Electronic Components

KEMET

CHARGED.®

First Quarter Earnings Conference Call

July 25, 2018

Quarter Ended June 30, 2018

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" or other similar expressions and future or conditional verbs such as "will," "should," "would," and "could" 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 and could cause a write down of long-lived assets or goodwill; (ii) an increase in the cost or a decrease in the availability of our principal or single-sourced purchased raw materials; (iii) changes in the competitive environment; (iv) uncertainty of the timing of customer product qualifications in heavily regulated industries; (v) economic, political, or regulatory changes in the countries in which we operate; (vi) difficulties, delays, or unexpected costs in completing the restructuring plans; (vii) acquisitions and other strategic transactions expose us to a variety of risks; (viii) acquisition of TOKIN may not achieve all of the anticipated results; (ix) our business could be negatively impacted by increased regulatory scrutiny and litigation; (x) difficulties associated with retaining, attracting, and training effective employees and management; (xi) the need to develop innovative products to maintain customer relationships and offset potential price erosion in older products; (xii) exposure to claims alleging product defects; (xiii) the impact of laws and regulations that apply to our business, including those relating to environmental matters and cyber security; (xiv) the impact of international laws relating to trade, export controls and foreign corrupt practices; (xv) changes impacting international trade and corporate tax provisions related to the global manufacturing and sales of our products may have an adverse effect on our financial condition and results of operations; (xvi) volatility of financial and credit markets affecting our access to capital; (xvii) the need to reduce the total costs of our products to remain competitive; (xviii) potential limitation on the use of net operating losses to offset possible future taxable income; (xix) restrictions in our debt agreements that could limit our flexibility in operating our business; (xx) disruption to our information technology systems to function properly or control unauthorized access to our systems may cause business disruptions; (xxi) economic and demographic experience for pension and other post-retirement benefit plans could be less favorable than our assumptions; (xxii) fluctuation in distributor sales could adversely affect our results of operations, (xxiii) earthquakes and other natural disasters could disrupt our operations and have a material adverse effect on our financial condition and results of operations, (xxiv) volatility in our stock price.

Income Statement Highlights
U.S. GAAP (Unaudited)

Electronic Components KEMET CHARGED.

(Amounts in thousands, except percentages and per share data)	For the Quarters Ended Jun 2018	Mar 2018	Jun 2017
Net sales [1]	**$ 327,616**	**$ 318,091**	**$ 273,946**
Gross margin [1]	**$ 94,821**	**$ 88,128**	**$ 74,117**
Gross margin as a percentage of net sales	*28.9%*	*27.7%*	*27.1%*
Selling, general and administrative [1]	**$ 48,542**	**$ 47,821**	**$ 35,631**
SG&A as a percentage of net sales	*14.8%*	*15.0%*	*13.0%*
Operating income (loss) [1]	**$ 35,176**	**$ 21,646**	**$ 27,607**
Net income (loss) [1]	**$ 35,220**	**$ 2,280**	**$ 220,439**
Per basic and diluted share data:			
Net income (loss) per basic share	$ 0.61	$ 0.04	$ 4.65
Net income (loss) per diluted share	0.60	0.04	3.82
Weighted avg. shares - basic	57,339	57,025	47,381
Weighted avg. shares - diluted	59,038	59,063	57,731

[1] *Quarter ended March 31, 2018 and June 30, 2017 adjusted due to the adoption of ASC 606, Revenue from Contracts with Customers.*

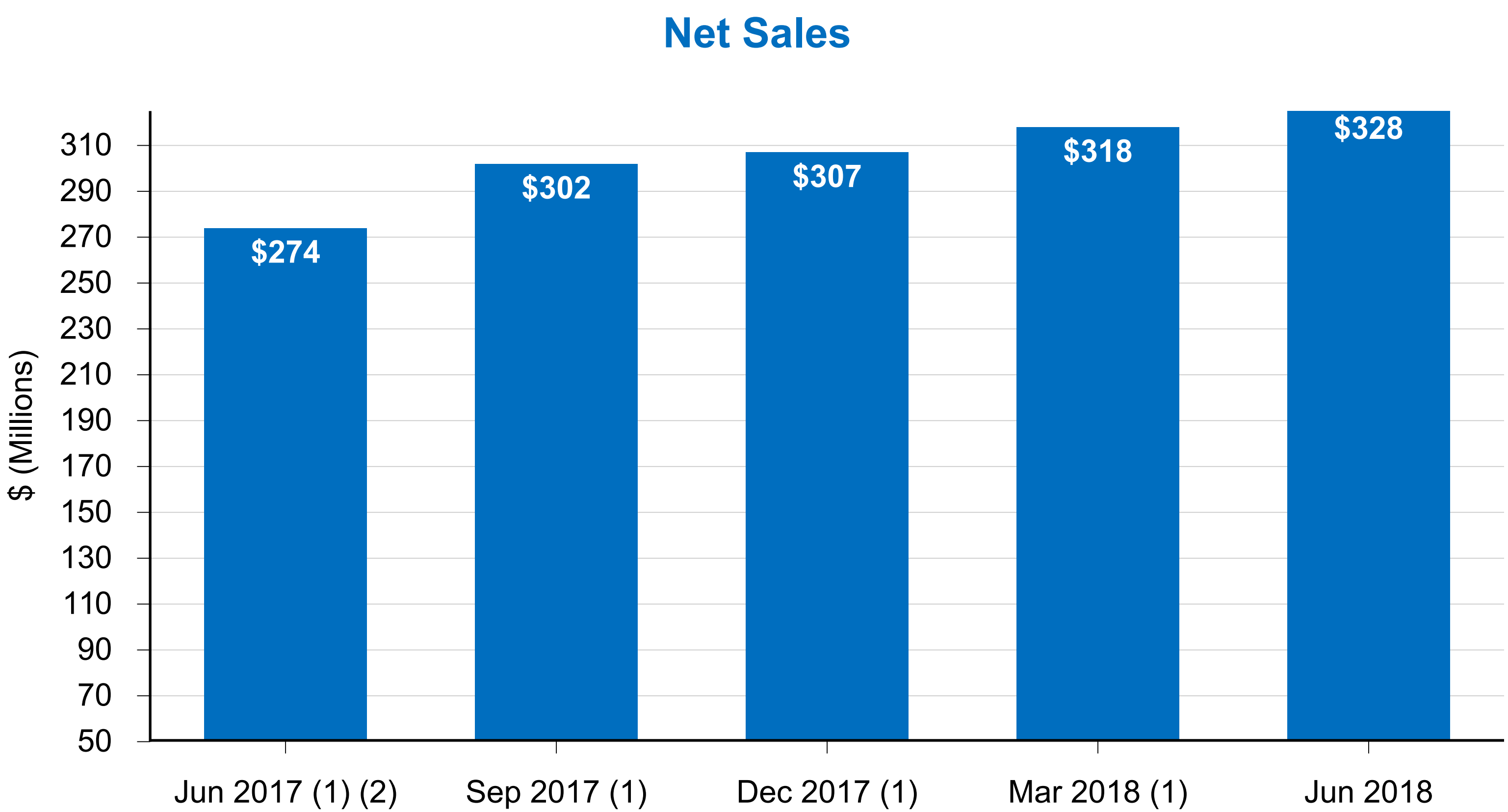
Income Statement Highlights

Non-GAAP (Unaudited)

