

**Presentation**

**OHA Investment Corporation Q1 2016 Earnings Results**

---

**May 12, 2016**



# Disclaimer

---

THIS PRESENTATION MAY CONTAIN FORWARD-LOOKING STATEMENTS. WE MAY USE WORDS SUCH AS "ANTICIPATES," "BELIEVES," "INTENDS," "PLANS," "EXPECTS," "PROJECTS," "ESTIMATES," "WILL," "SHOULD," "MAY" AND SIMILAR EXPRESSIONS TO IDENTIFY FORWARD-LOOKING STATEMENTS. THESE FORWARD-LOOKING STATEMENTS ARE SUBJECT TO VARIOUS RISKS AND UNCERTAINTIES. CERTAIN FACTORS COULD CAUSE ACTUAL RESULTS AND CONDITIONS TO DIFFER MATERIALLY FROM THOSE PROJECTED, INCLUDING THE UNCERTAINTIES ASSOCIATED WITH THE TIMING OR LIKELIHOOD OF TRANSACTION CLOSINGS, CHANGES IN INTEREST RATES, AVAILABILITY OF TRANSACTIONS, THE FUTURE OPERATING RESULTS OF OUR PORTFOLIO COMPANIES, REGULATORY FACTORS, CHANGES IN REGIONAL, NATIONAL, OR INTERNATIONAL ECONOMIC CONDITIONS AND THEIR IMPACT ON THE INDUSTRIES IN WHICH WE INVEST, OTHER CHANGES IN THE CONDITIONS OF THE INDUSTRIES IN WHICH WE INVEST AND OTHER FACTORS ENUMERATED IN OUR FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION. YOU SHOULD NOT PLACE UNDUE RELIANCE ON SUCH FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE THEY ARE MADE. WE UNDERTAKE NO OBLIGATION TO UPDATE OUR FORWARD-LOOKING STATEMENTS MADE HEREIN, UNLESS REQUIRED BY LAW.

# Contents

---

**Section 1      Overview**

**Section 2      Financial Results**

**Section 3      Investment Activity & Portfolio Review**

**Additional Information**

**Q&A**

# Section 1

---

## Overview

# Overview

## First Quarter Developments

- NAV of \$4.85 per share, a \$0.64 or 11.7% decline driven by write-downs of 3 legacy energy investments – Castex, Shoreline, and Talos (as a result, energy exposure has declined from 41% to 36% of the investment portfolio)
- Placed our investment in Shoreline, a 2<sup>nd</sup> lien term loan, on non-accrual during the quarter
- Castex, our largest investment, continued to elect to pay us dividends in-kind, rather than in cash, pursuant to the terms of our agreement
- Finalized Phase I of ATP/Bennu litigation in our favor
- Declared distribution of \$0.06 per share (paid in April)
- Since quarter end:
  - Extended maturity date of Investment Facility to July 29, 2016
  - Realized \$9 MM investment in KOVA, a legacy investment made in February 2013, generating an unlevered IRR of 14.8%
  - Sold \$5.5 MM of Stardust Financial Holdings, Inc. (Hanson) at an average price of 98.3 (includes \$0.5 MM sold on March 31, 2016)

The information is unaudited and provided for informational purposes only. There is no representation being made that an individual investor will achieve returns similar to those shown. Past results are not necessarily indicative of future performance.

# Section 2

---

## Financial Results

# Financial Results

## Q1 2016 Summary

- Investment income of \$5.2 MM, or \$0.26 per share
- Base management fees of \$0.8 MM and incentive fee of \$0.1 MM
- Net investment income of \$1.8 MM, or \$0.09 per share
- Net realized and unrealized losses of (\$13.5) MM, or (\$0.67) per share
- NAV decreased (\$0.64) or 11.7% to \$4.85 per share during the quarter
- Positive assurance on valuation of 90% of Level 3 investments provided by a leading independent valuation firm

The information is unaudited and provided for informational purposes only. There is no representation being made that an individual investor will achieve returns similar to those shown. Past results are not necessarily indicative of future performance.

# Financial Results

## Statement Of Operations

(in \$000's)	Q1 2016	Q4 2015	Q1 2015
Investment income	\$5,157	\$6,231	\$4,816
Interest expense	1,088	946	663
Management and incentive fees	930	1,713	678
Other G&A	1,287	337	1,284
Income taxes	<u>17</u>	<u>14</u>	<u>22</u>
Net investment income	<u>\$1,835</u>	<u>\$3,221</u>	<u>\$2,169</u>
<i>Net investment income per share</i>	<i>\$0.09</i>	<i>\$0.16</i>	<i>\$0.11</i>

The information is unaudited and provided for informational purposes only. There is no representation being made that an individual investor will achieve returns similar to those shown. Past results are not necessarily indicative of future performance.



