

KEMET CORP
Form 10-Q
November 09, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Form 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the quarterly period ended September 30, 2006.

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Commission File Number: 0-20289

KEMET CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of
incorporation or organization)

57-0923789

(IRS Employer
Identification No.)

2835 KEMET WAY, SIMPSONVILLE, SOUTH CAROLINA 29681

(Address of principal executive offices, zip code)

(864) 963-6300

(Registrant's telephone number, including area code)

Former name, former address and former fiscal year, if changed since last report: **N/A**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act (Check one):

Edgar Filing: KEMET CORP - Form 10-Q

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in rule 12b-2 of the Exchange Act). Yes No

Common Stock Outstanding at: September 30, 2006

Title of Each Class	Number of Shares Outstanding
Common Stock, \$.01 Par Value	87,029,826

PART 1 - FINANCIAL INFORMATION

ITEM 1 - Financial Statements

KEMET CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
(Dollars in thousands except per share data)
(Unaudited)

	September 30, 2006	March 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 63,013	\$ 163,778
Short-term investments		4,889
Accounts receivable, net	114,374	68,457
Inventories:		
Raw materials and supplies	48,758	45,681
Work in process	45,642	42,960
Finished goods	42,994	36,429
Total inventories	137,394	125,070
Prepaid expenses and other current assets	8,155	7,822
Deferred income taxes	5,156	4,647
Total current assets	328,092	374,663
Noncurrent assets:		
Property and equipment, net of accumulated depreciation of \$705.7 million and \$641.0 million as of September 30, 2006 and March 31, 2006, respectively.	338,358	253,303
Property held for sale	4,813	4,502
Investments in U.S. government marketable securities	62,689	67,195
Investments in affiliates	1,055	972
Goodwill	39,339	30,471
Intangible assets, net	14,894	12,506
Other assets	3,994	4,706
Total noncurrent assets	465,142	373,655
Total assets	\$ 793,234	\$ 748,318
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 20,000	\$ 20,000
Accounts payable, trade	94,986	47,251
Accrued expenses	29,756	32,303
Income taxes payable	7,309	5,770
Total current liabilities	152,051	105,324
Noncurrent liabilities:		
Long-term debt	63,665	80,000
Postretirement benefits and other noncurrent obligations	49,164	44,139
Deferred income taxes	6,364	6,152
Total noncurrent liabilities	119,193	130,291
Total liabilities	271,244	235,615
Stockholders equity:		
Common stock, par value \$0.01, authorized 300,000,000 shares issued 88,136,436 and 88,102,919 shares at September 30, 2006 and March 31, 2006 respectively	881	881
Additional paid-in capital	318,953	315,500
Retained earnings	222,657	221,221
Accumulated other comprehensive income/(loss)	(102)	(2,343)
Treasury stock, at cost (1,106,610 and 1,223,635 shares at September 30, 2006 and March 31, 2006, respectively)	(20,399)	(22,556)
Total stockholders equity	521,990	512,703
Total liabilities and stockholders equity	\$ 793,234	\$ 748,318

See accompanying notes to consolidated financial statements.

KEMET CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations
(Dollars in thousands except per share data)
(Unaudited)

	Three months ended September 30,		Six months ended September 30,	
	2006	2005	2006	2005
Net sales	\$ 166,548	\$ 116,608	\$ 336,117	\$ 230,712
Operating costs and expenses:				
Cost of goods sold	132,443	97,463	265,157	192,453
Selling, general and administrative	21,245	12,067	45,165	24,293
Research and development	7,429	6,008	15,222	12,225
Restructuring charges	3,415	3,154	8,090	11,327
Total operating costs and expenses	164,532	118,692	333,634	240,298
Operating income/(loss)	2,016	(2,084) 2,483	(9,586
Other (income)/expense:				