



NEW MOUNTAIN FINANCE  
CORPORATION

## **Q4 2016 Earnings Presentation**

March 1, 2017

# 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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Investment portfolio related activity, metrics and disclosures on slides 5, 10, 11, 14, 17, 19, 20, 21, 22, 24, 25 and 30 include the underlying collateral from securities purchased under collateralized agreements to resell. Figures shown herein are unaudited and may not add due to rounding.

This presentation may also contain non-GAAP financial information. NMFC's management uses this information in its internal analysis of results and believes that this information may be informative to investors in gauging the quality of NMFC's financial performance, identifying trends in our results and providing meaningful period-to-period comparisons.

The term Adjusted Net Investment Income as used throughout this presentation is not defined under GAAP and is not a measure of operating income, operating performance or liquidity presented in accordance with GAAP. In evaluating its business, NMFC considers and uses Adjusted Net Investment Income as a measure of its operating performance. Adjusted Net Investment Income is defined as net investment income adjusted to reflect income as if the cost basis of investments held at NMFC's IPO date had stepped-up to fair market value as of the IPO date. Under GAAP, NMFC's IPO did not step-up the cost basis of the predecessor operating company's existing investments to fair market value. Since the total value of the predecessor operating company's investments at the time of the IPO was greater than the investments' cost basis, a larger amount of amortization of purchase or issue discount, and different amounts in realized gains and unrealized appreciation, may be recognized under GAAP in each period than if a step-up had occurred. For purposes of the incentive fee calculation, NMFC adjusts income as if each investment was purchased at the date of the IPO (or stepped-up to fair market value). **To view the reconciliation of Adjusted Net Investment Income, please see Appendix A at the end of this presentation.**



# Management Participants

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**Steven B. Klinsky**

*Chairman of the Board of Directors*

**Robert A. Hamwee**

*Chief Executive Officer and Director*

**John R. Kline**

*President and Chief Operating Officer*

**Shiraz Y. Kajee**

*Chief Financial Officer and Treasurer*



# Q4 2016 Highlights

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- Q4 2016 Net Investment Income (“NII”) and Adjusted NII of \$0.34 per weighted average share, versus guidance of \$0.33 to \$0.35
  - Q4 2016 regular dividend of \$0.34 per share paid on December 29, 2016
- December 31, 2016 net asset value (“NAV”) of \$13.46 per share, an increase of \$0.18 per share from the September 30, 2016 net asset value of \$13.28 per share
- Q1 2017 regular dividend of \$0.34 per share announced
  - Payable on March 31, 2017 to holders of record as of March 17, 2017
- Approximately \$221.5 million of gross originations and \$169.2 million of repayments in Q4 2016
- Key updates:
  - Fully ramped our second Senior Loan Program (“SLP II”)
  - In January 2017, received “green light” letter from the SBA and submitted application for our second SBIC license
- Portfolio continues to be positioned in recession resistant, acyclical industries



# Key Highlights

## Financial Highlights

	Quarter Ended				12/31/2016
	12/31/2015	3/31/2016	6/30/2016	9/30/2016	
Adjusted NII Per Share <sup>(1)</sup>	\$0.35	\$0.34	\$0.34	\$0.34	\$0.34
NAV Per Share	\$13.08	\$12.87	\$13.23	\$13.28	\$13.46
Dividends Per Share	\$0.34	\$0.34	\$0.34	\$0.34	\$0.34
Share Count - End of Period (mm)	64.0	63.9	63.8	63.9	69.7

## Portfolio Highlights

	Quarter Ended				12/31/2016
	12/31/2015	3/31/2016	6/30/2016	9/30/2016	
Fair Value of Investments (\$mm)	\$1,541.9	\$1,519.9	\$1,527.7	\$1,547.7	\$1,588.0
Number of Portfolio Companies	76	74	73	75	79
Middle Market Focus (EBITDA / Facility Size) <sup>(2)</sup>	66% / 79%	67% / 79%	70% / 79%	71% / 75%	74% / 77%
Current Yield at Cost <sup>(3)</sup>	9.9%	10.1%	10.2%	10.2%	10.1%
YTM at Cost <sup>(4)</sup>	10.7%	10.4%	10.3%	10.4%	11.1%

### Portfolio Activity (\$mm)<sup>(5)</sup>

Gross Originations	\$211.9	\$27.6	\$136.3	\$172.4	\$221.5
(-) Repayments	(129.3)	(24.4)	(145.8)	(140.6)	(169.2)
<b>Net Originations</b>	<b>\$82.6</b>	<b>\$3.2</b>	<b>(\$9.5)</b>	<b>\$31.8</b>	<b>\$52.3</b>
(-) Sales	(9.9)	(15.8)	(12.2)	(11.8)	(25.2)
<b>Net Originations Less Sales</b>	<b>\$72.7</b>	<b>(\$12.6)</b>	<b>(\$21.7)</b>	<b>\$20.0</b>	<b>\$27.1</b>

<sup>1</sup> See Appendix A for GAAP reconciliation

<sup>2</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; excludes SLP I & II and Net Lease

<sup>3</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>4</sup> Yield to Maturity ("YTM") at Cost assumes that the accruing investments in our portfolio as of each date are purchased at cost 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>5</sup> Excludes PIK ("payment-in-kind" interest), revolvers, unfunded commitments, bridges, return of capital, and realized gains / losses



# 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 alternative investment firm with more than \$15.5 billion of assets under management<sup>(1)</sup> and over 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 \$983 million as of December 31, 2016
- Targets investments up to a \$100 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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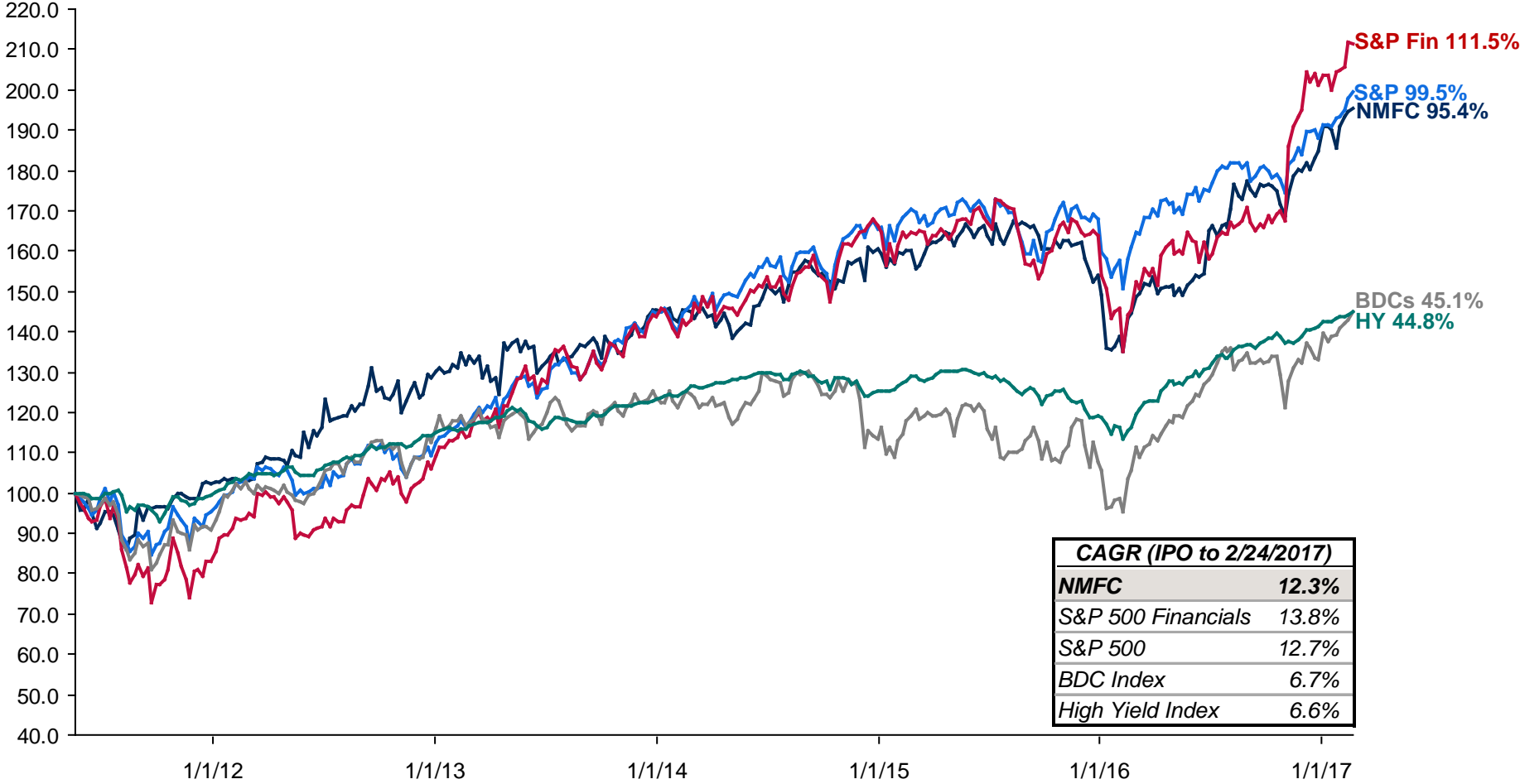
- Strong track record on credit and returns
- Well established New Mountain platform provides unique knowledge warehouse and sourcing capabilities
- Differentiated "defensive growth" investment strategy
- High quality and diverse portfolio
- Experienced management team who are also significant shareholders



