



TPG Specialty Lending, Inc. Announces Quarter Ended June 30, 2017 Financial Results; Board Declares Quarterly Base Dividend of \$0.39 Per Share for the Third Fiscal Quarter of 2017 and a Quarterly Variable Supplemental Dividend of \$0.09 Per Share

August 2, 2017

NEW YORK--(BUSINESS WIRE)--Aug. 2, 2017-- TPG Specialty Lending, Inc. (NYSE: TSLX, or the "Company") today reported net investment income of \$33.9 million, or \$0.57 per share, for the quarter ended June 30, 2017. Net asset value per share was \$16.15 at June 30, 2017 as compared to \$16.04 at March 31, 2017. The Company's Board of Directors previously declared a first quarter variable supplemental dividend of \$0.04 per share and a second quarter base dividend of \$0.39 per share, payable to stockholders of record as of May 31, 2017 and June 15, 2017, respectively, that was paid on June 30, 2017 and July 14, 2017, respectively.

The Company announced that its Board of Directors has declared a third quarter base dividend of \$0.39 per share for stockholders of record as of September 15, 2017, payable on October 13, 2017. The Company's Board of Directors also declared a second quarter variable supplemental dividend of \$0.09 per share for stockholders of record as of August 31, 2017, payable on September 29, 2017.

The Company's Board of Directors approved an extension of the Company's stock repurchase plan ("Company 10b5-1 Plan") to acquire up to \$50 million in the aggregate of TSLX's common stock at prices below TSLX's net asset value per share, in accordance with the guidelines specified in Rule 10b-18 and Rule 10b5-1 of the Securities Exchange Act of 1934. Unless extended or terminated by its Board of Directors, the Company expects that the stock repurchase plan will be in effect through the earlier of February 28, 2018, or such time as the current approved repurchase amount of up to \$50 million has been fully utilized, subject to certain conditions.

FINANCIAL HIGHLIGHTS:

(amounts in millions, except per share amounts)

| | Three Months Ended (unaudited) | | |
|--|-----------------------------------|----------------|------------------|
| | June 30, 2017 | March 31, 2017 | June 30, 2016 |
| Investments at Fair Value | \$ 1,554.5 | \$ 1,580.3 | \$ 1,611.0 |
| Total Assets | \$ 1,589.1 | \$ 1,606.9 | \$ 1,628.8 |
| Net Asset Value Per Share | \$ 16.15 | \$ 16.04 | \$ 15.55 |
| Investment Income | \$ 58.8 | \$ 50.9 | \$ 46.0 |
| Net Investment Income | \$ 33.9 | \$ 28.5 | \$ 25.5 |
| Net Income | \$ 31.8 | \$ 28.3 | \$ 49.6 |
| Net Investment Income Per Share | \$ 0.57 | \$ 0.48 | \$ 0.43 |
| Net Realized and Unrealized Gains (and Losses) Per Share | (\$ 0.04) | (\$ 0.01) | \$ 0.41 |
| Net Income Per Share | \$ 0.53 | \$ 0.47 | \$ 0.84 |
| Weighted Average Yield of Debt and Income Producing Securities at Fair Value | 10.7 % | 10.3 % | 10.6 % |
| Weighted Average Yield of Debt and Income Producing Securities at Amortized Cost | 10.8 % | 10.4 % | 10.5 % |
| Percentage of Debt Investment Commitments at Floating Rates (1) | 100 % | 100 % | 96 % |

(1) Includes one or more fixed rate investments for which the Company entered into an interest rate swap agreement to swap to a floating rate.

Conference Call and Webcast

Conference Call Information:

The conference call will be broadcast live at 8:30 a.m. Eastern Time on August 3, 2017. **Please visit TSLX's webcast link located on the Events & Presentation page of the Investor Resources section of TSLX's website <http://www.tpgspecialtylending.com> for a slide presentation that**

complements the Earnings Conference Call . Please visit the website to test your connection before the webcast.

Participants are also invited to access the conference call by dialing one of the following numbers:

Domestic: (877) 359-9508
International: +1 (253) 237-1122
Conference ID: 30419741

All callers will need to enter the Conference ID followed by the # sign and reference "TPG Specialty Lending" once connected with the operator. All callers are asked to dial in 10-15 minutes prior to the call so that name and company information can be collected.

