

# FS KKR Capital Corp.

Investor Presentation

MAY 2020

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# FSK Overview

# FSK is an Industry Leading Business Development Company



**FS | KKR**

*FSK is a publicly traded business development company (BDC) focused on providing customized credit solutions to private middle market companies*

## Externally managed by FS/KKR Advisor, LLC

- Advisor, a Joint Venture between FS Investments and KKR, leverages the full platform of both firms
- SEC co-investment exemptive relief with KKR Credit
- Strong alignment between FS & KKR
- Largest BDC manager

## Access to middle market direct lending opportunities

- Stable, recurring income generation
- ~10.0% dividend yield <sup>(1)</sup>
- Established and diversified portfolio of 184 borrowers
- 70% of portfolio in senior secured investments<sup>(2)</sup>

## Sizable scale with \$7.4bn of assets

- Focused on larger middle market companies (\$50+ million of EBITDA)
- Typically sole or lead lender in Direct Originations
- Scale can allow for more attractive funding

Note: Please refer to "Legal Disclosures" at the end of this presentation for additional detail on the calculation of AUM and for further information on KKR's inside information barrier policies and procedures, which may limit the involvement of personnel in certain investment processes and discussions. All figures as of March 31, 2020, unless otherwise noted.

1. Based on current annualized dividend rate, excluding special dividends, relative to net asset value as of March 31, 2020.

2. Figure excludes the impact of the investment in Strategic Credit Opportunities Partners, LLC ("SCJV"). SCJV is a joint venture between FSK and South Carolina Retirement Systems Group Trust.

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# Executive Summary

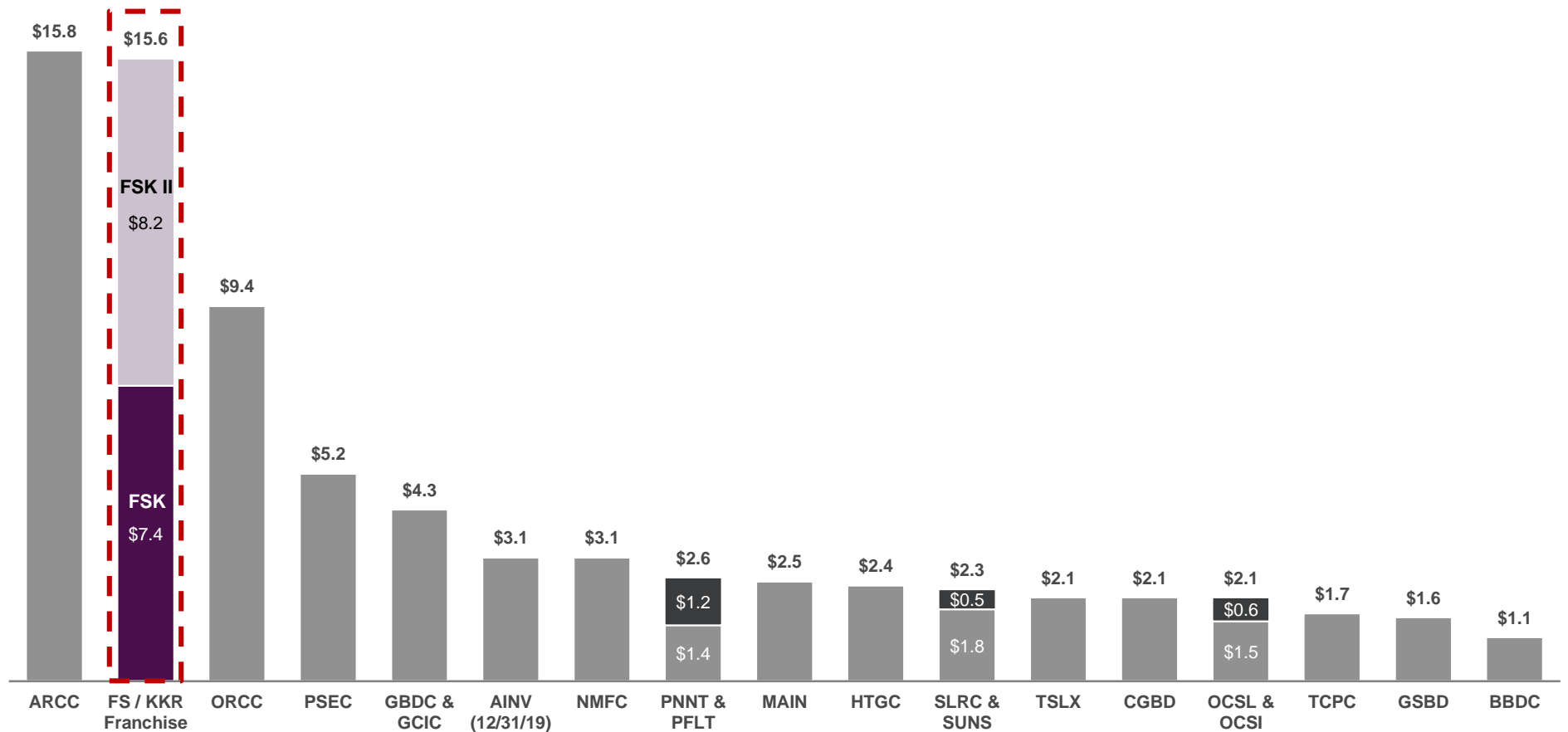
# Key Platform Highlights

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Large, Scalable Platform	<ul style="list-style-type: none"><li>• Ability to make individual investments up to \$1 billion in size</li><li>• Broad coverage platform across sponsor and non-sponsor space</li><li>• ~470 KKR public and private markets investments professionals</li></ul>
Disciplined Investment Process	<ul style="list-style-type: none"><li>• “PE-style” due diligence standard</li><li>• Fundamental credit investment philosophy based on rigorous financial analysis</li><li>• Assets pass through multiple FS and KKR Credit committee reviews</li></ul>
Proven Track Record	<ul style="list-style-type: none"><li>• Deep experience investing in private credit from managing BDCs for 10+ years</li><li>• Ability to leverage ~130 dedicated KKR Credit investment professionals as well as 150+ private equity sponsor relationships</li></ul>
Share Repurchase History	<ul style="list-style-type: none"><li>• Completed the \$200 million share buyback program as of April 13, 2020</li><li>• Since the listing of CCT in November 2017, the combined FSK entity has repurchased over \$484 million of shares as of April 13, 2020, including the full \$100 million share buyback program in 2018</li><li>• Announced on May 6, 2020, that certain affiliates of the owners of FSK’s investment adviser have committed \$100 million to a \$350 million investment vehicle established to investment from time to time in shares of FSK</li></ul>
Exemptive Relief	<ul style="list-style-type: none"><li>• Aligned with KKR Credit platform – investments are shared across the KKR Credit platform, including funds and SMA’s</li><li>• Our scale allows the platform to speak for significant capital commitments while also keeping the diversity in any one pool of capital at a level that is risk mitigating</li></ul>
Advisor	<ul style="list-style-type: none"><li>• FS/KKR Advisor manages the largest BDC platform by total assets</li><li>• Strong shareholder alignment through a three-year incentive fee lookback provision</li></ul>

# Our BDC Franchise Is An Industry Leader

## Total Assets Under Management (Ranked by BDC Advisor/Manager)



Note: As of March 31, 2020, unless otherwise noted

# KKR – An Industry Leading Alternative Asset Manager

## KKR



~\$207.1 billion AUM and an over 40 year investment track record



Offices in 20 cities



~470 investment professionals across private and public markets



~19.1 billion balance sheet invested in KKR strategies alongside our clients

## KKR Credit



~\$67.6 billion AUM across leveraged credit, private credit and special situations<sup>(1)</sup>



Offices in 9 cities in 8 countries



~130 dedicated investment professionals



~\$2.1 billion of KKR balance sheet committed across KKR credit strategies<sup>(2)</sup>

## Active Credit Investment Strategies

### Leveraged Credit

~\$37.9 billion<sup>(1)(3)</sup>

### Private Credit

~\$23.8 billion<sup>(1)</sup>

### Special Situations

~\$5.9 billion<sup>(1)</sup>

1. As of March 31, 2020. Please see Important Information for important information regarding the calculation of AUM.

2. As of March 31, 2020. Includes legacy investments in KKR Financial Holdings LLC, a specialty finance vehicles listed on the New York Stock Exchange and various collateralized loan obligation vehicles.

