

Saratoga Investment Corp.

**Fiscal Fourth Quarter and Fiscal
Year 2018 Shareholder Presentation**

May 15, 2018



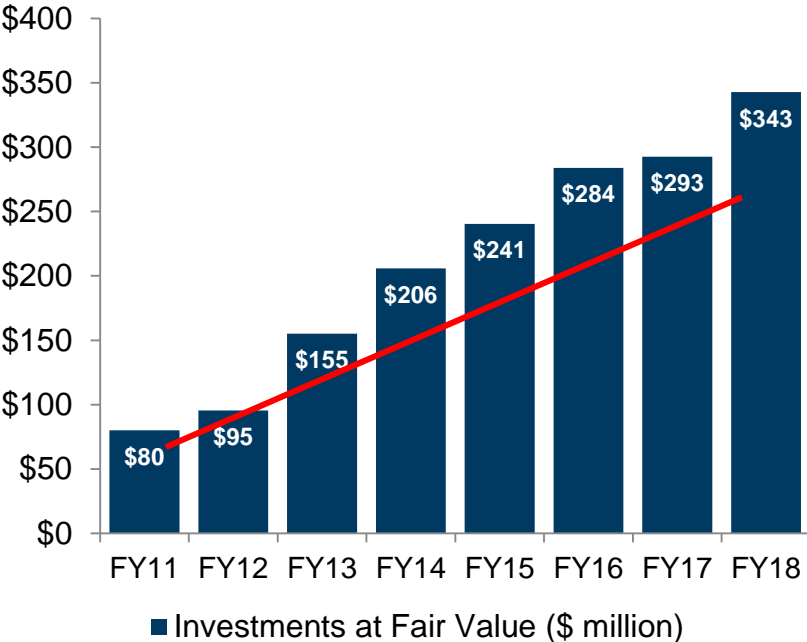
Continued Progress to Core Objectives in Q4 & FY18

Fiscal Year-End and Fourth Quarter 2018 Highlights:

- Continued strengthening of financial foundation
 - Investment quality remains strong
 - 96.8% of loan investments with highest internal rating
 - Return on equity of 13.2% for FY18, up from 9.0% last year and beating BDC industry mean of 8.5%
 - Gross Unlevered IRR of 12.2% on total unrealized portfolio as of February 28, 2018
 - Gross Unlevered IRR of 16.2% on \$249.4 million of total realizations
- Consistent strong long-term originations contribute to growing assets under management
 - AUM up 17% since year-end, up 328% since FY11
- Latest dividend of \$0.50 per share continued fourteenth increase in quarterly dividends
 - Over-earning our current dividend by 14% - \$0.57 adjusted NII/share for FY18
- Base of liquidity remains strong
 - Existing available liquidity allows us to increase current AUM by 21%
 - Independent Board-approved increase in leverage to 2:1 effective April 16, 2019
- ATM equity program – as of February 28, 2018, sold 348,123 shares for gross proceeds of \$7.8 million
 - Average price of \$22.52 per share
- Key performance indicators up in Q4 versus last year
 - Adjusted NII of \$3.8 million is up 31%, Adjusted NII per share of 60c is up 11c, Adjusted NII yield of 10.7% is up 190bps and NAV per share of \$22.96 is up 99c, or 4.5%

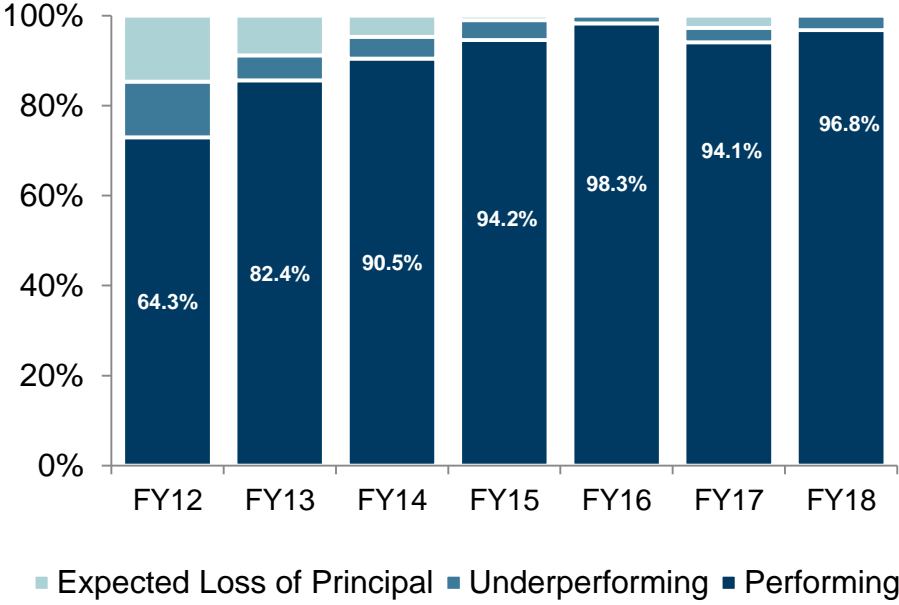
Continued Asset Growth and Strong Credit Quality

Asset Base Expansion Trend



Fair value of AUM increased 17% since year-end and 328% since FY11

Overall Credit Quality Continues Strong



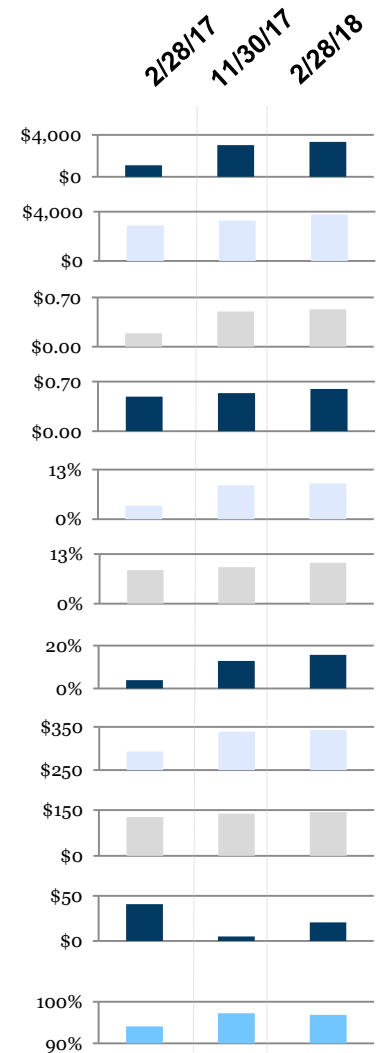
Almost 97% of our SAR loan investments hold our highest internal rating; one on non-accrual at quarter-end*

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

Q4 FY18: 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, 2017	Nov 30, 2017	Feb 28, 2018
Net investment income	\$1,100	\$3,016	\$3,321
Adjusted net investment income*	\$2,872	\$3,265	\$3,771
Net investment income per share	\$0.19	\$0.50	\$0.53
Adjusted net investment income per share*	\$0.49	\$0.54	\$0.60
Net investment income yield	3.5%	8.9%	9.4%
Adjusted net investment income yield*	8.8%	9.6%	10.7%
Return on Equity – Last Three Months	3.9%	12.9%	15.7%
Fair value of investment portfolio	\$292.7	\$338.8	\$342.7
Total net assets	\$127.3	\$138.8	\$143.7
Investments in new/existing portfolio companies	\$41.1	\$5.2	\$20.8
Loan Investments held in “strong” credit ratings	94.1%	97.2%	96.8%

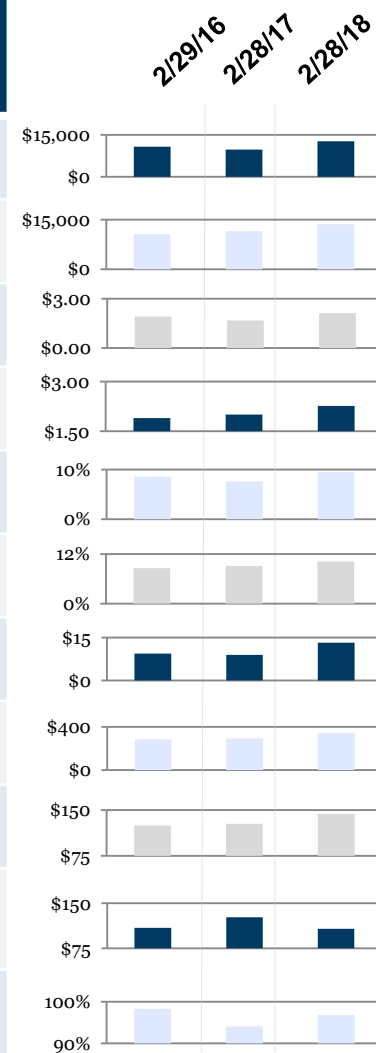


*Adjusted for accrued capital gains incentive fee expense, and interest during call period and loss on extinguishment of existing baby bonds debt, reconciliation to GAAP net investment income included in our fiscal fourth quarter 2018 earnings release.