(Amounts in thousands, except percentages and per share data)	For the Quarters Ended Jun 2018	Mar 2018	Jun 2017
Net sales [1]	**$ 327,616**	**$ 318,091**	**$ 273,946**
Adjusted gross margin [1]	**$ 96,163**	**$ 89,522**	**$ 74,427**
Adjusted gross margin as a percentage of net sales	*29.4%*	*28.1%*	*27.2%*
Adjusted selling, general and administrative [1]	**$ 42,204**	**$ 43,752**	**$ 33,745**
Adjusted SG&A as a percentage of net sales	*12.9%*	*13.8%*	*12.3%*
Adjusted operating income (loss) [1]	**$ 43,340**	**$ 35,450**	**$ 31,481**
Adjusted net income (loss) [1]	**$ 32,488**	**$ 26,206**	**$ 19,075**
Adjusted EBITDA [1]	**$ 56,162**	**$ 48,543**	**$ 43,330**
Adjusted EBITDA margin as a percentage of net sales	*17.1%*	*15.3%*	*15.8%*
Per share data:			
Adjusted net income (loss) - basic	$ 0.57	$ 0.46	$ 0.40
Adjusted net income (loss) - diluted	$ 0.55	$ 0.44	$ 0.33
Weighted avg. shares - basic	57,339	57,025	47,381
Weighted avg. shares - diluted	59,038	59,063	57,731

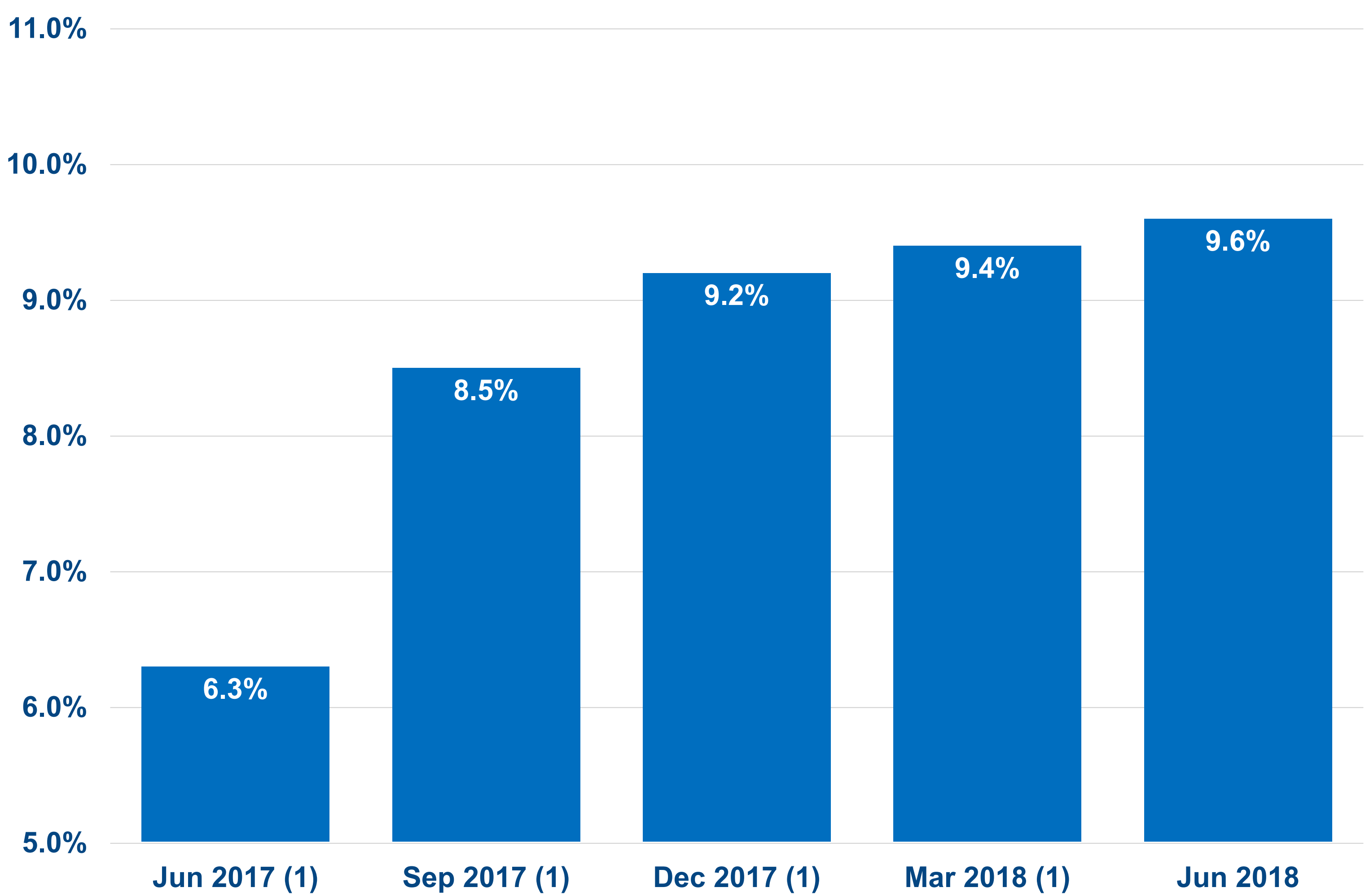
[1] Quarter ended March 31, 2018 and June 30, 2017 adjusted due to the adoption of ASC 606.

Financial Trends
Quarterly Sales Summary
U.S. GAAP (Unaudited)



