Investor Relations Presentation

Evercore ISI Annual Industrial Conference
March 2018

KENNAMETAL

Safe Harbor Statement

Certain statements in this presentation may be forward-looking in nature, or "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are statements that do not relate strictly to historical or current facts. For example, statements about Kennametal's outlook for earnings, sales volumes, cash flow, and capital expenditures, and expectations regarding future growth and financial performance are forward-looking statements. Any forward-looking statements are based on current knowledge, expectations and estimates that involve inherent risks and uncertainties. Should one or more of these risks or uncertainties materialize, or should the assumptions underlying the forward-looking statements prove incorrect, our actual results could vary materially from our current expectations. There are a number of factors that could cause our actual results to differ from those indicated in the forward-looking statements. They include: 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.”

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Attendees

- **Chris Rossi** - President and CEO
- **Jan Kees van Gaalen** - Vice President and CFO
- **Kelly M. Boyer** - VP, Investor Relations

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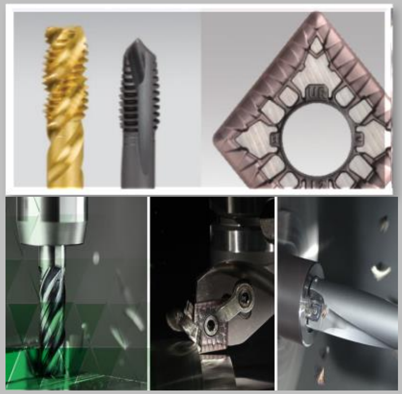
Two well-known and respected brands / three business segments

Infrastructure

Industrial

WIDIA



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

Aerospace | Transportation | General Engineering | Earthworks | Energy

Why Invest in KMT?

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

Significant opportunities for capturing efficiencies, growth and margin improvement

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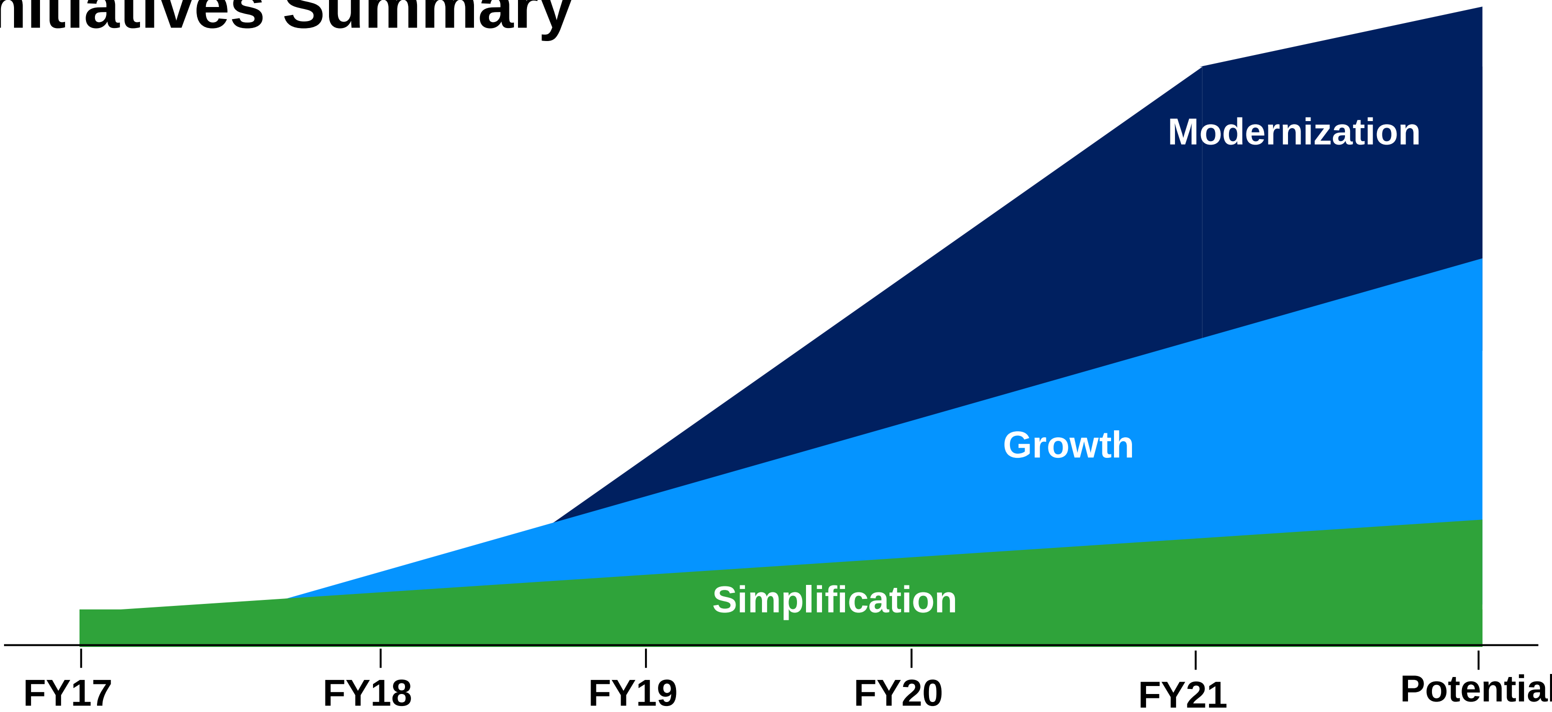
Initiatives Summary



Simplification	Growth	Modernization
▪ Re-organized into P&Ls vs. complex, siloed matrix ▪ Reduce product complexity • SKUs, coatings, powders ▪ Implement strategic sourcing ▪ Focus on productivity and improve customer service	▪ Improve sales effectiveness • Customer segmentation, CRM tool ▪ Optimize direct/indirect partner strategy ▪ Multi-brand strategy/price perception ▪ Dramatic growth in key focus areas ▪ New products	▪ Optimize end-to-end production ▪ Invest in latest production and automation technology ▪ Deploy flexible manufacturing model • Strategic outsourcing / subcontracting ▪ Design for manufacturability and lower material cost

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2nd Quarter FY18 Highlights and Overview

- **<u>Sales Growth:</u> 17% Sales (+15% organic)**
  - All segments positive: Infrastructure +19%, Industrial +17%, WIDIA +11%
  - All regions* positive: AsiaPac +19%, Americas +15% , EMEA +9%
  - All end-markets** positive: Energy +23%, Earthworks +11%, Aerospace +9%, Transportation +14%, General Engineering +12%
- **<u>Margins:</u> 12.2% Adjusted Operating Margin (vs. 7.3% in 2Q prior year)**
  - Adjusted Gross Profit Margin 33.9% (+310 bps vs. prior year)
  - Adjusted Operating Expense 21.1% (-150 bps vs. prior year)
  - Adjusted EBITDA margin 16.5% (+400 pts vs. prior year)
- **<u>EPS:</u> Reported $0.50; Adjusted $0.52 (vs. $0.24 Adjusted 2Q prior year)**
  - ($0.08) effect due to early reversal of US valuation allowance, resulting from tax reform & increased profitability
  - Adjusted effective tax rate: 28.4% vs. 28.0% in 2Q prior year
  - Long-term impact of tax reform expected to be positive

