

**FS | KKR**

# **FS KKR Capital Corp.**

**Investor Presentation**

**SEPTEMBER 2019**

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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
- ~9.6% dividend yield<sup>(1)</sup>
- Established and diversified portfolio of 197 borrowers
- 72% of portfolio in senior secured investments<sup>(2)</sup>

## Sizable scale with \$7.7bn 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 June 30, 2019, unless otherwise noted.

1. Based on current annualized dividend rate, excluding special dividends, relative to net asset value as of June 30, 2019.

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.

# Key Platform Highlights

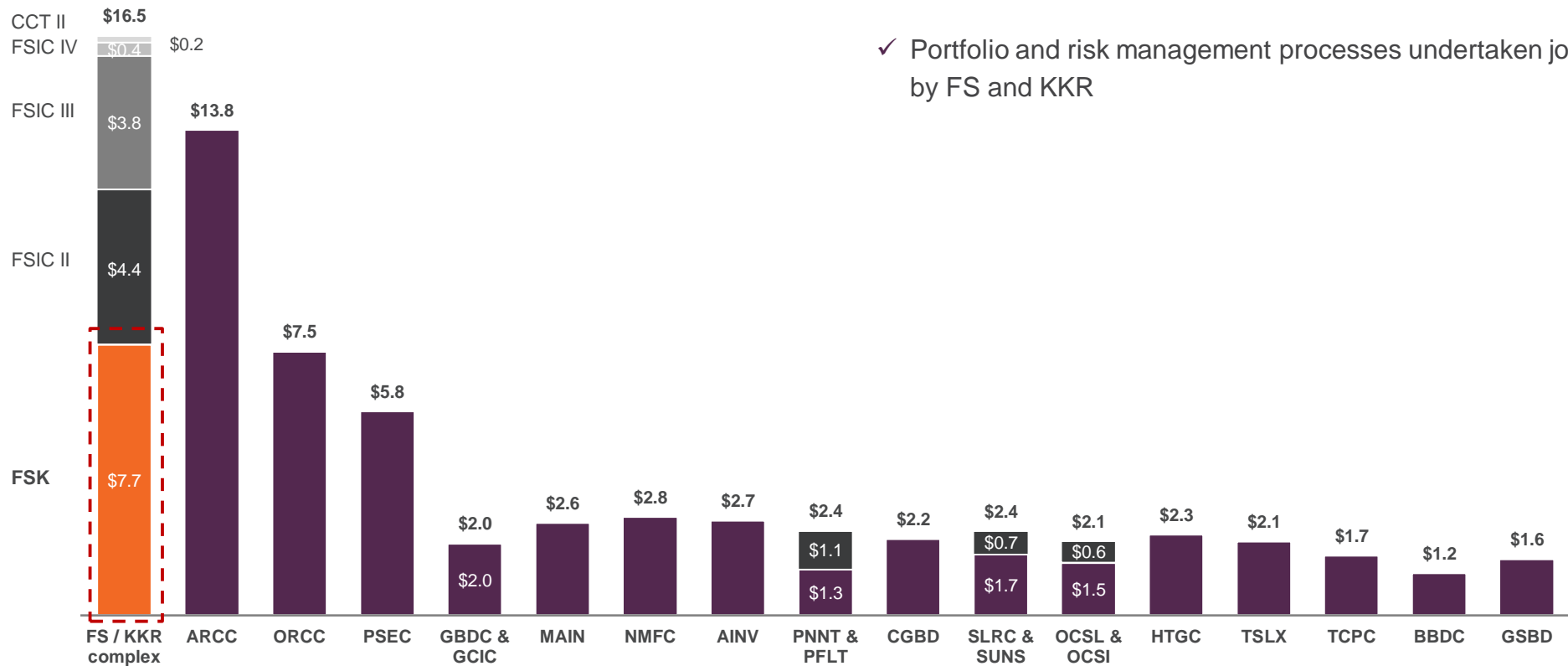
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Large, Scalable Platform	<ul style="list-style-type: none"><li>• Ability to make individual investments up to \$1 billion in size</li><li>• Broad coverage platform across sponsor and non-sponsor space</li><li>• 400+ KKR public and private markets investments 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 ~120 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>• Executed approximately \$81 million of the \$200 million share buyback program year-to-date as of August 6, 2019</li><li>• Since the listing of CCT in November 2017, the combined FSK entity has repurchased over \$365 million of shares as of August 6, 2019, including the full \$100 million share buyback program in 2018</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>

# FS / KKR Advisor is the Largest BDC Manager

## Seamless integration with KKR Credit

- ✓ Exemptive relief in place across all 5 BDCs
- ✓ Portfolio and risk management processes undertaken jointly by FS and KKR



The combined BDC platform is the largest BDC platform by total assets

Note: As of June 30, 2019.

# KKR – An Industry Leading Alternative Asset Manager

## KKR



~\$205.7 billion AUM and an over 43 year investment track record



Offices in 20 cities



Over 430 investment professionals across private and public markets



~\$18.7 billion balance sheet invested in KKR strategies alongside our clients

## KKR Credit



~\$69.8 billion AUM across leveraged credit, private credit and special situations<sup>(1)</sup>



Offices in 9 cities in 8 countries



~120 dedicated investment professionals



\$2.7 billion of KKR balance sheet committed across KKR credit strategies<sup>(2)</sup>

## Active Credit Investment Strategies

### Leveraged Credit

~\$38.1 billion<sup>(1)(3)</sup>

### Private Credit

~\$23.7 billion<sup>(1)</sup>

### Special Situations

~\$8.0 billion<sup>(1)</sup>

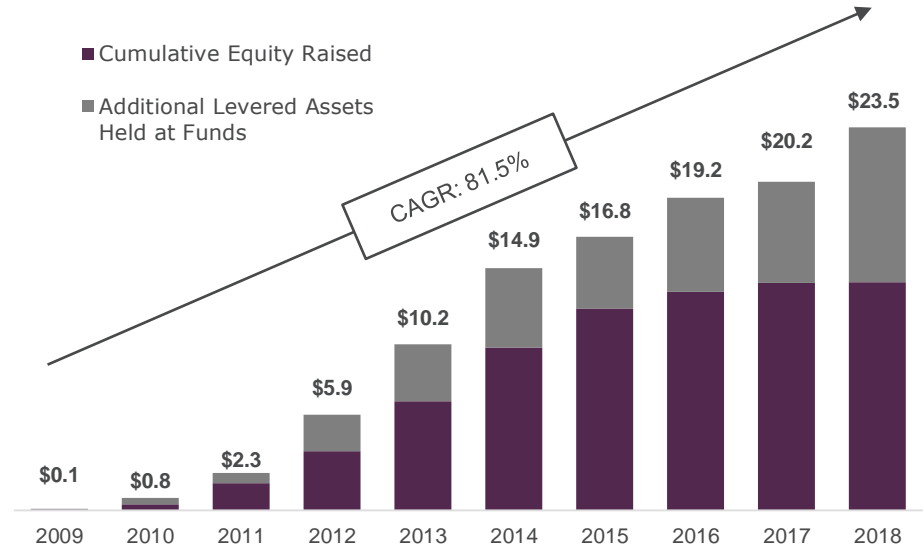
(1) As of June 30, 2019. Please see Important Information for important information regarding the calculation of AUM.  
 (2) As of June 30, 2019. Includes legacy investments in KKR Financial Holdings LLC, a specialty finance vehicles listed on the New York Stock Exchange and various collateralized loan 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
- 300+ employees and 40+ investment professionals across 4 offices
- **Strong capital raising capabilities:** Distribution network that has raised more than \$14 billion of equity
  - Distribution footprint spans across 19,000 advisors who cover 300,000+ 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

