

Kennametal Inc. (KMT)

\$28.74 (Stock Price as of 12/19/2025)

Price Target (6-12 Months): **\$32.00**

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: C

Momentum: C

Summary

Kennametal is likely to gain from strong product offerings and innovation capabilities in the quarters ahead. Strength in the aerospace & defense, energy and general engineering end markets in its Metal Cutting segment bodes well. Also, recovery in the earthworks market augurs well for its Infrastructure segment. Its consistent efforts to reward its shareholders through dividends and share buybacks are impressive. For fiscal 2026, KMT expects sales of \$2.10-\$2.17 billion compared with \$1.95-\$2.05 billion predicted earlier. This compares favorably with the fiscal 2025 figure of \$1.97 billion. However, Kennametal has been dealing with high costs and expenses, which are likely to affect its margins and profitability. Also, high debt levels may raise the company's financial obligations and drain its profitability.

Data Overview

52 Week High-Low	\$29.89 - \$17.30
20 Day Average Volume (sh)	808,252
Market Cap	\$2.2 B
YTD Price Change	19.7%
Beta	1.48
Dividend / Div Yld	\$0.80 / 2.8%
Industry	Manufacturing - Tools & Related Products
Zacks Industry Rank	Top 7% (18 out of 243)

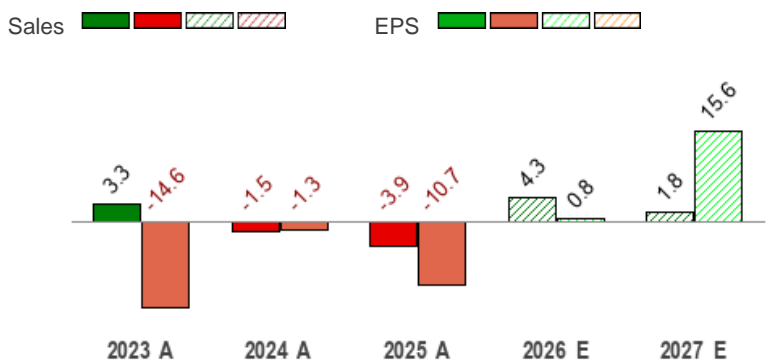
Last EPS Surprise	41.7%
Last Sales Surprise	5.3%
EPS F1 Est- 4 week change	0.0%
Expected Report Date	02/04/2026
Earnings ESP	0.0%

P/E TTM	20.5
P/E F1	21.3
PEG F1	2.7
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 12/19/2025.

(2) The report's text and the price target are as of 12/09/2025.

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.

