

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): **February 4, 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))

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 February 4, 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 February 5, 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>
99.1	Press release issued by Capital Southwest Corporation on February 4, 2019
99.2	Investor presentation slides

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: February 4, 2019

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

Capital Southwest Announces Financial Results for Third Fiscal Quarter Ended December 31, 2018

CSWC Reports Pre-Tax Net Investment Income of \$0.40 Per Share

Dallas, Texas – February 4, 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 third fiscal quarter ended December 31, 2018.

Third Quarter Fiscal Year 2019 Financial Highlights

- Total Investment Portfolio: \$496.7 million
 - Credit Portfolio of \$350.7 million:
 - 86% 1st Lien Secured Debt
 - \$24.7 million in new committed credit investments
 - One 1st Lien Secured Debt investment currently on non-accrual with a fair value of \$8.6 million, representing 1.7% of the total investment portfolio
 - Equity Portfolio of \$82.9 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 \$63.1 million
 - I-45 SLF portfolio of \$238.7 million
 - Portfolio consists of 48 issuers: 95% 1st Lien Debt and 5% 2nd Lien Debt
 - I-45 SLF paid a \$2.5 million quarterly dividend to CSWC, an annualized yield of 15.5%
- Pre-Tax Net Investment Income of \$6.8 million, or \$0.40 per weighted average diluted share
- Paid \$0.36 per share in Regular Dividends, plus \$0.10 per share Supplemental Dividend
 - Total Dividends for the quarter of \$0.46 per share
- Net Realized and Unrealized Portfolio Depreciation: \$2.4 million, or \$0.14 per weighted average diluted share
- Cash and Cash Equivalents: \$10.8 million
- Total Net Assets: \$317.7 million
- Net Asset Value (“NAV”) per Share: \$18.43
- Weighted Average Yield on Debt Investments: 11.6%

In commenting on the Company's results, Bowen Diehl, President and Chief Executive Officer, stated, "This was an eventful quarter for our company. In addition to growing our Net Investment Income per share by 11% to \$0.40 per share, we exited one of our two remaining legacy equity assets at a modest gain, we completed the company's first ever follow-on equity offering, and we completed the upsize and refinance of our ING Capital-led balance sheet credit facility. Specific to the credit facility, we were able to obtain a significant increase in commitments from our bank lenders, while reducing pricing and the overall cost of the facility. We were also able to incorporate the ability to access the increased leverage allowable under the Small Business Credit Availability Act, passed in 2018. Finally, we opportunistically repurchased shares of our stock through our 10b5-1 program during the time of excessive market volatility that we saw in December."

Third Quarter Fiscal Year Investment Activities

During the quarter ended December 31, 2018, the Company originated two new investments and one follow-on investment totaling \$25.7 million in commitments. New investment transactions that occurred during the quarter ended December 31, 2018 are summarized as follows:

Roseland Management, LLC (d/b/a Precision Spine Care), \$10.5 million 1st Lien Senior Secured Debt, \$2.0 million Revolving Loan, \$1.0 million Common Equity: Precision Spine Care is a provider of a comprehensive suite of medical services focused on spine care and pain management across Northeast Texas.

Ace Gathering, Inc., \$10.0 million Split Lien Senior Secured Debt: Ace Gathering, Inc. is a provider of crude oil gathering and reclamation services to oil producers, salt water disposal operators and other service companies throughout Texas.

American Nuts Operations LLC, \$2.2 million 1st Lien Senior Secured Debt: American Nuts is an importer, mixer, roaster, and packager of bulk nuts and dried fruit.

Third Fiscal Quarter 2019 Operating Results

For the quarter ended December 31, 2018, Capital Southwest reported total investment income of \$13.9 million, compared to \$12.6 million in the prior quarter. The increase in investment income was attributable to an increase in average debt investments outstanding.

For the quarter ended December 31, 2018, total operating expenses (excluding interest expense) remained flat at \$3.7 million as compared to the prior quarter.

For the quarter ended December 31, 2018, interest expense was \$3.3 million, compared to \$3.1 million in the prior quarter. The increase in interest expense was due to increased average debt outstanding on the revolving credit facility, an increase in the amount of 5.95% Notes due in 2022 (the "December 2022 Notes") outstanding, and an increase in the weighted average interest rate on the revolving credit facility due to LIBOR.

For the quarter ended December 31, 2018, total pre-tax net investment income was \$6.8 million, compared to \$5.8 million in the prior quarter.

For the quarter ended December 31, 2018, there was tax expense of \$0.1 million, compared to \$0.3 million in the prior quarter.

During the quarter ended December 31, 2018, Capital Southwest recorded total net realized and unrealized losses on investments of \$2.4 million, compared to total net realized and unrealized gains on investments of \$1.0 million

in the prior quarter. For the quarter ended December 31, 2018, this included total net realized gains on investments of \$1.9 million and net unrealized depreciation on investments of \$4.2 million, of which \$2.0 million was the reversal of net unrealized appreciation recognized in prior periods due to realized gains noted above. The net increase in net assets resulting from operations was \$4.3 million for the quarter, compared to \$6.6 million in the prior quarter.

