

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

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**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 26, 2015

**KADANT INC.**

(Exact Name of Registrant as Specified in its Charter)

Delaware  
(State or Other Jurisdiction  
of Incorporation)

1-11406  
(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))
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**KADANT INC.**

**Item 7.01 Regulation FD Disclosure.**

On February 26, 2015, Kadant Inc. (the “Company”) will hold a webcast and conference call to discuss its financial results for the fiscal quarter and year ended January 3, 2015. 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 26, 2015.

**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 26, 2015

By /s/ Thomas M. O'Brien  
Thomas M. O'Brien  
Executive Vice President and  
Chief Financial Officer

# Fourth Quarter and Fiscal Year 2014 Business Review

Jonathan W. Painter, President & CEO

Thomas M. O'Brien, Executive Vice President & CFO

**KADANT**  
AN ACCENT ON INNOVATION

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# Forward-Looking Statements

The following constitutes a “Safe Harbor” statement under the Private Securities Litigation Reform Act of 1995: This presentation contains forward-looking statements that involve a number of risks and uncertainties, including forward-looking statements about our expected future financial and operating performance, demand for our products, and economic and industry outlook. Our actual results may 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 quarterly report on Form 10-Q for the period ended September 27, 2014. These include risks and uncertainties relating to our dependence on process industries; significance of sales and operation of manufacturing facilities in China; oriented strand board market and levels of residential construction activity; commodity and component price increases or shortages; dependence on certain suppliers; international sales and operations; our acquisition strategy; our internal growth strategy; fluctuations in currency exchange rates; 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. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise.

# 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 excluding the effect of acquisitions and foreign currency translation, adjusted operating income, adjusted net income, adjusted diluted EPS, and adjusted earnings before interest, taxes, depreciation, and amortization.

A reconciliation of those numbers to the most directly comparable U.S. GAAP financial measures is shown in our 2014 fourth quarter earnings press release issued February 25, 2015, which is available in the Investors section of our website at [www.kadant.com](http://www.kadant.com) under the heading Recent News.

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**Jonathan W. Painter**

President & CEO

# **BUSINESS REVIEW**



# Q4 2014 Financial Highlights

(\$ Millions, except per share amounts)	Q4 2014	Q4 2013	% CHANGE	EXCL. FX
Revenue	\$105.2	\$94.8	11.0%	16.0%
Gross Margin	44.7%	43.9%	n.m.	n.m.
Net Income <sup>1</sup>	\$9.1	\$5.9	53.4%	62.9%
Adjusted EBITDA <sup>1, 2</sup>	\$14.8	\$11.8	26.0%	31.8%
Diluted EPS <sup>1</sup>	\$0.82	\$0.52	57.7%	67.3%
Adjusted Diluted EPS <sup>1, 2</sup>	\$0.81	\$0.63	28.6%	36.5%
Bookings	\$103.0	\$84.0	22.6%	27.1%
Backlog	\$124.2	\$97.6	27.2%	32.2%
Cash Flow <sup>1</sup>	\$18.5	\$9.2	99.9%	-

Percent change calculated using actual numbers reported in our Q4 2014 earnings release dated February 25, 2015.

<sup>1</sup> Net income, diluted EPS, adjusted diluted EPS, adjusted EBITDA, and cash flow are from continuing operations.

<sup>2</sup> Adjusted EBITDA and adjusted diluted EPS are non-GAAP financial measures that exclude certain items as detailed in our Q4 2014 earnings press release issued February 25, 2015.



# 2014 Financial Highlights

(\$ Millions, except per share amounts)	2014	2013	% CHANGE	EXCL. FX
Revenue	\$402.1	\$344.5	16.7%	17.6%
Gross Margin	44.4%	45.8%	n.m.	n.m.
Operating Income	\$42.1	\$33.3	26.4%	28.1%
Diluted EPS <sup>1</sup>	\$2.56	\$2.07	23.7%	25.6%
Adjusted Diluted EPS <sup>1,2</sup>	\$2.78	\$2.24	24.1%	26.3%
Adjusted EBITDA <sup>1,2</sup>	\$56.3	\$44.7	25.9%	27.0%
Adjusted EBITDA/Sales <sup>1,2</sup>	14.0%	13.0%	n.m.	n.m.
Bookings	\$433.1	\$343.0	26.3%	26.7%
Cash Flow <sup>1</sup>	\$48.9	\$39.9	22.4%	-
Adjusted Return on Invested Capital <sup>2,3</sup>	12.7%	9.8%	n.m.	n.m.

Percent change calculated using actual numbers reported in our Q4 2014 earnings release dated February 25, 2015.

1 Diluted EPS, adjusted diluted EPS, adjusted EBITDA, and cash flow are from continuing operations.

2 Adjusted EBITDA, adjusted net income, and adjusted diluted EPS are non-GAAP financial measures that exclude certain items as detailed in our Q4 2014 earnings press release issued February 25, 2015.

3 Adjusted return on invested capital is calculated as adjusted net income divided by the sum of stockholders' equity less net cash.

# FX and Acquisition Impact

Q4 2014, \$ in millions except EPS	Revenue	Adjusted EPS <sup>3</sup>	Bookings	Parts & Consumables Revenue	Parts & Consumables Bookings
As Reported	\$105.2	\$0.81	\$103.0	\$62.4	\$67.1
Growth <sup>1</sup>	11.0%	28.6%	22.6%	6.3%	20.3%
Growth excluding FX <sup>1</sup>	16.0%	36.5%	27.1%	11.0%	25.5%
Growth excluding FX and Acquisitions <sup>1,2</sup>	15.6%	36.5%	25.9%	10.3%	23.7%

FY 2014, \$ in millions except EPS	Revenue	Adjusted EPS <sup>3</sup>	Bookings	Parts & Consumables Revenue	Parts & Consumables Bookings
As Reported	\$402.1	\$2.78	\$433.1	\$249.4	\$258.4
Growth <sup>1</sup>	16.7%	24.1%	26.3%	16.2%	18.8%
Growth excluding FX <sup>1</sup>	17.6%	26.3%	26.7%	17.0%	19.6%
Growth excluding FX and Acquisitions <sup>1,2</sup>	6.5%	9.4%	15.2%	4.3%	5.9%

