

# MAINST

CAPITAL CORPORATION

## Investor Presentation

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### Fourth Quarter – 2019

# Disclaimers

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**Main Street Capital Corporation**

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# Corporate Overview and Investment Strategy

# 4<sup>th</sup> Quarter – 2019

# MAIN is a Principal Investor in Private Debt and Equity

**Hybrid debt and equity investment strategy, internally managed operating structure and focus on Lower Middle Market differentiates MAIN from other investment firms**

## **Internally-managed Business Development Company (BDC)**

- IPO in 2007
- Over \$4.2 billion in capital under management<sup>(1)</sup>
  - Over \$3.1 billion internally at MAIN<sup>(1)</sup>
  - Over \$1.1 billion as a sub-advisor to a third party<sup>(1)</sup>

## **Primarily invests in the under-served Lower Middle Market (LMM)**

- Targets companies with revenue between \$10 million - \$150 million; EBITDA between \$3 million - \$20 million
- Provides single source solutions including a combination of first lien, senior secured debt and equity financing

## **Debt investments in Middle Market companies**

- Issuances of first lien, senior secured and/or rated debt investments
- Larger companies than LMM investment strategy

## **Debt investments originated in collaboration with other funds**

- First lien, senior secured debt investments in privately held companies originated through strategic relationships with other investment funds
- Similar in size, structure and terms to LMM and Middle Market investments

## **Attractive asset management advisory business**

## **Significant management ownership / investment in MAIN**

## **Headquartered in Houston, Texas**

(1) Capital under management includes undrawn portion of debt capital as of December 31, 2019

# MAIN is a Principal Investor in Private Debt and Equity

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**MAIN's unique investment strategy, efficient operating structure and conservative capitalization are designed to provide sustainable, long-term growth in recurring monthly dividends and long-term capital appreciation to our shareholders**

**Long-term focus on delivering our shareholders sustainable growth in net asset value and recurring dividends per share**

**Consistent cash dividend yield – dividends paid monthly**

- MAIN has never decreased its monthly dividend rate
- Began paying periodic supplemental dividends in January 2013 and moved to semi-annual supplemental dividends in July 2013

**Owns three Small Business Investment Company (SBIC) Funds**

- Main Street Mezzanine Fund (2002 vintage), Main Street Capital II (2006 vintage) and Main Street Capital III (2016 vintage)
- Provides access to 10-year, low cost, fixed rate government-backed leverage

**Strong capitalization and liquidity position – stable, long-term debt and significant available liquidity to take advantage of opportunities**

- Favorable opportunities in capital markets through investment grade rating of BBB/Stable from Standard & Poor's Rating Services
- Total SBIC debenture regulatory financing capacity of \$350.0 million<sup>(1)</sup>

(1) MAIN received a \$25.0 million commitment from the SBA in order to issue new SBIC debentures in the future and opportunistically prepaid \$34.0 million of existing SBIC debentures during the twelve months ended December 31, 2019. As a result, the current effective maximum amount of SBIC debenture financing capacity under its three existing licenses is \$347.0 million

# MAIN is a Principal Investor in Private Debt and Equity

**Focus on LMM equity investments and efficient operating structure differentiates MAIN and provides opportunity for significant total returns for our shareholders**

**Equity investments in LMM portfolio provide both the opportunity to grow net asset value (NAV) per share and generate recurring dividend income and periodic realized gains to support MAIN's dividend growth**

- NAV growth of \$11.06 per share (or 86%) since 2007
- Cumulative net realized gains from LMM portfolio investments of \$137.2 million (\$50.8 million net for the total investment portfolio) since the Initial Public Offering
- Approximately \$3.19 per share in cumulative, pre-tax net unrealized appreciation on LMM portfolio at December 31, 2019
- Realized gains provide taxable income in excess of net investment income and help fund MAIN's supplemental dividends

**Internally managed operating structure provides significant operating leverage**

- Favorable ratio of total operating expenses, excluding interest expense, to average total assets of approximately 1.4%<sup>(1)</sup>
- Greater portion of gross portfolio returns are delivered to our shareholders
- Significant positive impact to Net Investment Income
- Alignment of interests between MAIN management and our shareholders

(1) Based upon the year ended December 31, 2019

# MAIN Strategy Produces Differentiated Returns

## Enhanced Value Proposition - Three Ways to Win are Better Than One

### 1. Sustain and Grow Total Dividends

- Efficient operating structure provides operating leverage to grow distributable net investment income, and dividends paid, as investment portfolio and total investment income grow
- Paid or declared \$28.37 per share in total dividends since October 2007 IPO at \$15.00 per share (\$24.33 per share in regular dividends and \$4.04 per share in supplemental dividends)
- 86% increase in monthly dividends from \$0.33 per share paid in Q4 2007 to declared dividends of \$0.615 per share for Q2 2020
- Never decreased regular monthly dividends (including through 2008/2009 recession)
- Supplemental dividends first declared in Q4 2012 primarily due to realized gains from LMM equity component of investment strategy
- Currently transitioning semi-annual supplemental dividends into monthly dividends gradually over time
- Multi-faceted investment strategy supports growth of total dividends over various cycles and markets

### 2. Meaningfully Grow Net Asset Value (“NAV”) Per Share

- \$12.85 at December 31, 2007 to \$23.91 at December 31, 2019 – 86% growth; CAGR of 5.3%
- Represents incremental economic return to investors beyond dividends
- MAIN’s debt-focused peers (which comprises most BDCs) cannot generate NAV per share growth through the cycles
- Unrealized appreciation is a good proxy for future dividend growth without the need for additional capital through growing portfolio dividend income and harvested realized gains from equity investments
- Ability to grow NAV per share provides opportunity for MAIN stock share price appreciation and additional shareholder returns

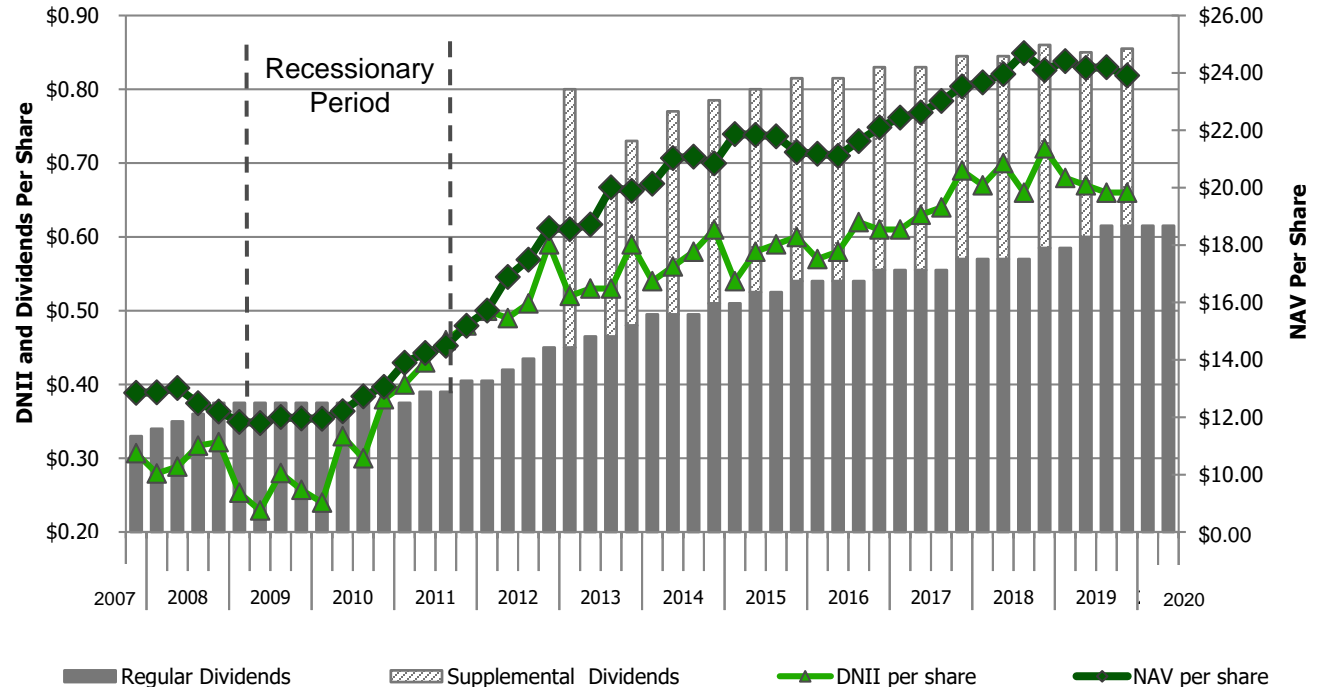
### 3. Supplement Growth in Distributable Net Investment Income with Periodic Realized Gains

- LMM equity component of investment strategy provides opportunity for meaningful realized gains (analogous to PIK income on debt investments from cash flow perspective, but more tax efficient and without cap on upside)
- Realized gains validate the quality of MAIN’s unrealized appreciation
- Realized gains can be paid to shareholders as dividends or retained for future reinvestment due to MAIN’s unique tax structure

# Quarterly Historical Dividends, Net Asset Value (“NAV”) and Distributable Net Investment Income (“DNII”) Per Share Growth

**MAIN’s unique focus on equity investments in the Lower Middle Market provides the opportunity for significant NAV per share growth**

**MAIN’s efficient operating structure provides significant operating leverage, greater dividends and greater overall returns for our shareholders**



- Includes recurring monthly and semi-annual supplemental dividends paid and declared as of February 27, 2020.
- Annual return on equity averaging approximately 12.3% from 2010 through the fourth quarter of 2019



# MAIN Historical Highlights

(\$ in millions, except per shares amounts)

Milestones	2007 - 2012	2013	2014	2015	2016	2017	2018	2019
Significant Events	<ul style="list-style-type: none"> <li>▶ IPO \$64.5 NASDAQ Listing (Oct 2007)</li> <li>▶ SBIC Debt Capacity Increased to \$225.0 (2009)</li> <li>▶ NYSE Listing (Oct 2010)</li> <li>▶ SBIC of the Year Award (2011)</li> <li>▶ Acquired Second SBIC Fund (2010, 2012)</li> </ul>	Supplemental Dividends: <ul style="list-style-type: none"> <li>- \$0.35/share (Jan)</li> <li>- \$0.20/share (Jul)</li> <li>- \$0.25/share (Dec)</li> </ul>	S&P Investment Grade (IG) rating of BBB (Sep) <ul style="list-style-type: none"> <li>▶ Supplemental Dividends:               <ul style="list-style-type: none"> <li>- \$0.275/share (Jun)</li> <li>- \$0.275/share (Dec)</li> </ul> </li> </ul>	Supplemental Dividends: <ul style="list-style-type: none"> <li>- \$0.275/share (Jun)</li> <li>- \$0.275/share (Dec)</li> </ul>	Supplemental Dividends: <ul style="list-style-type: none"> <li>- \$0.275/share (Jun)</li> <li>- \$0.275/share (Dec)</li> </ul> Received our Third SBIC License and Increased our SBIC Debt Capacity to \$350.0 (Aug)	Supplemental Dividends: <ul style="list-style-type: none"> <li>- \$0.275/share (Jun)</li> <li>- \$0.275/share (Dec)</li> </ul>	Supplemental Dividends: <ul style="list-style-type: none"> <li>- \$0.275/share (Jun)</li> <li>- \$0.275/share (Dec)</li> </ul>	Supplemental Dividends: <ul style="list-style-type: none"> <li>- \$0.25/share (Jun)</li> <li>- \$0.24/share (Dec)</li> </ul>
Senior Credit Facility	<ul style="list-style-type: none"> <li>▶ \$30.0 (2008)</li> <li>▶ \$85.0 (2010)</li> <li>▶ \$235.0 (2011)</li> <li>▶ \$287.5 (2012)</li> <li>▶ Extension to 5-year maturity (2012)</li> </ul>	<ul style="list-style-type: none"> <li>▶ \$372.5 (May)</li> <li>▶ \$445.0 (Sep)</li> <li>▶ Revolving for Full 5-Year Period (Sep)</li> </ul>	<ul style="list-style-type: none"> <li>▶ \$502.5 (Jun)</li> <li>▶ \$522.5 (Sep)</li> <li>▶ \$572.5 (Dec)</li> </ul>	<ul style="list-style-type: none"> <li>▶ \$597.5 (Apr)</li> <li>▶ \$555.0 (Nov)</li> </ul>		<ul style="list-style-type: none"> <li>▶ \$560.0 (Jul)</li> <li>▶ \$585.0 (Sep)</li> </ul>	<ul style="list-style-type: none"> <li>▶ \$655.0 (Jun)</li> <li>▶ \$680.0 (Jul)</li> <li>▶ \$705.0 (Nov)</li> </ul>	
Debt Offerings		<ul style="list-style-type: none"> <li>▶ \$92.0 6.125% 10-Year Notes (Apr)</li> </ul>	<ul style="list-style-type: none"> <li>▶ \$175.0 4.5% 5-Year IG Notes (Nov)</li> </ul>			<ul style="list-style-type: none"> <li>▶ \$185.0 4.5% 5-Year IG Notes (Nov)</li> </ul>		<ul style="list-style-type: none"> <li>▶ \$250.0 5.2% 5-Year IG Notes (Apr)</li> <li>▶ \$75.0 5.2% 5-Year IG Notes (Dec)</li> </ul>
Equity Offerings	<ul style="list-style-type: none"> <li>▶ IPO \$64.5 (Oct 2007)</li> <li>▶ \$17.4 (2009)</li> <li>▶ \$90.7 (2010)</li> <li>▶ \$134.3 (2011)</li> <li>▶ \$97.0 &amp; \$80.5 (2012)</li> </ul>	<ul style="list-style-type: none"> <li>▶ \$136.9 (Aug)</li> </ul>	<ul style="list-style-type: none"> <li>▶ \$144.9 (Apr)</li> </ul>	<ul style="list-style-type: none"> <li>▶ \$136.1 (Mar)</li> <li>▶ Implemented at-the-market (ATM) program (Nov) - \$4.5</li> </ul>	<ul style="list-style-type: none"> <li>▶ ATM \$113.6</li> </ul>	<ul style="list-style-type: none"> <li>▶ ATM \$152.8</li> </ul>	<ul style="list-style-type: none"> <li>▶ ATM \$79.3</li> </ul>	<ul style="list-style-type: none"> <li>▶ ATM \$90.0</li> </ul>
Total Value of Investment Portfolio and Number of Companies	2007 \$105.7 27 Companies 2012 \$924.4 147 Companies	\$1,286.2 176 Companies	\$1,563.3 190 Companies	\$1,800.0 208 Companies	\$1,996.9 208 Companies	\$2,171.3 198 Companies	\$2,453.9 196 Companies	\$2,602.3 197 Companies

