



Kadant Inc. (KAI)

Updated May 9th, 2026, by Kody Kester

Key Metrics

Current Price:	\$339	5 Year CAGR Estimate:	10.2%	Market Cap:	\$4.0B
Fair Value Price :	\$321	5 Year Growth Estimate:	11.0%	Ex-Dividend Date:	07/10/26 ¹
% Fair Value:	105%	5 Year Valuation Multiple Estimate:	-1.1%	Dividend Payment Date:	08/07/26 ¹
Dividend Yield:	0.4%	5 Year Price Target	\$542	Years Of Dividend Growth:	13
Dividend Risk Score:	A	Sector:	Industrials	Rating:	Hold

Overview & Current Events

Kadant Inc. (KAI) 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 May 5th, KAI released its earnings report for the first quarter ended April 4th, 2026. The company's total revenue rose by 17.7% over the year-ago period to \$281.5 million in the quarter. The integration of Clyde Industries and Babbini added 14% to the topline during the quarter. What's more, currency translation provided a roughly 4% boost to the topline for the quarter. These factors easily offset a 1% decline in organic revenue in the quarter, which showcases how KAI can sustain growth even when its existing markets are flat. The company's adjusted diluted EPS surged 13.6% year-over-year to \$2.84 during the quarter. That topped the analyst consensus for the quarter by \$0.73. In March, KAI upped its quarterly dividend per share by 5.9% to \$0.36. This extended its dividend growth streak to 13 consecutive years.

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	\$12.36	\$20.83
DPS	\$0.74	\$0.82	\$0.87	\$0.91	\$0.95	\$0.99	\$1.03	\$1.13	\$1.25	\$1.34	\$1.44	\$2.12
Shares²	10.9	11.0	11.1	11.4	11.5	11.6	11.7	11.7	11.8	11.8	11.8	11.8

Over the last decade, KAI's adjusted EPS has compounded roughly 13% annually. Moving forward, we believe that adjusted diluted EPS can grow by 11% annually through 2031, off an anticipated adjusted diluted EPS base of \$12.36 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	27.4	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%	0.4%

Since 2016, KAI's P/E ratio has ranged from as cheap as the low teens to as much 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 27.4 is slightly higher than 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%	12%	10%

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.

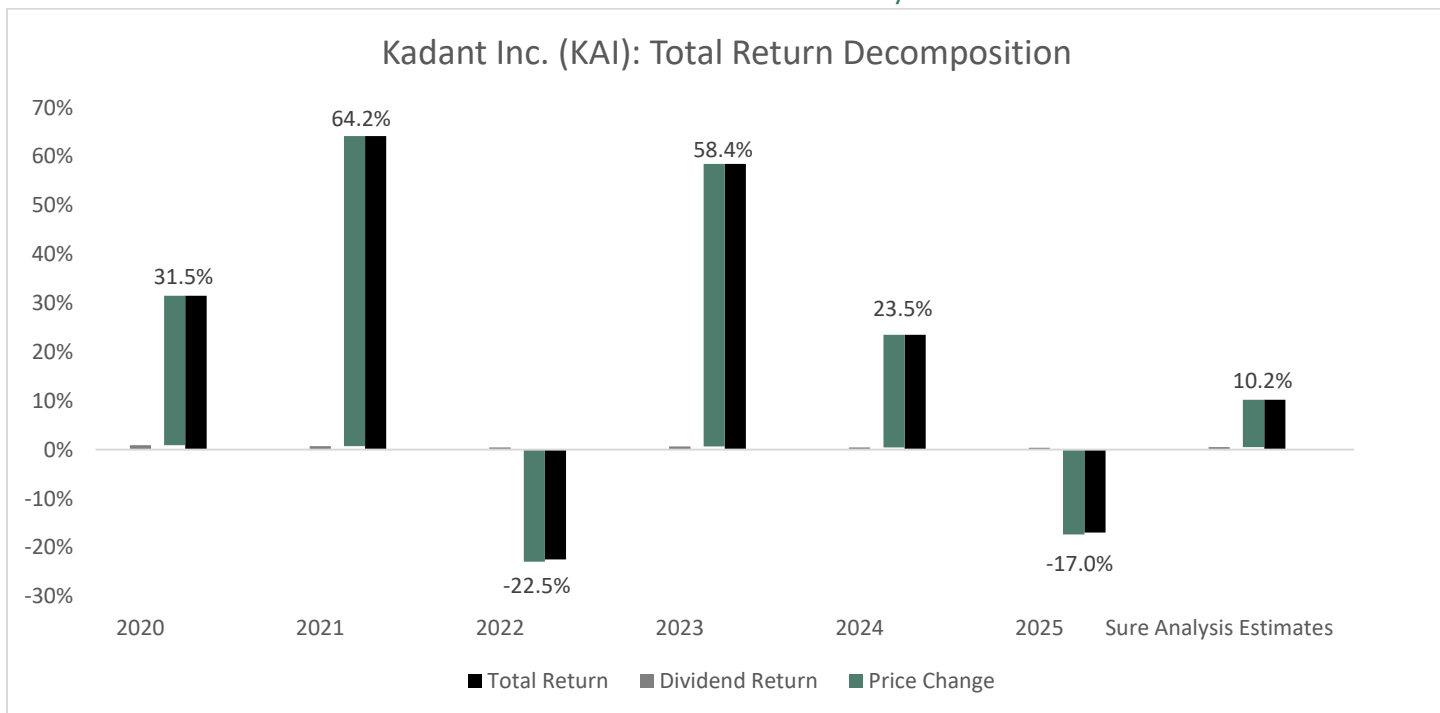
For an industrial firm, KAI consistently grows its adjusted EPS. And when earnings have declined, the drop has been by modest single-digit amounts. This has enabled it to bounce back quickly after any temporary decrease in earnings.