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

Stronger than expected operating results this quarter

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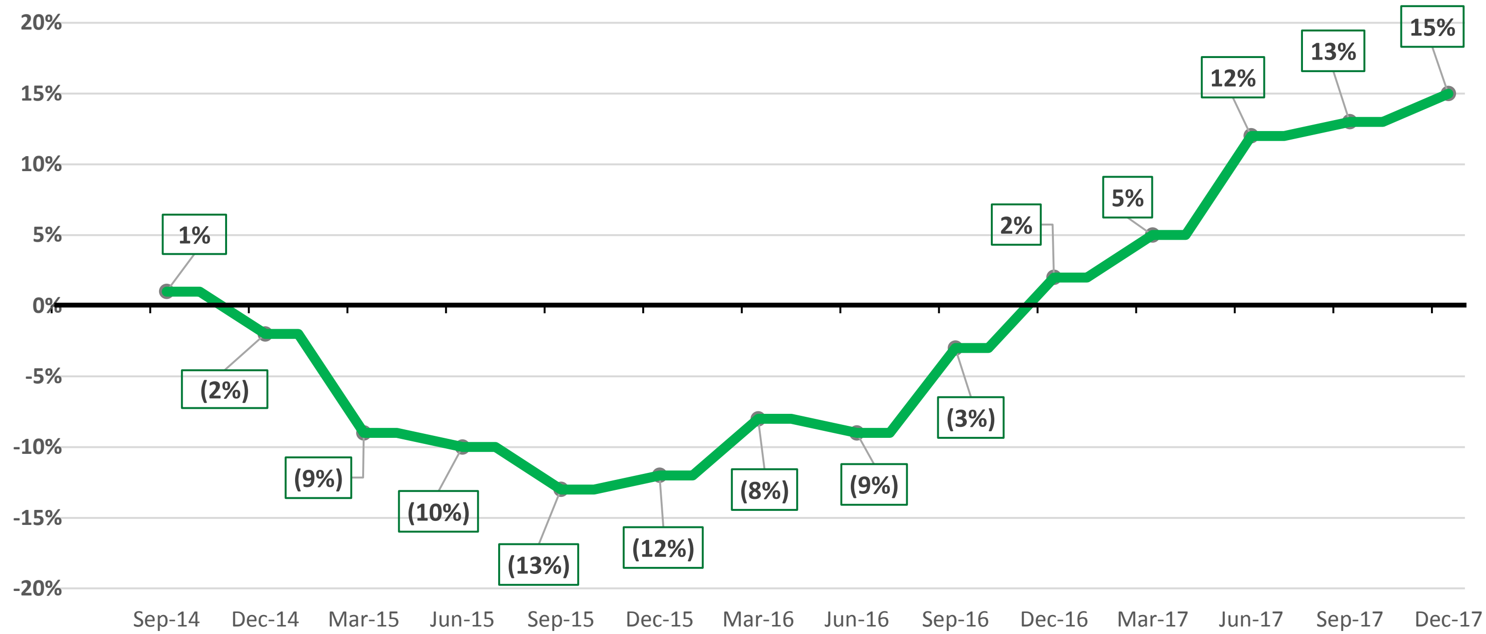
Quarterly Organic Sales Growth



Focusing on customer service as demand improves

Consolidated Q2 FY18 Financial Results

Quarter Ended *($ in millions)*	Change from PY	Adjusted December 31, 2017	Adjusted December 31, 2016	Reported December 31, 2017	Reported December 31, 2016
Sales	**+17%**	**$571**	**$488**	**$571**	**$488**
Organic		15%	2%	15%	2%
FX		3%	-1%	3%	-1%
Divestiture		-	-6%	-	-6%
Business Days		-1%	-2%	-1%	-2%
Gross Profit	**+29%**	**$194**	**$150**	**$193**	**$148**
as a % of sales	+310 bps	33.9%	30.8%	33.7%	30.3%
Operating Expense	**+9%**	**$120**	**$110**	**$121**	**$111**
as a % of sales	-150 bps	21.1%	22.6%	21.1%	22.8%
Operating Income	**+95%**	**$70**	**$36**	**$68**	**$24**
as a % of sales	+490 bps	12.2%	7.3%	11.9%	4.9%
Effective Tax Rate	+40 bps	28.4%	28.0%	29.3%	50.9%
Earnings per Diluted Share	**+117%**	**$0.52**	**$0.24**	**$0.50**	**$0.09**
EBITDA	**+54%**	**$94**	**$61**	**$93**	**$49**
as a % of sales	+400 bps	16.5%	12.5%	16.3%	10.1%

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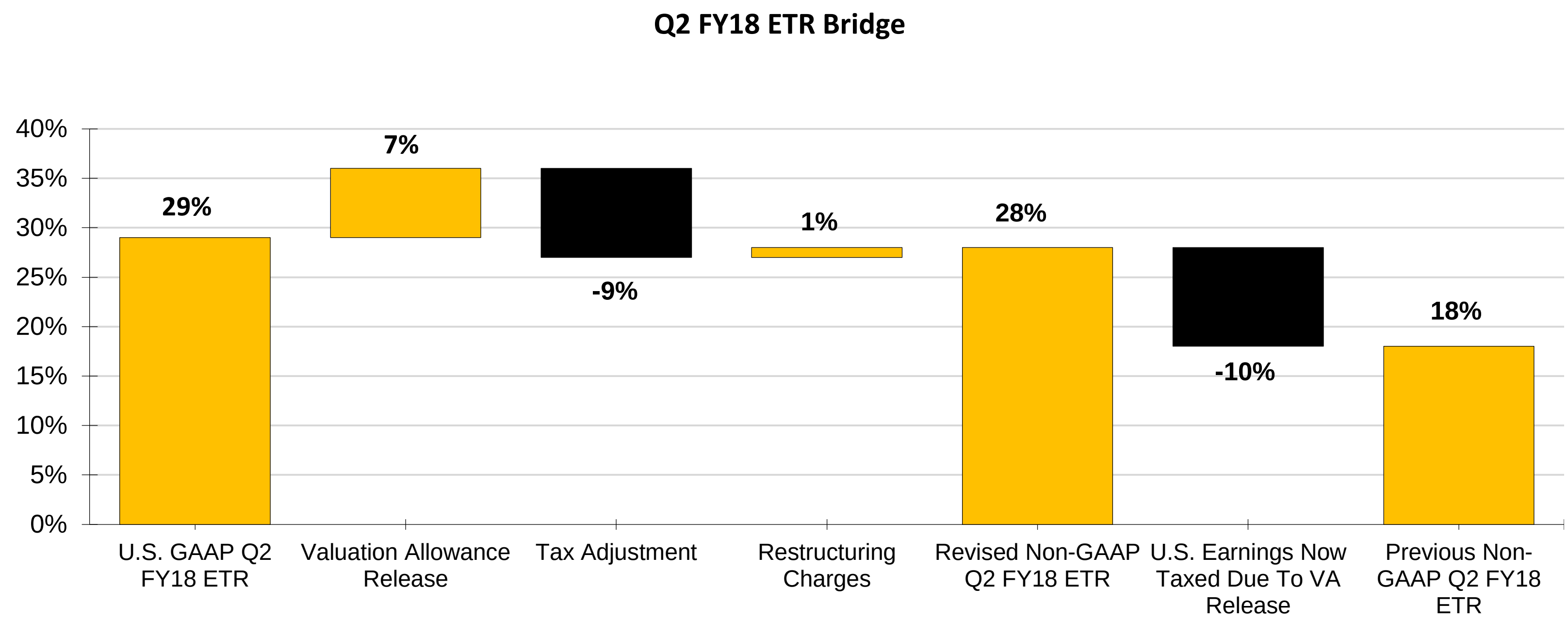
Summary of Tax Changes – Q2



