

Saratoga Investment Corp.

**Fiscal Fourth Quarter and Fiscal
Year 2019 Shareholder Presentation**

May 9, 2019



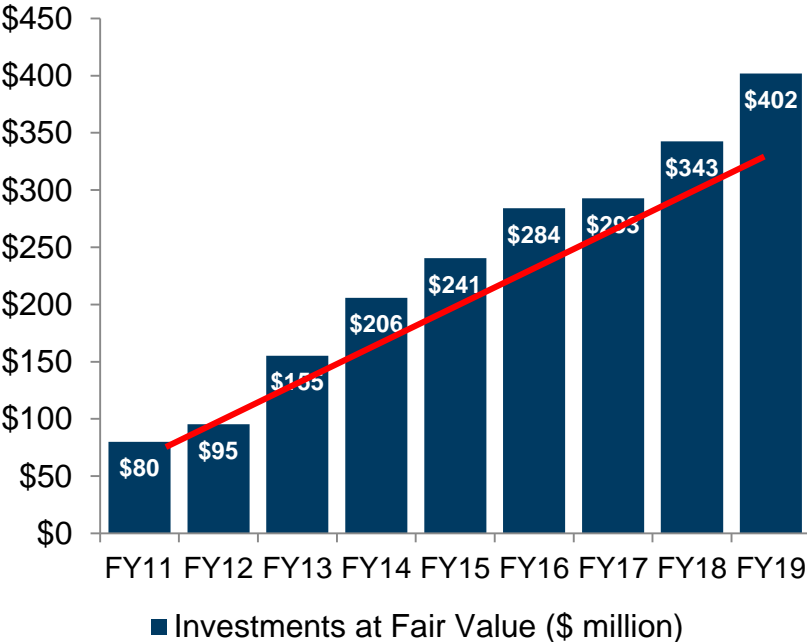
Continued Growth and Outperformance in Q4 & FY19

Fiscal Year-End and Fourth Quarter 2019 Highlights:

- Continued high quality portfolio and strong performance
 - Investment quality remains strong
 - 98.6% of loan investments with highest internal rating
 - Return on equity of 10.6% for FY19, beating BDC industry mean of 8.9%
 - Gross Unlevered IRR of 13.0% on total unrealized portfolio as of February 28, 2019
 - Gross Unlevered IRR of 13.8% on \$357.8 million of total realizations
- Consistent strong long-term originations contribute to growing assets under management
 - AUM up 17% since last year
 - Record originations of \$188m in FY19
- Latest dividend of \$0.54 per share continued eighteenth increase in quarterly dividends
- Base of liquidity and capital remains strong
 - Existing available liquidity allows us to increase current AUM by 27%
 - Upsized 2025 “SAF” notes in Q4 by \$20.0m
 - Independent Board-approved increase in leverage to 2:1 effective April 16, 2019
 - ATM equity program –sold 136,176 shares for gross proceeds of \$3.2 million in Q4
 - Average price of \$23.20 per share
- Key performance indicators up in Q4 versus last year
 - Adjusted NII of \$4.9 million is up 31%, Adjusted NII per share of 66c is up 6c, Adjusted NII yield of 11.2% is up 50bps and NAV per share of \$23.62 is up 66c, or 2.9%

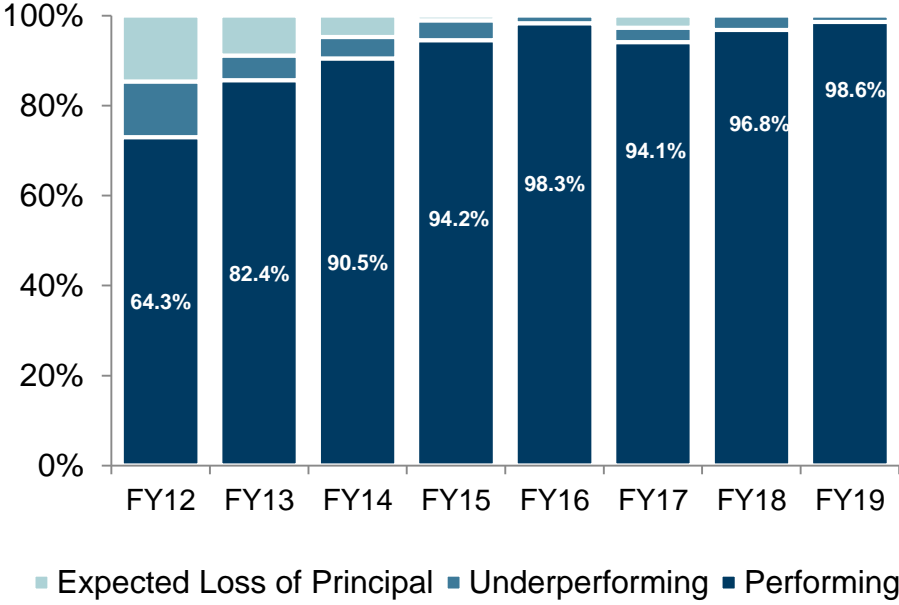
Continued Asset Growth and Strong Credit Quality

Asset Base Expansion Trend



Fair value of AUM increased 17% year-over-year and 403% since FY11

Overall Credit Quality Continues Strong



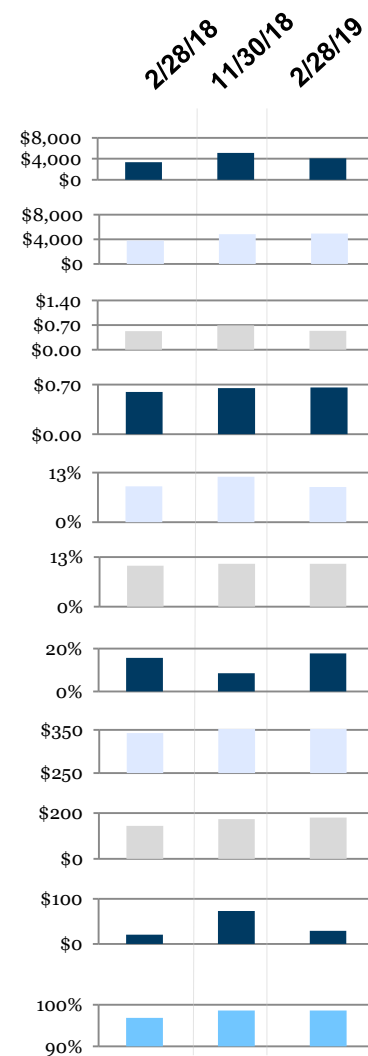
Almost 98% of our SAR loan investments hold our highest internal rating; three on non-accrual at quarter-end*

* Excludes our investment in our CLO, and our equity and written-off legacy investments.

Q4 FY19: Strong Financial Foundation and Momentum

Key Performance Metrics for the Fiscal Quarter

For the quarter ended and as of (\$ in millions except per share)	Feb 28, 2018	Nov 30, 2018	Feb 28, 2019
Net investment income	\$3,321	\$5,139	\$4,091
Adjusted net investment income*	\$3,771	\$4,850	\$4,942
Net investment income per share	\$0.53	\$0.69	\$0.54
Adjusted net investment income per share*	\$0.60	\$0.65	\$0.66
Net investment income yield	9.4%	11.9%	9.2%
Adjusted net investment income yield*	10.7%	11.2%	11.2%
Return on Equity – Last Three Months	15.7%	8.5%	17.7%
Fair value of investment portfolio	\$342.7	\$443.8	\$402.0
Total net assets	\$143.7	\$173.3	\$180.9
Investments in new/existing portfolio companies	\$20.8	\$73.7	\$29.3
Loan Investments held in “strong” credit ratings	96.8%	98.6%	98.6%

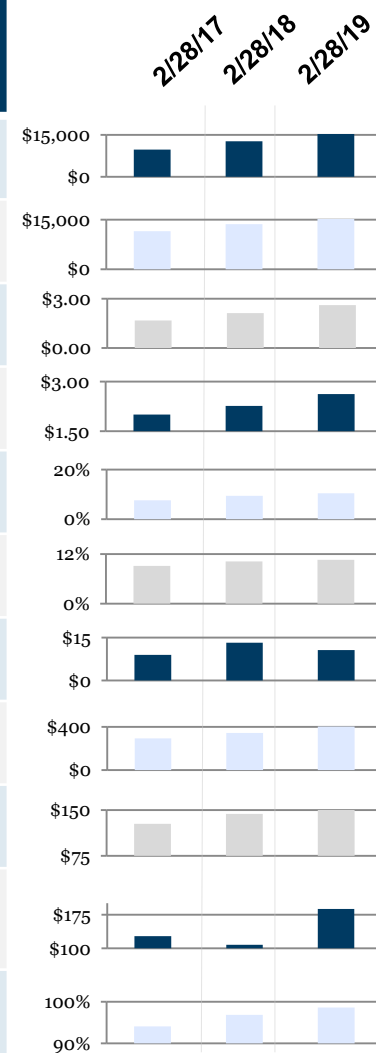


*Adjusted for accrued capital gains incentive fee expense, and interest during call period and loss on extinguishment of existing baby bonds debt, reconciliation to GAAP net investment income included in our fiscal fourth quarter 2019 earnings release.

FY19: Strong Financial Foundation and Momentum

Key Performance Metrics for the Fiscal Year

For the year ended and as of (\$ in millions except per share)	Feb 28, 2017	Feb 28, 2018	Feb 28, 2019
Net investment income	\$9,661	\$12,732	\$18,302
Adjusted net investment income*	\$11,518	\$13,651	\$18,553
Net investment income per share	\$1.68	\$2.11	\$2.60
Adjusted net investment income per share*	\$2.01	\$2.27	\$2.63
Net investment income yield	7.6%	9.5%	10.5%
Adjusted net investment income yield*	9.1%	10.2%	10.6%
Return on Equity – Last Twelve Months	9.0%	13.2%	10.6%
Fair value of investment portfolio	\$292.7	\$342.7	\$402.0
Total net assets	\$127.3	\$143.7	\$180.9
Investments in new/existing portfolio companies	\$126.9	\$107.7	\$187.7
Loan Investments held in “strong” credit ratings	94.1%	96.8%	98.6%