# NMFC Relative Return Performance – Indexed Total Return

May 19, 2011 (IPO) – February 24, 2017

Indexed Total Return



CAGR (IPO to 2/24/2017)	
<b>NMFC</b>	<b>12.3%</b>
S&P 500 Financials	13.8%
S&P 500	12.7%
BDC Index	6.7%
High Yield Index	6.6%

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

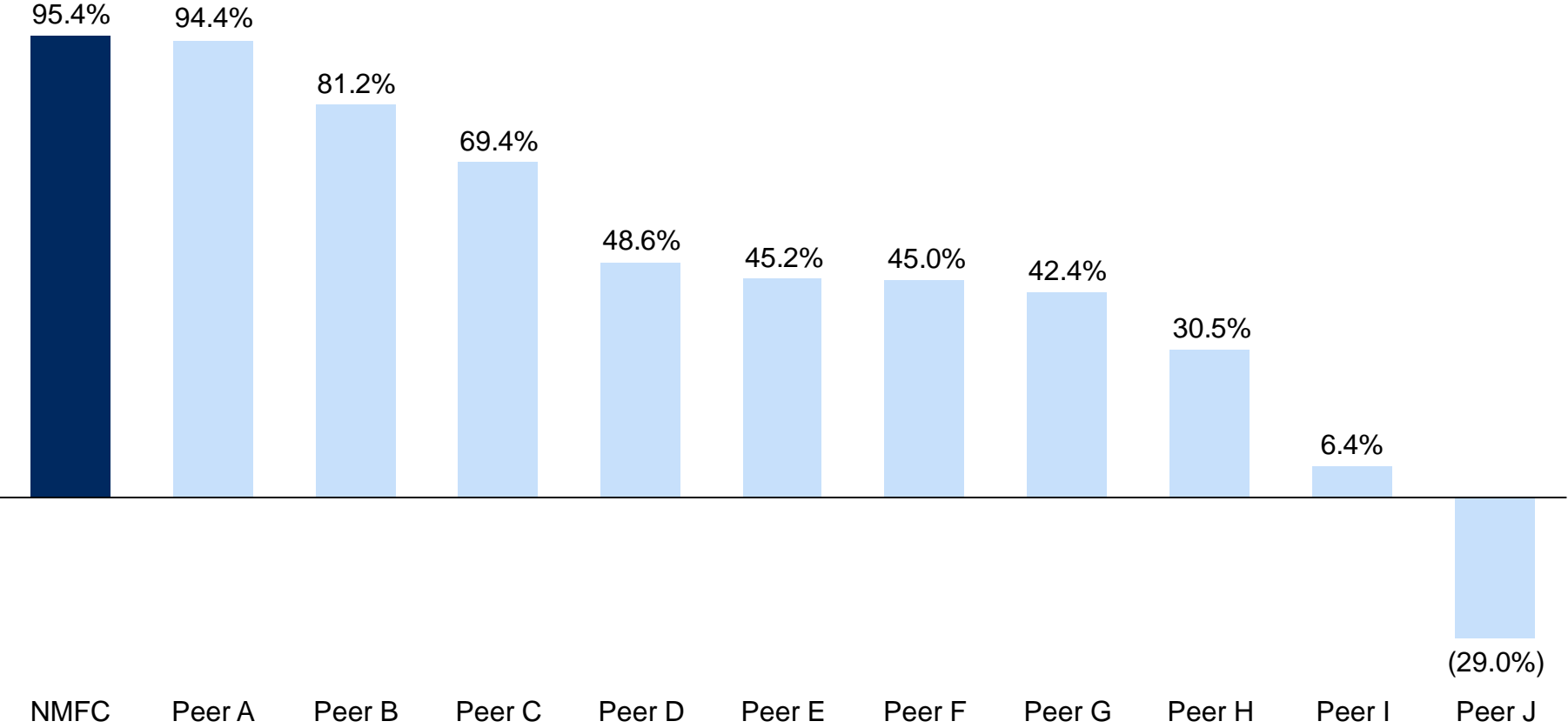
Source: Capital IQ, Credit Suisse Research & Analytics

<sup>1</sup> BDC Index includes median of Ares, Apollo, Prospect, Solar, Fifth Street, Blackrock Capital, 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) – February 24, 2017



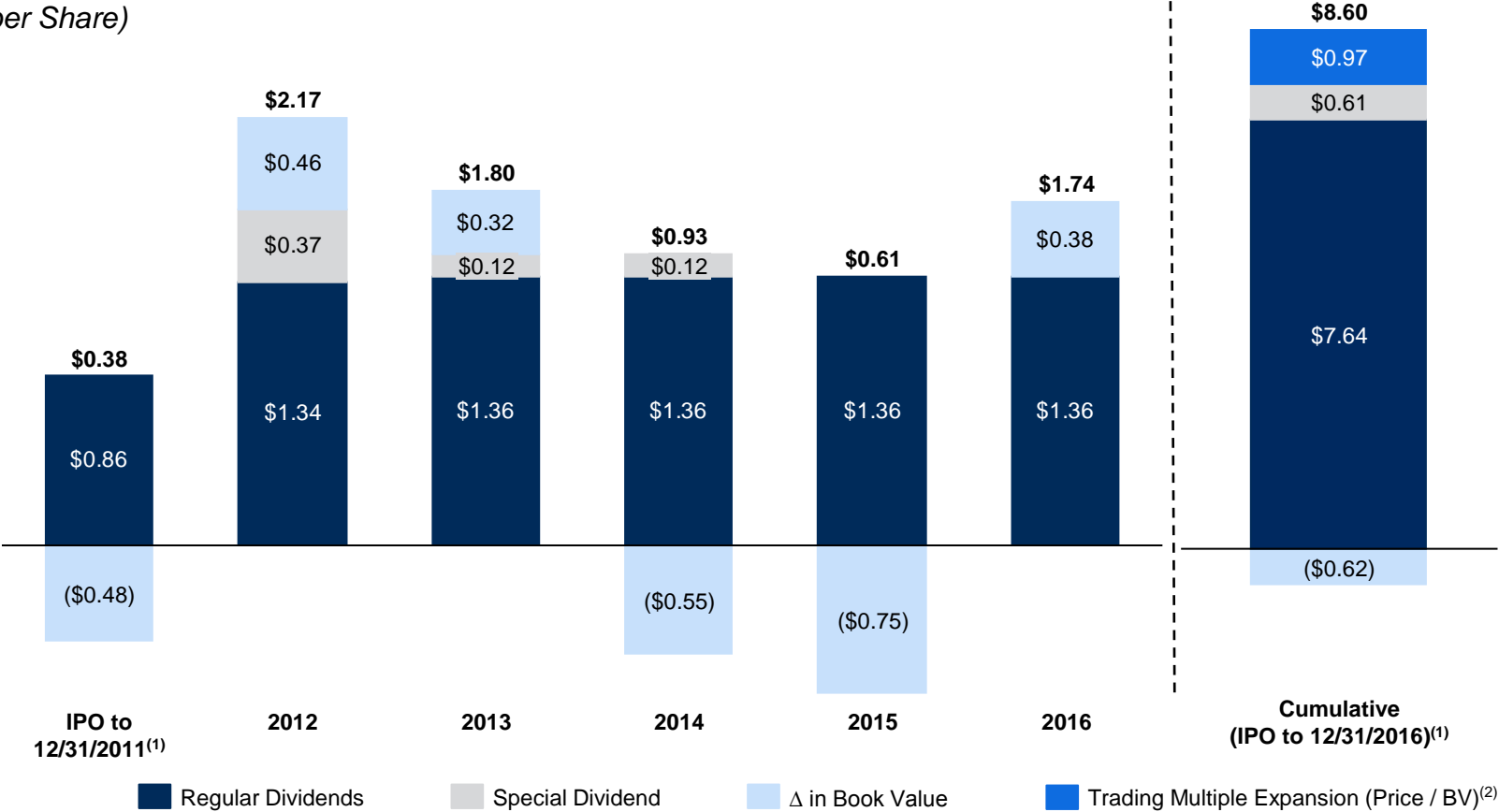
Source: Capital IQ

<sup>1</sup> Peers include publicly-traded, externally-managed BDCs with market capitalizations greater than \$300 million that have been publicly traded since NMFC's IPO (5/19/2011). Peers include Ares, Apollo, Prospect, Solar, Fifth Street, Blackrock Capital, Pennant Park, Golub, THL Credit, and Medley



# NMFC Return Attribution

(\$ per Share)



Since IPO, NMFC has distributed \$7.64 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 \$14.10 at close on 12/30/2016



<sup>1</sup> NMFC priced its initial public offering on 5/19/2011 at \$13.75 per share; closing price on 12/30/2016 of \$14.10 per share

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

# Credit Performance

(\$ in millions)

