



NEW MOUNTAIN FINANCE  
CORPORATION

## **Q2 2015 Earnings Presentation**

August 6, 2015

# Important Notice and Safe Harbor Statement

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This presentation contains forward looking statements that involve substantial risks and uncertainties. All forward-looking statements included in this presentation are made only as of the date hereof and are subject to change without notice. Actual outcomes and results could differ materially from those suggested by this presentation due to the impact of many factors beyond the control of New Mountain Finance Corporation (“NMFC”), including those listed in the "Risk Factors" section of our filings with the United States Securities and Exchange Commission (“SEC”). Any such forward-looking statements are made pursuant to the safe harbor provisions available under applicable securities laws and NMFC assumes no obligation to update or revise any such forward-looking statements unless required by law.

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For the purposes of this presentation, all financial data prior to Q2 2014 relates to the consolidated operations of New Mountain Finance Holdings, L.L.C. (the “Predecessor Operating Company” or “NMFH”). Financial data for Q2 2014 reflects the consolidated operations of NMFC, which includes allocations from the Predecessor Operating Company from the period April 1, 2014 to May 7, 2014. Financial data from Q3 2014 onward reflects the consolidated operations of NMFC with no further allocations from the Predecessor Operating Company.

Investment portfolio related activity, metrics and disclosures on slides 5, 11, 12, 13, 19, 20, 21, and 22 include the underlying collateral from securities purchased under collateralized agreements to resell of \$30.0 million. Figures shown herein are unaudited and may not add due to rounding.



# Management Participants

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**Steven B. Klinsky**

*Chairman of the Board of Directors*

**Robert A. Hamwee**

*Chief Executive Officer, President and Director*

**David M. Cordova**

*Chief Financial Officer and Treasurer*



# Q2 2015 Highlights

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- Q2 2015 Adjusted Net Investment Income (“NII”) of \$0.35 per weighted average share, versus guidance of \$0.33 to \$0.35
  - Q2 2015 regular dividend of \$0.34 per share paid on June 30, 2015
- June 30, 2015 book value of \$13.90 per share, an increase of \$0.01 per share from the March 31, 2015 book value of \$13.89 per share
- Q3 2015 regular dividend of \$0.34 per share announced
  - Payable on September 30, 2015 to holders of record as of September 16, 2015
- Approximately \$119.8 million of gross originations and \$212.8 million repayments in Q2 2015; net repayments of \$93.0 million
  - Since quarter end, approximately \$123.7 million of gross originations and \$1.3 million of repayments
- Key strategic initiative updates:
  - Upsized NMFC revolving credit facility to \$95 million
  - 2<sup>nd</sup> tier of leverage commitments approved by SBA, allowing the SBIC to access up to \$150 million of SBA leverage
- Portfolio continues to be positioned in recession resistant, acyclical industries



# Key Highlights

## Financial Highlights

	Quarter Ended				6/30/2015
	6/30/2014	9/30/2014	12/31/2014	3/31/2015	
Adjusted NII Per Share <sup>(1)</sup>	\$0.36	\$0.35	\$0.34	\$0.34	\$0.35
NAV Per Share	\$14.65	\$14.33	\$13.83	\$13.89	\$13.90
Dividends Per Share <sup>(2)</sup>	\$0.34	\$0.46	\$0.34	\$0.34	\$0.34
Share Count - End of Period (mm)	52.1	52.2	58.0	58.1	58.2

## Portfolio Highlights

	Quarter Ended				6/30/2015
	6/30/2014	9/30/2014	12/31/2014	3/31/2015	
Fair Value of Investments (\$mm)	\$1,310.9	\$1,353.7	\$1,454.7	\$1,434.8	\$1,338.9
Number of Portfolio Companies	67	70	72	70	66
Middle Market Focus (EBITDA / Facility Size) <sup>(3)</sup>	65% / 73%	64% / 70%	65% / 72%	65% / 72%	65% / 76%
Current Yield at Cost <sup>(4)</sup>	9.8%	9.7%	9.8%	9.8%	9.9%
YTM at Cost <sup>(5)</sup>	10.7%	10.7%	10.7%	10.6%	10.8%
<b>Portfolio Activity (\$mm)<sup>(6)</sup></b>					
Gross Originations	\$158.3	\$199.2	\$225.7	\$64.8	\$119.8
(-) Repayments	(22.1)	(135.2)	(69.6)	(50.2)	(212.8)
<b>Net Originations</b>	<b>\$136.2</b>	<b>\$64.0</b>	<b>\$156.1</b>	<b>\$14.6</b>	<b>(\$93.0)</b>
(-) Sales	(8.9)	(8.9)	(23.4)	(26.5)	(9.1)
<b>Net Originations Less Sales</b>	<b>\$127.3</b>	<b>\$55.1</b>	<b>\$132.6</b>	<b>(\$11.9)</b>	<b>(\$102.1)</b>

<sup>1</sup> See corresponding earnings press release for adjustments for current quarter

<sup>2</sup> Includes regular and special dividends

<sup>3</sup> Defined as the % of portfolio companies (by fair value) with LTM EBITDA at the time of investment less than \$100m and facility sizes as of each date less than \$300m

<sup>4</sup> Current Yield at Cost is calculated as annual stated interest rate plus annual amortization of original issue discount and market discount / premium earned on accruing debt and other income producing securities divided by total accruing debt and other income producing securities at amortized cost

<sup>5</sup> Yield to Maturity ("YTM") at Cost assumes that the accruing investments in our portfolio as of each date are purchased at adjusted cost (estimated) on that date and held until their respective maturities with no prepayments or losses and are exited at par at maturity. This calculation excludes the impact of existing leverage. YTM at Cost uses the LIBOR curves at each quarter's respective end date. The actual yield to maturity may be higher or lower due to the future selection of LIBOR contracts by the individual companies in our portfolio or other factors. See "Important Notice and Safe Harbor Statement."

<sup>6</sup> Excludes PIK ("payment-in-kind" interest), revolvers, bridges, return of capital, and realized gains



# Review of NMFC

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## Overview

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- Founded in October 2008 to apply New Mountain Capital, L.L.C.'s ("NMC" or "New Mountain") private equity strengths to attractive risk-reward opportunities in the U.S. debt markets
  - New Mountain is a leading private equity firm with more than \$15 billion of assets under management<sup>(1)</sup> and ~100 staff members
- Externally managed Business Development Company ("BDC")
  - Initial Public Offering ("IPO") completed in May 2011 (NYSE: NMFC)
  - Public float market capitalization has increased from \$147 million at IPO to \$843 million as of June 30, 2015
- Targets investments up to a \$50 million hold size in:
  - "Defensive growth" middle market companies, typically generating \$20 – \$200 million of EBITDA
  - Senior secured debt (1<sup>st</sup> lien, 2<sup>nd</sup> lien or uni-tranche), mezzanine and other subordinated securities

## Strategy

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- NMFC's mandate is to primarily target businesses in the middle market that, consistent with New Mountain's private equity platform, are **quality, defensive growth** companies, in industries that are **well-researched** by New Mountain
- Mandate achieved by **utilizing existing New Mountain investment team** as primary underwriting resource; team combines operating executives with financial executives
- Target loan to value ratios typically average less than 50% of both sponsor purchase price and NMC valuation

## Key Investment Highlights

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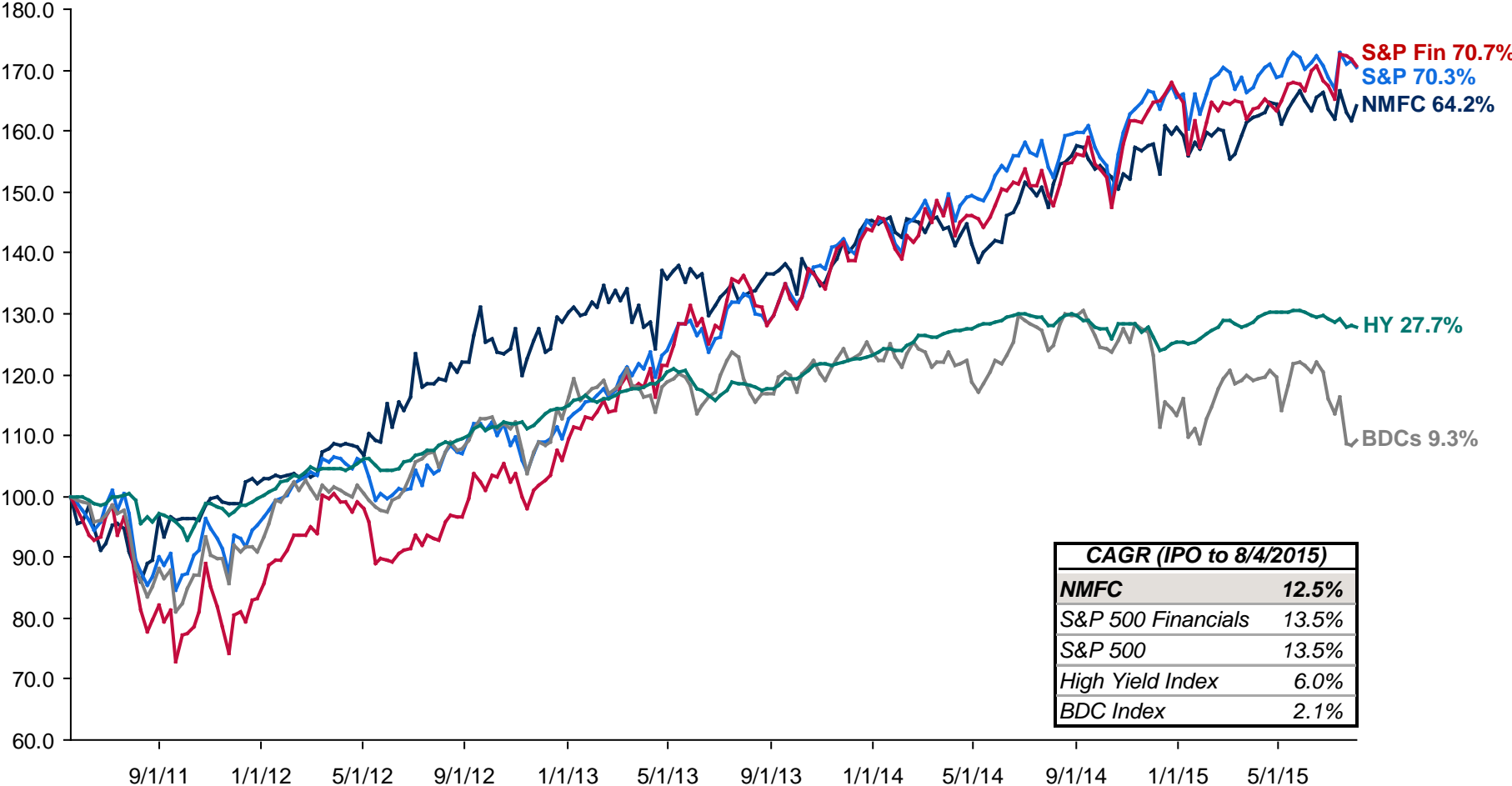
- Strong track record on credit and returns
- Well established New Mountain platform provides unique knowledge warehouse and sourcing capabilities
- Differentiated "defensive growth" investment strategy
- High quality and diverse portfolio
- Experienced management team who are also significant shareholders



