

Kennametal Inc. (KMT)

\$27.68 (Stock Price as of 11/28/2025)

Price Target (6-12 Months): **\$24.00**

Long Term: 6-12 Months

Zacks Recommendation:

Outperform

(Since: 11/12/25)

Prior Recommendation: Neutral

Short Term: 1-3 Months

Zacks Rank: (1-5)

1-Strong Buy

Zacks Style Scores:

VGM: C

Value: C

Growth: D

Momentum: B

Summary

Kennametal is benefiting from its diversified business structure, which helps mitigate the adverse impact of weakness in one end market with strength across the others. The company's investments in product development and manufacturing facilities are anticipated to be beneficial in the quarters ahead. Handsome rewards to its shareholders raise the stock's attractiveness. Amid these tailwinds, Kennametal's shares have outperformed its industry in the past month. However, the company's Metal Cutting segment is struggling due to reduced volumes and lower project activity in the transportation end market. The Infrastructure unit is experiencing weakness as a result of declining industrial activity in the general engineering end market. High debt levels may drain its profitability. Foreign currency headwinds add to the uncertainty.

Data Overview

52 Week High-Low	\$29.15 - \$17.30
20 Day Average Volume (sh)	967,126
Market Cap	\$2.1 B
YTD Price Change	15.2%
Beta	1.48
Dividend / Div Yld	\$0.80 / 2.9%
Industry	Manufacturing - Tools & Related Products
Zacks Industry Rank	Top 12% (28 out of 243)

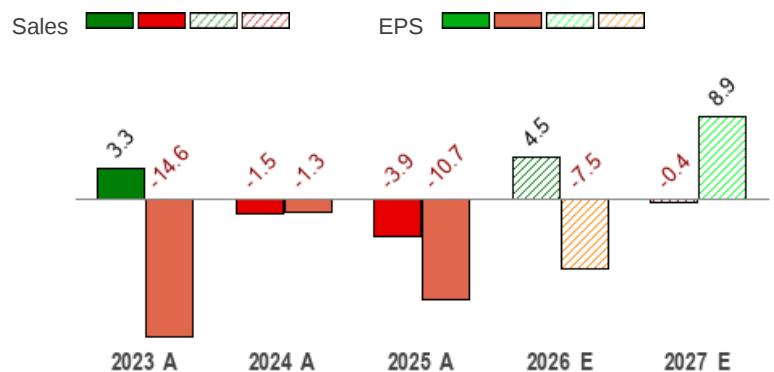
Last EPS Surprise	41.7%
Last Sales Surprise	5.3%
EPS F1 Est- 4 week change	25.3%
Expected Report Date	02/04/2026
Earnings ESP	0.0%

P/E TTM	19.8
P/E F1	20.5
PEG F1	-7.7
P/S TTM	1.1

Price, Consensus & Surprise⁽¹⁾



Sales and EPS Growth Rates (Y/Y %)⁽¹⁾



Sales Estimates (millions of \$)⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2027	516 E	526 E	521 E	547 E	2,089 E
2026	498 A	509 E	509 E	536 E	2,052 E
2025	482 A	482 A	486 A	516 A	1,967 A

EPS Estimates⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2027	0.29 E	0.33 E	0.40 E	0.32 E	1.56 E
2026	0.34 A	0.33 E	0.44 E	0.31 E	1.35 E
2025	0.29 A	0.25 A	0.47 A	0.34 A	1.34 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 11/28/2025.

(2) The report's text and the price target are as of 11/03/2025.

Overview

Based in Latrobe, PA, Kennametal Inc. is a manufacturer, marketer and distributor of high-speed metal cutting tools, tooling systems and wear-resistant parts. Its products are marketed through a number of channels to the end users, comprising manufacturers of machine tools, transportation vehicles and various components, airframe, aerospace components, machinery (light and heavy), components (energy-related), and others. Also, the company's products are used by manufacturers and suppliers in the oil and gas exploration, road construction, and other industries.

On a geographical basis, Kennametal has operations in the Americas (49% of fiscal 2024 net revenues), Asia Pacific (31%) and Europe, Middle East and Africa (EMEA) (20%). Exiting fiscal 2024 (ended June 2024), it had approximately 8,400 employees.

