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 13, 2019

KADANT INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware	001-11406	52-1762325
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

One Technology Park Drive Westford, Massachusetts	01886
(Address of Principal Executive Offices)	(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:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o 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 2.02 Results of Operations and Financial Condition.

On February 13, 2019, Kadant Inc. (the “Company”) announced its financial results for the fiscal quarter and year ended December 29, 2018. The full text of the press release issued in connection with the announcement is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On February 13, 2019, the board of directors (the “Board”) of the Company adopted a succession plan (the “Succession Plan”), pursuant to which the Board appointed Jeffrey L. Powell president effective April 1, 2019 and chief executive officer effective July 1, 2019. In addition, the Board appointed Mr. Powell to be a member of the Board effective as of July 1, 2019. Mr. Powell will serve in the class of directors whose term ends in 2022 and will not receive any compensation for his service as a director. As part of the Succession Plan, Jonathan W. Painter, who currently serves as president and chief executive officer, will become executive chairman of the Board effective July 1, 2019. Eric T. Langevin, who currently serves as the Company’s executive vice president, co-chief operating officer, will become executive vice president, chief operating officer effective April 1, 2019. The Company also appointed each of Peter J. Flynn and Michael Colwell as vice presidents of the Company effective July 1, 2019 in connection with the Succession Plan. Mr. Flynn and Mr. Colwell, who will become executive officers of the Company, will each have supervisory responsibility for parts of the Company’s material processing group, which Mr. Powell oversees in his current role as executive vice president, co-chief operating officer. On July 1, 2019, Mr. Langevin will also assume responsibility from Mr. Powell for supervising the Company’s recently acquired material handling business. In addition, on February 13, 2019, William A. Rainville notified the Company that he will not seek reelection as a director of the Company upon expiration of his current term at the Company’s 2019 annual meeting of stockholders. Mr. Rainville, who currently serves as chairman of the Board, stated that his decision to not seek reelection did not result from any disagreement with the Company.

Experience of Mr. Powell

Mr. Powell, age 60, has served as the Company’s executive vice president, co-chief operating officer since March 2018, with supervisory responsibility for the Company’s material processing group, which is comprised of its stock-preparation, wood processing, and fiber-based products businesses. Prior to March 2018, he had served as an executive vice president with responsibility for such businesses since March 2013. From September 2009 to March 2013, he served as the Company’s senior vice president. From January 2008 to September 2009, Mr. Powell was vice president, new ventures, with principal responsibility for acquisition-related activities. Prior to joining the Company, Mr. Powell was the chairman and chief executive officer of Castion Corporation from April 2003 through December 2007. Prior to Castion, Mr. Powell held various management positions at Thermo Electron Corporation, including chief executive officer and president of one of its publicly traded subsidiaries.

Experience of Mr. Langevin

Mr. Langevin, age 56, has served as an executive vice president and co-chief operating officer since March 2018. He previously served as the Company’s executive vice president and chief operating officer from January 2010 until March 2018. Prior to January 2010, Mr. Langevin had been a senior vice president since March 2007 and had supervisory responsibility for the Company’s fluid-handling and doctoring, cleaning, and filtration businesses. He served as vice president, with responsibility for the Company’s doctoring, cleaning, and filtration business, from 2006 to 2007. From 2001 to 2006, Mr. Langevin was president of Kadant Web Systems Inc. (now the Company’s Kadant Solutions division) and before that served as its senior vice president and vice president of operations. Prior to 2001, Mr. Langevin managed several product groups and departments within Kadant Web Systems after joining the Company in 1986 as a product development engineer.

Because each of Messrs. Powell and Langevin was already an executive officer of the Company, no material plan, contract or arrangement or grant or award was made in connection with their appointments, and their compensation arrangements are described in the Company’s proxy statements filed with the Securities and Exchange Commission.

Experience of Mr. Flynn

Mr. Flynn, age 68, has been president of the Company's Kadant Black Clawson subsidiary ("KBC") since 2003. KBC is part of the Company's papermaking systems segment and manufactures stock-preparation equipment primarily for the pulp and paper industry.

The Company and Mr. Flynn will enter into the Company's standard forms of executive retention agreement and indemnification agreement in connection with him becoming an executive officer.

Experience of Mr. Colwell

Mr. Colwell, age 53, has been president of the Company's Kadant Carmanah Design ("KCD") division of the Company's subsidiary Kadant Canada Corp., since November 2013. KCD is part of the Company's wood processing systems segment and designs and manufactures equipment for the oriented strand board industry. Mr. Colwell previously served as the president and chief executive officer of Carmanah Design and Manufacturing Inc. from April 2010 until its acquisition by the Company in November 2013.

The Company and Mr. Colwell will enter into the Company's standard forms of executive retention agreement and indemnification agreement in connection with him becoming an executive officer.

None of Messrs. Powell, Langevin, Flynn or Colwell is related to any of the Company's directors or executive officers. There are no related person transactions between the Company, on the one hand, and any of Messrs. Powell, Langevin, Flynn or Colwell or their immediate family members, on the other hand, reportable under Item 404(a) of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Mr. Painter's Transition Agreement

Mr. Painter, who will continue to hold the title of president through March 31, 2019, will remain chief executive officer until Mr. Powell assumes that position on July 1, 2019, at which time Mr. Painter will become executive chairman. As executive chairman, Mr. Painter will continue to work for the Company under the direction of the Board on a part-time basis until his retirement on June 30, 2020, subject to the terms of his executive transition agreement with the Company, as described below. Mr. Painter will step down as executive chairman upon his retirement on June 30, 2020, but is not required to resign from the Board as of such date.

In connection with the Succession Plan, on February 13, 2019, the Company and Mr. Painter entered into a Transition and Executive Chairman Agreement (the "Transition Agreement"), which terminates upon Mr. Painter's retirement on June 30, 2020 (the "Retirement Date") or Mr. Painter's earlier resignation, termination, death or disability (such date when employment ends shall be referred to as the "Separation Date'). The Company agreed to pay the following amounts to Mr. Painter as an incentive in the form of a stay bonus and related benefits in the event he remains employed with the Company through the Retirement Date. The following payments are subject to Mr. Painter delivering a release to the Company pursuant to the Transition Agreement.

Mr. Painter will be paid an annual base salary of $735,000 through June 30, 2019. To reflect his part-time schedule as executive chairman, from and after July 1, 2019 through his retirement on the Separation Date, Mr. Painter's annual base salary will be $380,000. He will remain eligible to participate in the Company's cash incentive plan based on a target bonus of $710,000 for the fiscal year ending December 28, 2019 (the "2019 Bonus"). The 2019 Bonus will not be prorated, and Mr. Painter will not be paid a bonus for the 2020 fiscal year. Until his retirement on the Separation Date, Mr. Painter will also be eligible to participate in the Company's executive and employee benefit plans and will receive the same perquisites that are generally provided to other executive officers of the Company.

Mr. Painter's outstanding stock options and restricted stock unit awards will continue to be governed by the applicable plans and agreements. As contemplated in the Transition Agreement, the compensation committee of the Board has approved the revisions to Mr. Painter's outstanding restricted stock unit awards to accelerate the vesting thereof on the Separation Date. In the event that the Company grants restricted stock unit awards to executive officers in March 2019, any such award granted to Mr. Painter will have a time-based vesting schedule and be equal in value to $600,000, and the number of restricted stock units awarded, if any, will be calculated using the closing price of the Company's common stock that the Company uses to grant awards to its executive officers in March 2019. While serving as executive chairman, Mr. Painter will not be eligible to receive any additional compensation as a result of his service on the Board, nor will the Board be obligated to grant him additional equity awards as a result of his service as executive chairman. Provided that Mr. Painter continues to be a director after the Separation Date, he shall receive the compensation paid to non-employee directors beginning on July 1, 2020 and pro-rated for the remainder of the year.

Under the Transition Agreement, in the absence of a change in control, if Mr. Painter's employment is terminated by the Company without Cause (as defined in the Transition Agreement) prior to June 30, 2020 or as a result of death or disability, he or his estate will, contingent upon the execution by Mr. Painter of a release, receive the compensation and benefits that he would have received had he remained an employee through his planned retirement on such date, including his target bonus for fiscal year 2019.

In the event of both a change in control of the Company and the termination of Mr. Painter's employment on or before the Separation Date, in lieu of any termination benefits provided for by the Transition Agreement, Mr. Painter will receive the benefits, if any, and be subject to the obligations contained in the Amended and Restated Executive Retention Agreement entered into between the Company and Mr. Painter on December 9, 2008.

Pursuant to the Transition Agreement, during the period of his employment and for one (1) year after his retirement or the earlier termination of his employment, Mr. Painter agrees not to compete with the Company, and for two (2) years after his retirement or the earlier termination of his employment, Mr. Painter agrees not to solicit the Company's customers or employees or assist any other party to cause a change in control of the Company. He also agrees to maintain the confidentiality of the Company's information during the period of his employment and thereafter.

The preceding description of the Transition Agreement is fully qualified by reference to the Transition Agreement, which will be filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 2018 with the Securities and Exchange Commission.

Item 7.01 Regulation FD Disclosure.

A copy of the press release issued by the Company on February 13, 2019 announcing the Succession Plan is furnished as Exhibit 99.2 to this Current Report on Form 8-K.

On February 14, 2019, the Company will hold a webcast and conference call to discuss its financial results for the fiscal quarter and year ended December 29, 2018. A copy of the slides that will be presented on the webcast and discussed in the conference call is furnished as Exhibit 99.3 to this Current Report on Form 8-K.

The information contained in Item 2.02 and Item 7.01 of this Form 8-K (including Exhibits 99.1, 99.2 and 99.3) shall not be deemed "filed" for purposes of Section 18 of 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.

Safe Harbor Statement

The following constitutes a "Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995: This Form 8-K contains forward-looking statements that involve a number of risks and uncertainties, including forward-looking statements about the Company's future financial and operating performance, demand for the Company's products, economic and industry outlook, the Company's succession plan and future prospects. These forward-looking statements represent the Company's expectations as of the date of this report. The Company undertakes 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 the Company's 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 30, 2017 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 Company's customers' ability to obtain financing for capital equipment projects; the variability and uncertainties in sales of capital equipment in China; international sales and operations; the oriented strand board market and levels of residential construction activity; development and use of digital media; currency fluctuations; price increases or shortages of raw materials; dependence on certain suppliers; the Company's acquisition strategy; failure of the Company's information systems or breaches of data security; changes in government regulations and policies and compliance with laws; the Company's internal growth strategy; competition; soundness of suppliers and customers; changes in the Company's tax provision or exposure to additional tax liabilities; the Company's ability to successfully manage its manufacturing operations; disruption in production; future restructurings; economic conditions and regulatory changes caused by the United Kingdom's likely exit from the European Union; the Company's debt obligations; restrictions in the Company's credit agreement; loss of key personnel; protection of patents and proprietary rights; fluctuations in the Company's share price; soundness of financial institutions; environmental laws and regulations; anti-takeover provisions; and reliance on third-party research.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

The following exhibits relating to Item 2.02 and Item 7.01 shall be deemed to be furnished and not filed.

