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## Goldman Sachs BDC, Inc. (NYSE: GSBD)

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Wells Fargo Middle Market Leadership Forum

November 2015

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# Disclaimer and Forward-Looking Statements



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This presentation contains “forward looking statements”, which are subject to risks and uncertainties. Many of these forward-looking statements can be identified by the use of words such as “anticipates,” “believes,” “expects,” “intends” and similar expressions. The actual results of Goldman Sachs BDC, Inc. (“GS BDC”; the “Company”) could differ materially from those expressed in the forward-looking statements for any reason, including those listed in GS BDC’s filings made with the Securities and Exchange Commission (“SEC”).

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These materials contain information about Group Inc. and certain of its personnel and affiliates and may include information regarding the historical performance of other investment vehicles whose portfolios are managed by Group Inc. or its affiliates.

# Goldman Sachs BDC, Inc.

## A Premiere Middle Market Lending Franchise



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### Investment Opportunity

- Secular changes in bank regulation
- Supply and demand imbalance for middle market credit

### Deliver Strong Results

- Initial public offering of Goldman Sachs BDC, Inc. (NYSE: GSBD) in March 2015
- Demonstrated strong financial performance

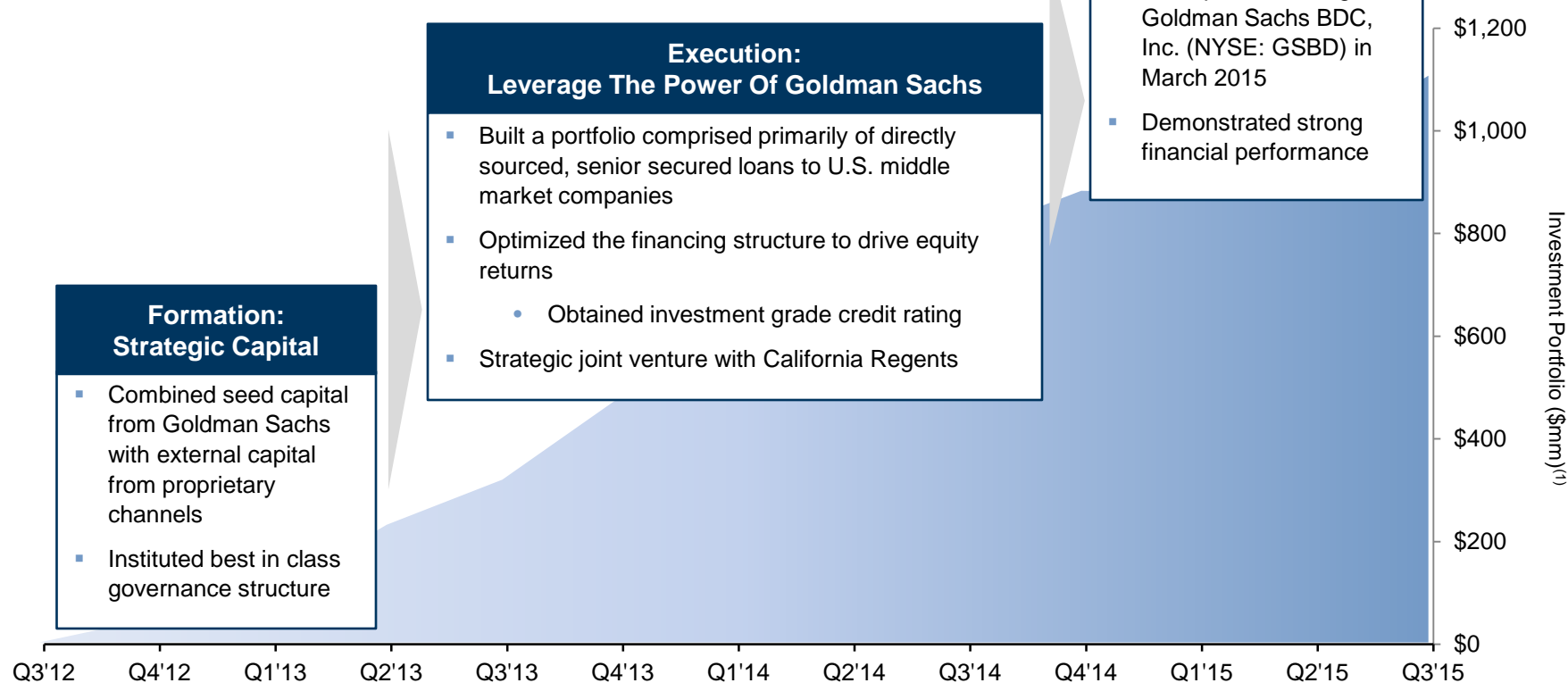
### Execution:

#### Leverage The Power Of Goldman Sachs

- Built a portfolio comprised primarily of directly sourced, senior secured loans to U.S. middle market companies
- Optimized the financing structure to drive equity returns
  - Obtained investment grade credit rating
- Strategic joint venture with California Regents

### Formation: Strategic Capital

- Combined seed capital from Goldman Sachs with external capital from proprietary channels
- Instituted best in class governance structure



For illustrative purposes only.

<sup>(1)</sup> As of September 30, 2015. Investment portfolio measured at fair value.

# Strong Track Record Of Performance

Goldman Sachs BDC, Inc.



