

Golub Capital BDC, Inc.
Form 10-Q
February 10, 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 December 31, 2010

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)

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 February 10, 2011, the Registrant had 17,738,197 shares of common stock, \$0.001 par value, outstanding.

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Item 1: Financial Statements

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

	December 31, 2010	September 30, 2010
Assets		
Investments, at fair value (cost of \$383,507 and \$345,536 respectively)	\$ 382,414	\$ 344,869
Cash and cash equivalents	41,389	61,219
Restricted cash and cash equivalents	27,618	31,771
Interest receivable	2,194	1,956
Receivable for investments sold	2,895	-
Deferred financing costs	3,548	2,748
Other assets	256	200
Total Assets	\$ 460,314	\$ 442,763
Liabilities		
Debt	\$ 194,000	\$ 174,000
Payable for investments purchased	-	5,328
Interest payable	2,576	1,167
Management and incentive fees payable	1,693	1,008
Accounts payable and accrued expenses	570	719
Total Liabilities	198,839	182,222
Net Assets		
Preferred stock, par value \$0.001 per share, 1,000,000 shares authorized, zero shares issued and outstanding as of December 31, 2010 and September 30, 2010	\$ -	\$ -
Common stock, par value \$0.001 per share, 100,000,000 shares authorized, 17,738,197 and 17,712,444 shares issued and outstanding, respectively	18	18
Paid in capital in excess of par	260,152	259,690
Accumulated over distributed net investment income	(1,379)	(1,122)
Net unrealized appreciation on investments	1,848	1,995
Net realized gains (losses) on investments	836	(40)
Total Net Assets	261,475	260,541
Total Liabilities and Total Net Assets	\$ 460,314	\$ 442,763
Number of common shares outstanding	17,738,197	17,712,444
Net asset value per common share	\$ 14.74	\$ 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 December 31,	
	2010	2009
Investment income		
Interest	\$ 9,137	\$ 10,843
Total investment income	9,137	10,843
Expenses		
Interest and other debt financing expenses	1,577	690
Base management fee	1,284	729
Incentive fee	190	-
Professional fees	567	33
Administrative service fee	174	142
General and administrative expenses	112	67
Total expenses	3,904	1,661
Net investment income	5,233	9,182
Net gain (loss) on investments		
Net realized gains on investments	876	-
Net change in unrealized depreciation on investments	(147)	(840)
Net gain (loss) on investments	729	(840)
Net increase in net assets resulting from operations	\$ 5,962	\$ 8,342
Per Common Share Data		
Basic and diluted earnings per common share(1)	\$ 0.34	N/A
Dividends and distributions declared per common share(2)	\$ 0.31	N/A
Basic and diluted weighted average common shares outstanding(1)	17,712,724	N/A

See Notes to Consolidated Financial Statements.

(1) For the three months ended December 31, 2009, 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 months ended December 31, 2009, the Company did not pay dividends or distributions.

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

	Members'	Common Stock	Par	Paid in	Accumulated	Net	Net	Total
	Equity	Shares	Amount	Capital	(Over	Unrealized	Realized	Net
				in Excess	Distributed)	Appreciation	Gains	Assets
				of Par	Undistributed	on	(losses)	
					Net	Investments	on	
					Investment	Investments	Investments	
					Income			
Balance at September 30, 2009	\$ 92,752	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,752
Members' equity contributions	22,209	-	-	-	-	-	-	22,209
Members' equity distributions	(13,530)	-	-	-	-	-	-	(13,530)
Increase in net assets resulting from operations	8,342	-	-	-	-	-	-	8,342
Balance at December 31, 2009	\$ 109,773	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109,773
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	-	-	-	-	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	\$ 260,152	\$ (1,379)	\$ 1,848	\$ 836	\$ 261,475

See Notes to Consolidated Financial Statements.