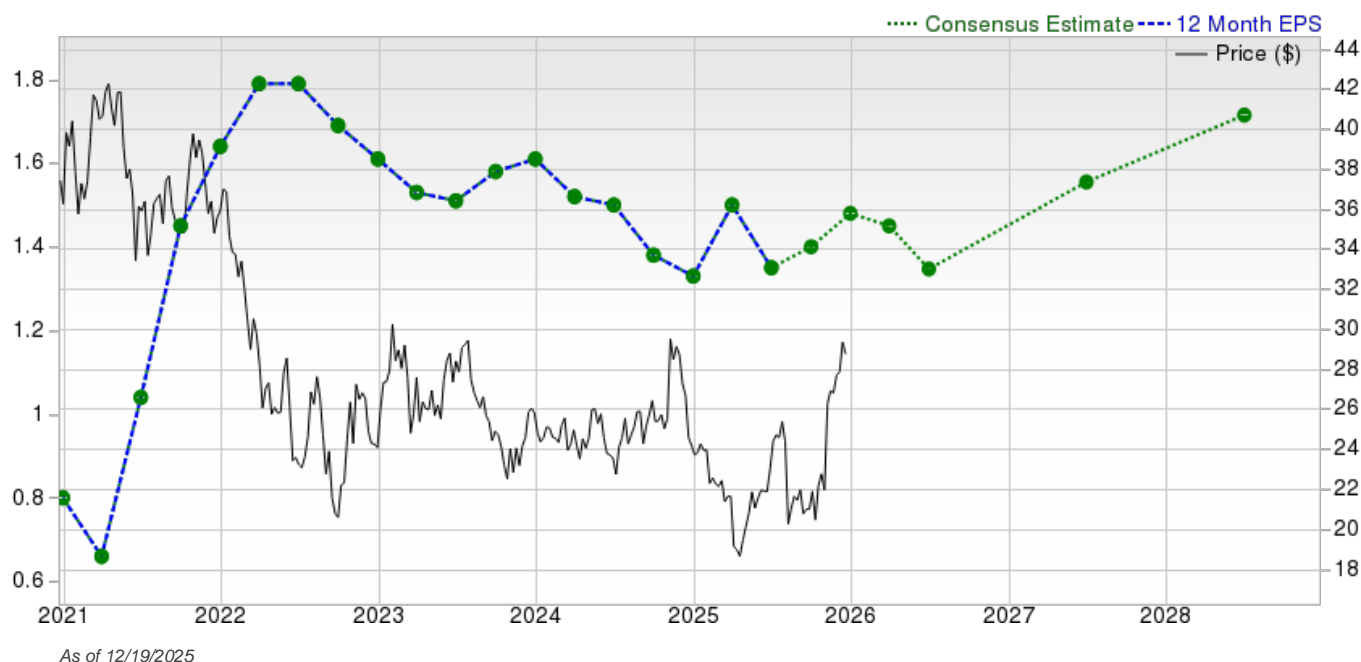
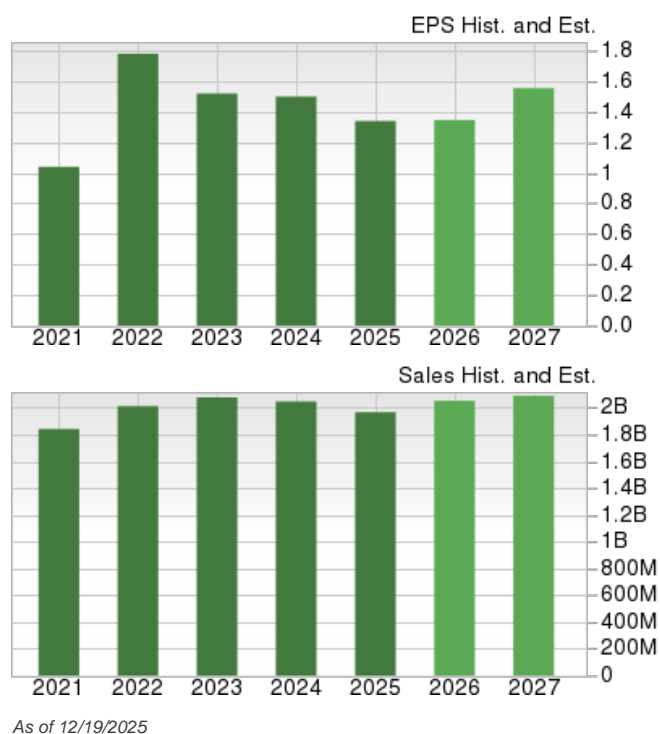
Effective Jul 1, 2020, the company started reporting its results under two business segments — Metal Cutting (combining the former Industrial and WIDIA segments) and Infrastructure. A brief discussion of the segments is provided below.

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:

- ▲ Kennametal stands to gain from solid product offerings, commercial and operational excellence and a wide geographical presence. Its **Metal Cutting segment** (organic revenues increased 3% year over year in the first three months of fiscal 2026) is benefiting from solid momentum in its several end markets. This includes an increase in aerospace original equipment manufacturer build rates in the Americas region, easing supply-chain pressures in EMEA region and robust U.S. and international defense spending volumes. Also, strength in the energy market supported by data center power generation wins and signs of recovery in general engineering market bodes well for the segment.
- ▲ **Infrastructure segment's** organic revenues (up 3% year over year in the first three months of fiscal 2026) are supported by strength in aerospace & defense and general engineering markets and focus on improving customer service levels. Recovery in the earthworks market, driven by higher mining activity and new project wins in the Americas region, also augurs well. In addition, the company's diversified customer base in various end markets enables it to avoid customer concentration risks. Kennametal's accretive pricing actions are also supporting its growth. Despite the uncertainties and challenges in the global economy, Kennametal expects the end markets to remain resilient for the rest of fiscal 2026. Owing to the prevailing strength across its businesses, the company expects fiscal 2026 revenues to be in the range of \$2.10-\$2.17 billion, higher than \$1.95-\$2.05 billion projected earlier. The figure implies a year-over-year decrease of 8.4% at the midpoint.
- ▲ 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 first three months of fiscal 2026, Kennametal distributed dividends worth \$15.1 million and repurchased shares worth \$10 million. Also, in fiscal 2025, the company distributed dividends totaling \$61.9 million to its shareholders and bought back shares for \$60 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 shares worth \$70 million.

