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): July 30, 2018

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 July 30, 2018, Kadant Inc. (the "Company") announced its financial results for the fiscal quarter ended June 30, 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 7.01 Regulation FD Disclosure.

On July 31, 2018, the Company will hold a webcast and conference call to discuss its financial results for the fiscal quarter ended June 30, 2018. A copy of the slides that will be presented on the webcast and discussed in the conference call is furnished as Exhibit 99.2 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 and 99.2) shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) 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 July 30, 2018.
99.2	Slides to be presented by the Company on July 31, 2018.

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: July 30, 2018

By /s/ Michael J. McKenney

Michael J. McKenney
Executive Vice President and Chief Financial Officer

KADANT INC.
One Technology Park Drive
Westford, MA 01886

NEWS

Kadant Reports 2018 Second Quarter Results
Reports Bookings of $176M and Record Revenue of $155M
Lowers EPS Guidance due to FX and Tariffs

WESTFORD, Mass. - July 30, 2018 - Kadant Inc. (NYSE: KAI) reported its financial results for the second quarter ended June 30, 2018.

Second Quarter 2018 Highlights

- Revenue increased 41% to a record $155 million
- GAAP diluted EPS increased 50% to $1.08
- Adjusted diluted EPS increased 3% to $1.07
- Net income increased 53% to $12 million
- Adjusted EBITDA increased 37% to $26 million and represented 17% of revenue
- Gross margin was 44.0%
- Bookings increased 47% to $176 million
- Backlog increased 8% sequentially to a record $194 million
- Cash flow from operations increased 20% to $28 million

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

Management Commentary

“The strong start we had to 2018 continued into the second quarter with record revenue and solid EPS performance,” said Jonathan Painter, president and chief executive officer. “The growth in revenue was broad-based across all our product lines and especially strong in North America. Our near-record bookings of $176 million in the second quarter benefited from the robust economy in North America, capacity build-outs in Asia, and our acquisitions. Our book-to-bill ratio for the first six months of 2018 was 1.18, driven by strong growth in bookings in our Stock-Preparation and Fluid-Handling product lines.”

Second Quarter 2018 Results

Revenue increased 41 percent to a record $154.9 million compared to the second quarter of 2017, including $28.9 million from acquisitions and a $4.6 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 the second quarter of 2017. Gross margin was 44.0 percent. Net income increased 53 percent to $12.3 million, or $1.08 per diluted share, compared to $8.1 million, or $0.72 per diluted share, in the second quarter of 2017. Adjusted diluted EPS increased three percent to $1.07 compared to $1.04 in the second quarter of 2017. Adjusted diluted EPS in the second quarter of 2018 excludes a $0.05 discrete tax benefit and $0.04 of restructuring costs. Adjusted diluted EPS in the second quarter of 2017 excludes $0.32 of acquisition costs.

Adjusted EBITDA increased 37 percent to $26.1 million compared to $19.0 million in the second quarter of 2017. Adjusted EBITDA excludes $0.6 million of restructuring costs in the second quarter of 2018 and $4.1 million of acquisition costs in the second quarter of 2017. Cash flows from operations increased 20 percent to $28.4 million compared to $23.7 million in the second quarter of 2017. Bookings increased 47 percent to $176.4 million compared to $120.3 million in the second quarter of 2017, including $37.2 million from acquisitions and a $5.4 million increase from the favorable effect of foreign currency translation. Excluding the impact of acquisitions and foreign currency translation, bookings increased 11 percent compared to the second quarter of 2017.

Summary and Outlook

"The strong start to the first half of 2018 has positioned us for another record year of financial performance," Mr. Painter continued. "However, we expect headwinds from the stronger U.S. dollar and recently implemented tariffs to negatively impact our reported financial results. Since we announced our first quarter results, our full year diluted EPS guidance has been negatively impacted by an unfavorable foreign currency translation effect of $0.19 per diluted share and additional costs of $0.09 per diluted share related to the trade tariffs and, as a result, we are lowering our diluted EPS guidance for 2018. Without these negative factors, we would have raised our full year EPS guidance.

For 2018, we are raising our full year revenue guidance to $630 to $638 million, from our previous guidance of $625 to $635 million. However, we now expect to achieve GAAP diluted EPS of $4.89 to $4.99 in 2018, lowered from our previous guidance of $4.98 to $5.08. The revised 2018 guidance includes pre-tax restructuring costs of $1.5 million, or $0.10 per diluted share, pre-tax amortization expense associated with acquired backlog of $0.3 million, or $0.02 per diluted share, and a discrete tax benefit of $0.1 million, or $0.01 per diluted share. Excluding these expenses, we expect adjusted diluted EPS of $5.00 to $5.10 for 2018, lowered from our previous guidance of $5.15 to $5.25. For the third quarter of 2018, we expect GAAP diluted EPS of $1.35 to $1.40 on revenue of $162 to $166 million. The third quarter of 2018 guidance includes pre-tax restructuring costs of $0.1 million, or $0.01 per diluted share."

Conference Call

Kadant will hold a webcast with a slide presentation for investors on Tuesday, July 31, 2018, at 11:00 a.m. eastern time to discuss its second quarter 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 9068779. 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. An archive of the webcast presentation will be available on our website until August 31, 2018.

