

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): **November 6, 2018**

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 November 6, 2018, 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 November 7, 2018. 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 November 6, 2018
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: November 6, 2018

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

Capital Southwest Announces Financial Results for Second Fiscal Quarter Ended September 30, 2018

CSWC Reports Pre-Tax Net Investment Income of \$0.36 Per Share

Dallas, Texas – November 6, 2018 – 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 second fiscal quarter ended September 30, 2018.

Second Quarter Fiscal Year 2019 Financial Highlights

- Total Investment Portfolio: \$491.6 million
 - Credit Portfolio of \$336.7 million:
 - No investments currently on non-accrual
 - 85% 1st Lien Debt
 - \$81.9 million in new committed credit investments
 - Equity Portfolio of \$88.6 million, excluding investment in I-45 Senior Loan Fund (“I-45 SLF”):
 - \$9.4 million in new equity investments and \$5.4 million in follow-on equity investments during the quarter
 - CSWC Investment in I-45 SLF of \$66.3 million
 - I-45 SLF portfolio of \$229.7 million
 - Portfolio consists of 46 issuers: 94% 1st Lien Debt and 6% 2nd Lien Debt
 - I-45 SLF paid a \$2.3 million quarterly dividend to CSWC, an effective yield of 13.9%
- Pre-Tax Net Investment Income of \$5.8 million, or \$0.36 per weighted average diluted share
- Declared and Paid Total Dividend of \$0.44 per share
 - Regular Dividend of \$0.34 per share and Supplemental Dividend of \$0.10 per share
- Net Realized and Unrealized Portfolio Appreciation: \$1.0 million
- Cash and Cash Equivalents: \$10.2 million
- Total Net Assets: \$307.8 million
- Net Asset Value (“NAV”) per Share: \$18.84
- Weighted Average Yield on Debt Investments: 11.6%

In commenting on the Company's results, Bowen Diehl, President and Chief Executive Officer, stated, "We had a very robust quarter of originations, as we closed on six new investments and three follow-on investments during the quarter. As discussed in recent earnings releases, our deal teams have done an excellent job developing strong relationships and market presence which has resulted in strong deal flow. This quarter, we were also able to originate some interesting new equity co-investment opportunities alongside our first lien loans. In addition, I am pleased to report that credit quality remains strong, with no portfolio companies on non-accrual. From a capitalization perspective, we continue to diversify our sources of capital in an effort to strengthen our balance sheet. This quarter we successfully raised an additional \$17.0 million in gross proceeds from the December 2022 Notes under our ATM debt distribution agreement. Additionally, subsequent to quarter end, we opportunistically raised \$13.2 million of new equity issuing 700,000 shares of common stock at \$18.90 per share. We were able to execute this capital raise above our NAV and at only a 1.9% discount to our closing stock price on the day before the offering."

Second Quarter Fiscal Year Investment Activities

During the quarter ended September 30, 2018, the Company originated six new investments and three follow-on investments totaling \$96.7 million in commitments. New investment transactions that occurred during the quarter ended September 30, 2018 are summarized as follows:

Adams Publishing Group, LLC, \$15.0 million 1st Lien Senior Secured Debt, \$1.7 million Delayed Draw Term Loan: Adams Publishing Group is the owner of print and digital media assets in rural markets in 20 states, consisting primarily of local daily, weekly and monthly publications focused consumers and small to medium sized businesses.

Dynamic Communities, LLC, \$11.2 million 1st Lien Senior Secured Debt, \$0.5 million Revolving Loan, \$2.0 million Preferred Equity: Dynamic Communities develops and manages technology and business-centric conferences, events, online community groups, and training courses specifically related to Microsoft's suite of business software.

Blaschak Coal Corp., \$8.5 million Split Lien Senior Secured Debt: Blaschak Coal is a domestic miner, packager, and distributor of anthracite coal in Pennsylvania used primarily for home heating and other niche applications.

ASC Ortho Management Company, LLC, \$9.3 million 1st Lien Senior Secured Debt, \$3.1 million 2nd Lien Senior Secured Debt, \$1.5 million Revolving Loan, \$0.8 million Common Equity: OrthoBethesda is a provider of comprehensive orthopedic services to patients in the greater Washington, D.C. region.

SIMR, LLC, \$11.7 million 1st Lien Senior Secured Debt and \$5.7 million in Common Equity: SIMR, LLC (d/b/a STATinMED Research) is a technology-enabled health economics and outcomes research ("HEOR") company that provides research, consulting and targeted communications for global pharmaceutical, biotechnology and health information companies.

Danforth Advisors, LLC, \$7.3 million 1st Lien Senior Secured Debt, \$1.0 million Revolving Loan, \$0.9 million Common Equity: Danforth Advisors provides operational accounting, finance support and strategy services to developing companies primarily in the life science and healthcare industries.