The Company's NAV at December 31, 2018 was \$18.43 per share, as compared to \$18.84 at September 30, 2018. The decrease in NAV from the prior quarter is due to the supplemental dividend of \$0.10 per share, net unrealized depreciation on the investment portfolio and dilution caused by the annual grant of restricted stock to employees.

Liquidity and Capital Resources

At December 31, 2018, Capital Southwest had approximately \$10.8 million in unrestricted cash and money market balances, \$122 million of total debt outstanding on its revolving credit facility and \$75.0 million, net of unamortized debt issuance costs, of the December 2022 Notes outstanding. As of December 31, 2018, Capital Southwest had \$144.6 million in available borrowings under the revolving credit facility. The debt to equity ratio at the end of the quarter was 0.62 to 1.

In December 2018, the Company entered into the Amended and Restated Senior Secured Revolving Credit Agreement (the "Amended and Restated Agreement"), and a related Amended and Restated Guarantee, Pledge and Security Agreement, to amend and restate its Senior Secured Revolving Credit Facility (the "Credit Facility"). The Amended and Restated 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 Amended and Restated 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 was extended from November 16, 2021 to December 21, 2023.

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 nine months ended December 31, 2018, 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.

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 December 31, 2018, I-45 SLF had \$154 million in borrowings outstanding under its credit facility.

Share Repurchase Program

On January 25, 2016, Capital Southwest announced that its Board of Directors authorized the repurchase of up to \$10.0 million of its common stock at prices significantly below the Company's net asset value 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 quarter ended December 31, 2018, 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.

Third Quarter 2019 Earnings Results Conference Call and Webcast

Capital Southwest has scheduled a conference call on Tuesday, February 5, 2019, at 11:00 a.m. Eastern Time to discuss the third quarter 2019 financial results. You may access the call by dialing (866) 502-8274 and using the Conference ID 1997799 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, or by using <http://edge.media-server.com/m6/p/hnmibvds>.

A telephonic replay will be available through February 12, 2019 by dialing (855) 859-2056 and using the Conference ID 1997799. 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 the Capital Southwest Form 10-Q for the period ended December 31, 2018 to be filed with the Securities and Exchange Commission and Capital Southwest's Third Fiscal Quarter 2019 Earnings Presentation to be posted on the Investor Relations section of Capital Southwest's website at www.capitalsouthwest.com.

About Capital Southwest

Capital Southwest Corporation (Nasdaq: CSWC) is a Dallas, Texas-based, internally managed business development company with approximately \$318 million in net assets as of December 31, 2018. 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, 2018 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)

	December 31, 2018 (Unaudited)	March 31, 2018
Assets		
Investments at fair value:		
Non-control/Non-affiliate investments (Cost: \$285,698 and \$200,981, respectively)	\$ 287,246	\$ 199,949
Affiliate investments (Cost: \$78,980 and \$51,648, respectively)	77,866	53,198
Control investments (Cost: \$89,971 and \$82,768, respectively)	131,628	139,948
Total investments (Cost: \$454,649 and \$335,397, respectively)	496,740	393,095
Cash and cash equivalents	10,774	7,907
Receivables:		
Dividends and interest	7,773	5,219
Escrow	370	119
Other	681	447
Income tax receivable	167	109
Deferred tax asset	2,294	2,050
Debt issuance costs (net of accumulated amortization of \$1,634 and \$1,041, respectively)	3,533	2,575
Other assets	1,449	5,969
Total assets	\$ 523,781	\$ 417,490
Liabilities		
Notes (Par value: \$77,136 and \$57,500, respectively)	\$ 74,960	\$ 55,305
Credit facility	122,000	40,000
Other liabilities	6,280	6,245
Dividends payable	—	4,525
Accrued restoration plan liability	2,865	2,937
Deferred income taxes	—	190
Total liabilities	206,105	109,202
Commitments and contingencies (Note 11)		
Net Assets		
Common stock, \$0.25 par value: authorized, 25,000,000 shares; issued, 19,572,934 shares at December 31, 2018 and 18,501,298 shares at March 31, 2018	4,893	4,625
Additional paid-in capital	276,899	260,713
Total distributable earnings	59,821	66,887
Treasury stock - at cost, 2,339,512 shares	(23,937)	(23,937)
Total net assets	317,676	308,288
Total liabilities and net assets	\$ 523,781	\$ 417,490
Net asset value per share (17,233,422 shares outstanding at December 31, 2018 and 16,161,786 shares outstanding at March 31, 2018)	\$ 18.43	\$ 19.08

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

(In thousands, except shares and per share data)

