



Barings BDC (BBDC)

Updated February 28th, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	\$8.44	5 Year Annual Expected Total Return:	10.7%	Market Cap:	\$884 M
Fair Value Price:	\$8.25	5 Year Growth Estimate:	1.0%	Ex-Dividend Date:	03/04/2026
% Fair Value:	102%	5 Year Valuation Multiple Estimate:	-0.5%	Dividend Payment Date:	03/11/2026
Dividend Yield:	12.3%	5 Year Price Target	\$8.67	Years Of Dividend Growth:	0
Dividend Risk Score:	F	Sector:	Financials	Rating:	Sell

Overview & Current Events

Barings BDC is a business development company (BDC) focused on providing senior secured loans to middle-market companies, primarily in the U.S. and internationally. Managed by Barings LLC, a global asset manager, the company invests in businesses with earnings before interest, taxes, depreciation, and amortization (EBITDA) ranging from \$10 million to \$75 million. These companies are typically well-established, generating steady cash flows, and operating in industries with lower cyclicalities. Barings BDC seeks to enhance returns via prudent use of leverage, while maintaining a focus on capital preservation. Recent acquisitions of MVC Capital and Sierra Income Corporation have diversified its portfolio and strengthened its market presence.

As of the latest quarter, the company's investment portfolio had a fair value of \$2.40 billion. The portfolio continued to be mainly invested in senior secured debt in line with the company's strategy. The weighted average yield on performing debt investments decreased to 9.5%, compared to 9.8% in the prior quarter, reflecting modest spread compression while maintaining solid underlying credit performance.

On February 19th, 2026, Barings BDC posted its fourth quarter results for the period ending December 31st, 2025. Net investment income (NII) was \$28.0 million, or \$0.27 per share, compared to \$33.6 million, or \$0.32 per share, in the prior quarter. During the quarter, the company reported total investment income of \$68.0 million. For FY2025, we expect NII/share of \$0.97.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
NII	\$1.62	\$1.55	---	\$0.61	\$0.64	\$0.90	\$1.12	\$1.19	\$1.04	\$0.97	\$0.97	\$1.02
DPS	\$1.89	\$1.65	\$0.43	\$0.54	\$0.65	\$0.82	\$0.95	\$1.02	\$1.04	\$1.04	\$1.04	\$1.09
Shares¹	36.4	46.5	49.9	50.2	48.6	65.3	102.9	107.0	105.8	105.2	105.2	110.0

Barings BDC's net investment income (NII) per share from 2016 to 2025 reflects the underlying market conditions of this period and a significant shift in its investment approach. In 2016 and 2017, NII declined to \$1.62 and \$1.55, respectively, as the BDC faced further yield compression and a rise in portfolio non-accruals. This was due to increasing competition in the middle-market lending space, which put pressure on investment returns. Also, the company's focus on rotating its portfolio to improve asset quality caused a temporary reduction in income.

For 2018, NII data is meaningless, as the BDC underwent a major transition, selling its legacy portfolio and externalizing its management to Barings LLC. This period was marked by the sale of Triangle Capital's entire portfolio for nearly \$1 billion to Benefit Street Partners, and the BDC began rebuilding its portfolio from scratch under Barings' management.

In 2019, NII fell to \$0.61 as Barings BDC shifted to first-lien senior secured loans, prioritizing risk reduction and capital preservation, but with lower short-term yields. By 2020, NII improved to \$0.64 due to increased loan originations and portfolio growth, despite the pandemic's impact. In 2021, NII increased to \$0.90 as economic conditions and lending

¹ Share count is in millions.

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opportunities recovered. NII continued to grow in 2022 and 2023, reaching \$1.12 and \$1.19, driven by rising interest rates, strong loan originations, and solid credit performance. It then stabilized in 2024, as investment yields declined. Moving forward, we expect that the BDC will grow its NII/share at a CAGR of 1%. The rather muted rate is to account for the fact that Barings is coming off a rather favorable environment, and thus its results could begin normalizing. We expect payouts to grow at a CAGR of 1% through 2031 as well.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	11.8	10.9	---	16.5	13.8	10.9	9.1	7.3	9.0	9.1	8.7	8.5
Avg. Yld.	9.9%	9.8%	3.8%	5.4%	7.3%	8.4%	9.4%	11.8%	11.1%	11.8%	12.3%	12.6%

Barings BDC has typically traded at a P/NII ratio in the high-single digits to low teens, in line with industry norms. Today, it's trading at just 8.7 times our projected NII per share, which we view as slightly overvalued. We believe a P/NII of around 8.5 is more or less suitable. The 12.3% yield is expected to contribute significantly to the BDC's total return prospects, assuming the company can sustain it.

