



March 31, 2018

www.pennantpark.com

Forward-looking Statements and Risk Factors

This presentation may include forward-looking statements. These forward-looking statements include comments with respect to our objectives and strategies and results of our operations.

However, by their nature, these forward-looking statements involve numerous assumptions, uncertainties and opportunities, both general and specific. The risk exists that these statements may not be fulfilled. We caution readers of this presentation not to place undue reliance on these forward-looking statements as a number of factors could cause future company results to differ materially from these statements.

Forward-looking statements may be influenced in particular by factors such as fluctuations in interest rates and stock indices, the effects of competition in the areas in which we operate, and changes in economic, political and regulatory conditions. We caution that the foregoing list is not exhaustive.

When relying on forward-looking statements to make decisions, investors should carefully consider the aforementioned factors as well as other uncertainties and events. The performance data quoted represents past performance and does not guarantee future results. The performance stated may have been due to extraordinary market conditions, which may not be duplicated in the future. Current performance may be lower or higher than the performance data quoted.

We do not undertake to update our forward-looking statements unless required by law.

We refer you to the list of risk factors set forth in our most recent Annual Report on Form 10-K, a copy of which may be obtained on our website at www.pennantpark.com or the SEC's website at www.sec.gov. Specifically, an investment in our common stock involves significant risks, including the risk that the secondary market price of our common stock may decline from the offering price and may be less than our net asset value per share, as well as the risk that the price of our common stock in the secondary market may be highly volatile. Please see a discussion of these risks and other related risks in our most recent Annual Report on Form 10-K under Item 1A - "Risks Relating to an Investment in Our Common Stock".

This is not a prospectus and should under no circumstances be understood to be an offer to sell, or a solicitation of an offer to buy, any security of PennantPark Investment Corporation or PennantPark Floating Rate Capital Ltd. These materials and the presentations of which they are a part, and the summaries contained herein, do not purport to be complete and no obligation to update or otherwise revise such information is being assumed. This presentation contains only such information as is set forth in our reports on Form 10-K or 10-Q and we direct you to these reports for further information on our business including investment objectives, risks and expenses.

Established Credit Platform

PennantPark
Investment Advisers, LLC
\$2.3 billion total AUM

Established Investment Platform

- ▶ PennantPark Investment Advisers founded over 11 years ago before the financial crisis
- ▶ Deep expertise in middle market direct lending
- ▶ Longer investment horizon with attractive publicly traded model
- ▶ Cohesive, experienced team

Ticker	PNNT
Exchange	NASDAQ
Market Capitalization	\$475 million
Net Asset Value per Share	\$9.00
Total Assets	\$1,154 million