# Lower Middle Market (LMM) Investment Strategy

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**LMM investment strategy differentiates MAIN from its competitors and provides attractive risk-adjusted returns**

## **Investment Objectives**

- High cash yield from secured debt investments (10.9% weighted-average cash coupon as of December 31, 2019); plus
- Dividend income and periodic capital gains from equity investments

**Investments are structured for (i) protection of capital, (ii) high recurring income and (iii) meaningful capital gain opportunity**

## **Focus on self-sponsored, “one stop” financing opportunities**

- Partner with business owners and entrepreneurs
- Recapitalization, buyout, growth and acquisition capital
- Extensive network of grass roots referral sources
- Strong and growing “Main Street” brand recognition / reputation

## **Provide customized financing solutions**

**Investments have low correlation to the broader debt and equity markets and attractive risk-adjusted returns**

# LMM Investment Opportunity

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**MAIN targets LMM investments in established, profitable companies**

**Characteristics of LMM provide beneficial risk-reward investment opportunities**

**Large and critical portion of U.S. economy**

- 175,000+ domestic LMM businesses<sup>(1)</sup>

**LMM is under-served from a capital perspective and less competitive**

**Inefficient asset class generates pricing inefficiencies**

- Typical entry enterprise values between 4.5X – 6.5X EBITDA
- Typical entry leverage multiples between 2.0X – 4.0X EBITDA to MAIN debt investment

**Partner relationship with the management teams of our portfolio companies vs a “commoditized vendor of capital”**

(1) Source: U.S. Census 2012 – U.S. Data Table by Enterprise Receipt Size; 2012 County Business Patterns and 2012 Economic Census; includes Number of Firms with Enterprise Receipt Size between \$10,000,000 and \$99,999,999

# Private Loan Investment Strategy

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**Private Loan portfolio investments are primarily debt investments in privately held companies which have been originated through strategic relationships with other investment funds on a collaborative basis, and are often referred to in the debt markets as “club deals”**

## **Investment Objectives**

- Access proprietary investments with attractive risk-adjusted return characteristics
- Generate cash yield to support MAIN monthly dividend

## **Investment Characteristics**

- Investments in companies that are consistent with the size of companies in our LMM and Middle Market portfolios
- Proprietary investments originated through strategic relationships with other investment funds on a collaborative basis
- Current Private Loan portfolio companies have weighted-average EBITDA of approximately \$57.8 million<sup>(1)</sup>

## **Investments in secured debt investments**

- First lien, senior secured debt investments
- Floating rate debt investments

## **8% – 12% targeted gross yields**

- Weighted-average effective yield<sup>(2)</sup> of 9.5%
- Net returns positively impacted by lower overhead requirements and modest use of leverage
- Floating rate debt investments provide matching with MAIN’s floating rate credit facility

(1) This calculation excludes three Private Loan portfolio companies as EBITDA is not a meaningful metric for these portfolio companies

(2) Weighted-average effective yield includes amortization of deferred debt origination fees and accretion of original issue discount, but excludes fees payable upon repayment of the debt instruments and any debt investments on non-accrual status

# Middle Market Debt Investment Strategy

**MAIN maintains a portfolio of debt investments in Middle Market companies**

## **Investment Objective**

- Generate cash yield to support MAIN monthly dividend

## **Investments in secured and/or rated debt investments**

- First lien, senior secured debt investments
- Floating rate debt investments

## **Larger companies than the LMM investment strategy**

- Current Middle Market portfolio companies have weighted-average EBITDA of approximately \$85.0 million<sup>(1)</sup>

## **Large and critical portion of U.S. economy**

- Nearly 200,000 domestic Middle Market businesses<sup>(2)</sup>

## **More relative liquidity than LMM investments**

## **6% – 10% targeted gross yields**

- Weighted-average effective yield<sup>(3)</sup> of 8.6%
- Net returns positively impacted by lower overhead requirements and modest use of leverage
- Floating rate debt investments provide matching with MAIN's floating rate credit facility

(1) This calculation excludes two Middle Market portfolio companies as EBITDA is not a meaningful metric for these portfolio companies

(2) Source: National Center for The Middle Market; includes number of U.S. domestic businesses with revenues between \$10 million and \$1 billion

(3) Weighted-average effective yield includes amortization of deferred debt origination fees and accretion of original issue discount, but excludes fees payable upon repayment of the debt instruments and any debt investments on non-accrual status

# Asset Management Business

**MAIN's asset management business represents additional income diversification and the opportunity for greater shareholder returns**

**MAIN's internally managed operating structure provides MAIN's shareholders the benefits of this asset management business**

**In May 2012, MAIN<sup>(1)</sup> entered into an investment sub-advisory agreement with the investment adviser to HMS Income Fund, Inc., a non-listed BDC**

- MAIN<sup>(1)</sup> provides asset management services, including sourcing, diligence and post-investment monitoring
- MAIN<sup>(1)</sup> receives 50% of the investment adviser's base management fee and incentive fees
  - MAIN<sup>(1)</sup> base management fee – 1% of total assets
  - MAIN<sup>(1)</sup> incentive fees – 10% of net investment income above a hurdle and 10% of net realized capital gains
  - MAIN earned \$2.0 million of incentive fees in the twelve months ended December 31, 2019

## **Benefits to MAIN**

- No significant increases to MAIN's operating costs to provide services (utilize existing infrastructure and leverage fixed costs)
- No invested capital – monetizing the value of MAIN franchise
- Significant positive impact on MAIN's financial results
  - \$2.8 million contribution to net investment income in the fourth quarter of 2019<sup>(2)</sup>
  - \$11.7 million contribution to net investment income in the twelve months ended December 31, 2019<sup>(2)</sup>
  - \$74.5 million of cumulative unrealized appreciation as of December 31, 2019

(1) Through MAIN's wholly owned unconsolidated subsidiary, MSC Adviser I, LLC

(2) Contribution to Net Investment Income includes (a) dividend income received by MAIN from MSC Adviser I, LLC and (b) operating expenses allocated from MAIN to MSC Adviser I, LLC

# MAIN Regulatory Framework

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**Highly regulated structure provides significant advantages and protections to our shareholders, including investment transparency, tax efficiency and beneficial leverage**

## **Operates as a Business Development Company**

- Regulated by Securities and Exchange Commission - 1940 Act
- Publicly-traded, private investment company

## **Regulated Investment Company (RIC) tax structure**

- Eliminates corporate level income tax
- Efficient tax structure providing high yield to investors
- Passes through capital gains to investors

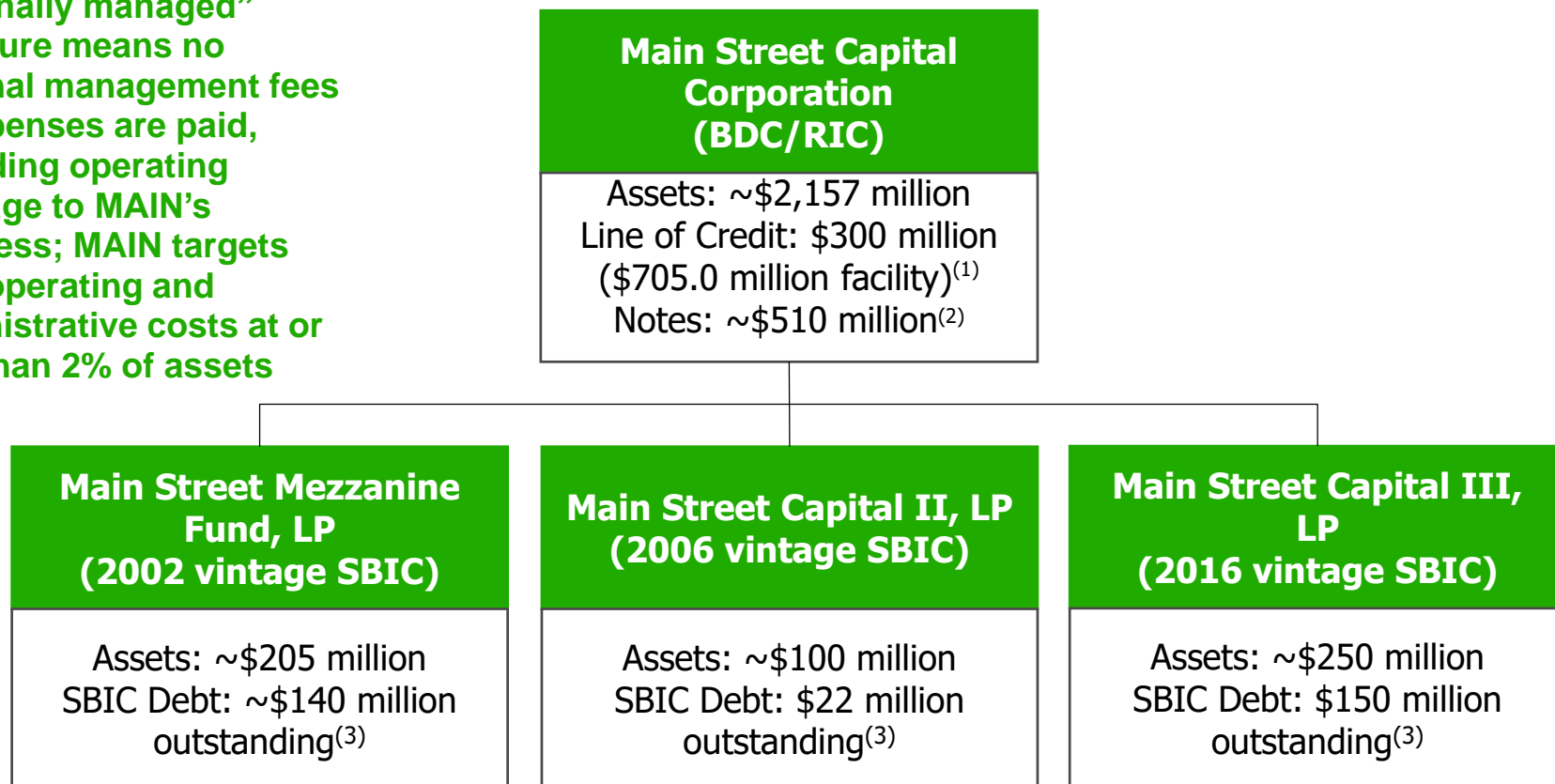
## **Small Business Investment Company (SBIC) subsidiaries**

- Regulated by the U.S. Small Business Administration (SBA)
- Access to low cost, fixed rate, long-term leverage
- Total SBIC debenture regulatory financing capacity of \$350.0 million<sup>(1)</sup>
- Total outstanding leverage of \$311.8 million through our three wholly owned SBIC Funds<sup>(1)</sup>
- MAIN is a previous SBIC of the Year Award recipient

(1) MAIN received a \$25.0 million commitment from the SBA in order to issue new SBIC debentures in the future and opportunistically prepaid \$34.0 million of existing SBIC debentures during the twelve months ended December 31, 2019. As a result, the current effective maximum amount of SBIC debenture financing capacity under its three existing licenses is \$347.0 million

# MAIN Corporate Structure – Internally Managed

“Internally managed” structure means no external management fees or expenses are paid, providing operating leverage to MAIN’s business; MAIN targets total operating and administrative costs at or less than 2% of assets



(1) As of December 31, 2019, MAIN’s credit facility had \$705.0 million in total commitments. MAIN’s credit facility includes an accordion feature which could increase total commitments up to \$800.0 million

