



May 9, 2017

TCP Capital Corp. Announces First Quarter 2017 Financial Results Including Net Investment Income Of \$0.38 Per Share; Second Quarter Dividend Of \$0.36 Per Share

SANTA MONICA, Calif., May 9, 2017 /PRNewswire/ -- TCP Capital Corp. ("we," "us," "our," "TCPC" or the "Company"), a business development company ("BDC") (NASDAQ: TCPC), today announced its financial results for the first quarter ended March 31, 2017 and filed its Form 10-Q with the U.S. Securities and Exchange Commission.



FINANCIAL HIGHLIGHTS

- | Net investment income for the quarter ended March 31, 2017 was \$19.9 million, or \$0.38 per share on a diluted basis, net of \$0.09 per share in incentive compensation.
- | Net increase in net assets resulting from operations for the quarter ended March 31, 2017 was \$19.4 million, or \$0.37 per share.
- | Net asset value per share at March 31, 2017 increased to \$14.92 from \$14.91 at December 31, 2016, primarily a result of net investment income in excess of paid dividends.
- | Total acquisitions during the quarter ended March 31, 2017 were \$139.8 million and total dispositions were \$117.0 million.
- | On May 9, 2017, our board of directors declared a second quarter dividend of \$0.36 per share payable on June 30, 2017 to shareholders of record as of June 16, 2017.
- | Subsequent to the end of the quarter, on April 25, 2017 we closed a public offering of 5.75 million shares of our common stock at \$16.84 per share for gross proceeds of approximately \$96.8 million and net proceeds of approximately \$93.6 million.

"We are pleased with our strong performance during the first quarter of 2017, as we out-earned our dividend by \$0.02 per share," said Howard Levkowitz, TCP Capital Corp. Chairman and CEO. "In the first quarter, we originated over \$139 million in loans, with net deployments of approximately \$22.8 million. The weighted average effective yield on our originations during the quarter was approximately 10 basis points higher than the yield of our repaid investments, even while spreads generally tightened during the period. With our robust direct origination platform, we are seeing a significant volume of attractive opportunities, which enables us to grow our portfolio while continuing to be highly selective and disciplined in our investing."

PORTFOLIO AND INVESTMENT ACTIVITY

As of March 31, 2017, our investment portfolio consisted of debt and equity positions in 88 portfolio companies with a total fair value of approximately \$1.34 billion. Debt positions represented approximately 95% of the portfolio at fair value, substantially all of which were senior secured debt. Equity positions, including equity interests in portfolios of debt and lease assets, represented approximately 5% of our investment portfolio.

As of March 31, 2017, the weighted average annual effective yield of our debt portfolio was approximately 11.1%.⁽¹⁾ As of March 31, 2017, approximately 83% of our debt portfolio at fair value had floating interest rates. As of March 31, 2017, we had three debt investments on non-accrual status, totaling 0.4% of the portfolio at fair value.

During the three months ended March 31, 2017, we invested approximately \$139.8 million, primarily in nine investments, comprised of four new and five existing portfolio companies. The investments were comprised of approximately \$126.9 million in senior secured loans and \$6.6 million in senior secured notes. The remaining \$6.3 million was comprised of equity investments, including \$5.7 million of additional equity interests in portfolios of debt and lease assets. Additionally, we received proceeds from sales and repayments of investment principal of approximately \$117.0 million. We expect to

continue to invest in senior secured loans, bonds and subordinated debt, as well as select equity investments, to obtain a high level of current income and create the potential for appreciation, with an emphasis on principal protection.

As of March 31, 2017, total assets were \$1,414.1 million, net assets applicable to common shareholders were \$791.3 million and net asset value per share was \$14.92, as compared to \$1,387.6 million, \$790.9 million, and \$14.91 per share, respectively, as of December 31, 2016.

(1) Weighted average annual effective yield includes amortization of deferred debt origination and end-of-term fees and accretion of original issue discount, but excludes market discount, any prepayment and make-whole fee income, and any debt investments on non-accrual status.

