

Earnings Conference Call  
**February 2, 2017**

Quarter Ended December 31, 2016

# Cautionary Statement

Certain statements included herein contain forward-looking statements within the meaning of federal securities laws about KEMET Corporation's (the "Company") financial condition and results of operations that are based on management's current expectations, estimates and projections about the markets in which the Company operates, as well as management's beliefs and assumptions. Words such as "expects," "anticipates," "believes," "estimates," variations of such words and other similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions, which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in, or implied by, such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's judgment only as of the date hereof. The Company undertakes no obligation to update publicly any of these forward-looking statements to reflect new information, future events or otherwise.

Factors that may cause actual outcomes and results to differ materially from those expressed in, or implied by, these forward-looking statements include, but are not necessarily limited to the following: (i) adverse economic conditions could impact our ability to realize operating plans if the demand for our products declines, and such conditions could adversely affect our liquidity and ability to continue to operate; (ii) continued net losses could impact our ability to realize current operating plans and could materially adversely affect our liquidity and our ability to continue to operate; (iii) adverse economic conditions could cause the write down of long-lived assets or goodwill; (iv) an increase in the cost or a decrease in the availability of our principal or single-sourced purchased materials; (v) changes in the competitive environment; (vi) uncertainty of the timing of customer product qualifications in heavily regulated industries; (vii) economic, political, or regulatory changes in the countries in which we operate; (viii) difficulties, delays or unexpected costs in completing the restructuring plans; (ix) equity method investment in NEC TOKIN exposes us to a variety of risks; (x) acquisitions and other strategic transactions expose us to a variety of risks; (xi) possible acquisition of NEC TOKIN may not achieve all of the anticipated results; (xii) our business could be negatively impacted by increased regulatory scrutiny and litigation; (xiii) inability to attract, train and retain effective employees and management; (xiv) inability to develop innovative products to maintain customer relationships and offset potential price erosion in older products; (xv) exposure to claims alleging product defects; (xvi) the impact of laws and regulations that apply to our business, including those relating to environmental matters; (xvii) the impact of international laws relating to trade, export controls and foreign corrupt practices; (xviii) volatility of financial and credit markets affecting our access to capital; (xix) the need to reduce the total costs of our products to remain competitive; (xx) potential limitation on the use of net operating losses to offset possible future taxable income; (xxi) restrictions in our debt agreements that limit our flexibility in operating our business; (xxii) failure of our information technology systems to function properly or our failure to control unauthorized access to our systems may cause business disruptions; (xxiii) additional exercise of the warrant by K Equity which could potentially result in the existence of a significant stockholder who could seek to influence our corporate decisions; (xxiv) fluctuation in distributor sales could adversely affect our results of operations; and (xxv) changes impacting international trade and corporate tax provisions may have an adverse effect on our financial condition and results of operations.

# Income Statement Highlights

## U.S. GAAP (Unaudited)



	For the Quarters Ended		
	Dec 2016	Sep 2016	Dec 2015
<i>(Amounts in thousands, except percentages and per share data)</i>			
<b>Net sales</b>	\$ 188,029	\$ 187,308	\$ 177,184
<b>Gross margin</b>	\$ 47,337	\$ 46,413	\$ 38,748
<i>Gross margin as a percentage of net sales</i>	25.2%	24.8%	21.9%
<b>Selling, general and administrative</b>	\$ 26,665	\$ 25,972	\$ 22,278
<i>SG&amp;A as a percentage of net sales</i>	14.2%	13.9%	12.6%
<b>Operating income (loss)</b>	\$ 13,850	\$ 3,050	\$ 8,493
<b>Net income (loss)</b>	\$ 12,278	\$ (4,998)	\$ (8,600)
<b>Per Basic and Diluted Share Data:</b>			
Per basic and diluted share data:			
Net income (loss) per basic share	\$ 0.26	\$ (0.11)	\$ (0.19)
Net income (loss) per diluted share	0.22	(0.11)	(0.19)
Weighted avg. shares - basic	46,606	46,590	46,081
Weighted avg. shares - diluted	55,296	46,590	46,081

# Income Statement Highlights

## Non-GAAP (Unaudited)



	For the Quarters Ended		
	Dec 2016	Sep 2016	Dec 2015
<i>(Amounts in thousands, except percentages and per share data)</i>			
<b>Net sales</b>	<b>\$ 188,029</b>	<b>\$ 187,308</b>	<b>\$ 177,184</b>
<b>Adjusted gross margin</b>	<b>\$ 47,645</b>	<b>\$ 46,833</b>	<b>\$ 39,407</b>
<i>Adjusted gross margin as a percentage of net sales</i>	<i>25.3%</i>	<i>25.0%</i>	<i>22.2%</i>
<b>Adjusted selling, general and administrative</b>	<b>\$ 23,649</b>	<b>\$ 22,475</b>	<b>\$ 19,761</b>
<i>Adjusted SG&amp;A as a percentage of net sales</i>	<i>12.6%</i>	<i>12.0%</i>	<i>11.2%</i>
<b>Adjusted operating income (loss)</b>	<b>\$ 16,983</b>	<b>\$ 17,291</b>	<b>\$ 13,573</b>
<b>Adjusted net income (loss)</b>	<b>\$ 5,810</b>	<b>\$ 6,955</b>	<b>\$ 2,171</b>
<b>Adjusted EBITDA</b>	<b>\$ 26,841</b>	<b>\$ 26,912</b>	<b>\$ 23,531</b>
<i>Adjusted EBITDA margin as a percentage of net sales</i>	<i>14.3%</i>	<i>14.4%</i>	<i>13.3%</i>
Per share data:			
Adjusted net income (loss) - basic	\$ 0.13	\$ 0.15	\$ 0.05
Adjusted net income (loss) - diluted	\$ 0.11	\$ 0.13	\$ 0.04
Weighted avg. shares - basic	46,606	46,590	46,081
Weighted avg. shares - diluted	55,296	53,834	51,865

# Financial Highlights

(Unaudited)



<i>(Amounts in millions, except DSO and DPO)</i>	<b>Dec 2016</b>	<b>Sep 2016</b>	<b>FX Impact</b>
<b>Cash, cash equivalents</b>	<b>\$ 87.4</b>	<b>\$ 74.8</b>	<b>\$ (0.9)</b>
<b>Capital expenditures</b>	<b>\$ 4.7</b>	<b>\$ 4.2</b>	
Short-term debt	\$ —	\$ —	
Long-term debt	386.9	386.9	
Debt premium and issuance costs	(0.7)	(0.8)	
<b>Total debt</b>	<b>\$ 386.2</b>	<b>\$ 386.1</b>	<b>\$ —</b>
<b>Equity</b>	<b>\$ 90.4</b>	<b>\$ 82.9</b>	<b>\$ 10.8</b>
<b>Net working capital (1)</b>	<b>\$ 174.7</b>	<b>\$ 189.0</b>	<b>\$ (1.8)</b>
Days in receivables (DSO)(2)	40	43	
Days in payables (DPO)(3)	40	41	

(1) Calculated as accounts receivable, net, plus inventories, net, less accounts payable.

(2) Current quarter's accounts receivable divided by annualized current quarter's Net sales multiplied by 365.

