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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.

To learn more
Call 877-628-8575
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FS KKR Capital Corp. II

Listing preparations

JUNE 2020

Agenda

1 Strategic rationale

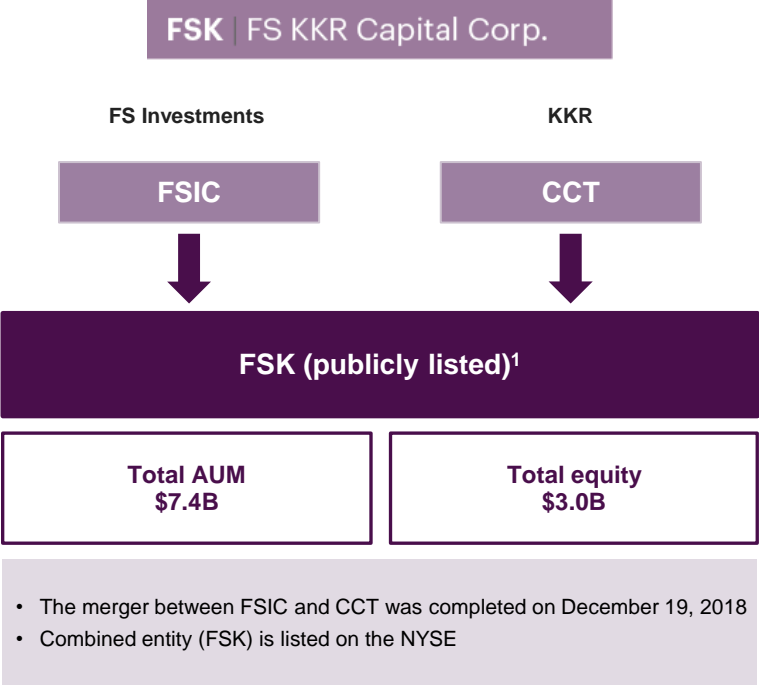
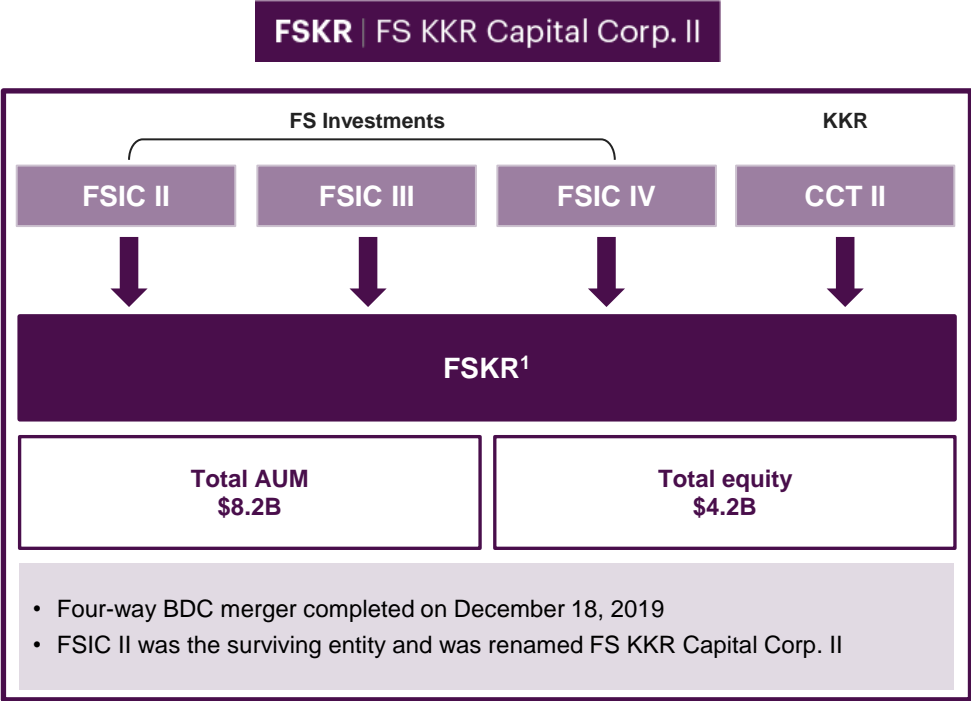
2 Preparing investor accounts

3 Listing considerations

4 Resources for client conversations

Strategic rationale

FSKR is the result of a four-way BDC merger



1. As of March 31, 2020.

Listing creates optionality for all stakeholders

Shareholder benefits extend beyond just liquidity

1	List on NYSE	<ul style="list-style-type: none">• Provides full liquidity for shareholders outside of quarterly tenders• Allows the fund to increase regulatory leverage to 2:1 (debt-to-equity)• Provides middle market companies with capital to finance operations
2	Increase borrowing capacity	<ul style="list-style-type: none">• Unlocks up to \$1.6 billion in borrowing capacity• Ensures sufficient liquidity to support our middle market portfolio companies<ul style="list-style-type: none">– Take advantage of investment opportunities created by dislocation
3	Strategically deploy capital	<ul style="list-style-type: none">• Stabilizes NAV by supporting portfolio companies• Goal to enhance long-term dividend yield• Potential to increase return on equity over long term

Based on fair value. Only includes debt investments.