# NMFC Relative Return Performance – Indexed Total Return

May 19, 2011 (IPO) – August 4, 2015

Indexed Total Return



CAGR (IPO to 8/4/2015)	
<b>NMFC</b>	<b>12.5%</b>
S&P 500 Financials	13.5%
S&P 500	13.5%
High Yield Index	6.0%
BDC Index	2.1%

— NMFC — S&P 500 — S&P 500 Financials — BDC Index<sup>(1)</sup> — High Yield Index

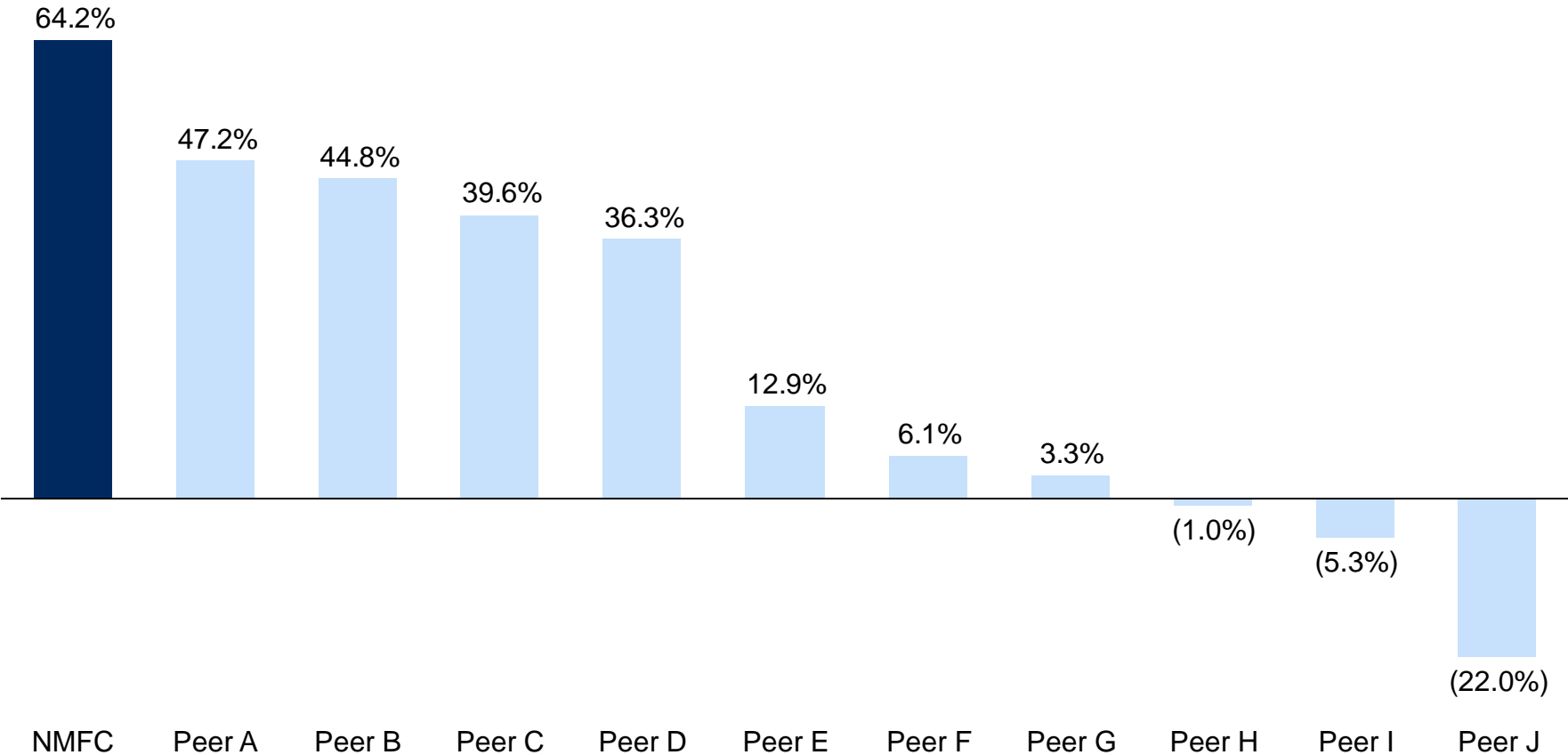
Source: Capital IQ, Credit Suisse Research & Analytics

<sup>1</sup> BDC Index includes median of Ares, Apollo, Prospect, Solar, Fifth Street, Blackrock Kelso, Pennant Park, MVC, Golub, THL Credit, Gladstone, Medley, Solar Senior and Horizon Technology; equal-weighted



# NMFC Cumulative Total Return Performance Versus Peers<sup>(1)</sup>

May 19, 2011 (IPO) – August 4, 2015



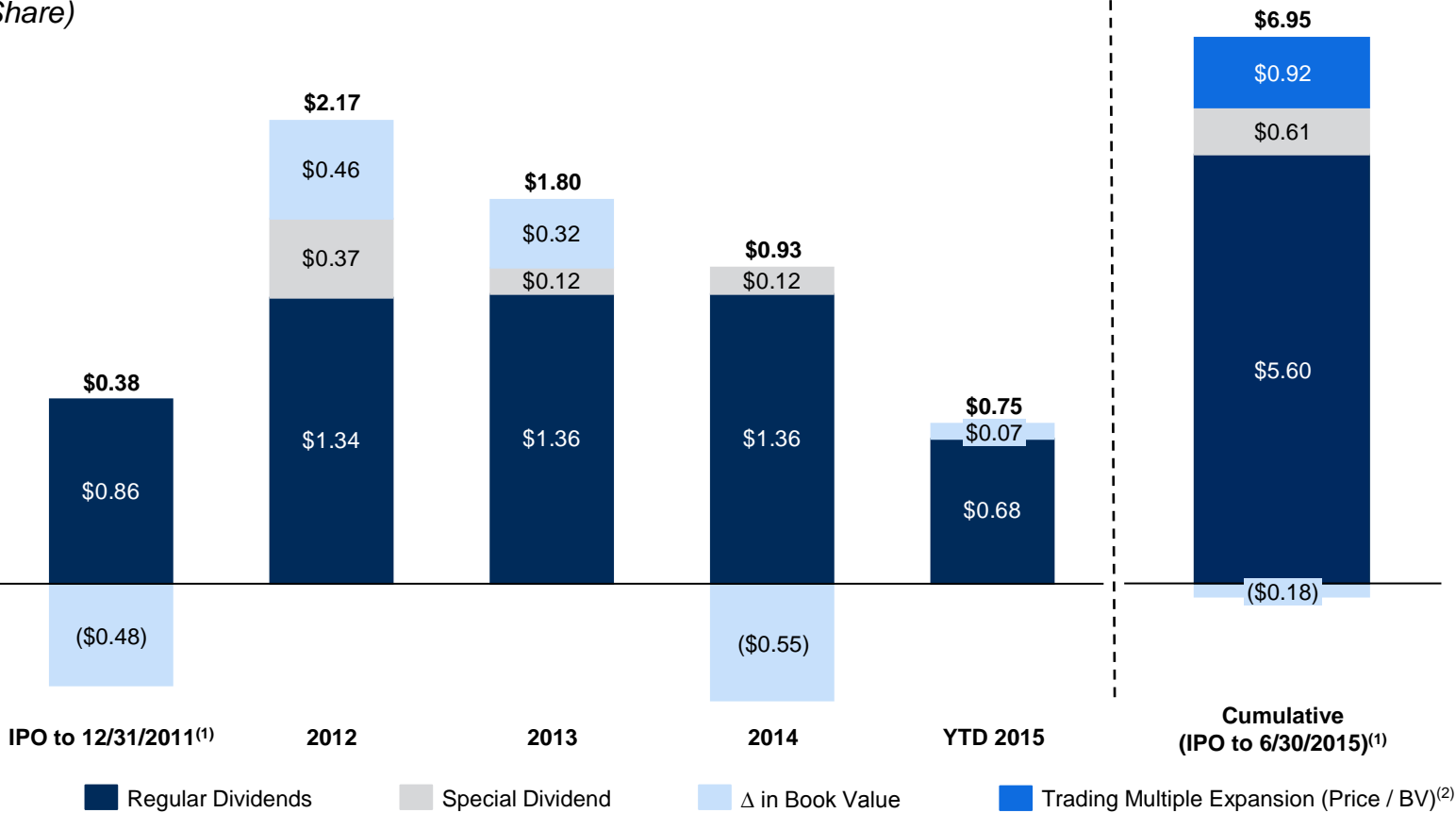
Source: Capital IQ

<sup>1</sup> Peers include publicly-traded, externally-managed BDCs with market capitalizations greater than \$400 million that have been publicly traded since NMFC's IPO (5/19/2011). Peers include Ares, Apollo, Prospect, Solar, Fifth Street, Blackrock Kelso, Pennant Park, Golub, THL Credit, and Medley



# NMFC Return Attribution

(\$ per Share)