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

	Three Months Ended December 31,	
	2010	2009
Cash flows from operating activities		
Net increase in net assets resulting from operations	\$ 5,962	\$ 8,342
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	168	-
Amortization of discount and premium	(2,816)	(3,092)
Net realized (gain) on investments	(876)	-
Net change in unrealized depreciation on investments	147	840
(Fundings) proceeds on revolving loans, net	(569)	1,778
Fundings of portfolio investments	(97,578)	-
Proceeds from principal payments and sales of portfolio investments	64,147	50,542
Changes in operating assets and liabilities:		
Interest receivable	(238)	577
Receivable for investments sold	(2,895)	-
Other assets	(56)	13
Members' equity contributions receivable	-	(21,312)
Payable for investments purchased	(5,328)	-
Interest payable	1,409	(11)
Management and incentive fees payable	685	(10)
Accounts payable and accrued expenses	(149)	(703)
Net cash (used in) provided by operating activities	(37,987)	36,964
Cash flows from investing activities		
Net change in restricted cash and cash equivalents	4,153	(15,678)
Net cash provided by (used in) investing activities	4,153	(15,678)
Cash flows from financing activities		
Borrowings on debt	20,000	-
Repayments of debt	-	(29,965)
Capitalized debt financing costs	(968)	-
Proceeds from members' equity contributions	-	22,209
Payments of members' equity distributions	-	(13,530)
Dividends and distributions paid	(5,028)	-
Net cash provided by (used in) financing activities	14,004	(21,286)
Net change in cash and cash equivalents	(19,830)	-
Cash and cash equivalents, beginning of period	61,219	-
Cash and cash equivalents, end of period	\$ 41,389	\$ -
Supplemental information:		
Cash paid during the period for interest	\$ -	\$ 702
Obligations of Company paid by members of Golub Capital BDC LLC	\$ -	\$ 225

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Dividends and distributions declared during the period	\$	5,490	\$	-
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See Notes to Consolidated Financial Statements.

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Golub Capital BDC, Inc. and Subsidiaries
Consolidated Schedule of Investments (unaudited)
December 31, 2010
(In thousands)

	Investment Type	Spread Above Interest Index(1)	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								
		L +						
Extreme Fitness, Inc.	Senior loan	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
Fair Value as percentage of Principal Amount								100.0%
United States								
Debt investments								
Aerospace and Defense								
Whitcraft LLC	Subordinated debt	N/A	12.00%	12/2018	\$ 1,877	\$ 1,840	0.7%	\$ 1,877
Automobile								
		L +						
CLP Auto Interior Corporation	Senior loan	4.75%	5.01%	06/2013	3,206	3,206	1.2	3,109
		L +						
Dealer Computer Services, Inc.	Senior loan	3.50%	5.25%	04/2017	2,328	2,316	0.9	2,347
		L +						
Driven Brands, Inc.	Senior loan	5.00%	6.53%	10/2014	5,907	5,907	2.3	5,907
					11,441	11,429	4.4	11,363
Banking								
		L +						
Bonddesk Group LLC	Senior loan	3.00%	3.26%	08/2012	1,764	1,717	0.7	1,764
		L +						
Prommis Solutions Inc.	Senior loan	2.75%	5.00%	02/2013	1,240	1,240	0.3	1,141
					3,004	2,957	1.0	2,905
Beverage, Food and Tobacco								
		L +						
ABP Corporation	Senior loan	4.50%	8.50%	02/2013	2,305	2,270	0.9	2,305
		L +						
Atkins Nutrionals, Inc.	Second lien	9.00%	11.00%	12/2015	5,028	4,929	1.9	5,028
		L +						
Bertucci's Corporation	Senior loan	9.00%	12.00%	07/2012	1,953	1,911	0.7	1,953
CTI Foods Holding Co., LLC	Senior loan		6.00%	06/2015	891	870	0.3	905

