

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): **June 3, 2019**

**CAPITAL SOUTHWEST CORPORATION**

(Exact Name Of Registrant As Specified In Charter)

**Texas**  
(State or Other Jurisdiction of Incorporation)

**814-00061**  
(Commission File Number)

**75-1072796**  
(IRS Employer Identification No.)

**5400 Lyndon B. Johnson Freeway, Suite 1300**  
**Dallas, Texas 75240**  
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: **(214) 238-5700**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
<b>Common Stock, \$0.25 par value per share</b>	<b>CSWC</b>	<b>The Nasdaq Global Select Market</b>
<b>5.95% Notes due 2022</b>	<b>CSWCL</b>	<b>The Nasdaq Global Select Market</b>

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

**Item 2.02 Results of Operations and Financial Condition.**

On June 3, 2019, Capital Southwest Corporation (the "Company") issued a press release, a copy of which has been furnished as Exhibit 99.1 hereto.

The information furnished in this Current Report on Form 8-K under Item 2.02, including Exhibit 99.1, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1934, except as shall be expressly set forth by reference in a future filing.

**Item 7.01 Regulation FD Disclosure.**

The Company expects to hold a conference call with analysts and investors on June 4, 2019. A copy of the investor presentation slides to be used by the Company on such conference call is furnished as Exhibit 99.2 to this Form 8-K and incorporated herein by reference.

The information set forth under this Item 7.01, including Exhibit 99.2, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
<a href="#">99.1</a>	<a href="#">Press release issued by Capital Southwest Corporation on June 3, 2019</a>
<a href="#">99.2</a>	<a href="#">Investor presentation slides</a>

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: June 3, 2019

By: /s/ Bowen S. Diehl  
Name: Bowen S. Diehl  
Title: Chief Executive Officer and President

## Capital Southwest Announces Financial Results for Fourth Quarter and Fiscal Year Ended March 31, 2019 and Announces Total Dividends of \$0.49 Per Share for the Quarter Ended June 30, 2019

*CSWC Reports Pre-Tax Net Investment Income of \$0.42 Per Share for the Quarter Ended March 31, 2019*

Dallas, Texas – June 3, 2019 – Capital Southwest Corporation (“Capital Southwest,” “CSWC” or the “Company”) (Nasdaq: CSWC), an internally managed business development company focused on providing flexible financing solutions to support the acquisition and growth of middle market businesses, today announced its financial results for the fourth fiscal quarter and fiscal year ended March 31, 2019.

### Fourth Quarter Fiscal Year 2019 Financial Highlights

- Total Investment Portfolio: \$524.1 million
  - Credit Portfolio of \$367.7 million:
    - 86% 1st Lien Secured Debt
    - \$27.9 million in new committed credit investments
    - One 1st Lien Secured Debt investment currently on non-accrual with a fair value of \$8.3 million, representing 1.6% of the total investment portfolio
    - Weighted Average Yield on Debt Investments: 11.6%
  - Equity Portfolio of \$90.6 million, excluding investment in I-45 Senior Loan Fund (“I-45 SLF”):
    - \$1.0 million in new equity investments during the quarter
  - CSWC Investment in I-45 SLF of \$65.7 million
    - I-45 SLF portfolio of \$237.5 million
      - Portfolio consists of 48 issuers: 94% 1st Lien Debt and 6% 2nd Lien Debt
    - I-45 SLF paid a \$2.5 million quarterly dividend to CSWC, an annualized yield of 15.0%
- Pre-Tax Net Investment Income: \$7.2 million, or \$0.42 per weighted average diluted share
- Dividends: Paid \$0.38 per share in a Regular Dividend, plus \$0.10 per share in a Supplemental Dividend
  - Total Dividends for the quarter of \$0.48 per share
- Net Realized and Unrealized Portfolio Appreciation: \$3.6 million, or \$0.21 per weighted average diluted share
- Balance Sheet:
  - Cash and Cash Equivalents: \$9.9 million
  - Total Net Assets: \$326.0 million
  - Net Asset Value (“NAV”) per Share: \$18.62

## **Fiscal Year 2019 Financial Highlights**

- **Total Investment Portfolio:** Increased by \$131.0 million (Fair Value), from \$393.1 million to \$524.1 million, representing 33% growth, during the year
  - Credit Portfolio increased by \$128.6 million
- **Legacy Asset Sales:** Completed two successful exits
  - TitanLiner, Inc.: Proceeds of \$24.3 million, resulting in an internal rate of return ("IRR") of 49.1% since 2015 spin-off
  - Deepwater Corrosion Services: Proceeds of \$9.4 million, resulting in an IRR of 25.8% since 2015 spin-off
- **Pre-Tax Net Investment Income:** \$24.8 million for the fiscal year, or \$1.48 per weighted average diluted share versus \$1.02 per weighted average diluted share in the previous fiscal year, representing 45% growth
- **Dividends:** Declared and Paid Total Dividends of \$2.27 per share versus \$0.99 in the prior fiscal year, representing 129% growth
- **Supplemental Dividend Program:** During Fiscal Year 2019, announced dividend of \$0.10 per share to be paid on a quarterly basis out of Undistributed Taxable Income ("UTI"), generated primarily through realized capital gains and Pre-Tax Net Investment Income in excess of Regular Dividends
  - UTI Balance at the end of the fiscal year ended March 31, 2019 was \$1.14 per share

In commenting on the Company's results, Bowen Diehl, President and Chief Executive Officer, stated, "Fiscal year 2019 represented another strong year for our firm. We continued to advance the credit strategy we laid out for our shareholders over four years ago, of prudently building a well-performing credit portfolio through conservative late-cycle underwriting principals. We are pleased to report that our assets, income and shareholder dividends grew substantially throughout the year, producing a 37% return to shareholders, driven by a 24% increase in stock price and \$2.27 per share in dividends paid out to shareholders during the fiscal year. Our shareholder friendly 'internally-managed' structure continues to ensure the interests of our employees, our Board of Directors and our shareholders are aligned, promoting solid long-term decision making on the part of the employees and Board, and trust on the part of the shareholders."

## **Fourth Quarter Fiscal Year 2019 Investment Activities**

During the quarter ended March 31, 2019, the Company originated two new investments and one follow-on investment totaling \$28.9 million in commitments. Investment transactions that occurred during the quarter ended March 31, 2019 are summarized as follows:

**Scrip, Inc., \$16.8 million 1<sup>st</sup> Lien Senior Secured Debt, \$1.0 million Common Equity:** Scrip, Inc. is a distributor of health and wellness products.

**JVMC Holdings Corp. (d/b/a RJO'Brien), \$9.1 million 1<sup>st</sup> Lien Senior Secured Debt, \$0.8 million Delayed Draw Term Loan:** JVMC Holdings Corp. is an independent Futures Commission Merchant and global broker of agricultural-related transactions.

**AAC Holdings, Inc., \$1.2 million Priming 1<sup>st</sup> Lien Senior Secured Debt:** AAC Holdings is a provider of substance abuse treatment services.

During the quarter ended March 31, 2019, the Company received full prepayment on one investment totaling \$6.9 million.

**JVMC Holdings Corp. (d/b/a RJO'Brien):** Proceeds of \$6.9 million, generating an IRR of 10.6%.

#### **Fourth Quarter Fiscal Year 2019 Operating Results**

For the quarter ended March 31, 2019, Capital Southwest reported total investment income of \$14.3 million, compared to \$13.9 million in the prior quarter. The increase in total investment income was attributable to an increase in average debt investments outstanding.

For the quarter ended March 31, 2019, total operating expenses (excluding interest expense) remained relatively flat at \$3.8 million as compared to the prior quarter.

For the quarter ended March 31, 2019, interest expense remained flat at \$3.3 million as compared to the prior quarter.

For the quarter ended March 31, 2019, total pre-tax net investment income was \$7.2 million, compared to \$6.8 million in the prior quarter.

For the quarter ended March 31, 2019, there was tax expense of \$0.3 million, compared to \$0.1 million in the prior quarter.

During the quarter ended March 31, 2019, Capital Southwest recorded total net realized and unrealized gains on investments of \$3.6 million, compared to total net realized and unrealized losses on investments of \$2.4 million in the prior quarter. For the quarter ended March 31, 2019, this included total net realized gains on investments of \$0.1 million and net unrealized appreciation on investments of \$3.5 million. The net increase in net assets resulting from operations was \$10.5 million for the quarter, compared to \$4.3 million in the prior quarter.

The Company's NAV per share at March 31, 2019 was \$18.62, as compared to \$18.43 at December 31, 2018. The increase in NAV per share from the prior quarter is due primarily to net unrealized appreciation on the investment portfolio.

