

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 12, 2020

**KADANT INC.**

(Exact name of registrant as specified in its charter)

Commission file number 001-11406

**Delaware**

(State or other jurisdiction of incorporation or organization)

52-1762325

(I.R.S. Employer Identification No.)

**One Technology Park Drive**

**Westford, Massachusetts 01886**

(Address of principal executive offices, including zip code)

**(978) 776-2000**

(Registrant's telephone number, including area code)

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))

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$.01 par value	KAI	New York Stock Exchange

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 12, 2020, Kadant Inc. (the "Company") announced its financial results for the fiscal quarter and year ended December 28, 2019. 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 February 13, 2020, the Company will hold a webcast and conference call to discuss its financial results for the fiscal quarter and year ended December 28, 2019. 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 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, as amended (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	<a href="#">Press Release issued by the Company on February 12, 2020 announcing its financial results.</a>
99.2	<a href="#">Slides to be presented by the Company on February 13, 2020.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

**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 12, 2020

By /s/ Michael J. McKenney

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Michael J. McKenney  
Executive Vice President and Chief Financial Officer

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**KADANT**

KADANT INC.  
One Technology Park Drive  
Westford, MA 01886

## NEWS

**Kadant Reports Fourth Quarter and Fiscal Year 2019 Results  
Record Revenue, Bookings and Operating Cash Flows in FY 2019**

**WESTFORD, Mass.** - February 12, 2020 - Kadant Inc. (NYSE: KAI) reported its financial results for the fourth quarter and fiscal year ended December 28, 2019.

**Fourth Quarter Financial Highlights**

- Revenue increased 11% to \$183 million
- GAAP diluted EPS decreased to \$0.76 compared to \$1.61 in 2018
- Adjusted diluted EPS decreased 20% to \$1.32
- Net income decreased to \$8.7 million compared to \$18.4 million in 2018
- Adjusted EBITDA increased 1% to \$32 million
- Bookings increased 9% to \$160 million
- Cash flows from operations were a record \$39 million

**Fiscal Year Financial Highlights**

- Revenue increased 11% to \$705 million
- GAAP diluted EPS decreased 14% to \$4.54
- Adjusted diluted EPS was \$5.36
- Net income decreased 14% to \$52 million
- Adjusted EBITDA increased 10% to \$127 million
- Bookings increased 3% to \$688 million
- Cash flows from operations increased 55% to a record \$97 million
- Free cash flow increased 88% to a record \$87 million

Note: Adjusted diluted EPS, adjusted EBITDA, and free cash flow 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." The term "organic" in this press release is a non-GAAP financial measure, which excludes the impact of an acquisition and the effect of foreign currency translation.

**Management Commentary**

"The fourth quarter was a solid finish to another record-setting year," said Jeffrey L. Powell, president and chief executive officer. "Kadant's full-year organic revenue increased for the third consecutive year and contributed to strong performance in a number of key financial metrics, including adjusted diluted EPS and adjusted EBITDA. We were particularly pleased with our record cash flows from operations for the year of \$97 million, up 55 percent from 2018, and record free cash flows of \$87 million, up 88 percent from 2018.

"A strong backlog entering 2019 and favorable market conditions during the first half of the year coupled with excellent operating execution led to our highest level of revenue and bookings despite the weakness in global demand that emerged in the second half of 2019.

"Parts and consumables revenue increased 18 percent to a record \$441 million for the year and represented 63 percent of our total revenue compared to 59 percent in 2018. Parts and consumables demand was strong in the fourth quarter comprising 70 percent of our total fourth quarter bookings. For the full-year, parts and consumables bookings increased 17 percent compared to 2018."

**Fourth Quarter 2019 compared to 2018**

Revenue increased 11 percent to \$182.7 million compared to \$163.9 million in 2018. Organic revenue was down one percent, which excludes a 14 percent increase from an acquisition and a two percent decrease from the unfavorable effect of foreign currency translation. Gross margin was 40.9 percent compared to 43.3 percent in 2018.

GAAP diluted EPS was \$0.76 compared to \$1.61 in 2018. Adjusted diluted EPS decreased 20 percent to \$1.32 compared to \$1.66 in 2018. Adjusted diluted EPS in 2019 excludes a \$0.55 charge to terminate a defined benefit plan at one of our U.S. operations, a \$0.17 impairment and restructuring charge, and a \$0.16 discrete tax benefit. Adjusted diluted EPS in 2018 excludes a \$0.14 discrete tax benefit, \$0.10 of acquisition costs, and a \$0.09 charge associated with the termination of defined benefit plans at one of our U.S. operations.

Adjusted EBITDA increased one percent to \$32.2 million compared to \$32.0 million in 2018. Cash flows from operations increased to a record \$39.2 million compared to \$10.4 million in 2018.

Bookings increased nine percent to \$159.8 million compared to \$147.1 million in 2018. Organic bookings were down six percent, which excludes a 16 percent increase from an acquisition and a one percent decrease from the unfavorable effect of foreign currency translation.

**Fiscal Year 2019 compared to 2018**

Revenue increased 11 percent to \$704.6 million compared to \$633.8 million in 2018. Organic revenue growth was one percent, which excludes a 13 percent increase from an acquisition and a three percent decrease from the unfavorable effect of foreign currency translation. Gross margin was 41.7 percent compared to 43.9 percent in 2018.

GAAP diluted EPS decreased 14 percent to \$4.54 compared to \$5.30 in 2018. Adjusted diluted EPS increased to \$5.36 compared to \$5.34 in 2018. Adjusted diluted EPS in 2019 excludes a \$0.55 charge to terminate a defined benefit plan at one of our U.S. operations, \$0.38 of acquisition-related costs, a \$0.29 discrete tax benefit, and a \$0.17 impairment and restructuring charge. Adjusted diluted EPS in 2018 excludes a \$0.29 discrete tax benefit, \$0.12 of acquisition-related costs, \$0.11 of restructuring costs, and a \$0.09 charge associated with the termination of defined benefit plans at one of our U.S. operations.

Adjusted EBITDA increased 10 percent to \$127.1 million compared to \$115.2 million in 2018. Cash flows from operations increased 55 percent to a record \$97.4 million in 2019 compared to \$63.0 million in 2018.

Bookings increased three percent to \$688.3 million compared to \$670.4 million in 2018. Organic bookings were down eight percent, which excludes a 13 percent increase from an acquisition and a two percent decrease from the unfavorable effect of foreign currency translation.

**Summary and Outlook**

"Overall, our healthy balance sheet and strong operating cash flows position us well for what looks to be a somewhat challenging environment for industrial markets in 2020," Mr. Powell continued. "We expect to report full year GAAP diluted EPS of \$4.98 to \$5.08 in 2020 on revenue of \$690 to \$700 million. The 2020 guidance includes pre-tax amortization expense associated with acquired backlog of \$0.4 million, or \$0.02 per diluted share, and excluding this item, we expect adjusted diluted EPS of \$5.00 to \$5.10. For the first quarter of 2020, we expect GAAP diluted EPS of \$0.80 to \$1.08 on revenue of \$153 to \$163 million. The wide guidance range for the quarter is due to the uncertainty surrounding the impact of the coronavirus in China and the government-mandated business closures, which have impacted employees of our subsidiaries in China. Our subsidiaries received permission to re-open with significant restrictions earlier this week; however, if these restrictions are extended or if there is a broader impact on our customers or suppliers, such impact could affect the timing of shipments and our financial results in the first quarter of 2020."

