

Saratoga Investment Corp.

**Fiscal First Quarter 2019
Shareholder Presentation**

July 11, 2018



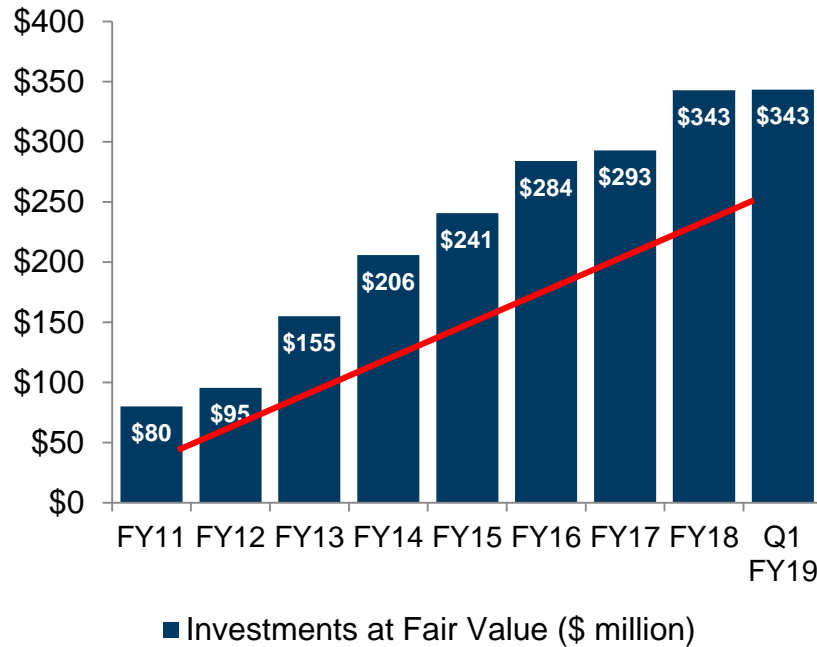
Continued Progress and Outperformance in Q1 2019

Fiscal First Quarter 2019 Highlights:

- Continued strengthening of financial foundation
 - Investment quality at highest level
 - 99.3% of loan investments with highest internal rating
 - LTM ROE of 14.9% for Q1 FY19, up from 7.1% last year and beating BDC industry mean of 8.9%
 - Gross Unlevered IRR of 13.8% on total unrealized portfolio as of May 31, 2018
 - Gross Unlevered IRR of 13.4% on \$299.1 million of total realizations
- Consistently strong long-term originations contribute to growing assets under management
 - Healthy originations of \$35 million this quarter
 - Three new portfolio company investments in Q1 replacing non-accrual or lower yielding investments
- Latest dividend of \$0.51 per share continued fifteenth increase in quarterly dividends
 - Over-earning our current dividend by 18% - \$0.60 adjusted LTM NII/share for Q1 FY19
- Base of liquidity remains strong
 - Existing available liquidity allows us to increase current AUM by 21%
- ATM equity program – as of May 31, 2018, sold 539,725 shares for gross proceeds of \$13.5 million
 - Average price of \$25.31 per share – no additional sales in Q1
- Key performance indicators up in Q1 versus last year
 - Adjusted NII of \$4.0 million is up 36%, Adjusted NII per share of 64c is up 14c, Adjusted NII yield of 11.1% is up 190bps and NAV per share of \$23.06 is up \$1.37, or 6.3%

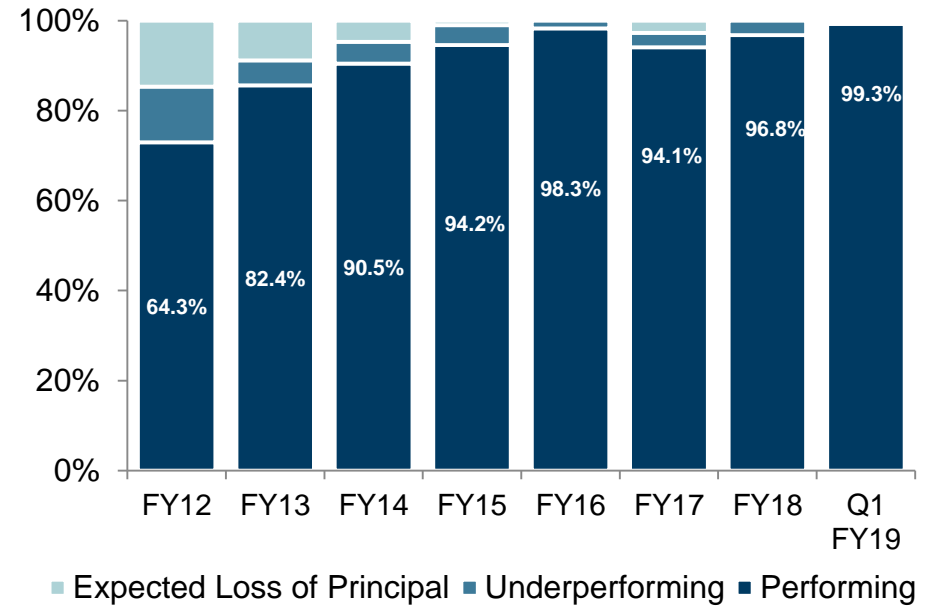
Continued Asset Growth and Strong Credit Quality

Asset Base Expansion Trend



Fair value of AUM increased 4% year-over-year and 328% since FY11 year-over-year

Overall Credit Quality Continues Strong



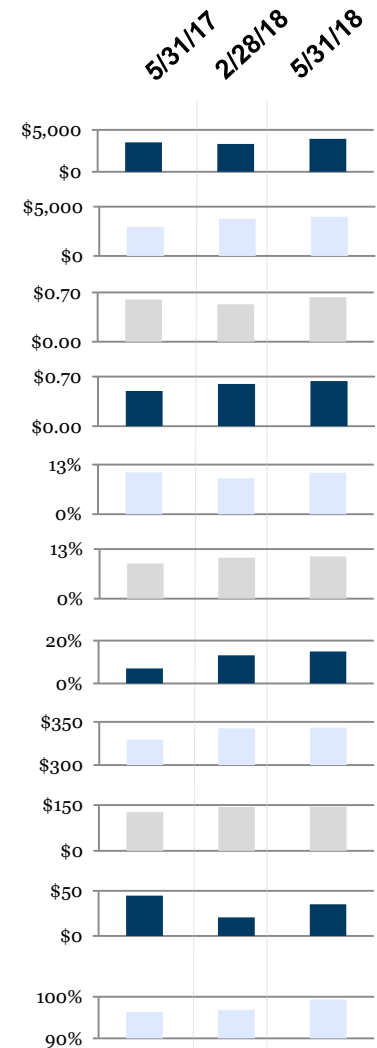
Over 99% of our SAR loan investments hold our highest internal rating; highest level yet; one on non-accrual at quarter-end*

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

Q1 FY19: Strong Financial Foundation and Momentum

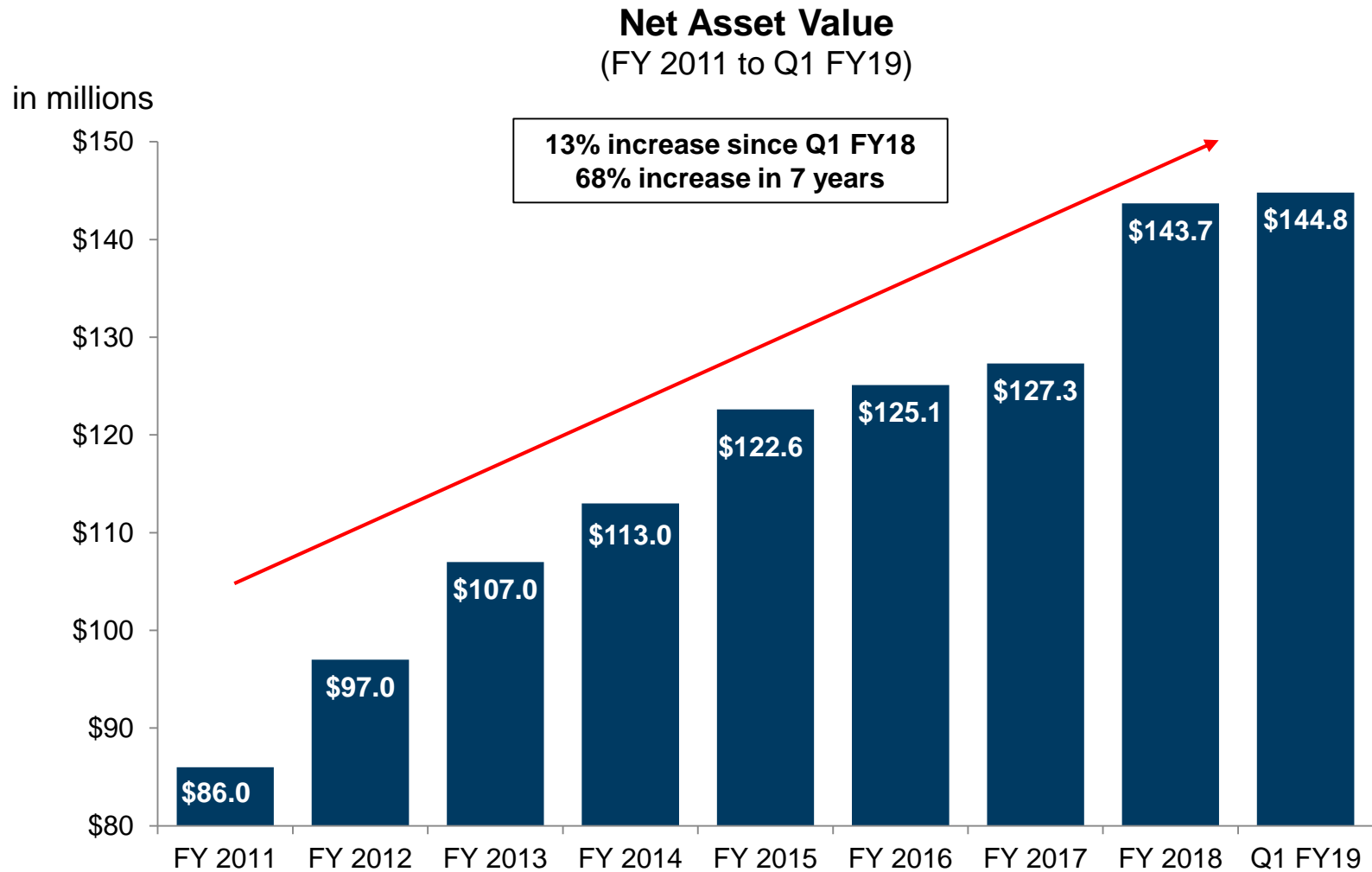
Key Performance Metrics for the Fiscal Quarter

For the quarter ended and as of (\$ in millions except per share)	May 31, 2017	Feb 28, 2018	May 31, 2018
Net investment income	\$3,504	\$3,321	\$3,928
Adjusted net investment income*	\$2,944	\$3,771	\$4,000
Net investment income per share	\$0.60	\$0.53	\$0.63
Adjusted net investment income per share*	\$0.50	\$0.60	\$0.64
Net investment income yield	11.0%	9.4%	10.9%
Adjusted net investment income yield*	9.2%	10.7%	11.1%
Return on Equity – Last Twelve Months	7.1%	13.2%	14.9%
Fair value of investment portfolio	\$329.7	\$342.7	\$343.4
Total net assets	\$127.6	\$143.7	\$144.8
Investments in new/existing portfolio companies	\$45.0	\$20.8	\$35.2
Loan Investments held in “Performing” credit ratings	96.3%	96.8%	99.3%



*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 first quarter 2019 earnings release.

