

Bain Capital Specialty Finance, Inc.

Third Quarter 2019
Earnings Presentation

Bain Capital Specialty Finance, Inc.

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Bain Capital Specialty Finance (“BCSF”) Highlights

Investment Focus

- Primary focus is directly originating loans to middle market, sponsor backed companies with \$10-150M of EBITDA. Portfolio median EBITDA: \$54.0 million. Median leverage through investment: 5.0x
- Highly diversified portfolio of investments of 126 companies across 30 industries
- Portfolio comprised of 87% first lien senior secured, 98.7% floating rate, and 87% with financial covenants

Benefits from Broader Bain Capital Platform

- Bain Capital is one of the world’s leading private alternative asset management firms
- Approximately \$105 billion in AUM
- 28-person Private Credit Group provides comprehensive coverage and broad geographical reach across 1,500+ middle market private equity sponsors, banks and financial intermediaries
- Bottom-up approach is grounded in business and industry due diligence, prudent investment structuring, and thorough documentation providing lender protections

Strategic Partnership

- Bain Capital Specialty Finance has access to a range of differentiated strategic partnerships given the scope of Bain Capital and the breadth of our network
- BCSF continues to have a relationship with Antares Capital to source and make investments in unitranche loans

Quarterly Highlights

- Q3 2019 investment fundings of \$274.8 million
- Total investment income: \$52.7 million
- NII: \$21.2 million or \$0.41 per share
- Q3 ROE: 8.3%⁽¹⁾

Portfolio Highlights

We have invested approximately \$2.9 billion in aggregate principal since inception, driven by a robust origination pipeline and global sourcing capabilities.

\$2,507M

Current Portfolio Size

126

Portfolio Companies

30

Industries

7.7%

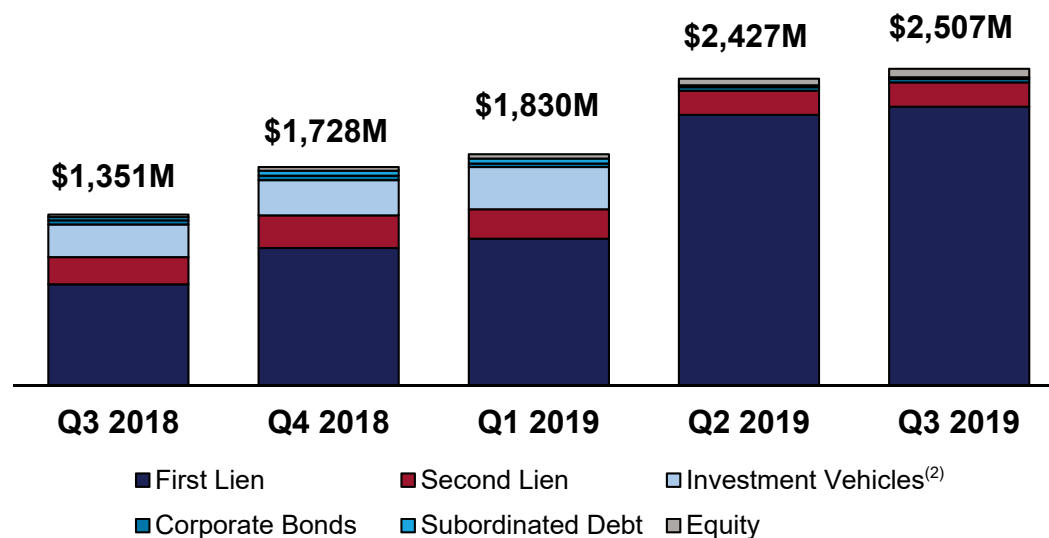
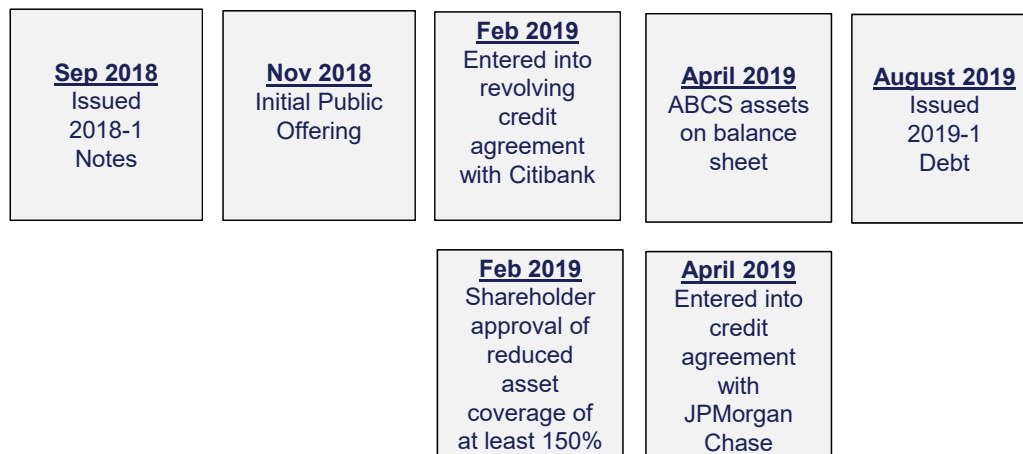
Weighted Avg. Gross Yield⁽¹⁾