**Conference Call**

Kadant will hold a webcast with a slide presentation for investors on Thursday, February 13, 2020, at 11:00 a.m. eastern time to discuss its fourth quarter and full-year performance, as well as future expectations. To access the webcast, including the slideshow and accompanying audio, go to [www.kadant.com](http://www.kadant.com) and click on "Investors." To listen to the webcast via teleconference, call 888-326-8410 within the U.S., or 704-385-4884 outside the U.S. and reference participant passcode 7473987. 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](http://www.sec.gov). A replay of the webcast will be available on our website through March 13, 2020.

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](http://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 (organic revenue), adjusted operating income, adjusted net income, adjusted diluted earnings per share (EPS), adjusted earnings before interest, taxes, depreciation, and amortization (adjusted EBITDA), adjusted EBITDA margin, and free cash flow.

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 \$22.3 million from an acquisition and a \$2.4 million unfavorable foreign currency translation effect in the fourth quarter of 2019. Revenue included \$83.4 million from an acquisition and an \$18.6 million unfavorable foreign currency translation effect in 2019. 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, impairment costs, restructuring costs, and amortization expense related to acquired profit in inventory and backlog. Adjusted net income and adjusted diluted EPS also exclude settlement and curtailment losses and discrete tax items. Free cash flow excludes capital expenditures from cash flow from operations. 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, expenditures or income, or none at all.

*Fourth Quarter*

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

- Pre-tax impairment and restructuring cost of \$2.5 million in 2019.
- Pre-tax acquisition costs of \$1.3 million in 2018.

Adjusted net income and adjusted diluted EPS exclude:

- After-tax settlement loss of \$6.4 million (\$5.9 million pre-tax and tax expense of \$0.5 million) in 2019 and an after-tax curtailment loss of \$1.1 million (\$1.4 million net of tax of \$0.3 million) in 2018 associated with the termination of defined benefits plans at one of our U.S. operations.
- After-tax impairment and restructuring cost of \$1.9 million (\$2.5 million net of tax of \$0.6 million) in 2019.
- After-tax acquisition costs of \$1.1 million (\$1.3 million net of tax of \$0.2 million) in 2018.
- A discrete tax benefit of \$1.8 million in 2019 and \$1.6 million in 2018.

Free cash flow excludes:

- Capital expenditures of \$3.7 million in both 2019 and 2018.

*Fiscal Year*

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

- Pre-tax impairment and restructuring cost of \$2.5 million in 2019.
- Pre-tax restructuring cost of \$1.7 million in 2018.
- Pre-tax acquisition costs of \$0.8 million in 2019 and \$1.3 million in 2018.
- Pre-tax expense related to acquired profit in inventory and backlog of \$4.9 million in 2019 and \$0.3 million in 2018.

Adjusted net income and adjusted diluted EPS exclude:

- After-tax settlement loss of \$6.4 million (\$5.9 million pre-tax and tax expense of \$0.5 million) in 2019 and an after-tax curtailment loss of \$1.1 million (\$1.4 million net of tax of \$0.3 million) in 2018 associated with the termination of defined benefits plans at one of our U.S. operations.
- After-tax impairment and restructuring costs of \$1.9 million (\$2.5 million net of tax of \$0.6 million) in 2019.
- After-tax restructuring cost of \$1.3 million (\$1.7 million net of tax of \$0.4 million) in 2018.
- After-tax acquisition costs of \$0.7 million (\$0.8 million net of tax of \$0.1 million) in 2019 and \$1.1 million (\$1.3 million net of tax of \$0.2 million) in 2018.
- After-tax expense related to acquired profit in inventory and backlog of \$3.7 million (\$4.9 million net of tax of \$1.2 million) and \$0.2 million (\$0.3 million net of tax of \$0.1 million) in 2018.
- A discrete tax benefit of \$3.3 million in 2019 and \$3.2 million in 2018.

Free cash flow excludes:

- Capital expenditures of \$10.0 million in 2019 and \$16.6 million in 2018.

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)

<b>Consolidated Statement of Income</b>	<b>Three Months Ended</b>		<b>Twelve Months Ended</b>	
	<b>Dec. 28, 2019</b>	<b>Dec. 29, 2018</b>	<b>Dec. 28, 2019</b>	<b>Dec. 29, 2018</b>
Revenues	\$ 182,659	\$ 163,935	\$ 704,644	\$ 633,786
Costs and Operating Expenses:				
Cost of revenues	108,032	92,990	410,884	355,505
Selling, general, and administrative expenses	47,642	43,618	192,525	177,414
Research and development expenses	2,904	2,503	10,884	10,552
Impairment and restructuring costs (c)	2,528	—	2,528	1,717
	<u>161,106</u>	<u>139,111</u>	<u>616,821</u>	<u>545,188</u>
Operating Income	21,553	24,824	87,823	88,598
Interest Income	55	44	213	379
Interest Expense	(2,612)	(1,712)	(12,755)	(7,032)
Other Expense, Net (b)	(6,063)	(1,681)	(6,359)	(2,417)
	<u>12,933</u>	<u>21,475</u>	<u>68,922</u>	<u>79,528</u>
Income Before Provision for Income Taxes	12,933	21,475	68,922	79,528
Provision for Income Taxes	4,048	2,907	16,358	18,482
Net Income	8,885	18,568	52,564	61,046
Net Income Attributable to Noncontrolling Interest	(136)	(146)	(496)	(633)
Net Income Attributable to Kadant	<u>\$ 8,749</u>	<u>\$ 18,422</u>	<u>\$ 52,068</u>	<u>\$ 60,413</u>
Earnings per Share Attributable to Kadant:				
Basic	\$ 0.77	\$ 1.66	\$ 4.63	\$ 5.45
Diluted	<u>\$ 0.76</u>	<u>\$ 1.61</u>	<u>\$ 4.54</u>	<u>\$ 5.30</u>
Weighted Average Shares:				
Basic	11,344	11,107	11,235	11,086
Diluted	<u>11,525</u>	<u>11,436</u>	<u>11,457</u>	<u>11,400</u>
<b>Adjusted Net Income and Adjusted Diluted EPS (a)</b>				
	<b>Dec. 28, 2019</b>	<b>Dec. 28, 2019</b>	<b>Dec. 29, 2018</b>	<b>Dec. 29, 2018</b>
Net Income and Diluted EPS Attributable to Kadant, as Reported	\$ 8,749	\$ 0.76	\$ 18,422	\$ 1.61
Adjustments for the Following:				
Settlement and Curtailment Losses, Net of Tax (b)	6,352	0.55	1,078	0.09
Impairment and Restructuring Costs, Net of Tax (c)	1,905	0.17	—	—
Acquisition Costs, Net of Tax	—	—	1,096	0.10
Amortization of Acquired Backlog, Net of Tax (d)	15	—	—	—
Discrete Tax Items (e)	(1,839)	(0.16)	(1,577)	(0.14)
Adjusted Net Income and Adjusted Diluted EPS (a)	<u>\$ 15,182</u>	<u>\$ 1.32</u>	<u>\$ 19,019</u>	<u>\$ 1.66</u>