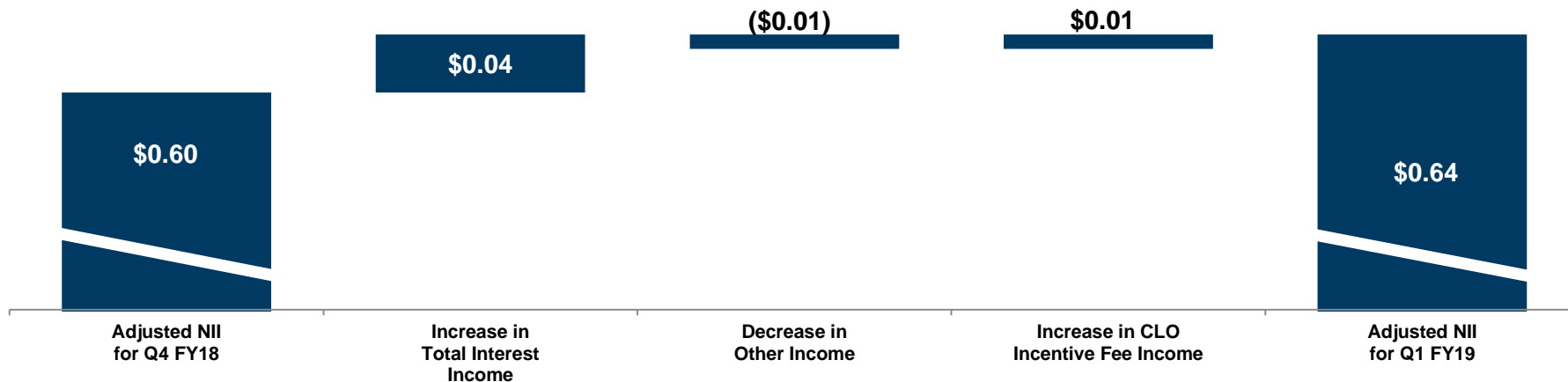
NAV Continues to Benefit from Performance



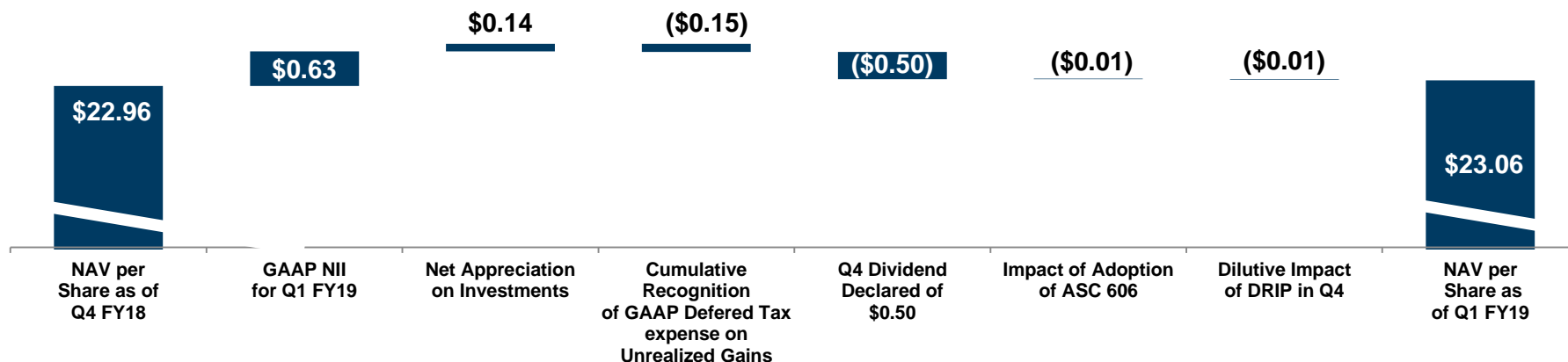
Quarterly Reconciliation of NII and NAV per Share

- Impacts are shown net of incentive fee
- Dilution from increased shares is immaterial

Reconciliation of Quarterly NII per Share



Reconciliation of Quarterly NAV per Share



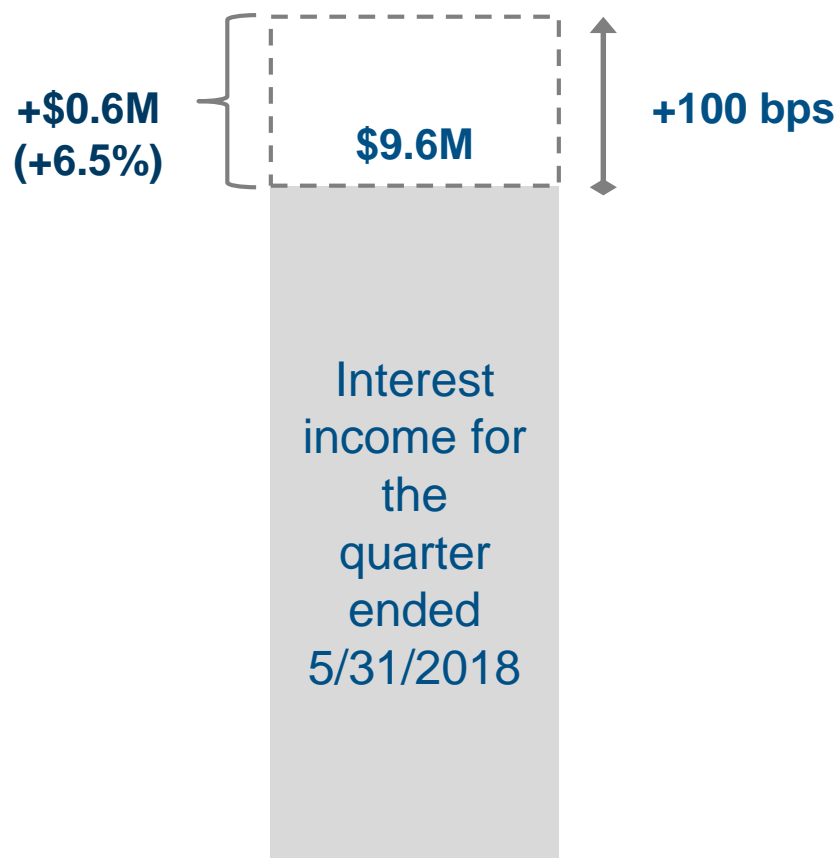
Significant Dry Powder Available

(As of May 31, 2018)	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	7 Years	Floating
SBA Debentures	\$150.0 million	\$137.7 million	\$12.3 million	5-10 years	Fixed
Publicly-Traded Notes (at fair value)	\$77.0 million	\$77.0 million	\$0.0 million	6 Years	Fixed
Cash and Cash Equivalents	\$13.7 million	\$0.0 million	\$13.7 million	-	-
Total Available Liquidity (at quarter-end): \$ 71.0 million					

* Ability to grow AUM by 21% without any new external financing

SAR Benefits from Increased Interest Rates

Interest Income Grows with Higher Interest Rates

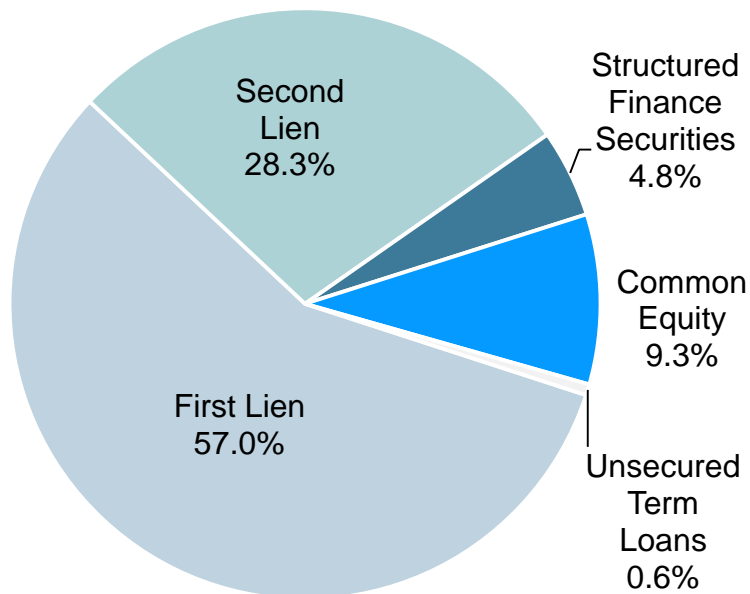


- 81% of SAR lending at floating rates
- Hypothetical 1% change in interest rates would result in ~\$0.6 million increase in interest income over the quarter (\$2.5 million per year)
 - Assumes investments as of 5/31/2018 outstanding for full quarter and no change to existing rate terms

Portfolio Composition and Yield

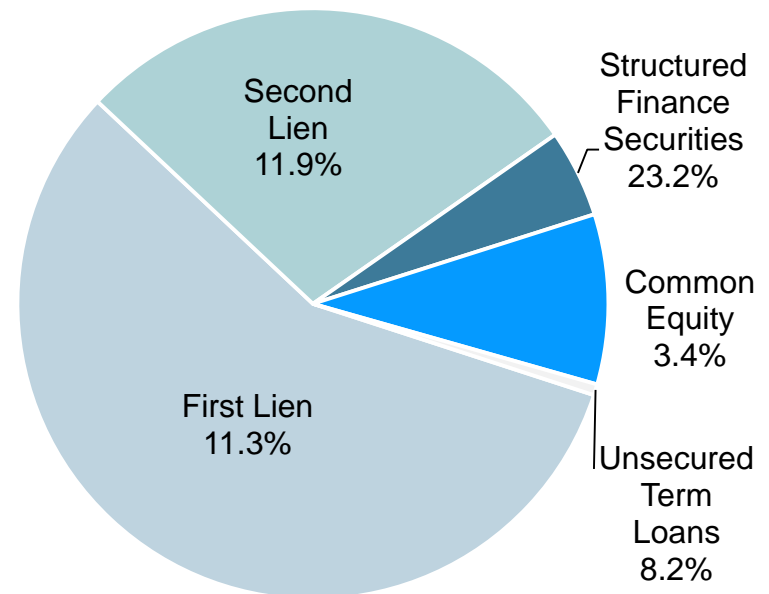
Portfolio Composition – \$343.4 m

(Based on Fair Values
as of May 31, 2018)