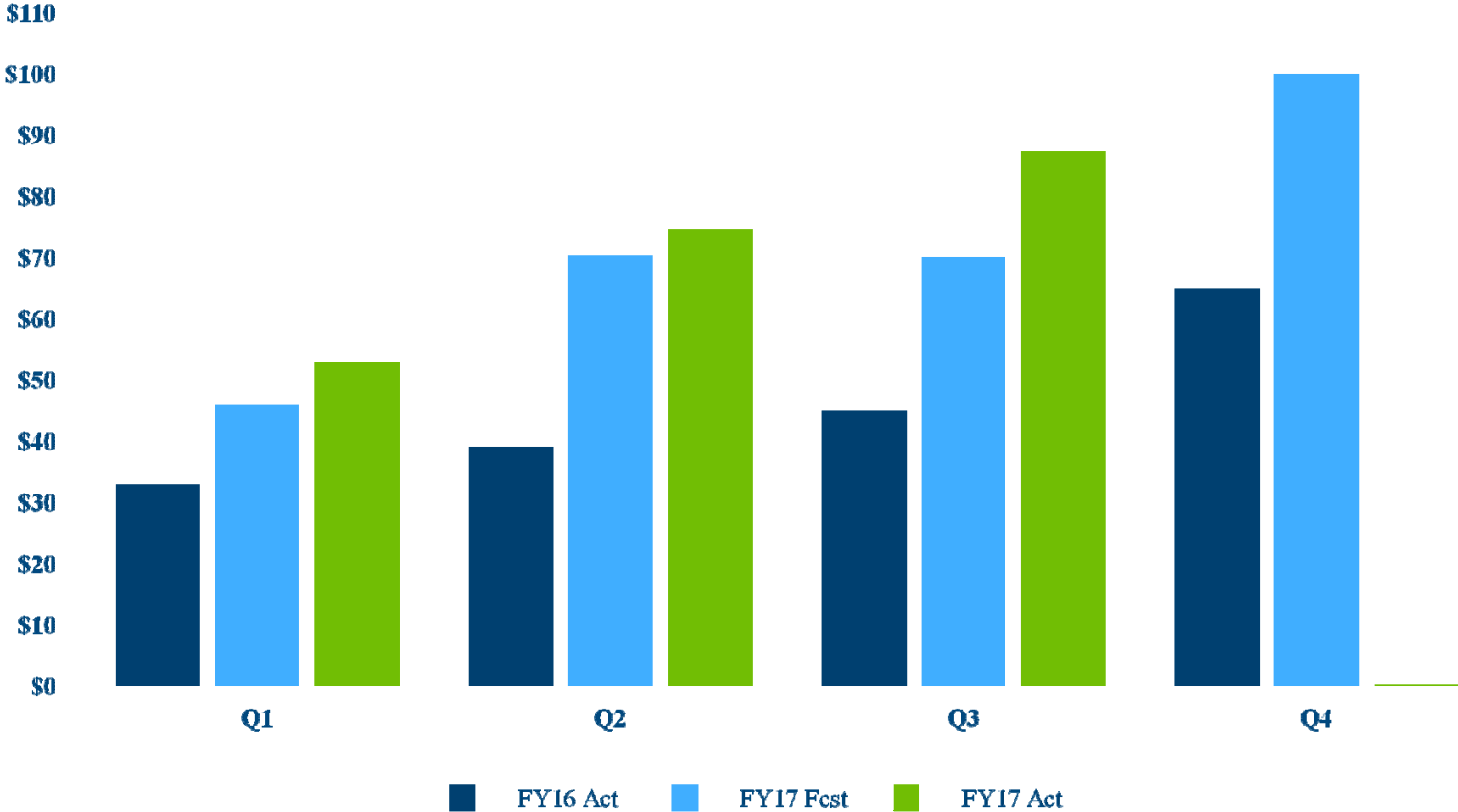
(3) Current quarter's accounts payable divided by annualized current quarter's cost of goods sold multiplied by 365.

# Financial Trends

## Cash and Cash Equivalents (Unaudited)



(in millions)

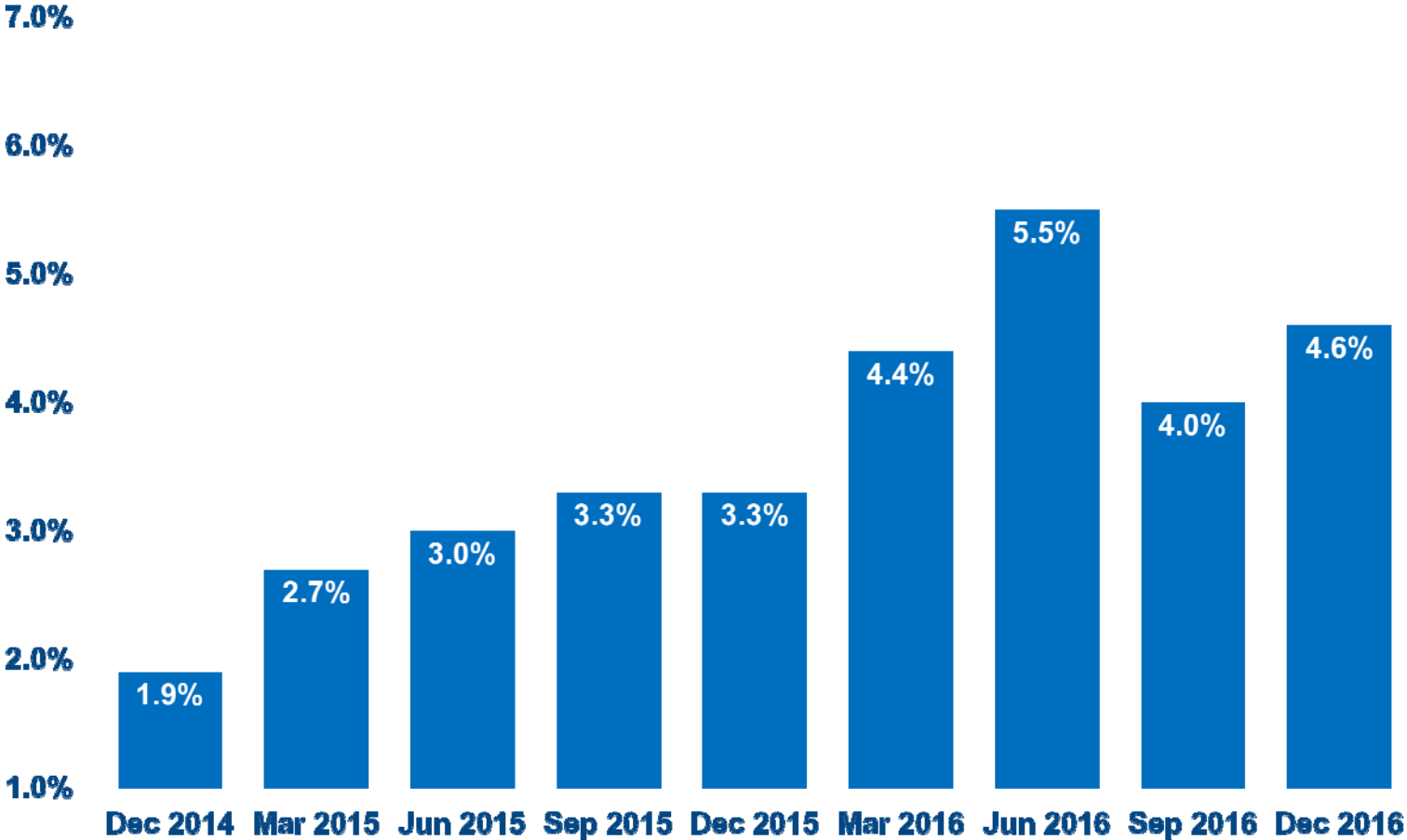


# Cost Rationalization Drives Margin Improvement

U.S. GAAP (Unaudited)



