



# Medley Capital Corporation (NYSE: MCC)

---

*Investor Presentation*

*Quarter Ended September 30, 2019*

---

---

## Important Notice

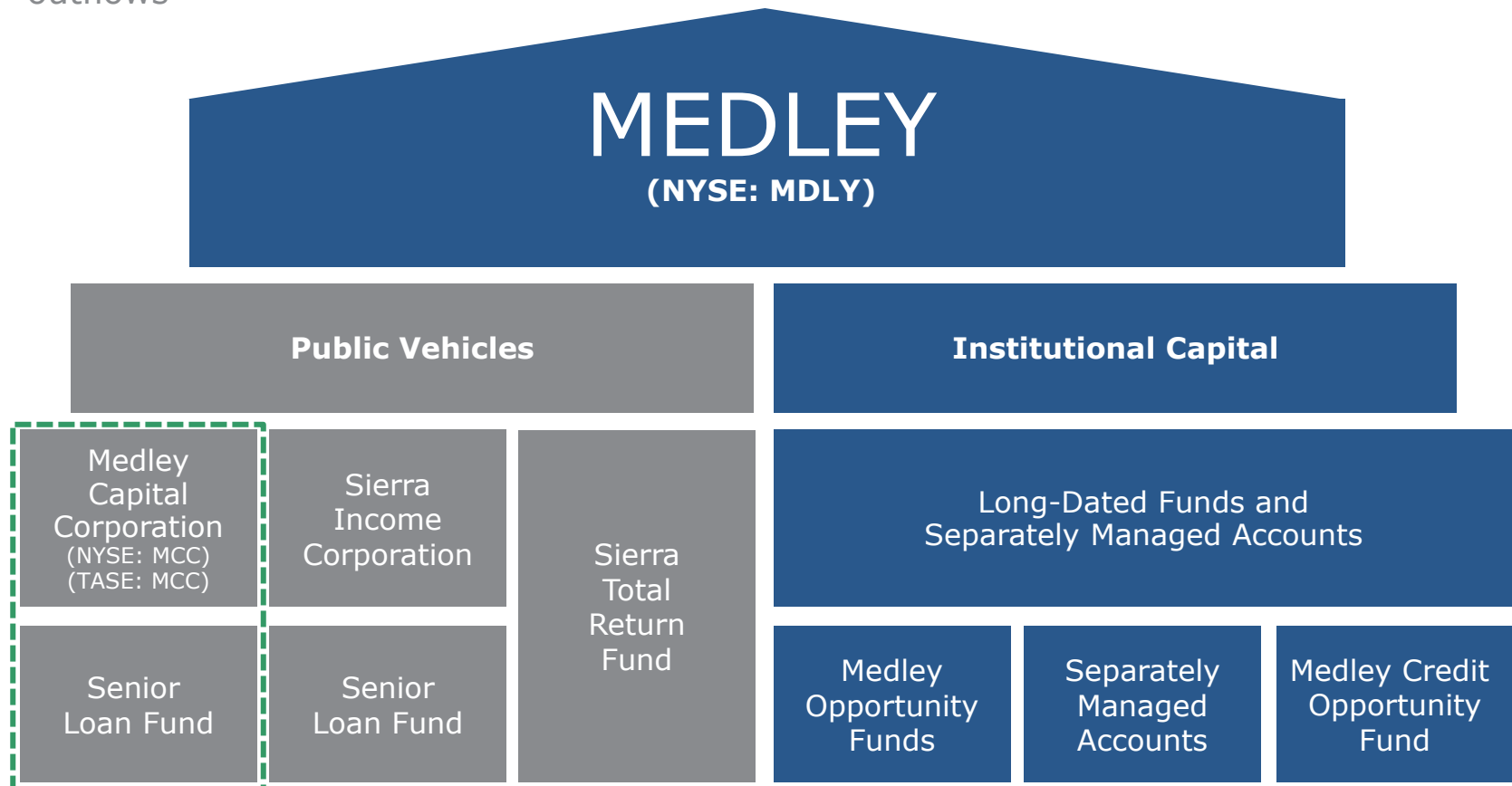
This presentation contains “forward looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, that are subject to risks and uncertainties. Actual outcomes and results could differ materially from those suggested by this presentation due to the impact of many factors beyond the control of Medley Capital Corporation, including those listed in the "Risk Factors" section of our filings with the Securities and Exchange Commission (“SEC”). Any statement other than a statement of historical fact may constitute a forward looking statement. Any such forward-looking statements are made pursuant to the safe harbor provisions available under applicable securities laws and Medley Capital Corporation assumes no obligation to update or revise any such forward-looking statements.