Shortly after the webcast, Kadant will post its updated general investor presentation incorporating the second quarter results on its 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 acquisitions and foreign currency translation, adjusted operating income, adjusted net income, adjusted diluted earnings per share (EPS), earnings before interest, taxes, depreciation, and amortization (EBITDA), adjusted EBITDA, and adjusted EBITDA margin.

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 that 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 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 $28.9 million and $63.6 million from acquisitions in the second quarter and first six months of 2018, respectively. Revenue also included $4.6 million and $11.4 million of favorable foreign currency translation effect in the second quarter and first six months of 2018, respectively. We present increases or decreases in revenue excluding the effect of acquisitions and foreign currency translation to provide investors insight into underlying revenue trends.

Our non-GAAP financial measures exclude restructuring costs, acquisition costs, amortization expense related to acquired backlog and a discrete tax benefit. 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.

Second Quarter

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

- Pre-tax restructuring costs of $0.6 million in 2018.
- Pre-tax acquisition costs of $4.1 million in 2017.

Adjusted net income and adjusted diluted EPS exclude:

- After-tax restructuring costs of $0.4 million ($0.6 million net of tax of $0.2 million) in 2018.
- A discrete tax benefit of $0.6 million related to the repatriation of foreign earnings in 2018.
- After-tax acquisition costs of $3.6 million ($4.1 million net of tax of $0.5 million) in 2017.

First Six Months

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

- Pre-tax restructuring costs of $1.3 million in 2018.
- Pre-tax expense related to acquired backlog of $0.3 million in 2018.
- Pre-tax acquisition costs of $4.4 million in 2017.

Adjusted net income and adjusted diluted EPS exclude:

- After-tax restructuring costs of $1.0 million ($1.3 million net of tax of $0.3 million) in 2018.
- After-tax expense related to acquired backlog of $0.2 million ($0.3 million net of tax of $0.1 million) in 2018.
- A discrete tax benefit of $0.1 million in 2018.
- After-tax acquisition costs of $3.8 million ($4.4 million net of tax of $0.6 million) in 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 June 30, 2018	Three Months Ended July 1, 2017	Six Months Ended June 30, 2018	Six Months Ended July 1, 2017
Revenues	$ 154,913	$ 110,242	$ 304,106	$ 213,099
Costs and Operating Expenses:				
Cost of revenues	86,749	57,390	169,863	111,230
Selling, general, and administrative expenses	45,132	38,970	90,908	73,590
Research and development expenses	2,728	2,222	5,597	4,369
Restructuring costs	569	—	1,339	—
	135,178	98,582	267,707	189,189
Operating Income	19,735	11,660	36,399	23,910
Interest Income	122	102	305	206
Interest Expense	(1,850)	(392)	(3,582)	(740)
Other Expense, Net	(245)	(217)	(491)	(421)
Income Before Provision for Income Taxes	17,762	11,153	32,631	22,955
Provision for Income Taxes	5,271	2,955	9,132	5,690
Net Income	12,491	8,198	23,499	17,265
Net Income Attributable to Noncontrolling Interest	(142)	(102)	(292)	(218)
Net Income Attributable to Kadant	$ 12,349	$ 8,096	$ 23,207	$ 17,047
Earnings per Share Attributable to Kadant:				
Basic	$ 1.11	$ 0.74	$ 2.10	$ 1.55
Diluted	$ 1.08	$ 0.72	$ 2.04	$ 1.52
Weighted Average Shares:				
Basic	11,092	11,001	11,067	10,976
Diluted	11,400	11,296	11,371	11,250

Adjusted Net Income and Adjusted Diluted EPS (b)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2018	Three Months Ended July 1, 2017	Three Months Ended July 1, 2017
Net Income and Diluted EPS Attributable to Kadant, as Reported	$ 12,349	$ 1.08	$ 8,096	$ 0.72
Adjustments for the Following:				
Restructuring Costs, Net of Tax	432	0.04	—	—
Acquisition Costs, Net of Tax	—	—	3,627	0.32
Discrete Tax Items	(574)	(0.05)	—	—
Adjusted Net Income and Adjusted Diluted EPS	$ 12,207	$ 1.07	$ 11,723	$ 1.04

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	Six Months Ended		Six Months Ended	
	June 30, 2018	June 30, 2018	July 1, 2017	July 1, 2017
Net Income and Diluted EPS Attributable to Kadant, as Reported	$ 23,207	$ 2.04	$ 17,047	$ 1.52
Adjustments for the Following:				
Restructuring Costs, Net of Tax	1,021	0.09	—	—
Acquisition Costs, Net of Tax	—	—	3,833	0.34
Amortization of Acquired Backlog, Net of Tax	189	0.02	—	—
Discrete Tax Items	(130)	(0.01)	—	—
Adjusted Net Income and Adjusted Diluted EPS	$ 24,287	$ 2.14	$ 20,880	$ 1.86

	Three Months Ended			Increase (Decrease) Excluding Acquisitions
Revenues by Product Line	June 30, 2018	July 1, 2017	Increase	and FX (b,c)
Stock-Preparation	$ 56,376	$ 46,178	$ 10,198	$ 7,255
Doctoring, Cleaning, & Filtration	29,543	27,033	2,510	1,949
Fluid-Handling	32,531	22,520	10,011	3,823
Papermaking Systems	118,450	95,731	22,719	13,027
Wood Processing Systems	33,152	11,393	21,759	(2,079)
Fiber-Based Products	3,311	3,118	193	193
	$ 154,913	$ 110,242	$ 44,671	$ 11,141