Portfolio of Predominantly Senior Secured, Floating Rate Loans

Portfolio growth in market value quarter over quarter of 3.3%

No Non-Accruals to Date

Portfolio Companies	113	132	133	123	126
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Selected Quarterly Financial Information

(Dollar amounts in millions, except share data; per share data is based on weighted average shares outstanding during period, except as otherwise noted)

	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Net investment income per share	\$0.33	\$0.41	\$0.41	\$0.41	\$0.41
Net realized gain (loss) per share	(0.07)	0.03	0.05	0.12	0.01
Net unrealized gain (loss) per share	0.20	(0.65)	0.30	(0.16)	(0.07)
Net income per share	0.46	(0.21)	0.76	0.37	0.35
Distributions paid per share	0.41	0.41	0.41	0.41	0.41
Net asset value per share (ending shares)	20.17	19.46	19.81	19.77	19.71
<hr/>					
Total Fair Value of Investments	\$1,351.4	\$1,727.8	\$1,829.9	\$2,427.4	\$2,506.7
Number of Portfolio Companies	113	132	133	123	126
Floating rate investments as % of total	95.6%	95.5%	96.1%	98.5%	98.7%
Weighted Average Gross Yield	8.7%	8.7%	8.8%	8.0%	7.7%
<hr/>					
Net Assets	\$884.0	\$1,001.6	\$1,019.8	\$1,021.2	\$1,018.2
Debt ⁽¹⁾	599.3	637.0	916.9	1,507.1	1,662.3
Debt to Equity at Quarter-End ⁽²⁾	0.68x	0.64x	0.90x	1.48x	1.63x

Selected Quarterly Financial Information

(Dollar amounts in millions)

	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Originations and Net Investment Activity:					
Investment Fundings	\$343.4	\$451.8	\$275.5	\$403.1 ⁽²⁾	\$274.8
Sales and Repayments	65.1	42.7	192.2	378.1 ⁽²⁾	184.2
Net Investment Activity	278.3	409.1	83.3	25.0	90.6
Total Investment Portfolio at Cost					
First Lien Debt	57.0%	61.3%	62.0%	86.9%	86.6%
First Lien, Last-out Unitranche Debt	2.2	1.5	1.5	1.1	1.1
Second Lien Debt	16.0	15.0	12.8	8.1	8.0
Subordinated Debt	1.8	2.3	2.2	0.6	0.5
Corporate Bonds	2.5	2.4	1.7	1.3	1.3
Investment Vehicles ⁽¹⁾	19.1	16.0	18.1	-	-
Equity Interest	1.3	1.4	1.3	1.2	1.7
Preferred Equity	0.1	0.1	0.4	0.8	0.8
Warrants	-	-	-	-	-

Quarterly Balance Sheets (Quarter Ended September 30, 2019)