Certain information discussed in this presentation (including information relating to portfolio companies) was derived from third party sources and has not been independently verified and, accordingly, the Company makes no representation or warranty in respect of this information.

The following slides contain summaries of certain financial and statistical information about Medley Capital Corporation. The information contained in this presentation is summary information that is intended to be considered in the context of our SEC filings and other public announcements that we may make, by press release or otherwise, from time to time. We undertake no duty or obligation to publicly update or revise the information contained in this presentation. In addition, information related to past performance, while helpful as an evaluative tool, is not necessarily indicative of future results, the achievement of which cannot be assured. You should not view the past performance of Medley Capital Corporation, or information about the market, as indicative of Medley Capital Corporation’s future results. This presentation does not constitute an offer to sell or the solicitation of an offer to buy any securities of Medley Capital Corporation.

## Diversified AUM Across Multiple Funds

- Broad distribution through public and private vehicles
- Permanent capital, long-dated funds and managed accounts not subject to traditional outflows



# Investment Strategy Shift Overview

**Beginning in 2015, the MCC lending platform shifted its focus to first lien loans provided to larger, sponsor backed borrowers**

- **Results have been strong**
  - New investments post Q2 2015 have produced an IRR of 11.6%<sup>1</sup>
  - New investments post Q2 2015 have experienced 0.04% of annualized realized and unrealized losses<sup>2</sup>
  - One non-accrual out of 42 borrowers' loans originated since the beginning of 2015
- **Significant structural and personnel changes designed to create an effective investing culture**
  - New Head of Investing
  - New Head of Risk
  - Recomposition of the Investment Committee and its subcommittees
  - Added new senior credit and investing professionals
  - Separation of Origination and Underwriting

Source: Management, Past performance is not indicative of future results.

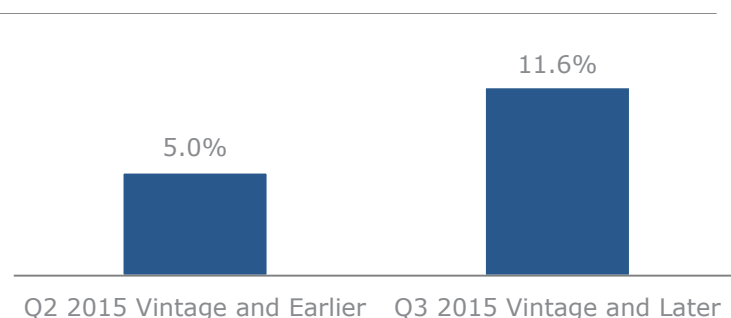
1. IRR includes both realized and unrealized investments and excludes the impact of base management fees, incentive fees and other fund related expenses. For realized investments, the investment returns were calculated based on the actual cash outflows and inflows for each respective investment and include all interest, principal and fee note repayments, dividends and transaction fees, if applicable. For unrealized investments, the investment returns were calculated based on the actual cash outflows and inflows for each respective investment and include all interest, principal and fee note repayments, dividends and transaction fees, if applicable. The investment return assumes that the remaining unrealized portion of the investment is realized at the investment's most recent fair value, as calculated in accordance with GAAP. There can be no assurance that the investments will be realized at these fair values and actual results may differ significantly.