CONSOLIDATED RESULTS OF OPERATIONS

Total investment income for the three months ended March 31, 2017 was approximately \$39.3 million, or \$0.74 per share, including \$0.06 per share from prepayment premiums and related accelerated original issue discount amortization, \$0.05 per share from recurring original issue discount amortization and \$0.07 per share from recurring income paid in kind. This reflects our policy of recording interest income, adjusted for amortization of premiums and discounts, on an accrual basis. Origination, structuring, closing, commitment, and similar upfront fees received in connection with the outlay of capital are generally amortized into interest income over the life of the respective debt investment.

Total operating expenses for the three months ended March 31, 2017 were approximately \$14.5 million, or \$0.27 per share, including interest and other debt expenses of \$7.8 million, or \$0.15 per share. We also incurred incentive compensation from net investment income of \$5.0 million, or \$0.09 per share. Excluding incentive compensation, interest and other debt expenses, annualized first quarter expenses were 3.4% of average net assets.

Net investment income for the three months ended March 31, 2017 was approximately \$24.9 million, or \$0.47 per share, before incentive compensation. Net investment income after incentive compensation was \$19.9 million, or \$0.38 per share.

Net realized and unrealized losses for the three months ended March 31, 2017 were \$0.5 million, or \$0.01 per share, comprised of net realized losses of \$5.1 million, or \$0.10 per share, and unrealized gains of \$4.6 million, or \$0.09 per share.

Net increase in net assets applicable to common shareholders resulting from operations for the three months ended March 31, 2017 was \$19.4 million, or \$0.37 per share.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2017, available liquidity was approximately \$397.9 million, comprised of approximately \$344.0 million in available capacity under our leverage program and \$56.0 million in cash and cash equivalents, less approximately \$2.1 million in net outstanding settlements.

The combined weighted-average interest rate on debt outstanding at March 31, 2017 was 3.99%.

Total debt outstanding at March 31, 2017 was as follows:

	<u>Maturity</u>	<u>Rate</u>	<u>Carrying Value⁽¹⁾</u>	<u>Available</u>	<u>Total Capacity</u>
SVCP Facility					
SVCP Revolver	2018	L+2.50% ⁽²⁾	\$ 36,000,000	\$ 80,000,000	\$ 116,000,000
Term Loan	2018	L+2.50% ⁽²⁾	100,500,000	—	100,500,000
2019 Convertible Notes (\$108 million par)	2019	5.25%	106,661,798	—	106,661,798
2022 Convertible Notes (\$140 million par)	2022	4.625%	136,993,529	—	136,993,529
TCPC Funding Facility	2020	L+2.50% ⁽³⁾	175,000,000	175,000,000	350,000,000
SBA Debentures	2024-2026	2.58% ⁽⁴⁾	61,000,000	89,000,000	150,000,000
Total debt			<u>616,155,327</u>	<u>\$ 344,000,000</u>	<u>\$ 960,155,327</u>
Unamortized issuance costs			<u>(7,798,658)</u>		
Debt, net of unamortized issuance costs			<u>\$ 608,356,669</u>		

(1) Except for the convertible notes, all carrying values are the same as the principal amounts outstanding.

(2) Based on either LIBOR or the lender's cost of funds, subject to certain limitations

(3) Or L+2.25% subject to certain funding requirements

(4) Weighted-average interest rate, excluding fees of 0.36%.

On May 3, 2017, our board of directors re-approved our stock repurchase plan to acquire up to \$50 million in the aggregate of our common stock at prices at certain thresholds below our net asset value per share, in accordance with the guidelines specified in Rule 10b-18 and Rule 10b5-1 of the Securities Exchange Act of 1934. There were no stock repurchases during the three months ended March 31, 2017.

RECENT DEVELOPMENTS

On April 25, 2017, we closed a public offering of 5.75 million shares of our common stock at \$16.84 per share for gross proceeds of approximately \$96.8 million and net proceeds of approximately \$93.6 million.

On April 26, 2017, we extended the maturity date of the TCPC Funding Facility from March 6, 2020 to April 26, 2021.

