



# **Kennametal Inc.** **A World Leading Supplier**

Name

Date





Kennametal Celebrates  
40-Year Listing on NYSE

**KMT**  
**LISTED**  
**NYSE**

- Vision to be the **premier global supplier of tooling solutions, engineered components and advanced materials consumed by customers in industrial markets.**
- **Complex metallurgy and materials science in tungsten carbide, ceramics, high-speed steels resistant to heat, abrasion, corrosion, pressure and wear.**
- **World HQ in Latrobe, Pennsylvania, U.S.A**
- **\$2.7 billion annual sales, nearly half of which are generated outside the U.S.A.**
- **14,000 people in 60 countries.**
- **10 – 30% Documented Cost Savings**



Carlos M. Cardoso, President and Chief Executive Officer. Cardoso was named by *Institutional Investor* as one of the top five CEOs in the capital goods/industrials category and machinery sector in 2007.

**A High Performance Enterprise Consistently Delivering on Its Commitments**

## Our Mission

Deliver **Productivity To Customers** Seeking Peak Performance In Demanding Environments By Providing **Innovative Custom And Standard Wear-resistant Solutions**

## Our Products

- Energy Exploration Cutting Systems
- Road Rehabilitation, Mining Drums And Cutting Systems
- Machine Tooling: Turning, Milling, Hole Making, Systems
- Specialized Solutions

## Our Customers

- Aero-structure, Aero-engine Manufacturing
- Surface And Underground Mining
- Transportation Manufacturers
- Oil And Gas Drilling
- Manufacturing Machining Centers

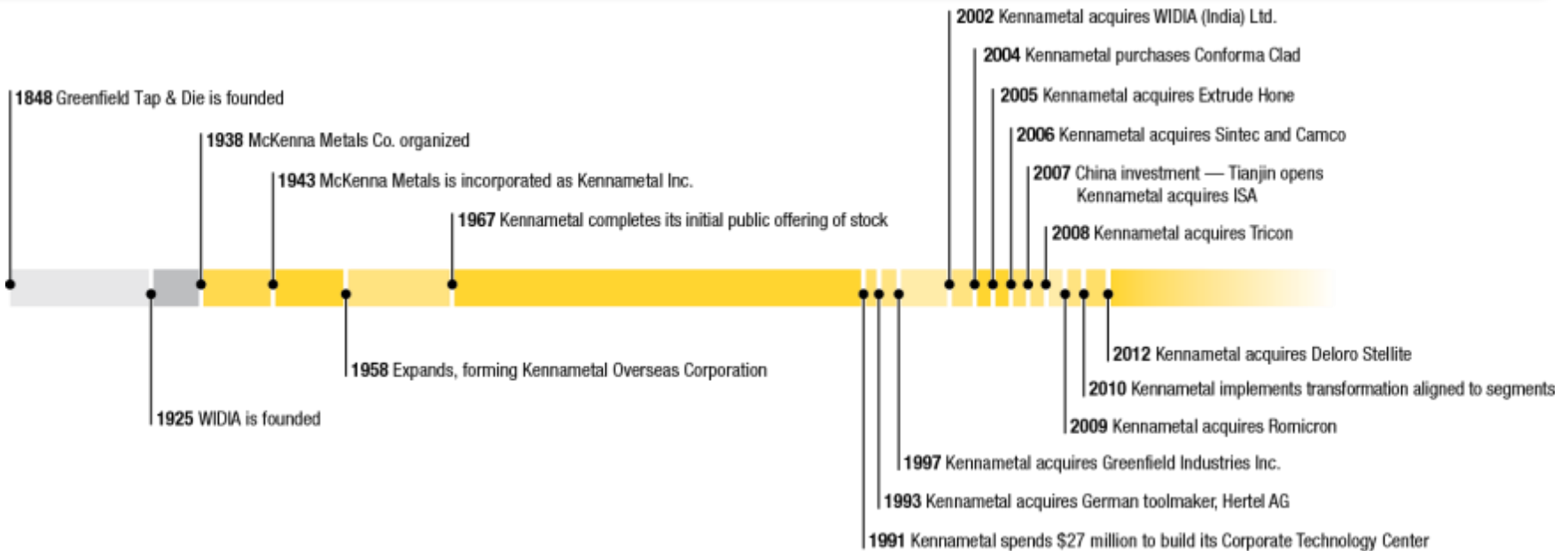
## Our Differentiators

- Proprietary Powder Metal Material Formulas
- Customer Application Expertise
- Engineered Solutions
- Patented Pressing, Sintering And HIPing Methods
- Tungsten Processing Methods

## Our Processes

- Deliver High Performance Wear Solutions Using Advanced Materials Expertise Including Tungsten Carbide, Ceramics, Super-hard Materials, And Proven Product Development Methods