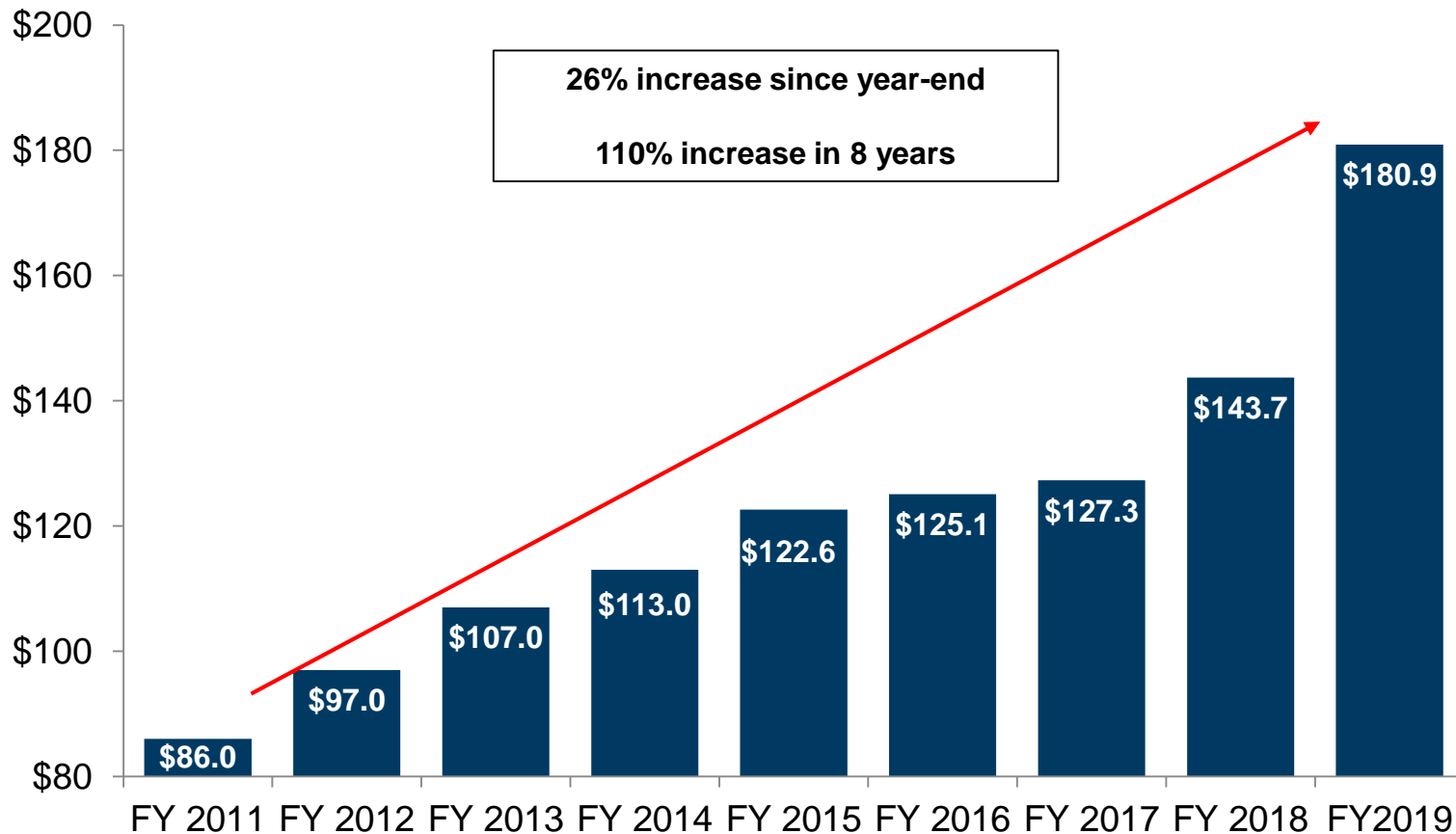


*Adjusted for accrued capital gains incentive fee expense, and interest during call period and loss on extinguishment of existing baby bonds debt, reconciliation to GAAP net investment income included in our fiscal fourth quarter 2019 earnings release.

NAV Continues to Benefit from Performance

Net Asset Value (FY11 to FY19)

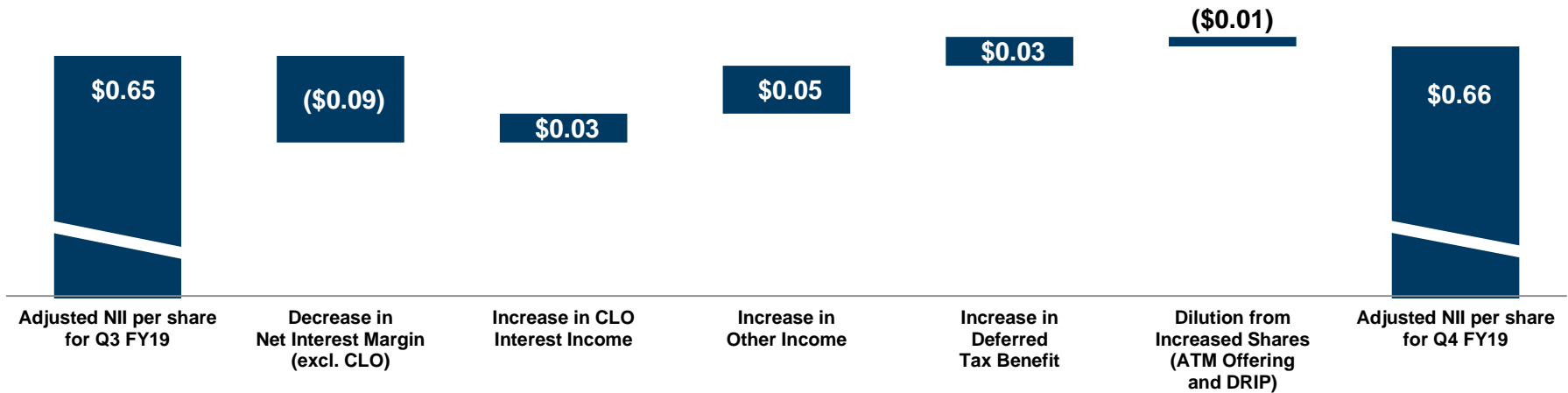
in millions



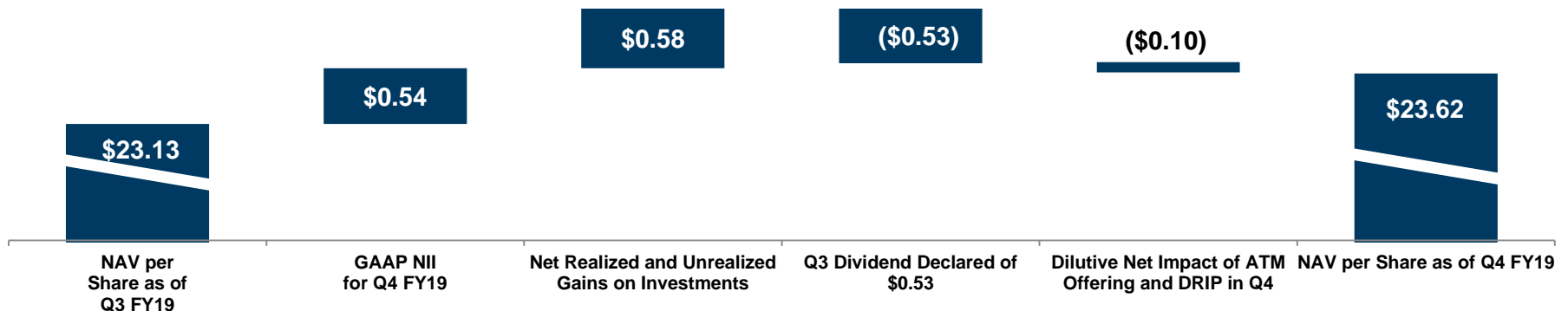
Quarterly Reconciliation of NII and NAV per Share

- Impacts are shown net of incentive fee

Reconciliation of Quarterly Adjusted NII per Share



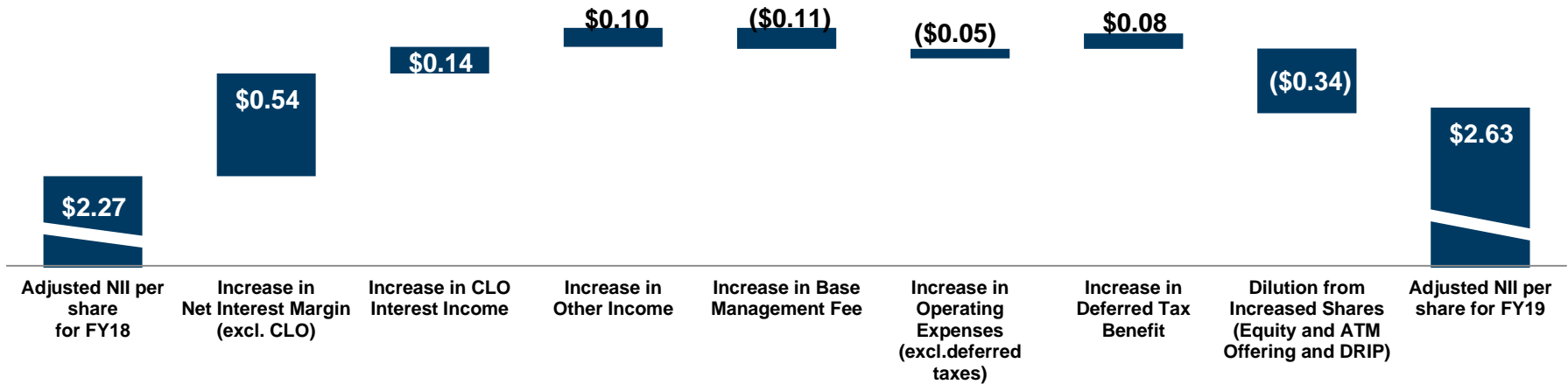
Reconciliation of Quarterly NAV per Share



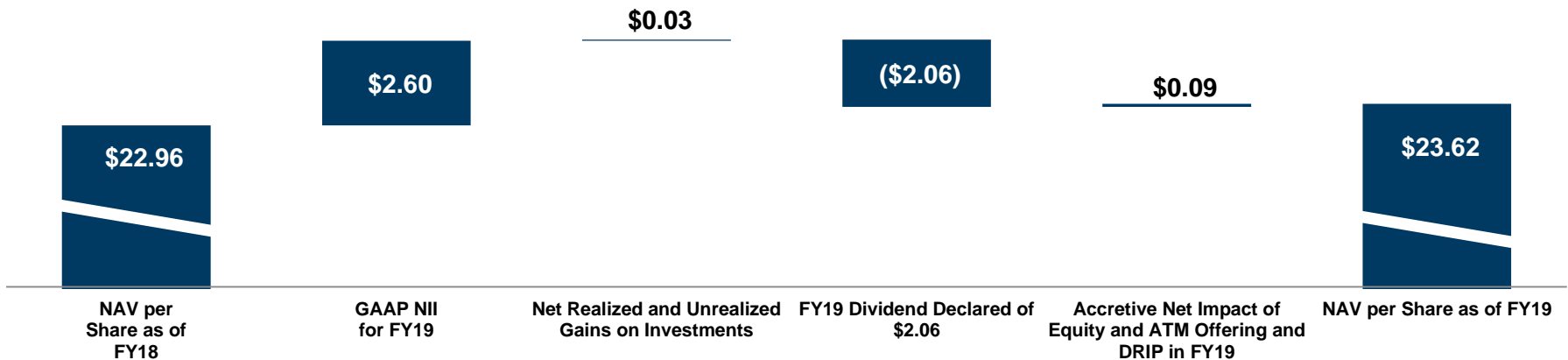
Annual Reconciliation of NII and NAV per Share