Prism Spectrum Holdings LLC, \$9.1 million add-on to 1st Lien Senior Secured Debt, \$2.0 million add-on to Revolving Loan, \$4.8 million add-on to Common Stock: Prism Spectrum Holdings LLC is a provider of environmental remediation services.

Other Portfolio Companies, \$0.6 million add-ons to Preferred Stock.

Second Fiscal Quarter 2019 Operating Results

For the quarter ended September 30, 2018, Capital Southwest reported total investment income of \$12.6 million, compared to \$11.1 million in the prior quarter. The increase in investment income was attributable to an increase in average debt investments outstanding.

For the quarter ended September 30, 2018, total operating expenses (excluding interest expense) remained flat at \$3.7 million compared to the prior quarter.

For the quarter ended September 30, 2018, interest expense was \$3.1 million, compared to \$2.4 million in the prior quarter. The increase in interest expense was due to increased average debt outstanding on the revolving credit facility during the quarter, as well as an increase in the amount of December 2022 Notes outstanding.

For the quarter ended September 30, 2018, total pre-tax net investment income was \$5.8 million, compared to \$5.0 million in the prior quarter.

For the quarter ended September 30, 2018, there was tax expense of \$0.3 million, compared to \$0.4 million in the prior quarter.

During the quarter ended September 30, 2018, Capital Southwest recorded total realized and unrealized gains on investments of \$1.0 million, compared to \$7.0 million in the prior quarter. The net increase in net assets resulting from operations was \$6.6 million for the quarter, compared to \$11.7 million in the prior quarter.

The Company's NAV at September 30, 2018 was \$18.84 per share, as compared to \$18.87 at June 30, 2018. The decrease in NAV from the prior quarter is due to the \$0.10 per share supplemental dividend declared and paid in the current quarter, offset by net unrealized gains on the investment portfolio.

Liquidity and Capital Resources

At September 30, 2018, Capital Southwest had approximately \$10.2 million in unrestricted cash and money market balances, \$127 million of total debt outstanding on its revolving credit facility and \$73.4 million, net of unamortized debt issuance costs, in 5.95% Notes due in 2022 (the "December 2022 Notes"). As of September 30, 2018, Capital Southwest had \$83.0 million in available borrowings under the revolving credit facility. Regulatory leverage at the end of the quarter was 0.65 to 1.

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 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 quarter ended September 30, 2018, the Company sold a total of 671,621 of the December 2022 Notes under the ATM debt distribution agreement, generating approximately \$17.0 million in gross proceeds at an effective yield of 5.86%. Cumulative to date, the Company has generated approximately \$19.9 million in gross proceeds under the ATM debt distribution agreement.

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 September 30, 2018, I-45 SLF had \$147 million in borrowings outstanding under its credit facility.

Subsequent to quarter end, 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.

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 September 30, 2018, the Company did not repurchase any common stock under the program. Cumulative to date, the Company has repurchased a total of 35,911 shares at an average price of \$16.37 per share, including commissions paid. The Company currently has approximately \$9.4 million available for additional repurchases under the program.

Second Quarter 2019 Earnings Results Conference Call and Webcast

Capital Southwest has scheduled a conference call on Wednesday, November 7, 2018, at 11:00 a.m. Eastern Time to discuss the second quarter 2019 financial results. You may access the call by dialing (866) 502-8274 and using the Conference ID 8769879 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/c7dcav3v>.

A telephonic replay will be available through November 14, 2018 by dialing (855) 859-2056 and using the Conference ID 8769879. 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 September 30, 2018 to be filed with the Securities and Exchange Commission and Capital Southwest's Second 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 \$308 million in net assets as of September 30, 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)

	September 30, 2018 (Unaudited)	March 31, 2018
Assets		
Investments at fair value:		
Non-control/Non-affiliate investments (Cost: \$287,656 and \$200,981, respectively)	\$ 294,065	\$ 199,949
Affiliate investments (Cost: \$66,038 and \$51,648, respectively)	65,018	53,198
Control investments (Cost: \$91,425 and \$82,768, respectively)	132,518	139,948
Total investments (Cost: \$445,119 and \$335,397, respectively)	491,601	393,095
Cash and cash equivalents	10,193	7,907
Receivables:		
Dividends and interest	8,307	5,219
Escrow	—	119
Other	509	447
Income tax receivable	109	109
Deferred tax asset	2,060	2,050
Debt issuance costs (net of accumulated amortization of \$1,440 and \$1,041, respectively)	2,476	2,575
Other assets	1,252	5,969
Total assets	\$ 516,507	\$ 417,490
Liabilities		
Notes (Par value: \$75,676 and \$57,500, respectively)	\$ 73,407	\$ 55,305
Credit facility	127,000	40,000
Other liabilities	5,363	6,245
Dividends payable	—	4,525
Accrued restoration plan liability	2,889	2,937
Deferred income taxes	—	190
Total liabilities	208,659	109,202
Commitments and contingencies (Note 11)		
Net Assets		
Common stock, \$0.25 par value: authorized, 25,000,000 shares; issued, 18,682,706 shares at September 30, 2018 and 18,501,298 shares at March 31, 2018	4,671	4,625
Additional paid-in capital	263,680	260,713
Net investment income in excess of (less than) distributions	(5,383)	6,147
Accumulated undistributed net realized gain	22,143	3,231
Unrealized appreciation of investments, net of income taxes	46,674	57,509
Treasury stock - at cost, 2,339,512 shares	(23,937)	(23,937)
Total net assets	307,848	308,288
Total liabilities and net assets	\$ 516,507	\$ 417,490
Net asset value per share (16,343,194 shares outstanding at September 30, 2018 and 16,161,786 shares outstanding at March 31, 2018)	\$ 18.84	\$ 19.08