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

Risks⁽²⁾

- Kennametal has been witnessing the impacts of **escalating costs and expenses** over time. In first-quarter fiscal 2026, the company's cost of sales increased 3.8% year over year due to higher raw material costs. The metric, as a percentage of net sales, increased 30 basis points to reach 69%. In the same period, the company's gross profit margin decreased 30 basis points due to headwinds from rising raw material costs, higher wages and general inflation. Escalating expenses if not controlled are likely to hurt the company's bottom line in the quarters ahead.
 - 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 first-quarter fiscal 2026, Kennametal's **long-term debt** remained high at \$597 million. Considering its high debt level, its cash and cash equivalents of \$103.5 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.
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Last Earnings Report

Kennametal's Q1 Earnings & Revenues Top Estimates, Increase Y/Y

Kennametal reported first-quarter fiscal 2026 (ended Sept. 30, 2025) adjusted earnings of 34 cents per share, which surpassed the Zacks Consensus Estimate of 24 cents. The bottom line increased 18% from the year-ago figure.

Revenue Details

Kennametal's revenues were \$498 million, which increased 3% from the year-ago quarter's figure. Organic sales rose 3% year over year. Foreign currency translation had a positive impact of 1% on sales, while divestitures had an adverse impact of 1%. Its revenues beat the Zacks Consensus Estimate of \$473 million.

On a geographical basis, revenues from American operations increased 4.2% year over year to \$247.6 million, whereas sales from the Europe, the Middle East and Africa region were \$153.3 million, up 5.1% from the year-ago quarter. Sales from the Asia Pacific belt decreased 1.2% to \$97.1 million.

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

The Metal Cutting segment's revenues of \$310.6 million increased 5% year over year. Organic revenues grew 3% and currency exchange had a positive impact of 2% year over year. The Zacks Consensus Estimate for Metal Cutting's revenues was pegged at \$293 million.

The Infrastructure segment's revenues totaled \$187.3 million, up 1% year over year. Organic revenues increased 3% and currency exchange had a positive impact of 1% year over year. This was partially offset by the negative impact of 3% from divestitures. The consensus estimate for Infrastructure's revenues was pegged at \$180 million.

Margin Profile

Kennametal's cost of goods sold increased 3.8% year over year to \$343.4 million. The gross profit rose 2.3% year over year to \$154.6 million, while the margin decreased 30 basis points (bps) to 31%. Operating expenses were \$113 million, up 1.2% year over year.

Operating income increased 4.3% year over year to \$37.6 million. Operating margin remained relatively stable year over year at 7.5%. The results were driven by favorable impacts of pricing and restructuring savings, offset by higher raw material costs, increased compensation costs and general inflation.

Interest expenses were \$6.2 million, down 1.6% from the year-ago quarter's figure. The adjusted effective tax rate was 25.2%.

Kennametal's Balance Sheet and Cash Flow

While exiting the fiscal first quarter, Kennametal's cash and cash equivalents were \$103.5 million compared with \$140.5 million at the end of fiscal 2025. Long-term debt was \$597 million compared with \$596.8 million at the end of fiscal 2025.

In the first three months of fiscal 2025, Kennametal generated net cash of \$17.5 million in operating activities compared with \$45.7 million in the previous fiscal year's comparable period. Capital invested in purchasing property, plant and equipment was \$23 million, down 6.9% from \$24.7 million in the prior fiscal year period. Free operating cash flow was a negative \$5.5 million compared with \$21.1 million in the previous fiscal year's period.

The company paid a dividend of \$15.1 million and repurchased shares worth \$10 million.

Kennametal's Guidance

Kennametal has updated its fiscal 2026 (ending June 2026) outlook. The company currently anticipates sales to be in the range of \$2.10-\$2.17 billion, higher than \$1.95-\$2.05 billion projected earlier. Adjusted earnings per share are anticipated to be in the range of \$1.35-\$1.65, compared with the previous projection of 90 cents-\$1.30. Free operating cash flow is expected to be 100% of net income (adjusted). Capital spending is expected to be approximately \$90 million.

For second-quarter fiscal 2026 (ending December 31, 2025), Kennametal expects sales to be in the range of \$500-\$520 million. Adjusted earnings per share are anticipated to be in the range of 30-40 cents.

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

Recent News

Dividend Update — Nov. 5, 2025

Kennametal's board approved a quarterly cash dividend of 20 cents per share to its shareholders of record as of Nov. 10, 2025. The disbursement will be made on Nov. 24.

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 up 15.7% in the year-to-date period and 2.5% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Industrial Products sector are up 4.6% and up 6.5% in the year-to-date period respectively. Over the past year, the Zacks sub-industry is down 2.4% and the sector is down 1.1%.

The S&P 500 index is up 18.6% and up 15.8% in the year-to-date period and over the past year respectively.

The stock is currently trading at 19.32X forward 12-month price-to-earnings, which compares to 18.05X for the Zacks sub-industry, 20.60X for the Zacks sector and 23.46X 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 Outperform recommendation indicates that the stock will perform better than the market. Our \$32 price target reflects 22.21X forward 12-month earnings.