## LTM Operating Income Margins

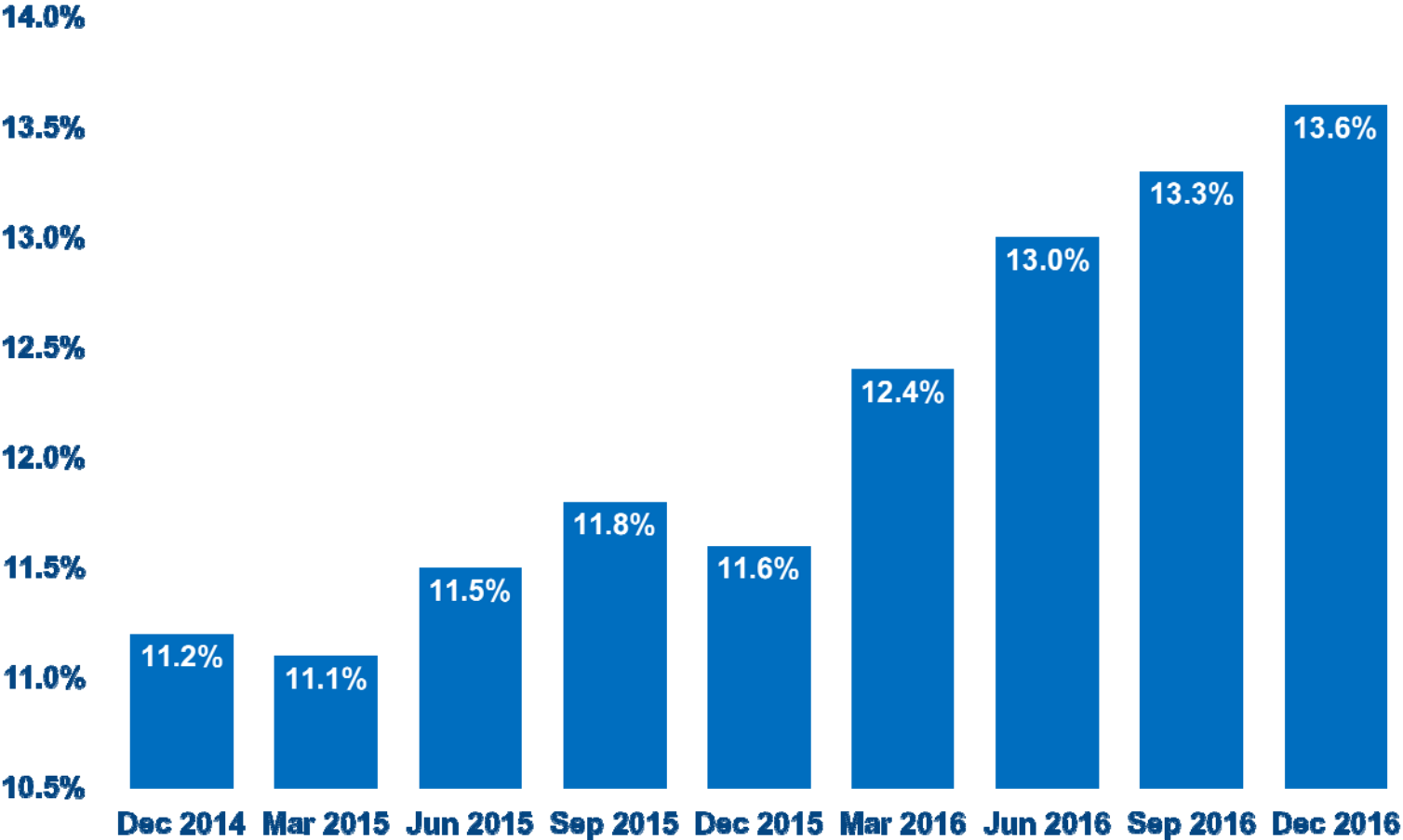


# Cost Rationalization Drives Margin Improvement

Non-GAAP (Unaudited)



## LTM Adjusted EBITDA Margins







# Gross Margin & Operating Income (Loss) - U.S. GAAP

## Solid Capacitors (Unaudited)

	For the Quarters Ended		
	Dec 2016	Sep 2016	Dec 2015
<i>(Amounts in thousands)</i>			
<b>Net sales</b>	\$ 141,555	\$ 142,641	\$ 135,300
<b>Gross margin</b>	43,085	43,915	37,171
<i>Gross margin as a percentage of net sales</i>	30.4%	30.8%	27.5%
<b>Operating income (loss)</b>	\$ 37,264	\$ 35,410	\$ 31,359

## Adjusted Gross Margin & Operating Income (Loss) - Non-GAAP Solid Capacitors (Unaudited)



<i>(Amounts in thousands)</i>	For the Quarters Ended		
	Dec 2016	Sep 2016	Dec 2015
<b>Net sales</b>	\$ 141,555	\$ 142,641	\$ 135,300
<b>Adjusted gross margin</b>	43,296	44,136	37,328
<i>Adjusted gross margin as a percentage of net sales</i>	30.6%	30.9%	27.6%
<b>Adjusted operating income (loss)</b>	\$ 37,414	\$ 38,257	\$ 32,110



# Gross Margin & Operating Income (Loss) - U.S. GAAP

## Film & Electrolytics (Unaudited)

	For the Quarters Ended		
	Dec 2016	Sep 2016	Dec 2015
<i>(Amounts in thousands)</i>			
<b>Net sales</b>	\$ 46,474	\$ 44,667	\$ 41,884
<b>Gross margin</b>	4,252	2,498	1,577
<i>Gross margin as a percentage of net sales</i>	9.1%	5.6%	3.8%
<b>Operating income (loss)</b>	\$ 2,332	\$ (7,096)	\$ (1,770)

## Adjusted Gross Margin & Operating Income (Loss) - Non-GAAP Film & Electrolytics (Unaudited)



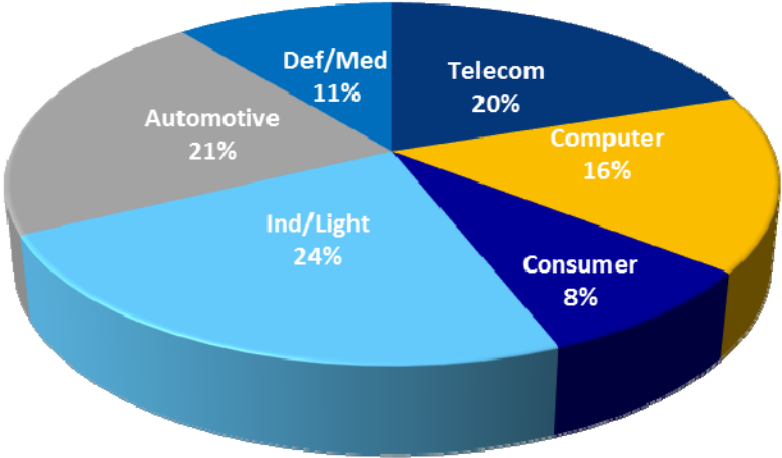
	For the Quarters Ended		
	Dec 2016	Sep 2016	Dec 2015
<i>(Amounts in thousands)</i>			
<b>Net sales</b>	\$ 46,474	\$ 44,667	\$ 41,884
<b>Adjusted gross margin</b>	4,349	2,697	2,079
<i>Adjusted gross margin as a percentage of net sales</i>	9.4%	6.0%	5.0%
<b>Adjusted operating income (loss)</b>	\$ 2,214	\$ 426	\$ (29)