- Adjusted effective tax rate in Q2 increased from 18% to 28% due to earlier than expected release of US valuation allowance
- Earlier release of US valuation allowance triggered by toll tax charge from tax reform and increasing profitability in the US

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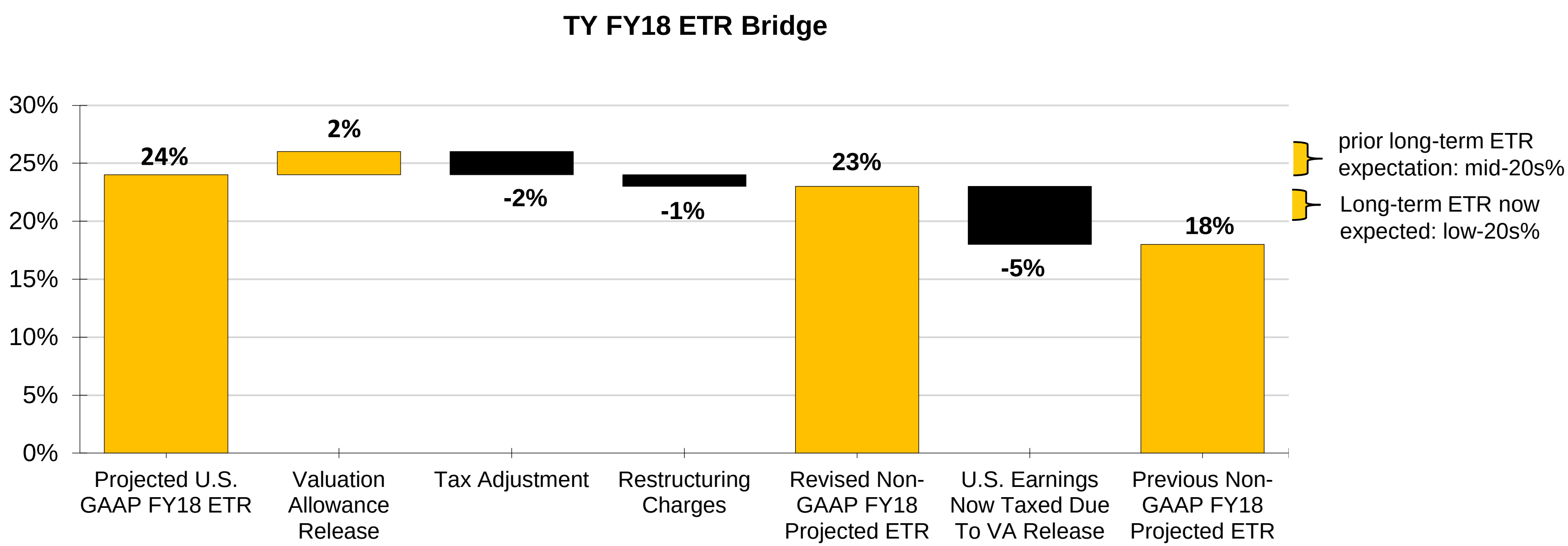
Summary of Tax Changes – Total Year



- The long-term effect from the Tax Cuts and Jobs Act on adjusted ETR is expected to be positive, decreasing to the low-20s%. Previously expected to be in the mid-20s%.
- Tax reform and increased profitability in the US have triggered the earlier than expected release of our US valuation allowance, increasing our expectations for the total year forecasted adjusted ETR
- The effect on FY18 adjusted EPS of increased ETR is expected to be in the range of $0.15 to $0.20 per share.
- These tax changes are not expected to affect our near-term capital allocation strategy.

FY18 adjusted ETR expected to be in the range of 22% - 25%

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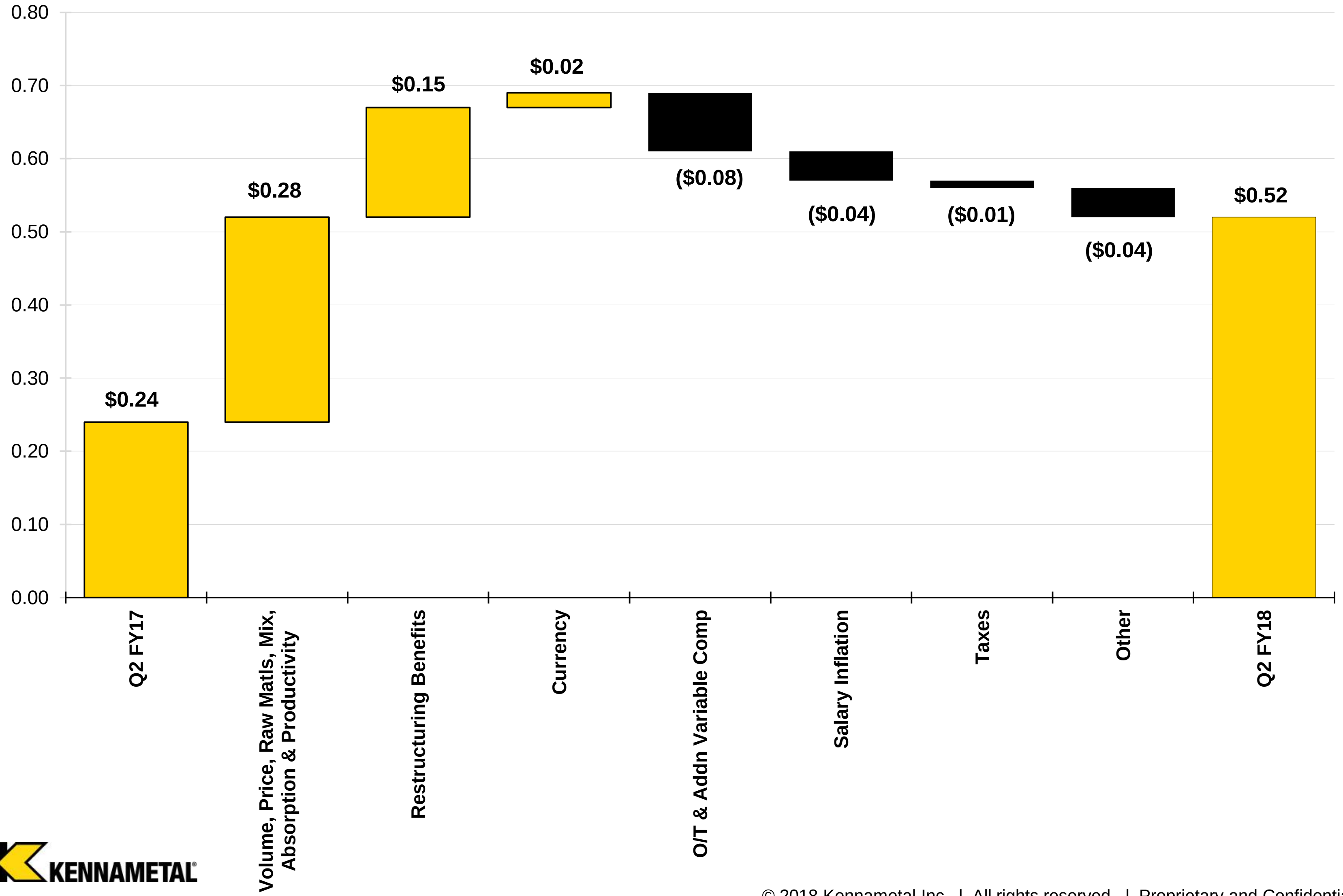
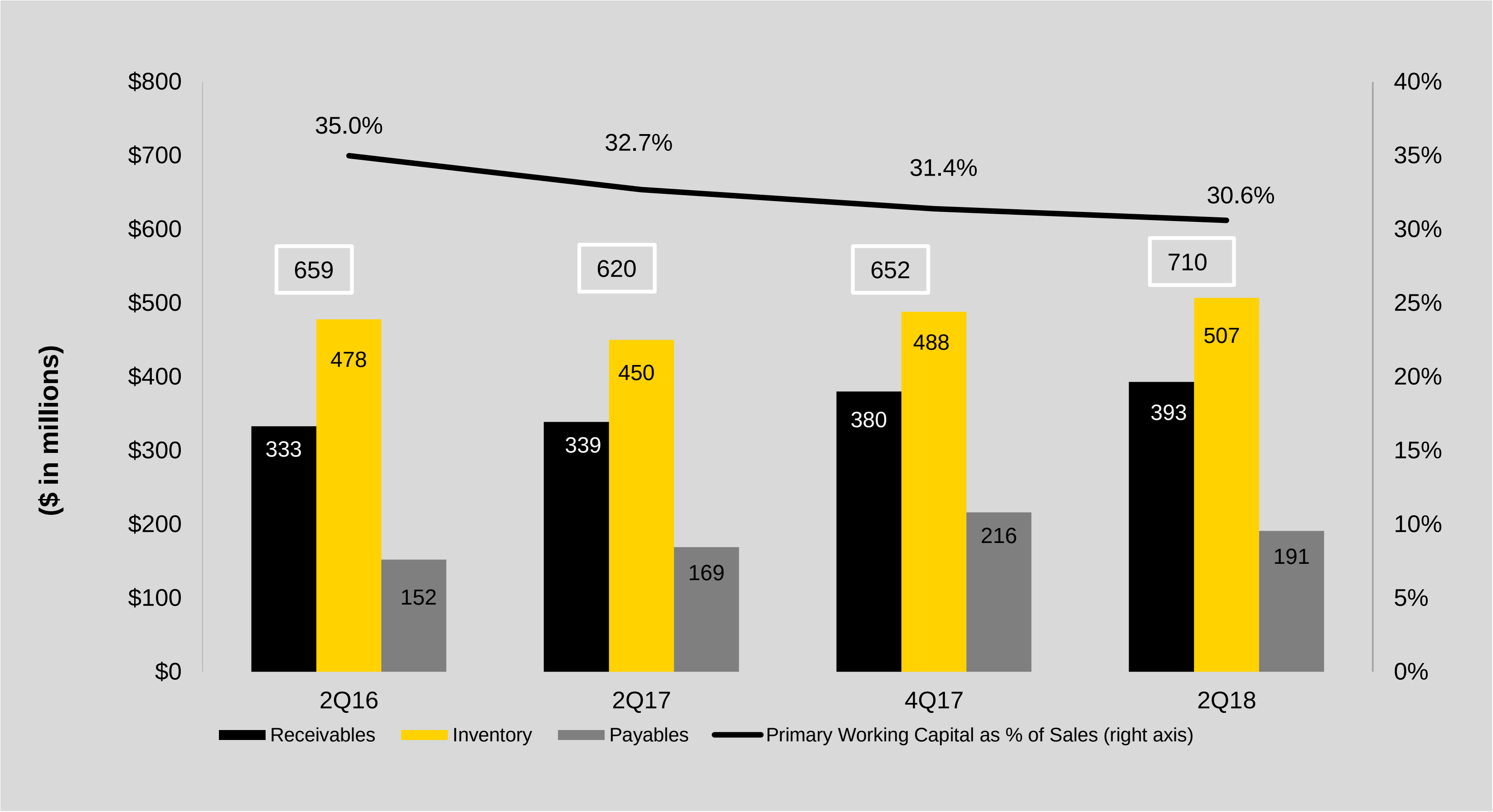
Adjusted EPS Q2 YoY Bridge