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	Twelve Months Ended		Twelve Months Ended	
	Dec. 28, 2019	Dec. 28, 2019	Dec. 29, 2018	Dec. 29, 2018
Net Income and Diluted EPS Attributable to Kadant, as Reported	\$ 52,068	\$ 4.54	\$ 60,413	\$ 5.30
Adjustments for the Following:				
Settlement and Curtailment Losses, Net of Tax (b)	6,352	0.55	1,078	0.09
Impairment and Restructuring Costs, Net of Tax (c)	1,905	0.17	1,308	0.11
Acquisition Costs, Net of Tax	699	0.06	1,096	0.10
Amortization of Acquired Profit in Inventory and Backlog, Net of Tax (d,i)	3,702	0.32	189	0.02
Discrete Tax Items (e)	(3,338)	(0.29)	(3,249)	(0.29)
Adjusted Net Income and Adjusted Diluted EPS (a)	<u>\$ 61,388</u>	<u>\$ 5.36</u>	<u>\$ 60,835</u>	<u>\$ 5.34</u>

Revenue by Segment	Three Months Ended		Increase (Decrease)	Increase (Decrease) Excluding Acquisition and FX (a,f)
	Dec. 28, 2019	Dec. 29, 2018		
Stock-Preparation	\$ 56,098	\$ 57,091	\$ (993)	\$ 9
Fluid-Handling	32,300	33,330	(1,030)	(440)
Doctoring, Cleaning, & Filtration	29,247	28,667	580	1,045
Papermaking Systems	117,645	119,088	(1,443)	614
Wood Processing Systems	38,538	42,031	(3,493)	(3,210)
Material Handling Systems	22,301	—	22,301	—
Fiber-Based Products	4,175	2,816	1,359	1,359
	<u>\$ 182,659</u>	<u>\$ 163,935</u>	<u>\$ 18,724</u>	<u>\$ (1,237)</u>

Revenue by Segment	Twelve Months Ended		Increase (Decrease)	Increase (Decrease) Excluding Acquisition and FX (a,f)
	Dec. 28, 2019	Dec. 29, 2018		
Stock-Preparation	\$ 215,091	\$ 221,933	\$ (6,842)	\$ 341
Fluid-Handling	132,501	131,830	671	4,488
Doctoring, Cleaning, & Filtration	117,838	116,136	1,702	4,946
Papermaking Systems	465,430	469,899	(4,469)	9,775
Wood Processing Systems	143,187	151,366	(8,179)	(3,816)
Material Handling Systems	83,364	—	83,364	—
Fiber-Based Products	12,663	12,521	142	142
	<u>\$ 704,644</u>	<u>\$ 633,786</u>	<u>\$ 70,858</u>	<u>\$ 6,101</u>

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Revenue by Geography (g)	Three Months Ended			Increase (Decrease)	Increase (Decrease) Excluding Acquisition and FX (a,f)
	Dec. 28, 2019	Dec. 29, 2018			
	North America	\$ 95,368	\$ 78,538		
Europe	48,944	43,244	5,700	7,041	
Asia	22,960	31,151	(8,191)	(9,744)	
Rest of World	15,387	11,002	4,385	4,073	
	<u>\$ 182,659</u>	<u>\$ 163,935</u>	<u>\$ 18,724</u>	<u>\$ (1,237)</u>	

	Twelve Months Ended			Increase (Decrease)	Increase (Decrease) Excluding Acquisition and FX (a,f)
	Dec. 28, 2019	Dec. 29, 2018			
	North America	\$ 386,952	\$ 305,618		
Europe	180,888	174,681	6,207	15,686	
Asia	84,705	109,688	(24,983)	(25,414)	
Rest of World	52,099	43,799	8,300	7,743	
	<u>\$ 704,644</u>	<u>\$ 633,786</u>	<u>\$ 70,858</u>	<u>\$ 6,101</u>	

Bookings by Segment	Three Months Ended			Increase (Decrease)	Increase (Decrease) Excluding Acquisition and FX (f)
	Dec. 28, 2019	Dec. 29, 2018			
	Stock-Preparation	\$ 43,934	\$ 41,371		
Fluid-Handling	28,339	30,867	(2,528)	(1,970)	
Doctoring, Cleaning, & Filtration	28,635	32,938	(4,303)	(3,926)	
Papermaking Systems	100,908	105,176	(4,268)	(2,724)	
Wood Processing Systems	30,923	38,971	(8,048)	(7,789)	
Material Handling Systems	23,460	—	23,460	—	
Fiber-Based Products	4,492	2,940	1,552	1,552	
	<u>\$ 159,783</u>	<u>\$ 147,087</u>	<u>\$ 12,696</u>	<u>\$ (8,961)</u>	

	Twelve Months Ended			Increase (Decrease)	Increase (Decrease) Excluding Acquisition and FX (f)
	Dec. 28, 2019	Dec. 29, 2018			
	Stock-Preparation	\$ 215,948	\$ 228,444		
Fluid-Handling	129,125	138,230	(9,105)	(5,050)	
Doctoring, Cleaning, & Filtration	112,095	119,541	(7,446)	(4,432)	
Papermaking Systems	457,168	486,215	(29,047)	(14,429)	
Wood Processing Systems	129,865	172,184	(42,319)	(37,944)	
Material Handling Systems	88,123	—	88,123	—	
Fiber-Based Products	13,129	12,028	1,101	1,101	
	<u>\$ 688,285</u>	<u>\$ 670,427</u>	<u>\$ 17,858</u>	<u>\$ (51,272)</u>	

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Segment Information	Three Months Ended		Twelve Months Ended	
	Dec. 28, 2019	Dec. 29, 2018	Dec. 28, 2019	Dec. 29, 2018
Gross Margin:				
Papermaking Systems	43.6%	44.1%	44.2%	44.9%
Wood Processing Systems	37.2%	40.2%	40.7%	40.3%
Material Handling Systems	30.7%	—%	28.3%	—%
Fiber-Based Products	51.6%	53.1%	49.5%	50.8%
	<u>40.9%</u>	<u>43.3%</u>	<u>41.7%</u>	<u>43.9%</u>
Operating Income:				
Papermaking Systems	\$ 19,864	\$ 22,052	\$ 81,232	\$ 83,454
Wood Processing Systems	5,308	9,857	28,166	31,237
Material Handling Systems	2,255	—	3,132	—
Corporate and Other	(5,874)	(7,085)	(24,707)	(26,093)
	<u>\$ 21,553</u>	<u>\$ 24,824</u>	<u>\$ 87,823</u>	<u>\$ 88,598</u>
Adjusted Operating Income (a,h):				
Papermaking Systems	\$ 19,864	\$ 22,052	\$ 81,232	\$ 85,171
Wood Processing Systems	7,836	9,857	30,694	31,489
Material Handling Systems	2,275	—	8,847	—
Corporate and Other	(5,874)	(5,764)	(24,707)	(24,772)
	<u>\$ 24,101</u>	<u>\$ 26,145</u>	<u>\$ 96,066</u>	<u>\$ 91,888</u>
Capital Expenditures:				
Papermaking Systems	\$ 2,237	\$ 2,880	\$ 6,127	\$ 12,717
Wood Processing Systems	710	686	2,133	3,272
Material Handling Systems	590	—	1,195	—
Corporate and Other	184	176	502	570
	<u>\$ 3,721</u>	<u>\$ 3,742</u>	<u>\$ 9,957</u>	<u>\$ 16,559</u>