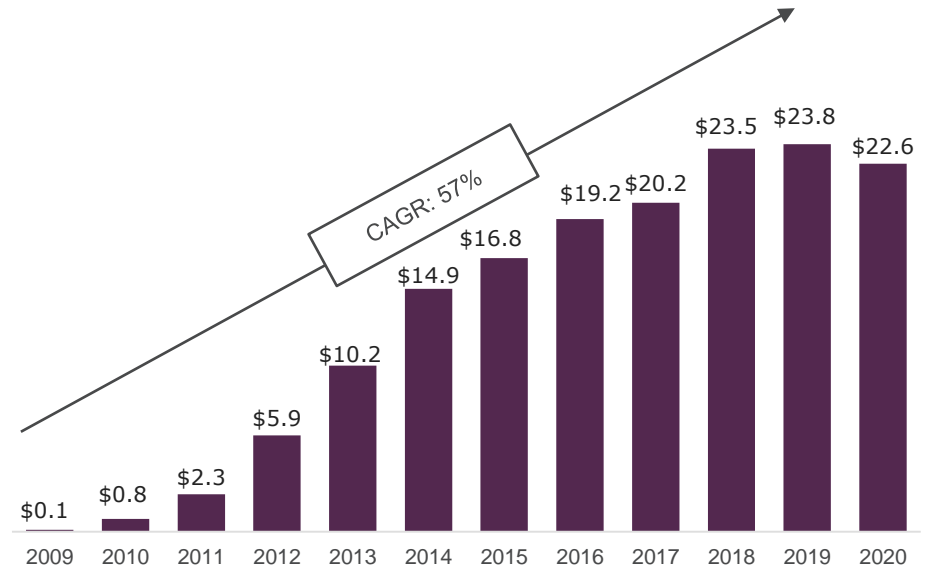
3. Leveraged Credit AUM is inclusive of strategy assets for revolving credit.

# FS – A Leading \$23B Alternative Asset Manager

## Firm Overview

- Founded in 2007
- Strategies span across multiple verticals: Direct Lending, Energy & Energy Infrastructure, Real Estate, Special Situations, Multi-Sector Credit and Liquid Alts
- 400+ employees and 50+ investment professionals across 6 offices
- **Strong capital raising capabilities:** Distribution network that has raised more than \$15 billion of equity
  - Distribution footprint spans across 25,000 advisors who cover 250,000+ investors

## Growth in Assets Under Management



## Top Institutional Manager Relationships

KKR

MAGNETAR CAPITAL

GoldenTree  
ASSET MANAGEMENT LP

EIG  
GLOBAL ENERGY PARTNERS

Rialto  
CAPITAL MANAGEMENT

W Wilshire

Note: As of March 31, 2020



# Management Team Overview

FSK is led by an experienced management team



**Michael Forman**  
Chairman & Chief  
Executive Officer



**Daniel Pietrzak**  
Co-President & Chief  
Investment Officer



**Brian Gerson**  
Co-President



**Steven Lilly**  
Chief Financial Officer



**Drew O'Toole**  
Co-Chief Operating  
Officer



**Ryan Wilson**  
Co-Chief Operating  
Officer

# FS/KKR Platform Positioned to Deliver Value for Investors

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Focused on upper end of middle market while offering holistic solutions for underserved and mispriced asset classes

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- 1** Scale can provide distinct competitive advantages
  - 2** Exemptive relief with KKR Credit platform provides access to institutional deal flow and resources
  - 3** Flexible product offering makes FS/KKR a lender of choice among borrowers
  - 4** Differentiated asset-based finance capabilities seek to drive outperformance
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# Investment Process

# Investment Process Leverages Best Practices of KKR and FS

Deep sourcing footprint, disciplined underwriting, and focus on protection downside drives rigorous investment process

## Investment Process

### Origination

- Dedicated ~130 KKR Credit investment professionals source and vet opportunities
- Leverage deep expertise across KKR and 150+ sponsor relationships to generate significant deal flow
- Wide funnel allows for increased selectivity, with ~1,360 opportunities evaluated in 2019

### Screening

- Deal team prepares initial investment memo highlighting opportunity
- FS and KKR provide feedback and identify additional diligence items, key risks, and areas of focus

### Underwriting

- “PE-style” due diligence standard – Rigorous, consistent, repeatable underwriting process; focus on documentation and structural protections
- Fundamental credit investment philosophy based on deep credit underwriting and meticulous financial analysis
- Assets receive final approval from both KKR Credit and FSK investment committees

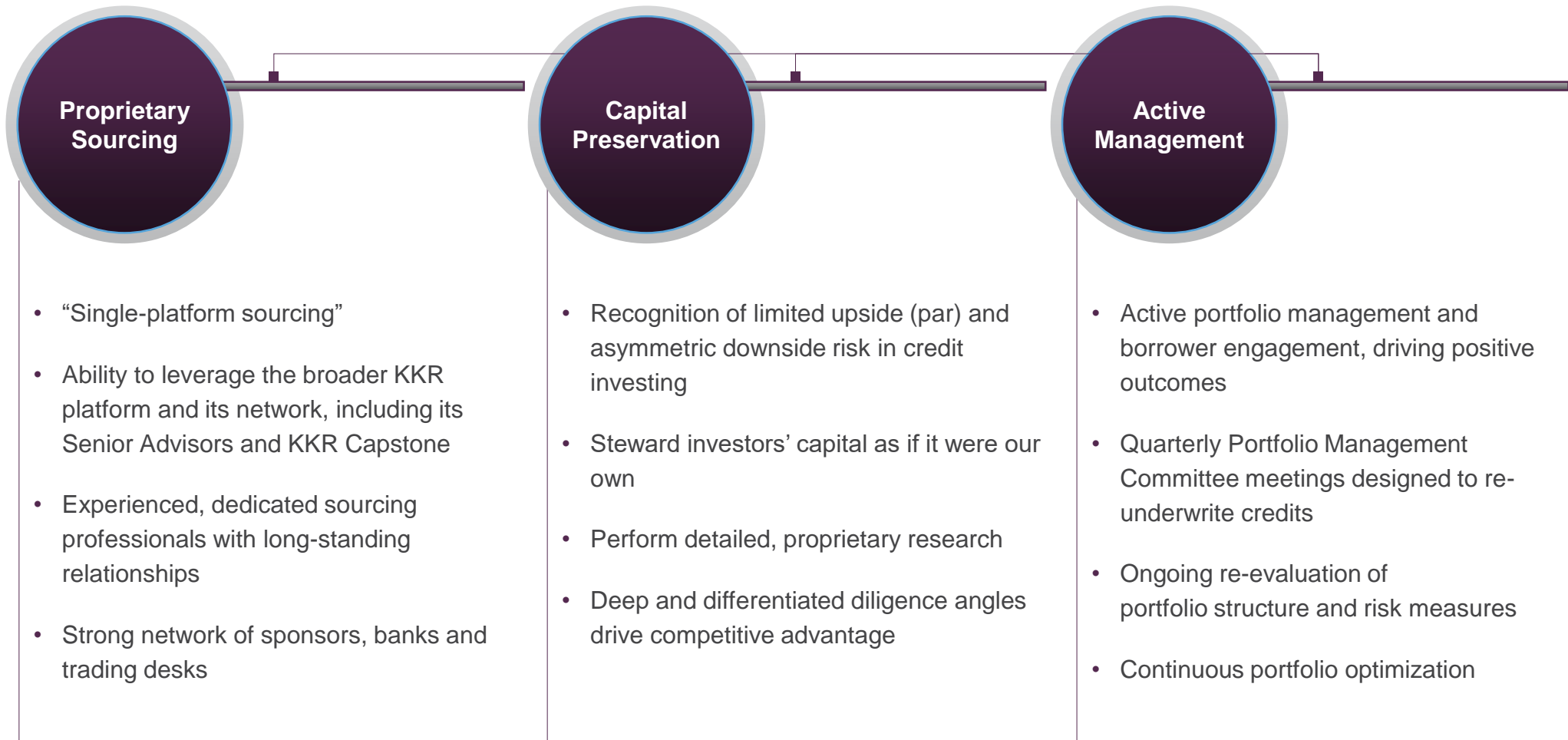
### Monitoring

- KKR’s differentiated Portfolio Monitoring Unit monitors and reports on all assets, providing an analytical and proactive approach to Private Credit portfolio management
- Portfolio re-underwritten and reviewed quarterly by FS and KKR
- Deal team continues to engage borrowers and companies to stay current

Note: For illustrated purposes only

# Our Investment Philosophy

FSK utilizes a fundamental investment approach and leverages proprietary resources to seek out long-term capital appreciation and attractive risk-adjusted returns



Note: Portfolio managers may use some or all of the techniques described above or herein. KKR Capstone is not an affiliate or subsidiary of KKR.