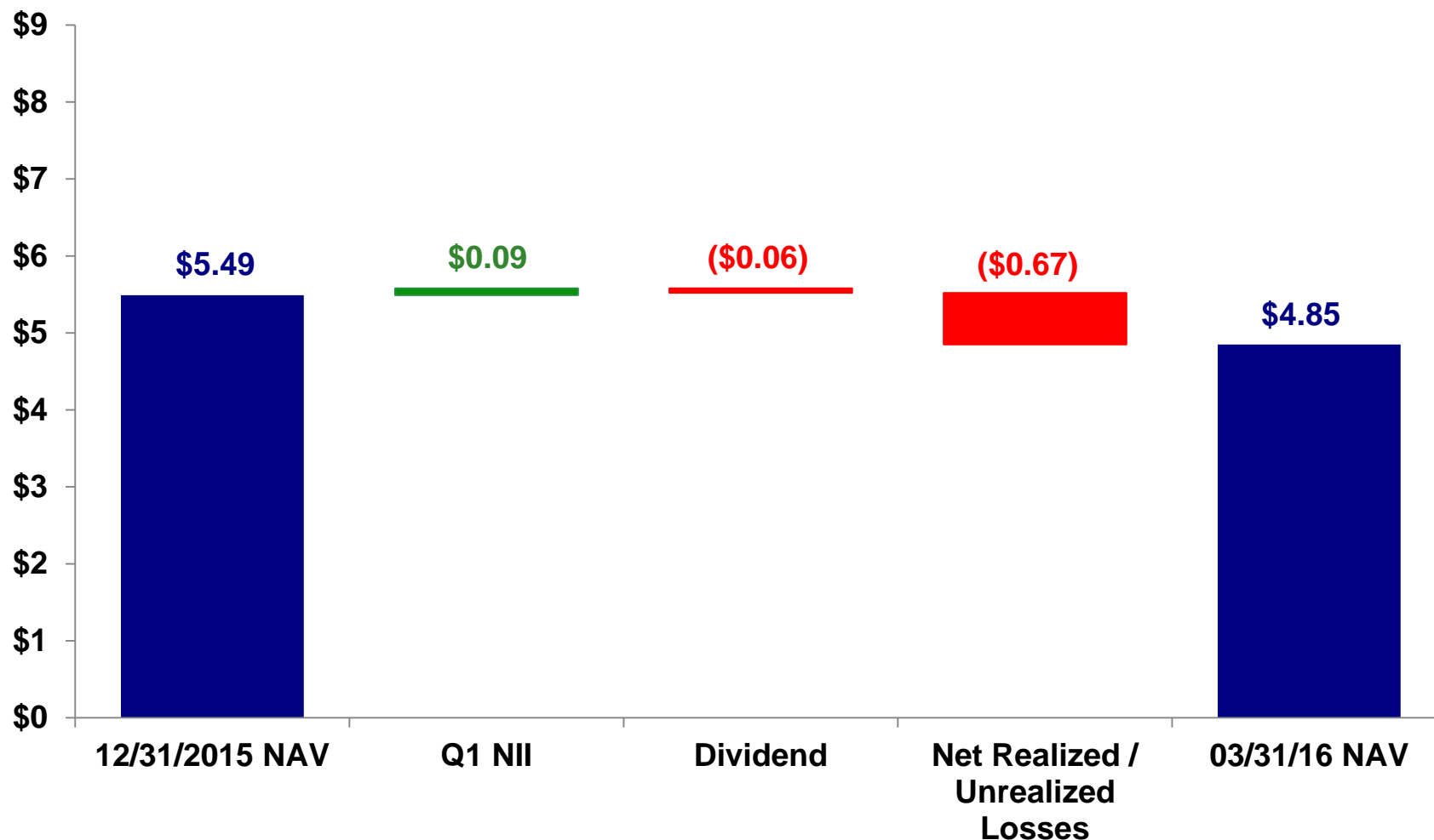
# Financial Results

(in \$000's)	Q1 2016	Q4 2015	Q1 2015
<b>Realized capital gains (losses):</b>			
Myriant	\$ --	\$ (417)	\$ --
Hanson	24	--	--
DeanLake LP Units	--	--	(21)
<b>Total realized capital gains (losses), net</b>	<u>24</u>	<u>(417)</u>	<u>(21)</u>
<b>Unrealized gains (losses):</b>			
KOVA	1,072	82	(7)
TIBCO	381	(1,283)	--
ATP / Bennu	(31)	(6,432)	(2,374)
Gramercy	(1,019)	(1,042)	617
Talos	(1,564)	(3,004)	(2,523)
Shoreline	(5,813)	(904)	59
Castex	(6,020)	(10,310)	572
Contour	--	(1,000)	(440)
Reversals due to realizations	--	251	--
<b>Other unrealized gains (losses), net</b>	<u>(529)</u>	<u>(1,368)</u>	<u>63</u>
<b>Total unrealized gains (losses), net</b>	<u>(13,523)</u>	<u>(25,010)</u>	<u>(4,033)</u>
<b>Total realized and unrealized (losses), net</b>	<u><b>\$(13,499)</b></u>	<u><b>\$(25,427)</b></u>	<u><b>\$(4,054)</b></u>

The information is unaudited and provided for informational purposes only. There is no representation being made that an individual investor will achieve returns similar to those shown. Past results are not necessarily indicative of future performance.

