



# TCP Capital Corp. Investor Presentation

## Quarter Ended December 31, 2017

# Forward Looking Statements

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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](http://www.sec.gov) and the Company's website at <http://www.tcpcapital.com>. Prospective investors should read these materials carefully before investing

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# TCP Capital Corp. Overview

## TCPC

- Business development company (BDC)
- Trades on NASDAQ: "TCPC"
- Expects to distribute most of its earnings as dividends<sup>(1)</sup>
- 9.9% current dividend yield<sup>(2)</sup>

## Investment Objective

We seek to generate high total returns through current income and capital appreciation, with an emphasis on principal protection

## Leveraged Loans

Focused on direct origination of senior secured loans to stable middle-market borrowers:

- Contractual first claim ahead of subordinated debt and equity
- Assets pledged as collateral
- Interest payments typically floating rate

(1) There can be no assurance that dividends will continue at current rates or that quarterly cash distributions will be made.

(2) Based on a closing price of \$14.54 as of 2/26/2018.

# 2017 Highlights and Recent Achievements

## Dividend Coverage

- Net investment income<sup>(1)</sup> of \$1.59 & dividends of \$1.44 per share

## Record Deployment

- Deployment of \$865 million gross or \$210 million net

## Capital Markets Access

- \$175 million unsecured notes offerings at 4.125%
- \$94 million equity offering at a substantial premium
- \$100 million revolving credit facility closed (post-year end)
- Investment grade rating reaffirmed

## Strong Governance

- Additional independent director added
  - Kathleen Corbet – Lead Director, MassMutual Financial
- \$50 million share repurchase program renewed

(1) After incentive compensation

# Well Covered and Stable Dividend

- Net investment income<sup>(1)</sup> of \$0.41 per share in Q4 2017
  - Quarterly dividend of \$0.36 per share paid on December 29, 2017
- Declared Q1 2018 dividend of \$0.36 per share
  - Payable on March 30, 2018 to holders of record as of March 16, 2018
- **Dividend covered in all 23 quarters since inception**

	2012 <sup>(2,3)</sup>	2013	2014	2015	2016	2017	ITD
<b>Per Share</b>							<b>Total</b>
Regular dividend	\$1.04	\$1.43	\$1.44	\$1.44	\$1.44	\$1.44	<b>\$8.23</b>
Net investment income	\$1.42	\$1.65	\$1.55	\$1.64	\$1.51	\$1.59	<b>\$9.36</b>
Regular dividend coverage	137%	115%	108%	114%	105%	110%	114%
Special dividend	\$0.05	\$0.10	\$0.10				<b>\$0.25</b>