(2) \$325.0 million of 5.20% Notes due May 2024 and \$185.0 million of 4.50% Notes due December 2022

(3) MAIN received a \$25.0 million commitment from the SBA in order to issue new SBIC debentures in the future and opportunistically prepaid \$34.0 million of existing SBIC debentures during the twelve months ended December 31, 2019. As a result, the current effective maximum amount of SBIC debenture financing capacity under its three existing licenses is \$347.0 million



# MAIN Co-Founders and Executive Management Team

**Dwayne Hyzak; CPA<sup>(1)(2)</sup>**  
CEO

- Co-founded MAIN; Joined Main Street group in 2002; affiliated with Main Street group since 1999
- Director of acquisitions / integration with Quanta Services (NYSE: PWR)
- Manager with a Big 5 Accounting Firm’s audit and transaction services groups

**David Magdol<sup>(1)(2)</sup>**  
President and CIO<sup>(3)</sup>

- Co-founded MAIN; Joined Main Street group in 2002
- Vice President in Lazard Freres Investment Banking Division
- Vice President of McMullen Group (John J. McMullen’s Family Office)

**Vince Foster; CPA & JD<sup>(1)(2)</sup>**  
Executive Chairman

- Co-founded MAIN and MAIN predecessor funds (1997)
- Co-founded Quanta Services (NYSE: PWR)
- Partner in charge of a Big 5 Accounting Firm’s Corporate Finance/Mergers and Acquisitions practice for the Southwest United States

**Jesse Morris; CPA**  
COO<sup>(4)</sup> and Executive Vice President

- Joined MAIN in 2019
- Previously Executive Vice President with Quanta Services (NYSE: PWR)
- Prior experience with a Big 5 Accounting Firm and a publicly-traded foodservice distribution company

**Brent Smith; CPA**  
CFO and Treasurer

- Joined MAIN in 2014
- Previously CFO with a publicly-traded oilfield services company
- Prior experience with a Big 5 Accounting Firm and a publicly-traded financial consulting firm

**Jason Beauvais; JD**  
SVP, GC, CCO<sup>(5)</sup> and Secretary

- Joined MAIN in 2008
- Previously attorney for Occidental Petroleum Corporation (NYSE: OXY) and associate in the corporate and securities section at Baker Botts LLP

(1) Member of MAIN Executive Committee

(3) Chief Investment Officer

(5) Chief Compliance Officer

(2) Member of MAIN Investment Committee

(4) Chief Operating Officer

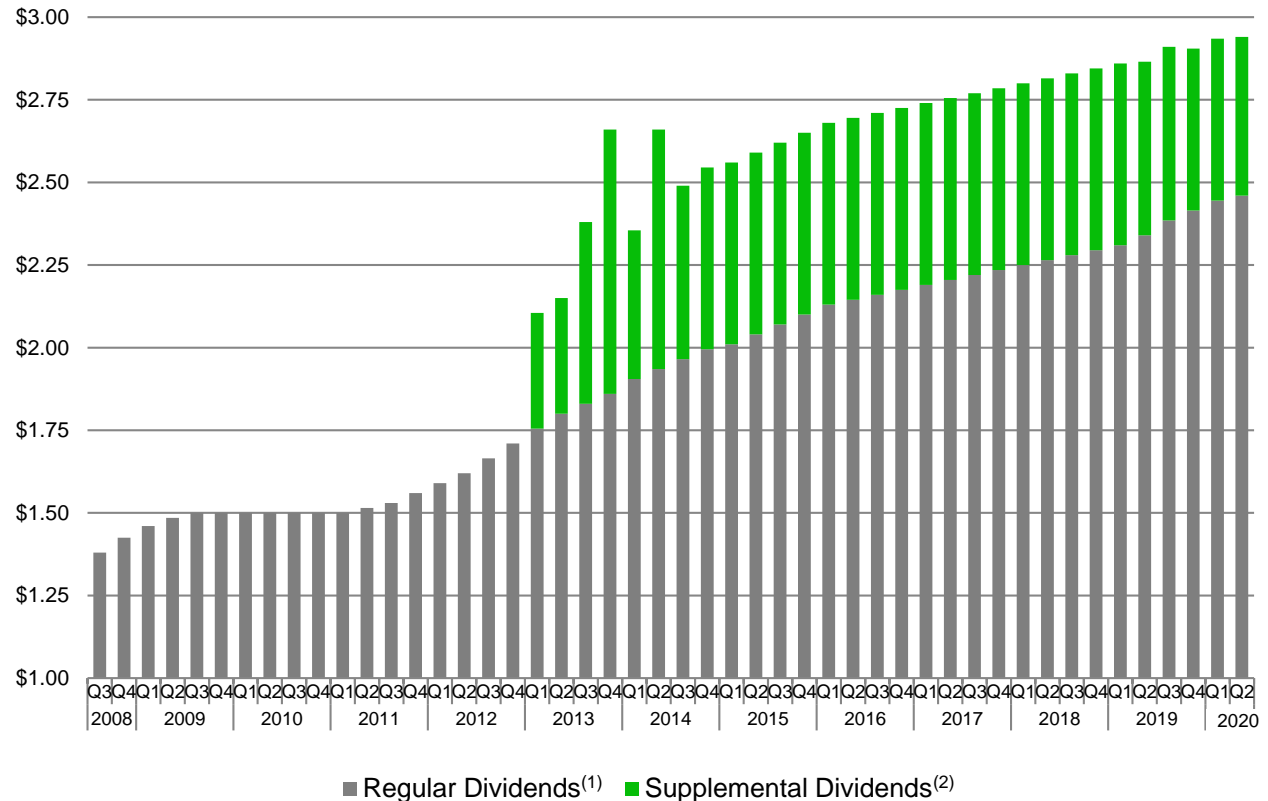
# Post-IPO TTM Dividends Per Share – Sustainable Growth

Cumulative dividends paid or declared from October 2007 IPO (at \$15.00 per share) through Q2 2020 equal \$28.37 per share<sup>(1)</sup>

Recurring monthly dividend has never been decreased and has shown meaningful (86%) growth since IPO

Based upon the current annualized monthly dividends for the first quarter of 2020 and the annualized semi-annual supplemental dividend declared for December 2019, the annual effective yield on MAIN's stock is 7.3%<sup>(3)</sup>, or 6.1%<sup>(3)</sup> if the supplemental dividends are excluded

**TTM Dividends Per Share**



(1) Based upon dividends which have been paid or declared as of February 27, 2020

(2) Includes supplemental dividends which have been paid or declared as of February 27, 2020

(3) As of February 26, 2020; based upon the closing market price of \$40.12 per share, the annualized most recently declared monthly dividends and the annualized most recent semi-annual supplemental dividend paid or declared

# Transition of Supplemental Dividends into Monthly Dividends

**MAIN has concluded that it is in position to begin the conversion of its supplemental dividends into monthly dividends over multiple years**

**MAIN intends for the transition to allow MAIN to simplify its dividend policy**

## Background and History

- MAIN declared its first supplemental dividend in Q4 2012
- MAIN was primarily investing in LMM debt and equity prior to 2012
- MAIN generated substantial realized gains from its LMM equity investments and was required to distribute these gains in the form of monthly dividends or supplemental dividends to maintain its RIC tax status
- In 2012 MAIN chose supplemental dividends to better match the periodic nature of the realized gains
- MAIN's business model and investment portfolio has evolved since 2012, and MAIN concluded it was time to begin the conversion to monthly dividends only beginning in 2019
  - Increased size and diversity of MAIN's investment portfolio, including the growth of the MM and PL debt portfolios
  - Growth and diversity of the sources of MAIN's investment income
  - Increasing dividend income from LMM portfolio equity investments and long-term desired holding period of these equity investments

## Transition Plans

- MAIN currently intends to gradually convert its supplemental dividends into its monthly dividends over multiple years until the supplemental dividends are completely absorbed into the monthly dividends
- Goal is to have a dividend policy that is easier to understand and that allows third parties to accurately reflect MAIN's total dividend yield
- Transition should enhance the opportunity for MAIN to retain a portion of its realized gains through its various taxable entities for future reinvestment and additional investment income growth
- Factors that may impact our level of total dividends include, but are not limited to, market interest rates and related volatility, level of investment originations and repayments, overall performance of our investment portfolio and the overall performance of the specific industries and markets that we invest in and the overall U.S. economy.

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## Investment Portfolio

# 4<sup>th</sup> Quarter – 2019

# Total Investment Portfolio

**Diversity provides structural protection to investment portfolio, revenue sources, income, cash flows and shareholder dividends**

**Includes complementary LMM debt and equity investments, Private Loan debt investments and Middle Market debt investments**

**Total investment portfolio at fair value consists of approximately 46% LMM / 27% Private Loan / 20% Middle Market / 7% Other<sup>(1)</sup> Portfolio investments**

**185 LMM, Private Loan and Middle Market portfolio companies**

- Average investment size of \$12.5 million<sup>(2)</sup>
- Largest individual portfolio company represents 5.1%<sup>(3)</sup> of total investment income and 2.8% of total portfolio fair value (most investments are less than 1%)
- Eight non-accrual investments, which represent 1.4% of the total investment portfolio at fair value and 4.8% at cost.
- Weighted-average effective yield<sup>(4)</sup> of 10.0%

## **Significant diversification**

- |                    |               |
|--------------------|---------------|
| • Issuer           | • Geography   |
| • Industry         | • End markets |
| • Transaction type | • Vintage     |

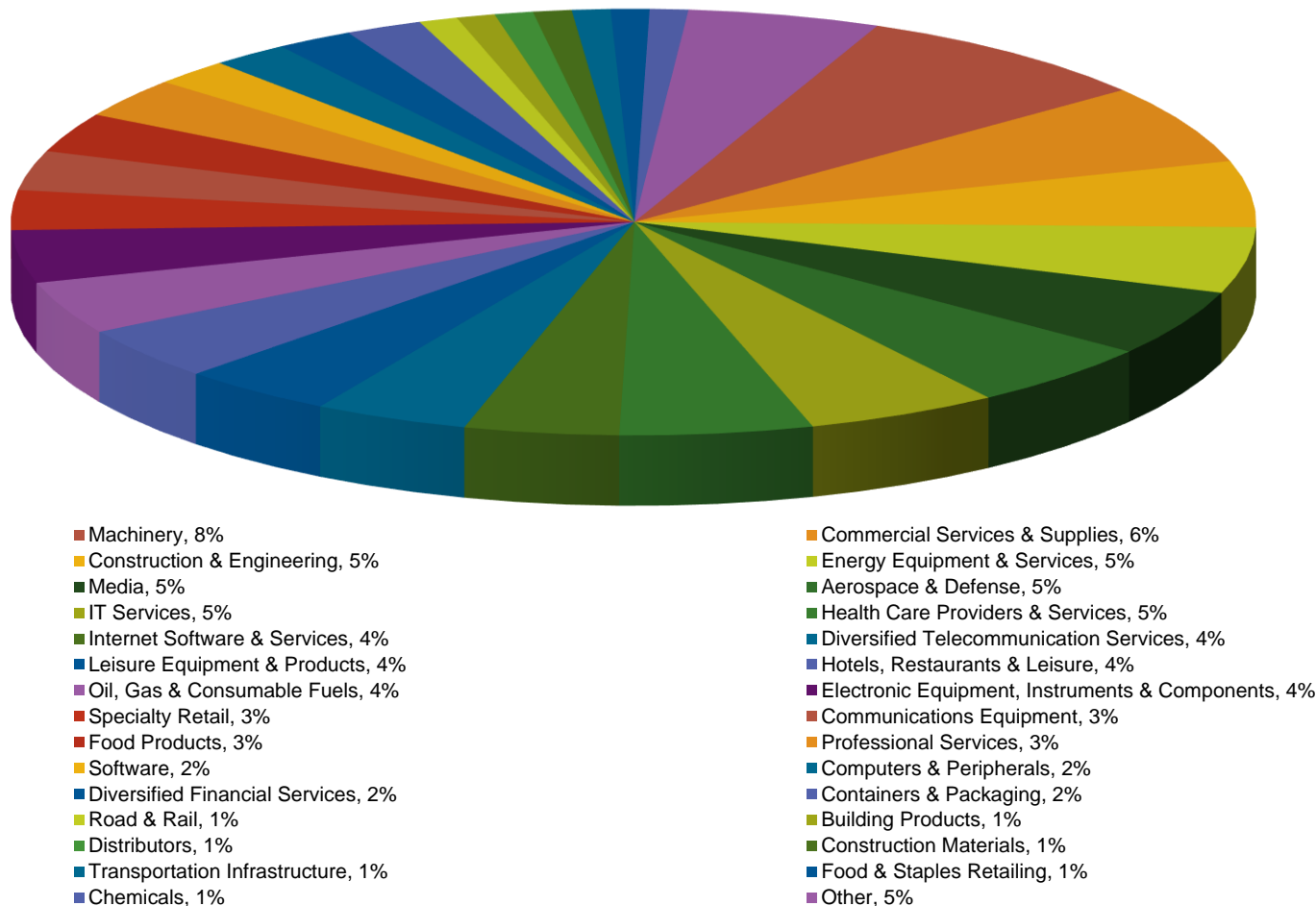
(1) Other includes MSC Adviser I, LLC, MAIN's External Investment Manager

