Third Quarter Earnings Conference Call
February 6, 2020

Quarter Ended December 31, 2019

KEMET

Cautionary Statement

Certain statements included herein contain forward-looking statements within the meaning of federal securities laws about the Company's 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) the failure to complete our merger with Yageo Corporation (the “Merger”), (ii) certain business uncertainties and contractual restrictions related to the pendency of the Merger, (iii) our inability to pursue alternatives to the Merger during the pendency of the Merger, (iv) lawsuits filed against us relating to the Merger, (v) 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; (vi) an increase in the cost or a decrease in the availability of our principal or single-sourced purchased raw materials; (vii) changes in the competitive environment; (viii) uncertainty of the timing of customer product qualifications in heavily regulated industries; (ix) economic, political, or regulatory changes in the countries in which we operate; (x) difficulties, delays, or unexpected costs in completing the Company’s restructuring plans; (xi) acquisitions and other strategic transactions expose us to a variety of risks, including the ability to successfully integrate and maintain adequate internal controls over financial reporting in compliance with applicable regulations; (xii) our acquisition of TOKIN Corporation may not achieve all of the anticipated results; (xiii) our business could be negatively impacted by increased regulatory scrutiny and litigation; (xiv) difficulties associated with retaining, attracting, and training effective employees and management; (xv) the need to develop innovative products to maintain customer relationships and offset potential price erosion in older products; (xvi) exposure to claims alleging product defects; (xvii) the impact of laws and regulations that apply to our business, including those relating to environmental matters, data protection, cyber security and privacy; (xviii) the impact of international laws relating to trade, export controls and foreign corrupt practices; (xix) 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; (xx) volatility of financial and credit markets affecting our access to capital; (xxi) default or failure of one or more of our counterparty financial institutions could cause us to incur significant losses; (xxii) the need to reduce the total costs of our products to remain competitive; (xxiii) potential limitation on the use of net operating losses to offset possible future taxable income; (xxiv) restrictions in our debt agreements that could limit our flexibility in operating our business; (xxv) failure to maintain effective internal controls over financial reporting; (xxvi) service interruption, misappropriation of data, or breaches of security as it relates to our information systems could cause a disruption in our operations, financial losses, and damage to our reputation; (xxvii) economic and demographic experience for pension and other post-retirement benefit plans could be less favorable than our assumptions; (xxviii) fluctuation in distributor sales could adversely affect our results of operations; (xxix) earthquakes and other natural disasters could disrupt our operations and have a material adverse effect on our financial condition and results of operations; and (xxx) volatility in our stock price.

Income Statement Highlights
GAAP (Unaudited)

(Amounts in thousands, except percentages and per share data)	For the Quarters Ended Dec 2019	For the Quarters Ended Dec 2018
Net sales	**$ 294,741**	**$ 350,175**
Gross margin	**$ 93,181**	**$ 123,750**
Gross margin as a percentage of net sales	*31.6%*	*35.3%*
Selling, general and administrative	**$ 50,031**	**$ 48,271**
SG&A as a percentage of net sales	*17.0%*	*13.8%*
Operating income	**$ 28,648**	**$ 61,616**
Income tax expense	**$ 5,400**	**$ 2,600**
Net income	**$ 16,602**	**$ 40,806**
Per basic and diluted share data:		
Net income per basic share	$ 0.28	$ 0.70
Net income per diluted share	$ 0.28	$ 0.69
Weighted avg. shares - basic	58,646	58,010
Weighted avg. shares - diluted	59,529	59,111

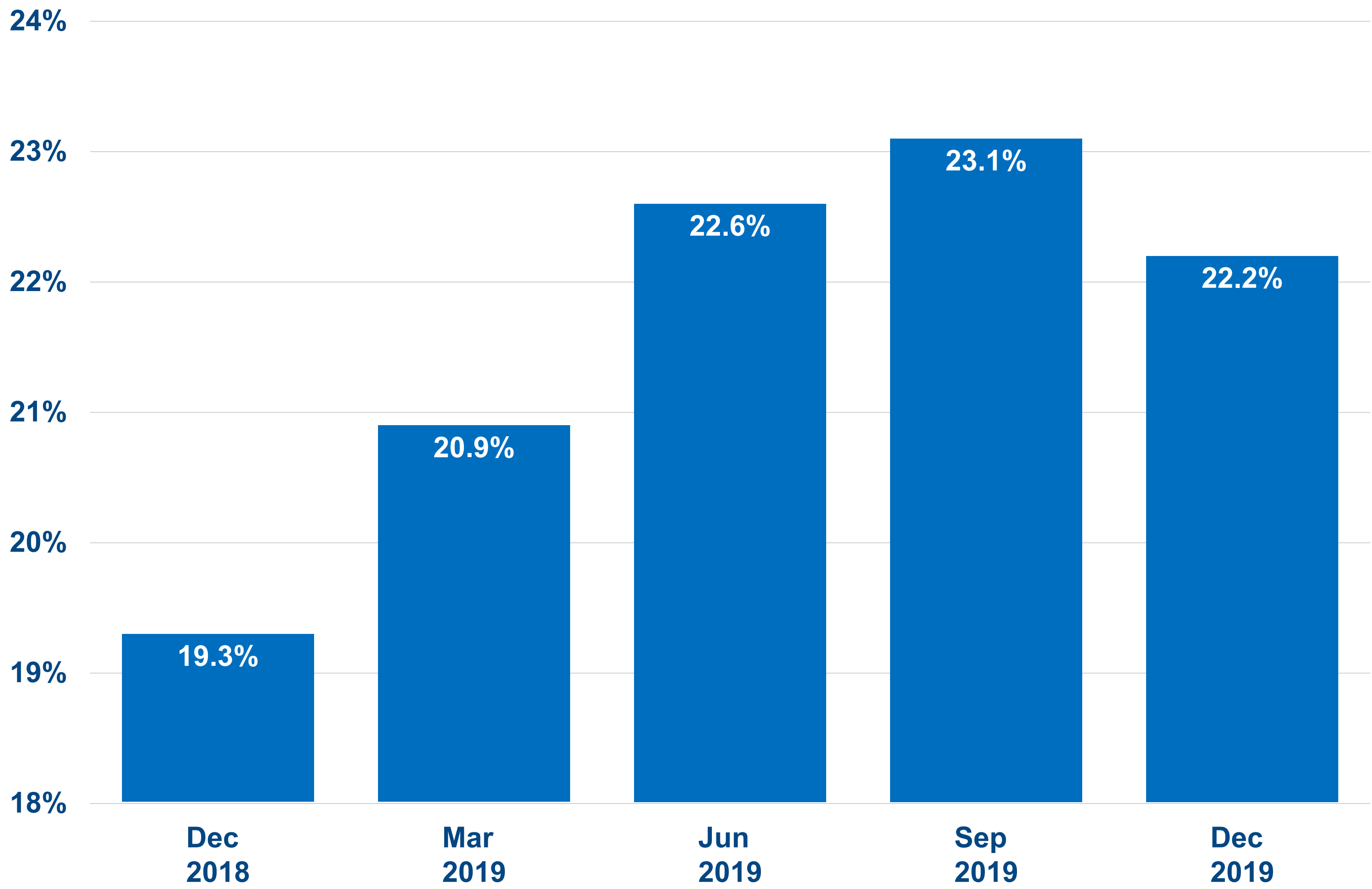
Income Statement Highlights
Non-GAAP (Unaudited) [1]

