

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): October 27, 2011

**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))
-

**KADANT INC.**

**Item 2.02 Results of Operations and Financial Condition.**

On October 27, 2011, Kadant Inc. (the "Company") will hold a webcast and conference call to discuss its financial results for the fiscal quarter ended October 1, 2011. 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.**

(c) Exhibit

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

Exhibit

No	Description of Exhibit
99	Slides to be presented by the Company on October 27, 2011

**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: October 27, 2011

By

/s/ Thomas M. O'Brien

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

# Third Quarter 2011 Business Review

Jonathan W. Painter, President & CEO

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

**KADANT**  
AN ACCENT ON INNOVATION

---

# 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 industry and economic outlook. The recently filed settlement of the composites building products litigation disclosed herein is contingent upon a number of items, including the preliminary and final approval of the court, and there is no assurance that it will be approved in its present form or at all. 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 July 2, 2011. These include risks and uncertainties relating to our dependence on the pulp and paper industry; significance of sales and operation of manufacturing facilities in China; our ability to expand capacity in China to meet demand; commodity and component price increases or shortages; international sales and operations; competition; soundness of suppliers and customers; our effective tax rate; future restructurings; soundness of financial institutions; our debt obligations; restrictions in our credit agreement; litigation and warranty costs related to our discontinued operation and the court approval of the recently filed settlement; our acquisition strategy; protection of patents and proprietary rights; 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.

\*

KAI 3Q11 Business Review-October 27, 2011  
© 2011 Kadant Inc. All rights reserved.

**KADANT**  
AN ACCENT ON INNOVATION

# 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 foreign currency translation, adjusted operating income, adjusted net income, adjusted diluted earnings per share, earnings before interest, taxes, depreciation, and amortization (EBITDA), and adjusted EBITDA.

A reconciliation of those numbers to the most directly comparable U.S. GAAP financial measures is shown in our 2011 third quarter earnings press release issued October 26, 2011, which is available in the Investors section of our website at [www.kadant.com](http://www.kadant.com) under the heading Investors News.

\*

KAI 3Q11 Business Review-October 27, 2011  
© 2011 Kadant Inc. All rights reserved.

**KADANT**  
AN ACCENT ON INNOVATION

# Financial Classifications

---

All geographic revenues and bookings data are attributed to regions based on selling locations. For North America and China, this usually approximates revenues and bookings based on where the equipment is shipped to and installed. Our European geographic data, however, includes revenues and bookings that may be shipped to and installed outside Europe, including South America, Africa, the Middle East, and certain countries in Asia (excluding China).

Prior period amounts for Parts and Consumables revenues and bookings have been reclassified to include amounts from our Fiber-based products and “other” category within the Papermaking Systems segment.

Beginning with 2011, our Accessories product line is now reported as Doctoring.

---

**Jonathan W. Painter**  
President & CEO



# **BUSINESS REVIEW**



# Financial Highlights

	Q3 2011	Q3 2010
Revenue	\$84.4 million	\$66.5 million
Gross Margin	42.7%	44.1%
Diluted EPS <sup>1</sup>	\$0.80	\$0.36
Adjusted Diluted EPS <sup>2</sup>	\$0.47	\$0.30
Adjusted EBITDA <sup>2</sup>	\$10.6 million	\$7.4 million
Adjusted EBITDA/Sales	12.6%	11.2%

<sup>1</sup> Diluted EPS is for continuing operations. The GAAP diluted EPS for both continuing and discontinued operations is \$0.70.

<sup>2</sup> Adjusted Diluted EPS and Adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) are non-GAAP financial measures that exclude certain items as detailed in our Q3 2011 earnings press release issued October 26, 2011.

## Other Highlights from Q3 2011

- Strong bookings of \$95 million
- Record backlog of \$128 million
- Cash flow from operations was \$12.3 million
- Repurchased 430,000 shares for \$9.4 million
- Composites class action settlement\*
  - Claims capped at \$5 million
  - Estimated liability is \$3.3 million

\* Subject to court approval.

## Q3 Revenue Performance

- \$84.4 million, up 27% compared to Q3 2010
- Q3 revenue by product line

(\$ Millions)	Q3 2011	Q3 2010	% CHANGE	EXCL. FX
Stock-Preparation	\$ 33.0	\$ 23.9	38%	32%
Fluid-Handling	25.3	21.6	17%	10%
Doctoring	14.0	12.3	14%	10%
Water-Management	10.0	6.9	44%	40%
Fiber-based Products	1.5	1.2	18%	18%
Other	0.6	0.6	(6%)	(10%)
<b>TOTAL</b>	<b>\$ 84.4</b>	<b>\$ 66.5</b>	<b>27%</b>	<b>21%</b>

Percent change calculated using actual numbers reported in our Q3 2011 earnings release dated October 26, 2011.

