



## MVC Capital Announces Second Quarter 2019 Results

June 10, 2019

### Reports Solid Growth in NAV and Portfolio Yield

PURCHASE, N.Y., June 10, 2019 (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 its fiscal second quarter ended April 30, 2019.

#### Financial Results

The Company reported total operating income of \$8.6 million for the second quarter of fiscal 2019, compared to \$5.4 million for the same quarter of fiscal 2018. The Company reported net operating income of \$4.2 million for the second quarter of fiscal 2019, compared to \$1.6 million for the same quarter of fiscal 2018.

The Company earned interest income of \$6.4 million and dividend and fee income of \$2.2 million for the second quarter of fiscal 2019, compared to \$4.6 million and \$0.8 million, respectively, for the same quarter of fiscal 2018.

As of April 30, 2019, the Company's net assets were \$230.2 million or \$12.99 per share, compared to \$216.9 million or \$12.24 per share at the end of the prior fiscal quarter.

As of April 30, 2019, MVC had investments in portfolio companies valued at \$331.8 million and cash and cash equivalents of \$22.7 million, including \$5.0 million in restricted cash.

At April 30, 2019, there were \$25.0 million of borrowings under MVC's revolving credit facility with Branch Banking and Trust Company and \$13.0 million of borrowings under its credit facility with People's United Bank, National Association.

#### Key Financial Metrics

(Unaudited)(\$ in thousands, except per share data)	Quarter Ended				
	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Total operating income	8,593	6,441	5,888	6,151	5,440
Management fee	1,590	1,513	1,496	1,487	1,496
Portfolio fees - asset management	76	96	122	112	148
Management fee - asset management	69	71	81	70	66
Administrative	990	1,434	843	1,010	796
Interest, fees and other borrowing costs	2,283	2,484	2,238	2,403	2,981
Loss on extinguishment of debt	-	-	-	-	-
Net Incentive compensation	-	-	-	(1,316)	(1,012)
Total waiver by adviser	(635)	(604)	(598)	(595)	(599)
Tax expense	1	-	1	-	1
Net operating income (loss) before net realized and unrealized gains	4,219	1,447	1,705	2,980	1,563
Net (decrease) increase in net assets resulting from operations	15,964	(3,053)	(2,220)	(5,870)	(3,393)
Net (decrease) increase in net assets resulting from operations per share	0.90	(0.17)	(0.10)	(0.32)	(0.18)
Net asset value per share	12.99	12.24	12.46	12.62	13.09

#### Operational Update

- NAV increased by \$0.75 per share to \$12.99 as of April 30, 2019, compared to \$12.24 per share as of January 31, 2019.
- Net increase in net assets resulting from operations (bottom line performance) was \$0.90 per share for the second quarter of fiscal 2019.
- Total operating income increased to \$8.6 million for the quarter ending April 30, 2019, a 58% increase over the same quarter of fiscal 2018. <sup>1</sup>
- Net operating income for the quarter increased to \$4.2 million or \$0.24 per share, a 170% increase over the same quarter of fiscal 2018. <sup>1</sup>

<sup>1</sup> Total operating income and net operating income for the second quarter include one-time PIK interest and dividend income of \$2.3 million as a result of the Custom conversion.

#### Portfolio Activity

- On April 30, 2019, Custom Alloy Corporation (“Custom”) redeemed its series A, B and C preferred shares and consolidated its second lien loans in exchange for two second lien loans totaling approximately \$38.6 million. MVC also funded approximately \$595,000 at the time of the conversion, which is included in the \$38.6 million of loans outstanding as of April 30, 2019.
  - Custom’s strong cash flows, new government contracts and improved EBITDA supported the conversion from equity to debt and positions MVC’s investment higher in the capital structure in a secured position while also providing a stronger overall yield, consistent with the Company’s strategy.
  - The current interest rate on the \$38.6 million of loans is 15% and the loans mature on April 30, 2022.
  - The transaction resulted in a realized gain of approximately \$3.2 million, in addition to receiving one-time PIK interest and dividends of \$2.3 million.
  - In addition, on April 30, 2019, MVC provided Custom with a \$3.0 million line of credit at a 15% interest rate with a maturity date of April 30, 2020. There was no amount outstanding on the line of credit as of April 30, 2019.
- As of April 30, 2019, the Company’s portfolio was comprised of approximately 70% yielding securities (including the loans to Custom), compared to 59% at the beginning of the fiscal year.
- During the quarter, the Company made no new investments and three follow-on debt investments into RuMe, Inc. and Custom, totaling \$1.35M.
- During the quarter, RuMe made a principal payment on its revolver of \$500,000 and Morey’s Seafood International, LLC made a principal payment of approximately \$591,000 on its second lien loan.

### Dividends

On April 12, 2019, the Company’s Board of Directors declared a dividend of \$0.15 per share, which was paid on April 30, 2019 to shareholders of record on April 23, 2019.

Assuming no major repayments in the portfolio and no impairments or unforeseen events, the yielding investments are anticipated to generate net operating income for the quarter ending July 31, 2019 that meets or exceeds the Company’s current dividend level of \$0.15 per share.

Since implementing its dividend policy in July of 2005, the Company has paid fifty-six consecutive quarterly dividends. Through April 30, 2019, dividends paid total approximately \$7.59 per share and total distributions and share repurchases (including tender offers) have surpassed \$275 million.

### Subsequent Events

On May 1, 2019, the Company provided \$6.5 million to Powers Equipment Acquisition Company, LLC in the form of a first lien loan with an interest rate of 13.5%. The loan matures on April 30, 2024.

On May 10, 2019, the Company provided \$8.0 million to International Precision Components Corporation in the form of a second lien loan with an interest rate of 15.5% and a maturity date of October 3, 2024.

On June 7, 2019, the Company loaned \$3.5 million to GTM increasing the second lien loan amount to approximately \$5.0 million. The interest rate is unchanged and the maturity date was extended to December 7, 2024. The Company also invested approximately \$420,000 for additional shares of common stock.

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### 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](http://www.mvccapital.com).

### Safe Harbor Statement and Other Disclosures

*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, among other things: whether the restructured Custom Alloy investment will perform and generate increased yield for MVC Capital; MVC Capital’s ability to deliver value to shareholders and execute its yield investment strategy; MVC Capital’s ability to generate and grow net operating income; the ability to pay and grow shareholder distributions (including beyond the \$0.15 dividend level recently paid); MVC Capital’s ability to support and cover its dividend on an on-going basis; 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 those covered in the subsequent events section; 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.*

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