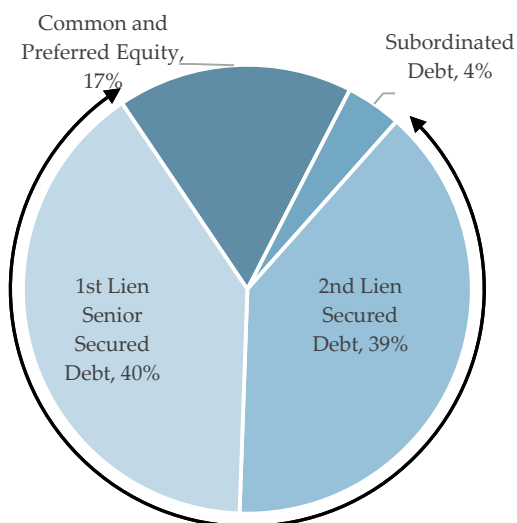
(1) Including floor

As of 3/31/2018

PennantPark
Investment Corporation

NASDAQ: "PNNT"
IPO Date: April 2007

▶ 79% Secured



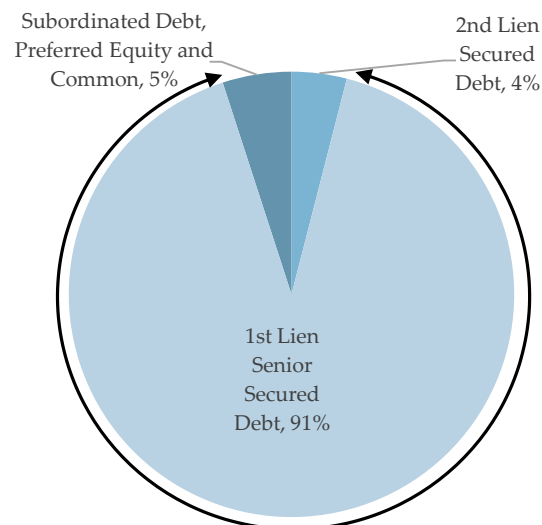
\$948 million

87% Floating Rate ⁽¹⁾

PennantPark
Floating Rate Capital Ltd.

NASDAQ: "PFLT"
IPO Date: April 2011

▶ 95% Secured



\$834 million

100% Floating Rate ⁽¹⁾

Disciplined Investor

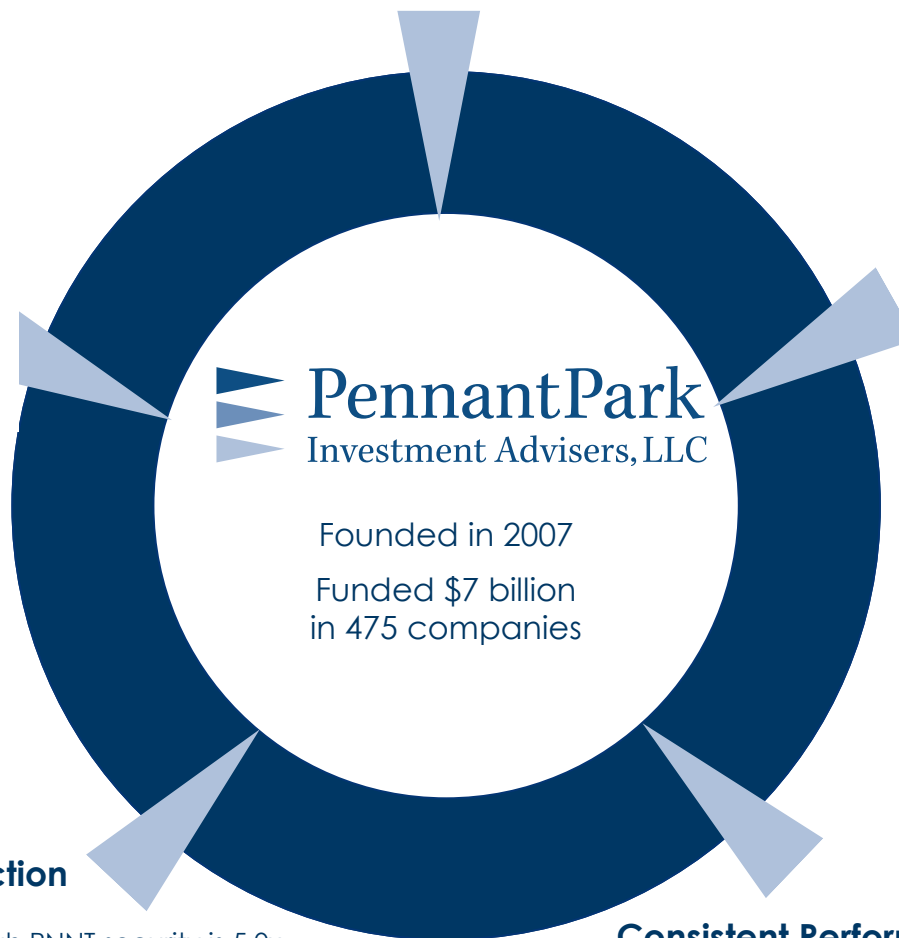
- Value oriented with goal of capital preservation
- Focused approach to ensure good risk/reward
- Patient and prudently leveraged to capture returns during dislocations

Relationship & Solution Driven

- Team approach
- Build long term relationships – trusted partner
- Independent and conflict free

Middle Market Focus

- Companies with EBITDA of \$10 - \$100 million
- Solutions that traditional lenders find increasingly difficult in current environment



