

# Investor Presentation

**Q3 2022**



# Forward Looking Statement Disclaimer



This presentation includes “forward-looking statements” within the meaning of, and made pursuant to, the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts and generally contain words such as “believes,” “expects,” “may,” “will,” “should,” “seeks,” “projects,” “approximately,” “intends,” “plans,” “estimates” or “anticipates,” or, in each case, their negatives or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts, including statements regarding the Company’s intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, operating expectations, our investments, impact of our services, our market position, business trends, our future opportunities and business model, our recovery from the COVID-19 pandemic, enrollment and occupancy levels, long-term growth strategy and value, estimated effective tax rate and tax expense and benefits, our care solutions, quality and expanded service offerings, our ability to respond to changing demands, contributions from acquisitions, our future business and financial performance, and our updated 2022 financial guidance.

Our forward-looking statements are subject to risks and uncertainties. Numerous factors, many of which are beyond Bright Horizons Family Solutions Inc.’s (the “Company”) control, could cause actual results to differ materially from those projected or implied by the forward-looking statements. These risks and uncertainties include, without limitation, ongoing disruptions to our operations as a result of the COVID-19 pandemic; the availability or lack of government support; changes in the demand for child care, dependent care and other workplace solutions, including variations in enrollment trends and lower than expected demand from employer sponsor clients as well as variations in return to work protocols; the constrained labor market for teachers and staff and ability to hire and retain talent; including the impact of increased compensation and labor costs; the possibility that acquisitions may disrupt our operations and expose us to additional risk; our ability to pass on our increased costs; our indebtedness and the terms of such indebtedness; our ability to withstand seasonal fluctuations in the demand for our services; our ability to implement our growth strategies successfully; the overall macroeconomic environment, including the impact of inflation and interest rate fluctuations; changes in tax rates or policies; and other risks and uncertainties more fully described in the “Risk Factors” section of our Annual Report on Form 10-K filed on February 25, 2022, under the headings “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and other factors disclosed from time to time in our other filings with the Securities and Exchange Commission.

Forward-looking statements are based on current expectations and assumptions and currently available data and are neither predictions nor guarantees of future events or performance. There can be no assurance that the Company will realize these expectations or that these beliefs will prove correct. You should not place undue reliance on forward-looking statements, which speak only as of the date hereof. We do not undertake to update or revise any forward-looking statements after they are made, whether as a result of new information, future events, or otherwise, except as required by applicable law.

## Non-GAAP Measures

This presentation contains certain non-GAAP measures which are provided to assist in an understanding of the Bright Horizons Family Solutions Inc. business and its performance. These measures should always be considered in conjunction with the appropriate GAAP measure. Reconciliations of non-GAAP measures to the relevant GAAP measures are provided in our SEC filings.

# A Family of Solutions at Work



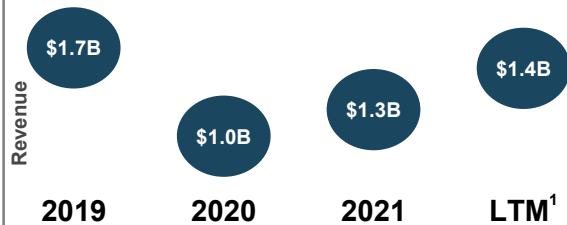
Bright Horizons is in the business of human potential. Our mission is to provide innovative solutions that help children, families, employees and employers work together to unlock their full potential.

## EARLY EDUCATION & CHILD CARE

Customized early education and child care centers at or near the work site

1,081  
Centers

120,000  
Capacity

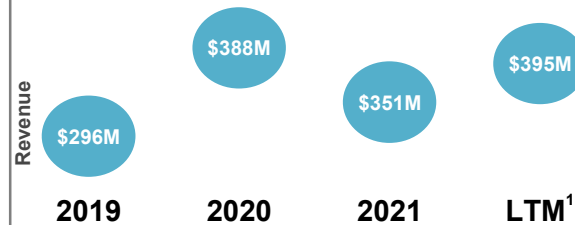


## BACK-UP CHILD & ELDER CARE

Family support services for dependents of all ages, meeting short-term and long-term care needs

1,000+  
Clients

10M+  
Lives Covered

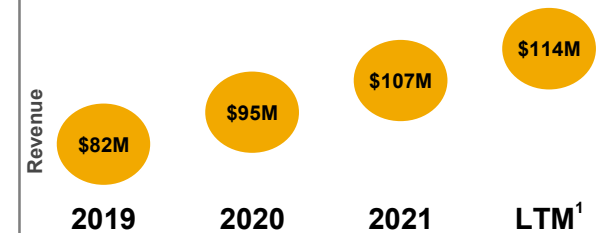


## COLLEGE COACH & WORKFORCE EDUCATION

Workforce education, tuition assistance, loan repayment and college admission and educational advising services

\$1B+  
Tuition Managed

3M+  
College Advising  
Employees Cover



(1) LTM as of 09/30/2022.

# Bright Horizons At A Glance



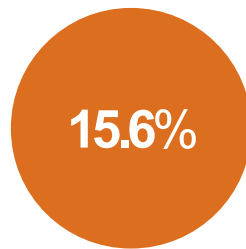
## BY THE NUMBERS



SALES<sup>1</sup>



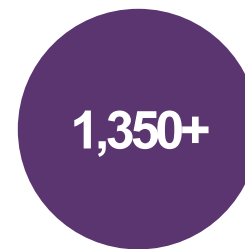
ADJUSTED  
EBITDA<sup>1</sup>



ADJUSTED  
EBITDA MARGIN<sup>1</sup>



CENTERS  
GLOBALLY<sup>1</sup>



CLIENTS  
SERVED  
GLOBALLY<sup>1</sup>



EMPLOYEES<sup>2</sup>

## HIGHLIGHTS

**20+ years of sales growth** and margin expansion (*excl. 2020 COVID-19 disruption*)

**Long-term contracts** with blue chip customers that co-fund capital investment

**95%** employer-sponsored center client retention

New lines of business + international presence expand the **growth opportunity**

Premier brand with **focus on quality** through all aspects of service experience

(1) LTM as of 09/30/2022, (2) As of 12/31/2021. See Summary of Adjustments for reconciliation of Adjusted EBITDA.

We have been named  
**A Great Place to Work**  
around the Globe!



