

BLS Beteiligungs GmbH

Federal Republic of Germany, Business Services

Issuer

BB+

Outlook

Stable

Rating composition

Business risk profile		
Industry risk profile	BB	BB
Competitive position	BB	
Financial risk profile		
Credit metrics	A	A
Liquidity	+/-0 notches	
Standalone credit assessment		BB+
Supplementary rating drivers		
Financial policy	+/-0 notches	+/-0 notches
Governance & structure	+/-0 notches	
Parent/government support	+/-0 notches	
Peer context	+/-0 notches	
Issuer rating		BB+

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Related methodologies

General Corporate Rating

Methodology, Feb 2025

European Business and Consumer

Goods Services Rating

Methodology, Jan 2025

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Key metrics

Scope credit ratios*	Scope estimates			
	2023	2024	2025E	2026E
Scope-adjusted EBITDA interest cover	11.7x	7.7x	6.5x	8.1x
Scope-adjusted debt/EBITDA	0.8x	0.8x	0.9x	0.6x
Scope-adjusted funds from operations/debt	102%	95%	77%	110%
Scope-adjusted free operating cash flow/debt	82%	80%	32%	55%
Liquidity	613%	326%	103%	67%

Rating sensitivities

The upside scenarios for the ratings and Outlook (individually):

- Improved diversification through BLS' expansion into other leasing products.
- The successful execution of growth plans and no emergence of additional competitors.

The downside scenario for the ratings and Outlook:

- Debt/EBITDA exceeding 2.5x on a sustained basis.

*All credit metrics refer to Scope-adjusted figures.

1. Key rating drivers

Positive rating drivers	Negative rating drivers
<ul style="list-style-type: none">• Strong market position being among the top 3 bike leasing providers in Germany with a 20% market share.• Strong operational KPI's evidenced by low churn, high customer granularity, and relatively EBITDA margins.• Business model supports environmental goals e.g., reduced traffic emissions, improved employee health (ESG factor: credit-positive).• Robust financial metrics including strong leverage (debt/EBITDA at around 1x and FFO/debt above 60%), and high EBITDA interest cover (around 7x).• Solid cash flow generation supported by early cash inflows through forfeiting and securitization and an asset-light business model.	<ul style="list-style-type: none">• Revenue and geographic concentration in a single product (bike leasing) and country (Germany) with an evolving competitive environment.• Exposure to regulatory risk as any change in tax treatment of bike leasing could materially impact demand.• New owner's financial policy is becoming less conservative (high dividends).

2. Rating Outlook

The Stable Outlook reflects Scope's view that BLS will continue to manage its finances conservatively by keeping debt levels low (at around 1x debt/EBITDA) and generating strong cash flows. This should enable the company to fund its operations without taking on additional debt. The Outlook also considers ongoing efforts to reduce financial risk by transferring leasing-related obligations off the balance sheet via structured financing arrangements.

3. Corporate profile

BLS Beteiligungs GmbH (formerly BCM Zweite Beteiligungs GmbH) is the acquisition vehicle for Brockhaus Capital Management (BCM), which acquired a 60% stake in BLS in June 2021. The remaining 40% is held by the company's founders through reinvestment. BLS is the holding company of Bikeleasing-Service GmbH & Co. KG (BLS KG), the group's main operating entity.

German bikeleasing company

BLS KG operates a B2B platform that facilitates bike-leasing contracts between employers, employees, bike dealers and leasing companies. The company offers a comprehensive service including insurance and maintenance, for which it partners with ERGO and MEAG. Its core value proposition lies in its integrated service offering and asset-light model.

4. Rating history

Date	Rating action/monitoring review	Issuer rating & Outlook
7 Jul 2025	Affirmation	BB+/Stable
10 Jul 2024	Affirmation	BB+/Stable
26 Jun 2023	New	BB+/Stable