- Impacts are shown net of incentive fee

Reconciliation of Annual Adjusted NII per Share



Reconciliation of Annual NAV per Share



Dry Powder Remains Available

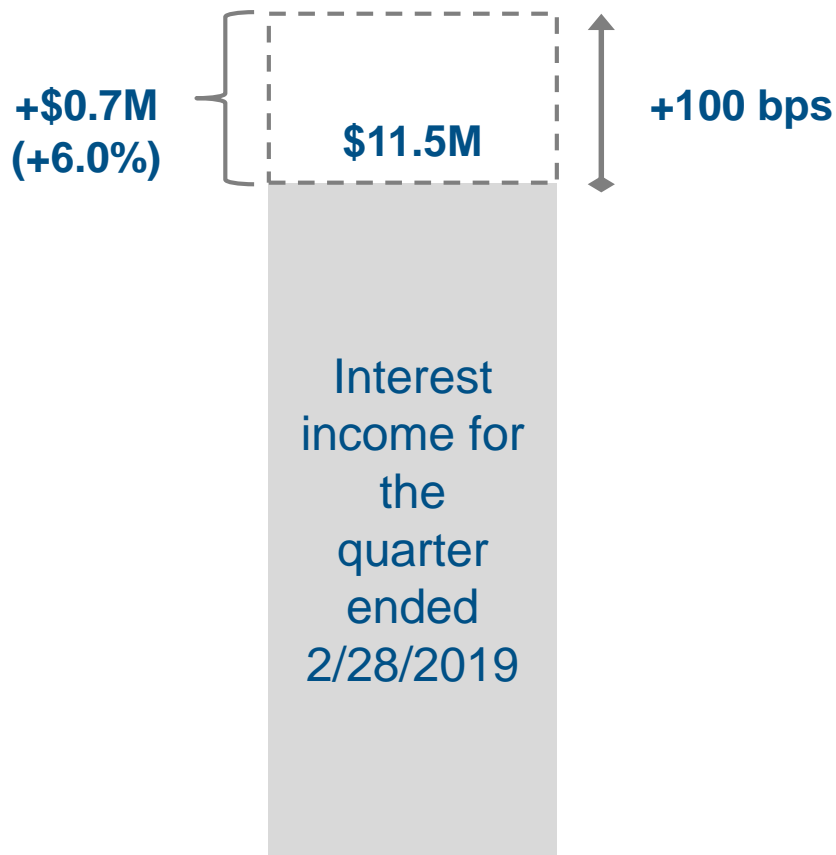
(As of February 28, 2019)		Total Borrowing Capacity	Outstanding	Available Liquidity	Remaining Maturity Period	Fixed / Floating Rate
Secured Revolving Credit Facility		\$45.0 million	\$0.0 million	\$45.0 million	6 Years	Floating
SBA Debentures		\$150.0 million	\$150.0 million	\$0.0 million	4-10 years	Fixed
Publicly-Traded Notes (at fair value)	SAB	\$76.4 million	\$76.4 million	\$0.0 million	5 Years	Fixed
	SAF	\$59.9 million	\$59.9 million	\$0.0 million	6 Years	Fixed
Cash and Cash Equivalents		\$62.1 million	\$0.0 million	\$62.1 million	-	-

Total Available Liquidity (at quarter-end): \$ 107.1 million

- Ability to grow AUM by 27% without any new external financing

SAR Benefits from Increased Interest Rates

Interest Income Grows with Higher Interest Rates

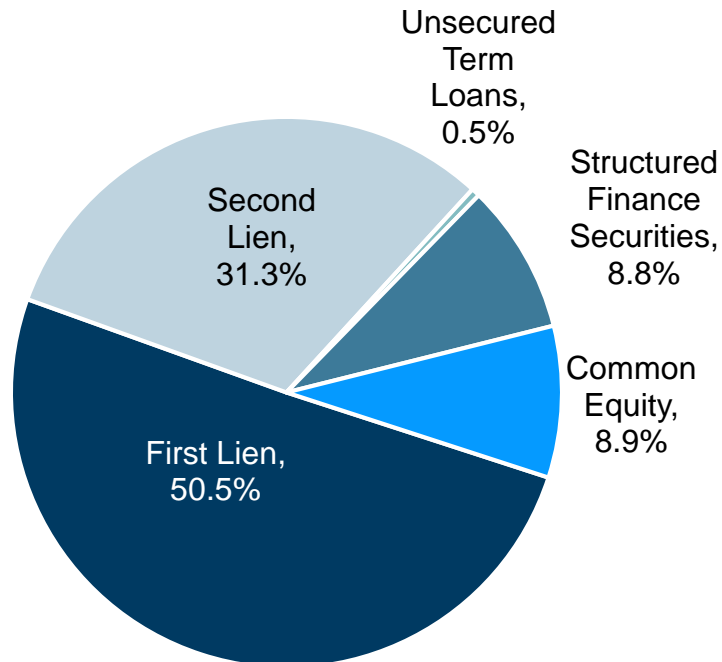


- 83.7% of SAR lending at floating rates
- Hypothetical 1% change in interest rates would result in ~\$0.7 million increase in interest income over the quarter (\$2.8 million per year)
 - Assumes investments as of 2/28/2019 outstanding for full quarter and no change to existing rate terms

Portfolio Composition and Yield

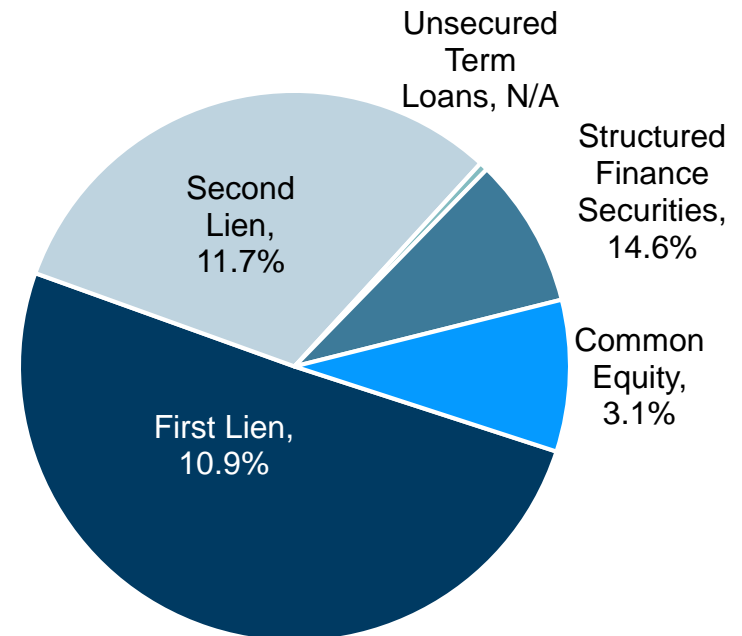
Portfolio Composition – \$402.0 m

(Based on Fair Values
as of February 28, 2019)



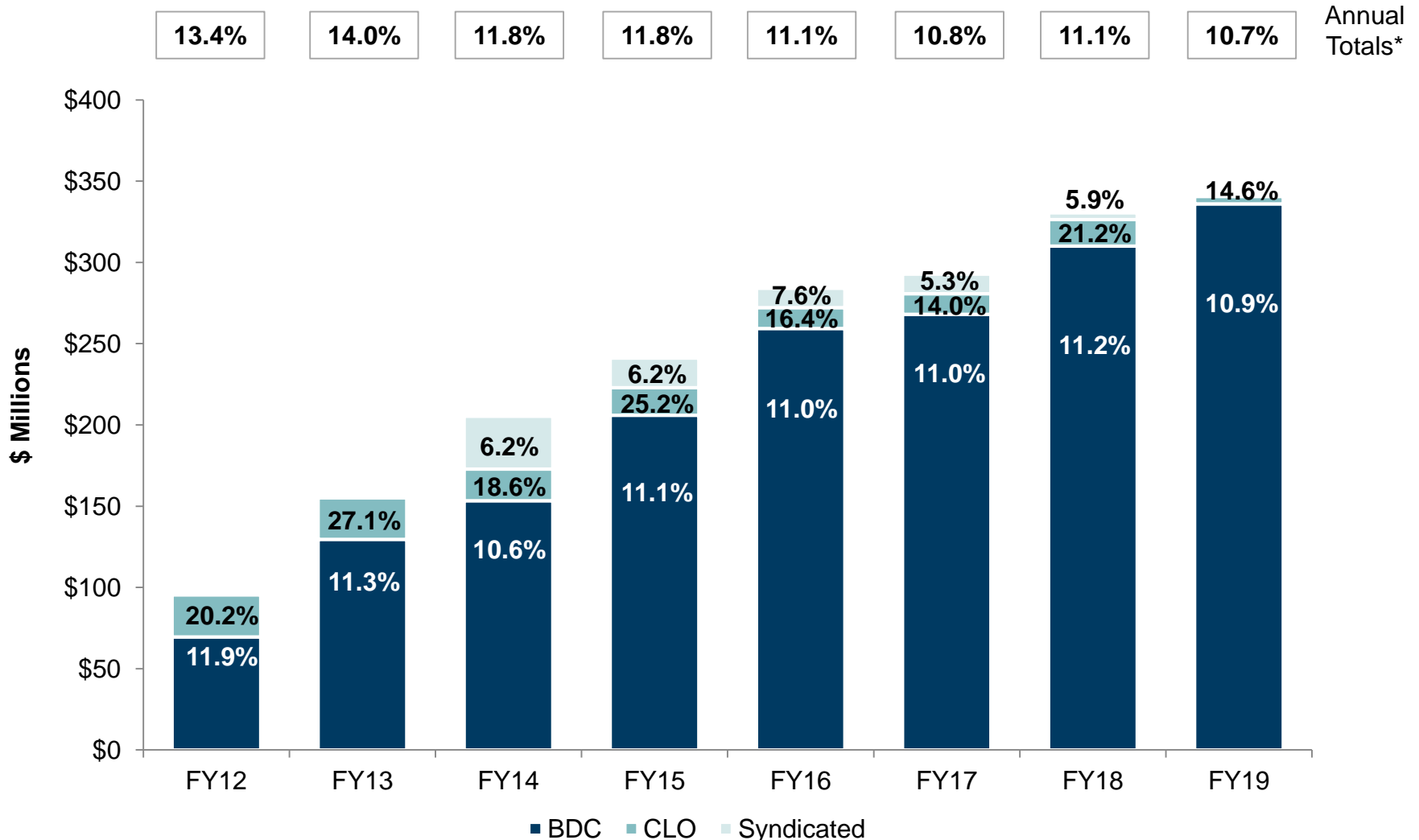
Portfolio Yield – 10.7%

(Weighted Average
Current Yield of Existing Portfolio)



Yield of BDC Remains Strong and Consistent

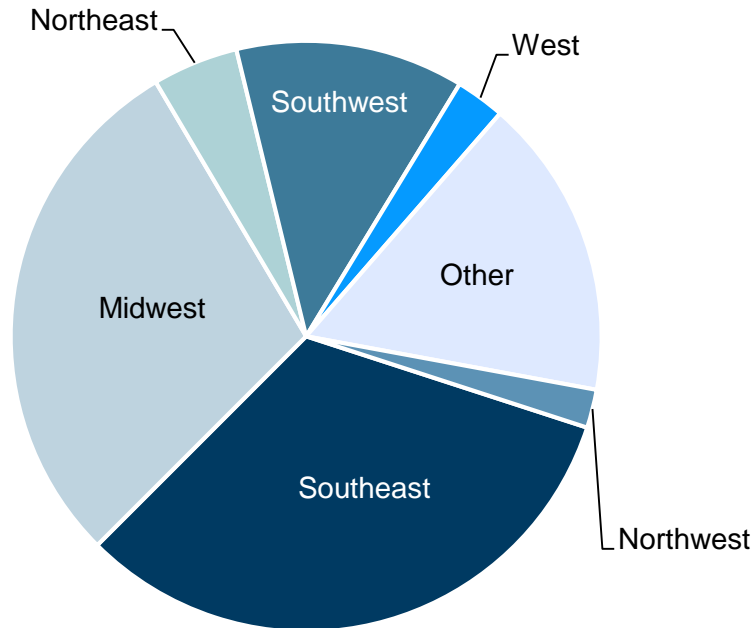
Weighted Average Current Yields



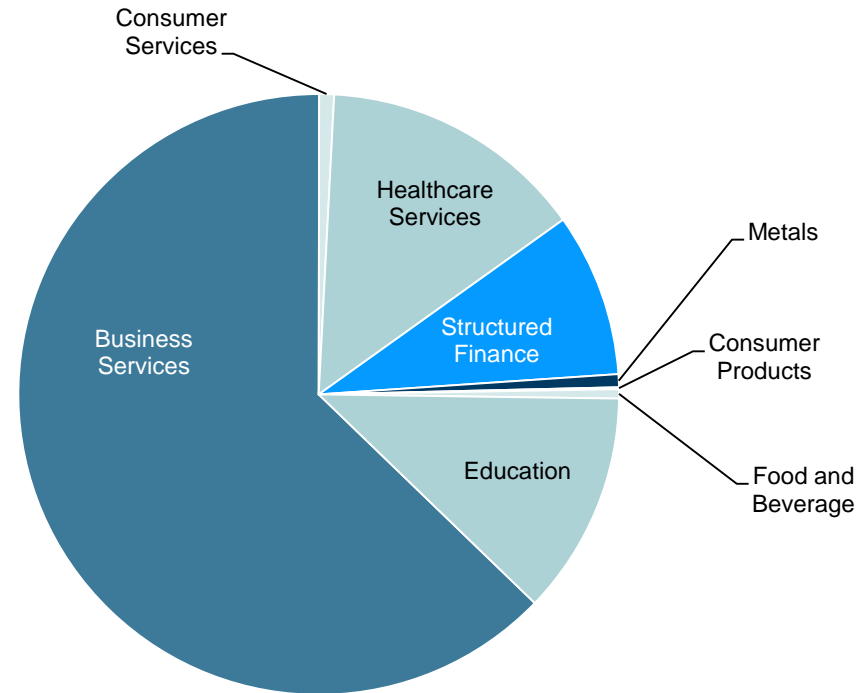
Annual total yields on full portfolio. BDC, CLO and Syndicated yields are annualized and calculated on fair value of interest earning assets.

