

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

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FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): May 20, 2014

**KADANT INC.**

(Exact Name of Registrant as Specified in its Charter)

Delaware  
(State or Other Jurisdiction  
of Incorporation)

1-11406  
(Commission File Number)

52-1762325  
(IRS Employer  
Identification No.)

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

01886  
(Zip Code)

(978) 776-2000

Registrant's telephone number, including area code

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**KADANT INC.**

**Item 7.01 Regulation FD Disclosure.**

On May 20, 2014, Kadant Inc. (the "Company") will hold a webcast of its 2014 Annual Meeting of Stockholders. A copy of the slides that will be presented on the webcast and discussed on the 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 7.01 shall be deemed to be furnished and not filed.

Exhibit No.	Description of Exhibit
99	Slides to be presented by the Company on May 20, 2014.

**KADANT INC.  
SIGNATURE**

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

KADANT INC.

Date: May 20, 2014

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

# Annual Meeting of Stockholders

May 20, 2014  
Westford, Massachusetts

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**KĀDANT**  
AN ACCENT ON INNOVATION

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**William A. Rainville**

Chairman of the Board

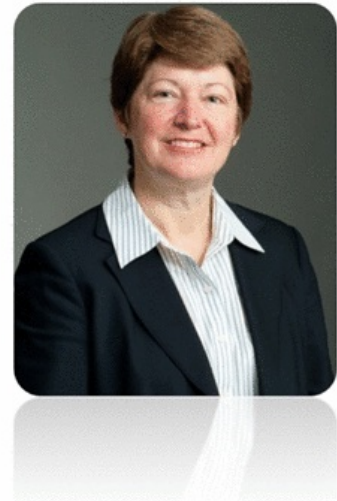


# **ANNUAL MEETING OF STOCKHOLDERS**

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**Sandra L. Lambert**

Vice President, General Counsel, and Secretary



## **ITEMS OF BUSINESS**

# Safe Harbor and Disclaimers

The following constitutes a “Safe Harbor” statement under the Private Securities Litigation Reform Act of 1995: Our presentation today and these slides contain forward-looking statements that involve a number of risks and uncertainties, including forward-looking statements about our expected future financial and operating performance, our market opportunities and demand for our products, our views of the trends in the industries we serve, and our capabilities and technological position in the market. Important factors that could cause actual results to differ materially from those indicated by such statements are set forth under the heading “Risk Factors” in Kadant’s quarterly report on Form 10-Q for the period ended March 29, 2014. These include risks and uncertainties relating to our dependence on process industries; significance of sales and operation of manufacturing facilities in China; oriented strand board market and levels of residential construction activity; commodity and component price increases or shortages; dependence on certain suppliers; international sales and operations; our acquisition strategy; our internal growth strategy; fluctuations in currency exchange rates; competition; soundness of suppliers and customers; our effective tax rate; future restructurings; soundness of financial institutions; our debt obligations; restrictions in our credit agreement; reliance on third-party research; protection of patents and proprietary rights; failure of our information systems or breaches of data security; fluctuations in our share price; and anti-takeover provisions. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise.

The following slides and related commentary address certain current goals and targets for Kadant. There can be no assurance that these goals and targets will be achieved and, in addition to the general risks and uncertainties of our business, they are based on a number of assumptions that may or may not prove accurate or achievable. These assumptions include our ability to identify and complete acquisitions that have the acquisition characteristics we desire and achieve the intended financial metrics, our ability and willingness to continue to pay dividends consistent with our recent practice, our ability to effect open market stock repurchases and our ability to implement our internal growth initiatives successfully and achieve the goals of such initiatives. Additionally, these goals and targets may change at any time and we undertake no obligations to update them.

# Use of Non-GAAP Financial Measures

Adjusted net income, adjusted diluted earnings per share (EPS), adjusted operating income, and adjusted EBITDA are non-GAAP financial measures. These non-GAAP financial measures exclude items that are not indicative of our normal operating results and are not comparable to other periods, which may have differing levels of acquired profit in inventory and backlog, restructuring costs, other expense (income), or discrete tax items or none at all.

We provide these non-GAAP measures to give investors additional insight into our annual operating performance, especially when compared to periods in which such items had greater or lesser effect or no effect. Non-GAAP financial measures are not meant to be considered superior to or a substitute for the results of operations prepared in accordance with generally accepted accounting principles (GAAP). In addition, the non-GAAP financial measures 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.

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.



# Items of Business

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## PROPOSAL 1

•Elect two directors constituting the entire class of directors to be elected for a three-year term expiring in May 2017

- Dr. John M. Albertine
- Mr. Thomas C. Leonard

## Items of Business (cont.)

### PROPOSAL 2

- Non-binding advisory vote on executive compensation

- Resolved, that the compensation paid to our company's named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the compensation discussion and analysis, the compensation tables, and any related material disclosed in our proxy statement, is hereby approved.