***Becoming a Breakaway Company***



***Built on Strong Fundamentals, Entrepreneurial Thinking***

**\$2.4 Billion**

**2011 Revenues**

**80,000 +**

**Active Customers**

**12,000 +**

**Employees**

**1,700 +**

**Patents**

**40%**

**% Revenues From Products < 5 years**

**60 +**

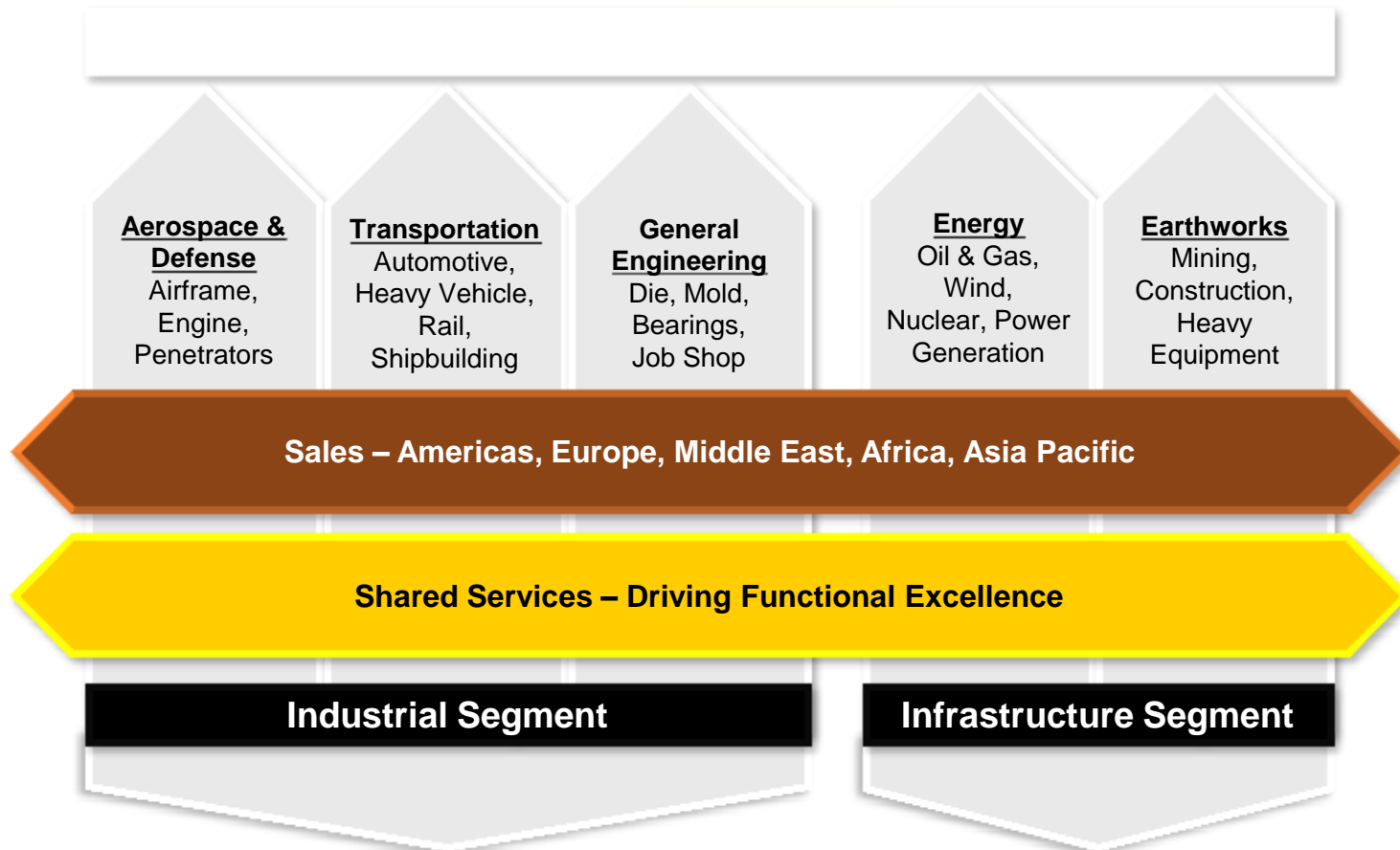
**Global Countries**

**<4%**

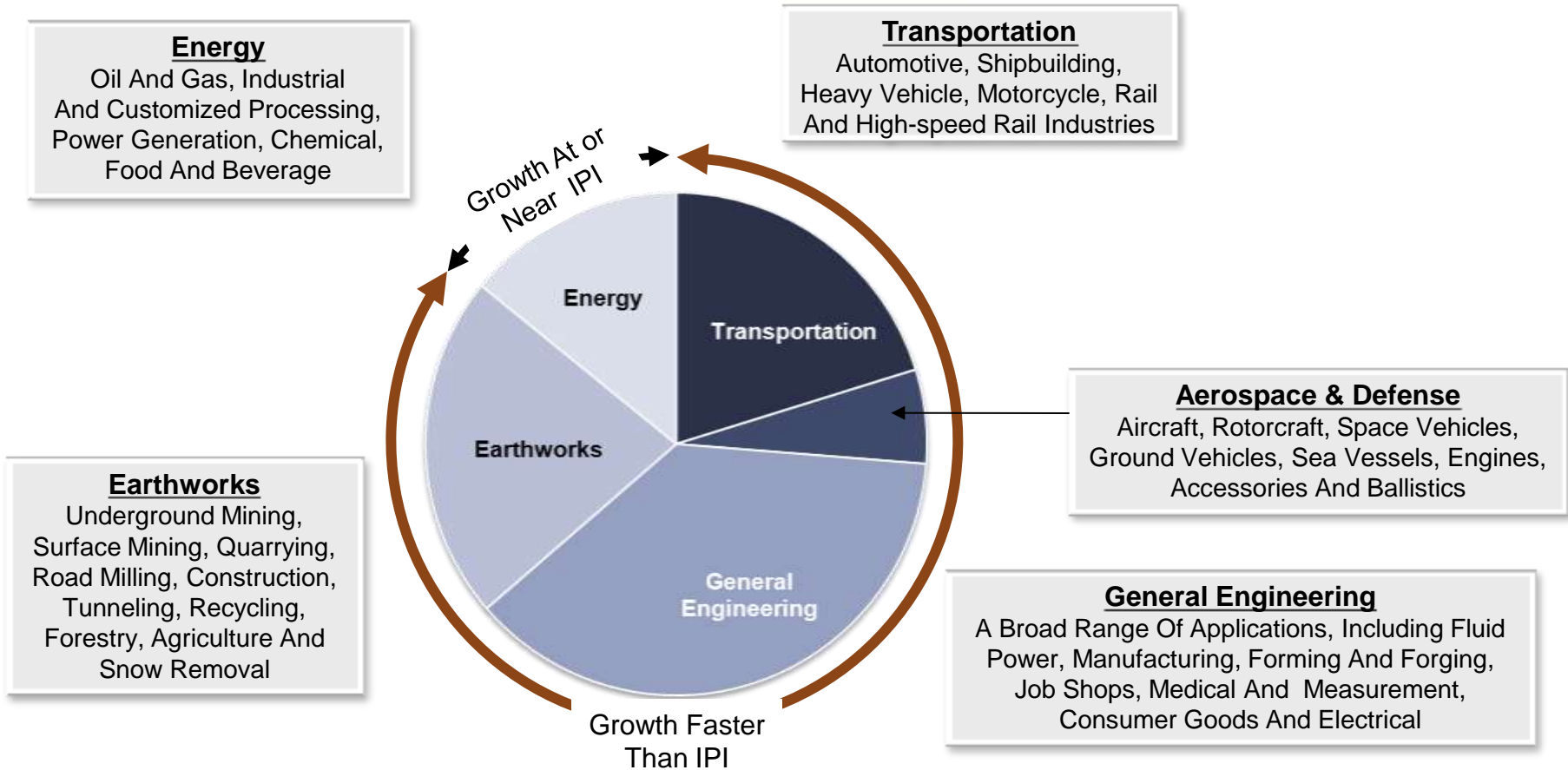
**Largest Single Customer**



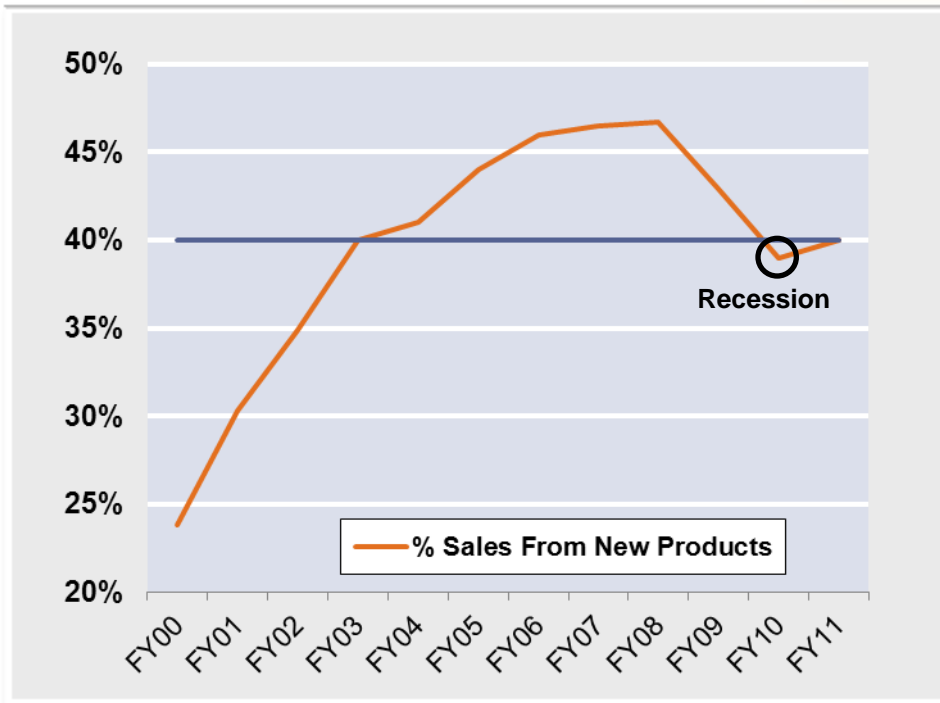
***... Serving Some of the World's Largest Companies***



***Driving Growth & Optimization***



***Diversified End Markets Served; Powerful Brand Portfolio***



- Delivering New Product Innovation And Margin Expansion
- Numerous Awards For Innovation
  - PDMA – OCI Award
- Enterprise And Segment Prioritization Process In Place



***New Product Introductions At Market Leading Pace***



## *Implementing Consistent Global Business Execution Processes To Create Superior Value For Our Customers And Stakeholders*

### **Strategic Planning**

Consistent development of a long-term business strategy in alignment with our vision, ambitions, and key values.

### **Innovation**

Set of collaborative enterprise-wide business processes aimed at delivering increasing value to customers.

### **Customer Excellence**

A process to continuously deliver the best economic value to increase our customers' competitiveness.



### **Talent Development**

Our processes to manage and develop our workforce to be highly competitive and performance-driven.

### **Portfolio Management**

Guides an extremely disciplined approach to the identification, closing and integration of acquisition candidates and portfolio management of existing businesses.