KEMET

(Amounts in thousands, except percentages and per share data)	For the Quarters Ended Dec 2019	Dec 2018
Net sales (GAAP)	**$ 294,741**	**$ 350,175**
Adjusted gross margin	**$ 94,109**	**$ 124,721**
Adjusted gross margin as a percentage of net sales	*31.9%*	*35.6%*
Adjusted selling, general and administrative	**$ 41,194**	**$ 43,783**
Adjusted SG&A as a percentage of net sales	*14.0%*	*12.5%*
Adjusted operating income	**$ 40,365**	**$ 69,682**
Income tax expense	**$ 11,093**	**$ 2,691**
Adjusted net income	**$ 27,594**	**$ 62,658**
Adjusted EBITDA	**$ 56,740**	**$ 82,020**
Adjusted EBITDA margin as a percentage of net sales	*19.3%*	*23.4%*
Per share data:		
Adjusted net income per basic share	$ 0.47	$ 1.08
Adjusted net income per diluted share	$ 0.46	$ 1.06
Weighted avg. shares - basic	58,646	58,010
Weighted avg. shares - diluted	59,529	59,111

[1] *For a reconciliation of the non-GAAP measures presented on this slide to their most directly comparable GAAP measure, see the appendix.*

LTM Adjusted EBITDA Margins
Non-GAAP (Unaudited) (1)



(1) *For a reconciliation of the non-GAAP measures presented on this slide to their most directly comparable GAAP measure, see the appendix.*

Adjusted Selling, General & Administrative Expenses Reconciliation

Non-GAAP (Unaudited)

KEMET

(Amounts in thousands, except percentages)	For the Quarters Ended Dec 2019	Dec 2018
Net sales (GAAP)	**$ 294,741**	**$ 350,175**
Selling, general and administrative expenses (GAAP)	**$ 50,031**	**$ 48,271**
Selling, general, and administrative as a percentage of net sales	*17.0%*	*13.8%*
Less non-GAAP adjustments:		
ERP integration/IT transition costs	2,029	2,453
Stock-based compensation expense	1,521	767
Legal expenses related to antitrust class actions	(29)	1,268
Contingent consideration fair value adjustment	33	—
Merger related expenses	5,283	—
Adjusted selling, general and administrative expenses (non-GAAP)	**$ 41,194**	**$ 43,783**
Adjusted selling, general, and administrative as a percentage of net sales	*14.0%*	*12.5%*

Financial Highlights
(Unaudited)

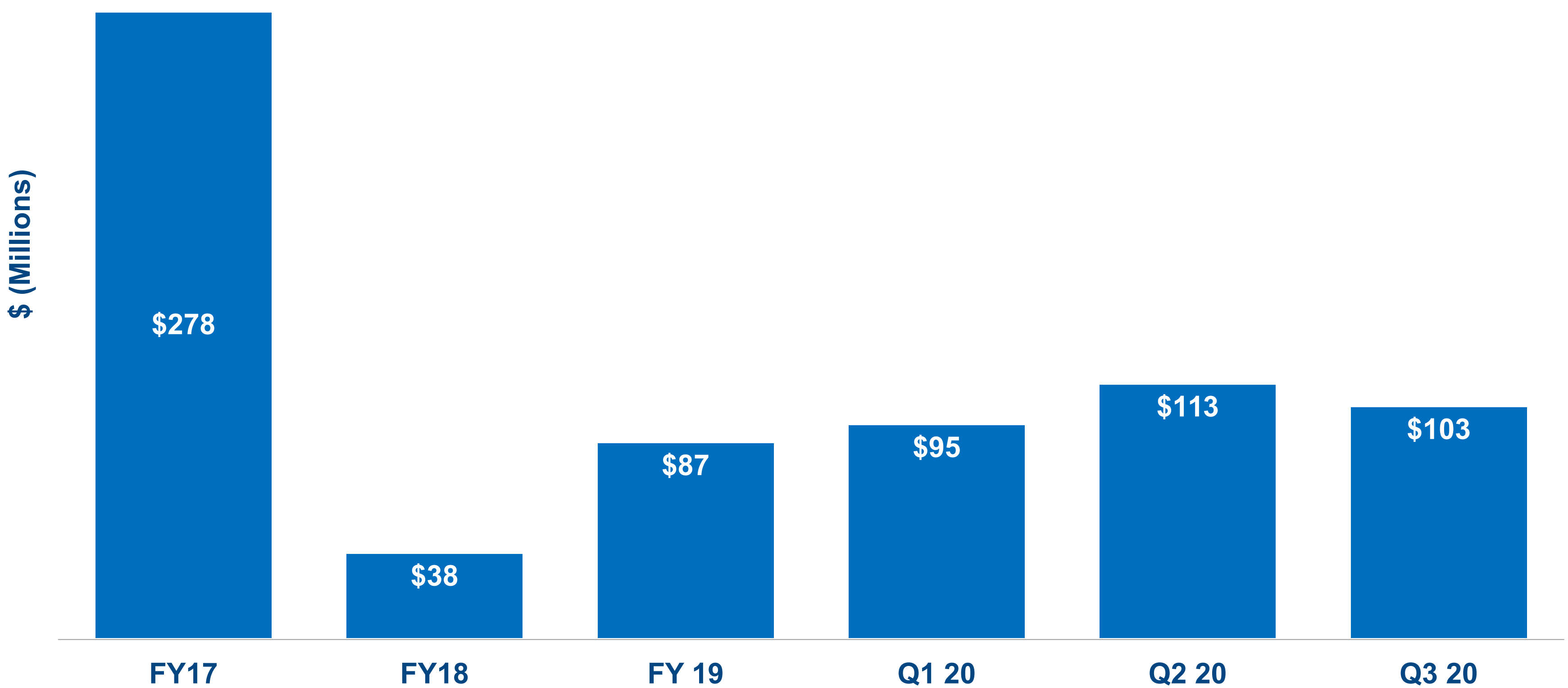
KEMET

(Amounts in millions)	Dec 2019	Sep 2019
Cash, cash equivalents	**$ 208.4**	**$ 192.7**
Inventories, net	**$ 263.1**	**$ 268.2**
Capital expenditures	**$ 30.8**	**$ 36.2**
Short-term debt	$ 29.0	$ 29.2
Long-term debt	301.5	292.7
Debt (discount)/premium and issuance costs	(18.8)	(16.3)
Total debt	**$ 311.7**	**$ 305.6**
Equity	**$ 687.3**	**$ 650.9**
Net working capital [1]	**$ 293.7**	**$ 248.8**