5. Financial overview (financial data in EUR m)

Scope credit ratios	Scope estimates					
	2022	2023	2024	2025E	2026E	2027E
EBITDA interest cover	12.6x	11.7x	7.7x	6.5x	8.1x	7.0x
Debt/EBITDA	0.7x	0.8x	0.8x	0.9x	0.6x	0.6x
Funds from operations/debt	119%	102%	95%	77%	110%	106%
Free operating cash flow/debt	115%	82%	80%	32%	55%	55%
Liquidity	3,553%	613%	326%	103%	67%	397%
EBITDA						
Reported EBITDA	44.3	54.8	62.7	61.7	76.9	70.7
Other items (incl. one-offs) ¹	0.0	4.4	0.2	0.3	0.3	0.3
EBITDA	44.3	59.1	62.9	62.0	77.2	71.0
Funds from operations (FFO)						
EBITDA	44.3	59.1	62.9	62.0	77.2	71.0
less: interest	(3.5)	(5.1)	(8.1)	(9.6)	(9.6)	(10.1)
less: cash tax paid	(4.5)	(5.9)	(4.1)	(10.7)	(15.5)	(14.0)
Other non-operating charges before FFO ²	1.2	0.5	(0.1)	-	-	-
Funds from operations	37.5	48.7	50.6	41.8	52.1	46.9
Free operating cash flow (FOCF)						
Funds from operations	37.6	48.8	50.6	41.8	52.1	46.9
Change in working capital	0.7	(6.5)	(4.0)	(16.7)	(18.6)	(14.8)
Non-operating cash flow	(1.0)	-	-	-	-	-
less: capital expenditures (net)	(1.1)	(3.3)	(4.1)	(7.8)	(7.5)	(7.7)
less: lease amortisation	-	-	-	-	-	-
Other items	-	-	-	-	-	-
Free operating cash flow	36.3	39.0	42.5	17.3	26.0	24.4
Interest						
Cash interest paid per cash flow statement	3.5	5.2	8.3	9.8	9.7	10.3
less: cash interest received per cash flow statement	-	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)
Interest	3.5	5.1	8.1	9.6	9.6	10.1
Debt						
Reported financial (senior) debt	176.1	215.0	220.6	236.3	245.7	257.1
less: cash and cash equivalents	(23.7)	(22.6)	(31.5)	(29.5)	(26.7)	(24.0)
add: non-accessible cash ³	23.7	22.6	31.5	29.5	26.7	24.0
add: other debt-like items ⁴	(144.5)	(167.2)	(167.6)	(181.7)	(198.3)	(212.9)
Debt	31.6	47.8	53.0	54.6	47.4	44.3

¹ This includes share-based payments, as well as one-off M&A expenses.

² This includes other non-cash expenses/(income) and changes in provisions

³ Excluding cash from net debt, based on the assumption that available cash is fully deployable for capex and business expansion, and therefore not considered structurally available for debt repayment.

⁴ Leasing-related debts are not counted as part of the company's main debt and netted against net investments from leasing. This is because the company usually works with outside partners to handle these leases, using methods like selling the rights to future payments (forfeiting) or bundling and selling them (securitization). Sometimes, these deals mean the company no longer has to show the lease or the related debt on its books. But if the company still holds some responsibility, both the money expected from the lease and the debt stay on the books and cancel each other out. This setup shows that while the company still manages the lease, it doesn't carry the risk if the customer doesn't pay.

6. Environmental, social and governance (ESG) profile⁵

Environment	Social	Governance
Resource management (e.g. raw materials consumption, carbon emissions, fuel efficiency)	Labour management	Management and supervision (supervisory boards and key person risk) 
Efficiencies (e.g. in production)	Health and safety (e.g. staff and customers)	Clarity and transparency (clarity, quality and timeliness of financial disclosures, ability to communicate) 
Product innovation (e.g. transition costs, substitution of products and services, green buildings, clean technology, renewables) 	Clients and supply chain (geographical/product diversification)	Corporate structure (complexity) 
Physical risks (e.g. business/asset vulnerability, diversification)	Regulatory and reputational risks	Stakeholder management (shareholder payouts and respect for creditor interests) 

ESG factors:  credit-positive  credit-negative  credit-neutral

BLS promotes the use of bikes via its platform, thereby offering a substitute for traditional means of transportation such as cars and trains. It thereby fosters the reduction of environmental pollution and it contributes to wellbeing and personal health.

Business model supports environmental goals

The change in ownership to BCM does not raise credit concerns, as the acquisition was conservatively financed, with approximately 90% funded through equity and only a minor portion added to BLS's balance sheet. This structure preserves BLS's financial flexibility and supports its current credit profile.

Looking ahead, we assume BCM will maintain a prudent dividend policy that preserves leverage metrics, ensures adequate liquidity, and allows for growth to be financed through internally generated cash flows.

⁵ These evaluations are not mutually exclusive or exhaustive as ESG factors may overlap and evolve over time. We only consider ESG factors that are credit-relevant, i.e. those that have a discernible, material impact on the rated entity's cash flow and, by extension, its credit quality.