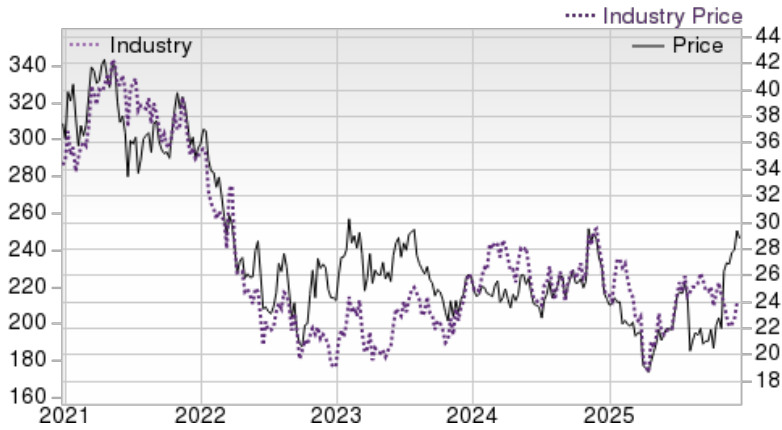
The table below shows summary valuation data for KMT

Valuation Multiples - KMT					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	19.32	18.05	20.6	23.46
	5-Year High	40.16	22.14	23.07	23.78
	5-Year Low	10.44	11.65	13.38	15.73
	5-Year Median	15.86	18.23	18.27	21.21
P/Sales F12M	Current	1.02	1.18	4.16	5.3
	5-Year High	1.85	1.65	4.21	5.5
	5-Year Low	0.68	0.87	2.32	3.83
	5-Year Median	0.98	1.18	3.17	5.05

As of 12/08/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Top 7% (18 out of 243)



Top Peers⁽¹⁾

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

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	-	-	C	C	B
Market Cap	2.19 B	8.72 B	38.78 B	13.40 B	47.90 B	11.27 B
# of Analysts	3	2	22	6	9	5
Dividend Yield	2.78%	1.23%	1.39%	1.23%	0.74%	4.56%
Value Score	C	-	-	D	D	B
Cash/Price	0.05	0.05	0.04	0.02	0.01	0.02
EV/EBITDA	9.13	11.81	14.61	19.66	18.61	11.81
PEG Ratio	2.69	2.06	2.19	1.67	2.23	2.06
Price/Book (P/B)	1.65	2.02	3.32	9.47	2.40	1.26
Price/Cash Flow (P/CF)	9.08	11.41	15.20	22.17	17.04	8.98
P/E (F1)	21.29	20.39	19.70	24.98	22.33	16.06
Price/Sales (P/S)	1.10	1.36	3.10	3.21	6.20	0.74
Earnings Yield	4.70%	4.91%	5.07%	4.00%	4.48%	6.23%
Debt/Equity	0.45	0.42	0.56	0.81	0.46	0.52
Cash Flow (\$/share)	3.16	3.06	8.99	10.98	26.12	8.10
Growth Score	C	-	-	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%	8.37%	8.50%	4.95%	8.85%	3.90%
Curr. Cash Flow Growth	-5.18%	-1.65%	6.86%	-2.38%	9.40%	48.04%
Hist. Cash Flow Growth (3-5 yrs)	3.95%	6.20%	7.43%	10.50%	9.39%	-7.31%
Current Ratio	2.60	2.37	1.19	1.71	0.58	1.11
Debt/Capital	31.05%	29.42%	38.01%	44.85%	31.41%	34.38%
Net Margin	4.76%	5.60%	12.78%	12.56%	20.34%	2.89%
Return on Equity	8.35%	14.26%	17.00%	40.33%	10.92%	8.10%
Sales/Assets	0.79	0.76	0.53	1.14	0.24	0.68
Proj. Sales Growth (F1/F0)	4.30%	4.33%	5.81%	5.70%	12.50%	-1.00%
Momentum Score	C	-	-	F	B	B
Daily Price Chg	1.09%	0.00%	0.88%	-0.10%	-1.23%	-0.26%
1 Week Price Chg	-2.01%	-1.46%	0.10%	-0.12%	-0.20%	-3.87%
4 Week Price Chg	7.24%	3.81%	3.51%	6.31%	0.28%	9.98%
12 Week Price Chg	36.92%	0.25%	2.87%	2.84%	-10.88%	-1.49%
52 Week Price Chg	16.92%	-2.03%	15.24%	28.30%	-15.31%	-11.28%
20 Day Average Volume	808,252	36,927	3,013,825	316,441	1,135,841	1,638,196
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.11%
(F1) EPS Est 12 week change	31.48%	1.00%	0.69%	0.97%	-1.75%	-1.57%
(Q1) EPS Est Mthly Chg	0.00%	-1.47%	0.00%	0.00%	0.00%	-2.91%

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	C
Momentum Score	C
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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