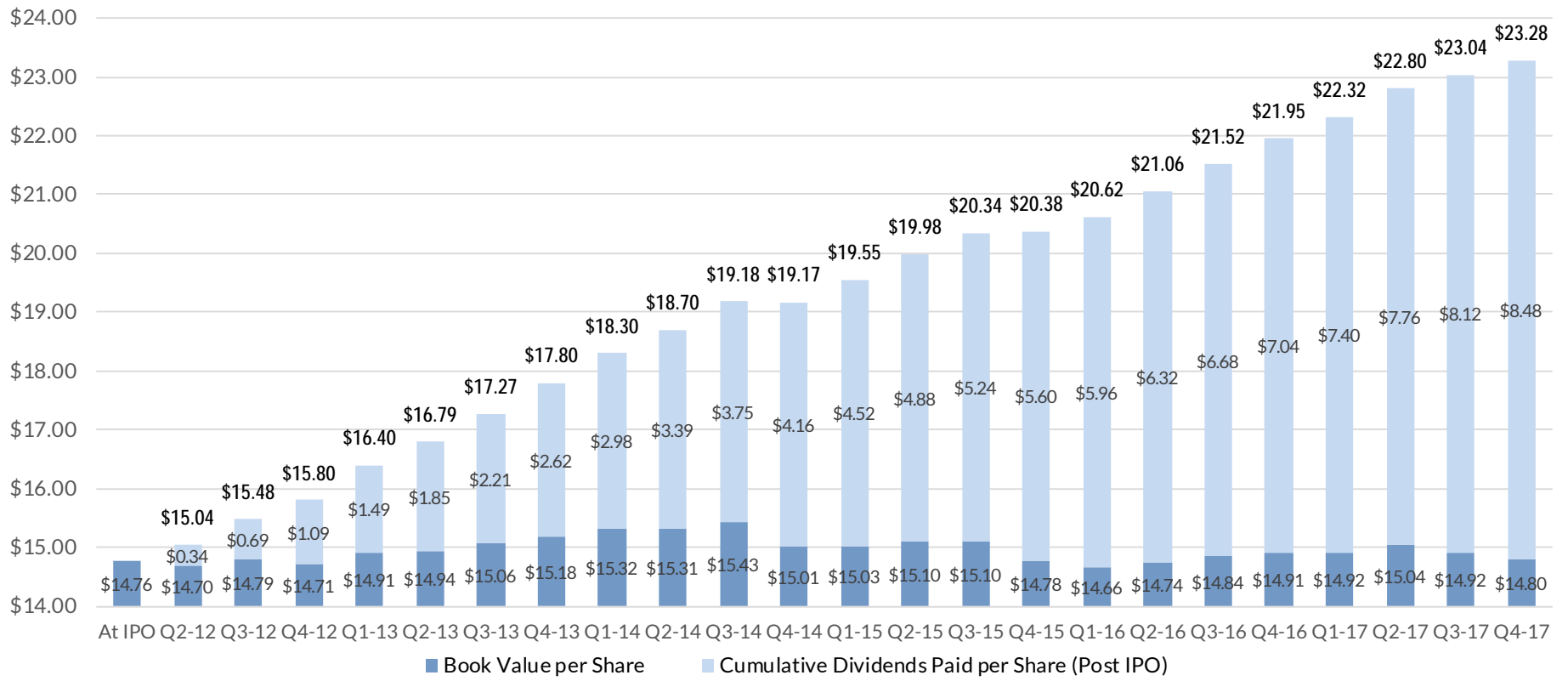
(1) After incentive compensation

(2) Incentive compensation was waived prior to January 1, 2013

(3) Dividends and net investment income in 2012 reflect the 3 quarters post-IPO (Q2, Q3 and Q4)

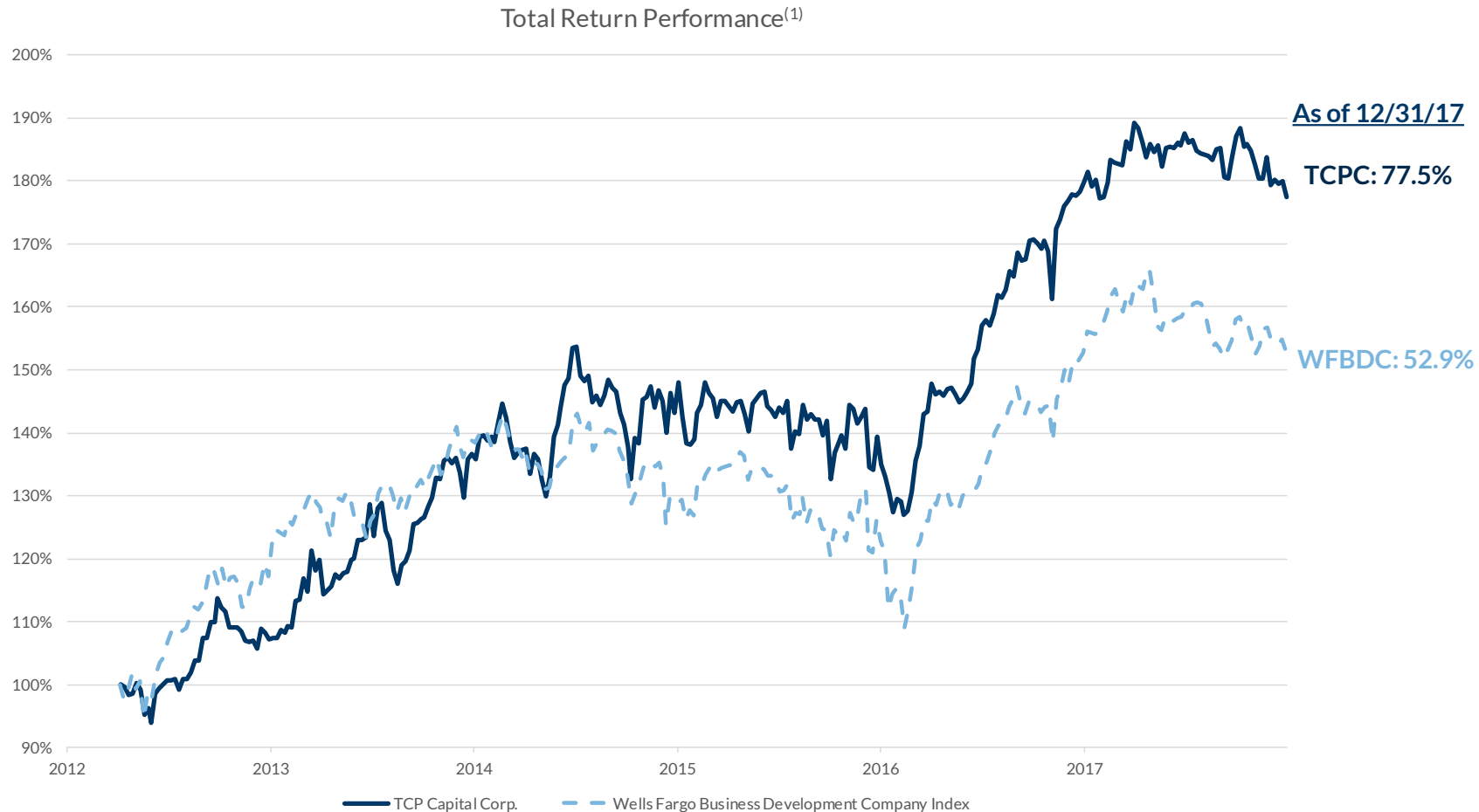
# Strong Track Record of Positive Performance