	<b>As of 12/31/2016</b>	<b>Cumulative Since Inception<sup>(1)</sup> (October 2008 – December 31, 2016)</b>
	<u>Cost</u> / <u>FMV</u> / <u># Portfolio Co's</u>	<u>Cost</u> / <u># Portfolio Co's</u>
<b>Investments</b>	\$1,605 / \$1,588 / 79	\$4,270 / 194
	<i>of which</i>	<i>of which</i>
<b>Internal Watch List (3 or 4 Rating)<sup>(2)</sup></b>	\$60 / \$22 / 4	\$199 / 9
	<i>of which</i>	<i>of which</i>
<b>Non-Accrual</b>	\$39 / \$9 / 2 <sup>(3)</sup>	\$93 / 7
		<i>of which</i>
<b>Realized Default Loss<sup>(4)</sup></b>		\$42 / 4

<sup>1</sup> Since inception of predecessor entity in 10/2008 through 12/31/2016

<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 Transtar Holdings and Sierra Hamilton LLC

<sup>4</sup> Realized default loss represents positions, or portions of positions, where no recovery is expected



# Credit Performance

Portfolio Company <sup>(1)</sup>	NMFC Leverage Ratio <sup>(2)</sup>		Variance + / (-)
	At Purchase	Current	
Company A	7.2x	4.6x	2.7x
Company B	6.9x	4.4x	2.5x
Company C	3.7x	1.7x	2.1x
Company D	2.9x	1.7x	1.3x
Company E	5.5x	4.3x	1.2x
Company F	6.6x	5.6x	1.0x
Company G	5.0x	4.0x	1.0x
Company H	3.8x	2.9x	0.9x
Company I	5.5x	4.5x	0.9x
Company J	4.9x	4.1x	0.8x
Company K	4.6x	3.9x	0.7x
Company L	5.6x	5.0x	0.6x
Company M	6.6x	6.0x	0.6x
Company N	5.7x	5.2x	0.5x
Company O	5.8x	5.3x	0.5x
Company P	6.2x	5.7x	0.5x
Company Q	4.8x	4.4x	0.4x
Company R	5.0x	4.6x	0.4x
Company S	5.9x	5.7x	0.2x
Company T	7.1x	6.8x	0.2x
Company U	5.4x	5.2x	0.2x
Company V	5.8x	5.6x	0.2x
Company W	6.8x	6.6x	0.2x
Company X	5.7x	5.6x	0.2x
Company Y	4.2x	4.2x	0.1x
Company Z	6.6x	6.6x	0.0x
Company AA	6.8x	6.8x	-
Company AB	4.5x	4.5x	-
Company AC	6.0x	6.0x	-
Company AD	5.4x	5.4x	-
Company AE	7.3x	7.3x	-

Portfolio Company <sup>(1)</sup>	NMFC Leverage Ratio <sup>(2)</sup>		Variance + / (-)
	At Purchase	Current	
Company AF	6.8x	6.8x	-
Company AG	3.3x	3.3x	-
Company AH	4.5x	4.5x	-
Company AI	6.5x	6.5x	-
Company AJ	4.6x	4.6x	(0.0x)
Company AK	1.2x	1.2x	(0.0x)
Company AL	1.2x	1.3x	(0.0x)
Company AM	6.5x	6.6x	(0.0x)
Company AN	1.7x	1.7x	(0.0x)
Company AO	3.3x	3.3x	(0.1x)
Company AP	5.0x	5.1x	(0.1x)
Company AQ	7.7x	7.8x	(0.1x)
Company AR	5.4x	5.5x	(0.2x)
Company AS	6.6x	6.8x	(0.2x)
Company AT	4.5x	4.7x	(0.2x)
Company AU	1.7x	2.0x	(0.2x)
Company AV	3.7x	3.9x	(0.2x)
Company AW	4.9x	5.2x	(0.3x)
Company AX	3.7x	3.9x	(0.3x)
Company AY	5.1x	5.4x	(0.3x)
Company AZ	6.1x	6.5x	(0.4x)
Company BA	2.3x	2.9x	(0.6x)
Company BB	5.9x	6.6x	(0.7x)
Company BC	2.2x	2.9x	(0.7x)
Company BD	5.0x	5.8x	(0.8x)
Company BE	5.8x	7.1x	(1.3x)
Company BF	6.0x	7.9x	(1.9x)
Company BG	5.8x	7.9x	(2.1x)
Company BH	6.6x	8.8x	(2.2x)
Company BI <sup>(3)</sup>	5.1x	N/M	>(10.0x)
Company BJ <sup>(3)</sup>	3.4x	N/M	>(10.0x)



<sup>1</sup> Current positions with a cost greater than \$7.5m as of 12/31/2016; excludes unfunded commitments, revolvers, non-interest bearing equity investments and project finance investments (represents 83% of cost and 82% of fair value of the total portfolio)

<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 (except in one instance where forward EBITDA is a more accurate representation of the company's earnings power); current multiple as of the third calendar quarter of 2016, if available, or otherwise, the most recently reported fiscal quarter

<sup>3</sup> Company on Internal Watch List

# Performance Since IPO<sup>(1)</sup>

(\$ in millions)

	IPO - 12/31/2011 <sup>(2)</sup>	2012	2013	2014	2015	2016
Regular Dividend	\$26.6	\$46.6	\$59.8	\$71.4	\$81.1	\$88.8
Cumulative Regular Dividend	26.6	73.2	133.0	204.3	285.4	374.2
Adj. NII	26.5	46.1	62.1	73.4	82.8	88.0
Cumulative Adj. NII	26.5	72.7	134.8	208.2	291.0	379.0
<b>Dividend Coverage (Cumulative Adj. NII / Dividend)</b>	<b>100%</b>	<b>99%</b>	<b>101%</b>	<b>102%</b>	<b>102%</b>	<b>101%</b>
Adj. Realized Gains	\$1.6	\$13.9	\$13.8 <sup>(3)</sup>	\$12.4 <sup>(3)</sup>	\$17.6 <sup>(3)</sup>	\$6.7
Adj. Realized Credit & Other Losses	(0.8)	(2.0)	(6.1)	(3.6)	(3.1) <sup>(4)</sup>	(40.2) <sup>(6)</sup>
Total Adj. Realized Gains / (Losses)	0.9	11.9	7.8	8.8	14.5	(33.5)
Cumulative Adj. Realized Gains / (Losses)	0.9	12.8	20.5	29.3	43.8	10.3
Adj. Δ in Unrealized Appreciation	17.0	46.5	46.0	39.1	74.7	118.6
Adj. Δ in Unrealized Depreciation <sup>(5)</sup>	(28.1)	(26.1)	(34.0)	(81.7)	(139.1) <sup>(4)</sup>	(61.4) <sup>(6)</sup>
Total Adj. Δ in Unrealized Appreciation / (Depreciation)	(11.1)	20.4	12.0	(42.6)	(64.4)	57.2
Cumulative Adj. Δ in Unrealized Appreciation / (Depreciation)	(11.1)	9.3	21.3	(21.3)	(85.7)	(28.5)
<b>Cumulative Net Realized and Unrealized (Losses) / Gains</b>	<b>(\$10.2)</b>	<b>\$22.0</b>	<b>\$41.7</b>	<b>\$8.0</b>	<b>(\$41.9)</b>	<b>(\$18.2)</b>

<sup>1</sup> See Appendix A for GAAP and pro forma reconciliation

<sup>2</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>3</sup> Includes net YP distribution (net of incentive fee) and subsequent change in tax estimates of \$4.9 million in 2013, \$0.2 million in 2014 and \$0.5 million in 2015

<sup>4</sup> Includes \$12.8 million reclassification from realized to unrealized loss related to UniTek material modification and \$15.2 million reclassification from realized to unrealized loss related to Edmentum material modification

<sup>5</sup> From 2014 onwards, includes provision for income tax

<sup>6</sup> Includes \$27.1 million reclassification from unrealized depreciation to realized loss related to Transtar and \$10.5 million reclassification from realized loss to unrealized depreciation related to Permian



# Credit Market Conditions

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- Credit markets have continued to strengthen in Q1'17 supported by:
  - Generally good corporate earnings performance
  - Positive fund flows into leveraged credit
    - Investors have an optimistic view of the general economy and a continued desire for yield
  - New deal flow has been seasonally weak in January and February
- Spreads have been pressured downward since our last call
  - However, base rates have increased, partially offsetting spread compression
- NMFC works to be well positioned to capitalize on volatile markets:
  - NMC and NMFC have **always** proactively focused on defensive, acyclical business models
  - NMFC has a differentiated access to deal flow
  - Wells Fargo leverage facility not subject to margin calls
  - Positive exposure to increasing rates