2. Annualized loss utilizes the loss for each realized and unrealized investment over total capital invested during the life of the investment. The terminal value for unrealized investments is the fair market value as of September 30, 2019.

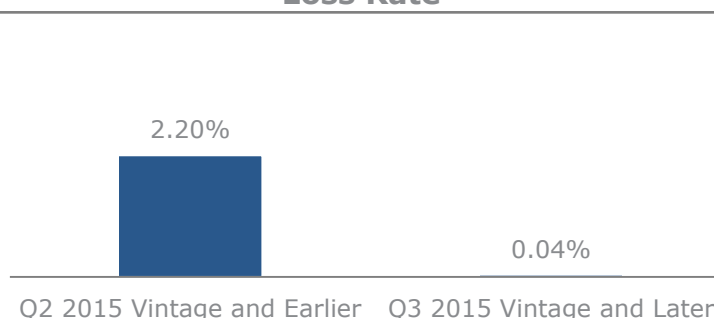
# Investment Strategy Shift

- Originations post Q2 2015 continue to perform well with higher asset level IRRs and lower annualized realized loss rates compared to the earlier vintage
- MCC invested total capital of \$392 million in post Q2 2015 vintage investments

**MCC IRR<sup>1</sup>**



**MCC Annualized Realized & Unrealized Loss Rate<sup>2</sup>**



Source: Management

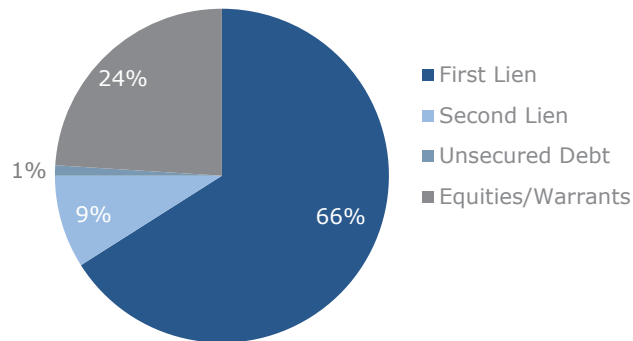
Note: Portfolio data as of September 30, 2019. Past performance is not indicative of future results. For information about past performance prior to 2015 and since inception, see the public filings for MCC.

1. IRR includes both realized and unrealized investments and excludes the impact of base management fees, incentive fees and other fund related expenses. For realized investments, the investment returns were calculated based on the actual cash outflows and inflows for each respective investment and include all interest, principal and fee note repayments, dividends and transaction fees, if applicable. For unrealized investments, the investment returns were calculated based on the actual cash outflows and inflows for each respective investment and include all interest, principal and fee note repayments, dividends and transaction fees, if applicable. The investment return assumes that the remaining unrealized portion of the investment is realized at the investment's most recent fair value, as calculated in accordance with GAAP. There can be no assurance that the investments will be realized at these fair values and actual results may differ significantly.

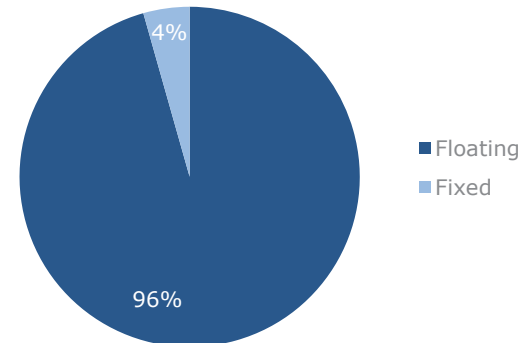
2. Annualized loss utilizes the loss for each realized and unrealized investment over total capital invested during the life of the investment. The terminal value for unrealized investments is the fair market value as of September 30, 2019.