## Book Value per Share and Dividends Paid



# TCPC Relative Outperformance

Out-performed the Wells Fargo BDC Index by 47% since our IPO

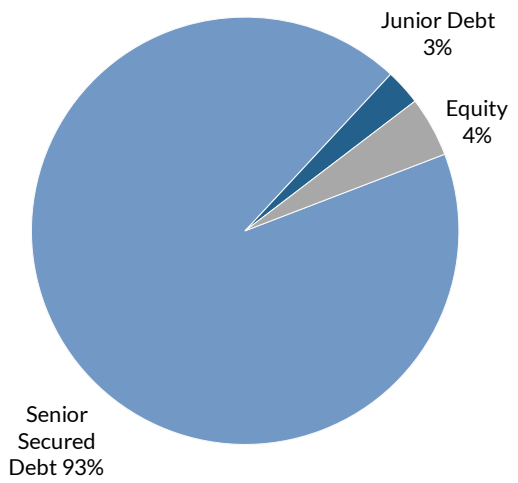


(1) Assumes a fixed investment on April 6, 2012 in TCP Capital Corp. and the Wells Fargo Business Development Company Index. Assumes all dividends are reinvested on the respective dividend payment dates without commissions. Source: FactSet.

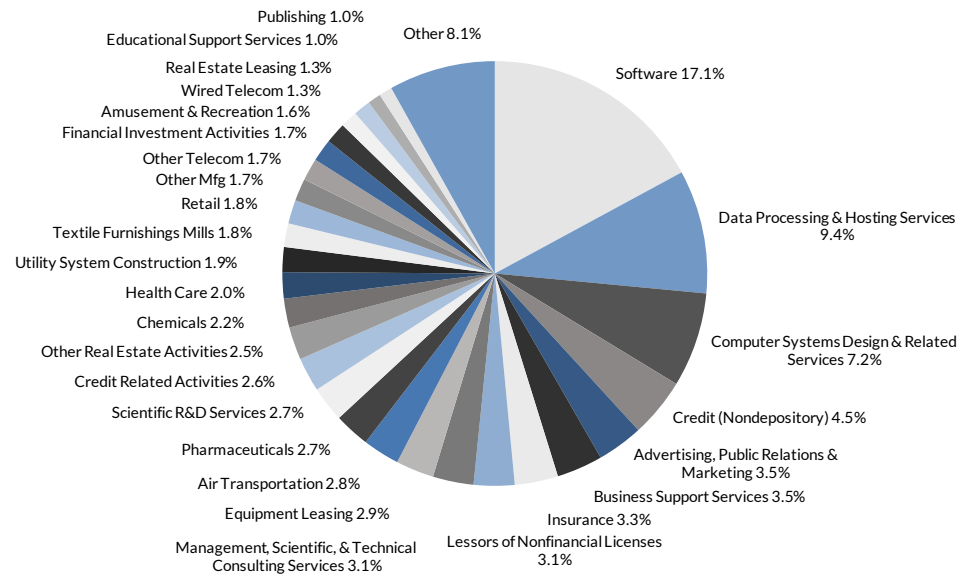
# Conservatively Positioned and Diversified Portfolio