(2) As of December 31, 2019; based on cost

(3) Based upon total investment income for the year ended December 31, 2019

(4) Weighted-average effective yield includes amortization of deferred debt origination fees and accretion of original issue discount, but excludes fees payable upon repayment of the debt instruments and any debt investments on non-accrual status

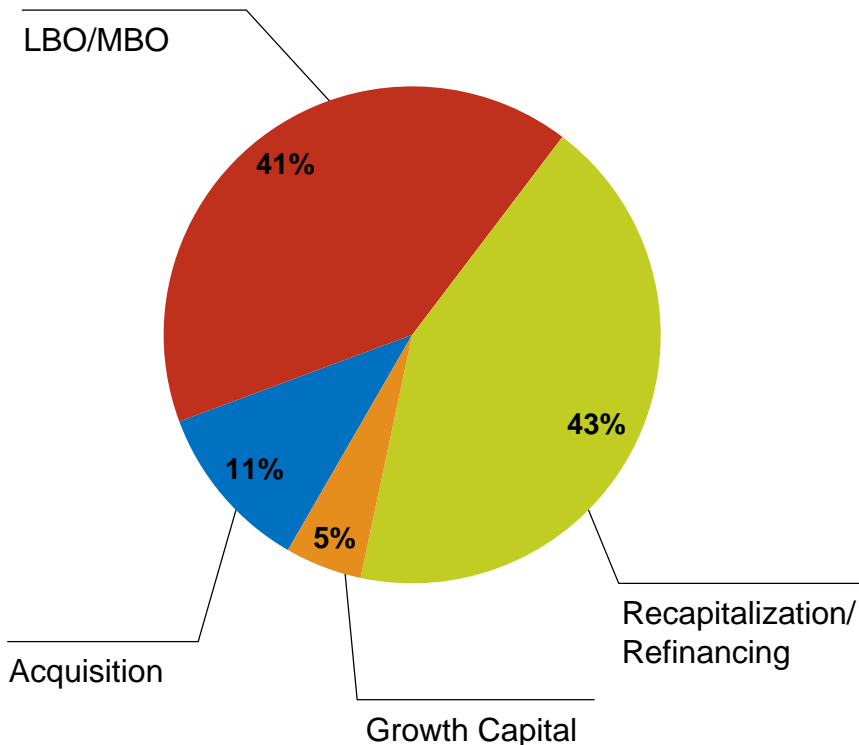
# Total Portfolio by Industry (as a Percentage of Cost) <sup>(1)</sup>



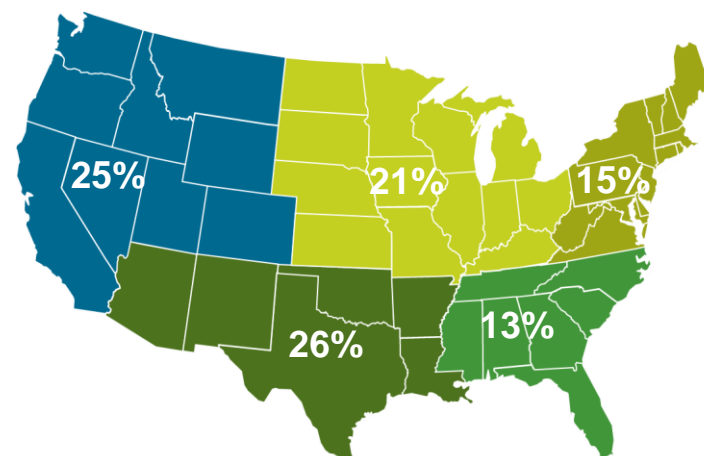
(1) Excluding MAIN's Other Portfolio investments and the External Investment Manager, as described in MAIN's public filings, which represent approximately 5% of the total portfolio

# Diversified Total Portfolio (as a Percentage of Cost) <sup>(1)</sup>

## Invested Capital by Transaction Type



## Invested Capital by Geography <sup>(2)</sup>



(1) Excluding MAIN's Other Portfolio investments and the External Investment Manager, as described in MAIN's public filings, which represent approximately 5% of the total portfolio

(2) Based upon portfolio company headquarters and excluding any MAIN investments headquartered outside the U.S., which represent approximately 2% of the total portfolio

# LMM Investment Portfolio

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**LMM Investment Portfolio consists of a diversified mix of secured debt and lower cost basis equity investments**

**69 portfolio companies / \$1,206.9 million in fair value**

- 46% of total investment portfolio at fair value

**Debt yielding 11.8%<sup>(1)</sup> (66% of LMM portfolio at cost)**

- 98% of debt investments have first lien position
- 62% of debt investments earn fixed-rate interest
- Approximately 790 basis point net cash interest margin vs “matched” fixed interest rate on SBIC debentures

**Equity in 99% of LMM portfolio companies representing 42% average ownership position (34% of LMM portfolio at cost)**

- Opportunity for fair value appreciation, capital gains and cash dividend income
- 64% of LMM companies<sup>(2)</sup> with direct equity investment are currently paying dividends
- Fair value appreciation of equity investments supports Net Asset Value per share growth
- Lower entry multiple valuations, lower cost basis
- \$204.7 million, or \$3.19 per share, of cumulative pre-tax net unrealized appreciation at December 31, 2019

(1) Weighted-average effective yield includes amortization of deferred debt origination fees and accretion of original issue discount, but excludes fees payable upon repayment of the debt instruments and any debt investments on non-accrual status

(2) Includes the LMM companies which (a) MAIN is invested in direct equity and (b) are treated as flow-through entities for tax purposes; based upon dividend income for the year ended December 31, 2019



# LMM Investment Portfolio

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**LMM Investment Portfolio is a pool of high quality, seasoned assets with attractive risk-adjusted return characteristics**

## **Median LMM portfolio credit statistics:**

- Senior leverage of 2.8x EBITDA through MAIN debt position
- 2.9x EBITDA to senior interest coverage
- Total leverage of 2.9x EBITDA including debt junior in priority through MAIN
- Free cash flow de-leveraging improves credit metrics and increases equity appreciation

**Average investment size of \$17.5 million at fair value or \$14.5 million on a cost basis (less than 1% of total investment portfolio)**

**Opportunistic, selective posture toward new investment activity over the economic cycle**

## **High quality, seasoned LMM portfolio**

- Total LMM portfolio investments at fair value equals 120% of cost
- Equity component of LMM portfolio at fair value equals 174% of cost
- Significant portion of LMM portfolio has de-leveraged and a majority of the LMM portfolio investments have experienced equity appreciation

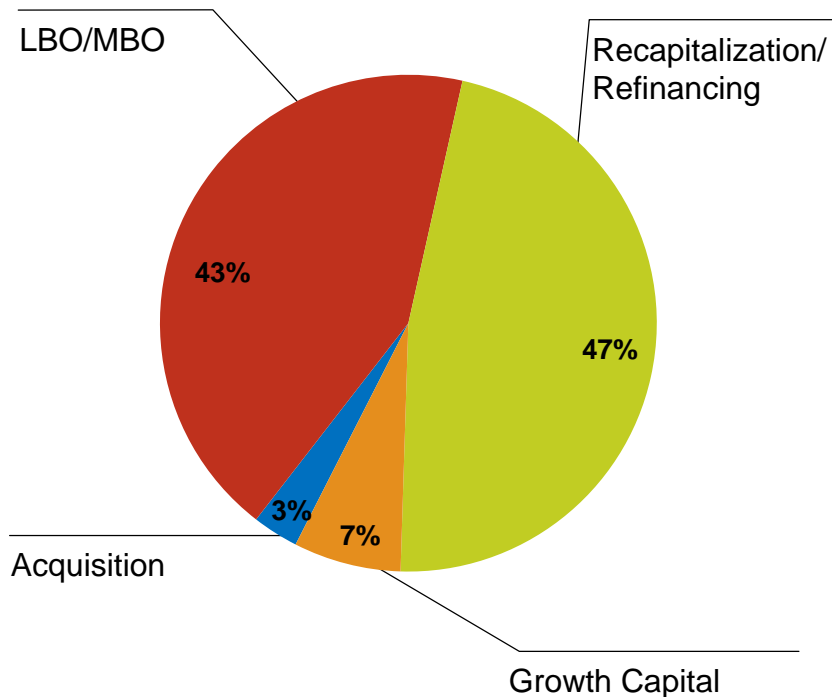
## LMM Portfolio by Industry (as a Percentage of Cost)



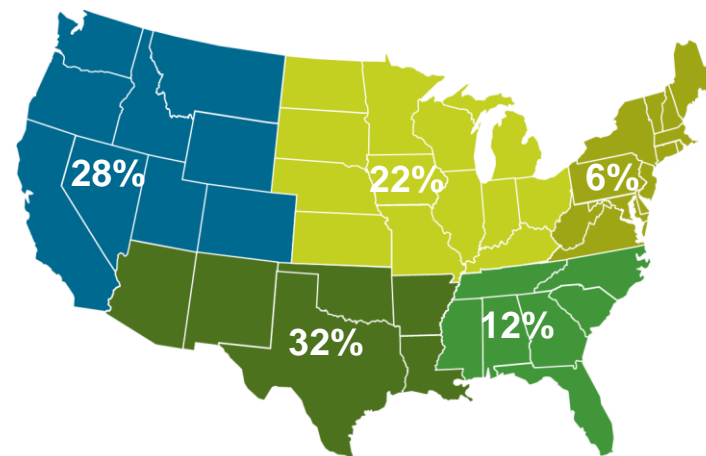
- |  |  |
|--|--|
| ■ Machinery, 10%                       | ■ Energy Equipment & Services, 10%                   |
| ■ Construction & Engineering, 8%       | ■ Electronic Equipment, Instruments & Components, 8% |
| ■ Leisure Equipment & Products, 5%     | ■ Food Products, 5%                                  |
| ■ Professional Services, 5%            | ■ Internet Software & Services, 4%                   |
| ■ Containers & Packaging, 4%           | ■ Commercial Services & Supplies, 4%                 |
| ■ IT Services, 4%                      | ■ Hotels, Restaurants & Leisure, 4%                  |
| ■ Media, 4%                            | ■ Software, 3%                                       |
| ■ Computers & Peripherals, 3%          | ■ Road & Rail, 3%                                    |
| ■ Building Products, 3%                | ■ Diversified Telecommunication Services, 2%         |
| ■ Specialty Retail, 2%                 | ■ Construction Materials, 2%                         |
| ■ Diversified Financial Services, 2%   | ■ Electrical Equipment, 1%                           |
| ■ Health Care Providers & Services, 1% | ■ Paper & Forest Products, 1%                        |
| ■ Other, 2%                            |  |

# Diversified LMM Portfolio (as a Percentage of Cost)

## Invested Capital by Transaction Type



## Invested Capital by Geography (1)



(1) Based upon portfolio company headquarters

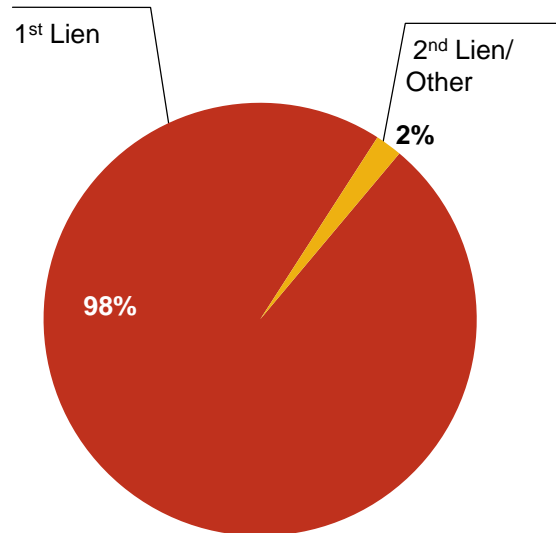
# LMM Portfolio Attributes Reflect Investment Strategy

High yielding secured debt investments coupled with significant equity participation = Attractive risk-adjusted returns

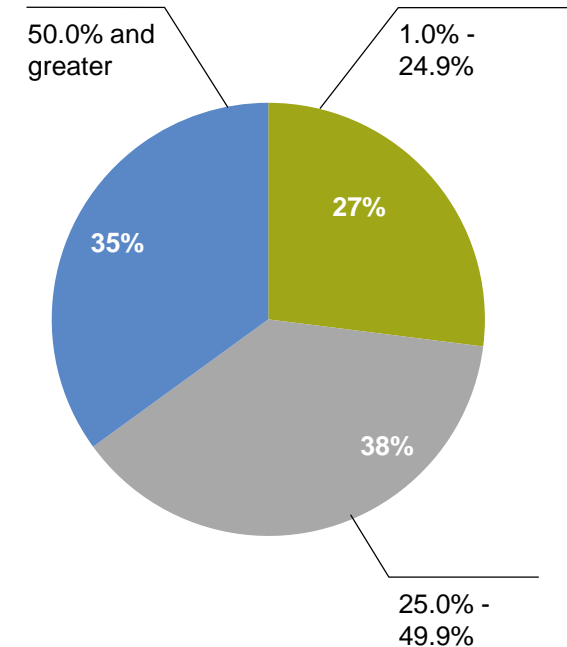
Weighted-Average Effective Yield = 11.8%