20x Recipient



UK

16x Recipient



3x Recipient



Netherlands

7x Recipient

# Diversified Blue Chip Base



## Customer End Markets

(FYE '21 – All Segments)



## Representative Clients



>1,350 Client Relationships  
>200 of Fortune 500

Largest Customer ~ 1% of Revenue  
Top 10 Customers ~ 8% of Revenue

*Note: Industry allocations based on client revenues only.*

# Significant Scale and International Presence



U.S. <sup>(1)</sup>



Centers: 645  
Capacity: 83,000

U.K. <sup>(1)</sup>



Centers: 290  
Capacity: 24,000

Netherlands <sup>(1,2)</sup>



Centers: 71  
Capacity: 6,500

Australia <sup>(1)</sup>



Centers: 75  
Capacity: 6,500

## COMPETITIVE ADVANTAGES

**Established track record** of quality care, effective management, and sustainable growth

**Consistent service**, quality, and scalability that's difficult to replicate

**No other provider** with matching suite of services

**6x more** employer-sponsored centers in the U.S. than next provider

Focus on **accreditation**

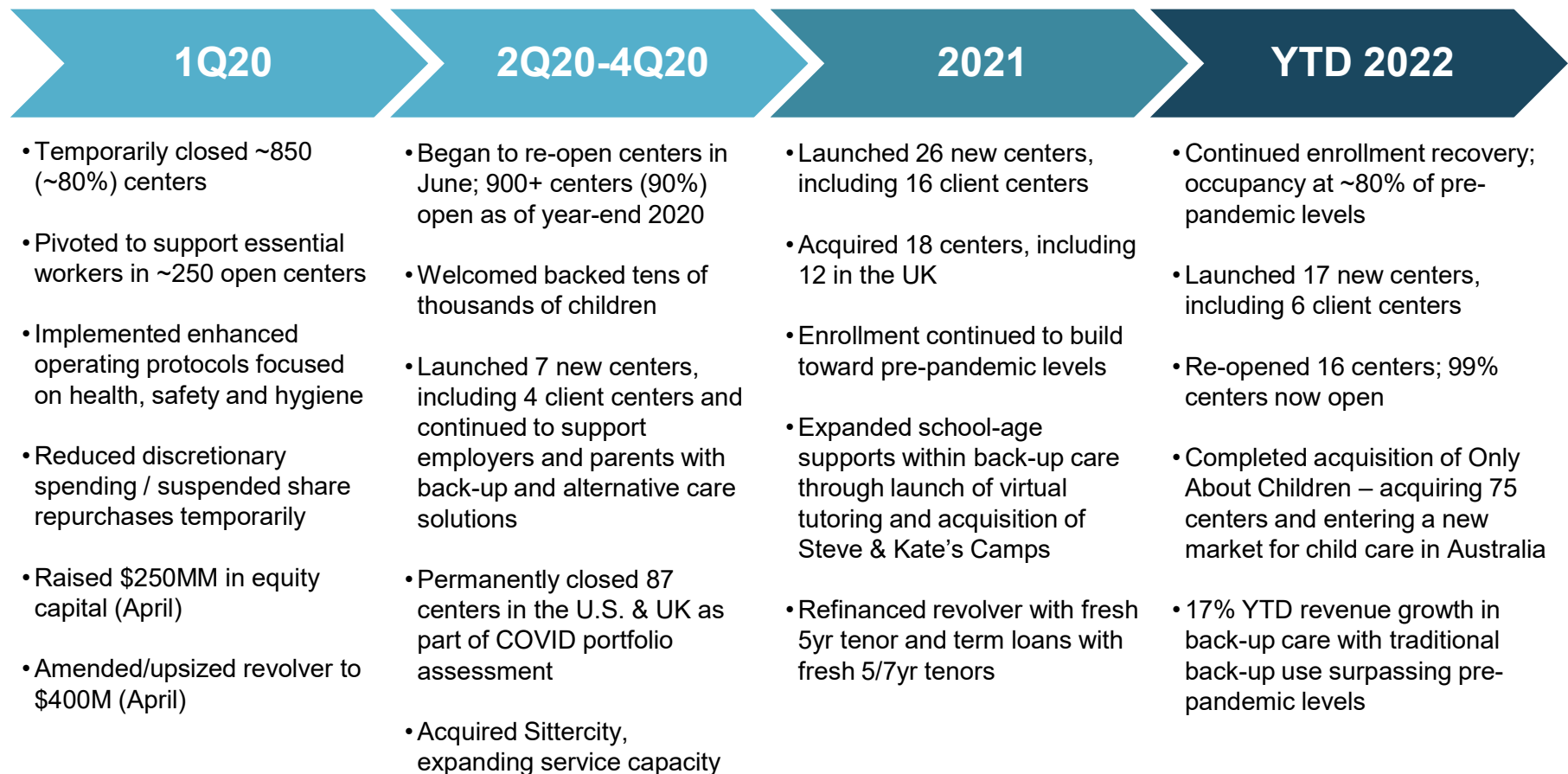
**95%** Parent + employer satisfaction

*(1) As of 09/30/2022, (2) One center in India grouped with Netherlands.*

# COVID-19 UPDATE



# COVID-19 Impact and Recovery Path





# Ability to Weather, Pivot and Navigate Through the COVID-19 Environment



## Mission Critical Provider

- 250 essential client and hub centers remained open during early days of pandemic
- Childcare services critical to general economic recovery and stability
- Care is needed irrespective of work location

## Employer-Centric Model

- >1,350 clients across broad range of industries
- Long-standing employer relationships with multi-year contracts and multiple service offerings
- Capital-light model with client-funded center capex & expenses

## Diversified Offering

- High-margin Back-up Care & Ed Advisory remained operational throughout pandemic
- Back-Up Care experienced strong growth in 2020 with centers/schools closed and availability of reimbursed care
- Netherlands financial performance less affected by COVID than US/UK

## Financial Flexibility

- Low fixed, high variable cost operating model
- Economically resilient business through past cycles
- Fortified balance sheet with \$250M equity raise and \$400M upsized/amended revolver



**Unique model provides support, stability and opportunities to emerge from COVID-19 stronger and more resilient**

# Diversity of Model & Offering Differentiates Performance



## Ongoing Client Support

- ✓ >1,350 clients; >200 of Fortune 500
- ✓ Largest client ~1% of revenue
- ✓ Broad range of end-markets