	Three Months Ended		Nine Months Ended	
	December 31,		December 31,	
	2018	2017	2018	2017
Investment income:				
Interest income:				
Non-control/Non-affiliate investments	\$ 7,744	\$ 5,420	\$ 20,825	\$ 14,858
Affiliate investments	1,886	142	5,136	423
Control investments	440	—	983	—
Dividend income:				
Non-control/Non-affiliate investments	95	31	120	91
Affiliate investments	—	—	82	—
Control investments	3,257	3,118	9,383	9,221
Interest income from cash and cash equivalents	12	4	21	16
Fees and other income	437	304	1,022	643
Total investment income	<u>13,871</u>	<u>9,019</u>	<u>37,572</u>	<u>25,252</u>
Operating expenses:				
Compensation	2,007	1,885	5,880	5,129
Spin-off compensation plan	—	172	—	517
Share-based compensation	607	479	1,564	1,231
Interest	3,347	1,275	8,829	2,924
Professional fees	390	245	1,285	1,205
Net pension expense	40	42	119	123
General and administrative	704	620	2,322	2,171
Total operating expenses	<u>7,095</u>	<u>4,718</u>	<u>19,999</u>	<u>13,300</u>
Income before taxes	6,776	4,301	17,573	11,952
Income tax (benefit) expense	101	(362)	736	(84)
Net investment income	<u>\$ 6,675</u>	<u>\$ 4,663</u>	<u>\$ 16,837</u>	<u>\$ 12,036</u>
Realized gain				
Non-control/Non-affiliate investments	\$ 1,849	\$ 527	\$ 2,066	\$ 1,361
Affiliate investments	—	90	77	90
Control investments	34	—	18,653	—
Total net realized gain on investments before income tax	<u>1,883</u>	<u>617</u>	<u>20,796</u>	<u>1,451</u>
Change in unrealized appreciation of investments				
Non-control/Non-affiliate investments	(4,860)	708	1,549	(3,458)
Affiliate investments	(95)	(173)	(1,634)	(827)
Control investments	564	4,500	(15,523)	14,995
Income tax (provision) benefit	153	(72)	535	133
Total net change in unrealized appreciation of investments, net of tax	<u>(4,238)</u>	<u>4,963</u>	<u>(15,073)</u>	<u>10,843</u>
Net realized and unrealized (losses) gains on investments	<u>\$ (2,355)</u>	<u>\$ 5,580</u>	<u>\$ 5,723</u>	<u>\$ 12,294</u>
Net increase in net assets from operations	<u>\$ 4,320</u>	<u>\$ 10,243</u>	<u>\$ 22,560</u>	<u>\$ 24,330</u>
Pre-tax net investment income per share - basic and diluted	<u>\$ 0.40</u>	<u>\$ 0.27</u>	<u>\$ 1.06</u>	<u>\$ 0.74</u>
Net investment income per share - basic and diluted	<u>\$ 0.39</u>	<u>\$ 0.29</u>	<u>\$ 1.02</u>	<u>\$ 0.75</u>
Net increase in net assets from operations - basic and diluted	<u>\$ 0.25</u>	<u>\$ 0.64</u>	<u>\$ 1.36</u>	<u>\$ 1.52</u>
Weighted average shares outstanding - basic	<u>17,120,357</u>	<u>16,104,806</u>	<u>16,541,102</u>	<u>16,041,696</u>
Weighted average shares outstanding - diluted	<u>17,122,925</u>	<u>16,176,436</u>	<u>16,543,524</u>	<u>16,109,122</u>



Capital Southwest Corporation

Q3 2019 Earnings Presentation

February 4, 2019

5400 Lyndon B. Johnson Freeway, Suite 1300 | Dallas, Texas 75240 | 214.238.5700 | 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, 2018 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
- 21 employees based in Dallas, Texas
- Total Balance Sheet Assets of \$524MM as of December 31, 2018
- Manage I-45 Senior Loan Fund ("I-45 SLF") in partnership with Main Street Capital (Nasdaq: "MAIN")