Exhibit No.	Description of Exhibits
99.1	Press Release issued by the Company on February 13, 2019 announcing its financial results.
99.2	Press Release issued by the Company on February 13, 2019 announcing the Succession Plan.
99.3	Slides to be presented by the Company on February 14, 2019.

KADANT INC.

SIGNATURE

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

KADANT INC.

Date: February 13, 2019

By /s/ Michael J. McKenney

Michael J. McKenney
Executive Vice President and Chief Financial Officer

KADANT

KADANT INC.
One Technology Park Drive
Westford, MA 01886

NEWS

Kadant Reports Fourth Quarter and Fiscal Year 2018 Results
Record Revenue, Bookings and Diluted EPS in FY 2018

WESTFORD, Mass. - February 13, 2019 - Kadant Inc. (NYSE: KAI) reported its financial results for the fourth quarter and fiscal year ended December 29, 2018.

Fourth Quarter Financial Highlights
- Revenue increased 10% to $164 million
- Gross margin was 43.3%
- GAAP diluted EPS increased to $1.61 compared to $0.07 in 2017
- Adjusted diluted EPS increased 46% from $1.14 to a record $1.66
- Net income increased to $18.4 million compared to $0.8 million in 2017
- Adjusted EBITDA increased 20% to $32 million
- Bookings were $147 million
- Cash flows from operations decreased 68% to $10 million

Fiscal Year Financial Highlights
- Revenue increased 23% to a record $634 million
- Gross margin was 43.9%
- GAAP diluted EPS increased 93% to a record $5.30
- Adjusted diluted EPS increased 19% to a record $5.34
- Net income increased 94% to $60 million
- Adjusted EBITDA increased 26% to a record $115 million
- Bookings increased 29% to a record $670 million
- Cash flows from operations decreased 3% to $63 million

Note: Adjusted diluted EPS and adjusted EBITDA are non-GAAP measures that exclude certain items as detailed later in this press release under the heading "Use of Non-GAAP Financial Measures."

Management Commentary
"Our strong performance in the fourth quarter led to record diluted EPS for full-year 2018 driven by solid execution from our existing businesses and excellent contributions from our newly acquired businesses," said Jonathan Painter, president and chief executive officer. "Our internal revenue growth in 2018, which excludes the impact of acquisitions and foreign currency translation, was 10 percent reflecting the strength of our business. We had record performance for the year in revenue, bookings, adjusted EBITDA, and adjusted diluted EPS.

"Favorable market conditions, especially in North America, contributed to a 10 percent increase in revenue in the fourth quarter of 2018 compared to the prior year period. In particular, our Wood Processing product line had strong double-digit revenue growth to a record $42 million. Our GAAP diluted EPS in the fourth quarter was a strong beat at $1.61 and our adjusted diluted EPS increased 46 percent to a record $1.66. This strong finish to the year helped make 2018 the best year in our history."

Fourth Quarter 2018 Financials
Revenue increased 10 percent to $163.9 million compared to $149.1 million in the fourth quarter of 2017, and included a $5.0 million decrease from the unfavorable effect of foreign currency translation. Excluding the impact of foreign currency translation, revenue was up 13 percent compared to the fourth quarter of 2017. Gross margin was 43.3 percent. Net income was $18.4 million, or $1.61 per diluted share, compared to $0.8 million, or $0.07 per diluted share, in the fourth quarter of 2017. Adjusted diluted EPS

increased 46 percent to a record $1.66 in the fourth quarter of 2018, compared to $1.14 in the fourth quarter of 2017. Adjusted diluted EPS in the fourth quarter of 2018 excludes a $0.14 benefit from discrete tax adjustments made to the provisional amounts recognized as a result of the U.S. tax legislation enacted in December 2017. Adjusted diluted EPS in the fourth quarter of 2018 also excludes $0.10 of acquisition costs and a $0.09 curtailment loss associated with the termination of defined benefit plans at one of our U.S. operations. Adjusted diluted EPS in the fourth quarter of 2017 excludes $0.90 of discrete tax expense related to the U.S. tax legislation enacted in December 2017, $0.17 of acquisition-related costs, and $0.01 of restructuring costs.

Adjusted EBITDA increased 20 percent to $32.0 million compared to $26.7 million in the fourth quarter of 2017. Adjusted EBITDA excludes $1.3 million of acquisition costs in the fourth quarter of 2018. Adjusted EBITDA excludes $2.6 million of acquisition-related costs and $0.2 million of restructuring costs in the fourth quarter of 2017. Cash flows from operations decreased to $10.4 million compared to $32.8 million in the fourth quarter of 2017. Bookings increased to $147.1 million compared to $146.6 million in the fourth quarter of 2017 and included a $4.2 million decrease from the unfavorable effect of foreign currency translation. Excluding the impact of foreign currency translation, bookings increased three percent compared to the fourth quarter of 2017 as stronger bookings in North America and Europe were largely offset by weaker bookings in Asia and South America.

Fiscal Year 2018 Financials

Revenue increased 23 percent to a record $633.8 million compared to $515.0 million in 2017 and included $64.6 million from acquisitions and a $2.6 million increase from the favorable effect of foreign currency translation. Excluding the impact of acquisitions and foreign currency translation, revenue increased 10 percent compared to 2017. Gross margin was 43.9 percent. Net income was $60.4 million, or a record $5.30 per diluted share, compared to $31.1 million, or $2.75 per diluted share, in 2017. Adjusted diluted EPS increased 19 percent to a record $5.34 in 2018, compared to $4.49 in 2017. Adjusted diluted EPS in 2018 excludes a $0.29 benefit from discrete tax items, $0.12 of acquisition-related costs, $0.11 of restructuring costs, and a $0.09 curtailment loss. Adjusted diluted EPS in 2017 excludes $0.90 of discrete tax expense, $0.82 of acquisition-related costs, and $0.01 of restructuring costs.

Adjusted EBITDA increased 26 percent to a record $115.2 million compared to $91.7 million in 2017. Adjusted EBITDA excludes $1.7 million of restructuring costs and $1.6 million of acquisition-related costs in 2018. Adjusted EBITDA excludes $12.0 million of acquisition-related costs and $0.2 million of restructuring costs in 2017. Cash flows from operations decreased three percent to $63.0 million in 2018 compared to $65.2 million in 2017. Bookings increased 29 percent to a record $670.4 million compared to $521.2 million in 2017 and included $78.5 million from acquisitions and a $5.7 million increase from the favorable effect of foreign currency translation. Excluding the impact of acquisitions and foreign currency translation, bookings increased 12 percent compared to 2017.

Summary and Outlook

“Overall, we expect 2019 will be another good year,” Mr. Painter continued. “However, the favorable economic conditions in North America and Europe are somewhat tempered by the weaker economy in China, due in part to uncertainty in trade relations between the U.S. and China, and the potential softening of the U.S. housing market. In addition, the unfavorable effect of foreign currency translation will have a negative effect on our revenue and diluted EPS guidance in 2019.

“We expect to report full year GAAP diluted EPS of $4.75 to $4.90 on revenue of $700 to $710 million. The 2019 guidance includes pre-tax acquisition costs of $0.9 million, or $0.07 per diluted share, pre-tax amortization expense associated with acquired profit in inventory of $4.1 million, or $0.29 per diluted share, and pre-tax amortization expense associated with acquired backlog of $1.2 million, or $0.09 per diluted share. Excluding these items, we expect adjusted diluted EPS of $5.20 to $5.35 for 2019. The 2019 guidance includes a negative effect from foreign currency translation, which is lowering revenue by $16 million and adjusted diluted EPS by $0.21. For the first quarter of 2019, we expect GAAP diluted EPS of $0.77 to $0.83 on revenue of $160 to $165 million. The first quarter of 2019 guidance includes pre-tax acquisition costs of $0.9 million, or $0.07 per diluted share, pre-tax amortization expense associated with acquired profit in inventory of $2.8 million, or $0.20 per diluted share, and pre-tax amortization expense associated with acquired backlog of $1.0 million, or $0.07 per diluted share. Excluding these items, we expect adjusted diluted EPS of $1.11 to $1.17 for the first quarter of 2019."

Conference Call
Kadant will hold a webcast with a slide presentation for investors on Thursday, February 14, 2019, at 11:00 a.m. eastern time to discuss its fourth quarter and fiscal year performance, as well as future expectations. To access the webcast, including the slideshow and accompanying audio, go to www.kadant.com and click on "Investors." To listen to the webcast via teleconference, call 888-326-8410 within the U.S., or +1-704-385-4884 outside the U.S. and reference participant passcode 4619678. Prior to the call, our earnings release and the slides used in the webcast presentation will be filed with the Securities and Exchange Commission and will be available at www.sec.gov. A replay of the webcast will be available on our website through March 15, 2019.

Shortly after the webcast, Kadant will post its updated general investor presentation incorporating the fourth quarter and fiscal year results on our website at www.kadant.com under the "Investors" section.

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 revenue excluding the effect of foreign currency translation, increases or decreases in revenue excluding the effect of acquisitions and foreign currency translation, adjusted operating income, adjusted net income, adjusted diluted earnings per share (EPS), adjusted earnings before interest, taxes, depreciation, and amortization (adjusted EBITDA), and adjusted EBITDA margin.

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 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 measures, in that they may be different from, and therefore not comparable to, similar measures used by other companies.

Revenue included a $5.0 million unfavorable foreign currency translation effect in the fourth quarter of 2018. Revenue included $64.6 million from acquisitions and a $2.6 million favorable foreign currency translation effect in 2018. We present increases or decreases in revenue excluding the effect of acquisitions and foreign currency translation to provide investors insight into underlying revenue trends.

Adjusted operating income, adjusted EBITDA, adjusted EBITDA margin, adjusted net income, and adjusted diluted EPS exclude acquisition costs, restructuring costs, other income, and expense related to acquired profit in inventory and backlog. Adjusted net income and adjusted diluted EPS also exclude discrete tax items. All these items are excluded as they are not indicative of our core operating results and are not comparable to other periods, which have differing levels of incremental costs or income or none at all.

Fourth Quarter

Adjusted operating income, adjusted EBITDA, and adjusted EBITDA margin exclude:

- Pre-tax acquisition costs of $1.3 million in 2018 and $0.4 million in 2017.
- Pre-tax restructuring costs of $0.2 million in 2017.
- Pre-tax expense related to acquired profit in inventory and backlog of $2.3 million in 2017.

