

Main Street Capital CORP
Form 10-Q
May 04, 2018

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[TABLE OF CONTENTS](#)

[Table of Contents](#)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2018

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period from: _____ **to**
Commission File Number: 001-33723

Main Street Capital Corporation

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

41-2230745
(I.R.S. Employer
Identification No.)

1300 Post Oak Boulevard, 8th Floor
Houston, TX
(Address of principal executive offices)

77056
(Zip Code)

(713) 350-6000

(Registrant's telephone number including area code)

n/a

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(do not check if
smaller reporting company) Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of the issuer's common stock as of May 3, 2018 was 59,447,537.

Table of Contents

TABLE OF CONTENTS

**PART I
FINANCIAL INFORMATION**

Item 1.	Consolidated Financial Statements	
	<u>Consolidated Balance Sheets March 31, 2018 (unaudited) and December 31, 2017</u>	<u>1</u>
	<u>Consolidated Statements of Operations (unaudited) Three months ended March 31, 2018 and 2017</u>	<u>2</u>
	<u>Consolidated Statements of Changes in Net Assets (unaudited) Three months ended March 31, 2018 and 2017</u>	<u>3</u>
	<u>Consolidated Statements of Cash Flows (unaudited) Three months ended March 31, 2018 and 2017</u>	<u>4</u>
	<u>Consolidated Schedule of Investments (unaudited) March 31, 2018</u>	<u>5</u>
	<u>Consolidated Schedule of Investments December 31, 2017</u>	<u>36</u>
	<u>Notes to Consolidated Financial Statements (unaudited)</u>	<u>67</u>
	<u>Consolidated Schedules of Investments in and Advances to Affiliates (unaudited) Three months ended March 31, 2018 and 2017</u>	<u>111</u>
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>120</u>
Item 3.	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>141</u>
Item 4.	<u>Controls and Procedures</u>	<u>141</u>

**PART II
OTHER INFORMATION**

Item 1.	<u>Legal Proceedings</u>	<u>143</u>
Item 1A.	<u>Risk Factors</u>	<u>143</u>
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>143</u>
Item 6.	<u>Exhibits</u>	<u>143</u>
	<u>Signatures</u>	<u>144</u>

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Balance Sheets****(dollars in thousands, except shares and per share amounts)**

	March 31, 2018	December 31, 2017
	(Unaudited)	
ASSETS		
Investments at fair value:		
Control investments (cost: \$649,096 and \$530,034 as of March 31, 2018 and December 31, 2017, respectively)	\$ 846,797	\$ 750,706
Affiliate investments (cost: \$382,351 and \$367,317 as of March 31, 2018 and December 31, 2017, respectively)	359,460	338,854
Non-Control/Non-Affiliate investments (cost: \$1,126,103 and \$1,107,447 as of March 31, 2018 and December 31, 2017, respectively)	1,107,777	1,081,745
Total investments (cost: \$2,157,550 and \$2,004,798 as of March 31, 2018 and December 31, 2017, respectively)	2,314,034	2,171,305
Cash and cash equivalents	29,090	51,528
Interest receivable and other assets	40,159	36,343
Receivable for securities sold	14,311	2,382
Deferred financing costs (net of accumulated amortization of \$5,856 and \$5,600 as of March 31, 2018 and December 31, 2017, respectively)	3,581	3,837
Total assets	\$ 2,401,175	\$ 2,265,395
LIABILITIES		
Credit facility	\$ 188,000	\$ 64,000
SBIC debentures (par: \$313,800 and \$295,800 as of March 31, 2018 and December 31, 2017, respectively)	306,182	288,483
4.50% Notes due 2022 (par: \$185,000 as of both March 31, 2018 and December 31, 2017)	182,167	182,015
4.50% Notes due 2019 (par: \$175,000 as of both March 31, 2018 and December 31, 2017)	173,796	173,616
6.125% Notes (par: \$90,655 as of both March 31, 2018 and December 31, 2017)	89,133	89,057
Accounts payable and other liabilities	15,049	20,168
Payable for securities purchased	21,859	40,716
Interest payable	8,510	5,273
Dividend payable	11,192	11,146
Deferred tax liability, net	8,687	10,553
Total liabilities	1,004,575	885,027
Commitments and contingencies (Note M)		
NET ASSETS		
Common stock, \$0.01 par value per share (150,000,000 shares authorized; 58,987,330 and 58,660,680 shares issued and outstanding as of March 31, 2018 and December 31, 2017, respectively)	590	586
Additional paid-in capital	1,325,998	1,310,780
Accumulated net investment income, net of cumulative dividends of \$696,070 and \$662,563 as of March 31, 2018 and December 31, 2017, respectively	10,015	7,921

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Accumulated net realized gain from investments (accumulated net realized gain from investments of \$72,036 before cumulative dividends of \$124,690 as of March 31, 2018 and accumulated net realized gain from investments of \$64,576 before cumulative dividends of \$124,690 as of December 31, 2017)	(52,654)	(60,114)
Net unrealized appreciation, net of income taxes	112,651	121,195
Total net assets	1,396,600	1,380,368
Total liabilities and net assets	\$ 2,401,175	\$ 2,265,395
NET ASSET VALUE PER SHARE	\$ 23.67	\$ 23.53

The accompanying notes are an integral part of these consolidated financial statements

Table of Contents

MAIN STREET CAPITAL CORPORATION

Consolidated Statements of Operations

(dollars in thousands, except shares and per share amounts)

(Unaudited)

	Three Months Ended March 31,	
	2018	2017
INVESTMENT INCOME:		
Interest, fee and dividend income:		
Control investments	\$ 21,955	\$ 12,988
Affiliate investments	9,071	9,899
Non-Control/Non-Affiliate investments	24,916	25,002
Total investment income	55,942	47,889
EXPENSES:		
Interest	(10,265)	(8,608)
Compensation	(5,491)	(4,430)
General and administrative	(2,974)	(2,940)
Share-based compensation	(2,303)	(2,269)
Expenses allocated to the External Investment Manager	2,066	1,524
Total expenses	(18,967)	(16,723)
NET INVESTMENT INCOME	36,975	31,166
NET REALIZED GAIN (LOSS):		
Control investments	13,094	(682)
Affiliate investments		22,930
Non-Control/Non-Affiliate investments	(5,634)	5,317
SBIC debentures	(1,374)	(5,217)
Total net realized gain	6,086	22,348
NET UNREALIZED APPRECIATION (DEPRECIATION):		
Control investments	(22,974)	11,880
Affiliate investments	14,238	(26,121)
Non-Control/Non-Affiliate investments	(2,146)	(7,850)
SBIC debentures	1,359	5,665
Total net unrealized depreciation	(9,523)	(16,426)
INCOME TAXES:		
Federal and state income, excise and other taxes	(887)	(1,252)
Deferred taxes	1,866	(4,386)
Income tax benefit (provision)	979	(5,638)
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 34,517	\$ 31,450

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NET INVESTMENT INCOME PER SHARE BASIC AND DILUTED	\$	0.63	\$	0.57
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NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS PER SHARE BASIC AND DILUTED	\$	0.59	\$	0.57
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DIVIDENDS PAID PER SHARE:

Regular monthly dividends	\$	0.570	\$	0.555
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Supplemental dividends

Total dividends				
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