

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): February 15, 2018

KADANT INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-11406
(Commission File Number)

52-1762325
(IRS Employer
Identification No.)

One Technology Park Drive
Westford, Massachusetts
(Address of Principal Executive Offices)

01886
(Zip Code)

(978) 776-2000
Registrant's telephone number, including area code

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 Regulation FD Disclosure.

On February 16, 2018, Kadant Inc. (the "Company") will hold a webcast and conference call to discuss its financial results for the fiscal quarter and year ended December 30, 2017. A copy of the slides that will be presented on the webcast and discussed in the conference call is being furnished as Exhibit 99 to this Current Report on Form 8-K.

The information in this Form 8-K (including Exhibit 99) shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibit

The following exhibit relating to Item 7.01 shall be deemed to be furnished and not filed.

Exhibit No.	Description of Exhibit
99	Slides to be presented by the Company on February 16, 2018.

KADANT INC.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

KADANT INC.

Date: February 15, 2018

By /s/ Michael J. McKenney
Michael J. McKenney
Senior Vice President and
Chief Financial Officer

3

Fourth Quarter and Fiscal Year 2017 Business Review

Jonathan W. Painter, President & CEO

Michael J. McKenney, Senior Vice President & CFO

KADANT

Forward-Looking Statements

The following constitutes a "Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995: This press release contains forward-looking statements that involve a number of risks and uncertainties, including forward-looking statements about our future financial and operating performance, demand for our products, and economic and industry outlook. These forward-looking statements represent Kadant's expectations as of the date of this press release. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise.

These forward-looking statements are subject to known and unknown risks and uncertainties that may cause our actual results to differ materially from these forward-looking statements as a result of various important factors, including those set forth under the heading "Risk Factors" in Kadant's annual report on Form 10-K for the year ended December 31, 2016 and subsequent filings with the Securities and Exchange Commission. These include risks and uncertainties relating to adverse changes in global and local economic conditions; the variability and difficulty in accurately predicting revenues from large capital equipment and systems projects; the variability and uncertainties in sales of capital equipment in China; currency fluctuations; our customers' ability to obtain financing for capital equipment projects; changes in government regulations and policies; the oriented strand board market and levels of residential construction activity; development and use of digital media; price increases or shortages of raw materials; dependence on certain suppliers; international sales and operations; economic conditions and regulatory changes caused by the United Kingdom's likely exit from the European Union; disruption in production; our acquisition strategy; our internal growth strategy; competition; soundness of suppliers and customers; our effective tax rate; future restructurings; soundness of financial institutions; our debt obligations; restrictions in our credit agreement; loss of key personnel; reliance on third-party research; protection of patents and proprietary rights; failure of our information systems or breaches of data security; fluctuations in our share price; and anti-takeover provisions.

Use of Non-GAAP Financial Measures

In addition to the financial measures prepared in accordance with generally accepted accounting principles (GAAP), we use certain non-GAAP financial measures, including increases or decreases in revenues that exclude the effect of acquisitions and foreign currency translation, adjusted gross margin, adjusted operating income, adjusted net income, adjusted diluted EPS, adjusted earnings before interest, taxes, depreciation, and amortization (adjusted EBITDA), adjusted EBITDA margin, and free cash flow.

A reconciliation of those numbers to the most directly comparable U.S. GAAP financial measures is shown in the Appendix to this presentation and in our 2017 fourth quarter earnings press release issued February 15, 2018, which is available in the Investors section of our website at www.kadant.com under the heading Press Releases.

We believe that these non-GAAP financial measures, when taken together with the corresponding GAAP financial measures, provide meaningful supplemental information regarding our performance by excluding certain items that may not be indicative of our core business, operating results, or future outlook. We believe that the inclusion of such measures helps investors to gain an understanding of our underlying operating performance and future prospects, consistent with how management measures and forecasts our performance, especially when comparing such results to previous periods or forecasts and to the performance of our competitors. Such measures are also used by us in our financial and operating decision-making and for compensation purposes. We also believe this information is responsive to investors' requests and gives them an additional measure of our performance.

The non-GAAP financial measures included in this presentation are not meant to be considered superior to or a substitute for the results of operations prepared in accordance with GAAP. In addition, the non-GAAP financial measures included in this press release have limitations associated with their use as compared to the most directly comparable GAAP measures, in that they may be different from, and therefore not comparable to, similar measures used by other companies.

BUSINESS REVIEW

Jonathan W. Painter

President & CEO

KADANT

Q4 2017 Financial Highlights

(\$ Millions, except per share amounts)	Q4 2017	Q4 2016	% CHANGE ³
Bookings	\$146.6	\$113.6	29.1%
Revenue	\$149.1	\$100.2	48.8%
Gross Margin	43.3%	46.0%	n.m.
Adjusted Gross Margin ¹	44.5%	46.0%	n.m.
Operating Income	\$17.8	\$10.7	66.8%
Adjusted Operating Income ²	\$20.6	\$10.7	93.3%
Net Income	\$0.8	\$7.7	-90.2%
Adjusted EBITDA ²	\$26.5	\$14.1	88.2%
Adjusted EBITDA/Revenue ²	17.8%	14.0%	n.m.
Diluted EPS	\$0.07	\$0.69	-89.9%
Adjusted Diluted EPS ²	\$1.14	\$0.69	65.2%
Cash Flow from Operations	\$32.8	\$16.3	101.9%

¹ Adjusted gross margin is a non-GAAP measure that excludes certain items as detailed on slide 36.

² Adjusted operating income, adjusted EBITDA, adjusted EBITDA margin, and adjusted diluted EPS are non-GAAP financial measures that exclude certain items as detailed in our press release dated February 15, 2018.

³ Percent change calculated using actual numbers reported in our press release dated February 15, 2018.

2017 Financial Highlights

(\$ Millions, except per share amounts)	2017	2016	% CHANGE ³
Revenue	\$515.0	\$414.1	24.4%
Gross Margin	44.9%	45.5%	n.m.
Adjusted Gross Margin ¹	45.9%	45.6%	n.m.
Net Income	\$31.1	\$32.1	-3.1%
Adjusted EBITDA ²	\$90.8	\$61.9	46.8%
Adjusted EBITDA/Revenue ²	17.6%	14.9%	n.m.
Diluted EPS	\$2.75	\$2.88	-4.5%
Adjusted Diluted EPS ²	\$4.49	\$3.10	44.8%
Bookings	\$521.2	\$403.5	29.2%
Adjusted Return on Invested Capital ⁴	10.2%	12.5%	n.m.
Adjusted Return on Equity ⁵	14.4%	12.0%	n.m.
Cash Flow from Operations	\$65.2	\$51.0	27.8%
Free Cash Flow ¹	\$47.9	\$45.2	6.0%

¹ Adjusted gross margin and free cash flow are non-GAAP measures that exclude certain items as detailed on slides 36 and 38, respectively.