- \$1.5 billion portfolio fair value
- 89% of debt portfolio is floating rate
- 93% of portfolio is senior secured debt
- 11.0% weighted average effective yield on debt portfolio<sup>(1)</sup>

**Portfolio by Asset Type**



**Industry Diversification**

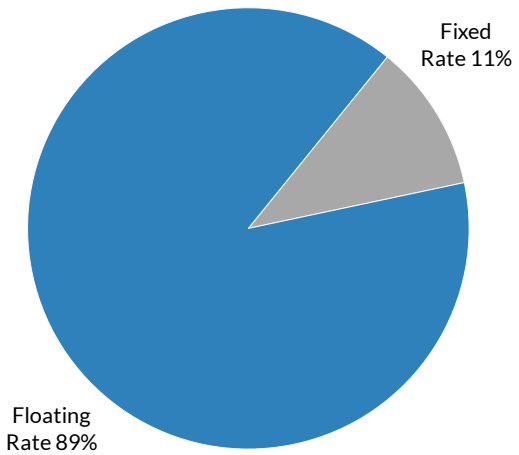


(1) Weighted average annual effective yield includes amortization of deferred debt origination and exit fees and original issue discount, but excludes market discount, any repayment and make-whole fee income, and any debt investments on non-accrual status.

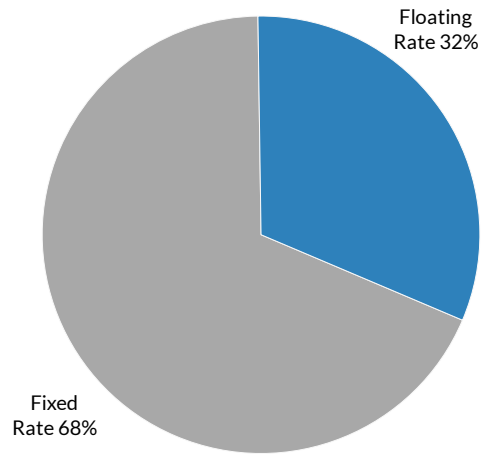


# Strategically Positioned Balance Sheet

**Primarily Floating Rate Asset Portfolio**



**Liabilities Primarily Fixed Rate**



**Positive annual impact on net income of base rate increases in interest rates<sup>(1)</sup>:**

Basis Point Change	Net Investment Income	Net Investment Income Per Share
Up 300 basis points	+\$39,643,811	+\$0.67
Up 200 basis points	+\$28,979,754	+\$0.49
Up 100 basis points	+\$18,315,697	+\$0.31
Down 100 basis points	(\$6,710,481)	(\$0.11)
Down 200 basis points	(\$6,664,731)	(\$0.11)

(1) Please refer to page 72 of the Company's 10-K as of December 31, 2017.

# Portfolio Highlights

<b>Asset Mix of the Investment Portfolio</b> <i>(in thousands)</i>	<b>Q4 2017</b>	<b>Q3 2017</b>	<b>Q2 2017</b>	<b>Q1 2017</b>	<b>Q4 2016</b>
Senior secured debt	\$ 1,404,729	\$ 1,463,295	\$ 1,378,055	\$ 1,273,608	\$ 1,248,888
Junior debt	41,008	-	-	-	-
Equity	68,796	65,455	67,893	64,902	66,082
Total investments	1,514,533	1,528,750	1,445,948	1,338,510	1,314,970

<b>Portfolio Activity</b> <i>(in thousands)</i>	<b>Q4 2017</b>	<b>Q3 2017</b>	<b>Q2 2017</b>	<b>Q1 2017</b>	<b>Q4 2016</b>
Gross new commitments	\$ 213,034	\$ 245,683	\$ 266,918	\$ 139,793	\$ 207,402
Exits (includes repayments)	221,613	158,060	158,968	117,033	179,233
Net commitments	(8,579)	87,623	107,950	22,760	28,169