## Items of Business (cont.)

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### PROPOSAL 3

- Amendments to our 2006 equity incentive plan to increase the shares available for issuance and to extend the plan's term 10 years

## Items of Business (cont.)

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### PROPOSAL 4

- Ratify the selection of KPMG LLP as our independent registered public accounting firm for FY 2014

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**Jonathan W. Painter**

President & CEO

# **BUSINESS REVIEW**



# 2013 Financial Summary

(\$ Millions, except per share amounts and %)	2013	2012
Revenues	\$ 344.5	\$ 331.8
Gross Profit Margin	45.8%	43.9%
Operating Income	\$ 33.3	\$ 36.4
Adjusted Operating Income*	\$ 36.0	\$ 36.4
Net Income from Continuing Operations	\$ 23.5	\$ 30.9
Diluted EPS from Continuing Operations	\$ 2.07	\$ 2.66
Adjusted Diluted EPS from Continuing Operations*	\$ 2.07	\$ 2.29
Adjusted EBITDA*	\$ 44.7	\$ 44.8
Cash Flows from Continuing Operations	\$ 39.9	\$ 30.5
Bookings	\$ 343.0	\$ 300.4

\* Adjusted operating income, adjusted diluted EPS, and adjusted EBITDA are non-GAAP financial measures as detailed in our Q4 2013 earnings press release issued February 19, 2014.

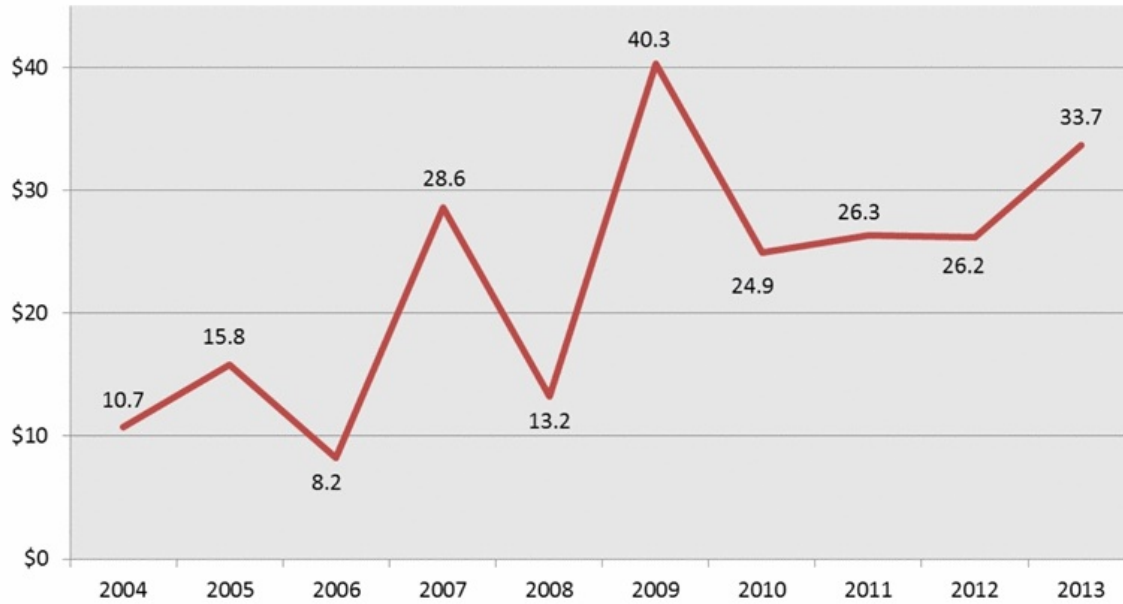
# First Quarter 2014 Financial Summary

(\$ Millions, except per share amounts and %)	1Q14	1Q13
Revenues	\$ 93.4	\$ 76.2
Gross Profit Margin	45.2%	47.3%
Operating Income	\$ 7.6	\$ 7.4
Net Income from Continuing Operations	\$ 5.1	\$ 5.3
Diluted EPS from Continuing Operations	\$ 0.45	\$ 0.47
Adjusted EBITDA*	\$ 12.7	\$ 9.3
Cash Flows from Continuing Operations	\$ 6.2	\$ 7.0
Bookings	\$ 114.7	\$ 90.3

\* Adjusted EBITDA is a non-GAAP financial measure as detailed in our Q1 2014 earnings press release issued April 29, 2014.

# Free Cash Flow

US\$ (millions)



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



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Maximizing Value Through Innovation

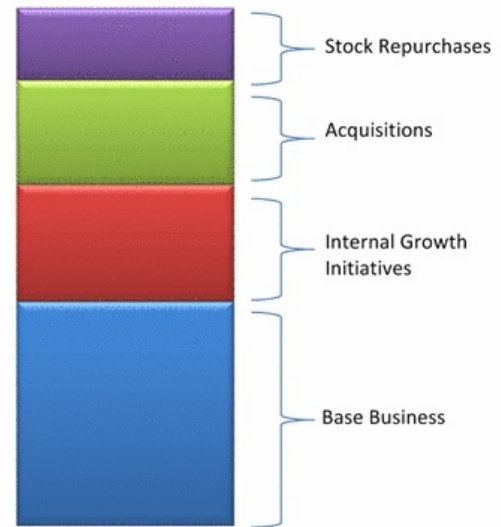
# 2014 GROWTH INITIATIVES



# A Look Back at Our Financial Targets Set in 2013 (Targets for 2017)

- Average revenue growth of 8% to 12% per year
  - ✓ 4% to 6% internal initiatives
  - ✓ 4% to 6% acquisitions
- Fewer shares outstanding
- Minimal debt
- Meaningful dividend