Replay Information:

An archived replay will be available from approximately 12:00 p.m. Eastern Time on August 3 through August 10 via a webcast link located on the Investor Resources section of TSLX's website, and via the dial-in numbers listed below:

Domestic: (855) 859-2056
International: +1 (404) 537-3406
Conference ID: 30419741

Portfolio and Investment Activity

For the three months ended June 30, 2017, gross originations totaled \$397.7 million. This compares to \$285.9 million for the three months ended March 31, 2017 and \$199.7 million for the three months ended June 30, 2016.

For the three months ended June 30, 2017, the Company made new investment commitments of \$267.7 million in five new portfolio companies and five existing portfolio companies. For this period, the Company had \$270.7 million aggregate principal amount in exits and repayments.

For the three months ended June 30, 2016, the Company made new investment commitments of \$184.7 million in three new portfolio companies and three existing portfolio companies. For this period, the Company had \$114.7 million aggregate principal amount in exits and repayments.

As of June 30, 2017 and March 31, 2017, the Company had investments in 46 and 48 portfolio companies, respectively, with an aggregate fair value of \$1,554.5 million and \$1,580.3 million, respectively.

As of June 30, 2017, our portfolio based on fair value consisted of 93.2% first-lien debt investments, 3.9% second-lien debt investments, and 2.9% equity and other investments. As of March 31, 2017, the portfolio based on fair value consisted of 98.5% first-lien debt investments, 0.2% second-lien debt investments, and 1.3% equity and other investments.

As of June 30, 2017, 100.0% of debt investments based on fair value in the portfolio bore interest at floating rates (when including investment specific hedges), with 92.4% of these subject to interest rate floors. The Company's credit facilities also bear interest at floating rates. In connection with the Company's Convertible Senior Notes, which bear interest at fixed rates, the Company entered into fixed-to-floating interest rate swaps in order to continue to align the interest rates of its liabilities with its investment portfolio.

As of June 30, 2017 and March 31, 2017, the weighted average total yield of debt and income-producing securities at fair value (which includes interest income and amortization of fees and discounts) was 10.7% and 10.3%, respectively, and the weighted average total yield of debt and income-producing securities at amortized cost (which includes interest income and amortization of fees and discounts) was 10.8% and 10.4%, respectively.

As of June 30, 2017, 100% of the portfolio at fair value was meeting all payment and covenant requirements.

Results of Operations for the Three Months Ended June 30, 2017 compared to the Three Months Ended June 30, 2016

Investment Income

For the three months ended June 30, 2017 and 2016, investment income totaled \$58.8 million and \$46.0 million, respectively. The increase in investment income was primarily driven by an increase in LIBOR, higher prepayment fees and accelerated amortization of upfront fees from unscheduled paydowns, and higher commitment and amendment fees.

Expenses

Net expenses totaled \$24.0 million and \$20.0 million for the three months ended June 30, 2017 and 2016, respectively. The increase in net expenses was primarily due to an increase in the average interest rate on the debt outstanding following the issuance of the 2022 Convertible Senior Notes and an increase in LIBOR, as well as higher incentive fees.

Liquidity and Capital Resources

As of June 30, 2017, the Company had \$13.5 million in cash and cash equivalents, total principal value of debt outstanding of \$587.4 million, and \$587.6 million of undrawn capacity on its revolving credit facility, subject to borrowing base and other limitations. The Company's weighted average interest rate on debt outstanding was 4.1% and 2.6% for the three months ended June 30, 2017 and June 30, 2016, respectively.

The Company is rated BBB- with stable outlook by both Fitch Ratings and Standard and Poor's.

Financial Statements and Tables

Consolidated Balance Sheets
(Amounts in thousands, except share and per share amounts)
(Unaudited)