# 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 ~120 KKR Credit investment professionals source and vet opportunities <sup>(1)</sup>
- Leverage deep expertise across KKR and 150+ sponsor relationships to generate significant deal flow
- Wide funnel allows for increased selectivity, with ~1,250 opportunities evaluated in 2018 and over 600 in the first half of 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

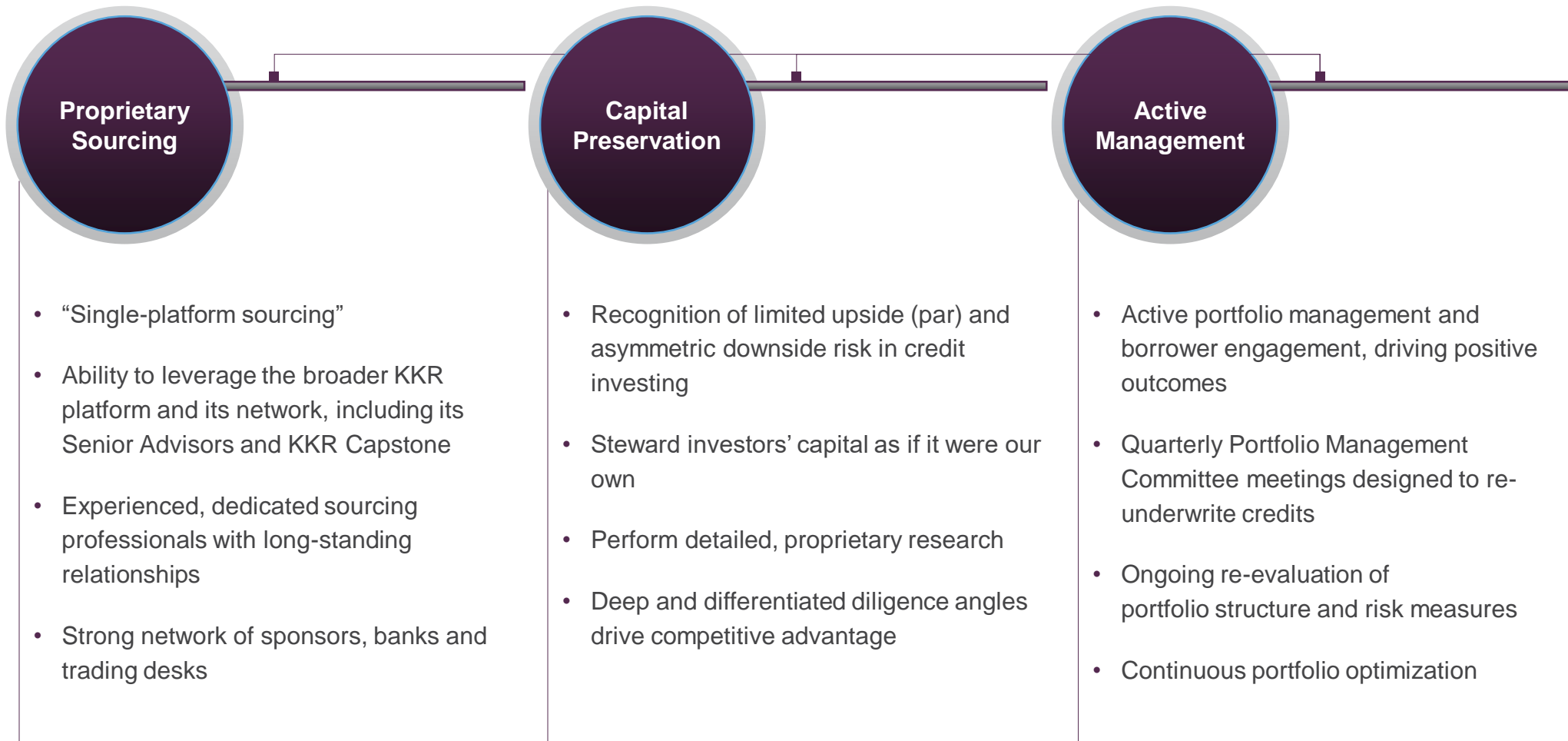
### Monitoring

- 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  
(1) As of June 30, 2019

# 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 ~120 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	1H 2019 Annualized
~700 Evaluated	~760 Evaluated	~1,250 Evaluated	~1,200 Evaluated
~160 Discussed in Investment Committee	~175 Discussed in Investment Committee	~210 Discussed in Investment Committee	~240 Discussed in Investment Committee
37 Funded	39 Funded	38 New Deals Closed <sup>(2)</sup>	30 New Deals

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.

(2) Includes one private opportunistic credit investment that closed in Q4 2018 but funded in Q1 2019.

# Experienced Investment Committee Screens All Credits

Unanimous consent of all IC members required to approve BDC investments



**Mike Kelly**  
President and  
Chief Investment  
Officer, FS



**Brian Gerson**  
Head of Private  
Credit, FS



**Todd Builione**  
President,  
KKR Credit &  
Markets



**Daniel Pietrzak**  
Co-Head of  
KKR Private Credit



**Drew O'Toole**  
Executive Director,  
FS



**Sean Coleman**  
Chief Credit Officer,  
FS



**Ryan Wilson**  
Director,  
KKR Private Credit














**Cathy Madigan**  
Managing Director,  
KKR Private Credit

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# Middle Market Landscape

# FSK Focused on the Upper Middle Market Segment

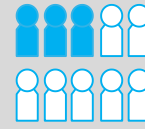
KKR is able to write checks of up to \$1 billion, allowing it to focus on the less competitive upper middle market space