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**Gross IRR of 15% on fully exited realized investments since inception**

**Generating annualized net investment income return of 11.8% on book value**

**9/30 NII dividend coverage of 126%**

**No investments on non-accrual**

**Since our IPO, GSBD has outperformed the BDC industry by 11.3% measured on a total return basis**

Gross IRR: Investments are considered to be fully realized when the original investment at the security level has been fully exited. Investments that were sold to or exited from the Senior Credit Fund and investments that have been restructured and not yet monetized are not considered fully exited for the purposes of this calculation. As of September 30, 2015.

Net Investment Income (NII) Return and NII Dividend Coverage: Based on three months ended September 30, 2015 financial results.

Total Return: Total return includes the market price appreciation or depreciation plus any dividends paid during the respective period. Assumes reinvestment of dividends paid. BDC industry includes a universe of 50 externally and internally managed, publicly traded BDCs. Total return calculation from GSBD's initial public offering date of March 17, 2015 through November 13, 2015. Source: SNL Financial.

**Past performance does not guarantee future results, which may vary.**

# Investment Opportunity

## Secular Changes In Bank Regulation Drive Large Investment Opportunity



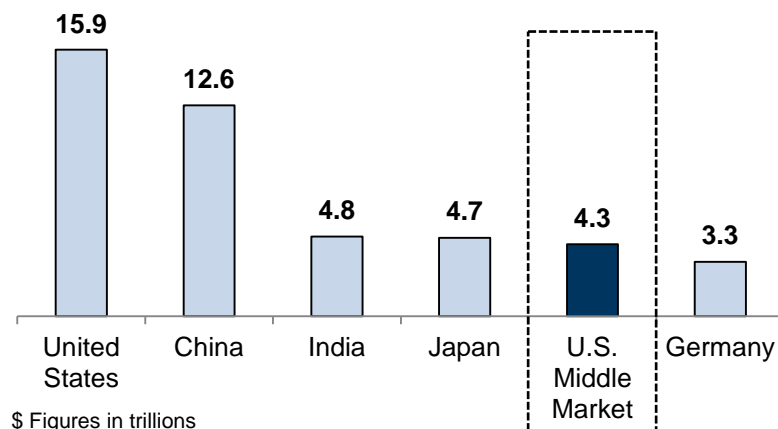
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### U.S. Middle Market Continues to Grow



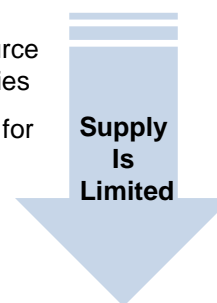
- There are 200,000 U.S. middle market companies, comprising the world's 5th largest economy
- U.S. middle market companies are growing revenues by approximately 7% on average, outperforming the S&P 500<sup>(1)</sup>

U.S. middle market is the 5th largest global economy<sup>(2)</sup>

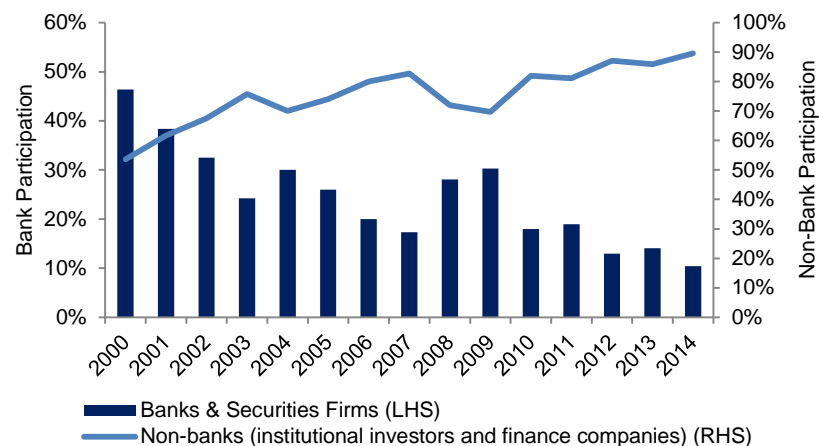


### Traditional Middle Market Capital Providers Constrained

- Historically, banks have been the primary source of borrowed capital to middle market companies
- Basel III and Dodd-Frank have made it costly for banks to invest in the middle market



Bank participation in leveraged loans is approximately 10%<sup>(3)</sup>



<sup>(1)</sup> Source: National Center for the Middle Market. As of September 30, 2015.

<sup>(2)</sup> Source: CIA World Fact Book. The size of the U.S. Middle Market is sourced from the National Center for the Middle Market (estimate).

<sup>(3)</sup> Source: S&P Capital IQ Leveraged Commentary (S&P LCD). As of December 31, 2014.

