

August 5, 2015



# Triangle Capital Corporation Reports Second Quarter 2015 Results

RALEIGH, N.C., Aug. 05, 2015 (GLOBE NEWSWIRE) -- **Triangle Capital Corporation** (NYSE:TCAP) ("Triangle" or the "Company"), a leading provider of capital to lower middle market companies, today announced its financial and operating results for the second quarter of 2015.

## Highlights

- Total Investment Portfolio: \$884.9 million
- Total Net Assets (Equity): \$514.8 million
- Net Asset Value Per Share (Book Value): \$15.47
- Weighted Average Yield on Debt Investments: 12.6%
- Efficiency Ratio (G&A Expenses/Total Investment Income): 15.6%
- Investment Portfolio Activity for the Quarter Ended June 30, 2015
  - Cost of investments made during the period: \$65.1 million
  - Principal repayments (excluding PIK interest repayments) during the period: \$52.3 million
  - Proceeds related to the sale of equity investments during the period: \$4.8 million
- Non-Accrual Assets as a Percentage of Total Portfolio Cost/Fair Value: 3.1% / 1.6%
- Financial Results for the Quarter Ended June 30, 2015
  - Total investment income: \$27.8 million
  - Net investment income: \$16.2 million
  - Net investment income per share: \$0.49
  - Regular quarterly dividend per share: \$0.54
  - Supplemental dividend per share: \$0.05
  - Net realized losses: \$17.1 million
  - Net increase in net assets resulting from operations: \$12.2 million
  - Net increase in net assets resulting from operations per share: \$0.37

In commenting on the Company's results, Garland S. Tucker, III, Chairman and Chief Executive Officer, stated, "The second quarter was another active quarter for Triangle. In addition to making \$65 million of new investments, we entered into a new \$300 million senior credit facility and redeemed our first baby bond issuance, thereby achieving a lower overall cost of capital. Our expanded balance sheet enables Triangle to focus on new portfolio opportunities during the remainder of 2015."

## **Second Quarter 2015 Results**

Total investment income during the second quarter of 2015 was \$27.8 million, compared to total investment income of \$24.9 million for the second quarter of 2014, representing an increase of 11.6%. The Company's increase in investment income was primarily attributable to an increase in portfolio debt investments from June 30, 2014 to June 30, 2015. This increase was partially offset by a \$1.4 million decrease in investment income relating to non-accrual assets, a \$0.6 million decrease in non-recurring fee and dividend income and a decrease in the weighted average yield on our debt investments from June 30, 2014 to June 30, 2015.

Net investment income during the second quarter of 2015 was \$16.2 million, compared to net investment income of \$14.7 million for the second quarter of 2014, representing an increase of 10.3%. Net investment income per share during the second quarter of 2015 was \$0.49, based on weighted average shares outstanding during the quarter of 33.2 million, compared to \$0.53 per share during the second quarter of 2014, based on weighted average shares outstanding of 27.9 million.

The Company's net increase in net assets resulting from operations was \$12.2 million during the second quarter of 2015, compared to \$24.2 million during the second quarter of 2014. The Company's net increase in net assets resulting from operations was \$0.37 per share during the second quarter of 2015, based on weighted average shares outstanding of 33.2 million, compared to \$0.87 per share during the second quarter of 2014, based on weighted average shares outstanding of 27.9 million.

The Company's net asset value, or NAV, at June 30, 2015, was \$15.47 per share as compared to \$16.11 per share at December 31, 2014. As of June 30, 2015, the Company's weighted average yield on its outstanding, currently yielding debt investments was approximately 12.6%.

## **Liquidity and Capital Resources**

Commenting on the Company's liquidity position, Steven C. Lilly, Chief Financial Officer of the Company, stated, "We were pleased to utilize a portion of our new senior credit facility to redeem our 2019 Notes in June. This redemption is expected to generate interest savings of approximately \$3.0 million per year. Our available liquidity of over \$300.0 million at quarter-end puts Triangle in a strong position to support our investment activities as we enter the second half of the year."