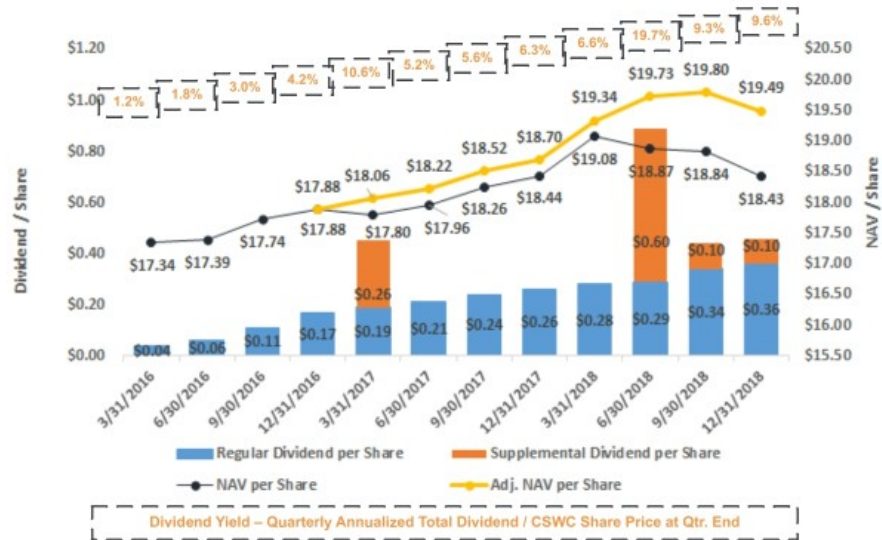
Q3 2019 Highlights

Financial Highlights

- Q3 2019 Pre-Tax Net Investment Income (“NII”) of \$6.8MM or \$0.40 per share
- Paid \$0.36 per share in Regular Dividends, plus \$0.10 per share Supplemental Dividend
 - Total Dividends for the quarter of \$0.46 per share
- Investment Portfolio at Fair Value increased to \$497MM from \$492MM in prior quarter
 - \$25.7MM committed to two new portfolio companies and one add-on
- Received \$2.5MM dividend from I-45 SLF, an annualized yield of 15.5% at fair value
 - Up from \$2.3MM in prior quarter
- Amended Senior Secured Revolving Credit Facility in December 2018
 - Total commitments increased to \$270 MM from \$210 MM
 - Pricing was reduced to LIBOR plus 2.5%, subject to certain conditions, from LIBOR plus 3.0%
 - Minimum asset coverage covenant was reduced to 150% from 200%
- Repurchased 10.5k shares at average price of \$17.72 (including commissions), a 6% discount to NAV per share at the time of the repurchases
- Completed equity raise of 700,000 shares for gross proceeds of \$13.2MM (before expenses), at a net price of \$18.90 per share, in October 2018
- \$144.6MM available on Credit Facility and \$10.8MM in cash and cash equivalents as of quarter end

Track Record of Increasing Dividends Continues

- In the last twelve months ending 12/31/18, CSWC generated \$1.35 per share in Pre-Tax NII and paid out \$1.27 per share in regular dividends
 - Twelve consecutive quarters of regular dividend per share growth
- Cumulative Regular Dividend Coverage of 103% 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



Note: Adjusted NAV per Share calculation adds back all Supplemental Dividends paid

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

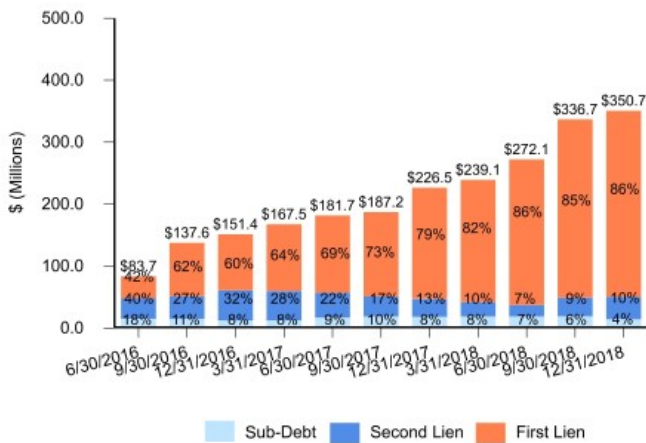
- Companies typically have in excess of \$50 MM in EBITDA
- Typical leverage of 3.0x – 5.5x Debt to EBITDA through CSWC debt position
- Hold sizes generally \$5 MM to \$15 MM
- Floating rate first and second lien debt securities
- More liquid assets relative to Lower Middle Market investments
- Provides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

Strong Track Record and Growing First Lien Credit Portfolio

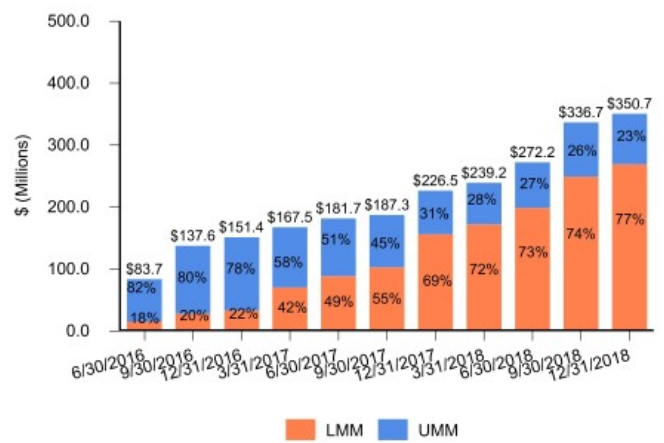
CSWC Credit Portfolio heavily weighted towards First Lien and LMM Investments

- First Lien and LMM Investments have increased to 86% and 77% of the credit portfolio, respectively, as of 12/31/18

Credit Portfolio Heavily Weighted to First Lien



Robust LMM Credit Portfolio Growth



CSWC Originations - Q3 2019

\$25.7MM in new committed investments during the quarter (\$23.3MM funded at close) at a weighted average debt YTM of 11.1%