Adjusted net income and adjusted diluted EPS exclude:

- After-tax acquisition costs of $1.1 million ($1.3 million net of tax of $0.2 million) in 2018 and $0.2 million ($0.4 million net of tax of $0.2 million) in 2017.
- After-tax restructuring costs of $0.2 million in 2017.
- After-tax expense related to acquired profit in inventory and backlog of $1.7 million ($2.3 million net of tax of $0.6 million) in 2017.
- After-tax curtailment loss of $1.1 million ($1.4 million net of tax of $0.3 million) in 2018.
- A discrete tax benefit of $1.6 million in 2018 and discrete tax expense of $10.2 million in 2017. The discrete tax expense in 2017 is related to U.S. tax legislation enacted in December 2017. The largest component is tax expense for the deemed repatriation of unremitted foreign earnings. This was partially offset in 2017 by a tax benefit related to adjusting U.S. deferred taxes to the lower enacted tax rate. The discrete tax benefit in 2018 is related to adjustments to the provisional amounts recognized due to the U.S. tax legislation enacted in December 2017.

Fiscal Year

Adjusted operating income, adjusted EBITDA, and adjusted EBITDA margin exclude:

- Pre-tax restructuring costs of $1.7 million in 2018 and $0.2 million in 2017.
- Pre-tax acquisition costs of $1.3 million in 2018 and $5.4 million in 2017.
- Pre-tax expense related to acquired profit in inventory and backlog of $0.3 million in 2018 and $6.6 million in 2017.

Adjusted net income and adjusted diluted EPS exclude:

- After-tax restructuring costs of $1.3 million ($1.7 million net of tax of $0.4 million) in 2018 and $0.2 million in 2017.
- After-tax acquisition costs of $1.1 million ($1.3 million net of tax of $0.2 million) in 2018 and $4.5 million ($5.4 million net of tax of $0.9 million) in 2017.
- After-tax expense related to acquired profit in inventory and backlog of $0.2 million ($0.3 million net of tax of $0.1 million) in 2018 and $4.9 million ($6.6 million net of tax of $1.7 million) in 2017.
- After-tax curtailment loss of $1.1 million ($1.4 million net of tax of $0.3 million) in 2018.
- A discrete tax benefit of $3.2 million in 2018 and discrete tax expense of $10.2 million in 2017. The discrete tax benefit in 2018 is related to the reversal of tax reserves associated with uncertain tax positions and adjustments to the provisional amounts recognized due to the U.S. tax legislation enacted in December 2017.

Reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures are set forth in this press release.

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Financial Highlights (unaudited)

(In thousands, except per share amounts and percentages)

Consolidated Statement of Income (a)	Three Months Ended Dec. 29, 2018	Three Months Ended Dec. 30, 2017	Twelve Months Ended Dec. 29, 2018	Twelve Months Ended Dec. 30, 2017
Revenues	$ 163,935	$ 149,140	$ 633,786	$ 515,033
Costs and Operating Expenses:				
Cost of revenues	92,990	84,517	355,505	283,886
Selling, general, and administrative expenses	43,618	43,820	177,414	159,756
Research and development expenses	2,503	2,559	10,552	9,563
Restructuring costs	—	203	1,717	203
	139,111	131,099	545,188	453,408
Operating Income	24,824	18,041	88,598	61,625
Interest Income	44	147	379	447
Interest Expense	(1,712)	(1,525)	(7,032)	(3,547)
Other Expense, Net	(1,681)	(235)	(2,417)	(872)
Income Before Provision for Income Taxes	21,475	16,428	79,528	57,653
Provision for Income Taxes	2,907	15,520	18,482	26,070
Net Income	18,568	908	61,046	31,583
Net Income Attributable to Noncontrolling Interest	(146)	(148)	(633)	(491)
Net Income Attributable to Kadant	$ 18,422	$ 760	$ 60,413	$ 31,092
Earnings per Share Attributable to Kadant:				
Basic	$ 1.66	$ 0.07	$ 5.45	$ 2.83
Diluted	$ 1.61	$ 0.07	$ 5.30	$ 2.75
Weighted Average Shares:				
Basic	11,107	11,007	11,086	10,991
Diluted	11,436	11,402	11,400	11,312

Adjusted Net Income and Adjusted Diluted EPS (b)	Three Months Ended Dec. 29, 2018	Three Months Ended Dec. 29, 2018	Three Months Ended Dec. 30, 2017	Three Months Ended Dec. 30, 2017
Net Income and Diluted EPS Attributable to Kadant, as Reported	$ 18,422	$ 1.61	$ 760	$ 0.07
Adjustments for the Following:				
Curtailment Loss, Net of Tax (c)	1,078	0.09	—	—
Restructuring Costs, Net of Tax	—	—	154	0.01
Acquisition Costs, Net of Tax	1,096	0.10	184	0.02
Amortization of Acquired Profit in Inventory and Backlog, Net of Tax (g,h)	—	—	1,667	0.15
Discrete Tax Items	(1,577)	(0.14)	10,205	0.90
Adjusted Net Income and Adjusted Diluted EPS (b)	$ 19,019	$ 1.66	$ 12,970	$ 1.14

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	Twelve Months Ended		Twelve Months Ended	
	Dec. 29, 2018	Dec. 29, 2018	Dec. 30, 2017	Dec. 30, 2017
Net Income and Diluted EPS Attributable to Kadant, as Reported	$ 60,413	$ 5.30	$ 31,092	$ 2.75
Adjustments for the Following:				
Curtailment Loss, Net of Tax (c)	1,078	0.09	—	—
Restructuring Costs, Net of Tax	1,308	0.11	154	0.01
Acquisition Costs, Net of Tax	1,096	0.10	4,458	0.39
Amortization of Acquired Profit in Inventory and Backlog, Net of Tax (g,h)	189	0.02	4,858	0.43
Discrete Tax Items	(3,249)	(0.29)	10,205	0.90
Adjusted Net Income and Adjusted Diluted EPS (b)	$ 60,835	$ 5.34	$ 50,767	$ 4.49

	Three Months Ended			Increase (Decrease)
Revenues by Product Line	Dec. 29, 2018	Dec. 30, 2017	Increase (Decrease)	Excluding FX (b,d)
Stock-Preparation	$ 57,091	$ 54,442	$ 2,649	$ 4,156
Fluid-Handling	33,330	31,037	2,293	3,195
Doctoring, Cleaning, & Filtration	28,667	26,710	1,957	2,925
Papermaking Systems	119,088	112,189	6,899	10,276
Wood Processing Systems	42,031	34,003	8,028	9,646
Fiber-Based Products	2,816	2,948	(132)	(132)
	$ 163,935	$ 149,140	$ 14,795	$ 19,790

	Twelve Months Ended			Increase Excluding Acquisitions
	Dec. 29, 2018	Dec. 30, 2017	Increase	and FX (b,d)
Stock-Preparation	$ 221,933	$ 193,838	$ 28,095	$ 23,888
Fluid-Handling	131,830	104,136	27,694	14,809
Doctoring, Cleaning, & Filtration	116,136	109,631	6,505	6,604
Papermaking Systems	469,899	407,605	62,294	45,301
Wood Processing Systems	151,366	95,053	56,313	6,133
Fiber-Based Products	12,521	12,375	146	146
	$ 633,786	$ 515,033	$ 118,753	$ 51,580

Revenues by Geography (e)	Three Months Ended Dec. 29, 2018	Three Months Ended Dec. 30, 2017	Increase (Decrease)	Increase Excluding FX (b,d)
North America	$ 78,538	$ 68,391	$ 10,147	$ 11,126
Europe	43,244	44,816	(1,572)	169
Asia	31,151	24,785	6,366	7,758
Rest of World	11,002	11,148	(146)	737
	$ 163,935	$ 149,140	$ 14,795	$ 19,790

	Twelve Months Ended Dec. 29, 2018	Twelve Months Ended Dec. 30, 2017	Increase	Increase Excluding Acquisitions and FX (b,d)
North America	$ 305,618	$ 238,483	$ 67,135	$ 21,257
Europe	174,681	157,994	16,687	692
Asia	109,688	78,443	31,245	29,407
Rest of World	43,799	40,113	3,686	224
	$ 633,786	$ 515,033	$ 118,753	$ 51,580

Bookings by Product Line	Three Months Ended Dec. 29, 2018	Three Months Ended Dec. 30, 2017	Increase (Decrease)	Increase (Decrease) Excluding FX (d)
Stock-Preparation	$ 41,371	$ 50,435	$ (9,064)	$ (8,313)
Fluid-Handling	30,867	30,689	178	1,071
Doctoring, Cleaning, & Filtration	32,938	26,715	6,223	7,319
Papermaking Systems	105,176	107,839	(2,663)	77
Wood Processing Systems	38,971	35,076	3,895	5,350
Fiber-Based Products	2,940	3,704	(764)	(764)
	$ 147,087	$ 146,619	$ 468	$ 4,663

	Twelve Months Ended Dec. 29, 2018	Twelve Months Ended Dec. 30, 2017	Increase (Decrease)	Increase (Decrease) Excluding Acquisitions and FX (d)
Stock-Preparation	$ 228,444	$ 199,720	$ 28,724	$ 22,714
Fluid-Handling	138,230	110,441	27,789	12,652
Doctoring, Cleaning, & Filtration	119,541	113,069	6,472	6,539
Papermaking Systems	486,215	423,230	62,985	41,905
Wood Processing Systems	172,184	85,248	86,936	23,839
Fiber-Based Products	12,028	12,703	(675)	(675)
	$ 670,427	$ 521,181	$ 149,246	$ 65,069

Business Segment Information (a)	Three Months Ended Dec. 29, 2018	Three Months Ended Dec. 30, 2017	Twelve Months Ended Dec. 29, 2018	Twelve Months Ended Dec. 30, 2017
Gross Margin:				
Papermaking Systems	44.1%	45.6%	44.9%	46.7%
Wood Processing Systems	40.2%	34.8%	40.3%	36.3%
Fiber-Based Products	53.1%	54.5%	50.8%	51.2%
	43.3%	43.3%	43.9%	44.9%
Operating Income:				
Papermaking Systems	$ 22,052	$ 19,822	$ 83,454	$ 73,069
Wood Processing Systems	9,857	3,494	31,237	10,005
Corporate and Other	(7,085)	(5,275)	(26,093)	(21,449)
	$ 24,824	$ 18,041	$ 88,598	$ 61,625
Adjusted Operating Income (b, f):				
Papermaking Systems	$ 22,052	$ 20,219	$ 85,171	$ 74,059
Wood Processing Systems	9,857	5,930	31,489	21,168
Corporate and Other	(5,764)	(5,275)	(24,772)	(21,449)
	$ 26,145	$ 20,874	$ 91,888	$ 73,778
Capital Expenditures:				
Papermaking Systems	$ 2,880	$ 7,792	$ 12,717	$ 14,359
Wood Processing Systems	686	684	3,272	2,333
Corporate and Other	176	87	570	589
	$ 3,742	$ 8,563	$ 16,559	$ 17,281

Cash Flow and Other Data	Three Months Ended Dec. 29, 2018	Three Months Ended Dec. 30, 2017	Twelve Months Ended Dec. 29, 2018	Twelve Months Ended Dec. 30, 2017
Cash Provided by Operations	$ 10,435	$ 32,836	$ 62,985	$ 65,164
Depreciation and Amortization Expense	5,829	6,319	23,568	19,375