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Cash Flow and Other Data	Three Months Ended		Twelve Months Ended	
	Dec. 28, 2019	Dec. 29, 2018	Dec. 28, 2019	Dec. 29, 2018
Cash Provided by Operations	\$ 39,247	\$ 10,435	\$ 97,413	\$ 62,985
Less: Capital Expenditures	(3,721)	(3,742)	(9,957)	(16,559)
Free Cash Flow (a)	<u>\$ 35,526</u>	<u>\$ 6,693</u>	<u>\$ 87,456</u>	<u>\$ 46,426</u>
Depreciation and Amortization Expense	\$ 8,086	\$ 5,829	\$ 32,390	\$ 23,568
<b>Balance Sheet Data</b>			Dec. 28, 2019	Dec. 29, 2018
<b>Assets</b>				
Cash, Cash Equivalents, and Restricted Cash			\$ 68,273	\$ 46,117
Accounts Receivable, net			95,740	92,624
Inventories			102,715	86,373
Unbilled Revenues			13,162	15,741
Property, Plant, and Equipment, net			86,032	80,157
Intangible Assets			173,896	113,347
Goodwill			336,032	258,174
Other Assets			63,537	33,216
			<u>\$ 939,387</u>	<u>\$ 725,749</u>
<b>Liabilities and Stockholders' Equity</b>				
Accounts Payable			\$ 45,852	\$ 35,720
Debt Obligations			294,717	171,434
Other Borrowings			6,308	4,387
Other Liabilities			165,431	139,637
Total Liabilities			<u>512,308</u>	<u>351,178</u>
Stockholders' Equity			427,079	374,571
			<u>\$ 939,387</u>	<u>\$ 725,749</u>

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Adjusted Operating Income and Adjusted EBITDA Reconciliation (a)	Three Months Ended		Twelve Months Ended	
	Dec. 28, 2019	Dec. 29, 2018	Dec. 28, 2019	Dec. 29, 2018
<b>Consolidated</b>				
Net Income Attributable to Kadant	\$ 8,749	\$ 18,422	\$ 52,068	\$ 60,413
Net Income Attributable to Noncontrolling Interest	136	146	496	633
Provision for Income Taxes	4,048	2,907	16,358	18,482
Interest Expense, Net	2,557	1,668	12,542	6,653
Other Expense, Net (b)	6,063	1,681	6,359	2,417
Operating Income	21,553	24,824	87,823	88,598
Impairment and Restructuring Costs (c)	2,528	—	2,528	1,717
Acquisition Costs	—	1,321	843	1,321
Acquired Backlog Amortization (d)	20	—	1,323	252
Acquired Profit in Inventory (i)	—	—	3,549	—
Adjusted Operating Income (a)	24,101	26,145	96,066	91,888
Depreciation and Amortization	8,066	5,829	31,067	23,316
Adjusted EBITDA (a)	\$ 32,167	\$ 31,974	\$ 127,133	\$ 115,204
Adjusted EBITDA Margin (a,j)	17.6%	19.5%	18.0%	18.2%
<b>Papermaking Systems</b>				
Operating Income	\$ 19,864	\$ 22,052	\$ 81,232	\$ 83,454
Restructuring Costs (c)	—	—	—	1,717
Adjusted Operating Income (a)	19,864	22,052	81,232	85,171
Depreciation and Amortization	3,405	3,154	13,010	12,561
Adjusted EBITDA (a)	\$ 23,269	\$ 25,206	\$ 94,242	\$ 97,732
<b>Wood Processing Systems</b>				
Operating Income	\$ 5,308	\$ 9,857	\$ 28,166	\$ 31,237
Impairment and Restructuring Costs (c)	2,528	—	2,528	—
Acquired Backlog Amortization (d)	—	—	—	252
Adjusted Operating Income (a)	7,836	9,857	30,694	31,489
Depreciation and Amortization	2,409	2,480	9,571	10,065
Adjusted EBITDA (a)	\$ 10,245	\$ 12,337	\$ 40,265	\$ 41,554
<b>Material Handling Systems</b>				
Operating Income	\$ 2,255	\$ —	\$ 3,132	\$ —
Acquisition Costs	—	—	843	—
Acquired Backlog Amortization (d)	20	—	1,323	—
Acquired Profit in Inventory (i)	—	—	3,549	—
Adjusted Operating Income (a)	2,275	—	8,847	—
Depreciation and Amortization	2,044	—	7,695	—
Adjusted EBITDA (a)	\$ 4,319	\$ —	\$ 16,542	\$ —
<b>Corporate and Other</b>				
Operating Loss	\$ (5,874)	\$ (7,085)	\$ (24,707)	\$ (26,093)
Acquisition Costs	—	1,321	—	1,321
Adjusted Operating Loss (a)	(5,874)	(5,764)	(24,707)	(24,772)
Depreciation and Amortization	208	195	791	690
Adjusted EBITDA (a)	\$ (5,666)	\$ (5,569)	\$ (23,916)	\$ (24,082)

(a) Represents a non-GAAP financial measure.

(b) Represents a settlement loss of \$5,887 (\$6,352 after tax) in the fourth quarter of 2019 and a curtailment loss of \$1,425 (\$1,078 after tax) in the fourth quarter of 2018 included in Other Expense, Net associated with the termination of defined benefit plans at one of our U.S. operations.

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- (c) Represents an intangible asset impairment charge of \$2,336 (\$1,765 after tax) and a restructuring charge of \$192 (\$140 after tax) in the fourth quarter of 2019 related to our Wood Processing Systems segment's timber-harvesting product line and a restructuring charge of \$1,717 (\$1,308 after tax) in 2018 related to our Papermaking Systems segment's stock-preparation product line.
- (d) Represents intangible amortization expense associated with acquired backlog.
- (e) The discrete tax benefit of \$1,839, or \$0.16 per diluted share, in the fourth quarter of 2019 and \$3,338, or \$0.29 per diluted share, for the full-year 2019 relates to the exercise of employee stock options. The impact of the tax benefit both for the fourth quarter of 2019, as well as the aggregate impact for the full year 2019, is significantly higher than the future tax benefit anticipated for the remaining outstanding stock options. As a result, our adjusted diluted EPS excludes this benefit for all periods in 2019, including recasting our adjusted diluted EPS for the second and third quarters of 2019. Adjusted diluted EPS in 2018 was not recast as the discrete tax benefit was not material.  
In addition for full-year 2019, we recast our adjusted diluted EPS in the second quarter of 2019 to no longer exclude a tax benefit of \$1,186, or \$0.10 per diluted share, related to the repatriation of foreign earnings due to the recurring nature of this activity in 2019 and expected prospectively.  
The discrete tax benefit of \$1,577, or \$0.14 per diluted share, in the fourth quarter of 2018 and \$3,249, or \$0.29 per diluted share, for the full-year 2018 relates to adjustments to the provisional amounts recognized due to the U.S. tax legislation enacted in December 2017 and for the full-year 2018 also includes the reversal of tax reserves associated with uncertain tax positions.
- (f) Represents the increase (decrease) resulting from the exclusion of an acquisition 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.
- (g) Geographic revenues are attributed to regions based on customer location.
- (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 approximately 2,800 employees in 20 countries worldwide. For more information, visit [www.kadant.com](http://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 our 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 29, 2018 and subsequent filings with the Securities and Exchange Commission. These include risks and uncertainties relating to the impact of the coronavirus on our operating and financial results; 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; international sales and operations; the variability and uncertainties in sales of capital equipment in China; the oriented strand board market and levels of residential construction activity; development and use of digital media; currency fluctuations; cyclical economic conditions affecting the global mining industry and the continued demand for coal; price increases or shortages of raw materials; dependence on certain suppliers; our acquisition strategy; failure of our information systems or breaches of data security and cybertheft; 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 exit from the European Union; our debt obligations; restrictions in our credit agreement and note purchase agreement; loss of key personnel and effective succession planning; protection of intellectual property; fluctuations in our share price; soundness of financial institutions; environmental laws and regulations; climate change; environmental, health and safety laws and regulations; adequacy of our insurance coverage; anti-takeover provisions; and reliance on third-party research.