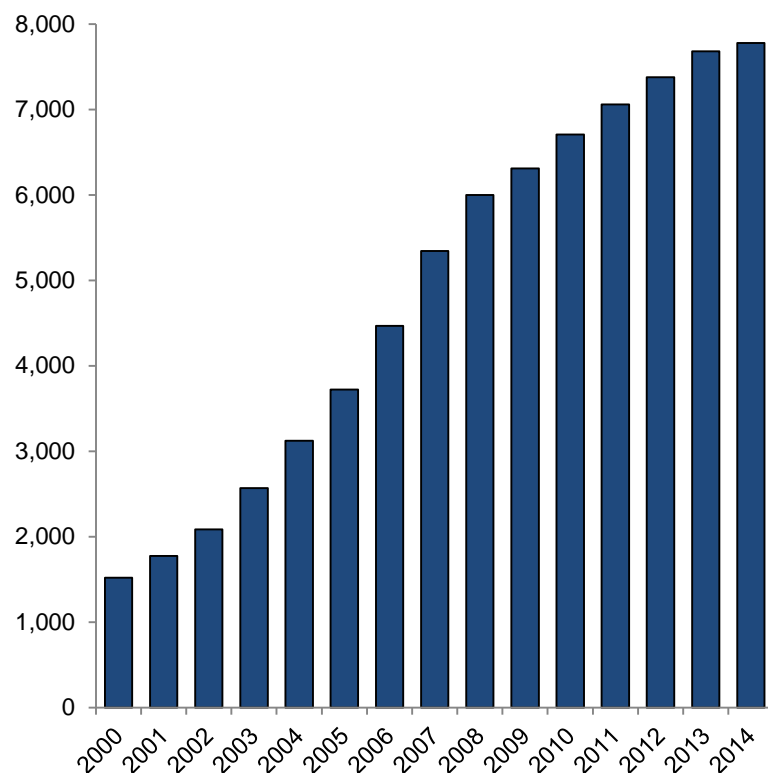
# Investment Opportunity

## U.S. Middle Market Companies Have Large Capital Needs

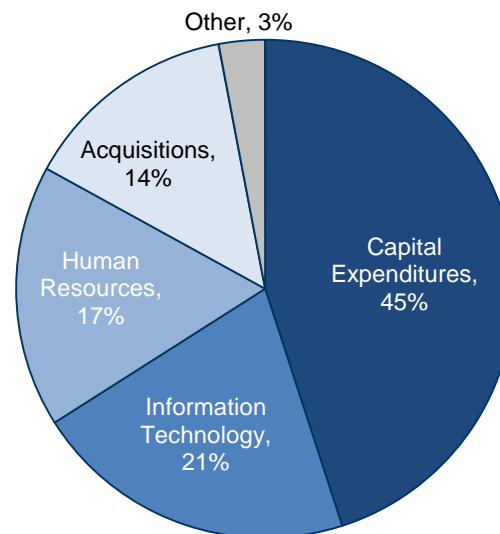


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**Growing Inventory Of 8,000 Private Equity-Backed Companies Drives Credit Creation<sup>(1)</sup>**



**Nearly 200,000 Middle Market Companies Need Capital To Grow<sup>(2)</sup>**



<sup>(1)</sup> Source: PitchBook Data, Inc. As of December 31, 2014.

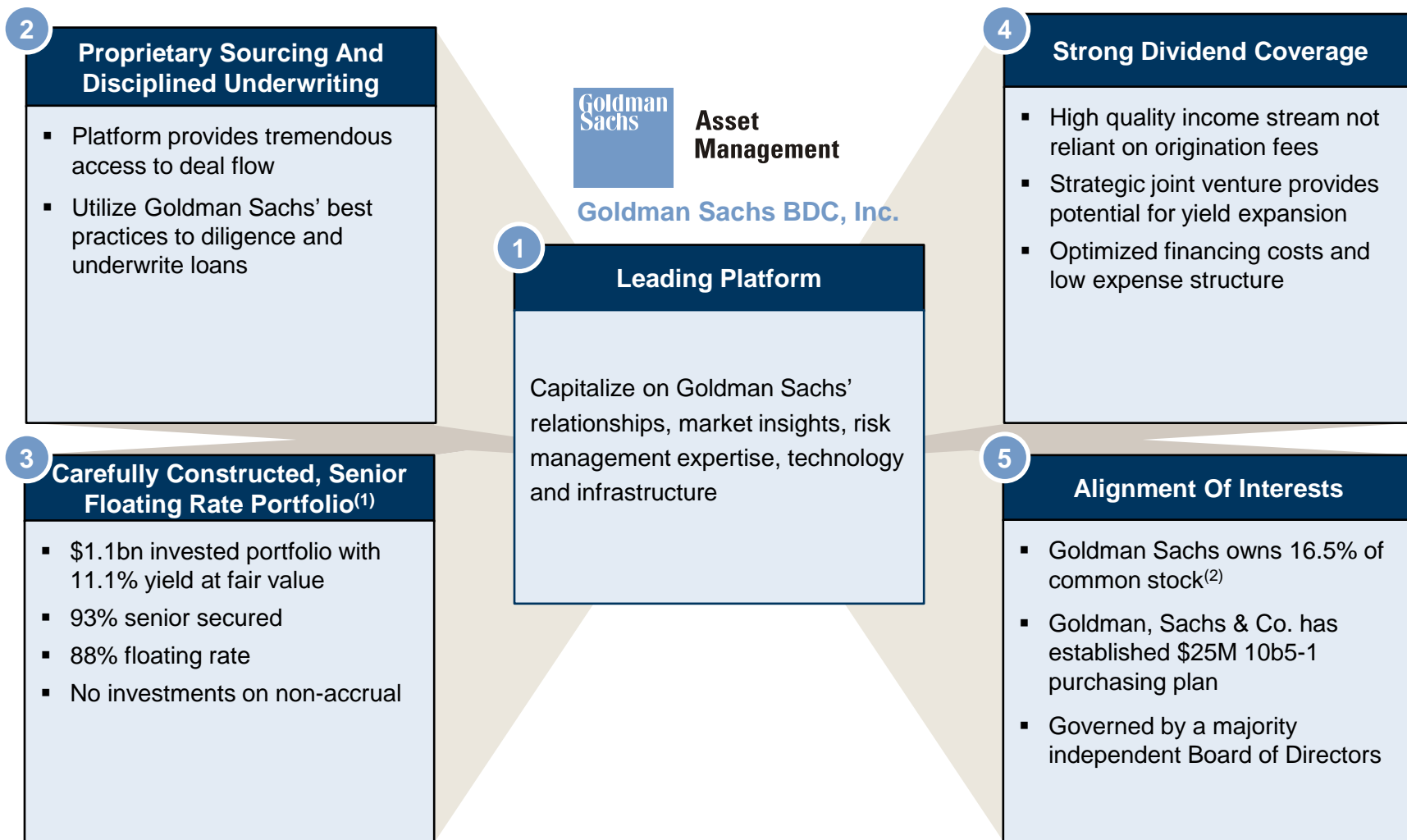
<sup>(2)</sup> Source: National Center for the Middle Market. Represents the capital investment allocation of middle market companies willing to invest. As of September 30, 2015.