Average Fully Diluted Equity Ownership = 42%

Security Position on Debt Capital as a Percentage of Cost

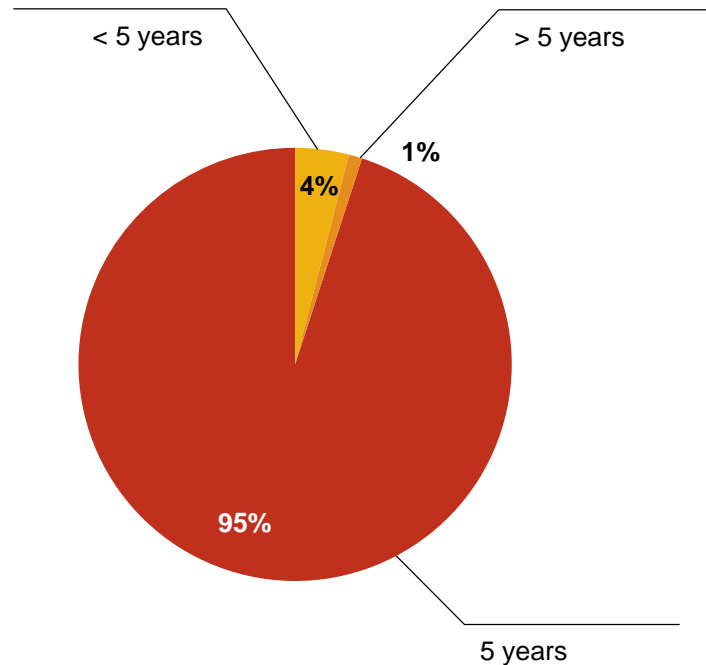


Fully Diluted Equity Ownership %

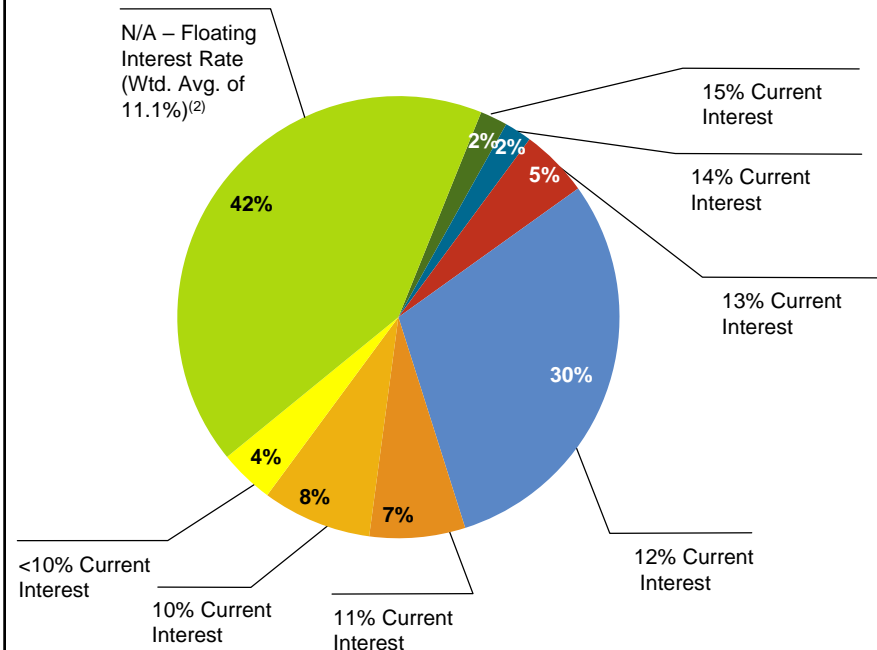


# Term and Total Interest Coupon of Existing LMM Debt Investments

## Original Term



## Total Interest Coupon (1)



**Debt Investments generally have a 5-Year Original Term and ~2.5 Year Weighted-Average Remaining Duration; Weighted-Average Effective Yield of 11.8% on Debt Portfolio**

(1) Interest coupon excludes amortization of deferred upfront fees, original issue discount, exit fees and any debt investments on non-accrual status

(2) Floating interest rates generally include contractual minimum "floor" rates; Interest rate of 11.1% is based on weighted-average principal balance of floating rate debt investments as of December 31, 2019

# Private Loan Investment Portfolio

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**Private Loan Investment Portfolio provides a diversified mix of investments and sources of income to complement the LMM Investment Portfolio**

**65 investments / \$692.1 million in fair value**

- 27% of total investment portfolio at fair value

**Average investment size of \$11.3 million<sup>(1)</sup> (less than 1% of total portfolio)**

**Investments in secured debt instruments**

- 94% of Private Loan portfolio is secured debt
- 95% of Private Loan debt portfolio is first lien term debt

**Debt yielding 9.5%<sup>(2)</sup>**

- 91% of Private Loan debt investments bear interest at floating rates<sup>(3)</sup>, providing matching with MAIN's floating rate credit facility
- Approximately 500 basis point net cash interest margin vs "matched" floating rate on the MAIN credit facility

(1) As of December 31, 2019; based on cost

(2) Weighted-average effective yield includes amortization of deferred debt origination fees and accretion of original issue discount, but excludes fees payable upon repayment of the debt instruments and any debt investments on non-accrual status

(3) 91% of floating interest rates on Private Loan debt investments are subject to contractual minimum "floor" rates

# Middle Market Investment Portfolio

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**Middle Market Investment Portfolio provides a diversified mix of investments and diverse sources of income to complement the LMM Investment Portfolio and a potential source of liquidity for MAIN's future investment activities**

## **51 investments / \$522.1 million in fair value**

- 20% of total investment portfolio at fair value

## **Average investment size of \$11.2 million<sup>(1)</sup> (less than 1% of total portfolio)**

## **Investments in secured and /or rated debt investments**

- 95% of Middle Market portfolio is secured debt
- 91% of Middle Market debt portfolio is first lien term debt

## **Debt yielding 8.6%<sup>(2)</sup>**

- 96% of Middle Market debt investments bear interest at floating rates<sup>(3)</sup>, providing matching with MAIN's floating rate credit facility
- Approximately 425 basis point net cash interest margin vs "matched" floating rate on the MAIN credit facility

## **More investment liquidity compared to LMM**

(1) As of December 31, 2019; based on cost

(2) Weighted-average effective yield includes amortization of deferred debt origination fees and accretion of original issue discount, but excludes fees payable upon repayment of the debt instruments and any debt investments on non-accrual status

(3) 81% of floating interest rates on Middle Market debt investments are subject to contractual minimum "floor" rates

# Private Loan & Middle Market Portfolios by Industry (as a Percentage of Cost)

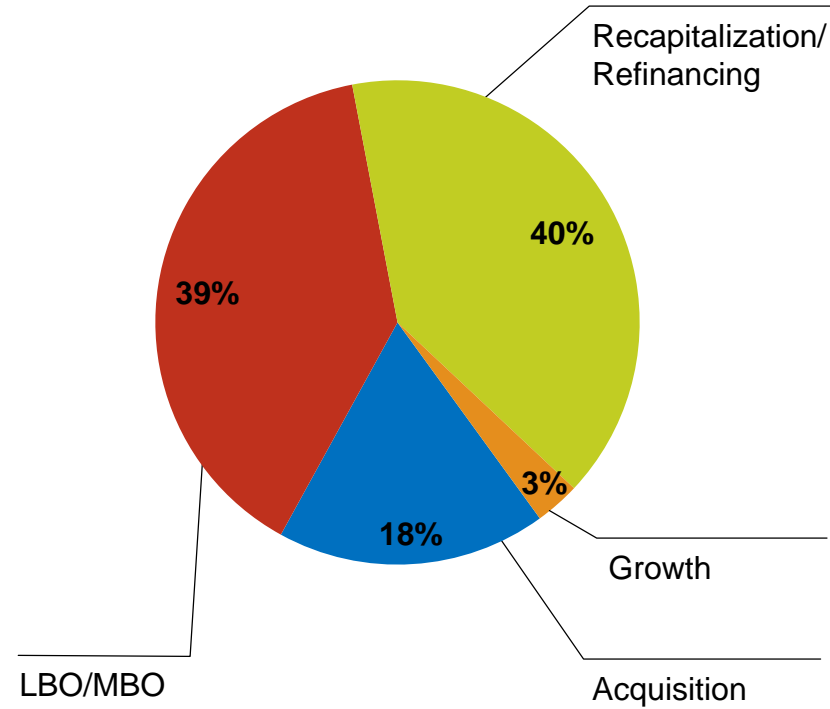


- Aerospace & Defense, 9%
- Health Care Providers & Services, 7%
- Machinery, 6%
- Communications Equipment, 5%
- IT Services, 5%
- Specialty Retail, 4%
- Construction & Engineering, 4%
- Energy Equipment & Services, 2%
- Distributors, 2%
- Chemicals, 2%
- Transportation Infrastructure, 2%
- Computers & Peripherals, 1%
- Textiles, Apparel & Luxury Goods, 1%
- Other, 4%
- Commercial Services & Supplies, 8%
- Media, 7%
- Oil, Gas & Consumable Fuels, 6%
- Diversified Telecommunication Services, 5%
- Internet Software & Services, 4%
- Hotels, Restaurants & Leisure, 4%
- Leisure Equipment & Products, 2%
- Diversified Financial Services, 2%
- Food & Staples Retailing, 2%
- Internet & Catalog Retail, 2%
- Software, 1%
- Food Products, 1%
- Professional Services, 1%

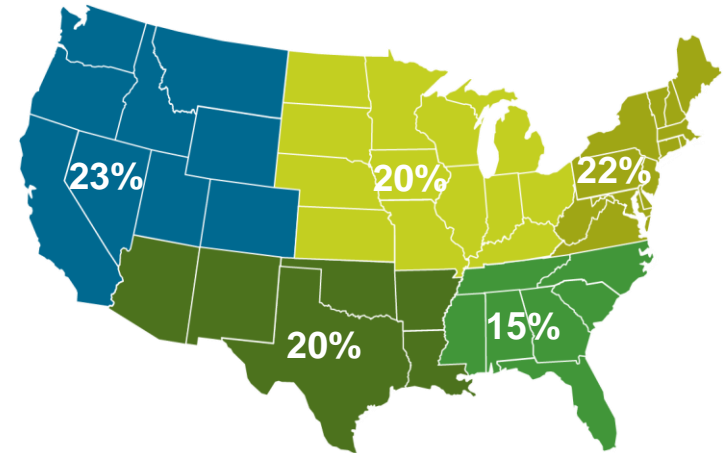


# Diversified Private Loan & Middle Market Investments (as a Percentage of Cost)

Invested Capital by Transaction Type



Invested Capital by Geography <sup>(1)</sup>



(1) Based upon portfolio company headquarters and excluding any MAIN investments headquartered outside the U.S., which represent approximately 3% of the combined Private Loan and Middle Market portfolios

**Main Street Capital Corporation**

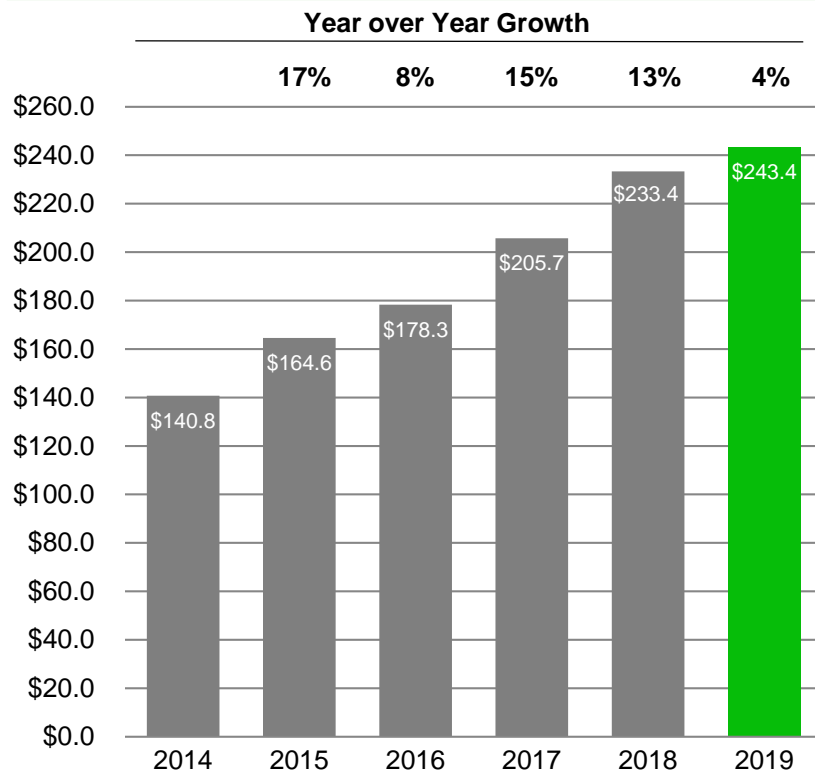
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## Financial Overview