In May, 2015, Triangle closed a new \$300.0 million senior credit facility ("Credit Facility"), which replaced the Company's existing \$165.0 million senior credit facility. The Credit Facility, which was jointly arranged by BB&T Capital Markets, ING Capital LLC and Fifth Third Bank, has an accordion feature which allows for an increase in the total borrowing size up to \$350.0 million. The Credit Facility's availability period ends May 3, 2019, followed by a one-year amortization period with a final maturity date of May 3, 2020. The interest rate for borrowings under the Credit Facility is LIBOR/CDOR plus 2.75%.

In June, 2015, the Company redeemed in full \$69.0 million of unsecured notes issued in March, 2012, and due 2019 (the "Notes") which resulted in a loss on the extinguishment of

debt of \$1.4 million. Prior to redemption, the Notes bore interest at a rate of 7.00% per year.

### **Dividend Information**

On May 27, 2015, Triangle announced that its board of directors had declared cash dividends totaling \$0.59 per share, consisting of a regular quarterly dividend of \$0.54 per share and a supplemental dividend of \$0.05 per share. The regular quarterly dividend was the Company's 34<sup>th</sup> consecutive quarterly dividend since its initial public offering in February, 2007. The record date for both the regular quarterly dividend and the supplemental dividend was June 10, 2015, and the payment date was June 24, 2015.

### **Recent Portfolio Activity**

During the quarter ended June 30, 2015, the Company made four new investments totaling \$49.9 million, debt investments in three existing portfolio companies totaling \$10.7 million and equity investments in six existing portfolio companies totaling \$4.5 million. The Company had five portfolio company loans repaid at par totaling \$49.8 million resulting in realized gains totaling \$0.8 million and received normal principal repayments and partial loan prepayments totaling \$2.5 million. The Company converted subordinated debt investments in one portfolio company into an equity investment and recognized a net realized loss on such conversion totaling \$20.5 million. In addition, the Company received proceeds related to the sales of certain equity securities totaling \$4.8 million and recognized net realized gains on such sales totaling \$2.6 million.

New investment transactions which occurred during the second quarter of 2015 are summarized as follows:

In April, 2015, the Company made a \$15.0 million subordinated debt investment in Radiant Logistics, Inc., a non-asset based transportation and logistics company.

In June, 2015, the Company made a \$5.0 million preferred equity investment in Team Waste, LLC, a provider of waste collection, disposal and recycling services.

In June, 2015, the Company made a \$17.4 million subordinated debt investment in All Metro Health Care Services, Inc., a licensed provider of home healthcare services.

In June, 2015, the Company made a \$12.5 million subordinated debt investment in FrontStream Payments, Inc. ("FrontStream") as part of a recapitalization financing. FrontStream is a multi-national provider of integrated back-end merchant solutions and front-end payment and donation management products.

New portfolio investments subsequent to quarter end are summarized as follows:

In July, 2015, the Company made a \$15.3 million investment in Community Medical Group ("CMG") consisting of subordinated debt and equity. CMG is an operator of primary care clinics.

In July, 2015, the Company made an \$11.2 million subordinated debt investment in

Community Intervention Services, a provider of community-based and outpatient behavioral health services.

### **Conference Call to Discuss Second Quarter 2015 Results**

Triangle has scheduled a conference call to discuss second quarter 2015 operating and financial results for Thursday, August 6, 2015, at 9:00 a.m. (Eastern Time).

To listen to the call, please dial 877-312-5521 or 253-237-1143 approximately 10 minutes prior to the start of the call. A taped replay will be made available approximately two hours after the conclusion of the call and will remain available until August 10, 2015. To access the replay, please dial 855-859-2056 or 404-537-3406 and enter the passcode 82107813.

Triangle's quarterly results conference call will also be available via a live webcast on the investor relations section of its website at <http://ir.tcap.com/events.cfm>. Access the website 15 minutes prior to the start of the call to download and install any necessary audio software. An archived webcast replay will be available on the Company's website until September 4, 2015.

Triangle will post a brief, pre-recorded on-demand podcast on the investor relations section of the Company's website after 4:00 p.m. ET on Wednesday, August 5, 2015, in conjunction with the filing of Triangle's 10-Q. The purpose of the podcast is to provide interested analysts and investors with meaningful statistical and financial information in advance of the participatory earnings call on Thursday, August 6, 2015.

