



NEW MOUNTAIN FINANCE  
CORPORATION

# Q1 2018 Earnings Presentation

May 8, 2018

# Important Notices and Safe Harbor Statement

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This presentation contains forward looking statements that involve substantial risks and uncertainties. All forward-looking statements included in this presentation are made only as of the date hereof and are subject to change without notice. Actual outcomes and results could differ materially from those suggested by this presentation due to the impact of many factors beyond the control of New Mountain Finance Corporation ("NMFC"), including those listed in the "Risk Factors" section of our filings with the United States Securities and Exchange Commission ("SEC"). Any such forward-looking statements are made pursuant to the safe harbor provisions available under applicable securities laws and NMFC assumes no obligation to update or revise any such forward-looking statements unless required by law.

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Past performance is not indicative nor a guarantee of future returns, the realization of which is dependent on many factors, many of which are beyond the control of NMFC. There can be no assurances that future dividends will match or exceed historic ones, or that they will be made at all. Net returns give effect to all fees and expenses. Unless otherwise noted, information included herein is presented as of the date indicated on the cover page and may change at any time without notice. NMFC is subject to certain significant risks relating to our business and investment objective. For more detailed information on risks relating to NMFC, see the latest Form 10-K and subsequent quarterly reports filed on Form 10-Q.

Investment portfolio related activity, metrics and disclosures on slides 5, 10, 11, 15, 20, 21, 22, 23, 25, 26 and 30 include the underlying collateral from securities purchased under collateralized agreements to resell. Figures shown herein are unaudited and may not add due to rounding.

This presentation may also contain non-GAAP financial information. NMFC's management uses this information in its internal analysis of results and believes that this information may be informative to investors in gauging the quality of NMFC's financial performance, identifying trends in our results and providing meaningful period-to-period comparisons.

The term Adjusted Net Investment Income as used throughout this presentation is not defined under GAAP and is not a measure of operating income, operating performance or liquidity presented in accordance with GAAP. In evaluating its business, NMFC considers and uses Adjusted Net Investment Income as a measure of its operating performance. Adjusted Net Investment Income is defined as net investment income adjusted to reflect income as if the cost basis of investments held at NMFC's IPO date had stepped-up to fair market value as of the IPO date. Under GAAP, NMFC's IPO did not step-up the cost basis of the predecessor operating company's existing investments to fair market value. Since the total value of the predecessor operating company's investments at the time of the IPO was greater than the investments' cost basis, a larger amount of amortization of purchase or issue discount, and different amounts in realized gains and unrealized appreciation, may be recognized under GAAP in each period than if a step-up had occurred. For purposes of the incentive fee calculation, NMFC adjusts income as if each investment was purchased at the date of the IPO (or stepped-up to fair market value). **To view the reconciliation of Adjusted Net Investment Income, please see Appendix A at the end of this presentation.**



# Management Participants

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**Steven B. Klinsky**

*Chairman of the Board of Directors*

**Robert A. Hamwee**

*Chief Executive Officer and Director*

**John R. Kline**

*President and Chief Operating Officer*

**Shiraz Y. Kajee**

*Chief Financial Officer and Treasurer*



# Q1 2018 Highlights

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- Q1 2018 Net Investment Income (“NII”) of \$0.34 per weighted average share, in the middle of guidance of \$0.33 to \$0.35
  - Q1 2018 regular dividend of \$0.34 per share paid on March 29, 2018
- March 31, 2018 net asset value (“NAV”) of \$13.60 per share, a decrease of \$0.03 per share from the December 31, 2017 NAV of \$13.63 per share
- Q2 2018 regular dividend of \$0.34 per share announced
  - Payable on June 29, 2018 to holders of record as of June 15, 2018
- Approximately \$237.8 million of gross originations and \$84.0 million of repayments in Q1 2018
- Key updates:
  - In April 2018, established our third Senior Loan Program (“SLP III”), an off balance sheet leveraged loan fund joint venture that generates attractive returns for the BDC
  - In connection with the passage of legislation that increased the leverage cap of BDCs from 1:1 debt-to-equity to 2:1, we will be holding a proxy vote to approve the increase of our leverage cap in line with the new legislation



# Key Highlights

## Financial Highlights

	Quarter Ended				3/31/2018
	3/31/2017	6/30/2017	9/30/2017	12/31/2017	
NII Per Share	\$0.34	\$0.34	\$0.35	\$0.35	\$0.34
NAV Per Share	\$13.56	\$13.63	\$13.61	\$13.63	\$13.60
Dividends Per Share	\$0.34	\$0.34	\$0.34	\$0.34	\$0.34
Share Count - End of Period (mm)	69.8	75.7	75.8	75.9	75.9
Shares Owned by New Mountain Employees (mm / %) <sup>(1)</sup>	8.7 / 13%	9.1 / 12%	9.2 / 12%	9.0 / 12%	9.6 / 13%

## Portfolio Highlights

	Quarter Ended				3/31/2018
	3/31/2017	6/30/2017	9/30/2017	12/31/2017	
Fair Value of Investments (\$mm)	\$1,815.3	\$1,883.4	\$1,872.9	\$1,850.9	\$2,003.1
Number of Portfolio Companies	78	81	83	85	90
Middle Market Focus (EBITDA / Facility Size) <sup>(2)</sup>	67% / 75%	70% / 75%	73% / 75%	72% / 77%	72% / 81%
Current Yield at Cost <sup>(3)</sup>	10.1%	10.0%	10.0%	10.3%	10.6%
YTM at Cost <sup>(4)</sup>	11.1%	10.8%	10.6%	10.9%	11.1%
<b>Portfolio Activity (\$mm)<sup>(5)</sup></b>					
Gross Originations	\$349.3	\$258.3	\$202.4	\$190.0	\$237.8
(-) Repayments	(99.1)	(182.1)	(202.5)	(212.9)	(84.0)
<b>Net Originations</b>	<b>\$250.2</b>	<b>\$76.2</b>	<b>(\$0.1)</b>	<b>(\$22.9)</b>	<b>\$153.8</b>
(-) Sales	(34.7)	(13.5)	(9.5)	(11.8)	(3.1)
<b>Net Originations Less Sales</b>	<b>\$215.5</b>	<b>\$62.7</b>	<b>(\$9.6)</b>	<b>(\$34.7)</b>	<b>\$150.7</b>

<sup>1</sup> Includes members of senior management and other New Mountain employees; excludes independent directors; ownership % based on total shares outstanding

<sup>2</sup> Defined as the % of portfolio companies (by fair value) with LTM EBITDA at the time of investment less than \$100m and facility sizes as of each date less than \$300m; excludes NMFC Senior Loan Program I ("SLP I"), NMFC Senior Loan Program II ("SLP II") and New Mountain Net Lease Corporation

<sup>3</sup> Current Yield at Cost is calculated as annual stated interest rate plus annual amortization of original issue discount and market discount / premium earned on accruing debt and other income producing securities divided by total accruing debt and other income producing securities at amortized cost

<sup>4</sup> Yield to Maturity ("YTM") at Cost assumes that the accruing investments in our portfolio as of each date are purchased at cost on that date and held until their respective maturities with no prepayments or losses and are exited at par at maturity. This calculation excludes the impact of existing leverage. YTM at Cost uses the LIBOR curves at each quarter's respective end date. The actual yield to maturity may be higher or lower due to the future selection of LIBOR contracts by the individual companies in our portfolio or other factors. See "Important Notices and Safe Harbor Statement."

<sup>5</sup> Excludes PIK ("payment-in-kind" interest), revolvers, unfunded commitments, bridges, return of capital, and realized gains / losses



# Review of NMFC

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## Overview

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- Founded in October 2008 to apply New Mountain Capital, L.L.C.'s ("NMC" or "New Mountain") private equity strengths to attractive risk-reward opportunities in the U.S. debt markets
  - New Mountain is a leading alternative investment firm that currently manages private equity, public equity, and credit funds with over \$20 billion in assets under management with over 140 staff members
- Externally managed Business Development Company ("BDC")
  - Initial Public Offering ("IPO") completed in May 2011 (NYSE: NMFC)
  - Public float market capitalization has increased from \$147 million at IPO to approximately \$1.0 billion as of March 31, 2018
- Targets investments up to a \$125 million hold size in:
  - "Defensive growth" middle market companies, typically generating \$10 – \$200 million of EBITDA
  - Senior secured debt (1<sup>st</sup> lien, 2<sup>nd</sup> lien or uni-tranche), mezzanine and other subordinated securities

## Strategy

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- NMFC's mandate is to primarily target businesses in the middle market that, consistent with New Mountain's private equity platform, are **quality, defensive growth** companies, in industries that are **well-researched** by New Mountain
- Mandate achieved by **utilizing existing New Mountain investment team** as primary underwriting resource; team combines operating executives with financial executives
- Target loan to value ratios typically average less than 50% of both sponsor purchase price and NMC valuation