Potential to unlock over \$1 billion in available capacity

1:1 net debt-to-equity

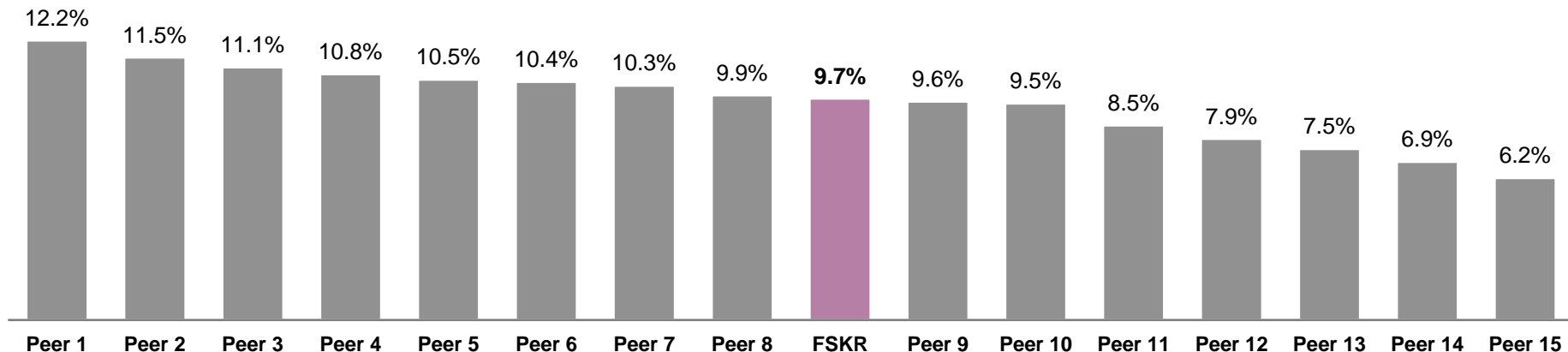
2:1 net debt-to-equity



Net debt-to-equity and foreign currency for investments purchased/sold and repaid, divided by net assets.

Fully liquid security with path to grow distribution yield

ANNUALIZED DISTRIBUTION YIELD (AS % OF NET ASSET VALUE)



Committed capital available for growth up to 1.25x regulatory leverage ceiling (\$B) ¹															
\$0.0	\$0.0	\$2.0	\$0.0	\$0.3	\$0.0	\$0.4	\$0.0	\$2.0 ²	\$0.0	\$0.0	\$0.6	\$0.4	\$0.3	\$0.0	\$0.0
Regulatory net leverage as of March 31, 2020															
1.22x	1.72x	0.59x	1.51x	0.95x	1.50x	1.19x	1.28x	0.76x	1.74x	1.78x	0.56x	1.07x	0.82x	1.20x	1.59x

1. Lesser of additional debt that can be taken on up to an implied 1.25x net leverage, or total undrawn commitments under existing facilities plus cash on balance sheet.

2. Includes net payable/receivable for investments purchased/sold and repaid.

Current lending environment is attractive




Current market dynamics

	First lien	Second lien
Interest rate	LIBOR + 6.5–8.5%	LIBOR + 8.5–10.5%
Upfront fees	2.0–4.0%	2.0–4.0%
Call protection & covenants	Enhanced	Enhanced

- Wider spreads combined with lower leverage and tighter covenants are producing an attractive investing environment
- KKR's scale, market reach and structuring capabilities are key advantages to opportunistically originate new investments during the current market dislocation

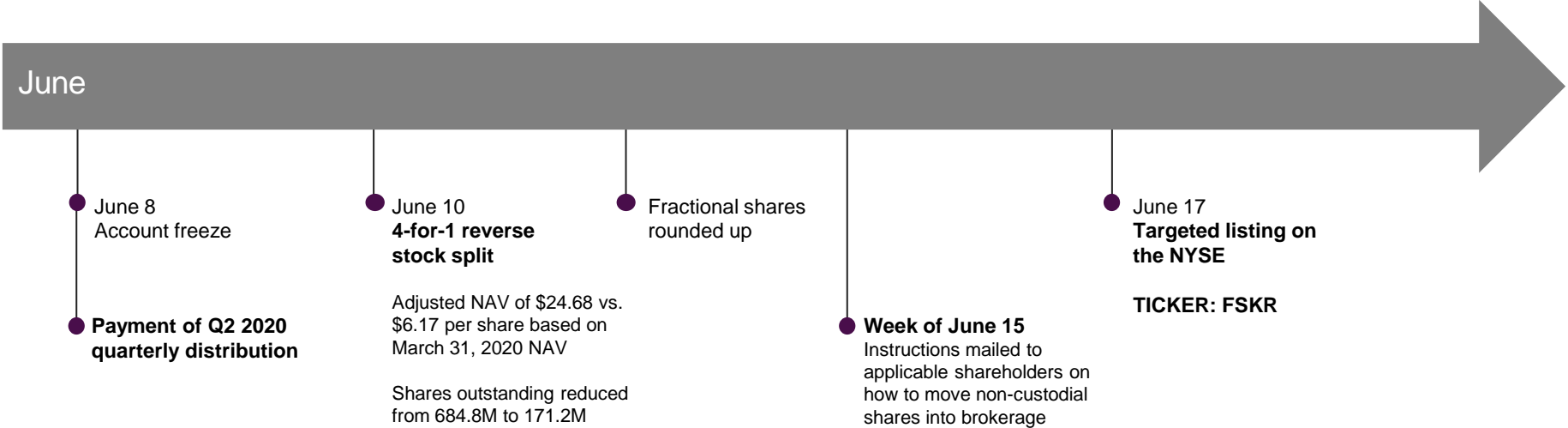
Source: S&P LCD.

Primary focus: The upper middle market

		Lower MM	Middle MM	Upper MM	BSL Market
EBITDA		\$3–25M	\$25–50M	\$50–100M	\$100M+
Competitive dynamics		<ul style="list-style-type: none"> Limited balance sheets Single-scope product offerings Extreme competition 	<ul style="list-style-type: none"> Highly structured financings with specific covenants Ability to finance across capital structures Less competition given size and scale required 	<ul style="list-style-type: none"> Commoditized financing structures and product offerings Tradable, liquid credit 	
	Market participants	<ul style="list-style-type: none"> Hundreds of community banks and “local” banks 40-45 smaller BDCs Numerous small, private funds 	<ul style="list-style-type: none"> Limited number of large BDCs Non-BDC market participants on an ad hoc basis 	<ul style="list-style-type: none"> Bulge bracket banks CLO funds Loan mutual funds Insurance companies 	