Balance Sheet Data	Dec. 29, 2018	Dec. 30, 2017
Assets		
Cash, Cash Equivalents, and Restricted Cash	$ 46,117	$ 76,846
Accounts Receivable, net	92,624	89,624
Inventories	86,373	84,933
Unbilled Revenues	15,741	2,374
Property, Plant and Equipment, net	80,157	79,723
Intangible Assets	113,347	133,036
Goodwill	258,174	268,001
Other Assets	33,216	26,557
	$ 725,749	$ 761,094
Liabilities and Stockholders' Equity		
Accounts Payable	$ 35,720	$ 35,461
Debt Obligations	171,434	237,011
Capital Lease Obligations	4,387	5,069
Other Liabilities	139,637	151,049
Total Liabilities	351,178	428,590
Stockholders' Equity	374,571	332,504
	$ 725,749	$ 761,094

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Adjusted Operating Income and Adjusted EBITDA Reconciliation (a, b)	Three Months Ended Dec. 29, 2018	Three Months Ended Dec. 30, 2017	Twelve Months Ended Dec. 29, 2018	Twelve Months Ended Dec. 30, 2017
Consolidated				
Net Income Attributable to Kadant	$ 18,422	$ 760	$ 60,413	$ 31,092
Net Income Attributable to Noncontrolling Interest	146	148	633	491
Provision for Income Taxes	2,907	15,520	18,482	26,070
Interest Expense, Net	1,668	1,378	6,653	3,100
Other Expense, Net	1,681	235	2,417	872
Operating Income	24,824	18,041	88,598	61,625
Restructuring Costs	—	203	1,717	203
Acquisition Costs	1,321	373	1,321	5,375
Acquired Backlog Amortization (g)	—	480	252	1,438
Acquired Profit in Inventory (h)	—	1,777	—	5,137
Adjusted Operating Income (b)	26,145	20,874	91,888	73,778
Depreciation and Amortization	5,829	5,839	23,316	17,937
Adjusted EBITDA (b)	$ 31,974	$ 26,713	$ 115,204	$ 91,715
Adjusted EBITDA Margin (b, i)	19.5%	17.9%	18.2%	17.8%
Papermaking Systems				
Operating Income	$ 22,052	$ 19,822	$ 83,454	$ 73,069
Restructuring costs	—	203	1,717	203
Acquisition Costs	—	124	—	611
Acquired Profit in Inventory (h)	—	70	—	176
Adjusted Operating Income (b)	22,052	20,219	85,171	74,059
Depreciation and Amortization	3,154	3,134	12,561	11,239
Adjusted EBITDA (b)	$ 25,206	$ 23,353	$ 97,732	$ 85,298
Wood Processing Systems				
Operating Income	$ 9,857	$ 3,494	$ 31,237	$ 10,005
Acquisition Costs	—	249	—	4,764
Acquired Backlog Amortization (g)	—	480	252	1,438
Acquired Profit in Inventory (h)	—	1,707	—	4,961
Adjusted Operating Income (b)	9,857	5,930	31,489	21,168
Depreciation and Amortization	2,480	2,530	10,065	6,077
Adjusted EBITDA (b)	$ 12,337	$ 8,460	$ 41,554	$ 27,245
Corporate and Other				
Operating Loss	$ (7,085)	$ (5,275)	$ (26,093)	$ (21,449)
Acquisition Costs	1,321	—	1,321	—
Adjusted Operating Income (b)	(5,764)	(5,275)	(24,772)	(21,449)
Depreciation and Amortization	195	175	690	621
Adjusted EBITDA (b)	$ (5,569)	$ (5,100)	$ (24,082)	$ (20,828)

(a) Prior period amounts have been restated to conform to the current period presentation as a result of the adoption of the Financial Accounting Standards Board's Accounting Standards Update No. 2017-07.

(b) Represents a non-GAAP financial measure.

(c) Represents a curtailment loss associated with the termination of defined benefit plans at one of our U.S. operations.

(d) Represents the increase (decrease) resulting from the exclusion of acquisitions and from the conversion of current period amounts reported in local currencies into U.S. dollars at the exchange rate of the prior period compared to the U.S. dollar amount reported in the prior period.

(e) Geographic revenues are attributed to regions based on customer location.

(f) See reconciliation to the most directly comparable GAAP financial measure under "Adjusted Operating Income and Adjusted EBITDA Reconciliation."

(g) Represents intangible amortization expense associated with acquired backlog.

(h) Represents expense within cost of revenues associated with acquired profit in inventory.

(i) Calculated as adjusted EBITDA divided by revenue in each period.

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About Kadant
Kadant Inc. is a global supplier of high-value, critical components and engineered systems used in process industries worldwide. The Company's products, technologies, and services play an integral role in enhancing process efficiency, optimizing energy utilization, and maximizing productivity in resource-intensive industries. Kadant is based in Westford, Massachusetts, with 2,800 employees in 20 countries worldwide. For more information, visit www.kadant.com.

Safe Harbor Statement
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 30, 2017 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; our customers' ability to obtain financing for capital equipment projects; the variability and uncertainties in sales of capital equipment in China; international sales and operations; the oriented strand board market and levels of residential construction activity; development and use of digital media; currency fluctuations; price increases or shortages of raw materials; dependence on certain suppliers; our acquisition strategy; failure of our information systems or breaches of data security; changes in government regulations and policies and compliance with laws; our internal growth strategy; competition; soundness of suppliers and customers; changes in our tax provision or exposure to additional tax liabilities; our ability to successfully manage our manufacturing operations; disruption in production; future restructurings; economic conditions and regulatory changes caused by the United Kingdom's likely exit from the European Union; our debt obligations; restrictions in our credit agreement; loss of key personnel; protection of patents and proprietary rights; fluctuations in our share price; soundness of financial institutions; environmental laws and regulations; anti-takeover provisions; and reliance on third-party research.

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Exhibit 99.2

KĀDANT

KADANT INC.
One Technology Park Drive
Westford, MA 01886

NEWS

Kadant Announces CEO Succession Plan

WESTFORD, Mass., February 13, 2019 - Kadant Inc. (NYSE: KAI) today announced that Jeffrey L. Powell will be named president effective April 1, 2019 and chief executive officer and a director effective July 1, 2019, as part of a succession plan adopted by the board of directors. As part of the succession plan, Jonathan W. Painter will become executive chairman of the board of directors effective July 1, 2019. William A. Rainville, the Company's current chairman of the board of directors, has decided not to stand for reelection as a director of the Company and will cease to be a director and the chairman of the board of directors when his current term ends at the Company's 2019 annual meeting of stockholders.

Mr. Powell has been a co-chief operating officer since March 2018 and an executive vice president for six years with supervisory responsibility for our Material Processing Group. He joined Kadant in 2008 and served in several capacities, initially having responsibility for our acquisition-related activities. Prior to joining Kadant, Mr. Powell was the chairman and chief executive officer of Castion Corporation, a provider of sustainable wastewater treatment and recovery solutions. Prior to Castion, Mr. Powell held various management positions at Thermo Electron Corporation, including chief executive officer and president of one of its publicly traded subsidiaries.

The succession plan is designed to retain the services of Mr. Painter for one year from the appointment of his successor as CEO. In his new position as executive chairman, Mr. Painter will continue to participate in strategic planning and acquisition activities, consult with management on operational matters, and be responsible for corporate governance matters. Mr. Painter is expected to continue as a director in a non-executive role after his retirement on June 30, 2020.

"After 27 years at Kadant and its predecessors, I am confident the succession plan announced today provides for continuity of leadership and maintains a strong team of leaders who can continue to build on Kadant's successes," said Mr. Painter. "I have personally known and worked with Jeff for more than 30 years since our early days at Thermo Electron. I believe the board has made an outstanding choice in the selection of Jeff as CEO. I look forward to continuing to work with Jeff and the board to support our customers and employees and deliver value for our stockholders."

Mr. Powell commented, "I am honored to be appointed president and chief executive officer of Kadant at such a dynamic time for our Company. Having had the opportunity to work side-by-side with Jon over the past 11 years at Kadant, I have developed a deep appreciation for the unique and leading position Kadant has established throughout the world. I look forward to building on the momentum Jon has created while continuing to drive growth and profitability throughout the business to deliver long-term value."

Mr. William A. Rainville, chairman of Kadant's board of directors, noted, "The board has been impressed not only by Jeff's performance and vision leading the Material Processing Group, but also by his successful track record of acquiring and integrating new businesses that have contributed to Kadant's growth. Jeff is uniquely qualified to step into this role of CEO and to continue to drive growth across Kadant.

"On behalf of the entire board, I thank Jon for more than 25 years of service to Kadant and the notable contributions made during his tenure. Jon has been a strong advocate of diversifying Kadant's business portfolio to serve process industries outside of the Company's traditional pulp and paper segment providing stability and positioning the Company for long-term growth. While I am thankful for my long career at Kadant and the ability to serve the Company as chairman of the board of directors for the last ten years, I look forward to my retirement from the board and Jon's continued insights and leadership as executive chairman."

Mr. Painter added, “I want to thank Bill for his 47 years of service at Kadant. Many of us think of Bill as the founder of Kadant and without his leadership over the years we would not be the Company we are today. I also want to add my personal thanks to Bill for the support and guidance he has given me over the last 30 years. We wish him all the best in his well-deserved retirement.”

The Company also announced that Peter J. Flynn and Michael Colwell will each become a vice president of the Company effective July 1, 2019. Together, Mr. Flynn and Mr. Colwell, who will be executive officers of the Company, will have supervisory responsibility for the Company’s Material Processing Group.

Mr. Flynn has been president of the Company’s Kadant Black Clawson subsidiary (“KBC”) since 2003. KBC is part of the Company’s papermaking systems segment and manufactures stock-preparation equipment primarily for the pulp and paper industry.

Mr. Colwell has been president of the Company’s Kadant Carmanah Design (“KCD”) division and its predecessors since 2010. KCD is part of the Company’s wood processing systems segment and designs and manufactures equipment for the oriented strand board industry.

About Kadant
Kadant Inc. is a global supplier of high-value, critical components and engineered systems used in process industries worldwide. The Company’s products, technologies, and services play an integral role in enhancing process efficiency, optimizing energy utilization, and maximizing productivity in resource-intensive industries. Kadant is based in Westford, Massachusetts, with approximately 2,800 employees in 20 countries worldwide. For more information, visit www.kadant.com.