On May 9, 2017, our board of directors declared a second quarter cash dividend of \$0.36 per share payable on June 30, 2017 to shareholders of record as of the close of business on June 16, 2017.

CONFERENCE CALL AND WEBCAST

TCP Capital Corp. will host a conference call on Tuesday, May 9, 2017 at 1:00 p.m. Eastern Time (10:00 a.m. Pacific Time) to discuss its financial results. All interested parties are invited to participate in the conference call by dialing (866) 393-0571; international callers should dial (206) 453-2872. Participants should enter the Conference ID 3102744 when prompted. For a slide presentation that we intend to refer to on the earnings conference call, please visit the Investor Relations section of our website (www.tcpcapital.com) and click on the First Quarter 2017 Investor Presentation under Events and Presentations. The conference call will be webcast simultaneously in the investor relations section of our website at <http://investors.tcpcapital.com/>. An archived replay of the call will be available approximately two hours after the live call, through May 16, 2017. For the replay, please visit <http://investors.tcpcapital.com/events.cfm> or dial (855) 859-2056. For international replay, please dial (404) 537-3406. For all replays, please reference program ID number 3102744.

TCP Capital Corp.

Consolidated Statements of Assets and Liabilities

	March 31, 2017 (unaudited)	December 31, 2016
Assets		
Investments, at fair value:		
Companies less than 5% owned (cost of \$1,186,962,473 and \$1,174,421,611, respectively)	\$ 1,195,112,846	\$ 1,175,097,468
Companies 5% to 25% owned (cost of \$79,674,112 and \$75,508,585, respectively)	70,471,411	69,355,808
Companies more than 25% owned (cost of \$98,351,702 and \$96,135,623, respectively)	72,925,529	70,516,594
Total investments (cost of \$1,364,988,287 and \$1,346,065,819, respectively)	<u>1,338,509,786</u>	<u>1,314,969,870</u>
Cash and cash equivalents	55,964,496	53,579,868
Accrued interest income:		
Companies less than 5% owned	13,494,055	12,713,025
Companies 5% to 25% owned	1,383,794	953,561
Companies more than 25% owned	18,333	25,608
Deferred debt issuance costs	3,449,834	3,828,784
Prepaid expenses and other assets	1,261,765	1,527,745
Total assets	<u>1,414,082,063</u>	<u>1,387,598,461</u>
Liabilities		
Debt, net of unamortized issuance costs	608,356,669	571,658,862
Incentive allocation payable	4,976,378	4,716,834
Interest payable	4,671,563	5,013,713
Payable for investments purchased	2,056,600	12,348,925
Payable to the Advisor	525,867	325,790
Accrued expenses and other liabilities	2,215,965	2,598,346
Total liabilities	<u>622,803,042</u>	<u>596,662,470</u>
Net assets applicable to common shareholders	<u>\$ 791,279,021</u>	<u>\$ 790,935,991</u>

Composition of net assets applicable to common shareholders

Common stock, \$0.001 par value; 200,000,000 shares authorized, 53,042,047 and

53,041,900 shares issued and outstanding as of March 31, 2017 and December 31, 2016, respectively	\$ 53,042	\$ 53,042
Paid-in capital in excess of par	944,429,214	944,426,650
Accumulated net investment income	13,343,715	12,533,289
Accumulated net realized losses	(140,047,725)	(134,960,267)
Accumulated net unrealized depreciation	(26,499,225)	(31,116,723)
Net assets applicable to common shareholders	<u>\$ 791,279,021</u>	<u>\$ 790,935,991</u>
Net assets per share	<u>\$ 14.92</u>	<u>\$ 14.91</u>

TCP Capital Corp.