FY18: 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 29, 2016	Feb 28, 2017	Feb 28, 2018
Net investment income	\$10,678	\$9,661	\$12,732
Adjusted net investment income*	\$10,633	\$11,518	\$13,651
Net investment income per share	\$1.91	\$1.68	\$2.11
Adjusted net investment income per share*	\$1.90	\$2.01	\$2.27
Net investment income yield	8.6%	7.6%	9.5%
Adjusted net investment income yield*	8.6%	9.1%	10.2%
Return on Equity – Last Twelve Months	9.4%	9.0%	13.2%
Fair value of investment portfolio	\$284.0	\$292.7	\$342.7
Total net assets	\$125.1	\$127.3	\$143.7
Investments in new/existing portfolio companies	\$109.2	\$126.9	\$107.7
Loan Investments held in “strong” credit ratings	98.3%	94.1%	96.8%

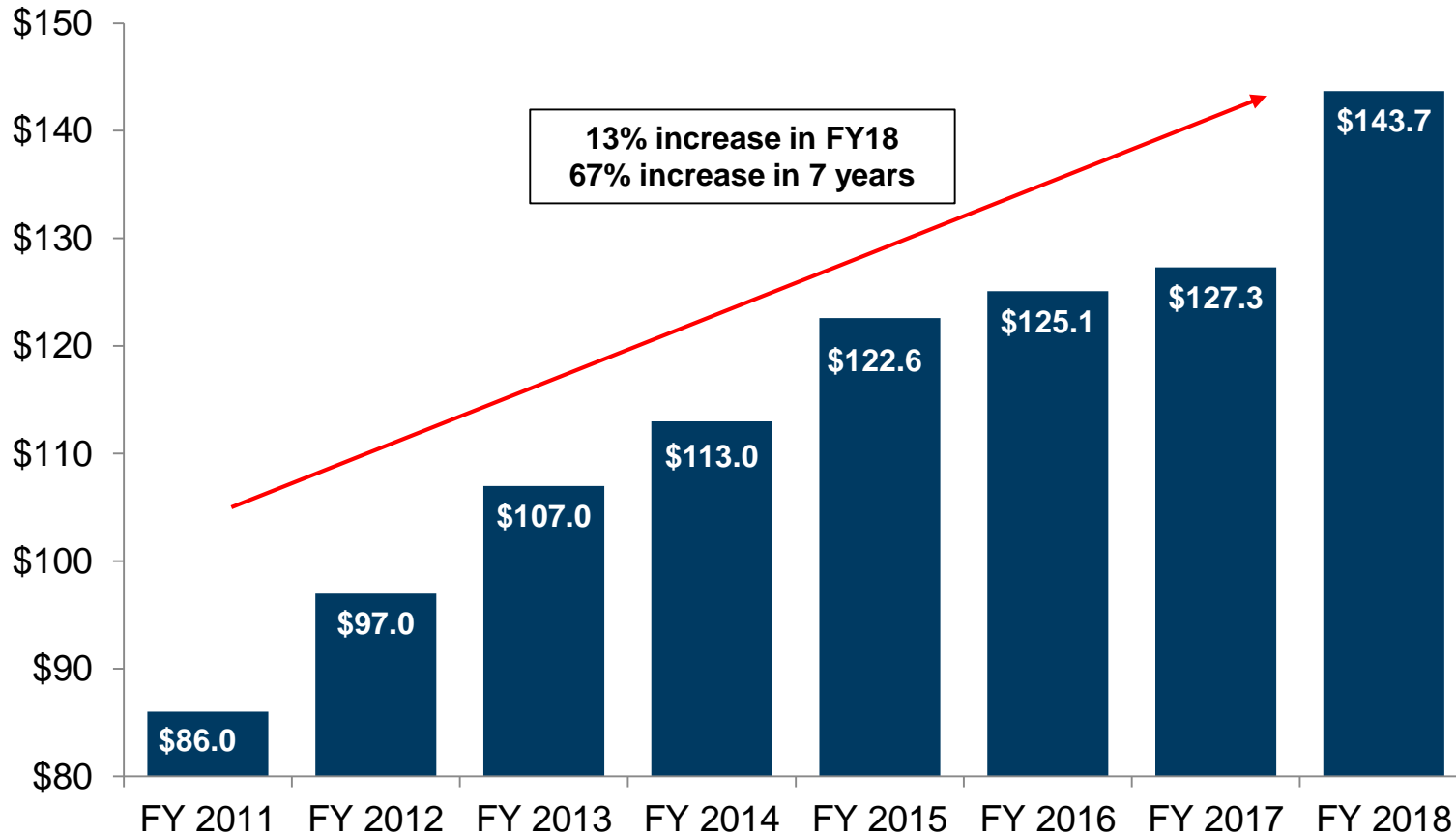


*Adjusted for accrued capital gains incentive fee expense, and interest during call period and loss on extinguishment of existing baby bonds debt, reconciliation to GAAP net investment income included in our fiscal fourth quarter 2018 earnings release.

NAV Continues to Benefit from Performance

Net Asset Value (FY 2011 to FY 2018)

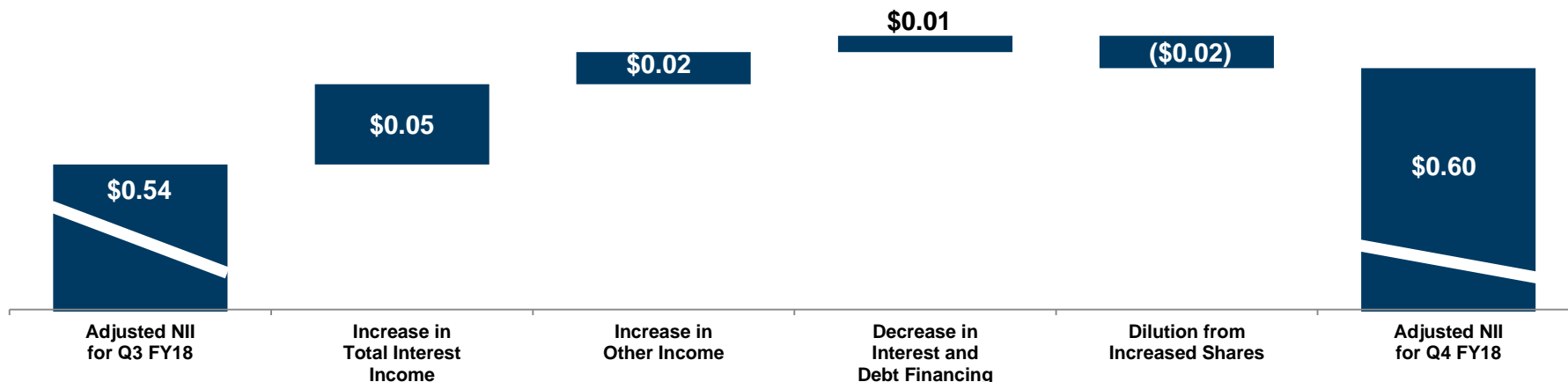
in millions



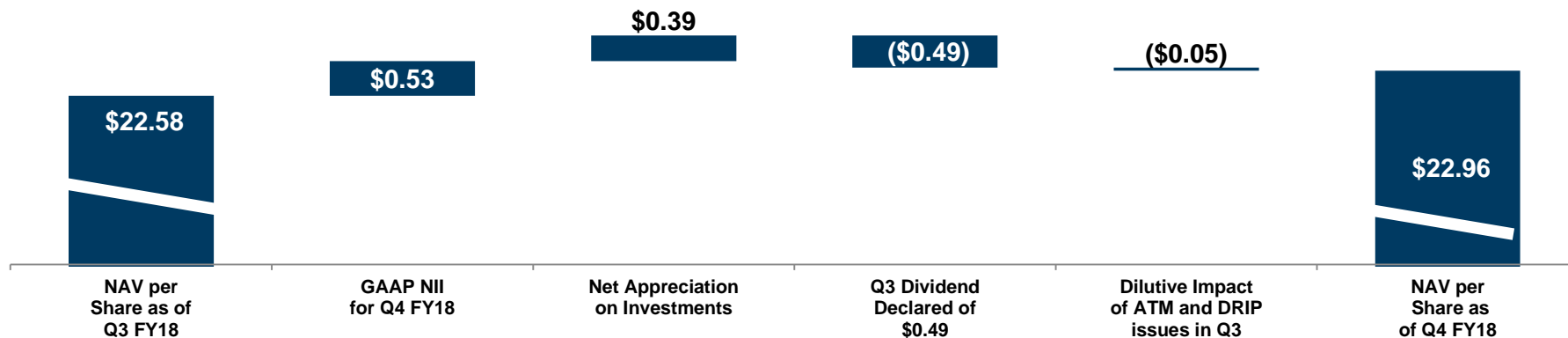
Quarterly Reconciliation of NII and NAV per Share

Reconciliation of Quarterly NII per Share

- Impacts are shown net of incentive fee



Reconciliation of Quarterly NAV per Share



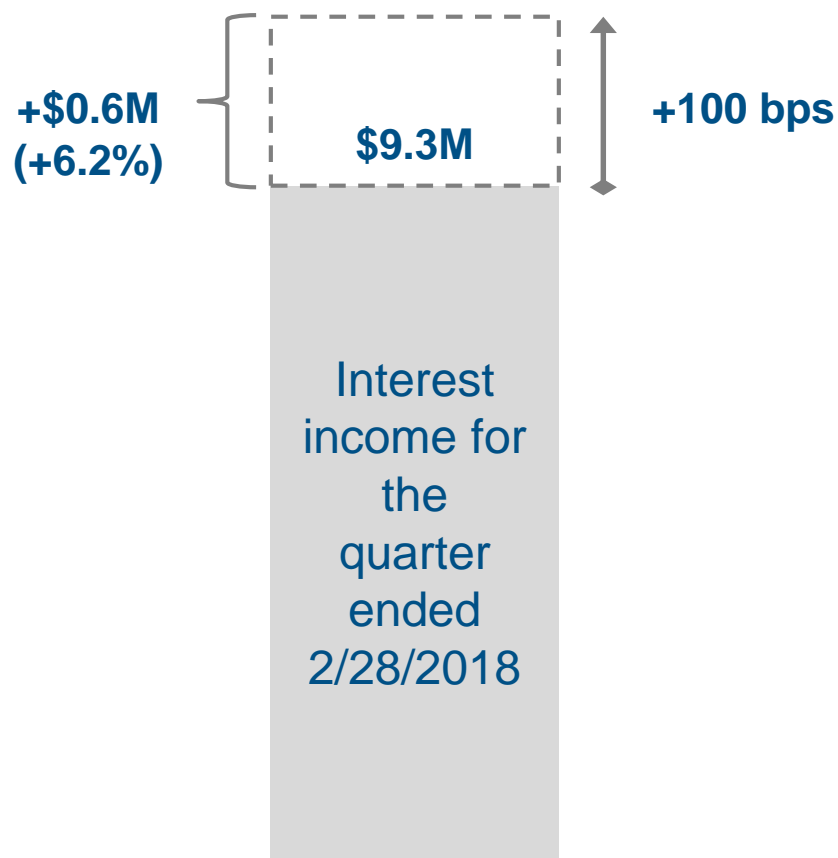
Significant Dry Powder Available

(As of Feb 28, 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	6-10 years	Fixed
Publicly-Traded Notes (at fair value)	\$76.5 million	\$76.5 million	\$0.0 million	6 Years	Fixed
Cash and Cash Equivalents	\$13.8 million	\$0.0 million	\$13.8 million	-	-
Total Available Liquidity (at quarter-end): \$ 71.1 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