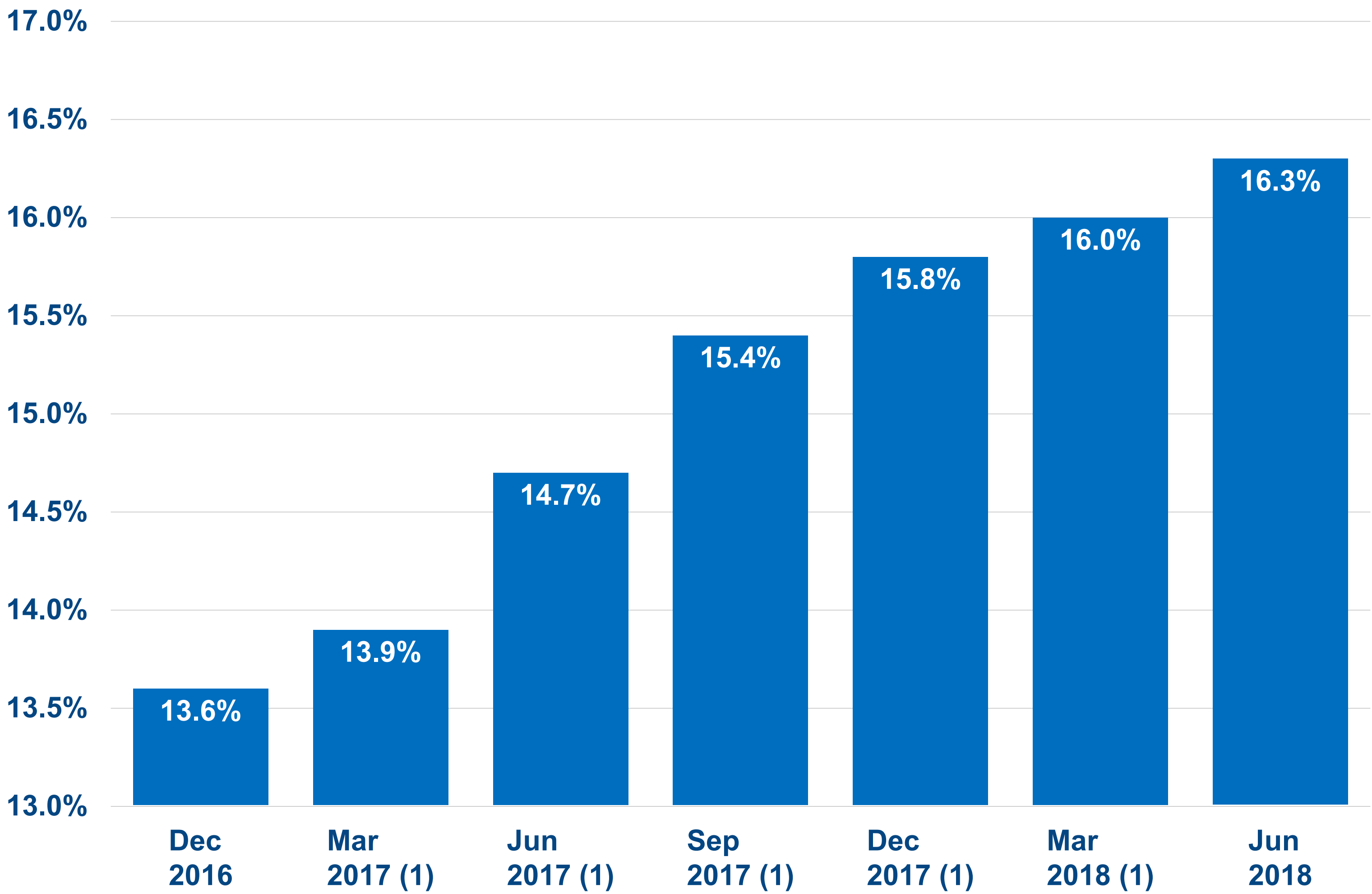
(1) *Quarters ended June 2017, September 2017, December 2017, and March 2018 adjusted due to the adoption of ASC 606.*
(2) *Includes TOKIN revenues beginning April 19, 2017.*

LTM Operating Income Margins
U.S. GAAP (Unaudited)



(1) LTM ended June 2017, September 2017, December 2017, and March 2018 adjusted due to the adoption of ASC 606.

LTM Adjusted EBITDA Margins
Non-GAAP (Unaudited)



(1) *LTM ended Mar 2017, June 2017, September 2017, December 2017, and March 2018 adjusted due to the adoption of ASC 606.*

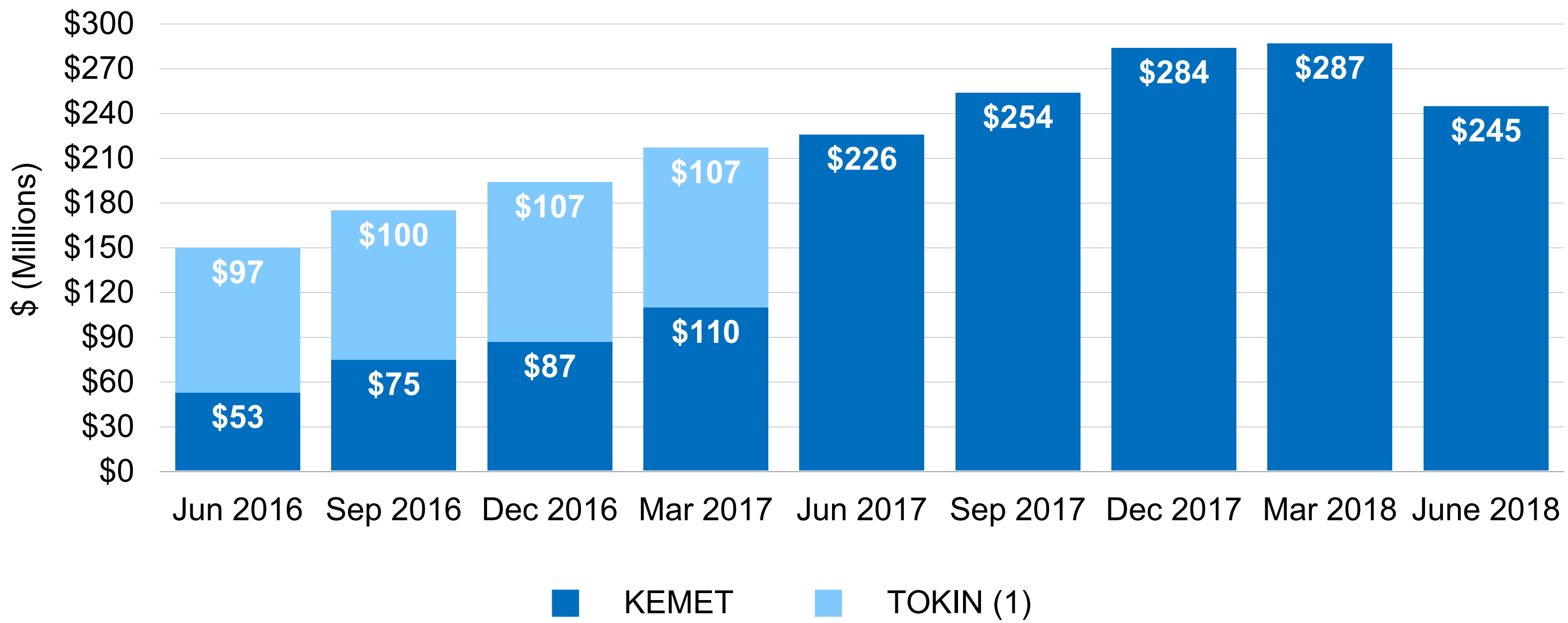
Financial Highlights
(Unaudited)

Electronic Components KEMET CHARGED.

(Amounts in millions)	Jun 2018	Mar 2018	FX Impact
Cash, cash equivalents	**$ 244.6**	**$ 286.8**	**$ (7.1)**
Capital expenditures	**$ 16.0**	**$ 34.1**	
Short-term debt	$ 20.4	$ 20.5	
Long-term debt	286.2	317.9	
Debt (discount)/premium and issuance costs	13.6	(13.8)	
Total debt	**$ 320.2**	**$ 324.6**	
Equity [1]	**$ 469.0**	**$ 463.9**	**$ 24.1**
Net working capital [1] [2]	**$ 223.6**	**$ 211.0**	**$ 3.6**

(1) *Quarter ended March 31, 2018 adjusted due to the adoption of ASC 606.*
(2) *Calculated as accounts receivable, net, plus inventories, net, less accounts payable.*

