Kadant Inc. (KAI)

Updated February 19th, 2026, by Kody Kester

Key Metrics

Current Price:	$321	**5 Year CAGR Estimate:**	6.9%	**Market Cap:**	$3.8B
Fair Value Price:	$273	**5 Year Growth Estimate:**	10.0%	**Ex-Dividend Date:**	04/09/26[1]
% Fair Value:	118%	**5 Year Valuation Multiple Estimate:**	-3.2%	**Dividend Payment Date:**	05/07/26[1]
Dividend Yield:	0.4%	**5 Year Price Target**	$440	**Years Of Dividend Growth:**	13
Dividend Risk Score:	A	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

Kadant Inc. is a supplier of technologies and engineered systems worldwide. In 1991, the company (then Thermo Fibertek Inc.) was incorporated as a wholly owned subsidiary of Thermo Electron (now Thermo Fisher Scientific). Nine years later, Thermo opted to spin off the business to prioritize its scientific instruments business. In August 2001, the spinoff to become a completely independent company was completed. KAI operates in the following three segments:

1. Flow Control: This segment designs, manufactures, and markets fluid-handling systems and equipment, including syphons, rotary joints, and turbulator bars. The segment also sells doctoring, cleaning, and filtration systems like doctor blades, cleaning shower and fabric-conditioning systems, and water filtration systems. These products are purchased by customers from the packaging, food, and metals industries. The segment made up 36.4% of the $1.05 billion in total revenue in 2025.
2. Industrial Processing: This segment develops, manufactures, and sells chippers, industrial automation and control systems, and recycling and approach flow systems. Products are sold to customers in the packaging, tissue, wood products, and alternative fuel industries. The segment comprised 38.9% of 2025 revenue.
3. Material Handling: The Material Handling segment designs, manufactures, and markets conveying and vibratory equipment to the mining, food processing, packaging, and paper industries. This segment chipped in the remaining 24.7% of revenue in 2025.

On February 18th, Kadant shared its financial results for the fourth quarter ended January 3rd, 2026. The company's total revenue rose by 10.9% year-over-year to $286.2 million during the quarter. Good execution and recent acquisitions (+8% revenue growth) were the driving factors of this topline growth in the quarter. The secondary element behind this topline growth was favorable foreign currency translation (a +3% lift to revenue) for the quarter. KAI's adjusted diluted EPS edged 0.9% higher over the year-ago period to $2.27 during the quarter. This beat the analyst consensus in the quarter by $0.08.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$3.10	$4.49	$5.34	$5.36	$5.00	$7.83	$9.24	$10.04	$10.28	$9.26	***$10.50***	***$16.91***
DPS	$0.74	$0.82	$0.87	$0.91	$0.95	$0.99	$1.03	$1.13	$1.25	$1.34	***$1.36***	***$2.19***
Shares[2]	10.9	11.0	11.1	11.4	11.5	11.6	11.7	11.7	11.8	11.8	***11.8***	***12.1***

Over the last decade, KAI's adjusted EPS has compounded at a low-teens rate annually. Moving forward, we believe that adjusted diluted EPS can grow by 10% annually through 2031, off an anticipated adjusted diluted EPS base of $10.50 for 2026. KAI can keep growing adjusted diluted EPS further through a combination of acquisitions and organic growth over a complete economic cycle.

[1] Estimated based on past dividend dates.

[2] Share count is in millions.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Avg. P/E	19.7	22.4	15.2	20.2	28.2	29.4	19.2	27.9	33.6	30.8	***30.6***	***26.0***
Avg. Yld.	1.2%	0.8%	1.1%	0.8%	0.7%	0.4%	0.6%	0.4%	0.4%	0.5%	***0.4%***	***0.5%***

Since 2016, KAI's P/E ratio has varied from as low as the low teens to as high as the low 30s. The 10-year average P/E ratio over that time was 24.7. In the past five years, it has been 28.2. Looking ahead, we believe that a multiple of around 26 remains justified. Relative to this fair value P/E ratio, the current-year P/E ratio of 30.6 remains well above our fair value estimate.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	24%	18%	16%	17%	19%	13%	11%	11%	12%	14%	***13%***	***13%***

KAI possesses several factors that set it apart from its peers. These include a worldwide customer base, a reputation for high-performance, high-reliability products, product innovation, and competitive pricing.