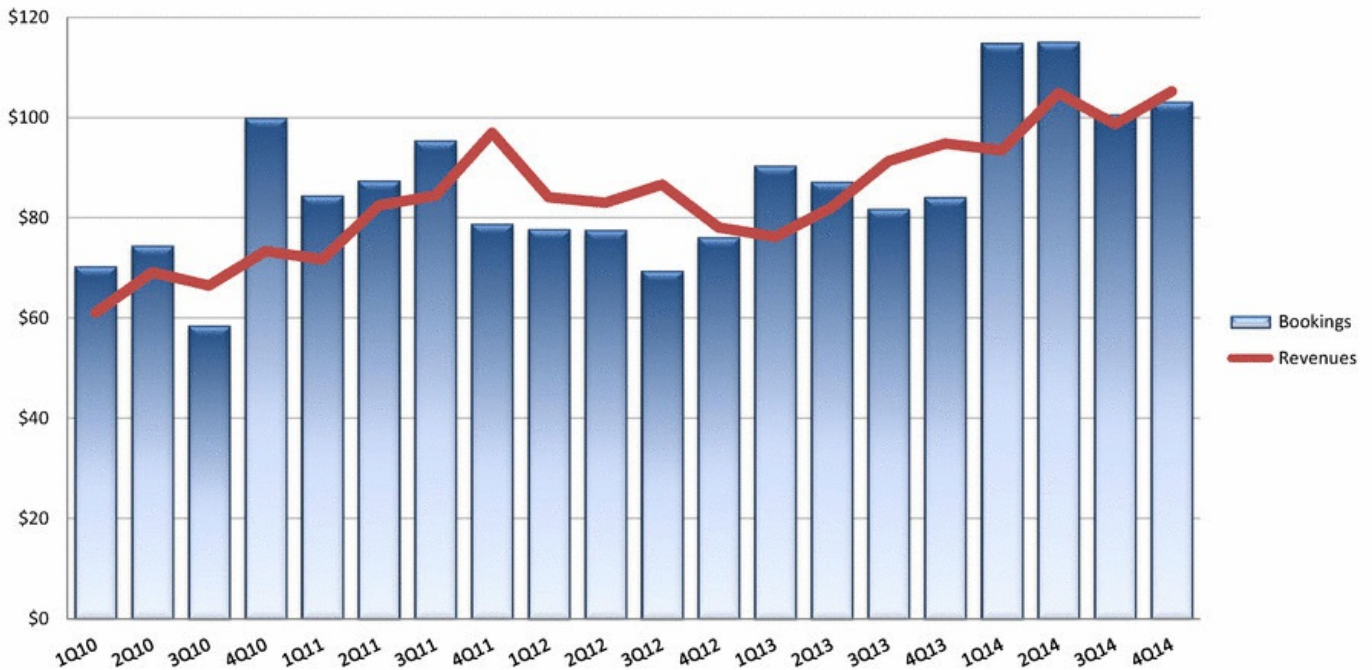
1 Growth is the year-over-year percent change between the current period and the comparable prior period.

2 Acquired businesses are classified above as Acquisitions for the first four quarters after acquisition.

3 Adjusted diluted EPS is a non-GAAP financial measure that excludes certain items as detailed in our Q4 2014 earnings press release issued February 25, 2015.

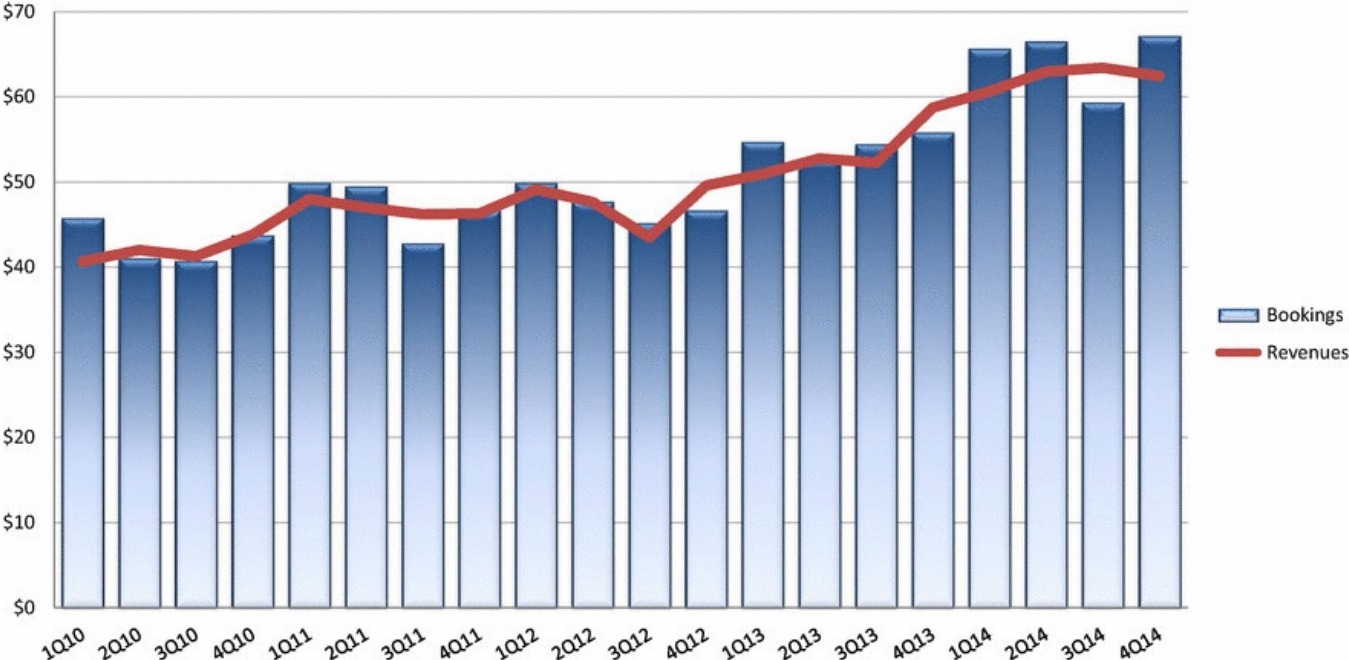
# Bookings and Revenues

US\$ (millions)