# Financial Results

NAV Per Share Declined 11.7% In Q1, As A Result Of Lower Valuations On Legacy Energy Assets



The information is unaudited and provided for informational purposes only. There is no representation being made that an individual investor will achieve returns similar to those shown. Past results are not necessarily indicative of future performance.

# Section 3

---

## Investment Activity & Portfolio Review

# Investment Activity & Portfolio Review

## \$112.2<sup>(1)</sup> MM Of Investments In New Portfolio Companies Under OHA Management

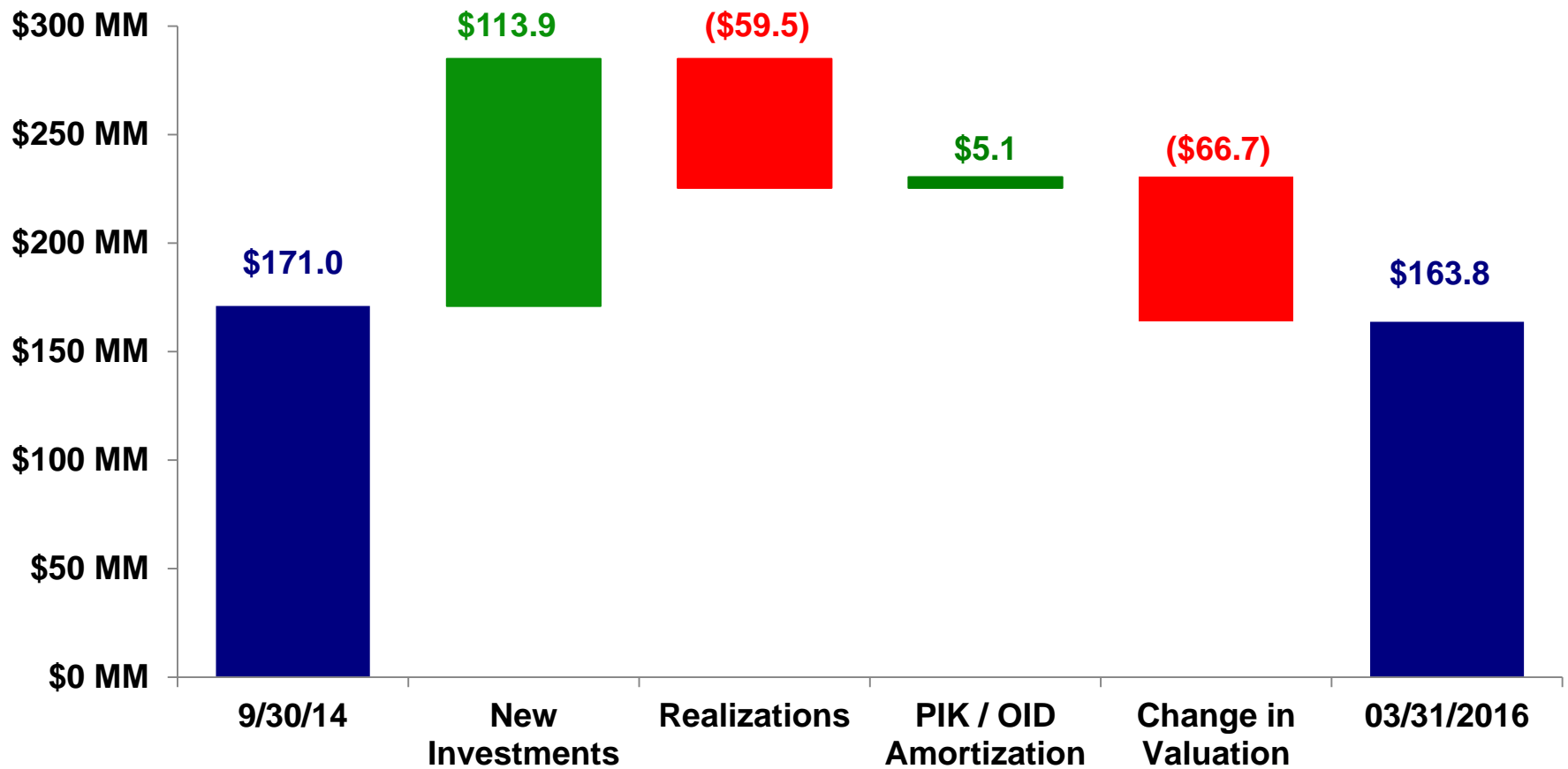
- Q4 2014 – \$36.8 MM (four portfolio companies)
- Q1 2015 – \$20.8 MM (two portfolio companies)
- Q2 2015 – \$18.7 MM (three portfolio companies)
- Q3 2015 – \$9.0 MM (three portfolio companies)
- Q4 2015 – \$25.3 MM (three portfolio companies)
- Q1 2016 – \$1.6 MM Berlin Packaging (add-on)
- Realizations of \$59.5 MM
  - 2015 includes full realization of two OHA investments, Citadel and Foundation Building Materials
  - 2016 includes \$0.5 MM realization of Hanson, an OHA investment
- \$163.8 MM of portfolio investments at March 31, 2016
  - 51% floating rate, 49% fixed rate, by market value

<sup>(1)</sup> Excludes \$1.7 MM of additional capital invested in legacy assets.