[1] *Calculated as accounts receivable, net, plus inventories, net, less accounts payable.*

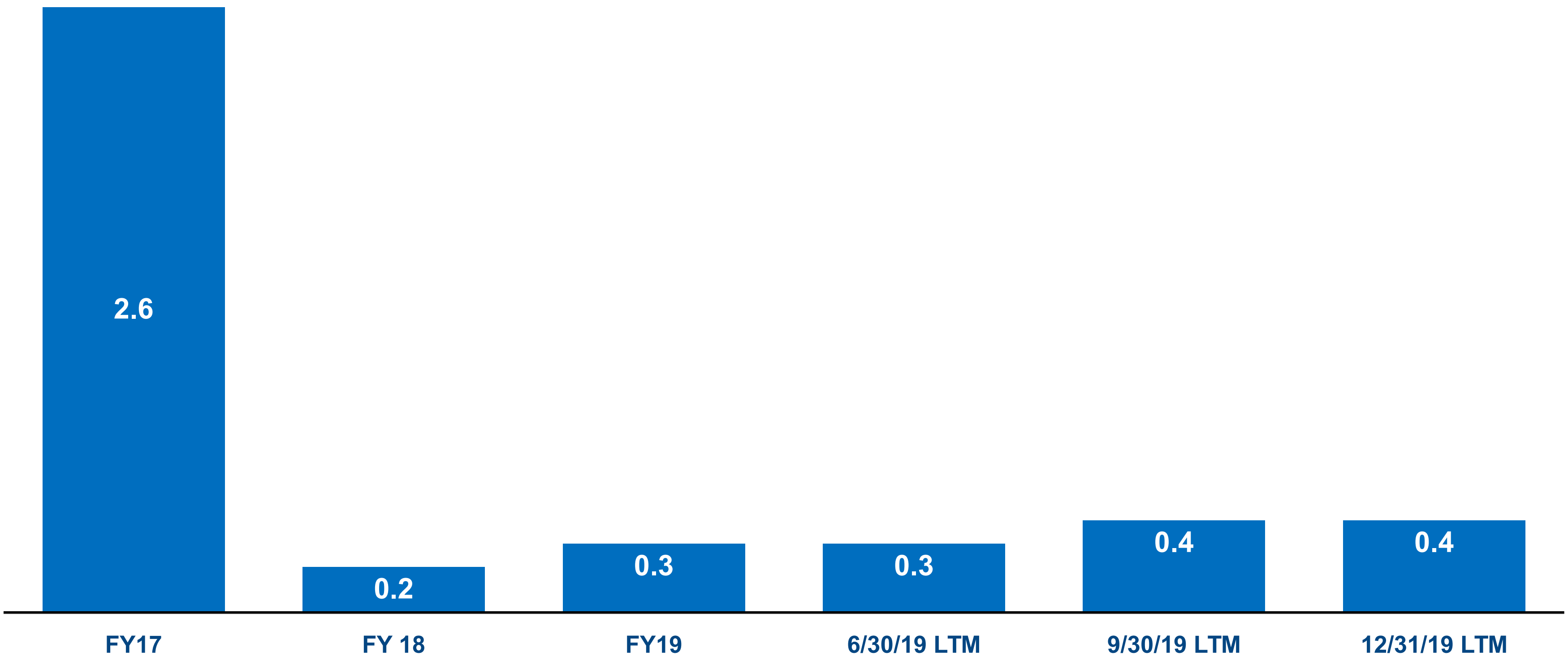
Net Debt
(Unaudited)

Net Debt (Debt less Cash on hand)



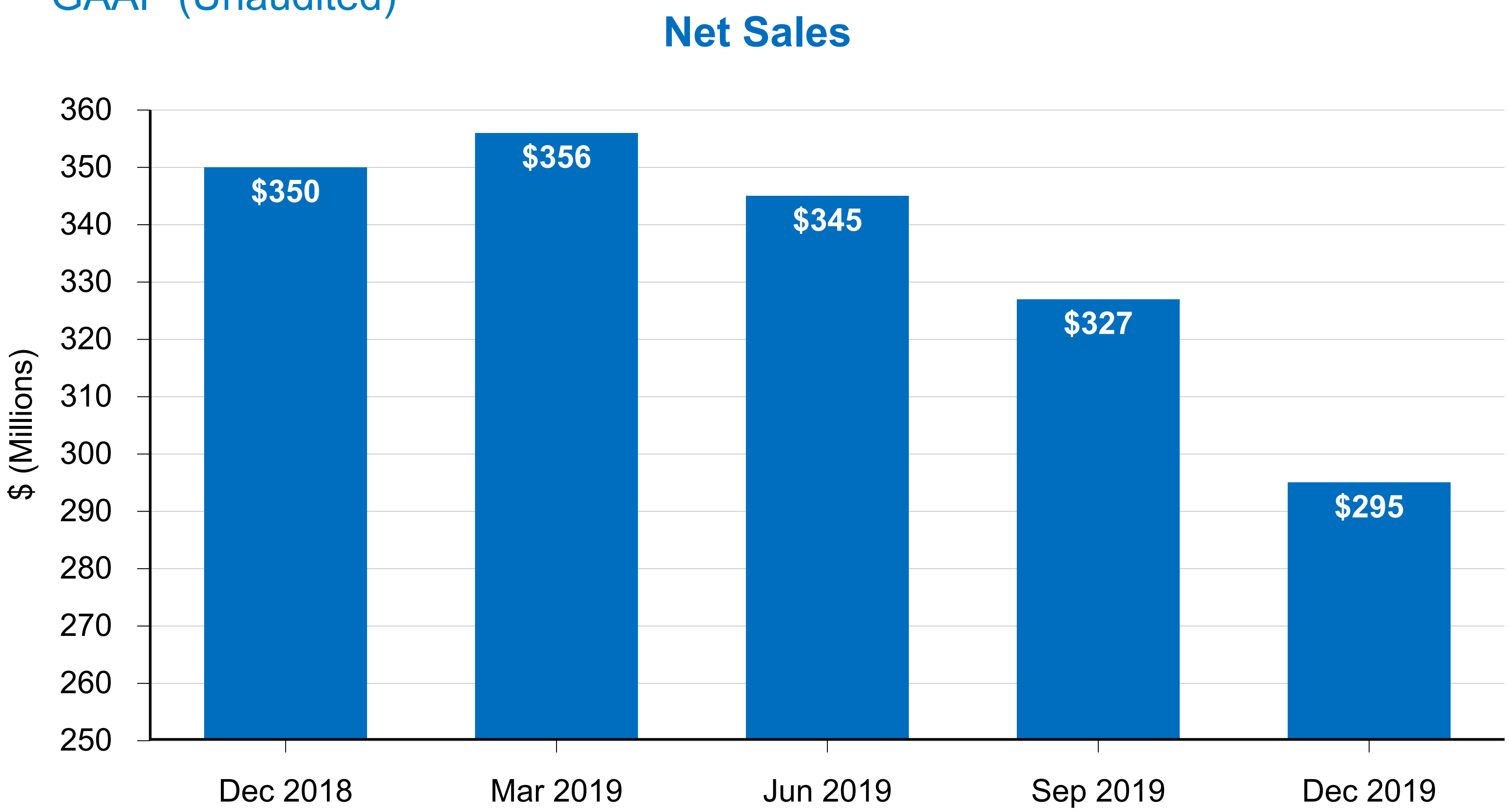
Leverage
Non-GAAP (Unaudited) [1]