	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

# Overview of the U.S. Middle Market



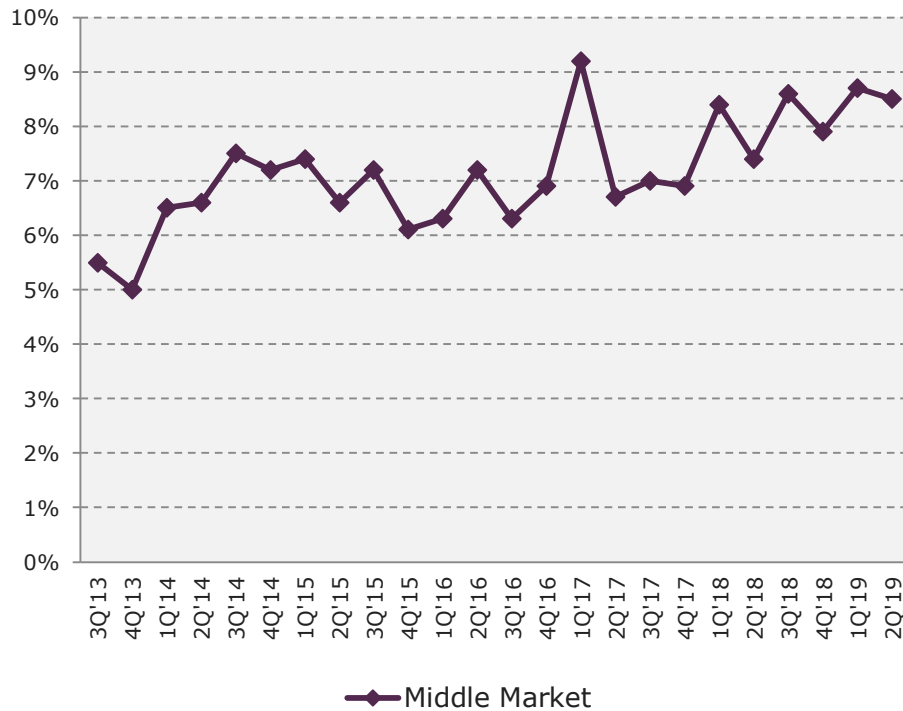
200,000  
Businesses<sup>(1)</sup>



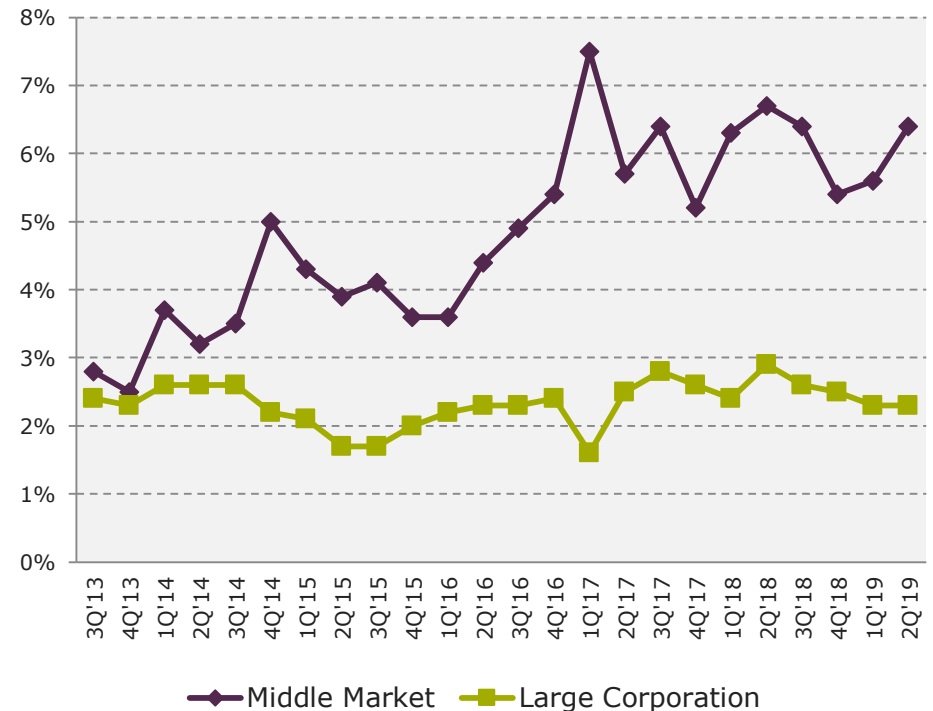
1/3 of Private  
Sector GDP and  
Employment<sup>(1)</sup>

## Stable Earnings and Continued Employment Growth<sup>(1)</sup>

LTM Revenue Growth



LTM Employment Growth



1. Data as of June 30, 2019, from the National Center for the Middle Market. The survey was designed to accurately reflect the nearly 200,000 U.S. businesses with revenues between \$10 million and \$1 billion, the lower and upper limits on annual middle market revenue.



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

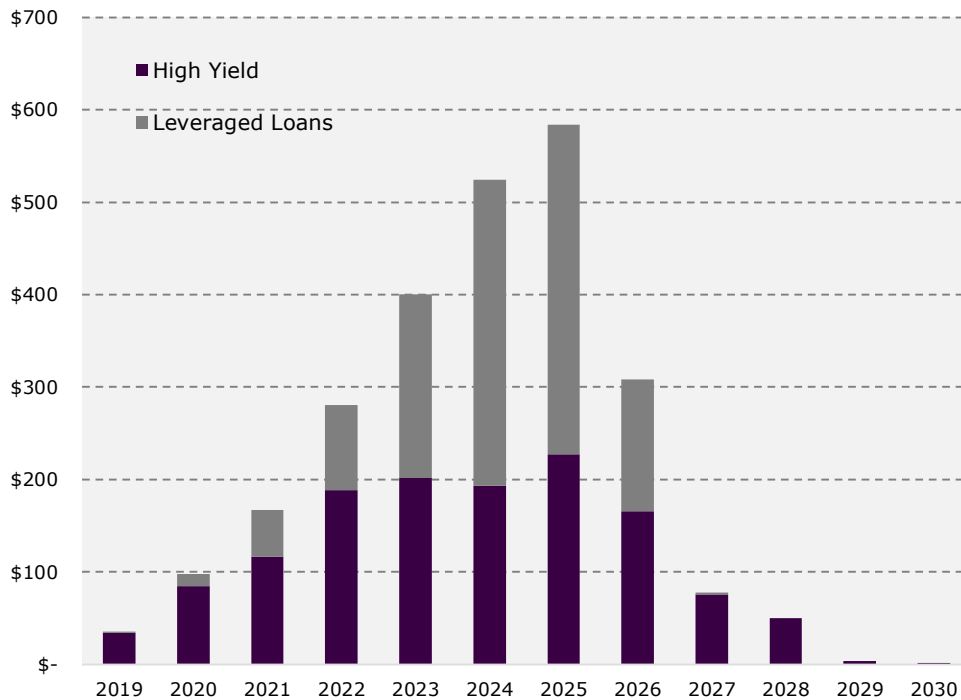
## Unparalleled scale and diversification drive differentiated lending capabilities

- Middle Market sponsors increasingly look for lenders that are able to provide comprehensive, diversified financing solutions
- Scale enables the broader FS / KKR platform to underwrite and hold larger investment sizes