² Adjusted EBITDA, adjusted EBITDA margin, and adjusted diluted EPS are non-GAAP financial measures that exclude certain items as detailed in our Q4 2017 earnings release dated February 15, 2018.

³ Percent change calculated using actual numbers reported in our Q4 2017 earnings release dated February 15, 2018.

⁴ Calculated based on adjusted net income over the sum of stockholders' equity plus net debt.

⁵ Calculated based on adjusted net income over stockholders' equity, as adjusted.

FX Translation and Acquisition Impact

Q4 2017, \$ in millions except EPS	Revenue	Adjusted EPS ⁴	Bookings	Parts & Consumables Revenue	Parts & Consumables Bookings
As Reported	\$149.1	\$1.14	\$146.6	\$92.3	\$90.1
Growth ¹	48.8%	65.2%	29.1%	44.1%	32.7%
Growth excluding FX ²	43.8%	55.1%	24.8%	40.0%	29.0%
Growth excluding FX and Acquisitions ³	17.0%	31.9%	-1.3%	9.0%	-0.1%

Fiscal Year 2017	Revenue	Adjusted EPS ⁴	Bookings	Parts & Consumables Revenue	Parts & Consumables Bookings
As Reported	\$515.0	\$4.49	\$521.2	\$316.5	\$313.9
Growth ¹	24.4%	44.8%	29.2%	22.6%	21.6%
Growth excluding FX ²	23.4%	44.2%	28.6%	21.9%	21.0%
Growth excluding FX and Acquisitions ³	6.7%	25.5%	13.1%	7.4%	6.2%

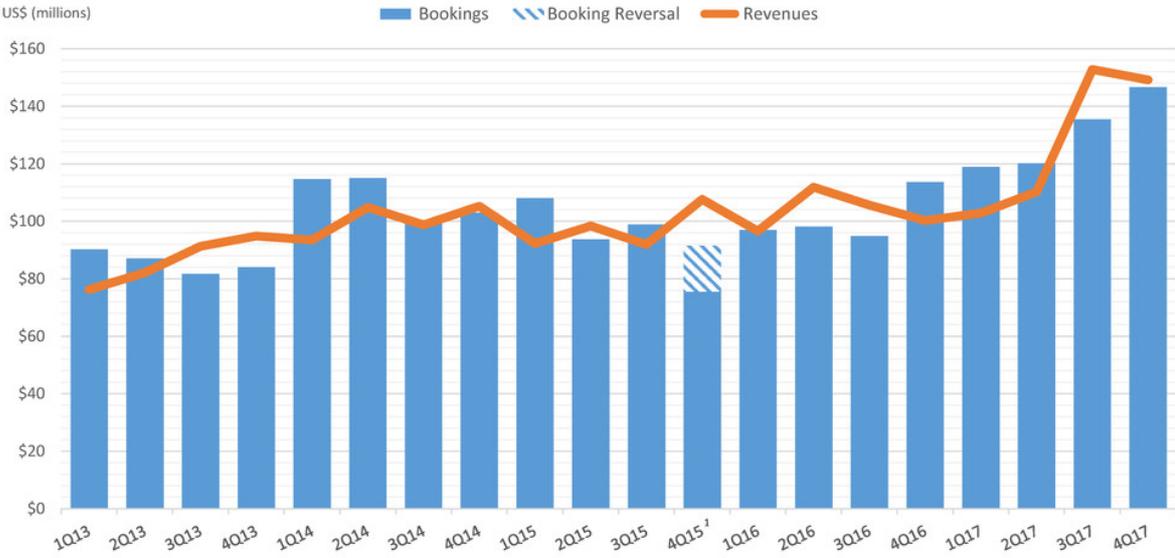
¹ Growth is the year-over-year percent change between the current period and the comparable prior period.

² Represents the year-over-year percent change excluding the impact of current period versus prior period exchange rates.

³ Represents the year-over-year percent change excluding the impact of acquisitions and current period versus prior period exchange rates. Acquired businesses are classified above as Acquisitions for the first four quarters after acquisition.

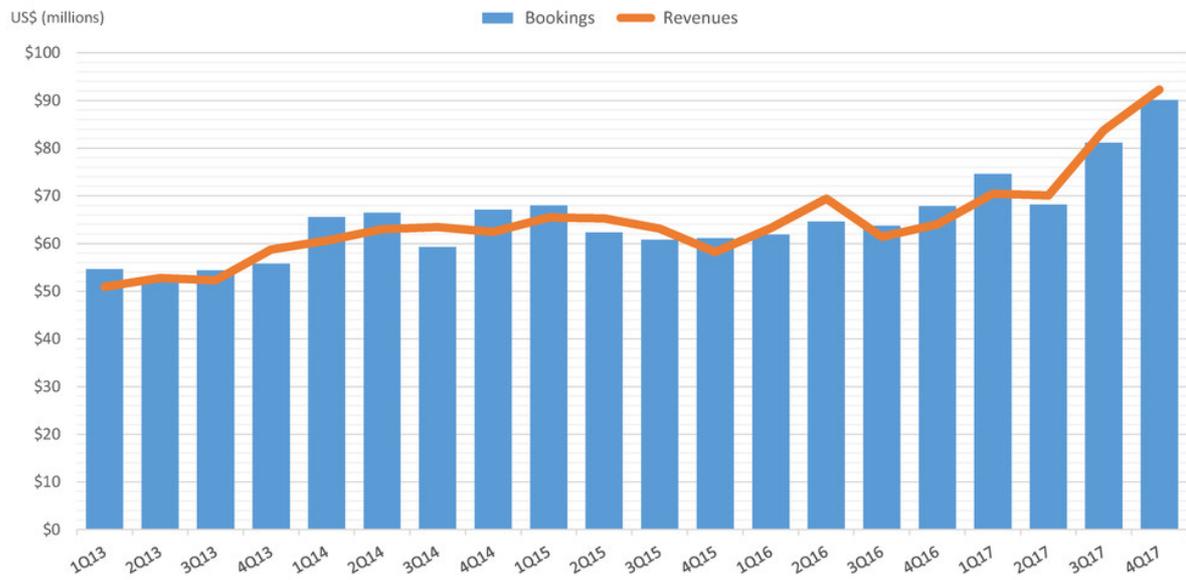
⁴ Adjusted diluted EPS is a non-GAAP financial measure that excludes certain items as detailed in our Q4 2017 earnings release dated February 15, 2018.