## Key Investment Highlights

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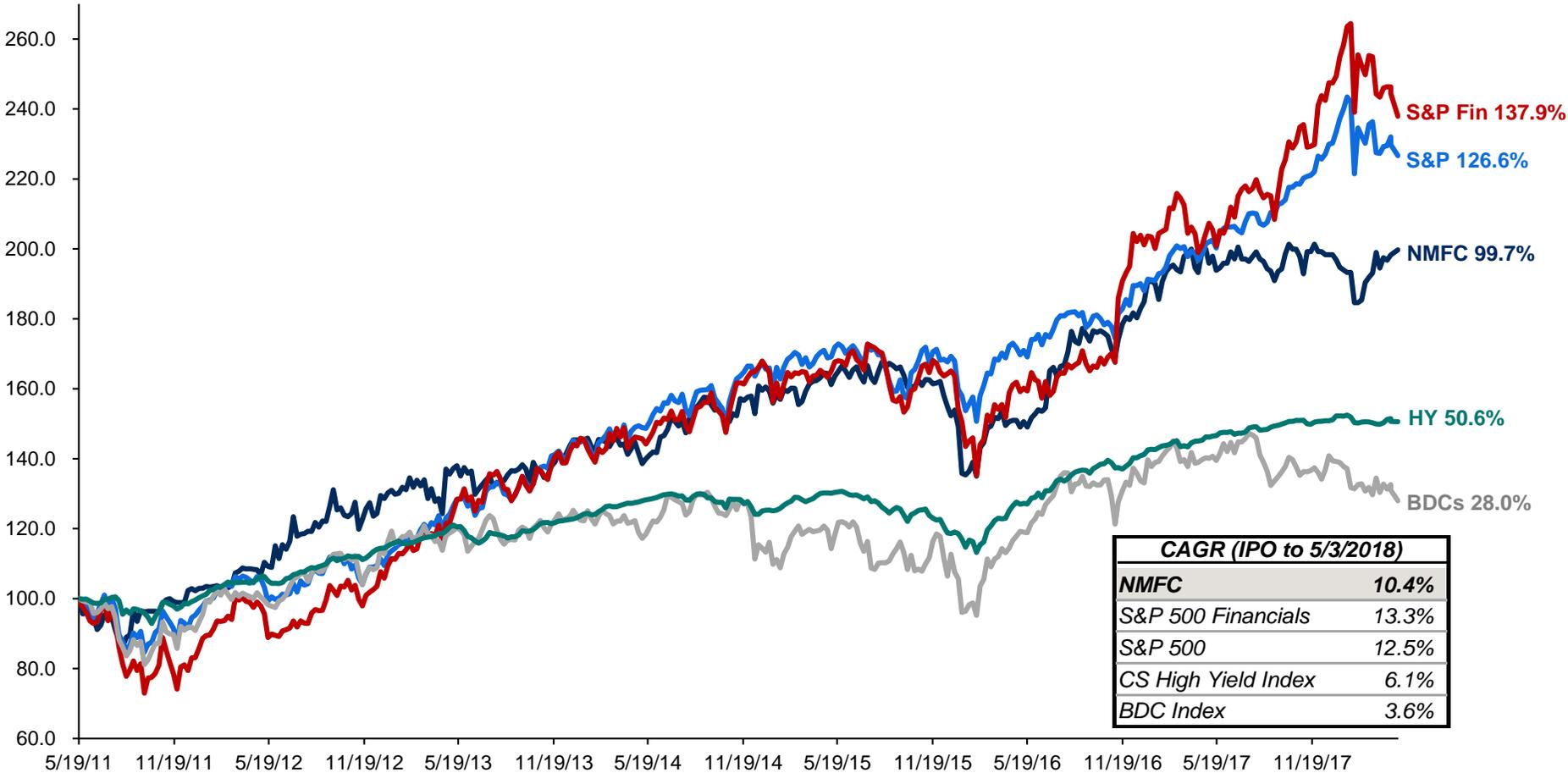
- Strong track record on credit and returns
- Well established New Mountain platform provides unique knowledge warehouse and sourcing capabilities
- Differentiated "defensive growth" investment strategy
- High quality and diverse portfolio
- Experienced management team who are also significant shareholders



# NMFC Relative Return Performance – Indexed Total Return

May 19, 2011 (IPO) – May 3, 2018

Indexed Total Return



— NMFC — S&P 500 — S&P 500 Financials — BDC Index(1) — Credit Suisse High Yield Index(2)



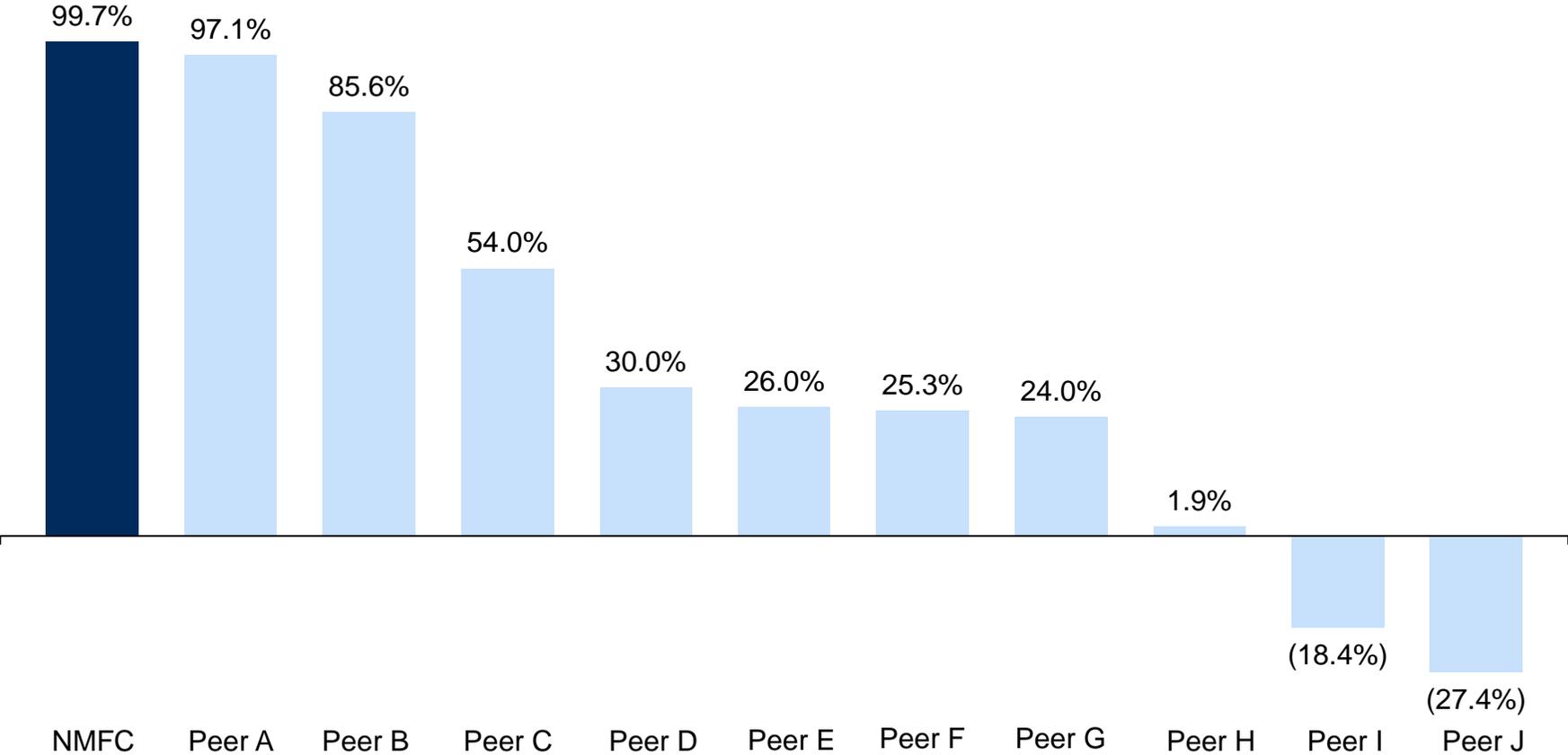
Source: Capital IQ, Credit Suisse Research & Analytics

<sup>1</sup> BDC Index includes median of Ares, Apollo, Prospect, Solar, Blackrock Capital, Pennant Park, MVC, Golub, THL Credit, Gladstone, Oaktree Specialty Lending Corporation, Medley, Solar Senior and Horizon Technology; equal-weighted

<sup>2</sup> The Credit Suisse High Yield Index is an unmanaged index designed to mirror the investable universe of the US dollar-denominated high yield debt market

# NMFC Cumulative Total Return Performance Versus Peers<sup>(1)</sup>

May 19, 2011 (IPO) – May 3, 2018

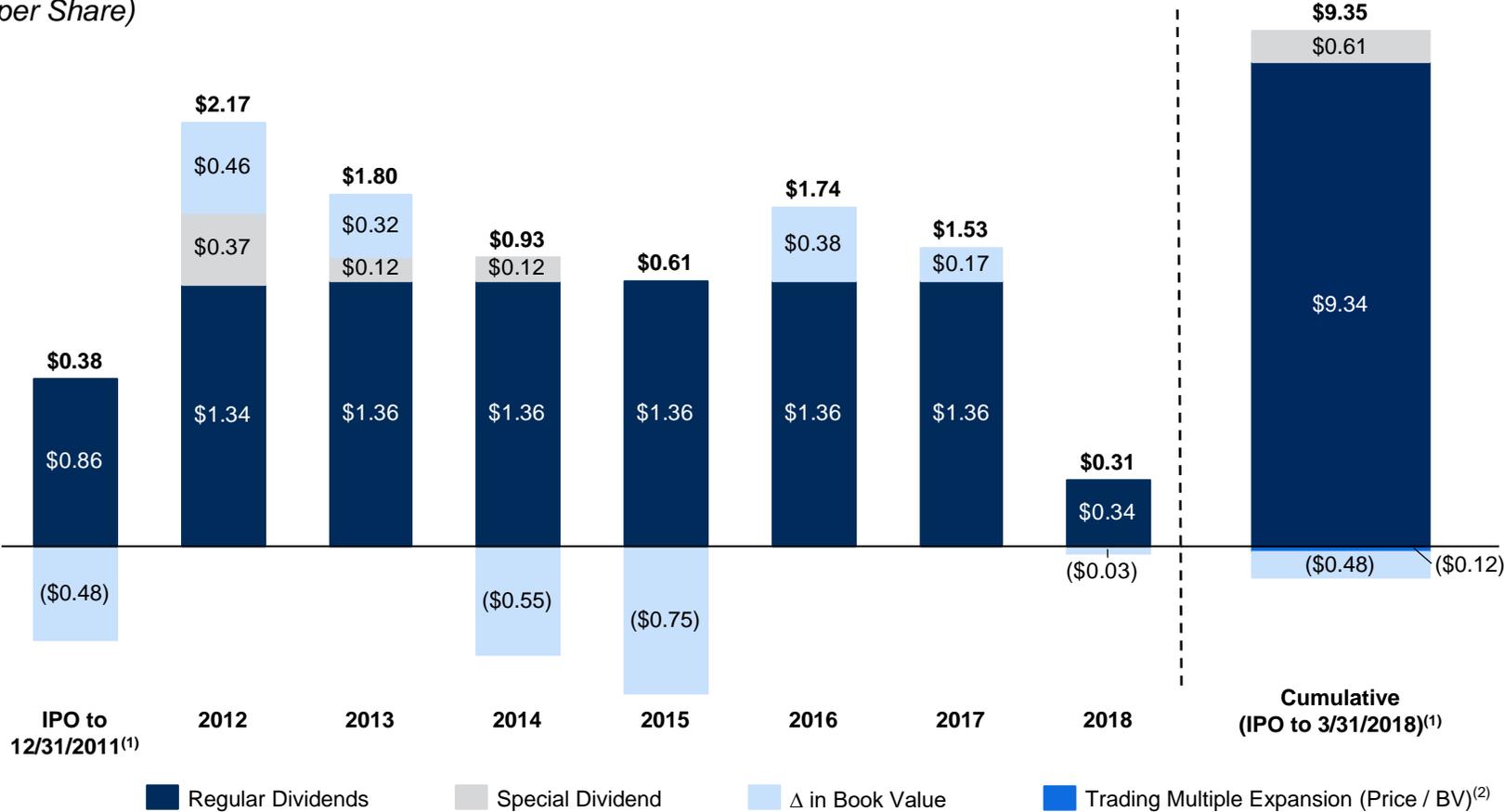


Source: Capital IQ

<sup>1</sup> Peers include publicly-traded, externally-managed BDCs with market capitalizations greater than \$300 million that have been publicly traded since NMFC's IPO (5/19/2011). Peers include Ares, Apollo, Prospect, Solar, Blackrock Capital, Pennant Park, Golub, THL Credit, Oaktree Specialty Lending Corporation, and Medley