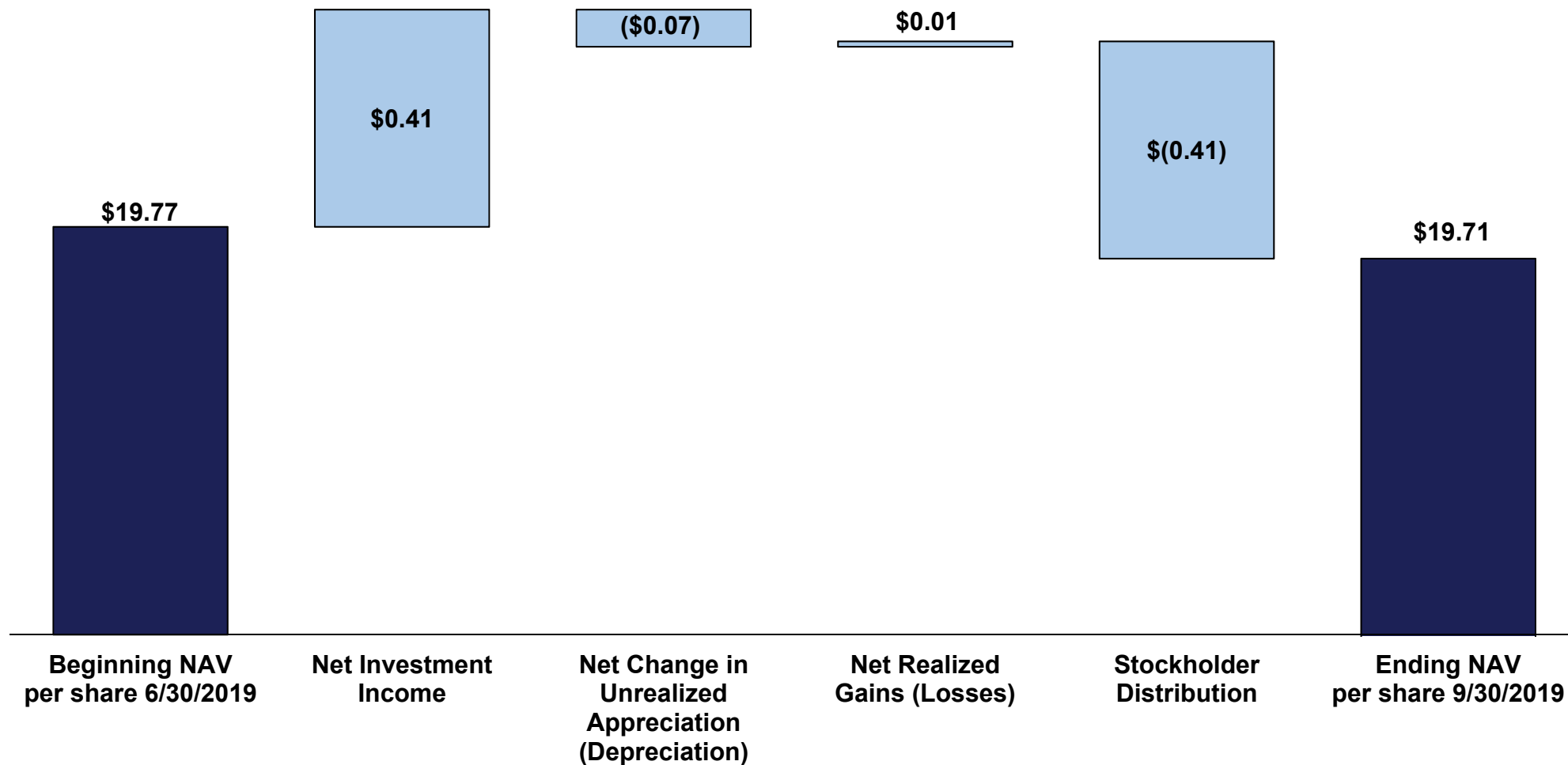
<i>\$ in '000s</i>	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Assets					
Investments at fair value	\$ 1,351,443	\$ 1,727,806	\$ 1,829,940	\$ 2,427,415	\$ 2,506,734
Cash and cash equivalents	151,070	14,693	79,140	100,358	70,637
Foreign cash	1,666	591	1,479	599	992
Restricted cash	37,736	17,987	14,009	27,946	86,402
Collateral on forward currency exchange contracts	824	4	404	1,984	64
Deferred offering costs	1,085	-	-	-	-
Deferred financing costs	4,736	4,018	3,873	3,868	3,471
Receivable for sales and paydowns	-	-	40,236	12,016	28,070
Interest receivable on investments	4,482	6,251	7,974	13,529	18,600
Unrealized appreciation on forward currency contracts	5,618	9,322	6,038	331	9,308
Dividend receivable	6,084	8,709	9,150	292	1,037
Other assets	101	1,635	3,701	1,484	2,147
Total Assets	\$ 1,564,846	\$ 1,791,014	\$ 1,995,944	\$ 2,589,822	\$ 2,727,462
Liabilities					
Debt (net of issuance costs) ⁽¹⁾	\$ 597,255	\$ 634,925	\$ 914,896	\$ 1,505,096	\$ 1,657,578
Deferred offering costs payable	1,085	1,820	1,731	1,731	1,731
Interest payable	599	4,835	5,096	10,893	12,381
Payable for investments purchased	56,274	119,166	24,370	15,241	3,033
Unrealized depreciation on forward currency contracts	-	-	-	158	-
Base management fee payable	2,320	2,950	4,501	6,366	6,328
Incentive fee payable	2,931	3,300	2,103	4,490	3,567
Distributions payable	17,967	21,108	21,108	21,176	21,176
Other liabilities	2,455	1,281	2,305	3,469	3,443
Total Liabilities	\$ 680,885	\$ 789,385	\$ 976,110	\$ 1,568,620	\$ 1,709,237
Total Net Assets	\$ 883,961	\$ 1,001,629	\$ 1,019,834	\$ 1,021,202	\$ 1,018,225
Total Liabilities and Net Assets	\$ 1,564,846	\$ 1,791,014	\$ 1,995,944	\$ 2,589,822	\$ 2,727,462
Net Assets per share	\$ 20.17	\$ 19.46	\$ 19.81	\$ 19.77	\$ 19.71
Shares outstanding at end of period (thousands)	43,822	51,482	51,482	51,650	51,650

Quarterly Operating Results (Quarter Ended September 30, 2019)

