

Main Street Capital CORP
Form 10-Q
November 07, 2014

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2014

OR

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

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

Main Street Capital Corporation

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

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

1300 Post Oak Boulevard, Suite 800
Houston, TX
(Address of principal executive offices)

77056
(Zip Code)

(713) 350-6000

(Registrant's telephone number including area code)

n/a

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

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

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

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of the issuer's common stock as of November 6, 2014 was 44,944,926.

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	September 30, 2014	December 31, 2013
	(Unaudited)	
ASSETS		
Portfolio investments at fair value:		
Control investments (cost: \$299,621 and \$277,411 as of September 30, 2014 and December 31, 2013, respectively)	\$ 413,587	\$ 356,973
Affiliate investments (cost: \$244,223 and \$242,592 as of September 30, 2014 and December 31, 2013, respectively)	259,795	268,113
Non-Control/Non-Affiliate investments (cost: \$804,031 and \$643,068 as of September 30, 2014 and December 31, 2013, respectively)	814,652	661,102
Total portfolio investments (cost: \$1,347,875 and \$1,163,071 as of September 30, 2014 and December 31, 2013, respectively)	1,488,034	1,286,188
Marketable securities and idle funds investments (cost: \$9,871 and \$14,885 as of September 30, 2014 and December 31, 2013, respectively)	9,207	13,301
Total investments (cost: \$1,357,746 and \$1,177,956 as of September 30, 2014 and December 31, 2013, respectively)	1,497,241	1,299,489
Cash and cash equivalents	24,324	34,701
Interest receivable and other assets	21,076	16,054
Receivable for securities sold	26,075	
Deferred financing costs (net of accumulated amortization of \$5,906 and \$4,722 as of September 30, 2014 and December 31, 2013, respectively)	10,627	9,931
Total assets	\$ 1,579,343	\$ 1,360,175
LIABILITIES		
Credit facility	\$ 287,000	\$ 237,000
SBIC debentures (par: \$225,000 as of September 30, 2014 and \$200,200 as of December 31, 2013, par of \$75,200 is recorded at a fair value of \$72,829 and \$62,050 as of September 30, 2014 and December 31, 2013, respectively)	222,629	187,050
6.125% Notes	90,882	90,882
Payable for securities purchased	498	27,088
Deferred tax liability, net	12,583	5,940
Dividend payable	7,640	6,577
Accounts payable and other liabilities	8,220	10,549
Interest payable	2,385	2,556
Total liabilities	631,837	567,642
Commitments and contingencies (Note M)		
NET ASSETS		
Common stock, \$0.01 par value per share (150,000,000 shares authorized; 44,945,194 and 39,852,604 shares issued and outstanding as of September 30, 2014 and December 31, 2013, respectively)	449	398

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Additional paid-in capital	847,796	694,981
Accumulated net investment income, net of cumulative dividends of \$262,238 and \$199,140 as of September 30, 2014 and December 31, 2013, respectively	28,886	22,778
Accumulated net realized gain from investments (accumulated net realized gain from investments of \$27,904 before cumulative dividends of \$56,998 as of September 30, 2014 and accumulated net realized gain from investments of \$17,115 before cumulative dividends of \$43,449 as of December 31, 2013)	(29,094)	(26,334)
Net unrealized appreciation, net of income taxes	99,469	100,710
Total net assets	947,506	792,533
Total liabilities and net assets	\$ 1,579,343	\$ 1,360,175
NET ASSET VALUE PER SHARE	\$ 21.08	\$ 19.89

The accompanying notes are an integral part of these financial statements

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Statements of Operations****(in thousands, except per share amounts)****(Unaudited)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
INVESTMENT INCOME:				
Interest, fee and dividend income:				
Control investments	\$ 9,705	\$ 8,840	\$ 29,547	\$ 23,543
Affiliate investments	6,687	6,453	18,412	17,514
Non-Control/Non-Affiliate investments	19,839	13,974	53,488	40,974
Interest, fee and dividend income	36,231	29,267	101,447	82,031
Interest, fee and dividend income from marketable securities and idle funds	120	392	557	1,073
Total investment income	36,351	29,659	102,004	83,104
EXPENSES:				
Interest	(5,954)	(5,922)	(16,713)	(15,346)
Compensation	(3,047)	(2,575)	(9,115)	(5,148)
General and administrative	(1,871)	(1,533)	(5,279)	(3,471)
Share-based compensation	(1,208)	(2,152)	(3,034)	(3,357)
Expenses charged to the External Investment Manager	616		1,343	
Expenses reimbursed to affiliated Internal Investment Manager				(3,189)
Total expenses	(11,464)	(12,182)	(32,798)	(30,511)
NET INVESTMENT INCOME	24,887	17,477	69,206	52,593
NET REALIZED GAIN (LOSS):				
Control investments		(2,635)		(2,635)
Affiliate investments	14,737	780	8,159	780
Non-Control/Non-Affiliate investments	962	(1,164)	2,634	(1,024)
Marketable securities and idle funds investments	11	22	(4)	285
SBIC debentures		(4,775)		(4,775)
Total net realized gain (loss)	15,710	(7,772)	10,789	(7,369)
NET REALIZED INCOME	40,597	9,705	79,995	45,224
NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION):				
Portfolio investments	(6,891)	14,475	17,018	30,889
Marketable securities and idle funds investments	(426)	(490)	920	(1,300)
SBIC debentures	(8,749)	4,839	(10,778)	4,183
Total net change in unrealized appreciation (depreciation)	(16,066)	18,824	7,160	33,772

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