# Parts and Consumables Bookings and Revenues

US\$ (millions)

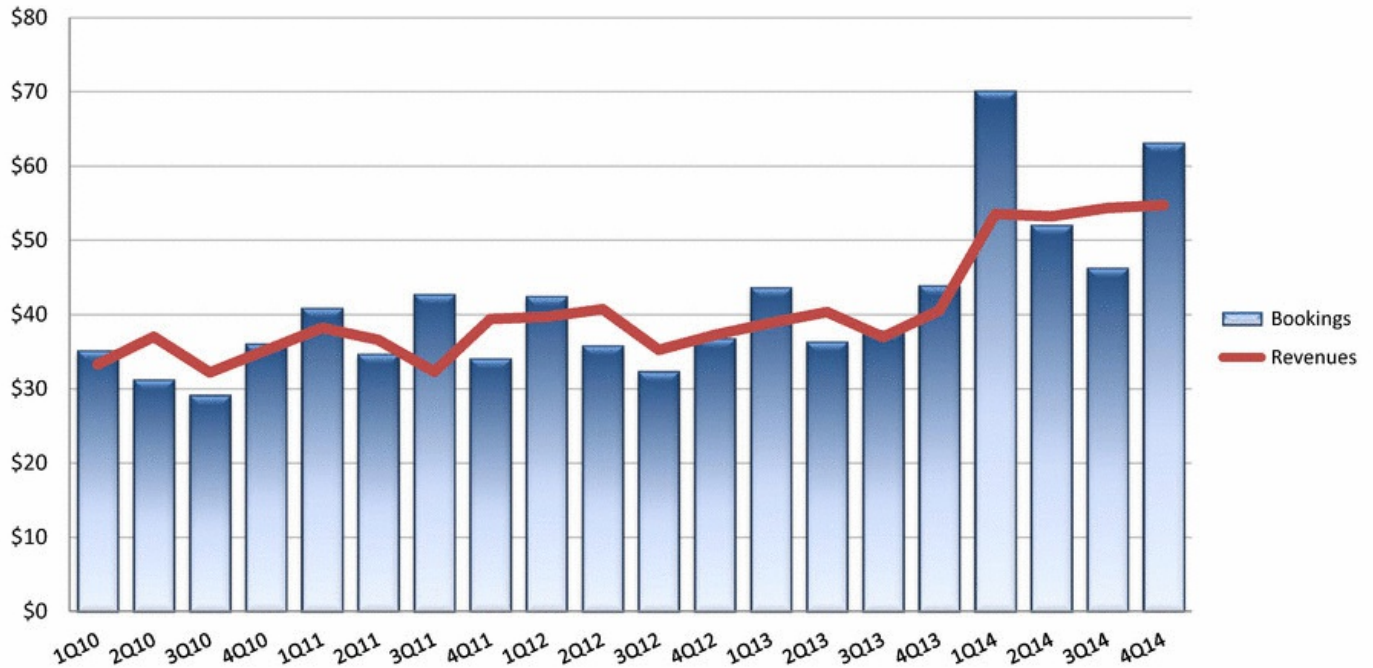




## REGIONAL PERFORMANCE

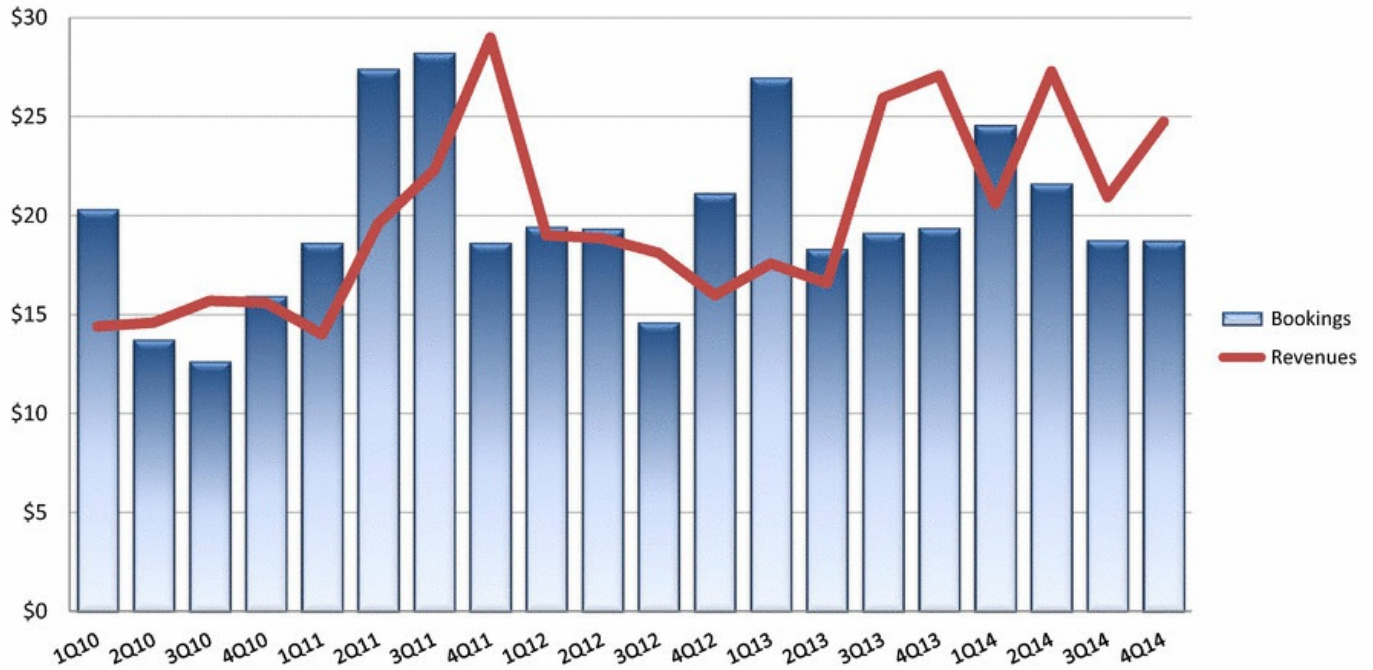
# North America Bookings and Revenues

US\$ (millions)