# NMFC Return Attribution

(\$ per Share)



Since IPO, NMFC has distributed \$9.34 per share in regular dividends and \$0.61 per share in special dividends, and NMFC public shares have traded from \$13.75 at IPO to \$13.15 at close on 3/29/2018

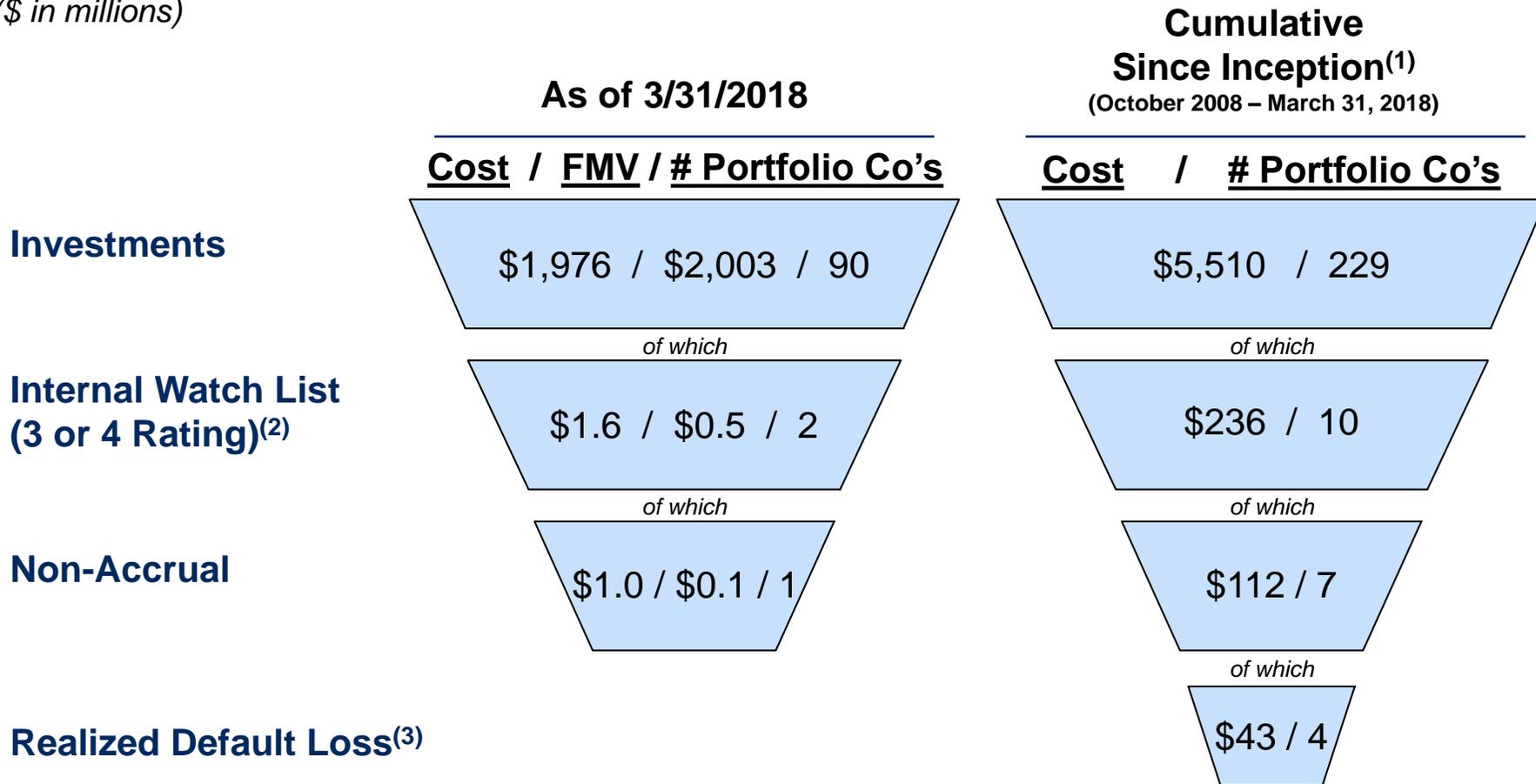


<sup>1</sup> NMFC priced its initial public offering on 5/19/2011 at \$13.75 per share; closing price on 3/29/2018 of \$13.15 per share

<sup>2</sup> Increase in value from trading multiple expansion shown only for cumulative period and is equal to change in share price over period less change in book value per share

# Credit Performance

(\$ in millions)



<sup>1</sup> Since inception of predecessor entity in 10/2008 through 3/31/18

<sup>2</sup> Determined on a quarterly basis by Management. In addition to various risk management and monitoring tools, NMFC also uses a four-level numeric investment rating system to characterize and monitor the credit profile and expected level of returns on each portfolio investment. Ratings of 1 and 2 indicate the investment is performing materially above, or materially in-line, with expectations, respectively. All new loans are rated 2 when approved. A rating of 3 indicates the investment is performing materially below expectations and while significant loss is not expected, the risk of loss has increased since the original investment. A rating of 4 indicates the investment is performing substantially below expectations and risks have increased substantially since the original investment. Payments may be delinquent. There is a meaningful possibility that we will not recoup our original cost basis in the investment and may realize a substantial loss upon exit. Where it is determined that an investment is underperforming, or circumstances suggest that the risk associated with a particular investment has significantly increased, a more aggressive monitoring of the affected portfolio company will be undertaken

<sup>3</sup> Realized default loss represents positions, or portions of positions, where no recovery is expected



# Credit Performance

Portfolio Company (Vintage) <sup>(1)</sup>	NMFC Leverage Ratio <sup>(2)</sup>			Portfolio Company (Vintage) <sup>(1)</sup>	NMFC Leverage Ratio <sup>(2)</sup>		
	At Purchase	Current	Variance + / (-)		At Purchase	Current	Variance + / (-)
Company A (2014)	5.6x	3.0x	2.7x	Company AJ (2017)	7.3x	7.3x	-
Company B (2015)	7.2x	4.9x	2.4x	Company AK (2017)	6.2x	6.2x	-
Company C (2015)	6.9x	5.0x	1.9x	Company AL (2017)	8.7x	8.7x	-
Company D (2015)	2.9x	1.1x	1.8x	Company AM (2017)	6.9x	6.9x	-
Company E (2017)	4.9x	3.7x	1.2x	Company AN (2017)	6.5x	6.5x	-
Company F (2017)	5.9x	4.8x	1.1x	Company AO (2018)	6.9x	6.9x	-
Company G (2015)	7.1x	6.0x	1.1x	Company AP (2018)	6.7x	6.7x	-
Company H (2016)	6.6x	5.6x	0.9x	Company AQ (2018)	6.5x	6.5x	-
Company I (2017)	3.6x	2.7x	0.9x	Company AR (2018)	3.8x	3.8x	-
Company J (2014)	7.7x	6.8x	0.8x	Company AS (2018)	8.0x	8.0x	-
Company K (2017)	5.3x	4.5x	0.8x	Company AT (2014)	4.5x	4.5x	-
Company L (2015)	6.8x	6.0x	0.8x	Company AU (2018)	6.7x	6.7x	-
Company M (2016)	6.8x	6.0x	0.8x	Company AV (2017)	5.7x	5.7x	(0.0x)
Company N (2016)	6.8x	6.0x	0.8x	Company AW (2016)	6.2x	6.2x	(0.1x)
Company O (2015)	5.0x	4.4x	0.7x	Company AX (2015)	5.5x	5.6x	(0.1x)
Company P (2014)	5.8x	5.2x	0.6x	Company AY (2014)	4.8x	4.9x	(0.1x)
Company Q (2016)	6.0x	5.4x	0.6x	Company AZ (2017)	1.7x	1.8x	(0.1x)
Company R (2015)	5.4x	4.9x	0.6x	Company BA (2016)	5.4x	5.5x	(0.1x)
Company S (2011 - 2013)	5.0x	4.5x	0.5x	Company BB (2014)	5.9x	6.0x	(0.2x)
Company T (2017)	4.5x	4.0x	0.5x	Company BC (2017)	0.9x	1.1x	(0.2x)
Company U (2015)	6.6x	6.2x	0.4x	Company BD (2017)	3.7x	4.0x	(0.3x)
Company V (2016)	3.7x	3.3x	0.4x	Company BE (2017)	4.4x	4.7x	(0.3x)
Company W (2017)	4.2x	3.9x	0.4x	Company BF (2017)	4.4x	4.9x	(0.4x)
Company X (2017)	5.4x	5.0x	0.4x	Company BG (2017)	1.9x	2.3x	(0.5x)
Company Y (2016)	1.7x	1.4x	0.3x	Company BH (2015)	5.1x	5.6x	(0.5x)
Company Z (2016)	6.8x	6.5x	0.3x	Company BI (2015)	5.7x	6.2x	(0.5x)
Company AA (2017)	5.0x	4.7x	0.3x	Company BJ (2015)	6.1x	6.7x	(0.5x)
Company AB (2015)	5.4x	5.2x	0.1x	Company BK (2015)	3.7x	4.2x	(0.5x)
Company AC (2016)	7.3x	7.1x	0.1x	Company BL (2015)	4.5x	5.1x	(0.6x)
Company AD (2017)	6.4x	6.2x	0.1x	Company BM (2016)	5.8x	6.4x	(0.6x)
Company AE (2017)	6.1x	6.1x	0.1x	Company BN (2011 - 2013)	5.0x	5.7x	(0.7x)
Company AF (2018)	6.3x	6.3x	0.0x	Company BO (2015)	6.6x	7.5x	(0.9x)
Company AG (2016)	6.5x	6.5x	0.0x	Company BP (2017)	6.6x	7.7x	(1.1x)
Company AH (2017)	6.9x	6.9x	-	Company BQ (2017)	5.0x	6.1x	(1.1x)
Company AI (2017)	5.4x	5.4x	-	Company BR (2015)	6.0x	10.6x	(4.6x)

<sup>1</sup> The investments shown above represent 91% of cost and 91% of fair value of the interest-bearing portfolio; includes current positions with a cost greater than \$7.5m as of 3/31/2018 and excludes unfunded commitments, revolvers, a project finance investment, and two investments made based on recurring revenue and equity cushions >70%

