

CM Finance Inc Reports Results for its Fiscal Second Quarter ended December 31, 2017

NEW YORK, Feb. 07, 2018 (GLOBE NEWSWIRE) -- CM Finance Inc (NASDAQ:CMFN) ("CMFN" or "the Company") announced its financial results for its fiscal second quarter ended December 31, 2017.

HIGHLIGHTS

- | The weighted average yield on debt investments, at cost, decreased to 10.25% from 10.67% as of September 30, 2017
- | CMFN made investments in two new portfolio companies and two existing portfolio companies during the quarter with a total cost of \$34.8mm. The weighted average yield of debt investments made in the quarter was 8.9%
- | Two investments were fully realized during the quarter with a weighted average IRR of 14.16%
- | Net asset value ("NAV") per share increased by 0.9% to \$12.50, compared to \$12.39 as of September 30, 2017

Portfolio results, as of December 31, 2017:

Total assets	\$299.1mm
Investment portfolio, at fair value	\$286.5mm
Net assets	\$171.1mm
Weighted average yield on debt investments, at cost	10.25%
Net asset value per share	\$12.50

Portfolio activity in the current quarter:

Number of new investments	4
Total capital invested	\$34.8mm
Proceeds from repayments, sales, and amortization	\$23.9mm
Number of portfolio companies, end of period	24

Net investment income (NII)	\$3.7mm
Net investment income per share	\$0.27
Net increase in net assets from operations	\$4.9mm
Net increase in net assets from operations per share	\$0.35
Quarterly per share distribution paid on January 4, 2018	\$0.25

Mr. Michael C. Mauer, the Company's Chief Executive Officer, said "We are beginning to see an increase in attractive opportunities in our pipeline, and will continue to focus on diversifying our portfolio. We successfully redeployed capital received from unscheduled prepayments and are currently evaluating a number of new directly sourced investments. During the quarter, PR Wireless closed on its joint venture with Sprint, significantly improving the risk profile of our investment in the company through a full guarantee of the debt by Sprint."

On February 6, 2018, the Company's Board of Directors declared a distribution for the quarter ending March 31, 2018 of \$0.25 per share, payable on April 5, 2018, to shareholders of record as of March 16, 2018. This represents a 12.74% yield on the Company's \$7.85 share price as of the close on February 5, 2018. Distributions may include net investment income, capital gains and/or return of capital. The tax status of distributions will be determined at the end of the taxable year.

Portfolio and Investment Activities

During the quarter, the Company made investments in two new portfolio companies and two existing portfolio companies. These four investments totaled \$34.8mm at cost and were made at a weighted average yield of 8.9%. The Company also realized \$24.0mm of repayments, sales, and amortization, primarily related to the repayments of Redbox Automated Retail, LLC and PR Wireless, Inc ("PR Wireless"). Following the repayment of the Company's original PR Wireless investment, the Company made a new investment in PR Wireless in connection with their previously announced joint venture with Sprint. Realized and unrealized gains accounted for an increase in the Company's net investments of approximately \$1.2mm, or \$0.09 per share. The total net increase in net assets resulting from operations for the quarter was \$4.9mm, or \$0.35 per share.

As of December 31, 2017, the Company's investment portfolio consisted of investments in 24 portfolio companies, of which 50.1% were first lien investments, 44.9% were second lien investments, 4.7% were equity investments, and 0.3% were unsecured debt investments. The Company's debt portfolio consisted of 96.0% floating rate investments. As of December 31, 2017, the Company had no loans on non-accrual status.

Capital Resources

As of December 31, 2017, the Company had \$5.4mm in cash, \$1.7mm in restricted cash and \$32.2mm of capacity under its revolving credit facility with UBS AG, London Branch.

Subsequent Events

Subsequent to quarter end, the Company did not make any investments and received \$3.6 mm in repayments proceeds.

CM Finance Inc and subsidiaries

Consolidated Statements of Assets and Liabilities

	December 31, 2017 (Unaudited)	June 30, 2017
Assets		
Non-controlled, non-affiliated investments, at fair value (amortized cost of \$293,670,448 and \$270,467,740, respectively)	\$ 286,531,168	\$ 254,907,171
Derivatives, at fair value (cost \$0 and \$0, respectively)	615,887	5,830,501
Cash	5,396,195	10,646,697
Cash, restricted	1,724,789	22,616,177
Interest receivable	4,340,841	1,627,774