7. Business risk profile: BB

Bike leasing has medium-to-low cyclicity and is supported by favourable regulatory conditions in Germany and Austria, as well as by increased customer awareness of health issues. BLS is regarded as a business services company with an asset-light balance sheet and a mainly unspecialised workforce, carrying an industry risk rating of BB.

Industry risk: BB

Despite being founded in 2015, BLS Beteiligungs GmbH has grown to become one of Germany's top 3 bike leasing platform. In 2024, it generated revenues of EUR 173m, marking a 18% YoY increase, and has achieved a compound annual growth rate (CAGR) of over 40% since 2020. This rapid growth has been driven by its comprehensive service model, which includes insurance and maintenance, and by strong demand supported by tax incentives and growing environmental awareness.

Top 3 bike leasing company in Germany

Figure 1: Main competitors BLS Bikeleasing and market share



Sources: Public information, Scope estimates

In 2024, BLS facilitated around 140,000 bike leases and served more than 70,000 corporate clients, giving it an estimated market share of around 20%. Although JobRad remains the market leader with an estimated 40% share, BLS's position is defensible due to low churn and limited switching benefits for clients. However, BLS's pricing power is moderate as it has historically not marked up bike sales and relies on third-party partners for key services.

In terms of scalability, BLS's asset-light model and digital platform architecture are well positioned for future expansion. The company's recent investment in the Probonio platform⁶ signals its intent to diversify into related sectors. Although the ramp-up is expected to be gradual given the heterogeneity of tax regimes across Europe, this diversification represents a forward-

Moderate scalability

looking mitigation strategy for the risk of market saturation in the core bike leasing segment. This is particularly pertinent given that growth is mainly driven by increased pick-up rates⁷ and/or new corporates, with no prior exposure to bike leasing, being onboarded.

Risks to the business include potential regulatory changes that could affect the fiscal attractiveness of bike leasing, as well as increased competition from both established players and new entrants, such as Eleasa or dein-jobbike.de (BS Bikes & Services GmbH). However, BLS's early-mover advantage, integrated service offering, and established client relationships provide meaningful barriers to entry. Additionally, the company's partial vertical integration – through the acquisition of Hofmann Leasing (renamed to Lesora GmbH in 2024) – has enhanced its control over the value chain and improved its ability to manage credit risk.

Early mover advantage but regulatory risk

BLS's lack of diversification remains a structural weakness in its competitive profile, primarily due to its concentration in a single product segment – bike leasing – and its focus on the German market (around 90% of 2024 sales). Although the domestic market is large and has supported strong growth to date, it is becoming increasingly competitive. Pressure is intensifying from new entrants such as Volkswagen Financial Services and flexible leasing models like Swapfiets, particularly as they offer alternatives that do not require long-term commitments.

Concentration in a single product segment

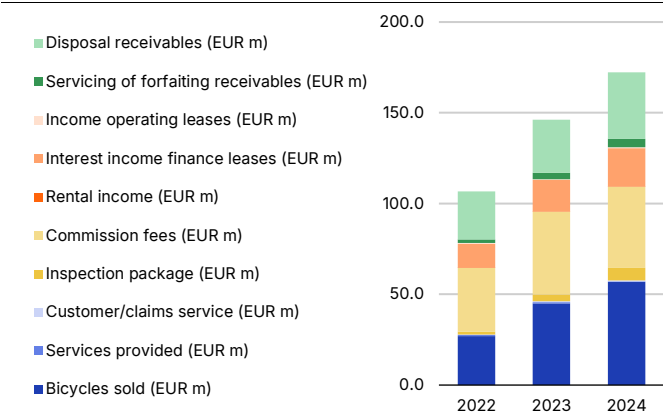
⁶ Probonio is a Software-as-a-Service (SaaS) company that helps businesses manage employee benefits. Employers can use the platform's mobile app to offer their employees various benefits, such as non-cash benefits, meal allowances, fitness programmes, and bike or device leasing options. Probonio generates revenue through fees and commissions from purchases of vouchers for non-cash benefits.

⁷ # of employees who conclude one or more leasing agreements (ELVs) / Total number of employees in a company

Although revenues are generated from a range of services, including bicycle sales (33% of 2024 revenue), commission income (26%), receivables disposal (21%) and interest from finance leases (12%), these income streams are predominantly concentrated within the bike leasing sector, indicating a high degree of interdependence. This limited diversification increases BLS's exposure to sector-specific and regional risks. Any adverse regulatory, fiscal or economic developments in Germany could disproportionately impact the company's performance. In this context, the lack of geographical spread reduces the company's ability to offset localised downturns.