	Six Months Ended			Increase (Decrease) Excluding Acquisitions
	June 30, 2018	July 1, 2017	Increase	and FX (b,c)
Stock-Preparation	$ 101,859	$ 87,331	$ 14,528	$ 8,129
Doctoring, Cleaning, & Filtration	56,765	52,383	4,382	2,620
Fluid-Handling	65,417	44,567	20,850	7,163
Papermaking Systems	224,041	184,281	39,760	17,912
Wood Processing Systems	72,293	21,336	50,957	(2,218)
Fiber-Based Products	7,772	7,482	290	290
	$ 304,106	$ 213,099	$ 91,007	$ 15,984

	Three Months Ended			Increase (Decrease) Excluding Acquisitions
Revenues by Geography (d)	June 30, 2018	July 1, 2017	Increase	and FX (b,c)
North America	$ 75,375	$ 51,557	$ 23,818	$ 2,147
Europe	45,032	33,952	11,080	3,342
Asia	25,502	16,545	8,957	6,898
Rest of World	9,004	8,188	816	(1,246)
	$ 154,913	$ 110,242	$ 44,671	$ 11,141

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	Six Months Ended			Increase (Decrease) Excluding Acquisitions and FX (b,c)
	June 30, 2018	July 1, 2017	Increase	
North America	$ 152,991	$ 101,723	$ 51,268	$ 4,264
Europe	86,525	66,703	19,822	1,162
Asia	45,650	28,443	17,207	13,290
Rest of World	18,940	16,230	2,710	(2,732)
	$ 304,106	$ 213,099	$ 91,007	$ 15,984

	Three Months Ended			Increase (Decrease) Excluding Acquisitions and FX (c)
Bookings by Product Line	June 30, 2018	July 1, 2017	Increase (Decrease)	
Stock-Preparation	$ 61,217	$ 50,166	$ 11,051	$ 7,641
Doctoring, Cleaning, & Filtration	30,484	32,145	(1,661)	(2,230)
Fluid-Handling	37,922	25,207	12,715	6,201
Papermaking Systems	129,623	107,518	22,105	11,612
Wood Processing Systems	44,404	10,543	33,861	1,769
Fiber-Based Products	2,393	2,194	199	199
	$ 176,420	$ 120,255	$ 56,165	$ 13,580

	Six Months Ended			Increase (Decrease) Excluding Acquisitions and FX (c)
	June 30, 2018	July 1, 2017	Increase (Decrease)	
Stock-Preparation	$ 117,732	$ 98,488	$ 19,244	$ 11,679
Doctoring, Cleaning, & Filtration	58,815	58,698	117	(1,747)
Fluid-Handling	77,692	51,326	26,366	10,849
Papermaking Systems	254,239	208,512	45,727	20,781
Wood Processing Systems	97,133	23,624	73,509	7,467
Fiber-Based Products	6,968	6,969	(1)	(1)
	$ 358,340	$ 239,105	$ 119,235	$ 28,247

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Business Segment Information (a)	Three Months Ended June 30, 2018	Three Months Ended July 1, 2017	Six Months Ended June 30, 2018	Six Months Ended July 1, 2017
Gross Margin:				
Papermaking Systems	45.3%	48.2%	45.4%	48.0%
Wood Processing Systems	38.9%	44.9%	39.2%	43.6%
Fiber-Based Products	50.0%	52.3%	53.5%	53.9%
	44.0%	47.9%	44.1%	47.8%
Operating Income:				
Papermaking Systems	$ 20,899	$ 17,264	$ 35,483	$ 31,563
Wood Processing Systems	5,313	(411)	12,676	2,093
Corporate and Other	(6,477)	(5,193)	(11,760)	(9,746)
	$ 19,735	$ 11,660	$ 36,399	$ 23,910
Adjusted Operating Income (b, e):				
Papermaking Systems	$ 21,468	$ 17,579	$ 36,822	$ 31,878
Wood Processing Systems	5,313	3,372	12,928	6,195
Corporate and Other	(6,477)	(5,193)	(11,760)	(9,746)
	$ 20,304	$ 15,758	$ 37,990	$ 28,327
Capital Expenditures:				
Papermaking Systems	$ 3,840	$ 1,293	$ 8,489	$ 2,777
Wood Processing Systems	1,184	105	1,560	291
Corporate and Other	36	315	162	367
	$ 5,060	$ 1,713	$ 10,211	$ 3,435

Cash Flow and Other Data	Three Months Ended June 30, 2018	Three Months Ended July 1, 2017	Six Months Ended June 30, 2018	Six Months Ended July 1, 2017
Cash Provided by Operations	$ 28,355	$ 23,693	$ 35,571	$ 25,376
Depreciation and Amortization Expense	5,844	3,275	11,943	6,531

Balance Sheet Data	June 30, 2018	Dec. 30, 2017
Assets		
Cash, Cash Equivalents, and Restricted Cash	$ 61,152	$ 76,846
Accounts Receivable, net	88,223	89,624
Inventories	96,261	84,933
Unbilled Revenues	2,183	2,374
Property, Plant and Equipment, net	79,887	79,723
Intangible Assets	122,242	133,036
Goodwill	261,488	268,001
Other Assets	29,750	26,557
	$ 741,186	$ 761,094
Liabilities and Stockholders' Equity		
Accounts Payable	$ 35,069	$ 35,461
Long-term Debt	202,205	237,011
Capital Lease Obligations	4,691	5,069
Other Liabilities	157,536	151,049
Total Liabilities	399,501	428,590
Stockholders' Equity	341,685	332,504
	$ 741,186	$ 761,094