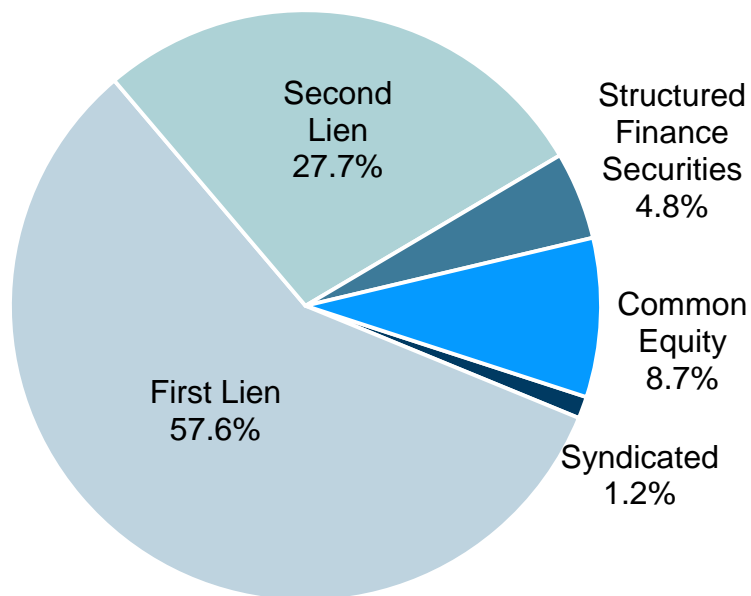


- 79% of SAR lending at floating rates
- Hypothetical 1% change in interest rates would result in ~\$0.6 million increase in interest income over the quarter (\$2.3 million per year)
 - Assumes investments as of 2/28/2018 outstanding for full quarter and no change to existing rate terms

Portfolio Composition and Yield

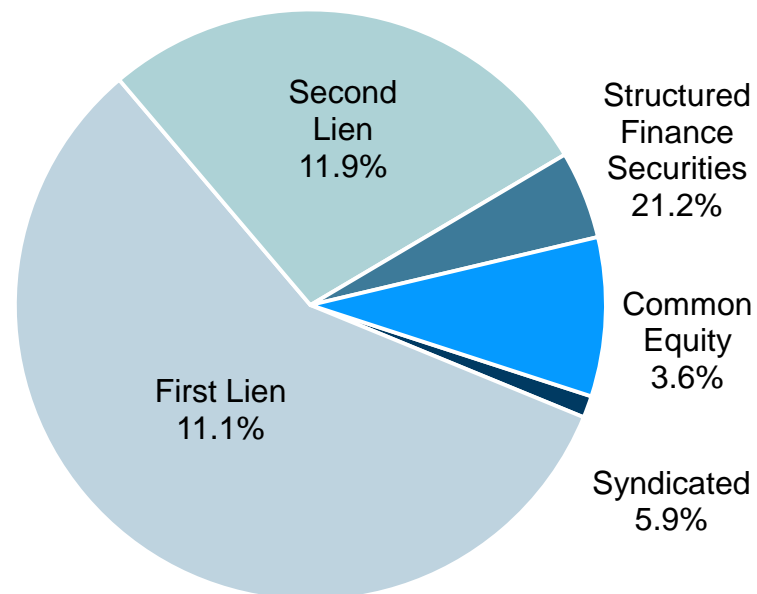
Portfolio Composition – \$342.7 m

(Based on Fair Values
as of February 28, 2018)



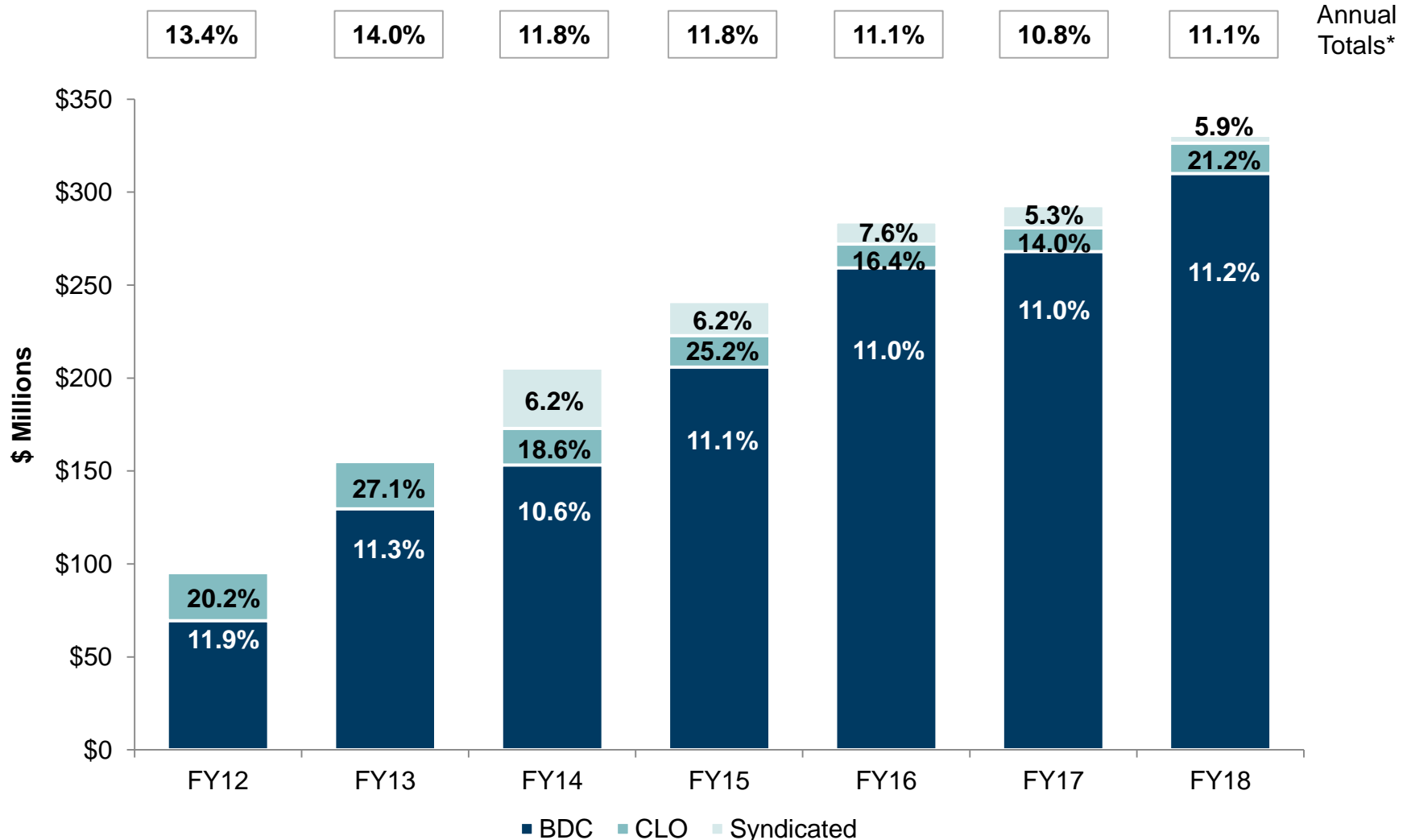
Portfolio Yield – 11.1%

(Weighted Average
Current Yield of Existing Portfolio)



Yield of BDC Remains Strong and Consistent

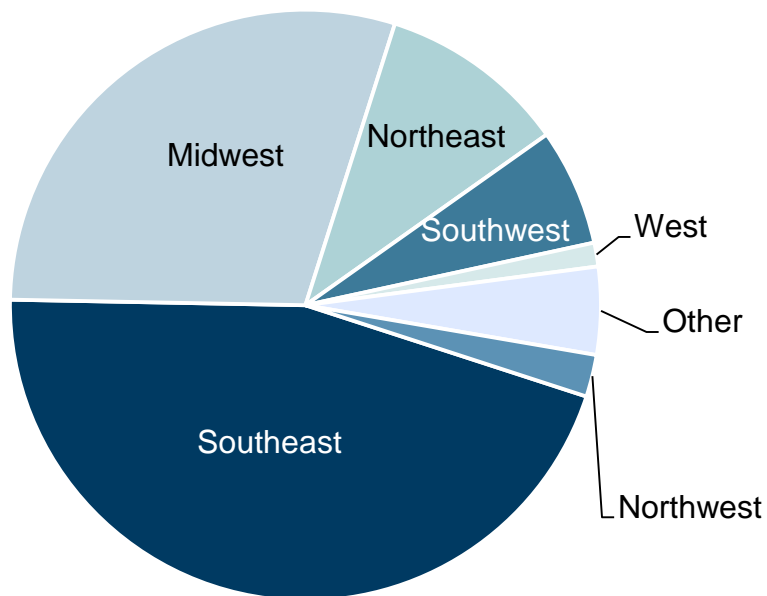
Weighted Average Current Yields



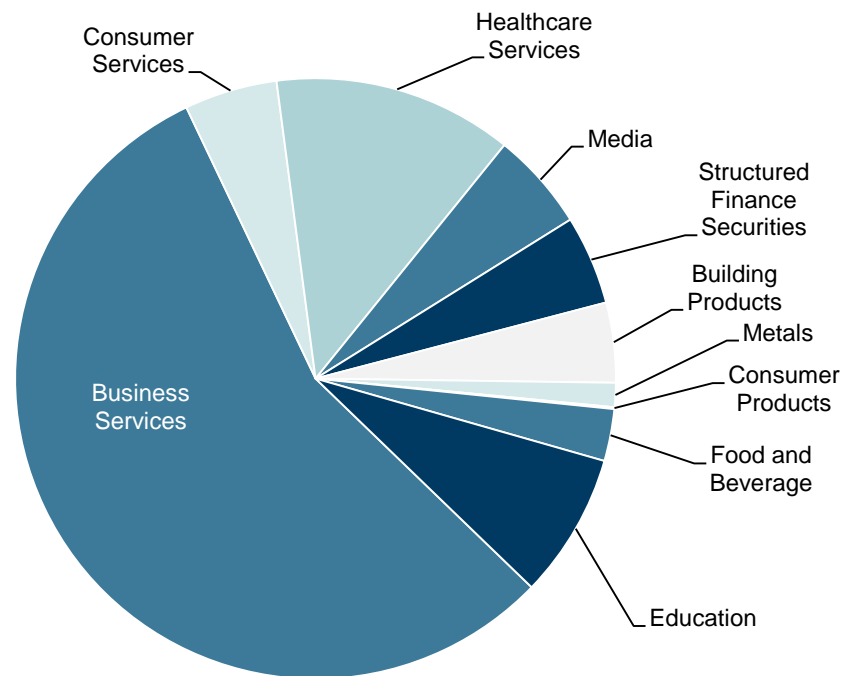
Annual total yields on full portfolio. BDC, CLO and Syndicated yields are annualized and calculated on fair value of interest earning assets.

