

BRIGHT HORIZONS FAMILY SOLUTIONS INC.
Form 10-Q
August 07, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended June 30, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from _____ to _____

Commission file number: 001-35780

BRIGHT HORIZONS FAMILY SOLUTIONS INC.
(Exact name of Registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	80-0188269 (I.R.S. Employer Identification Number)
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200 Talcott Avenue South Watertown, MA (Address of principal executive offices)	02472 (Zip code)
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Registrant's telephone number, including area code: (617) 673-8000

Indicate by check mark whether the registrant has (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

(Do not check if smaller reporting company)

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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Indicate by check mark whether the Registrant is a shell company (as defined in rule 12b-2 of the Exchange Act). Yes No

As of July 28, 2017, the Company had 59,157,354 shares of common stock, \$0.001 par value, outstanding.

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BRIGHT HORIZONS FAMILY SOLUTIONS INC.

FORM 10-Q

For the quarterly period ended June 30, 2017

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PART I. FINANCIAL INFORMATION

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Item 1. Condensed Consolidated Financial Statements (Unaudited)t
BRIGHT HORIZONS FAMILY SOLUTIONS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)
(Unaudited)

	June 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 34,337	\$ 14,633
Accounts receivable—net	81,805	97,212
Prepaid expenses and other current assets	51,764	42,554
Total current assets	167,906	154,399
Fixed assets—net	556,409	529,432
Goodwill	1,298,676	1,267,705
Other intangibles—net	363,523	374,566
Other assets	31,858	32,915
Total assets	\$ 2,418,372	\$ 2,359,017
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 10,750	\$ 10,750
Borrowings on revolving credit facility	67,000	76,000
Accounts payable and accrued expenses	123,275	125,400
Deferred revenue	167,897	146,692
Other current liabilities	28,204	28,738
Total current liabilities	397,126	387,580
Long-term debt—net	1,050,889	1,054,009
Deferred rent and related obligations	64,240	59,518
Other long-term liabilities	58,660	52,048
Deferred revenue	7,981	6,284
Deferred income taxes	117,439	111,711
Total liabilities	1,696,335	1,671,150
Stockholders' equity:		
Preferred stock, \$0.001 par value; 25,000,000 shares authorized and no shares issued or outstanding at June 30, 2017 and December 31, 2016	—	—
Common stock, \$0.001 par value; 475,000,000 shares authorized; 58,765,408 and 58,910,282 shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively	59	59
Additional paid-in capital	828,786	899,076
Accumulated other comprehensive loss	(59,402)	(89,448)
Accumulated deficit	(47,406)	(121,820)
Total stockholders' equity	722,037	687,867
Total liabilities and stockholders' equity	\$ 2,418,372	\$ 2,359,017
See notes to condensed consolidated financial statements.		

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CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except share data)

(Unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Revenue	\$445,546	\$402,053	\$867,710	\$787,375
Cost of services	331,205	297,670	648,435	587,216
Gross profit	114,341	104,383	219,275	200,159
Selling, general and administrative expenses	48,869	40,756	95,015	80,787
Amortization of intangible assets	8,666	7,049	16,050	14,197
Income from operations	56,806	56,578	108,210	105,175
Interest expense—net	(10,654)	(10,304)	(21,428)	(20,988)
Income before income taxes	46,152	46,274	86,782	84,187
Income tax expense	(13,112)	(15,871)	(12,368)	(29,057)
Net income	\$33,040	\$30,403	\$74,414	\$55,130
Earnings per common share:				
Common stock—basic	\$0.56	\$0.51	\$1.25	\$0.92
Common stock—diluted	\$0.54	\$0.50	\$1.22	\$0.90
Weighted average number of common shares outstanding:				