## De-Risked Financial Model

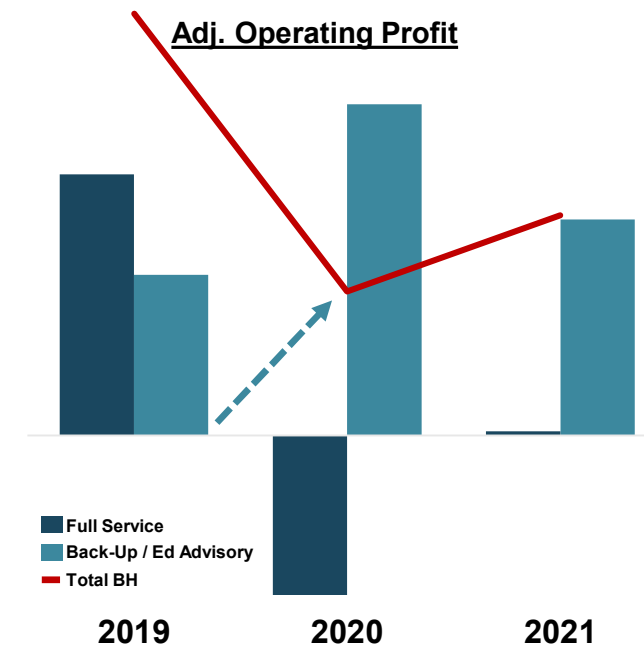
- ✓ Client funded development + maintenance
- ✓ Long-term contracts with defined fees
- ✓ 95% client retention

### Full Service center operating models:

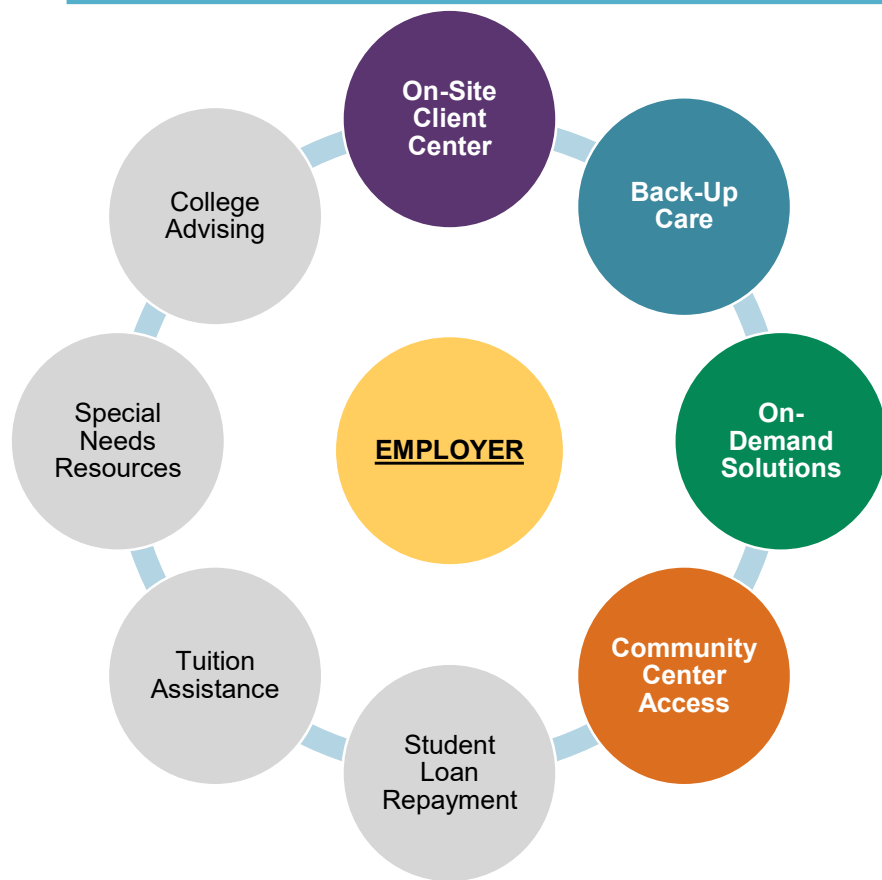
	Cost Plus	Bottom Line	Lease
Upfront Capital	Client	Client	Bright Horizons
Occupancy Expenses	Client	Client	Bright Horizons
Labor Expenses	Client	Bright Horizons	Bright Horizons

## Diversity of Profitability

- ✓ Back-Up + Ed Advisory saw growing demand despite economic disruption
- ✓ Segment margins >2x of Full-Service



# Supporting Clients With Solutions To Meet Real-time Needs



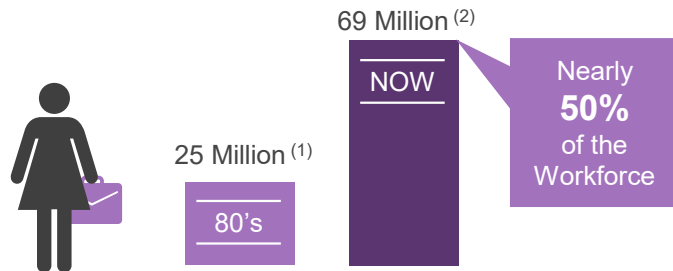
1. *'Essential' client centers remained operational throughout initial pandemic surge. Cared for the children of workers critical to the COVID-19 response*
2. *In-Home Back-Up Care crucial productivity support for employers and employees during widespread lockdowns*
3. *Quickly stood-up effective solutions to meet gaps in care:*
  - *Self-Sourced Back-up Care*
  - *Summer Camps*
  - *Learning Pods*
  - *Virtual Tutoring*
  - *Virtual Camps*
4. *National network of lease centers made available to support clients*

Deploying innovative supports and solutions for our long-term partners in critical times of need

# **BUSINESS STRATEGY**



# Significant Addressable Market with Tailwinds Supporting Our Service Offerings



Number of Women Choosing to Pursue Full-Time Careers Continues to Increase

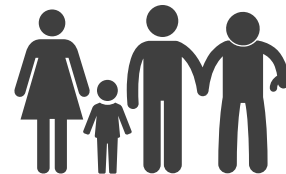


Households Increasingly have Both Parents Working and Require High Quality Childcare Solutions



**+60%**  
of Families Seek  
Center-Based Childcare <sup>(4)</sup>

Families Realize the Need and Benefits of Enrolling Children in Center-Based Programs



Financially Support Both <sup>(5)</sup>

15%

47%

Nearly Half of Adults in Their 40's & 50's have a Parent Over 65 while Caring for a Child

(1) U.S. Census Bureau, Current Population Survey, 1968 to 2009 Annual Social and Economic Supplements.