Preparing investor accounts

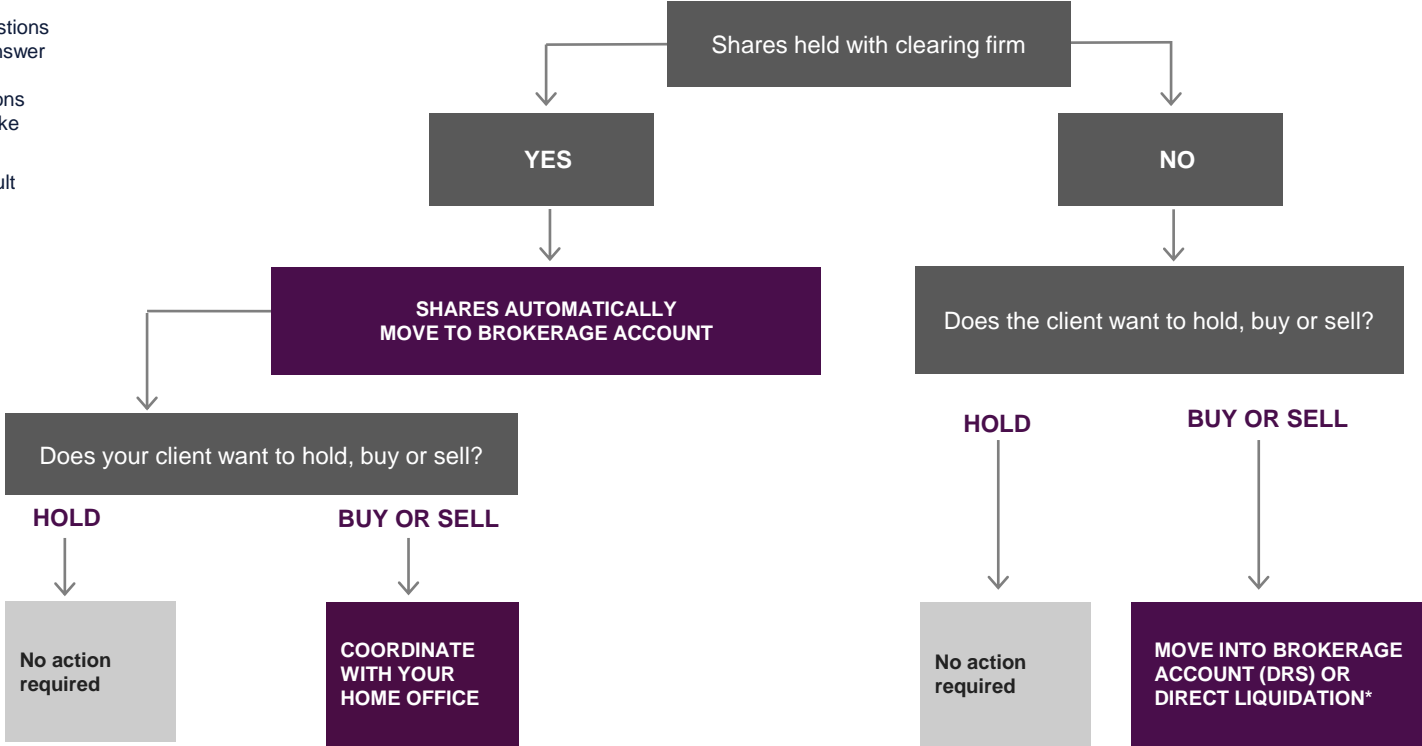
Next steps and operational considerations



Note: Subject to change and board approval.

Preparing investor accounts for listing

- Questions to answer
- Actions to take
- Result



*Contact FS Investments for more information on direct liquidation.

Moving shares into a brokerage account post-listing

Upon listing (if currently holding directly):

YOUR CLIENTS WILL RECEIVE

Direct Registration Transaction Advice, or DRTA, will be sent around or about the listing date.

Information is also available on the investor's quarterly statement and DST Vision.

CLIENT INFO TO SET UP A BROKERAGE ACCOUNT

Contact the brokerage firm to confirm the requirements to move shares via the Direct Registration System (DRS).

Follow the instructions given by the brokerage firm – most firms require their proprietary transfer of assets form and the most recent customer statement.

Once the brokerage firm submits a request to transfer shares, the shares should be credited to brokerage account and be eligible for trading within 2–3 business days.

Post-listing considerations based on how shares are held



Recordkeeping



Statements/tax reporting



Distributions

Brokerage

Available on internal CRM.
Accounts will not be visible
on DST Vision.

Customer statements and
year-end tax documents
provided by intermediary.

DRP will follow brokerage account
instructions.

Directly held

Access account information
on DST Vision.




FSKR provides quarterly statement
and year-end tax reporting
(1099-DIV).

No change in distribution elections

To change distribution elections,
complete an Account Maintenance
Form

Key listing considerations

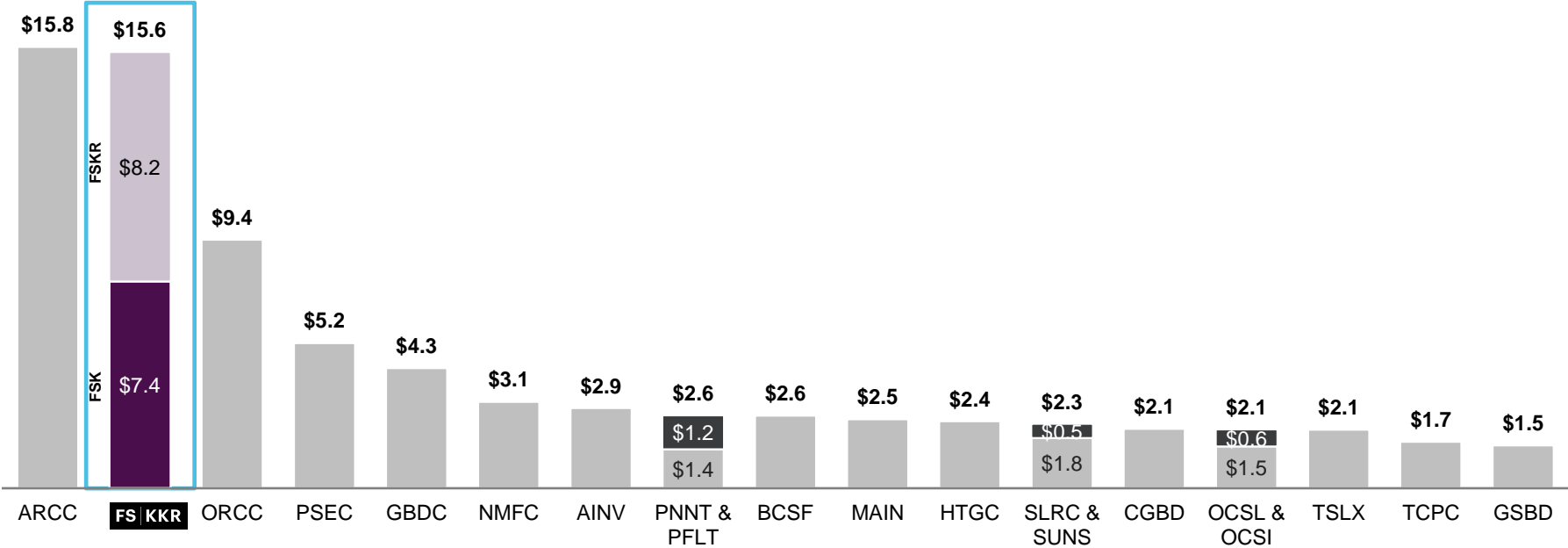
Continuously executing on plans to maximize shareholder value