# Diversified Senior Secured Floating Rate Portfolio

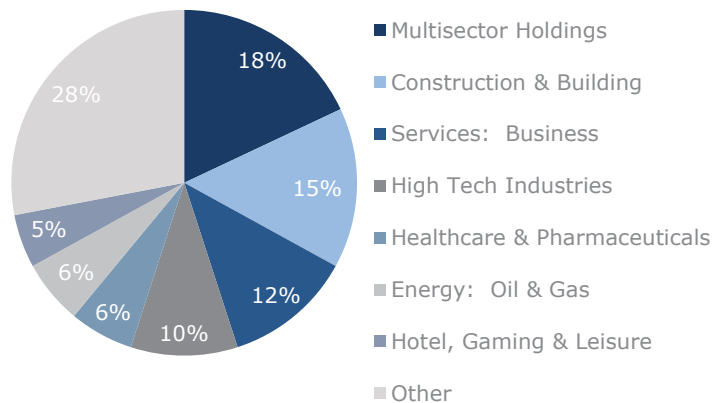
## Investment Type<sup>1</sup>



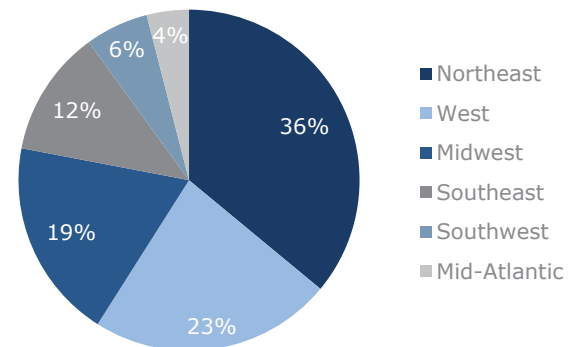
## Floating vs Fixed Rate<sup>2</sup>



## Industry<sup>3</sup>



## Geography



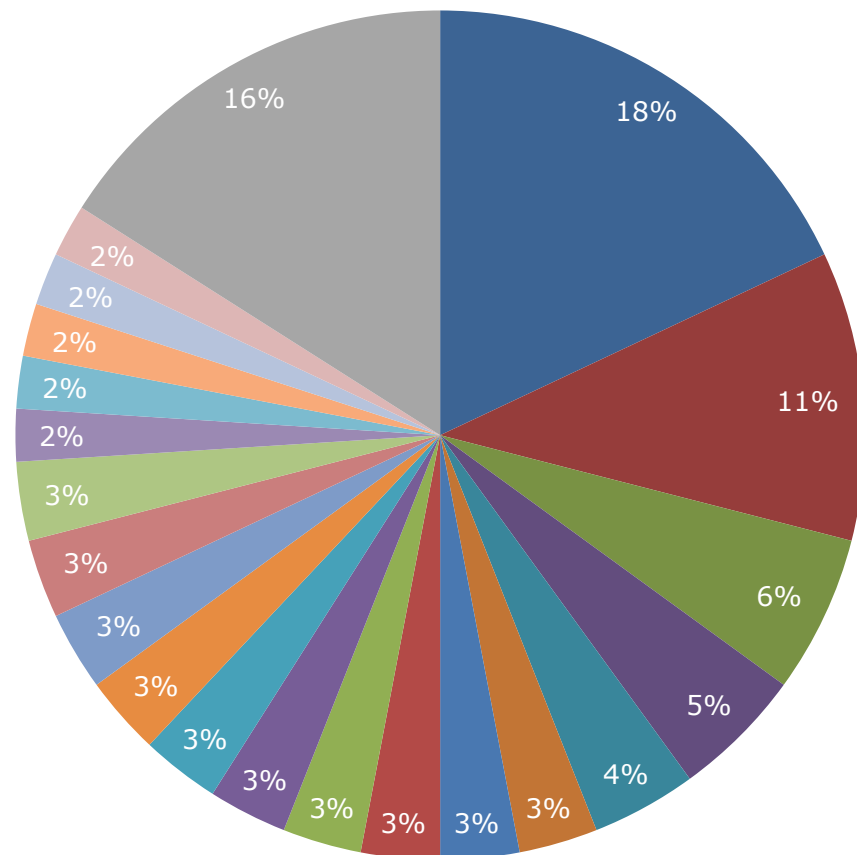
Note: Portfolio data as of 9/30/19 based on fair market value. Numbers may not foot due to rounding. Past performance is not indicative of future results.