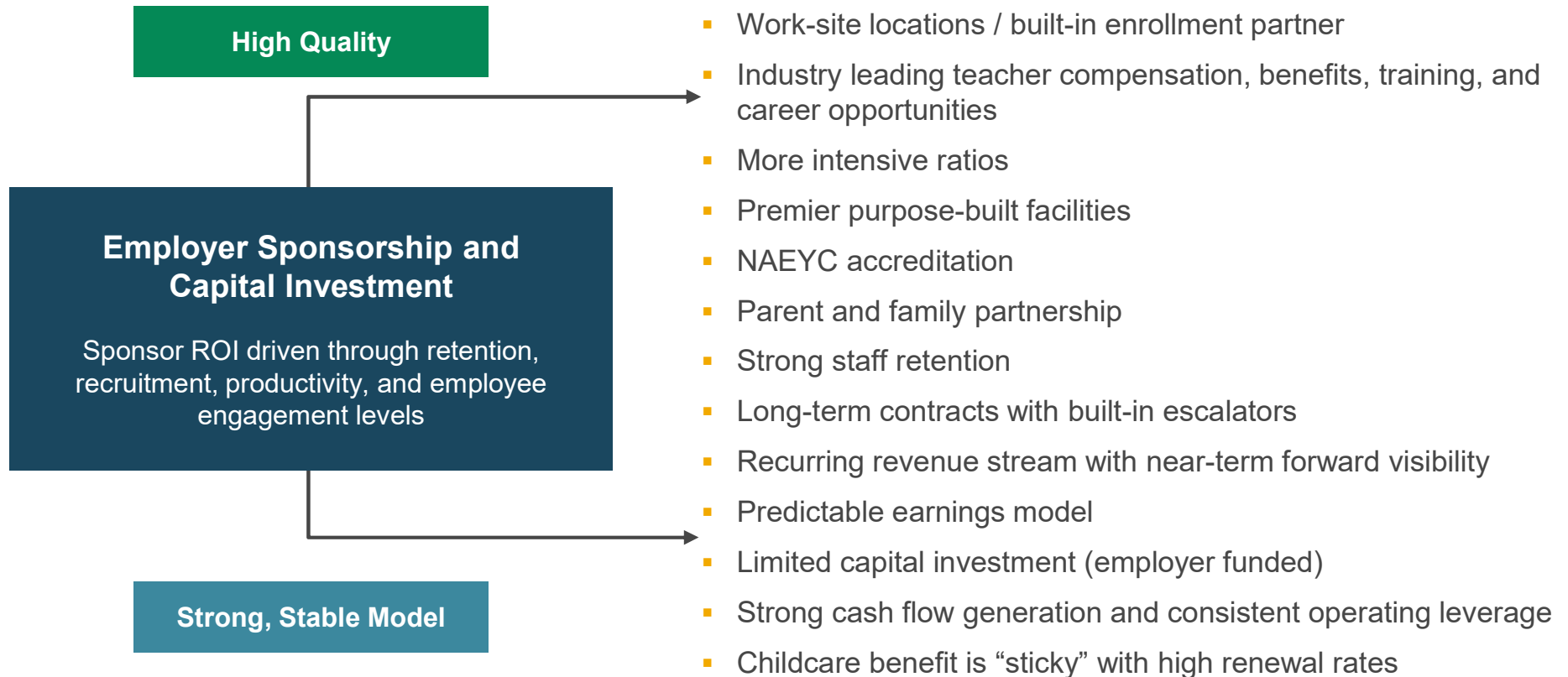
(2) Bureau of Labor Statistics, Current Population Survey, "Table 3: Employment Status of the Civilian non institutional Population by Age, Sex, and Race." Annual Averages 2020 (2021).

(3) Bureau of Labor Statistics, "Table 4: Families with own children" (2020).

(4) National Center for Education Statistics, "Table 202.40: Child care arrangements of 3-to 5-year-old children who are not yet in kindergarten, by age and race / ethnicity."

(5) Pew Research Center: "Rising Financial Burdens for Middle-Aged Americans."

# Strength Of The Employer Partnership



# Diverse Operating Models Support Capital Efficiency And Mitigates Financial Risk



## Client Sponsor Model

### Cost Plus

- Client funds development / CAPEX / maintenance
- Located on client premises
- Facility built / operated to client specifications
- Enrollment exclusive to client sponsor
- Bright Horizons receives management fee, and client bears financial risk
- Client contract 3-5 years

### Single Sponsor / Bottom Line

- Client funds development / CAPEX / maintenance
- Located on client premises
- Facility built / operated to client specifications
- Client receives priority enrollment
  - Center may be open to community and back-up customers
- Bright Horizons bears financial risk; client provides modest operating support through management fee and / or tuition subsidy
- Client contract 3-10 years

### Consortium Lease

- Bright Horizons funds development / CAPEX / maintenance
- Located near office hub or residential / commuter corridor
- Open to Community, Back-up customers, and consortium of employers
- Bright Horizons bears financial risk
- Lease 10-15 years

## Bright Horizons P&L Model

# Client Funding Of Center Capital Drives High Returns On Investment



*Full Service Child Care is delivered through the following center operating models:*

	United States			Europe
(\$ in '000s)	Cost Plus	Single Sponsor / Bottom Line	Consortium Lease	Lease
% of Total Centers	~33%	~33%	~33%	~85%
Revenue / Center	\$1,850	\$1,500	\$1,850	\$1,200
Gross Margin	15-20%	17-25%	20-25%	15-25%
Average ROI on Center Contribution	100%+	75%+	25%+	25%+
Contract Term	3-5y	3-10y	10-15y	10-15y

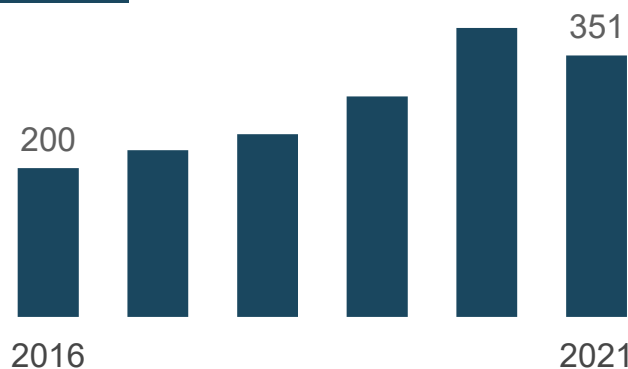


# Adjacent Services Have High Revenue Visibility, Growth and Margin Contributions



## Back-Up Care - Revenue (\$MM)

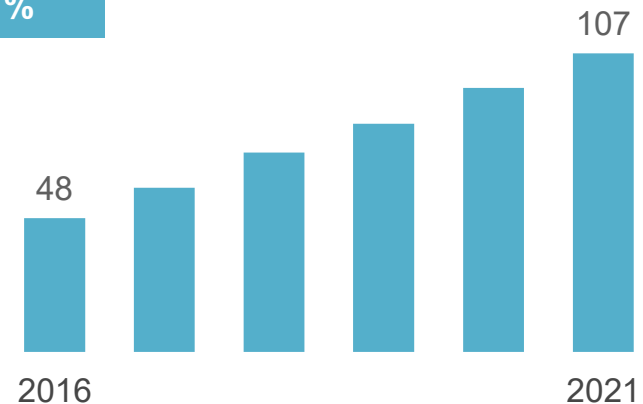
CAGR  
12%



- Back-Up contracts range from 2-5 yrs
- Clients purchase “basket of uses” that are center based / in-home
- Annual contract range from \$50K - \$4M
- Annual price escalators
- Opportunity to up-sell for expanded use