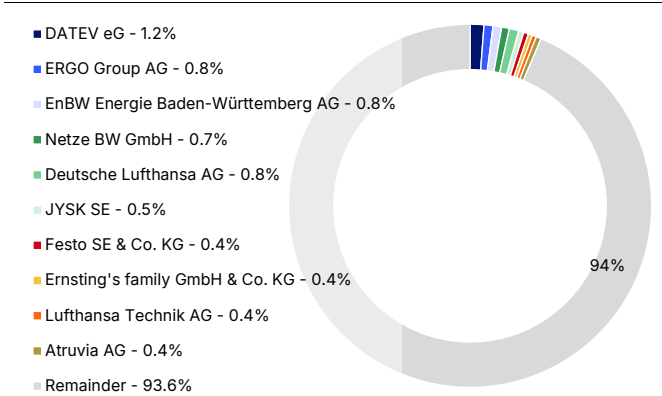
Revenue generated from different services that are highly interdependent.

Figure 2: Diversification of revenue streams



Sources: BLS, Scope

Figure 3: Top 10 Customers by ELV's (end-2024)⁸



Sources: BLS, Scope

Nevertheless, BLS benefits from a highly granular customer base of over 70,000 corporate clients (top 10 represent 6% of cumulated ELV's) representing approximately 3.8 million employees, as well as a broad supplier network of around 7,700 specialist bike retailers (top 10 represent 10% of active ELV's). This mitigates concentration risk on both the demand and supply sides, supporting operational resilience.

Granular customer base

The company's investment in the Probonio platform offers a potential route to service diversification and cross-selling, particularly in verticals beyond bike leasing. However, we do not expect meaningful revenue contributions from these new services in the short- to medium-term. Until then, BLS's revenue base remains narrowly defined.

Probonio platform designed to diversify its range of services

BLS has demonstrated strong profitability, achieving an EBITDA margin of between 35-40% in 2022-24 (2024: 36%, down 4pp YoY) – well above the average for business services companies. This margin is expected to remain stable between 30-35%, thanks to the company's asset-light platform model and its recurring income streams. This high margin is driven by two factors: substantial provision income from leasing and insurance partners, and, more recently, from bike retailers; and the contribution of Lesora GmbH, particularly through income generated from selling leasing receivables via forfeiting and investor platforms. However, in the short term, the margin will tend towards the lower end of the bandwidth as the issuer will see an increasing contribution from bike sales after the end of the lease. These typically show lower margins (gross margin of around 40% compared to 65% for all activities). The potential growth of the Probonio platform could partially mitigate margin pressure, as it is expected to generate gross margins of 100%.

Strong EBITDA margin

Volatility is assessed as low to medium, with a coefficient of variation of approximately 14% over the 2022-2026 period. This indicates a relatively stable performance profile, especially when benchmarked against industry peers in the business services sector, where higher variability is more common.

Low to medium volatility of profitability

Bundling insurance and maintenance services into most leasing contracts further enhances profitability, with each bike generating an additional EUR 250-300 in service-related income. This embedded service structure boosts margins and creates a recurring revenue base that supports

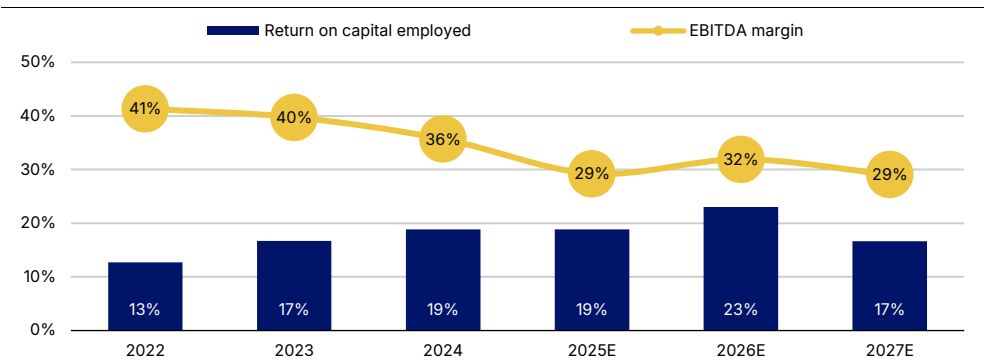
⁸ Cumulated. Not all ELVs are still active.
⁹ ELV = Einzelleasingvertrag // Individual leasing contract

margin stability. Furthermore, BLS benefits from high visibility of future commission income, as a relatively consistent 5% of corporate employees lease a bike each year, providing a reliable revenue stream.