Consolidated Statements of Operations (Unaudited)

	<u>Three Months Ended March 31,</u>	
	<u>2017</u>	<u>2016</u>
Investment income		
Interest income:		
Companies less than 5% owned	\$ 35,418,453	\$ 30,810,782
Companies 5% to 25% owned	1,726,423	1,532,728
Companies more than 25% owned	1,635,334	531,013
Lease income:		
Companies more than 25% owned	74,457	776,071
Other income:		
Companies less than 5% owned	488,347	938,688
Total investment income	<u>39,343,014</u>	<u>34,589,282</u>
Operating expenses		
Interest and other debt expenses	7,755,027	5,545,281
Management and advisory fees	4,934,041	4,504,084
Administrative expenses	589,561	421,736
Legal fees, professional fees and due diligence expenses	277,721	502,695
Director fees	159,970	107,924
Insurance expense	107,960	100,934
Custody fees	81,887	80,526
Other operating expenses	554,959	455,723
Total operating expenses	<u>14,461,126</u>	<u>11,718,903</u>
Net investment income	24,881,888	22,870,379
Net realized and unrealized gain (loss) on investments and foreign currency		
Net realized gain (loss):		
Investments in companies less than 5% owned	(5,087,458)	(2,943,705)
Investments in companies 5% to 25% owned	-	315,053
Net realized loss	<u>(5,087,458)</u>	<u>(2,628,652)</u>
Change in net unrealized appreciation/depreciation	4,617,498	(4,194,601)
Net realized and unrealized loss	<u>(469,960)</u>	<u>(6,823,253)</u>
Net increase in net assets from operations	<u>24,411,928</u>	<u>16,047,126</u>
Distributions of incentive allocation to the General Partner from:		
Net investment income	<u>(4,976,378)</u>	<u>(4,574,076)</u>
Net increase in net assets applicable to common shareholders resulting from operations	<u>\$ 19,435,550</u>	<u>\$ 11,473,050</u>
Basic and diluted earnings per common share	<u>\$ 0.37</u>	<u>\$ 0.24</u>
Basic and diluted weighted average common shares outstanding	<u>53,041,902</u>	<u>48,746,521</u>

ABOUT TCP CAPITAL CORP.

TCP Capital Corp. (NASDAQ: TCPC) is a specialty finance company focused on performing credit lending to middle-market companies as well as small businesses. TCPC lends primarily to companies with established market positions, strong regional or national operations, differentiated products and services and sustainable competitive advantages, investing across industries in which it has significant knowledge and expertise. TCPC's investment objective is to achieve high total returns through current income and capital appreciation, with an emphasis on principal protection. TCPC is a publicly-traded business development company, or BDC, regulated under the Investment Company Act of 1940 and is externally managed by its advisor, Tennenbaum Capital Partners, LLC, a leading alternative investment manager. For more information, visit www.tpcapital.com.

FORWARD-LOOKING STATEMENTS

Prospective investors considering an investment in TCP Capital Corp. should consider the investment objectives, risks and expenses of the company carefully before investing. This information and other information about the company are available in the company's filings with the Securities and Exchange Commission ("SEC"). Copies are available on the SEC's website at www.sec.gov and the company's website at www.tpcapital.com. Prospective investors should read these materials carefully before investing.

This press release may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on estimates, projections, beliefs and assumptions of management of the company at the time of such statements and are not guarantees of future performance. Forward-looking statements involve risks and uncertainties in predicting future results and conditions. Actual results could differ materially from those projected in these forward-looking statements due to a variety of factors, including, without limitation, changes in general economic conditions or changes in the conditions of the industries in which the company makes investments, risks associated with the availability and terms of financing, changes in interest rates, availability of transactions, and regulatory changes. Certain factors that could cause actual results to differ materially from those contained in the forward-looking statements are included in the "Risks" section of the company's shelf registration statement declared effective on May 3, 2017, and the company's subsequent periodic filings with the SEC. Copies are available on the SEC's website at www.sec.gov and the company's website at www.tpcapital.com. Forward-looking statements are made as of the date of this press release, and are subject to change without notice. The company has no duty and does not undertake any obligation to update or revise any forward-looking statements based on the occurrence of future events, the receipt of new information, or otherwise.

To view the original version on PR Newswire, visit:<http://www.prnewswire.com/news-releases/tcp-capital-corp-announces-first-quarter-2017-financial-results-including-net-investment-income-of-038-per-share-second-quarter-dividend-of-036-per-share-300453883.html>

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