### Companies and Sponsors Continue to Need Capital

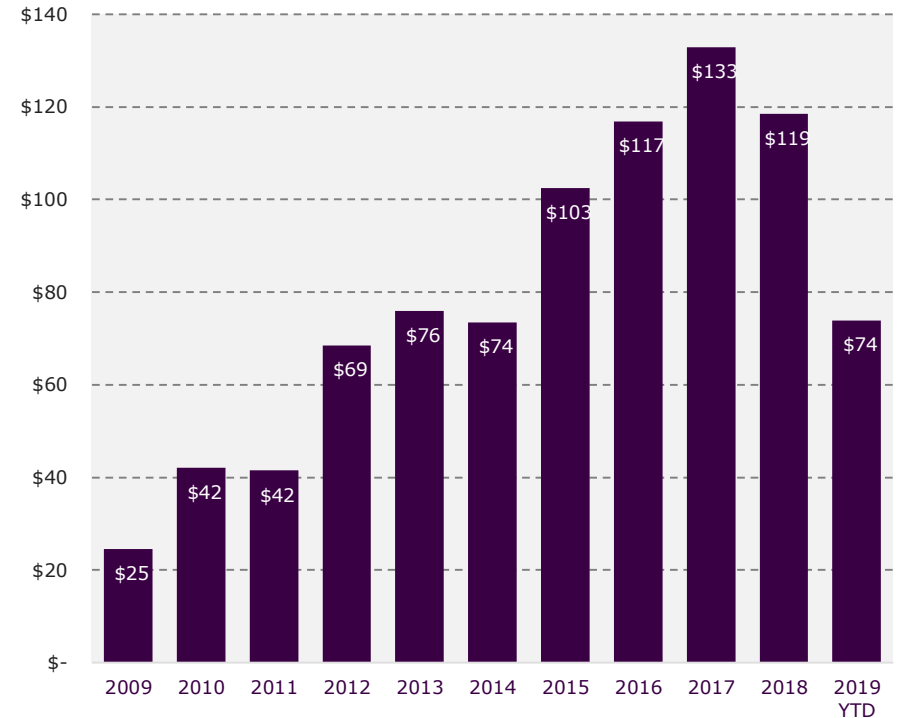
**Private Equity Dry Powder:** ~\$725 billion of un-invested private equity capital commitments seeking transactions<sup>(1)</sup>

*Estimated Maturity Profile of High Yield and Leveraged Loans, \$bn*



### Driving Growth in the Private Credit Marketplace

*Historical Private Debt Fundraising, \$bn <sup>(2)</sup>*



1. S&P LCD High Yield Interactive Report as of July 31, 2019.  
 2. Prequin website as of Aug 2019.

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# Second Quarter 2019 Financial Results

# Summary of Quarterly Results

<p><b>Second Quarter Performance</b></p>	<ul style="list-style-type: none"> <li>• Net investment income (NII) for the quarter ended June 30, 2019 was \$101 million, or \$0.19 per share, as compared to \$95 million, or \$0.18 per share, for the quarter ended March 31, 2019.</li> <li>• Net realized and unrealized gains on investments of \$0 million, for the quarter ended June 30, 2019. This compares to net realized and unrealized gains on investments of \$6 million, or \$0.01 per share, for the quarter ended March 31, 2019.</li> </ul>
<p><b>NAV Per Share</b></p>	<ul style="list-style-type: none"> <li>• Net asset value (NAV) per share as of June 30, 2019 was \$7.88, compared to \$7.86 as of March 31, 2019.</li> </ul>
<p><b>Dividend</b></p>	<ul style="list-style-type: none"> <li>• FSK paid a regular dividend of \$0.19 per share for the second quarter of 2019.</li> <li>• FSK's Board of Directors has declared a regular dividend of \$0.19 per share for the third quarter of 2019.</li> <li>• For the quarter ended June 30, 2019, the NII / Dividend coverage ratio was 102%.<sup>(1)</sup></li> </ul>
<p><b>Investment Activity</b></p>	<ul style="list-style-type: none"> <li>• New investment fundings in the second quarter were approximately \$513 million. Sales and paydowns were approximately \$692 million in the second quarter.</li> <li>• As of June 30, 2019, 89% of total investments at fair value were in Direct Originations.<sup>(2)</sup></li> </ul>
<p><b>Portfolio Diversification</b></p>	<ul style="list-style-type: none"> <li>• Diversified \$7.3 billion portfolio with 197 portfolio companies spread across 24 industries.</li> <li>• Exposure to the top ten largest portfolio companies by fair value was 21% as of June 30, 2019.</li> <li>• The average position size was 0.5% of fair value as of June 30, 2019.</li> </ul>
<p><b>Capital Activity</b></p>	<ul style="list-style-type: none"> <li>• Expanded Joint Venture program to \$1 billion with a new partner, South Carolina Retirement Systems Group Trust.</li> <li>• Raised over \$350 million of proceeds in a Middle Market CLO issuance in the second quarter.</li> <li>• Issued a \$400 million five-year unsecured bond and an add-on issuance of \$175 million to our existing 2022 unsecured bonds in July.</li> <li>• Received shareholder approval to increase regulatory leverage to 2:1 debt-to-equity.</li> <li>• Executed approximately \$81 million of the \$200 million share buyback program as of August 6, 2019.</li> </ul>

1. There were no adjustments to NII in the quarter ended June 30, 2019. See the Appendix for the reconciliation between NII and Adjusted NII for historical periods.

2. Direct Originations are defined as investments where FS/KKR Advisor, LLC (Advisor) or its affiliates negotiates 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.

# Financial Results

<i>(Dollar amounts in millions, except per share data)</i>	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
NII per share	\$0.19	\$0.18	\$0.19	\$0.23	\$0.19
Adjusted NII per share <sup>(1)</sup>	\$0.19	\$0.18	\$0.21	\$0.24	\$0.19
Net realized and unrealized gains (losses) per share <sup>(2)</sup>	\$0.00	\$0.01	(\$0.62)	(\$0.28)	(\$0.32)
Net increase (decrease) in net assets resulting from operations (earnings per share) <sup>(2)</sup>	\$0.19	\$0.19	(\$0.43)	(\$0.05)	(\$0.13)
Stockholder distributions per share	\$0.19	\$0.19	\$0.19	\$0.19	\$0.19
Special stockholder distributions per share	-	-	\$0.09	-	-
<b>Net asset value per share at period end</b>	<b>\$7.88</b>	<b>\$7.86</b>	<b>\$7.84</b>	<b>\$8.64</b>	<b>\$8.87</b>
Weighted average shares outstanding (in millions)	522.2	527.5	277.3	239.5	242.8
Shares outstanding, end of period (in millions)	520.3	524.1	531.5	239.2	240.6
Total assets	\$7,744	\$7,733	\$7,705	\$3,699	\$3,883
Cash <sup>(3)</sup>	\$288	\$92	\$104	\$99	\$195
Total debt <sup>(4)</sup>	\$3,451	\$3,405	\$3,397	\$1,557	\$1,636
Debt-to-equity, Net <sup>(5)</sup>	0.77x	0.80x	0.79x	0.70x	0.67x
Adjusted NII / total recurring dividend	102%	95%	109%	123%	100%

- The following adjustments have been reflected: i) removes impact of one time refinancing expenses in Q3 2018 and ii) removes excise tax paid in Q4 2018. See the Appendix for the reconciliation between NII and Adjusted NII.
- Excludes the impact of \$717 million of unrealized appreciation resulting from the merger with Corporate Capital Trust, Inc. (CCT). See FSK's Annual Report on Form 10-K for additional information.
- Includes cash, restricted cash, and cash denominated in foreign currency.
- Principal amount outstanding.
- Computed as total principal debt outstanding less cash divided by stockholders' equity.