Since IPO, NMFC has distributed \$5.60 per share in regular dividends and \$0.61 per share in special dividends, and NMFC public shares have traded up from \$13.75 at IPO to \$14.49 at close on 6/30/2015



<sup>1</sup> NMFC priced its initial public offering on 5/19/2011 at \$13.75 per share; closing price on 6/30/2015 of \$14.49 per share

<sup>2</sup> Increase in value from trading multiple expansion shown only for cumulative period and is equal to increase in share price over period less change in book value per share

# Credit Market Conditions

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- Credit spreads have been broadly stable since our last call
  - Recent macroeconomic uncertainty
  - Offset by reduced asset supply
- With limited exceptions, smaller deals continue to be priced at a premium
- NMFC works to be well positioned to capitalize on volatile markets:
  - NMC and NMFC have **always** proactively focused on defensive, acyclical business models
  - Wells Fargo leverage facility **not** subject to margin calls

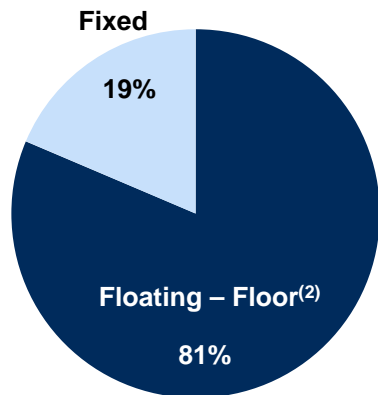


# Credit Market Conditions – Interest Rates

## Floating vs. Fixed

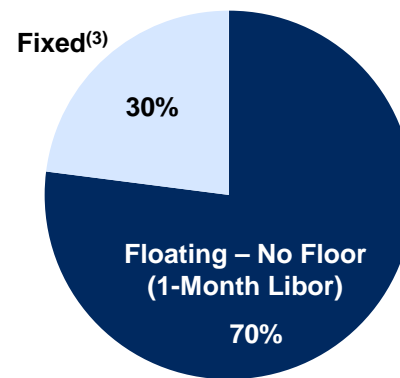
### Assets

(Aggregate par value of \$1,303.6 million as of 6/30/2015)<sup>(1)</sup>



### Liabilities

(\$567.9 million drawn as of 6/30/2015)



## Impact of Changing Rates<sup>(4)</sup>

Change in Base Interest Rates	Estimated % Change in Interest Income Net of Interest Expense	Illustrative Adj. NII / Share Impact Assuming \$1.36 Annual Adj. NII / Share
+100 bps	(2.3%)	(\$0.03)
+200 bps	3.4%	\$0.05
+300 bps	9.7%	\$0.13
+400 bps	16.1%	\$0.22

<sup>1</sup> Based on par values (excludes assets on non-accrual, revolvers, unfunded commitments and non-interest bearing equity investments)

<sup>2</sup> Includes assets on Prime contracts

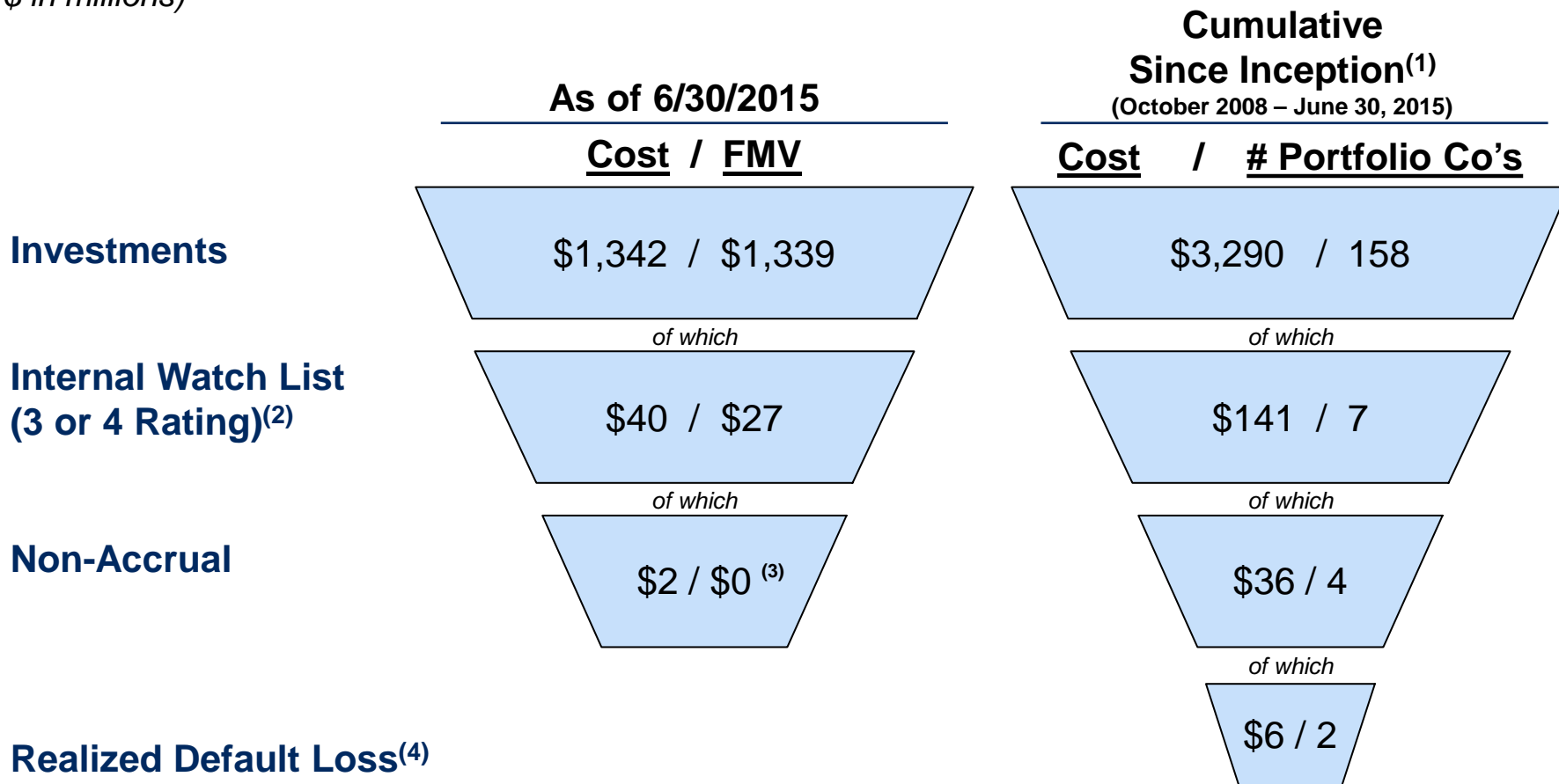
<sup>3</sup> Includes SBA debentures which become fixed rate debt upon semi-annual debenture pooling dates every March and September

<sup>4</sup> These hypothetical calculations are based on a model of the investments in our portfolio, held as of 6/30/2015, and are only adjusted for assumed changes in the underlying base interest rates. Assumes constant share count



# Credit Performance

(\$ in millions)



<sup>1</sup> Since inception of predecessor entity in 10/2008 through 6/30/2015

<sup>2</sup> Determined on a quarterly basis by Management. In addition to various risk management and monitoring tools, NMFC also uses a four-level numeric investment rating system to characterize and monitor the credit profile and expected level of returns on each portfolio investment. Ratings of 1 and 2 indicate the investment is performing materially above, or materially in-line, with expectations, respectively. All new loans are rated 2 when approved. A rating of 3 indicates the investment is performing materially below expectations and risk has increased materially since the original investment. A rating of 4 indicates the investment is performing substantially below expectations and risks have increased substantially since the original investment. Payments may be delinquent. There is a meaningful possibility that we will not recoup our original cost basis in the investment and may realize a substantial loss upon exit. Where it is determined that an investment is underperforming, or circumstances suggest that the risk associated with a particular investment has significantly increased, a more aggressive monitoring of the affected portfolio company will be undertaken

<sup>3</sup> Refers to the investments in ATI Acquisition Company

<sup>4</sup> Realized default loss represents positions that have crystallized losses and no recovery is expected



# Credit Performance

## Non-70% Advance Rate Assets

Portfolio Company <sup>(1)</sup>	NMFC Leverage Ratio <sup>(2)</sup>		Variance + / (-)
	At Purchase	Current	
Company A	4.9x	4.5x	0.4x
Company B	6.6x	6.5x	0.1x
Company C	5.0x	5.2x	(0.2x)
Company D	2.9x	2.6x	0.4x
Company E	6.0x	6.0x	-
Company F	5.0x	5.0x	-
Company G	4.6x	4.0x	0.6x
Company H	5.7x	5.8x	(0.1x)
Company I	5.8x	5.4x	0.4x
Company J	6.0x	6.0x	-
Company K	5.0x	6.1x	(1.0x)
Company L	7.7x	7.3x	0.4x
Company M	6.1x	6.1x	-
Company N	2.6x	2.7x	(0.2x)
Company O	6.0x	6.1x	(0.1x)
Company P	4.1x	3.4x	0.8x
Company Q	7.2x	6.2x	1.1x
Company R	4.5x	4.5x	-
Company S	6.2x	5.6x	0.5x
Company T	5.0x	5.2x	(0.2x)
Company U	5.9x	5.9x	0.0x
Company V	6.8x	7.1x	(0.2x)
Company W	5.8x	7.0x	(1.1x)
Company X	7.1x	7.1x	-
Company Y	4.9x	4.2x	0.7x
Company Z	4.8x	4.1x	0.7x
Company AA	2.9x	2.6x	0.4x
Company AB	5.8x	5.5x	0.3x
Company AC	1.2x	1.5x	(0.2x)
Company AD	5.9x	5.7x	0.2x
Company AE	4.9x	4.7x	0.3x
Company AF	5.6x	5.9x	(0.3x)
Company AG	4.9x	4.6x	0.2x
Company AH	6.8x	6.8x	-
Company AI	6.6x	6.8x	(0.2x)
Company AJ	6.7x	4.1x	2.6x
Company AK	6.4x	6.1x	0.3x
Company AL	3.7x	3.3x	0.4x
<b>Weighted Average (6/30/2015)<sup>(3)</sup></b>	<b>5.4x</b>	<b>5.3x</b>	<b>0.1x</b>
<b>Memo: Weighted Average (3/31/2015)</b>	<b>5.2x</b>	<b>5.0x</b>	<b>0.2x</b>
<b>Memo: Weighted Average (12/31/2014)</b>	<b>5.0x</b>	<b>5.0x</b>	<b>0.0x</b>
<b>Memo: Weighted Average (9/30/2014)</b>	<b>4.6x</b>	<b>4.7x</b>	<b>(0.1x)</b>