## Educational Advisory - Revenue (\$MM)

CAGR  
17%



- Ed Assist / College advising contracts 1-3 yrs
- Main service offerings (Network access, Administration, Counseling)
- Typical annual contract value: \$125-\$175K
- Annual price escalators
- Opportunity to up-sell for expanded use

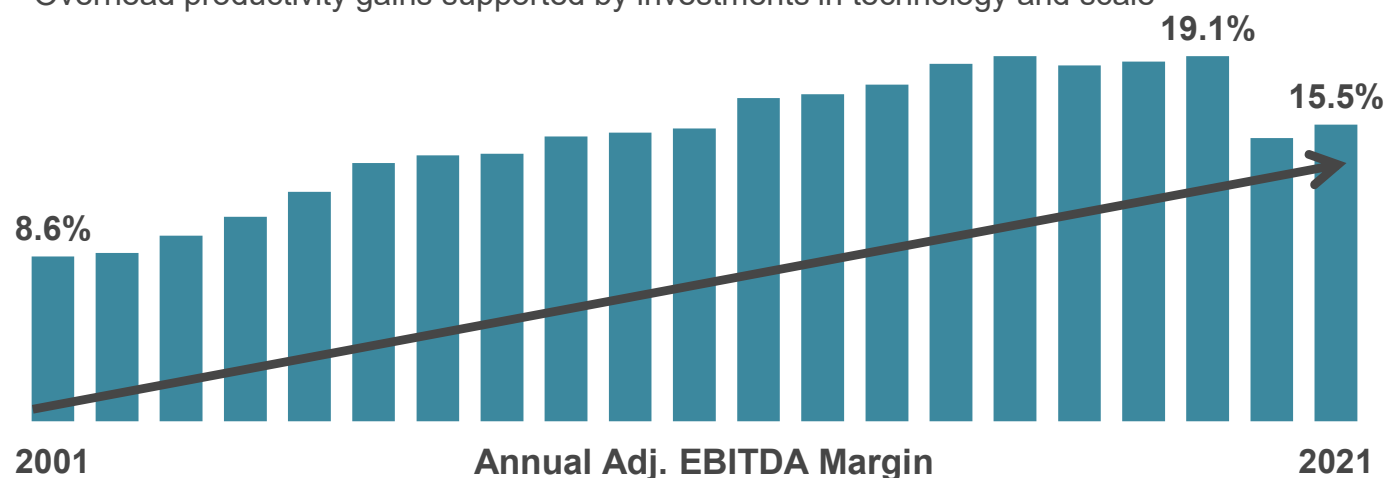
Note: CAGR figures reflected from 2016-2021.

# Business Model Delivers Strong Adjusted EBITDA And Margin Growth



## Multiple Drivers of Operating Leverage:

- Tuition rate increases coupled with efficient labor and other cost management
- High incremental margins on enrollment growth in ramping and mature P+L centers
- Contributions from higher margin services
- Mix of new centers, Acquisitions + Transitions
- Scale and growth of European operations
- Overhead productivity gains supported by investments in technology and scale



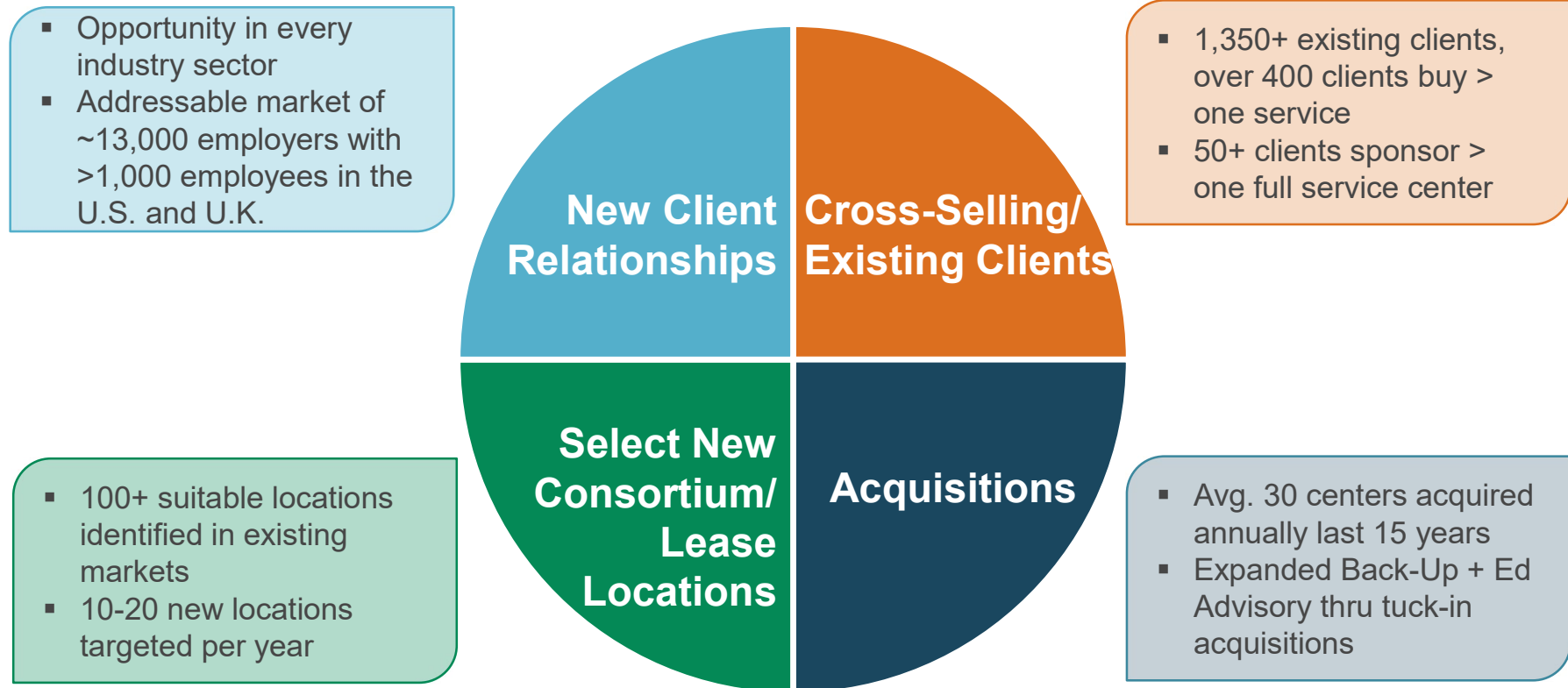
	'01-'19	'01-'21
Adjusted EBITDA CAGR:	15%	12%
EBITDA Margin Expansion	>1,000 bps	>650 bps
Total Sales CAGR:	10%	8%

Note: See Summary of Adjustments for reconciliation of Adjusted EBITDA 2016-2021, prior periods please see Company's public filings.