# Portfolio Highlights

<i>(Dollar amounts in millions)</i>	As of and for Three Months Ended				
	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18
<b>Investment at Fair Value:</b>					
First Lien Senior Secured Loans	52.8%	54.2%	54.2%	69.5%	67.2%
Second Lien Senior Secured Loans	15.8%	15.7%	15.1%	3.9%	3.6%
Other Senior Secured Debt	3.8%	3.7%	4.6%	5.2%	5.1%
Subordinated Debt	5.4%	5.4%	5.8%	5.3%	8.2%
Asset Based Finance	9.9%	9.1%	9.0%	5.6%	5.4%
Strategic Credit Opportunities Partners	4.0%	4.1%	4.0%	0.0%	0.0%
Equity/Other	8.3%	7.8%	7.3%	10.4%	10.6%
<b>Total Investments</b>	<b>\$7,283</b>	<b>\$7,440</b>	<b>\$7,387</b>	<b>\$3,537</b>	<b>\$3,623</b>
% Non-Income Producing Investments – FV <sup>(1)</sup>	7.5%	8.1%	9.4%	10.7%	9.6%
Number of portfolio companies <sup>(2)</sup>	197	186	204	92	109
<b>Interest Rate Type:<sup>(3)</sup></b>					
% Floating Rate	80.9%	81.9%	79.8%	80.7%	78.1%
% Fixed Rate	19.1%	18.1%	20.2%	19.3%	21.9%
<b>Net Interest Margin:</b>					
Weighted average annual yield on accruing debt investments <sup>(4)</sup>	10.5%	10.8%	10.8%	11.1%	11.1%
Weighted average interest rate on borrowings	4.4%	4.6%	4.6%	4.4%	4.4%

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 Strategic Credit Opportunities Partners, LLC (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 9.8% as of June 30, 2019. 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.

# Net Asset Value Bridge – Q2 2019

Q2 2019<sup>(1)</sup>



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

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# Portfolio Highlights

# Portfolio Highlights

**197**

portfolio companies<sup>1</sup>

**21%**

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

**72%**

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

**\$53M / 5.1x**

Median portfolio company EBITDA & Leverage<sup>4</sup>

**81%**

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

**10.5%**

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

**1.2%**

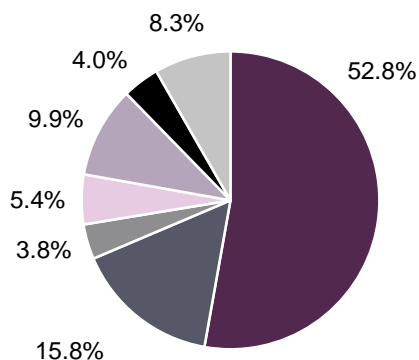
Non-accrual rate at FV

**85%**

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

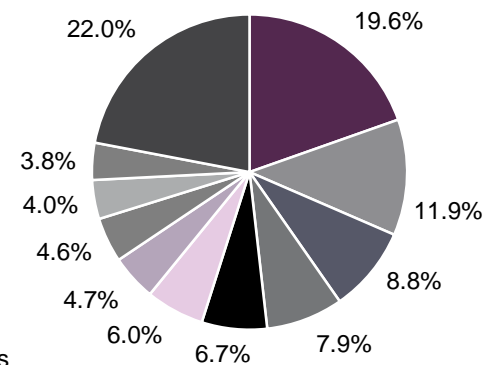
## Security Exposure

- 1st Lien Loan - Senior Secured
- 2nd Lien Loan - Senior Secured
- Other Senior Secured
- Subordinated Debt
- Asset Based Finance
- SCJV
- Equity / Other



## Sector Exposure Across Top 10 Industries

- Capital Goods
- Software & Services
- Diversified Financials
- Health Care Equipment & Services
- Retailing
- Consumer Durables & Apparel
- Materials
- Commercial & Professional Services
- Strategic Credit Opportunities Partners
- Energy
- Other (14 industries)



Note: All stats as of June 30, 2019 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 9.8% as of June 30, 2018. 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 FV of Direct Origination investments only.



# FSK's Targeted Investments

## Product Solutions

- Senior Secured Loans
  - *First Lien*
  - *Second Lien*
- Asset Based Finance
- Subordinated Debt
- Equity

## Investment Size

- EBITDA Range
  - \$25 - \$100mm+
- Transaction Size
  - \$50mm+

## Uses of Capital

- Growth
- Acquisitions
- Product Expansion
- Restructurings
- Recapitalizations
- Refinancing

## Diversified Solutions Provider by Industry

- Capital Goods
- Software & Services
- Diversified Financials
- Retailing
- Consumer Durables
- Materials
- Energy
- Other (17 industries)

## 1H 2019 Select Transactions<sup>(1)</sup>

### New Origination



\$127mm

Lead Investor

### New Origination



\$169mm

Joint Investor

### New Investment



Home Partners of America<sup>®</sup>

\$65mm

Lead Investor

1. Dollar amounts listed above for Select Transactions reflective of FSK's total allocation including unfunded commitments to each respective investment. Excludes: (i) amounts allocated to other investment vehicles managed by KKR, and (ii) syndicated capital.

# Portfolio Highlights – Net Investment Activity

Portfolio Roll (\$ in millions)	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Investment Purchases	\$513	\$549	\$220	\$184	\$240
Sales and Redemptions <sup>(1)</sup>	(692)	(510)	(397)	(223)	(350)
<b>Net Investment Activity</b>	<b>(\$179)</b>	<b>\$39</b>	<b>(\$177)</b>	<b>(\$39)</b>	<b>(\$110)</b>
Net Sales to SCJV	-	82	44	-	-
<b>Adjusted Net Investment Activity</b>	<b>(\$179)</b>	<b>\$121</b>	<b>(\$133)</b>	<b>(\$39)</b>	<b>(\$110)</b>

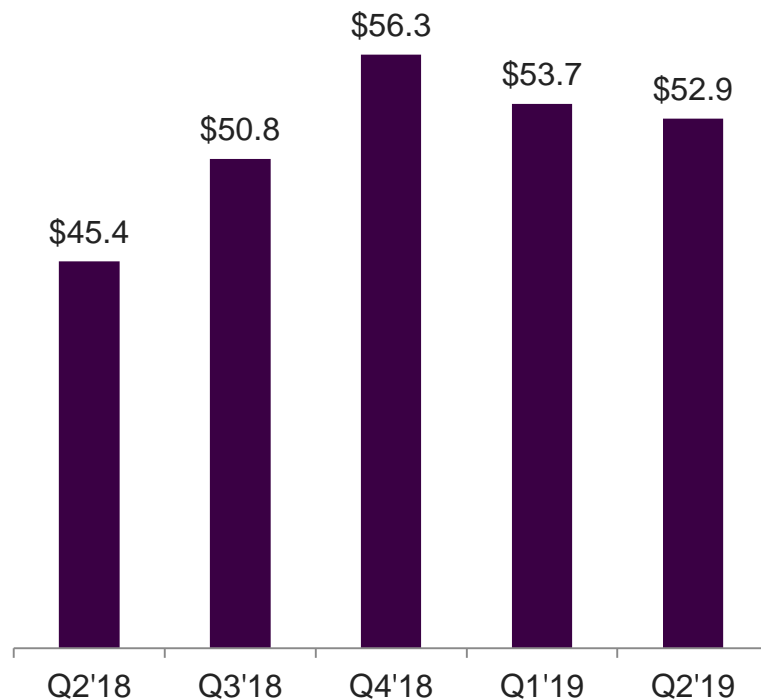
Asset Mix of New Purchases <sup>(2)</sup>	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
First Lien Senior Secured Loans	69%	59%	71%	78%	62%
Second Lien Senior Secured Loans	1%	25%	29%	18%	8%
Other Senior Secured Debt	6%	0%	0%	2%	15%
Subordinated Debt	3%	10%	0%	1%	2%
Asset Based Finance	21%	4%	0%	1%	0%
Investment in SCJV	0%	0%	0%	0%	0%
Equity/Other	0%	2%	0%	0%	13%