# Quarterly Operating Results

	Three Months Ended				
	(Unaudited; dollar amounts in thousands, except per share data)				
	12/31/2017	9/30/2017	6/30/2017	3/31/2017	12/31/2016
<b>Investment income</b>					
Interest income	\$ 46,424	\$ 42,341	\$ 45,982	\$ 38,780	\$ 39,104
Lease income	71	74	74	75	74
Dividend income	237	-	17	-	-
Other income	375	874	158	488	349
Total investment income	47,107	43,289	46,231	39,343	39,527
<b>Expenses</b>					
Interest and other debt expenses	9,004	8,213	7,896	7,755	7,615
Management and advisory fees	5,937	5,611	5,079	4,934	4,905
Administrative expenses	597	597	567	590	426
Legal fees, professional fees and due diligence expenses	358	288	561	278	537
Other expenses	1,259	1,011	1,092	904	1,891
Total expenses	17,155	15,721	15,195	14,461	15,374
Net investment income before taxes	29,952	27,568	31,036	24,882	24,153
Excise taxes	36	-	-	-	569
Net investment income	29,916	27,568	31,036	24,882	23,584
Net realized and unrealized gain (loss)	(10,283)	(7,436)	(4,601)	(470)	4,054
Incentive allocation distributions	(5,983)	(5,514)	(6,207)	(4,976)	(4,717)
Net increase in net assets to common equity	\$ 13,650	\$ 14,618	\$ 20,228	\$ 19,436	\$ 22,921
Earnings per share	\$ 0.23	\$ 0.25	\$ 0.35	\$ 0.37	\$ 0.43
Net investment income per share <sup>(1)</sup>	\$ 0.41	\$ 0.38	\$ 0.43	\$ 0.38	\$ 0.36
Dividend per share	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36	\$ 0.36
Weighted average common shares outstanding	58,809,888	58,792,204	57,275,565	53,041,902	53,041,753
Ending common shares outstanding	58,847,256	58,792,364	58,792,202	53,042,047	53,041,900

(1) After incentive compensation and taxes.

# Financial Highlights

<i>(\$ per share)</i>	Q4 2017 (unaudited)	Q3 2017 (unaudited)	Q2 2017 (unaudited)	Q1 2017 (unaudited)	Q4 2016 (unaudited)
Net investment income, after incentive	0.41	0.38	0.43	0.38	0.36
Net realized & unrealized gains (losses)	(0.18)	(0.13)	(0.08)	(0.01)	0.07
Net increase in net assets from operations	0.23	0.25	0.35	0.37	0.43
Dividend paid	(0.36)	(0.36)	(0.36)	(0.36)	(0.36)
Premium on issuance of securities	-	-	0.13	-	-
Net asset value	14.80	14.92	15.04	14.92	14.91
	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Total fair value of investments (000s)	\$ 1,514,533	\$ 1,528,750	\$ 1,445,948	\$ 1,338,510	\$ 1,314,970
Number of portfolio companies	96	97	94	88	90
Average investment size (000s)	\$ 15,776	\$ 15,760	\$ 15,382	\$ 15,210	\$ 14,611
Debt/equity ratio <sup>(1)</sup>	.75x	.68x	.59x	.70x	.66x
Debt/equity ratio, net of cash <sup>(1)(2)</sup>	.67x	.68x	.57x	.63x	.60x

(1) Excludes SBIC debt, which is exempt from regulatory asset coverage requirements.

(2) Net of trades pending settlement.

