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A screenshot of a web browser window titled "Q&A". The window contains a large, empty text input field at the top. Below it is a smaller text input field with the placeholder text "Enter your question". To the right of this field is a blue button with the text "Submit" in white. The window has standard browser window controls (minimize, maximize, close) in the top right corner.

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FS KKR Capital Corp. II

Q4 performance update & listing preparations

MARCH 2020

Agenda

- 1** Credit market overview

- 2** Q4 & 2019 portfolio & performance highlights

- 3** Merger summary

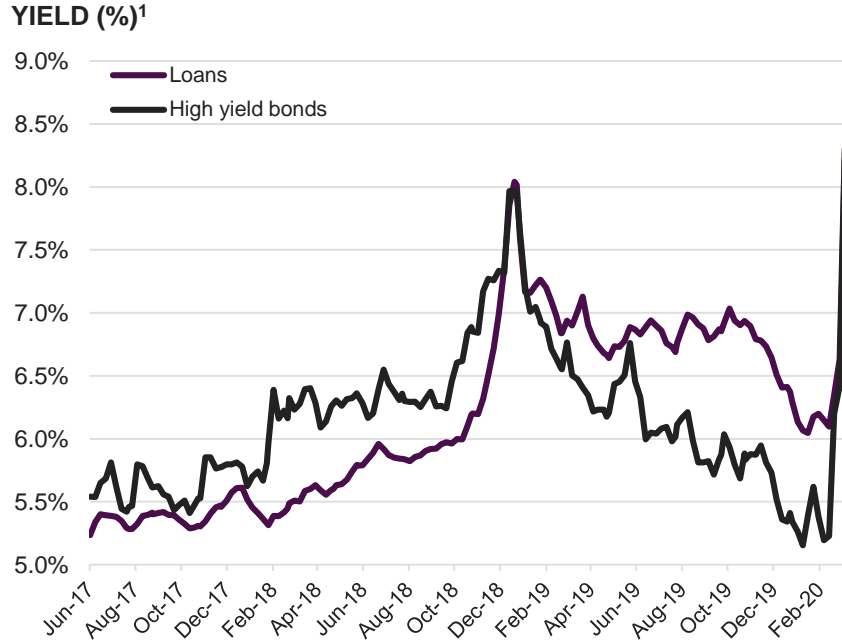
- 4** Distributions

- 5** Liquidity plan update

- 6** Resources for client conversations

Snapshot of credit markets

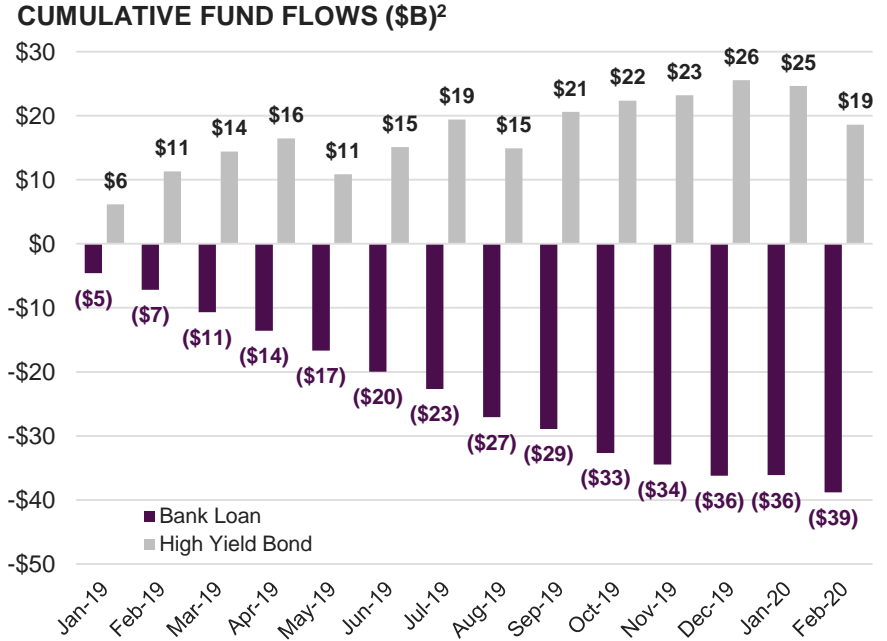
Divergence in yields between loans & high yield