Portfolio Origination				Q3 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 Yield to Maturity
Roseland Management, LLC (d/b/a Precision Spine Care)	Healthcare Services	RLOC / 1st Lien / Equity	LMM	\$10,500	\$1,000	\$2,000	7.00%	10.12%
Ace Gathering, Inc.	Energy Services (Midstream)	Split Lien ⁽¹⁾	LMM	\$10,000	\$0	\$0	8.50%	12.10%
American Nuts Operations LLC	Food, Agriculture & Beverage	1st Lien	LMM	\$1,750	\$0	\$438	8.50%	11.78%
Total				\$22,250	\$1,000	\$2,438	7.8%	11.1%

(1) The investment is structured as a split lien term loan, which provides the Company with a first lien priority on certain assets of the obligor and a second lien priority on different assets of the obligor.

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

Track Record of CSWC Exits Continues

\$18.0MM in proceeds from prepayments and exits during the quarter

- Exited a legacy equity investment this quarter (Deepwater Corrosion Services) generating a realized gain of \$1.7 MM (originated April 2013)
- Cumulative IRR of 16.3% on 25 portfolio exits generating \$179.9MM in proceeds since launch of credit strategy in January 2015

Portfolio Repayments and Exits				Q3 2019		
Name	Industry	Type	Market	Net Proceeds (\$000)	Realized Gain (\$000s)	IRR
Restaurant Technologies	Business Services	2nd Lien	UMM	\$3,535	\$42	12.34%
Tax Advisors Group	Financial Services	Subordinated Debt	LMM	\$4,692	\$74	15.47%
Deepwater Corrosion Services	Energy Services (Upstream)	Equity	LMM	\$9,724	\$1,724	3.70%
Total / Weighted Average				\$17,951	\$1,840	8.5%

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

CSWC Portfolio Asset Mix by Market

Maintaining conservative portfolio leverage while receiving attractive risk adjusted returns

Investment Portfolio - Statistics Q3 2019		
(In Thousands)	Lower Middle Market ⁽¹⁾	Upper Middle Market
Number of Portfolio Companies	25	10
Total Cost	\$306,920	\$82,929
Total Fair Value	\$352,198	\$81,425
Average Hold Size (at Cost)	\$12,277	\$8,293
% First Lien Investments (at Cost)	75.8%	82.2%
% Second Lien Investments (at Cost)	6.9%	17.8%
% Subordinated Debt Investments (at Cost)	4.7%	0.0%
% Equity (at Cost)	12.6%	0.0%
Wtd. Avg. Yield ⁽²⁾⁽³⁾	11.9%	10.4%
Wtd. Avg. EBITDA of Issuer (\$MM's) ⁽³⁾	\$9.3	\$71.1
Wtd. Avg. Leverage through CSWC Security ^{(3) (4)}	3.2x	3.8x

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

(1) At December 31, 2018, we had equity ownership in approximately 72.0% 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 December 31, 2018, 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

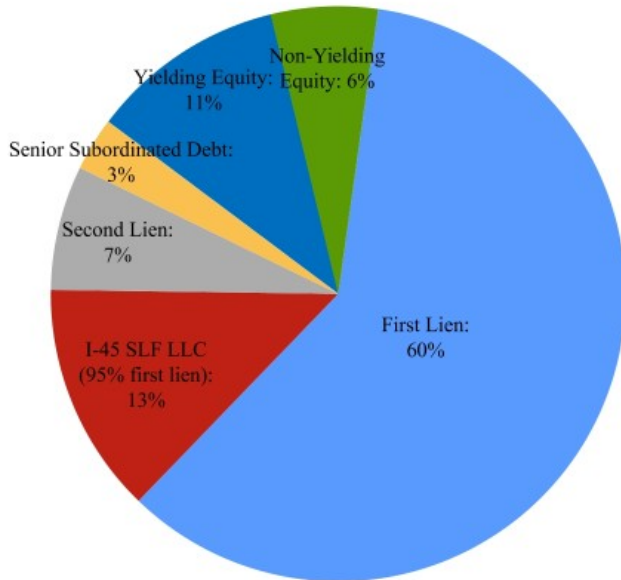
(3) Weighted average metrics are calculated using investment cost basis weighting

