

Golub Capital BDC, Inc.
Form 10-Q
February 06, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

**▶ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended December 31, 2011

OR

**“ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 814-00794

Golub Capital BDC, Inc.

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(Exact name of registrant as specified in its charter)

Delaware 27-2326940
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

150 South Wacker Drive, Suite 800

Chicago, IL 60606

(Address of principal executive offices)

(312) 205-5050

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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As of February 6, 2012, the Registrant had 25,258,955 shares of common stock, \$0.001 par value, outstanding.

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Golub Capital BDC, Inc. and Subsidiaries
Consolidated Statements of Financial Condition
(In thousands, except share and per share data)

| | December 31, 2011 | September 30, 2011 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------------|
| Assets | | |
| Investments, at fair value (cost of \$563,903 and \$462,961, respectively) | \$ 562,046 | \$ 459,827 |
| Cash and cash equivalents | 25,447 | 46,350 |
| Restricted cash and cash equivalents | 14,455 | 23,416 |
| Interest receivable | 3,190 | 3,063 |
| Cash collateral on deposit with custodian | 21,040 | 21,162 |
| Deferred financing costs | 5,944 | 5,345 |
| Open trade receivable | 1,449 | - |
| Other assets | 460 | 481 |
| Total Assets | \$ 634,031 | \$ 559,644 |
| Liabilities | | |
| Debt | \$ 311,900 | \$ 237,683 |
| Interest payable | 1,789 | 1,066 |
| Management and incentive fees payable | 2,722 | 1,608 |
| Unrealized depreciation on derivative instruments | 629 | 1,986 |
| Accounts payable and accrued expenses | 831 | 752 |
| Total Liabilities | 317,871 | 243,095 |
| Net Assets | | |
| Preferred stock, par value \$0.001 per share, 1,000,000 shares authorized, zero shares issued and outstanding as of December 31, 2011 and September 30, 2011, respectively | - | - |
| Common stock, par value \$0.001 per share, 100,000,000 shares authorized, 21,758,955 and 21,733,903 shares issued and outstanding as of December 31, 2011 and September 30, 2011, respectively | 22 | 22 |
| Paid in capital in excess of par | 318,677 | 318,302 |
| Capital distributions in excess of net investment income | (1,011) | (398) |
| Net unrealized appreciation (depreciation) on investments and derivative instruments | 181 | (1,519) |
| Net realized (loss) gain on investments and derivative instruments | (1,709) | 142 |
| Total Net Assets | 316,160 | 316,549 |
| Total Liabilities and Total Net Assets | \$ 634,031 | \$ 559,644 |
| Number of common shares outstanding | 21,758,955 | 21,733,903 |
| Net asset value per common share | \$ 14.53 | \$ 14.56 |

See Notes to Consolidated Financial Statements.

Golub Capital BDC, Inc. and Subsidiaries
Consolidated Statements of Operations
(In thousands, except share and per share data)

| | Three months ended December 31, 2011 | 2010 |
|---------------------------------------------------------------------|-----------------------------------------|----------|
| Investment income | | |
| Interest income | \$ 12,100 | \$ 9,137 |
| Dividend income | 377 | - |
| Total investment income | 12,477 | 9,137 |
| Expenses | | |
| Interest and other debt financing expenses | 2,366 | 1,577 |
| Base management fee | 1,874 | 1,284 |
| Incentive fee | 909 | 190 |
| Professional fees | 588 | 567 |
| Administrative service fee | 262 | 174 |
| General and administrative expenses | 136 | 112 |
| Total expenses | 6,135 | 3,904 |
| Net investment income | 6,342 | 5,233 |
| Net gain (loss) on investments | | |
| Net realized (loss) gain on investments | (2,115) | 876 |
| Net realized gain (loss) on derivative instruments | 264 | - |
| Net change in unrealized appreciation (depreciation) on investments | 343 | (147) |
| Net change in unrealized | 1,357 | - |

appreciation
(depreciation) on
derivative
instruments

| | | | |
|-----------------------------------------------------------------------|------|------------|------------|
| Net (loss) gain on investments | (151 |) | 729 |
| Net increase in net assets resulting from operations | \$ | 6,191 | \$ 5,962 |
| Per Common Share Data | | | |
| Basic and diluted earnings per common share | \$ | 0.28 | \$ 0.34 |
| Dividends and distributions declared per common share | \$ | 0.32 | \$ 0.31 |
| Basic and diluted weighted average common shares outstanding | | 21,734,720 | 17,712,724 |

See Notes to Consolidated Financial Statements.