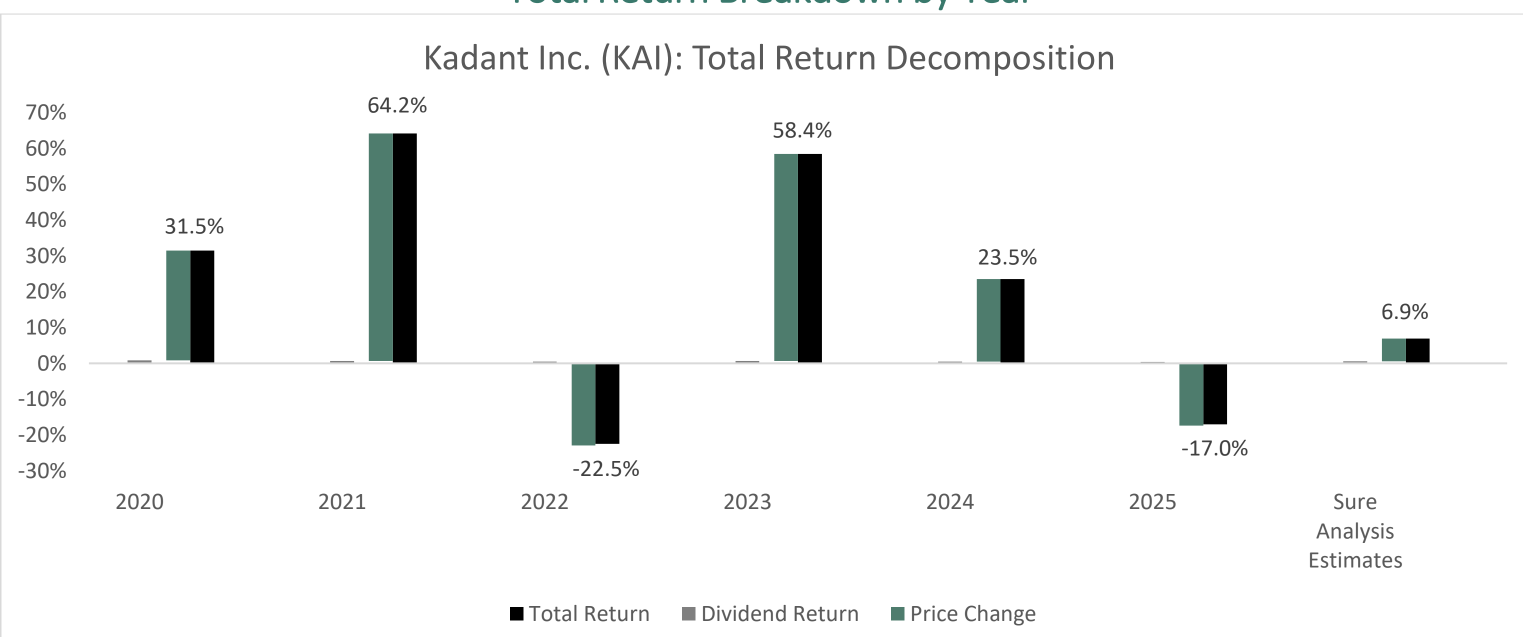
For an industrial firm, KAI consistently grows its adjusted EPS. And when earnings have declined, the drop has been by modest single-digit amounts. This has enabled it to bounce back quickly after any temporary decrease in earnings.

KAI's interest coverage ratio of 11.5x in 2025 also indicates that the company is financially stable. The payout ratio also remains poised to be in the low teens in 2026. That puts KAI's dividend in a position to keep rising over the next few years.

Final Thoughts & Recommendation

KAI's 0.4% dividend yield, 10.0% annual adjusted EPS growth potential, and 3.2% annual valuation multiple contraction could generate 6.9% annual total returns through 2031. The stock's elevated valuation continues to prevent us from issuing a Buy rating. Thus, we're maintaining our Hold rating.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	390	414	515	634	705	635	787	905	958	1,053
Gross Profit	180	189	231	278	294	277	337	390	416	466
Gross Margin	46.2%	45.5%	44.9%	43.9%	41.7%	43.7%	42.9%	43.1%	43.5%	44.3%
SG&A Exp.	123	135	160	177	193	182	209	224	236	280
D&A Exp.	11	14	19	24	32	31	34	35	33	38
Operating Profi	51	46	62	90	90	84	117	152	166	172
Operating Margin	13.0%	11.2%	12.0%	14.3%	12.8%	13.2%	14.9%	16.8%	17.4%	16.3%
Net Profit	34	32	31	60	52	55	84	121	116	112
Net Margin	8.8%	7.7%	6.0%	9.5%	7.4%	8.7%	10.7%	13.4%	12.1%	10.6%
Free Cash Flow	35	45	48	46	87	85	150	74	134	118
Income Tax	15	12	26	18	16	18	27	44	42	41

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	415	471	761	726	939	928	1,132	1,150	1,176	1,430
Cash & Equivalent	66	71	75	46	67	66	91	76	104	95
Accounts Receivable	64	66	90	93	96	92	117	130	134	161
Inventories	57	55	85	86	103	107	134	164	153	146
Goodwill & Int.	157	204	401	372	510	513	596	561	551	758
Total Liabilities	148	186	429	351	512	431	567	494	399	572
Accounts Payable	24	24	35	36	46	32	59	58	42	51
Long-Term Debt	31	66	242	176	301	233	270	201	111	285
Shareholder's Equity	267	283	331	373	426	495	564	654	774	858
LTD/E Ratio	0.12	0.24	0.73	0.47	0.71	0.47	0.48	0.31	0.14	0.33

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	8.3%	7.2%	5.0%	8.1%	6.3%	5.9%	8.2%	10.6%	10.0%	8.6%
Return on Equity	12.9%	11.6%	10.1%	17.1%	13.0%	11.9%	15.8%	19.8%	16.2%	13.8%
ROIC	11.6%	9.9%	6.7%	10.7%	8.1%	7.6%	10.7%	14.3%	13.3%	10.9%
Shares Out.	10.8	10.9	11.0	11.1	11.4	11.5	11.6	11.7	11.7	11.7
Revenue/Share	35.16	37.14	45.53	55.60	61.50	54.91	67.49	77.41	81.65	90.00
FCF/Share	3.15	4.05	4.23	4.07	7.63	7.38	12.84	6.37	11.40	10.09

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.