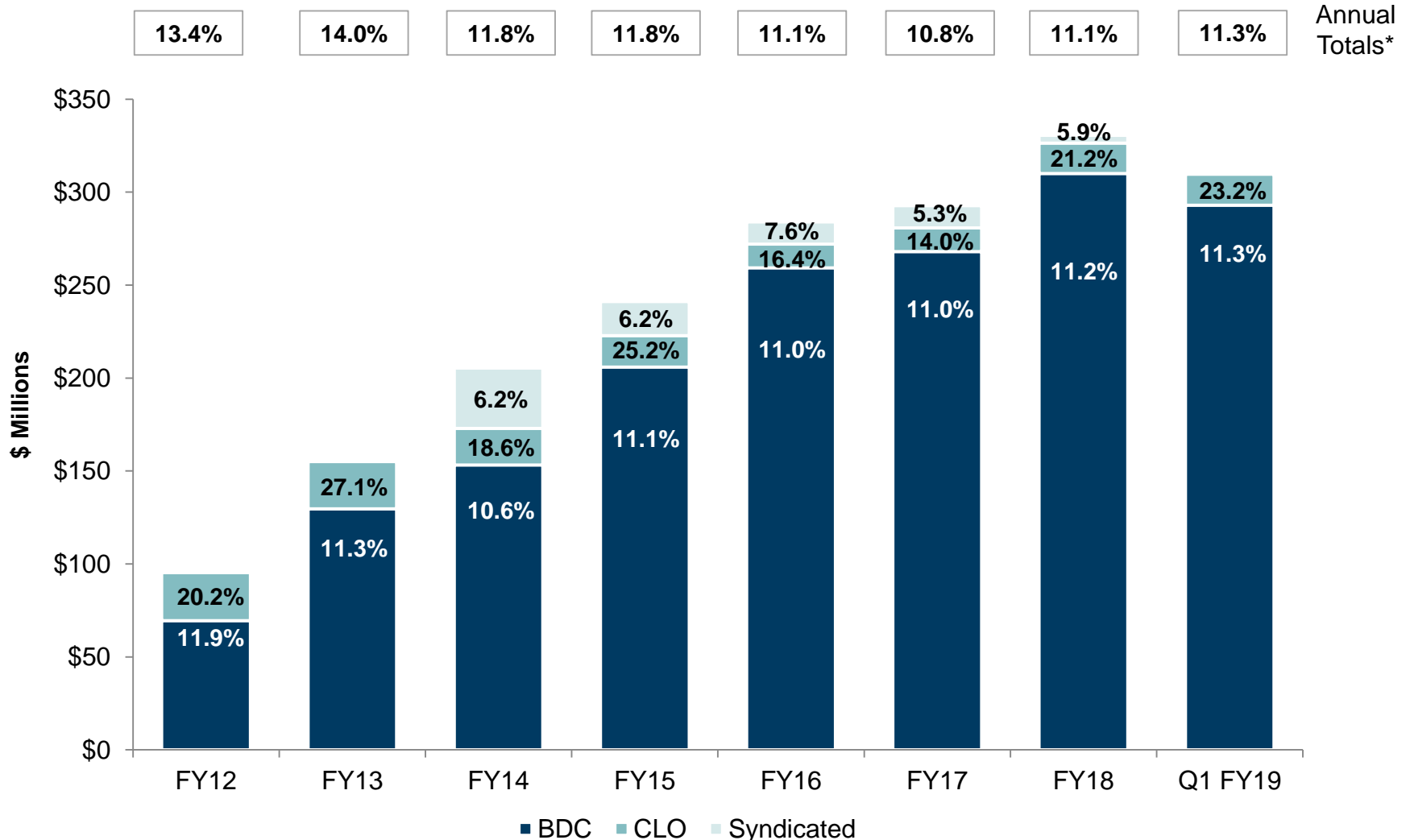
Portfolio Yield – 11.3%

(Weighted Average Current
Yield of Existing Total Portfolio)



Yield of BDC Remains Strong and Consistent

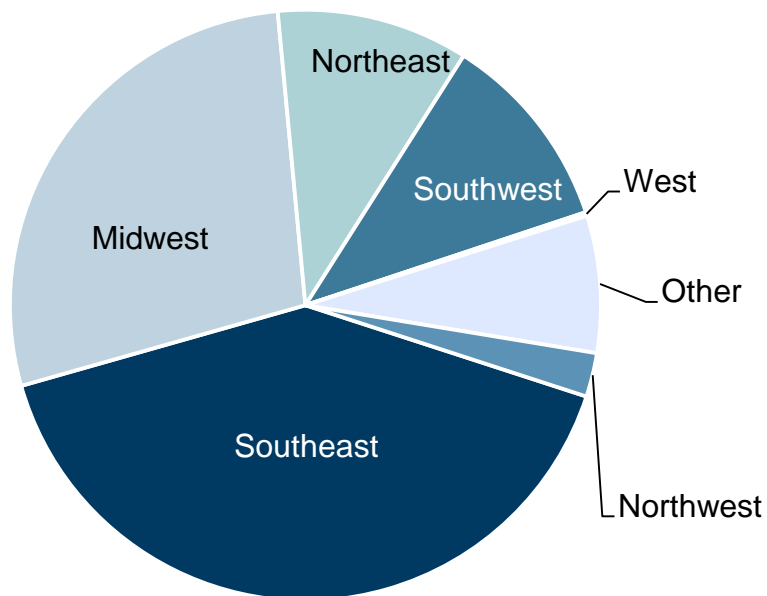
Weighted Average Current Yields



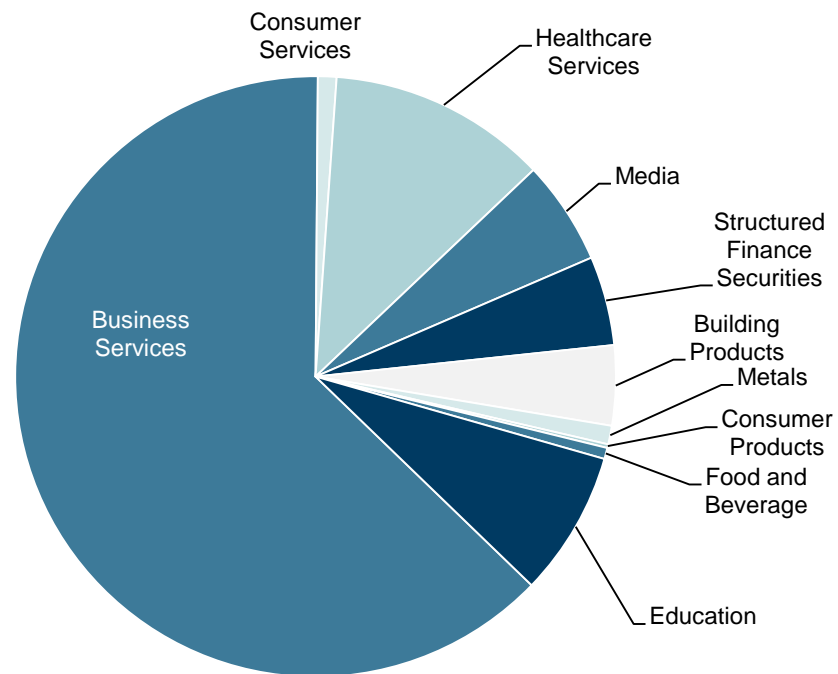
Annual total yields on full portfolio. BDC, CLO and Syndicated yields are annualized and calculated on fair value of interest earning assets.