1. Includes net sales to SCJV.

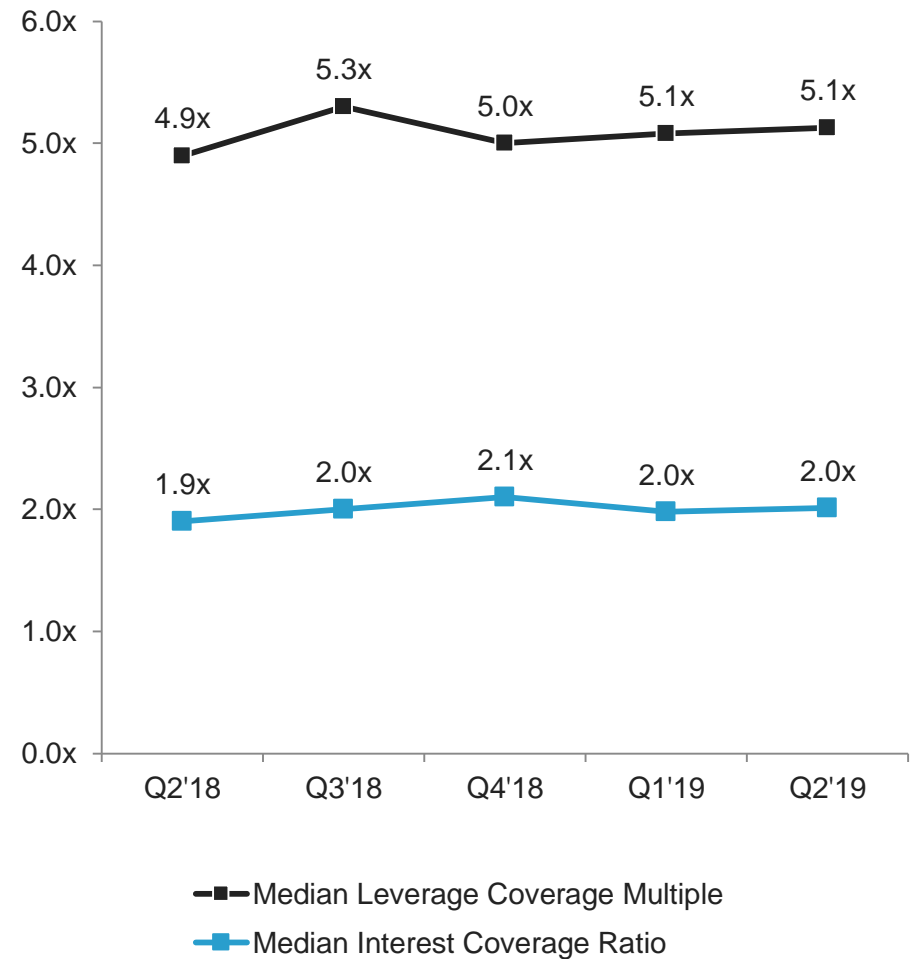
2. Zero represents an amount less than 0.5%.

# 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

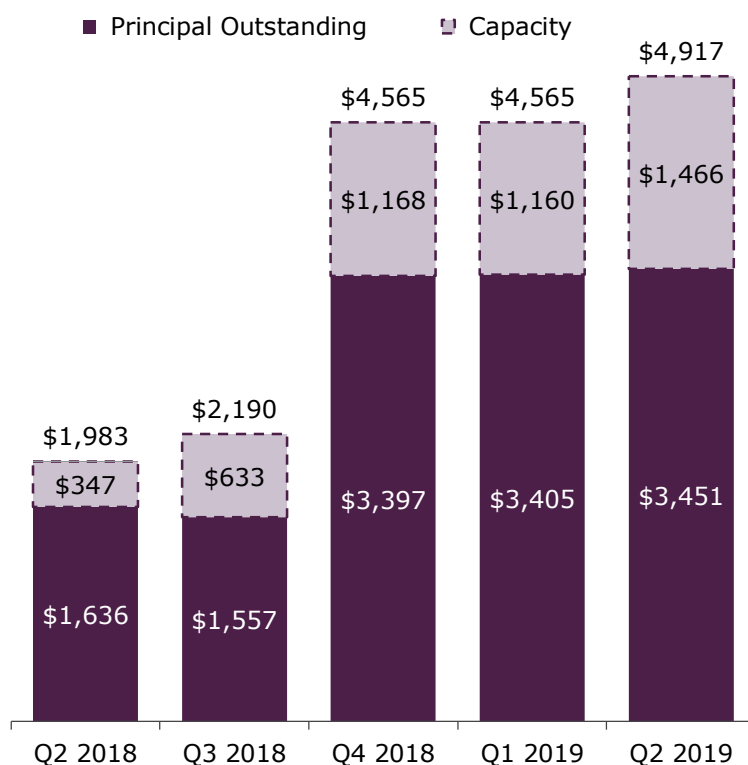
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# Capital Structure

# Funding and Liquidity Management

- Expanded our funding sources with a new middle market CLO during the quarter
- Issued a \$400 million five-year unsecured bond and an add-on issuance of \$175 million to our existing 2022 unsecured bonds in July
- Repaid our 2019 4.00% bonds and our JP Morgan – Prepayable facility in July

## Leverage over Time

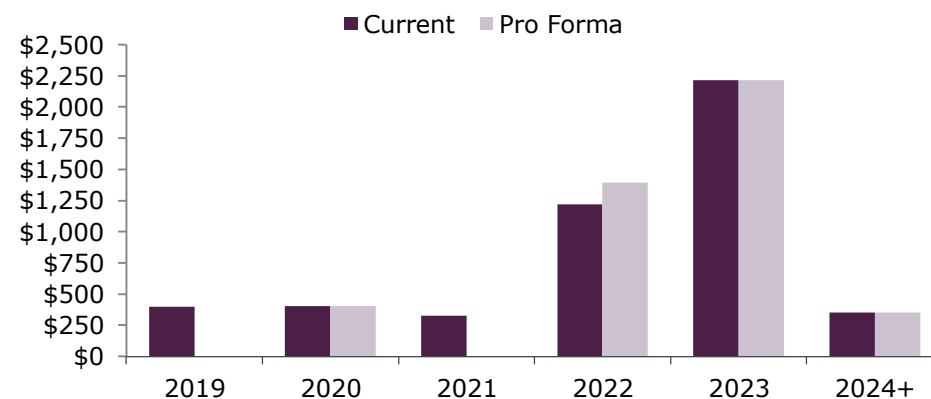


<b>Cash (mm)<sup>(1)</sup></b>	<b>\$200.1</b>	<b>\$100.0</b>	<b>\$104.0</b>	<b>\$92.0</b>	<b>\$288.0</b>
<b>Net Debt / Equity<sup>(2)</sup></b>	<b>0.67x</b>	<b>0.70x</b>	<b>0.79x</b>	<b>0.80x</b>	<b>0.77x</b>