For Three Months Ended

<i>\$ in '000s</i>	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Interest income	\$ 20,367	\$ 24,461	\$ 30,495	\$ 45,073	\$ 51,491
Dividend income	6,204	9,041	9,373	5,152	961
Other income	91	246	22	373	236
Total Investment Income	\$ 26,662	\$ 33,748	\$ 39,890	\$ 50,598	\$ 52,688
Interest and debt financing financing expenses	\$ 6,524	\$ 7,873	\$ 10,546	\$ 16,619	\$ 19,427
Base management fee	4,639	5,901	6,751	7,983	8,910
Incentive fee	3,242	2,512	4,086	4,490	4,330
Other operating expenses	1,297	921	1,497	1,968	2,191
Total expenses	\$ 15,702	\$ 17,207	\$ 22,880	\$ 31,060	\$ 34,858
Management and incentive fees waived	(2,939)	(3,235)	(4,233)	(1,617)	(3,345)
Total expenses, net of fee waivers	\$ 12,763	\$ 13,973	\$ 18,647	\$ 29,443	\$ 31,513
Net investment income before income taxes	\$ 13,899	\$ 19,774	\$ 21,243	\$ 21,155	\$ 21,175
Excise tax expense	-	-	-	-	-
Net investment income	\$ 13,899	\$ 19,774	\$ 21,243	\$ 21,155	\$ 21,175
Net realized and unrealized gains (losses)	5,092	(29,646)	18,069	(1,933)	(2,976)
Net increase (decrease) in net assets	\$ 18,991	\$ (9,872)	\$ 39,313	\$ 19,222	\$ 18,199
Net investment income per share	\$ 0.33	\$ 0.41	\$ 0.41	\$ 0.41	\$ 0.41
Weighted average shares outstanding (thousands)	41,733	47,782	51,482	51,630	51,650