| | <u>June 30,</u> <u>2017</u> | <u>December</u> <u>31,</u> <u>2016</u> |
|--|--------------------------------|--|
| Assets | | |
| Investments at fair value | | |
| Non-controlled, non-affiliated investments (amortized cost of \$1,388,172 and \$1,567,673, respectively) | \$1,419,436 | \$ 1,591,544 |
| Controlled, affiliated investments (amortized cost of \$155,873 and \$100,014, respectively) | <u>135,015</u> | <u>65,859</u> |
| Total investments at fair value (amortized cost of \$1,544,045 and \$1,667,687, respectively) | 1,554,451 | 1,657,403 |
| Cash and cash equivalents (restricted cash of \$1,633 and \$1,088, respectively) | 13,466 | 5,954 |
| Interest receivable | 8,188 | 9,678 |
| Receivable for interest rate swaps | 2,356 | 69 |
| Prepaid expenses and other assets | <u>10,667</u> | <u>2,428</u> |
| Total Assets | <u>\$1,589,128</u> | <u>\$ 1,675,532</u> |
| Liabilities | | |
| Debt (net of deferred financing costs of \$13,297 and \$11,019, respectively) | \$ 572,158 | \$ 680,709 |
| Management fees payable to affiliate | 5,977 | 6,269 |
| Incentive fees payable to affiliate | 7,198 | 5,889 |
| Dividends payable | 23,380 | 23,289 |
| Other payables to affiliate | 2,356 | 1,555 |
| Other liabilities | <u>9,960</u> | <u>5,609</u> |
| Total Liabilities | <u>621,029</u> | <u>723,320</u> |
| Commitments and contingencies | | |
| Net Assets | | |
| Preferred stock, \$0.01 par value; 100,000,000 shares authorized; no shares issued and outstanding | — | — |
| Common stock, \$0.01 par value; 400,000,000 shares authorized, 60,049,754 and 59,805,285 shares issued, respectively; and 59,960,674 and 59,716,205 shares outstanding, respectively | 600 | 598 |
| Additional paid-in capital | 903,006 | 898,868 |
| Treasury stock at cost; 89,080 and 89,080 shares held, respectively | (1,359) | (1,359) |
| Undistributed net investment income | 56,772 | 50,142 |
| Net unrealized gains | 15,744 | 1,422 |
| Undistributed net realized gains (losses) | <u>(6,664)</u> | <u>2,541</u> |
| Total Net Assets | <u>968,099</u> | <u>952,212</u> |
| Total Liabilities and Net Assets | <u>\$1,589,128</u> | <u>\$ 1,675,532</u> |
| Net Asset Value Per Share | <u>\$ 16.15</u> | <u>\$ 15.95</u> |

TPG Specialty Lending, Inc.

Consolidated Statements of Operations
(Amounts in thousands, except share and per share amounts)
(Unaudited)

| | Three Months Ended | | Six Months Ended | |
|---|---------------------------|----------------------|-------------------------|----------------------|
| | <u>June 30, 2017</u> | <u>June 30, 2016</u> | <u>June 30, 2017</u> | <u>June 30, 2016</u> |
| Income | | | | |
| Investment income from non-controlled, non-affiliated investments: | | | | |
| Interest from investments | \$ 54,900 | \$ 41,674 | \$ 102,670 | \$ 80,843 |
| Dividend income | — | 474 | — | 948 |
| Other income | <u>2,353</u> | <u>1,417</u> | <u>4,479</u> | <u>2,141</u> |
| Total investment income from non-controlled, non-affiliated investments | 57,253 | 43,565 | 107,149 | 83,932 |
| Investment income from controlled, affiliated investments: | | | | |
| Interest from investments | 1,516 | 2,418 | 2,516 | 4,751 |
| Other income | <u>50</u> | <u>51</u> | <u>102</u> | <u>101</u> |
| Total investment income from controlled, affiliated investments | <u>1,566</u> | <u>2,469</u> | <u>2,618</u> | <u>4,852</u> |
| Total Investment Income | <u>58,819</u> | <u>46,034</u> | <u>109,767</u> | <u>88,784</u> |
| Expenses | | | | |