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

(In thousands, except shares and per share data)

	Three Months Ended		Six Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Investment income:				
Interest income:				
Non-control/Non-affiliate investments	\$ 7,049	\$ 5,136	\$ 13,081	\$ 9,438
Affiliate investments	1,799	141	3,251	281
Control investments	384	—	543	—
Dividend income:				
Non-control/Non-affiliate investments	2	30	25	60
Affiliate investments	44	—	82	—
Control investments	3,112	3,058	6,126	6,103
Interest income from cash and cash equivalents	5	5	9	12
Fees and other income	200	139	585	339
Total investment income	<u>12,595</u>	<u>8,509</u>	<u>23,702</u>	<u>16,233</u>
Operating expenses:				
Compensation	1,963	1,606	3,873	3,244
Spin-off compensation plan	—	173	—	345
Share-based compensation	482	384	957	752
Interest	3,109	911	5,482	1,649
Professional fees	407	481	895	960
Net pension expense	39	41	79	81
General and administrative	793	842	1,618	1,551
Total operating expenses	<u>6,793</u>	<u>4,438</u>	<u>12,904</u>	<u>8,582</u>
Income before taxes	5,802	4,071	10,798	7,651
Income tax (benefit) expense	256	134	635	278
Net investment income	<u>\$ 5,546</u>	<u>\$ 3,937</u>	<u>\$ 10,163</u>	<u>\$ 7,373</u>
Realized gain				
Non-control/Non-affiliate investments	\$ 17	\$ 210	\$ 217	\$ 834
Affiliate investments	77	—	77	—
Control investments	—	—	18,619	—
Total net realized gain on investments before income tax	94	210	18,913	834
Change in unrealized appreciation of investments				
Non-control/Non-affiliate investments	1,877	(1,747)	6,409	(4,166)
Affiliate investments	(868)	(322)	(1,539)	(654)
Control investments	(124)	6,445	(16,087)	10,495
Income tax (provision) benefit	63	120	382	205
Total net change in unrealized appreciation of investments, net of tax	948	4,496	(10,835)	5,880
Net realized and unrealized gains on investments	<u>\$ 1,042</u>	<u>\$ 4,706</u>	<u>\$ 8,078</u>	<u>\$ 6,714</u>
Net increase in net assets from operations	<u>\$ 6,588</u>	<u>\$ 8,643</u>	<u>\$ 18,241</u>	<u>\$ 14,087</u>
Pre-tax net investment income per share - basic and diluted	<u>\$ 0.36</u>	<u>\$ 0.25</u>	<u>\$ 0.67</u>	<u>\$ 0.48</u>
Net investment income per share - basic and diluted	<u>\$ 0.34</u>	<u>\$ 0.25</u>	<u>\$ 0.63</u>	<u>\$ 0.46</u>
Net increase in net assets from operations - basic and diluted	<u>\$ 0.40</u>	<u>\$ 0.54</u>	<u>\$ 1.12</u>	<u>\$ 0.88</u>
Weighted average shares outstanding - basic	<u>16,318,737</u>	<u>16,010,231</u>	<u>16,249,892</u>	<u>16,009,968</u>
Weighted average shares outstanding - diluted	<u>16,323,477</u>	<u>16,077,837</u>	<u>16,254,365</u>	<u>16,075,193</u>



Capital Southwest Corporation

Q2 2019 Earnings Presentation

November 7, 2018

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 \$517MM as of September 30, 2018
- Manage I-45 Senior Loan Fund ("I-45 SLF") in partnership with Main Street Capital (Nasdaq: "MAIN")