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		L +							
		4.00%							
		L +							
Lone Star Beef Processors, L.P.	Senior loan	4.00%	4.46%	05/2013	3,550	3,531	1.4	3,550	
		L +							
Richelieu Foods, Inc.	Senior loan	5.00%	6.75%	11/2015	2,282	2,221	0.9	2,236	
		L +							
Richelieu Foods, Inc.	Senior loan	5.00%	7.11%	11/2015	127	111	-	115	
					16,136	15,843	6.1	16,092	
Building and Real Estate									
		L +							
American Fire Protection Group, Inc.(5)	Senior loan	6.75%	9.00%	06/2011	4,422	4,373	1.0	2,653	
		L +							
Architectural Testing, Inc.	Senior loan	6.50%	9.50%	05/2013	6,358	6,358	2.4	6,358	
		L +							
ASP PDM Acquisition Co. LLC	Senior loan	2.75%	3.38%	12/2013	608	571	0.2	558	
		L +							
Infiltrator Systems, Inc.	Senior loan	5.50%	8.50%	09/2012	7,799	7,525	2.9	7,643	
		L +							
ITEL Laboratories, Inc.	Senior loan	6.75%	9.75%	03/2014	7,778	7,721	3.0	7,778	
		L +							
KHKI Acquisition, Inc.	Senior loan	6.00%	8.50%	03/2012	290	289	0.1	281	
		L +							
KHKI Acquisition, Inc.	Senior loan	6.00%	8.50%	03/2013	2,600	2,597	0.8	2,080	
		L +							
Tecta America Corp.	Senior loan	5.75%	8.00%	12/2011	2,864	2,864	0.7	1,904	
					32,719	32,298	11.1	29,255	
Cargo Transport									
		L +							
Peco Pallet, Inc.	Senior loan	3.75%	4.01%	06/2013	3,850	3,724	1.5	3,850	
Chemicals, Plastics and Rubber									
		L +							
Celanese Holdings LLC	Senior loan	3.00%	3.29%	10/2016	692	601	0.3	689	
		L +							
Styron S.A.R.L.	Senior loan	5.75%	7.50%	06/2016	1,463	1,483	0.6	1,487	
		L +							
Syrgis Holdings, Inc.	Senior loan	5.50%	7.75%	08/2012	291	280	0.1	291	
		L +							
Syrgis Holdings, Inc.	Senior loan	6.00%	8.25%	08/2013	864	825	0.3	864	
		L +							
Syrgis Holdings, Inc.	Senior loan	8.50%	10.75%	02/2014	474	451	0.2	474	
					3,784	3,640	1.5	3,805	

See Notes to Consolidated Financial Statements.

Golub Capital BDC, Inc. and
Subsidiaries
Consolidated Schedule of Investments (unaudited) - (Continued)
December 31, 2010
(In thousands)

	Investment Type	Spread Above Index(1)	Interest Rate(2)	Maturity Date	Principal Amount	Cost	Percentage of Total Net Assets	Fair Value
Containers, Packaging and Glass								
Fort Dearborn Company	Senior loan	L + 5.00%	6.86%	08/2015	\$ 101	\$ 99	-%	\$ 101
Fort Dearborn Company	Senior loan	L + 5.50%	7.37%	08/2016	226	222	0.1	226
Fort Dearborn Company	Senior loan	L + 5.00%	6.76%	08/2015	1,533	1,505	0.6	1,533
Fort Dearborn Company	Senior loan	L + 5.50%	7.26%	08/2016	3,283	3,221	1.3	3,283
Industrial Container Services, LLC	Senior loan	L + 4.00%	4.44%	09/2011	503	497	0.2	503
					5,646	5,544	2.2	5,646
Diversified Conglomerate Manufacturing								
Heat Transfer Parent, Inc.	Senior loan	L + 3.00%	3.26%	06/2013	1,811	1,752	0.6	1,576
Neptco Inc.	Senior loan	L + 5.25%	7.25%	03/2013	4,229	4,096	1.4	3,595
Pasternack Enterprises, Inc.	Senior loan	L + 4.50%	6.00%	02/2014	4,779	4,659	1.8	4,779
Tecomet Inc.(3)	Senior loan	L + 5.25%	N/A(4)	12/2015	-	(12)	-	-
Tecomet Inc.	Senior loan	L + 5.25%	7.00%	12/2015	6,000	5,881	2.3	6,000
Vintage Parts, Inc.	Senior loan	L + 5.50%	5.80%	12/2013	7,304	7,239	2.7	7,085
Vintage Parts, Inc.	Senior loan	L + 6.00%	8.50%	12/2013	101	101	-	101
Vintage Parts, Inc.	Senior loan	L + 8.00%	9.75%	12/2013	1,527	1,504	0.6	1,527
					25,751	25,220	9.4	24,663
Diversified Conglomerate Service								
Benetech, Inc.	Senior loan	L + 5.00%	5.26%	12/2013	8,845	8,584	3.4	8,845
Compass Group Diversified Holdings, LLC	Senior loan	L + 4.00%	4.29%	12/2013	4,536	4,536	1.7	4,536