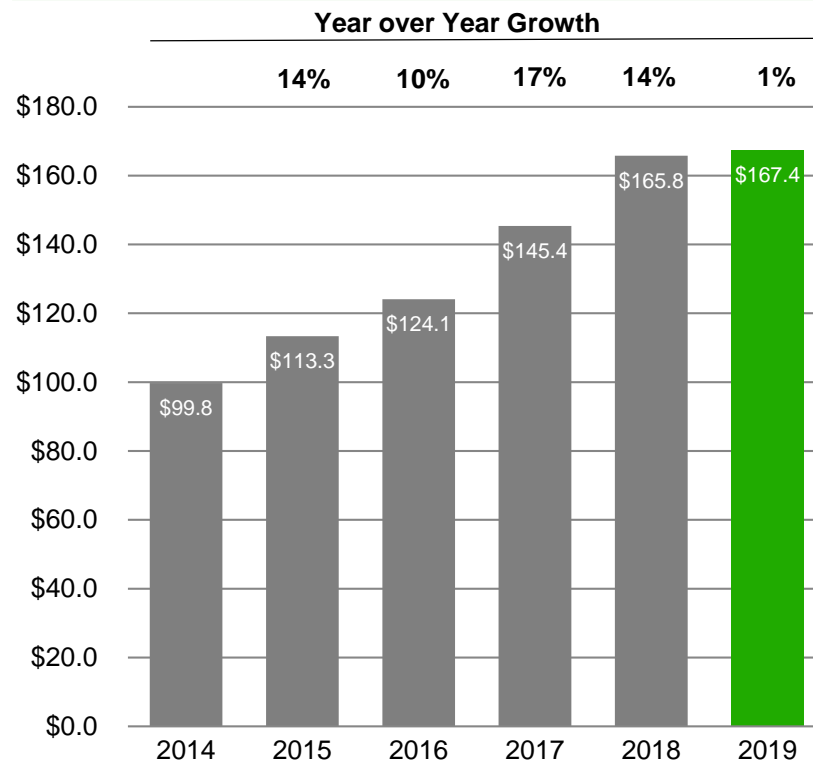
# 4<sup>th</sup> Quarter – 2019

# MAIN Financial Performance

## Total Investment Income (\$ in millions)

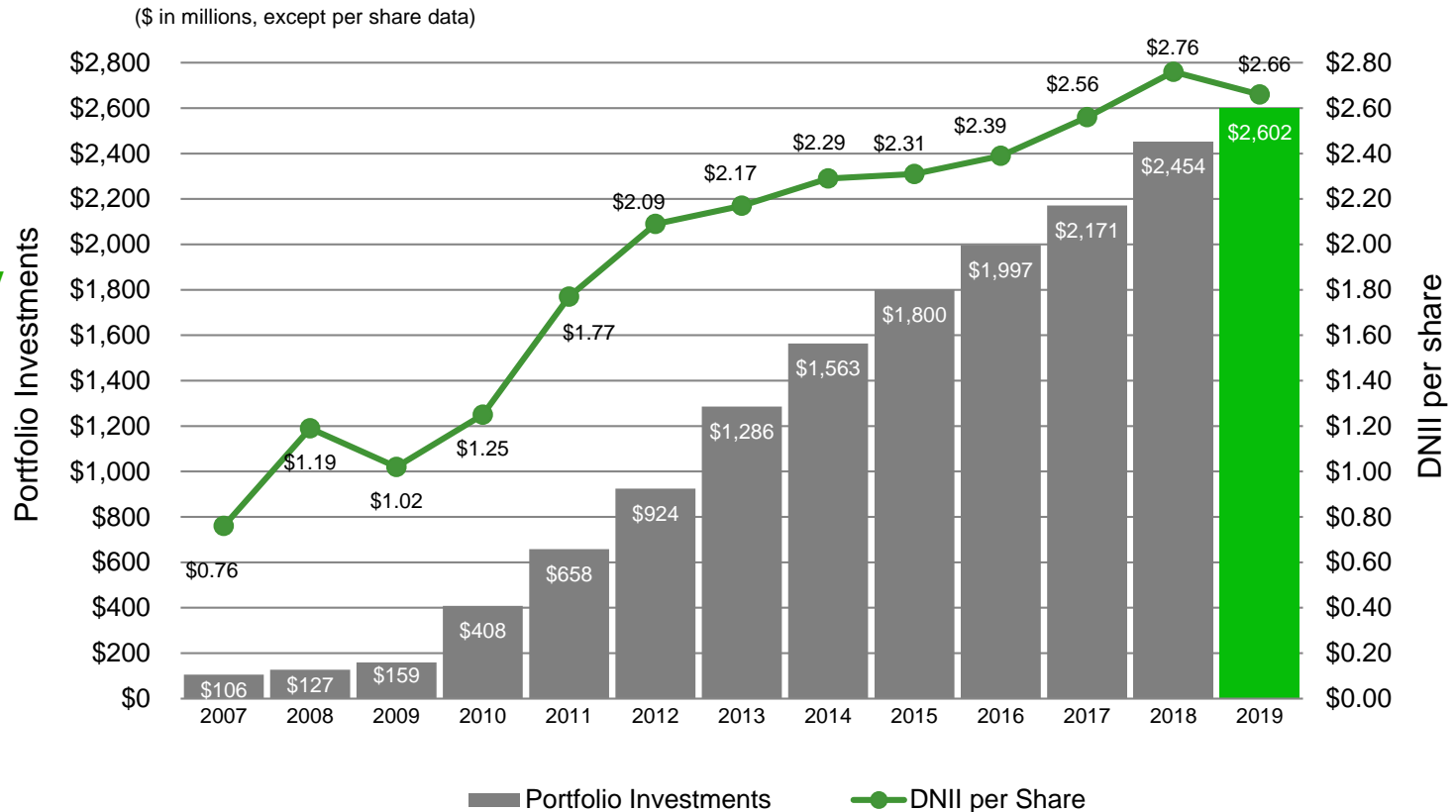


## Distributable Net Investment Income (\$ in millions)



# Long-Term Portfolio and DNII Per Share Growth

Since 2007, MAIN has accretively grown Portfolio Investments by 2362%, (or by 243% on a per share basis) and DNII per share by 250%



# Efficient and Leverageable Operating Structure

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**MAIN's internally managed operating structure provides significant operating leverage and greater returns for our shareholders**

**“Internally managed” structure means no external management fees or expenses are paid**

## **Alignment of interest between management and investors**

- Greater incentives to maximize increases to shareholder value and rationalize debt and equity capital raises
- 100% of MAIN's management efforts and activities are for the benefit of the BDC

**MAIN targets total operating expenses<sup>(1)</sup> as a percentage of average assets (Operating Expense to Assets Ratio) at or less than 2%**

- Long-term actual results have significantly outperformed target
- Industry leading Operating Expense to Assets Ratio of 1.4%<sup>(2)</sup>

**Significant portion of total operating expenses<sup>(1)</sup> are non-cash**

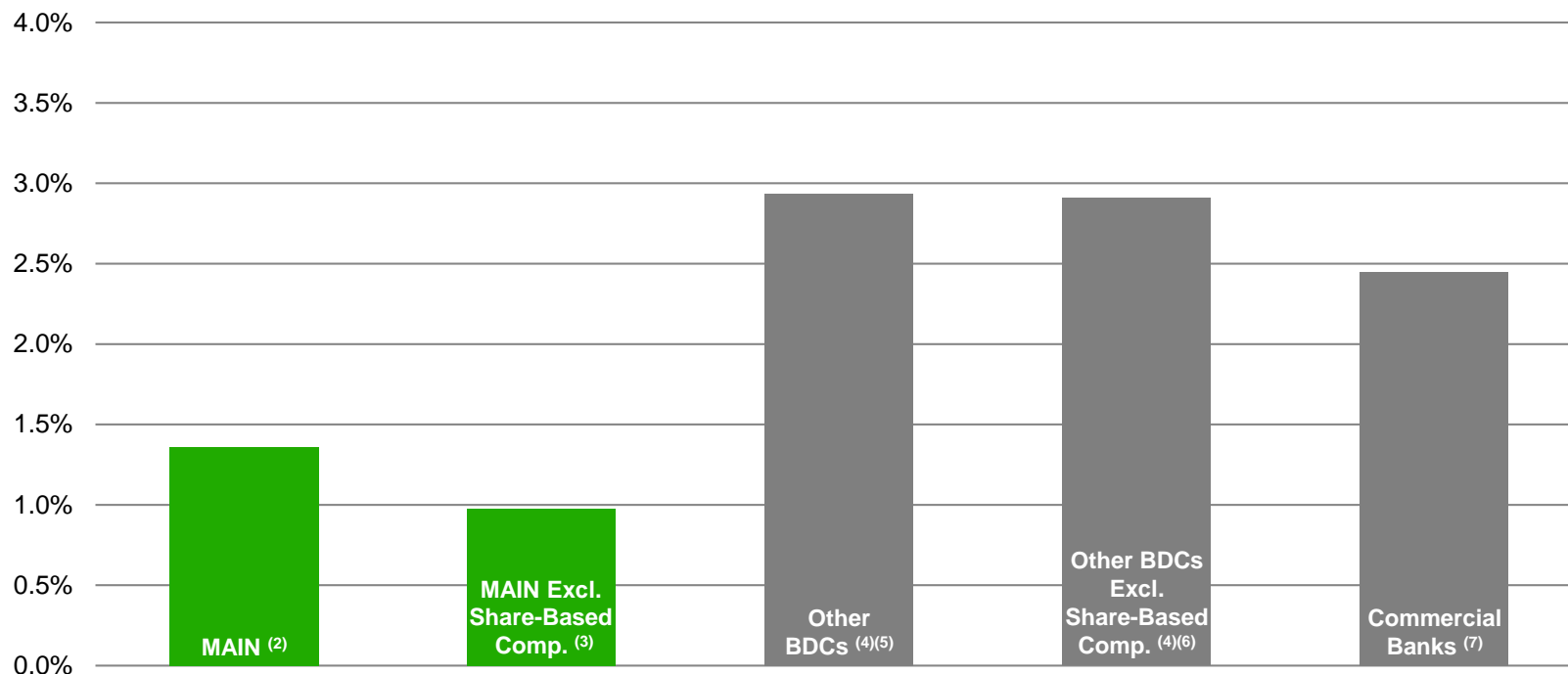
- Non-cash expense for restricted stock amortization was 28.2%<sup>(2)</sup> of total operating expenses<sup>(1)</sup>
- Operating Expense to Assets Ratio of 1.0%<sup>(2)</sup> excluding non-cash restricted stock amortization expense

(1) Total operating expenses, including non-cash share based compensation expense and excluding interest expense

(2) Based upon the year ended December 31, 2019

# MAIN Maintains a Significant Operating Cost Advantage

Operating Expenses as a Percentage of Total Assets<sup>(1)</sup>



(1) Total operating expenses excluding interest expense

(2) For the year ended December 31, 2019

(3) For the year ended December 31, 2019, excluding non-cash share-based compensation expense

(4) Other BDCs includes dividend paying BDCs that have been publicly-traded for at least two years and have total assets greater than \$500 million based on individual SEC Filings as of December 31, 2018; specifically includes: AINV, ARCC, BBDC, BKCC, CSWC, FDUS, FSK, GAIN, GARS, GBDC, GSBD, HTGC, MCC, MRCC, NEWT, NMFC, OCSI, OCSL, PFLT, PNNT, PSEC, SCM, SLRC, TCPC, TCRD, TSLX and WHF

(5) Calculation represents the average for the companies included in the group and is based upon the trailing twelve month period ended September 30, 2019 as derived from each company's SEC filings

(6) Calculation represents the average for the companies included in the group and excludes non-cash share-based compensation. Based upon the trailing twelve month period ended September 30, 2019 as derived from each company's SEC filings

(7) Source: SNL Financial. Calculation represents the average for the trailing twelve month period ended September 30, 2019 and includes commercial banks with a market capitalization between \$500 million and \$3 billion

# MAIN Income Statement Summary

(\$ in 000's)	Q4 18	Q1 19 <sup>(1)</sup>	Q2 19	Q3 19	Q4 19	Q4 19 vs. Q4 18 % Change <sup>(2)</sup>
Total Investment Income	\$ 59,280	\$ 61,365	\$ 61,293	\$ 60,068	\$ 60,649	2%
Expenses:						
Interest Expense	(11,511)	(11,916)	(12,329)	(12,893)	(13,122)	(14)%
G&A Expense	(3,417)	(7,629)	(6,969)	(5,591)	(5,477)	(60)%
Distributable Net Investment Income (DNII)	44,352	41,820	41,995	41,584	42,050	(5)%
DNII Margin %	74.8%	68.1%	68.5%	69.2%	69.3%	
Share-based compensation	(2,269)	(2,329)	(2,378)	(2,572)	(2,803)	(24)%
Net Investment Income	42,083	39,491	39,617	39,012	39,247	(7)%
Net Realized Gain (Loss) <sup>(1)</sup>	(1,413)	(5,927)	(2,554)	(5,876)	(949)	NM
Net Unrealized Appreciation (Depreciation) <sup>(1)</sup>	(29,111)	10,906	4,624	(3,246)	(23,533)	NM
Income Tax Benefit (Provision)	(2,054)	(3,069)	(3,433)	4,012	1,249	NM
Net Increase in Net Assets	\$ 9,505	\$ 41,401	\$ 38,254	\$ 33,902	\$ 16,014	68%