Diversified Across Industry and Geography

Investments diversified geographically

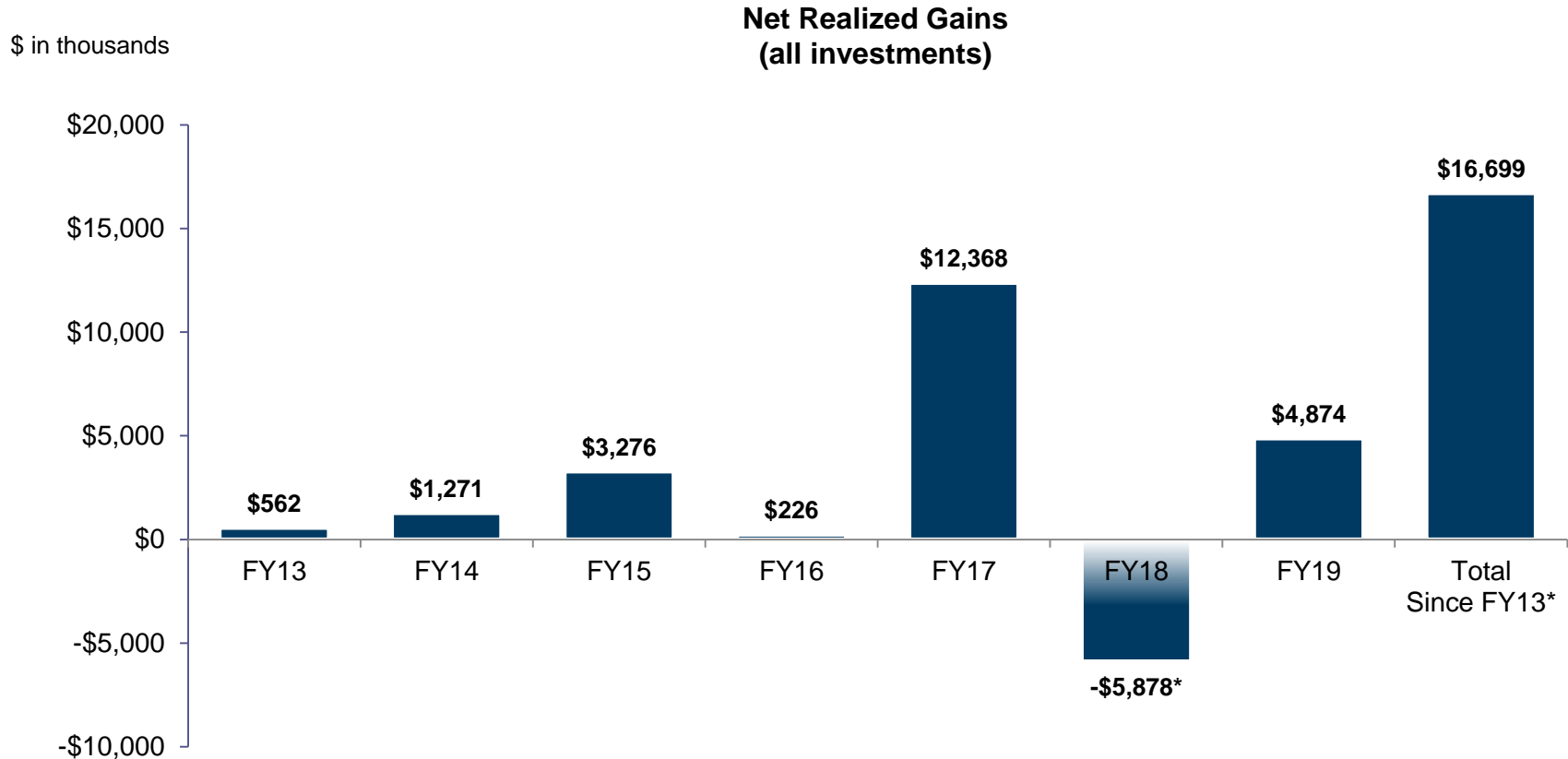


Investments across 8 distinct industries



Net Realized Gains Help Protect Shareholder Capital

Cumulative net realized gains reflect portfolio credit quality



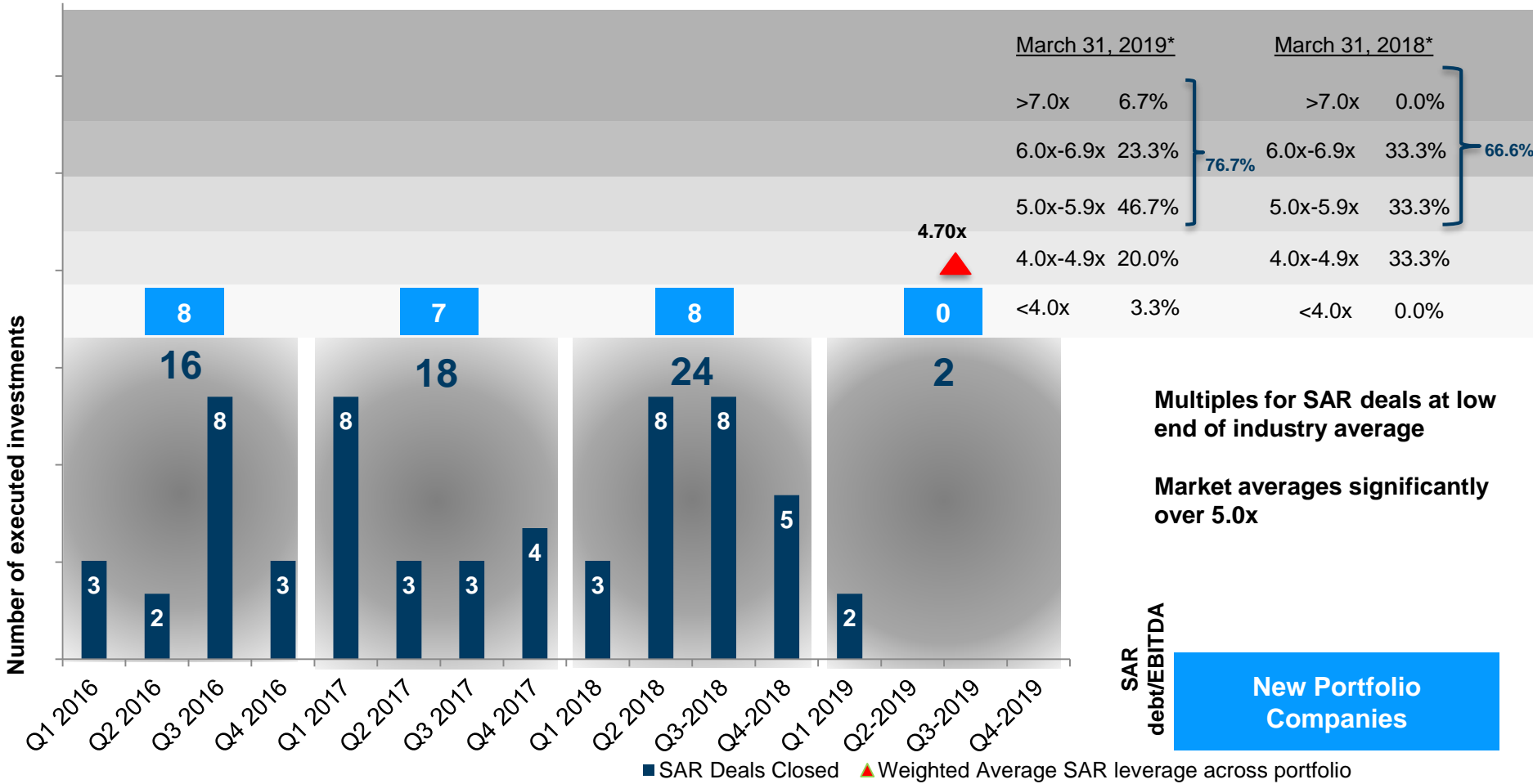
* Reflects realized loss on My Alarm Center investment of \$7.7m less \$1.8m in other realized gains in FY18.

Exercising Disciplined Investment Judgment While Growing Origination Pace

SAR Debt Multiples/Deals Closed (2016-2019)

Total Portfolio Leverage is 4.70x¹

Market Average Multiples (Total Debt/EBITDA)



*Calendar quarters, not fiscal

Source: S&P Global market Intelligence US:Q1 2019, issuers with EBITDA less than or equal to \$50m. The data has limitations due to a small sample size but that it does reflect trend toward increasing leverage.

¹Excludes nine loans underwritten using recurring revenue metrics.

Robust and Growing Pipeline During Tough Execution Market

The number of new business opportunities continues to grow, yet we remain as disciplined as ever.

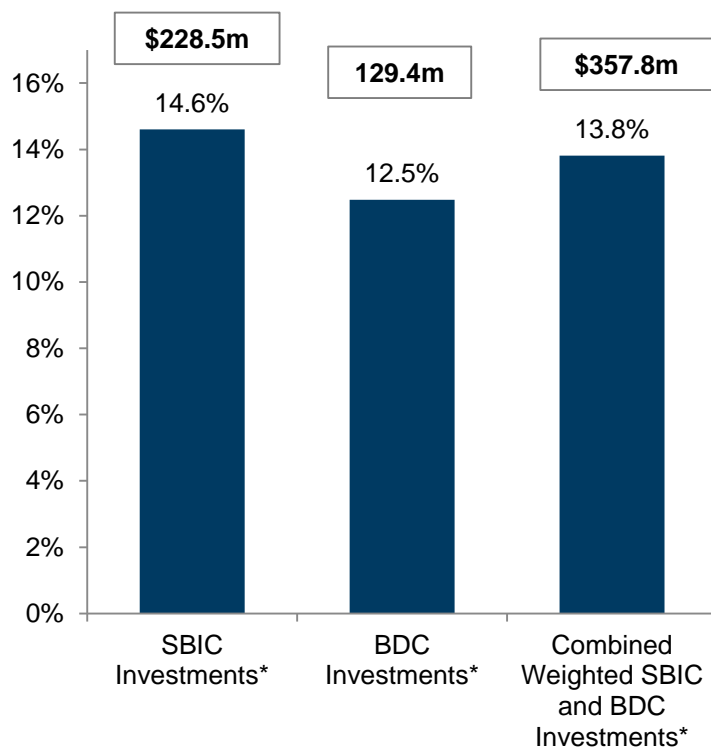
Calendar*	2016	Δ	2017	Δ	2018	Δ	LTM Q1 2019	
Deals Sourced	645	28%	722	17%	846	0%	844	<ul style="list-style-type: none"> • 50% of deal flow from private equity sponsors • 40% of deals from private companies without institutional ownership • Saratoga maintains investment discipline which is demonstrated by passing on ~70 deals a year that other firms close
Term Sheets	48	2%	49	49%	73	1%	74	<ul style="list-style-type: none"> • Saratoga issues an average of 19 term sheets per quarter, or 9% of deals reviewed • ~ 80% of term sheets are issued for transactions involving a private equity sponsor
Deals Executed (new and follow-on)	16	13%	18	33%	24	0%	24	<ul style="list-style-type: none"> • Saratoga closes an average of 6 new deals or follow-ons per quarter, ~2% of deals reviewed
New portfolio companies	8		7		8		8	<ul style="list-style-type: none"> • Eight new portfolio companies in the past twelve months

*Calendar quarters, not fiscal quarters.