1. MCC SLS JV equity is categorized as First Lien.

2. Based on income bearing investments; excludes preferred and common equity.

3. Other category includes any industry with less than 5% portfolio concentration; "Other" consists of 16 different industries.

# Portfolio by Issuer



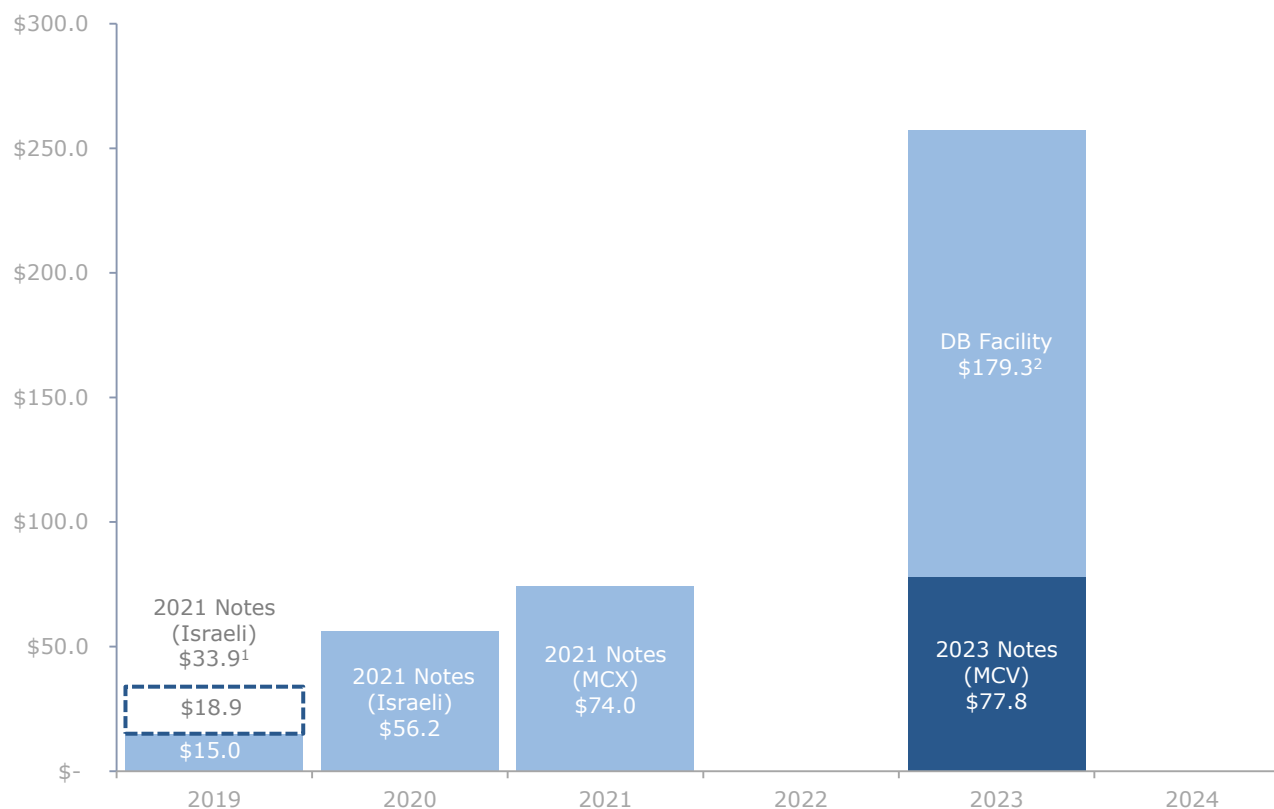
## Top 20 Investments: 84%

- MCC Senior Loan Strategy JV I LLC
- JFL-NGS Partners, LLC
- URT Acquisition Holdings Corporation
- 1888 Industrial Services, LLC
- DataOnline Corp.
- Avantor, Inc.
- Barry's Bootcamp Holdings, LLC
- Autosplice, Inc.
- InterFlex Acquisition Company, LLC
- Path Medical, LLC
- Impact Group, LLC
- NVTN LLC
- FKI Security Group, LLC
- Footprint Acquisition, LLC
- US Multifamily, LLC
- Freedom Powersports, LLC
- Black Angus Steakhouses, LLC
- SFP Holding, Inc.
- Alpine SG, LLC
- CT Technologies Intermediate Holdings, Inc.
- Other

Note: Portfolio includes 51 total issuers; the 16% of Portfolio Issuer Concentration represents 31 MCC borrowers.

## Debt Maturity Profile

- MCC's liabilities are 100.0% fixed rate
- Chart below is pro-forma for a \$15.0 million amortization payment on the 2021 Israeli Notes effective 10/2/19



1. The Company will be pre-paying \$18.9 million in addition to the scheduled \$15.0 million amortization payment on 12/31/19.

2. Facility is maintained at MCC Senior Loan Strategy JV I LLC and is not consolidated for GAAP financial reporting purposes.



# MCC Financial Results

---

## Performance Overview

- Net investment loss of \$0.15 per share for the quarter ended 9/30/19
  - Adjusted net investment income of \$0.00 per share excluding merger-related expenses<sup>1</sup>
- Net asset value of \$3.97 per share for the quarter ended 9/30/19
- The board of directors did not declare a dividend this quarter