(\$ in Millions, except per share amounts)	2017 Targets
Revenues	\$500-\$550
EBITDA	\$60-\$80
Diluted EPS	\$4.00-\$5.00
Operating Cash Flow	\$45-\$60



2017 Diluted EPS

# Advancing Toward Our Goals

- Internal Growth
  - Numerous internal growth programs
- Acquisitions
  - Three acquisitions completed in 2013
- Stock repurchases
  - Purchased 175,000 shares in 2013
- Cash dividends
  - Paid \$4.2 million 2013
  - Current dividend 15 cents per quarter

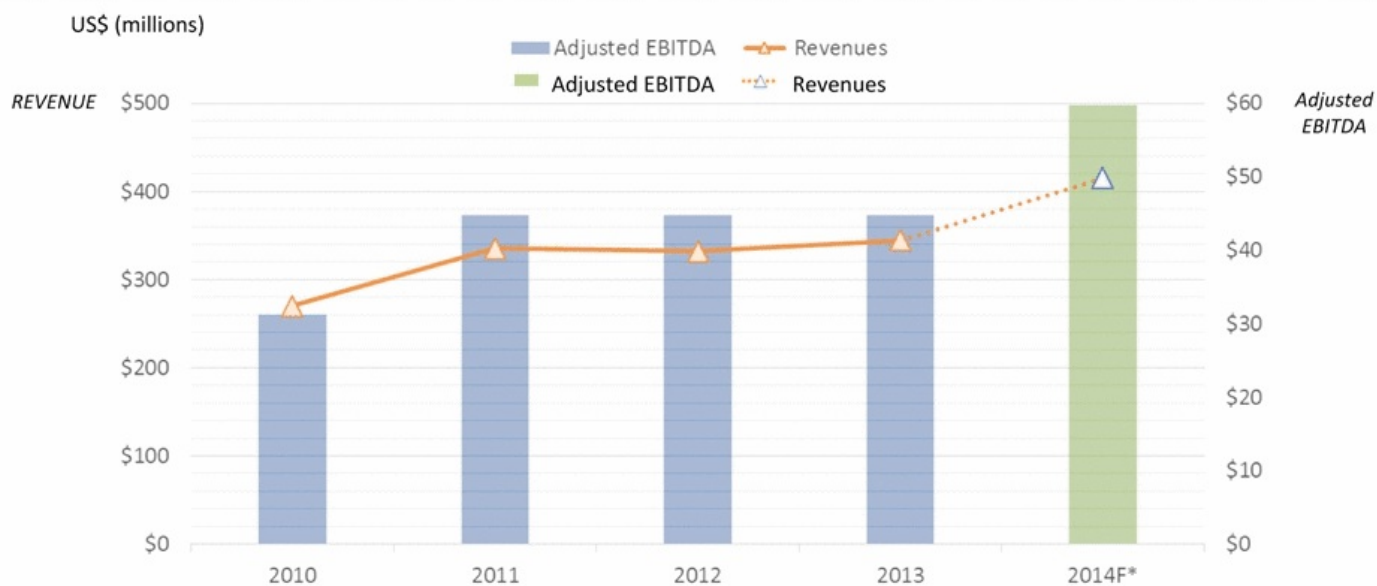


# Adjusted EBITDA

(in millions)	2010	2011	2012	2013	2014F*
Net Income Attributable to Kadant	\$ 18.5	\$ 33.6	\$ 31.6	\$ 23.4	\$ 30.0
Net Income Attributable to Noncontrolling Interest	0.2	0.3	0.2	0.2	0.3
(Income) Loss from Discontinued Operation, Net of Tax	(0.1)	-	(0.7)	0.1	-
Income Tax Provision	5.2	4.3	4.8	9.3	15.3
Interest Expense, net	<u>1.1</u>	<u>0.5</u>	<u>0.5</u>	<u>0.3</u>	<u>0.5</u>
Operating Income	\$ 24.9	\$ 38.7	\$ 36.4	\$ 33.3	\$ 46.1
Restructuring (Income) Costs and Other Income, net	(1.0)	(1.9)	-	0.1	0.4
Acquired Backlog Amortization	-	-	-	1.1	0.3
Acquired Profit in Inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>1.5</u>	<u>2.2</u>
Adjusted Operating Income	\$ 23.9	\$ 36.8	\$ 36.4	\$ 36.0	\$ 49.0
Depreciation and Amortization	<u>7.2</u>	<u>7.9</u>	<u>8.4</u>	<u>8.7</u>	<u>10.7</u>
<b>Adjusted EBITDA</b>	<b>\$ 31.1</b>	<b>\$ 44.7</b>	<b>\$ 44.8</b>	<b>\$ 44.7</b>	<b>\$ 59.7</b>

Note: Adjusted operating income and adjusted EBITDA are non-GAAP financial measures. \* Represents management's current expectation for Adjusted EBITDA for 2014 based on guidance for the 2014 fiscal year provided by management in our Q1 2014 earnings press release issued April 29, 2014. Adjusted operating income and adjusted EBITDA exclude assumed pre-tax restructuring costs of \$0.4 million and pre-tax expense related to acquired inventory and backlog of \$2.5 million for the full-year 2014 period. These items are excluded as they are not indicative of our core operating results and not comparable to other periods, which have differing levels of incremental costs or none at all.