Leverage (Net Debt/Adjusted EBITDA)



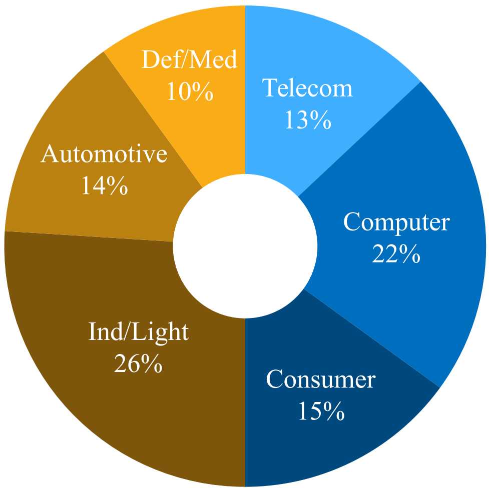
[1] *For a reconciliation of the non-GAAP measures presented on this slide to their most directly comparable GAAP measure, see the appendix.*

Financial Trends
Quarterly Sales Summary
GAAP (Unaudited)

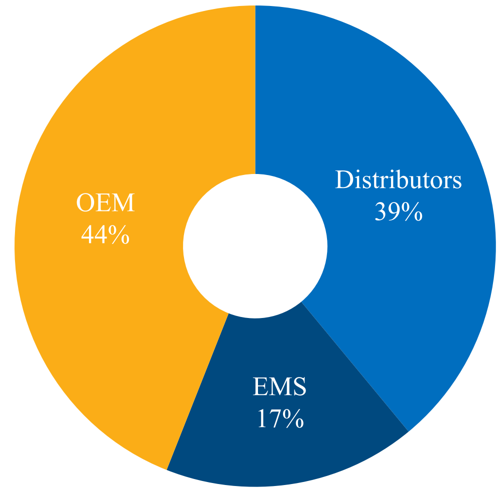


Sales Summary - Q3 FY2020
(Unaudited)