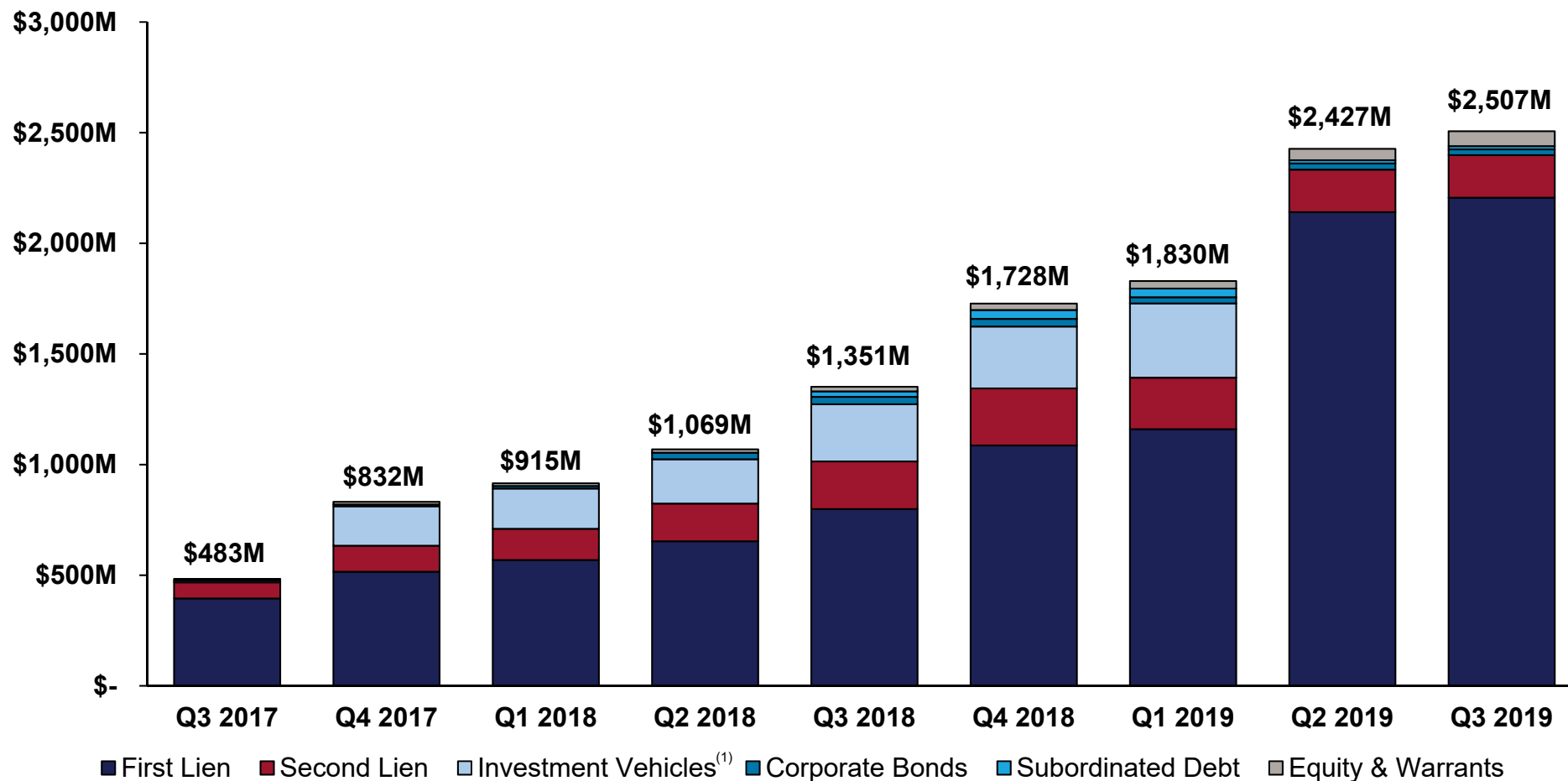
Net Asset Value Bridge – Q3 2019



Portfolio Overview

The Fair Value of Investments for BCSF as of September 30, 2019 is \$2,506.7 million.

Fair Value of Investments (in millions)



(1) Represents equity investment in ABCS.

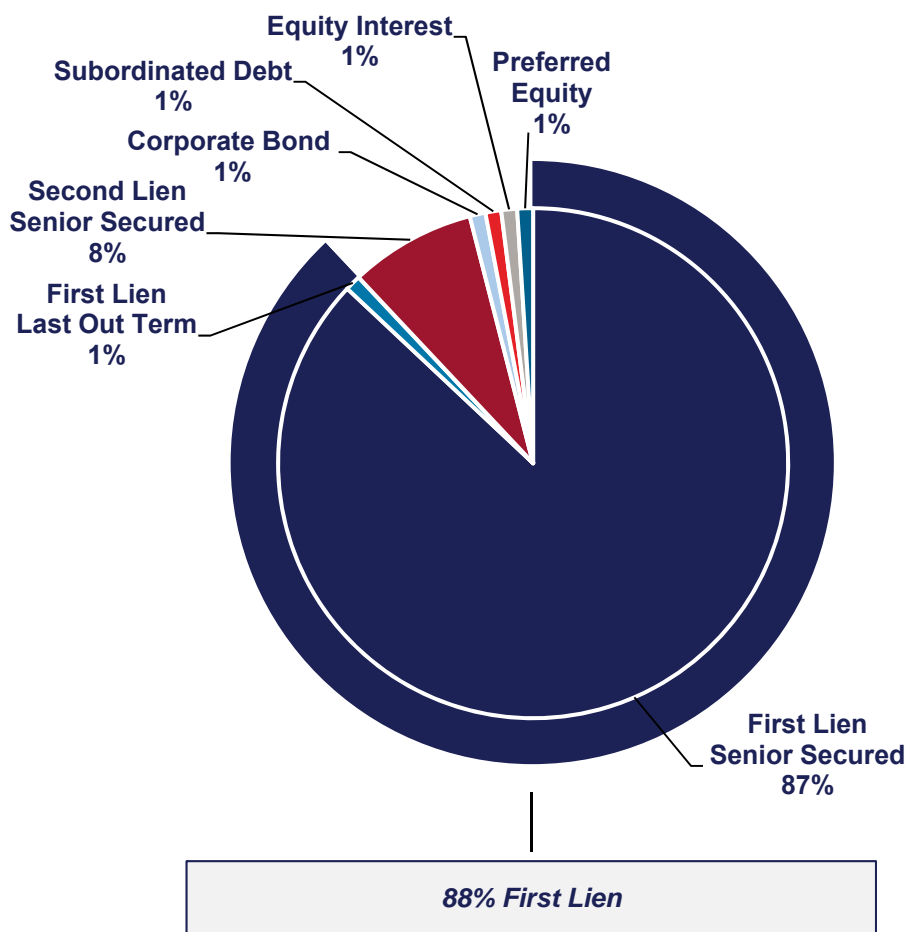
Portfolio Overview

The portfolio primarily consists of loans that represent the first dollar of risk in a capital structure. We focus on investing in structures that provide strong lender controls.