# Key Differentiators

Harness The Strengths Of Goldman Sachs



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<sup>(1)</sup> As of September 30, 2015. The fixed versus floating has been calculated as a percentage of debt investments, including income producing preferred stock investments.

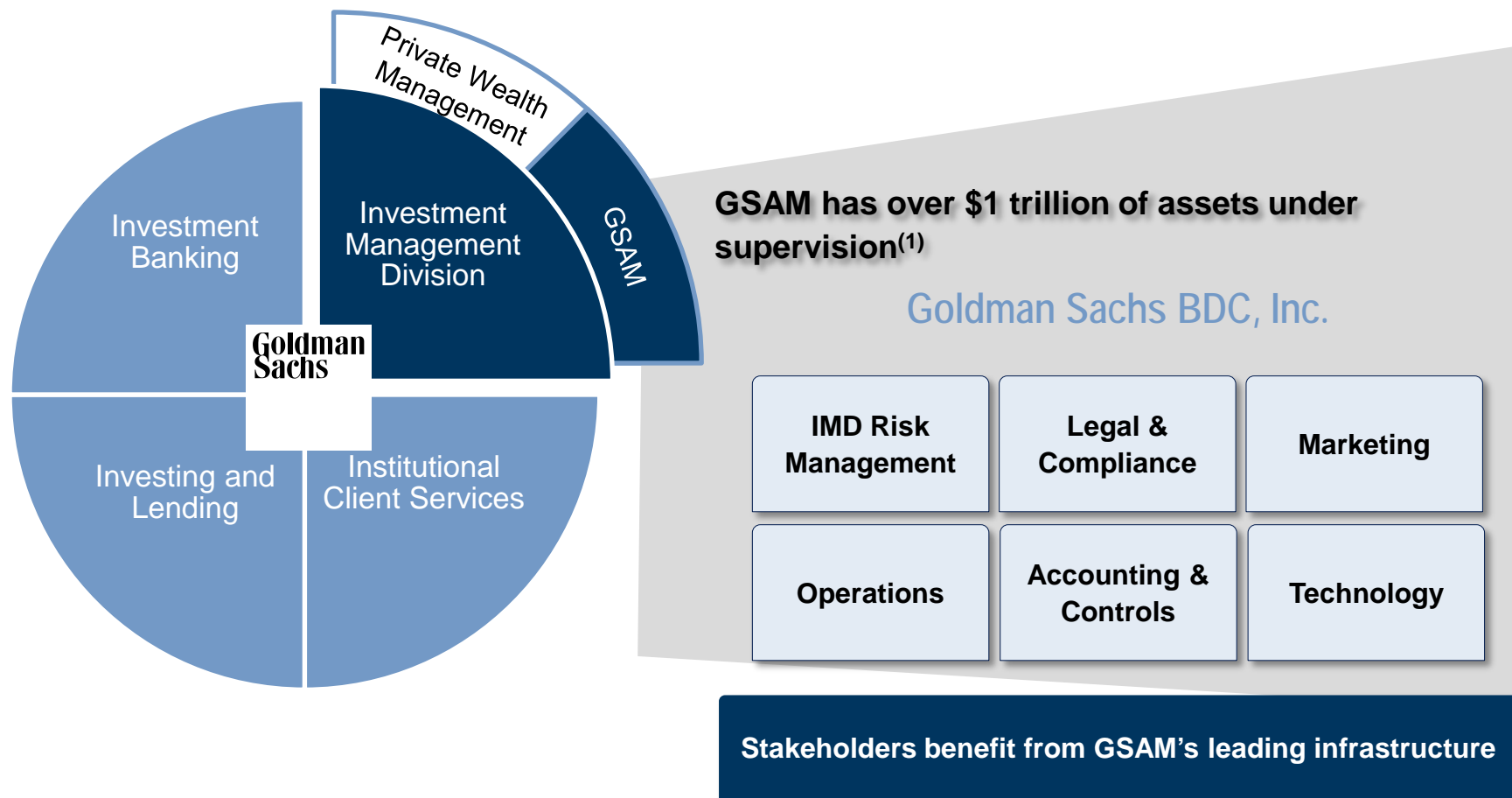
<sup>(2)</sup> Ownership represents the percentage of common stock held by Goldman, Sachs & Co. and Group Inc. (together "Goldman Sachs"). As of November 10, 2015.

