

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): May 3, 2006

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 Acton Place  
Acton, Massachusetts  
(Address of Principal Executive Offices)

01720  
(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))

KADANT INC.

Item 2.02 Results of Operations and Financial Condition.

On May 3, 2006, Kadant Inc. (the "Company") announced its financial results for the fiscal quarter ended April 1, 2006. The full text of the press release issued in connection with the announcement is 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.

(c) Exhibit

The following exhibit relating to Item 2.02 shall be deemed to be furnished and not filed.

Exhibit  
No.  
-----  
99

Description of Exhibit  
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Press Release issued by the Company on May 3, 2006.

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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: May 3, 2006

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



[LOGO]  
 KADANT  
 AN ACCENT ON INNOVATION  
 One Acton Place, Suite 202  
 Acton, MA 01720

NEWS

Investor contact: Thomas M. O'Brien, 978-776-2000  
 Media contact: GreatPoint Communications, 978-392-6866

### Kadant Reports Record Revenues in First Quarter 2006

ACTON, Mass., May 3, 2006 - Kadant Inc. (NYSE:KAI) reported that revenues from continuing operations grew 49 percent in the first quarter of 2006, to \$75.6 million, compared with \$50.7 million in the first quarter of 2005. Excluding a 40 percent revenue increase in the 2006 period from the company's Kadant Johnson subsidiary and a 3 percent decrease from currency translation, revenues from continuing operations grew 12 percent. Operating income from continuing operations in the 2006 quarter was \$4.8 million (including \$2.1 million from Kadant Johnson), versus \$2.8 million in 2005. Income from continuing operations (after-tax) was \$2.8 million in 2006, or \$.20 of diluted earnings per share (EPS), versus income of \$3.1 million, or \$.22 of diluted EPS, a year ago. Earnings in the 2006 period reflect a \$.01 impact from stock option expense rules that have taken effect, and in the 2005 quarter include a \$.06 gain due to a tax reimbursement from our former parent company.

"We're off to an excellent start in 2006," said William A. Rainville, chairman and chief executive officer of Kadant. "We saw especially strong demand for our stock-preparation technologies in China and for our Kadant Johnson fluid-handling equipment in North America, both of which contributed to record revenues in the first quarter. We are also very pleased with our first quarter bookings, which rose 73 percent over the same quarter last year to a record \$104 million on the strength of these two product lines. Even without the contribution of Kadant Johnson, bookings increased 33 percent. This led to a record quarter-end backlog as well, which nearly doubled from the 2005 first quarter to \$83 million.

"China's paper-recycling market remains an exciting growth opportunity for Kadant, and continued demand for our innovative stock-preparation systems from that country's leading paper producers reinforces that we are clearly a technology leader. Revenues from these products in China were \$9 million in the first quarter of 2006, a 59 percent increase over last year. Even more noteworthy, China bookings for stock-preparation systems in the period, which included the largest single order in our history, totaled \$29 million - exceeding our total annual bookings from China in each of the last two years.

"In the North American paper industry, although the market for our accessories and water management product lines remained soft, we believe that our customers' focus on lowering energy costs is driving demand for our fluid-handling and control technologies. These systems, which are used primarily to optimize drying - the most energy-intensive stage of paper production - contributed \$23 million in first quarter 2006 bookings.

"We believe our strong performance this quarter is further evidence that our efforts to increase our breadth - of global market coverage and product offerings - are contributing to growth. With record bookings, we expect a strong second quarter as well, with GAAP diluted EPS from continuing operations of \$.34 to \$.36, on revenues of \$85 to \$87 million. That said, we are still seeing weakness in some North American and European markets, and therefore remain cautiously optimistic about the second half of the year. For all of 2006, we now expect GAAP diluted EPS of \$1.18 to \$1.25 from continuing operations, an increase of \$.03 at the low end of the range, on slightly higher revenues of \$300 to \$310 million, from our original estimate of \$290 to \$300 million."

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### 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 revenues excluding the results from our Kadant Johnson subsidiary and the effects of currency translation, and earnings before interest, taxes, depreciation and amortization (EBITDA). We believe that the inclusion of such measures helps investors to gain a better understanding of our

underlying operations and future prospects, consistent with how management measures and forecasts Kadant's performance, especially when comparing such results to previous periods or forecasts. We also believe this information is responsive to investors' requests and gives them an additional measure of Kadant's performance.

We use non-GAAP measures, in addition to GAAP financial measures, as the basis for measuring our underlying operating performance and comparing such performance to that of prior 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.

The non-GAAP financial measures included in this press release 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 measure, in that they may be different from, and therefore not comparable to, similar measures used by other companies.

Reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures are set forth in the accompanying tables.

#### Conference Call

Kadant will hold its earnings conference call on Thursday, May 4, 2006, at 11 a.m. Eastern time. To listen, call 800-709-2159 within the U.S., or 973-582-2810 outside the U.S. You can also listen to the call live on the Web by visiting [www.kadant.com](http://www.kadant.com) and clicking on "Investors." An audio archive of the call will be available on our Web site until June 2, 2006.