### **About Triangle Capital Corporation**

Triangle Capital Corporation ([www.TCAP.com](http://www.TCAP.com)) invests capital in established companies in the lower middle market to fund growth, changes of control and other corporate events. Triangle offers a wide variety of investment structures with a primary focus on mezzanine financing with equity components. Triangle's investment objective is to seek attractive returns by generating current income from debt investments and capital appreciation from equity related investments. Triangle's investment philosophy is to partner with business owners, management teams and financial sponsors to provide flexible financing solutions. Triangle typically invests \$5.0 million - \$35.0 million per transaction in companies with annual revenues between \$20.0 million and \$200.0 million and EBITDA between \$3.0 million and \$35.0 million.

Triangle has elected to be treated as a business development company under the Investment Company Act of 1940 ("1940 Act"). Triangle is required to comply with a series of regulatory requirements under the 1940 Act as well as applicable NYSE, federal and state laws and regulations. Triangle has elected to be treated as a regulated investment company under the Internal Revenue Code of 1986. Failure to comply with any of the laws and regulations that apply to Triangle could have a material adverse effect on Triangle and its stockholders.

### **Forward Looking Statements**

This press release may contain forward looking statements within the meaning of the

Private Securities Litigation Reform Act of 1995. Any such statements, other than statements of historical fact, are likely to be affected by other unknowable future events and conditions, including elements of the future that are or are not under the Company's control, and that the Company may or may not have considered; accordingly, such statements cannot be guarantees or assurances of any aspect of future performance. Actual developments and results are highly likely to vary materially from these estimates and projections of the future and some of these uncertainties are enumerated in Triangle's filings with the Securities and Exchange Commission. Certain factors that could cause actual results to differ materially from those contained in the forward-looking statements are included in our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, each as filed with the Securities and Exchange Commission. Copies are available on the SEC's website at [www.sec.gov](http://www.sec.gov) and stockholders may receive a hard copy of the completed audited financial statements free of charge upon request to the Company at 3700 Glenwood Avenue, Suite 530, Raleigh, NC 27612. Such statements speak only as of the time when made, and the Company undertakes no obligation to update any such statement now or in the future.

**TRIANGLE CAPITAL CORPORATION**  
**Consolidated Balance Sheets**

|  | <b>June 30, 2015</b>    | <b>December 31,</b>   |
|--|-------------------------|-----------------------|
|  | (Unaudited)             | <b>2014</b>           |
| <b>Assets:</b>   |                         |                       |
| Investments at fair value:   |                         |                       |
| Non-Control / Non-Affiliate investments (cost of \$677,505,732 and \$717,233,688 at June 30, 2015 and December 31, 2014, respectively) | \$ 662,866,063          | \$ 693,312,886        |
| Affiliate investments (cost of \$193,995,315 and \$175,182,171 at June 30, 2015 and December 31, 2014, respectively)                   | 197,281,194             | 178,935,236           |
| Control investments (cost of \$46,406,803 and \$29,636,763 at June 30, 2015 and December 31, 2014, respectively)                       | 24,751,233              | 14,975,000            |
| Total investments at fair value  | 884,898,490             | 887,223,122           |
| Cash and cash equivalents  | 117,547,039             | 78,759,026            |
| Interest and fees receivable   | 6,834,561               | 7,409,105             |
| Prepaid expenses and other current assets  | 646,272                 | 438,861               |
| Deferred financing fees  | 3,682,831               | 1,230,577             |
| Property and equipment, net  | 116,619                 | 108,753               |
| <b>Total assets</b>  | <b>\$ 1,013,725,812</b> | <b>\$ 975,169,444</b> |
| <b>Liabilities:</b>  |                         |                       |
| Accounts payable and accrued liabilities   | \$ 3,417,774            | \$ 7,144,673          |
| Interest payable   | 3,577,430               | 3,365,237             |
| Taxes payable  | 54,152                  | 2,506,031             |
| Deferred income taxes  | 4,117,502               | 3,363,669             |
| Payable from unsettled transaction   | 16,961,500              | —                     |
| Borrowings under credit facility   | 88,758,498              | 62,619,883            |
| Notes  | 161,850,261             | 145,646,224           |
| SBA-guaranteed debentures payable  | 220,171,914             | 219,697,098           |
| <b>Total liabilities</b>   | <b>498,909,031</b>      | <b>444,342,815</b>    |
| <b>Commitments and contingencies</b>   |                         |                       |
| <b>Net Assets:</b>   |                         |                       |