 **PennantPark**
Investment Advisers, LLC

Founded in 2007

Funded \$7 billion
in 475 companies

Conservative Portfolio Construction

- 49 companies in 23 different industries
- Weighted average debt/EBITDA through PNNT security is 5.0x
- Weighted average cash interest coverage is 2.7x
- 79% of portfolio is secured
- 87% of portfolio is floating rate

Consistent Performance & Track Record

- Low volatility of underlying portfolio EBITDA through the Great Recession
- Only 12 non-accruals out of 199 companies since inception, despite recession
- Blended recovery of about 80% on non-accruals

Why is PNNT Well Positioned?

Experienced Team

- Decades of experience in middle market sponsor-driven direct lending
- Investment committee has worked together for over 20 years
- Stable, consistent investment team
- Headquarters in New York with offices in Los Angeles, Chicago, Houston and London

Expansive Relationship Network

- Independent – no conflicts of interest
- Established institutionalized relationships
- Focus on building long term trust
- Brand recognition with over 180 sponsors financed

Strong Capital Base

- Permanent equity capital of \$640 million
- Ability to use regulatory leverage (1:1) to enhance returns
- Ability to issue equity when it is accretive to income and attractive investment opportunities exist

Attractive and Diversified Financing

- \$445 million of credit facility at L+225
- \$250 million of long term Notes
- \$200 million in attractive, fixed rate, long term SBA financing
- SBICs and mark to market of debt reduce risk

