

KADANT INC
Form 10-Q
May 11, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended April 2, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-11406

KADANT INC.
(Exact name of registrant as specified in its charter)

Delaware 52-1762325
(State or Other Jurisdiction of Incorporation or Organization) (I.R.S. Employer Identification No.)

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

Registrant's telephone number, including area code: (978) 776-2000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes
.. No x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 29, 2016
Common Stock, \$.01 par value	10,854,322

PART 1 – FINANCIAL INFORMATION

Item 1 – Financial Statements

KADANT INC.

Condensed Consolidated Balance Sheet
(Unaudited)

Assets

(In thousands)	April 2, 2016	January 2, 2016
Current Assets:		
Cash and cash equivalents	\$ 104,517	\$ 65,530
Restricted cash (Note 1)	1,522	1,406
Accounts receivable, less allowances of \$2,262 and \$2,163 (Note 1)	62,029	64,321
Inventories (Note 1)	58,681	56,758
Unbilled contract costs and fees	2,319	6,580
Other current assets	15,518	10,525
Total Current Assets	244,586	205,120
Property, Plant, and Equipment, at Cost	119,270	118,014
Less: accumulated depreciation and amortization	77,145	75,721
	42,125	42,293
Other Assets	11,081	11,002
Intangible Assets, Net (Note 1)	38,147	38,032
Goodwill	121,681	119,051
Total Assets	\$457,620	\$415,498

The accompanying notes are an integral part of these condensed consolidated financial statements.

KADANT INC.
Condensed Consolidated Balance Sheet (continued)
(Unaudited)

Liabilities and Stockholders' Equity

(In thousands, except share amounts)	April 2, 2016	January 2, 2016
Current Liabilities:		
Short-term obligations (Note 5)	\$5,125	\$5,250
Accounts payable	23,796	24,418
Accrued payroll and employee benefits	14,492	19,583
Customer deposits	19,085	20,123
Accrued income taxes	2,091	5,333
Other current liabilities	19,590	21,921
Total Current Liabilities	84,179	96,628
Long-Term Deferred Income Taxes	11,680	8,992
Other Long-Term Liabilities	17,112	15,933
Long-Term Obligations (Note 5)	67,046	26,000
Commitments and Contingencies (Note 12)	—	—
Stockholders' Equity:		
Preferred stock, \$.01 par value, 5,000,000 shares authorized; none issued	—	—
Common stock, \$.01 par value, 150,000,000 shares authorized; 14,624,159 shares issued	146	146
Capital in excess of par value	97,897	100,536
Retained earnings	302,071	297,258
Treasury stock at cost, 3,769,837 and 3,850,779 shares	(92,376)	(94,359)
Accumulated other comprehensive items (Note 8)	(31,645)	(36,972)
Total Kadant Stockholders' Equity	276,093	266,609
Noncontrolling interest	1,510	1,336
Total Stockholders' Equity	277,603	267,945
Total Liabilities and Stockholders' Equity	\$457,620	\$415,498

The accompanying notes are an integral part of these condensed consolidated financial statements.

KADANT INC.

Condensed Consolidated Statement of Income
(Unaudited)

(In thousands, except per share amounts)	Three Months Ended	
	April 2, 2016	April 4, 2015
Revenues	\$96,538	\$92,251
Costs and Operating Expenses:		
Cost of revenues	52,562	47,914
Selling, general, and administrative expenses	32,496	32,222
Research and development expenses	1,704	1,660
Restructuring costs and other income (Note 2)	(317) 84
	86,445	81,880
Operating Income	10,093	10,371
Interest Income	55	53
Interest Expense	(269) (231