



Analysts Weigh In On Prospect Capital Corporation (PSEC) Potential Performance This Year After The Company Missed Net Investment Income Targets For Q3

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in 2016 despite Prospect Capital Corporation (PSEC) missing out on Net Investment Income targets for Q3 this year.

Results For 2016, Q3 Summary

Net Investment Income [Results](#) for Prospect Capital Corporation (PSEC) in Q3 were slightly below projections. Net Investment Income stood at \$87.6 Million or \$0.25 per share compared to the projected

\$0.26 per share. NII in Q3 also fell by \$ 0.03 compared to results posted in Q2. The dip in performance for Q3 was not surprising because of two important reasons. To begin with, performance in Q2 exceeded expectations by a mile. Secondly, New Investments in Q3 were significantly smaller compared to Q2.

Stock Prospects In The Near Future

However, despite this setback

Analysts in Wall Street have been weighing in on how Prospect Capital Corporation (PSEC) might perform in the near future. The company's stocks look destined for better performance

◀ Wall Street analysts are projecting better times for Prospect Capital Corporation (PSEC) stocks in the coming months. In recent ratings, the stock has been **rated** a reasonably good 3 in a scale of 1 to 5 where 1 represents 'Strong Buy' and 5 represents 'Strong Sell'. Earnings Per Share (EPS) Forecasts this year are predicted to hit a high estimate of \$0.25 and a low estimate of \$0.24 per share in Q4. For the full year, analyst predict that Prospect Capital Corporation (PSEC) will deliver strong earnings of \$1.02 per share with a high forecast of \$1.04 per share and low forecast of \$0.98 per share. The company is also expected to maintain an annual average growth rate of at least 5% over the next five years.

Data from Thomson/First Call has predicted a 12 month average stock price of \$7.63 per share with optimistic analyst predicting a 12 month average of \$9.5 per share. Whichever the case, the 12 month average price per share will be relatively higher compared to the \$7.43 price on closing today. Q3 earnings seem to have slowed momentum at Prospect Capital Corporation (PSEC) but clearly short and long term prospects are looking promising to be fair.

Major Highlights To Note

The Prospect Capital Corporation (PSEC) stock is driven by a number of notable strengths that should work well for investors. Here are some of the major highlights for the company so far:

- 1 Prospect Capital Corporation (PSEC) gross profit margin stands at 68.26% which is quite high. Most importantly, the margin has increased compared to the



same time last year. Net profit margin is now at 39.84% which is significantly better compared to the industry's average.

- 2 Net Operating Cash flow for Prospect Capital Corporation (PSEC) has increased significantly. At the moment the figure stands at \$229.62 Million which is 480.96% higher compared to the same time last year. The company has also outperformed the average cash flow growth rate in the industry which is significantly lower at -184.95%.
- 3 Despite posting weaker NII results in Q3 than expected, Prospect Capital Corporation (PSEC) has still managed to outperform the industry's average. Additionally, results were not that bad. On a comparable quarterly basis, the Net Investment Income has risen by \$0.01 per share compared to the same time last year.
- 4 Portfolio Yield has on the other hand increased by 10 basis points compared to the previous quarter.

This is also the sixth time in a row the company has reported growth in quarterly portfolio yield. Compared to the same quarter last year, portfolio yield has also improved by a full percentage point.

Final Thoughts...

The future of [Prospect Capital Corporation \(PSEC\)](#) offers great promise for investors. Besides, it's indeed logically possible based on slow new investments in Q3 that the company would have easily met if not surpassed analysts' Net Investment Income forecasts. In any case though, Net Investment income (NII) is on the rise, portfolio yields are good, and generally the company is outperforming the average competitor in the market. Prospect Capital Corporation (PSEC) is definitely producing results, and while by far it seems the market has undervalued these results, there is a very good opportunity for significant capital appreciation and income for investors.

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