# Kadant Inc. (KAI)

*Updated August 15th, 2026, by Kody Kester*

## Key Metrics

| | | | | | |
|---|---|---|---|---|---|
| **Current Price:** | $334 | **5 Year CAGR Estimate:** | 10.9% | **Market Cap:** | $3.9B |
| **Fair Value Price :** | $327 | **5 Year Growth Estimate:** | 11.0% | **Ex-Dividend Date:** | 10/08/26[1] |
| **% Fair Value:** | 102% | **5 Year Valuation Multiple Estimate:** | -0.5% | **Dividend Payment Date:** | 11/05/26[1] |
| **Dividend Yield:** | 0.4% | **5 Year Price Target** | $550 | **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 spin-off 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 Aug. 4, KAI shared its financial results for the second quarter ended Jul. 4, 2026. The company's total revenue jumped 22.6% year-over-year to $312.9 million during the quarter. The integration of Kadant Profil in April accounted for roughly 13 percentage points of KAI's topline growth in the quarter. Continued strength and record demand for recurring aftermarket parts, consumables, and service across its global installed base also led to 8% organic growth for the quarter. The remaining two percentage points of topline growth during the quarter came from favorable foreign currency translation. KAI's adjusted diluted EPS surged 26.2% higher over the year-ago period to $3.42 in the quarter. That surpassed the analyst consensus for the quarter by $0.65.

## 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 | ***$12.56*** | ***$21.16*** |
| **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*** |
| **Shares[2]** | 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 $12.56 for 2026. KAI can keep growing adjusted diluted EPS further through a combination of acquisitions and organic growth over a complete economic cycle.

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[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 | ***26.6*** | ***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%*** | ***0.4%*** |

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 26.6 is marginally 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% | ***11%*** | ***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.

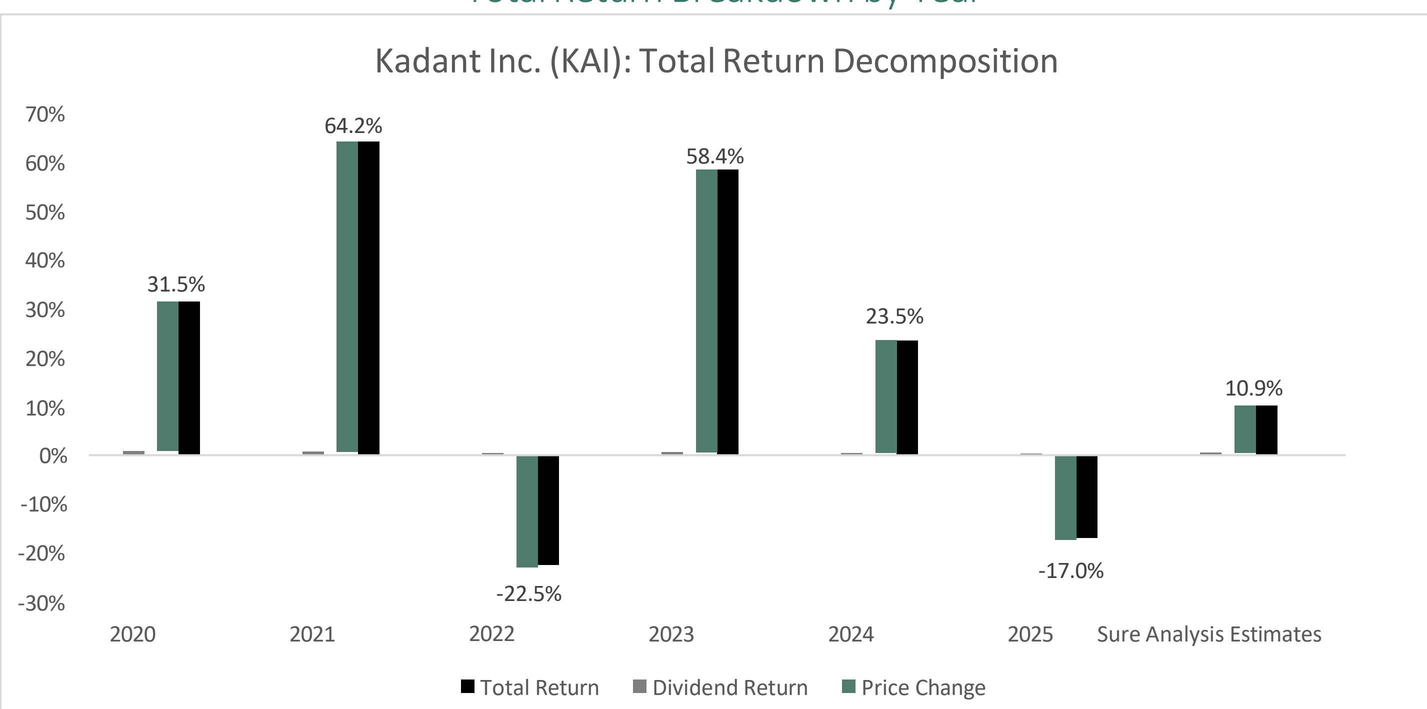
For an industrial firm, KAI consistently grows its adjusted EPS. And when earnings have declined, the drop has been by modest single-digit amounts. This has enabled it to bounce back quickly after any temporary decrease in earnings.

KAI's interest coverage ratio of 10.2x in the first half of 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 0.5% annual valuation multiple contraction could generate 10.9% annual total returns through 2031. The stock's valuation remains the sticking point for us. This is why 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 | 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/ERatio | 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 are in millions of U.S. Dollars unless per share or indicated otherwise.*