# Revenues and Adjusted EBITDA



\* Represents an estimate for 2014 equal to the mid-range of the revenue guidance provided by management in our Q1 2014 earnings press release issued April 29, 2014.

Note: Adjusted EBITDA is a non-GAAP financial measure that excludes certain items as detailed on the previous slide.

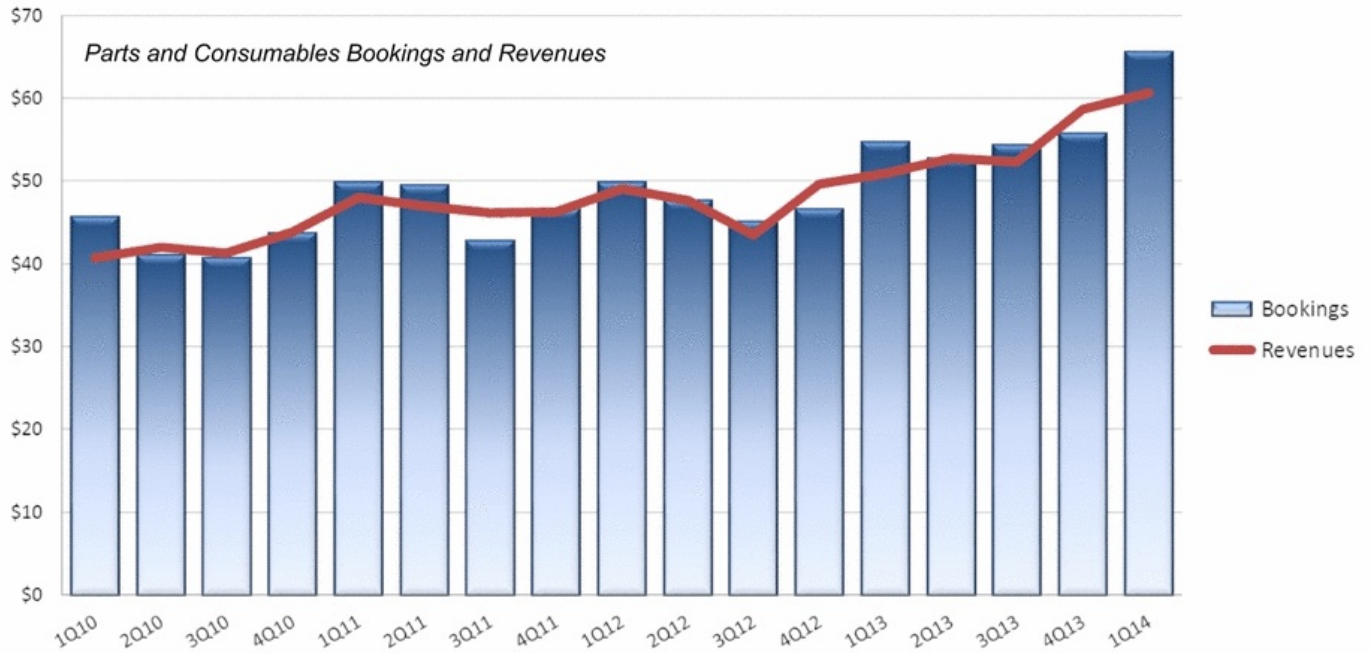
# Major Growth Initiatives

- Grow our parts and consumables business
- Develop innovative products and technologies
- Pursue new applications for our products in other industries
- Acquire complementary businesses



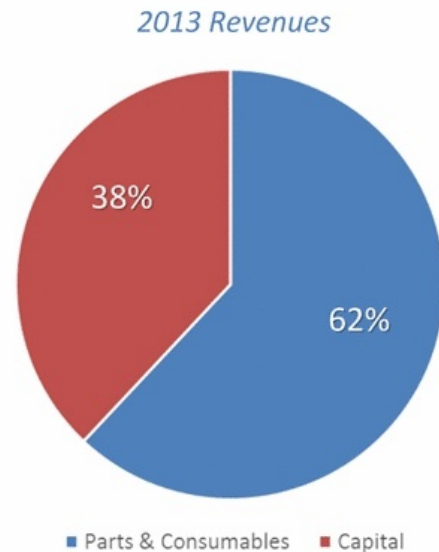
# Growing Our Parts and Consumables Business

US\$ (millions)



# Growing Our Parts and Consumables Business

- Growing China parts business
- Screen cylinder growth with new FibreWall™ basket
- Acquisitions
  - Noss cleaners and media
  - Carmanah knives
  - Radiance blades
- R&D efforts to create new aftermarket solutions