Diversified Across Industry and Geography

Investments diversified geographically

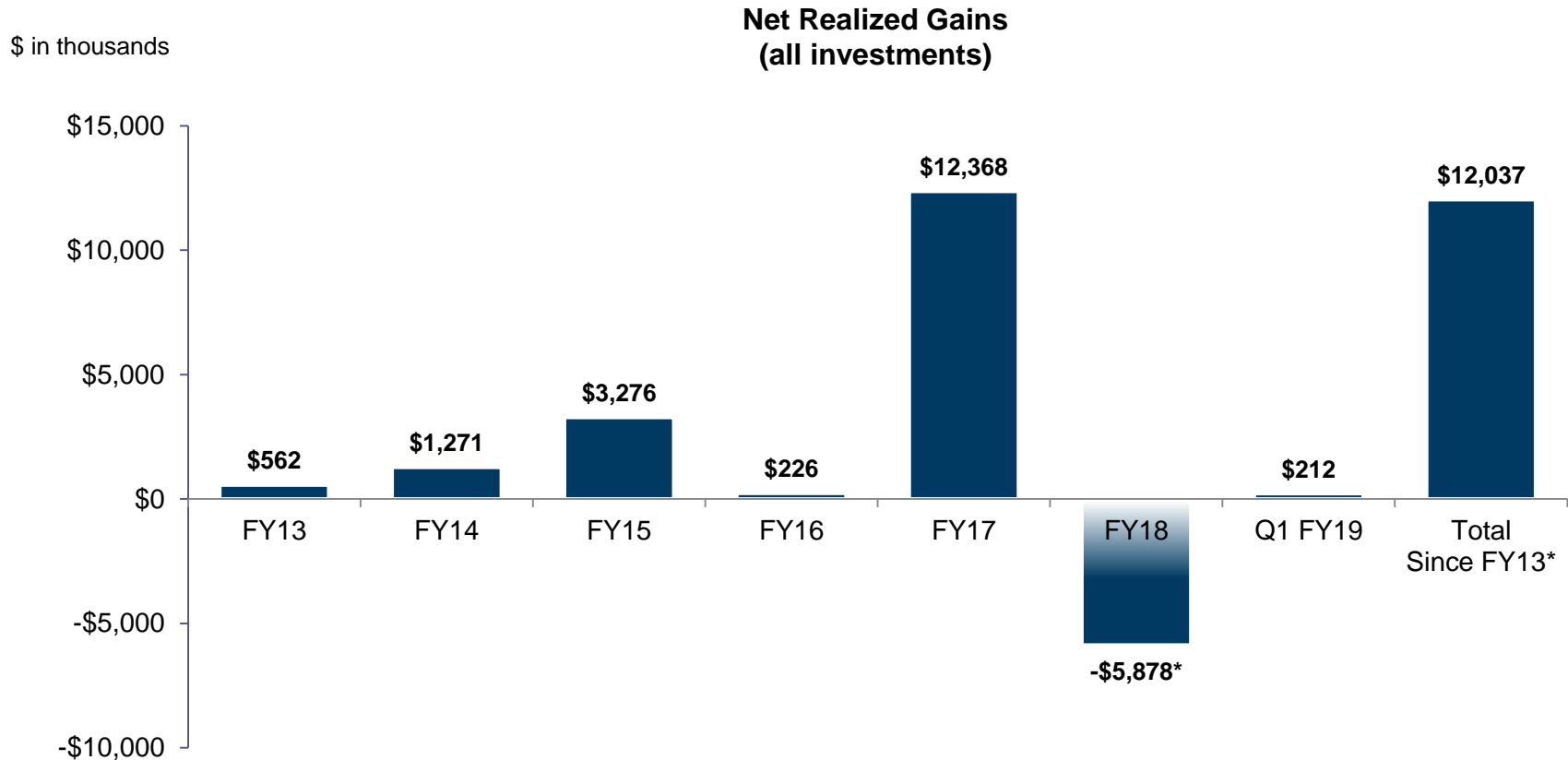


Investments across 10 distinct industries



Net Realized Gains Help Protect Shareholder Capital

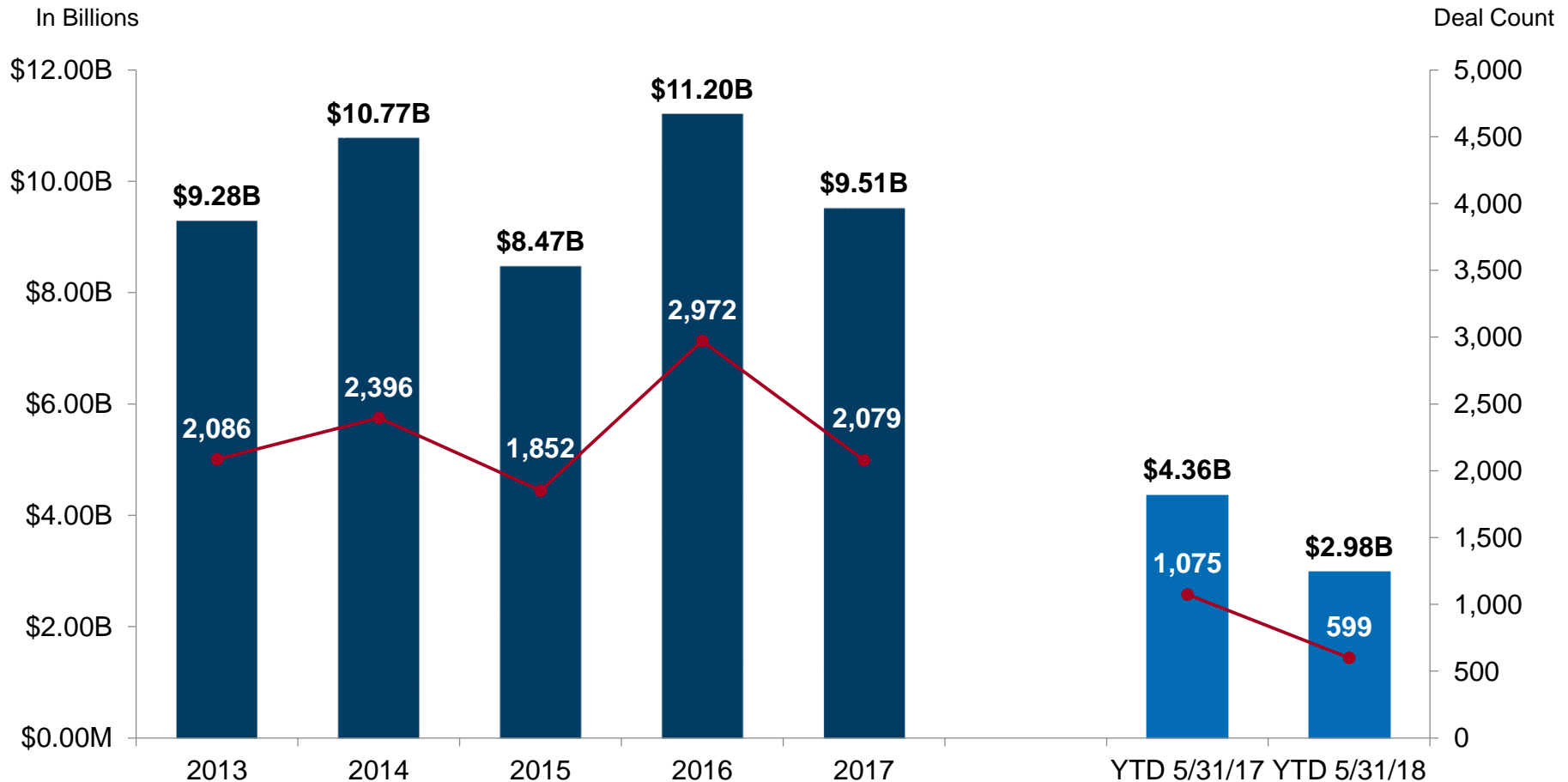
Cumulative net realized gains reflect portfolio credit quality



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

US Deal Activity Below \$25m Remains Weak

- YTD May transactions for US deals below \$25 million down by 44% year-over-year, remains weak following a slower 2017



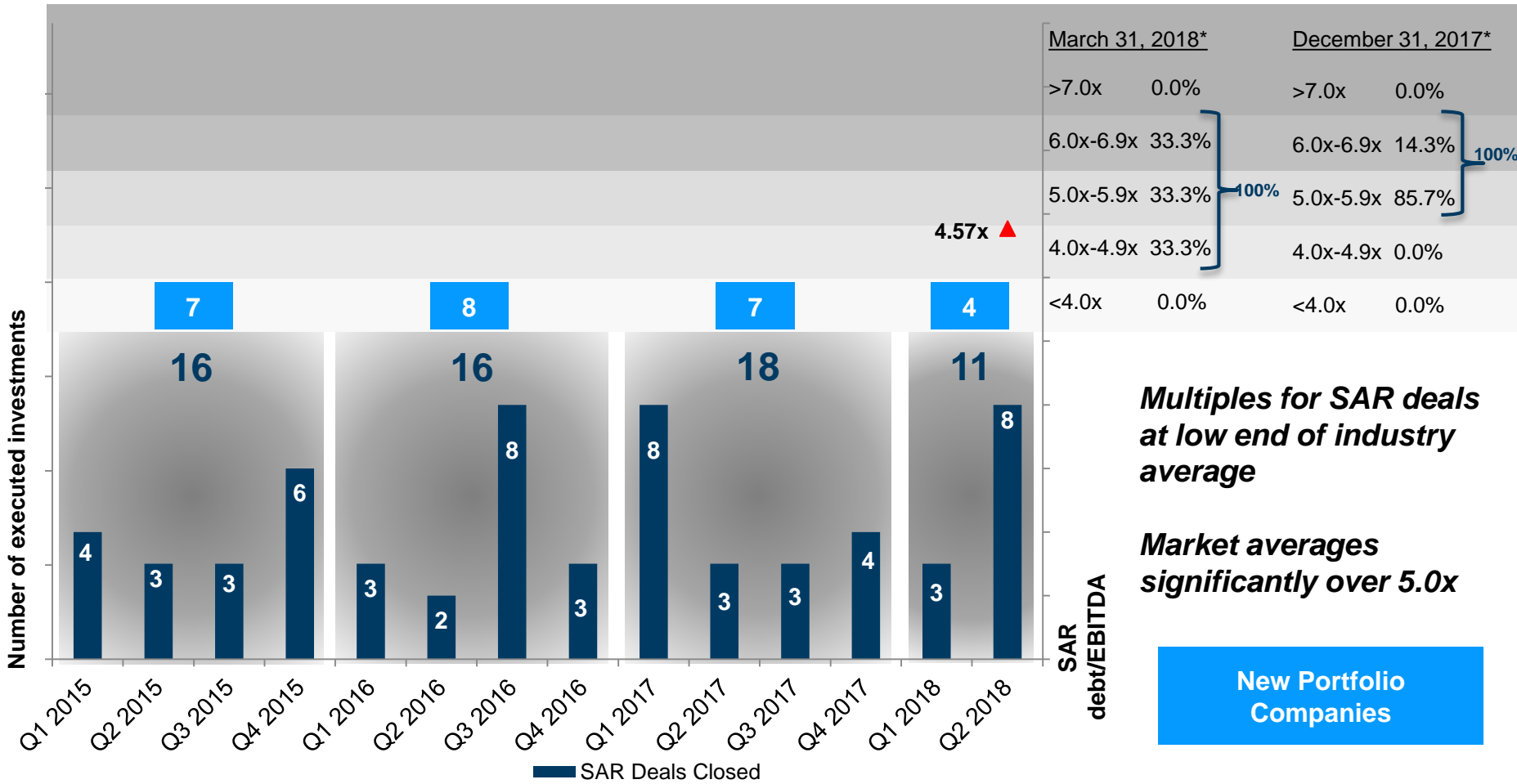
Source: PitchBook Data, Inc.

■ Total Capital Invested ● Deal Count

Exercising Disciplined Investment Judgment While Growing Origination Pace

SAR Debt Multiples/Deals Closed (2015-2018)
Total Portfolio Leverage is 4.57x¹

Market Average Multiples
 (Total Debt/EBITDA)



Multiples for SAR deals at low end of industry average

Market averages significantly over 5.0x

New Portfolio Companies

*Calendar quarters, not fiscal

➤ Weighted Average SAR leverage across portfolio

Source: S&P Global market Intelligence US:Q1 2018, 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 four loans underwritten using recurring revenue metrics.



Robust Pipeline During Tough Execution Market

Despite a difficult market to close deals, the number of new business opportunities is increasing for us, yet we remain as disciplined as ever.

Calendar	2015	Δ	2016	Δ	2017	Δ	LTM Q2 2018
Deals Sourced	613	5%	645	28%	722	17%	848
Term Sheets	67	(28%)	48	2%	49	57%	77
Deals Executed (new and follow-on)	16	-	16	13%	18	-	18

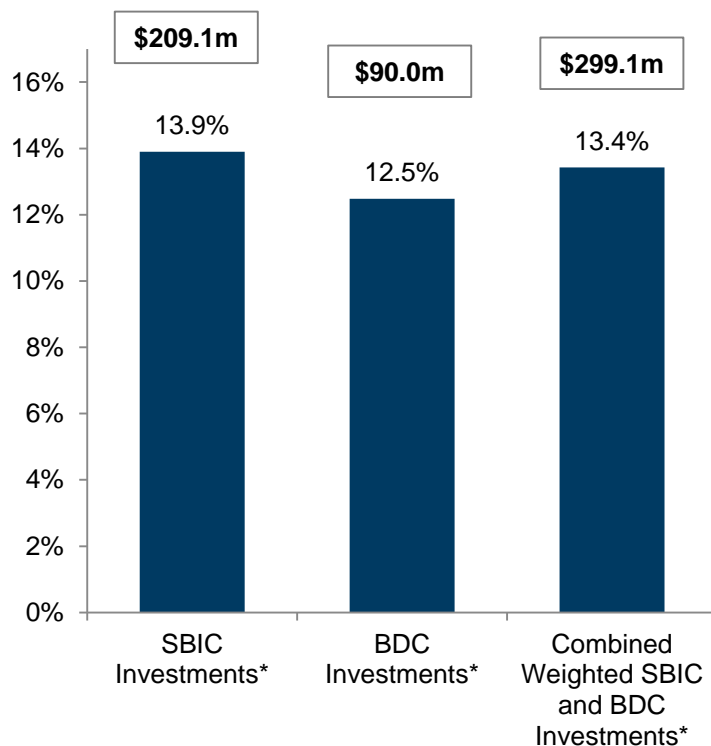
- 50% of deal flow from private equity sponsors
- 50% of deals from private companies without institutional ownership
- Saratoga maintains investment discipline which is demonstrated by passing on ~60 - 70 deals a year that other firms close
- Saratoga issues an average of 19 term sheets per quarter, or 9% of deals reviewed
- ~ 80% of term sheets are issued for transactions involving a private equity sponsor
- Saratoga closes an average of 4.5 new deals or follow-ons per quarter, ~2% of deals reviewed

*Calendar quarters, not fiscal quarters.