The information is unaudited and provided for informational purposes only. There is no representation being made that an individual investor will achieve returns similar to those shown. Past results are not necessarily indicative of future performance.

# Investment Activity & Portfolio Review

Added \$113.9 MM Of New Investments Since OHA Assumed Management On 9/30/14<sup>(1)</sup>



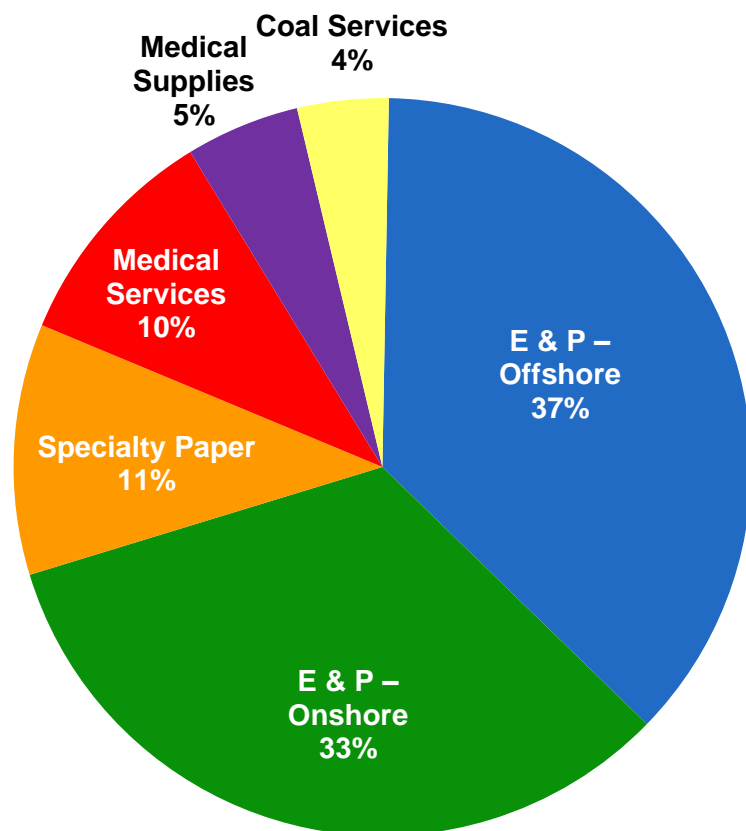
The information is unaudited and provided for informational purposes only. There is no representation being made that an individual investor will achieve returns similar to those shown. Past results are not necessarily indicative of future performance.

<sup>(1)</sup> New investments include \$1.7 MM of additional capital invested in legacy assets.

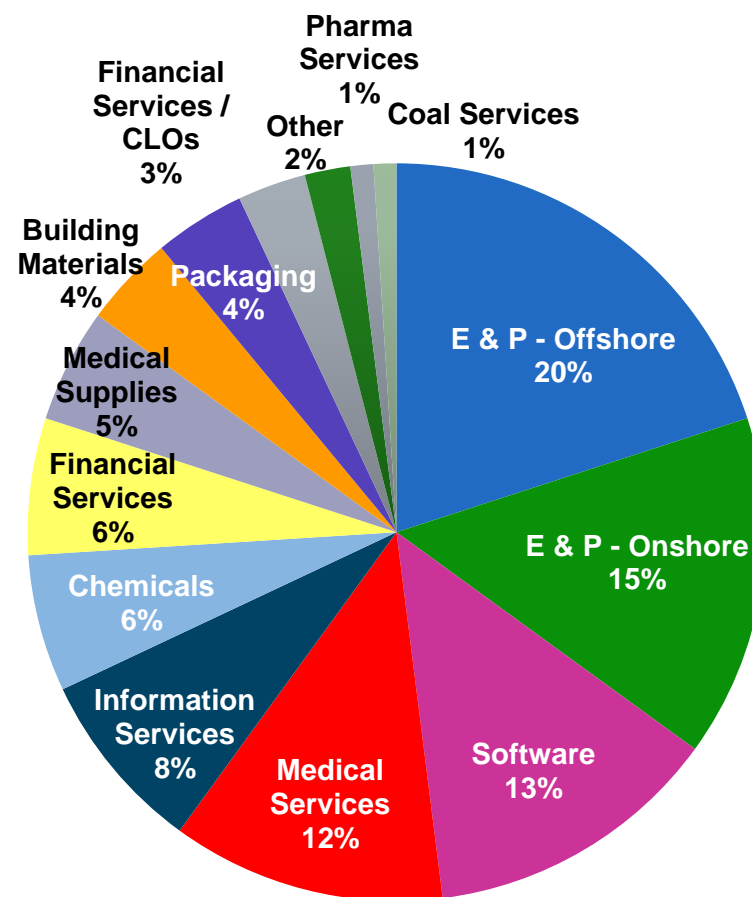
# Investment Activity & Portfolio Review

Energy Exposure Declined From 74% At 9/30/14 To 36% At 03/31/16<sup>(1)</sup>

September 30, 2014



March 31, 2016



The information is unaudited and provided for informational purposes only. There is no representation being made that an individual investor will achieve returns similar to those shown. Past results are not necessarily indicative of future performance.

