

KEMET CORP
Form 10-Q
August 03, 2016
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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 June 30, 2016

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 57-0923789
(State or other jurisdiction of incorporation or organization) (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

Non-accelerated filer Smaller reporting company

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(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 July 29, 2016 was 46,237,429.

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KEMET CORPORATION AND SUBSIDIARIES
Form 10-Q for the Quarter ended June 30, 2016

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PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements

KEMET CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(Amounts in thousands, except per share data)

(Unaudited)

	June 30, 2016	March 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$52,938	\$65,004
Accounts receivable, net	89,085	93,168
Inventories, net	167,916	168,879
Prepaid expenses and other	30,925	25,496
Total current assets	340,864	352,547
Property, plant and equipment, net of accumulated depreciation of \$816,331 and \$815,338 as of June 30, 2016 and March 31, 2016, respectively	231,688	241,839
Goodwill	40,294	40,294
Intangible assets, net	32,613	33,301
Investment in NEC TOKIN	15,172	20,334
Deferred income taxes	7,605	8,397
Other assets	2,744	3,068
Total assets	\$670,980	\$699,780
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$—	\$2,000
Accounts payable	66,825	70,981
Accrued expenses	41,898	50,320
Income taxes payable	216	453
Total current liabilities	108,939	123,754
Long-term debt, less current portion	385,968	385,833
Other non-current obligations	84,694	74,892
Deferred income taxes	2,984	2,820
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 June 30, 2016 and March 31, 2016	465	465
Additional paid-in capital	444,772	452,821
Retained deficit	(311,845)	(299,510)
Accumulated other comprehensive income	(43,939)	(31,425)
Treasury stock, at cost (271 and 611 shares at June 30, 2016 and March 31, 2016, respectively)	(1,058)	(9,870)
Total stockholders' equity	88,395	112,481
Total liabilities and stockholders' equity	\$670,980	\$699,780

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	
	June 30,	
	2016	2015
Net sales	\$184,935	\$187,590
Operating costs and expenses:		
Cost of sales	142,412	147,877
Selling, general and administrative expenses	25,914	30,430
Research and development	6,932	6,274
Restructuring charges	688	1,824
Net (gain) loss on sales and disposals of assets	91	(58)
Total operating costs and expenses	176,037	186,347
Operating income (loss)	8,898	1,243
Non-operating (income) expense:		
Interest income	(3)	(3)
Interest expense	9,923	10,013
Change in value of NEC TOKIN option	12,000	29,200
Other (income) expense, net	(2,394)	916
Income (loss) from continuing operations before income taxes and equity income (loss) from NEC TOKIN	(10,628)	(38,883)
Income tax expense (benefit)	1,800	(248)
Income (loss) from continuing operations before equity income (loss) from NEC TOKIN	(12,428)	(38,635)
Equity income (loss) from NEC TOKIN	223	1,585
Net income (loss)	\$(12,205)	\$(37,050)
Net income (loss) per basic and diluted share	\$(0.26)	\$(0.81)
Weighted-average shares outstanding:		
Basic	46,349	45,552
Diluted		