<sup>2</sup> Defined as total debt (assuming par for debt senior to our security, purchase price for our security, and no value for debt subordinated to our security) less total cash for the period, divided by the trailing twelve month EBITDA; current multiple as of the fourth calendar quarter of 2017, if available, or otherwise, the most recently reported fiscal quarter



# Performance Since IPO<sup>(1)</sup>

(\$ in millions)

	IPO -							
	12/31/2011 <sup>(2)</sup>	2012	2013	2014	2015	2016	2017	2018 YTD
Regular Dividend	\$26.6	\$46.6	\$59.8	\$71.4	\$81.1	\$88.8	\$100.9	\$25.8
Cumulative Regular Dividend	26.6	73.2	133.0	204.3	285.4	374.2	475.1	500.9
Adj. NII	26.5	46.1	62.1	73.4	82.8	88.0	102.2	25.7
Cumulative Adj. NII	26.5	72.7	134.8	208.2	291.0	379.0	481.2	506.9
<b>Dividend Coverage (Cumulative Adj. NII / Dividend)</b>	<b>100%</b>	<b>99%</b>	<b>101%</b>	<b>102%</b>	<b>102%</b>	<b>101%</b>	<b>101%</b>	<b>101%</b>
Adj. Realized Gains	\$1.6	\$13.9	\$13.8 <sup>(3)</sup>	\$12.4 <sup>(3)</sup>	\$17.6 <sup>(3)</sup>	\$6.7	\$3.7	\$0.2
Adj. Realized Credit & Other Losses	(0.8)	(2.0)	(6.1)	(3.6)	(3.1) <sup>(4)</sup>	(40.2) <sup>(6)</sup>	(1.8) <sup>(6)</sup>	0.0
Total Adj. Realized Gains / (Losses)	0.9	11.9	7.8	8.8	14.5	(33.5)	1.9	0.2
Cumulative Adj. Realized Gains / (Losses)	0.9	12.8	20.5	29.3	43.8	10.3	12.2	12.4
Adj. Δ in Unrealized Appreciation	17.0	46.5	46.0	39.1	74.7	118.6	96.2	5.5
Adj. Δ in Unrealized Depreciation <sup>(5)</sup>	(28.1)	(26.1)	(34.0)	(81.7)	(139.1) <sup>(4)</sup>	(61.4) <sup>(6)</sup>	(90.9) <sup>(6)</sup>	(7.7)
Total Adj. Δ in Unrealized Appreciation / (Depreciation)	(11.1)	20.4	12.0	(42.6)	(64.4)	57.2	5.3	(2.2)
Cumulative Adj. Δ in Unrealized Appreciation / (Depreciation)	(11.1)	9.3	21.3	(21.3)	(85.7)	(28.5)	(23.2)	(25.4)
<b>Cumulative Net Realized and Unrealized (Losses) / Gains</b>	<b>(\$10.2)</b>	<b>\$22.0</b>	<b>\$41.7</b>	<b>\$8.0</b>	<b>(\$41.9)</b>	<b>(\$18.2)</b>	<b>(\$11.0)</b>	<b>(\$13.0)</b>

<sup>1</sup> See Appendix A for GAAP and pro forma reconciliation

<sup>2</sup> NMFC priced its initial public offering on 5/19/2011; IPO – 12/31/2011 Adj. NII reflects nine months ended 12/31/2011 for comparability to the dividend

<sup>3</sup> Includes net YP distribution (net of incentive fee) and subsequent change in tax estimates of \$4.9 million in 2013, \$0.2 million in 2014 and \$0.5 million in 2015

<sup>4</sup> Includes \$12.8 million reclassification from realized to unrealized loss related to UniTek material modification and \$15.2 million reclassification from realized to unrealized loss related to Edmentum material modification

<sup>5</sup> From 2014 onwards, includes provision for income tax

<sup>6</sup> Includes \$10.5 million reclassification from realized loss to unrealized depreciation related to Permian in 2016, \$27.1 million reclassification from unrealized depreciation to realized loss related to Transtar in 2016, which was reversed in 2017, and \$14.5 million reclassification from realized loss to unrealized depreciation related to Sierra Hamilton in 2017



# Increased Leverage Cap Proposal

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- In late March 2018, legislation was signed to permit BDCs to increase their leverage cap from 1:1 debt-to-equity to 2:1 debt-to-equity, subject to Board or shareholder approval
- NMFC is proposing to increase our leverage cap in line with the new legislation in order to enable:
  - Enhanced flexibility to earn our dividend with reduced overall corporate risk
  - Reduced required yield on individual assets
- We believe the incremental risk of increasing liabilities will be more than offset by lower risk in our asset base
- Amount of incremental leverage will depend upon prevailing asset yields and cost of marginal credit, among other factors
  - However, we will continue utilizing historically safe, termed out, financing that is not mark-to-market
- As a reminder, on senior assets, NMFC only charges a management fee on the implied equity utilized to purchase such assets, which typically ranges from 30-50%
  - Management fee on the majority of incremental assets is expected to be 60-80 bps
- We have scheduled a Special Meeting on June 8, 2018 for our shareholders to vote on this proposal



# Credit Market Conditions

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- Credit markets continue to show broad-based strength
  - Issuer-friendly yields and trends are prevalent in the market
  - CLO market financing spreads continue to decline
  - High level of competition for the best financing transactions
  - Middle market deals often being arranged by a syndication agent to maximize competition between lenders
- While asset spreads have declined, base rates have increased, which has created a moderate tailwind for floating rate assets
  - 3-month LIBOR is at 236 bps as of May 3, 2018
- NMFC works to be well positioned to capitalize on volatile markets:
  - NMC and NMFC have **always** proactively focused on defensive, acyclical business models
  - NMFC has a differentiated access to deal flow
  - Wells Fargo leverage facility not subject to margin calls
  - Positive exposure to increasing rates

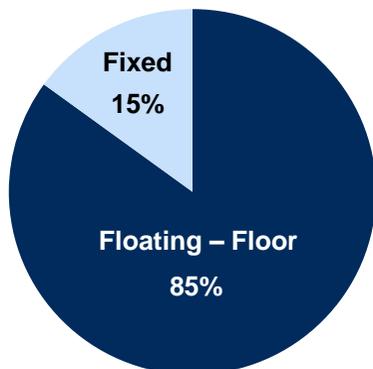


# Credit Market Conditions – Interest Rates

## Floating vs. Fixed

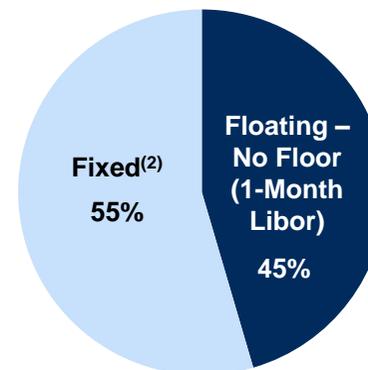
### Investments

(Aggregate par value of \$1,805 million as of 3/31/2018)<sup>(1)</sup>



### Debt

(\$991 million drawn as of 3/31/2018)



## Impact of Changing Rates<sup>(3)</sup>

Change in Base Interest Rates	Estimated % Change in Interest Income Net of Interest Expense	Illustrative Adj. NII / Share Impact Assuming \$1.36 Annual Adj. NII / Share
+50 bps	3.8%	\$0.05
+100 bps	7.8%	\$0.11
+200 bps	15.6%	\$0.21
+300 bps	23.5%	\$0.32



<sup>1</sup> Based on par values (excludes assets on non-accrual, unfunded commitments and non-interest bearing equity investments)

<sup>2</sup> Includes SBA debentures which become fixed rate debt upon semi-annual debenture pooling dates every March and September

<sup>3</sup> These hypothetical calculations are based on a model of the investments in our portfolio, held as of 3/31/2018, holding everything constant (including interest spreads) except for assumed changes in the underlying base interest rates. Assumes constant share count

# Q1 2018 Originations

## Portfolio Originations<sup>(1)</sup>

(\$ in millions)

YTM at Purchase<sup>(4)</sup>

Date <sup>(2)</sup>	Name	Industry	Amount (\$'s Invested)	Tranche Size	Type of Investment	Advance Rate <sup>(3)</sup>	YTM at Purchase <sup>(4)</sup>	
							Unlevered	Levered
1/2/18	ABC Financial	Business Services	\$13.3	\$115	2 <sup>nd</sup> Lien	25%	12.0%	14.4%
2/1/18	NM GLCR LLC	Net Lease	\$14.8	N/A	Membership Interest	N/A	12.6%	12.6%
2/9/18	ACA Compliance	Business Services	\$38.7	\$253	1 <sup>st</sup> Lien	70%	8.6%	14.0%
2/23/18	EaglePicher	Business Products	\$10.7	\$140	2 <sup>nd</sup> Lien	25%	10.5%	12.3%
2/23/18	Edmentum	Education	\$9.5	\$20	2 <sup>nd</sup> Lien	25%	9.4%	10.8%
3/15/18	Benevis	Healthcare Services	\$79.5	\$153	1 <sup>st</sup> Lien	70%	9.4%	16.7%
3/23/18	HelpSystems	Software	\$20.1	\$200	2 <sup>nd</sup> Lien	66.7% (SBIC)	11.0%	27.3%
3/28/18	FleetPride	Distribution & Logistics	\$9.7	\$175	2 <sup>nd</sup> Lien	25%	13.4%	16.4%
	Other		\$41.4				10.2%	13.4%
<b>Total Originations</b>			<b>\$237.8</b>				<b>10.1%</b>	<b>15.0%</b>
Repayments			(\$84.0)					
<b>Net Originations</b>			<b>\$153.8</b>					
Sales			(\$3.1)					
<b>Net Originations Less Sales</b>			<b>\$150.7</b>					

<sup>1</sup> Origination commitments over \$7.5m shown, originations less than \$7.5m included in "Other"; originations and repayments exclude PIK, revolvers, unfunded commitments, bridges, return of capital, and realized gains / losses

<sup>2</sup> Date of commitment; where multiple trade dates, the first trade date is listed

<sup>3</sup> For assets not in the SBIC or in the Wells Fargo borrowing base, illustrative advance rates shown based on Wells Fargo advance rates for comparable assets

<sup>4</sup> Assumes that investments are purchased at purchase price on settlement date and held until their respective maturities with no prepayments or losses and are exited at par at maturity. The actual yield to maturity may be higher or lower due to the future selection of LIBOR contracts by the individual companies in our portfolio or other factors. See "Important Notices and Safe Harbor Statement."