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Financial Highlights (unaudited)  
(In thousands, except per share amounts and percentages)

Consolidated Statement of Income	Three Months Ended	
	April 1, 2006	April 2, 2005
Revenues	\$ 75,591	\$ 50,744
Costs and Operating Expenses:		
Cost of revenues	46,974	31,982
Selling, general, and administrative expenses	22,121	14,894
Research and development expenses	1,545	1,048
Restructuring costs	138	-
	70,778	47,924
Operating Income	4,813	2,820
Interest Income	259	472
Interest Expense	(794)	(2)
Income from Continuing Operations Before Income Taxes and Minority Interest	4,278	3,290
Provision for Income Taxes (a)	(1,455)	(203)
Minority Interest Expense	(58)	-
Income from Continuing Operations	2,765	3,087
Loss from Discontinued Operation, Net of Tax	(114)	(363)
Net Income	\$ 2,651	\$ 2,724
Earnings per Share		
Basic		
Income from Continuing Operations	\$ .20	\$ .22
Loss from Discontinued Operation	-	(.02)
Net Income	\$ .20	\$ .20
Diluted		
Income from Continuing Operations	\$ .20	\$ .22
Loss from Discontinued Operation	(.01)	(.03)
Net Income	\$ .19	\$ .19
Weighted Average Shares		
Basic	13,580	13,926
Diluted	13,841	14,211

Business Segment Information (b)	Three Months Ended	
	April 1, 2006	April 2, 2005
Revenues:		
Pulp and Papermaking Systems	\$ 71,073	\$ 47,571
Other	4,518	3,173
	\$ 75,591	\$ 50,744
Gross Profit Margin:		
Pulp and Papermaking Systems	38%	37%
Other	29%	43%

Operating Income (c):  
Pulp and Papermaking Systems  
Corporate and Other

-----	-----
38%	37%
=====	=====
\$ 6,751	\$ 3,621
(1,938)	(801)
-----	-----
\$ 4,813	\$ 2,820
=====	=====

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Business Segment Information (b) (continued)	Three Months Ended	
	April 1, 2006	April 2, 2005
Bookings from Continuing Operations:		
Pulp and Papermaking Systems	\$ 98,200	\$ 56,442
Other	5,421	3,378
	-----	-----
	\$103,621	\$ 59,820
	=====	=====
Capital Expenditures from Continuing Operations:		
Pulp and Papermaking Systems	\$ 337	\$ 140
Corporate and Other	46	26
	-----	-----
	\$ 383	\$ 166
	=====	=====

Cash Flow and Other Data from Continuing Operations	Three Months Ended	
	April 1, 2006	April 2, 2005
Cash Provided by Operations	\$ 1,682	\$ 448
Depreciation and Amortization Expense	\$ 1,930	\$ 1,016
Balance Sheet Data	April 1, 2006	Dec. 31, 2005
Cash and Cash Equivalents	\$ 41,280	\$ 40,822
Short- and Long-term Debt	\$ 53,250	\$ 55,500
Shareholders' Investment	\$211,712	\$207,625

EBITDA Data (b)	Three Months Ended	
	April 1, 2006	April 2, 2005
Consolidated		
Operating Income	\$ 4,813	\$ 2,820
Depreciation and Amortization	1,930	1,016
EBITDA	\$ 6,743	\$ 3,836
	=====	=====
Pulp and Papermaking Systems		
Operating Income (c)	\$ 6,751	\$ 3,621
Depreciation and Amortization	1,752	901
EBITDA	\$ 8,503	\$ 4,522
	=====	=====
Corporate and Other		
Operating Loss (c)	\$ (1,938)	\$ (801)
Depreciation and Amortization	178	115
EBITDA	\$ (1,760)	\$ (686)
	=====	=====

(a) Includes a tax benefit of \$882, or \$.06 per diluted share, in the three-month period ended April 2, 2005, received from our former parent company under a tax agreement.

(b) "Other" includes the results from the Fiber-based Products business and Kadant Johnson's Casting Products business.

(c) Information in the 2005 period has been reclassified to conform to the 2006 presentation.

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## About Kadant

Kadant Inc. is a leading supplier to the global pulp and paper industry, with a range of products and services for improving efficiency and quality in pulp and paper production, including paper machine accessories, and systems for stock preparation, fluid handling, and water management. Our fluid-handling products are also used to optimize production in the steel, rubber, plastics, food, and textile industries. In addition, we produce granules from papermaking byproducts for agricultural and lawn and garden applications. Kadant is based in Acton, Massachusetts, with revenues of \$244 million in 2005 and approximately 1,400 employees in 16 countries worldwide. For more information, visit [www.kadant.com](http://www.kadant.com).

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 expected future business and financial performance, demand for our products, growth opportunities in China and elsewhere, and our technological position in the market. Important factors that could cause actual results to differ materially from those indicated by such statements are set forth under the heading "Risk Factors" in Kadant's annual report on Form 10-K for the fiscal year ended December 31, 2005. These include risks and uncertainties relating to our dependence on the pulp and paper industry; international sales and operations; competition; our debt obligations; restrictions in our credit agreement; retention of liabilities and warranty claims associated with composite building products manufactured prior to the sale of the business; our ability to successfully integrate Kadant Johnson; our ability to complete the acquisition of a manufacturing and assembly plant in China; our acquisition strategy; our ability to realize the anticipated benefits from the restructuring of our French subsidiary; the impact of high natural gas prices on the manufacture of fiber-based products; availability of raw materials related to the manufacture of fiber-based products; protection of patents and proprietary rights; fluctuations in quarterly operating results; 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.

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