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# Fourth Quarter and Fiscal Year 2019 Business Review

February 13, 2020

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# 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 February 13, 2020. 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 29, 2018 and subsequent filings with the Securities and Exchange Commission.

These include risks and uncertainties relating to the impact of the coronavirus on our operating and financial results; 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; international sales and operations; the variability and uncertainties in sales of capital equipment in China; the oriented strand board market and levels of residential construction activity; development and use of digital media; currency fluctuations; cyclical economic conditions affecting the global mining industry and the continued demand for coal; price increases or shortages of raw materials; dependence on certain suppliers; our acquisition strategy; failure of our information systems or breaches of data security and cybertheft; changes in government regulations and policies and compliance with laws; our internal growth strategy; competition; soundness of suppliers and customer 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 exit from the European Union; our debt obligations; restrictions in our credit agreement and note purchase agreement; loss of key personnel and effective succession planning; protection of intellectual property; fluctuations in our share price; soundness of financial institutions; environmental laws and regulations; climate change; environmental, health and safety laws and regulations; adequacy of our insurance coverage; and 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 (organic revenue), 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 within this presentation and in our 2019 fourth quarter earnings press release issued February 12, 2020 and in our 2018 fourth quarter earnings press release issued February 13, 2019, which are available in the Investors section of our website at [investor.kadant.com](http://investor.kadant.com) under the heading News 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

Jeffrey L. Powell | President & CEO

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# Q4 2019 Financial Highlights

(\$ Millions, except per share amounts)	Q4 2019	Q4 2018	% Change <sup>2</sup>
Bookings	\$159.8	\$147.1	8.6%
Revenue	\$182.7	\$163.9	11.4%
Gross Margin	40.9%	43.3%	n.m.
Net Income	\$8.7	\$18.4	-52.5%
Adjusted EBITDA <sup>1</sup>	\$32.2	\$32.0	0.6%
Adjusted EBITDA Margin <sup>1</sup>	17.6%	19.5%	n.m.
Diluted EPS	\$0.76	\$1.61	-52.8%
Adjusted Diluted EPS <sup>1</sup>	\$1.32	\$1.66	-20.5%
Cash Flow from Operations	\$39.2	\$10.4	276.1%
Net Debt	\$232.8	\$129.7	79.4%

<sup>1</sup> 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 12, 2020.

<sup>2</sup> Percent change calculated using actual numbers reported in our press release dated February 12, 2020.

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# 2019 Financial Highlights

(\$ Millions, except per share amounts)	2019	2018	% Change <sup>2</sup>
Bookings	\$688.3	\$670.4	2.7%
Revenue	\$704.6	\$633.8	11.2%
Gross Margin	41.7%	43.9%	n.m.
Net Income	\$52.1	\$60.4	-13.8%
Adjusted EBITDA <sup>1</sup>	\$127.1	\$115.2	10.4%
Adjusted EBITDA Margin <sup>1</sup>	18.0%	18.2%	n.m.
Diluted EPS	\$4.54	\$5.30	-14.3%
Adjusted Diluted EPS <sup>1</sup>	\$5.36	\$5.34	0.4%
Cash Flow from Operations	\$97.4	\$63.0	54.7%
Free Cash Flow <sup>3</sup>	\$87.5	\$46.4	88.4%

<sup>1</sup> 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 12, 2020.

<sup>2</sup> Percent change calculated using actual numbers reported in our press release dated February 12, 2020.

<sup>3</sup> Free cash flow is a non-GAAP measure that excludes certain items as detailed on slide 36.

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# FX Translation and Acquisition Impact

Q4 2019				
(\$ Millions)	Revenue	Bookings	Parts & Consumables Revenue	Parts & Consumables Bookings
As Reported	\$182.7	\$159.8	\$110.4	\$111.1
Growth <sup>1</sup>	11.4%	8.6%	21.5%	24.2%
Growth excluding FX <sup>2</sup>	12.8%	9.9%	22.8%	25.4%
Growth excluding FX and Acquisitions <sup>3</sup>	-0.8%	-6.1%	3.7%	6.5%

FY 2019				
(\$ Millions)	Revenue	Bookings	Parts & Consumables Revenue	Parts & Consumables Bookings
As Reported	\$704.6	\$688.3	\$440.7	\$441.4
Growth <sup>1</sup>	11.2%	2.7%	17.7%	16.6%
Growth excluding FX <sup>2</sup>	14.1%	5.5%	20.5%	19.5%
Growth excluding FX and Acquisitions <sup>3</sup>	1.0%	-7.6%	2.8%	2.1%

<sup>1</sup> Growth is the year-over-year percent change between the current period and the comparable prior period.

<sup>2</sup> Represents the year-over-year percent change excluding the impact of current period versus prior period exchange rates.

<sup>3</sup> 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



# Parts and Consumables Bookings and Revenue





# North America Bookings and Revenue



# Europe Bookings and Revenue



# Asia Bookings and Revenue



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# Rest-of-World Bookings and Revenue



# Guidance

- FY 2020 GAAP diluted EPS of \$4.98 to \$5.08
- FY 2020 adjusted diluted EPS\* of \$5.00 to \$5.10
- FY 2020 revenue of \$690 to \$700 million
  
- Q1 2020 GAAP diluted EPS of \$0.80 to \$1.08
- Q1 2020 revenue of \$153 to \$163 million

\* Adjusted diluted EPS is a non-GAAP financial measure that excludes certain items as detailed in our press release dated February 12, 2020.

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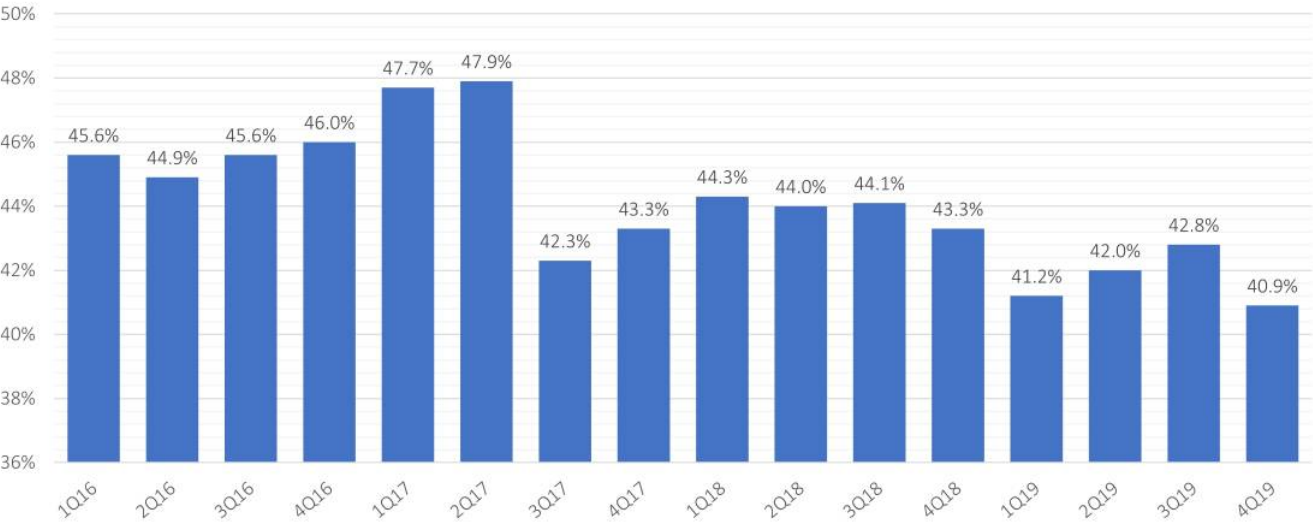
# FINANCIAL REVIEW