## 70% Advance Rate Assets

Portfolio Company <sup>(1)</sup>	NMFC Leverage Ratio <sup>(2)</sup>		Variance + / (-)
	At Purchase	Current	
Company AM	1.2x	1.5x	(0.3x)
Company AN	4.5x	4.4x	0.1x
Company AO	2.3x	2.7x	(0.5x)
Company AP	3.7x	3.0x	0.8x
Company AQ	3.4x	3.3x	0.1x
Company AR	2.8x	2.8x	-
Company AS	2.9x	4.9x	(2.0x)
Company AT	3.8x	3.8x	0.0x
Company AU	0.9x	1.0x	(0.1x)
Company AV	3.8x	8.2x	(4.4x)
Company AW	3.4x	4.8x	(1.4x)
Company AX	3.1x	2.4x	0.7x
Company AY	5.3x	4.8x	0.5x
Company AZ	4.6x	4.2x	0.3x
Company BA	3.6x	3.2x	0.3x
Company BB	3.9x	3.6x	0.3x
Company BC	2.9x	3.1x	(0.2x)
Company BD	4.3x	2.5x	1.7x
<b>Weighted Average (6/30/2015)<sup>(3)</sup></b>	<b>3.4x</b>	<b>3.6x</b>	<b>(0.2x)</b>
<b>Memo: Weighted Average (3/31/2015)</b>	<b>3.5x</b>	<b>3.4x</b>	<b>0.0x</b>
<b>Memo: Weighted Average (12/31/2014)</b>	<b>3.4x</b>	<b>3.4x</b>	<b>0.0x</b>
<b>Memo: Weighted Average (9/30/2014)</b>	<b>3.4x</b>	<b>3.5x</b>	<b>(0.1x)</b>

<sup>1</sup> Current positions with a cost greater than \$7.5mm as of 6/30/2015 (represents 87% of non-70% advance rate asset cost and 86% of non-70% advance rate asset fair value; represents 98% of 70% advance rate asset cost and 98% of 70% advance rate asset fair value)

<sup>2</sup> Defined as total debt (assuming par for debt senior to our security, purchase price for our security, and no value for debt subordinated to our security) less total cash for the period, divided by the trailing twelve month EBITDA; as of the first calendar quarter of 2015, if available, or otherwise, the most recently reported fiscal quarter

<sup>3</sup> Excludes assets on non-accrual, equity, revolvers and project finance related investments; weighted by cost



# Performance Since IPO

(\$ in millions)

	IPO -	2015				
	12/31/2011 <sup>(1)</sup>	2012	2013	2014	3/31/2015	6/30/2015
Regular Dividend	\$26.6	\$46.6	\$59.8	\$71.4	\$19.7	\$19.8
Cumulative Regular Dividend	26.6	73.2	133.0	204.3	224.0	243.8
Adj. NII	26.5	46.1	62.1 <sup>(2)</sup>	73.4 <sup>(2)</sup>	19.5	20.2
Cumulative Adj. NII	26.5	72.7	134.8	208.2	227.7	247.9
<b>Dividend Coverage (Cumulative Adj. NII / Dividend)</b>	<b>100%</b>	<b>99%</b>	<b>101%</b>	<b>102%</b>	<b>102%</b>	<b>102%</b>
Adj. Realized Gains	\$1.6	\$13.9	\$13.8 <sup>(3)</sup>	\$12.4 <sup>(3)</sup>	\$14.6	\$2.0
Adj. Realized Credit & Other Losses	(\$0.8)	(2.0)	(6.1)	(3.6)	(2.0) <sup>(4)</sup>	(0.2) <sup>(5)</sup>
Total Adj. Realized Gains / (Losses)	0.9	11.9	7.8	8.8	12.6	1.8
Cumulative Adj. Realized Gains / (Losses)	0.9	12.8	20.5	29.3	41.9	43.7
Adj. Change in Unrealized Appreciation	17.0	46.5	46.0	39.1	34.1	27.4
Adj. Change in Unrealized Depreciation <sup>(6)</sup>	(28.1)	(26.1)	(34.0)	(81.7)	(42.8) <sup>(4)</sup>	(29.2) <sup>(5)</sup>
Total Adj. Change in Unrealized Appreciation / (Depreciation)	(11.1)	20.4	12.0	(42.6)	(8.7)	(1.8)
Cumulative Adj. Change in Unrealized Appreciation / (Depreciation)	(11.1)	9.3	21.3	(21.3)	(30.0)	(31.8)
<b>Cumulative Net Realized and Unrealized Gains and Appreciation</b>	<b>(\$10.2)</b>	<b>\$22.0</b>	<b>\$41.7</b>	<b>\$8.0</b>	<b>\$11.9</b>	<b>\$11.9</b>

<sup>1</sup> NMFC priced its initial public offering on 5/19/2011; IPO – 12/31/2011 Adj. NII reflects nine months ended 12/31/2011 for comparability to the dividend

<sup>2</sup> Reflects Pro-Forma Adjusted Net Investment Income

<sup>3</sup> Includes net YP distribution (net of incentive fee) and subsequent change in tax estimates of \$4.9 million in 2013 and \$0.2 million in 2014

<sup>4</sup> Includes \$12.8m reclassification from realized to unrealized loss related to UniTek material modification

<sup>5</sup> Includes \$15.2m reclassification from realized to unrealized loss related to Edmentum material modification






<sup>6</sup> From 2014 onwards, includes provision for income tax



# Q2 2015 Originations

## Portfolio Originations<sup>(1)</sup>

(\$ in millions)

Date <sup>(2)</sup>	Name	Industry	Amount (\$'s Invested)	Tranche Size	Type of Investment	Advance Rate <sup>(3)</sup>	YTM at Purchase <sup>(4)</sup>	
							Unlevered	Levered
5/7/15	 TTM Technologies Time-To-Market Interconnect Solutions™	Business Products	\$7.7	\$950	1 <sup>st</sup> Lien	70%	8.0%	18.7%
5/15/15	 VetCor	Consumer Services	\$19.4	\$220	1 <sup>st</sup> Lien	67% (SBIC)	8.5%	17.6%
5/19/15	 PHYSIO CONTROL	Healthcare Products	\$29.4	\$130	2 <sup>nd</sup> Lien	25%	12.1%	14.6%
6/19/15	 Deltek.	Software	\$40.6	\$390	2 <sup>nd</sup> Lien	25%	11.4%	13.6%
6/30/15	 LRW Lieberman Research Worldwide	Business Services	\$13.4	\$30	2 <sup>nd</sup> Lien	67% (SBIC)	11.5%	27.2%
	Other		\$9.3				13.2%	15.5%
<b>Total Originations</b>			<b>\$119.8</b>				<b>Non-70%: 11.1%</b>	<b>Non-70%: 14.9%</b>
Repayments <sup>(6)</sup>			(\$212.8)				<b>/ 70%: 10.6% <sup>(5)</sup></b>	<b>/ 70%: 27.4% <sup>(5)</sup></b>
<b>Net Originations</b>			<b>(\$93.0)</b>					
Sales			(\$9.1)					
<b>Net Originations Less Sales</b>			<b>(\$102.1)</b>					

<sup>1</sup> Origination commitments over \$7.5m shown, originations less than \$7.5m included in "Other"; originations and repayments exclude PIK, revolvers, and bridges

<sup>2</sup> Date of commitment; where multiple trade dates, the first trade date is listed

<sup>3</sup> For assets not in the SBIC or in the Wells Fargo borrowing base, illustrative advance rates shown based on Wells Fargo advance rates for comparable assets

<sup>4</sup> Assumes that investments are purchased at purchase price on settlement date and held until their respective maturities with no prepayments or losses and are exited at par at maturity. The actual yield to maturity may be higher or lower due to the future selection of LIBOR contracts by the individual companies in our portfolio or other factors. See "Important Notice and Safe Harbor Statement."

<sup>5</sup> Weighted average YTM; 70% includes all assets with 70% advance rate






<sup>6</sup> Repayments exclude revolvers and bridges



# Origination Activity Since Quarter End (Through 8/4/2015)

(\$ in millions)

## Portfolio Originations<sup>(1)</sup>

Date <sup>(2)</sup>	Name	Industry	Amount (\$'s Invested)	Tranche Size	Type of Investment	Advance Rate <sup>(3)</sup>	YTM at Purchase <sup>(4)</sup>	
							Unlevered	Levered
7/2/15	 Dental Care Alliance	Healthcare Services	\$17.7	\$170	1 <sup>st</sup> Lien	70%	7.6%	12.5%
7/14/15	 National HME	Healthcare Services	\$13.8 / \$1.0	\$14 / N/A	2 <sup>nd</sup> Lien / Preferred Equity	67% (SBIC)	12.0% / N/A	29.0% / N/A
7/30/15	 ENEngineering	Business Services	\$21.2	\$150	1 <sup>st</sup> Lien	70%	8.4%	19.8%
7/31/15	 PowerSchool	Software	\$14.9	\$65	2 <sup>nd</sup> Lien	67% (SBIC)	10.9%	25.2%
8/4/15	 IPIPELINE INSURANCE ACCELERATED	Software	\$17.8	\$180	1 <sup>st</sup> Lien	67% (SBIC)	9.8%	21.7%
8/4/15	Company X*	Business Services	\$24.6	\$250	1 <sup>st</sup> Lien	70%	7.8%	18.4%
8/4/15	Company Y*	Software	\$12.6	\$90	2 <sup>nd</sup> Lien	25%	11.6%	14.0%
	Other		\$ –				<b>Non-70%: 10.8%</b>	<b>Non-70%: 19.8%</b>
	<b>Total Originations</b>		<b>\$123.7</b>				<b>/ 70%: 7.9% <sup>(5)</sup></b>	<b>/ 70%: 16.5%<sup>(5)</sup></b>
	Repayments		(\$1.3)					
	<b>Net Originations</b>		<b>\$122.4</b>					
	Sales		(\$10.9)					
	<b>Net Originations less Sales</b>		<b>\$111.5</b>					

**\* Indicates investment has not closed. Actual terms (including amount of investment) are subject to change**

## Investment Pipeline

- Over \$100 million of potential investments in near-term pipeline
- Over \$75 million additional in earlier-stage pipeline

<sup>1</sup> Origination commitments over \$7.5m shown, originations less than \$7.5m included in "Other"; originations and repayments exclude PIK, revolvers, and bridges

<sup>2</sup> Date of commitment; where multiple trade dates, the first trade date is listed

<sup>3</sup> For assets not in the SBIC or in the Wells Fargo borrowing base or not yet approved in the credit facility, illustrative advance rates shown based on Wells Fargo advance rates for comparable assets

<sup>4</sup> Assumes that investments are purchased at purchase price on settlement date and held until their respective maturities with no prepayments or losses and are exited at par at maturity. The actual yield to maturity may be higher or lower due to the future selection of LIBOR contracts by the individual companies in our portfolio or other factors. See "Important Notice and Safe Harbor Statement."