# Selective Origination

Wide origination network creates compelling deal flow which enables us to be highly selective in execution of opportunities

- KKR Credit is well resourced to originate, with ~130 dedicated private credit and capital markets professionals
- Given our thorough underwriting process, the transaction rate in our private credit strategies is typically less than 5%

## Deal sourcing history<sup>(1)</sup>

2016	2017	2018	2019
~700 Evaluated	~760 Evaluated	~1,240 Evaluated	~1,360 Evaluated
~160 Discussed in Investment Committee	~175 Discussed in Investment Committee	~210 Discussed in Investment Committee	~320 Discussed in Investment Committee
37 Funded	39 Funded	38 New Deals Closed	40 New Deals Closed

Strong, continuing pipeline feeds comprehensive credit selection process













1. Number of deals funded includes new investments made across our private credit funds as well as portfolios and excludes add-ons.

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# Middle Market Landscape

# FSK Focused on the Upper Middle Market Segment

KKR is able to write checks of up to \$1 billion, allowing it to focus on the less competitive upper middle market space

	Lower middle market	Mid middle market	Upper middle market	Broadly syndicated loans
Competitive dynamics	Heavy Competition	Moderate Competition	Less Competition	Heavy Competition
EBITDA	< \$25 million	\$25 – 50 million	\$50 – 100 million	\$250+ million
Security interest	Senior secured; meaningful covenants			Senior secured; “covenant-lite”
Diligence / monitoring	Access to management team and sponsor; monthly reporting			Limited diligence; quarterly reporting
Competitive landscape	Small BDCs    	BDCs, loan fund managers     	    	Large banks Broadly Syndicated CLOs Insurance companies

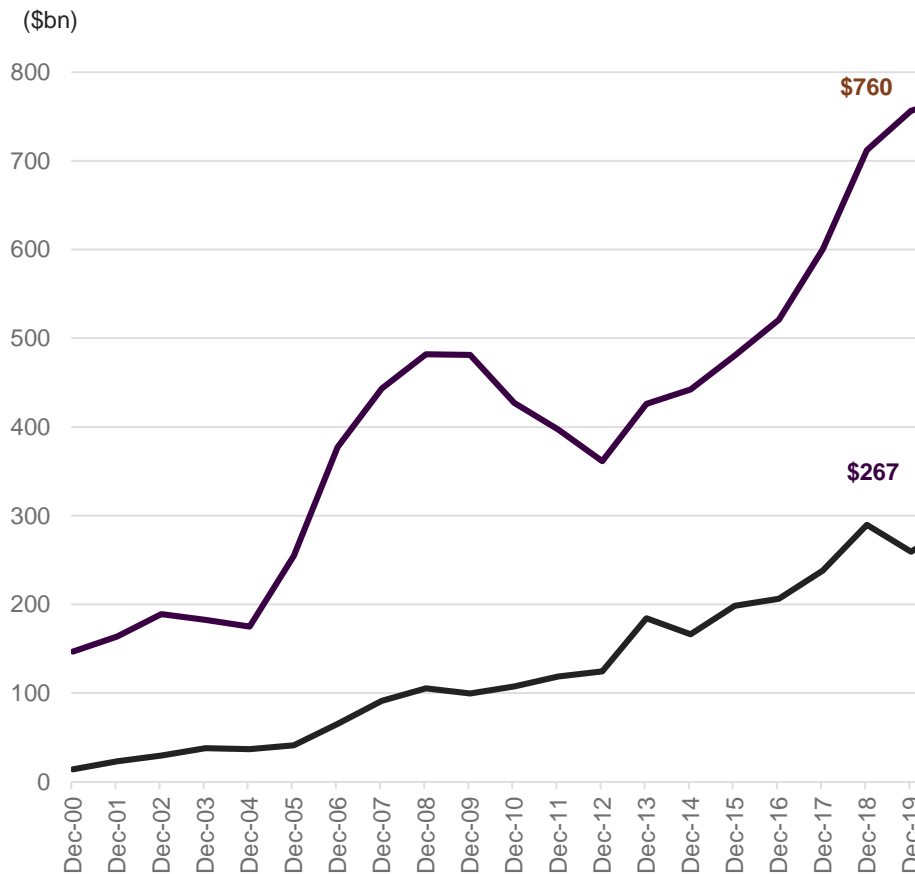


# We Believe FSK is Positioned to Take Advantage of Market Trends

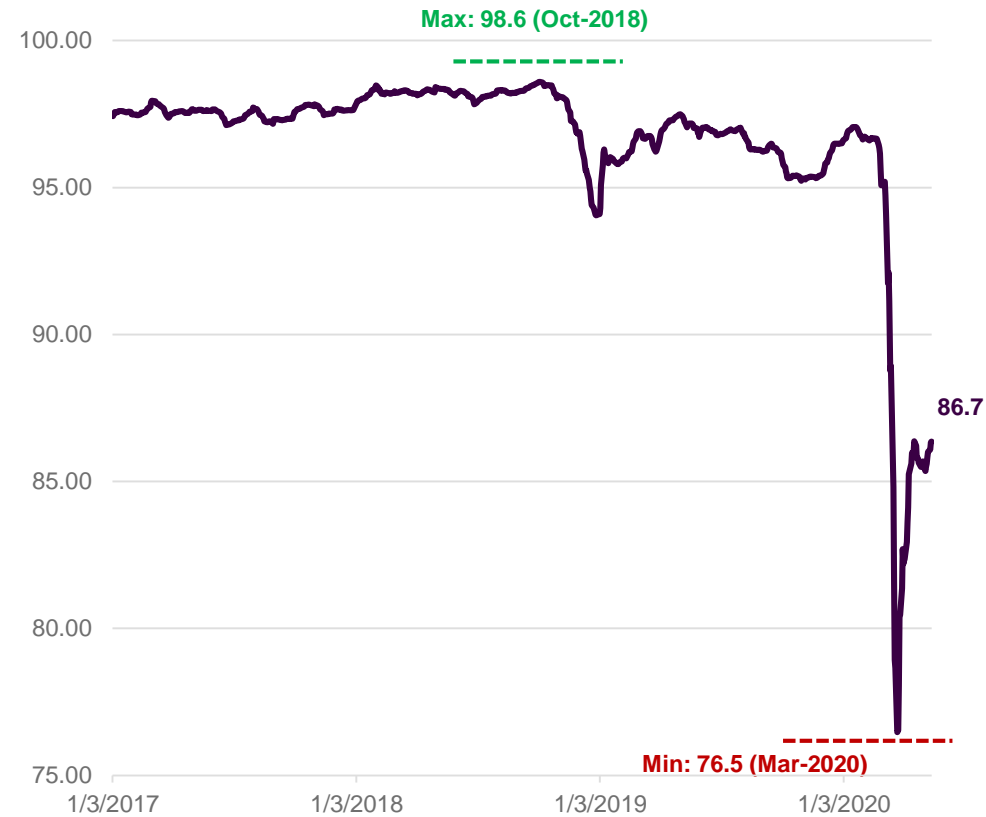
## Unparalleled scale and diversification drive differentiated lending capabilities

- Private equity capital continues to dwarf direct lending capital, creating significant opportunity
- Volatility in the secondary market has created choppy new issue conditions, further enhancing value for certainty of capital

PE Dry Power vs. Direct Lending Capital(1)



CS Leveraged Loan Index since 2017(2)



1. Preqin website as of March, 2020  
2. Credit Suisse as of May 14, 2020

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# First Quarter 2020 Financial Results