(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

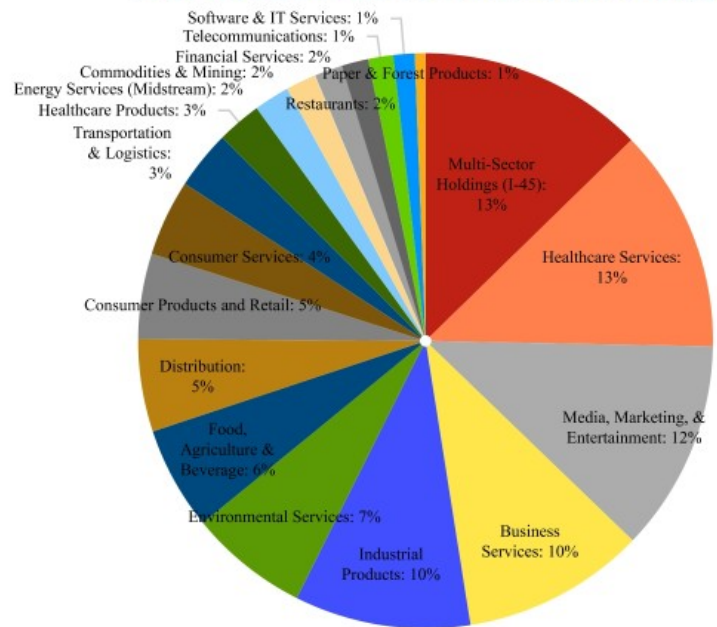
CSWC Portfolio Mix as of 12/31/18 at Fair Value

Current Investment Portfolio of \$497MM continues to be diverse across industries

Current Investment Portfolio (By Type)



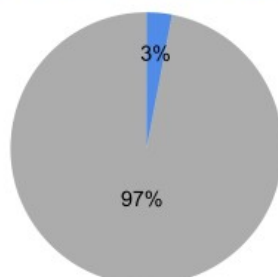
Current Investment Portfolio (By Industry)



Interest Rate Sensitivity

Debt Portfolio Exposure at 12/31/18 Well-Positioned for Rising Interest Rate Environment

Fixed vs. Floating Portfolio Exposure ⁽¹⁾



■ Fixed ■ Floating

Change in Base Interest Rates	Illustrative Annual NII Change (\$'s)	Illustrative Annual NII Change (Per Share)
(50bps)	\$(1,365,995)	\$(0.08)
50 bps	\$1,365,995	\$0.08
100bps	\$2,731,990	\$0.16
150bps	\$4,097,985	\$0.24
200bps	\$5,463,979	\$0.32

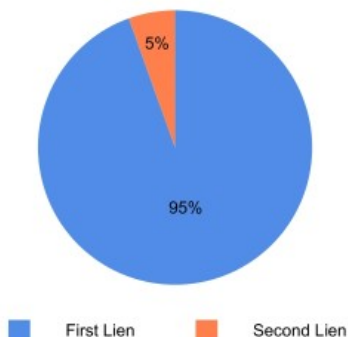
(1) Portfolio Exposure includes I-45 assets pro rata as a % of CSWC's equity investment in the fund

Note: Illustrative change in annual NII is based on a projection of CSWC's existing debt investments as of 12/31/18, adjusted only for changes in Base Interest Rate. Base Interest Rate used in this analysis is 3-Month LIBOR of 2.8% at 12/31/18. The results of this analysis include the I-45 Senior Loan Fund, which is comprised of 100% floating rate assets and liabilities

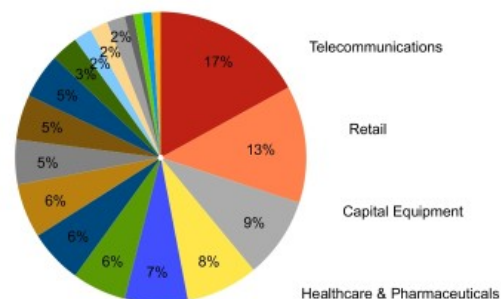
I-45 Portfolio Overview

I-45 loan portfolio of \$239MM is 95% 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)	3/31/2018	6/30/2018	9/30/2018	12/31/2018
Total Debt Investments at Fair Value	\$220,807	\$228,468	\$229,711	\$238,727
Number of Issuers	43	45	46	48
Wtd. Avg. Issuer EBITDA	\$73,995	\$72,607	\$72,253	\$69,738
Avg. Investment Size as a % of Portfolio	2.3%	2.2%	2.2%	2.1%
Wtd. Avg. Net Leverage on Investments ⁽¹⁾	3.6x	3.7x	3.8x	3.7x
Wtd. Avg. Spread to LIBOR	6.1%	6.3%	6.3%	6.3%
Wtd. Avg. Duration (Yrs)	4.6	4.5	4.4	4.2