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Adjusted Operating Income and Adjusted EBITDA Reconciliation (a, b)	Three Months Ended		Six Months Ended	
	June 30, 2018	July 1, 2017	June 30, 2018	July 1, 2017
Consolidated				
Net Income Attributable to Kadant	$ 12,349	$ 8,096	$ 23,207	$ 17,047
Net Income Attributable to Noncontrolling Interest	142	102	292	218
Provision for Income Taxes	5,271	2,955	9,132	5,690
Interest Expense, Net	1,728	290	3,277	534
Other Expense, Net	245	217	491	421
Operating Income	19,735	11,660	36,399	23,910
Restructuring Costs	569	—	1,339	—
Acquisition Costs	—	4,098	—	4,417
Acquired Backlog Amortization (f)	—	—	252	—
Adjusted Operating Income (b)	20,304	15,758	37,990	28,327
Depreciation and Amortization	5,844	3,275	11,691	6,531
Adjusted EBITDA (b)	$ 26,148	$ 19,033	$ 49,681	$ 34,858
Adjusted EBITDA Margin (b, g)	16.9%	17.3%	16.3%	16.4%
Papermaking Systems				
Operating Income	$ 20,899	$ 17,264	$ 35,483	$ 31,563
Acquisition Costs	—	315	—	315
Restructuring costs	569	—	1,339	—
Adjusted Operating Income (b)	21,468	17,579	36,822	31,878
Depreciation and Amortization	3,139	2,618	6,275	5,211
Adjusted EBITDA (b)	$ 24,607	$ 20,197	$ 43,097	$ 37,089
Wood Processing Systems				
Operating Income (Loss)	$ 5,313	$ (411)	$ 12,676	$ 2,093
Acquisition Costs	—	3,783	—	4,102
Acquired Backlog Amortization (f)	—	—	252	—
Adjusted Operating Income (b)	5,313	3,372	12,928	6,195
Depreciation and Amortization	2,536	506	5,080	1,020
Adjusted EBITDA (b)	$ 7,849	$ 3,878	$ 18,008	$ 7,215
Corporate and Other				
Operating Loss	$ (6,477)	$ (5,193)	$ (11,760)	$ (9,746)
Depreciation and Amortization	169	151	336	300
EBITDA	$ (6,308)	$ (5,042)	$ (11,424)	$ (9,446)

(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 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.

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

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

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

(g) 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 2,500 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.

Contacts

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Exhibit 99.2

SECOND QUARTER 2018 BUSINESS REVIEW

Jonathan W. Painter, President & CEO
Michael J. McKenney, Executive Vice President & CFO

KADANT

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.

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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 increases or decreases in revenues that exclude the effect of acquisitions and foreign currency translation, adjusted diluted EPS, adjusted earnings before interest, taxes, depreciation, and amortization (adjusted EBITDA), and adjusted EBITDA margin.

A reconciliation of those numbers to the most directly comparable U.S. GAAP financial measures is shown in our 2018 second quarter earnings press release issued July 30, 2018, 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.

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BUSINESS REVIEW

Jonathan W. Painter

President & CEO

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Q2 2018 Financial Highlights

($ Millions, except per share amounts)	Q2 2018	Q2 2017	% CHANGE[2]
Bookings	$176.4	$120.3	46.7%
Revenue	$154.9	$110.2	40.5%
Gross Margin	44.0%	47.9%	n.m.
Net Income	$12.3	$8.1	52.5%
Adjusted EBITDA[1]	$26.1	$19.0	37.4%
Adjusted EBITDA Margin[1]	16.9%	17.3%	n.m.
Diluted EPS	$1.08	$0.72	50.0%
Adjusted Diluted EPS[1]	$1.07	$1.04	2.9%
Cash Flow from Operations	$28.4	$23.7	19.7%

[1] 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 July 30, 2018.
[2] Percent change calculated using actual numbers reported in our press release dated July 30, 2018.

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FX Translation and Acquisition Impact

Q2 2018, $ in millions except EPS	Revenue	Bookings	Parts & Consumables Revenue	Parts & Consumables Bookings
As Reported	$154.9	$176.4	$94.9	$95.5
Growth[1]	40.5%	46.7%	35.4%	40.0%
Growth excluding FX[2]	36.3%	42.2%	32.2%	36.7%
Growth excluding FX and Acquisitions[3]	10.1%	11.3%	5.5%	7.4%

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 above as Acquisitions for the first four quarters after acquisition.