# Summary of Quarterly Results

First Quarter Performance	<ul style="list-style-type: none"><li>• Net investment income (NII) for the quarter ended March 31, 2020 was \$98 million, or \$0.19 per share, as compared to \$100 million, or \$0.20 per share, for the quarter ended December 31, 2019.</li><li>• Net asset value (NAV) per share as of March 31, 2020 was \$6.09, compared to \$7.64 as of December 31, 2019.</li><li>• Net realized and unrealized losses on investments of \$801 million, or \$1.59 per share, for the quarter ended March 31, 2020, as compared to net realized and unrealized losses on investments of \$127 million, or \$0.25 per share, for the quarter ended December 31, 2019.</li></ul>
Investment Activity	<ul style="list-style-type: none"><li>• New investment fundings in the first quarter were approximately \$1,296 million. Net investment activity in the first quarter was positive \$382 million on a gross basis, and positive \$484 million, net of \$102 million of sales to Strategic Credit Opportunities Partners, LLC (SCJV).</li><li>• As of March 31, 2020, 94% of total investments at fair value were in Direct Originations.<sup>(1)</sup></li></ul>
Dividend	<ul style="list-style-type: none"><li>• Paid a dividend of \$0.19 per share for the first quarter of 2020.</li><li>• Board of Directors has declared a dividend of \$0.15 per share for the second quarter of 2020.</li><li>• For quarter ended March 31, 2020, the NII / Dividend coverage ratio was 103%.</li></ul>
Portfolio Diversification	<ul style="list-style-type: none"><li>• Diversified portfolio with 184 portfolio companies spread across 23 industries.</li><li>• Exposure to the top ten largest portfolio companies by fair value was 22% as of March 31, 2020.</li></ul>
Stock Support	<ul style="list-style-type: none"><li>• Completed the \$200 million share buyback program as of April 13, 2020.</li><li>• Since the listing of CCT in November 2017, the combined FSK entity has repurchased approximately \$484 million of shares as of April 13, 2020.</li><li>• Announced on May 6, 2020, that certain affiliates of the owners of FSK's investment adviser have committed \$100 million to a \$350 million investment vehicle established to invest from time to time in shares of FSK.</li></ul>

1. Direct Originations are defined as investments where FSK's investment adviser, sub-adviser or their affiliates had negotiated the terms of the transaction beyond just the price, which, for example, may include negotiating financial covenants, maturity dates or interest rate terms or where we participate in other originated investment where there may be third parties involved, or a bank acting as an intermediary, for a closely held club, or similar investment. These direct originations include investments originated by FSK's former investment adviser, sub-adviser or their affiliates.

# Financial Results

<i>(Dollar amounts in millions, except per share data)</i>	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
NII per share	\$0.19	\$0.20	\$0.22	\$0.19	\$0.18
Adjusted NII per share <sup>(1)</sup>	\$0.19	\$0.21	\$0.22	\$0.19	\$0.18
Net realized and unrealized gains (losses) per share	(\$1.59)	(\$0.25)	(\$0.08)	\$0.00	\$0.01
Net increase (decrease) in net assets resulting from operations (earnings per share)	(\$1.40)	(\$0.05)	\$0.14	\$0.19	\$0.19
Stockholder distributions per share	\$0.19	\$0.19	\$0.19	\$0.19	\$0.19
Special stockholder distributions per share	-	-	-	-	-
<b>Net asset value per share at period end</b>	<b>\$6.09</b>	<b>\$7.64</b>	<b>\$7.86</b>	<b>\$7.88</b>	<b>\$7.86</b>
Weighted average shares outstanding (in millions)	503.4	508.8	517.5	522.2	527.5
Shares outstanding, end of period (in millions)	497.4	506.3	512.3	520.3	524.1
Total assets	\$7,439	\$8,216	\$7,774	\$7,744	\$7,733
Cash <sup>(2)</sup>	\$193	\$106	\$126	\$288	\$92
Total debt <sup>(3)</sup>	\$4,258	\$4,195	\$3,522	\$3,451	\$3,405
Debt-to-equity, Net <sup>(4)</sup>	1.28x	0.89x	0.78x	0.76x	0.78x
Adjusted NII / total recurring dividend	103%	111%	117%	102%	95%

1. See the Appendix for a reconciliation between NII and Adjusted NII.

2. Includes cash, restricted cash, and cash denominated in foreign currency.

3. Principal amount outstanding.

4. Net debt-to-equity ratio is debt outstanding, net of cash and foreign currency and net payable/receivable for investments purchased/sold and repaid, divided by net assets.

# Portfolio Highlights

<i>(Dollar amounts in millions)</i>	As of and for Three Months Ended				
	3/31/20	12/31/19	9/30/19	6/30/19	3/31/19
<b>Investment at Fair Value:</b>					
First Lien Senior Secured Loans	54.4%	50.6%	50.8%	52.8%	54.2%
Second Lien Senior Secured Loans	13.1%	16.3%	17.0%	15.8%	15.7%
Other Senior Secured Debt	2.4%	3.2%	3.8%	3.8%	3.7%
Subordinated Debt	5.0%	5.6%	5.4%	5.4%	5.4%
Asset Based Finance	11.2%	10.0%	9.7%	9.9%	9.1%
Strategic Credit Opportunities Partners	7.7%	6.5%	5.9%	4.0%	4.1%
Equity/Other	6.2%	7.8%	7.4%	8.3%	7.8%
<b>Total Investments</b>	<b>\$6,945</b>	<b>\$7,357</b>	<b>\$7,218</b>	<b>\$7,283</b>	<b>\$7,440</b>
% Non-Income Producing Investments – FV <sup>(1)</sup>	10.0%	9.4%	7.9%	8.7%	8.1%
Number of portfolio companies <sup>(2)</sup>	184	210	201	197	186
<b>Interest Rate Type:<sup>(3)</sup></b>					
% Floating Rate	84.4%	81.7%	81.3%	80.9%	81.9%
% Fixed Rate	15.6%	18.3%	18.7%	19.1%	18.1%
<b>Net Interest Margin:</b>					
Weighted average annual yield on accruing debt investments <sup>(4)</sup>	9.0%	9.7%	10.1%	10.5%	10.8%
Weighted average interest rate on borrowings <sup>(5)</sup>	3.7%	4.0%	4.4%	4.6%	4.7%

1. Combines Non-Income Producing Investments and Investments on Non-Accrual based on fair value (FV). See FSK's Quarterly Report on Form 10-Q for additional information.

2. Does not look through to FSK's portfolio companies held solely in SCJV. SCJV is a joint venture between FSK and South Carolina Retirement Systems Group Trust (SCRS).

3. Represents interest rates on Debt Investments (see FSK's Quarterly Report on Form 10-Q for the definition of Debt Investments) at US\$ Fair Value FV. Floating includes variable interest rates on asset back finance investments that can change quarter to quarter.

4. FSK's weighted average annual yield on all debt investments was 7.9% as of March 31, 2020. See FSK's Quarterly Report on Form 10-Q for additional information on the calculation of weighted average annual yield on accruing debt investments and weighted average annual yield on all debt investments.

5. Includes the effect of non-usage fees.

# Net Asset Value Bridge – Q1 2020



1. Per share data derived using the weighted average shares outstanding during the period.

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# Portfolio Highlights

# Portfolio Highlights

**184**

portfolio companies<sup>1</sup>

**22%**

concentration in top-10 portfolio companies<sup>2</sup>

**70%**

of investments in senior secured debt<sup>2</sup>

**\$64M / 5.6x**

Median portfolio company EBITDA & Leverage

**84%**

of debt investments are floating rate<sup>3</sup>

**9.0%**

Wtd. avg. annual yield on accruing debt investments<sup>4</sup>

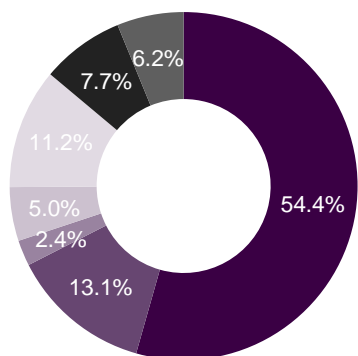
**3.9%**

Non-accrual rate

**93%**

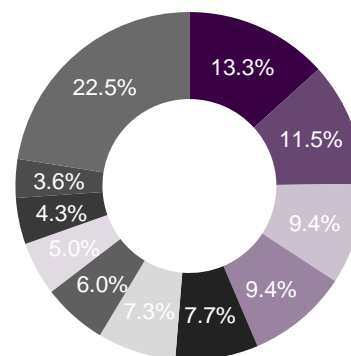
Lead, co-lead, or sole lender<sup>5</sup>

## Security Exposure



- Senior Secured Loans—First Lien
- Senior Secured Loans—Second Lien
- Other Senior Secured Debt
- Subordinated Debt
- Asset Based Finance
- Strategic Credit Opportunities Partners, LLC
- Equity/Other

## Sector Exposure Across Top 10 Industries



- Capital Goods
- Software & Services
- Health Care Equipment & Services
- Diversified Financials
- Strategic Credit Opportunities Partners, LLC
- Commercial & Professional Services
- Consumer Durables & Apparel
- Retailing
- Real Estate
- Consumer Services
- Other

Note: All stats as of March 31, 2020 and based on fair value unless otherwise noted.

