

BRIGHT HORIZONS FAMILY SOLUTIONS INC.

Form 424B7

December 10, 2014

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The information in this preliminary prospectus supplement is not complete and may be changed. A registration statement relating to the securities has become effective under the Securities Act of 1933, as amended. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities, and we are not soliciting an offer to buy these securities, in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated December 10, 2014

Prospectus Supplement to Prospectus dated March 25, 2014

8,000,000 Shares

Bright Horizons Family Solutions Inc.

Common Stock

The selling stockholders named in this prospectus supplement are offering 8,000,000 shares of our common stock. We will not receive any proceeds from the sale of our common stock by the selling stockholders.

Subject to the completion of this offering, we have agreed to purchase from the underwriter 4,500,000 shares of our common stock that are subject to this offering at a price per share equal to the price per share paid by the underwriter to the selling stockholders in this offering.

Our common stock is listed on the New York Stock Exchange under the symbol BFAM. On December 9, 2014, the last sale price of our common stock as reported on the New York Stock Exchange was \$45.59 per share.

*Investing in our common stock involves substantial risk. Please read **Risk Factors** beginning on page S-11.*

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per share	Total
Public offering price	\$	\$
Underwriting discounts and commissions(1)	\$	\$
Proceeds to selling stockholders, before expenses	\$	\$

(1) We have agreed to reimburse the underwriter for certain expenses in connection with this offering. See Underwriting. No underwriting discounts or commissions are payable in respect of the shares being acquired by us.

The underwriter expects to deliver the shares against payment in New York, New York on or about _____, 2014.

Barclays

Prospectus supplement dated _____, 2014

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We have not authorized anyone to provide any information or to make any representations other than those contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus or in any free writing prospectuses we have prepared. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus supplement and the accompanying prospectus are an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus supplement and the accompanying prospectus is current only as of the date of the applicable document.

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ABOUT THIS PROSPECTUS SUPPLEMENT

Unless otherwise indicated or the context otherwise requires, references in this prospectus supplement to the Company, Bright Horizons, we, us and our refer to Bright Horizons Family Solutions Inc. and its consolidated subsidiaries.

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this common stock offering and certain other matters relating to us, our business and prospects. The second part, the accompanying prospectus, contains a description of our common stock and certain other information.

The information contained in this prospectus supplement may add, update or change information contained in the accompanying prospectus or in documents that we file or have filed with the Securities and Exchange Commission (SEC). To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or documents incorporated by reference filed before the date of this prospectus supplement, the information in this prospectus supplement will supersede such information.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information appearing elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. This summary is not complete and does not contain all of the information that you should consider before investing in our common stock. You should carefully read the entire prospectus supplement, the accompany prospectus and the financial data and related notes and other information incorporated by reference in this prospectus supplement and the accompanying prospectus before deciding whether to invest in our common stock.

Our Company

We are a leading provider of high-quality child care and early education services as well as other services designed to help employers and families better address the challenges of work and life. We provide services primarily under multi-year contracts with employers who offer child care and other dependent care solutions as part of their employee benefits packages to improve employee engagement, productivity, recruitment and retention. As of September 30, 2014, we had more than 900 client relationships with employers across a diverse array of industries, including more than 130 Fortune 500 companies and more than 80 of Working Mother magazine's 2014 100 Best Companies for Working Mothers. Our service offerings include:

Center-based full service child care and early education (representing approximately 86% of our revenue in the year ended December 31, 2013);

Back-up dependent care; and

Educational advisory services.

We believe we are a provider of choice for each of the solutions we offer. As of September 30, 2014, we operated a total of 876 child care and early education centers across a wide range of customer industries with the capacity to serve approximately 99,900 children in the United States, as well as in the United Kingdom, the Netherlands, Ireland, Canada and India. We have achieved satisfaction ratings of approximately 95% among respondents in our employer and parent satisfaction surveys over each of the past five years and an annual client retention rate of 97% for employer-sponsored centers over each of the past ten years.

We have a more than 25-year track record of providing high-quality services and a history of strong financial performance. From 2001 through 2013, we have achieved year-over-year revenue and adjusted EBITDA growth at a compound annual growth rate of 11% for revenue and 18% for adjusted EBITDA. We also achieved year-over-year net income growth at a compound annual growth rate of 23% from 2001 to 2007. In 2008 through 2010, we incurred net losses due primarily to the additional debt service obligations and amortization expense incurred in connection with our going private transaction. In 2011, 2012 and 2013, our net income grew \$14.8 million, \$3.7 million and \$3.8 million, respectively, over the prior year to \$4.8 million, \$8.5 million and \$12.3 million, respectively. For the nine months ended September 30, 2014, our net income grew \$64.4 million to \$53.1 million over the prior nine month period. Our strong revenue growth has been driven by additions to our center base through organic center growth and acquisitions, expansions of our service offerings to back-up dependent care and educational advisory services and consistent annual tuition increases. We have also increased our adjusted EBITDA margin in each year from 2001 through 2013. For the years ended December 31, 2012 and 2013 and the nine months ended September 30, 2014, we generated revenue of \$1.07 billion, \$1.22 billion and \$1.02 billion, net income of \$8.5 million, \$12.3 million, which included a loss on extinguishment of debt of \$63.7 million related to our debt refinancing in January 2013, and \$53.1 million, adjusted EBITDA of \$180.9 million, \$208.5 million and \$177.1 million and adjusted net income