# Sales Summary - Q3 FY2017

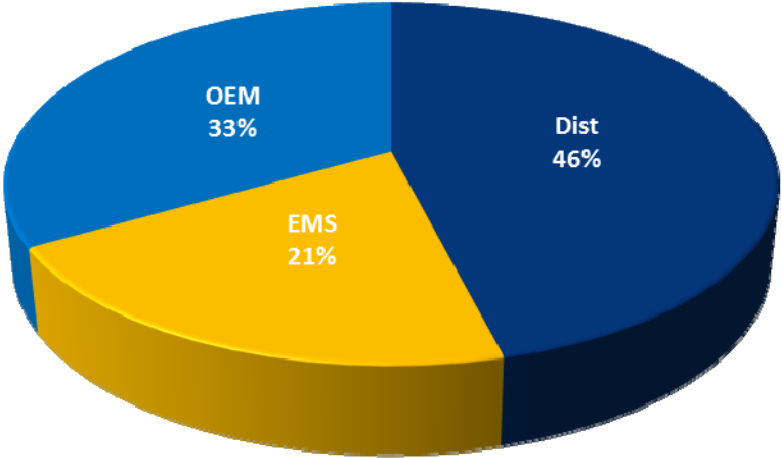
(Unaudited)



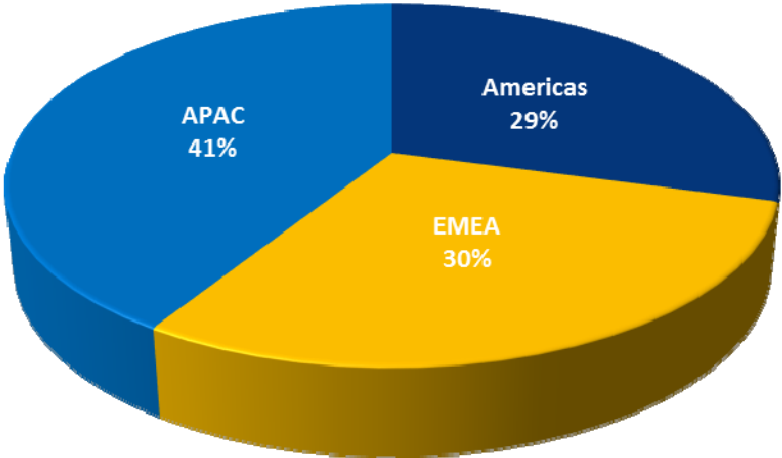
**INDUSTRY**



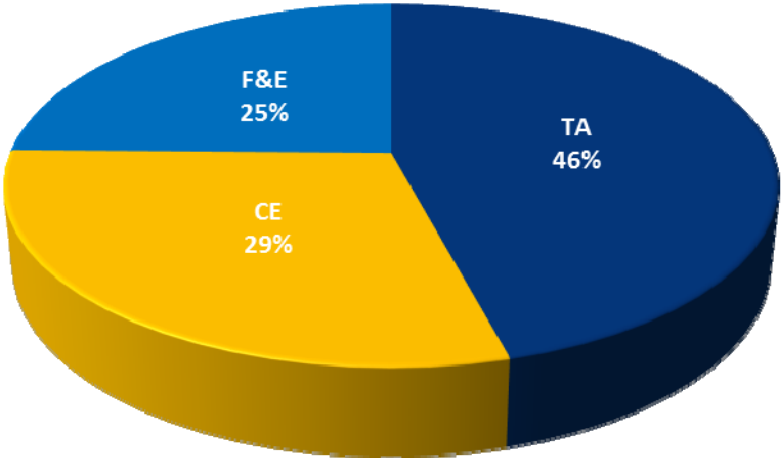
**CHANNEL**



**REGION**



**PRODUCT LINE**





## **Appendix**

# Adjusted Gross Margin

## Non-GAAP (Unaudited)



	For the Quarters Ended		
	Dec 2016	Sep 2016	Dec 2015
<i>(Amounts in thousands, except percentages)</i>			
<b>Net Sales</b>	\$ 188,029	\$ 187,308	\$ 177,184
<b>Gross Margin (U.S. GAAP)</b>	\$ 47,337	\$ 46,413	\$ 38,748
<i>Gross margin as a percentage of net sales</i>	25.2%	24.8%	21.9%
Adjustments:			
Stock-based compensation expense	308	301	268
Plant start-up costs	—	119	160
Plant shut-down costs	—	—	231
<b>Adjusted Gross margin (non-GAAP)</b>	\$ 47,645	\$ 46,833	\$ 39,407
<i>Adjusted gross margin as a percentage of net sales</i>	25.3%	25.0%	22.2%

## Adjusted Selling, General & Administrative Expenses Non-GAAP (Unaudited)



	For the Quarters Ended		
	Dec 2016	Sep 2016	Dec 2015
<i>(Amounts in thousands, except percentages)</i>			
<b>Net sales</b>	<b>\$ 188,029</b>	<b>\$ 187,308</b>	<b>\$ 177,184</b>
<b>Selling, general and administrative expenses (U.S. GAAP)</b>	<b>\$ 26,665</b>	<b>\$ 25,972</b>	<b>\$ 22,278</b>
<i>Selling, general, and administrative as a percentage of net sales</i>	<i>14.2%</i>	<i>13.9%</i>	<i>12.6%</i>
Less adjustments:			
ERP integration/IT transition costs	1,734	1,783	167
Stock-based compensation expense	785	754	825
Legal expenses related to antitrust class actions	293	766	1,300
NEC TOKIN investment-related expenses	204	194	225
<b>Adjusted selling, general and administrative expenses (non-GAAP)</b>	<b>\$ 23,649</b>	<b>\$ 22,475</b>	<b>\$ 19,761</b>
<i>Adjusted selling, general, and administrative as a percentage of net sales</i>	<i>12.6%</i>	<i>12.0%</i>	<i>11.2%</i>



# Adjusted Operating Income (Loss)

## Non-GAAP (Unaudited)



	For the Quarters Ended		
	Dec 2016	Sep 2016	Dec 2015
<i>(Amounts in thousands)</i>			
<b>Operating income (loss) (U.S. GAAP)</b>	<b>\$ 13,850</b>	<b>\$ 3,050</b>	<b>\$ 8,493</b>
Adjustments:			
ERP integration/IT transition costs	1,734	1,783	167
Stock-based compensation expense	1,139	1,104	1,154
Restructuring charges	(369)	3,998	1,714
Legal expenses related to antitrust class actions	293	766	1,300
NEC TOKIN investment-related expenses	204	194	225
Net (gain) loss on sales and disposals of assets	132	84	129
Plant start-up costs	—	119	160
Plant shut-down costs	—	—	231
Write down of long-lived assets	—	6,193	—
<b>Adjusted operating income (loss) (non-GAAP)</b>	<b>\$ 16,983</b>	<b>\$ 17,291</b>	<b>\$ 13,573</b>