#### **Fiscal Year 2019 Operating Results**

For the year ended March 31, 2019, Capital Southwest reported total investment income of \$51.9 million, compared to \$35.1 million in the prior year. The increase in investment income was attributable primarily to an increase in average debt investments outstanding.

For the year ended March 31, 2019, total operating expenses (excluding interest expense) were \$14.9 million, compared to \$13.8 million in the prior year. The increase in operating expenses was primarily due to an increase in cash and stock-based compensation due to additional headcount.

For the year ended March 31, 2019, there was interest expense of \$12.2 million, compared to \$4.9 million in the prior year. The increase in interest expense during the year was due to increased average debt outstanding on our senior secured credit facility (the "Credit Facility"), as well as an increase in the average 5.95% Notes due 2022 (the "December 2022 Notes") outstanding.

For the year ended March 31, 2019, total pre-tax net investment income was \$24.8 million, compared to \$16.4 million in the prior year.

For the year ended March 31, 2019, there was tax expense of \$1.0 million recorded, compared to \$0.2 million in the prior year. The increase in tax expense versus the prior year was due primarily to an increase in excise tax.

During the year ended March 31, 2019, Capital Southwest recorded total realized and unrealized gains on investments of \$9.3 million, compared to \$23.1 million in the prior year. The net increase in net assets resulting from operations was \$33.1 million for the year, compared to \$39.3 million in the prior year.

The Company's NAV per share at March 31, 2019 was \$18.62, as compared to \$19.08 at March 31, 2018. The decrease in NAV per share from the prior year was primarily due to \$0.90 per share in supplemental dividends paid during the year, partially offset by \$0.53 per share in net realized and unrealized appreciation on the investment portfolio.

#### **Liquidity and Capital Resources**

At March 31, 2019, Capital Southwest had approximately \$9.9 million in unrestricted cash and money market balances, \$141 million of total debt outstanding on the Credit Facility and \$75.1 million, net of unamortized debt issuance costs, of the December 2022 Notes outstanding. As of March 31, 2019, Capital Southwest had \$125.6 million in available borrowings under the Credit Facility. The debt to equity ratio at the end of the quarter was 0.67 to 1.

On December 21, 2018, the Company entered into the Amended and Restated Senior Secured Revolving Credit Agreement (the "Credit Agreement"), and a related Amended and Restated Guarantee, Pledge and Security Agreement, to amend and restate the Credit Facility. The Credit Agreement (1) increased the total commitments by \$60 million from \$210 million to an aggregate total of \$270 million, provided by a diversified group of nine lenders, (2) increased the Credit Facility's accordion feature to \$350 million under the Credit Facility from new and existing lenders on the same terms and conditions as the existing commitments, (3) reduced the interest rate on borrowings from LIBOR plus 3.00% to LIBOR plus 2.50%, subject to certain conditions as outlined in the Credit Agreement, (4) reduced the minimum asset coverage with respect to senior securities representing indebtedness from 200% to 150% after the date on which such minimum asset coverage is permitted to be reduced by the Company under applicable law, and (5) extended the Credit Facility's revolving period from November 16, 2020 to December 21, 2022 and the final maturity from November 16, 2021 to December 21, 2023.

On May 23, 2019, the Company entered into an Incremental Assumption Agreement, which increased the total commitments under the Credit Facility by \$25 million. The increase was executed under the accordion feature of the Credit Facility and increased total commitments from \$270 million to \$295 million.

On June 11, 2018, the Company entered into an "At-The-Market" ("ATM") debt distribution agreement, pursuant to which it may offer for sale, from time to time, up to \$50 million in aggregate principal amount of the December 2022 Notes through B. Riley FBR, Inc., acting as its sales agent. Sales of the December 2022 Notes may be made in negotiated transactions or transactions that are deemed to be "at the market offerings" as defined in Rule 415 under the Securities Act of 1933, as amended, including sales made directly on The Nasdaq Global Select Market, or similar securities exchanges or sales made through a market maker other than on an exchange at prices related to prevailing market prices or at negotiated prices.

During the year ended March 31, 2019, the Company sold a total of 785,447 of the December 2022 Notes under the ATM debt distribution agreement, generating approximately \$19.9 million in gross proceeds at an effective

yield of 5.86%. At this time, the Company does not intend to issue additional December 2022 Notes under this ATM debt distribution agreement.

On October 4, 2018, the Company issued an aggregate of 700,000 shares of the Company's common stock at a net price of \$18.90 per share. The total net proceeds of the offerings, before expenses, was approximately \$13.2 million. The shares were sold at a 1.9% discount to the prior day closing price and above then current NAV of \$18.87.

On March 4, 2019, the Company entered into separate equity distribution agreements with certain sales agents through which it may offer and sell, from time to time, shares of its common stock having an aggregate offering price of up to \$50,000,000 (the "Equity ATM Program"). During the year ended March 31, 2019, the Company sold 263,656 shares of its common stock under the Equity ATM Program at a weighted-average price of \$21.47 per share, raising \$5.7 million of gross proceeds. Net proceeds were \$5.5 million after commissions to the sales agents on shares sold.

Additionally, I-45 SLF has total commitments outstanding of \$165 million from a group of four bank lenders in its Deutsche Bank led credit facility, which is scheduled to mature in July 2022. As of March 31, 2019, I-45 SLF had \$160 million in borrowings outstanding under its credit facility.

#### **Share Repurchase Program**

On January 25, 2016, Capital Southwest announced that its Board of Directors (the "Board") authorized the repurchase of up to \$10 million of its common stock at prices below the Company's NAV per share as reported in its most recent financial statements. The Board authorized the share repurchase program because it believes that the Company's common stock may be undervalued from time to time due to market volatility.

During the year ended March 31, 2019, the Company repurchased 10,452 shares of common stock at an average price of \$17.72 per share, including commissions paid. Cumulative to date, the Company has repurchased a total of 46,363 shares at an average price of \$16.67 per share, including commissions paid. The Company currently has approximately \$9.2 million available for additional repurchases under the program.

#### **Declared Dividend of \$0.49 Per Share for Quarter Ended June 30, 2019**

On May 30, 2019, the Board declared a total dividend of \$0.49 per share for the quarter ended June 30, 2019, comprised of a regular dividend of \$0.39 per share and a supplemental dividend of \$0.10 per share.

The Company's dividend will be payable as follows:

#### **June 30, 2019 Dividend**

Amount Per Share: \$0.49  
Ex-Dividend Date: June 13, 2019  
Record Date: June 14, 2019  
Payment Date: June 28, 2019

When declaring dividends, the Board reviews estimates of taxable income available for distribution, which may differ from net investment income under generally accepted accounting principles. The final determination of taxable income for each year, as well as the tax attributes for dividends in such year, will be made after the close of the tax year.

Capital Southwest maintains a dividend reinvestment plan ("DRIP") that provides for the reinvestment of dividends on behalf of its registered stockholders who hold their shares with Capital Southwest's transfer agent and registrar, American Stock Transfer and Trust Company. Under the DRIP, if the Company declares a dividend, registered stockholders who have opted into the DRIP by the dividend record date will have their dividend automatically reinvested into additional shares of Capital Southwest common stock.

#### **Annual Meeting of Shareholders**

The 2019 Annual Meeting of Shareholders of Capital Southwest Corporation will be held at the Hilton Dallas Lincoln Centre, 5410 LBJ Freeway, Dallas, Texas 75240 in the Madison Conference Room on Wednesday, July 31, 2019, at 9:00 a.m. (Central Time) for shareholders of record as of the close of business on June 3, 2019.

#### **Fourth Quarter 2019 Earnings Results Conference Call and Webcast**

Capital Southwest has scheduled a conference call on Tuesday, June 4, 2019, at 11:00 a.m. Eastern Time to discuss the fourth quarter 2019 financial results. You may access the call by dialing (866) 502-8274 and using the Conference ID 8054785 at least 10 minutes before the call. The call can also be accessed using the Investor Relations section of Capital Southwest's website at [www.capitalsouthwest.com](http://www.capitalsouthwest.com), or by using <http://edge.media-server.com/m6/p/3u9ujbwk>.

A telephonic replay will be available through June 11, 2019 by dialing (855) 859-2056 and using the Conference ID 8054785. An audio archive of the conference call will also be available on the Investor Relations section of Capital Southwest's website.