1. Does not look through to FSK's portfolio companies held solely in SCJV.
2. Figure excludes the impact of FSK's investment in SCJV.
3. See FSK's Quarterly Report on Form 10-Q for its definition of debt investments.
4. FSK's weighted average annual yield on all debt investments was 7.9% as of March 31, 2020. See FSK's Quarterly Report on Form 10-Q for additional information on the calculation of weighted average annual yield on accruing debt investments and weighted average annual yield on all debt investments.
5. Figure based on count of Direct Origination investments only.



# Portfolio Highlights – Net Investment Activity

Portfolio Roll (\$ in millions)	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Investment Purchases	\$1,296	\$1,147	\$698	\$513	\$549
Sales and Redemptions <sup>(1)</sup>	(914)	(929)	(723)	(692)	(510)
<b>Net Investment Activity</b>	<b>\$382</b>	<b>\$218</b>	<b>(\$25)</b>	<b>(\$179)</b>	<b>\$39</b>
Net Sales to SCJV	102	376	274	-	82
<b>Adjusted Net Investment Activity</b>	<b>\$484</b>	<b>\$594</b>	<b>\$249</b>	<b>(\$179)</b>	<b>\$121</b>

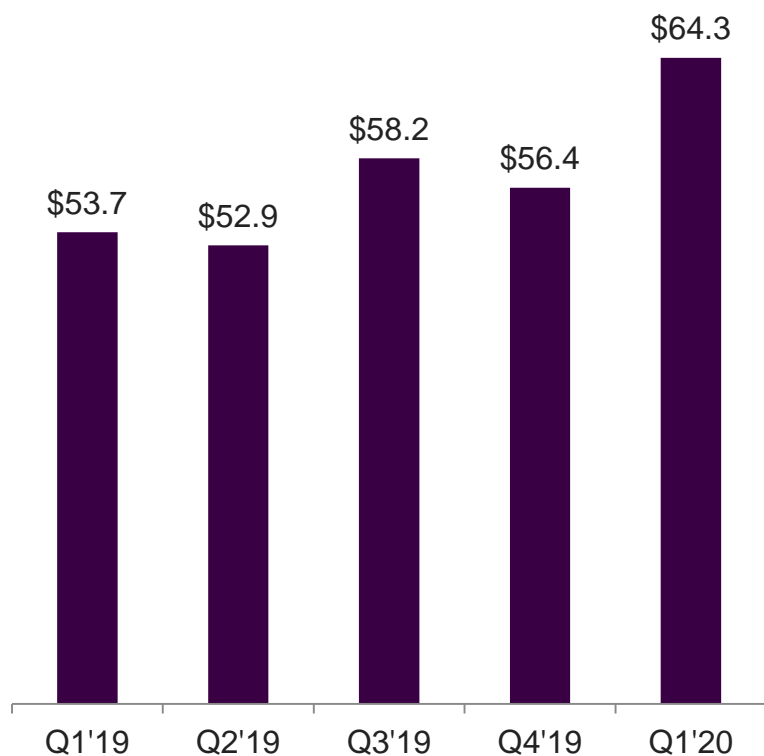
Asset Mix of New Purchases <sup>(2)</sup>	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
First Lien Senior Secured Loans	73%	72%	53%	69%	59%
Second Lien Senior Secured Loans	0%	8%	14%	1%	25%
Other Senior Secured Debt	0%	0%	0%	6%	0%
Subordinated Debt	4%	0%	0%	3%	10%
Asset Based Finance	10%	11%	14%	21%	4%
Investment in SCJV	13%	6%	19%	0%	0%
Equity/Other	0%	3%	0%	0%	2%

1. Includes net sales to SCJV.

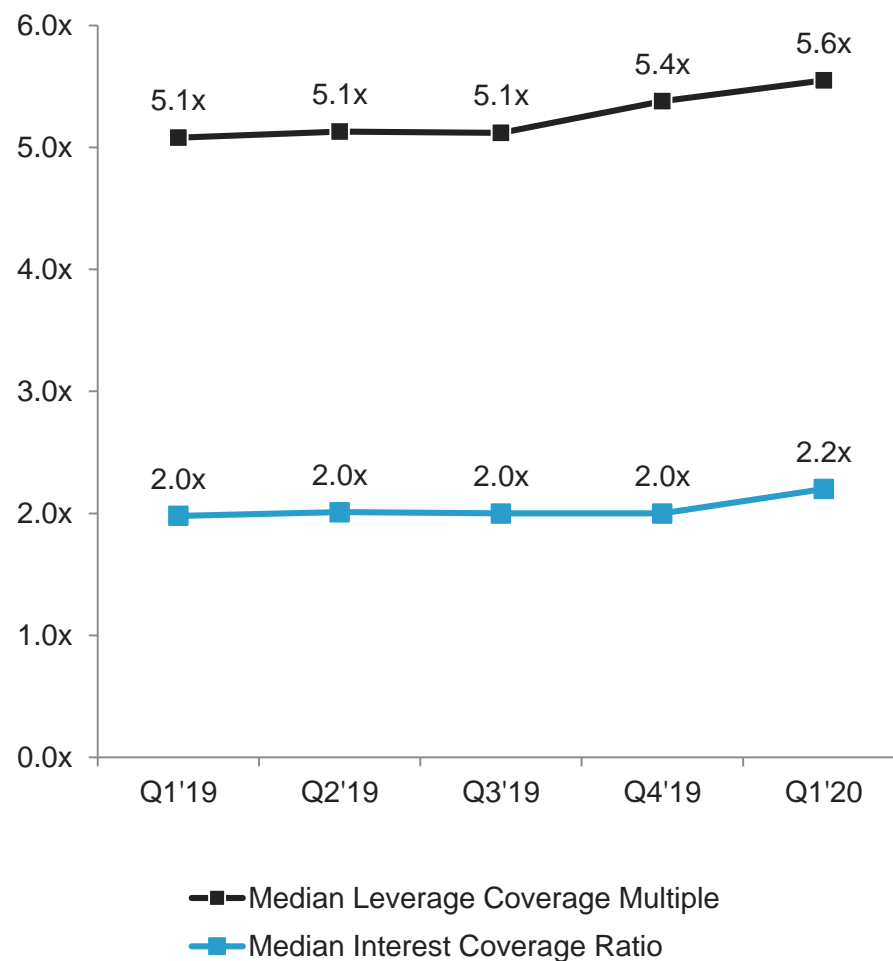
2. Zero represents an amount less than 0.5%.