# Adjusted Net Income (Loss)

## Non-GAAP (Unaudited)



	For the Quarters Ended		
	Dec 2016	Sep 2016	Dec 2015
<i>(Amounts in thousands)</i>			
<b>Net income (loss) (U.S. GAAP)</b>	<b>\$ 12,278</b>	<b>\$ (4,998)</b>	<b>\$ (8,600)</b>
Adjustments:			
Change in value of NEC TOKIN option	(6,900)	(1,600)	(700)
Net foreign exchange (gain) loss	(2,621)	(724)	(1,036)
ERP integration/IT transition costs	1,734	1,783	167
Stock-based compensation expense	1,139	1,104	1,154
Income tax effect of non-U.S. GAAP adjustments (1)	(396)	29	710
Restructuring charges	(369)	3,998	1,714
Legal expenses related to antitrust class actions	293	766	1,300
NEC TOKIN investment-related expenses	204	194	225
Amortization included in interest expense	183	188	212
Equity (income) loss from NEC TOKIN	133	(181)	6,505
Net (gain) loss on sales and disposals of assets	132	84	129
Write down of long-lived assets	—	6,193	—
Plant start-up costs	—	119	160
Plant shut-down costs	—	—	231
<b>Adjusted net income (loss) (non-GAAP)</b>	<b>\$ 5,810</b>	<b>\$ 6,955</b>	<b>\$ 2,171</b>
Adjusted net income (loss) per share - basic	\$ 0.13	\$ 0.15	\$ 0.05
Adjusted net income (loss) per share - diluted	\$ 0.11	\$ 0.13	\$ 0.04
<b>Adjusted EBITDA</b>	<b>\$ 26,841</b>	<b>\$ 26,912</b>	<b>\$ 23,531</b>
Weighted avg. shares - basic	46,606	46,590	46,081
Weighted avg. shares - diluted	55,296	53,834	51,865

# Adjusted EBITDA Reconciliation

## Non-GAAP (Unaudited)



	For the Quarters Ended		
	Dec 2016	Sep 2016	Dec 2015
<i>(Amounts in thousands)</i>			
Net income (loss) (U.S. GAAP)	\$ 12,278	\$ (4,998)	\$ (8,600)
Interest expense, net	9,913	9,904	9,848
Income tax expense (benefit)	1,810	830	2,760
Depreciation and amortization	9,095	9,440	9,674
EBITDA (non-GAAP)	33,096	15,176	13,682
<b>Excluding the following items:</b>			
Change in value of NEC TOKIN option	(6,900)	(1,600)	(700)
Net foreign exchange (gain) loss	(2,621)	(724)	(1,036)
ERP integration/IT transition costs	1,734	1,783	167
Stock-based compensation expense	1,139	1,104	1,154
Restructuring charges	(369)	3,998	1,714
Legal expenses related to antitrust class actions	293	766	1,300
NEC TOKIN investment-related expenses	204	194	225
Equity (income) loss from NEC TOKIN	133	(181)	6,505
Net (gain) loss on sales and disposals of assets	132	84	129
Write down of long-lived assets	—	6,193	—
Plant start-up costs	—	119	160
Plant shut-down costs	—	—	231
<b>Adjusted EBITDA (non-GAAP)</b>	<b>\$ 26,841</b>	<b>\$ 26,912</b>	<b>\$ 23,531</b>

# Adjusted Gross Margin - Non-GAAP

## Solid Capacitors (Unaudited)



<i>(Amounts in thousands)</i>	For the Quarters Ended		
	Dec 2016	Sep 2016	Dec 2015
<b>Net sales</b>	\$ 141,555	\$ 142,641	\$ 135,300
<b>Gross margin (U.S. GAAP)</b>	43,085	43,915	37,171
<i>Gross margin as a percentage of net sales</i>	30.4%	30.8%	27.5%
<b>Adjustments:</b>			
Stock-based compensation expense	211	221	147
Plant start-up costs	—	—	10
<b>Adjusted gross margin (non-GAAP)</b>	<b>\$ 43,296</b>	<b>\$ 44,136</b>	<b>\$ 37,328</b>
<i>Adjusted gross margin as a percentage of net sales</i>	30.6%	30.9%	27.6%

# Adjusted Gross Margin - Non-GAAP

## Film & Electrolytics (Unaudited)



<i>(Amounts in thousands)</i>	For the Quarters Ended		
	Dec 2016	Sep 2016	Dec 2015
<b>Net sales</b>	\$ 46,474	\$ 44,667	\$ 41,884
<b>Gross margin (U.S. GAAP)</b>	4,252	2,498	1,577
<i>Gross margin as a percentage of net sales</i>	9.1%	5.6%	3.8%
Adjustments:			
Stock-based compensation expense	97	80	121
Plant start-up costs	—	119	150
Plant shut-down costs	—	—	231
<b>Adjusted gross margin (non-GAAP)</b>	\$ 4,349	\$ 2,697	\$ 2,079
<i>Adjusted gross margin as a percentage of net sales</i>	9.4%	6.0%	5.0%

## Adjusted Operating Income (Loss) - Non-GAAP

### Solid Capacitors (Unaudited)



<i>(Amounts in thousands)</i>	For the Quarters Ended		
	Dec 2016	Sep 2016	Dec 2015
<b>Net sales</b>	<b>\$141,555</b>	<b>\$142,641</b>	<b>\$135,300</b>
<b>Operating income (loss) (U.S. GAAP)</b>	<b>37,264</b>	<b>35,410</b>	<b>31,359</b>
Adjustments:			
Stock-based compensation expense	211	221	147
Restructuring charges	(128)	558	754
(Gain) loss on sales and disposals of assets	67	(8)	(160)
Write down of long-lived assets	—	2,076	—
Plant start-up costs	—	—	10
<b>Adjusted operating income (loss) (non-GAAP)</b>	<b>\$37,414</b>	<b>\$38,257</b>	<b>\$32,110</b>

## Adjusted Operating Income (Loss) - Non-GAAP

### Film & Electrolytics (Unaudited)



<i>(Amounts in thousands)</i>	For the Quarters Ended		
	Dec 2016	Sep 2016	Dec 2015
<b>Net sales</b>	\$ 46,474	\$ 44,667	\$ 41,884
<b>Operating income (loss) (U.S. GAAP)</b>	2,332	(7,096)	(1,770)
Adjustments:			
Restructuring charges	(243)	3,115	987
Stock-based compensation expense	97	80	121
(Gain) loss on sales and disposals of assets	28	91	252
Plant start-up costs	—	119	150
Plant shut-down costs	—	—	231
Write down of long-lived assets	—	4,117	—
<b>Adjusted operating income (loss) (non-GAAP)</b>	<b>\$ 2,214</b>	<b>\$ 426</b>	<b>\$ (29)</b>