Diversified Across Industry and Geography

Investments diversified geographically

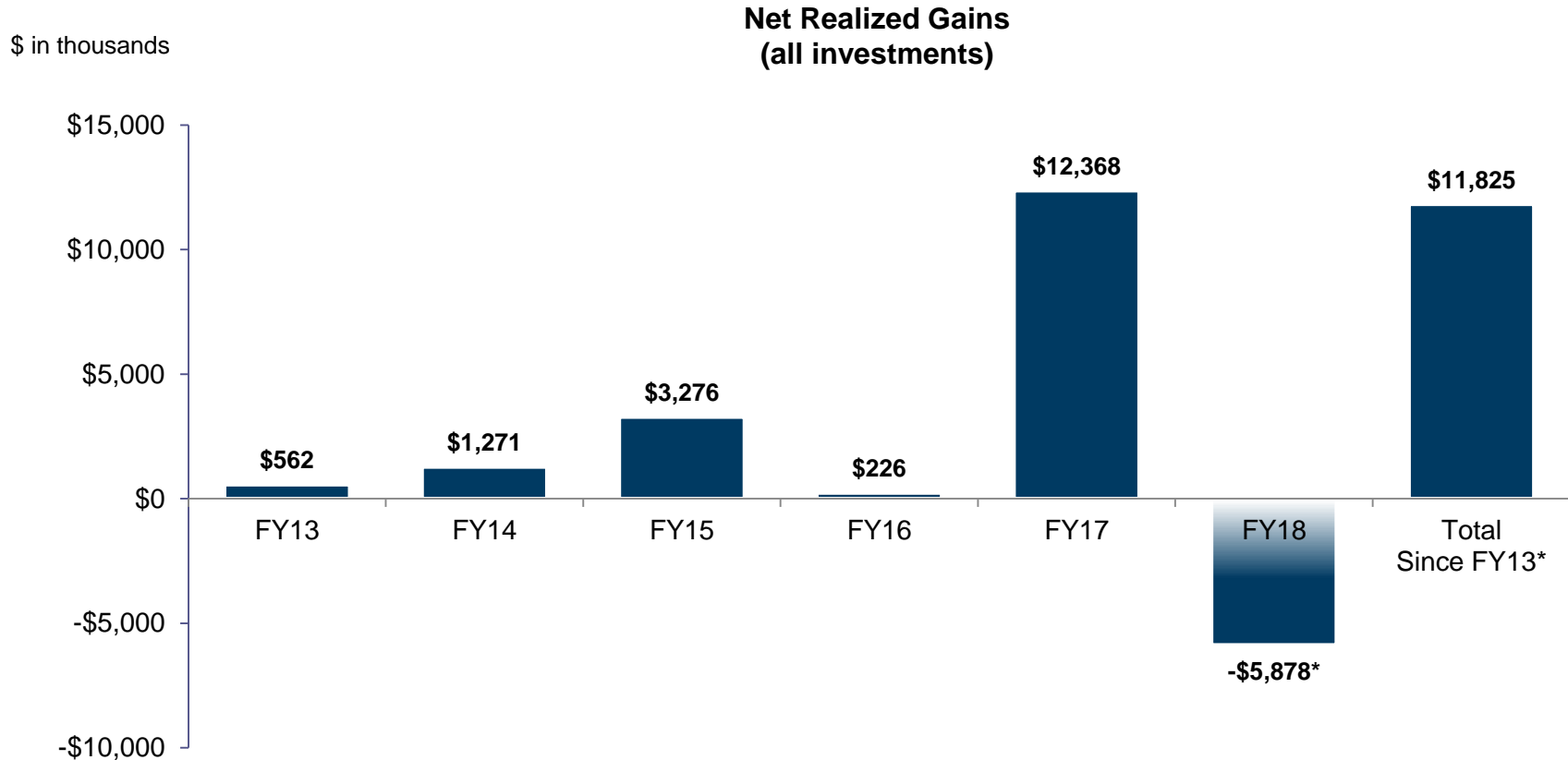


Investments across 10 distinct industries



Net Realized Gains Help Protect Shareholder Capital

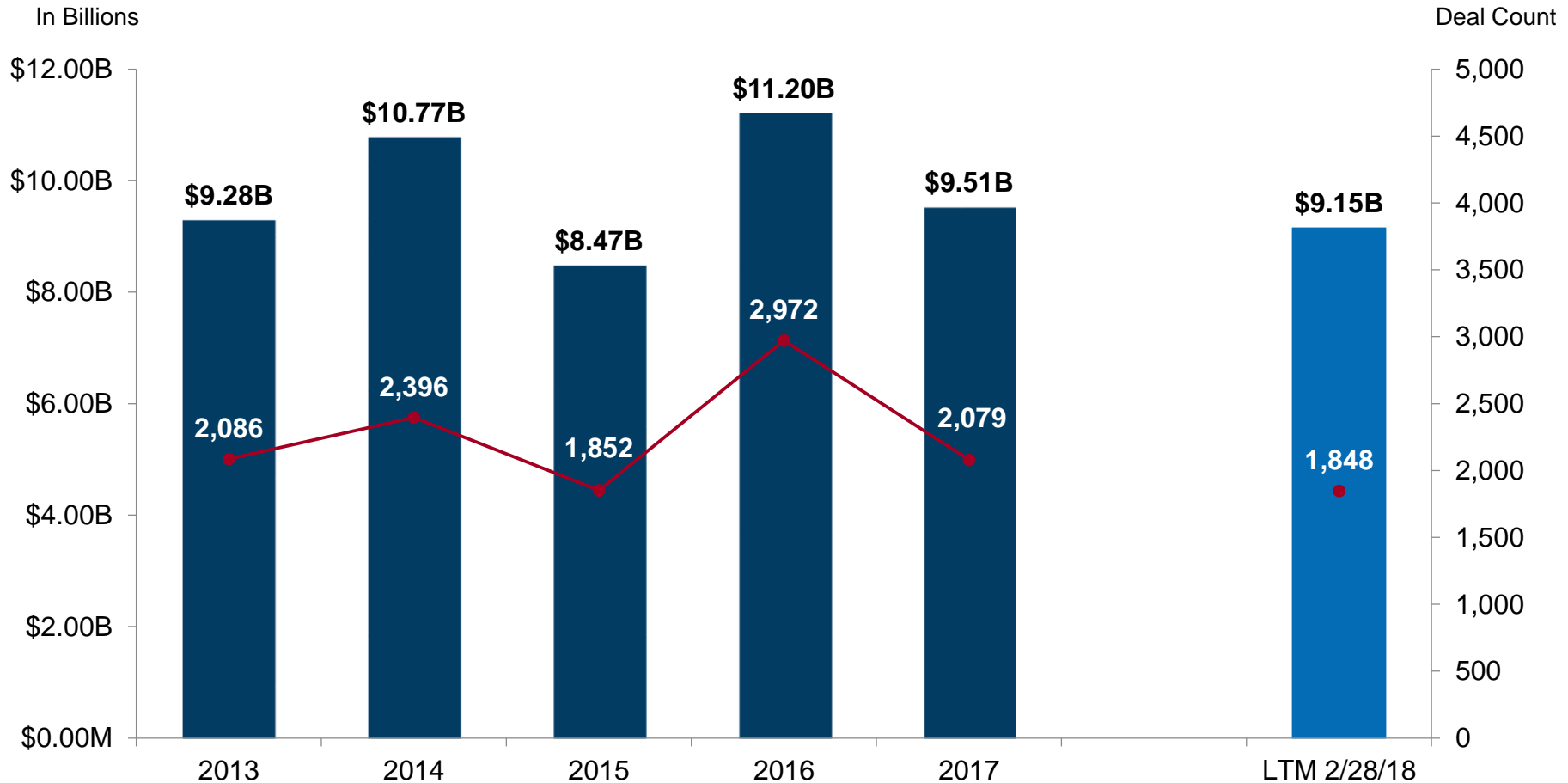
Cumulative net realized gains reflect portfolio credit quality



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

US Deal Activity Below \$25m Continues to Decrease

- **LTM February transactions for US deals below \$25 million down by 11% over full-year 2017, reflecting early weakness in 2018.**



Source: PitchBook Data, Inc.

■ Total Capital Invested

● Deal Count

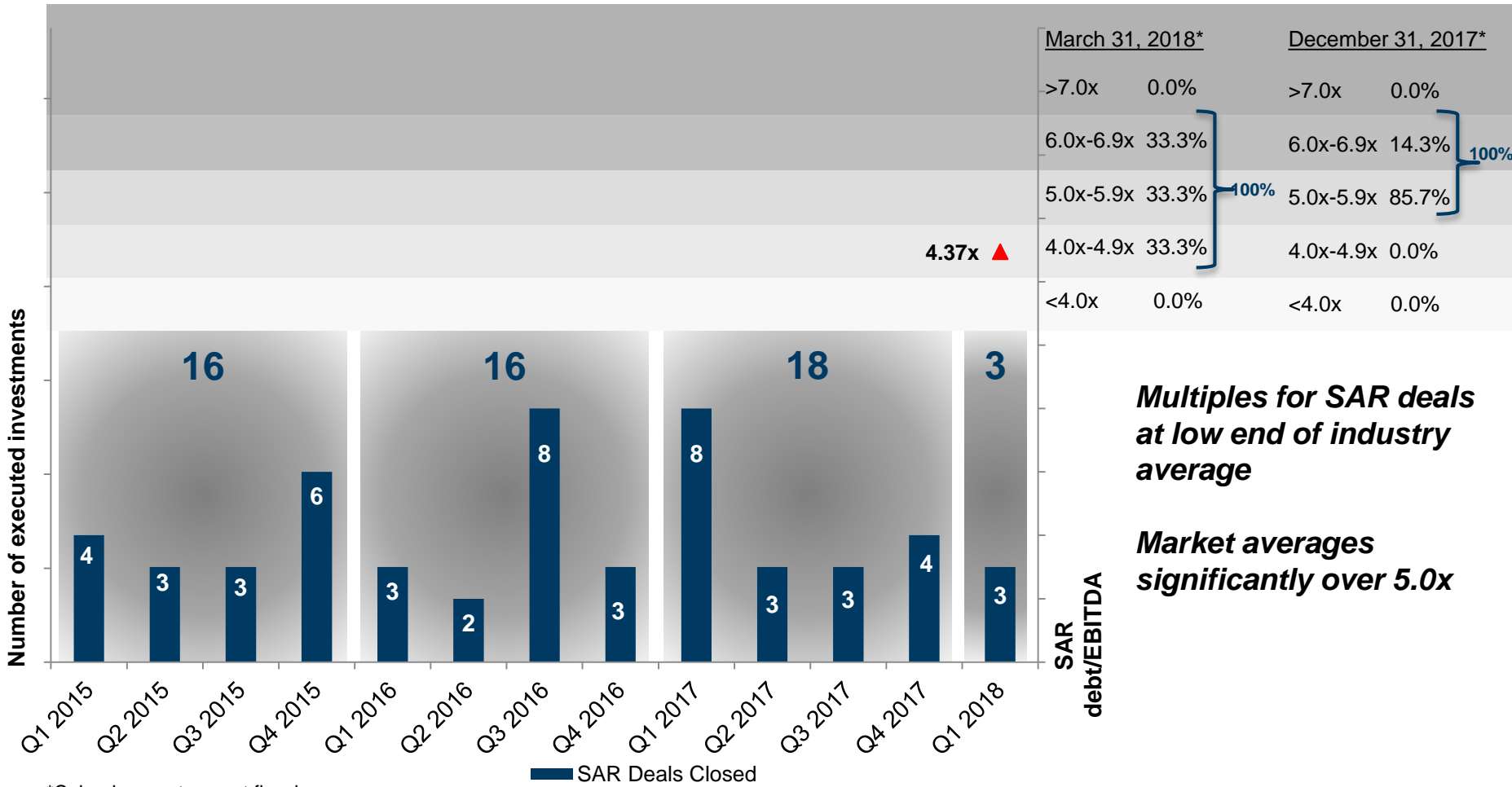


Exercising Disciplined Investment Judgment While Growing Origination Pace

SAR Debt Multiples/Deals Closed (2015-2018)