### **Operational Excellence**

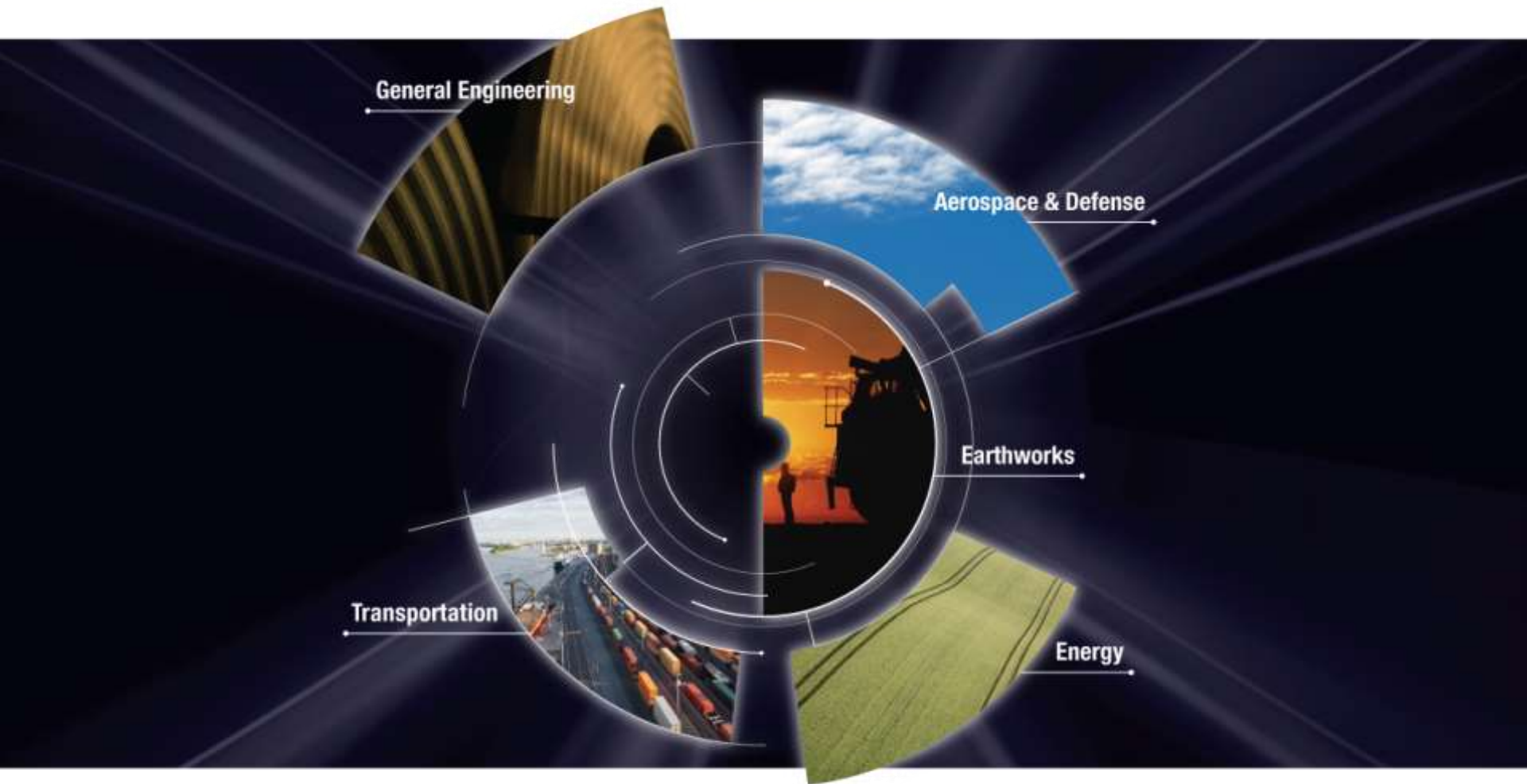
Systematic process to drive global excellence through Lean, EH&S and Quality.

## *Global Common Operating System*

## Safety and Environment



*Protecting Both Our Employees and the Environment*



## Win The Customer

Earn The Reputation As The Most Knowledgeable And **Easiest Partner To Do Business With**. Develop And Retain Customers, And Deliver Enhanced Productivity Solutions. Become The **Recognized Leader In Customer Satisfaction And Loyalty**, And Increase Our Penetration Into Core Markets And Existing Customers.

## Ensure Mission Readiness

Acquire, Train And **Manage Talent For The Challenges Ahead**, And Be Seen As The Employer Of Choice For The Best People. Develop A Flexible, Effective And Ever-ready Team That Can **Deliver The Best Solutions Faster And More Accurately, And Exceed Customer Expectations**.



## Advance with Technology

Deliver market-leading advances, **innovations** and customer delivery systems that will enhance our global competitiveness. Achieve **product line renewal at an unparalleled pace**. Make today's technological upgrades tomorrow's tools for maintaining our advantage.

## Commit To Excellence

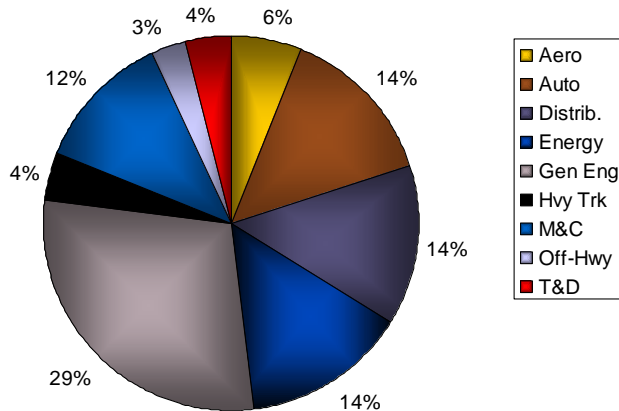
Consistently Deliver **Quality Products And Service Solutions**, On-time, And At Record Industry Lead Times. Maximize Lean Processing To Achieve **Top-tier Performance And Company-wide Financial Excellence**.

## Grow For Profit

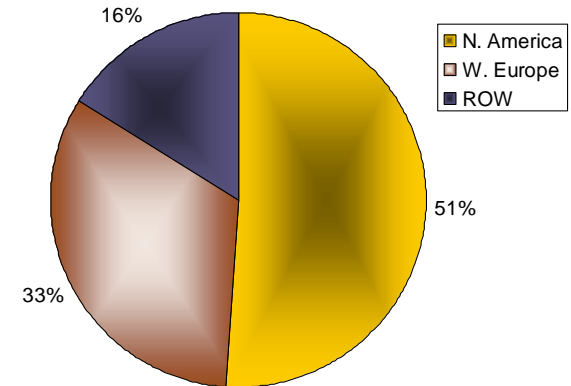
Build And Maintain A **Balanced Portfolio Of Products, Markets And Geographies** - The "Thirds," And Consistently **Grow Our Enterprise At Twice The Market Rate**. Achieve Organic, Inorganic And Emerging Market Growth With The Focus On Profitability And Shareholder Return.