Demonstrated Strong Track Record

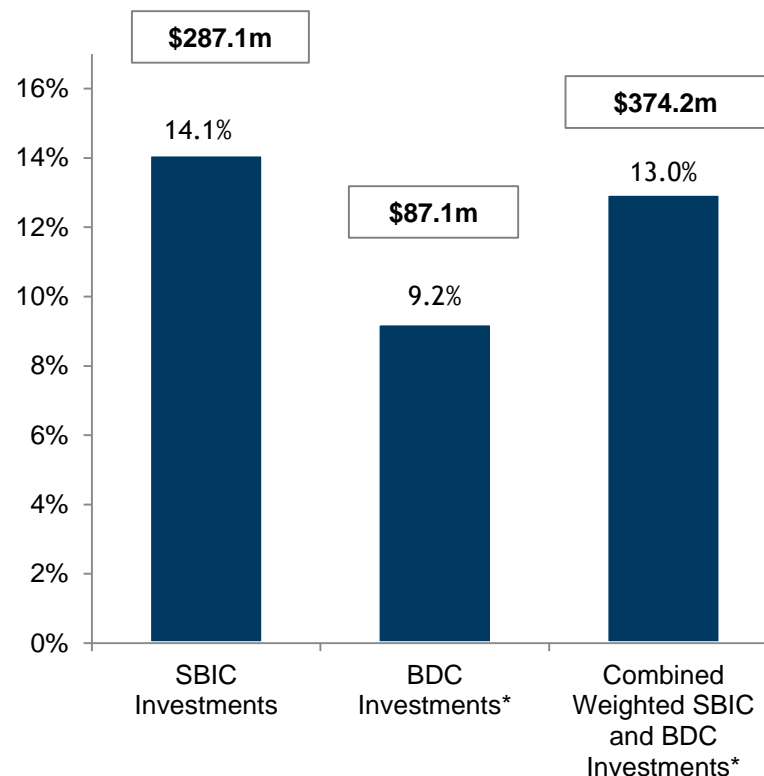
Realized Investments

(Gross Unlevered IRR%)



Unrealized Investments ¹

(Gross Unlevered IRR%)



Track Records as of 2/28/19

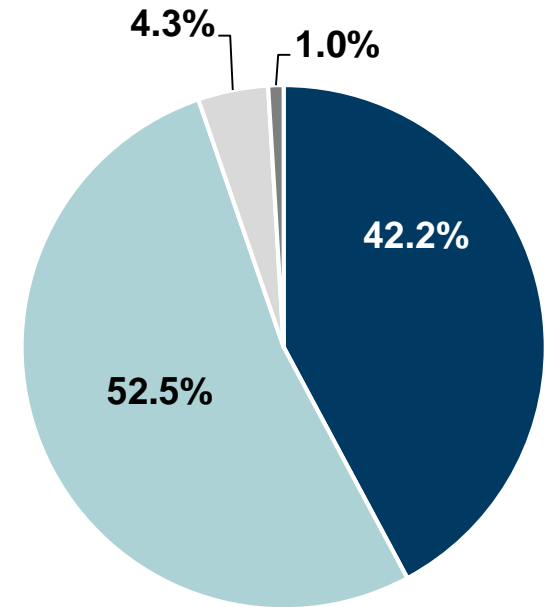
¹ IRRs for unrealized investments include fair value and accrued interest as of 2/28/19

* SBIC investments represent all investments in the first license. BDC investments exclude investments existing when Saratoga management took over, and corporate financing investments.

SBIC Portfolio Primarily Senior Debt

- SBIC portfolio consists of investments in 21 portfolio companies across a range of industries. Compared to the broader loan market tracked by S&P and Thomson Reuters, SAR's leverage levels are lower.
- The weighted average leverage for all SBIC debt investments is 4.09x¹.
 - 42.2% of the SBIC portfolio consists of senior debt investments, down from 50.0% in November 2018.
 - 52.5% of the SBIC portfolio consists of first lien, last out or second lien/subordinated debt investments, up from 42.4% in November 2018.

Composition of SBIC Portfolio²

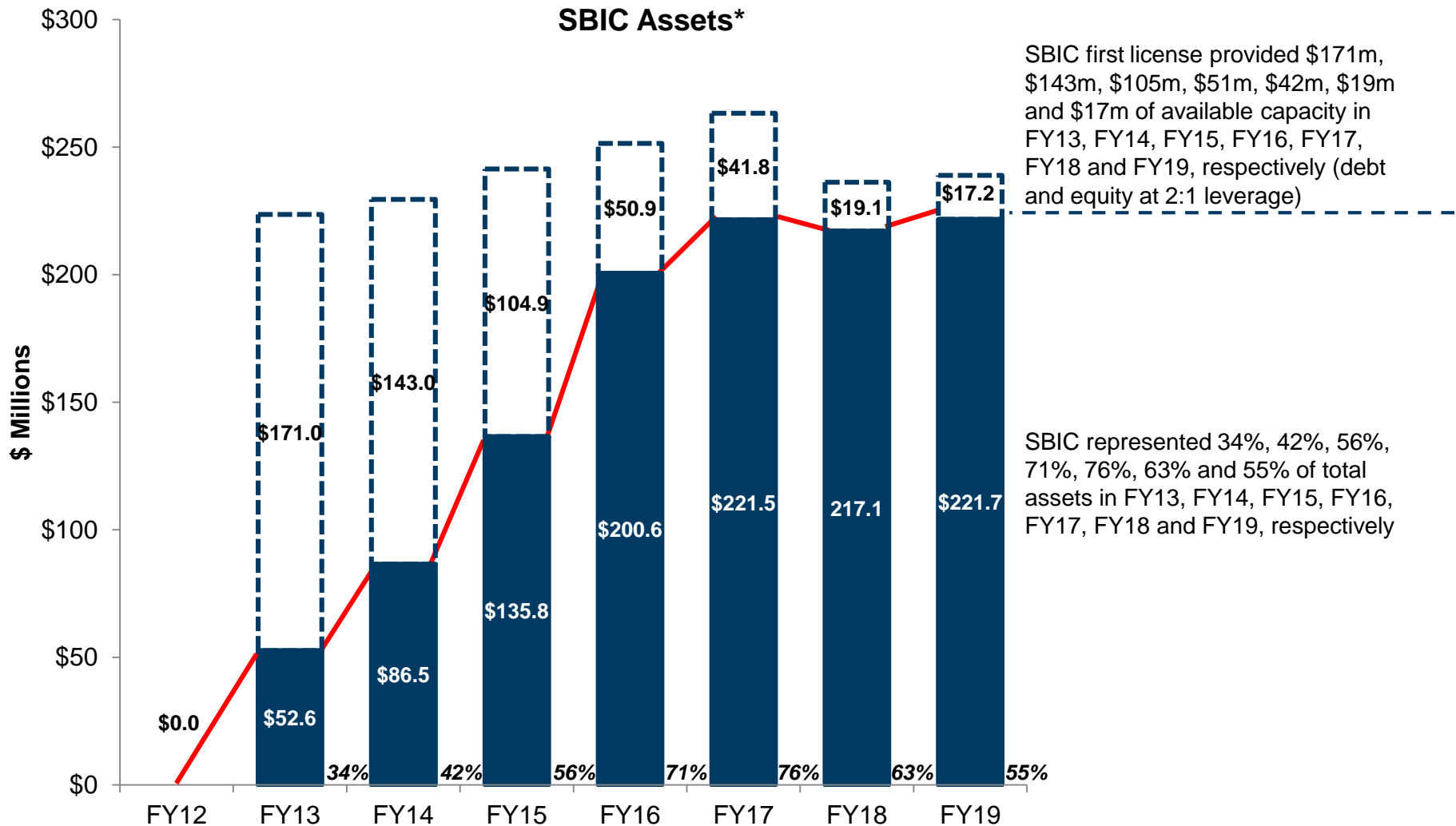


- Senior Debt First Lien
- First Lien Last Out/Second Lien/Subordinated Debt
- Equity/Warrants
- Unsecured/Subordinated

¹Excludes six loans underwritten using recurring revenue metrics.

²Based on market value as of February 28, 2019.

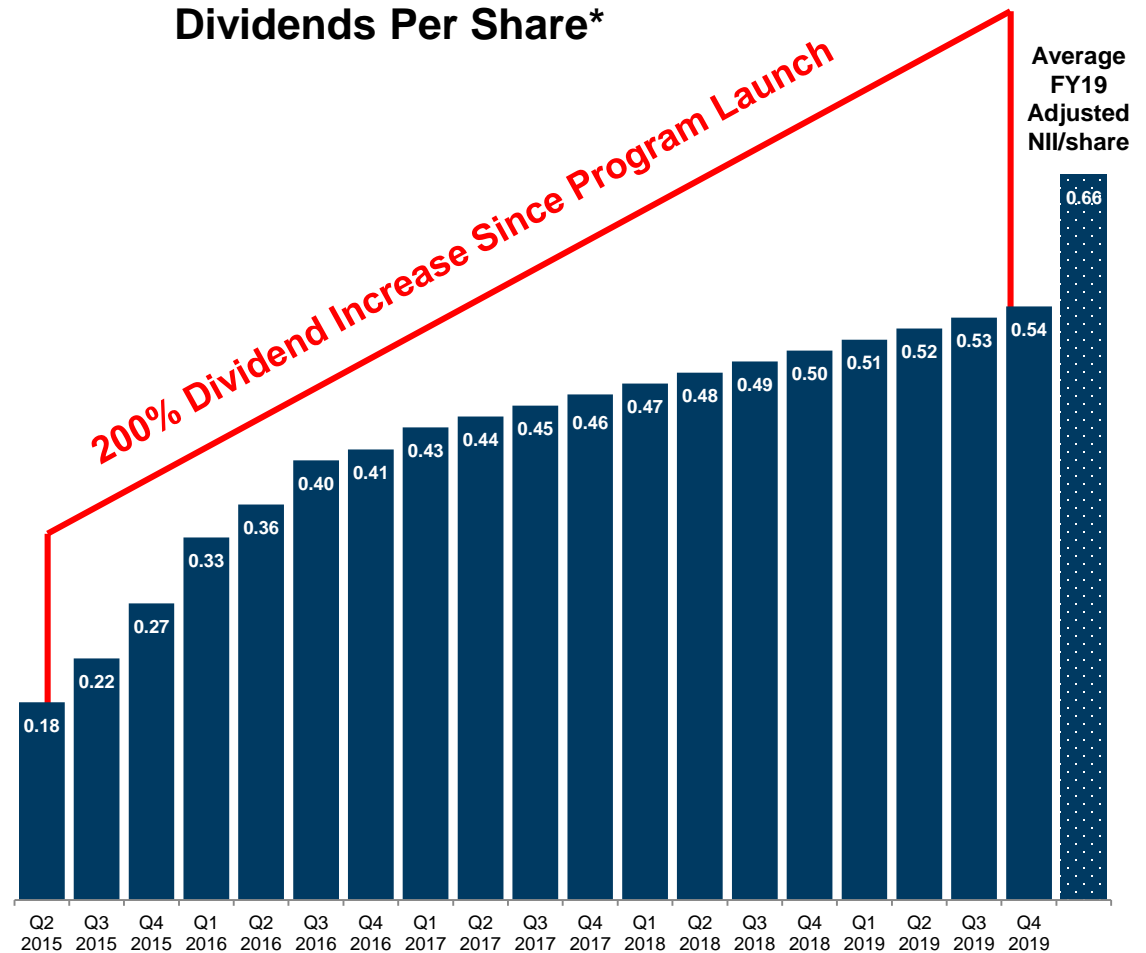
SBIC Assets Fully Funded



* At Fair Value as of February 28, 2019.