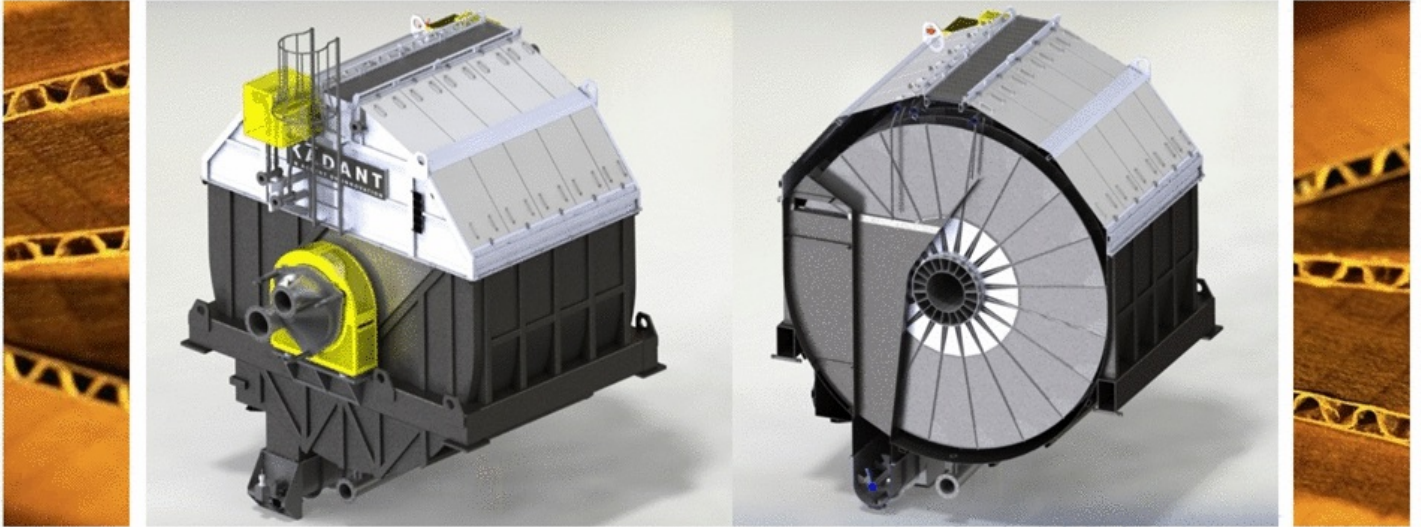


# Product Development

- Filling out our core product lines
  - High-efficiency disc filter
  - High-capacity, low-energy drum pulper
  - Extended life blades for tissue and packaging
- Innovating for new markets
  - ThermoMax™ steam system for high-speed box plants
  - VeriLite™ and VeriKleen™ roll cleaning assemblies