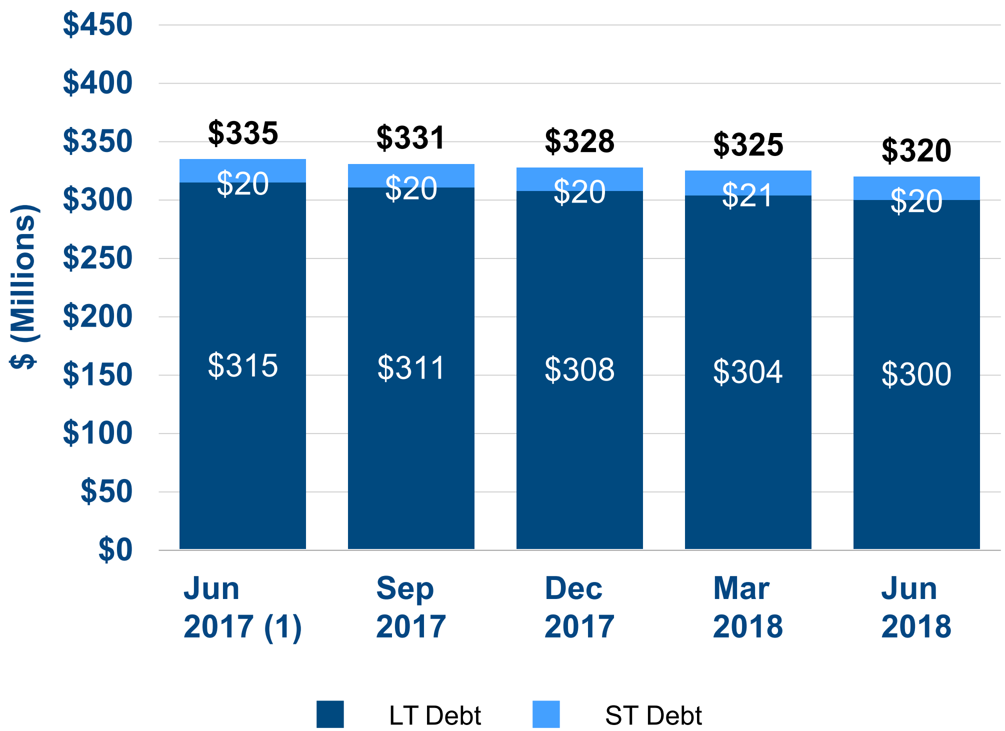
Financial Trends
Quarterly Cash and Cash Equivalents
U.S. GAAP (Unaudited)



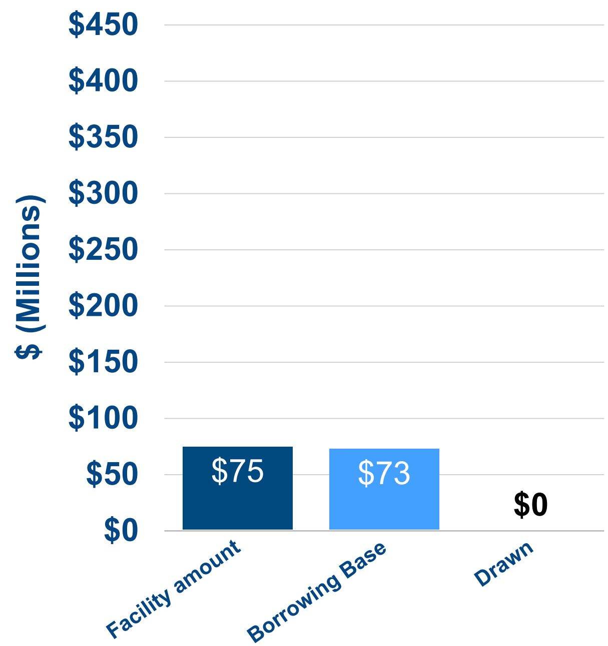
(1) TOKIN results exclude the EMD business which was sold on April 14, 2017.

Debt Trend - Q1 FY2019
(Unaudited)