<sup>1)</sup> As a percentage of total fair value.

# Investment Activity & Portfolio Review

## 99% of Total Net Write-Downs Driven By Legacy Energy Related Investments

(in \$000's)	Fair Value Category	Principal/ Total Sum	Value at 12/31/15	Net New Investments (Realizations)	PIK/OID	Write-up / (Write-down)	Value at 3/31/2016	% of Portfolio Value
<b>Energy:</b>								
Castex redeemable preferred units	Level 3	\$ 52,565	\$ 43,939	\$ -	\$ 1,296	(6,020)	\$ 39,215	24%
Talos senior unsecured notes	Level 2	12,000	5,160	-	4	(1,564)	3,600	2%
Subtotal		64,565	49,099	-	1,300	(7,584)	42,815	26%
<b>Energy Non-accruals:</b>								
ATP/Bennu limited term royalty interest <sup>(1)</sup>	Level 3	29,274	11,845	136	-	(31)	11,950	7%
Shoreline second lien term loan	Level 3	12,983	9,040	-	19	(5,813)	3,246	2%
Contour senior secured term loan and unsecured note	Level 3	11,557	1,000	-	-	-	1,000	1%
Spirit senior secured term loans and preferred equity	Level 3	9,069	-	-	-	-	-	0%
Subtotal		62,883	21,885	136	19	(5,844)	16,196	10%
<b>Energy total</b>		<b>127,448</b>	<b>70,984</b>	<b>136</b>	<b>1,319</b>	<b>(13,428)</b>	<b>59,011</b>	<b>36%</b>
<b>Other Sectors:</b>								
OCI subordinated note	Level 3	16,434	16,310	-	137	(13)	16,434	10%
Appriss second lien term loan	Level 3	13,100	12,314	-	6	(6)	12,314	8%
Kronos second lien term loan	Level 2	12,000	11,985	-	(7)	7	11,985	7%
EFS second lien term loan	Level 2	10,000	10,038	-	5	(168)	9,875	6%
Royal Holdings second lien term loan	Level 2	10,000	9,850	-	1	(301)	9,550	6%
TIBCO senior unsecured notes	Level 2	10,100	8,446	-	11	381	8,838	5%
KOVA senior subordinated notes	Level 2	9,000	7,920	-	8	1,072	9,000	5%
Hanson second lien term loan	Level 2	7,050	7,238	(437)	9	64	6,874	4%
Berlin second lien term loan	Level 2	7,205	5,253	1,620	9	(73)	6,809	4%
Gramercy Park CLO residual interest	Level 2	n/a	5,659	(185)	-	(1,019)	4,455	3%
WASH second lien term loan	Level 2	4,000	3,790	-	1	9	3,800	2%
OCI equity units	Level 3	n/a	2,583	-	-	(22)	2,561	2%
Bioclinica first lien secured notes	Level 3	2,400	2,340	-	2	(2)	2,340	1%
Subtotal		101,289	103,726	998	182	(71)	104,835	64%
<b>Grand Total</b>		<b>\$ 228,737</b>	<b>\$ 174,710</b>	<b>\$ 1,134</b>	<b>\$ 1,501</b>	<b>\$ (13,499)</b>	<b>\$ 163,846</b>	<b>100%</b>

Since "principal" does not apply to instruments other than debt, "N/A" is shown in the "Principal" column for investments other than debt securities.

The information is unaudited and provided for informational purposes only. There is no representation being made that an individual investor will achieve returns similar to those shown. Past results are not necessarily indicative of future performance.

<sup>(1)</sup> In July 2015, ATP was placed on non-accrual status based on estimated future production payments and income is recognized to the extent cash is received.

# Investment Activity & Portfolio Review

Current Weighted Average Yield Of 12.9%<sup>(1)</sup> On Fair Value Basis As Of March 31, 2016