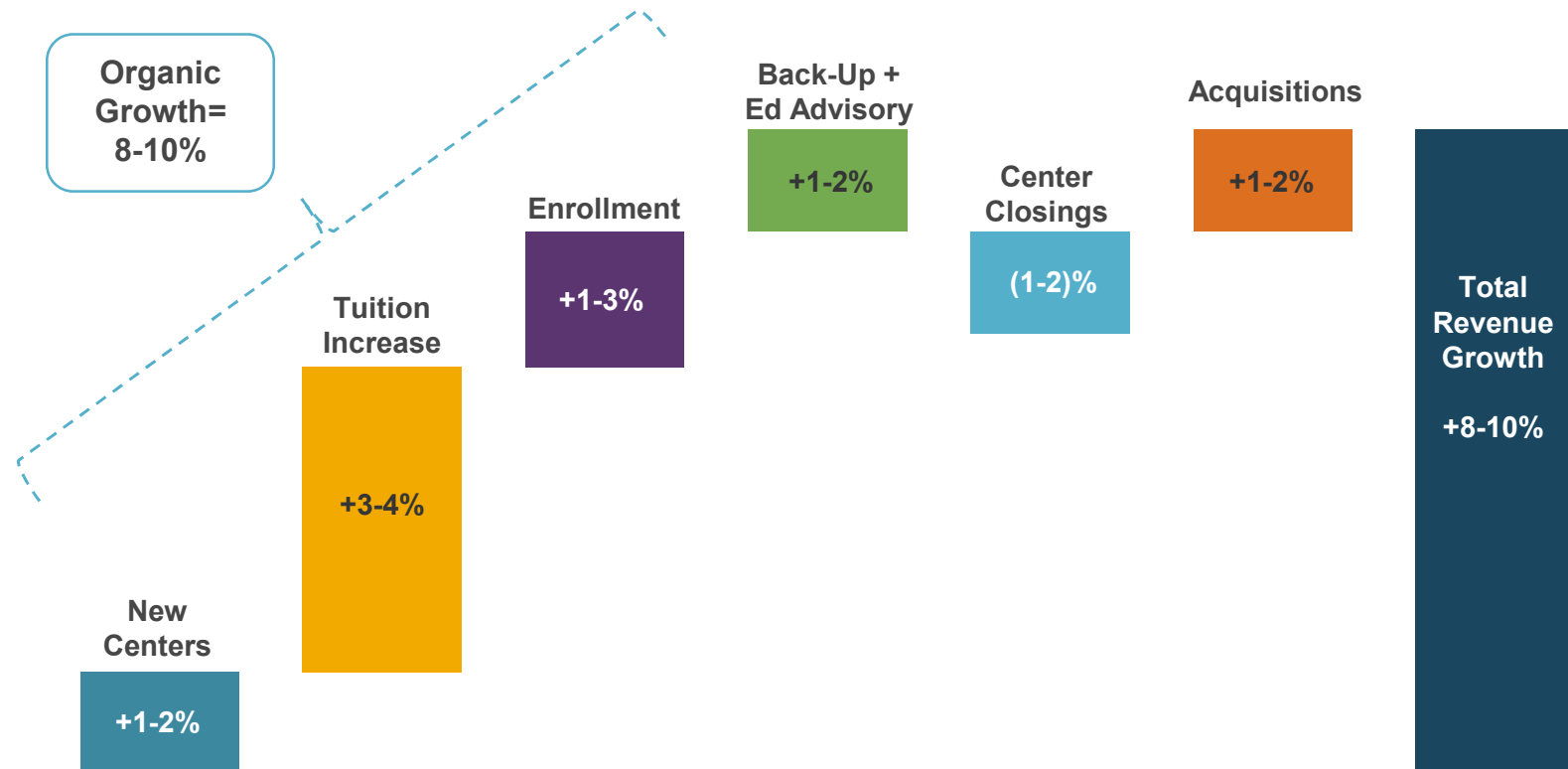
# **GROWTH STRATEGY**



# Multiple Growth Channels



# Steady State Long-Term Revenue Bridge



# Lease Models



## Lease Model Opportunities

### Sample Geographies:

- Greater London
- Amsterdam
- Greater New York / New Jersey
- Chicago
- Seattle
- Bay Area

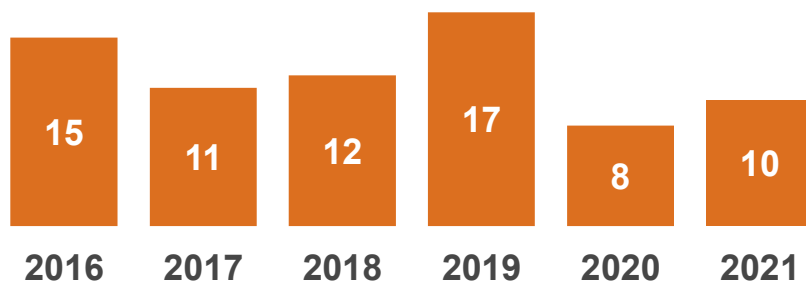
### Core Criteria:

- Urban / Suburban
- Proximity to Work Hubs / Residential Corridors / Clients
- Young Professionals / Families
- Supply / Demand Imbalance

## Pro-forma Lease Model Gross Profit \$



## New Lease Model Center Openings

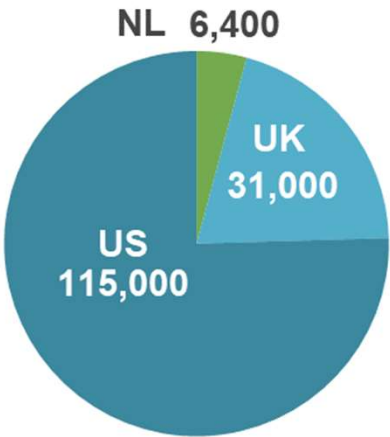


- Capital: \$2.5M
- Capacity: 125-175
- ROIC Maturity: 25-30%
- Revenue Maturity: \$2.5M
- Breakeven: 12-18 months