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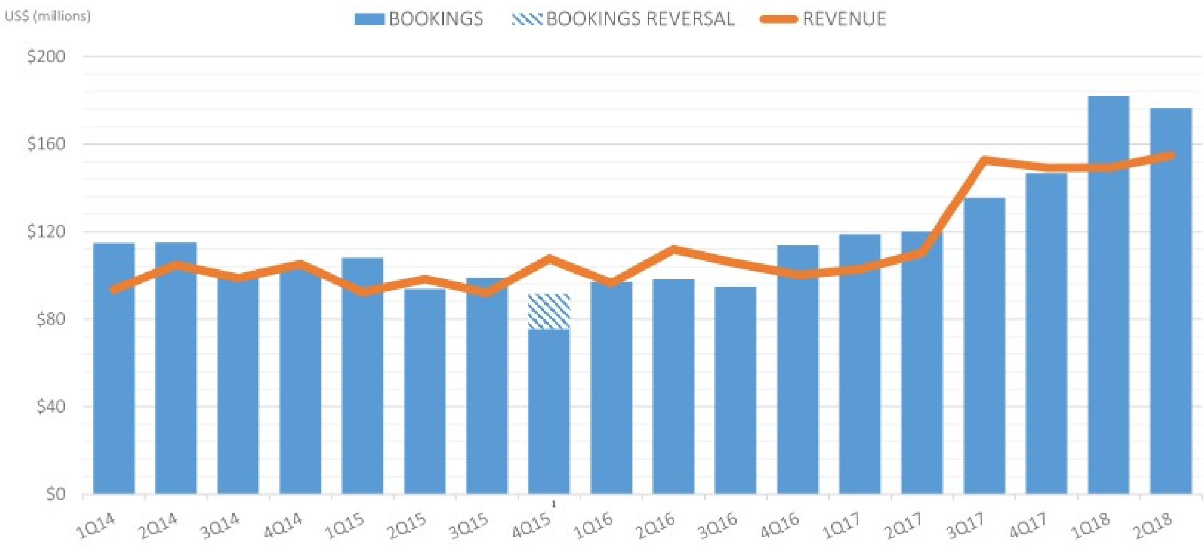
Bookings and Revenue



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

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Parts and Consumables Bookings and Revenue

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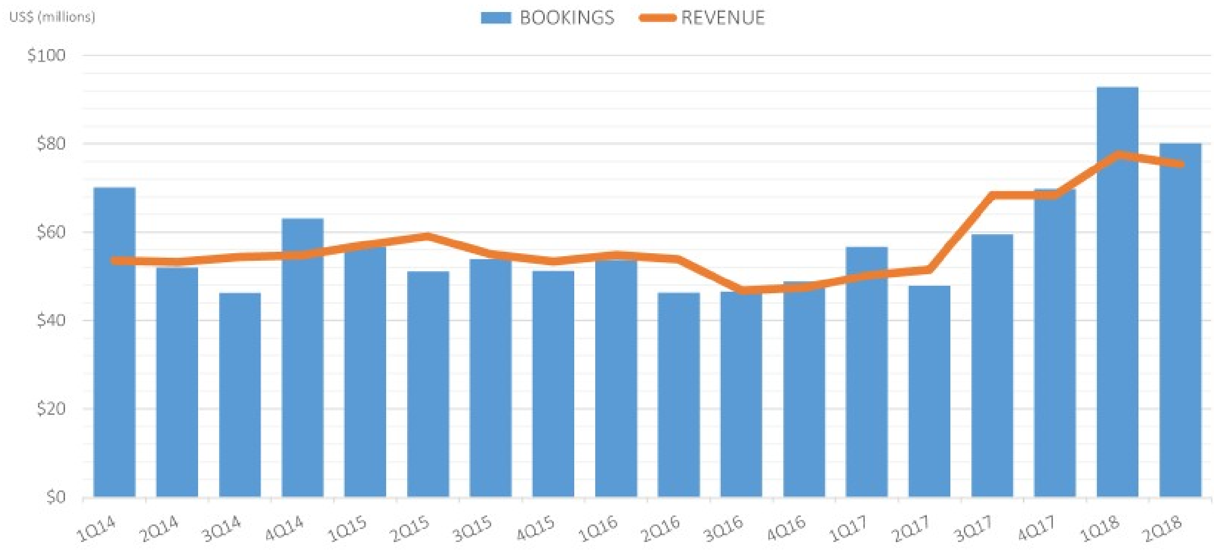
North America Bookings and Revenue



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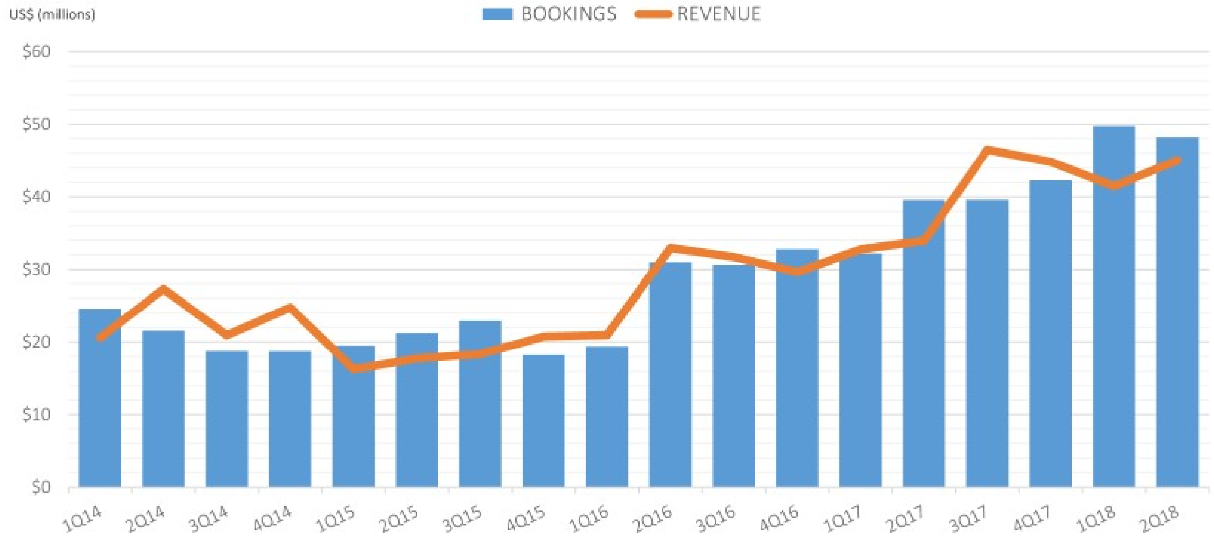
Europe Bookings and Revenue