Bookings and Revenues

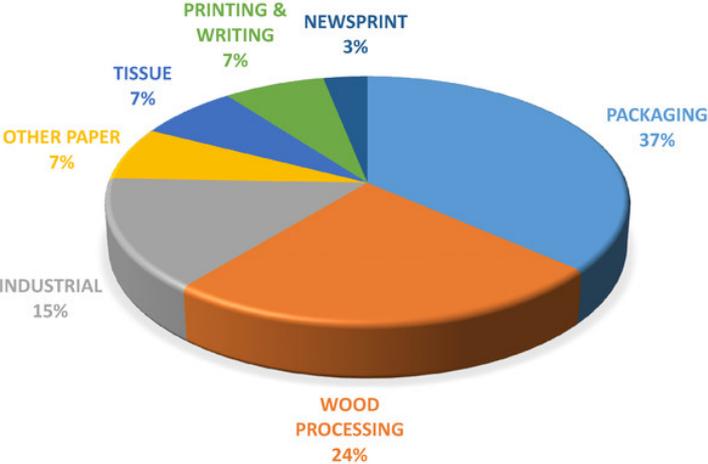


¹ Reported Q415 bookings were \$76 million, which included new orders of \$92 million and a booking reversal of \$16 million.

Parts and Consumables Bookings and Revenues

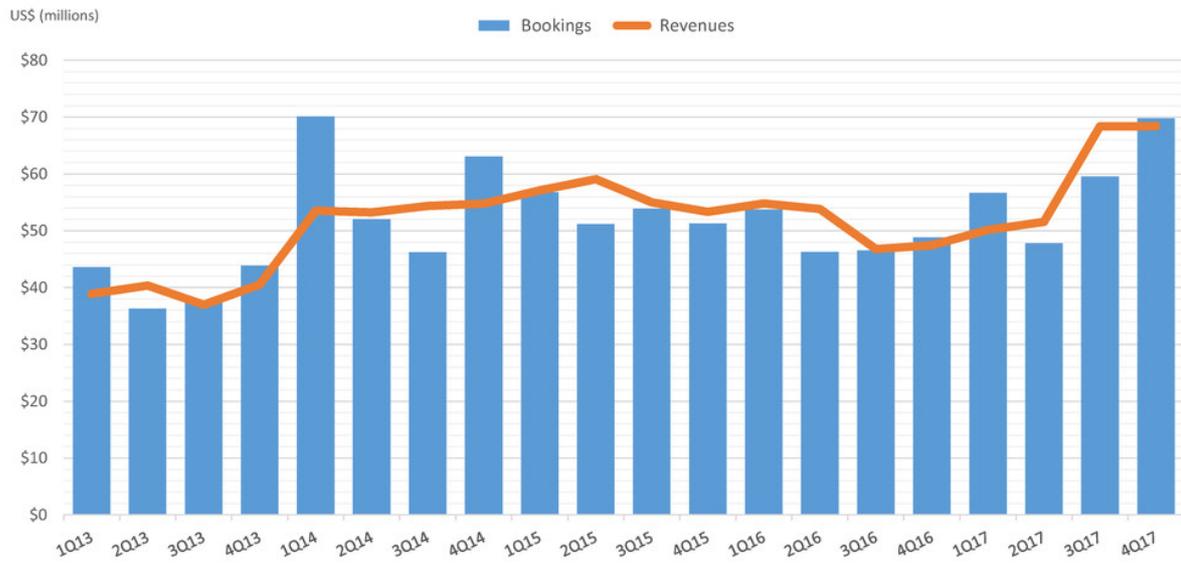


Second Half of 2017 Revenue Sources*



*Based on Company estimates of revenue by industrial category.