(in \$000's)	Principal/ Total Sum	Cost	Fair Value	Current Yield at Cost	Current Yield at Fair Value	% of Portfolio Value
<b>&lt; 10% Current Yield at Fair Value</b>						
Kronos second lien term loan	12,000	12,138	11,985	9.4%	9.5%	7%
Royal Holdings second lien term loan	10,000	9,927	9,550	8.6%	8.9%	6%
EFS second lien term loan	10,000	9,848	9,875	8.8%	8.8%	6%
Berlin second lien term loan	7,205	6,855	6,809	8.7%	8.8%	4%
WASH second lien term loan	4,000	3,972	3,800	8.0%	8.4%	2%
Bioclinica first lien secured notes	2,400	2,344	2,340	8.3%	8.3%	2%
Total < 10% Current Yield at Fair Value	45,605	45,084	44,359	8.8%	9.0%	27%
<b>10-15% Current Yield at Fair Value:</b>						
TIBCO senior unsecured notes	10,100	9,718	8,838	12.3%	13.5%	5%
Castex redeemable preferred units	52,565	52,569	39,215	10.0%	13.4%	24%
KOVA senior subordinated notes	9,000	8,906	9,000	13.3%	13.1%	6%
Hanson second lien term loan	7,050	6,709	6,874	11.6%	11.3%	4%
Appriss second lien term loan	13,100	12,931	12,314	9.6%	10.0%	8%
Total 10-15% Current Yield at Fair Value	91,815	90,833	76,241	10.6%	12.7%	47%
<b>&gt; 15% Current Yield at Fair Value:</b>						
Talos senior unsecured notes	12,000	11,968	3,600	9.9%	32.9%	2%
Gramercy Park CLO residual interest	n/a	6,142	4,455	13.7%	18.9%	3%
ATP/Bennu limited term royalty interest <sup>(2)</sup>	29,274	27,845	11,950	7.8%	18.1%	7%
OCI subordinated note	16,434	16,284	16,434	16.5%	16.3%	10%
Total > 15% at Current Yield at Fair Value	57,708	62,239	36,439	11.0%	18.9%	22%
<b>Current Yielding Investments</b>	<b>195,128</b>	<b>198,156</b>	<b>157,039</b>	<b>10.3%</b>	<b>12.9%</b>	<b>96%</b>
<b>Other Investments:</b>						
Contour senior secured term loan and unsecured note	11,557	11,578	1,000	N/A	N/A	1%
Shoreline second lien term loan	12,983	12,659	3,246	N/A	N/A	2%
Spirit senior secured term loans and preferred equity	9,069	17,030	0	N/A	N/A	0%
OCI equity units	n/a	2,500	2,561	N/A	N/A	1%
Total non-yielding investments	33,609	43,767	6,807	N/A	N/A	4%
<b>Grand Total</b>	<b>228,737</b>	<b>241,923</b>	<b>163,846</b>	<b>8.5%</b>	<b>12.5%</b>	<b>100%</b>

The information is unaudited and provided for informational purposes only. There is no representation being made that an individual investor will achieve returns similar to those shown. Past results are not necessarily indicative of future performance. Since "Principal/Total Sum" does not apply to certain investments, "N/A or --" is shown where applicable. Current yields are computed using interest rates, including PIK (Castex & 3% on OCI), as of the balance sheet date and include amortization of OID and market premium or discount, royalty income and other similar investment income divided by cost and fair value, respectively.

<sup>(1)</sup> Current yielding investments only.

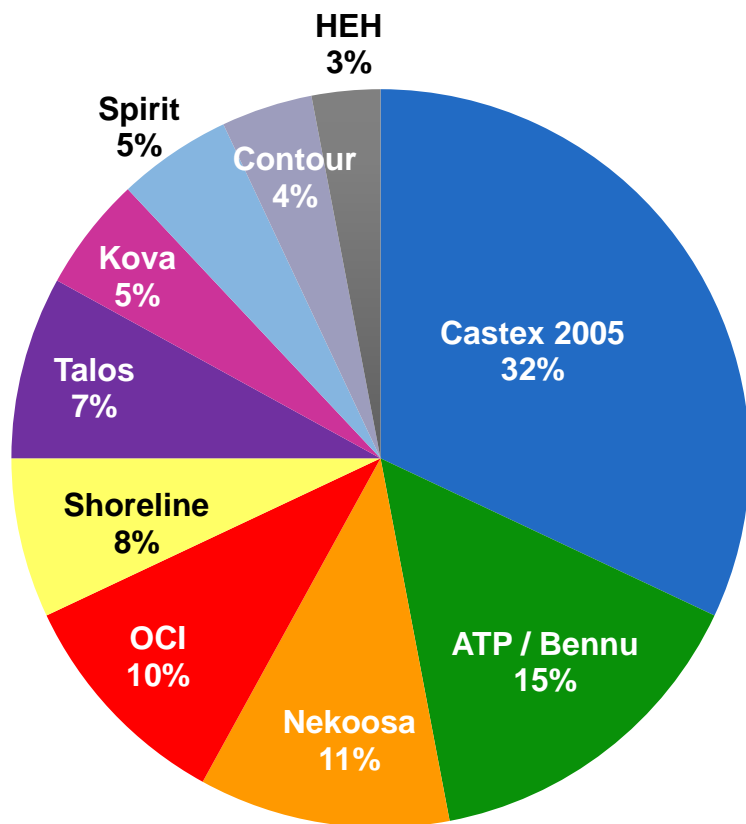
<sup>(2)</sup> Yield computed by annualizing the most recent quarter's income, which is recognized to the extent cash is received.