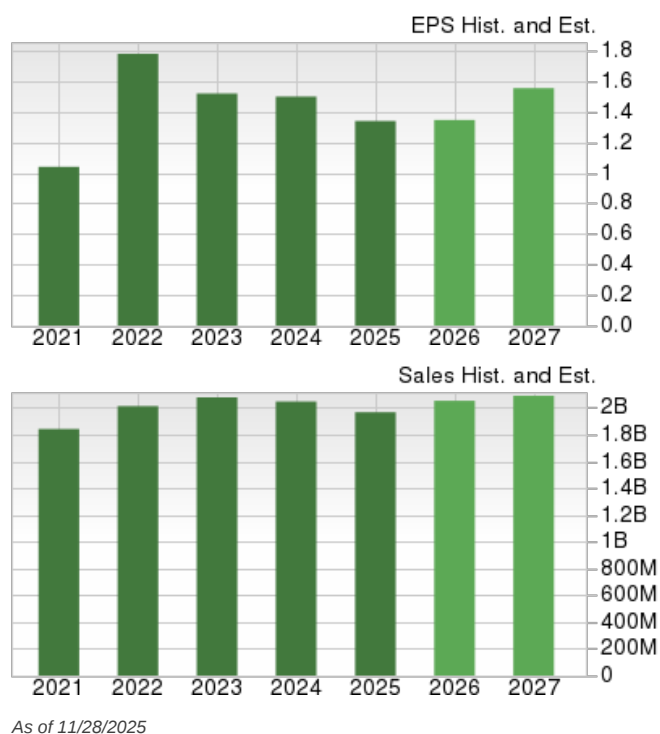
Effective Jul 1, 2020, the company started reporting its results under two business segments — Metal Cutting (combining the former Industrial and WIDIA segments) and Infrastructure. A brief discussion of the segments is provided below.

The Metal Cutting segment (62.6% of revenues generated in fiscal 2024) is engaged in manufacturing tooling and metal-cutting products as well as related services. The segment offers products like hole-making, turning, threading and toolmaking systems.

End markets served include transportation, aerospace & defense, energy and general engineering. The main product brands under the segment are Kennametal, WIDIA Hanita, WIDIA and WIDIA GTD.

The Infrastructure segment (37.4% of revenues generated in fiscal 2024) deals in earth-cutting tools, ceramic and tungsten carbide components as well as metallurgical powders. The segment serves end users in the aerospace & defense, energy, general engineering and earthworks markets.

These players, in turn, support mining, oil and gas, petrochemical, process, aerospace, packaging and other industries. The main product brand offered under the segment is Kennametal.



Reasons To Buy:

▲ In the quarters ahead, Kennametal is poised to gain from its **diversified business structure**, which helps mitigate the adverse impact of weakness in one end market with strength across the others. Also, despite the ongoing softness across the majority of end markets, the company is witnessing several positive trends that hold promise for its long-term growth. This includes an increase in U.S. and international defense spending volumes and digitalization. Also, improved supply chain and increasing original equipment manufacturer build rates in the aerospace market in EMEA bode well. For fiscal 2026, the company expects revenues from aerospace & defense markets to increase in low double-digit range on a year-over-year basis.

Improved supply chain and investments in product development are aiding Kennametal. Handsome rewards to shareholders add to its appeal.

▲ Kennametal is poised to benefit from its **well-diversified portfolio and investments in product development**. Some notable products introduced by the company are TopSwiss Inserts, HARVI TE Duo-Lock, KSEM ST Line, Through Coolant ER Collets, FV Geometry Inserts and Chip Fan etc. Also, it remains focused on strategic partnerships and investing in manufacturing facilities to boost growth. For instance, in May 2025, Kennametal invested in Toolpath Labs, an emerging leader in AI-powered computer-aided manufacturing (CAM) software. The collaboration will enable Kennametal to expand its suite of digital capabilities and offerings for its manufacturing customers worldwide. Earlier, the company also launched a metal cutting inserts manufacturing facility in Bengaluru, India, which bolstered its capability to cater to the increasing demand for existing and new product lines.

▲ The company remains committed to rewarding its shareholders through **dividend payments and share buybacks**. In fiscal 2025, the company distributed dividends totaling \$61.9 million to its shareholders and bought back shares for \$60 million. In fiscal 2024, Kennametal distributed dividends worth \$63.4 million and repurchased shares worth \$65.4 million. In 2024, the company completed the initial share repurchase program, which was announced in July 2021. Also, in February 2024, its board of directors authorized another repurchase program worth \$200 million, which is valid for three years. Since the inception of this share repurchase program, the company has repurchased 60 million shares. Strong cash flows allow Kennametal to continue its shareholder-friendly policies. In fiscal 2025, its free operating cash flow was \$121 million.