(1) Excludes the effect of the \$5.5 million realized loss recognized in the first quarter of 2019 on the repayment of the SBIC debentures issued prior to the date of the Main Street Capital II, LP acquisition which had previously been accounted for on the fair value method of accounting and the related accounting reversals of prior unrealized depreciation; The net effect of this item has no effect on Net Increase in Net Assets or Distributable Net Investment Income

(2) Percent change from prior year is based upon impact (increase/(decrease)) on Net Increase in Net Assets  
 NM – Not Measurable / Not Meaningful

## MAIN Per Share Change in Net Asset Value (NAV)

(\$ per share)	Q4 18	Q1 19 <sup>(1)</sup>	Q2 19	Q3 19	Q4 19
Beginning NAV	\$ 24.69	\$ 24.09	\$ 24.41	\$ 24.17	\$ 24.20
Distributable Net Investment Income	0.72	0.68	0.67	0.66	0.66
Share-Based Compensation Expense	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
Net Realized Gain (Loss) <sup>(1)</sup>	(0.02)	(0.10)	(0.04)	(0.09)	(0.01)
Net Unrealized Appreciation (Depreciation) <sup>(1)</sup>	(0.47)	0.19	0.07	(0.05)	(0.37)
Income Tax Benefit (Provision)	<u>(0.03)</u>	<u>(0.06)</u>	<u>(0.05)</u>	<u>0.06</u>	<u>0.02</u>
Net Increase in Net Assets	0.16	0.67	0.61	0.54	0.26
Regular Monthly Dividends to Shareholders	(0.585)	(0.585)	(0.60)	(0.615)	(0.615)
Supplemental Dividends to Shareholders	(0.275)	-	(0.25)	-	(0.24)
Accretive Impact of Stock Offerings <sup>(2)</sup>	0.06	0.22	0.08	0.09	0.28
Other <sup>(3)</sup>	<u>0.04</u>	<u>0.02</u>	<u>(0.08)</u>	<u>0.01</u>	<u>0.02</u>
Ending NAV <sup>(4)</sup>	<u>\$ 24.09</u>	<u>\$ 24.41</u>	<u>\$ 24.17</u>	<u>\$ 24.20</u>	<u>\$ 23.91</u>
Weighted Average Shares	61,186,693	61,864,688	62,880,035	63,297,943	63,775,000

Certain fluctuations in per share amounts are due to rounding differences between quarters.

- (1) Excludes the effect of the \$5.5 million realized loss recognized in the first quarter of 2019 on the repayment of the SBIC debentures issued prior to the date of the Main Street Capital II, LP acquisition which had previously been accounted for on the fair value method of accounting and the related accounting reversals of prior unrealized depreciation; The net effect of this item has no effect on Net Increase in Net Assets or Distributable Net Investment Income
- (2) Includes accretive impact of shares issued through the Dividend Reinvestment Plan (DRIP) and ATM program
- (3) Includes differences in weighted-average shares utilized for calculating changes in NAV during the period and actual shares outstanding utilized in computing ending NAV and other minor changes
- (4) Cumulative NAV per share growth from \$12.85 at December 31, 2007 to \$23.91 at December 31, 2019 has been primarily generated through retained earnings (~15%) and accretive offerings (~85%)



# MAIN Balance Sheet Summary

(\$ in 000's, except per share amounts)	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
LMM Portfolio Investments	\$ 1,195,035	\$ 1,214,179	\$ 1,213,697	\$ 1,199,633	\$ 1,206,865
Middle Market Portfolio Investments	576,929	566,700	519,614	548,710	522,083
Private Loan Investments	507,892	539,990	594,421	627,893	692,117
Other Portfolio Investments	108,305	109,902	111,119	110,632	106,739
External Investment Manager	65,748	65,820	69,578	70,328	74,520
Cash and Cash Equivalents	54,181	47,368	70,548	52,281	55,246
Other Assets	45,336	50,940	50,801	55,901	53,979
<b>Total Assets</b>	<b>\$ 2,553,426</b>	<b>\$ 2,594,899</b>	<b>\$ 2,629,778</b>	<b>\$ 2,665,378</b>	<b>\$ 2,711,549</b>
Credit Facility	\$ 301,000	\$ 340,000	\$ 122,000	\$ 150,000	\$ 300,000
SBIC Debentures <sup>(1)</sup>	338,186	314,702	315,189	305,768	306,188
Notes Payable	356,960	357,292	603,678	604,215	507,824
Other Liabilities	81,231	60,408	67,829	73,340	61,147
<b>Net Asset Value (NAV)</b>	<b>1,476,049</b>	<b>1,522,497</b>	<b>1,521,082</b>	<b>1,532,055</b>	<b>1,536,390</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,553,426</b>	<b>\$ 2,594,899</b>	<b>\$ 2,629,778</b>	<b>\$ 2,665,378</b>	<b>\$ 2,711,549</b>
Total Portfolio Fair Value as % of Cost	108%	109%	109%	108%	107%
Common Stock Price Data:					
High Close	\$ 39.06	\$ 39.21	\$ 41.80	\$ 44.34	\$ 43.68
Low Close	32.58	33.99	37.49	40.90	41.27
Quarter End Close	33.81	37.20	41.12	43.21	43.11

(1) Includes adjustment to the face value of Main Street Capital II, LP ("MSC II") Small Business Investment Company ("SBIC") debentures pursuant to the fair value method of accounting elected for such MSC II SBIC borrowings; Total par value of MAIN's SBIC debentures at December 2019 was \$311.8 million

# MAIN Liquidity and Capitalization

(\$ in 000's)	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
Cash and Cash Equivalents	\$ 54,181	\$ 47,368	\$ 70,548	\$ 52,281	\$ 55,246
Availability Under Credit Facility <sup>(1)</sup>	404,000	365,000	583,000	555,000	405,000
Remaining SBIC Debentures Capacity	200	25,200	25,200	35,200	35,200
Total Liquidity	\$ 458,381	\$ 437,568	\$ 678,748	\$ 642,481	\$ 495,446
<i>Debt at Par Value:</i>					
Credit Facility <sup>(1)</sup>	\$ 301,000	\$ 340,000	\$ 122,000	\$ 150,000	\$ 300,000
SBIC Debentures	345,800	321,800	321,800	311,800	311,800
Notes Payable	360,000	360,000	610,000	610,000	510,000
Net Asset Value (NAV)	1,476,049	1,522,497	1,521,082	1,532,055	1,536,390
Total Capitalization	\$ 2,482,849	\$ 2,544,297	\$ 2,574,882	\$ 2,603,855	\$ 2,658,190
Debt to NAV Ratio <sup>(2)</sup>	0.68 to 1.0	0.67 to 1.0	0.69 to 1.0	0.70 to 1.0	0.73 to 1.0
Non-SBIC Debt to NAV Ratio <sup>(3)</sup>	0.45 to 1.0	0.46 to 1.0	0.48 to 1.0	0.50 to 1.0	0.53 to 1.0
Net Debt to NAV Ratio <sup>(4)</sup>	0.65 to 1.0	0.64 to 1.0	0.65 to 1.0	0.67 to 1.0	0.69 to 1.0
Interest Coverage Ratio <sup>(5)</sup>	4.81 to 1.0	4.73 to 1.0	4.61 to 1.0	4.49 to 1.0	4.33 to 1.0

(1) As of December 31, 2019, MAIN's credit facility had \$705.0 million in total commitments with an accordion feature to increase up to \$800.0 million; Borrowings under this facility are available to provide additional liquidity for investment and operational activities

(2) SBIC Debentures are not included as "senior debt" for purposes of the BDC 200% asset coverage requirements pursuant to exemptive relief received by MAIN; Debt to NAV Ratio is calculated based upon the par value of debt

(3) Non-SBIC Debt to NAV Ratio is calculated based upon the par value of debt

(4) Net debt in this ratio includes par value of debt less cash and cash equivalents

(5) DNII + interest expense / interest expense on a trailing twelve month basis

# Stable, Long-Term Leverage – Significant Unused Capacity

**MAIN maintains a conservative capital structure, with limited overall leverage and low cost, long-term debt**

**Capital structure is designed to match expected duration and fixed/floating rate nature of investment portfolio assets**

Facility	Interest Rate	Maturity	Principal Drawn
\$705.0 million Credit Facility <sup>(1)</sup>	L+1.875% floating (3.7% <sup>(2)</sup> )	September 2023 (fully revolving until maturity)	\$300.0 million
Notes Payable	4.5% fixed	Redeemable at MAIN's option at any time, subject to certain make-whole provisions; Matures December 1, 2022	\$185.0 million
Notes Payable	5.2% fixed	Redeemable at MAIN's option at any time, subject to certain make-whole provisions; Matures May 1, 2024	\$325.0 million
SBIC Debentures	3.6% fixed (weighted average)	Various dates between 2020 - 2028 (weighted average duration = 5.1 years)	\$311.8 million

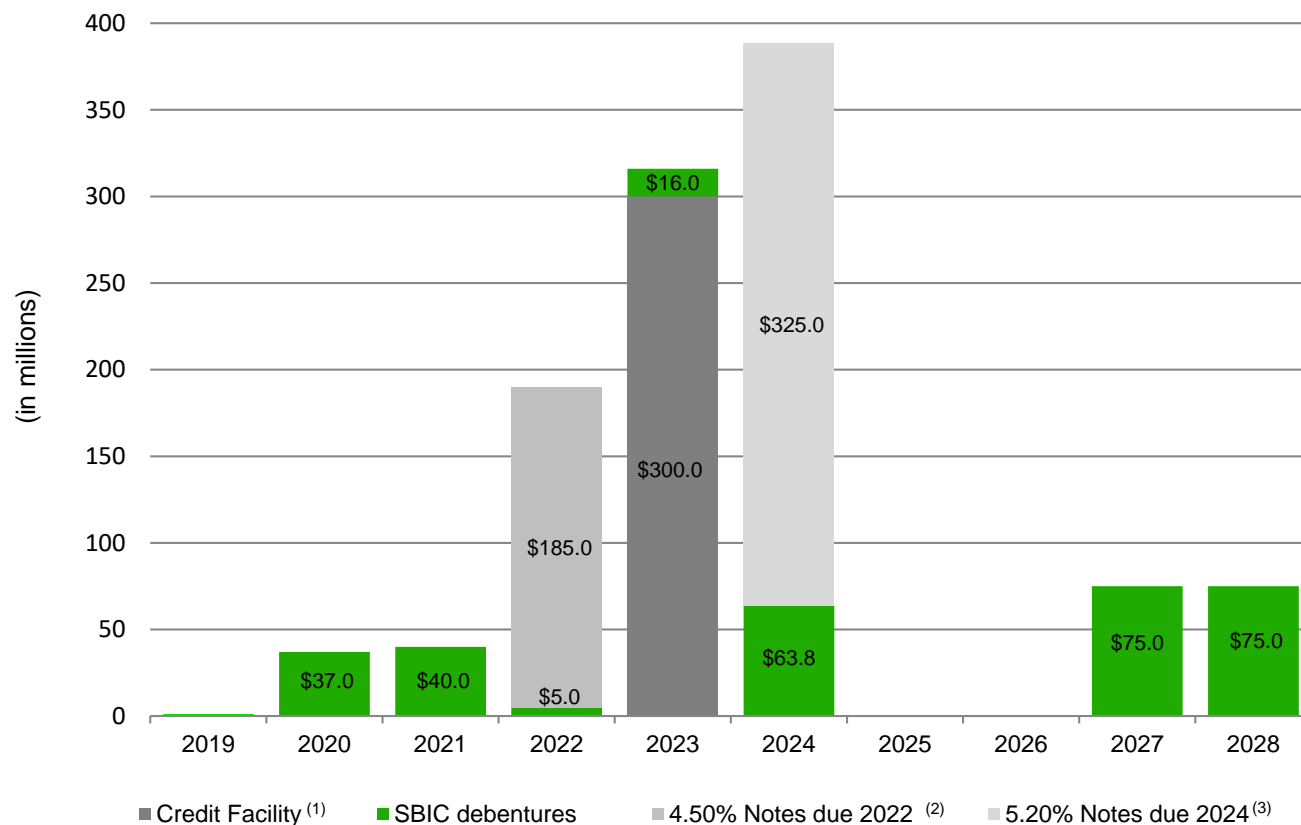
(1) As of December 31, 2019, MAIN's credit facility had \$705.0 million in total commitments from 17 relationship banks, with an accordion feature which could increase total commitments up to \$800.0 million