Common stock, \$0.001 par value per share (150,000,000 shares authorized, 33,272,167 and 32,950,288 shares issued and outstanding as of June 30, 2015 and December 31, 2014, respectively)

|  |                         |                       |
|--|-------------------------|-----------------------|
|  | 33,272                  | 32,950                |
| Additional paid in capital                   | 544,771,957             | 542,119,994           |
| Investment income in excess of distributions | 6,138,723               | 12,926,514            |
| Accumulated realized gains (losses)          | (1,337,335 )            | 12,464,699            |
| Net unrealized appreciation (depreciation)   | (34,789,836 )           | (36,717,528 )         |
| <b>Total net assets</b>                      | <b>514,816,781</b>      | <b>530,826,629</b>    |
| <b>Total liabilities and net assets</b>      | <b>\$ 1,013,725,812</b> | <b>\$ 975,169,444</b> |
| Net asset value per share                    | \$ 15.47                | \$ 16.11              |

### TRIANGLE CAPITAL CORPORATION

#### Unaudited Consolidated Statements of Operations

|  | Three<br>Months Ended<br>June 30,<br>2015 | Three<br>Months Ended<br>June 30,<br>2014 | Six Months<br>Ended<br>June 30,<br>2015 | Six Months<br>Ended<br>June 30,<br>2014 |
|--|---|---|---|---|
| <b>Investment income:</b>                      |   |   |   |   |
| Interest income:                               |   |   |   |   |
| Non-Control / Non-Affiliate investments        | \$ 16,982,885                             | \$ 15,241,853                             | \$ 33,941,585                           | \$ 29,710,399                           |
| Affiliate investments                          | 4,199,380                                 | 2,208,077                                 | 8,390,729                               | 4,564,512                               |
| Control investments                            | 49,481                                    | 43,835                                    | 49,481                                  | 87,343                                  |
| Total interest income                          | 21,231,746                                | 17,493,765                                | 42,381,795                              | 34,362,254                              |
| Dividend income:                               |   |   |   |   |
| Non-Control / Non-Affiliate investments        | 45,689                                    | 787,689                                   | 1,634,394                               | 1,051,616                               |
| Affiliate investments                          | 281,369                                   | 207,899                                   | 537,622                                 | 1,148,070                               |
| Total dividend income                          | 327,058                                   | 995,588                                   | 2,172,016                               | 2,199,686                               |
| Fee and other income:                          |   |   |   |   |
| Non-Control / Non-Affiliate investments        | 835,092                                   | 1,263,026                                 | 4,072,438                               | 3,038,318                               |
| Affiliate investments                          | 1,500,096                                 | 383,616                                   | 1,997,053                               | 663,801                                 |
| Control investments                            | 100,000                                   | 600,000                                   | 200,000                                 | 701,852                                 |
| Total fee and other income                     | 2,435,188                                 | 2,246,642                                 | 6,269,491                               | 4,403,971                               |
| Payment-in-kind interest income:               |   |   |   |   |
| Non-Control / Non-Affiliate investments        | 2,613,528                                 | 3,404,283                                 | 5,341,851                               | 6,402,060                               |
| Affiliate investments                          | 1,150,008                                 | 736,516                                   | 2,319,009                               | 1,467,173                               |
| Control investments                            | —   | 6,084                                     | —                                       | 12,071                                  |
| Total payment-in-kind interest income          | 3,763,536                                 | 4,146,883                                 | 7,660,860                               | 7,881,304                               |
| Interest income from cash and cash equivalents | 67,376                                    | 56,888                                    | 120,312                                 | 131,496                                 |
| Total investment income                        | 27,824,904                                | 24,939,766                                | 58,604,474                              | 48,978,711                              |
| <b>Operating expenses:</b>                     |   |   |   |   |
| Interest and other financing fees              | 7,325,340                                 | 5,158,543                                 | 13,757,795                              | 10,298,055                              |