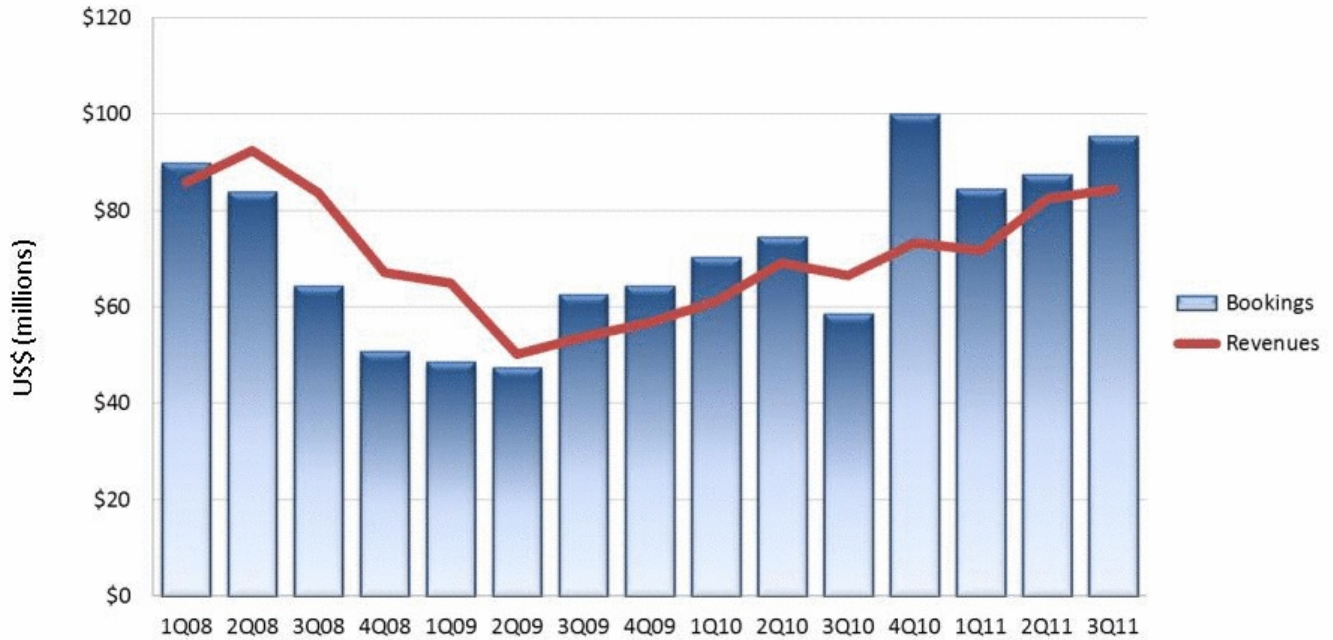
# Q3 Booking Performance

- \$95.3 million, up 63% compared to Q3 2010
- Q3 bookings by product line

(\$ Millions)	Q3 2011	Q3 2010	% CHANGE	EXCL. FX
Stock-Preparation	\$ 45.3	\$ 18.2	149%	141%
Fluid-Handling	25.3	20.2	25%	18%
Doctoring	13.1	11.7	11%	6%
Water-Management	9.7	6.2	57%	53%
Fiber-based Products	1.3	1.5	(11%)	(11%)
Other	0.6	0.6	8%	3%
<b>TOTAL</b>	<b>\$ 95.3</b>	<b>\$ 58.4</b>	<b>63%</b>	<b>57%</b>

Percent change calculated using actual numbers reported in our Q3 2011 earnings release dated October 26, 2011.