North America Bookings and Revenues

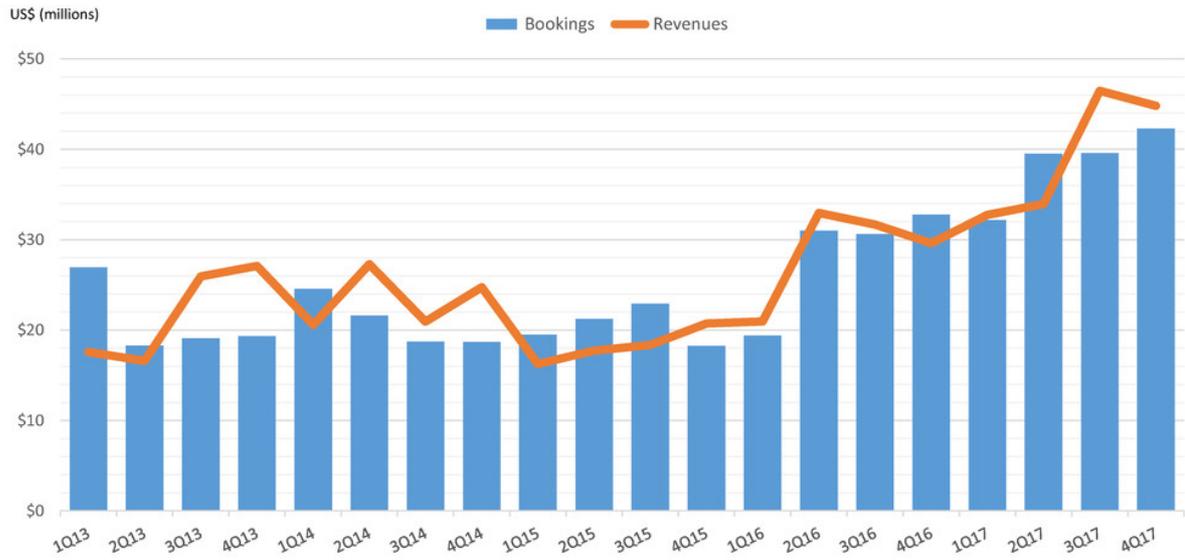




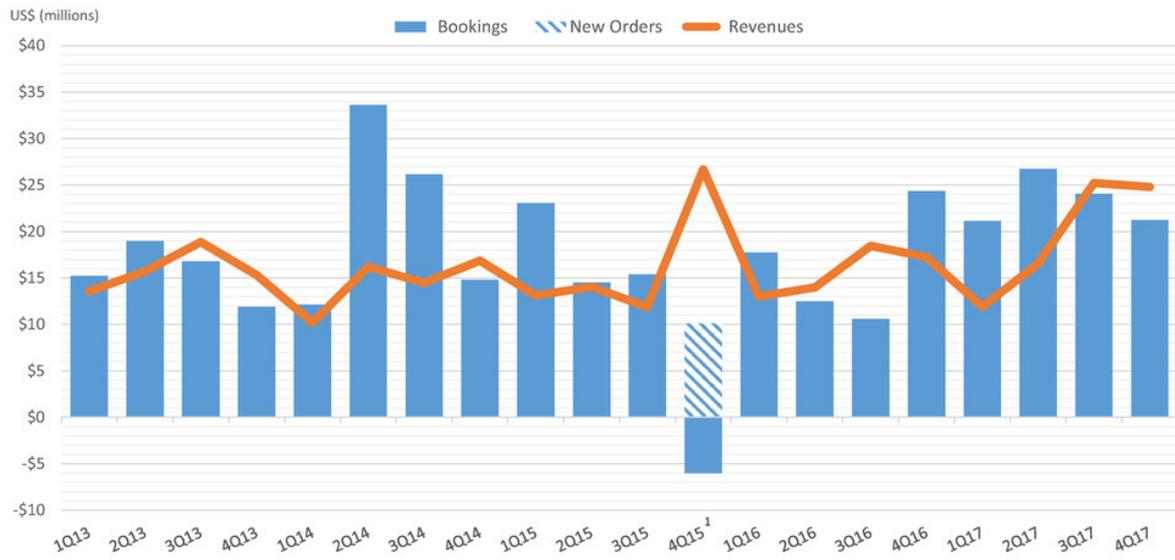
KADANT BLACK CLAWSON
LEBANON, OHIO

© 2013 Kadant Inc. All rights reserved.

Europe Bookings and Revenues

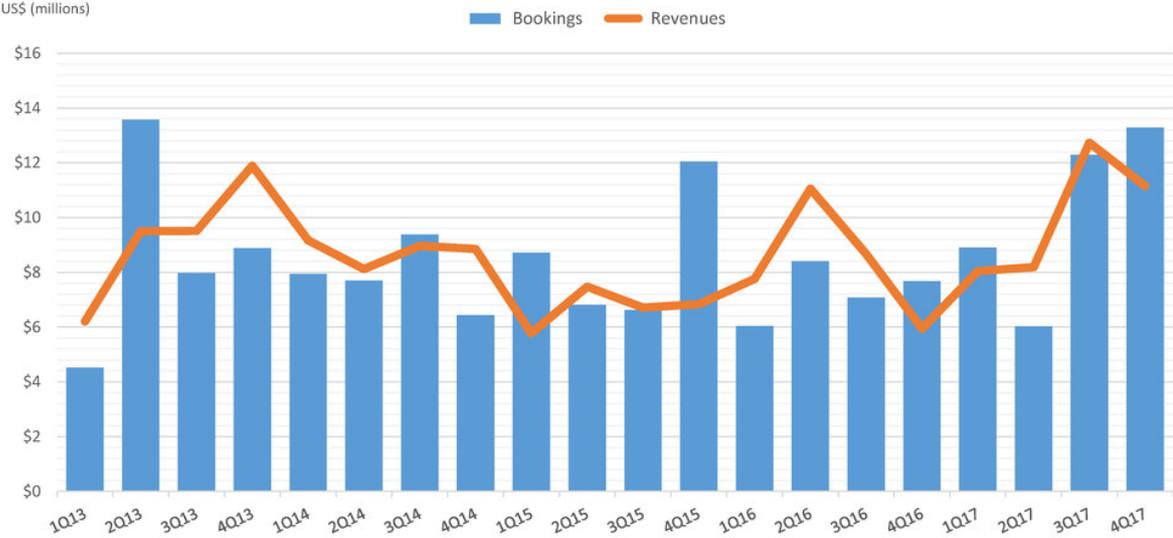


Asia Bookings and Revenues



¹ Reported Q415 Asia bookings were negative \$6 million, which included new orders of \$10 million and a booking reversal of \$16 million.

Rest-of-World Bookings and Revenues



Guidance

- FY 2018 GAAP diluted EPS of \$4.74 to \$4.84
- FY 2018 adjusted diluted EPS* of \$4.95 to \$5.05
- FY 2018 revenue of \$605 to \$615 million

- Q1 2018 GAAP diluted EPS of \$0.77 to \$0.81
- Q1 2018 adjusted diluted EPS* of \$0.94 to \$0.98
- Q1 2018 revenue of \$143 to \$146 million

* Adjusted diluted EPS is non-GAAP financial measure that excludes certain items as detailed in our press release dated February 15, 2018.

FINANCIAL REVIEW

Michael J. McKenney

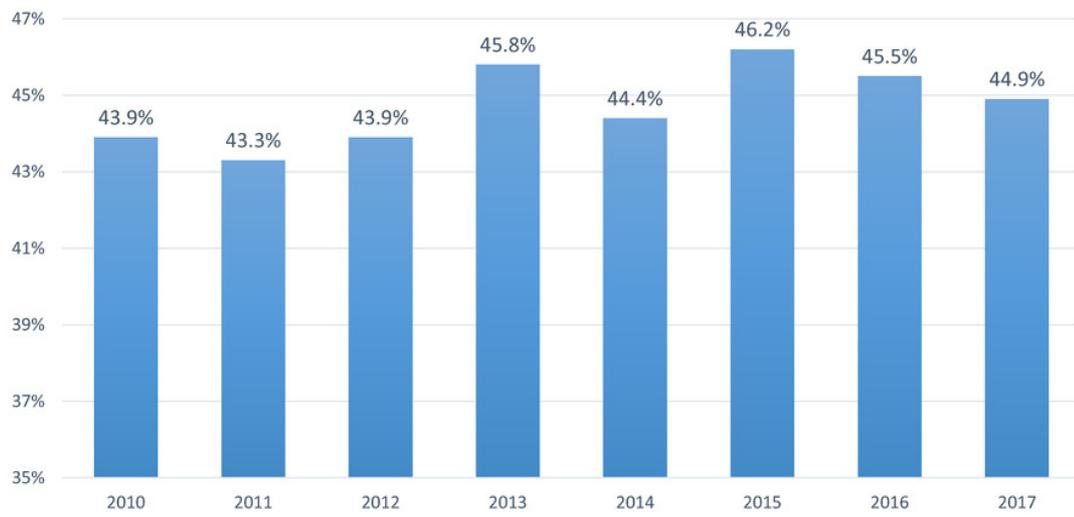
Senior Vice President & Chief Financial Officer