Key corporate milestones	Status
Non-traded BDC merger	<ul style="list-style-type: none">• Create significant scale for public markets• Ensure equal treatment of shareholders with NAV-for-NAV merger• Enable overall portfolio diversification while maintaining focus on core strategies• Reduce operating costs by eliminating redundant corporate expenses 
Listing	<ul style="list-style-type: none">• Provide a tradable security to FSKR shareholders• Enable blue-chip following of FSKR and across the FS/KKR BDC franchise• Establish broad-based institutional research coverage network  June 17 target
Increase leverage capacity	<ul style="list-style-type: none">• Enhance long-term FSKR dividend yield and ROE• Increased investment capacity will provide a strong liquidity position and enable opportunistic investments in current market dislocation• Shareholder approval expected shortly after listing  Post-listing

Based on fair value. Only includes debt investments.

Creating the second-largest BDC franchise

Total assets under management ranked by BDC advisor/manager (\$B)



As of March 31, 2020.

Partnering with a leading alternative asset manager

KKR at a glance



20 offices
in 16 countries &
4 continents



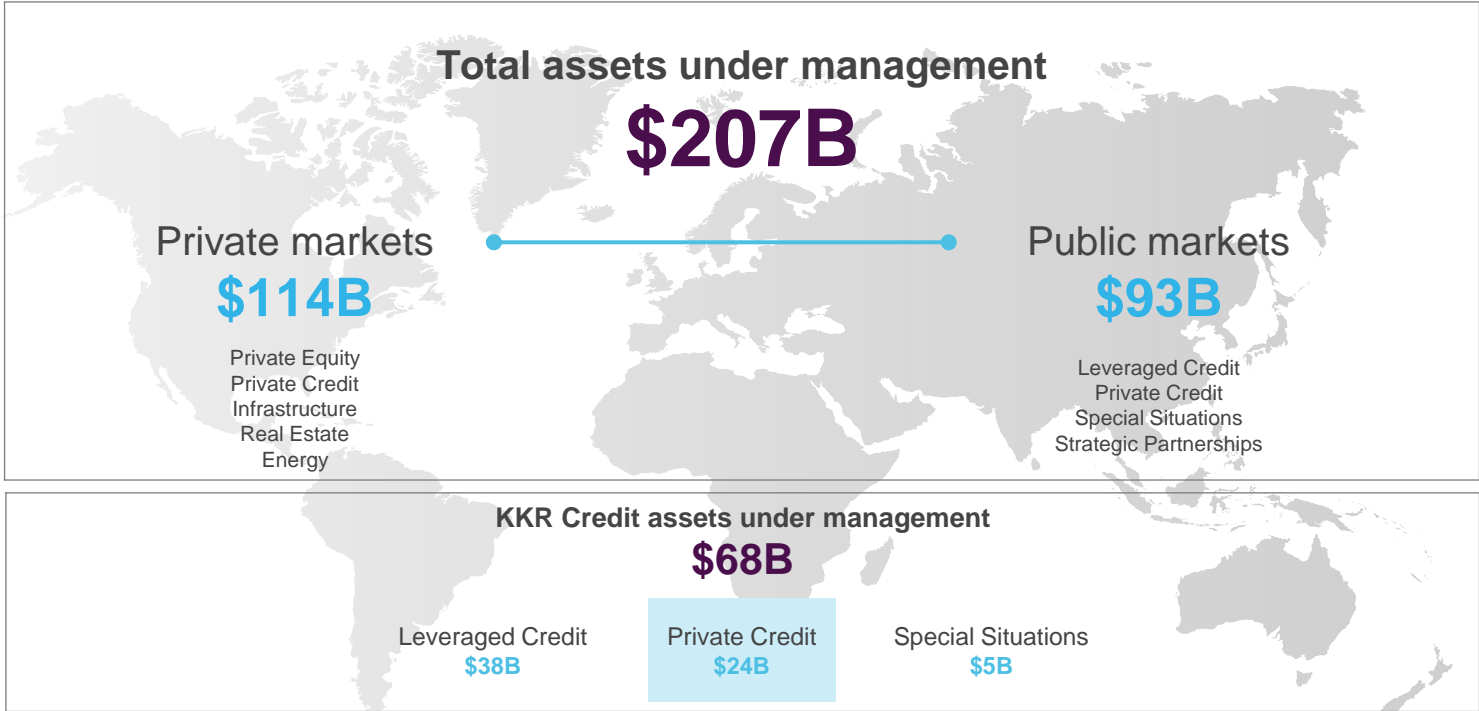
~\$20B
balance sheet
invested alongside
KKR clients



~470
investment
professionals
(~130 KKR Credit)



Aligned interests
\$2.1B of KKR's
balance sheet
committed across
KKR credit
strategies¹