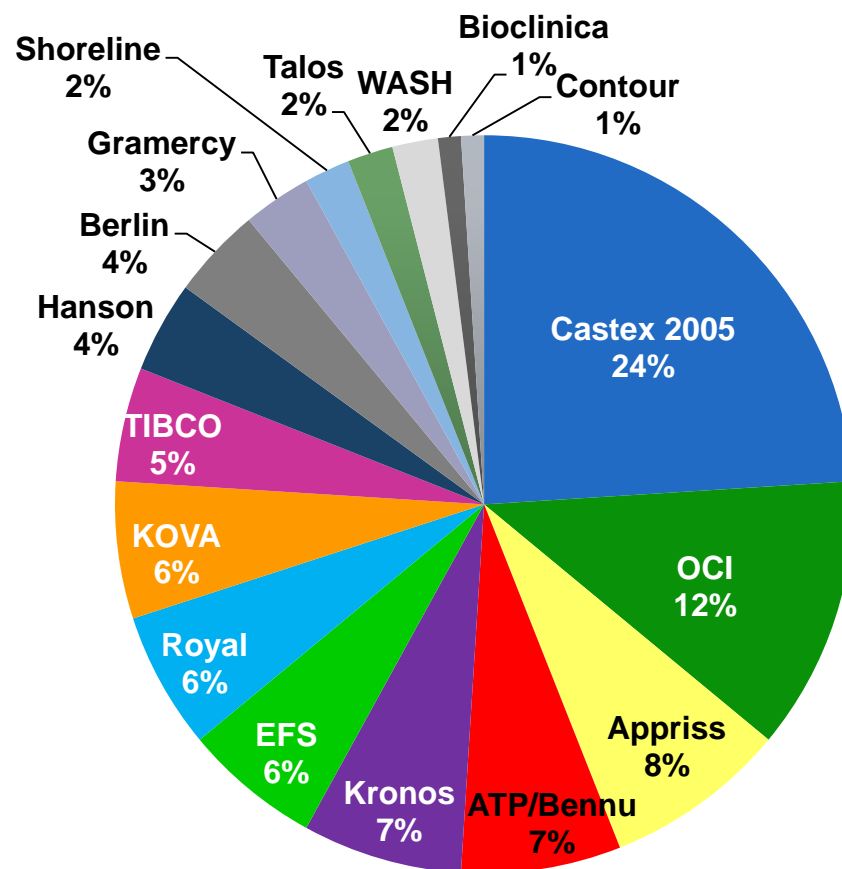
# Investment Activity & Portfolio Review

Portfolio Value Is Derived From 17 Active Investments At 3/31/16 Vs. 10 At 9/30/14<sup>(1)</sup>

September 30, 2014



March 31, 2016



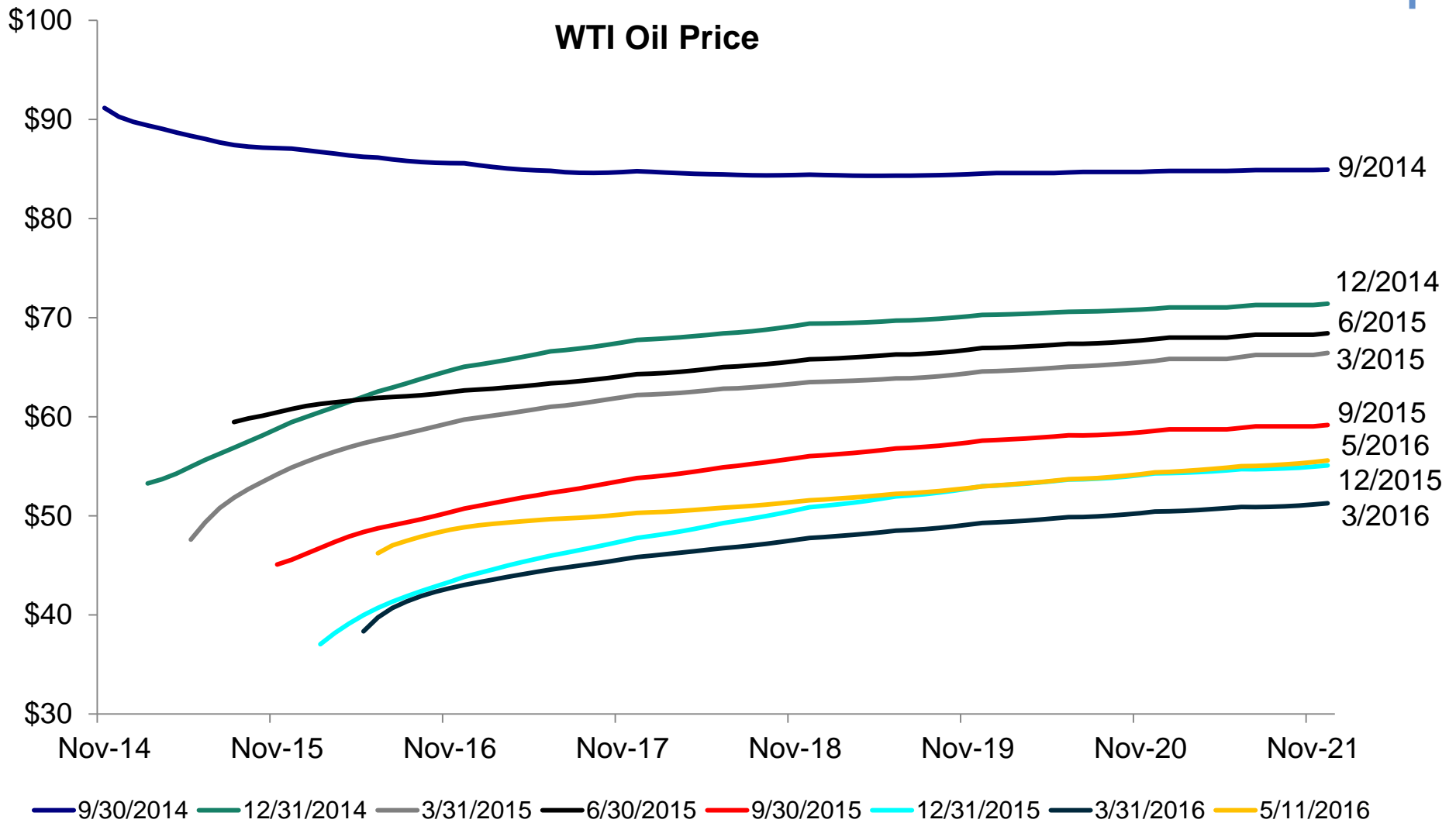
The information is unaudited and provided for informational purposes only. There is no representation being made that an individual investor will achieve returns similar to those shown. Past results are not necessarily indicative of future performance.

