

March 12, 2018

MVC Capital Announces First Quarter 2018 Results

PURCHASE, N.Y., March 12, 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 first quarter ended January 31, 2018.

Operational Highlights:

- | NAV increased to \$13.42 per share as of January 31, 2018, compared to \$13.24 per share as of October 31, 2017.
- | Made two new yielding investments totaling \$11.2 million.
 - | Invested \$3.7 million in a secured note issued by Essner Manufacturing at a variable interest rate of between 10.5% and 11.5% over the life of the loan that matures on December 20, 2022.
 - | Invested \$7.5 million in a secured note issued by Black Diamond Equipment Rental at a 12.5% interest rate and received a warrant. The loan matures on June 27, 2022.
- | Made three follow-on investments totaling \$3.4 million.
 - | Invested \$1.5 million in a senior secured loan (to be used for new equipment) to U.S. Spray Drying Holding Company at a 12% interest rate that matures on November 7, 2020.
 - | Invested \$526,000 into Initials, Inc., increasing the senior secured subordinated loan to \$5.3 million at the same 15% interest rate and maturity date of June 23, 2020.
 - | Loaned \$1.4 million to Turf Products, LLC as a third lien loan at a 10% interest rate and maturity date of August 7, 2020 to support a small recapitalization of the business.
- | Received principal repayments of \$3.0 million from Dukane IAS, LLC and \$200,000 from Vestal Manufacturing Enterprises, Inc.
- | Restructured financing of Custom Alloy Corporation ("Custom Alloy"). Following the quarter-end, the Company committed \$6.0 million to Custom Alloy as a first lien special project loan at a 10% interest rate that matures on August 31, 2018.
- | FDS, Inc. repaid its \$2.4 million loan in full, including all accrued interest. (See "Subsequent Events" below).

Financing & Other Capital Activities

- | Completed a public offering of 6.25% senior notes due November 30, 2022 with net proceeds to the company of \$111.4 million, resulting in anticipated savings of \$1.9 million over the life of the notes¹.
- | Redeemed all outstanding 7.25% senior notes due 2023 for \$114.4 million.
 - | The 6.25% senior notes and 7.25% senior notes were outstanding simultaneously for 36 days. This overlap in borrowings between the raising of the 6.25% notes and the redemption of the 7.25% notes increased one-time interest expense by approximately \$800K. Also, with the redemption of the 7.25% notes, the unamortized deferred financing fees of \$1.8 million were expensed at the time of repayment. The unamortized deferred financing fees are a non-cash, one-time expense. Excluding these extraordinary costs, operating expenses would have been approximately \$2.6 million less than reported.
- | Acquired 2,293,577 shares of its common stock at \$10.90 price per share (at an aggregate cost of \$25 million) via a modified "Dutch Auction" Tender Offer. The NAV accretion of \$0.28 per share is reflected in the NAV per share as of January 31, 2018.

¹ \$1.9 million in savings is calculated as the differential in interest expense between the 6.25% senior notes and the 7.25% senior notes over the five year term of the 6.25% notes, net of estimated offering fees and expenses.

Financial Results

(Unaudited) (\$ in thousands except for per share data)	Quarter Ended				
	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Total operating income	5,207	5,490	7,305	3,929	3,380
Management fee	1,411	1,335	1,393	1,696	1,814

Portfolio fees - asset management	147	148	146	138	177
Management fee - asset management	67	67	67	49	62
Administrative	1,295	983	804	1,172	1,474
Interest, fees and other borrowing costs	3,117	2,495	2,649	2,606	2,538
Loss on extinguishment of debt	1,783	-	-	-	-
Net incentive compensation	267	(1,224)	5,077	985	760
Total waiver by adviser	(390)	(372)	(386)	(461)	(491)
Tax expense	0	1	0	0	1
Net operating (loss) income before net realized and unrealized gains	(2,490)	2,057	(2,445)	(2,256)	(2,955)
Net increase (decrease) in net assets resulting from operations	950	(4,028)	23,906	3,069	4,377
Net increase (decrease) in net assets resulting from operations per share	0.05	(0.17)	1.06	0.14	0.19
Net asset value per share	13.42	13.24	13.38	12.45	12.45

Key Financial Metrics

For the first quarter of fiscal 2018, the Company earned \$4.3 million in interest income and \$891,000 in dividend and fee income, compared to \$2.8 million and \$609,000, respectively, for the same quarter of fiscal 2017.

The Company reported total operating income of \$5.2 million for the first quarter of fiscal 2018, compared to total operating income of \$3.4 million for the first quarter of fiscal 2017. The Company reported a net operating loss of \$2.5 million for the first quarter of fiscal 2018, compared to a net operating loss of \$3.0 million for the same quarter in fiscal 2017. The net operating loss for the first quarter of fiscal 2018 includes \$2.6 million of one-time expenses associated with the redemption of the Company's 7.25% notes.

As of January 31, 2018, the Company's net assets were \$252.6 million, or \$13.42 per share, compared with net assets of \$279.5 million, or \$13.24 per share, at the end of the prior fiscal quarter.

As of January 31, 2018, MVC had investments in portfolio companies totaling \$308.0 million and cash and cash equivalents of \$61.5 million, including \$5.3 million in restricted cash.

At January 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.

Dividends

On December 19, 2017, the Company's Board of Directors declared a dividend of \$0.15 per share, paid on January 8, 2018 to shareholders of record on December 29, 2017.

Since implementing its dividend policy in July of 2005, MVC has paid fifty-one consecutive quarterly dividends, which have grown over time. Through January 31, 2018, dividends paid total approximately \$153 million or \$6.84 per share.

Subsequent Events

On February 9, 2018, FDS, Inc. repaid its \$2.4 million loan in full including all accrued interest.

On February 26, 2018, in connection with the sale of U.S. Gas & Electric, Inc. (U.S. Gas), the Credit Facility with Santander Bank N.A. was amended, effective as of July 5, 2017, to exclude from collateral the U.S. Gas 9.5% second-lien callable notes due July 2025 with a face amount of approximately \$40.5 million. All other material terms of the Credit Facility remained unchanged.

On February 28, 2018, the Company committed \$6.0 million in the form of a first lien project loan with an interest rate of 10% and a maturity date of August 31, 2018 to Custom Alloy, to support working capital for large orders. The funded amount is currently \$2.6 million.

On March 9, the Company invested \$15 million in a first lien loan at a 12% interest rate into Apex Industrial Technologies, LLC, a scalable hardware and software solutions provider that streamlines the flow of products, materials, supplies, equipment and critical parts, and provides secure, automated self-serve delivery.

About MVC Capital, Inc.

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 all shareholders and execute its yield investment strategy; the ability to pay and grow MVC distributions; 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 is no assurance that the market price of MVC's shares, either absolutely or relative to net asset value, will increase as a result of any share repurchases, or that the program will enhance shareholder value over the long-term. There can be no assurance that MVC will achieve its investment objective.

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