Safe Harbor Statement
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 succession plan and future prospects. 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 30, 2017 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; our customers’ ability to obtain financing for capital equipment projects; the variability and uncertainties in sales of capital equipment in China; international sales and operations; the oriented strand board market and levels of residential construction activity; development and use of digital media; currency fluctuations; price increases or shortages of raw materials; dependence on certain suppliers; our acquisition strategy; failure of our information systems or breaches of data security; changes in government regulations and policies and compliance with laws; our internal growth strategy; competition; soundness of suppliers and customers; changes in our tax provision or exposure to additional tax liabilities; our ability to successfully manage our manufacturing operations; disruption in production; future restructurings; economic conditions and regulatory changes caused by the United Kingdom’s likely exit from the European Union; our debt obligations; restrictions in our credit agreement; loss of key personnel; protection of patents and proprietary rights; fluctuations in our share price; soundness of financial institutions; environmental laws and regulations; anti-takeover provisions; and reliance on third-party research.

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Exhibit 99.3

Fourth Quarter and Fiscal Year 2018 Business Review

February 14, 2019

KĀDANT

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 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 presentation. 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 30, 2017 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; our customers' ability to obtain financing for capital equipment projects; the variability and uncertainties in sales of capital equipment in China; international sales and operations; the oriented strand board market and levels of residential construction activity; development and use of digital media; currency fluctuations; price increases or shortages of raw materials; dependence on certain suppliers; our acquisition strategy; failure of our information systems or breaches of data security; changes in government regulations and policies and compliance with laws; our internal growth strategy; competition; soundness of suppliers and customers; changes in our tax provision or exposure to additional tax liabilities; our ability to successfully manage our manufacturing operations; disruption in production; future restructurings; economic conditions and regulatory changes caused by the United Kingdom's likely exit from the European Union; our debt obligations; restrictions in our credit agreement; loss of key personnel; protection of patents and proprietary rights; fluctuations in our share price; soundness of financial institutions; environmental laws and regulations; anti-takeover provisions; and reliance on third-party research.

Use of Non-GAAP Financial Measures

In addition to the financial measures prepared in accordance with U.S. 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 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 GAAP financial measures is shown in the appendix to this presentation and in our 2018 fourth quarter earnings press release issued February 13, 2019, which is available in the Investors section of our website at www.kadant.com under the heading Press Releases.

We believe 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 the inclusion of such measures helps investors 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 presentation 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 2018 Financial Highlights

($ Millions, except per share amounts)	Q4 2018	Q4 2017	% Change[2]
Bookings	$147.1	$146.6	0.3%
Revenue	$163.9	$149.1	9.9%
Gross Margin	43.3%	43.3%	n.m.
Operating Income	$24.8	$18.0	37.6%
Adjusted Operating Income[1]	$26.1	$20.9	25.3%
Net Income[3]	$18.4	$0.8	n.m.
Adjusted EBITDA[1]	$32.0	$26.7	19.7%
Adjusted EBITDA Margin[1]	19.5%	17.9%	n.m.
Diluted EPS	$1.61	$0.07	n.m.
Adjusted Diluted EPS[1]	$1.66	$1.14	45.6%
Cash Flow from Operations	$10.4	$32.8	-68.2%

1 Adjusted operating income, adjusted EBITDA, adjusted EBITDA/revenue (margin), and adjusted diluted EPS are non-GAAP financial measures that exclude certain items as detailed in our press release dated February 13, 2019.
2 Percent change calculated using actual numbers reported in our press release dated February 13, 2019.
3 Represents net income attributable to Kadant.

2018 Financial Highlights

($ Millions, except per share amounts)	2018	2017	% Change[2]
Bookings	$670.4	$521.2	28.6%
Revenue	$633.8	$515.0	23.1%
Gross Margin	43.9%	44.9%	n.m.
Net Income[1]	$60.4	$31.1	94.3%
Adjusted EBITDA[3]	$115.2	$91.7	25.6%
Adjusted EBITDA Margin[3]	18.2%	17.8%	n.m.
Diluted EPS	$5.30	$2.75	92.7%
Adjusted Diluted EPS[3]	$5.34	$4.49	18.9%
Cash Flow from Operations	$63.0	$65.2	-3.3%
Adjusted Return on Invested Capital[4]	12.1%	10.2%	n.m.
Adjusted Return on Equity[5]	16.2%	14.4%	n.m.
Free Cash Flow[6]	$46.4	$47.9	-3.0%

1 Represents net income attributable to Kadant.
2 Percent change calculated using actual numbers reported in our press release dated February 13, 2019.
3 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 13, 2019.
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.
6 Free cash flow is a non-GAAP measure that excludes certain items as detailed on slide 36.

FX Translation and Acquisition Impact

Q4 2018

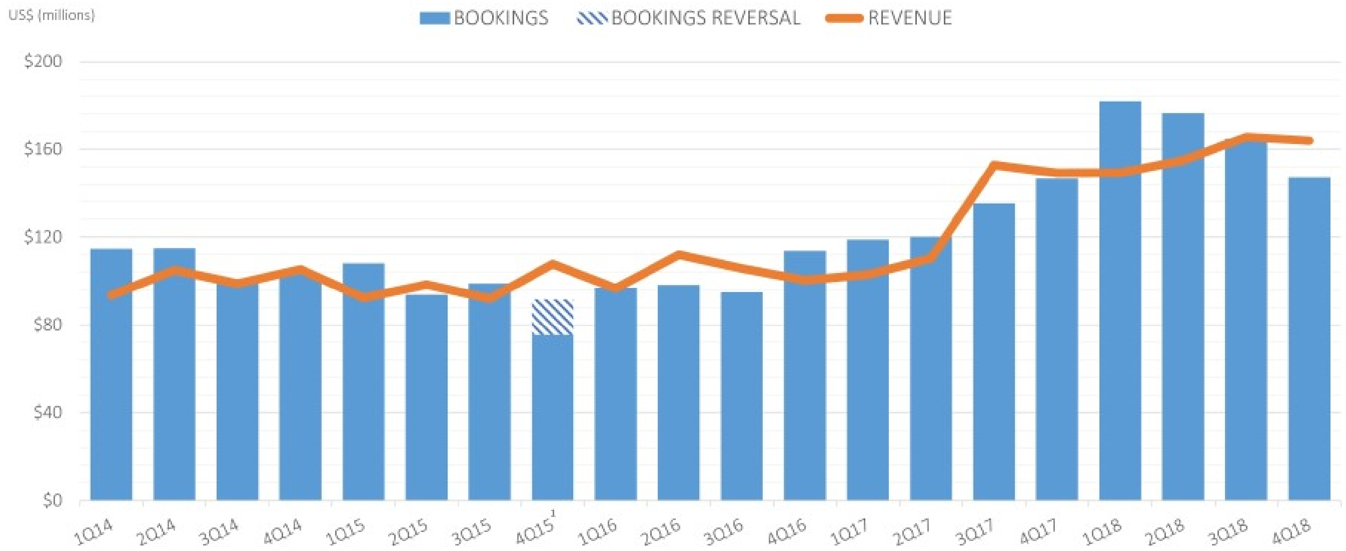
($ in millions)	Revenue	Bookings	Parts & Consumables Revenue	Parts & Consumables Bookings
As Reported	$163.9	$147.1	$90.8	$89.4
Growth[1]	9.9%	0.3%	-1.5%	-0.7%
Growth excluding FX[2]	13.3%	3.2%	1.5%	2.2%
Growth excluding FX and Acquisitions[3]	13.3%	3.2%	1.5%	2.2%

FY 2018

($ in millions)	Revenue	Bookings	Parts & Consumables Revenue	Parts & Consumables Bookings
As Reported	$633.8	$670.4	$374.4	$378.5
Growth[1]	23.1%	28.6%	18.3%	20.6%
Growth excluding FX[2]	22.5%	27.5%	17.9%	20.0%
Growth excluding FX and Acquisitions[3]	10.0%	12.5%	5.1%	6.4%

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 as Acquisitions for the first four quarters after acquisition.

Bookings and Revenue



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

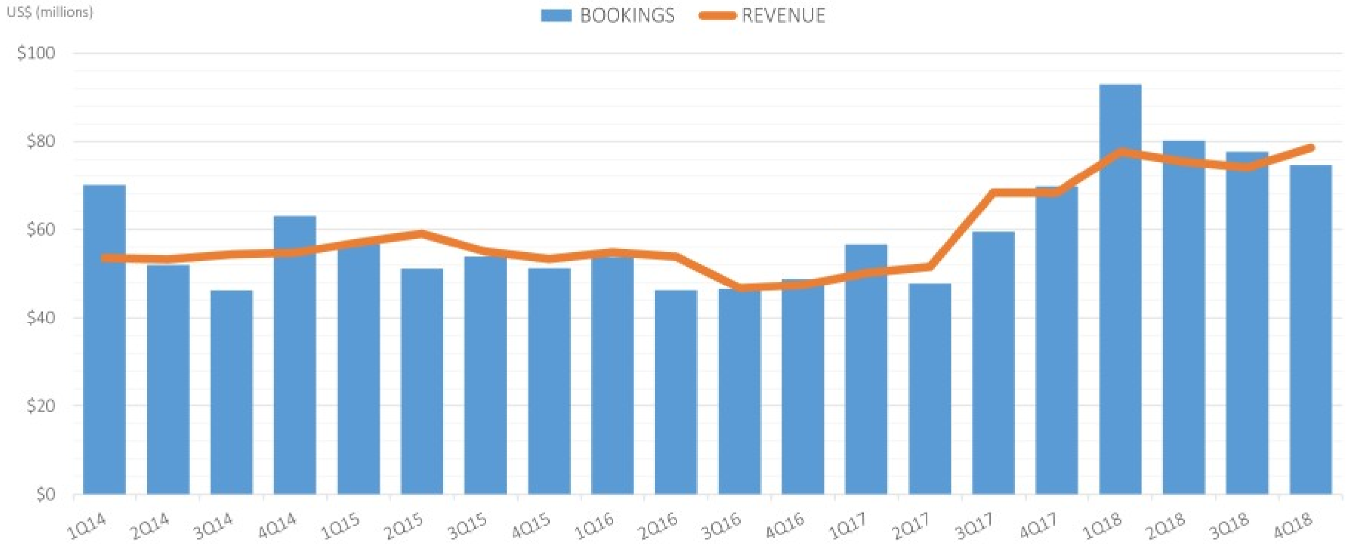
Parts and Consumables Bookings and Revenue

Syntron Acquisition

- Acquired in Q1 2019
- Manufacturer of vibratory and conveying equipment for bulk materials
- High impact products on large capital investments
- Integration moving forward as planned
- Expected to have a modestly positive impact on 2019 adjusted EPS