# Adjusted EBITDA Reconciliation

## Non-GAAP (Unaudited)



(Amounts in thousands, except percentages)	Quarter Ended				LTM
	Mar 2014	Jun 2014	Sep 2014	Dec 2014	Dec 2014
<b>Net Sales</b>	<b>\$ 215,821</b>	<b>\$ 212,881</b>	<b>\$ 215,293</b>	<b>\$ 201,310</b>	<b>\$ 845,305</b>
Net income (loss)	(14,447)	(3,540)	6,330	2,914	(8,743)
Income tax expense (benefit)	(2,811)	1,282	2,583	1,359	2,413
Interest expense, net	10,658	10,453	10,284	9,933	41,328
Depreciation and amortization	12,175	10,797	10,177	9,720	42,869
<b>EBITDA</b>	<b>5,575</b>	<b>18,992</b>	<b>29,374</b>	<b>23,926</b>	<b>77,867</b>
<b>Excluding the following items (Non-GAAP):</b>					
Change in value of NEC TOKIN options	(1,777)	(4,100)	(6,600)	(2,500)	(14,977)
Equity (gain) loss from NEC TOKIN	4,127	1,675	(232)	(1,367)	4,203
Restructuring charges	5,954	1,830	1,687	6,063	15,534
ERP integration costs / IT transition costs	837	895	409	671	2,812
Stock-based compensation expense	579	994	958	1,232	3,763
Legal expenses related to antitrust class actions	—	—	—	409	409
Net foreign exchange (gain) loss	(449)	527	(1,351)	(1,257)	(2,530)
NEC TOKIN investment-related expenses	618	580	487	485	2,170
Plant start-up costs	669	1,647	1,114	1,144	4,574
Plant shut-down costs	2,668	889	—	—	3,557
Net (gain) loss on sales and disposals of assets	(39)	365	(550)	(574)	(798)
(Income) loss from discontinued operations	(103)	(6,943)	1,400	164	(5,482)
(Gain) loss on early extinguishment of debt	—	—	—	(1,003)	(1,003)
Professional fees related to financing activities	—	—	—	1,142	1,142
Inventory revaluation	—	2,676	(821)	(927)	928
Write down of long-lived assets	1,118	—	—	—	1,118
Infrastructure tax	1,079	—	—	—	1,079
<b>Adjusted EBITDA</b>	<b>\$ 20,856</b>	<b>\$ 20,027</b>	<b>\$ 25,875</b>	<b>\$ 27,608</b>	<b>\$ 94,366</b>
<i>Adjusted EBITDA Margin</i>	<i>9.7%</i>	<i>9.4%</i>	<i>12.0%</i>	<i>13.7%</i>	<i>11.2%</i>



# Adjusted EBITDA Reconciliation

## Non-GAAP (Unaudited)



<i>(Amounts in thousands, except percentages)</i>	Quarter Ended				LTM
	Sep 2014	Dec 2014	Mar 2015	Jun 2015	Jun 2015
<b>Net Sales</b>	<b>\$ 215,293</b>	<b>\$ 201,310</b>	<b>\$ 193,708</b>	<b>\$ 187,590</b>	<b>\$ 797,901</b>
Net income (loss)	6,330	2,914	(19,847)	(37,050)	(47,653)
Income tax expense (benefit)	2,583	1,359	3	(248)	3,697
Interest expense, net	10,284	9,933	10,016	10,010	40,243
Depreciation and amortization	10,177	9,720	10,074	9,917	39,888
<b>EBITDA</b>	<b>29,374</b>	<b>23,926</b>	<b>246</b>	<b>(17,371)</b>	<b>36,175</b>
<b>Excluding the following items (Non-GAAP):</b>					
Change in value of NEC TOKIN options	(6,600)	(2,500)	11,100	29,200	31,200
Equity (gain) loss from NEC TOKIN	(232)	(1,367)	2,093	(1,585)	(1,091)
Restructuring charges	1,687	6,063	3,437	1,824	13,011
ERP integration costs / IT transition costs	409	671	1,273	4,369	6,722
Stock-based compensation expense	958	1,232	1,328	1,279	4,797
Legal expenses related to antitrust class actions	—	409	435	718	1,562
Net foreign exchange (gain) loss	(1,351)	(1,257)	(2,168)	1,049	(3,727)
NEC TOKIN investment-related expenses	487	485	226	224	1,422
Plant start-up costs	1,114	1,144	651	195	3,104
Net (gain) loss on sales and disposals of assets	(550)	(574)	538	(58)	(644)
Pension plan adjustment	—	—	—	312	312
(Income) loss from discontinued operations	1,400	164	—	—	1,564
(Gain) loss on early extinguishment of debt	—	(1,003)	—	—	(1,003)
Professional fees related to financing activities	—	1,142	—	—	1,142
Inventory revaluation	(821)	(927)	(928)	—	(2,676)
<b>Adjusted EBITDA</b>	<b>\$ 25,875</b>	<b>\$ 27,608</b>	<b>\$ 18,231</b>	<b>\$ 20,156</b>	<b>\$ 91,870</b>
<i>Adjusted EBITDA Margin</i>	<i>12.0%</i>	<i>13.7%</i>	<i>9.4%</i>	<i>10.7%</i>	<i>11.5%</i>

# Adjusted EBITDA Reconciliation

## Non-GAAP (Unaudited)



(Amounts in thousands, except percentages)	Quarter Ended				LTM
	Dec 2014	Mar 2015	Jun 2015	Sep 2015	Sep 2015
<b>Net Sales</b>	<b>\$ 201,310</b>	<b>\$ 193,708</b>	<b>\$ 187,590</b>	<b>\$ 186,123</b>	<b>\$ 768,731</b>
Net income (loss)	2,914	(19,847)	(37,050)	7,194	(46,789)
Income tax expense (benefit)	1,359	3	(248)	1,438	2,552
Interest expense, net	9,933	10,016	10,010	9,808	39,767
Depreciation and amortization	9,720	10,074	9,917	9,265	38,976
<b>EBITDA</b>	<b>23,926</b>	<b>246</b>	<b>(17,371)</b>	<b>27,705</b>	<b>34,506</b>
<b>Excluding the following items (Non-GAAP):</b>					
Change in value of NEC TOKIN options	(2,500)	11,100	29,200	(2,200)	35,600
Equity (gain) loss from NEC TOKIN	(1,367)	2,093	(1,585)	(162)	(1,021)
Restructuring charges	6,063	3,437	1,824	23	11,347
ERP integration costs / IT transition costs	671	1,273	4,369	282	6,595
Stock-based compensation expense	1,232	1,328	1,279	1,328	5,167
Legal expenses related to antitrust class actions	409	435	718	541	2,103
Net foreign exchange (gain) loss	(1,257)	(2,168)	1,049	(3,171)	(5,547)
NEC TOKIN investment-related expenses	485	226	224	186	1,121
Plant start-up costs	1,144	651	195	187	2,177
Net (gain) loss on sales and disposals of assets	(574)	538	(58)	(304)	(398)
Pension plan adjustment	—	—	312	—	312
(Income) loss from discontinued operations	164	—	—	—	164
(Gain) loss on early extinguishment of debt	(1,003)	—	—	—	(1,003)
Professional fees related to financing activities	1,142	—	—	—	1,142
Inventory revaluation	(927)	(928)	—	—	(1,855)
<b>Adjusted EBITDA</b>	<b>\$ 27,608</b>	<b>\$ 18,231</b>	<b>\$ 20,156</b>	<b>\$ 24,415</b>	<b>\$ 90,410</b>
<i>Adjusted EBITDA Margin</i>	<i>13.7%</i>	<i>9.4%</i>	<i>10.7%</i>	<i>13.1%</i>	<i>11.8%</i>