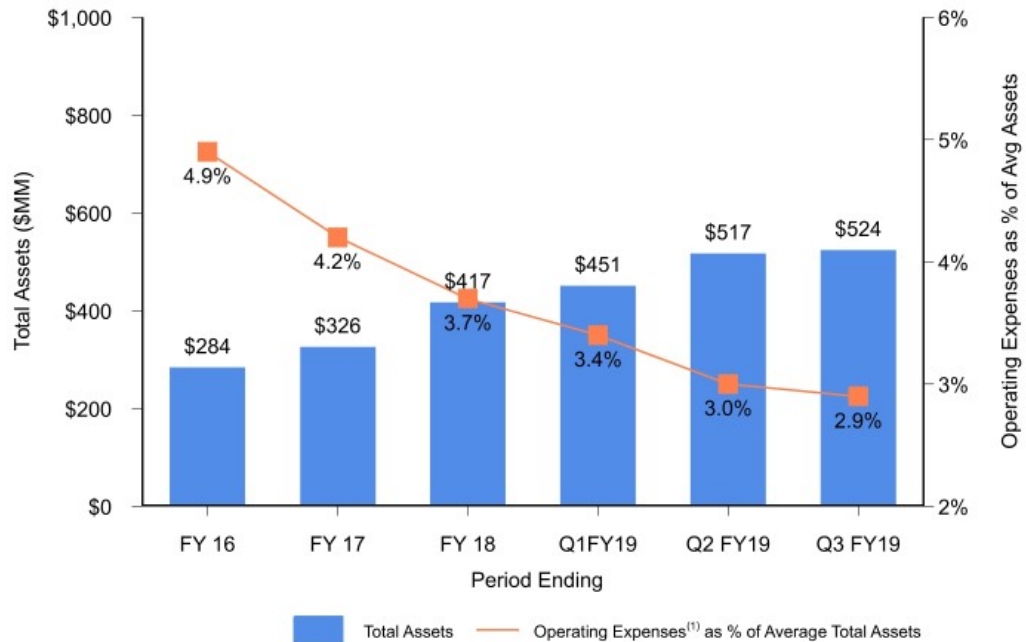
(1) Through I-45 Security

Income Statement

<i>(In Thousands, except per share amounts)</i>	Quarter Ended 3/31/2018	Quarter Ended 6/30/2018	Quarter Ended 9/30/18	Quarter Ended 12/31/18
Investment Income				
Interest Income	\$6,575	\$7,643	\$9,232	\$10,070
Dividend Income	\$3,069	\$3,075	\$3,158	\$3,352
Fees and Other Income	\$230	\$389	\$205	\$449
Total Investment Income	\$9,874	\$11,107	\$12,595	\$13,871
Expenses				
Cash Compensation	\$1,884	\$1,910	\$1,963	\$2,007
Share Based Compensation	\$477	\$475	\$482	\$607
General & Administrative	\$1,086	\$1,353	\$1,239	\$1,134
Total Expenses (excluding Interest)	\$3,447	\$3,738	\$3,684	\$3,748
Interest Expense	\$1,951	\$2,373	\$3,109	\$3,347
Pre-Tax Net Investment Income	\$4,476	\$4,996	\$5,802	\$6,776
Taxes and Gain / (Loss)				
Income Tax Benefit (Expense)	\$(279)	\$(379)	\$(256)	\$(101)
Net realized gain (loss) on investments	\$131	\$18,819	\$94	\$1,883
Net increase (decrease) in unrealized appreciation of investments	\$10,649	\$(11,783)	\$948	\$(4,238)
Net increase (decrease) in net assets resulting from operations	\$14,977	\$11,653	\$6,588	\$4,320
Weighted Average Diluted Shares Outstanding	16,139	16,201	16,323	17,123
Pre-Tax Net Investment Income Per Dil. Wtd. Average Share	\$0.28	\$0.31	\$0.36	\$0.40

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, and Q3 2019 are quarterly annualized
 (1) Operating expenses exclude interest expense

Balance Sheet

<i>(In Thousands, except per share amounts)</i>	Quarter Ended 3/31/2018	Quarter Ended 6/30/2018	Quarter Ended 9/30/18	Quarter Ended 12/31/18
Assets				
Portfolio Investments	\$393,095	\$411,330	\$491,601	\$496,740
Cash & Cash Equivalents	\$7,907	\$12,532	\$10,193	\$10,774
Deferred Tax Asset	\$2,050	\$2,116	\$2,060	\$2,294
Other Assets	\$14,438	\$24,948	\$12,653	\$13,973
Total Assets	\$417,490	\$450,926	\$516,507	\$523,781
Liabilities				
December 2022 Notes	\$55,305	\$56,646	\$73,407	\$74,960
Credit Facility	\$40,000	\$65,000	\$127,000	\$122,000
Other Liabilities	\$13,897	\$21,899	\$8,252	\$9,145
Total Liabilities	\$109,202	\$143,545	\$208,659	\$206,105
Shareholders Equity				
Net Asset Value	\$308,288	\$307,381	\$307,848	\$317,676
NAV per Share⁽¹⁾	\$19.08	\$18.87	\$18.84	\$18.43
Debt to Equity	0.31x	0.40x	0.65x	0.62x

(1) NAV per Share includes the impact of \$0.80 per share in supplemental dividends paid over the last 12 months

Significant Unused Debt Capacity with Long-Term Duration

Earliest Debt Maturity occurs in July 2022

Facility	Total Commitments	Interest Rate	Maturity	Principal Drawn	Undrawn Commitment
Credit Facility ⁽¹⁾	\$270.0 MM	L + 2.50% subject to certain conditions	December 2023	\$122.0 MM	\$144.6 MM ⁽³⁾
December 2022 Notes (NASDAQ: "CSWCL") ⁽²⁾	\$77.1 MM	5.95%	December 2022	\$77.1 MM	N/A
I-45 Credit Facility ⁽⁴⁾	\$165.0 MM	L + 2.40%	July 2022	\$154.0 MM	\$11.0 MM