Portfolio Composition

Focus on First Dollar Risk ⁽¹⁾

Focus on Control



Primarily Sponsored ⁽²⁾

Sponsored

Majority of Loans Benefit From a Financial Covenant ⁽³⁾

Covenant

Effective Loan Voting Control ⁽⁴⁾

Positive Voting Control

Negative Voting Control

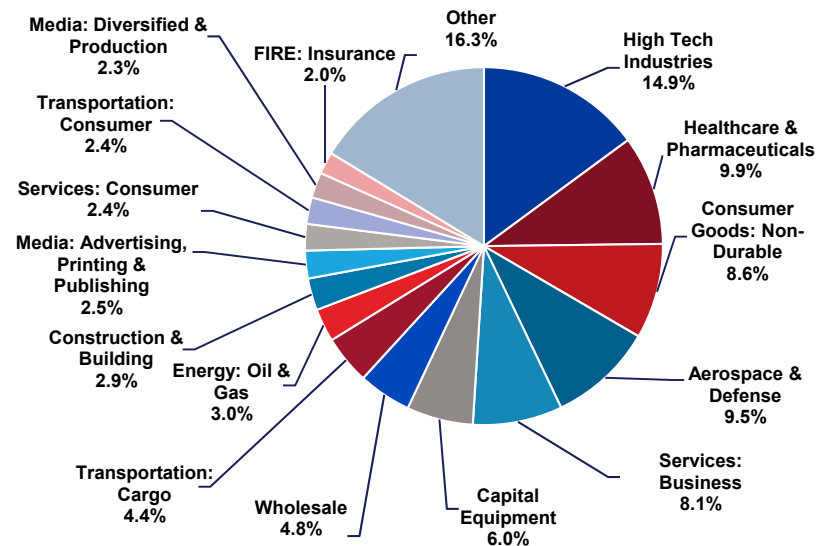
Other

BCSF Portfolio Overview

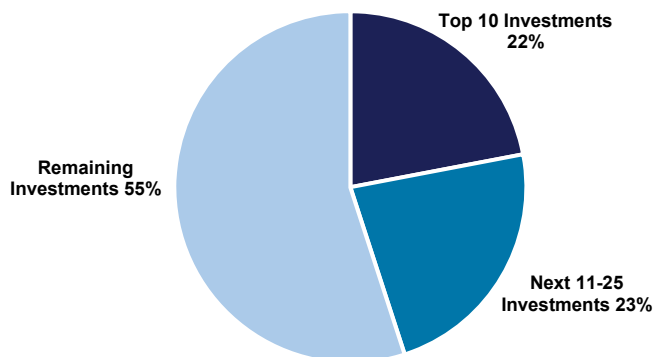
Portfolio Characteristics

Investments at Fair Value	\$2,506.7M
Unfunded Commitments	\$221.3M
Gross Yield at Fair Value of Investments ⁽¹⁾	7.7%
Number of Companies	126
Floating / Fixed Rate	98.7% / 1.3%