PennantPark Investment's Decisions Result From a Consistent, Credible Process

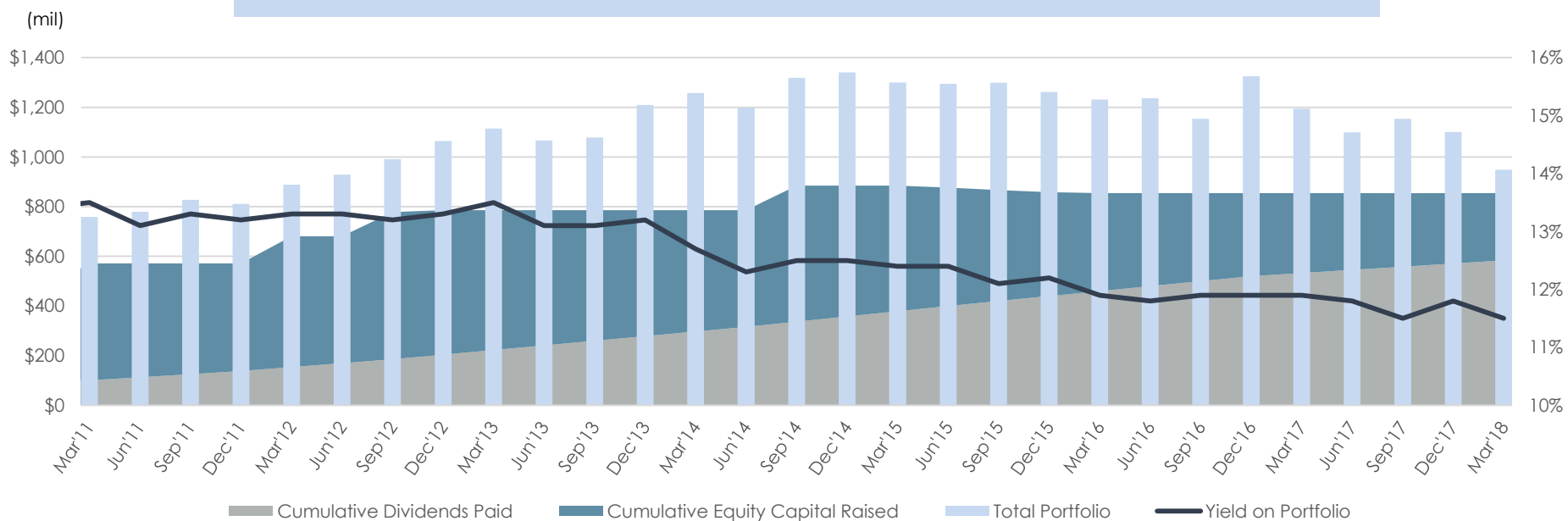


- ▶ Expansive sourcing network and flexible transaction structuring tailor investment approach and pace to the market environment and opportunity set
- ▶ Value-oriented with a focus on preservation of capital
- ▶ Focus on companies with
 - Positive and stable free cash flow
 - Experienced management teams
 - Established financial sponsors
 - Strong competitive positions
 - Potential for growth
 - Viable exit strategies
- ▶ Disciplined approach ensures that investments have an attractive return profile in relation to risk
- ▶ Market disruptions provide opportunities for value investing
 - Long term, patient capital
 - Seek to maintain dry powder

PNNT has a Compelling Track Record

- ▶ Portfolio growth has been measured and consistent with market opportunity
- ▶ Prudent management has avoided growth simply to grow AUM
- ▶ \$584 million of dividends paid to shareholders since inception
 - To date, dividends paid to shareholders are about 68% of equity capital raised⁽¹⁾
- ▶ Low loss experience: 34 bps annual loss rate⁽²⁾ against a 13% average yield since inception
 - Low volatility of underlying portfolio EBITDA through the Great Recession
 - Only 12 non-accruals out of 199 companies since inception, despite recession and credit crisis
 - Strong track record of capital recovery – Blended recovery of about 80% on non-accruals⁽²⁾

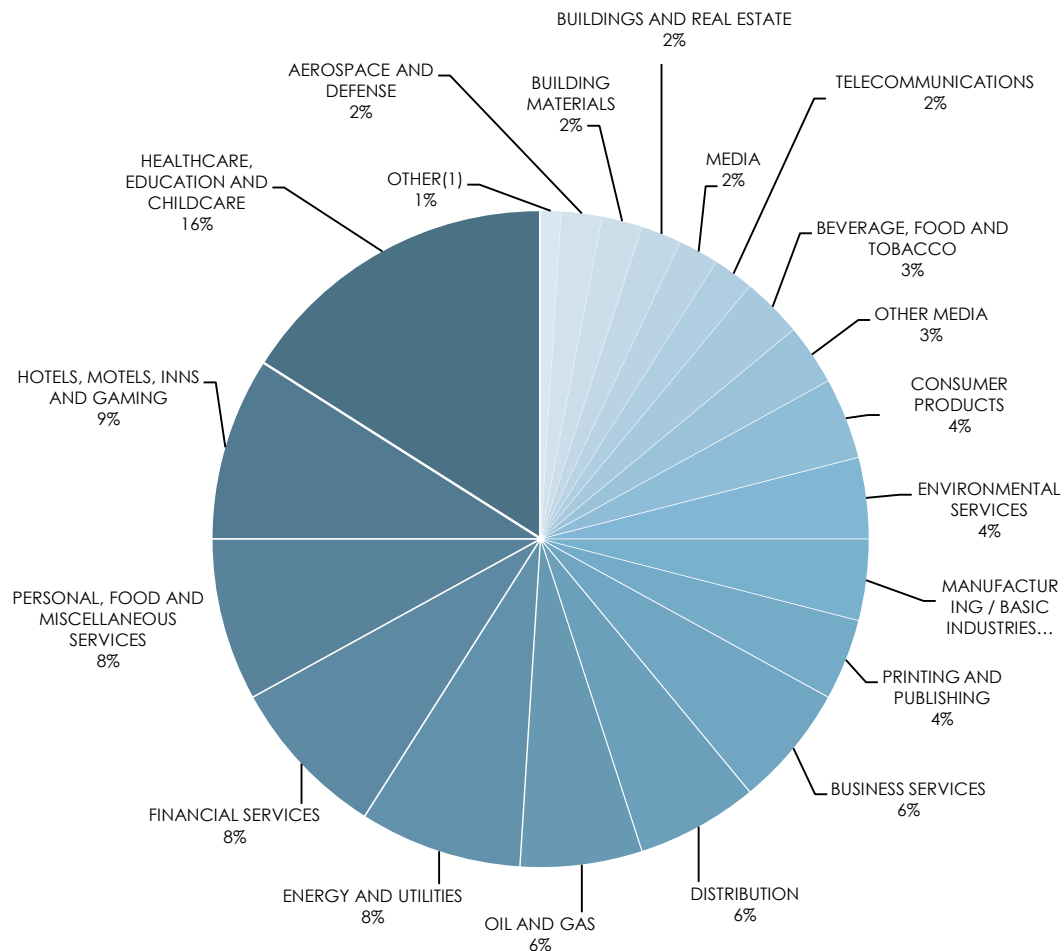
Portfolio Size, Debt Yield, and Cumulative Dividends Paid