Primary Working Capital



Note: Total Primary Working Capital in white boxes

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

2Q FY18 Cash Flow

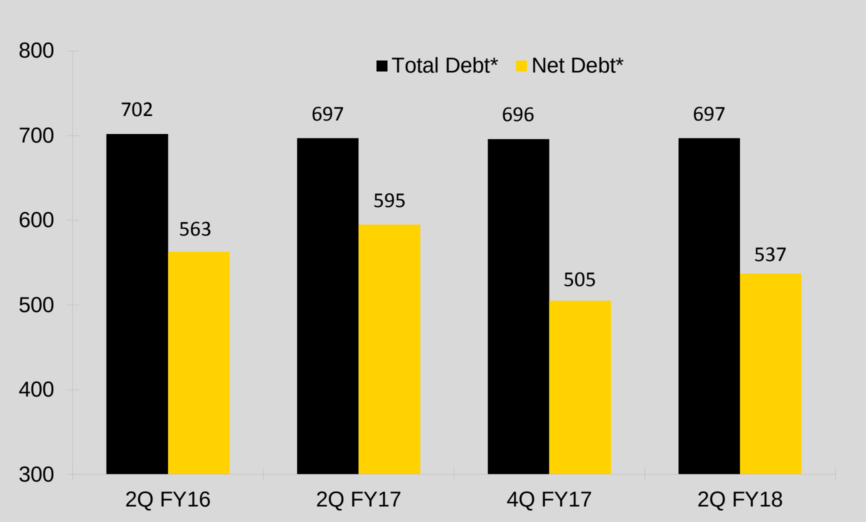
($ in millions)

Consolidated Results	Year-to-date 2Q FY18	Year-to-date 2Q FY17*	Quarter 2Q FY18	Quarter 2Q FY17*
Net Cash (Used For) Provided by Operating Activities	$66	$49	$87	$25
Investing Activities	($84)	($67)	($43)	($26)
Financing Activities	($17)	($37)	$3	($11)
Effect of Exchange Rate	$4	($5)	$2	($5)
Net Change in Cash	($31)	($60)	$49	($17)
Beginning Cash	$191	$162	$111	$119
Ending Cash	$160	$102	$160	$102
Net Capital Expenditures	$84	$67	$43	$26
Free Operating Cash Flow	($18)	($18)	$44	($1)

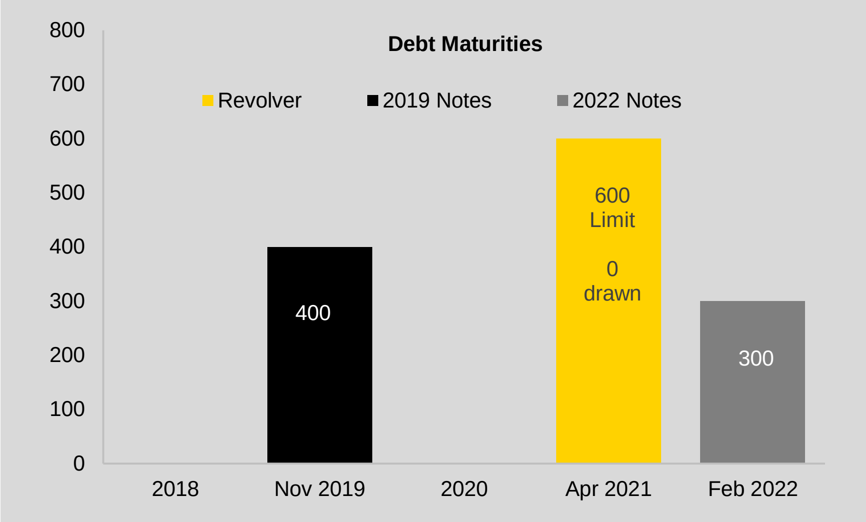
*Restated to reflect adoption of FASB ASU 2016-09