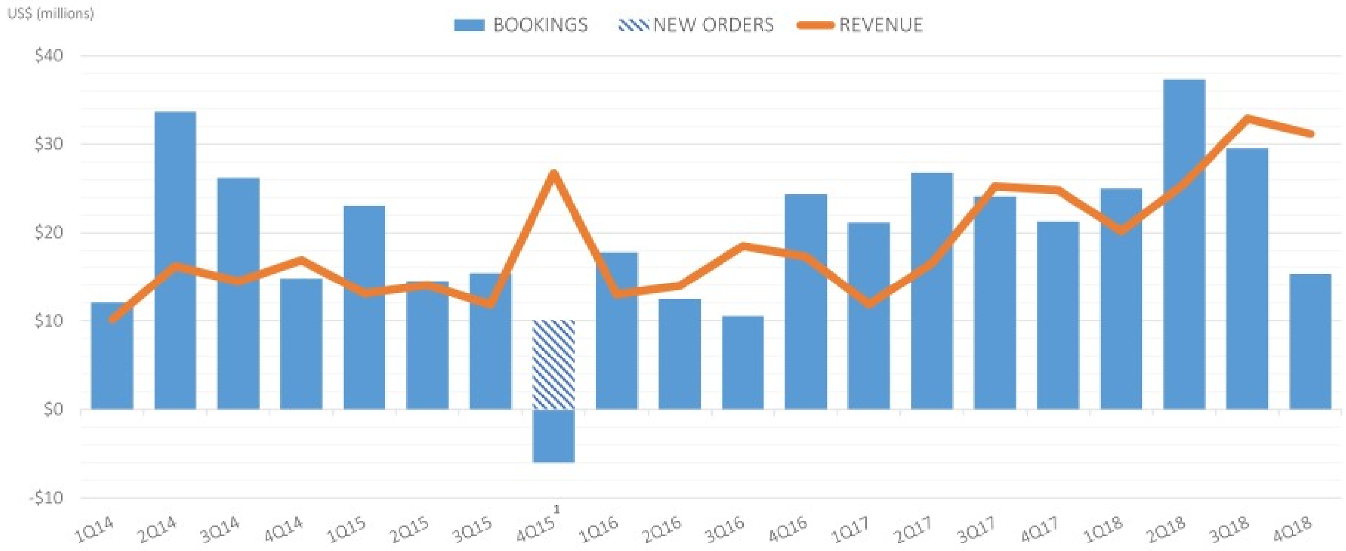
KADANT

North America Bookings and Revenue



Europe Bookings and Revenue

Asia Bookings and Revenue



[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 Revenue

Guidance

- FY 2019 GAAP diluted EPS of $4.75 to $4.90
- FY 2019 adjusted diluted EPS* of $5.20 to $5.35
- FY 2019 revenue of $700 to $710 million

- Q1 2019 GAAP diluted EPS of $0.77 to $0.83
- Q1 2019 adjusted diluted EPS* of $1.11 to $1.17
- Q1 2019 revenue of $160 to $165 million

* Adjusted diluted EPS is a non-GAAP financial measure that excludes certain items as detailed in our press release dated February 13, 2019.

FINANCIAL REVIEW

Michael J. McKenney | Executive Vice President & CFO

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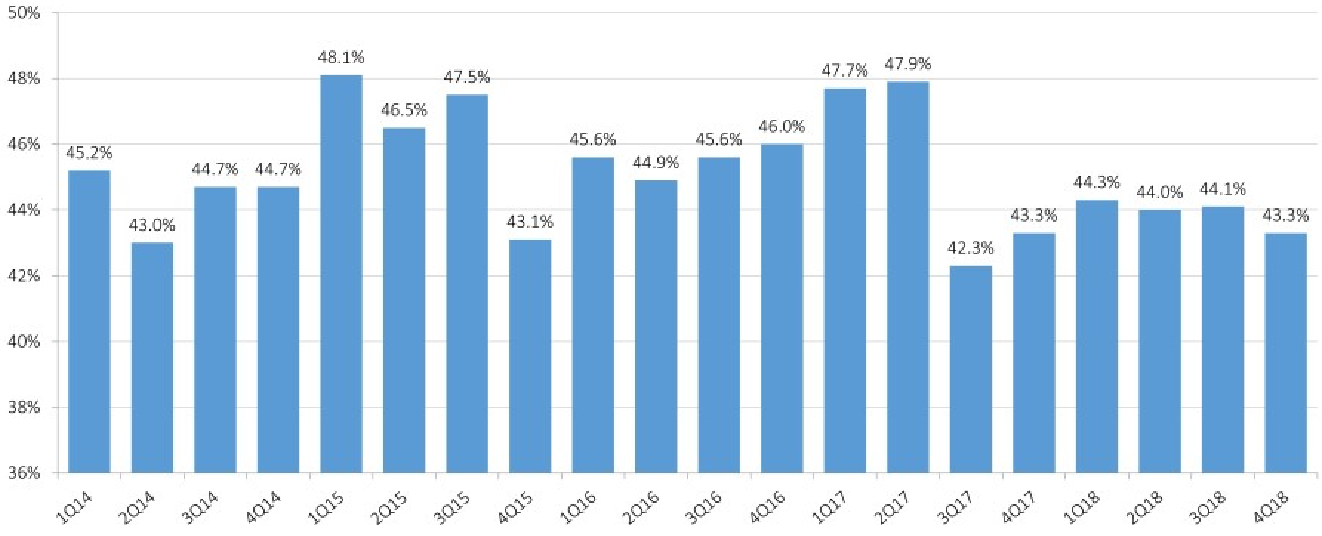
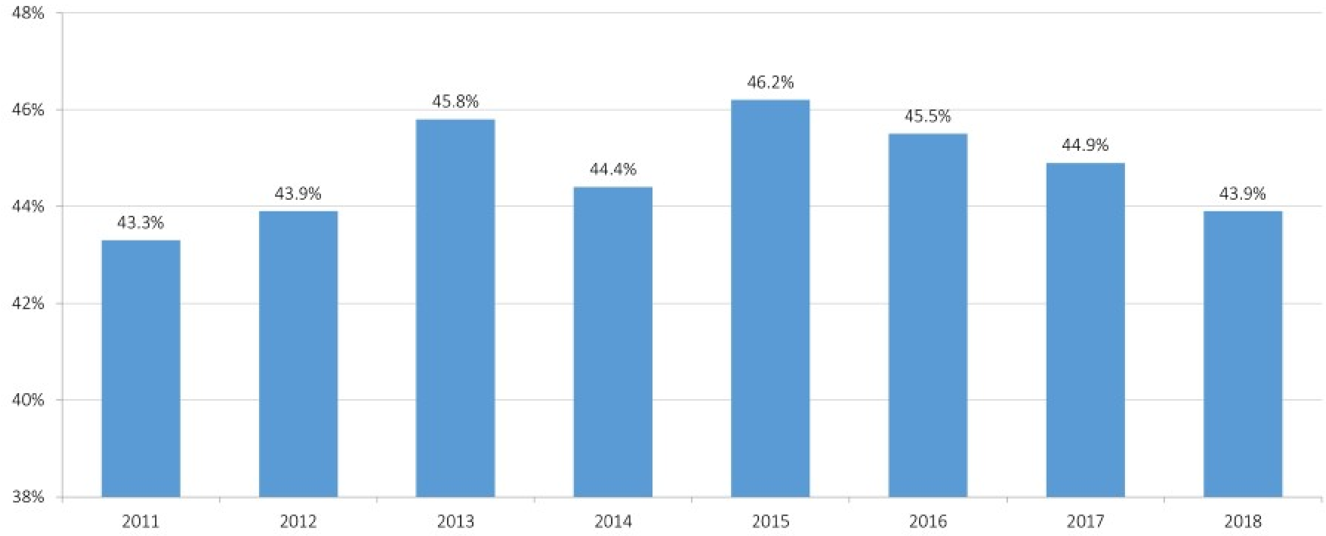
Quarterly Gross Margin



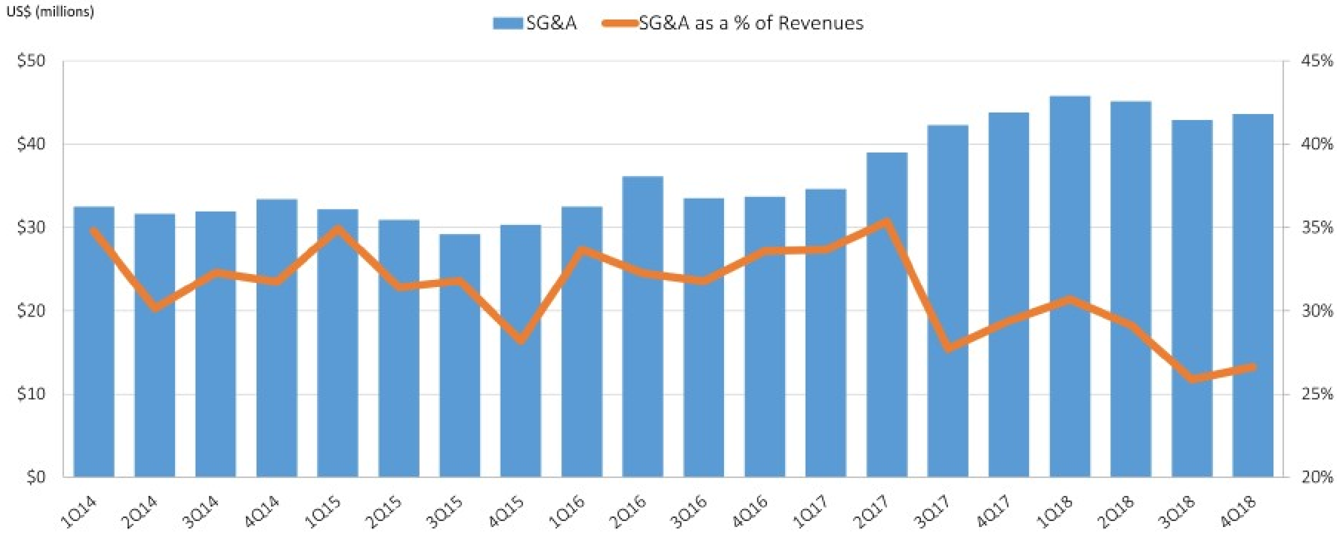
All data for 2017 and 2018 is presented in conformity with the Financial Accounting Standards Board's Accounting Standards Update No. 2017-07. Prior period amounts have not been restated.