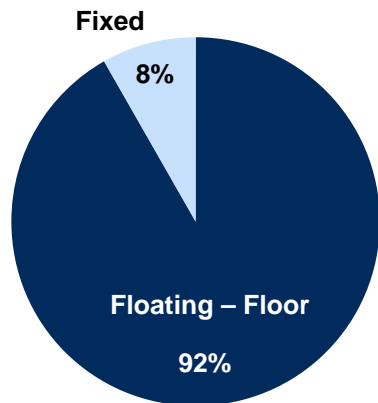


# Credit Market Conditions – Interest Rates

## Floating vs. Fixed

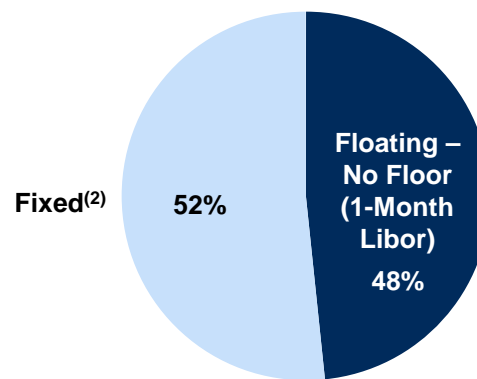
### Assets

(Aggregate par value of \$1,420.9 million as of 12/31/2016)<sup>(1)</sup>



### Liabilities

(\$710.5 million drawn as of 12/31/2016)



## Impact of Changing Rates<sup>(3)</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
+50 bps	3.1%	\$0.04
+100 bps	7.5%	\$0.10
+200 bps	16.5%	\$0.22
+300 bps	25.7%	\$0.35



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

<sup>2</sup> Includes SBA debentures which become fixed rate debt upon semi-annual debenture pooling dates every March and September

<sup>3</sup> These hypothetical calculations are based on a model of the investments in our portfolio, held as of 12/31/2016, and are only adjusted for assumed changes in the underlying base interest rates. Assumes constant share count

# Q4 2016 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
10/19/16	NMFC SLP II	Investment Fund	\$23.8	N/A	Membership Interest	N/A	13.6%	13.6%
10/20/16	Kronos	Software	\$35.6	\$1,000	2 <sup>nd</sup> Lien	25%	11.0%	12.9%
10/28/16	Weston	Business Services	\$35.0	\$35	1 <sup>st</sup> Lien	70%	11.8%	32.8%
11/15/16	New Mountain Net Lease	Net Lease	\$10.5	N/A	Common Equity	N/A	12.0%	12.0%
11/22/16	Zywave	Software	\$10.9	\$110	2 <sup>nd</sup> Lien	67% (SBIC)	11.7%	29.2%
11/29/16	Cvent	Software	\$5.0 / \$9.9	\$420 / \$258	1 <sup>st</sup> Lien / 2 <sup>nd</sup> Lien	70% / 25%	7.4% / 13.0%	16.2% / 15.9%
12/7/16	Ministry Brands	Software	\$7.8	\$167	2 <sup>nd</sup> Lien	25%	11.9%	14.5%
12/8/16	EVO Payments International	Business Services	\$2.5 / \$24.8	\$570 / \$175	1 <sup>st</sup> Lien / 2 <sup>nd</sup> Lien	70% / 25%	7.4% / 11.7%	16.0% / 14.2%
12/14/16	Masergy	Business Services	\$9.9	\$140	2 <sup>nd</sup> Lien	25%	11.2%	13.1%
12/19/16	Ansira	Business Services	\$26.1	\$240	1 <sup>st</sup> Lien	70%	8.9%	13.3%
	Other		\$19.7				11.5%	13.7%
<b>Total Originations</b>			<b>\$221.5</b>				<b>11.3%</b>	<b>14.9%</b>
Repayments			(\$169.2)					
<b>Net Originations</b>			<b>\$52.3</b>					
Sales			(\$25.2)					
<b>Net Originations Less Sales</b>			<b>\$27.1</b>					

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

<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."



# Origination Activity Since Quarter End (Through 2/24/2017)

(\$ 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
1/9/17	Digicert	Software	\$10.0	\$218	1 <sup>st</sup> Lien	70%	7.0%	15.1%
1/19/17	AmWINS	Business Services	\$56.8	\$200	2 <sup>nd</sup> Lien	25%	9.3%	10.8%
2/1/17	PowerSchool	Software	\$14.3	\$176	2 <sup>nd</sup> Lien	25%	11.5%	13.9%
2/3/17	NMFC SLP II	Investment Fund	\$7.9	N/A	Membership Interest	N/A	13.6%	13.6%
Other			\$46.8	<b>Total Originations</b>			<b>10.1%</b>	<b>12.8%</b>
<b>Total Originations</b>			<b>\$135.8</b>					
Repayments			(\$44.6)					
<b>Net Originations</b>			<b>\$91.2</b>					
Sales			(\$17.5)					
<b>Net Originations less Sales</b>			<b>\$73.7</b>					

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

<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."





# Annual Originations and Repayments<sup>(1)</sup>

(\$ in millions)

	2011 (IPO <sup>(2)</sup> – 12/31/2011)	2012	2013	2014	2015	2016	Cumulative (IPO <sup>(2)</sup> – 12/31/2016)
<b>Total Originations</b>	<b>\$379.3</b>	<b>\$673.2</b>	<b>\$529.7</b>	<b>\$741.5</b>	<b>\$607.2</b>	<b>\$557.8</b>	<b>\$3,488.7</b>
Repayments	(\$86.5)	(\$299.6)	(\$395.3)	(\$267.5)	(\$401.1)	(\$480.0)	(\$1,930.0)
<b>Net Originations</b>	<b>\$292.8</b>	<b>\$373.6</b>	<b>\$134.4</b>	<b>\$474.0</b>	<b>\$206.1</b>	<b>\$77.8</b>	<b>\$1,558.7</b>
Sales <sup>(3)</sup>	(\$45.7)	(\$123.0)	(\$27.9)	(\$102.4)	(\$65.7)	(\$65.0)	(\$429.7)
<b>Net Originations less Sales</b>	<b>\$247.1</b>	<b>\$250.6</b>	<b>\$106.5</b>	<b>\$371.6</b>	<b>\$140.4</b>	<b>\$12.8</b>	<b>\$1,129.0</b>



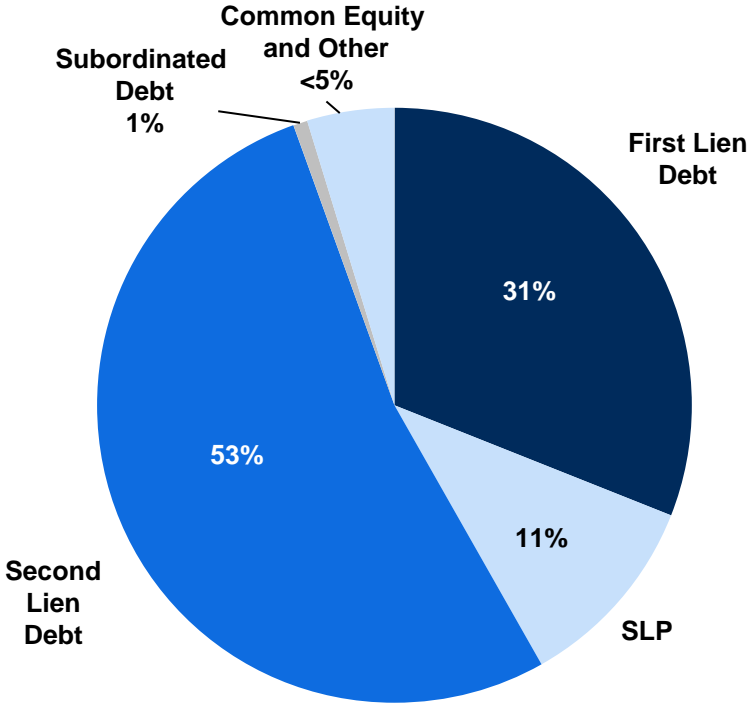
<sup>1</sup> Originations and repayments exclude PIK, revolvers, unfunded commitments, bridges, return of capital, and realized gains / losses