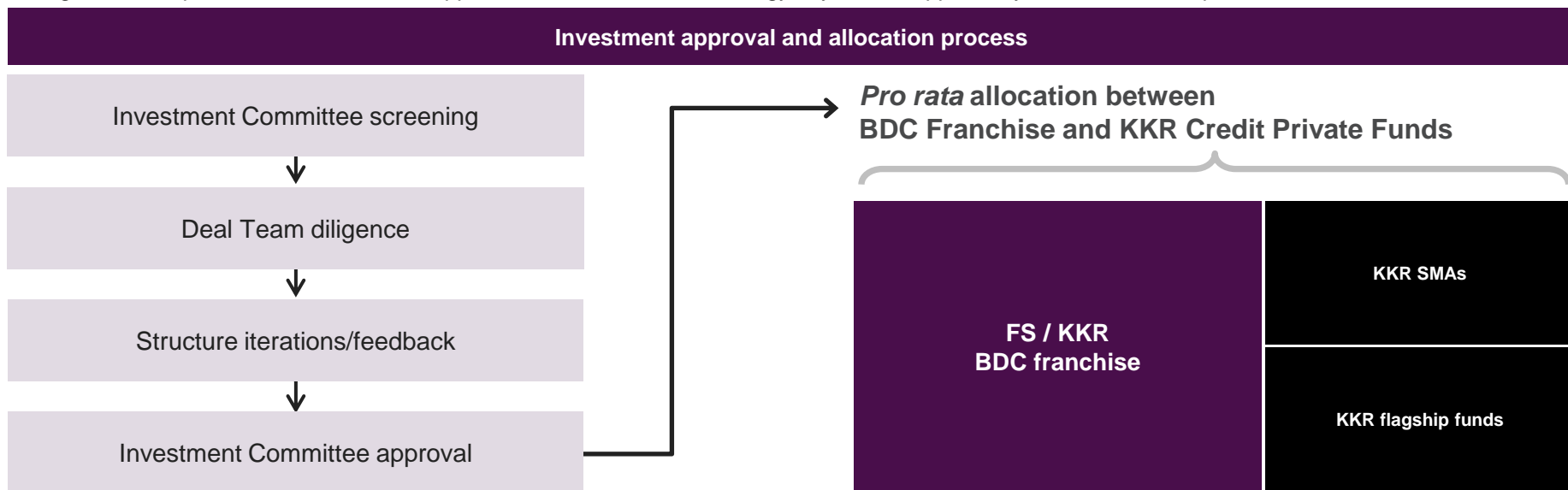
Note: AUM figures as of March 31, 2020. Please see "Important Information" for important information regarding the calculation of AUM.

1. Includes legacy investments in KKR Financial Holdings LLC, a specialty finance vehicle listed on the New York Stock Exchange and various collateralized loan obligation vehicles.

A true partnership investing across the KKR Credit platform

BDC franchise has access to the same KKR Credit investment opportunities as other client accounts

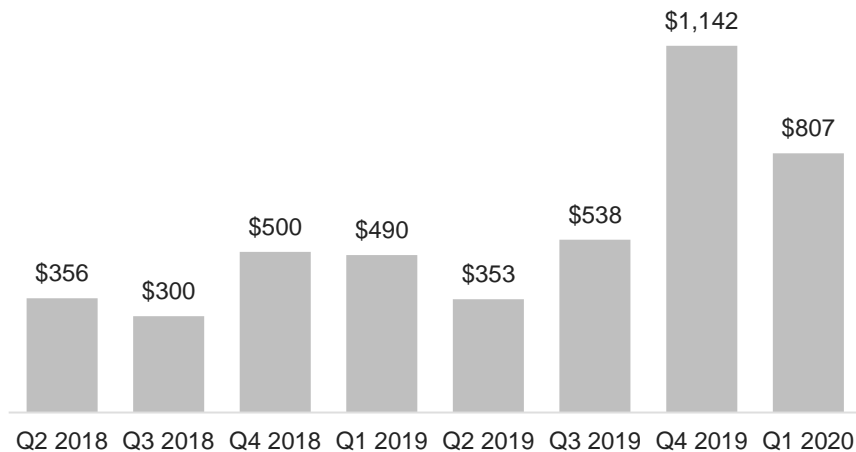
- Through SEC exemptive relief, the BDC franchise receives a pro rata allocation of deals that fit each BDC's mandates.
- Legal and compliance must review and approve the allocation methodology anytime an opportunity is not distributed pro rata to the BDC franchise.



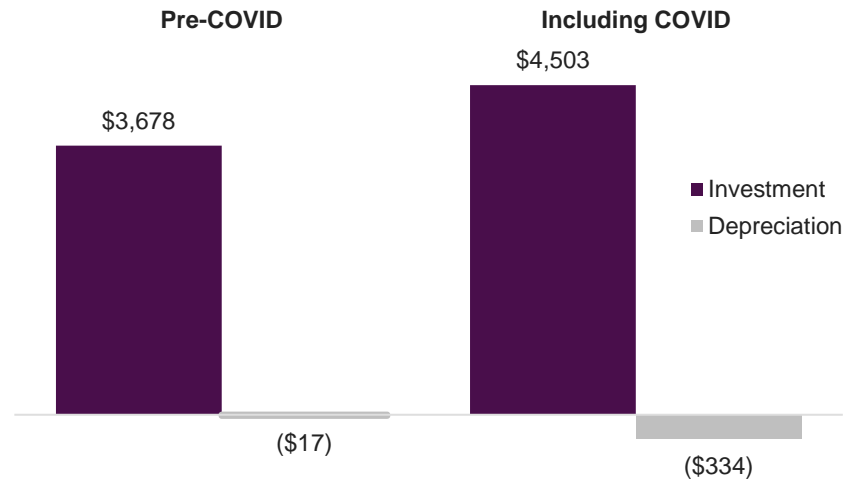
Note: Fee terms between funds may vary. Pro rata allocation decisions are based on a variety of factors including, but not limited to, available capital, demand size, investment suitability, deal-specific considerations and portfolio management. KKR's investment mandate includes participation in the direct lending and private opportunistic credit strategies as well as liquid credit investments when appropriate.

