



# Blue Owl Capital Corporation (OBDC)

Updated May 20<sup>th</sup>, 2025 by Nikolaos Sismanis

## Key Metrics

<b>Current Price:</b>	\$14.71	<b>5 Year CAGR Estimate:</b>	9.1%	<b>Market Cap:</b>	\$7.52 B
<b>Fair Value Price:</b>	\$14.85	<b>5 Year Growth Estimate:</b>	0.0%	<b>Ex-Dividend Date:</b>	06/30/2025
<b>% Fair Value:</b>	99%	<b>5 Year Valuation Multiple Estimate:</b>	0.2%	<b>Dividend Payment Date:</b>	07/15/2025
<b>Dividend Yield:</b>	10.1%	<b>5 Year Price Target</b>	\$14.85	<b>Years Of Dividend Growth:</b>	3
<b>Dividend Risk Score:</b>	F	<b>Sector:</b>	Financials	<b>Rating</b>	Hold

## Overview & Current Events

Blue Owl Capital Corporation is a business development company (“BDC”) that formed in October 2015. The company closed its IPO in July 2019. Blue Owl claims to invest and lend funds to U.S. middle-market companies that generate annual EBITDA between \$10 million and \$250 million and/or annual revenues of \$50 million to \$2.5 billion at the time of investment. The company generates around \$1.6 billion in gross investment income annually and is based in New York, New York. With a market cap of \$7.52 billion, it is currently the third-largest publicly traded BDC.

On July 6<sup>th</sup>, 2023, the company’s name was changed from Owl Rock Capital Corporation to Blue Owl Capital Corporation, and its ticker from ORCC to OBDC.

On May 5<sup>th</sup>, 2025, Blue Owl Capital declared a base dividend of \$0.37. It also declared a supplemental dividend of \$0.01 that will be paid in July 15<sup>th</sup> and June 13<sup>th</sup>, respectively. We are using the annualized rate of Blue Owl’s base dividend, but total dividends could be higher this year, as was the case last year, when total dividends equaled \$1.72.

On the same day, Blue Owl Capital reported its Q1 results for the period ending March 31<sup>st</sup>, 2025. For the quarter, the company achieved a gross investment income of \$464.6 million, up 16.7% compared to last year. Net investment income (NII) was \$201.3 million, up 10.1% compared to last year. NII/share fell six cents to \$0.41.

The company committed \$1.2 billion in new investments across 12 new and 22 existing portfolio companies during the quarter. At the end of the quarter, the company’s portfolio had a fair value of \$17.7 billion, comprising investments in 236 companies across 30 different industries. Internet software, Healthcare providers & services, and Insurance, account for 11%, 8%, and 8% of its industry mix, respectively. Borrower diversification is at solid levels, with its top ten holdings making less than 22% of the portfolio at their fair value. For fiscal 2025, we expect NII/share to come in close to \$1.60.

## Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
<b>NII/shr<sup>1</sup></b>	---	\$0.42	\$1.40	\$1.68	\$1.54	\$1.33	\$1.25	\$1.41	\$1.93	\$1.90	<b>\$1.65</b>	<b>\$1.65</b>
<b>DPS</b>	---	\$0.06	\$1.35	\$1.42	\$1.45	\$1.56	\$1.24	\$1.29	\$1.59	\$1.72	<b>\$1.48</b>	<b>\$1.63</b>
<b>Shares<sup>2</sup></b>	---	45.8	97.9	216.2	392.1	389.9	393.7	392.5	389.7	390.2	<b>494.9</b>	<b>800.0</b>

The company’s NII/share is heavily reliant on the investment yield spreads it can achieve between its own cost of funds and the yield its investments produce. At the end of Q1, the weighted average total yield of its debt and income-producing securities stood at 10.7%, down 40 bps year-over-year. The weighted average spread of the company fell 70 bps to 5.9%.

High interest rates should benefit the company, but only if it can control its own cost of funding. We don’t expect further NII/share growth from our already high FY2025 base, as dynamics could change in the coming years. In terms of its distributions, Blue Owl currently pays a quarterly base rate of \$0.37, though special dividends have been frequent in the

<sup>1</sup> Due to ORCC’s legal structure as a business development company (“BDC”), Net Investment Income is a more meaningful metric

<sup>2</sup> Share count is in millions.

*Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.*



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past amid excess gains. We expect the base dividend to grow at a slow pace of 2% in the medium-term, which we believe that the company can afford.

## Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	---	---	---	---	11.36	9.0	11.6	9.0	6.2	7.8	8.9	9.0
Avg. Yld.	---	---	---	---	8.9%	12.5%	8.5%	10.0%	13.3%	11.6%	10.1%	11.0%

Blue Owl Capital’s valuation has hovered in the high-single to low-double digits, in-line with its industry peers. We have set the stock’s fair multiple at 9.0 times the company’s net investment income, which suggests shares are more or less fairly valued at their current levels. From a NAV/share point of view, the stock also appears to be fairly priced at its current price. The stock’s Net Asset Value (NAV) fell from \$15.26 in Q4 2024 to \$15.14 in Q1 2025. However, the BDC’s NAV can easily fluctuate based on the underlying movements in rates. The 10.1% dividend yield is substantial, even when excluding any supplemental dividends.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	---	14%	96%	85%	94%	117%	99%	91%	82%	91%	90%	99%