Michael J. McKenney | Executive Vice President & CFO

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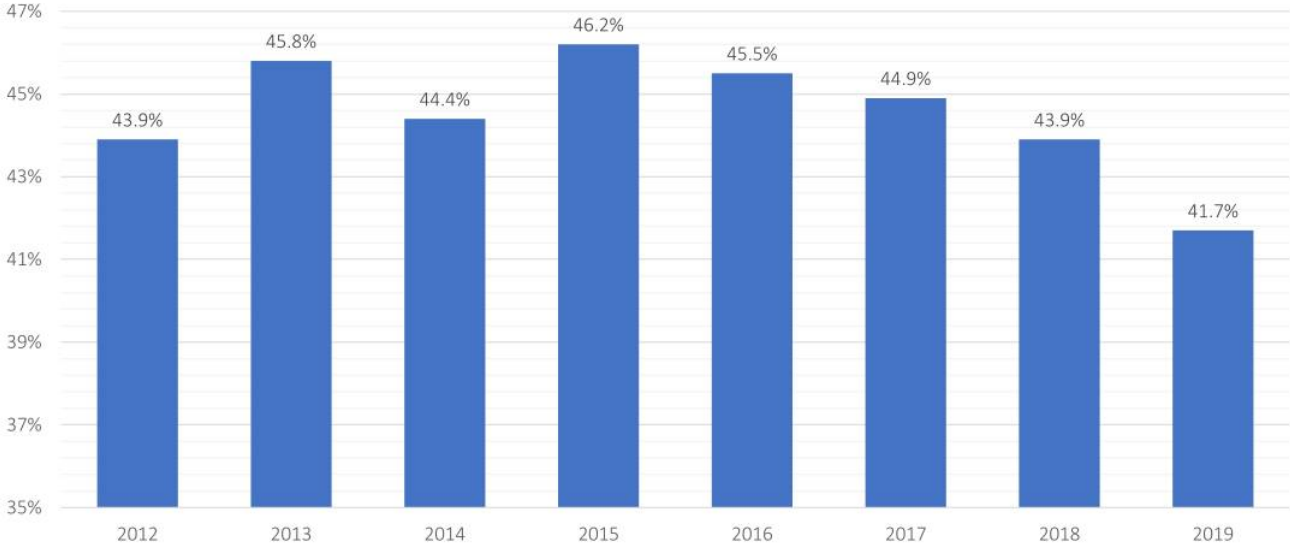
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# Quarterly Gross Margin



All data for 2017, 2018, and 2019 is presented in conformity with the Financial Accounting Standards Board's Accounting Standards Update No. 2017-07. 2016 has not been restated.

# Full-Year Gross Margin



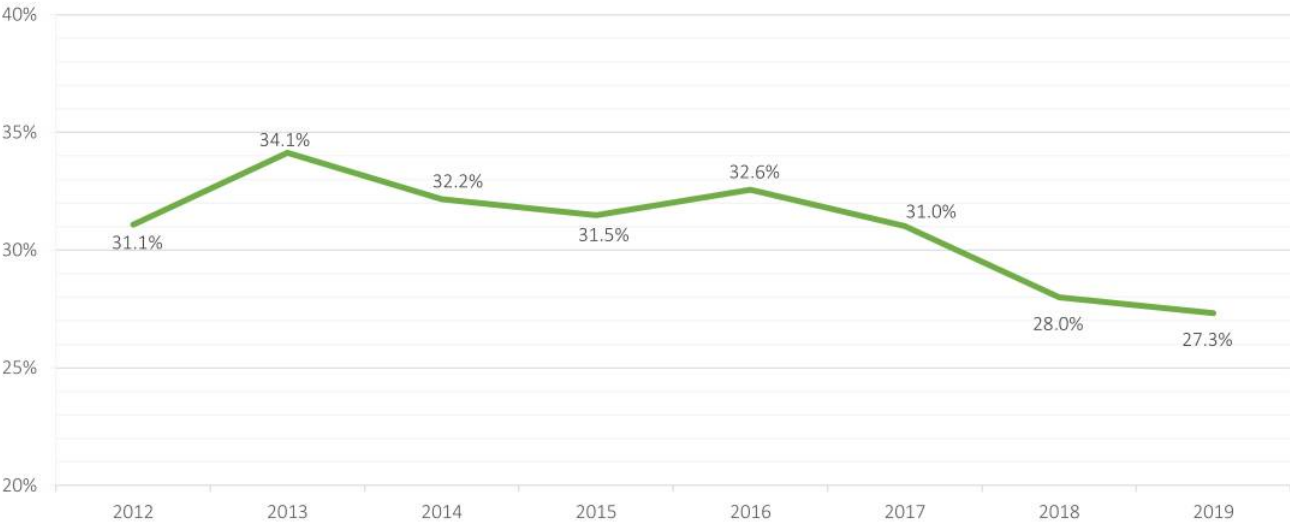
All data for 2017, 2018, and 2019 is presented in conformity with the Financial Accounting Standards Board's Accounting Standards Update No. 2017-07. Prior period amounts have not been restated.



# Quarterly SG&A as a % of Revenue



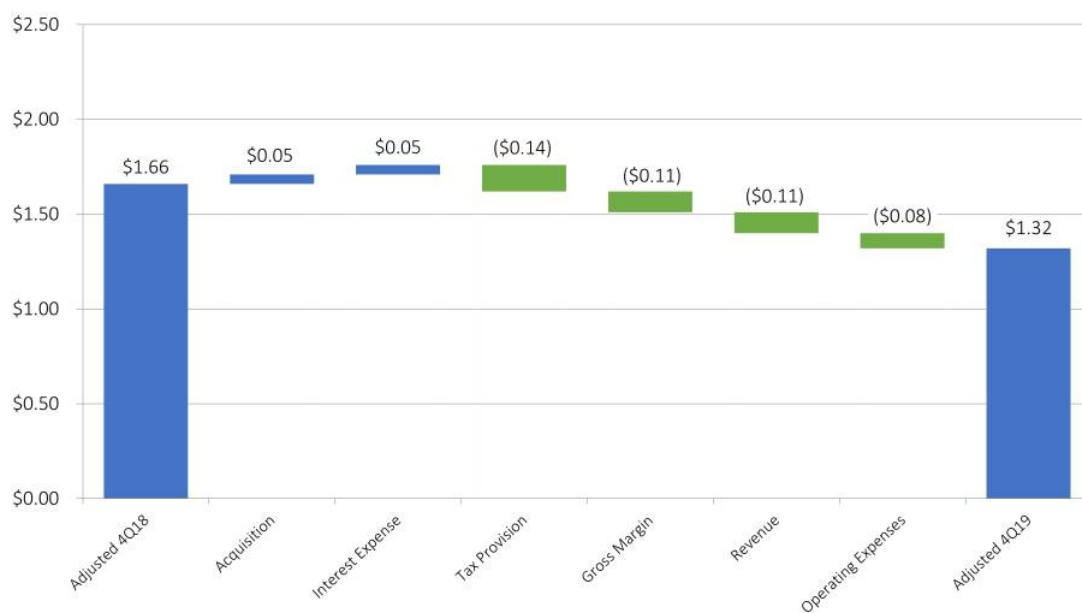
# Full-Year SG&A as a % of Revenue



# One-time Charges

(\$ Millions, except per share amounts)	ACTUAL		GUIDANCE	
	Q4 2019	Per Share	Q4 2019	Per Share
Pre-tax Settlement Loss	\$5.9	-	\$7.2	-
After-tax Settlement Loss	\$6.4	\$0.55	\$7.3	\$0.64
Pre-tax Intangible Asset Impairment Charge	\$2.3	-	n/a	-
After-tax Intangible Asset Impairment Charge	\$1.8	\$0.16	n/a	n/a
Pre-tax Restructuring Charge	\$0.2	-	n/a	-
After-tax Restructuring Charge	\$0.1	\$0.01	n/a	n/a