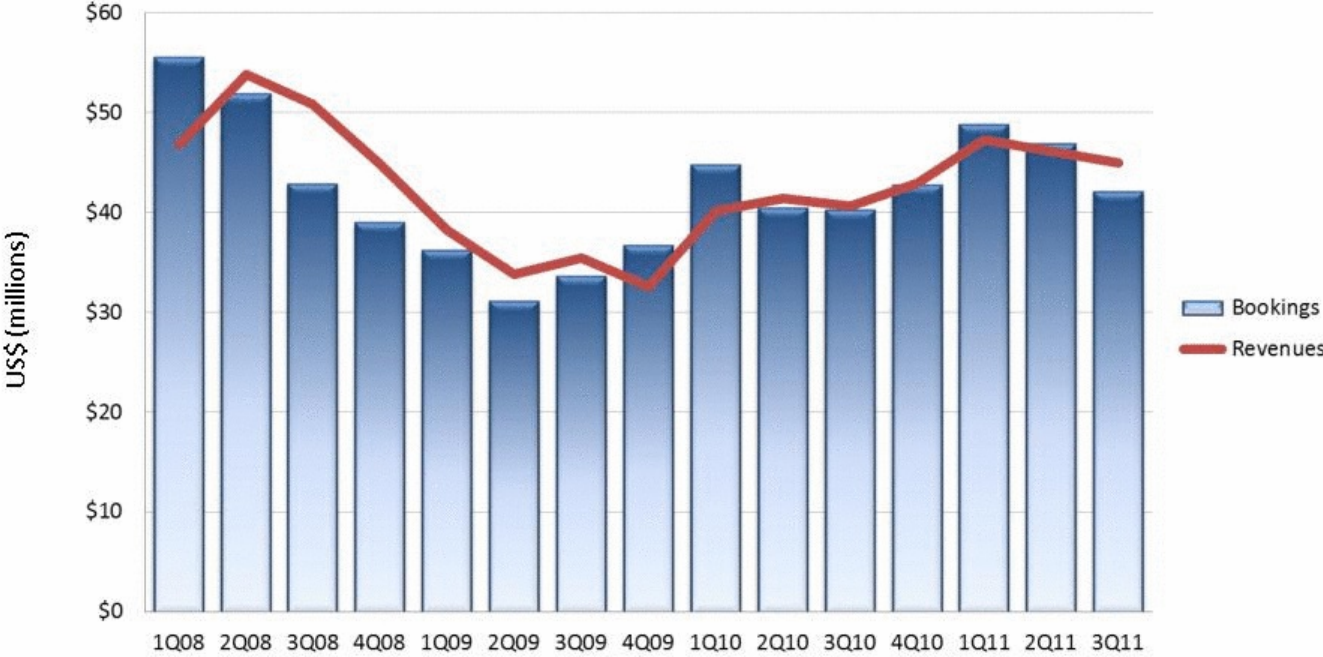
# Bookings and Revenues Trends



\*  
KAI 3Q11 Business Review-October 27, 2011  
© 2011 Kadant Inc. All rights reserved.

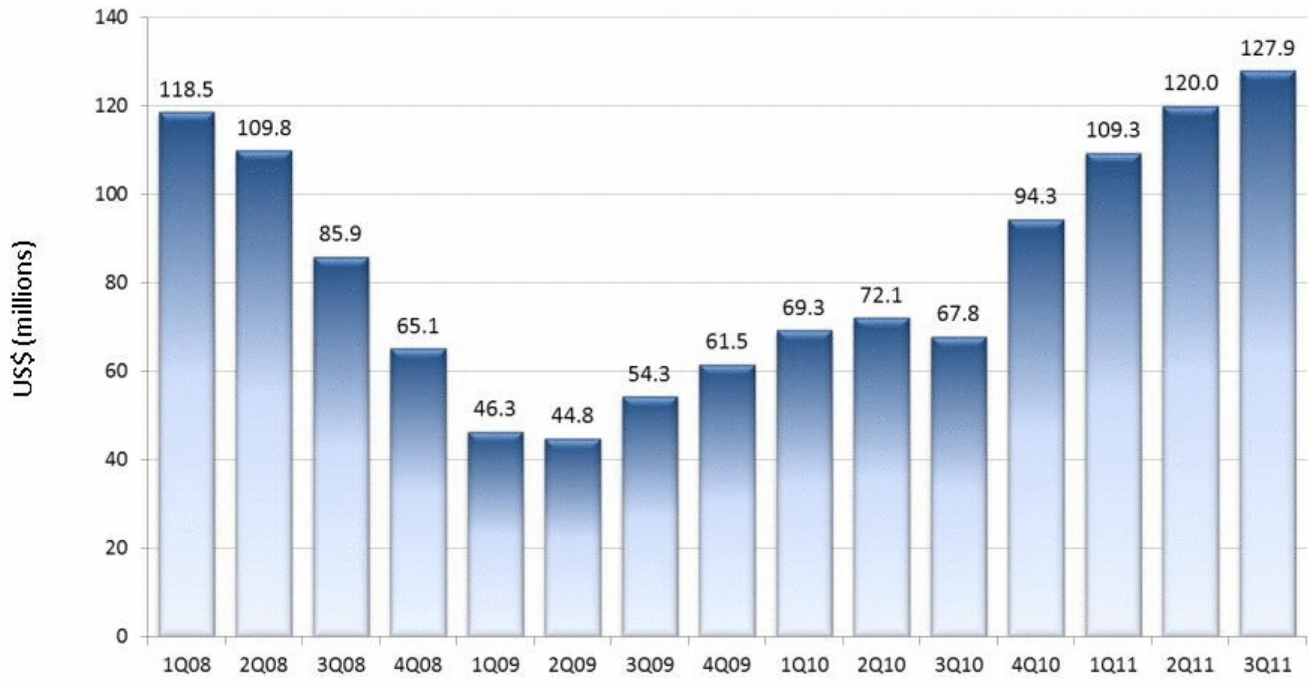
**KADANT**  
AN ACCENT ON INNOVATION

# Parts and Consumables Bookings and Revenues



\*  
 KAI 3Q11 Business Review-October 27, 2011  
 © 2011 Kadant Inc. All rights reserved.