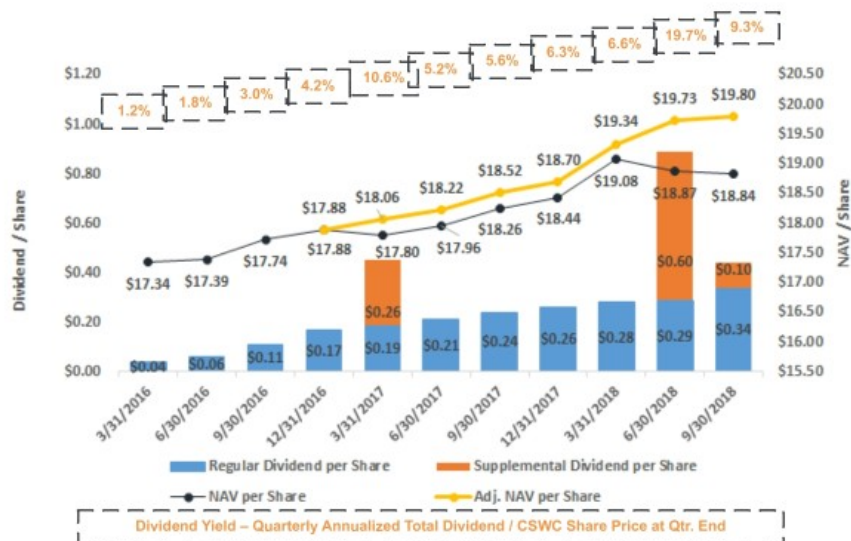
Q2 2019 Highlights

Financial Highlights

- Q2 2019 Pre-Tax Net Investment Income (“NII”) of \$5.8MM or \$0.36 per share
- Paid \$0.44 per share in Total Dividends, comprised of \$0.34 per share Regular Dividend and \$0.10 per share Supplemental Dividend
- Investment Portfolio at Fair Value increased 20% to \$492MM from \$411MM in prior quarter
 - \$96.7MM committed in six new portfolio companies and three add-ons
- Received \$2.3MM dividend from I-45 SLF, an effective yield of 13.9% at fair value
- \$83.0MM available on Credit Facility and \$10.2MM in cash and cash equivalents as of quarter end
- This quarter, sold 671,621 of our December 2022 Notes through our At-The-Market (“ATM”) Program for gross proceeds of \$17.0 MM
 - Cumulative ATM Program gross proceeds of \$19.9 MM sold at an effective yield of 5.86% to date
- Subsequent to quarter end, completed equity raise of 700,000 shares at a net price of \$18.90 per share
 - Gross proceeds of \$13.2 MM before expenses
 - Shares were sold at a 1.9% discount to the prior day closing price
 - Shares were sold above then current NAV of \$18.87

Track Record of Dividend and NAV Growth Continues

- In the last twelve months ending 9/30/18, CSWC generated \$1.22 per share in Pre-Tax NII and paid out \$1.17 per share in regular dividends
 - Eleven consecutive quarters of regular dividend per share growth
- Cumulative Regular Dividend Coverage of 102% 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
- Adjusted NAV (excluding Supplemental Dividends) increased to \$19.80 per share at 9/30/18 from \$19.73 per share at 6/30/18



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 Quarter of CSWC Originations

\$96.7MM in new committed investments during the quarter (\$89.9MM funded at close) at a weighted average debt YTM of 11.9%

Portfolio Origination				Q2 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
SIMR, LLC	Healthcare services	1st Lien / Equity	LMM	\$11,688	\$5,724	\$0	9.00%	12.41%
Adams Publishing Group, LLC	Media, marketing & entertainment	DDTL / 1st Lien	UMM	\$15,000	\$0	\$1,731	7.50%	10.30%
Prism Spectrum Holdings, LLC	Environmental services	RLOC / 1st Lien / Equity	LMM	\$9,136	\$4,847	\$2,000	9.50%	13.01%
ASC Ortho Management Company, LLC	Healthcare services	RLOC / 1st Lien / 2nd Lien / Equity	LMM	\$12,426	\$750	\$1,500	7.50% / 13.25% ⁽¹⁾	11.80%
Dynamic Communities, LLC	Business services	RLOC / 1st Lien / Equity	LMM	\$11,200	\$2,000	\$500	8.00%	11.35%
Danforth Advisors, LLC	Business services	RLOC / 1st Lien / Equity	LMM	\$7,250	\$875	\$1,000	7.25%	10.50%
Blaschak Coal Corp.	Commodities & mining	Split Lien	LMM	\$8,500	\$0	\$0	11.00%	14.62%
Other Portfolio Companies (Add-Ons)	Various	Equity	LMM	\$0	\$546	\$0	N/A	N/A
Total				\$75,201	\$14,741	\$6,731	8.6%	11.9%

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

(1) ASC Ortho Management Company, LLC 2nd Lien is a 13.25% fixed rate loan

CSWC Portfolio Asset Mix by Market

Maintaining appropriate portfolio leverage while receiving attractive risk adjusted returns