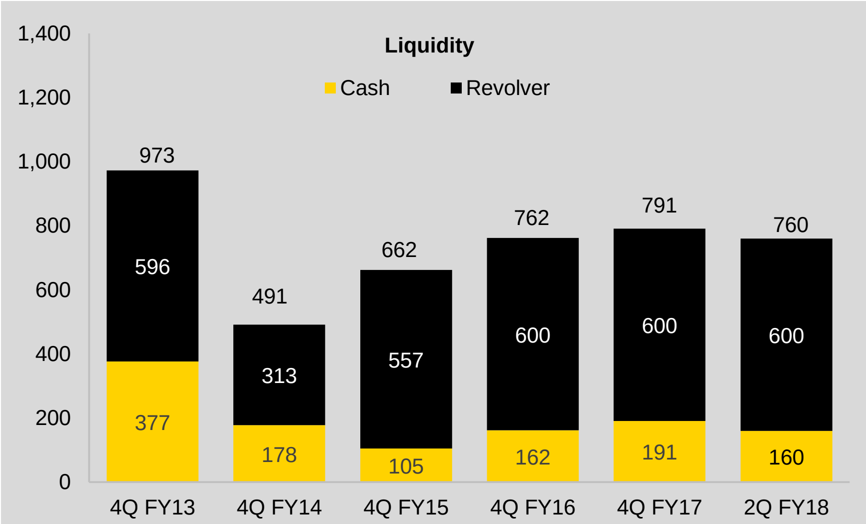
Strong Balance Sheet and Liquidity

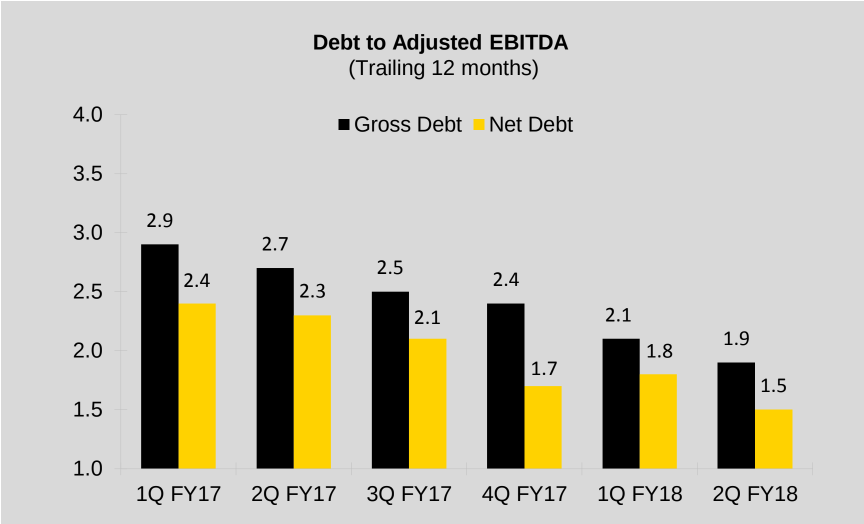
($ in millions)



*Restated to reflect adoption of FASB ASU 2015-03







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FY18 Outlook

($ in millions, except per share data and percentages)

	FY17 Actual	Prior FY18 Outlook	FY18 Outlook
Organic Sales	4%	5% - 7%	9% – 11%
Effective Tax Rate (excluding special charges)	20%	18% - 22%	22% - 25%
Adjusted EPS	$1.52	$2.30 - $2.60	$2.40 - $2.70
Net Capital Expenditures	$113	$210 - $230	$210 – $230
Free Operating Cash Flow	$82*	$0 - $20	$0 - $30

*Restated to reflect adoption of FASB ASU 2016-09

Improved operational outlook, partially offset by higher tax rate
Effect of US tax reform on adjusted FY18 EPS estimated at negative 15 – 20 cents per share

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Summary of Key Points

- **Q2 FY18 was stronger operationally than expected.**

- **Increasing adjusted EPS outlook for FY18, even with the adverse effect of the release of our valuation allowance.**

- **Progress on all three initiatives continues:**
  - **Growth: Increased sales through improved commercial execution**
    - Channel strategy, CRM for sales planning and customer classification initiatives are well-established
    - Now focusing on our other growth initiatives
  - **Simplification: Reducing complexity to increase efficiency, thereby lowering costs**
    - SKUs, powder formulations, grades and coatings initiatives well underway
    - Minimum and economic order quantities also well established
  - **Cost Reduction: Modernization and process improvement**
    - Modernization and end-to-end process improvement 3-year programs on track
    - Benefits from these programs still to come

- **Long-term effect of tax reform expected to be positive.**
- **Through the disciplined and focused execution of our initiatives, we are building the foundation for improved and sustainable performance in the future.**

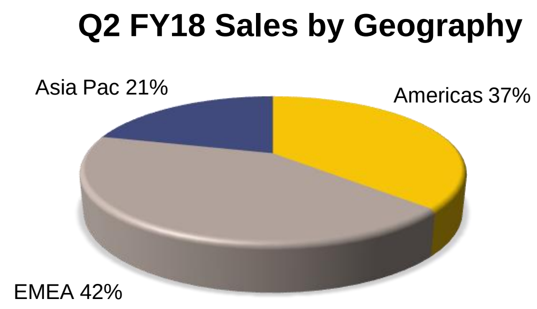
Appendix

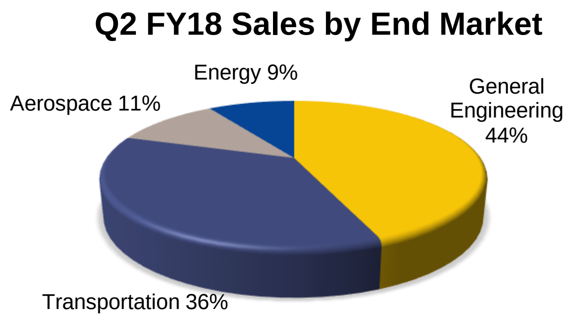
Adjusted Segment Results

Quarter ended *($ in millions)*	December 31, 2017		
	Industrial	**WIDIA**	**Infrastructure**
Sales	**$312**	**$48**	**$211**
Organic	14%	9%	18%
FX	4%	2%	2%
Divestiture	-	-	-
Business Days	-1%	-	-1%
Constant Currency Regional Sales Growth:			
Americas	11%	8%	20%
EMEA	11%	16%	1%
AsiaPac	20%	4%	24%
Constant Currency End Market Sales Growth:			
Energy	19%	-	25%
General Engineering	11%	9%*	20%
Transportation	14%	-	-
Aerospace & Defense	9%	-	-
Earthworks	-	-	11%
Adjusted Operating Income (Loss)	**$43**	**$1**	**$27**
Adjusted Operating Margin	**13.9%**	**2.2%**	**12.6%**

* all WIDIA sales are classified as general engineering

Industrial Business Segment





Q2 FY18 17% quarterly sales growth YoY; 14% organic growth

- Quarterly adjusted operating margin increased YoY to **13.9%** from **9.0%** prior year
- Sixth consecutive quarter of organic growth for the segment
- All regions positive, all end-markets positive