|   |                             |                             |                             |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| General and administrative expenses   | 4,333,379                   | 5,122,875                   | 10,910,915                  | 10,178,967                  |
| Total operating expenses  | <u>11,658,719</u>           | <u>10,281,418</u>           | <u>24,668,710</u>           | <u>20,477,022</u>           |
| <b>Net investment income</b>  | <b>16,166,185</b>           | <b>14,658,348</b>           | <b>33,935,764</b>           | <b>28,501,689</b>           |
| <b>Realized and unrealized gains (losses) on investments and foreign currency borrowings:</b> |                             |                             |                             |                             |
| Net realized gains (losses):  |                             |                             |                             |                             |
| Non-Control / Non-Affiliate investments   | 3,178,433                   | 11,462,275                  | 6,415,102                   | 11,734,476                  |
| Affiliate investments   | 238,806                     | 228,252                     | 266,508                     | 228,252                     |
| Control investments   | <u>(20,483,644 )</u>        | <u>—</u>                    | <u>(20,483,644 )</u>        | <u>(208,553 )</u>           |
| Net realized gains (losses)   | (17,066,405 )               | 11,690,527                  | (13,802,034 )               | 11,754,175                  |
| Net unrealized appreciation (depreciation):   |                             |                             |                             |                             |
| Investments   | 14,782,147                  | (1,172,480 )                | 1,066,307                   | (2,670,950 )                |
| Foreign currency borrowings   | <u>(312,322 )</u>           | <u>(395,269 )</u>           | <u>861,385</u>              | <u>(34,734 )</u>            |
| Net unrealized appreciation (depreciation)  | 14,469,825                  | (1,567,749 )                | 1,927,692                   | (2,705,684 )                |
| Net realized and unrealized gains (losses) on investments and foreign currency borrowings     | (2,596,580 )                | 10,122,778                  | (11,874,342 )               | 9,048,491                   |
| Loss on extinguishment of debt  | (1,394,017 )                | —                           | (1,394,017 )                | —                           |
| Provision for taxes   | <u>—</u>                    | <u>(586,788 )</u>           | <u>(137,875 )</u>           | <u>(853,343 )</u>           |
| <b>Net increase in net assets resulting from operations</b>                                   | <b><u>\$ 12,175,588</u></b> | <b><u>\$ 24,194,338</u></b> | <b><u>\$ 20,529,530</u></b> | <b><u>\$ 36,696,837</u></b> |
| Net investment income per share—basic and diluted   | <u>\$ 0.49</u>              | <u>\$ 0.53</u>              | <u>\$ 1.02</u>              | <u>\$ 1.02</u>              |
| Net increase in net assets resulting from operations per share—basic and diluted              | <u>\$ 0.37</u>              | <u>\$ 0.87</u>              | <u>\$ 0.62</u>              | <u>\$ 1.32</u>              |
| <b>Dividends/distributions per share:</b>   |                             |                             |                             |                             |
| Regular quarterly dividends/distributions   | \$ 0.54                     | \$ 0.54                     | \$ 1.08                     | \$ 1.08                     |
| Supplemental dividends/distributions  | 0.05                        | 0.15                        | 0.10                        | 0.30                        |
| Total dividends/distributions per share   | <u>\$ 0.59</u>              | <u>\$ 0.69</u>              | <u>\$ 1.18</u>              | <u>\$ 1.38</u>              |
| Weighted average shares outstanding—basic and diluted   | 33,234,532                  | 27,910,468                  | 33,166,865                  | 27,857,788                  |