Investment Portfolio - Statistics Q2 2019		
(In Thousands)	Lower Middle Market ⁽¹⁾	Upper Middle Market
Number of Portfolio Companies	24	11
Total Cost	\$293,306	\$87,013
Total Fair Value	\$337,776	\$87,499
Average Hold Size (at Cost)	\$12,221	\$7,910
% First Lien Investments (at Cost)	74.1%	79.1%
% Second Lien Investments (at Cost)	3.9%	20.9%
% Subordinated Debt Investments (at Cost)	6.5%	0.0%
% Equity (at Cost)	15.5%	0.0%
Wtd. Avg. Yield ⁽²⁾⁽³⁾	11.9%	10.8%
Wtd. Avg. EBITDA of Issuer (\$MM's) ⁽³⁾	\$9.0	\$66.7
Wtd. Avg. Leverage through CSWC Security ^{(3) (4)}	3.4X	3.8X

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

(1) At September 30, 2018, we had equity ownership in approximately 75.0% of our LMM investments

(2) The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of September 30, 2018, including accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status. As of September 30, 2018, there were no investments on non-accrual status. 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

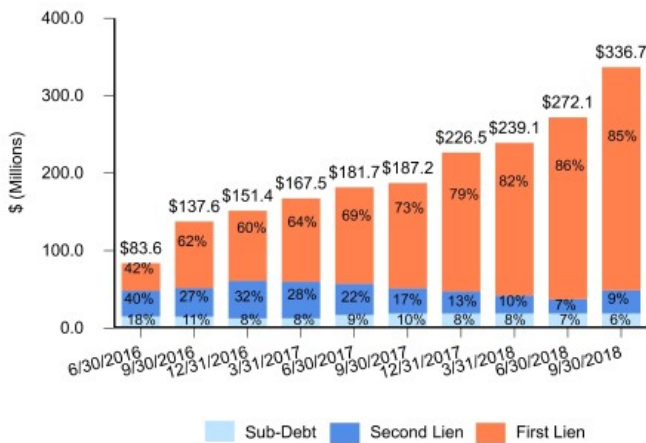
(4) Includes CSWC debt investments only. Calculated as the amount of each portfolio company's debt (including CSWC's position and debt senior or pari passu to CSWC's position, but excluding debt subordinated to CSWC's position) in the capital structure divided by each portfolio company's adjusted EBITDA.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

Strong Track Record and Growing First Lien Credit Portfolio

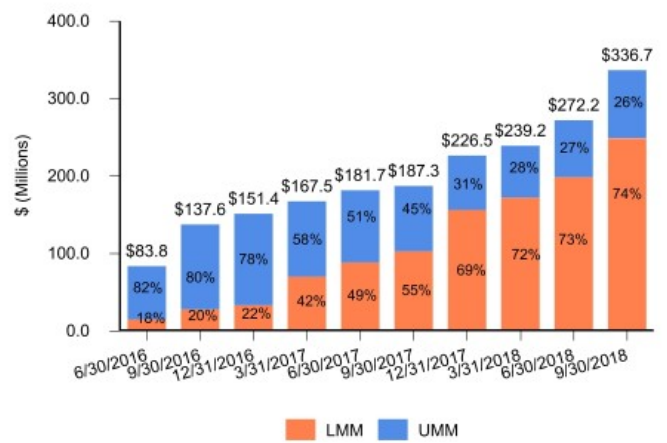
CSWC Credit Portfolio continues to migrate to First Lien and LMM Investments

- First Lien and LMM Investments have increased to 85% and 74% of the credit portfolio, respectively, as of 9/30/18
- Since launch of credit strategy in January 2015, CSWC has made \$521 MM in cumulative credit investments and realized \$128 MM of proceeds, generating a weighted average IRR of 17.0%