# Record Backlog in Q3 2011



\*  
KAI 3Q11 Business Review-October 27, 2011  
© 2011 Kadant Inc. All rights reserved.

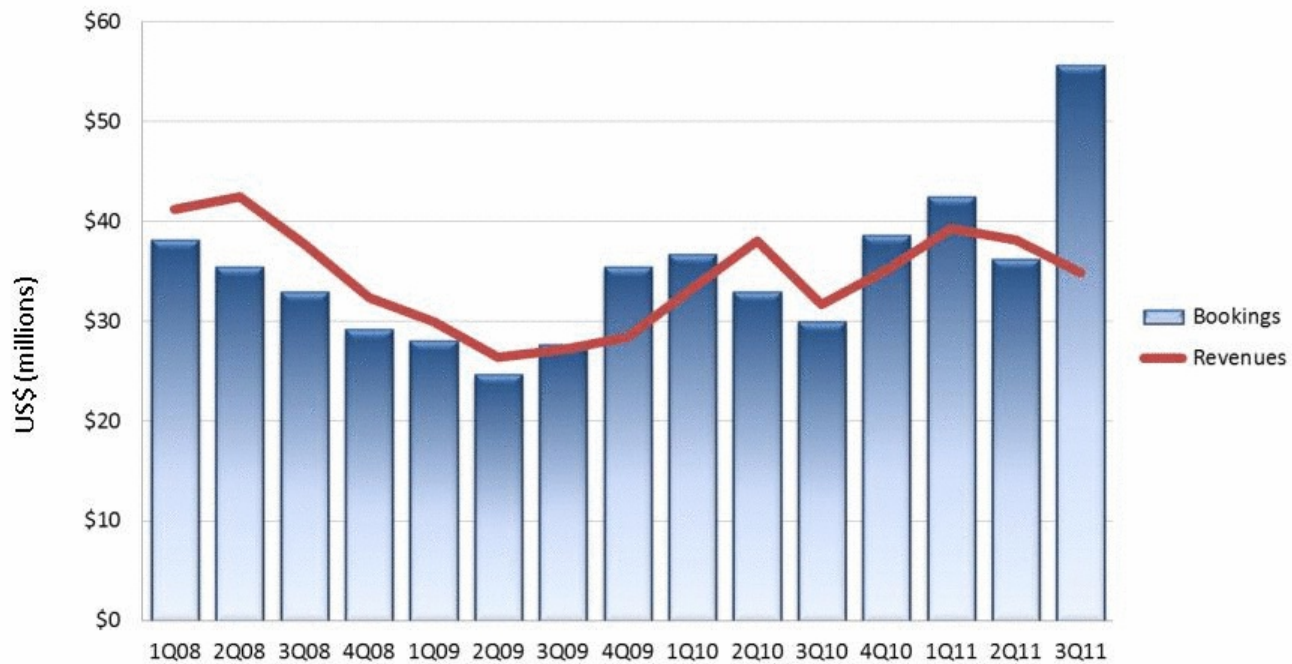
**KADANT**  
AN ACCENT ON INNOVATION



# REGIONAL PERFORMANCE



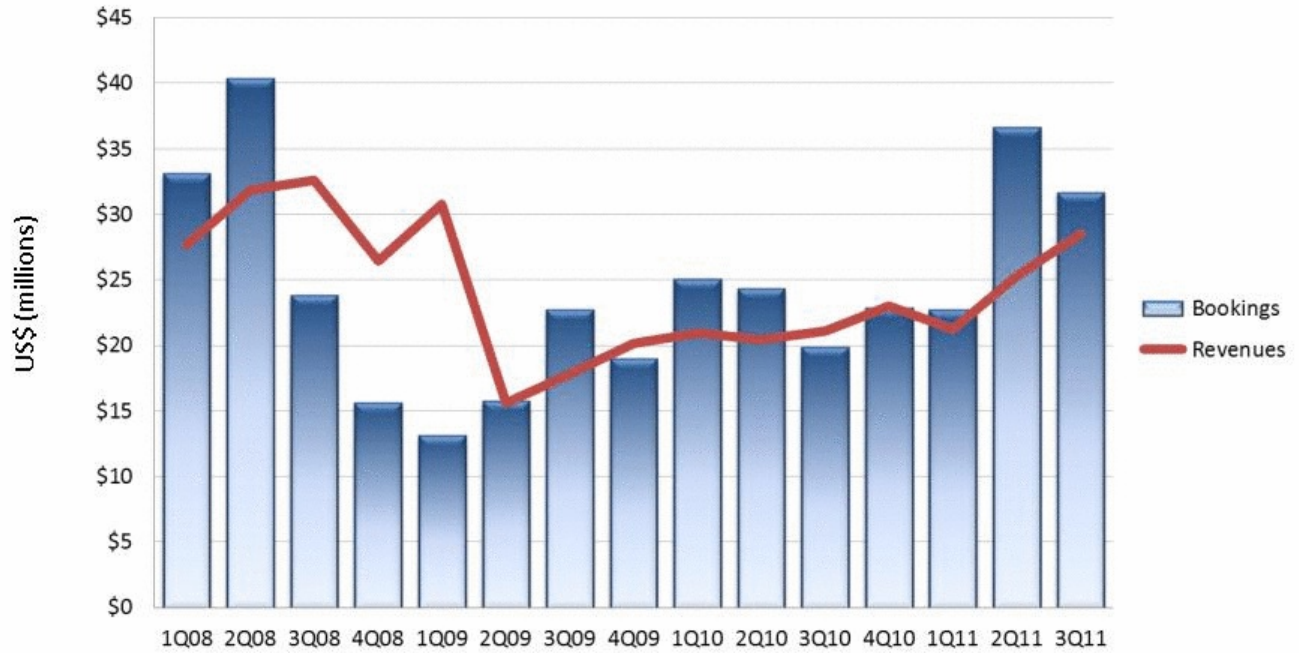
# North America Bookings and Revenues



\*  
KAI 3Q11 Business Review-October 27, 2011  
© 2011 Kadant Inc. All rights reserved.

**KADANT**  
AN ACCENT ON INNOVATION

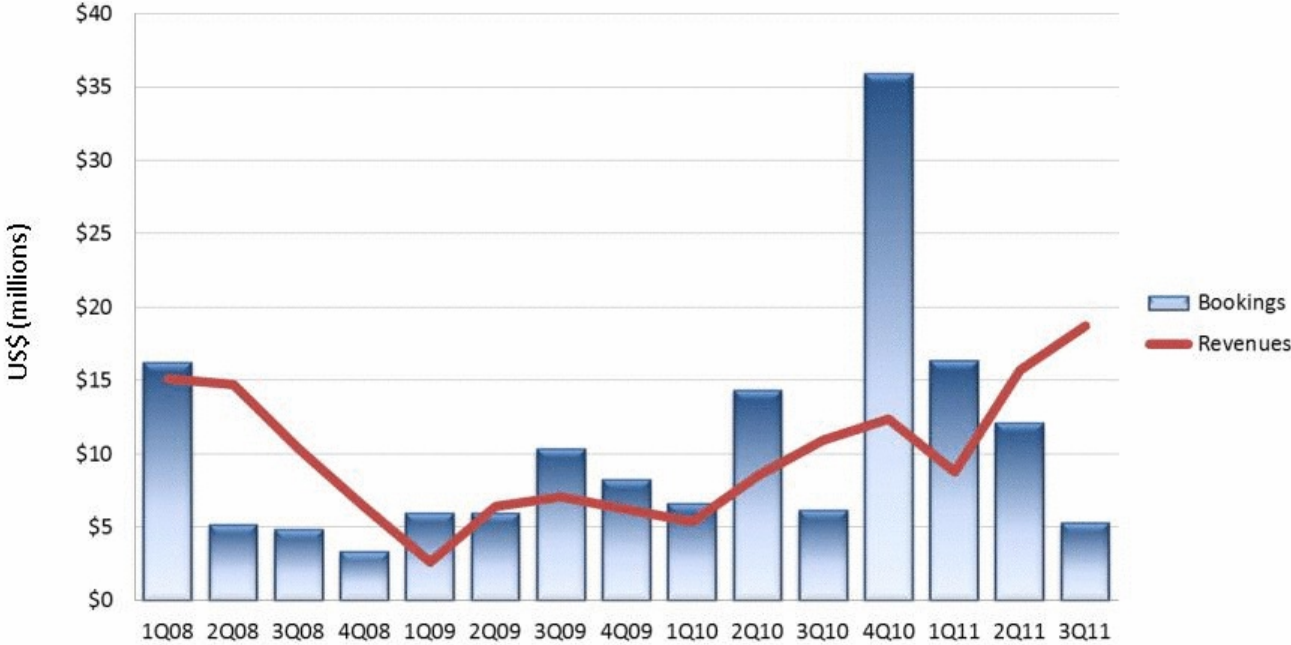
# Europe Bookings and Revenues



\*  
KAI 3Q11 Business Review-October 27, 2011  
© 2011 Kadant Inc. All rights reserved.

**KADANT**  
AN ACCENT ON INNOVATION

# China Bookings and Revenues



\*  
KAI 3Q11 Business Review-October 27, 2011  
© 2011 Kadant Inc. All rights reserved.

# Guidance for Continuing Operations

- Q4 2011 revenues of \$92 to \$94 million
- Q4 2011 GAAP diluted EPS of \$0.56 to \$0.58
- FY 2011 revenues of \$330 to \$332 million
- FY 2011 GAAP diluted EPS of \$2.42 to \$2.44
- FY 2011 adjusted diluted EPS of \$2.09 to \$2.11

\*

KAI 3Q11 Business Review-October 27, 2011  
© 2011 Kadant Inc. All rights reserved.