1. Sources: S&P/LSTA Leveraged Loan Index, ICE BAML U.S. High Yield Index, as of March 13, 2020.

2. Source: Morningstar, as of February 29, 2020.

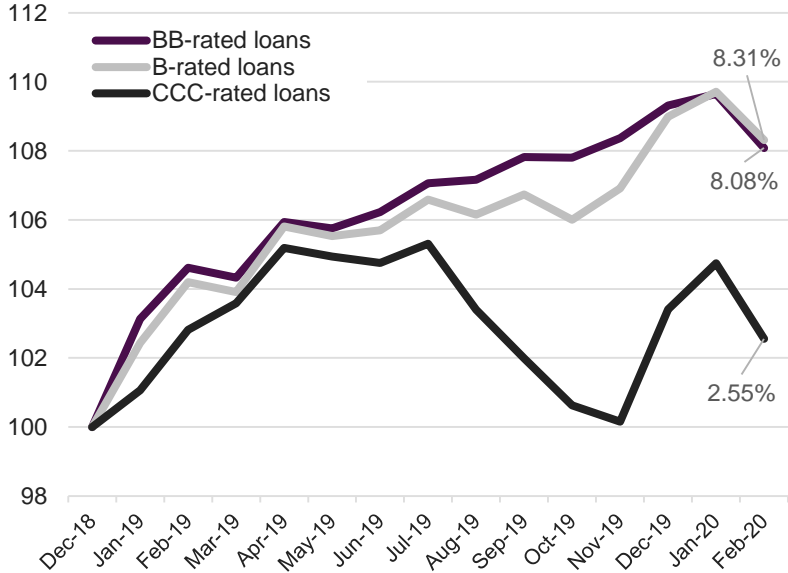
A tale of two markets: loans vs. bonds



Investors are selective in today's market

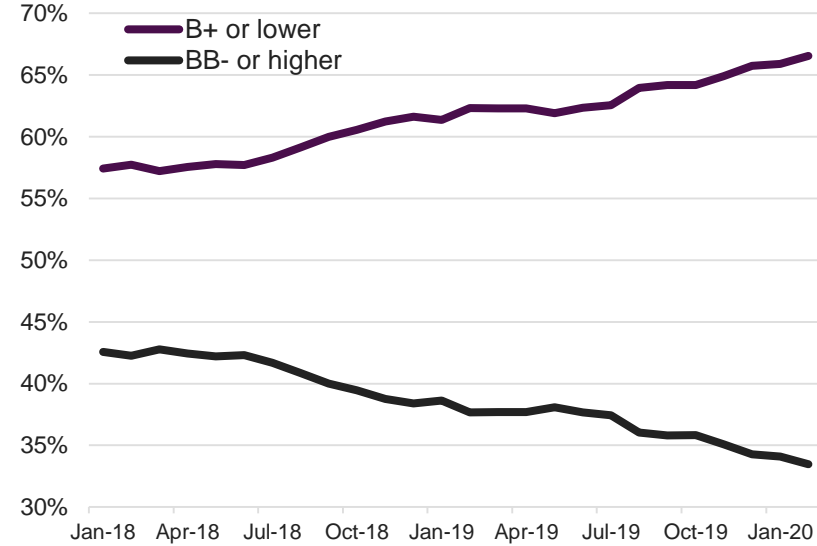
Lower rated credit has underperformed

TOTAL RETURNS BASED TO 100



Concentration of lower rated credits in index

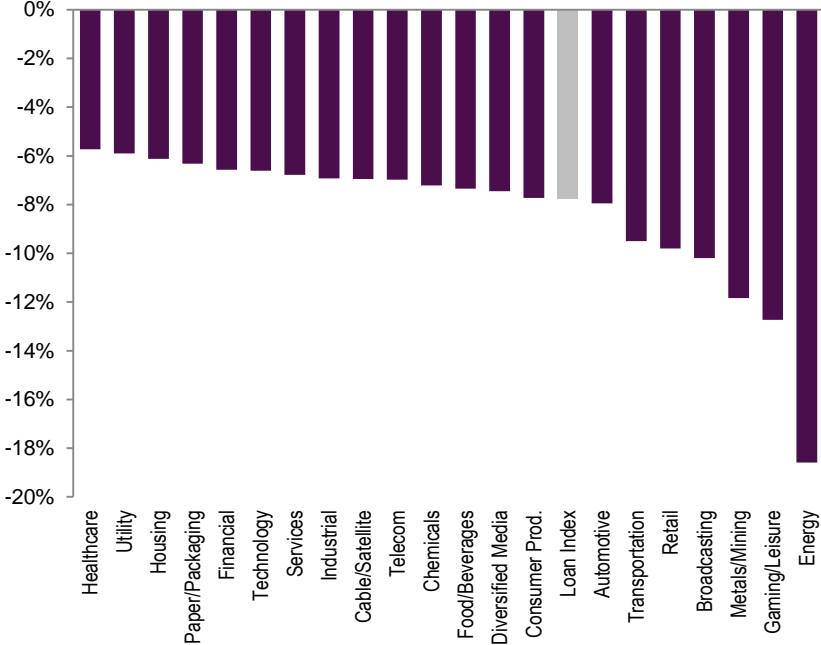
S&P/LSTA LOAN INDEX BY S&P ISSUER RATING



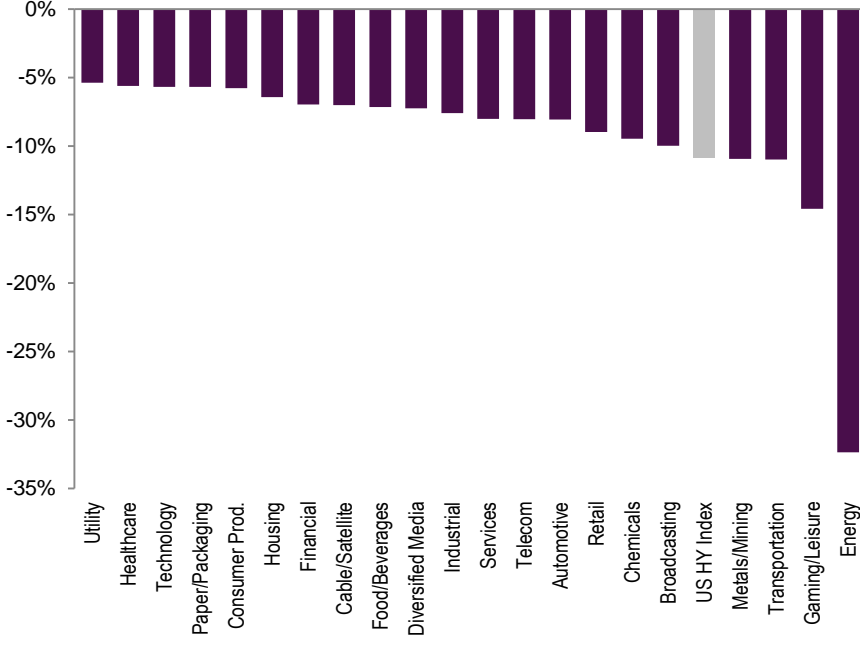
Source: S&P Capital IQ LCD, S&P/LSTA as of February 29, 2020.

Sectors hardest hit include energy, leisure, transportation

Loan returns by sector since 2/21



High yield bonds



Source: JP Morgan as of March 13, 2020

FS KKR Capital Corp. II portfolio summary

213

portfolio companies¹

24%

concentration in top-10 portfolio companies¹

79%

senior secured debt^{1,2}

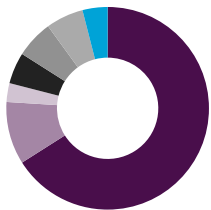
83%

of debt investments are floating rate³

2.1%

Non-accrual rate

Security exposure¹



67%	Senior secured loans – 1st lien
9%	Senior secured loans – 2nd lien
3%	Other senior secured debt
5%	Subordinated debt
6%	Asset Based Finance
6%	Credit Opportunities Partners, LLC
4%	Equity/other

Top 10 industries



13%	Capital Goods
10%	Health Care Equipment & Services
10%	Software & Services
10%	Commercial & Professional Services
6%	Consumer Services
6%	Credit Opportunities Partners, LLC
5%	Retailing
5%	Media & Entertainment
5%	Diversified Financials
4%	Materials

All figures based on fair value as of December 31, 2019.