KADANT

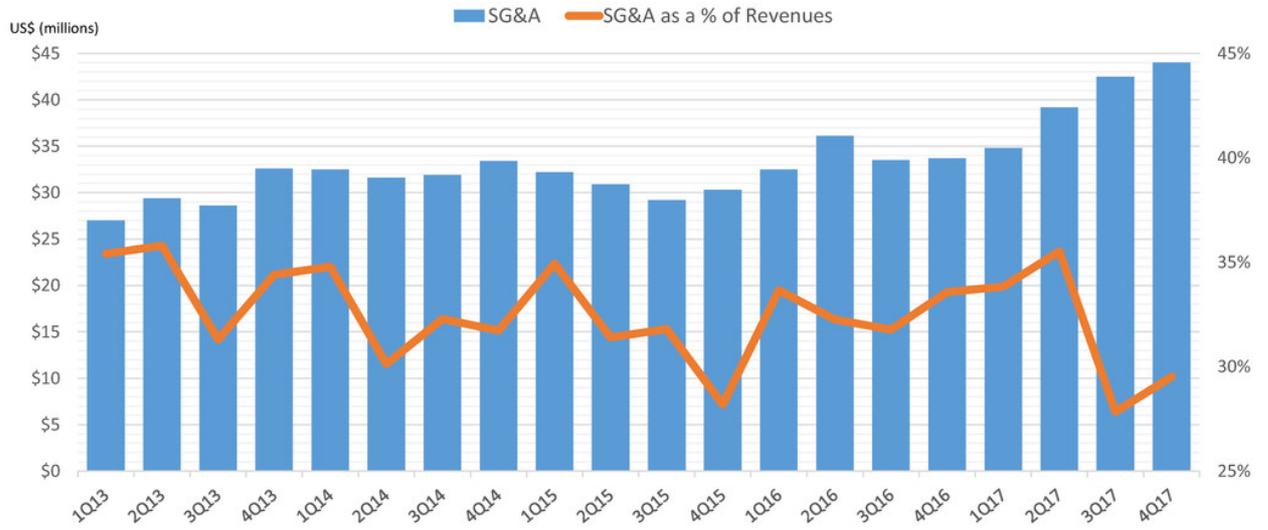
Quarterly Gross Margins



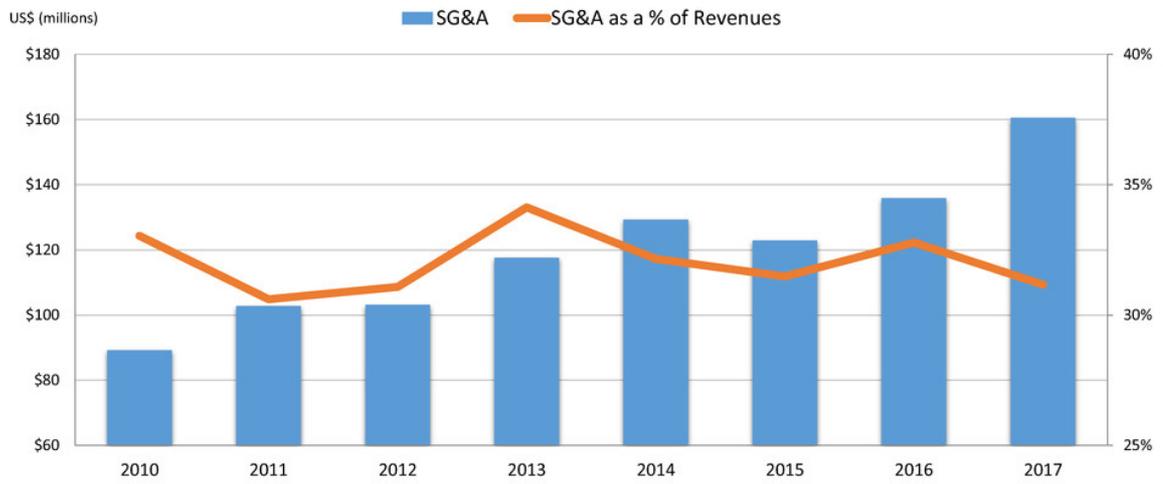
Full-Year Gross Margins



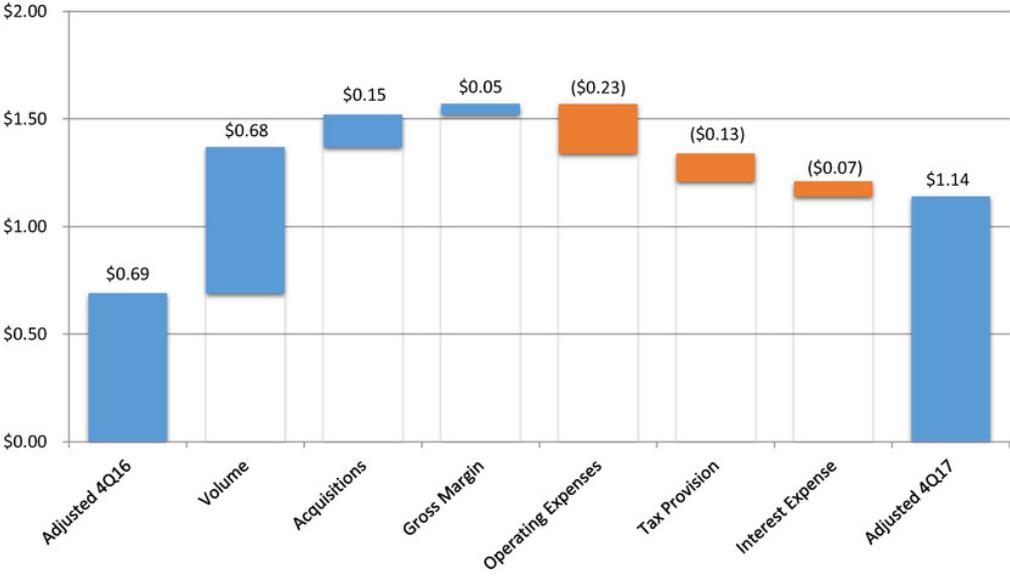
Quarterly SG&A



Full-Year SG&A

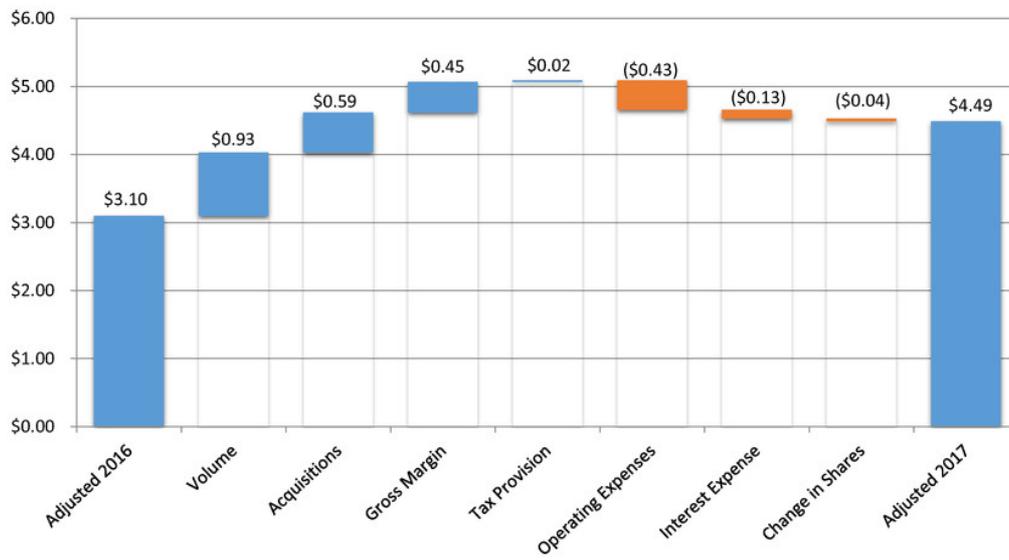


4Q16 to 4Q17 Adjusted Diluted EPS*



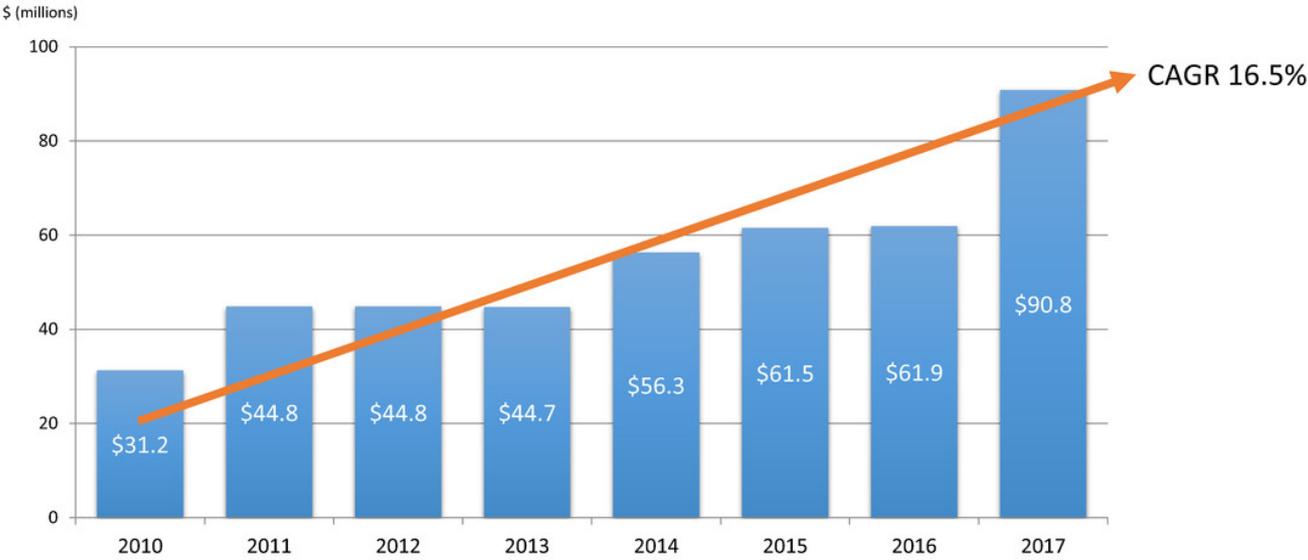
* Adjusted diluted EPS is non-GAAP financial measure that excludes certain items as detailed in our press release dated February 15, 2018.

2016 to 2017 Adjusted Diluted EPS*



* Adjusted diluted EPS is non-GAAP financial measure that excludes certain items as detailed in our press release dated February 15, 2018.

Full-Year Adjusted EBITDA*

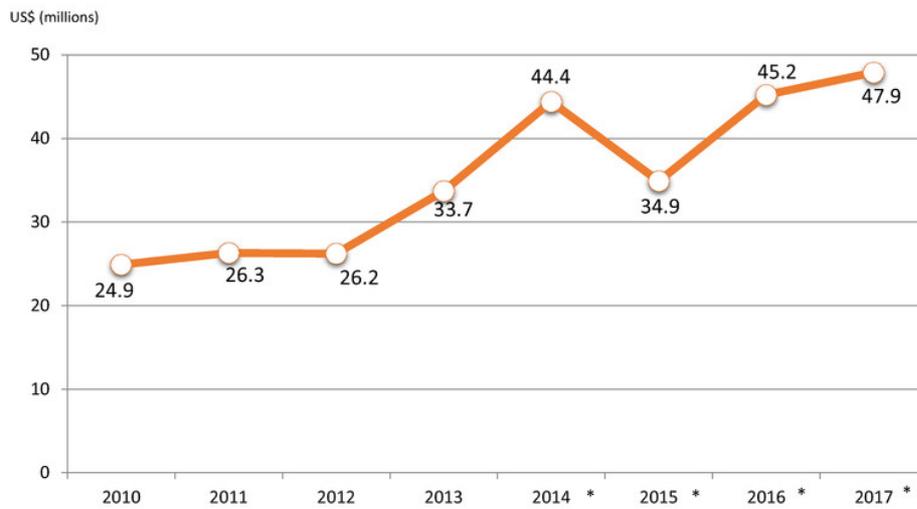