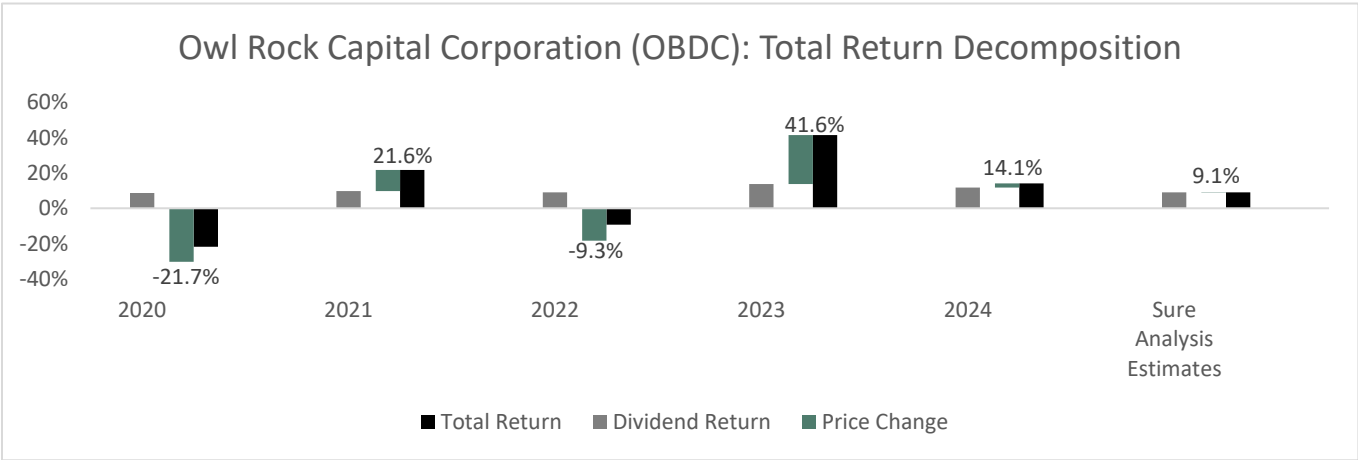
Considering that the company has historically paid multiple special distributions, we believe that its current base distribution rate of \$0.37 should remain covered at the present yield margins. Being a BDC, the company does not display any groundbreaking competitive advantages, though we can name a few.

Firstly, its industry-leading market capitalization speaks for its reputation and could help retain high lending rates. Further, the stock is rated by all the major credit agencies, which is rare in the industry and should help secure a low cost of capital going forward. Finally, Blue Owl Capital utilizes CLOs (Collateralized Loan Obligations). These are different from MBS (Mortgage-Backed Securities), which brings to mind the Great Financial Crisis, and have ultra-low default rates that usually hover below 0.1%. Hence, Owl Rock is likely to generate more resilient results than your average BDC.

## Final Thoughts & Recommendation

Blue Owl Capital is one of the largest BDCs, offering exposure to a diversified portfolio both in terms of the weight of its individual holdings and the industries in which its investments operate. While the company's publicly traded history is fairly short, Owl Rock certainly displays some solid qualities. We forecast annualized returns of 9.1% in the medium-term, mainly powered by the company's dividend. We rate the stock a hold.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	--	25	117	222	458	303	689	536	864	666
SG&A Exp.	--	6	10	13	19	23	26	25	28	28
Net Profit	--	17	104	202	498	388	625	466	793	595
Net Margin	--	66.9%	88.8%	91.1%	108.8%	127.9%	90.7%	86.9%	91.8%	89.3%
Free Cash Flow	--	(945)	(1,335)	(3,172)	(2,527)	(1,560)	(1,227)	217	1,136	160
Income Tax	--	0	0	1	2	6	12.6	9.8	17	12

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	--	1,181	2,444	5,951	9,204	11,304	13,300	13,580	13,510	13,870
Cash & Equivalents	--	209	17	122	310	349	426	349	573	432
Total Liabilities	--	500	971	2,686	3,226	5,558	7,360	7,702	7,490	7,913
Accounts Payable	--	-	34	82	137	152	122	130	136	144
Long-Term Debt	--	492	919	2,568	3,038	5,293	7,079	7,282	7,077	7,458
Shareholder's Equity	--	681	1,473	3,265	5,977	5,746	5,938	5,882	6,021	5,953
LTD/E Ratio	--	0.72	0.62	0.79	0.51	0.92	1.19	1.24	1.18	1.25

## Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	--	--	5.7%	4.8%	6.6%	3.8%	5.1%	3.5%	5.9%	4.4%
Return on Equity	--	--	9.6%	8.5%	10.8%	6.6%	10.7%	7.9%	13.3%	9.9%
ROIC	--	--	5.8%	4.9%	6.7%	3.9%	5.2%	3.6%	6.0%	4.5%
Shares Out.	--	45.8	97.9	216.2	392.1	389.9	392	394	390	390
Revenue/Share	--	0.06	1.72	1.64	1.41	0.78	1.76	1.36	2.22	1.71
FCF/Share	--	(2.46)	(19.7)	(23.4)	(7.78)	(4.01)	(3.13)	0.55	2.91	0.41

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

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### Disclaimer

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