<sup>5</sup> Weighted average YTM



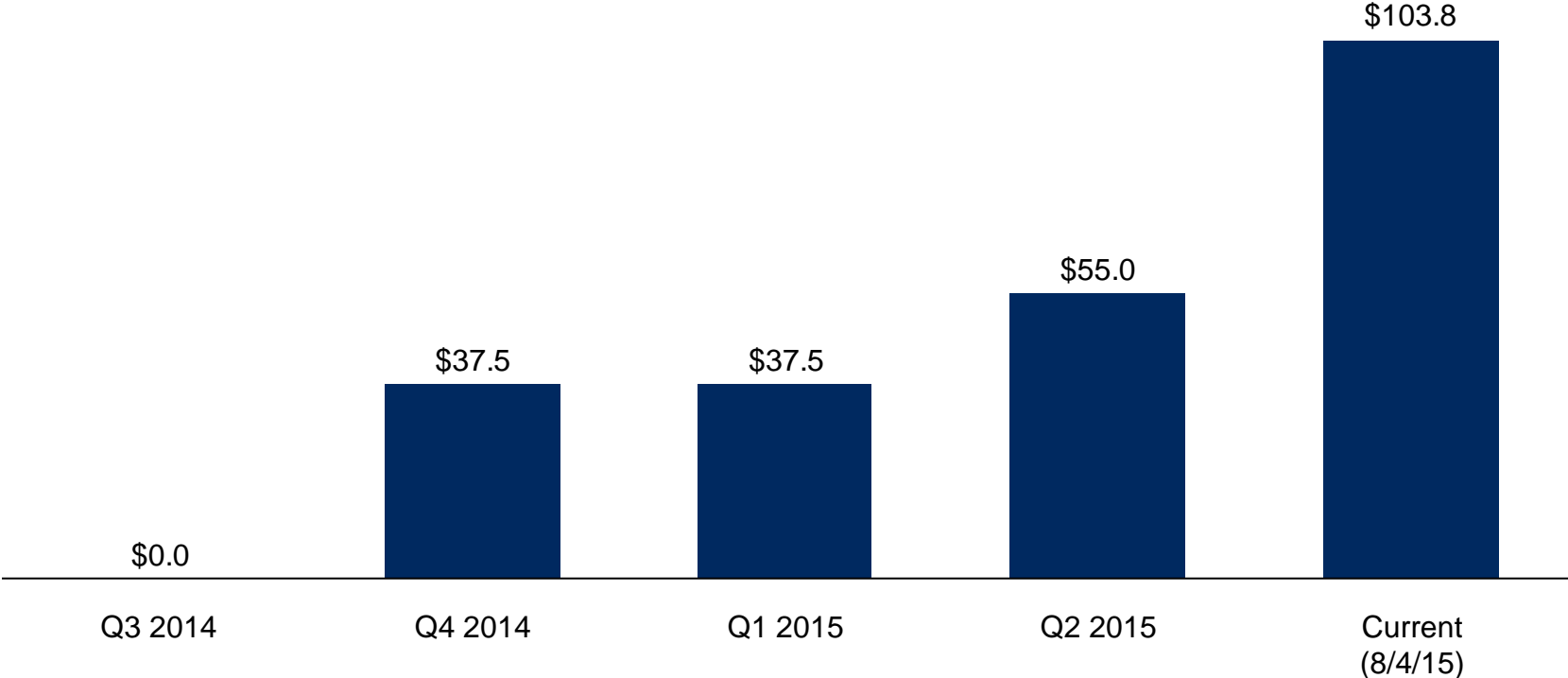


# SBIC Ramp

**Every \$25 million of SBIC-eligible investments funded through SBA-guaranteed debentures result in approximately \$0.02 of incremental annual NII per share<sup>(1)</sup>**

## Funded SBA-Guaranteed Debentures

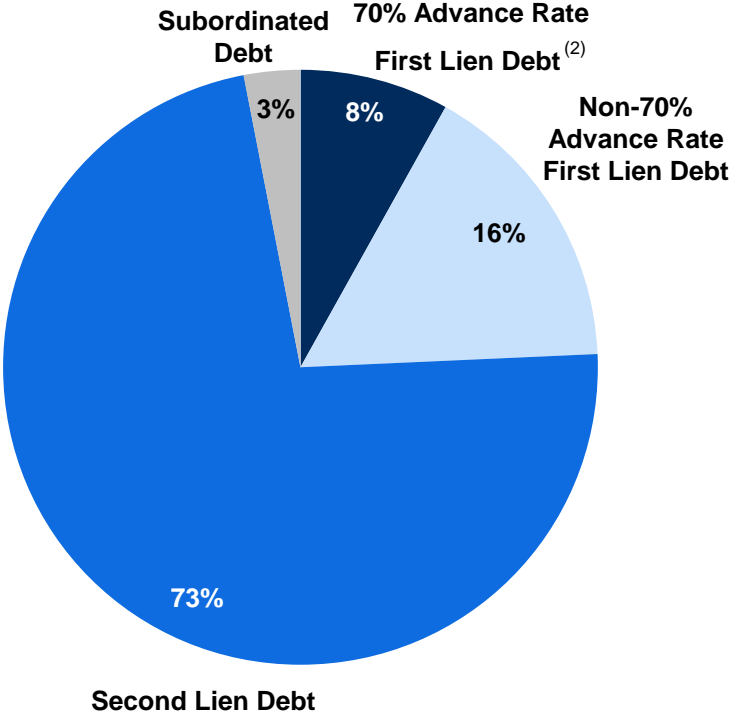
*(\$ in millions; balance at the end of each period)*



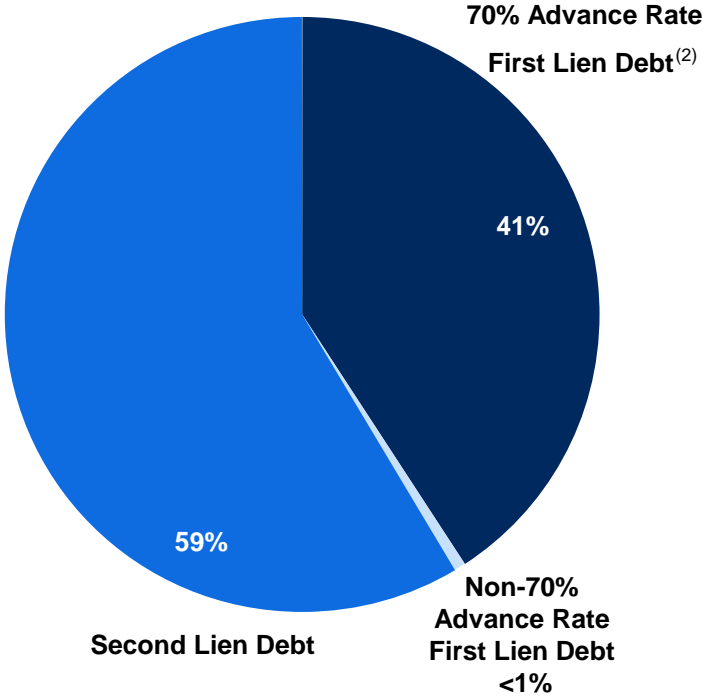
<sup>1</sup> The above information is provided for illustrative purposes only; actual impact to NII may differ from that presented above and there is no guarantee of the results outlined on this slide. Assumes constant share count of 58.2 million, average SBA asset unlevered YTM of 10.8% (which is consistent with the overall BDC portfolio), SBA debenture interest of ~3% per annum and assumes existing non-SBA leverage is constrained by our target statutory debt / equity ratio of 0.7x to 0.8x to one