FS/KKR Advisor performance

FSKR new investment by quarter (\$M)



Performance of new investments (\$M)¹



Cumulative depreciation totaled 0.47% as of December 31, 2019

Cumulative depreciation totaled 7.4% on investments totaling \$4.5B as of March 31, 2020

Average BDC industry portfolio depreciation totaled 8.4% during Q1 2020²

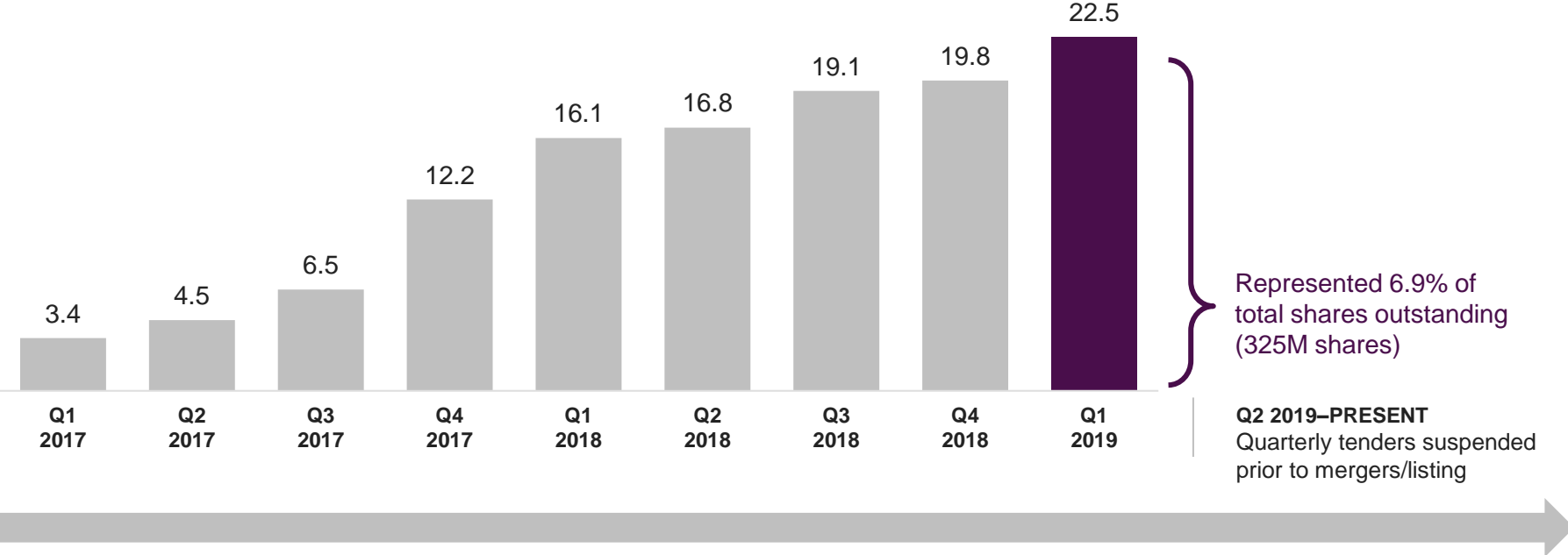
Note: FS/KKR Advisor formed in April 2018

1. All figures are cumulative. Pre-COVID is from Q2 2018 to Q4 2019. Including COVID is from Q2 2018 to Q1 2020.

2. Per Goldman Sachs BDC industry report of 47 public BDCs.

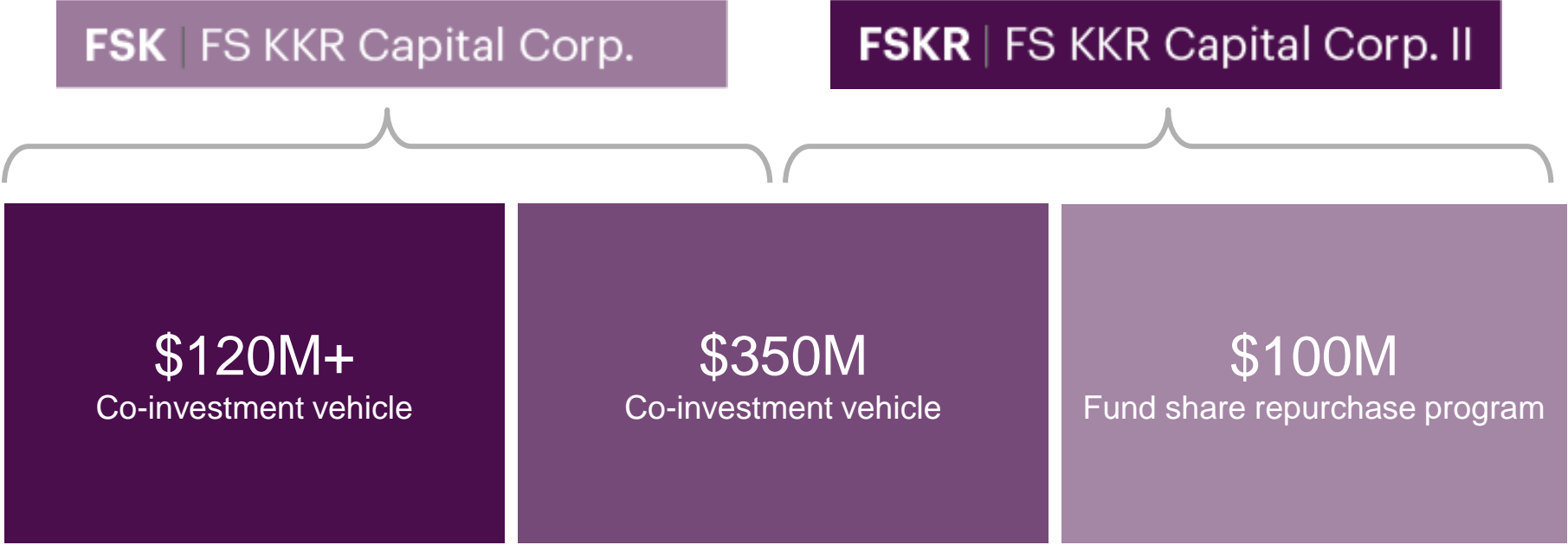
Responding to rising investor demand for liquidity

Total number of shares requested for repurchase (millions)