## Fiscal 2012: A Testament to Sound Fiscal Management

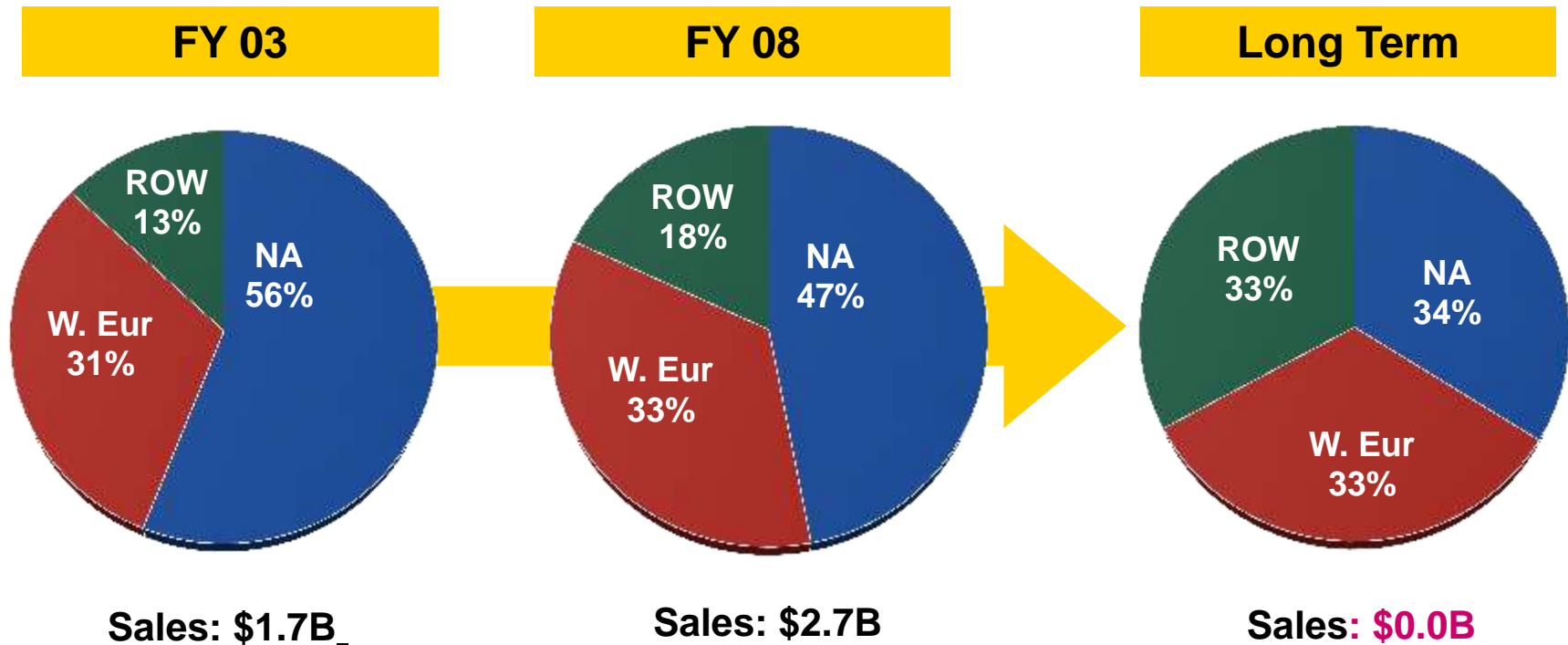
End Market Sales



Sales by Geographic Region



**Earning the Right to Grow in the Global Market**



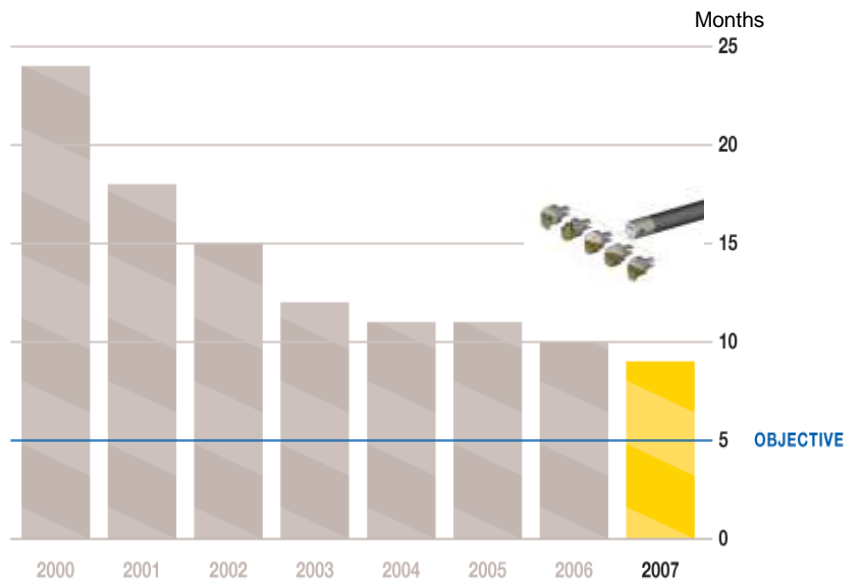
**Focusing on Investment and Deployment in Developing Markets**

- More than **700** highly trained and experienced research **scientists & development engineers**
- Averaging over **40 U.S. Patents** each year
- More than **40%** of sales from products less than 5 years old.