Demonstrated Strong Track Record

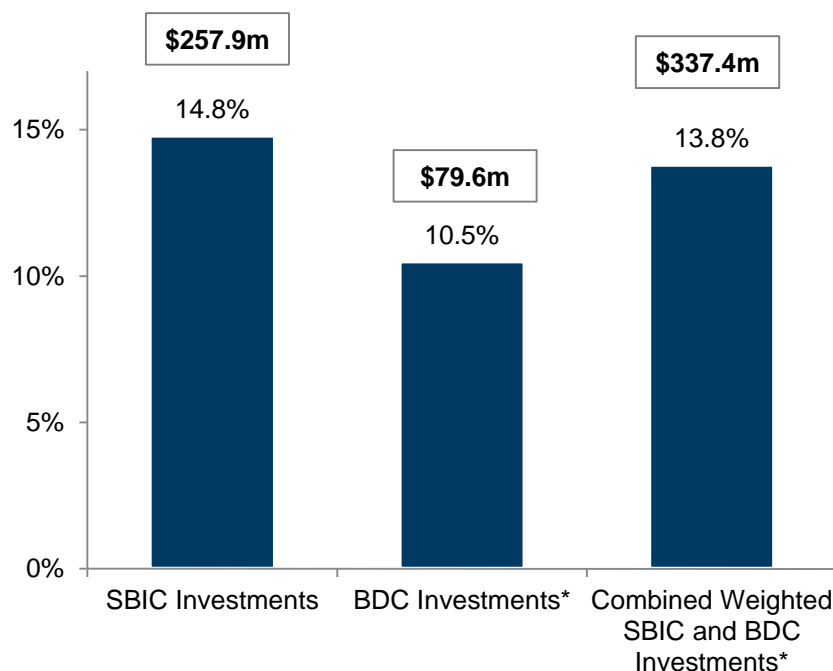
Realized Investments

(Gross Unlevered IRR%)



Unrealized Investments ¹

(Gross Unlevered IRR%)



Track Records as of 5/31/18

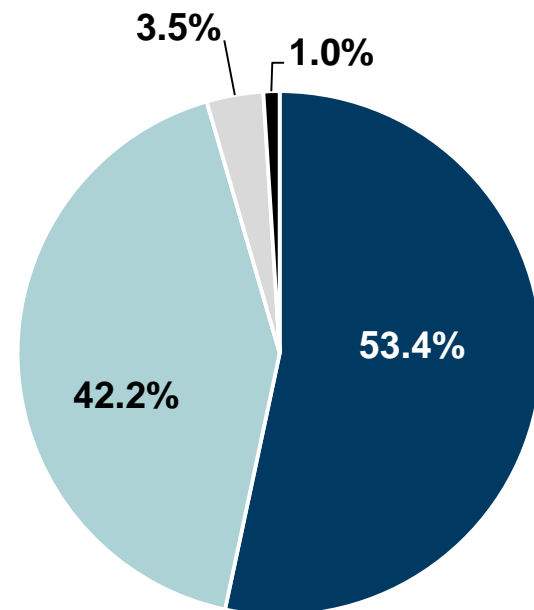
¹ IRRs for unrealized investments include fair value and accrued interest as of 5/31/18

* 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 4.44x¹.
 - 53.4% of the SBIC portfolio consists of senior debt investments, down from 59.2% in 2018
 - 43.2% of the SBIC portfolio consists of first lien, last out or second lien/subordinated debt investments, up from 37.6% in February 2018

Composition of SBIC Portfolio²

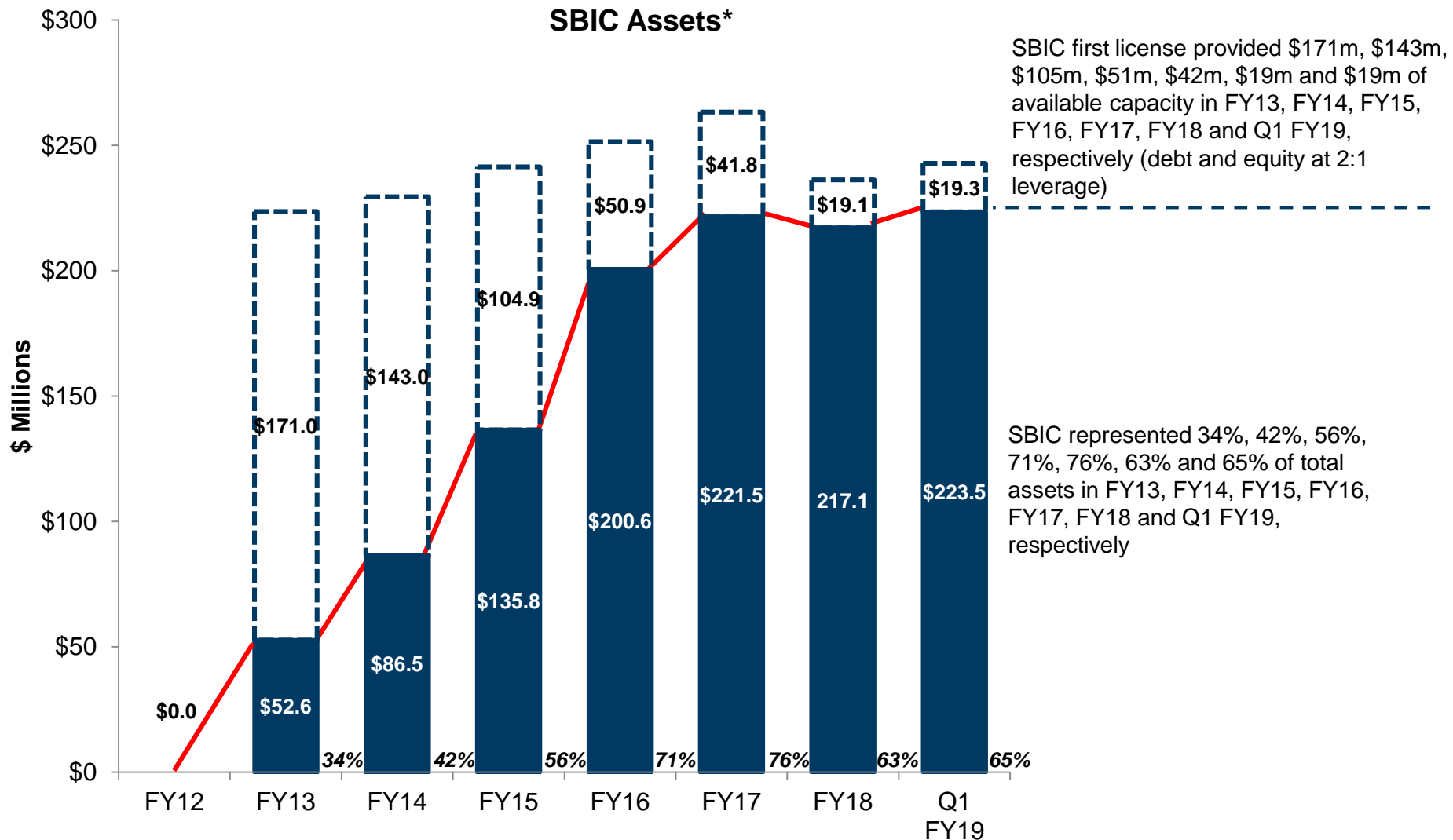


- Senior Debt First Lien
- First Lien Last Out/Second Lien/Subordinated Debt
- Equity/Warrants
- Unsecured/Subordinated

¹Excludes four loans underwritten using recurring revenue metrics.

²Based on market value as of May 31, 2018.

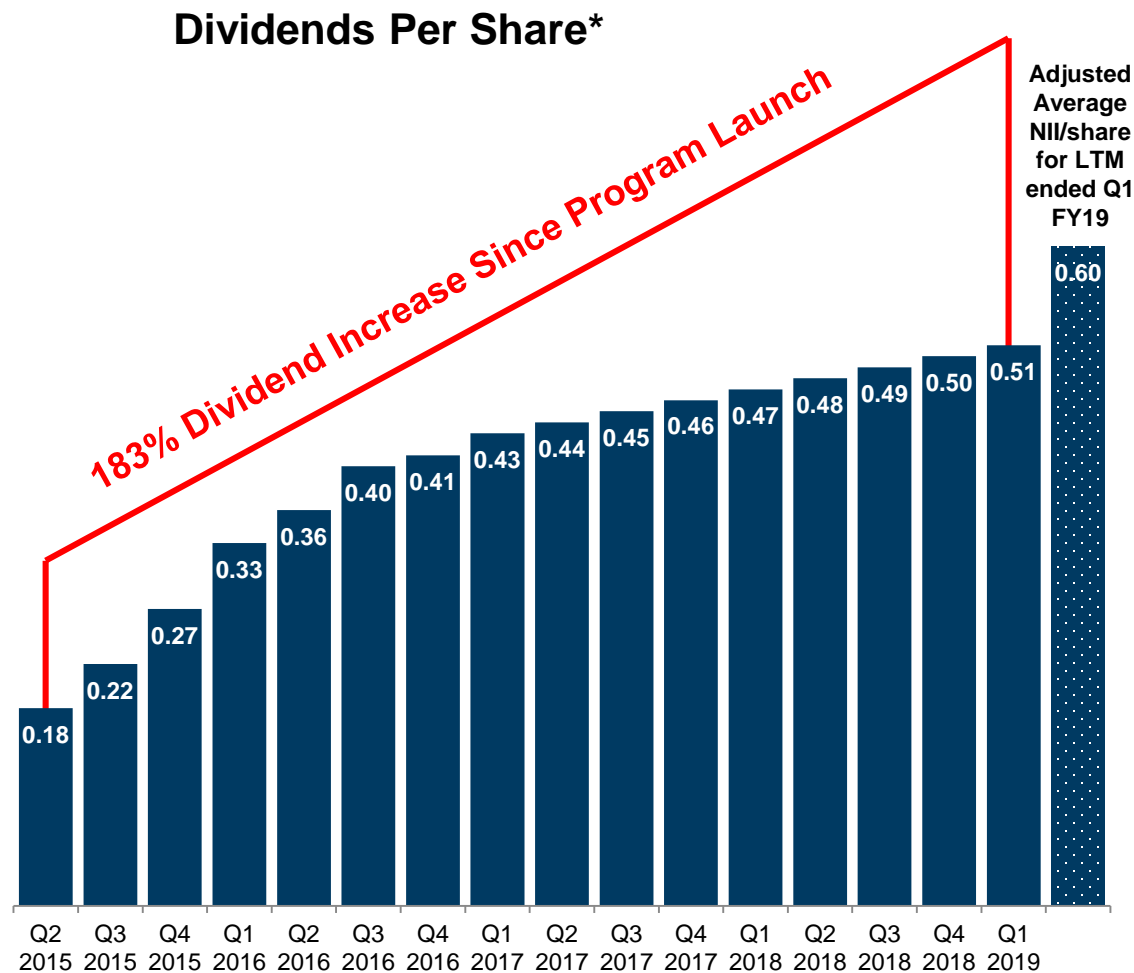
SBIC Assets Close to Fully Funded



* At Fair Value as of May 31, 2018.