Full-Year Gross Margin



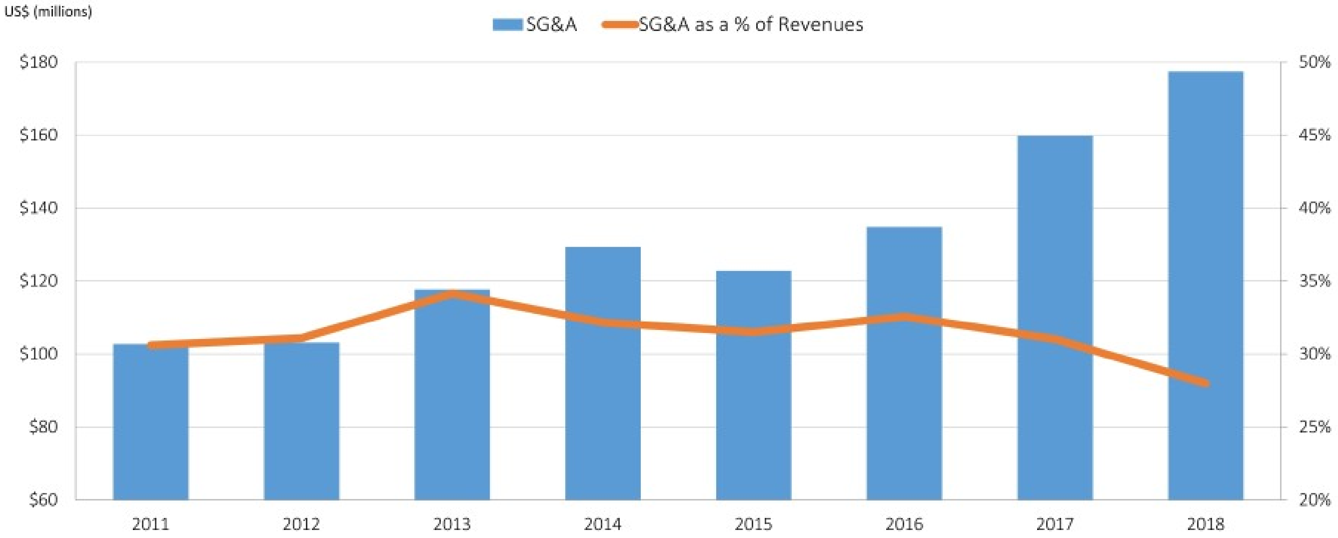
All data for 2017 and 2018 is presented in conformity with the Financial Accounting Standards Board's Accounting Standards Update No. 2017-07. Prior period amounts have not been restated.

Quarterly SG&A



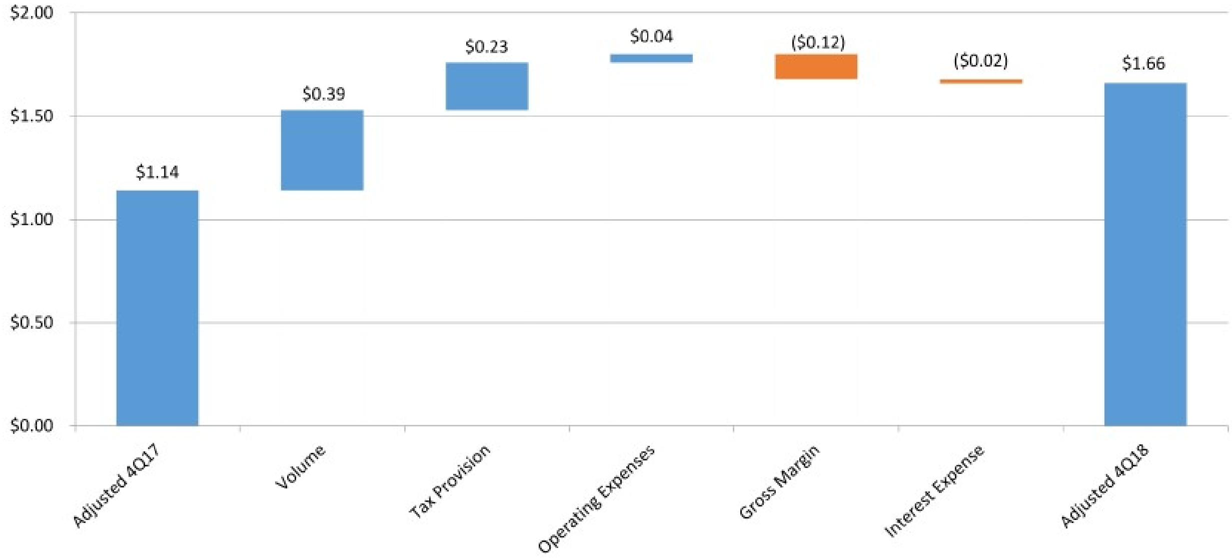
All data for 2017 and 2018 is presented in conformity with the Financial Accounting Standards Board's Accounting Standards Update No. 2017-07. Prior period amounts have not been restated.

Full-Year SG&A



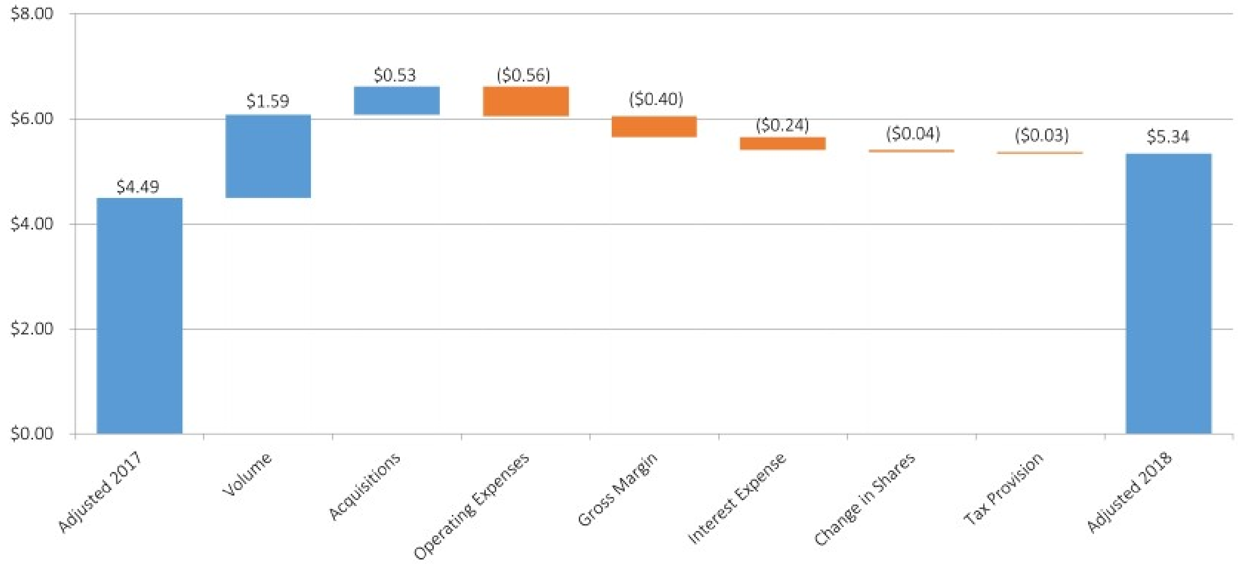
All data for 2017 and 2018 is presented in conformity with the Financial Accounting Standards Board's Accounting Standards Update No. 2017-07. Prior period amounts have not been restated.

4Q17 to 4Q18 Adjusted Diluted EPS*



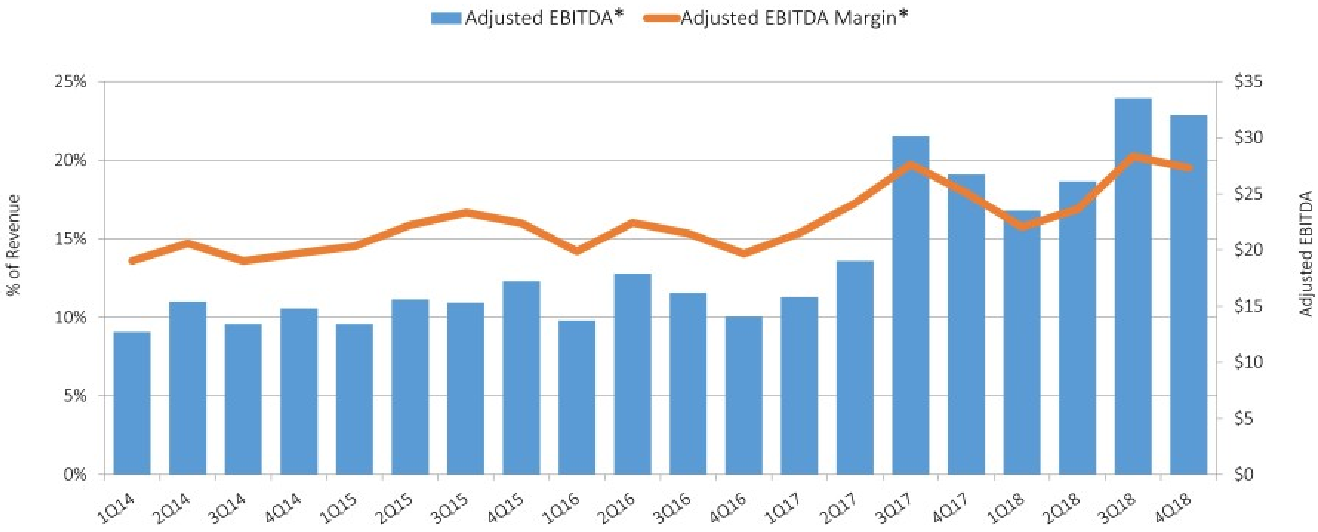
* Adjusted diluted EPS is a non-GAAP financial measure that excludes certain items as detailed in our press release dated February 13, 2019.

2017 to 2018 Adjusted Diluted EPS*



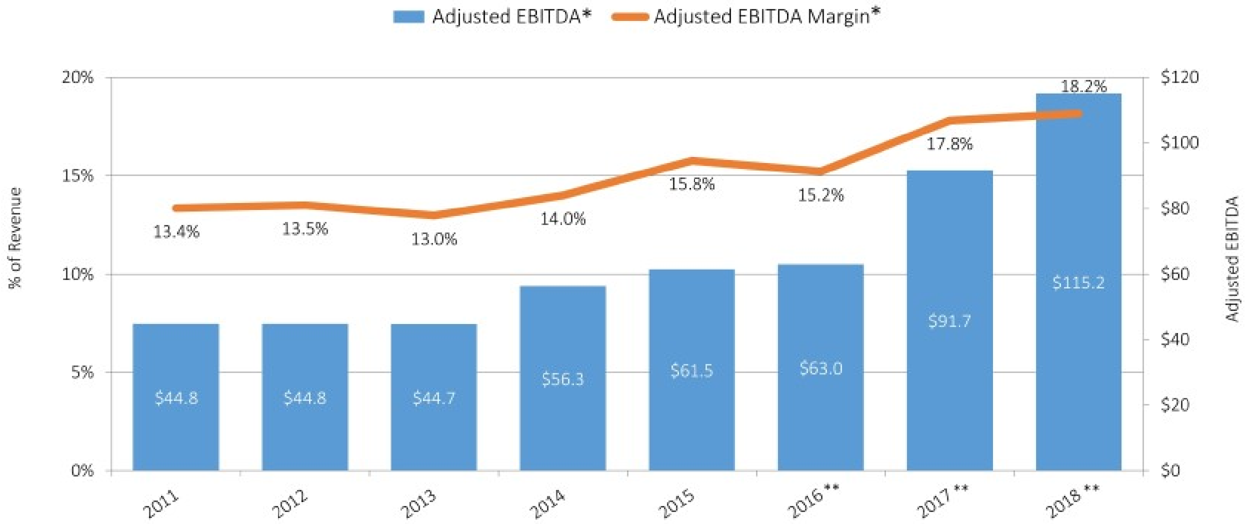
* Adjusted diluted EPS is a non-GAAP financial measure that excludes certain items as detailed in our press release dated February 13, 2019.