# Leading Platform

Stakeholders Benefit From Market Leadership



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<sup>(1)</sup> GSAM Assets Under Supervision (AUS) includes assets under management and other client assets for which Goldman Sachs does not have full discretion. As of September 30, 2015.

GSAM leverages the resources of Goldman, Sachs & Co. subject to legal, internal and regulatory restrictions.



# Proprietary Sourcing

## Benefits From The Breadth Of Goldman Sachs' Network Of Relationships



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Sourcing & Origination

Research & Underwriting

Investment Decision

Ongoing Monitoring

Goldman Sachs has extensive reach into the middle-market

Extensive private equity relationships

Nationwide footprint provides access to founder and family-owned businesses






# Proprietary Sourcing

## Benefits From The Breadth Of Goldman Sachs' Network Of Relationships



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Sourcing & Origination		Research & Underwriting	Investment Decision	Ongoing Monitoring
Borrower		Associations, Inc. ("Associa")	Integrated Practice Solutions, Inc. ("Chirotouch")	Perfect Commerce
Type of Owner		Family-Owned	Sponsor-Owned	Family-Owned
Summary of Terms	Industry	Real Estate Management & Development	Software	Internet Software & Services
	Security Type	1 <sup>st</sup> Lien, Last-Out Unitranche	1 <sup>st</sup> Lien, Last-Out Unitranche	1 <sup>st</sup> Lien Secured
	Notional <sup>(1)</sup>	\$89.1mm	\$27.5mm	\$42.5mm
	Coupon Rate	L+7.00% (1.00% Floor)	L+9.10% (1.00% Floor)	L+8.50% (1.00% Floor)
	Maturity	12/23/2019	08/03/2020	06/30/2020
	Purchase Price (% of par)	98.0%	97.3%	98.0%
Company Overview		<p>One of the largest community association management companies in North America</p> 	<p>Integrated practice management software provider to the chiropractic industry</p> 	<p>Provider of Software-as-a-Service ("SaaS") based e-procurement software solutions</p> 

<sup>(1)</sup> The notional amount is as of September 30, 2015, including unfunded commitments.

These are selected transactions shown for illustrative purposes to demonstrate GS BDC's sourcing capabilities. The terms of these transactions are not necessarily indicative of every investment in GS BDC's portfolio. GS BDC's portfolio investments may differ materially from those discussed here. Any reference to a specific company or security does not constitute a recommendation to buy, sell, hold or directly invest in the company or its securities. It should not be assumed that the investments made by GS BDC in the future will be profitable or will equal the performance of the securities discussed in this document.

# Disciplined Underwriting

## Apply Goldman Sachs' Best Practices To Investing



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Sourcing & Origination

Research & Underwriting

Investment Decision

Ongoing Monitoring

1

Deal Screening

2

First Look Memo

3

Structuring

4

Extensive Diligence

5

Investment Committee (IC) Memo

### Hallmarks Of Our Approach

- Strong focus on process
- Senior level involvement at all stages
- Proprietary inputs: Harness Goldman Sachs' knowledge

# Disciplined Underwriting

## Thoughtful Construction Of Investment Committee



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Investment Committee Members	Value-Added Expertise	Years of Experience
<b>Brendan McGovern</b> Chairman of IC Chief Executive Officer	<i>Portfolio management</i>	19
<b>David Yu</b> Head of Research	<i>Bottom up, fundamental analysis</i>	11
<b>Scott Turco</b> Head of Sourcing	<i>Deep sponsor relationships</i>	14
<b>Jon Yoder</b> Chief Operating Officer	<i>Structural and transactional expertise</i>	17
<b>Sal Lentini</b> Portfolio Manager, Head of Public Credit	<i>Pricing and relative value</i>	18