# Quarterly Balance Sheets

<i>(in thousands, except per share data)</i>	12/31/2017 (audited)	9/30/2017 (unaudited)	6/30/2017 (unaudited)	3/31/2017 (unaudited)	12/31/2016 (audited)
<b>ASSETS</b>					
Investments at fair value	\$ 1,514,533	\$ 1,528,750	\$ 1,445,948	\$ 1,338,510	\$ 1,314,970
Cash and cash equivalents	86,625	71,930	41,574	55,964	53,580
Accrued interest income	19,368	19,850	15,161	14,896	13,692
Receivable for investments sold	431	13,414	14,143	-	-
Other assets	8,465	8,171	8,882	4,712	5,356
Total assets	<u>1,629,422</u>	<u>1,642,115</u>	<u>1,525,708</u>	<u>1,414,082</u>	<u>1,387,598</u>
<b>LIABILITIES</b>					
Debt, net of unamortized issuance costs	\$ 725,200	\$ 665,378	\$ 586,724	\$ 608,357	\$ 571,659
Payable for investments purchased	16,475	85,545	40,430	2,057	12,349
Interest payable	7,772	4,527	5,402	4,672	5,014
Incentive allocation payable	5,983	5,514	6,207	4,976	4,717
Other liabilities	3,264	3,754	3,003	2,741	2,924
Total liabilities	<u>758,694</u>	<u>764,718</u>	<u>641,766</u>	<u>622,803</u>	<u>596,662</u>
NET ASSETS	<u>\$ 870,728</u>	<u>\$ 887,397</u>	<u>\$ 883,942</u>	<u>\$ 791,279</u>	<u>\$ 790,936</u>
NET ASSETS PER SHARE	<u>\$ 14.80</u>	<u>\$ 14.92</u>	<u>\$ 15.04</u>	<u>\$ 14.92</u>	<u>\$ 14.91</u>

# Best-In-Class Advisory Fee Structure

	TCP Capital Corp.	Typical Externally Managed BDCs <sup>(1)</sup>
Base Management Fee	<ul style="list-style-type: none"> <li>1.5% on gross assets (less cash and cash equivalents)</li> </ul>	<ul style="list-style-type: none"> <li>1.5% - 2.0% on gross assets</li> </ul>
Incentive Fee Hurdle	<ul style="list-style-type: none"> <li>8% annualized total return on NAV, cumulative (infinite) lookback</li> </ul>	<ul style="list-style-type: none"> <li>7% annualized NII return on NAV, no lookback</li> </ul>
Incentive Compensation	<ul style="list-style-type: none"> <li>Capital Gains: 20% of cumulative net realized gains less net unrealized depreciation, subject to a <u>cumulative (infinite), annualized 8% total return</u> hurdle</li> <li>Ordinary Income: 20% subject to a <u>cumulative (infinite), annualized 8.0% total return</u> hurdle</li> </ul>	<ul style="list-style-type: none"> <li>Capital Gains: 20% of cumulative net realized gains less net unrealized depreciation</li> <li>Ordinary Income: 20% subject to quarterly hurdle rate calculated quarterly</li> </ul>
	<ul style="list-style-type: none"> <li>✓ Subject to cumulative high water mark</li> </ul>	

(1) Source: SEC filings.

# Diversified Sources of Funding

As of December 31, 2017

Source	Capacity	Drawn Amount	Available	Pricing	Maturity
SVCP Revolver	\$116.0mm	\$57.0mm	\$59.0mm	L + 2.50% <sup>(4)</sup>	Jul-18
2019 Convertible Notes	\$107.0mm <sup>(1)</sup>	\$107.0mm	-	5.25%	Dec-19
2022 Convertible Notes	\$137.4mm <sup>(2)</sup>	\$137.4mm	-	4.625%	Mar-22
2022 Notes	\$174.4mm <sup>(3)</sup>	\$174.4mm	-	4.125%	Aug-22
TCPC Funding Facility	\$350.0mm	\$175.0mm	\$175.0mm	L + 2.50% <sup>(5)</sup>	Apr-21
SBA Debentures	\$150.0mm	\$83.0mm	\$67.0mm	2.57% <sup>(6)</sup>	2024-2028
Total leverage	\$1,034.8mm	\$733.8mm	\$301.0mm	4.13% <sup>(7)</sup>	
Cash			\$86.6mm		
Net settlements			\$(16.0)mm		
Unamortized debt issuance costs		\$(8.6)mm			
Net		\$725.2mm	\$371.6mm		

TCPC is rated BBB- by Standard & Poor's with outlook stable

(1) \$108 million par. Carrying value shown.

(2) \$140 million par. Carrying value shown.

(3) \$175 million par. Carrying value shown.

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

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

(6) Weighted average interest rate on pooled loans, excluding fees of 0.36%.

(7) Combined weighted-average interest rate on amounts outstanding.

# Contact Information

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## **Transfer Agent**

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(651) 450-4064 (from outside U.S.)  
[www.shareowneronline.com](http://www.shareowneronline.com)