Total Debt



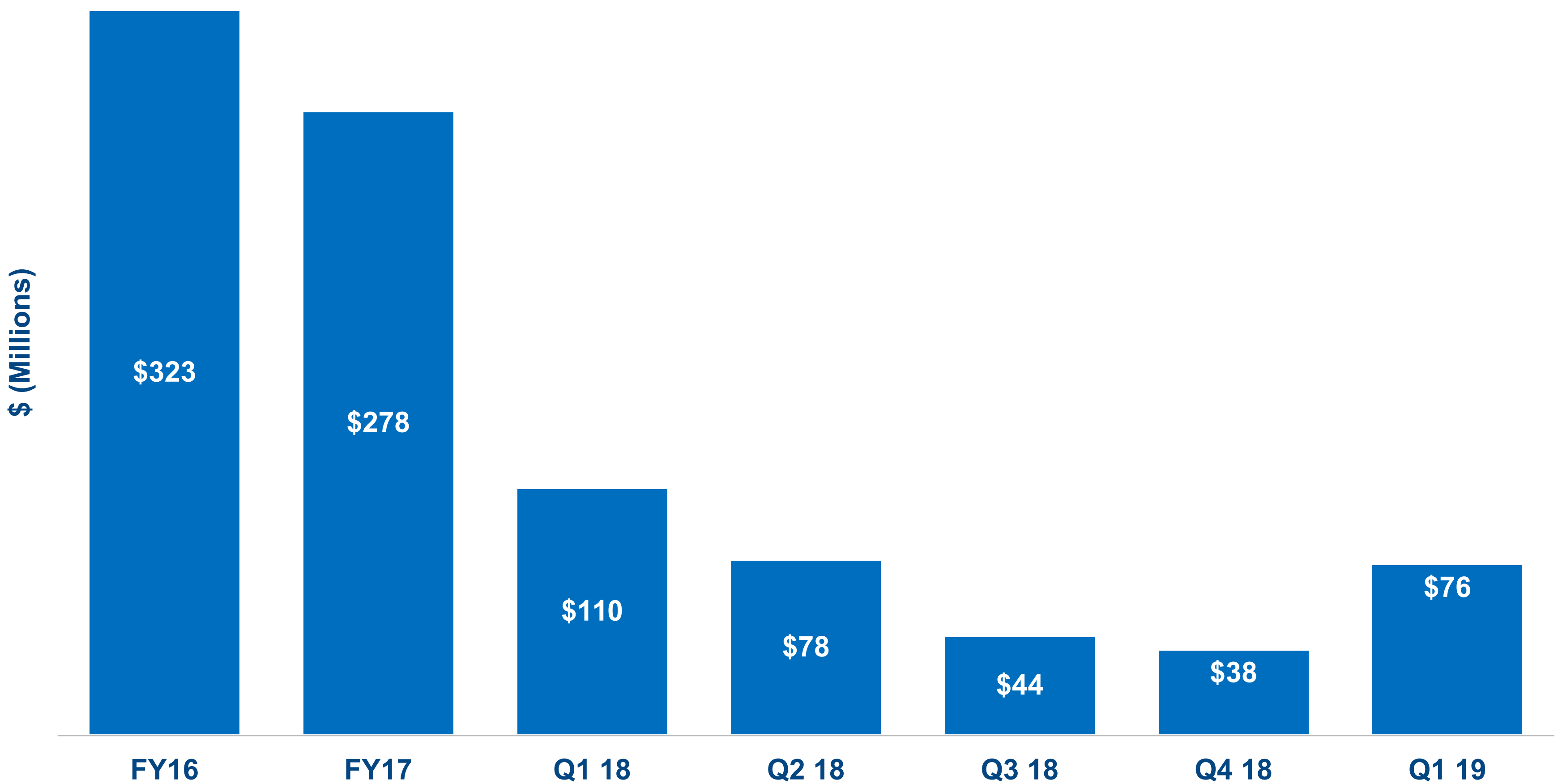
Revolver Facility



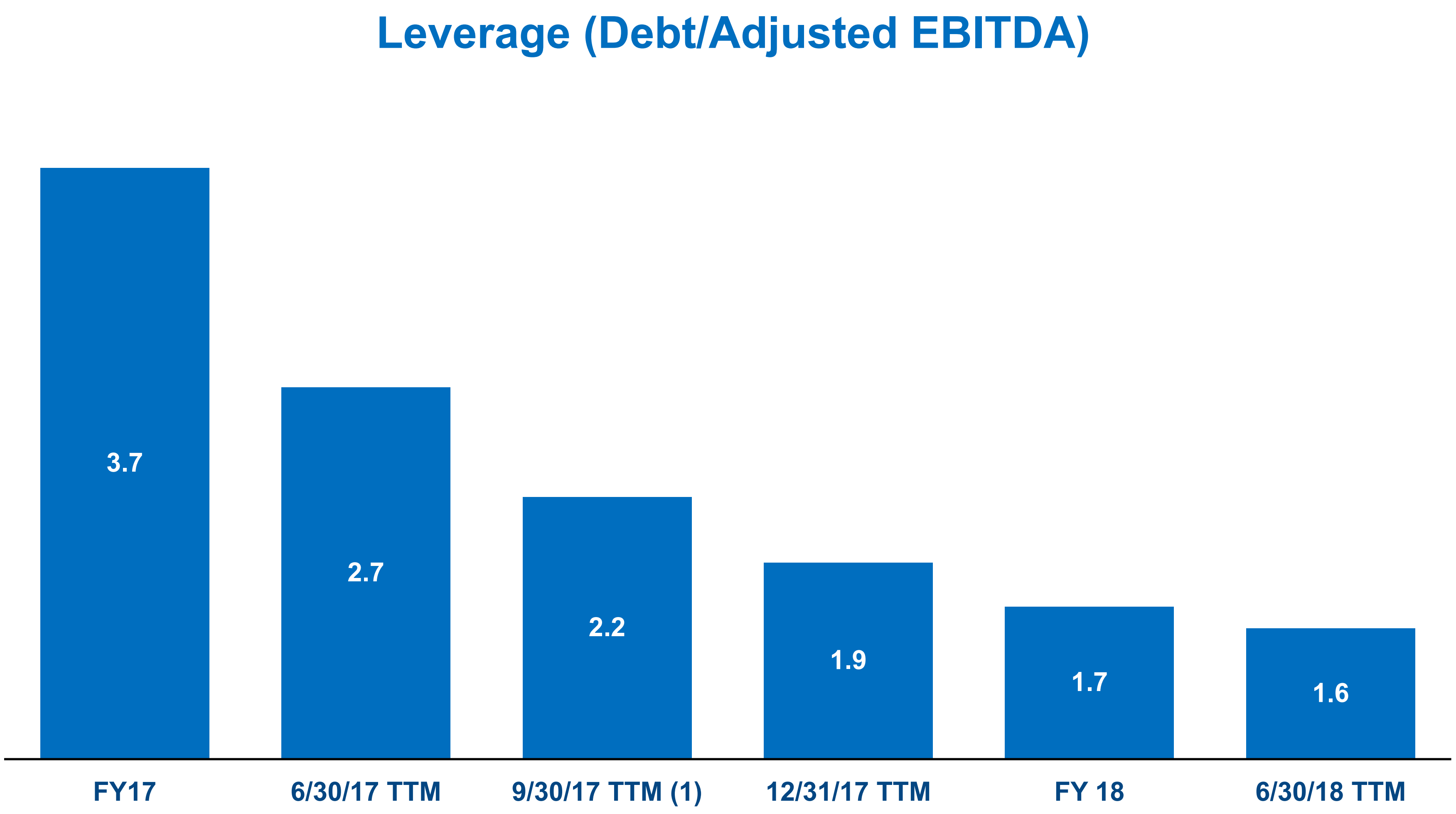
Cash interest ~ $2.2M per month. Principal ~ $4.3M per quarter.

Net Debt
(Unaudited)

Net Debt (Debt less Cash on hand)



Leverage
Non-GAAP (Unaudited)



(1) *Quarter ended September 30, 2017 adjusted due to the adoption of ASC 606.*

Adjusted Gross Margin - GAAP Reconciliation
Solid Capacitors (Unaudited)

(Amounts in thousands, except percentages)	For the Quarters Ended Jun 2018	Mar 2018	Jun 2017
Net sales	**$ 213,821**	**$ 202,805**	**$ 182,119**
Cost of sales	**134,206**	**127,822**	**119,874**
Gross margin (U.S. GAAP)	**79,615**	**74,983**	**62,245**
Gross margin as a percentage of net sales	*37.2 %*	*37.0 %*	*34.2 %*
Adjustments:			
Stock-based compensation expense	385	287	213
Plant start-up costs	753	929	—
Adjusted gross margin (non-GAAP)	**$ 80,753**	**$ 76,199**	**$ 62,458**
Adjusted gross margin as a percentage of net sales	*37.8 %*	*37.6 %*	*34.3 %*

Adjusted Gross Margin - GAAP Reconciliation

Film & Electrolytic (Unaudited)

(Amounts in thousands, except percentages)	For the Quarters Ended Jun 2018	Mar 2018	Jun 2017
Net sales [1]	**$ 54,955**	**$ 55,028**	**$ 47,483**
Cost of sales [1]	**51,525**	**52,051**	**42,846**
Gross margin (U.S. GAAP) [1]	**3,430**	**2,977**	**4,637**
Gross margin as a percentage of net sales	*6.2%*	*5.4%*	*9.8%*
Adjustments:			
Stock-based compensation expense	186	157	97
Adjusted gross margin (non-GAAP) [1]	**$ 3,616**	**$ 3,134**	**$ 4,734**
Adjusted gross margin as a percentage of net sales	*6.6%*	*5.7%*	*10.0%*

[1] Quarters ended March 31, 2018 and June 30, 2017 adjusted due to the adoption of ASC 606.

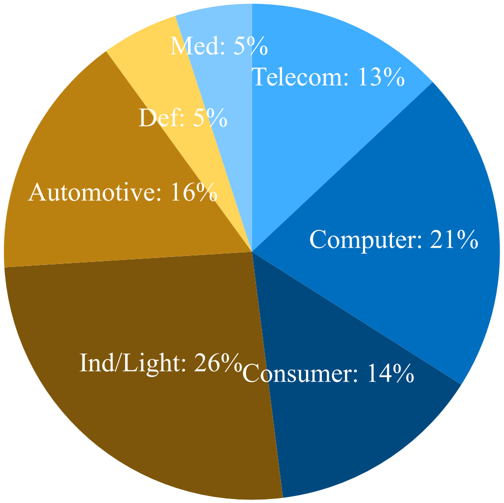
Adjusted Gross Margin - U.S. GAAP
Electro-magnetic, Sensors & Actuators (Unaudited)

Electronic Components KEMET CHARGED.