(2) Revolver rate reflects the rate based on LIBOR as of December 31, 2019 and effective as of the contractual reset date as of January 1, 2020

# Long-term Maturity of Debt Obligations

**MAIN's conservative capital structure provides long-term access to attractively-priced and structured debt facilities**

- Allows for investments in assets with long-term holding periods / illiquid positions and greater yields and overall returns
- Provides downside protection and liquidity through economic cycles
- Allows MAIN to be opportunistic during periods of economic uncertainty



(1) Based upon outstanding balance as of December 31, 2019; total commitments at December 31, 2019 were \$705.0 million

(2) Issued in November 2017; redeemable at MAIN's option at any time, subject to certain make-whole provisions

(3) Issued in April 2019 with a follow-on issuance in December 2019; redeemable at MAIN's option at any time, subject to certain make-whole provisions

## Interest Rate Impact and Sensitivity

**While MAIN financial results are subject to significant impact from changes in interest rates, upside is greater than downside due to majority fixed rate debt obligations and majority floating rate debt investments with minimum interest rate floors**

- 73% of MAIN's outstanding debt obligations have fixed interest rates<sup>(4)</sup>, limiting the increase in interest expense
- 74% of MAIN's debt investments bear interest at floating rates<sup>(4)</sup>, the majority of which contain contractual minimum index rates, or "interest rate floors" (weighted-average floor of approximately 110 basis points)<sup>(5)</sup>
- Provides MAIN the opportunity to achieve significant increases in net investment income if interest rates rise

The following table illustrates the approximate annual changes in the components of MAIN's net investment income due to hypothetical increases (decreases) in interest rates<sup>(1)(2)</sup> (dollars in thousands):

Basis Point Increase (Decrease) in Interest Rate	Increase (Decrease) in Interest Income	(Increase) Decrease in Interest Expense <sup>(3)</sup>	Increase (Decrease) in Net Investment Income	Increase (Decrease) in Net Investment Income per Share <sup>(6)</sup>
(200)	\$ (13,324)	\$ 5,288	\$ (8,036)	\$ (0.13)
(175)	(13,175)	5,250	(7,925)	(0.12)
(150)	(12,724)	4,500	(8,224)	(0.13)
(125)	(12,236)	3,750	(8,486)	(0.13)
(100)	(11,734)	3,000	(8,734)	(0.14)
(75)	(10,017)	2,250	(7,767)	(0.12)
(50)	(6,747)	1,500	(5,247)	(0.08)
(25)	(3,414)	750	(2,664)	(0.04)
25	3,455	(750)	2,705	0.04
50	7,007	(1,500)	5,507	0.09
100	14,112	(3,000)	11,112	0.17
200	28,322	(6,000)	22,322	0.35

- (1) Assumes no changes in the portfolio investments, outstanding revolving credit facility borrowings or other debt obligations existing as of December 31, 2019
- (2) Assumes that all LIBOR and prime rates would change effectively immediately on the first day of the period. However, the actual contractual LIBOR rate reset dates would vary throughout each month generally on either a monthly or quarterly basis across both the investments and our revolving credit facility
- (3) The hypothetical (increase) decrease in interest expense would be impacted by the changes in the amount of debt outstanding under our revolving credit facility, with interest expense (increasing) decreasing as the debt outstanding under our revolving credit facility increases (decreases)
- (4) As of December 31, 2019
- (5) Weighted-average interest rate floor calculated based on debt principal balances as of December 31, 2019
- (6) Per share amount is calculated using shares outstanding as of December 31, 2019

## Significant Management Ownership / Investment

Significant equity ownership by MAIN's management team, coupled with internally managed structure, provides alignment of interest between MAIN's management and our shareholders

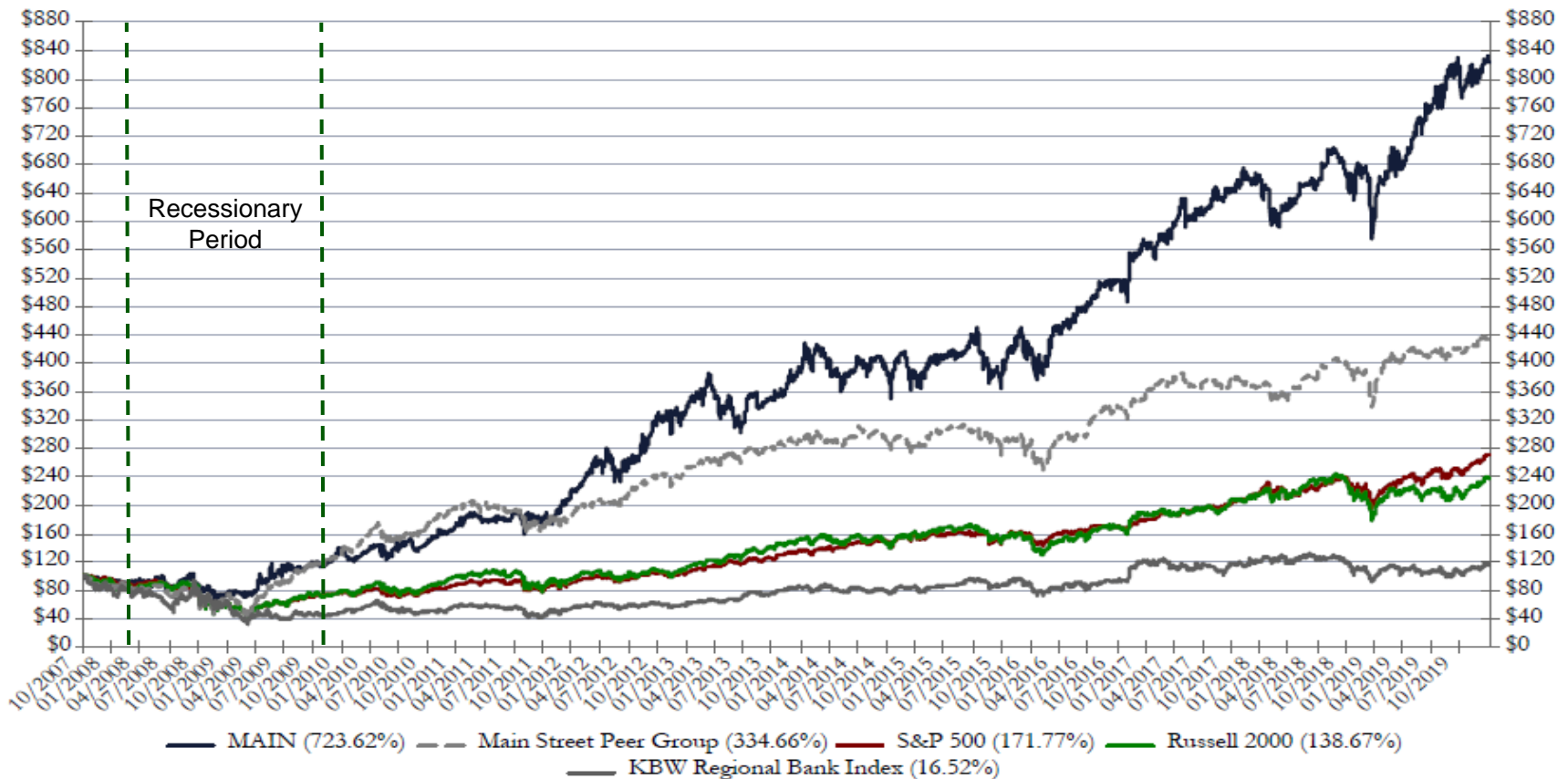
	# of Shares <sup>(2)</sup>	December 31, 2019 <sup>(3)</sup>
Management <sup>(1)</sup>	3,319,692	\$143,111,922

(1) Includes members of MAIN's executive and senior management team and the members of MAIN's Board of Directors

(2) Includes 1,206,397 shares, or approximately \$31.4 million, purchased by Management as part of, or subsequent to, the MAIN IPO, including 14,460 shares, or approximately \$0.6 million, purchased in the quarter ended December 31, 2019

(3) Based upon closing market price of \$43.11/share on December 31, 2019

# MAIN Total Return Performance Since IPO



- Notes:
- (1) Assumes dividends reinvested on date paid
  - (2) The Main Street Peer Group includes all BDCs that have been publicly-traded for at least one year and that have total assets greater than \$500 million based on individual SEC Filings as of December 31, 2018; specifically includes: AINV, ARCC, BBDC, BKCC, CGBD, CSWC, FDUS, FSK, GAIN, GARS, GBDC, GSB, HTGC, MCC, MRCC, NEWT, NMFC, OCSI, OCSL, PFLT, PNNT, PSEC, SCM, SLRC, TCPC, TCRD, TSLX, and WHF.
  - (3) Main Street Peer Group is equal weighted
  - (4) Indexed as of October 5, 2007 and last trading date is December 31, 2019

Consistent market outperformance through various economic cycles

# Executive Summary

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## **Unique focus on under-served Lower Middle Market**

- Inefficient asset class with less competition
- Unique market opportunity with attractive risk-adjusted returns
- Generally first lien, senior secured debt investments plus meaningful equity participation

## **Invest in complementary interest-bearing Private Loan and Middle Market debt investments**

- Lower risk / more liquid asset class
- Opportunity for consistent investment activity
- Generally first lien, senior secured debt investments

## **Efficient internally managed operating structure drives greater shareholder returns**

- Alignment of interests between management and our shareholders
- Maintains the lowest operating cost structure in the BDC industry
- Favorable operating cost comparison to other yield oriented investment options

## **Attractive, recurring monthly dividend yield and historical net asset value per share growth**

- Periodic increases in monthly dividends coupled with meaningful semi-annual supplemental dividends
- Increase in net asset value per share creates opportunity for stock price appreciation

## **Strong liquidity and stable capitalization for sustainable growth**

## **Highly invested management team with successful track record**

## **Niche investment strategy with lower correlation to broader debt / equity markets**



# MAIN Corporate Data

Please visit our website at [www.mainstcapital.com](http://www.mainstcapital.com) for additional information

## Board of Directors

Michael Appling, Jr.  
Chief Executive Officer (CEO)  
TnT Crane & Rigging

Valerie L. Banner  
SVP, General Counsel &  
Corporate Secretary  
Exterran Corporation

Joseph E. Canon  
EVP & Executive Director  
Kickapoo Springs Foundation  
The Leggett Foundation

Vincent D. Foster  
Executive Chairman  
Main Street Capital Corporation

Arthur L. French  
Retired CEO/Executive

J. Kevin Griffin  
SVP, Financial Planning &  
Analysis  
Novant Health, Inc.

Dwayne L. Hyzak  
CEO  
Main Street Capital Corporation

John E. Jackson  
President & CEO  
Spartan Energy Partners, LP

Brian E. Lane  
CEO & President  
Comfort Systems USA

Stephen B. Solcher  
SVP, Finance and Operations  
& Chief Financial Officer  
BMC Software

## Board of Directors (cont.)

Kay Matthews  
Board of Directors  
SVB Financial Group and  
Coherent, Inc.

## Executive Officers

Dwayne L. Hyzak  
Chief Executive Officer

David L. Magdol  
President & Chief Investment  
Officer

Vincent D. Foster,  
Executive Chairman

Jesse E. Morris  
Chief Operating Officer and  
Executive Vice President

Brent D. Smith  
Chief Financial Officer &  
Treasurer

Jason B. Beauvais  
SVP, General Counsel,  
Secretary & Chief  
Compliance Officer

Nicholas T. Meserve  
Managing Director (MD)

Shannon D. Martin  
Vice President & Chief  
Accounting Officer

## Research Coverage

Mitchel Penn  
Janney Montgomery Scott  
(410) 583-5976

Bryce Rowe  
National Securities Corporation  
(212) 417-8243

Robert J. Dodd  
Raymond James  
(901) 579-4560

Kenneth S. Lee  
RBC Capital Markets  
(212) 905-5995

Michael Ramirez  
SunTrust Robinson Humphrey  
(404) 926-5607

## Corporate Headquarters

1300 Post Oak Blvd, 8<sup>th</sup> Floor  
Houston, TX 77056  
Tel: (713) 350-6000  
Fax: (713) 350-6042

## Independent Registered Public Accounting Firm

Grant Thornton, LLP  
Houston, TX

## Corporate Counsel

Dechert, LLP  
Washington, D.C.

## Securities Listing

Common Stock – NYSE: MAIN

## Transfer Agent

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

## Investor Relation Contacts

Dwayne L. Hyzak  
Chief Executive Officer

Brent D. Smith  
Chief Financial Officer

Tel: (713) 350-6000

Ken Dennard  
Zach Vaughan  
Dennard Lascar Investor Relations  
Tel: (713) 529-6600

## Management Executive Committee

Dwayne L. Hyzak, Chief Executive Officer

David L. Magdol, President & Chief  
Investment Officer

Vincent D. Foster, Executive Chairman

## Investment Committee

Dwayne L. Hyzak, Chief Executive Officer

David L. Magdol, President & Chief  
Investment Officer

Vincent D. Foster, Executive Chairman