Dividends Continue to Increase

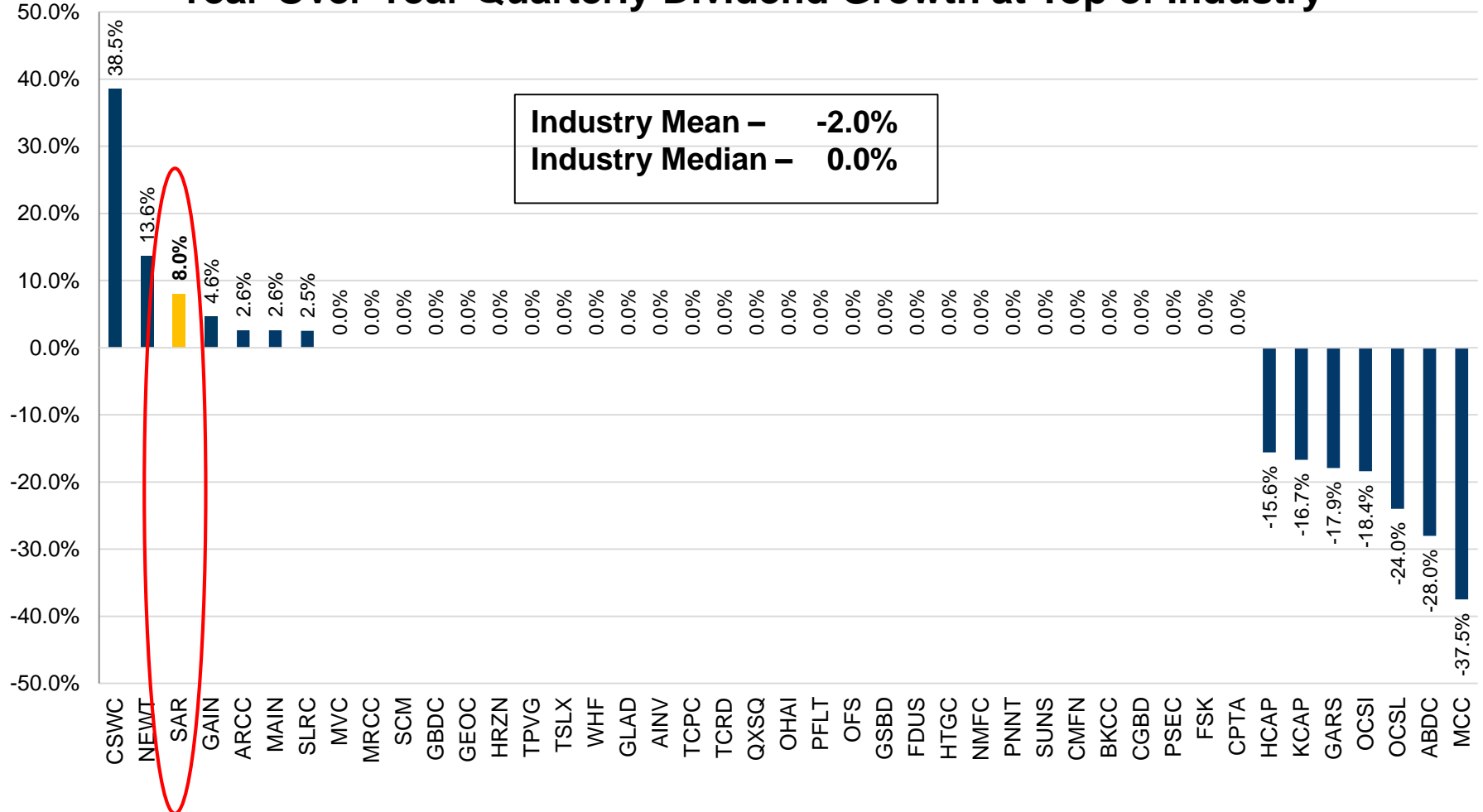
- Established dividend policy to pay regular quarterly cash dividends to stockholders pursuant to dividend reinvestment plan (“DRIP”)
- Increased dividend by 200% since program launch
- Declared Q4 2019 dividend of \$0.54, an increase of \$0.01 (2%)
- Overearning our current dividend



*Excludes special dividend of \$0.20 per share paid on September 5, 2016

Saratoga Growing Dividends the Past Eighteen Quarters

Year-Over-Year Quarterly Dividend Growth at Top of Industry

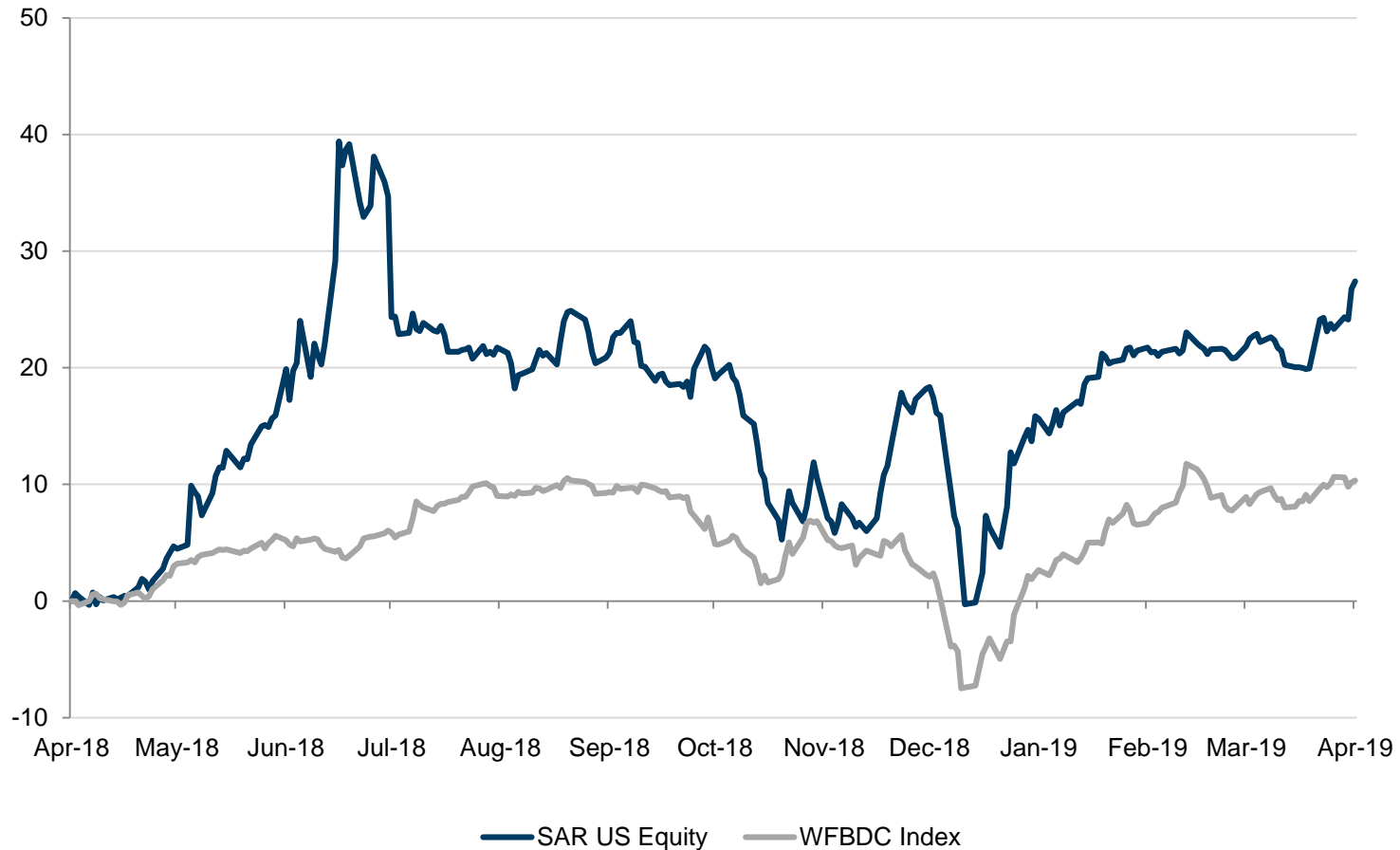


Source: Raymond James report as of 3/29/2019

SAR LTM Total Return Outperforms BDC Index

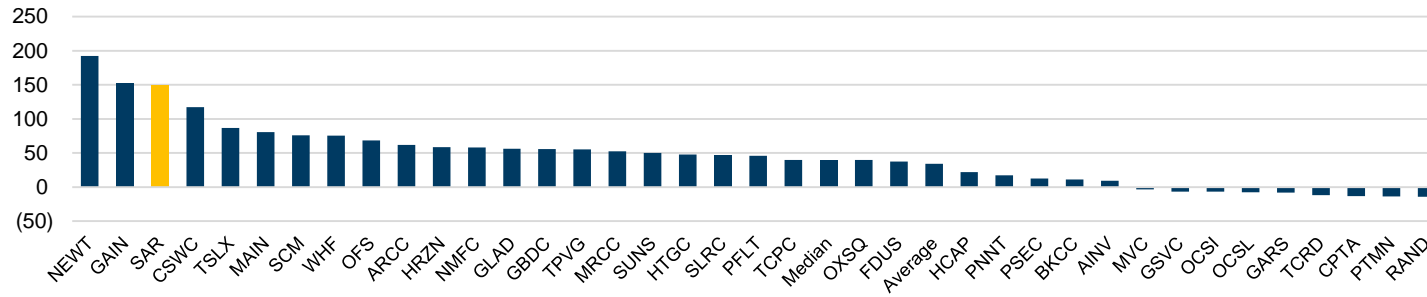
LTM Total Return (%)
(April 2018 to April 2019)