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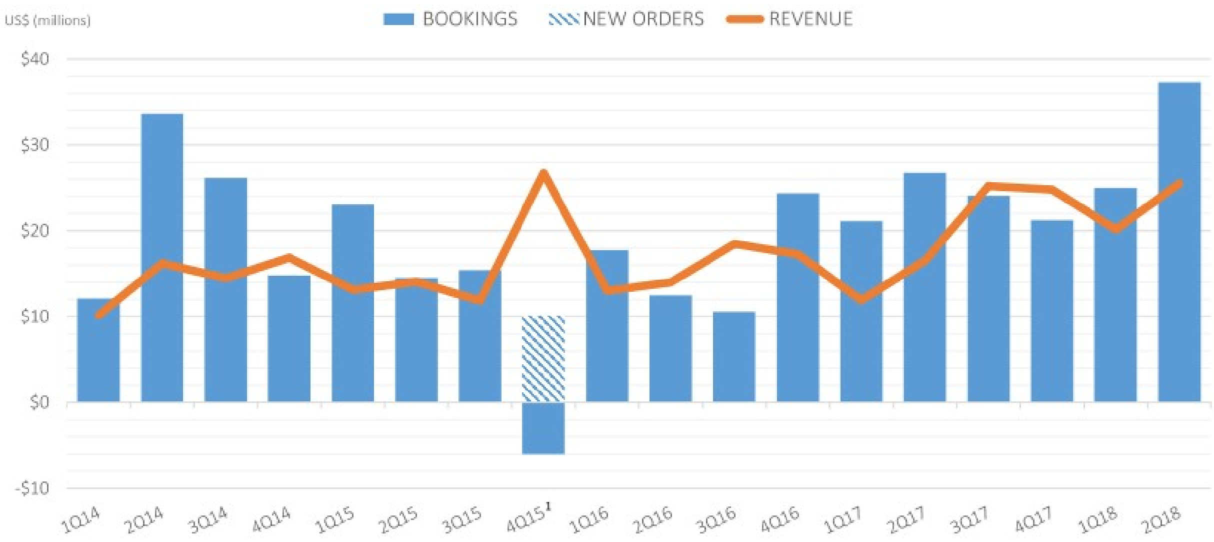
Asia Bookings and Revenue



[1] Reported Q415 Asia bookings were negative $6 million, which included new orders of $10 million and a booking reversal of $16 million.

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Rest-of-World Bookings and Revenue

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Guidance

- FY 2018 GAAP diluted EPS of $4.89 to $4.99
- FY 2018 adjusted diluted EPS* of $5.00 to $5.10
- FY 2018 revenue of $630 to $638 million

- Q3 2018 GAAP diluted EPS of $1.35 to $1.40
- Q3 2018 revenue of $162 to $166 million

* Adjusted diluted EPS is a non-GAAP financial measure that excludes certain items as detailed in our press release dated July 30, 2018.

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FINANCIAL REVIEW

Michael J. McKenney

Executive Vice President & CFO

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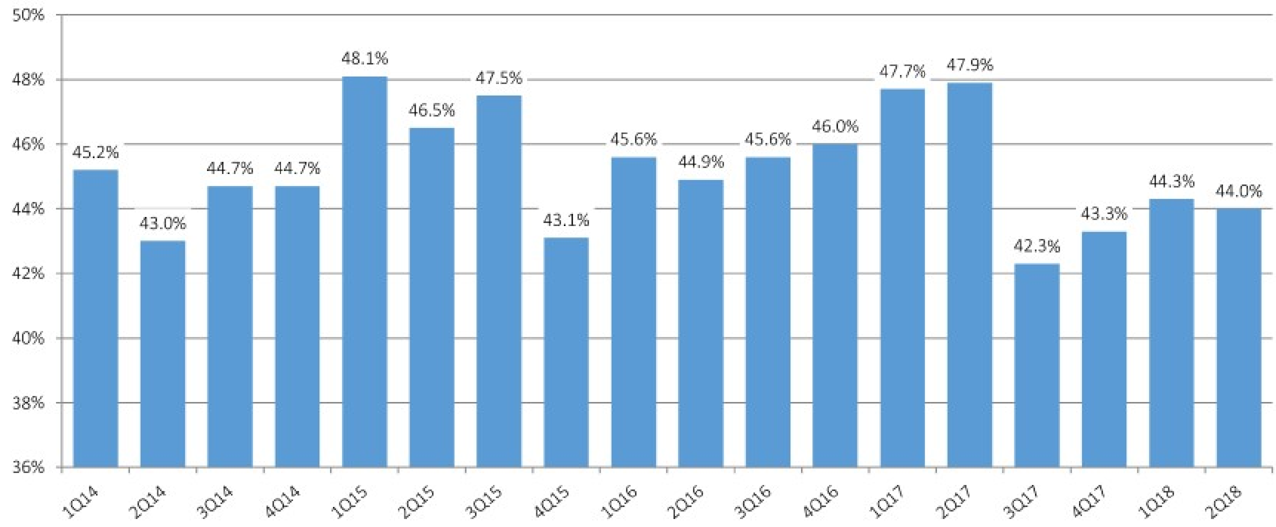
Gross Margin



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.