- 9.5% portfolio yield as of 9/30/19<sup>2</sup>

1. Adjusted net investment income is a non-GAAP financial measure. The reconciliation of net investment income to adjusted net investment income is calculated by adding \$3.5 million of plaintiff legal fees and expenses and \$4.8 million of other legal and professional expenses or approximately \$0.15 per share of merger related expenses to net investment income. Per share amounts are based on 54,474,211 weighted average shares outstanding for the period.

2. Represents annualized portfolio yield to maturity of income bearing investments, excluding fees, while utilizing industry standard forward LIBOR curve assumptions.

# Financial & Portfolio Highlights

## Financial Highlights

	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18
Net investment income (loss) per share	\$ (0.15)	\$ (0.07)	\$ (0.19)	\$ 0.03	\$ 0.01
Net realized gains (losses) per share	\$ (0.66)	\$ (0.16)	\$ (0.19)	\$ (1.04)	\$ (0.57)
Loss on extinguishment of Debt	\$ (0.00)	\$ (0.03)	\$ -	\$ -	\$ (0.02)
Net unrealized gains (losses)	\$ 0.23	\$ (0.29)	\$ (0.06)	\$ 0.83	\$ 0.14
Net income (loss) per share <sup>1</sup>	\$ (0.58)	\$ (0.56)	\$ (0.45)	\$ (0.18)	\$ (0.43)
Net asset value per share	\$ 3.97	\$ 4.55	\$ 5.11	\$ 5.61	\$ 5.90

## Portfolio Highlights

- \$396.9 million total fair value of investments as of September 30, 2019
- \$57.7 million net repayments during quarter ended September 30, 2019

## Asset Mix by Investment Type

Asset Class	9/30/2019	6/30/2019	3/31/2019	12/31/2018	9/30/2018
Senior Secured 1st Lien	48.6%	52.2%	60.7%	64.0%	63.2%
Senior Secured 2nd Lien	9.2%	7.4%	5.9%	5.7%	7.5%
Unsecured Debt	0.7%	0.6%	0.4%	0.5%	0.5%
MCC Senior Loan Strategy JV I LLC	17.6%	15.3%	12.3%	11.8%	11.9%
Equity/Warrants	23.9%	24.5%	20.7%	18.0%	16.9%