# Direct Origination Investments EBITDA and Credit Statistics

Direct Origination Portfolio Company  
Median EBITDA



Direct Origination Portfolio Company  
Coverage Ratios



Note: Information based on most recently reported Direct Origination financial information

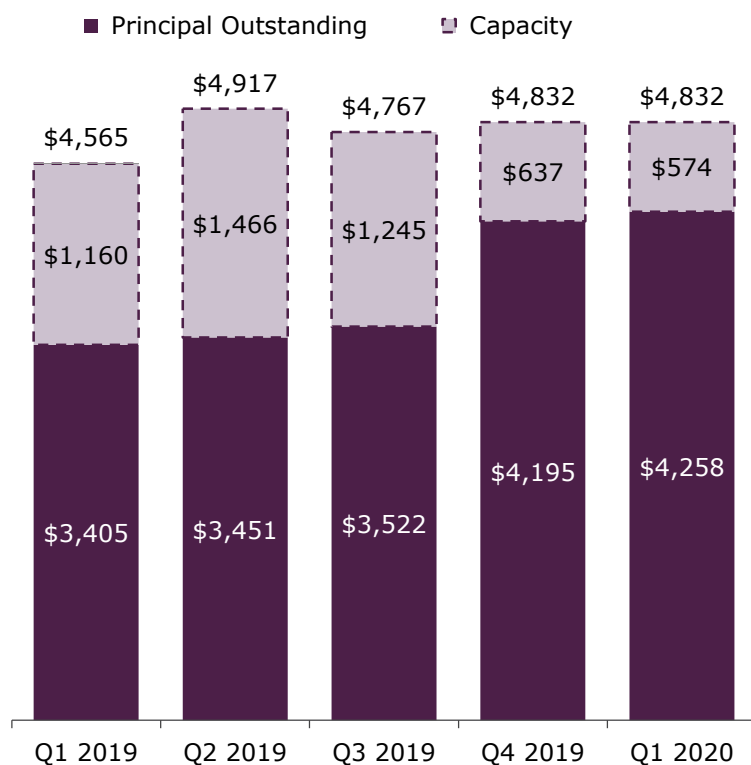
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# Capital Structure

# Funding and Liquidity Management

- Mature capital structure with diversified funding sources and an appropriate maturity profile
- Short term flexibility of \$574m of undrawn debt capacity
- Expanded our unsecured bond footprint by issuing a \$250 million unsecured note in Q2; unsecured debt now represents approximately 40% of our drawn debt pro-forma for this issuance

## Leverage over Time

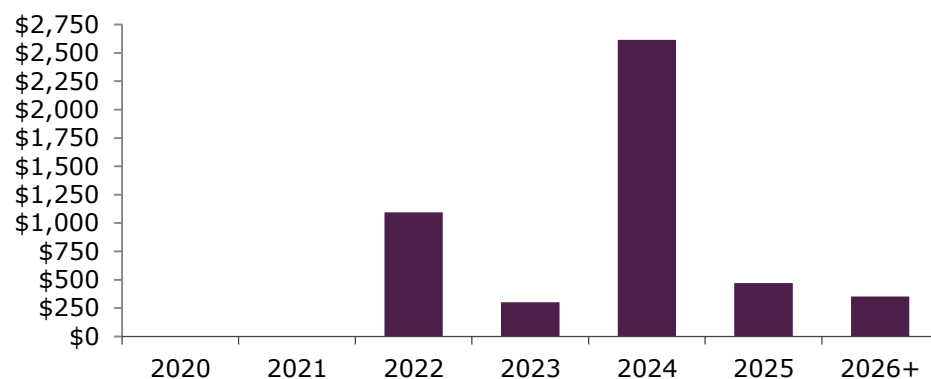


<b>Cash (mm)<sup>(1)</sup></b>	<b>\$92.0</b>	<b>\$288.0</b>	<b>\$126.0</b>	<b>\$106.0</b>	<b>\$193.0</b>
<b>Net Debt /Equity<sup>(2)</sup></b>	<b>0.78x</b>	<b>0.76x</b>	<b>0.78x</b>	<b>0.89x</b>	<b>1.28x</b>

## Key Funding Vehicles (\$mm)

Funding Source	Committed	Principal Outstanding	Undrawn	Maturity	Wtd. Avg. Rate <sup>(3)</sup>
4.75% Notes	450	450	-	5/15/22	4.75%
5.00% Notes	245	245	-	6/28/22	5.00%
JPM Term Loan	400	400	-	9/28/22	L+2.50%
SMBC Revolver	300	300	-	6/2/23	L+1.75%
4.625% Notes	400	400	-	7/15/24	4.63%
Syndicated RCF	2,215	1,641	574	11/7/24	L+2.00%
4.125% Notes	470	470	-	2/1/25	4.13%
FS KKR MM CLO	352	352	-	7/15/30	L+1.82%
<b>Total</b>	<b>\$4,832</b>	<b>\$4,258</b>	<b>\$574</b>		<b>3.71%</b>

## Maturity Profile (\$mm)



# FSK's SCJV Offers Key Investor Benefits

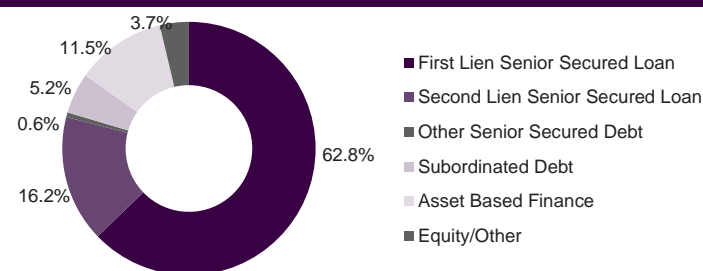
## FSK's joint venture with South Carolina Retirement Systems Group Trust

- **Primarily senior secured assets**
- **Key Portfolio Benefits**
  - Allows FSK to access the full capabilities of KKR platform
  - Yield enhancing
- **Key Terms of the Partnership**
  - FSK and SCRS share voting control 50% / 50%
  - Equity ownership 87.5% FSK / 12.5% SCRS
  - FSK provides day-to-day administrative oversight

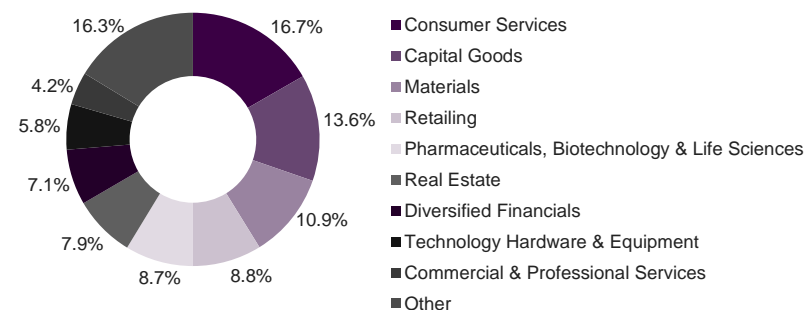
## March 31, 2020 update:

- **Portfolio**
  - Fair value of investments was \$1,331mm
- **Key stats**
  - NAV of \$613mm (FSK's equity of SCJV was \$537mm)
  - \$161mm net purchases in Q1, weighted toward the end of the quarter
  - \$240mm of uncalled equity capital (\$210mm allocated to FSK)
  - 1.17x net debt-to-equity ratio<sup>(1)(2)</sup>
  - \$18.4mm dividend declared to FSK in Q1 (\$21.0mm total dividend)

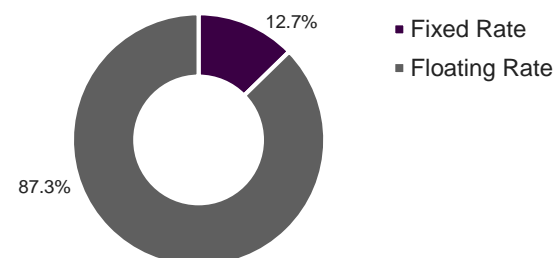
### Security Exposure



### Sector Exposure



### Fixed / Floating – Debt Investments



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# Appendix

# Operating Results

<i>(Dollar amounts in millions, except per share data)</i>	For The Three Months Ended				
	3/31/20	12/31/19	9/30/19	6/30/19	3/31/19
Total investment income	\$179	\$186	\$199	\$199	\$195
Net expenses	(81)	(79)	(84)	(98)	(100)
<b>Net investment income before taxes</b>	<b>\$98</b>	<b>\$107</b>	<b>\$115</b>	<b>\$101</b>	<b>\$95</b>
Excise taxes	-	(7)	-	-	-
<b>GAAP Net investment income</b>	<b>\$98</b>	<b>\$100</b>	<b>\$115</b>	<b>\$101</b>	<b>\$95</b>
Plus: excise taxes	-	7	-	-	-
Plus: one-time expenses <sup>(1)</sup>	-	-	(1)	-	-
<b>Adjusted net investment income<sup>(2)</sup></b>	<b>\$98</b>	<b>\$107</b>	<b>\$114</b>	<b>\$101</b>	<b>\$95</b>
Total net unrealized and realized gains (losses)	(801)	(127)	(44)	0	6
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>(\$703)</b>	<b>(\$27)</b>	<b>\$71</b>	<b>\$101</b>	<b>\$101</b>
<b>Per Share:</b>					
Net investment income	\$0.19	\$0.20	\$0.22	\$0.19	\$0.18
Adjusted net investment income <sup>(2)</sup>	\$0.19	\$0.21	\$0.22	\$0.19	\$0.18
Net increase (decrease) in net assets results from operations	(\$1.40)	(\$0.05)	\$0.14	\$0.19	\$0.19
Stockholder distributions	\$0.19	\$0.19	\$0.19	\$0.19	\$0.19
Special distributions	-	-	-	-	-
Weighted average shares outstanding (millions)	503.4	508.8	517.5	522.2	527.5
Shares outstanding, end of period (millions)	497.4	506.3	512.3	520.3	524.1

1. FSK's one-time expenses for the three months ended September 30, 2019 consist of a reversal of \$1 million resulting from a reduction in the estimate for deferred taxes.