* Adjusted EBITDA is a non-GAAP financial measure that excludes certain items as detailed in the Appendix on slide 37.

Cash Flow

US\$ (millions)	4Q17	4Q16	2017	2016
Net Income	\$0.9	\$7.8	\$31.6	\$32.5
Depreciation and Amortization	6.3	3.4	19.4	14.3
Stock-Based Compensation	1.5	1.2	5.8	5.1
Other Items	2.7	0.3	1.4	(0.3)
Change in Current Assets & Liabilities (excl. acquisitions)	21.4	3.6	7.0	(0.6)
Cash Provided by Operating Activities	\$32.8	\$16.3	\$65.2	\$51.0

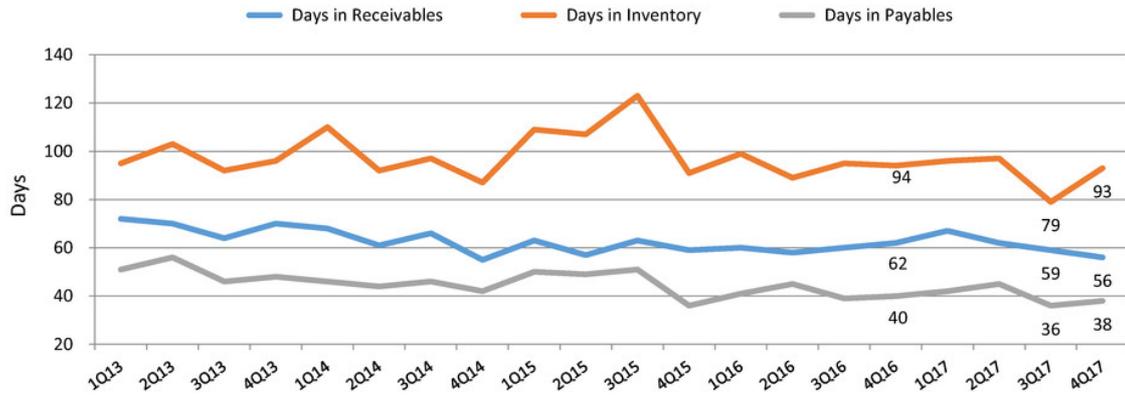
Free Cash Flow



* Presented in conformity with the Financial Accounting Standards Board's Accounting Standards Update No. 2016-09. Free cash flow, a non-GAAP financial measure, is defined as cash flows from continuing operations less capital expenditures, as calculated in the Appendix on slide 38.