<sup>2</sup> NMFC priced its initial public offering on 5/19/2011

<sup>3</sup> Excludes return of capital and gain on equity

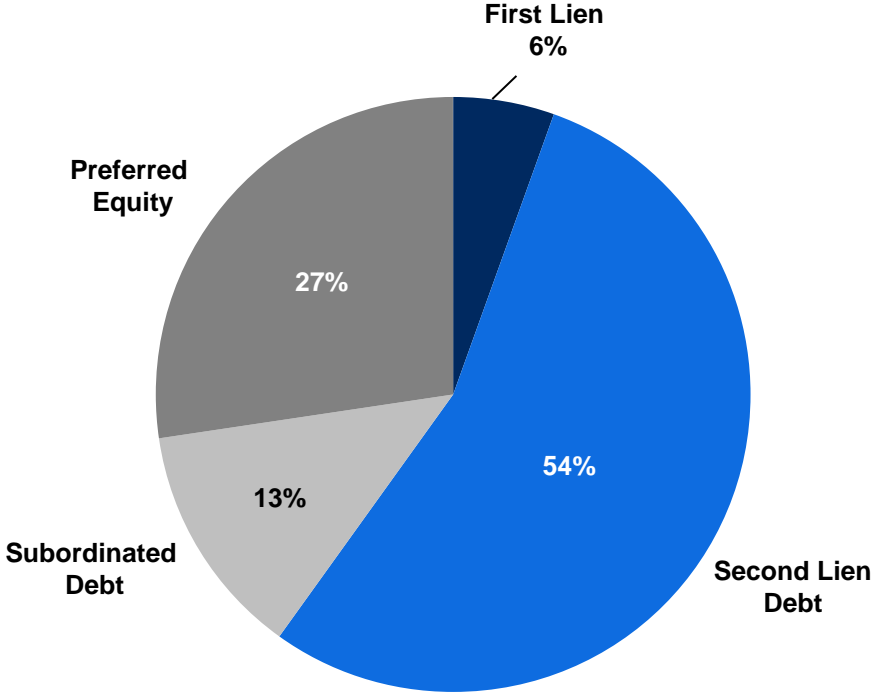
# Q4 2016 Originations and Repayments

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



**Total: \$221.5 million**

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



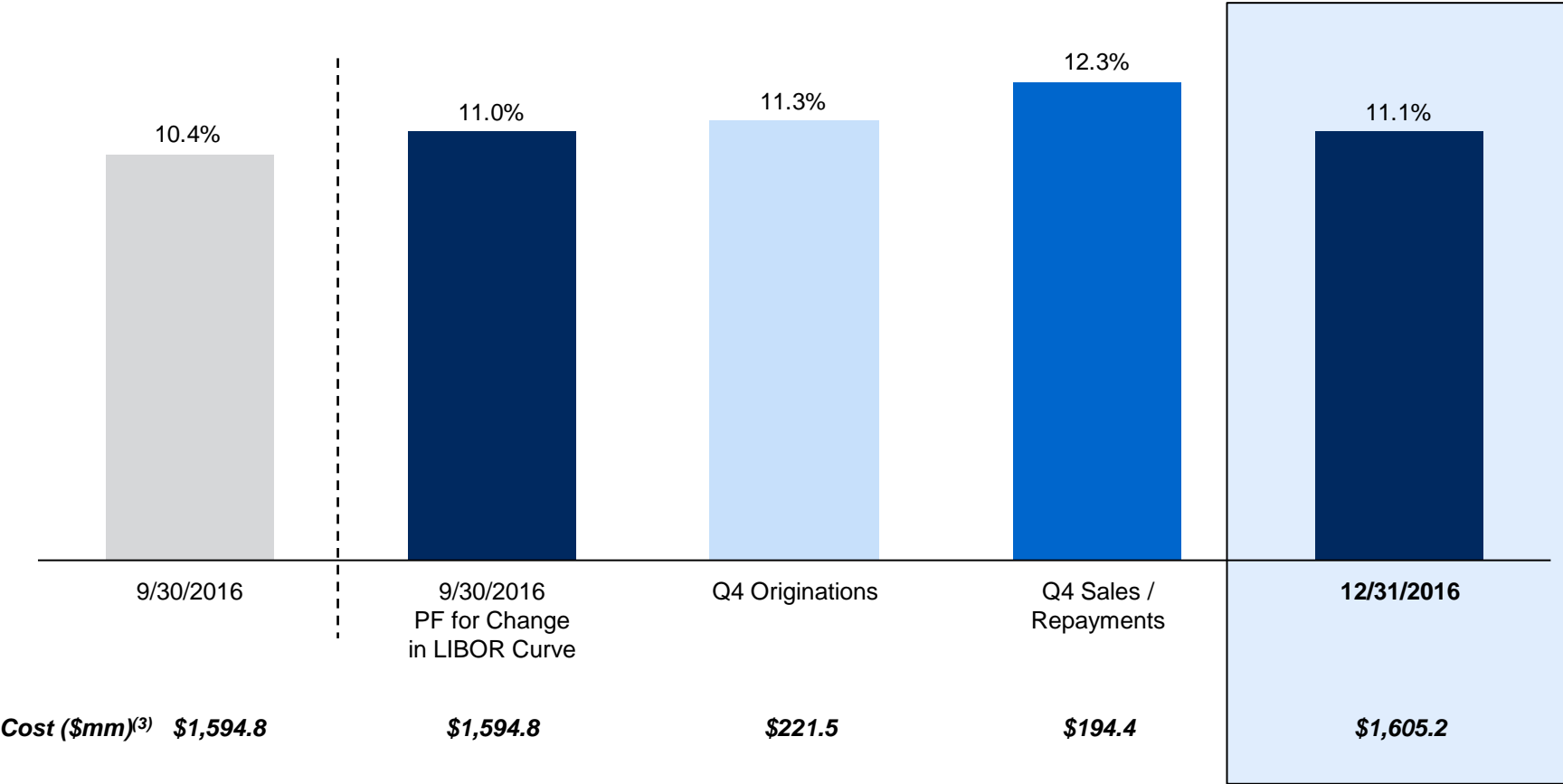
**Total: \$194.4 million**



<sup>1</sup> By \$s invested / \$s received at time of origination / sale / repayment; excludes PIK, revolvers, unfunded commitments, bridges, return of capital, and realized gains / losses

# Q4 2016 Investment Activity Roll

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



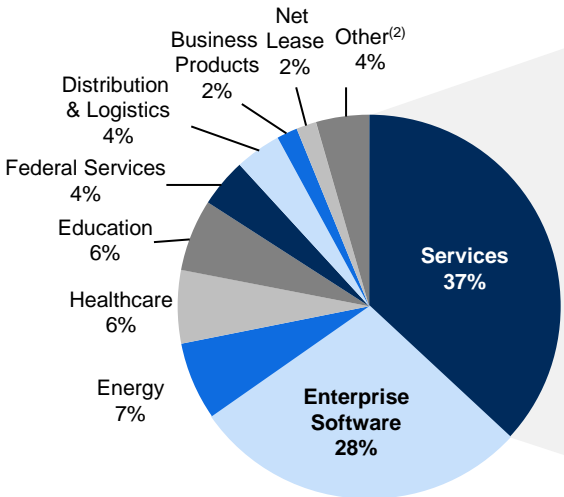
<sup>1</sup> Assumes that investments are purchased at cost and held until their respective maturities with no prepayments or losses and are exited at par at maturity. The actual yield to maturity may be higher or lower due to the future selection of LIBOR contracts by the individual companies in our 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

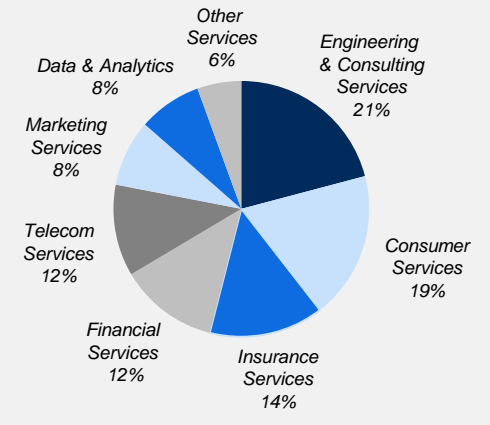
<sup>3</sup> Will not sum across due to amortization, PIK, realized gain / loss, and revolvers