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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.

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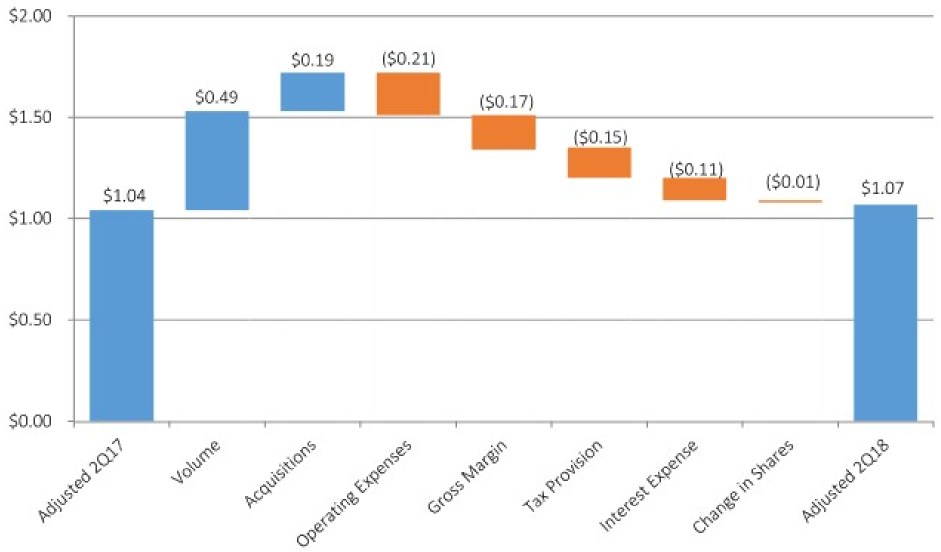
2Q17 to 2Q18 Adjusted Diluted EPS*



* Adjusted diluted EPS is a non-GAAP financial measure that excludes certain items as detailed in our press release dated July 30, 2018.

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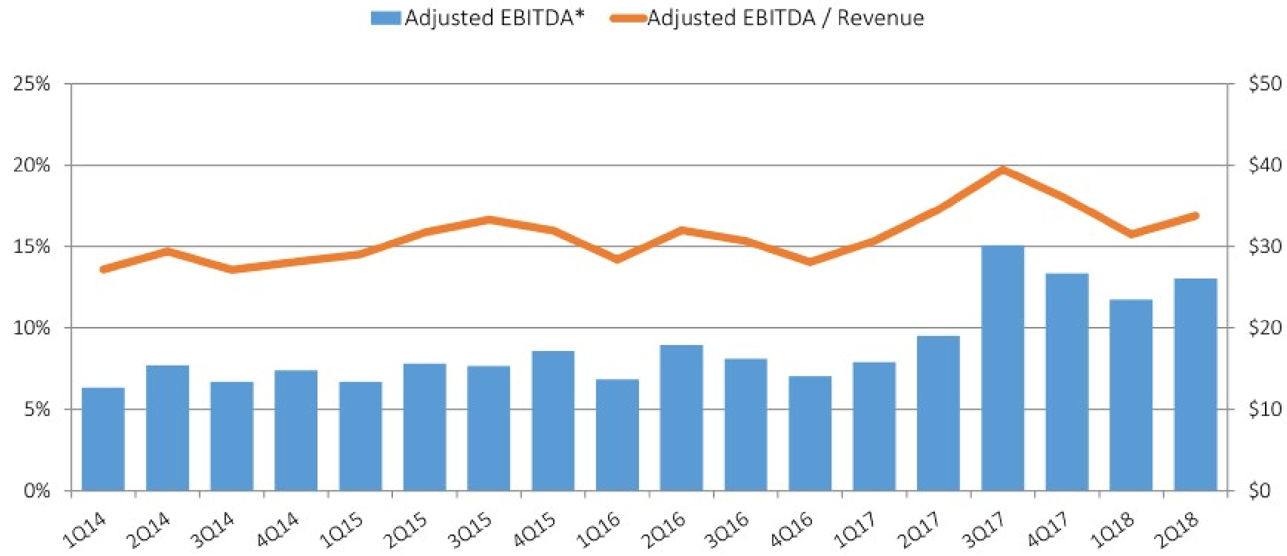
Adjusted EBITDA*



* Adjusted EBITDA is a non-GAAP financial measure that excludes certain items as detailed in our press release dated July 30, 2018.