Golub Capital BDC, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(In thousands)

| | Three Months Ended December 31, | |
|--------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-----------|
| | 2011 | 2010 |
| Cash flows from operating activities | | |
| Net increase in net assets resulting from operations | \$ 6,191 | \$ 5,962 |
| Adjustments to reconcile net increase in net assets resulting from operations to net cash (used in) provided by operating activities | | |
| Amortization of deferred financing costs | 340 | 168 |
| Amortization of discount and premium | (1,090) | (1,953) |
| Net realized loss (gain) on investments | 2,115 | (876) |
| Net realized (gain) loss on derivative instruments | (264) | - |
| Net change in unrealized (appreciation) depreciation on investments | (343) | 147 |
| Net change in unrealized (appreciation) depreciation on derivative instruments | (1,357) | - |
| (Fundings of) proceeds from revolving loans, net | (1,231) | (569) |
| Fundings of investments | (144,546) | (97,578) |
| Proceeds from principal payments and sales of portfolio investments | 42,876 | 63,284 |
| Proceeds from derivative instruments | 264 | - |
| Changes in operating assets and liabilities: | | |
| Interest receivable | (127) | (238) |
| Cash collateral on deposit with custodian | 122 | - |
| Open trade receivable | (1,449) | (2,895) |
| Other assets | 21 | (56) |
| Payable for investments purchased | - | (5,328) |
| Interest payable | 723 | 1,409 |
| Management and incentive fees payable | 1,114 | 685 |
| Accounts payable and accrued expenses | 79 | (149) |
| Net cash (used in) provided by operating activities | (96,562) | (37,987) |
| Cash flows from investing activities | | |
| Net change in restricted cash and cash equivalents | 8,961 | 4,153 |
| Net cash provided by (used in) investing activities | 8,961 | 4,153 |
| Cash flows from financing activities | | |
| Borrowings on debt | 74,217 | 20,000 |
| Capitalized debt financing costs | (939) | (968) |
| Dividends and distributions paid | (6,580) | (5,028) |
| Net cash provided by (used in) financing activities | 66,698 | 14,004 |
| Net change in cash and cash equivalents | (20,903) | (19,830) |
| Cash and cash equivalents, beginning of period | 46,350 | 61,219 |
| Cash and cash equivalents, end of period | \$ 25,447 | \$ 41,389 |

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Supplemental information:

| | | |
|--------------------------------------------------------|----------|----------|
| Cash paid during the period for interest | \$ 1,304 | \$ - |
| Dividends and distributions declared during the period | \$ 6,955 | \$ 5,490 |

See Notes to Consolidated Financial Statements.

Golub Capital BDC, Inc. and Subsidiaries**Consolidated Statements of Changes in Net Assets***(In thousands, except share data)*

| | Common Stock Shares | Par Amount | Paid in Capital in Excess of Par | Capital Distributions in Excess of Investment Income | Net Unrealized Appreciation (Depreciation) on Investments and Derivative Instruments | Net Realized Gain (Loss) on Investments and Derivative Instruments | Total Net Assets |
|------------------------------------------------------------------|------------------------|---------------|----------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|---------------------|
| Balance at September 30, 2010 | 17,712,444 | \$ 18 | \$ 258,568 | \$ - | \$ 1,995 | \$ (40) | \$ 260,541 |
| Net increase in net assets resulting from operations | - | - | - | 5,233 | (147) | 876 | 5,962 |
| Distributions to stockholders: | | | | | | | |
| Stock issued in connection with dividend reinvestment plan | 25,753 | - | 462 | - | - | - | 462 |
| Dividends and distributions | - | - | - | (5,490) | - | - | (5,490) |
| Balance at December 31, 2010 | 17,738,197 | \$ 18 | \$ 259,030 | \$ (257) | \$ 1,848 | \$ 836 | \$ 261,475 |
| Balance at September 30, 2011 | 21,733,903 | \$ 22 | \$ 318,302 | \$ (398) | \$ (1,519) | \$ 142 | \$ 316,549 |
| Net increase in net assets resulting from operations | - | - | - | 6,342 | 1,700 | (1,851) | 6,191 |
| Distributions to stockholders: | | | | | | | |
| Stock issued in connection with dividend reinvestment plan | 25,052 | - | 375 | - | - | - | 375 |
| Dividends and distributions | - | - | - | (6,955) | - | - | (6,955) |
| Balance at December 31, 2011 | 21,758,955 | \$ 22 | \$ 318,677 | \$ (1,011) | \$ 181 | \$ (1,709) | \$ 316,160 |

See Notes to Consolidated Financial Statements.

Golub Capital BDC, Inc. and Subsidiaries
Consolidated Schedule of Investments (unaudited)
December 31, 2011
(In thousands)

| Investment Type | Spread Above Index ⁽¹⁾ | Interest Rate ⁽²⁾ | Maturity Date | Principal Amount | Cost | Percentage of Net Assets | Fair Value |
|--------------------|--------------------------------------|---------------------------------|------------------|---------------------|------|--------------------------------|---------------|
| Investments | | | | | | | |