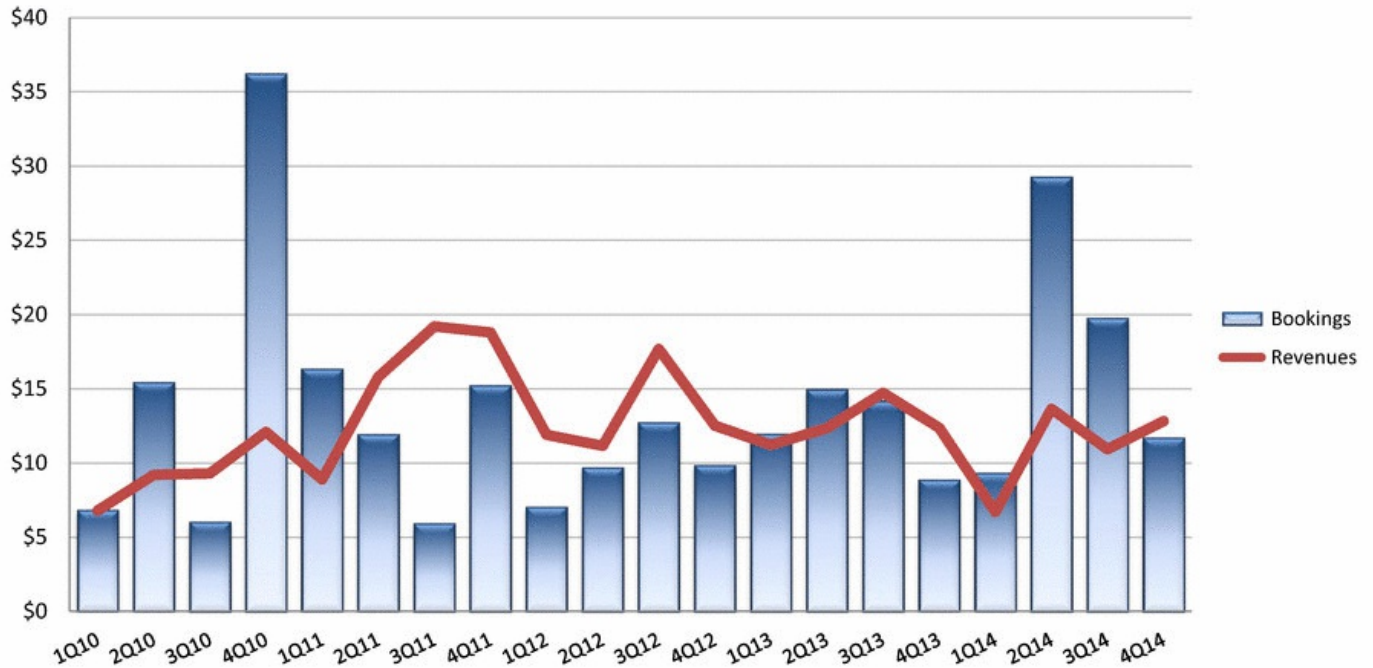
# Europe Bookings and Revenues

US\$ (millions)



# China Bookings and Revenues

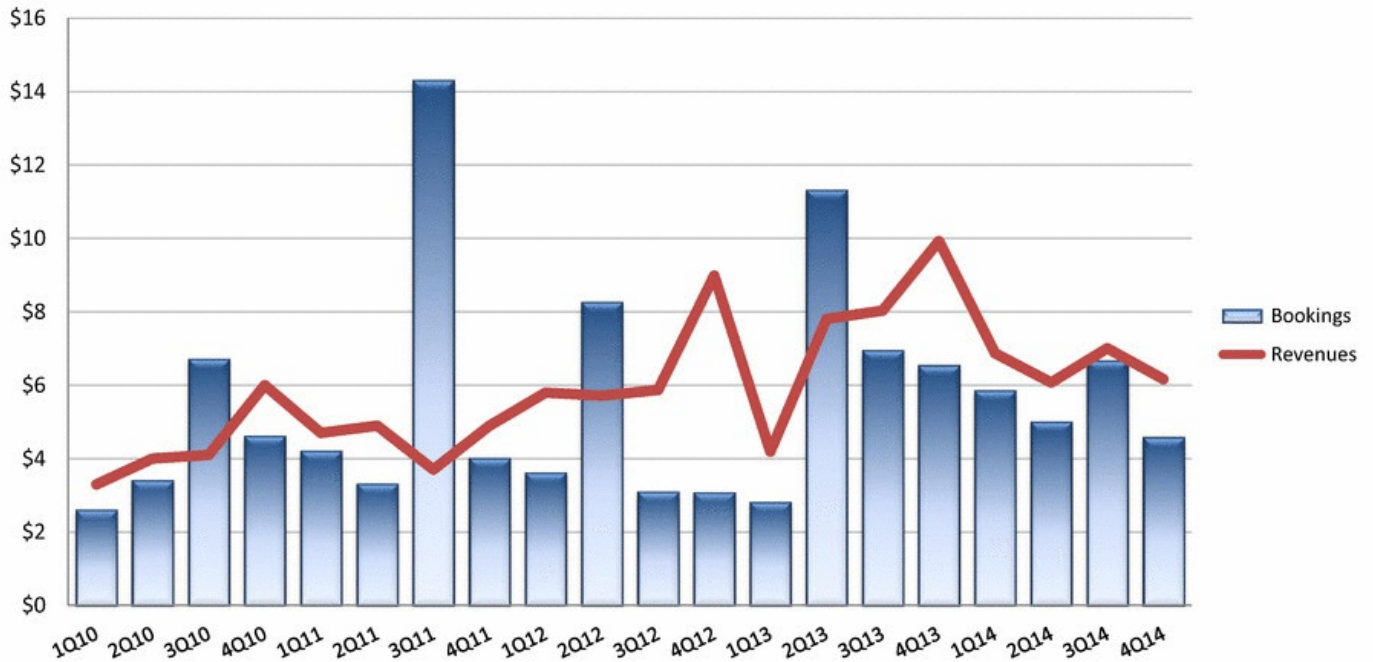
US\$ (millions)