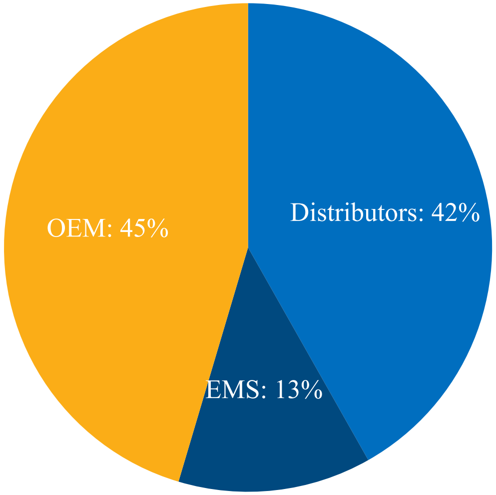
	For the Quarters Ended		
(Amounts in thousands, except percentages)	**Jun 2018**	**Mar 2018**	**Jun 2017**
Net sales	**$ 58,840**	**$ 60,258**	**$ 44,344**
Cost of sales	**47,064**	**50,090**	**37,109**
Gross margin (U.S. GAAP)	**11,776**	**10,168**	**7,235**
Gross margin as a percentage of net sales	*20.0%*	*16.9%*	*16.3%*
Adjustments:			
Stock-based compensation expense	18	21	—
Adjusted gross margin (non-GAAP)	**$ 11,794**	**$ 10,189**	**$ 7,235**
Adjusted gross margin as a percentage of net sales	*20.0%*	*16.9%*	*16.3%*

Sales Summary - Q1 FY2019
(Unaudited)

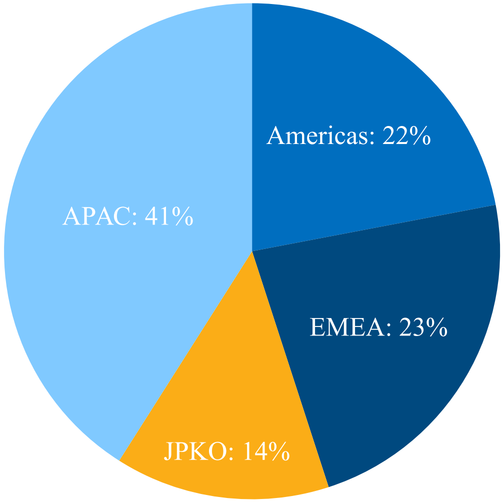
INDUSTRY



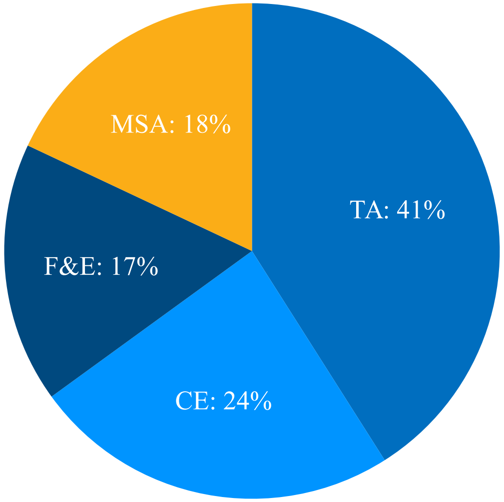
CHANNEL



REGION



PRODUCT LINE



Global Distribution
Q1 FY2019 Results (Unaudited)

POA

POS Supports: $ 171M

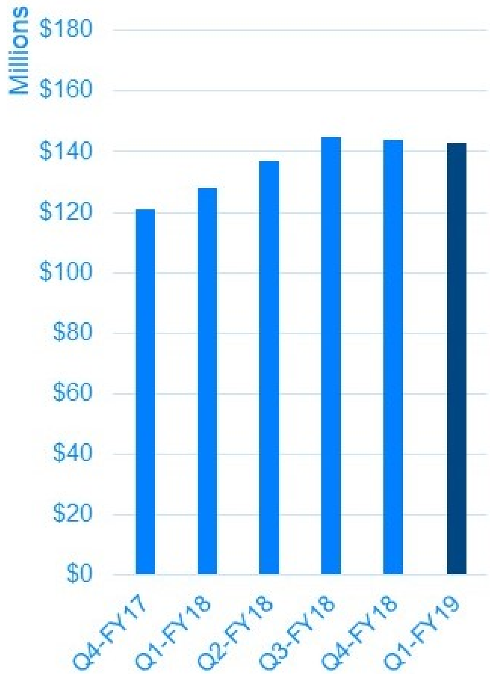
Q/Q	Y/Y	b:B
6.4%	19.4%	1:1.8

POS

Q/Q	Y/Y	b:B
13.3%	44.1%	1:1.4

INV

Q/Q	Y/Y
-1%	+11%



Appendix

Adjusted Gross Margin
Non-GAAP (Unaudited)

(Amounts in thousands, except percentages)	For the Quarters Ended Jun 2018	Mar 2018	Jun 2017
Net Sales [1]	$ 327,616	$ 318,091	$ 273,946
Cost of sales [1]	232,795	229,963	199,829
Gross Margin (U.S. GAAP) [1]	94,821	88,128	74,117
Gross margin as a percentage of net sales	*28.9%*	*27.7%*	*27.1%*
Adjustments:			
Stock-based compensation expense	589	465	310
Plant start-up costs	753	929	—
Adjusted gross margin (non-GAAP) [1]	$ 96,163	$ 89,522	$ 74,427
Adjusted gross margin as a percentage of net sales	*29.4%*	*28.1%*	*27.2%*

[1] Quarters ended March 31, 2018 and June 30, 2017 adjusted due to the adoption of ASC 606.

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

(Amounts in thousands, except percentages)	For the Quarters Ended Jun 2018	 Mar 2018	 Jun 2017
Net sales [(1)]	**$ 327,616**	**$ 318,091**	**$ 273,946**
Selling, general and administrative expenses (U.S. GAAP)	**$ 48,542**	**$ 47,821**	**$ 35,631**
Selling, general, and administrative as a percentage of net sales	*14.8%*	*15.0%*	*13.0%*
Less adjustments:			
ERP integration/IT transition costs	1,650	80	—
Stock-based compensation expense	3,402	2,251	745
Legal expenses/fines related to antitrust class actions	1,286	1,738	1,141
Adjusted selling, general and administrative expenses (non-GAAP)	**$ 42,204**	**$ 43,752**	**$ 33,745**
Adjusted selling, general, and administrative as a percentage of net sales	*12.9%*	*13.8%*	*12.3%*

[(1)] Quarters ended March 31, 2018 and June 30, 2017 adjusted due to the adoption of ASC 606.

Adjusted Operating Income (Loss)

Non-GAAP (Unaudited)

Electronic Components KEMET CHARGED.