# Origination Activity Since Quarter End (Through 5/3/2018)

## Portfolio Originations<sup>(1)</sup>

(\$ in millions)

Date <sup>(2)</sup>	Name	Industry	Amount (\$'s Invested)	Tranche Size	Type of Investment	Advance Rate <sup>(3)</sup>	YTM at Purchase <sup>(4)</sup>	
							Unlevered	Levered
4/3/18	CHA Consulting	Business Services	\$11.3	\$35	2 <sup>nd</sup> Lien	66.7% (SBIC) / 25% <sup>(5)</sup>	12.3%	31.8% / 14.8%
4/17/18	Bomgar	Software	\$20.1	\$95	2 <sup>nd</sup> Lien	66.7% (SBIC)	10.8%	26.6%
5/3/18	NMFC SLP III	Investment Fund	\$34.0	N/A	Membership Interest	N/A	12.0%	12.0%
	Other		\$18.1					
	<b>Total Originations</b>		<b>\$83.5</b>			<b>Total Originations</b>	<b>11.3%</b>	<b>16.0%</b>
	Repayments		(\$29.9)					
	<b>Net Originations</b>		<b>\$53.6</b>					
	Sales		(\$18.2)					
	<b>Net Originations less Sales</b>		<b>\$35.4</b>					

<sup>1</sup> Origination commitments over \$7.5m shown, originations less than \$7.5m included in "Other"; originations and repayments exclude PIK, revolvers, unfunded commitments, bridges, return of capital, and realized gains / losses

<sup>2</sup> Date of commitment; where multiple trade dates, the first trade date is listed

<sup>3</sup> For assets not in the SBIC or in the Wells Fargo borrowing base or not yet approved in the credit facility, illustrative advance rates shown based on Wells Fargo advance rates for comparable assets

<sup>4</sup> Assumes that investments are purchased at purchase price on settlement date and held until their respective maturities with no prepayments or losses and are exited at par at maturity. The actual yield to maturity may be higher or lower due to the future selection of LIBOR contracts by the individual companies in our portfolio or other factors. See "Important Notices and Safe Harbor Statement."

<sup>5</sup> ~60% of our investment in CHA Consulting sits in the SBIC subsidiary



# Senior Loan Program III (“SLP III”)

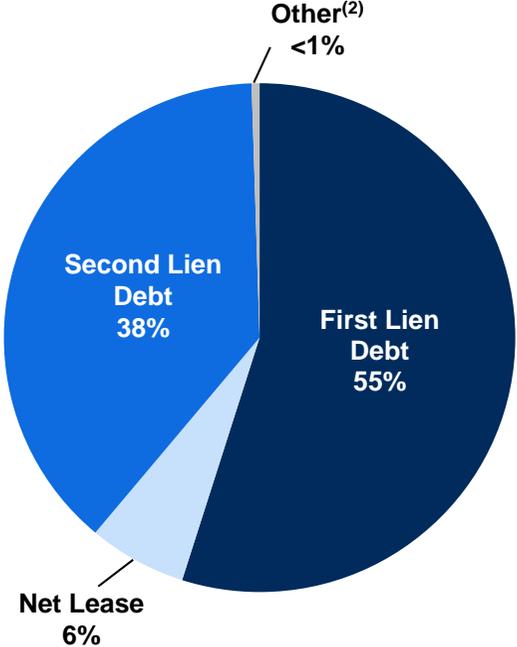
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- In April 2018, NMFC closed a joint venture (“JV”) with SkyKnight Income II, LLC (“SkyKnight”) to create SLP III, a \$400 million leveraged loan fund for the purpose of investing in senior secured loans
  - Stand-alone entity (not consolidated by the BDC); utilizing 50/50 JV structure
  - Capitalized with equity from NMFC (\$80 million) and SkyKnight (\$20 million) and leverage from Citibank (\$300 million)
    - Attractive non mark-to-market financing with a five-year maturity
- We anticipate SLP III, once ramped, to generate an attractive return on equity for NMFC (11-13% anticipated yield)
  - SLP I and SLP II have been both successful in generating mid-teen yields with no credit impairment
- SLP III will originate investments consistent with NMFC’s current strategy for the BDC, SLP I, and SLP II
  - Will invest in senior secured loans issued by companies within NMFC’s core industry verticals



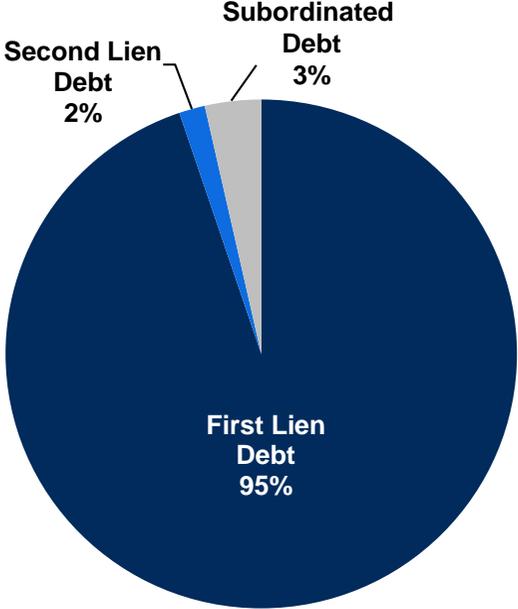
# Q1 2018 Originations and Repayments

Originations by Type<sup>(1)</sup>



Total: \$237.8 million

Sales / Repayments by Type<sup>(1)</sup>



Total: \$87.1 million

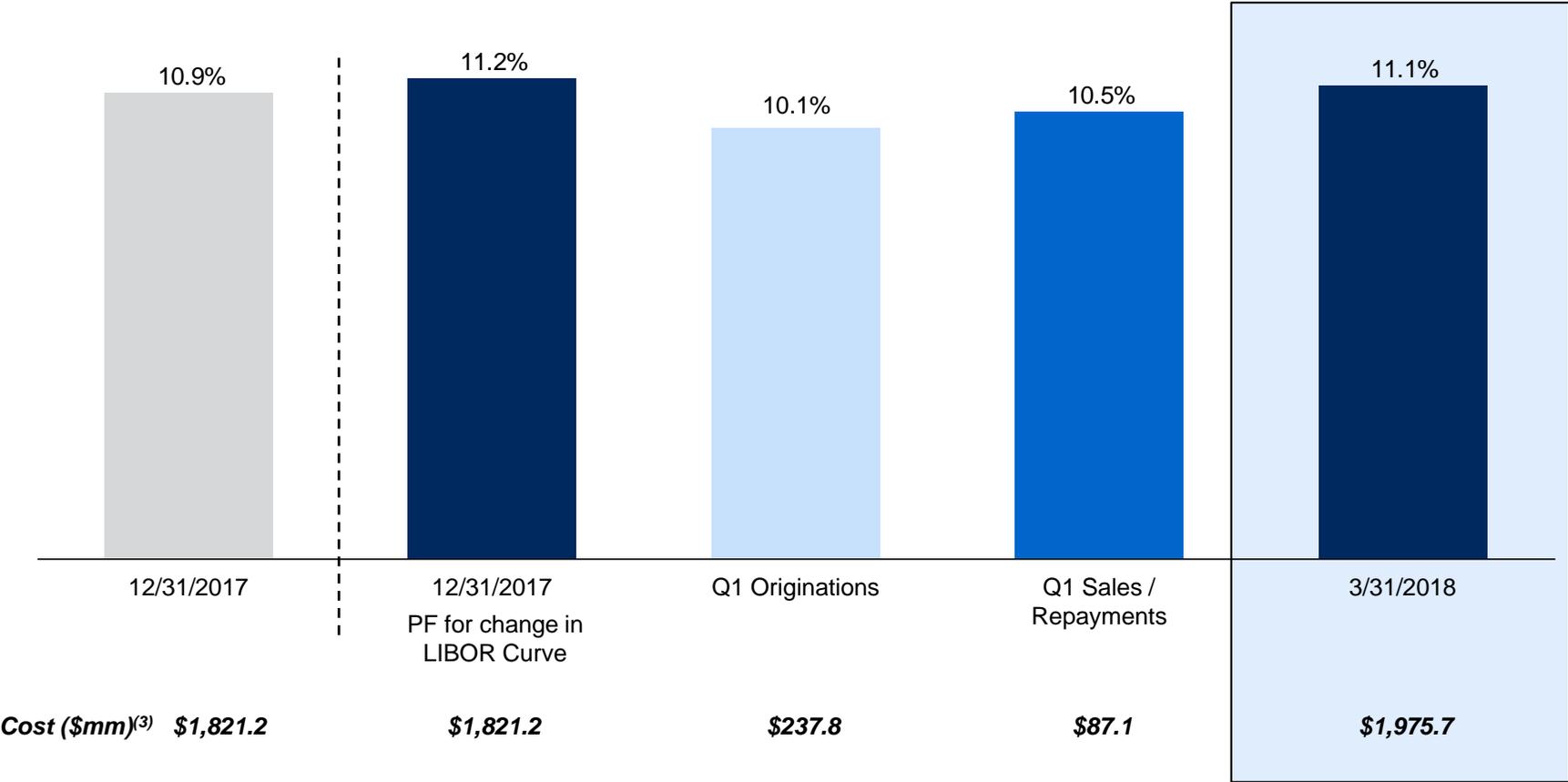


<sup>1</sup> By \$s invested / \$s received at time of origination / sale / repayment; excludes PIK, revolvers, unfunded commitments, bridges, return of capital, and realized gains / losses

<sup>2</sup> Includes <1% Subordinated Debt, <1% Preferred Equity, <1% Common Equity

# Q1 2018 Investment Activity Roll

YTM at Cost<sup>(1)</sup> / Purchase<sup>(2)</sup>



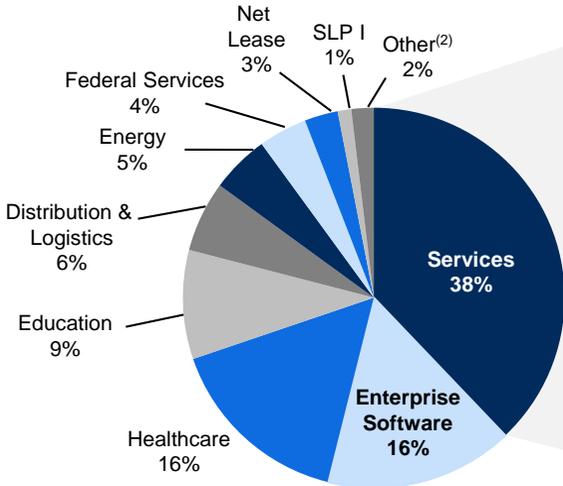
<sup>1</sup> Assumes that investments are purchased at cost and held until their respective maturities with no prepayments or losses and are exited at par at maturity. The actual yield to maturity may be higher or lower due to the future selection of LIBOR contracts by the individual companies in our portfolio or other factors. See "Important Notices and Safe Harbor Statement."