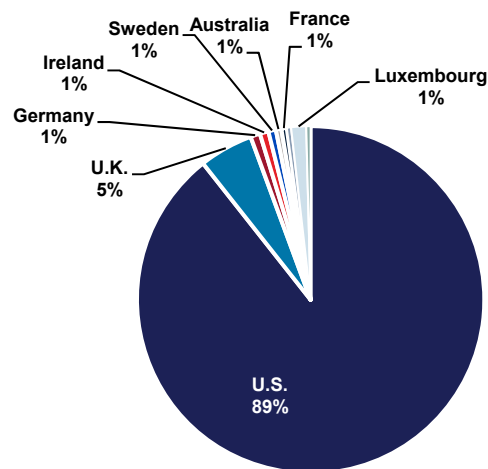
Industry



Diversification of Investments

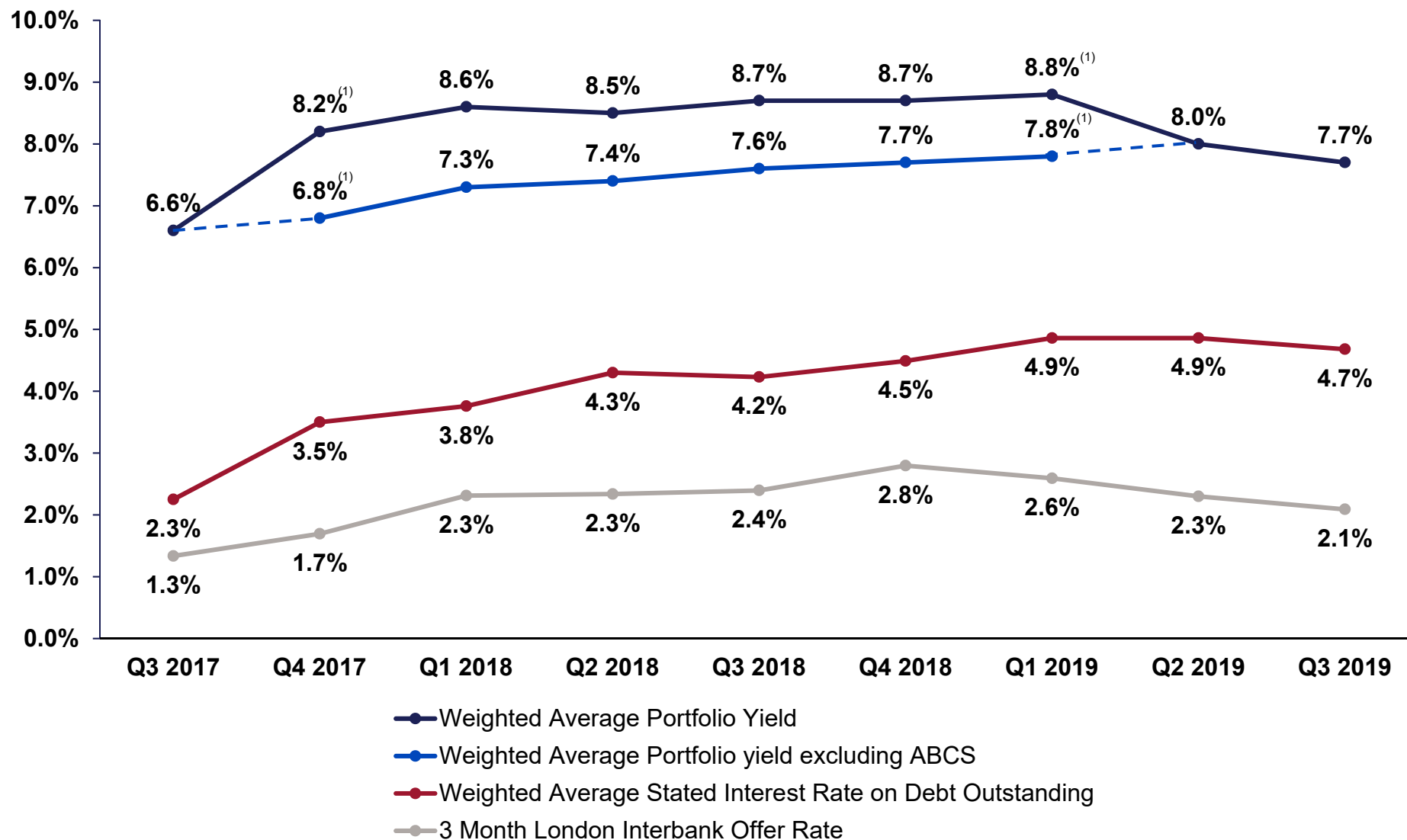


Geography



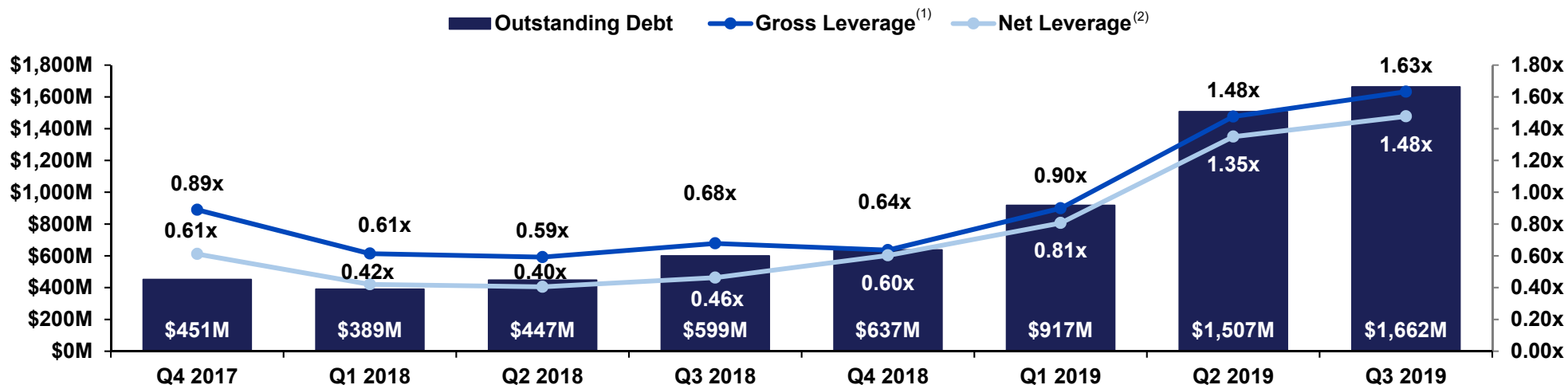
Portfolio Yield

Yield Analysis

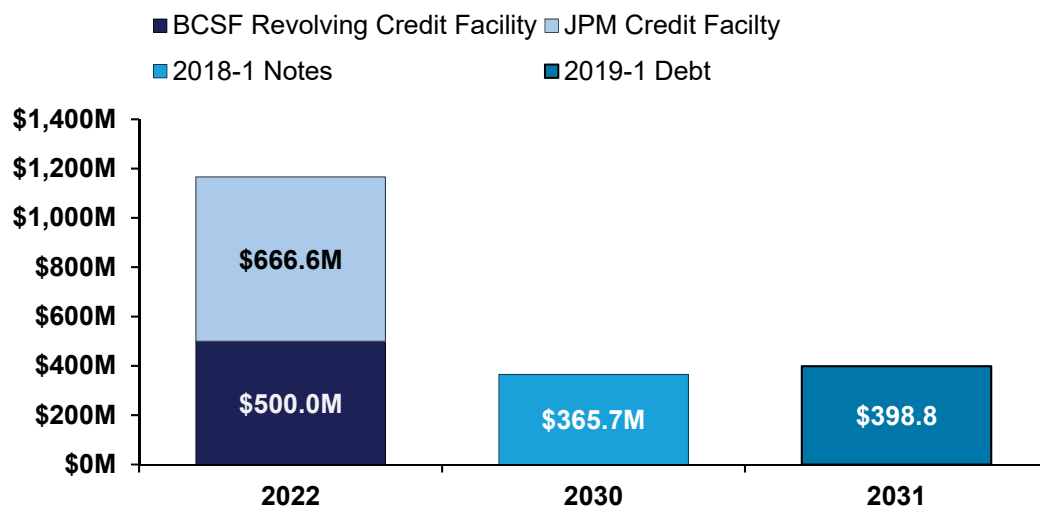


Debt Summary

Outstanding Debt and Debt to Equity Ratio



Debt Maturity Schedule



Liability Profile

	BCSF Revolving Credit Facility	2018-1 Notes	JPM Credit Facility	2019-1 Debt
Principal Amount:	\$500.0M	\$365.7M	\$666.6M	\$398.8M
Interest Rate:	L + 2.50%	L + 1.55% AAA L + 1.96%	L + 2.75%	L + 1.70% AAA L + 2.30%
Outstanding Amount:	\$316.0M	\$365.7M	\$581.8M	\$398.8M

Credit Quality of Investments

As of September 30, 2019 there were no investments on non-accrual status.

Investment Performance Rating

Investment Performance Rating	As of September 30, 2019				As of June 30, 2019			
	Fair Value (millions)	Percentage of Total	Number of Companies	Percentage of Total	Fair Value (millions)	Percentage of Total	Number of Companies	Percentage of Total
1	\$158.7	6.3%	4	3.2%	\$32.4	1.4%	2	1.6%
2	2,313.4	92.3	118	93.6	2,367.7	97.5	119	96.0
3	34.6	1.4	4	3.2	27.3	1.1	3	2.4
4	—	—	—	—	—	—	—	—
Total	\$2,506.7	100.0%	126	100.0%	\$2,427.4	100.0%	124⁽¹⁾	100.0%

Investment Performance Rating	Definition
1	An investment is rated 1 if, in the opinion of the Advisor, it is performing above underwriting expectations, and the business trends and risk factors are generally favorable, which may include the performance of the portfolio company or the likelihood of a potential exit.
2	An investment is rated 2 if, in the opinion of our Advisor, it is performing as expected at the time of our underwriting and there are generally no concerns about the portfolio company's performance or ability to meet covenant requirements, interest payments or principal amortization, if applicable. All new investments or acquired investments in new portfolio companies are initially given a rating of 2.