(1) Net of repurchases.
(2) Realized and unrealized.

Overall Portfolio as of 3/31/2018

Highly Diversified Industry Mix

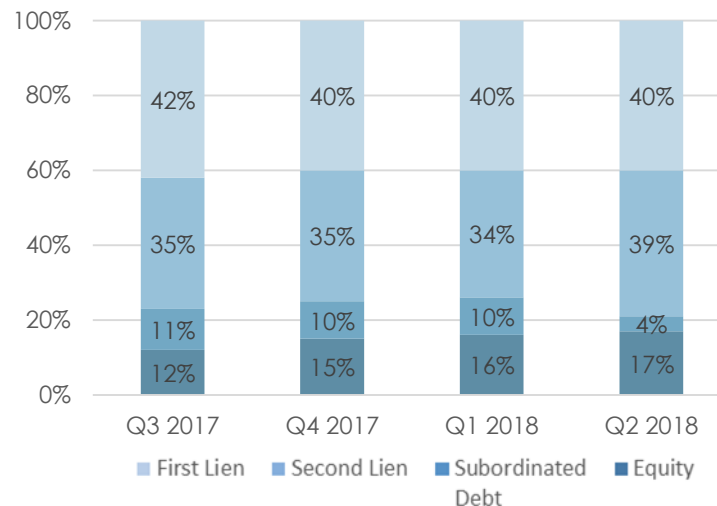


Total Portfolio: \$948 million

Portfolio Overview

- ▶ 49 Different Companies
- ▶ Average Investment Size: \$19.3 million
- ▶ Yield at Cost on Debt Portfolio: 11.5%
- ▶ 79% Secured Debt
- ▶ Annualized Dividend Yield of 10.8%
- ▶ Sustainable dividend stream with potential upside as energy rebounds and equity co-invests mature

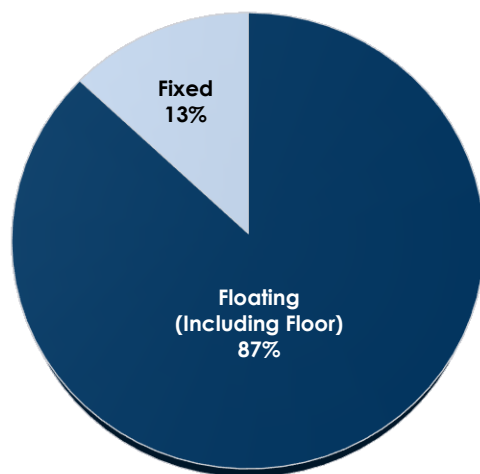
Portfolio Mix



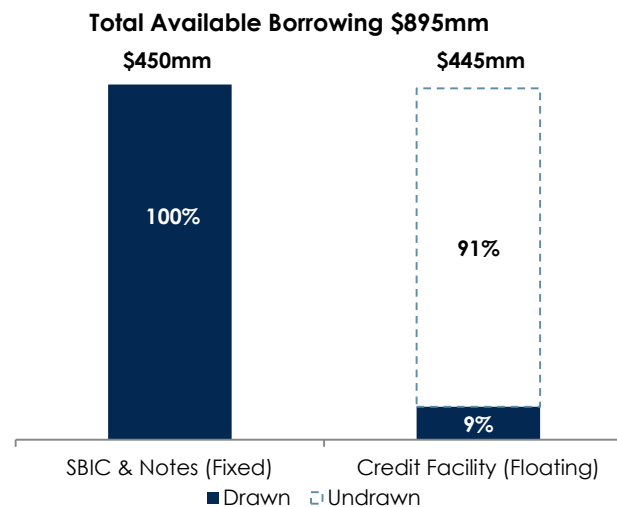
(1) Total of 23 industries. "Other" includes: Building Materials / Cargo Transport / Chemicals, Plastics and Rubber / Education / Insurance / Mining, Steel, Iron and Non-Precious Metals.