Although Scope-adjusted return on capital employed (ROCE) is moderate, this is due to the company's asset-light model rather than operational inefficiency. The platform-based structure requires limited capital investment, which naturally lowers ROCE, but enhances scalability and flexibility — key mitigants to lower capital productivity.

Moderate ROCE

Figure 4: Profitability



Sources: BLS, Scope estimates

Risks to profitability include potential margin compression resulting from increased competition or regulatory changes affecting commission structures. However, BLS's diversified income sources, embedded service fees and high customer retention largely mitigate these risks. Additionally, as roughly 15% of costs are directly linked to sales volume, the company's cost base is somewhat variable, allowing for operational flexibility in response to market shifts.

BLS enjoys strong brand recognition in Germany and Austria, thanks to its extensive corporate client base. This visibility contributes to low churn rates, which are a key indicator of revenue stability and service strength. Relatively low churn rates (2024: 16.8%, down 9bp YoY) are largely a function of the regulatory environment: as long as tax incentives for bike leasing remain in place, corporate clients have little incentive to switch providers, especially when alternative platforms offer no significant advantages. This creates high switching costs in practical terms, thereby reinforcing customer loyalty and revenue predictability.

Low churn rates

The structure of its leasing contracts further enhances the company's integration into client operations. Employees typically commit to three-year leasing agreements that include bundled insurance and maintenance services. These long-term, bundled contracts reduce the likelihood of early termination and provide a stable, recurring revenue stream. This contractual stickiness mitigates competitive pressure and supports the company's ability to generate stable cash flow.

Some integration into client operations

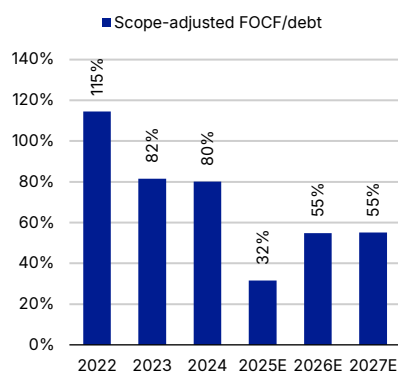
Looking ahead, BLS's development of a multi-benefit platform (Probonio) offers the potential to strengthen its integration with clients by expanding the range of services offered. This would increase cross-selling opportunities and further embed BLS into the operational fabric of its customers, making the service more difficult to replace. However, the success of this strategy will depend on execution and the ability to demonstrate added value beyond the core bike leasing product.

8. Financial risk profile: A

BLS exhibits strong cash generation, reflected in a historically high FOCF/debt ratio of 80–110% (2024: 80%, down 2pp YoY), with expectations to remain above 50% on average going forward. This supports the company's ability to fund organic growth and, if pursued, selective M&A without balance sheet pressure. Cash flow strength is driven by early inflows from forfeiting and securitizing receivables, upfront insurance premium payments, and a gradual increase in trade and other liabilities. Working capital is further stabilized by a netting effect between receivables from

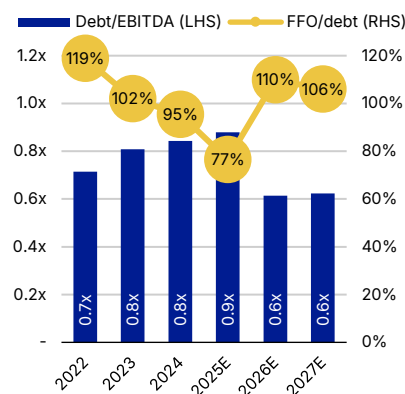
leasing companies and trade payables. The company's asset-light model, with limited capex needs, mainly for software and office equipment, enhances cash flow stability. Lease financing risks are largely offloaded to a note-issuing SPV via an ABS structure, reducing balance sheet exposure. While the FOCF/debt ratio shows some variability, this is mitigated by strong EBITDA-to-cash conversion and conservative financial management, supporting BLS's resilience under moderate stress scenarios.