**KADANT**  
AN ACCENT ON INNOVATION

---

**Thomas M. O'Brien**

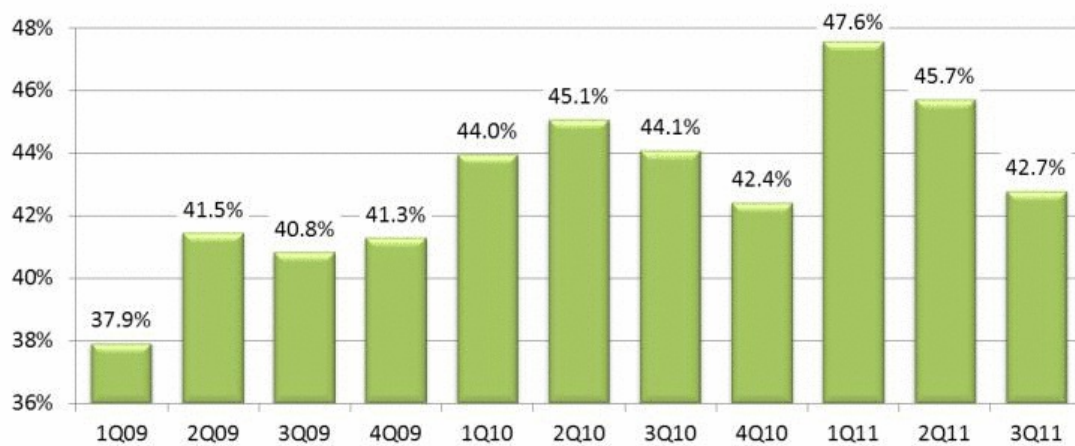
Executive Vice President & Chief Financial Officer

# FINANCIAL REVIEW



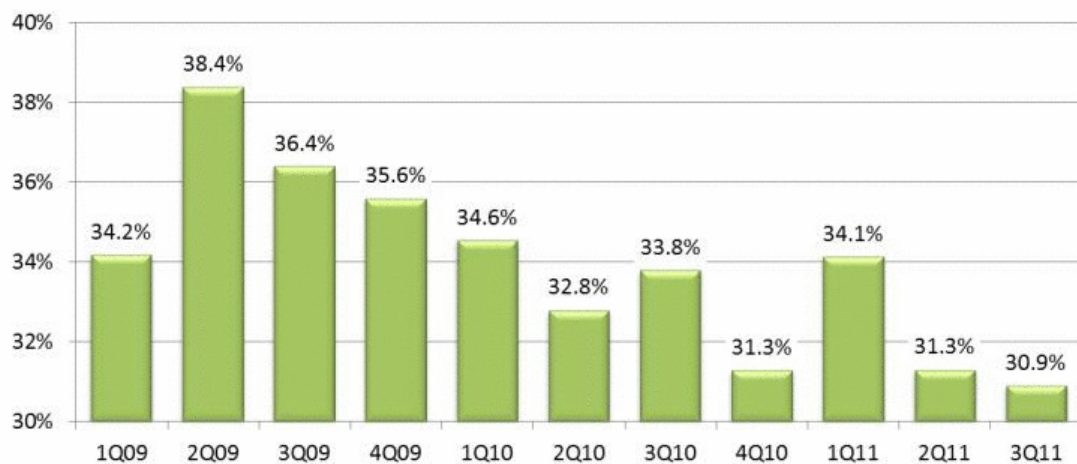
# Gross Margins

	3Q11	2Q11	3Q10	Sequential Δ	Y-O-Y Δ
Papermaking Systems Segment	42.8%	45.3%	44.4%	-2.50%	-1.60%
Fiber-based Products	36.5%	56.6%	28.3%	-20.10%	+8.20%
<b>TOTAL</b>	<b>42.7%</b>	<b>45.7%</b>	<b>44.1%</b>	<b>-3.00%</b>	<b>-1.40%</b>



