	23.2	9.6	11.8	31.7	15.5
Fixed asset disposal charges	-	-	-	-	-	-	-	-	5.4
Loss on divestiture and related charges	-	-	-	-	-	-	-	-	0.7
Adjusted EBITDA	$ 127.5	$ 110.7	$ 94.5	$ 89.0	$ 89.0	$ 91.5	$ 61.2	$ 49.1	$ 76.1

	6/30/2018	**3/31/2018**	**12/31/2017**	**9/30/2017**	**6/30/2017**	**3/31/2017**	**6/30/2016**
Total debt (gross)	$ 991.7	$ 697.5	$ 697.1	$ 696.6	$ 695.9	$ 696.2	
Trailing four quarters adjusted EBITDA	421.8	383.3	364.0	330.7	290.8	277.8	
Debt to adjusted EBITDA	**2.4**	**1.8**	**1.9**	**2.1**	**2.4**	**2.5**	
Total debt (gross)	$ 991.7	$ 697.5	$ 697.1	$ 696.6	$ 695.9	$ 696.2	$ 695.4
Less: cash and cash equivalents	556.2	221.9	159.9	110.7	190.6	100.8	161.6
Net debt	$ 435.6	$ 475.6	$ 537.1	$ 585.9	$ 505.3	$ 595.4	$ 533.9
Trailing four quarters adjusted EBITDA	421.8	383.3	364.0	330.7	290.8	277.8	
Net debt to adjusted EBITDA	**1.0**	**1.2**	**1.5**	**1.8**	**1.7**	**2.1**	

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