

KADANT INC
Form 10-Q
November 05, 2014

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 September 27, 2014

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
(State or Other Jurisdiction of Incorporation or
Organization)

52-1762325
(I.R.S. Employer Identification No.)

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

01886
(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.

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

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

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 October 24, 2014
Common Stock, \$.01 par value	10,886,873

PART 1 – FINANCIAL INFORMATION

Item 1 – Financial Statements

KADANT INC.

Condensed Consolidated Balance Sheet
(Unaudited)

Assets

(In thousands)	September 27, 2014	December 28, 2013
Current Assets:		
Cash and cash equivalents	\$41,121	\$50,032
Restricted cash (Note 1)	598	168
Accounts receivable, less allowances of \$2,715 and \$2,689 (Note 1)	67,714	70,271
Inventories (Note 1)	57,707	62,805
Unbilled contract costs and fees	4,798	3,679
Other current assets	19,030	19,189
Assets of discontinued operation	123	144
Total Current Assets	191,091	206,288
Property, Plant, and Equipment, at Cost	118,017	117,997
Less: accumulated depreciation and amortization	74,565	73,112
	43,452	44,885
Other Assets	10,148	11,230
Intangible Assets, Net (Note 1)	43,744	47,850
Goodwill	129,880	131,915
Total Assets	\$418,315	\$442,168

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)	September 27, 2014	December 28, 2013
Current Liabilities:		
Current maturities of long-term obligations (Note 6)	\$625	\$625
Accounts payable	27,873	28,388
Accrued payroll and employee benefits	18,421	19,116
Customer deposits	23,178	28,174
Other current liabilities	25,122	23,286
Liabilities of discontinued operation	213	213
Total Current Liabilities	95,432	99,802
Other Long-Term Liabilities	32,260	33,935
Long-Term Obligations (Note 6)	22,375	38,010
Commitments and Contingencies (Note 13)	—	—
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	97,241	96,809
Retained earnings	262,778	248,170
Treasury stock at cost, 3,737,286 and 3,524,742 shares	(86,386) (76,339
Accumulated other comprehensive items (Note 9)	(6,715) 710
Total Kadant Stockholders' Equity	267,064	269,496
Noncontrolling interest	1,184	925
Total Stockholders' Equity	268,248	270,421
Total Liabilities and Stockholders' Equity	\$418,315	\$442,168

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	
	September 27, 2014	September 28, 2013
Revenues	\$98,719	\$91,315
Costs and Operating Expenses:		
Cost of revenues	54,607	51,194
Selling, general, and administrative expenses	31,872	28,606
Research and development expenses	1,555	1,558
Restructuring costs (Note 3)	534	45
	88,568	81,403
Operating Income	10,151	9,912
Interest Income	42	155
Interest Expense	(210) (239
Income from Continuing Operations Before Provision for Income Taxes	9,983)