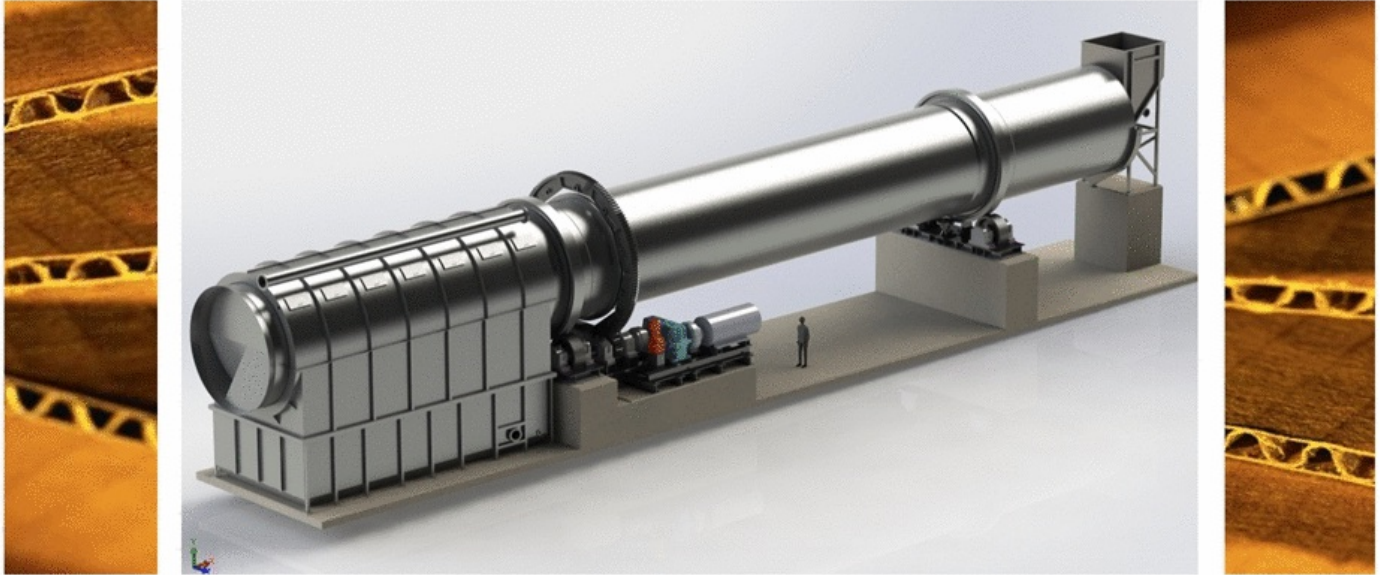


# Stock Preparation Product Line Extension High Efficiency Disc Filter

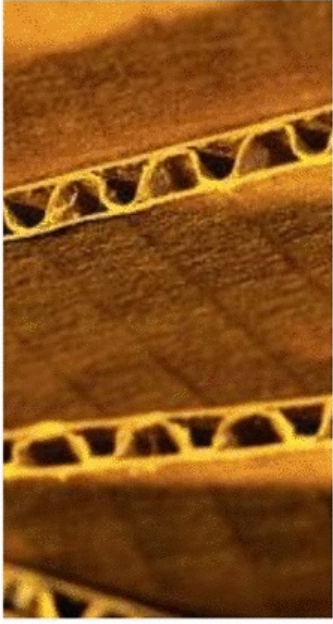
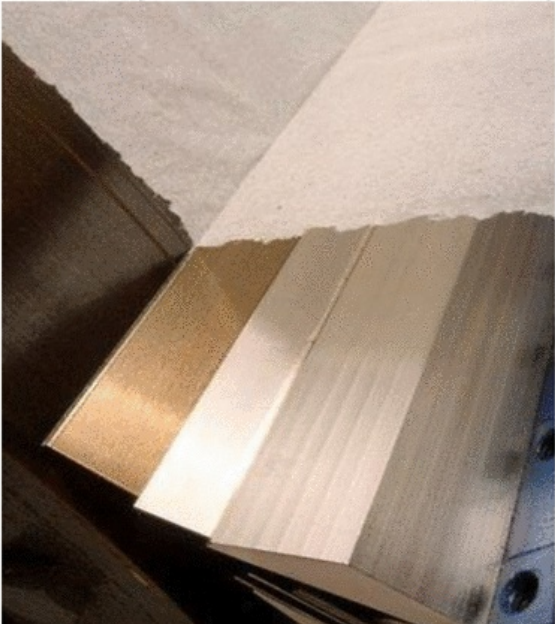


# Stock Preparation Product Line Extension

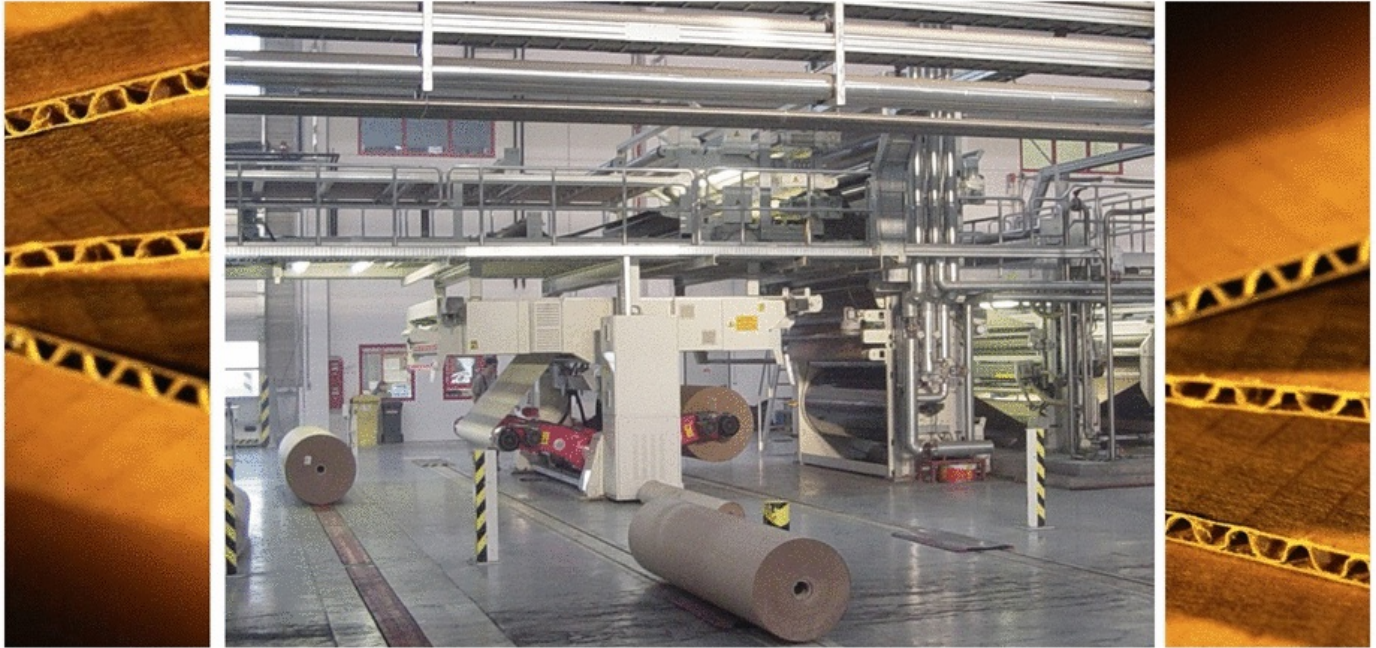
## High Capacity, Low Energy Drum Pulper



# Extended Life Blades for Tissue and Packaging



ThermoMax™ steam system for high-speed corrugated machines.



# New Market Development

- Carbon and synthetic fibers
- Oil & Gas
- Semiconductor
- Food & Beverage
- Bio-energy / Municipal waste



Preventing roll wraps and downtime with the  
patent-pending VeriLite™ Roll Cleaner.



