



MVC Capital Announces Third Quarter 2018 Results

September 10, 2018

PURCHASE, N.Y., Sept. 10, 2018 (GLOBE NEWSWIRE) -- MVC Capital, Inc. (NYSE:MVC) (the Company), a publicly traded business development company (BDC) that makes private debt and equity investments, announced its financial results for the fiscal third quarter ended July 31, 2018.

Financial Results

For the third quarter of fiscal 2018, the Company earned interest income of \$5.3 million and \$0.9 million in dividend and fee income, compared to \$6.0 million and \$1.3 million, respectively, for the same quarter of fiscal 2017.

The Company reported total operating income of \$6.2 million for the third quarter of fiscal 2018, compared to total operating income of \$7.3 million for the third quarter of fiscal 2017. The Company reported net operating income of \$3.0 million for the third quarter of fiscal 2018, compared to a net operating loss of \$2.4 million for the same quarter in fiscal 2017.

As of July 31, 2018, the Company's net assets were \$237.6 million, or \$12.62 per share, compared with net assets of \$246.3 million, or \$13.09 per share, at the end of the prior fiscal quarter.

As of July 31, 2018, MVC had investments in portfolio companies totaling \$318.1 million and cash and cash equivalents of \$27.2 million, including \$5.3 million in restricted cash.

At July 31, 2018, there were no outstanding borrowings under MVC's revolving credit facility with Branch Banking and Trust Company ("BB&T") and there were no outstanding borrowings under its credit facility with Santander Bank N.A. ("Santander").

Key Financial Metrics

(Unaudited)(\$ in thousands, except per share data)	Quarter Ended				
	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Total operating income	6,211	5,500	5,207	5,490	7,305
Management fee	1,487	1,496	1,411	1,335	1,393
Portfolio fees - asset management	112	148	147	148	146
Management fee - asset management	70	66	67	67	67
Administrative	1,070	856	1,295	983	804
Interest, fees and other borrowing costs	2,403	2,981	3,117	2,495	2,649
Loss on extinguishment of debt	-	-	1,783	-	-
Net Incentive compensation	(1,316)	(1,012)	267	(1,224)	5,077
Total waiver by adviser	(595)	(599)	(390)	(372)	(386)
Tax expense	-	1	-	1	-
Net operating income (loss) before net realized and unrealized gains	2,980	1,563	(2,490)	2,057	(2,445)
Net (decrease) increase in net assets resulting from operations	(5,870)	(3,393)	950	(4,028)	23,906
Net (decrease) increase in net assets resulting from operations per share	(0.32)	(0.18)	0.05	(0.17)	1.06
Net asset value per share	12.62	13.09	13.42	13.24	13.38

Operational Update

- Completed the sale of Centile Holdings B.V. for an approximate 2X return on initial investment¹
- Total operating income increased to \$16.9 million for the nine-months ending July 31, 2018, a 16% increase over the same period in fiscal 2017
 - Increased net operating income per share of \$.09² per share for the quarter compared to negative net operating income in the third quarter of 2017.
- NAV was \$12.62 per share as of July 31, 2018, compared to \$13.09 per share as of April 30, 2018. The changes in the value of the portfolio were largely driven by declines in the market prices of two publicly-traded securities, Crius Energy Trust ("Crius") and Equus Total Return ("Equus"), and currency headwinds. Excluding these items, the net valuation changes across the entire portfolio were approximately flat.

¹ The proceeds at closing and after the escrow period are net of transaction fees and expenses and based on the exchange rate on July 31, 2018. The escrow proceeds remain subject to currency fluctuations.

² Adjusted for incentive compensation

Portfolio Activity

- Made follow-on yielding investments in three portfolio companies totaling \$8.9 million during the third quarter of 2018.
- On May 30, 2018, the Company loaned an additional \$4.8 million to Security Holdings, B.V. ("Security Holdings") in the form of a senior subordinated loan and provided a 3.3 million Euro letter of credit. The loan has an annual interest rate of 12.45% and a maturity date of May 31, 2020.
- Loaned \$1.2 million to RuMe, Inc. ("RuMe") in the third quarter of 2018, increasing the subordinated loan amount to approximately \$3.0 million and extended the maturity date to March 31, 2020.
- On February 28, 2018, the Company committed \$6.0 million to Custom Alloy Corporation ("Custom Alloy") in the form of a first lien loan with an interest rate of 10%. During the third quarter of fiscal 2018, the Company loaned approximately \$3.0 million to Custom. The funded amount as of July 31, 2018, net of repayments, was approximately \$4.1 million with no additional borrowings available on the commitment.

Dividends

On July 16, 2018, the Company's Board of Directors declared a dividend of \$0.15 per share which was paid on July 31, 2018 to shareholders of record on July 26, 2018.

Since implementing its dividend policy in July of 2005, MVC has paid fifty-three consecutive quarterly dividends, which have increased over time. Through July 31, 2018, dividends paid total approximately \$160.0 million or \$7.14 per share and total distributions to shareholders, including buy backs and tender offers under the current team have surpassed \$258 million.

Subsequent Events

Since July 31, 2018, the Company loaned an additional \$620,000 to RuMe.

On August 10, 2018, the Company renewed its one-year \$25.0 million revolving credit facility ("Credit Facility II") with Branch Banking and Trust Company to August 30, 2019 at reduced closing fees of \$50,000. The terms of Credit Facility II remain unchanged and borrowings under Credit Facility II continue to be secured by cash, short-term and long-term U.S. Treasury securities and other governmental agency securities.

On August 24, 2018, pursuant to the exemptive order received from the SEC, the Company and an affiliated private fund (the "Private Fund") co-invested \$4.9 million and \$1.6 million, respectively in second lien notes and \$750,000 and \$250,000, respectively in common stock issued by Tuf-Tug, Inc. The notes carry an interest rate of 13% and have a maturity date of February 24, 2024.

MVC-G

About MVC Capital, Inc.

MVC Capital (MVC) is a business development company traded on the New York Stock Exchange that provides long-term debt and equity investment capital to fund growth, acquisitions and recapitalizations of companies in a variety of industries. For additional information about MVC, please visit MVC's website at www.mvccapital.com.

Safe Harbor Statement and Other Disclosures

The information contained in this press release contains forward-looking statements. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. Certain factors could cause actual results and conditions to differ materially from those projected in these forward-looking statements, including: MVC Capital's ability to deliver value to shareholders and execute its yield investment strategy; the ability to pay and grow shareholder distributions; the ability to maintain expenses; the ability to improve net operating income; the performance of MVC Capital's investments, including, portfolio companies in which the Company invested this past quarter; and changes in economic or financial market conditions and other factors that are enumerated in the Company's periodic filings with the Securities and Exchange Commission. MVC Capital disclaims and does not undertake any obligation to update or revise any forward-looking statement in this press release.

The press release contains unaudited financial results. For ease of review, we have excluded the word "approximately" when rounding the results.

There can be no assurance that future dividend payments will match or exceed historic ones, or that they will be made at all. This press release is for informational purposes only and is not an offer to purchase or a solicitation of an offer to sell shares of MVC's common stock. There can be no assurance that MVC will achieve its investment objective.

Investor Contact

Jackie Rothchild
MVC Capital
914.510.9400

Or

Jeffrey Goldberger / Allison Soss
KCSA Strategic Communications
212.896.1249 / 212.896.1267

 MVC Capital logo