

KEMET CORP
Form 10-Q
February 02, 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 December 31, 2015

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 January 29, 2016 was 45,859,263.

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KEMET CORPORATION AND SUBSIDIARIES
Form 10-Q for the Quarter ended December 31, 2015

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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)

	December 31, 2015	March 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$43,158	\$56,362
Accounts receivable, net	89,285	90,857
Inventories, net	175,078	171,843
Prepaid expenses and other	31,051	41,503
Deferred income taxes	9,734	10,762
Total current assets	348,306	371,327
Property, plant and equipment, net of accumulated depreciation of \$810,373 and \$804,286 as of December 31, 2015 and March 31, 2015, respectively	236,347	249,641
Goodwill	40,294	35,584
Intangible assets, net	33,571	33,282
Investment in NEC TOKIN	35,795	45,016
Deferred income taxes	4,398	5,111
Other assets	8,264	12,831
Total assets	\$706,975	\$752,792
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$5,000	\$962
Accounts payable	63,665	69,785
Accrued expenses	44,529	60,456
Income taxes payable and deferred income taxes	856	1,017
Total current liabilities	114,050	132,220
Long-term debt, less current portion	389,887	390,409
Other non-current obligations	70,921	57,131
Deferred income taxes	7,707	8,350
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 December 31, 2015 and March 31, 2015	465	465
Additional paid-in capital	452,764	461,191
Retained deficit	(284,337)	(245,881)
Accumulated other comprehensive income	(33,687)	(28,796)
Treasury stock, at cost (648 and 1,056 shares at December 31, 2015 and March 31, 2015, respectively)	(10,795)	(22,297)
Total stockholders' equity	124,410	164,682
Total liabilities and stockholders' equity	\$706,975	\$752,792

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 December 31,		Nine Month Periods Ended December 31,	
	2015	2014	2015	2014
Net sales	\$177,184	\$201,310	\$550,897	\$629,484
Operating costs and expenses:				
Cost of sales	138,436	156,842	429,630	506,304
Selling, general and administrative expenses	22,278	23,374	75,656	73,663
Research and development	6,134	6,303	18,560	19,230
Restructuring charges	1,714	6,063	3,561	9,580
Net (gain) loss on sales and disposals of assets	129	(574) (233) (759
Total operating costs and expenses	168,691	192,008	527,174	608,018
Operating income (loss)	8,493	9,302	23,723	21,466
Non-operating (income) expense:				
Interest income	(4) (5) (10) (11
Interest expense	9,852	9,938	29,676	30,681
Change in value of NEC TOKIN op				