# Adjusted EBITDA Reconciliation

## Non-GAAP (Unaudited)



(Amounts in thousands, except percentages)	Quarter Ended				LTM
	Mar 2015	Jun 2015	Sep 2015	Dec 2015	Dec 2015
<b>Net Sales</b>	\$ 193,708	\$ 187,590	\$ 186,123	\$ 177,184	\$ 744,605
Net income (loss)	(19,847)	(37,050)	7,194	(8,600)	(58,303)
Income tax expense (benefit)	3	(248)	1,438	2,760	3,953
Interest expense, net	10,016	10,010	9,808	9,848	39,682
Depreciation and amortization	10,074	9,917	9,265	9,674	38,930
<b>EBITDA</b>	246	(17,371)	27,705	13,682	24,262
<b>Excluding the following items (Non-GAAP):</b>					
Change in value of NEC TOKIN options	11,100	29,200	(2,200)	(700)	37,400
Equity (gain) loss from NEC TOKIN	2,093	(1,585)	(162)	6,505	6,851
Restructuring charges	3,437	1,824	23	1,714	6,998
ERP integration costs / IT transition costs	1,273	4,369	282	167	6,091
Stock-based compensation expense	1,328	1,279	1,328	1,154	5,089
Legal expenses related to antitrust class actions	435	718	541	1,300	2,994
Net foreign exchange (gain) loss	(2,168)	1,049	(3,171)	(1,036)	(5,326)
NEC TOKIN investment-related expenses	226	224	186	225	861
Plant start-up costs	651	195	187	160	1,193
Plant shut-down costs	—	—	—	231	231
Net (gain) loss on sales and disposals of assets	538	(58)	(304)	129	305
Pension plan adjustment	—	312	—	—	312
Inventory revaluation	(928)	—	—	—	(928)
<b>Adjusted EBITDA</b>	\$ 18,231	\$ 20,156	\$ 24,415	\$ 23,531	\$ 86,333
<i>Adjusted EBITDA Margin</i>	9.4%	10.7%	13.1%	13.3%	11.6%

# Adjusted EBITDA Reconciliation

## Non-GAAP (Unaudited)



<i>(Amounts in thousands, except percentages)</i>	Quarter Ended				LTM
	Sep 2015	Dec 2015	Mar 2016	Jun 2016	Jun 2016
<b>Net Sales</b>	\$ 186,123	\$ 177,184	\$ 183,926	\$ 184,935	\$ 732,168
Net income (loss)	7,194	(8,600)	(15,173)	(12,205)	(28,784)
Income tax expense (benefit)	1,438	2,760	2,056	1,800	8,054
Interest expense, net	9,808	9,848	9,925	9,920	39,501
Depreciation and amortization	9,265	9,674	10,160	9,436	38,535
<b>EBITDA</b>	<b>27,705</b>	<b>13,682</b>	<b>6,968</b>	<b>8,951</b>	<b>57,306</b>
<b>Excluding the following items (Non-GAAP):</b>					
Change in value of NEC TOKIN options	(2,200)	(700)	—	12,000	9,100
Equity (gain) loss from NEC TOKIN	(162)	6,505	11,648	(223)	17,768
Restructuring charges	23	1,714	617	688	3,042
ERP integration costs / IT transition costs	282	167	859	1,768	3,076
Stock-based compensation expense	1,328	1,154	1,013	1,228	4,723
Legal expenses related to antitrust class actions	541	1,300	482	1,175	3,498
Net foreign exchange (gain) loss	(3,171)	(1,036)	122	(1,920)	(6,005)
NEC TOKIN investment-related expenses	186	225	265	206	882
Plant start-up costs	187	160	319	308	974
Plant shut-down costs	—	231	141	—	372
Net (gain) loss on sales and disposals of assets	(304)	129	608	91	524
<b>Adjusted EBITDA</b>	<b>\$ 24,415</b>	<b>\$ 23,531</b>	<b>\$ 23,042</b>	<b>\$ 24,272</b>	<b>\$ 95,260</b>
<i>Adjusted EBITDA Margin</i>	<i>13.1%</i>	<i>13.3%</i>	<i>12.5%</i>	<i>13.1%</i>	<i>13.0%</i>

# Adjusted EBITDA Reconciliation

## Non-GAAP (Unaudited)



<i>(Amounts in thousands, except percentages)</i>	Quarter Ended				LTM
	Dec 2015	Mar 2016	Jun 2016	Sep 2016	Sep 2016
<b>Net Sales</b>	\$ 177,184	\$ 183,926	\$ 184,935	\$ 187,308	\$ 733,353
Net income (loss)	(8,600)	(15,173)	(12,205)	(4,998)	(40,976)
Income tax expense (benefit)	2,760	2,056	1,800	830	7,446
Interest expense, net	9,848	9,925	9,920	9,904	39,597
Depreciation and amortization	9,674	10,160	9,436	9,440	38,710
<b>EBITDA</b>	13,682	6,968	8,951	15,176	44,777
<b>Excluding the following items (Non-GAAP):</b>					
Change in value of NEC TOKIN options	(700)	—	12,000	(1,600)	9,700
Equity (gain) loss from NEC TOKIN	6,505	11,648	(223)	(181)	17,749
Restructuring charges	1,714	617	688	3,998	7,017
ERP integration costs / IT transition costs	167	859	1,768	1,783	4,577
Stock-based compensation expense	1,154	1,013	1,228	1,104	4,499
Legal expenses related to antitrust class actions	1,300	482	1,175	766	3,723
Net foreign exchange (gain) loss	(1,036)	122	(1,920)	(724)	(3,558)
NEC TOKIN investment-related expenses	225	265	206	194	890
Plant start-up costs	160	319	308	119	906
Plant shut-down costs	231	141	—	—	372
Net (gain) loss on sales and disposals of assets	129	608	91	84	912
Write down of long-lived assets	—	—	—	6,193	6,193
<b>Adjusted EBITDA</b>	\$ 23,531	\$ 23,042	\$ 24,272	\$ 26,912	\$ 97,757
<i>Adjusted EBITDA Margin</i>	13.3%	12.5%	13.1%	14.4%	13.3%

# Adjusted EBITDA Reconciliation

## Non-GAAP (Unaudited)



(Amounts in thousands, except percentages)	Quarter Ended				LTM
	Mar 2016	Jun 2016	Sep 2016	Dec 2016	Dec 2016
<b>Net Sales</b>	<b>\$ 183,926</b>	<b>\$ 184,935</b>	<b>\$ 187,308</b>	<b>\$ 188,029</b>	<b>\$ 744,198</b>
Net income (loss)	(15,173)	(12,205)	(4,998)	12,278	(20,098)
Income tax expense (benefit)	2,056	1,800	830	1,810	6,496
Interest expense, net	9,925	9,920	9,904	9,913	39,662
Depreciation and amortization	10,160	9,436	9,440	9,095	38,131
<b>EBITDA</b>	<b>6,968</b>	<b>8,951</b>	<b>15,176</b>	<b>33,096</b>	<b>64,191</b>
<b>Excluding the following items (Non-GAAP):</b>					
Change in value of NEC TOKIN options	—	12,000	(1,600)	(6,900)	3,500
Equity (gain) loss from NEC TOKIN	11,648	(223)	(181)	133	11,377
Restructuring charges	617	688	3,998	(369)	4,934
ERP integration costs / IT transition costs	859	1,768	1,783	1,734	6,144
Stock-based compensation expense	1,013	1,228	1,104	1,139	4,484
Legal expenses related to antitrust class actions	482	1,175	766	293	2,716
Net foreign exchange (gain) loss	122	(1,920)	(724)	(2,621)	(5,143)
NEC TOKIN investment-related expenses	265	206	194	204	869
Plant start-up costs	319	308	119	—	746
Plant shut-down costs	141	—	—	—	141
Net (gain) loss on sales and disposals of assets	608	91	84	132	915
Write down of long-lived assets	—	—	6,193	—	6,193
<b>Adjusted EBITDA</b>	<b>\$ 23,042</b>	<b>\$ 24,272</b>	<b>\$ 26,912</b>	<b>\$ 26,841</b>	<b>\$ 101,067</b>
<i>Adjusted EBITDA Margin</i>	<i>12.5%</i>	<i>13.1%</i>	<i>14.4%</i>	<i>14.3%</i>	<i>13.6%</i>