(Amounts in thousands)	For the Quarters Ended Jun 2018	Mar 2018	Jun 2017
Operating income (loss) (U.S. GAAP) [1]	**$ 35,176**	**$ 21,646**	**$ 27,607**
Adjustments:			
Restructuring charges	(96)	8,307	1,613
Legal expenses/fines related to antitrust class actions	1,286	1,738	1,141
Stock-based compensation expense	4,060	2,820	1,101
(Gain) loss on write down and disposal of long-lived assets	511	(70)	19
ERP integration/IT transition costs	1,650	80	—
Plant start-up costs	753	929	—
Adjusted operating income (loss) (non-GAAP) [1]	**$ 43,340**	**$ 35,450**	**$ 31,481**

[1] *Quarters ended March 31, 2018 and June 30, 2017 adjusted due to the adoption of ASC 606.*

Adjusted Net Income (Loss)

Non-GAAP (Unaudited)

(Amounts in thousands, except per share data)	For the Quarters Ended Jun 2018	Mar 2018	Jun 2017
Net income (loss) (U.S. GAAP) [1]	**$ 35,220**	**$ 2,280**	**$ 220,439**
Adjustments:			
Equity (income) loss from equity method investments	70	(313)	(75,417)
Acquisition (gain) loss	—	6,303	(135,588)
Net foreign exchange (gain) loss	(7,521)	3,972	5,043
Restructuring charges	(96)	8,307	1,613
Research and development grant reimbursement	(4,087)	—	—
Legal expenses/fines related to antitrust class actions	1,248	1,095	1,141
Stock-based compensation expense	4,060	2,820	1,101
(Gain) loss on early extinguishment of debt	—	—	486
Amortization included in interest expense	229	647	460
Income tax effect of non-U.S. GAAP adjustments [2]	451	156	(222)
(Gain) loss on write down and disposal of long-lived assets	511	(70)	19
ERP integration/IT transition costs	1,650	80	—
Plant start-up costs	753	929	—
Adjusted net income (loss) (non-GAAP) [1]	**$ 32,488**	**$ 26,206**	**$ 19,075**
Adjusted net income (loss) per share - basic	$ 0.57	$ 0.46	$ 0.40
Adjusted net income (loss) per share - diluted	$ 0.55	$ 0.44	$ 0.33
Adjusted EBITDA (non-GAAP) [1]	**$ 56,162**	**$ 48,543**	**$ 43,330**
Weighted avg. shares - basic	57,339	57,025	47,381
Weighted avg. shares - diluted	59,038	59,063	57,731

[1] Quarters ended March 31, 2018 and June 30, 2017 adjusted due to the adoption of ASC 606.

[2] The income tax effect of the excluded items is calculated by applying the applicable jurisdictional income tax rate, considering the deferred tax valuation for each applicable jurisdiction.

Adjusted EBITDA Reconciliation

Non-GAAP (Unaudited)

(Amounts in thousands)	For the Quarters Ended Jun 2018	Mar 2018	Jun 2017
Net income (loss) (U.S. GAAP) [1]	$ 35,220	$ 2,280	$ 220,439
Interest expense (income), net	6,658	6,754	10,894
Income tax expense (benefit) [1]	4,600	3,091	1,140
Depreciation and amortization [1]	13,096	13,295	12,459
EBITDA (non-GAAP) [1]	59,574	25,420	244,932
Excluding the following items:			
Equity (income) loss from equity method investments	70	(313)	(75,417)
Acquisition (gain) loss	—	6,303	(135,588)
Net foreign exchange (gain) loss	(7,521)	3,972	5,043
Restructuring charges	(96)	8,307	1,613
Research and development grant reimbursement	(4,087)	—	—
Legal expenses/fines related to antitrust class actions	1,248	1,095	1,141
Stock-based compensation expense	4,060	2,820	1,101
(Gain) loss on early extinguishment of debt	—	—	486
(Gain) loss on write down and disposal of long-lived assets	511	(70)	19
Plant start-up costs	753	929	—
ERP integration/IT transition costs	1,650	80	—
Adjusted EBITDA (non-GAAP) [1]	**$ 56,162**	**$ 48,543**	**$ 43,330**

[1] Quarters ended March 31, 2018 and June 30, 2017 adjusted due to the adoption of ASC 606.

Adjusted EBITDA Reconciliation
Non-GAAP (Unaudited)

Electronic Components KEMET CHARGED.

(Amounts in thousands, except percentages)	Quarters Ended Sep 2016	Dec 2016	Mar 2017	Jun 2017	LTM Jun 2017
Net Sales [1]	$ 187,308	$ 188,029	$ 197,066	$ 273,946	$ 846,349
Net income (loss) (U.S. GAAP) [1]	(4,998)	12,278	52,082	220,439	279,801
Income tax expense (benefit) [1]	830	1,810	(146)	1,140	3,634
Interest expense, net	9,904	9,913	9,994	10,894	40,705
Depreciation and amortization [1]	9,440	9,095	10,180	12,459	41,174
EBITDA (non-GAAP) [1]	15,176	33,096	72,110	244,932	365,314
Excluding the following items (non-GAAP):					
Change in value of TOKIN options	(1,600)	(6,900)	(14,200)	—	(22,700)
Equity (income) loss from equity method investments	(181)	133	(41,372)	(75,417)	(116,837)
Acquisition (gain) loss	—	—	—	(135,588)	(135,588)
Restructuring charges	3,998	(369)	1,087	1,613	6,329
ERP integration costs / IT transition costs	1,783	1,734	1,760	—	5,277
Stock-based compensation expense	1,104	1,139	1,249	1,101	4,593
Legal expenses related to antitrust class actions	766	293	406	1,141	2,606
Net foreign exchange (gain) loss	(724)	(2,621)	1,507	5,043	3,205
TOKIN investment-related expenses	194	204	497	—	895
Plant start-up costs	119	—	—	—	119
(Gain) loss on write down and disposal of long-lived assets	6,277	132	4,171	19	10,599
(Gain) loss on early extinguishment of debt	—	—	—	486	486
Adjusted EBITDA (non-GAAP) [1]	$ 26,912	$ 26,841	$ 27,215	$ 43,330	$ 124,298
Adjusted EBITDA Margin (non-GAAP)	*14.4%*	*14.3%*	*13.8%*	*15.8%*	*14.7%*
Total Debt balance as of June 30, 2017					*335,145*
Leverage ratio (Debt/Adjusted EBITDA)					*2.7*

[1] *Quarters ended March 31, 2017 and June 30, 2017 adjusted due to the adoption of ASC 606.*

Adjusted EBITDA Reconciliation
Non-GAAP (Unaudited)

Electronic Components KEMET CHARGED.

(Amounts in thousands, except percentages)	Quarters Ended Dec 2016	Mar 2017	Jun 2017	Sep 2017	LTM Sep 2017
Net Sales [1]	**$ 188,029**	**$ 197,066**	**$ 273,946**	**$ 301,568**	**$ 960,609**
Net income (loss) (U.S. GAAP) [1]	12,278	52,082	220,439	12,819	297,618
Income tax expense (benefit) [1]	1,810	(146)	1,140	2,864	5,668
Interest expense, net	9,913	9,994	10,894	7,270	38,071
Depreciation and amortization [1]	9,095	10,180	12,459	13,554	45,288
EBITDA (non-GAAP) [1]	33,096	72,110	244,932	36,507	386,645
Excluding the following items (non-GAAP):					
Change in value of TOKIN options	(6,900)	(14,200)	—	—	(21,100)
Equity (income) loss from equity method investments	133	(41,372)	(75,417)	(224)	(116,880)
Acquisition Gain	—	—	(135,588)	(1,285)	(136,873)
Restructuring charges	(369)	1,087	1,613	1,393	3,724
ERP integration costs / IT transition costs	1,734	1,760	—	—	3,494
Stock-based compensation expense	1,139	1,249	1,101	1,530	5,019
Legal expenses related to antitrust class actions	293	406	1,141	10,327	12,167
Net foreign exchange (gain) loss	(2,621)	1,507	5,043	1,891	5,820
TOKIN investment-related expenses	204	497	—	—	701
(Gain) loss on write down and disposal of long-lived assets	132	4,171	19	(39)	4,283
(Gain) loss on early extinguishment of debt	—	—	486	—	486
Adjusted EBITDA (non-GAAP) [1]	**$ 26,841**	**$ 27,215**	**$ 43,330**	**$ 50,100**	**$ 147,486**
Adjusted EBITDA Margin (non-GAAP)	*14.3%*	*13.8%*	*15.8%*	*16.6%*	*15.4%*
Total Debt balance as of September 30, 2017					*331,787*
Leverage ratio (Debt/Adjusted EBITDA)					*2.2*