Key Working Capital Metrics

	4Q17	3Q17	4Q16
Days in Receivables	56	59	62
Days in Inventory	93	79	94
Days in Payables	38	36	40

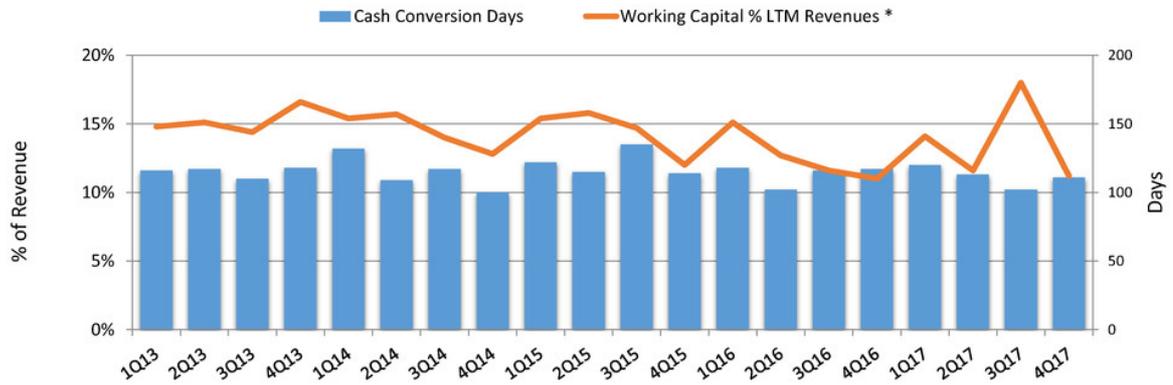


Working Capital and Cash Conversion Days

	4Q17	3Q17	4Q16
Working Capital % LTM Revenues*	11.2%	18.0%	11.0%
Cash Conversion Days**	111 days	102 days	117 days

*Working Capital is defined as current assets less current liabilities, excluding cash and debt.

** Based on days in receivables plus days in inventory less days in accounts payable.

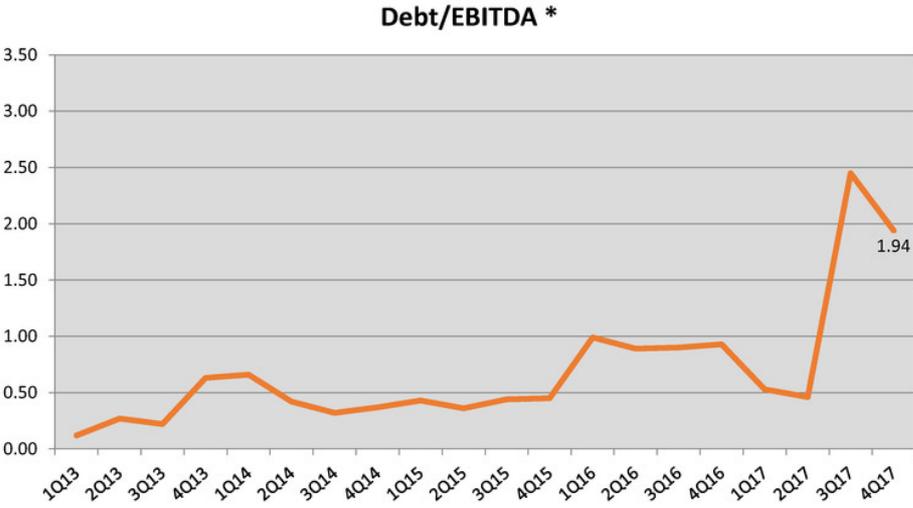


Cash and Debt

US\$ (millions)	4Q17	3Q17	4Q16
Cash, cash equivalents, and restricted cash	\$76.9	\$91.4	\$73.6
Debt	(237.0)	(273.7)	(61.5)
Capital lease obligations	(5.1)	(5.1)	(4.9)
Net (Debt) Cash	\$(165.2)	\$(187.4)	\$7.2



Leverage Ratio



*Calculated by adding or subtracting certain items from Adjusted EBITDA, as required by our Credit Facility. Effective March 2, 2017, our amended and restated Credit Facility defined total debt as debt less worldwide cash of up to \$30 million. For periods 1Q13 to 4Q16, total debt is defined as debt less domestic cash of up to \$25 million.

Guidance

- Q1 2018 GAAP diluted EPS of \$0.77 to \$0.81
- FY 2018 GAAP diluted EPS of \$4.74 to \$4.84
- CAPEX of \$18 to \$19 million
- Depreciation & Amortization Expense of \$24 to \$25 million