<sup>2</sup> References to "YTM at Purchase" have the same assumptions as above except that investments are purchased at purchase price on settlement date

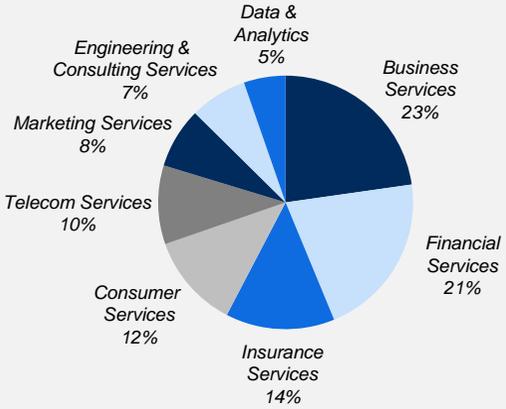
<sup>3</sup> Will not sum across due to amortization, PIK, realized gain / loss, and revolvers

# Portfolio Mix (By Fair Value as of 3/31/2018)

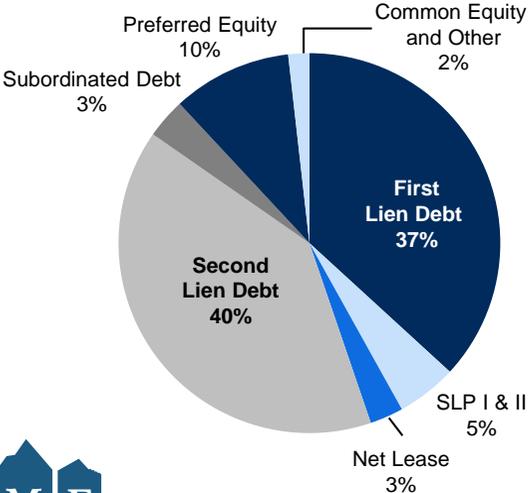
## By Industry<sup>(1)</sup>



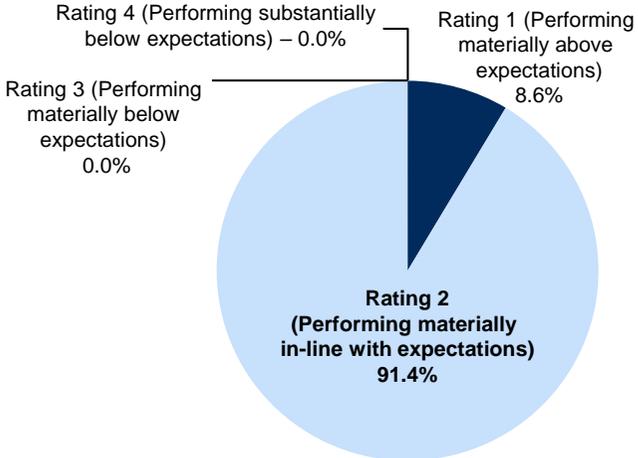
## Types of Services



## By Type of Investment



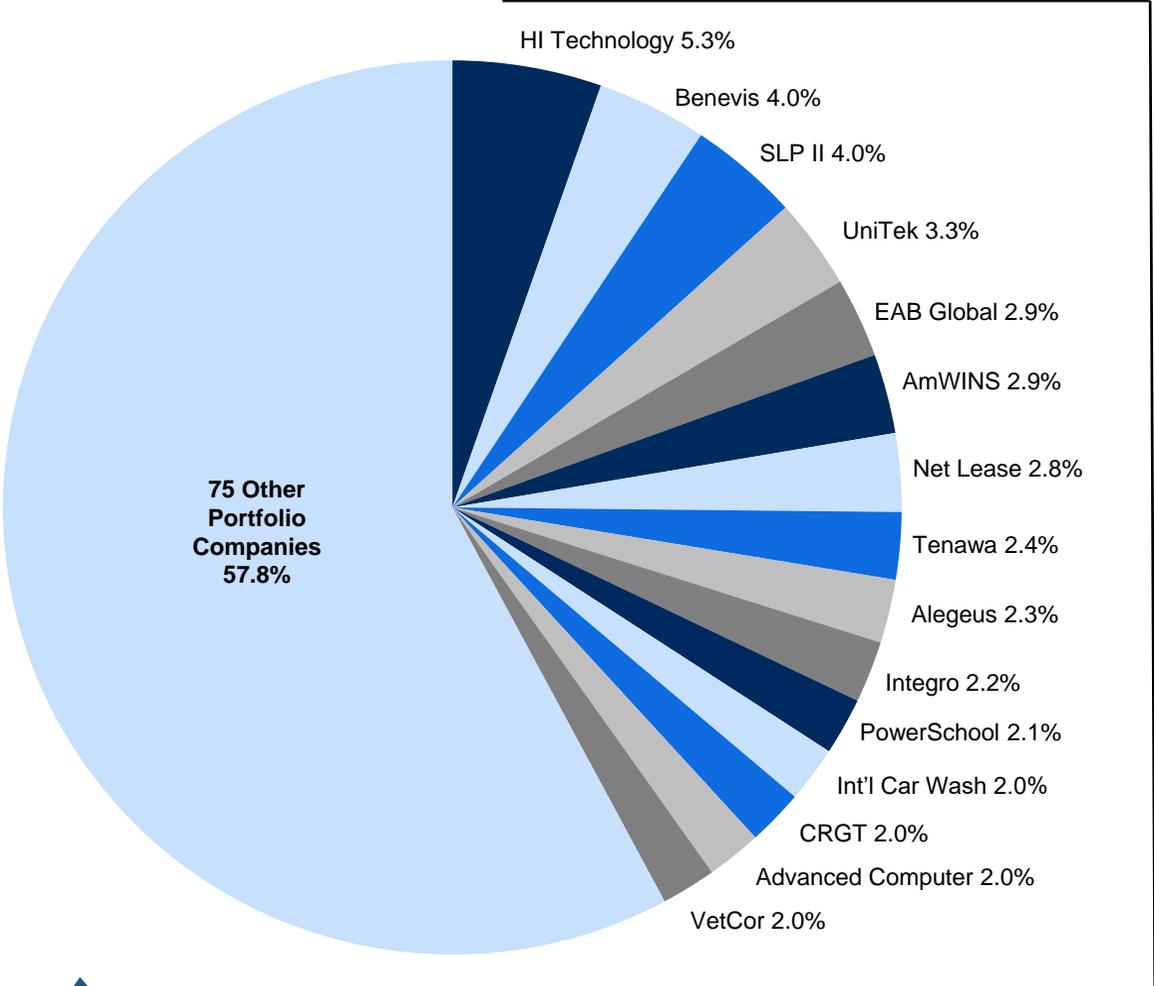
## By Rating



<sup>1</sup> Includes fair value of NMFC's investment in SLP II allocated by industry (\$79.4m)  
<sup>2</sup> Includes <1% Packaging, <1% Business Products, <1% Industrial Services and <1% Food & Beverage

# Portfolio Concentration (By Fair Value as of 3/31/2018)

Portfolio Names By Fair Value



Top 15 portfolio companies represent \$844.6 million, or 42.2%, of consolidated investments

Memo: Top 15 Portfolio Companies

As of		
6/30/2017	9/30/2017	12/31/2017
\$765.0m	\$758.9m	\$791.5
40.6%	41.3%	42.7%



# Balance Sheet Highlights

(\$ in millions, except per share data)	Quarter Ended				3/31/2018
	3/31/2017	6/30/2017	9/30/2017	12/31/2017	
<b>Assets</b>					
Portfolio	\$1,815.3	\$1,883.4	\$1,872.9	\$1,850.9	\$2,003.1
Cash & Equivalents	37.7	36.3	39.6	34.9	29.6
Other Assets <sup>(1)</sup>	27.9	30.1	38.1	42.2	45.7
<b>Total Assets</b>	<b>\$1,880.9</b>	<b>\$1,949.8</b>	<b>\$1,950.6</b>	<b>\$1,928.0</b>	<b>\$2,078.4</b>
<b>Liabilities</b>					
Statutory Debt	\$744.9	\$751.7	\$695.6	\$735.3	\$841.0
SBA-Guaranteed Debentures	121.7	126.7	144.0	150.0	150.0
Other Liabilities <sup>(2)</sup>	67.6	40.1	78.9	7.7	54.4
<b>Total Liabilities</b>	<b>\$934.2</b>	<b>\$918.5</b>	<b>\$918.5</b>	<b>\$893.0</b>	<b>\$1,045.4</b>
<b>NAV</b>	<b>\$946.7</b>	<b>\$1,031.3</b>	<b>\$1,032.1</b>	<b>\$1,035.0</b>	<b>\$1,033.0</b>
Shares Outstanding - Ending Balance (mm)	69.8	75.7	75.8	75.9	75.9
<b>NAV / Share</b>	<b>\$13.56</b>	<b>\$13.63</b>	<b>\$13.61</b>	<b>\$13.63</b>	<b>\$13.60</b>
<b>Statutory Debt / Equity<sup>(3)</sup></b>	<b>0.79x</b>	<b>0.73x</b>	<b>0.67x</b>	<b>0.71x</b>	<b>0.81x</b>



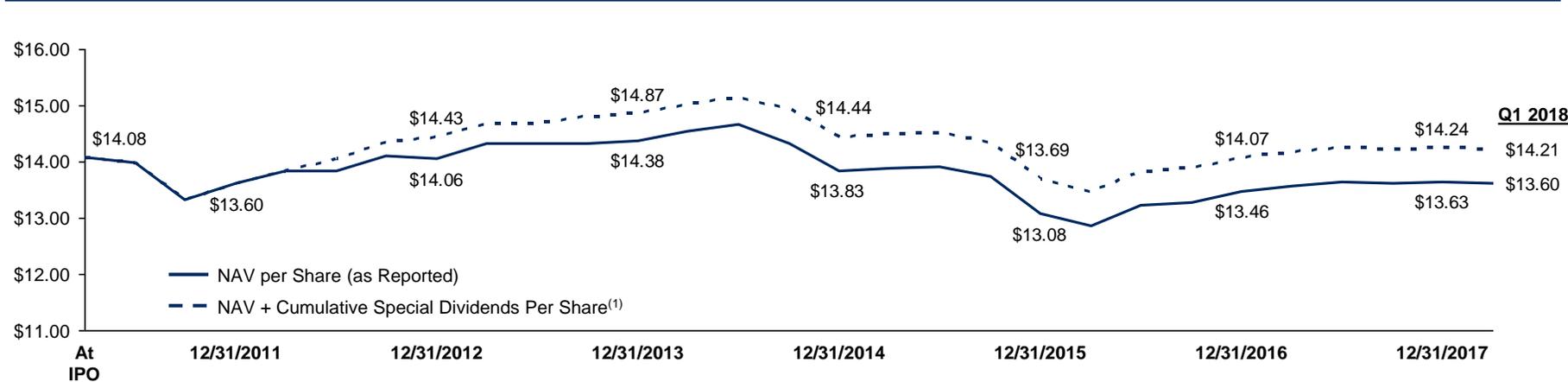
<sup>1</sup> Includes interest and dividends receivable, receivable from affiliate, receivable from unsettled securities sold and other assets

