



# SARATOGA INVESTMENT CORP.

## Market Update

First Quarter 2014

We hope your year is off to a great start. It's hard to believe the first quarter is already halfway complete.

Saratoga continues to be an active investor in the middle market. Over the past twelve months we've completed 19 investments supporting companies in a wide variety of industries. Two of our recent investments are highlighted below.

Like many of you, we have been captivated by the Winter Olympics. Sometimes the razor-thin results of the competition are reminiscent of our own business. We see winners and losers split by hundredths of seconds or tens of basis points.

But it's important to remember that your investment partners should also share other Olympic virtues: reliability, consistency, teamwork, and the desire to win.

Please let us know if we can help support your business.

Go USA!

The Saratoga Team

### Saratoga Team

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### Recent Saratoga Transactions



Saratoga provided a debt and equity co-investment to support a private equity sponsor's acquisition of a leading provider of software solutions to the staffing industry. The software helps staffing companies increase productivity and efficiency.

Saratoga provided \$6.8 million in financing to support a family office's investment in a servicer and installer of air conditioning and heating systems throughout Florida. The



investment was used to fund a dividend and refinance a commercial lender that was unable to meet the financing need.

## What's Happening in the Marketplace?



We carefully track the deals we see in the market because it makes us better investors. Every year, we review hundreds of investment opportunities. The trends we see help us to identify investment partners and focus on specific sectors. Please reach out to us if you have questions about the market.

Please [click here](#) to access a report listing companies that raised \$100 million or less in debt capital since the fourth quarter of 2013 through February 2014.

Please [click here](#), [here](#), and [here](#) to access what we think are some of the most complete market surveys of junior debt providers. They provide insights into market pricing and terms & conditions.

Saratoga was recently featured in an [article](#) discussing the state of the Mezzanine market.

## About Saratoga



Saratoga Investment Corp. is a publicly traded (NYSE: SAR) business development company (BDC). We provide customized financing solutions for middle market companies located in the United States. We typically make \$5 million to \$20 million investments in: leveraged buyouts, recapitalizations, growth and acquisition financings.

Our investments possess many of the following attributes:

### Qualitative Parameters

- Leading market position or niche with sustainable competitive advantages
- Exceptional management team with a meaningful stake in the business
- Growth prospects in

### Financial Parameters

- Revenues of \$8 million to \$150 million and EBITDA of \$2 million or greater
- Strong margins and free cash flow
- Recurring revenues and stable historical

- healthy end markets
- Ability to withstand business cycles

- performance
- Modest capital expenditure and working capital requirements

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