# South America Bookings and Revenues

US\$ (millions)



## Guidance for Continuing Operations

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- Q1 2015 GAAP diluted EPS of \$0.57 to \$0.59
- Q1 2015 revenues of \$94 to \$96 million
  
- FY 2015 GAAP diluted EPS of \$3.05 to \$3.15
- FY 2015 revenues of \$413 to \$423 million

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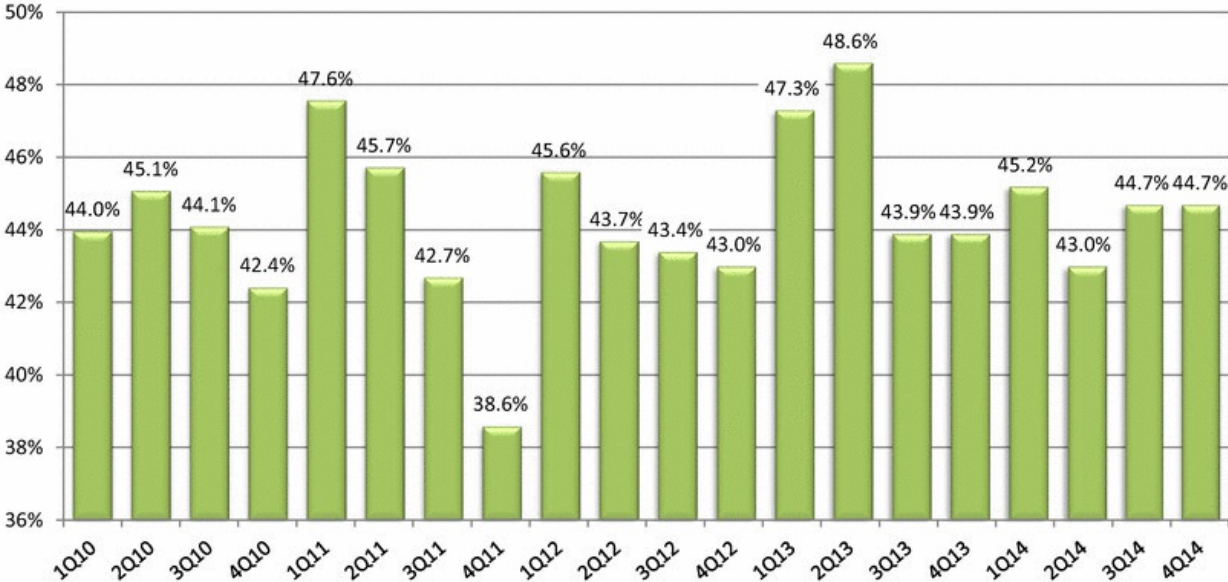
**Thomas M. O'Brien**