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Cortz, Inc.	Senior loan	L + 5.50%	8.50%	03/2014	6,426	6,383	2.5	6,426
EAG, Inc.	Senior loan	L + 5.00%	7.25%	07/2015	1,321	1,302	0.5	1,301
NS Holdings, Inc.(3)	Senior loan	L + 6.25%	N/A(4)	06/2015	-	(8)	-	-
NS Holdings, Inc.	Senior loan	L + 4.63%	6.65%	06/2015	2,224	2,183	0.9	2,224
Protection One, Inc.	Senior loan	L + 4.25%	6.00%	06/2016	3,021	3,019	1.2	3,036
Royall & Company Savvis Communications Corporation	Senior loan	L + 5.00%	6.50%	11/2015	800	784	0.3	784
The Service Companies, Inc.	Senior loan	L + 6.50%	9.00%	03/2014	5,737	5,630	2.2	5,737
					34,905	34,387	13.5	34,918
Diversified Natural Resources, Precious Metals, and Minerals								
CIBT Holdings(3)	Senior loan	L + 5.00%	N/A(4)	12/2015	-	(4)	-	(4)
CIBT Holdings	Senior loan	L + 5.00%	7.25%	12/2015	1,096	1,074	0.4	1,074
Metal Spinners, Inc.	Senior loan	L + 7.00%	10.00%	12/2014	2,224	2,149	0.9	2,224
Metal Spinners, Inc.(6)	Senior loan	L + 11.00%	14.00%	12/2014	3,101	3,001	1.2	3,103
OnCore Manufacturing LLC	Second lien	L + 8.00%	12.00%	06/2016	3,633	3,561	1.4	3,560
					10,054	9,781	3.9	9,957
Electronics								
Cape Electrical Supply LLC	Senior loan	L + 5.75%	7.00%	11/2013	2,317	2,199	0.9	2,269
The Sloan Company, Inc.(6)	Second lien	L + 7.00%	7.27%	10/2012	2,451	2,441	0.9	2,452
Syncsort Incorporated(3)	Senior loan	L + 5.50%	N/A(4)	03/2015	-	(7)	-	-
Syncsort Incorporated	Senior loan	L + 5.50%	7.50%	03/2015	9,750	9,672	3.7	9,750
					14,518	14,305	5.5	14,471
Finance								
Nuveen Investments, Inc.	Senior loan	L + 5.50%	5.80%	05/2017	1,078	968	0.4	1,032
Nuveen Investments, Inc.	Senior loan	L + 3.00%	3.30%	11/2014	1,922	1,726	0.7	1,840
Pillar Processing LLC	Senior loan	L + 5.50%	5.80%	11/2013	6,129	6,111	2.2	5,823
Pillar Processing LLC	Senior loan	N/A	14.50%	05/2014				