All end-markets showing good strength

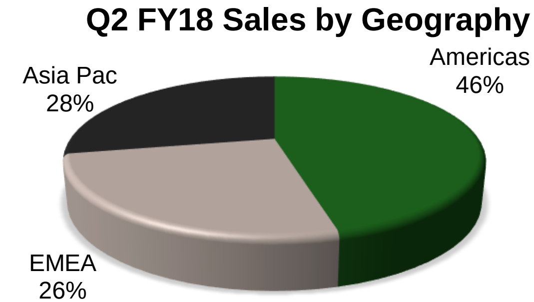
- Two largest end-markets (transportation and general engineering) delivering double-digit growth this quarter
- Distribution stock levels believed to be consistent with end-market demand

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

- Growth and simplification initiatives well-established
- Execution of modernization and end-to-end 3-year program on-track, benefits still to come
- Higher variable compensation due to increased sales level affecting margin in current quarter

Delivering strong organic growth while continuing to execute on modernization initiatives

WIDIA Business Segment



Q2 FY18 11% quarterly sales growth YoY; 9% organic growth

- Q2 FY18 adjusted operating margin at **2.2%** vs. **(1.5%)** in Q2 FY17
- Fifth consecutive quarter of organic growth for the segment

Q2 FY18 regional highlights*

EMEA
- 16% YoY growth rate reflects strength across all regions, highest growth rates in Eastern Europe

Americas:
- 8% YoY growth rate reflects strong distribution sales
- Distribution stock levels believed to be consistent with end-market demand

AsiaPac
- Focused on opening new demand stream opportunities
- Establishing brand channel for entire WIDIA portfolio

India:
- Strong growth continues in moderately growing end-markets
- Plant modernization on-track, benefits still to come

* Constant Currency Regional Sales Growth

Growth and profitability increasing in every region of the world

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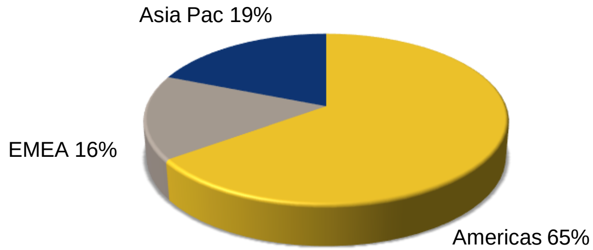
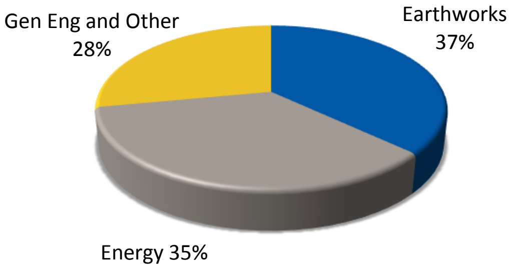
Infrastructure Business Segment

Q2 FY18 Sales by Geography



Q2 FY18 Sales by End Market



Q2 FY18 19% quarterly sales growth; 18% organic growth YoY

- Adjusted operating margin increased to **12.6%** in Q2 FY18 vs. **7.9%** in Q2 FY17
- All regions positive, all end-markets positive
- Fourth consecutive quarter of organic growth for the segment

End-markets showing increasingly positive signs

- US land average rig counts up over 60% YoY; stable above the 900 level for two quarters; completions activity strong
- Oil & Gas and General Engineering continuing to show good strength this quarter
- Underground mining continues to improve

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

- Continuing to roll out proven financial performance improvement actions
- Benefits from 3-year modernization program are still to come

Execution on growth and operational improvements continuing margin expansion

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Balance Sheet

ASSETS *($ in millions)*	December 2017	June 2017
Cash and cash equivalents	$160	$191
Accounts receivable, net	393	380
Inventories	507	488
Other current assets	68	55
Total current assets	**$1,128**	**$1,114**
Property, plant and equipment, net	780	744
Goodwill and other intangible assets, net	491	492
Other assets	77	65
Total assets	**$2,476**	**$2,415**

LIABILITIES *($ in millions)*	December 2017	June 2017
Current maturities of long-term debt and capital leases, including notes payable	$1	$1
Accounts payable	191	216
Other current liabilities	215	245
Total current liabilities	**$407**	**$462**
Long-term debt and capital leases	696	695
Other liabilities	209	206
Total liabilities	**$1,312**	**$1,363**
Kennametal Shareowners' Equity	1,126	1,017
Noncontrolling interests	38	35
Total liabilities and equity	**$2,476**	**$2,415**

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KENNAMETAL INC.
March 6, 2018

RECONCILIATION OF NON-GAAP FINANCIAL INFORMATION REQUIRED BY REGULATION G

On March 6, 2018, management of Kennametal Inc. (Kennametal or the Company) presented to various members of the financial community at the Evercore ISI Annual Industrial Conference in New York, NY. 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 (loss) 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. Non-GAAP financial measures utilized by the Company may not be comparable to non-GAAP financial measures used by other companies.

Reconciliations to the most comparable GAAP measure for the following forecasted non-GAAP financial measures are not available: organic sales growth, adjusted ETR, adjusted EPS and FOCF. The most comparable GAAP measures are sales growth, ETR, EPS and net cash flow from operating activities, respectively. As the forecasted non-GAAP measures are dependent on many factors and not derived from a specific calculation, reconciliation to the comparable GAAP measures are not available. For the purposes of this presentation, the Company does not consider the lack of this reconciliation to be significant.

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

Adjusted Gross Profit and Margin, Adjusted Operating Expense, Adjusted Operating Expense as a Percentage of Sales, Adjusted Operating Income (Loss), 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), 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.

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 are defined as net income attributable to Kennametal (which is the most directly comparable GAAP measure), with interest expense, interest income, provision for income taxes, depreciation and amortization added back. Management believes that EBITDA 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.

RECONCILIATIONS

($ in millions, except per share data and percents)	Sales	Gross Profit	Operating Expense	Operating Income	Effective Tax Rate	Net Income [1]	Diluted EPS
Q2 FY18 Reported Results	$ 571.3	$ 192.5	$ 120.6	$ 68.2	29.3%	$ 41.6	$ 0.50
Reported Margins		33.7%	21.1%	11.9%			
Restructuring and related charges	-	1.2	(0.2)	1.5	1.5	0.2	-
Impact of out of period adjustment to provision for income taxes[2]	-	-	-	-	(8.9)	5.3	0.07
Release of U.S. deferred tax valuation allowance[3]	-	-	-	-	6.5	(3.9)	(0.05)
Q2 FY18 Adjusted Results	$ 571.3	$ 193.8	$ 120.4	$ 69.7	28.4%	$ 43.2	$ 0.52
Q2 FY18 Adjusted Margins		33.9%	21.1%	12.2%			

(1) Represents amounts attributable to Kennametal Shareholders.

(2) Non-cash charge associated with the out-of-period impact of recording an adjustment to deferred tax charges associated with intra-entity product transfers.

(3) Non-cash benefit associated with the release of the valuation allowance on U.S. deferred tax assets as a result of application of a provision in the Tax Cuts and Jobs Act of 2017. The provision required a one-time transition tax on previously untaxed accumulated earnings and profits of non-U.S. companies. This transition tax resulted in a toll charge of $77 million which was fully offset by our U.S. deferred tax assets, which were still 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. The toll 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.