## Asset Mix by Rating

Rating	9/30/2019	6/30/2019	3/31/2019	12/31/2018	9/30/2018
1	26.5%	26.6%	34.5%	14.0%	7.7%
2	36.8%	34.1%	37.6%	60.1%	68.4%
3	31.1%	31.8%	17.8%	19.0%	16.2%
4	1.2%	-	3.8%	0.1%	0.1%
5	4.4%	7.5%	6.3%	6.8%	7.6%

1. May not foot due to rounding.

# Select Financial & Portfolio Information

**As of and for the Three Months Ended  
 (dollars in millions, except per share data)**

	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18
Net investment income (loss) per share - basic & diluted	\$ (0.15)	\$ (0.07)	\$ (0.19)	\$ 0.03	\$ 0.01
Net realized and unrealized gains (losses) per share - basic & diluted <sup>1,2</sup>	(0.43)	(0.48)	(0.26)	(0.22)	(0.45)
GAAP EPS - basic & diluted <sup>3</sup>	(0.58)	(0.56)	(0.45)	(0.18)	(0.43)
Dividend declared per share	-	-	-	0.05	0.10
Stockholders' equity	216.4	248.1	278.3	305.7	321.2
Net asset value per share	3.97	4.55	5.11	5.61	5.90
Market Capitalization <sup>4</sup>	\$ 141.1	\$ 127.5	\$ 169.4	\$ 144.9	\$ 208.1
Common stock data:					
High Price <sup>5</sup>	2.81	3.45	3.60	3.95	4.03
Low Price <sup>5</sup>	2.24	2.20	2.62	2.66	3.38
Closing Price	2.59	2.34	3.11	2.66	3.82
Investments at fair value	\$ 396.9	\$ 475.8	\$ 612.5	\$ 642.9	\$ 655.4
% Floating Rate <sup>6</sup>	85.2%	76.6%	80.4%	82.4%	83.2%
% Fixed Rate <sup>6</sup>	14.8%	23.4%	19.6%	17.6%	16.8%
Number of Portfolio Companies	51	54	60	62	67
Gross originations for the quarter	\$ 7.3	\$ 6.7	\$ 13.3	\$ 39.1	\$ 63.6
Realizations/amortizations for the quarter	65.0	120.1	31.0	43.8	22.4
Net originations/(realizations) for the quarter	(57.7)	(113.4)	(17.7)	(4.7)	41.2

Note: Basic and diluted per share data reflects weighted average common shares outstanding of 54,474,211 as of 9/30/19, 6/30/19, 3/31/19, 12/31/18, and 9/30/18.

1. Inclusive of change in provision for taxes of \$0 for the quarter ended 9/30/19, \$0 for the quarter ended 6/30/19, \$0 for the quarter ended 3/31/19, \$0 for the quarter ended 12/31/18, \$0 for the quarter ended 9/30/18.

2. Inclusive of loss on extinguishment of debt.

3. May not foot due to rounding.

4. Reflects common shares outstanding of 54,474,211 and a closing price of \$2.59 as of 9/30/19, 54,474,211 and a closing price of \$2.34 as of 6/30/19, 54,474,211 and a closing price of \$3.11 as of 3/31/19, 54,474,211 and a closing price of \$3.82 as of 9/30/18.

5. Reflects the high and low closing share price during the periods ended 9/30/19, 6/30/19, 3/31/19, 12/31/18 and 9/30/18.