SAR +27% vs. BDC Index +10%

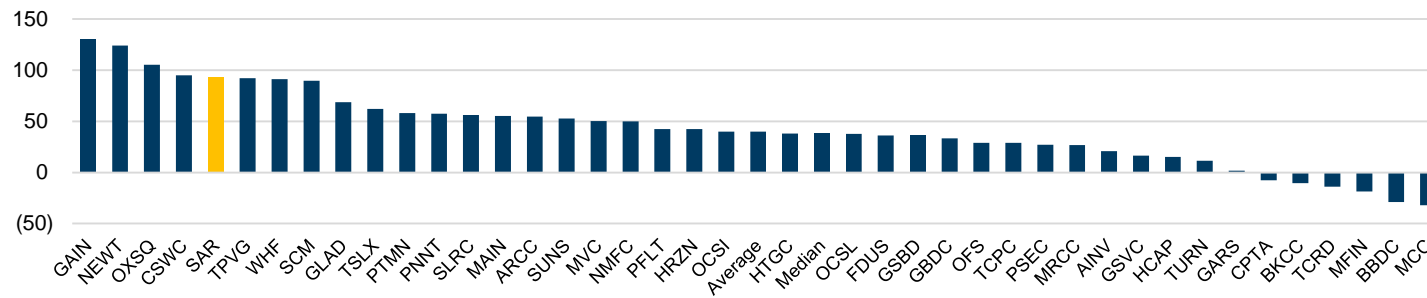


Performance at Top of BDC Industry

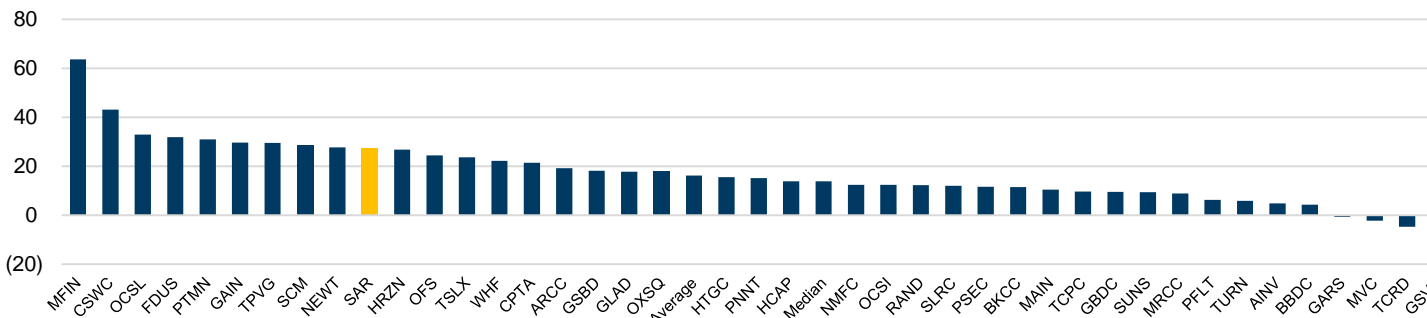
BDC Total Return (%)



Past 5 years:
150%

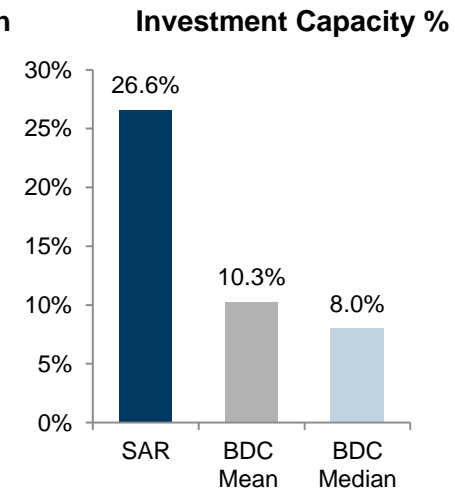
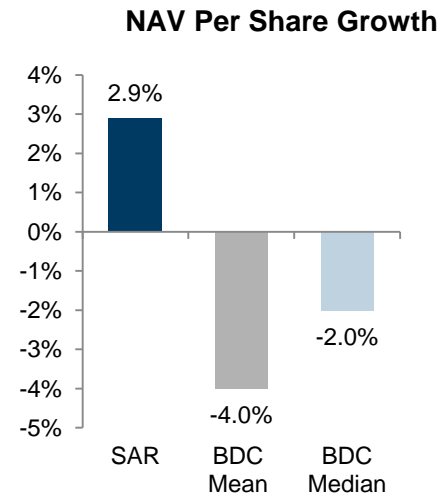
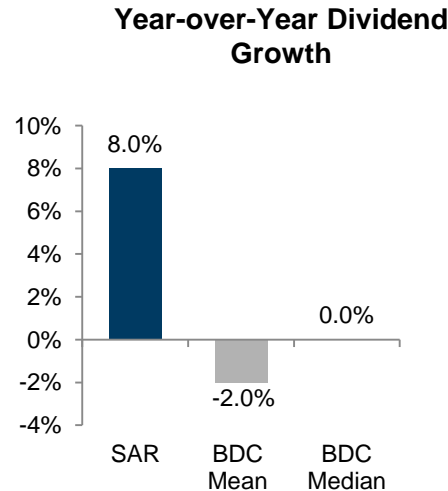
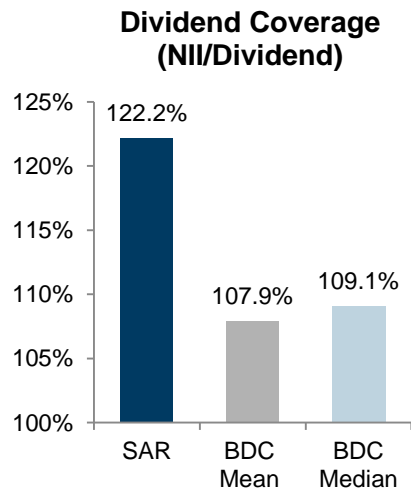
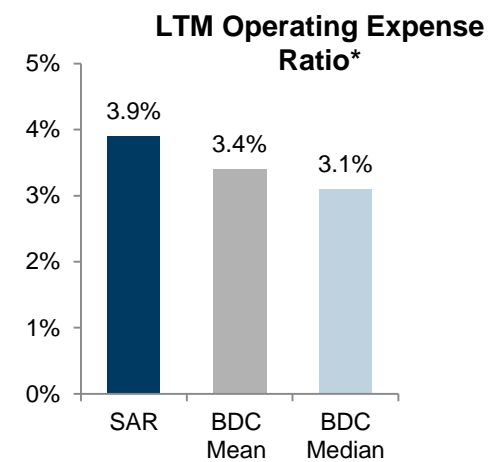
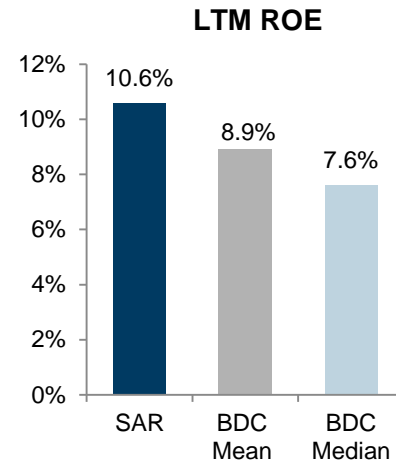
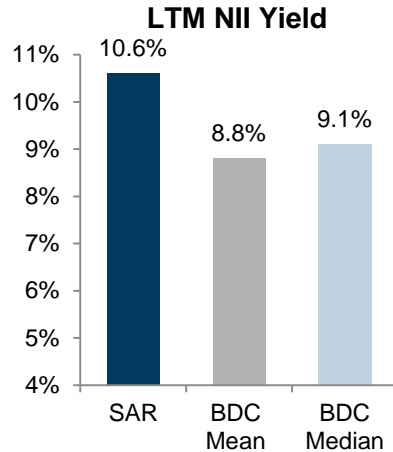
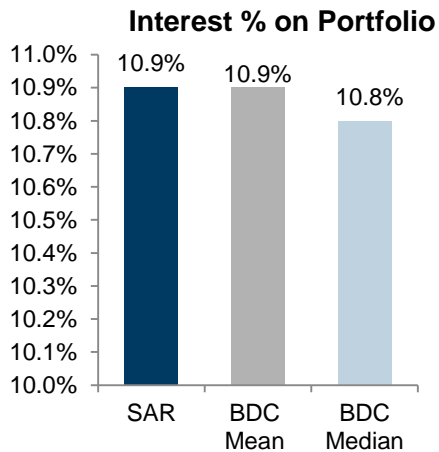


Last 3 years:
93%



Last 12 months:
27%

Strongly Differentiated Outperformance



Source: SNL Financial / Company Filings / Raymond James report as of 03/29/19

* LTM Operating Expense Ratio defined as total operating expenses, net of interest and debt financing expenses, divided by average total assets. Total operating expenses divided by net assets is 16.8%.

Establishing Competitive Edge vs. Other BDCs

Outstanding performance characteristics

- ▶ **Strong and growing dividend**
Paying a current dividend yield of approx. 8.8%; increased quarterly dividend by 200% since program launched; over-earning dividend by 22% (based on average adjusted FY19 NII per share); significant management ownership of 20%
- ▶ **Strong return on equity**
LTM ROE of 10.6% factors in both investment income and net gains/losses
- ▶ **Low-cost available liquidity**
Borrowing capacity still at hand through both credit facility and cash – can grow current asset base by 27% as of quarter ended February 28, 2019 (net of significant Q4 repayments)
- ▶ **Solid earnings per share and NII Yield**
Attractive NII per share generated from strong risk-adjusted portfolio returns and favorable capital structure
- ▶ **Commitment to AUM expansion**
Assets under management has grown steadily 403% since FY 2011, 17% in past year.
- ▶ **Well-positioned for higher interest rates**
Approx. 84% of our investments have floating interest rates, with all of our investments through their floors. Debt primarily at fixed rates and long-term, with new \$40.0m 7-year baby bond issued in Q3FY19 and \$20.0m 7-year baby bond follow-on in Q4FY19. Obtained “BBB” investment grade rating.
- ▶ **Limited oil & gas exposure**
Will not be facing significant write-downs as a result of major direct exposure to energy/oil/gas investments
- ▶ **Attractive risk profile**
SAR and SBIC leverage is below market averages, 98% of credits are the highest quality, 51% of investments are first lien, protected against potential risk of rising interest rates

Objectives for the Future

- Expand our asset base without sacrificing credit quality while benefitting from scale
- Increase our capacity to source, analyze, close and manage our investments by adding to our management team and processes
- Utilize benefits of fully deploying available financing to build scale and increase our AUM and net investment income/yield, enabling us to achieve growth in:
 - Net Asset Value
 - Return on Equity
 - Earnings per Share
 - Stock Values

Questions?



SARATOGA
INVESTMENT CORP.



SARATOGA
INVESTMENT CORP.