Safety, Quality, Competitive Advantage, & Recession Resiliency

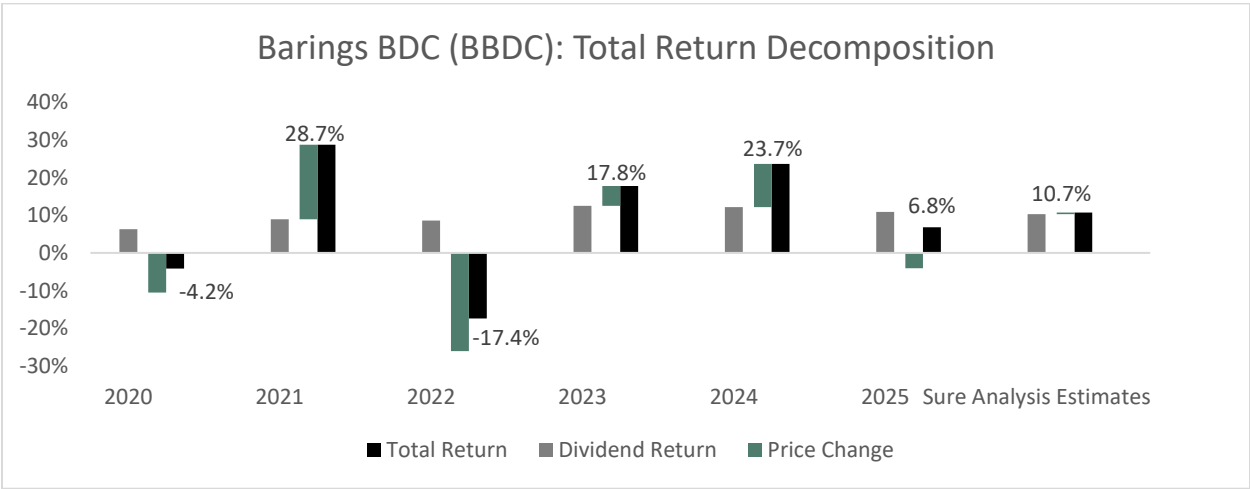
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	117%	106%	---	89%	102%	91%	85%	86%	100%	107%	107%	107%

Barings BDC's competitive edge lies in its affiliation with Barings LLC, offering deep investment expertise and access to quality deals, particularly in senior secured loans. This focus on first-lien, floating-rate loans provides resilience during recessions and rising interest rate environments. Its portfolio is also positioned to withstand economic downturns by investing in less cyclical industries. Dividend safety has improved significantly since 2019, with payout ratios dropping below 100%, reaching a more secure 85-86% in 2022 and 2023, compared to unsustainable levels above 100% in earlier years. Still, it climbed back to 100% in 2024, so caution is warranted. In 2025 Barings lost its dividend growth streak.

Final Thoughts & Recommendation

Barings BDC has a volatile history of NII and dividends, though its performance has stabilized lately. Today, its focus on senior secured middle-market loans and disciplined investment strategy makes it an interesting pick for income-oriented investors seeking high income. We forecast annualized returns of 10.7% through 2031, driven by our growth estimates, the 12.3% yield, and a potential valuation headwind. We rate BBDC as a sell due to the lack of dividend growth last year.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	73	63	(6)	(53)	66	17	87	16	140	124
SG&A Exp.	4	4	5	16	6	6	9	10	10	10
Net Profit	48	34	(29)	(114)	58	8	78	5	128	110
Net Margin	66.0%	54.6%	457%	218%	88.6%	47.7%	89.5%	29.2%	91.6%	88.7%
Free Cash Flow	(31)	(23)	8	(198)	(32)	(218)	(397)	86	77	122
Income Tax	0	0	1	(1)	0	0	0	1	2	3.5

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	1,039	1,160	1,223	1,168	1,253	1,677	2,161	2,710	2,677	2,696
Cash & Equivalents	53	107	192	12	22	89	84	139	71	78
Total Liabilities	531	548	582	605	682	959	1,419	1,518	1,481	1,505
Accounts Payable	11	11	16	35	9	10	35	44	13	29
Long-Term Debt	514	535	566	570	669	944	1,373	1,448	1,440	1,450
Shareholder's Equity	508	611	641	563	571	718	742	1,192	1,197	1,190
LTD/E Ratio	1.01	0.88	0.88	1.01	1.17	1.32	1.85	1.21	1.20	1.22

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	4.8%	3.1%	-2.4%	-9.6%	4.8%	0.6%	4.0%	0.2%	4.8%	4.1%
Return on Equity	9.2%	6.1%	-4.6%	-19.0%	10.3%	1.3%	10.6%	0.5%	10.7%	9.2%
ROIC	4.8%	3.2%	-2.4%	-9.8%	4.9%	0.6%	4.1%	0.2%	4.9%	4.2%
Shares Out.	33.2	36.4	46.5	49.9	50.2	48.6	65.3	102.9	107.0	105.8
Revenue/Share	2.18	1.72	(0.13)	(1.05)	1.31	0.35	1.33	0.16	1.30	1.17
FCF/Share	(0.94)	(0.64)	0.17	(3.97)	(0.63)	(4.49)	(6.07)	0.84	0.72	1.16

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

Disclaimer

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