1. Does not include investments held solely in Credit Opportunities Partners, LLC or the fund's total return swap.

2. Senior secured debt includes first lien loans, second lien loans and senior secured bonds.

3. See FS KKR Capital Corp. II's 10-K for the definition of debt investments.

FS KKR Capital Corp. II Q4 performance

Q4 NAV summary



Other adjustments refers to the impact of differing shares outstanding on pre- and post-merger basis.

FS KKR Capital Corp. II commentary

What has driven NAV decline?

- 1 Overconcentration of underperforming businesses

- 2 Higher exposure to older vintage subordinated debt positions

- 3 Exposure to commodity-related businesses

- 4 Restructured equity investments

What are we doing to improve performance?

- Aggressively managing underperforming assets
 - Reducing single name exposure
-
- Increase allocations to yield-enhancing opportunities, including asset-based finance businesses
-
- Reducing exposure to existing businesses / no new energy allocations
-
- Focused on improving performance of restructured companies and exiting investments over time
-

FSK portfolio summary

210

portfolio companies¹

22%

concentration in top-10 portfolio companies¹

70%

senior secured debt^{1,2}

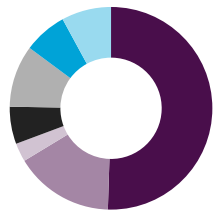
82%

of debt investments are floating rate³

2.8%

Non-accrual rate

Security exposure¹



51%	Senior secured loans – 1st lien
16%	Senior secured loans – 2nd lien
3%	Other senior secured debt
6%	Subordinated debt
10%	Asset Based Finance
6%	Strategic Credit Opportunities Partners, LLC
8%	Equity/other

Top 10 industries



15%	Capital Goods
11%	Software & Services
8%	Health Care Equipment & Services
8%	Diversified Financials
8%	Commercial & Professional Services
7%	Strategic Credit Opportunities Partners, LLC
6%	Retailing
5%	Consumer Durables & Apparel
4%	Consumer Services
4%	Materials

All figures based on fair value as of December 31, 2019.

1. Does not include investments held solely in Credit Opportunities Partners, LLC or the fund's total return swap.

2. Senior secured debt includes first lien loans, second lien loans and senior secured bonds.

3. See FS KKR Capital Corp.'s 10-K for the definition of debt investments.

FSK commentary

Key steps to improve performance

- 1** Deploy \$200M buyback program
 - \$171M of shares repurchased as of February 26, 2020
- 2** Optimize borrowings
 - Issued \$575M in unsecured debt (Q3 2019)
 - Closed on \$350M middle market collateralized loan obligation
 - Received approval to increase leverage to 2:1 (debt-to-equity)
 - Issued \$425M in unsecured debt (Q4 2019)
- 3** Increase yield-enhancing opportunities
 - Formed \$1B joint venture with South Carolina Retirement Systems Group Trust
 - Grew asset-based finance investments
- 4** Create liquidity path for non-traded BDCs
 - Mergers closed in December 2019
 - Listing of combined entity on NYSE in 2020¹

1. Subject to board approval and market conditions.

Key considerations for your clients

1

Understanding the
NAV-for-NAV mergers

2

Distributions

3

Forward timeline &
listing preparations

4

Resources for client
conversations

NAV-for-NAV mergers

FSIC III, FSIC IV and CCT II shareholders received equal value in FSIC II shares

NAV-FOR-NAV EXCHANGE RATIO¹

	FSIC II	FSIC III	FSIC IV	CCT II
Ending NAV per share	\$7.36	\$7.22	\$10.03	\$8.33
(/) FSIC II NAV per share	--	\$7.36	\$7.36	\$7.36
Exchange ratio	--	0.9804	1.3634	1.1319

Number of FSIC II shares that FSIC III, FSIC IV and CCT II shareholders received

Numbers may be rounded.