*Problem*



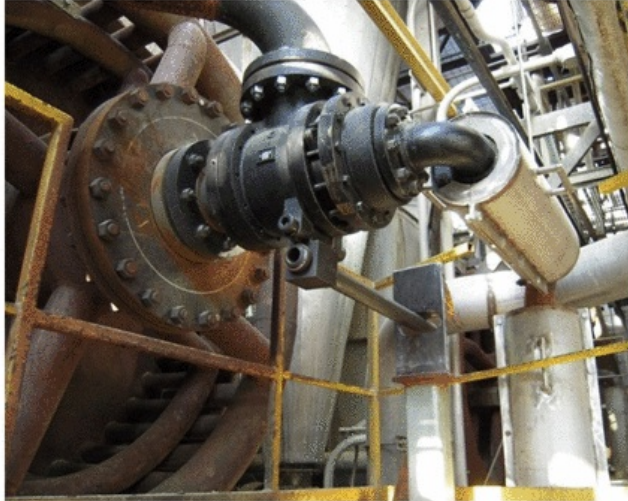
*Solution*

Facilitating Oil & Gas recovery and refining with  
engineered parts and consumables.





Serving global food producers with engineered solutions.



# Bio-energy / Municipal Waste Solutions



## Acquisitions to Enhance Value

- Selectively pursuing strategic companies and technologies
- Recent acquisitions expanded our product lines, strengthened our presence in emerging markets, and diversified our industrial base
  - CBTI, Brazil
  - Noss Group, Sweden
  - Carmanah, Canada
  - Radiance, France



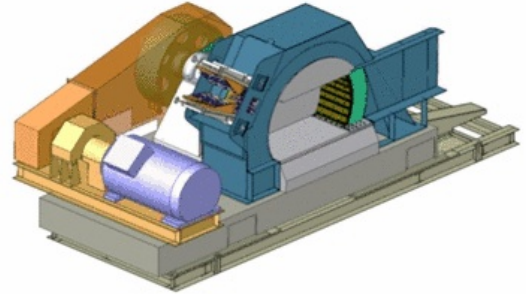
*Kadant Carmanah*



*Kadant South America  
(formerly CBTI)*

# Carmanah Design & Manufacturing Inc.

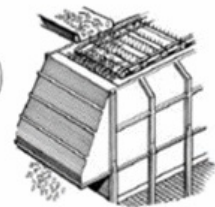
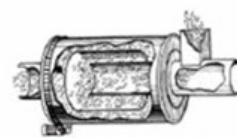
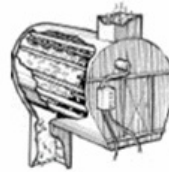
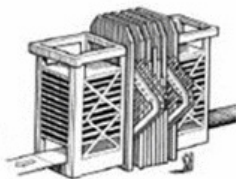
- Leading manufacturer of equipment used to debark and cut logs into thin strands that are pressed into engineered Oriented Strand Board (OSB)
- Approximately 70% of revenues from parts and consumables
- \$150,000 to \$200,000 annual revenues per installed ring strander
- Recent orders in China



# OSB Production Process



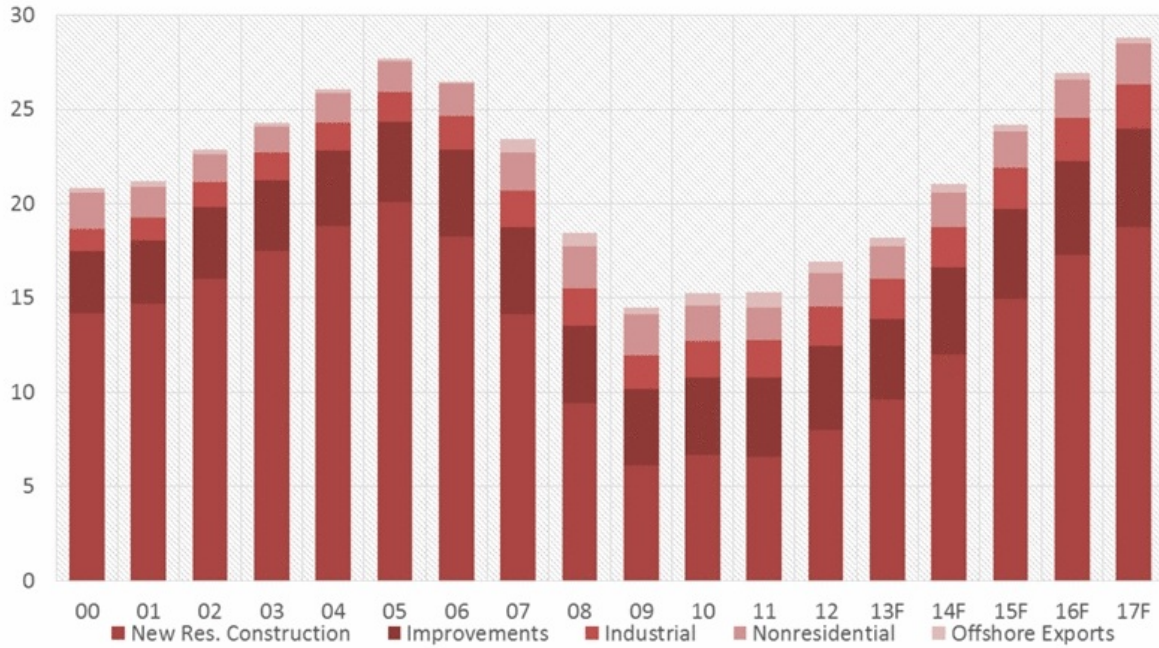
Log hauling and sorting ..... Jackladder ..... **DEBARKING** ..... **STRANDING** .....