# Q2 2015 Originations and Repayments

**Originations by Type<sup>(1)</sup>**



**Sales / Repayments by Type<sup>(1)</sup>**

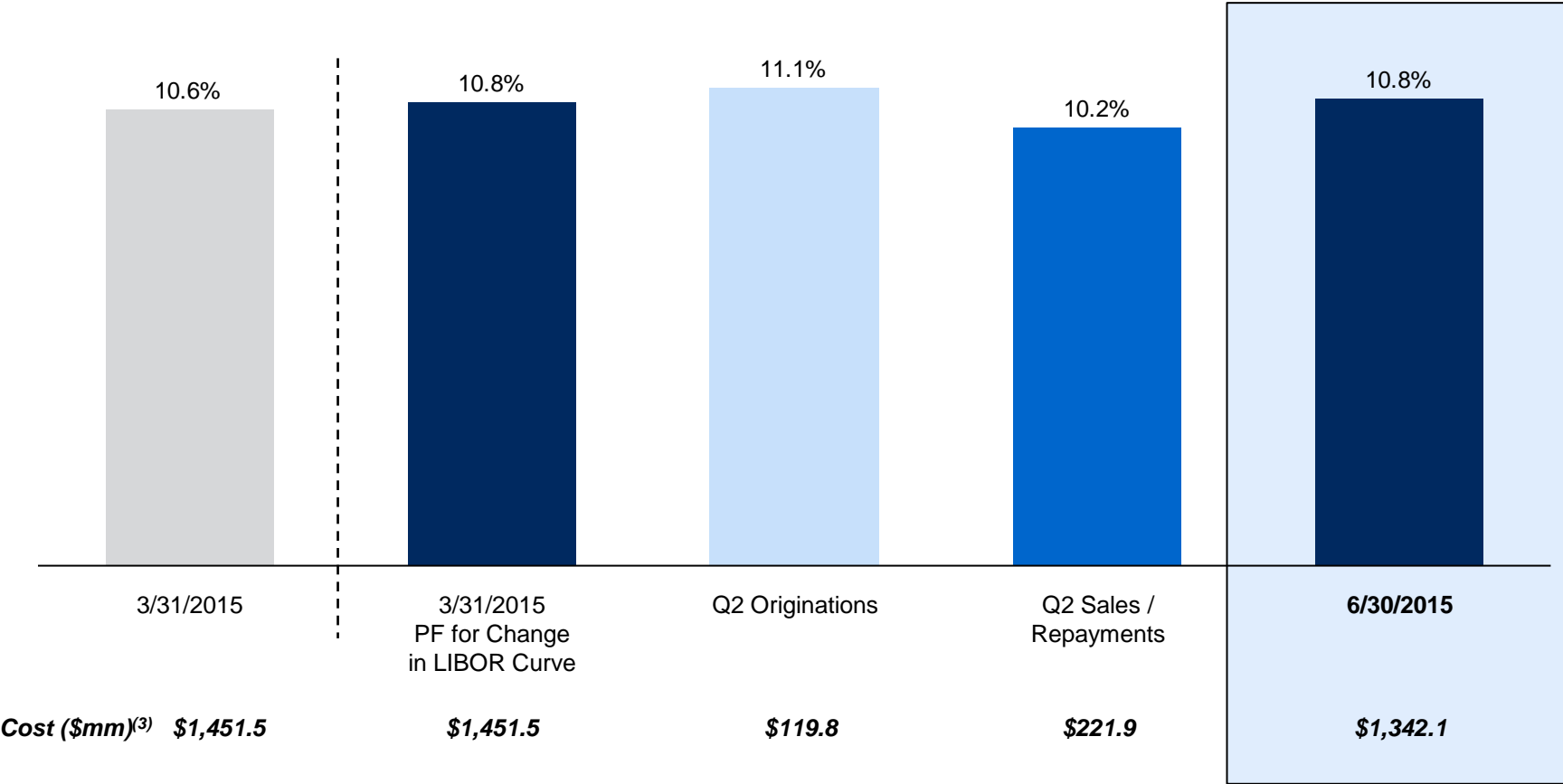


<sup>1</sup> By \$s invested / \$s received at time of origination / sale / repayment; excludes PIK, revolving and bridges and realized gains from equity positions

<sup>2</sup> 70% advance rate first lien debt includes first lien assets with 70% advance rate

# Q2 2015 Investment Activity Roll

## YTM at Cost<sup>(1)</sup> / Purchase<sup>(2)</sup>



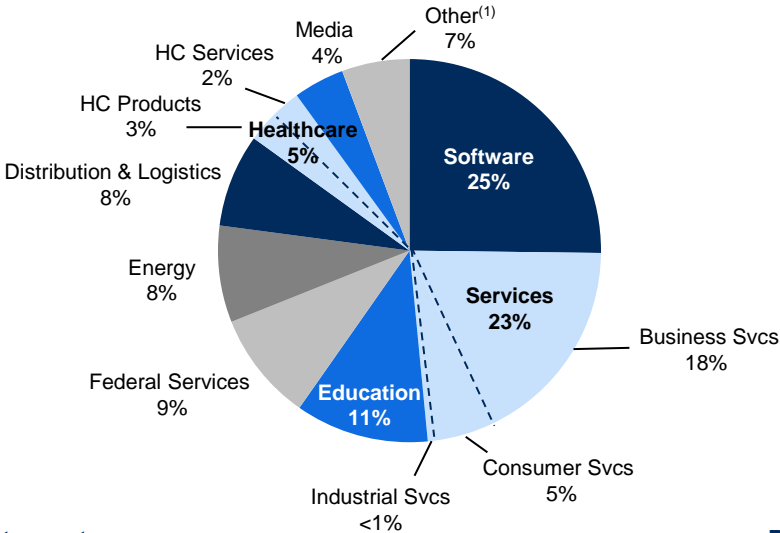
<sup>1</sup> Assumes that investments are purchased at adjusted cost (estimated) and held until their respective maturities with no prepayments or losses and are exited at par at maturity. The actual yield to maturity may be higher or lower due to the future selection of LIBOR contracts by the individual companies in our portfolio or other factors. See "Important Notice and Safe Harbor Statement."

<sup>2</sup> References to "YTM at Purchase" have the same assumptions as above except that investments are purchased at purchase price on settlement date

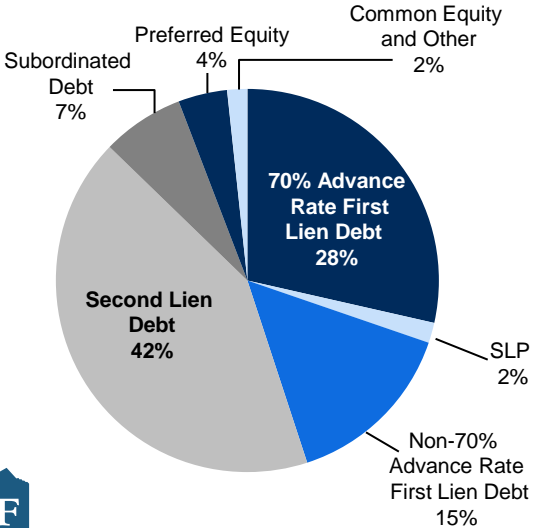
<sup>3</sup> Will not sum across due to amortization, PIK, realized gain / loss, and revolvers

# Portfolio Mix (By Fair Value as of 6/30/2015)

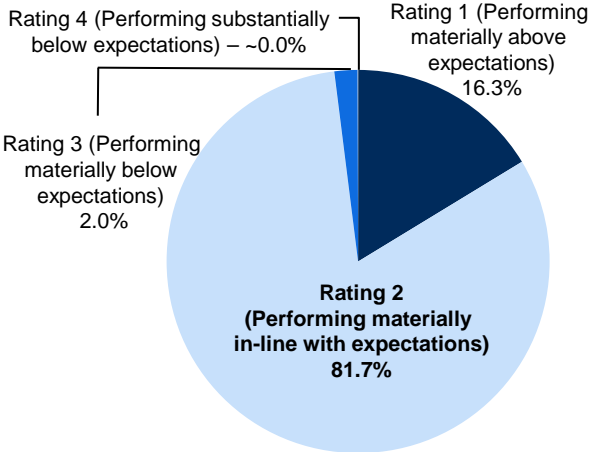
## By Industry



## By Type of Investment



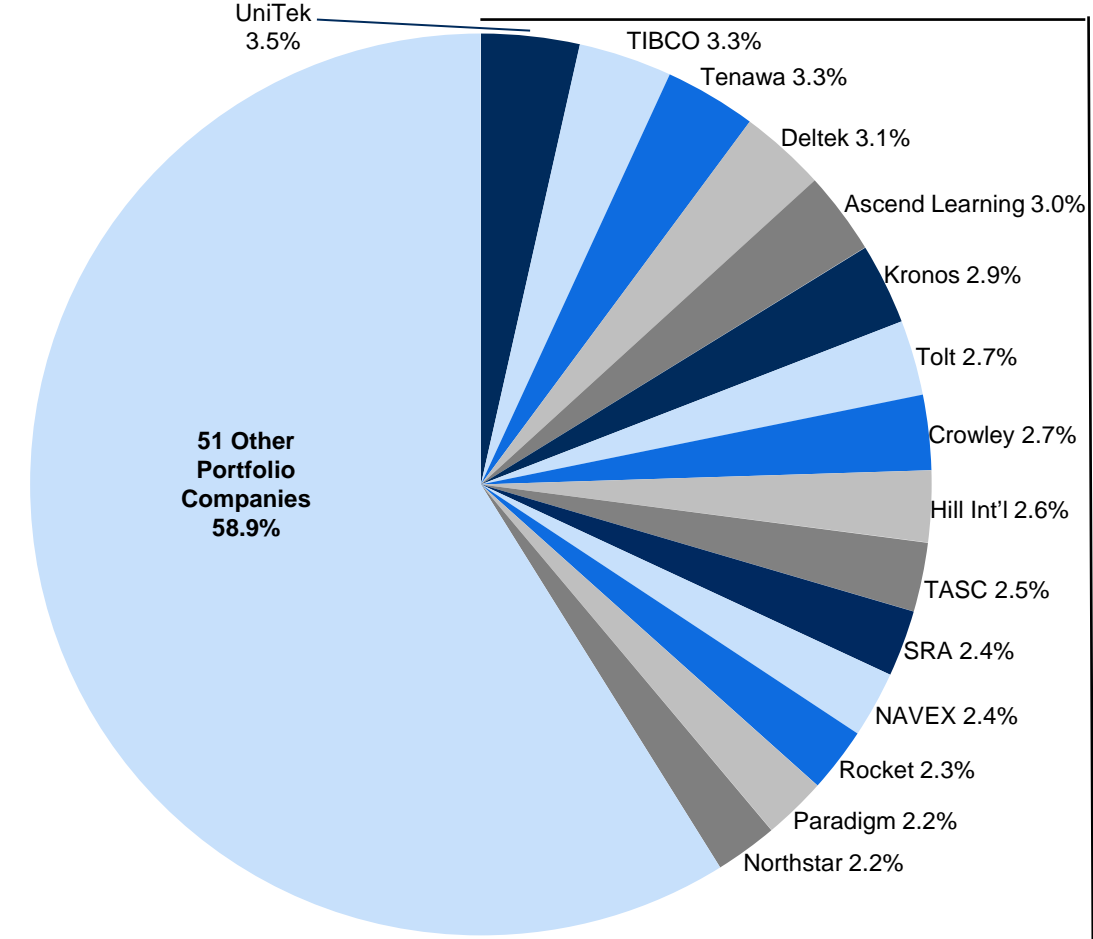
## By Rating



<sup>1</sup> Includes 3% Business Products, 2% SLP I, and ~2% Specialty Chemicals & Materials