# Portfolio Mix (By Fair Value as of 12/31/2016)

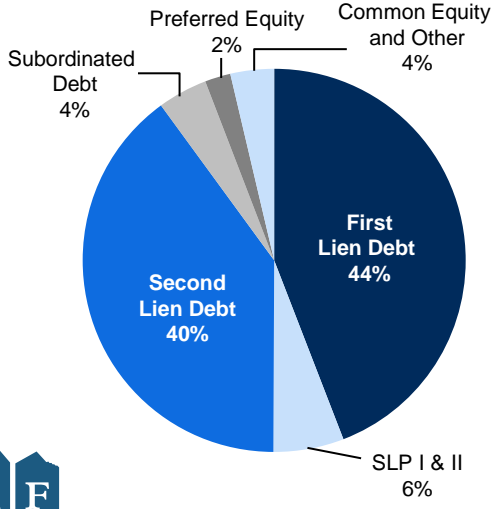
## By Industry<sup>(1)</sup>



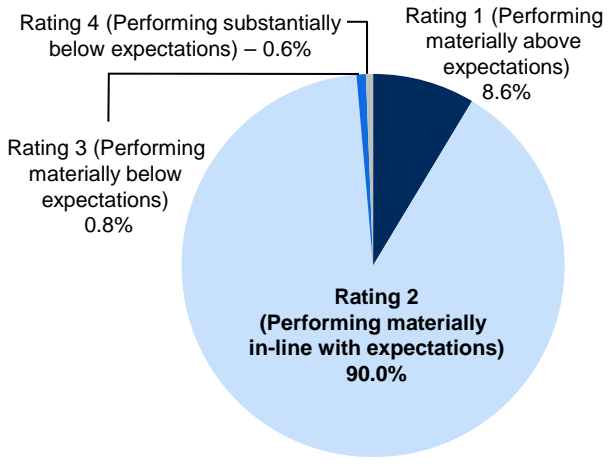
## Types of Services



## By Type of Investment



## By Rating

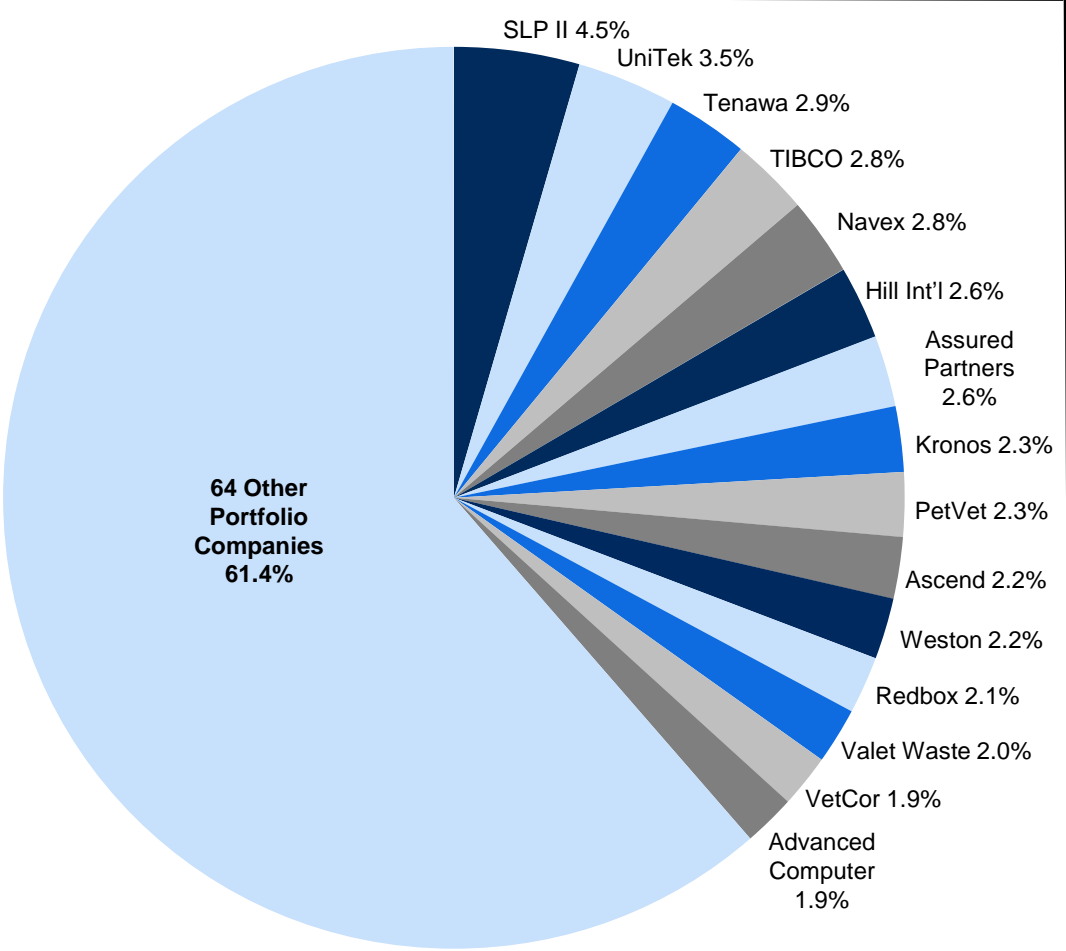


<sup>1</sup> Includes fair value of NMFC's investment in SLP II allocated by industry (\$71.5m)

<sup>2</sup> Includes 2% Media, 1% Retail, and 1% SLP I

# Portfolio Concentration (By Fair Value as of 12/31/2016)

Portfolio Names By Fair Value



Top 15 portfolio companies represent \$613.0 million, or 38.6%, of consolidated investments

Memo: Top 15 Portfolio Companies

	As of		
	3/31/2016	6/30/2016	9/30/2016
	\$568.0m	\$598.3m	\$607.5m
	37.4%	39.2%	39.3%



# Balance Sheet Highlights

(\$ in millions, except per share data)	Quarter Ended				12/31/2016 <sup>(1)</sup>
	12/31/2015	3/31/2016 <sup>(1)</sup>	6/30/2016 <sup>(1)</sup>	9/30/2016 <sup>(1)</sup>	
<b>Assets</b>					
Portfolio	\$1,541.9	\$1,519.9	\$1,527.7	\$1,547.7	\$1,588.0
Cash & Equivalents	30.1	32.7	34.5	49.8	45.9
Other Assets <sup>(2)</sup>	30.1	19.6	22.4	19.7	22.1
<b>Total Assets</b>	<b>\$1,602.1</b>	<b>\$1,572.2</b>	<b>\$1,584.6</b>	<b>\$1,617.2</b>	<b>\$1,656.0</b>
<b>Liabilities</b>					
Statutory Debt	\$624.3	\$609.0	\$600.0	\$597.0	\$589.0
SBA-Guaranteed Debentures	117.7	117.7	121.7	121.7	121.7
Other Liabilities <sup>(3)</sup>	23.2	23.7	19.6	50.3	6.7
<b>Total Liabilities</b>	<b>\$765.2</b>	<b>\$750.4</b>	<b>\$741.3</b>	<b>\$769.0</b>	<b>\$717.4</b>
<b>NAV</b>	<b>\$836.9</b>	<b>\$821.8</b>	<b>\$843.3</b>	<b>\$848.2</b>	<b>\$938.6</b>
Shares Outstanding - Ending Balance (mm)	64.0	63.9	63.8	63.9	69.7
<b>NAV / Share</b>	<b>\$13.08</b>	<b>\$12.87</b>	<b>\$13.23</b>	<b>\$13.28</b>	<b>\$13.46</b>
<b>Statutory Debt / Equity<sup>(4)</sup></b>	<b>0.75x</b>	<b>0.74x</b>	<b>0.71x</b>	<b>0.70x</b>	<b>0.63x</b>

<sup>1</sup> Beginning in Q1 2016, deferred financing costs are reclassified from other assets to other liabilities due to a recent accounting standards update

<sup>2</sup> Includes interest and dividends receivable, receivable from affiliate, receivable from unsettled securities sold and other assets

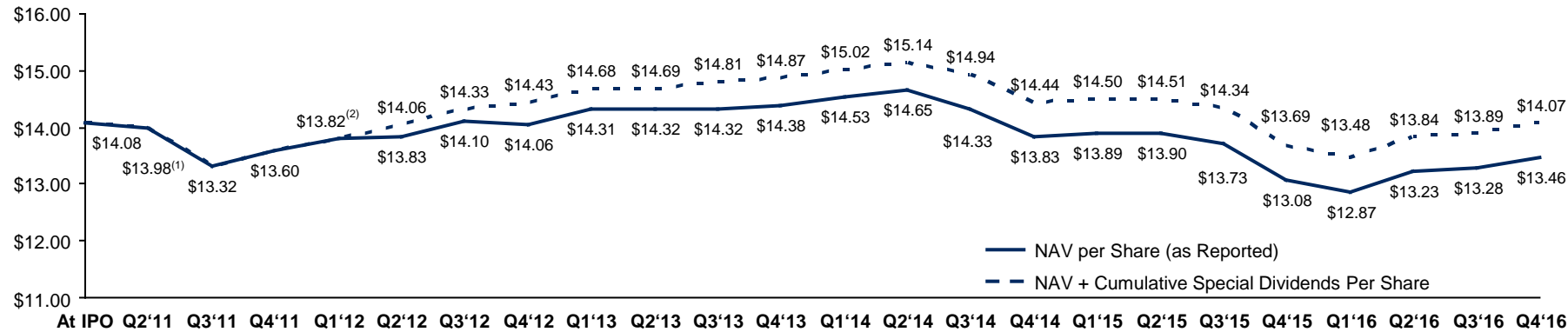
<sup>3</sup> Includes incentive fee payable, capital gains incentive fee payable, management fee payable, payable for unsettled securities purchased, interest payable, payable to affiliates, deferred tax liability and other liabilities

<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

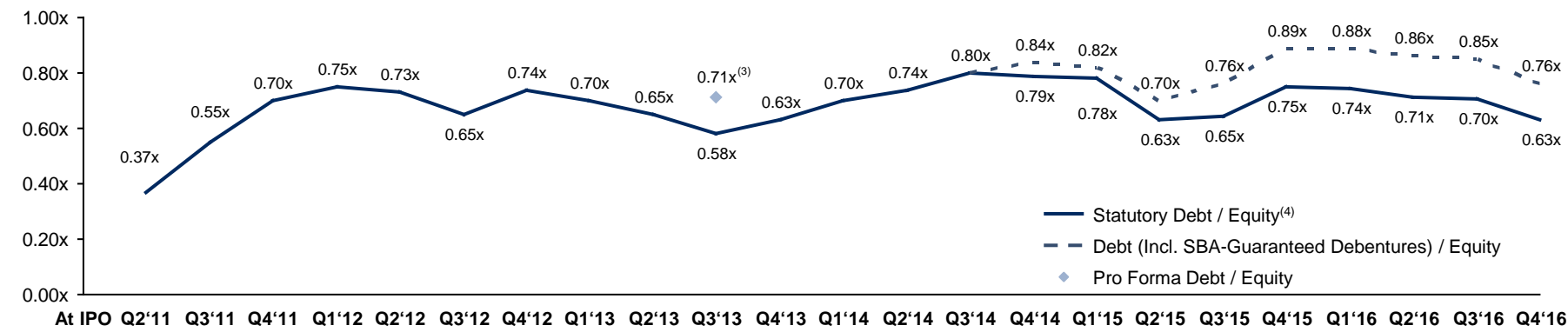


# Historical NAV / Share and Leverage Trends

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 (Quarterly)

