

Main Street Capital CORP
Form 10-Q
November 08, 2013
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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, 2013

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

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 7, 2013 was 39,734,794.

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	September 30, 2013 (Unaudited)	December 31, 2012
ASSETS		
Portfolio investments at fair value:		
Control investments (cost: \$275,407 and \$217,483 as of September 30, 2013 and December 31, 2012, respectively)	\$ 349,581	\$ 278,475
Affiliate investments (cost: \$212,953 and \$142,607 as of September 30, 2013 and December 31, 2012, respectively)	261,229	178,413
Non-Control/Non-Affiliate investments (cost: \$526,197 and \$456,975 as of September 30, 2013 and December 31, 2012, respectively)	541,597	467,543
Investment in affiliated Investment Manager (cost: \$2,668 as of December 31, 2012)		
Total portfolio investments (cost: \$1,014,557 and \$819,733 as of September 30, 2013 and December 31, 2012, respectively)	1,152,407	924,431
Marketable securities and idle funds investments (cost: \$21,195 and \$28,469 as of September 30, 2013 and December 31, 2012, respectively)	19,963	28,535
Total investments (cost: \$1,035,752 and \$848,202 as of September 30, 2013 and December 31, 2012, respectively)	1,172,370	952,966
Cash and cash equivalents	17,574	63,517
Interest receivable and other assets	14,429	14,580
Receivable for securities sold	25,639	
Deferred financing costs (net of accumulated amortization of \$4,370 and \$3,203 as of September 30, 2013 and December 31, 2012, respectively)	9,312	5,162
Total assets	\$ 1,239,324	\$ 1,036,225
LIABILITIES		
SBIC debentures (par: \$161,200 as of September 30, 2013 and \$225,000 as of December 31, 2012, par of \$75,200 and \$100,000 is recorded at a fair value of \$62,259 and \$86,467 as of September 30, 2013 and December 31, 2012, respectively)	\$ 148,259	\$ 211,467
Credit facility	166,000	132,000
Notes payable	90,882	
Payable for securities purchased	12,913	20,661
Deferred tax liability, net	11,110	11,778
Accounts payable and other liabilities	7,414	4,527
Dividend payable	6,353	5,188
Interest payable	2,217	3,562
Payable to affiliated Investment Manager		4,066
Total liabilities	445,148	393,249
Commitments and contingencies (Note M)		

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NET ASSETS

Common stock, \$0.01 par value per share (150,000,000 shares authorized; 39,698,645 and 34,589,484 shares issued and outstanding as of September 30, 2013 and December 31, 2012, respectively)	397	346
Additional paid-in capital	688,544	544,136
Accumulated net investment income, net of cumulative dividends of \$181,149 and \$115,401 as of September 30, 2013 and December 31, 2012, respectively	17,939	35,869
Accumulated net realized gain from investments (accumulated net realized gain from investments of \$7,244 before cumulative dividends of \$32,192 as of September 30, 2013 and accumulated net realized gain from investments of \$9,838 before cumulative dividends of \$28,993 as of December 31, 2012)	(24,948)	(19,155)
Net unrealized appreciation, net of income taxes	112,244	81,780
Total net assets	794,176	642,976
Total liabilities and net assets	\$ 1,239,324	\$ 1,036,225
NET ASSET VALUE PER SHARE	\$ 20.01	\$ 18.59

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,	
	2013	2012	2013	2012
INVESTMENT INCOME:				
Interest, fee and dividend income:				
Control investments	\$ 8,840	\$ 5,991	\$ 23,543	\$ 17,841
Affiliate investments	6,453	4,838	17,514	14,652
Non-Control/Non-Affiliate investments	13,974	12,015	40,974	30,263
Interest, fee and dividend income	29,267	22,844	82,031	62,756
Interest, fee and dividend income from marketable securities and idle funds	392	110	1,073	1,599
Total investment income	29,659	22,954	83,104	64,355
EXPENSES:				
Interest	(5,922)	(3,923)	(15,346)	(11,967)
Compensation	(2,575)		(5,148)	
General and administrative	(1,533)	(595)	(3,471)	(1,757)
Expenses reimbursed to affiliated Investment Manager		(2,215)	(3,189)	(7,574)
Share-based compensation	(2,152)	(699)	(3,357)	(1,860)
Total expenses	(12,182)	(7,432)	(30,511)	(23,158)
NET INVESTMENT INCOME	17,477	15,522	52,593	41,197
NET REALIZED GAIN (LOSS):				
Control investments	(2,635)	122	(2,635)	(1,940)
Affiliate investments	780		780	5,500
Non-Control/Non-Affiliate investments	(1,164)	128	(1,024)	478
Marketable securities and idle funds investments	22	277	285	1,297
SBIC debentures	(4,775)		(4,775)	
Total net realized gain (loss)	(7,772)	527	(7,369)	5,335
NET REALIZED INCOME	9,705	16,049	45,224	46,532
NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION):				
Portfolio investments	14,475	22,096	30,889	44,120
Marketable securities and idle funds investments	(490)	(151)	(1,300)	(235)
SBIC debentures	4,839	(1,858)	4,183	(3,367)
Investment in affiliated Investment Manager				(51)
Total net change in unrealized appreciation	18,824	20,087	33,772	40,467
INCOME TAXES:				
Federal and state income, excise, and other taxes	(371)		(1,793)	(1,006)
Deferred taxes	(104)	(4,169)	(1,515)	(6,035)
Income tax provision	(475)	(4,169)	(3,308)	(7,041)
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	28,054	31,967	75,688	79,958

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Noncontrolling interest						(54)		
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO COMMON STOCK	\$	28,054	\$	31,967	\$	75,688	\$	79,904
NET INVESTMENT INCOME PER SHARE - BASIC AND DILUTED	\$	0.47	\$	0.49	\$	1.48	\$	1.44
NET REALIZED INCOME PER SHARE - BASIC AND DILUTED	\$	0.26	\$	0.51	\$	1.27	\$	1.62
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO COMMON STOCK PER SHARE - BASIC AND DILUTED	\$	0.76	\$	1.01	\$	2.13	\$	2.79
DIVIDENDS PAID PER SHARE:								
Regular monthly dividends	\$	0.47	\$	0.44	\$	1.38	\$	1.26