Quarterly Adjusted EBITDA*



* Adjusted EBITDA and adjusted EBITDA/revenue (margin) are non-GAAP financial measures that exclude certain items as detailed in our press release dated February 13, 2019.

Full-Year Adjusted EBITDA*

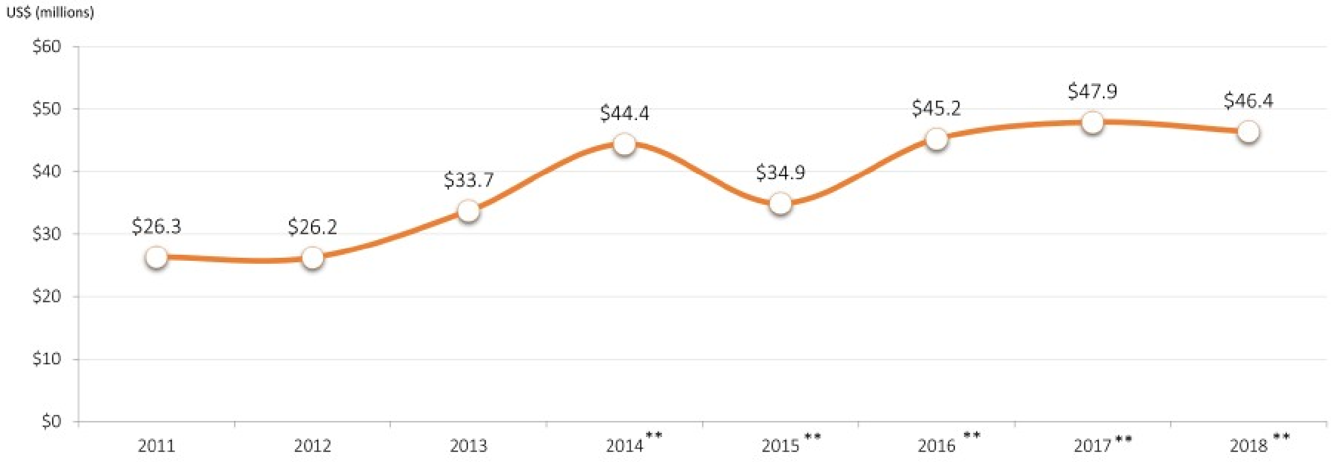


* Adjusted EBITDA and adjusted EBITDA/revenue (margin) are non-GAAP financial measures that exclude certain items as detailed in our press release dated February 13, 2019.
** All data for 2016, 2017 and 2018 is presented in conformity with the Financial Accounting Standards Board's Accounting Standards Update No. 2017-07. Prior period amounts have not been restated.

Cash Flow

US$ (millions)	Q4 2018	Q4 2017	FY 2018	FY 2017
Net Income	$18.6	$0.9	$61.0	$31.6
Depreciation and Amortization	5.8	6.3	23.6	19.4
Stock-Based Compensation	1.7	1.5	7.0	5.8
Other Items	4.6	2.7	1.5	1.4
Change in Current Assets & Liabilities (excl. acquisitions)	(20.3)	21.4	(30.1)	7.0
Cash Provided by Operating Activities	$10.4	$32.8	$63.0	$65.2

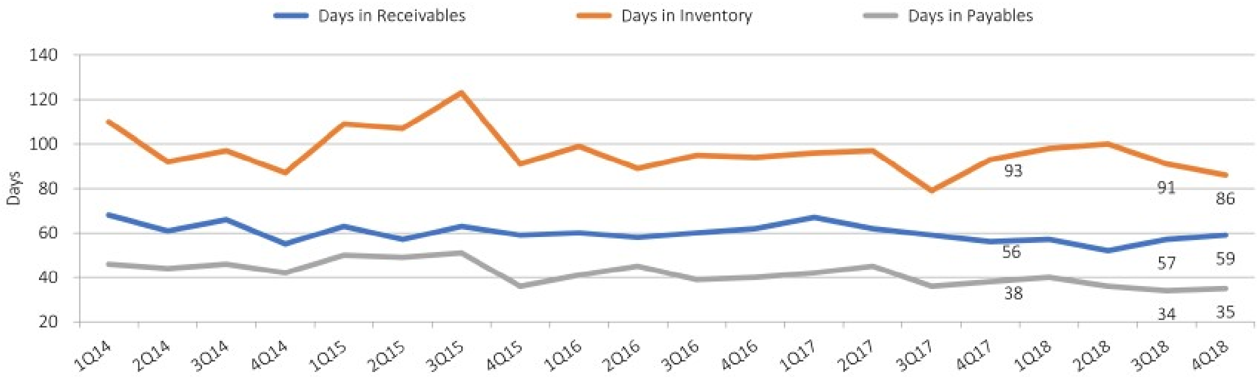
Free Cash Flow*



* 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 36.
** Presented in conformity with the Financial Accounting Standards Board's Accounting Standards Update No. 2016-09.

Key Working Capital Metrics

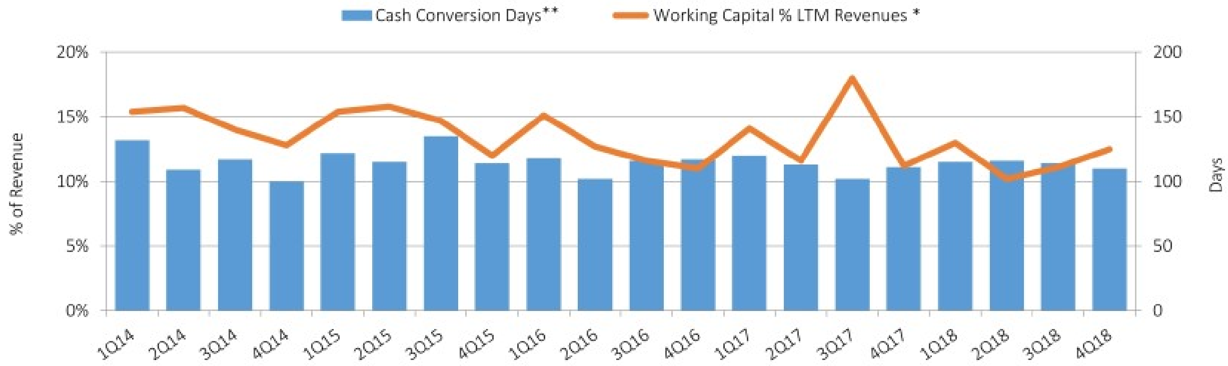
	Q4 2018	Q3 2018	Q4 2017
Days in Receivables	59	57	56
Days in Inventory	86	91	93
Days in Payables	35	34	38



Working Capital and Cash Conversion Days

	Q4 2018	Q3 2018	Q4 2017
Working Capital % LTM Revenues*	12.5%	11.1%	11.2%
Cash Conversion Days**	110 days	114 days	111 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)	Q4 2018	Q3 2018	Q4 2017
Cash, cash equivalents, and restricted cash	$46.1	$58.1	$76.9
Debt	(171.4)	(189.1)	(237.0)
Capital lease obligations	(4.4)	(4.6)	(5.1)
Net debt	$(129.7)	$(135.6)	$(165.2)

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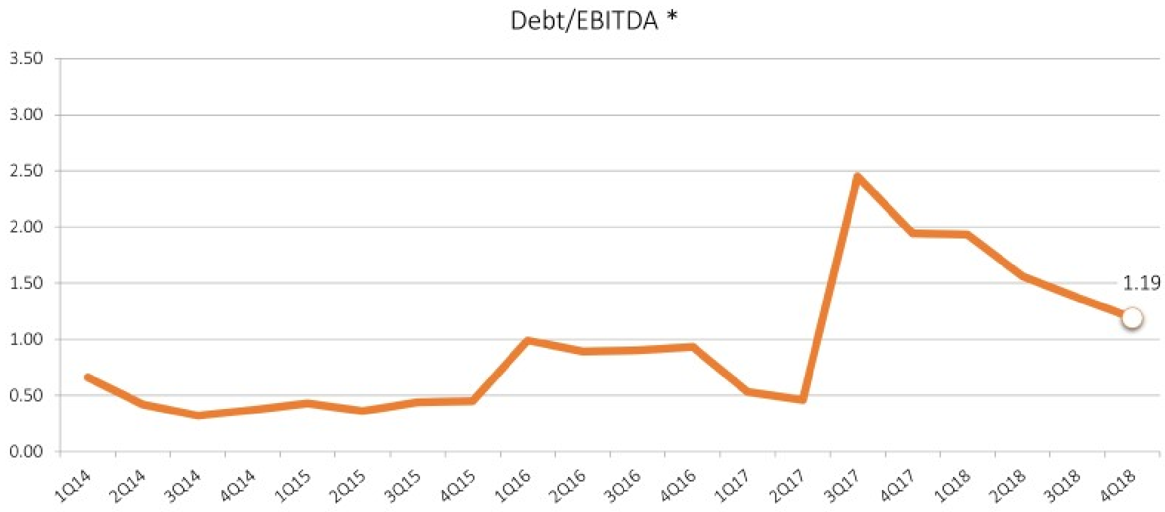
Leverage Ratio



*Calculated by adding or subtracting certain items from Adjusted EBITDA, as required by our Credit Facility. Effective December14, 2018, our amended and restated Credit Facility defined total debt as debt less worldwide cash of up to $30 million. For periods 1Q14 to 4Q16, total debt is defined as debt less domestic cash of up to $25 million..

Guidance

- Q1 2019 GAAP diluted EPS of $0.77 to $0.83
- FY 2019 GAAP diluted EPS of $4.75 to $4.90
- CAPEX of $12 to $14 million
- Depreciation & Amortization Expense of $29 to $30 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 **461 9678**.

Please mute the audio on your computer.

Key Take-Aways

- Record 2018 revenue, bookings, adjusted EBITDA, and GAAP diluted EPS
- Expecting record revenue and adjusted EBITDA in 2019

INVESTOR DAY

Grand Hyatt New York | March 7
RSVP to joanne.stoner@kadant.com

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APPENDIX

Free Cash Flow Reconciliation

($ Millions)	2011	2012	2013	2014	2015	2016	2017	2018
Cash Provided by Continuing Operations, as reported	$ 34.3	$ 30.5	$ 39.9	$ 51.1	$ 40.4	$ 51.0	$ 65.2	$ 63.0
Capital Expenditures	$ (8.0)	$ (4.3)	$ (6.2)	$ (6.7)	$ (5.5)	$ (5.8)	$ (17.3)	$ (16.6)
Free Cash Flow*	$ 26.3	$ 26.2	$ 33.7	$ 44.4	$ 34.9	$ 45.2	$ 47.9	$ 46.4

*Free Cash Flow is a non-GAAP financial measure.