For a more detailed discussion of the financial and other information included in this press release, please refer to Capital Southwest's Annual Report on Form 10-K for the year ended March 31, 2019 to be filed with the Securities and Exchange Commission and Capital Southwest's Fourth Fiscal Quarter 2019 Earnings Presentation to be posted on the Investor Relations section of Capital Southwest's website at [www.capitalsouthwest.com](http://www.capitalsouthwest.com).

#### **About Capital Southwest**

Capital Southwest Corporation (Nasdaq: CSWC) is a Dallas, Texas-based, internally managed business development company with approximately \$326 million in net assets as of March 31, 2019. Capital Southwest is a middle market lending firm focused on supporting the acquisition and growth of middle market businesses with \$5 million to \$25 million investments across the capital structure, including first lien, unitranche, second lien, subordinated debt and non-control equity co-investments. As a public company with a permanent capital base, Capital Southwest has the flexibility to be creative in its financing solutions and to invest to support the growth of its portfolio companies over long periods of time.

#### **Forward-Looking Statements**

This press release contains historical information and forward-looking statements with respect to the business and investments of Capital Southwest. Forward-looking statements are statements that are not historical statements and can often be identified by words such as "will," "believe," "expect" and similar expressions and variations or negatives of these words. These statements are based on management's current expectations, assumptions and beliefs. They are not guarantees of future results and are subject to numerous risks, uncertainties

and assumptions that could cause actual results to differ materially from those expressed in any forward-looking statement. These risks include risks related to changes in the markets in which Capital Southwest invests, changes in the financial and lending markets, regulatory changes, tax treatment and general economic and business conditions.

Readers should not place undue reliance on any forward-looking statements and are encouraged to review Capital Southwest's Annual Report on Form 10-K for the year ended March 31, 2019 and subsequent filings with the Securities and Exchange Commission for a more complete discussion of the risks and other factors that could affect any forward-looking statements. Except as required by the federal securities laws, Capital Southwest does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changing circumstances or any other reason after the date of this press release.

**Investor Relations Contact:**

Michael S. Sarner, Chief Financial Officer  
214-884-3829

**CAPITAL SOUTHWEST CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES**  
(In thousands, except shares and per share data)

	March 31, 2019	March 31, 2018
	(Unaudited)	
<b>Assets</b>		
Investments at fair value:		
Non-control/Non-affiliate investments (Cost: \$305,596 and \$200,981, respectively)	\$ 304,663	\$ 199,949
Affiliate investments (Cost: \$79,277 and \$51,648, respectively)	80,905	53,198
Control investments (Cost: \$93,182 and \$82,768, respectively)	138,503	139,948
Total investments (Cost: \$478,055 and \$335,397, respectively)	524,071	393,095
Cash and cash equivalents	9,924	7,907
Receivables:		
Dividends and interest	9,252	5,219
Escrow	370	119
Other	1,244	447
Income tax receivable	183	109
Deferred tax asset	1,807	2,050
Debt issuance costs (net of accumulated amortization of \$1,814 and \$1,041, respectively)	3,364	2,575
Other assets	1,628	5,969
Total assets	\$ 551,843	\$ 417,490
<b>Liabilities</b>		
Notes (Par value: \$77,136 and \$ 57,500, respectively), net of unamortized debt issuance costs	\$ 75,099	\$ 55,305
Credit facility	141,000	40,000
Other liabilities	6,708	6,245
Dividends payable	—	4,525
Accrued restoration plan liability	3,073	2,937
Deferred income taxes	—	190
Total liabilities	225,880	109,202
<b>Commitments and contingencies (Note 11)</b>		
<b>Net Assets</b>		
Common stock, \$0.25 par value per share: authorized, 25,000,000 shares; issued, 19,842,528 shares at March 31, 2019 and 18,501,298 shares at March 31, 2018	4,961	4,625
Additional paid-in capital	281,205	260,713
Total distributable earnings	63,734	66,887
Treasury stock - at cost, 2,339,512 shares	(23,937)	(23,937)
Total net assets	325,963	308,288
Total liabilities and net assets	\$ 551,843	\$ 417,490
Net asset value per share (17,503,016 shares outstanding at March 31, 2019 and 16,161,786 shares outstanding at March 31, 2018)	\$ 18.62	\$ 19.08

**CAPITAL SOUTHWEST CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

(In thousands, except shares and per share data)

	Years Ended March 31,		
	2019	2018	2017
<b>Investment income:</b>			
Interest income:			
Non-control/Non-affiliate investments	\$ 28,716	\$ 18,257	\$ 11,739
Affiliate investments	7,143	3,513	560
Control investments	1,406	82	116
Dividend income:			
Non-control/Non-affiliate investments	197	—	20
Affiliate investments	82	127	163
Control investments	12,648	12,254	9,726
Interest income from cash and cash equivalents	36	21	166
Fees and other income	1,653	872	984
Total investment income	<u>51,881</u>	<u>35,126</u>	<u>23,474</u>
Operating expenses:			
Compensation	7,715	7,013	6,330
Spin-off compensation plan	—	517	690
Share-based compensation	2,271	1,708	1,197
Interest	12,178	4,875	989
Professional fees	1,737	1,580	1,774
Net pension expense	159	164	166
General and administrative	3,063	2,841	2,661
Total operating expenses	<u>27,123</u>	<u>18,698</u>	<u>13,807</u>
Income before taxes	24,758	16,428	9,667
Income tax (benefit) expense	1,048	195	1,779
<b>Net investment income</b>	<u>\$ 23,710</u>	<u>\$ 16,233</u>	<u>\$ 7,888</u>
<b>Realized gain</b>			
Non-control/Non-affiliate investments	\$ 2,124	\$ 1,492	\$ 3,992
Affiliate investments	77	90	3,876
Control investments	18,653	—	28
<b>Total net realized gain on investments before income tax</b>	<u>20,854</u>	<u>1,582</u>	<u>7,896</u>
<b>Change in unrealized appreciation of investments</b>			
Non-control/Non-affiliate investments	(934)	(4,325)	(884)
Affiliate investments	1,109	337	184
Control investments	(11,859)	25,347	8,713
Income tax (provision) benefit	178	133	(323)
<b>Total net change in unrealized appreciation of investments, net of tax</b>	<u>(11,506)</u>	<u>21,492</u>	<u>7,690</u>
<b>Net realized and unrealized (losses) gains on investments</b>	<u>\$ 9,348</u>	<u>\$ 23,074</u>	<u>\$ 15,586</u>
<b>Net increase in net assets from operations</b>	<u>\$ 33,058</u>	<u>\$ 39,307</u>	<u>\$ 23,474</u>
<b>Pre-tax net investment income per share - basic and diluted</b>	<u>\$ 1.48</u>	<u>\$ 1.02</u>	<u>\$ 0.61</u>
<b>Net investment income per share – basic and diluted</b>	<u>\$ 1.42</u>	<u>\$ 1.01</u>	<u>\$ 0.50</u>
<b>Net increase in net assets from operations – basic and diluted</b>	<u>\$ 1.98</u>	<u>\$ 2.45</u>	<u>\$ 1.48</u>
<b>Weighted average shares outstanding – basic</b>	<u>16,727,254</u>	<u>16,073,642</u>	<u>15,824,879</u>
<b>Weighted average shares outstanding – diluted</b>	<u>16,734,369</u>	<u>16,138,541</u>	<u>15,877,331</u>



*Capital Southwest Corporation*

## *Q4 2019 Earnings Presentation*

June 4, 2019

5400 Lyndon B. Johnson Freeway, Suite 1300 | Dallas, Texas 75240 | 214.238.5700 | [capitalsouthwest.com](http://capitalsouthwest.com)

# Important Notices

---

- These materials and any presentation of which they form a part are neither an offer to sell, nor a solicitation of an offer to purchase, any securities of Capital Southwest.
- These materials and the presentations of which they are a part, and the summaries contained herein, do not purport to be complete and no obligation to update or otherwise revise such information is being assumed. Nothing shall be relied upon as a promise or representation as to the future performance of Capital Southwest. Such information is qualified in its entirety by reference to the more detailed discussions contained elsewhere in Capital Southwest's public filings with the Securities and Exchange Commission.
- There is no guarantee that any of the estimates, targets or projections illustrated in these materials and any presentation of which they form a part will be achieved. Any references herein to any of the Capital Southwest's past or present investments or its past or present performance, have been provided for illustrative purposes only. It should not be assumed that these investments were or will be profitable or that any future investments by Capital Southwest will be profitable or will equal the performance of these investments.
- The information contained herein has been derived from financial statements and other documents provided by the portfolio companies unless otherwise stated.
- Past performance is not indicative of future results. In addition, there can be no assurance that unrealized investments will be realized at the expected multiples shown as actual realized returns will depend on, among other factors, future operating results of each of Capital Southwest's current portfolio companies, the value of the assets and economic conditions at the time of disposition, any related transaction costs, and the timing and manner of sale, all of which may differ from the assumptions on which Capital Southwest's expected returns are based. In many instances, Capital Southwest will not determine the timing or manner of sale of its portfolio companies.



