

January 17, 2017

## MVC Capital Announces Fiscal Fourth Quarter and Full Year 2016 Results

PURCHASE, N.Y., Jan. 17, 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 fourth quarter and full year ending October 31, 2016.

### Recent Highlights

- ┆ Total operating income of \$37.4 million for the fiscal year ending October 31, 2016, compared to \$23.7 million for the same period in 2015
- ┆ Net increase in net assets from operations of \$2.8 million for fiscal 2016
- ┆ Total operating income of \$5.4 million for the fourth quarter of fiscal year 2016, compared to \$6.0 million for the same quarter in fiscal year 2015
- ┆ Net increase in net assets from operations over the third quarter of fiscal 2016 of \$0.23 per share and \$0.12 per share over fiscal 2015
- ┆ Paid 46<sup>th</sup> consecutive quarterly dividend of \$0.135 per share on October 31, 2016

### Financial Results

(Unaudited) (\$ in thousands except for per share data)	Quarter Ended					Fiscal Year Ended	
	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Oct-16	Oct-15
Total operating income	\$ 5,417	\$ 8,005	\$ 15,855	\$ 8,090	\$ 6,046	\$ 37,367	\$ 23,699
Management fee	\$ 1,721	\$ 1,932	\$ 1,958	\$ 1,979	\$ 1,900	\$ 7,590	\$ 7,845
Portfolio fees - asset management	\$ 183	\$ 185	\$ 186	\$ 187	\$ 187	\$ 741	\$ 767
Management fee - asset management	\$ 72	\$ 60	\$ 86	\$ 101	\$ 85	\$ 319	\$ 160
Administrative	\$ 802	\$ 1,319	\$ 1,174	\$ 958	\$ 1,685	\$ 4,253	\$ 5,305
Interest, fees and other borrowing costs	\$ 2,598	\$ 2,488	\$ 2,497	\$ 2,629	\$ 2,532	\$ 10,212	\$ 10,230
Net incentive compensation	\$ 577	\$ (1,512)	\$ 1,135	\$ (2,230)	\$ (771)	\$ (2,030)	\$ (9,757)
Total waiver by adviser	\$ (467)	\$ (521)	\$ (1,527)	\$ (532)	\$ (37)	\$ (3,047)	\$ (150)
Tax expense	\$ 1	-	\$ 1	-	\$ -	\$ 2	\$ 2
Net operating income (loss) before net realized and unrealized gains	\$ (70)	\$ 4,054	\$ 10,345	\$ 4,998	\$ 465	\$ 19,327	\$ 9,297
Net increase (decrease) in net assets resulting from operations	\$ 5,279	\$ (3,536)	\$ 6,046	\$ (4,991)	\$ (2,045)	\$ 2,798	\$ (37,560)
Net increase (decrease) in net assets resulting from operations per share	\$ 0.23	\$ (0.16)	\$ 0.26	\$ (0.21)	\$ (0.10)	\$ 0.12	\$ (1.66)
Net asset value per share	\$ 12.39	\$ 12.27	\$ 12.56	\$ 12.43	\$ 12.95	\$ 12.39	\$ 12.95

For the fourth quarter of fiscal year 2016, the Company earned \$4.2 million in interest income and \$1.2 million in dividend and fee income, compared to \$5.5 million and \$580,000, respectively, for the same quarter in fiscal year 2015.

The Company reported a net operating loss of \$70,000 for the fourth quarter of fiscal year 2016, compared to net operating income of \$465,000 for the same quarter in fiscal year 2015.

For the fiscal year 2016, the Company earned \$19.5 million in interest income and \$17.9 million in dividend and fee income, compared to \$19.4 million and \$4.3 million, respectively, for fiscal year 2015. The increase in income over the prior fiscal

year was primarily due to dividends received from certain portfolio companies.

The Company reported net operating income of \$19.3 million for fiscal year 2016, compared to \$9.3 million for fiscal year 2015.

For the fourth quarter of fiscal year 2016, the Company reported a net increase in net assets from operations over the third quarter of \$0.23 per share and \$0.12 per share over fiscal year 2015. Additionally, MVC reported an increase in NAV per share over the prior quarter of \$0.12 per share and a decrease of \$0.56 per share over fiscal year 2015.

### **Portfolio Adjustments**

As of October 31, 2016, the Company's net assets were \$279.6 million, or \$12.39 per share, compared with net assets of \$278.5 million, or \$12.27 per share, at the end of the prior fiscal quarter and \$294.1 million, or \$12.95 per share, at October 31, 2015.

During the fourth quarter of fiscal year 2016, changes in the fair values of 21 portfolio company securities and escrow receivables resulted in a net increase of \$3.7 million or \$0.16 per share<sup>1</sup>.

For the fiscal year 2016, changes in the fair values of 28 portfolio company securities and escrow receivables resulted in a net decrease of \$19.1 million or \$0.84 per share<sup>1</sup>.

### **Investment Activity**

During the fourth quarter of fiscal 2016, MVC made no new investments and made two follow-on investments totaling \$2.6 million.

For the fiscal year 2016, MVC made six new investments totaling \$35.7 million and nine follow-on investments totaling \$8.5 million. Of the \$44.2 million in investments, \$42.6 million or 96% of the investments were yielding investments.

Throughout fiscal year 2016, MVC received \$75.1 million of cash from its portfolio through debt repayments and monetizations.

During the fiscal year 2016, MVC repurchased \$1.2 million or 146,409 of its shares at an average price of \$8.31, including commissions.

### **Liquidity**

As of October 31, 2016, MVC had investments in portfolio companies totaling \$360.1 million and cash and cash equivalents of \$21.0 million, including \$0.8 million in restricted cash.

As of October 31, 2015, the Company had investments in portfolio companies totaling \$400.9 million and cash and cash equivalents of \$16.8 million, including \$1.0 million in restricted cash.

### **Dividends**

During the fourth quarter of fiscal year 2016, the Board of Directors declared a dividend of \$3.1 million or \$0.135 per share, paid on October 31, 2016 to shareholders of record on October 24, 2016.

Since implementing its dividend policy in July of 2005 through October 31, 2016, MVC paid forty-six consecutive quarterly dividends totaling \$139 million or \$6.13 per share.

For the fiscal year 2016, the Company paid dividends totaling \$16.1 million or \$0.71 per share.

<sup>1</sup> Based on shares outstanding as of October 31, 2016.

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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 the MVC's website at [www.mvccapital.com](http://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. There can be no assurance whether, when and to what extent MVC will repurchase shares, as the share repurchase program does not obligate MVC to acquire any specific number of shares and may be discontinued at any time. Share repurchases may also be subject to appropriate trading windows and are subject to the ongoing discretion of our Portfolio Manager. 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.*

Contact:

Investor Relations

Jackie Rothchild

MVC Capital

914.510.9400

Or

Jeffrey Goldberger / Allison Soss

KCSA Strategic Communications

212.896.1249 / 212.896.1267

Media Inquiries

Patrick Scanlan

Sard Verbinnen & Co.

212.687.8080

 Primary Logo

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