Reasons To Sell:

- ▼ Persistent **weakness in the Metal Cutting segment** remains a concern for Kennametal. The decrease in demand across the transportation end market, owing to continued OEM production softness, mainly in EMEA, is affecting the Metal Cutting segment's organic revenues (which decreased 4% year over year in the fourth quarter of fiscal 2025). Also, weakness in the general engineering end market due to lower industrial production, along with lower mining activity in Asia Pacific and the Americas regions, is ailing the segment. Lower energy activity in EMEA and lower rig counts in the Americas also remain concerning. The U.S. administration's imposition of tariffs on all steel and aluminum imports is expected to inflate material and production costs, particularly in the transportation market, thereby leading to higher prices. The risk of retaliatory tariffs adds to the unpredictability. The broader tariff impact could reduce U.S. auto industry sales significantly, thereby adversely impacting the transportation end market. This is expected to hurt Kennametal's Metal Cutting segment's top-line performance in the quarters ahead.
- The **lackluster performance of the Infrastructure segment** due to weakness in the general engineering end market, arising from declines in industrial activity, is a point of concern. There was a particular softness in the earthworks end market due to lower mining activity in the Americas and Asia Pacific regions. The segment's organic revenues declined 5% year over year in the fourth quarter of fiscal 2025. Owing to the prevailing softness across its businesses, the company expects revenues to be in the range of \$1.95-\$2.05 billion for fiscal 2026, implying a year-over-year decrease of 1.6% at the midpoint.
- ▼ Kennametal's international presence keeps it exposed to the risk of **adverse currency fluctuations**. This is because a strengthening U.S. dollar may require the company to either raise prices or contract to see its profit margins shrink in locations outside the United States. Thus, adverse currency movements are a concern. In fiscal 2025, forex woes negatively affected Kennametal's sales by 1%.
 - ▼ Exiting fourth-quarter fiscal 2025, Kennametal's **long-term debt** remained high at \$596.8 million. Considering its high debt level, its cash and cash equivalents of \$140.5 million do not look impressive. It's worth noting that the company's long-term debt-to-capital ratio is currently pegged at 31.1%. High debt levels can increase financial obligations and prove detrimental to profitability in the quarters ahead.

Weakness across both the segments and tariff-related concerns are major challenges for Kennametal. Foreign currency fluctuations add to our concerns.

Last Earnings Report

Kennametal's Q4 Earnings Miss Estimates, Revenues Decline Y/Y

Kennametal reported fourth-quarter fiscal 2025 (ended June 30, 2025) adjusted earnings of 34 cents per share, which missed the Zacks Consensus Estimate of 40 cents. The bottom line decreased 30.6% from the year-ago figure.

The company's adjusted earnings were \$1.34 per share in fiscal 2025, down 10.7% year over year.

FY Quarter Ending **6/30/2025**

Earnings Reporting Date	Nov 05, 2025
Sales Surprise	5.30%
EPS Surprise	41.67%
Quarterly EPS	0.34
Annual EPS (TTM)	1.40

Revenue Details

Kennametal's revenues were \$516 million, which decreased 5% from the year-ago quarter's figure. Organic sales declined 5% year over year. Business days did not have any impact in the quarter. The company's revenues missed the Zacks Consensus Estimate of \$527 million.

In fiscal 2025, it reported net revenues of \$1.97 billion, which decreased 4% year over year.

On a geographical basis, revenues from American operations decreased 5% year over year to \$254.3 million, whereas sales from the Europe, the Middle East and Africa region were \$158.4 million, down 5% from the year-ago quarter. Sales from the Asia Pacific belt decreased 2% to \$103.8 million.

Kennametal reports results under two business segments, namely Metal Cutting and Infrastructure. Its segmental performance for the fiscal fourth quarter is briefly discussed below:

The Metal Cutting segment's revenues of \$321 million decreased 4% year over year. Organic revenues declined 4%. The Zacks Consensus Estimate for Metal Cutting's revenues was pegged at \$323 million.

The Infrastructure segment's revenues totaled \$196 million, down 6% year over year. Organic revenues decreased 5% and currency exchange had a positive impact of 1% year over year. The consensus estimate for Infrastructure's revenues was pegged at \$204 million.

