

Golub Capital BDC, Inc.
Form 10-Q
May 05, 2011

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 March 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 333-163279

Golub Capital BDC, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or
organization)

27-2326940
(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

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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

As of May 5, 2011, the Registrant had 21,709,233 shares of common stock, \$0.001 par value, outstanding.

Part I. Financial Information

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

	March 31, 2011	September 30, 2010
Assets		
Investments, at fair value (cost of \$390,629 and \$345,536 respectively)	\$ 389,060	\$ 344,869
Cash and cash equivalents	43,866	61,219
Restricted cash and cash equivalents	16,050	31,771
Interest receivable	2,181	1,956
Receivable for investments sold	4,389	-
Deferred financing costs	3,351	2,748
Deferred offering costs	593	-
Other assets	29	200
Total Assets	\$ 459,519	\$ 442,763
Liabilities		
Debt	\$ 194,000	\$ 174,000
Payable for investments purchased	-	5,328
Interest payable	935	1,167
Management and incentive fees payable	1,590	1,008
Accounts payable and accrued expenses	1,017	719
Total Liabilities	197,542	182,222
Net Assets		
Preferred stock, par value \$0.001 per share, 1,000,000 shares authorized, zero shares issued and outstanding as of March 31, 2011 and September 30, 2010	\$ -	\$ -
Common stock, par value \$0.001 per share, 100,000,000 shares authorized, 17,755,976 and 17,712,444 shares issued and outstanding, respectively	18	18
Paid in capital in excess of par	260,455	259,690
Capital distributions in excess of net investment income	(1,875)	(1,122)
Net unrealized appreciation on investments	1,494	1,995
Net realized gains (losses) on investments	1,885	(40)
Total Net Assets	261,977	260,541
Total Liabilities and Total Net Assets	\$ 459,519	\$ 442,763
Number of common shares outstanding	17,755,976	17,712,444
Net asset value per common share	\$ 14.75	\$ 14.71

See Notes to Consolidated Financial Statements.

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

	Three months ended March 31,		Six months ended March 31,	
	2011	2010	2011	2010
Investment income				
Interest	\$ 9,111	\$ 7,645	\$ 18,248	\$ 18,488
Total investment income	9,111	7,645	18,248	18,488
Expenses				
Interest and other debt financing expenses	1,467	862	3,044	1,552
Base management fee	1,341	605	2,625	1,334
Incentive fee	221	-	411	-
Professional fees relating to registration statement	-	601	-	601
Professional fees	491	338	1,058	371
Administrative service fee	214	156	387	298
General and administrative expenses	196	65	309	131
Total expenses	3,930	2,627	7,834	4,287
Net investment income	5,181	5,018	10,414	14,201
Net gain on investments				
Net realized gains on investments	1,049	-	1,925	-
Net change in unrealized (depreciation) appreciation on investments	(354)	1,925	(501)	1,085
Net gain on investments	695	1,925	1,424	1,085
Net increase in net assets resulting from operations	\$ 5,876	\$ 6,943	\$ 11,838	\$ 15,286
Per Common Share Data				
Basic and diluted earnings per common share(1)	\$ 0.33	N/A	\$ 0.67	N/A
Dividends and distributions declared per common share(2)	\$ 0.32	N/A	\$ 0.63	N/A
Basic and diluted weighted average common shares outstanding(1)	17,738,395	N/A	17,725,418	N/A

(1) For the three and six months ended March 31, 2010, the Company did not have common shares outstanding or an equivalent and therefore earnings per share and weighted average shares outstanding information for this period are not provided.

(2) For the three and six months ended March 31, 2010, the Company did not pay common stock dividends or distributions.

See Notes to Consolidated Financial Statements.

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

	Members' Equity	Common Stock Shares	Stock Par Amount	Paid in Capital in Excess of Par	Capital Distributions in Excess of Net Investment Income	Net Unrealized Appreciation on Investments	Net Realized Gains (Losses) on Investments	Total Net Assets
Balance at September 30, 2009	\$ 92,752	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,752
Members' equity contributions	47,208	-	-	-	-	-	-	47,208
Members' equity distributions	(13,530)	-	-	-	-	-	-	(13,530)
Increase in net assets resulting from operations	15,286	-	-	-	-	-	-	15,286
Balance at March 31, 2010	\$ 141,716	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 141,716
Balance at September 30, 2010	\$ -	17,712,444	\$ 18	\$ 259,690	\$ (1,122)	\$ 1,995	\$ (40)	\$ 260,541
Net increase in net assets resulting from operations	-	-	-	-	10,414	(501)	1,925	11,838
Distributions to stockholders:								
Stock issued in connection with dividend reinvestment plan	-	43,532	-	765	-	-	-	765
Dividends and distributions	-	-	-	-	(11,167)	-	-	(11,167)
Balance at March 31, 2011	\$ -	17,755,976	\$ 18	\$ 260,455	\$ (1,875)	\$ 1,494	\$ 1,885	\$ 261,977

See Notes to Consolidated Financial Statements.

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

	Six Months Ended March 31,	
	2011	2010
Cash flows from operating activities		
Net increase in net assets resulting from operations	\$ 11,838	\$ 15,286
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	365	-
Amortization of discount and premium	(3,181)	(4,847)
Net realized (gain) on investments	(1,925)	-
Net change in unrealized depreciation (appreciation) on investments	501	(1,085)
Proceeds from revolving loans, net	1,092	6,071
Fundings of portfolio investments	(149,994)	-
Proceeds from principal payments and sales of portfolio investments	109,316	82,929
Changes in operating assets and liabilities:		
Interest receivable	(225)	490
Receivable for investments sold	(4,389)	-
Other assets	171	(12)
Payable for investments purchased	(5,328)	-
Interest payable	(232)	18
Management and incentive fees payable	582	(50)
Accounts payable and accrued expenses	298	251
Net cash (used in) provided by operating activities	(41,111)	99,051
Cash flows from investing activities		
Net change in restricted cash and cash equivalents	15,721	(3,065)
Net cash provided by (used in) investing activities	15,721	(3,065)
Cash flows from financing activities		
Borrowings on debt	20,000	-
Repayments of debt	-	(104,862)
Capitalized debt financing costs	(968)	-
Proceeds from members' equity contributions	-	47,208
Deferred offering costs	(593)	-
Payments of members' equity distributions	-	(13,530)
Dividends and distributions paid	(10,402)	-
Net cash provided by (used in) financing activities	8,037	(71,184)
Net change in cash and cash equivalents	(17,353)	24,802
Cash and cash equivalents, beginning of period	61,219	-
Cash and cash equivalents, end of period	\$ 43,866	\$ 24,802

Supplemental information:

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Cash paid during the period for interest	\$ 2,913	\$ 1,534
Obligations of Company paid by members of Golub Capital BDC LLC	\$ -	\$ 896
Dividends and distributions declared during the period	\$ 11,167	\$ -

See Notes to Consolidated Financial Statements.

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Golub Capital BDC, Inc. and Subsidiaries
 Consolidated Schedule of Investments (unaudited)
 March 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, at fair value								
Canada								
Debt investments								
Leisure, Amusement, Motion Pictures, Entertainment								
Extreme Fitness, Inc.*	Senior loan	L + 7.50%	11.50 %	03/2012	\$ 4,649	\$ 4,649	1.8 %	\$ 4,649
Total Canada (cost \$4,649)					\$ 4,649	\$ 4,649	1.8 %	\$ 4,649