Total Portfolio Leverage is 4.37x

Market Average Multiples
(Total Debt/EBITDA)



Multiples for SAR deals at low end of industry average

Market averages significantly over 5.0x

*Calendar quarters, not fiscal

■ SAR Deals Closed
 ▲ 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.



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.

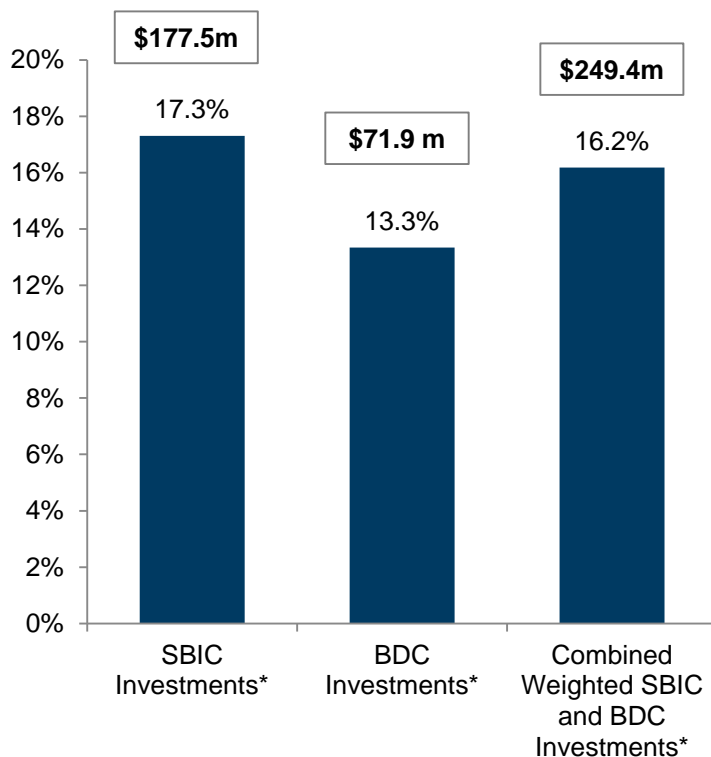
Calendar	2015	Δ	2016	Δ	2017	Δ	LTM Q1 2018	
Deals Sourced	613	5%	645	28%	722	14%	826	<ul style="list-style-type: none"> • 50% of deal flow from private equity sponsors • 50% of deals from private companies without institutional ownership • Saratoga maintains investment discipline which is demonstrated by passing on ~60 - 70 deals a year that other firms close
Term Sheets	67	(28%)	48	2%	49	43%	70	<ul style="list-style-type: none"> • Saratoga issues an average of 18 term sheets per quarter, or 8% of deals reviewed • ~ 80% of term sheets are issued for transactions involving a private equity sponsor
Deals Executed (new and follow-on)	16	-	16	13%	18	(17%)	15	<ul style="list-style-type: none"> • Saratoga closes an average of 4 new deals or follow-ons per quarter, ~2% of deals reviewed • Four new portfolio companies the last twelve months • Slight reduction in deal closings reflect lower quality, yet still in line with historical average

*Calendar quarters, not fiscal quarters.

Demonstrated Strong Track Record

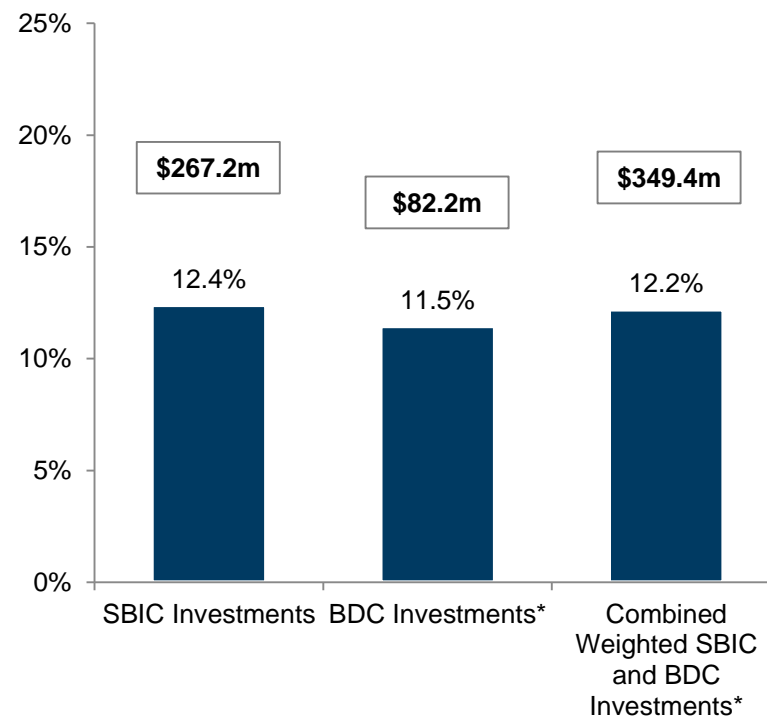
Realized Investments

(Gross Unlevered IRR%)



Unrealized Investments ¹

(Gross Unlevered IRR%)



Track Records as of 2/28/18

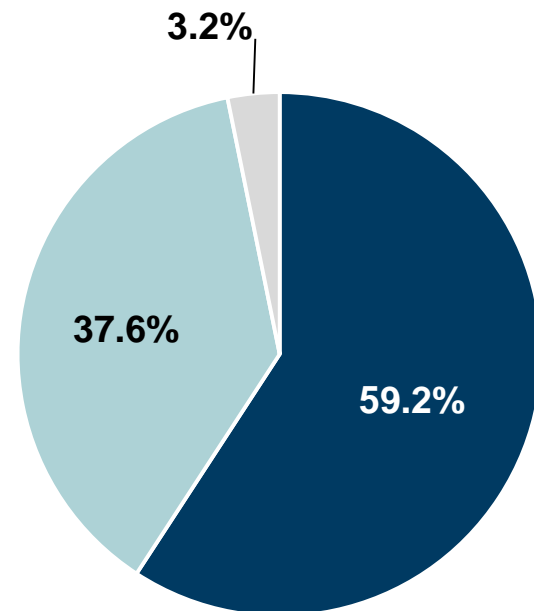
¹ IRRs for unrealized investments include fair value as of 2/28/18 and accrued interest through 2/28/18.

* 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 20 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 4.57x¹.
 - 59.2% of the SBIC portfolio consists of senior debt investments, up from 55.4% in November 2017
 - 37.6% of the SBIC portfolio consists of first lien, last out or second lien/subordinated debt investments, slightly down from 40.6% in November 2017

Composition of SBIC Portfolio²

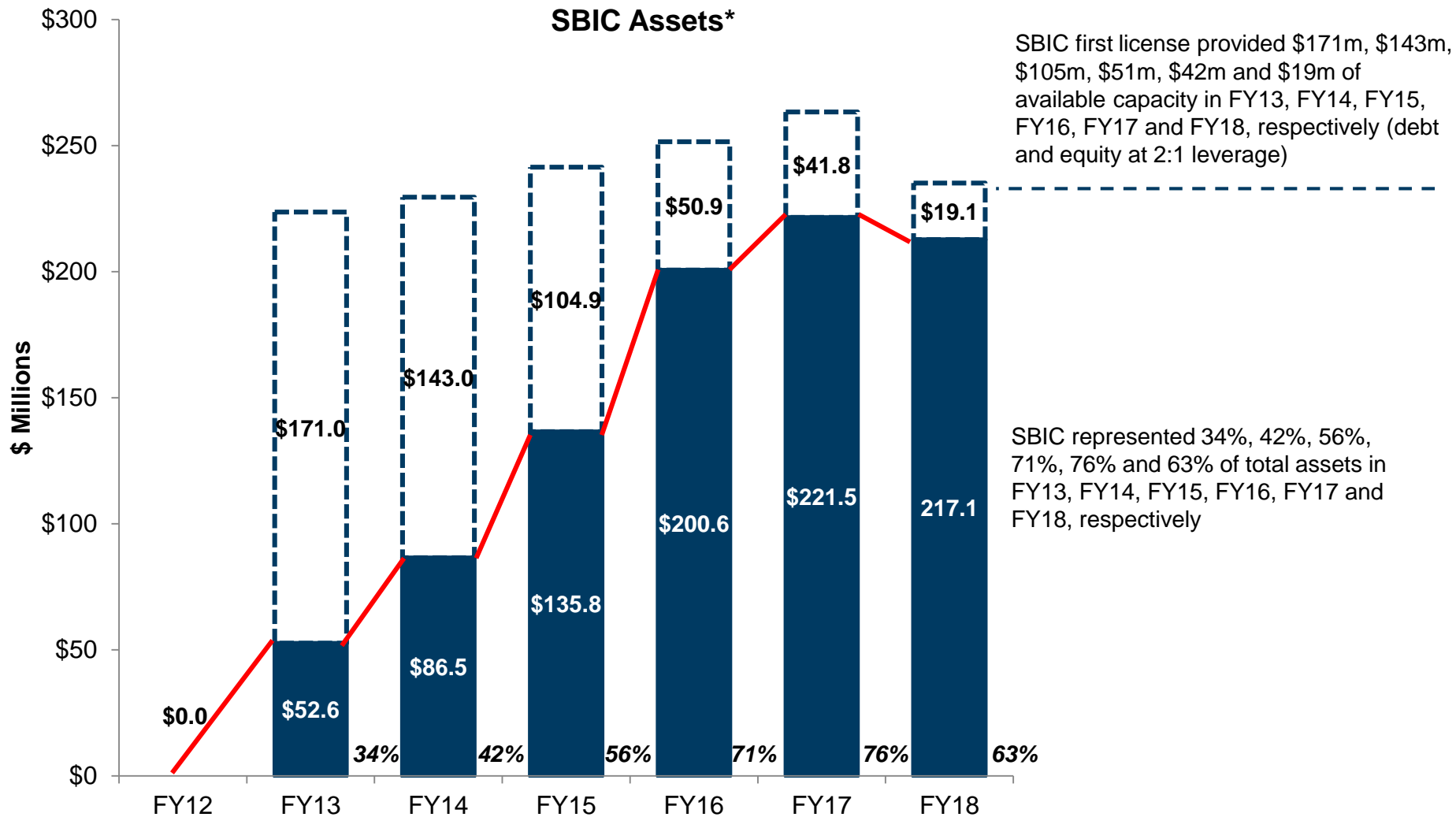


- Senior Debt First Lien
- First Lien Last Out/Second Lien/Subordinated Debt
- Equity/Warrants

