

KADANT

Thermo Fibergen Announces Second Quarter Results and Provides Guidance for 2001 and 2002

July 19, 2001

BEDFORD, Mass., July 19 /PRNewswire/ -- Thermo Fibergen Inc. (Amex: [TFG - news](#)), a subsidiary of Kadant Inc. (Amex: [KAI - news](#)), today reported revenues of \$2,046,000 for the quarter ended June 30, 2001, compared with \$1,746,000 for the same period in 2000. Net loss was \$658,000, or \$.06 per diluted share, versus net income of \$141,000, or \$.01 per diluted share, last year. Revenues from composite building materials were approximately \$0.4 million.

"While revenues from our composite decking and fencing products were lower than we expected, we are encouraged by bookings of our recently introduced roof tiles," said Jonathan W. Painter, president and chief executive officer of Thermo Fibergen. "We are lowering expectations for this business as we work to expand our distribution network. Although startups are difficult to forecast, our estimate of revenues from composite products for each of the remaining quarters in 2001 is \$300,000 to \$500,000, and for the year just below \$2 million. Looking ahead to 2002, we expect revenues for the year of \$4 to \$6 million and a reduced operating loss. We have made considerable progress in the technology and production phases of our composite products launch, and now need to build our marketing and distribution channels to take advantage of this growth market."

Thermo Fibergen Inc. develops, produces, and markets fiber-based composite products primarily for the building industry, as well as agricultural carriers, oil and grease absorbents, and cat box fillers made from papermaking byproducts. Thermo Fibergen is a public subsidiary of Kadant Inc.

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. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are set forth under the heading "Forward-looking Statements" in Exhibit 13 to the company's annual report on Form 10-K for the year ended December 30, 2000. These include risks and uncertainties relating to: operating losses; ability to enter the composites market; limited composites manufacturer's experience; concentration of revenues; fiber-recovery and water-clarification systems; common stock; redemption rights; the protection, defense, and use of proprietary technology and intellectual property; future capital needs, project financing, and dependence on capital markets; competition; environmental and regulatory risks; and commodity price risks.

Consolidated Statement of Operations (unaudited)

(In thousands except per share amounts)	Three Months Ended		Six Months Ended	
	June 30, 2001	July 1, 2000	June 30, 2001	July 1, 2001
Revenues	\$2,046	\$1,746	\$4,959	\$4,479
Costs and Operating Expenses:				
Cost of revenues	1,884	1,120	4,386	2,786
Selling, general, and administrative expenses	1,079	1,087	2,177	2,131
Research and development expenses	336	277	632	603
	3,299	2,484	7,195	5,520
Operating Loss	(1,253)	(738)	(2,236)	(1,041)
Interest Income	156	733	372	1,388
Income (Loss) Before Income Taxes and Minority Interest	(1,097)	(5)	(1,864)	347
Income Tax (Provision) Benefit	439	2	746	(184)
Minority Interest Income	-	144	60	256
Net Income (Loss)	\$(658)	\$141	\$(1,058)	\$419
Basic and Diluted Earnings (Loss) per Share	\$(.06)	\$.01	\$(.09)	\$.03
Weighted Average Shares:				
Basic	11,510	14,169	11,505	14,165
Diluted	11,510	14,548	11,505	14,543