# Adjusted EBITDA Reconciliation

## Non-GAAP (Unaudited)



<i>(Amounts in thousands, except percentages)</i>	Fiscal Year	
	2015	2016
<b>Net Sales</b>	<b>\$ 823,192</b>	<b>\$ 734,823</b>
Net income (loss)	(14,143)	(53,629)
Income tax expense (benefit)	5,227	6,006
Interest expense, net	40,686	39,591
Depreciation and amortization	40,768	39,016
<b>EBITDA</b>	<b>72,538</b>	<b>30,984</b>
<b>Excluding the following items (Non-GAAP):</b>		
Change in value of NEC TOKIN options	(2,100)	26,300
Equity (gain) loss from NEC TOKIN	2,169	16,406
Restructuring charges	13,017	4,178
ERP integration costs / IT transition costs	3,248	5,677
Stock-based compensation expense	4,512	4,774
Legal expenses related to antitrust class actions	844	3,041
Net foreign exchange (gain) loss	(4,249)	(3,036)
NEC TOKIN investment-related expenses	1,778	900
Plant start-up costs	4,556	861
Plant shut-down costs	889	372
Net (gain) loss on sales and disposals of assets	(221)	375
Pension plan adjustment	—	312
(Income) loss from discontinued operations	(5,379)	—
(Gain) loss on early extinguishment of debt	(1,003)	—
Professional fees related to financing activities	1,142	—
<b>Adjusted EBITDA</b>	<b>\$ 91,741</b>	<b>\$ 91,144</b>
<i>Adjusted EBITDA Margin</i>	<i>11.1%</i>	<i>12.4%</i>

# Non-GAAP Financial Measures

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## Non-GAAP Financial Measures

Included in this presentation are certain non-GAAP financial measures designed to complement the financial information presented in accordance with generally accepted accounting principles in the United States of America because management believes such measures are useful to investors for the reasons described below.

### Adjusted gross margin

Adjusted gross margin represents net sales less cost of sales excluding adjustments which are outlined in the quantitative reconciliation provided earlier in this presentation. Management uses Adjusted gross margin to facilitate our analysis and understanding of our business operations by excluding the items outlined in the quantitative reconciliation provided earlier in this presentation which might otherwise make comparisons of our ongoing business with prior periods more difficult and obscure trends in ongoing operations. The Company believes that Adjusted gross margin is useful to investors because it provides a supplemental way to understand the underlying operating performance of the Company. Adjusted gross margin should not be considered as an alternative to gross margin or any other performance measure derived in accordance with GAAP.

### Adjusted selling, general and administrative expenses

Adjusted selling, general and administrative expenses represents selling, general and administrative expenses excluding adjustments which are outlined in the quantitative reconciliation provided earlier in this presentation. Management uses Adjusted selling, general and administrative expenses to facilitate our analysis and understanding of our business operations by excluding the items outlined in the quantitative reconciliation provided earlier in this presentation which might otherwise make comparisons of our ongoing business with prior periods more difficult and obscure trends in ongoing operations. The Company believes that Adjusted selling, general and administrative expenses is useful to investors because it provides a supplemental way to understand the underlying operating performance of the Company. Adjusted selling, general and administrative expenses should not be considered as an alternative to selling, general and administrative expenses or any other performance measure derived in accordance with GAAP.



# Non-GAAP Financial Measures

## Continued

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### **Adjusted operating income (loss)**

Adjusted operating income (loss) represents operating income (loss), excluding adjustments which are outlined in the quantitative reconciliation provided earlier in this presentation. Management uses Adjusted operating income to facilitate our analysis and understanding of our business operations by excluding the items outlined in the quantitative reconciliation provided earlier in this presentation which might otherwise make comparisons of our ongoing business with prior periods more difficult and obscure trends in ongoing operations. The Company believes that Adjusted operating income is useful to investors to provide a supplemental way to understand the underlying operating performance of the Company and monitor and understand changes in our ability to generate income from ongoing business operations. Adjusted operating income should not be considered as an alternative to operating loss or any other performance measure derived in accordance with GAAP.

### **Adjusted net income (loss) and Adjusted EPS**

Adjusted net income (loss) and Adjusted EPS represent net income (loss) and EPS, excluding adjustments which are more specifically outlined in the quantitative reconciliation provided earlier in this presentation. Management uses Adjusted net income (loss) and Adjusted EPS to evaluate the Company's operating performance by excluding the items outlined in the quantitative reconciliation provided earlier in this presentation which might otherwise make comparisons of our ongoing business with prior periods more difficult and obscure trends in ongoing operations. The Company believes that Adjusted net income (loss) and Adjusted EPS are useful to investors because they provide a supplemental way to understand the underlying operating performance of the Company and allows investors to monitor and understand changes in our ability to generate income from ongoing business operations. Adjusted net income (loss) and Adjusted EPS should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with GAAP.

# Non-GAAP Financial Measures

## Continued

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### Adjusted EBITDA

Adjusted EBITDA represents net loss before income tax expense (benefit), interest expense, net, and depreciation and amortization expense, excluding adjustments which are more specifically outlined in the quantitative reconciliation provided earlier in this presentation. We present Adjusted EBITDA as a supplemental measure of our performance and ability to service debt. We also present Adjusted EBITDA because we believe such measure is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry.

We believe Adjusted EBITDA is an appropriate supplemental measure of debt service capacity, because cash expenditures on interest are, by definition, available to pay interest, and tax expense is inversely correlated to interest expense because tax expense goes down as deductible interest expense goes up; depreciation and amortization are non-cash charges. The other items excluded from Adjusted EBITDA are excluded in order to better reflect our continuing operations.

In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses similar to the adjustments in this presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by these types of adjustments. Adjusted EBITDA is not a measurement of our financial performance under GAAP and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with GAAP or as an alternative to cash flow from operating activities as a measure of our liquidity.

# Non-GAAP Financial Measures

## Continued

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Our Adjusted EBITDA measure has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- it does not reflect our cash expenditures, future requirements for capital expenditures or contractual commitments;
- it does not reflect changes in, or cash requirements for, our working capital needs;
- it does not reflect the significant interest expense or the cash requirements necessary to service interest or principal payment on our debt;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and our Adjusted EBITDA measure does not reflect any cash requirements for such replacements;
- it is not adjusted for all non-cash income or expense items that are reflected in our statements of cash flows;
- it does not reflect the impact of earnings or charges resulting from matters we consider not to be indicative of our ongoing operations;
- it does not reflect limitations on or costs related to transferring earnings from our subsidiaries to us; and
- other companies in our industry may calculate this measure differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business or as a measure of cash that will be available to us to meet our obligations. You should compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA only supplementally.