Attractive Asset/Liability Profile

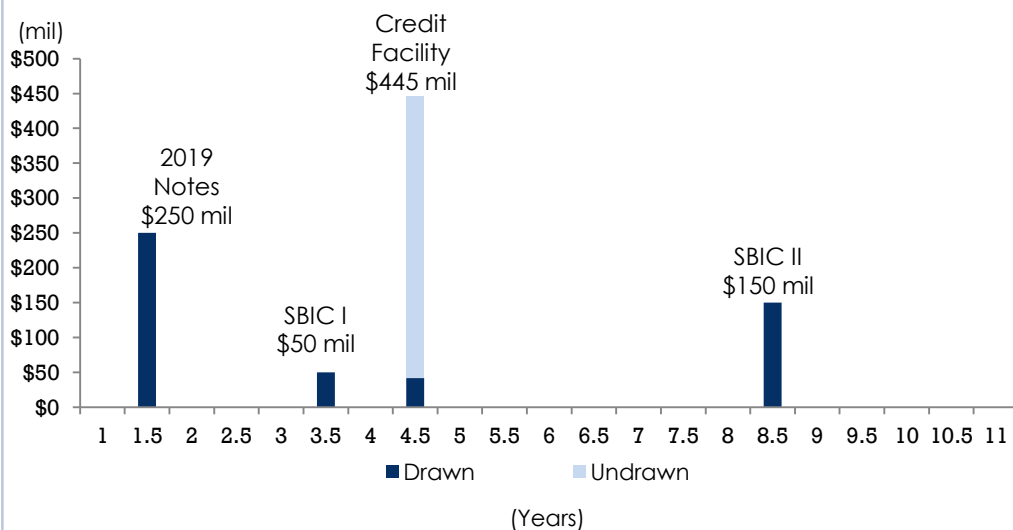
Fixed vs. Floating Assets



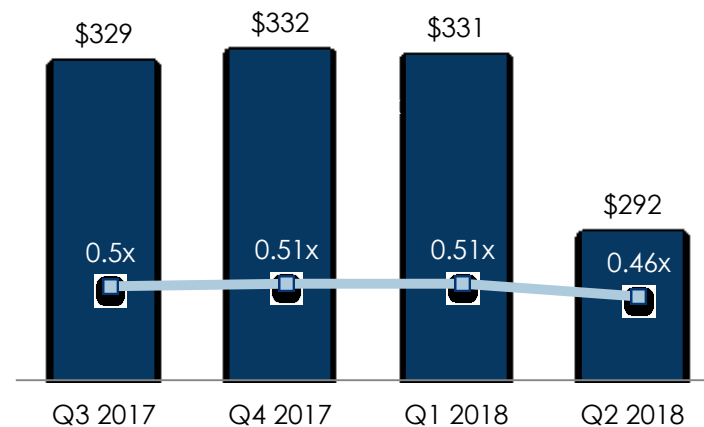
Fixed vs. Floating Debt Exposure



Liability Maturity



Leverage⁽¹⁾



(1) Regulatory leverage based on debt FMV excluding SBIC.

