

KEMET CORP  
Form 10-Q  
October 31, 2014  
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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 30, 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: 001-15491

KEMET CORPORATION  
(Exact name of registrant as specified in its charter)

DELAWARE  
(State or other jurisdiction of incorporation or organization)

57-0923789  
(I.R.S. Employer Identification No.)

2835 KEMET WAY, SIMPSONVILLE, SOUTH CAROLINA 29681  
(Address of principal executive offices, zip code)

(864) 963-6300  
(Registrant's telephone number, including area code)

Former name, former address and former fiscal year, if changed since last report: N/A

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 (§ 232.405 of this chapter) 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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

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Non-accelerated filer

Smaller reporting company

(Do not check if a 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

The number of shares outstanding of the registrant's common stock, par value \$0.01 per share, as of October 29, 2014 was 45,404,915.

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KEMET CORPORATION AND SUBSIDIARIES  
Form 10-Q for the Quarter ended September 30, 2014

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PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements

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## KEMET CORPORATION AND SUBSIDIARIES

## Condensed Consolidated Balance Sheets

(Amounts in thousands, except per share data)

(Unaudited)

	September 30, 2014	March 31, 2014
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$51,576	\$57,929
Accounts receivable, net	95,581	98,947
Inventories, net	188,833	187,974
Prepaid expenses and other	40,229	36,871
Deferred income taxes	6,569	6,695
Current assets of discontinued operations	—	12,160
Total current assets	382,788	400,576
Property, plant and equipment, net of accumulated depreciation of \$811,576 and \$805,687 as of September 30, 2014 and March 31, 2014, respectively	275,498	292,648
Goodwill	35,584	35,584
Intangible assets, net	35,377	37,184
Investment in NEC TOKIN	48,449	46,419
Restricted cash	12,955	13,512
Deferred income taxes	6,423	6,778
Other assets	20,153	10,130
Non-current assets of discontinued operations	—	836
Total assets	\$817,227	\$843,667
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$25,826	\$7,297
Accounts payable	72,629	74,818
Accrued expenses	66,400	76,468
Income taxes payable and deferred income taxes	345	980
Current liabilities of discontinued operations	—	7,269
Total current liabilities	165,200	166,832
Long-term debt, less current portion	376,256	391,292
Other non-current obligations	52,246	55,864
Deferred income taxes	8,687	5,203
Non-current liabilities of discontinued operations	—	2,592
Stockholders' equity:		
Preferred stock, par value \$0.01, authorized 10,000 shares, none issued	—	—
Common stock, par value \$0.01, authorized 175,000 shares, issued 46,508 shares at September 30, 2014 and March 31, 2014	465	465
Additional paid-in capital	461,478	465,027
Retained deficit	(228,948)	(231,738)
Accumulated other comprehensive income	6,935	18,184
Treasury stock, at cost (1,103 and 1,301 shares at September 30, 2014 and March 31, 2014, respectively)	(25,092)	(30,054)
Total stockholders' equity	214,838	221,884
Total liabilities and stockholders' equity	\$817,227	\$843,667

See accompanying notes to the unaudited condensed consolidated financial statements.

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## KEMET CORPORATION AND SUBSIDIARIES

## Condensed Consolidated Statements of Operations

(Amounts in thousands, except per share data)

(Unaudited)

	Quarters Ended September 30,		Six Month Periods Ended September 30,	
	2014	2013	2014	2013
Net sales	\$215,293	\$208,449	\$428,174	\$410,506
Operating costs and expenses:				
Cost of sales	169,538	177,532	349,462	361,045
Selling, general and administrative expenses	25,510	22,315	50,289	48,395
Research and development	6,338	5,611	12,927	11,677
Restructuring charges	1,687	1,364	3,517	5,974
Net (gain) loss on sales and disposals of assets	(550	) 42	(185	) 42
Total operating costs and expenses	202,523	206,864	416,010	427,133
Operating income (loss)	12,770	1,585	12,164	(16,627
Non-operating (income) expense:				)