Long-Term Debt Obligations (Calendar Year)



- (1) The facility has an accordion feature that allows for an increase in total commitments up to \$350 MM. Principal Drawn is based upon outstanding balances as of 12/31/18
- (2) Redeemable at CSWC's option beginning December 2019. Principal drawn is based upon outstanding balances as of 12/31/18
- (3) Net of \$3.4 MM 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

Portfolio Statistics

Continuing to build a well performing credit portfolio

<i>(In Thousands)</i>	Quarter Ended 3/31/2018	Quarter Ended 6/30/2018	Quarter Ended 9/30/18	Quarter Ended 12/31/18
Portfolio Statistics				
Fair Value of Debt Investments	\$239,122	\$272,133	\$336,717	\$350,685
Average Debt Investment Hold Size	\$9,197	\$9,719	\$10,204	\$10,627
Fair Value of Debt Investments as a % of Par	99%	99%	99%	98%
% of Investment Portfolio on Non-Accrual (at Fair Value)	0.0%	0.0%	0.0%	1.7%
Weighted Average Investment Rating ⁽¹⁾	2.0	2.0	2.0	1.9
Weighted Average Yield on Debt Investments	11.46%	11.73%	11.61%	11.56%
Total Fair Value of Portfolio Investments	\$393,095	\$411,330	\$491,601	\$496,740
Weighted Average Yield on all Portfolio Investments ⁽²⁾	10.48%	10.60%	11.02%	11.08%
Investment Mix (Debt vs. Equity) ^{(3) (4)}	73% / 27%	79% / 21%	79% / 21%	81% / 19%
Investment Mix (Yielding vs. Non-Yielding) ⁽⁴⁾	92% / 8%	94% / 6%	92% / 8%	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) Includes dividends from Media Recovery, Inc. and I-45 Senior Loan Fund

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

(4) At Fair Value

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 3/31/2018	Quarter Ended 6/30/2018	Quarter Ended 9/30/18	Quarter Ended 12/31/18
Investment Income Breakdown				
Cash Interest	\$6,300	\$7,324	\$8,815	\$9,561
Cash Dividends	\$2,990	\$3,008	\$3,112	\$3,295
PIK Income	\$91	\$79	\$93	\$211
Amortization of purchase discounts and fees	\$264	\$312	\$375	\$367
Management/Admin Fees	\$184	\$181	\$191	\$206
Prepayment Fees & Other Income	\$45	\$203	\$9	\$231
Total Investment Income	\$9,874	\$11,107	\$12,595	\$13,871
Key Metrics				
Cash Income as a % of Investment Income	96%	96%	96%	96%
% of Total Investment Income that is Recurring ⁽¹⁾	98%	97%	99%	98%

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

Key Financial Metrics

Strong Pre-Tax Net Investment Income and Regular Dividend growth driven by net portfolio growth and investment performance

	Quarter Ended 3/31/2018	Quarter Ended 6/30/2018	Quarter Ended 9/30/18	Quarter Ended 12/31/18
Key Financial Metrics				
Pre-Tax Net Investment Income Per Wtd Avg Diluted Share	\$0.28	\$0.31	\$0.36	\$0.40
Pre-Tax Net Investment Income Return on Equity (ROE) ⁽¹⁾	6.02%	6.46%	7.53%	8.40%
Realized Earnings Per Wtd Avg Diluted Share	\$0.27	\$1.45	\$0.35	\$0.50
Realized Earnings Return on Equity (ROE) ⁽¹⁾	5.82%	30.32%	7.32%	10.61%
Earnings Per Wtd Avg Diluted Share	\$0.93	\$0.72	\$0.40	\$0.25
Total Earnings Return on Equity (ROE) ⁽¹⁾	20.13%	15.08%	8.56%	5.36%
Regular Dividends per Share	\$0.28	\$0.29	\$0.34	\$0.36
Supplemental Dividends per Share	\$0.00	\$0.60	\$0.10	\$0.10
Total Dividends per Share	\$0.28	\$0.89	\$0.44	\$0.46
Dividend Yield ⁽²⁾	6.58%	19.66%	9.27%	9.57%

(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

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. Sarnar

Chief Financial Officer, Secretary & Treasurer

Fiscal Year End

March 31

Independent Auditor

RSM US
Chicago, IL

Corporate Counsel

Eversheds Sutherland (US) LLP

Corporate Offices & Website

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Securities Listing

Nasdaq: "CSWC" (Common Stock)
Nasdaq: "CSWCL" (Notes)

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800-937-5449

www.amstock.com

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B. Riley FBR	Tim Hayes	Direct: 703-312-1819