Margin Profile

Kennametal's cost of goods sold decreased 0.3% year over year to \$370.8 million. The gross profit declined 15% year over year to \$145.7 million, while the margin decreased 300 basis points (bps) to 28.2%. Operating expenses were \$105.9 million, up 0.4% year over year.

Operating income decreased 48.9% year over year to \$31.4 million. Operating margin declined 520 bps year over year to 6.1%. Lower sales and production volumes, higher raw material costs, increased wages and general inflation affected the results.

Interest expenses were \$6.2 million, down 0.4% from the year-ago quarter's figure. The adjusted effective tax rate was 25.7%.

Kennametal's Balance Sheet and Cash Flow

While exiting the fiscal fourth quarter, Kennametal's cash and cash equivalents were \$140.5 million compared with \$128 million in fourth-quarter fiscal 2024. Long-term debt was \$596.8 million compared with the \$596 million in the year-ago quarter.

In fiscal 2025, Kennametal generated net cash of \$208.3 million in operating activities compared with \$277.1 million in the previous fiscal year's quarter. Capital invested in purchasing property, plant and equipment (net of the amount received on disposals) was \$89 million, down 17.3% from \$107.6 million in the prior fiscal year. Free operating cash flow was \$121 million compared with \$175 million in the previous fiscal year's period.

The company paid a dividend of \$62 million and repurchased shares worth \$60 million.

Kennametal's Guidance

It has provided its fiscal 2026 (ending June 2026) outlook. The company anticipates sales to be in the range of \$1.95-\$2.05 billion. Adjusted earnings per share are anticipated to be in the range of 90 cents-\$1.30. Free operating cash flow is expected to be 120% of net income (adjusted).

Capital spending is expected to be approximately \$90 million.

Recent News

Dividend Update — Aug. 6, 2025

Kennametal's board approved a quarterly cash dividend of 20 cents per share to its shareholders of record as of Aug. 12, 2025. The disbursement will be made on Aug. 26.

Divestiture of Kennametal Stellite — June 6, 2025

Kennametal has completed the sale of its Goshen, IN business, Kennametal Stellite, L.P., to a Chicago-based private equity firm for \$19 million. The divestiture aligns with the company's strategy to improve its sales mix, reduce material cost volatility and focus on long-term strategic priorities.

Valuation

Kennametal's shares are down 8.6% in the year-to-date period and 15.2% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Industrial Products sector are up 1.8% and up 6.5% in the year-to-date period respectively. Over the past year, the Zacks sub-industry is down 2.8% and the sector is up 4.8%.

The S&P 500 index is up 17.9% and up 22.3% in the year-to-date period and over the past year respectively.

The stock is currently trading at 18.62X forward 12-month price-to-earnings, which compares to 17.62X for the Zacks sub-industry, 20.26X for the Zacks sector and 23.77X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 40.16X and as low as 10.44X, with a 5-year median of 15.86X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$24 price target reflects 19.55X forward 12-month earnings.

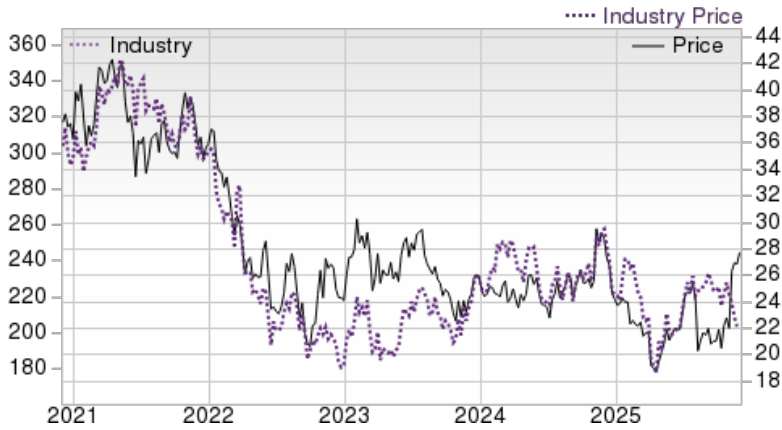
The table below shows summary valuation data for KMT

Valuation Multiples - KMT					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	18.62	17.62	20.26	23.77
	5-Year High	40.16	22.14	22.96	23.77
	5-Year Low	10.44	11.65	13.28	15.72
	5-Year Median	15.86	18.36	18.07	21.18
P/Sales F12M	Current	0.84	1.15	4.08	5.44
	5-Year High	1.85	1.65	4.08	5.52
	5-Year Low	0.68	0.87	2.28	3.84
	5-Year Median	0.99	1.2	3.09	5.04