<sup>2</sup> Includes incentive fee payable, capital gains incentive fee payable, management fee payable, payable for unsettled securities purchased, interest payable, payable to affiliates, deferred tax liability and other liabilities

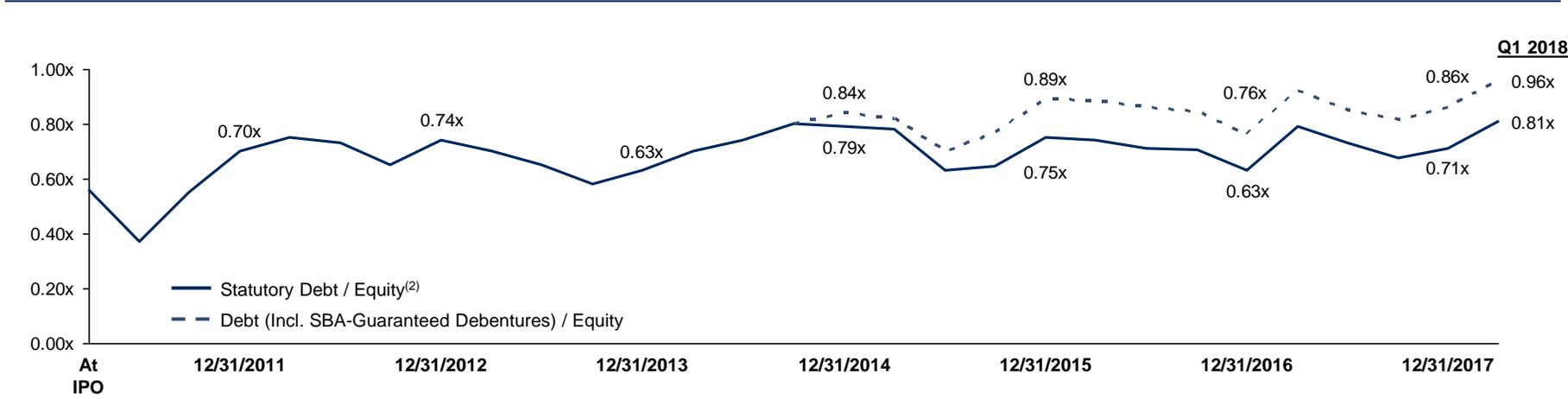
<sup>3</sup> Statutory debt / equity calculation excludes SBA-guaranteed debentures, which are fully funded, non-recourse, asset-backed securities that are excluded by SEC exemptive order from the definition of "senior securities" under the 1940 Act asset coverage test

# Historical NAV / Share and Leverage Trends

NAV / Share



Debt / Equity



<sup>1</sup> Assumes shares purchased at IPO

<sup>2</sup> Statutory debt / equity calculation excludes SBA-guaranteed debentures, which are fully funded, non-recourse, asset-backed securities that are excluded by SEC exemptive order from the definition of "senior securities" under the 1940 Act asset coverage test

# Income Statement Highlights

(\$ in millions, except per share data)

	Quarter Ended				3/31/2018
	3/31/2017	6/30/2017	9/30/2017	12/31/2017	
<b>Investment Income</b>					
Interest income	\$34.0	\$37.6	\$39.6	\$38.6	\$36.7
Dividend income	6.7	9.7	9.9	10.9	12.4
Other income	2.6	2.7	1.7	3.8	3.8
<b>Total investment income</b>	<b>\$43.3</b>	<b>\$50.0</b>	<b>\$51.2</b>	<b>\$53.3</b>	<b>\$52.9</b>
<b>Expenses</b>					
Management fee <sup>(1)</sup>	\$6.2	\$6.8	\$6.9	\$7.2	\$7.4
Incentive fee <sup>(1)</sup>	3.6	6.5	6.6	6.6	6.4
Interest and other financing expenses	8.4	9.0	9.5	10.2	11.3
Net administrative, professional, other G&A expenses and income taxes <sup>(2)</sup>	1.7	1.9	1.9	2.6	2.1
<b>Total net expenses</b>	<b>\$19.9</b>	<b>\$24.2</b>	<b>\$24.9</b>	<b>\$26.6</b>	<b>\$27.2</b>
<b>Net investment income</b>	<b>\$23.4</b>	<b>\$25.8</b>	<b>\$26.3</b>	<b>\$26.7</b>	<b>\$25.7</b>
<b>Gain / Loss</b>					
Net realized gains (losses) on investments	\$0.8	(\$26.4)	(\$14.2)	\$0.1	\$0.2
Net change in unrealized appreciation (depreciation) of investments	5.4	27.8	13.1	0.5	(2.2)
Benefit (provision) for income tax	0.8	0.1	(0.4)	(0.4)	0.1
Capital gains incentive fee	—	—	—	—	—
<b>Net increase in net assets resulting from operations</b>	<b>\$30.4</b>	<b>\$27.3</b>	<b>\$24.8</b>	<b>\$26.9</b>	<b>\$23.8</b>
Weighted average shares outstanding (mm)	69.7	75.4	75.7	75.8	75.9
<b>NI per weighted average share</b>	<b>\$0.34</b>	<b>\$0.34</b>	<b>\$0.35</b>	<b>\$0.35</b>	<b>\$0.34</b>
Memo: Annualized Effective Management Fee	1.40%	1.41%	1.41%	1.45%	1.46%



# Investment Income Detail

(\$ in millions)

	Quarter Ended				3/31/2018
	3/31/2017	6/30/2017	9/30/2017	12/31/2017	
<b>Investment Income Build</b>					
Cash Investment Income	\$31.7	\$32.8	\$32.6	\$32.6	\$33.0
SLP and Net Lease Income <sup>(1)</sup>	5.5	5.0	4.8	5.1	5.4
<b>Recurring Cash Investment Income</b>	<b>\$37.2</b>	<b>\$37.8</b>	<b>\$37.4</b>	<b>\$37.7</b>	<b>\$38.4</b>
Non-cash Investment Income <sup>(2)</sup>	\$3.0	\$6.4	\$6.9	\$7.9	\$8.8 <sup>(3)</sup>
Amortization of Purchase Discounts (Premiums)	0.7	0.8	0.6	0.6	0.5
<b>Recurring Non-cash Investment Income</b>	<b>\$3.7</b>	<b>\$7.2</b>	<b>\$7.5</b>	<b>\$8.5</b>	<b>\$9.3</b>
<b>Total Recurring Investment Income</b>	<b>\$40.9</b>	<b>\$45.0</b>	<b>\$44.9</b>	<b>\$46.2</b>	<b>\$47.7</b>
Prepayment Fees (Cash)	\$0.1	\$2.4	\$5.0	\$3.9	\$1.8
Other Cash Fee Income	2.3	2.6	1.3	3.2	3.4
<b>Total Non-recurring Cash Investment Income</b>	<b>\$2.4</b>	<b>\$5.0</b>	<b>\$6.3</b>	<b>\$7.1</b>	<b>\$5.2</b>
<b>Total Investment Income</b>	<b>\$43.3</b>	<b>\$50.0</b>	<b>\$51.2</b>	<b>\$53.3</b>	<b>\$52.9</b>
<b>Total Cash Investment Income</b>	<b>\$39.6</b>	<b>\$42.8</b>	<b>\$43.7</b>	<b>\$44.8</b>	<b>\$43.6</b>
<b>Key Statistics</b>					
% of Total Investment Income that is Recurring	95%	90%	88%	87%	90%
% of Total Investment Income that is Cash	91%	85%	85%	84%	82%

**Our investment income continues to be predominantly paid in cash and generated by stable and predictable sources**



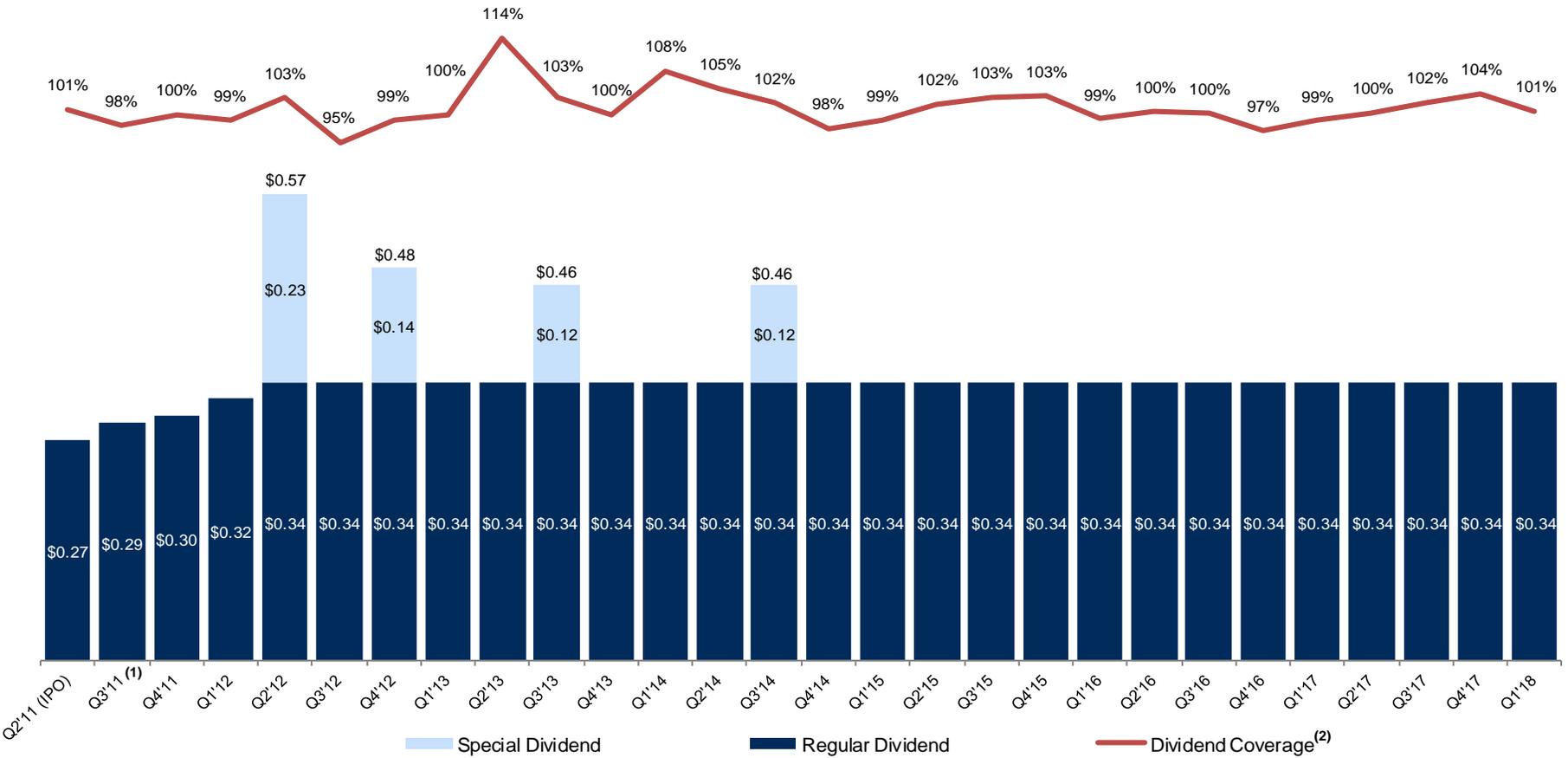
<sup>1</sup> Includes recurring management fee associated with SLP I and recurring distributions associated with SLP I, SLP II, and Net Lease