# Forward-Looking Statements

---

- This presentation contains forward-looking statements relating to, among other things, the business, market conditions, financial condition and results of operations of Capital Southwest, the anticipated investment strategies and investments of Capital Southwest, and future market demand. Any statements that are not statements of historical fact are forward-looking statements. Forward-looking statements are often, but not always, preceded by, followed by, or include words such as "believe," "expect," "intend," "plan," "should" or similar words, phrases or expressions or the negative thereof. These statements are made on the basis of the current beliefs, expectations and assumptions of the management of Capital Southwest and speak only as of the date of this presentation. There are a number of risks and uncertainties that could cause Capital Southwest's actual results to differ materially from the forward-looking statements included in this presentation.
- For a further discussion of some of the risks and uncertainties applicable to Capital Southwest and its business, see Capital Southwest's Annual Report on Form 10-K for the fiscal year ended March 31, 2019 and its subsequent filings with the Securities and Exchange Commission. Other unknown or unpredictable factors could also have a material adverse effect on Capital Southwest's actual future results, performance, or financial condition. As a result of the foregoing, readers are cautioned not to place undue reliance on these forward-looking statements. Capital Southwest does not assume any obligation to revise or to update these forward-looking statements, whether as a result of new information, subsequent events or circumstances, or otherwise, except as may be required by law.

# ***Conference Call Participants***

---

***Bowen S. Diehl***

***President and Chief Executive Officer***

***Michael S. Sarnier***

***Chief Financial Officer***

***Chris Rehberger***

***VP Finance / Treasurer***



# CSWC Company Overview

---

*CSWC is a middle-market lending firm focused on supporting the acquisition and growth of middle-market companies across the capital structure*

- CSWC was formed in 1961, and elected to be regulated as a BDC in 1988
- Publicly-traded on Nasdaq: Common Stock (“CSWC”) and December 2022 Notes (“CSWCL”)
- Internally Managed BDC with RIC tax treatment for U.S. federal income tax purposes
- December 2014: announced intent to spin-off industrial growth company (“CSW Industrials”; Nasdaq: “CSWI”) tax free
- January 2015: launched credit investment strategy
- September 2015: completed tax free spin off of CSWI (“Spin Off”)
- 22 employees based in Dallas, Texas
- Total Balance Sheet Assets of \$551.8MM as of March 31, 2019
- Manage I-45 Senior Loan Fund (“I-45 SLF”) in partnership with Main Street Capital (NYSE: “MAIN”)



# ***Fiscal Year 2019 Highlights***

---

## ***Financial Highlights***

- 37% Total Return to Shareholders in FY 2019
  - Share price appreciated to \$21.04 from \$17.02 in prior year, an increase of 24%
  - Total dividends of \$2.27 per share compared to \$0.99 per share in prior year, an increase of 129%
- Investments at Fair Value of \$524.1MM compared to \$393.1MM in Prior Year, an Increase of 33%
  - Originated \$218.2MM in total commitments in 18 portfolio companies
  - Commitments include \$19.9MM in equity co-investments across nine portfolio companies
- Total Investment Revenue of \$51.9MM compared to \$35.1MM in Prior Year, an Increase of 48%
- Completed Successful Sale of Two of Last Three Legacy Equity Investments
  - Exited TitanLiner for net proceeds of \$24.3MM, generating an IRR of 49.1% since 2015 Spin Off
  - Exited Deepwater for net proceeds of \$9.4MM, generating an IRR of 25.8% since 2015 Spin Off
- Since Spin Off, Cumulative IRR of 18.2% on 26 Portfolio Exits Generating \$187.4MM

# ***Fiscal Year 2019 Highlights cont.***

---

## ***Financial Highlights***

- Strengthened Balance Sheet Through Variety of Capital Raising Activities
  - Amended and upsized the CSWC Revolving Credit Facility to \$270MM from \$180MM
    - Subsequent to fiscal year end, upsized Credit Facility by additional \$25MM to \$295MM
  - Raised \$13.2MM in net proceeds through Secondary Equity Offering
  - Raised \$19.5MM in net proceeds through December 2022 Notes ATM Program
  - Raised \$5.5MM in net proceeds through Equity ATM Program
- Operating Leverage<sup>(1)</sup> Decreased to 2.8% as of 3/31/19 from 3.4% as of 3/31/18

(1) Operating Leverage calculated as Quarterly Annualized Operating Expenses excluding Interest Expense divided by Average Total Assets



# Q4 2019 Highlights

---

## Financial Highlights

- Q4 2019 Pre-Tax Net Investment Income (“NII”) of \$7.2MM or \$0.42 Per Share
- Paid \$0.38 Per Share in Regular Dividends, Plus \$0.10 Per Share Supplemental Dividend
  - Total Dividends for the quarter of \$0.48 per share
  - UTI Balance at quarter end of \$1.14 per share
- Net Asset Value Increased to \$18.62 from \$18.43 in Prior Quarter
  - Increase driven primarily by \$3.6MM in Net Portfolio Appreciation
- Investment Portfolio at Fair Value Increased to \$524.1MM from \$496.7MM in Prior Quarter
- Received \$2.5MM Dividend from I-45 SLF, an Annualized Yield of 15.0% at Fair Value
- Commenced Equity ATM Program in March 2019 with Raymond James and Jefferies as Sales Agents
  - Raised \$5.5MM in net proceeds with the issuance of 263,656 new shares
  - Sold shares at average price of \$21.47, or 117% of the prevailing NAV per share
- \$125.6MM Available on Credit Facility as of Quarter End, Prior to \$25MM Upsize in May 2019

# CSWC Originations and Prepayments - Q4 2019

**\$28.9MM in New Committed Investments During the Quarter**  
**(\$28.1MM funded at close) at a Weighted Average Debt YTM of 12.5%**

Portfolio Originations		Q4 2019						
Name	Industry	Type	Market	Total Debt Funded at Close (\$000s)	Total Equity Funded at Close (\$000s)	Unfunded Commitments at Close (\$000s)	Debt Spread over LIBOR	Debt Maturity
Scrip, Inc.	Healthcare Products	1st Lien <sup>(1)</sup> / Equity	LMM	\$16,750	\$1,000	\$0	10.0%	
JVMC Holdings (d/b/a RJO'Brien)	Financial Services	1st Lien / DDTL	UMM	\$9,152	\$0	\$848	6.5%	
AAC Holdings	Healthcare Services	Priming 1st Lien	UMM	\$1,170	\$0	\$0	11.0%	
Total / Weighted Average				\$27,072	\$1,000	\$848	8.9%	

(1) The investment is structured as a first lien last out term loan

Portfolio Prepayments		Q4 2019						
Name	Industry	Type	Market	Net Proceeds (\$000)	Realized Gain (\$000s)	IR		
JVMC Holdings (d/b/a RJO'Brien)	Financial Services	1st Lien	UMM	\$6,938	\$47	10.0%		
Total / Weighted Average				\$6,938	\$47	10.0%		

Note: Market refers to Upper Middle Market ("UMM") and Lower Middle Market ("LMM")



## CSWC Originations and Prepayments Subsequent to Quarter End

**\$22.7MM in New Committed Investments (all funded at close) at a Weighted Average Debt YTM of 10.6%**

Portfolio Originations								
Name	Industry	Type	Market	Total Debt Funded at Close (\$000s)	Total Equity Funded at Close (\$000s)	Unfunded Commitments at Close (\$000s)	Debt Spread over LIBOR	Debt Maturity
Vistar Media Inc.	Media, Marketing & Entertainment	First Lien	LMM	\$6,600	\$0	\$0	10.0%	
Zenfolio Inc.	Business Services	First Lien	LMM	\$1,108	\$0	\$0	9.0%	
iEnergizer Limited	Business Services	First Lien	UMM	\$15,000	\$0	\$0	6.0%	
Total / Weighted Average				\$22,708	\$0	\$0	7.3%	