Credit Portfolio Heavily Weighted to First Lien



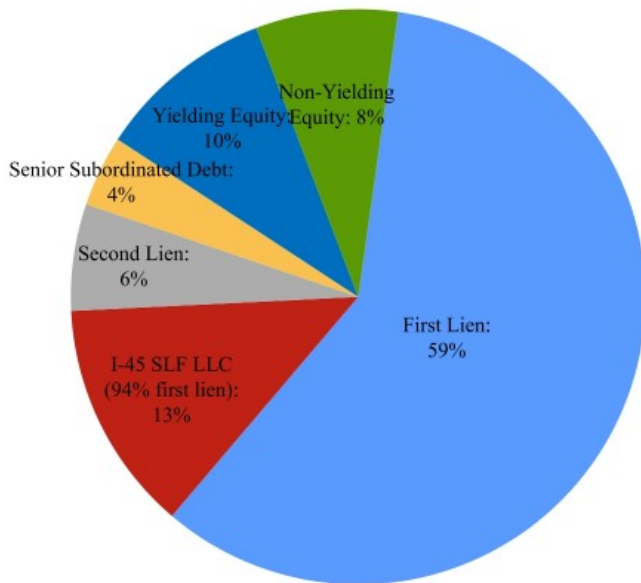
Robust LMM Credit Portfolio Growth



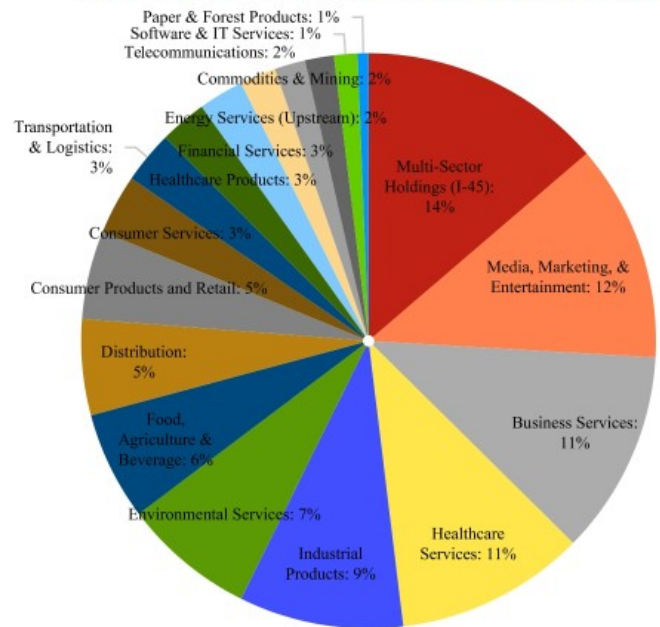
CSWC Portfolio Mix as of 9/30/18 at Fair Value

Current Investment Portfolio of \$492MM continues to be granular and diverse across industries

Current Investment Portfolio (By Type)



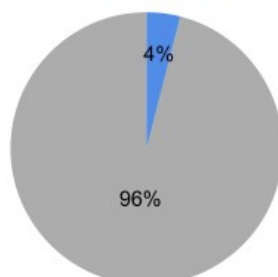
Current Investment Portfolio (By Industry)



Interest Rate Sensitivity

Debt Portfolio Exposure at 9/30/18 Well-Positioned for Rising Interest Rate Environment

Fixed vs. Floating Portfolio Exposure ⁽¹⁾



■ Fixed ■ Floating

Change in Base Interest Rates	Illustrative NII Change (\$'s)	Illustrative NII Change (Per Share)
(50bps)	\$(1,240,291)	\$(0.08)
50 bps	\$1,312,950	\$0.08
100bps	\$2,625,901	\$0.16
150bps	\$3,938,851	\$0.24
200bps	\$5,251,801	\$0.32

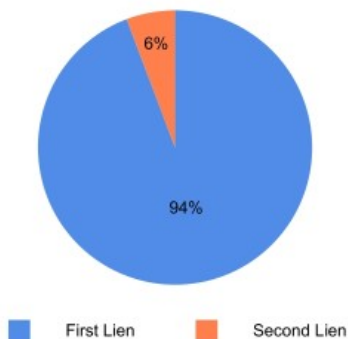
(1) Portfolio Exposure includes I-45 assets pro rata as a % of CSWC's equity investment in the fund

Note: Illustrative change in NII is based on a projection of CSWC's existing debt investments as of 9/30/18, adjusted only for changes in Base Interest Rate. Base Interest Rate used in this analysis is 3-Month LIBOR of 2.4% at 9/30/18. The results of this analysis include the I-45 Senior Loan Fund, which is comprised of 100% floating rate assets and liabilities

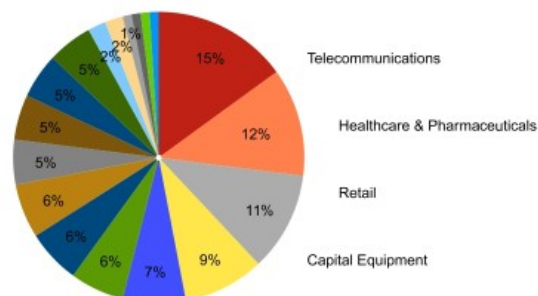
I-45 Portfolio Overview

I-45 loan portfolio of \$230MM is 94% first lien with average hold size of 2.2% of the I-45 portfolio

Current I-45 Portfolio (By Type)



Current I-45 Portfolio (By Industry)



I-45 Portfolio Statistics				
(In Thousands)	12/31/2017	3/31/2018	6/30/2018	9/30/2018
Total Debt Investments at Fair Value	\$217,964	\$220,807	\$228,468	\$229,711
Number of Issuers	44	43	45	46
Wtd. Avg. Issuer EBITDA	\$73,392	\$73,995	\$72,607	\$72,253
Avg. Investment Size as a % of Portfolio	2.3%	2.3%	2.2%	2.2%
Wtd. Avg. Net Leverage on Investments ⁽¹⁾	3.3x	3.6x	3.7x	3.8x
Wtd. Avg. Spread to LIBOR	6.1%	6.1%	6.3%	6.3%
Wtd. Avg. Duration (Yrs)	4.7	4.6	4.5	4.4

