Main Street Capital Corporation (MAIN)

Updated August 9th, 2026 by Quinn Mohammed

Key Metrics

Current Price:	$59	**5 Year CAGR Estimate:**	5.3%	**Market Cap:**	$5.5 B
Fair Value Price:	$52	**5 Year Growth Estimate:**	3.0%	**Ex-Dividend Date:**	08/07/2026
% Fair Value:	114%	**5 Year Valuation Multiple Estimate:**	-2.6%	**Payment Date:**	08/14/2026
Dividend Yield:	5.4%	**5 Year Price Target**	$60	**Years of Dividend Growth:**	11
Dividend Risk Score:	F	**Sector:**	Financials	**Rating:**	Hold

Overview & Current Events

Headquartered in Houston, TX, Main Street Capital Corporation is a Business Development Company (BDC) that provides long-term debt and equity capital to lower middle market companies and debt capital to middle market companies. Main Street defines lower middle market companies as generally having annual revenues between $10 million and $150 million. The company's investments typically support management buyouts, recapitalizations, growth financings, refinancing, and acquisitions. The company has a market capitalization of $5.5 billion and generated $367 million in net investment income in 2025. At the end of Q2 2026, Main Street had an interest in 94 lower middle market companies (valued at $3.2 billion), 11 middle market companies ($83 million) and 86 private loan investments ($2.1 billion).

On May 4th, 2026, Main Street Capital announced a 2.0% dividend increase to $0.265 per share paid monthly.

On August 6th, 2026, Main Street Capital reported second quarter 2026 results. Net investment income of $90.3 million rose 2% compared to $88.1 million in Q2 2025. The corporation generated net investment income per share of $0.97, down 2% year-over-year from $0.99 per share. Distributable net investment income per share totaled $1.04, also 2% lower compared to Q2 2025.

Main Street's net asset value per share increased 0.4% since December 31st, 2025, from $33.33 to $33.46. The corporation declared monthly dividends of $0.265 to be paid in the fourth quarter of 2026, which are 4% higher than those declared a year ago, as well as a supplemental $0.30 dividend to be paid in September.

As of the end of the second quarter of 2026, the corporation had aggregate liquidity of $1.153 billion, consisting of $58 million in cash and cash equivalents, and $1.095 billion of unused capacity under the revolving credit facility.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
NIIPS	$2.23	$2.39	$2.60	$2.50	$2.10	$2.65	$3.29	$4.14	$3.93	$3.95	***$3.83***	***$4.44***
DPS	$2.73	$2.79	$2.85	$2.91	$2.46	$2.48	$2.60	$2.75	$2.91	$3.03	***$3.18***	***$3.34***
Shares[1]	52.0	57.0	60.0	63.0	66.0	70.0	77.8	84.4	88.4	89.8	***93.5***	***110.0***

NIIPS stands for Net Investment Income Per Share. Main Street's calculation of distributable net investment income excludes the impact of share-based compensation. We believe this is a real expense, and thus have elected to use net investment income instead. Main Street has put together a solid record in the past decade, with a nine-year and five-year net investment income per share CAGR of 6.6% and 13.5%, respectively. This, even though the company pays out basically all its income in the form of dividends and issues shares in order to fund growth.

The company pays a monthly dividend, currently sitting at $0.265 or $3.18 on an annual basis, along with supplemental dividends (skipped in 2020 due to COVID-19). The upcoming supplemental dividend amounts to $0.30 per share to be paid in September, while the company keeps its trend of increasing the regular monthly dividend slightly every year. The supplemental dividends have been a result of generating realized gains from Main Street's equity investments. Starting in 2019, Main Street began gradually reducing its supplemental dividend and absorbing it into the regular monthly

[1] In millions

Disclosure: This analyst has a position in the security discussed in this research report.

dividend. Importantly, as a result of the BDC structure, dividends are classified as both ordinary and qualified dividends along with realized gains. Regarding the share count, you can see this growing significantly over time. In order to avoid corporate income tax, Main Street must distribute at least 90% of their taxable income, leaving little wiggle room to fund growth. While this strategy has worked extremely well since the last recession, we do caution that this method of funding becomes substantially less attractive (and more expensive) in less prosperous times. As such, we have tempered our growth expectations, and expect the company to post just 3% annual growth through 2031.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	16.5	16.6	13.3	16.4	17.4	15.3	12.1	9.7	12.6	15.1	***15.4***	***13.5***
Avg. Yld.	7.4%	7.0%	6.7%	6.8%	7.6%	5.8%	6.1%	7.2%	5.8%	5.0%	***5.4%***	***5.6%***

Over the past five years, shares of Main Street have traded at an average P/E ratio of 13.0 times earnings. Given the current environment and Main Street's recent performance, we estimate fair value of 13.5 times earnings, which implies the potential for a valuation headwind.