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of \$37.8 million, \$78.3 million and \$71.5 million, respectively. Additional information regarding adjusted EBITDA and adjusted net income, including a reconciliation of adjusted EBITDA and adjusted net income to net income, is included in the Summary Consolidated Financial and Other Data in this prospectus supplement and the Management's Discussion and Analysis of Financial Condition and Results of Operations incorporated by reference from our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, filed with the SEC on March 25, 2014 and the Management's Discussion and Analysis of Financial Condition and Results of Operations incorporated by reference from our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2014, filed with the SEC on November 7, 2014.

Incremental Term Loan

On December 9, 2014, we entered into an incremental joinder to our senior credit facility that provides us with an aggregate principal amount of \$165 million in additional term loan borrowings. See Risk factors Our substantial indebtedness could adversely affect our financial condition.

Share Repurchase

We intend to purchase from the underwriter 4,500,000 shares of our common stock that are subject to this offering at a price per share equal to the price per share paid by the underwriter to the selling stockholders in this offering. We refer to this repurchase as the share repurchase. The share repurchase is part of our existing \$225 million equity repurchase program approved by our board of directors on March 28, 2014. After giving effect to the share repurchase, we will have remaining authorization to repurchase up to approximately \$ million of our common stock under the repurchase program. We intend to fund the share repurchase with cash on hand and with borrowings under our incremental term loan facility. The closing of the share repurchase is contingent on the closing of this offering.

The description and the other information in this prospectus supplement regarding the share repurchase is included in this prospectus supplement solely for informational purposes. Nothing in this prospectus supplement should be construed as an offer to sell, or the solicitation of an offer to buy, any of our common stock subject to the share repurchase.

Corporate Information

Our principal executive offices are located at 200 Talcott Avenue South, Watertown, Massachusetts 02472, and our telephone number is (617) 673-8000. Our Internet website address is www.brighthorizons.com. The information on, or that can be accessed through, our website is not part of this prospectus supplement or the accompanying prospectus, and you should not rely on any such information in making the decision whether to purchase our common stock.

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The Offering

Common stock offered by the selling stockholders	8,000,000 shares
Use of proceeds	We will not receive any of the proceeds from the sale of shares of common stock by the selling stockholders.
Dividend policy	We do not currently pay cash dividends on our common stock.
Share repurchase	Subject to completion of this offering, we have agreed to repurchase 4,500,000 shares of our common stock that are subject to this offering from the underwriter at a price per share equal to the price paid by the underwriter to the selling stockholders in this offering. The closing of the share repurchase is contingent on the closing of this offering. The share repurchase was approved by a special committee of our Board, which is comprised entirely of disinterested directors.
Principal stockholders	Upon completion of this offering, investment funds affiliated with the Sponsor will no longer beneficially own a majority controlling interest in us. As a result, we will no longer be able to avail ourselves of the controlled company exception under the New York Stock Exchange listing rules.
Risk factors	You should read carefully the information set forth under Risk Factors herein and in the accompanying prospectus for a discussion of factors that you should consider before deciding to invest in our common stock.
New York Stock Exchange Trading symbol	BFAM

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Summary Consolidated Financial and Other Data

The following table sets forth our summary historical and unaudited pro forma consolidated financial data as of the dates and for the periods indicated. The summary historical financial data as of December 31, 2012 and 2013 and for the three years in the period ended December 31, 2013 presented in this table have been derived from our audited consolidated financial statements incorporated by reference in this prospectus supplement and the accompanying prospectus. The summary historical financial data as of September 30, 2014 and for the nine months ended September 30, 2013 and September 30, 2014 have been derived from our unaudited consolidated financial statements incorporated by reference in this prospectus supplement and the accompanying prospectus. The summary consolidated balance sheet data as of September 30, 2013 has been derived from our unaudited consolidated financial statements as of such date, which are not incorporated by reference into this prospectus supplement or the accompanying prospectus. The summary consolidated balance sheet data as of December 31, 2011 has been derived from our audited consolidated financial statements for such year, which are not incorporated by reference in this prospectus supplement or the accompanying prospectus. The unaudited consolidated financial data have been prepared on the same basis as our audited consolidated financial statements, and, in our opinion, all adjustments (consisting only of normal recurring adjustments) necessary for a fair statement of the financial position, results of operations, and cash flows have been included. The results for any interim period are not necessarily indicative of the results that may be expected for a full fiscal year. Historical results are not necessarily indicative of the results to be expected for future periods. The data in the following table related to adjusted EBITDA, adjusted income from operations, adjusted net income, child care and early education centers and licensed capacity are unaudited for all periods presented.