(\$ in millions, except per share data)

	Quarter Ended				12/31/2016
	12/31/2015	3/31/2016	6/30/2016	9/30/2016	
<b>Investment Income</b>					
Interest income	\$37.6	\$37.8	\$38.3	\$35.9	\$35.4
Dividend income	1.6	1.6	1.8	3.0	4.8
Other income	2.8	1.5	1.4	2.9	3.6
<b>Total investment income</b>	<b>\$42.0</b>	<b>\$40.9</b>	<b>\$41.5</b>	<b>\$41.8</b>	<b>\$43.8</b>
<b>Expenses</b>					
Management fee <sup>(1)</sup>	\$5.4	\$5.5	\$5.6	\$5.7	\$5.9
Incentive fee	5.7	5.4	5.4	5.5	5.7
Interest and other financing expenses	6.5	6.6	6.8	7.1	7.9
Net administrative, professional, other G&A expenses and income taxes <sup>(2)</sup>	1.9	1.9	1.9	1.8	1.3
<b>Total net expenses</b>	<b>\$19.5</b>	<b>\$19.4</b>	<b>\$19.7</b>	<b>\$20.1</b>	<b>\$20.8</b>
<b>Adjusted net investment income<sup>(3)</sup></b>	<b>\$22.5</b>	<b>\$21.5</b>	<b>\$21.8</b>	<b>\$21.7</b>	<b>\$23.0</b>
<b>Gain / Loss</b>					
Net realized gains (losses) on investments	\$0.7	\$0.1	\$0.8	\$1.1	(\$18.9)
Net change in unrealized (depreciation) appreciation of investments	(43.2)	(14.3)	22.0	2.3	30.0
Benefit (provision) for income tax	0.0	0.8	0.1	0.0	(0.2)
Capital gains incentive fee	–	–	–	–	–
<b>Net (decrease) increase in net assets resulting from operations</b>	<b>(\$20.0)</b>	<b>\$8.1</b>	<b>\$44.7</b>	<b>\$25.1</b>	<b>\$33.8</b>
Weighted average shares outstanding (mm)	64.0	63.9	63.8	63.8	68.1
<b>Adjusted NII per weighted average share</b>	<b>\$0.35</b>	<b>\$0.34</b>	<b>\$0.34</b>	<b>\$0.34</b>	<b>\$0.34</b>
Memo: Annualized Effective Management Fee	1.4%	1.4%	1.4%	1.4%	1.4%



<sup>1</sup> Reflects management fee net of waiver

<sup>2</sup> Net of expense waivers and reimbursements

<sup>3</sup> See Appendix A for GAAP reconciliation



# Income Statement Highlights (Annually)

(\$ in millions, except per share data)

	Year Ended – Pro Forma Adjusted <sup>(1)</sup>		
	12/31/2014	12/31/2015	12/31/2016
<b>Investment Income</b>			
Interest income	\$126.0	\$140.0	\$147.4
Dividend income	4.5	6.3	11.2
Other income	5.4	8.0	9.4
<b>Total investment income</b>	<b>\$135.7</b>	<b>\$154.3</b>	<b>\$168.0</b>
<b>Expenses</b>			
Management fee <sup>(2)</sup>	\$19.0	\$20.6	\$22.7
Incentive fee	18.4	20.7	22.0
Interest and other financing expenses	18.1	23.4	28.4
Net administrative, professional, other G&A expenses and income taxes <sup>(3)</sup>	6.9	6.8	6.9
<b>Total net expenses</b>	<b>\$62.3</b>	<b>\$71.5</b>	<b>\$80.0</b>
<b>Adjusted net investment income<sup>(4)</sup></b>	<b>\$73.4</b>	<b>\$82.8</b>	<b>\$88.0</b>
<b>Gain / Loss</b>			
Net realized gains (losses) on investments	\$8.8	(\$13.4)	(\$16.9)
Net change in unrealized (depreciation) appreciation of investments	(42.1)	(35.4)	40.0
(Provision) benefit for income tax	(0.5)	(1.2)	0.6
Capital gains incentive fee	6.5	0.1	–
<b>Net increase in net assets resulting from operations</b>	<b>\$46.0</b>	<b>\$32.9</b>	<b>\$111.7</b>
Weighted average shares outstanding (mm)	52.1	59.7	64.9
<b>NIJ per weighted average share</b>	<b>\$1.41</b>	<b>\$1.39</b>	<b>\$1.36</b>



<sup>1</sup> Year ended 12/31/2014 includes the results of both the Predecessor Operating Company for Q1 2014 and NMFC for Q2 – Q4 2014; pro forma adjusted net investment income excludes net impact of subsequent changes in tax estimate in Q1 2014 and in Q3 2015

<sup>2</sup> Reflects management fee net of waiver

<sup>3</sup> Net of expense waivers and reimbursements

<sup>4</sup> See Appendix A for GAAP and pro forma reconciliation

# Investment Income Detail

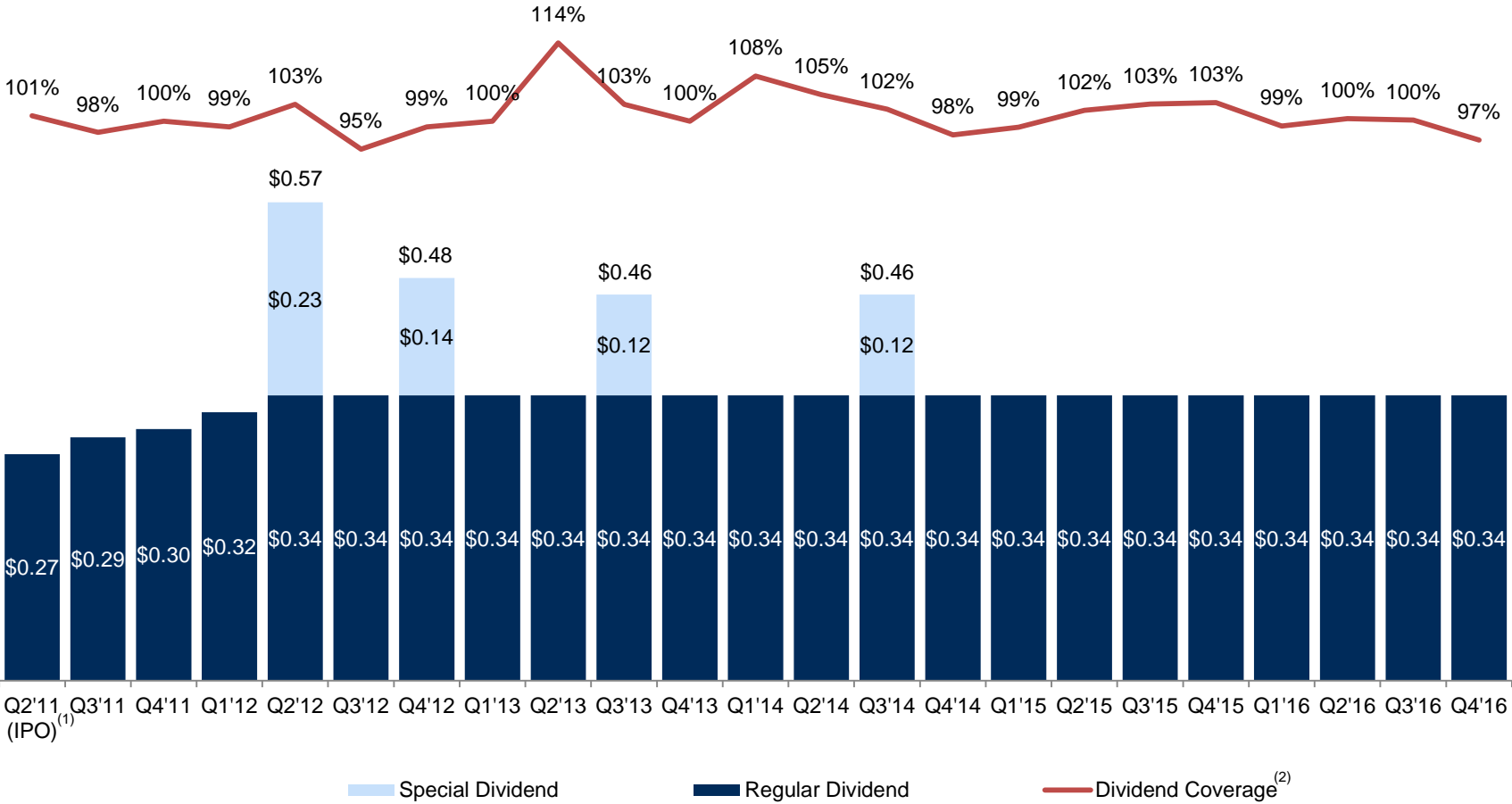
(\$ in millions)	Quarter Ended				12/31/2016
	12/31/2015	3/31/2016	6/30/2016	9/30/2016	
<b>Investment Income Build</b>					
Cash Interest Income	\$35.5	\$35.9	\$33.3	\$33.8	\$32.2
SLP and Net Lease Income <sup>(1)</sup>	1.2	1.2	1.2	2.5	4.1
<b>Recurring Cash Investment Income</b>	<b>\$36.7</b>	<b>\$37.1</b>	<b>\$34.5</b>	<b>\$36.3</b>	<b>\$36.3</b>
Non-cash Interest Income <sup>(2)</sup>	\$1.7	\$1.7	\$1.7	\$1.6	\$2.5
Amortization of Purchase Discounts (Premiums)	0.7	0.7	0.8	0.8	0.7
<b>Recurring Non-cash Investment Income</b>	<b>\$2.4</b>	<b>\$2.4</b>	<b>\$2.5</b>	<b>\$2.4</b>	<b>\$3.2</b>
<b>Total Recurring Investment Income</b>	<b>\$39.1</b>	<b>\$39.5</b>	<b>\$37.0</b>	<b>\$38.7</b>	<b>\$39.5</b>
Prepayment Fees (Cash)	\$0.4	\$0.2	\$3.3	\$0.4	\$1.0
Other Cash Income	2.5	1.2	1.2	2.7	3.3
<b>Total Non-recurring (Cash) Investment Income</b>	<b>\$2.9</b>	<b>\$1.4</b>	<b>\$4.5</b>	<b>\$3.1</b>	<b>\$4.3</b>
<b>Total Investment Income</b>	<b>\$42.0</b>	<b>\$40.9</b>	<b>\$41.5</b>	<b>\$41.8</b>	<b>\$43.8</b>
<b>Total Cash Investment Income</b>	<b>\$39.6</b>	<b>\$38.5</b>	<b>\$39.0</b>	<b>\$39.4</b>	<b>\$40.6</b>
<b>Key Statistics</b>					
% of Total Investment Income that is Recurring	93%	97%	89%	93%	90%
% of Total Investment Income that is Cash	94%	94%	94%	94%	93%