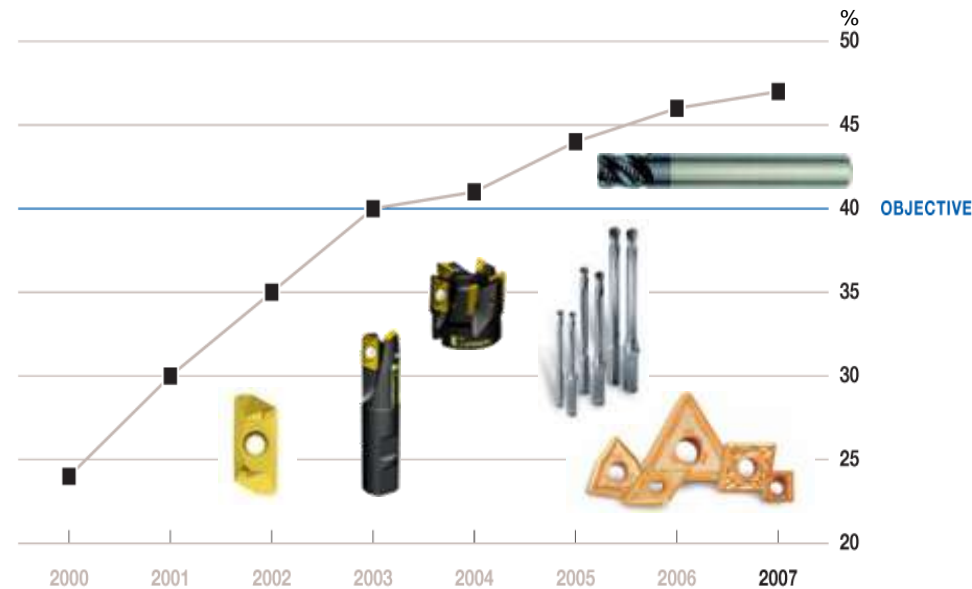


**Commitment to New Technology Development**

## New Product Development Cycle Time (Months)



## New Products as a Percent of Sales



**Differentiating Technology Helps Our Customers Drive Cost-Downs**



Many Companies have **Cut Production Times and Costs by Half . . .**  
and they will do it again

**ENABLERS**

- **Near net shape** workpieces
- Improved **process capability**
- Higher **metal removal rates**
- **Multi-tasking** machine tools
- **Quick change** tooling
- **Tooling** ~ 3% of total machining cost, but significant leverage on the other ~ 97%



**A Must to Compete with Emerging Markets**

## Now Even Mid-Sized Companies are **Reducing Time-to-Market by 30%-50%**

- Slashing **Product Life Cycle and R&D Time**
- Objective is **speed to market**
- More frequent opportunities to **test and qualify tooling and processes**
- Applies to the **machine, cutting tools and associated applications**



**Market Share is Shifting to these Companies**

## Globally Competitive Manufacturers are Driving **Capital Efficiency to >20% ROIC**

- Employee compensation linked to organization's **financial performance**
- Trend to more “**at-risk**” **variable bonus**
- **Cost per part** contractual clauses
- Affected by **taxation policy, legislation and/or culture**

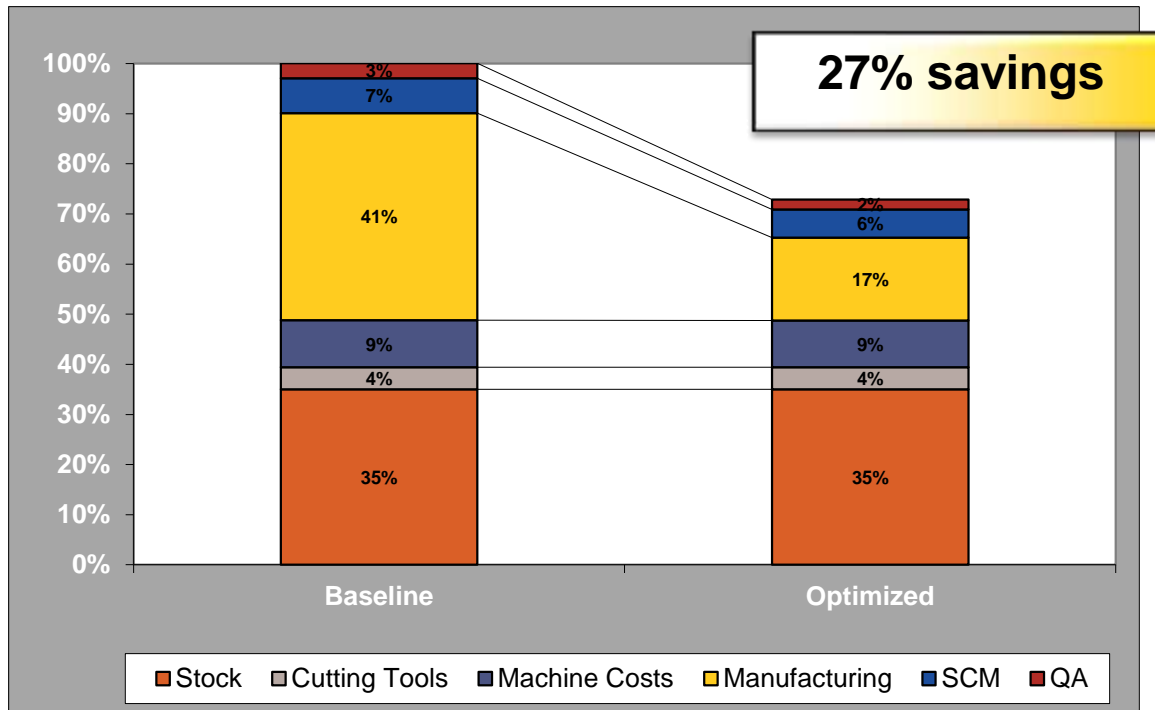


**Capital Utilization Provides an Advantage**

- Global Reposition of Manufacturing
- **Supply Chain Challenges**
- **Migration to Advanced Materials**
- Energy Costs and Transportation
- **Shortage of Metalworking Expertise**