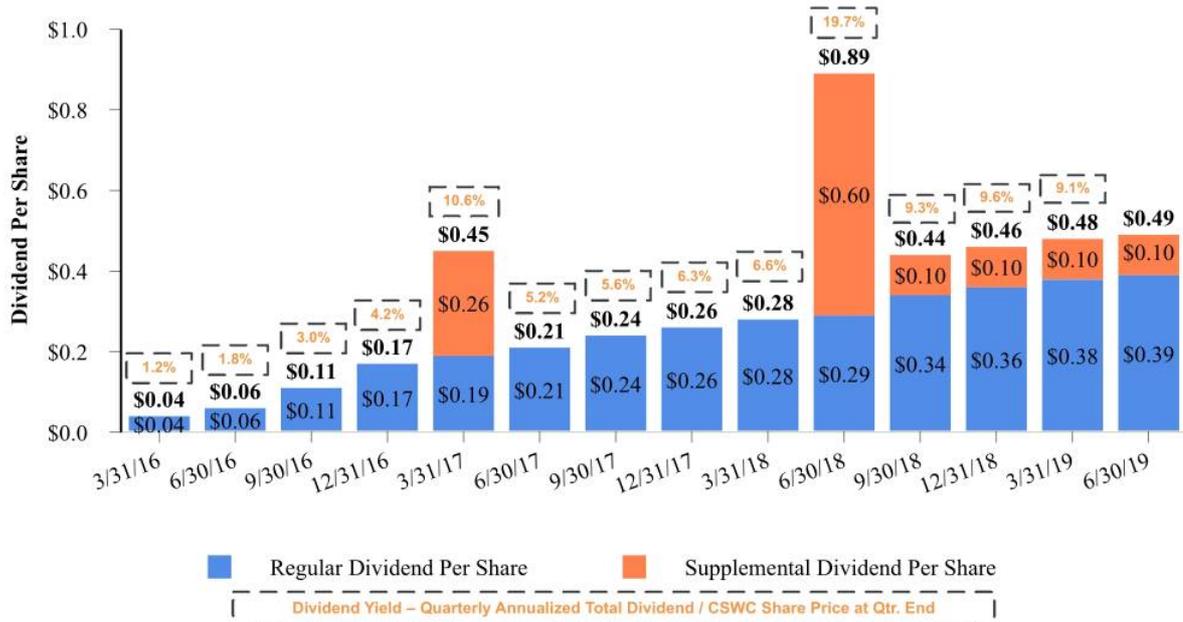
Portfolio Prepayments						
Name	Industry	Type	Market	Net Proceeds (\$000)	Realized Gain (\$000s)	IR
Prism Spectrum Holdings	Environmental Services	First Lien / Equity	LMM	\$20,000	\$226	10.0%
Total / Weighted Average				\$20,000	\$226	10.0%

Note: Market refers to Upper Middle Market ("UMM") and Lower Middle Market ("LMM")



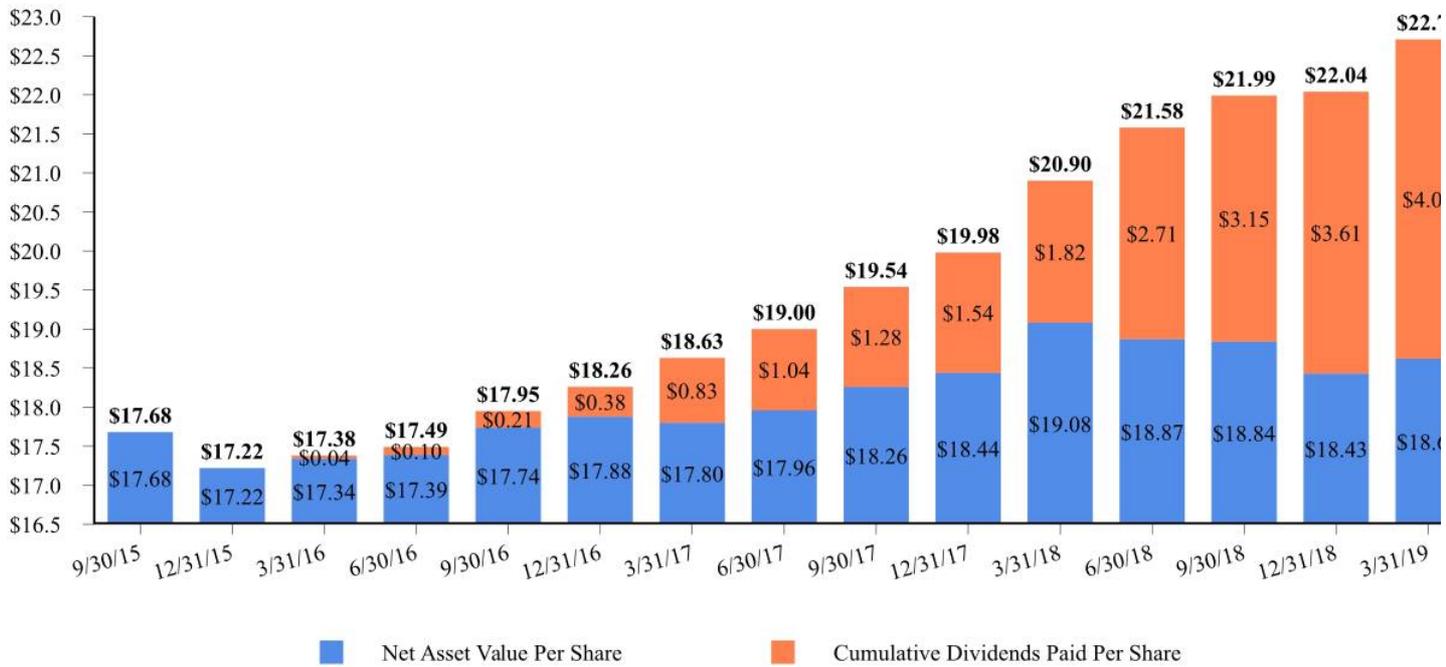
# Track Record of Increasing Dividends Continues

- In the Last Twelve Months Ending 3/31/19, CSWC Generated \$1.48 Per Share in Pre-Tax NII and Paid Out \$1.3 Per Share in Regular Dividends
  - Fourteen consecutive quarters of regular dividend per share growth
- Cumulative Regular Dividend Coverage of 104% since the 2015 spin-off
- Announced Supplemental Dividend Program in June 2018
  - Expect to pay \$0.10 per share Supplemental Dividend per quarter going forward, subject to Board approval
  - Fiscal Year End 2019 UTI Balance of \$1.14 per share



# History of Value Creation

**Total Value (Net Asset Value + Cumulative Dividends Paid) Increase of \$5.03 at 3/31/19 from 9/30/15 Spin-off of CSWI**



# Two Pronged Investment Strategy

---

## **CORE: Lower Middle Market (“LMM”): CSWC led or Club Deals**

- Companies with EBITDA between \$3 MM and \$15 MM
- Typical leverage of 2.0x – 4.0x Debt to EBITDA through CSWC debt position
- Commitment size up to \$25 MM with hold sizes generally \$10 MM to \$20 MM
- Both Sponsored and Non-sponsored deals
- Securities include first lien, unitranche, second lien and subordinated debt
- Frequently make equity co-investments alongside CSWC debt

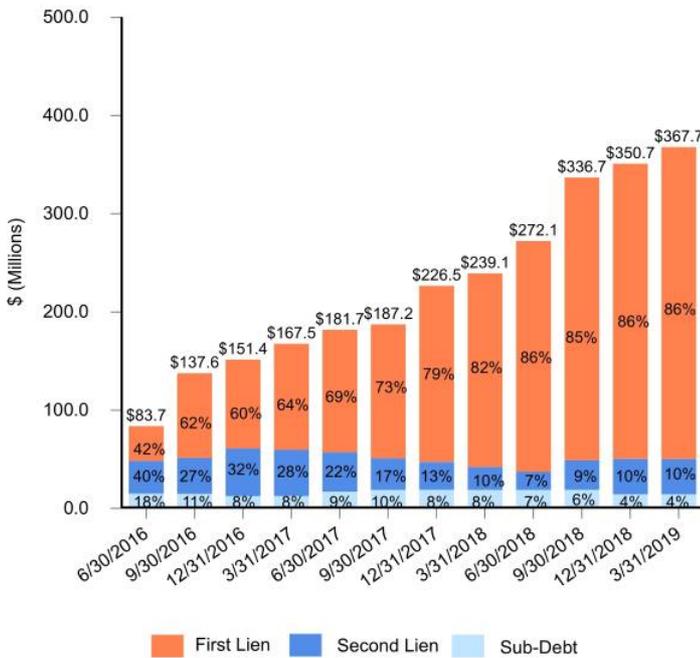
## **OPPORTUNISTIC: Upper Middle Market (“UMM”): Syndicated or Club, First and Second Lien**