# Portfolio Concentration (By Fair Value as of 6/30/2015)

**Portfolio Names By Fair Value**



Top 15 portfolio companies represent \$550.5 million, or 41.1%, of consolidated investments

Memo: Top 15 Portfolio Companies

As of		
9/30/2014	12/31/2014	3/31/2015
\$570.6m	\$575.5m	\$569.1m
42.1%	39.6%	39.7%

# Balance Sheet Highlights

(\$ in millions, except per share data)	Quarter Ended				6/30/2015
	6/30/2014	9/30/2014	12/31/2014	3/31/2015	
<b>Assets</b>					
Portfolio	\$1,310.9	\$1,353.7	\$1,454.7	\$1,434.8	\$1,338.9
Cash & Equivalents <sup>(1)</sup>	21.7	19.6	23.4	22.2	24.2
Other Assets <sup>(2)</sup>	25.5	24.8	36.8	30.6	29.0
<b>Total Assets</b>	<b>\$1,358.1</b>	<b>\$1,398.1</b>	<b>\$1,514.9</b>	<b>\$1,487.6</b>	<b>\$1,392.1</b>
<b>Liabilities</b>					
Statutory Debt	\$568.1	\$600.8	\$633.1	\$626.4	\$512.9
SBA-Guaranteed Debentures	–	–	37.5	37.5	55.0
Other Liabilities <sup>(3)</sup>	27.5	49.9	42.1	17.2	15.9
<b>Total Liabilities</b>	<b>\$595.6</b>	<b>\$650.7</b>	<b>\$712.7</b>	<b>\$681.1</b>	<b>\$583.8</b>
<b>NAV</b>	<b>\$762.6</b>	<b>\$747.5</b>	<b>\$802.2</b>	<b>\$806.5</b>	<b>\$808.3</b>
Shares Outstanding - Ending Balance (mm)	52.1	52.2	58.0	58.1	58.2
<b>NAV / Share</b>	<b>\$14.65</b>	<b>\$14.33</b>	<b>\$13.83</b>	<b>\$13.89</b>	<b>\$13.90</b>
<b>Statutory Debt / Equity<sup>(4)</sup></b>	<b>0.74x</b>	<b>0.80x</b>	<b>0.79x</b>	<b>0.78x</b>	<b>0.63x</b>

<sup>1</sup> For the three months ended 9/30/2014, includes \$1.8m of restricted cash

<sup>2</sup> Includes interest and dividends receivable, receivable from unsettled securities sold, deferred financing costs, receivable from affiliates and other assets

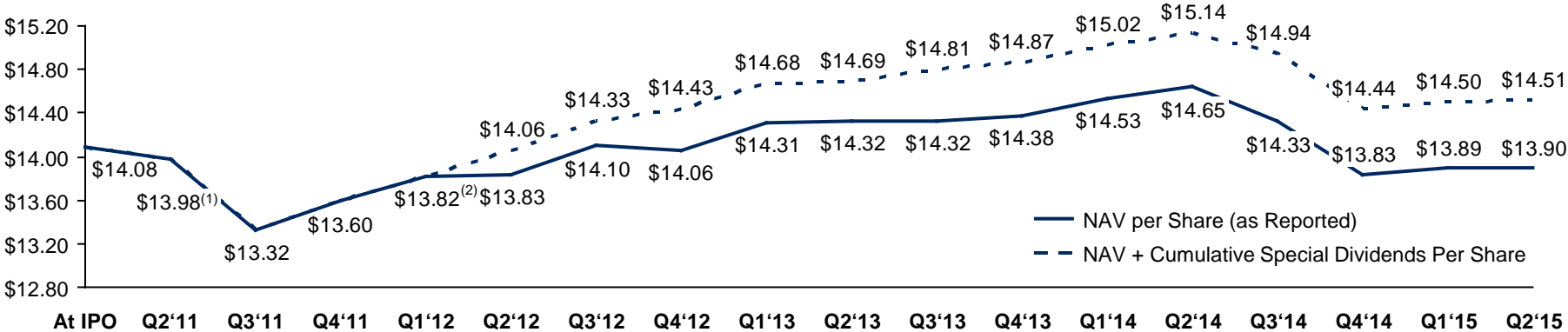
<sup>3</sup> Includes payable for unsettled securities purchased, incentive fee payable, capital gains incentive fee payable, management fee payable, interest payable, payable to affiliates, deferred tax liability and other liabilities

<sup>4</sup> Statutory debt / equity calculation excludes SBA-guaranteed debentures, which are fully funded, non-recourse, asset-backed securities that are excluded by SEC exemptive order from the definition of "senior securities" under the 200% asset coverage test

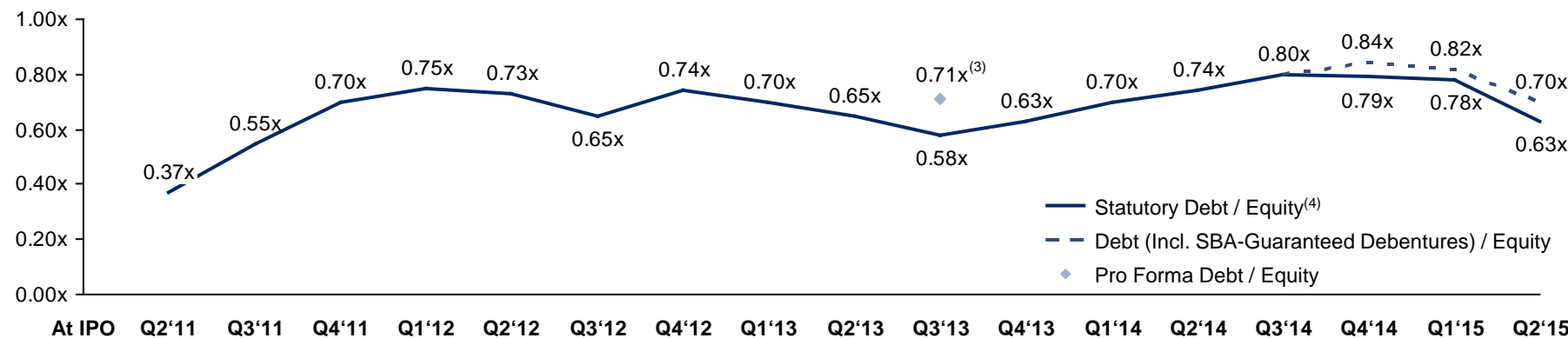


# Historical NAV / Share and Leverage Trends

NAV / Share



Debt / Equity



<sup>1</sup> Q2 2011 NAV / share adjusted for payment of Q2 dividend

<sup>2</sup> Q1 2012 NAV / share adjusted for payment of special dividend

<sup>3</sup> Pro-forma for \$78.4m of securities purchases and investment commitments that were unsettled as of 9/30/2013 and funded shortly after the third quarter end

<sup>4</sup> Statutory debt / equity calculation excludes SBA-guaranteed debentures, which are fully funded, non-recourse, asset-backed securities that are excluded by SEC exemptive order from the definition of "senior securities" under the 200% asset coverage test



# Income Statement Highlights

(\$ in millions, except per share data)

	Quarter Ended - Adjusted				6/30/2015
	6/30/2014	9/30/2014	12/31/2014	3/31/2015	
<b>Investment Income</b>					
Interest income	\$31.6	\$32.3	\$34.0	\$33.3	\$35.5
Dividend income	1.3	0.5	0.8	1.3	1.8
Other income	0.8	1.9	1.9	1.9	0.6
<b>Total investment income</b>	<b>\$33.7</b>	<b>\$34.7</b>	<b>\$36.7</b>	<b>\$36.5</b>	<b>\$37.9</b>
<b>Expenses</b>					
Management fee <sup>(1)</sup>	\$4.6	\$5.0	\$5.1	\$5.1	\$5.0
Incentive fee	4.6	4.5	4.8	4.9	5.0
Interest and other financing expenses	4.0	5.2	5.5	5.5	5.6
Net administrative, professional, other G&A expenses and income taxes <sup>(2)</sup>	1.9	1.8	2.1	1.5	2.1
<b>Total net expenses</b>	<b>\$15.1</b>	<b>\$16.6</b>	<b>\$17.5</b>	<b>\$17.0</b>	<b>\$17.7</b>
<b>Net investment income</b>	<b>\$18.5</b>	<b>\$18.1</b>	<b>\$19.2</b>	<b>\$19.5</b>	<b>\$20.2</b>
<b>Gain / Loss</b>					
Net realized (losses) gains on investments	\$4.7	\$0.6	\$0.6	(\$0.1)	(\$13.4)
Net change in unrealized appreciation (depreciation) of investments	2.1	(14.0)	(35.2)	4.5	13.6
Provision for income tax	(0.4)	0.1	(0.2)	(0.5)	(0.1)
Capital gains incentive fee	(1.3)	2.7	6.7	(0.5)	(0.0)
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>\$23.7</b>	<b>\$7.4</b>	<b>(\$8.9)</b>	<b>\$22.9</b>	<b>\$20.3</b>
Weighted average shares outstanding (mm)	51.6	52.1	56.5	58.0	58.1
<b>NII per weighted average share</b>	<b>\$0.36</b>	<b>\$0.35</b>	<b>\$0.34</b>	<b>\$0.34</b>	<b>\$0.35</b>
Memo: Annualized Effective Management Fee	1.4%	1.5%	1.4%	1.4%	1.4%