## Key Funding Vehicles (\$mm)

Funding Source	Committed	Principal Outstanding	Undrawn	Maturity	Wtd. Avg. Rate <sup>(3)</sup>
4.00% Notes	\$400	\$400	-	7/15/19	4.00%
4.25% Notes	405	405	-	1/15/20	4.25%
JPM – Prepayable	325	180	145	1/31/21	4.82%
4.75% Notes	275	275	-	5/15/22	4.75%
5.00% Notes	245	245	-	6/28/22	5.00%
JPM – Extended	400	400	-	9/28/22	4.82%
SMBC Revolver	300	150	150	12/2/22	4.32%
Syndicated RCF	2,215	1,044	1,171	8/9/23	4.32%
FS KKR MM CLO	352	352	-	7/15/30	4.14%
<b>Total</b>	<b>\$4,917</b>	<b>\$3,451</b>	<b>\$1,466</b>		<b>4.42%</b>

## Maturity Profile (\$mm)



# FSK's SCJV Offers Key Investor Benefits

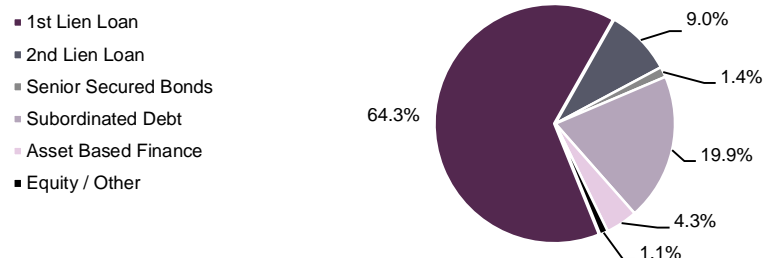
## FSK's joint venture with South Carolina Retirement Systems Group Trust

- 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
  - Advisor provides day-to-day administrative oversight

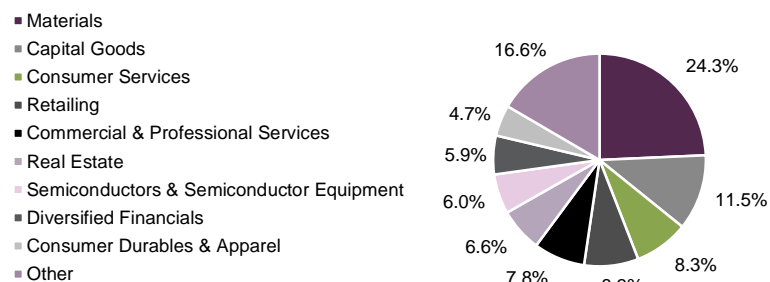
## June 30, 2019 update:

- Portfolio
  - Fair value of investments was \$644mm
- Key stats
  - NAV of \$335mm (FSK's equity of SCJV was \$293mm)
  - 0.90x net debt-to-equity ratio<sup>1</sup>
  - \$15.9mm total dividend declared in Q2 compared to \$7.3mm total dividend declared in Q1 due to a special dividend in connection with our Joint Venture partnership change

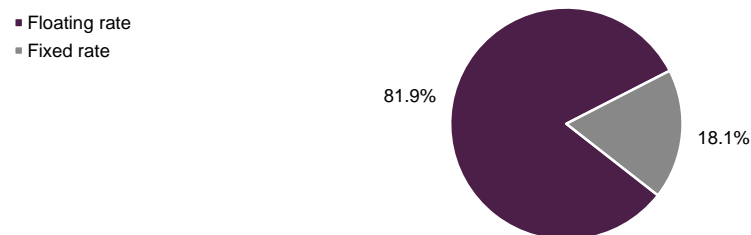
### Security Exposure



### Sector Exposure



### Fixed / Floating – Debt Investments



1. Computed as total principal debt outstanding less cash +/- unsettled trades divided by stockholders' equity.

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# Appendix

# Quarterly Gain/Loss Information

<i>(Dollar amounts in millions, except per share data)</i>	For The Three Months Ended				
	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18
<b>Realized gain/loss</b>					
Net realized gain (loss) on investments:					
Non-controlled/unaffiliated investments	(\$51)	(\$15)	(\$177)	\$24	\$41
Non-controlled affiliated investments	(8)	-	1	-	(10)
Controlled/affiliated investments	-	(3)	0	-	-
Net realized gain (loss) on swap contracts	(11)	1	-	-	-
Net realized gain (loss) on foreign currency	3	2	0	6	-
<b>Total net realized gain (loss)</b>	<b>(\$67)</b>	<b>(\$15)</b>	<b>(\$176)</b>	<b>\$30</b>	<b>\$31</b>
<b>Unrealized gain/loss</b>					
Net change in unrealized appreciation (depreciation) on investments:					
Non-controlled/unaffiliated investments	\$49	(\$30)	\$154	(\$104)	(\$82)
Non-controlled affiliated investments	24	53	(38)	8	(21)
Controlled/affiliated investments	(12)	(7)	(101)	6	(8)
Net change in unrealized appreciation (depreciation) on swap contracts	10	4	(16)	-	-
Net change in unrealized appreciation (depreciation) on foreign currency forward contracts	(2)	1	3	-	-
Net change in unrealized appreciation (depreciation) on secured borrowing	-	-	-	-	-
Net change in unrealized gain (loss) on foreign currency	(2)	-	2	(7)	3
<b>Total net unrealized gain (loss)</b>	<b>\$67</b>	<b>\$21</b>	<b>\$4</b>	<b>(\$97)</b>	<b>(\$108)</b>
<b>Total net realized and unrealized gain (loss)<sup>(1)</sup></b>	<b>\$0</b>	<b>\$6</b>	<b>(\$172)</b>	<b>(\$67)</b>	<b>(\$77)</b>

1. Excludes the impact of \$717 million of unrealized appreciation resulting from the merger with CCT. See FSK's Annual Report on Form 10-K for additional information.