Executive Vice President & Chief Financial Officer

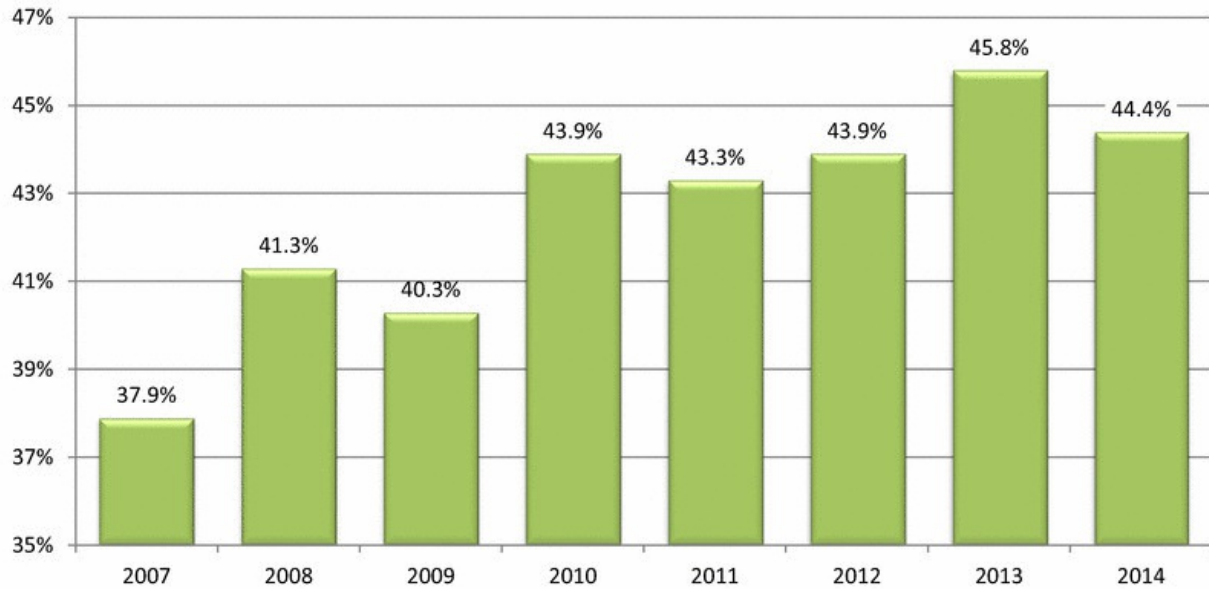
# FINANCIAL REVIEW



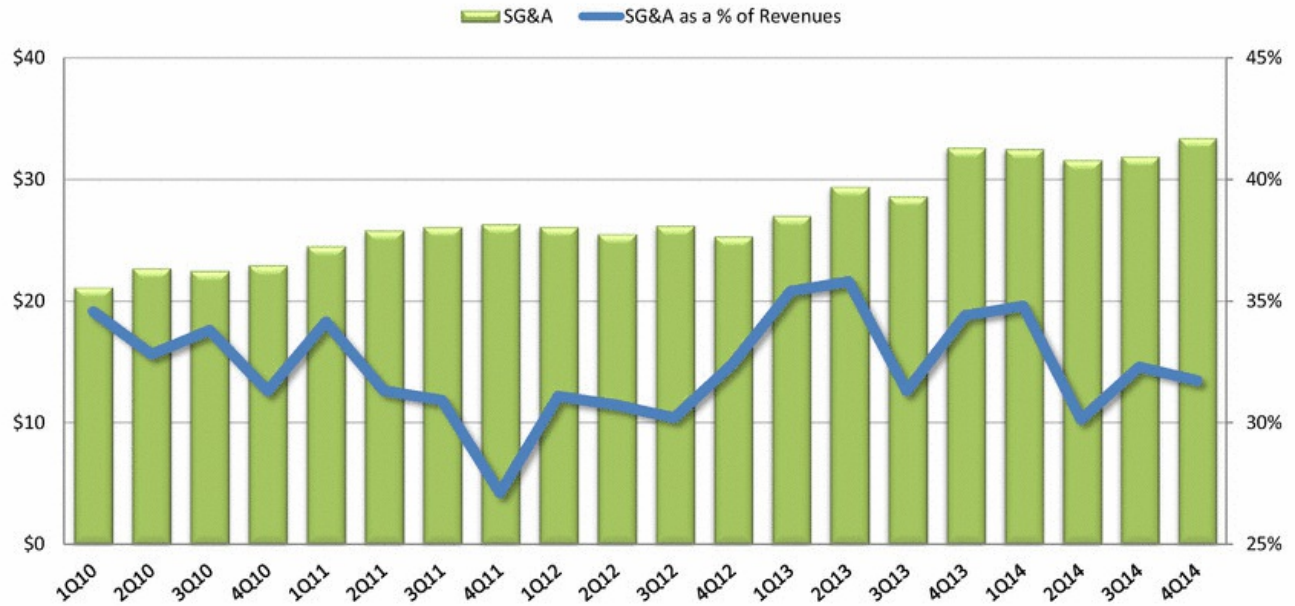
# Quarterly Gross Margins



# Full-Year Gross Margins



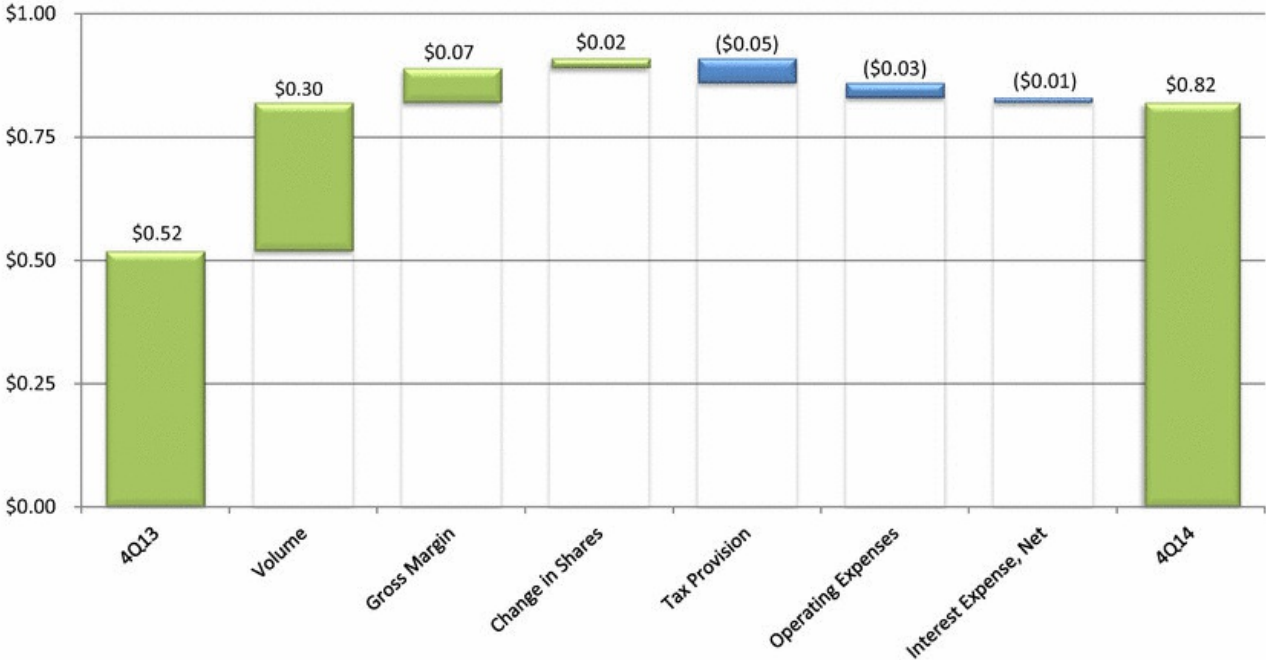
# Quarterly SG&A



# Full-Year SG&A

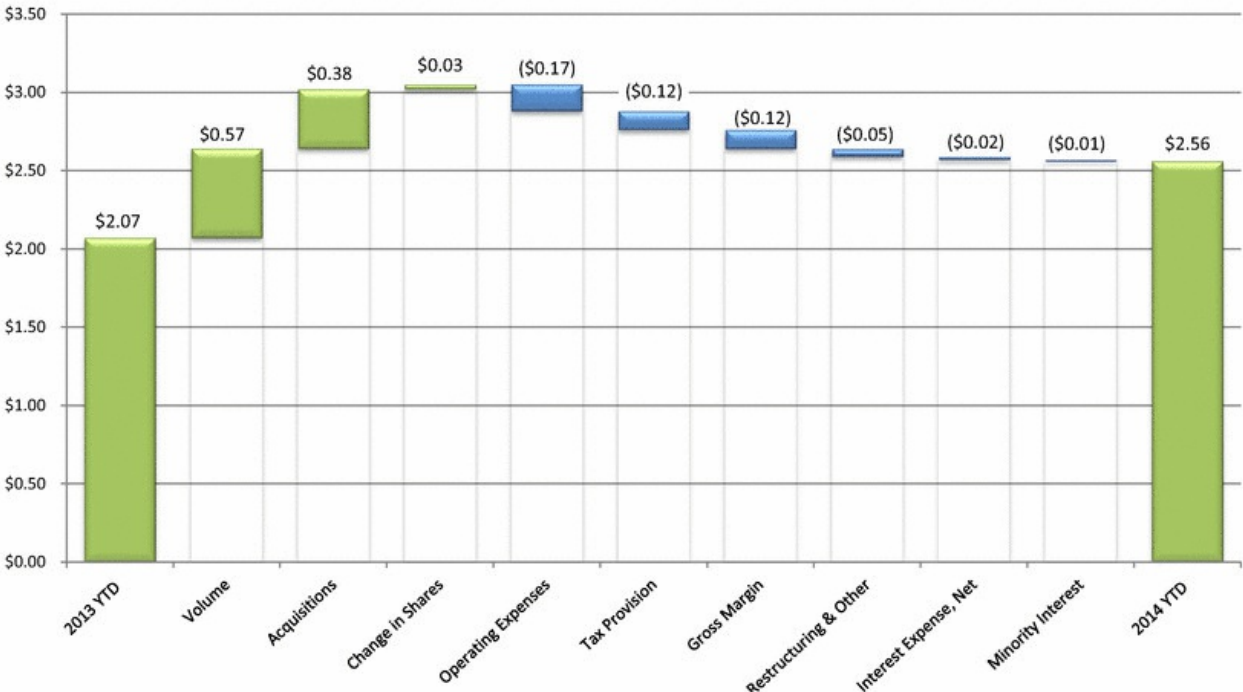


# 4Q13 to 4Q14 Diluted EPS from Continuing Operations





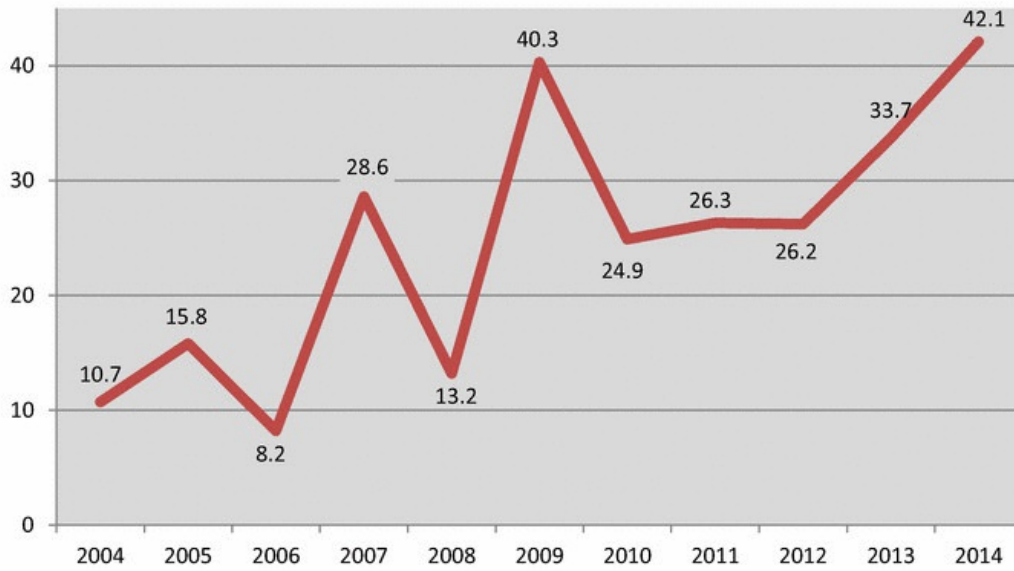
# 2013 to 2014 Diluted EPS from Continuing Operations



# Cash Flow

(\$ Millions)	4Q14	4Q13	2014	2013