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Cash Flow

US$ (millions)	2Q18	2Q17
Net Income	$12.5	$8.2
Depreciation and Amortization	5.8	3.3
Stock-Based Compensation	2.2	1.4
Other Items	(0.3)	1.5
Change in Current Assets & Liabilities (excl. acquisitions)	8.2	9.3
Cash Provided by Operating Activities	**$28.4**	**$23.7**

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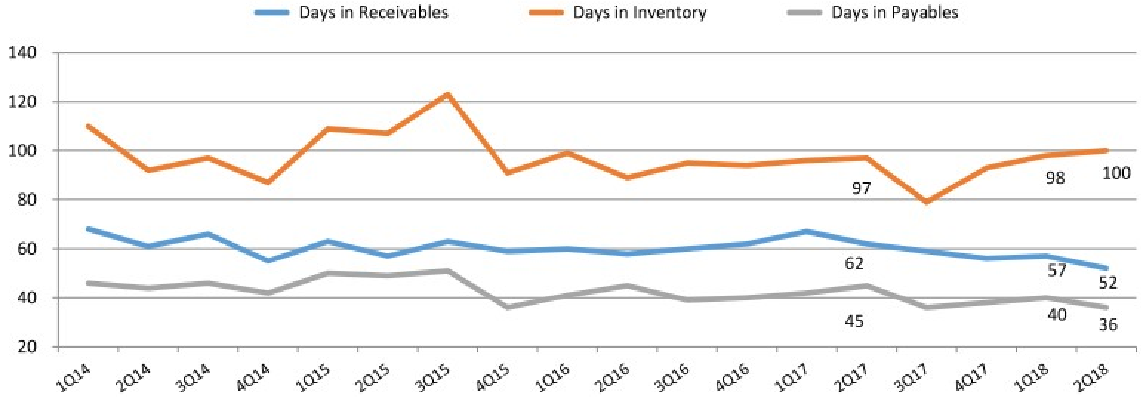
Key Working Capital Metrics

	2Q18	1Q18	2Q17
Days in Receivables	52	57	62
Days in Inventory	100	98	97
Days in Payables	36	40	45



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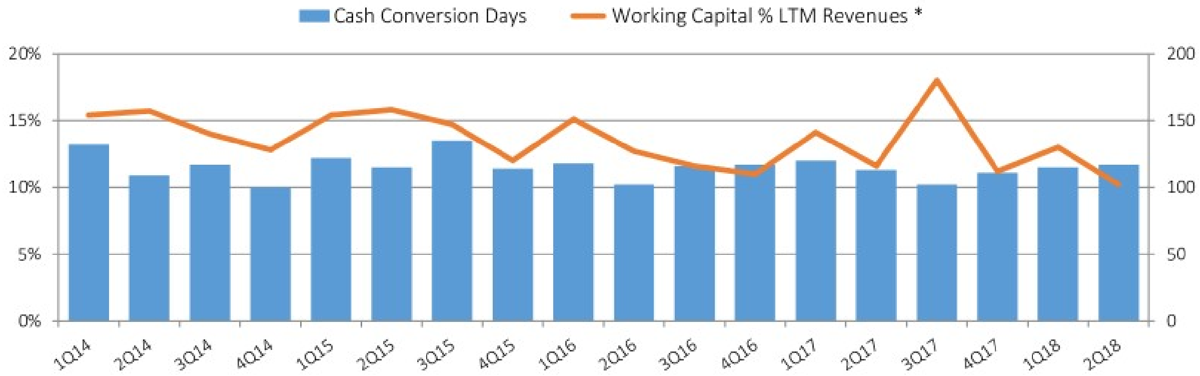
Working Capital and Cash Conversion Days

	2Q18	1Q18	2Q17
Working Capital % LTM Revenues*	10.2%	13.0%	11.6%
Cash Conversion Days**	116 days	115 days	113 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.



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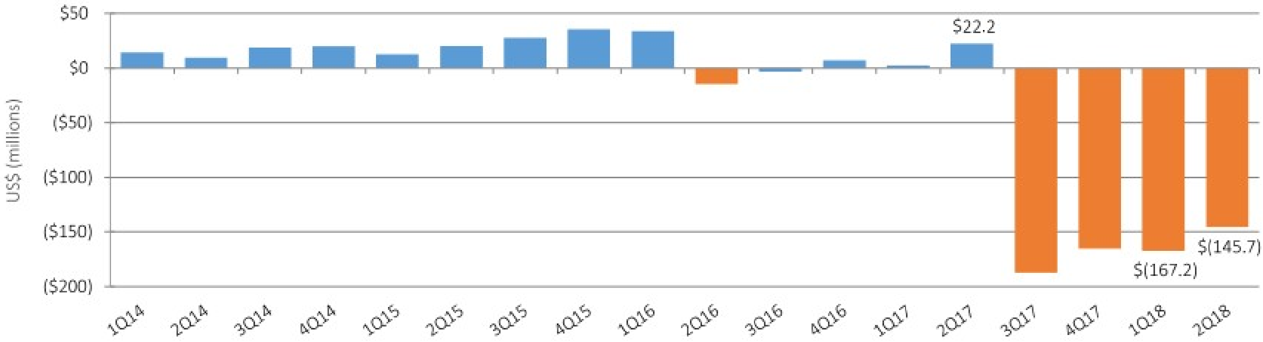
Cash and Debt

US$ (millions)	2Q18	1Q18	2Q17
Cash, cash equivalents, and restricted cash	$61.2	$73.7	$88.0
Debt	(202.2)	(235.8)	(60.7)
Capital lease obligations	(4.7)	(5.1)	(5.1)
Net (debt) cash	**$(145.7)**	**$(167.2)**	**$22.2**



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Leverage Ratio

*Calculated by adding or subtracting certain items from Adjusted EBITDA, as required by our Credit Facility. Effective March 2, 2017, 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.

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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 **906 8779**.

Please mute the audio on your computer.

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Key Take-Aways

- Strong internal growth in revenue and bookings in Q2
- Capacity build-out in Southeast Asia presents new opportunities
- Excellent cash flow from operations in Q2
- Expecting record revenue and diluted EPS in 2018

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