¹Excludes two loans underwritten using recurring revenue metrics.

²Based on market value as of February 28, 2018.

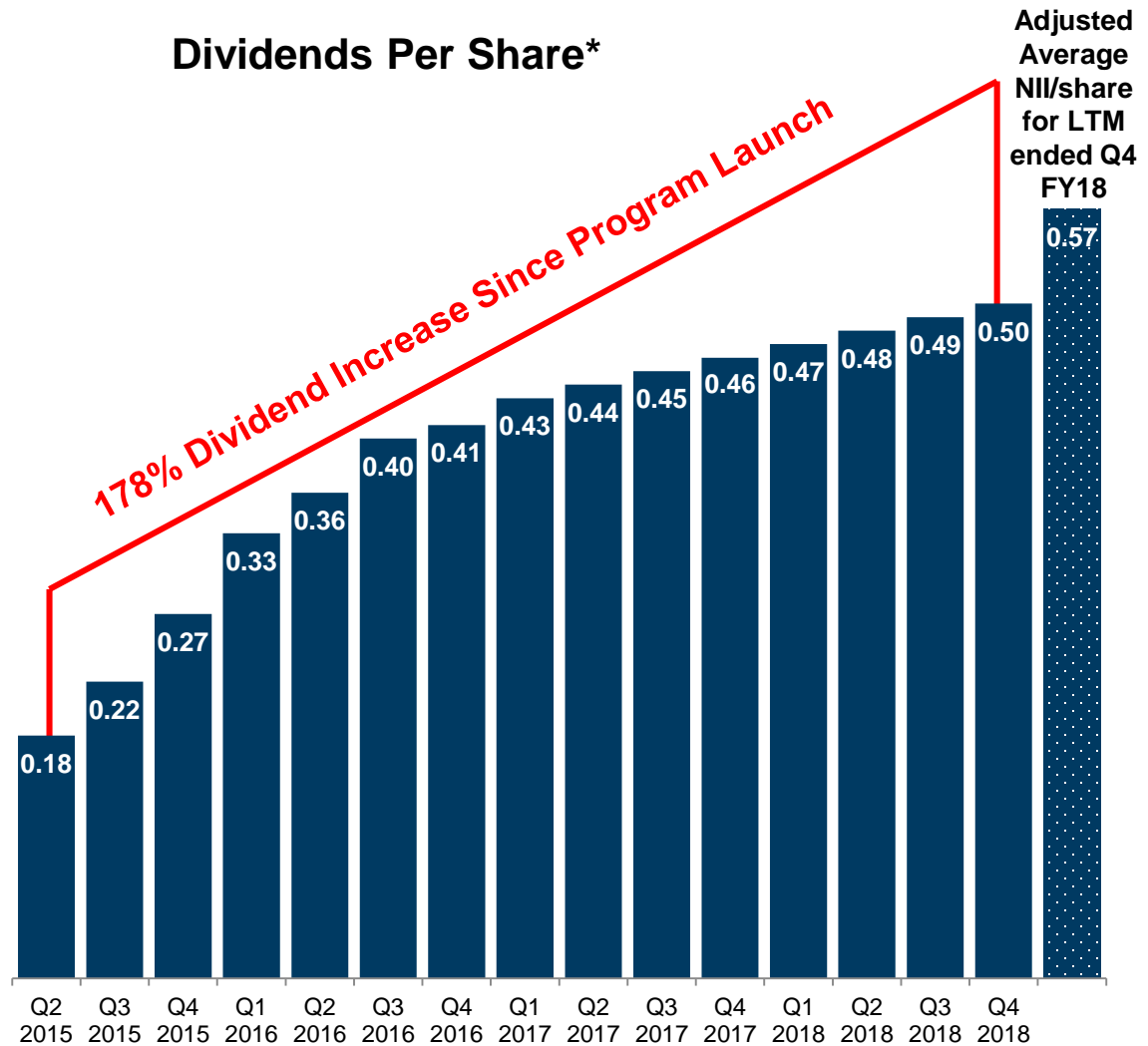
SBIC Assets Close to Fully Funded



* At Fair Value as of February 28, 2018.

Dividends Continue to Increase

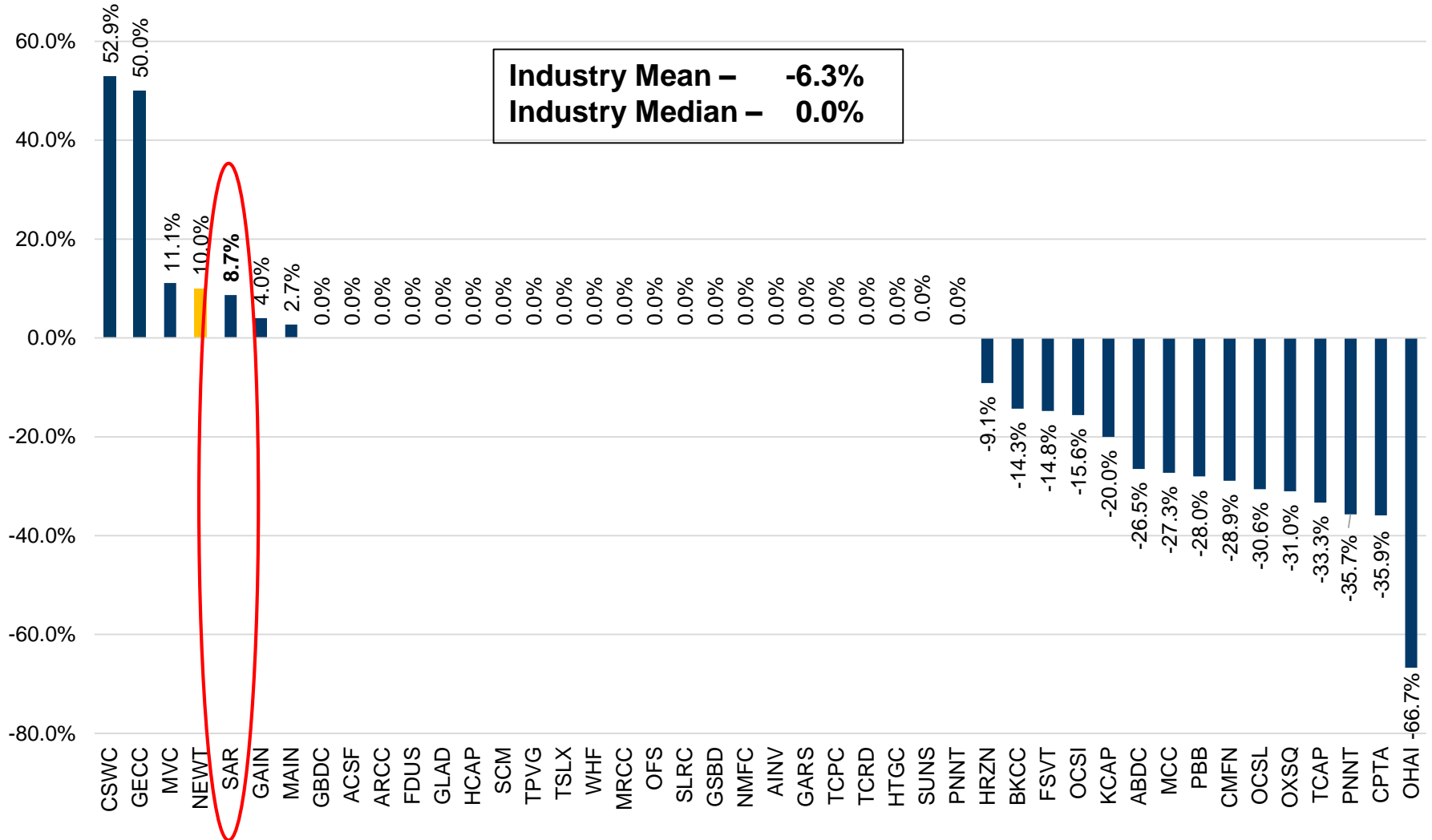
- Established dividend policy to pay regular quarterly cash dividends to stockholders pursuant to dividend reinvestment plan (“DRIP”)
- Increased dividend by 178% since program launch
- Declared Q4 2018 dividend of \$0.50, an increase of \$0.01 (2%)
- Overearning our dividend currently (14.0% on average LTM NII per share)