2. Adjusted net investment income is a non-GAAP financial measure. Adjusted net investment income is presented for all periods as GAAP net investment income excluding (i) the accrual for the capital gains incentive fee for realized and unrealized gains; (ii) excise taxes; and (iii) certain non-recurring operating expenses that are one-time in nature and are not representative of ongoing operating expenses incurred during FSK's normal course of business (referred to herein as one-time expenses). FSK uses this non-GAAP financial measure internally in analyzing financial results and believes that the use of this non-GAAP financial measure is useful to investors as an additional tool to evaluate ongoing results and trends and in comparing its financial results with other business development companies. The presentation of this additional information is not meant to be considered in isolation or as a substitute for financial results prepared in accordance with GAAP.

# Operating Results Detail

<i>(Dollar amounts in millions, except per share data)</i>	For The Three Months Ended				
	3/31/20	12/31/19	9/30/19	6/30/19	3/31/19
<b>Investment income:</b>					
Interest income	\$131	\$133	\$163	\$156	\$158
Payment-in-kind interest income	16	21	11	12	16
Fee income	12	16	7	8	11
Total dividend and other income	20	16	18	23	10
<b>Total investment income</b>	<b>\$179</b>	<b>\$186</b>	<b>\$199</b>	<b>\$199</b>	<b>\$195</b>
<b>Operating expenses:</b>					
Investment advisory fees & expenses	30	30	28	28	29
Interest expense	46	43	42	41	43
Incentive fees	-	-	8	25	24
Other operating expenses	5	6	6	4	4
<b>Total operating expenses</b>	<b>\$81</b>	<b>\$79</b>	<b>\$84</b>	<b>\$98</b>	<b>\$100</b>
Net investment income before taxes	98	107	115	101	95
Income taxes, including excise taxes	-	(7)	-	-	-
<b>Net investment income</b>	<b>\$98</b>	<b>\$100</b>	<b>\$115</b>	<b>\$101</b>	<b>\$95</b>
Total net unrealized and realized gains (losses)	(801)	(127)	(44)	0	6
<b>Net increase in net assets resulting from operations</b>	<b>(\$703)</b>	<b>(\$27)</b>	<b>\$71</b>	<b>\$101</b>	<b>\$101</b>



# Operating Statement of Financial Condition

(Dollar amounts in millions, except per share data)	As of				
	3/31/20	12/31/19	9/30/19	6/30/19	3/31/19
<b>Assets</b>					
Total investments, at fair value	\$6,945	\$7,357	\$7,218	\$7,283	\$7,440
Cash	179	93	115	264	86
Foreign currency, at fair value	14	13	11	24	6
Receivable for investments sold and repaid	204	657	328	86	123
Income receivable	79	82	84	77	65
Unrealized appreciation on foreign currency forward contracts	3	1	9	3	4
Deferred financing costs	10	10	6	5	6
Prepaid expenses and other assets	5	3	3	2	3
<b>Total Assets</b>	<b>\$7,439</b>	<b>\$8,216</b>	<b>\$7,774</b>	<b>\$7,744</b>	<b>\$7,733</b>
<b>Liabilities</b>					
Payable for investments purchased	\$10	\$15	\$71	\$17	\$15
Debt	4,238	4,173	3,508	3,441	3,398
Unrealized depreciation on derivative instruments	-	-	1	3	12
Shareholders' distributions payable	95	96	98	100	100
Interest Payable	32	23	29	26	26
Other liabilities <sup>(1)</sup>	36	43	43	59	62
<b>Total Liabilities</b>	<b>\$4,411</b>	<b>\$4,350</b>	<b>\$3,750</b>	<b>\$3,646</b>	<b>\$3,613</b>
<b>Total Net Assets</b>	<b>\$3,028</b>	<b>\$3,866</b>	<b>\$4,024</b>	<b>\$4,098</b>	<b>\$4,120</b>
<b>Net Asset Value per Share</b>	<b>\$6.09</b>	<b>\$7.64</b>	<b>\$7.86</b>	<b>\$7.88</b>	<b>\$7.86</b>

1. Includes accrued performance-based incentive fees, accrued investment advisory fees, accrued directors' fees, administrative expenses payable and deferred tax liabilities.

# Quarterly Gain/Loss Information

<i>(Dollar amounts in millions, except per share data)</i>	For The Three Months Ended				
	3/31/20	12/31/19	9/30/19	6/30/19	3/31/19
<b>Realized gain/loss</b>					
Net realized gain (loss) on investments:					
Non-controlled/unaffiliated investments	(\$92)	(\$31)	(\$17)	(\$51)	(\$15)
Non-controlled/affiliated investments	(34)	11	29	(8)	-
Controlled/affiliated investments	-	(1)	5	-	(3)
Net realized gain (loss) on swap contracts	-	(1)	-	(11)	1
Net realized gain (loss) on foreign currency forward contracts	-	6	2	2	2
Net realized gain (loss) on foreign currency	(4)	(1)	2	1	0
<b>Total net realized gain (loss)</b>	<b>(\$130)</b>	<b>(\$17)</b>	<b>\$21</b>	<b>(\$67)</b>	<b>(\$15)</b>
<b>Unrealized gain/loss</b>					
Net change in unrealized appreciation (depreciation) on investments:					
Non-controlled/unaffiliated investments	(\$367)	(\$51)	(\$73)	\$49	(\$30)
Non-controlled/affiliated investments	(137)	(7)	(15)	24	53
Controlled/affiliated investments	(191)	(26)	12	(12)	(7)
Net change in unrealized appreciation (depreciation) on swap contracts	-	1	1	10	4
Net change in unrealized appreciation (depreciation) on foreign currency forward contracts	2	(8)	7	(2)	1
Net change in unrealized gain (loss) on foreign currency	22	(19)	3	(2)	-
<b>Total net unrealized gain (loss)</b>	<b>(\$671)</b>	<b>(\$110)</b>	<b>(\$65)</b>	<b>\$67</b>	<b>\$21</b>
<b>Total net realized and unrealized gain (loss)</b>	<b>(\$801)</b>	<b>(\$127)</b>	<b>(\$44)</b>	<b>\$0</b>	<b>\$6</b>

# Important Disclosure Notice

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This presentation may contain certain forward-looking statements, including statements with regard to the future performance of FS KKR Capital Corp. (FSK). Words such as “believes,” “expects,” “projects” and “future” or similar expressions are intended to identify forward-looking statements. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. Certain factors could cause actual results to differ materially from those projected in these forward-looking statements. Factors that could cause actual results to differ materially include changes in the economy, risks associated with possible disruption in FSK’s operations or the economy due generally to future changes in laws or regulations and conditions in FSK’s operating area, and the price at which shares of common stock may trade on the New York Stock Exchange LLC (NYSE). Certain of these factors are enumerated in the filings FSK makes with the Securities and Exchange Commission (SEC). FSK undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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Non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP financial measures, and should be read only in conjunction with FSK’s consolidated financial statements prepared in accordance with GAAP. A reconciliation of non-GAAP financial measures to the most directly comparable GAAP measures has been provided in the Appendix included in this presentation and investors are encouraged to review the reconciliation in the table and the related footnotes.

Certain figures in this presentation have been rounded.