As of 10/31/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Top 12% (28 out of 243)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
Energysys (ENS)	Outperform	2
Applied Industrial T...(AIT)	Neutral	3
ATI Inc. (ATI)	Neutral	2
Lincoln Electric Hol...(LECO)	Neutral	3
Roper Technologies, ...(ROP)	Neutral	3
Sandvik AB (SDVKY)	Neutral	3
Stanley Black & Deck...(SWK)	Neutral	3
Ingersoll Rand Inc. (IR)	Underperform	5

Industry Comparison⁽¹⁾ Industry: Manufacturing - Tools & Related Products

	KMT	X Industry	S&P 500	LECO	ROP	SWK
Zacks Recommendation (Long Term)	Outperform	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	1	-	-	3	3	3
VGM Score	C	-	-	B	D	D
Market Cap	2.11 B	8.30 B	37.98 B	13.17 B	48.03 B	11.08 B
# of Analysts	3	2	22	6	9	5
Dividend Yield	2.89%	1.25%	1.46%	1.25%	0.74%	4.64%
Value Score	C	-	-	C	D	B
Cash/Price	0.05	0.05	0.04	0.02	0.01	0.02
EV/EBITDA	8.86	11.67	14.48	19.35	18.65	11.67
PEG Ratio	-7.74	1.89	2.21	1.64	2.24	2.03
Price/Book (P/B)	1.59	2.08	3.36	9.31	2.40	1.23
Price/Cash Flow (P/CF)	8.75	11.36	14.93	21.81	17.08	8.83
P/E (F1)	20.50	20.14	20.30	24.57	22.39	15.79
Price/Sales (P/S)	1.06	1.28	3.10	3.15	6.22	0.73
Earnings Yield	4.88%	4.97%	4.91%	4.07%	4.47%	6.33%
Debt/Equity	0.45	0.42	0.57	0.81	0.46	0.52
Cash Flow (\$/share)	3.16	3.06	8.99	10.98	26.12	8.10
Growth Score	D	-	-	A	C	C
Hist. EPS Growth (3-5 yrs)	6.91%	0.55%	8.16%	17.25%	8.17%	-26.64%
Proj. EPS Growth (F1/F0)	0.75%	8.05%	8.18%	4.95%	8.85%	3.90%
Curr. Cash Flow Growth	-5.18%	-1.65%	7.00%	-2.38%	9.40%	48.04%
Hist. Cash Flow Growth (3-5 yrs)	3.95%	6.20%	7.31%	10.50%	9.39%	-7.31%
Current Ratio	2.60	2.43	1.19	1.71	0.58	1.11
Debt/Capital	31.05%	29.58%	38.15%	44.85%	31.41%	34.38%
Net Margin	4.76%	5.57%	12.82%	12.56%	20.34%	2.89%
Return on Equity	8.35%	14.37%	17.00%	40.33%	10.92%	8.10%
Sales/Assets	0.79	0.77	0.53	1.14	0.24	0.68
Proj. Sales Growth (F1/F0)	4.30%	1.51%	5.53%	5.70%	12.50%	-1.00%
Momentum Score	B	-	-	D	D	F
Daily Price Chg	0.07%	0.16%	0.54%	0.25%	0.03%	-0.43%
1 Week Price Chg	-0.37%	-2.34%	3.73%	1.33%	-1.28%	0.76%
4 Week Price Chg	26.10%	0.00%	0.13%	2.12%	0.02%	5.61%
12 Week Price Chg	26.10%	-7.01%	5.67%	-2.00%	-13.93%	-8.80%
52 Week Price Chg	-3.55%	-7.66%	13.54%	9.59%	-21.22%	-20.05%
20 Day Average Volume	967,126	29,701	2,762,023	385,059	869,868	1,733,020
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.11%
(F1) EPS Est 4 week change	25.29%	0.00%	0.15%	0.43%	-0.01%	-0.77%
(F1) EPS Est 12 week change	31.48%	1.27%	0.60%	1.27%	-1.75%	-1.27%
(Q1) EPS Est Mthly Chg	24.53%	0.00%	-0.04%	-1.50%	-0.05%	-16.54%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	C
Growth Score	D
Momentum Score	B
VGM Score	C

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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