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

Saratoga Growing Dividends the Past Fourteen Quarters

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



Source: Raymond James report as of 4/27/18

SAR LTM Total Return Outperforms BDC Index

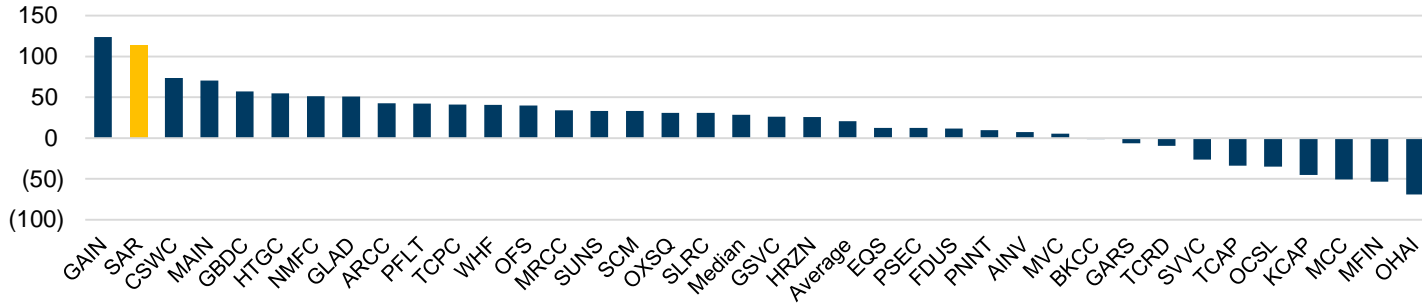
LTM Total Return (%)
(May 2017 to May 2018)

SAR +2% vs. BDC Index -9%

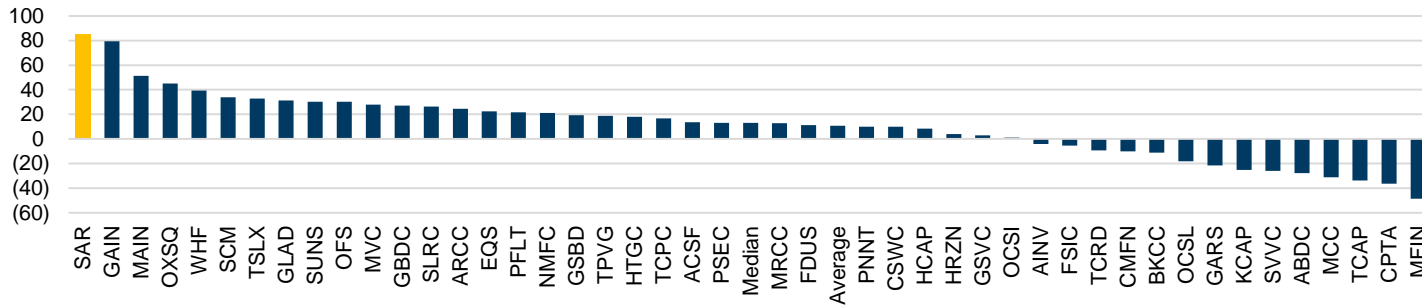


Performance at Top of BDC Industry

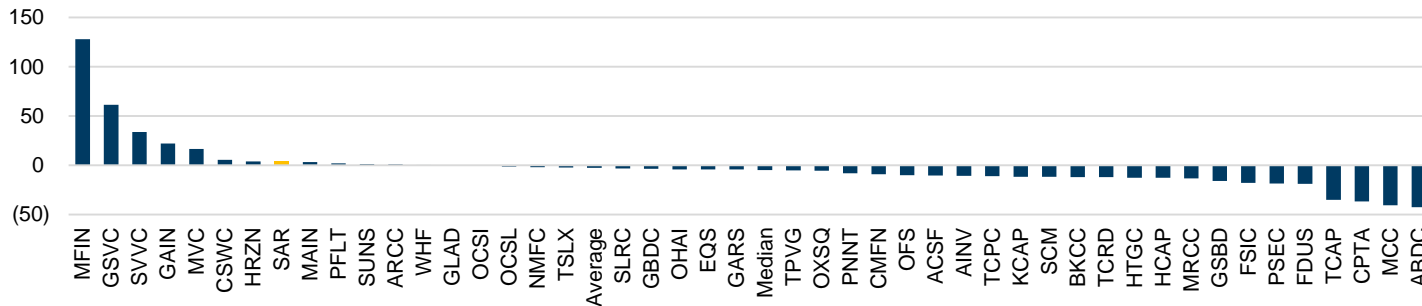
BDC Total Return (%)



Past 5 years:
114%

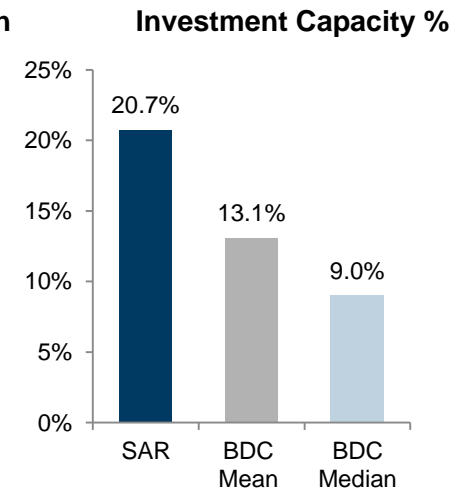
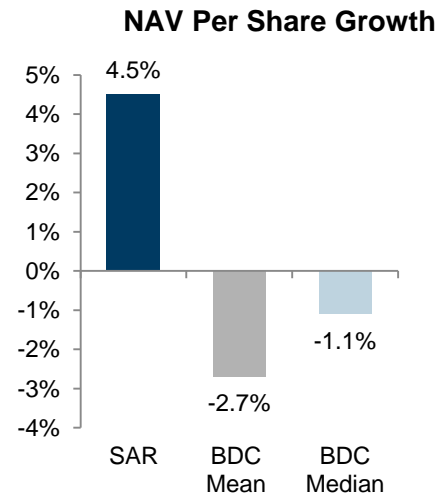
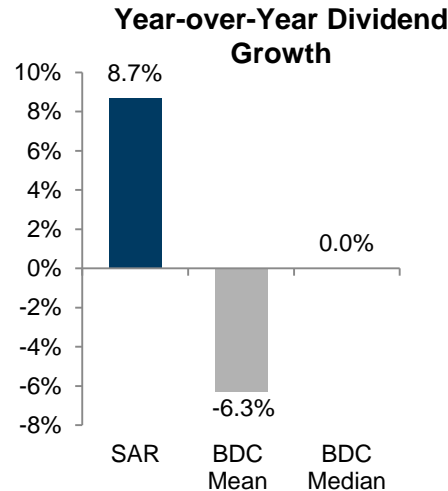
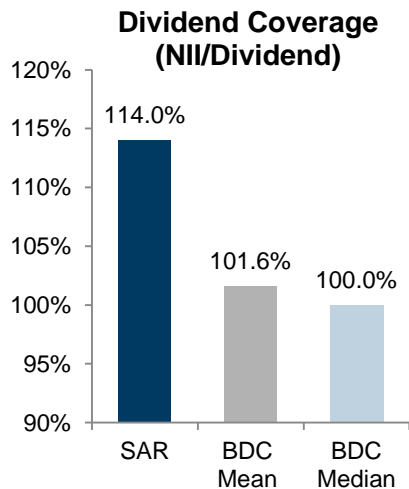
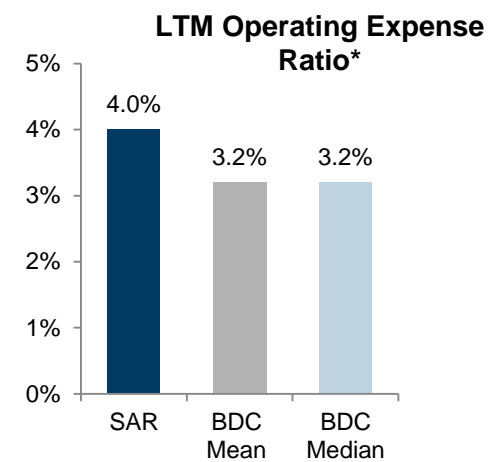
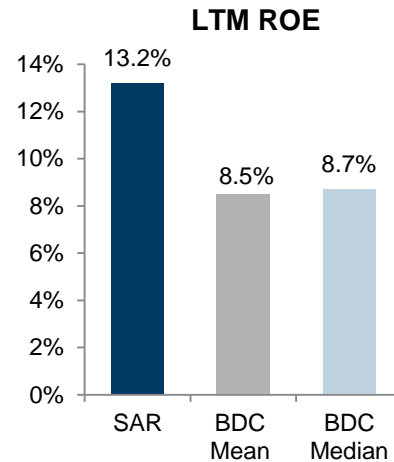
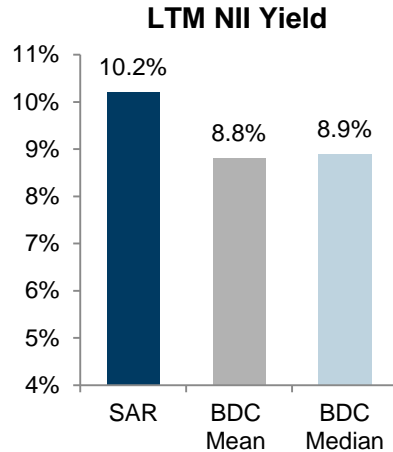
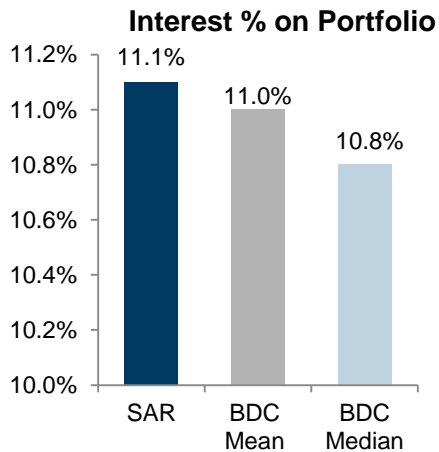


Last 3 years:
85%



Last 12 months:
3%

Strongly Differentiated Outperformance



Source: SNL Financial / Company Filings / Raymond James report as of 04/27/18 / 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. 9.4%; increased quarterly dividend by 178% over past four years; significant management ownership of 24%
- ▶ **Strong return on equity** | LTM ROE of 13.2% 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%; maturity extended through extension of credit facility
- ▶ **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 261% since FY 2012 and 17% since year end with strong originations offsetting significant repayments
- ▶ **Well-positioned for higher interest rates** | Approx. 79% of our 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, 97% of credits are the highest quality, 58% 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?



SARATOGA
INVESTMENT CORP.



SARATOGA
INVESTMENT CORP.