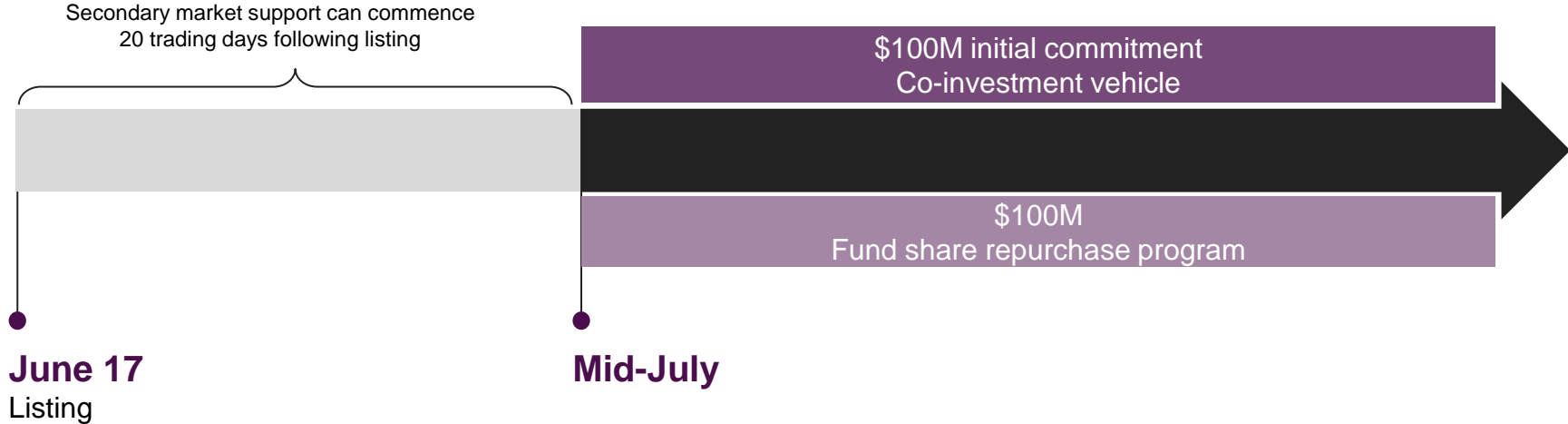


Data shown is for FS KKR Capital Corp. II (formerly known as FSIC II), which was the surviving entity in the NAV-for-NAV mergers of FSIC II, FSIC III, FSIC IV and CCT II.

Significant secondary market support across FS/KKR platform



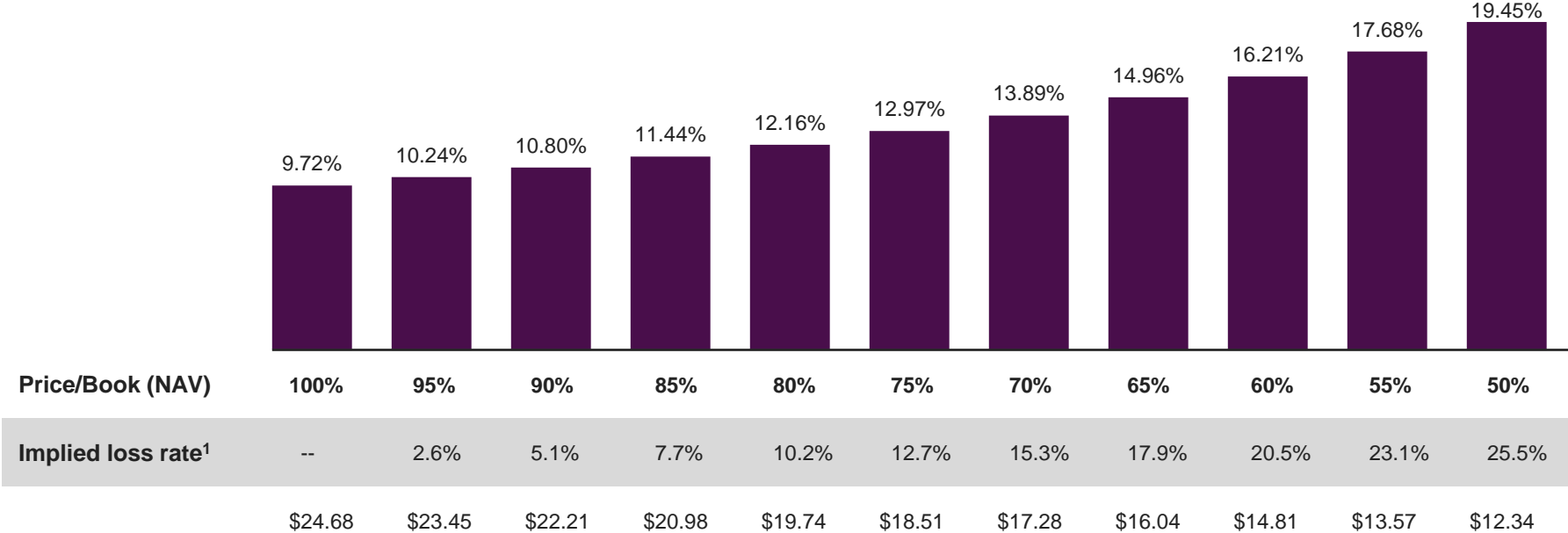
Next steps and operational considerations



Note: Subject to change and board approval.