..... **Forming, pressing, and finishing** ..... **Wet bins, drying, and blending** .....

# North American OSB Demand by End Use

Billions of Square Feet, 3/8-Inch Basis



Source: Forest Economic Advisors, LLC

# Radiance Technology Acquisition

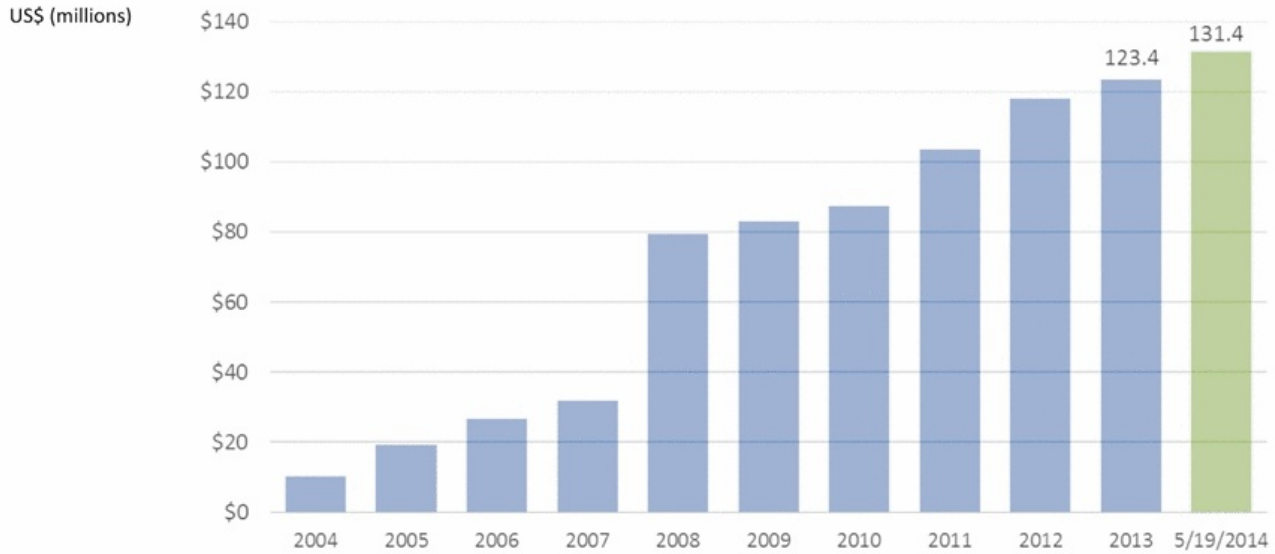
- Premium blades for creping and coating
- Extends current product mix to new applications and markets
- Doubling production capacity
- Integration into existing operations moving forward
- Estimated \$60 million market\*



\* Company estimate based on competitive analysis.

# Cumulative Stock Repurchases

(Through May 19, 2014)



Represents cumulative aggregate dollar amount expended by Kadant pursuant to repurchase programs since 2004.



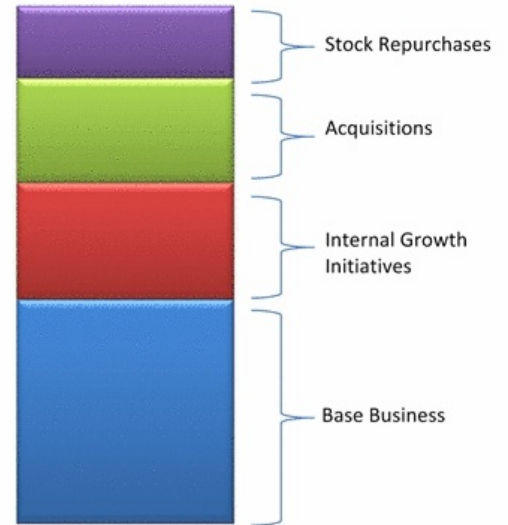
## Stock Repurchases and Dividends

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

# Kadant in 2017

- Average revenue growth of 8% to 12% per year
- Fewer shares outstanding
- Minimal debt
- Meaningful dividend

(\$ in Millions, except per share amounts)	2017 Targets
Revenues	\$500-\$550
EBITDA	\$60-\$80
Diluted EPS	\$4.00-\$5.00
Operating Cash Flow	\$45-\$60



2017 Diluted EPS

## Kadant in 2014

- Strong cash flows
- Parts and consumables business strong and growing
- Developing new products
- Expanding into new industrial markets
- Successful acquisition strategy
- Strong history of returning capital to stockholders
- Healthy balance sheet



## Questions & Answers

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

*Please mute the audio on your computer when calling.*

# Annual Meeting of Stockholders

May 20, 2014

Westford, Massachusetts

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