1. As of December 16, 2019.

NAV changes since September 30, 2019

FSIC III, FSIC IV and CCT II shareholders received equal value in FSIC II shares

NAV-FOR-NAV EXCHANGE RATIO¹

	FSIC II	FSIC III	FSIC IV	CCT II
Q3 NAV per share	\$7.59	\$7.42	\$10.54	\$8.60
Total regular distributions paid during the quarter	(\$0.19)	(\$0.17)	(\$0.21)	(\$0.14)
Special distribution	--	--	(\$0.24)	(\$0.19)
Other adjustments ²	(\$0.04)	(\$0.03)	(\$0.06)	\$0.06
NAV per share as of 12/16/2019	\$7.36	\$7.22	\$10.03	\$8.33
(f) FSIC II NAV per share	--	\$7.36	\$7.36	\$7.36
Exchange ratio	--	0.9804	1.3634	1.1319

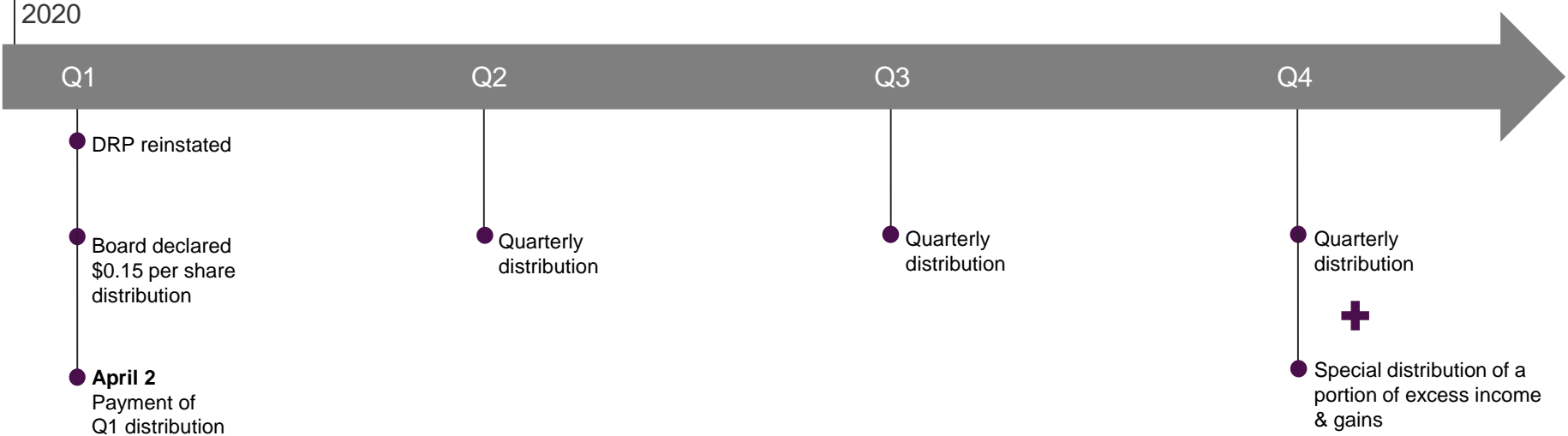
Number of FSIC II shares that FSIC III, FSIC IV and CCT II shareholders received

Numbers may be rounded.

1. As of December 16, 2019.

2. Includes merger expenses, changes in portfolio value and net investment income generated during the period ended December 16, 2019.

Indicative distribution timeline



Note: Subject to change and board approval.

Listing considerations for 1H 2020

Macro and credit market conditions

Provide public markets with consolidated financials for FSK II (early March)

Optimize borrowing facilities for the recapitalization

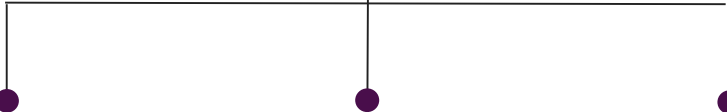
Maximize secondary market support

LISTED
NYSE

Resources



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PRESS
RELEASE



FUND SUMMARIES &
SEC FILINGS



FAQs

Questions?

Disclosures

Forward-Looking Statements

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