Safety, Quality, Competitive Advantage, & Recession Resiliency

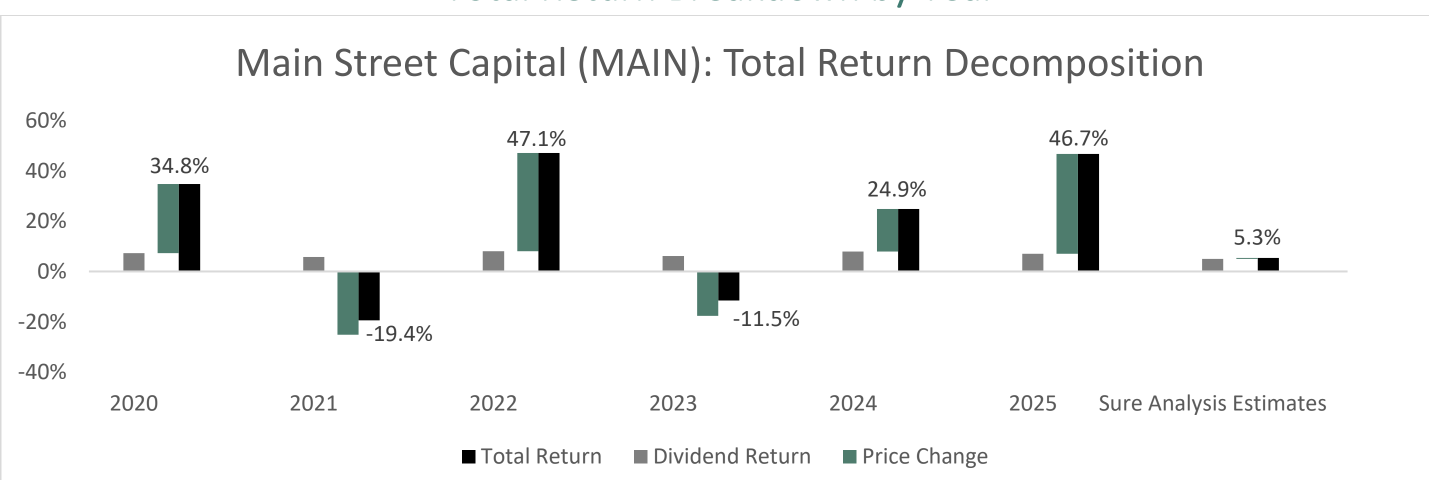
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	122%	117%	110%	116%	117%	94%	79%	66%	74%	77%	***83%***	***75%***

Main Street's competitive advantage lies in its portfolio of small company interests, allowing for equity and debt exposure that would be difficult to replicate, along with the company's management. In the last decade, the company has performed very well, acting like a fund for small companies and passing along the income and gains to investors. The payout ratio detailed above is notable for two reasons. From an income standpoint, it highlights the BDC's pass through status, requiring the company to pay a substantial dividend. From a safety standpoint, it shows that there is not much room for lesser performance. Indeed, given the idea of continued equity issuance to fund investments, growth came under pressure during the COVID-19 crisis, though investment income held up well overall.

Final Thoughts & Recommendation

Main Street has put together a solid record in the last decade. The company's model is unusual for common equity, but typical of a pass-through entity - paying out all of its earnings and funding growth by issuing shares. This leads to two distinct items: an above average dividend yield and an ever-increasing share count. MAIN could offer 5.3% annualized total returns moving forward, consisting primarily of the dividend. Main Street Capital maintains its hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	173	234	216	174	58	421	331	510	601	592
SG&A Exp.	9	12	12	13	13	12	16	-4	-4	0
Net Profit	139	171	168	130	29	331	242	428	508	493
Net Margin	80.5%	72.8%	77.9%	74.3%	50.3%	78.5%	73.0%	83.9%	84.5%	83.4%
Free Cash Flow	-43	73	-109	-34	-54	-515	-247	285	-87	-46
Income Tax	-1	24	6	1	-14	33	23	23	31	27

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	2,265	2,072	1,879	1,694	1,360	1,036	4242	4444	5121	5682
Cash & Equivalents	52	24	20	60	35	64	49	60	78	42
Total Liabilities	885	871	808	754	568	393	2133	1966	2324	2688
Accounts Payable	77	31	28	38	47	38	86	100	115	53
Long-Term Debt	797	840	780	707	515	343	1999	1802	2122	2458
Shareholder's Equity	1,380	1,201	1,071	940	793	643	2109	2477	2798	2993
LTD/E Ratio	0.58	0.70	0.73	0.75	0.65	0.53	0.95	0.73	0.76	0.82

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	7.9%	7.0%	5.8%	6.6%	8.1%	11.8%	6.1%	9.9%	10.6%	9.1%
Return on Equity	13.2%	12.2%	10.4%	11.6%	13.5%	19.9%	12.4%	18.7%	19.3%	17.0%
ROIC	8.1%	7.1%	6.0%	6.8%	8.4%	12.2%	6.3%	10.2%	11.1%	
Shares Out.	52	57	60	63.0	66.0	70.0	74.5	81.9	86.8	89.4
Revenue/Share	4.13	3.32	2.58	3.25	3.01	4.23	4.45	6.22	6.93	6.62
FCF/Share	1.29	-0.82	-2.68	-4.39	-6.57	-4.59	-3.32	3.48	-1.00	-0.51

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