<sup>2</sup> Includes contractual dividends

<sup>3</sup> Includes ~\$0.4 million upfront PIK fee payment that is non-recurring in nature

# Dividend Summary and Coverage

**We believe our Q2 2018 NII will be in the \$0.33 to \$0.35 per share range. Our board of directors has declared a second quarter dividend of \$0.34 per share.**



<sup>1</sup> NMFC priced its initial public offering on 5/19/2011  
<sup>2</sup> Calculated as Adjusted Net Investment Income / regular dividend

# Diversified Leverage Profile

<i>(As of 3/31/2018, \$ in millions)</i>	<b>Amount Outstanding / Facility Size</b>	<b>Interest Rate</b>	<b>Maturity</b>
Wells Fargo Credit Facility <i>(Wells Fargo / Raymond James / State Street / CIT Bank / NBH Bank / State Bank)</i>	\$356 / \$495	Broadly syndicated 1 <sup>st</sup> lien loans <sup>(1)</sup> : L + 1.75% All other: L + 2.50% (No LIBOR floor)	October 2022
NMFC Credit Facility <i>(Goldman Sachs / Morgan Stanley / Stifel)</i>	\$95 / \$150	L + 2.50% (No LIBOR floor)	June 2022 <sup>(4)</sup>
Convertible Notes	\$155 / \$155	5.00%	June 2019
SBA I Guaranteed Debentures <sup>(2)</sup>	\$150 / \$150	3.187% weighted average rate <sup>(3)</sup>	March 2025 or later
SBA II Guaranteed Debentures <sup>(2)</sup>	\$0 / \$75	N/A	N/A
Series 2016 Unsecured Notes	\$90 / \$90	5.313%	May 2021
Series 2017A Unsecured Notes	\$55 / \$55	4.760%	July 2022
Series 2018A Unsecured Notes	\$90 / \$90	4.870%	January 2023
<b>Total</b>	<b>\$991 / \$1,260</b>		

- Wells Fargo Credit Facility's borrowing base and liquidity are not tied to trading prices and valuations of securities
  - Covenants tied to underlying portfolio company operating performance, not mark-to-market
- Effective April 1, 2018, the Wells Fargo Credit Facility was repriced to L + 2.25% for all non-1st lien loans



<sup>1</sup> As defined in the credit agreement for the Wells Fargo Credit Facility

<sup>2</sup> SBA-guaranteed debentures are fully funded, non-recourse, asset-backed securities, excluded by SEC exemptive order from the definition of "senior securities" under the 1940 Act asset coverage test

<sup>3</sup> All-in interest rate of debentures reflects pooled interest rates and additional fees and expenses. Debentures priced between SBA debenture pooling dates pay an interim rate of L+30bps until the next debenture pooling

<sup>4</sup> \$15 million commitment is due June 2019 with remaining \$135 million balance having a final maturity of June 2022

# Corporate Information

## Board of Directors

### Inside Directors

Steven B. Klinsky (Chairman)  
Robert A. Hamwee  
Adam B. Weinstein

### Independent Directors

Rome G. Arnold III  
Alfred F. Hurley, Jr.  
David Ogens  
Kurt J. Wolfgruber

## Senior Management

Steven B. Klinsky <i>Chairman of the Board of Directors</i>	Adam B. Weinstein <i>EVP, Chief Administrative Officer and Director</i>
Robert A. Hamwee <i>Chief Executive Officer and Director</i>	Karrie J. Jerry <i>Chief Compliance Officer and Corporate Secretary</i>
John R. Kline <i>President and Chief Operating Officer</i>	James W. Stone III <i>Managing Director</i>
Shiraz Y. Kajee <i>Chief Financial Officer and Treasurer</i>	

## Fiscal Year End

December 31

## Independent Auditor

Deloitte & Touche LLP  
New York, NY

## Corporate Counsel

Eversheds Sutherland (US) LLP  
Washington D.C.

## Corporate Offices & Website

787 Seventh Avenue  
48th Floor  
New York, NY 10019  
<http://www.newmountainfinance.com>

## Investor Relations

Shiraz Y. Kajee, Authorized Representative  
212-220-3505  
[NMFCIR@newmountaincapital.com](mailto:NMFCIR@newmountaincapital.com)

## Research Coverage

<b><u>Janney Montgomery Scott</u></b> Mitchel Penn, 410-583-5976	<b><u>Keefe, Bruyette &amp; Woods (KBW)</u></b> Ryan Lynch, 314-342-2918 Paul Johnson, 314-342-2194
<b><u>Oppenheimer &amp; Co.</u></b> Chris Kotowski, 212-667-6699 L. Allison Taylor Rudary, 212-667-5366 Owen Lau, 212-667-8166	<b><u>Wells Fargo Securities</u></b> Jonathan Bock, 704-410-1874 Finian O'Shea, 704-410-1990 Joseph Mazzoli, 704-410-2523

## Securities Listing

NYSE: NMFC

## Transfer Agent

American Stock Transfer & Trust Company, LLC  
800-937-5449  
[www.astfinancial.com](http://www.astfinancial.com)



# Appendix A: NMFC Income Reconciliation

(\$ in millions, except for per weighted average share data; unaudited figures)

	Year Ended							
	IPO - 12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017	2018 YTD
<b>GAAP net investment income ("NII")</b>	<b>\$28.5</b>	<b>\$45.2</b>	<b>\$63.7</b>	<b>\$80.3</b>	<b>\$82.5</b>	<b>\$88.1</b>	<b>\$102.2</b>	<b>\$25.7</b>
Non-cash adjustment <sup>(1)</sup>	(2.0)	(3.5)	(0.9)	(0.2)	(0.1)	(0.1)	(0.0)	–
Non-cash capital gains incentive fee	–	4.4	3.2	(6.5)	–	–	–	–
<b>Adjusted NII</b>	<b>\$26.5</b>	<b>\$46.1</b>	<b>\$66.0</b>	<b>\$73.6</b>	<b>\$82.4</b>	<b>\$88.0</b>	<b>\$102.2</b>	<b>\$25.7</b>
Non-recurring tax adjustment <sup>(2)</sup>			(3.9)	(0.2)	0.4			
<b>Pro forma adjusted NII</b>			<b>\$62.1</b>	<b>\$73.4</b>	<b>\$82.8</b>			
<b>GAAP realized gains (losses) on investments</b>	<b>\$3.3</b>	<b>\$18.9</b>	<b>\$7.2</b>	<b>\$9.1</b>	<b>(\$12.9)</b>	<b>(\$16.7)</b>	<b>(\$39.7)</b>	<b>\$0.2</b>
Non-cash adjustment <sup>(1)</sup>	(2.4)	(7.0)	(3.3)	(0.5)	(0.1)	(0.2)	–	–
Reclass of UniTek, Edmentum, Transtar, Permian, & Sierra <sup>(3)</sup>	–	–	–	–	27.9	(16.6)	41.6	–
Non-recurring tax adjustment <sup>(2)</sup>	–	–	3.9	0.2	(0.4)	–	–	–
<b>Adj. realized gains (losses) on investments</b>	<b>\$0.9</b>	<b>\$11.9</b>	<b>\$7.8</b>	<b>\$8.8</b>	<b>\$14.5</b>	<b>(\$33.5)</b>	<b>\$1.9</b>	<b>\$0.2</b>
<b>GAAP net change in unrealized (depreciation) appreciation</b>	<b>(\$15.5)</b>	<b>\$9.9</b>	<b>\$8.0</b>	<b>(\$43.3)</b>	<b>(\$36.7)</b>	<b>\$40.3</b>	<b>\$46.9</b>	<b>(\$2.2)</b>
Non-cash adjustment <sup>(1)</sup>	4.4	10.5	4.0	0.7	0.2	0.3	0.0	–
Reclass of UniTek, Edmentum, Transtar, Permian, & Sierra <sup>(3)</sup>	–	–	–	–	(27.9)	16.6	(41.6)	–
<b>Adj. net change in unrealized (depreciation) appreciation</b>	<b>(\$11.1)</b>	<b>\$20.4</b>	<b>\$12.0</b>	<b>(\$42.6)</b>	<b>(\$64.4)</b>	<b>\$57.2</b>	<b>\$5.3</b>	<b>(\$2.2)</b>

<sup>1</sup> See "Important Notices and Safe Harbor Statement" for discussion on adjustments due to NMFC's IPO

<sup>2</sup> Related to YP, LLC distributions and other changes in tax estimates

<sup>3</sup> Reclassification of UniTek material modification of \$12.8m and Edmentum material modification of \$15.2m from realized loss to unrealized depreciation during the year ended 2015, \$10.5m of Permian from realized loss to unrealized depreciation during the year ended 2016, \$27.1m of Transtar from unrealized depreciation to realized loss related to Transtar in 2016, which was reversed during the nine months ended 9/30/2017, and \$14.5 million reclassification from realized loss to unrealized depreciation related to Sierra Hamilton in 2017





**NEW MOUNTAIN FINANCE  
CORPORATION**