- Companies typically have in excess of \$50 MM in EBITDA
- Typical leverage of 3.0x – 5.5x Debt to EBITDA through CSWC debt position
- Hold sizes generally \$5 MM to \$15 MM
- Floating rate first and second lien debt securities
- More liquid assets relative to Lower Middle Market investments
- Provides flexibility to invest/divest opportunistically based on market conditions and liquidity position

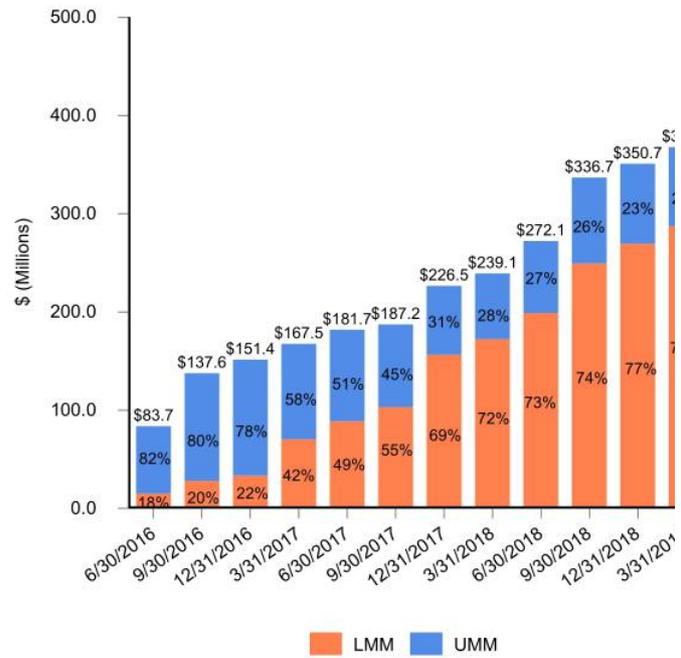
# CSWC Credit Portfolio Heavily Weighted Towards First Lien and LMM Investments

First Lien and LMM Investments have Increased to 86% and 78% of the Credit Portfolio as of 3/31/19, Respectively

### Credit Portfolio Heavily Weighted to First Lien



### Robust LMM Credit Portfolio Growth



# CSWC Portfolio Asset Mix by Market

## Maintaining Conservative Portfolio Leverage While Receiving Attractive Risk Adjusted Returns

Investment Portfolio - Statistics Q4 2019		
(In Thousands)	Lower Middle Market <sup>(1)</sup>	Upper Middle Market
Number of Portfolio Companies	26	10
Total Cost	\$325,343	\$84,712
Total Fair Value	\$377,792	\$80,536
Average Hold Size (at Cost)	\$12,513	\$8,471
% First Lien Investments (at Cost)	76.6%	82.6%
% Second Lien Investments (at Cost)	6.5%	17.4%
% Subordinated Debt Investments (at Cost)	4.4%	0.0%
% Equity (at Cost)	12.5%	0.0%
Wtd. Avg. Yield <sup>(2)(3)</sup>	12.2%	9.7%
Wtd. Avg. EBITDA of Issuer (\$MM's) <sup>(3)</sup>	\$9.2	\$66.5
Wtd. Avg. Leverage through CSWC Security <sup>(3)(4)</sup>	3.3x	4.8x

Note: All metrics above exclude the I-45 Senior Loan Fund

(1) At March 31, 2019, we had equity ownership in approximately 73.1% of our LMM investments

(2) The weighted-average annual effective yields were computed using the effective interest rates during the quarter for all debt investments at cost as of March 31, 2019, including accretion of original issue discount but excluding fees payable upon repayment of the debt instruments. Weighted-average annual effective yield is higher than what an investor in shares in our common stock will realize on its investment because it does not reflect our expenses or any sales load paid by an investor.

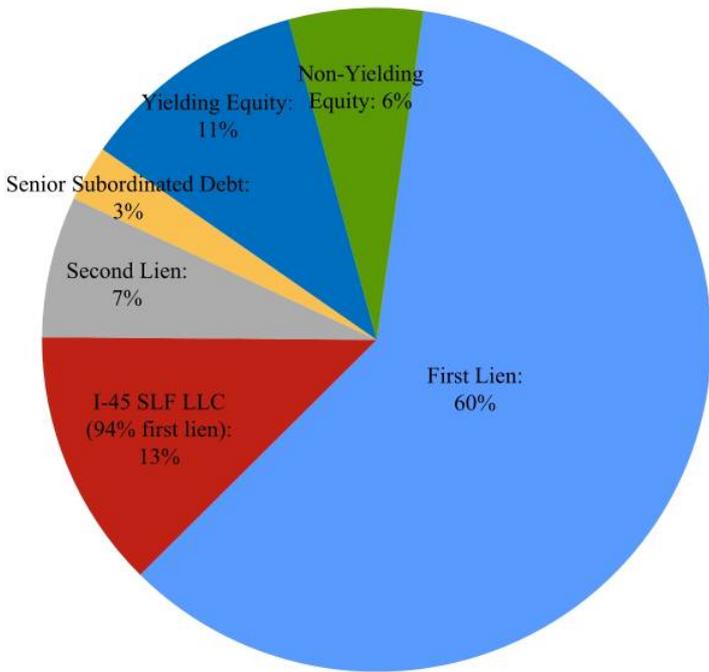
(3) Weighted average metrics are calculated using investment cost basis weighting

(4) Includes CSWC debt investments only. Calculated as the amount of each portfolio company's debt (including CSWC's position and debt senior or pari passu to CSWC's position, but excluding debt subordinated to CSWC's position) in the capital structure divided by each portfolio company's adjusted EBITDA. Management uses this metric as a guide to evaluate relative risk of its position in each portfolio debt investment

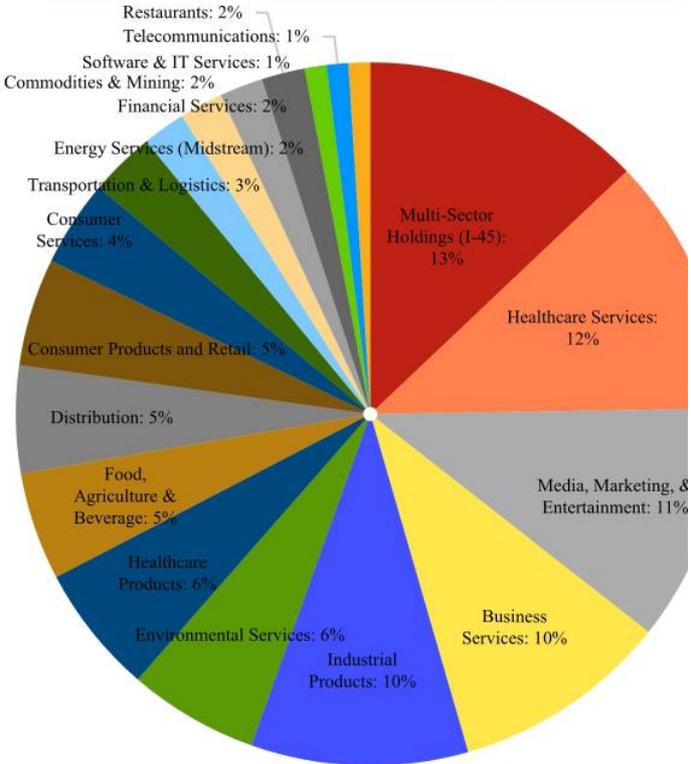
# CSWC Portfolio Mix as of 3/31/19 at Fair Value

Current Investment Portfolio of \$524.1MM Continues to be Diverse Across Industries

Current Investment Portfolio (By Type)



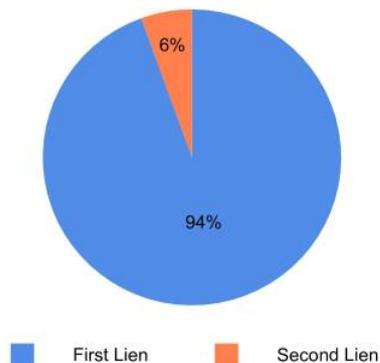
Current Investment Portfolio (By Industry)