Short-term technical pressure not reflective of portfolio quality

Illustrative dividend yield (NAV) based on a range of valuations

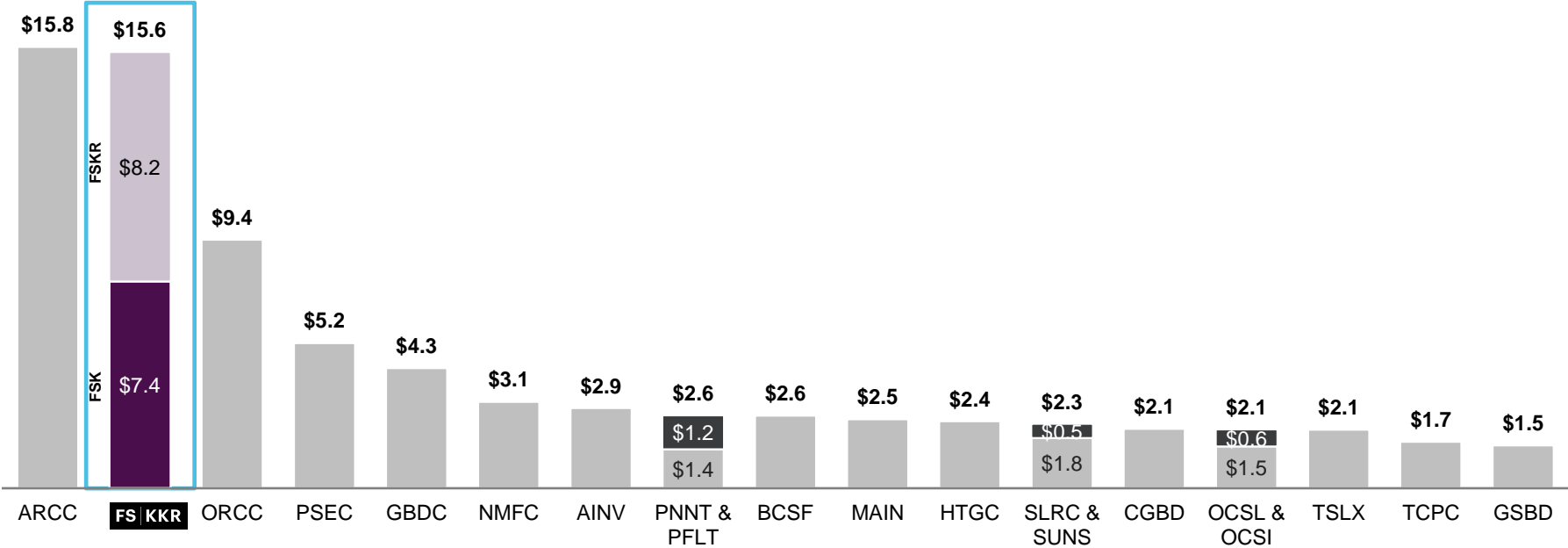


Based on net asset value as of March 31, 2020.

1. Implied loss rate refers to the decline in asset value necessary to equate to the assumed price-to-book value.

Significant market reach of FS/KKR BDC franchise

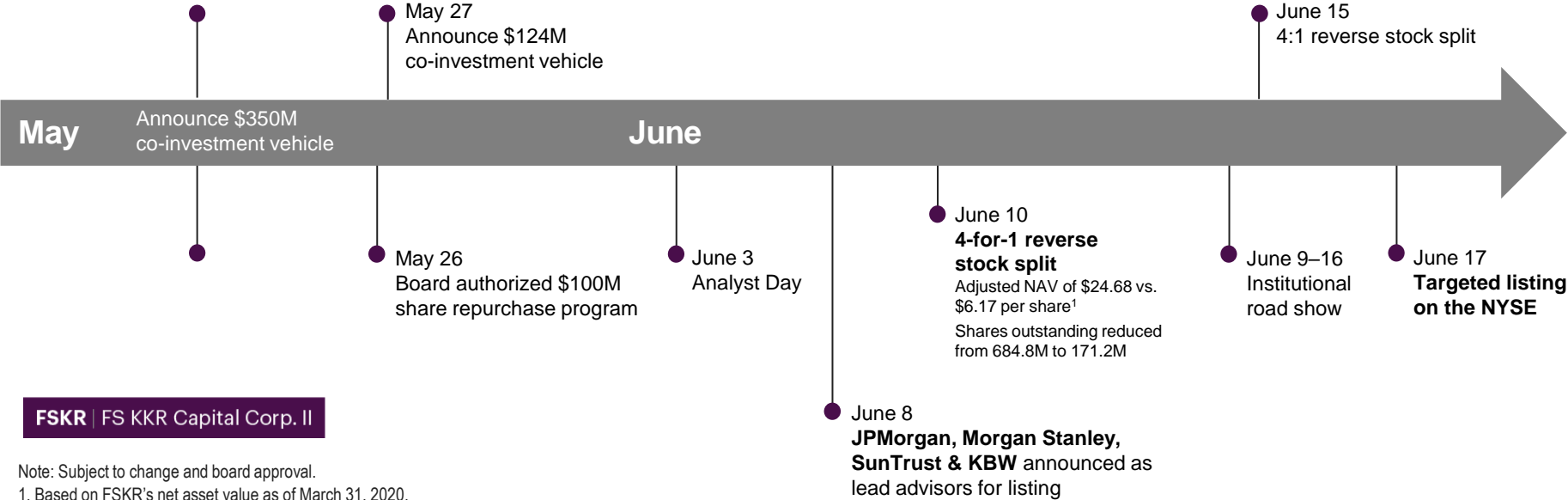
Total assets under management ranked by BDC advisor/manager (\$B)



As of March 31, 2020.

Comprehensive, coordinated approach to listing

FSK | FS KKR Capital Corp.



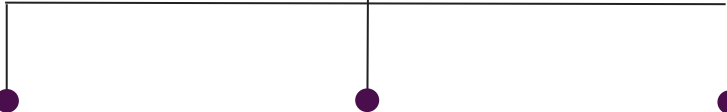
FSKR | FS KKR Capital Corp. II

Note: Subject to change and board approval.
1. Based on FSKR's net asset value as of March 31, 2020.

Resources



FSPROXY.COM



8-K FILING



OPERATIONAL
OVERVIEW FLYER



FAQs

Questions?

Disclosures

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Forward-Looking Statements

This presentation may contain certain forward-looking statements, including statements with regard to future events or the future performance or operations of FSKR. Words such as "believes," "expects," "projects," "future" and "pro forma" or similar expressions are intended to identify forward-looking statements. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. Certain factors could cause actual results to differ materially from those projected in these forward-looking statements. Some factors that could cause actual results to differ materially include changes in the economy, risks associated with possible disruption in FSKR's operations or the economy generally due to terrorism, natural disasters or pandemics, future changes in laws or regulations and conditions in FSKR's operating area, the lower asset coverage ratio not being approved by FSKR's stockholders, FSKR not being able to utilize the additional leverage capacity, FSKR's investment yield being less than 10%, and cost saving opportunities not materializing in the amounts expected or at all. Other factors are enumerated in the filings FSKR makes with the U.S. Securities and Exchange Commission. FSKR undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.