# Operating Results

<i>(Dollar amounts in millions, except per share data)</i>	For The Three Months Ended				
	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18
Total investment income	\$199	\$195	\$103	\$95	\$96
Net expenses	(98)	(100)	(43)	(39)	(50)
<b>Net investment income before taxes</b>	<b>\$101</b>	<b>\$95</b>	<b>\$60</b>	<b>\$56</b>	<b>\$46</b>
Excise taxes	-	-	(7)	-	-
<b>GAAP Net investment income</b>	<b>\$101</b>	<b>\$95</b>	<b>\$53</b>	<b>\$56</b>	<b>\$46</b>
Plus: excise taxes	-	-	7	-	-
Plus: one-time expenses <sup>(1)</sup>	-	-	-	1	-
<b>Adjusted net investment income</b>	<b>\$101</b>	<b>\$95</b>	<b>\$60</b>	<b>\$57</b>	<b>\$46</b>
Total net unrealized and realized gains (losses) <sup>(2)</sup>	0	6	(172)	(67)	(77)
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>\$101</b>	<b>\$101</b>	<b>(\$119)</b>	<b>(\$11)</b>	<b>(\$31)</b>
<b>Per Share:</b>					
Net investment income	\$0.19	\$0.18	\$0.19	\$0.23	\$0.19
Adjusted net investment income	\$0.19	\$0.18	\$0.21	\$0.24	\$0.19
Net increase (decrease) in net assets results from operations	\$0.19	\$0.19	(\$0.43)	(\$0.05)	(\$0.13)
Stockholder distributions	\$0.19	\$0.19	\$0.19	\$0.19	\$0.19
Special distributions	-	-	\$0.09	-	-
Weighted average shares outstanding (millions)	522.2	527.5	277.3	239.5	242.8
Shares outstanding, end of period (millions)	520.3	524.1	531.5	239.2	240.6

1. FSK's one-time expenses for the three months ended September 30, 2018 were \$1 million resulting from the acceleration of the remaining unamortized deferred financing costs associated with the closing of the Hamilton Street Credit Facility.

2. Excludes the impact of \$717 million of unrealized appreciation resulting from the merger with CCT. See FSK's Annual Report on Form 10-K for additional information.

# Operating Results Detail

<i>(Dollar amounts in millions, except per share data)</i>	For The Three Months Ended				
	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18
<b>Investment income:</b>					
Interest income	\$156	\$158	\$83	\$75	\$81
Payment-in-kind interest income	12	16	16	14	12
Fee income	8	11	3	4	3
Total dividend and other income	23	10	2	-	-
<b>Total investment income</b>	<b>\$199</b>	<b>\$195</b>	<b>\$103</b>	<b>\$95</b>	<b>\$96</b>
<b>Operating expenses:</b>					
Investment advisory fees & expenses	28	29	16	15	15
Interest expense	41	43	22	21	21
Incentive fees	25	24	3	-	11
Other operating expenses	4	4	2	2	3
<b>Total operating expenses</b>	<b>\$98</b>	<b>\$100</b>	<b>\$43</b>	<b>\$38</b>	<b>\$50</b>
Net investment income before taxes	101	95	60	56	46
Income taxes, including excise taxes	-	-	(7)	-	-
<b>Net investment income</b>	<b>\$101</b>	<b>\$95</b>	<b>\$53</b>	<b>\$56</b>	<b>\$46</b>
Total net unrealized and realized gains (losses) <sup>(1)</sup>	0	6	(172)	(67)	(77)
<b>Net increase in net assets resulting from operations</b>	<b>\$101</b>	<b>\$101</b>	<b>(\$119)</b>	<b>(\$11)</b>	<b>(\$31)</b>

1. Excludes the impact of \$717 million of unrealized appreciation resulting from the merger with CCT. See FSK's Annual Report on Form 10-K for additional information.

# Operating Statement of Financial Condition

(Dollar amounts in millions, except per share data)	As of				
	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18
<b>Assets</b>					
Total investments, at fair value	\$7,283	\$7,440	\$7,387	\$3,537	\$3,627
Cash	264	86	101	99	195
Foreign currency, at fair value	24	6	3	1	6
Receivable for investments sold and repaid	86	123	144	28	20
Income receivable	77	65	60	23	32
Unrealized appreciation on foreign currency forward contracts	3	4	3	-	-
Deferred financing costs	5	6	6	6	3
Deferred merger costs	-	-	-	3	-
Prepaid expenses and other assets	2	3	1	1	1
<b>Total Assets</b>	<b>\$7,744</b>	<b>\$7,733</b>	<b>\$7,705</b>	<b>\$3,699</b>	<b>\$3,883</b>
<b>Liabilities</b>					
Payable for investments purchased	\$17	\$15	\$6	\$1	\$22
Debt	3,441	3,398	3,391	1,551	1,629
Unrealized depreciation on derivative instruments	3	12	16	-	-
Shareholders' distributions payable	100	100	45	45	46
Interest Payable	26	26	28	18	23
Other liabilities <sup>(1)</sup>	59	62	53	17	28
<b>Total Liabilities</b>	<b>\$3,646</b>	<b>\$3,613</b>	<b>\$3,539</b>	<b>\$1,632</b>	<b>\$1,748</b>
<b>Total Net Assets</b>	<b>\$4,098</b>	<b>\$4,120</b>	<b>\$4,166</b>	<b>\$2,067</b>	<b>\$2,135</b>
<b>Net Asset Value per Share</b>	<b>\$7.88</b>	<b>\$7.86</b>	<b>\$7.84</b>	<b>\$8.64</b>	<b>\$8.87</b>

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

# Important Disclosure Notice

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This presentation contains certain financial measures that have not been prepared in accordance with U.S. generally accepted accounting principles (GAAP). FSK uses these non-GAAP financial measures internally in analyzing financial results and believes that the presentation of these non-GAAP financial measures is useful to investors as an additional tool to evaluate ongoing results and trends and in comparing FSK’s financial results with other business development companies.

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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Participation of KKR Private Equity, KKR Capital Markets and KKR Capstone personnel in the Fund's investment activities is subject to applicable law and inside information barrier policies and procedures, which may limit the involvement of such personnel in certain circumstances and the ability of KKR Credit to leverage such integration with KKR. Discussions with KKR Senior Advisors and employees of KKR's managed portfolio companies are also subject to inside information barrier policies and procedures, which may restrict or limit discussions and/or collaborations with KKR Credit.

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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.

References to "assets under management" or "AUM" represent the assets managed by KKR or its strategic partners as to which KKR is entitled to receive a fee or carried interest (either currently or upon deployment of capital) and general partner capital. KKR calculates the amount of AUM as of any date as the sum of: (i) the fair value of the investments of KKR's investment funds; (ii) uncalled capital commitments from these funds, including uncalled capital commitments from which KKR is currently not earning management fees or carried interest; (iii) the fair value of investments in KKR's co-investment vehicles; (iv) the par value of outstanding CLOs (excluding CLOs wholly-owned by KKR); (v) KKR's pro-rata portion of the AUM managed by strategic partnerships in which KKR holds a minority ownership interest and (vi) the fair value of other assets managed by KKR. The pro-rata portion of the AUM managed by strategic partnerships is calculated based on KKR's percentage ownership interest in such entities multiplied by such entity's respective AUM. KKR's calculation of AUM may differ from the calculations of other asset managers and, as a result, KKR's measurements of its AUM may not be comparable to similar measures presented by other asset managers. KKR's definition of AUM is not based on the definitions of AUM that may be set forth in agreements governing the investment funds, vehicles or accounts that it manages and is not calculated pursuant to any regulatory definitions.

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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 an 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.