<sup>(1)</sup> As a percentage of total fair value.

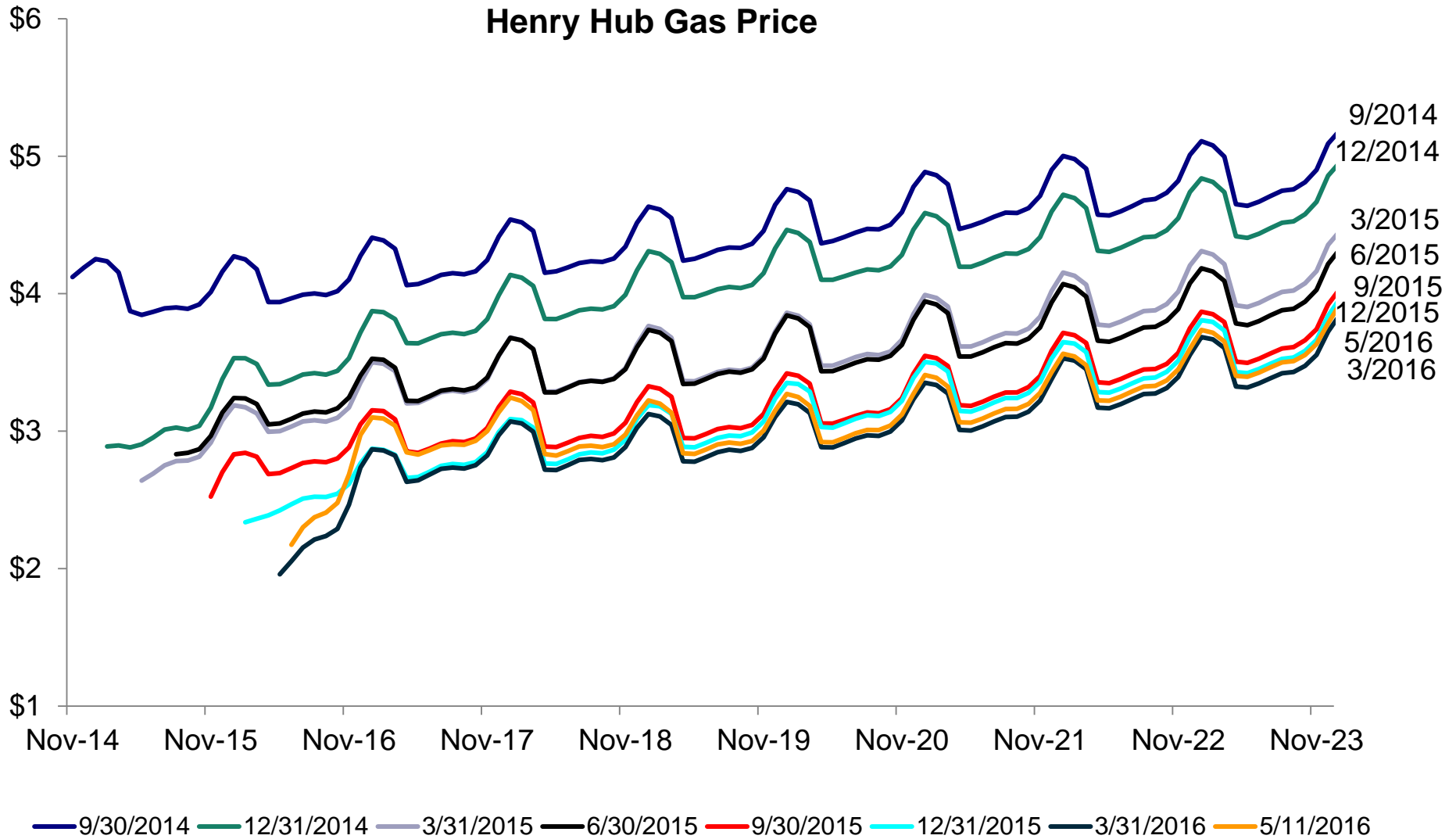
# Additional Information

---

# Oil Price Strip



# Natural Gas Price Strip



# Q&A

---