Dividend receivable	189,583	—
Other receivables	179,819	—
Deferred offering costs	58,344	186,513
Prepaid expenses and other assets	48,594	219,045
	<u> </u>	<u> </u>
Total Assets	\$ 299,085,220	\$ 296,033,878
Liabilities		
Notes payable:		
Term loan	\$ 102,000,000	\$ 102,000,000
Revolving credit facility	17,830,000	—
Deferred debt issuance costs	(2,344,525)	(578,074)
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Notes payable, net	117,485,475	101,421,926
Base management fees payable	2,315,233	1,132,391
Income-based incentive fees payable	1,162,320	274,073
Derivatives, at fair value (cost \$0 and \$0, respectively)	615,887	5,830,501
Dividend payable	3,422,622	3,422,307
Payable for investments purchased	—	12,490,000
Deferred financing costs payable	2,071,167	620,500
Interest payable	283,367	205,027
Directors' fees payable	96,746	100,000
Accrued expenses and other liabilities	522,666	589,041
	<u> </u>	<u> </u>
Total Liabilities	127,975,483	126,085,766
Commitments and Contingencies (Note 6)		
Net Assets		
Common stock, par value \$0.001 per share (100,000,000 shares authorized, 13,690,480 and 13,689,221 shares issued and outstanding, respectively)	13,690	13,689
Additional paid-in capital	199,077,935	199,066,123
Accumulated net realized loss	(18,612,517)	(11,231,827)
Distributions in excess of net investment income	(2,481,050)	(2,339,304)
	<u> </u>	<u> </u>
Net unrealized depreciation on investments	(6,888,321)	(15,560,569)
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Total Net Assets	171,109,737	169,948,112
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	\$ 299,085,220	\$ 296,033,878
Net Asset Value Per Share	\$ 12.50	\$ 12.41

CM Finance Inc and subsidiaries
Consolidated Statements of Operations (Unaudited)

	For the three months ended December 31,	
	2017	2016
Investment Income:		
Interest income	\$ 7,538,152	\$ 8,792,597
Payment in-kind interest income	722,039	—
Payment in-kind dividend income	189,583	—
Other fee Income	—	359,494
	<u> </u>	<u> </u>
Total investment income	8,449,774	9,152,091
Expenses:		
Base management fees	1,161,353	1,183,946
Interest expense	1,601,261	1,037,818
Professional fees	236,024	229,804
Offering expense	—	—
Allocation of administrative costs from advisor	184,561	148,710
Amortization of deferred debt issuance costs	179,514	364,195
Directors' fees	99,000	99,999
Custodian and administrator fees	113,443	107,473
Insurance expense	85,225	92,651
Income-based incentive fees	921,782	1,095,515
Other expenses	180,482	123,210
	<u> </u>	<u> </u>
Total expenses	4,762,645	4,483,321
Waiver of income-based incentive fees	—	(203,242)
	<u> </u>	<u> </u>
Net expenses	4,762,645	4,280,079
Net Investment Income	3,687,129	4,872,012
Net realized and unrealized gain/(loss) on investments:		
Net realized loss from investments	—	39,502
Net change in unrealized appreciation in value of investments	1,172,018	3,642,584
	<u> </u>	<u> </u>
Net realized and unrealized gain on investments	1,172,018	3,682,086
	<u> </u>	<u> </u>
Net increase in net assets resulting from operations	\$ 4,859,147	\$ 8,554,098

Basic and diluted:			
Net investment income per share	\$	0.27	\$ 0.36
Net increase in net assets resulting from operations per share	\$	0.35	\$ 0.62
Weighted average shares of common stock outstanding		13,690,480	13,686,865

Distributions paid per common share	\$	0.2500	\$ 0.3516
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About CM Finance Inc

The Company is an externally-managed, closed-end, non-diversified management investment company that has elected to be regulated as a business development company under the Investment Company Act of 1940. The Company's investment objective is to maximize the total return to its stockholders in the form of current income and capital appreciation through debt and related equity investments by targeting investment opportunities with favorable risk-adjusted returns. The Company seeks to invest primarily in middle-market companies that have annual revenues of at least \$50mm and earnings before interest, taxes, depreciation and amortization of at least \$15mm. The Company's investment activities are managed by its investment adviser, CM Investment Partners LLC. To learn more about CM Finance Inc, please visit www.cmfn-inc.com.

Forward-Looking Statements

Statements included herein may contain "forward-looking statements," which relate to future performance or financial condition. Statements other than statements of historical facts included in this press release may constitute forward-looking statements and are not guarantees of future performance or results and involve a number of assumptions, risks and uncertainties, which change over time. Actual results may differ materially from those anticipated in any forward-looking statements as a result of a number of factors, including those described from time to time in filings by the Company with the Securities and Exchange Commission. The Company undertakes no duty to update any forward-looking statement made herein except as required by law. All forward-looking statements speak only as of the date of this press release.

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Attachment Preview:

No attachments are included for this language.