**A Complex Set of Issues**



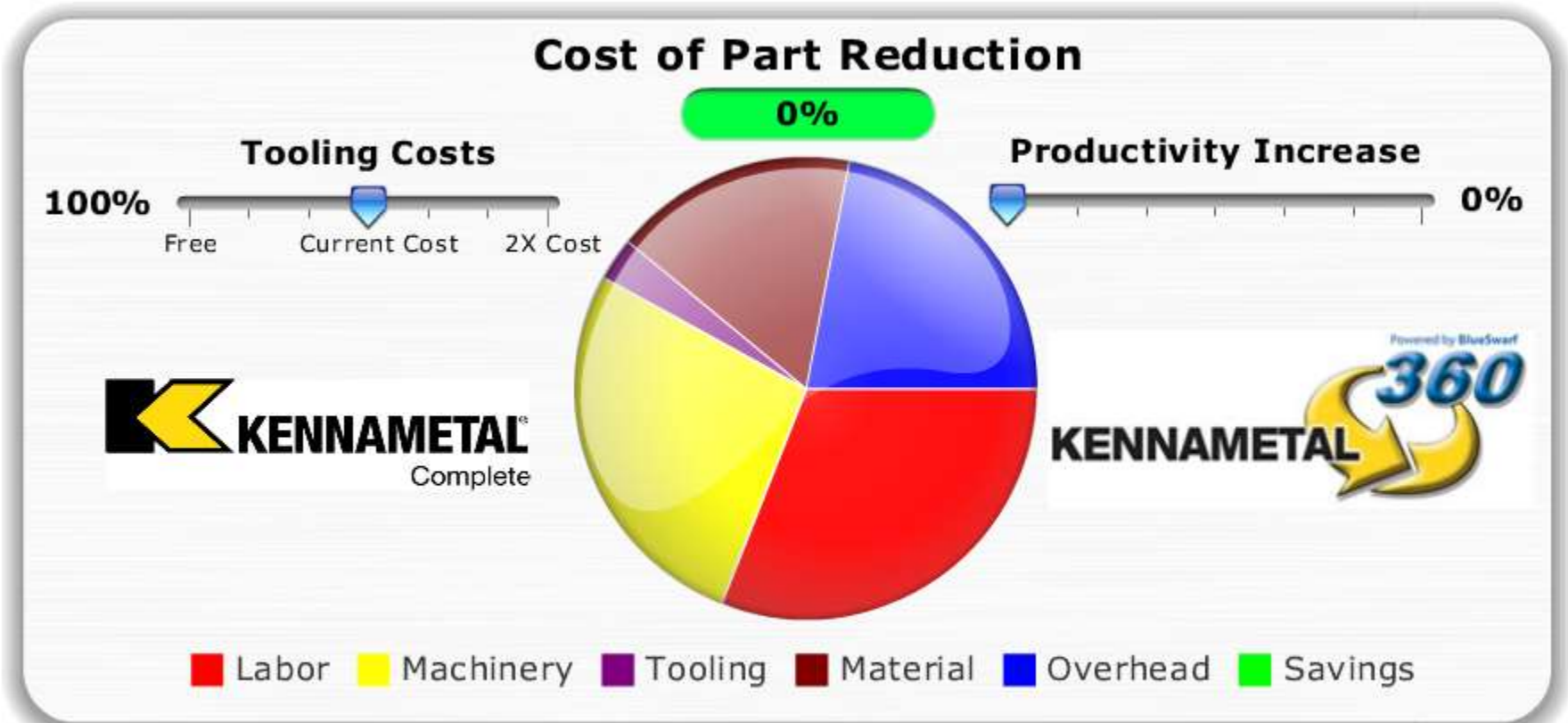
- Industry's Key Needs**
- Concurrent design optimization
  - Cost out of high value add processes
  - Risk avoidance
  - Globalization
  - Supply chain optimization

- KMT Offering**
- New Project and Optimization engineering services
  - Tooling solutions
  - Supply Chain optimization services

**Cost Breakdown of 100+ Optimized Parts**

**The Opportunity for Savings is Real with the Right Partner!**

## Free Tools or Productivity?



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## The Industry's Most Comprehensive Tooling Range

### Turning/Threading/Grooving



### ToolBoss™



### Milling



### Drilling



### Tapping



### Hole Finishing



### Systems





- Fuel efficiency through fine flow tuning — Diesel Fuel System (DFS) and Gasoline Direct Injection (GDI).
- Emission reduction due to better spray shaping.
- Noise, friction, and wear reduction for automatic gearbox components.
- Air flow path enhancement to improve jet or helicopter turbine performance.
- Energy savings with centrifugal impeller pump increased efficiency.
- Surface stress relief on high-pressured thin wall component for extreme safety.



## One Group – Three Processes for Deburring and Finishing

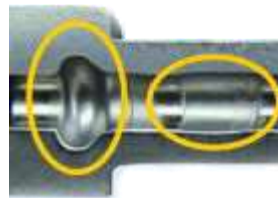
### AFM Process (surface and edge finishing with abrasive media)

Abrasive Flow Machining: Media and fixture design, radiusing, polishing, surface stress relief.



### ECM Process (an electrolytic removal process)

Electrochemical Machining: Generator, fixture, and cathodes, radiusing, shaping, polishing, surface stress relief.



### TEM Process (a thermal removal process)

Thermal Energy Method: Controlled combustion, minimizing risk of hidden burrs and contamination.



For more than 70 years, Kennametal has been recognized as the leader in advanced material solutions by engineering and manufacturing customized protective systems for the world's harshest environments.

We strive to develop advanced engineered solutions that fit your needs to give you the best solution for your application — enabling Kennametal to stay ahead of technology's cutting edge.



Products made of Advanced Materials, standardised and improved for daily use

Competence in

- **Materials**
- **Technology**

**Non Oxide Powders  
black and white**



**Evaporator Boats**



**Hot Pressed Boron Nitride**



**Shot Blast Nozzles**



**Hot Isostatic Pressing**



## Advanced Productivity Services

**Kennametal Complete** is the coordinated delivery of the metalworking industry's leading offering of products and services that help you:

- Reduce production **costs**
- Improve **productivity**
- Achieve **operational excellence**
- Satisfy *your* customers



**Deliver Cost Savings to Improve Our Customers' Bottom Line**

## Competence by Training and Education

- 220 apprentices and trainees at the German locations
- Over 1500 participants in Kennametal Academy courses every year
- Systematic talent development and succession planning
- Training Calendar
- Kennametal Leadership Programs



Systematic processes to provide Kennametal with the **right staff** with the **right talents** at the **right time** and at the **right place**, today just as well as in the future.



Knowledge Center provides comprehensive and easily understood training contents.