# 4Q18 to 4Q19 Adjusted Diluted EPS\*

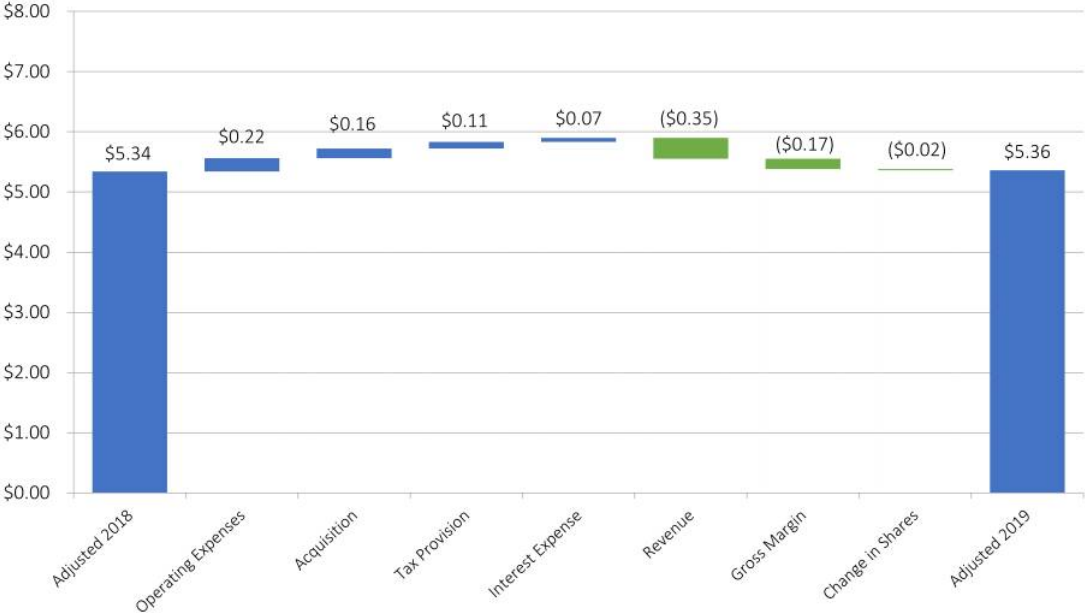


\* Adjusted diluted EPS is a non-GAAP financial measure that excludes certain items as detailed in our press release dated February 12, 2020.

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# 2018 to 2019 Adjusted Diluted EPS\*



\* Adjusted diluted EPS is a non-GAAP financial measure that excludes certain items as detailed in our press release dated February 12, 2020.

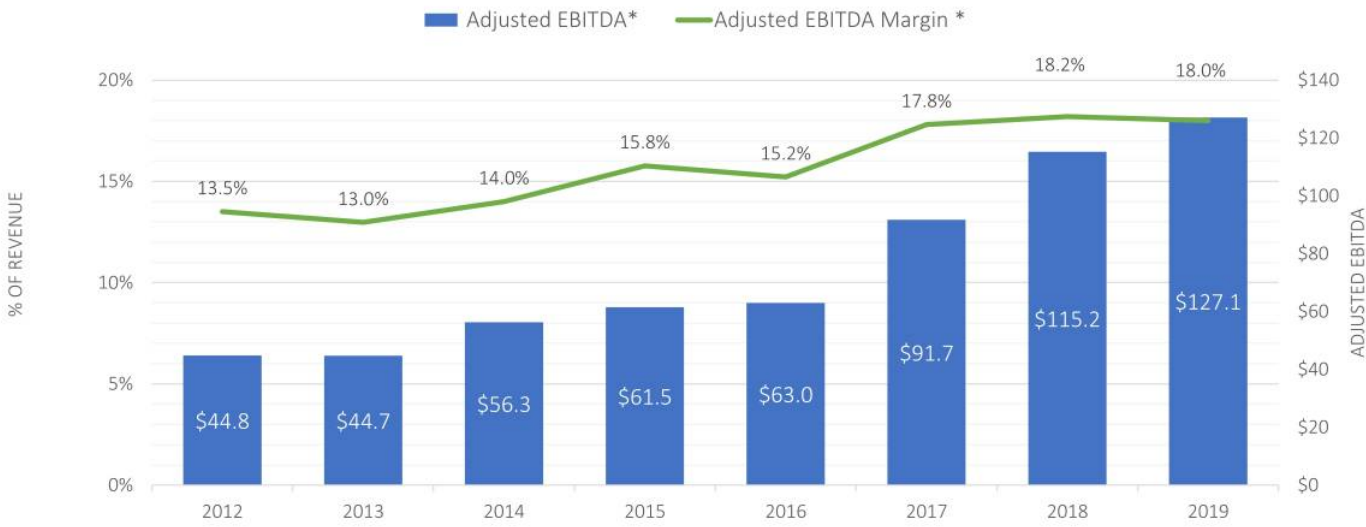


# Quarterly Adjusted EBITDA\*



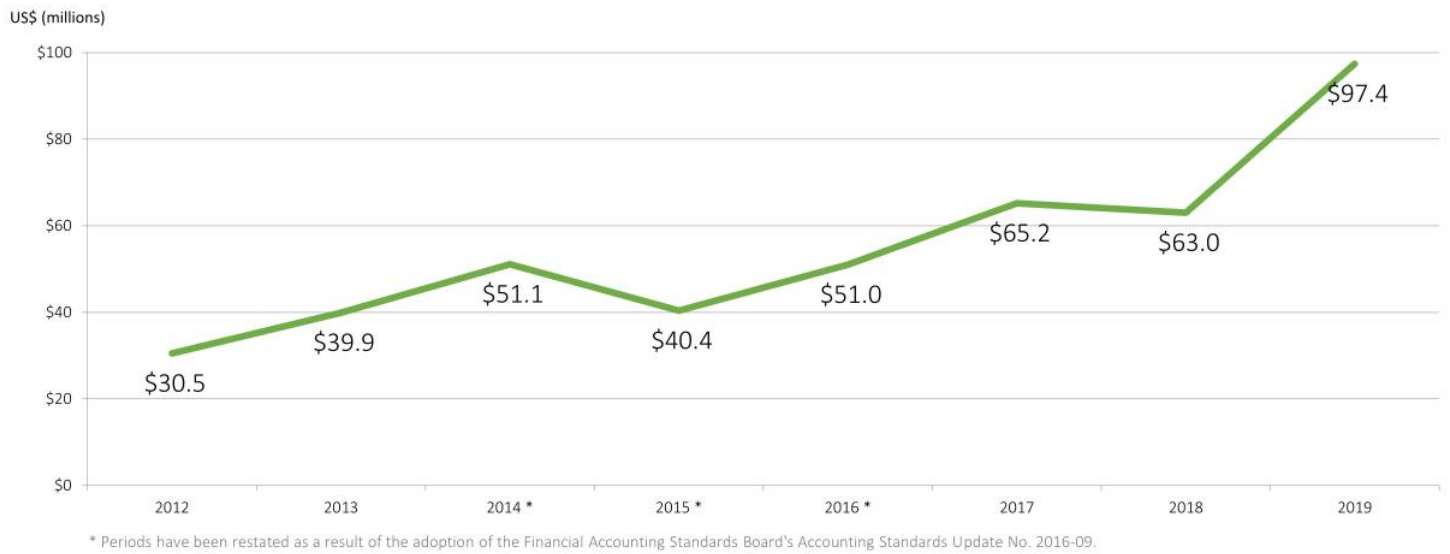
\* Adjusted EBITDA and adjusted EBITDA margin are non-GAAP financial measures that exclude certain items as detailed in our press release dated February 12, 2020.