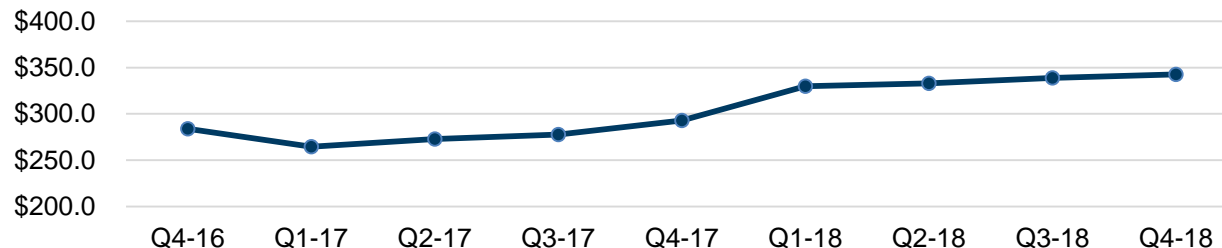
KPIs – Balance Sheet – Q4 FY 2018

Period	FMV Investment Portfolio (in millions)
Q4-16	\$ 284.0
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

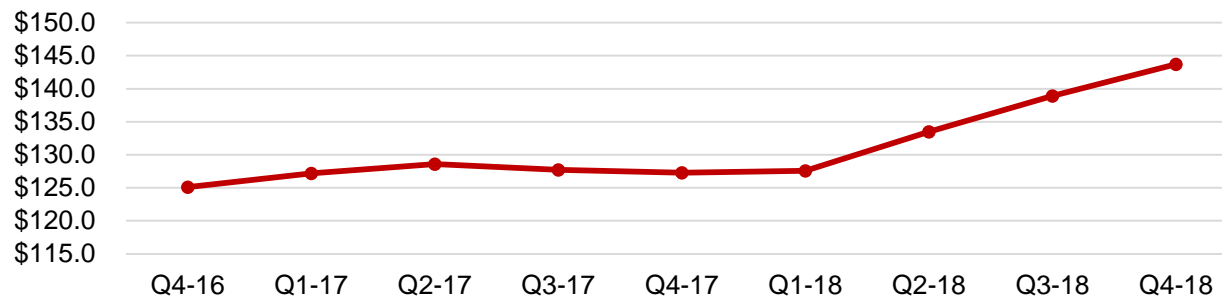
Period	NAV (in millions)
Q4-16	\$ 125.1
Q1-17	\$ 127.2
Q2-17	\$ 128.6
Q3-17	\$ 127.7
Q4-17	\$ 127.3
Q1-18	\$ 127.6
Q2-18	\$ 133.5
Q3-18	\$ 138.9
Q4-18	\$ 143.7

Period	NAV Per Share
Q4-16	\$ 22.06
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

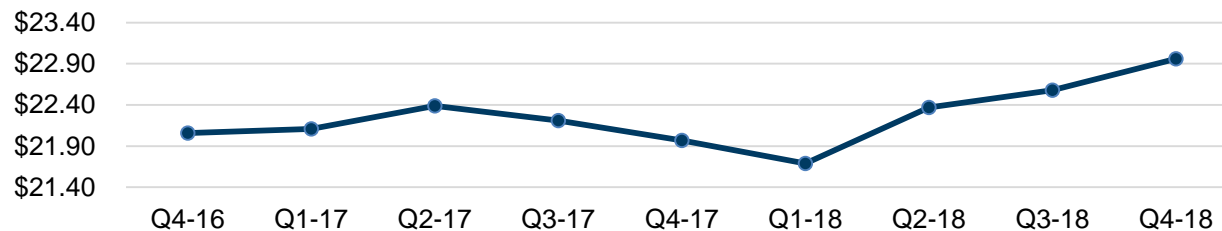
FMV Investment Portfolio
(in millions)



NAV
(in millions)



NAV Per Share



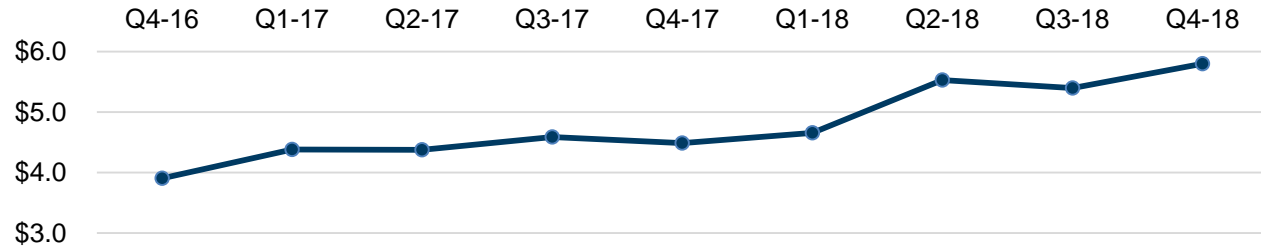
KPIs – Income Statement – Q4 FY 2018

Period	Net Interest Margin (in millions)
Q4-16	\$ 3.9
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

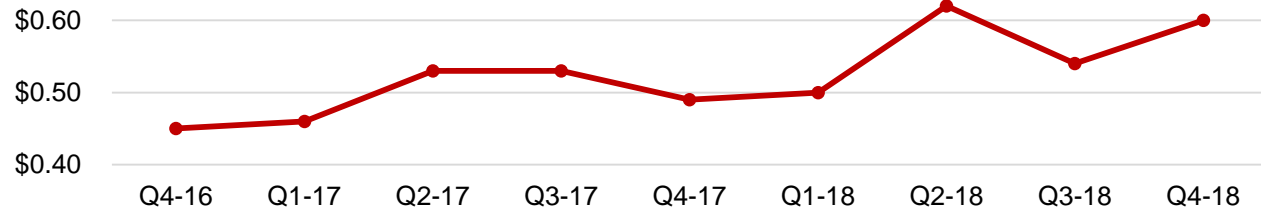
Period	NII Per Share
Q4-16	\$ 0.45
Q1-17	\$ 0.46
Q2-17	\$ 0.53
Q3-17	\$ 0.53
Q4-17	\$ 0.49
Q1-18	\$ 0.50
Q2-18	\$ 0.62
Q3-18	\$ 0.54
Q4-18	\$ 0.60

Period	NII Yield
Q4-16	8.0%
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%

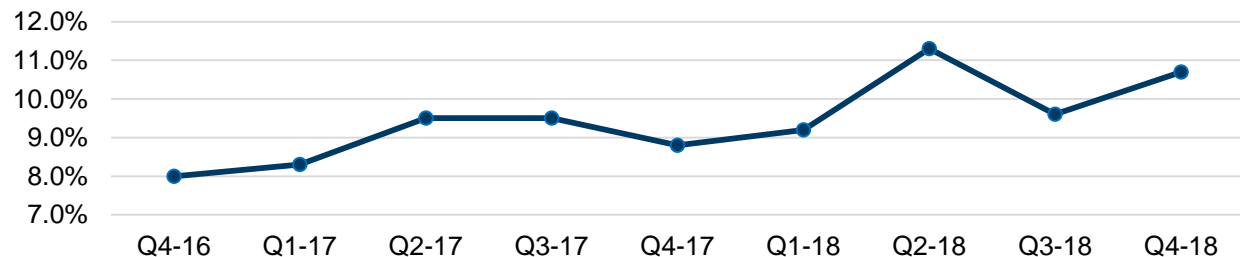
**Net Interest Margin (excluding CLO)
(in millions)**



NII Per Share

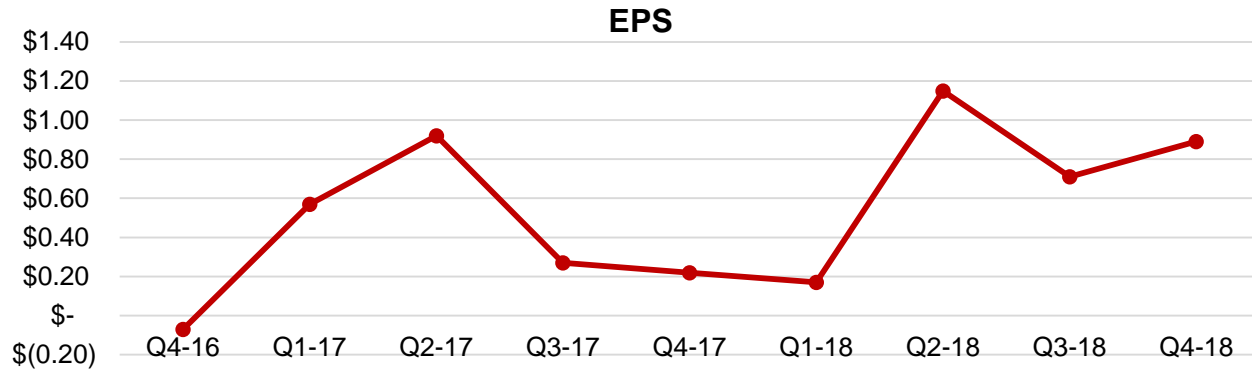


NII Yield

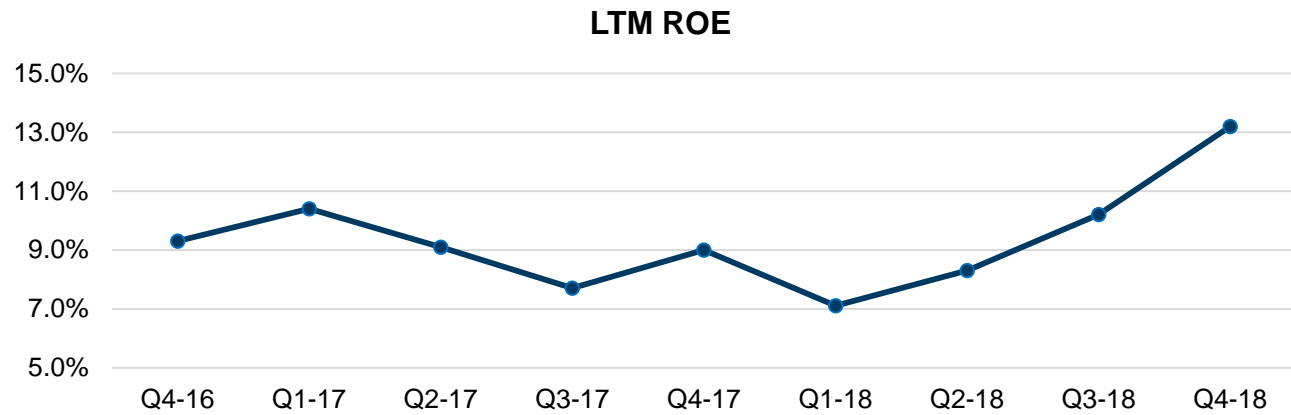


KPIs – Income Statement – Q4 FY 2018 (continued)

Period	EPS
Q4-16	\$ (0.07)
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



Period	LTM ROE
Q4-16	9.3%
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%



KPIs - SAR Net Interest Margin

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

This increase despite the contribution of the CLO shrinking