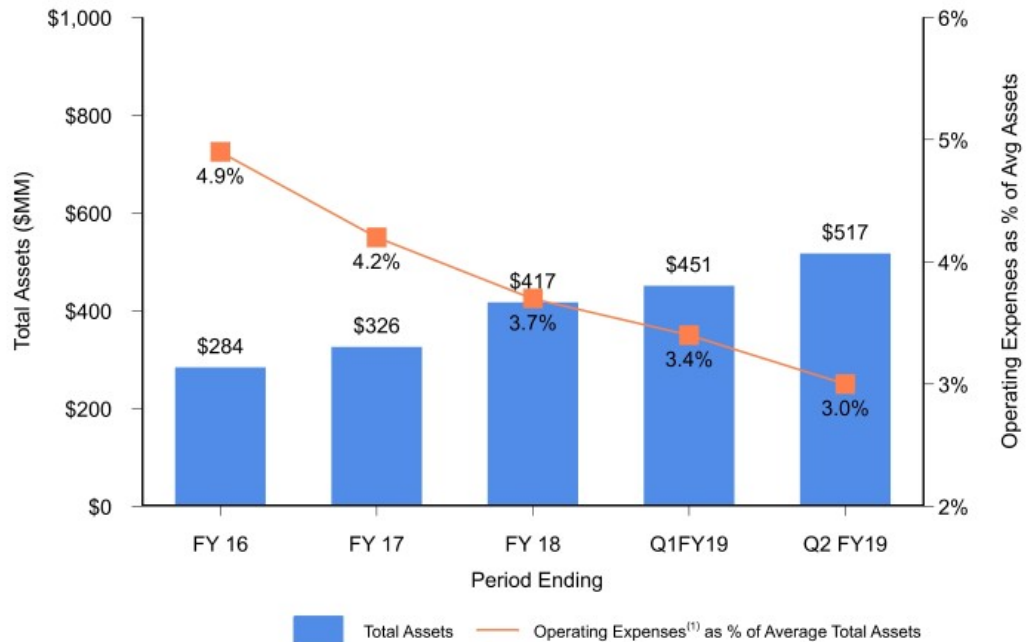
(1) Through I-45 Security

Income Statement

<i>(In Thousands, except per share amounts)</i>	Quarter Ended 12/31/2017	Quarter Ended 3/31/2018	Quarter Ended 6/30/2018	Quarter Ended 9/30/18
Investment Income				
Interest Income	\$5,566	\$6,575	\$7,643	\$9,232
Dividend Income	\$3,149	\$3,069	\$3,075	\$3,158
Fees and Other Income	\$304	\$230	\$389	\$205
Total Investment Income	\$9,019	\$9,874	\$11,107	\$12,595
Expenses				
Cash Compensation	\$1,885	\$1,884	\$1,910	\$1,963
Share Based Compensation	\$479	\$477	\$475	\$482
General & Administrative	\$907	\$1,086	\$1,353	\$1,239
Spin-off Related Expenses	\$172	\$0	\$0	\$0
Total Expenses (excluding Interest)	\$3,443	\$3,447	\$3,738	\$3,684
Interest Expense	\$1,275	\$1,951	\$2,373	\$3,109
Pre-Tax Net Investment Income	\$4,301	\$4,476	\$4,996	\$5,802
Taxes and Gain / (Loss)				
Income Tax Benefit (Expense)	\$362	\$(279)	\$(379)	\$(256)
Net realized gain (loss) on investments	\$617	\$131	\$18,819	\$94
Net increase (decrease) in unrealized appreciation of investments	\$4,963	\$10,649	\$(11,783)	\$948
Net increase (decrease) in net assets resulting from operations	\$10,243	\$14,977	\$11,653	\$6,588
Weighted Average Diluted Shares Outstanding	16,176	16,139	16,201	16,323
Pre-Tax Net Investment Income Per Dil. Wtd. Average Share	\$0.27	\$0.28	\$0.31	\$0.36

Operating Leverage Continues to Improve

Continue to realize operating efficiencies of internally-managed structure with a target operating leverage of sub-2.5%



Note: FY16 includes only the quarters after the 2015 spin-off. Q1 2019 and Q2 2019 are quarterly annualized
 (1) Operating expenses exclude interest expense

Balance Sheet

<i>(In Thousands, except per share amounts)</i>	Quarter Ended 12/31/2017	Quarter Ended 3/31/2018	Quarter Ended 6/30/2018	Quarter Ended 9/30/18
Assets				
Portfolio Investments	\$367,120	\$393,095	\$411,330	\$491,601
Cash & Cash Equivalents	\$20,527	\$7,907	\$12,532	\$10,193
Deferred Tax Asset	\$2,080	\$2,050	\$2,116	\$2,060
Other Assets	\$13,123	\$14,438	\$24,948	\$12,653
Total Assets	\$402,850	\$417,490	\$450,926	\$516,507
Liabilities				
December 2022 Notes	\$55,236	\$55,305	\$56,646	\$73,407
Credit Facility	\$35,000	\$40,000	\$65,000	\$127,000
Other Liabilities	\$14,084	\$13,897	\$21,899	\$8,252
Total Liabilities	\$104,320	\$109,202	\$143,545	\$208,659
Shareholders Equity				
Net Asset Value	\$298,530	\$308,288	\$307,381	\$307,848
NAV per Share	\$18.44	\$19.08	\$18.87	\$18.84
Debt to Equity	0.30X	0.31X	0.40X	0.65X