Income from Continuing Operations	\$9.2	\$6.0	\$29.1	\$23.7
Depreciation and Amortization	2.6	3.0	11.2	9.8
Stock-Based Compensation	1.6	1.4	5.8	5.2
Other Items	2.7	0.2	2.5	(2.3)
Change in Current Assets & Liabilities (excl. acquisitions)	2.4	(1.4)	0.3	3.5
<b>Cash Provided by Continuing Operations</b>	<b>\$18.5</b>	<b>\$9.2</b>	<b>\$48.9</b>	<b>\$39.9</b>

# Free Cash Flow



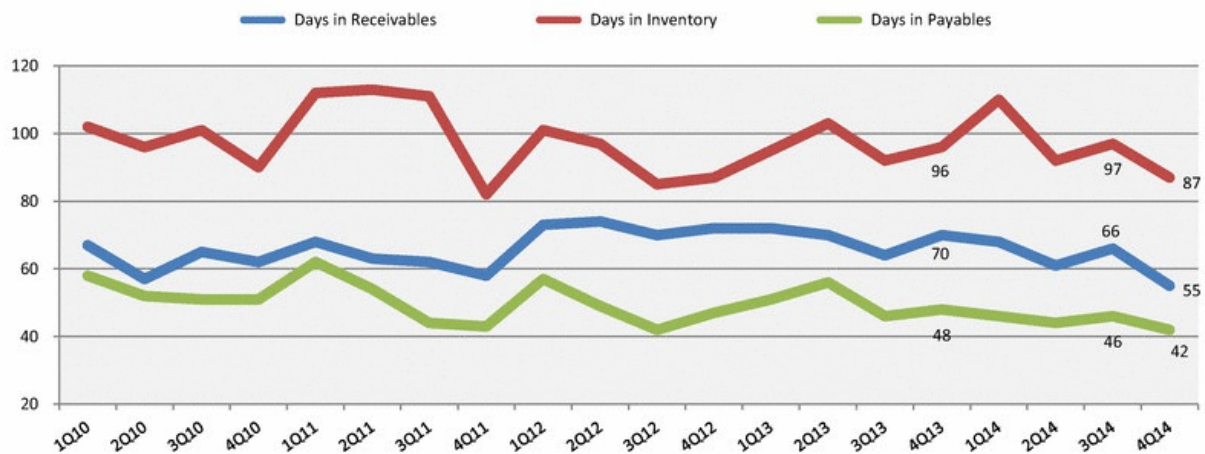
Free cash flow is defined as cash flows from continuing operations less purchases of property, plant, and equipment.