- ▶ Long-term funding
 - 10-year SBA non-recourse debentures
 - Does not use mark-to-market accounting
- ▶ Up to 2x leverage at SBIC subsidiary
 - Up to \$200 million long term financing in two SBIC's
 - Potential third SBIC for additional \$75 million of SBA financing
- ▶ Attractive pricing: all-in ten-year fixed-rate of 3.2% on SBA financed vehicles
- ▶ Diversifies funding sources
- ▶ Exemptive relief to exclude SBIC debt from BDC asset coverage test

Debt Summary

Quarter Ended March 31, 2018

	Commitment Amount (\$mm)	Debt Drawn (\$mm)	Interest Rate	Maturity Date
Revolving Credit Facility	\$445	\$79	L + 225 bps	5/25/2022
SBIC I	\$50	\$50	3.2% ⁽¹⁾	9/1/21 ⁽¹⁾
SBIC II	\$150	\$150	3.2% ⁽¹⁾	9/1/21-3/1/28 ⁽¹⁾
Senior Notes due 2019	\$250	\$250	4.5%	10/1/2019
Total	\$895	\$529	4.58%⁽²⁾	

(1) Across all SBIC I and SBIC II debentures.

(2) Represents annualized weighted average cost of debt for the most recent three months, inclusive of the fee on the undrawn commitment on the Credit Facility and amortized upfront fees on SBA debentures but excluding debt issuance costs.

Selected Financial Highlights

(\$ in millions, except per share data)	June Q3 2017	September Q4 2017	December Q1 2018	March Q2 2018
Investment Portfolio	\$1,099	\$1,154	\$1,101	\$948
Debt (Regulatory: Excluding SBIC)	\$329	\$332	\$331	\$292
Debt (GAAP)	\$550	\$526	\$510	\$487
Net Assets	\$652	\$647	\$646	\$640
Ending Debt to Equity (Regulatory)	0.50x	0.51x	0.51x	0.46x
Ending Debt to Equity (GAAP)	0.84x	0.81x	0.79x	0.76x
Net Investment Income	\$12	\$13	\$14	\$13
Originations	\$89	\$129	\$138	\$97

Per Share Data:				
Net Asset Value	\$9.18	\$9.10	\$9.10	\$9.00
Net Investment Income	\$0.21 ⁽¹⁾	\$0.18	\$0.20	\$0.19
Dividends to Shareholders	\$0.18	\$0.18	\$0.18	\$0.18
Fee Waiver	\$0.02	\$0.02	\$0.02	-

(1) Core Net Investment Income per share is a non-GAAP financial measure. Net investment income was \$0.18

Strategy Targeted to Deliver Returns

Proprietary Sourcing Network

Less Risky Middle-Market Companies

Free Cash Flow and De-Leveraging

Captured by Interest Payments on
Primarily Secured Debt

Dividends with Capital Preservation

Selected Investments



\$1.0 million Revolver
\$21.7 million First Lien Debt
\$2.0 million Equity Co-Investment
Buyout
InTandem Capital



Creating Trust Online®
Second Lien Term Loan
Preferred Equity
Francisco Partners



\$25 million Subordinated Debt
\$2 million Equity Co-Investment
Buyout
KRG Capital Partners



Preventing Catastrophic Failures in Mission Critical Systems
\$3 million Revolver
\$32 million First Lien Debt
\$2 million Equity Co-Investment
Buyout
Sagewind Capital Partners



\$61.5 million Second Lien Debt
\$6.2 million Equity Co-Investment
Buyout
Snow Phipps



A better way to manage your cash flow
\$5 million Revolver
\$25 million First Lien Debt
\$5 million First Lien DDTL
\$1 million Equity Co-Investment
Buyout
Lightyear Capital



\$40 million First Lien Debt
Acquisition Financing
Sentinel Capital Partners



\$20 million Second Lien Debt
Buyout
Court Square Capital Partners



\$25 million First Lien Loan
Buyout
Searchlight Capital



\$3.1 million Revolver
\$27.5 million First Lien Debt
Buyout
Wind Point Partners



\$20 million Second Lien Debt
Acquisition Financing
Morgan Stanley Capital Partners



\$45 million Subordinated Debt
Refinancing
Investcorp



\$2.5 million Revolver
\$22.5 million First Lien Debt
\$1 million Equity Co-Investment
Buyout
CI Capital Partners



\$30 million Second Lien Debt
Term Loan
Buyout
Pamplona Capital Management



\$39 million First Lien Debt
Acquisition Financing
Lone Star Funds



\$2 million Revolver
\$35 million First Lien Debt
\$1 million Equity Co-Investment
Buyout
H.I.G. Capital