KAI's interest coverage ratio of 9.7x in Q1 2026 also indicates that the company is financially stable. The payout ratio also remains poised to be in the low double-digits 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, 11.0% annual adjusted EPS growth potential, and 1.1% annual valuation multiple contraction could generate 10.2% annual total returns through 2031. The stock's valuation remains the sole factor stopping us from issuing a Buy rating. As a result, we're reiterating 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	414	515	634	705	635	787	905	958	1,053	1,052
Gross Profit	192	231	278	294	277	337	390	416	466	476
Gross Margin	46.3%	44.9%	43.9%	41.7%	43.7%	42.9%	43.1%	43.5%	44.3%	45.2%
SG&A Exp.	136	160	177	193	182	209	224	236	280	302
D&A Exp.	14	19	24	32	31	34	35	33	50	51
Operating Profi	48	69	92	91	86	130	154	168	175	163
Operating Margin	11.6%	13.3%	14.5%	13.0%	13.5%	16.5%	17.0%	17.6%	16.6%	15.5%
Net Profit	32	32	61	53	56	85	122	117	113	104
Net Margin	7.8%	6.1%	9.6%	7.5%	8.8%	10.8%	13.5%	12.2%	10.7%	9.9%
Free Cash Flow	45	48	46	87	85	150	74	134	134	154
Income Tax	12	26	18	16	18	27	44	42	41	40

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	471	761	726	939	928	1,132	1,150	1,176	1,430	1,712
Cash & Equivalent	74	77	46	68	67	94	80	106	96	123
Accounts Receivable	69	92	108	109	99	126	145	142	161	165
Inventories	55	85	86	103	107	134	164	153	146	207
Goodwill & Int.	204	401	372	510	513	596	561	551	759	906
Total Liabilities	186	429	351	512	431	567	494	399	572	721
Accounts Payable	24	35	36	46	32	59	58	42	51	53
Long-Term Debt	66	242	176	325	256	289	219	130	316	408
Shareholder's Equity	283	331	373	426	495	564	654	774	847	980
LTD/E Ratio	0.24	0.73	0.47	0.77	0.53	0.52	0.34	0.18	0.38	0.42

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	7.3%	5.1%	8.2%	6.3%	6.0%	8.2%	10.7%	10.0%	8.6%	6.6%
Return on Equity	11.8%	10.2%	17.3%	13.1%	12.1%	16.0%	19.9%	16.3%	13.8%	11.2%
ROIC	10.0%	6.8%	10.9%	8.0%	7.4%	10.5%	14.0%	13.0%	10.8%	8.0%
Shares Out.	10.9	11.0	11.1	11.4	11.5	11.6	11.7	11.7	11.8	11.8
Revenue/Share	37.15	45.53	55.60	61.50	54.91	67.49	77.41	81.65	89.49	89.22
FCF/Share	4.05	4.23	4.07	7.63	7.38	12.84	6.37	11.40	11.41	13.08

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

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