# Investment Income Detail

(\$ in millions)	Quarter Ended - Adjusted				6/30/2015
	6/30/2014	9/30/2014	12/31/2014	3/31/2015	
<b>Investment Income Build</b>					
Cash interest <sup>(1)</sup>	\$28.4	\$29.6	\$32.1	\$32.4 <sup>(2)</sup>	\$32.3
Non-cash interest	0.6	1.6	1.6	1.1 <sup>(2)</sup>	1.1
Amortization of purchase discounts (premiums) and fees	0.6	0.6	0.6	0.6	0.5
<b>Interest Income Excl. Prepayment Fees</b>	<b>\$29.7</b>	<b>\$31.8</b>	<b>\$34.3</b>	<b>\$34.1</b>	<b>\$33.9</b>
Prepayment Fees	1.9	1.0	0.7	0.4	2.8
<b>Total Interest Income</b>	<b>\$31.6</b>	<b>\$32.8</b>	<b>\$35.0</b>	<b>\$34.5</b>	<b>\$36.7</b>
Dividend Income	1.3	0.2	0.1	0.4	0.9
Other Income	0.8	1.7	1.6	1.6	0.3
<b>Total Investment Income</b>	<b>\$33.7</b>	<b>\$34.7</b>	<b>\$36.7</b>	<b>\$36.5</b>	<b>\$37.9</b>
<b>Key Statistics</b>					
<b>% of Total Investment Income that is Non-cash<sup>(3)</sup></b>	<b>4%</b>	<b>6%</b>	<b>6%</b>	<b>6%</b>	<b>6%</b>
<b>Total Interest Income as % of Total Investment Income</b>					
Excluding Prepayment Fees	88%	92%	94%	93%	89%
Including Prepayment Fees	94%	95%	95%	94%	97%

**Our investment income continues to be predominantly paid in cash  
and generated by stable and predictable sources**



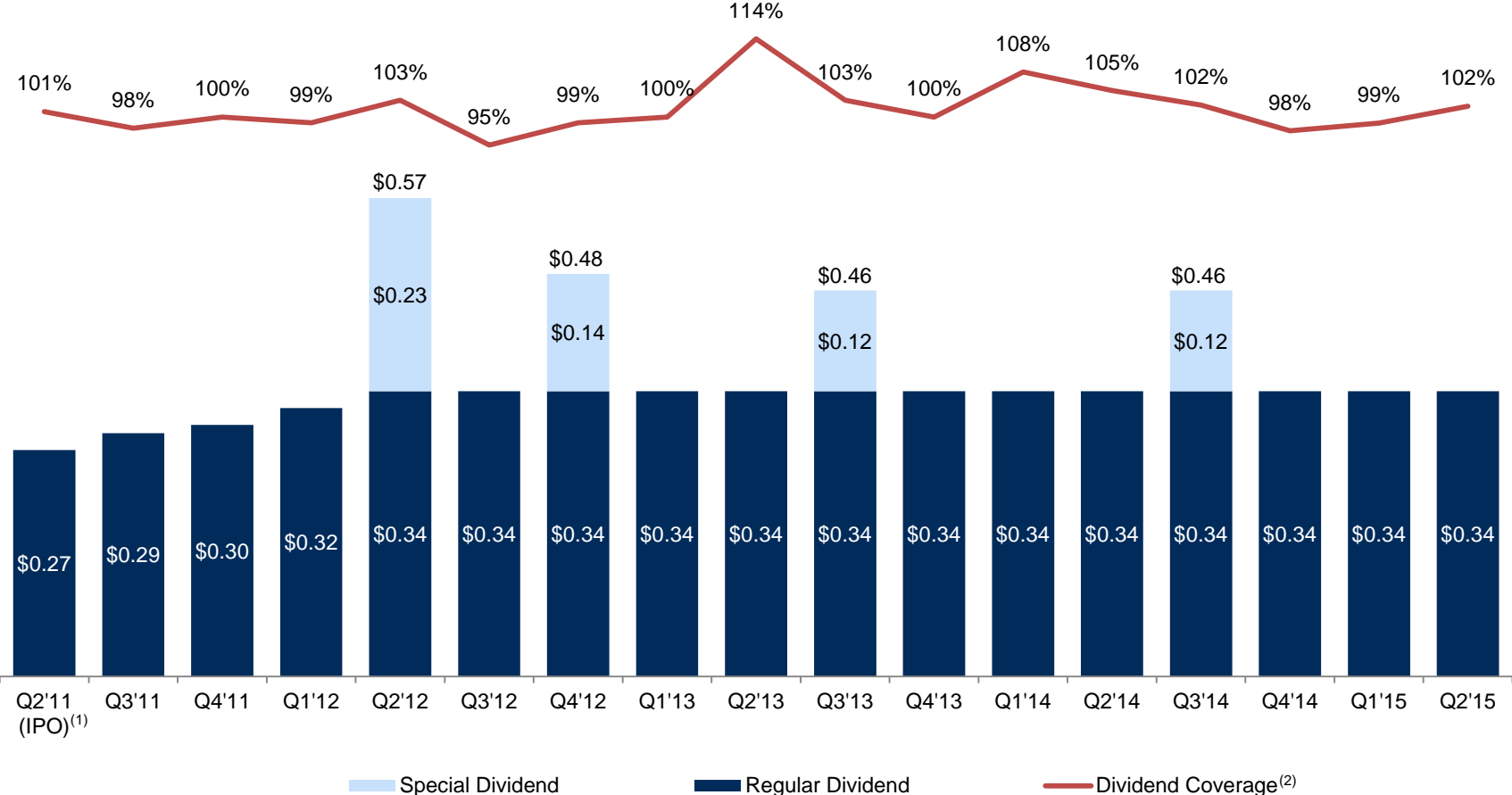
<sup>1</sup> Includes reclassification into cash interest of recurring management fee and recurring distributions associated with the fully ramped SLP I from other income and dividend income, respectively

<sup>2</sup> Includes \$0.4 million reclassification from cash to PIK interest income

<sup>3</sup> Non-cash includes non-cash interest, amortization of purchase discounts (premiums) and fees, and other non-cash items included in dividend income and other income

# Dividend Summary and Coverage

**We believe our Q3 2015 Adjusted NII will be in the \$0.33 to \$0.35 per share range. Our board of directors has declared a third quarter dividend of \$0.34 per share.**



<sup>1</sup> NMFC priced its initial public offering on 5/19/2011  
<sup>2</sup> Calculated as Pro Forma Adjusted Net Investment Income / regular dividend

# Diversified Leverage Profile

<i>(As of 6/30/2015, \$ in millions)</i>	<b>Amount Outstanding / Facility Size</b>	<b>Interest Rate</b>	<b>Maturity</b>
New Holdings Credit Facility <i>(Wells Fargo)</i>	\$360 / \$495	Broadly syndicated 1 <sup>st</sup> lien loans <sup>(1)</sup> : L + 2.00% All other: L + 2.75% (No LIBOR floor)	December 2019
NMFC Credit Facility <i>(Goldman Sachs / Morgan Stanley / Stifel)</i>	\$38 / \$95	L + 2.50% (No LIBOR floor)	June 2019
Convertible Notes	\$115 / \$115	5.00%	June 2019
SBA-Guaranteed Debentures <sup>(2)</sup>	\$55 / \$150	All-in interest rate of ~3% p.a. <sup>(3)</sup>	March 2025 or later
<b>Total</b>	<b>\$568 / \$855</b>		

- New Holdings Credit Facility's borrowing base and liquidity are not tied to trading prices and valuations of securities
  - Covenants tied to underlying portfolio company operating performance, not mark-to-market
- On June 26, 2015, the NMFC Credit Facility was upsized from \$80 million to \$95 million



<sup>1</sup> As defined in the New Holdings Credit Facility

<sup>2</sup> SBA-guaranteed debentures are fully funded, non-recourse, asset-backed securities, excluded by SEC exemptive order from the definition of "senior securities" under the 200% asset coverage test

<sup>3</sup> All-in interest rate of debentures reflects latest pooled interest rate of 2.517% as of March 2015 and includes additional fees and expenses. Debentures priced between SBA debenture pooling dates pay an interim rate of L+30bps until the next debenture pooling (which will occur in September 2015)

# Corporate Information

## Board of Directors

### Inside Directors

Steven B. Klinsky (Chairman)  
Robert A. Hamwee  
Adam B. Weinstein

### Independent Directors

Alfred F. Hurley, Jr.  
David R. Malpass  
David Ogens  
Kurt J. Wolfgruber

## Corporate Offices & Website

787 Seventh Avenue  
48th Floor  
New York, NY 10019  
<http://www.newmountainfinance.com>

## Investor Relations

David M. Cordova  
New Mountain Finance Corporation  
212-220-3546  
[dcordova@newmountaincapital.com](mailto:dcordova@newmountaincapital.com)

## Senior Management

Steven B. Klinsky <i>Chairman of the Board of Directors</i>	Adam B. Weinstein <i>EVP, Chief Administration Officer and Director</i>
Robert A. Hamwee <i>Chief Executive Officer, President and Director</i>	Karrie J. Jerry <i>Chief Compliance Officer and Corporate Secretary</i>
John R. Kline <i>EVP and Chief Operating Officer</i>	James W. Stone III <i>Managing Director</i>
David M. Cordova <i>Chief Financial Officer and Treasurer</i>	

## Research Coverage

### Baird Equity Research

Bryce Rowe, 804-447-8019  
Dan Nicholas, 804-447-8020

### BB&T Capital Markets

Vernon C. Plack, 804-780-3257  
Peter W. Councill, 804-782-8850

### Wells Fargo Securities

Jonathan Bock, 443-263-6410

### Keefe, Bruyette & Woods (KBW)

Greg Mason, 314-342-2194  
Troy Ward, 314-342-2714

### Oppenheimer & Co.

Chris Kotowski, 212-667-6699  
L. Allison Taylor, 212-667-5366

### Janney Montgomery Scott

Mitchel Penn, 410-583-5976

## Fiscal Year End

December 31

## Independent Auditor

Deloitte & Touche LLP  
New York, NY

## Corporate Counsel

Sutherland Asbill & Brennan LLP  
Washington D.C.

## Securities Listing

NYSE: NMFC

## Transfer Agent

American Stock Transfer & Trust Company, LLC  
800-937-5449  
[www.amstock.com](http://www.amstock.com)





**NEW MOUNTAIN FINANCE  
CORPORATION**