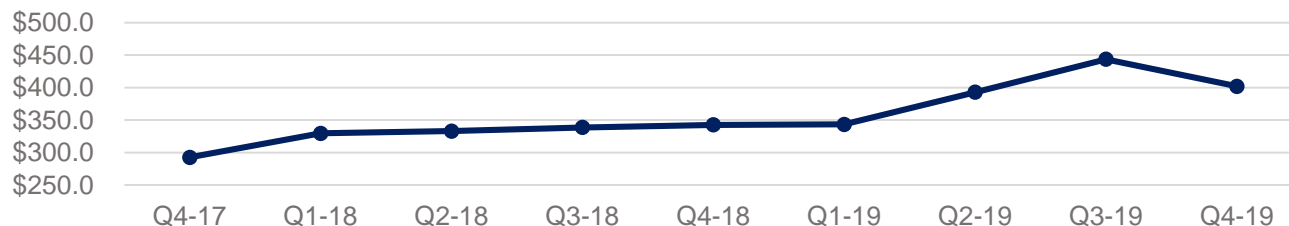
KPIs – Balance Sheet – Q4 FY 2019

Period	FMV Investment Portfolio (in millions)
Q4-17	\$ 292.7
Q1-18	\$ 329.7
Q2-18	\$ 333.0
Q3-18	\$ 338.8
Q4-18	\$ 342.7
Q1-19	\$ 343.4
Q2-19	\$ 392.9
Q3-19	\$ 443.8
Q4-19	\$ 402.0

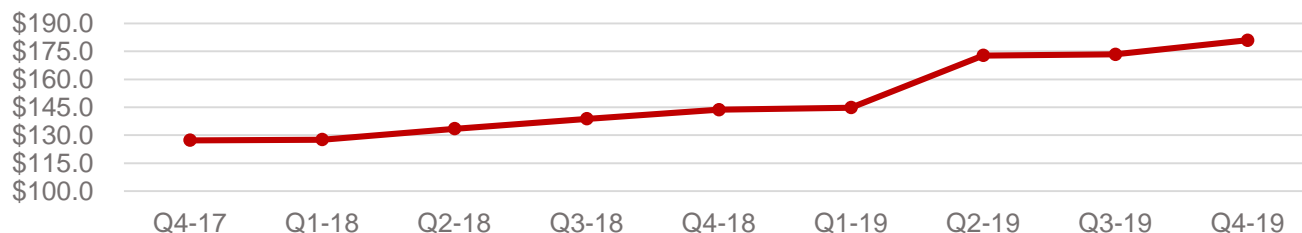
Period	NAV (in millions)
Q4-17	\$ 127.3
Q1-18	\$ 127.6
Q2-18	\$ 133.5
Q3-18	\$ 138.8
Q4-18	\$ 143.7
Q1-19	\$ 144.8
Q2-19	\$ 172.7
Q3-19	\$ 173.3
Q4-19	\$ 180.9

Period	NAV Per Share
Q4-17	\$ 21.97
Q1-18	\$ 21.69
Q2-18	\$ 22.37
Q3-18	\$ 22.58
Q4-18	\$ 22.96
Q1-19	\$ 23.06
Q2-19	\$ 23.16
Q3-19	\$ 23.13
Q4-19	\$ 23.62

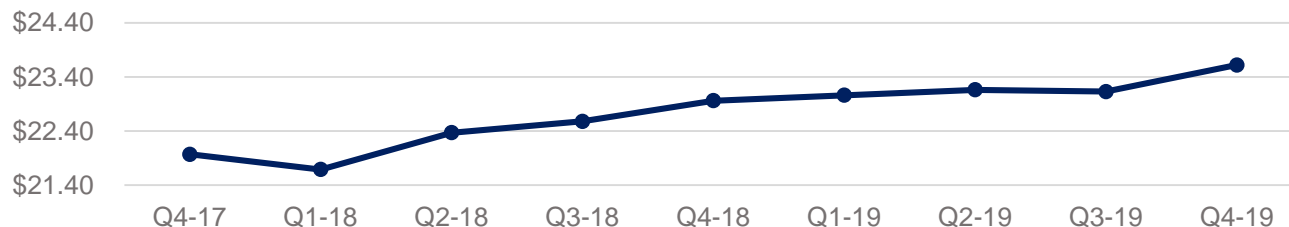
FMV Investment Portfolio (in millions)



NAV (in millions)



NAV Per Share



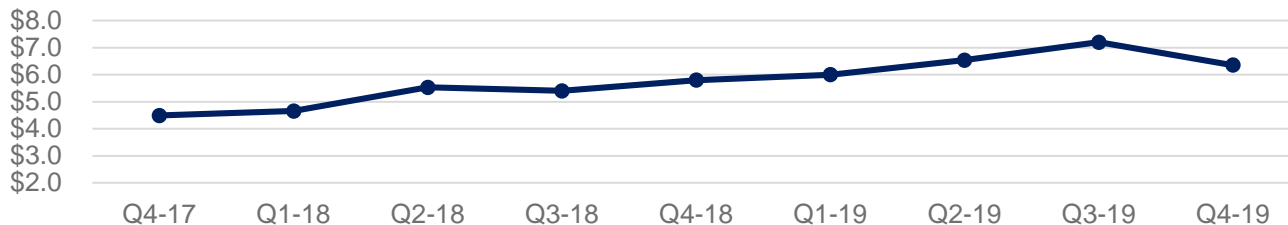
KPIs – Income Statement – Q4 FY 2019 (continued)

Period	Net Interest Margin (in millions)
Q4-17	\$ 4.5
Q1-18	\$ 4.7
Q2-18	\$ 5.5
Q3-18	\$ 5.4
Q4-18	\$ 5.8
Q1-19	\$ 6.0
Q2-19	\$ 6.5
Q3-19	\$ 7.2
Q4-19	\$ 6.4

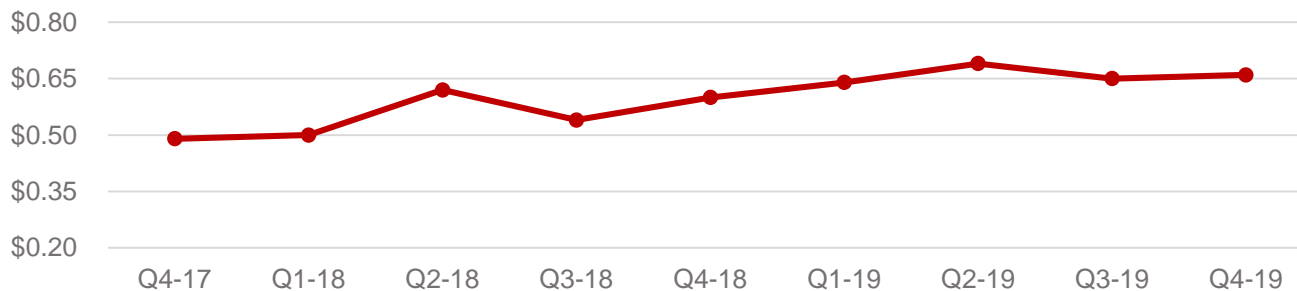
Period	NII Per Share
Q4-17	\$ 0.49
Q1-18	\$ 0.50
Q2-18	\$ 0.62
Q3-18	\$ 0.54
Q4-18	\$ 0.60
Q1-19	\$ 0.64
Q2-19	\$ 0.69
Q3-19	\$ 0.65
Q4-19	\$ 0.66

Period	NII Yield
Q4-17	8.8%
Q1-18	9.2%
Q2-18	11.3%
Q3-18	9.6%
Q4-18	10.7%
Q1-19	11.1%
Q2-19	11.9%
Q3-19	11.2%
Q4-19	11.2%

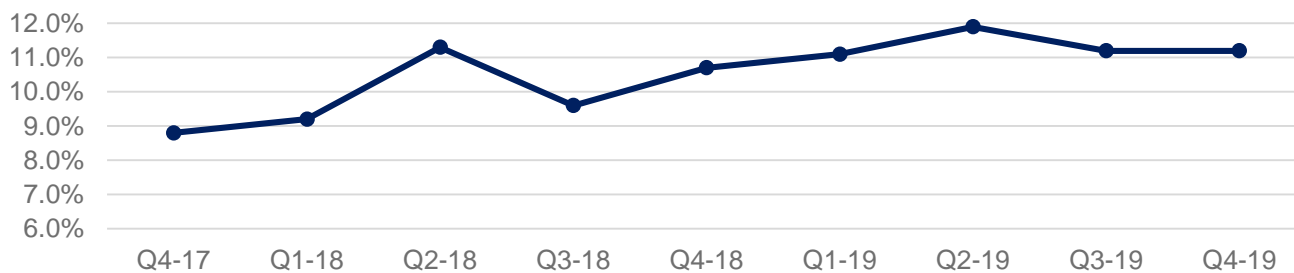
Net Interest Margin Excluding CLO (in millions)



NII Per Share

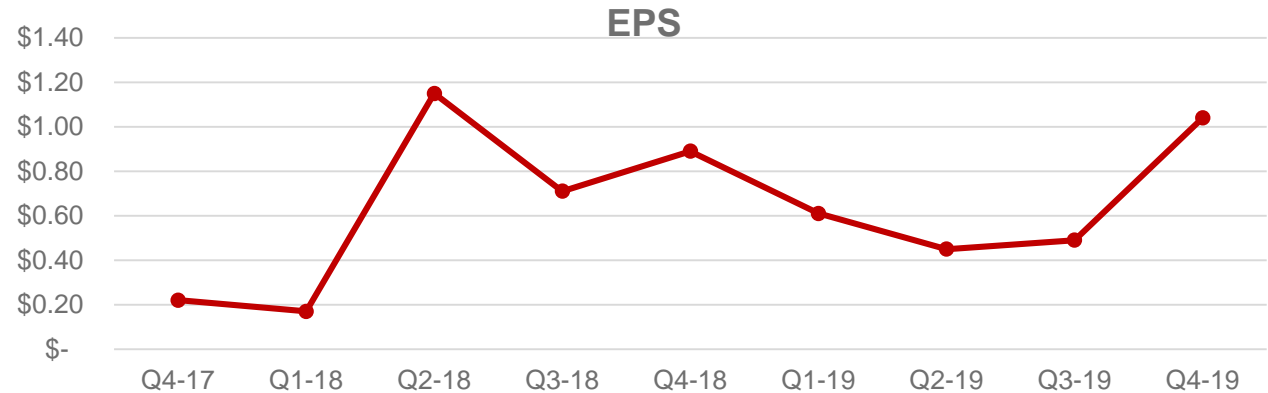


NII Yield

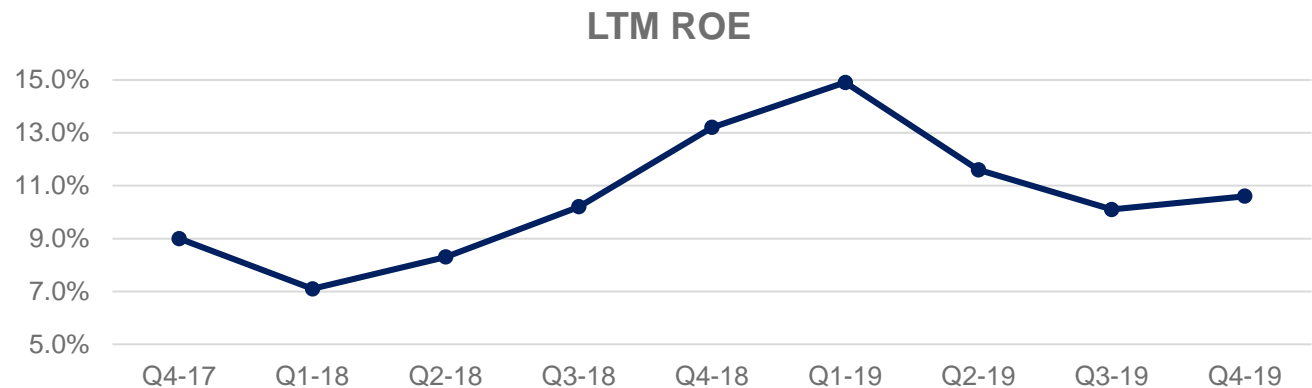


KPIs –Income Statement– Q4 FY 2019 (continued)

Period	EPS
Q4-17	\$ 0.22
Q1-18	\$ 0.17
Q2-18	\$ 1.15
Q3-18	\$ 0.71
Q4-18	\$ 0.89
Q1-19	\$ 0.61
Q2-19	\$ 0.45
Q3-19	\$ 0.49
Q4-19	\$ 1.04



Period	LTM ROE
Q4-17	9.0%
Q1-18	7.1%
Q2-18	8.3%
Q3-18	10.2%
Q4-18	13.2%
Q1-19	14.9%
Q2-19	11.6%
Q3-19	10.1%
Q4-19	10.6%



KPIs - SAR Net Interest Margin

SAR has more than tripled its Net Interest Margin since taking over management