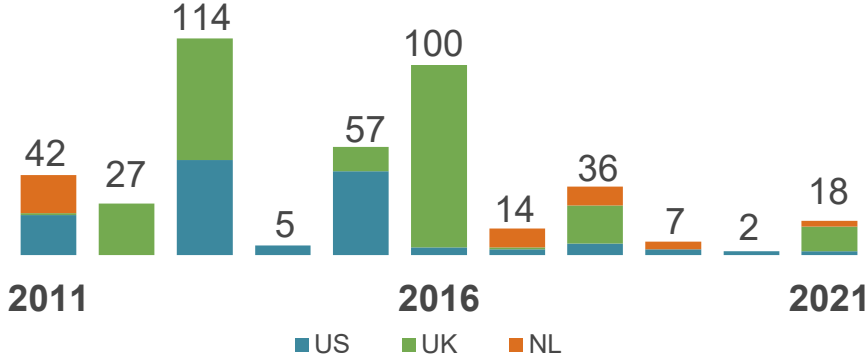
# Acquisitions



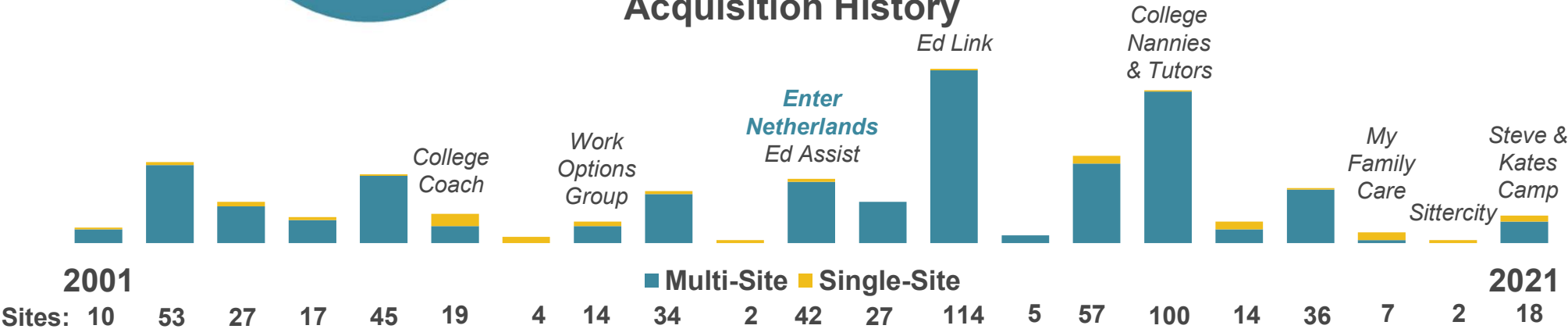
Licensed Centers by Geography



Geographic Mix: Recent Acquisitions



Acquisition History



# FINANCIAL HIGHLIGHTS





# Performance Drivers

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Long track record of **growth** and margin expansion

Sticky, **recurring** revenue base

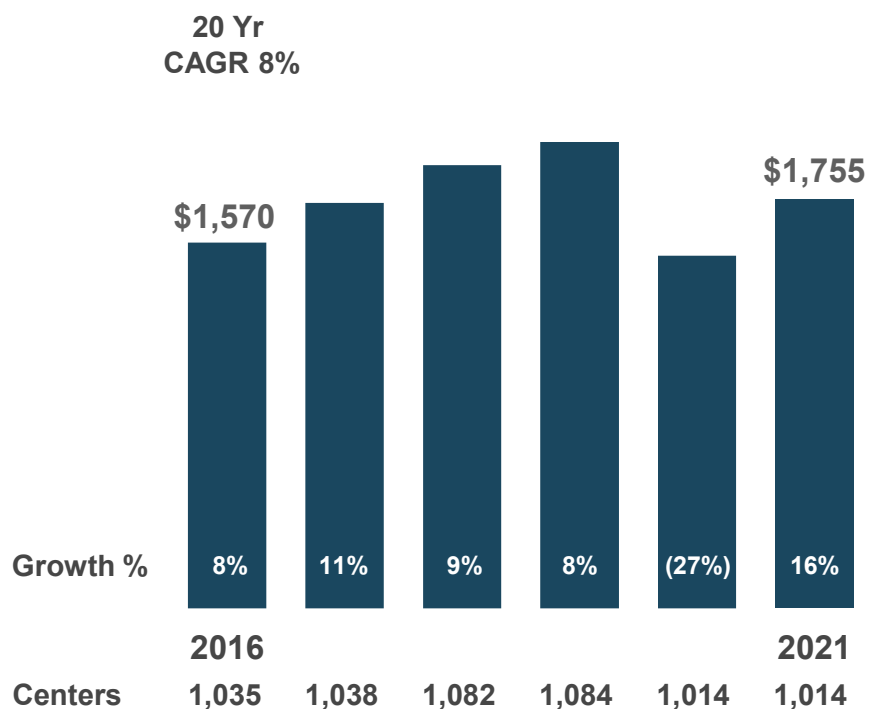
**Diversified** across services and geography

High free **cash flow** conversion

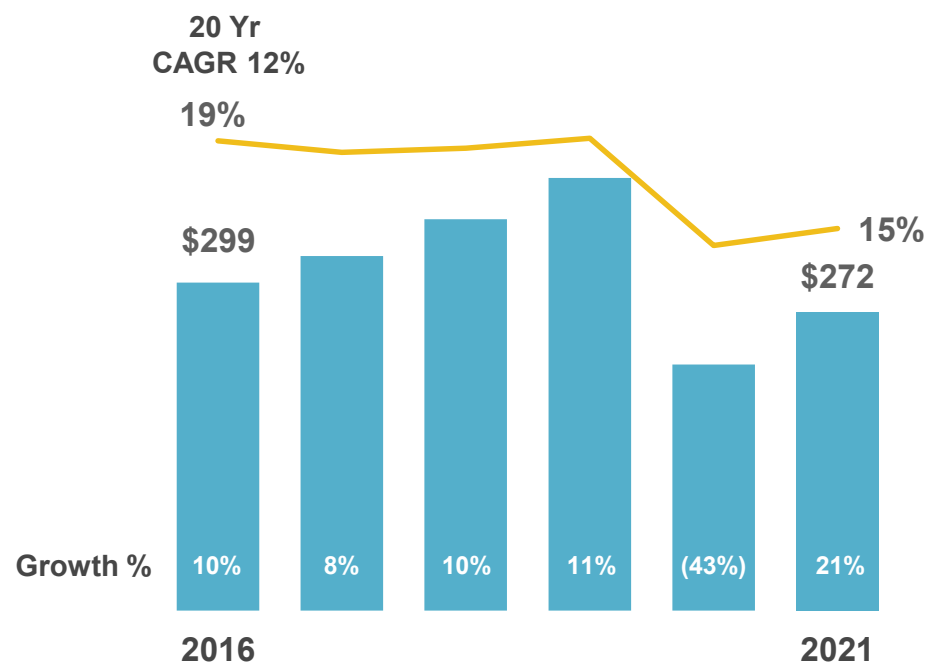
# Sales & Earnings Performance



## Revenue



## Adjusted EBITDA & Margin



Note: See Summary of Adjustments for reconciliation of Adjusted EBITDA. Growth rates for FYs are Y/Y comparison. CAGR figures reflected through FY 2021.