RECONCILIATIONS (CONTINUED)

($ in millions, except per share data and percents)	Sales	Gross Profit	Operating Expense	Operating Income	Effective Tax Rate	Net Income [1]	Diluted EPS
Q2 FY17 Reported Results	$ 487.6	$ 147.6	$ 111.0	$ 24.0	50.9%	$ 7.3	$ 0.09
Reported Margins		30.3%	22.8%	4.9%			
Restructuring and related charges	-	2.4	(0.9)	11.8	(14.9)	10.9	0.13
Australia deferred tax valuation allowance	-	-	-	-	(8.0)	1.3	0.02
Q2 FY17 Adjusted Results	$ 487.6	$ 150.0	$ 110.1	$ 35.8	28.0%	$ 19.5	$ 0.24
Q2 FY17 Adjusted Margins		30.8%	22.6%	7.3%			

[1] Represents amounts attributable to Kennametal Shareholders.

($ in millions, except percents)	Industrial Sales	Industrial Operating Income	WIDIA Sales	WIDIA Operating Income	Infrastructure Sales	Infrastructure Operating Income
Q2 FY18 Reported Results	$ 312.4	$ 43.3	$ 47.7	$ 0.9	$ 211.2	$ 25.5
Reported Operating Margin		13.9%		1.8%		12.1%
Restructuring and related charges	-	0.1	-	0.2	-	1.2
Q2 FY18 Adjusted Results	$ 312.4	$ 43.4	$ 47.7	$ 1.1	$ 211.2	$ 26.7
Q2 FY18 Adjusted Operating Margin		13.9%		2.2%		12.6%

($ in millions, except percents)	Industrial Sales	Industrial Operating Income	WIDIA Sales	WIDIA Operating Loss	Infrastructure Sales	Infrastructure Operating Income
Q2 FY17 Reported Results	$ 267.5	$ 18.1	$ 42.9	$ (2.7)	$ 177.2	$ 10.3
Reported Operating Margin		6.8%		-6.2%		5.8%
Restructuring and related charges	-	6.0	-	2.0	-	3.8
Q2 FY17 Adjusted Results	$ 267.5	$ 24.1	$ 42.9	$ (0.7)	$ 177.2	$ 14.0
Q2 FY17 Adjusted Operating Margin		9.0%		-1.5%		7.9%

($ 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.

Three months ended December 31, 2017:	Industrial	Widia	Infrastructure	Kennametal
Organic Sales Growth	14%	9%	18%	15%
Foreign Currency Exchange Impact	4%	2%	2%	3%
Business Days Impact	-1%	0%	-1%	-1%
Divestiture Impact	0%	0%	0%	0%
Acquisition Impact	0%	0%	0%	0%
Sales Growth	17%	11%	19%	17%

RECONCILIATIONS (CONTINUED)

	Kennametal Inc.					
Three months ended:	**Organic Sales Growth (Decline)**	**Foreign Currency Exchange Impact**	**Business Days Impact**	**Divestiture Impact**	**Acquisition Impact**	**Sales Growth (Decline)**
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%
September 30, 2014	1%	1%	0%	10%	0%	12%

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%

Industrial

Three months ended December 31, 2017:	**Americas**	**EMEA**	**Asia Pacific**
Constant currency regional sales growth	11%	11%	20%
Foreign currency exchange impact	1%	8%	3%
Divestiture impact	0%	0%	0%
Acquisition impact	0%	0%	0%
Regional sales growth	12%	19%	23%

Widia

Three months ended December 31, 2017:	**Americas**	**EMEA**	**Asia Pacific**
Constant currency regional sales growth	8%	16%	4%
Foreign currency exchange impact	1%	6%	3%
Divestiture impact	0%	0%	0%
Acquisition impact	0%	0%	0%
Regional sales growth	9%	22%	7%

RECONCILIATIONS (CONTINUED)

Infrastructure

Three months ended December 31, 2017:	Americas	EMEA	Asia Pacific
Constant currency regional sales growth	20%	1%	24%
Foreign currency exchange impact	1%	5%	2%
Divestiture impact	0%	0%	0%
Acquisition impact	0%	0%	0%
Regional sales growth	21%	6%	26%

Kennametal

Three months ended December 31, 2017:	Americas	EMEA	Asia Pacific
Constant currency regional sales growth	15%	9%	19%
Foreign currency exchange impact	1%	7%	3%
Divestiture impact	0%	0%	0%
Acquisition impact	0%	0%	0%
Regional sales growth	16%	16%	22%

Industrial

Three months ended December 31, 2017:	General Engineering	Transportation	Aerospace and Defense	Energy
Constant currency end market sales growth	11%	14%	9%	19%
Foreign currency exchange impact	4%	4%	2%	3%
Divestiture impact	0%	0%	0%	0%
Acquisition impact	0%	0%	0%	0%
End market sales growth	15%	18%	11%	22%

Infrastructure

Three months ended December 31, 2017:	Energy	Earthworks	General Engineering
Constant currency end market sales growth	25%	11%	20%
Foreign currency exchange impact	1%	2%	2%
Divestiture impact	0%	0%	0%
Acquisition impact	0%	0%	0%
End market sales growth	26%	13%	22%

Kennametal

Three months ended December 31, 2017:	Energy	Earthworks	General Engineering	Transportation	Aerospace and Defense
Constant currency end market sales growth	23%	11%	12%	14%	9%
Foreign currency exchange impact	2%	2%	3%	4%	2%
Divestiture impact	0%	0%	0%	0%	0%
Acquisition impact	0%	0%	0%	0%	0%
End market sales growth	25%	13%	15%	18%	11%

RECONCILIATIONS (CONTINUED)

($ in millions)	Three months ended December 31, 2017	2016
Net income (loss) attributable to Kennametal, reported	$ 41.6	$ 7.3
Add back:		
Interest expense	7.2	7.2
Interest income	(0.3)	(0.2)
Provision for income taxes, reported	17.5	8.2
Depreciation	23.3	22.8
Amortization	3.7	4.2
EBITDA	$ 93.0	$ 49.4
Margin	16.3%	10.1%
Adjustments:		
Restructuring and related charges	1.5	11.8
Adjusted EBITDA	$ 94.5	$ 61.2
Adjusted Margin	16.5%	12.5%

(in thousands, except percents)	12/31/2017	9/30/2017	6/30/2017	3/31/2017	12/31/2016	Average
Current assets	$ 1,128,382	$ 1,075,915	$ 1,113,901	$ 1,043,046	$ 971,745	
Current liabilities	407,621	396,967	461,478	426,799	390,151	
Working capital, GAAP	$ 720,761	$ 678,948	$ 652,423	$ 616,247	$ 581,594	
Excluding items:						
Cash and cash equivalents	(159,940)	(110,697)	(190,629)	(100,817)	(102,001)	
Other current assets	(68,057)	(64,874)	(55,166)	(75,061)	(80,375)	
Total excluded current assets	(227,997)	(175,571)	(245,795)	(175,878)	(182,376)	
Adjusted current assets	900,385	900,344	868,106	867,168	789,369	
Current maturities of long-term debt and capital leases, including notes payable	(1,360)	(1,252)	(925)	(1,591)	(2,263)	
Other current liabilities	(215,669)	(209,373)	(244,831)	(234,367)	(219,008)	
Total excluded current liabilities	(217,029)	(210,625)	(245,756)	(235,958)	(221,271)	
Adjusted current liabilities	190,592	186,342	215,722	190,841	168,880	
Primary working capital	$ 709,793	$ 714,002	$ 652,384	$ 676,327	$ 620,489	$ 674,599

	Three Months Ended 12/31/2017	9/30/2017	6/30/2017	3/31/2017	Total
Sales	$ 571,345	$ 542,454	$ 565,025	$ 528,630	$ 2,207,454
Primary working capital as a percentage of sales					30.6%

RECONCILIATIONS (CONTINUED)