**TRIANGLE CAPITAL CORPORATION**  
**Unaudited Consolidated Statements of Cash Flows**

|  | <u>Six Months Ended<br/>June 30, 2015</u> | <u>Six Months Ended<br/>June 30, 2014</u> |
|--|---|---|
| <b>Cash flows from operating activities:</b> |   |   |

|   |                              |                             |
|---|------------------------------|-----------------------------|
| Net increase in net assets resulting from operations  | \$ 20,529,530                | \$ 36,696,837               |
| Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities: |                              |                             |
| Purchases of portfolio investments  | (163,270,565 )               | (164,840,342 )              |
| Repayments received/sales of portfolio investments  | 154,211,535                  | 105,026,498                 |
| Loan origination and other fees received  | 2,819,164                    | 2,838,426                   |
| Net realized loss (gain) on investments   | 13,802,034                   | (11,754,175 )               |
| Net unrealized depreciation (appreciation) on investments   | (1,820,140 )                 | 1,867,995                   |
| Net unrealized depreciation (appreciation) on foreign currency borrowings   | (861,385 )                   | 34,734                      |
| Deferred income taxes   | 753,833                      | 802,955                     |
| Payment-in-kind interest accrued, net of payments received  | 23,501                       | (2,614,188 )                |
| Amortization of deferred financing fees   | 1,107,207                    | 800,583                     |
| Loss on extinguishment of debt  | 1,394,017                    | —                           |
| Accretion of loan origination and other fees  | (3,202,668 )                 | (1,783,603 )                |
| Accretion of loan discounts   | (238,229 )                   | (644,575 )                  |
| Accretion of discount on SBA-guaranteed debentures payable  | 92,784                       | 90,792                      |
| Depreciation expense  | 29,225                       | 20,114                      |
| Stock-based compensation  | 3,412,181                    | 2,828,410                   |
| Changes in operating assets and liabilities:  |                              |                             |
| Interest and fees receivable  | 574,544                      | 1,186,064                   |
| Prepaid expenses and other current assets   | (207,411 )                   | 238,828                     |
| Accounts payable and accrued liabilities  | (3,726,899 )                 | (4,277,738 )                |
| Interest payable  | 212,193                      | 4,770                       |
| Taxes payable   | (2,451,879 )                 | (655,858 )                  |
| Payable from unsettled transaction  | 16,961,500                   | —                           |
| Net cash provided by (used in) operating activities   | <u>40,144,072</u>            | <u>(34,133,473 )</u>        |
| <b>Cash flows from investing activities:</b>  |                              |                             |
| Purchases of property and equipment   | <u>(37,091 )</u>             | <u>(34,827 )</u>            |
| Net cash used in investing activities   | <u>(37,091 )</u>             | <u>(34,827 )</u>            |
| <b>Cash flows from financing activities:</b>  |                              |                             |
| Borrowings under credit facility  | 83,000,000                   | 20,000,000                  |
| Repayments of credit facility   | (56,000,000 )                | —                           |
| Proceeds from notes   | 83,372,640                   | —                           |
| Redemption of notes   | (69,000,000 )                | —                           |
| Financing fees paid   | (2,740,049 )                 | —                           |
| Expenses related to public offering of common stock   | (54,967 )                    | —                           |
| Common stock withheld for payroll taxes upon vesting of restricted stock  | (2,400,352 )                 | (2,474,121 )                |
| Cash dividends/distributions paid   | (37,496,240 )                | (37,068,840 )               |
| Net cash used in financing activities   | <u>(1,318,968 )</u>          | <u>(19,542,961 )</u>        |
| Net increase (decrease) in cash and cash equivalents  | 38,788,013                   | (53,711,261 )               |
| Cash and cash equivalents, beginning of period  | <u>78,759,026</u>            | <u>133,304,346</u>          |
| <b>Cash and cash equivalents, end of period</b>   | <b><u>\$ 117,547,039</u></b> | <b><u>\$ 79,593,085</u></b> |
| <b>Supplemental disclosure of cash flow information:</b>  |                              |                             |
| Cash paid for interest  | <u>\$ 11,673,774</u>         | <u>\$ 9,008,748</u>         |
| <b>Summary of non-cash financing transactions:</b>  |                              |                             |
| Dividends/distributions paid through DRIP share issuances   | <u>\$ 1,695,423</u>          | <u>\$ 1,426,201</u>         |

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Source: Triangle Capital Corporation