# Q3 2022 Operating Performance



(\$MM)	Q3 2022	Q3 2021	% Change
Full Service Center-Based Child Care	\$381	\$334	+14%
Back-Up Care	129	99	+30%
Educational Advisory Services	31	27	+14%
<b>Total Revenue</b>	<b>\$490</b>	<b>\$442</b>	<b>+17%</b>
<b>Gross Profit</b>	<b>\$129</b>	<b>\$120</b>	<b>+7%</b>
<i>% Margin</i>	23.8%	26.1%	-
<b>Adj. EBITDA</b>	<b>\$81</b>	<b>\$79</b>	<b>+2%</b>
<i>% Margin</i>	14.9%	17.2%	-
<b>Adj. Operating Income</b>	<b>\$46</b>	<b>\$46</b>	<b>-1%</b>
<i>% Margin</i>	8.5%	10.0%	-
<b>Adj. Net Income</b>	<b>\$38</b>	<b>\$39</b>	<b>-1%</b>
<b>Adj. EPS</b>	<b>\$0.66</b>	<b>\$0.64</b>	<b>+3%</b>

Note: See Form 10-Q for reconciliation of historical Adjusted EBITDA and Adjusted Net Income.

# Historical P&L



(\$MM)	YR 2016	YR 2017	YR 2018	YR 2019	YR 2020	YR 2021	% Chg. 2017	% Chg. 2018	% Chg. 2019	% Chg. 2020	% Chg. 2021
Full Service Center-Based Child Care	\$1,322	\$1,458	\$1,586	\$1,684	\$1,032	\$1,297	+10%	+9%	+6%	-39%	+26%
Back-Up Care	200	224	246	296	388	351	+12%	+10%	+21%	+31%	-10%
Educational Advisory Services	48	59	71	82	95	107	+23%	+21%	+14%	+16%	+13%
<b>Total Revenue</b>	<b>\$ 1,570</b>	<b>\$ 1,741</b>	<b>\$1,903</b>	<b>\$2,062</b>	<b>\$1,515</b>	<b>\$1,755</b>	<b>+11%</b>	<b>+9%</b>	<b>+8%</b>	<b>-27%</b>	<b>+16%</b>
<b>Gross Profit</b>	<b>\$ 391</b>	<b>\$ 431</b>	<b>\$473</b>	<b>\$523</b>	<b>\$337</b>	<b>\$426</b>	<b>+10%</b>	<b>+10%</b>	<b>+10%</b>	<b>-35%</b>	<b>+26%</b>
<i>% Margin</i>	24.9%	24.7%	24.9%	25.4%	22.3%	24.3%	-	-	-	-	-
<b>Adj. EBITDA</b>	<b>\$ 299</b>	<b>\$ 324</b>	<b>\$357</b>	<b>\$395</b>	<b>\$224</b>	<b>\$272</b>	<b>+8%</b>	<b>+10%</b>	<b>+11%</b>	<b>-43%</b>	<b>+21%</b>
<i>% Margin</i>	19.1%	18.6%	18.8%	19.1%	14.8%	15.5%	-	-	-	-	-
<b>Adj. Net Income</b>	<b>\$ 131</b>	<b>\$ 162</b>	<b>190</b>	<b>217</b>	<b>94</b>	<b>121</b>	<b>+24%</b>	<b>+17%</b>	<b>+14%</b>	<b>-57%</b>	<b>+30%</b>
<b>Adj. EPS</b>	<b>\$ 2.16</b>	<b>\$ 2.69</b>	<b>\$3.21</b>	<b>\$3.67</b>	<b>\$1.55</b>	<b>\$1.99</b>	<b>+25%</b>	<b>+19%</b>	<b>+14%</b>	<b>-58%</b>	<b>+28%</b>

# Summary of Adjustments to EBITDA and Net Income



Adjustments to EBITDA (\$MM)	Fiscal Year Ended December 31,						YTD 2022
	2016	2017	2018	2019	2020	2021	
<b>EBITDA</b>	<b>\$271.4</b>	<b>\$300.2</b>	<b>\$340.0</b>	<b>\$376.1</b>	<b>\$165.0</b>	<b>\$235.3</b>	<b>\$190.1</b>
Non-cash Operating Lease Expense	2.6	4.3	1.3	0.9	-	-	-
Stock-based Compensation Expense	11.6	12.1	13.8	17.2	21.0	23.1	21.3
Loss on Extinguishment of Debt	11.1	-	-	-	-	2.6	-
Offering, Acquisition, COVID-19 & Other Costs	2.5	7.0	1.9	0.6	38.4	11.2	15.1
<b>Total Adjustments</b>	<b>\$27.8</b>	<b>\$23.4</b>	<b>\$17.0</b>	<b>\$18.8</b>	<b>\$59.4</b>	<b>\$36.8</b>	<b>\$36.4</b>
<b>Adjusted EBITDA</b>	<b>\$299.2</b>	<b>\$323.6</b>	<b>\$357.1</b>	<b>\$394.9</b>	<b>\$224.4</b>	<b>\$272.1</b>	<b>\$226.5</b>

Adjustments to Net Income (\$MM)							
<b>Income (loss) before tax</b>	<b>\$143.2</b>	<b>\$161.4</b>	<b>\$191.6</b>	<b>\$222.7</b>	<b>\$15.7</b>	<b>\$90.3</b>	<b>\$85.4</b>
Stock Compensation Expense	11.6	12.1	13.8	17.2	21.0	23.1	21.3
Amortization	29.6	32.6	35.6	33.6	31.7	29.2	23.1
Loss on Extinguishment of Debt	11.1	-	-	-	-	2.6	-
Offering, Acquisition, Covid-19 & Other Costs	2.5	7.0	1.9	0.6	38.4	11.2	16.6
Tax Effect	(67.3)	(50.8)	(50.3)	(57.6)	(13.2)	(34.9)	(38.5)
<b>Adjusted Net Income</b>	<b>\$130.7</b>	<b>\$162.2</b>	<b>\$189.5</b>	<b>\$216.6</b>	<b>\$93.5</b>	<b>\$121.4</b>	<b>\$107.9</b>

# Thank You!



***Bright Horizons®** provides an array of work/life benefits that helps employees be their most productive and present at work by ensuring they can manage their most pressing responsibilities at home.*

For 35 years, our services have helped leading employers in every industry meet strategic business objectives including:

- Recruitment
- Retention
- Employee engagement & productivity
- Reduced absenteeism