Dividends Continue to Increase

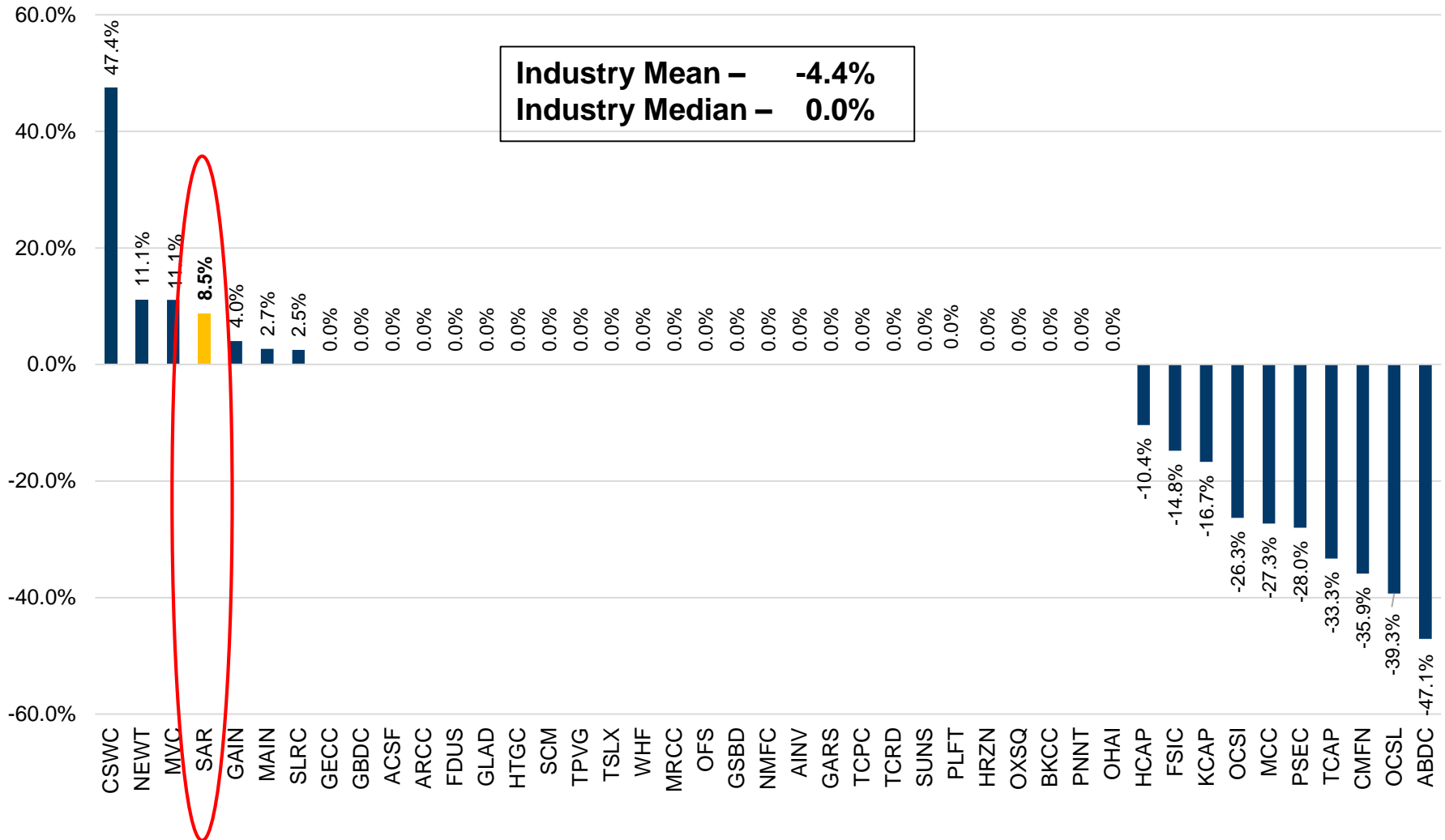
- Established dividend policy to pay regular quarterly cash dividends to stockholders pursuant to dividend reinvestment plan (“DRIP”)
- Increased dividend by 183% since program launch
- Declared Q1 2019 dividend of \$0.51, an increase of \$0.01 (2%)
- Overearning our dividend currently (18.0% on average LTM NII per share)



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

Saratoga Growing Dividends the Past Fifteen Quarters

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

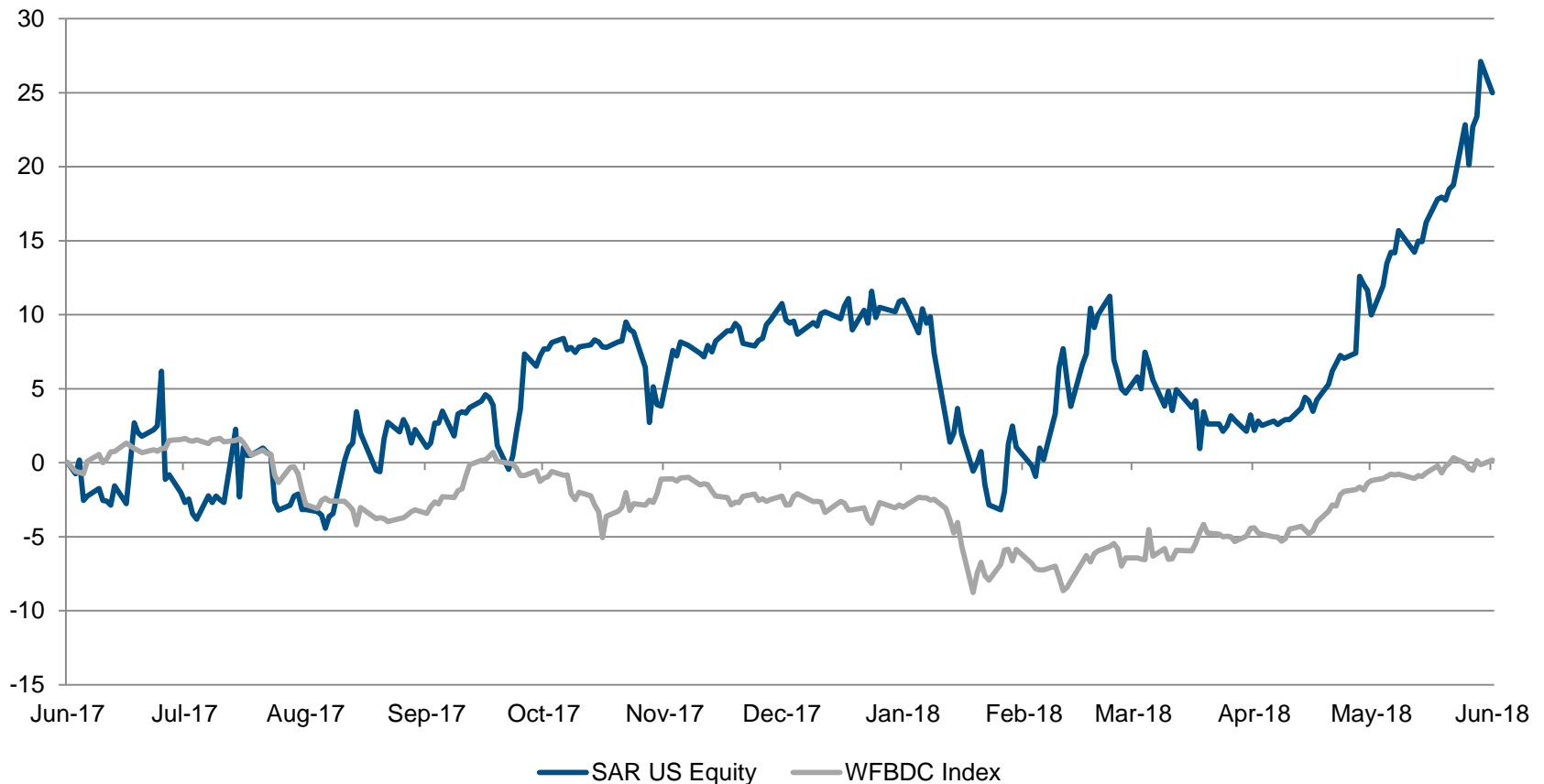


Source: Raymond James report as of 6/15/18

SAR LTM Total Return Outperforms BDC Index

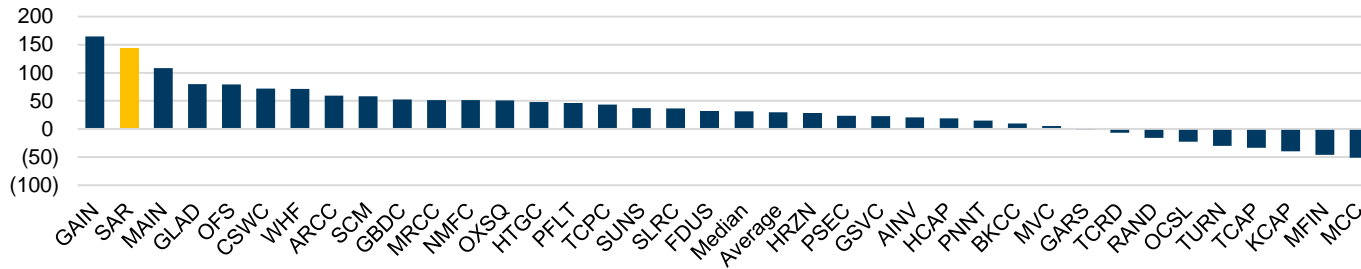
LTM Total Return (%)
(June 2017 to June 2018)

SAR +25% vs. BDC Index +0%

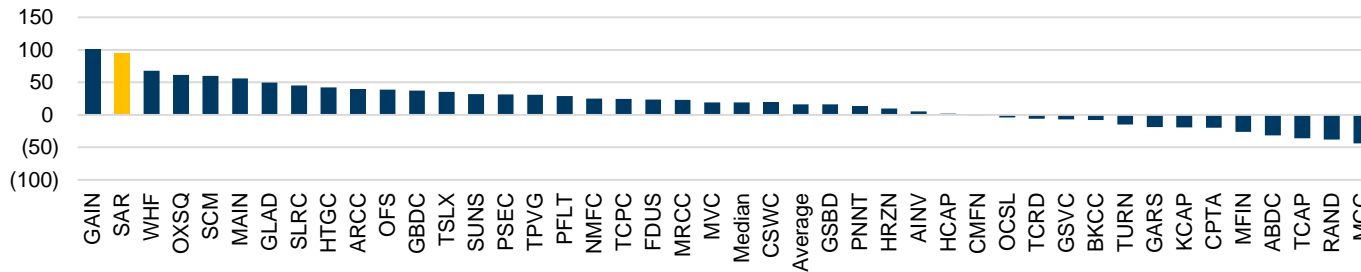


Performance at Top of BDC Industry

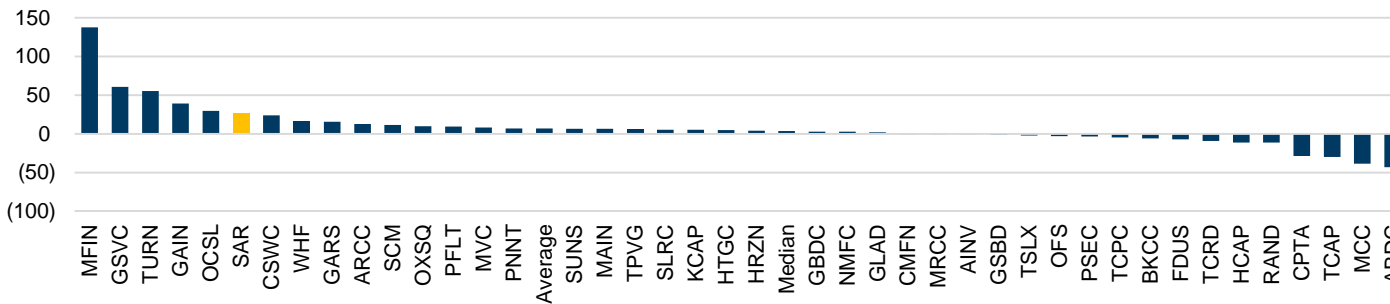
BDC Total Return (%)