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



# Dividend Summary and Coverage

**We believe our Q1 2017 Adjusted NII will be in the \$0.33 to \$0.35 per share range. Our board of directors has declared a first 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 Adjusted Net Investment Income / regular dividend

# Diversified Leverage Profile

<i>(As of 12/31/2016, \$ in millions)</i>	<b>Amount Outstanding / Facility Size</b>	<b>Interest Rate</b>	<b>Maturity</b>
Wells Fargo Credit Facility	\$334 / \$495	Broadly syndicated 1 <sup>st</sup> lien loans <sup>(1)</sup> : L + 1.75% All other: L + 2.50% (No LIBOR floor)	December 2019
NMFC Credit Facility <i>(Goldman Sachs / Morgan Stanley / Stifel)</i>	\$10 / \$123	L + 2.50% (No LIBOR floor)	June 2019
Convertible Notes	\$155 / \$155	5.00%	June 2019
SBA-Guaranteed Debentures <sup>(2)</sup>	\$122 / \$150	~3.5% weighted average rate <sup>(3)</sup>	March 2025 or later
Unsecured Notes	\$90 / \$90	5.313%	May 2021
<b>Total</b>	<b>\$711 / \$1,013</b>		

- Wells Fargo 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



<sup>1</sup> As defined in the credit agreement for the Wells Fargo 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 pooled interest rates and additional fees and expenses. Debentures priced between SBA debenture pooling dates pay an interim rate of L+30bps until the next debenture pooling

# 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

## Senior Management

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

## Fiscal Year End

December 31

## Independent Auditor

Deloitte & Touche LLP  
New York, NY

## Corporate Counsel

Eversheds Sutherland (US) LLP  
Washington D.C.

## Corporate Offices & Website

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

## Investor Relations

Shiraz Y. Kajee, Authorized Representative  
212-220-3505  
[NMFCIR@newmountaincapital.com](mailto:NMFCIR@newmountaincapital.com)

## Research Coverage

### Baird Equity Research

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

### Janney Montgomery Scott

Mitchel Penn, 410-583-5976  
Matthew Pauley, 410-583-5983

### Keefe, Bruyette & Woods (KBW)

Ryan Lynch, 314-342-2918  
Paul Johnson, 314-342-2194

### Oppenheimer & Co.

Chris Kotowski, 212-667-6699  
L. Allison Taylor Rudary, 212-667-5366  
Owen Lau, 212-667-8166

### Wells Fargo Securities

Jonathan Bock, 704-410-1874  
Finian O'Shea, 704-410-1990  
Joseph Mazzoli, 704-410-2523  
Jamie Sirockman, 704-410-2197

## Securities Listing

NYSE: NMFC

## Transfer Agent

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



# Appendix A: NMFC Income Reconciliation

(\$ in millions, except for per weighted average share data; unaudited figures)

	Year Ended					
	IPO - 12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016
<b>GAAP net investment income ("NII")</b>	<b>\$28.5</b>	<b>\$45.2</b>	<b>\$63.7</b>	<b>\$80.3</b>	<b>\$82.5</b>	<b>\$88.1</b>
Non-cash adjustment <sup>(1)</sup>	(2.0)	(3.5)	(0.9)	(0.2)	(0.1)	(0.1)
Non-cash capital gains incentive fee	–	4.4	3.2	(6.5)	–	–
<b>Adjusted NII</b>	<b>\$26.5</b>	<b>\$46.1</b>	<b>\$66.0</b>	<b>\$73.6</b>	<b>\$82.4</b>	<b>\$88.0</b>
Non-recurring tax adjustment <sup>(2)</sup>			(3.9)	(0.2)	0.4	
<b>Pro forma adjusted NII</b>			<b>\$62.1</b>	<b>\$73.4</b>	<b>\$82.8</b>	
<b>GAAP realized gains (losses) on investments</b>	<b>\$3.3</b>	<b>\$18.9</b>	<b>\$7.2</b>	<b>\$9.1</b>	<b>(\$12.9)</b>	<b>(\$16.7)</b>
Non-cash adjustment <sup>(1)</sup>	(2.4)	(7.0)	(3.3)	(0.5)	(0.1)	(0.2)
Reclass of UniTek, Edmentum, Transtar, & Permian <sup>(3)</sup>	–	–	–	–	27.9	(16.6)
Non-recurring tax adjustment <sup>(2)</sup>	–	–	3.9	0.2	(0.4)	–
<b>Adj. realized gains (losses) on investments</b>	<b>\$0.9</b>	<b>\$11.9</b>	<b>\$7.8</b>	<b>\$8.8</b>	<b>\$14.5</b>	<b>(\$33.5)</b>
<b>GAAP net change in unrealized (depreciation) appreciation</b>	<b>(\$15.5)</b>	<b>\$9.9</b>	<b>\$8.0</b>	<b>(\$43.3)</b>	<b>(\$36.7)</b>	<b>\$40.3</b>
Non-cash adjustment <sup>(1)</sup>	4.4	10.5	4.0	0.7	0.2	0.3
Reclass of UniTek, Edmentum, Transtar, & Permian <sup>(3)</sup>	–	–	–	–	(27.9)	16.6
<b>Adj. net change in unrealized (depreciation) appreciation</b>	<b>(\$11.1)</b>	<b>\$20.4</b>	<b>\$12.0</b>	<b>(\$42.6)</b>	<b>(\$64.4)</b>	<b>\$57.2</b>

	Quarter Ended									
	12/31/2015		3/31/2016		6/30/2016		9/30/2016		12/31/2016	
	\$m	Per Share <sup>(5)</sup>	\$m	Per Share <sup>(5)</sup>	\$m	Per Share <sup>(5)</sup>	\$m	Per Share <sup>(5)</sup>	\$m	Per Share <sup>(5)</sup>
<b>GAAP net investment income ("NII")</b>	<b>\$22.5</b>	<b>\$0.35</b>	<b>\$21.6</b>	<b>\$0.34</b>	<b>\$21.8</b>	<b>\$0.34</b>	<b>\$21.7</b>	<b>\$0.34</b>	<b>\$23.0</b>	<b>\$0.34</b>
Non-cash capital gains incentive fee <sup>(4)</sup>	(0.0)	(0.00)	(0.1)	(0.00)	(0.0)	(0.00)	(0.0)	(0.00)	0.0	0.00
<b>Adjusted NII</b>	<b>\$22.5</b>	<b>\$0.35</b>	<b>\$21.5</b>	<b>\$0.34</b>	<b>\$21.8</b>	<b>\$0.34</b>	<b>\$21.7</b>	<b>\$0.34</b>	<b>\$23.0</b>	<b>\$0.34</b>

<sup>1</sup> See "Important Notice and Safe Harbor Statement" for discussion on adjustments due to NMFC's IPO

<sup>2</sup> Related to YP, LLC distributions and other changes in tax estimates

<sup>3</sup> Reclassification of UniTek material modification of \$12.8m and Edmentum material modification of \$15.2m from realized loss to unrealized depreciation during the year ended 2015 and \$27.1m of Transtar from unrealized depreciation to realized loss and \$10.5m of Permian from realized loss to unrealized depreciation during the year ended 2016

<sup>4</sup> Net of non-cash adjustment. See Footnote 1 above

<sup>5</sup> Per weighted average share





**NEW MOUNTAIN FINANCE  
CORPORATION**