# Full-Year Adjusted EBITDA\*



\* Adjusted EBITDA and adjusted EBITDA margin are non-GAAP financial measures that exclude certain items as detailed in our press release dated February 12, 2020. All data for 2016, 2017, 2018, and 2019 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 Provided by Operations





# Free Cash Flow\*

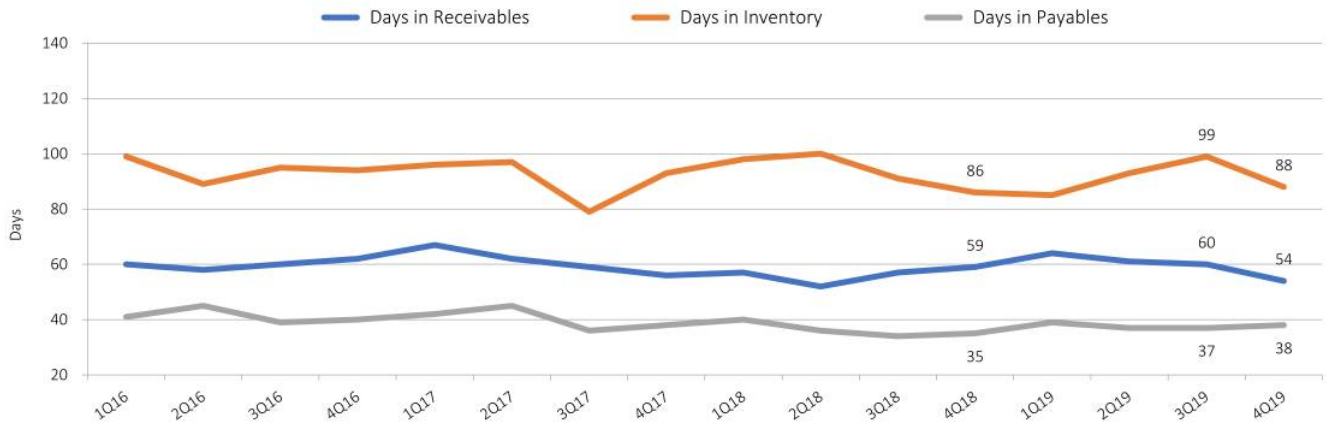


\* Free cash flow, a non-GAAP financial measure, is defined as cash flows from continuing operations less capital expenditures, as calculated in the Appendix on slide 36.

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

# Key Working Capital Metrics

	Q4 2019	Q3 2019	Q4 2018
Days in Receivables	54	60	59
Days in Inventory	88	99	86
Days in Payables	38	37	35

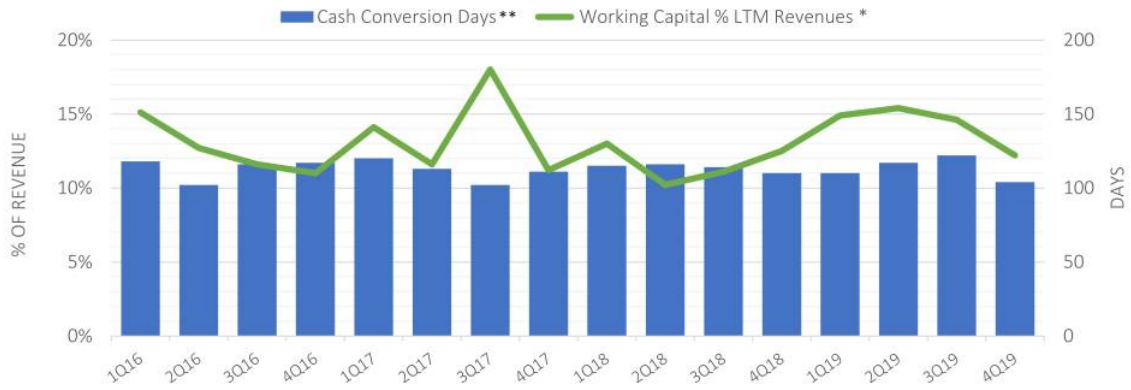


# Working Capital and Cash Conversion Days

	Q4 2019	Q3 2019	Q4 2018
Working Capital % LTM Revenues*	12.2%	14.6%	12.5%
Cash Conversion Days**	104 days	122 days	110 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 2019	Q3 2019	Q4 2018
Cash, cash equivalents, and restricted cash	\$68.2	\$49.9	\$46.0
Debt	(294.8)	(310.5)	(171.4)
Other borrowings	(6.2)	(6.3)	(4.0)
<b>Net debt</b>	<b>\$(232.8)</b>	<b>\$(266.9)</b>	<b>\$(129.4)</b>



# Leverage Ratio



\*For purposes of our leverage ratio, "EBITDA" is calculated by adding or subtracting certain items from Adjusted EBITDA, as defined in our Credit Facility. Our amended and restated Credit Facility defines "Debt" as debt less worldwide cash of up to \$30 million. For periods 1Q16 to 4Q16, "Debt" is defined as debt less domestic cash of up to \$25 million.

# Guidance

- Q1 2020 GAAP diluted EPS of \$0.80 to \$1.08
- FY 2020 GAAP diluted EPS of \$4.98 to \$5.08
- CAPEX of \$12 to \$14 million
- Depreciation & Amortization Expense of \$31 to \$32 million

# Questions & Answers

To ask a question, please call 888-326-8410 within the U.S. or 704-385-4884 outside the U.S. and reference 747 3987.

*Please mute the audio on your computer.*

# Key Take-Aways

- Record 2019 revenue, bookings, adjusted EBITDA, adjusted diluted EPS, and free cash flow
- Continued organic growth in parts and consumables
- Challenging environment to start 2020





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# APPENDIX

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# Free Cash Flow Reconciliation

(\$ Millions)	2012	2013	2014	2015	2016	2017	2018	2019
Cash Provided by Continuing Operations, as reported	\$ 30.5	\$ 39.9	\$ 51.1	\$ 40.4	\$ 51.0	\$ 65.2	\$ 63.0	\$ 97.4
Capital Expenditures	<u>\$ (4.3)</u>	<u>\$ (6.2)</u>	<u>\$ (6.7)</u>	<u>\$ (5.5)</u>	<u>\$ (5.8)</u>	<u>\$ (17.3)</u>	<u>\$ (16.6)</u>	<u>\$ (9.9)</u>
Free Cash Flow*	\$ 26.2	\$ 33.7	\$ 44.4	\$ 34.9	\$ 45.2	\$ 47.9	\$ 46.4	\$ 87.5

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