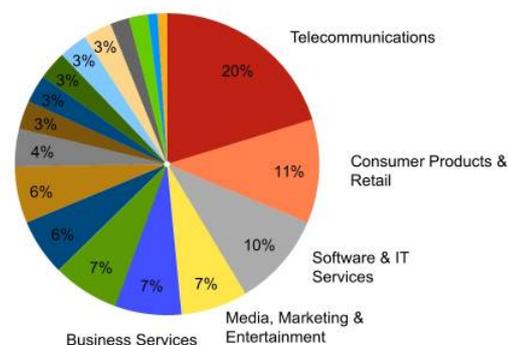
# I-45 Portfolio Overview

**I-45 Loan Portfolio of \$237.5MM is 94% First Lien with Average Hold Size of 2.1% of the I-45 Portfolio**

**Current I-45 Portfolio (By Type)**



**Current I-45 Portfolio (By Industry)**



I-45 Portfolio Statistics				
(In Thousands)	6/30/18	9/30/18	12/31/18	3/31/19
Total Debt Investments at Fair Value	\$228,468	\$229,711	\$238,727	\$237,547
Number of Issuers	45	46	48	48
Wtd. Avg. Issuer EBITDA	\$72,607	\$72,253	\$69,738	\$68,109
Avg. Investment Size as a % of Portfolio	2.2%	2.2%	2.1%	2.1%
Wtd. Avg. Net Leverage on Investments <sup>(1)</sup>	3.7x	3.8x	3.7x	3.9x
Wtd. Avg. Spread to LIBOR	6.3%	6.3%	6.3%	6.3%
Wtd. Avg. Duration (Yrs)	4.5	4.4	4.2	3.9

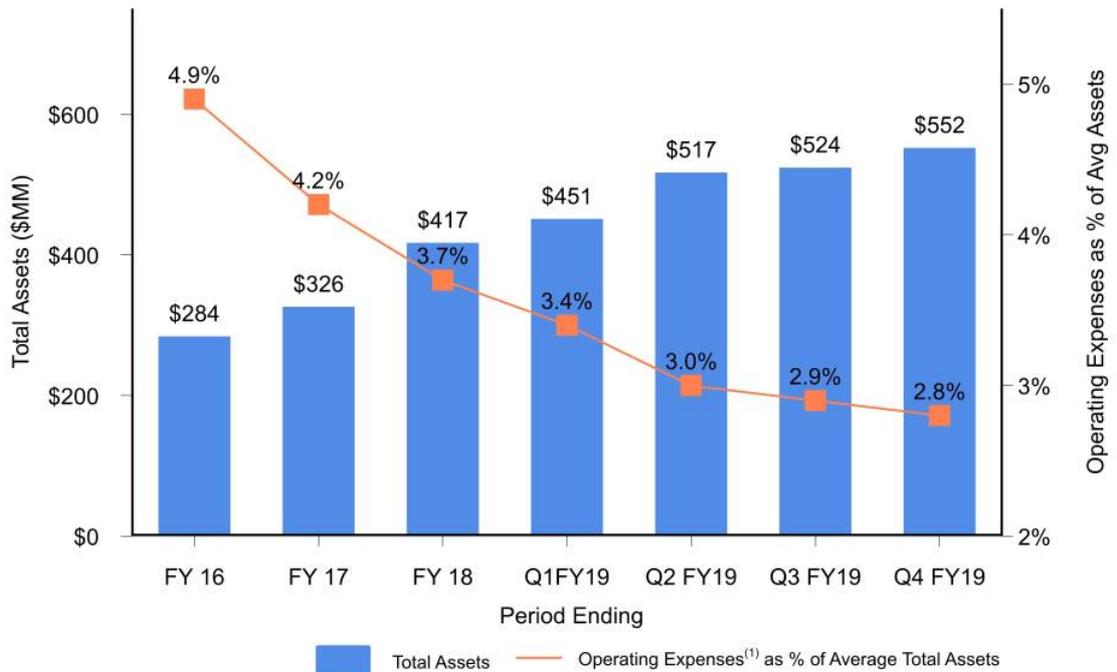
(1) Through I-45 Security

# Income Statement

<i>(In Thousands, except per share amounts)</i>	Quarter Ended 6/30/18	Quarter Ended 9/30/18	Quarter Ended 12/31/18	Quarter Ended 3/31/19
<b>Investment Income</b>				
Interest Income	\$7,643	\$9,232	\$10,070	\$10,325
Dividend Income	3,075	3,158	3,352	3,342
Fees and Other Income	389	205	449	646
<b>Total Investment Income</b>	<b>\$11,107</b>	<b>\$12,595</b>	<b>\$13,871</b>	<b>\$14,313</b>
<b>Expenses</b>				
Cash Compensation	\$1,910	\$1,963	\$2,007	\$1,835
Share Based Compensation	475	482	607	707
General & Administrative	1,353	1,239	1,134	1,233
<b>Total Expenses (excluding Interest)</b>	<b>\$3,738</b>	<b>\$3,684</b>	<b>\$3,748</b>	<b>\$3,775</b>
Interest Expense	\$2,373	\$3,109	\$3,347	\$3,345
<b>Pre-Tax Net Investment Income</b>	<b>\$4,996</b>	<b>\$5,802</b>	<b>\$6,776</b>	<b>\$7,184</b>
<b>Taxes and Gain / (Loss)</b>				
Income Tax Benefit (Expense)	\$(379)	\$(256)	\$(101)	\$(312)
Net realized gain (loss) on investments	18,819	94	1,883	58
Net increase (decrease) in unrealized appreciation of investments	(11,783)	948	(4,238)	3,567
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>\$11,653</b>	<b>\$6,588</b>	<b>\$4,320</b>	<b>\$10,499</b>
Weighted Average Diluted Shares Outstanding	16,201	16,323	17,123	17,296
<b>Pre-Tax Net Investment Income Per Dil. Wtd. Average Share</b>	<b>\$0.31</b>	<b>\$0.36</b>	<b>\$0.40</b>	<b>\$0.42</b>

# Operating Leverage Improves

Continue to Realize Operating Efficiencies of Internally-Managed Structure Migrating to a Target Operating Leverage of sub-2.5%



Note: FY16 includes only the quarters after the 2015 spin-off. Q1 2019, Q2 2019, Q3 2019, and Q4 2019 are quarterly annualized  
 (1) Operating Expenses exclude Interest Expense

# Balance Sheet

<i>(In Thousands, except per share amounts)</i>	Quarter Ended 6/30/18	Quarter Ended 9/30/18	Quarter Ended 12/31/18	Quarter Ended 3/31/19
<b>Assets</b>				
Portfolio Investments	\$411,330	\$491,601	\$496,740	\$524,071
Cash & Cash Equivalents	12,532	10,193	10,774	9,924
Deferred Tax Asset	2,116	2,060	2,294	1,807
Other Assets	24,948	12,653	13,973	16,041
<b>Total Assets</b>	<b>\$450,926</b>	<b>\$516,507</b>	<b>\$523,781</b>	<b>\$551,843</b>
<b>Liabilities</b>				
December 2022 Notes <sup>(1)</sup>	\$56,646	\$73,407	\$74,960	\$75,099
Credit Facility	65,000	127,000	122,000	141,000
Other Liabilities	21,899	8,252	9,145	9,781
<b>Total Liabilities</b>	<b>\$143,545</b>	<b>\$208,659</b>	<b>\$206,105</b>	<b>\$225,880</b>
<b>Shareholders Equity</b>				
<b>Net Asset Value</b>	<b>\$307,381</b>	<b>\$307,848</b>	<b>\$317,676</b>	<b>\$325,963</b>
<b>NAV per Share<sup>(2)</sup></b>	<b>\$18.87</b>	<b>\$18.84</b>	<b>\$18.43</b>	<b>\$18.62</b>
<b>Debt to Equity<sup>(3)</sup></b>	<b>0.40x</b>	<b>0.66x</b>	<b>0.63x</b>	<b>0.67x</b>

(1) Net of unamortized debt issuance costs

(2) NAV per Share includes the impact of \$0.90 per share in supplemental dividends paid over the last 12 months

(3) Debt to Equity ratio is calculated using the principal debt balance

# Significant Unused Debt Capacity with Long-Term Duration

## Earliest Debt Maturity Occurs in July 2022

Facility	Total Commitments	Interest Rate	Maturity	Principal Drawn	Undrawn Com
Credit Facility <sup>(1)</sup>	\$270.0 MM	L + 2.50% subject to certain conditions	December 2023	\$141.0 MM	\$125.6 MM
December 2022 Notes (NASDAQ: "CSWCL") <sup>(2)</sup>	\$77.1 MM	5.95%	December 2022	\$77.1 MM	N/A
I-45 Credit Facility <sup>(4)</sup>	\$165.0 MM	L + 2.40%	July 2022	\$160.0 MM	\$5.0 MM

Long-Term Debt Obligations (Calendar Year)