3	An investment is rated 3 if, in the opinion of our Advisor, the investment is performing below underwriting expectations and there may be concerns about the portfolio company's performance or trends in the industry, including as a result of factors such as declining performance, non-compliance with debt covenants or delinquency in loan payments (but generally not more than 180 days past due).
4	An investment is rated 4 if, in the opinion of our Advisor, the investment is performing materially below underwriting expectations. For debt investments, most of or all of the debt covenants are out of compliance and payments are substantially delinquent. Investments rated 4 are not anticipated to be repaid in full, if applicable, and there is significant risk that we may realize a substantial loss on our investment.

Quarterly Distribution Information

Date Declared	Record Date	Payment Date	Amount Per Share	Total Distributions
December 22, 2016	December 22, 2016	January 17, 2017	\$0.015	\$82,363
May 9, 2017	May 12, 2017	May 19, 2017	\$0.07	\$1,174,052
June 21, 2017	June 29, 2017	August 11, 2017	\$0.11	\$2,739,972
September 27, 2017	September 28, 2017	November 14, 2017	\$0.21	\$5,235,687
December 26, 2017	December 28, 2017	January 24, 2018	\$0.31	\$7,742,502
March 28, 2018	March 28, 2018	May 17, 2018	\$0.34	\$10,609,643
June 28, 2018	June 28, 2018	August 10, 2018	\$0.36	\$13,484,328
September 26, 2018	September 26, 2018	October 19, 2018	\$0.41	\$17,966,855
December 19, 2018	December 31, 2018	January 14, 2019	\$0.41	\$21,107,677
February 21, 2019	March 29, 2019	April 12, 2019	\$0.41	\$21,107,677
May 7, 2019	June 28, 2019	July 29, 2019	\$0.41	\$21,176,423
August 1, 2019	September 30, 2019	October 30, 2019	\$0.41	\$21,176,423