Past 5 years:
144%

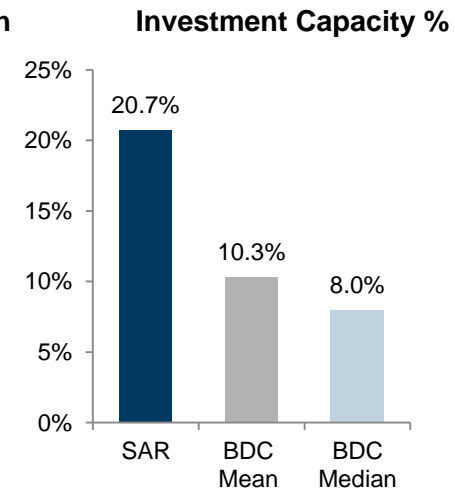
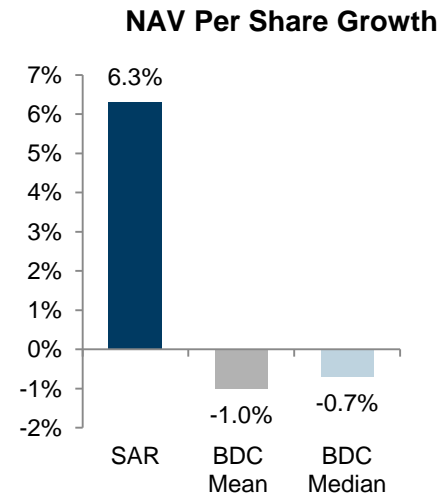
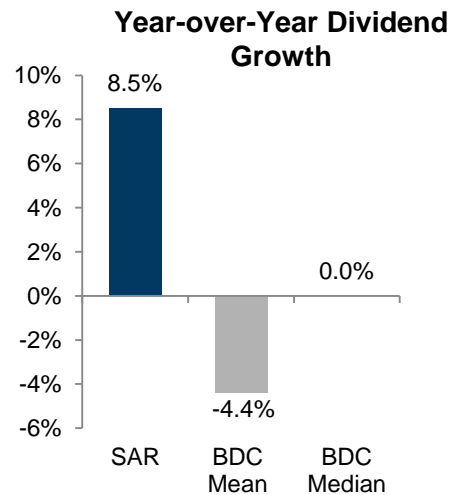
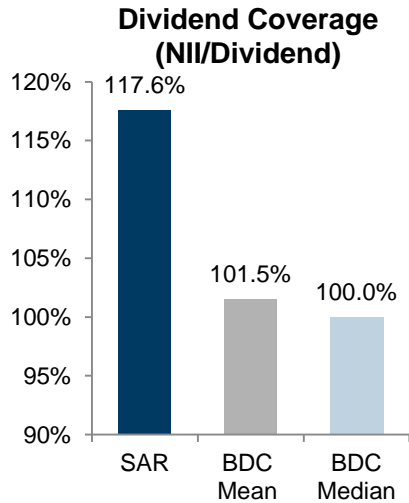
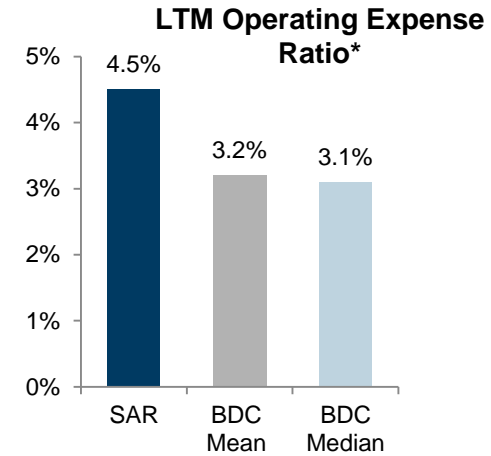
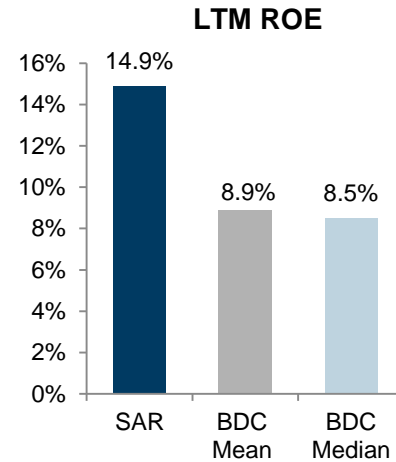
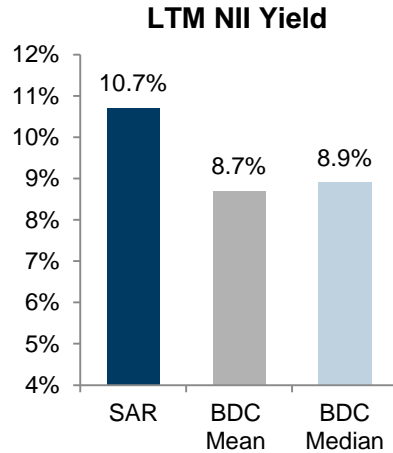
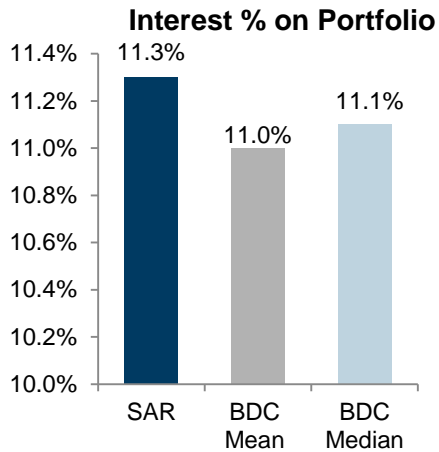


Last 3 years:
92%



Last 12 months:
25%

Strongly Differentiated Outperformance



Source: SNL Financial / Company Filings / Raymond James report as of 06/15/18 / Wells Fargo BDC Scorecard 9/12/17

* 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 19.1%.

Establishing Competitive Edge vs. Other BDCs

Outstanding performance characteristics

- ▶ **Strong and growing dividend** | Paying a current dividend yield of approx. 7.7%; increased quarterly dividend by 183% over past four years; over-earning dividend by 18%; significant management ownership of 24%
- ▶ **Strong return on equity** | LTM ROE of 14.9% factors in both investment income and net gains/losses
- ▶ **Ample low-cost, liquidity available** | Ample borrowing capacity still at hand through both credit facility and SBA debentures relative to competitors – can grow current asset base by 21%
- ▶ **Solid earnings per share and NII Yield** | Attractive NII per share generated from strong risk-adjusted portfolio returns and favorable capital structure – next \$25 million of net investment growth very accretive
- ▶ **Commitment to AUM expansion** | Assets under management has steadily grown 328% since FY 2011 and 4% year-over-year with strong originations offsetting significant repayments
- ▶ **Well-positioned for higher interest rates** | Approx. 81% of our interest earning investments have floating interest rates, with all of our investments through their floors. Debt primarily at fixed rates
- ▶ **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, 99% of credits are the highest quality, 57% of investments are first lien, protected against potential interest rate risk of rising 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?



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INVESTMENT CORP.



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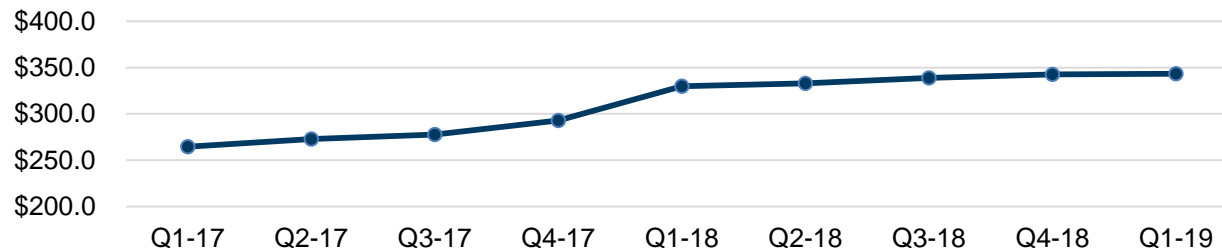
KPIs – Balance Sheet – Q1 FY 2019

Period	FMV Investment Portfolio (in millions)
Q1-17	\$ 264.4
Q2-17	\$ 272.8
Q3-17	\$ 277.6
Q4-17	\$ 292.7
Q1-18	\$ 329.7
Q2-18	\$ 333.0
Q3-18	\$ 338.8
Q4-18	\$ 342.7
Q1-19	\$ 343.4

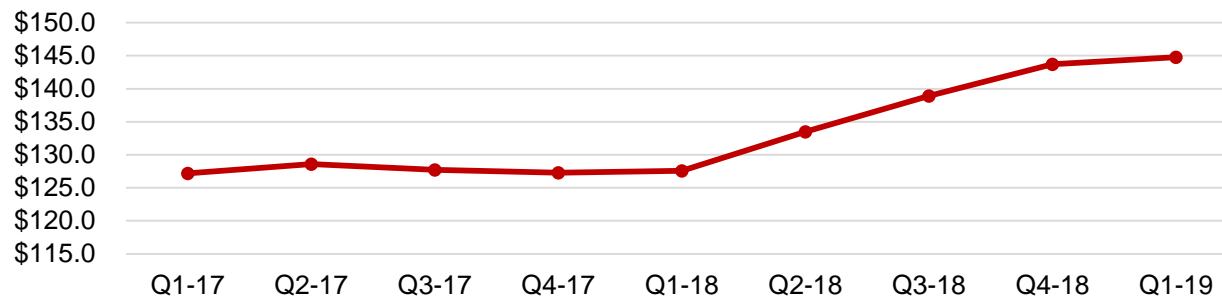
Period	NAV (in millions)
Q1-17	\$ 127.2
Q2-17	\$ 128.6
Q3-17	\$ 127.7
Q4-17	\$ 127.3
Q1-18	\$ 127.6
Q2-18	\$ 133.5
Q3-18	\$ 138.9
Q4-18	\$ 143.7
Q1-19	\$ 144.8

Period	NAV Per Share
Q1-17	\$ 22.11
Q2-17	\$ 22.39
Q3-17	\$ 22.21
Q4-17	\$ 21.97
Q1-18	\$ 21.69
Q2-18	\$ 22.37
Q3-18	\$ 22.58
Q4-18	\$ 22.96
Q1-19	\$ 23.06

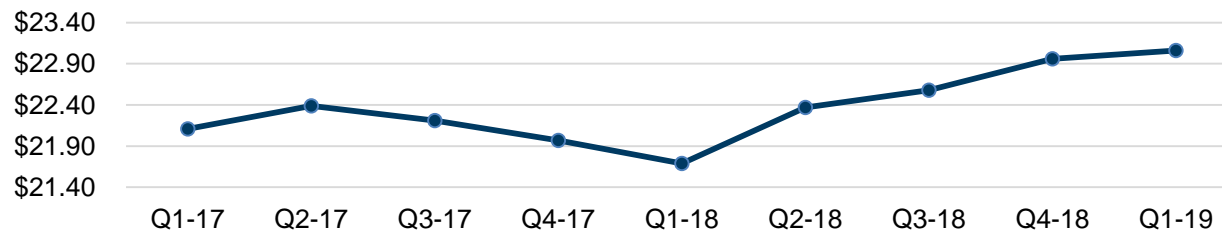
FMV Investment Portfolio
(in millions)



NAV
(in millions)