Portfolio Statistics

Continuing to build a well performing credit portfolio with no non-accruals

<i>(In Thousands)</i>	Quarter Ended 12/31/2017	Quarter Ended 3/31/2018	Quarter Ended 6/30/2018	Quarter Ended 9/30/18
Portfolio Statistics				
Fair Value of Debt Investments	\$226,441	\$239,122	\$272,133	\$336,717
Average Debt Investment Hold Size	\$8,709	\$9,197	\$9,719	\$10,204
Fair Value of Debt Investments as a % of Par	99%	99%	99%	99%
% of Debt Portfolio on Non-Accrual (at Fair Value)	0.0%	0.0%	0.0%	0.0%
Weighted Average Investment Rating ⁽¹⁾	2.0	2.0	2.0	2.0
Weighted Average Yield on Debt Investments	10.95%	11.46%	11.73%	11.61%
Total Fair Value of Portfolio Investments	\$367,120	\$393,095	\$411,330	\$491,601
Weighted Average Yield on all Portfolio Investments ⁽²⁾	10.55%	10.48%	10.60%	11.02%
Investment Mix (Debt vs. Equity) ⁽³⁾⁽⁴⁾	75% / 25%	73% / 27%	79% / 21%	79% / 21%
Investment Mix (Yielding vs. Non-Yielding) ⁽⁴⁾	94% / 6%	92% / 8%	94% / 6%	92% / 8%

(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

Significant Unused Debt Capacity with Long-Term Duration

Earliest Debt Maturity occurs in November 2021

Facility	Total Commitments	Interest Rate	Maturity	Principal Drawn
Credit Facility ⁽¹⁾	\$210.0 MM	L + 3.00% with Step-Down	November 2021	\$127.0MM
December 2022 Notes (NASDAQ: "CSWCL") ⁽²⁾	\$75.7MM	5.95%	December 2022	\$75.7MM

Long-Term Debt Obligations



(1) The facility has an accordion feature that allows for an increase in total commitments up to \$250 MM. Principal Drawn is based upon outstanding balances as of 9/30/18

(2) Redeemable at CSWC's option beginning December 2019. Principal drawn is based upon outstanding balances as of 9/30/18

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 12/31/2017	Quarter Ended 3/31/2018	Quarter Ended 6/30/2018	Quarter Ended 9/30/18
Investment Income Breakdown				
Cash Interest	\$5,357	\$6,300	\$7,324	\$8,815
Cash Dividends	\$3,076	\$2,990	\$3,008	\$3,112
PIK Income	\$72	\$91	\$79	\$93
Amortization of purchase discounts and fees	\$209	\$264	\$312	\$375
Management/Admin Fees	\$146	\$184	\$181	\$191
Prepayment Fees & Other Income	\$159	\$45	\$203	\$9
Total Investment Income	\$9,019	\$9,874	\$11,107	\$12,595
Key Metrics				
Cash Income as a % of Investment Income	97%	96%	96%	96%
% of Total Investment Income that is Recurring ⁽¹⁾	95%	98%	97%	99%

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

Key Financial Metrics

Strong Pre-Tax Net Investment Income and Regular Dividend growth as Investment Portfolio continues to perform

	Quarter Ended 12/31/2017	Quarter Ended 3/31/2018	Quarter Ended 6/30/2018	Quarter Ended 9/30/18
Key Financial Metrics				
Pre-Tax Net Investment Income Per Wtd Avg Diluted Share	\$0.27	\$0.28	\$0.31	\$0.36
Annualized Pre-Tax Net Investment Income Return on Equity (ROE)	5.82%	6.02%	6.46%	7.53%
Realized Earnings Per Wtd Avg Diluted Share	\$0.33	\$0.27	\$1.45	\$0.35
Annualized Realized Earnings ROE	7.15%	5.82%	30.32%	7.32%
Earnings Per Wtd Avg Diluted Share	\$0.63	\$0.93	\$0.72	\$0.40
Annualized Earnings Return on Equity (ROE)	13.87%	20.13%	15.08%	8.56%
Regular Dividends per Share	\$0.26	\$0.28	\$0.29	\$0.34
Supplemental Dividends per Share	\$0.00	\$0.00	\$0.60	\$0.10
Total Dividends per Share	\$0.26	\$0.28	\$0.89	\$0.44
Dividend Yield ⁽¹⁾	6.28%	6.58%	19.66%	9.27%

(1) Dividend Yield is calculated as Quarterly Annualized Total Dividend / CSWC Share Price at Qtr. 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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