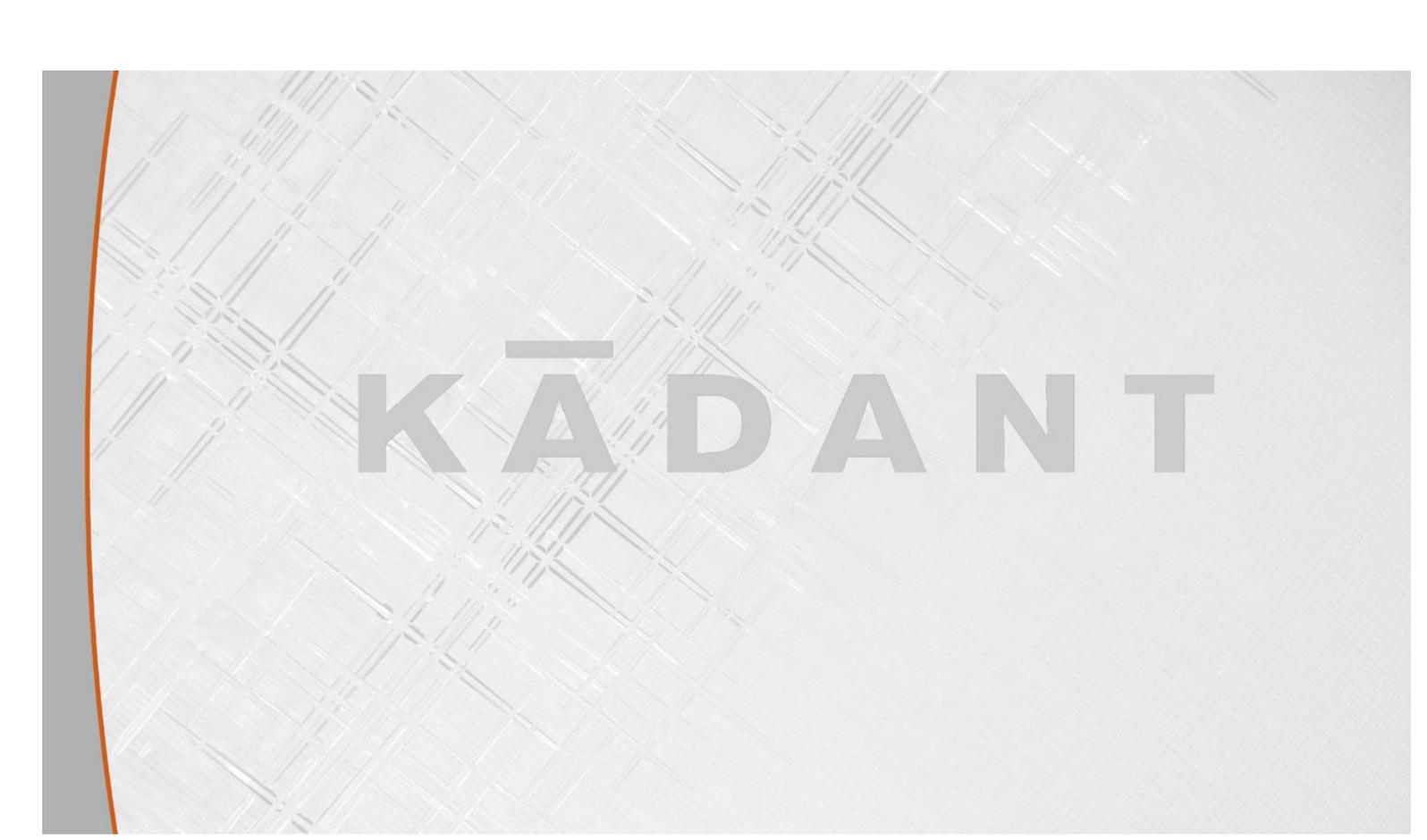
Questions & Answers

To ask a question, please call **888-326-8410** within the U.S. or
+1 704-385-4884 outside the U.S. and reference **356 76 56**.

Please mute the audio on your computer.

Key Take-Aways

- Record 2017 revenue, adjusted EBITDA, and adjusted EPS
- Record Q4 bookings
- Record 2017 free cash flow
- Expecting record revenue and diluted EPS in 2018



KĀDANT

APPENDIX

KADANT

Adjusted Gross Margin Reconciliation

US\$ (millions)	Q417	Q416	2017	2016
Revenues	\$ 149.1	\$ 100.2	\$ 515.0	\$ 414.1
Cost of Revenues	<u>(84.6)</u>	<u>(54.2)</u>	<u>(284.0)</u>	<u>(225.7)</u>
Gross Margin	<u>\$ 64.5</u>	<u>\$ 46.0</u>	<u>\$ 231.0</u>	<u>\$ 188.4</u>
Gross Margin %*	43.3%	46.0%	44.9%	45.5%
Gross Margin	\$ 64.5	\$ 46.0	\$ 231.0	\$ 188.4
Amortization of Acquired Profit in Inventory	<u>1.8</u>	<u>-</u>	<u>5.1</u>	<u>0.5</u>
Adjusted Gross Margin	<u>\$ 66.3</u>	<u>\$ 46.0</u>	<u>\$ 236.1</u>	<u>\$ 188.9</u>
Adjusted Gross Margin %*	44.5%	46.0%	45.9%	45.6%

* Percent change calculated using actual numbers reported in our press release dated February 15, 2018. Adjusted gross margin and adjusted gross margin percentage are non-GAAP financial measures.

Adjusted EBITDA Reconciliation

US\$ (millions)	2010	2011	2012	2013	2014	2015	2016	2017
Net Income Attributable to Kadant	\$ 18.5	\$ 33.6	\$ 31.6	\$ 23.4	\$ 28.7	\$ 34.4	\$ 32.1	\$ 31.1
Net Income Attributable to Noncontrolling Interest	0.3	0.3	0.2	0.2	0.4	0.3	0.4	0.5
(Income) Loss from Discontinued Operation, net of tax	(0.1)	-	(0.7)	0.1	-	-	-	-
Provision for Income Taxes	5.2	4.3	4.8	9.3	12.4	14.7	12.1	26.1
Interest Expense, net	<u>1.1</u>	<u>0.5</u>	<u>0.5</u>	<u>0.3</u>	<u>0.6</u>	<u>0.7</u>	<u>1.0</u>	<u>3.1</u>
Operating Income	25.0	38.7	36.4	33.3	42.1	50.1	45.6	60.8
Other Income and Restructuring Costs	(1.1)	(1.9)	-	0.1	0.8	0.5	(0.3)	0.2
Acquisition Costs	-	-	-	-	-	-	1.8	5.4
Acquired Backlog Amortization and Profit in Inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>2.6</u>	<u>2.6</u>	<u>0.2</u>	<u>1.9</u>	<u>6.5</u>
Adjusted Operating Income*	23.9	36.8	36.4	36.0	45.5	50.8	49.0	72.9
Depreciation and Amortization	<u>7.3</u>	<u>8.0</u>	<u>8.4</u>	<u>8.7</u>	<u>10.8</u>	<u>10.7</u>	<u>12.9</u>	<u>17.9</u>
Adjusted EBITDA*	<u>\$ 31.2</u>	<u>\$ 44.8</u>	<u>\$ 44.8</u>	<u>\$ 44.7</u>	<u>\$ 56.3</u>	<u>\$ 61.5</u>	<u>\$ 61.9</u>	<u>\$ 90.8</u>

* Adjusted operating income and adjusted EBITDA are non-GAAP financial measures.

Free Cash Flow Reconciliation

US\$ (millions)	2009	2010	2011	2012	2013	2014	2015	2016	2017
Cash Provided by Continuing Operations	\$ 43.1	\$ 28.3	\$ 34.3	\$ 30.5	\$ 39.9	\$ 51.1	\$ 40.4	\$ 51.0	\$ 65.2
Capital Expenditures	<u>(2.8)</u>	<u>(3.4)</u>	<u>(8.0)</u>	<u>(4.3)</u>	<u>(6.2)</u>	<u>(6.7)</u>	<u>(5.5)</u>	<u>(5.8)</u>	<u>(17.3)</u>
Free Cash Flow*	<u>\$ 40.3</u>	<u>\$ 24.9</u>	<u>\$ 26.3</u>	<u>\$ 26.2</u>	<u>\$ 33.7</u>	<u>\$ 44.4</u>	<u>\$ 34.9</u>	<u>\$ 45.2</u>	<u>\$ 47.9</u>

* Free cash flow is a non-GAAP financial measure.