*Diverse Expertise*

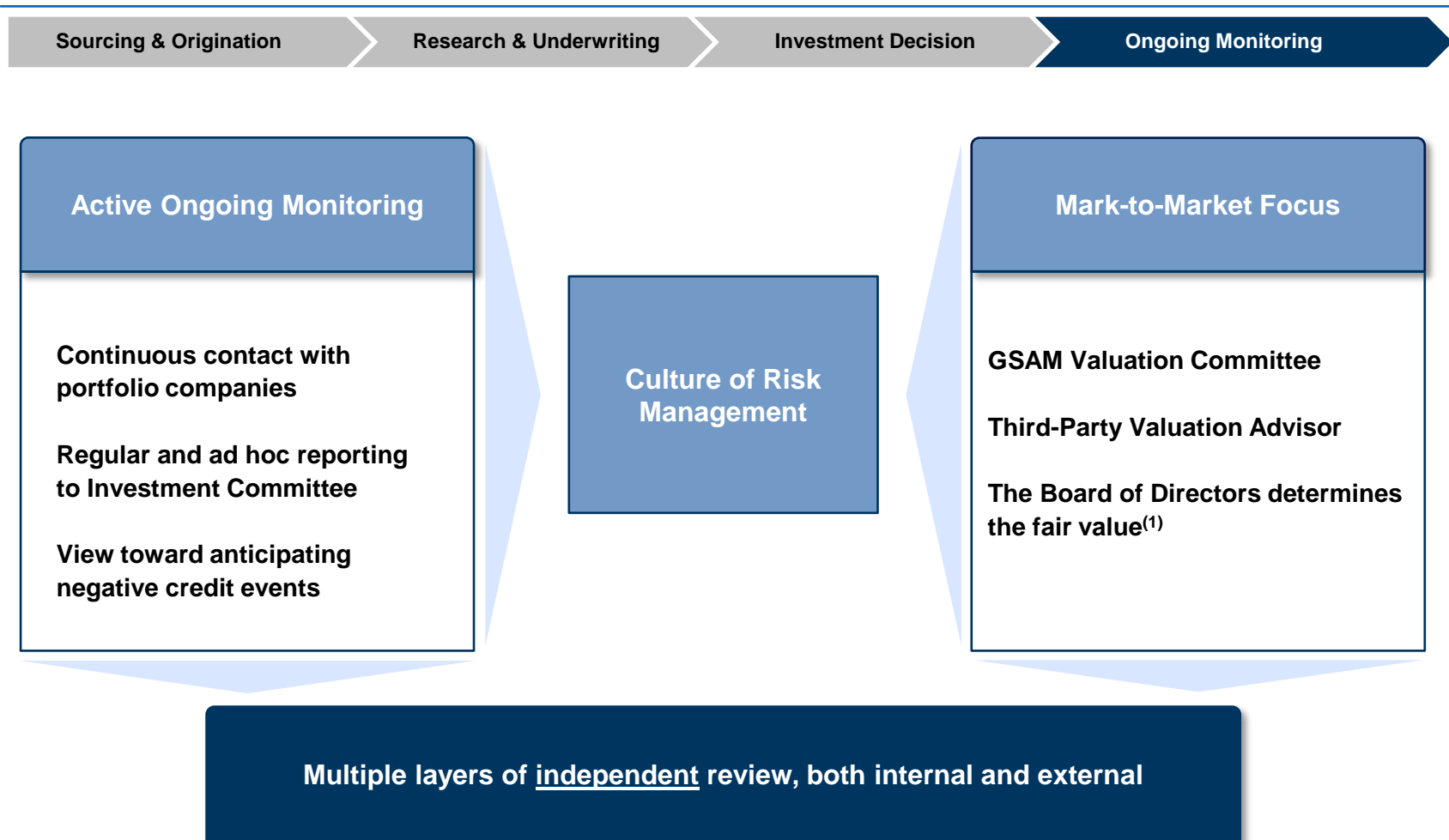
*Well-Rounded Decision Making*

# Ongoing Monitoring

## Culture Of Risk Management



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For illustrative purposes only. The portfolio risk management process includes an effort to monitor and manage risk, but does not imply low risk.

<sup>(1)</sup> The Board of Directors discusses the valuations and, within the meaning of the Investment Company Act, determines the fair value of the investments in good faith, based on the inputs of the Investment Adviser, the Independent Valuation Advisors, and the Audit Committee.

# Carefully Constructed Portfolio

## Management Philosophy Of Capital Preservation



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- Negotiating power – GS BDC has control rights in the applicable tranche of a majority of portfolio investments
- Strong portfolio company cash flow – 2.9x weighted average interest coverage<sup>(1)</sup>
- Conservative attachment point – 4.4x weighted average leverage (net debt/EBITDA) at portfolio companies<sup>(1)</sup>
- Focus on floating rate investments – 88% of debt investments bear a floating interest rate<sup>(2)</sup>
- Structure upside return through prepayment fees – 15% IRR on fully exited realized investments<sup>(3)</sup>

Portfolio Characteristics		Seniority <sup>(2)</sup>	
<b>Invested Portfolio</b>		<p>Common Stock, 0.9%</p> <p>Investment Funds &amp; Vehicles (SCF), 3.8%</p> <p>1st Lien, 36.7%</p> <p>1st Lien, Last-Out Unitranche, 26.6%</p> <p>2nd Lien, 29.9%</p> <p>Preferred Stock, 2.1%</p>	
Total investment commitments (\$mm)	\$1,196.6		
Unfunded commitments (\$mm)	\$49.8		
Investments at fair value (\$mm)	\$1,146.8		
Yield at fair value of investments (%)	11.1%		
Yield at amortized cost of investments (%)	10.7%		
<b>Portfolio Characteristics</b>		<b>Total Investments</b>	
Number of portfolio companies	40	<p><b>93% senior secured investments</b></p>	
Median EBITDA (\$mm)	\$27.7		
<b>No investments on non-accrual</b>			

As of September 30, 2015.

<sup>(1)</sup> The weighted average net debt to EBITDA represents the last dollar attachment point of GS BDC's debt investments (net of cash) into its portfolio companies as a multiple of EBITDA. The weighted average interest coverage ratio (EBITDA to total interest expense) of our portfolio companies reflects our portfolio companies' EBITDA as a multiple of interest expense. <sup>(2)</sup> Seniority has been measured on a fair value basis. The fixed versus floating has been calculated as a percentage of debt investments, including income producing preferred stock investments. <sup>(3)</sup> Investments are considered to be fully realized when the original investment at the security level has been fully exited. Investments that were sold to or exited from the Senior Credit Fund (SCF) and investments that have been restructured and not yet monetized are not considered fully exited for the purposes of this calculation.

Please see Endnotes in the appendix for further disclosures.