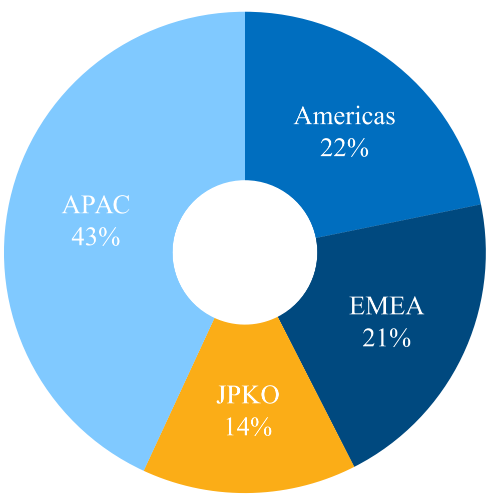
INDUSTRY



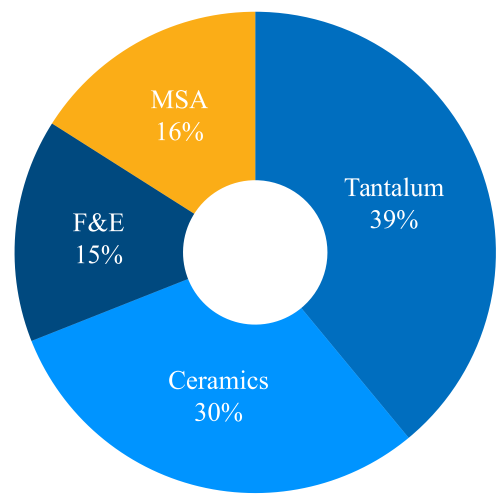
CHANNEL



REGION

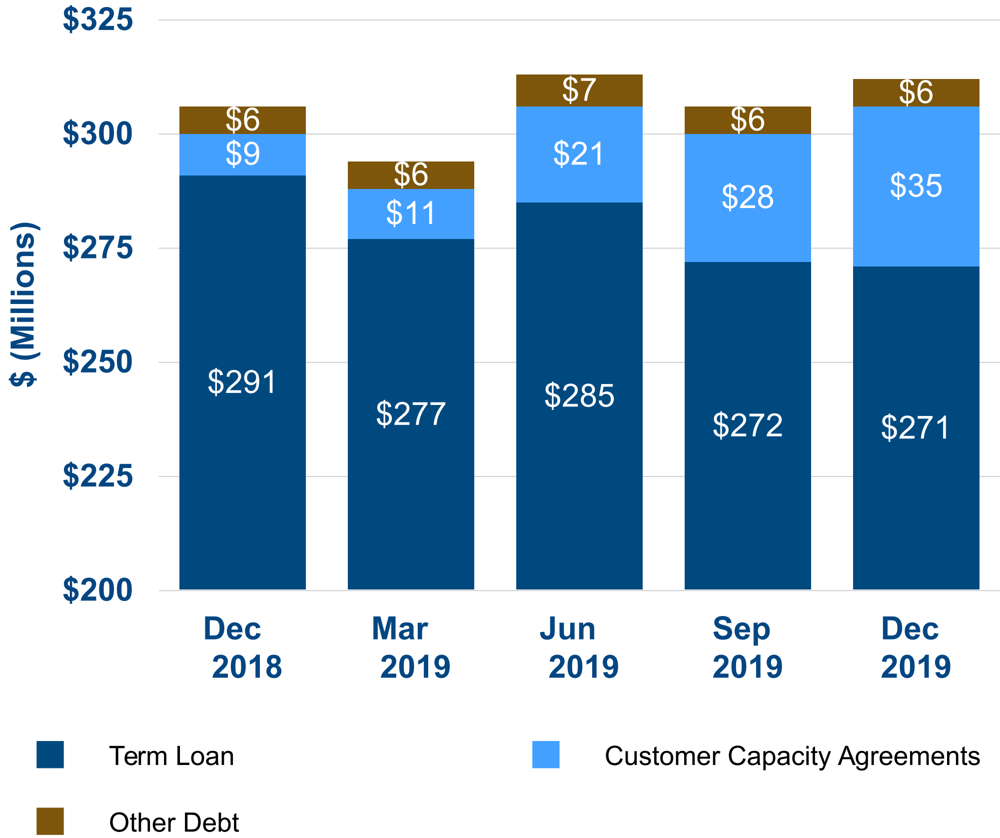


PRODUCT LINE

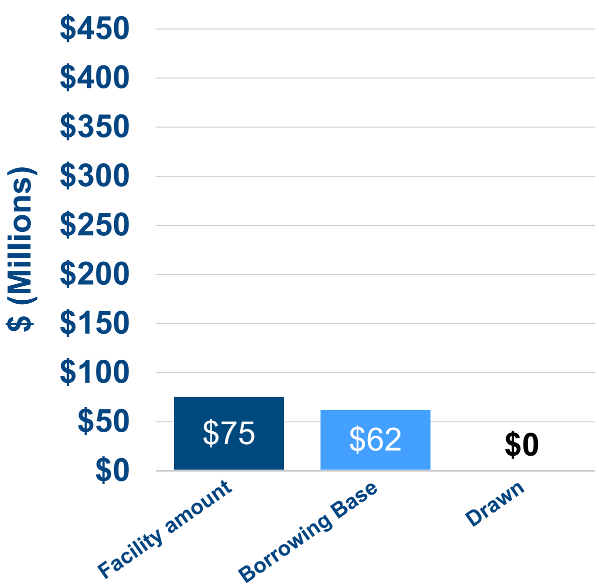


Debt Trend - Q3 FY2020
(Unaudited)

Total Debt



Revolver Facility Dec. 31, 2019



Semi-Annual Principal Repayment on TOKIN Term Loan ~ $12.7M

Non-GAAP Adjusted Gross Margin - Reconciliation
Solid Capacitors (Unaudited)

(Amounts in thousands, except percentages)	For the Quarters Ended Dec 2019	For the Quarters Ended Dec 2018
Tantalum product line net sales (GAAP)	$ 116,079	$ 143,680
Ceramic product line net sales (GAAP)	87,814	95,003
Solid Capacitors net sales (GAAP)	**203,893**	**238,683**
Cost of sales	**119,144**	**133,454**
Gross margin (GAAP)	**84,749**	**105,229**
Gross margin as a percentage of net sales	*41.6 %*	*44.1 %*
Non-GAAP adjustments:		
Plant start-up costs	136	305
Stock-based compensation expense	472	415
Adjusted gross margin (non-GAAP)	**$ 85,357**	**$ 105,949**
Adjusted gross margin as a percentage of net sales	*41.9 %*	*44.4 %*

Non-GAAP Adjusted Gross Margin - Reconciliation

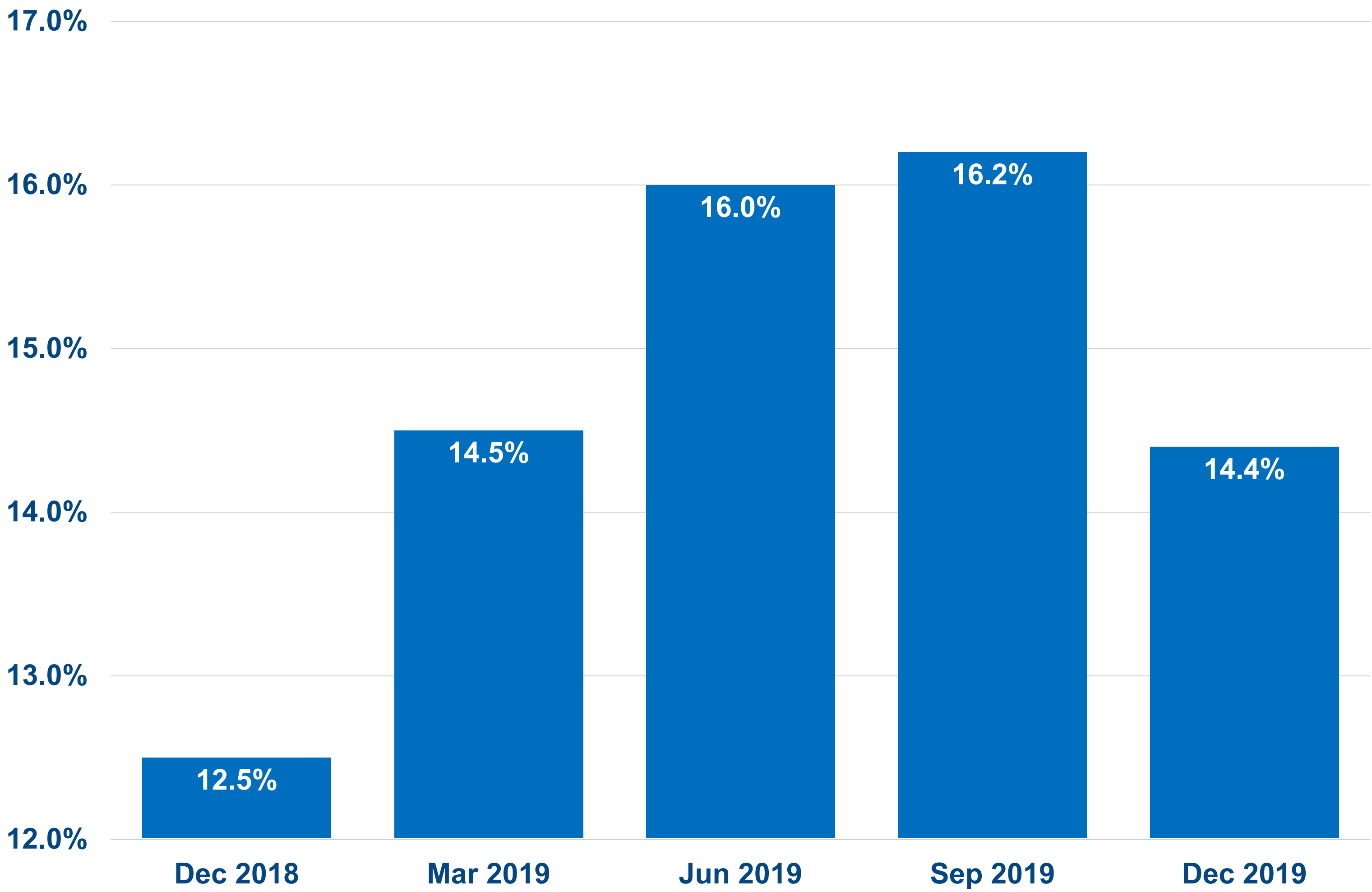
Film & Electrolytic (Unaudited)