# Important Information

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Target returns are hypothetical in nature and are shown for illustrative, informational purposes only. This summary is not intended to forecast or predict future events, but rather to indicate the returns for the asset classes indicated herein that KKR Credit has observed in the market generally over the course of an investment cycle. It does not reflect the actual or expected returns of any potential investment of the Fund and does not guarantee future results. The target returns are based upon KKR Credit's view of the potential returns for investments to be made by the Fund, are not meant to predict the returns of the Fund, and are subject to the following assumptions: KKR Credit considers a number of factors, including, for example, observed and historical market returns relevant to the applicable asset class available for investment to the Fund, projected cash flows, relevant other market dynamics (including interest rate and currency markets), anticipated leverage, and liquidity constraints. Certain of the assumptions have been made for modeling purposes and are unlikely to be realized. No representation or warranty is made as to the reasonableness of the assumptions made or that all assumptions used in achieving the returns have been stated or fully considered. Changes in the assumptions may have a material impact on the projected returns presented. Unless otherwise indicated, all data is shown before management fees, incentive fees, applicable expenses, taxes and does not account for the effects of inflation. Management fees, incentive fees and potential expenses are not considered and would reduce returns. Actual results experienced by investors may vary significantly from the target returns shown. Target Returns May Not Materialize.

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In addition, such target returns do not reflect the actual or expected returns of any portfolio strategy. Such target returns are based on KKR Credit's belief about the returns that may be achievable on investments that the Strategy intends to pursue in light of the experience of KKR and KKR Credit with similar investments historically, their view of current market conditions, potential investment opportunities that KKR Credit is currently or has recently reviewed, availability of financing and certain assumptions about investing conditions and market fluctuation or recovery. Targeted returns on specific investments are based on models, estimates and assumptions about performance believed to be reasonable under the circumstances. There is no guarantee that the facts on which such assumptions are based will materialize as anticipated, that market conditions will not deteriorate or that investment opportunities satisfying the Strategy's targeted returns will be available. Any changes in such assumptions, market conditions or availability of investments may have a material impact on the target return presented. Actual events and conditions may differ materially from those used to establish target returns. Any target return is hypothetical and is not a guarantee of future performance. Target gross returns for individual investments may be greater or less than the Strategy's overall target gross or net returns. Prospective investors should note that the targeted gross returns do not account for the effects of inflation and do not reflect the management fees, "carried interest," taxes, transaction costs and other expenses that will be borne by investors in the Fund, which will reduce returns and, in the aggregate, are expected to be substantial. Targeted returns are subject to significant economic, market and other uncertainties that may adversely affect the performance of any investments. Prospective investors are encouraged to contact the representatives of KKR Credit to discuss the procedures and methodologies (including assumptions) used to calculate the Fund's targeted returns.

# Important Information

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In this presentation, references to "assets under management" or "AUM" represent the assets as to which KKR Credit is entitled to receive a fee or carried interest. KKR Credit's calculation of AUM may differ from the calculations of other asset managers and, as a result, KKR Credit's measurements of its AUM may not be comparable to similar measures presented by other asset managers. KKR Credit's definition of AUM is not based on any definition of AUM that is set forth in the Fund Documents or any KKR Credit products.

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References in this presentation to "Gross IRR" are to the internal rate of return or multiple of invested capital, respectively, calculated at investment level, and thus do not take into consideration the payment of applicable management fees, carried interest, transaction costs, borrowing costs and other expenses borne by the relevant KKR investment, which will have a material impact on returns. In the case of unrealized investments, the gross returns are based on internal valuations by KKR of unrealized investments as of the applicable date. The actual realized returns on such unrealized investments will depend on, among other factors, future operating results, the value of the assets, and market conditions at the time of disposition, any related transaction costs, and the timing and manner of sale, all of which may differ from the assumptions on which the valuations used in the prior performance data contained herein are based. Accordingly, the actual realized return of these unrealized investments may differ materially from the returns indicated herein.

References to "Net IRR" are to the internal rate of return calculated at fund level, after payment of applicable management fees, organizational expenses and carried interest but do not reflect transaction costs that would be incurred in connection with the disposition of unrealized investments if realized. Internal rates of return are computed on a "dollar-weighted" basis, which takes into account the timing of cash flows, the amounts invested at any given time, and unrealized values as of the relevant valuation date. Multiples of invested capital referred to in this presentation have been calculated based on figures for the cost and total value of KKR fund investments that have been rounded to the nearest \$100,000. It should be noted that each of KKR Lending Partners L.P. ("KKRLP I") and KKR Lending Partners II L.P. ("KKRLP II") utilizes a asset line credit facility primarily for purposes of long term financing of investments. The performance information with respect to KKRLP I and KKRLP II contained herein reflects the positive impact of such leverage. In this regard, prospective investors should note that the Fund's performance is expected to be lower to the extent that the Fund does not utilize a similar leverage strategy or is unable to obtain similar financing arrangements. Moreover, the management fee terms for the Fund are expected to be different than those of KKRLP I. Accordingly, the differential between gross performance and net performance of the Fund may be materially different from KKRLP I.

# Important Information

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The indices referenced herein are broad-based securities market indices and used for illustrative purposes only. They have been selected because they are well known and easily recognizable. Broad-based securities indices are unmanaged and are not subject to fees and expenses typically associated with managed accounts or investment funds. Investments cannot be made directly into an index. The performance of the indices represents unmanaged, passive buy-and-hold strategies, investment characteristics and risk/return profiles that differ materially from managed accounts or investment funds, and an investment in a managed account or investment fund is not comparable to an investment in such index or in the securities that comprise the index. KKRLP I and KKRLP II have employed, and the Fund may employ leverage, whereas the indices are unleveraged. Investments of the Fund may be illiquid, making, at times, fair market valuation impossible or impracticable. As a result, valuation of the Fund may be volatile, reducing the utility of comparison to any index whose underlying securities are priced according to market value, such as the indices. Investors should be aware that the Fund may incur losses both when major indices are rising and when they are falling.

The statistical data included in this presentation regarding the indices has been obtained from sources believed to be reliable. The market index returns assume that on the day a portfolio investment is made, a hypothetical investment in a matching amount is made in the index. For each date on which either a portion or all of the portfolio investment is sold, a hypothetical index multiple (factor) is calculated by comparing the change in index value between the two dates. The cost of the investment sold (or portion of cost sold) is multiplied by this factor, resulting in a hypothetical index value. The return is calculated using these dates of investment and hypothetical value(s) generated. Index returns assume reinvestment of dividends and do not reflect any fees or expenses associated with a private fund. The indices are presented for comparison purposes only and should not be relied upon. All index performance is dated as of the date indicated herein. The index is presented for comparison purposes only and should not be relied upon. All index performance is dated as of the date indicated herein.

- The S&P LSTA US Leveraged Loan Index is a daily tradable index for the U.S. loan market that seeks to mirror the market-weighted performance of the largest institutional loans that meet the inclusion criteria and that have marks from the LSTA/LPC mark-to-market service. The inclusion criteria consist of the following: i) syndicated term loan instruments consisting of term loans (both amortizing and institutional), acquisition loans (after they are drawn down) and bridge loans; ii) secured; iii) U.S. dollar denominated; iv) minimum term of one year at inception; and v) minimum initial spread of LIBOR plus 1.25%.
- The Barclays Aggregate Bond Index is a broad-based benchmark that measures the investment grade, fixed-rate bond market, such as Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS.

The performance shown herein is not the performance of the Fund and is not an indication of how the Fund would have performed in the past or will perform in the future. The Fund's performance in the future will be different from the performance shown due to factors including, but not limited to, differences in cash flows, expenses, performance calculation methods, and portfolio sizes and composition. The performance presented reflects the performance of all investments made or committed to under KKRLP I and KKRLP II utilizing a strategy substantially similar to that which will be utilized for the Fund. Characteristics and other information regarding KKRLP I and KKRLP II are not characteristics of the Fund and are not an indication of how the Fund would have performed in the past or will perform in the future. While the Fund will utilize a strategy substantially similar to that of KKRLP I and KKRLP II, the Fund's characteristics may be different from the characteristics of KKRLP I and KKRLP II due to factors including, but not limited to, portfolio size and composition. KKR believes, however, such characteristics to be relevant to investors considering an investment in the Fund to show the portfolio managers' experience implementing, and historical characteristics of, the Fund's anticipated investment strategy. Further, the investment performance of KKRLP I and KKRLP II is not representative of all originated senior debt investments made, sold or recommended by KKR. It should be noted that other investment vehicles and proprietary accounts of KKR have made originated senior debt and other investments that may have been appropriate for the Fund and are not presented herein.