# Components Of Dividend Coverage

Not All Net Investment Income Is Created Equal



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## High Quality Income Stream From Investments

- Investment portfolio comprised primarily of high yielding, senior secured investments
  - Contractually entitled to ongoing cash interest payments
  - No investments on non-accrual
- Seek to generate interest income from buy and hold investment strategy
  - Origination fees amortized over the life of the loan, not taken on day 1
  - De minimis PIK income (<1%)

2

## Low Operating Cost Structure

- Shareholder friendly cost structure
  - Management fees amongst the lowest in the industry
  - Incentive fee limiter
- No chargeback of GSAM administrative fees<sup>(1)</sup>
- Optimized cost of financing

**9/30 NII dividend coverage of 126% despite below BDC industry average leverage profile<sup>(2)</sup>**

<sup>(1)</sup> GSAM is paid a management fee by the Company for its provision of services, including investment management and certain administrative services. There is no separate and additional administration fee paid to GSAM for such services.

<sup>(2)</sup> NII dividend coverage has been based on three months ended September 30, 2015 financial results. The BDC industry leverage profile is represented by the ending debt-to-equity ratio at book value for the most recent quarter reported. The BDC industry includes a universe of 50 externally and internally managed, publicly traded BDCs.

Source: SNL Financial.

# Alignment Of Interests

## Designed For Long-Term Shareholder Success



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### Goldman Sachs Is The Largest Shareholder

- Goldman Sachs owns 16.5% of the common shares outstanding<sup>(1)</sup>

### Ongoing Commitment From Goldman Sachs And The Company

- 10b5-1 plan to purchase up to \$25 million of shares<sup>(2)</sup>
- \$35 million share repurchase program<sup>(3)</sup>

### Passing On The Benefits Of Scale To Shareholders

- No charge back of GSAM administrative support to the Company<sup>(4)</sup>

### Majority Independent Board Of Directors

- Independent Chairman
- No Executive Officers on the Board of Directors

<sup>(1)</sup> As of November 10, 2015. <sup>(2)</sup> Aggregate purchase amount will not bring the combined ownership of Goldman, Sachs & Co. and Group Inc. (together "Goldman Sachs") over 19.9%. The 10b5-1 Plan requires Goldman, Sachs & Co. to purchase shares of the Company's common stock when the market price per share is below our most recently reported NAV per share. <sup>(3)</sup> Shares may be purchased in the open market during open trading periods. GS BDC is not obligated to purchase any shares under the share repurchase program, and the program may be discontinued at any time. The Company Repurchase Plan will not begin until capital committed to the 10b5-1 Plan has been exhausted and will expire on March 18, 2016, subject to renewal. <sup>(4)</sup> GSAM is paid a management fee by the Company for its provision of services, including investment management and certain administrative services. There is no separate and additional administration fee paid to GSAM for such services.





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## Appendix

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# Quarterly Operating Results

Goldman Sachs BDC, Inc.



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	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
<b>Investment income</b>					
Interest <sup>(1)</sup>	\$18,418	\$22,918	\$25,078	\$25,123	\$30,278
Dividend income	609	921	1,165	1,347	1,983
Other income	49	520	129	846	635
<b>Total investment income</b>	<b>\$19,076</b>	<b>\$24,359</b>	<b>\$26,372</b>	<b>\$27,316</b>	<b>\$32,896</b>
<b>Expenses</b>					
Interest and credit facility expense	\$1,355	\$2,123	\$2,486	\$2,117	\$3,053
Management fees	2,738	3,325	3,472	3,638	4,089
Incentive fees	1,495	-	3,508	4,403	3,515
Other operating expenses	1,072	1,397	1,135	1,284	1,463
<b>Total expenses before taxes</b>	<b>\$6,660</b>	<b>\$6,845</b>	<b>\$10,601</b>	<b>\$11,442</b>	<b>\$12,120</b>
Excise tax expense	-	119	25	65	174
<b>Net investment income after taxes</b>	<b>\$12,416</b>	<b>\$17,395</b>	<b>\$15,746</b>	<b>\$15,809</b>	<b>\$20,602</b>
<b>Net realized and unrealized gain (losses) on investment transactions</b>					
Net realized gain (loss) on investments	\$739	\$262	-	-	\$(98)
Net change in unrealized appreciation (depreciation) on investments	(1,900)	(13,881)	(1,713)	2,116	(7,021)
<b>Net realized and unrealized gains (losses)</b>	<b>\$(1,161)</b>	<b>\$(13,619)</b>	<b>\$(1,713)</b>	<b>\$2,116</b>	<b>\$(7,119)</b>
<b>Net increase in net assets resulting from operations</b>	<b>\$11,255</b>	<b>\$3,776</b>	<b>\$14,033</b>	<b>\$17,925</b>	<b>\$13,483</b>
<b>Per share data</b>					
Net investment income	\$0.42	\$0.59	\$0.52	\$0.44	\$0.57
Earnings per share	\$0.38	\$0.13	\$0.46	\$0.50	\$0.37
Regular distribution per share	\$0.42	\$0.45	\$0.45	\$0.45	\$0.45
Special distribution per share	-	\$0.08	-	-	-
Weighted average shares outstanding	29,461,726	29,418,149	30,314,460	36,137,532	36,292,619
Shares outstanding, end of period	29,418,555	29,381,127	35,381,127	36,288,109	36,293,445

All figures in thousands (\$000), except per share data.

<sup>(1)</sup> Upon prepayment of a loan or debt security, any prepayment premiums, unamortized upfront loan origination fees and unamortized discounts are recorded as interest income.

# Quarterly Balance Sheet

Goldman Sachs BDC, Inc.



