

Overview

Capital Southwest (NASDAQ: CSWC) is an internally-managed, credit-focused BDC that is an active lender to middle market companies across the capital structure. CSWC provides flexible capital that fills financing needs that traditional first lien senior lenders are unwilling to meet. In particular, CSWC is well-positioned to finance lower middle market businesses with \$3 to \$15 million of EBITDA.

CSWC manages investable capital of approximately \$750 million. As of December 31 2017, CSWC had funded over \$725 million in new credit investments, including the capital invested in its I-45 Senior Loan Fund.

The Company is managed by an investment team with decades of experience working with one another. The firm and all of its employees are located in Dallas, Texas.

Recent Investment Activity

In 2017, CSWC deployed approximately **\$183 million** in new and add-on direct debt and equity financings across **16** different middle market portfolio companies.

Industry Preferences

CSWC is a **generalist** investment firm with certain preferred sectors:

- Business services
- Digital media and advertising
- Healthcare products and services
- Value-added distribution
- Industrial manufacturing and services
- Consumer products and retail
- Tech-enabled and digital media services

Investment Parameters

Investment Size	<ul style="list-style-type: none"> • \$5 to \$50 million financings • \$5 to ~\$25 million commitment size per deal • Active network of co-investors
Company Size	<ul style="list-style-type: none"> • Minimum of \$3 million of EBITDA • Typically \$3 to \$15 million of EBITDA
Situations	<ul style="list-style-type: none"> • New platform acquisitions • Dividend recapitalizations • Refinancings • Bolt-on acquisitions • Growth financings
Clients	<ul style="list-style-type: none"> • Financial sponsors • Investment banks and business brokers • Founder and independently-owned businesses • Independent sponsors
Investment Structures	<ul style="list-style-type: none"> • Unitranche debt (with network of first out senior lending relationships) • First lien debt • Second lien debt • Subordinated debt • Preferred and common equity • Flexibility to invest across multiple securities
Equity Investments	<ul style="list-style-type: none"> • Equity co-investments alongside debt investments, up to 20% of total check • Non-control investor
Geography	<ul style="list-style-type: none"> • Anywhere in the United States
Partnership	<ul style="list-style-type: none"> • Relationship-centric firm focused on mutually beneficial partnerships over several deals
Committee Process	<ul style="list-style-type: none"> • Investment committee all co-located in Dallas • <u>CSWC deal leaders can “speak for the firm” and execute without surprises</u>

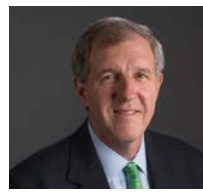
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Selected CSWC Investments: Direct Credit

<u>Company</u>	<u>Industry Sector</u>	<u>Ownership</u>	<u>Amount</u>	<u>Security</u>	<u>Date</u>
	Distribution	Sponsored	\$26mm	Revolver / First Lien / Delayed Draw / Equity	April 2018
	Digital Media	Sponsored	\$21mm	Last Out Unitranche / Equity	April 2018 (add-on) October 2017 (add-on) February 2017
	Healthcare Services	Sponsored	\$13mm	First Lien	April 2018 (add-on) November 2017
	Healthcare Services	Non-Sponsored	\$15mm	Revolver / First Lien / Delayed Draw / Equity	February 2018
	Business Services	Sponsored	\$6mm	First Lien / Secured Sub Debt / Equity	February 2018
	Consumer Products and Retail	Sponsored	\$13mm	First Lien	December 2017
	Digital Media	Sponsored	\$18mm	First Lien	December 2017
	Healthcare Services	Sponsored	\$14mm	Revolver / First Lien / Equity	November 2017
	Logistics	Sponsored	\$14mm	First Lien	October 2017 (add-on) July 2016
	Consumer Products and Retail	Sponsored	\$13mm	Secured Sub Debt / Equity	August 2017
	Business Services	Sponsored	\$19mm	First Lien / Equity	July 2017
	Business Services	Sponsored	\$16mm	First Lien / Equity	June 2017 (add-on) January 2017 (add-on) October 2016
	Business Services	Sponsored	\$5mm	Secured Sub Debt / Equity	June 2017
	Financial Services	Non-Sponsored	\$8mm	First Out Unitranche	May 2017
	Business Services	Sponsored	\$14mm	First Lien / Equity	March 2017
	Digital Marketing Services	Non-Sponsored	\$11mm	First Lien / Warrants	February 2017

Capital Southwest Corporation

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