Figure 5: Cash flow cover



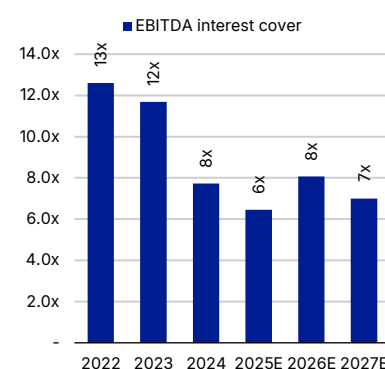
Sources: BLS, Scope estimates

Figure 6: Leverage



Sources: BLS, Scope estimates

Figure 7: Interest cover



Sources: BLS, Scope estimates

BLS maintains a conservative leverage profile, with debt/EBITDA consistently below 1x (2024: 0.8x, stable YoY) and expected to remain around this level. FFO/debt has remained strong at over 60%, reaching 95% in 2024 despite a 7pp decline YoY, supported by the company's commission-based, platform-driven business model. Scope-adjusted debt includes EUR 40m in registered bonds maturing in 2025 and 2026, which the company plans to refinance with similar instruments. No additional non-lease related financing is planned. Lease-related liabilities are excluded from Scope-adjusted debt, as leasing receivables are largely financed through external partners via forfaiting and securitization. These transactions may result in full derecognition of receivables and associated financing¹⁰, depending on the transfer of risks and rewards. In cases of no derecognition¹¹, both the receivables and associated liabilities remain on the balance sheet, effectively offsetting each other. This treatment reflects the economic substance of the transactions, where BLS retains servicing responsibilities but not the underlying credit risk. The exposure of BLS under the aforementioned securitization structure is limited to the unpaid loss reserve and stood at EUR 10m as at end-2024. As such, leverage metrics remain resilient, with limited refinancing risk and minimal exposure to structural debt increases. Further comfort is derived from the limitation of leverage through covenants on registered bonds, with a maximum net debt/EBITDA ratio of 2x.

BLS reports very strong EBITDA interest coverage, with a ratio of 7.7x in 2024 and expectations to remain above 7x on average. This is primarily driven by high and stable EBITDA, reflecting strong cash generation. The company's debt is largely fixed-rate, limiting exposure to interest rate volatility. Additionally, interest income from leasing receivables is economically aligned with interest expenses on leasing-related financing, which both is mostly in ABS structures. With corporate borrowing costs stabilizing around 4% for new debt (based on 3M Euribor an assumed 225bp margin for BB-rated entities), interest expense is expected to remain predictable. While future refinancing at higher spreads could pose some risk, this is mitigated by BLS's conservative leverage and strong cash flow profile.

¹⁰ 1. BLS sells leasing receivables to SPV, proceeds reflect fair value of receivables. 2. Derecognition of receivables due to the transfer of risks and rewards to the SPV.

¹¹ 1. BLS sells leasing receivables to SPV, the proceeds reflect the down payment when the receivables are sold to the SPV, as well as the payments from the unused loss reserve at the time the notes issued by the SPV mature. 2. Continuing involvement of BLS and associated liability.

BLS’s liquidity is considered adequate, supported by EUR 31m in unrestricted cash at YE 2024 and EUR 43m in forecasted FOCF over 2025–2026. These sources, totaling EUR 74m, fall short of the EUR 130m in debt maturing over the same period. The EUR 5m overdraft facility is excluded from the assessment due to its cancellable nature. However, most of the maturing debt relates to leasing financing, where liquidity risk is mitigated through high forfaiting and securitization rates.

Adequate liquidity

Table 1. Liquidity sources and uses (in EUR m)

	2024	2025E	2026E
Unrestricted cash (t-1)	22.6	31.5	29.5
Open committed credit lines (t-1)	-	-	-
FOCF (t)	42.5	17.3	26.0
Short-term debt (t-1)	19.9	47.4	82.6
Liquidity	326%	103%	67%

Sources: BLS, Scope estimates

9. Supplementary rating drivers: +/- 0 notches

As a relatively new capital markets participant, BLS has established its funding base through three registered bond issuances between 2022 and 2024. The capital structure is expected to remain conservative, with limited reliance on bank debt, primarily for refinancing non-securitized receivables, and supported by solid internal cash generation.

Financial policy: neutral

The company does not adhere to a fixed or binding dividend policy. Instead, dividend decisions are made annually and are contingent upon the evaluation of strategic opportunities and the overall financial performance. While there is no guarantee of future distributions, the likelihood of continued dividend payouts remains high, provided that earnings align with budget expectations. The dividend policy is viewed as neutral from a credit perspective, as it does not materially weaken liquidity, leverage, or covenant headroom. However, sustained high payouts could gradually increase leverage.

The acquisition of BLS was conservatively financed, with a significant equity contribution from the financial sponsor, which supports rating stability. Furthermore, the covenant framework under the bearer notes restricts additional indebtedness to leasing-related financing, which is viewed as credit-positive.

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