| | | | | |
|---|------------|------------|------------|------------|
| Interest | 7,655 | 5,630 | 14,520 | 10,927 |
| Management fees | 5,977 | 5,993 | 12,048 | 11,742 |
| Incentive fees | 7,197 | 5,392 | 13,247 | 10,294 |
| Professional fees | 1,771 | 1,971 | 3,057 | 3,893 |
| Directors' fees | 96 | 96 | 201 | 193 |
| Other general and administrative | 1,311 | 1,058 | 2,613 | 2,312 |
| Total expenses | 24,007 | 20,140 | 45,686 | 39,361 |
| Management and incentive fees waived | — | (99) | — | (196) |
| Net Expenses | 24,007 | 20,041 | 45,686 | 39,165 |
| Net Investment Income Before Income Taxes | 34,812 | 25,993 | 64,081 | 49,619 |
| Income taxes, including excise taxes | 880 | 490 | 1,630 | 925 |
| Net Investment Income | 33,932 | 25,503 | 62,451 | 48,694 |
| Unrealized and Realized Gains (Losses) | | | | |
| Net change in unrealized gains (losses): | | | | |
| Non-controlled, non-affiliated investments | (3,845) | 14,801 | 7,394 | 14,997 |
| Controlled, affiliated investments | 21,046 | 4,208 | 13,297 | (151) |
| Translation of assets and liabilities in foreign currencies | (2,864) | 4,506 | (8,657) | 1,803 |
| Interest rate swaps | 2,133 | 325 | 2,287 | 1,566 |
| Total net change in unrealized gains | 16,470 | 23,840 | 14,321 | 18,215 |
| Realized gains (losses): | | | | |
| Non-controlled, non-affiliated investments | 3,272 | 404 | 4,595 | 404 |
| Controlled, affiliated investments | (21,776) | — | (21,776) | — |
| Foreign currency transactions | (72) | (109) | 513 | 96 |
| Total realized gains (losses) | (18,576) | 295 | (16,668) | 500 |
| Total Unrealized and Realized Gains (Losses) | (2,106) | 24,135 | (2,347) | 18,715 |
| Increase in Net Assets Resulting from Operations | \$ 31,826 | \$ 49,638 | \$ 60,104 | \$ 67,409 |
| Earnings per common share—basic and diluted | \$ 0.53 | \$ 0.84 | \$ 1.00 | \$ 1.17 |
| Weighted average shares of common stock outstanding—basic and diluted | 59,912,804 | 59,348,460 | 59,855,088 | 57,575,365 |

The Company's investment activity for the three months ended June 30, 2017 and 2016 is presented below (information presented herein is at par value unless otherwise indicated).

| (\$ in millions) | Three Months Ended | |
|---|--------------------|---------------|
| | June 30, 2017 | June 30, 2016 |
| New investment commitments: | | |
| Gross originations | \$ 397.7 | \$ 199.7 |
| Less: Syndications/sell downs | 130.0 | 15.0 |
| Total new investment commitments | \$ 267.7 | \$ 184.7 |
| Principal amount of investments funded: | | |
| First-lien | \$ 233.0 | \$ 145.8 |
| Second-lien | — | — |
| Mezzanine and unsecured | — | — |
| Equity and other | 13.5 | — |
| Total | \$ 246.5 | \$ 145.8 |
| Principal amount of investments sold or repaid: | | |
| First-lien | \$ 270.3 | \$ 52.2 |
| Second-lien | — | 62.5 |
| Mezzanine and unsecured | — | — |
| Equity and other | 0.4 | — |
| Total | \$ 270.7 | \$ 114.7 |
| Number of new investment commitments in new portfolio companies | 5 | 3 |
| Average new investment commitment amount in new portfolio companies | \$ 43.7 | \$ 56.7 |
| Weighted average term for new investment commitments in new portfolio companies (in years) | 4.9 | 3.4 |
| Percentage of new debt investment commitments at floating rates | 100.0% | 100.0% |
| Percentage of new debt investment commitments at fixed rates | — | — |
| Weighted average interest rate of new investment commitments | 11.2% | 8.4% |
| Weighted average spread over LIBOR of new floating rate investment commitments | 9.9% | 7.8% |
| Weighted average interest rate on investments sold or paid down | 9.7% | 9.0% |

TSLX is a specialty finance company focused on lending to middle-market companies. The Company seeks to generate current income primarily in U.S.-domiciled middle-market companies through direct originations of senior secured loans and, to a lesser extent, originations of mezzanine and unsecured loans and investments in corporate bonds and equity securities. The Company has elected to be regulated as a business development company, or a BDC, under the Investment Company Act of 1940 and the rules and regulations promulgated thereunder. TSLX is externally managed by TSL Advisers, LLC, a Securities and Exchange Commission ("SEC") registered investment adviser. TSLX leverages the deep investment, sector, and operating resources of TPG Sixth Street Partners, the dedicated special situations and credit platform of TPG, with over \$19 billion of assets under management as of March 31, 2017 and the broader TPG platform, a global private investment firm with over \$73 billion of assets under management as of March 31, 2017. For more information, visit the Company's website at www.tpgspecialtylending.com.

Forward-Looking Statements

Statements included herein may constitute "forward-looking statements," which relate to future events or the Company's future performance or financial condition. These statements are not guarantees of future performance, conditions or results and involve a number of risks and uncertainties. Actual results may differ materially from those in the forward-looking statements as a result of a number of factors, including those described from time to time in the Company's filings with the Securities and Exchange Commission. The Company assumes no obligation to update any such forward-looking statements. TSLX undertakes no duty to update any forward-looking statements made herein.

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