6. Based on income bearing investments.

# Balance Sheet

As of  
(dollars in thousands, except per share data)

	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18
	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>ASSETS</b>					
Investments at fair value					
Non-controlled/non-affiliated investments	\$ 189,895	\$ 229,402	\$ 351,330	\$ 372,306	\$ 393,149
Affiliated investments	99,540	122,953	118,216	110,753	100,641
Controlled investments	107,454	123,424	142,954	159,819	161,640
Total investments at fair value	396,889	475,779	612,500	642,878	655,430
Cash and cash equivalents	68,245	49,444	73,407	62,696	75,666
Restricted Cash	16,039	-	-	-	-
Interest receivable	1,592	3,448	5,779	4,930	6,377
Receivable for dispositions and investments sold	419	261	512	290	160
Other assets	3,083	4,767	3,335	3,676	3,963
<b>TOTAL ASSETS</b>	<b>\$ 486,267</b>	<b>\$ 533,699</b>	<b>\$ 695,533</b>	<b>\$ 714,470</b>	<b>\$ 741,596</b>
<b>LIABILITIES</b>					
Notes payable	\$ 251,732	\$ 265,719	\$ 265,156	\$ 264,597	\$ 276,909
SBA debentures payable	-	-	133,119	133,013	132,905
Management and incentive fees payable	2,231	2,689	3,084	3,185	3,348
Interest and fees payable	2,905	4,368	3,008	4,646	3,280
Accounts payable, accrued expenses and other liabilities	12,966	12,843	12,845	3,375	3,975
<b>TOTAL LIABILITIES</b>	<b>\$ 269,834</b>	<b>\$ 285,619</b>	<b>\$ 417,212</b>	<b>\$ 408,816</b>	<b>\$ 420,417</b>
<b>NET ASSETS</b>					
Common stock, par value \$.001 per share, 100,000,000 common shares authorized, 54,474,211 common shares issued and outstanding as of September 30, 2019	\$ 54	\$ 54	\$ 54	\$ 54	\$ 54
Capital in excess of par value	673,533	698,587	698,587	698,587	698,587
Total distributable earnings/(loss)	(457,154)	(450,561)	(420,320)	(392,987)	(377,462)
Total net assets	216,433	248,080	278,321	305,654	321,179
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 486,267</b>	<b>\$ 533,699</b>	<b>\$ 695,533</b>	<b>\$ 714,470</b>	<b>\$ 741,596</b>
<b>NET ASSET VALUE PER SHARE</b>	<b>\$ 3.97</b>	<b>\$ 4.55</b>	<b>\$ 5.11</b>	<b>\$ 5.61</b>	<b>\$ 5.90</b>

# Corporate Information

## **Board of Directors**

BROOK TAUBE  
Chairman & Chief Executive Officer

SETH TAUBE  
Director

JEFF TONKEL  
Director

ARTHUR AINSBERG  
Independent Director

KARIN HIRTLER-GARVEY  
Independent Director

DAVID A. LORBER  
Independent Director

LOWELL W. ROBINSON  
Independent Director

## **Corporate Officers**

BROOK TAUBE  
Chairman & Chief Executive Officer

RICHARD T. ALLORTO, JR.  
Chief Financial Officer & Secretary

JOHN FREDERICKS  
Chief Compliance Officer

## **Corporate Headquarters**

280 Park Avenue, 6th Floor East  
New York, NY 10017  
(212) 759-0777

## **Investor Relations**

SAM ANDERSON  
Head of Capital Markets & Risk  
Management  
(212) 759-0777

## **Corporate Counsel**

EVERSHEDS SUTHERLAND  
Washington, DC

## **Independent Registered Public Accounting Firm**

ERNST & YOUNG, LLP  
New York, NY

## **Securities Listing**

NYSE: MCC (Common Stock)  
MCX (Senior Notes Due 2021)  
MCV (Senior Notes Due 2023)

TASE: MCC (Common Stock)  
MCC.B1 (Series A Notes Due 2021)

## **Transfer Agent**

AMERICAN STOCK TRANSFER & TRUST  
COMPANY, LLC  
(888) 777-0324