# Stock Repurchases and Dividends

(\$ in Millions, except per share amounts)	2014	2013	2012	2011
Common Stock Repurchases	\$15.1	\$5.4	\$14.5	\$16.1
Average Price per Share	\$37.36	\$30.67	\$22.87	\$21.52
Cash Dividends	\$6.4	\$4.2	-	-
Total Stock Repurchases and Dividends	\$21.5	\$9.6	\$14.5	\$16.1
Net Income from Continuing Operations	\$28.7	\$23.5	\$30.9	\$33.6
% of Net Income from Continuing Operations	75%	41%	47%	48%

# Key Working Capital Metrics

	4Q14	3Q14	4Q13
Days in Receivables	55	66	70
Days in Inventory	87	97	96
Days in Payables	42	46	48

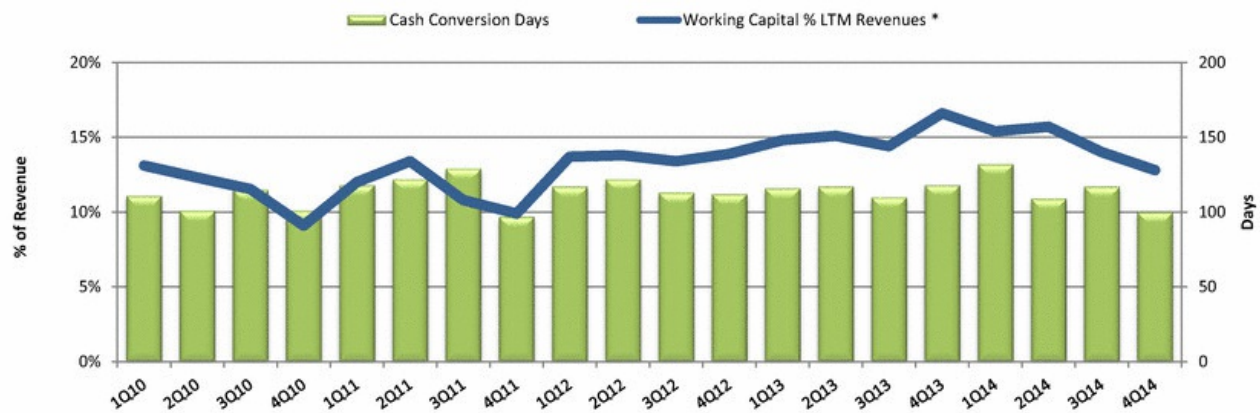


# Working Capital and Cash Conversion Days

	4Q14	3Q14	4Q13
Working Capital % LTM Revenues*	12.8%	14.0%	16.6%
Cash Conversion Days**	100 days	117 days	118 days

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

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

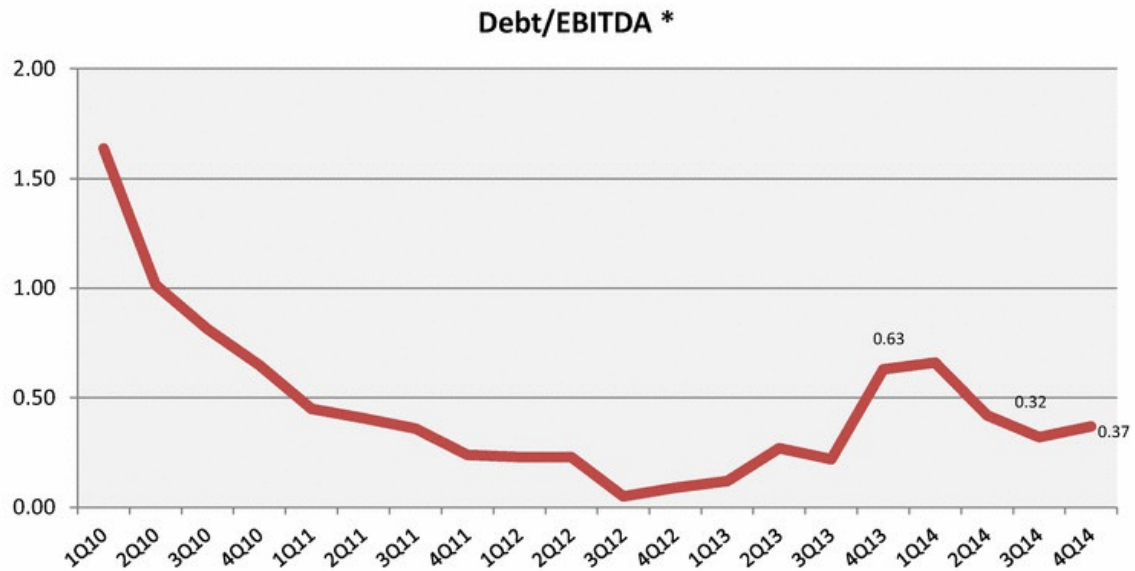


# Cash and Debt

(\$ Millions)	4Q14	3Q14	4Q13
Cash, cash equivalents, and restricted cash	\$45.8	\$41.7	\$50.2
Debt	(25.9)	(23.0)	(38.6)
<b>Net Cash</b>	<b>\$19.9</b>	<b>\$18.7</b>	<b>\$11.6</b>



# Leverage Ratio



\* Calculated by adding or subtracting certain items, as required by our Credit Facility, from Adjusted EBITDA. Under our new Credit Facility entered into on August 3, 2012 and as amended on November 1, 2013 total debt is defined as debt less domestic cash of up to \$25 million. For periods prior to 3Q12, total debt was not reduced for domestic cash.



## Guidance for Continuing Operations

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- Q1 2015 GAAP diluted EPS of \$0.57 to \$0.59
- FY 2015 GAAP diluted EPS of \$3.05 to \$3.15
- Effective tax rate of 33% to 34%
- CAPEX of \$7 to \$8 million
- Depreciation & Amortization Expense of \$12 million

# Questions & Answers

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To ask a question, please call **877-703-6107** within the U.S. or  
+1-857-244-7306 outside the U.S. and reference 83375884.

*Please mute the audio on your computer.*

## Key Take-Aways

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- Record financial and operational performance in Q-4 and FY 2014
- Cash flow remains healthy
- Parts and Consumables business strong and growing
- 2015 expected to be a solid year with improved operating margin

# Fourth Quarter and Fiscal Year 2014 Business Review

Jonathan W. Painter, President & CEO

Thomas M. O'Brien, Executive Vice President & CFO

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