[1] *Quarters ended March 31, 2017, June 30, 2017, and September 30, 2017 adjusted due to the adoption of ASC 606.*

Adjusted EBITDA Reconciliation

Non-GAAP (Unaudited)

(Amounts in thousands, except percentages)	Quarters Ended Mar 2017	Quarters Ended Jun 2017	Quarters Ended Sep 2017	Quarters Ended Dec 2017	LTM Dec 2017
Net Sales [1]	**$ 197,066**	**$ 273,946**	**$ 301,568**	**$ 306,576**	**$ 1,079,156**
Net income (loss) (U.S. GAAP) [1]	52,082	220,439	12,819	18,589	303,929
Income tax expense (benefit) [1]	(146)	1,140	2,864	2,037	5,895
Interest expense, net	9,994	10,894	7,270	7,155	35,313
Depreciation and amortization [1]	10,180	12,459	13,554	11,353	47,546
EBITDA (non-GAAP) [1]	72,110	244,932	36,507	39,134	392,683
Excluding the following items (non-GAAP):					
Change in value of TOKIN options	(14,200)	—	—	—	(14,200)
Equity (income) loss from equity method investments	(41,372)	(75,417)	(224)	(238)	(117,251)
Acquisition (gain) loss	—	(135,588)	(1,285)	(310)	(137,183)
Restructuring charges	1,087	1,613	1,393	3,530	7,623
ERP integration costs / IT transition costs	1,760	—	—	—	1,760
Stock-based compensation expense	1,249	1,101	1,530	2,206	6,086
Legal expenses related to antitrust class actions	406	1,141	10,327	4,073	15,947
Net foreign exchange (gain) loss	1,507	5,043	1,891	2,239	10,680
TOKIN investment-related expenses	497	—	—	—	497
(Gain) loss on write down and disposal of long-lived assets	4,171	19	(39)	(902)	3,249
(Gain) loss on early extinguishment of debt	—	486	—	—	486
Adjusted EBITDA (non-GAAP) [1]	**$ 27,215**	**$ 43,330**	**$ 50,100**	**$ 49,732**	**$ 170,377**
Adjusted EBITDA Margin (non-GAAP)	*13.8%*	*15.8%*	*16.6%*	*16.2%*	*15.8%*
Total Debt balance as of December 31, 2017					*328,162*
Leverage ratio (Debt/Adjusted EBITDA)					*1.9*

[1] *Quarters ended March 30, 2017, June 30, 2017, September 30, 2017, and December 31, 2017 adjusted due to the adoption of ASC 606.*

Adjusted EBITDA Reconciliation

Non-GAAP (Unaudited)

Electronic Components KEMET CHARGED.

(Amounts in thousands, except percentages)	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
Net Sales [1]	**$ 734,823**	**$ 757,338**	**$ 1,200,181**
Net income (loss) (U.S. GAAP) [1]	(53,629)	47,157	254,127
Income tax expense (benefit) [1]	6,006	4,294	9,132
Interest expense, net	39,591	39,731	32,073
Depreciation and amortization [1]	39,016	38,151	50,661
EBITDA (non-GAAP) [1]	30,984	129,333	345,993
Excluding the following items (non-GAAP):			
Change in value of TOKIN options	26,300	(10,700)	—
Equity (income) loss from equity method investments	16,406	(41,643)	(76,192)
Acquisition (gain) loss	—	—	(130,880)
Restructuring charges	4,178	5,404	14,843
ERP integration costs / IT transition costs	5,677	7,045	80
Stock-based compensation expense	4,774	4,720	7,657
Legal expenses related to antitrust class actions	3,041	2,640	16,636
Net foreign exchange (gain) loss	(3,036)	(3,758)	13,145
TOKIN investment-related expenses	900	1,101	—
Plant start-up costs	861	427	929
Plant shut-down costs	372	—	—
(Gain) loss on write down and sale of long-lived assets	375	10,671	(992)
Pension plan adjustment	312	—	—
(Gain) loss on early extinguishment of debt	—	—	486
Adjusted EBITDA (non-GAAP) [1]	**$ 91,144**	**$ 105,240**	**$ 191,705**
Adjusted EBITDA Margin	*12.4%*	*13.9%*	*16.0%*
Total Debt as of March 31,	**$ 387,833**	**$ 388,211**	**$ 324,623**
Leverage ratio (Debt/Adjusted EBITDA)	**$ 4.3**	**$ 3.7**	**$ 1.7**

[1] *Fiscal years ended 2017 and 2018 adjusted due to the adoption of ASC 606.*

Adjusted EBITDA Reconciliation
Non-GAAP (Unaudited)

Electronic Components KEMET CHARGED.

(Amounts in thousands, except percentages)	Sep 2017	Dec 2017	Mar 2018	Jun 2018	LTM Jun 2018
Net Sales [1]	**$ 301,568**	**$ 306,576**	**$ 318,091**	**$ 327,616**	**$ 1,253,851**
Net income (loss) (U.S. GAAP) [1]	12,819	18,589	2,280	35,220	68,908
Income tax expense (benefit) [1]	2,864	2,037	3,091	4,600	12,592
Interest expense, net	7,270	7,155	6,754	6,658	27,837
Depreciation and amortization [1]	13,554	11,353	13,295	13,096	51,298
EBITDA (non-GAAP) [1]	36,507	39,134	25,420	59,574	160,635
Excluding the following items (non-GAAP):					
Equity (income) loss from equity method investments	(224)	(238)	(313)	70	(705)
Acquisition (gain) loss	(1,285)	(310)	6,303	—	4,708
Restructuring charges	1,393	3,530	8,307	(96)	13,134
Research and development grant reimbursement	—	—	—	(4,087)	(4,087)
ERP integration costs / IT transition costs	—	—	80	1,650	1,730
Stock-based compensation expense	1,530	2,206	2,820	4,060	10,616
Legal expenses related to antitrust class actions	10,327	4,073	1,095	1,248	16,743
Net foreign exchange (gain) loss	1,891	2,239	3,972	(7,521)	581
Plant start-up costs	—	—	929	753	1,682
(Gain) loss on write down and disposal of long-lived assets	(39)	(902)	(70)	511	(500)
Adjusted EBITDA (non-GAAP) [1]	**$ 50,100**	**$ 49,732**	**$ 48,543**	**$ 56,162**	**$ 204,537**
Adjusted EBITDA Margin (non-GAAP)	*16.6%*	*16.2%*	*15.3%*	*17.1%*	*16.3%*
Total Debt balance as of June 30, 2018					*320,223*
Leverage ratio (Debt/Adjusted EBITDA)					*1.6*

[1] *Quarters ended September 30, 2017, December 31, 2017, and March 31, 2018 adjusted due to the adoption of ASC 606.*

Non-GAAP Financial Measures

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.

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 allows investors to 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.

Non-GAAP Financial Measures
Continued

Electronic Components KEMET CHARGED.

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.

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

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 any income tax expense or benefit, including any potential changes to income taxes resulting from The Tax Cuts and Jobs Act enacted on December 22, 2017;
- 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 supplementary.