# SG&A

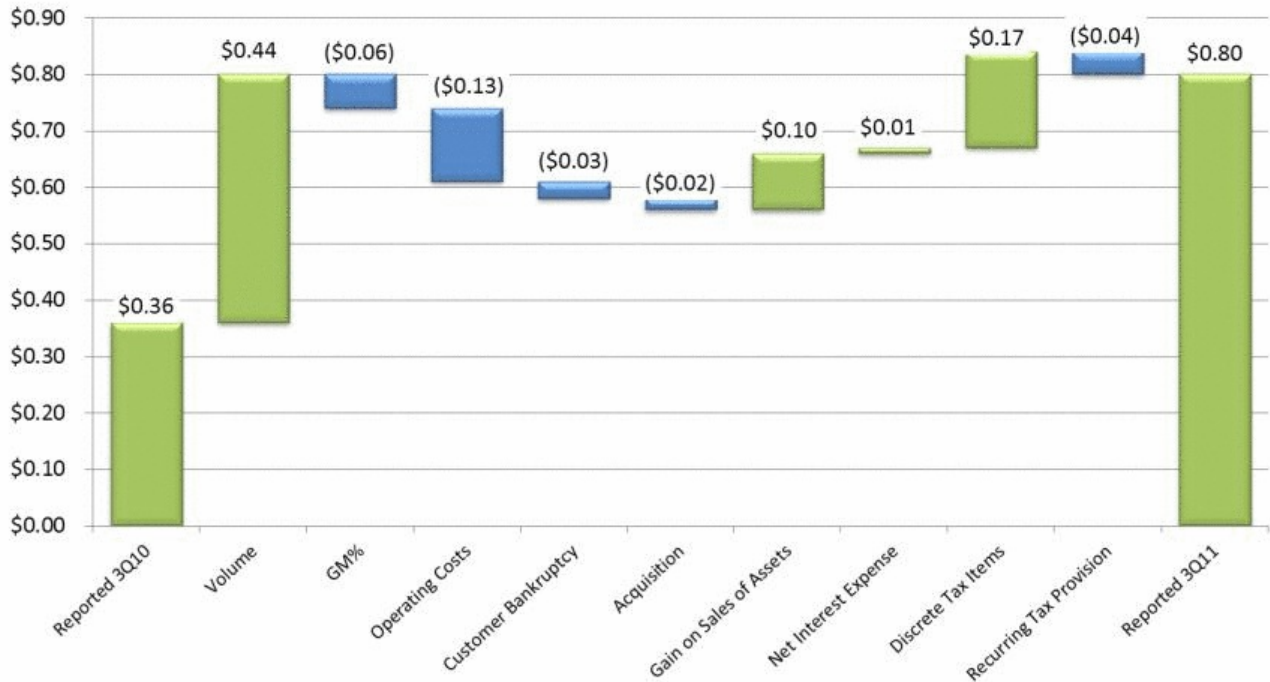
(\$ Millions)	3Q11	2Q11	3Q10	Sequential Δ	Y-O-Y Δ
SG&A	\$26.1	\$25.8	\$22.5	\$0.3	\$3.6
% Revenues	30.9%	31.3%	33.8%	-0.40%	-2.90%



\*  
KAI 3Q11 Business Review-October 27, 2011  
© 2011 Kadant Inc. All rights reserved.

**KADANT**  
AN ACCENT ON INNOVATION

## 3Q10 to 3Q11 Diluted EPS from Continuing Operations



\*  
 KAI 3Q11 Business Review-October 27, 2011  
 © 2011 Kadant Inc. All rights reserved.

**KADANT**  
 AN ACCENT ON INNOVATION



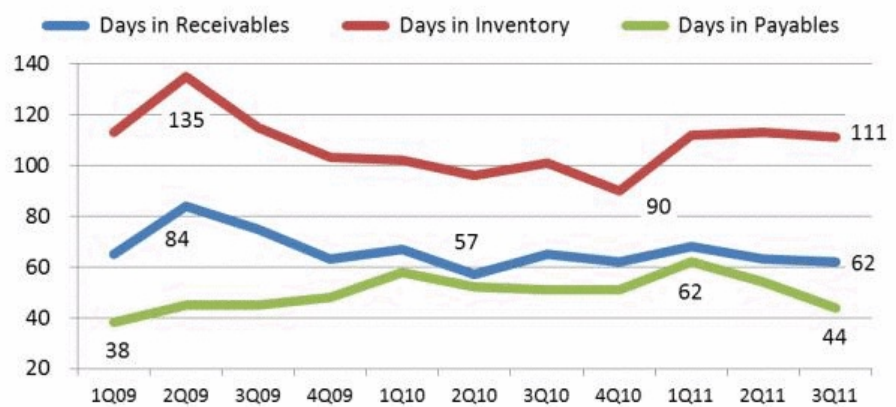
# Cash Flow

(\$ Millions)	3Q11	3Q10
Income from Continuing Operations	9.9	4.6
Depreciation and Amortization	2.1	1.9
Stock-Based Compensation	1.0	0.7
Other Items	(3.2)	(0.6)
Change in Current Assets & Liabilities (excluding acquisitions)	2.5	(0.6)
<b>Cash Provided by Continuing Operations</b>	<b>\$ 12.3</b>	<b>\$ 6.0</b>

# Key Working Capital Metrics

	3Q11	2Q11	3Q10
Days in Receivables	62	63	65
Days in Payables	44	54	51
Days in Inventory	111	113	101
Working Capital % LTM Revenues*	10.8%	13.4%	11.5%