- (1) Total Commitments and Principal Drawn are based upon outstanding balances as of 3/31/19. The facility has an accordion feature that allows for an increase in Total Commitments up to \$350MM
- (2) Redeemable at CSWC's option beginning December 2019. Principal drawn is based upon outstanding balances as of 3/31/19
- (3) Credit Facility increased to \$295MM subsequent to quarter end; Net of \$3.4MM in letters of credit outstanding
- (4) CSWC owns 80% of the equity and 50% of the voting rights of I-45 SLF LLC with a joint venture partner. I-45 SLF LLC is not a consolidated subsidiary and therefore CSWC does not consolidate the debt of the I-45 Credit Facility

# Portfolio Statistics

## Continuing to Build a Well Performing Credit Portfolio

<i>(In Thousands)</i>	Quarter Ended 6/30/18	Quarter Ended 9/30/18	Quarter Ended 12/31/18	Quarter Ended 3/31/19
<b>Portfolio Statistics</b>				
Fair Value of Debt Investments	\$272,133	\$336,717	\$350,685	\$367,727
Average Debt Investment Hold Size (at Fair Value)	\$9,719	\$10,204	\$10,627	\$10,506
Average Debt Investment Hold Size (% of Total Fair Value)	3.6%	3.0%	3.0%	2.9%
Fair Value of Debt Investments as a % of Par	98.7%	98.6%	98.0%	97.5%
% of Investment Portfolio on Non-Accrual (at Fair Value)	0.0%	0.0%	1.7%	1.6%
Weighted Average Investment Rating <sup>(1)</sup>	2.0	2.0	1.9	1.9
Weighted Average Yield on Debt Investments (at Cost)	11.73%	11.61%	11.56%	11.58%
Total Fair Value of Portfolio Investments	\$411,330	\$491,601	\$496,740	\$524,071
Weighted Average Yield on all Portfolio Investments <sup>(2)</sup>	10.60%	11.02%	11.08%	10.96%
Investment Mix - Debt vs. Equity <sup>(3)</sup> (at Fair Value)	79% / 21%	79% / 21%	81% / 19%	80% / 20%
Investment Mix - Yielding vs. Non-Yielding (at Fair Value)	94% / 6%	92% / 8%	94% / 6%	94% / 6%

(1) CSWC utilizes an internal 1 - 4 investment rating system in which 1 represents material outperformance and 4 represents material underperformance. All new investments are initially set to 2

(2) Displayed at Fair Value; Includes dividends from Media Recovery, Inc. and I-45 Senior Loan Fund

(3) Excludes CSWC equity investment in I-45 Senior Loan Fund

# Investment Income Detail

## Constructing a Portfolio of Investments with Recurring Cash Yield

- Non-Cash and Non-Recurring investment income remain a minor portion of Total Investment Income

<i>(In Thousands)</i>	Quarter Ended 6/30/18	Quarter Ended 9/30/18	Quarter Ended 12/31/18	Quarter Ended 3/31/19
<b>Investment Income Breakdown</b>				
Cash Interest	\$7,324	\$8,815	\$9,561	\$9,760
Cash Dividends	3,008	3,112	3,295	3,282
PIK Income	79	93	211	298
Amortization of purchase discounts and fees	312	375	367	336
Management/Admin Fees	181	191	206	197
Prepayment Fees & Other Income	203	9	231	435
<b>Total Investment Income</b>	<b>\$11,107</b>	<b>\$12,595</b>	<b>\$13,871</b>	<b>\$14,308</b>
<b>Key Metrics</b>				
Cash Income as a % of Investment Income	96%	96%	96%	96%
% of Total Investment Income that is Recurring <sup>(1)</sup>	97%	99%	98%	97%

(1) Non-Recurring income principally made up of loan prepayment and amendment fees

# Key Financial Metrics

**Strong Pre-Tax Net Investment Income and Regular Dividend Growth Driven by Net Portfolio Growth and Investment Performance**

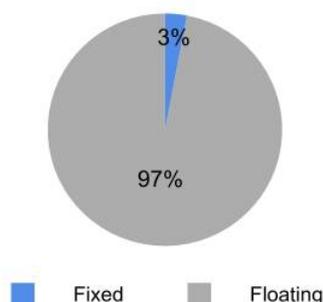
	Quarter Ended 6/30/2018	Quarter Ended 9/30/18	Quarter Ended 12/31/18	Quarter En 3/31/19
<b>Key Financial Metrics</b>				
Pre-Tax Net Investment Income Per Wtd Avg Diluted Share	\$0.31	\$0.36	\$0.40	\$0.42
Pre-Tax Net Investment Income Return on Equity (ROE) <sup>(1)</sup>	6.46%	7.53%	8.40%	9.01%
Realized Earnings Per Wtd Avg Diluted Share	\$1.45	\$0.35	\$0.50	\$0.40
Realized Earnings Return on Equity (ROE) <sup>(1)</sup>	30.32%	7.32%	10.61%	8.70%
Earnings Per Wtd Avg Diluted Share	\$0.72	\$0.40	\$0.25	\$0.61
Total Earnings Return on Equity (ROE) <sup>(1)</sup>	15.08%	8.56%	5.36%	13.17%
Regular Dividends per Share	\$0.29	\$0.34	\$0.36	\$0.38
Supplemental Dividends per Share	\$0.60	\$0.10	\$0.10	\$0.10
<b>Total Dividends per Share</b>	<b>\$0.89</b>	<b>\$0.44</b>	<b>\$0.46</b>	<b>\$0.48</b>
Dividend Yield <sup>(2)</sup>	19.66%	9.27%	9.57%	9.13%

(1) Return on Equity is calculated as the quarterly annualized Pre-Tax NII, Realized Earnings, or Total Earnings, respectively, divided by equity at the end of the prior quarter

(2) Dividend Yield is calculated as the quarterly annualized Total Dividend divided by share price at quarter end

# Interest Rate Sensitivity

## Fixed vs. Floating Portfolio Exposure <sup>(1)</sup>



Change in Base Interest Rates	Illustrative Annual NII Change (\$'s)	Illustrative Annual NII Change (Per Share)
(100 bps)	\$(2,491,237)	\$(0.14)
(75 bps)	\$(1,964,093)	\$(0.11)
(50 bps)	\$(1,381,136)	\$(0.08)
(25 bps)	\$(700,681)	\$(0.04)
25 bps	\$700,681	\$0.04
50 bps	\$1,401,361	\$0.08
75 bps	\$2,102,042	\$0.12
100 bps	\$2,802,723	\$0.16

(1) Portfolio Exposure includes I-45 assets pro rata as a % of CSWC's equity investment in the fund

Note: Illustrative change in annual NII is based on a projection of CSWC's existing debt investments as of 3/31/19, adjusted only for changes in Base Interest Rate. Base Interest Rate used in this analysis is 3-Month LIBOR of 2.60% at 3/31/19. The results of this analysis include the I-45 Senior Loan Facility which is comprised of 100% floating rate assets and liabilities

# Corporate Information

## Board of Directors

### Inside Directors

Bowen S. Diehl

### Independent Directors

David R. Brooks

Christine S. Battist

T. Duane Morgan

Jack D. Furst

William R. Thomas

John H. Wilson

## Senior Management

Bowen S. Diehl

*President & Chief Executive Officer*

Michael S. Sarner

*Chief Financial Officer, Secretary & Treasurer*

## Fiscal Year End

March 31

## Independent Auditor

RSM (US) LLP  
Chicago, IL

## Corporate Counsel

Eversheds Sutherland (US) LLP

## Transfer Agent

American Stock Transfer & Trust Company

800-937-5449

[www.amstock.com](http://www.amstock.com)

## Investor Relations

Michael S. Sarner

Capital Southwest

214-884-3829

[msarner@capitalsouthwest.com](mailto:msarner@capitalsouthwest.com)

## Securities Listing

Nasdaq: "CSWC" (Common Stock)

Nasdaq: "CSWCL" (Notes)

## Corporate Offices & Website

5400 Lyndon B. Johnson Freeway

13th Floor

Dallas, TX 75240

<http://www.capitalsouthwest.com>

## Industry Analyst Coverage

Firm	Analyst	Contact Information
National Securities Corporation	Christopher R. Testa	Direct: 212-417-7447
Ladenburg Thalmann	Mickey M. Schleien, CFA	Direct: 305-572-4131
Janney Montgomery Scott, LLC	Mitchel Penn, CFA	Direct: 410-583-5976
JMP Securities	Christopher York	Direct: 415-835-8965
B. Riley FBR	Tim Hayes	Direct: 703-312-1819