(Amounts in thousands, except percentages)	For the Quarters Ended Dec 2019	Dec 2018
Net sales (GAAP)	**$ 42,881**	**$ 50,171**
Cost of sales	**41,578**	**43,406**
Gross margin (GAAP)	**1,303**	**6,765**
Gross margin as a percentage of net sales	*3.0%*	*13.5%*
Non-GAAP adjustments:		
Stock-based compensation expense	193	183
Adjusted gross margin (non-GAAP)	**$ 1,496**	**$ 6,948**
Adjusted gross margin as a percentage of net sales	*3.5%*	*13.8%*

Non-GAAP Adjusted Gross Margin - Reconciliation
Electro-magnetic, Sensors & Actuators (Unaudited)

(Amounts in thousands, except percentages)	For the Quarters Ended	
	Dec 2019	Dec 2018
Net sales (GAAP)	**$ 47,967**	**$ 61,321**
Cost of sales	**40,838**	**49,565**
Gross margin (GAAP)	**7,129**	**11,756**
Gross margin as a percentage of net sales	*14.9%*	*19.2%*
Non-GAAP adjustments:		
Stock-based compensation expense	127	68
Adjusted gross margin (non-GAAP)	**$ 7,256**	**$ 11,824**
Adjusted gross margin as a percentage of net sales	*15.1%*	*19.3%*

LTM Operating Income Margins
GAAP (Unaudited)



Appendix

Appendix

Adjusted Gross Margin - Reconciliation
Non-GAAP (Unaudited)

(Amounts in thousands, except percentages)	For the Quarters Ended Dec 2019	Dec 2018
Net Sales (GAAP)	**$ 294,741**	**$ 350,175**
Cost of sales	**201,560**	**226,425**
Gross Margin (GAAP)	**93,181**	**123,750**
Gross margin as a percentage of net sales	*31.6%*	*35.3%*
Non-GAAP adjustments:		
Plant start-up costs	136	305
Stock-based compensation expense	792	666
Adjusted gross margin (non-GAAP)	**$ 94,109**	**$ 124,721**
Adjusted gross margin as a percentage of net sales	*31.9%*	*35.6%*

Adjusted Operating Income Reconciliation
Non-GAAP (Unaudited)

KEMET

(Amounts in thousands)	For the Quarters Ended Dec 2019	Dec 2018
Operating income (GAAP)	**$ 28,648**	**$ 61,616**
Non-GAAP adjustments:		
Restructuring charges	802	1,718
ERP integration/IT transition costs	2,029	2,453
Stock-based compensation expense	2,387	1,534
Legal expenses related to antitrust class actions	(29)	1,268
Plant start-up costs	136	305
(Gain) loss on write down and disposal of long-lived assets	1,076	788
Merger related expenses	5,283	—
Contingent consideration fair value adjustment	33	—
Adjusted operating income (non-GAAP)	**$ 40,365**	**$ 69,682**

Adjusted Net Income Reconciliation
Non-GAAP (Unaudited)

KEMET

(Amounts in thousands, except per share data)	For the Quarters Ended Dec 2019	Dec 2018
Net income (GAAP)	**$ 16,602**	**$ 40,806**
Non-GAAP adjustments:		
Restructuring charges	802	1,718
R&D grant reimbursements and grant income	(7)	(470)
ERP integration/IT transition costs	2,029	2,453
Stock-based compensation expense	2,387	1,534
Settlements, regulatory costs, and legal expenses related to antitrust class actions	1,568	1,549
(Gain) loss on early extinguishment of debt	—	15,988
Net foreign exchange (gain) loss	4,113	(2,218)
Equity (income) loss from equity method investments	59	296
Acquisition (gain) loss	—	—
Plant start-up costs	136	305
(Gain) loss on write down and disposal of long-lived assets	1,076	788
Income tax effect of non-GAAP adjustments [(1)]	(5,693)	(91)
Merger related expenses	5,283	—
Unrealized gain on equity securities	(794)	—
Contingent consideration fair value adjustment	33	—
Adjusted net income (non-GAAP)	**$ 27,594**	**$ 62,658**
Adjusted net income per share - basic	$ 0.47	$ 1.08
Adjusted net income per share - diluted	$ 0.46	$ 1.06
Weighted avg. shares - basic	58,646	58,010
Weighted avg. shares - diluted	59,529	59,111

[(1)] 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)

KEMET

(Amounts in thousands)	For the Quarters Ended Dec 2019	For the Quarters Ended Dec 2018
Net income (GAAP)	**$ 16,602**	**$ 40,806**
Non-GAAP adjustments:		
Interest expense, net	1,899	3,908
Income tax expense	5,400	2,600
Depreciation and amortization	16,154	12,763
EBITDA (non-GAAP)	40,055	60,077
Excluding the following items:		
Restructuring charges	802	1,718
R&D grant reimbursements and grant income	(7)	(470)
ERP integration/IT transition costs	2,029	2,453
Stock-based compensation expense	2,387	1,534
Settlements, regulatory costs, and legal expenses related to antitrust class actions	1,568	1,549
Net foreign exchange (gain) loss	4,113	(2,218)
Equity (income) loss from equity method investments	59	296
(Gain) loss on early extinguishment of debt	—	15,988
Plant start-up costs	136	305
(Gain) loss on write down and disposal of long-lived assets	1,076	788
Merger related expenses	5,283	—
Unrealized gain on equity securities	(794)	—
Contingent consideration fair value adjustment	33	—
Adjusted EBITDA (non-GAAP)	**$ 56,740**	**$ 82,020**

Adjusted EBITDA Reconciliation
Non-GAAP (Unaudited)

KEMET

	Fiscal Year		
(Amounts in thousands, except percentages)	2017	2018	2019
Net Sales (GAAP)	**$ 757,338**	**$ 1,200,181**	**$ 1,382,818**
Net income (GAAP)	**47,157**	**254,127**	**206,587**
Non-GAAP adjustments:			
Interest expense, net	39,731	32,073	19,204
Income tax expense (benefit)	4,294	9,132	(39,460)
Depreciation and amortization	38,151	50,661	52,628
EBITDA (non-GAAP)	129,333	345,993	238,959
Excluding the following items:			
Change in value of TOKIN options	(10,700)	—	—
Acquisition (gain) loss	—	(130,880)	—
TOKIN investment-related expenses	1,101	—	—
Restructuring charges	5,404	14,843	8,779
R&D grant reimbursements and grant income	—	—	(4,559)
ERP integration costs / IT transition costs	7,045	80	8,813
Stock-based compensation expense	4,720	7,657	12,866
Settlements, regulatory costs, and legal expenses related to antitrust class actions	2,640	16,636	11,896
Net foreign exchange (gain) loss	(3,758)	13,145	(7,230)
Equity (income) loss from equity method investments	(41,643)	(76,192)	3,304
(Gain) loss on early extinguishment of debt	—	486	15,946
Plant start-up costs	427	929	(927)
(Gain) loss on write down and disposal of long-lived assets	10,671	(992)	1,660
Adjusted EBITDA (non-GAAP)	**$ 105,240**	**$ 191,705**	**$ 289,507**
Adjusted EBITDA Margin (Adjusted EBITDA/Net sales) (non-GAAP)	*13.9%*	*16.0%*	*20.9%*
Net Debt as of March 31,	**278,437**	**37,777**	**86,552**
Leverage ratio (Net debt/Adjusted EBITDA) (non-GAAP)	*2.6*	*0.2*	*0.3*