(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%

(in thousands, except percents)	12/31/2016	9/30/2016	6/30/2016	3/31/2016	12/31/2015	Average
Current assets	$ 971,745	$ 991,837	$ 1,075,341	$ 1,099,260	$ 1,062,992	
Current liabilities	390,151	402,574	427,275	421,415	394,983	
Working capital, GAAP	$ 581,594	$ 589,263	$ 648,066	$ 677,845	$ 668,009	
Excluding items:						
Cash and cash equivalents	(102,001)	(119,411)	(161,579)	(136,564)	(138,978)	
Other current assets	(80,375)	(64,660)	(84,016)	(111,479)	(113,113)	
Total excluded current assets	(182,376)	(184,071)	(245,595)	(248,043)	(252,091)	
Adjusted current assets	789,369	807,766	829,746	851,217	810,901	
Current maturities of long-term debt and capital leases, including notes payable	(2,263)	(1,381)	(1,895)	(4,140)	(5,942)	
Other current liabilities	(219,008)	(225,189)	(243,341)	(247,943)	(237,444)	
Total excluded current liabilities	(221,271)	(226,570)	(245,236)	(252,083)	(243,386)	
Adjusted current liabilities	168,880	176,004	182,039	169,332	151,597	
Primary working capital	$ 620,489	$ 631,762	$ 647,707	$ 681,885	$ 659,304	$ 648,229
		Three Months Ended				
		12/31/2016	9/30/2016	6/30/2016	3/31/2016	Total
Sales		$ 487,573	$ 477,140	$ 521,224	$ 497,837	$ 1,983,774
Primary working capital as a percentage of sales						32.7%

RECONCILIATIONS (CONTINUED)

(in thousands, except percents)	12/31/2015	9/30/2015	6/30/2015	3/31/2015	12/31/2014	Average
Current assets	$ 1,062,992	$ 1,168,511	$ 1,258,546	$ 1,341,312	$ 1,373,987	
Current liabilities	394,983	438,406	482,744	524,518	528,704	
Working capital, GAAP	$ 668,009	$ 730,105	$ 775,802	$ 816,794	$ 845,283	
Excluding items:						
Cash and cash equivalents	(138,978)	(97,199)	(105,494)	(146,175)	(146,267)	
Other current assets	(113,113)	(120,583)	(132,148)	(111,124)	(115,671)	
Total excluded current assets	(252,091)	(217,782)	(237,642)	(257,299)	(261,938)	
Adjusted current assets	810,901	950,729	1,020,904	1,084,013	1,112,049	
Current maturities of long-term debt and capital leases, including notes payable	(5,942)	(25,285)	(15,702)	(99,620)	(95,513)	
Other current liabilities	(237,444)	(235,385)	(279,661)	(250,586)	(273,727)	
Total excluded current liabilities	(243,386)	(260,670)	(295,363)	(350,206)	(369,240)	
Adjusted current liabilities	151,597	177,736	187,381	174,312	159,464	
Primary working capital	$ 659,304	$ 772,993	$ 833,523	$ 909,701	$ 952,585	$ 825,621
		Three Months Ended				
		12/31/2015	9/30/2015	6/30/2015	3/31/2015	Total
Sales		$ 524,021	$ 555,354	$ 637,653	$ 638,970	$ 2,355,998
Primary working capital as a percentage of sales						35.0%

($ in millions)	Six months ended December 31, 2017	2016
Net cash flow from operating activities (2)	$ 66.8	$ 48.7
Purchases of property, plant and equipment	(85.2)	(70.6)
Proceeds from disposals of property, plant and equipment	0.8	3.5
Free operating cash flow	$ (17.6)	$ (18.4)

(4) Amounts for fiscal 2017 have been restated to reflect adoption of FASB ASU 2016-09.

($ in millions)	Three months ended December 31, 2017	2016
Net cash flow from operating activities (2)	$ 86.6	$ 25.1
Purchases of property, plant and equipment	(43.1)	(28.3)
Proceeds from disposals of property, plant and equipment	0.4	2.4
Free operating cash flow	$ 43.9	$ (0.8)

(4) Amounts for fiscal 2017 have been restated to reflect adoption of FASB ASU 2016-09.

($ in millions)	Twelve months ended June 30, 2017
Net cash flow from operating activities (2)	$ 195.3
Purchases of property, plant and equipment	(118.0)
Proceeds from disposals of property, plant and equipment	5.0
Free operating cash flow	$ 82.3

(4) Amounts for fiscal 2017 have been restated to reflect adoption of FASB ASU 2016-09.

RECONCILIATIONS (CONTINUED)

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

	Three months ended								
EBITDA	**12/31/2017**	**9/30/2017**	**6/30/2017**	**3/31/2017**	**12/31/2016**	**9/30/2016**	**6/30/2016**	**3/31/2016**	**12/31/2015**
Net income (loss) attributable to Kennametal	$ 41.6	$ 39.2	$ 24.6	$ 38.9	$ 7.3	$ (21.7)	$ (66.5)	$ 16.0	$ (169.2)
Add back:									
Interest expense	7.2	7.1	7.4	7.3	7.2	7.0	6.9	7.1	6.8
Interest income	(0.3)	(0.3)	(0.2)	(0.3)	(0.2)	(0.2)	(0.6)	(0.3)	(0.3)
Provision (benefit) for income taxes	17.5	9.6	7.5	9.3	8.2	4.9	86.8	5.5	(71.2)
Depreciation	23.3	22.8	22.7	22.4	22.8	23.2	23.4	22.9	25.1
Amortization	3.7	3.7	3.9	4.2	4.2	4.3	4.4	4.4	5.6
EBITDA	$ 93.0	$ 82.1	$ 65.9	$ 81.8	$ 49.4	$ 17.4	$ 54.4	$ 55.6	$ (203.2)
Adjustments:									
Restructuring and related charges	1.5	6.9	23.2	9.6	11.8	31.7	15.5	14.0	8.9
Fixed asset disposal charges	-	-	-	-	-	-	5.4	-	-
Goodwill and other intangible asset impairment charges	-	-	-	-	-	-	-	-	108.5
Operations of divested businesses	-	-	-	-	-	-	-	-	1.8
Loss on divestiture and related charges	-	-	-	-	-	-	0.7	(2.6)	133.3
Adjusted EBITDA	$ 94.5	$ 89.0	$ 89.0	$ 91.5	$ 61.2	$ 49.1	$ 76.1	$ 67.0	$ 49.2

	12/31/2017	**9/30/2017**	**6/30/2017**	**3/31/2017**	**12/31/2016**	**9/30/2016**	**12/31/2015**
Total debt (gross)	$ 697.1	$ 696.6	$ 695.9	$ 696.2	$ 696.6	$ 695.4	
Trailing four quarters adjusted EBITDA	364.0	330.7	290.8	277.8	253.3	241.4	
Debt to adjusted EBITDA	**1.9**	**2.1**	**2.4**	**2.5**	**2.7**	**2.9**	
Total debt (gross)	$ 697.1	$ 696.6	$ 695.9	$ 696.2	$ 696.6	$ 695.4	$ 701.5
Less: cash and cash equivalents	159.9	110.7	190.6	100.8	102.0	119.4	139.0
Net debt	$ 537.1	$ 585.9	$ 505.3	$ 595.4	$ 594.6	$ 576.0	$ 562.5
Trailing four quarters adjusted EBITDA	364.0	330.7	290.8	277.8	253.3	241.4	
Net debt to adjusted EBITDA	**1.5**	**1.8**	**1.7**	**2.1**	**2.3**	**2.4**	