Offered are modular courses for operators, tool machine setters, process engineers, programmers, buyers, trainers and trainees.

Strongly practice-orientated courses ensure a perfect knowledge transfer – even for people who are not used to work on the shop floor.

**Only believe what you have experienced!**

## Powerful Assets

- Operational Excellence
- Premier Brands
- Leading Market Shares
- Global Balance
- Leading Technologies
- Strong Balance Sheet
- Superior Talent
- Customers are our Center
- *Deliver Productivity in the Most Demanding Environments*



**Taking Kennametal to the Next Level of Performance**



**Carlos M. Cardoso**  
President and Chief Executive Officer  
*Kennametal Inc.*

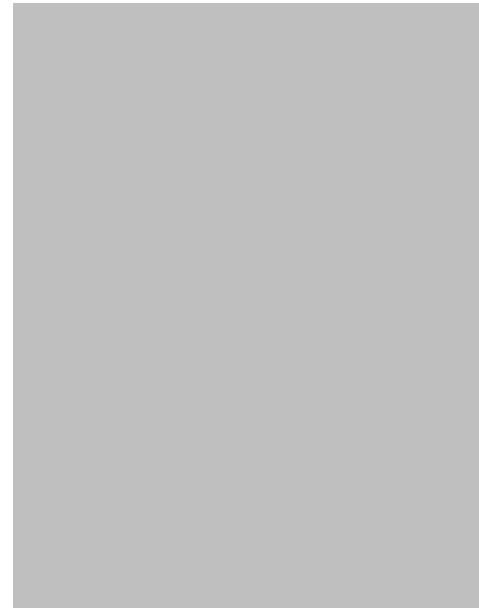


**Gérald Goubau**  
Vice President, Sales  
Managing Director, EMEA





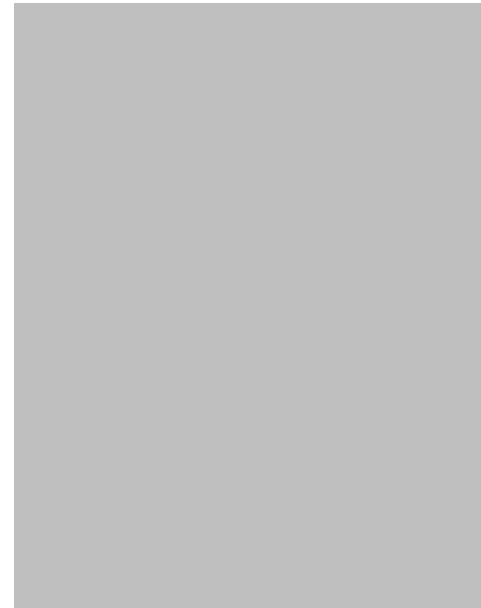
**Carlos M. Cardoso**  
President and Chief Executive Officer  
*Kennametal Inc.*



**Brian Rabe**  
Vice President, Sales  
Managing Director, Americas



**Carlos M. Cardoso**  
President and Chief Executive Officer  
*Kennametal Inc.*



**John Chang**  
Vice President, Sales  
Managing Director, Asia



**World Corporate Headquarters**  
Latrobe/PA/USA



**European Headquarters**  
Neuhausen/Schweiz



**Asia Pacific Headquarters**  
Singapore



**India Headquarters**  
Bangalore

## Fürth Germany

**000** employees in key areas:



- Advanced Engineering
- CAD/CAM Engineering Systems
- Communication Europe
- Finance
- Global Machining Technology
- Human Resources
- IT Europe
- Knowledge Center Europe
- Marketing
- Purchasing
- Quality Management
- Productivity Services Europe
- Research,  
Development & Engineering
- T&D Center

- Kingswinford, GBR
- Newport, GBR
- Ebermannstadt, GER
- Erkheim, GER
- Essen, GER
- Halblech, GER
- Lichtenau, GER
- Mistelgau, GER
- Nabburg, GER
- Rübigr Nabburg, GER
- Schongau, GER
- Vohenstrauß, GER
- Werkö, GER
- Bordeaux, FRA
- Andrézieux, FRA
- Arnhem, NED
- Hardenberg, NED
- Biel, SWI
- Shannon, IRL
- Milan, ITA
- Vitoria, ESP
- Rybnik, POL



- **Extrude Hone Plants**
- **Sintec Plants**
- **KMT Plants**

## ▪ KMT Sales Organisation

### Subsidiaries

Austria, Belgium, Czech Republic, Germany, France, Hungary, Italy, Netherlands, Poland, Spain, Turkey, United Kingdom, Russia

### Sales Offices

Slowakia, South Afrika

### 2 Warehouses

Germany, United Kingdom

### Sales Partners in 24 Countries

## ▪ Extrude Hone Sales Organisation

### Sales Offices

Czech Republic, France, Ireland, Spain, UK

### Additional Sales Partners

## ▪ Sintec Sales Organisation

### Sales Offices

Germany, Switzerland, UK

### Additional Sales Partners



## VDA 6.4



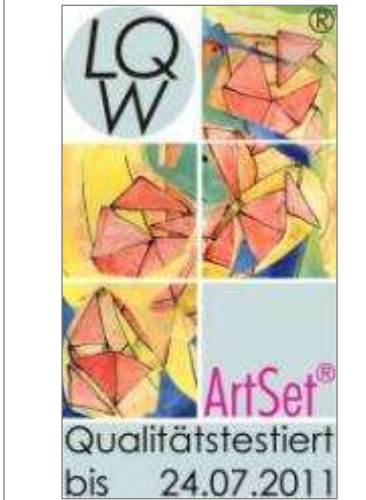
## ISO 14001



## ISO 9001:2000



## LQW - Education



## Annex 1



## Annex 2



Deliver **Productivity To Customers** Seeking  
Peak Performance In Demanding Environments  
By Providing **Innovative Custom And Standard**  
**Wear-resistant Solutions**





Thank you!