Adjusted EBITDA Reconciliation
Non-GAAP (Unaudited)

(Amounts in thousands, except percentages)	For the Quarters Ended Mar 2018	Jun 2018	Sep 2018	Dec 2018	LTM Dec 2018
Net Sales (GAAP)	**$ 318,091**	**$ 327,616**	**$ 349,233**	**$ 350,175**	**$ 1,345,115**
Net income (GAAP)	**2,280**	**35,220**	**37,141**	**40,806**	**115,447**
Non-GAAP adjustments:					
Interest expense, net	6,754	6,658	6,912	3,908	24,232
Income tax expense	3,091	4,600	2,000	2,600	12,291
Depreciation and amortization	13,295	13,097	12,545	12,763	51,700
EBITDA (non-GAAP)	25,420	59,575	58,598	60,077	203,670
Excluding the following items:					
Acquisition (gain) loss	6,303	—	—	—	6,303
Restructuring charges	8,307	(96)	—	1,718	9,929
R&D grant reimbursements and grant income	—	(4,087)	—	(470)	(4,557)
ERP integration costs / IT transition costs	80	1,650	1,593	2,453	5,776
Stock-based compensation expense	2,820	4,060	4,417	1,534	12,831
Settlements, regulatory costs, and legal expenses related to antitrust class actions	1,095	1,248	6,060	1,549	9,952
Net foreign exchange (gain) loss	3,972	(7,521)	193	(2,218)	(5,574)
Equity (income) loss from equity method investments	(313)	69	(64)	296	(12)
(Gain) loss on early extinguishment of debt	—	—	—	15,988	15,988
Plant start-up costs	929	753	1,361	305	3,348
(Gain) loss on write down and disposal of long-lived assets	(70)	511	312	788	1,541
Adjusted EBITDA (non-GAAP)	**$ 48,543**	**$ 56,162**	**$ 72,470**	**$ 82,020**	**$ 259,195**
Adjusted EBITDA Margin (Adjusted EBITDA/Net sales) (non-GAAP)	*15.3%*	*17.1%*	*20.8%*	*23.4%*	*19.3%*
Net Debt as of December 31, 2018					***71,317***
Leverage ratio (Net debt/Adjusted EBITDA) (non-GAAP)					*0.3*

Adjusted EBITDA Reconciliation
Non-GAAP (Unaudited)

KEMET

(Amounts in thousands, except percentages)	For the Quarters Ended Jun 2018	Sep 2018	Dec 2018	Mar 2019	LTM Mar 2019
Net Sales (GAAP)	**$ 327,616**	**$ 349,233**	**$ 350,175**	**$ 355,794**	**$ 1,382,818**
Net income (GAAP)	**35,220**	**37,141**	**40,806**	**93,420**	**206,587**
Non-GAAP adjustments:					
Interest expense, net	6,658	6,912	3,908	1,726	19,204
Income tax expense (benefit)	4,600	2,000	2,600	(48,660)	(39,460)
Depreciation and amortization	13,097	12,545	12,763	14,223	52,628
EBITDA (non-GAAP)	59,575	58,598	60,077	60,709	238,959
Excluding the following items:					
Restructuring charges	(96)	—	1,718	7,157	8,779
R&D grant reimbursements and grant income	(4,087)	—	(470)	(2)	(4,559)
ERP integration costs / IT transition costs	1,650	1,593	2,453	3,117	8,813
Stock-based compensation expense	4,060	4,417	1,534	2,855	12,866
Settlements, regulatory costs, and legal expenses related to antitrust class actions	1,248	6,060	1,549	3,039	11,896
Net foreign exchange (gain) loss	(7,521)	193	(2,218)	2,316	(7,230)
Equity (income) loss from equity method investments	69	(64)	296	3,003	3,304
(Gain) loss on early extinguishment of debt	—	—	15,988	(42)	15,946
Plant start-up costs	753	1,361	305	(3,346)	(927)
(Gain) loss on write down and disposal of long-lived assets	511	312	788	49	1,660
Adjusted EBITDA (non-GAAP)	**$ 56,162**	**$ 72,470**	**$ 82,020**	**$ 78,855**	**$ 289,507**
Adjusted EBITDA Margin (Adjusted EBITDA/Net sales) (non-GAAP)	*17.1%*	*20.8%*	*23.4%*	*22.2%*	*20.9%*
Net Debt as of March 31, 2019					***86,552***
Leverage ratio (Net debt/Adjusted EBITDA) (non-GAAP)					*0.3*

Adjusted EBITDA Reconciliation
Non-GAAP (Unaudited)

KEMET

(Amounts in thousands, except percentages)	For the Quarters Ended Sep 2018	Dec 2018	Mar 2019	Jun 2019	LTM Jun 2019
Net Sales (GAAP)	**$ 349,233**	**$ 350,175**	**$ 355,794**	**$ 345,242**	**$ 1,400,444**
Net income (GAAP)	**37,141**	**40,806**	**93,420**	**40,340**	**211,707**
Non-GAAP adjustments:					
Interest expense, net	6,912	3,908	1,726	1,736	14,282
Income tax expense (benefit)	2,000	2,600	(48,660)	16,800	(27,260)
Depreciation and amortization	12,545	12,763	14,223	14,259	53,790
EBITDA (non-GAAP)	58,598	60,077	60,709	73,135	252,519
Excluding the following items:					
Restructuring charges	—	1,718	7,157	2,208	11,083
R&D grant reimbursements and grant income	—	(470)	(2)	(35)	(507)
ERP integration costs / IT transition costs	1,593	2,453	3,117	1,215	8,378
Stock-based compensation expense	4,417	1,534	2,855	2,725	11,531
Settlements, regulatory costs, and legal expenses related to antitrust class actions	6,060	1,549	3,039	2,559	13,207
Net foreign exchange (gain) loss	193	(2,218)	2,316	(489)	(198)
Equity (income) loss from equity method investments	(64)	296	3,003	250	3,485
(Gain) loss on early extinguishment of debt	—	15,988	(42)	—	15,946
Plant start-up costs	1,361	305	(3,346)	34	(1,646)
(Gain) loss on write down and disposal of long-lived assets	312	788	49	960	2,109
Adjusted EBITDA (non-GAAP)	**$ 72,470**	**$ 82,020**	**$ 78,855**	**$ 82,562**	**$ 315,907**
Adjusted EBITDA Margin (Adjusted EBITDA/Net sales) (non-GAAP)	*20.8%*	*23.4%*	*22.2%*	*23.9%*	*22.6%*
Net Debt as of June 30, 2019					***94,789***
Leverage ratio (Net debt/Adjusted EBITDA) (non-GAAP)					*0.3*