The unaudited pro forma consolidated statement of operations data for the year ended December 31, 2013 and for the nine months ended September 30, 2014 have been derived from our historical financial statements for such year and period, which are incorporated by reference in this prospectus supplement and the accompanying prospectus, after giving effect to the transactions specified in note 1 below.

This summary historical consolidated financial and other data should be read in conjunction with the disclosures set forth under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and the related notes thereto, both of which can be found in our Annual Report on Form 10-K for the year ended December 31, 2013 and our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2014, both of which are incorporated by reference herein.

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	Years Ended December 31,			Nine Months Ended	
	2011	2012	2013	2013	2014
(In thousands, except share and operating data)					
Consolidated Statement of Operations Data:					
Revenue	\$ 973,701	\$ 1,070,938	\$ 1,218,776	\$ 899,599	\$ 1,015,231
Cost of services	766,500	825,168	937,840	689,879	782,107
Gross profit	207,201	245,770	280,936	209,720	233,124
Selling, general and administrative expenses	92,938	123,373	141,827	109,048	101,464
Amortization of intangible assets	27,427	26,933	30,075	22,049	22,068
Income from operations	86,836	95,464	109,034	78,623	109,592
Gains from foreign currency transactions	835	-	-	-	-
Loss on extinguishment of debt	-	-	(63,682)	(63,682)	-
Interest income	824	152	85	76	74
Interest expense	(82,908)	(83,864)	(40,626)	(31,463)	(25,810)
Net interest expense and other	(81,249)	(83,712)	(104,223)	(95,069)	(25,736)
Income (loss) before income taxes	5,587	11,752	4,811	(16,446)	83,856
Income tax (expense) benefit	(825)	(3,243)	7,533	5,114	(30,715)
Net income (loss)	4,762	8,509	12,344	(11,332)	53,141
Net income (loss) attributable to non-controlling interest	3	347	(279)	(212)	-
Net income (loss) attributable to Bright Horizons Family Solutions Inc.	\$ 4,759	\$ 8,162	\$ 12,623	\$ (11,120)	\$ 53,141
Accretion of Class L preference	71,568	79,211	-	-	-
Accretion of Class L preference for vested options	1,274	5,436	-	-	-
Net (loss) income available to common shareholders	\$ (68,083)	\$ (76,485)	\$ 12,623	\$ (11,120)	\$ 53,141
Allocation of net income (loss) to common stockholders basic and diluted:					
Class L	\$ 71,568	\$ 79,211	\$ -	\$ -	\$ -
Common	\$ (68,083)	\$ (76,485)	\$ 12,623	\$ (11,120)	\$ 52,936
Earnings (loss) per share:					
Class L basic and diluted	\$ 54.33	\$ 59.73	\$ -	\$ -	\$ -
Common basic	\$ (11.32)	\$ (12.62)	\$ 0.20	\$ (0.18)	\$ 0.81
Common diluted	\$ (11.32)	\$ (12.62)	\$ 0.20	\$ (0.18)	\$ 0.79
Weighted average shares outstanding:					
Class L basic and diluted	1,317,273	1,326,206	-	-	-
Common basic	6,016,733	6,058,512	62,659,264	61,815,607	65,755,911
Common diluted	6,016,733	6,058,512	64,509,036	61,815,607	67,433,972
Pro Forma Consolidated Statements of Operations Data: (1)					
Pro forma net income			\$ 59,813		\$ 49,510
Pro forma earnings per share:					
Basic			\$ 0.92		\$ 0.75
Diluted			\$ 0.90		\$ 0.73
Pro forma weighted average shares outstanding					
Basic			64,823,660		65,755,911
Diluted			66,673,432		67,433,972
Consolidated Balance Sheet Data (at period end):					
Total cash and cash equivalents	\$ 30,448	\$ 34,109	\$ 29,585	\$ 35,010	\$ 109,008
Total assets	1,771,164	1,916,108	2,102,670	2,087,767	2,153,838
Total liabilities, excluding debt	389,986	401,125	449,310	443,680	440,809
Total debt, including current maturities	799,257	906,643	764,223	786,044	760,557
Total redeemable non-controlling interest	15,527	8,126	-	-	-