



MVC Capital Announces Fiscal Third Quarter 2017 Results

PURCHASE, N.Y., Sept. 11, 2017 (GLOBE NEWSWIRE) -- MVC Capital, Inc. (NYSE:MVC) (the Company), a publicly traded business development company (BDC) that makes private debt and equity investments, announced its financial results for the fiscal third quarter ended July 31, 2017.

Recent Highlights

- Acquired 1,442,307 shares of its common stock at \$10.40 per share on August 24, 2017 through a modified "Dutch Auction" Tender Offer (See "Subsequent Events" below.)
 - Tender offer resulted in accretion of \$0.20 per share, not reflected in the July 31, 2017 quarter-end NAV of \$13.38 per share.
- Completed the sale of U.S. Gas & Electric, Inc. ("USG&E"), MVC's largest portfolio holding, to Crius Energy Trust (TSX:KWH.UN) ("Crius") for gross consideration valued at \$126.1 million. As part of the sale, MVC received:
 - Cash of \$50 million,
 - \$40.5 million in face value of 9.5% second-lien callable notes due in July 2025, and
 - 3,282,982 Crius Energy Trust units (yielding 7.5%) valued at \$24.6 million.¹
- Received repayments of loans during the quarter from Biogenics Reagents (\$18.1 million), Thunderdome Restaurants LLC (\$3.0 million) and Pride Engineering LLC (\$5.1 million).²
- Generated total operating income of \$7.3 million in the third quarter of fiscal 2017, compared to \$8.0 million (including a \$2.5 million dividend from USG&E) for the same quarter of fiscal 2016.
- Reported a net increase in net assets from operations of \$23.9 million or \$1.06 per share, (including dividends), the fourth quarter in a row of positive bottom line performance (growth in net asset value from operations).
- Paid 49th consecutive quarterly dividend of \$0.135 per share on July 31, 2017.

Financial Results

(Unaudited) (\$ in thousands except for per share data)	Quarter Ended				
	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Total operating income	7,305	3,929	3,380	5,417	8,005
Management fee	1,393	1,696	1,814	1,721	1,932
Portfolio fees - asset management	146	138	177	183	185
Management fee - asset management	67	49	62	72	60
Administrative	804	1,172	1,474	802	1,319
Interest, fees and other borrowing costs	2,649	2,606	2,538	2,598	2,488
Net incentive compensation	5,077	985	760	577	(1,512)
Total waiver by adviser	(386)	(461)	(491)	(467)	(521)
Tax expense	-	-	1	1	-
Net operating (loss) income before net realized and unrealized gains	(2,445)	(2,256)	(2,955)	(70)	4,054
Net increase (decrease) in net assets resulting from operations	23,906	3,069	4,377	5,279	(3,536)
Net increase (decrease) in net assets resulting from operations per share	1.06	0.14	0.19	0.23	(0.16)
Net asset value per share	13.38	12.45	12.45	12.39	12.27

In the third quarter of fiscal 2017, the Company earned \$6.0 million in interest income and \$1.3 million in fee income, compared to \$5.0 million in interest income and \$3.0 million in dividend and fee income, in the

same quarter of fiscal 2016.

The Company reported a net operating loss of \$2.4 million for the third quarter of fiscal 2017, compared to net operating income of \$4.1 million for the same quarter in fiscal 2016.

Portfolio Adjustments

As of July 31, 2017, the Company's net assets were \$301.8 million, or \$13.38 per share, compared with net assets of \$280.9 million, or \$12.45 per share, at the end of the prior fiscal quarter.

Investment Activity

During the third quarter of fiscal 2017, in connection with the sale of USG&E, the Company received gross consideration for its investment in USG&E valued at \$126.1 million, including \$11.0 million for the repayment of its outstanding loans from the Company. The fair value of the consideration received by the Company on the date of closing for its equity investment in U.S. Gas was \$115.1 million comprised of: (i) \$50.0 million of cash; (ii) \$40.5 million in 9.5% second-lien callable notes due from USG&E in July 2025 (before certain post-closing and indemnification adjustments, if any); and (iii) 3,282,982 Crius Energy Trust units valued at \$24.6 million, resulting in a realized gain of \$114.6 million. As a result of the USG&E transaction this quarter, the Company acquired securities of USG&E and Crius that total \$65.1 million.

The Company also made one follow-on investment in MVC Automotive, an existing portfolio company, totaling \$2.2 million.

Liquidity

As of July 31, 2017, MVC had investments in portfolio companies totaling \$303.0 million and cash and cash equivalents of \$119.8 million, including \$300,253 in restricted cash.

At July 31, 2017, there were no outstanding borrowings under MVC's \$100 million revolving credit facility with Branch Banking and Trust Company ("BB&T") and there were no outstanding borrowings under its credit facility with Santander Bank N.A.

Dividends

During the third quarter of fiscal 2017, the Board of Directors declared a dividend of \$3.0 million or \$0.135 per share, paid on July 31, 2017 to shareholders of record on July 24, 2017.

Since implementing its dividend policy in July of 2005, MVC has paid forty-nine consecutive quarterly dividends. Through July 31, 2017, dividends paid total approximately \$148 million or \$6.54 per share.

Subsequent Events

On August 18, 2017, the Company completed a modified Dutch Auction Tender Offer by purchasing 1,442,307 (or 6.4% of the Company's shares outstanding) at \$10.40 per share or \$15 million. As a result of the tender offer, NAV per share increased by \$0.20, not reflected in the July 31, 2017 quarter-end NAV of \$13.38 per share.

On August 31, 2017, MVC's credit facility with BB&T was renewed and decreased to a \$25 million revolving credit facility (at MVC's election), which expires on August 31, 2018. There was no change to the interest

rate or unused fee on the revolving credit facility. The Company paid reduced closing costs associated with this transaction of \$62,500.

¹ Based upon the closing price for Crius Energy Trust units on July 5, 2017, the prevailing currency exchange rate on such date and a 5% discount applied for the six-month lock-up.

² Repayments include accrued interest.

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About MVC Capital, Inc.

MVC is a business development company traded on the New York Stock Exchange that provides long-term debt and equity investment capital to fund growth, acquisitions and recapitalizations of companies in a variety of industries. For additional information about MVC, please visit MVC's website at www.mvccapital.com.

Safe Harbor Statement and Other Disclosures

The information contained in this press release contains forward-looking statements. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. Certain factors could cause actual results and conditions to differ materially from those projected in these forward-looking statements, including: MVC Capital's ability to deliver value to all shareholders and execute its yield investment strategy; the ability to pay and grow MVC distributions; the performance of MVC Capital's investments; and changes in economic or financial market conditions and other factors that are enumerated in the Company's periodic filings with the Securities and Exchange Commission. MVC Capital disclaims and does not undertake any obligation to update or revise any forward-looking statement in this press release.

The press release contains unaudited financial results. For ease of review, we have excluded the word "approximately" when rounding the results.

There can be no assurance that future dividend payments will match or exceed historic ones, or that they will be made at all. This press release is for informational purposes only and is not an offer to purchase or a solicitation of an offer to sell shares of MVC's common stock. There is no assurance that the market price of MVC's shares, either absolutely or relative to net asset value, will increase as a result of any share repurchases, or that the program will enhance shareholder value over the long-term. There can be no assurance that MVC will achieve its investment objective.

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