Adjusted EBITDA Reconciliation
Non-GAAP (Unaudited)

KEMET

(Amounts in thousands, except percentages)	For the Quarters Ended Dec 2018	Mar 2019	Jun 2019	Sep 2019	LTM Sep 2019
Net Sales (GAAP)	**$ 350,175**	**$ 355,794**	**$ 345,242**	**$ 327,397**	**$ 1,378,608**
Net income (loss) (GAAP)	**40,806**	**93,420**	**40,340**	**(15,260)**	**159,306**
Non-GAAP adjustments:					
Interest expense, net	3,908	1,726	1,736	1,939	9,309
Income tax expense (benefit)	2,600	(48,660)	16,800	1,700	(27,560)
Depreciation and amortization	12,763	14,223	14,259	15,117	56,362
EBITDA (non-GAAP)	60,077	60,709	73,135	3,496	197,417
Excluding the following items:					
Restructuring charges	1,718	7,157	2,208	2,920	14,003
R&D grant reimbursements and grant income	(470)	(2)	(35)	19	(488)
ERP integration costs / IT transition costs	2,453	3,117	1,215	1,508	8,293
Stock-based compensation expense	1,534	2,855	2,725	4,146	11,260
Settlements, regulatory costs, and legal expenses related to antitrust class actions	1,549	3,039	2,559	65,626	72,773
Net foreign exchange (gain) loss	(2,218)	2,316	(489)	(2,297)	(2,688)
Equity (income) loss from equity method investments	296	3,003	250	(472)	3,077
(Gain) loss on early extinguishment of debt	15,988	(42)	—	—	15,946
Plant start-up costs	305	(3,346)	34	(34)	(3,041)
(Gain) loss on write down and disposal of long-lived assets	788	49	960	59	1,856
Contingent consideration fair value adjustment	—	—	—	32	32
Adjusted EBITDA (non-GAAP)	**$ 82,020**	**$ 78,855**	**$ 82,562**	**$ 75,003**	**$ 318,440**
Adjusted EBITDA Margin (Adjusted EBITDA/Net sales) (non-GAAP)	*23.4%*	*22.2%*	*23.9%*	*22.9%*	*23.1%*
Net Debt as of September 30, 2019					***112,891***
Leverage ratio (Net debt/Adjusted EBITDA) (non-GAAP)					*0.4*

Adjusted EBITDA Reconciliation

Non-GAAP (Unaudited)

KEMET

(Amounts in thousands, except percentages)	For the Quarters Ended Mar 2019	Jun 2019	Sep 2019	Dec 2019	LTM Dec 2019
Net Sales (GAAP)	**$ 355,794**	**$ 345,242**	**$ 327,397**	**$ 294,741**	**$ 1,323,174**
Net income (loss) (GAAP)	**93,420**	**40,340**	**(15,260)**	**16,602**	**135,102**
Non-GAAP adjustments:					
Income tax expense (benefit)	(48,660)	16,800	1,939	5,400	(24,521)
Interest expense, net	1,726	1,736	1,700	1,899	7,061
Depreciation and amortization	14,223	14,259	15,117	16,154	59,753
EBITDA (non-GAAP)	60,709	73,135	3,496	40,055	177,395
Excluding the following items:					
Restructuring charges	7,157	2,208	2,920	802	13,087
R&D grant reimbursements and grant income	(2)	(35)	19	(7)	(25)
ERP integration costs / IT transition costs	3,117	1,215	1,508	2,029	7,869
Stock-based compensation expense	2,855	2,725	4,146	2,387	12,113
Settlements, regulatory costs, and legal expenses related to antitrust class actions	3,039	2,559	65,626	1,568	72,792
Net foreign exchange (gain) loss	2,316	(489)	(2,297)	4,113	3,643
Equity (income) loss from equity method investments	3,003	250	(472)	59	2,840
(Gain) loss on early extinguishment of debt	(42)	—	—	—	(42)
Plant start-up costs	(3,346)	34	(34)	136	(3,210)
(Gain) loss on write down and disposal of long-lived assets	49	960	59	1,076	2,144
Merger related expenses	—	—	—	5,283	5,283
Unrealized gain on equity securities	—	—	—	(794)	(794)
Contingent consideration fair value adjustment	—	—	32	33	65
Adjusted EBITDA (non-GAAP)	**$ 78,855**	**$ 82,562**	**$ 75,003**	**$ 56,740**	**$ 293,160**
Adjusted EBITDA Margin (Adjusted EBITDA/Net sales) (non-GAAP)	*22.2%*	*23.9%*	*22.9%*	*19.3%*	*22.2%*
Net Debt as of December 31, 2019					***103,330***
Leverage ratio (Net debt/Adjusted EBITDA) (non-GAAP)					*0.4*

Non-GAAP Financial Measures

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Non-GAAP Financial Measures

The Company has presented certain historical financial measures in this presentation that have not been prepared in accordance with GAAP, including adjusted net income, adjusted net income per share, adjusted EBITDA, adjusted gross margin, and adjusted selling, general and administrative expenses. The reconciliations of our non-GAAP financial measures to the most directly comparable GAAP financial measures have been included in this presentation. These non-GAAP financial measures are designed to complement the financial information presented in accordance with GAAP 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

Adjusted operating income represents operating income, 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 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 because it provides 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 income or any other performance measure derived in accordance with GAAP.

Non-GAAP Financial Measures
Continued

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Adjusted net income and Adjusted net income per basic and diluted share

Adjusted net income and adjusted net income per basic and diluted share represent net income and net income per basic and diluted share, excluding adjustments which are more specifically outlined in the quantitative reconciliation provided earlier in this presentation. Management uses adjusted net income and adjusted net income per basic and diluted share to evaluate the Company's operating performance by excluding the items outlined in the quantitative reconciliation provided above 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 and adjusted net income per basic and diluted share 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 and adjusted net income per basic and diluted share should not be considered as alternatives to net income, operating income, or any other performance measures derived in accordance with GAAP.

EBITDA and Adjusted EBITDA

EBITDA represents net income before income tax expense, interest expense, net, and depreciation and amortization expense. We present EBITDA as a supplemental measure of our ability to service debt. We believe 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; and depreciation and amortization are non-cash charges.

We also present adjusted EBITDA, which is EBITDA excluding adjustments that are outlined in the quantitative reconciliation provided earlier in the presentation, as a supplemental measure of our performance and because we believe this measure is frequently used by securities analysts, investors, and other interested parties in the evaluation of companies in our industry. The 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 the significant interest expense or the cash requirements necessary to service interest or principal payments 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 as supplementary information.