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	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
<b>Assets</b>					
Investments at fair value	\$824,432	\$913,947	\$909,906	\$1,004,906	\$1,146,845
Investments in affiliated money market fund	38,568	29,568	5,569	21,265	3,500
Cash	7,520	8,609	8,989	11,479	11,718
Receivable from investments sold	7,604	-	-	-	-
Interest and dividends receivable	7,560	9,010	9,731	9,138	11,510
Other income receivable	-	-	-	446	446
Deferred financing costs	2,884	4,974	5,198	4,906	4,625
Deferred offering costs	1,022	1,384	-	-	-
Receivable from Investment Advisor	791	-	-	-	-
Other assets	57	-	66	184	114
<b>Total Assets</b>	<b>\$890,438</b>	<b>\$967,492</b>	<b>\$939,459</b>	<b>\$1,052,324</b>	<b>\$1,178,758</b>
<b>Liabilities &amp; Net Assets</b>					
Debt	\$237,000	\$350,000	\$224,000	\$301,000	\$447,000
Interest and credit facility expense payable	353	527	314	376	445
Management fees payable	2,738	3,326	3,472	3,638	4,089
Incentive fees payable	1,495	-	3,508	4,403	3,515
Payable for investments purchased	46,792	19,700	-	15,000	-
Common stock repurchased	871	732	-	-	-
Distribution payable	12,374	15,506	15,922	16,330	16,338
Other costs and liabilities	1,771	3,119	4,684	5,311	3,832
<b>Total Liabilities</b>	<b>\$303,394</b>	<b>\$392,910</b>	<b>\$251,900</b>	<b>\$346,058</b>	<b>\$475,219</b>
<b>Total Net Assets</b>	<b>\$587,044</b>	<b>\$574,582</b>	<b>\$687,559</b>	<b>\$706,266</b>	<b>\$703,539</b>
<b>Total Liabilities and Net Assets</b>	<b>\$890,438</b>	<b>\$967,492</b>	<b>\$939,459</b>	<b>\$1,052,324</b>	<b>\$1,178,758</b>
<b>Net Asset Value per share</b>	<b>\$19.95</b>	<b>\$19.56</b>	<b>\$19.43</b>	<b>\$19.46</b>	<b>\$19.38</b>

All figures in thousands (\$000), except per share data.

# Risk and General Disclosures



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## **Endnotes**

**Net debt/EBITDA and Interest Coverage:** For a particular portfolio company, EBITDA typically represents net income before net interest expense, income tax expense, depreciation and amortization. The weighted average net debt to EBITDA represents the last dollar attachment point of GS BDC's debt investments (net of cash) into its portfolio companies as a multiple of EBITDA. The weighted average interest coverage ratio (EBITDA to total interest expense) of our portfolio companies reflects our portfolio companies' EBITDA as a multiple of interest expense. Portfolio company statistics have been calculated as a percentage of debt investments and income producing preferred investments, including the underlying debt investments in the Senior Credit Fund and excluding collateral loans where net debt to EBITDA may not be the appropriate measure of credit risk. Portfolio company statistics are derived from the most recently available financial statements of each portfolio company as of the reported quarter end date. Portfolio company statistics have not been independently verified by us and may reflect a normalized or adjusted amount.

**Gross IRR:** Since GS BDC began investing on November 15, 2012 through September 30, 2015, our fully exited investments have resulted in an aggregate cash flow realized gross internal rate of return to us of approximately 15% (based on cash invested of approximately \$241 million and total proceeds from these exited investments of approximately \$271 million). Investments are considered to be fully realized when the original investment at the security level has been fully exited. Investments that were sold to or exited from the Senior Credit Fund and investments that have been restructured and not yet monetized are not considered fully exited for the purposes of this calculation.

## **Risk Disclosure**

The Company expects to invest in lower-rated or unrated securities. Such securities involve greater price volatility and present greater credit risks than higher-rated fixed income securities.

An investment in the Company may involve complex tax and legal structures and accordingly is only suitable for sophisticated investors. You are urged to consult with your own tax, accounting and legal advisers regarding the strategy and its investments.

The strategy described in this presentation involves a high degree of risk, including the risk that the entire amount invested may be lost. The strategy may invest in and actively trade, derivatives, securities, and other financial instruments using strategies and investment techniques with significant risk characteristics, including, without limitation, risks arising from the volatility of commodity, equity, fixed income, currency and other financial markets, risks arising from the potential illiquidity of derivative and other instruments, the risk of loss from counterparty defaults and the risks of borrowing, including for purpose of making investments, risks associated with originating or participating in loans and risks associated with making investments outside the U.S. No guarantee or representation is made that the investment program of the strategy will be successful, that the various trading strategies utilized or investments made in implementing the strategy will have low correlation with each other or with the financial markets in which the strategy invest. Other risks include issuer concentration and industry concentration.

**This material is provided for informational purposes only and should not be construed as investment advice or an offer or solicitation to buy or sell securities. This material is not intended to be used as a general guide to investing, or as a source of any specific investment recommendations, and makes no implied or express recommendations concerning the manner in which any client's account should or would be handled, as appropriate investment strategies depend upon the client's investment objectives.**

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# General Disclosures



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The portfolio risk management process includes an effort to monitor and manage risk, but does not imply low risk.

## **Supplemental Risk Disclosure**

In connection with your consideration of this presentation, you should be aware of the following risks:

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