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

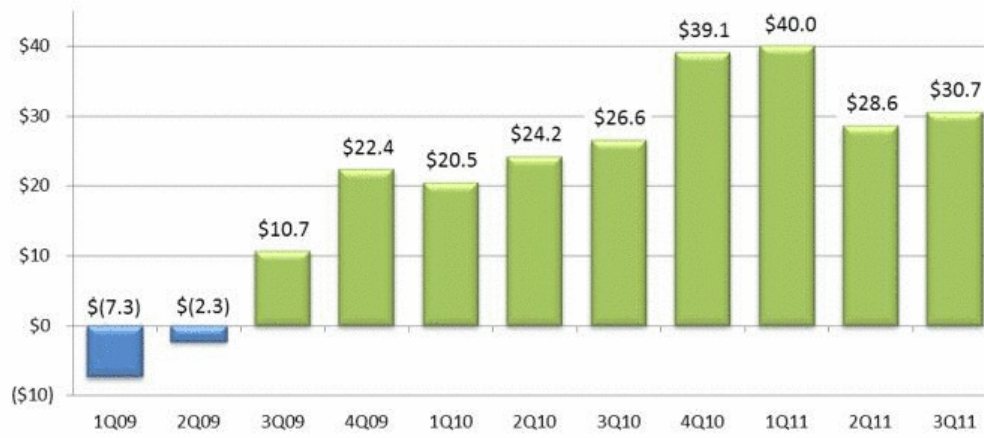


\*  
KAI 3Q11 Business Review-October 27, 2011  
© 2011 Kadant Inc. All rights reserved.

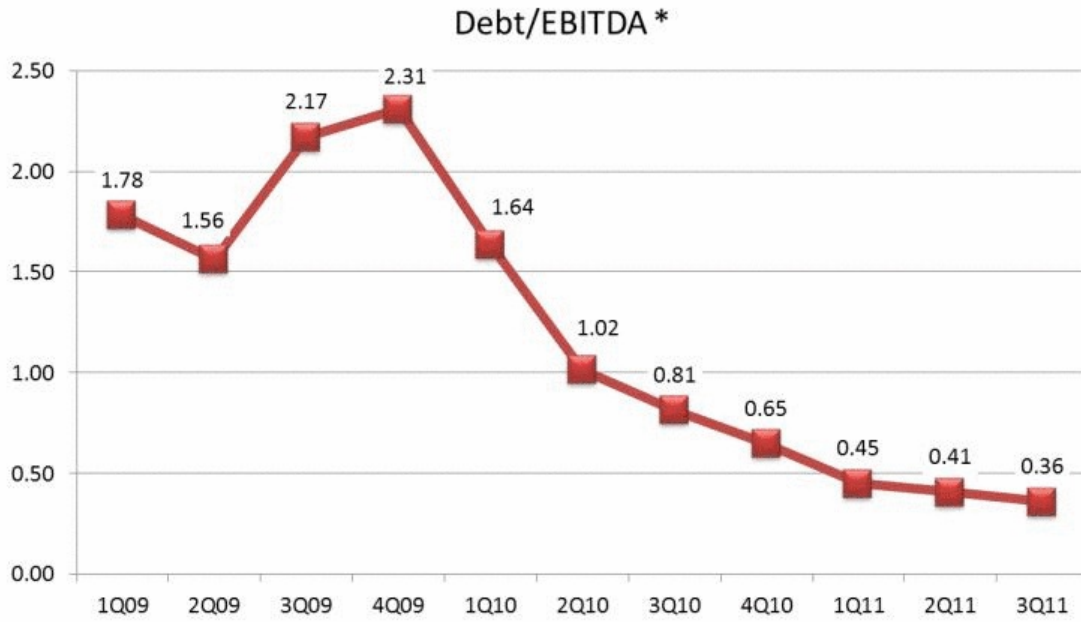
**KADANT**  
AN ACCENT ON INNOVATION

# Cash and Debt

(\$ Millions)	3Q11	2Q11	3Q10
Cash, cash equivalents, restricted cash	48.1	46.1	49.5
Debt	(17.4)	(17.5)	(22.9)
<b>NET CASH</b>	<b>\$ 30.7</b>	<b>\$ 28.6</b>	<b>\$ 26.6</b>



# Leverage Ratio



\* Calculated by adding or subtracting certain items, as required by our Credit Facility, from Adjusted EBITDA.

# Questions & Answers

---

To ask a question, please call **866-804-6926** within the U.S. or  
+1-857-350-1672 outside the U.S. and reference 83375884.

*Please mute the audio on your computer.*

\*

KAI 3Q11 Business Review-October 27, 2011  
© 2011 Kadant Inc. All rights reserved.

**KADANT**  
AN ACCENT ON INNOVATION

# Third Quarter 2011 Business Review

Jonathan W. Painter, President & CEO

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

**KĀDANT**  
AN ACCENT ON INNOVATION