NAV Per Share



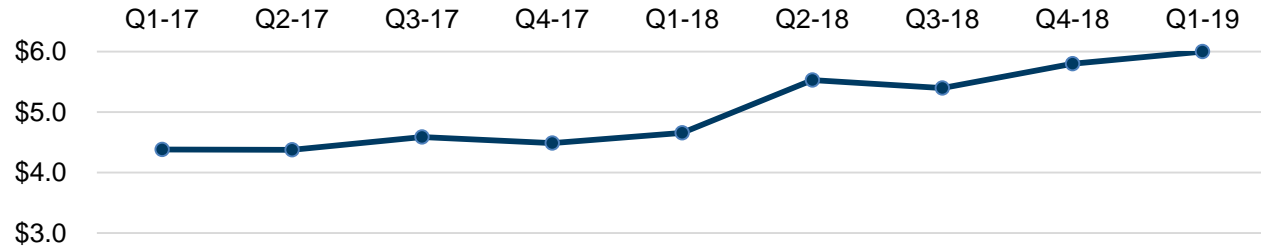
KPIs – Income Statement – Q1 FY 2019

Period	Net Interest Margin (in millions)
Q1-17	\$ 4.4
Q2-17	\$ 4.4
Q3-17	\$ 4.6
Q4-17	\$ 4.5
Q1-18	\$ 4.7
Q2-18	\$ 5.5
Q3-18	\$ 5.4
Q4-18	\$ 5.8
Q1-19	\$ 6.0

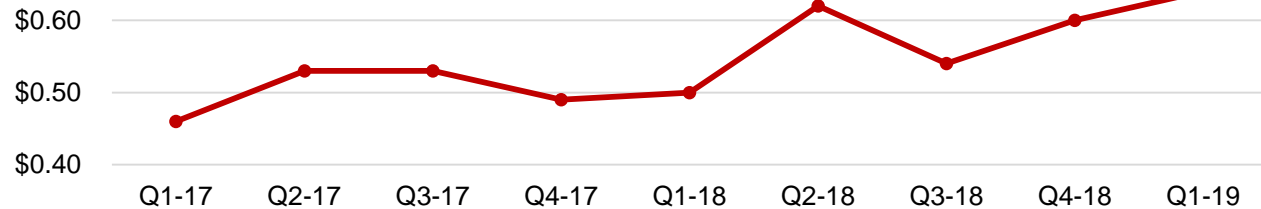
Period	NII Per Share
Q1-17	\$ 0.46
Q2-17	\$ 0.53
Q3-17	\$ 0.53
Q4-17	\$ 0.49
Q1-18	\$ 0.50
Q2-18	\$ 0.62
Q3-18	\$ 0.54
Q4-18	\$ 0.60
Q1-19	\$ 0.64

Period	NII Yield
Q1-17	8.3%
Q2-17	9.5%
Q3-17	9.5%
Q4-17	8.8%
Q1-18	9.2%
Q2-18	11.3%
Q3-18	9.6%
Q4-18	10.7%
Q1-19	11.1%

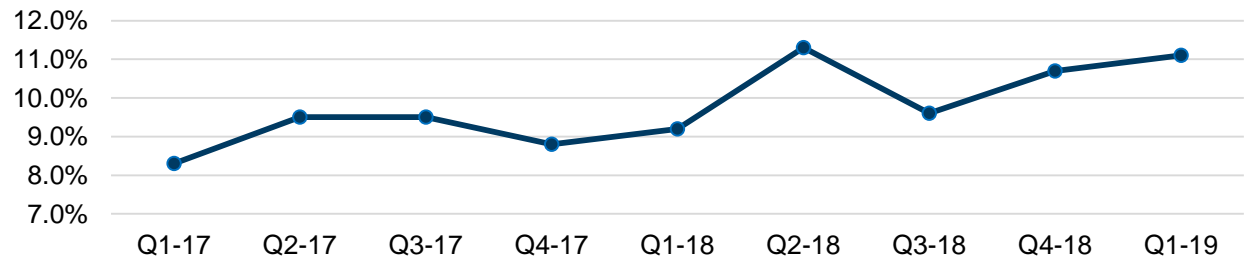
**Net Interest Margin (excluding CLO)
(in millions)**



NII Per Share

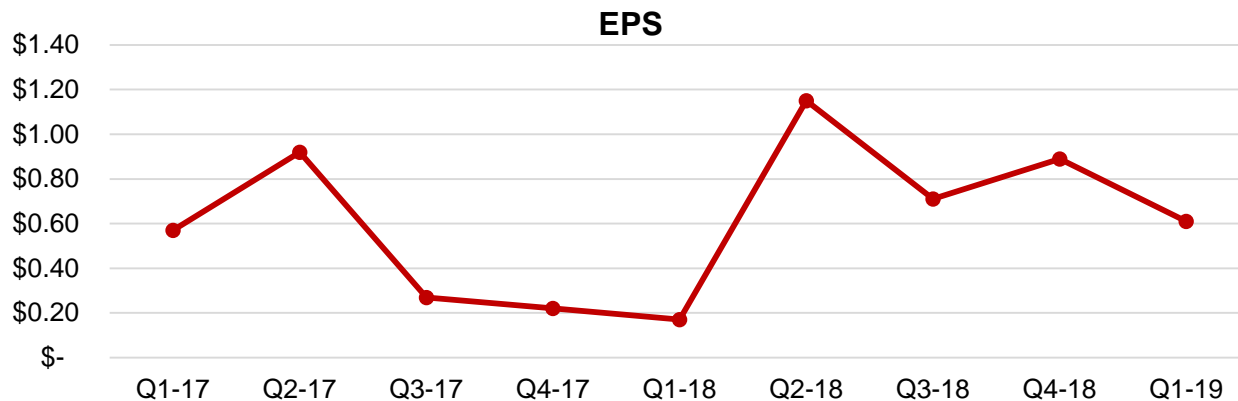


NII Yield

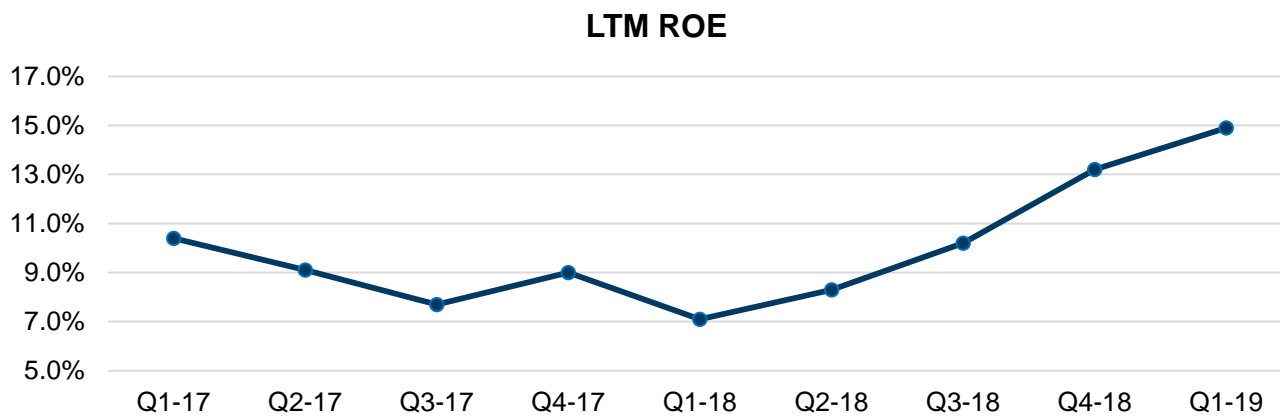


KPIs – Income Statement – Q1 FY 2019 (continued)

Period	EPS
Q1-17	\$ 0.57
Q2-17	\$ 0.92
Q3-17	\$ 0.27
Q4-17	\$ 0.22
Q1-18	\$ 0.17
Q2-18	\$ 1.15
Q3-18	\$ 0.71
Q4-18	\$ 0.89
Q1-19	\$ 0.61



Period	LTM ROE
Q1-17	10.4%
Q2-17	9.1%
Q3-17	7.7%
Q4-17	9.0%
Q1-18	7.1%
Q2-18	8.3%
Q3-18	10.2%
Q4-18	13.2%
Q1-19	14.9%

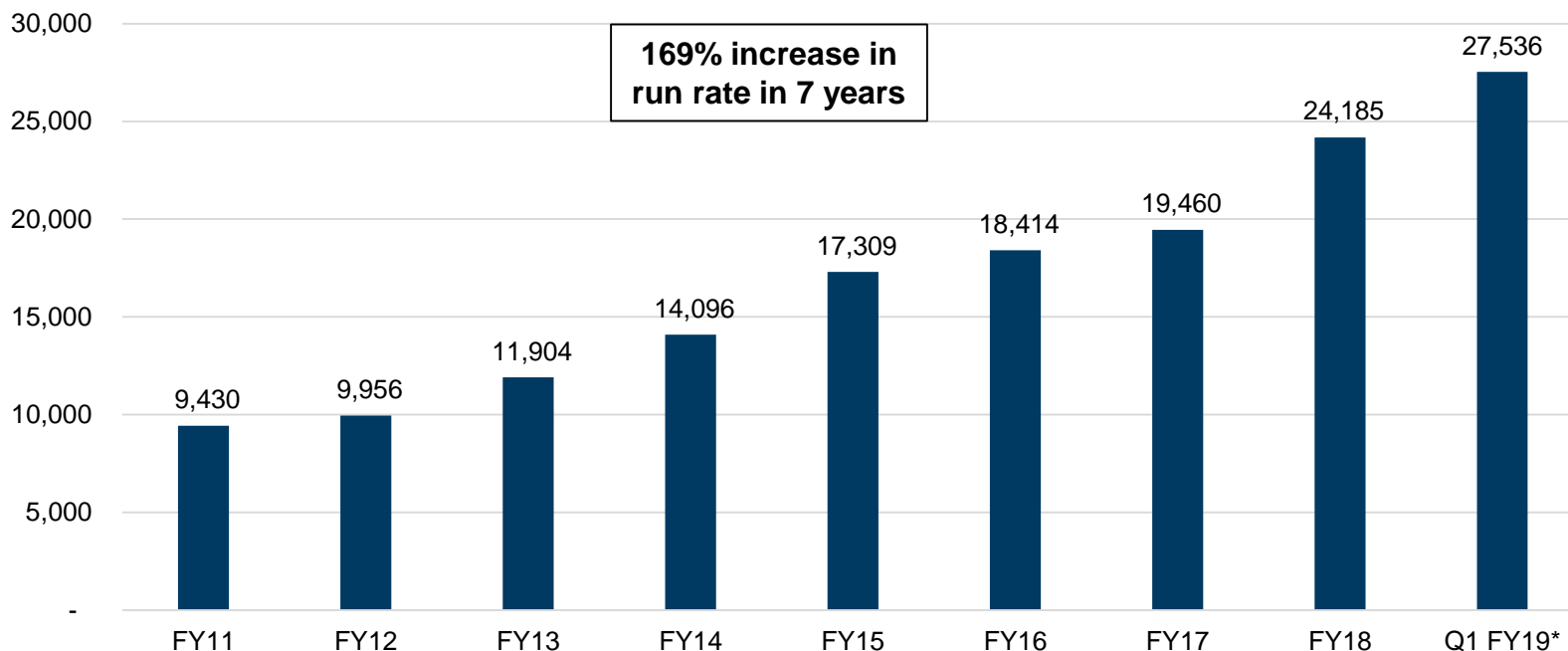


KPIs - SAR Net Interest Margin

SAR has tripled its Net Interest Margin run rate since taking over management

This increase despite the contribution of the CLO shrinking

Net Interest Margin



*Q1FY18 is a simple annualization of the three months ended May 31, 2018. Actual FY19 results might differ.